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9 **UNITED STATES DISTRICT COURT**

10 **SOUTHERN DISTRICT OF CALIFORNIA**

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 v.

15 LOUIS V. SCHOOLER and FIRST
16 FINANCIAL PLANNING
17 CORPORATION d/b/a WESTERN
18 FINANCIAL PLANNING
19 CORPORATION,

20 Defendants.

Case No.: 3:12-cv-02164-GPC-JMA

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
INTERVENING INVESTORS'
OPPOSITION TO RECEIVER'S
MOTION TO: (A) CONDUCT
ORDERLY SALE OF INVESTORS'
PROPERTIES; (B) APPROVE PLAN
OF DISTRIBUTING RECEIVERSHIP
ASSETS; AND (C) APPROVAL OF
PROCEDURES FOR THE
ADMINISTRATION OF INVESTOR
CLAIMS [DOCKET 1181]**

Hearing:

Date: May 6, 2016

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Dept.: 2D

Judge: Hon. Gonzalo P. Curiel

CASE No. 3:12-cv-02164

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ADMINISTRATION OF INVESTOR CLAIMS [DOCKET 1181]

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I.

INTRODUCTION

The Intervening Investors¹ are comprised of 149 investors in certain General Partnerships listed in Schedule 1 to the Preliminary Injunction Order entered on March

¹ The Intervening Investors are comprised of 149 individual and entities who have invested in the various general partnerships that are subject to the receivership. The Intervening Investors include: Randall R. Alessi SEP IRA, Cheri A. Alguire, Cheri A. Alguire IRA, Elena Amaya, Oscar Amaya, Jodi Pickering, Dana Anenberg, Linda Armas IRA, Emily J. Averill, Kent & Susan Averill, jointly, Kevin B. Bacon & Karin Bacon Co-Trustees of The Bacon Family Trust, Peter J. Barnett, Kathleen A. Becker Revocable Trust, Frank A. Bendrick, Patricia A. Bendrick, Simon Bibeau SEP IRA, James C. Boore IRA, Regina S. Boore 401(k), Boore Family Trust, Ed & Irene Brabant, Edward H. Brabant SEP IRA, Surinder Brar, Larry Breedlove IRA, Larry C. & Karen K. Breedlove Trustees of the Breedlove Family Trust, Gregory & Kathleen Brown, Megan Brown, Megan Brown Trust dated 10/1/1991, Thomas & Susan Brown 2001 Trust, Thomas & Susan Brown, Trustees, William & Linda Bruno, Patricia C. Buza IRA, Anita L. Byrum, Thomas P. Carlow, Patricia Carras, Patricia Carras Trust, Robert J. Chastanet IRA, Robert J. & Rachel I Chastanet, Takayuki & Tomoko Chubachi, Takayuki & Tomoko Chubachi Revocable Trust dated Feb. 26, 2008, James Cody, Sheryl Cody, Anthony M. Colangelo, Robert J. Collins and Deborah L. Collins Revocable Trust, Carol Comer Beneficiary IRA, The Michael E. Comer & Carol Comer Revocable Trust, Kimberly A. Croke, Brad & Carolyn Curtis, Brad Curtis, Brad Curtis IRA, The Curtis Family Trust, Brad & Carolyn Curtis Trustees, Sohalia Daniel, Christopher J. and Eileen L. Davis, Matthew DeLine 401k Plan, Matthew DeLine IRA, Matthew DeLine, DeLine Family Trust, William J. Deline IRA, David DeMarais, Mary Doan, Cynthia Dorney, Cynthia Dorney Roth IRA, Cynthia Dorney Trustee of the Ahumada Family Trust dated 10/23/2000, Richard & Cynthia Dorney, Michele Dortch, Roger & Susan Engle, Roger Engle, Lisa S. Faulk, Letitia Fleming, Katherine Goforth Roth IRA, Steven Goldman, Green Family Trust, Shawn T. Green, Timothy & Bessie Green, Michael Greenberg, Jon Gunter, Pattie Gunter, Terry Hagen, Susan E. Harrington, Mikale Associates, Inc., Alejandro & Terri Haua, Reyna M. Haua, James R. Hettinger, Spirit At Work, Inc., Ho Trust Dated 10/10/2007, Tjung-Ling Ho, Roselynn Ho Trustees, David Hopkins, Richard Howe, John Huang, Priscilla Huang, Mike J. & Linda J. Idacavage, Mike J. & Linda J. Idacavage IRA, Mike J. Idacavage, Ned Iguchi Trust, Johnson Family Trust, Angelique Judd, Christopher & Angelique Judd, Della June, Robert A. Kaminski, Ronald Karp, Roth IRA, Ruey Ken, Punita Khanna IRA, Richard & Julia Koenke, Pamela S. Ryan & Jeff LaDouceur IRA, Cindy LaDouceur IRA, Jeff & Cindy LaDouceur, Thomas E. Larson, Cheryl Layman, Taekyun Lee & Melina Stafford, Taekyun Lee, Gene Lin, Gene Lin & Ruey Ken, Kevin T. & Karon C. Lingle, Karon C. Lingle IRA, Lucy Morgan & Steve LoCicero, Steven LoCicero, Melissa Lopez IRA, Anita C. Lorr, IRA, Eric & Anita Lorr, Eric Lorr, IRA, Paul David & Nicole Kathleen Losey, Charles J. Lozinger, Charles J. Lozinger & Tike K. Lozinger, Chris & Sue Lupo, Trustees, Chris & Sue Lupo, Jamie Lupo (Sison), Chris Lupo, Sue Lupo, Bruce K. Marquez, Bruce K. Marquez & Rose Marquez, Tom W. & Rosita B. McGowan, Elbert A. McLaren & Luzviminda T. McLaren, Trustees of McLaren Family Trust dated 4/8/2008, Elbert McLaren, IRA, Luzviminda T. McLaren, IRA, Chris A. Mekata, Stephen A. Mitchell, Stephen N. Morrill & Maria T. Morrill, Stephen N. Morrill, Jennifer Morris, William F. Morris, Kathleen E. Nagy, Salvador L. Paleo, Rosa I Paleo, Salvador L. Paleo, Rosa I Paleo, Trustees of the Paleo Family Trust Dated 11/20/2001, Joanne Pasqueretta IRA, Robert & Joanne Pasqueretta, Martel Pellerin, Phyllis Pilgrim, David R. Powell, JoAnne Powell, Gary A. Powell, Gary A. Powell & Tonya J. Powell, Tonya J. Powell, Ronald W. Purcell IRA, William E. Quackenbush, William E. Quackenbush Roth IRA, Elizabeth L. Ray, Reed Family Trust, Robert E. & Elaine H. Richardson, Daniel Richter, Daniel Richter, IRA, Ken Robinson, Joseph J. Rousseau, Jane Sanders IRA, Richard & Jane Sanders, Louis Serianni, Steven R. Shuey & Kristine J. Shuey, Trustees of Shuey Family Trust dated Jan. 12, 2008, Dana P. Smith, Stephen & Nancy Smith Family Trust, Stephen J. Smith SEP IRA, Jeffrey L. & Cecilia M. Snyder, Jeffrey L. Snyder Roth IRA, Scott Snyder & Mary Weickgeuant, Scott Snyder, IRA, Marc Sorgatz, Cathy C. Spatuzzi, Cathy C. Spatuzzi & Michael A. Spatuzzi; Trustees of Spatuzzi Family Trust, Roland & Anne Staeb, Roland Staeb IRA, Anne L. Staeb IRA, The Staeb Family Trust dated 10/7/1999, Roland & Anne Staeb Trustees, Roland Staeb Roth IRA, Nelson Stephens, Gerald Stranak, IRA, Adam Sun, John Swanson, Sylvester Family Living Trust, Richard & Sharon Sylvester Trustees, Natalie Sylvester Pestrex, Anthony Sylvester, Richard Sylvester Roth IRA, Sharon Sylvester Roth IRA, Istvan & Veronika Szinai, Istvan Szinai IRA, Michael Taetzsch, Patrick Teel, Cynthia A. Teply IRA, John & Cynthia A. Teply, Joe Toledo, Kenny & Leslie Tung, Inder Verma, Jenny Wang, Sharon E. Warren Trust, Alan & Gail Whetsine, Daryl & Debra White, Richard Wodiske DDS Inc. Defined Contribution Plan, Richard Wodiske Trustee, Wodiske Family Trust,

1 13, 2013 (the “GPs”). The GPs have been overseen by the court-appointed receiver,
 2 Thomas C. Hebrank (“Receiver”) since September 6, 2012. The Receiver was appointed
 3 to account for, preserve and protect the GP assets (Dkt. No. 10) with the ultimate goal of
 4 returning as much of the underlying investor money as possible. Three and a half years
 5 later, the Receiver has spent millions of the GPs funds while the investors have received
 6 essentially nothing.

7 In his current motion, the Receiver seeks to sell the GPs’ assets and distribute those
 8 assets, he essentially proposes a process to “fire sale” all properties in the hopes of
 9 collecting \$3,732,815 which would be added to the unspent cash currently being managed
 10 by the Receiver and the other real property assets for a total estimated pool of \$21,804,826
 11 – which would provide an ultimate return to the investors of \$0.134 per investment dollar.

12 The Receiver believes he is acting in the best interests of the investors by using the
 13 single tool of “sale by December 31st” to dispose of the GPs’ assets. Instead, the
 14 Intervening Investors hired experts (Xpera Group) with knowledge of each markets where
 15 the properties are located. Xpera considered several strategies, including holding the
 16 properties to take advantage of an appreciating market, rezoning, and obtaining water
 17 rights to determine the best interests of the investors. By implementing an actual strategy
 18 for the properties, the Intervening Investors’ proposal will return between \$45,208,146 -
 19 \$71,244,563 (a net \$0.278 - \$0.438 per dollar invested)² over five years.

20 The Receiver has operated over the last 40 months, largely in the shadows from the
 21 investors whom he was appointed to protect. Despite his obligations to conduct sales of
 22 real property pursuant to 28 USC §2001 which requires three appraisals, a hearing with
 23 published notice, a threshold minimum sales price determined by up to three appraisals,
 24

25 Richard & Laurie Wodiske Trustees, Tom & Marilyn Wong, Stacy Woodward, Oren Z. & Brandi Zaslansky, Zaslansky
 26 Revocable Trust, (collectively, the “Intervening Investors”).

27 ² The Intervening Investors have added the \$1,697,898 based upon the difference between the Exhibit A to the Receiver’s
 28 motion that depict \$20,106,928 in real property assets subtracted from the \$21,804,826 amount in Exhibit D which is the
 anticipated amount to be distributed to investors.

1 an opportunity for overbid and a judicial determination of the best interests of the
 2 investors, the Receiver has chosen to sidestep his obligations. Instead of an open sale
 3 process, the Receiver has filed numerous requests to seal matters related to the sale
 4 process, while avoiding altogether the requirements of Section 2001³

5 Because the Receiver's "one size fits all" approach to disposing of the GP properties
 6 would result in massive losses of value, the Intervening Investors intervene with the hope
 7 of redirecting the Titanic away from the iceberg. They seek relief from this Court to deny
 8 the Receiver's Motion for Orderly Sale of the Properties to allow for compliance with 28
 9 USC §2001.

10 To the extent the Court rules upon distribution of any assets obtained on behalf of
 11 the investors in the various GPs, the Intervening Investors request that the "one pot"
 12 proposal advocated by the Receiver be implemented. This system demonstrates the
 13 highest likelihood for fairness across all of the investors.

14 II.

15 STATEMENT OF FACTS

16 In March 2016, the Intervening Group interviewed and retained Xpera Group,
 17 particularly Alan Nevin and Neal Singer for the purposes of reviewing each of the 23 GP
 18 properties in order to develop a strategy to position the properties to return maximum
 19 value to the investors. Alan Nevin ("Nevin") is a highly regarded expert in the area of
 20 commercial real estate valuation and feasibility proposals (Declaration of Alan Nevin in
 21 Support of Investors' Opposition to Receiver's Motion ("Nevin Decl.") at ¶3). Nevin has
 22 worked nearly 50 years in the field of real estate analysis, market research and valuation.
 23 (Nevin Decl. ¶¶3-14). Nevin has taught at both UCSD and SDSU, is a co-founder of the
 24 UCSD Economics Roundtable and had has lectured to the realty community for 25 years.

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 27 ³ The Intervening Investors has separately filed a Motion to Unseal and/or Unredact Dkt. Nos. 826/835, 876/925, 988/991,
 1028/1040, 1062/1089, 1072/1090, 1020/1088, 1108/1120, 1113/1124, 1132/1136, 1159 [Docket 1228] set for hearing on
 28 May 6, 2016.

(Nevin Decl. ¶¶14-15). In addition to his numerous publications on real estate matters, his role with several real estate groups, Nevin has personally been an investor in several commercial developments. (Nevin Decl. ¶¶16-22). Most importantly, over the last 25 years Nevin has conducted various market and feasibility studies for all of the markets at issue in this matter (Las Vegas, the Reno area, Yuma, Santa Fe and San Diego). (Nevin Decl. ¶¶22-28).

Neal Singer (“Singer”) has worked for 37 years specializing in real estate development, including land acquisitions, entitlement processing, feasibility projects and analysis. (Declaration of Neal Singer in Support of Investors’ Opposition to Receiver’s Motion (“Singer Decl.”) at ¶3. Singer has experience in valuing and marketing commercial development (including raw land), including work assisting the bankruptcy receiver in the Whitman-Dome Energy Corporation to market and sell numerous properties to return value to investors. (Singer Decl. at ¶¶4-9). Singer has been a licensed broker since 1992 and has used his financial analysis skills for the benefit of brokerage firms, REITS, insurance companies and receivers. (Singer Decl 10-15). Singer has been appointed as a receiver by the court to oversee real property assets, has managed and/or consulted with management on numerous real estate assets (Singer Decl. 16-20).

Xpera Group, through Nevin and Singer prepared a report for each of the five geographic areas (Las Vegas, Reno, San Diego, Yuma and Santa Fe) where all 23 properties are located (See Nevin Decl. Exhibits 1-5; Singer Decl. Exhibits 1-5). For each report, Xpera conducted an overview of the local economy and economic outlook, reviewed employment information and residential construction (both historical and anticipated). Xpera also reviewed the similar industrial, commercial and open space markets (retrospective and prospective), while reviewing comparative listings and sales. In certain instances, Xpera highlighted relevant future projects that would impact the real properties. Ultimately, Xpera provided valuations and suggested strategies for each of the 23 properties. Xpera’s work is summarized herein:

1 **1. Las Vegas Properties** – Xpera’s report for the Las Vegas Properties is
2 attached as Exhibit 1 to the Nevin and Singer declarations. The Las Vegas Properties refer
3 to three property groups (Las Vegas I, Las Vegas II and LV Kade) comprised of five
4 properties held beneficially by nine GPs. In perhaps the most glaring disservice to the
5 best interests of the investors, the Receiver proposes simply to sell the Las Vegas
6 Properties collectively for \$14,910,000 based on 2015 appraisals or opinions of value. In
7 the Receiver’s 40 months of holding these properties, there has been no analysis of the
8 Las Vegas market nor a strategy considered to returning value to the investors. It is
9 unclear what, if any, effort has been made to market the properties to create value for the
10 investors.

11 Xpera reviewed the 2013 and 2015 valuations obtained by the Receiver, reviewed
12 information on the state of the economy, sale of raw land in the vicinity of the properties
13 and discussed the properties with individuals knowledgeable in the area. Nevin personally
14 travelled to each of the properties in March 2016 to review the topography and layout and
15 spoke with locals with knowledge of the market. (Exhibit 1 at pg. 4). Nevin has extensive
16 prior experience with the Las Vegas area, having conducted several past studies and
17 participating as an expert witness in several litigation matters. (Exhibit 1 at pgs. 4-5). In
18 summary, though the Las Vegas area experienced a major decline in employment and
19 housing during the Great Recession, it continued to recover, with increases in
20 employment, housing costs, construction and industrial land value. The Las Vegas area
21 is anticipated to remain one of the Nation’s most successful economies. (Exhibit 1 at pgs.
22 5-11). Industrial land in the Las Vegas area is anticipated to rise quickly because of the
23 rise in the Las Vegas economy and the two major anticipated projects (the Faraday Future
24 project (competing with Tesla) and the HyperLoop Technology project). (Exhibit 1 at
25 pgs. 12 – 22).

26 Four of the Las Vegas Properties are located in the Las Vegas Motor Speedway
27 area, while the other is located near the intersection of Rainbow Blvd. and Vegas Drive.

As a result of its work, Xpera determined that the four Speedway Properties (Las Vegas I and LV Kade) should be held 5-10 years because values are estimated to increase between \$0.50 - \$1.00/square foot per year over the next 10 years.

As for the Rainbow/Vegas Property (Las Vegas II), Xpera recommends that it be rezoned from its current low density residential zoning to retail/commercial area and sold. This would result in the best return for investors. (Exhibit 1 at pg. 32).

LAS VEGAS PROPERTIES

Property Name	Partnerships	Receiver's Value (2015)	Xpera's Value and Recommendation
Las Vegas I	Park Vegas Partners Production Partners Silver State Partners	\$5,275,000	\$12,807,943 - \$20,958,453 ⁴
Las Vegas II	Rainbow Partners Horizon Partners	\$1,375,000	\$1,609,978 - \$2,012,472
LV Kade	Hollywood Partners BLA Partners Checkered Flat Partners Victory Lap Partners	\$8,260,000	\$14,897,520 - \$23,587,740
Total		\$14,910,000	\$29,315,441 - \$46,558,665

2. Reno Properties – Xpera's report for the Reno Properties is attached as Exhibit 2 to the Nevin and Singer declarations. The Reno Properties broadly refer to 13 property groups (Dayton 1, Dayton II, Dayton III, Dayton IV, Silver Springs South, Silver Springs North, Fernley I, Minden, Washoe I, Washoe III, Washoe IV, Washoe V and Stead I) held beneficially by 46 GPs. The Reno Properties are located in the greater Reno/Sparks Nevada area, in the counties of Washoe, Douglas, Lyon and Storey. In preparing his report, Singer reviewed the 2013 and 2015 valuations provided by the

⁴ As for Las Vegas I and the LV Kade Properties, the recommended strategy would be to hold the properties for 5-10 years. For Purposes of Xpera's Value and Recommendation, it is assumed the properties would be held 5 years with a cost increase of \$0.50 - \$1.00 per square foot per year. (Exhibit 1, pgs. 31-32).

1 Receiver. In addition, Singer visited the Chamber of Commerce, spoke with several local
2 representatives, consulted with local brokers and city planners. Singer conducted a two-
3 day site visit, in which he visited each property to determine accessibility and other factors
4 relevant to Xpera's analysis. (Exhibit 2 at pgs. 3-5). Singer also conducted research into
5 the local economy, including employment, housing and construction and industrial
6 development. (Exhibit 2 at pgs. 6 – 19).

7 As a result of Xpera's analysis it reached conclusions as to the various properties.
8 The Reno Properties are spread out over a wide swath of Nevada, making further
9 investigation of sub-markets important. For instance, in the Sparks sub-market, some of
10 the properties are expected to benefit in the near future from the \$1 billion Tesla factory
11 currently in construction. As for the Stead Property, it is located near several major
12 distribution centers, giving the property long-term value due to its proximity to U.S. 395.
13 (Exhibit 2, pgs. 14-19). Other properties could be easily rezoned (Dayton II, III and IV)
14 or would require prompt action to refile a tentative map (Fernley I) to increase their value.
15 Conversely, Xpera determined that other properties were unlikely to appreciate in the near
16 or mid-term.

17 Xpera ultimately proposes a strategy with respect to each of the 13 Reno Properties.
18 In some instance (Dayton I, Minden, Washoe I, Washoe IV and Washoe V) the
19 recommendation would be to move forward with sale (Singer Decl. Exhibit 2 at pgs. 58,
20 60, 61, 62). In certain instances (Dayton III, Dayton IV and Stead I) modest zoning
21 changes would increase value at little expense or risk (Singer Decl. Exhibit 2 at pg. 51,
22 63). Other properties were recommended to be held for a period of time (four months) to
23 process a subdivision map (Fernley I) (Singer Decl. Exhibit 2 at pg. 56) or for up to one
24 year to allow for completion of further development (Silver Springs North, Silver Springs
25 South) (Singer Decl at pg. 54). Notably, Xpera provides a range of strategies to return as
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much as possible to the investors. (Exhibit 2, pgs. 49-63). Implementing Xpera's strategy results in significant gains to the investors.⁵

RENO PROPERTIES

Property Name	Partnerships	Receiver's Value (2015)	Xpera's Value
Dayton I	Dayton View Fairway Green View Par Four	\$360,000	\$430,650 - \$558,250
Dayton II	Storey County Comstock Silver City Nevada View	\$190,000	\$224,280 - \$320,400
Dayton III	Gold Ridge Sky View Grand View Rolling Hills	\$60,000	\$49,000 - \$70,000
Dayton IV	Eagle View Falcon Heights Night Hawk Osprey	\$220,000	\$221,438 - \$316,340
Silver Springs South	Rail Road Spruce Heights Vista Del Sur Lahontan	\$440,000	\$1,032,900 - \$1,377,200
Silver Springs North	North Springs Rawhide Highway 50 Orange Vista	\$320,000	\$681,375 - \$908,500
Fernley I	Crystal Clearwater High Desert	\$210,000	\$315,353 - \$365,145
Minden	Carson Valley Heavenly View Sierra View Pine Valley	\$1,800,000	\$1,828,860 - \$2,353,743

⁵ As for the Reno report, Xpera's values are based upon current valuation. It is estimated that values would be increased for those properties where zoning would be changed or the property held for more than 6 months before marketing.

Property Name	Partnerships	Receiver's Value (2015)	Xpera's Value
Washoe I	Reno View Reno Vista Reno	\$88,200	\$75,546 - \$99,720
Washoe III	Spanish Springs Antelope Springs Wild Horse Big Ranch	\$940,000	\$1,505,889 - \$5,019,630
Washoe IV	Rose Vista Steam Boat Galena Ranch Redfield Heights	\$350,000	\$582,150 - \$640,365
Washoe V	Pyramid Highway 177 Frontage 17	\$240,000	\$594,461 - \$629,951
Stead I	P-39 Aircobra P-40 Warhawk F-86	\$420,000	\$1,584,000 - \$3,168,000
Total		\$5,638,200	\$9,125,902 – \$15,827,244

3. **San Diego Properties** – Xpera's report for the San Diego Properties is attached as Exhibit 3 to the Nevin and Singer declarations. The San Diego Properties refer to three property groups (Bratton Valley, Jamul Valley and Tecate) held beneficially by 17 GPs. Xpera reviewed the 2013 and 2015 valuations obtained by the Receiver, reviewed information on the state of the economy, sale of raw land in the vicinity of the properties and discussed the properties with individuals knowledgeable in the area. Nevin is familiar with the San Diego markets and personally travelled to each of the properties in March 2016 to review the topography and layout and spoke with locals with knowledge of the market. (Exhibit 3, pgs. 2-12). San Diego County is one of the most robust metropolitan areas in the county. Xpera determined that because it will be difficult to achieve a supply/demand balance in the San Diego County housing market for the foreseeable future, owners of developable land with approved maps will find a ready market sale.

Based upon Xpera's work, its suggested strategy in the best interest of the investors would be accept the offer from the Nature Conservancy for the Jamul Valley Property, while listing the Bratton Valley property for similar prices. As for the Tecate Properties, Xpera recommends holding the property until the County of San Diego implements its general plan to obtain pricing more appropriate for the property. (Exhibit 3 at pgs. 21, 28).

SAN DIEGO PROPERTIES

Property Name	Partnerships	Receiver's Value (2015)	Xpera's Value and Recommendation
Bratton Valley	Valley Vista Bratton Valley Honey Springs	\$756,548	\$629,878 – \$944, 816
Jamul Valley	Jamul Meadows Lyons Valley Hidden Hills	\$520,380	\$534,438 - \$801,656
Tecate	ABL Borderland Prosperity Freetrade Suntec Via 188 International Mex-Tec Tecate South Twin Plant Vista Tecate	\$686,995	\$2,422,589 - \$3,633,884
Total		\$1,963,923	\$3,586,905 - \$5,380,356

4. Santa Fe Properties (Exhibit "4") – The Xpera report for the Santa Fe Properties is attached as Exhibit 4 to the Nevin and Singer declarations. The Santa Fe Properties refer to one property group beneficially held by three GPs. Xpera reviewed documents filed in this action (including the 2013 and 2015 valuations), compiled data on

the state of the economy, sale of raw land, discussed the properties with local Santa Fe brokers and others with knowledge in the area. (Exhibit 4 at pg. 3). Growth in the Santa Fe area is slow but the area has a stable economy. (Exhibit 4 at pgs. 4-7). Because of the nature of the “off grid” property, the value of the Santa Fe property is not forecast to appreciate at a rate higher than the carrying costs, Xpera recommends listing and selling the Santa Fe property by incentivizing a brokerage firm with an aggressive commission to list and market the property. (Exhibit 4 at pgs. 8 – 15).

As part of Xpera’s review, it considered the likely value for the properties, determining that the value is modestly higher (\$942,000 - \$1,130,400) than that given by the Receiver (\$820,000). (Exhibit 4 at pgs. 14-15).

