

**AN APPRAISAL REPORT
ADDRESSING THE**

VACANT PARCEL OF LAND

LOCATED AT

**833 EMERALD BAY ROAD,
SOUTH LAKE TAHOE,
EL DORADO COUNTY, CALIFORNIA**

OWNED BY

THE STATE OF CALIFORNIA

***APPRAISED FOR THE
CALIFORNIA TAHOE CONSERVANCY***

PREPARED BY

LYNN C. BARNETT

***FOR THE PURPOSE OF
ESTIMATING MARKET VALUE
AS OF MAY 29, 2018***

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June 14, 2018

Ms. Aimee Rutledge
Acquisitions
California Tahoe Conservancy
1061 Third Street
South Lake Tahoe, California 96150

RE: An Appraisal Report Addressing the Vacant Parcel of Land Located at 833 Emerald Bay Road, South Lake Tahoe, El Dorado County, California

Dear Ms. Rutledge,

This is an Appraisal Report addressing the Vacant Parcel of Land located at 833 Emerald Bay Road in the City of South Lake Tahoe, California. The subject property is located on the northeast side of Emerald Bay Road, 105± feet northwest of Seventh Street. The property also enjoys frontage along James Avenue. The property is under the ownership of The State of California. The subject property is identified by El Dorado County **Assessor's Parcel Number** 023-171-07. The total land area is 22,010± square feet (.5053± acres). The property enjoys reasonably good access and traffic exposure. The topography is basically level to gently sloping. The property enjoys a pleasing forest setting and exhibits Class 7, high capability, soils. There is a rock drainage basin in the southeasterly portion of the property, adjacent to Emerald Bay Road. This drainage basin impacts approximately 250 **feet of the subject's total land area**. The property is located within the Tahoe Valley Area Plan. The zoning is Town Center Gateway. The property includes 6,603± square feet of potential high capability land coverage. The surrounding development includes residential, commercial and industrial properties.

The subject property will be encumbered by the requirements outlined a document entitled **"833 Emerald Bay Road Project Requirements"**. A copy of the document is included in the *Addenda* to this appraisal report. In general, public gathering spaces, sidewalks, and pedestrian/bicycle paths will be required to be constructed on the property and maintained by the property owners. Any development will be mixed use with affordable and workforce housing required. Any development to be constructed to achieve the highest possible LEED rating. The rock drainage basin to be retained. An easement in favor of the City of South Lake Tahoe will be recorded for the rock drainage basin prior to sale.

The following appraisal report sets forth pertinent data, statistics and other information considered necessary to establish the Market Value of the subject property, as **encumbered by the "833 Emerald Bay Road Project Requirements" document**. The subject property will be described in detail the following appraisal report.

The date of valuation of this appraisal report is May 29, 2018. The purpose of the appraisal report is to establish the Market Value of the subject property **in its "As-Is" Condition**, encumbered by the requirements included **in the document entitled "833 Emerald Bay Road Project Requirements"**. The function of this appraisal report is for use by representatives of the California Tahoe Conservancy for possible sale of the property. Any other use of this appraisal report requires the prior written authorization of this appraiser. The intended users of this appraisal report include representatives of the California Tahoe Conservancy. The date of completion of this appraisal report is June 14, 2018.

This appraisal report has been prepared in conformance with the current *Uniform Standards of Professional Appraisal Practice* as adopted by the Appraisal Standards Board of the Appraisal Foundation under Standard Rule 2. This appraisal report also conforms with State of California appraisal requirements.

This appraiser attests that she has the knowledge and experience necessary to complete this assignment and that she has appraised similar type properties many times before. No one other than the undersigned prepared the analyses and Market Value conclusions contained in this appraisal report.

After careful consideration of the available data, and upon thorough personal inspection of the subject property and the comparable properties analyzed, it is this **appraiser's opinion that the Market Value of the subject property in its "As-Is" Condition, encumbered by the requirements included in the document entitled "833 Emerald Bay Road Project Requirements"**, as of May 29, 2018, is:

ONE HUNDRED EIGHTEEN THOUSAND DOLLARS
\$118,000

Please contact me with any questions. I look forward to serving you again.

Respectfully,



Lynn C. Barnett
California Certified General Appraiser
License #AG025038

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SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Property Address	833 Emerald Bay Road, South Lake Tahoe, California
Property Location	The northeast side of Emerald Bay Road, 105± feet northwest of Seventh Street
Assessor's Parcel Number	023-171-09
Owner of Record	The State of California
Legal Description	A Portion of Lot 21, Block 3, Tamarack Subdivision, El Dorado County, California.
Total Land Area	22,010± square feet (.5053± acres)
Zoning	Tahoe Valley Area Plan – Town Center Gateway (TC-G)
Development Rights	6,603± square feet of potential high capability land coverage
Improvements	A rock drainage basin
Highest and Best Use	Commercial Mixed Use development
Extraordinary Assumptions	None made
Hypothetical Conditions	None
Interest Appraised	Fee Simple
Type of Appraisal	Appraisal Report presented in a Summary Format
Effective Date of Valuation	May 29, 2018
Date of Completion of Appraisal	June 14, 2018

FINAL MARKET VALUE CONCLUSION **\$118,000**

PURPOSE OF THE APPRAISAL REPORT

This appraisal report was prepared for the purpose of estimating the Market Value of the subject property **in its "As-Is" Condition, as encumbered by the document entitled "833 Emerald Bay Road Project Requirements"**, as of May 29, 2018.

FUNCTION OF APPRAISAL REPORT

The function of this appraisal report is for use by representatives of the California Tahoe Conservancy for possible sale of the property. Any other use of this appraisal report requires the prior written authorization of this appraiser.

INTENDED USERS OF APPRAISAL REPORT

Representatives of the California Tahoe Conservancy are the intended users of this appraisal report.

SCOPE OF APPRAISAL REPORT

This is an appraisal report which has been prepared in conformance with the requirements of the *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation. This appraisal report also conforms to State of California appraisal requirements.

Preparation of this appraisal report included the following:

- Identification and analysis of area and neighborhood data;
- Inspection and analysis of the subject property;
- Completion of a Highest and Best Use Analysis;
- Research and analysis of comparable commercial and residential land sales;
- Completion of a Sales Comparison Method analysis under the Market Approach to Value addressing the Market Value of the subject property, assuming the subject property is not subject to the affordable and workforce housing requirement and the public access and open space easements requirement;
- Analysis of the Market Value of the subject property **in its "As-Is" Condition** with development requirements in place in accordance with the document entitled **"833 Emerald Bay Road Project Requirements"**;
- Analysis of an appropriate Exposure and Marketing Time for the subject property;
- Preparation of an appraisal report presented in a summary format.

DEFINITION OF MARKET VALUE

Market Value is defined as "the highest price on the date of valuation that should be agreed to by a seller being willing to sell but under no particular urgent necessity for so doing, nor obligated to sell, and a buyer, being ready, willing, and able to buy but under no

particular necessity for doing so, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.”¹

For the purposes of this appraisal, this definition implies the consummation of a sale as of a specific date and passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and each is acting in what he considers his own best interest;
- c. A reasonable time is allowed for exposure in the marketplace;
- d. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;
- e. 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.

¹California Code of Civil Procedure, Section 1253, Mark 320

DEFINITION OF AN EXTRAORDINARY ASSUMPTION

An Extraordinary Assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions”. No Extraordinary Assumptions were made.

Source: USPAP 2018-2019 Edition, Page 4

DEFINITION OF A HYPOTHETICAL CONDITION

A Hypothetical Condition is defined as “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 the assignment results, but is used for the purpose of analysis.” No Hypothetical Conditions were noted.

Source: USPAP 2014-2015 Edition, Page F-96

DATE OF VALUATION

This appraisal report addresses the Market Value of the subject property as of May 29, 2018.

PROPERTY RIGHTS APPRAISED

The value estimates set forth in this appraisal report reflect this appraiser’s opinion as to the Market Value of the fee simple interest in the subject property, subject to typical encumbrances such as mortgages, easements and zoning ordinances.

TYPE OF REPORT

This is an appraisal report as defined in the *Uniform Standards of Professional Appraisal Practice* under Standard 2.

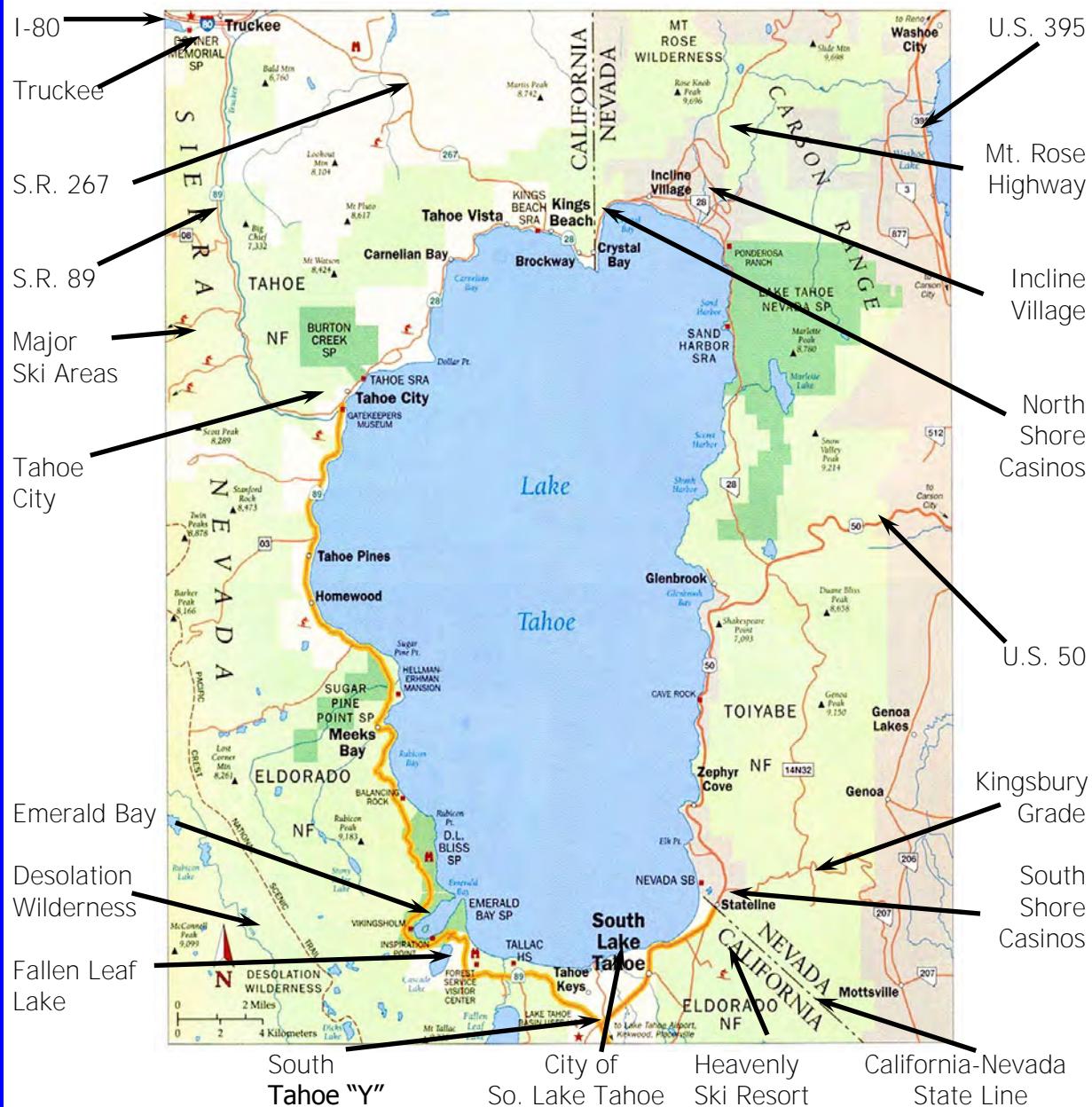
DATES OF INSPECTION

The subject property and the neighborhood in which it is situated were inspected by Lynn Barnett on May 29, 2018.

DATE OF COMPLETION OF APPRAISAL REPORT

This appraisal report was completed on June 14, 2018.

AREA MAP Lake Tahoe Basin



AREA DESCRIPTION

Lake Tahoe Basin

The Lake Tahoe basin is a world renowned destination resort and recreation area that encompasses portions of the states of California and Nevada and includes portions of five counties and one city. Lake Tahoe is located approximately 200 miles northeast of San Francisco, California and approximately 40 miles southwest of Reno, Nevada.

An estimated two-thirds of Lake Tahoe lies within California. Approximately one-third lies within Nevada. The maximum elevation of the lake level is legally regulated at 6,229.10 feet. Many of the surrounding mountain peaks exceed 10,000 feet. Lake Tahoe is 21½ miles long and 12 miles wide. It has a 71-mile shoreline and a maximum depth of 1,645 feet. The surface covers 190 square miles, and the lake contains more than 122 million acre-feet of water. Lake Tahoe is the tenth deepest lake in the world and the second clearest in the United States. The unique recreational amenity provided by Lake Tahoe and the dramatic prospect offered by the surrounding mountains attract hundreds of thousands of tourists each year.

The U.S. Forest Service owns more than 70% of the land area within the Lake Tahoe basin. Private ownerships are estimated to control less than 20% of the land within the Basin. Most of the remaining land is owned either by state or local governments. Because so much of the land within the Basin is under governmental ownership, it is available to the general public for a wide variety of recreational utilizations.

The Lake Tahoe basin incorporates portions of Douglas County, Washoe County, and Carson City County, Nevada, along with El Dorado County and Placer County, California.

The Lake Tahoe basin enjoys an average of 244 fair days each year. It has an average annual precipitation of 35.5 inches at lake level and an average annual snowfall of 217 inches. During the winter months, the average temperature is approximately 32 degrees, while the average summer temperature is around 78 degrees.

Several major highways serve the Lake Tahoe basin. U.S. Highway 50 provides direct access to the south shore from Sacramento, California, entering the Basin at Echo Summit. From the City of South Lake Tahoe, this highway runs in a northerly direction through the Douglas County, Nevada, portion of the Basin, along the east shore of the lake to Spooner Summit, and then descends the eastern slope of the Carson Range of the Sierra Nevada to its intersection with U.S. Highway 395, just south of Carson City, Nevada.

Interstate 80, which connects San Francisco, California, to Reno, Nevada, and other points east, passes approximately 15 miles north of Lake Tahoe, through the Town of Truckee, California. Access to Lake Tahoe from Interstate 80 is by means of two California state highways, California State Route 89 and California State Route 267. Both highways extend in a southerly direction from their intersection with Interstate 80 at Truckee, California. California State Route 267 provides direct access to Kings Beach and Northstar-At-Tahoe, California, on the north shore of Lake Tahoe near the California-Nevada State line, at Crystal Bay. California State Route 89 provides direct access to Tahoe City, California, on

the west shore of Lake Tahoe. From Tahoe City, State Route 89 continues southerly along the west shore and joins U.S. Highway 50 in South Lake Tahoe. From the South Lake Tahoe/Meyers area, State Route 89 leaves U.S. Highway 50 and crosses Luther Pass to its intersection with California State Route 88 in Hope Valley, Alpine County, California, and its intersection with U. S. Highway 395 near Coleville in Mono County, California.

The Mount Rose Highway provides access to Incline Village, Nevada and the north shore of Lake Tahoe from U.S. Highway 395. U.S. Highway 395 runs along the western shelf of the Great Basin directly east of the Sierra Nevada Mountains.

State Route 28 provides access to the north and east shores of the Lake Tahoe basin. From Tahoe City, California, State Route 28 runs westerly and then southerly along the north shore of Lake Tahoe, terminating at Spooner Summit in Nevada. In the California portion of the Lake Tahoe basin, this roadway is known as North Lake Boulevard. In the Incline Village and Crystal Bay areas, this roadway is known as Tahoe Boulevard.

Finally, access to the Douglas County, Nevada, portion of the Lake Tahoe basin is available by way of Kingsbury Grade. Kingsbury Grade extends westerly from the Carson Valley over Daggett Pass and terminates at its intersection with U.S. Highway 50 at Stateline, Nevada, just north of the California State line. In the Carson Valley, Kingsbury Grade is easily accessible from U.S. Highway 395 and from Nevada State Route 88.

All of the highways located within the Basin are two-lane, two way, asphalt paved roadways, with the exception of portions of U. S. Highway 50, California State Highway 89, and State Route 28, which expand to four-lane roadways in places. The winter maintenance of the roadways in the Lake Tahoe basin is very good, with most highways remaining open throughout the winter months. The roadways most susceptible to winter closures are California State Highway 89 through Emerald Bay, California, the Mount Rose Highway at Mount Rose Summit, Nevada, and Kingsbury Grade in the Douglas County, Nevada, portion of the Lake Tahoe basin.

In summary, the Lake Tahoe basin is easily accessible by automobile, particularly from the major metropolitan areas of northern California and Reno, Nevada.

The Lake Tahoe basin is also served by various bus lines and commercial airlines. The south shore is served by the Lake Tahoe Airport, which is located adjacent to U.S. Highway 50 at the south end of the City of South Lake Tahoe, California. This airport, which is operated by the City, offers an 8,544-foot runway, tie-down facilities, a terminal building and hangar storage. This airport has a modern instrumentation system to better facilitate landing in adverse weather. The control tower was closed by the City of South Lake Tahoe. The Lake Tahoe Airport does not currently offer commercial air service. The Airport Master Plan was recently updated. The City has relocated a portion of its administrative staff and offices to the Lake Tahoe Airport.

The west and north shores of the Lake Tahoe basin are served by the Truckee-Tahoe Airport. This airport is located adjacent to California State Highway 267, just southeast of

the town of Truckee, California, and approximately 15 miles north of Kings Beach, California. Scheduled commercial air service is not available at this airport.

The entire Lake Tahoe basin is served by the Reno-Tahoe International Airport, located in Reno, Nevada. This airport provides commercial airline service. Regularly scheduled bus and limousine service is available from this airport to various portions of the Lake Tahoe basin.

There are numerous commercial bus lines that provide transportation to the Lake Tahoe basin. There is a bus terminal located in South Lake Tahoe. Various bus lines also provide transportation to the casinos located in the Lake Tahoe basin. There is local bus service throughout the basin. The local ski areas provide bus service to the various ski resorts. There are also several local taxi companies in the Basin.

Tourism is the primary industry of the Lake Tahoe basin, with most visitors drawn to the area by the numerous outdoor recreational opportunities available, the gaming and the natural scenic beauty.

The outdoor recreational opportunities include fishing, water skiing, bicycling, swimming, horsebackriding, golf, river rafting, hiking and backpacking, boating, cross country and downhill snow skiing, snowboarding, ice skating, snowshoeing, snowmobiling, sightseeing, and numerous other pursuits. The Lake Tahoe area has the largest concentration of ski resorts in the world, including 19 major resorts with more than 168 uphill lift facilities. There are cross country ski areas, along with commercial snowmobiling tours and snowmobiling areas.

