

City of Carson City
Agenda Report

Item # 6B

Date Submitted: October 23, 2006

Agenda Date Requested: November 2, 2006
Time Requested: 15 Minutes

To: Mayor and Supervisors

From: Parks and Recreation Department

Subject Title: Action to accept the recommendation of the Open Space Advisory Committee to make an offer to Hall and Deborah Hutchison for the purchase of approximately 40 acres in fee title on property located at Kings Canyon Road two miles west of the paved terminus of Kings Canyon Road and east of Horse Creek Ranch, APN 7-051-07.

Staff Summary: This action will result in the fee title acquisition of approximately 40 acres for a cash sum of \$400,000. The owners of the land have verbally accepted the offer to sell the land to Carson City pending approval by the Board of Supervisors. Mr. Hutchison's main concern is that the transaction close prior to the end of December 2006 in order to meet their tax needs. This parcel is located within a priority area for land conservation as designated by the Open Space Master Plan.

Type of Action Requested: (check one)

- Resolution Ordinance
 Formal Action/Motion Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move to accept the recommendation of the Open Space Advisory Committee to make an offer to Hall and Deborah Hutchison for the purchase of approximately 40 acres in fee title on property located at Kings Canyon Road two miles west of the paved terminus of Kings Canyon Road and east of Horse Creek Ranch, APN 7-051-07.

Explanation for Recommended Board Action: Besides the parcel location in a priority area for the protection of the scenic resources, the property was identified in the U.S. Forest Service Landscape Analysis to be the subject of a pedestrian trail accessing a vista point commanding scenic views of Washoe, Eagle, and Carson Valleys. The City Charter and state law empowers the Board of Supervisors to purchase land.

Applicable Statute, Code, Policy, Rule or Regulation:

Open Space Master Plan / C.C.M.C. Chapter 13.06 / City Charter / N.R.S. Section 244.275

Fiscal Impact: \$400,000 plus one-half of escrow related fees and costs (approximately \$1,000). The State of Nevada Question 1 conservation grants has awarded 75% of the estimated cost for this transaction.

Explanation of Impact: The cost of the land was established by a self-contained appraisal conducted by Dan Leck, MIA. Upon the Board of Supervisors' acceptance of a reimbursement agreement with the State of Nevada, 75% of the project costs are to be refunded to Carson City.

Funding Source: Open Space fund

Alternatives: Not to make an offer to purchase.

Supporting Material:

Offer to purchase (Pages 1-16)

Appraisal (Pages 17-117)

Prepared By: Juan H. Guzman **Date:** 10/23/06
Juan H. Guzman, Open Space Manager

Reviewed By: Roger Moellendorf **Date:** 10/23/06
Roger Moellendorf, Parks & Recreation Director

Linda Ritter **Date:** 10/23/06
Linda Ritter, City Manager

Michael T. Doyle **Date:** 10/23/06
District Attorney's Office

Valh. Alvarado **Date:** 10/23/06
Finance Department

Board Action Taken:

Motion: _____ 1: _____ Aye/Nay
2: _____

(Vote Recorded By)

DRAFT
PURCHASE AND SALE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 2006, by and between Hutchison Family Trust, Hall and Deborah Hutchison, 1187 Coast Village Road 1-484, Santa Barbara, California, 93108 ("SELLER"), and Carson City, a consolidated municipality of the State of Nevada by and through its Board of Supervisors, of 201 North Carson Street, Suite 2, Carson City, Nevada 89701 ("BUYER"). SELLER and BUYER are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties."

R E C I T A L S

A. SELLER is the fee simple owner of all that land and real property lying and situated in Carson City, Nevada, more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (herein sometimes referred to as "Property") and SELLER desires to sell and BUYER desires to acquire the Property. It is understood that this purchase agreement includes one (1) specific parcel of real property comprising 40.0 acres and specifically designated as APN 7-051-07 and more specifically set forth in the Preliminary Title Report attached hereto as "Exhibit A" and incorporated herein by this reference. There are no known water rights appurtenant to this property.

B. The Parties desire and intend by this Agreement to memorialize their agreements by this writing.

NOW THEREFORE, in consideration of the mutual covenants, terms and conditions herein contained, the Parties hereby agree as follows:

1. REPRESENTATIONS AND WARRANTIES: NO PERSON IS AUTHORIZED TO MAKE, AND BY EXECUTION HEREOF BUYER ACKNOWLEDGES THAT NO PERSON HAS MADE, ANY REPRESENTATION, WARRANTY, GUARANTY

OR PROMISE EXCEPT AS SET FORTH HEREIN; AND NO AGREEMENT, STATEMENT, REPRESENTATION OR PROMISE MADE BY ANY SUCH PERSON WHICH IS NOT CONTAINED HEREIN SHALL BE VALID OR BINDING ON SELLER. THE ONLY REPRESENTATIONS OR WARRANTIES OUTSTANDING WITH RESPECT TO THE SUBJECT MATTER OF THIS TRANSACTION, EITHER EXPRESS OR IMPLIED BY LAW, ARE SET FORTH HEREIN, AND BUYER EXPRESSLY WAIVES THE RIGHT TO ANY WARRANTY IMPLIED BY LAW. THE PARTIES ACKNOWLEDGES THAT BUYER AND SELLER HAVE MADE THE SUBJECT PROPERTY AVAILABLE FOR THE OTHER'S INDEPENDENT INSPECTION.

2. PURCHASE AND SALE OF PROPERTY: SELLER agrees to convey the Property, together with all rights, title and interest in accordance with the terms of this Agreement the following which shall comprise the sale contemplated in this Agreement:

a. All of the real property lying and situate in Carson City, Nevada, consisting of 40.0 acres, more or less, and described in "Exhibit A."

b. Any and all licenses, encroachment permits, ways, easements of whatever type or kind, together with all mineral rights, oil rights, gas rights, geothermal rights, sands and gravels which are appurtenant to or associated in anyway with the Property.

The foregoing listed elements of the Property in this Paragraph 2 are hereinafter collectively referred to as the "Property".

3. PURCHASE PRICE: The purchase price for the above described Property shall be Four Hundred Thousand and 00/100 dollars (\$400,000), which shall be paid by BUYER to SELLER in accordance with the terms of this Agreement.

4. ESCROW, CONVEYANCE, AND TITLE INSURANCE: Escrow shall be with NORTHERN NEVADA TITLE CO. ("Escrow Holder"), which is located at 512 North Division St., Carson City, Nevada, 89703-4103

a. Escrow shall open as of the date upon which Escrow Holder has received a fully signed original, or counterpart originals, of this Agreement, accompanied by the sums

and documents required herein. The date all such items have been delivered to Escrow Holder shall be referred to herein as the "Opening of Escrow" and reported by letter to the Parties by Escrow Holder, and the date escrow actually closes and the deed is recorded shall be referred to as "Close of Escrow." Escrow Holder is hereby authorized and instructed to act in accordance with the provisions of this Agreement, which Agreement, together with Escrow Holder's standard escrow instructions, shall constitute Escrow Holder's escrow instructions. As between the Parties, if there is a conflict between Escrow Holder's standard instructions and this Agreement, this Agreement will control.

b. Ad valorem property taxes for the current fiscal year shall be prorated as of the Close of Escrow.

c. All assessments, and/or special taxes, including the full principal amount of all bonded indebtedness encumbering the Property, if any, shall be prorated to the close of escrow. To the extent such amounts can be identified or reasonably estimated by Escrow Holder they shall be accordingly paid (or reserved for payment) at Close of Escrow.

d. SELLER, at SELLER'S expense, shall furnish BUYER with a C.L.T.A. owner's policy of title insurance in the full amount of the purchase price issued by NORTHERN NEVADA TITLE COMPANY, subject only to those exceptions disclosed herein or otherwise not objected to by BUYER or the preliminary title report.

e. BUYER and SELLER shall each pay one-half (1/2) of the escrow fee and any and all other fees, including recording fees, document preparation fees, real property transfer taxes and similar costs not specifically allocated in this Agreement.

f. Title to the Property shall be conveyed by Grant, Bargain and Sale Deed AND MUST CONTAIN THE FOLLOWING LANGUAGE: "This land was purchased with Quality of Life Sales and Use Tax Funds and is subject to the provisions of the Carson City Municipal Code Section 13.06."

5. PAYMENT OF PURCHASE PRICE: The Purchase Price for the Property described in Paragraph 3 above and detailed on the Exhibits hereto shall upon satisfaction of

the conditions set forth in Paragraph 6 be paid by BUYER to Escrow Holder for SELLER as follows:

The sum of Four Hundred Thousand and no/100 dollars (\$400,000) shall be paid into Escrow on or before the date set for the Close of Escrow, which is thirty (30) days from the Opening of escrow, in cash, fed funds or other readily available funds.

6. BUYER'S CONDITIONS ON CLOSE OF ESCROW: Close of Escrow shall be subject to the following conditions: SELLER and BUYER shall diligently attempt to achieve the satisfaction of these conditions without undue delay. If any of these conditions cannot be met, then, unless waived by BUYER, Escrow Holder, upon receipt of notification from BUYER or from SELLER that it cannot or will not be able to satisfy a condition, shall immediately cancel the escrow and if such cancellation occurs before December 1, 2006, return the respective documents to SELLER and BUYER, and each party shall be responsible for one-half (1/2) of the escrow costs incurred, and thereafter neither Party shall have any further obligation, rights, or liability under this Agreement.

a. Except as otherwise approved by BUYER, title to the Property shall be conveyed to BUYER free of liens and encumbrances. SELLER shall, at its expense, furnish BUYER with a preliminary title report and, upon request, copies of all recorded exceptions to title referred to therein within fifteen (15) days after Opening of Escrow. Within twenty (20) days of receipt of: (i) the preliminary title report and all documents referred to in it; or (ii) any supplemental or amendatory report and the documents referred to as exceptions thereto, BUYER shall give SELLER notice specifying those matters which are unacceptable conditions of title. Said preliminary title report as supplemented and/or amended is hereinafter referred to as the "Title Report." All exceptions in the Title Report not specifically disapproved by BUYER within twenty (20) days after receipt of the initial submittal and/or, as applicable, supplementary or amendatory materials by BUYER, shall be deemed to have been approved. SELLER shall remove such objectionable items within fifteen (15) days thereafter, but in any event prior to the Close of Escrow and if SELLER fails to remove such objectionable items

within said period, and/or if the Title Policy will not be issued in the exact form approved by BUYER, SELLER shall notify BUYER in writing of such fact, and BUYER shall have the election to be exercised in writing within five (5) days after delivery to BUYER of such notice of SELLER of either:

1) terminating this Agreement, in which event Escrow Holder shall return the documents deposited herein to the Party depositing same; or

2) accepting the Property subject to the objectionable items.

b. To the extent that the same exists, SELLER shall furnish BUYER with any and all land surveys, engineering information, environmental assessments, planning or zoning information or other evaluations of the Property in SELLER's possession, within twenty (20) days after Opening of Escrow, if any exist. Should BUYER fail to close escrow for whatever reason, BUYER shall promptly return all such land surveys, engineering information, environmental assessments, planning or zoning information or other evaluations of the Property to SELLER and treat as confidential all information contained therein.

c. BUYER shall perform and approve, at its sole cost and expense, a Phase I Site Assessment.

d. This Agreement shall be approved by the Carson City Board of Supervisors.

In the event that any of the conditions to close are not met within the time frames set forth herein the SELLER or the BUYER may cancel and terminate this Agreement and the Escrow attendant hereto and thereafter this Agreement shall become null and void and the parties shall be returned to their original pre-Agreement condition. The parties will be released from any further obligation to each other and neither will be liable to the other for costs of partial performance or failure to perform. BUYER will be entitled to the return of all monies paid by it to the Escrow less one-half of the reasonable charges incurred by the Escrow Agent.

7. SELLER'S REPRESENTATIONS, COVENANTS, WARRANTIES AND OBLIGATIONS:

a. SELLER represents to BUYER that to the best knowledge of SELLER, the title to be conveyed to BUYER will not be encumbered by any easements, persons in possession, government patents or other rights, other than those items disclosed on the Title Report or which would be disclosed by a physical inspection of the Property. To the best knowledge of SELLER, there is no hazardous, toxic or radioactive material on the Property. SELLER agrees BUYER and/or its agents may make all disclosures and file all reports which may be required by law with respect to discovery of any hazardous, toxic or radioactive materials on the Property as a result of such investigations and hereby releases and holds BUYER harmless with respect to liability arising out of such disclosure.

b. SELLER warrants there are no threatened or pending annexation or condemnation proceedings against or affecting any part of the Property.

c. SELLER shall not commit or suffer to be committed any waste in or upon the Property. Waste shall include, but not be limited to, any injury to the Property which renders it in a condition materially different from its condition at the date of this Agreement.

d. To the best knowledge of SELLER, SELLER has complied, and the Property is in compliance, with all laws relating to the storage, use and disposal of hazardous, toxic or radioactive materials (collectively, "Toxic Materials").

e. The execution and consummation of this Agreement pursuant to its terms will not result in a material breach of, contravene any provisions of, violate, or constitute a default under any articles of incorporation, charter, bylaw, mortgage, contract agreement to which SELLER is subject.

f. From the date of this Agreement to the Close of escrow, the SELLER will continue to provide BUYER full access to all of the Property and information relating to the historical use and operation of the Property.

8. POSSESSION: Possession of the Property shall be given to the BUYER at Close of Escrow, but during the term of this Agreement BUYER and its agents may enter upon the Property for the purpose of performing environmental or engineering, surveying or soil testing. BUYER agrees to pay, defend, indemnify and hold SELLER harmless from all liability, claims, costs and expense, except such as might accrue from the mere discovery of hazardous or toxic material, resulting from BUYER's activities on the Property during the escrow period. Should the BUYER fail to acquire the Property, then it is agreed that SELLER shall receive copies of all studies, test results and engineering generated by BUYER.

9. GOOD FAITH AND FAIR DEALING: During the term of this transaction the parties hereto agree and covenant, one unto the other, to act in good faith and to fairly and openly deal with each other to accomplish the goals and objectives of the respective parties in closing the escrow envisioned herein.

10. BINDING EFFECT: This Agreement shall bind and inure to the benefit of the respective heirs, representatives, successors and assigns of BUYER and SELLER.

11. NOTICES: No notice, request, demand, instruction or other document to be given hereunder to any Party shall be effective for any purpose unless personally delivered to the person at the appropriate address set forth below (in which event such notice shall be deemed effective only upon such delivery) delivered by air courier next-day delivery (e.g., Federal Express), or delivered by U.S. mail, sent by registered or certified mail, return receipt requested as follows:

If to SELLER, to:

Hutchison Family Trust
Hall and Deborah Hutchison
1187 Coast Village Road 1-484
Santa Barbara, CA 93108

If to BUYER, to:

Carson City, a Consolidated Municipality
201 N. Carson Street
Carson City, Nevada 89701

Notices delivered by air courier shall be deemed to have been given the next business day after deposit with the courier and notices mailed shall be deemed to have been given on the second day following deposit of same in any United States Post Office mailbox in the state to which the notice is addressed or on the third day following deposit in any such post office box other than in the state to which the notice is addressed, postage prepaid, addressed as set forth above. The addresses and addressees, for the purpose of this Paragraph, may be changed by giving written notice of such change in the manner herein provided for giving notice. Unless and until such written notice of change is received, the last address and addressee stated by written notice, or provided herein if no such written notice of change has been received, shall be deemed to continue in effect for all purposes hereunder.

12. TIME: Time is of the essence for each provision of this Agreement of which time is a factor. SELLER has requested that this transaction be completed prior to December 31, 2006.

13. ATTORNEYS' FEES: In the event of any action or proceeding, including an arbitration brought by either Party against the other under this Agreement, the prevailing Party shall be entitled to recover all costs and expenses including the actual fees of its attorneys incurred for prosecution, defense, consultation or advice in such action or proceeding.

