

**EXHIBITS TO
DISPOSITION AND DEVELOPMENT AGREEMENT**

Exhibit 1. Location Map – Project Property

Exhibit 2. Appraisal and Update Analysis

Exhibit 3. Supplemental Analysis

Exhibit 4. Review of Appraisal Report

Exhibit 5. Parking Analysis

Exhibit 6. Notice of Sale Reno Gazette Journal

Exhibit 7. Conceptual Elevations

Exhibit 8. IBC Chapter 33: Safeguards During Construction

Exhibit 1. Location Map – Project Property

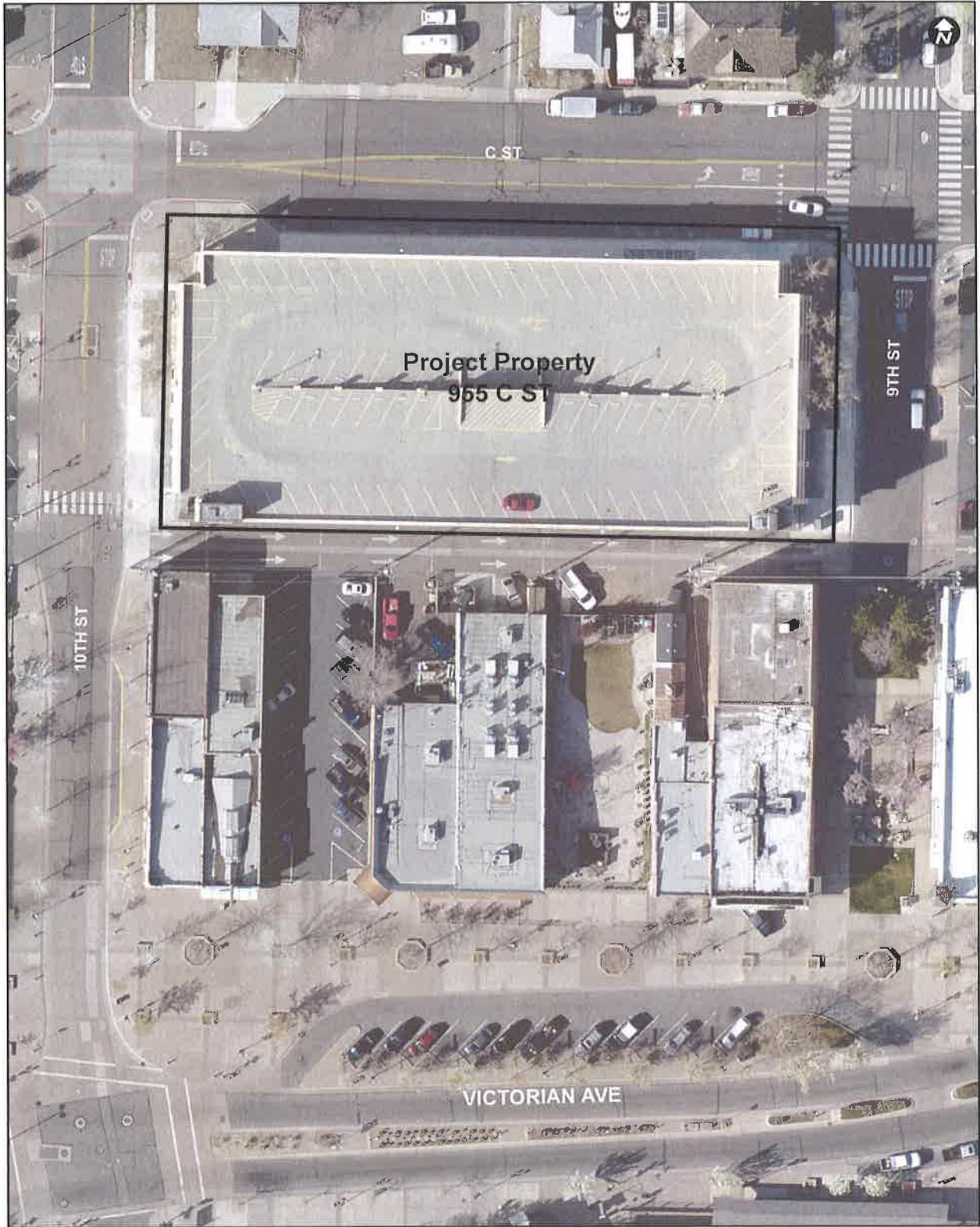


Exhibit 2. Appraisal and Update Analysis



JOHNSON | PERKINS | GRIFFIN
REAL ESTATE APPRAISERS & CONSULTANTS

245 E. Liberty Street, Suite 100, Reno, NV 89501
775.322.1155 | Fax 775.322.1156 | jpgnv.com

Stephen R. Johnson, MAI, SREA
Reese Perkins, MAI, SRA
Scott O. Griffin, MAI
Cindy Lund Fogel, MAI
Sarah K. Fye, MBA

November 7, 2017

Via Email: AOrnelas@cityofsparks.us

Mr. Armando Ornelas
Assistant Community Services Director-Development
City of Sparks
431 Prater Way
Sparks, Nevada 89434

Re: C Street Parking Garage, Sparks, Nevada

Dear Mr. Ornelas:

On May 22, 2017, I prepared an appraisal of the C Street Parking Garage with an effective date of value of May 8, 2017. At that time, I estimated the Market Value of the fee simple interest in the subject property to be \$950,000.

You have requested that I provide you with an updated analysis of the subject property as of a current date of valuation. This updated analysis of the appraisal report has been prepared in accordance with the requirements of Advisory Opinion AO-7 of the Uniform Standards Of Professional Appraisal Practice. It is intended that this updated analysis be utilized in conjunction with the original appraisal report of the subject property.

The subject property is identified as Washoe County Assessor's Parcel Number 032-193-19, and is situated on the south side of C Street, between 10th Street and 9th Street, Sparks, Washoe County, Nevada. The subject property is owned by The City of Sparks.

The subject property contains a total land area of 42,000± square feet and is improved with a four level parking garage containing 402 parking spaces, and a gross building area of 125,760± square feet, including the roof parking deck.



The client in this updated appraisal assignment is the City of Sparks. The intended users of the appraisal report are the City of Sparks and the Redevelopment Agency of The City of Sparks. The intended use of the updated analysis is for internal management purposes and decision making.

Reference is made to the original appraisal report for a complete description of the subject property, including photographs, sketches and exhibits which will enable the reader to visualize the subject property.

As indicated in the original appraisal report, the subject parking garage was constructed in 1988 and involves average quality Class C (concrete) construction. The subject improvements are generally in fair condition. The subject property contains approximately 402 parking spaces.

Reference is made to the comparable parking garage sales chart, set forth on page 68 of the appraisal report. As indicated, three comparable sales were utilized to arrive at an indication of the Market Value of the subject property. The comparable sales ranged in date of sale from August 12, 2013 to August 14, 2015, in comparison to the subject's effective date of value of May 8, 2017. The comparable parking garage sales range in number of parking spaces from 277 to 835, in comparison to the subject property, which contains 402 parking spaces. The comparable sales range in gross building area from 80,352± square feet to 242,100± square feet in comparison to the subject property which contains 125,760± square feet.

The comparable sales indicate a range in sale price per square foot of gross building area from \$5.69 per square foot (adjusted) to \$10.33 per square foot. The comparable sales indicate a range in sale price per parking space from \$2,022 (adjusted) to \$2,944.

The comparable sales were correlated to a final value conclusion in the amount of \$950,000 as of May 8, 2017.

In arriving at an updated indication of the Market Value of the subject property, I have reviewed the comparable sales utilized in the original appraisal. In addition, I have reviewed the records of the Washoe County Assessor's Office, as well as CoStar, a commercial real estate data base. There have been no recent sales of parking garages similar to the subject since the original appraisal report was prepared.

Given the subject's age, quality and condition, and with further consideration given to the limited number of sales, as well as infrequent dates of sales with respect to parking garages, it is my opinion that there has been no significant change in the market value of the subject property



as of a current date of valuation. As a result, it is my opinion that the Market Value of the subject's fee simple interest as of a current date of valuation, would remain the same as reported in the original appraisal report, in the amount of \$950,000.

It is my opinion that the Market Value of the subject property, as of November 7, 2017, is \$950,000.

This updated appraisal analysis has been prepared in accordance with requirements of Advisory Opinion, AO-7 of the Uniform Standards of Professional Appraisal Practice for an update appraisal report. It is intended that this updated analysis be utilized in conjunction with the original appraisal of the subject property dated May 22, 2017, with an effective date of value of May 8, 2017. This updated appraisal analysis has been prepared in accordance with the Appraiser's Certification and Standard Assumption and Limiting Conditions as set forth in the original appraisal report.

Respectfully Submitted,

Reese Perkins, MAI, SRA
Nevada Certified General Appraiser
License Number A.0000120-CG



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REAL ESTATE APPRAISERS & CONSULTANTS

AN APPRAISAL
OF

THE C STREET PARKING GARAGE

LOCATED AT

955 C STREET,
SPARKS, WASHOE COUNTY, NEVADA

OWNED BY
AND PREPARED FOR

THE CITY OF SPARKS

For The Purpose Of

Estimating Market Value

VALUE ADDRESSED	INTEREST APPRAISED	EFFECTIVE DATE OF VALUE
Market Value	Fee Simple Interest	May 8, 2017



May 22, 2017

Mr. Armando Ornelas
Assistant Community Service Director-Development
City of Sparks
431 Prater Way
Sparks, Nevada 89434

Re: C Street Parking Garage, Sparks, Nevada

Dear Mr. Ornelas:

This is in response to your request for an appraisal of the C Street Parking Garage, located at 955 C Street, Sparks, Washoe County, Nevada. The subject property, which is identified as Washoe County Assessor's Parcel Number 032-193-19, is situated on the south side of C Street, between 10th Street and 9th Street. The subject property is owned by The City of Sparks.

The subject property contains a total land area of 42,000± square feet and is improved with a 4-level parking garage containing 402 spaces and a gross building area of 125,760± square feet, including the roof parking deck.

The purpose of the appraisal is to estimate the Market Value of the fee simple interest in the subject property, as of a current date of valuation. The client in this appraisal assignment is The City of Sparks. The intended users of the appraisal report are The City of Sparks, Redevelopment Agency of the City of Sparks and Silverwing Development. The intended use of the appraisal is for internal management purposes and decision making.

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice*. The appraisal report presents summary discussions of the data, reasoning and analyses that are used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in this appraiser's file. The depth of the discussion contained in the report is specific to the needs of the client and for



the intended use as stated herein. This appraisal firm is not responsible for unauthorized use of the report.

This report sets forth pertinent data, statistics and other information considered necessary to establish the Market Value of the subject property's fee simple estate. The market value estimate was derived through an analysis and correlation of the data set forth in the following report. The subject property and the comparable properties analyzed were personally inspected by the undersigned. No one other than the undersigned prepared the analysis, conclusions and opinions concerning real estate that are set forth in the accompanying appraisal report.

After careful consideration of all data available, and on thorough personal investigation of the subject property and the comparable properties analyzed, it is my opinion that the Market Value of the fee simple interest of the subject property, as of May 8, 2017 is:

FINAL MARKET VALUE CONCLUSION
(Fee Simple Interest As Of May 8, 2017)

\$950,000

Respectfully Submitted,

Reese Perkins, MAI, SRA
Nevada Certified General Appraiser
License Number A.0000120-CG



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SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Property Name	C Street Parking Garage
Property Type	Four-level parking garage
Assessor's Parcel Number	032-193-19
Address	955 C Street, Sparks, Washoe County, Nevada
Location	The south side of C Street, between 10 th Street and 9 th Street, Sparks, Washoe County, Nevada
Owner of Record	City of Sparks
Land Area	42,000± SF (.9642± Acres)
A.P.N. 032-341-21	<u>28,638± SF (.6574± Acres)</u>
Combined Subject Property	59,350± SF (1.3625± Acres)
City of Sparks Zoning/Land Use	MUD (Mixed-use District); Downtown/Victorian Square (DT/VS)
Flood Zone	Zone "X"
Subject Improvement Summary	
Number of Levels	Four
Number of Parking Spaces	402
Year Built	1988
Gross Building Area	125,760± Square Feet (Including Roof Parking Deck)
Construction	Pre-cast Concrete
Number of Elevators	Two
Number of Stairways	Two
Highest and Best Use As Vacant	Mixed-use development with multi-residential and retail commercial components.
As Improved	Continued use as a public parking structure.



Property Rights Appraised	Fee Simple Interest
Exposure and Marketing Time	One Year
Type of Report	Appraisal Report
Effective Date of Valuation	May 8, 2017
Completion Date of Report	May 22, 2017

FINAL MARKET VALUE CONCLUSION	\$950,000
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PURPOSE OF APPRAISAL

This appraisal is being prepared for the purpose of estimating the Market Value of the subject property's fee simple estate as of a current date of value.

CLIENT AND INTENDED USERS

The intended users of this appraisal report are the City of Sparks, the Redevelopment Agency of the City of Sparks, their designated representatives, and Silverwing Development. The client in this appraisal assignment is the City of Sparks.

INTENDED USE OF APPRAISAL

The intended use of this report is for internal management purposes, possible disposition of the subject property, and as the basis for establishing an option price the subject property. An appraisal is needed to establish the Market Value before the City and Agency conduct a public hearing and make the findings required by NRS 279.486.

PROPERTY RIGHTS APPRAISED

This appraisal report will address the fee simple estate of the subject property as of a current date of value.

FEE SIMPLE ESTATE DEFINED

Fee Simple estate is defined as "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."¹

MARKET VALUE DEFINED

Market Value means the most probable price, which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1) Buyer and seller are typically motivated;
- 2) Both parties are well informed or well advised, and acting in what they consider their own best interests;

¹ Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 90.



- 3) A reasonable time is allowed for exposure in the open market;
- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.²

DATE OF INSPECTION

The subject property was inspected on various occasions during April 2017 and May 2017, the most recent of which was May 8, 2017.

EFFECTIVE DATE OF VALUATION

The effective date of valuation for the subject property is May 8, 2017.

COMPLETION DATE OF REPORT

This appraisal report was completed on May 22, 2017.

² Rules and Regulations, Federal Register, Vol. 55, No. 165, Page 34696, 12 CFR Part 24.42(f)



SCOPE OF APPRAISAL

The preparation of this appraisal included:

- An inspection of the subject property;
- Identification and analysis of the subject neighborhood;
- Analysis of the subject's physical and legal characteristics;
- Interview with persons knowledgeable with the subject property;
- Completion of a Highest and Best Use Analysis for the subject property;
- Research and analysis of comparable parking garage sales and listings;
- Completion of a Direct Sales Comparison Approach Analysis to arrive at an indication of the fee simple Market Value of the subject property;
- Correlation of the value indications to arrive at the Market Value of the subject property, under the valuation scenario as set forth herein;
- Analysis of appropriate exposure and marketing times for the subject property;
- Preparation of the appraisal report.

EXTRAORDINARY ASSUMPTION DEFINED

An extraordinary assumption is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinion or conclusions.³ In the preparation of this appraisal report, no extraordinary assumptions were made.

Hypothetical Condition

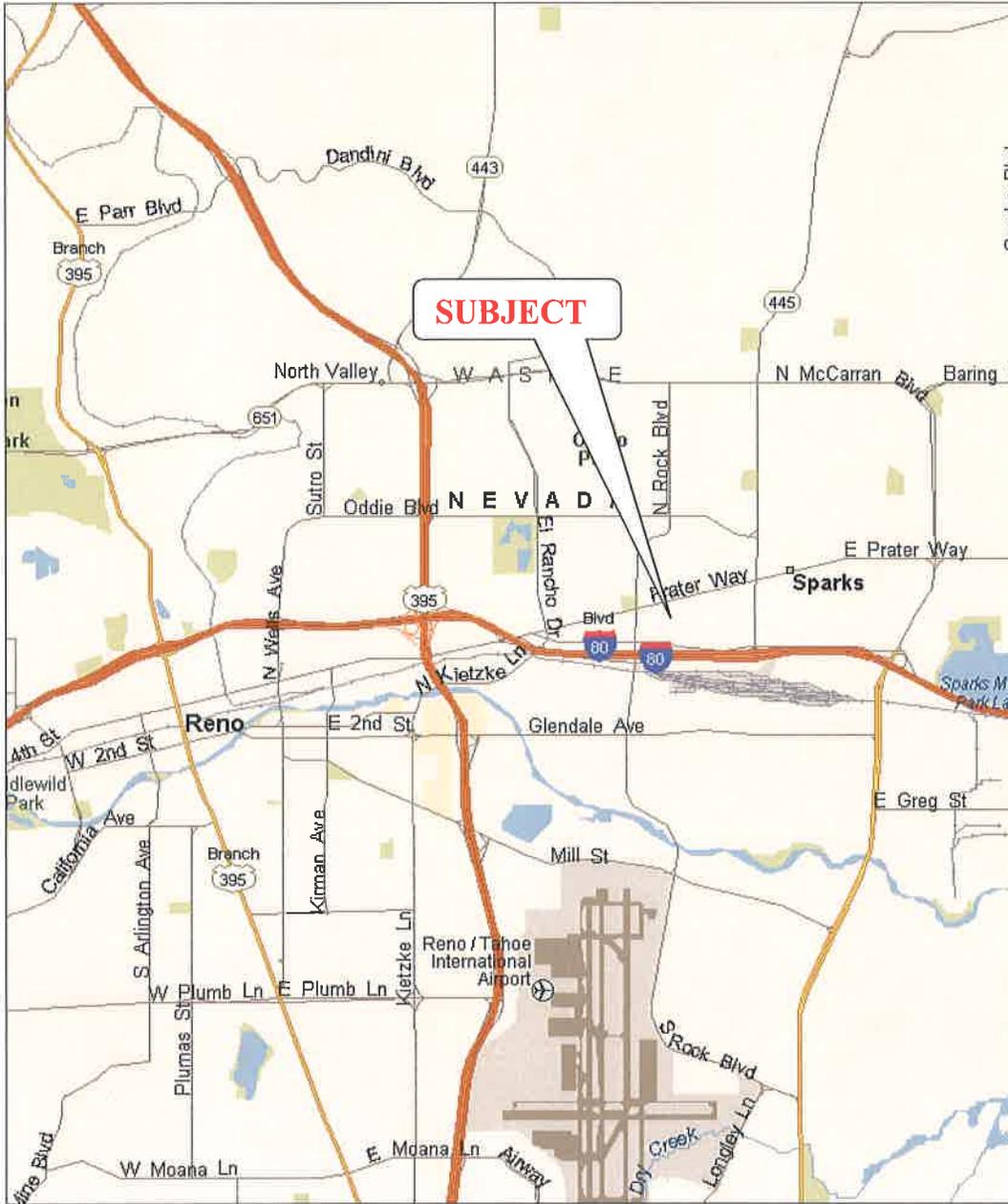
A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of assignment results, but is used for the purposes of analysis.⁴ In the preparation of this appraisal report, a hypothetical condition was not utilized.

³ Pg. U3, Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition

⁴ Pg. U3, Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition

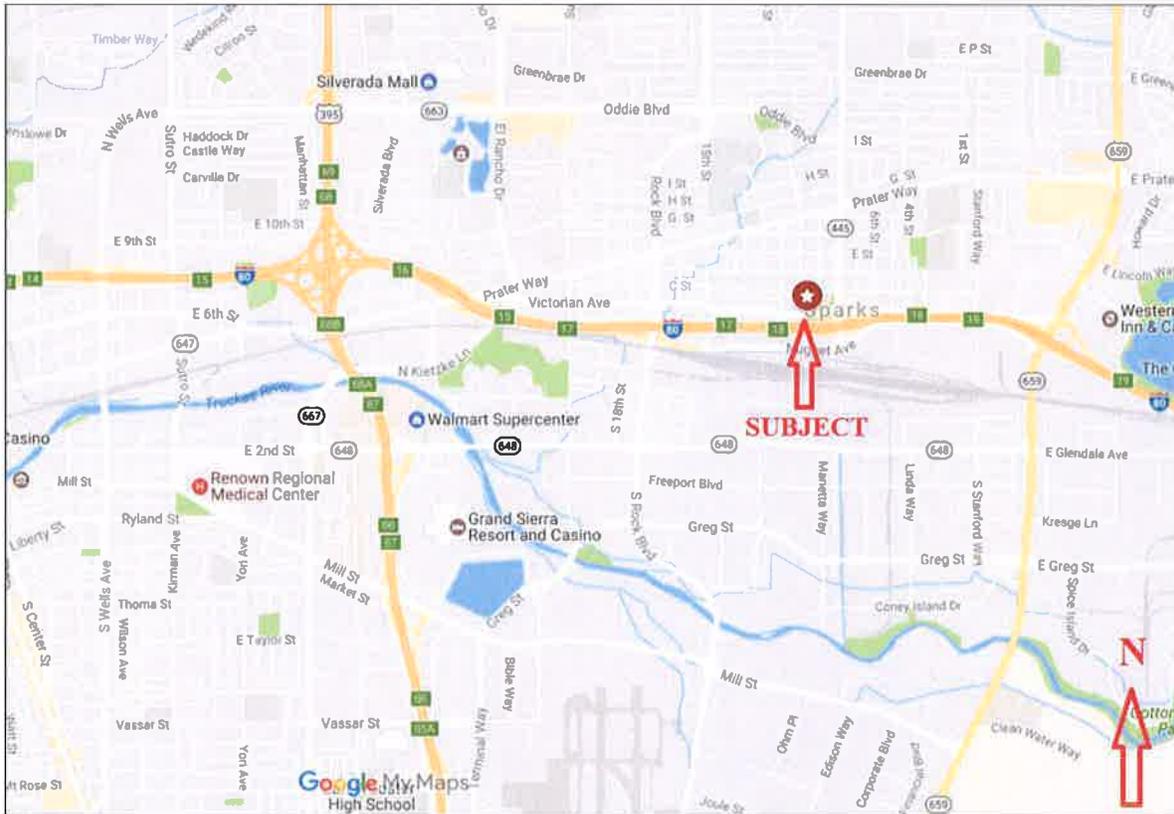


RENO-SPARKS AREA MAP





RENO-SPARKS LOCATION MAP





RENO-SPARKS AREA ANALYSIS AND DESCRIPTION

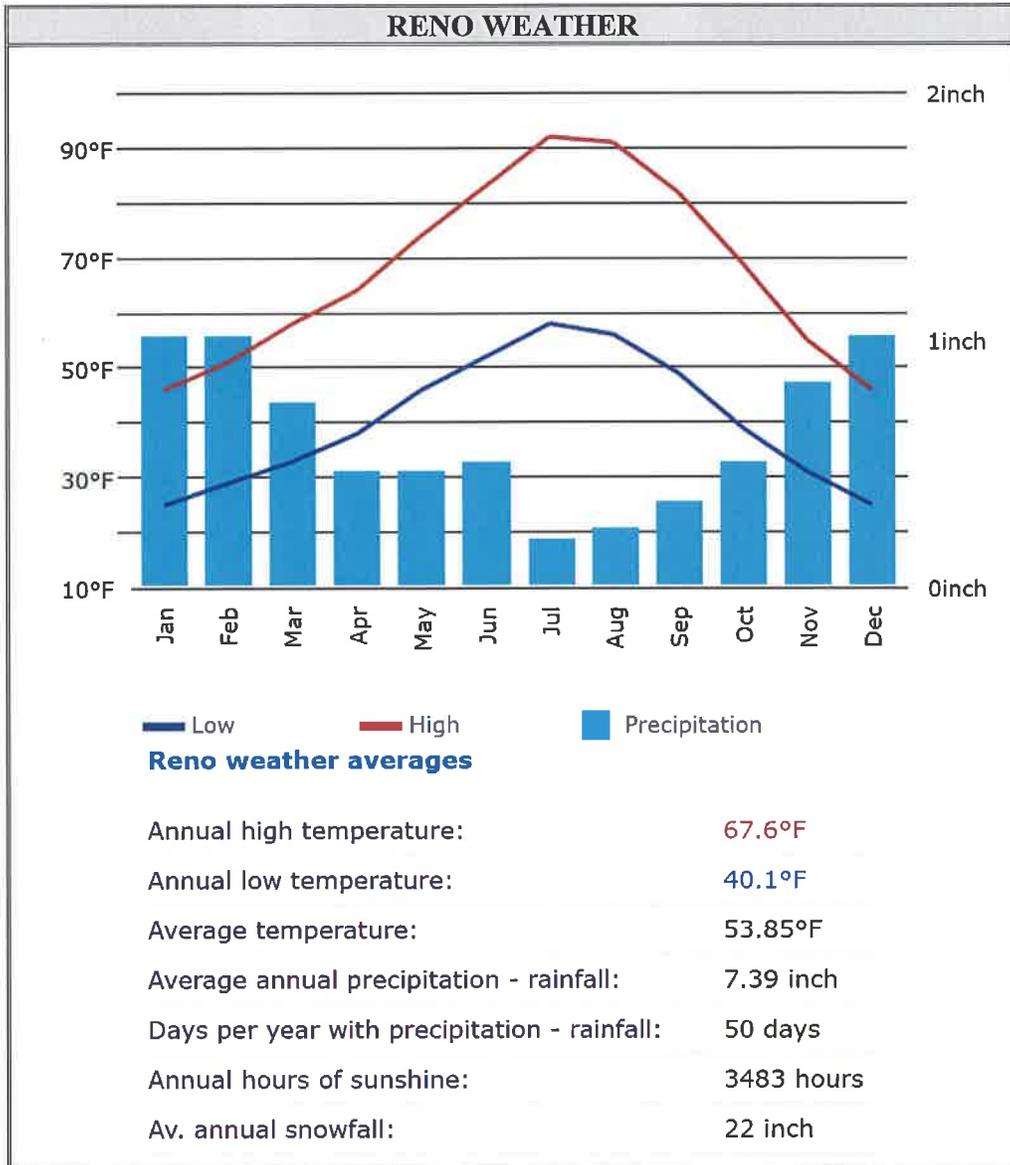
The Reno-Sparks metropolitan area is situated on the eastern slopes of the Sierra Nevada Mountain Range in a large valley known as the Truckee Meadows. Two major freeways serve the region. Interstate 80 runs in an east-west direction through Reno, while U.S. 395/I-580 runs in a north-south direction through Reno. The following summarizes Reno's vicinity to other major metropolitan areas in the region.

MILES BETWEEN RENO & MAJOR METROPOLITAN AREAS		
Market	Direction From Reno	Miles From Reno
San Francisco	West/Southwest	190± Miles
Los Angeles	Southwest	450± Miles
Portland	Northwest	440± Miles
Salt Lake City	East	520± Miles
Las Vegas	Southeast	450± Miles
Phoenix	Southeast	745± Miles

McCarran Boulevard is a ring road that encircles the Reno-Sparks area and facilitates access between the various quadrants of the region. Overall, the Reno-Sparks area has very good roadway and highway access.

The Reno-Sparks metropolitan area's location is a positive amenity due to its proximity to major California markets, as well as the recreational and scenic amenities afforded by its proximity to the Sierra-Nevada Mountains and Lake Tahoe. Lake Tahoe is a 45-minute drive from downtown Reno and is the second largest alpine lake in the world, with 72 miles of Lake Frontage. Lake Tahoe also offers the greatest concentration of downhill skiing facilities in North America.

The Truckee Meadows is located at an elevation of approximately 4,400 feet above sea level and offers a semi-arid climate. The following chart summarizes weather data for the Reno area.



The primary source of water for the region is the Truckee River, which originates at Lake Tahoe, approximately 30 miles southwest of Reno, and terminates at Pyramid Lake approximately 30 miles north of Sparks. The river flows through the heart of downtown Reno and along the southern edge of Sparks. The Truckee River is a major recreational and scenic amenity for the region.



Population, Growth and Employment

Since 1970, the Truckee Meadows have been one of the fastest growing areas in the nation, with the population increasing by over 100% by 1990. According to the Nevada State Demographer’s Office at the University of Nevada, the population of Washoe County was estimated to be 436,797 in 2014. The following summarizes historical population estimates for the region.

HISTORICAL POPULATION ESTIMATES										
Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Reno	206,735	214,371	220,613	223,012	218,143	217,282	222,801	229,859	232,243	235,371
Sparks	85,618	87,846	89,449	91,684	91,237	92,331	92,302	90,214	91,551	92,396
Unincorporated	104,491	106,868	107,999	109,137	107,252	107,766	106,490	107,131	108,530	109,030
Washoe County	396,844	409,085	418,061	423,833	416,632	417,379	421,593	427,204	432,324	436,797

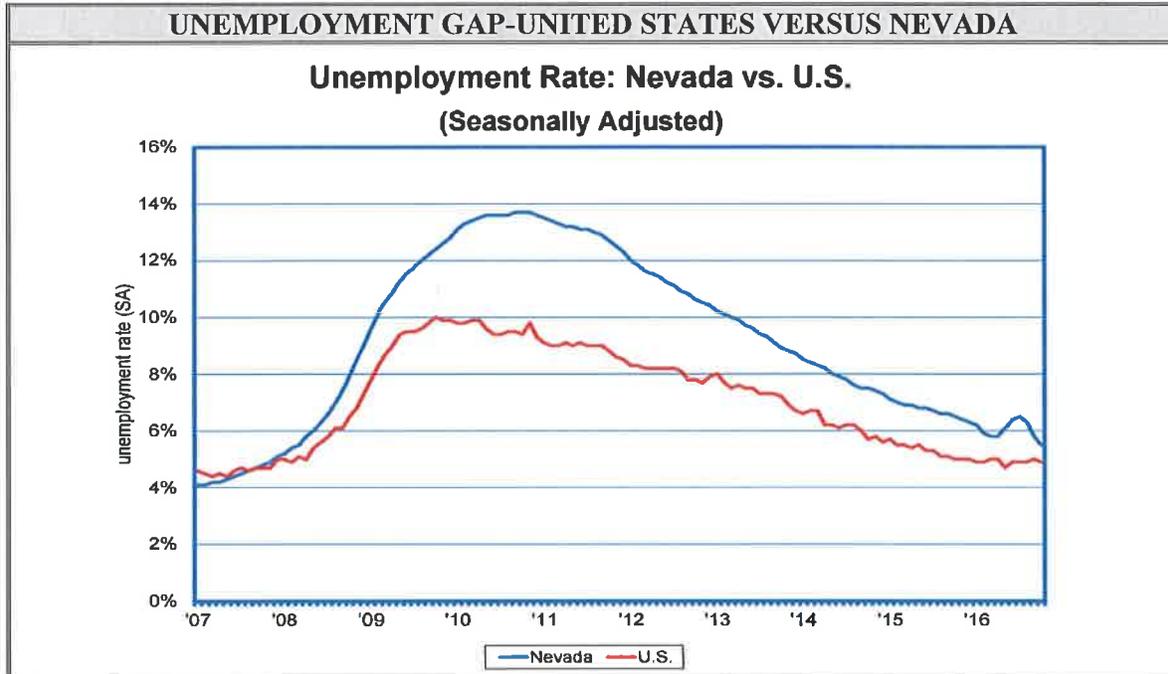
Source: Nevada State Demographer

The downturn in the economy has particularly impacted the labor force in Nevada, although over the past two years unemployment has decreased significantly. Unemployment rates for the United States, Nevada and its four largest metropolitan statistical areas are summarized on the following chart.

UNEMPLOYMENT DATA								
Area	Annual 2009	Annual 2010	Annual 2011	Annual 2012	Annual 2013	Annual 2014	Annual 2015	December 2016
United States	9.25%	9.63%	8.95%	8.07%	7.38%	6.17%	5.28%	4.50%
Nevada	11.31%	13.53%	13.07%	11.17%	9.54%	7.75%	6.80%	4.90%
Las Vegas MSA	11.49%	13.76%	13.28%	11.26%	9.61%	7.81%	6.86%	5.00%
Reno-Sparks MSA	11.11%	12.96%	12.66%	11.05%	9.41%	7.45%	6.33%	4.20%
Carson City MSA	11.05%	13.48%	13.27%	11.74%	10.34%	8.49%	7.32%	5.30%
Elko MSA	6.28%	7.70%	7.24%	6.33%	6.13%	5.49%	5.19%	3.90%

Source: Nevada Department Of Employment, Training & Rehabilitation

The unemployment rate for Washoe County and Nevada has historically averaged between 1% and 2% below the national average. However, with the economic downturn which began in 2008, Nevada was one of the hardest hit in the nation and currently has among the highest unemployment rate in the country. Improvement is expected in Nevada’s employment outlook, but remains below the pre-recession peak. The following chart summarizes the unemployment rate gap between the State of Nevada and the United States.