Lake Tahoe's economy is reliant upon winter weather conditions, as ski resorts are a major source of tourism during the months of December through mid-April. As a result of drought years in the late 1980s and early 1990s, most of the ski resort operators in the area now use sophisticated snowmaking equipment to assure themselves of an early ski season in late November or early December and as a hedge against potential dry winters.

In addition to ski resorts, there are numerous public beaches, campgrounds, and picnic areas distributed around the perimeter of the lake. These are generally operated by local governments, state governments or the U.S. Forest Service. In several areas of the Lake Tahoe basin, paved scenic bike paths have been developed, and others are planned for the future. Public golf courses are located at Tahoe City, Kings Beach, and in the South Lake Tahoe area. The Edgewood Tahoe golf course, located at Stateline, Nevada, hosts an annual celebrity golf tournament.

Also distributed around the shore of Lake Tahoe are numerous marinas, most of which offer a complete line of power and sailboat rentals, as well as water skis and equipment. Several of these marinas operate regularly scheduled or charter boat cruises around the lake, including dinner, sunset, and cocktail cruises.

Adjacent to the western perimeter of the Lake Tahoe basin is Desolation Wilderness. This pristine backcountry encompasses more than 100 square miles and 80 separate lakes,

most of which offer excellent seasonal fishing. Desolation Wilderness is one of the most popular wilderness areas in the United States.

Legalized gaming also attracts thousands of tourists each year. The major concentration of hotel/casinos is located at the southeast end of the lake at Stateline, Nevada. The four major hotel/casinos at this location include Harrah's, Harveys, Hard Rock, and MontBleu. The total number of guestrooms in these four facilities is 2,293. The Horizon was recently remodeled and named the Hard Rock Hotel & Casino Lake Tahoe. The Lakeside Inn is a smaller casino with 123 guestrooms. **Bill's Casino was redeveloped and now houses Dotty's Casino along with various retail uses.**

The gaming win for the Stateline Casinos from fiscal year July 1, 2003 to June 30, 2004 was \$342,210,579. The gaming win from fiscal year July 1, 2012 to June 30, 2013 was \$211,511,742. This reflects an overall decrease of 38.19% over the ten year period. A portion of this decrease can be attributed to the proliferation of Indian Gaming facilities in California, along with the depressed state of the economy beginning in late 2009. The Redhawk Indian Casino at Shingle Springs, California opened in mid-2009.

Fiscal year July 1, 2012 to June 20, 2013 indicated an increase in gaming revenue for the Stateline Casinos of 2.63% over the previous fiscal year. For the month of December 2013, the gaming win was down by 24.68% versus the month of December 2012. Year to date August 2014 versus August 2013 gaming win was down by 4.80% from the previous year. However, for October 2014 versus the same month in 2013, the gaming win was up by 52%. For the period from December of 2014 through February of 2015, the gaming win was up by .96% in comparison to the prior year. The year 2014 versus 2013 indicates the gaming was up by 1.11%. Fiscal Year 2014 versus 2015 showed a decrease of 7.04%. The gaming win was up by 17.26% in November 2015 as compared with November 2014. The gaming win for Fiscal Year 2015-2016 in comparison to Fiscal Year 2014-2015 was down by 3.84%. The gaming win for the Stateline Casinos for October 2017 increased by 16.19% over October 2016.

The Hyatt Lake Tahoe Hotel-Casino is located in Incline Village, Nevada, in the north shore area of the Lake Tahoe basin. There are additional casino facilities located at Crystal Bay, Nevada, including the Cal-Neva Resort, which is the largest in the Crystal Bay area. The Cal-Neva Resort closed in the fall of 2012 to undergo a major renovation. The Tahoe Biltmore continues to operate although there are plans to redevelop this property.

The gaming win for the North Shore Lake Tahoe Casinos from fiscal year July 1, 2003 to June 30, 2004 was \$38,901,532. The gaming win from fiscal year July 1, 2012 to June 30, 2013 was \$26,932,807. This reflects an overall decrease of 30.77% over the ten year period. A portion of this decrease is a result of the closure of the Cal Neva Resort. The gaming win for Fiscal Year 2015-2016 in comparison to Fiscal Year 2014-2015 was up by 1.94%. The gaming win for October 2017 was 3.55% lower than for October 2016.

Lake Tahoe's principal recreation market is comprised of four of California's ten Metropolitan Statistical Areas. These areas have an estimated combined population in excess of 10,000,000. In addition, the surrounding California non-metropolitan areas have a

population of more than 2,000,000 people. Lake Tahoe is one of the most popular mountain resort areas for this large population base, and, with the exception of Indian casinos, is the closest point offering legal full-service gaming, with table games and slot machines.

Tourism in the Lake Tahoe basin over the last three to four years has been adversely impacted by the sluggish national economy and rising gasoline prices. In addition, many business owners believe that the effects of the September 11, 2001 terrorist attacks and the continuing terrorist activities worldwide continue to have a negative impact on tourism. Occupancy levels in the south shore hotels and motels have been in the mid 40% level for many years. The TOT Taxes collected in 2012 were up less than 2% as compared with 2011. Fiscal Year 2014-2015 TOT figures show an increase of 13.91% over Fiscal Year 2013-2014. Fiscal Year 2015-2016 TOT figures show an increase of 35% over Fiscal Year 2014-2015. Due to a more limited supply and the superior quality of motel rooms, the overall occupancy levels of motels on the north shore generally average in the mid-50 to low 60 percent range. The income generated by transient occupancy taxes (TOTs) for Placer County increased by 15% during fiscal year 2012-13 as compared with 2011-12. The Nevada casinos and better quality lodging facilities typically achieve stronger occupancy levels than the older motels, despite much higher room rates. Since 2000, numerous timeshare and quarter share facilities have been constructed. These facilities had enjoyed relatively high occupancy rates. The occupancy rates declined during the recent recession, but are increasing as the tourist economy is stabilizing. The tourist economy has been positively influenced by the recent wet winters.

The economy of the Lake Tahoe basin is subject to seasonal fluctuations, with the heaviest tourist trade occurring during the summer and winter months. During the shoulder seasons, in the fall and early spring, there is a substantial decline in the number of visitors entering the Basin.

The resident population of the Lake Tahoe basin is greater than 65,000 during the peak summer employment periods, but is lower during the winter and shoulder seasons. Year-round residents numbered approximately 500 in 1950. Based on U.S. Census Data, the year-round population is estimated to range from 45,000 to 50,000, with approximately 60% of the year-round residents living on the south shore. Population growth has been relatively flat since 1980. This is due in large part to the comparatively rigid controls placed on new development within the Lake Tahoe basin by the Tahoe Regional Planning Agency (TRPA). The population of the City of South Lake Tahoe was 24,087 according to 2010 Census data. This compares with 23,609 people in 2000. This represents a 2% increase over the ten year period. In addition, the population in the portion of Douglas County included within the Lake Tahoe basin has decreased over the past ten years.

Historically, the overall employment rate has been approximately 50% to 55% of the resident population during the busier seasons. Tourism has been the chief force in the economy, with the gaming industry providing the greatest direct source of employment at approximately 30% of all jobs. The retail trade industry traditionally has employed approximately 17%. Other major employers in the Basin include governmental agencies and tourism services.

Educational opportunities within the Lake Tahoe basin are considered to be good. Public schools with all grades from elementary through senior high school are available to all communities with a year-round population and school bus transportation is provided. There is also a public community college located in the City of South Lake Tahoe, California, and the private Sierra Nevada College is located in Incline Village, Nevada. Also, Western Nevada Community College, located in Carson City, offers a number of extension courses for the Nevada portion of the Basin.

During the 1980s and into the early 1990s, the economy in the Lake Tahoe basin was faltering. This was not only a result of a national economic recession and the extended drought during **a portion of this time period, but due to the aging condition of the area's** tourism infrastructure, such as the motels and retail establishments located in prime tourism areas. In an effort to improve the economy and the overall appearance of the Lake Tahoe basin, a number of steps were implemented by various government agencies. For example, the Tahoe Regional Planning Agency's Revised General Regional Plan, which was adopted in 1987, offered substantial incentives for redevelopment and rehabilitation. Major redevelopment projects have been completed or are currently underway in the City of South Lake Tahoe. In 1997 and 1998, Ski Run Marina was redeveloped with a $30,000\pm$ square foot commercial-retail and restaurant building. Future plans call for the expansion of the marina and relocation of the existing pier. In addition, Phases I and II of the 210-room Lake Tahoe Vacation Resort timeshare hotel, located at the intersection of Ski Run Boulevard and U.S. Highway 50 were completed in 1997 and 1999, respectively. Additional rooms were subsequently constructed. In addition, on the southeast corner of Lake Tahoe Boulevard and Ski Run Boulevard, a $21,000\pm$ square foot retail center was constructed.

The Park Avenue Redevelopment Project, located in the City of South Lake Tahoe, California, adjacent to the California-Nevada state line, is also complete. In December of 2000, the owners of the Heavenly Ski Resort finished construction of the gondola that provides direct skier access from the California side of the Stateline casino core to the higher elevations of the ski resort. The primary objective of the high capacity gondola is to refocus the entrance to the Heavenly Ski Resort from the three existing base areas to the commercial core of South Lake Tahoe. Adjacent to the gondola building, Marriott International completed a 261-unit four-star vacation ownership resort hotel and a 197-unit quarter share resort hotel. Surrounding the Marriott quarter share hotel is the Heavenly Village commercial area including $68,000\pm$ square feet of specialty retail space with tenants such as Nestles, Patagonia, Burger King, art galleries, restaurants, and high end clothing stores. Both Marriott projects were completed in the fall of 2002. In addition to the gondola and resort hotel projects, other facilities and amenities include a six-screen movie theatre, an outdoor ice rink, and a four level 521-space parking structure. Phases II and III including an additional 333-unit quarter share hotel, an intermodal transit center, and additional retail space were completed in 2007.

The Crescent V shopping center, located across Park Avenue from the Marriott project, was substantially renovated and expanded in 2002 with 42,800 square feet of new retail space. The tenants in the **Crescent V Shopping Center** include a Raley's Supermarket, Baja Fresh, Ace Hardware, and other specialty shops.

Project 3 is another redevelopment project located on the west side of U.S. Highway 50 in the City of South Lake Tahoe, California, directly across the highway from the Heavenly Village and the Heavenly Ski Resort gondola, and adjacent to the California-Nevada State Line and the Stateline casinos. This \$410 million redevelopment project originally included 367 condominium units located in two condominium hotels, 47,000± feet of retail space, and a 4,400 seat convention center to be located along U.S. Highway 50 from Stateline Avenue, south to Friday Avenue, and west to Cedar Avenue. This project was approved by TRPA and the City of South Lake Tahoe. Construction began in the spring of 2007, but the project failed due to the sluggish economy. The developers requested a bond measure through the City of South Lake Tahoe which was defeated. The owners filed for bankruptcy protection in October of 2009. Several individual parcels were foreclosed. The original developer also attempted to refinance or sell the project. More recently, the major property holder constructed approximately 29,000 square feet of retail commercial and restaurant improvements on a portion of the project area. This project was completed in late summer 2014. Phase 2 was recently completed.

Another planned redevelopment project is located at Crystal Bay, on both sides of North Lake Boulevard. The preliminary plans for this project are to redevelop the Tahoe Biltmore site, along with several other vacant and improved properties in the vicinity with a new casino, hotel, retail and timeshare development. The redevelopment project at Crystal Bay has a final environmental impact study completed. The scope of the project was recently changed. The timeshare units have been eliminated. The size of the proposed condominiums has been decreased to reduce the height of the project. The project received TRPA approval on April 27, 2011. The project is expected to be constructed over a three year time frame in phases. However, due to the economy, construction on the project has not been started.

The Edgewood Hotel and Golf Course Reconfiguration Project issued a notice of preparation of an environmental impact statement in June of 2009. This project calls for construction of a 154 hotel rooms and 40 fractional residential units, a health spa and a restaurant located in a Lodge structure, reconfiguration of the Edgewood Golf Course, and opening a portion of the lake frontage to the public. The project was approved on August 23, 2012. The reconfiguration of the Golf Course has been completed. The remaining portions of the project are anticipated to be completed in early summer 2017.

There are numerous other redevelopment projects that have been completed or are in the planning stages in other areas of the City of South Lake Tahoe, Tahoe City, Kings Beach, Incline Village, El Dorado County and Douglas County. The Crystal Bay, Nevada, redevelopment project included the installation of sidewalks and street lights. This project was completed in the early 2000s. In Kings Beach, one surface parking lot has been constructed and others are planned. In addition, sidewalks, curbs, gutters, bicycle lanes, crosswalks, landscaping, lighting, reconfiguration of roadways and intersections, and upgrading of the drainage system were constructed in the Kings Beach Commercial Core area in 2014 and 2015. Three affordable housing projects were completed in Kings Beach. In South Lake Tahoe, the El Dorado Beach recreation area has been reconfigured and upgraded. The project, known as Lakeview Commons, includes a three level recreation building near the shore of Lake Tahoe, extensive rock work and a barbecue area. The 54

acre property located across Lake Tahoe Boulevard from El Dorado Beach is included as part of the City of South Lake Tahoe Parks, Trails and Recreation Master Plan which was adopted in 2015. The Master Plan calls for renovation of this area including removal of the maintenance shop, renovating the Recreation and Swim Complex, upgrading the Ice Arena, upgrading the Campground at Lake Tahoe with new restrooms, showers, and electricity and water hookups, construction of a small amphitheater, and construction of basketball courts, a playground and a picnic area near the Recreation Center.

The Real Estate market within the Lake Tahoe basin has followed the general national economic trend in recent decades. The 1960s and 1970s marked a period of rapid growth in all segments of the real estate market. Many new recreational facilities were developed and existing facilities were expanded to accommodate the unprecedented population growth in the western United States, as well as the new affluence enjoyed by the American public in general. Transportation facilities were upgraded, allowing for more convenient access into the Lake Tahoe basin, and new hotel-casinos were developed, particularly in the southeasterly portion of the Basin, at Stateline, Nevada. In addition, new subdivisions were created to accommodate the residential needs of the expanding year-round population and the second-home vacation market.

After the building season of 1980, however, new construction in the Lake Tahoe basin experienced a drastic decline, primarily due to the severe restrictions on development imposed by the Tahoe Regional Planning Agency (TRPA) as a result of widespread concern for the deterioration of the water quality in Lake Tahoe. From the adoption **of the TRPA's** first land use ordinances in 1972 until 1980, most types of development were still permitted, including the creation of new subdivisions. However, with the adoption of the Bi-State Compact following the building season of 1980, regulatory controls were tightened considerably and, as a general rule, new construction was permitted only on lands considered to have relatively low degrees of environmental sensitivity. New subdivisions were generally prohibited. Beginning in 1983, two successive building moratoriums virtually halted new development. While some limited new construction was permitted during the building season of 1986, the second moratorium was not lifted until the implementation of the new General Regional Plan in July 1987.

With the adoption of the General Regional Plan in 1987, there was a significant improvement in the residential real estate market. In 1987, Realtors noted a substantial increase in market activity for improved single family residential properties in most portions of the Basin. By 1988, a similar trend was emerging for vacant single family residential lots which were eligible for development under the new General Plan. From the building season of 1989 into July 1990, real estate sales activity for residential properties was stronger than it had been for a decade, with real estate values appreciating in some areas at an annual rate of 12% or more. It is generally acknowledged that this dramatic surge was due in large measure to the pent-up demand, which had developed prior to the adoption of the new General Plan. By the summer of 1990, most of the pressure from this pent-up demand appeared to have been relieved, and the residential market cooled. The market began to intensify again in 1991. From 1992 to 1998, the market exhibited an undulating pattern, depending on location and time of year. In 1999 and 2000, the market was very strong, with significant appreciation shown in the commercial and residential markets. The year

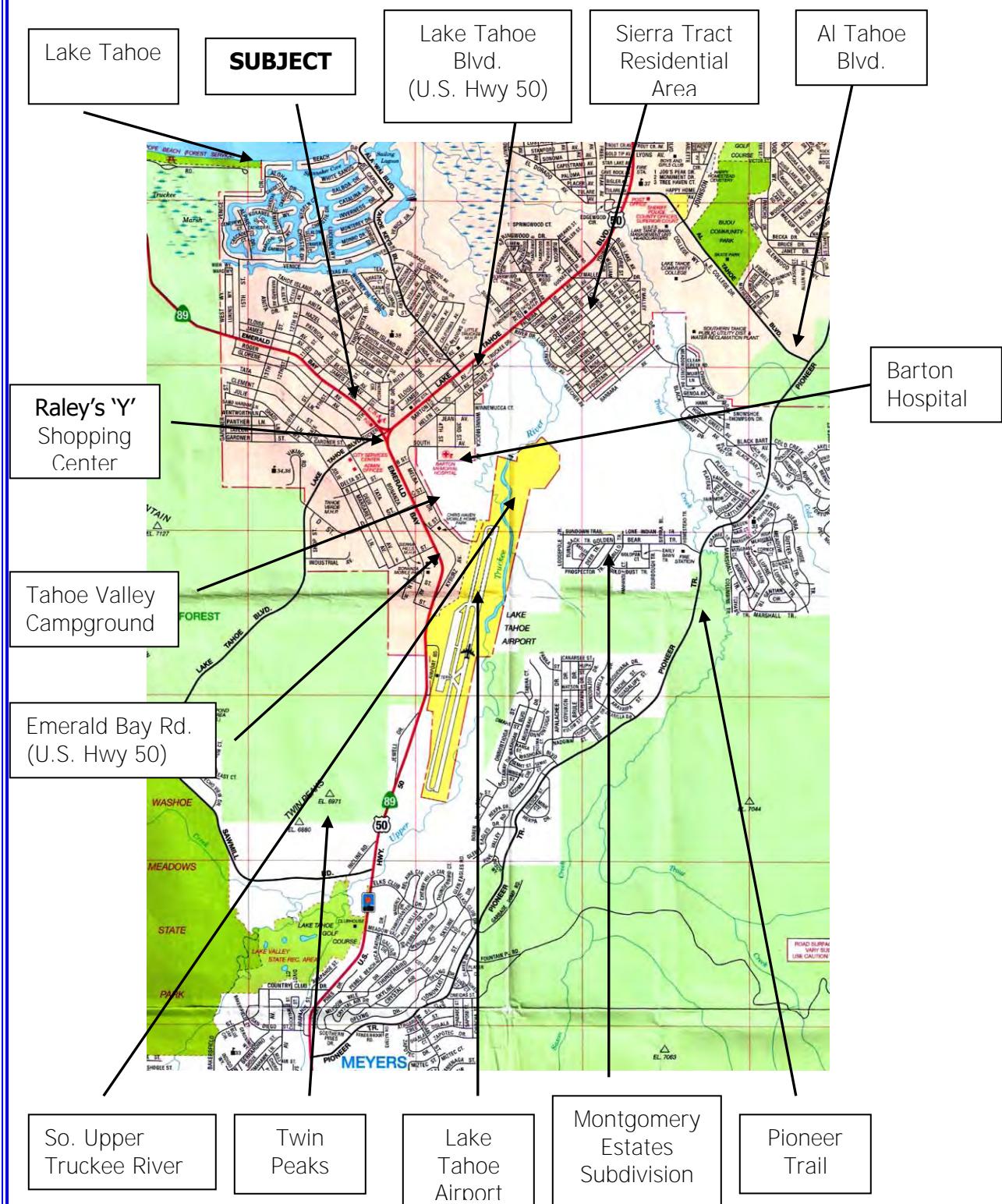
2001 began relatively flat, due in large part to the state of the national and regional economies, but finished strong. The four years, 2002-2005, reported steady appreciation in the residential market.