SANTA FE PROPERTIES

Property Name	Partnerships	Receiver’s Value (2015)	Xpera’s Value
Santa Fe	Santa Fe Venture Pueblo Partners Pecos Partnership	\$820,000	\$942,000 - \$1,130,400
Total		\$820,000	\$942,000 – \$1,130,400

5. Yuma Properties (Exhibit 5) – The Xpera report for the Yuma Properties is attached as Exhibit 5 to the Nevin and Singer declarations. The Yuma Properties relates to three property groups (Yuma I, Yuma II and Yuma III) held beneficially by 11 GPs in the greater Yuma, Arizona area. Xpera had previously conducted an in-depth analysis of the Yuma County economy and, for the purposes of this report review documents from the Receiver (including the 2013 and 2015 valuations), and spoke with individuals with knowledge of the area. (Exhibit 5 at pg. 4). The Yuma economy has a low growth rate with typically high average unemployment related to cyclical nature of its agri-business and tourist economy. In light of the large amount of developable land in the area, it is not

expected that the Yuma Properties will appreciate significantly in the short or mid-term. (Exhibit 5 at pg. 5-11).

Each of the Yuma Properties has limitations in that they are inaccessible or in areas with very low population. The 2015 appraisal report indicated that the Yuma II property “could not be profitably nor practically developed today, nor likely in the next 50 years.” Based upon Xpera’s review and analysis, it could see no benefit in holding the properties. In this instance, Xpera’s valuation of the Yuma Properties were in line with those of the Receiver.

YUMA PROPERTIES

Property Name	Partnerships	Receiver’s Value (2015)	Xpera’s Value
Yuma	Gila View Painter Desert Snow Bird	\$153,000	\$200,000 - \$250,000
Yuma II	Desert View Sonora View Mesa View Road Runner	\$195,000	\$190,000 - \$230,000
Yuma III	Mountain View Ocotillo Cactus Ridge Mohawk Mountain Partners	\$159,620	\$150,000 - \$170,000
Total		\$507,620	\$540,000 – \$650,000

Xpera’s analysis and recommendations for positioning demonstrate the Receiver’s “one size fits all” approach – as detailed in Exhibit C to the Receiver’s motion utterly fails to capture the potential value in the GPs’ properties. Part and parcel with the Receiver failing to keep the investors informed pursuant to 28 USC §2001, the investors as a whole are on the precipice of losing 50% or more of the remaining value of the assets by allowing the Receiver to move forward with his "orderly sale". The Intervening Investors seek the

1 assistance of the Court to do what the Receiver has failed to do – act in the best interest of
2 the GPs.

3 III.

4 **THE INTERVENING INVESTORS HAVE STANDING** 5 **TO OPPOSE THE INSTANT MOTION**

6 As is more particularly explained in the Intervening Investors’ motion to intervene,
7 they have standing to oppose the instant motion as intervenors in the instant action. (Doc.
8 1229). FRCP Rule 24(a)(2) sets forth four requirements for intervention of right: (1)
9 timely application for intervention; (2) the applicant has “a ‘significantly protectable’
10 interest relating to the property or transaction that is the subject of the” action; (3) the
11 applicant is situated such that “disposition of the action may, as a practical matter, impair
12 or impede the applicant’s ability to protect that interest;” and (4) the applicant’s interest is
13 “inadequately represented by the existing parties in the lawsuit.” *Nw. Forest Res. Council*
14 *v. Glickman*, 82 F.3d 825, 836 (9th Cir. 1996) (citation omitted); FRCP Rule 24(a)(2).

15 Here, the motion for intervention was timely made in that the Receiver did not
16 recommend the orderly sale of the GP realties until February 4, 2016. Admittedly, the
17 Intervening Investors seek to intervene after judgment has been entered in the underlying
18 action. However, the Intervening Investors do not intend to re-open any previously
19 litigated issues and seek only to participate in the remedial phase of the litigation,
20 specifically, the sale of the GP realty assets. In such limited scope interventions, courts
21 often permit intervention even after final judgment. See *United States v. City of Detroit*,
22 712 F.3d 925, 932 (2013) (citing *United Airlines, Inc. v. McDonald*, 432 U.S. 385, 394, 97
23 S. Ct. 2464, 53 L. Ed. 2d 423 (1977) (permitting intervention for the limited purpose of
24 appeal); *Hodgson v. United Mine Workers of Am.*, 473 F.2d 118, 129 (1972) (permitting
25 intervention to participate in future remedial proceedings)). Limited intervention is
26 particularly appropriate where, as here, the matter is complicated, and Investor Group’s
27 participation promotes an effective and fair solution. See *United States v. City of Detroit*,

1 712 F.3d 925, 932 (2013) (“Limited intervention is particularly appropriate in fact-specific
2 situations such as this one, where the case is complicated, non-adversarial, and implicates
3 the public interest; getting all interested parties to the table promotes an effective and fair
4 solution, but preventing an expansion of the scope is necessary to keep control of the
5 case.”)

6 Further, the Intervening Investors have a significantly protectable interest. An
7 economic interest may trigger the right to intervene where it is concrete and related to the
8 underlying subject matter of the litigation. *U.S. v. Alisal Water Corp.*, 370 F.3d 915, 919
9 (9th Cir. 2004). Here, the Intervening Investors have a legally protectable interest in the
10 receiver’s estate because it is comprised entirely of GPs that are owned by the Intervening
11 Investors. The sale of the GP assets and the distribution of the proceeds will have a direct
12 financial impact on the Intervening Investors.

13 Finally, there are no parties currently in the litigation that would adequately
14 represent the interests of the Intervening Investors. Defendants cannot adequately
15 represent the Intervening Investors’ interests as judgment has been entered against
16 Schooler and there are no remaining parties to the case that share a financial interest in the
17 GPs with the investors.

18 Moreover, according to the February 4, 2016 motion filed by the Receiver,
19 Defendants agreed with the Receiver’s proposal to sell GP properties. The SEC has not
20 adequately represented the Intervening Investor’s interests in that the SEC agrees with the
21 Receiver’s proposal to sell GP realty. Defendants and the SEC’s representation of Investor
22 Group in the remedial phase of the litigation is inadequate as neither oppose the proposed
23 orderly sale of the GP realty and the Intervening Investors oppose the entirety of the
24 proposed sales process. See *Hodgson v. United Mine Workers*, 473 F.2d 118, 130 (D.C.
25 Cir. 1972) (failure of party to propose relief that proposed intervenors themselves would
26 ask for is sufficient to demonstrate inadequate representation).

Based on the above, the Intervening Investors have standing to oppose the instant motion.

IV.

THE RECEIVER’S PLAN FOR ORDERLY SALE IS FLAWED AND VIOLATES 28 U.S.C. §2001

As is shown hereinabove, the Receiver’s plan to sell the entirety of the GPs’ real property assets is not in the best interests of the GPs. In addition to the Receiver’s “one size fits all” plan failing to maximize the GPs’ return on investment, the plan wholly fails to comply with the requirements of 28 U.S.C. §2001(b). Because the Receiver’s plan fails to satisfy the requirements of §2001(b), this Court is without authority to approve the contemplated sale process and the Receiver’s motion should be denied in its entirety.

The Receiver proposes a **private** “orderly” six step sale process which contemplates the solicitation and hiring of brokers and the ultimate approval from the Court of any proposed sales. (Doc. 1181 (Memorandum of Points and Authorities at Ex. “C”)). Noticeably absent from the Receiver’s proposed “orderly sale process” are any of the requirements of §2001(b).

While it is true court has the power to confirm a sale of realty out of receivership, “[t]he power to authorize the sale of real property is limited...by federal statute. *See* 28 U.S.C. §2001.” *SEC v. T-Bar Resources, LLC*, (2008 N.D. Texas) 2008 WL 4790987. The relevant text of 28 U.S.C. §2001 provides the following at subsection (b):

(b) After a hearing, of which notice to all interested parties shall be given by publication or otherwise as the court directs, the court may order the sale of such realty or interest or any part thereof at private sale for cash or other consideration and upon such terms and conditions as the court approves, if it finds that the best interests of the estate will be conserved thereby. Before confirmation of any private sale, the court shall appoint three disinterested persons to appraise such property or different groups of three appraisers each to appraise properties of different classes or situated in different localities. No private sale shall be confirmed at a price less than two-thirds

of the appraised value. Before confirmation of any private sale, the terms thereof shall be published in such newspaper or newspapers of general circulation as the court directs at least ten days before confirmation. The private sale shall not be confirmed if a bona fide offer is made, under conditions prescribed by the court, which guarantees at least a 10 per centum increase over the price offered in the private sale.

Specifically, 28 U.S.C. §2001(b) requires the following when realty is sold privately out of receivership:

- a. A court confirmation of sale made after a hearing noticed by publication;
- b. A court finding that the best interests of the estate will be conserved by the proposed sale;
- c. The appointment of three disinterested appraisers to appraise the realty;
- d. The proposed sale price must be equal to or greater than 2/3 of the appraised value;
- e. The terms of the sale must be published in a newspaper of general circulation for ten days prior to the court's confirmation of the proposed sale;
- f. The sale may not be confirmed if a bona fide offer is made for 10% or greater than the proposed sales price.

None of the above terms are provided for in the Receiver's proposed plan for an orderly sale. The Receiver's failure to propose a plan in compliance with the requirements of §2001(b) is fatal to the receiver's request for permission to conduct an orderly sale.

The procedures outlined in §2001(b) define and limit the Court's authority to authorize the sale of real property out of a receivership. *See Bollinger & Boyd Barge Serv., Inc. v. Captain Claude Bass*, 576 F.2d 595, 597 (5th Cir. 1978); *SEC v. Goldfarb*, 2013 U.S. Dist., Lexis 118942 (N.D. Cal. 2013). Congress enacted the foregoing safeguards to protect against the high opportunity for fraud in private sales of realty. *Acadia Land Co. v. Horuff*, 110 F.2d 354 (5th Cir. 2008). "This purpose could not be effected if non-compliance with any material requirement were permitted, and, for that

1 reason, all of the requirements are, by the express terms of the statute, made conditions
2 precedent to a valid sale.” *Id.* at 354-355.

3 The language of §2001(b) is *mandatory*. “These standards cannot be waived by this
4 Court.” *Huntington Nat. Bank v. JS & P.L.L.C.* (E.D. Michigan) 2014 WL 4374355 at pg.
5 2. “The *shall* of §2001(b), in contrast, is unambiguously mandatory.... No discretion,
6 period...The word *shall* in §2001(b) unambiguously means *must*, and so this Court
7 interprets the word just so.” *U.S. SEC v. Wilson* 2013 WL 1283437 at pgs. 1-2 (E.D.
8 Michigan) (emphasis in original).

9 §2001(b) applies in receiverships requested by the SEC. *SEC v. American Capital*
10 *Invs.*, 98 F.3d 1133, 1137 (9th Cir. Cal. 1996)(“The court then turned to the two-step
11 process mandated by 28 U.S.C. §2001 for approving the sale of receivership property –
12 the appointment of appraisers to appraise the properties, followed by a sale confirmation
13 hearing.”); *U.S. SEC v. Wilson, supra.*; *SEC v. T-Bar Resources* 2008 WL 4790987 (N.D.
14 Texas 2008); *SEC v. Goldfarb*, 2013 U.S. Dist., Lexis 118942 (N.D. Cal. 2013); *SEC v.*
15 *Capital Cove Bancorp, LLC*, 2015 Lexis 174856 (C.D. Cal. 2015) (“Pursuant to the
16 provisions of 28 U.S.C. §2001, this Court may authorize the Receiver to sell acquired
17 assets by public sale.”).

18 In an action brought by the SEC, *SEC v. T-Bar Resources* 2008 WL 4790987 (N.D.
19 Texas 2008), the Court placed the defendants’ assets into a receivership estate and
20 appointed a receiver to manage them. Among the assets of the estate were oil and gas
21 interests owed by the defendants arising out of a project entitled the Arrowhead Project.
22 After the receiver’s appointment, the Arrowhead Project’s operator, Reliance Oil,
23 submitted invoices to the receiver demanding payment for its work. *Id.* at pg. 2. The
24 receiver failed to pay the operator due to the lack of available funds in the receivership
25 estate. Because the receiver was unable to pay for the maintenance and improvement of
26 the Arrowhead Project, the receiver began looking for buyers of the estate’s interest in the
27 project. *Id.* at pg. 2. The receiver contacted eight petroleum engineers to obtain appraisals,

1 and only one agreed to conduct an appraisal. The single appraiser discovered that the
2 project's publicly reported information was untrue, so the appraiser was unable to provide
3 an accurate appraisal value for the oil and gas interest. The appraiser also stated that in its
4 current state, the wells would not likely produce in paying quantities and constituted a
5 substantial plugging liability. *Id.* at pg. 2.

6 Despite the failed appraisal, the receiver obtained an offer to purchase the oil and gas
7 interests in the Arrowhead Project and subsequently filed a motion to approve the sale with
8 the court. The court found that "[t]he procedures outlined in § 2001(b) define the court's
9 authority to authorize the sale of real property." *Id.* at pg. 3. Accordingly, the requirements
10 of the statute must be fulfilled prior to confirming a private sale. The appraisal requirement
11 allows a court to determine whether a sale is in the best interests of the estate. Although
12 the court noted that the receiver had been unable to find three appraisals despite persistent
13 efforts, it found that it was "without power to confirm the proposed sale." *Id.* at pg. 3.
14 Thus, despite the circumstances that were present in that case, the court strictly construed
15 the requirements of § 2001 to prevent a confirmation of the sale in the absence of three
16 disinterested appraisals. *Id.* at pg. 3.

17 A similar result was reached by the Court in *U.S. S.E.C. v. Wilson*. In *Wilson* the
18 Receiver filed a motion for appointment of a real estate broker and requested a waiver of
19 certain requirements of §2001(b). Specifically, the receiver requested relief from the
20 requirement to conduct three independent appraisers of the real property because the
21 procurement of said appraisals would be cost prohibitive given the value of the realty. The
22 Court denied the request for the waiver and held that the requirements of §2001(b) were
23 "unambiguously mandatory" and that the Court was without discretion or authority to
24 excuse compliance with the statute's requirements. *Id.* at pg. 2.

25 Here, the Court is without authority to confirm a sale process that does not comport
26 with the mandatory requirements of §2001. Any contemplated sales process must contain
27 the procedural safeguards required by the statute, inclusive of a finding that the sale is

1 within the best interests of the receivership estate, a hearing noticed by publication, the
 2 appointment of three appraisers and a proposed sale price that is within 2/3 the amount of
 3 the appraised sales price. Nothing in the Receiver's plan for an orderly sale contemplates
 4 the satisfaction of these requirements. Conversely, the Receiver's conduct throughout this
 5 litigation has been inapposite to the transparency requirements of §2001. The Receiver has
 6 operated in the shadows, has filed various documents under seal, has failed to obtain proper
 7 appraisals of the realty and has failed to provide adequate notice to the investors of
 8 proposed sales of realty. Instead of motions noticed by publication, the Receiver files ex
 9 parte requests for confirmation of proposed sales and files his recommendations and reports
 10 under seal. (Doc. Nos. 1071, 1087, 1088, 1191 (Ex Parte Motion for Order Confirming
 11 Sale of Jamul Valley Property)). None of the sales contemplated by the Receiver have
 12 even remotely complied with the requirements of §2001.

13 Because the Receiver's proposed plan for an orderly sale of assets fails to comply
 14 with the requirements of Section 2001. The instant request for authorization to conduct an
 15 orderly sale must be denied.

16 V.

17 **ASSETS SHOULD BE DISTRIBUTED PURSUANT** 18 **TO THE ONE POT APPROACH**

19 Notwithstanding the objections to the Receiver's current plan to sell off the GPs
 20 assets, if and when such assets are sold, the Intervening Investors agree that the correct
 21 approach for distributing assets should be pursuant to the "one pot" approach advocated
 22 by the Receiver and supported by the SEC.

23 The Intervening Investors agree with the Receiver's contention that in the majority
 24 of federal equity receivership cases, receivership assets are pooled and distributed to
 25 investors on a *pro rata* basis. The Intervening Investors further agree that the distinctions
 26 between the similarly situated investors is primarily due to timing or luck and that it would
 27 be most equitable for the Court to pool the proceeds from any sale of the GP properties

1 and to distribute said proceeds pro rata amongst the investors. This is particularly true
2 given that 93% of all funds raised from investors went to Western and was used by
3 Western in many ways (including to pay Louis Schooler). Further, the purchase price paid
4 by the GPs were substantially marked up from the prices paid by the GPs. The markup
5 ranged anywhere from 109% to 1800% (See Doc. 1181 (Memorandum of Points and
6 Authorities at Ex. "A")).

7 The two-tiered approach would result in substantial inequity. If the SEC's plan
8 is adopted, the investors' returns would vary from .75% to as much as 194.07%. Such an
9 inequity makes little sense given that all investors were equally victims of the same
10 fraudulent perpetrated by Schooler.

11 VI.

12 CONCLUSION

13 The Intervening Investors are appropriately before this Court seeking relief from
14 the Receiver's Motion for the Orderly Sale of Assets. The best interests of the investors
15 is served by requiring the Receiver to comply with 28 USC §2001. As detailed in the
16 well-thought out proposal submitted by Xpera, the best interests of the investors are
17 served by a more diverse approach than simply selling all properties by December 31,
18 2016. To the extent the Receiver seeks the court's approval of Exhibit C to its motion,
19 that request should be denied.

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1 To the extent the Court seeks to chart a course for the distribution of assets, the
2 Intervening Investors would support a distribution pursuant to the “one pot” approach
3 outlined in the Receiver’s motion.

4
5 Dated: April 15, 2016

Respectfully submitted,
DILLON GERARDI HERSHBERGER
MILLER & AHUJA, LLP

7 s/ Timothy P. Dillon
8 Timothy P. Dillon, Esq.
9 Attorney for ALEX HAUA, et al.

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8 Attorney for Intervening Investors

9 **UNITED STATES DISTRICT COURT**
10 **SOUTHERN DISTRICT OF CALIFORNIA**

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 v.

15 LOUIS V. SCHOOLER and FIRST
16 FINANCIAL PLANNING
17 CORPORATION d/b/a WESTERN
18 FINANCIAL PLANNING
19 CORPORATION,

20 Defendants.

Case No.: 3:12-cv-02164-GPC-JMA

**DECLARATION OF ALAN NEVIN IN
SUPPORT OF INVESTORS'
OPPOSITION TO RECEIVER'S
MOTION FOR (A) AUTHORITY TO
CONDUCT ORDERLY SALE OF
GENERAL PARTNERSHIP
PROPERTIES; (B) APPROVAL OF PLAN
OF DISTRIBUTING RECEIVERSHIP
ASSETS; AND (C) APPROVAL OF
PROCEDURES FOR THE
ADMINISTRATION OF INVESTOR
CLAIMS**

21 Date: May 6, 2016

22 Time: 1:30 p.m.

23 Ctrm: 2D

24 Judge: Hon. Gonzalo P. Curiel

25 Case No.: 3:12-cv-02164-GPC-JMA

26
27
28 DECLARATION OF ALAN NEVIN IN SUPPORT OF INVESTORS' OPPOSITION TO RECEIVER'S MOTION FOR (A) AUTHORITY
TO CONDUCT ORDERLY SALE OF GENERAL PARTNERSHIP PROPERTIES; (B) APPROVAL OF PLAN OF DISTRIBUTING
RECEIVERSHIP ASSETS; AND (C) APPROVAL OF PROCEDURES FOR THE ADMINISTRATION OF INVESTOR CLAIMS

1 I, Alan Nevin, of San Diego, California, declare:

2 1. I am submitting this declaration in support of Investors' Opposition to
3 Receiver's Motion for (A) Authority to Conduct Orderly Sale of General Partnership
4 Properties; (B) Approval of Plan of Distributing Receivership Assets; and (C) Approval of
5 Procedures for the Administration of Investor Claims ("Liquidation Motion").

6 2. In my opinion, the Receiver's Motion to Pool is a liquidation plan for the 87
7 partnerships and the parcels of realty located in five geographic areas: Las Vegas, Reno,
8 San Diego, Santa Fe and Yuma.

9 **QUALIFICATIONS AS AN EXPERT WITNESS *SEC V. SCHOOLER***

10 3. Since 2013, I have been the Director of Economic and Market Research at
11 Xpera Group, where I provide residential and commercial real estate valuation, feasibility
12 and real estate advisory services and litigation support to the development, investment,
13 legal and public agency communities. I also write and publish a report each year on the
14 economic outlook for California real estate. My video presentation for California's
15 Economic Outlook for 2016 is available at the Xpera website at: XperaGroup.com.

16 4. I hold an M.A. in market/statistical research from Stanford University and an
17 M.B.A. with an emphasis on real estate from American University in Washington, D.C.

18 5. Between 1967 and 1969, I worked for Ernst & Ernst (later Ernst & Young) as
19 an economic research analyst in their Washington, D.C., offices.

20 6. Between 1969 and 1971, I worked for Gladstone Associates as an urban
21 economist in their Washington, D.C., offices, primarily working on real estate development
22 issues.

23 7. Between 1971 and 1974, I worked for the American Housing Guild (later
24 ConAm) as National Director of Market Research in San Diego, California.

25 8. Between 1974 and 1983, I worked for Sanford Goodkin and Associates as
26 Senior Vice President in their offices in Del Mar, California. I directed feasibility and
27
28

1 valuation studies for developers, property owners, lending institutions, litigation counsel,
2 and governmental clients throughout the United States.

3 9. Between 1983 and 1990, I worked for Con Am Securities Inc., first as
4 Executive Vice President (1983-1987) and then as President (1987-1990). I was
5 responsible for market research, real estate acquisition and development strategies for the
6 firm's nationwide multi-family portfolio, and managed investor relations for the firm's
7 limited partners. I created marketing campaigns and directed a \$400 million sales effort for
8 public and private offerings through Wall Street firms.

9 10. Between 1990 and 1991, I worked for Homefed Bank as Director of Real
10 Estate Research. I provided economic forecasting, demographic and market research
11 studies, portfolio analysis and disposition strategies for the Bank's \$10 billion plus bi-
12 coastal asset management, lending and development portfolio. I also served on the
13 Investment Committee of HomeFed Trust Co. and as advisor to the Bank's appraisal
14 department.

15 11. Between 1992 and 1997, I worked for Con Am Economic Research as
16 Managing Director and Chief Economist. At the time, Con Am Research provided a broad
17 range of economic and demographic research, real estate feasibility studies, development
18 impact studies, due diligence and litigation support to the private and public sector. The
19 firm developed specific expertise in fiscal impact analysis and investment forecasting and
20 developed a proprietary acquisition/disposition model ranking multi-family investment
21 potential for 60 major metropolitan areas.

22 12. From 1997 to mid-2011, I worked for MarketPointe Realty Advisors where I
23 provided residential and commercial real estate valuations, economic damage analysis and
24 diminution of value, market and financial analyses of real estate developments and
25 investments, fiscal impact and redevelopment area studies, and portfolio acquisition and
26 disposition strategies.

1 13. Between mid-2011 and mid-2013, I was Research Director at London Group
2 Real Estate Advisors, where I prepared studies of real estate developments and investments
3 and served as an expert witness in numerous litigation matters.

4 14. Between 1983 and 2009, I taught development feasibility in the extension
5 schools of University of California in San Diego (“UCSD”) and taught appraisal and
6 development feasibility at San Diego State University. I regularly chaired seminars on
7 apartment investments and real estate forecasting. My course on the future of the California
8 economy was offered each spring at UCSD. I am a co-founder of the UCSD Economics
9 Roundtable.

10 15. I also present lectures on the economy 30-40 times annually throughout
11 southern California, many of them to realtors, title company representatives and real estate
12 developers. Through my lectures at the Pacific Southwest Association of Realtors I have
13 become known to the realty community that services the eastern areas of San Diego
14 County. My most recent presentation to PSAR was one month ago.

15 16. I have been a general partner in more than three dozen real estate
16 developments throughout the county from 1974 through 2007 including development of
17 commercial and residential projects. The residential projects included development of
18 custom homes, apartments and condominiums and the conversion of apartments to
19 condominiums. The developments in which I was a general partner total more than a
20 quarter billion dollars. Since 2005, I have been a featured columnist in the San Diego Daily
21 Transcript writing on real estate and economic issues as well as legislation affecting real
22 estate and land and home prices and more recently in the Los Angeles Daily Journal.

23 17. I am widely quoted on the San Diego economy regarding real estate and
24 economic matters and regularly appear on local radio and television broadcasts.

25 18. I am a contributor to the California Builder Magazine, the San Diego County
26 Apartment Association Magazine and other publications.

27 19. My book “The Great Divide” will be published this summer. It describes the
28 economic and real estate future of growing metropolitan areas, including San Diego.

1 20. On November 11, 2004, both the City of San Diego and the County of San
2 Diego designated Alan Nevin Day for my contributions to the community

3 21. I am a member of the San Diego County Apartment Association, Urban Land
4 Institute, National Association of Industrial and Office Producers and the Building Industry
5 Association of San Diego.

6 22. I am an elected member of Lambda Alpha, an international honorary society
7 for professionals in the land use industry. I have been President of the San Diego chapter
8 and currently am editor of their international newsletter.

9 23. As a real estate consultant, I have completed studies throughout San Diego
10 County, including studies in Jamul and Honey Springs, and throughout the Mountain
11 Empire. Virtually all of those studies involved a determination of land use and the
12 possibilities for government approval of projects.

13 24. During the past five years, I have completed three development feasibility studies
14 in Yuma County, all related to client-proposed projects. During the course of the studies, I
15 completed an in-depth analysis of the Yuma County economy, including population trends,
16 employment, housing and land use trends. During each of those studies, I traveled to Yuma
17 and spoke with a number of persons who were engaged in the real estate business and with
18 persons in the planning departments of the local government. 25. Since the mid-1970s, I
19 have been providing real estate development feasibility studies in the Las Vegas
20 metropolitan area and have had an ownership interest in multiple Las Vegas development
21 properties since the early 1980s. My studies inevitably involve an in-depth analysis of the
22 Las Vegas economy and its real estate markets. My clients are typically real estate
23 developers and investors.