14. COMPUTATION OF PERIODS: All periods of time referred to in this Agreement shall include all Saturdays, Sundays and state or national holiday, unless the period of time specifies business days, provided that if the date to perform any act or give any notice with respect to this Agreement, shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

15. INTERPRETATION: The Parties hereto acknowledge and agree that each has been given the opportunity to review this Agreement with legal counsel independently, and/or has the requisite experience and sophistication to understand, interpret and agree to the particular language of the provisions hereof. The Parties have equal bargaining power, and

intend the plain meaning of the provisions herein. In the event of an ambiguity in or dispute regarding the interpretation of same, the interpretation of this Agreement shall not be resolved by any rule of interpretation providing for interpretation against the Party who causes the uncertainty to exist or against the draftsman. This Agreement contains the entire agreement between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged and integrated into this Agreement.

16. SURVIVABILITY: All covenants of BUYER or SELLER which are intended hereunder to be performed in whole or in part after Close of Escrow and all representations, warranties and indemnities by either Party to the other, shall survive Close of Escrow and delivery of the Grant, Bargain and Sale Deed, and be binding upon and inure to the benefit of the respective Parties.

17. MUTUAL INDEMNITY: SELLER and BUYER hereby agree to indemnify, defend and hold the other Party harmless against any and all liability, claims, costs or expenses arising directly or indirectly out of the covenants, representations and warranties given by the indemnifying Party to the other in this Agreement.

18. AUTHORITY OF PARTIES: Any corporation signing this Agreement, and each agent, officer, director, or employee signing on behalf of such corporation, but in his individual capacity, represents and warrants that said Agreement is duly authorized by and binding upon said corporation. Any individual signing this Agreement on behalf of a partnership or business entity other than a corporation represents that such other entity has power and authority to enter into this Agreement, and by such person's act is bound hereby.

19. COUNTERPART: This Agreement and any other agreement (or document) delivered pursuant hereto may be executed in one or more counterparts and by different Parties in separate counterparts. All of such counterparts shall constitute one and the same agreement and shall become effective when one or more counterparts of this Agreement have been signed by each Party and delivered to the other Parties.

IN WITNESS WHEREOF, SELLER and BUYER have fully executed this Agreement as of the date first above written.

"SELLER"

"BUYER"

HALL HUTCHISON

Marv Teixeira, Mayor
CARSON CITY

DEBORAH HUTCHISON

DATE

DATE

PRELIMINARY REPORT**Northern Nevada Title Company**

512 N. Division Street
 Carson City, NV 89703-4103
 (775)-883-7513 FAX (775)-887-5065

To: Carson City, Parks and Recreation
 Attn: Juan Guzman

Escrow No. CC-1040162-TO
 Title No. 1040162

Your No.

Property Address
 None Available
 Carson City, NV 89703

Assessor's Parcel Number
 7-051-07

In response to the above referenced application for a policy of title insurance, Northern Nevada Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulation of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are available from the office which issued this report. Copies of the Policy forms should be read.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated: **March 1, 2004** at 7:30 A.M.

Bonnie Graybill

 Bonnie Graybill, Title Officer

The form of policy of title insurance contemplated by this report is: **CLTA Owners**

The estate or interest in the land hereinafter described or referred to covered by this report is: **A fee**

Title to said estate or interest at the date hereof is vested in:

Hall F. Hutchison and Deborah A. Hutchison, Trustees of Huchison Family Trust dated April 10, 1991

The land referred to in the report is situate in the State of Nevada, County of Carson City and is described as follows:

The Northeast 1/4 of the Southeast 1/4 of Section 27 in Township 15 North, Range 19 East, M. D. B. & M.

Reference is hereby made to that certain Record of Survey Map of "Neal's Flume or Ditch" recorded in the office of the Carson City County Recorder, State of Nevada on April 29, 1870 in Book 13 of Powers, Plats and Miscellaneous at Page 55.

Escrow No. CC-1040162-TO

NORTHERN NEVADA TITLE COMPANY
PRELIMINARY REPORT

At the date hereof exceptions to coverage, in addition to the exclusions contained in said policy form, would be as follows:

EXCEPTIONS FROM COVERAGE

The policy, with the exception of any ALTA Lenders policy, contemplated to be issued hereunder will not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by public records.

PART II

- 1) The lien, if any, for taxes for improvements completed or in progress, but which were not shown on the tax bill for the current year.
- 2) Any liens levied by the Carson City Water and Sewer District, by reason that subject property is located within said district.
- 3) Lack of access to a public roadway.
- 4) The requirement that an executed Certification of Trust pursuant to NRS 164.400 et.seq. be submitted prior to the issuance of a Title Insurance Policy.
- 5) "Preliminary Reports" are furnished in connection with an application for title insurance and are offers to issue a title policy subject to the stated exceptions set forth in the report. The information contained herein, while deemed reliable, does not reflect the information that would be shown in an abstract of title, and no liability is assumed nor is any assurance given as to the accuracy of the vesting, legal description or items contained in or deleted from this report.

If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Continued...

Escrow No. CC-1040162-TO

NORTHERN NEVADA TITLE COMPANY
PRELIMINARY REPORT

At the date hereof exceptions to coverage, in addition to the exclusions contained in said policy form, would be as follows:

NOTE: As a matter of information, we report that taxes for the year 2003-2004, have been paid in full.

TOTAL AMOUNT:	\$191.11
ASSESSORS PARCEL NO.:	7-051-07

United General Title Insurance Company

and

Northern Nevada Title Company

512 N. Division Street

Carson City, NV 89703

Privacy Policy Notice

as of May 31, 2001

PURPOSE OF THIS NOTICE

United General Title Insurance Company ("United General") and the above named Agent (the "Agent") share your concerns about privacy. Each Company is committed to respecting the privacy of our policyholders. Therefore, in accordance with Federal and State laws and regulations, we are providing you with this notice of how we might use the information about you which we gather in the process of issuing our policy of title insurance.

Title V of the Gramm-Leach-Bliley Act (GLBA) and the laws of the State in which you reside generally prohibit us from sharing non public personal information about you with a third party unless we provide you with this notice of our privacy policies and practices, such as the type of information that we collect about you and the categories of persons or entities to whom that information may be disclosed. In compliance with the GLBA and the laws of this State, we are providing you with this document, which notifies you of the privacy policies and practices of United General and the Agent.

OUR PRIVACY POLICIES AND PRACTICES

I. Information we collect and sources from which we collect it:

We do not collect any nonpublic personal information about you other than the following:

Information we receive from you or from your attorney or other representatives on applications or other forms;

Information about your transactions with us, our affiliates or our agents.

In addition, we may collect other non public personal information about you from individuals and companies other than those proposed for coverage.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional information will be collected about you.

II. Information we disclose to third parties:

In the course of our general business practices, we may disclose the information that we collect (as described above) about you or others without your permission to the following types of institutions for the reasons described:

To a third party such as a surveying, real estate tax research or municipal data firm if the disclosure will enable that party to perform a business, professional or insurance function for us;

To an insurance institution, agent, or credit reporting agency in order to detect or prevent criminal activity, fraud or misrepresentation in connection with an insurance transaction;

To an insurance institution, agent, or credit reporting agency for either this Company or the entity to whom we disclose the information to perform a function in connection with an insurance transaction involving you;

To an insurance regulatory authority, law enforcement, or other governmental authority in order to protect our interests in preventing or prosecuting fraud, or if we believe that you have conducted illegal activities;

To an actuarial or research organization for the purpose of conducting actuarial or research studies.

The disclosures described above are permitted by law.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH AFFILIATES OR NON-AFFILIATED THIRD PARTIES FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

III. Your right to access and amend your personal information:

You have the right to request access to the personal information that we record about you. Your right includes the right to know the source of the information and the identity of the persons, institutions or types of institutions to whom we have disclosed such information within 2 years prior to your request. Your right includes the right to view such information and copy it in person, or request that a copy of it be sent to you by mail (for which we may charge you a reasonable fee to cover our costs). Your right also includes the right to request corrections, amendments or deletions of any information in our possession. The procedures that you must follow to request access to or an amendment of your information are as follows:

To obtain access to your information from United General: You should submit a request in writing to United General Title Insurance Company, Attention: National Risk Department, P.O. Box 1680, Denver, CO 80201. The request should include your name, address, policy number, telephone number, and the information to which you would like access. The request should state whether you would like access in person or a copy of the information sent to you by mail. Upon receipt of your request, we will contact you within 30 business days to arrange providing you with access in person or the copies that you have requested.

To obtain access to your information from the above named Agent: You should submit your written request including the specified information to the address stated at the top of page 1. The request should include the same information mentioned above for requests to United General.

To correct, amend, or delete any of your information: You should submit a request in writing to the address referenced directly above. The request should include your name, address, policy number, telephone number, the specific information in dispute, and the identity of the document or record that contains the disputed information. Upon receipt of your request, we will contact you within 30 business days to notify you either that we have made the correction, amendment or deletion, or that we refuse to do so and the reasons for the refusal which you will have an opportunity to challenge.

IV. Our practices regarding information confidentiality and security:

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

V. Our policy regarding dispute resolution:

Any controversy or claim arising out of or relating to our privacy policy, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

VI. Reservation of the right to disclose information in unforeseen circumstances:

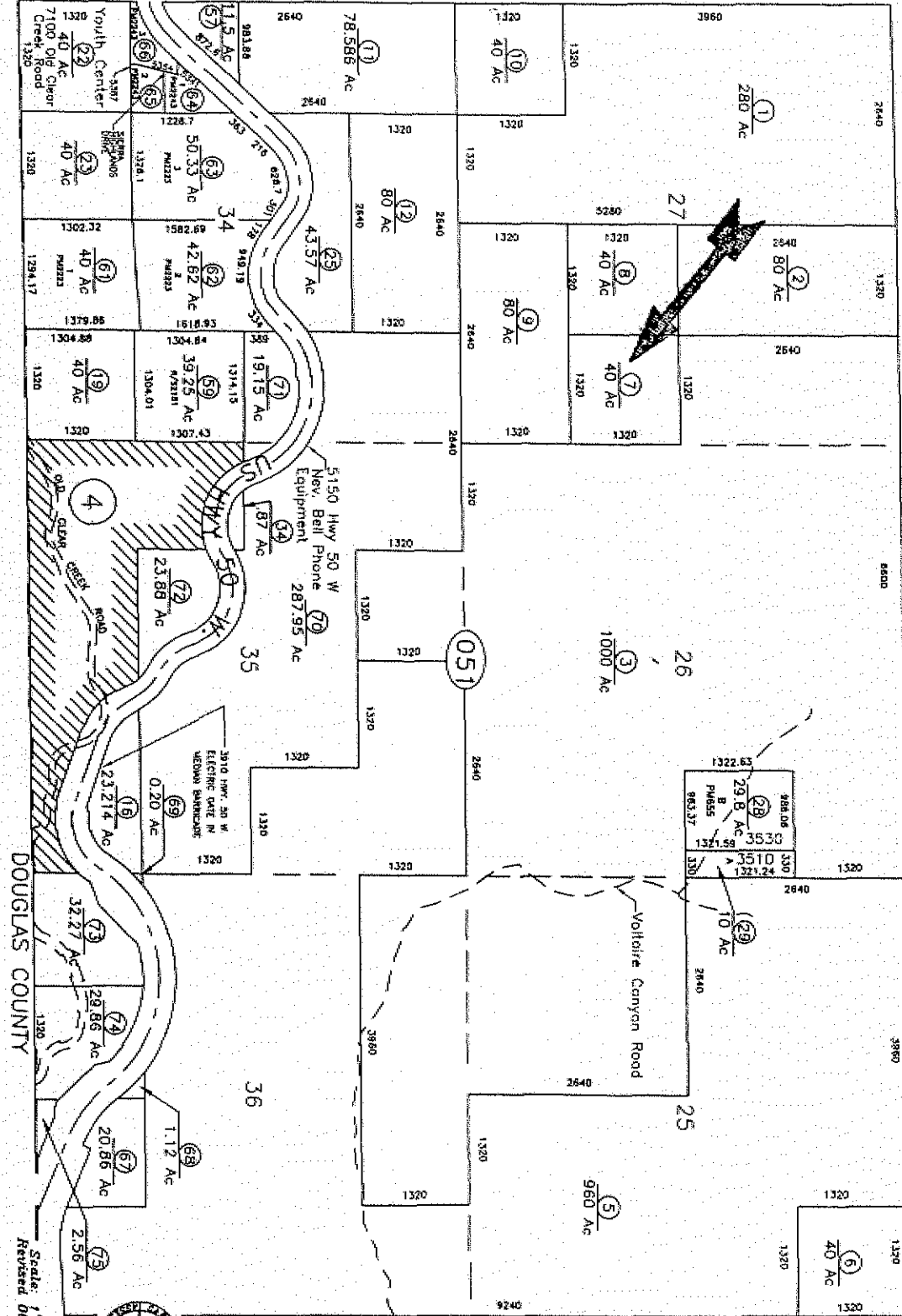
In connection with the potential sale or transfer of its interests, United General and Agent and their respective affiliates reserve the right to sell or transfer your information (including but not limited to your address, name, age, sex, zip code, state and country of residency and other information that you provide through other communications) to a third party entity that (1) concentrates its business in a similar practice or service; (2) agrees to be a successor in interest of United General or the Agent with regard to the maintenance and protection of the information collected; and (3) agrees to the obligations of this privacy statement.

Added APN's 7-051-87 thru 75. Parcels split because of Highway 50 W.

CARSON CITY, NEVADA

THIS MAP IS PREPARED FOR THE USE OF THE CARSON CITY ASSESSOR FOR ASSESSMENT AND ILLUSTRATIVE PURPOSES ONLY. IT DOES NOT REPRESENT A SURVEY. NO LIABILITY IS ASSUMED AS TO THE SUFFICIENCY OR ACCURACY OF THE DATA DELINEATED HEREON.

NOTE
SOME PARCELS DELINEATED HEREON MAY NOT BE PRESENTED IN TRUE SIZE, SHAPE, OR LOCATION DUE TO DISCREPANCIES BETWEEN LOT LINES.

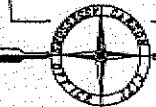


6 7.15 N., R.19 E., M.D.B. & M.

7-05

Northern Nevada Title Company does not represent this plat as a survey of the land indicated hereon, although believed correct, no liability is assumed as to the accuracy thereof.

Scale: 1" = 1200'
Revised 06.03.2002



Bk 9
30

Bk 9
29

16

Bk 9
15

3

6

051

27

26

25

35

36

DOUGLAS COUNTY

Youth Center
7100 Old Clear
Creek, 1320

5150 Hwy 50 W
New Bell Phone
Equipment
287.95 Ac

Voltaire Canyon Road

Scale: 1" = 1200'
Revised 06.03.2002

A SUMMARY APPRAISAL REPORT OF

RECEIVED

SEP 18 2006

CARSON CITY PARKS DEPT

THE HUTCHISON PROPERTY

**LOCATED IN THE NE¹/₄ OF THE SE¹/₄ OF SECTION
27, TOWNSHIP 15 NORTH, RANGE 19 EAST
SOUTH OF KINGS CANYON ROAD
CARSON CITY, NEVADA**

Prepared For:

Mr. JUAN GUZMAN, Open Space Manager
Carson City Parks & Recreation Department
3303 Butti Way - Building #9
Carson City, Nevada 89701

Prepared By:

DANIEL A. LECK & ASSOCIATES
REAL ESTATE APPRAISERS & CONSULTANTS
408 West Fourth Street
Carson City, Nevada 89703

17

A SUMMARY APPRAISAL REPORT OF

THE HUTCHISON PROPERTY

**LOCATED IN THE NE $\frac{1}{4}$ OF THE SE $\frac{1}{4}$ OF SECTION 27,
TOWNSHIP 15 NORTH, RANGE 19 EAST
SOUTH OF KINGS CANYON ROAD
CARSON CITY, NEVADA**

Prepared For:

Mr. JUAN GUZMAN, Open Space Manager
Carson City Parks & Recreation Department
3303 Butti Way - Building #9
Carson City, Nevada 89701

**FOR THE PURPOSE OF ESTIMATING
THE "AS IS" FEE SIMPLE MARKET VALUE**

FILE NUMBER 06-35

AS OF

JULY 15, 2006

18

DANIEL A. LECK & ASSOCIATES

REAL ESTATE APPRAISERS and CONSULTANTS

408 WEST FOURTH STREET
(775) 882-8999: Phone/Fax

P.O. BOX 1180
CARSON CITY, NEVADA 89702

August 5, 2006

Mr. Juan F. Guzman, Open Space Manager
Carson City Parks & Recreation Department
3303 Butti Way - Building #9
Carson City, Nevada 89701

RE: THE HUTCHISON PROPERTY: LOCATED IN THE NE¼ OF THE SE¼ OF SECTION 27, TOWNSHIP 15 NORTH, RANGE 19 EAST, SOUTH OF KINGS CANYON ROAD, CARSON CITY, NEVADA

Mr. Guzman,

Pursuant to your request I have prepared a Real Estate Appraisal presented in a Summary Report on the above referenced property which is owned in fee by the Hutchison Family Trust. This appraisal report has been prepared exclusively for Carson City and the Open Space Committee (client) and may not be used or relied upon by anyone other than the client, for any purpose whatsoever, without the express written consent of the appraiser. The purpose of this appraisal is to provide a written estimate of the "As Is" fee simple market value of the real property to assist in a possible purchase. The effective date of this report is July 15, 2006, which coincides with my final inspection of the property.

