



FlyCarsonCity.com

## CCAA BOARD MEMO

Agenda Item: H-2

BOARD MEMO 2022-35

Meeting Date: November 16, 2022

**Agenda Title:** FOR DISCUSSION AND POSSIBLE ACTION:  
APPROVE GROUND LEASE TO ARROWHEAD TENANT, LLC FOR CONSTRUCTION OF AIRCRAFT STORAGE HANGARS NORTH OF THE FUEL ISLAND ON TAXIWAY BRAVO, BEING A PORTION OF APN 005-011-01, OF APPROXIMATELY 1.70 ACRES, AS SET FORTH IN THE LEGAL DESCRIPTION AND DIAGRAM FILED WITH THE AUTHORITY. (C. Jenkins, Steve Tackes)

**Staff Summary:** Action to review & approve ground lease for aircraft storage hangars by Arrowhead Tenant, LLC, beneficially owned by Ward Chilton, Susan Roll- Chaiken, and David Etchell, to construct large aircraft hangars based on current appraisal and acceptable lease terms.

**Agenda Action:** Formal Action/Motion

**Time Requested:** 15 Minutes

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### **Proposed Motion**

I move we approve the ground lease to Arrowhead Tenant, LLC for construction of aircraft storage hangars.

### **CCAA'S Strategic Goal**

Maintain financial stability and support economic activity in the region.

### **Previous Action and Executive Summary**

Arrowhead Tenant, LLC would like to develop a group of large aircraft hangars. The proposed parcel is approximately 1.7 acres. Airport staff has prepared a draft lease using the template approved by the district attorney. Ward Chilton and Susan Roll-Chaiken wish to construct hangars for the purpose of dry aircraft storage. Arrowhead Tenant, LLC will have to comply with the criteria as regards to certain

ground space for construction of hangars as an aircraft storage FBO under Title 19 of the Carson City Municipal Code.

**Financial Information**

Is there a fiscal impact?

No  Yes

If yes, account name/number & amount: 3099 General Fund

General Fund: \$23,681.28 per year (\$1,973.44 per month)

Additional personal and real property tax for the hangars and based aircraft.

Is it currently budgeted?

No

**Alternatives**

Do not approve the ground lease

**Board Action Taken:**

Motion: \_\_\_\_\_ 1) \_\_\_\_\_  
2) \_\_\_\_\_

Aye/Nay

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\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

**APN**

Lessee/ tax statements to:  
ARROWHEAD TENANT, LLC  
c/o Ward Chilton  
1900 Manzanita Lane  
Reno, NV 89509

The Tenant and Landlord hereto affirm that this document submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030).

**CARSON CITY AIRPORT LEASE AGREEMENT**

This lease, made and entered into this \_\_\_ day of November, 2022, between Carson City, a consolidated municipality, a political subdivision of the State of Nevada, hereinafter referred to as “City” or “Carson City” (property owner) and the Carson City Airport Authority, an Airport operator per NRS 844 hereinafter referred to as “Airport Authority” (and together with City, “Landlord”), whose address is 2600 E. College Parkway #6 Carson City, Nevada 89706 (email to: [manager@flycarsoncity.com](mailto:manager@flycarsoncity.com) ), and ARROWHEAD TENANT, LLC, a Nevada limited liability company (“Tenant”), whose address is 1900 Manzanita Lane, Reno, NV 89509 (email to: [wardchilton@outlook.com](mailto:wardchilton@outlook.com) )

WITNESSETH:

WHEREAS, the Tenant and Landlord desire to enter a lease as regards certain ground space for construction of hangars as an aircraft storage FBO under Title 19 of the Carson City Municipal Code; and

WHEREAS, the parties desire to establish such lease in a manner consistent with the Airport Master Plan and Carson City Municipal Code, so as to lease Tenant premises consistent with uses desired by Landlord and to provide economic activity and monetary support to the Carson City Airport (“Airport”); and

THEREFORE, Landlord and Tenant agree as follows:

1. PREMISES. Landlord leases to Tenant and Tenant leases from Landlord the real property, comprised of approximately 74,004 square feet as fully described on Exhibit A (“Legal Description”) to this lease, with the appurtenant rights included in Paragraph 8. The 3 subparcels

identified in the Legal Description will be reflected on a Record of Survey to be recorded within 30 days of Board of Supervisor approval. The area is comprised of undeveloped property.

2. TERM. The term shall be fifty (50) years from the date of execution hereunder.

3. BASE RENT. Tenant shall pay to Landlord \$23,681.28 per year (\$1,973.44 per month); calculated as \$0.32 per square foot per year (upon lease approval; to be paid on the first of the month following Board of Supervisor approval of the lease). Rent shall be payable monthly with payments due on the first day of each month. Tenant shall be responsible for the paving of ramp and taxilane area within the leasehold boundaries for Tenant's use.

A. Tenant must bring utilities infrastructure to site at Tenant's cost, and must pay hookup fees or other related fees, if any, assessed by the Carson City Utility Department.

B. Tenant shall maintain, at Tenant's cost, utilities infrastructure in conformance with the engineering design and installation approved by the Airport Authority

C. Tenant to reimburse Landlord for the appraisal cost of \$3,000.00 with first rent payment.

4. ADJUSTMENTS TO BASE RENT.

A. CONSUMER PRICE INDEX ADJUSTMENT. An adjustment of the rental and fees described above shall occur first on January 1, 2025, then at two-year anniversary intervals from January 1, 2025, during the term of this Lease. Such adjustment of rental shall be based upon the percentage change reflected by the Consumer Price Index (hereinafter called the "Price Index") for the preceding two-year period. The Price Index shall mean the average for "all items" shown on the "U.S. City Average for All Urban Consumers" as promulgated by Bureau of Legal Statistics of the U.S. Department of Labor, as amended or replaced by the Bureau of Legal Statistics. Landlord shall measure each two-year adjustment using the most recently available report, recognizing that it may be necessary to use a 2-year period with a final quarter ending prior to each January 1 adjustment date. In no event, however, shall any decrease in the Price Index result in a decrease of the rental below the base rate set forth at Section 3 of this lease. For example, if the Price Index for December 2025 is 155.0 (1982-1984=100), and for December 2023 was 150.0, then the rent would be adjusted by the difference (155.0-150.0) divided by 150.0 which equals a 3.3% increase.

B. MARKET TO MARKET LAND APPRAISAL. On January 1, 2038 (ie. year 15), and thereafter at each 10-year anniversary of the lease term, the rent rate shall be adjusted to the appraised rate as determined by an MAI certified appraiser, selected from the Carson City Board of

Supervisors' approved list of appraisers. Landlord and Tenant shall share equally the expense of such appraisals.

5. IMPROVEMENTS. Tenant shall commence construction of the hangar project as set forth in Exhibit B to this lease with construction of all hangars completed within 2 years of execution of this lease. Tenant shall meet the construction requirements and standards adopted by Landlord pursuant to Title 19 of the Carson City Municipal Code, including but not limited to, expending funds for maintenance on the property, pavement and improvements, at an effective rate of at least \$0.03/sqft/yr averaged over a 10-year period. Upon completion of construction, Tenant shall provide Landlord with an exterior and pavement maintenance plan and shall abide by the plan. Upon each 10-year anniversary of January 1, 2023, the Tenant shall report on its improvements to, and maintenance on, the leasehold made during the 10-year period. Upon request of Landlord, Tenant shall provide supporting documentation of such Tenant expenditures to ensure that the facility is being maintained in the same fashion (i.e. the same, good condition as when improvement construction was completed, normal wear and tear excepted). Such maintenance shall include, as a minimum, adequate care of the Tenant pavement such that the pavement remains no lower than a fair rating (i.e. PCI 58-74). Failure to maintain leasehold improvements at or above these standards shall be treated as a breach of this lease.

6. DEFAULT. The occurrence of any of the following shall constitute a default by Tenant:

A. Failure to pay rent when due if the failure continues for ten (10) days after notice has been given to Tenant.

B. Abandonment and vacation of the premises. Failure to occupy and operate the premises for thirty (30) consecutive days shall be deemed an abandonment and vacation, except to the extent such non-use is within the construction schedule.

C. Violation of Tenant or its contractors, and/or subcontractors of the terms and conditions of this lease. If such default is not cured, within ten (10) days after written notice thereof from Landlord to Tenant, Landlord may, at its sole discretion, suspend or terminate this Agreement. If any nonmonetary default under this Paragraph C is not reasonably susceptible to a cure within the stated ten (10) day period, Landlord shall not exercise its remedies with respect to such default, so long as: (i) Tenant commences the necessary cure

within the stated ten (10) day period; and (ii) Tenant thereafter diligently continues the cure process.

D. Failure of Tenant to abide by all applicable laws, ordinances, rules and regulations of the United States, State of Nevada, or Carson City.

E. Filing a petition of voluntary or involuntary bankruptcy regarding Tenant.

F. The making by the Tenant of any general assignment for the benefit of creditors.

G. Violation of any of the standards, rules, and regulations set forth in CCMC Title 19, Appendix A of this lease, or Exhibit B to this lease, or failure to maintain current licenses required for the permitted operation.

H. Failure to provide or maintain the required certificates of insurance.

I. Failure to complete construction of the facilities as required by this lease and any exhibits or amendments thereto, or extensions granted by action of the Airport Authority at a publicly noticed meeting. Landlord may terminate this lease under this subsection at its sole discretion, with thirty (30) days written notice of its intention to terminate this Lease.

Notices given under this paragraph must specify the alleged default, the applicable lease provision(s), and must demand that Tenant cure its default and perform the provisions of this lease or pay the rent that is in arrears, within the applicable period of time, or quit the premises. Unless a different period to cure a default is specified in this lease, any notice of default from Landlord to the Tenant shall provide Tenant ten (10) days to cure its default, if the default is one that can be cured, or quit the premises. No such notice will be deemed a forfeiture or a termination of this lease unless Landlord so elects in the notice.

Failure to declare a breach or the actual waiver of any particular breach of this lease or its material or nonmaterial terms by either Landlord or Tenant shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

7. REMEDIES. Landlord shall have the following remedies if Tenant commits a default. These remedies are not exclusive; they are cumulative to any remedies now or later allowed by law. Such rights and remedies may be exercised and enforced concurrently and whenever and as often as Landlord deems appropriate. Any amount paid, or expense or liability incurred, by the Landlord for the account of Tenant may be deemed to be additional charges, and the same may, at the option of Landlord, be added to any amounts then due or thereafter falling due.

A. Penalties. Landlord may assess any penalties permitted under Carson City Municipal Code Title 19, or any penalties otherwise provided by law if the default constitutes a violation of law.

B. Tenant's right to possession not terminated. Landlord can continue this lease in full force and effect, and the lease will continue in effect, as long as Landlord does not terminate Tenant's right to possession. Landlord shall have the right to collect rent when due. During the period Tenant is in default, Landlord can enter the premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the premises. Reletting can be for a period shorter or longer than the remaining term of this lease. In the event of reletting, Tenant shall still pay to Landlord the rent due under this lease on the dates the rent is due, less the rent Landlord receives from any reletting.

If Landlord elects to relet the premises as provided in this paragraph, rent that Landlord receives from a third party upon reletting shall be applied to the payment of:

First, any indebtedness from Tenant to Landlord other than rent due from Tenant;

Second, all costs, including maintenance, incurred by Landlord in reletting;

Third, rent due and unpaid under this lease, after deducting the payments referred to in this paragraph. Any sum remaining from the rent Landlord received from reletting shall be held by Landlord and applied for payment of future rent as rent becomes due under this lease. In no event shall Tenant be entitled to any excess rent received by Landlord. If, on the date rent is due under this lease, the rent received from reletting is less than the rent due on the date, Tenant shall pay to Landlord, in addition to the remaining rent due, all costs including for maintenance Landlord incurred in reletting, that remain after applying the rent received from the reletting as provided in this paragraph.

C. Termination of Tenant's right to possession. Landlord can terminate Tenant's right to possession of the premises at any time after default. No act by Landlord other than giving notice to Tenant shall terminate this lease. Acts of maintenance, efforts to relet the

premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this lease shall not constitute a termination of Tenant's right to possession. On termination, Landlord has the right to recover from Tenant the unpaid rent that had been earned at the time of termination of this lease, and any other amount, including court costs, necessary to compensate Landlord for all detriments proximately caused by Tenant's default.

8. APPURTENANT RIGHTS AND RESTRICTIONS.

A. Tenant is qualified as a Fixed Base Operator for aircraft storage and may use the premises primarily for the storage of aircraft; storage of machinery, parts and tools associated with the stored aircraft, and the permitted FBO activities identified in the FAA Hangar Use Policy as adopted in the Carson City Municipal Code 19.02.020.370, as amended. Tenant may sublease portions of the premises, but Tenant is still responsible for compliance with the terms of the lease. Tenant is expressly prohibited from conducting any activity at the Airport other than that provided by this lease or as may be approved by Landlord.

Tenant may conduct such non-aviation business upon the premises as are otherwise permitted by law and do not otherwise interfere with the aviation uses permitted under this lease and other leases on this Airport. Landlord's decision shall be final as to claims of conflict over interfering uses. No person may live in, or otherwise inhabit, any hangars constructed on the property leased.

All aircraft stored on the leased area must be registered as personal property in Carson City, Nevada, unless such aircraft are transient and are not on the leased area for more than 30 consecutive days. Tenant shall supply Landlord with evidence of the registration and taxation information for aircraft stored on the leased premises on the two-year anniversaries of this lease, or upon such shorter period as may be requested by the Airport Manager or required by the Hangar Use Ordinance, or other applicable law or policy.

B. Ingress and Egress. Tenant shall have full and unimpaired access to the leased premises and a nonexclusive right to use the taxiways between the leased premises and the Airport's runway. Tenant shall be responsible for, and control the access to, the leased premises. Tenant is responsible for determining whether the designated taxilane access is sufficient for its needs. Access between the leasehold and Airport shall comply with the Landlord's rules, regulations, and/or access plans, and any rules or security regulations which

may have been established or shall be established in the future by the FAA, the Transportation Security Administration (TSA), or the State of Nevada. To the extent that the Airport utilizes a key card or other gate control system, and charges Airport users for such system, Tenant shall be entitled to use the system upon the same terms, conditions, and charges as other Airport users.

C. Right of Entry. Landlord, or its designated Airport Manager or agent, reserves the right to enter upon the premises at any reasonable time for the purpose of making any inspection deemed expedient or desirable for the proper enforcement of any terms, conditions, provisions, and covenants of this lease.

D. Air Space and Subsurface Rights. This lease confers no rights to the subsurface of the land more than five (5) feet below the ground level of the premises or to airspace more than ten (10) feet above the top of the roof of the building or buildings that is a part of the premises. Exported material must be approved by the Landlord as to placement or sale. Tenant acknowledges that Landlord is the owner of the dirt material in place at the time of lease. All exemptions or applications must have the prior approval of Landlord and comply with the Carson City Municipal Code Title 19, Airport Rules and Regulations.

E. Federal Requirements.

1. The Tenant for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration, does covenant and agree as a covenant running with the land that Tenant shall comply with all Federal Aviation Regulations (FARs) applicable to Tenant's operations on the premises. The Tenant acknowledges that the Airport is the recipient of FAA Airport Improvement Program funds and other federal funds. The Tenant shall take no action which violates or causes others to violate the assurances Landlord granted to the FAA in conjunction with such federal funding. Such assurances include, but are not limited to compliance with:

- a. Title 49, USC, subtitle VII, as amended.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act - 5 U.S.C. 1501, et seq. (if applicable)
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq

- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.
- h. Native Americans Grave Repatriation Act -25 U.S.C. Section 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.1
- l. Title 49 ,U.S.C., Section 303, (formerly known as Section 4(f))
- m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- n. Civil Rights Act of 1964 - Title VI - 42 U.S.C. 2000d through d-4.
- o. Americans with Disabilities Act of 1990, as amended, (42 U.S.C. § 12101 et seq.), prohibits discrimination on the basis of disability).
- p. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- q. American Indian Religious Freedom Act, P.L. 95-341, as amended
- r. Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.
- s. Power plant and Industrial Fuel Use Act of 1978 -Section 403- 2 U.S.C. 8373.
- t. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.
- u. Copeland Anti kickback Act - 18 U.S.C. 874.1
- v. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.
- w. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- x. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq. (if applicable)
- y. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.
- z. The Federal Funding Accountability and Transparency Act of 2006, as amended (Pub. L. 109-282, as amended by section 6202 of Pub. L. 110-252)..
- aa. Such Federal Regulations and Executive Orders as may be applicable to FAA AIP funding, and such other OMB Circulars as may apply and are listed at [https://www.faa.gov/airports/aip/grant\\_assurances/](https://www.faa.gov/airports/aip/grant_assurances/) or such updated listing at the official website maintained by the FAA.

2. The Tenant for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration, covenants and agrees as a covenant running with the land that: 1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the

benefits of, or be otherwise subject to discrimination in the use of the facilities; 2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination.

3. Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as the Regulation may be amended.

4. Tenant shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users and it must charge fair, reasonable, and not unjustly discriminatory prices for each unit or service; PROVIDED that the Tenant may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

5. Noncompliance with Provision 4 above shall constitute a material breach of this lease and in the event of such noncompliance, the Landlord shall have the right to terminate this lease without liability, or at the election of the Landlord or the United States; either or both governments shall have the right to judicially enforce these provisions.

6. Tenant agrees that it shall insert the above five provisions in any lease agreement by which the Tenant grants a right or privilege to any person or entity to render accommodations and/or services to the public on the leased premises.

7. If the conduct of business is permitted on the premises, the Tenant assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in

any employment activities covered in 14 CFR Part 152, Subpart E. The Tenant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart.

8. The Landlord reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the Tenant and without interference or hindrance.

9. The Landlord reserves the right, but shall not be obligated to the Tenant, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the Tenant in this regard.

10. This lease shall be subordinate to the provisions and requirements of any existing or future agreement between the Landlord and the United States, relative to the development, operation, or maintenance of the Airport.

11. The Landlord, its successors and assigns, for the use and benefit of the public, does reserve a right of flight for the passage of aircraft in the airspace above the surface of the lease premises. This public right of flight shall include the right to cause in the airspace any noise inherent in the operation of any aircraft used for navigation or flight through the airspace or landing at, taking off from, or operation of the Airport.