24 26. Over the past quarter century, I have prepared market studies on more than a
25 dozen real estate development and investor-owned properties in the Reno area, including
26 several land development projects.

1 27. Over the past quarter century, I have been involved in several real estate and
2 apartment development projects in the greater Albuquerque area a few of them relating to
3 land development.

4 28. The market studies I complete inevitably have a valuation component as do
5 the litigation assignments. In the market studies, our clients typically want to know the
6 value of their land and the type of development that will optimize their return on
7 investments. In the litigation arena, my research often requires me to determine land value
8 as a conduit to determining economic losses.

9 29. As part of my practice, I have been designated as an expert witness in real
10 estate matters in more than 100 cases, most of them related to real estate issues within San
11 Diego County, but approximately 15-20% of them involved cases outside of San Diego
12 and approximately 7-10% involved cases outside of California. The valuation of the
13 property has arisen as an issue in virtually all of those cases. Attached hereto and
14 incorporated by reference as **Exhibit “6”** is a list of those cases.

15 30. My most recent cases involving land and real estate development in East
16 County were in 2014-2015 (*Pointe SDMU v. County of San Diego* and *GM v Boekamp*).

17 31. I have also served as an expert witness in cases outside of San Diego and
18 outside of California, including Las Vegas and Washington, D.C. I have been an expert
19 witness in several cases in Las Vegas, most recently a case involving the development and
20 valuation of several parcels of developable land on the Las Vegas Strip (*Nassiri v. NDOT*).
21 Another recent case involved economic damages relating to a property in the City of North
22 Las Vegas (*Lee v. City of North Las Vegas*).

23 32. Attached hereto and incorporated herein by reference as **Exhibit “1”** is the
24 report for the properties in the Las Vegas area, which are known as Las Vegas 1, Las Vegas
25 2 and LV Kade. Exhibit “1” was primarily prepared by me. I reviewed Exhibit “1” and
26 discussed the information with Neal Singer. I provided input on the various findings and
27 recommendations and agree with the conclusions set forth therein.

33. Attached hereto and incorporated herein by reference as **Exhibit “2”** is the report for the properties in the Reno area, which are known as Dayton I, II, III, and IV, Fernley I, Minden, Silver Springs North and South, Stead, and Washoe 1, 3, 4, and 5. Neal Singer primarily prepared Exhibit “2” and discussed the information with me. I provided input on the various findings and recommendations and we discussed the conclusions set forth therein.

34. Attached hereto and incorporated herein by reference as **Exhibit “3”** is the report for the properties in the San Diego area known as Bratton Valley, Jamul Valley, and Tecate. Exhibit “3” was primarily prepared by me. I reviewed Exhibit “3” and discussed the information with Neal Singer. I provided input on the various findings and recommendations and agree with the conclusions set forth therein.

35. Attached hereto and incorporated herein by reference as **Exhibit “4”** is the report for the property in the Santa Fe area known as Santa Fe. Exhibit “4” was primarily prepared by me. I reviewed Exhibit “4” and discussed the information with Neal Singer. I provided input on the various findings and recommendations and agree with the conclusions set forth therein.

36. Attached hereto and incorporated herein by reference as **Exhibit “5”** is the report for the properties in the Yuma area known as Yuma I, II, and III. Exhibit “5” was primarily prepared by me. I reviewed Exhibit “5” and discussed the information with Alan Nevin. I provided input on the various findings and recommendations and agree with the conclusions set forth therein.

37. I personally prepared the reports for the properties in the San Diego area (known as Bratton Valley, Jamul Valley, and Tecate), the Las Vegas area (known as Las Vegas 1, Las Vegas II, and LV Kade), the Santa Fe area and the Yuma area (known as Yuma I, II, and III).

38. In connection with the reports attached hereto as Exhibits 1, 3, 4, and 5, I discussed with, consulted with and obtained input from Neal Singer regarding the factual bases and tentative opinions for those reports before stating my final opinions in those

1 reports. In connection with the report attached hereto as Exhibit 2, I discussed with,
2 consulted with and provided input to Neal Singer regarding his factual bases and tentative
3 opinions regarding those properties before he stated his final opinions in that report.

4 39. The factual statements and opinions contained in Exhibits 1 through 5
5 correctly state the factual bases for my opinions and those opinions regarding the properties
6 subject to those reports.

7 40. If called as an expert witness in this case, I would testify to my qualifications
8 as stated in this declaration, the investigation which Neal Singer and I undertook regarding
9 the properties that are the subject of the reports, and the background facts, factual bases,
10 and opinions stated in the reports attached as Exhibits 1 through 5 and any other relevant
11 information regarding the investigation I undertook in reaching the opinions set forth in
12 those reports.

13 Executed this 15th day of April 2016, at San Diego, California.

14 I declare under penalty of perjury under the laws of the United States that the
15 foregoing is true and correct.

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Alan Nevin

EXHIBIT “1”



Las Vegas Property Analysis SEC v. Schooler

April 14 2016



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Introduction

The Las Vegas properties (Las Vegas 1 and 2 and LV Kade) are held by nine partnership. The properties are in two locations: four are in the area of the Las Vegas Speedway in the northeast section of the Las Vegas metropolitan area. The other is at the northeast corner of the Rainbow Blvd. and Vegas Drive in northwest Las Vegas near the Summerlin new town.



Properties and Partnerships Las Vegas SEC v Schooler

Properties	Partnership
Las Vegas 1	Park Vegas Partners
Las Vegas 1	Production Partners
Las Vegas 1	Silver State Partners
Las Vegas 2	Rainbow Partners
Las Vegas 2	Horizon Partners
LV Kade	Hollywood Partners
LV Kade	BLA Partners
LV Kade	Checkered Flat Partners
LV Kade	Victory Lap Partners



Purpose of Report

We were asked to review five open space properties in the greater Las Vegas area that are commonly referred to in the SEC v. Schooler matter as Las Vegas 1, Las Vegas 2 and LV Kade.

The purpose of this report is to determine an estimate range of values for the Las Vegas properties and to develop a strategy for their future.

During the course of this report, we reviewed documentation provided to us by counsel and compiled data on the state of the economy, sale of raw land in the vicinity of the subject properties and discussed property matters with persons of knowledge in the Las Vegas area, including professionals in the private and public sector.

Mr. Nevin traveled to and walked each of the properties in the portfolio in Las Vegas and the areas surrounding each property. All of the properties were visible and accessible.

Consultant Background

The author of this report, Alan Nevin, has been providing real estate development feasibility studies and valuations in the Las Vegas metropolitan area since the mid-1970's and has had an ownership interest in multiple Las Vegas development properties since the early 1980's.

The author's studies inevitably involve an in-depth analysis of the Las Vegas economy and its real estate markets. His clients are typically real estate developers and investors.

Mr. Nevin has been an expert witness in several litigation matters in Las Vegas, most recently a case involving the development and valuation of several parcels of developable land on the Las Vegas Strip (Nassiri v NDOT).



Another recent case involved economic damages relating to a property in the City of North Las Vegas (Lee vs. City of North Las Vegas). Four of the subject properties are in the City of North Las Vegas.

Mr. Nevin's book "The Great Divide" will be published this summer. It describes the economic and real estate future of growing metropolitan areas, including Las Vegas.



Section 1: State of the Local Economy

In this section, we will discuss the population and employment trends in Las Vegas (Clark County). The Las Vegas metropolitan area experienced a major decline in employment growth and housing prices during the recent recession but is now recovering at an acceptable pace.

Population Change

The population over the past five years has increased by 167,000 persons, an average of more than 33,000 persons annually.

Population Change Las Vegas Metropolitan Area (Clark County) 2010-2015						
Population	2010	2015	Change	Change %	Change	Change %
	1,951,269	2,118,353	167,084	8.6%	33,417	1.7%
Source: Nevada Demographic Department						

The most recent spurt of population is anticipated to slow dramatically during the next 20 years according to the state's demographic projections. During the next 20 years, the rate of growth is anticipated to decline by more than half, with annual gains slowing to approximately 15,000 persons annually.

The slow-down is primarily due to a decline in in-migration to the community and a decline in the rate of job growth. The projected growth path of 14,831 annually indicates a continuing growth of the economy.



Population Projections Las Vegas Metropolitan Area (Clark County) 2015-2034						
Population Projections	2015	2034				
	2,118,353	2,400,141	281,788	13.3%	14,831	0.7%
Source: Nevada Demographic Department						

Employment Change

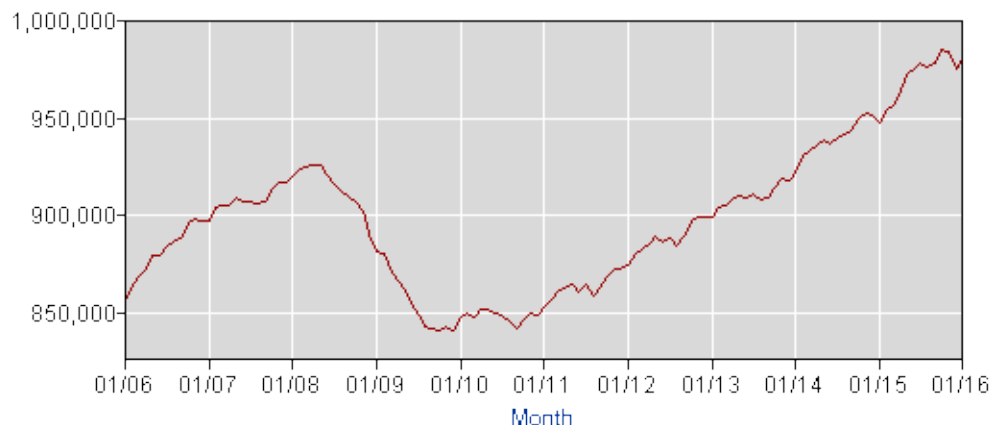
After a major set-back in employment during the recent recession, employment has gradually increased at a pace of more than 24,000 jobs annually, adding 122,000 jobs since 2010. In 2016, the metropolitan area is anticipated to reach the 1,000,000 job level.

Employment Change Las Vegas Metropolitan Area (Clark County) 2015-2034						
Employment	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
	848,573	971,055	122,482	14.4%	24,496	2.9%
Source: Bureau of Labor Statistics						

It is notable that total employment in Las Vegas dipped severely in the 2008 through 2010 period, but has since increased substantially, far surpassing the last peak in 2008.



employment



The unemployment rate has declined dramatically since peaking in 2010 at 13.9%. Since then, the unemployment rate has been halved and at the end of 2015 stands at 6.2%.

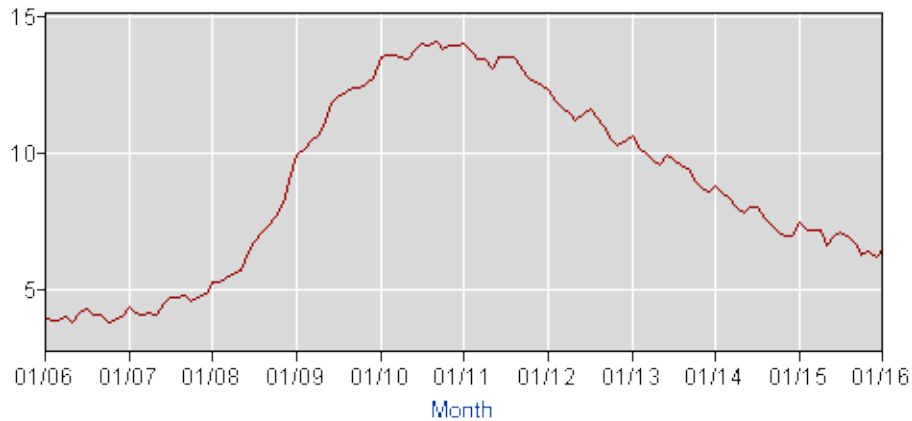
Unemployment Rate Las Vegas Metropolitan Area (Clark County) 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	13.9%	12.5%	10.4%	8.6%	7.0%	6.2%

Source: Bureau of Labor Statistics

Similarly in a reverse pattern, the unemployment rate peaked in 2010-2011 and has since subsided to the current level.



unemployment rate



Gaming and tourism remain the central core of the economy and is at a stable level of \$9.0 billion annually, as noted in the exhibit below.

Gaming Revenues Las Vegas Metropolitan Area (Clark County) 2010-2015						
Gaming Revenues (000,000)	2010	2011	2012	2013	2014	2015
Revenue	\$ 8,408	\$ 8,726	\$ 8,851	\$ 8,975	\$ 9,228	\$ 9,171
Change	n/a	\$ 318	\$ 125	\$ 124	\$ 253	\$ (57)
% change	n/a	3.8%	1.4%	1.4%	2.8%	-0.6%
Source: Nevada Gaming Commission						

Room night occupancies are gradually increasing and totaled almost 48 million in 2015 with an 87.7% occupancy rate, the highest since the recession.

Las Vegas remains the No. 1 tourism market in the Nation, with the most rooms (150,000) and the highest occupancy rates, far outpacing Orlando and other tourism meccas.



Room Night Occupancies Las Vegas Metropolitan Area (Clark County) 2010-2015						
Room Night Occupancies (000)	2010	2011	2012	2013	2014	2015
Total Room Nights	43,365	45,654	46,479	46,191	47,497	47,896
Change	n/a	2,289	825	(288)	1,306	399
% Change	n/a	5.3%	1.8%	-0.6%	2.8%	0.8%
Occupancy Rate	80.4%	83.8%	84.4%	84.3%	86.8%	87.7%

Source: Las Vegas Convention and Visitors Bureau

Residential Construction

A major cause of the Las Vegas recession was the decline in the production of new homes and apartments, after a five-year period of ebullient production. Since 2010, the production has more than doubled and has achieved the 10,000 unit range during the past two years. At the level of production, the market is in equilibrium.

Residential Construction (Units Permitted) Las Vegas Metropolitan Area (Clark County) 2010-2015						
Residential Construction						
Total Units	2010	2011	2012	2013	2014	2015
Total	5,474	5,147	7,375	8,573	10,036	10,593
Single Family	4,623	3,817	6,108	7,067	6,809	7,798
Multi-Family	851	1,330	1,267	1,506	3,227	2,795

Source: Census.Gov

Indicative of the return to economic health, the price of existing single family homes has increased by 57% since 2010, most of that gain occurring in the past three years. In 2015, the average sale price was \$220,000.



Existing Single Family Home Prices Las Vegas Metropolitan Area (Clark County) 2010-2015						
Single Family Home Prices	2010	2011	2012	2013	2014	2015
Median Price	\$ 140,000	\$ 124,000	\$131,000	\$ 175,000	\$198,000	\$ 220,000
Annual Change	n/a	\$ (16,000)	\$ 7,000	\$ 44,000	\$ 23,000	\$ 22,000
% Change 2010-2015						57.1%
Source: Greater Las Vegas Association of Realtors						

Las Vegas will continue to grow at a very acceptable pace and continue the expansion of the tourism and visitor marketplace. As a result, there will be continuing demand for industrial space that services a growing population and tourism.

As the supply of vacant well-located industrial land is rapidly being exhausted, the demand for land of that type will grow, as will the price of that land.

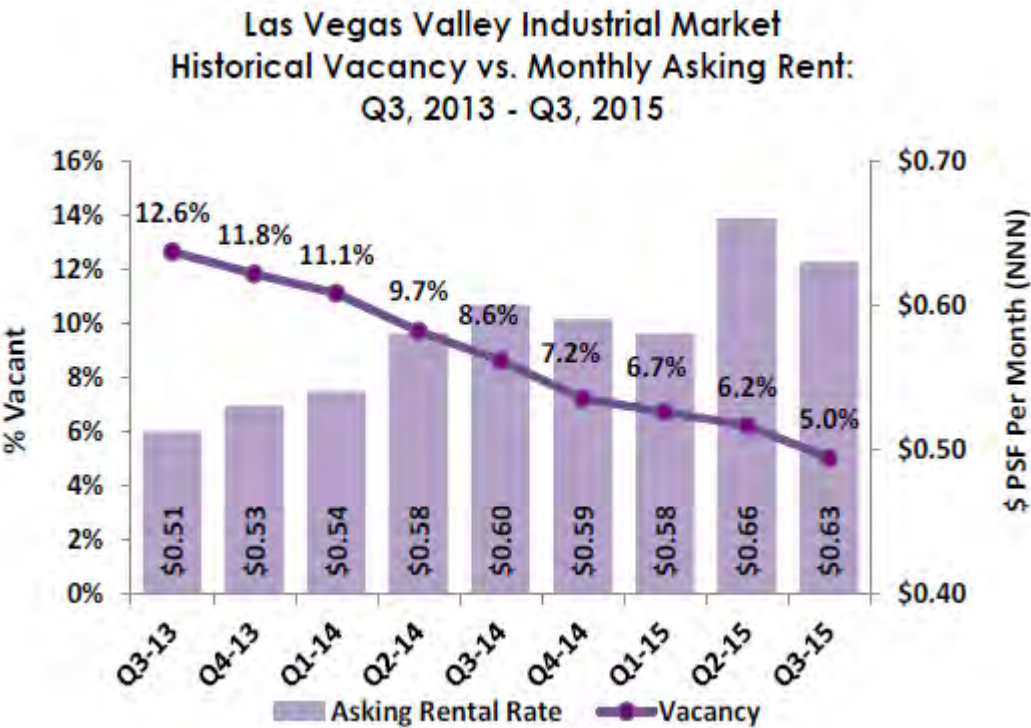
Overall, we are convinced that Las Vegas will remain one of the Nation's most successful economies.



Section 2: Las Vegas Industrial and Commercial Land Markets

Four of the five partnership properties are industrially zoned. Therefore, we have focused on the industrial land market in Las Vegas.

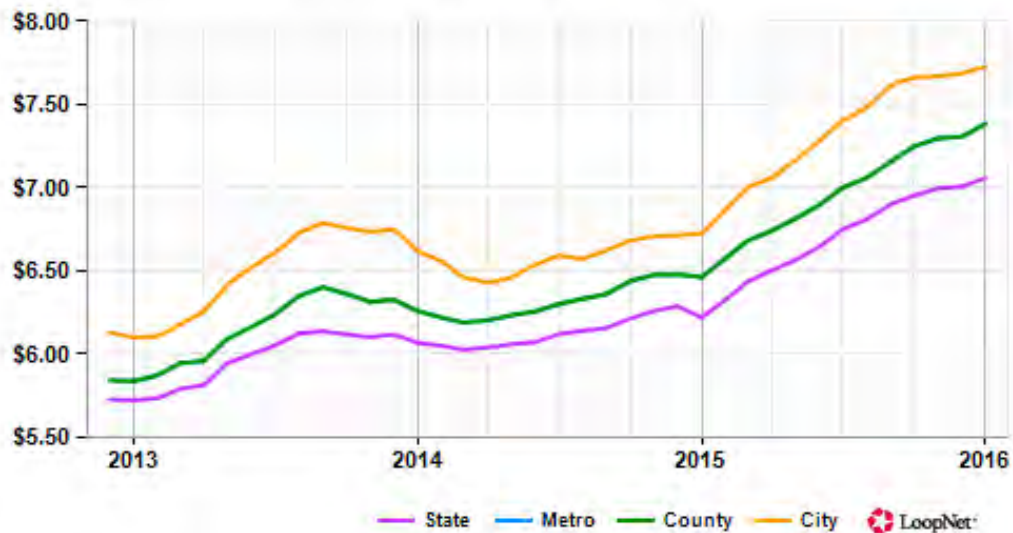
The industrial land market in Las Vegas is gaining in strength on a regular basis and has seen its vacancy rate decline from 12.6% in the 3rd quarter of 2013 to 5.0% in the 3rd quarter of 2015. In the same vein, the asking rent has moved upward in that same time frame from 51 cents to 63 cents per square foot per month (triple net). On balance, the market is strong and healthy.



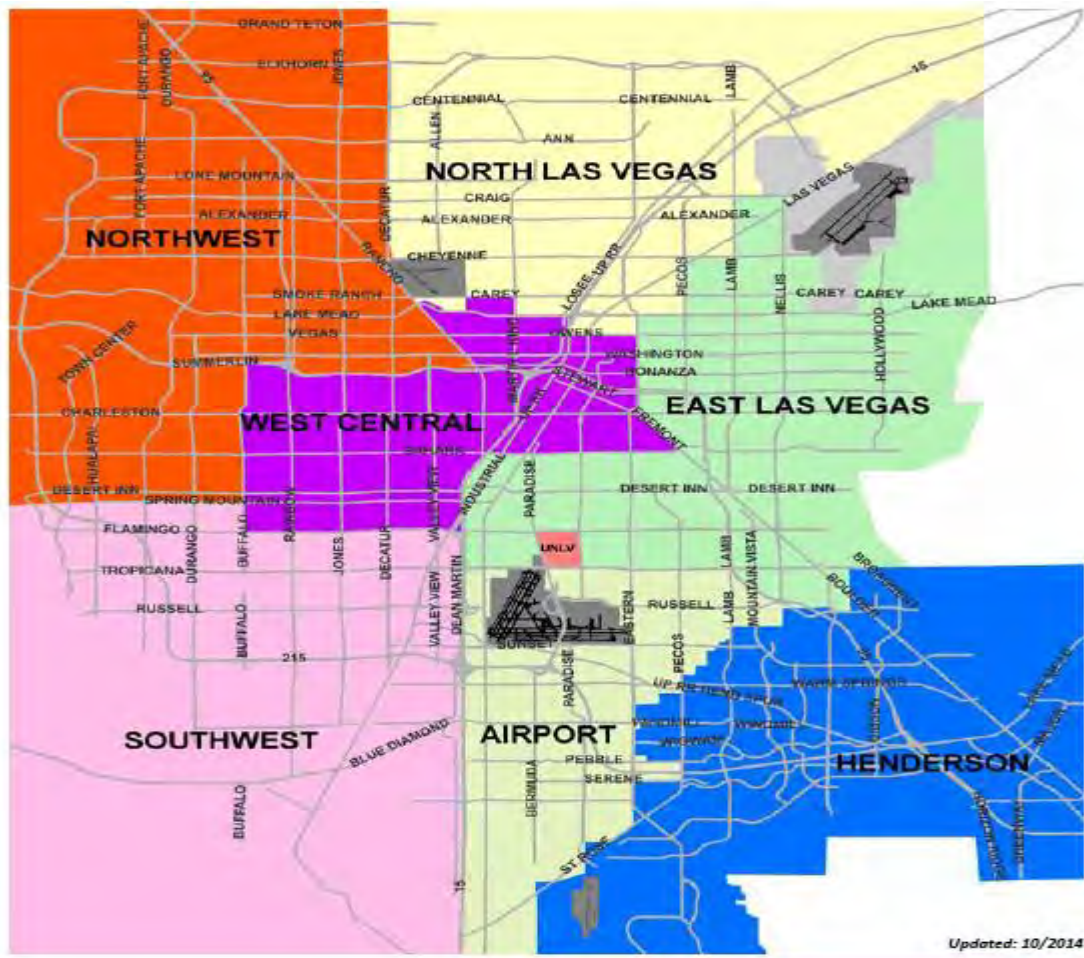
The graph on the following page clearly shows the upward path of rents for industrial space in the Las Vegas area;



Asking Rent Industrial for Lease Las Vegas, NV (\$/SF/Year)



The LEID Institute at the University of Nevada Las Vegas segments the industrial market into seven geographic market areas. The subject properties are in the **North Las Vegas** sector near Nellis Air Force Base and the Las Vegas Speedway, as noted on the map below:



The Las Vegas industrial property market has more than more than 100 million square feet of rentable space. That excludes owner-occupied space.

Of that total 1/3rd is in North Las Vegas, much of it surrounding the Las Vegas Speedway. North Las Vegas has the lowest vacancy rate in the metropolitan area, a meager 3.5%.

Currently, there is almost 600,000 square feet of space under construction with another 2.5 million square feet in planning. The space under construction and in planning will add 10% to the existing inventory. Reportedly, much of the space under construction is pre-leased.



Industrial Market Matrix									
Las Vegas, Nevada									
Third Quarter, 2015									
SUBMARKETS									
TOTAL INDUSTRIAL MARKET	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals	
Number of Properties	501	149	534	1,016	81	1,280	648	4,209	
Total Rentable SF	14,320,625	2,823,817	13,096,916	32,709,422	1,336,299	33,873,535	12,016,433	110,177,047	
Total Vacant SF	1,145,733	178,334	641,353	1,137,484	80,680	1,799,200	542,468	5,525,252	
Total Occupied SF	13,174,892	2,645,483	12,455,563	31,571,938	1,255,619	32,074,335	11,473,965	104,651,795	
Total Vacant (%)	8.0%	6.3%	4.9%	3.5%	6.0%	5.3%	4.5%	5.0%	
Completions QTD	193,000	0	0	553,700	0	685,000	0	1,431,700	
Completions YOY	193,000	0	28,000	1,017,903	0	736,502	0	1,975,405	
Total Net Absorption QTD	373,176	63,132	55,782	1,043,419	29,721	872,081	197,535	2,634,846	
Total Net Absorption YOY	875,947	109,020	156,761	2,236,289	94,185	1,970,583	311,340	5,754,125	
Asking Rents (\$ PSF)	\$0.76	\$0.32	\$0.62	\$0.44	\$0.69	\$0.70	\$0.79	\$0.63	
Under Construction SF	0	693,050	232,826	576,880	0	773,280	0	2,276,036	
Planned SF	0	787,760	1,141,610	2,490,910	0	1,541,422	153,320	6,115,022	



The Las Vegas Speedway

The 1,500-acre Las Vegas Speedway is located at the intersection of I-15 and Speedway Blvd. It was opened in 1996 and the main raceway seats 116,000 persons. It has become a mecca for racing, second to only the Indianapolis Raceway.