Nevada offers one of the most liberal tax structures in the country. Nevada levies no personal or corporate income tax. Nevada's Freeport law exempts from taxation merchandise warehoused, assembled or processed in the State of Nevada. Real estate taxes in the State of Nevada are limited by State constitution to a maximum of \$5 per \$100 of assessed valuation. The assessed valuation is 35% of the Assessor's estimate of the taxable value of the property.

Although it is not located in Washoe County, construction of the new Tesla Gigafactory in nearby Storey County within the Tahoe Reno Industrial Center is expected to have a huge impact on the entire region. On September 5, 2014, Tesla announced that the Tahoe Reno Industrial Park (TRIC), located east of Sparks, had landed the coveted Gigafactory. Over \$1.25 billion in State of Nevada incentives were approved for development of the project. In return, Tesla will be required to complete \$5 billion in capital investments on the facility through 2028. The cost for the building and site infrastructure will be \$1.1 billion. Machinery and equipment will account for the remaining \$3.9 billion, including materials processing and product assembly. Once the 5.5 million square foot facility reaches full operation, it will produce enough batteries for 500,000 Tesla electric cars each year. As part of the deal, the USA Parkway extension will be fast-tracked; this \$43 million project will extend USA Parkway from its current terminus in TRIC, to U.S. Highway 50 in Silver Springs, greatly reducing travel times between Interstate 80



and U.S. Highway 50. In January 2015, Las Vegas-based Switch announced plans to build a 3 million square foot data center project in the same industrial center. The project is expected to be built in phases with a total of \$1 billion in investment with it.

Gaming and Tourism Market

It is estimated that the Reno-Sparks area currently offers approximately 25,000 hotel and motel rooms. The vast majority of the hotel-casino facilities are located within the downtown Reno core area. As a result, this area is one of the primary employment centers in the Reno-Sparks area. Additional hotel-casino developments are located in southern Reno along South Virginia Street including the Atlantis Casino resort and the Peppermill Hotel/Casino. The Grand Sierra Resort is located on the Reno-Sparks border and John Ascuaga’s Nugget is located east of Reno in central Sparks. It is noted that the Nugget was recently purchased by a new owner and is undergoing major renovations. The following chart summarizes the most recent data available for gaming revenue for the Reno-Sparks/Washoe County area, as well as other areas within the state.

GAMING WIN DATA						
Area	Current Period			Fiscal Year-to Date		
	12/1/16 to 12/31/16	12/1/15 to 12/31/15	% Change	7/1/16 to 12/31/16	7/1/15 to 12/31/15	% Change
Statewide	956,095,364	982,971,649	-2.73%	5,698,303,795	5,562,571,530	2.44%
Clark County	827,707,084	865,259,976	-4.34%	4,897,130,202	4,793,315,264	2.17%
LV Strip	590,707,123	600,750,793	-1.67%	3,275,555,012	3,187,208,756	2.77%
Downtown	42,509,021	43,446,201	-2.16%	284,976,419	270,021,842	5.54%
North Las Vegas	17,002,174	22,157,590	-23.27%	130,303,702	131,437,339	-0.86%
Laughlin	28,203,272	30,922,024	-8.79%	219,942,337	218,819,931	0.51%
Boulder Strip	47,470,068	64,939,447	-26.90%	373,223,011	382,877,527	-2.52%
Mesquite	10,011,367	9,599,890	4.29%	55,882,119	53,902,295	3.67%
Balance of County	91,804,060	93,444,033	-1.76%	557,247,602	549,047,574	1.49%
Washoe County	68,965,769	60,360,623	14.26%	420,852,428	400,622,134	5.05%
Reno	50,249,091	44,026,643	14.13%	309,278,939	293,365,555	5.42%
Sparks	11,134,388	10,435,430	6.70%	65,425,173	63,716,657	2.68%
North Lake Tahoe	2,507,621	2,007,658	24.90%	14,705,336	14,304,843	2.80%
Balance of County	5,074,669	3,890,892	30.42%	31,442,980	29,235,079	7.55%
South Lake Tahoe	18,724,329	17,950,675	4.31%	122,510,544	113,802,857	7.65%
Elko County	19,969,730	19,311,633	3.41%	132,851,472	130,715,671	1.63%
Wendover	13,530,717	12,804,918	5.67%	86,627,780	85,916,907	0.83%
Balance of County	6,439,012	6,506,716	-1.04%	46,223,693	44,798,764	3.18%
Carson Valley Area *	8,487,453	7,913,035	7.26%	51,400,446	50,806,021	1.17%
Other	12,240,999	12,175,706	0.54%	73,558,704	73,309,583	0.34%

* Carson Valley Area includes Carson City, Gardnerville, Minden and all other areas of Douglas County except South Lake Tahoe.

Source: Nevada Gaming Control Board



Within the past decade, legalized gaming has continued to spread across the country and gaming revenues for northern Nevada have been impacted. The opening of several Indian casinos in the State of California in recent years and the proposed openings of several other Indian Casinos in California have had a dramatic effect on the gaming economy in the Reno-Sparks area. Over the past decade, several casinos in the downtown Reno market, including the Sundowner Hotel Casino, the Comstock Hotel Casino, Fitzgerald, and the Golden Phoenix Hotel Casino, have closed.

The following summarizes data provided by the Reno-Sparks Convention and Visitors Authority, regarding visitor counts for the Reno-Sparks area.

ESTIMATED VISITOR COUNTS-RENO/SPARKS AREA										
Month	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
January	359,999	333,022	316,092	294,059	299,173	281,231	321,606	299,638	343,067	316,331
February	384,426	370,723	295,138	328,058	321,307	341,375	320,629	317,344	333,754	359,614
March	447,820	392,945	347,408	386,010	351,791	361,802	379,107	366,211	372,814	409,901
April	412,427	368,515	355,994	381,443	357,305	383,750	373,910	374,077	364,488	393,691
May	444,338	386,746	383,952	384,619	373,984	381,261	410,307	409,936	402,554	392,777
June	466,676	405,058	407,199	443,619	407,328	439,008	464,030	442,928	428,339	464,631
July	467,583	423,823	392,702	420,724	424,276	447,787	464,634	463,881	461,255	475,75
August	485,625	455,120	419,108	407,140	419,488	462,034	485,528	480,178	462,746	464,041
September	471,151	415,503	425,878	420,555	417,120	446,791	429,800	430,243	443,255	473,841
October	435,218	399,343	370,325	358,623	347,074	371,788	370,269	383,157	419,970	404,271
November	374,977	316,383	307,233	290,725	297,589	283,121	321,139	326,680	325,605	353,021
December	347,351	316,117	334,396	310,695	316,657	326,467	343,768	356,925	388,261	385,731
Totals	5,097,691	4,583,298	4,354,423	4,406,270	4,345,141	4,536,415	4,684,614	4,631,195	4,746,207	4,893,101

Source: Reno-Sparks Convention and Visitors Authority

Residential Market

The residential market in the Reno-Sparks area grew tremendously in the 1990's and this growth continued until 2006, when the residential housing crisis began. The downturn in the residential market had a tremendous impact on residential development and sales within the Reno-Sparks market, resulting in very limited new construction for the past five years. Although the residential real estate market has struggled there are signs of recovery. The existing residential home sales and prices are on the rebound. Market activity has increased significantly in Northern Nevada in recent months and the residential market is on the rebound after a long period of decline. Sale offers are reported at or above list prices and sellers are receiving multiple offers.

The December 2016 Market Report presented by the Reno/Sparks Association of Realtors reports that, "With the recent slowdown in sales and the leveling in median price, many are asking, "Are we looking at another real estate bubble?" said John Graham, 2016 president



RSAR. “All the indicators say no. If you look at pending sales, unit sales, new listings and median price there is no one factor that is out of alignment or indicating signs of a bubble. They are all following a more seasonal trend.”

Market Report Commentary-*Reno Sparks Association of Realtors*

- The median price at \$299,950 is down 3.2% from November and up 3.6% from December 2015.
- December unit sales at 518 are down 3.2% from November and up 3.2% compared to December 2015.
- December new listings are down 27% at 316 compared to November and down 13% from December 2015.
- The Reno market remains in a seller’s market, at 3.0 months supply of inventory. A months supply of inventory is the time it would take to exhaust the active and pending inventory at the current rate of sales.

Conclusions

- Reno-Sparks market performed as expected. The number of units sold averaged 546 units per month, which is typical. Even with monthly highs and lows in unit sales throughout the year, the Reno-Sparks market historically averages between 500-550 sales per month.
- Unit sales for 2016 were 6,559 up 3.7 percent compared to 2015 at 6,323.
- The annual median sales price at \$304,990 in 2016 was up 9% compared to 2015. In 2015, the annual median sales price was \$280,000 up 14% from 2014.
- New listings in 2016 increased 8% compared to 2015.
- Properties are remaining on the market an average of 107 days compared to 104 days in December 2015.
- Sellers are receiving an average of 98.2% of list price compared to 98.3% in December of 2015.
- Even with the slowing in sales during this time of year, the Reno market remains a seller’s market at 3.0 months supply of inventory









Improvement in the residential market is stimulating new construction. Most of the bulk finished lots within the market have been purchased by developers; most of these lots were bank owned during the recession. With job growth projected at over 50,000 new jobs in the coming years, demand for new housing in the area is expected to be extremely strong.

Multifamily Market

The following summarizes data from the *Apartment Survey*, which is a quarterly survey conducted by Johnson Perkins Griffin, LLC. The 4th Quarter 2016 Survey indicates an overall vacancy rate of 2.93%, and an average overall rent of \$1,066.

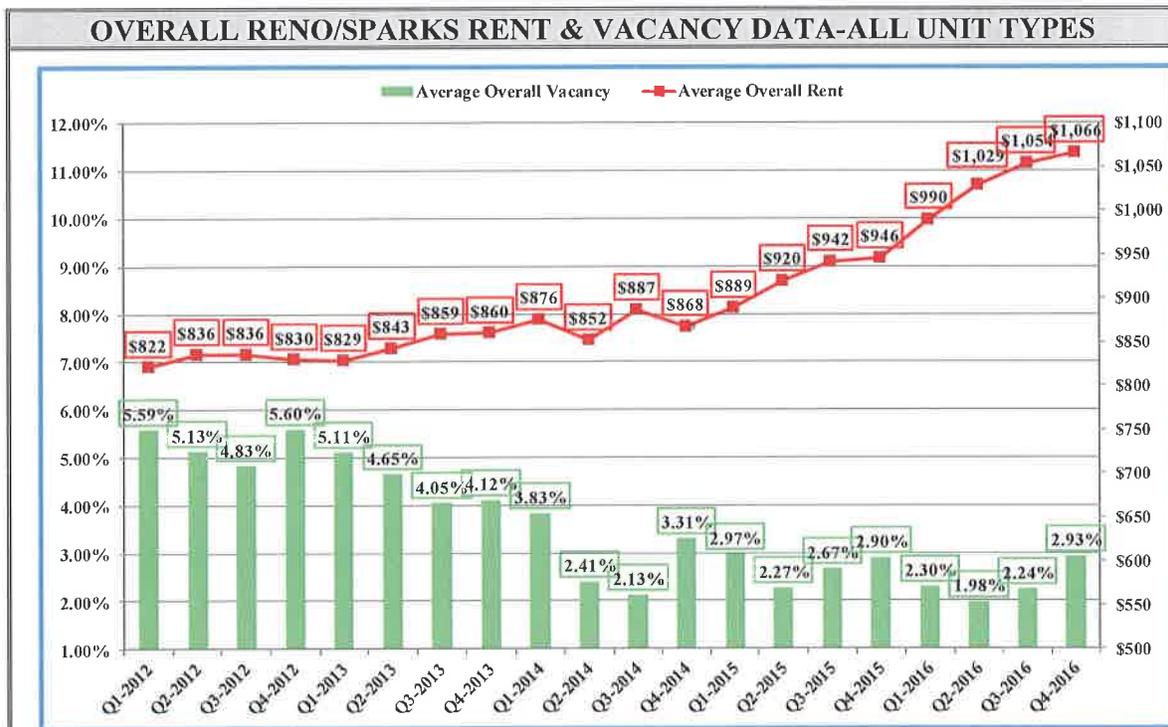
AVERAGE SIZE, AVERAGE RENT & AVERAGE VACANCY RATE BY UNIT TYPE							
CATEGORY	STUDIOS	1 BED/ 1 BATH	2 BED/ 1 BATH	2 BED/ 2 BATH	3 BED/ 2 BATH	TOWNHOMES	TOTALS
Average SF-By Unit Type	405 SF	722 SF	862 SF	1,043 SF	1,273 SF	1,298 SF	890 SF
Average Rent-By Unit Type	\$673	\$939	\$984	\$1,207	\$1,382	\$1,287	\$1,066
Average Rent/SF-By Unit Type	\$1.66	\$1.30	\$1.14	\$1.16	\$1.09	\$0.99	\$1.20
Indicated Vacancy Rate-By Unit Type	1.92%	2.95%	2.75%	3.02%	3.26%	2.96%	2.93%

OVERALL AVERAGE RENT & VACANCY-PRIOR & CURRENT QUARTER			
Category	3 rd Quarter 2016	4 th Quarter 2016	Change
Average Vacancy	2.24%	2.93%	+69 Basis Points
Average Rent	\$1,054	\$1,066	+\$12 or +1.14%

COMPARISON OF RENTAL RATES & VACANCY RATES TO PRIOR QUARTER						
UNIT TYPE	AVERAGE RENT			AVERAGE VACANCY		
	3rd Qtr. 2016	4th Qtr. 2016	Result	3rd Qtr. 2016	4th Qtr. 2016	Result
Studio	\$662	\$673	+\$11	1.48%	1.92%	+0.44%
1 Bedroom/1 Bath	\$923	\$939	+\$16	2.00%	2.95%	+0.95%
2 Bedroom/1 Bath	\$973	\$984	+\$11	1.41%	2.75%	+1.34%
2 Bedroom/2 Bath	\$1,192	\$1,207	+\$15	2.79%	3.02%	+0.23%
3 Bedroom/2 Bath	\$1,420	\$1,382	-\$38	2.75%	3.26%	+0.51%
Townhouse	\$1,258	\$1,287	+\$29	3.33%	2.96%	-0.37%
TOTALS	\$1,054	\$1,066	+\$12	2.24%	2.93%	+0.69%



RENTAL & VACANCY RATES BY SUB-MARKET AREA							
Area	Sub-Market	AVERAGE RENT			AVERAGE VACANCY		
		3rd Qtr. 2016	4th Qtr. 2016	Result	3rd Qtr. 2016	4th Qtr. 2016	Result
1	Northwest Reno	\$1,150	\$1,173	+\$23	2.08%	2.33%	+0.25%
2	Northeast Reno	\$969	\$986	+\$17	0.53%	1.75%	+1.22%
3	W. Sparks/N. Valley	\$932	\$941	+\$9	1.32%	2.01%	+0.69%
4	East Sparks	\$1,172	\$1,190	+\$18	2.96%	3.72%	+0.76%
5	West Reno	\$924	\$937	+\$13	1.33%	1.78%	+0.45%
6	Southwest Reno	\$970	\$980	+\$10	3.04%	5.76%	+2.72%
7	Brinkby/Grove	\$770	\$773	+\$3	1.90%	3.31%	+1.41%
8	Airport	\$855	\$861	+\$6	1.61%	1.96%	+0.35%
9	Lakeridge	\$1,184	\$1,165	-\$19	4.31%	5.83%	+1.52%
10	Southeast Reno	\$1,074	\$1,085	+\$11	2.36%	2.32%	-0.04%
Overall Reno-Sparks		\$1,054	\$1,066	+\$12	2.24%	2.93%	+0.69%



OVERALL RENO-SPARKS MARKET AVERAGES-ALL UNIT TYPES	
Category	4 th Quarter 2016 Overall Reno-Sparks Averages
Average Square Feet Per Unit Surveyed	890± Square Feet
Average Rent For Units Surveyed	\$1,066 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.20 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	2.93%



Industrial Market

In an effort to diversify the economic base of the area, community leaders have focused upon the expansion of the industrial segment of the economy. The industrial industry has experienced substantial growth over the past decade as a result of the region's central location, good transportation, infrastructure and liberal tax laws. At the present time, over 500 major U.S. and foreign corporations have headquarters or located large facilities in the area, including Amazon.com, International Gaming Technology (IGT), Barnes and Noble, Patagonia, Sherwin Williams, Wal-Mart Distribution Center, J.C. Penney's Catalog Distribution Center, and R.R. Donnelley, one of the nation's largest publishers.

On September 5, 2014, Tesla announced that the Tahoe Reno Industrial Park (TRIC), located east of Sparks, had landed the coveted Gigafactory. Over \$1.25 billion in State of Nevada incentives were approved for development of the project. In return, Tesla will be required to complete \$5 billion in capital investments on the facility through 2028. The cost for the building and site infrastructure will be \$1.1 billion. Machinery and equipment will account for the remaining \$3.9 billion, including materials processing and product assembly. Once the 5.5 million square foot facility reaches full operation, it will produce enough batteries for 500,000 Tesla electric cars each year. As part of the deal, the USA Parkway extension will be fast-tracked; this \$43 million project will extend USA Parkway from its current terminus in TRIC, to U.S. Highway 50 in Silver Springs, greatly reducing travel times between Interstate 80 and U.S. Highway 50.

As most major cities in the western portion of the United States are located within relatively close proximity and driving time to Northern Nevada, the Reno-Sparks area is a major distribution warehousing center. This development is further being enhanced by the favorable tax environment in the state of Nevada. Leases for industrial users in the Reno-Sparks market are typically based upon triple net lease terms. The CBRE *Reno Industrial Market View 4th Quarter 2016 Report* indicates the following:



COMMENTARY-CBRE RENO INDUSTRIAL MARKET VIEW 4TH QUARTER 2016

The Northern Nevada industrial market experienced continued strong demand, which led to the 19th consecutive quarter of positive net absorption. With over 2.7 million net sq. ft. absorbed, the market wide vacancy rate now rests at 3.8%, a decrease of 120 basis points (bps) from Q3 2016. Year-end net absorption totaled roughly 5.3 million sq. ft., the highest annual net absorption the market has recorded in 21 years.

Large leases drove demand to close out the year, with five transactions in excess of 250,000 sq. ft. during Q4 2016. Jet.com leased 672,000 sq. ft., Tesla leased 304,200 sq. ft., Daehan leased 323,520 sq. ft., Almo leased 300,000 sq. ft., and Geodis leased 263,435 sq. ft. This activity illustrates the diversity of the demand in the market – E-Commerce, direct distribution, 3PL, and automotive manufacturing.

Increased opportunities brought new investors to the market. Global Logistics Properties (GLP) sold over 2.4 million sq. ft. in two separate transactions, 1.2 million sq. ft. of primarily flex/incubator property to Westcore and 1.3 million sq. ft. of primarily Class B bulk property to Dalfen. Despite the dispositions, GLP remains the largest institutional owner of industrial properties in the region with over 10.1 million sq. ft.

Construction remained active through the quarter bringing 1.4 million sq. ft. to market. Four buildings completed including Jet.com's 672,000 sq. ft. facility, FedEx's 343,447 sq. ft. distribution center in East Valley and Panattoni's speculative buildings of 180,792 sq. ft. and 209,000 sq. ft. in South Reno. Projects under construction include Dermody Properties Logisticcenter at I-80 West (182,000 sq. ft. and 220,093 sq. ft.) and two speculative buildings (62,633 sq. ft. and 83,746 sq. ft.) by McKenzie Properties in North Reno. The market is expected to experience a lag in construction once these projects are delivered during first part of 2017. Planned projects should move to the construction phase later in the year.

The industrial market tallied historic levels of net and gross absorption in 2016. Demand can be characterized as diverse from both size and type of occupiers. Anticipate a continuation of strong demand into 2017 with a robust existing pipeline of users. Demand is forecasted to outpace supply for the short to mid-term with deliveries in early and late 2017, resulting in downward pressure on vacancy and increased rental rates.

The following charts summarize the overall and submarket industrial markets, and include data related to rental rates and vacancies. The data is from the CBRE *Reno Industrial Market View 4th Quarter 2016*.



INDUSTRIAL RENTS & VACANCIES BY SUBMARKET

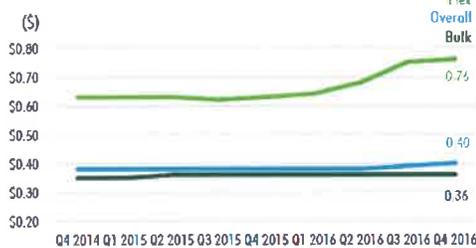
Figure 2: Reno Industrial Market Statistics

Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Q4 Net Absorption	YTD Net Absorption	Average Asking Rate \$
Central / Airport	9,668,689	3.0	8.0	99,508	(56,170)	0.51
Bulk	7,109,599	2.9	8.9	92,217	(50,769)	0.43
Flex	2,559,090	3.2	5.7	7,291	(5,401)	0.91
East Valley	17,387,320	1.9	5.8	1,593,667	2,609,432	0.32
Bulk	17,264,633	1.9	5.9	1,579,667	2,585,132	0.32
Flex	122,687	0.0	0.0	14,000	24,300	0.00
North Valley	18,046,464	6.2	10.0	678,065	1,571,347	0.37
Bulk	17,722,452	6.2	10.0	678,465	1,555,234	0.37
Flex	324,012	3.8	5.1	(400)	16,113	0.74
South Reno	9,607,686	5.4	5.9	(15,987)	100,538	0.54
Bulk	7,589,317	5.4	5.8	15,300	76,694	0.42
Flex	2,018,369	5.4	6.2	(31,287)	23,844	0.82
Sparks	29,026,599	3.2	9.2	376,546	1,037,949	0.38
Bulk	25,923,575	3.3	9.9	368,423	1,028,181	0.36
Flex	3,103,024	2.2	3.2	8,123	9,768	0.61
West Reno	1,684,049	2.2	3.4	14,240	(14,750)	0.62
Bulk	1,181,593	0.0	0.0	14,240	0	0.00
Flex	502,456	7.3	11.4	0	(14,750)	0.62
Market Total	85,420,807	3.8	8.1	2,746,039	5,248,346	0.40
Bulk	76,791,169	3.8	8.4	2,748,312	5,194,472	0.36
Flex	8,629,638	3.6	5.1	(2,273)	53,874	0.76

Source: CBRE Research, Q4 2016.

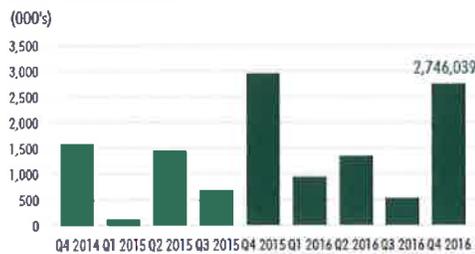
HISTORICAL INDUSTRIAL DATA

Figure 4: Lease Rates



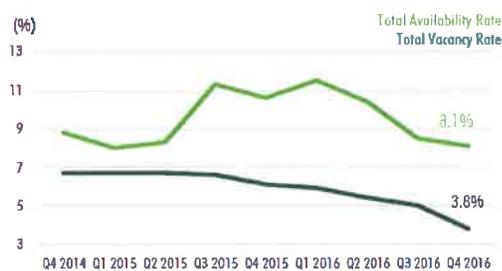
Source: CBRE Research, Q4 2016.

Figure 5: Net Absorption



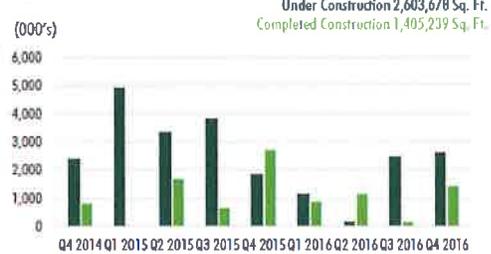
Source: CBRE Research, Q4 2016.

Figure 6: Vacancy & Availability



Source: CBRE Research, Q4 2016.

Figure 7: Construction Activity



Source: CBRE Research, Q4 2016.



Retail Market

The Reno-Sparks area now offers three regional shopping centers and more than 100 neighborhood or local shopping centers. The three major regional centers are Meadowood Mall, the Summit Sierra Mall, and the Legends at Sparks Marina.

According to the Nevada Department of Taxation 2010/2011 to 2015/2016 fiscal taxable sales show an increase from year-to-date numbers for each of the past six years. The following chart summarizes taxable sales totals for Washoe County from 1997/1998 (fiscal years).

WASHOE COUNTY TAXABLE SALES HISTORY		
Fiscal Year	Taxable Sales	Percentage Change
1997/1998	\$4,377,547,590	3.22%
1998/1999	\$4,679,515,860	6.90%
1999/2000	\$4,966,612,920	6.14%
2000/2001	\$5,194,146,044	4.58%
2001/2002	\$5,292,178,588	1.89%
2002/2003	\$5,481,582,915	3.47%
2003/2004	\$6,003,368,280	9.52%
2004/2005	\$6,660,263,045	10.6%
2005/2006	\$7,268,593,250	9.13%
2006/2007	\$7,202,640,557	-0.91%
2007/2008	\$6,823,700,706	-5.3%
2008/2009	\$5,707,791,051	-16.35%
2009/2010	\$5,176,981,699	-9.30%
2010/2011	\$5,282,936,232	2.05%
2011/2012	\$5,522,605,351	4.54%
2012/2013	\$5,824,726,136	5.47%
2013/2014	\$6,370,684,534	9.37%
2014/2015	\$6,817,588,648	7.02%
2015/2016	\$7,550,466,734	10.70%

Source: Nevada Department of Taxation

Leases for retail space in the Reno-Sparks market are typically based upon triple net lease terms or modified gross lease terms. Under triple net lease terms, tenants typically pay a base rental rate, and are also responsible for paying most operating expenses associated with the property, including utilities, taxes, insurance, management, typical repairs and maintenance, and other expense items. In multi-tenant projects, these additional fees are most often billed back to tenants; these are often referred to as Common Area Maintenance (CAM) fees. The CBRE *Reno Retail Market View 4th Quarter 2016 Report* indicates the following:



COMMENTARY-CBRE RENO RETAIL MARKET VIEW 4TH QUARTER 2016

Reno continues to display strong market fundamentals. Economic growth throughout the region has spurred the retail market to nine consecutive quarters of positive net absorption and 14 in the last 15. 2016 ended with 300,225 sq. ft. of positive net absorption, the most since 2012.

During Q4 2016 the retail market recorded 31,785 sq. ft. of positive net absorption causing the vacancy rate to fall 20 basis points (bps). Strong shop space activity made up for a lack of big box leases during the quarter. However, Sprouts signed a new lease for 29,896 sq. ft. at South Meadows Promenade. Construction has begun on the 80,160 sq. ft. new center with expected completion at the end of Q4 2017.

After setting a new high during Q3 2016, the average asking lease rate held at \$1.32 NNN. Year-over-year lease rates have risen \$0.05, an increase of 3.9%. Looking forward, rents should continue to climb as new construction demands higher returns to cover project costs.

Investment activity slowed to finish the year with only 2 buildings of 10,000 sq. ft. or more selling. The largest was the 52,474 sq. ft. Century Theatres to Consolidated-Tomoka Land Co. However, investors have been very active in Reno throughout the year outpacing user sales 9 to 1. In total 5 centers of 75,000 sq. ft. or more were sold in 2016, totaling more than 800,000 sq. ft.

Construction has begun to pick up with more than 100,000 sq. ft. of total construction for the first time since Q1 2012. In addition to South Meadows Promenade the Petco/Payless at Legends at Sparks Marina completed and absorbed its 24,801 sq. ft.

Reno continues to benefit from strong employment and population growth, which has produced strong returns for tenants and landlords. The average asking lease rates have held at the market high and net absorption has been positive for two years. These trends are expected to continue as employers continue to move into the region bringing employees and a strong demand for retail goods and services.

The following charts summarize the overall and submarket retail markets, and include data related to rental rates and vacancies. The data is from the CBRE *Reno Retail Market View 4th Quarter 2016*.



RETAIL RENTS & VACANCIES BY SUBMARKET

Figure 2: Reno Retail Market Statistics

Submarket	Gross Leaseable Area	Total Vacancy %	Total Availability %	Q4 Net Absorption	YTD Net Absorption	Average Asking Rate \$
Central/Airport	1,864,587	21.4	25.8	19,337	49,997	1.24
Downtown	385,397	11.8	11.8	0	19,168	2.08
Meadowood	3,471,092	8.3	8.5	6,319	(56,290)	1.39
North Valleys	791,887	6.1	6.1	(3,316)	(510)	1.44
Northwest Reno	1,813,641	6.1	6.1	(3,750)	(4,228)	1.42
South Reno	2,443,237	13.6	14.3	(7,852)	16,703	1.40
Southwest Reno	757,064	9.0	10.6	8,299	22,362	1.25
Spanish Springs	1,612,633	15.9	16.2	19,050	43,483	1.32
Sparks	3,728,556	10.1	10.4	18,499	209,540	1.15
Market Total	16,868,094	11.4	12.2	56,586	325,026	1.32

Source: CBRE Research, Q4 2016.

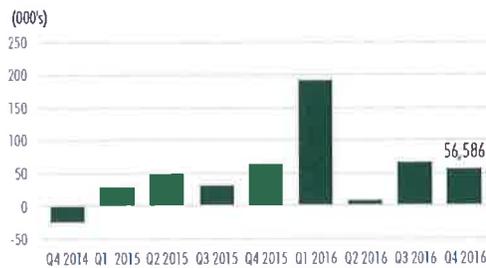
HISTORICAL RETAIL DATA

Figure 6: Lease Rates



Source: CBRE Research, Q4 2016.

Figure 7: Net Absorption



Source: CBRE Research, Q4 2016.

Figure 8: Vacancy & Availability



Source: CBRE Research, Q4 2016.

Figure 9: Construction Activity



Source: CBRE Research, Q4 2016.



Office Market

The Reno-Sparks office market consists of a variety of product types, from older second and third generation properties, to new, high-end Class A office space. Leases for professional office uses in the Reno-Sparks market are typically based upon full service gross lease terms or modified gross lease terms. Under full service gross lease terms, owners are responsible for all operating costs associated with the building. Typically, these leases incorporate base year expense stops, with tenants responsible for any increases in operating expenses over the base year. Under modified gross lease terms, the tenant is typically responsible for utilities and janitorial service. Due to increases in utility expenses, many property owners now market properties on modified gross lease terms, with some even marketing properties on triple net lease terms, in which the tenant is responsible for all operating expenses associated with the building. The CBRE *Reno Office Market View 4th Quarter 2016 Report* indicates the following:

COMMENTARY-CBRE RENO OFFICE MARKET VIEW 4TH QUARTER 2016

Q4 2016 ended with 61,186 sq. ft. of positive net absorption, bringing the year-to-date net total to 107,864 sq. ft., despite the Class A office product category adding a few significant vacancies. As a result, the vacancy rate ended the quarter at 14.0%. The office vacancy rate has experienced a steady rate of decline for several years. The three primary office submarkets of Downtown, Meadowood, and South Reno all hold vacancy rates below 14.0%. Although Class A office product continued to outperform in 2016, it added 24,268 sq. ft. of vacant space to the market in Q4 2016, due to some tenant movement and downsizing.

Average asking lease rates increased a modest 4.0% in 2016 and while lease rates are rising, so are tenant improvement costs which are suppressing the financial gain for landlords. Significant construction activity in the residential and industrial sectors is raising contractor and material pricing. Additionally, as landlords continue to push for longer lease terms to offset the increased construction costs, tenants are looking for lease term flexibility to accommodate future growth. Rent increases in Class A product have

been outpacing overall increases in the broader Reno market, suggesting an opportunity for development in 2017, as top of market rents are approaching the levels required for new construction.