12. Tenant agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the leased premises.

13. The Tenant by accepting this expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the leased premises to a height more than ten (10) feet above the highest part of Tenant's building. In the event this covenant is breached, the Landlord reserves the right to

enter upon the premises to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the Tenant.

14. The Tenant, by accepting this lease, agrees for itself, its successors and assigns, that it will not make use of the leased premises in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitutes a hazard. In the event this covenant is breached, the Landlord reserves the right to enter upon the leased premises and to abate the interference at the expense of the Tenant.

15. It is understood and agreed that nothing contained in this lease shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958 (49 U.S.C. 1349).

F. Tenant assures complete compliance with the Carson City Airport Rules and Regulations upon leased premises.

9. ASSIGNMENT. Tenant shall be permitted to assign this lease to a hangar owners association to allow individual ownership of hangars and such association shall be a single entity responsible to Landlord, but Tenant shall have no other right to assign its interest in this lease except upon Landlord's prior consent. Any such assignment will be binding to assignees on all terms and conditions in this lease.

Tenant shall have the right to assign, pledge, or hypothecate this lease for the purpose of securing additional financing, but only if the Landlord provides prior, written approval.

The parties agree that a transfer of corporate interests in Tenant exceeding twenty-five percent (25%) shall be deemed an assignment of this lease. The term "corporate interests" shall include corporate ownership, or the ownership of any partnership, trust, Limited Liability Company, and other entity for ownership by more than one person permitted by law.

The Landlord reserves the right to assign, pledge, or hypothecate this lease upon notice to the Tenant.

10. INSURANCE AND BONDING.

A. Coverage. As a condition precedent to this lease, Tenant shall provide, at its own cost, commercial general insurance coverage in the amount of ONE MILLION DOLLARS (\$1,000,000.00) per occurrence and TWO MILLION DOLLARS

(\$2,000,000.00) aggregate, the category to be under-written by a responsible insurance carrier, authorized by the State of Nevada to provide such coverage. The following coverage shall be included:

1. Third-party comprehensive general liability coverage for bodily injury and property damage, including owned and non-owned aircraft, for any claim or liability for any injury or damage to any person or property occurring on the leased premises or arising out of or resulting from Tenant's operations or omissions at the Airport.

2. Products liability coverage in addition to the foregoing comprehensive general liability insurance where the licensee operates a food service or offers goods or merchandise for sale.

3. Fire and extended coverage and vandalism and malicious mischief insurance, for damage or destruction of real property or leasehold improvements, where the Landlord has, or will have, an interest in such property by virtue of an existing lease.

B. Workers' Compensation & Employer's Liability Insurance. In addition, to the extent required by law, Tenant shall provide workers' compensation insurance as required by NRS Chapters 616A through 617 inclusive and Employer's Liability insurance with a minimum limit not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease.

C. Insured Includes. Both Airport Authority and Carson City, individually, must be named as additional insureds and the insurance carrier underwriting such coverage must give the Landlord thirty (30) days written notice prior to cancellation of, or material alteration to, the insurance policy.

Landlord requires that Tenant provide Landlord with a Certificate of Insurance evidencing the coverage in effect, including limits and expiration date. Such policy or policies shall be maintained in full force and effect during the term of the lease, including and renewals or extensions of this lease.

D. Review of Insurance coverage. Landlord reserves the right, every five years, to review and adjust the amount and kind of insurance coverage required.

E. Insurance to remain in effect. Tenant agrees to keep all insurance policies in effect, as required by this lease, until the time Tenant surrenders the premises.

11. INDEMNIFICATION. To the extent permitted by law, including, but not limited to, the provisions of NRS Chapter 41, Landlord and Tenant shall indemnify, hold harmless and defend, not excluding the other's right to participate, the other party from and against all liability, claims, actions, damages, losses, and expenses, including but not limited to reasonable attorney's fees and costs, arising out of any alleged negligent or willful acts or omissions of the indemnifying party, its officers, employees and agents arising in connection to this lease. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of the indemnity which would otherwise exist as to any party or person described in this Section.

Except as otherwise provided below in this Section, the indemnifying party shall not be obligated to provide a legal defense to the indemnified party, nor reimburse the indemnified party for the same, for any period occurring before the indemnified party provides written notice of the pending claim(s) or cause(s) of action to the indemnifying party, along with: (1) a written request for a legal defense for such pending claim(s) or cause(s) of action; and (2) a detailed explanation of the basis upon which the indemnified party believes that the claim or cause of action asserted against the indemnified party implicates the culpable conduct of the indemnifying party, its officers, employees, and/or agents.

After the indemnifying party has begun to provide a legal defense for the indemnified party, the indemnifying party shall not be obligated to fund or reimburse any fees or costs provided by any additional counsel for the indemnified party, including counsel through which the indemnified party might voluntarily choose to participate in its defense of the same matter.

After the indemnifying party has begun to provide a legal defense for the indemnified party, the indemnifying party shall be obligated to reimburse the reasonable attorney's fees and costs incurred by the indemnified party during the initial thirty (30) day period of the claim or cause of action, if any, incurred by separate counsel.

In addition, and as more fully described in Section 12 of this lease, the Tenant further agrees to indemnify, hold harmless and defend Landlord from environmental liability for contamination or damage to the leased premises and any adjacent area to the leased premises related or connected with the occupation or use of the leasehold property.

12. ENVIRONMENTAL. The Tenant will conduct its business and operation on the leased premises in compliance with all applicable environmental laws and permits. No fuel storage (other than in aircraft fuel tanks of operational aircraft) is permitted on the leased premises. Flammable materials shall be stored in National Fire Code fireproof containers and not to exceed 5 gallons. The Tenant will forthwith notify the Landlord of the occurrence of any of the following and will provide the Landlord with copies of all relevant documentation in connection therewith:

- (a) a release of a hazardous substance on or about the leased premises except in strict compliance with applicable environmental laws and permits;
- (b) the receipt by the Tenant of an Environmental Notice; or
- (c) the receipt by the Tenant of information which indicates that hazardous substances are being used, dissipated, stored, disposed of or introduced into the environmental by anyone in or about the leased premises in a manner other than that authorized under environmental laws.

Tenant will not permit the storage, use, treatment, disposal, or introduction into the environment of hazardous substances in or about the leased premises, except in compliance with applicable environmental laws. If the Landlord receives information that hazardous substances are being dissipated, used, stored, disposed of or introduced into the environment by anyone in or about the leased premises in a manner other than that authorized under environmental laws, the Tenant will conduct such investigations, searches, testing, drilling and sampling (“Investigations”) as are reasonably requested from time to time by the Landlord to determine the existence of hazardous substances in or about the leased premises or traceable to the leased premises. If the Tenant does not complete the Investigations to the satisfaction of the Landlord, the Landlord may enter the leased premises and take any actions necessary to complete the Investigations, the cost of which actions will be borne by the Tenant as additional rent. If remedial work is required due to the presence of hazardous substances on or in the leased premises, the Tenant will take all necessary action, at the cost of the Tenant, to restore the leased premises to a level acceptable to the Landlord and to all governmental authorities having jurisdiction. Upon the request of the Landlord, from time to time, the Tenant will provide to the Landlord satisfactory documentary evidence that all environmental permits are valid and in good standing.

Environmental Indemnity. The Tenant will indemnify and hold harmless Landlord, its officers, directors, employees, agents and shareholders, from and against any and all losses, claims, costs,

expenses, damages and liabilities, including all costs of defending or denying the same, and all costs of investigation, monitoring, remedial response, removal, restoration or permit acquisition and including all solicitor's fees (on a solicitor and own client basis) and disbursements in connection therewith which at any time may be paid or incurred by or claimed against the Landlord, its officers, directors, employees, agents and shareholders, arising, directly or indirectly, out of:

- (a) a breach by the Tenant of any of the covenants contained in Section 12 of this lease;
- (b) the presence of or release of any hazardous substance on or off-site of the leased premises;
- (c) any action taken by the Landlord with respect to the existence of any hazardous substance on or off-site of the leased premises; or
- (d) any action taken by the Landlord in compliance with any environmental notice with respect to the existence of any hazardous substance on or off-site of the leased premises;

and such indemnity will survive the expiration or any termination of this lease notwithstanding anything in this lease to the contrary.

Tenant shall not be responsible for a hazardous material or environmental contamination that is found: (1) to have existed prior to the execution of this lease; or (ii) not to have existed until after termination of this Lease and Tenant's surrender of the premises. If said condition prevents the ability of Tenant to use the leasehold and Landlord is unable to rectify the condition in a timely manner, Tenant may request and the Landlord will not unreasonably deny, the termination of the lease.

13. MAINTENANCE. Landlord is not required to provide any maintenance, repairs, removal, and construction of the gross area leased or of buildings or facilities erected by Tenant.

Tenant shall provide and pay for all light, gas, electric, water, janitorial, sewer, trash and other utility charges used or incurred in or about the lease premises.

Tenant shall maintain all leased areas, salvage and rehabilitation areas, displays, storage areas, landscaping, pavement, facilities, and structures in a state of repair and good appearance acceptable to the Landlord. Landlord shall have sole discretion in interpreting and enforcing all Federal, State, and local rules, regulations, codes, and ordinances in determining what is, or is not, acceptable. No parking of vehicles, trailers or Tenant property shall be outside of the hangar, nor blocking any taxilane, except that vehicles will be parked immediately in front of hangar door if such

can be done without obstructing any taxilane, taxiway or public use area, or in designated parking areas.

Landlord may require Tenant to perform all necessary maintenance, repairs, removal, construction or cleaning/clearing of unsightly areas upon the leased premises. In the event such maintenance, repairs, removal, construction, or cleaning/clearing of unsightly areas is not undertaken as required, Landlord may perform such maintenance, repairs, removal, construction, or cleaning/clearing of unsightly areas on behalf of Tenant, and at Tenant's expense, plus ten percent (10%) for administration.

14. TAX OBLIGATION. Tenant shall pay all taxes and assessments against any buildings or other structures and improvements used by Tenant in its operations, and if imposed at any future date, any and all real property taxes assessed against the land leased from Landlord, including any possessory interest taxes.

15. REMOVAL OF BUILDINGS AND IMPROVEMENTS. Tenant shall remove at his cost all buildings and improvements upon termination of this lease and restore the premises to its original condition. Title in building and improvements shall at all times during the lease term remain in the Tenant. The Landlord shall have the option on expiration of lease period, or upon termination of this lease, to take title of the buildings and improvements, at no cost or obligation to Landlord, in lieu of Tenant's obligation to restore the premises to its original condition.

16. REPORTING. Anything that affects the safe and efficient operation of the Airport shall be immediately reported to Landlord or the designated Airport Manager.

17. AMENDMENTS. Any amendments to this lease require approval by the Landlord and Tenant. All proposed amendments must be submitted in writing to Landlord for review and placement before a regularly scheduled meeting of the Airport Authority for consideration.

18. GENERAL. It is understood and agreed that each and all the terms of this lease are subject to the regulations and provisions of law applicable to the operation of the Airport as a Federal Aid Airport Project. If any provision of this lease is invalid, the other provisions of this lease which are valid shall remain in effect, and this lease will be re-negotiated to comply with the requirements of the applicable laws and regulations. In the event that negotiation attempts are unsuccessful, either party may petition the First Judicial District Court, which shall then be entitled to establish such replacement provisions or issue such rulings as are just, for the purpose of satisfying the intent of this lease's provisions.

The Tenant agrees to observe and obey during the terms of this lease all laws, rules, and regulations promulgated and enforced by the State of Nevada, Carson City, and by any other proper authority having jurisdiction over the conduct of operations at the Airport.

Landlord and the Carson City Sheriff's Office shall have complete dominion over the premises herein during the term of this lease for the purpose of, and to the extent necessary, to maintain law, order, and safety, and has the authority and the right to deny access to the Airport for any person who fails to obey all relevant laws, rules, and regulations.

19. NOTICES. It is agreed that any notice to be given or served upon either party shall be sufficient if sent by email; certified mail, postage prepaid, addressed to the address of the party listed at the beginning of this lease; or to such other address as may be designated in writing by such party.

20. PUBLIC RECORDS. Pursuant to NRS 239.010, information or documents received from Tenant may be open to public inspection and copying. Landlord will have the duty to disclose unless a particular record is made confidential by law or a common law balancing of interests. Tenant may clearly label specific parts of an individual document as a "trade secret" or "confidential" in accordance with NRS 332.061, provided that Tenant thereby agrees to indemnify and defend Landlord for honoring such a designation. The failure to so label any document that is released by Landlord shall constitute a complete waiver of any and all claims for damages caused by any release of the records.

21. PROPER AUTHORITY. Landlord and Tenant represent and warrant that the person executing this lease on behalf of each party has full power and authority to enter into this lease. Tenant acknowledges that this lease is effective only for the period of time specified in this lease.

22. GOVERNING LAW / JURISDICTION. This lease and the rights and obligations of the Landlord and Tenant shall be governed by, and construed according to, the laws of the State of Nevada, without giving effect to any principle of conflict-of-law that would require the application of the law of any other jurisdiction. Tenant consents and agrees to the jurisdiction of the courts of the State of Nevada located in Carson City, Nevada for any dispute arising in relation to this lease.

23. ADDITIONAL CONDITIONS. Unless otherwise provided, Tenant shall comply with the Development/Construction Standards set forth in Appendix A. Unless otherwise provided, all construction materials, appearance, and building size shall be completed as represented in the submissions to Landlord.



CARSON CITY

The Board of Supervisors of Carson City, Nevada, as underlying owner of the Airport, and thus the Lease Parcel, hereby approves and acknowledges the Lease, and the right and authority of the Authority to lease the Lease Parcel to Tenant.

Approved by the Board of Supervisors this \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
LORI BAGWELL, Mayor

ATTEST:

CITY'S LEGAL COUNSEL  
Approved as to form.

\_\_\_\_\_  
CLERK/RECORDER (or Deputy)

\_\_\_\_\_  
DEP. DISTRICT ATTORNEY

AIRPORT AUTHORITY COUNSEL  
Approved as to form

\_\_\_\_\_  
STEVEN E. TACKES, ESQ.

**EXHIBIT "A"**  
**LEASE PARCEL BOUNDARY FOR**  
**HANGARS**

**A PORTION OF APN 005-011-01**

A parcel of land, situate in the East One-Half (W1/2) of Section Four (Sec. 4), Township Fifteen North (T.15N.), Range Twenty East (R.20E.), Mount Diablo Meridian (MDM), Carson City, State of Nevada, being a portion of the parcel "Bravo Lease" as shown on the Record of Survey for Carson City Airport Authority, filed in Book 11, Page 3039, as File Number 531484, April 11, 2022, in the Official Records of Carson City, Nevada, and being more particularly described as follows:

**BEGINNING** at the southeast corner of said parcel "Bravo Lease", as shown on said Record of Survey;

**THENCE**, leaving said **POINT OF BEGINNING**, along the southerly line of said parcel "Bravo Lease", North 76°05'34" West, 219.20 feet, to the southwest corner of said parcel;

**THENCE**, along the West line of said parcel, North 00°48'45" East, 321.80 feet;

**THENCE**, leaving the West line of said parcel, South 89°11'15" East, 213.50 feet, to the East line of said parcel;

**THENCE**, along the East line of said parcel, South 00°48'45" West, 371.46 feet to the **POINT OF BEGINNING**.

pl

Containing 74,004 square feet, more or less.

**BASIS OF BEARINGS:**

Grid North, Modified Nevada State Plane Coordinate System, West Zone, North American Datum of 1983/1994 (NAD 83/94) determined using Real Time Kinematic GPS (RTK GPS) observations of Carson City Control Monuments CC052 and CC007. combined Grid to Ground Factor = 1.0002. all distances shown herein are ground values.

**SURVEYOR'S CERTIFICATE:**

I hereby certify that the description above was prepared by me or under my direct supervision and is accurate to the best of my knowledge and belief.

Lee H. Smithson  
Nevada PLS 5097  
For and on behalf of



241 RIDGE STREET, SUITE 400  
RENO, NEVADA 89501  
(775) 887-5222



EXHIBIT B-1  
LEASE PARCEL FOR  
HANGAR A

A PORTION OF APN 005-011-01

A parcel of land, situate in the East One-Half (W1/2) of Section Four (Sec. 4), Township Fifteen North (T.15N.), Range Twenty East (R.20E.), Mount Diablo Meridian (MDM), Carson City, State of Nevada, being a portion of the parcel "Bravo Lease" as shown on the Record of Survey for Carson City Airport Authority, filed in Book 11, Page 3039, as File Number 531484, April 11, 2022, in the Official Records of Carson City, Nevada, and being more particularly described as follows:

**BEGINNING** at the southeast corner of said parcel "Bravo Lease", as shown on said Record of Survey;

**THENCE**, leaving said **POINT OF BEGINNING**, along the southerly line of said parcel "Bravo Lease", North 76°05'34" West, 219.20 feet, to the southwest corner of said parcel;

**THENCE**, along the West line of said parcel, North 00°48'45" East, 75.00 feet;

**THENCE**, leaving the West line of said parcel, South 89°11'15" East, 213.50 feet, to the East line of said parcel;

**THENCE**, along the East line of said parcel, South 00°48'45" West, 124.66 feet to the **POINT OF BEGINNING**.

Containing 21,313 square feet, more or less.

**BASIS OF BEARINGS:**

Grid North, Modified Nevada State Plane Coordinate System, West Zone, North American Datum of 1983/1994 (NAD 83/94) determined using Real Time Kinematic GPS (RTK GPS) observations of Carson City Control Monuments CC052 and CC007. combined Grid to Ground Factor = 1.0002. all distances shown herein are ground values.

**SURVEYOR'S CERTIFICATE:**

I hereby certify that the description above was prepared by me or under my direct supervision and is accurate to the best of my knowledge and belief.