Surrounding the Speedway are some 3,000,000 square feet of industrial space, much of it occupied by firms associated with racing. Because the Speedway area has a substantial number of parcels zoned M-1 and M-2 (industrial) it has attracted a number of firms that service Las Vegas' massive hotel/tourism market.

Among the firms that now call Speedway home are Sysco, MeadowGold and Nicholas and Company.

- Sysco has a 700-employee 278,000 square foot distribution center;
- MeadowGold has a 70,000 square foot \$40 million milk product plant; and
- Nicholas and Company has a 183,000 square foot food distribution facility that is poised to expand to 400,000 square feet.

The area available for industrial development is limited by the substantial acreage (1,500 acres) owned by the Speedway, Nellis Air Force Base to the South and North (14,000 acres) and mountains surrounding the entire area to the north.

This once major industrial land base is being absorbed. It is likely that within the next ten years, most of the industrial lands adjacent to the Las Vegas Speedway will be built out.

The next available area for new industrial development is 12 miles north of Speedway Blvd. in the **Apex Industrial Park**. In that area, there are plans to



develop a Chinese-funded automobile plant for a vehicle called the Faraday Future.

Apex Industrial Park

The Apex Industrial Park is a 10,000-acre parcel 12 miles north of Speedway Blvd. At Apex, there are plans to develop a Chinese-funded automobile plant for a vehicle called the Faraday Future. The 3.0 million square foot plant will cost approximately \$1.0 billion. The state has offered the same type of subsidies that convinced Tesla to build its 6,000+ employee Gigabattery Factory in the Reno/Sparks area.

It has recently been announced that HyperLoop Technology will develop a test facility for a futuristic train system at the Apex Industrial Park. The Propulsion Open Air Test Facility is anticipated to test trains that reach 750 miles per hour and eventually travel from Los Angeles to Las Vegas in 30 minutes.

Recent and Active Industrial Land Sales

In order to determine an estimated range of value for the subject properties in the Las Vegas Speedway area, we compiled data on active and sold properties both in the Speedway area and the industrial area immediately to the south of Nellis Air Force Base (about a five-minute drive south of the subject properties). In that area, the average was \$4.34 per square foot or \$189,000 per acre.

The range of values was from \$3.10 to \$5.44 per square foot in the Speedway area (\$151,153 to \$250,470 per acre); and

\$3.47 to \$5.75 per square foot in the area south of Nellis Air Force Base (\$135,036 to \$236,966 per acre).

In all cases, the price relates to raw level land, zoned industrial, and accessible to wet and dry utilities.



Industrial Land Sales North Las Vegas as of April 1 2016										
Location	Broker	Agent	Phone	Zoning	APN	Acres	Price	\$/Acre	\$/Sq.Ft.	Date Sold
North Las Vegas - Speedway Area										
Ann & sban	CBRE	Kevin Higgins	162-01-201-00	M-2		111.000	\$ 15,000,000	\$ 135,135	\$ 3.10	Active
I-15 & Speedway	Berkshire Hathaway	Mason Harvey	702-376-6789	M-2	122-08-010-002	351.000	\$ 49,000,000	\$ 139,386	\$ 3.20	Active
NWC LV Blvd. & Hollywood	Colliers	Vincent Schettler	702-735-5700	Ind	123-34-601-001	57.000	\$ 8,500,000	\$ 149,123	\$ 3.42	Active
Iv blvd near Mt. Hood	Colliers	Vincent Schettler	702-735-5700	M-1	123-34-701-001	9.870	\$ 1,600,000	\$ 162,107	\$ 3.72	Active
NEC Mt. Hood & El Campo Grande	Tru-West	Christina Lo	702-222-1414	Ind	123-27-701-004	10.000	\$ 1,850,000	\$ 185,000	\$ 4.25	Active
3940 E. Lone Mountain Rd.	NGKF	Ben Mills	702-733-7500	Ind	123-31-801-001	10.000	\$ 2,000,000	\$ 200,000	\$ 4.59	Sep-15
6000 Donovan Road	Colliers	Brian Rifel	702-735-5700	Ind	123-31-402-004	13.550	\$ 2,800,000	\$ 206,642	\$ 4.74	Sep-15
Tropical & Range	Colliers	Michael DeLew	702-836-3736	M-2		18.240	\$ 3,837,601	\$ 210,395	\$ 4.83	Active
I-15 & I-215	Colliers	Greg Pancirov	702-339-3734	M-2	123-28-101-1-19	22.450	\$ 4,725,000	\$ 210,468	\$ 4.83	Active
6200 Range Road	Colliers	Greg Pancirov	702-339-3734	M-2	123-28-101-008	22.000	\$ 4,723,363	\$ 214,698	\$ 4.93	Active
NWC Washburn & Mt. Hood	Berkshire Hathaway	Mason Harvey	702-376-6789	Ind		10.350	\$ 2,250,000	\$ 217,391	\$ 4.99	Active
I-15 & 215	Brass Cap	Tim Castello	702-604-8742	C-2	123-28-501-001,2,3,	14.770	\$ 3,500,000	\$ 236,967	\$ 5.44	Active
Average									\$ 4.34	
North Las Vegas - South of Nellis AFB										
N. Nellis Blvd. @ Geist Ave.	Pro Commercial	Gary Burgher	702-222-3939	Ind	140-17-611-009	1.390	\$ 210,072	\$ 151,131	\$ 3.47	Feb-16
N. Nellis Blvd. & Alto Ave.	Albright Callister	Paul Callister	702-732-1000	Ind	140-17-611-005	2.780	\$ 490,000	\$ 176,259	\$ 4.05	Jun-15
4955 Cecile Ave./2970 Lamong	Jack Holler	Jack Holler	702-433-1551	Ind	140-17-601-002	3.430	\$ 650,000	\$ 189,504	\$ 4.35	Jul-15
Las Vegas & Gowan	Logic	Adam Malan	702-888-3501	Ind	140-07-701-015	9.370	\$ 1,885,840	\$ 201,264	\$ 4.62	Feb-16
Las Vegas & Gowan	Logic	Adam Malan	702-888-3500	Ind	140-07-701-001	23.890	\$ 4,808,188	\$ 201,264	\$ 4.62	Feb-16
N. Lamb Blvd.	Wardley RE	LJ Wardley	702-256-4900	Ind	140-17-301-002	4.380	\$ 952,000	\$ 217,352	\$ 4.99	Oct-15
Las Vegas & Gowan	Logic	Adam Malan	702-888-3502	Ind	140-07-701-010	3.000	\$ 751,410	\$ 250,470	\$ 5.75	Feb-16
Average									\$ 4.52	

Source: CoStar, Loopnet, Agent web-sites, Agents



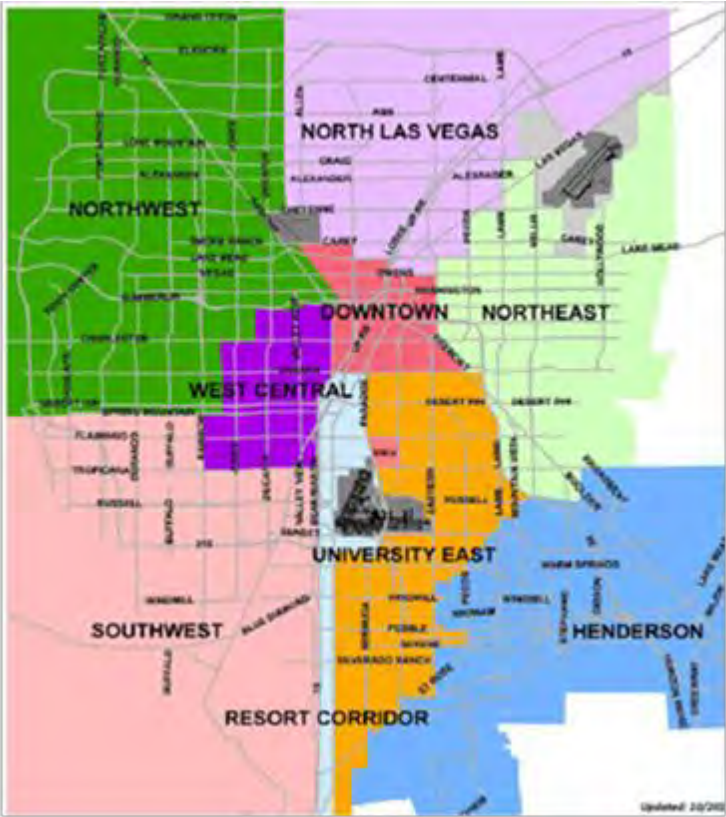
The Retail Space Market in Las Vegas

The subject property ((Las Vegas 2) is currently zoned residential, but is clearly a retail site because of its major street frontage location and adjacency of commercial uses, therefore we include here a snapshot of the retail market in Las Vegas.

The retail space market in Las Vegas suffered substantially during the recession as a result of reduced gaming revenues and employment as well as a substantial home foreclosure experience. The market has returned to near normalcy, especially in the near-in suburbs, particularly those with newer higher end housing.

The overall retail vacancy rate in the third quarter of 2015 was 11.4% area-wide. The northwest quadrant (the subject property is in that quadrant) had a vacancy rate of 9.4%.

In the northwest quadrant, a quarter of a million square feet of retail space was absorbed in the past year, indicating a strengthening of that sector of the market.






Anchored Retail Market Matrix										
Las Vegas, Nevada										
Third Quarter, 2015										
SUBMARKETS										
TOTAL RETAIL MARKET	Downtown	Henderson	North Las Vegas	Northwest	Southwest	University East	West Central	Totals		
Number of Properties	9	54	27	21	59	40	34	287		
Total Rentable SF	1,105,851	8,680,068	4,910,743	2,542,317	10,810,588	6,050,227	4,379,055	44,262,684		
Total Vacant SF	158,566	1,043,090	620,559	109,934	1,018,762	372,074	617,973	5,033,768		
Total Occupied SF	907,285	7,636,978	4,290,184	2,432,383	9,791,826	5,411,761	3,761,082	39,228,916		
Total Vacant (%)	14.0%	12.0%	12.6%	4.3%	9.4%	17.4%	14.1%	11.4%		
Completions QTD	0	0	0	0	0	0	0	0		
Completions YTD	0	0	0	0	222,000	0	0	222,000		
Total Net Absorption QTD	11,211	42,153	26,485	29,879	48,317	85,581	54,378	238,126		
Total Net Absorption YTD	44,371	96,768	44,950	32,207	293,660	46,874	25,791	38,221		
Avg Rent (\$ PSF)	\$0.67	\$1.38	\$1.02	\$1.15	\$1.15	\$1.40	\$0.91	\$1.03		
Under Construction SF	0	0	0	0	80,000	190,000	0	270,000		
Planned SF	0	0	0	0	225,000	0	0	225,000		



The price of commercial land has a broad range of pricing, relating to its location, access, traffic count and quality of neighborhood. The following exhibit notes the broad range of pricing per square foot, for both commercial and industrial land. The data was obtained from several credible sources: CoStar, Loopnet and national brokerage firms.

Land Sales (Active & Sold) Area of Rainbow Blvd. & Vegas Drive 2015-2016						
Location	Zoning	Acres	Price	\$/Acre	\$/Sq.Ft.	Date Sold
Lamb & Las Vegas Blvd.	Coml	2.4	\$ 390,000	\$ 161,157	\$ 3.70	2/2016
1841 N. Decatur	Coml	2.2	\$ 450,000	\$ 208,333	\$ 4.78	Active
5055 N. Rainbow	Coml	2.3	\$ 1,197,028	\$ 522,720	\$ 12.00	Active
Craig & I-95	Coml	1.8	\$ 961,805	\$ 522,720	\$ 12.00	Active
Maryland & Cactus	Coml	1.2	\$ 770,000	\$ 663,793	\$ 15.24	Active
1775 N. Rancho	Coml	1.3	\$ 990,000	\$ 792,000	\$ 18.18	Active
Owens & Lamb	Coml	2.1	\$ 575,000	\$ 268,692	\$ 6.17	Active
4859 East Owens Ave.	MF	1.7	\$ 295,000	\$ 177,711	\$ 4.08	Active
Vegas Drive & Rainbow	MF	7.1	\$ 2,700,000	\$ 380,818	\$ 8.74	12/2015
El Capitan & Iron Mountain	Resl	1.3	\$ 175,000	\$ 140,000	\$ 3.21	Active
264 Welpman Way	Resl	1.1	\$ 195,000	\$ 171,053	\$ 3.93	3/2016

Source: CoStar, Loopnet, Agent web-sites, Agents



The land in the exhibit is all suburban. Land in and near the Las Vegas Strip is considerably more expensive.



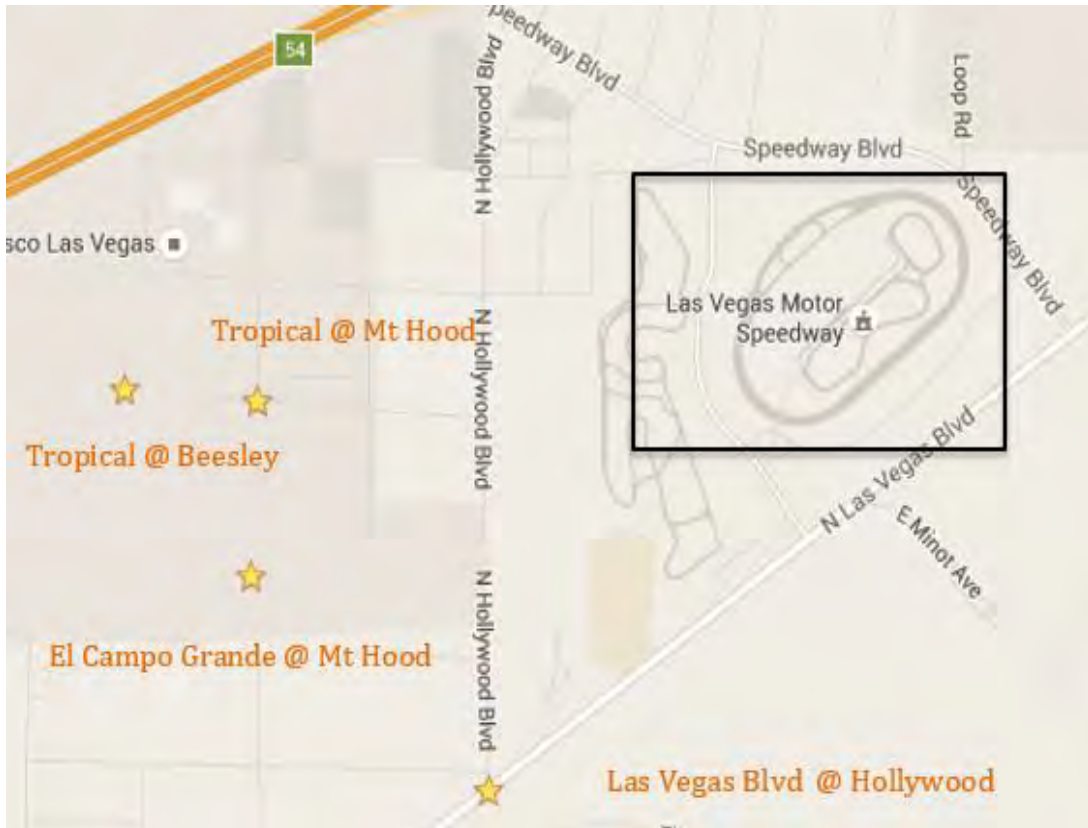
Section 3: Description of Las Vegas Partnership Properties and Historic Values and Letters of Opinion

The exhibit below details the five Las Vegas properties, noting their locations, acreage and locational factors:

Summary of Properties Las Vegas SEC v. Schooler									
Geographic Area	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas
Partnership Name	LV Kade	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 2
Owner Name	Hollywood Partners 25%	Production Partners	Park Vegas Partners	Park Vegas Partners	Park Vegas Partners	Park Vegas Partners	Silver State Partners	Horizon Partners 50% Rainbow Partners 50%	
	BLA Partners 25%								
	Checkered Flag Partners 25%								
	Victory Lap Partners 25%								
Date Acquired	1996-1998	1987	1983	1983	1983	1985			34516
Years Held in Partnership	17	28	33	33	33	31			19
Locale of Property	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas
Jurisdiction	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.
Assessor's Parcel Number	123-34-601-001	123-27-801-001	123-27-301-003	123-27-301-002	123-27-301-001	123-27-701-001	138-23-401-001		
Acreage	53.94	36.45	4.02	4.02	8.97	4.62			
Nearest Intersection	NWC Washburn & Mt. Hood	Ann Rd. & Mt. Hood St.	Tropical Pkwy. & Beesley Dr.	Tropical Pkwy. & Beesley Dr.	Tropical Pkwy. & Mt. Hood	Rainbow Blvd. & Vegas Dr.			
Property Condition	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land
Topography	Level	Level	Level	Level	Level	Level	Level	Level	Level
Zoning	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Low density apts.	
Neighborhood	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Retail	
Surrounding									
Recent development in immediate area	Substantial industrial	Substantial industrial	Substantial industrial	Substantial industrial	Substantial industrial	Substantial industrial	Substantial industrial	Area Built-Out	
Distance from Downtown of Metropolitan Area	10 miles	11 miles	12 miles	13 miles	14 miles	1 mile to Summerlin			
In Path of Near-Term Development	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes



**Las Vegas 1 and LV Kade Properties
Las Vegas Speedway Area
(Stars identify specific location)**





**Las Vegas 2 Property
Intersection of Rainbow Blvd. & Vegas Drive
City of Las Vegas**





Appraisals and Opinion of Value – Las Vegas Properties

In the following exhibit, there is a summary of appraisals, opinions of value, listings and applications for listings for the five properties.

Summary of Valuations and Opinions Las Vegas Properties SEC v. Scholler									
Geographic Area	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas
Partnership Name	LV Kade	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 2
Owner Name	Hollywood Partners 25%	Production Partners	Park Vegas Partners	Park Vegas Partners	Park Vegas Partners	Park Vegas Partners	Silver State Partners	Horizon Partners 50%	Rainbow Partners 50%
	BLA Partners 25%								
	Checkedered Flg Partners 25%								
	Victory Lap Partners 25%								
Assessor's Parcel									
Number	123-34-601-001	123-27-801-001	123-27-301-003	123-27-301-002	123-27-301-001	123-27-301-001	123-27-701-001	123-27-401-001	
Acreage	57.00	36.45	4.02	4.02	4.02	4.02	18.97	4.62	
Nearest Intersection	NWC Washburn & Mt. Hood	Ann Rd. & Mt. Hood St.	Tropical Pkway. & Beesley Dr.	Tropical Pkway. & Beesley Dr.	Tropical Pkway. & Beesley Dr.	Tropical Pkway. & Beesley Dr.	Tropical Pkway & Mt. Hood	Rainbow Blvd. & Vegas Dr.	
Valuations and Opinions									
Valuation	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal
Appraisal Entity	Valbridge	Valbridge	Valbridge	Valbridge	Valbridge	Valbridge	Valbridge	Valbridge	Valbridge
Date	Apr-13	May-13	May-13	May-13	May-13	May-13	May-13	May-13	Apr-13
Valuation	\$ 4,110,000	\$ 2,700,000	\$ 332,500	\$ 332,500	\$ 332,500	\$ 332,500	\$ 740,000	\$ 945,000	\$ 945,000
Value Per Acre	\$ 72,105	\$ 74,074	\$ 82,711	\$ 82,711	\$ 82,711	\$ 82,711	\$ 82,497	\$ 204,545	\$ 204,545
Value Per Square Foot	\$ 1.66	\$ 1.70	\$ 1.90	\$ 1.90	\$ 1.90	\$ 1.90	\$ 1.89	\$ 4.70	\$ 4.70
Valuation	Appraisal						Opinion	Opinion	Opinion
Appraisal Entity	Anderson						CBRE	CBRE	CBRE
Date	Jun-15						Jul-15	Feb-16	Feb-16
Valuation	\$ 8,260,000						\$ 1,150,000	\$ 1,500,000	\$ 1,500,000
Value Per Acre	\$ 144,912						\$ 128,205	\$ 324,675	\$ 324,675
Value Per Square Foot	\$ 3.33						\$ 2.94	\$ 7.45	\$ 7.45
Listing									
Listing Brokerage	Colliers	Mark Rua (1)						Colliers	
Date	May-15	Jun-15	Jun-15	Jun-15	Jun-15	Jun-15	Jun-15	May-15	
Listing Price	\$ 7,450,000	\$ 4,920,750	\$ 542,700	\$ 542,700	\$ 542,700	\$ 542,700	\$ 1,210,950	\$ 1,750,000	\$ 1,750,000
Listing Price Per Acre	\$ 130,702	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 378,788	\$ 378,788
Listing Price Per Square Foot	\$ 3.00	\$ 3.10	\$ 3.10	\$ 3.10	\$ 3.10	\$ 3.10	\$ 3.10	\$ 8.70	\$ 8.70
Foot									
Listing Brokerage		CBRE						Mark Rua (1)	
Date		Jul-15						Jun-15	
Listing Price		\$ 4,000,000						\$ 997,828	\$ 997,828
Listing Price Per Acre		\$ 109,739						\$ 215,980	\$ 215,980
Listing Price Per Square Foot		\$ 2.52						\$ 4.96	\$ 4.96
Foot									
(1) offer to list									



The values attributed to the Speedway properties appear to us to be substantially lower than the market would justify. The Anderson appraisal comes closest to reality, but the others express an interest in selling the property as quickly as possible.

The appraiser assembled appropriate comparable sales and clearly understands the local market.

The Rainbow site has two values that relate to reality: one at \$7.45 per square foot and the other at \$8.70 per square foot. The third value is apparently based on the property's value as a housing site, rather than a commercial site.

The estimated value ranges shown relates to today's marketplace



Section 4: Valuation of Las Vegas Partnership Properties and Suggested Strategy

Based on our visitation to the properties, review of recent sales and asking prices for relevant parcels as well as discussions with local professionals, we have determined the value range of pricing for the Las Vegas Properties were they to be offered for sale in today's market.

We have placed a value range of \$3.00-4.00 per square foot on the three Speedway properties that do not face Las Vegas Blvd. and \$3.50-\$4.50 per square foot for the property that faces Las Vegas Blvd.

The combined estimated value range of the **four Speedway properties** is \$16,676,373 to \$20,488,010.

The estimated value range for the **Rainbow Blvd. and Vegas Drive property** is \$1,609,978 to \$2,012,472.

The **total estimated value range** for the five properties is \$17,286,350 to \$22,500,482.



Estimated Range of Valuation Las Vegas Properties SEC v Schooler							
Property APN	Cross Street	Acres	Sq.Ft.	\$/Sq.Ft. Value Range		Value Range	
				Low	High	Low	High
Speedway Properties							
123-27-701-001	Tropical Pkway & Mt. Hood Street	8.97	390,733	\$ 3.00	\$ 4.00	\$ 1,172,200	\$ 1,562,933
123-27-301-001,2	Tropical Pkway & Beesley Dr.	8.04	350,222	\$ 3.00	\$ 4.00	\$ 1,050,667	\$ 1,400,890
123-27-801-001	El Campo Grande & Mt. Hood St.	36.45	1,587,762	\$ 3.00	\$ 4.00	\$ 4,763,286	\$ 6,351,048
123-34-601-001	Las Vegas Blvd. & Hollywood Blvd.	57.00	2,482,920	\$ 3.50	\$ 4.50	\$ 8,690,220	\$ 11,173,140
Total		110.46	4,811,638			\$ 15,676,373	\$ 20,488,010
Rainbow Blvd. & Vegas Drive Property							
123-23-401-001	Rainbow Blvd. & Vegas Drive	4.62	201,247	\$ 8.00	\$ 10.00	\$ 1,609,978	\$ 2,012,472
	Rounded Value					\$ 1,100,000	\$ 1,300,000
Total Las Vegas Properties						\$ 17,286,350	\$ 22,500,482



The exhibit below details the differences in the values placed by the appraisers, the receiver and Xpera Group. The Xpera Group estimated range of values is somewhat higher than that of the receiver.

Comparison of Values Las Vegas Properties (Las Vegas 1 and 2 and LV Kade)										
Partnership	Date	LV Kade	Las Vegas 1 - Total	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 2
APN		123-34-601-001	123-27-801-001	123-27-801-001	123-27-301-003	123-27-301-002	123-27-701-001	123-23-401-001		
Acres		57.00	36.45	36.45	4.02	4.02	8.97	4.62		
Cross Street		NWC Washburn & Mt. Hood	Ann Rd. & Mt. Hood St.	Ann Rd. & Mt. Hood St.	Tropical Pkway. & Beesley Dr.	Tropical Pkway. & Beesley Dr.	Tropical Pkway & Mt. Hood	Rainbow Blvd. & Vegas Dr.		
Locale		Speedway	Speedway	Speedway	Speedway	Speedway	Speedway	NW Las Vegas		
Source										
Appraisal	2013	\$ 4,110,000	\$ 4,105,000	\$ 2,700,000	\$ 332,500	\$ 332,500	\$ 740,000	\$ 945,000		
Appraisal	2015	\$ 8,260,000		n/a	n/a	n/a	\$ 1,150,000	\$ 1,500,000		
Receiver	2015	\$ 8,260,000	\$ 5,275,000					\$ 1,375,000		
Xpera Group										
Estimated Range of Value	2016 Low	\$ 8,690,220	\$ 7,423,931	\$ 4,763,286	\$ 525,334	\$ 525,334	\$ 1,609,978	\$ 1,609,978		
	2016 High	\$ 11,173,140	\$ 9,764,410	\$ 6,351,048	\$ 700,445	\$ 700,445	\$ 2,012,472	\$ 2,012,472		



Consultant Recommended Strategy

Speedway Properties

We believe the following to be a true picture of the development patterns in the “Speedway area:

- ☐ The near-term development activity in the Apex Industrial Park will generate the need for jobs in ancillary facilities in the Speedway area.
- ☐ The number of available acres for industrial development in the Speedway area is limited, primarily because of the land ownerships of the adjacent Nellis Air Force Base and its flight patterns and the holdings of the Las Vegas Speedway.
- ☐ The Speedway area has proven highly attractive to firms that serve the Las Vegas hotel/tourism market. Trucks based there can be on the Las Vegas Strip within a 15-minute Freeway drive.
- ☐ Las Vegas continues to grow and, as a result, will have a continuing need for industrial lands.
- ☐ Most of the remaining industrial lands that are much closer to the Strip have prices that are substantially higher than in the Speedway area and are destined for more dense alternative uses.