The residential market began to cool in the fall of 2005. In 2006 and 2007, there were fewer sales and marketing times were longer. Beginning in 2008, the sale prices for homes decreased and the marketing times increased. More recently, the residential market appears to be stabilizing. The median sale price for a home was up by 33% in 2013 as compared to 2012. From 2013 to 2014, the median sale price increased by 11%. The number of home foreclosures nationwide is declining. A recent study by the California Association of Realtors predicts that sale prices for existing single family homes throughout the State will flatten in 2015 and that the number of sales will decrease by 5.8% compared with 2014. On the other hand, the overall sale prices in the South Shore area of the Lake Tahoe basin increased by 5.6% in January 2015 in comparison with January 2014. The median sale price in March of 2014 was \$334,000. The median sale price in January of 2015 increased to \$350,000. Year over year December 2015 versus December 2014, the median sales price increased by 5.6%. The median sale price in December of 2015 was \$369,000 in comparison with December of 2014 at \$349,450, an increase of 5.6%. The median sale price in October 2015 was \$360,000. The median sale price in October of 2016 was \$408,000, an increase of 13.3%. Year over year November 2017 versus November of 2016, the median sales price increased by 6.0%. The median sale price in November of 2016 was \$415,000, compared with December of 2015 at \$369,000. The median sale price in November of 2017 was \$440,000.

The commercial real estate market began to decline in late 2009. More recently, the commercial market is increasing. The tourist market had been in decline since 2010, but is increasing. However, the tourist economy suffered from the recent drought. The industrial market was not impacted as heavily as the commercial market during the national recession due to the limited amount of industrial space in the Lake Tahoe basin. The industrial market is increasing.

In summary, the Lake Tahoe basin is a world renowned recreational destination resort area. Its dramatic setting, the pristine clarity of its waters, its favorable climate and its many varied recreational attractions endow it with unique characteristics. The national economy in recent years, coupled with terrorist activities worldwide, the increasing number of Indian Gaming facilities, and rising gasoline prices have negatively impacted tourism in the Lake Tahoe basin. More recently, the tourist market is increasing. With respect to real estate, the commercial, tourist, and residential markets are increasing. The industrial market is also increasing. In addition, the local economy has benefited from numerous redevelopment projects. There is cautious optimism with regard to the future economy of the area.

NEIGHBORHOOD MAP



NEIGHBORHOOD DESCRIPTION

The subject neighborhood is defined as the southerly portion of the City of South Lake Tahoe and the most northerly portion of El Dorado County. The neighborhood is bounded on the north by Lake Tahoe and the Tahoe Keys subdivision, on the east by Al Tahoe Boulevard, on the south and southeast by Pioneer Trail, and on the west by Twin Peaks, Sawmill Road and the portion of Lake Tahoe Boulevard lying west of South Tahoe 'Y' area.

Generally speaking, the neighborhood is characterized by gently to moderately sloping topography. The vegetation consists of moderate to heavy stands of second growth pines and firs with manzanita and other low growth shrubbery in the more open areas. There is also riparian vegetation adjacent to the streams and creeks within the neighborhood. The South Upper Truckee River flows through the neighborhood. Some areas are characterized by exposed outcroppings of both intrusive and extrusive rock and by large clusters of scattered granitic boulders. The soils throughout the neighborhood consist primarily of sands and sandy loam created by the decomposition of the native bedrock and indigenous vegetation.

The primary roadway serving the subject neighborhood is U.S. Highway 50, a two-way, four lane, all weather highway, which runs along the south and east shores of Lake Tahoe from the City of South Lake Tahoe in El Dorado County, California, north to Spooner Summit on the crest of the Carson Range. Within the subject neighborhood, U.S. Highway 50 is known as Lake Tahoe Boulevard. The speed limit is 40 miles per hour and there are numerous signaled intersections. The majority of Lake Tahoe Boulevard has a center turn lane. This roadway is maintained by Caltrans.

Another major roadway in the neighborhood is California State Highway 89, known as Emerald Bay Road in the subject neighborhood. This is a north-south roadway extending southerly out of the Lake Tahoe basin at Echo Summit, and extending northerly along the west shore of Lake Tahoe to Interstate 80 near Truckee. Emerald Bay Road is a two-way, four lane, asphalt paved roadway with a center turn lane. The speed limit ranges from 35 to 45 miles per hour. The subject property enjoys frontage along Emerald Bay Road. The intersection of Emerald Bay Road and Lake Tahoe Boulevard is known as the South Tahoe 'Y' intersection. This is one of the busiest intersections in the Lake Tahoe basin. To the south of the South 'Y' intersection, Emerald Bay Road is known as U.S. Highway 50 and California State Highway 89.

Pioneer Trail is a major roadway serving the neighborhood. Pioneer Trail extends in a northeasterly direction from its intersection with State Highway 89, at Meyers, to its intersection with U.S. Highway 50 near Stateline, Nevada. This is a two-way, two lane asphalt paved roadway which is well maintained in the winter months. The speed limit ranges from 35 to 50 miles per hour within the subject neighborhood.

The major secondary roadways in the subject neighborhood include Al Tahoe Boulevard, Black Bart Avenue, and Tahoe Keys Boulevard. Al Tahoe Boulevard connects Lake Tahoe Boulevard with Pioneer Trail. This is a two-way, two or four lane roadway which

is signaled at its intersections with Lake Tahoe Boulevard, Johnson Boulevard, and Pioneer Trail. The speed limit ranges from 25 to 40 miles per hour. Black Bart Avenue extends in a northwesterly direction from Pioneer Trail to Martin Avenue. Martin Avenue intersects with Lake Tahoe Boulevard. This is a two-way, two lane, asphalt paved roadway. The speed limit ranges from 25 to 35 miles per hour. Tahoe Keys Boulevard provides access from Lake Tahoe Boulevard to the Tahoe Keys residential subdivision. This roadway is signaled at its intersection with Lake Tahoe Boulevard. This is a two-way, two lane roadway with the speed limit set at 30 miles per hour.

Transportation to the subject neighborhood by automobile is considered to be good. All of the major roadways in the subject neighborhood are maintained on a year around basis with snow removal provided. In addition, there is bus service and taxi service in the subject neighborhood, along with trolley service in the summer months. There is also a good network of bicycle trails in the subject neighborhood. The City of South Lake Tahoe has been designated as a "Bicycle Friendly" city.

The neighborhood is also served by the Lake Tahoe Airport, which is located adjacent to U.S. Highway 50 at the south end of the City of South Lake Tahoe, California. This airport, which is operated by the City, offers an 8,542-foot runway, tie-down facilities, a terminal building and hangar storage. This airport serves primarily small airplanes and jets. There is no commercial air service available. The Airport Master Plan was recently updated. The City utilizes a portion of the airport terminal building for administrative offices.

All utilities are available in the neighborhood. Electricity is supplied by Liberty Energy. Natural gas is supplied by the Southwest Gas Corporation. Telephone service is supplied by AT&T or Charter Communications. Cable television is supplied by Charter Communications. Sewer and water are supplied by the South Tahoe Public Utility District. The Lukins Brothers Water Company provides water service to a portion of the subject neighborhood.

Police protection is provided to the neighborhood by the City of South Lake Tahoe **Police Department and the El Dorado County Sheriff's Department**. Fire protection is provided by the City of South Lake Tahoe Fire District and the Lake Valley Fire District. Within the subject neighborhood, there are publicly supported education facilities ranging from Kindergarten through high school with bus transportation provided. The Lake Tahoe Community College is located adjacent to Al Tahoe Boulevard in the subject neighborhood. There is also a public library a short distance to the north of the subject neighborhood.

Barton Hospital is located at the south end of Third Street in the subject neighborhood. Barton Hospital is recently constructed a wellness center. The wellness center contains 25,000± square feet housed in a two story building. The wellness center will house medical professionals, a lecture hall, a physical therapy facility and a sports medicine area. A three level parking garage was recently completed.

The Lake Tahoe Community College is located adjacent to Al Tahoe Boulevard in the subject neighborhood. The Lake Tahoe Community College opened in 1975 and has been accredited by the Accrediting Commission for Community and Junior Colleges (ACCJC) of the

Western Association of Schools and Colleges (WASC), a regional accrediting body recognized by the U.S. Department of Education and the Council for Higher Education Accreditation since January 1979. The College is situated on a $164\pm$ acre site and offers degrees of Associate in Arts (AA), Associate in Arts for Transfer (AA-T), Associate in Science for Transfer (AS-T), and Certificates of Achievement. The average student population is 3,000 of which approximately 70% receive financial aid. The college offers a library, a student center, a gymnasium, a fitness center, a Nordic ski track, Duke Theatre, and the Halden Art Gallery. A new \$5,800,000 University Center project providing four year degree options, the Lisa and Robert Maloff University Center, is under construction.

According to 2010 Census data, the population of the City of South Lake Tahoe has declined since 2000. The population in 2000 was 23,609. The population in 2010 was 21,403. This equates to a decline in population of .93% per year. The unemployment rate for 2011-2012 was 14.6%. The City Sales Tax collected increased by nearly 7.5% for tax year 2012-2013 in comparison with tax year 2011-2012. However, the sales tax collected was down by nearly 13.5% in comparison with tax year 2010-2011 and down nearly 37% as compared with tax year 2005-2006. Between June of 2014 and June of 2015, the sales tax collected was up by 2.6%. Between June of 2015 and June of 2016, the most recent data available, the sales tax revenues increased by approximately 10%.

The City of South Lake Tahoe has a City Council, City Manager form of government. In addition to the City, the Tahoe Regional Planning Agency has influence on the development and the economy of the neighborhood. The Tahoe Regional Planning Agency (TRPA) recently adopted a New Regional Plan Update. In February of 2016, the Development Rights Strategic Initiative was formed by TRPA. The Initiative is composed of TRPA governing board members, TRPA staff, and representatives from the California Tahoe Conservancy, the Nevada Land Bank, and the State of California Attorney General. The intent is to re-exam and evaluate alternatives to the commodities system in the Lake Tahoe basin which includes residential development rights, commercial floor area, tourist accommodation units, and land coverage.

The City of South Lake Tahoe and the Tahoe Regional Planning Agency approved the Tahoe Valley Area Plan on July 22, 2015. The Tahoe Valley Area Plan envisions a primary area for resident-serving commercial, housing, and mixed use. There is a Town Center at **the South Tahoe 'Y' intersection. There will be two greenbelt areas.** The subject property is located within the Tahoe Valley Area Plan.

The subject neighborhood is also included within the proposed Tahoe Sustainable Communities Investment Program area. This Program proposes clustered development **within designated "Town Centers". One of the goals of the Program is to reduce greenhouse gas emissions in conformance with State of California regulations.**

The majority of the commercial development in the neighborhood is located on both **sides of Lake Tahoe Boulevard, and at the South Tahoe "Y" intersection.** At the South Tahoe "Y" intersection, there is the Raley's Shopping Center, the Crossing Center, a McDonalds Fast Food Restaurant, a CVS Drugstore, a Goodwill store, a TJ Maxx store, a Blue Zone Sports store, and numerous other retail facilities. The McDonalds facility was recently demolished

and a new McDonalds facility was constructed. The Crossing Center was recently redeveloped and there is an open area providing access to the proposed greenbelt area of the Tahoe Valley Area Plan. There is a service station adjacent to the Raley's "Y" Shopping Center. The service station is operated by Raley's and features a mini-mart and a drive through car wash. There is a BevMo! store at the South Tahoe "Y" intersection, along with the Tahoe Valley branch of the U.S. Post Office. On both sides of Lake Tahoe Boulevard, there are primarily older retail stores, restaurants, professional offices, and tourist facilities. On both sides of Emerald Bay Road, there are older motels, restaurants and retail properties. The subject property is located adjacent to Emerald Bay Road, a short distance north of the South Tahoe "Y" intersection. At the intersection of Lake Tahoe Boulevard and Al Tahoe Boulevard, there is the Al Tahoe Shopping Center with a Rite Aid Store and a Ross Clothing Outlet, along with the main branch of the U.S. Post Office.

There are two industrial areas in the neighborhood. The first is located to the southwest of the South "Y" intersection. The industrial properties in this area are of fair to good quality with some very old improvements and some new improvements. The newest development in this area is an industrial park located on the north side of D Street. This industrial park includes three large buildings housing an auto towing and repair facility and an electrical wholesale supply facility. The second industrial area is located to the northeast of the South "Y" intersection. The industrial properties in this area are primarily older and in fair to average condition. The South Tahoe Refuse Company facilities are located in this industrial area. As industrial properties in the Lake Tahoe basin are scarce, there are typically few vacancies and the rental rates are above average.

The majority of the remainder of the neighborhood is residential in character. The Sierra Tract residential subdivision is located to the south of Lake Tahoe Boulevard at Carson Street and Sierra Boulevard. This subdivision supports primarily older, fair to average quality residences, along with some duplexes and apartments. The Barton Tract is a small residential area located to the south of Lake Tahoe Boulevard and to the east of Emerald Bay Road. This residential area also supports some commercial and medical office development. The quality of the residences in this area ranges from fair to very good. The Tahoe Keys subdivision is located at the north end of Tahoe Keys Boulevard and enjoys frontage along the shores of Lake Tahoe. The majority of the residences in this subdivision enjoy frontage along canals with boat docks. The quality of the residences in this subdivision is primarily good to very good with some excellent quality lakefront homes. The Montgomery Estates Subdivision is located on both sides of Pioneer Trail, immediately south of Black Bart Avenue. This subdivision is improved with average to very good quality single family residential development. There is also residential development on both sides of Pioneer Trail, to the south of Montgomery Estates and to the north of the intersection of Pioneer Trail and State Highway 89. The homes in these neighborhoods range in age from very old to newly constructed and range in quality from fair to very good.

Recreational facilities within the neighborhood include public and private beaches and marinas, along with parks and ball fields. There are golf courses immediately northeast and southwest of the subject neighborhood. Lakeview Commons at El Dorado Beach was recently redeveloped with a terraced rock sitting area, a new boathouse and refreshment building, grass areas and parking. The 54 acre property located across Lake Tahoe

Boulevard from El Dorado Beach is included as part of the City of South Lake Tahoe Parks, Trails and Recreation Master Plan which was adopted in 2015. The Master Plan calls for renovation of this area including removal of the maintenance shop, renovating the Recreation and Swim Complex, upgrading the Ice Arena, upgrading the Campground at Lake Tahoe with new restrooms, showers, and electricity and water hookups, construction of a small amphitheater, and construction of basketball courts, a playground and a picnic area near the Recreation Center. The South Upper Truckee River flows through the neighborhood. In addition, numerous water sports are available on Lake Tahoe. The Heavenly Ski Resort is a short distance east of the subject neighborhood. A short distance to the northeast of the subject neighborhood, there are four major hotel casinos with gaming and live entertainment along with fine dining opportunities.

The economic outlook in the neighborhood is cautiously optimistic. Although the commercial market had been showing signs of distress with above average vacancies, the commercial market has stabilized and is increasing. Occupancy levels have increased. Additionally, residential properties had shown distress with decreasing sale prices. Beginning in 2013, the residential market began to stabilize. Residential property values are increasing as of a current date. Home mortgage foreclosures had been high, but have returned to a normal pace.

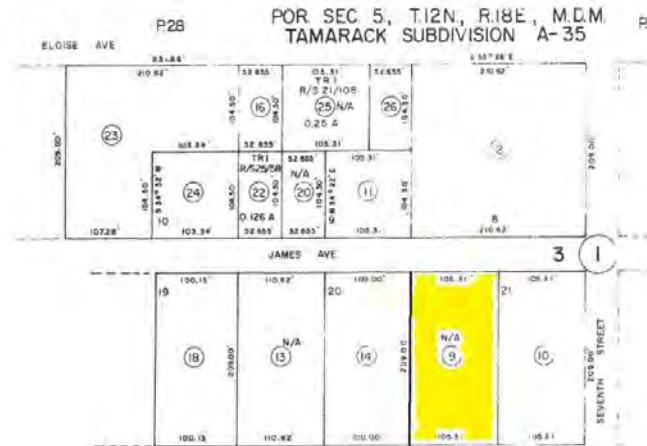
In summary, the subject neighborhood consists of the southerly portion of the City of South Lake Tahoe and the most northerly portion of El Dorado County. The neighborhood includes commercial, industrial, and residential properties. The recreational opportunities are numerous due to the proximity of the neighborhood to Lake Tahoe and due to the Truckee River which flows through the neighborhood. Overall, the subject neighborhood is considered to be a desirable area with many recreational opportunities.

**SUBJECT ASSESSOR'S PARCEL MAP
El Dorado County A.P.N. 023-171-09**

P16

P 18

23:17



THIS MAP IS NOT A SURVEY. It is prepared by the El Dorado Co.
Assessor's office for assessment purposes only. **D-34** GLORENE GVE
17785' **209.00** **104.30** **52.45** **52.45**

Assessor's Map Bn 25 Pg. 17
County of San Mateo California

18-010

25

SUBJECT PHOTOGRAPHS



**A VIEW OF THE SUBJECT PROPERTY,
LOOKING NORTHEASTERLY FROM EMERALD BAY ROAD**



**STREET SCENE, LOOKING NORTHWESTERLY ALONG EMERALD BAY ROAD,
SUBJECT AT RIGHT FOREGROUND OF PHOTO**

SUBJECT PHOTOGRAPHS



**STREET SCENE, LOOKING SOUTHEASTERLY ALONG EMERALD BAY ROAD,
SUBJECT AT LEFT OF PHOTO**



**A VIEW OF THE SUBJECT PROPERTY, LOOKING
SOUTHWESTERLY FROM JAMES AVENUE**

SUBJECT PHOTOGRAPHS



**STREET SCENE, LOOKING NORTHWESTERLY ALONG JAMES AVENUE,
SUBJECT PROPERTY AT LEFT OF PHOTO**



**STREET SCENE, LOOKING SOUTHEASTERLY ALONG JAMES AVENUE,
SUBJECT PROPERTY AT RIGHT OF PHOTO**

SUBJECT PHOTOGRAPHS



**AN INTERIOR VIEW OF THE SUBJECT PROPERTY,
SHOWING THE VEGETATION**



AN INTERIOR VIEW OF THE SUBJECT PROPERTY

SUBJECT PHOTOGRAPHS



**A VIEW OF THE ROCK DRAINAGE BASIN LOCATED ADJACENT TO EMERALD BAY ROAD ON THE SUBJECT PROPERTY,
LOOKING SOUTHWESTERLY TOWARD THE HIGHWAY**



**A VIEW OF THE ROCK DRAINAGE BASIN ON THE SUBJECT PROPERTY,
LOOKING NORTHEASTERLY FROM THE VICINITY OF EMERALD BAY ROAD**

SUBJECT PROPERTY IDENTIFICATION AND DESCRIPTION

Property Address	833 Emerald Bay Road, South Lake Tahoe, California
Property Location	The northeast side of Emerald Bay Road, 105± feet northwest of Seventh Street
Assessor's Parcel Number	023-171-09
Owner of Record	The State of California
Legal Description	

A Portion of Lot 21, Block 3, as shown on that Official Map entitled "Tamarack Subdivision" filed on February 13, 1946 in the office of the County Recorder of El Dorado County in Map Book "A" at Page 35, El Dorado County, California.