Lee H. Smithson  
Nevada PLS 5097  
For and on behalf of



241 RIDGE STREET, SUITE 400  
RENO, NEVADA 89501  
(775) 887-5222

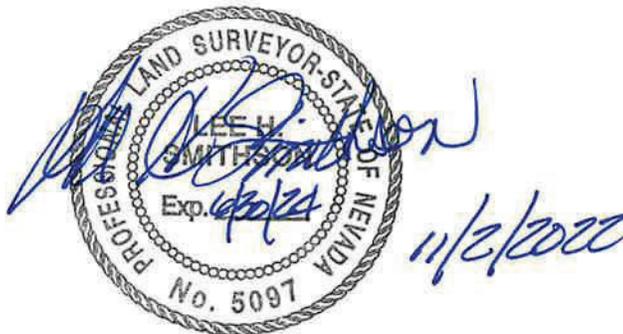


EXHIBIT B-2  
**LEASE PARCEL FOR  
HANGAR B  
APN 005-011-01**

A parcel of land, situate in the East One-Half (W1/2) of Section Four (Sec. 4), Township Fifteen North (T.15N.), Range Twenty East (R.20E.), Mount Diablo Meridian (MDM), Carson City, State of Nevada, being a portion of the parcel "Bravo Lease" as shown on the Record of Survey for Carson City Airport Authority, filed in Book 11, Page 3039, as File Number 531484, April 11, 2022, in the Official Records of Carson City, Nevada, and being more particularly described as follows:

**COMMENCING** at the southeast corner of said parcel "Bravo Lease", as shown on said Record of Survey;

**THENCE**, North 00°48'45" East, 124.66 feet to the **POINT OF BEGINNING**;

**THENCE**, departing said **POINT OF BEGINNING**, North 89°11'15" West, 213.50 feet, to the West line of said parcel;

**THENCE**, along the West line of said parcel, North 00°48'45" East, 110.00 feet;

**THENCE**, leaving the West line of said parcel, South 89°11'15" East, 213.50 feet, to the East line of said parcel;

**THENCE**, along the East line of said parcel, South 00°48'45" West, 110.00 feet to the **POINT OF BEGINNING**.

Containing 23,485 square feet, more or less.

**BASIS OF BEARINGS:**

Grid North, Modified Nevada State Plane Coordinate System, West Zone, North American Datum of 1983/1994 (NAD 83/94) determined using Real Time Kinematic GPS (RTK GPS) observations of Carson City Control Monuments CC052 and CC007. combined Grid to Ground Factor = 1.0002. all distances shown herein are ground values.

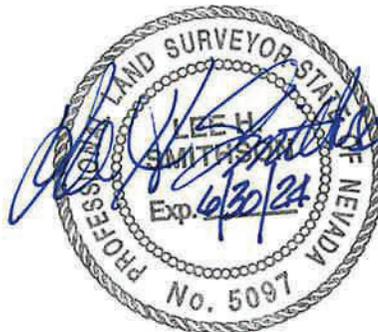
**SURVEYOR'S CERTIFICATE:**

I hereby certify that the description above was prepared by me or under my direct supervision and is accurate to the best of my knowledge and belief.

Lee H. Smithson  
Nevada PLS 5097  
For and on behalf of



241 RIDGE STREET, SUITE 400  
RENO, NEVADA 89501  
(775) 887-5222



11/2/2022

EXHIBIT B-3  
LEASE PARCEL FOR  
HANGAR C  
APN 005-011-01

A parcel of land, situate in the East One-Half (W1/2) of Section Four (Sec. 4), Township Fifteen North (T.15N.), Range Twenty East (R.20E.), Mount Diablo Meridian (MDM), Carson City, State of Nevada, being a portion of the parcel "Bravo Lease" as shown on the Record of Survey for Carson City Airport Authority, filed in Book 11, Page 3039, as File Number 531484, April 11, 2022, in the Official Records of Carson City, Nevada, and being more particularly described as follows:

**COMMENCING** at the southeast corner of said parcel "Bravo Lease";

**THENCE**, along the East line of said parcel "Bravo Lease", North 00°48'45" East, 234.66 feet,  
**POINT OF BEGINNING**;

**THENCE**, leaving said **POINT OF BEGINNING**, North 89°11'15" West, 213.50 feet, to the West line of said Parcel;

**THENCE**, along the West line of said parcel, North 00°48'45" East, 136.80 feet;

**THENCE**, leaving the West line of said parcel, South 89°11'15" East, 213.50 feet, to the East line of said parcel;

**THENCE**, along the East line of said parcel, South 00°48'45" West, 136.80 feet to the **POINT OF BEGINNING**.

Containing 29,206 square feet, more or less.

**BASIS OF BEARINGS:**

Grid North, Modified Nevada State Plane Coordinate System, West Zone, North American Datum of 1983/1994 (NAD 83/94) determined using Real Time Kinematic GPS (RTK GPS) observations of Carson City Control Monuments CC052 and CC007. combined Grid to Ground Factor = 1.0002. all distances shown herein are ground values.

**SURVEYOR'S CERTIFICATE:**

I hereby certify that the description above was prepared by me or under my direct supervision and is accurate to the best of my knowledge and belief.

Lee H. Smithson  
Nevada PLS 5097  
For and on behalf of



241 RIDGE STREET, SUITE 400  
RENO, NEVADA 89501  
(775) 887-5222

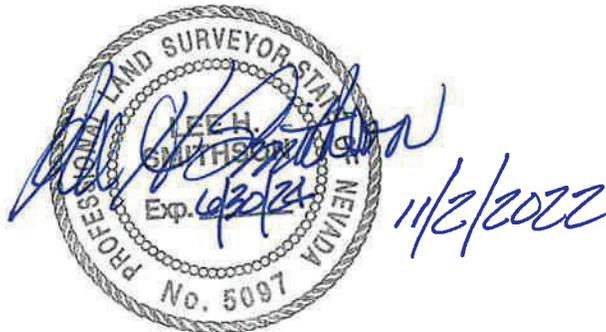
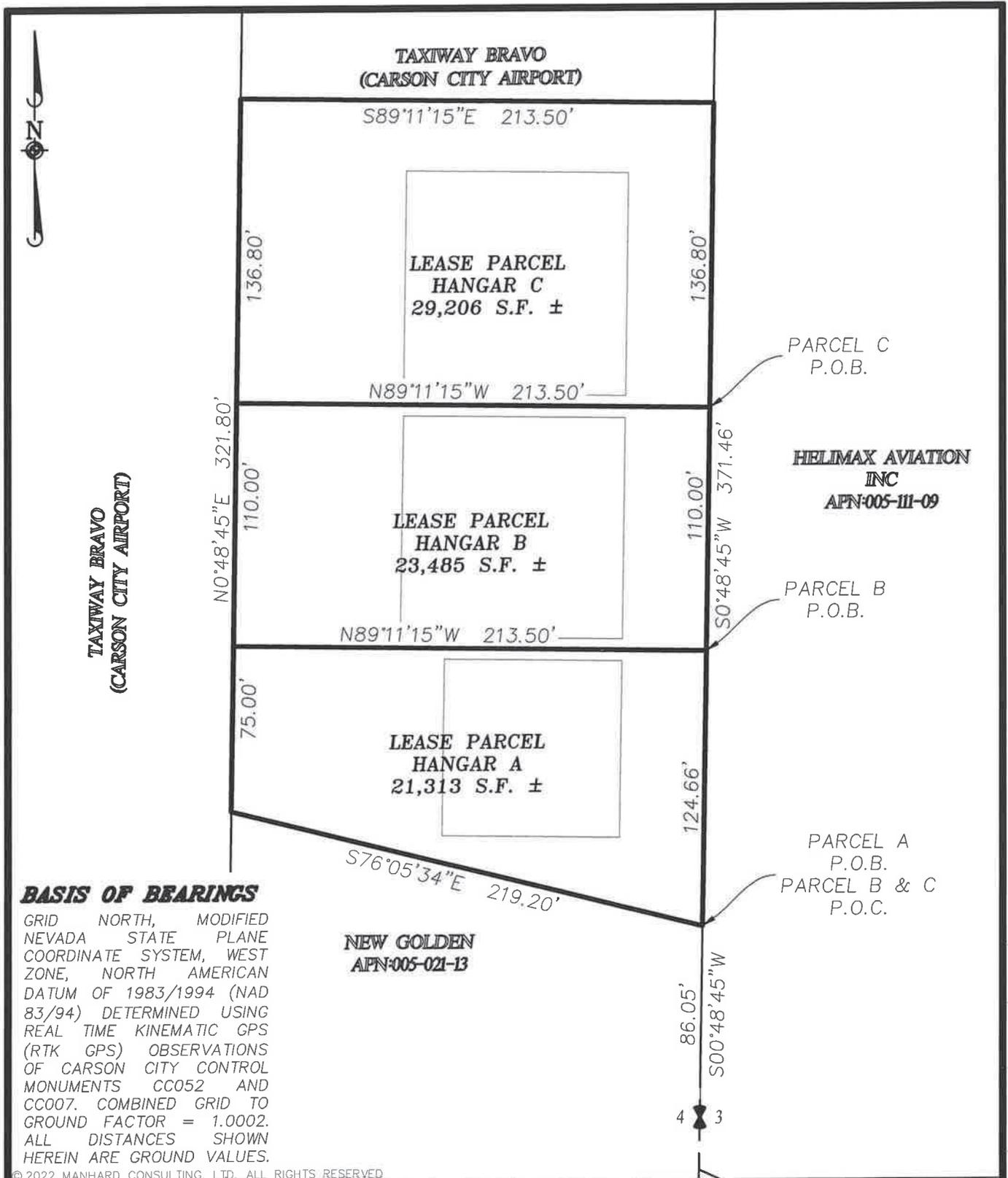


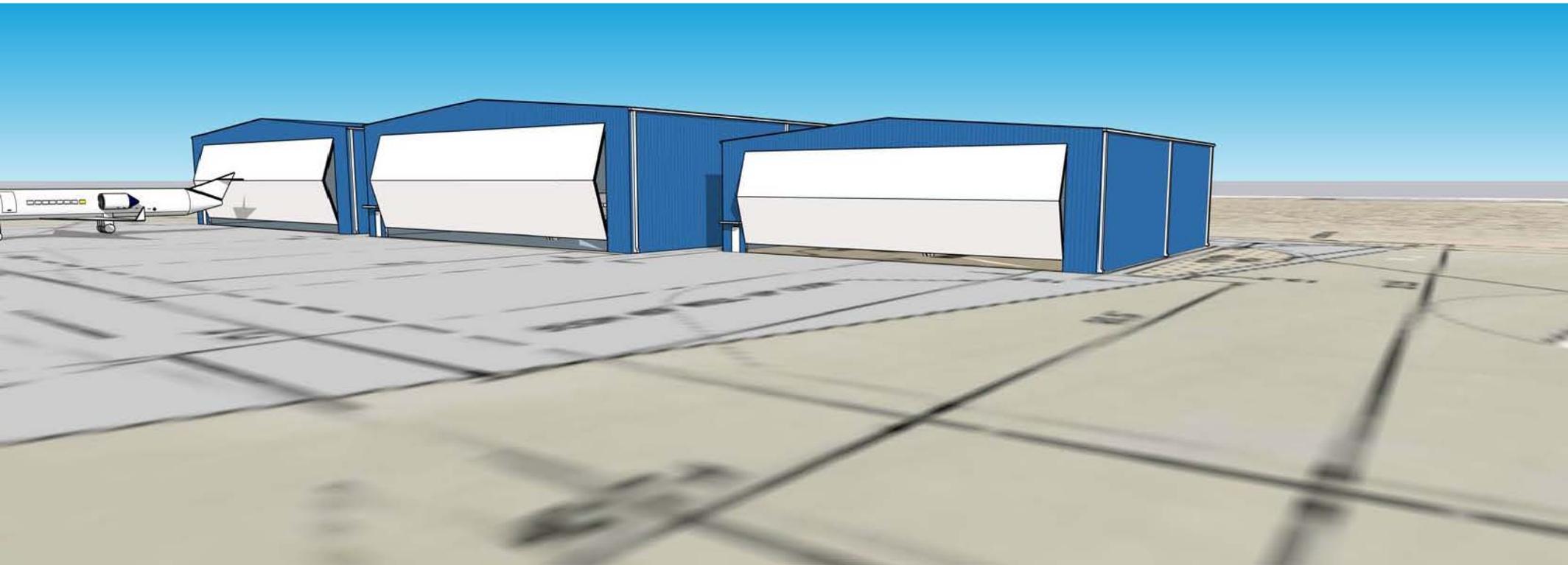
EXHIBIT C

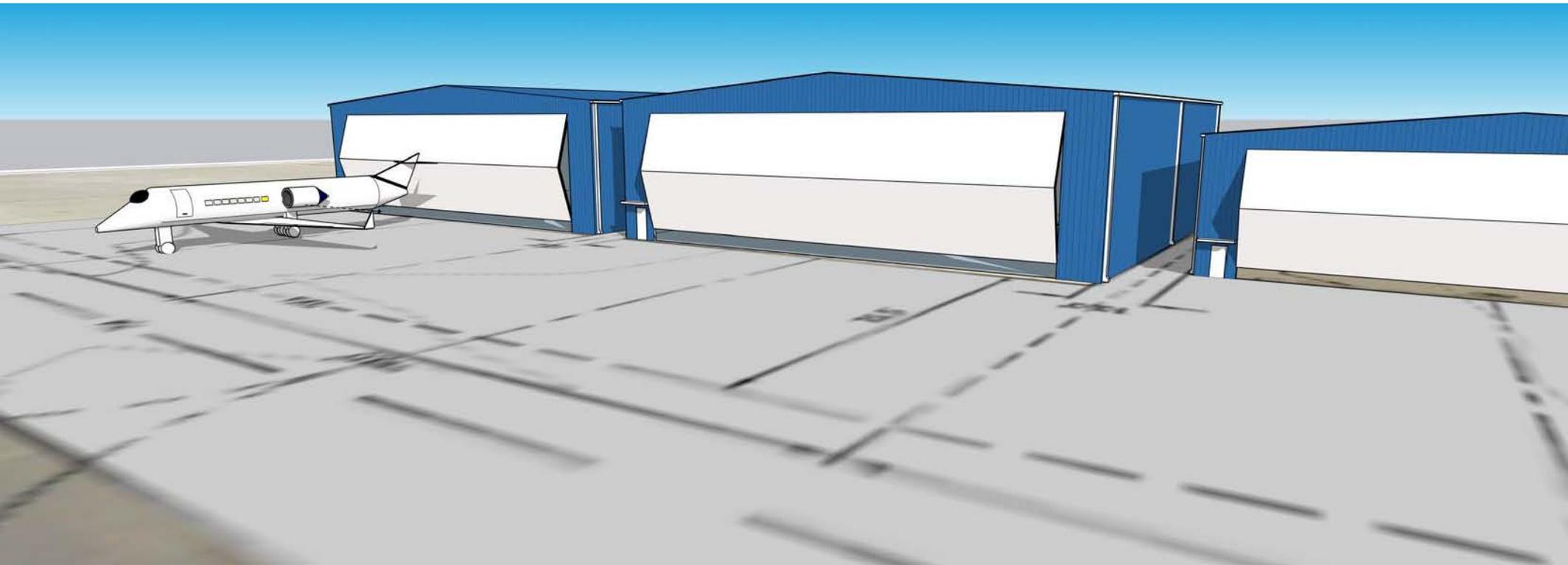


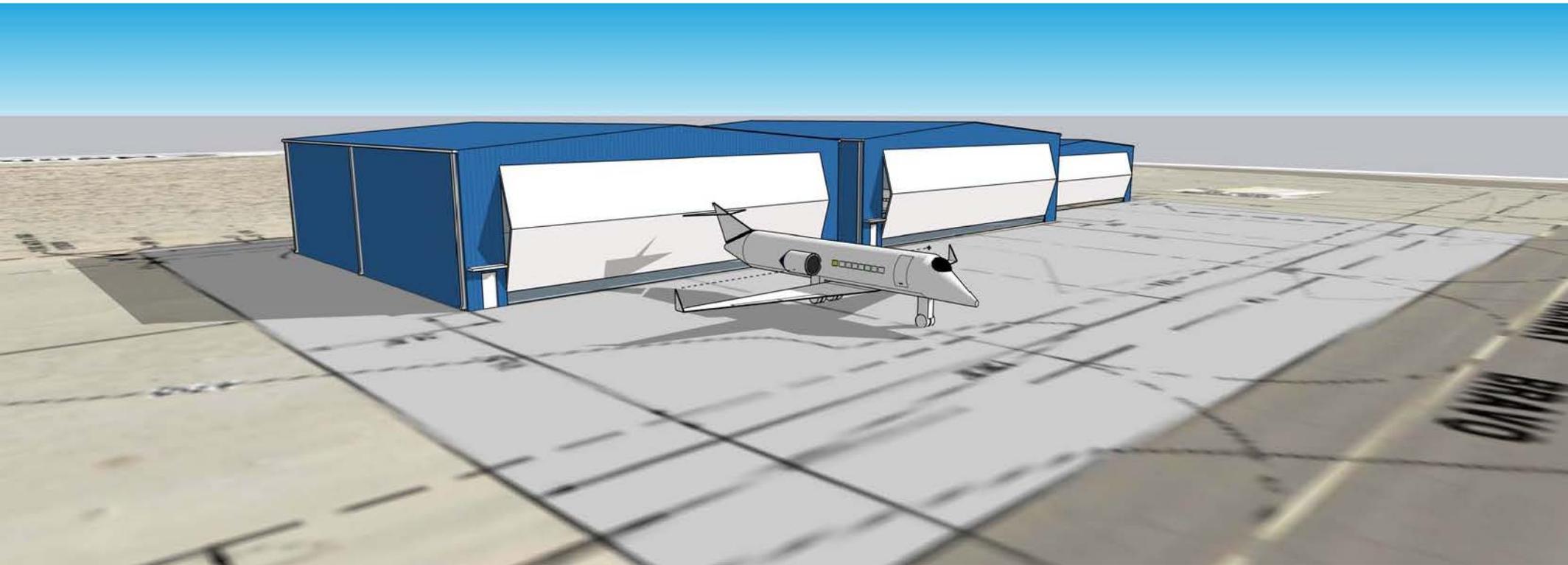
241 Ridge Street, Suite 400, Reno, NV 89501 ph:775.746.3500 fx:775.746.3520 www.manhard.com  
Civil Engineers | Surveyors | Water Resource Engineers | Water & Waste Water Engineers  
Construction Managers | Environmental Scientists | Landscape Architects | Planners