Class A inventory is limited Downtown, especially with large blocks of space. The increased occupancy has resulted in a shortage of available parking, forcing heavy parking users to consider suburban submarkets as an alternative. Medical office users, with above average parking requirements, have few options available.

Sales activity remains strong despite limited inventory. Sale prices are on the rise, largely due to the recent volume of owner-user sales and stabilized investment sales with CAP rates in the 6.5% to 7.5% range. No new speculative construction took place in 2016, although new construction is expected in 2017 with McKenzie Properties planning to break ground in Q1 on a 40,000 sq. ft. building in the Meadowood Submarket. With large contiguous office spaces in short supply, numerous built-to-suit projects are set to break ground in the first half of next year.

The following charts summarize the overall and submarket office markets, and include data related to rental rates and vacancies. The data is from the CBRE *Reno Office Market View 4th Quarter 2016*.



OFFICE RENTS & VACANCIES BY SUBMARKET

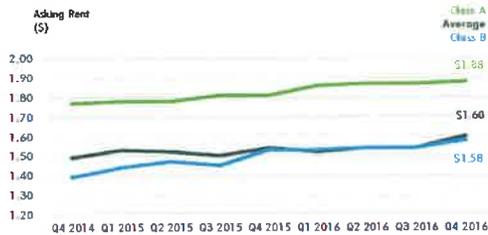
Figure 2: Reno Office Market Statistics

Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Q4 Net Absorption	YTD Net Absorption	Average Asking Rate \$
Airport	557,145	8.9	10.0	(1,661)	(509)	1.11
Class A	32,376	-	-	-	-	-
Class B	351,247	6.6	8.2	1,391	2,476	1.25
Central	628,639	25.9	25.9	4,315	17,454	1.31
Class A	-	-	-	-	-	-
Class B	334,444	22.9	22.9	(44)	9,811	1.48
Downtown	1,479,226	12.9	20.2	43,534	42,264	1.72
Class A	810,695	11.5	13.8	(1,154)	(17,864)	1.97
Class B	303,168	18.1	23.6	31,767	41,449	1.63
Hoodwood	1,779,416	13.7	16.8	(8,955)	(161)	1.68
Class A	1,100,707	12.1	15.2	(21,049)	(47,212)	1.90
Class B	480,469	13.7	18.0	4,580	18,850	1.64
South Reno	1,399,415	13.0	14.2	18,203	43,882	1.75
Class A	1,112,924	13.3	13.9	(2,865)	34,271	1.72
Class B	286,491	11.9	15.4	20,268	9,611	1.79
Sparks	162,423	5.5	9.9	4,750	4,749	1.08
Class A	-	-	-	-	-	-
Class B	93,693	9.5	9.5	2,965	2,965	1.35
West Reno	37,495	13.9	13.9	1,000	185	2.05
Class A	14,493	35.9	35.9	-	(5,197)	2.05
Class B	23,002	-	-	1,000	5,382	-
Market Total	6,043,759	14.0	17.1	61,186	107,864	1.60
Class A	3,071,195	12.4	14.3	(24,268)	(36,002)	1.88
Class B	1,872,514	14.1	16.9	61,927	90,494	1.58

Source: CBRE Research, Q4 2016.

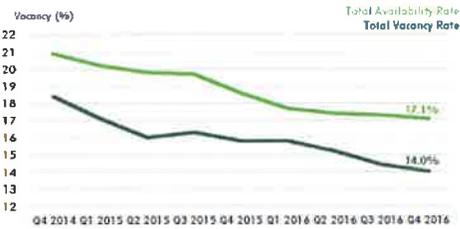
HISTORICAL OFFICE DATA

Figure 4: Lease Rates



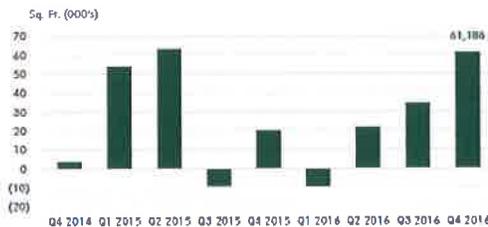
Source: CBRE Research, Q4 2016.

Figure 6: Vacancy & Availability



Source: CBRE Research, Q4 2016.

Figure 5: Net Absorption

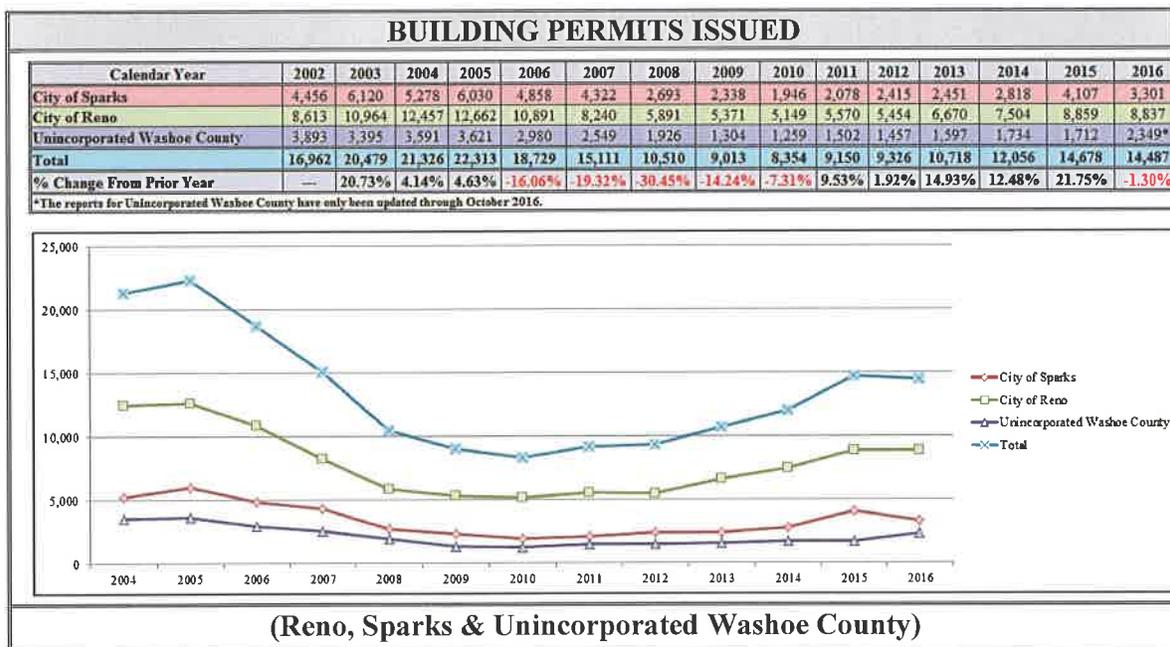


Source: CBRE Research, Q4 2016.



Construction Activity

Construction activity in the area was limited during the housing crisis, but has shown signs of recovery. Within the Reno-Sparks market, building permits issued began to drop in 2006, and dropped every year through 2010; beginning in 2011, building permit activity continued to increase through 2015. As the chart and graph below indicate, at the peak of the market in 2005, 22,313 total building permits were issued in Washoe County, including the City of Reno and the City of Sparks. In 2016, the latest full calendar year, 14,487 building permits, or 35% less than 2005, were issued.



Transportation

The Reno-Tahoe International Airport serves the Reno-Sparks area. The airport offers daily departures to over 30 North American destinations with non-stop or one-stop service. This level of service is normally found in cities with populations four to five times the size of the Reno-Sparks area. The following chart summarizes passenger statistics for the Reno-Tahoe International Airport.



RENO-TAHOE INTERNATIONAL AIRPORT STATISTICS

Total Passengers December-16						Total Enplaned Passengers December-16					
	Passengers		% Diff.	Passengers		Month	2014	2015	2016	% Diff.	
	2014	2015		2016	% Diff.						
JAN	241,181	246,571	2.2%	259,868	5.4%	JAN	121,700	124,505	130,546	4.9%	
FEB	228,035	234,763	3.0%	269,807	14.9%	FEB	113,777	117,750	133,669	13.5%	
MAR	278,172	277,477	-0.2%	311,974	12.4%	MAR	142,542	141,314	156,542	10.8%	
1st Quarter	747,388	758,811	1.5%	841,649	10.9%	APR	132,183	128,088	136,453	6.5%	
APR	266,800	256,823	-3.7%	273,707	6.6%	MAY	139,349	137,132	144,228	5.2%	
MAY	282,277	276,969	-1.9%	288,763	4.3%	JUN	158,827	159,989	168,313	5.2%	
JUN	316,720	319,309	0.8%	338,954	6.2%	JUL	162,090	172,266	177,619	3.1%	
2nd Quarter	865,797	853,101	-1.5%	901,424	5.7%	AUG	159,664	166,935	171,150	2.5%	
JUL	332,242	350,823	5.6%	356,768	1.7%	SEP	147,458	151,127	169,166	11.9%	
AUG	318,965	336,948	5.6%	349,934	3.9%	OCT	134,946	150,567	153,936	2.2%	
SEP	284,931	297,299	4.3%	325,698	9.6%	NOV	112,573	125,712	135,217	7.6%	
3rd Quarter	936,138	985,070	5.2%	1,032,408	4.8%	DEC	128,295	142,253	146,741	3.2%	
OCT	266,701	295,749	10.9%	304,447	2.9%	TOTAL	1,653,404	1,717,638	1,823,580	6.2%	
NOV	225,384	253,494	12.5%	270,367	6.7%	YTD Total		1,717,638	1,823,580	6.2%	
DEC	263,682	286,105	8.5%	300,543	5.0%	Total Deplaned Passengers					
4th Quarter	755,767	835,348	10.5%	875,357	4.8%	Month	2014	2015	2016	% Diff.	
TOTAL	3,305,090	3,432,330	3.8%			JAN	119,481	122,066	129,322	5.9%	
YTD Total		3,432,330		3,650,830	6.4%	FEB	114,258	117,013	136,138	16.3%	
Total Cargo December-16						MAR	135,630	136,163	155,432	14.2%	
	2014	2015	% Diff.	2016		APR	134,617	128,735	137,254	6.6%	
	Cargo in Pounds		% Diff.	Pounds	Metric	% Diff.	MAY	142,928	139,837	144,535	3.4%
JAN	10,303,380	10,113,421	-1.8%	11,939,003	5,415	18.1%	JUN	157,893	159,320	170,641	7.1%
FEB	9,486,697	9,418,781	-0.7%	10,947,416	4,965	16.2%	JUL	170,152	178,557	179,149	0.3%
MAR	9,758,391	10,381,009	6.4%	13,004,808	5,898	25.3%	AUG	159,301	170,013	178,784	5.2%
1st Quarter	29,548,468	29,913,211	1.2%	35,891,227	16,277	20.8%	SEP	137,473	146,172	156,532	7.1%
APR	9,876,465	10,416,248	5.5%	12,341,233	5,597	18.5%	OCT	131,755	145,182	150,511	3.7%
MAY	10,269,963	10,634,389	3.5%	12,088,321	5,482	13.7%	NOV	112,811	127,782	135,150	5.8%
JUN	9,679,744	10,595,645	9.5%	13,432,224	6,092	26.8%	DEC	135,387	143,852	153,802	6.9%
2nd Quarter	29,826,172	31,646,282	6.1%	37,861,778	17,171	19.4%	TOTAL	1,651,686	1,714,692	1,827,250	6.6%
JUL	10,863,843	11,775,072	8.4%	12,691,135	5,756	7.8%	YTD Total		1,714,692	1,827,250	6.6%
AUG	10,853,726	11,031,470	1.6%	13,977,442	6,339	26.7%	Enplaned Passengers & Load Factor				
SEP	10,127,014	12,360,393	22.1%	13,347,173	6,053	8.0%	Airline	Enplaned PAX	Dec-16	Dec-15	Diff.
3rd Quarter	31,844,583	35,166,935	10.4%	40,015,750	18,148	13.8%	Alaska/Horizon	17,374	75.9%	71.4%	4.6
OCT	11,429,538	12,160,586	6.4%	12,305,525	5,581	1.2%	Allegiant Air	2,438	75.5%	67.1%	8.4
NOV	10,664,398	11,657,012	9.3%	13,089,468	5,936	12.3%	American	27,598	80.6%	86.4%	-5.7
DEC	15,776,084	17,907,699	13.5%	17,247,162	7,822	-3.7%	Delta	11,124	78.2%	77.7%	0.4
4th Quarter	37,870,020	41,725,297	10.2%	42,642,155	19,339	2.2%	JetBlue	6,554	78.0%	87.5%	-9.5
TOTAL	129,889,243	138,451,725	7.3%				Southwest	62,402	72.3%	78.0%	-5.7
YTD Total		138,451,725		156,410,910	70,935	13.0%	United	16,647	86.1%	88.3%	-2.2
							Volaris	2,483	92.5%	95.0%	-2.5

The Reno-Sparks area also has adequate rail service and bus service. The area has excellent access to trucking facilities, with over 60 firms serving the Reno area. Rail service through the area is provided by Union Pacific Railroad. The rail lines pass through downtown Reno with most of the rail traffic involving freight transportation. Additionally, Amtrak provides passenger rail service to the area.



Hospitals, Education and Public Services

The Reno-Sparks area has four private general hospitals and one Veterans' Administration hospital. While the area is considered to have good hospital facilities, the hospitals in Nevada are some of the more expensive in the country. The two largest hospitals, St. Mary's and Renown, have both opened satellite hospitals in south Reno, and have both undergone major expansions at their main facilities.

The Washoe County School District provides public schools. The University of Nevada-Reno is situated on a 200-acre campus just north of downtown Reno. There are approximately 21,300 students currently enrolled at the University. The area is also served by the Truckee Meadows Community College, which has an enrollment of approximately 11,600 students per year.

Each of the municipalities in the Reno-Sparks area offers police and fire protection. Both the police and fire protection is highly rated. Municipal recreational facilities in the Reno-Sparks area include a number of golf courses, several indoor/outdoor swimming pools, numerous public parks and several public libraries. RTC Ride provides public transportation to the region.

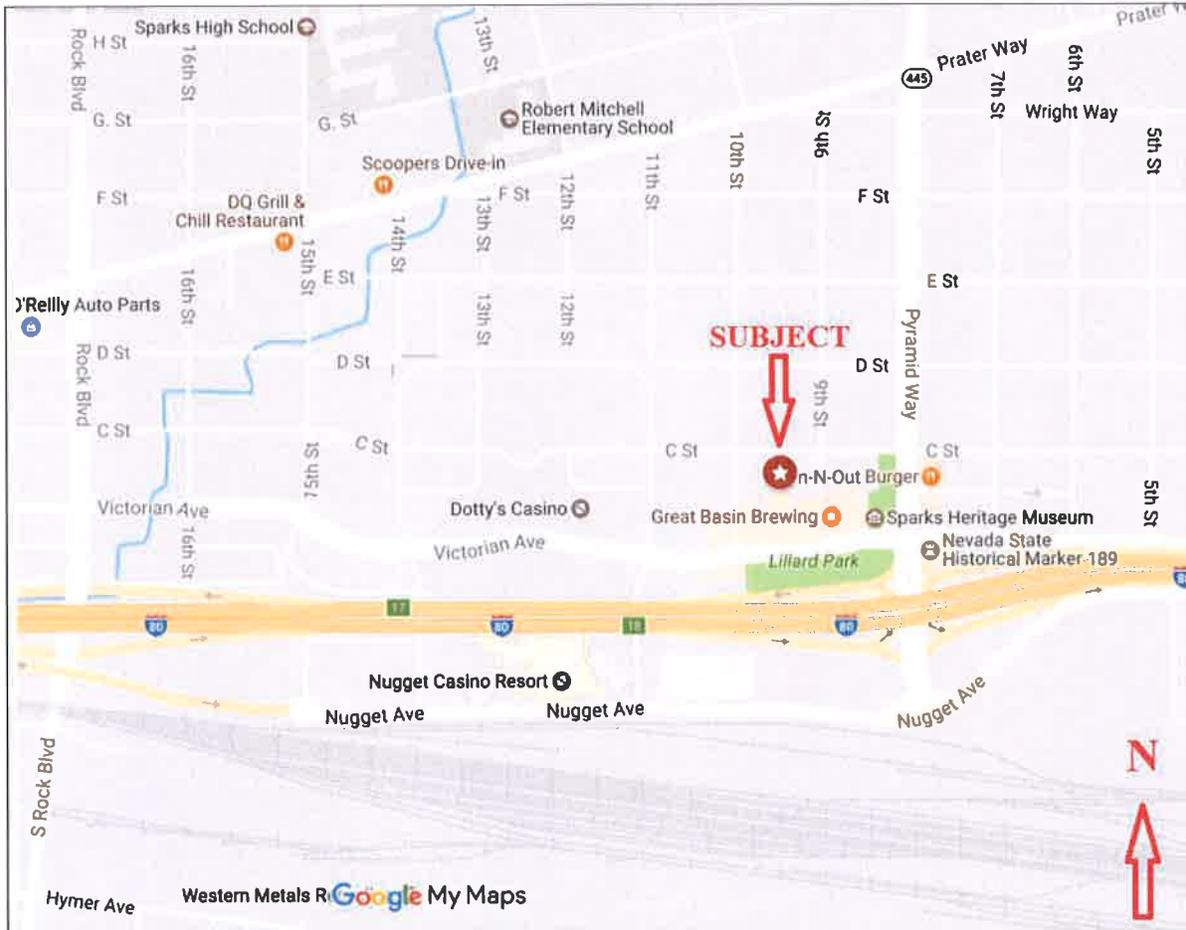
Summary

In summary, the Reno-Sparks area has experienced rapid population growth over the past several decades due to the excellent quality of life. Historically, the gaming industry has been the principal economic base for the area. With the legalization of gaming across the United States, the area's principal industry is experiencing a major challenge.

In response to this challenge, the National Bowling Stadium and Downtown Events Center have been built, the Reno-Sparks Convention Center has been expanded and renovated, special events have been expanded, the City of Reno is actively supporting downtown revitalization, and a AAA professional baseball stadium was completed in April of 2009. Tesla began construction on their new Gigafactory just east of Sparks in the Tahoe Reno Industrial Park in 2014. The area has experienced success in broadening the economic base with the expansion of the hi-tech and back office industries.



NEIGHBORHOOD MAP





NEIGHBORHOOD DESCRIPTION

The subject neighborhood is situated in the west-central portion of Sparks. The subject neighborhood is bounded on the north and east by McCarran Boulevard, on the south by the Interstate 80 freeway and on the west by the Sparks City Limits. The major roadways servicing the subject neighborhood include Pyramid Way, McCarran Boulevard, Prater Way, Oddie Boulevard, Rock Boulevard, Victorian Avenue, El Rancho Drive, Sullivan Lane and Interstate 80. The subject is situated in a neighborhood with a mixture of commercial and residential uses. The subject neighborhood is felt to have good accessibility to all portions of the Reno-Sparks area.

Major Roadways

The Interstate 80 Freeway, which forms the south boundary of the subject neighborhood, is a limited access, all weather Freeway connecting the San Francisco Bay area as well as the Sacramento area to the west with Salt Lake City to the east. The freeway, which lies north of the downtown Reno casino and business core area, passes through the center of the downtown Sparks core area. Access to the Interstate 80 Freeway in the subject neighborhood is from Rock Boulevard, Pyramid Way and McCarran Boulevard. The Interstate 80 Freeway provides good access from the subject neighborhood to the major employment centers of Reno and Sparks.

Prater Way extends in an east-west direction through the southern portion of the subject neighborhood. This roadway is a four-lane, two-way, asphalt paved roadway improved with concrete curbs, gutters, and sidewalks. Prater Way originates in east Sparks and terminates at the Victorian Avenue and Fourth Street intersection near the Reno-Sparks city line. Prater Way provides good access from Vista Boulevard in the eastern portion of the city of Sparks to the northeasterly portion of the city of Reno.

Originating at its interchange with Interstate 80, Pyramid Way, also identified as State Route 445, is a major north-south roadway through the eastern portion of the subject neighborhood. This roadway is a four-lane, two-way, asphalt paved roadway improved with concrete curbs, gutters, and sidewalks. The roadway provides a principal access into the residential communities of Sparks in the Spanish Springs Valley area. Ultimately, the roadway terminates at Pyramid Lake, 33 miles north of Sparks.



McCarran Boulevard is a limited access ring road that encircles the Reno-Sparks area. McCarran Boulevard provides access to all parts of the Reno-Sparks area from the subject neighborhood.

Additional secondary roadways servicing the subject neighborhood include Oddie Boulevard, Sullivan Lane, El Rancho Drive and Victorian Avenue. Oddie Boulevard is an east-west roadway which has a full interchange with the U.S. 395 Freeway in the western portion of the neighborhood. Oddie Boulevard extends west under the Freeway, where it becomes North Wells Avenue in Reno.

Sullivan Lane extends in a north-south direction and is a two-lane, two-way, asphalt-paved roadway. Sullivan Lane originates at Prater Way and extends in a northerly direction through the subject neighborhood with intersections at North McCarran Boulevard and terminating at its intersection with El Rancho Drive. Portions of Sullivan Lane are improved with streetlights, concrete curbs, gutters, and sidewalks.

El Rancho Drive extends in a north-south direction through the west-central portion of the subject neighborhood. Portions of this roadway are improved with streetlights as well as curbs, gutters and sidewalks. El Rancho Drive originates at Victorian Avenue in the southerly portion of the subject neighborhood and extends north past North McCarran Boulevard and terminates at its intersection with Clear Acre Lane in the southerly portions of Sun Valley.

Victorian Avenue is a two-way, four-lane, asphalt paved roadway extending through the southerly portions of Sparks and the subject neighborhood. Victorian Avenue originates at North McCarran Boulevard in the central portion of the city of Sparks and extends westerly, paralleling Interstate 80 before terminating at Prater Way.

Due to the close proximity to Interstate 80, the U.S. 395 Freeway, Oddie Boulevard, Prater Way, Pyramid Way, McCarran Boulevard and Victorian Avenue, the subject neighborhood is considered to have good accessibility to most portions of the Reno-Sparks area.

Commercial Uses

Development in the subject neighborhood includes a wide variety of commercial and residential utilizations. The commercial uses are confined primarily to Pyramid Way, Oddie Boulevard, Victorian Avenue and Prater Way. The majority of the remainder of the subject



neighborhood involves residential uses including single family detached homes, condominium and townhouse projects, mobile home parks and various apartment complexes.

The largest commercial developments in the subject neighborhood are located on both sides of Oddie Boulevard and involve several neighborhood shopping centers. The neighborhood shopping centers include Paradise Plaza, Silverada Mall and the Oddie Mall. The Lowe's home improvement store that was formerly located in the Silverada Mall was closed and relocated to a new building located in the Legends shopping center in Sparks; the property has been purchased by Renown Health for office space.

In addition to the aforementioned shopping centers, another shopping center is located in the northwest portion of the subject neighborhood and is known as the Northtowne Marketplace; this project was formerly anchored by a Walmart, which relocated. The former Walmart space is currently occupied by a call center user. Other major tenants in this center include WinCo Foods and a Pet Supercenter.

The Greenbrae East Shopping Center and the Greenbrae West Shopping Center are located adjacent to each other, and are generally located on the north side of Greenbrae Lane, between Pyramid Way and 4th Street. Across Pyramid Way from these centers is the Pyramid Center, a shopping center anchored by Scolari's supermarket. Each of these shopping centers is older and is currently in fair to average condition.

The Sparks Mercantile Shopping Center is located at the southwest corner of Pyramid Way and McCarran Boulevard in the northeast portion of the subject neighborhood. This center is anchored by Raley's supermarket, which had closed their store further south on Pyramid Way. This good quality shopping center also includes a variety of pad and in-line tenants, including Starbucks, Bully's restaurant and McDonald's.

In addition to the major shopping centers servicing the subject neighborhood, there are several smaller strip centers. The Sierra Center is located at the intersection of Sullivan Lane and Greenbrae Drive and the Ross Center is located at the west side of Rock Boulevard, south of Merchant Street. There are also several freestanding retail-commercial and restaurant buildings along Oddie Boulevard.



While the primary commercial developments on Oddie Boulevard are shopping centers, the commercial development on Prater Way and Victorian Avenue generally include older, freestanding retail-commercial and shop buildings. At the present time, Victorian Avenue is primarily improved with older commercial buildings including weekly motels, car lots, repair shops, convenience stores and a variety of retail businesses. For the most part, this portion of the neighborhood has seen little new construction and many of the businesses situated along this section of Victorian Avenue are older single family residences which have been converted to commercial uses.

Within the eastern portion of the neighborhood, between 15th Street and Pyramid Way, Victorian Avenue is known as Victorian Square, and is improved with a hotel-casino and ancillary uses including restaurants, bars and retail shops. Development of Victorian Square is the result of the efforts of the Sparks Redevelopment Agency, and has transformed this section of Victorian Avenue into a large pedestrian walkway with public areas, decorative sidewalks, and outdoor lighting and landscaped areas. Additionally, a 14-screen movie theater, a public parking garage and a water fountain are located in the square.

Victorian Square is also home to a transit center, named Centennial Plaza. This center was developed by the Regional Transportation Commission on the south side of Victorian Avenue, between 14th Street and extending west of 15th Street. This transit center has 15 covered bus bays and resembles a railroad roundhouse.

Victorian Square is the primary tourist attraction in the city of Sparks and a number of special events, including a major rib cook-off, chili cook-offs, farmer's markets, craft fairs and parades are held annually.

The largest hotel-casino in Sparks is located in Victorian Square, the Nugget Resort offers 75,000± square feet of gaming area, approximately 110,000± square feet of convention space, and 1,382± hotel rooms with a variety of restaurants, lounges and showrooms. The Nugget is one of the more popular hotel-casinos in northern Nevada, and has expanded several times over the past 20 years. The Nugget also includes a multi-level parking garage located to the east of the hotel-casino and south of Interstate 80.



From Pyramid Way to Nichols Boulevard, the north side of Victorian Avenue is improved with a variety of older commercial buildings and converted single family residences. East of Pyramid Way, the south side of Victorian Avenue abuts the right-of-way of Interstate 80.

Residential Uses

In addition to the commercial developments in the subject neighborhood, a majority of the neighborhood is improved with residential uses including detached single family residences, duplexes, townhomes, condominiums, mobile home parks and apartments.

A majority of the single-family residential development in the subject neighborhood have average quality detached homes ranging in size from 800± square feet to 1,800± square feet. These homes are typically 30 to 60 years old and are in fair to average condition at the present time.

In addition to the single-family residential developments in the subject neighborhood there are several mobile home parks. These parks include the Northgate Village, the Thunderbird Mobile Home Park, Y Rancho Mobile Home Park and the Pony Express Mobile Home Park. These mobile home parks generally are older, lesser quality units typically in fair to average condition at the present time.

Within Victorian Square, a number of new residential developments are currently taking place. Reno based Silverwing Development is completing construction of The Fountainhouse in Victorian Square, which includes 220 one and two bedroom apartments as well as a fitness center and clubhouse. Also under construction is the Fountainhouse mixed-is project, which upon completion, will contain 16 large flats situated over 8,500± square feet of commercial space. This phase of Fountainhouse is located adjacent to the Galaxy Luxury Theater

In addition, The Bridges is under construction. Upon completion, this project will include 194 studio, one bedroom and two bedroom apartments with secured covered parking, a number of public areas including two outdoor atriums, four rooftop gathering areas, two covered outdoor, large screen lounge areas, managed Wi-Fi, dog grooming, bike storage, a clubhouse game room and accessed gym. In addition, approximately 12, 500 square feet of retail commercial space will be located in this phase.



LandCap Investment Partners has completed the renovation of the former Silver Club Hotel, a six story building. The C Street Lofts include 100 urban style apartments which have been renovated with modern, contemporary styled updates.

The former Century Theater Complex is currently being renovated with the Galaxy Luxury 14-Plex Theater.

For the most part, existing apartment developments in the subject neighborhood primarily are two-story or three-story garden style apartment projects. The majority of the projects are constructed with plywood exterior siding and composition shingle gabled roofs. The apartment complexes located throughout the neighborhood include Sand Pebble Apartments, Spanish Oaks Apartments, Stonegate Apartments, Sierra Woods Apartments, Sierra Point Apartments, Lansdowne House Apartments, Courtside Garden Apartments, Sierra View Apartments and The Village at Wildcreek Apartments.

There are also many smaller, multi-family residential developments scattered throughout the subject neighborhood. These developments typically range in size from 4 to 16 units and typically range in age between 5 and 25 years. Most of the smaller multi-family residential developments are average quality construction and are in average condition at the present time. In 2013, the Northern Nevada Community Housing Resource Board (NNCHRB) completed construction on the 43-unit Aspen Village affordable housing project located on Sullivan Lane in Sparks.

Other Uses

The subject neighborhood is centrally located with access to a wide variety of educational facilities. A number of elementary schools are located within the subject neighborhood, including Robert Mitchell Elementary School, Greenbrae Elementary School, Rita Cannan Elementary School, Kate Smith Elementary School and Agnes Risley Elementary School.

Middle schools located in the subject neighborhood include Sparks Middle School and George Dilworth Middle School. Sparks High School is located on 15th Street in the eastern portion of the subject neighborhood. The University of Nevada, Reno campus is located approximately three miles west of the subject neighborhood.



All utilities are available to the subject neighborhood including electricity, natural gas, telephone service, sewer, water and cable television. Electricity and natural gas service is provided by NV Energy, with the water service provided by Truckee Meadows Water Authority. Sewer service to the subject neighborhood is provided by the City of Sparks. Telephone and cable service are provided by various carriers.

There are a number of parks located within and in close proximity to the subject neighborhood. The largest, Paradise Park, is located on the southwest corner of Oddie Boulevard and El Rancho Drive. Paradise Park has a lake and a children's playground area. Other neighborhood parks and recreational facilities include Deer Park, Burgess Park and Oppio Park. Additionally, the Wildcreek Golf Course is located a short distance north of the subject neighborhood.

Summary

In summary, the subject neighborhood is the west portion of the city of Sparks. Development within the subject neighborhood includes a mixture of commercial, residential, multi-family and mobile home utilizations. In general, the single-family residences in the subject neighborhood typically involve older, average quality homes in fair to average condition at the present time. The multi-family residential developments range from duplexes to large apartment complexes. Commercial development is primarily confined to the areas of Oddie Boulevard, Pyramid Way, Victorian Avenue and Prater Way.

The subject neighborhood, which is an older, established area with second and third generation improvements, has recently seen new development in the Victorian Square area, and reuse of existing vacated big box buildings. The neighborhood will likely see some new commercial development in the future.