The final value estimate reflects the fee simple value of the real property only. The value of personal property items were not considered unless specifically addressed in the report.

As a result of the investigation and analysis set forth in the attached report, it is my opinion that the "As Is" fee simple market value of the subject property, as of July 15, 2006, is:

FOUR HUNDRED THOUSAND DOLLARS
(\$400,000.00)

Your attention is invited to the supporting data, explanations, and conclusions contained in the body of the attached report. If I can be of further assistance, please contact me.

Respectfully submitted,



Daniel A. Leck, MAI
Certified General Appraiser
State of Nevada A.000043-CG

(19)

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SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Type of Property: A Vacant Rural Undeveloped Parcel of Land

Location: Located some .40 miles south of Kings Canyon Road, being the NE¼ of the SE¼ of Section 27, Township 15 North, Range 19 East, south of Kings Canyon Road, Carson City, Nevada

Owner of Record: Hutchison Family Trust

APN: 07-051-07

Zoning: CR (Conservation Reserve)

Highest and Best Use: Develop as a single home site

Land Area: 40± acres (based on Assessor's Parcel Map and legal description)

Improvements: The parcel is a vacant rural undeveloped property, with native vegetation, some pine trees and rock coverage. The predominance of the property has gradual to steep sloping topography. No municipal utilities service the property.

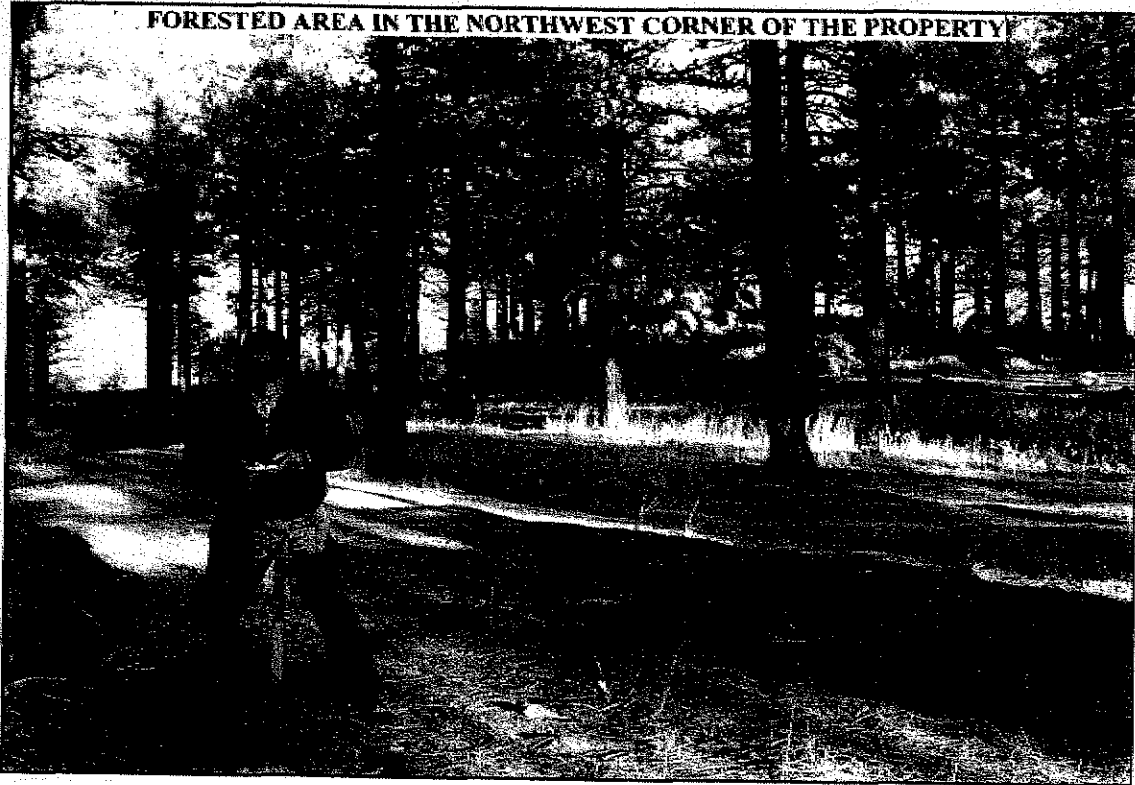
Effective Date of Valuation: July 15, 2006

FINAL VALUE CONCLUSION: \$400,000

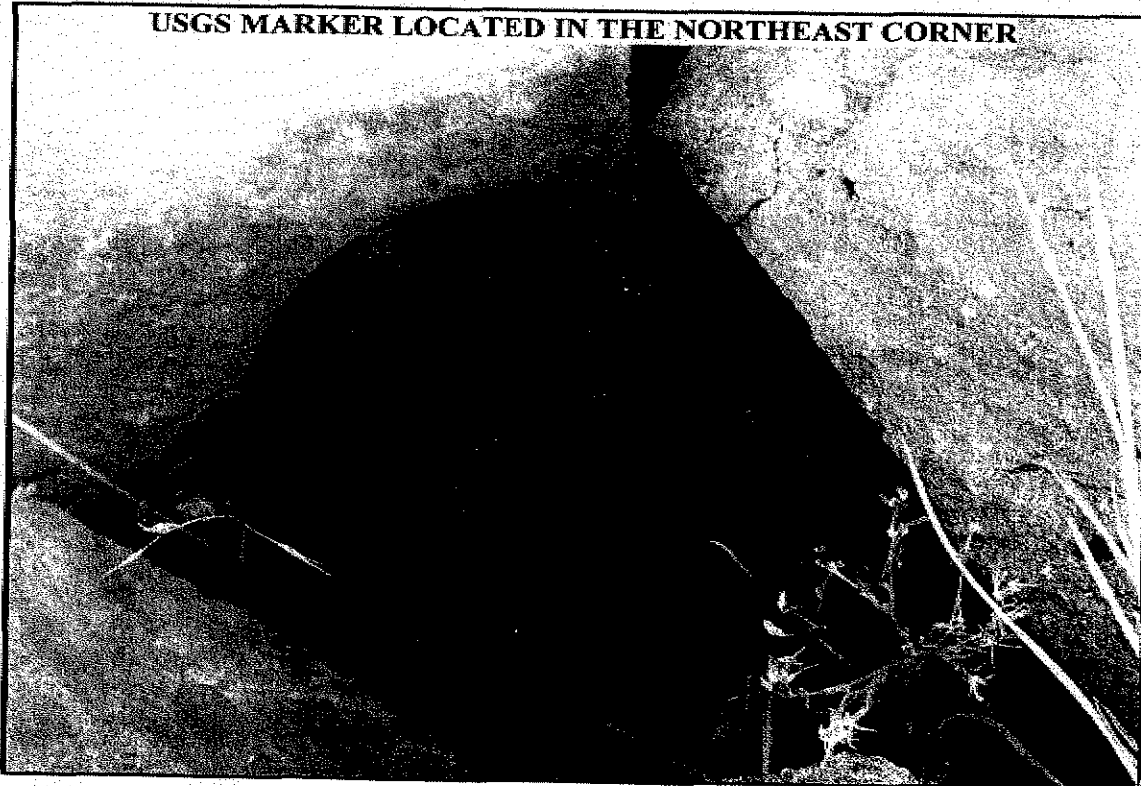
(2)