For those reasons, we strongly recommend that the partnerships that own the Speedway land continue to hold them for another five to ten years with the expectation that the values will increase substantially in that time frame.

Based on the history of industrial prices in the area, we anticipate that the prices of the Speedway industrial land will increase \$.50-1.00 per square foot annually over the next decade.



We should note, however, that Las Vegas economy tends to be cyclical and therefore, prices do not move upward (or downward) in a smooth pattern. It will be necessary to closely track the economy to “catch” an upward wave to optimize the value of the properties.

Rainbow and Vegas Drive Property (Las Vegas II)

The Rainbow property is located in an exceptionally strong location at the intersection of Rainbow Blvd. and Vegas Drive and proximate to access to the I-95 Freeway.

It is immediately adjacent to a gas station and Mango’s Beach Bar (a highly popular night spot). The property is level with all utilities to site line.

The property is currently zoned for low density residential, but it is most obviously a retail/commercial site and, in our opinion, would be appropriate for rezoning for retail/commercial purposes.

As a commercial site, the land value should be in the \$8.00 to \$10.00 per square foot range, resulting in a value range of \$1,600,000 to \$2,000,000 range. We understand that a recent offer has been made at the lower end of that range.

The property is appropriate for sale now.



Although the results, conclusions and recommendations contained within this consultant's report are based upon a thorough review and analysis of current competitive market conditions and the expertise of the author, Consultant does not in any way represent, warrant or guarantee that any reported results will be achieved as a result of various reasons, including but not limited to the sensitivity to ever-fluctuating market conditions and the efficiency of a Client and its representatives, agent, employees, successors and assigns.

EXHIBIT “2”



**Reno Property Analysis
SEC v. Schooler**



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Section 1: State of the Local Economy

Section 2: Submarket Narratives

Section 3: Description of Reno Partnership Properties, Historic Appraised Value, and Opinions of Value

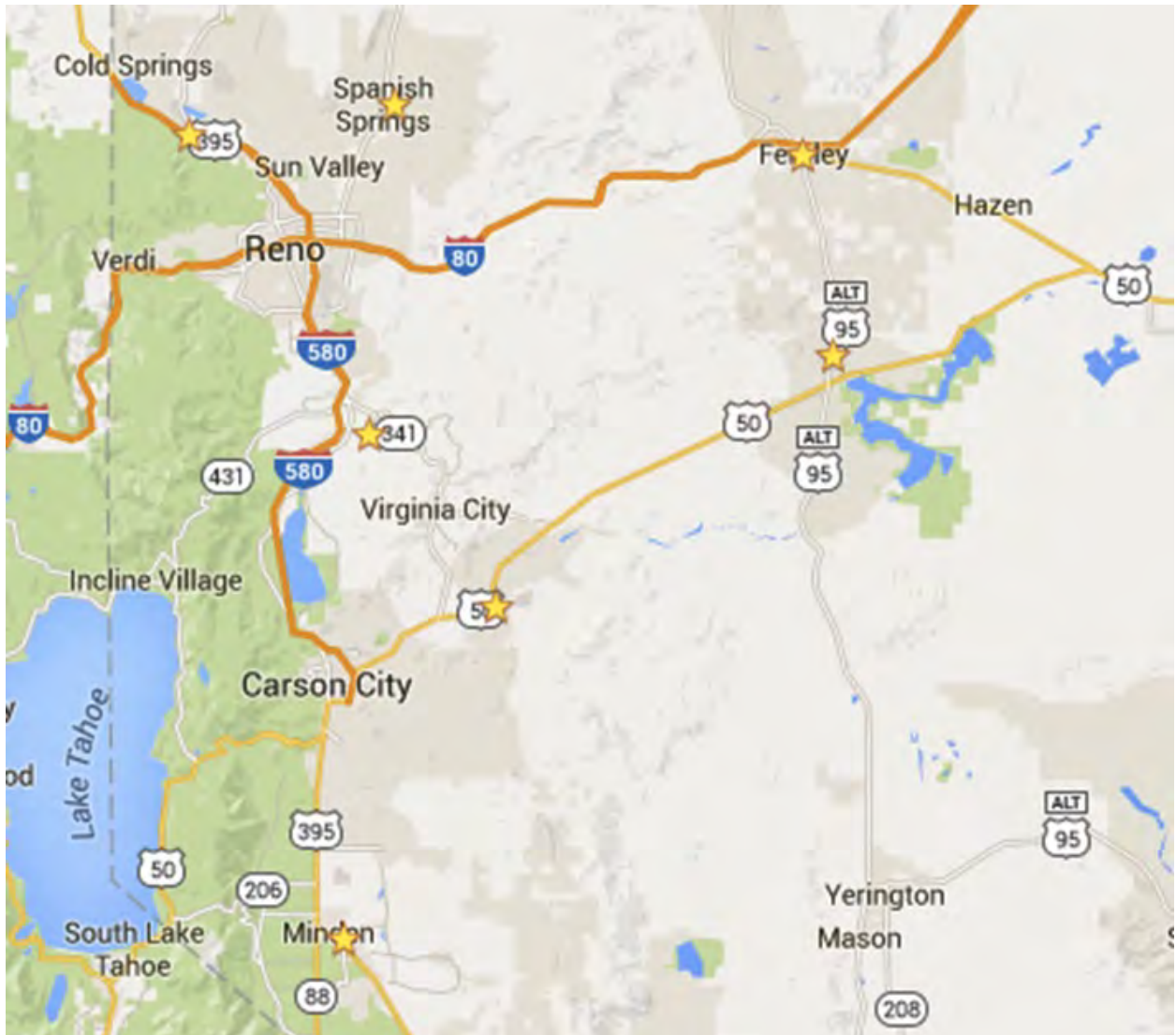
Section 4: Valuation of Reno Partnership Properties



Introduction

There are 46 partnerships with ownership interests in raw land parcels in 13 locations within the greater Reno/Sparks Nevada area, including the Counties of Washoe, Douglas, Lyon and Storey. Most of properties are located on the periphery of the Reno/Sparks metropolitan area.

Reno Partnerships SEC v. Louis V. Schooler	
<u>Property</u>	<u>Owner Partnerships</u>
Dayton I	Dayton View, Fairway, Green View, and Par Four
Dayton II	Storey County, Comstock, Silver City, and Nevada View
Dayton III	Gold Ridge, Sky View, Grand View, and Rolling Hills
Dayton IV	Eagle View, Falcon Heights, Night Hawk, and Osprey
Silver Springs South	Rail Road, Spruce Heights, Vista Del Sur, and Lahontan
Silver Springs North	North Springs, Rawhide, Highway 50, and Orange Vista
Fernley 1	Crystal Clearwater and High Desert
Minden	Carson Valley, Heavenly View, Sierra View, and Pine Valley
Washoe 1	Reno View, Reno Vista, and Reno
Washoe III	Spanish Springs, Antelope Springs, Wild Horse, and Big Ranch
Washoe IV	Rose Vista, Steam Boat, Galena Ranch, and Redfield Heights
Washoe V	Pyramid Highway 177 and Frontage 17
Stead 1	P-39 Aircobra, P-40 Warhawk, and F-86



The information contained in this report was generated from a review of available documents related to the SEC v. Schooler case and related documents contained on Thomas C. Hebrank, Receiver's website (www.ethreadvisors.com).

The 2013 appraisals on the subject properties generated by Warren & Schiffmacher, LLC (85 Keystone Avenue, Suite C, Reno, NV 89503) and prepared for Thomas C. Hebrank were reviewed. The 2015 appraisals on the



subject properties, prepared by Hutchinson Valuation, Inc. and prepared for Thomas C. Hebrank, were reviewed.

On March 30, 2016, this consultant made site visits to the Dayton I, Dayton II, Dayton III, Dayton IV, Silver Springs South, Silver Springs North, Fernley I, and Minden properties. On March 31, 2016, similar site visits were made to the Washoe I, Washoe III, Washoe IV, Washoe V, and Stead I properties.

On March 30, 2016, this consultant visited the offices of the Dayton, NV Chamber of Commerce and discussed the general Dayton area with the local representative. On that same day, a visit was also made to the offices of the Fernley, NV Chamber of Commerce where the general Fernley area was discussed with the local representative.

On March 31, 2016, this consultant met with Peter K. Ghishan, Esq., Commercial Partners of Nevada, LLC (275 Hill St, Third Floor, Reno, Nevada 89501) and discussed the general Reno market, the submarkets where the properties are located, and some of the properties specifically. Mr. Grishan provided comparable sales information related to the Dayton I and Washoe 3 properties.

Telephonic conversations were held with planners from Lyon County, Storey County, and the City of Fernley related to the existing zoning and entitlements of some of the subject properties located within those counties, and the potential for any zone changes and/or future entitlements.

Various local brokers who were familiar with the submarkets and some of the subject properties specifically were contacted by telephone and asked to provide their impressions and information related to comparable properties.

Internet searches were made in an effort to locate listings and sales of comparable properties on websites such as Loopnet.com, CBRE, Interoreno.com, Realtor.com, Landandfarm.com, SilverStageProperties.com, and Chicagotitleadvantage.com.

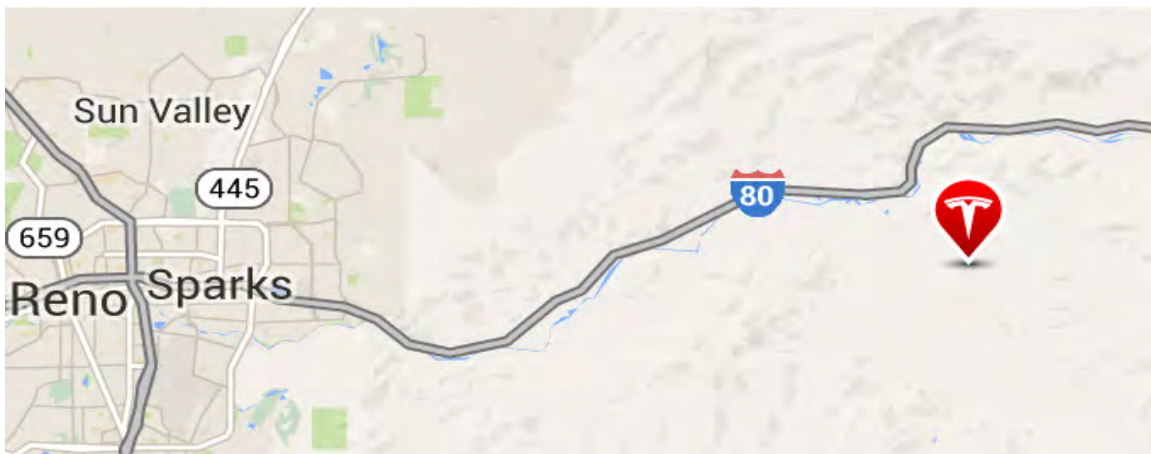


Section 1: State of the Local Economy

In this section, the population and employment trends in the Reno/Sparks metropolitan area are outlined, all of which is within Washoe County. Also discussed is the population and residential construction in the three outlying counties. As the employment in those three outlying counties is minimal, we will not include a discussion of that part of their economy.

The Reno/Sparks metropolitan area experienced a major decline in population and employment growth during the recent recession but is now recovering at an acceptable pace.

Much of the recent local enthusiasm relates to the construction of the new **Tesla Gigabattery** plant in the Tahoe Reno Industrial Center, a development of Elon Musk and related to the production of batteries for the Tesla automobile. The factory is located south of Highway 80 east of Sparks, in reasonable proximity to several of the partnership properties.





Population Change

Ordinarily, one would not include Douglas, Lyon or Storey Counties within the definition of the Reno/Sparks metropolitan area, but as several of the partnerships hold land in those outlying counties, they are included in the discussion of the area population.

The population of the four county area over the past five years has increased by 22,000 persons, an average of more than 4,000 persons annually. In total, the four county area now has a population of more than a half million persons.

Of the total population change over the four county area, 90% was attributable to Washoe County.

Population Change Reno Metropolitan Area 2010-2015						
Population	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
Douglas	46,997	48,223	1,226	2.6%	245	0.5%
Lyon	52,334	53,277	943	1.8%	189	0.4%
Storey	4,010	3,984	(26)	-0.6%	(5)	-0.1%
Washoe	421,407	441,946	20,539	4.9%	4,108	1.0%
Total	524,748	547,430	22,682	4.3%	4,536	0.9%
% of Population - Washoe County	80.3%	80.7%	90.6%		90.6%	

As a result of the new Tesla Gigabattery plant and the ancillary services to that plant, the rate of population gain is expected to accelerate dramatically over the next 20 years, increasing at a pace of four times that of the past five years.

The plant broke ground in 2014 and is anticipated to begin operation in 2017. By 2020, the plant will reach full capacity and produce more lithium ion batteries annually than were produced worldwide in 2013. Reportedly, the plant will employ 6,500 workers when fully operational.



The following table details the population projects over the next 20 years. The population in the four county area is expected to grow by 88,000 people, a 16.1 increase from current levels. Of the total projected population change, 85% is anticipated to be within Washoe County, with Lyon County adding almost 500 persons annually.

Population Projections Reno Metropolitan Area 2015-2034						
Population Projections	2015	2034	Total Change		Annual Change	
			Change	Change %	Change	Change %
Douglas	48,223	50,148	1,925	4.0%	96	0.2%
Lyon	53,277	63,212	9,935	18.6%	497	0.9%
Storey	3,984	5,017	1,033	25.9%	52	1.3%
Washoe	441,946	517,274	75,328	17.0%	3,766	0.9%
Total	547,430	635,651	88,221	16.1%	4,411	0.8%
% of Population - Washoe County	80.7%	81.4%				
Source: State of Nevada Demographic Department						

Employment Change

After a major set-back in employment during the recession, employment has gradually increased at a pace of more than 4,000 jobs annually, with 20,000 jobs added since 2010.

Employment Change Reno Metropolitan Area 2010-2015						
Employment	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
	193,965	214,463	20,499	10.6%	4,100	2.1%
Source: Bureau of Labor Statistics						

Gaming and tourism continue to be the leading basic employers in Reno with a total of 36,000 jobs in 2015. The tourism and gaming industries accounted for 10% of jobs gains in the past five years.



Tourism Employment Change Reno Metropolitan Area 2010-2015						
Tourism Employment	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
	34,100.0	36,200.0	2,100.0	6.2%	420.0	1.2%
Source: Bureau of Labor Statistics						

The unemployment rate has declined dramatically since peaking in 2010 at 12.9%. Since then, the unemployment rate has been more than halved and at the end of 2015 stands at 5.5%.

Unemployment Rate Reno Metropolitan Area 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	12.9%	11.8%	10.2%	8.1%	6.5%	5.5%
Source: Bureau of Labor Statistics						

Gaming and tourism remain the central core of the economy generating revenues at a stable level of three quarters of a billion dollars annually, as noted in the exhibit below.

Gaming Revenues Reno Metropolitan Area 2010-2015						
Gaming Revenues (000)	2010	2011	2012	2013	2014	2015
Revenue	\$ 698,529	\$ 719,503	\$ 728,752	\$ 727,654	\$ 737,686	\$ 756,656
Change	n/a	\$ 20,974	\$ 9,249	\$ (1,098)	\$ 10,032	\$ 18,970
% change	n/a	3.0%	1.3%	0%	1.4%	2.6%
Source: Nevada Gaming Commission						

Room night occupancies are stable, with modest increases since 2010. 2015 matched the room nights of 2010, after dipping to the 3.2 million occupancies in 2012.

Hotel occupancies reached a five year high of 64.5% in 2015 after several years of a flat-line 60%.



Room Night Occupancies Reno Metropolitan Area 2010-2015						
Room Night Occupancies	2010	2011	2012	2013	2014	2015
Total Room Nights	3,348,697	3,227,403	3,196,650	3,271,984	3,238,008	3,344,528
Change	n/a	(121,294)	(30,753)	75,334	(33,976)	106,520
% Change	n/a	-3.6%	-1.0%	2.4%	-1.0%	3.3%
Occupancy Rate	61.1%	60.2%	59.2%	60.9%	62.4%	64.5%
Source: Nevada Gaming Commission and Reno Convention and Tourism Authority						

Residential Construction

A major cause of the Reno recession was the decline in the production of new homes and apartments, after a five-year period of ebullient production. Since 2010, the production has more than quadrupled and has achieved the 3,000+unit level in 2015. At the level of production, the market is in equilibrium.

As noted in the exhibit below, Washoe County accounts for 85-90% of total residential construction. Virtually all of the multi-family production occurs in Washoe County.



Residential Construction (Units Permitted) Reno Metropolitan Area 2010-2015						
	2010	2011	2012	2013	2014	2015
Total Units	703	645	956	1,942	2,520	3,117
Single Family	552	623	888	1,391	1,811	2,328
Multi-Family	151	22	68	551	709	789
Total Washoe County	606	556	845	1,720	2,216	2,787
Single Family	472	534	777	1,243	1,507	2,000
Multi-Family	134	22	68	477	709	787
Total Douglas County	38	35	53	108	158	144
Single Family	21	35	53	34	158	142
Multi-Family	17	-	-	74	-	2
Total Lyon County	53	48	52	105	140	179
Single Family	53	48	52	105	140	179
Multi-Family	-	-	-	-	-	-
Total Storey County	6	6	6	9	6	7
Single Family	6	6	6	9	6	7
Multi-Family	-	-	-	-	-	-
Washoe as % of Total	86.2%	86.2%	88.4%	88.6%	87.9%	89.4%

Indicative of the return to economic health, the price of existing single-family homes has increased by 57% since 2010, most of that gain occurring in the past three years.

Home prices had dipped dramatically during the recession, but started to bounce back in 2012 and in 2015 averaged \$284,000, a high-mark for Reno.

Existing Median Single Family Housing Prices Reno Metropolitan Area 2010-2015						
Single Family Home Prices	2010	2011	2012	2013	2014	2015
Average Price	\$ 164,000	\$ 143,000	\$ 179,000	\$ 205,000	\$ 251,000	\$ 275,000
% Change 2010-2015						68%
Source: Reno Association of Realtors						



Industrial Market

Beginning about a quarter century ago, Reno started to become a major west coast distribution center because of its low priced industrial land and industrial space and, excellent rail and air service and a strong highway network. In addition, Nevada had no inventory tax on warehoused goods. At the time, California did have an inventory tax, but eventually eliminated it, but not before Reno became a “booming” industrial distribution center.

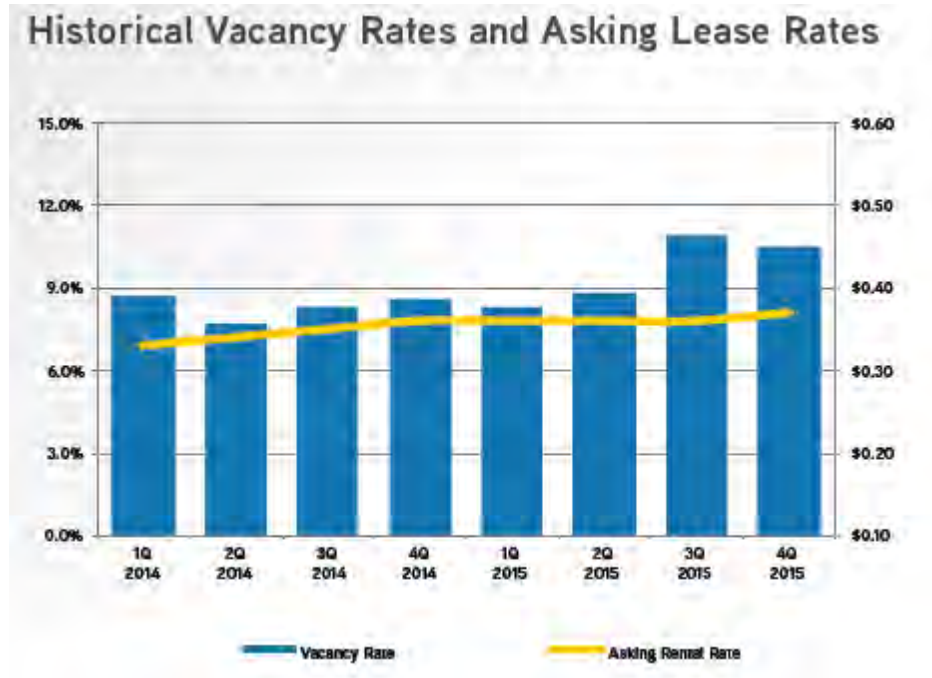
Currently, Reno has more than 77.0 million square feet of industrial space with another 3.4 million square feet under construction. In total, there are 1,349 industrial buildings in Reno. The current vacancy rate is 10.4%, a rate considered acceptable in the industrial space industry. Rents, on average, are 36 cents per square foot, dramatically less than in coastal California.

Three quarters of the industrial space is in the Sparks, I-80 and North Valley areas.

Summary: Reno Industrial Space Market as of 4th Quarter 2015				
Category	Total Metro	Sparks	I-80 Corridor	No. Valley
Total Inventory (Sq.Ft.)	77,748,447	28,106,651	14,499,937	16,183,604
Vacancy Rate	10.4%	12.1%	17.0%	8.9%
Under Construction (Sq.Ft.)	3,434,772	404,600	1,600,000	1,430,172
Asking Rent (per Sq.Ft. NNN)	\$ 0.360	\$ 0.360	\$ 0.330	\$ 0.340
No. Bldgs.	1349	164	177	245
% of Metro		36%	19%	21%



The following exhibit details the vacancy rates and asking lease rates during the past two years.



The following exhibit contains data on industrial space that is under construction or has been recently completed, providing a snapshot of the size of projects that have allowed the Reno area to become a major industrial center. Note that Petco has recently occupied a 770,650 square foot project in the North Valley area.

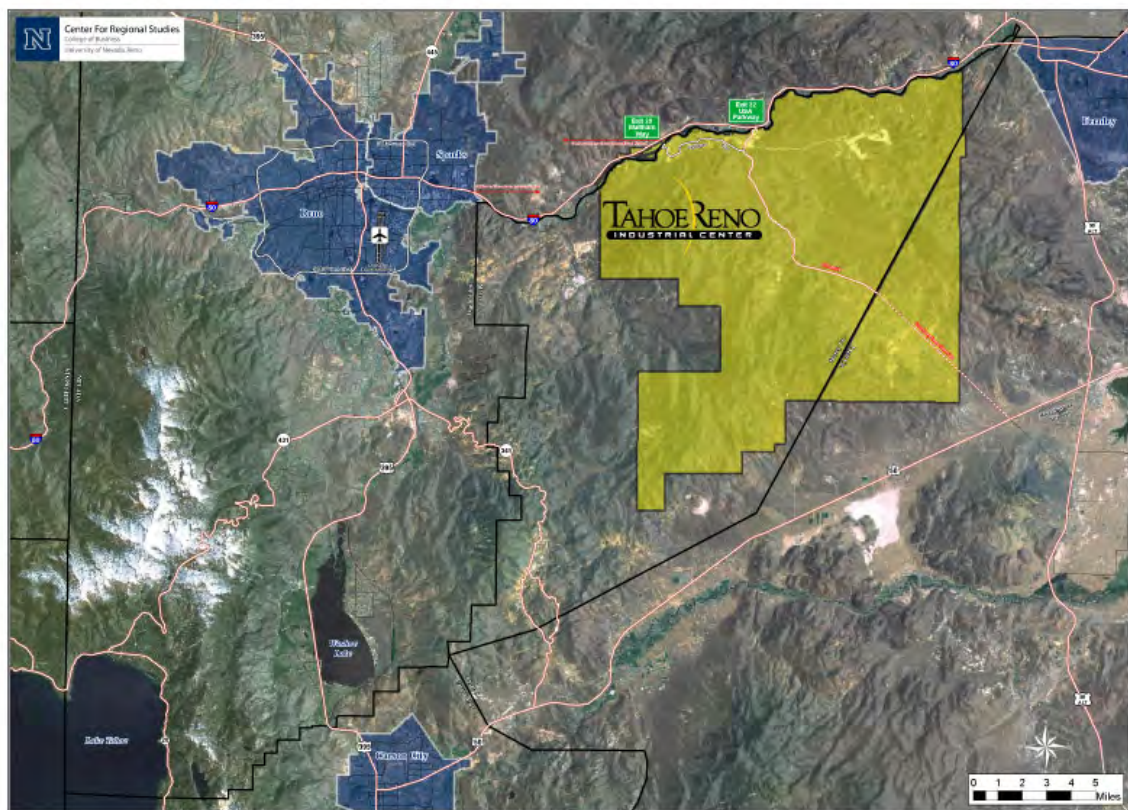
DEVELOPER	TENANT	SQUARE FEET	LOCATION	TYPE
Panattoni	Petco	770,650	North Valleys	BTS
Prologis	Vacant	566,866	TRIC	Spec
Dermody	Vacant	402,000	North Valleys	Spec
Conco	Jet.com	300,000	TRIC	Spec
Dermody	Vacant	224,000	North Valleys	Spec
Panattoni	Vacant	200,000	North Valleys	Spec
TOTAL		2,463,516		



Tahoe/Reno Industrial Complex

The largest and by most measures the most successful industrial park in the Reno Metropolitan area, the Tahoe Reno Industrial Complex has 102,000 acres, 30,000 of which is buildable land. It will eventually have 300 million square feet of industrial space. To date, there is eleven million square feet of space in place.