SUBJECT AERIAL PHOTOGRAPH



Subject Property Highlighted In Yellow



SUBJECT PHOTOGRAPHS



**OVERALL VIEW OF SUBJECT PROPERTY FACING SOUTHEASTERLY FROM
C STREET AND 10TH STREET**



VIEW OF C STREET FACING EASTERLY FROM 10TH STREET



SUBJECT PHOTOGRAPHS



**OVERALL VIEW OF SUBJECT PROPERT FACING NORTHEASTERLY FROM
10TH STREET**



**VIEW OF 10TH STREET FACING A NORTHERLY DIRECTION TOWARDS
C STREET**



SUBJECT PHOTOGRAPHS



VIEW OF 10TH STREET FACING SOUTHERLY FROM C STREET



**VIEW OF ALLEY WAY ABUTTING SUBJECT'S SOUTHERLY PROPERTY LINE
FACING EASTERLY**



SUBJECT PHOTOGRAPHS



**OVERALL VIEW OF SUBJECT PROPERTY FACING SOUTHWESTERLY FROM
C STREET AND 9TH STREET**



VIEW OF C STREET FACING WESTERLY FROM 9TH STREET



SUBJECT PHOTOGRAPHS



**VIEW OF 9TH FACING SOUTHERLY FROM C STREET TOWARDS
VICTORIAN AVENUE**



**VIEW OF ALLEY ABUTTING SUBJECT'S SOUTHERLY PROPERTY LINE
FACING WESTERLY**



SUBJECT PHOTOGRAPHS



VIEW OF ENTRY TO SUBJECT PARKING GARAGE FROM 10TH STREET



VIEW OF ELEVATOR LOCATED AT SUBJECT'S SOUTHWEST PROPERTY CORNER



SUBJECT PHOTOGRAPHS



VIEW OF STORAGE AREA LOCATED ON GROUND LEVEL



VIEW OF ELEVATOR LOCATED AT SUBJECT'S SOUTHEAST PROPERTY CORNER



JOHNSON | PERKINS | GRIFFIN
REAL ESTATE APPRAISERS & CONSULTANTS

SUBJECT PHOTOGRAPHS



**OVERALL VIEW OF SUBJECT PROPERTY FACING NORTHWESTERLY FROM
9TH STREET**



**VIEW OF 9TH STREET FACING IN A NORTHERLY DIRECTION TOWARDS
C STREET**



SUBJECT PHOTOGRAPHS



VIEW OF TYPICAL PARKING SPACES IN SUBJECT PARKING GARAGE



ANOTHER VIEW OF TYPICAL PARKING SPACES IN SUBJECT PARKING GARAGE



SUBJECT PHOTOGRAPHS



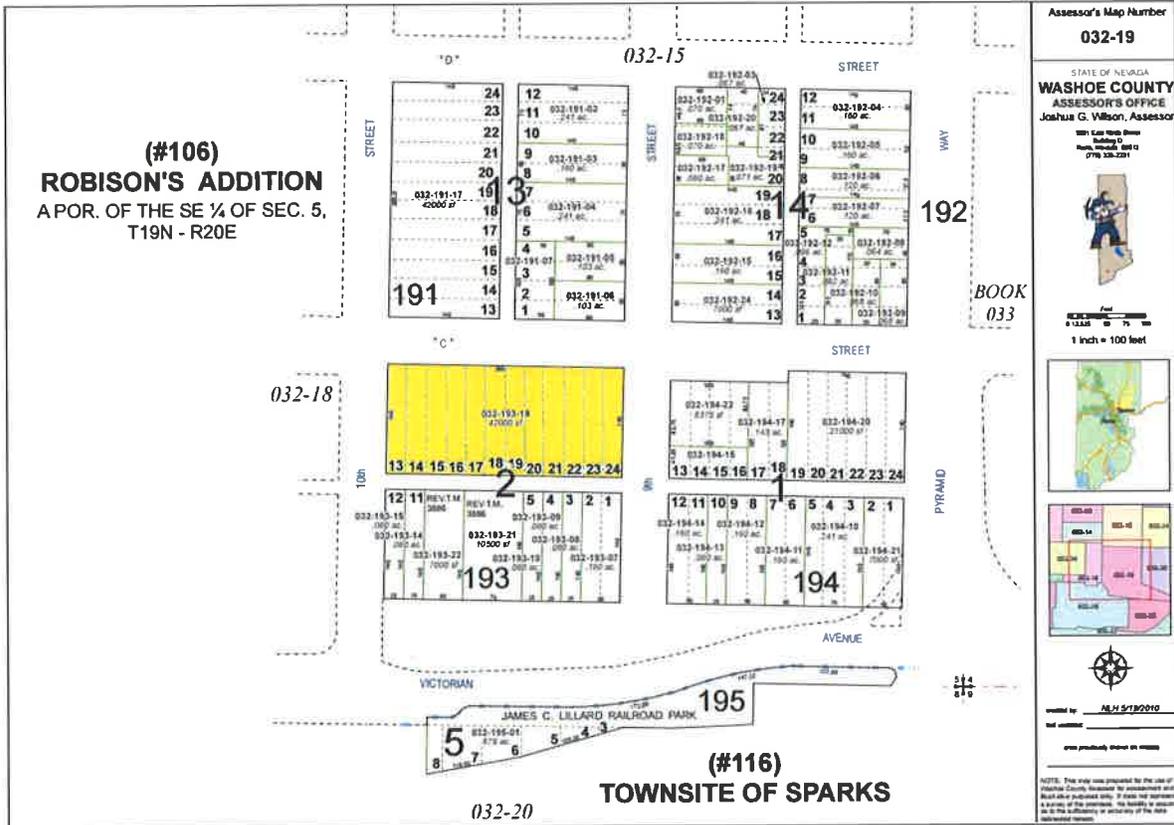
VIEW OF PARKING SPACES LOCATED ON ROOF DECK



VIEW OF ELEVATOR SHAFT AND STAIRWELL LOCATED ON ROOF DECK



SUBJECT PROPERTY PLOT MAP
A.P.N. 032-193-19



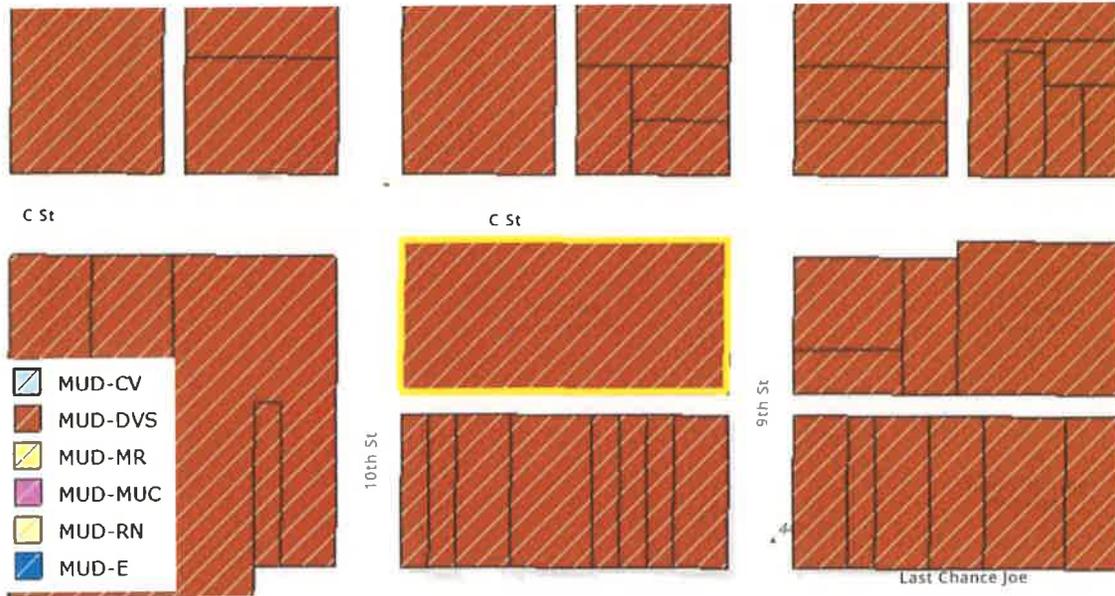
LAND AREA SUMMARY

A.P.N.	SQUARE FEET	ACRES
032-193-19	42,000 Sq. Ft.	.9642± Acres

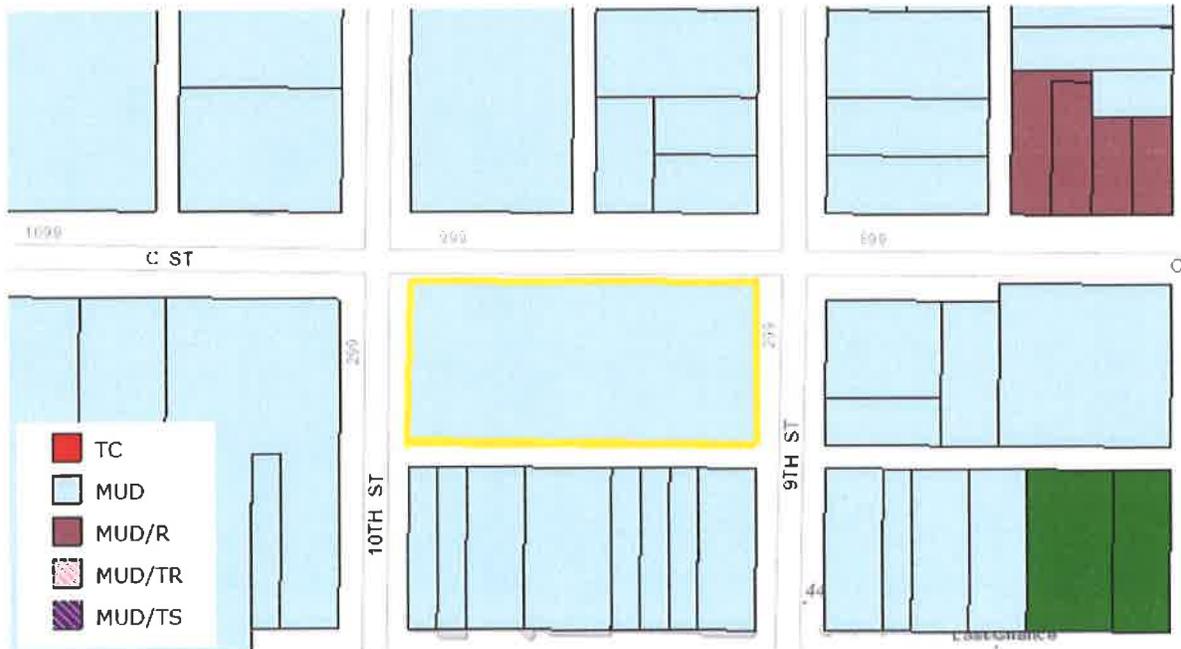
Subject Property Highlighted In Yellow



CITY OF SPARKS LAND USE MAP

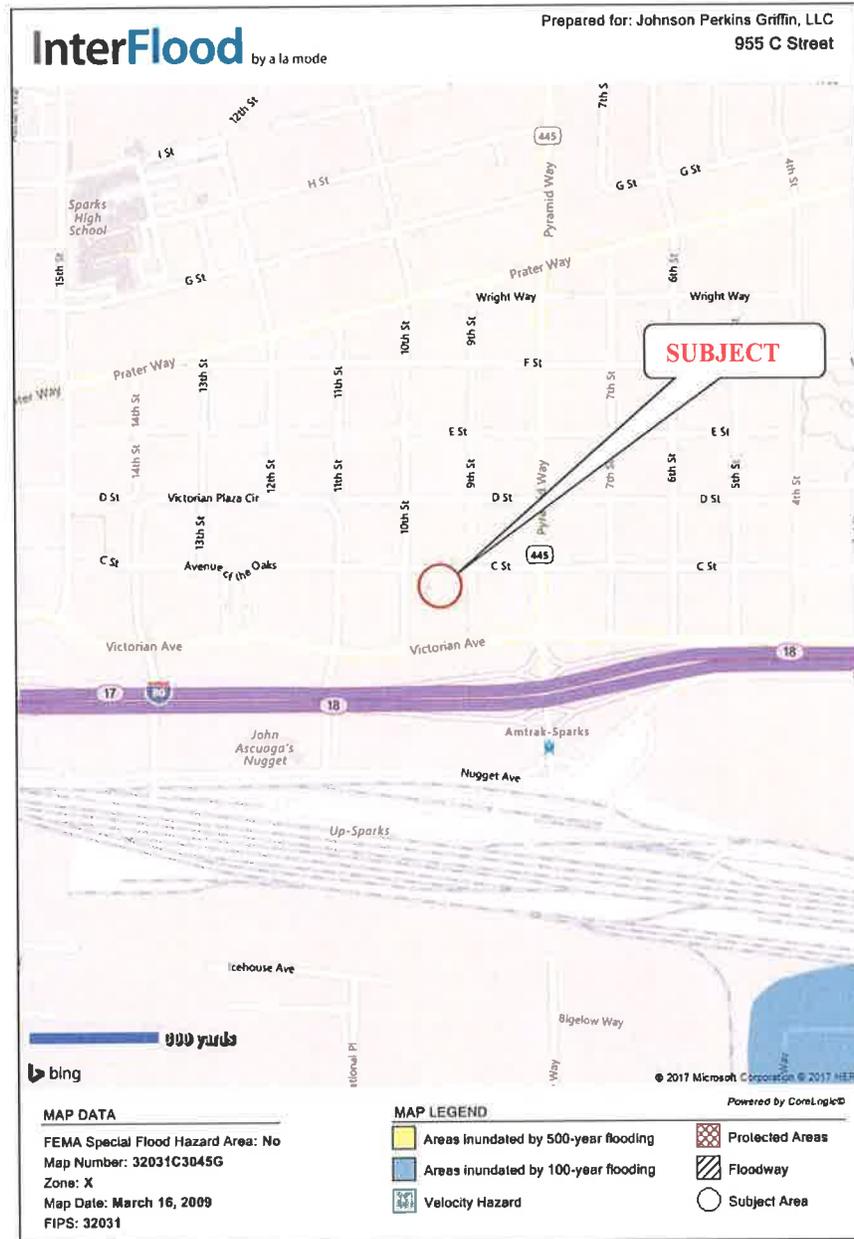


CITY OF SPARKS ZONING MAP





SUBJECT FLOOD ZONE MAP



Subject Property
Federal Emergency Management Agency's Flood Insurance Rate Map
Community Panel Number 32031C3045G
Effective Date: March 16, 2009
Flood Zone "X"



PROPERTY IDENTIFICATION AND SITE DESCRIPTION

Property Type	Four level parking garage
Assessor's Parcel Number	032-193-19
Address	955 C Street, Sparks, Nevada
Location	The south side of C Street between 10 th Street and 9 TH Street, Sparks, Washoe County, Nevada
Owner of Record	City of Sparks
Land Area	42,000± Sq. Ft. (.9642± Acres)
Shape	Rectangular
Legal Description	Lots 13-24, Block 2, Town Site of Sparks.
City of Sparks Land Use Plan	Downtown Victorian Square/ Sparks Transit Oriented Development (TOD) Corridor

According to City of Sparks Municipal Code, the subject property is located within the Transit Oriented Development (TOD) Corridor Plan. The Sparks Transit Oriented Development (TOD) Plan was approved by the Sparks City Council on July 27, 2009 to encourage transit oriented development within walking distance of its existing and future transit corridors. This Plan was developed to support the city's long-term vision for its transit corridors, as well as to support the goals and policies of the Truckee Meadows Regional Plan. The TOD Corridor area (See Figure Below) consists of 2,360 acres north of I-80 and south of Prater Way as well as the northwest boundary which extends just beyond Oddie Boulevard.

While geographically small, this area contains many of the key attractions within the city including the Downtown, city government and administrative offices, Northern Nevada Medical Center, Sparks Marina, and a significant amount of retail and employment activity.



The land use categories describe the desired future use of the property in the corridor to achieve the TOD Corridor Master Plan's vision for the area and support future rapid transit service. In most cases, the land use designations call for a broader range of uses and density than is permitted by the underlying zoning today. To ensure that desired development patterns are easily implemented the TOD zone district is established and has been applied to all properties within the corridor. A series of sub-districts will address variations in requirements for each of the land use categories identified on the Land Use Framework map.

The subject property is located in the Downtown/Victorian Square Land Use sub-district. The Downtown/Victorian Square sub-district is intended to be a high-energy, mixed-use Regional Center that serves as a gathering place for the community and a desirable place for residents to live, work, and play. Uses within the Downtown/Victorian Square area should include a range of retail, employment, casino, civic, and entertainment uses along with a variety of medium to high-density housing types. Retail and commercial uses should be concentrated at the street level within Downtown Sparks Center, along Victorian Avenue, and in other locations where a high level of activity is desirable. Residential and office uses should generally be concentrated above retail uses in this area.

The minimum site area for parcels within the Downtown Victorian Square District is 6,000 square feet. Setback requirements are not required for front, side or rear yards, unless it is abutting a residential neighborhood; then there is a 20 foot minimum setback along street frontage and a 30 foot minimum along lot lines shared with an existing residential neighborhood. There is a minimum 1.5 Floor to Area Ratio in the Downtown Victorian Square District.



Street Improvements/Access

The subject property is located on the south side of C Street between 10th Street and 9th Street within Victorian Square in downtown Sparks. The roadways are two-way, two-lane asphalt paved streets improved with curbs, gutters and sidewalks. In addition, the subject's southerly property line abuts a 20' wide alley way, which extends from 10th Street to 9th Street.

The subject property is located ½ block north of Victorian Avenue, which is the main east-west roadway through downtown Sparks. In addition, the subject property is located immediately to the east of Victorian Plaza Circle and Avenue of the Oaks within Victorian Square.

Hazardous Substances

My standard on-site inspection of the subject property did not reveal any readily apparent evidence suggesting the presence of contaminants or hazardous wastes on any portion of the subject property. This appraisal report assumes that the subject property is free and clear of contamination. For the purposes of this appraisal, it is assumed that the value of the subject property is not negatively impacted by the existence of toxic materials or hazardous waste.

Environmental and Soils Data

An environmental site assessment was not provided to me by the client. For the purpose of this appraisal, it is assumed that the subject's soils are sufficient for development, consistent with surrounding utilizations, on the subject site.

Topography

The subject property has level topography, and appears to provide adequate drainage.

Flood Zone

According to the Federal Emergency Management Agency's Flood Insurance Rate Map, Community Panel Number 32031C3045G, with an effective date of March 16, 2009, the subject property is located in a Flood Zone "X". Areas within a Flood Zone "X" are determined to be areas of 500-year flood; areas of 100-year flood with average depths of less than one foot or with drainage areas less than one square mile' and areas protected by levees from 100-year flood. As a result, a Flood Zone "X" designation does not place any restriction on development and additionally, Federal Flood Insurance is not required.



Earthquake Zone

The City of Sparks has adopted the *International Building Code*. The International Building Code does not directly address earthquake hazards by geologic regions. However, it requires that all building plans be reviewed by a structural engineer to assess earthquake issues. As a result, for the purposes of this analysis, it is being assumed that the subject property is not impacted by earthquake hazards to a greater degree than is typical for the Reno-Sparks area.

Easements

Based upon my physical inspection of the subject property, no overt signs of any easements which would impact its development potential were indicated. The subject does not appear to be impacted by any easements which would detract from the market value of the property. For the purposes of this appraisal, it has been assumed that there are no easements, encumbrances or restrictions encumbering the subject property that would adversely impact its market value.

Utility Providers

Utility Service	Provider	Availability to Subject
Electricity	NV Energy	On-Site
Natural Gas	NV Energy	On-Site
Telephone	Various Carriers	On-Site
Water	Truckee Meadows Water Authority (TMWA)	On-Site
Sewer	City of Sparks	On-Site
Waste Disposal	Waste Management	Service Available
Cable	Various Carriers	Service Available
Internet	Various Carriers	Service Available

The subject property has immediate access to all utility services, including electricity, water service, natural gas service, cable and phone service, and sewer and waste removal services.

Public Services

The subject property has adequate access to all typical public services including fire protection, police protection and public transportation. The City of Sparks Fire Department provides fire protection to the subject neighborhood, while the City of Sparks Police Department provides police service to the area. Public transportation is available in the immediate vicinity of the subject property from RTC Ride.



Subject Sales History

There have been no arms-length transactions of record with respect to the subject ownership in the past three years.

Assessment & Taxable Value Data

Assessor's Parcel No.	2016-2017 Land Assessed	2016-2017 Improvements Assessed	2016-2017 Total Assessed Value	2016-2017 Taxable Value	2016-2017 Real Estate Tax
032-193-19	\$168,683	\$850,593	\$1,019,276	\$2,912,218	\$3.70

The assessment of real property in Nevada is governed by the Nevada Revised Statutes, which requires the County Assessor to assess at 35% of the taxable value of the property. The taxable value of the property is based upon the Assessor's estimate of the full cash value of the site. The taxable value of the improvements is based upon the replacement cost new of the improvements which the Assessor estimates utilizing *Marshall Valuation Service* a nationally recognized and accepted cost estimating publication. Straight line depreciation of 1.5% per year is deducted from the replacement cost new of the improvements.

As the subject is owned by the City of Sparks, the property is exempt from real property taxes. Upon sale to a private party, the property would be taxed based upon the assessed value of the property.

In the 2005 Legislative session, a new law regulating increases in real property taxes was signed into law. The Governor signed AB 489 into law on April 6, 2005. This bill provides for a partial abatement of property taxes. The level of abatement is based on the type and use of the property.

For primary residences, the abatement equals the amount of taxes that exceed last year's tax bill plus 3%. If the property contains rental units and the rent on all units within the property are at or below the fair market rent for the county in which the dwelling is located, as most recently published by the United States Department of Housing and Urban Development (HUD), the abatement equals the amount of taxes which exceed last year's tax bill plus 3%.



Most other properties (rental units where the rent exceeds the HUD guidelines, commercial, industrial, vacant land, mixed use, etc.) are subject to abatement at a higher level, which is calculated by comparing the lesser of;

1. The average percentage of change in the assessed valuation of all taxable property in the county as determined by the Department of Taxation, over the fiscal year in which the levy is made and the nine immediately preceding fiscal years; or
2. Eight percent; or
3. Twice the percentage of increase in the Consumer Price Index (All Items) for the immediately preceding calendar year, whichever is greater.

Special Assessments

A review of Special Assessments was conducted utilizing Assessment Management Group, which is utilized by the Washoe County Treasurer's Office to manage Special Assessments. According to Assessment Management Group, there are no special assessments currently owing against the subject property.

Summary

To summarize, the subject property is located on the south side of C Street, between 10th Street and 9th Street, and within the Victorian Square area of downtown Sparks. The subject property, which is rectangular in shape, contains 42,000± square feet and has access from 10th Street, C Street, 9th Street and an abutting alley way. The subject property is generally level and has all utilities available.

For a depiction of the subject property reference is made to maps, photographs, etc., located within the appraisal report.



DESCRIPTION OF SUBJECT IMPROVEMENTS

The subject property is improved with an average quality, Class C (concrete precast) parking structure. The following description is based upon the records of the Washoe County Assessor's Office, interviews with representatives of the City of Sparks, and my physical inspection of the subject property.

PARKING GARAGE	
Primary Building Type	Parking Garage
Year Built	1988
Construction Class	Class C (Average)
Building Class In Market	Class "B"
Quality/Condition	Average/Fair
Remaining Economic Life	5 to 10 Years
Number of Floors	4 Parking Levels
Gross Building Area	125,760± Square Feet (Including the roof parking deck)
Upper Floor Access	2 Elevator/2 Stairways
Comments: The subject parking garage is located on the south side of C Street, between 10 th Street and 9 th Street in Victorian Square, downtown Sparks, Nevada. The parking garage is a four-level, pre-cast, concrete structure with approximately 402 parking spaces. Located on the first level is a small storage room. Ingress and Egress to the parking structure is from entrances on 10 th Street and 9 th Street. The subject property is considered to be in fair condition.	



HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined in the 6th Edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2010) as “The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.”

Physically Possible

The subject property consists of a parcel of land located on the south side of C Street, between 10th Street and 9th Street in downtown Sparks. This subject property contains 42,000± square feet, has level topography, good roadway exposure and access from the bounding streets. The subject property has a rectangular shape and all utilities area immediately available. Overall, the subject’s access, topography, location, availability of utilities, size and shape would lend themselves to a variety of potential utilizations.

Legally Permissible

According to the City of Sparks Community Development Department, the subject property is also located within the Downtown Victorian Square section of the Sparks Transit Oriented Development (TOD) Corridor. The Sparks Transit Oriented Development (TOD) Corridor is expected to encourage higher-density development along Prater Way, Victorian Avenue, and other areas that are within walking distance of existing and future transit corridors. The City hopes the TOD Corridor will encourage developers to build higher-density development in these areas. The TOD standards include wide, walkable sidewalks and reduced parking requirements to encourage Sparks citizens and visitors to utilize the transit system.

Permitted uses within the Downtown Victorian Square District include single and multi-family residential uses, medical and professional offices, child care facilities requiring more than one caregiver, entertainment facilities, hotels, bed and breakfast inns, health club or recreational facility less than 3000 square feet, restaurant/bar, retail, theater, church, library, public parking garage and museum.

The minimum site area for parcels within the Downtown Victorian Square District is 6,000 square feet. Setback requirements are not required for front, side or rear yards, unless it is abutting a residential neighborhood; then there is a 20 foot minimum setback along street frontage and a 30 foot minimum along lot lines shared with an existing residential neighborhood.



The following summarizes the density requirements as set forth in the TOD.

Density Range

Non-Residential/Mixed-Use:

- Minimum floor area ratio of 1.5 for development located within the Downtown Sparks Center or adjacent to Victorian Avenue.
- Minimum floor area ratio of 1.0 for development *not* located within the Downtown Sparks Center or adjacent to Victorian Avenue.

The subject's Transit Oriented Development zoning and master plan designation allows the site to be developed with a number of retail, office, multi-residential, and/or tourist commercial uses.

Financially Feasible

The highest and best use of the subject property must be financially feasible. To be financially feasible, there must be adequate demand to support the highest and best use of the subject property.

The subject property is located within Victorian Square, approximately one-half block north of Victorian Avenue. The subject neighborhood is largely commercial in nature, and generally includes smaller retail uses, including specialty shops, bars, restaurants and other retail uses. Located within Victorian Square, adjacent to the subject property, is the Century Sparks theater complex. Located in close proximity to the subject property, the Fountainhouse, The Bridges multi-family complex and the C Street Lofts.

The Reno-Sparks real estate market was negatively impacted by the economic crisis, however, is demonstrating significant signs of recovery. Existing residential home sales and prices are on the rebound. Market activity has increased significantly in Northern Nevada in recent months and the residential market is on the rebound after a long period of decline. Sale offers are reported at or above list prices and sellers are receiving multiple offers.

Given the subject's location within Victorian Square, it is likely that the subject would be attractive to investors and developers for a mixed use development, primarily with multifamily and retail commercial uses consistent with Victorian Square.



Based upon the above analysis, and with consideration given to the subject's physical characteristics, surrounding uses, and current market conditions, it is my opinion that the most financial feasible use of the subject property, as vacant, would be for a mixed use project with multifamily and retail commercial components.

Maximally Productive

To be maximally productive, the highest and best use of the subject must be the most intense use to which the site could be developed and remain financially feasible. In current market conditions, and with consideration given to the subject's physically possible and legally permissible uses, it is my opinion that development of the property, as vacant, with a multi-use project containing multi-residential and retail commercial components represents the maximally productive use of the site, as if vacant.

Highest and Best Use, As Improved

The subject property is improved with a four-level parking structure containing 402 parking spaces. The subject improvements were constructed in 1988 and generally are considered to be in fair condition. Historically, the subject parking structure has been underutilized, and according to representatives of the City of Sparks, occupancy is typically less than 25%. On the other hand, during special events, which typically would occur on weekends, the subject parking structure can be 100% occupied.

In addition, it is noted that parking is made available to patrons without cost.

In a study prepared by Victoria Transport Policy Institute, *Transportation Costs and Benefit Analysis II-Parking Costs*, it was indicated that operation and maintenance costs associated with a parking garage can vary from about \$200 per year per space for basic maintenance of a surface parking lot up to \$800 per year per space for a facility with toll booth attendance. Operation costs include cleaning, lighting, maintenance, repairs, security, landscaping, snow removal, access control, fee collection (for priced parking), enforcement, insurance, labor and administration. Typically, parking facilities require resurfacing and repaving every five to ten years, and parking structures require major reconstruction or replacement after 20 to 40 years, with higher maintenance costs in areas with harsh climates, particularly with frequent salt exposure. Parking structures may require elevators, fire control and mechanical ventilation. Private parking facilities must pay taxes and provide profits.



Typically, operating costs at several commercial parking facilities indicate that costs typically range from \$500 to \$800 per space per year, including employee wages, benefits, facility maintenance and cleaning, utilities, taxes and insurance.

The marginal costs associated with parking facilities are often perceived as sunk. Property devoted to parking is often treated as having no opportunity costs, so the only costs of increasing supply are construction costs and maintenance expenses.

Facility owners and managers assume there are minimal savings associated with a parking garage if parking demand is reduced, once a parking space is built or leased.

In other words, if demand for parking spaces decreases, there are no particular cost savings associated with the decreased demand. On the other hand, it can be argued that a reduction in parking demand can accommodate growth by affording the need to provide additional parking. In addition, reduced demand in a parking facility does provide alternative opportunities, including allowing parking facilities to be leased or rented for other uses, or the land can be converted for other uses such as buildings or greenspace, or the property can be sold.

In arriving at an indication of the highest and best use of the subject property, as presently improved, it is recognized that historically the subject property has met with relatively low occupancies. In addition, the subject improvements are approximately 29 years. As indicated, in the VTPI *Transportation Costs and Benefit Analysis II-Parking Costs*, parking facilities require resurfacing and repaving every five to ten years, and parking structures require major reconstruction or replacement after 20 to 40 years.

On the other hand, it is recognized with the development of the Fountainhouse, The Bridges and C Street Lofts, the amount of surface parking in Victorian Square has been reduced.

A current physical needs assessment and the cost of refurbishing the subject improvements were not available as of the date of this appraisal. However, refurbishing costs can vary significantly, depending upon the condition of the facility. For example, the parking garage located at the Sparks Marina contains 80,352 square feet. This multilevel parking structure was constructed in 2008. According to Mr. Steve Hinckley, representing LandCap Investors, approximately \$1,200,000 has been spent subsequent to acquisition of the property in repairs and refurbishing. This results in an indicated refurbishing cost of \$4,332 per space. It is



noted that a substantial amount of cost associated with the refurbishment included alterations to the parking structure in conjunction with the development of A proposed apartment project.

The City of Reno has spent approximately \$900,000, to date, in the refurbishment of the Cal Neva parking garage located at 55 East First Street in downtown Reno. This complex, which was constructed in 1965, contains 450 spaces. At the time of acquisition, the garage was considered to be in poor condition. Refurbishment costs are indicated to be \$2,000 per space, exclusive of potential elevator repairs which will be required in the near future.

According to Mr. Brian Cason, Capital Projects Manager, City of Sparks, recent repairs to the subject parking garage have included resurfacing the parking decks and reattaching the pedestrian stairs to the subject structure.

Based upon a review of the above analysis, it is anticipated that a potential investor in the subject property would anticipate certain refurbishing costs, which, at the current time, are unknown.

To summarize, the subject improvements are considered to be in average to fair condition, and it is anticipated that an investor in the subject property would expect certain expenditures to refurbish the improvements to current building code requirements and standards. The subject parking garage is a legally permissible use.

With respect to financial feasibility, to the extent that the subject property provides parking for surrounding utilizations and special events, it may be financially feasible to continue operating the subject property essentially as a public service and in support of the special events which are held on Victorian Square throughout the year.

On the other hand, continued use of the subject parking garage without charging fees, does involve certain operating expenses which cannot be recaptured.

To assess the highest and best use of the subject property, as presently improved, I have analyzed a number of comparable land sales, which are summarized below.



COMPARABLE LAND SALES CHART

Sale Number	A.P.N. Location	Sale Date Sale Price	Zoning Topography	Land Area	Sale Price/SF
LS-1	007-283-07,09,11,12 &17 North side of West 4th Street, between Arlington Ave. and Nevada Street, Reno	02/20/2014 \$950,000	MU/DRRC Level	1.284± Ac 55,932± SF	\$16.98
LS-2	012-051-29 North side Kuenzli Street, at the north Terminus of Manuel Street, Reno	06/26/2014 \$1,289,000	MU/MRCP Level	3.30± Ac 143,748± SF	\$8.97
LS-3	008-341-05 South side of East 6th Street, between Wells Avenue and Morrill Avenue, Reno	07/02/2014 \$350,000	MUE4 Level	.91± Ac 39,719± SF	\$8.81
LS-4	013-281-03 Southeast corner of Harvard Way and Yale Way, Reno	04/08/2015 \$1,471,019	CC Level	3.07± Ac 133,729± SF	\$11.00
LS-5	013-341-21 Southeast corner of Terminal Way and Villanova Drive, Reno	04/22/2015 \$512,500	MURT Level	1.11± Ac 48,352± SF	\$10.60
LS-6	011-021-01 West side of Ralston Street, 158.95' north of West 2nd Street, Reno	01/08/2016 \$280,000	MU/DRRD Level	.45± Ac 19,747± SF	\$14.18
LS-7	019-232-57 (Portion) North side of Beck Street, 175' west of Lakeside Drive, Reno	01/12/2016 \$761,640	PUD Level	1.83± Ac 79,757± AC	\$9.55
LS-8	027-412-38 North side of Oddie Boulevard, 300' east of Sullivan Lane, Sparks	04/19/2016 \$725,000	MUD/MUC Level	2.20± AC 95,876± SF	\$7.56
SUBJECT PROPERTY					
Subject Property	032-193-19 South side of C Street, Between 10th Street and 9th Street, Sparks	Date of Value 05/8/2017 ---	MUD/DVS Level	.9642± Ac 42,000± SF	---



As indicated, the comparable land sales occurred between 2014 and 2016. The comparable land sales range in land area from 19,747 ± square feet to 143,748 ± square feet, in comparison to the subject property which contains 42,000± square feet.