The legal description set forth above was taken from the Preliminary Title Report prepared by Placer Title Company of South Lake Tahoe, California, dated November 16, 2017 and identified by Order Number: P-245004. The complete metes bounds legal description is contained in the Preliminary Title Report. A copy of the Preliminary Title Report is included in the *Addenda* to this appraisal. The legal description is assumed to be correct.

Property Shape and Dimensions

The subject property is rectangular in shape. The property dimensions are set forth below:

Emerald Bay Road frontage	105.31± feet
Northwest property line	209.00± feet
James Avenue frontage	105.31± feet
Southeast property line	<u>209.00± feet</u>

TOTAL LAND AREA

22,010± Square Feet

The property dimensions were taken from the legal description pertaining to the subject property. The total land area was calculated by this appraiser. The property dimensions and total land area are assumed to be correct.

Soils and Environmental Data

Soil Type	EfB, Elmira-Gefo loamy coarse sand, 0% to 5% slope
Soil Capability Level	7

The soil type and soil capability level exhibited by the subject property were taken from information published in the Tahoe Valley Area Plan. The soil type and soil capability level are assumed to be correct.

Stream Environment Zone

None mapped or observed on site. However, there is a man-made rock drainage basin location in the southwesterly portion of the subject property adjacent to its Emerald Bay Road frontage. The rock drainage basin includes approximately 250 square feet of the **subject's total land area**.

Land Coverage

For all properties except vacant single family residential parcels, the base land coverage allowed under the Tahoe Regional Planning Agency Ordinances is based upon the Bailey Classification System. Under the Bailey System, Class 7 soils are allowed 30% land coverage. Based upon the **subject's total land area at 22,010± square feet**, $6,603\pm$ square feet of land coverage would be allowed. Based upon **this appraiser's on-site inspection** of the subject property, the property has no existing land coverage. The seller has indicated that the subject property will be sold including $6,603\pm$ square feet of potential high capability land coverage. Due to the location of the subject property within an Area Plan, up to 70% land coverage is allowed. However, any land coverage above the allowable land coverage would be required to be purchased and transferred to the property.

Zoning

Tahoe Valley Area Plan –
Town Center Gateway (TC-G)

The TRPA and the City of South Lake Tahoe have jurisdiction over the subject **property's land use**. With the adoption of the Tahoe Valley Area Plan, the zoning under both agencies is the same. The **description of the subject's Town Center** Gateway zoning district indicates that this district is a key arrival area for **travelers to South Lake Tahoe and "is** intended to create an attractive mixed-use commercial corridor that provides a welcoming gateway to South Lake Tahoe and conveys the arrival to South Lake Tahoe as a destination. The physical form varies to reflect the commercial mixed-use character of the gateway corridor and to transition from surrounding, lower-density districts to the Town Center Core. Allowable uses include tourist accommodation, retail, commercial, recreation, and office uses, as well as mixed-use **residential development.**"

The allowed uses include multiple family dwellings, residential condominiums, bed and breakfast facilities, hotels, motels, timeshare facilities, eating and drinking places, general retail services, personal services, amusement and recreation, business support services, health care services, professional offices, repair services, cultural facilities, daycare centers and preschools, government offices, local assembly and entertainment, local public health and safety facilities, membership organizations, post office, publicly owned assembly and entertainment, religious assembly, social service organizations, threshold related research facilities, transportation routes, day use areas, outdoor recreation concessions, riding and hiking trails, and various resource management uses.

Under the provisions for a Special Use Permit, mobile home dwellings, building materials and hardware, nurseries, outdoor retail sales, service stations, outdoor amusements, privately owned assembly and entertainment, animal services, schools, secondary storage, small scale manufacturing, parking lots, pipelines and power transmission, transit stations and terminals, transmission and receiving facilities, and visitor information centers are allowed.

The densities allowed are 25 units per acre for multiple family dwellings, eight units per acre for mobile home dwellings, ten units per acre for bed and breakfast facilities, and 40 units per acre for hotels, motels and timeshares. The minimum lot size is $10,000 \pm$ square feet for commercial uses and $6,000 \pm$ square feet for residential uses. The minimum lot width is $80 \pm$ feet for commercial uses and $60 \pm$ feet for residential uses. The minimum lot depth is $100 \pm$ feet.

The effect of the zoning associated with the subject property will be discussed in detail in the *Highest and Best Use Analysis* section of this report.

Topography

The topography exhibited by the subject property varies from basically level to very gently sloping. The property is at grade with Emerald Bay Road and James Avenue.

Vegetation

The subject property supports a moderate stand of young to mature growth conifers. There is also scrub growth throughout the property.

View

The view is limited to the surrounding neighborhood.

Flood Zone

According to the Federal Emergency Management Agency Flood Insurance Rate Map, Map Number 06017C0367F with an effective date of April 3, 2012, the subject property is located in Flood Zone X Unshaded. Flood Zone X Unshaded designates areas located outside the 100 year and 500 year flood plains. Federal Flood Insurance is not required in Flood Zone X Unshaded.

Earthquake Zone

According to the Earthquake Hazard Map published by the Federal Emergency Management Agency, the subject property is located in Seismic Design Category D which indicates areas that could experience very strong shaking. Seismic Design Category D is characteristic of the entire area. As far as this appraiser was able to determine, there is no special risk associated with the subject property which would render it more vulnerable than other comparable properties in the area.

Hazardous Materials

This appraiser has inspected the subject property with the due diligence expected of a professional real estate appraiser. During the course of my inspection, this appraiser noted no obvious evidence of hazardous materials on the subject property. Reportedly, a Phase I Environmental Study has not been completed on the subject property. In addition, information published by the Lahontan Water Quality Control Board indicates there is a leaking underground storage tank (LUST) site located a short distance northeast of the subject property. The site was closed on October 6, 2000. An additional LUST site is located a short distance southeast of the subject property. This site was closed on September 21, 2010.

The reader should note that this appraiser is not qualified to detect hazardous waste and/or toxic materials on a property. Any comment by this appraiser that might suggest the possibility of the presence or absence of such substances should not be taken as a confirmation of the presence or absence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea formaldehyde, foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed by this appraiser for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The value estimates established in this appraisal report are based upon the assumption that there is no soil or water contamination on the subject property.

Elevation

6,250± feet above sea level

Access

The subject property enjoys frontage along Emerald Bay Road and James Avenue and is located in relatively close **proximity to the South Tahoe 'Y' intersection**, one of the busiest intersections in the Lake Tahoe basin. Although there is less traffic along **Emerald Bay Road to the north of the South Tahoe 'Y' intersection, than along Emerald Bay Road to the south of the South Tahoe 'Y' intersection, the traffic exposure is considered to be** reasonably good. The subject property enjoys 105± feet of frontage along Emerald Bay Road. There is a center turn lane adjacent to the subject property. The subject property enjoys good access and reasonably good traffic exposure.

Utilities

All utilities are available to the subject property. Electricity and telephone services are available from overhead lines. Natural gas, water and sewer services are available from underground sources. Electricity is provided by Liberty Energy. Telephone services are provided by AT&T or Charter Communications. Natural Gas service is provided by Southwest Gas Corporation. Water service is provided by Lukins Water Company. Sewer services are provided by the South Tahoe Public Utility District.

Improvements

The subject property is improved with wood fencing along its James Avenue frontage. In addition, there is a small rock drainage basin located adjacent to the Emerald Bay Road frontage. This drainage basin includes approximately 250 square feet of total land area. The location of this drainage basin could have an adverse impact on the development of the subject property as any commercial development would likely need to be located further from the Emerald Bay Road frontage.

Surrounding Development

The development surrounding the subject property is residential, commercial and industrial. To the northwest, there are vacant parcels under the ownership of the California Tahoe Conservancy. To the north and northeast, across James Avenue, there are residential and industrial properties. To the northeast and east, there is a former restaurant property along with other commercial and residential properties. Across Emerald Bay Road from the subject property, there is commercial development. The development surrounding the subject property is of average to good quality and reflects average to good pride of ownership.

There are dirt paths crossing the subject property utilized for pedestrian and bicycle traffic.

Easements, Encumbrances and Restrictions

This appraiser was provided with a Preliminary Title Report which was referenced previously in this section of the report. The Preliminary Title Report lists exceptions for liens for supplemental taxes if any, any unpaid amounts owing for utilities, rights of the public to any portion of the property lying within any public road, and an exception for discrepancies or conflicts in boundary lines, shortage in area, encroachments, or any other factors which a correct survey would disclose. In addition, there is an exception stating the subject property lies within the boundaries of the South Tahoe Public Utility District. There is an exception for the terms, conditions and provisions contained in the Statement of Proceedings of Redevelopment Activities recorded June 8, 2010.

Although not noted in the Preliminary Title Report, there is a rock drainage basin located adjacent to the subject's Emerald Bay Road frontage. This drainage basin is noted in the "833 Emerald Bay Road Project Requirements" document. This document states that there is a corresponding license agreement with the City of South Lake Tahoe for the drainage basin which will be documented with a recorded easement upon sale of the property.

This appraisal report has been prepared based upon the assumption that there are no easements, encumbrances, or restrictions, that would preclude development of the subject property to its highest and best use, and that title to the subject property is free, clear and marketable.

Encroachments

None observed.

Extraordinary Assumptions

None made.

Hypothetical Conditions

None noted.

Prescriptive Rights

This appraiser has no legal knowledge pertaining to prescriptive rights. There is no signage on the subject property to deter trespass. In addition, there are established dirt pathways crossing the subject property. Overall, based upon this information, there could be prescriptive rights associated with the subject property. On the other hand, the development requirements pertaining to the subject property include permanent easements for public access to the property.

Subject's Sales History

The subject property has been under the ownership of State of California since 1989.

Development Rights

The owners of the subject property plan to include 6,603± square feet of potential high capability land coverage with the subject property.

Best Management Practices (BMPs)

Best Management Practices (BMPs) are required by TRPA for all improved properties in the Lake Tahoe basin. The purpose of BMPs is to reduce fine sediments, phosphorus and nitrogen from entering surface water and groundwater. In addition, BMPs help to reduce runoff volumes and pollutants, decrease erosion, improve the quality of receiving waters, increase groundwater recharge, assist with water conservation and reduce the potential for flooding. Runoff is identified by the Lake Tahoe TMDL Technical Report as the largest source of fine sediment particles to Lake Tahoe.

BMPs are required on all improved properties to control sediment, erosion and other pollutants on-site and to infiltrate storm water generated from all impervious surfaces on the **property from a 1" per hour storm. Typical BMP improvements include installation of** infiltration trenches, filter strips, subsurface infiltration systems and slotted channel drains. With the exception of the rock drainage basin on the subject property, BMPs have not been installed.

Water Rights

There do not appear to be any water rights associated with the property.

Mineral Rights

There are no known minerals, ores, gas or oil deposits associated with the subject property.

Tax Data

Because the subject property is under the ownership of The State of California, it is not subject to taxation. A buyer of the subject property would anticipate property taxes **based upon the Assessor's opinion** of the Market Value of the property as of the date of purchase.

Direct Charges

Because the subject property is under the ownership of The State of California, it is not subject to direct charges.

Summary

The subject property is located adjacent to Emerald Bay Road, a short distance northwest of the South Tahoe 'Y' intersection. The total land area is 22,010± square feet. All utilities are available. The topography is basically level to very gently sloping and the property enjoys a pleasing forest setting. The sellers plan to include 6,603± square feet of potential high capability land coverage with the property. The property is located within the Tahoe Valley Area Plan. The zoning is Town Center Gateway. Numerous commercial, tourist commercial and residential uses are allowed. However, the current owners of the subject **property will restrict the development of the subject property based upon the "833 Emerald Bay Road Project Requirements". In summary, these requirements include commercial, affordable and workforce residential development along with permanent easement areas granted to the California Tahoe Conservancy for open space, trails and public gathering space.** The surrounding development includes residential, commercial and industrial properties.

Overall, the subject property is considered to be desirable due to its reasonably good location and reasonably good traffic exposure, along with its frontage along Emerald Bay Road and James Avenue.

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use is defined as the most reasonable and probable use that supports the highest present value of the vacant land and/or improved property, as defined, as of the effective date of valuation. Implicit in this definition is that the highest and best use must be physically possible, legally permissible, economically feasible and maximally productive. As the subject property is vacant, only the highest and best use for the subject property as vacant will be analyzed.

The subject property is located adjacent to Emerald Bay Road, a short distance northwest of the South Tahoe 'Y' intersection. The total land area is 22,010± square feet. All utilities are available. The topography is basically level to very gently sloping and the property enjoys a pleasing forest setting. There is a rock drainage basin located adjacent to Emerald Bay Road. The surrounding development includes residential, commercial and industrial properties. Overall, with the exception of the rock drainage basin on the property, there do not appear to be any physical characteristics that would limit development of the subject property to its highest and best use.

The TRPA and the City of South Lake Tahoe have jurisdiction over the subject **property's land use**. With the adoption of the Tahoe Valley Area Plan, the zoning under both agencies is the same. **The description of the subject's Town Center Gateway zoning district indicates that this district is a key arrival area for travelers to South Lake Tahoe and "is intended to create an attractive mixed-use commercial corridor that provides a welcoming gateway to South Lake Tahoe and conveys the arrival to South Lake Tahoe as a destination. The physical form varies to reflect the commercial mixed-use character of the gateway corridor and to transition from surrounding, lower-density districts to the Town Center Core. Allowable uses include tourist accommodation, retail, commercial, recreation, and office uses, as well as mixed-use residential development."**

The allowed uses include multiple family dwellings, residential condominiums, bed and breakfast facilities, hotels, motels, timeshare facilities, eating and drinking places, general retail services, personal services, amusement and recreation, business support services, health care services, professional offices, repair services, cultural facilities, daycare centers and preschools, government offices, local assembly and entertainment, local public health and safety facilities, membership organizations, post office, publicly owned assembly and entertainment, religious assembly, social service organizations, threshold related research facilities, transportation routes, day use areas, outdoor recreation concessions, riding and hiking trails, and various resource management uses.

Under the provisions for a Special Use Permit, mobile home dwellings, building materials and hardware, nurseries, outdoor retail sales, service stations, outdoor amusements, privately owned assembly and entertainment, animal services, schools, secondary storage, small scale manufacturing, parking lots, pipelines and power transmission, transit stations and terminals, transmission and receiving facilities, and visitor information centers are allowed.

The densities allowed are 25 units per acre for multiple family dwellings, eight units per acre for mobile home dwellings, ten units per acre for bed and breakfast facilities, and

40 units per acre for hotels, motels and timeshares. The minimum lot size is 10,000± square feet for commercial uses and 6,000± square feet for residential uses. The minimum lot width is 80± feet for commercial uses and 60± feet for residential uses. The minimum lot depth is 100±feet.

In analyzing the highest and best use for the subject property, consideration is given to its reasonably good location with frontage along Emerald Bay Road and James Avenue.

Further consideration is given to the development rights associated with the subject property. These development rights include 6,603± square feet of potential high capability land coverage. The subject property has no commercial floor area, no tourist accommodation units, and no residential development rights. In order to develop a property with a structure, one square foot of land coverage is required for each square foot of land covered by a building or other improvement. In order to construct a residential structure, one residential development right and one residential building allocation are required for each residential structure developed. One residential development right and one residential building allocation together are known as a residential unit of use. In order to construct a commercial building, one square foot of commercial floor area is required for each square foot of building area constructed. In order to construct a hotel or motel, one tourist accommodation unit is required for each hotel or motel unit constructed.

Consideration is also given to the allowed uses under the zoning. The allowed uses include many commercial uses such as restaurants, retail stores, professional offices and health care facilities. In addition, bed and breakfast facilities, hotels, motels and timeshare facilities are allowed. Multiple family dwellings are allowed, along with residential condominiums. Various public service uses are also allowed, such as churches and government offices. Under the provisions for a Special Use Permit, various other commercial and public service uses are allowed. Based upon the allowed densities, 12 residential units could be constructed on the property, 20 hotel, motel or timeshare units could be constructed, or 5 bed and breakfast inn units could be allowed. Should a portion of the property be developed with a commercial use, the number of residential units allowed would be reduced.

Finally, consideration is given to the California Tahoe Conservancy project requirements. These requirements are summarized in a document entitled "833 Emerald Bay Road Project Requirements". A copy of this document is included in the *Addenda* to this appraisal report. A summary of the project requirements is set forth in the following paragraphs.

First, development on the subject property that supports the goals of the Tahoe Valley Area Plan and surrounding existing development such as shared parking, residential units of various price points including workforce and affordable housing, and direct connection to adjacent and nearby commercial uses with plaza spaces and natural open spaces is required.

Second, development with affordable, workforce and market rate housing along with **commercial development, including "tiny" houses and/or a cottage community with maker space common building** is required.

Third, grant perpetual easements to the California Tahoe Conservancy over the areas required for water quality and trail projects, and public plaza and open space areas. It should be noted that the public access trails and other public space improvements will not be counted as land coverage.

Fourth, construction of trails and sidewalks on the property as part of the project including pedestrian access from existing neighborhoods and new residential to surrounding existing business and transit, area-wide Best Management Practices, and city sidewalks and road improvements (complete streets).

Fifth, maintain views to open space areas and access to trails with transit maximized including playgrounds, public art and outdoor seating.

Sixth, provide additional pedestrian, bike and transit connections and amenities between the parcel and surrounding uses, as much as possible. Attempt to work with adjacent owners to connect to adjacent commercial.

Seventh, save and provide a way for all possible trees to thrive, especially in the stream environment zone area associated with the rock drainage basin, the public plaza gathering spaces and the open space buffers.

Eighth, meet the design standards included in Appendix C of the Tahoe Valley Area Plan.

Ninth, all improvements to meet the recommendations in Appendix D of the Tahoe Valley Area Plan. Improvements to meet the highest feasible level of LEED standards.

Tenth, buyers to post a performance bond to ensure all project requirements, including permitting, California Environmental Quality Act, Development Agreement, and all other lead permitting agency requirements.

Eleventh, incorporate into the development elements of transit, trail and technology goals of the 2017 Regional Transportation Plan including trails to the nearest transit stop from the project area, connectivity to surrounding uses via bike and pedestrian trails, WiFi updates on transit routes and transit oriented development.