SUBJECT PHOTOGRAPHS

FORESTED AREA IN THE NORTHWEST CORNER OF THE PROPERTY

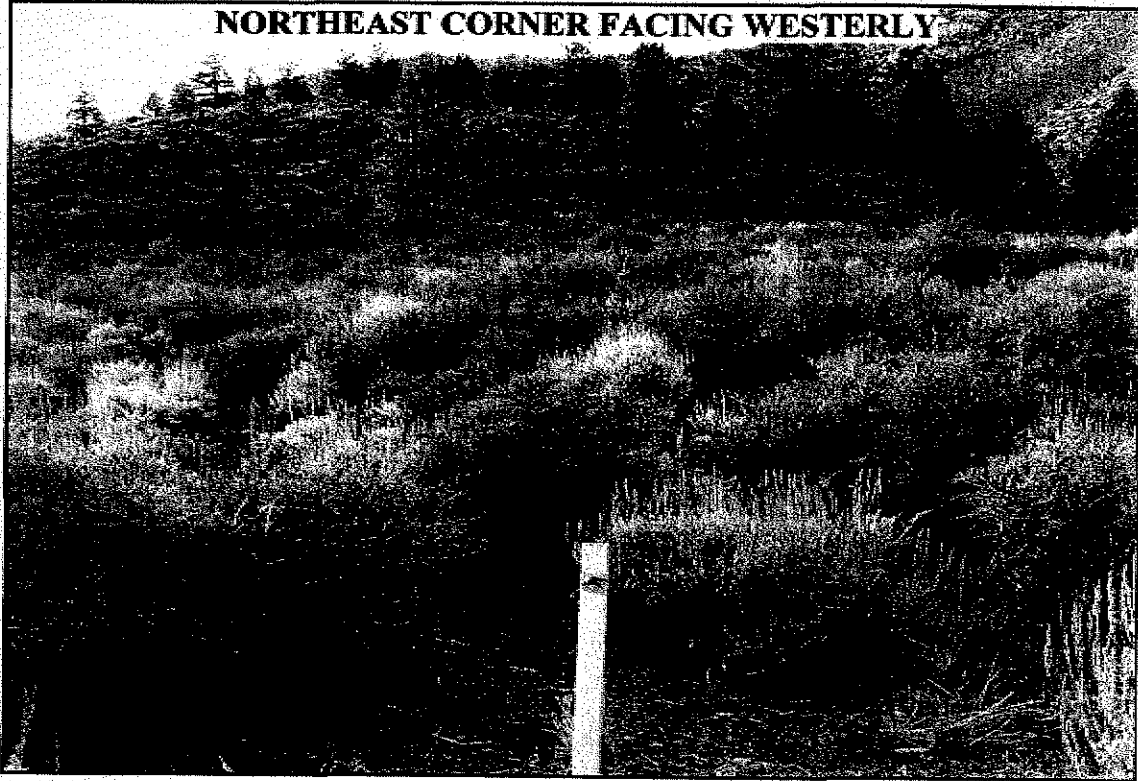


USGS MARKER LOCATED IN THE NORTHEAST CORNER

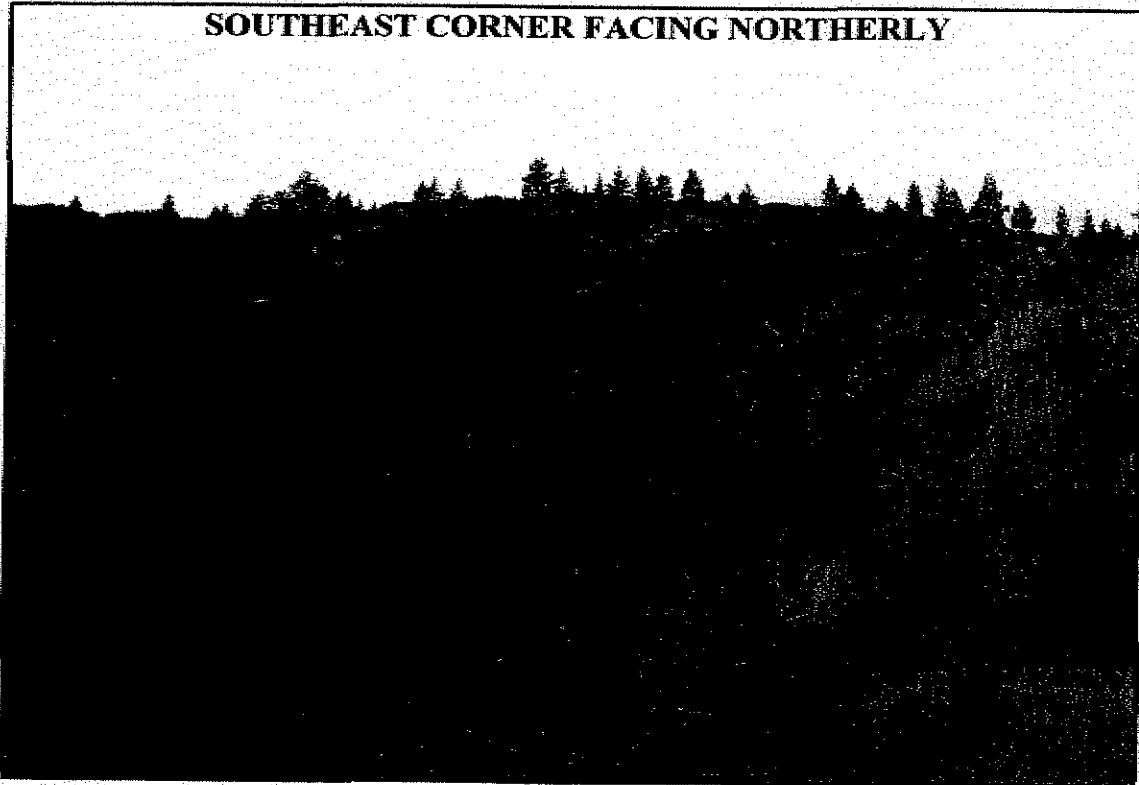


SUBJECT PHOTOGRAPHS

NORTHEAST CORNER FACING WESTERLY



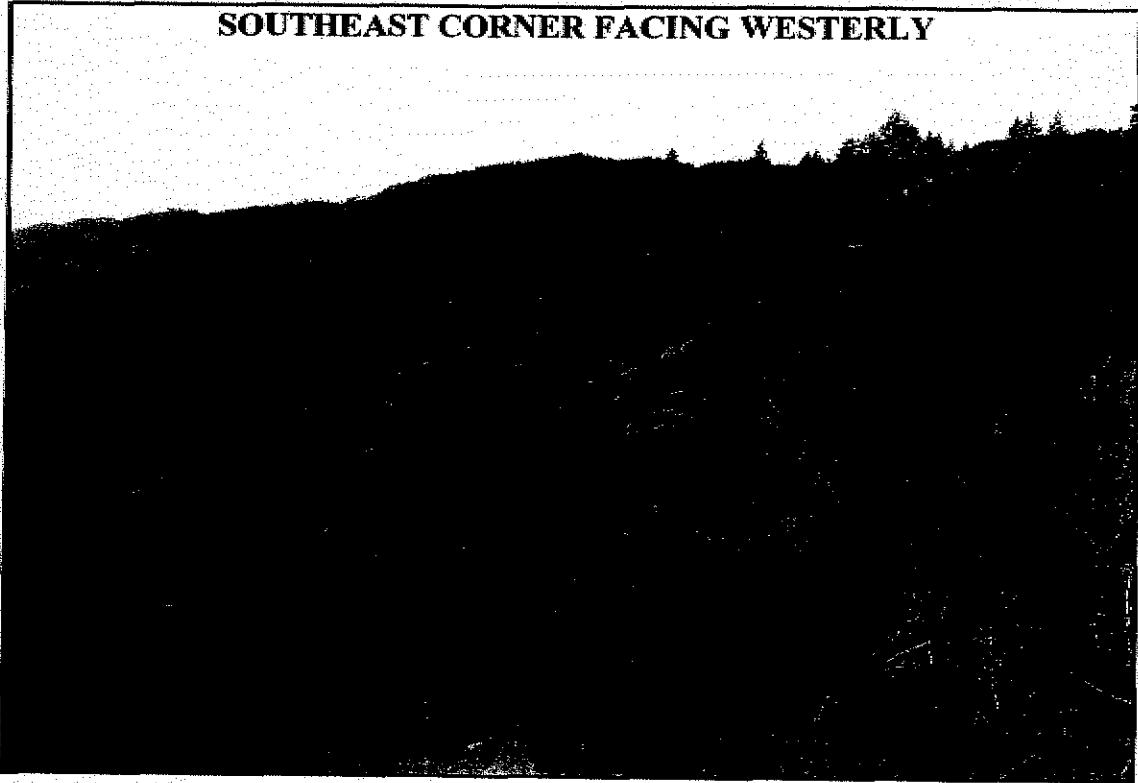
SOUTHEAST CORNER FACING NORTHERLY



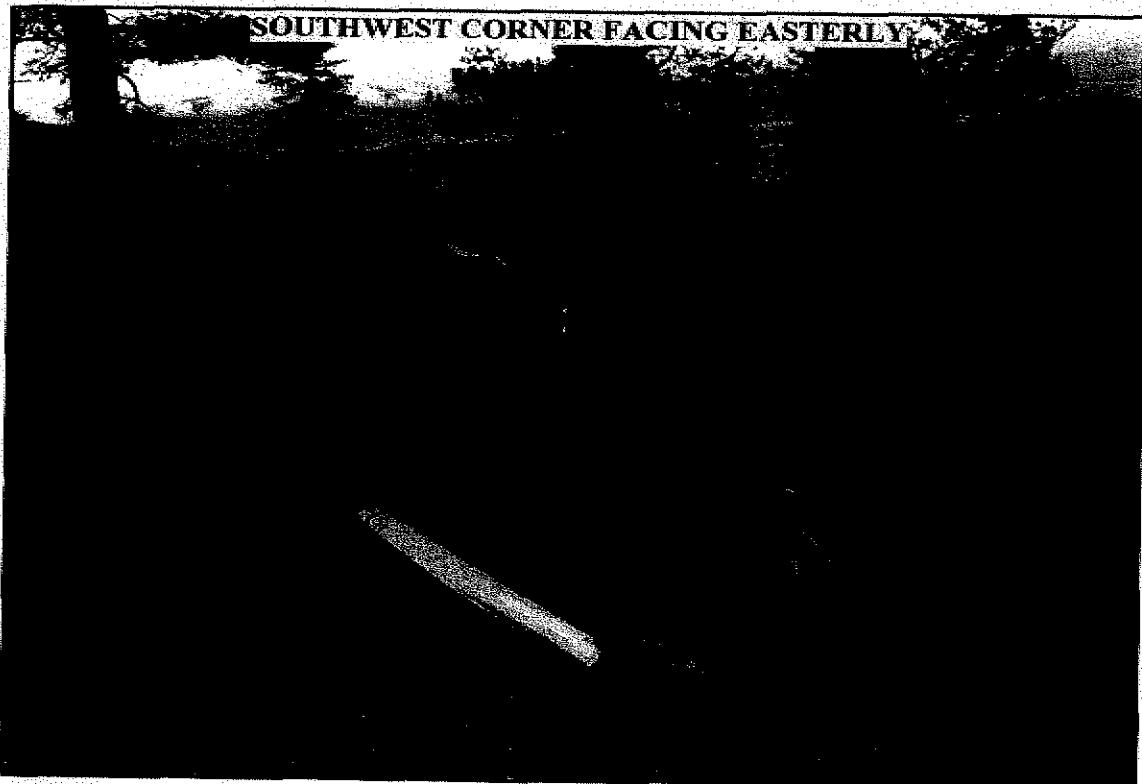
23

SUBJECT PHOTOGRAPHS

SOUTHEAST CORNER FACING WESTERLY



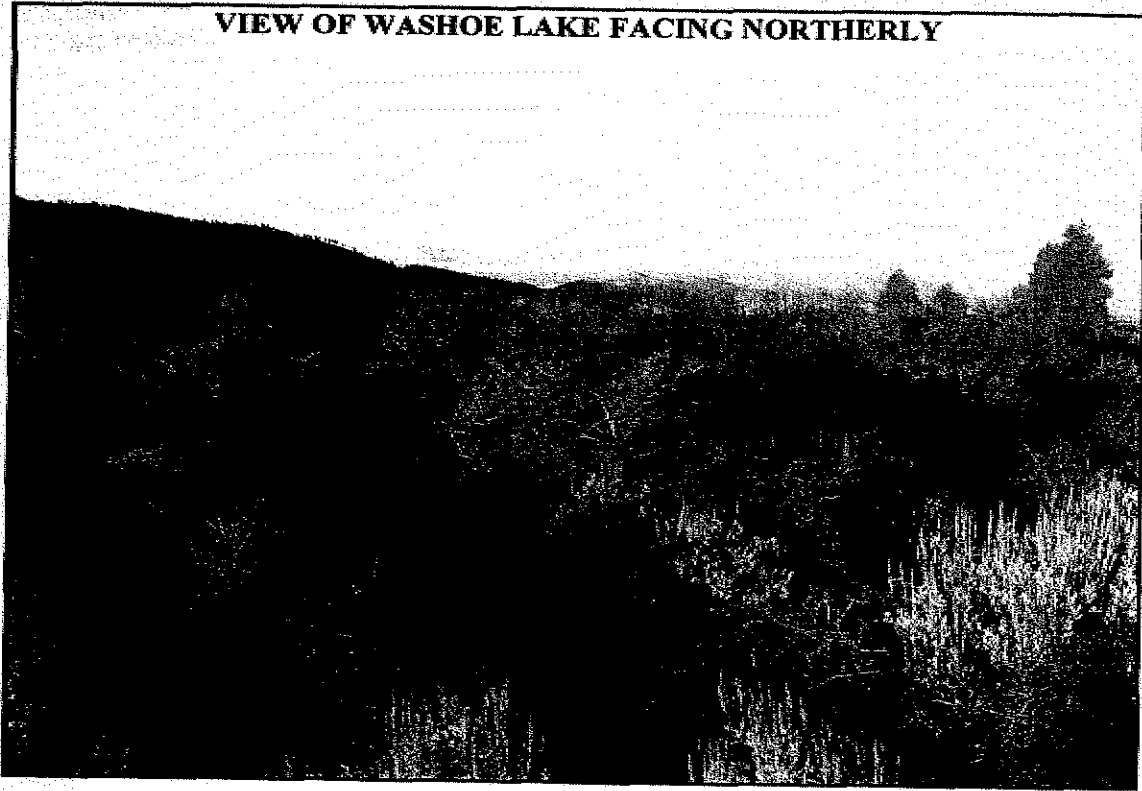
SOUTHWEST CORNER FACING EASTERLY



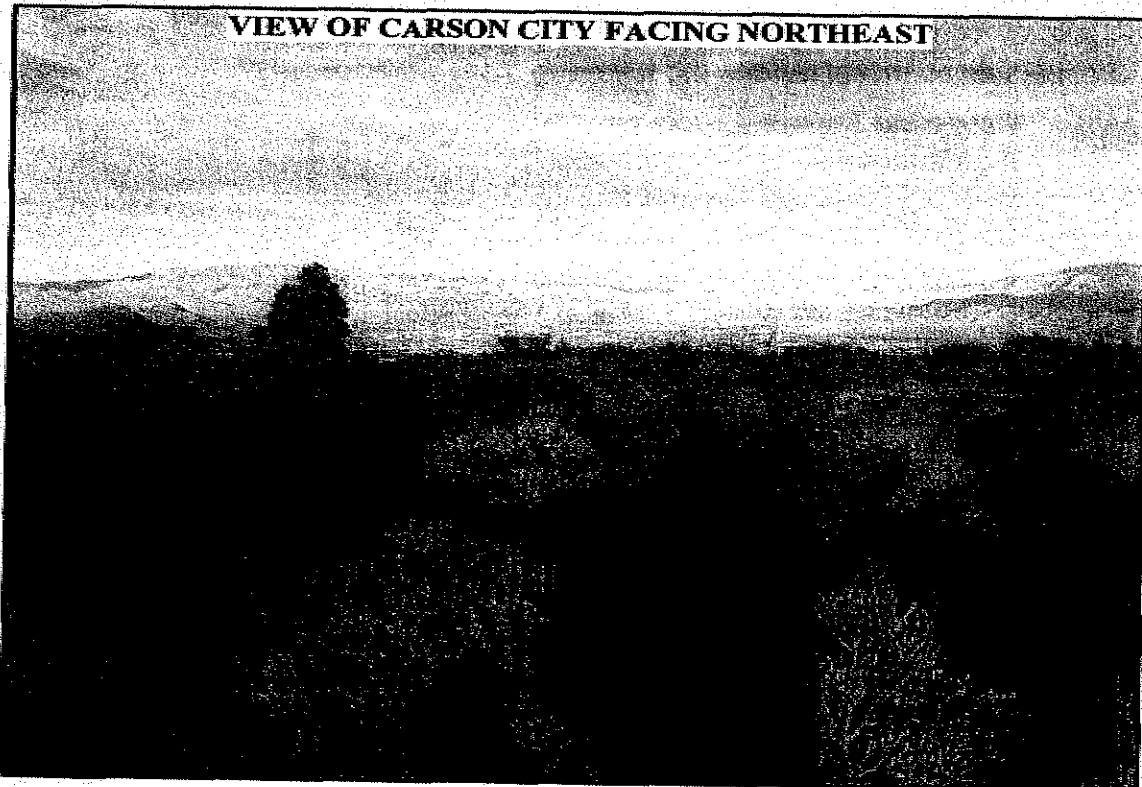
24

SUBJECT PHOTOGRAPHS

VIEW OF WASHOE LAKE FACING NORTHERLY



VIEW OF CARSON CITY FACING NORTHEAST



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PURPOSE OF APPRAISAL

The purpose of this appraisal is to provide a written estimate of the "As Is" fee simple market value of the subject property, subject to the conditions of this report as of the effective date of valuation.

USE OF APPRAISAL - CLIENT/USER

It is my understanding that this Summary Appraisal Report is to be utilized by the Carson City Open Space Committee (intended user) for a potential purchase.

MARKET VALUE DEFINED

Market value is defined as "the amount in cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonable knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, given due consideration to all available economic uses of the property at the time of the appraisal."

Source: Uniform Appraisal Standards for Federal Land Acquisitions, 2000, Page 13

EXTENT OF PROCESS - SCOPE OF WORK

In developing this appraisal report, the following steps were followed:

- Determine Appraisal Problem
 - A. Identification of the real estate.
 - B. Identification of the property rights to be valued.
 - C. Determine use and users of the appraisal.
 - D. Determine definition of value.
 - E. Establish the effective date of valuation.
 - F. Limiting conditions.
- Determine and analyze the market area pertinent to the subject.
- Inspect the subject property.
Describe and analyze the physical features of the subject property.
Evaluate public use land controls which have an effect on the subject.
- Discuss Highest and Best Use.
- Determine how to solve the appraisal problem.
- Collect and verify sales, rents, and costs utilized in the appraisal (data collection, selection, and analysis).
- Apply appropriate valuation techniques to market data.
- Estimate value from the applicable approaches to value.

This report is prepared in accordance with the Ethics and Standards of the Appraisal Institute and conforms to both the Uniform Standards of Professional Appraisal Practice

(USPAP) and Uniform Appraisal Standards for Federal Land Acquisitions. The Income Capitalization and Cost Approaches are not included in this report as neither approach is a valid method of estimating the value of unimproved vacant land with no present income potential.

EFFECTIVE DATE OF VALUATION - INSPECTION

The effective "As Is" date of this appraisal is July 15, 2006, which coincides with the appraiser's final inspection of the property. The date of the appraisal report is August 5, 2006.

PROPERTY RIGHTS APPRAISED

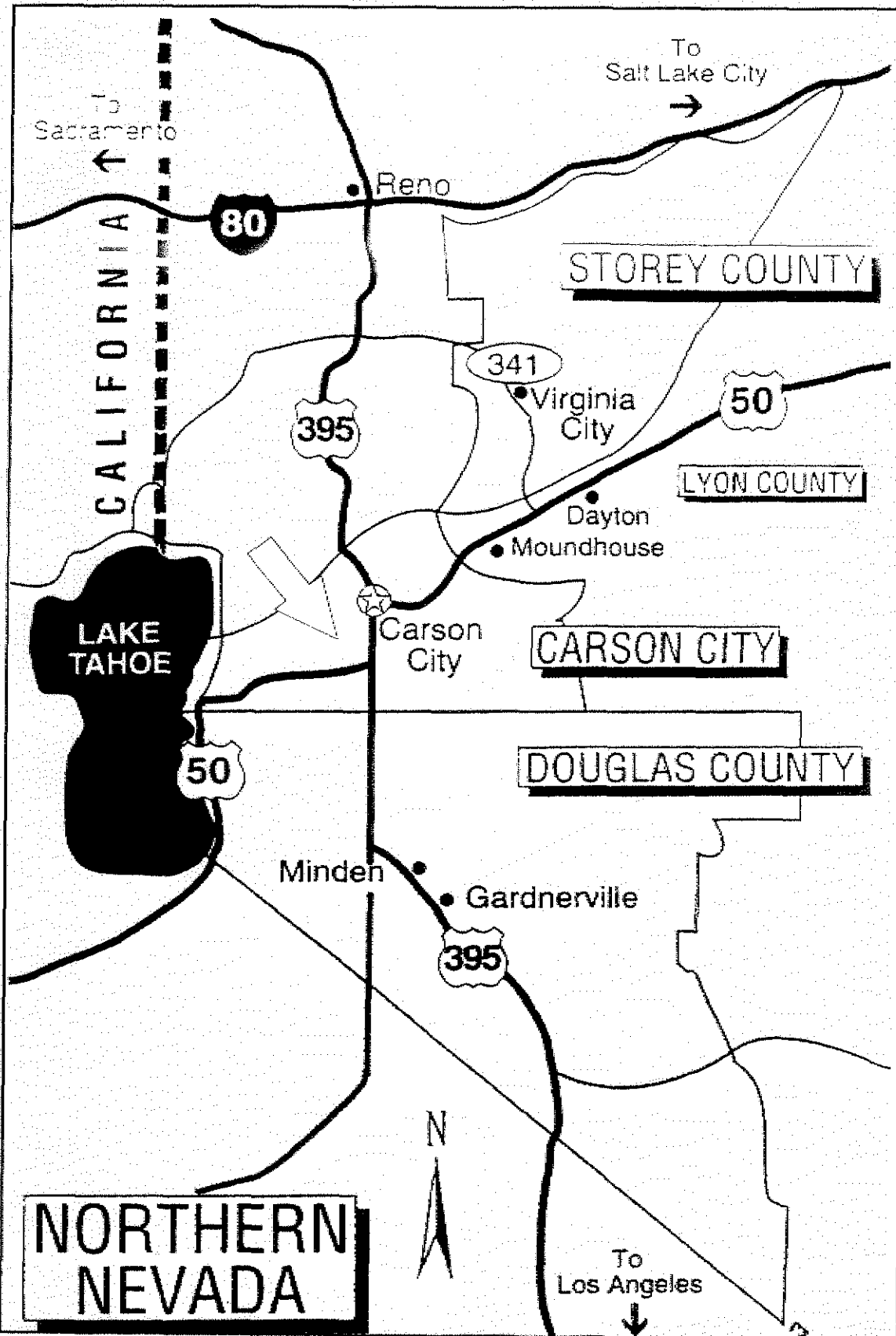
The property rights considered in this report are those rights normally inherent to fee simple ownership. This is the highest form of individual ownership subject only to the rights of the state, including eminent domain, police powers, taxation, and escheat, as well as typical easements, encroachments and restrictions.