In arriving at an indication of a per unit value applicable to the subject property, consideration is given to its size, location, zoning designation and current market conditions. Based upon a review of the available data, the comparable sales indicate a price per square foot of \$15 per square foot to be applicable to the subject property. Applying the indicated per unit value to the subject's 442,000± square feet results in an indicated value of \$630,000.

As indicated in the subsequent valuation section of this appraisal report, the subject property, as presently improved, has an indicated Market Value of \$950,000, which tends to suggest that the highest and best use of the subject property is for its continued utilization.

It is my opinion that the highest and best use of the subject property, as presently improved, is for its continued utilization as a public parking structure.



INTRODUCTION TO VALUATION ANALYSIS

There are three approaches to value an appraiser generally must consider in estimating the value of a property. These approaches include the Cost Approach, the Income Approach and the Direct Sales Comparison Approach.

As a result of the age of the improvements and the potential costs of refurbishing the improvements, the Cost Approach to Value is not considered appropriate due to the difficulty in accurately estimating accrued depreciation. On the other hand, an analysis of the subject's land value was conducted in the highest and best use analysis.

The second method available to an appraiser is the Income Approach to Value. The Income Approach to Value is based upon the principle that value is created by the anticipation of future benefits. Historically, the subject property has experienced low occupancy rates and does not charge parking fees. As a result, the Income Approach to Value is not considered applicable.

Another method of analysis available to an appraiser is the Sales Comparison Approach to Value. The Sales Comparison Approach is based upon the principle of substitution, which holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability. In valuing the subject property's Market Value, the Sales Comparison Approach to Value will be utilized.

The sales set forth on the following chart were considered to be indicative of the subject property's Market Value in its "As-Is" condition.



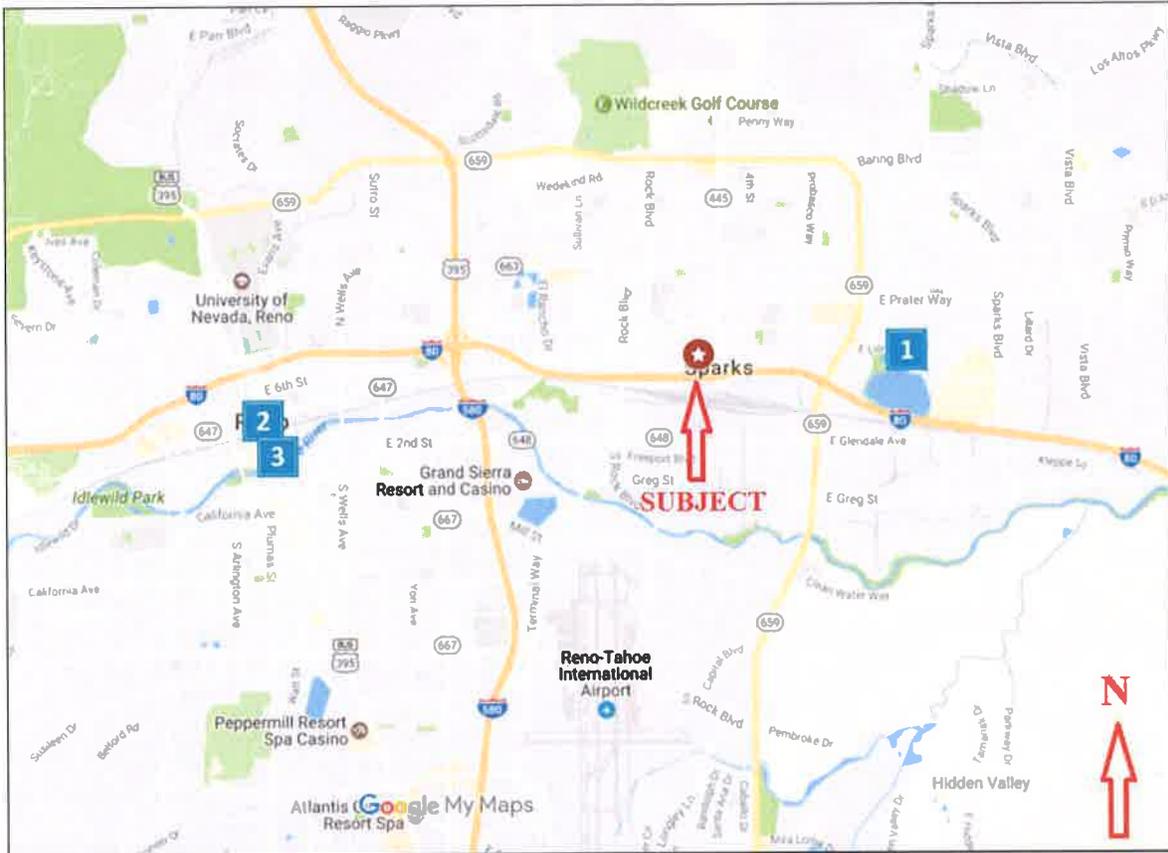
COMPARABLE PARKING GARAGE SALES CHART

Sale No.	A.P.N. Location	Sale Date/ Sale Price	Year Built Construction	Land Area Gross Building Area	Number of Spaces Area/Space	Price/SF Price/Space	Grantor Grantee Document Number
GS-1	037-391-01 – All (Now: 037-390-05) Southwest corner of Harbor Cove Drive and East Lincoln Way, Sparks, Nevada	08/12/2013 \$600,000	2008 Concrete, Pre-cast	3.74 Ac 80,352 SF	277 290 SF	\$7.74 \$2,166	Future Beginnings, LLC Sparks Marina Apartments, LLC 4267850
GS-2	011-370-52 50 E. Plaza Street Reno, Nevada	03/05/2014 \$2,500,000	1980 Concrete- Formed	.729 Ac 242,100 SF	835 290 SF	\$10.33 \$2,944	Redevelopment Agency, City of Reno Fitzgerald Virginia & Plaza, LLC 4332038
GS-3	011-062-28 55 East First Street Reno, Nevada	08/14/2015 \$910,000*	1965 Concrete- Formed	.624 Ac 159,900 SF	450 355 SF	\$5.69 \$2,022	Club Cal-Neva City of Reno 1872459
SUBJECT PROPERTY	032-193-19 955 C Street Sparks, Nevada	Date of Value 05/08/2017 ---	1988 Concrete- Formed	.964 Ac 125,760 SF	402 313 SF	--- ---	

*Adjusted sale price, including refurbishing costs



COMPARABLE PARKING GARAGE SALES MAP





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REAL ESTATE APPRAISERS & CONSULTANTS

COMPARABLE GARAGE SALE PHOTOGRAPH



SALE GS-1: SWC of East Lincoln Way and Harbor Drive, Sparks, Nevada



COMPARABLE GARAGE SALE PHOTOGRAPH



SALE GS-2: 50 East Plaza Street, Reno, Nevada



COMPARABLE GARAGE SALE PHOTOGRAPH



SALE GS-3: 55 East First Street, Reno, Nevada



COMPARABLE PARKING GARAGE SALES DISCUSSION, COMPARISON AND CONCLUSION

The comparable parking garage sales utilized in this analysis range in date of sale from August 12, 2013 to August 14, 2015, in comparison to the subject's current date of valuation. The comparable parking garage sales range in number of parking spaces from 277 to 835, in comparison to the subject property which has 402 parking spaces. The comparable sales range in gross building area from 80,352± square feet to 242,100± square feet in comparison to the subject property which contains 125,760± square feet.

The comparable sales indicate a range in sale price per square foot of gross building area from \$5.69 per square foot (adjusted) to \$10.33 per square foot. The comparable sales indicate a range in sale price per parking space from \$2,022 (adjusted) to \$2,944.

Sale GS-1 involves a multi-level parking garage located at the southwest corner of Harbor Cove Drive and East Lincoln Way at the Sparks Marina. Originally developed in conjunction with a proposed condominium project, the sale property was foreclosed upon in 2010, and subsequently purchased by Future Beginnings, LLC on September 7, 2012.

The sale property was purchased by Sparks Marina Apartments, LLC on August 12, 2013 for \$600,000, cash to seller.

The sale property involves an average quality, concrete, precast parking garage constructed in 2008, situated on 3.74± acres. The sale property indicates an average area per parking space of 290± square feet. The comparable sale indicates a price per square foot of gross building area of \$7.74 and a price per parking space of \$2,166.

The sale property was subsequently transferred to a related entity, LandCap Sparks, LLC on April 10, 2014 for \$600,000.

Subsequent to the purchase, the investors filed a reversion to land area for the entire ownership of 3.74 acres, and have proposed to develop the property with a five story apartment complex. According to Mr. Steve Hinckley, LandCap, the owners have invested approximately \$1,200,000 in refurbishing and remodeling costs in the parking structure, particularly to bring the building to current building code requirements and to accommodate the development of the apartment complex.



In comparison to the subject property, the sale property occurred in August 2013, requiring an upward adjustment for date of sale. On the other hand, this sale property does include excess land area which is proposed to be developed with an apartment complex. The subject property is superior to the subject property with respect to age and condition of improvements.

Sale GS-2 is located at 50 East Plaza Street in downtown Reno. The sale property was purchased on March 5, 2014 for \$2,500,000. Constructed in 1980, the sale property contains 835 parking spaces. Based upon a gross building area of 242,100± square feet, the average area per parking space is indicated to be 290± square feet. The sale property was purchased from the Redevelopment Agency of the City of Reno by the developers of the Whitney Peak Hotel in downtown Reno.

In comparison to the subject property, the sale property is slightly older than the subject. On the other hand, this sale property is substantially larger than the subject. It is noted that the sale property includes retail space on the first level.

Sale GS-3 involves the acquisition of the Cal Neva parking garage by the City of Reno. This sale property is located at 55 E. First Street at the northwest corner of East First Street and Center Street, and adjacent to Reno City Hall. The sale property was purchased on August 14, 2015 for \$10,000. Subsequent to the acquisition, extensive refurbishing was accomplished, including installation of security features, repairing the driveways and ramps, sealing of concrete, painting and patchwork, in the amount of \$900,000, or \$2,000 per space. The adjusted sale price is indicated to be \$910,000. Based upon a gross building area of 159,900± square feet, this indicates a price per square foot of \$5.69. The price per unit is indicated to be \$2,022. Although the expenditures to date have amounted to \$900,000, the facility remains in fair condition and continues to require refurbishing, including replacing the elevators.

In arriving at an indicated of the per square foot value and per space value applicable to the subject property, consideration is given to its age, quality and condition. In addition, consideration is given to its average building area per parking space of 313± square feet. which falls between the comparable sales ranging from 290 square feet to 355 square feet. This sale property is similar to Comparable Sale GS-2, in that both properties are located in downtown locations. On the other hand, it is recognized that the sale property is underutilized.



Based upon a review of the available data, and with consideration given to the analysis as set forth above, it is my opinion that a per space value range of \$2,250 per space to \$2,500 per space would be applicable to the subject property.

Applying the indicated per space values to the subject's 402 parking spaces results in an indicated value range of \$904,500 to \$1,005,000, which is correlated to a final value estimate of \$950,000.

It is my opinion that the Market Value of the fee simple interest of the subject property in its "As-Is" condition, as of May 8, 2017, is \$950,000.

FINAL VALUE CONCLUSION
(Fee Simple Interest, as of May 8, 2017)

\$950,000



EXPOSURE AND MARKETING TIME

Exposure time is defined as the length of time that would have been necessary to expose the property on the open market, in order to have consummated the sale at the effective date of valuation. This analysis assumes the property was marketed at the value conclusion contained in this report.

Marketing time, on the other hand, is the time necessary to consummate a sale of the subject property assuming that a marketing effort is begun as of the effective date of valuation and that the property is marketed at the final property value conclusion contained in this report.

In arriving at an estimate of an appropriate exposure and marketing time for the subject property, consideration is given the subject property's location, physical characteristics and current condition. In addition, consideration is given to current market conditions, as well as an analysis of the comparable sales utilized in this appraisal.

Based upon a review of the available data, it is my opinion that an appropriate exposure and marketing time for the subject, assuming it was marketed at the final property value conclusion, would be approximately two years.

EXPOSURE AND MARKETING TIME

TWO YEARS



APPRAISERS' CERTIFICATION

The undersigned does hereby certify that, unless otherwise noted in this appraisal report, to the best of their belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have not performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The Appraisal Institute conducts a mandatory program of continuing education for its designated members. As of the date of this report, Reese Perkins 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 May 8, 2017, as follows:

FINAL VALUE CONCLUSION
(Fee Simple Interest, as of May 8, 2017)

\$950,000

Respectfully Submitted,

Reese Perkins, MAI, SRA
Nevada Certified General Appraiser
License Number A.0000120-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.

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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 REESE PERKINS

Professional Designations

MAI - Member of the Appraisal Institute
SRA - Senior Residential Appraiser

MAI - Member American Institute of Real Estate Appraisers	1983
SRPA - Senior Real Property Appraiser; Society of Real Estate Appraisers	1982

License

State of Nevada, Certified General Real Estate Appraiser, #A.0000120-CG,
Expiration date 4/30/19

Membership

Member, Nevada State Board of Equalization	1992 - 1999
Chairman	1999
Member, Nevada Commission of Real Estate Appraisers	1995 - 2001
President	2000

Offices Held

President - Reno/Carson/Tahoe Chapter No. 189, Society of Real Estate Appraisers	1983 - 1984
Admissions Committee - Sierra Nevada Chapter #60, AIRE	1984 - 1988
Vice-Chairman	1987 - 1988
Southwest Region Review and Counseling Panel, AIREA	
Admissions Chairman - Sierra Nevada Chapter No. 60, American Institute of Real Estate Appraisers	1989 - 1990
Admissions Chairman - Reno/Carson/Tahoe Chapter of the Appraisal Institute	1991
Board of Directors - Sacramento-Sierra Chapter of the Appraisal Institute	1991 - 1995
President - Sacramento - Sierra Chapter of The Appraisal Institute,	1996

Appraisal Experience

Appraiser - Johnson Perkins Griffin, LLC	03/2015 - present
Principal Appraiser - Johnson-Perkins & Associates	2006 - 02/2015
Vice President - Johnson-Perkins & Associates	1994 - 2006
Owner - Real Estate Appraisal and Consulting Firm	1987 - 1994
President and Chief Operating Officer - Eagle Service Corporation;	
Senior Vice President - First Federal Savings and Loan Association	1985 - 1987
Vice President-Chief Appraiser - Eagle Service Corporation	1983
Independent Fee Appraiser	1980 - 1983
Assistant Vice President - First Western Service Corporation;	
Northern Division Manager, Master Appraisals	1977 - 1980
Staff Appraiser - Eagle Service Corporation, First Federal Savings and Loan	1975 - 1977
Associate Appraiser - Washoe County Assessor's Office	1972 - 1975



**QUALIFICATIONS OF APPRAISER
REESE PERKINS**

Appraisal Education

Society of Real Estate Appraisers:

Course 101	Introduction to Appraising Real Property, Santa Clara, California	1973
Course 201	Principles of Income Property Appraising, Santa Clara, California	1974

American Institute of Real Estate Appraisers:

Course 2	Urban Properties, San Francisco, California	1978
Exam 1B	Capitalization Theory and Techniques	1979
Course 6	Introduction to Real Estate Investment Analysis, Oakland, California	1982
Course 2-3	Standards of Professional Practice, Sacramento, California	1985
Course 10	Market Analysis, Boulder, Colorado	1987

Appraisal Institute:

Standards of Professional Appraisal Practice,		
Parts A and B, Reno, Nevada		1992
Part C, Reno, Nevada		1997
National USPAP Update Course		2003
National USPAP Update Course		2004
National USPAP Update Course		2006
National USPAP Update Course		2007
National USPAP Update Course		2008
National USPAP Update Course		2010
National USPAP Update Course		2013
National USPAP Update Course		2014

Appraisal Foundation

1999 USPAP Review	1998
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Appraisal Seminars

Various Appraisal and Continuing Education Seminars	1974 - 2015
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Formal Education

Tonopah High School Graduate	1967
Bachelor of Arts Degree in Political Science - University of Nevada, Reno,	1972



**QUALIFICATIONS OF APPRAISER
REESE PERKINS**

Types of Property Appraised

Single Family Residences
Condominiums
Vacant Residential Lots
Professional Office Buildings
Warehouses and Industrial Buildings
Shopping Centers
Communication Sites
Motels
Residential Subdivisions
Vacant Land
Commercial Buildings
Apartment Complexes
Subdivisions
Hotels
Hotel/Casinos
Aggregate Quarries
Mortuaries and Cemeteries
Water Companies
Open Pit Mines
Fire Science Academies

Admitted as Expert Witness

United States District Court, District of Nevada
United States Bankruptcy Court, District of Nevada
United States Bankruptcy Court, District of Northern California
Washoe County District Court
Washoe County Board of Equalization
Douglas County Board of Equalization
Clark County Board of Equalization
White Pine County Board of Equalization
Nevada State Board of Equalization



**QUALIFICATIONS OF APPRAISER
REESE PERKINS**

Representative Appraisal Clients

AEGON USA Realty Advisors, Inc.
Airport Authority of Washoe County
Alliance Bank of Arizona
AMB Institutional Realty Advisors
American Federal Savings Bank
ARCS Commercial Mortgage Corp.
AT&T Communications
Bank of America
Bank of the West
BHP Copper
California Department of Justice
Carson City
Caughlin Ranch Partnership
Centex Real Estate Corporation
CitiBank
City of Reno
City of Sparks
Coates Field Services, Inc.
Colonial Bank
Department of the Navy
Dermody Properties
Douglas County
Douglas County Assessor's Office
Federal Deposit Insurance Corporation
First Federal Lincoln
First Independent Bank of Nevada
First Merit Bank, N.A.
GMAC Commercial Mortgage Co.
Great Western Bank
Granite Construction Co.
Guardian Life Insurance Co.
Home Federal Savings Bank
Internal Revenue Service
KeyBank
McDonald's
Nevada Department of Transportation
Nevada Mining Association
Nevada State Bank
P.W. Funding
Redevelopment Agency of the
City of Reno
Regional Transportation Commission
Reno Housing Authority
Shelter Properties
Shelter Properties
Sierra Pacific Power Company
St Mary's Regional Medical Center
Summit Engineering Corporation
Texaco, Inc.
The CIT Group
The Howard Hughes Corporation
The Rouse Company
Truckee Meadows Community College
Umpqua Bank
U.S. Bank
U.S. Department of Commerce
U.S. Forest Service
U.S. Postal Service
Union Oil Company
University Of Nevada
Various Private Clients, Law and
Accounting Firms
Washoe County
Washoe County School District
Washoe Medical Center
Wells Fargo Bank
Williams Communications, Inc.

Exhibit 3. Supplemental Analysis



JOHNSON | PERKINS | GRIFFIN
REAL ESTATE APPRAISERS & CONSULTANTS

245 E. Liberty Street, Suite 100, Reno, NV 89501
775.322.1155 | Fax 775.322.1156 | jggnv.com

Stephen R. Johnson, MAI, SREA
Reese Perkins, MAI, SRA
Scott O. Griffin, MAI
Cindy Lund Fogel, MAI
Sarah K. Fye, MBA

May 23, 2017

Via Email: AOrnelas@cityofsparks.us

Mr. Armando Ornelas
Assistant Community Services Director-Development
City of Sparks
431 Prater Way
Sparks, Nevada 89434

Re: C Street Parking Garage – Supplemental Analysis

Dear Mr. Ornelas:

This is in response to your request for an analysis of the value of the public's right to use approximately 100 parking spaces within a proposed parking garage/apartment complex to be located on a parcel of land situated on the south side of C Street, between 10th Street and 9th Street, Sparks, Washoe County, Nevada. Currently, the subject property is improved with the C Street Parking Garage. The subject property is identified as Washoe County Assessor's Parcel Number 032-193-19, and is currently owned by the City of Sparks.

The subject property is improved with a 402 space, 4-level, pre-cast concrete parking structure which was constructed in 1988. The subject property contains a gross building area of 125,760± square feet including the roof parking deck. Access to the upper levels is via two elevators and two stairways. Generally, the subject property is considered to be in fair condition.

This office has completed an appraisal of the subject property, dated May 22, 2017, with an effective date of valuation of May 8, 2017. It is intended that this supplemental analysis be utilized in conjunction with the appraisal report of the subject property. A complete description of the subject property and the comparable data utilized to arrive at an estimate of the Market Value of the subject property is set forth in that report.



It is this appraiser's understanding that Silverwing Development has proposed to acquire the subject property and redevelop it with a multi-level apartment complex including two to three levels of parking decks and approximately 100 apartment units. The developer has further proposed to allow the City of Sparks to utilize 100 parking spaces within the proposed development. It is further my understanding that the 100 parking spaces will be made available 24 hours a day, seven days a week, throughout the year. You have requested that I provide you with an analysis of the public's right to use approximately 100 parking spaces within the proposed parking garage/apartment complex.

Currently, the subject parking garage is operated on a free parking basis. It has been reported to this appraiser that the subject parking garage is underutilized and is generally less than 25% occupied, with the exception of special events, in which the subject property is typically 100% occupied. Special events typically occur on weekends.

The first step in this supplemental analysis will be to analyze the subject's current operations. As indicated above, currently, the subject property is a free parking structure. To establish an estimate of the operating expenses associated with the subject property I have referred to the Transportation Cost and Benefit Analysis II-Parking Cost, which was prepared by the Victoria Transport Policy Institute. According to information provided in this report, the average cost of insurance in similar parking garages is approximately \$16 per space. Multiplying this amount by the subject's 402 spaces equates to an annual insurance expense of \$6,430.

The VTPI Study further indicates that typical repairs and maintenance for a structure similar to the subject property would be approximately \$30 per space. This indicates an annual repairs and maintenance costs of \$12,060.

Utilities are estimated at \$60 per space, or \$24,120. For the purposes of this analysis, management is estimated to be \$3,015.

To summarize, the subject's projected operating expenses, as currently operated, are indicated to be \$45,625, resulting in a net operating income loss of \$45,625.

As the subject property is currently owned by the City of Sparks, it is exempt from real property taxation. The Washoe County Assessor's Office has established a taxable value attributable to the subject property in the amount of \$2,912,218, resulting in an indicated assessed value of \$1,019,276, based upon a 35% assessment ratio. According to the Washoe County Treasurer's Office, if the subject property were subject to real property taxation, the



2016-2017 real estate taxes are indicated to be \$37,309. The tax rate and estimated real estate tax for the assessment year 2017-2018 is not yet available.

Adding the net operating income loss in the amount of \$45,625 together with the lost real estate tax revenue in the amount of \$37,309 indicates a total lost opportunity cost, under the subject's current operation, in the amount of \$82,934.

The following chart sets forth a summary of this analysis.

**Opportunity Cost Analysis
(Current Operation-Free Parking)**

Gross Revenue		
Operating Expenses		
\ Insurance	\$ 6,430	
Repairs & Maintenance	\$12,060	
Utilities	\$24,120	
Maintenance	<u>\$ 3,015</u>	
Total Operating Expenses		<u>(\$45,625)</u>
Net Operating Income		<u>(\$45,625)</u>
Lost Real Estate Tax Revenue		<u>(\$37,309)</u>
TOTAL LOST OPPORTUNITY COST		<u>(\$82,934)</u>
(Current Operation-Free Parking)		

In an effort to analyze the subject property, as presently improved, and further assuming paid parking, I have reviewed the rental rates of a number of parking garages located in the Reno-Sparks area. The following chart sets forth a summary of this data:



Parking Garage Rental Summary Chart

Rent Number	A.P.N. Garage Name Location	Total Spaces	Private/Public	Monthly Rent Per Space	Customer/Public Parking Info
PG-1	011-182-29 & 30 Museum Tower Parking Garage SWC of S. Sierra Street & Liberty St. Downtown Reno, NV	264 Garage 48 Outdoor	Private Public Parking Available	\$55/Month For Tenants	\$2.00 First 1/2 Hour \$5.00 Each Addl. Hour \$30.00 Maximum
PG-2	011-183-13 Bank of America Plaza Parking Garage SEC of S. Sierra Street & Liberty St. Downtown Reno, NV	447	Private Public Parking Available	\$50/Month For Tenants	\$2.00 First 1/2 Hour \$5.00 Each Addl. Hour \$30.00 Maximum
PG-3	011-173-16 Library Center Parking Garage SEC of S. Center St. & Pine St. Downtown Reno, NV	391	Private Only	\$55/Month For Tenants (Upper Levels) \$85/Month For Tenants (1 st Floor Reserved) (Rates above are for the Wells Fargo building located across the street)	No Public Parking Available
PG-4	011-042-16 The Parking Gallery NWC of N. Sierra St. & W. 1 st St. Downtown Reno, NV	661	Private (Lease) Public Parking Available	\$47/Month (Lease)	\$2.00 First Hour \$1.00 Each Addl. 30 Minutes \$30.00 Maximum (Discounted Fee W/ Validation)
PG-5	011-078-05 Park Center Tower Parking Garage SEC of E. 2 nd St. & Evans Avenue Downtown Reno, NV	977	Private Public Parking Available	\$45 to \$55/Month For Tenants	\$2.50 First 1/2 Hour \$4.50 Each Addl. Hour \$16.00 Maximum (Events - \$10.00)
PG-6	011-370-52 Whitney Peak Parking Garage SEC of N. Virginia St. & E. Plaza St. Downtown Reno, NV	835	Private (Lease) Public Parking Available	\$35/Month (Lease)	\$5.00 for 24 Hours \$15.00 Per Week \$35 Per Month

As indicated, monthly parking rates range from \$35 per month to \$85 per month, with rates typically ranging from approximately \$45 per month to \$55 per month. Given the subject's location, age, and amenities, it is estimated that the monthly parking rate attributable to the subject property would be \$50 per month.

Historically, the subject property has experienced a relatively low occupancy. For the purposes of this analysis I have projected a vacancy rate of 75%.

Operating expenses are projected to be \$45,625, consistent with the previous analysis. To summarize, the effective gross revenue, assuming paid parking, is indicated to be \$60,300. Operating expenses, exclusive of real estate taxes, are indicated to be \$45,625. Net operating income is indicated to be \$14,675.

The projected lost real estate tax revenue is indicated to be \$37,309, indicating a total lost opportunity cost, assuming paid parking, in the amount of \$22,634.



The following chart sets forth a summary of this analysis:

**Opportunity Cost Analysis
(Assuming Paid Parking)**

Gross Revenue		
402 Spaces @ \$50/month		\$241,200
Vacancy Loss (75%)		<u>(\$180,900)</u>
Effective Gross Revenue		\$60,300
Operating Expenses		
Insurance	\$ 6,430	
Repairs & Maintenance	\$12,060	
Utilities	\$24,120	
Maintenance	<u>\$ 3,015</u>	
Total Operating Expenses		<u>(\$45,625)</u>
Net Operating Income		\$14,675
Lost Real Estate Tax Revenue		<u>(\$37,309)</u>
TOTAL LOST OPPORTUNITY COST		<u>(\$22,634)</u>
(Assumed Paid Parking)		

To summarize, the lost opportunity cost associated with the subject property, assuming it continues to be operated as a free parking structure, is indicated to be a negative \$82,934. Assuming that the subject property did assess parking fees, the lost opportunity cost associated with the subject property would be a negative \$22,634.

The following analysis summarizes the cost benefit, or value of the public's right to use approximately 100 parking spaces within the proposed parking garage/apartment complex to be located on the subject site.

As discussed previously, operating expenses, including insurance, repairs and maintenance, utilities and management are estimated to be \$45,625 per year. Assuming the subject property were to be redeveloped, this would result in an operating expense savings of \$45,625.

In addition, the proposed project would generate real estate taxes, as it would no longer be owned by the City of Sparks, a tax-exempt entity. As indicated previously, the subject's projected real estate taxes for the assessment year 2016-2017 are indicated to be \$37,309, assuming the subject property to be in private ownership.



The following chart sets forth a summary of the above cost benefit analysis, assuming the subject property is redeveloped.

**Model #1
Cost Benefit Analysis
Public's Right To Use 100 Parking Spaces**

Current Operating Expenses		
Insurance	\$ 6,430	
Repairs & Maintenance	\$12,060	
Utilities	\$24,120	
Maintenance	<u>\$ 3,015</u>	
Operating Expense Savings		\$45,625
Potential Real Estate Tax Revenue		<u>\$37,309</u>
Indicated Annual Public Benefit		\$82,934

As indicated, the annual public benefit, as a result of the public's right to use 100 spaces within the proposed project, under Model #1, is indicated to be \$82,934.

As an alternative to the above Method Analysis, and further assuming the subject property were in private ownership and 100 spaces were not made available to the public, it would be necessary for the City of Sparks to provide suitable substitute parking. Previously, the market rent of the subject's parking garage was estimated to be \$50 per month. Assuming the subject 100 spaces were not available to the public, it would be necessary for the City of Sparks to rent 100 spaces at \$50 per month, which would result in an annual cost of \$60,000. By having the public's right to use 100 parking spaces within the proposed project would indicate an annual public benefit of \$60,000.

In addition, under private ownership, the subject property would generate real estate taxes. For the assessment year 2016-2017, the projected real estate taxes for the subject parking garage are indicated to be \$37,309.

As a result, under this method of analysis, the indicated public benefit of the public's right to use 100 spaces within the Pros Project is indicated to be \$97,309. The following chart sets forth a summary of this analysis.



Model #2
Cost Benefit Analysis
Public's Right To Use 100 Parking Spaces

Cost Savings	\$60,000
(100 Spaces @ \$50/month x 12 months)	
Real Estate Tax Revenue	<u>\$37,309</u>
Indicated Annual Public Benefit (Model #2)	\$97,309

To summarize, Model #1, analyzing the subject's operating expenses and projected real estate tax revenue results in an indicated public benefit of \$82,934. Model #2, which analyzes the opportunity cost savings to the City of Sparks as a result of not having to rent 100 spaces in the amount of \$97,309. As a result, it is my opinion that the right to use 100 parking spaces in the subject parking garage, as proposed, results in a public benefit ranging from \$83,000 to \$97,000.

It is intended that this supplemental analysis be utilized in conjunction with the appraisal of the C Street Parking Garage, which was prepared by this appraisal firm on May 22, 2017, which an effective date of valuation of May 8, 2017. If I can be of further assistance to you, please contact me.

Respectfully Submitted,

Reese Perkins, MAI, SRA
Nevada Certified General Appraiser
License Number A.0000120-CG

Exhibit 4. Review of Appraisal Report

***Review of an Appraisal Report
By Reese Perkins, MAI
A Nevada Certified General Appraiser
Estimating the Market Value of
The C Street Parking Garage
Located at 955 C Street
Sparks, Washoe County, Nevada***

William G. Kimmel
Real Estate Appraiser & Consultant

Airport Center
1281 Terminal Way, Suite 205
Reno, Nevada 89502
775.323.6400 ~ william.kimmel@att.net

November 8, 2017

Armando Ornelas
Assistant Community Services Director - Development
City of Sparks
431 Prater Way
Sparks, NV 89431

Dear Mr. Ornelas:

Pursuant to your request I have completed a review of an appraisal report prepared by Reese Perkins, MAI a Nevada Certified General Appraiser. The purpose of the appraisal is to estimate the market value of the C Street Parking Garage.

The date of value for this report is May 8th, 2017 and the date of the report is May 22nd, 2017. The property is located 955 C Street, in Sparks, Washoe County, Nevada. It is identified by the Washoe County Assessor as parcel number 032-193-19.

In addition to the market value of the parking garage, which is owned by the City of Sparks, Mr. Perkins then prepared a supplemental analysis, dated May 23rd, 2017, referring to the prior report. More specifically, he estimated the cost benefit of the public's right to use 100 parking spaces, in a re-development of the parking garage, with multi-level apartment complexes, including 2-3 levels of parking. It would be open 24 hours, 7 days a week, for the public use.