It is nine miles east of central Reno and borders the I-80 Freeway. The Tesla battery factory is located within the Tahoe Reno Industrial Complex, along with more than 50 other industrial firms.





The Reno metropolitan area has made progress in recovering from the effects of the recession, and the recovery there continues. The significant job creation on the horizon, most of which has been ignited by Tesla's Gigabattery plant in the Tahoe Reno Industrial Complex, should continue to create upward pressure on housing prices and rents. With the cost of housing increasing, land prices will be driven higher.



Section 2: Submarket Narratives

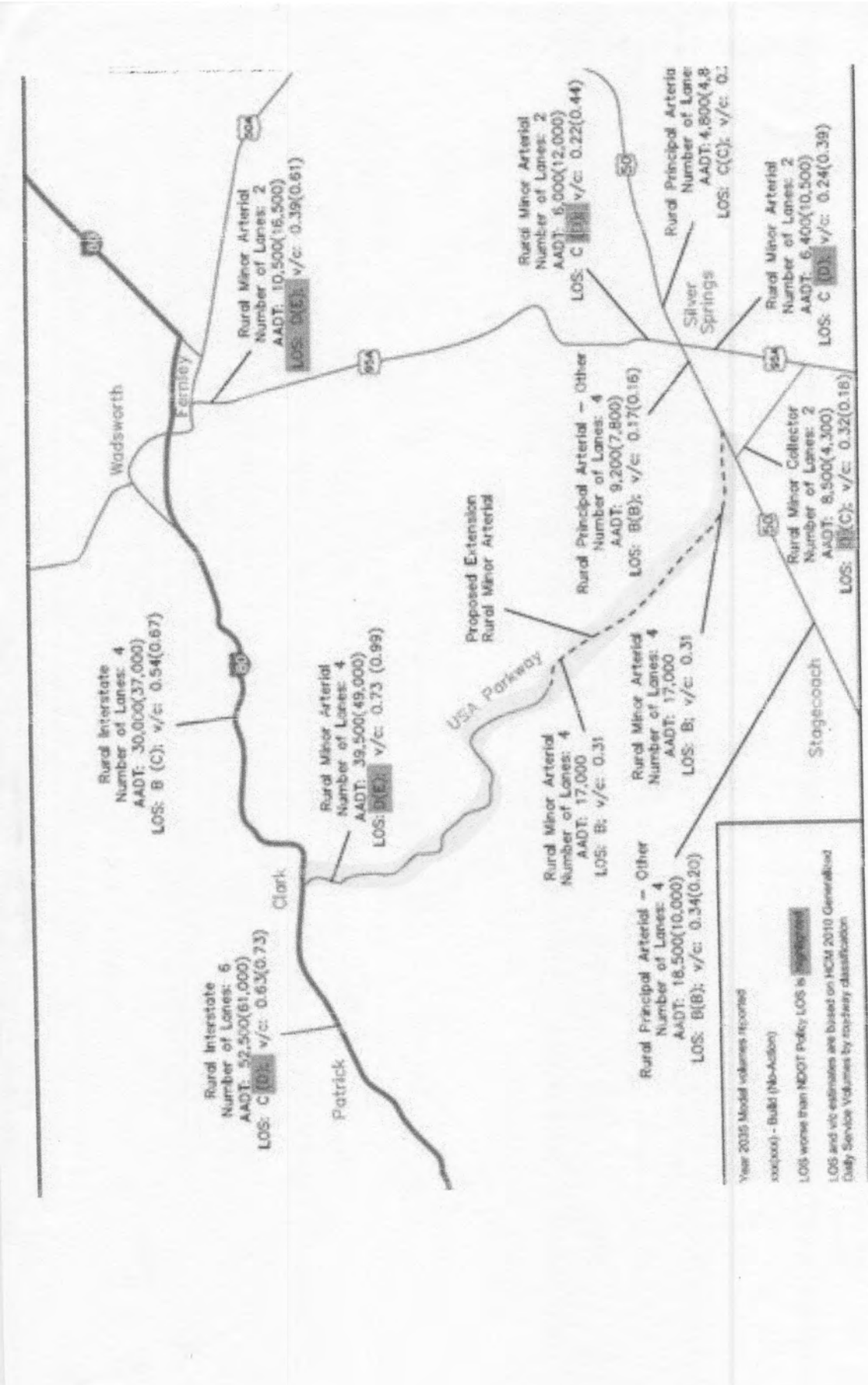
U.S. 50 Corridor (Lyon and Storey Counties):

The U.S. 50 corridor encompasses the areas of Dayton and Silver Springs where some partnership properties are located. Dayton recorded a population of 8,964 in the 2010 census and in the same reporting period Silver Springs' population was 5,296.

With the exception of the central heart of Dayton, large swaths of undeveloped acreage characterize this area. Lennar Homes in Reno has two subdivisions in Dayton; "Carson River Estates" and "Woodrush", with single-family homes ranging in size from 1,638 sf to 2,757 sf and priced from \$244,000 to \$325,000.

Silver Springs, surrounding the intersection of U.S. 50 and U.S. 95A, has an abundance of undeveloped industrial parcels and scattered residential development.

The Nevada Department of Transportation is extending USA Parkway, the 4-lane state roadway into the Tahoe Reno Industrial Complex, another 12 miles to create a new connection between U.S. 50 and Interstate 80. When construction is complete in 2017, this link will connect to U.S. 50 just east of Silver Springs and will create a more efficient route to the jobs in the Tahoe Reno Industrial complex. This should have a positive affect on real estate development and land prices within the U.S. 50 Corridor.





City of Fernley (Lyon County)

The City of Fernley incorporated in 2001 and reported a population of 19,368 in the 2010 census.

This bedroom community, approximately 16 miles from the Tahoe Reno Industrial Complex, was hit hard during the recession and is still on its rebound. Of note, there are currently two, finished lot subdivisions for sale, containing 116 lots. These lots have streets and utilities already installed and are “builder ready”. The broker, Brett Edwards of CBRE, says that these properties have gone in and out of escrow “more than once”, but until Fernley fully recovers from the recession, these properties will remain unsold.

Minden-Gardnerville (Douglas County)

Minden is located near the center of Carson Valley just east of Lake Tahoe and South of Nevada's Capitol in Carson City. Minden reported a population of 3,001 in the 2010 census.

Minden’s commercial district hugs U.S. 395. There is a historic downtown that hosts several annual events, including farmer’s markets, craft fairs, and concerts.

Steamboat (Washoe County)

The town of Steamboat is located approximately 15 miles south of downtown Reno. This area, adjacent to U.S. 395, was once the home of several mineral spas, facilitated by Steamboat’s extensive geothermal activity. When U.S. 580, paralleling U.S. 395, was completed from Carson City to Reno in 2012, much of the vehicular traffic that used to bypass Steamboat waned. There are no highway off-ramps in close proximity to the Steamboat area.



Spanish Springs (Washoe County)

Spanish Springs, located in the northeastern part of the Reno metropolitan area, reported a population of 15,094 in the 2010 census. Spanish Springs is dotted with large lot residential parcels, although, close to State Route 445 (Pyramid Way) some smaller lot, new subdivisions exist.

Stead (Washoe County)

This area, located 12+ miles north of Reno's central business district, is home to large distribution centers of many name brand companies, including JC Penney, Urban Outfitters, Petco, and Sally's Beauty Supply, to name a few. These industrial properties are located on the east side of U.S. 395. There is established residential developments in close proximity to these industrial properties, again mostly on the east side of U.S. 395.



Section 3: Description of Reno Partnership Properties, Historic Appraised Values, and Opinions of Value

The descriptions and exhibits below detail the 13 Reno area, partnership owned properties, noting their locations, acreage and locational factors:

Summary of Findings Reno Nevada - Dayton Properties SEC v. Schooler				
Geographic Area	Reno	Reno	Reno	Reno
Property I.D.	Dayton I	Dayton II	Dayton III	Dayton IV
Owner Name	Dayton View	Storey County	Gold Ridge	Eagle View
	Fairway	Comstock	Sky View	Falcon Heights
	Green Valley	Silver City	Grand View	Night Hawk
	Par Four	Nevada View	Rolling Hills	Osprey
Locale of Property	Dayton	Dayton	Dayton	Dayton
Jurisdiction	Lyon County	Lyon and Storey County	Storey County	Lyon and Storey County
Assessor's Parcel Number(s)	16-291-05 and -07	04-291-15 and 16-011-03	04-291-57	04-291-18 and 16-021-20
Acreage	797.50	640.80	140.00	632.68
Nearest Intersection	Bullion Road	N of U.S. 50	N of U.S. 50	N of U.S. 50
Property Condition	Raw Land	Raw Land	Raw Land	Raw Land
Topography	Level/Sloping	Level/Sloping	Level/Sloping	Level/Sloping
Zoning	RR5, with Master Plan designation of "Resource" (no less than 20 acre minimums)	E (Estate) Storey County, RR5 - Lyon County	F (Forestry)	F (Forestry) - Storey County, RR2 - Lyon County
Neighborhood Surrounding	Large lot residential, undeveloped acreage	Undeveloped acreage	Undeveloped acreage	Undeveloped acreage
Recent development in immediate area	None	None	None	None
Distance from Downtown of Metropolitan Area	40+ miles	40+ miles	40+ miles	40+ miles
In Path of Near-Term Development	No	No	No	No



Dayton 1 – Dayton 1 consists of two parcels containing 797.5 acres located in Dayton (Lyon County) that are bisected by Bullion Road. The immediate area is of large residential lots and undeveloped acreage. The parcels are level to sloping. These parcels are currently zoned “RR5”, however Lyon County’s Land Use characterizes these parcels as “Resource”, which does not allow for residential use. Rob Pyzel, a Lyon County planner, stated that in order to modify the zoning on these properties to allow for more residential use, both a zone change and land use amendment would need to be approved. Rob said the timing to accomplish this would be about a year, however he stated that the County is trying to encourage residential uses in areas where there is existing infrastructure. This is not one of those locations, therefore Rob says that he doesn’t think that there would be an appetite to approve such a request by the County.



Aerial photo of Dayton I property location



Portion of Dayton I property



Dayton II, III, and IV – Dayton II, III, and IV are owned by different partnerships, however they in close proximity to each other. The immediate area is comprised of large undeveloped acreage.

Dayton II is comprised of two parcels totaling 640.8 acres, most of which lies in Storey County. The southeastern corner lies in Lyon County. The Dayton II parcels are level to sloping and are zoned “E” (Estates) in Storey County and ”RR5” in Lyon County.

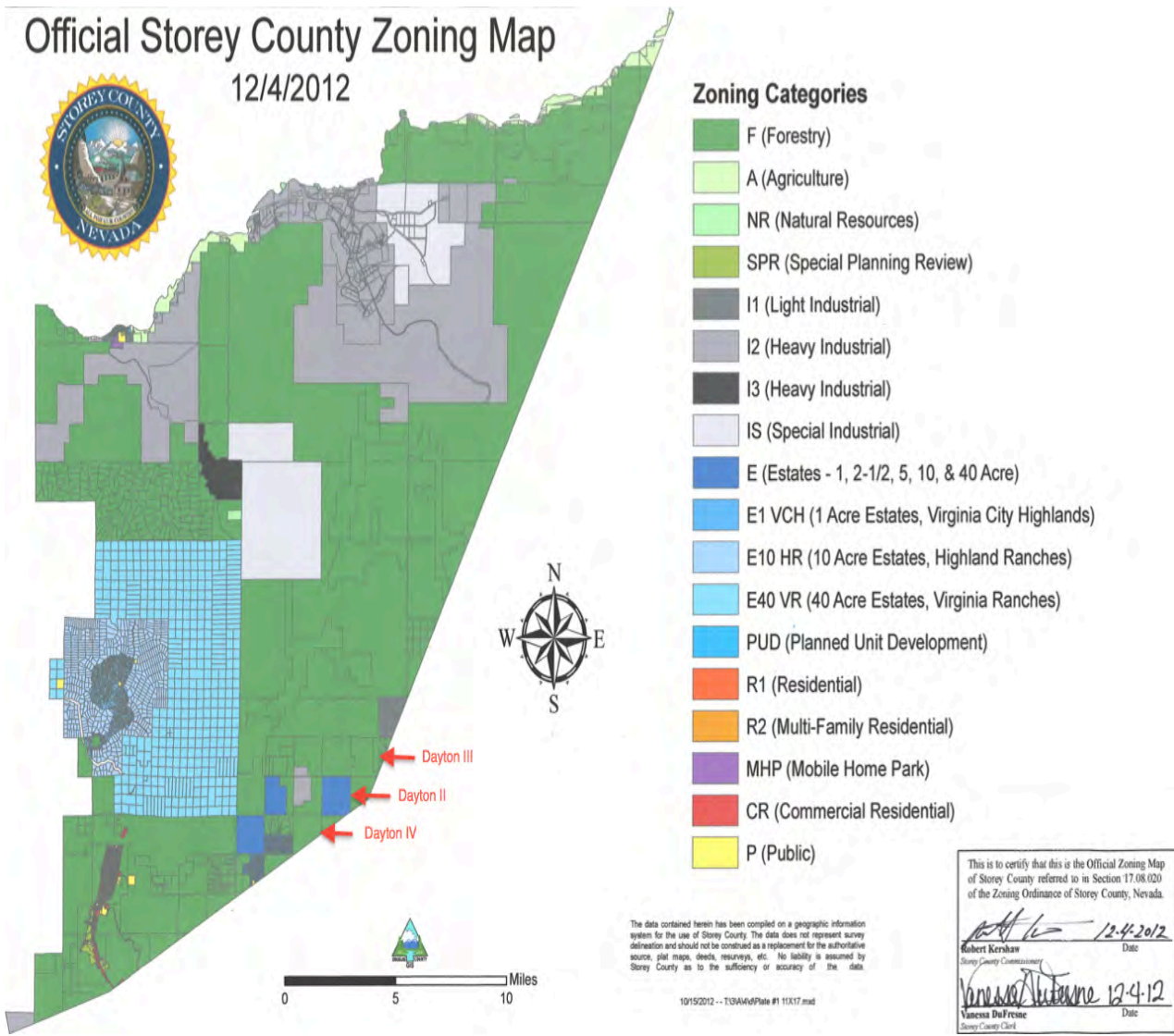
Dayton III is a single remainder parcel of 140 acres located in Storey County. Approximately 480 acres of the original 640 acre Dayton III asset was the subject of an eminent domain action in February, 2008. The Dayton III parcel is level to sloping and is zoned “F” (Forestry) in Storey County.

Dayton IV is comprised of two parcels totaling 632.68 acres, most of which lies in Storey County. The southeastern corner lies in Lyon County. The Dayton IV parcels are level to sloping and are zoned “F” (Forestry) in Storey County and ”RR5” in Lyon County.

The Storey County “F” (Forestry) zoning designation is intended to preserve the land for open space, however, according to Storey County planner “Jason”, the F zoning could allow for residential use under a Special Use Permit. As the Dayton III and Dayton IV properties have a “F” (Forestry) zoning that differs from the Dayton II “E” (Estate) zoning, when asked, Jason said that a zone change application from “F” to “E” could be processed with a 6-8 week period.



Aerial Photo of Dayton II, III, and IV property locations





Portion of Dayton II property



Portion of Dayton IV property



Summary of Findings Reno Nevada - Silver Springs Properties SEC v. Schooler		
Geographic Area	Reno	Reno
Property I.D.	Silver Springs South	Silver Springs North
Owner Name	Rail Road	North Springs
	Spruce Hieghts	Rawhide
	Vista Del Sur	Highway 50
	Lahontan	Orange Vista
Locale of Property	Silver Springs	Silver Springs
Jurisdiction	Lyon County	Lyon County
Assessor's Parcel Number(s)	Various (30 parcels)	15-262-02 and 09
Acreage	137.72	90.85
Nearest Intersection	Rawhide and Lemon St	N of U.S. 50, E of U.S. 95A
Property Condition	Raw Land	Raw Land
Topography	Level	Level
Zoning	M1 (Industrial)	M1 (Industrial)
Neighborhood Surrounding	Large lot residential, undeveloped acreage	Undeveloped acreage
Recent development in immediate area	None	None
Distance from Downtown of Metropolitan Area	45+ miles	45+ miles
In Path of Near-Term Development	No	No

Silver Springs South – Silver Springs South is comprised of 30 non-contiguous parcels totaling 137.72 acres in Lyon County. The parcels are level and are zoned M1 (Industrial). The immediate area consists of light industrial development, undeveloped acreage, and large lot residential.



Aerial photo of Silver Springs South property location



Portion of Silver Springs South Property



Portion of Silver Springs South Property



Silver Springs North - Silver Springs North is comprised of two contiguous parcels totaling 90.85 acres in Lyon County. The parcels are level and are zoned M1 (Industrial). The immediate area consists of undeveloped acreage.



Aerial photo of Silver Springs North property location



Portion of Silver Springs North property



Summary of Findings Reno Nevada - Fernley Property SEC v. Schooler	
Geographic Area	Reno
Property I.D.	Fernley 1
Owner Name	Crystal Clearwater
	High Desert
Locale of Property	Fernley
Jurisdiction	Lyon County
Assessor's Parcel Number(s)	021-301-46
Acreage	78.84 (66.39 net)
Nearest Intersection	Partridge Road and Desert Shadows Lane
Property Condition	Raw Land
Topography	Level
Zoning	NR1
Neighborhood Surrounding	6-8,000 sf lot residential
Recent development in immediate area	New homes being built immediately north
Distance from Downtown of Metropolitan Area	35 miles
In Path of Near-Term Development	Potentially

Fernley 1 – Fernley 1 is a 78.84 acre parcel (gross) residential parcel. The Truckee Canal runs through 12.45 acres of the property, thereby creating a net usable site of 66.39 acres. The property is zoned NR1 (high density residential). The “Wild Horse Ridge” subdivision lies immediately north of the subject property, across the Truckee Canal. These new homes are selling from \$229,900-\$349,900. A resale is currently listed at \$245,000.

According to City of Fernley planner, Melinda Bower, the subject property, formerly known as Truckee River Ranch, had a tentative map approved on it with 6,000 sf minimum lot sizes that has since expired. According to Bower, the City of Fernley’s Development Code, requires 8,000 sf minimum lot sizes for any map not approved by 7/1/16. Bower stated that a map could be processed through the City of Fernley in 4 months.



Aerial Photo of Fernley property location



Portion of Fernley property



Portion of Fernley property



Summary of Findings Reno Nevada - Minden Property SEC v. Schooler	
Geographic Area	Reno
Property I.D.	Minden
Owner Name	Carson Valley
	Heavenly View
	Sierra View
	Pine Valley
Locale of Property	Minden/Gardnerville
Jurisdiction	Douglas County
Assessor's Parcel Number(s)	1220-11-001-004
Acreage	83.13
Nearest Intersection	Sawmill Rd and Pinenut Rd
Property Condition	Raw Land
Topography	Level/Gently sloping
Zoning	LI
Neighborhood Surrounding	Developed/Undeveloped light industrial
Recent development in immediate area	None
Distance from Downtown of Metropolitan Area	65 miles
In Path of Near-Term Development	No

Minden – Minden is an 83.13 acre parcel located in the Minden/Gardnerville area of Douglas County. The property is zoned LI (Light Industrial) and varies from level to gently sloping. Immediately north of the subject property are 1-3 acre industrial lots currently for sale. South and west of the property on Pinenut Road is a 154.09 acre retail property for sale.



Aerial photo of Minden property location



Portion of Minden property



Portion of Minden property



Summary of Findings
Reno Nevada - Washoe County Properties
SEC v. Schooler

Geographic Area	Reno	Reno	Reno	Reno	Reno	Reno
Property I.D.	Washoe 1	Washoe 3	Washoe 4	Washoe 5	Washoe 5	Stead 1
Owner Name	Reno View	Spanish Springs	Rose Vista	Pyramid Highway	Pyramid Highway	P-39 Aircobra
	Reno Vista	Antelope Springs	Steam Boat	Frontage 17	Frontage 17	P-40 Warhawk
	Reno	Wild Horse	Galena Ranch			F-86
		Big Ranch	Redfield Heights			
Locale of Property	Geiger Grade	Spanish Springs	Steamboat	Spanish Springs	Spanish Springs	Stead
Jurisdiction	Washoe County	Washoe County	Washoe County	Washoe County	Washoe County	Washoe County
Assessor's Parcel Number(s)	016-762-26 thru 29, 016-763-02, 016-764-07, and 016-764-14	Various (40 parcels)	049-450-53	076-172-03 and 076-172-06	076-172-03 and 076-172-06	Various (12 parcels)
Acreage	151.09	1,673.21	116.43	177.45	177.45	105.6
Nearest Intersection	NV Hwy 341	Pyrenees Drive	Old US Hwy 395, approx. 1.75 miles south of State Route 431	Pyramid Lake Highway and Axe Handle Cyn Road	Pyramid Lake Highway and Axe Handle Cyn Road	U.S. 395 and Red Rock Road
Property Condition	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land
Topography	Steep	Level/Sloping	Sloping	Sloping	Sloping	Level/Sloping
Zoning	GR - General Rural	GR - General Rural	GR - General Rural	GR - General Rural	GR - General Rural	GR/HDR
Neighborhood Surrounding	Undeveloped acreage	Large lot residential/undeveloped acreage	Self Storage Facility	Residential subdivisions/undeveloped acreage	Residential subdivisions/undeveloped acreage	Undeveloped acreage/Industrial
Recent development in immediate area	None	None	None	None	None	None
Distance from Downtown of Metropolitan Area	27+ miles	12+ miles	15+ miles	14+ miles	14+ miles	12+ miles
In Path of Near-Term Development	No	Yes	No	Yes	Yes	Yes



Washoe I – Washoe 1 consists of 6 parcels located on State Route 341 (Geiger Grade Road). These parcels are located on a 2-lane mountain pass section of the road that extends from Mt. Rose Highway (State Route 431) to Virginia City. The specific parcels slope steeply from the road on the east side, or fall steeply from the road of the west side. These properties are zoned “GR” (General Rural) by Washoe County. There is an occasional single family home along the road as it climbs out of the valley floor.

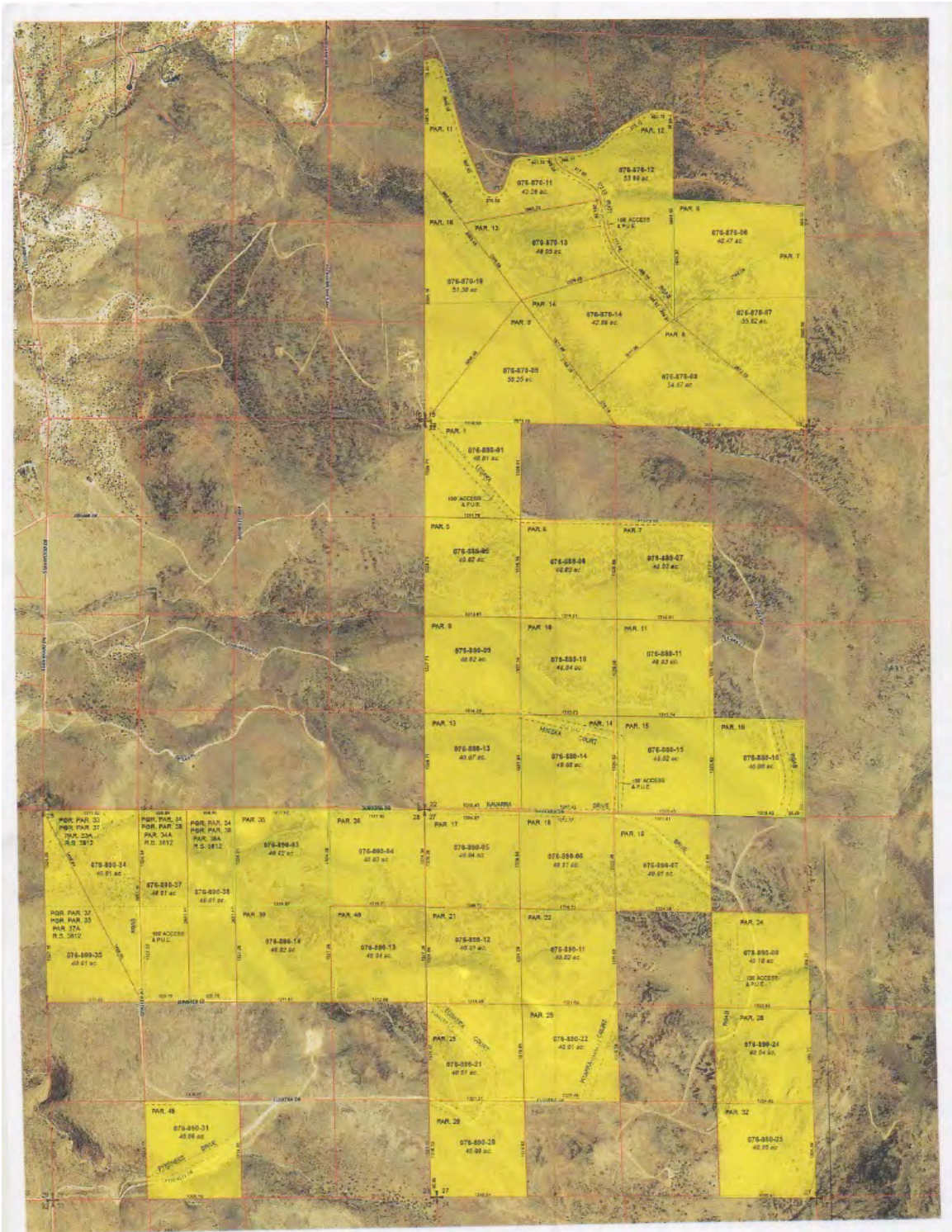


Portion of Washoe I property

Washoe III – Washoe III consists of 40 nearly contiguous parcels totaling 1,673.21 acres in the Spanish Springs area. These parcels are currently difficult to access due to the terrain and the fact that there are no paved roads



in close proximity. The immediate area consists of large lot residential parcels that are mostly undeveloped.