SPECIAL LIMITING CONDITION - Subject To

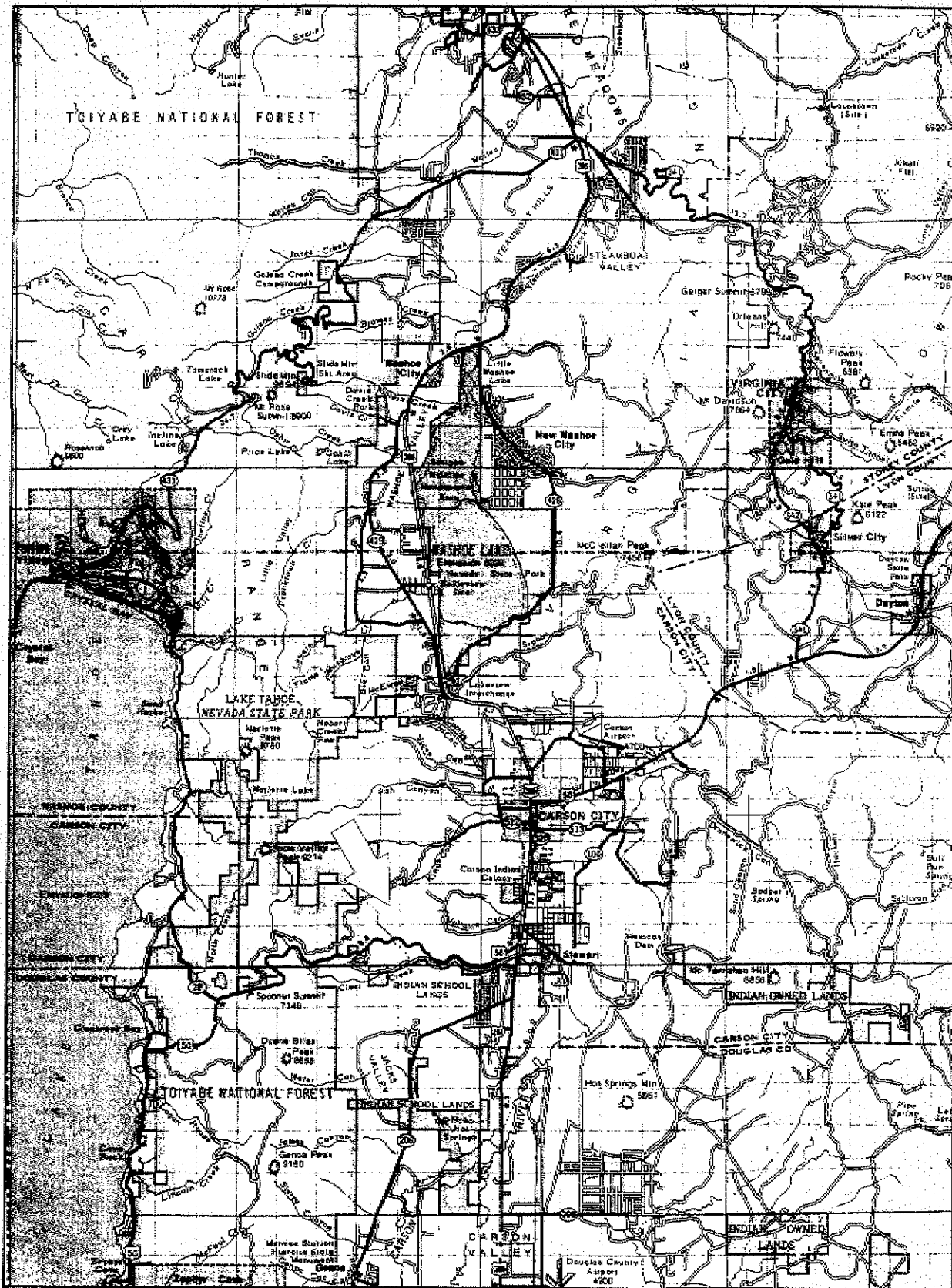
1. Unless otherwise stated in the appraisal, no attempt has been made to identify or report any toxic materials and/or conditions such as asbestos, ureaformaldehyde foam insulation, or soils or ground water contamination on any land or improvements described in the appraisal report. Before committing funds to any property, or transferring ownership rights, it is strongly advised that appropriate experts be employed to inspect both land and improvements for the existence of such toxic materials and/or conditions. If any toxic materials and/or conditions are present on the property, the value of the property may be adversely affected and a reappraisal at an additional cost may be necessary to estimate the effects of such circumstances. At the time of inspection no hazardous material or odors were evident.
2. Since an engineered soils survey of the subject site was not provided, this appraisal is subject to a certified soils survey.
3. Based on current mapping, there are no public roads that service the site, but a meandering dirt road does provide vehicle access to the site. Since this roadway has existed for some time, and traverses land owned by the US Forest Service, the appraiser is assuming the roadway from Kings Canyon Road to be a legal access. Historical data demonstrates the US Forest Service cannot land lock a private property.

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LOCATION MAP



AREA MAP



CARSON CITY AREA DESCRIPTION

Location and General Characteristics

Carson City is located in western Nevada at the intersection of U.S. Highways 395 and U.S. Highway 50, approximately 30 miles south of Reno and 14 miles east of Lake Tahoe. U.S. Highway 395, between Reno and Carson City and U.S. Highway 50, between Carson City and Lake Tahoe, are both four-lane, two-way, asphalt paved highways.

Carson City is situated at an elevation of 4,675 feet and experiences a mild climate. The coldest month is January with a mean minimum temperature of 19.1°F and a mean maximum temperature of 45.2°F. The hottest month is July with a mean maximum temperature of 89°F and a mean minimum temperature of 50.4°F. The mean annual precipitation is 11.83 inches.

Transportation

As mentioned, U.S. Highway 395, referred to as Carson Street, is the major North/South thoroughfare. That portion of U.S. Highway 50, east of Carson Street, is referred to as William Street. South of William Street, to the south end of Carson City, U.S. Highway 50 and 395 are the same route. In addition to the two major vehicle transportation routes (U.S. Highway 395 and U.S. Highway 50), the Nevada Department of Transportation recently opened the north leg of the new U.S. Highway 395 Bypass. That portion of the bypass between Arrowhead Drive and U.S. Highway 50 opened in February 2006. Construction of the second leg to U.S. Highway 50 to Lake Tahoe, is currently under construction. The bypass is located along the east fringes of the community.

Air service is available at Carson City Airport, a general aviation facility that is located in northeast Carson City. Through-the-fence access is available to many of the industrial properties that adjoin the city owned airport property. No major commercial flights are permitted.

Rail service is not available to Carson City. The closest track service is located in the Reno/Sparks area which provides both passenger and freight cars. A private bus line provides bus service to the area from Reno. It also serves the Gardnerville/Minden and Lake Tahoe regions.

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Government/Services

Carson City is a combined government entity that was formed by the consolidation of the City of Carson City and the County of Ormsby on July 1, 1969. Carson City is governed by a mayor and four supervisors who are elected at large for overlapping four-year terms. An appointed city manager performs the administrative functions for the Board of Supervisors.

Police protection is provided by a Sheriff's Department which has a total staff 101, including 80 deputies and a reserve force. The Carson City Fire Department has a full-time paid staff of 45 firemen and 25 volunteer firemen. In addition to the downtown fire station, there are also two substations.

The Carson-Tahoe Hospital (now referred to a Carson-Tahoe Regional Medical Center), originally opened in 1949 in the central west Carson City area, has recently relocated (December 2005) to a new 300,000+ sq.ft. multi-story facility in northwest Carson City. In addition to the new 128 bed facility, the property includes a separate ambulatory surgery center. There are approximately 140 doctors who have hospital privileges, with some 900+ employees. Additionally, there are three private convalescent homes located in Carson City with a total of 200 beds.

The city also offers an indoor swimming pool and two outdoor pools, six lighted tennis courts, a number of unlighted tennis courts, a number of baseball fields and softball facilities for men & women, and an outdoor handball court. Two championship 18-hole municipal golf courses are located near Centennial Park, which is situated three miles east of downtown. Two additional golf courses have been constructed in the past twelve years (Silver Oak and Empire Ranch). In addition to the golf courses, both have approved residential housing projects that buffer the golf courses.

Population

The population of Carson City had shown rapid, steady growth in the three decades prior to 1980. Since 1950, the population has nearly doubled each census year, with growth finally tapering down in the 1980's. Following is a chart examining Carson's past, present, and future population figures, based on the NV Dept. Of Demographer, the University of Nevada-Reno, and the Bureau of Business and Economic Research projections. Based on the 1990 census data, Carson City's population was 40,192, which results in a 2.269%

yearly compounded growth since 1980, indicating that Carson City's growth has slowed dramatically. From 1950 to 1960 the population increased 93.3%; from 1960 to 1970 - 91.8% and from 1970 to 1980 - 107.6%. As previously illustrated, the growth from 1980 to 1990 increased only 25.2%, however according to the 2000 census data, Carson City's population increased 30.5% to 52,457 for the ten years ending in 2000.

CARSON CITY POPULATION STATISTICS

<u>YEAR</u>	<u>POPULATION</u>	<u>% INCREASE</u>
1950	4,172*	---
1960	8,062*	+ 93.3%
1970	15,468*	+ 91.8%
1980	32,114*	+107.6%
1985	35,400	+ 10.2%
1990	40,192*	+ 13.54%
1991	41,130	+ 2.33%
1992	42,140	+ 2.46%
1993	43,460	+ 3.13%
1994	44,620	+ 2.67%
1995	46,770	+ 4.82%
1996	49,320	+ 5.45%
1997	50,410	+ 2.21%
1998	51,860	+ 2.88%
1999	52,620	+ 1.47%
2000	52,457*	- .31%
2001	54,171	+ 3.27%
2002	54,844	+ 1.24%
2003	55,220	+ .68%
2004	56,146	+ 1.68%
2005	57,104	+ 1.71%

* U.S. Bureau of the Census
 NV Dept. Of Demographer, Bureau of Business and Economic Research, College of Business Administration - UNR

Prior to 1980, the area experienced a rapid increase in population that had put a strain on many of the city's services, schools, and utilities. However, the expansion of Carson High School and the opening of a new elementary school, has reduced the pressure on the Carson City school system's physical facilities. In addition, the recent acquisition of both surface and underground water rights has eliminated the potential water shortage which had threatened future commercial and residential development in Carson City.

Employment

As Carson City is the capital of the State of Nevada, the primary employers in the area are the State of Nevada and the federal government. The gaming and tourist-oriented industry is the next largest employer and is followed by manufacturing and wholesale and retail related businesses. All economic indicators for the Carson City area have shown strong and steady increases. Overall the employment base has been relatively stable through the 1980's with an average annual growth rate of 1.5%. The following chart illustrates the employment posture for the area.

	1990	1995	2000	2002	2003	2004	2005
TOTAL INDUSTRY							
Labor Force	21,800	21,230	22,740	24,170	24,600	24,800	27,301
TOTAL EMPLOYED	20,510	19,550	21,970	22,960	23,080	23,528	26,051
UNEMPLOYED	1,250	1,680	770	1,210	1,521	1,271	1,250
Unemploy. Rate	5.4%	7.9%	3.4%	5.0%	6.0%	5.1%	4.6%

Source: State Dept of Demographer and Employment Security Research

In addition to the total labor force statistics, the following is a breakdown as to how the labor force is dispersed into the different employment sectors.

Carson City	Ave. No. of Annual Covered Employ. (2004)	Annual Payroll (\$000's)	Annual Average Wage	State Ann. Average Wage
Total - 2004	31,600	\$1,162,691	\$36,764	\$37,106
Natural Res. & Mining	*	*	*	\$36,109
Construction	2,057	71,173	\$34,476	\$56,313
Manufacturing	3,162	129,355	\$40,924	\$42,569
Trade/Trans./Utilities	4,320	150,358	\$34,788	\$33,317
Information	299	13,431	\$44,876	\$47,643
Financial Activities	1,737	66,072	\$38,064	\$46,193
Profess. & Business Serv.	2,399	85,647	\$35,620	\$45,426
Education & Health Care	2,318	94,390	\$40,664	\$41,642
Leisure & Hospitality	3,912	66,535	\$17,004	\$26,449
Other Services	907	25,590	\$28,236	\$27,178
Public Admin (Government)	10,426	457,259	\$43,858	\$44,535

* Reflects an insignificant number.

Source: Nevada Dept. Of Demography, Employment Security Research, Employment and Payrolls

As Carson City is the State Capital, government services accounts for 39.3%± of the total payroll, but only 33.0% of all employees. In Washoe (Reno/Sparks) and Clark (Las Vegas) Counties, the service industry is the predominant employer, while the mining and government services (BLM and Forest Service) are predominant in the rural counties. The data also clearly illustrates that the community imports some 24% of the work force (8,072± employees) from outside Carson City. With the exception of Lyon County, no other county has a manufacturing payroll percentage that exceeds 10% of the total County payroll. For the entire state, the manufacturing only contributes 4.6+% of the total payroll. Overall, the employment sectors for Carson City are fairly well balanced.

Gaming and Retails Sales

The gross taxable gaming revenues had shown dramatic increases prior to 1980. Growth throughout the 1980's was fairly stable with periods of decline. It is anticipated that gaming revenues will continue on its stable pace. Gaming revenues in the early 1990's were relatively flat, but with the opening of the Pinon Plaza, Slotworld and Fandango gaming facilities, annual gaming revenues have maintained steady annual increases. Currently, the Ormsby Hotel and Casino is closed for renovation. When reopened, gaming revenues should result in an overall area increase. Though the gaming figures include both Carson City and Carson Valley, the majority of growth has taken place in Carson City. The table on the following page demonstrates the change in gaming revenue over the past 30 year period.

Taxable retail sales, as with many indicators, have also shown a steady increase through the mid 1980's and 1990's. In 1980, 1982 & 1983 taxable retail sales showed a slight decline, which was due to the poor national and local economies. However, retail sales have rebounded sharply since then. The national recession of 1991 slowed retail sales growth some, but the area has resumed its annual strong growth. With the expansion of the large retail boxes in the North Douglas County area, retail sales declined in 2003, but have rebounded in 2004 and 2005. Over the past years, two major retailers (Wal-Mart and K-Mart) have closed their stores in Carson City. The charts on the following pages illustrate the historical gaming and retail sales figures for the community.