Twelfth, all improvements to comply with 2012 Tahoe Regional Plan Update and all related Plans including the Tahoe Valley Area Plan, the Tahoe Sustainable Communities Strategy, and **Statewide Planning Goals referenced in the California Tahoe Conservancy's enabling statute.**

It would appear that all of the Project Requirements outlined above and in the "833 Emerald Bay Road Project Requirements" document included in the *Addenda* to this appraisal

report could be achieved by constructing a mixed use project. However, appropriate development rights including commercial floor area and residential units of use would be required to be purchased by a prudent buyer and transferred to the subject property. In addition, a prudent buyer of the subject property would consider the requirement that any residential development be affordable, workforce and market rate housing. The affordable and workforce housing requirement would result in lower sale prices should the units be subdivided and sold separately and lower rental rates should the units be rented. A prudent buyer of the subject property would also consider the requirement to grant permanent easements to the California Tahoe Conservancy for areas required for water quality improvements, public plazas and other **amenity areas as outlined in the "833 Emerald Bay Road Project Requirements"**. The permanent easement areas will likely encumber 20% of **the subject's total land area**. On the other hand, a mixed use project would also include dedicated homeowner amenity and open space areas. However, in a typical project, these **areas would be owned by a homeowner's association rather than being encumbered by** public access easements owned by the State of California. In addition, a prudent buyer of the subject property would consider the difficult in constructing a commercial building that does not encroach onto the rock drainage basin area adjacent to the Emerald Bay Road frontage.

Overall, with consideration given to the reasonably good location of the subject property with frontage along two streets, **it is this appraiser's opinion that the highest and best use for the subject property is for a mixed use development which complies with the "833 Emerald Bay Road Project Requirements"**.

INTRODUCTION TO VALUATION ANALYSIS

In order to estimate the Market Value of the subject property based upon its highest and best use, the three approaches to value were considered. These three approaches include the Cost Approach to Value, the Income Approach to Value and the Market Approach to Value.

In this case, the Market Approach to Value will be analyzed. As the subject property involves vacant land, the Cost Approach to Value and the Income Approach to Value are not considered to be applicable and will not be analyzed.

Under the Market Approach, the Sales Comparison Method will be analyzed. Under the Sales Comparison Method, comparable sales of commercial land properties will be analyzed and compared with the subject property based upon the sale price per square foot of land coverage. However, due to the lack of sales data which include affordable and workforce housing requirements and public open space easement areas, a two step method will be utilized. In the first step, the subject property will be analyzed based upon the assumption that affordable and workforce housing will not be required for development to occur, and further based upon the assumption that public easements in favor of the State of California will not be required. In the second step, appropriate factors to account for the impact to value by these requirements will be analyzed and deducted from the Market Value conclusion established in the first step of the valuation analysis.

INTRODUCTION TO THE MARKET APPROACH TO VALUE

Sales Comparison Method

In order to estimate the Market Value of the subject property by the Sales Comparison Method of the Market Approach to Value, comparable sales of commercial and residential land properties in the neighborhood will be analyzed and compared with the subject property based upon the sale or asking price per square foot of land coverage. In the first step of the valuation analysis, no consideration will be given to the requirement that affordable and/or workforce housing be constructed on the property. In addition, no consideration will be given to the requirement to encumber approximately 20% of the subject property with permanent open space easements in favor of the State of California.

In the second step of the valuation analysis, appropriate factors to account for the impact to value by the affordable and/or workforce housing and permanent open space easements requirements will be analyzed and deducted from the Market Value conclusion established in the first step of the valuation analysis.

VALUATION ANALYSIS
Assuming Affordable and/or Workforce Housing and
Public Access and Open Space Easements Not Required

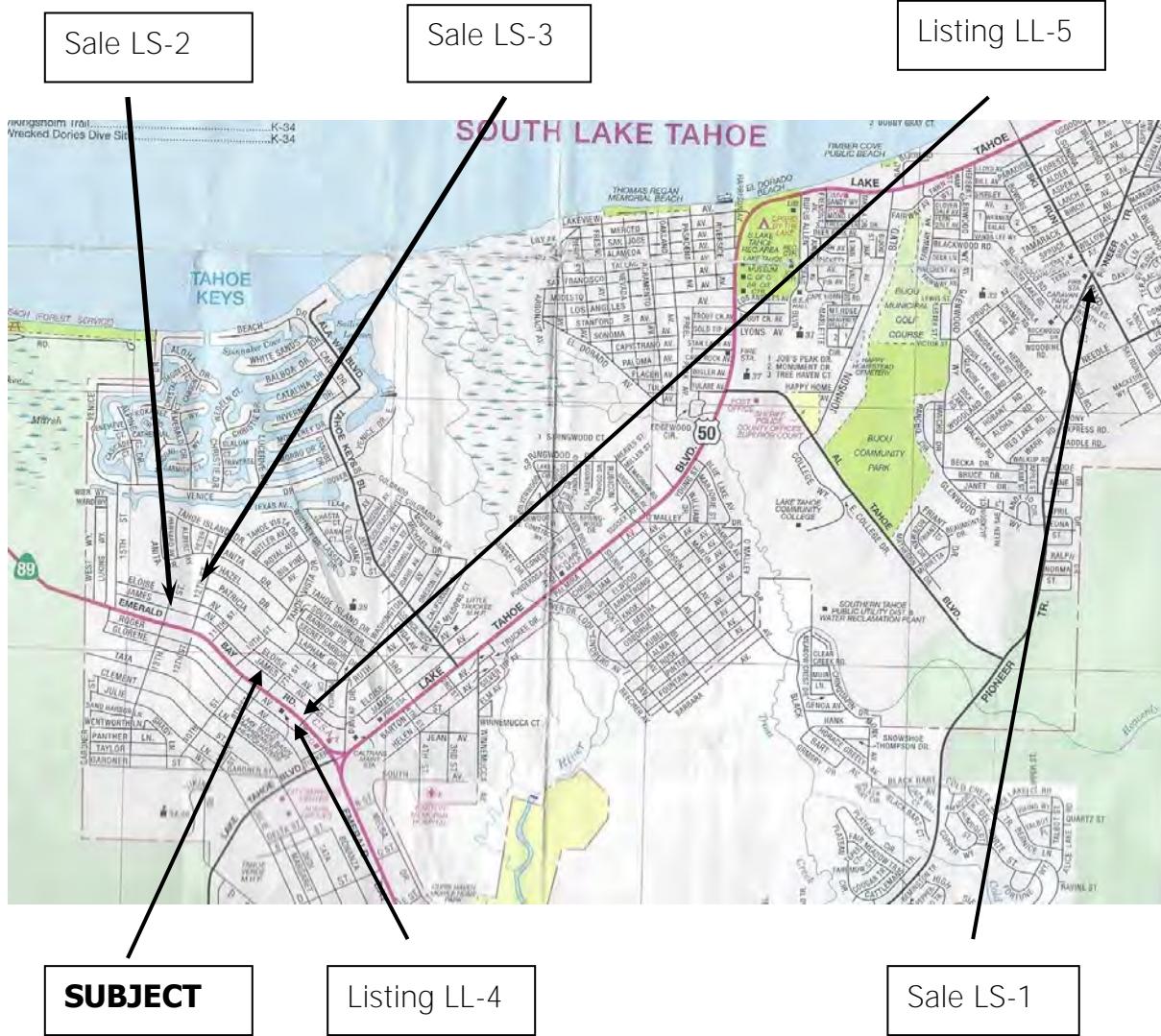
In the first step of the valuation analysis, the subject property will be analyzed based upon the assumption that the requirements to provide affordable and/or workforce housing and provide public access and open space easements do not exist. The sales set forth on the following chart and profiled on the following pages are considered to represent the best data available in order to establish the Market Value of the subject property, based upon these assumptions.

In the following analysis, emphasis will be placed on the subject's reasonably good traffic exposure, its commercial zoning, and its frontage along Emerald Bay Road and James Avenue. Emphasis will also be placed on the existing rock drainage basin located adjacent to the subject's Emerald Bay Road frontage.

COMPARABLE LAND SALES CHART

Sale No.	A.P.N. Location	Sale Date Sale Price	Total Land Area/ Land Coverage/ Percentage Land Coverage To Total Land Area	Zoning	Development Rights	Sale Price Per Sq. Ft. of Land Coverage
LS-1	028-141-34, 35, 37 & 39 3540 Pioneer Th., South Lake Tahoe, CA	01-29-18 \$950,000	91,040± sf 27,312± sf 30%	TCAP TSC-MUC	Land Coverage Only	\$34.78
LS-2	023-141-15 2028 13 th St. South Lake Tahoe, CA	02-22-18 \$115,000	10,920± sf 3,276± sf 30%	PAS 111 Residential	Land Coverage Only	\$35.10
LS-3	023-271-10 2069 12 th St. South Lake Tahoe, CA	04-19-18 \$250,000	43,652± sf 13,096± sf 30%	PAS 111 Residential	Land Coverage Only	\$19.09
LL-4	023-182-28 906 Emerald Bay Rd. South Lake Tahoe, CA	05-29-18 Listing \$299,000	21,780± sf 6,534± sf 30%	TVAP TC-G	Land Coverage Only	\$45.76 Asking
LL-5	023-191-07 941 Emerald Bay Rd. South Lake Tahoe, CA	05-29-18 Listing \$695,000	24,571± sf 17,200± sf 70%	TVAP TC-C	Land Coverage, Commercial Floor Area, and Approved Plans for Mixed Use Dev.	\$40.41 Asking
Subject	023-171-09 833 Emerald Bay Rd. South Lake Tahoe, CA	05-29-18 ----	22,010± sf 6,603± sf 30%	TVAP, TC-G	Land Coverage Only	----

COMPARABLE LAND SALES MAP



COMPARABLE LAND SALE PROFILE SHEET

Sale LS-1

Assessor's Parcel Number	028-141-34, 35, 37 and 39
Property Address	3540 Pioneer Trail, South Lake Tahoe, California
Property Location	The southeast corner of Pioneer Trail and Ski Run Boulevard
Legal Description	Lots 34 and 35 Aspen Grove Estates along with a Portion of the Southwest Quarter of Section 34, Township 13 North, Range 18 East and a Portion of the Northeast Quarter of Section 2, Township 12 North, Range 18 East, M.D.M., El Dorado County, California
Grantor	Donna Tout
Grantee	Ski Run Crossing, LLC
Recording Date	January 29, 2018
Document Number	2018-0003260
Sale Price	\$950,000
Transfer Tax	\$1,045.00
Terms	Cash to seller
Zoning	Tourist Core Area Plan – Tourist Center Mixed Use Corridor
Total Land Area	91,040± square feet
Land Coverage	27,312± square feet
Sale Price Per S.F. Land Coverage	\$34.78
Development Rights	Land Coverage Only
Verification Source	Pike Reardon, the Listing Agent
Comments	

This is the sale of four vacant parcels of land located at the signaled intersection of Ski Run Boulevard and Pioneer Trail in South Lake Tahoe. The property enjoys a corner location and good traffic exposure. The zoning allows for numerous residential, commercial, public service, health care, office, social services and recreational uses. The topography is basically level and the property is at street grade. All utilities are available. The surrounding development includes a fire station across Pioneer Trail, an affordable housing complex, vacant land, a nursery, a professional office complex, and older residential development. The pride of ownership is average to good. This property sold on January 29, 2018 for \$950,000. This equates to \$34.78 per square foot of land coverage. The property had been listed for a short time at \$950,000. The listing agent indicated the property sold with potential land coverage only and felt the asking price was at market levels.

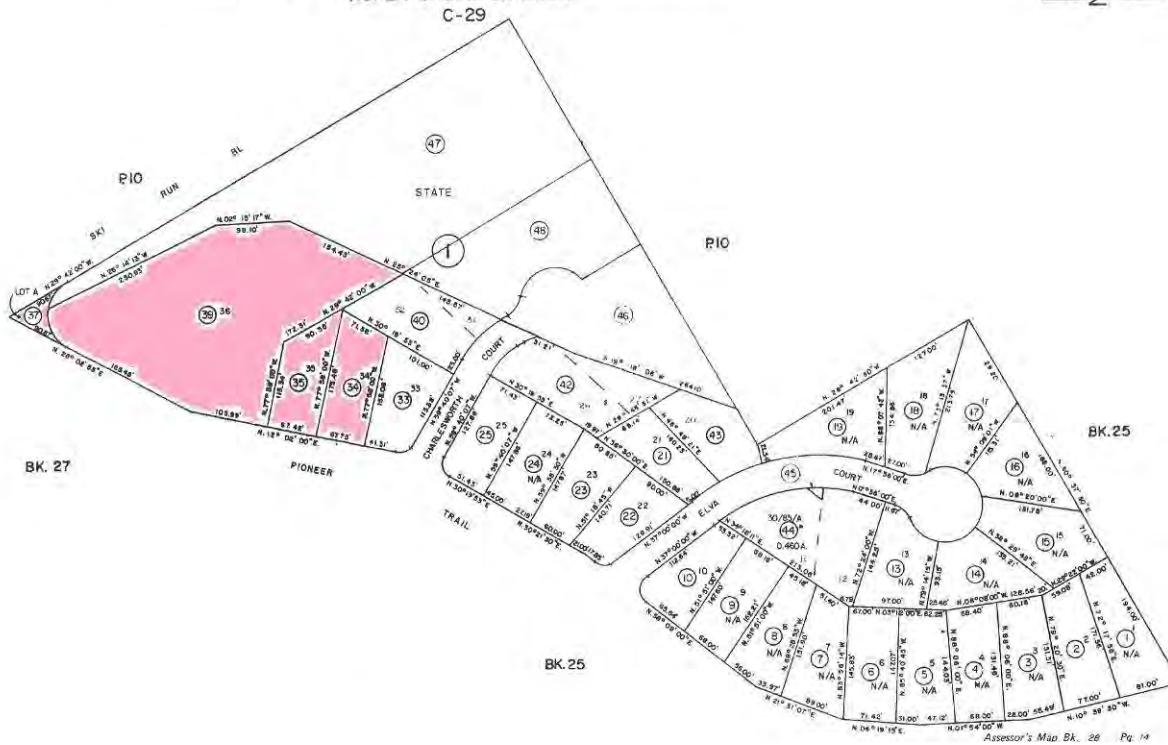
COMPARABLE LAND SALE LS-1 Photo and Plot Plan



POR. SW1/4 SEC.34, T.13N, R.18E, & POR. NE1/4 SEC.2, T.12N, R.18E., M.D.M.
BEING ALSO A SUBDIVISION OF KELLER TRACTS 30, 31, & 32
ASPEN GROVE ESTATES
S-22

Tax Area Code

28:14



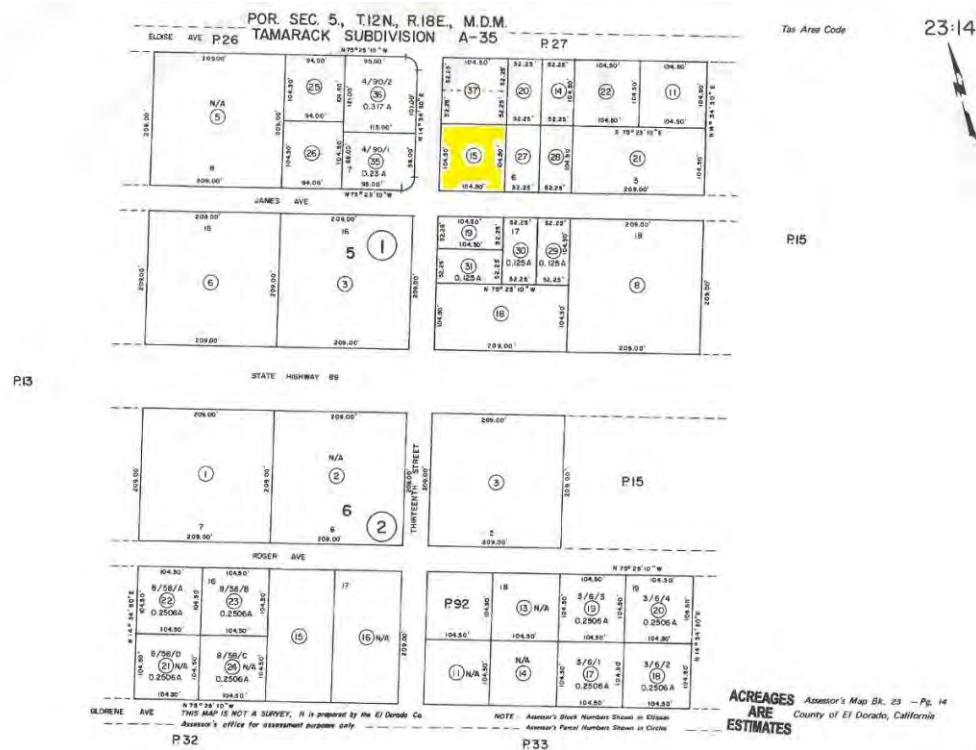
COMPARABLE LAND SALE PROFILE SHEET

Sale LS-2

Assessor's Parcel Number	023-141-15
Property Address	2028 13 th Street, South Lake Tahoe, California
Property Location	The northeast corner of James Avenue and 13 th Street
Legal Description	Parcel 1 and Parcel 2 of Lot 6, Block 5, Tamarack Subdivision, El Dorado County, California
Grantor	Douglas S. Severn
Grantee	Kimberly Elise Van Antwerp
Document Date	February 22, 2018
Recording Date	February 27, 2018
Document Number	2018-0007073
Sale Price	\$115,000
Transfer Tax	\$126.50
Terms	Cash to seller
Zoning	Plan Area Statement 111, Tahoe Island – Residential
Total Land Area	10,920± square feet
Land Coverage	3,276± square feet
Sale Price Per S.F. Land Coverage	\$35.10
Development Rights	Land Coverage Only
Verification Source	Assessor's and Recorder's Records
Comments	

This is the sale of the vacant parcel of land located at the corner of James Avenue and 13th Street in South Lake Tahoe. The property is located one block northeast of Emerald Bay Road. The property is considered to have a secondary location. The zoning is residential. The topography is basically level and the property is at street grade. All utilities are available. The property enjoys a pleasing forest setting. The surrounding development is primarily residential with single family and multiple family residential properties. There is commercial development adjacent to Emerald Bay Road. The pride of ownership is average to good. This property sold on February 22, 2018 for \$115,000, cash. This equates to \$35.10 per square foot of land coverage. The property was listed on August 23, 2017 for \$130,000. The \$115,000 sale price is 11.5% lower than the asking price.