In the preparation of this review I did physically inspect the subject property and I read the appraisal reports in their entirety.

WILLIAM G. KIMMEL & ASSOCIATES

Summary of Review and Analysis: The first report is an estimated value by Mr. Perkins of the market value of this existing four-story parking garage, built in 1988, containing 402 spaces, at about 125,760± square feet of building area, including the roof parking. The total land area is 1.3625± acres, and the assessor's parcel number is 032-193-19.

As indicated, this garage is owned by the City of Sparks. The valuation has been set out. The important salient facts and conclusions are summarized on pages 1 and 2 of the appraisal report. Following that, Mr. Perkins sets out the purpose of the appraisal, the intended user/use, the definition of market value, and the effective date of valuation as of May 8th, 2017, with the appraisal report completed May 22nd, 2017.

There were no extraordinary assumptions or hypothetical conditions utilized. Essentially, the appraiser analyzed the valuation by the comparable sales approach, since the subject property has been utilized as free parking, and has a history of low occupancy rates. The appraiser sets out the area of the subject property on pages 5 and 6, with a thorough description of the Reno-Sparks metropolitan area through page 30 of the report. The neighborhood map is indicated on page 31, and the neighborhood description follows on pages 32 through 38, indicating major multiple residential utilization within the general subject area, in the past few years. There is a good aerial photo on the subject on page 39, and at-grade photos on pages 40 through 49. There is also an assessor's parcel map, plus a zoning and land-use map. Beginning on page 53 is a property identification and size description.

As indicated, the appraiser's utilized a comparable sales approach, as he concluded that the highest and best use was for its continuation as a parking garage, but one for which fees would be charged. The appraiser did consider landfills in the area, and also considered the sales of properties with garages, and concluded that the highest and best use is as improved, that is, a parking garage.

On page 68 of the report, the appraiser sets out the three parking garage sales that have occurred in the Reno-Sparks area (within the last 5 years) into a chart, followed by a sales map, and individual sales sheets, in addition to photos of each sale. The comparable sales showed the sales price per parking space of from \$2,022 to \$2,944, with a range in date of sale from August of 2013 to August of 2015.

From the appraiser's analysis, he concluded that 402 parking spaces would have a value from \$2,250 to \$2,500 per space, with a correlated value estimate at \$950,000. Following that is the appraiser's estimated marketing time, certification, and qualifications.

Overall, it is my opinion that this report is well-prepared and justified. Therefore, the value indication at \$950,000 appears reasonable.

The next consideration was the supplemental analysis, which addresses the cost benefit to the City of Sparks, by having 100 spaces utilized and available 24/7. Essentially, this is

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analysis of the public's right to use 100 parking spaces, within the proposed parking garage, apartment complex.

In his analysis, and particularly on the 2nd and 3rd page, he indicates that the garage has basically been under-utilized, and generally less than 25% occupied, with the exception of special events, and at that time, the garage becomes 100% occupied. The appraiser then analyzed the cost of utilization as a free parking facility, and on page 3 of his supplemental analysis, he indicated a loss under free parking, at \$82,934 per year. This essentially assumes an allocated insurance, maintenance, and utility expenses, with no income and no real estate being paid.

The second part of the analysis is the investigation of a variety of parking garages, which are available for rent, and this chart is summarized on page 4 of his analysis. From the data which does appear to be well-documented, Mr. Perkins produced an estimated \$50 per month, per space of fair rental.

The first recognition is that as long as the City of Sparks owns the property then there would not be any real estate taxes paid. Mr. Perkins' analysis shows that as real estate tax revenue would be \$37,309 per year, as long as the property was not privately owned. From the Perkins' analysis, if the property would continue as it is, with free parking, this indicates an \$82,934 total loss per year, and if there were paid parking, there still is a loss of \$22,634 per year. The last analysis assumes that the parking garage has been sold to a private entity, and therefore, there would be real estate taxes paid by the property owner. In addition, the City of Sparks would gain the use of 100 parking spaces at no cost, and this would then equate to \$60,000 per year of free parking, plus \$37,309 in real estate tax revenue; therefore, indicating a benefit of \$97,300 (rounded). In effect, this means that the benefit to the city would be \$97,000, as compared to either a loss of \$83,000 (rounded) or, if the city were to charge for parking, a loss of almost \$23,000 per year. His alternate analysis on page 6 shows a benefit of \$82,934, assuming a savings in operating expense, but not factoring in the rent savings. I believe the analysis on page 7 best represents what is the public benefit – that is, a savings of \$60,000 per year in free rent, plus \$37,309 in tax payments for a total of \$97,309 as the public benefit.

In my opinion, this analysis does appear to be reasonable, and is well supported.

Following is the certification, legal description, qualifications of the appraiser, and any limiting conditions of the appraiser.

Considering all of the various factors, it is my opinion that this report does meet the requirements of the Uniform Standards of Professional Appraisal Practice and the recommended just compensation value appears reasonable.

Sincerely,



William G. Kimmel, MAI, SREA
Certified General Appraiser
State of Nevada
Certification No. A.0000004-CG

WGK/mm

WILLIAM G. KIMMEL & ASSOCIATES

QUALIFICATIONS OF WILLIAM G. KIMMEL

CERTIFIED GENERAL APPRAISER
STATE OF NEVADA, CERTIFICATION #A.0000004-CG

Education: B.A. Degree in Economics from Stanford University.

Experience: From 1959 to 1961, employed as a real estate broker-salesman in Reno and Lake Tahoe, Nevada. From 1961 to 1968, employed by the Nevada State Highway Department as a real estate appraiser and Assistant Supervisor. From April 1968 to present, an independent fee appraiser.

Expert Witness: Qualified as an expert witness in District Court in Washoe, Clark, Carson City, Lander, Lyon, Humboldt, Elko and Douglas Counties, Nevada; Superior Court in Eldorado and Los Angeles Counties, California; United States Tax Court in Las Vegas and Reno, Nevada, New York City, and Seattle, Washington; Federal Bankruptcy Courts in Reno, Las Vegas, San Francisco, Los Angeles, Phoenix, Portland Oregon; U.S. District Court in Reno and Las Vegas, Nevada; State District Court, Salt Lake City, Utah; U.S. District Court, Boise, Idaho; Superior Court, Newton County, Kentland, Indiana; United States Court of Federal Claims in Washington D.C.; Second Judicial Court, Chancery Court of Harrison County, Biloxi, Mississippi; Tax Court New Jersey; Court of Tax Appeals State of Kansas.

Lecturer: Instructed at the University of Nevada, Reno; Truckee Meadows Community College; Educations Dynamics Institute (Reno School of Real Estate); and Graduate Realtor Institute courses in real estate appraisal and land economics.

Professional Organizations: MAI - Member Appraisal Institute
SREA - Senior Real Estate Analyst Member of the Appraisal Institute
Licensed Real Estate Broker, Reno/Sparks Association of Realtors 1958-2011
Certified General Appraiser, State of Nevada, Certification Number A.0000004-CG

Offices Held: President - 1986 - Sierra Nevada Chapter 60, American Institute of Real Estate Appraisers

President - 1976-1977 - Reno-Carson-Tahoe Chapter 189 Society of Real Estate Appraisers

President - 1966 - Chapter 44, American Right-of-Way Association

President - 1996 - Reno-Carson-Tahoe Chap. 189 Appraisal Institute

Board of Directors - 1973-1976 -Reno Board of Realtors

Commissioner - 1989-1994 - State of Nevada, Nevada Commission of Appraisers

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Clients Served: Public Entities (partial list)

Internal Revenue Service
Nevada Industrial Commission
Nevada State Highway Department (NDOT)
Nevada State Division of Parks
Nevada State Planning Board
Nevada State Division of Real Estate
Nevada State Mental Health Institute
Clark County
Public Employees Retirement System
California Division of Highways
Carson City
City of Elko
City of Reno
City of Sparks
City of South Lake Tahoe
City of Las Vegas
City of Los Angeles
City of West Wendover
Incline Village General Improvement District
University of Nevada, Reno
Feather River College
Kingsbury Improvement District
Tahoe-Douglas Improvement District
Crystal Bay Improvement District
Douglas County
Washoe County
United States Forest Service
McCarran International Airport
Reno Redevelopment Agency
Las Vegas Redevelopment Agency
Sierra Pacific Power Company (NV Energy)
Kern River Gas
Nevada Power Company
Washoe County Airport Authority

Lending Institutions & Mortgage Companies: (partial list)

American Bank
American Federal Savings Bank Lending Institutions
(Formerly First Federal Savings)
Bank of America
Bank of Nevada
Bank of Tokyo
Bank of the West
Bank West
Banker's Mortgage Co. of CA
Business Bank
California Fed. Savings & Loan
Central California Bank

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Central Valley National Bank
Chase Manhattan Bank
Citibank
Colonial Bank
Coldwell Banker
Comerica Bank
Crocker-Citizens National Bank
Far West Mortgage Company
First Bank of Arizona
First Independent Bank of Nevada
First Interstate Bank of Nevada
First National Bank of Nevada
First Western Savings & Loan
Fleet Mortgage
Giddings Company
Great Basin Bank
Heritage Bank
Home Savings Association
Interwest Mortgage
Investor's Mortgage Service Co.
Irwin Union Bank
Manufacturer's Hanover Trust
Mason-McDuffie
Mortgage Guaranty Ins. Corp. (Hibernia Bank)
Nevada National Bank
Nevada Security Bank
Nevada State Bank
Northern Nevada Bank
Pioneer Citizen's Bank of Nevada
PriMerit Bank (Formerly Nevada Savings & Loan)
Security Bank of Nevada
Security Pacific Bank (Formerly Nevada National Bank)
The Stanwell Company
Sun West Bank
United Mortgage Company
U.S. Bank (Formerly Security Pacific Bank)
Valley Bank of Nevada
Wells Fargo Bank
Zion's Bank

Business Firms:

In addition to the above,
various accounting firms and law offices.

Types of Properties Appraised:

Gaming Casinos
Hotel/Casinos
Motels
Hotels

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Apartments
Condominiums
Time Share & Interval Ownerships
Mobile Home Park
Shopping Centers
Warehouses
Medical Buildings
Office Buildings
Hospital
Commercial Buildings
Planned Unit Developments
Brothels
Industrial Buildings
Single Family Residences
Ski Areas
Tennis Clubs
Airport Facilities
Feed Lots
Guest Ranches
Ranches
Unimproved Land
Forest Land
Churches
Schools
Cemeteries
Mortuaries
Marinas
Gravel Pits
Air Rights
Sub-Surface Rights
Value of Business as a Going Concern
Leasehold & Partial Interest

LIMITING CONDITIONS

In acceptance of this consultation assignment and the completion of the consulting report submitted herewith, it has been assumed by this consultant the following:

1. LIMIT OF LIABILITY:

The liability of Kimmel & Associates and employees is limited to the client only and to the fee actually received. Further, there is no accountability, obligation, or liability to any third party. If this report is disseminated to anyone other than client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The consultant is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offerings or stock offerings in real estate, client agrees that if a legal action is initiated by any lender, partner, part owner in any form of ownership, tenant, or any other party, the client will hold the consultant completely harmless in any such action from any and all awards or settlements of any type, regardless of outcome.

2. CONFIDENTIALITY:

This consultation 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 consultant whose signature(s) appear on the report. No change of any item in the report shall be made by anyone other than the consultant. The consultant shall have no responsibility if any such unauthorized change is made.

3. FEE:

The consultant certifies that, my compensation is not contingent upon the report of a predetermined 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, or that the consultant assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

4. This is a review assignment report which is intended to comply with the reporting requirements set forth under Standard Rule 3) of the Uniform Standards of Professional Appraisal Practice.

5. ACCEPTANCE AND/OR USE OF THIS CONSULTATION REPORT BY THE CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS. CONSULTANT LIABILITY EXTENDS ONLY TO THE STATED CLIENT AND NOT TO SUBSEQUENT PARTIES OR USERS, AND THE LIABILITY IS LIMITED TO THE AMOUNT OF FEE RECEIVED BY THE CONSULTANT.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- My engagement in this assignment was not contingent upon developing or reporting predetermined results.

- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- 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 & Standard of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

- I have made a personal inspection of the property that is the subject of this report.

- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

- The appraiser's state registration has not been revoked, suspended, canceled or restricted.

WILLIAM G. KIMMEL & ASSOCIATES

- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this project.



*William G. Kimmel, MAI, SREA
Certified General Appraiser
State of Nevada
Certification No. A.0000004-CG*

Exhibit 5. Parking Analysis



Traffic Engineering, Transportation Planning & Forensic Services

October 13, 2017

Jon Ericson
City Engineer
City of Sparks
431 Prater Way
Sparks, NV 89431

Parking Rate Validation – Victorian Square

Dear Mr. Ericson,

This letter report presents a parking rate comparison analysis between ITE Parking Generation and existing utilization of parking in the eastern portion of Victorian Square. The purpose of this analysis is to identify the ITE parking demand rates (50th % or 85th %) that best align with current Victorian Square parking demand.

Introduction

This study includes documentation of existing parking demand on-street, in lots and in parking structures, and calculations based on the ITE Parking Generation manual considering shared use. The study area is bounded by 10th Street on the west, C Street on the north, Pyramid Highway on the east, and Victorian Avenue on the south. **Figure 1**, attached, shows the current parking locations and the total number of parking spaces in each lot/structure. There are a total of 513 parking spaces within the inventory parking areas.

Existing Parking Demand

Existing parking demand was determined by counting the total number of parking spaces in use within the study area during peak times on Friday, September 15th and Friday, September 22nd, 2017. The demand includes parked vehicles in public lots and private lots that are associated specifically with the following properties that were in full operation during the surveys. The values in parentheses are assumptions of the property land use.

Existing Developments

- Blind Onion / Pietro's (9,573 S.F. Restaurant w/o Bar)
- Oski's (3,476 S.F. Restaurant w/ Bar)
- Great Basin (6,970 S.F. Restaurant w/ Bar)
- Great Basin Courtyard (2,500 S.F. Restaurant w/ Bar)
- Mummer's / Patty's (6,970 S.F. Bar)
- Victorian Saloon (2,354 S.F. Bar)
- Cantina Los Hombres (7,721 Restaurant w/ Bar)
- Cantina Los Hombres Patio (6,970 S.F. Restaurant w/ Bar)
- Epic Pole (1732 S.F. Health/Fitness Club)

Figure 2, attached, shows the existing businesses that were in full operation during the surveys.

Parking Demand Comparison

Table 1 shows the peak parking space demand for all study properties per the ITE Parking Generation manual (50th percentile and 85th percentile rates) with shared-use parking and the collected parking data at the aforementioned parking areas. ITE 50th and 85th percentile calculation tables are shown in **Attachment A**.

Table 1. ITE Parking Demand and Victorian Square Count Data by Time of Day

Time	ITE 50%tile Rates	ITE 85%tile Rates	9/15 Count Data	9/22 Count Data
4:30 PM	105.9	133.4		
4:45 PM				
5:00 PM	77.9	226.5		
5:15 PM			144	189
5:30 PM				
5:45 PM				204
6:00 PM	234.1	300.9		
6:15 PM			207	228
6:30 PM				
6:45 PM			238	229
7:00 PM	236.3	305.2		
7:15 PM			224	255
7:30 PM				
7:45 PM			234	219
8:00 PM	208.6	267.0		
8:15 PM				196
8:30 PM				

Figure 3 presents a graphical comparison of the ITE rates and count data collected at the study area.

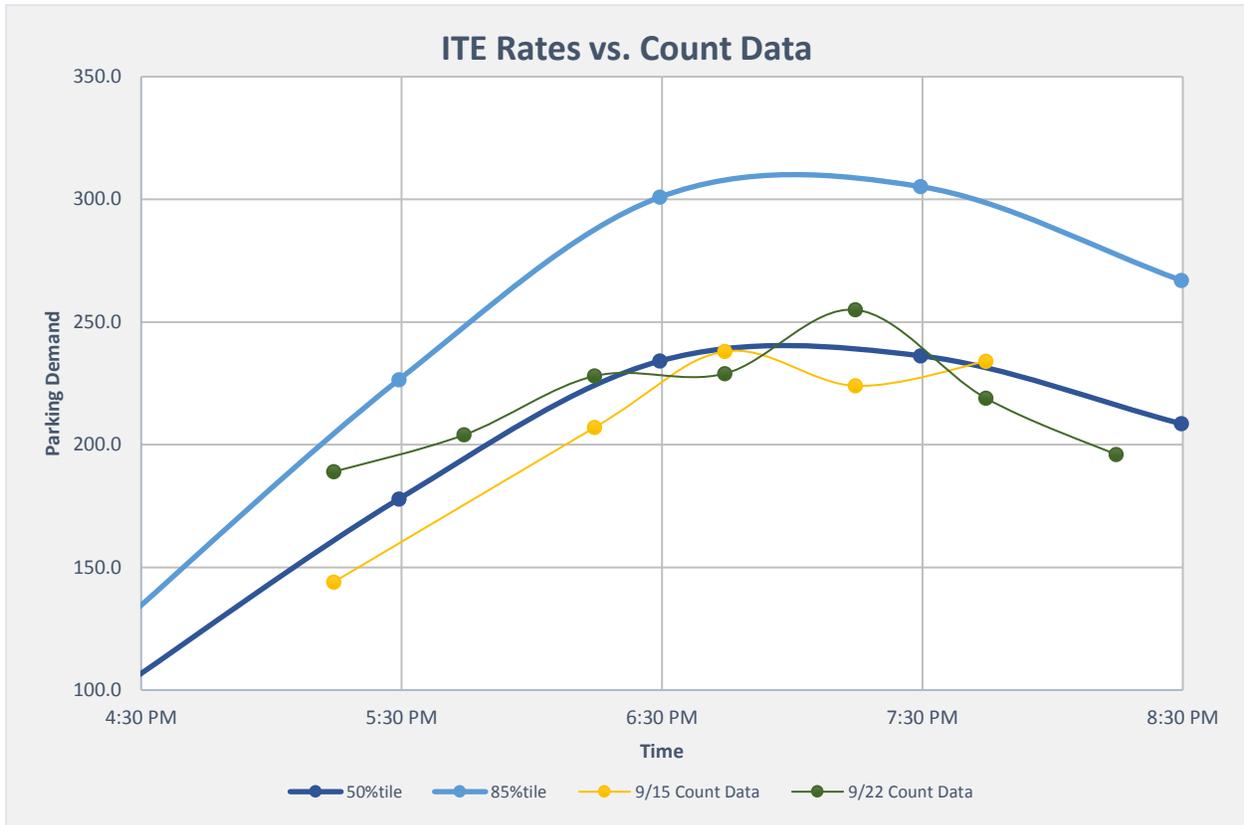


Figure 3. ITE Friday Parking Demand vs. Count Data

As shown in Figure 3 the collected data is most similar to the ITE 50th percentile curve, particularly during the 6:00 PM peak hour when peak conditions occur. The existing businesses at Victorian Square did generate slightly more parking demand than the ITE 50th percentile rates estimate.

Conclusion

After collecting parking demand data on two separate Friday evenings during the peak hours, we determined the existing Victorian Square businesses generate parking demand similar to ITE 50th percentile rates. The maximum demand of the study properties slightly exceeded the 50th percentile rates but is well below the 85th percentile rates.

Please do not hesitate to contact us at 775.322.4300 with any questions.

Sincerely,

TRAFFIC WORKS, LLC



Loren E. Chilson, PE

Principal

Attachments:

Attachment A – Friday Demand Calculation Tables

Figure 1. East Victorian Square Parking Areas



Legend

513 Parking Areas

Number of Public Parking Spaces



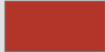
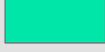
Date: 10/13/2017



Figure 2. East Victorian Square Comparison Properties



Legend

-  Blind Onion / Pietros
-  Cantina Los Hombres
-  Cantina Los Hombres Patio
-  Epic Pole
-  Great Basin
-  Great Basin Courtyard
-  Mummer's / Paddy's
-  Oski's
-  Victorian Saloon



Date: 10/3/2017

ITE PARKING DISTRIBUTION (FRIDAY 50%TILE RATES)

Time of Day	Victorian Square Property									Total
	Blind Onion / Pietros	Oski's	Great Basin	Great Basin Courtyard	Mummer's / Paddy's	Victorian Saloon	Cantina Los Tres Hombres	Cantina Los Hombres Patio	Epic Pole	
12:00 - 4:00 AM					33.6	11.3				44.9
5:00 AM	4.8									4.8
6:00 AM	13.8								1.8	15.6
7:00 AM	23.4								1.8	31.2
8:00 AM	30.3								1.8	59.7
9:00 AM	40.4	1.1	2.1	0.8			2.3	2.1	2.4	90.1
10:00 AM	45.2	1.5	3.0	1.1			3.3	3.0	4.7	105.4
11:00 AM	48.9	3.4	6.8	2.4			7.5	6.8	4.4	126.9
12:00 PM	53.1	10.4	20.8	7.4			23.0	20.8	3.8	185.5
1:00 PM	47.8	8.2	16.5	5.9			18.3	16.5	4.3	162.6
2:00 PM	28.2	5.7	11.4	4.1			12.7	11.4	3.5	122.4
3:00 PM	22.3	4.0	8.1	2.9			8.9	8.1	3.7	102.1
4:00 PM	22.3	4.6	9.3	3.3			10.3	9.3	5.6	105.9
5:00 PM	40.4	12.7	25.4	9.1			28.2	25.4	7.7	177.9
6:00 PM	44.1	19.9	39.8	14.3	13.4	4.5	44.1	39.8	8.3	234.1
7:00 PM	33.5	21.1	42.4	15.2	19.1	6.5	46.9	42.4	9.1	236.3
8:00 PM	35.1	17.1	34.3	12.3	24.5	8.3	38.0	34.3	4.6	208.6
9:00 PM	33.5	17.8	35.6	12.8	28.6	9.6	39.4	35.6		212.8
10:00 PM	25.5				30.9	10.4				66.8
11:00 PM	23.4				32.3	10.9				66.5

ITE PARKING DISTRIBUTION (FRIDAY 85%TILE RATES)

Time of Day	Victorian Square Property									Total
	Blind Onion / Pietros	Oski's	Great Basin	Great Basin Courtyard	Mummer's / Paddy's	Victorian Saloon	Cantina Los Tres Hombres	Cantina Los Hombres Patio	Epic Pole	
12:00 - 4:00 AM					42.3	14.3				56.6
5:00 AM	5.5									5.5
6:00 AM	15.9								2.9	18.8
7:00 AM	26.8								2.9	37.0
8:00 AM	34.8								2.9	71.6
9:00 AM	46.3	1.4	2.8	1.0			3.1	2.8	3.8	109.0
10:00 AM	51.8	1.9	3.9	1.4			4.3	3.9	7.5	128.6
11:00 AM	56.1	4.4	8.9	3.2			9.8	8.9	7.0	155.9
12:00 PM	61.0	13.6	27.2	9.7			30.1	27.2	6.2	231.8
1:00 PM	54.9	10.8	21.6	7.8			24.0	21.6	6.9	202.9
2:00 PM	32.3	7.5	15.0	5.4			16.6	15.0	5.6	153.1
3:00 PM	25.6	5.3	10.5	3.8			11.7	10.5	6.0	127.7
4:00 PM	25.6	6.1	12.2	4.4			13.5	12.2	8.9	133.4
5:00 PM	46.3	16.6	33.3	11.9			36.9	33.3	12.3	226.5
6:00 PM	50.6	26.0	52.1	18.7	16.9	5.7	57.7	52.2	13.3	300.9
7:00 PM	38.4	27.7	55.4	19.9	24.1	8.1	61.4	55.5	14.7	305.2
8:00 PM	40.2	22.4	44.9	16.1	30.9	10.4	49.8	44.9	7.3	267.0
9:00 PM	38.4	23.2	46.6	16.7	35.9	12.1	51.6	46.6		271.2
10:00 PM	29.3				38.9	13.1				81.3
11:00 PM	26.8				40.6	13.7				81.1

Maximum Parking Demand



Traffic Engineering, Transportation Planning & Forensic Services

July 28, 2017

Jon Ericson
City Engineer
City of Sparks
431 Prater Way
Sparks, NV 89431

Parking Analysis – Victorian Square Redevelopment

Dear Mr. Ericson,

This letter report presents a parking analysis based on City of Sparks Municipal Code and ITE Parking Generation for the anticipated redevelopment of Victorian Square in downtown Sparks, Nevada. The purpose of this analysis is to identify the appropriate public parking supply that should be preserved in Victorian Square with long-term redevelopment plans.

Introduction

This study includes documentation of existing parking supply on-street, in lots and in parking structures, a review of City of Sparks parking requirements, and calculations based on the ITE Parking Generation manual considering shared use. The study area is bounded by 15th Street on the west, Victorian Plaza Circle on the north, Pyramid Highway on the east, and Victorian Avenue on the south. **Figure 1**, attached, shows the study area, including the current parking locations and the total number of parking spaces in each lot/structure.

Existing Parking Supply

Existing parking supply was determined by counting the total number of existing parking spaces within the study boundaries in June 2017. The supply includes public lots and private lots that are associated specifically with the properties included in the parking demand calculations presented later in this report.

Table 1 shows the available parking supply at each location within the study area.

Table 1. Available Parking for Victorian Square

Victorian Square Off-Street Parking

Parking Location	Parking Spaces		
	Regular	Handicap	Total
Victorian Square Garage	670	26	696
1st Floor	148	22	170
2nd Floor	188	2	190
3rd Floor	188	2	190
4th Floor	146	0	146
C-Street Garage	325	16	341
1st Floor	58	16	74
2nd Floor	89	0	89
3rd Floor	89	0	89
4th Floor	89	0	89
Great Basin (Private)	32	2	34
South Parking	14	0	14
Museum (Private)	5	0	5
Sparks Public Park	21	3	24
Courthouse	93	4	97
West Overflow Lot	39	2	41
		Sub-Total	1252

Victorian Square On-Street Parking

Parking Location	Parking Spaces		
	Regular	Handicap	Total
Avenue of the Oaks	15	0	15
C St	45	0	45
Victorian Plaza	28	0	28
Victorian Plaza Cir	9	0	9
		Sub-Total	97
		Total Parking Supply	1349

As shown in **Table 1**, there are a total of 1349 parking spaces (1254 regular, 95 handicap) within the study boundaries.

Existing & Planned Land Use

The existing and planned long-term land uses and quantities included in this analysis to determine parking demand are as follows, the values in parentheses are assumptions of the property use under full buildout:

Existing & Approved Developments

- Theater (998 Seat Cinema)
- Fountainhouse Residential Phase 1 (220 Units)
- Fountainhouse Residential Phase 2 (16 Units)
- Dotty's (13,517 S.F. Restaurant w/ Bar)
- Northern Nevada Comstock Investments (3500 S.F. Retail)
- Fountainhouse Retail (10,014 S.F. Retail)
- The Bridges Residential (194 Units)
- Sparks Heritage Museum Bld. 1 (4,749 S.F. Museum)
- Sparks Heritage Museum Bld. 2 (4,500 S.F. Museum)
- Blind Onion / Pietro's (9,573 S.F. Restaurant w/o Bar)
- Offices above Blind Onion (3,191 S.F. Office)
- Oski's (3,476 S.F. Drinking Place)
- Great Basin (6,970 S.F. Restaurant w/ Bar)
- Offices above Great Basin (7,069 S.F. Office)
- Great Basin Courtyard (2,500 S.F. Restaurant w/ Bar)
- Mummer's / Patty's (6,970 S.F. Drinking Place)
- Offices above Mummer's (2,588 S.F. Office)
- Victorian Saloon (2,354 S.F. Drinking Place)
- Cantina Los Hombres (7,721 Restaurant w/ Bar)
- Cantina Los Hombres Patio (6,970 S.F. Restaurant w/ Bar)
- Bridal Shop (1,732 S.F. Retail)
- Epic Pole (1732 S.F. Health/Fitness Club)

Future Redevelopment

- Plaza Retail (40,454 S.F. Retail)
- Nugget Owned Property 1 (3,500 S.F. Retail)
- Nugget Owned Property 2 (10,500 S.F. Retail)
- Nugget Owned Property 3 (10,500 S.F. Retail)
- SRA Owned Property (7,000 S.F. Retail)
- Cantina Los Hombres Parking Lot (7,000 S.F. Retail)
- Vacant Retail – Former Adams Jewelry (3,251 S.F. Retail)
- Bourbon Square (10,000 S.F. Casino)

Figure 2, attached, shows the location of each development/redevelopment component in Victorian Square.

Parking Supply Requirements per City Code

Parking requirements for the study area were calculated using the minimum vehicular parking requirements included in *Section 20.04.009 – Parking and Loading* of the Sparks Municipal Code. In addition, residential overflow parking demand of The Bridges and Fountainhouse Phase 1 and Phase 2 residential projects are included. It is important to note that these projects meet the minimum code set by the City of Sparks. However, the actual parking demand is believed to be greater than the code indicated value (real demand at 1.4 to 1.7 spaces per unit total). **Table 2** presents parking requirements per Sparks Municipal Code based on the minimum parking requirements for each applicable land use.

Table 2. Parking Requirement By City Code

Property ID	Use	Parking Ratio	Parking Need Per Zoning Code
1	Theater	1/300	193.1
2	Doty's	1/200	67.6
3	N. Nevada Comstock	1/300	11.7
4	Fountainhouse Retail	1/300	33.4
5	Plaza Retail	1/300	134.8
6	Nugget Owned 1	1/300	11.7
7	SRA Owned	1/300	23.3
8	Nugget Owned 2	1/300	35.0
9	Nugget Owned 3	1/300	35.0
13	Sparks Heritage Museum	1/400	11.9
14	Sparks Heritage Museum	1/400	11.3
15	Blind Onion / Pietro's	1/300	31.9
15a	Offices above Blind Onion	1/800	4.0
16	Oski's	1/300	11.6
17	Great Basin	1/300	23.2
17a	Offices above Great Basin	1/800	8.8
18	Great Basin Courtyard	1/300	8.3
19	Mummer's/Paddy's	1/400	17.4
19a	Offices above Mummer's	1/800	3.2
20	Victorian Saloon	1/400	5.9
21	Cantina Los Hombres patio	1/300	23.2
22	Vacant Retail (former Adams Jewelry)	1/300	10.8
23	Bridal Shop	1/300	5.8
24	Epic Pole	1/150	11.5
25	Cantina Los Tres Hombres	1/300	25.7
26	Silver Club/Bourbon Square	1/300	33.3
27	Cantina Los Tres Hombres Parking Lot	1/300	23.0
	Sub-total		817
Residential Overflow Parking Need			
10	Fountainhouse Residential PH 1	0.6/du	132*
11	Fountainhouse Residential PH 2	0.45/du	8*
12	The Bridges Residential	0.3/du	58*
	Sub-total		198
	Total		1015

*Additional Demand Estimates (City of Sparks)

As shown in **Table 2**, with all planned redevelopment, 1015 parking spaces are needed in the Victorian Square study area per Sparks Municipal Code with identified residential overflow demand.

Parking Demand per ITE

The total number of required parking spaces for the redevelopment of Victorian Square was alternatively calculated using ITE parking generation rates and hourly demand during the peak days of the week (Friday and Saturday) of the generators. Two different ITE rates were used, average rates (50th percentile), and 85th percentile rates which provide a very conservative analysis. **Table 3**, shows the absolute peak parking space demand by parcel per the ITE Parking Generation manual without regard to time-of-day or shared-use parking.