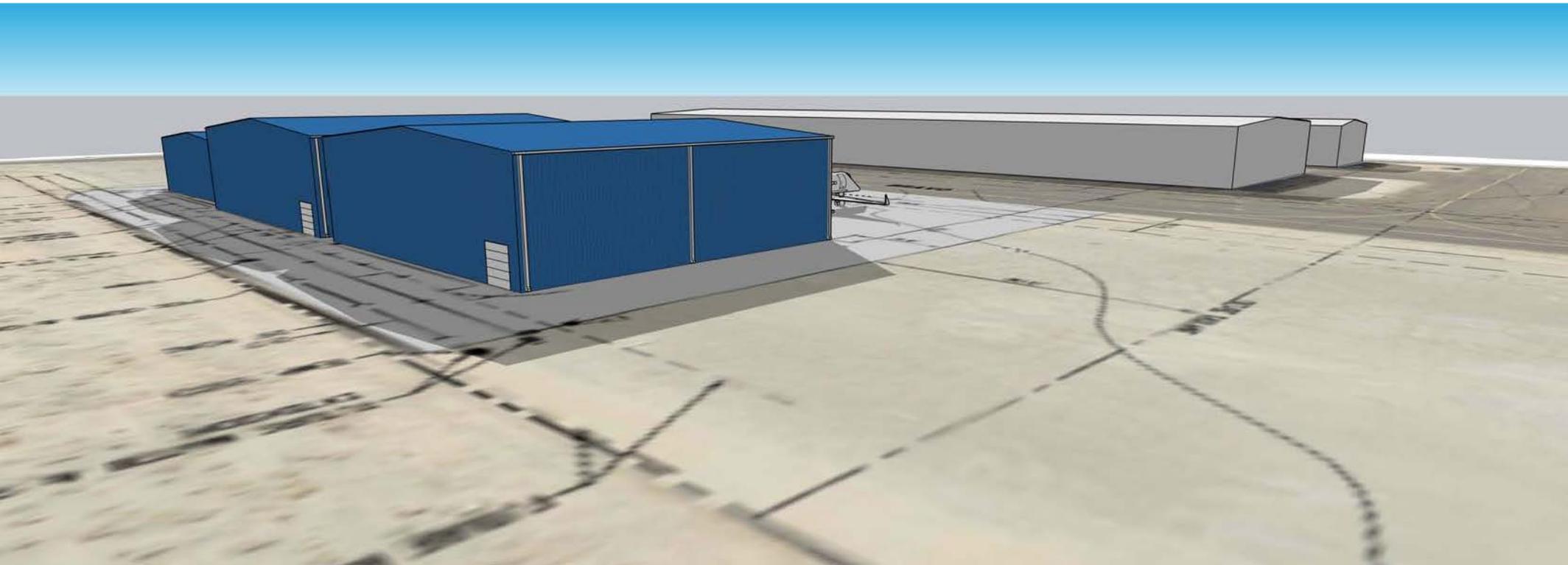
|                              |                      |
|------------------------------|----------------------|
| <b>CHILTON LEASE PARCELS</b> |                      |
| <b>CARSON CITY, NEVADA</b>   |                      |
| <b>EXHIBIT "A-1"</b>         |                      |
| PROJ. MGR.: <u>LHS</u>       | SHEET                |
| DRAWN BY: <u>HHF</u>         | <b>1</b> OF <b>1</b> |
| DATE: <u>NOV 2022</u>        | TBD                  |
| SCALE: <u>1"=60'</u>         |                      |

Dwg Name: O:\C&P\_2022\Pending\Chilton\CHILTON\_LEASE\_PARCELS\_EXHIBIT.dwg Updated By: HFowler 11:49





















## **Carson City Airport Land Lease Proposal**

Lessee: Arrowhead Tenant LLC (the "Tenant"). The Tenant is a Nevada limited liability company, which was formed for the purpose of entering into the Proposed Lease. The members of Tenant will be two (2) limited liability companies which are to be formed (the "Subtenant LLCs").

Number of Years in Business: The beneficial owners of the Tenant will be the following individuals: (i) Ward Chilton; and (ii) Susan Roll-Chaiken. Each individual will be the principal owner of a different one of the Subtenant LLCs. Both of the individuals have extensive business experience. A summary of Ward Chilton's development experience is provided below. If the Airport Authority desires additional background information please advise Ward Chilton.

Desired Lease Term: Fifty (50) years

Proposed Premises Location: The proposed lease area is described by Exhibit A attached hereto (the "Master Parcel"). The Master Parcel will be divided into three (3) subparcels which are described by Exhibits B-1, B-2 and B-3 attached hereto (collectively, the "Subparcels"). The map which is attached hereto as Exhibit C, depicts the hangars which are to be constructed on each of the Subparcels as Hangar A, Hangar B and Hangar C. The Exhibit C map also depicts the relative location of each such parcel, and the location of the hangars which are to be constructed on each Subparcel.

Proposed Land Lease Area (Acres): 1.70 acres

Proposed Rent PSF Per Annum: \$0.28 PSF

Proposed Building Area (Sq. Ft.): Hangar A: 6,400 sq. ft.  
Hangar B: 10,000 sq. ft.  
Hangar C: 10,000 sq. ft.

Proposed Project Description: The Subparcel on which Hangar A is to be constructed will be sublet to a third party to be selected by the Tenant. Hangar A will be constructed by either the Tenant or by the third party sublessee. The Subparcel on which Hangar B is to be constructed will be sublet to the Subtenant LLC which is owned by Susan Roll-Chaiken; and the Subparcel on which Hangar C is to be constructed will be sublet to the Subtenant LLC which is owned by Ward Chilton. Each Subtenant LLC will then construct its own hangar.

Will the proposed project have hangars available for rent? No

Will the proposed project have hangars available for sale? No

Lessee's Real Property Development Experience:

Ward Chilton's development experience is described as follows:

Various development experience over 40 years as either the principal or a partner in projects such as:

Renovation of residential apartment building – Elko, NV

Development and construction of numerous mini-storage facilities – Elko, NV and Battle Mountain, NV

Expansions for a casino including gaming floor addition, hotel, bowling facility, exterior renovation – Wendover, NV

Development of residential lots – Battle Mountain, NV

Development of a commercial subdivision – Battle Mountain, NV

Development of commercial and industrial park – Elko, NV

Development of 100 unit hotel – Norman, OK

If proposing phasing, describe and provide timing:

Three separate hangars to be built and completed within two (2) years.

If intending commercial uses for the lease, identify all such uses: No commercial use intended.

Financial information for Ward Chilton and Susan Roll is included with this proposal. Bank references and additional financial information to be provided upon request.



November 9, 2022

Via Email [cjenkins@flycarsoncity.com](mailto:cjenkins@flycarsoncity.com)

Mr. Corey Jenkins, ACE  
 Airport Manager  
 Carson City Airport  
 2600 College Parkway #6  
 Carson City, Nevada 89706

Re: Update Valuation Letter - Market Rental Analysis of a 12.27± Acre Vacant Parcel of Land Located on Airport Property on the East Side of Taxiway B, at the East Terminus of Taxiway C, Carson City Airport, Carson City, Nevada

Dear Mr. Jenkins:

This is in response to your request for an update valuation to our October 21, 2021 appraisal report addressing the Market Rent of a 12± acre property located on airport property at the Carson City Airport, Carson City, Nevada. The date of value of our original report was September 23, 2021. It is noted that, subsequent to the date of our original report a formal survey of the subject site was conducted by CFA, Inc. Based upon the *Legal Description* prepared by CFA, Inc., the subject site contains 12.27± acres which is assumed to be correct and has been utilized in this update valuation analysis. The subject site is identified as a portion of Carson City Assessor’s Parcel Number 005-011-01. The subject is owned by the Carson City Airport and is summarized below.

| <b>Subject Property Identification &amp; General Location</b>   | <b>Land Area</b> |
|---|------------------|
| Carson City Airport, Carson City, Nevada<br>On the East Side of Taxiway B, at the East Terminus Taxiway C   | 12.27± Acres     |
| The land area of the subject site, as set forth above, is based upon a formal survey of the subject site which was conducted by CFA, Inc., subsequent to the date of our original report. |                  |

This supplemental letter is an addendum to our original report and is intended to be used in conjunction with the initial appraisal of October 2021. As a result, much of the descriptive information and valuation analyses set forth in the original report will not be repeated in this analysis.



The intended users of this update valuation letter include the Carson City Airport Authority and their representatives. The intended use of the appraisal report is to assist the client in negotiations to lease the subject property. Any other use of the appraisal report requires the prior written authorization of this appraisal firm.

This is an updated appraisal analysis that is intended to comply with the Advisory Opinion 3 (AO-3) of the *Uniform Standards of Professional Appraisal Practice*. In an updated appraisal analysis, the appraiser addresses any changes in market conditions and the status of the subject since the effective date of the original appraisal, and analyzes the effect of these changes in arriving at a current value opinion for the subject property.

This updated appraisal analysis is based upon the Extraordinary Assumptions and Hypothetical Conditions as summarized following:

Extraordinary Assumptions:

- Subsequent to the date of our original report a formal survey of the subject site was conducted by CFA, Inc. Based upon the *Legal Description* prepared by CFA, Inc., the subject site contains 12.27± acres. The appraisal analysis and the value conclusions set forth herein are based upon the extraordinary assumption that the land area of 12.27± acres for the subject site, as per the *Legal Description* prepared by CFA, Inc., is correct and has been utilized in this update valuation analysis.
- The subject property is a vacant site located in the northeast portion of the Airport on the east side of Taxiway B (Bravo). The subject will have access to the taxiways and runway. The subject is accessed by way of the interior roadway system on the airport property. This analysis has been prepared under the assumption that the subject will have access to the interior roads, taxiways and runway on the airport property.
- The *Carson City Airport Master Plan* in regards to Airport Utilities indicates that any significant development in the proposed northeast development area, could be limited by the existing utility infrastructure, or the lack thereof. In discussions with representatives of the Carson City Airport, it was indicated that all utility services will be required to be extended to the subject parcel. This appraisal report has been prepared under the assumption that all utility services will need to be extended to the subject site.
- As per the client's instructions, this analysis has been prepared under the assumption that the subject will be leased on a long-term, NNN basis.



**Hypothetical Conditions:**

- The subject property involves a portion of Carson City Assessor's Parcel Number 005-011-01. This report is based upon the hypothetical condition that the subject property is a separate, legally existing parcel.



**SUMMARY OF SALIENT FACTS**

**Property Address** Carson City Airport  
 2600 College Parkway, Carson City, Nevada

**Owner of Record** Carson City Airport

| <b>Property Summary</b>                |   |
|--|---|
| <b>Property Type</b>                   | Vacant Land – On Airport  |
| <b>Property Location</b>               | On the east side of Taxiway Bravo, at the east terminus of Taxiway Charlie, Carson City, Nevada |
| <b>Assessor’s Parcel Number</b>        | Portion of 005-011-01   |
| <b>Land Area-Acres</b>                 | 12.27± Acres  |
| <b>Land Area-Square Feet</b>           | 534,481± Square Feet  |
| <b>Zoning Designation</b>              | PR (Public Regional)  |
| <b>Master Plan Designation</b>         | Public/Quasi-Public   |
| <b>Carson City Airport Master Plan</b> | General Aviation Reserve  |
| <b>Flood Zone Designation</b>          | Zone “X”, Area of Minimal Flooding Potential  |

| <b>Highest &amp; Best Use Conclusion</b>                                |
|---|
| General aviation uses consisting of aircraft storage hangar development |

| <b>Dates Of Appraisal</b>   |                                       |
|---|---------------------------------------|
| <b>Date Description</b>   | <b>Date</b>                           |
| Dates of Inspection   | September 30, 2022 & October 21, 2022 |
| Effective Date of Value   | October 21, 2022                      |
| Completion Date of Appraisal  | November 9, 2022                      |
| Based upon my recent physical inspection of the subject property, it appears to be physically unchanged from our original date of valuation. A current review of the zoning and flood zone for the subject indicates that the status of the property in regard to these factors is unchanged from our original report of October 21, 2021. However, a formal survey of the subject site was conducted subsequent to the date of our original report by CFA, Inc. Based upon the <i>Legal Description</i> prepared by CFA, Inc., the subject site contains 12.27± acres. |                                       |



**Legal Description**

**Legal Description**

**Bravo Lease Parcel**

All that piece or parcel of land located within the Northeast one-quarter (1/4) of Section Four (4) Township 15, North, Range 20 East, MDM, Carson City Nevada;

Beginning at the North Section Corner common to Sections 4 and 3, Township 15 North, Range 20 East, MDBM, thence along the line common to Sections 3 & 4, thence South 00°49'20" West, a distance of 2530.09 feet to the northeast corner of the revised Golden Lease parcel;

Thence along the north line of said lease parcel, North 76°04'59" West, a distance of 219.20 feet;

Thence parallel with the East line of the Northeast one-quarter, North 00°49'20" East, a distance of 2454.76 feet;

Thence along a curve to the right having a delta angle of 90° 00'00", with an arc length of 39.27 feet, with a radius of 25.00 feet, with a chord bearing of N 45°49'20" E, with a chord length of 35.36 feet;

Thence S 89°22'53" E a distance of 188.50 feet to the Point of Beginning, having an area of 12.27 acres more or less.

**Basis of Bearing:**

The basis of bearings for this description is the East line of the Northeast one-quarter of Said Section 4, Township 15 North, Range 20 East, being South 00°49'20" West.

CFA Reno  
1150 Corporate Blvd.  
Reno, Nevada 89502  
775-856-1150  
CFAReno.com  
Project 21099.00  
November 9, 2021



**Property Rights Appraised**

**Market Rent Defined**

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

- 1) Lessee and Lessor are typically motivated;
- 2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- 4) Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- 5) The rent reflects specific terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annually, monthly, etc.), and tenant improvements (TIs).<sup>1</sup>

<sup>1</sup> Source: The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, page 116.



### SUBJECT AERIAL PHOTOGRAPH



Approximate Location Subject Property



**SUBJECT PHOTOGRAPHS**



**VIEW LOOKING SOUTHERLY ALONG TAXIWAY "B"  
IN THE VICINITY OF THE SUBJECT SITE**



**VIEW LOOKING NORTHERLY TOWARD TAXIWAY "B"  
THE SUBJECT SITE ON THE RIGHT**



**SUBJECT PHOTOGRAPHS**



**LOOKING WESTERLY ALONG TAXIWAY “C” AT ITS INTERSECTION WITH TAXIWAY “B” NEAR THE NORTHERLY BOUNDARY OF THE SUBJECT SITE**



**VIEW LOOKING SOUTHEASTERLY TOWARD THE SUBJECT PROPERTY FROM TAXIWAY “B” NEAR ITS INTERSECTION WITH TAXIWAY “C”**



**SUBJECT PHOTOGRAPHS**



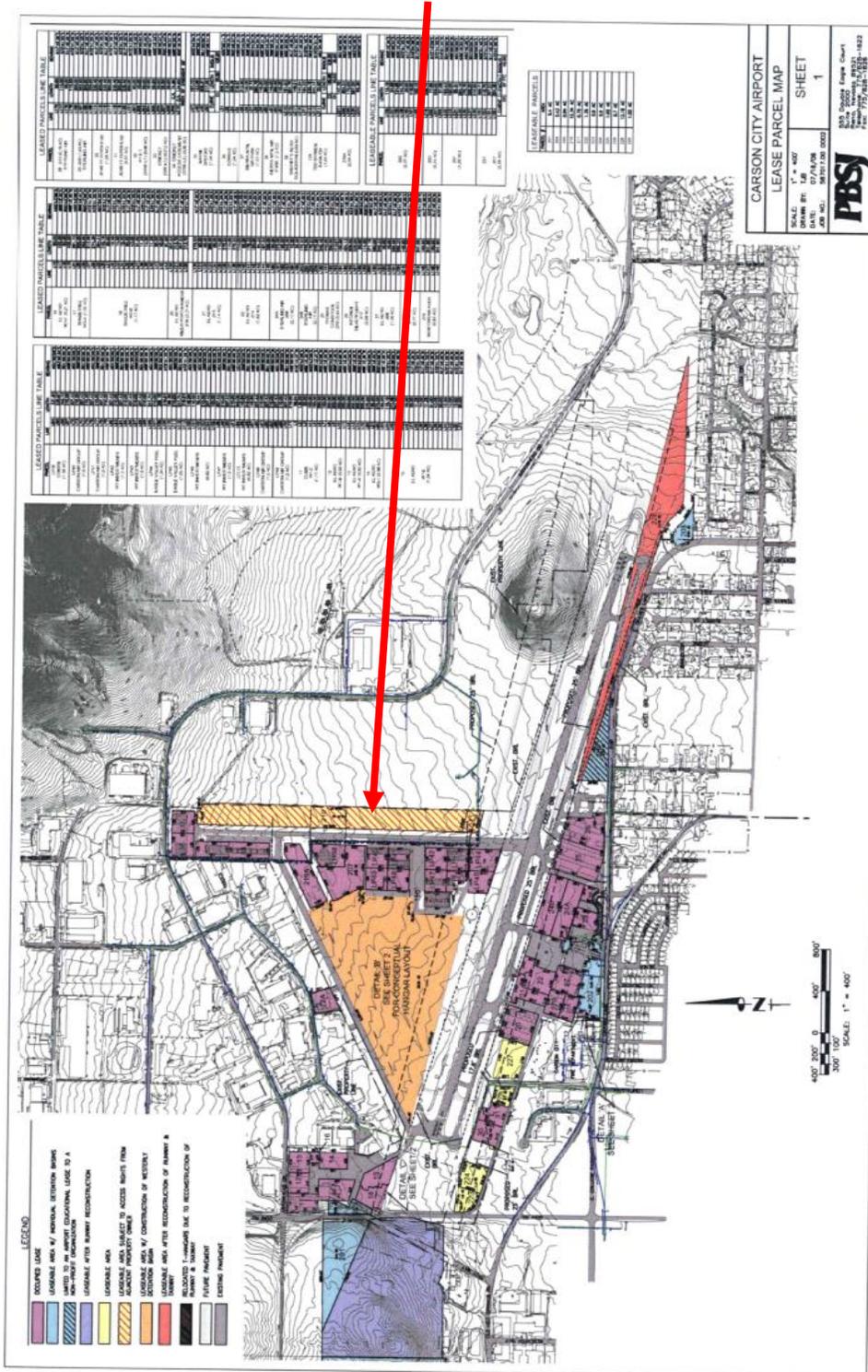
**VIEW LOOKING NORTHERLY TOWARD THE SUBJECT FROM TAXIWAY "B"**