COMPARABLE LAND SALE LS-2 Photo and Plot Plan



18-010

48

COMPARABLE LAND SALE PROFILE SHEET

Sale LS-3

Assessor's Parcel Number	023-271-10
Property Address	2069 12 th Street, South Lake Tahoe, California
Property Location	The west side of 12 th Street, across from its intersection with Patricia Lane
Legal Description	A Portion of Lots 7 and 8 of Section 5, Township 12 North, Range 18 East, M.D.M., El Dorado County, California
Grantor	McQuaide Family Partnership, a California partnership
Grantee	Provision Properties LLC, a California limited liability company
Document Date	April 19, 2018
Recording Date	April 24, 2018
Document Number	2018-0015299
Sale Price	\$250,000
Transfer Tax	\$275.00
Terms	Cash to seller
Zoning	Plan Area Statement 111, Tahoe Island – Residential
Total Land Area	43,652± square feet
Land Coverage	13,096± square feet
Sale Price Per S.F. Land Coverage	\$19.09
Development Rights	Land Coverage Only
Verification Source	Brent Johnson, the Listing Agent
Comments	

This is the sale of the vacant parcel of land located adjacent to 12th Street at its intersection with Patricia Lane in South Lake Tahoe. The property is located two blocks northeast of Emerald Bay Road. The property is considered to have a secondary location. The zoning is residential. The topography is basically level and the property is at street grade. All utilities are available. The property enjoys a pleasing forest setting and abuts a large unimproved parcel. The surrounding development is primarily residential with single family and multiple family residential properties. The pride of ownership is average to good. This property sold on April 19, 2018 for \$250,000, cash. This equates to \$19.09 per square foot of land coverage. The property was listed on February 10, 2018 for \$249,000. The \$250,000 sale price is .4% higher than the asking price. The listing agent indicated the buyers plan to improve the property with eight residential units.

COMPARABLE LAND SALE LS-3

Photo and Plot Plan



COMPARABLE LAND LISTING PROFILE SHEET

Listing LL-4

Assessor's Parcel Numbers	023-182-28
Property Address	906 Emerald Bay Road, South Lake Tahoe, California
Property Location	The southwest corner of Emerald Bay Road and 5 th Street
Legal Description	A Portion of Section 5, Township 12 North, Range 18 East, M.D.M., El Dorado County, California
Owner	Tahoe Tallac Partners, a California limited partnership
Listing Date	May 29, 2018
Listing Agent	Davey Paiva, Davey Paiva Realty
Asking Price	\$299,000
Terms	Cash
Zoning	Tahoe Valley Area Plan, TC-G – Tourist Center Gateway
Total Land Area	21,780± square feet
Land Coverage	6,534± square feet
Asking Price Per S.F. Land Coverage	\$45.76
Development Rights	Land Coverage only
Verification Source	Davey Paiva, the listing agent
Comments	

This is the listing of the vacant parcel of land located adjacent to Emerald Bay Road at 5th Street in South Lake Tahoe. The property enjoys reasonably good access and good traffic exposure. Access is available from Emerald Bay Road, 5th Street and Roger Avenue. The topography is basically level. All utilities are available. The property enjoys a pleasing forest setting. The surrounding development involves commercial development. This property includes land coverage only. This property is currently listed for sale for \$299,000, cash. This equates to \$45.76 per square foot of land coverage. This property has been listed for sale for over one year. The listing agent indicated the property has been in escrow more than once. The most recent buyer attempted to acquire commercial floor area through the Tahoe Valley Area Plan. However, one of the requirements was to construct workforce housing as part of the project. The buyer refused and the escrow was terminated.

COMPARABLE LAND LISTING LL-4

Photo and Plot Plan



COMPARABLE LAND LISTING PROFILE SHEET

Listing LL-5

Assessor's Parcel Numbers	023-191-07
Property Address	941 Emerald Bay Road, South Lake Tahoe, California
Property Location	Northeast side Emerald Bay Road, 206± feet southeast of Fifth Street
Legal Description	Lot 27, Block 3, Tamarack Subdivision, El Dorado County, California
Owner	Clinton and Shawna Purvance (50% interest), and Steven and Janet Leman, Trustees (50% interest)
Listing Date	April 17, 2018 (Listing is current)
Listing Agent	Scott Fair, NAI Alliance
Asking Price	\$695,000
Terms	Cash
Zoning	Tahoe Valley Area Plan, TC-C – Tourist Center Core
Total Land Area	24,571± square feet
Land Coverage	17,200± square feet
Asking Price Per S.F. Land Coverage	\$40.41
Development Rights	Commercial Floor Area, Land Coverage, Approved Plans
Verification Source	MLS Records
Comments	

This is the listing of the vacant parcel of land located adjacent to Emerald Bay Road a short distance northwest of the South Tahoe 'Y' intersection in South Lake Tahoe. The property enjoys reasonably good access and good traffic exposure. Access is available from Emerald Bay Road and from James Avenue. The topography is basically level to gently sloping. There are overhead utility lines adjacent to the street frontage. The surrounding development involves a nursery and a commercial center, along with the local post office and other commercial properties. There is residential development to the rear. This property includes commercial floor area. Plans are included for the development of a mixed use commercial, office and residential complex. The project was approved in the fall of 2016. This property is currently listed for sale for \$695,000, cash. This equates to \$40.41 per square foot of land coverage. This property had been listed for sale for over one year by Coldwell Banker, McKinney & Associates for \$689,000, cash. This equates to \$40.06 per square foot of land coverage. The owners moved the listing to Scott Fair with NAI Alliance in April of 2018. The asking price was increased to \$695,000 at that time.

COMPARABLE LAND LISTING LL-5

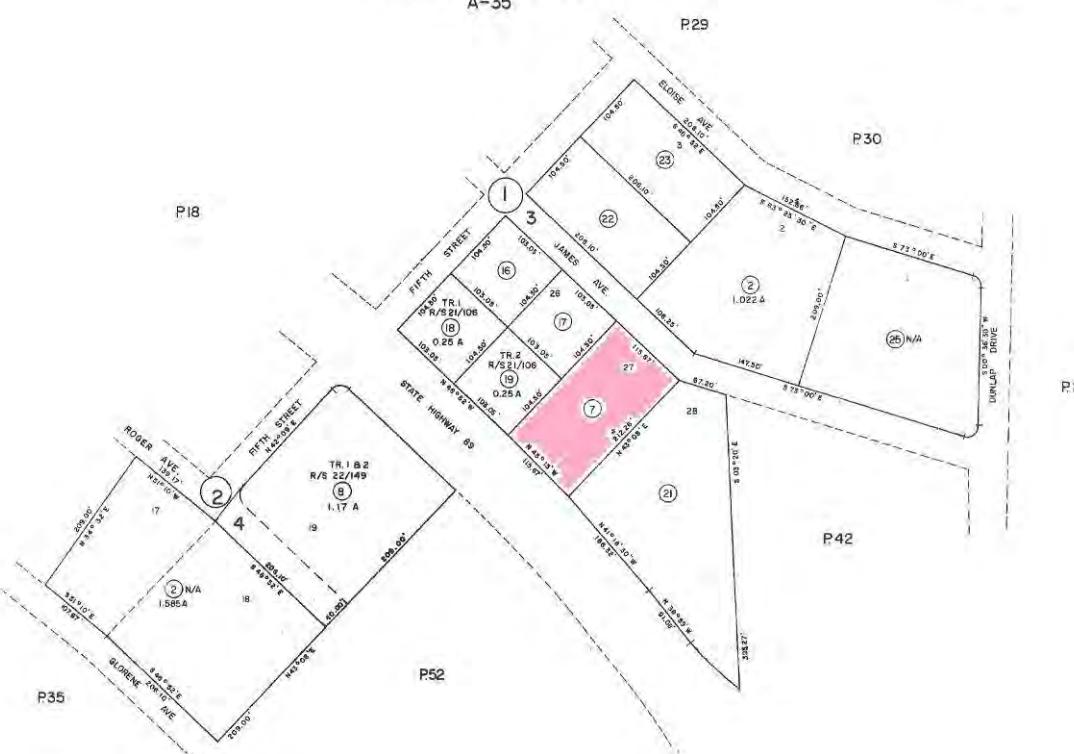
Photo and Plot Plan



POR. SEC. 5., T.12N., R.18E., M.D.M.
TAMARACK SUBDIVISION
A-35

Tax Area Grade

23:19



COMPARABLE LAND SALES DISCUSSION AND COMPARISON

Assuming Affordable and/or Workforce Housing and Public Access and Open Space Easements Not Required

The three sales set forth on the preceding chart and profiled on the previous pages occurred between January and April of 2018. The listings are current as of the date of valuation of this appraisal report. The comparables have from 3,276± square feet to 27,312± square feet of land coverage. The subject property has 6,603± square feet of potential land coverage. The comparables have varying development rights. One of the comparables has commercial floor area. The remaining comparables have land coverage only. The subject property has land coverage only. Two of the comparables have residential zoning. Three of the comparables are zoned commercial. The subject property is zoned commercial. The sale and asking prices per square foot of land coverage range from \$19.09 to \$45.76.

Sale LS-1 is the sale of four vacant parcels of land located at the signaled intersection of Ski Run Boulevard and Pioneer Trail in South Lake Tahoe. The property enjoys a corner location and good traffic exposure. The zoning allows for numerous residential, commercial, public service, health care, office, social services and recreational uses. The total land area is 91,040± square feet. The property enjoys 27,312± square feet of potential land coverage. This equates to 30% of the total land area. The topography is basically level and the property is at street grade. All utilities are available. The surrounding development involves a fire station across Pioneer Trail, an affordable housing complex, vacant land, a nursery, a professional office complex, and older residential development. The pride of ownership is average to good. This property sold on January 29, 2018 for \$950,000. This equates to \$34.78 per square foot of land coverage. The property had been listed for a short time at \$950,000.

Sale LS-1 is located approximately two miles east of the subject property. In comparing this sale with the subject property, an upward adjustment is made for the January 2018 date of sale. The commercial market has increased between the date of sale and the date of valuation of this appraisal report. A further upward adjustment is made for the greater amount of land coverage associated with the sale property. All else being equal, larger amounts of land coverage tend to sell for a lower price per square foot.

On the other hand, a downward adjustment is made for the location of the sale property at the signaled intersection of Pioneer Trail and Ski Run Boulevard. A further downward adjustment is made for the superior access and superior traffic exposure enjoyed by the sale property. An additional downward adjustment is made for the larger size of the sale property. This results in additional flexibility in development along with a greater amount of open space which is considered to be a benefit. A further downward adjustment **is made since the sale included four Assessor's Parcels**. This results in greater flexibility for a property as each parcel could be sold separately. Finally, a downward adjustment is made for the rock drainage basin located on the subject property. This drainage basin is located **near the midpoint of the subject's Emerald Bay Road frontage and will likely be an obstacle to development of the property**.

Overall, the \$34.78 per square foot of land coverage sale price for this comparable is considered to be a high indicator for the subject property, assuming the subject property is not subject to the requirements for affordable and workforce housing, and public access and open space easement requirements.

Sale LS-2 is the sale of the vacant parcel of land located at the corner of James Avenue and 13th Street in South Lake Tahoe. The property is located one block northeast of Emerald Bay Road. The property is considered to have a secondary location. The total land area is 10,920± square feet. The available land coverage totals 3,276± square feet which equates to 30% of the total land area. The zoning is residential. The topography is basically level and the property is at street grade. All utilities are available. The property enjoys a pleasing forest setting. The surrounding development is primarily residential with single family and multiple family residential properties. There is commercial development adjacent to Emerald Bay Road. The pride of ownership is average to good. This property sold on February 22, 2018 for \$115,000, cash. This equates to \$35.10 per square foot of land coverage. The property was listed on August 23, 2017 for \$130,000. The \$115,000 sale price is 11.5% lower than the asking price.

Sale LS-2 is located approximately four blocks northwest of the subject property. In comparing this sale with the subject property, a very large upward adjustment is made for the secondary location associated with the sale property. A further upward adjustment is made for the larger size of the subject property. An additional large upward adjustment is made for the residential zoning associated with the sale property. The subject's commercial zoning is considered to be superior.

On the other hand, a downward adjustment is made for the smaller amount of land coverage available to the sale property. A further downward adjustment is made for the rock drainage basin located on the subject property.

Overall, the \$35.10 per square foot of land coverage sale price for this comparable is considered to be a high indicator for the subject property, assuming the subject property is not subject to the requirements for affordable and workforce housing, and public access and open space easement requirements.

Sale LS-3 is the sale of the vacant parcel of land located adjacent to 12th Street at its intersection with Patricia Lane in South Lake Tahoe. The property is located two blocks northeast of Emerald Bay Road. The property is considered to have a secondary location. The total land area is 43,652± square feet. The available land coverage totals 13,096± square feet which equates to 30% of the total land area. The zoning is residential. The topography is basically level and the property is at street grade. All utilities are available. The property enjoys a pleasing forest setting and abuts a large unimproved parcel. The surrounding development is primarily residential with single family and multiple family residential properties. The pride of ownership is average to good. This property sold on April 19, 2018 for \$250,000, cash. This equates to \$19.09 per square foot of land coverage. The property was listed on February 10, 2018 for \$249,000. The \$250,000 sale price is .4% higher than the asking price.

Sale LS-3 is located approximately three blocks northwest of the subject property. In comparing this sale with the subject property, a large upward adjustment is made for the secondary location of the sale property. A further upward adjustment is made for the greater amount of land coverage associated with the sale property. An additional large upward adjustment is made for the residential zoning associated with the sale property.

On the other hand, a downward adjustment is made for the larger size of the sale property. A further large downward adjustment is made for the rock drainage basin located on the subject property.

Overall, the \$19.09 per square foot of land coverage sale price for this comparable is considered to be a low indicator for the subject property, assuming the subject property is not subject to the requirements for affordable and workforce housing, and public access and open space easement requirements.

Listing LL-4 is the listing of the vacant parcel of land located adjacent to Emerald Bay Road at 5th Street in South Lake Tahoe. The property enjoys reasonably good access and good traffic exposure. Access is available from Emerald Bay Road, 5th Street and Roger Avenue. The total land area is 21,780± square feet. The available land coverage totals 6,534± square feet which equates to 30% of the total land area. The topography is basically level. All utilities are available. The surrounding development involves commercial development. This property includes land coverage only. This property is currently listed for sale for \$299,000, cash. This equates to \$45.76 per square foot of land coverage. This property has been listed for sale for more than one year.

Listing LL-4 is located approximately one block southeast of the subject property. In comparing this listing with the subject property, a downward adjustment is made for the corner location enjoyed by the listed property. A further large downward adjustment is made for the rock drainage basin located on the subject property. Finally, a downward adjustment is made since this is a listing and not an actual sale. The property has been available for sale for more than one year. No upward adjustments were made.

Overall, the \$45.76 per square foot of land coverage asking price for this comparable is considered to be a very high indicator for the subject property, assuming the subject property is not subject to the requirements for affordable and workforce housing, and public access and open space easement requirements.

Listing LL-5 is the listing of the vacant parcel of land located adjacent to Emerald Bay Road a short distance **northwest of the South Tahoe 'Y'** intersection in South Lake Tahoe. The property enjoys reasonably good access and good traffic exposure. Access is available from Emerald Bay Road and from James Avenue. The total land area is 24,571± square feet. The property includes 17,200± square feet of land coverage. This equates to 70% of the total land area. The topography is basically level to gently sloping. There are overhead utility lines adjacent to the street frontage. The surrounding development involves a nursery and a commercial center, along with the local post office and other commercial properties. There is residential development to the rear of the listed property. This property has approvals to construct a mixed use facility including commercial, office and residential

uses. The listed property includes $7,604 \pm$ square feet of commercial floor area. This property is currently listed for sale for \$695,000 cash. This equates to \$40.41 per square foot of land coverage. This property has been listed for sale for more than one year. However, the owners of the property moved the listing to Scott Fair in April of 2018 and increased the asking price somewhat at that time.

Listing LL-5 is located approximately one block west of the subject property. In comparing this listing with the subject property, an upward adjustment is made for the greater amount of land coverage associated with the listed property. A further large upward adjustment is made for the higher percentage of land coverage to total land area associated with the listed property.

On the other hand, a large downward adjustment is made for the rock drainage basin located on the subject property. An additional very large downward adjustment is made for the commercial floor area and development approvals included with the listed property. Finally, a downward adjustment is made since this is a listing and not an actual sale.

Overall, the \$40.41 per square foot of land coverage asking price for this comparable is considered to be a very high indicator for the subject property, assuming the subject property is not subject to the requirements for affordable and workforce housing, and public access and open space easement requirements.

COMPARABLE LAND SALES ADJUSTMENT CHART
Assuming Affordable and Workforce Housing and Public Access and Open Space Easements Not Required

Sale Number	Sale Date	Sale Terms	Location	Access	Exposure	Land Coverage	Total Land Area	Percent Cov. To Total Land Area	Zoning	Rock Drainage Basin	Develop Rights	Number APNS	Other	Overall Adjust.
LS-1	+	0	-	-	-	+	-	0	0	-	0	-	0	-
LS-2	0	0	0	0	+	-	+	0	+	-	0	0	0	-
LS-3	0	0	0	0	+	+	-	0	+	-	0	0	0	+
LL-4	0	0	0	0	-	0	0	0	0	-	0	0	0	-
LL-5	0	0	0	0	0	+	0	+	0	-	-	0	0	-

CORRELATION AND MARKET VALUE CONCLUSION
Assuming No Requirements for Affordable and Workforce Housing and
Public Access and Open Space Easements

In the previous analysis, three sales and two listings were analyzed and compared to the subject property, based upon the sale or asking price per square foot of land coverage. The sales occurred between January and April of 2018. The listings are current as of the date of valuation of this appraisal report. The sale and asking prices per square foot of land coverage range from \$19.09 to \$45.76.

Listing LL-4, at \$45.76 per square foot of land coverage, is considered to be a very high indicator for the subject property. This is due to the rock drainage basin located on the subject property, due to the superior corner location enjoyed by the listed property, and since this is a listing and not an actual sale. Listing LL-4 has been available for sale for more than one year.

Listing LL-5, at \$40.41 per square foot of land coverage, is considered to be a very high indicator for the subject property. This is due to the rock drainage basin located on the subject property, the much superior development rights and permits to construct a mixed use development associated with the listed property and since this is a listing and not an actual sale. Listing LL-5 has been available for sale for more than one year.

Sale LS-2, at \$35.10 per square foot of land coverage, is considered to be a high indicator for the subject property. This is due to the smaller amount of land coverage associated with the sale property and due to the rock drainage basin located on the subject property.

Sale LS-1, at \$34.78 per square foot of land coverage, is considered to be a high indicator for the subject property. This is due to the superior location, access and traffic exposure enjoyed by the sale property, its larger size, and due to the rock drainage basin located on the subject property.

Sale LS-3, at \$19.09 per square foot of land coverage, is considered to be a low indicator for the subject property. This is due to the secondary location associated with the sale property, its greater amount of land coverage, and due to the subject's superior commercial zoning.

Based upon careful analysis of the available data, it is this appraiser's opinion that the Market Value of the subject property, assuming the subject property is not subject to the requirements for affordable and workforce housing, and public access and open space easement requirements, is \$30.00 per square foot of land coverage. Multiplying the \$30.00 per square foot figure by the subject's 6,603± square feet of land coverage, results in the Market Value of the subject property, as of May 29, 2018, of \$198,090. This is rounded to \$200,000.