GROSS GAMING REVENUE (Calendar Year)

<u>YEAR</u>	<u>REVENUE</u>	<u>% CHANGE</u>
1970	\$ 3,710,000	---
1975	13,685,000	+268.0%
1980	32,194,000	+135.0%
1981	32,449,000	+ 7.92%
1982	33,011,000	+ 1.73%
1983	34,736,000	+ 5.23%
1984	39,301,000	+ 15.70%
1985	39,206,000	- .24%
1986	38,534,000	- 1.71%
1987	35,664,000	- 7.54%
1988	37,004,000	+ 3.76%
1989	38,585,000	+ 4.27%
1990	39,995,000	+ 3.65%
1991	41,728,000	+ 4.43%
1992	43,399,000	+ 4.01%
1993*	60,624,000	N/A
1994*	61,565,000	+ 1.55%
1995*	66,280,000	+ 7.66%
1996*	71,313,000	+ 7.59%
1997*	73,759,000	+ 3.43%
1998*	81,010,539	+ 9.82%
1999*	88,028,820	+ 8.66%
2000*	89,961,437	+ 2.20%
2001*	93,249,454	+ 3.65%
2002	97,186,332	+ 4.22%
2003	102,961,022	+ 5.94%
2004	112,587,881	+ 9.35%
2005	124,600,000	+ 10.67%

Source: Nevada Gaming Control Board (* In 1993, the taxable gaming revenue for Carson City was combined with the Carson Valley)

TAXABLE (RETAIL) SALES
(Fiscal Year - Year Ending)

<u>YEAR</u>	<u>SALES</u>	<u>% CHANGE</u>
1980	203,840,665	- 7.6%
1981	206,661,730	+ 1.4%
1982	199,072,115	- 3.7%
1983	192,277,738	- 3.4%
1984	241,426,819	+ 25.6%
1985	267,846,918	+ 10.9%
1986	286,119,000	+ 6.8%
1987	323,848,786	+ 13.2%
1988	346,092,175	+ 6.9%
1989	380,440,410	+ 9.9%
1990	411,952,336	+ 8.3%
1991	416,732,492	+ 1.2%
1992	440,396,035	+ 5.7%
1993	462,391,973	+ 5.0%
1994	495,937,998	+ 7.3%
1995	547,906,266	+ 10.48%
1996	610,819,638	+ 11.48%
1997	638,138,117	+ 4.47%
1998	670,182,116	+ 5.02%
1999	740,960,594	+ 10.56%
2000	754,678,043	+ 1.85%
2001	822,598,759	+ 9.00%
2002	888,249,423	+ 7.98%
2003	861,278,413	- 3.10%
2004	925,500,080	+ 7.46%
2005	979,049,466	+ 5.79%

Source: Nevada State Department of Taxation

Housing/Construction

On the next page is a summary of the average home prices in both Carson City and the Carson Valley area (does not include the Lake Tahoe region of Douglas County) over the past 17 years. These prices were based on the documented sale prices of every home sale recorded in each County, as compiled by the County Assessor.

The chart clearly illustrates the dramatic appreciation that has taken place over the past 15+ years. Since 2001, the average home price in Carson City has increased 90.36%, or 22.59%/year. During that same time period, Carson Valley home prices have increased 111.73%, or 27.93%/year. It's interesting to note that the average home price in Carson City (\$101,612) and Carson Valley (\$103,000), were fairly similar in 1988, a 1.36% difference. Today, the difference is 26.71%. Based on discussions with home builders and local Realtors, developers have priced themselves out of the entry level market, but it has not significantly hurt the housing industry.

AVERAGE SINGLE FAMILY HOME PRICE

Year	Carson City		Carson Valley	
	# of Sales	Average Price	# of Sales	Average Price
1988	806	\$101,612	497	\$103,000
1989	787	\$107,052	596	\$102,125
1990	901	\$114,035	757	\$113,900
1991	798	\$118,070	659	\$128,800
1992	879	\$120,660	667	\$134,600
1993	951	\$127,528	828	\$146,547
1994	911	\$130,291	807	\$158,590
1995	751	\$145,814	690	\$163,128
1996	786	\$150,596	633	\$172,124
1997	742	\$152,585	610	\$167,431
1998	830	\$159,462	698	\$171,389
1999	952	\$161,901	770	\$183,431
2000	945	\$167,553	777	\$198,516
2001	1,058	\$178,541	981	\$203,392
2002	1,185	\$198,703	1,048	\$242,676
2003	1,153	\$227,410	1,105	\$285,219
2004	1,083	\$282,995	1,263	\$364,910
2005	933	\$339,866	1,041	\$430,648

A further indication of the moderate but constant growth which the Carson City area experienced since the mid-1970's can be illustrated by reviewing the number of residential building permits issued. A drastic decline was seen in the early 1980's, but in 1983, with the improvement of the national economy and lower interest rates, the number of permits started to increase once again. With only two developers controlling the majority of residential building lots in Carson City, new home construction has slowed. In the past 15 years, the highest number of permits (401), were issued in 1993. Only 110 permits were issued in 2005, but this number is expected to increase due to the recent approval of the 521 lot, Schultz Ranch Subdivision in southeast Carson City.

SFR RESIDENTIAL BUILDING PERMITS

<u>YEAR</u>	<u>PERMITS</u>	<u>VALUATION</u>	<u>% CHANGE</u>
1975	488	\$18,930,983	---
1976	649	25,155,692	+ 32.90%
1977	674	35,267,865	+ 40.20%
1979	262	17,193,497	- 51.20%
1980	100	7,792,972	- 54.70%
1981	106	6,659,503	- 14.50%
1982	60	5,982,068	- 10.20%
1983	199	12,764,578	+113.40%
1984	189	13,408,055	+ 5.10%
1985	248	17,668,533	+ 31.80%
1986	424	32,046,724	+ 81.40%
1987	343	25,988,125	- 18.90%
1988	321	27,712,318	+ 6.60%
1989	378	33,827,867	+ 22.10%
1990	423	34,628,922	+ 2.40%
1991	331	28,565,408	- 17.50%
1992	374	31,475,651	+ 9.20%
1993	401	34,710,617	+10.28%
1994	379	32,003,424	- 7.80%
1995	334	30,768,661	- 3.86%
1996	324	30,764,552	- 0.01%
1997	329	29,021,031	- 5.67%
1998	264	27,185,983	- 19.76%
1999	293	33,073,363	+ 21.66%
2000	243	29,394,115	- 17.41%
2001	308	42,493,323	+ 44.56%
2002	306	49,491,118	+ 16.47%
2003	195	34,482,477	- 30.32%
2004	130	29,568,763	- 14.25%
2005	110	31,027,579	- 15.38%

Source: Carson City Building Department

During the same period of time, the number of commercial building permits and valuation tended to vary less drastically. When the valuation of the new building permits was declining, the loss would typically be offset by an increase in existing commercial building alteration and additions.

Multi-family residential permits (units) followed the pattern of single-family permits, with steady growth experienced during the 1970's and a drop-off during the 1980's. The most recent trend has been the construction of a large number of units over a two year period, then a slow down in order for the market to absorb the new units. A recent survey indicates the vacancy rate has remained within a range of 2% to 10%. The multi-family

For 2005, there were a total of 110 permits issued. As shown, residential growth in Carson City has been significantly less than 3%/year. 708 permits have been approved for the calendar year 2006, while a preliminary number of 715 are allocated for 2007.

Though the area has shown consistent growth over the past decades, its residential expansion in the past ten years has been declining. Though the growth management program helped stabilize the housing market, the lack of available vacant residential land has greatly diminished the programs worth. The following is an illustration of the city's fee schedule for new residential and commercial use properties:

CITY INFRASTRUCTURE FEES

<u>Category</u>	<u>Sewer</u>	<u>Water</u>
Single-family residential	\$5,777	\$3,968
Duplex (each unit)	\$5,777	\$3,968
Apt./Triplex (each living unit)	\$2,888.50	\$1,984
Mobile Home Estates (each lot)	\$5,777	\$3,968
Mobile Home Park (each space)	\$2,888.50	\$1,984.50 (master metered)
 Parks Tax	 1% of valuation, not to exceed \$1000	

Commercial/Industrial Sectors

The industrial and manufacturing sector is predominantly located in and around the Carson City airport area, which is located in the northeast section of the city. Prior to 1990, the airport industrial region averaged some three new buildings per year. From 1990 to 2000, new construction averaged 5 new buildings per year. Since 2000, activity has slowed. The stagnating growth is primarily due to the lack of available land. The majority of vacant land in the industrial area, including the U.S. Highway 50/Deer Run Road area, is owned and controlled by John Serpa. Mr. Serpa has been very selective to whom he sells property, resulting in the restricted growth in the area.

Though retail growth was very strong in the 1990's, it also has been stagnate to mild over the past 2+ years. Carson City is a shopping hub for a geographical area containing approximately 200,000 people, which includes Carson Valley, Dayton, and portions of Washoe Valley and South Lake Tahoe. Several shopping centers serve the area, while the downtown area typically features restaurants and some specialty shops. The majority of retail shopping is located in the south Carson City area, but the North Douglas County region has recently been developed with some 1,000,000 sq.ft. of new retail stores,

including Wal-Mart, Home Depot, Staples, Marshalls, Pier One, Best Buys, Borders, plus numerous additional national retailers. The initial Wal-Mart Store that was located in the South Carson City was closed due to the City's inability to allow the store to expand. Wal-Mart opened a new facility in North Douglas County. After opening the relocated store in North Douglas County, Wal-Mart recently opened (2005) a second store in North Carson City, along College Parkway and the new U.S. Highway 395 Bypass.

Though there is more than adequate shopping areas that service the community, (all exhibiting a relatively high occupancy), the downtown business district is exhibiting a fairly strong occupancy due to the renovations and upgrades to many of the older buildings. To further enhance the attractiveness of the downtown area, the City expanded two public parking lots. Many of the buildings in the area (downtown) exceed 50 years of age.

Economic Base

As previously shown, Carson City has a fairly well balanced employment base sector. Even though the government sector is the largest employer in the community, this has been a very stabilizing factor to the city. Unlike Reno and Las Vegas, a downturn in the gaming industry does not impact Carson City to the degree that the State's two largest cities are affected. Local government officials have readdressed a commitment to diversify the economy by aggressively encouraging new industrial and commercial developments to the area. The industrial region in and around the Carson City Airport has been one of the stabilizing characteristics of the community. Though the industrial sector has historically experienced a vacancy rate of typically less than 5%, the rate is currently approaching 10%, due to a number of older buildings being vacant.

In addition to the gaming revenue which was previously addressed, the affect of the tourism industry impact on the community is further demonstrated by reviewing the hotel/motel room tax collections. In 1970, room taxes collected was \$55,217. This figure increased 161% by 1975. A sharp increase was seen in the late 1970's, but it began to slow down by the early 1980's. A chart on the following page examines the room tax collected. It is important to note that the tax has been based on an 8% tax of the gross revenue reported. This rate was raised in February 2003 to 10% for the purpose of financing the construction of the V&T railroad project. Of the tax amount collected, the Carson City & Visitor's Bureau receive (7 7/16% of gross room revenue), the State of Nevada (3/8%), youth sports (3/16%) and Carson City receives 2.0%.

The following charts summarize the Room Tax Revenue for the past 15+ years.

ROOM TAX COLLECTED

<u>YEAR</u>	<u>(Fiscal Year)</u>	<u>TOTAL \$</u>	<u>% CHANGE</u>
1989-90		676,367	
1990-91		680,676	+ .6%
1991-92		656,345	- 3.6%
1992-93		669,121	+ 2.0%
1993-94		629,768	- 5.9%
1994-95		661,728	+ 5.1%
1995-96		721,044	+ 9.0%
1996-97		698,936	- 3.1%
1997-98		674,562	- 3.5%
1998-99		772,239	+14.5%
1999-00		807,345	+ 4.5%
2000-01		891,305	+10.4%
2001-02		910,054	+ 2.1%
2002-03		1,011,098	+11.1%
2003-04		1,231,004	+21.7%
2004-05		1,369,446	+11.2%

Source: Carson City Convention and Visitor's Bureau

Education

The Carson City School District includes seven elementary schools, two junior high schools, and one high school. There are also three private elementary schools including St. Teresa Catholic School. The school district provides adequate education and is planning for the future growth needs of the community. In 1990, Carson City taxpayers approved a \$29,000,000 bond to ensure adequate facilities for the coming years. The bond provided for a \$15,000,000 renovation/expansion of the high school complex and the construction of two new elementary schools. One of the new elementary schools replaced an older school that was sold to the State for expansion of their Capital Complex project. Though school enrollment in the 1990's increased 3% to 4% per year, enrollment over the past three years has declined. With few residential developments planned, the enrollment is expected to continue its slow decline.

Western Nevada Community College, completed in December of 1974, involves a \$3,000,000 facility which is located in northwest Carson City. The college has an enrollment of approximately 4,800 students. There currently is a staff of 40 full and 127 part-time instructors. Additional higher education sources are also available at the University of Nevada, Reno campus, 30 miles north in Reno.

**CARSON CITY
SCHOOL DISTRICT ENROLLMENT FIGURES**

<u>YEAR</u>	<u>ENROLLMENT</u>	<u>% CHANGE</u>
1980-81	5,904	
1982-83	5,428	- 8.10%
1983-84	5,514	+1.60%
1984-85	5,514	+0.00%
1985-86	5,512	- 0.10%
1986-87	5,369	- 2.59%
1987-88	5,588	+4.08%
1988-89	5,759	+3.06%
1989-90	6,083	+5.63%
1990-91	6,349	+4.37%
1991-92	6,570	+3.48%
1992-93	6,776	+3.14%
1993-94	7,096	+4.72%
1994-95	7,371	+3.88%
1995-96	7,695	+4.40%
1996-97	8,039	+4.47%
1997-98	8,306	+3.32%
1998-99	8,372	+ .80%
1999-00	8,333	- .47%
2000-01	8,433	+1.20%
2001-02	8,762	+3.90%
2002-03	8,834	+ .82%
2003-04	8,755	- .09%
2004-05	8,725	- .34%
2005-06	8,518	- 2.37%

Source: Carson City School District

Taxation

Nevada offers a very unique and favorable tax structure environment to individuals and businesses. Nevada's Freeport Law exempts personal property of interstate origin and destination from taxes while located within the state. This tax policy was expanded to include all types of business inventories, and in 1982 the state expanded the exemption to include inventories in the state, regardless of origin. In addition, Nevada presently has no personal income tax, bank excise tax, corporate income tax, inheritance tax, or franchise tax.

The state sales tax was raised from 3.5% to 5.75% in 1981, in a "tax shift" designed to reduce real and personal property taxes. The property tax limitation was dropped from \$5.00 per \$100 of assessed valuation to a constitutional limit of \$3.64 per \$100 of assessed value. The "base" state sales tax has subsequently increased to 6.5% with county option to go to 7%. Carson City's current rate is 7%.

Under Nevada state law, the county assessor's office is required to estimate the taxable value of land based upon its full cash value. Then the assessor's office estimates the replacement cost new of the improvements through utilization of *Marshall Valuation Service* and deducts a straight line depreciation at 1.5% per year to arrive at an estimate of the taxable value of the improvements. Adding the taxable value of the land to the taxable value of the improvements results in an indication of the total taxable value of the subject property. A 35% assessment ratio is then applied to the taxable value of the property to arrive at the assessed value.

Finally, the 2005 Legislature placed a 3%/year cap for owner occupied residences and 8%/year cap for all other types of real estate.

Carson City Assessment records have shown a gradual increase in assessed valuation for the County. Since 1980 the valuation has increased on an average of 5±% annually. The following is a summary of total county assessed valuation.

CARSON CITY TOTAL ASSESSED VALUATION

<u>Tax Year</u>	<u>Total Assessed</u>	<u>% Change</u>
1976-77	\$ 119,498,807	
1980-81	\$ 321,392,786	+25.8
1985-86	\$ 413,000,000	+ 3.7
1990-91	\$ 523,614,737	+ 2.9
1991-92	\$ 561,543,877	+ 7.2
1992-93	\$ 598,307,785	+ 6.5
1993-94	\$ 633,869,647	+ 5.9
1994-95	\$ 682,666,699	+ 7.7
1995-96	\$ 738,281,457	+ 8.2
1996-97	\$ 798,464,872	+ 8.2
1997-98	\$ 830,650,469	+ 4.0
1998-99	\$ 883,733,920	+ 6.4
1999-00	\$ 926,944,257	+ 4.9
2000-01	\$ 978,805,722	+ 5.6
2001-02	\$ 997,925,557	+ 2.0
2002-03	\$1,050,486,854	+ 5.3
2003-04	\$1,069,001,557	+ 1.8
2004-05	\$1,125,818,236	+ 5.3
2005-06	\$1,204,395,768	+ 7.0

Source: Carson City Assessor's Office

Newspaper/TV/Religion

Carson City has one daily newspaper, two weekly newspapers, and three local radio stations. Five Reno television stations are received in Carson City. Cable TV is offered



by TCI Cable of Nevada. Cable TV service is available to most parts of the community, especially in the built-up areas.

Most religious denominations are represented in the Carson City area. Carson City also offers a public library, and access to the Nevada State Library. The Nevada State Law Library is also available to the public.