**VIEW LOOKING NORTHERLY TOWARD THE EASTERLY PORTION  
OF THE SUBJECT FROM NEAR ITS SOUTHEAST PROPERTY CORNER**

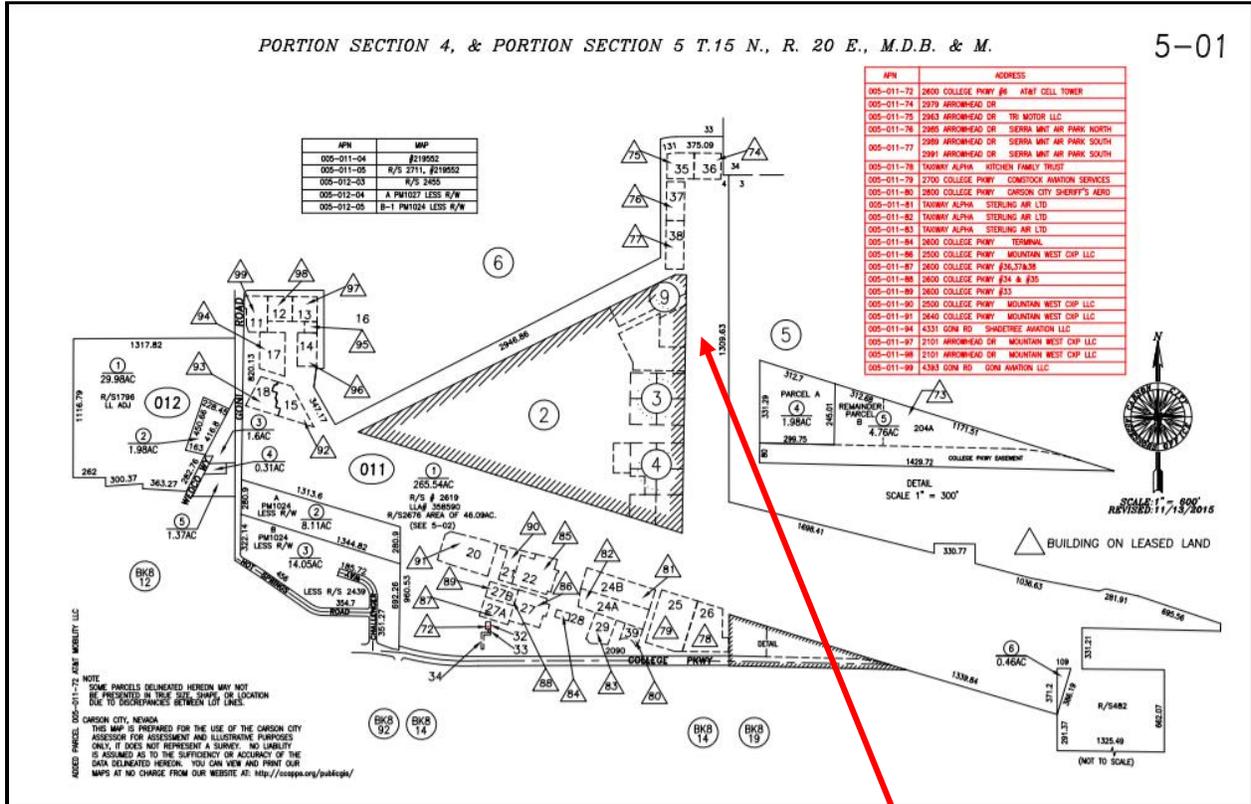


### CARSON CITY AIRPORT MAP Approximate Location Subject Property





**SUBJECT PLOT MAP**  
**PORTION OF APN 005-011-01**

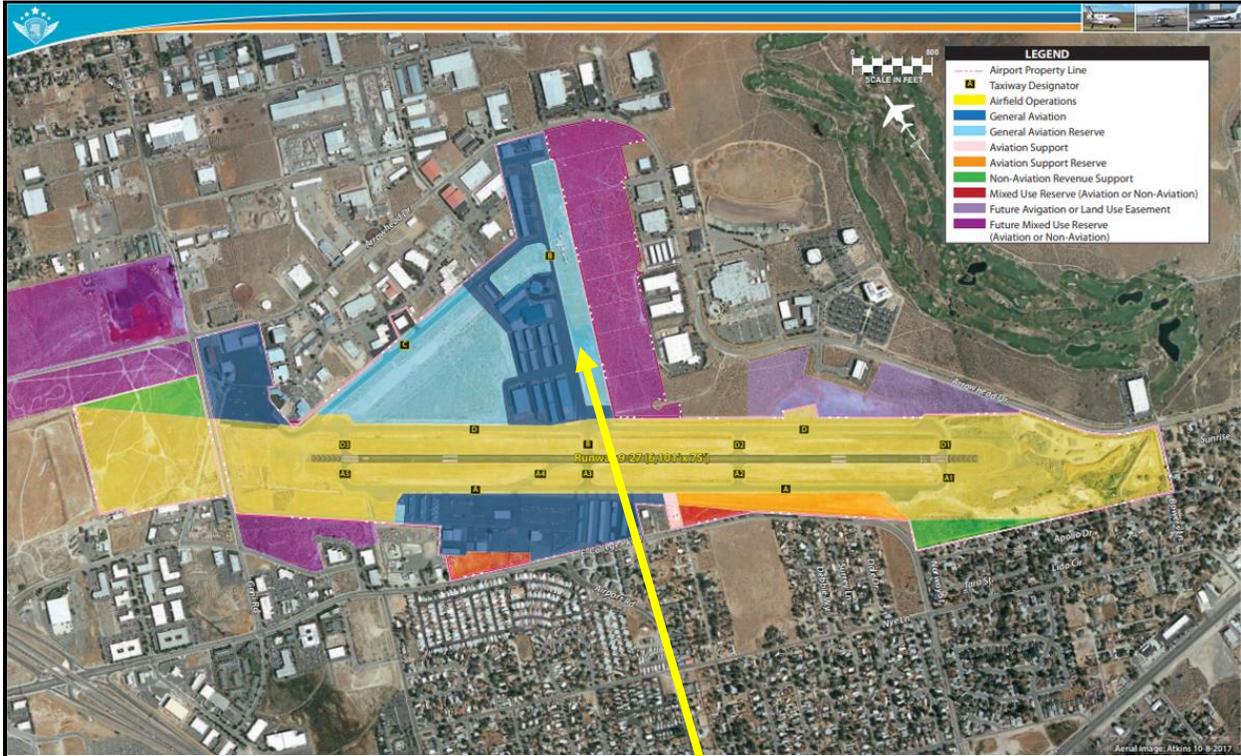


**Subject Land Area**

| Land Acreage | Land Square Feet     |
|--------------|----------------------|
| 12.27± Acres | 534,481± Square Feet |



## CARSON CITY AIRPORT MASTER PLAN MAP



**Approximate Location Subject Property**

### **Carson City Airport Master Plan - General Aviation Reserve**

According to the *Carson City Airport Final Master Plan* the subject site is designated General Aviation Reserve. General Aviation Reserve includes those areas on airport property that are currently undeveloped and should be dedicated for potential aviation-related development in the future, given their location to the runway and taxiway system.



**UPDATED MARKET RENT ANALYSIS  
CARSON CITY AIRPORT – 12.27± ACRE TRIANGLE PARCEL  
(AS OF OCTOBER 21, 2022)**

The subject property contains 12.27± acres of land area. The subject site is located on the airport property within the north central portion of the Carson City Airport. The subject has direct access to the airport taxiways and access to the runway. The subject is accessed by way of the interior roadway system on the airport property. The Airport has adequate access and adequate to good freeway accessibility. The subject site is of a relatively long, narrow rectangular shape, with extensive frontage on Taxiway B, and has level topography. In discussions with a representative of the airport authority it was indicated that all utilities will need to be extended to the subject property prior to development.

According to the *Carson City Airport Final Master Plan* the subject site is designated General Aviation Reserve. General Aviation Reserve includes those areas on airport property that are currently undeveloped and should be dedicated for potential aviation-related development in the future, given their location to the runway and taxiway system. Aviation development is intended to include aircraft storage hangars and aircraft apron space.

The purpose of this update valuation letter is to estimate the Market Rent of the subject land as of a current date of value. This valuation analysis will include two distinct steps. The first step is to estimate the Market Value of the subject's underlying land area.

Once the unencumbered fee simple value of the subject site has been estimated, the next step in the Market Land Rent Analysis is to derive an appropriate rate of return applicable to the subject. The selected rate of return will then be applied to the estimated Market Value of the subject land to arrive at an estimate of the appropriate Market Land Rent applicable to the subject property on an annual basis.

In order to estimate the fee simple Market Value of the subject property, as of the October 21, 2022 date of value, we have reviewed the Sales Comparison Approach to Value analysis as set out in our original report. In addition, the Official Records of Carson City were searched for recent sales of comparable vacant land.

The sales set forth on the following chart were considered to be indicative of an appropriate land value for the subject's 12.27± acre property.

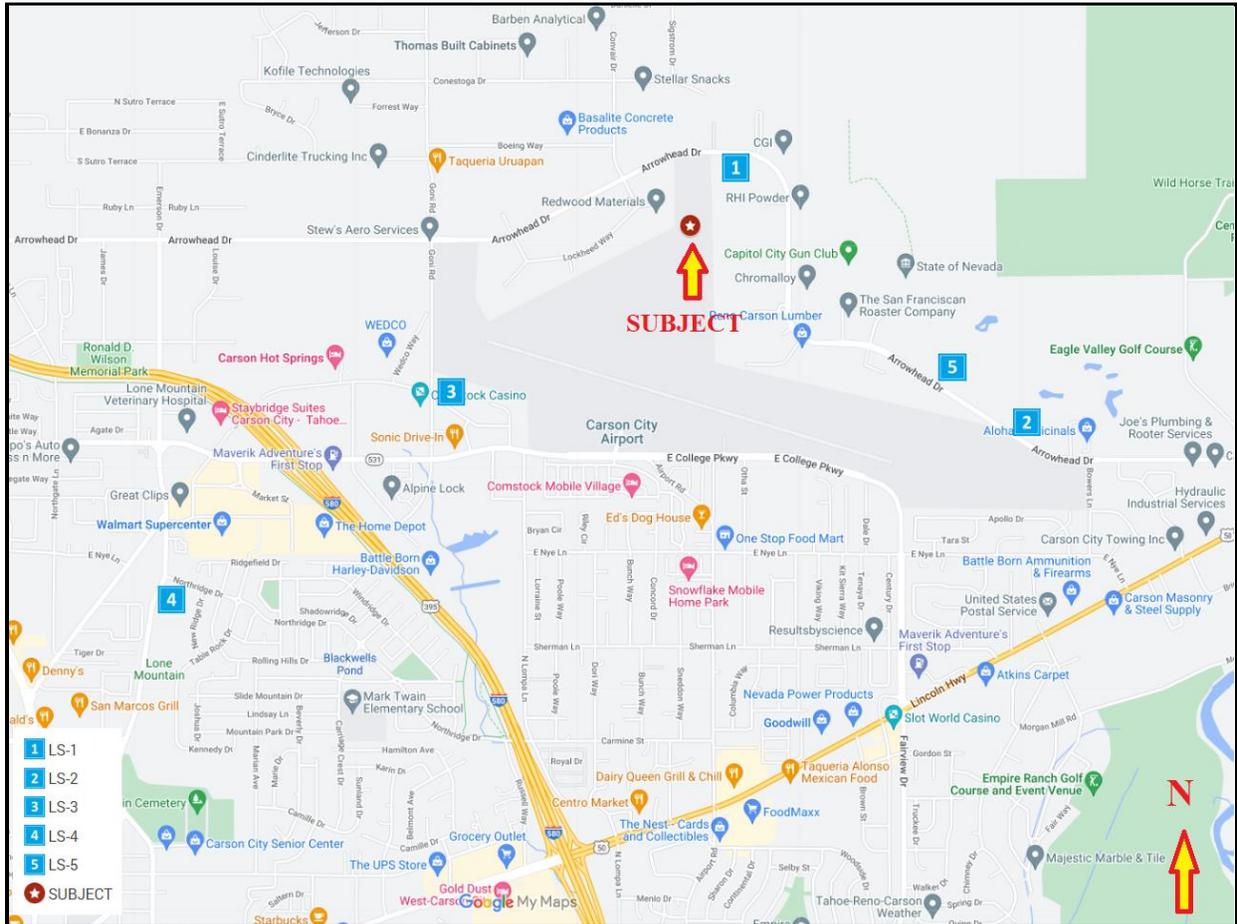


**COMPARABLE INDUSTRIAL LAND SALES CHART**

| Sale Number             | A.P.N. Location   | Sale Date                                     | Zoning Topography Utilities                             | Flood Zone   | Land Area                         | Sale Price / Square Foot |
|-------------------------|---|---|---|--|-----------------------------------|--------------------------|
| LS-1                    | 005-052-01, 005-111-05, 06 & 08<br>Carson City Airport Submarket<br>S/S Arrowhead Drive, at the W. Terminus of<br>N. Lamotte Drive, Carson City | 2/2/2021<br>\$5,216,994                       | General Industrial<br>Level to Gentle<br>All Available  | Zone "X"   | 28.226 Acres<br>1,229,525 SF      | \$4.24                   |
| LS-2                    | 005-051-23<br>Carson City Airport Submarket<br>NW/S Arrowhead Drive, 1/3± Mile SW of<br>Technology Way, Carson City                             | 2/26/2021<br>\$2,330,000                      | Limited Industrial<br>Level<br>All Available            | Zones "X"<br>Shaded "X"<br>& "AE"                    | 11.90 Acres<br>518,364 SF         | \$4.49                   |
| LS-3                    | Portion of 005-011-03 (Now 005-011-07)<br>Carson City Airport Industrial Submarket<br>NEC of Goni Road & Old Hot Springs Road<br>Carson City    | 10/18/2021<br>\$1,450,000                     | Limited Industrial<br>Level to Gentle<br>All Available  | Zones "X"<br>& Shaded "X"<br>Narrow Strip<br>in "AH" | 4.939 Acres<br>215,143 SF         | \$6.74                   |
| LS-4                    | 002-101-77 & 002-104-01<br>N. Roop Street Parcels<br>NEC & SEC N. Roop Street & Northridge Drive<br>Carson City                                 | 3/24/2022<br>\$1,236,232                      | Retail Commercial<br>Level to Gentle<br>All Available   | Zone "X"   | 4.73 Acres<br>206,039 SF          | \$6.00                   |
| LS-5                    | 005-051-22<br>Carson City Airport Submarket<br>NW/S Arrowhead Drive, 360±' SW of<br>Technology Way, Carson City                                 | 7/8/2022<br>\$2,700,000                       | Limited Industrial<br>Level<br>All Available            | Zones "X"<br>Shaded "X"<br>& "AE"                    | 12.41 Acres<br>540,580 SF         | \$4.99                   |
| <b>Subject Property</b> | <b>Portion of 005-011-01<br/>Carson City Airport<br/>E/S of Taxiway Bravo, at the E. Terminus of<br/>Taxiway C, Carson City</b>                 | <b>Date of Value<br/>10/21/2022<br/>- - -</b> | <b>PR<br/>Level<br/>Need to be Extended<br/>to Site</b> | <b>Zone "X"</b>                                      | <b>12.27 Acres<br/>534,481 SF</b> | <b>- - -</b>             |



### COMPARABLE INDUSTRIAL LAND SALES MAP





**COMPARABLE LAND SALE PROFILE SHEET  
 SALE LS-1**



|  |   |                            |  |
|--|---|----------------------------|--|
| <b>Property ID:</b>  | Vacant Land   | <b>City:</b>               | Carson City                                      |
| <b>Location:</b>   | Carson City Airport Submarket,<br>On the south side of Arrowhead<br>Drive, at the west terminus of<br>North Lamotte Drive | <b>County:</b>             | Carson City                                      |
| <b>A.P.N.:</b>   | 005-052-01, 005-111-05, 06 & 08   | <b>State:</b>              | Nevada   |
| <b>Topography:</b>   | Level to Gentle   | <b>Frontage:</b>           | Arrowhead Drive                                  |
| <b>Zoning:</b>   | General Industrial  | <b>Utilities:</b>          | All Available                                    |
| <b>Total Acreage:</b>  | 28.226± Acres   | <b>Water Rights:</b>       | None Known                                       |
| <b>Total Square Feet:</b>  | 1,229,525± Square Feet  | <b>Shape:</b>              | Slightly Irregular                               |
| <b># of Lots:</b>  | N/A   | <b>Flood Zone:</b>         | “X”, Minimal Flood Hazard Area                   |
| <b>Approvals:</b>  | Just Zoning   | <b>Proposed Use:</b>       | Aviation Related Development                     |
| <b>Recording Date:</b>   | February 2, 2021  | <b>Grantor:</b>            | CC Note Investment Group, LLC                    |
| <b>Total Sale Price:</b>   | \$5,216,994   | <b>Grantee:</b>            | Carson Tahoe Executive, LLC                      |
| <b>Document No.:</b>   | 516081 & 516085   | <b>Arm’s Length:</b>       | Yes  |
| <b>Transfer Tax:</b>   | N/A   | <b>Terms of Sale:</b>      | Cash to Seller                                   |
| <b>Price/Acre:</b>   | \$184,830   | <b>Conditions of Sale:</b> | None Known                                       |
| <b>Price/Square Foot:</b>  | \$4.24  | <b>Verification:</b>       | Brad Bonkowski, NAI Alliance &<br>Public Records |
| <b>Price/Unit:</b>   | N/A   |                            |  |
| <p>This sale property is located in the Carson City Airport Submarket, on the east side of the airport. This property is situated on the south side of Arrowhead Drive, at the west terminus of North Lamotte Drive. The listing broker, Mr. Brad Bonkowski, of NAI Alliance, has indicated that those parcels adjacent to the airport have the potential for through the gate access to the airport. Utility services are reasonably available to this site as they have been installed within Arrowhead Drive and within portions of Lamotte Drive. This property is planned to be developed with aviation related uses; however, the broker did note that FBO’s (airport related businesses) are not allowed outside the fence.</p> |   |                            |  |