FINAL MARKET VALUE CONCLUSION **\$200,000**
**(Assuming No Requirement for Affordable and Workforce Housing,
And Public Access and Open Space Easement Requirements)**

VALUATION ANALYSIS

"As-Is" Condition

In the previous analysis, the Market Value of the subject property was analyzed, assuming no public access and open space easements will be required and further assuming any housing constructed on the property would not be limited to affordable and workforce housing. The Market Value conclusion based upon these assumptions, as of May 29, 2018, is \$200,000. However, as public access and open space easements will be required along with the requirement that residential development include affordable, workforce and/or market rate housing, appropriate discounts for these factors will be analyzed and subtracted from the Market Value conclusion established in the previous analysis. The discount for the required public access and open space easements will be addressed first, followed by the discount for the required affordable and workforce housing.

Public Access and Open Space Easements Discount

The current owners of the subject property will require the buyer to dedicate public access and open space easements to the State of California in perpetuity. These public access and open space areas will accommodate bicycle/pedestrian pathways and common areas for public gathering, playground areas, and other similar uses. The location of these required easements is unknown. However, as a portion of the easement areas will likely be located in a residential development, the impact to the subject property is reduced. Approximately 20% of the total land area associated with the subject property will be required to be dedicated to public access and open space. The easements will be in favor of the State of California in perpetuity.

In order to establish the discount a prudent buyer of the subject property would require as a result of the required public access and open space easements, this appraiser analyzed a recent sale of a property in South Lake Tahoe which is required to be developed with commercial improvements, along with a large stream environment zone restoration project and open space areas for bicycle/pedestrian pathways and common areas for public gathering and other similar uses. The development requirements for this sale property include open space in the south portion of the property, in the central portion of the property, in the northeast corner of the property, and along the Lake Tahoe Boulevard frontage of the property. This property sold in July of 2017 for \$21.53 per square foot of available land coverage. This is 33% to 38% lower than the sale prices for two other recent sales. One property sold in December of 2016 for \$32.16 per square foot of land coverage. This is 33% lower than the \$21.53 per square foot sale price. One property is identified in the previous valuation analysis as Sale LS-1. Sale LS-1 sold for \$34.78 per square foot of available land coverage. This is 38% lower than the \$21.53 per square foot sale price. However, in each case, the amount of available land coverage associated with the sale properties is significantly lower. All else being equal, larger amounts of land coverage tend to sell for a lower price per square foot. Additionally, a relatively large area of the sale property required stream zone restoration.

Overall, based upon this analysis, it is this appraiser's opinion that a prudent buyer of the subject property would require a discount of 30% due to the requirement to dedicate public access and open space easements to the State of California.

In addition, this appraiser reviewed the discounts required for utility easements.

Nevada Energy typically pays 30% to 50% of the unencumbered fee simple value for the acquisition of an overhead power line distribution easement. It was further indicated that on some occasions they will pay between 75% and 90% of the unencumbered fee simple value for the acquisition of a high voltage transmission line easement which severely limits the surface utilizations of the encumbered property.

Williams Communication Company acquired underground fiber optic cable easements through the Truckee area several years ago. In many cases the property owners were compensated 100% of the fee simple value due to the small size of the required easement and the minimal dollars involved. Williams Communications Company was also willing to pay 100% of fee value to avoid incurring appraisal, legal and other costs associated with condemning an easement. In instances where Williams Communications was required to obtain appraisal services and incur legal services, the easements were purchased based upon 50% to 75% of the unencumbered fee simple value.

The Tuscarora Gas Transmission Company acquired underground natural gas pipeline easements from Oregon to Sparks, Nevada several years ago with most of the easements being acquired at a rate of between 95% and 100% of the fee simple value. The full fee simple value was paid due to the extremely low land values and minimal dollars involved in the acquisitions. In instances where it was necessary to obtain appraisal services and incur legal fees, the easements were typically purchased based upon 50% to 75% of the unencumbered fee simple value.

In summary, easements are typically acquired by utility companies and other public entities at 30% to 100% of the unencumbered fee simple value of a parcel, with the majority of the data falling between 50% and 75%. Typically, the lower percentages correspond to easements with the least impact on use of the encumbered area.

In summary, the data analyzed illustrates reductions in value due to restrictions on development ranging from 30% to 100%.

Based upon careful analysis of the available data, and with emphasis given to the fact that the **subject's** residential development would likely allow for open space and other amenities, it is this appraiser's opinion that the appropriate percentage factor to account for the impact to the subject property by the required public access and open space easements is 30% of the Market Value of the subject property without the requirement for public access easements.

As was noted previously the Market Value of the subject property, assuming public access and open space easements are not required, is \$200,000. The total land area of the subject property is 22,010± square feet. The sale price per square foot of total land area

equates to \$9.09. Applying the 30% factor, results in a reduction in value of \$2.73 per square foot. Approximately **20% of the subject's total land area will be subject to the required public access and open space easements.** This equates to approximately 4,402 square feet. Multiplying the \$2.73 reduced per square foot of total land area value by $4,402 \pm$ square feet, results in a reduction in value due to the required public access easements of \$12,017.

Affordable and Workforce Housing Discount

The current owners of the subject property will require that any residential development be affordable, workforce and/or market rate housing. Workforce housing is reportedly between Affordable Housing and Moderate Income Housing.

In order to determine the discount to the Market Value of the subject property warranted due to the requirement that any residential development on the subject property be affordable, workforce and/or market rate housing, this appraiser compared the sale prices for Affordable housing units with Market Rate housing units in Truckee, California.

In January and February of 2007, three, two bedroom, one bathroom, affordable housing condominiums were sold. The condominiums were constructed in 2006 and had gross living areas totaling $861 \pm$ square feet. The sale price in each case was \$188,000. In May of 2008, eight, two bedroom, one bathroom, affordable housing condominiums were sold. The condominiums were constructed in 2007 and had gross living areas totaling $861 \pm$ square feet. The sale price in each case was \$191,000.

In comparison, two market rate condominiums sold in 2006. The first was constructed in 1999 and included two bedrooms and two bathrooms. The gross living area is $1,069 \pm$ square feet. This property sold on October 26, 2006 for \$390,000. The second condominium was constructed in 1975 and included two bedrooms and one and one half bathrooms. The gross living area is $824 \pm$ square feet. This property sold on November 9, 2006 for \$295,000.

The \$188,000 sale price for the affordable units is 52% lower than the \$390,000 Market rate sale price. The \$191,000 sale price for the affordable units is 51% lower than the \$390,000 Market rate sale price. The \$188,000 sale price is 36% lower than the \$295,000 sale price for the Market rate units. The \$191,000 sale price for the affordable units is 35% lower than the \$295,000 sale price for the Market rate units.

The data analyzed resulted in discounts ranging from 35% to 52%. However, as some market rate housing would be allowed on the subject property, and since workforce housing units would be sold at a somewhat higher price than affordable units, these discounts are considered to be somewhat high indicators for the subject property.

Additionally, consideration was given to the reduction in value reflected by condominiums in the Kirkwood area which are restricted to employee housing. The reduction is from 30% to 50% in comparison with Market rate condominiums in the Kirkwood area.

In addition, a comparison was made utilizing a discounted cash flow analysis of a proposed market rate residential subdivision in Carson City, Nevada. The market value of the project with homes sold at Market levels is in the range of \$18,000,000. Based upon a sale price 30% less, the value is reduced to a range of \$3,000,000. This reflects a reduction in value in the range of 83%. Additional comparisons were made by analyzing a proposed subdivision in Incline Village, Nevada. The reduction in value ranged from 51% to 69%.

The data analyzed resulted in discounts ranging from 51% to 83%. However, as a portion of the subject's residential housing could be market rate housing and since workforce housing units would be sold at a somewhat higher price than affordable units, and further since the absorption rate for an affordable and workforce housing project would be reduced in comparison with a Market rate project, and with consideration given to the reduced cost for homeowner amenities for affordable and workforce housing units in comparison with market rate units, the 51% to 83% discount is considered to be a high indicator for the subject property.

Information published by the Aspen Pitkin County Housing Authority (APCHA) in Aspen Colorado was also reviewed. Sale prices for Workforce housing (based on 85% to 115% of median income) ranged from \$225 to \$239 per square foot of gross living area. Market rate sale prices are in the range of \$480 per square foot. The discount for Workforce housing versus Market rate housing in 2017 ranges from 50% to 53%.

In summary, the reductions to value illustrated by the analyses conducted range from 30% to 83%.

This appraiser also compared Affordable rental rates with Market rental rates in South Lake Tahoe. The Sierra Gardens Apartments, an Affordable housing development, rents one bedroom apartments for \$694 per month and two bedroom apartments for \$867 per month. One bedroom Market rate apartments in South Lake Tahoe rent for from \$825 to \$1,275 per month. This data reflects a reduction of from 16% to 46%. Two bedroom Market rate apartments in South Lake Tahoe rent for from \$1,200 to \$1,750. This data reflects a reduction of from 28% to 50%.

Overall, it is this appraiser's opinion that an appropriate reduction in value a prudent buyer would require due to the requirement that any residential development be affordable, workforce and/or market rate housing, is in the range of 35%.

Applying a 35% discount to the Market Value conclusion for the subject property, assuming affordable and workforce housing is not required, at \$200,000, results in a discount of \$70,000.

Summary and Market Value Conclusion – “As-Is” Condition

In the previous analyses, the discount a prudent buyer of the subject property would require due to the public access and open space easements that will be required was established at \$12,017. The discount for the required affordable and workforce housing was established at \$70,000. Subtracting these figures from the Market Value conclusion for the subject property assuming there are no public access and open space easement

requirements and no affordable and workforce housing requirements, at \$200,000, results in the Market Value of the subject property **in its "As-Is" Condition, encumbered with the "833 Emerald Bay Road Project Requirements"**, as of May 29, 2018, of \$117,983. This is rounded to \$118,000.

FINAL MARKET VALUE CONCLUSION
("As-Is" Condition)

\$118,000

EXPOSURE AND MARKETING TIME ANALYSIS

Exposure time is the time that is necessary to have exposed the subject property on the open market in order to have consummated a sale at the effective date of valuation, assuming the property was marketed at the market value conclusion contained in this appraisal report. On the other hand, marketing time is the time necessary to consummate a sale of the subject property, assuming it was first exposed to the open market at the effective date of valuation and further assuming that the property was marketed at the final market value conclusion contained in this appraisal report.

This appraiser found three sales of properties similar to the subject property over the past six months. In addition, the commercial market is increasing. On the other hand, the subject property is adversely impacted by development requirements. However, the impact to the subject property by these requirements was taken into consideration in the valuation analysis of the property. Overall, **it is this appraiser's opinion that an appropriate exposure and marketing time for the subject property at the Market Value conclusion contained in this appraisal report is less than one year.**

EXPOSURE AND MARKETING TIME

LESS THAN ONE YEAR

APPRAISER'S CERTIFICATION

This appraiser does hereby certify that, to the best of my knowledge and belief:

- I have made a personal inspection of the property that is the subject of this appraisal report.
- The statements of fact contained in this appraisal report are true and correct.
- The reported analyses, opinions, and conclusions in this appraisal report are limited only by the reported assumptions and limiting conditions stated in this appraisal report 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 appraisal report and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this appraisal report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results. I have not appraised the subject property in the past.
- My compensation for completing this assignment is not contingent upon the developing 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 report.

No one provided significant real property appraisal assistance to the person signing this certification.

This appraisal report has been made in conformity with, and is subject to, the requirements of the *Code of Professional Ethics* and the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation.

The Market Value of the subject property in its "As-Is" Condition, encumbered with the "833 Emerald Bay Road Project Requirements", as of May 29, 2018, is:

ONE HUNDRED EIGHTEEN THOUSAND DOLLARS
\$118,000

Respectfully,



Lynn C. Barnett
California Certified General Appraiser
License #AG025038

QUALIFICATIONS OF APPRAISER LYNN C. BARNETT

State Licensing and Certification

Certified General Appraiser – State of California
License Number AG025038
Since August 9, 1995, Certified through October 2, 2019

Certified General Appraiser – State of Nevada
License Number A.0002649-CG
Since July 1, 1997, Certified through June 30, 2019

Appraisal Experience

Lynn Barnett & Associates
Commercial Appraisal and Consulting Services
Appraisal of

- Shopping Centers
 - Retail Buildings
 - Professional Office Buildings
 - Motels
 - Proposed Commercial Projects
 - Proposed Residential Subdivisions
 - Recreation Land
 - Agricultural Land
 - Easements
 - Development Rights

Johnson-Perkins & Associates, Inc. 1988 to 2006
Senior Commercial Appraiser from 1994 to 2006

Formal Education

University of Santa Clara	1978
Chemistry Major	
San Jose State University	1980
Biochemistry Major	

Appraisal Education

Appraisal Institute Courses

Course 1A-1, Real Estate Appraisal Principles	1989
Course 1A-2, Basic Valuation Procedures	1990
Course 1B-A, Capitalization Theory & Techniques, Part A	1992
Course 1B-B, Capitalization Theory & Techniques, Part B	1992
Standards of Professional Practice, Parts A & B	1993
Advanced Applications	1994
Standards of Professional Practice, Part C	1998
Standards of Professional Practice, Part B	2001

QUALIFICATIONS OF APPRAISER

LYNN C. BARNETT

Appraisal Institute Seminars

Hotel-Motel Valuation Seminar	1989
Nevada Law Seminar	1994
Case Studies in Law and Ethics	1998
Litigation Skills for Appraisers: An Overview	1998
Valuation of Detrimental Conditions in Real Estate	1998
Federal and State Laws and Regulations Workshop	1999, 2013
Income Valuation of Small Mixed-Use Properties	1999
Appraisal of Non-Conforming Uses	2000
Case Studies in Commercial Highest and Best Use	2000
Yellow Book Seminar	2002
The Road Less Traveled	2005
Subdivision Valuation	2005
Appraisal of Nursing Facilities	2007

Other Seminars

Loss Prevention	2001
Plans & Specifications	2001
National USPAP Update	2003, 2005, 2007, 2009, 2011, 2013, 2016, 2018
Factory Built Housing	2003
California Laws and Regulations	2003
How To Analyze and Appraise Small Income Properties	2005
The New FNMAE Forms	2005
Environmental Issues and Considerations	2005
Technology for Today's Appraiser	2007
Disclosures & Disclaimers	2009, 2013
Appraising Historic Properties	2009
Appraisal Trends	2009
National USPAP Update	2009
Land and Site Valuation	2009
Appraising and Analyzing Office Buildings	2011
REO and Foreclosures	2011
Appraising and Analyzing Retail Shopping Centers	2011
Residential Appraisal Review	2013
Disciplinary Cases – What Not to Do	2013
Risky Business: Ways to Minimize Liability	2013

Client List

Heritage Bank of Nevada	California Tahoe Conservancy
Plumas Bank	U.S. Bank
Nevada State Bank	Tri Counties Bank
Placer County	The Trust For Public Land
The Tahoe Regional Planning Agency	Community 1 st Bank
The Nature Conservancy	Umpqua Bank
Incline Village General Improvement District	City National Bank

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. 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 following 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.**

LIMITS OF LIABILITY

The liability of Lynn Barnett & Associates and its owners 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 appraiser 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 property that is the subject of this appraisal. 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 and the appraisal firm completely harmless in such action with respect to any and all awards or settlements of any type in such lawsuits.

USE OF REPORT

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

Except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he or she may select. No part of this appraisal report shall be disseminated to the general public by use of advertising media, public relations media, news media, sales media, or other media for public communication without the prior written consent of the appraisal firm.

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 whose signature appears on the appraisal report, unless it is indicated that the appraiser was acting as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser. The appraiser and the appraisal firm shall bear no responsibility for any unauthorized changes to the report.

CONFIDENTIALITY

The appraiser and/or the appraisal firm may not divulge the analyses, opinions or conclusions developed in the appraisal report, nor may she 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. Neither the appraiser nor the appraisal firm is liable for any information or the work product provided by local sources. 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 to be reasonable. To the best of my 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 property which is the subject of the appraisal.

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 appraiser will not be 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 for an additional fee. If testimony or a deposition is required because of any subpoena, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party. The appraiser is not required to engage in post- appraisal consultation with the client or other third parties, except under a separate and special arrangement and for an additional fee.

EXHIBITS AND PHYSICAL DESCRIPTIONS

It is assumed that the improvements and the utilization of the land associated with the property that is the subject of the appraisal 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 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. The reliability of the information contained on any such map or drawing is assumed to be accurate by the appraiser and is not guaranteed to be correct.

TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS

No responsibility is assumed by the appraiser 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 free, clear and marketable. 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, 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.

PYHICAL 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. The appraiser 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 subject to modification upon receipt of additional information from appropriate experts.

This appraisal report is based on the assumption that there are no hidden, unapparent or apparent conditions on the property site or improvements which would materially alter the value as reported. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge 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.

LEGAL MATTERS

No responsibility is assumed by the appraiser or the appraisal firm for legal matters. No opinion is rendered as to the status of title to any property. The legal description, as furnished by the client, his designee or as derived by the appraiser, 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.

HAZARDOUS MATERIALS

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report any toxic materials and/or conditions such as asbestos, urea-formaldehyde foam insulation, 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 the land and improvements for the existence of such toxic materials and/or conditions. If any toxic materials and/or conditions are present on the property, the value of the property may be adversely affected and a re-appraisal at an additional cost may be necessary to estimate the effects of such circumstances.

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, sub-surface rights (mineral and oil) were not considered in making this appraisal. The appraiser and/or the appraisal firm is not liable for any problems arising from soil conditions. This appraiser strongly advises that, before any funds are committed to a property, the advice of appropriate experts be sought.

If the appraiser 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 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.

COMPLIANCE WITH LAWS AND REGULATIONS

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

If the total property value set forth in this report is distributed between land and improvements, this distribution applies as set forth in the appraisal. The separate valuations for land and buildings may not be used in conjunction with any other appraisal and are invalid if so used.

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 unless otherwise specified in an agreement for services and so stated in the appraisal report.

CURRENT VALUE DOLLARS

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 valuation.

All values shown in the appraisal report are projections based on my 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 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. They are subject to change as market conditions change.

This appraisal is an estimate of value based on analysis of information known to me at the time the appraisal was made. The appraiser 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.

PERSONAL PROPERTY

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.

PROPOSED IMPROVEMENTS

It is assumed in the appraisal report that all proposed improvements and/or repairs, either on-site or off-site, are completed in a good and workmanlike manner in accord with plans, specifications or other information supplied to these appraisers and set forth in the appraisal report. 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.

PROPERTY MANAGEMENT

It is assumed that the property which is the subject of the appraisal report is and will be prudently and competently managed.

FEE

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

CHANGES AND MODIFICATIONS

The appraiser reserves the right to alter statements, analyses, conclusions, or value estimates in the appraisal if new facts pertinent to the appraisal process are discovered which were unknown when the appraisal report was prepared.