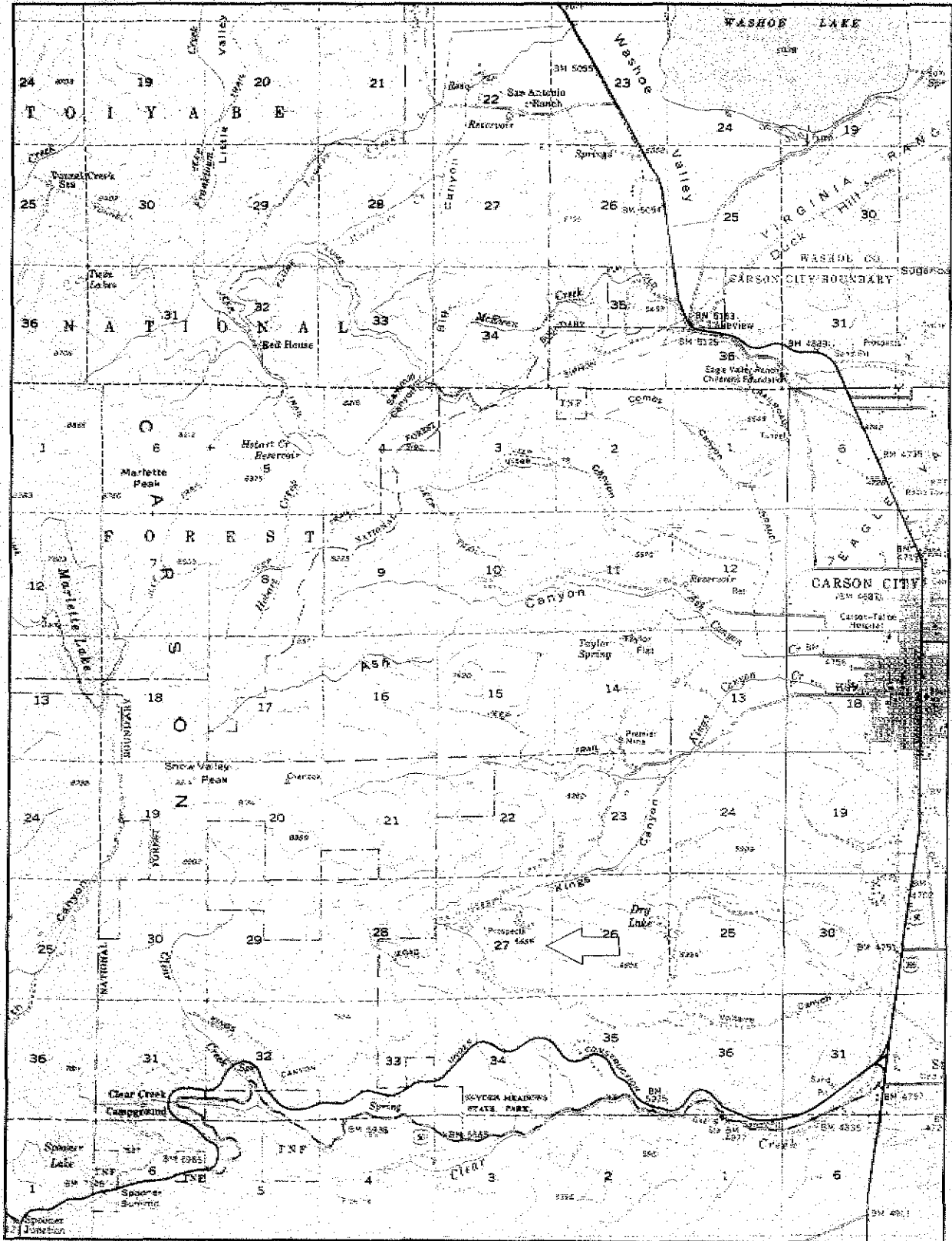
Sierra Pacific Power Company provides electrical service to the community, while Nevada Bell provides phone service. Natural gas is distributed by Southwest Gas Company which is available in the major population areas. The City furnishes both water and sanitary sewer service. Capital Sanitation provides weekly garbage pickup.

Summary

In summary, residential growth is expected to continue its slow decline, due to the lack of available land, with the typical resident anticipated to have fewer children with a high percentage being either retired or close to retirement age. With Carson City's population now greater than 50,000, and recognized as a metropolitan community, retail commercial and industrial growth is expected to continue, with the North Douglas County area taking the "lion's" share. The greatest restriction to the retail commercial growth is the limited availability of large parcels of vacant land where large retail boxes can be build, and good access to major thoroughfares. With diminished land availability, the City will need to undertake redevelopment programs in order to maintain its current growth.

Finally, the subject is located outside of the urban and suburban regions of Carson City. There are few improved properties in the area due to the lack of public facilities but also the most of the properties in the area have moderate to steep topography and very limited road access. Since the federal government (Forest Service) owns a high percentage of the rural region west of Carson City, anticipated growth is expected to be very sparse.

TOPO NEIGHBORHOOD MAP



NEIGHBORHOOD DESCRIPTION

The subject's neighborhood can best be described as the central and southern west suburban and rural region of Carson City. This area consists primarily of undeveloped and residential tracts of land. The neighborhood boundaries are generally the Sierra Nevada Mountains (Carson Range) to the west, residential tracts to the east (bounded by Ormsby Blvd.), Winnie Lane to the north and U.S. Highway 50 to the south.

The primary north-south streets servicing the neighborhood include Ormsby Blvd. and Longview Way. These are 2-lane, 2-way paved streets.

The primary east-west streets include Winnie Lane, Washington Street and King Street (is renamed Kings Canyon Road along the periphery). These are also 2-lane, 2-way streets. Some of these thoroughfares have concrete curb, gutter, sidewalks and paved street surfaces. As some of these streets extend into the suburban west regions, concrete curb, gutters and sidewalks are not required.

The majority of the neighborhood is built-up with single family housing and undeveloped properties outside of the urban regions. Overall the neighborhood is 25%± built-up. This is somewhat deceiving in that the area east of Longview Way is 75%± built-up, while the properties located west of Longview Way are 25%± built-up and foothill area south and north of King Canyon Road is only 1%± built-up. The sparse build-up of homes or other improvements west and south of the suburban west area are due to most of the land area is owned by government agencies (federal, state and local). Most private ownership outside the suburban region is also undeveloped due to moderate to steep slopes, difficult access and lack of utilities.

The area west of Ormsby Blvd. has been the logical region for residential expansion. Of the housing tracts built on the west side (subject neighborhood) in the past 10 to 15 years, most have consisted of lots ranging in size from 12,000 sq.ft. to 1 acre. This has resulted in larger homes being built in the area. Home sites east of Ormsby Blvd. typically range in size from 6,000 sq.ft. to 12,000 sq.ft.

Though homes on the west side consist of both older and newer construction, the overall average home price is higher than any other area in the community. A recent survey by

the Carson City Assessor's Office indicated that the 2005 average selling price of a home located in the Carson City area was \$339,866. The homes typically located east of Ormsby Blvd. indicate an average price was \$370,277, while those homes located west of Ormsby Blvd., command an average home price of \$546,758. You will note that the subject's suburban west location is some 61% greater than the average home price in Carson City. A summary of the average home prices in the Carson City area, based on their specific region is as follows:

CARSON CITY: REGIONAL HOME PRICES - Year: 2005		
Location	No. of Sales	Average Home Price
Central Northeast	212	\$285,179
Central Southeast	49	\$246,576
Suburban Southeast- West of Edmonds	182	\$303,173
Suburban Southeast- East of Edmonds	164	\$359,121
Suburban Northeast	117	\$327,062
Urban West	94	\$370,277
Suburban West	105	\$546,758
Overall Average Home Price *	933	\$339,866

*Denotes the average price of all home sales for that year

Public utilities (water, sewer, electricity, natural gas, telephone and cable TV) service the majority of built-up regions of the neighborhood. Regions along the western and southern extreme of the neighborhood are typically serviced by overhead power and telephone. A private well and septic are common for the homes located along the periphery of the neighborhood. Most of the foothill properties lack utilities.

Two elementary schools are located in the neighborhood as well as Carson Middle School. High school students are bused to the only high school in the community which is located in the central east portion of Carson City.

The overall demand for properties on the west side is expected to continue, which will most likely resume the upward trend of housing prices. It is anticipated that the older homes

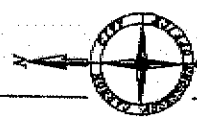
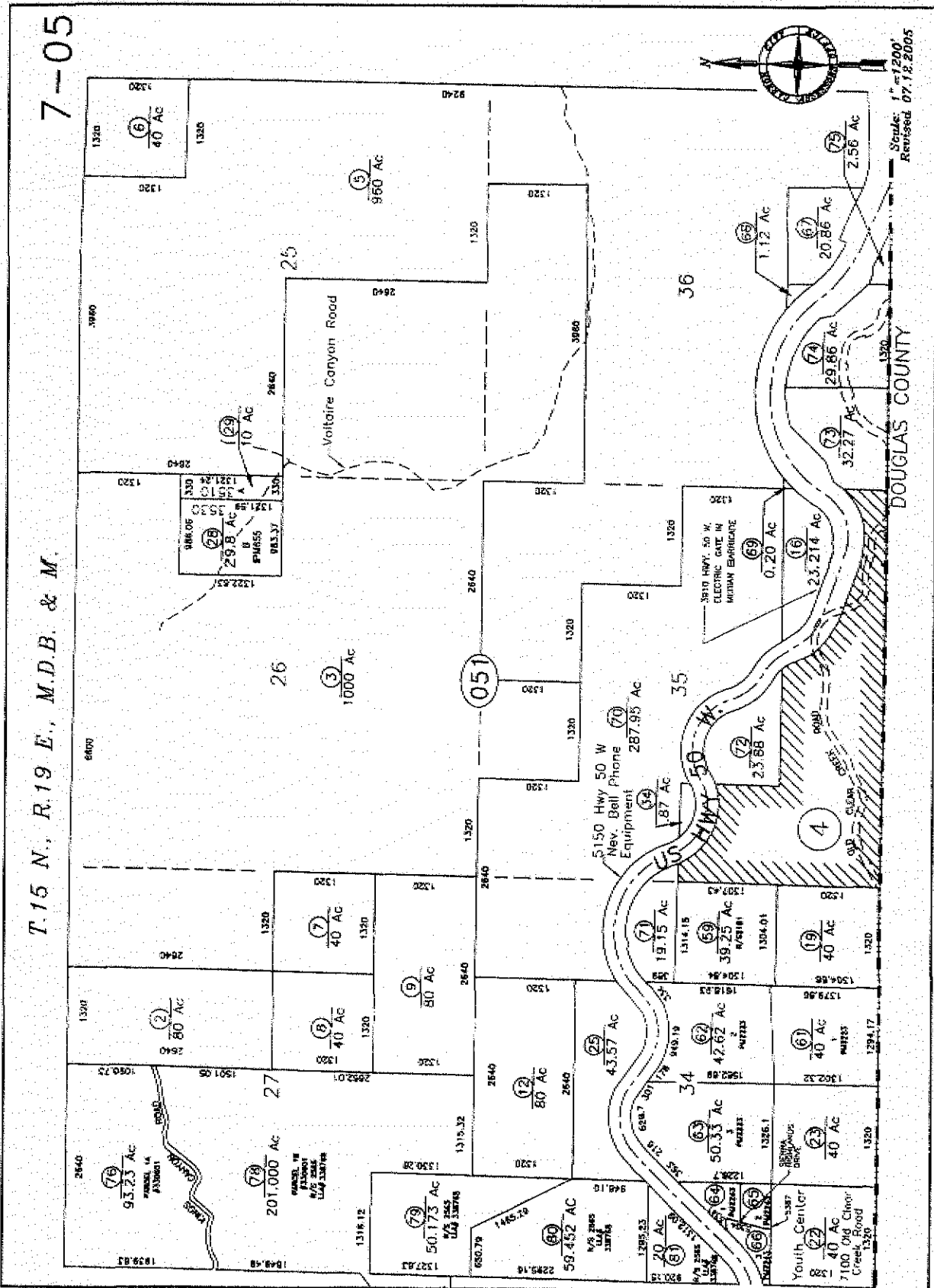
located near the commercial district will continue to be purchased for professional office use. This has been the primary driving force that has initiated the renovation of some of the older properties in the community. Furthermore, there has been a very active market for older homes along the west side, that are being renovated.

As the demand for housing continues, the remaining undeveloped land, west of Ormsby Blvd. is expected to be acquired for new housing projects. The vacant land along the outlining periphery is expected to remain in its current state due to public sentiment expecting this region to continue in its current environment. The U.S. Forest Service's purchase of the Borda Meadow at the west end of Kings Canyon Road is a clear illustration of the public's desire to maintain the mountainous regions abutting the urban areas in their current state.

ASSESSOR'S PARCEL MAP

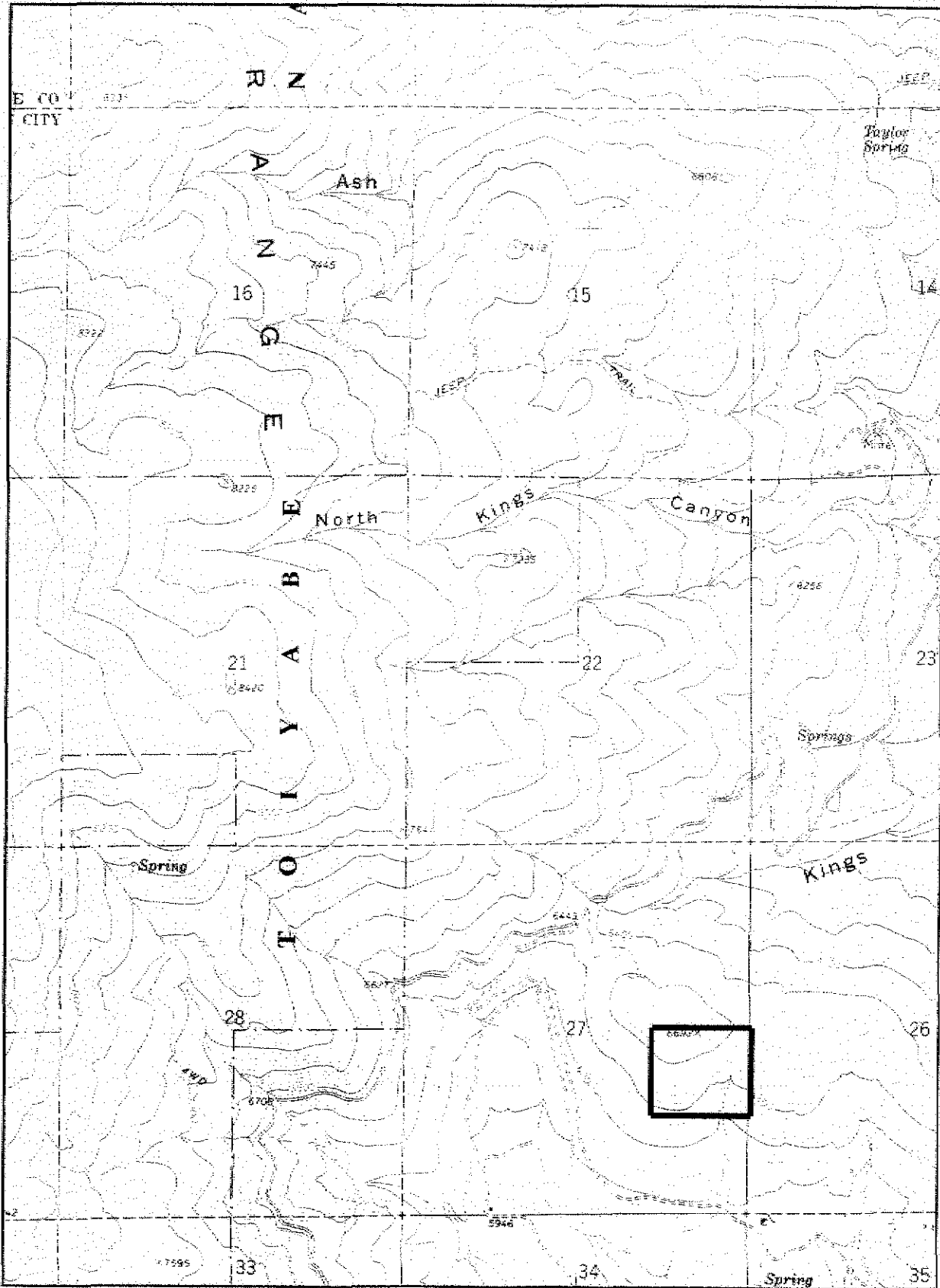
7-05

T.15 N., R.19 E., M.D.B. & M.