**COMPARABLE LAND SALE PROFILE SHEET  
 SALE LS-2**

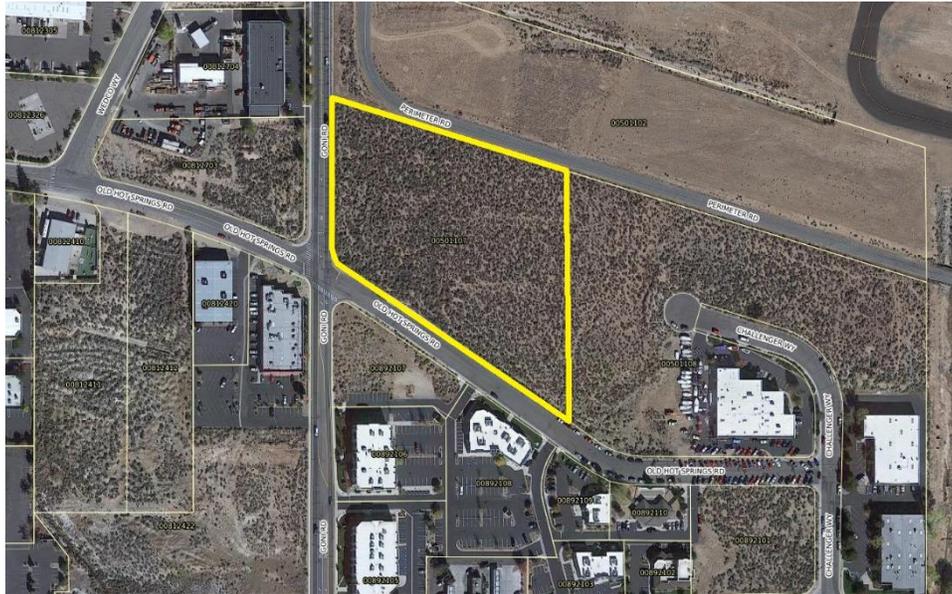


|                          |   |                            |   |
|--------------------------|---|----------------------------|---|
| <b>Property Name:</b>    | Vacant Land   | <b>City:</b>               | Carson City   |
| <b>Location:</b>         | Carson City Airport Submarket,<br>On the northwest side of<br>Arrowhead Drive, 1/3± mile<br>southwest of Technology Way | <b>County:</b>             | Carson City   |
| <b>A.P.N.:</b>           | 005-051-23  | <b>State:</b>              | Nevada  |
| <b>Topography:</b>       | Level   | <b>Frontage:</b>           | Arrowhead Drive   |
| <b>Zoning:</b>           | Limited Industrial  | <b>Utilities:</b>          | All Reasonably Available  |
| <b>Parcel Acreage:</b>   | 11.90± Acres  | <b>Water Rights:</b>       | None Known  |
| <b>Square Feet:</b>      | 518,364± Square Feet  | <b>Shape:</b>              | Slightly Irregular  |
| <b># of Lots:</b>        | N/A   | <b>Flood Zone:</b>         | “X”, Shaded “X” and “AE”  |
| <b>Approvals:</b>        | Just Zoning   | <b>Proposed Use:</b>       | N/A   |
| <b>Recording Date:</b>   | February 26, 2021   | <b>Grantor:</b>            | Horse Creek, LLC  |
| <b>Total Sale Price:</b> | \$2,330,000   | <b>Grantee:</b>            | Jurgensen Limited Partnership   |
| <b>Document No.:</b>     | 517105  | <b>Arm’s Length:</b>       | Yes   |
| <b>Transfer Tax:</b>     | \$9,087.00  | <b>Terms of Sale:</b>      | 50% Cash Down Payment, Balance<br>Seller Financing at Undisclosed Terms |
| <b>Price/Acre:</b>       | \$195,798   | <b>Conditions of Sale:</b> | None Known  |
| <b>Price/SF:</b>         | \$4.49  | <b>Time on Market:</b>     | N/A   |
| <b>Price/Unit:</b>       | N/A   | <b>Verification:</b>       | Public Records  |

This sale property is located in the Carson City Airport Submarket, northeast of the airport. This property is situated on the northwest side of Arrowhead Drive, approximately 1/3 mile southwest of Technology Way. This property has extensive frontage on Arrowhead Drive. Utility services were reasonably available to this site. This property lies within Flood Zones “X”, Shaded “X” and “AE”. A Flood Zone “X” denotes areas of minimal flooding potential, a Shaded “X” denotes areas of moderate flood hazard, while Zone “AE” denotes areas of special flood hazard. This site is located south of the Eagle Valley Golf Course.



**COMPARABLE LAND SALE PROFILE SHEET**  
**SALE LS-3**



|  |                                      |                            |   |
|--|--------------------------------------|----------------------------|---|
| <b>Property ID:</b>  | Goni Road Parcel                     | <b>Submarket:</b>          | Airport                                       |
| <b>Property Type:</b>  | Vacant Land                          | <b>City:</b>               | Carson City                                   |
| <b>Location:</b>   | NEC Goni Road & Old Hot Springs Road | <b>County:</b>             | Carson City                                   |
| <b>A.P.N.:</b>   | 005-011-07                           | <b>State:</b>              | Nevada  |
| <b>Topography:</b>   | Level                                | <b>Frontage:</b>           | Goni Road & Old Hot Springs Rd.               |
| <b>Zoning:</b>   | LI (Limited Industrial)              | <b>Utilities:</b>          | All Adjacent to Site                          |
| <b>Parcel Acreage:</b>   | 4.939± Acres                         | <b>Water Rights:</b>       | None Included                                 |
| <b>Parcel Square Feet:</b>   | 215,143± Square Feet                 | <b>Improvements:</b>       | None  |
| <b># of Lots/Units:</b>  | N/A                                  | <b>Flood Zone:</b>         | Zone "X", Unshaded & Shaded                   |
| <b>Approvals:</b>  | Just Zoning                          | <b>Proposed Use:</b>       | Medical Clinic                                |
| <b>Recording Date:</b>   | October 18, 2021                     | <b>Grantor:</b>            | Carson Airport Alliance, LLC                  |
| <b>Sale Price:</b>   | \$1,450,000                          | <b>Grantee:</b>            | CMG FP Building, LLC                          |
| <b>Document #:</b>   | 526081                               | <b>Arm's Length:</b>       | Yes   |
| <b>Transfer Taxes:</b>   | \$5,655.00                           | <b>Terms of Sale:</b>      | Cash to Seller                                |
| <b>Price/Acre:</b>   | \$293,582                            | <b>Conditions of Sale:</b> | None  |
| <b>Price/Square Foot:</b>  | \$6.74                               | <b>Time on Market:</b>     | N/A   |
| <b>Price/Unit:</b>   | N/A                                  | <b>Verification:</b>       | Bruce Robertson-NAI Alliance & Public Records |
| <p>This is the October 2021 sale of a vacant commercial parcel of land located on the northeast corner of Goni Road and Old Hot Springs Road in the Airport submarket of Carson City, Nevada. The property has level topography, and has approximately 322± feet of frontage along Goni Road along its west property line and 592± feet of frontage along Old Hot Springs Road along its south property line. The property was purchased for the future development of a medical clinic.</p> |                                      |                            |   |



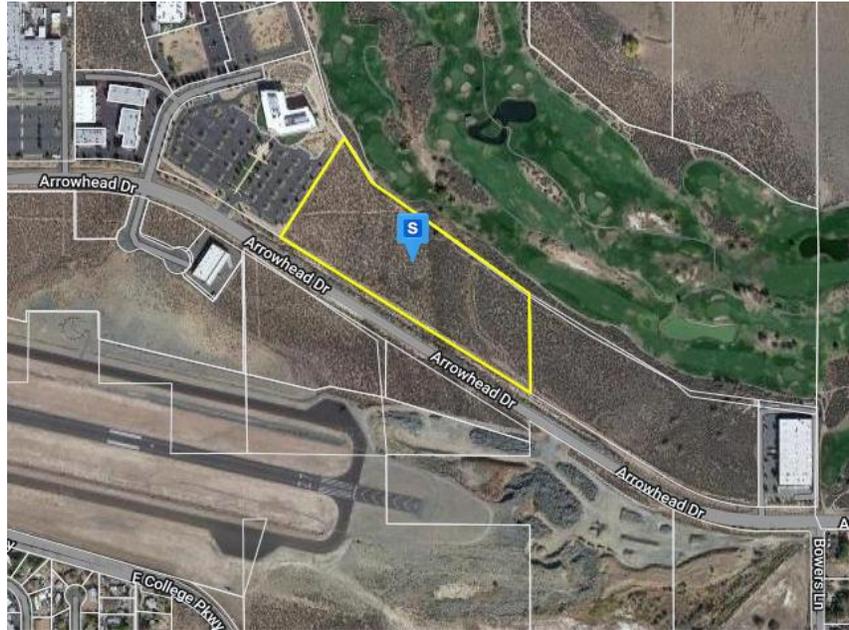
**COMPARABLE LAND SALE PROFILE SHEET  
SALE LS-4**



|  |  |                            |                                   |
|--|--|----------------------------|-----------------------------------|
| <b>Property ID:</b>  | North Rook Street Parcels                      | <b>Submarket:</b>          | North-Central Carson City         |
| <b>Property Type:</b>  | Vacant Land                                    | <b>City:</b>               | Carson City                       |
| <b>Location:</b>   | NEC & SEC North Rook Street & Northridge Drive | <b>County:</b>             | Carson City                       |
| <b>A.P.N.:</b>   | 002-101-77 & 002-104-01                        | <b>State:</b>              | Nevada                            |
| <b>Topography:</b>   | Level to Gently Sloping                        | <b>Frontage:</b>           | N. Rook Street & Northridge Dr.   |
| <b>Zoning:</b>   | RC (Retail Commercial)                         | <b>Utilities:</b>          | Adjacent to Site                  |
| <b>Parcel Acreage:</b>   | 4.73± Acres Total                              | <b>Water Rights:</b>       | None Included                     |
| <b>Parcel Square Feet:</b>   | 206,039± Square Feet                           | <b>Improvements:</b>       | None                              |
| <b># of Lots/Units:</b>  | 2 Lots   | <b>Flood Zone:</b>         | Zone "X"                          |
| <b>Approvals:</b>  | Just Zoning                                    | <b>Proposed Use:</b>       | Multi-Family Project              |
| <b>Recording Date:</b>   | May 24, 2022                                   | <b>Grantor:</b>            | Roop Northridge Group, LLC        |
| <b>Sale Price:</b>   | \$1,236,232                                    | <b>Grantee:</b>            | Northern Nevada Community Housing |
| <b>Document #:</b>   | 530991   | <b>Arm's Length:</b>       | Yes                               |
| <b>Transfer Taxes:</b>   | \$4,822.35                                     | <b>Terms of Sale:</b>      | Cash to Seller                    |
| <b>Price/Acre:</b>   | \$261,360                                      | <b>Conditions of Sale:</b> | None                              |
| <b>Price/Square Foot:</b>  | \$6.00   | <b>Time on Market:</b>     | 4+ Years                          |
| <b>Price/Unit:</b>   | N/A  | <b>Verification:</b>       | Andie Wilson-NAI Alliance         |
| <p>This property is the May 2022 sale of two parcels totaling 4.73± acres; the parcels include A.P.N. 002-101-77, which contains 2.46± acres, and A.P.N. 002-104-01, which contains 2.27± acres. The parcels are located on the northeast and southeast corners of North Rook Street and Northridge Drive. The parcels have generally level to gently sloping topography, although A.P.N. 002-101-77 does have rock retaining walls along its North Rook Street frontage, and towards the east side of the property. The parcels were purchased for the development of an affordable multi-family apartment project. Phase 1, which will be located on A.P.N. 002-104-01, is proposed to contain 30 units.</p> |  |                            |                                   |



**COMPARABLE LAND SALE PROFILE SHEET  
 SALE LS-5**



|  |   |                            |   |
|--|---|----------------------------|---|
| <b>Property Name:</b>  | Vacant Land   | <b>City:</b>               | Carson City   |
| <b>Location:</b>   | Carson City Airport Submarket,<br>On the northwest side of<br>Arrowhead Drive, 360± feet<br>southwest of Technology Way | <b>County:</b>             | Carson City   |
| <b>A.P.N.:</b>   | 005-051-22  | <b>State:</b>              | Nevada  |
| <b>Topography:</b>   | Level   | <b>Frontage:</b>           | Arrowhead Drive   |
| <b>Zoning:</b>   | Limited Industrial  | <b>Utilities:</b>          | All Reasonably Available  |
| <b>Parcel Acreage:</b>   | 12.41± Acres  | <b>Water Rights:</b>       | None Known  |
| <b>Square Feet:</b>  | 540,580± Square Feet  | <b>Shape:</b>              | Slightly Irregular  |
| <b># of Lots:</b>  | N/A   | <b>Flood Zone:</b>         | “X”, Shaded “X” and “AE”  |
| <b>Approvals:</b>  | Just Zoning   | <b>Proposed Use:</b>       | N/A   |
| <b>Recording Date:</b>   | July 8, 2022  | <b>Grantor:</b>            | Horse Creek. LLC  |
| <b>Total Sale Price:</b>   | \$2,700,000   | <b>Grantee:</b>            | Jurgensen LP/aka Jumping JS, LLC  |
| <b>Document No.:</b>   | 533863/535181   | <b>Arm’s Length:</b>       | Yes   |
| <b>Transfer Tax:</b>   | \$10,530.00   | <b>Terms of Sale:</b>      | 50% Cash Down Payment, Balance<br>Seller Financing at Undisclosed Terms |
| <b>Price/Acre:</b>   | \$217,566   | <b>Conditions of Sale:</b> | None Known  |
| <b>Price/SF:</b>   | \$4.99  | <b>Time on Market:</b>     | N/A   |
| <b>Price/Unit:</b>   | N/A   | <b>Verification:</b>       | CoStar & Public Records   |
| <p>This sale property is located in the Carson City Airport Submarket, northeast of the airport. This property is situated on the northwest side of Arrowhead Drive, approximately 360 feet southwest of Technology Way. This property has extensive frontage on Arrowhead Drive. Utility services were reasonably available to this site. This property lies within Flood Zones “X”, Shaded “X”. A creek/drainage traverses the northwest corner of the site which lies in zone “AE”. A Flood Zone “X” denotes areas of minimal flooding potential, a Shaded “X” denotes areas of moderate flood hazard, while Zone “AE” denotes areas of special flood hazard. This site is located south of the Eagle Valley Golf Course.</p> |   |                            |   |

## **COMPARABLE LAND SALES ANALYSIS AND DISCUSSION (12.27± Acre Parcel Located on Airport, As of October 21, 2022)**

In order to estimate the fee simple Market Value of the subject property, as of the October 21, 2022 date of value, I have reviewed the Sales Comparison Approach to Value analysis as set out in the original report of September 2021.

Comparable Land Sales LS-1 through LS-3, as set out on the preceding chart, were utilized in our original report. In addition to reviewing the comparables utilized in the original report, the Official Records of Carson City were searched for recent sales of comparable vacant land. My research did reveal two recent sales of larger acreage parcels which sold subsequent to the September 2021 appraisal report, which are identified as Sales LS-4 and LS-5.

The comparables ranged in date of sale from February of 2021 of July 2022. The comparables ranged in land area from 4.73± acres to 28.226± acres, as compared to the subject site, which contains 12.27± acres. Sales LS-1 through LS-5 illustrated prices ranging from \$4.24 to \$6.74 per square foot.

### **Discussion of Adjustments**

The comparable properties utilized in this analysis will be compared and correlated to the subject property based upon several adjustment criteria. These include property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics, flood zone and development potential.

### **Property Rights Conveyed**

In this section of the appraisal, the fee simple Market Value of the subject site is being estimated. As each of the sales utilized in this analysis involve the sale of the fee simple interest of the property, no adjustment for property rights is required.

### **Financing-Terms of Sale (Cash Equivalency)**

With the exception of Sales LS-2 and LS-5, each of the comparable sales involved cash transactions, or terms reasonably equivalent to cash. No adjustment for cash equivalency is indicated. Comparable Sales LS-2 and LS-5 involved seller financing with a cash down payment of 50% of the purchase price. Given the terms of sale of this comparable, no adjustment for cash equivalency is indicated.

### **Conditions of Sale**

Based upon a review of the public records and/or interviews with the persons involved with each of the sales utilized in this analysis, no adjustments for conditions of sale are required.



### **Market Conditions (Date of Sale)**

In interviews with market participants, it was the consensus that over the past year there has been increased activity and good demand for industrial land in the Carson City area, resulting in increasing sale prices. It was also noted that there is presently a limited inventory of vacant industrial parcels available for sale. With consideration to recent sales activity, and good demand in the industrial land market, an upward adjustment for market conditions has been made to Sales LS-1, LS-2 and LS-3 which occurred in 2021. Sale LS-4 occurred in March of 2022 and is given an upward adjustment for market conditions (date of sale). Sale LS-5 occurred in July of 2022 and no adjustment is required for date of sale.

### **General Location**

The subject is located in the northeast portion of the airport property in the Carson City Airport industrial submarket. The subject site is situated in north Carson City. All of the comparables are located in either the airport industrial submarket or north-central Carson City and are felt to have a competitive general location in comparison to the subject.

### **Location On Airport**

The subject is located on the airport property at the Carson City Airport. The subject has extensive frontage along Taxiway Bravo. The subject has direct access to the airport runway and taxiways. Due to the subject's location on the Airport, and as it has direct taxiway and runway access, each of the comparable sale properties requires an upward adjustment for this factor.

### **Zoning**

According to the *Carson City Airport Master Plan* the subject site is designated General Aviation Reserve. General Aviation Reserve includes those areas on airport property that are currently undeveloped and should be dedicated for potential aviation-related development in the future, given their location to the runway and taxiway system.

Each of the comparables is zoned for industrial development. Overall, due to the more restricted uses allowed on the subject site under the *Carson City Airport Master Plan*, the comparable sales are considered to have a wider range of potential uses as compared to the subject property. As a result, each of the comparables require a downward adjustment for this factor.

### **Access/Frontage**

The subject property is an interior site and has no direct public street frontage. Access is provided to the subject from the airport interior roadway system.



Each of the comparables has direct street frontage and access, requiring a downward adjustment.