Placer Title Company
1959 Lake Tahoe Blvd.
South Lake Tahoe, CA 96150
Phone: (530)542-1811
Fax: (530)542-1814

Order No.: P-245004
Reference: Buyer
Escrow Officer: Debbie Landerkin
Email: dlanderkin@placertitle.com
Email Loan Docs To: 203edocs@placertitle.com

Proposed Insured:
Proposed Loan Amount:

Proposed Underwriter: Westcor Land Title Insurance Company

Property Address: APN 023-171-09, South Lake Tahoe, CA 96150

PRELIMINARY REPORT

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

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

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

Dated: November 16, 2017 at 7:30AM
Title Officer: Ramona Voyles

CLTA Preliminary Report (11-17-06)
Page 1 of 16

Order Number: P-245004

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

2006 ALTA Standard Owners Policy

2006 ALTA Extended Loan Policy

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

Fee Simple

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

The State of California

The land referred to in this report is described as follows:

See Exhibit "A" Attached for Legal Description

Exhibit "A"
Legal Description

The land described herein is situated in the State of California, County of El Dorado, City of South Lake Tahoe, described as follows:

Lot 21, Block 3, as shown on that Official Map entitled, "Tamarack Subdivision", filed on February 13, 1946, in the office of the County Recorder of said County in Map Book "A", at page 35.

EXCEPTING THEREFROM, all that portion thereof described as follows:

COMMENCING at the most Easterly corner of said Lot 21, being the point of intersection of the Southwesterly line of James Avenue with the Northwesterly line of Seventh Street; thence along said Northwesterly line of Seventh Street, South 34° 32' West 209.00 feet to the most Southerly corner of said Lot 21, being a point in the Northeasterly boundary of State Highway 89; thence along the Northeasterly boundary of said State Highway 89, North 55° 28' West 105.31 feet to the most Westerly corner of the realty herein described; thence leaving said State Highway boundary North 34° 32' East 209.00 feet to the most Northerly corner of the realty herein described, being a point in the Southwesterly line of James Avenue thence along said Southwesterly line of James Avenue, South 55° 28' East 105.31 feet to the point of commencement.

APN: 023-171-09-100

EXCEPTIONS

At the date hereof, exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. Taxes, special and general, assessment districts and service areas for the fiscal year 2017-2018, a lien not yet due or payable.

NOTE: No taxes has been assessed at this time.

2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5, (commencing with Section 75) of the Revenue and Taxation Code, of the State of California.
3. The property is within the boundaries of the following District(s) and is subject to all taxes, assessments and obligations thereof:

South Tahoe Public Utility District

4. Any unpaid amounts now owing for utilities, of record or not, due the City of South Lake Tahoe. Amounts may be ascertained by contacting said city Office.
5. Rights of the public and of the County, as to that portion of the herein described property lying within any, a public road.
6. Terms, conditions and provisions contained in the Statement of Proceedings of Redevelopment Activities, recorded June 8, 2010, as (instrument) 2010-24970, Official Records.
7. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other factors which a correct survey would disclose, and which are not shown by the public records.
8. The requirement that Placer Title Company be provided with a Free and Clear Affidavit-Verification of Unencumbered Property executed by the vestee(s) herein.

***** SPECIAL INFORMATION *****

*** CHAIN OF TITLE REPORT:

According to the public records, no deeds conveying the property described in this report have been recorded within a period of 2 years prior to the date of this report, except as shown herein: NONE

*** LENDER'S SUPPLEMENTAL ADDRESS REPORT:

The above numbered report is hereby modified and/or supplemented to reflect the following additional items relating to the issuance of an American Land Title Association Loan Form Policy:

Placer Title Company states that the herein described property is vacant and that the property address is:

APN 023-171-09, South Lake Tahoe, CA 96150

***** NOTICE REGARDING FUNDS DEPOSITED IN ESCROW:**

IMPORTANT NOTICE- ACCEPTABLE TYPE OF FUNDS

Please be advised that in accordance with the provisions of the California Insurance Code, Section 12413.1, any funds deposited for the closing must be deposited into the escrow depository and cleared prior to disbursement. Funds deposited by wire transfer may be disbursed upon receipt. Funds deposit via cashier's checks drawn on a California based bank may be disbursed the next business day. If funds are deposited with the Company by other methods, recording and/or disbursement may be delayed.

IMPORTANT NOTE: PLEASE BE ADVISED THAT ESCROW HOLDER DOES NOT ACCEPT CASH, MONEY ORDERS, ACH TRANSFERS, OR FOREIGN CHECKS.

PLEASE CONTACT ESCROW REGARDING QUESTIONS ON TYPE OF FUNDS REQUIRED IN ORDER TO FACILITATE THE PROMPT CLOSING OF THIS TRANSACTION.

NOTE: If you intend to remit multiple cashier's checks to close your escrow (which may or may not include gift funds or third party funds) IRS cash reporting under IRS Code 8300 may be required. For this reason, you may wish to consider wiring funds in lieu of remitting cashier's checks.

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Tax Area Code

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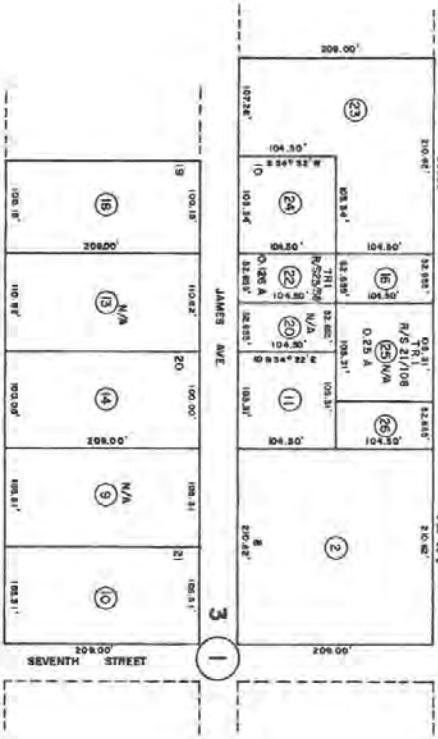
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P.28
ELDORADO
TOWNSHIP
POR. SEC. 5, T.12N., R.18E., M.D.M.
TAMARACK SUBDIVISION A-35

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Assessor's Map 8k, 23 - Pg. 17
County of El Dorado, California
05-17-2002

18-010

ATTACHMENT 3**833 EMERALD BAY ROAD PROJECT REQUIREMENTS****833 Emerald Bay Road Background (APN 023-171-09)**

This 0.51-acre parcel was acquired at a purchase price of \$35,000 (Lake Tahoe Acquisitions Bond Act) in 1989 under the Conservancy's Coverage Program to bank the potential coverage. The Coverage Program was initiated in 1987 for the purposes of assembling an inventory of lands with coverage rights to be used on both public and private projects, and for mitigation needs. The parcel acquisition provided 6,603 square feet of potential coverage inventory into the Conservancy's Land Bank that was subsequently sold to residential parcels. The parcel contains developable class 7 high capability land that can support compact development consistent with the Tahoe Valley Area Plan (TVAP). Part of the parcel contains a small, rock drainage basin, with a corresponding license agreement with the City of South Lake Tahoe (City). That part of the property will be documented with a recorded easement upon sale.

Conservancy staff developed this document to communicate the Conservancy's list of project elements, requirements, and development options with the Tahoe Regional Planning Agency (TRPA), the City, and the community, consistent with the Area and Regional Plans.

Project Elements	Project Requirements	Development Options
Requirement 1: Project Area	* Development that supports the goals of the TVAP and supports surrounding existing development	<ul style="list-style-type: none">* Shared parking* Residential units of various price points (including deed restricted workforce and affordable housing agreements and/or workforce housing agreements with local employer(s))* Direct connection to adjacent and nearby commercial uses, with plaza spaces and/or natural open space as buffers
Requirement 2: Mixed Use	<ul style="list-style-type: none">* Affordable, workforce, and market rate housing* Commercial (could include maker space, office, or retail) next to adjacent commercial or State Route 89	<ul style="list-style-type: none">* Provide deed restricted workforce and/or affordable housing and/or workforce housing agreements with local employer(s), such as the Lake Tahoe Unified School District (teachers, Barton Hospital, recreation and tourist industry (Vail, Sierra at Tahoe, etc.))

Page 1 of 3

Project Elements	Project Requirements	Development Options
Requirement 3: Grant of Easement	Perpetual easement granted to Conservancy over areas required for water quality and trail projects, stream environment zone (SEZ) (according to 2014 SEZ mapping in the T/AP) areas, and public plaza and open space amenity areas on parcel	<ul style="list-style-type: none"> • "Tiny" houses and/or cottage community with maker space common building
Requirement 4: Trail Construction and Maintenance	Trails and sidewalks built and maintained on parcel as part of the project	<ul style="list-style-type: none"> • Pedestrian access (current user trails) from existing neighborhoods and new residential to surrounding existing businesses and transit • Area-wide Best Management Practices – built to accept run-off of other parcels and streets • City sidewalks and road improvements (complete streets)
Requirement 5: Open Space Enhancements	Views to open space areas, and access to trails, and transit maximized	<ul style="list-style-type: none"> • Views • Playground • Public art • Outdoor seating
Requirement 6: Connectivity of Project Area and Surrounding Uses	Provide additional pedestrian, bike, and transit connection(s) between the parcel and surrounding uses, as much as possible Provide pedestrian, bicycle, and transit amenities	<ul style="list-style-type: none"> • Connections between the parcels and surrounding uses—try to work with adjacent owners to connect to adjacent commercial
Requirement 7: Tree Preservation	Save and provide way for all possible trees to thrive, especially in SEZ and public plaza gathering spaces and open space buffers (follow TRPA Code 33.6)	

Project Elements	Project Requirements	Development Options
Requirement 8: Architecture	Meet the design standards in Appendix C of the TVAP	
Requirement 9: City of South Lake Tahoe Green Building Program	Meet all the recommendations in Appendix D of the TVAP, including achieving the equivalent of the highest, feasible Leadership in Energy and Environmental Design rating (highest feasible standard, official certification not required) or an Energy Star Label	
Requirement 10: Performance Bond	Developer and contractor guarantee construction of project and to meet all development requirements in project area	<ul style="list-style-type: none"> • Performance bond to ensure construction permit, California Environmental Quality Act, development agreement, and all other lead permitting agency requirements met
Requirement 11: 2017 Regional Transportation Plan	Incorporate into the development elements of transit, trail, and technology goals of the plan	<ul style="list-style-type: none"> • Trails to nearest transit stop from project area • Connectivity to surrounding uses via bike and pedestrian trails • WiFi updates on transit routes • Transit oriented development
Requirement 12: Regional Plan Compliance	Comply with 2012 Regional Plan Update and all related Plans (including but not limited to the TVAP, Tahoe Sustainable Communities Strategy), and statewide planning goals referenced in the Conservancy's enabling statute	

Table 1
PERMITTED USES BY LAND USE DISTRICT

Permitted Uses Key:	TC-C	TC-MUC	TC-G	TC-NP	TC-HC	CMX-S	OS
"A" – Allowed Use							
"S" – Special Use							
"T" – Temporary Use							
"TRPA" – TRPA Review Required							
"—" – Use Not Permitted							
RESIDENTIAL							
Employee Housing	A	A	-	A	A	S	-
Mobile Home Dwelling	-	-	S	S	S	S	-
Multiple Family Dwelling	A	A	A	A	A	S6	-
Multi-Person Dwelling	-	-	-	A	A	S	-
Nursing and Personal Care	-	-	-	A8	A8	-	-
Residential Care	-	-	-	A8	A8	-	-
Single Family Dwelling (includes condominiums)	A2	A2	A2	A7	S	S6	-
TOURIST ACCOMMODATION							
Bed & Breakfast Facilities	-	-	A	A	-	-	-
Hotel, Motel, Other Transient Dwelling Units	A	A	A	S	S	-	-
Time Sharing	A	A	A	-	-	-	-
RETAIL COMMERCIAL							
Auto, Mobile Home, and Vehicle Dealers		S		-	-	A	-
Building Material & Hardware	S	A	S	-	-	A	-
Eating & Drinking Places	A	A	A	-	-	A	-
General Retail and Personal Services	A	A	A	-	-	A	-
Nursery	-	S	S	-	-	A	-
Outdoor Retail Sales	S	S	S	-	-	A	-
Service Stations ¹	S	S	S	-	-	A	-
ENTERTAINMENT COMMERCIAL							
Amusement & Recreation	A	A	A	-	-	A	-
Outdoor Amusements	S	S	S	-	-	-	-
Privately Owned Assembly & Entertainment	A8	S8	S8	-	-		-
SERVICE COMMERCIAL							
Animal Services	-	S	S	A	-	A	-
Auto Repair and Service			-			A	
Business Support Services	A	A	A	A	-	A	-
Health Care Services	A	A	A	A	A	A	-
Laundries & Dry Cleaning Plant ¹					-	A	-

Table 1
PERMITTED USES BY LAND USE DISTRICT

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"A" – Allowed Use							
"S" – Special Use							
"T" – Temporary Use							
"TRPA" – TRPA Review Required							
"–" – Use Not Permitted							
Professional Offices	A3	A	A	A	-	A	-
Repair Services ¹	S	A	A	-	-	A	-
Sales Lot	-	-	-	-	-	A	-
Schools – Business & Vocational	S8	S8	S8	S8	S8	A8	-
Secondary Storage	S	S	S	S	S	A	-
LIGHT INDUSTRIAL COMMERCIAL							
Food & Kindred Products	-	-	-	-	-	A	-
Fuel & Ice Dealers ¹	-	-	-	-	-	A	-
Industrial Services	-	-	-	-	-	A	-
Recycling & Scrap	-	-	-	-	-	A	-
Small Scale Manufacturing	S	S	S	S	-	A	-
Light Manufacturing	-	-	-	-	-	A	-
WHOLESALE/STORAGE COMMERCIAL							
Storage Yards ¹	-	-	-	-	-	A	-
Vehicle & Freight Terminals	-	-	-	-	-	A	-
Parking Lots ¹	S	S	S	S	S	A	-
Warehousing	-	-	S4	-	-	A	-
Wholesale & Distribution	-	-	-	-	-	A	-
GENERAL PUBLIC SERVICE							
Airfields, Landing Strips & Heliports ¹	-	-	-	-	S5	-	-
Collection Stations ¹	-	-	-	-	-	A8	-
Cultural Facilities	A	A	A	A	S	A	-
Daycare Centers/Preschool	A3	A	A	A	A	S	-
Government Offices	A	A	A	A	S	A	-
Hospitals ¹	-	-	-	-	A8		-
Local Assembly & Entertainment	A	A	A	S	-	S	-
Local Public Health and Safety Facilities ¹	A	A	A	A	A	A	A
Membership Organizations		A	A	A	-	A	-
Post Office	A3	A	A	-	-	A	-
Public Owned Assembly & Entertainment	A8	A8	A8	-	-	-	-
Public Utility Centers ¹	S	-	-	-	-	A	-

Table 1
PERMITTED USES BY LAND USE DISTRICT

Permitted Uses Key:	TC-C	TC-MUC	TC-G	TC-NP	TC-HC	CMX-S	OS
"A" – Allowed Use							
"S" – Special Use							
"T" – Temporary Use							
"TRPA" – TRPA Review Required							
"-“ – Use Not Permitted							
Regional Public Health and Safety Facilities	-	-	-	-	-	S	-
Religious Assembly	A	-A	A	A	A	S	-
School – College ¹	-	-	-	S	-	-	-
Schools – Kindergarten through Secondary ¹	-	-	-	S	-	-	-
Social Service Organizations	-	A	A	A	A	A	-
Threshold Related Research Facilities	A3	A	A	A	-	A	-
LINEAR PUBLIC FACILITIES							
Pipelines & Power Transmission	S	S	S	S	S	A	S
Transit Stations & Terminals	S	S	S	S	S	A	
Transmission & Receiving Facilities	S	S	S	S	S	A	S
Transportation Routes	A	A	A	A	A	A	A
RECREATION							
Day Use Areas	A	A	A	A	S	A	A
Outdoor Recreation Concessions	A	S	A	-	-	-	-
Participant Sport Facilities	S	-	-	-	-	S	-
Recreation Centers	-	-	-	-	S	A	-
Riding and Hiking Trails	A	A	A	A	A	A	A
Visitor Information Centers	S	S	S	-	-	-	-
RESOURCE MANAGEMENT							
Forest and Timber Resource Management	A	A	A	A	A	A	A
Tree Farms	A	A	A	A	A	A	A
Vegetation Resource Management	A	A	A	A	A	A	A
Water Quality Improvements and Watershed Management	A	A	A	A	A	A	A
Wildlife and Fisheries Resource Management	A	A	A	A	A	A	A
OPEN SPACE							
Allowed in all areas of the Region	A	A	A	A	A	A	A

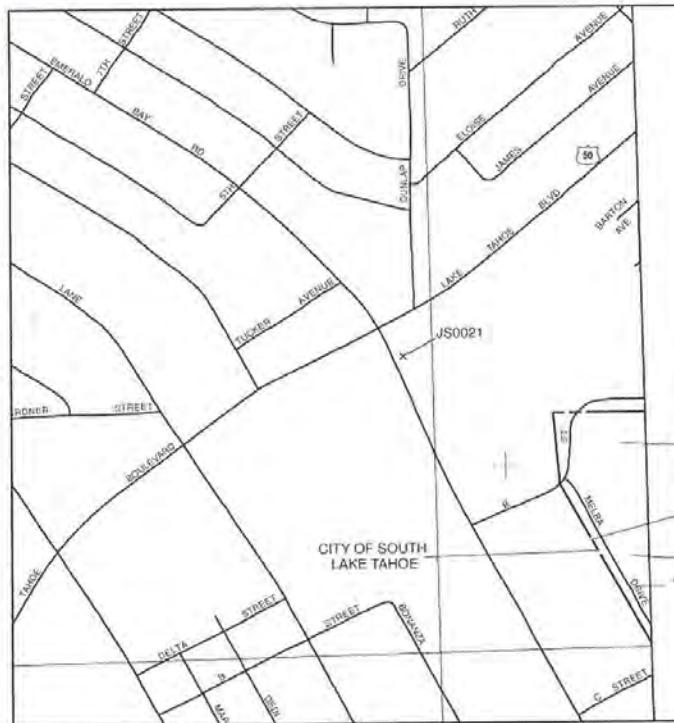
Note: All major design review projects that are visible from TRPA's designated Scenic Highway Corridor (US Highway 50, State Route 89) will require a Planning Commission public hearing.

1. Land use category is identified in TRPA Code Section 60.3 as a "possible contaminating activity," triggering special requirements pursuant to TRPA Code Section 60.4 if located within Source Water Protection Zone (see Figure 9).
2. Condominiums only.
3. As part of a mixed-use project only.
4. Limited to existing warehouse uses within the Town Center Gateway District (TC-G). .
5. New non-emergency sites prohibited.
6. Allowed as part of a mixed-used project.
7. Secondary units requires City Design Review.
8. Portions of the Tahoe Valley Area Plan lie within the safety zones established by the Lake Tahoe Airport Comprehensive Land Use Plan (CLUP). Uses within these zones may be further restricted by the CLUP. Users of this Area Plan should refer to the CLUP to determine if additional restrictions are applicable to the property they are interested in or consult with the City of South Lake Tahoe Planning Division.



FEMA

Save
your FIRMette



This is an official copy of a portion of the active referenced flood map. It was extracted using F-MIT On Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the back. For the latest product information about National Flood Insurance