Table 3. Parking Space Requirements per ITE (Total without Time-of-Day Adjustment)

ID	Property	Friday		Saturday	
		ITE (50 th Tile Rates)	ITE (85 th Tile Rates)	ITE (50 th Tile Rates)	ITE (85 th Tile Rates)
1	Theater	259.5	359.3	189.6	229.5
2	Dotty's	82.2	107.5	100.7	126.1
3	Vacant casino	13.9	18.3	16.3	20.7
4	Fountainhouse Retail	39.7	52.4	46.8	59.2
5	Plaza retail	160.2	211.6	188.9	239.1
6	Nugget owned	13.9	18.3	16.3	20.7
7	SRA owned	27.7	36.6	32.7	41.4
8	Nugget owned	41.6	54.9	49.0	62.1
9	Nugget owned	41.6	54.9	49.0	62.1
10	Fountainhouse Phase 1 (Overflow)	22.0	112.2	0.0	8.8
11	Fountainhouse Phase 2 (Overflow)	1.0	5.8	0.0	8.2
12	Bridges (Overflow)	19.8	99.3	0.0	0.0
13	Museum	4.7	5.8	6.3	8.5
14	Museum	4.4	5.5	5.9	8.1
15	Blind Onion/Pietro's	53.1	61.0	59.1	90.2
15a	Offices above Blind Onion	7.9	9.5	0.0	0.0
16	Oski's	16.8	21.1	18.2	24.5
17	Great Basin	42.4	55.4	51.9	65.0
17a	Offices above Great Basin	17.5	21.1	0.0	0.0
18	Great Basin Courtyard	15.2	19.9	18.6	23.3
19	Mummer's/Paddy's	33.6	42.3	36.5	49.1
19a	Offices above Mummer's	6.4	7.7	0.0	0.0
20	Victorian Saloon	11.3	14.3	12.3	16.6
21	Cantina Los Hombres Patio	27.6	36.5	32.5	41.2
22	Vacant Retail (former Adams Jewelry)	12.9	17.0	15.2	19.2
23	Bridal Shop	6.9	9.1	8.1	10.2
24	Epic Pole	9.1	14.7	5.0	5.9
25	Cantina Los Tres Hombres	46.9	61.4	57.5	72.0
26	Silver Club/Bourbon Square	58.1	73.1	58.1	78.3
27	Cantina Los Tres Hombres Parking Lot	27.7	36.6	32.7	41.4
Total Demand		1098	1607	1108	1432

Residential overflow demand was calculated by using ITE 85th percentile parking generation rates (1.61 spaces per unit) to calculate total parking demand and then subtracting the number of parking spaces that were provided within the respective residential developments. The value provided in **Table 3** is the net difference.

The ITE manual also provides time-of day parking demand for each land use. Since the public parking areas are shared, time-of-day adjustments are needed to accurately estimate how much parking will be required at any point during the day.

Table 4 shows the time of day distribution by land use for the uses anticipated within redeveloped Victorian Square. Note that these values are the percentage of the peak demand shown in **Table 3** on Friday.

Table 4. Friday Time-of-day Distribution (%) by Land Use

Hour Beginning	Percent of Peak Period									
	Bar/Drinking Place (925)	Retail (820 - Shopping Center)	Museum (580)	Restaurant w/ Bar or Lounge (932)	Restaurant w/o Bar or Lounge (932)	Casino (473)	Low/Mid-Rise Apartment (221)	Health / Fitness Club (492)	Cinema w/ Matinee (404 - Seats)	Office Building (701)
12:00 - 4:00 AM	100	--	--	--	--	56	100	--	55	--
5:00 AM	--	--	--	--	9	--	96	--	--	--
6:00 AM	--	--	--	--	26	--	92	20	--	--
7:00 AM	--	--	--	--	44	--	74	20	--	19
8:00 AM	--	60	35	--	57	--	66	20	--	64
9:00 AM	--	82	49	5	76	--	--	26	--	91
10:00 AM	--	77	79	7	85	--	--	51	--	99
11:00 AM	--	92	100	16	92	56	--	48	--	99
12:00 PM	--	100	91	49	100	66	--	42	35	98
1:00 PM	--	100	84	39	90	66	--	47	60	96
2:00 PM	--	91	82	27	53	65	--	38	75	100
3:00 PM	--	88	74	19	42	64	--	41	80	99
4:00 PM	--	88	71	22	42	67	44	61	80	90
5:00 PM	--	86	52	60	76	73	59	84	80	58
6:00 PM	40	84	--	94	83	82	69	91	70	--
7:00 PM	57	--	--	100	63	88	66	100	80	--
8:00 PM	73	--	--	81	66	96	75	50	100	--
9:00 PM	85	--	--	84	63	100	77	--	100	--
10:00 PM	92	--	--	--	48	93	92	--	85	--
11:00 PM	96	--	--	--	44	66	94	--	70	--

As shown in **Table 4**, retail uses peak mid-afternoon while the theater, residential units and restaurant uses will peak later in the evening.

Figure 3 shows the results of multiplying each parking generator with the Friday time-of-day distribution (%) factor.

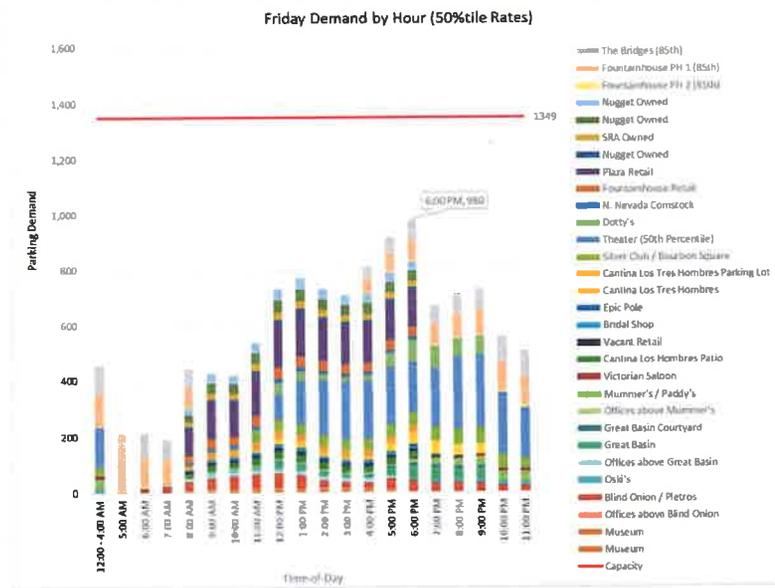


Figure 3. Friday Parking Demand by Hour Using Average Rates (50th Percentile)

As shown in Figure 3, using average (50th percentile) ITE rates, the parking demand (980 spaces) is well under the available parking supply. It is important to note that using the shared use distribution and average rates, the total spaces required would be a little less than Sparks Municipal Code requirements.

Figure 4 shows the time-of-day parking demand using 85th percentile parking rates (higher than national average rates), which would give a very conservative representation of peak Friday conditions.

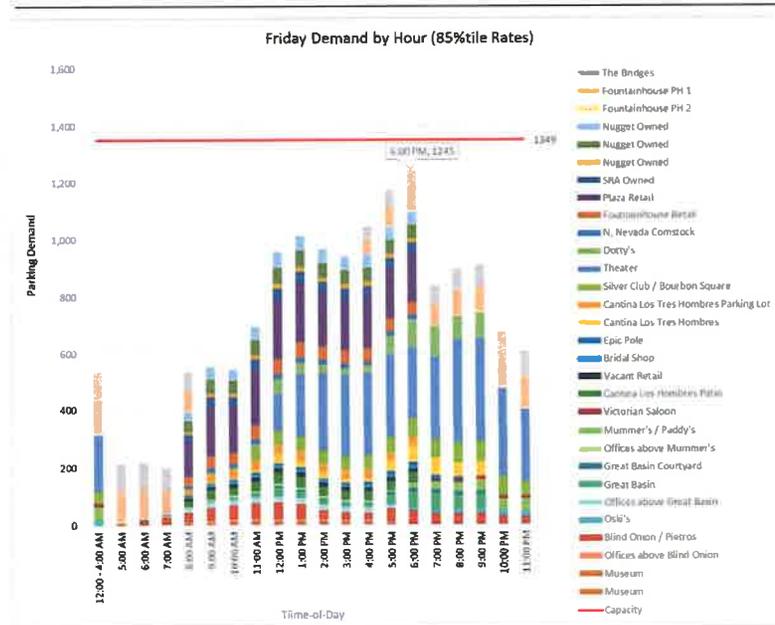


Figure 4: Friday Parking Demand by Hour Using 85th Percentile Rates

As shown in Figure 4, the peak parking demand will likely occur between 6 PM and 7PM on a Friday evening. This is the time when people are getting home from work and visiting the retail stores and/or theater. The conservative peak hour parking calculations would suggest 1245 spaces and Victorian Square would have a surplus of 104 spaces during the Friday evening peak hour.

Friday demand calculation tables for both the average rates and 85th percentile parking rates (higher than national averages) per ITE are provided in Attachment A.

Saturday conditions were also included in this analysis because of the amount of retail land use included in the anticipated redevelopment. Table 5 shows the Saturday time-of-day distribution by land use within Victorian Square. Again, the values in Table 5 are the percentage of the demand shown in Table 3.

Table 5. Saturday Time-of-day Distribution (%) by Land Use

Hour Beginning	Percent of Peak Period									
	Bar/Drinking Place (925)	Retail (820 - Shopping Center)	Museum (580)	Restaurant w/ Bar or Lounge (932)	Restaurant w/o Bar or Lounge (932)	Casino (473)	Low/Mid-Rise Apartment (221)	Health / Fitness Club (492)	Cinema w/ Matinee (444 - Seats)	Office Building (701)
12:00 - 4:00 AM	85	--	--	--	--	56	95	--	--	--
5:00 AM	--	--	--	--	--	--	100	--	--	--
6:00 AM	--	--	--	--	20	--	98	--	--	--
7:00 AM	--	--	--	--	30	--	94	--	--	--
8:00 AM	--	39	8	--	51	--	89	76	--	--
9:00 AM	--	68	8	5	73	--	59	94	--	--
10:00 AM	--	77	28	7	94	--	71	95	--	--
11:00 AM	--	93	59	20	100	56	67	100	35	--
12:00 PM	--	100	74	41	93	66	66	87	60	--
1:00 PM	--	94	79	5	84	66	64	82	5	--
2:00 PM	--	97	91	46	63	65	64	78	80	--
3:00 PM	--	96	100	38	39	64	69	73	80	--
4:00 PM	--	89	79	63	48	67	73	77	80	--
5:00 PM	--	83	52	80	55	73	78	72	70	--
6:00 PM	40	72	--	100	63	82	80	68	80	--
7:00 PM	57	--	--	93	74	88	83	94	100	--
8:00 PM	73	--	--	70	55	96	84	--	100	--
9:00 PM	85	--	--	33	39	100	87	--	85	--
10:00 PM	92	--	--	9	40	93	89	--	70	--
11:00 PM	96	--	--	--	53	66	95	--	55	--

The peak demand of the retail stores occurs mid to late afternoon while the apartments will create a more evenly dispersed distribution throughout the day. Office buildings do not create any measurable parking on Saturday following ITE methodologies.

Figure 5 shows the time-of-day parking demand for the Victorian Plaza on a Saturday using ITE average rates.

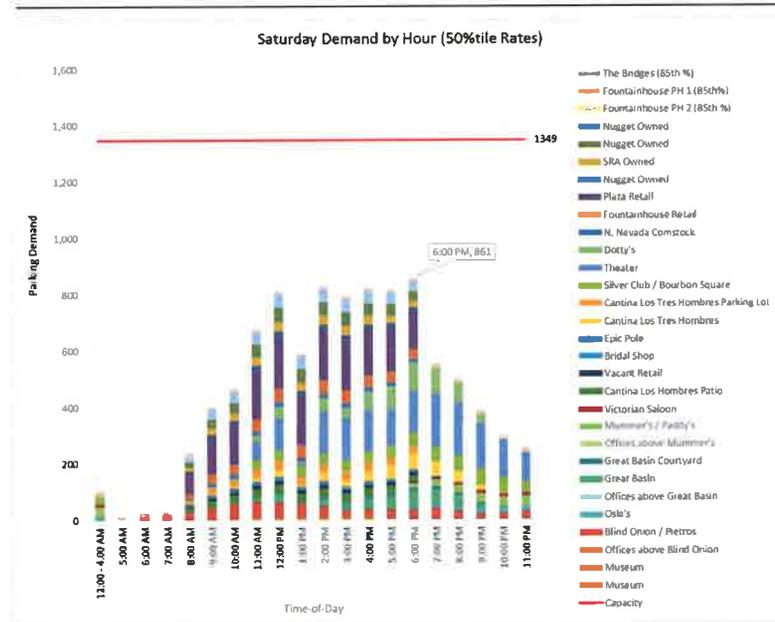


Figure 5: Saturday Parking Demand by Hour Using Average Rates

As shown in Figure 5, using ITE average rates the Saturday parking demand for Victorian Square is well within the supply of the existing parking lots and lower than the Friday demand.

Figure 6 shows the time-of-day distribution for the 85th percentile parking rates, which would give a very conservative representation of Saturday conditions.

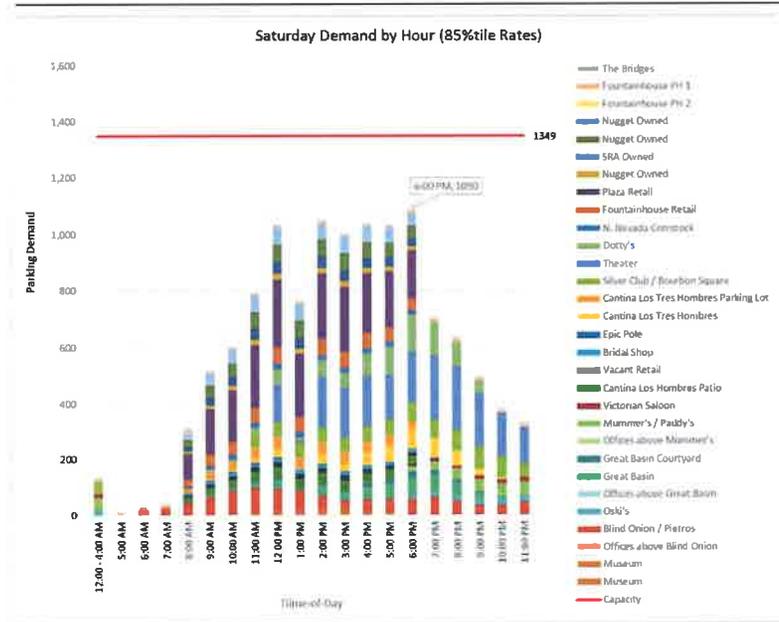


Figure 6: Saturday Parking Demand by Hour Using 85th Percentile Rates

As shown in Figure 6, the Saturday peak parking demand will likely occur between the hours of 6 PM and 7 PM on a Saturday evening. This is the time when the retail stores are at their highest demand and the theater is starting to become active. The peak hour will require 1090 parking spaces, and at that time Victorian Square would likely have a surplus of 259 spaces.

Saturday demand calculations tables for both average rates and 85th percentile rates per ITE are provided in Attachment B.

Calculation Comparison

Table 6 summarizes the parking requirements for the redevelopment of Victorian Square using City Code requirements, ITE Friday parking demand rates, and ITE Saturday parking demand rates.

Table 6: Total Parking Demand Summary

ID	Property	Parking Per City Code	Friday		Saturday	
			ITE Shared Parking (50% Tile Rates)	ITE Shared Parking (85% Tile Rates)	ITE Shared Parking (50% Tile Rates)	ITE Shared Parking (85% Tile Rates)
1	Theater	199.1	181.6	251.5	151.7	183.6
2	Dotty's	67.6	77.3	101.1	100.7	126.1
3	Vacant casino	11.7	11.6	15.4	11.8	14.9
4	Fountainhouse Retail	33.4	33.3	44.0	33.7	42.6
5	Plaza retail	134.8	134.6	177.7	136.0	172.1
6	Nugget owned	11.7	11.6	15.4	11.8	14.9
7	SRA owned	23.3	23.3	30.8	23.5	29.8
8	Nugget owned	35.0	34.9	46.1	35.3	44.7
9	Nugget owned	35.0	34.9	46.1	35.3	44.7
10	Fountainhouse Phase 1 (Overflow)	132.0	77.4	77.4	8.4	8.4
11	Fountainhouse Phase 2 (Overflow)	8.0	4.0	4.0	0	0
12	Bridges (Overflow)	58.0	68.5	68.5	7.8	7.8
13	Museum	11.9	--	--	--	--
14	Museum	11.3	--	--	--	--
15	Blind Onion/Pietros	31.9	44.1	50.6	37.2	56.8
15a	Offices above Blind Onion	4.0	0.0	0.0	0.0	0.0
16	Osk's	11.6	6.7	8.4	7.3	9.8
17	Great Basin	23.2	39.8	52.1	51.9	65.0
17a	Offices above Great Basin	8.8	0.0	0.0	0.0	0.0
18	Great Basin Courtyard	8.3	14.3	18.7	18.6	23.3
19	Mummer's/Paddy's	17.4	13.4	16.9	14.6	19.7
19a	Offices above Mummer's	3.2	0.0	0.0	0.0	0.0
20	Victorian Saloon	5.9	4.5	5.7	4.9	6.6
21	Cantina Los Hombres patio	23.2	23.2	30.6	23.4	29.7
22	Vacant Retail (former Adams Jewelry)	10.8	10.8	14.3	10.9	13.8
23	Bridal Shop	5.8	5.8	7.6	5.8	7.4
24	Epic Pole	11.5	8.3	13.3	3.4	4.0
25	Cantina Los Tres Hombres	25.7	44.1	57.7	57.5	72.0
26	Silver Club/Bourbon Square	33.3	23.3	30.8	23.5	29.8
27	Cantina Los Tres Hombres Parking Lot	23.0	47.6	60.0	47.6	64.2
Total Demand		1015	980	1245	861	1090
Difference From Supply		334	369	104	488	259

As shown in **Table 6**, the highest parking demand is anticipated to occur on Friday evenings. It is our opinion that Victorian Square will not have an overall demand for parking greater than national average rates (ITE 50th percentile rates), therefore the Friday 50th percentile rate

provides the best assessment of peak parking demand. Under that scenario, there would be a surplus of 369 spaces with full redevelopment.

Silverwing Apartment Addition

Silverwing Development proposes to construct an approximate 225 unit apartment project on top of the C-Street Garage. The parking spaces for the apartments will be dedicated to residents only and will not be shared with public parking supply. The apartment parking demand would be 338 spaces based on a ratio of 1.5 spaces per unit. **Figure 7** shows the Friday time-of-day parking demand at ITE 50th percentile rates of Victorian Square with the addition of 338 dedicated apartment parking spaces.

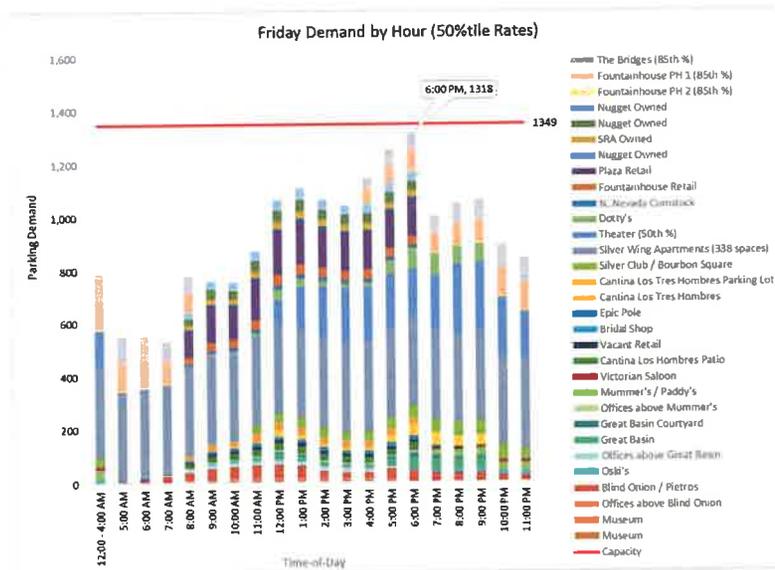


Figure 7. Friday Parking Demand by Hour with Silverwing Apartments

With the addition of the Silverwing apartments (225 units), Victorian Square will have an approximate peak parking demand of 1,318 spaces on a Friday evening. At this peak time, Victorian Square would likely have a surplus of only 31 spaces.

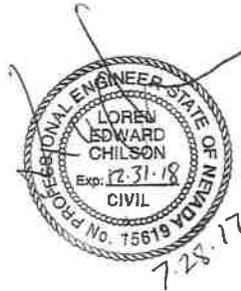
Conclusion

Without the addition of the proposed Silverwing apartments, Victorian Square will have an approximate peak parking demand of 980 spaces and would likely have a surplus of 369 spaces. With the addition of 225 apartment units (338 dedicated spaces), Victorian Square will have an approximate peak parking demand of 1,318 spaces and would likely have a surplus of only 31 spaces.

Please do not hesitate to contact us at 775.322.4300 with any questions.

Sincerely,

TRAFFIC WORKS, LLC



Loren E. Chilson, PE

Principal

Attachments:

Figure 1 – Study Area

Figure 2 – Study Properties

Attachment A – Friday Demand Calculation Tables

Attachment B – Saturday Demand Calculation Tables

Attachment C – Friday Demand Calculation Tables with Silverwing Apartments

Figure 1. Victorian Square Parking Supply



Figure 2. Victorian Square Study Properties





ITE PARKING DISTRIBUTION (FRIDAY AVERAGE RATES)

Time of Day	Victorian Square Property																	Offices above Blind Oaken	Offices above Great Basin	Offices above Mummer's	Total											
	Museum	Museum	Blind Oaken / Flatrocks	Oak's	Great Basin	Great Basin Courtyards	Mummer's / Paddy's	Victorian Saloon	Carlina Lee Homes Ratio	Valant Retail	Artisan Shop	Epic Pale	Carlina Lee Tres Homes	Carlina Lee Tres Homes Parking Lot	Silver Club / Bourbon Square	Silver Wing Apartments (338 spaces)	Theater (126k sq)					Dotty's	N. Nevada Constack	Four Seasons Hotel	Plaza Retail	NUGGET Owned	IRA Owned	NUGGET Owned	NUGGET Owned	Foundations Pl. 1 (189k sq)	The Bridges (25k sq)	Foundations Pl. 2 (189k sq)
12:00 - 1:00 AM							33.6	11.3						82.5	338.0	142.7										112.2	59.3	5.8	292.2			
5:00 AM			4.8												338.0	0.0										107.7	95.4	3.3	551.4			
6:00 AM			13.8								1.8				338.0	0.0										103.1	91.4	5.3	553.6			
7:00 AM			23.4								1.8				338.0	0.0										83.0	73.5	4.3	530.0			
8:00 AM	1.6	1.5	30.3					16.8	7.7	4.1	2.8		16.6		338.0	0.0			8.3	33.8	96.1	8.3	16.6	24.9	24.8	71.8	63.6	3.7	780.8			
9:00 AM	2.3	2.2	40.4		2.1	0.8		22.6	10.8	5.5	2.4	2.3	22.7		338.0	0.0	4.1	11.4	32.9	131.4	11.4	22.7	34.1	34.1				7.2	15.9	5.8	762.5	
10:00 AM	3.7	3.5	45.2		3.0	1.1		21.3	9.9	5.3	4.7	3.3	21.3		338.0	0.0	5.8	10.7	30.5	123.4	10.7	21.3	32.0	32.0				7.8	17.3	6.3	757.9	
11:00 AM	4.7	4.4	48.9		5.8	2.4		25.4	11.8	6.3	4.4	7.5	25.5	32.5	338.0	0.0	13.2	12.8	36.5	147.4	12.8	25.5	18.3	38.3				7.8	17.3	6.3	824.5	
12:00 PM	4.2	4.0	53.1		20.8	7.4		27.6	12.9	6.9	3.8	23.0	27.7	36.3	338.0	80.8	40.3	13.8	39.7	160.2	13.9	27.7	41.6	41.6				7.7	17.1	6.3	1068.5	
1:00 PM	3.9	3.7	47.8		16.5	5.9		27.9	12.8	6.9	4.3	18.3	27.7	38.3	338.0	155.7	32.1	13.9	39.7	160.2	13.9	27.7	41.6	41.6				7.6	16.8	6.1	1108.5	
2:00 PM	3.8	3.6	28.2		11.4	4.1		25.1	11.7	6.2	3.5	12.7	25.2	27.8	338.0	194.9	22.2	12.6	36.1	145.9	12.6	25.2	37.8	37.8				7.9	17.5	6.4	1087.9	
3:00 PM	3.4	3.3	22.3		8.1	2.9		24.3	11.3	6.0	3.7	8.9	24.4	37.2	338.0	207.6	19.6	12.1	34.9	141.0	12.2	24.4	36.6	36.6	49.4	43.7	2.9	7.1	15.7	5.8	1148.0	
4:00 PM	3.3	3.1	32.3		9.3	3.3		24.3	11.3	6.0	3.7	8.9	24.4	38.8	338.0	207.6	18.1	12.2	34.9	141.0	12.2	24.4	36.6	36.6	66.2	58.6	3.4	4.6	10.1	3.7	1159.0	
5:00 PM	2.4	2.3			49.4			44.1	25.4	9.1					47.6	338.0	181.6	77.3	11.6	33.3	134.6	11.6	23.3	34.9	34.9							1204.6
6:00 PM			33.5		9.5	42.4	15.2	19.1	6.9		9.1	46.8		51.1	338.0	207.6	82.2									84.2	74.5	4.3	1062.1			
7:00 PM			35.1		12.2	34.3	12.3	24.5	8.3		4.6	38.0		55.8	338.0	259.5	66.6									86.4	76.3	4.4	1063.7			
8:00 PM			33.5		14.2	35.6	12.8	28.6	9.6			38.4		58.1	338.0	259.5	69.9									84.2	74.5	4.3	1062.1			
9:00 PM			33.5		14.2	35.6	12.8	28.6	9.6			38.4		58.1	338.0	259.5	69.9									84.2	74.5	4.3	1062.1			
10:00 PM			29.5		15.4			30.9	10.4					54.0	338.0	220.6										103.3	91.4	5.3	894.8			
11:00 PM			23.4		16.1			22.3	10.9					38.3	338.0	181.6										106.5	91.4	5.4	844.8			

Maximum Parking

Total Spaces Required	1318
Total Spaces Available	1349
Net Difference	31



Traffic Engineering, Transportation Planning & Forensic Services

October 25, 2017

Jon Ericson
City Engineer
City of Sparks
431 Prater Way
Sparks, NV 89431

Parking Analysis Supplement– Victorian Square Redevelopment

Dear Mr. Ericson,

The following updates have been made to the Victorian Square Parking Study:

Demand

- Changed Oski's land use from bar to restaurant w/ bar
- Changed Cantina Patio from retail re-development to restaurant w/ bar
- Removed Bourbon Square parking requirements (10,000 S.F. Casino)
- Changed Plaza Retail from 40,454 S.F. Retail to 27,000 S.F. Retail
- Added overflow from 200 Apartment Units above Plaza Retail
- Added overflow from 120 Apartment Units at Victorian Square West Apartment Project

Supply

- Added Plaza Retail parking (90 spaces at grade assumed to be public parking)
- Changed parking supply in C-Street Garage from 341 spaces to 420 spaces
- C-Street Garage loading zone (10 spaces in supply must enact time-of-day restriction)

Traffic Works, LLC
5482 Longley Lane, Suite B, Reno, Nevada 89511
775.322.4300
www.Traffic-Works.com

Original Surplus in Prior Study	+31
Update	Change in Parking Surplus (Peak Hour)
<i>Demand</i>	
Update Land Use for Oskis	-13
Update Land Use for Cantina Patio	-17
Remove Bourbon Square Parking	+48
Update Plaza Retail Size	+45
Add Plaza Retail Apartments Overflow	0
Add Victorian Square West Apartments Overflow	0
<i>Supply</i>	
Add Plaza Retail Parking	+90
Update Spaces in C-Street Garage	+79
Update C-Street Garage Loading Zone	0
Net Change From Prior Study	+232
New Parking Surplus	263

New Victorian Square Parking Surplus: 263 Spaces at highest demand

Notes:

- The City retains only the ground level of the C-Street Garage assumed to be 82 spaces after reconfiguration (420 supply – 338 dedicated space demand)
- 285 subterranean parking garage spaces for Plaza Apartments, assumed to be private
- Victorian Square West assumed to have 185 private spaces

Please do not hesitate to contact us at 775.322.4300 with any questions.

Sincerely,

TRAFFIC WORKS, LLC



Loren E. Chilson, PE

Principal

Attachments:

- Figure 1 – Parking Supply
- Figure 2 – Study Properties
- Attachment A – Total Parking Supply
- Attachment B – Friday Demand Calculation Tables
- Attachment C – Friday Demand By Hour Graphic

Figure 1. Victorian Square Parking Supply



Figure 2. Victorian Square Study Properties



*Victorian Square Off-Street Parking Supply*

Parking Location	Parking Spots		
	Regular	Handicap	Total
Victorian Square Garage	670	26	696
1st Floor	148	22	170
2nd Floor	188	2	190
3rd Floor	188	2	190
4th Floor	146	0	146
C-Street Garage (with restriping)	420		420
Great Basin (Private)	32	2	34
South Parking	14	0	14
Museum (Private)	5	0	5
Sparks Public Park	21	3	24
Courthouse	93	4	97
West Overflow	39	2	41
Future Retail Parking (at grade)	90		90
		Sub-Total	1421

Victorian Square On-Street Parking Supply

Parking Location	Parking Spots		
	Regular	Handicap	Total
Avenue of the Oaks	15	0	15
C St	45	0	45
Victorian Plaza	28	0	28
Victorian Plaza Cir	9	0	9
		Sub-Total	97

Total Parking Supply	1518
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Attachment C - Friday Demand by Hour Graphic

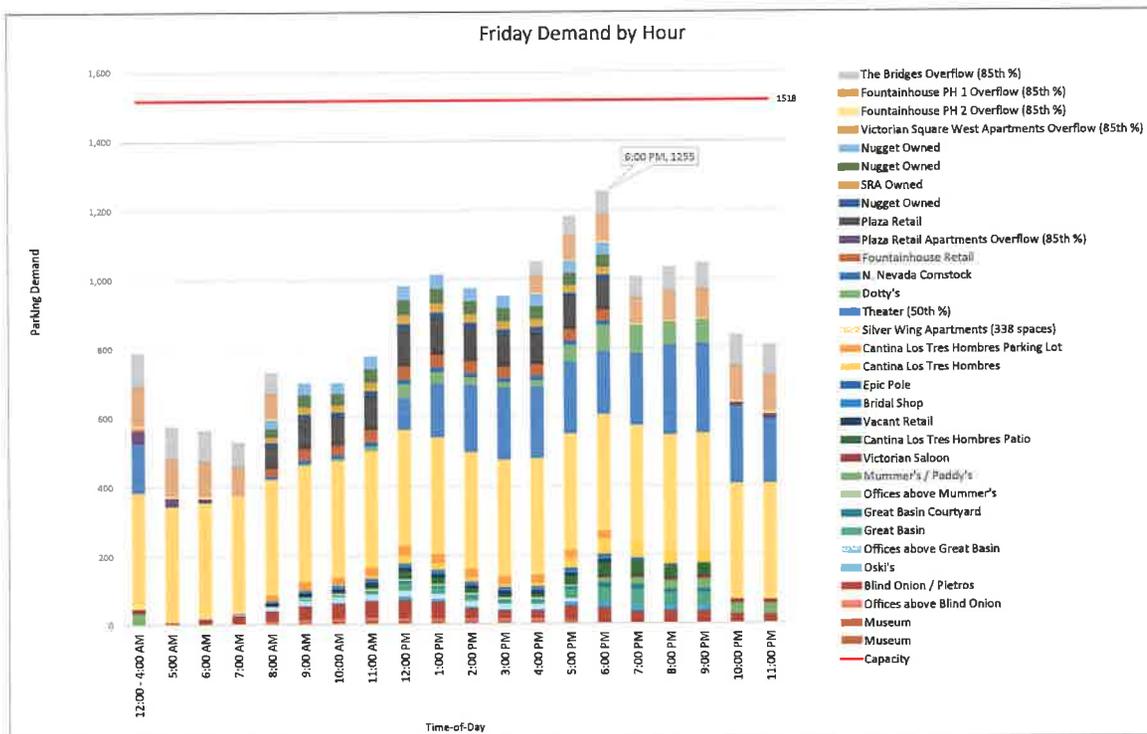


Exhibit 6.
Notice of Sale Reno Gazette Journal

NOTICE

YOU ARE HEREBY NOTIFIED that a request has been submitted to the City Council of the City of Sparks, Nevada for consideration of the following item:

Public Hearing and possible City Council approval for the sale by the Redevelopment Agency of the City of Sparks to SWD Partners, LLC of a parcel 0.96 acres in size and improved with a four-level parking garage at 955 C Street in Sparks, Nevada and having Assessor's Parcel Number 032-193-19.