### **Size**

Generally, a relationship exists between the size of the parcel and the per unit price paid. For those sales which are smaller than the subject property, a downward adjustment will be made to the price per square foot. Conversely, for those sales which are larger than the subject property, an upward adjustment will be made to the price per square foot.

### **Topography**

The subject property has level topography. Each of the comparables has level or level to gentle topography; as a result, no adjustment is required for this factor.

### **Availability of Utilities**

In discussions with representatives of the Carson City Airport, it was indicated that all utility services will be required to be extended to the subject parcel. A review of the *Carson City Airport Master Plan* in regards to Airport Utilities indicates that “At this time, any significant landside development, particularly in the proposed north-east or north-central development areas, could be limited by the existing utility infrastructure, or the lack thereof. All future development should consider enhancements to utility infrastructure that could include increased water storage and pumping capacity, sewer, and improved electrical and natural gas capabilities.”

All of the comparables have immediate or reasonable access to utilities. As a result, each of the comparables requires a downward adjustment for their superior availability of utilities.

### **Other Adjustments**

The subject site is located in Flood Zone “X”. A Flood Zone “X” denotes areas of minimal flooding potential. Sales LS-1 and LS-4 are located in a Flood Zone “X” which is similar to the subject. As Sales LS-2, LS-3 and LS-5 are partially located in a floodplain, an upward adjustment is made for flood zone.

The following summarizes the adjustments made to the sales in comparison to the subject property.

### **Adjustments to Sales**

**Sale LS-1** is the February 2021 sale of a 28.226± acre parcel located on the south side of Arrowhead Drive, at the west terminus of Lamotte Drive. This parcel is located directly east of the subject property. An upward adjustment is necessary due to this comparable’s February



2021 date of sale. According to the listing broker, this property does have the potential for through the fence access to the airport and is planned to be improved with aviation related uses. Therefore, this comparable is given a minor upward adjustment as the subject is located on airport. A large upward adjustment is made due to this comparable's much larger size, at 28.226± acres. On the other hand, this comparable is given a downward adjustment due to its direct street frontage and access. This comparable requires a downward adjustment due to its superior development potential. Further downward adjustment is necessary due to this comparable's superior availability of utilities. This comparable is considered similar to the subject in regard to general location.

Overall, this comparable, at \$4.24 per square foot, is considered to be a low indicator of an appropriate per unit land value for the subject, primarily due to its older date of sale and much larger land area.

**Sale LS-2** is the February 2021 sale of an 11.90± acre parcel located on the northwest side of Arrowhead Drive, approximately 1/3 mile southwest of Technology Way. This property has extensive frontage on Arrowhead Drive. This property is located in the Carson City Airport Industrial submarket. In comparison with the subject, this comparable requires an upward adjustment due to its February 2021 date of sale. This comparable requires an upward adjustment due to the subject's location on airport. An upward adjustment is necessary as the central portion of this comparable's land area is located in a Flood Zone "AE" which are areas of special flood hazard. On the other hand, this comparable requires downward adjustment due to its extensive street frontage and access. A downward adjustment is made due to this comparable's superior development potential. Further downward adjustment is necessary due to this comparable's superior availability of utilities. This comparable is considered similar to the subject in regard to general location, size and topography.

Overall, this comparable, at \$4.49 per square foot, is considered to be a reasonable indicator of an appropriate per unit land value for the subject.

**Sale LS-3** is the October 2021 sale of 4.939± acres located in the Carson City Airport Submarket, directly southwest of the airport. The sale site is located at the northeast corner of Old Hot Springs Road and Goni Road and has good access and exposure. In comparison with the subject, this comparable requires an upward adjustment due to its date of sale. This comparable requires an upward adjustment due to the subject's location on airport. This comparable is located in Flood Zones "X" and Shaded "X" and is given a minor upward adjustment for this factor. On the other hand, this comparable requires a large downward adjustment due to its corner situs on Old Hot Springs Road and Goni Road. A downward

adjustment is made due to this comparable's superior development potential. Downward adjustments are made due to this comparable's smaller size and superior shape. Further downward adjustment is necessary due to this comparable's superior availability of utilities. This comparable is considered similar to the subject in regard to general location and topography.

Overall, this comparable, at \$6.74 per square foot, is considered to be a very high indicator of an appropriate per unit land value for the subject.

**Sale LS-4** is the May 2022 purchase of two parcels totaling 4.73± acres. The parcels are located on the northeast and southeast corners of North Roop Street, an arterial roadway, and Northridge Drive. In comparison with the subject, this comparable requires an upward adjustment due to its date of sale. This comparable requires an upward adjustment due to the subject's location on airport. An upward adjustment is made as this comparable involves non-contiguous parcels. On the other hand, this comparable requires downward adjustments due to its extensive street frontage, corner situs and access from an arterial roadway. A downward adjustment is made due to this comparable's superior development potential. A downward adjustment is made due to this comparable's smaller size. Further downward adjustment is necessary due to this comparable's superior availability of utilities. This comparable is considered similar to the subject in regard to general location and topography.

Overall, this comparable, at \$6.00 per square foot, is considered to be a very high indicator of an appropriate per unit land value for the subject.

**Sale LS-5** is the July 2022 sale of a 12.41± acre parcel located on the northwest side of Arrowhead Drive, approximately 360 feet southwest of Technology Way. This property has extensive frontage on Arrowhead Drive. This property is located in the Carson City Airport Industrial submarket. In comparison with the subject, this comparable requires an upward adjustment due to the subject's location on airport. An upward adjustment is necessary as portions of this comparable's land area is located in a Flood Zones Shaded "X" and "AE" which are areas of moderate to high risk of flood hazard. On the other hand, this comparable requires downward adjustment due to its extensive street frontage and access. A downward adjustment is made due to this comparable's superior development potential. Further downward adjustment is necessary due to this comparable's superior availability of utilities. This comparable is considered similar to the subject in regard to general location, size and topography.

Overall, this comparable, at \$4.99 per square foot, is considered to be a high indicator of an appropriate per unit land value for the subject.



The following chart summarizes the value indications for the subject property.

| <b>Summary of Adjustments to Comparable Sales</b> |                 |                           |
|---|-----------------|---------------------------|
| <b>Sale No.</b>                                   | <b>Price/SF</b> | <b>Overall Indication</b> |
| Sale LS-1   | \$4.24          | Low Indication            |
| Sale LS-2   | \$4.49          | Reasonable Indication     |
| Sale LS-3   | \$6.74          | Very High Indication      |
| Sale LS-4   | \$6.00          | Very High Indication      |
| Sale LS-5   | \$4.99          | High Indication           |

In estimating an appropriate per unit value for the subject, consideration has been given to its location on airport at the Carson City Airport, its situs with extensive frontage on Taxiway B, at the east terminus of Taxiway C, its level topography and other physical characteristics. Further consideration is given to the subject's lack of direct street frontage, its size at 12.27± acres (534,481± square feet), its relatively long, narrow shape, and as utilities will need to be extended to the property. Consideration is also given to the fact that development is limited to aviation uses, primarily involving aircraft hangar storage facilities.

In our original report the per unit land value for the subject was concluded at \$4.00 per square foot. However, in light of the recent sales of larger acreage sites in the Carson City area, and the analysis set forth above, it is my opinion that a higher per square foot value for the subject of \$4.50 per square foot is appropriate, as of the current date of value.

Based upon a review of the available data, it is my opinion that a per unit land value applicable to the subject, as of October 21, 2022, is \$4.50 per square foot. Applying the \$4.50 per square foot value to the subject's 534,481± square feet results in an indicated fee simple value of the subject of \$2,405,165, which is rounded to \$2,400,000.

**FINAL LAND VALUE CONCLUSION** **\$2,400,000**

**FINAL PER SQUARE FOOT LAND VALUE CONCLUSION** **\$4.50/SF**

**UPDATED MARKET LAND RENTAL ANALYSIS - AS OF OCTOBER 21, 2022**

The next step in this analysis is to estimate the Market Rent which would be applicable to the subject site. In order to arrive at an estimate of the Market Rent for the subject site, a rate of return must be selected. The selected rate of return will then be applied to the estimated Market Value of the subject property’s land area of 12.27± acres to arrive at an estimate of the appropriate market rent applicable to the subject site on an annual basis.

As discussed in the original report, it is our opinion that an appropriate rate of return applicable to subject would be 8%. Rates of return have remained relatively stable over the past year. In addition to the comparisons and interviews conducted in the Northern Nevada and Northern California areas, we have also considered Realty Rates, a national survey. Realty Rates.com conducts a national survey for the Land Lease Market. The Realty Rates.com Investor Survey for the Land Lease Market for the 3<sup>rd</sup> Quarter is summarized below:

**LAND LEASE MARKETS - NATIONAL SURVEY RATES**

| <b>Date of Survey*</b> | <b>Property Type</b>  | <b>Average</b> |
|------------------------|-----------------------|----------------|
| Q 3 - 2019             | All Properties        | 7.47%          |
|                        | Industrial Properties | 6.76%          |
| Q 3 - 2020             | All Properties        | 6.25%          |
|                        | Industrial Properties | 5.59%          |
| Q 3 - 2021             | All Properties        | 7.19%          |
|                        | Industrial Properties | 6.46%          |
| Q 3 - 2022             | All Properties        | 8.99%          |
|                        | Industrial Properties | 7.44%          |

In summary, commercial real estate Brokers and Owners surveyed by this appraisal firm reported rates of return for land leases of between 7% and 10%. When we were able to analyze specific leases, the rates of return for land leases ranged between 7.5% and 8.66%.

Realtyrates.com reports average land lease rate of return for industrial properties ranging from 5.59% to 7.44%, and for all types of properties ranging from 6.25% to 8.99%.

Overall, based upon the information available, it is my opinion that an appropriated rate of return applicable to the subject, as of the current date of value, would be unchanged at 8.0%.



Applying the selected 8% rate of return to the land value estimate of \$4.50 per square foot results in an annual rental rate for the subject site, as of a current date of valuation, of \$0.36 per square foot per year.

**MARKET LAND RENT INDICATION**  
**12.27± ACRE SITE – TAXIWAY BRAVO PARCEL**

|                            |                |
|----------------------------|----------------|
| Market Value of Land       | \$4.50         |
| Rate of Return             | <u>8.0%</u>    |
| Indicated Market Land Rent | \$0.36/SF/Year |

**INDICATED MARKET LAND RENT PER SQUARE FOOT    \$0.36/SF/YEAR/NNN**  
**(Rate Of Return Analysis, As of October 21, 2022)**



**UPDATED DIRECT RENTAL COMPARISON AND ANALYSIS  
AS OF OCTOBER 21, 2022**

In order to arrive at an estimate of the Market Rent which would be applicable to the subject land I have also reviewed the *Direct Rental Comparison and Analysis* set forth in the original report. A comparable rental survey of ground lease rates at other comparable airports in the greater region was conducted. Based upon this survey, a number of similar ground rentals on airport property were identified. The rentals were investigated, analyzed and compared to the subject. The comparable rentals are set out following:

**COMPARABLE AIRPORT LAND LEASE CHART**

| Rental No.     | Airport Location  | Land Area Amenities  | Lease Term  | Expenses Rent Adjustments   | Rent/SF Year                               |
|----------------|---|--|---|---|--|
| CAL-1          | Carson City Airport<br>Mountainview Community Assoc.<br>SWC Taxiway B & Taxiway C<br>2600 E. College Pkwy, Carson City, NV    | 29,925<br>Security card access                             | 2018<br>50 Years  | NNN<br>CPI Adjustments<br>Every 2 Years<br>10th Year per Appraisal* | \$0.29                                     |
| CAL-2          | Carson City Airport<br>SWC Taxiways B & C<br>2600 E. College Pkwy<br>Carson City, NV  | 64,271 SF<br>(1.476± Acres)<br>Security card access        | 2021<br>50 Years  | NNN<br>CPI Adjustments<br>Every 2 Years                             | \$0.30                                     |
| CAL-3          | Reno-Stead Airport<br>Between Taxiway "A" & Army Aviation Dr.,<br>1,100±' West of Alpha Avenue<br>Reno, NV                    | 14± Acres<br>(609,840± SF)                                 | Current Listing<br>Negotiable<br>Typically 30 to 50 Years | NNN<br>Annual CPI   | Asking<br>\$0.28                           |
| CAL-4          | Minden-Tahoe Airport<br>1146 Airport Road<br>Minden, NV   | Various<br>Restrooms                                       | Typical<br>Lease<br>25 - 50 Years                         | NNN<br>Annual CPI<br>15th Year per Appraisal                        | East Side<br>\$0.30<br>West Side<br>\$0.40 |
| CAL-5          | Elko Regional Airport<br>Confidential<br>975 Terminal Way<br>Elko, NV   | 1.13 Acres<br>49,080 SF                                    | 1st Qtr. 2021<br>20 Years<br>(One 5 Year Option)          | NNN<br>2% Annual Increase   | \$0.33                                     |
| <b>Subject</b> | <b>Carson City Airport - Taxiway B Parcel<br/>E/S of Taxiway Bravo, at the<br/>East Terminus of Taxiway C<br/>Carson City</b> | <b>12.27 Acres<br/>534,481 SF<br/>Security card access</b> | <b>Typical Lease<br/>50 Years</b>                         | <b>NNN<br/>Negotiable</b>   | <b>- - -</b>                               |

\*At the option of the Landlord, the rent rate may be adjusted per appraisal each 10th Year of the lease.

The reader is referred to the locational map and profile sheets for each of the comparables which are set out in our original report. It is noted that the rental rates for Comparables CAL-1 and CAL-5 have been increased subsequent to our original report. The current rental rate for CAL-1 is \$0.29 per square foot per year and the current rent for CAL-5 is \$0.33 per square foot per year.

The subject is located at the Carson City Airport. There is no regularly scheduled commercial air service into the Carson City Airport. Most of the traffic is single or twin-engine



propeller aircraft or small private jets. The taxiways are asphalt paved, there are two primary aircraft parking aprons at the airport providing approximately 150 tie-down positions. The Airport does include airfield lighting and is equipped with an automated weather observation system. Fuel, maintenance and aircraft storage services are available on the airport property.

In order to estimate an appropriate per square foot rental rate for the subject we have reviewed the *Comparable Land Rentals Discussion*, as set out in our original report. It is recognized that the rental rates for Comparables CAL-1 and CAL-5 have been increased subsequent to our original report. Overall, the comparables tend to support an annual market rental rate for the subject, by the *Direct Rent Comparison Analysis*, as of October 21, 2022, in the range of \$0.30 to \$0.35 per square foot of land area, on NNN lease terms.

**ANNUAL MARKET LAND RENT INDICATION      \$0.30 to \$0.35/S.F./YEAR/NNN**



**FINAL MARKET LAND RENT CONCLUSION - AS OF OCTOBER 21, 2022**

In estimating an appropriate per square foot land rent applicable to the subject, consideration is given to its location on the Carson City Airport, along Taxiway B at the east terminus of Taxiway C. Consideration is given to its accessibility via the airport interior roadways, amenities available on airport as well as its size and other physical characteristics. Further consideration is given to the services provided by the airport and the average condition of the airport facilities including the runway and taxiways.

In the Rate of Return Analysis, the market rent for the subject land was indicated to be \$0.36 per square foot per year, on NNN lease terms.

In the Direct Rent Comparison Analysis, the market rent for the subject was indicated to be \$0.30 to \$0.35 per square foot of land area, per year on NNN lease terms.

In estimating an appropriate land rent for the subject, consideration has been given to its location on airport at the Carson City Airport, its extensive frontage on Taxiway B, its level topography and other physical characteristics. Further consideration is given to the subject's lack of direct street frontage, its size at 12.27± acres, its relatively long, narrow shape, and as utilities will need to be extended to the property. With consideration given to these factors, it is our opinion that an appropriate rental rate for the subject land is in the range of \$0.30 to \$0.35 per square foot per year. Applying the selected rent range to the subject's 534,481± square feet of land area results in a range of \$160,344 to \$187,068 per year, which is correlated to an annual rent of \$170,000.

Based upon a careful review of all information available, it is our opinion that the Market Land Rent applicable to the subject property's 12.27± acre site, and assuming NNN lease terms, as of October 12, 2022, is \$170,000 per year, which equates to \$0.32 per square foot per year.

**MARKET LAND RENT CONCLUSION/SQUARE FOOT**      **\$0.32/S.F./YEAR/NNN**

**MARKET LAND RENT CONCLUSION/ YEAR**      **\$170,000 PER YEAR/NNN**



## APPRAISERS' CERTIFICATION

Each of the undersigned do hereby certify that, unless otherwise noted in this appraisal report:

- I have made a personal inspection of the property that is the subject of this report.
- I have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions, and conclusions herein are based, are true and correct.
- This report sets forth all the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analysis, opinions, and conclusions contained in this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute*, which include the *Uniform Standards of Professional Appraisal Practice*.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- The appraisal was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- The appraiser's state registration/certification has not been revoked, suspended, cancelled or restricted.
- The appraiser has performed services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.
- The Appraisal Institute conducts a mandatory program of continuing education for its designated members. As of the date of this report, Cindy Lund Fogel has completed the requirements under the continuing education program of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



The real property, which is the subject of this appraisal report, was valued, as of October 21, 2022. It is my opinion that the Market Land Rent of the subject property, under the extraordinary assumptions set forth herein, is as follows:

| <b>MARKET LAND RENT CONCLUSIONS</b>     |                    |
|---|--------------------|
| Market Land Rent Conclusion/Square Foot | \$0.32/SF/Year/NNN |
| Market Land Rent Conclusion/Year        | \$170,000/Year/NNN |

Respectfully Submitted,

\_\_\_\_\_  
Cindy Lund Fogel, MAI  
Nevada Certified General Appraiser  
License Number A.0002312-CG

## **STANDARD ASSUMPTIONS AND LIMITING CONDITIONS**

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent upon the following assumptions and limiting conditions.