Scale: 1" = 1200'
Revised 07.12.2005

USGS TOPOGRAPHY MAP



SITE DESCRIPTION

- Location:** Located some .40 miles south of Kings Canyon Road, being the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 27, Township 15 North, Range 19 East, south of Kings Canyon Road, Carson City, Nevada
- APN:** 07-051-07
- Legal Description:** The NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 27, Township 15 North, Range 19 East, M.D.B.&M.
- Land Area (Vacant):** 40 \pm acres (based on Assessor's Parcel Map and legal description)
- Shape:** Rectangular
- FEMA Flood:** Zone "C": Areas of minimal flooding (the subject site is outside of the surveyed area, but City Engineering Staff indicated a "C" Zone.) There are deep ravines that are subject to flash flooding.
- Topography:** The parcel has moderate to steep slopes, with numerous ravines and drainage channels bisecting the property. According to the USGS Soils Report, the subject has slopes of 30% to 75%. According to the Carson City Hillside Ordinance calculation, the site's overall slope averages 30% \pm , but the northern portion has a slope of 1% to 7%. Due to the slopes, the parcel offers excellent views of the Carson Valley area.
- Soil Conditions:** The U.S. Department of Agriculture, Soil Conservation Service 1979 Soil Survey, indicates the subject property to have a soil classification of Corbett Gravelly Sand (#9), Glenbrook-Rock Outcrop Complex, Toiyabe-Rock Outcrop Complex and Vicee-Aldax Variant Complex (#75), with slopes of 30% to 50%. The soils consist primarily of very fine sandy loam and very stony very fine sand loam, with the soils mostly on north and easterly facing side slopes. Elevations range from 6,000' to 7,500'.
- Permeability of this soil is moderate, while the water capacity is also moderate. Surface runoff is rapid and the hazard of erosion is high. This soil is used for both livestock grazing, rangeland wildlife and watershed.
- Since an engineered soils survey of the subject site was not provided, this appraisal is subject to a certified soils survey.

Earthquake

Hazards:

The 1979 Nevada Bureau of Mines and Geology (University of Nevada - Reno) Earthquake Hazards Map indicates the existence of earthquake faults within close proximity of the subject property, but none appear to directly impact the subject. Faults are fairly typical in the Carson City area. The parcel is located in a Seismic Zone 3 of the Uniform Building Code.

Utilities:

Overhead power and telephone are located some 1.25 miles northeast of the subject, along Kings Canyon Road. The closest public water and sewer systems are located 2+ miles northeast along Kings Canyon Road near Longview Way. Private wells and septic are typical for the area.

Easements:

A Preliminary Title Report was not available to the appraiser, but no reservations, easements and restrictions that adversely impact the marketability of the property, was noted.

Access:

Kings Canyon Road: A county designated roadway. The county maintains the roadway only within the urban area boundary, some 1 mile northeast of the subject. The portion of the roadway that is proximate to the subject has only a dirt surface.

A jeep trail provides access from Kings Canyon Road to the subject. This jeep trail is located within the jurisdiction or ownership of the US Forest Service. Historically, the Forest Service has granted legal access for properties that are land locked. As noted, I am assuming the subject property has legal access.

Zoning:

Carson City: Conservation Reserve (CR)

- | | | |
|----|--------------------|--------------------------------------|
| 1. | Permitted uses: | Single family, public & agricultural |
| 2. | Minimum Land Area: | 20 acre |
| 3. | Minimum Lot Width: | 300' |
| 4. | Building Setbacks: | Front: 30' |
| | | Sides: 20' |
| | | Rear: 30' |

Adjoining

Property Uses:

South Boundary:	Vacant undeveloped land
West Boundary:	Vacant undeveloped land
East Boundary:	Vacant undeveloped land
North Boundary:	Vacant undeveloped land

Taxes: 2006-07 Tax Year (APN: 8-127-04)

	<u>Assessed</u> (35% of Taxation Value)	<u>Taxation Value</u>
Land	\$7,000	\$20,000
Improvements	\$	\$
Total	\$7,000	\$20,000

Tax Rate: 3.0287 per \$100 assessed valuation
2006-07 Taxes: \$212.01
Last Assessed: 2005

**History of
Ownership:**

Carson City records indicate that the subject property is currently vested in the name Hutchison Family Trust (Hall & Deborah Hutchison Trustees).

The Hutchison's have owned the property in excess of 15 years.

HIGHEST AND BEST USE OF THE SUBJECT PROPERTY AS VACANT

As noted, the subject property is situated some 1.50 miles northeast of Canyon Drive, along the eastern ridge of the Carson Range and the western Carson City foothill area. This analysis will discuss the potential uses of the subject property as well as its highest and best use.

The Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) summarizes highest and best use as: *"The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future..."*

Before the property's highest best use is determined, its four criteria will be discussed: 1) physically possible, 2) legally permissible, 3) financially feasible, and 4) must result in the highest value (maximally productive).

1) Physically Possible: This criterion considers the physical features of the site, such as street frontage, depth, access, soil conditions, utilities, etc. The property offers excellent views of the north Carson Valley area and Sierra Nevada Range. Its excellent view are due to the subject's gradual to steep up slopes. According to USGS Mapping, the subject's elevation ranges from a low of 6,300± feet (southeast corner) to a high of 6,692± feet (central north boundary), which indicates an average slope of 30%±. There is a relatively level bench area located along the northern portion of the property. This bench area is very suitable for a building improvement(s), and is most proximate to the jeep trail from Kings Canyon Road. Due to the steep up slopes, there is a drainage channels and/or ravine on the property.

Access to the overall property is via Kings Canyon Road, a dirt surface, County designated roadway. The closest pavement area is located some 1+ mile northeast of the subject, where the suburban boundary area of Carson City ends. It should be noted that Kings Canyon Road was the original roadway from Carson City to the Lake Tahoe area during the mid and late 1800's, when the Tahoe Basin was being logged for the needed wood to expand the mining activities in the Virginia City and Carson City regions.

Though the property is only 2/3'rds of a mile north of U.S. Highway 50, this is a controlled access highway, with no access points to serve the subject.

Currently, there are no public utilities abutting the subject property. The closest electricity and telephone services are located 1+ mile northeast of the subject, at the end of the pavement, along Kings Canyon Road. Public water, sewer and natural gas utilities are another 1± mile further northeast. The lack of these utilities is not uncommon for regions outside the suburban communities. Though lacking these public utilities, the properties in these areas use gas or diesel powered generators, drill wells and use septic systems.

The majority of the property is covered with native vegetation and rock outcrop. In addition, some pine and juniper trees are located on the property. The sparse number of trees reduces any potential value from logging. Also, the existing trees offer greater aesthetic value for the recreational buyer/investor.

There is no record of water rights associated with the property. Also, there are no known minerals on the site that would provide an economic benefit to the property.

2) Legally Permissible: This criterion considers the legal restrictions of the property. The subject is currently zoned CR (Conservation Reserve). According to the Carson City Title 18, Zoning Code, "The purpose of the conservation reserve district is to identify the outlying lands that may be developed in the future when water supply, roads, schools, sewer, and other public facilities and services are provided for potential development and lands with environmental constraints." Basically, the CR classification is designed to facilitate two property uses: (1) It is a holding zone until development expands to the area and the property can be developed to its highest and best use, or (2) It is a protective zone for properties with environmental constraints. The subject tends to fall within the later.

In addition to the current zoning of the property, the Carson City Master Plan (Land Use Plan Element Update) was also reviewed. The master plan designates the area as AR, Agricultural Residential (10 acres/dwelling unit to 40 acres/dwelling unit), in which slopes are typically greater than 15%. The current CR zoning allows 1 unit/20 acres. Note: Zoning takes precedence over the master plan density.

Due to the subject's current topography, the site is also regulated by the Carson City Hillside Development Ordinance. This ordinance affects all property with slopes in excess of 15%. According to the appraiser's estimate, the subject's overall average slope approaches 30%, but the northern 25± of the subject property has slopes typically less

than 10%. The purpose of the Hillside Development Ordinance "is to protect the public health, safety and welfare by minimizing the potential of such development to cause or contribute to landslides, erosion and sedimentation, deforestation, flooding or the aesthetic degradation of the city's natural environment". Ultimately, this ordinance places greater restrictions on developing sloped property in Carson City. It should be noted that a special use permit will be required if improvements are constructed at or above the skyline limit. According to planning staff and available maps, the subject property is located above the Skyline Limit.

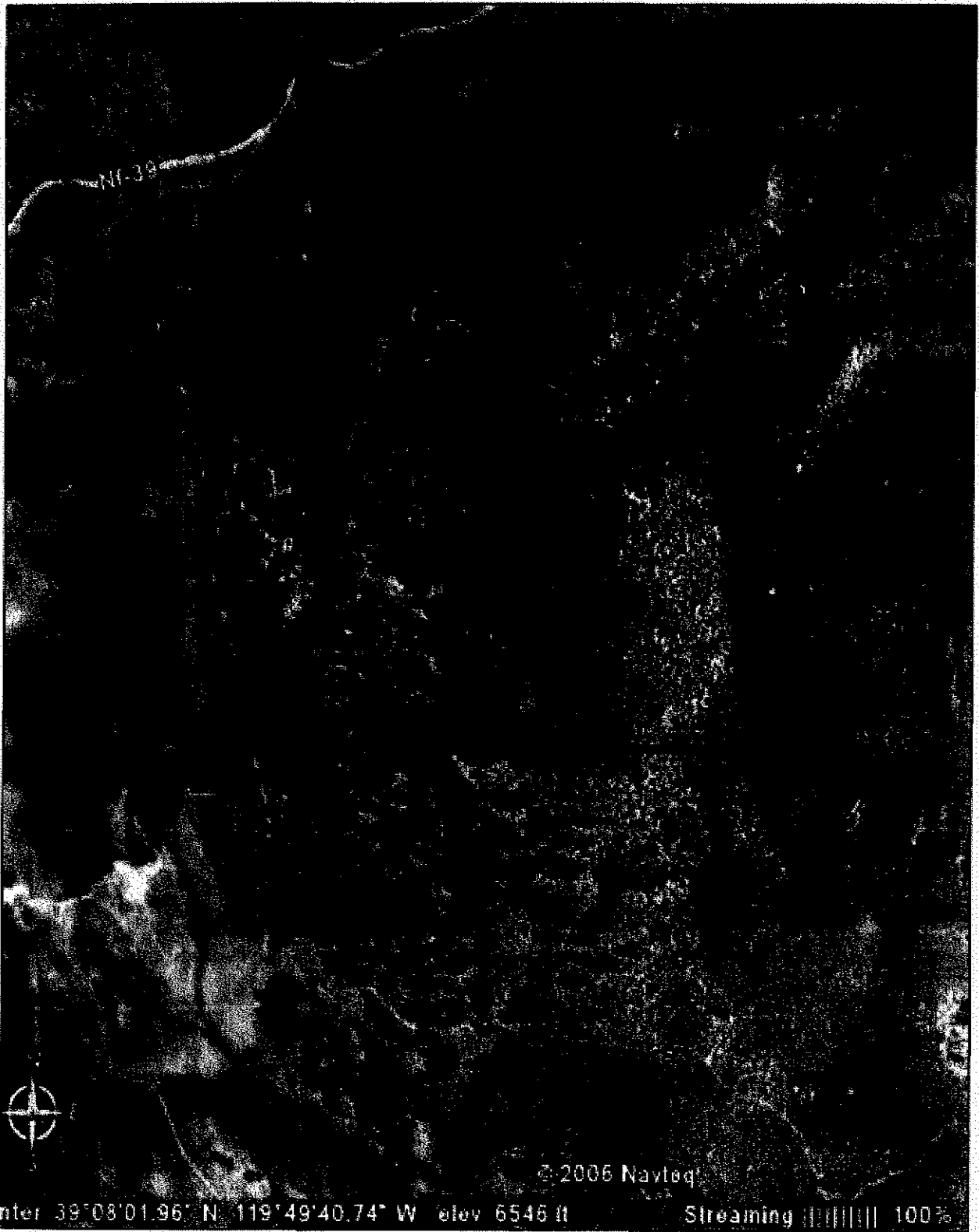
Two additional restrictions are addressed in the Hillside Development Standards: (I) No roads are permitted on natural slopes in excess of fifteen percent (15%); and (II) Roadway accesses must be provided in and out of the developed areas (two means of ingress and egress). As noted, the subject's natural slopes average some 30%, and currently, only a jeep trail provides access to the property. These two additional conditions basically eliminate the further parceling of the subject property.

The final limitations are easements, restrictions and encumbrances of record. Other than the discussed impacts from recorded access and utility easements, there are no other restrictions that adversely impact the marketability of the property.

In conclusion, the current zoning is a rural community classification (CR) that oversees the development of a site along the periphery of the town, with additional restrictions due to the subject's topography and access.

3) Financially Feasible: This criterion considers those uses that will produce a positive cash flow in which the cash flow is greater than anticipated property expenses. As noted, the subject property consists of a legal 40 acre parcel. This property is accessible from a jeep trail, via Kings Canyon Road, a dirt surface County road. An aerial photograph of the subject portion can be found on the following page. Both Kings Canyon Road and jeep trail illustrate the steepness of the area.

AERIAL VIEW OF THE PROPERTY



Based on the current zoning and Hillside Ordinance restrictions, only one parcel can be developed. Even though the zoning allows parcels as small as 20 acres, if a parcel map were approved, two means of ingress and egress would be required. Given previous discussions with Forest Service personnel, they indicated they would provide access to a land locked parcel, but are not obligated to provide no more than one roadway. Since only one means of access would be possible, it is most likely that the City would not allow the property to be split or parceled.

Currently, there are three potential uses for the subject property: (1) its current use, an individual home site over the entire parcel, (2) develop the property into two residential sites consistent with current zoning and hillside ordinance criteria, and (3) assemblage of the site to adjacent federally owned lands for the purpose of maintaining the scenic integrity of the Borda Meadow and Kings Canyon area.

The first item is the most likely use based on the highest and best use of the property. This results in the property being used as a single homesite with the balanced used as open space and not developed. Since a second means of ingress/egress is not likely, the second items is not considered reasonable. Since the Forest Service owns the entire land around the subject's 40 acres, the property would benefit knowing there would not be any other homes or improvements proximate to the subject property.

The final use is the purchase of the property by a federal, state or local agency in order to protect the environmental integrity of the property and surrounding area. If the property were developed with one or two single family home sites, including construction of the roadway scaring the hillside, it would most likely diminish the scenic purity of the surrounding region.

4) Maximally Productive: This criterion considers the specific use that is physically possible, legally and financially feasible, and will produce the highest rate of return to the property. Due to the subject's physical constraints (slopes and limited access), the highest and best use is to develop the northern portion of the property with a single family home site.

MARKET COMPARISON APPROACH

In this analysis, the subject land is considered as vacant and available for development to its Highest and Best Use. Sales of similar properties are compared to the subject, with specific differences determined by pairing the sales to each other. Adjustments are based on these and other comparisons, as well as the appraiser's best judgment.

To establish the market value of the subject site, the Official Records of the Carson City, Washoe County, Douglas County and Alpine County Assessor's offices were searched for sales of comparable land parcels, and the following sales were subsequently selected for use in this analysis. A transaction detail of each selected sale as well as a discussion is provided. The unit of measurement selected is the price per acre, as it best reflects the motives of buyers of vacant land. This is followed by the correlation and final land value estimate conclusion.