A PUBLIC HEARING will be held in the Council Chambers of the Legislative Building, 745 Fourth St., Sparks, Nevada during the City Council meeting that begins at **2:00 p.m. on Monday, December 11, 2017**, at which time the Sparks City Council will hear testimony relative to the above item.

You are invited to present written or verbal testimony relative to the above request.

If the City Council approves a resolution for the sale of this property, the Redevelopment Agency of the City of Sparks will consider a Disposition and Development Agreement with SWD-Quarry Bridges, LLC in a meeting immediately following the conclusion of the City Council meeting.

Teresa Gardner
CITY CLERK
431 Prater Way
Sparks, NV 89431
Telephone: 775-353-2340

Pub: November 29 & December 6,
2017.

Exhibit 7. Conceptual Elevations

the
DECO

8 November 2017 - preliminary design presentation

Where Art, Entertainment and Residential options create an epicenter of modern living



EXTERIOR CONCEPTS



NORTH ELEVATION – COLOR STUDY



NORTHWEST ELEVATION



NORTHEAST ELEVATION



SOUTH ELEVATION

ARC&DESMA
ARCHITECTURE



the DECO

Silverwing
Development

Exhibit 8.
IBC Chapter 33:
Safeguards During Construction

Chapter 33: Safeguards During Construction

General Comments

The building construction process involves a number of known and unanticipated hazards. Chapter 33 establishes specific regulations in order to minimize the risk to the public and adjacent property. Some construction failures have resulted during the initial stages of grading, excavation and demolition. During these early stages, poorly designed and installed sheeting and shoring have resulted in ditch and embankment cave-ins. Also, inadequate underpinning of adjoining existing structures or careless removal of existing structures has resulted in construction failures.

The most critical period in building construction related to the physical safety of those on the job site is during the ongoing process when all building compo-

nents have not yet been completed. Compounding this incomplete state is the use of dangerous construction methods, materials and equipment.

The importance of reasonable precautions is evidenced by the federal Occupational Safety and Health Act and related state and local regulations.

Purpose

The purpose of Chapter 33 is to establish safety requirements during construction or demolition of buildings and structures. These requirements are intended to protect the public from injury and adjoining property from damage.

SECTION 3301 GENERAL

3301.1 Scope. The provisions of this chapter shall govern safety during construction and the protection of adjacent public and private properties.

❖ The fundamental rationale behind this chapter is to establish that reasonable safety precautions are to be provided during the construction or demolition process to protect the public from injury and adjoining property from damage. This chapter does not address projects not associated with a building or structure. Section 101.2 of this code establishes the scope as applicable to buildings or structures. For example the widening or deepening of an existing river for flood control purposes or similar project would not be regulated by this chapter.

3301.2 Storage and placement. Construction equipment and materials shall be stored and placed so as not to endanger the public, the workers or adjoining property for the duration of the construction project.

❖ This section requires that construction materials and equipment must be located and protected pursuant to the governing provisions of this chapter so that the public and adjoining property are safeguarded at all times during construction or demolition processes.

SECTION 3302 CONSTRUCTION SAFEGUARDS

3302.1 Alterations, repairs and additions. Required *exits*, existing structural elements, fire protection devices and sani-

tary safeguards shall be maintained at all times during *alterations, repairs* or *additions* to any building or structure.

Exceptions:

1. Where such required elements or devices are being altered or repaired, adequate substitute provisions shall be made.
2. Maintenance of such elements and devices is not required when the existing building is not occupied.

❖ Demolition and construction operations must not create a hazard for the occupants of a building during an alteration or addition. As such, the existing fire protection, means of egress elements and safety systems must remain in place and be functional. Two exceptions, however, are provided in this section that permit the fire protection, means of egress elements and safety systems to be changed, modified or removed. Exception 1 provides an alternative method that must be approved by the building official. Exception 2 is simply to have an unoccupied building, which means that residents of a dwelling unit or employees of a business are not to be present during the construction or demolition process.

3302.2 Manner of removal. Waste materials shall be removed in a manner which prevents injury or damage to persons, adjoining properties and public rights-of-way.

❖ Safe and sanitary procedures for the removal of building construction and demolition waste must be provided. The method of waste removal must be controlled such that debris will not pose a hazard, eyesore or nuisance to the public and neighboring

properties. Examples of acceptable practices include: evidence that a professional disposal service will haul away the debris; limiting areas used for storing and handling demolished materials; enclosing storage areas so that only authorized personnel can gain access; establishing routes that waste removal vehicles are permitted to use; covering or tarping debris to prevent flying objects; and providing fully enclosed chutes to control falling objects and dust. Additionally, waste removal should be scheduled when adjoining property and the public will be least exposed to unusual and possibly dangerous situations caused by fumes, noise, dust, as well as unfamiliar events involved during a demolition process. Note that the accepted practice of waste removal is subject to the approval of the applicable governing authority. A growing number of local jurisdictions as part of their sustainability, or green, programs limit the amount of construction and demolition debris which can be sent to landfills.

3302.3 Fire safety during construction. Fire safety during construction shall comply with the applicable requirements of this code and the applicable provisions of Chapter 33 of the *International Fire Code*.

- ❖ The purpose of this section is to correlate Section 3302 and the *International Fire Code*® (IFC®) requirements on fire safety during construction and demolition. Chapter 14 of the IFC has all the fire-safety requirements provided in one place for the fire-safe operations during construction and demolition.

SECTION 3303 DEMOLITION

3303.1 Construction documents. *Construction documents* and a schedule for demolition shall be submitted where required by the *building official*. Where such information is required, no work shall be done until such *construction documents* or schedule, or both, are *approved*.

- ❖ Some processes, methods and materials used during demolition can cause damage to adjoining property and increase the risk of injury to the general public. As such, this section indicates that the building official can request: verification that structural stability of existing buildings on the same lot or adjacent properties is maintained and not compromised; to know the materials and equipment necessary to perform the demolition involved; the timetable in which certain demolition activities will be performed; details to establish if the general public and adjoining property are exposed to any unfamiliar or greater hazard than normal; special inspection reports made by qualified firms, agencies or individuals; qualifications of the laborers involved in the operation, handling and removal of demolition equipment and materials; and verification that any federal, state or local statute is followed. Note that the building official must grant approval for any additional information requested before demolition can be started.

3303.2 Pedestrian protection. The work of demolishing any building shall not be commenced until pedestrian protection is in place as required by this chapter.

- ❖ Demolition must not be started until all of the necessary precautions are taken to protect the general public as indicated throughout this chapter.

3303.3 Means of egress. A *horizontal exit* shall not be destroyed unless and until a substitute *means of egress* has been provided and *approved*.

- ❖ The exits provided through a party wall must be maintained operational and usable during demolition; however, based upon the extent of work, an alternative means of egress through a party wall is only permitted when approved by the building official.

3303.4 Vacant lot. Where a structure has been demolished or removed, the vacant lot shall be filled and maintained to the existing grade or in accordance with the ordinances of the jurisdiction having authority.

- ❖ A demolition site must be restored if additional building construction or demolition operations are not scheduled to take place. The site must be filled and graded to the level of the surrounding site or maintained in accordance with local or state statutes, which may set forth other or additional grading requirements, such as provisions for elevations, drainage and flood control.

The time frame imposed or stipulated to abate an imminent hazard created by a vacant lot is at the discretion of the building official unless a time frame is established in other regulations. In addition, footings, foundations, basement walls and floors must be removed when the building official determines that a threat is posed to human life or the public welfare or if any portion of the foundation system prevents proper grading from being done.

3303.5 Water accumulation. Provision shall be made to prevent the accumulation of water or damage to any foundations on the premises or the adjoining property.

- ❖ A vacant lot must be graded in accordance with Section 3303.4 in such a way that water is prevented from ponding and causing damage to structures on the premises or adjacent properties, particularly foundation systems and building elements in contact with the ground. Footings, foundations, basement walls or floors must be removed if this drainage is prevented.

3303.6 Utility connections. Service utility connections shall be discontinued and capped in accordance with the *approved* rules and the requirements of the applicable governing authority.

- ❖ The procedures for disconnecting and abandoning utility connections in a safe and satisfactory manner must be in accordance with local, state and federal statutes. Utility providers, such as electrical, telephone, water, gas or sewer, often recommend or require notification and have certain guidelines to follow.

A related aspect is the precaution to investigate for

any on-site underground obstructions, such as utility service lines, and buried oil, gasoline or septic tanks. If the temporary use of some existing service, such as electricity or water, is requested during the demolition project, then temporary permits must be obtained with the appropriate stipulations, including any rerouting or protection requirements from the applicable governing authority.

3303.7 Fire safety during demolition. Fire safety during demolition shall comply with the applicable requirements of this code and the applicable provisions of Chapter 56 of the *International Fire Code*.

- ❖ The purpose of this section is to correlate Section 3302 and the IFC requirements on fire safety during construction and demolition. Chapter 14 of the IFC has all the fire-safety requirements provided in one place for the fire-safe operations during construction and demolition.

SECTION 3304 SITE WORK

3304.1 Excavation and fill. Excavation and fill for buildings and structures shall be constructed or protected so as not to endanger life or property. Stumps and roots shall be removed from the soil to a depth of not less than 12 inches (305 mm) below the surface of the ground in the area to be occupied by the building. Wood forms which have been used in placing concrete, if within the ground or between foundation sills and the ground, shall be removed before a building is occupied or used for any purpose. Before completion, loose or casual wood shall be removed from direct contact with the ground under the building.

- ❖ A site that is to be excavated or filled in preparation for new construction must have dead and decaying foliage eliminated where it would be in contact with the new structure. As such, the base of trees, roots and limbs that protrude above the ground as well as 12 inches (305 mm) into the ground, must be taken out or separated from the earth where the building or structure will be erected. Additionally, any wood forms used for the concrete must be removed along with any wood product near the building that may decay or rot.

Appendix J provides a comprehensive set of grading standards which would also apply when the appendix is specifically adopted by the jurisdiction.

3304.1.1 Slope limits. Slopes for permanent fill shall be not steeper than one unit vertical in two units horizontal (50-percent slope). Cut slopes for permanent excavations shall be not steeper than one unit vertical in two units horizontal (50-percent slope). Deviation from the foregoing limitations for cut slopes shall be permitted only upon the presentation of a soil investigation report acceptable to the *building official*.

- ❖ The final grading around a foundation system must slope away from the building or structure, such that the ratio does not exceed 2:1. A trench or hole dug for a foundation system is required to have a stable

embankment. As such, the embankment must not have a slope that exceeds a 2:1 ratio; however, due to the existing soil conditions or particular location, it may be impractical to achieve the required slope. This section, therefore, indicates that an engineering analysis can be submitted with recommendations for alternative methodology and safeguards, subject to the approval of the building official.

3304.1.2 Surcharge. No fill or other surcharge loads shall be placed adjacent to any building or structure unless such building or structure is capable of withstanding the additional loads caused by the fill or surcharge. Existing footings or foundations which can be affected by any excavation shall be underpinned adequately or otherwise protected against settlement and shall be protected against later movement.

- ❖ Gradient stability must be maintained for existing buildings or structures during the excavation, construction or demolition processes. As such, earth, construction materials, debris and even construction equipment must not impose a load that will cause the ground to give way and collapse or damage the foundation system of adjacent buildings or structures. Therefore, components such as engineered bracing must be provided for protection if adjacent buildings or structures are to be exposed to loads that exceed those of the existing design.

3304.1.3 Footings on adjacent slopes. For footings on adjacent slopes, see Chapter 18.

- ❖ Any footings located on adjacent slopes must be designed and constructed pursuant to Chapter 18.

3304.1.4 Fill supporting foundations. Fill to be used to support the foundations of any building or structure shall comply with Section 1804.5. *Special inspections* of compacted fill shall be in accordance with Section 1704.7.

- ❖ This section is simply insuring that the fill that will be installed to support a building or structure be compacted and verified in accordance with Section 1804.5 and the special inspection regulations stated in Section 1704.7.

SECTION 3305 SANITARY

3305.1 Facilities required. Sanitary facilities shall be provided during construction, remodeling or demolition activities in accordance with the *International Plumbing Code*.

- ❖ Construction employees must have plumbing facilities available during the construction or demolition process of a building. The facilities must conform to the requirements set forth in the *International Plumbing Code*® (IPC®).

SECTION 3306 PROTECTION OF PEDESTRIANS

3306.1 Protection required. Pedestrians shall be protected during construction, remodeling and demolition activities as

SAFEGUARDS DURING CONSTRUCTION

required by this chapter and Table 3306.1. Signs shall be provided to direct pedestrian traffic.

❖ Safeguards are required to be in place during construction or demolition operations in accordance with Table 3306.1 and this chapter. In addition, since construction operations alter the familiar setting and path of travel, it is necessary to provide some form of visible directional sign to lead the public toward safety and away from potential hazards.

The table establishes the type of protection required based upon the location to overhead hazards and distance in relation to ground hazards. Once the type of protection is determined from the table, the applicable code section, such as Section 3306.4 for construction railings, Section 3306.5 for barriers and Section 3306.7 for covered walkways, must be provided as regulated.

3306.2 Walkways. A walkway shall be provided for pedestrian travel in front of every construction and demolition site unless the applicable governing authority authorizes the sidewalk to be fenced or closed. Walkways shall be of sufficient width to accommodate the pedestrian traffic, but in no case shall they be less than 4 feet (1219 mm) in width. Walkways shall be provided with a durable walking surface. Walkways shall be *accessible* in accordance with Chapter 11 and shall be designed to support all imposed loads and in no case shall the design live load be less than 150 pounds per square foot (psf) (7.2 kN/m²).

❖ Construction operations must not narrow or impede the normal flow of pedestrian traffic along a walkway by the placement of a fence or other enclosure. Note that the applicable governing authority must approve any construction operations that will cause the narrowing or impedance of a walkway, such as the sidewalk. If a walkway is narrowed or enclosed, the construction of another or wider walkway is required for all pedestrians. The walkway must be able to handle the normal anticipated flow of pedestrian traffic and must not be less than the minimum 4-foot (1219 mm) width. Even though such walkways may be temporary installations, they may still need to be usable by persons with disabilities where such walkway provides an accessible route in accordance with Chapter 11. In addition, the walkway must be a stable surface that is capable of supporting all imposed loads. The

minimum design load of the walkway must not be less than 150 pounds per square feet (psf) (7182 Pa).

3306.3 Directional barricades. Pedestrian traffic shall be protected by a directional barricade where the walkway extends into the street. The directional barricade shall be of sufficient size and construction to direct vehicular traffic away from the pedestrian path.

❖ Similar to the local, state and federal guidelines that govern provisions to protect employees while doing road work, this section establishes that a barrier must be erected. The barrier must be capable of redirecting and regulating the flow of vehicular traffic where constructed or projected into a street. An example of how to regulate traffic is to provide the necessary warnings, notice of caution and instructions to the operators of motor vehicles with signs and colors that are common to the local, state and federal guidelines. The intent of this visual barrier is to keep pedestrians out of vehicular traffic and prevent vehicles from encroaching on or using the pedestrian walkway as a roadway.

3306.4 Construction railings. Construction railings shall be not less than 42 inches (1067 mm) in height and shall be sufficient to direct pedestrians around construction areas.

❖ A barrier consisting of a horizontal rail and supports must be constructed with a minimum height of 42 inches (1067 mm). In addition, this barrier must be capable of controlling the flow of pedestrian traffic by routing travel away from the hazards associated with a construction area. Where construction railings are placed such that there is a drop of more than 30 inches (762 mm) adjacent to the walking surface, such railings would also need to comply with Section 1013 for guards. Even where guards are not required, the standards for guards could be useful in the design of construction railings.

3306.5 Barriers. Barriers shall be not less than 8 feet (2438 mm) in height and shall be placed on the side of the walkway nearest the construction. Barriers shall extend the entire length of the construction site. Openings in such barriers shall be protected by doors which are normally kept closed.

❖ When a barrier is required by Table 3306.1, it must be constructed to impede, separate and obstruct passage of pedestrians onto a construction site. The

TABLE 3306.1
PROTECTION OF PEDESTRIANS

HEIGHT OF CONSTRUCTION	DISTANCE FROM CONSTRUCTION TO LOT LINE	TYPE OF PROTECTION REQUIRED
8 feet or less	Less than 5 feet	Construction railings
	5 feet or more	None
More than 8 feet	Less than 5 feet	Barrier and covered walkway
	5 feet or more, but not more than one-fourth the height of construction	Barrier and covered walkway
	5 feet or more, but between one-fourth and one-half the height of construction	Barrier
	5 feet or more, but exceeding one-half the height of construction	None

For SI: 1 foot = 304.8 mm.

structure must be a minimum 8 feet (2438 mm) in height and located continuously along the walkway on the side where construction activities are being done. Openings, such as doors or gates, are permitted as long as the only time they are open is during use by authorized personnel. As such, when the doors or gates are not being used, they must remain closed.

3306.6 Barrier design. Barriers shall be designed to resist loads required in Chapter 16 unless constructed as follows:

1. Barriers shall be provided with 2-inch by 4-inch (51 mm by 102 mm) top and bottom plates.
2. The barrier material shall be boards not less than $\frac{3}{4}$ -inch (19.1 mm) thick or wood structural panels not less than $\frac{1}{4}$ -inch (6.4 mm) thick.
3. Wood structural use panels shall be bonded with an adhesive identical to that for exterior wood structural use panels.
4. Wood structural use panels $\frac{1}{4}$ inch (6.4 mm) or $\frac{5}{16}$ inch (23.8 mm) in thickness shall have studs spaced not more than 2 feet (610 mm) on center (o.c.).
5. Wood structural use panels $\frac{3}{8}$ inch (9.5 mm) or $\frac{1}{2}$ inch (12.7 mm) in thickness shall have studs spaced not more than 4 feet (1219 mm) on center provided a 2-inch by 4-inch (51 mm by 102 mm) stiffener is placed horizontally at midheight where the stud spacing is greater than 2 feet (610 mm) on center.
6. Wood structural use panels $\frac{5}{8}$ inch (15.9 mm) or thicker shall not span over 8 feet (2438 mm).

❖ This section establishes two methods that can be used to design barriers. The first method establishes that the barrier can be designed using the same materials and assembly instructions as indicated in Items 1 through 6. The second method provides for a barrier that will resist the loads imposed on it in order to be part of a designed assembly. The loads, which need to be resisted, are the same as those established in Chapter 16.

3306.7 Covered walkways. Covered walkways shall have a clear height of not less than 8 feet (2438 mm) as measured from the floor surface to the canopy overhead. Adequate lighting shall be provided at all times. Covered walkways shall be designed to support all imposed loads. In no case shall the design live load be less than 150 psf (7.2 kN/m²) for the entire structure.

Exception: Roofs and supporting structures of covered walkways for new, light-frame construction not exceeding two stories above grade plane are permitted to be designed for a live load of 75 psf (3.6kN/m²) or the loads imposed on them, whichever is greater. In lieu of such designs, the roof and supporting structure of a covered walkway are permitted to be constructed as follows:

1. Footings shall be continuous 2-inch by 6-inch (51 mm by 152 mm) members.
2. Posts not less than 4 inches by 6 inches (102 mm by 152 mm) shall be provided on both sides of the roof

and spaced not more than 12 feet (3658 mm) on center.

3. Stringers not less than 4 inches by 12 inches (102 mm by 305 mm) shall be placed on edge upon the posts.
4. Joists resting on the stringers shall be not less than 2 inches by 8 inches (51 mm by 203 mm) and shall be spaced not more than 2 feet (610 mm) on center.
5. The deck shall be planks not less than 2 inches (51 mm) thick or wood structural panels with an exterior exposure durability classification not less than $\frac{23}{32}$ inch (18.3 mm) thick nailed to the joists.
6. Each post shall be knee braced to joists and stringers by members not less than 2-inch by 4-inch (51 mm by 102 mm); 4 feet (1219 mm) in length.
7. A curb which is not less than 2-inch by 4-inch (51 mm by 102 mm) shall be set on edge along the outside edge of the deck.

❖ Walkways that are provided with a covering that extends out over the pedestrian path of travel, pursuant to Table 3306.1, must be at least 8 feet (2438 mm) in height. The measurement must be taken from the top of the walking surface vertically upward to the underside of the roof covering. The walkway must maintain a satisfactory level of light to the space that will be equal to or better than that provided prior to the installation of the protective covering. The covered walkway must also be structurally capable of resisting the design loads established in Chapter 16, but not less than 150 psf (7182 Pa) for the live load.

Note that this section provides two alternative design options. One option permits the covered walkway to resist the design loads established in Chapter 16, but not less than the minimum 75 psf (3591 Pa) live load if nearby construction does not exceed two stories above grade plane and the construction materials are lightweight, such as light-frame construction. The second option is to construct the covered walkway in accordance with the seven criteria set forth in this section.

3306.8 Repair, maintenance and removal. Pedestrian protection required by this chapter shall be maintained in place and kept in good order for the entire length of time pedestrians are subject to being endangered. The owner or the owner's agent, upon the completion of the construction activity, shall immediately remove walkways, debris and other obstructions and leave such public property in as good a condition as it was before such work was commenced.

❖ Any safeguards required by this chapter must be kept in good functional condition for the entire duration of the construction or demolition activity so that the public will not be placed in harm's way. Once a building or structure is occupiable and the site is properly graded, the protection must be removed. As such, public property that was affected by the construction activity must be restored to or left in the condition that existed prior to the work.

3306.9 Adjacent to excavations. Every excavation on a site located 5 feet (1524 mm) or less from the street *lot line* shall be enclosed with a barrier not less than 6 feet (1829 mm) in height. Where located more than 5 feet (1524 mm) from the street *lot line*, a barrier shall be erected where required by the *building official*. Barriers shall be of adequate strength to resist wind pressure as specified in Chapter 16.

❖ This section establishes that whenever excavation is to take place less than 5 feet (1524 mm) from the edge of a roadway, a barrier must be erected with a minimum height of 6 feet (1829 mm). If the excavation is located greater than 5 feet (1524 mm) from the edge of the roadway, the building official must evaluate the level of hazard for the public and the necessary precautions to take. As such, the building official has the authority to order the construction of a structural barrier. Any barrier erected must maintain other provisions of the code such that it is capable of handling and resisting design wind loads denoted in Chapter 16.

SECTION 3307 PROTECTION OF ADJOINING PROPERTY

3307.1 Protection required. Adjoining public and private property shall be protected from damage during construction, remodeling and demolition work. Protection shall be provided for footings, foundations, party walls, chimneys, skylights and roofs. Provisions shall be made to control water runoff and erosion during construction or demolition activities. The person making or causing an excavation to be made shall provide written notice to the *owners* of adjoining buildings advising them that the excavation is to be made and that the adjoining buildings should be protected. Said notification shall be delivered not less than 10 days prior to the scheduled starting date of the excavation.

❖ This section emphasizes the need to protect all existing public and private property bordering the proposed construction or demolition operations. The term "property" only alludes to existing buildings. As such, any building element or system must be provided with a safeguard that will limit the damage that could be caused from the processes involved to the equipment and materials used. Additionally, soil erosion and disbursement resulting from the construction or demolition operations must be controlled to prevent spillage and spread of disturbed soil debris. The site must be graded in accordance with Sections 3303.4 and 3303.5 for demolition and must be maintained in a similar manner while there is construction taking place. The owner or owner's agent has the responsibility to provide a written notice 10 days in advance for any demolition or construction activities that may warrant bordering lots to be protected from damage.

SECTION 3308 TEMPORARY USE OF STREETS, ALLEYS AND PUBLIC PROPERTY

3308.1 Storage and handling of materials. The temporary use of streets or public property for the storage or handling of materials or of equipment required for construction or demolition, and the protection provided to the public shall comply with the provisions of the applicable governing authority and this chapter.

❖ In order to protect access to public safety equipment, utilities and public transportation, this section provides standards for the temporary use of public property for construction processes and storage of materials. These are in addition to any local or state regulations.

3308.1.1 Obstructions. Construction materials and equipment shall not be placed or stored so as to obstruct access to fire hydrants, standpipes, fire or police alarm boxes, catch basins or manholes, nor shall such material or equipment be located within 20 feet (6096 mm) of a street intersection, or placed so as to obstruct normal observations of traffic signals or to hinder the use of public transit loading platforms.

❖ This section indicates that precautions for material and equipment storage and placement must be provided so as not to block or obstruct access to fire hydrants; standpipes (including fire department siamese connections for sprinklers and standpipes); fire or police alarm boxes; utility boxes and meters; catch basins or manholes or any other vital facility whose function contributes to the health, safety and welfare of the public. Also, storage must not be placed within 20 feet (6096 mm) of a street intersection if it obstructs the normal observation of traffic signals or hinders the use of any mass-transit loading platforms, such as sidewalk bus stops, taxi waiting areas or light rail platforms.

3308.2 Utility fixtures. Building materials, fences, sheds or any obstruction of any kind shall not be placed so as to obstruct free approach to any fire hydrant, fire department connection, utility pole, manhole, fire alarm box or catch basin, or so as to interfere with the passage of water in the gutter. Protection against damage shall be provided to such utility fixtures during the progress of the work, but sight of them shall not be obstructed.

❖ Utility fixtures, such as those used by electrical, telephone, water, gas or sewer companies, as well as fire protection devices must be hidden from view and not be blocked from access and use. When construction operations are near a utility fixture, precautions must be provided so as not to cause damage. The utility companies and the applicable governing authority, including the fire department, may have specific requirements and guidelines to follow to limit the possibility of damage and obstruction.

SECTION 3309 FIRE EXTINGUISHERS

[F] **3309.1 Where required.** All structures under construction, *alteration* or demolition shall be provided with no fewer than one *approved* portable fire extinguisher in accordance with Section 906 and sized for not less than ordinary hazard as follows:

1. At each *stairway* on all floor levels where combustible materials have accumulated.
2. In every storage and construction shed.
3. Additional portable fire extinguishers shall be provided where special hazards exist, such as the storage and use of flammable and combustible liquids.

❖ A means to provide fire protection during the construction and demolition process is required. As such, this section indicates provisions for portable fire extinguishers. In addition to provisions of this section, the regulations of Section 906 and the IFC must be maintained.

[F] **3309.2 Fire hazards.** The provisions of this code and the *International Fire Code* shall be strictly observed to safeguard against all fire hazards attendant upon construction operations.

❖ Methods, procedures and construction materials each contribute, in some way, to creating a fire hazard; therefore, in addition to the provisions of the code, the IFC must be used to regulate the proper means of safety that must be provided for a building that is being demolished, altered or constructed.

SECTION 3310 MEANS OF EGRESS

3310.1 Stairways required. Where a building has been constructed to a *building height* of 50 feet (15 240 mm) or four *stories*, or where an existing building exceeding 50 feet (15 240 mm) in *building height* is altered, no fewer than one temporary lighted *stairway* shall be provided unless one or more of the permanent stairways are erected as the construction progresses.

❖ Buildings under construction are determined to require more extensive time for evacuation due to height need to be provided with appropriate stairways for egress. Temporary stairways must be constructed in accordance with Section 1009, including riser, tread, guard and handrail requirements. This section does allow the use of a permanent stairway that has already been erected during construction instead of a temporary stairway.

3310.2 Maintenance of means of egress. Required *means of egress* shall be maintained at all times during construction,

demolition, remodeling or *alterations* and *additions* to any building.

Exception: Existing means of egress need not be maintained where *approved* temporary *means of egress* systems and facilities are provided.

❖ While construction or demolition work is being done, the occupants of the existing building still need to have unobstructed access to the minimum number of usable means of egress required for that space, floor and building. Note that depending upon the extent of work, an exit may become obstructed; therefore, an alternative exit must be provided if the blocked exit is a required exit.

SECTION 3311 STANDPIPES

[F] **3311.1 Where required.** In buildings required to have standpipes by Section 905.3.1, no fewer than one standpipe shall be provided for use during construction. Such standpipes shall be installed when the progress of construction is not more than 40 feet (12 192 mm) in height above the lowest level of fire department vehicle access. Such standpipe shall be provided with fire department hose connections at accessible locations adjacent to usable stairs. Such standpipes shall be extended as construction progresses to within one floor of the highest point of construction having secured decking or flooring.

❖ The scope of this section is to provide fire safety procedures during the construction operation in accordance with the code and the IFC. Standpipes that are required by Section 905 to be a permanent part of the building must be installed and remain functional as construction or demolition progresses. Functional standpipes are required so that fire-fighting capability is available at all times within a reasonable proximity to all potential fire locations. Standpipes must be in place when a building or structure under construction exceeds 40 feet (12 192 mm) in height above fire department vehicle access and thereafter as it progresses to its completed height. During demolition or construction, the standpipe must be operational no lower than one floor below the highest point of construction. Having a standpipe at least as high as the floor below the highest point of construction reflects typical fire department procedures when fighting a fire within a building, which is to attack the fire from the floor below.

[F] **3311.2 Buildings being demolished.** Where a building is being demolished and a standpipe exists within such a building, such standpipe shall be maintained in an operable condition so as to be available for use by the fire department. Such standpipe shall be demolished with the building but shall not

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be demolished more than one floor below the floor being demolished.

❖ Standpipes in buildings under demolition must remain in service during the demolition process so that fire-fighting capability is maintained. Similar to buildings under construction, the standpipe is to remain in operation up to one floor level below the floor being demolished. The purpose of this section is to establish the requirement for fire safety procedures during the demolition process in accordance with the code and the IFC.

[F] 3311.3 Detailed requirements. Standpipes shall be installed in accordance with the provisions of Chapter 9.

Exception: Standpipes shall be either temporary or permanent in nature, and with or without a water supply, provided that such standpipes conform to the requirements of Section 905 as to capacity, outlets and materials.

❖ During the construction or demolition process, standpipes complying with Section 3311.1 must be provided in a temporary or permanent location so that fire fighters will have sufficient means to supply water to their connection. These standpipes must either be connected to a permanent water supply source or have the capability to be connected to one in accordance with Section 3311.4. All standpipes must comply with Section 905 and must be installed and provided in a building pursuant to the regulations of Chapter 9.

SECTION 3312 AUTOMATIC SPRINKLER SYSTEM

[F] 3312.1 Completion before occupancy. In buildings where an *automatic sprinkler system* is required by this code, it shall be unlawful to occupy any portion of a building or structure until the *automatic sprinkler system* installation has been tested and *approved*, except as provided in Section 111.3.

❖ A certificate of occupancy must not be issued by the building official if a required automatic sprinkler system is not approved; however, a temporary occupancy may be granted at the discretion of the building official.

[F] 3312.2 Operation of valves. Operation of sprinkler control valves shall be permitted only by properly authorized personnel and shall be accompanied by notification of duly designated parties. When the sprinkler protection is being regularly turned off and on to facilitate connection of newly completed segments, the sprinkler control valves shall be checked at the end of each work period to ascertain that protection is in service.

❖ The scope of this section is to provide fire safety procedures during construction operations in accordance with the code and the IFC. A sprinkler system must remain operable unless work is being done on it. In such a case, the water must only be shut off by authorized personnel coupled with the notification of

the proper authorities so that a form of check and balance is achieved to make certain the water is turned back on.

SECTION 3313 WATER SUPPLY FOR FIRE PROTECTION

[F] 3313.1 Where required. An *approved* water supply for fire protection, either temporary or permanent, shall be made available as soon as combustible material arrives on the site.

❖ This section is to provide a fire safety provision in accordance with the code and the IFC. As such, when a standpipe system is present during the construction process pursuant to Section 3311.1, a water source must be readily available to provide fire-fighting capabilities at all times.

Bibliography

The following resource materials are referenced in this chapter or are relevant to the subject matter addressed in this chapter.

DOL 29 CFR; Part 1910-74, *Occupational Safety and Health Standards*. Washington, DC: U.S. Department of Labor-Occupational Safety and Health Administration, 1974.

IFC-12, *International Fire Code*. Washington, DC: International Code Council, 2011.

IPC-12, *International Plumbing Code*. Washington, DC: International Code Council, 2011.