Washoe IV – Washoe IV is a single, 116.43 acre parcel situated between U.S. 580 to the west and Old U.S. 395 to the east. The parcel has a significant slope as it rises from U.S. 395 and it sits adjacent to the existing Anchor Self Storage facility. The property is zoned “GR” (General Rural) in Washoe County.



Aerial photo of Washoe IV property location



Portion of Washoe IV property



Washoe V – Washoe V consists of two contiguous parcels totaling 177.45 acres in the Spanish Springs area. The parcels sit just on the west side of Pyramid Lake Highway, near Axe Handle Canyon Road. The properties are sloping and are zoned “GR” (General Rural) in Washoe County. The immediate area consists of undeveloped acreage and a few large lot residences.



Aerial photo of Washoe V property location



Portion of Washoe V property



Stead 1 – Stead 1 consists of 12 parcels totaling 105.6 acres. These parcels sit on the west side of U.S. 395, just south of Red Rock Road and are zoned “GR” (General Rural) and “HDR” (High Density Residential) in Washoe County. The immediate area is undeveloped residential lots, however there is a 1.85 acre office and apartment in close proximity to the subject properties.

The properties sit in 4 clusters separated by unimproved streets (Trail Drive, Lenco Avenue) and the Union Pacific rail line.

The 63.9 acre parcel has a water well located on it.



Aerial photo of Stead I property location



Portion of Stead I property



Portion of Stead I property



View east of Stead I property

Summary of Valuations and Opinions

Reno Properties - Dayton

SEC v. Schooler

Valuations and Opinions



Dayton 1 – 9 current listings of residential properties and 9 sales that occurred in the last 18 months in close proximity to the subject site were located. Of these, only three appeared to provide a basis for applicable comparable value information.

Kidder Matthews has 950 acres listed for sale just north of the subject property for \$6,300,000 (\$6,632/acre), however the zoning would allow 1 acre lots on most of the property, with 20 acre minimum lots on the balance. Assuming that a buyer of these parcels could yield 500 lots, it would generate a per lot valuation of \$12,600.

ArchCrest has a 54.33 acre residential parcel zoned E1 (12,000 sf minimum lot size) for \$1,900,000. This property is closer to U.S. 50 than the subject property and had a 134 lot tentative map, now expired. Assuming this map could be resurrected, the per lot valuation would compute to be \$14,179.

On 6/3/15, River Park Development, a 105.89 acre parcel, sold for \$717,000, or \$6,771/acre. This property is north of the subject property, north of the Carson River and in close proximity to U.S. 50. This property is zoned E-1 which would allow for a more dense residential intensity than the subject property. River Park had a subdivision map that had yielded 239 lots, however that map expired. Adjusting for location and density, a per lot valuation would approximate \$13,500.

The difficulty in using the comparable information in valuing this property is the subject property's "Resource" designation that does not allow for residential use. Taking the time and financial risk in an attempt to eliminate the "Resource" designation may ultimately pay big dividends, but it is not a further risk that I would recommend at this point in time.

It is estimated that the valuation of the Dayton I property ranges from a low of \$430,650 to high of \$558,250 (\$540-\$700/acre).



As property values in this part of the Dayton area are not expected to increase without the elimination of the “Resource” designation in Lyon County’s Land Use, nothing could be gained by holding this parcel any longer. It is recommended that it be sold now, as-is.

Dayton II, III, and IV

Two sales of high-density residentially zoned properties were recorded in Lyon County and six sales of Estate zoned properties occurred in Storey County, all within the last 12 months. Those comps, ranging in size from 32-41 acres, ranged from \$109/acre to \$15,250/acre. The anomaly seems to be the one sale (APN 041-231-90) that occurred on May 5, 2015 for a price of \$15,250/acre. It is unclear at the time of this report, whether this is an inaccurately reported sale, or whether there are extraordinary circumstances related to this transaction.

As detailed in the table above, the Hutchinson Valuation, Inc. appraisals of 8/19/15, valued Dayton II at \$300/acre, Dayton III at \$400/acre, and Dayton IV at \$350/acre. The “E” zoning attributable to Dayton II, as opposed to the “F” zoning on Dayton III and Dayton IV would suggest that Dayton II would command the highest value/acre, not the lowest.

The anticipated completion of the extension of USA Parkway in 2017 should have a positive affect on real estate development and land prices along the U.S. 50 corridor, and the Dayton area in particular. It may be some time before these properties show significant appreciation.

A zone change application for the Dayton III and Dayton IV properties changing the zoning from “F” to “E” should be processed and can be made with little expense or risk. Once completed, the Dayton II, Dayton III, and Dayton IV properties all should be marketed for sale.

Based upon the foregoing information, it is estimated that the valuation of the Dayton II property ranges from a low of \$224,280 to a high of \$320,400 (\$350/acre-\$500/acre). The estimated valuation of the Dayton III property ranges from a low of \$49,000 to a high of \$70,000 (\$350/acre-\$500/acre).



The estimated valuation of the Dayton IV property ranges from a low of \$221,438 to a high of \$316,340 (\$350/acre-\$500/acre).



**Summary of Valuations and Opinions
Reno Properties - Silver Springs
SEC v. Schooler**

Geographic Area	Reno	Reno
Property I.D.	Silver Springs South	Silver Springs North
Owner Name	Rail Road	North Springs
	Spruce Heights	Rawhide
	Vista Del Sur	Highway 50
	Lahontan	Orange Vista
Locale of Property	Silver Springs	Silver Springs
Assessor's Parcel Number	Various (30 parcels)	15-262-02 and 09
Acreage	137.72	90.85
Nearest Intersection	Rawhide and Lemon St	N of U.S. 50, E of U.S. 95A
Valuations and Opinions		
Valuation	Appraisal	Appraisal
Appraisal Entity	Warren & Schiffmacher LLC	Warren & Schiffmacher LLC
Date	3/22/2013	3/22/2013
Valuation	\$300,000	\$360,000
Value Per Acre	\$2,178	\$3,963
Valuation	Appraisal	Appraisal
Appraisal Entity	Hutchinson Valuation, Inc.	Hutchinson Valuation, Inc.
Date	8/9/15	8/9/15
Valuation	\$440,000	\$320,000
Value Per Acre	\$3,200	\$3,522

Silver Springs South – Although only 2 relatively comparable sales could be located, parcels adjoining some of the Silver Springs South parcels are currently listed for sale by NAI Alliance. The listed parcels have a similar zoning to Silver Spring South (M1) and are listed for \$10,000/acre.



The anticipated completion of the extension of USA Parkway in 2017 should have a positive affect on real estate development and land prices along the U.S. 50 corridor, and the Silver Springs area in particular.

The estimated valuation of the Silver Springs South property ranges from a low of \$1,032,900 if sold in bulk to a high of \$1,377,200 if sold in multi-parcel clusters (\$7,500/acre-\$10,000/acre).

The Silver Springs South property should be held for up to 12 months, closer to the anticipated completion of the USA Parkway extension, and then marketed for sale.

Silver Springs North – Although only 2 relatively comparable sales could be located, parcels South of U.S. 50 adjoining some of the Silver Springs South parcels are currently listed for sale by NAI Alliance. The listed parcels have a similar zoning to Silver Spring North (M1) and are listed for \$10,000/acre. Lahontan Properties also has an 11.68 area parcel located in close proximity to the subject property and also designed M1 zoning listed for sale at \$14,983/acre.

The anticipated completion of the extension of USA Parkway in 2017 should have a positive affect on real estate development and land prices along the U.S. 50 corridor, and the Silver Springs area in particular.

The estimated valuation of the Silver Springs North property ranges from a low of \$681,375 to a high of \$908,500 (\$7,500/acre-\$10,000/acre).

The Silver Springs North property should be held for up to 12 months, closer to the anticipated completion of the USA Parkway extension, and then marketed for sale.



Summary of Valuations and Opinions Reno Properties - Fernley SEC v. Schooler	
Geographic Area	Reno
Property I.D.	Fernley 1
Owner Name	Crystal Clearwater
	High Desert
Locale of Property	Fernley
Assessor's Parcel Number	021-301-46
Acreage	78.84 (66.39 net)
Nearest Intersection	Partridge Road and Desert Shadows Lane
Valuations and Opinions	
Valuation	Appraisal
Appraisal Entity	Warren & Schiffmacher LLC
Date	4/9/12
Valuation	\$230,000
Value Per Acre	\$3,464
Valuation	Appraisal
Appraisal Entity	Hutchinson Valuation, Inc.
Date	6/26/15
Valuation	\$210,000
Value Per Acre	\$3,163

Fernley 1 - Four comparable sales that occurred in the last 10 months were located, ranging in value from \$677/acre to \$13,078/acre. A 5.74 acre parcel zoned for medium density residential sold for \$4,791/acre.



There are also current listings for finished lots and mapped lots with water rights within the Fernley city limits that have gone in and out of escrow without closing.

Although Fernley should continue to recover from the recession and is expected benefit from the future opening of the Tesla factory in the Tahoe Reno Industrial Complex and its proximity to it, Fernley's land values do not yet show signs of strength as in other areas of the greater Reno area.

Based upon approval and recording of a new subdivision map with 8,000 sf minimum lot sizes, the property would yield approximately 3 units to the acre, or 199 lots. The cost of processing this map is estimated to be \$50,000 and it is estimated to take 4 months to get to final approval. This map should be pursued to position the property for eventual sale, once the map is in place.

The estimated valuation of the Fernley 1 property ranges from a low of \$315,353 to a high of \$365,145 (\$4,750/acre-\$5,500/acre).



Summary of Valuations and Opinions Reno Properties - Minden SEC v. Schooler	
Geographic Area	Reno
Property I.D.	Minden
Owner Name	Carson Valley
	Heavenly View
	Sierra View
	Pine Valley
Locale of Property	Minden/Gardnerville
Assessor's Parcel Number	1220-11-001-004
Acreage	83.13
Nearest Intersection	Sawmill Rd and Pinenut Rd
Valuations and Opinions	
Valuation	Appraisal
Appraisal Entity	Warren & Schiffmacher LLC
Date	4/23/2013
Valuation	\$1,000,000
Value Per Acre	\$12,029
Valuation	Broker Opinion
Broker	Andie Wilson - NAI Alliance Carson City
Date	6/8/15
Valuation	\$1,800,000 (1)
Value Per Acre	\$21,653

(1) Priced to move within 12 months

Minden – Five comparable sales that occurred in the last 6 months were located. These parcels sold from \$989/acre to \$99,000/acre. Industrial parcels much smaller than the subject property, but in close proximity, are listed for sale by RE/Max. These parcels range in size from 1-2.58 acres and



are priced between \$77,519 and \$135,000/acre. There appears to be an abundance of industrial land currently available.

The Minden property has a water right agreement that was recorded on 8/23/10 that provides for 36.83 afa and 0.50 cfs allocated to it. A 1-year extension to this agreement was requested on 2/24/16.

The estimated valuation of the Minden property, priced to sell within an 18-month marketing period, ranges from a low of \$1,828,860 to a high of \$2,353,743 (\$22,000/acre-\$28,314/acre).

As property values in the Minden/Gardnerville area are not expected to increase significantly in the short term, nothing could be gained by holding this parcel any longer. It is recommended that the water rights be preserved and the property be sold now, as-is.

Summary of Valuations and Opinions Reno Properties - Washoe SEC v. Schooler

Geographic Area	Reno	Reno	Reno	Reno	Reno
Property I.D.	Washoe I	Washoe III	Washoe IV	Washoe V	Stead
Owner Name	Reno View	Spanish Springs	Rose Vista	Pyramid Highway	P-39 Altocobra
	Reno Vista	Antelope Springs	Steam Boat	Frontage 17	P-40 Warhawk
	Reno	Wild Horse	Galena Ranch		F-86
		Big Ranch	Redfield Heights		
Property	Geiger Grade	Spanish Springs	Steamboat	Spanish Springs	Stead
Assessor's Parcel Number	016-762-26 thru 29, 016-763-02, 016-764-07, and 016-764-14	Various (40 parcels)	049-450-53	076-172-03 and 076-172-06	Various (12 parcels)
Acreage	151.09	1,673.21	116.43	177.45	105.6
Nearest Intersection	NV Hwy 341	Pyrenees Drive	Old US Hwy 395, approx. 1.75 miles south of State Route 431	Pyramid Lake Highway and Axe Handle Cyn Road	U.S. 395 and Red Rock Road

Valuations and Opinions

Valuation	Appraisal	Appraisal	Appraisal	Appraisal
Appraisal Entity	Warren & Schiffmacher LLC	Warren & Schiffmacher LLC	Warren & Schiffmacher LLC	Warren & Schiffmacher LLC
Date	4/8/2013	1/18/2013	5/14/2013	1/18/2013
Valuation	\$150,000	\$600,000	\$375,000	\$395,000
Value Per Acre	\$993	\$359	\$3,221	\$1,014
Valuation	Broker Opinion	Appraisal	Appraisal	Appraisal
Appraisal Entity	Egan LoPresit - Bradway Properties	Hutchinson Valuation, Inc.	Hutchinson Valuation, Inc.	Hutchinson Valuation, Inc.
Date	8/8/15	7/3/15 and 7/6/15	7/3/15	7/20/15
Valuation	\$61,000-\$101,000	\$940,000	\$350,000	\$420,000
Value Per Acre	\$404-\$668	\$562	\$3,006	\$3,977



Washoe I - No current listing or recent sale comparable properties could be located. These steeply sloped parcels appear to have marginal utility or value.

The estimated valuation of the Washoe I property ranges from a low of \$75,546 to a high of \$99,720 (\$500/acre-\$660/acre).

As property values along Geiger Grade are not expected to increase, nothing could be gained by holding these parcels any longer. It is recommended that they be sold now, as-is.

Washoe III - 5 current listings of residential lots and 11 sales that occurred since 2011 in close proximity to the subject site were located. Current listings ranged in value from \$2,363/acre to \$4,375/acre. Most of the listings are for 40-acre parcels. The comps for large acreage sales vary significantly in price due to varying entitlements and whether water rights are included or not.

A January 2014 sale of a 10.06 acre parcel in close proximity to the subject property sold for \$2,982/acre and a May 2015 sale of a 45.33 acre parcel within 5 miles of the subject property sold for \$3,309/acre.

In order to be able to sell all 40 parcels (1,673.21 acres) to a single buyer, most likely a developer, the property would not command the same price as if each parcel was sold individually.

Smaller lot subdivision land located closer to Pyramid Way and access to utilities appears to be in higher demand. Ryder Homes is selling it's Shadow Ridge subdivision down the hill from the subject property and close to Pyramid Way. These homes range from 2,352-3,043 sq ft and start at \$352,900. Ryder had expressed interest in the subject properties over 10 years ago.



The short-term economic outlook for the Spanish Springs area appears to be solid, with new residential construction taking place. The subject properties should be offered for sale in bulk to larger local developers who are active in the market: Ryder Homes, Di Loreto Homes, and Lennar Homes. If those contacts fail to generate a sale, the properties should be listed for sale.

The estimated valuation of the Washoe III property ranges from a low of \$1,505,889 if sold in bulk to a high of \$5,019,630 if sold as individual parcels (\$900/acre-\$3,000/acre). It should be noted that if sold as individual parcels, the marketing time would most likely be substantially increased.

Washoe IV – No current listing or recent sale comparable properties could be located. All the industrial zoned property that sold in Washoe County over the last 12 months, were located in Sparks, or north of downtown Reno along U.S. 395, all active areas some 20+ miles away. There are, however, two current listings in the general vicinity of larger parcels that have mixed use zoning.

The subject property has challenging terrain and is located in an area of dwindling significance and reduced traffic counts.

The estimated valuation of the Washoe IV property ranges from a low of \$582,150 to a high of \$640,365 (\$5,000/acre-\$5,500/acre).

As property values along old U.S. 395 in the area of Steamboat are not expected to increase, nothing could be gained by holding this parcel any longer. It is recommended that it be sold now, as-is.

Washoe V – Although no comparable current listings could be located, two comparable sales have occurred over the last 24 months. A 42.49 acre parcel sold in May 2014 for \$3,530/acre. In November 2015, a 77.78 acre parcel along Pyramid Way, south of the subject property, sold for \$3,343/acre.

A 64.91 acre parcel 7 ½ miles north of the subject property that has a GRA zoning (General Rural Agriculture), sold in February 2016, for \$3,389/acre.



The estimated valuation of the Washoe V property ranges from a low of \$594,461 to a high of \$629,951 (\$3,350/acre-\$3,550/acre).

As property values along Pyramid Lake Highway are not expected to increase, nothing could be gained by holding this parcel any longer. It is recommended that it be sold now, as-is.

Stead 1 – 2 current listings of high-density residential properties in close proximity to the subject property were located, although these properties are closer to U.S. 395 than the subject. 4 comparable sales that occurred in the last 24 months were also found.

The most comparable sale is that which occurred on July 24, 2015. The property sold was a 2.00 acre parcel directly across the street from one of the parcels that make up the subject property and it sold for \$30,000/acre. This property is zoned for high-density residential, similar to 39% of the acreage making up the Stead I property.

In the Hutchinson Valuation, Inc. appraisal for Stead I dated July 20, 2015, Hutchinson uses land sale comps that were located from 13-41 miles away from the subject property. In addition, Hutchinson's reconciliation of values produced an average unadjusted value/acre of \$5,641 and an average adjusted value/acre of \$5,978. Hutchinson states in the appraisal that "(s)ince the subject was non-contiguous parcels and included a large portion of GR land, (he) placed more emphasis on the lower end of the range for the subject..." Hutchinson's two land comps that were zoned GR had adjusted values of \$8,105/acre and \$7,503/acre.

In order to be able to sell all 12 parcels (105.6 acres) to a single buyer, most likely a developer, the property would not command the same price as if each parcel was sold individually. In addition, 61% of the Stead I acreage is zoned "General Rural", which doesn't have the same value as high-density residential land.

The estimated valuation of the Stead 1 property ranges from a low of \$1,584,000 if sold in bulk to a high of \$3,168,000 if sold as individual



parcels (\$15,000/acre-\$30,000/acre). It should be noted that if sold as individual parcels, the marketing time would most likely be substantially increased.

It is recommended that this property be marketed as four individual clusters, three high-density residential clusters (as they are separated by unpaved streets and the Union Pacific Railroad): a 5.3 acre parcel, 6 parcels totaling 15.9 acres, 3 parcels totaling 20.5 acres, and a single 63.9 acre, GR zoned parcel.

The table below summarizes the conclusions of valuation ranges for the Reno properties:

Summary of Valuations and Estimates of Value Reno Properties SEC v. Schooler					
	2013 Appraised Value	2015 Appraised Value/BOV	% change	Estimate of Value - Low	Estimate of Value - High
<u>Reno</u>					
Dayton I	\$200,000	\$360,000	80.00%	\$430,650	\$558,250
Dayton Valley II	\$100,000	\$190,000	90.00%	\$224,280	\$320,400
Dayton Valley III	\$50,000	\$60,000	20.00%	\$49,000	\$70,000
Dayton Valley IV	\$160,000	\$220,000	37.50%	\$221,438	\$316,340
Silver Springs South	\$300,000	\$440,000	46.67%	\$1,032,900	\$1,377,200
Silver Springs North	\$360,000	\$320,000	-11.11%	\$681,375	\$908,500
Fernley 1	\$230,000	\$210,000	-8.70%	\$315,353	\$365,145
Minden	\$1,000,000	\$1,800,000	80.00%	\$1,828,860	\$2,353,743
Washoe 1	\$150,000	\$88,200	-41.20%	\$75,546	\$99,720
Washoe 3	\$600,000	\$940,000	56.67%	\$1,505,889	\$5,019,630
Washoe IV	\$375,000	\$350,000	-6.67%	\$582,150	\$640,365
Washoe 5	\$180,000	\$240,000	33.33%	\$594,461	\$629,951
Stead 1	\$395,000	\$420,000	6.33%	\$1,584,000	\$3,168,000
Total	<u>\$4,100,000</u>	<u>\$5,638,200</u> [✓]	<u>37.52%</u>	<u>\$9,125,901</u>	<u>\$15,827,244</u>



This consultant's report is based upon a thorough review and analysis of current competitive market conditions and the expertise of the author, Consultant does not in any way represent, warrant or guarantee that any reported results will be achieved as a result of various reasons, including but not limited to the sensitivity to ever-fluctuating market conditions and the efficiency of a Client and its representatives, agent, employees, successors and assigns.

EXHIBIT “3”



**San Diego Property Analysis
SEC v. Schooler**

April 14 2016



Property Summary

The San Diego properties are held in three property groups: Bratton Valley, Jamul Valley and Tecate. The properties are all in rural areas in the southeast area of unincorporated San Diego County. The property furthest east is Tecate, located on the Mexican border at a border crossing.



Properties and Partnerships San Diego County SEC v Schooler		
Property Area	Partnership	Locale
Bratton Valley	Valley Vista	Jamul
Bratton Valley	Bratton Valley	Jamul
Bratton Valley	Honey Springs	Jamul
Jamul Valley	Jamul Meadows	Jamul
Jamul Valley	Lyons Valley	Jamul
Jamul Valley	Hidden Hills	Jamul
Tecate	ABL	Tecate
Tecate	Borderland	Tecate
Tecate	Prosperity	Tecate
Tecate	Freetrade	Tecate
Tecate	Suntec	Tecate
Tecate	Via 188	Tecate
Tecate	International	Tecate
Tecate	Mex-Tec	Tecate
Tecate	Tecate South	Tecate
Tecate	Twin Plant	Tecate
Tecate	Vista Tecate	Tecate



Purpose of Report

The purpose of this report is to determine an estimate range of values for the San Diego properties and to develop a strategy for their future.

During the course of this report, we reviewed documentation provided to us by counsel and compiled data on the state of the economy, sale of raw land in the vicinity of the subject properties and discussed property matters with persons of knowledge in the San Diego County area, including professionals in the private and public sector.

Neal Singer and Alan Nevin jointly viewed each of the properties in the portfolio in San Diego County and the areas surrounding each property. Many of the properties were not accessible by car, but were visible.

Consultant Background

The author of this report, Alan Nevin, has been a resident of San Diego County for 40+ years and during that entire time period has been a real estate development consultant and have also been a general partner in more than three dozen real estate developments throughout the county.

As a consultant, he has completed studies throughout San Diego County, including studies in Jamul and Honey Springs, and throughout the Mountain Empire. His studies in San Felipe have taken him to Tecate on both sides of the border several times. Virtually all of those studies involved a determination of land use and the possibilities for government approval of projects.

He has completed market and litigation assignments in 20 states, including multiple metropolitan areas in California, Nevada, Arizona, Wyoming , Montana, Florida and Texas.



As part of his public persona, he has taught development feasibility in the extension divisions of UCSD (1983-2009) and taught appraisal and development feasibility in the business school at San Diego State University.

He also present lectures on the economy 30-40 times annually throughout southern California, many of them to Realtors, title company representatives and real estate developers. Through his lectures at the Pacific Southwest Association of Realtors he has become known to the realty community that services the eastern areas of San Diego County. His most recent presentation to PSAR was one month ago.

As part of his practice, he has been designated as an expert witness in real estate matters in more than 100 litigation matters, many of them related to real estate issues within San Diego County. He has testified in court on more than two dozen occasions within the County. His most recent cases involving land and real estate development in East County were in 2013-2015 (Pointe SDMU v. County of San Diego and GM v Boekamp).

He is widely published and quoted on the San Diego economy and real estate matters and for more than a decade has been a featured columnist in the San Diego Daily Transcript and more recently in the Los Angeles Daily Journal.

His book "The Great Divide" will be published this summer. It describes the economic and real estate future of growing metropolitan areas, including San Diego.



This report is segmented into three sections:

Section 1: State of the San Diego Economy

Section 2: Description of the Subject Property Areas

**Section 3: Description of San Diego County Partnership Properties and
Historic Values and Letters of Opinion of Value**



Section 1: State of the Local Economy

In this section, we will outline the population and employment trends in San Diego County.

Population Trends and Household Formations

San Diego County is one of the most economically robust metropolitan areas in the United States with more than 3,100,000 population and routinely growing at a pace of more than 30,000 persons annually.

The pace of population growth is anticipated to slow gradually, but still experience gains of 30,000+ through 2040. By the end of this decade, the population is anticipated to reach 3,500,000.