### **LIMITS OF LIABILITY**

This report was prepared by Johnson Perkins Griffin, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of Johnson-Perkins Griffin, LLC, as employees, not as individuals. The liability of Johnson Perkins Griffin, LLC and its employees and associates is limited to the client only and to the fee actually received by the appraisal firm. There is no accountability, obligation, or liability to any third party. If the appraisal report is disseminated to anyone other than the client, the client shall make such party or parties aware of all limiting conditions and assumptions affecting the appraisal assignment. Neither the appraisers nor the appraisal firm is in any way to be responsible for any costs incurred to discover or correct any physical, financial and/or legal deficiencies of any type present in the subject property. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in the event of a lawsuit brought by a lender, a partner or part owner in any form of ownership, a tenant or any other party, the client will hold the appraiser(s) and the appraisal firm completely harmless in such action with respect to any and all awards or settlements of any type in such lawsuits.

### **COPIES, PUBLICATION, DISTRIBUTION AND USE OF REPORT**

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for any purpose or any function other than its intended use, as stated in the body of the report. The appraisal fee represents compensation only for the analytical services provided by the appraiser(s). The appraisal report remains the property of the appraisal firm, though it may be used by the client in accord with these assumptions and limiting conditions.

This appraisal is to be used only in its entirety, and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the appraiser(s) whose signature(s) appears on the appraisal report, unless it is indicated that one or more of the appraisers was acting as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser(s). The appraiser(s) and the appraisal firm shall bear no responsibility for any such unauthorized changes.

### **CONFIDENTIALITY**

Except as provided for subsequently, neither the appraiser(s) nor the appraisal firm may divulge the analyses, opinions or conclusions developed in the appraisal report, nor may they give a copy of the report to anyone other than the client or his designee as specified in writing. However, this condition does not apply to any requests made by the Appraisal Institute for purposes of confidential ethics enforcement. Also, this condition does not apply to any order or request issued by a court of law or any other body with the power of subpoena.



### **INFORMATION SUPPLIED BY OTHERS**

Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by the appraiser(s). Neither the appraiser(s) nor the appraisal firm is liable for any information or the work product provided by subcontractors. The client and others utilizing the appraisal report are advised that some of the individuals associated with Johnson Perkins Griffin, LLC are independent contractors and may sign the appraisal report in that capacity. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable. To the best of our judgment and knowledge, all such information is considered appropriate for inclusion. In some instances, an impractical and uneconomic expenditure of time would be required in attempting to furnish absolutely unimpeachable verification. The value conclusions set forth in the appraisal report are subject to the accuracy of said data. It is suggested that the client consider independent verification as a prerequisite to any transaction involving a sale, a lease or any other commitment of funds with respect to the subject property.

### **TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE**

The contract for each appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The appraisers(s) or those assisting in the preparation of the report will not be asked or required to give testimony in court or in any other hearing as a result of having prepared the appraisal, either in full or in part, except under separate and special arrangements at an additional fee. If testimony or a deposition is required, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party. Neither the appraiser(s) nor those assisting in the preparation of the report is required to engage in post- appraisal consultation with the client or other third parties, except under a separate and special arrangement and at an additional fee.

### **EXHIBITS AND PHYSICAL DESCRIPTIONS**

It is assumed that the improvements and the utilization of the land are within the boundaries of the property lines of the property described in the report and that there is no encroachment or trespass unless noted otherwise within the report. No survey of the property has been made by the appraiser(s) and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in the report are there to assist the reader in visualizing the property and are not necessarily drawn to scale. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

### **TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS**

No responsibility is assumed by the appraiser(s) or the appraisal firm for matters legal in character or nature. No opinion is rendered as to the status of title to any property. The title is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in the appraisal report. The legal description, as furnished by the client, his designee or as derived by the appraiser(s), is assumed to be correct as reported. The appraisal is not to be construed as giving advice concerning liens, title status, or legal marketability of the subject property.



## **ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS**

This appraisal should not be construed as a report on the physical items that are a part of any property described in the appraisal report. Although the appraisal may contain information about these physical items (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed report on these physical items. The appraiser(s) is not a construction, engineering, or architectural expert, and any opinion given on these matters in this report should be considered tentative in nature and is subject to modification upon receipt of additional information from appropriate experts. The client is advised to seek appropriate expert opinion before committing any funds to the property described in the appraisal report.

Any statement in the appraisal regarding the observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, all mechanicals, and all matters relating to construction is based on a casual inspection only. Unless otherwise noted in the appraisal report, no detailed inspection was made. For instance, the appraiser is not an expert on heating systems, and no attempt was made to inspect the interior of the furnace. The structures were not investigated for building code violations, and it is assumed that all buildings meet the applicable building code requirements unless stated otherwise in the report.

Such items as conditions behind walls, above ceilings, behind locked doors, under the floor, or under the ground are not exposed to casual view and, therefore, were not inspected, unless specifically so stated in the appraisal. The existence of insulation, if any is mentioned, was discovered through conversations with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements regarding insulation cannot be guaranteed.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any comments on observed conditions given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is given as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating systems, air conditioning systems, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a mechanical and/or structural inspection be made by a qualified and licensed contractor, a civil or structural engineer, an architect or other experts. This appraisal report is based on the assumption that there are no hidden, unapparent or apparent conditions on the property or improvements which would materially alter the value as reported. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and standard for the properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made in the appraisal as to the adequacy of insulation, the type of insulation, or the energy efficiency of the improvements or equipment which is assumed to be standard for the subject's age, type and condition.

## **TOXIC MATERIALS AND HAZARDS**

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report the presence of any potentially toxic materials and/or condition such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyl, pesticides, lead-based paints or soils or ground water contamination on any land or improvements described in the appraisal report. Before committing funds to any property, it is strongly advised that appropriate experts be employed to inspect both land and improvements for the existence of such potentially toxic materials and/or conditions. If any potentially toxic materials and/or conditions are present on the property, the value of the property may be



adversely affected and a re-appraisal at an additional cost may be necessary to estimate the effects of such circumstances.

### **SOILS, SUB-SOILS, AND POTENTIAL HAZARDS**

It is assumed that there are no hidden or unapparent conditions of the soils or sub-soil which would render the subject property more or less valuable than reported in the appraisal. No engineering or percolation tests were made and no liability is assumed for soil conditions. Unless otherwise noted, the land and the soil in the area being appraised appeared to be firm, but no investigation has been made to determine whether or not any detrimental sub-soil conditions exist. Neither the appraiser(s) nor the appraisal firm is liable for any problems arising from soil conditions. These appraisers strongly advise that, before any funds are committed to a property, the advice of appropriate experts be sought.

If the appraiser(s) has not been supplied with a termite inspection report, survey or occupancy permit, no responsibility is assumed and no representation is made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained.

Neither the appraiser(s) nor the appraisal firm assumes responsibility for any costs or for any consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for flood hazard insurance.

### **ARCHEOLOGICAL SIGNIFICANCE**

No investigation has been made by the appraiser and no information has been provided to the appraiser regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

### **LEGALITY OF USE**

This appraisal report assumes that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless non-compliance is stated, defined and considered in the appraisal report. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state or national government, private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

### **COMPONENT VALUES**

Any distribution of the total value between the land and improvements, between partial ownership interests or any other partition of total value applies only under the stated use. Moreover, separate allocations between components are not valid if this report is used in conjunction with any other analysis.

### **COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT**

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. It is assumed that the property is in direct compliance with the various detailed requirements of the ADA.



## **AUXILIARY AND RELATED STUDIES**

No environmental or impact studies, special market studies or analyses, special highest and best use studies or feasibility studies have been requested or made by the appraiser(s) unless otherwise specified in an agreement for services and so stated in the appraisal report.

## **DOLLAR VALUES AND PURCHASING POWER**

The estimated market value set forth in the appraisal report and any cost figures utilized are applicable only as of the date of valuation of the appraisal report. All dollar amounts are based on the purchasing power and price of the dollar as of the date of value estimates.

## **ROUNDING**

Some figures presented in this report were generated using computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.

## **QUANTITATIVE ANALYSIS**

Although this analysis employs various mathematical calculations to provide value indications, the final estimate is subjective and may be influenced by our experience and other factors not specifically set forth in this report.

## **VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER**

All values shown in the appraisal report are projections based on our analysis as of the date of valuation of the appraisal. These values may not be valid in other time periods or as conditions change. Projected mathematical models set forth in the appraisal are based on estimates and assumptions which are inherently subject to uncertainty and variations related to exposure, time, promotional effort, terms, motivation, and other conditions. The appraiser(s) does not represent these models as indicative of results that will actually be achieved. The value estimates consider the productivity and relative attractiveness of a property only as of the date of valuation set forth in the report.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value, investment value or value in use is a reflection of such benefits and of the appraiser's interpretation of income, yields and other factors derived from general and specific client and market information. Such estimates are as of the date of valuation of the report, and are subject to change as market conditions change.

This appraisal is an estimate of value based on analysis of information known to us at the time the appraisal was made. The appraiser(s) does not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice. The appraisal report itself and the value estimates set forth therein are subject to change if either the physical or legal entity or the terms of financing are different from what is set forth in the report.



## **ECONOMIC AND SOCIAL TRENDS**

The appraiser assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of value of this appraisal. The appraiser is not obligated to predict future political, economic or social trends.

## **EXCLUSIONS**

Furnishings, equipment, other personal property and value associated with a specific business operation are excluded from the value estimate set forth in the report unless otherwise indicated. Only the real estate is included in the value estimates set forth in the report unless otherwise stated.

## **SUBSURFACE RIGHTS**

No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

## **PROPOSED IMPROVEMENTS, CONDITIONED VALUE**

It is assumed in the appraisal report that all proposed improvements and/or repairs, either on-site or off-site, are completed in an excellent workmanlike manner in accord with plans, specifications or other information supplied to these appraisers and set forth in the appraisal report, unless otherwise explicitly stated in the appraisal. In the case of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. The estimate of market value is as of the date specified in the report. Unless otherwise stated, the assumption is made that all improvements and/or repairs have been completed according to the plans and that the property is operating at levels projected in the report.

## **MANAGEMENT OF PROPERTY**

It is assumed that the property which is the subject of the appraisal report will be under typically prudent and competent management which is neither inefficient nor superefficient.

## **FEE**

The fee for any appraisal report, consultation, feasibility or other study is for services rendered and, unless otherwise stated in the service agreement, is not solely based upon the time spent on any assignment.

## **LEGAL EXPENSES**

Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.



### **CHANGES AND MODIFICATIONS**

The appraiser(s) reserves the right, at the cost of the client, to alter statements, analyses, conclusions, or any value estimates in the appraisal if any new facts pertinent to the appraisal process are discovered which were unknown on the date of valuation of this report.

### **DISSEMINATION OF MATERIAL**

Neither all nor any part of the contents of this report shall be disseminated to the general public through advertising or sales media, public relations media, new media or other public means of communication without the prior written consent and approval of the appraiser(s).

The acceptance and/or use of the Appraisal Report by the client or any third party constitutes acceptance of the Assumptions and Limiting Conditions set forth in the preceding paragraphs. The appraiser's liability extends only to the specified client, not to subsequent parties or users. The appraiser's liability is limited to the amount of the fee received for the services rendered.



**QUALIFICATIONS OF APPRAISER  
 CINDY LUND FOGEL**

**Professional Designations**

MAI – Member of the Appraisal Institute 2000

**State Licensing and Certification**

Nevada Certified General Appraiser  
 License #A.0002312-CG (Certified through 5/31/24) 1996

**Offices Held**

Board of Directors, Reno/Carson/Tahoe Chapter Appraisal Institute 2011/2012  
 President, Reno/Carson/Tahoe Chapter Appraisal Institute 2009/2010  
 Vice President, Reno/Carson/Tahoe Chapter Appraisal Institute 2008  
 Education Chair, Reno/Carson/Tahoe Chapter Appraisal Institute 2002  
 President, Reno/Carson/Tahoe Chapter Appraisal Institute 2001  
 Vice President, Reno/Carson/Tahoe Chapter Appraisal Institute 2000  
 Treasurer, Reno/Carson/Tahoe Chapter Appraisal Institute 1999  
 Secretary, Reno/Carson/Tahoe Chapter Appraisal Institute 1998

**Occupational History**

Johnson Perkins Griffin, LLC 03/2015 to Present  
 Real Estate Appraiser  
 Johnson - Perkins & Associates 1994 – 02/2015  
 Real Estate Appraiser  
 Johnson - Wright & Associates 1992 - 1994  
 Real Estate Appraiser  
 Stephen R. Johnson & Associates 1990 - 1992  
 Real Estate Appraiser

**Admitted as Expert Witness**

Washoe County Board of Equalization  
 Nevada State Board of Equalization

**Appraisal Education & Technical Training**

American Institute of Real Estate Appraisers 1991  
 Course 1A-1 "Real Estate Appraisal Principles"  
 Course 1A-2 "Basic Valuation Procedures"  
 Course 1BA "Cap Theory & Tech, Part A" 1992  
 Course 1BB "Cap Theory & Tech, Part B"  
 Nevada Law (NRS 645C) 1993  
 Standards of Professional Practice Parts A & B 1993  
 Advanced Applications 1993  
 Report Writing and Valuation Analysis 1995  
 Case Studies in Law and Ethics 1998  
 Standards of Professional Practice, Part C 1998



**QUALIFICATIONS OF APPRAISER  
CINDY LUND FOGEL**

**Appraisal Education & Technical Training (Continued)**

|   |      |
|---|------|
| 7-Hour National USPAP Update Course                                     | 2006 |
| Cost Approach to Commercial Appraising                                  | 2006 |
| Uniform Appraisal Standards/Federal Land Acquisitions                   | 2007 |
| 7-Hour National USPAP Update Course                                     | 2007 |
| 7-Hour National USPAP Update Course                                     | 2008 |
| Business Practices and Ethics   | 2008 |
| Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) | 2009 |
| 7-Hour National USPAP Update Course                                     | 2010 |
| Business Practices and Ethics   | 2010 |
| Corridor Valuation & Yellow Book Issues and Divided Partial Interests   | 2010 |
| 7-Hour National USPAP Update Course                                     | 2012 |
| State of Nevada Economic Overview, Brian Bonnenfant                     | 2013 |
| 7-Hour National USPAP Update Course                                     | 2014 |
| 7-Hour National USPAP Update Course                                     | 2016 |
| Eminent Domain & Condemnation   | 2016 |
| Business Practices & Ethics   | 2016 |
| 7-Hour National USPAP Update Course                                     | 2018 |
| Solving Land Valuation Puzzles  | 2018 |
| 2019 Northern Nevada Real Estate Overview                               | 2019 |
| 7-Hour National USPAP Update Course                                     | 2020 |
| Laws for Nevada Appraisers  | 2020 |
| The Basics of Expert Witness for Commercial Appraisers                  | 2020 |
| Appraisal of Land Subject to Ground Leases                              | 2020 |
| Appraising Small Apartment Properties                                   | 2021 |

**Appraisal Seminars**

|  |      |
|--|------|
| Uniform Appraisal Standards for Federal Land Acquisitions        | 2022 |
| 2022-2023 7-Hour National USPAP Update Course                    | 2022 |
| That's a Violation   | 2022 |
| Appraising Airports and Airplane Hangars                         | 2014 |
| Online Data Verification Methods                                 | 2014 |
| Online Advanced Internet Search Strategies                       | 2014 |
| Effective Rent and Seller Concessions in Market Value Appraisals | 2013 |
| Appraisal Curriculum Overview                                    | 2011 |
| Diminution of Value and Severance Damages                        | 2011 |
| Qualitative Analysis: How and Why it is Important                | 2011 |
| The Lending World in Crisis-What Clients Need                    | 2011 |
| Forecasting Revenue/Appraising Distressed Commercial Real Estate | 2009 |
| Valuation of Easements and Other Partial Interests               | 2009 |
| Construction Defects and Cost Trends & Feasibility Analysis      | 2008 |
| Valuation of Detrimental Conditions                              | 2008 |
| Spotlight on Common Errors & Confidentiality USPAP Issues        | 2008 |



**QUALIFICATIONS OF APPRAISER  
CINDY LUND FOGEL**

**Appraisal Seminars (Continued)**

|   |      |
|---|------|
| The Essentials, Current Issues & Misconceptions in Appraising | 2007 |
| Attacking & Defending an Appraisal in Litigation              | 2007 |
| Analyzing Distressed Properties                               | 2005 |
| Appraisal Valuation Modeling                                  | 2004 |
| Subdivision Valuation   | 2004 |

**Formal Education**

|  |      |
|--|------|
| University of Nevada-Reno: Bachelor of Arts, College of Arts and Science | 1989 |
| Truckee Meadows Community College, Associate in Arts                     | 1984 |
| Sparks High School, Sparks, Nevada                                       | 1975 |

**Types of Property Appraised**

Vacant Land  
Warehouses and Industrial Buildings  
Professional Office Buildings  
Commercial Buildings  
Apartment Complexes  
Aircraft Hangars  
Right-of-Way & Public Utility Easements

**Representative Client List**

Regional Transportation Commission  
Truckee Meadows Water Authority  
Reno-Tahoe Airport Authority  
Carson City Airport Authority  
Minden-Tahoe Airport Authority  
Truckee Tahoe Airport  
Town of Truckee, California  
University of Nevada, Reno  
Desert Research Institute  
Washoe County School District  
NV Energy  
Carson City  
Churchill County  
State of Nevada Division of State Lands  
V & T Railroad Commission  
Washoe County Community Services  
Thomas Hall, Attorney  
Mark Wray, Attorney  
Robison Sharp Sullivan Brust, Attorneys  
City of Fallon, Nevada  
City of Fernley, Nevada



## APPRAISER CERTIFICATE

### STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY

NOT TRANSFERABLE

REAL ESTATE DIVISION

NOT TRANSFERABLE

This is to Certify That : CINDY LUND FOGEL

Certificate Number: A.0002312-CG

Is duly authorized to act as a CERTIFIED GENERAL APPRAISER from the issue date to the expiration date at the business address stated here in, unless the certificate is sooner revoked, cancelled, withdrawn, or invalidated.

Issue Date: September 6, 2022

Expire Date: May 31, 2024

In witness whereof, THE DEPARTMENT OF BUSINESS AND INDUSTRY, REAL ESTATE DIVISION, by virtue of the authority vested in Chapter 645C of the Nevada Revised Statutes, has caused this Certificate to be issued with its Seal printed thereon. This certificate must be conspicuously displayed in place of business.

FOR: JOHNSON PERKINS GRIFFIN, LLC  
6121 LAKESIDE DRIVE, SUITE 160  
RENO, NV 89511

REAL ESTATE DIVISION

SHARATH CHANDRA  
*Administrator*