Decennial Population Projections California and San Diego County 2010-2040				
	2010	2020	2030	2040
California	37,309,382	40,643,643	44,279,354	47,690,186
San Diego County	3,102,745	3,535,000	3,870,000	4,163,688
Decennial Change		432,255	335,000	293,688
Annual Change		43,226	33,500	29,369

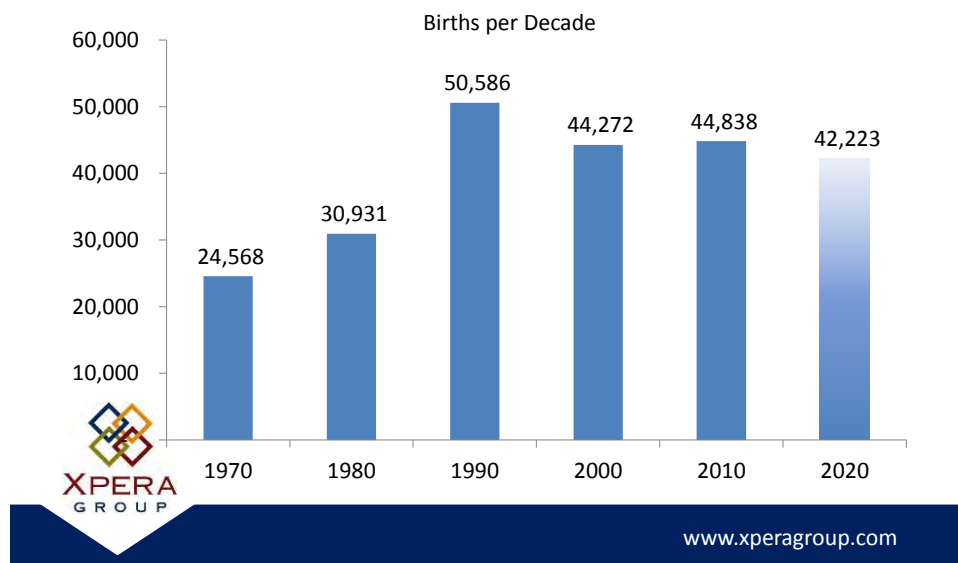
Projections Prepared by Demographic Research Unit, California Department of Finance, January 2013



Most of the population growth in the County is from natural household formations (more people being born here than dying). On the exhibit below, the San Diego Association of Governments (SANDAG) shows the number of births in the County from 1970 projected through 2020.



Births in San Diego County



On a very conservative basis, SANDAG estimates that more than 12,000 new households will be formed in the County each year for the foreseeable future.

Should employment gains continue at a pace of 30,000+ annually, it is likely that household formations will be in the 12,000-15,000 range.

Employment Future

The base employment in San Diego County is far more diverse than in most metropolitan areas. Base employment is the economic driver in a economy. In San Diego County, the military is the largest driver by far, accounting for as much as 20% of the gross domestic product. The County has 110,000 persons in uniform and another 30,000+ civilians attached to the military. That in addition to billions of dollars in contracts to local vendors and manufacturers. That employment base is stable and anticipated to remain so.

The other economic drivers are tourism, manufacturing, import/export, the university system and the high tech bio-med and electronics industries.



Employment Change San Diego County 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	10.4%	7.5%	8.2%	6.8%	5.5%	4.7%

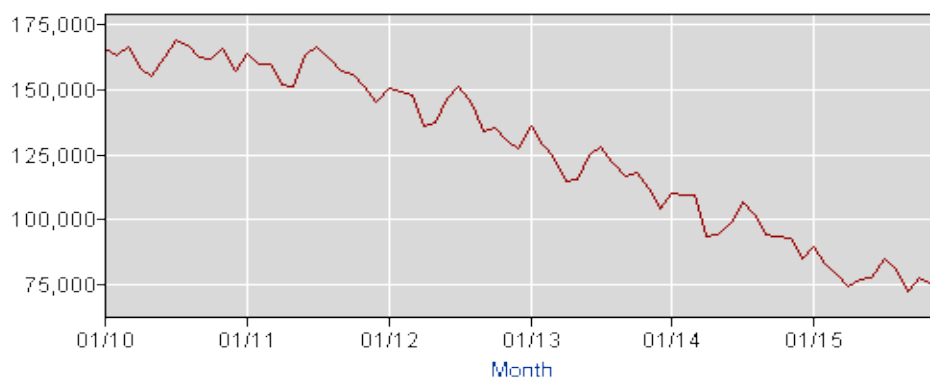
Source: Bureau of Labor Statistics

Since the recession, the civilian unemployment rate has plummeted to the 4-5% range, but is actually much lower because it does not include the military nor does it include the 30,000+ persons who cross the border every day and who have jobs.

Unemployment Change San Diego County 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	10.4%	7.5%	8.2%	6.8%	5.5%	4.7%

Source: Bureau of Labor Statistics

unemployment



Residential Construction

In normal years, the local homebuilding industry produces 11,000 to 15,000 units – a combination of single family, townhomes, vertical condominiums



and rental units. That total has declined dramatically since 2007 and now averages barely over 5,000 units.

Single family production has been in short supply because of the death of shovel ready lots. The County exhausted its supply of lots in 2006 and relatively few new lots have been developed since then, except in very expensive subdivisions in the north county.

Condominium construction has been moribund, with no new vertical condominium projects anywhere in the county started since 2007. There have been a few townhome projects started, but not nearly enough to satisfy demand. The only product that has seen extensive development is rental apartments, both downtown and in the suburbs.

The production of units permitted in the 2008-2014 period is at 37% of the output of 2000-2007. Since 2010, the average number of units permitted in the County has averaged 6,594.

Residential Construction (Units Permitted) San Diego County 2010-2015						
Residential Construction						
	2010	2011	2012	2013	2014	2015
Total	3,494	5,370	5,666	8,264	6,875	9,893
Single Family	2,270	2,245	2,197	2,565	2,487	3,253
Multi-Family	1,224	3,125	3,469	5,699	4,388	6,640
Average 2010-2015:						6,594
Source: Census.Gov						

SANDAG projects 12,000 new households annually. On that basis, the County has a housing deficit approaching 50,000 units over the past decade. This is evident by the steady decline in apartment vacancy rates and rising rents, the disappearance of foreclosures and the steady climb in sale prices in the housing market.



Existing Home Prices

Existing single family home prices dipped substantially during the recession, but since 2010 have appreciated by 50%. Thus, the median price has accelerated from \$360,000 to \$542,000 in that five-year period.

Existing Single Family Home Prices San Diego County 2010-2015						
Single Family Home Prices	2010	2011	2012	2013	2014	2015
Median Price	\$ 360,000	\$ 352,000	\$ 412,000	\$ 464,000	\$ 497,000	\$ 542,000
Change	n/a	\$ (8,000)	\$ 60,000	\$ 52,000	\$ 33,000	\$ 45,000
% Change 2010-2015						50.6%
Source: California Association of Realtors						

Resales have continued at a pace of 30,000-35,000 homes annually with a standing inventory averaging three months, about half the normal supply.

The Apartment Market

The vacancy rate in the County is at the 4.0% level and in the area surrounding downtown and the near-in suburbs, the vacancy rate is effectively zero, with rents often being bid up in the Hillcrest, North and South Park areas and at the beaches.

A final point on County-wide market conditions: Only 10.7% of the rental units in the County have been built since 2000 and the average age of a rental unit is 41 years. And few have been remodeled.



Year Structure Built Renter-Occupied Housing Units San Diego County	
Year Built	%
2010 or Newer	0.6%
2000-2009	10.1%
1980-1999	31.0%
1960-1979	39.7%
1959 or earlier (55+ years)	18.6%
Total	100.0%
Median age (years)	41
Source U.S. Census	

Since 1990, the number of multi-family parcels (i.e, projects) (excluding new condominiums) has actually declined as a result of substantial condominium conversion activity in the 2002-2007 timeframe.

Change in Inventory of Multi-Family Parcels San Diego County 1990-2014				
			1990-2014	
No. of Parcels	1990	2014	Change	% Change
5 to 15 Units	7,665	7,217	(448)	-6%
16-60 Units	2,398	2,185	(213)	-9%
60+ Units	1,380	1,272	(108)	-8%
Total	11,443	10,674	(769)	-7%
Source: San Diego County Assessor				

Projections of Future Demand for Housing in San Diego County

Countywide, we project that the market can absorb an average of 12,000 units annually through 2019. This projection is based on recent activity in



the market and the projected changes in the number of households countywide.

Projected Residential Housing Supply San Diego County 2016-2019				
Year	% MF	Total	Single Family	Multi-Family
Historic Residential Units Permitted				
Average 2000-2009	46%	12,455	6,754	5,701
Average 2010-2015	63%	6,645	2,313	4,165
Units Permitted 2015	67%	9,893	3,253	6,640
Projected Units Permitted				
2016	64%	11,000	4,000	7,000
2017	63%	12,000	4,500	7,500
2018	62%	13,000	5,000	8,000
2019	61%	14,000	5,500	8,500
Avg. 2016-2019	62%	12,500	4,750	7,750



Of the total, we project 7,750 units annually as the average absorption capability of the market for multi-family housing, including both condominiums and rental projects. We are projecting that the rental unit demand annually will be in the range of 5,000 units countywide.

We recognize that given the projected production of housing that it will not be possible to achieve a supply/demand balance in the San Diego County housing market in the foreseeable future. Further, owners of developable land with approved maps will find a ready market for their product at advancing prices.



Section 2: Description of Eastern San Diego County:

All the San Diego County partnerships hold land in the southeastern sector of San Diego County, known in the County's General Plan as the "Mountain Empire." Much of the land in that sector lies within the Cleveland National Forest.

The subject properties lie within the southernmost sector of the Mountain Empire and are connected to urban San Diego by Highway 94, a winding two-lane road that ultimately connects to Mexico at the Tecate border crossing.

Although a limited number of sub-communities within the area appear as developable (Jamul and Tecate, in particular), development has been thwarted for the past 20 years by governmental fiat.

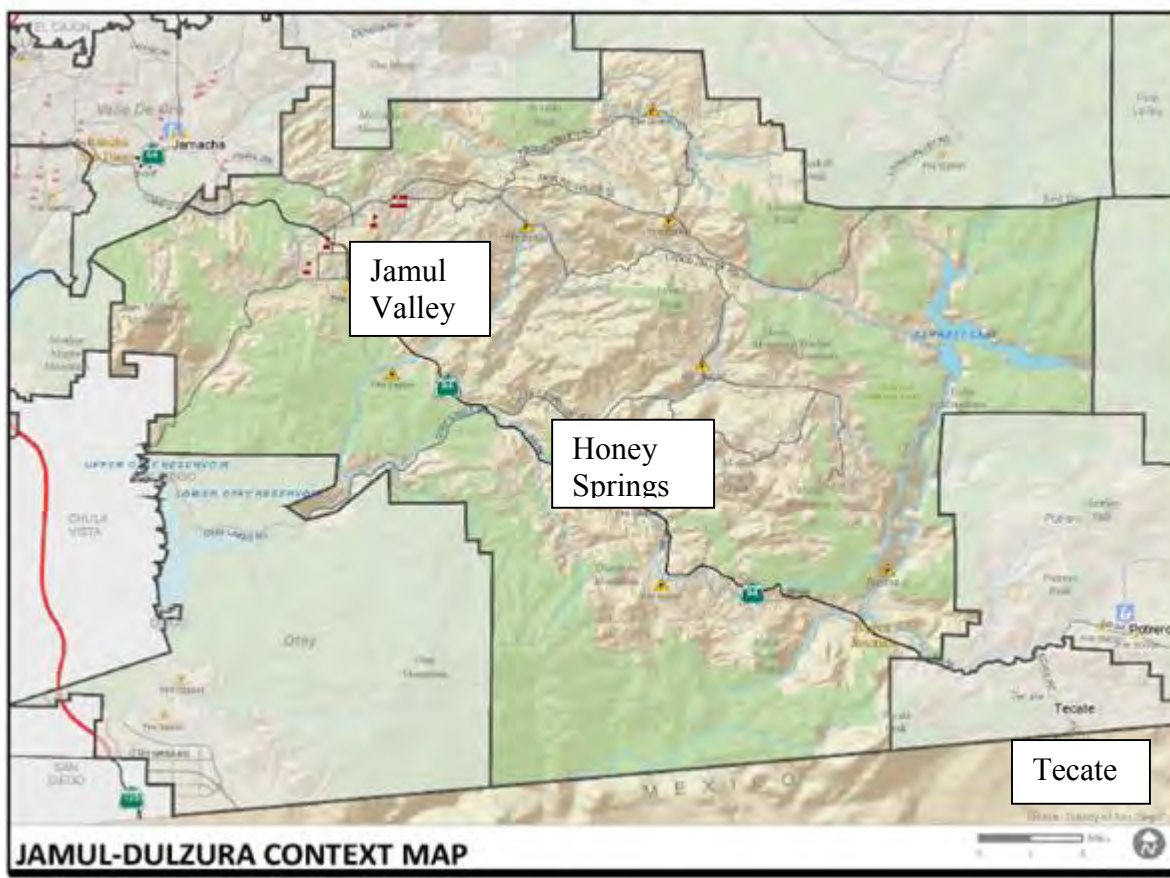
As a result, most of the major land holdings have been forced to sell to non-profit land conservations entities like the Nature Conservancy. In years past, we tabulated some 25 major land parcels in the Mountain Empire that applied for approval for residential development. Eventually, eleven of them sold to nature conservancies. Only one was ever approved (Steele Canyon) and that adjoined an urban area.

The Property Geographic Areas

The properties are located in three rural areas of unincorporated southeastern San Diego County: Jamul Valley, Honey Springs and Tecate.

As Jamul Valley and Honey Springs, for all intents and purposes, are in the same submarket area, and share the same sale comparables, we will discuss them in one section.

Each of the two sections Jamul Valley/Honey Springs and Tecate will contain a description of the property, market conditions, comparable sales and estimated value range.



The first section will discuss Jamul Valley and Honey Springs.

Properties and Partnerships San Diego County SEC v Schooler		
Property Area	Partnership	Locale
Bratton Valley	Valley Vista	Jamul
Bratton Valley	Bratton Valley	Jamul
Bratton Valley	Honey Springs	Jamul
Jamul Valley	Jamul Meadows	Jamul
Jamul Valley	Lyons Valley	Jamul
Jamul Valley	Hidden Hills	Jamul



Jamul Valley/Honey Springs (Bratton Valley) Subregion

Jamul Valley

The Jamul Valley Subregion of San Diego County covers an area of approximately 168 square miles (23,000 acres) located generally, south of Loveland Reservoir and the Sweetwater River, adjacent to and north of the Mexican border and east of the Rancho San Diego land development. Located within the northeast portion of the Planning Area is Barrett Lake and the Cleveland National Forest. U.S Highway 94 traverses the region generally in an east-west direction.

The population of the subregion is about 10,000 people with 3,200 housing units. It has several small rural or semi-rural communities including Jamul, Steel Canyon, Dulzura, and Barrett Junction. Jamul, the largest of these communities, and its surrounding hills and valleys accommodate a majority of the Subregion's population.

Generally the Subregion is still rural in character since it has no sewer system and imported water service only in the northwestern portion of the area.

Much of the acreage in the Jamul area is owned by a few Indian Tribes. The Jamul Indian Village tribe has recently completed the \$400 million Hollywood Casino, a 200,000 square foot three-story structure.

The Sycuan Tribe initiated gaming in Jamul in 1983 and since then has expanded to a major casino operation, a 100-room hotel and acquired the five golf course Singing Hills project.

Both casinos are within a 30-minute drive of central San Diego.

Jamul has had a substantial number of high-end homes on large lots built in the past 25 years. The homes typically range in price from \$750,000 to \$1,500,000.

Honey Springs (Bratton Valley)

The Honey Springs area lies midway between Jamul and Tecate. The heart of the area is the Honey Springs Ranch, a 2,000-acre property that at one time was going to be a master-planned community, but was eventually sold

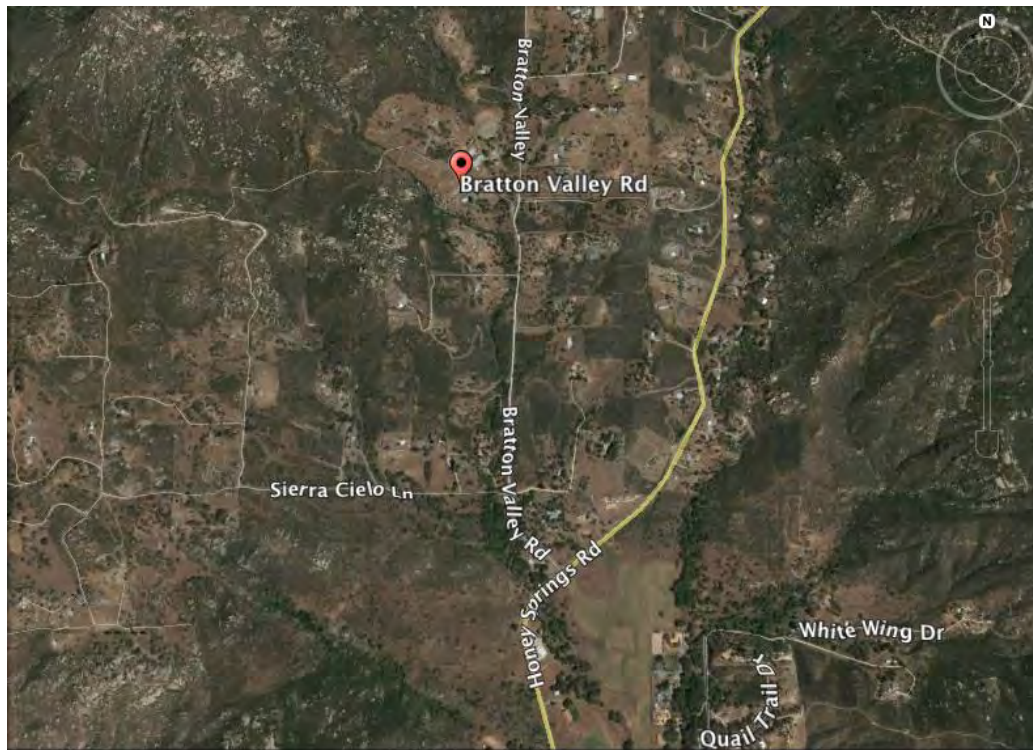


to the California Coastal Conservancy in 2004. Honey Springs is typically identified as part of the Jamul subregional area.

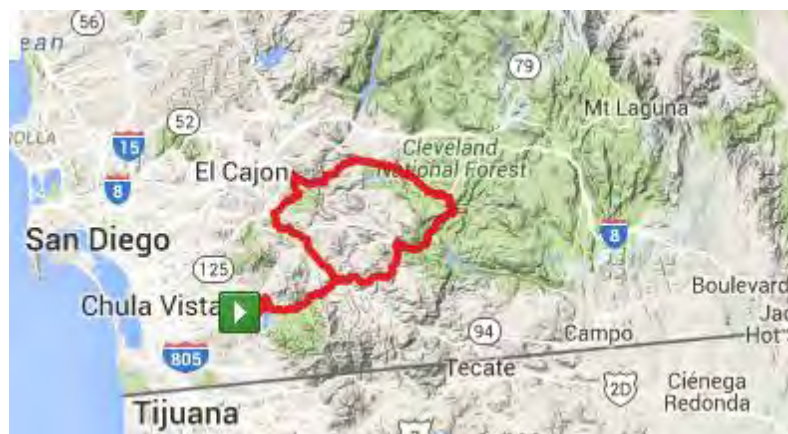
The area is notable for its steep topography and inaccessibility.



Below is a photograph proximate to the subject property, taken at the intersection of Honey Springs and Bratton Valley Road.



The Honey Springs Ranch and the areas around it have become a mecca for bicyclists. The Great Western Loop is a major event that encircles the Jamul and Honey Springs area.





Lot and Land Sales and Appraisals (Jamul Valley/Honey Springs)

Lot sales are sparse in the Jamul Valley/Honey Springs area. There are several lots listed for sale, as noted here. The average price per square foot is \$5,569 per acre; however, the larger the parcel the less the price per square foot. The most recent one large acreage sale was 244 acres to the Nature Conservancy at \$5,504 per acre. The other listings for large acreage properties are in the \$2,229 to \$4,520 per acre range.

Lot Sales - Active and Sold Jamul Valley/Honey Springs California Area							
APN	Locale	Acres	Price	\$/Acre	\$/Sq.Ft.	Date Sold	Status
522-251-13;599-041-01;522-081-07,08	Skyline Truck Trail	244.4	\$ 1,345,000	\$ 5,504	\$ 0.13		(1)
	16195 Lyons Valley Road	184.0	\$ 850,000	\$ 4,620	\$ 0.11		Active
	Honey Springs Road	157.0	\$ 350,000	\$ 2,229	\$ 0.05	May-15	
	17322 Hwy 94	70.9	\$ 365,000	\$ 5,148	\$ 0.12	Sep-14	
	n/a	60.00	\$ 199,900	\$ 3,332	\$ 0.08		Active
	Mother Grundy Truck Trail #20	60.0	\$ 199,900	\$ 3,333	\$ 0.08		Active
	2223 Honey Springs Rd.	46.4	\$ 329,995	\$ 7,118	\$ 0.16		Active
	Skyline Truck Trail	40.0	\$ 320,000	\$ 8,000	\$ 0.18		Active
	Skyline Truck Trail	40.0	\$ 350,000	\$ 8,750	\$ 0.20		Active
	Mother Grundy & Honey Springs, Lot 19 & 20	38.5	\$ 149,900	\$ 3,894	\$ 0.09	Mar-16	
	Honey Springs Road	19.5	\$ 28,000	\$ 1,434	\$ 0.03	Aug-14	
	Average			\$ 4,851	\$ 0.11		

Source: Chicago Title, CoStar & local brokers

(1) Sold to Nature Conservancy

On the following exhibit, we note the third party valuations for the Jamul/Honey Springs properties. The appraisals completed in spring of 2013 indicate a value of seven to ten cents per square foot or \$3,109 to \$4,436 per acre.

The 2015 appraisal values are questionable given the sales activity noted in the exhibit above.



Summary of Valuations and Opinions San Diego County - Jamul SEC v. Schooler				
Geographic Area	Bratton Valley	Jamul Valley Total	Jamul Valley	Jamul Valley
Partnership Name	Bratton View Partners	Hidden Hills Partners	Hidden Hills Partners	Hidden Hills Partners
	Honey Springs Partners	Jamul Meadows Partners	Jamul Meadows Partners	Jamul Meadows Partners
	Valley Vista Partners	Lyons Valley Partners	Lyons Valley Partners	Lyons Valley Partners
Assessor's Parcel Number	600-041-08,09-10	519-221-01-00, 519-150-05-00	519-221-01-00	519-150-05-00
Acreage	144.6	122.69	82.48	40.21
Valuations and Opinions				
Valuation				
Appraisal Entity	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella
Date	Apr-13		Apr-13	Apr-13
Valuation	\$ 629,878	\$ 395,000	\$ 270,000	\$ 125,000
Value Per Acre	\$ 4,356	\$ 3,219	\$ 3,274	\$ 3,109
Value Per Square Foot	\$ 0.10	\$ 0.07	\$ 0.08	\$ 0.07
Valuation				
Appraisal Entity				
Date	2015			Jul-05
Valuation	\$ 756,548			\$ 520,380
Value Per Acre	\$ 5,232			\$ 12,942
Value Per Square Foot	\$ 0.12			\$ 0.30

Estimated Value Range – Jamul Valley/Honey Springs (Bratton Valley)

On the basis of our research, we have placed a value range of \$.10 to \$.15 per square foot for the Jamul Valley/Honey Springs properties, or \$4,346 to \$6,534 per acre.



Xpera Group Estimated Value Range
San Diego County - Jamul/Honey Springs Properties
Bratton Valley and Jamul Valley Partnerships
SEC v. Schooler

Geographic Area	Bratton Valley	Jamul Valley Total
Partnership Name	Bratton View Partners	Hidden Hills Partners
	Honey Springs Partners	Jamul Meadows Partners
	Valley Vista Partners	Lyons Valley Partners
Assessor's Parcel Number	600-041-09-00	519-221-01-00, 519-150-05-00
Acreage	144.6	122.69
Xpera Group Valuation		
Valuation	Low	Low
Valuation	\$ 629,878	\$ 534,438
Value Per Acre	\$ 4,356	\$ 4,356
Value Per Square Foot	\$ 0.10	\$ 0.10
Valuation	High	High
Valuation	\$ 944,816	\$ 801,656
Value Per Acre	\$ 6,534	\$ 6,534
Value Per Square Foot	\$ 0.15	\$ 0.15



Xpera Group Suggested Strategy Jamul Valley/Bratton Valley (Honey Springs)

Based on our recent research and our knowledge of government land processing within the County, and particularly within the Mountain Empire, we suggest the following program:

Jamul Valley: Accept the offer from the Nature Conservancy. It is a fair offer and has no brokerage commission involved.

The alternative route would be to try to gain approval for a subdivision map for the property, but this would be a tortuous and expensive route, with uncertain chance for success.

Honey Springs (Bratton Valley): Place the property on the market in the same price range as the Nature Conservancy would offer and try to attract them to the property. It is unlikely to be sold to some entity other than a non-profit, as it would face the same arduous development process at Jamul Valley, but moreso because of its more rural location.

Tecate Properties

There are eleven partnerships that hold properties in the Tecate area.

Properties and Partnerships San Diego County SEC v Schooler		
Property Area	Partnership	Locale
Tecate	ABL	Tecate
Tecate	Borderland	Tecate
Tecate	Prosperity	Tecate
Tecate	Freetrade	Tecate
Tecate	Suntec	Tecate
Tecate	Via 188	Tecate
Tecate	International	Tecate
Tecate	Mex-Tec	Tecate
Tecate	Tecate South	Tecate
Tecate	Twin Plant	Tecate
Tecate	Vista Tecate	Tecate



Tecate is an unincorporated community in the Mountain Empire area of southeastern San Diego County, California, directly adjacent to the Mexican city of Tecate, Baja California. The area is best known for its border crossing between the United States and Mexico, and nearby Tecate Peak.



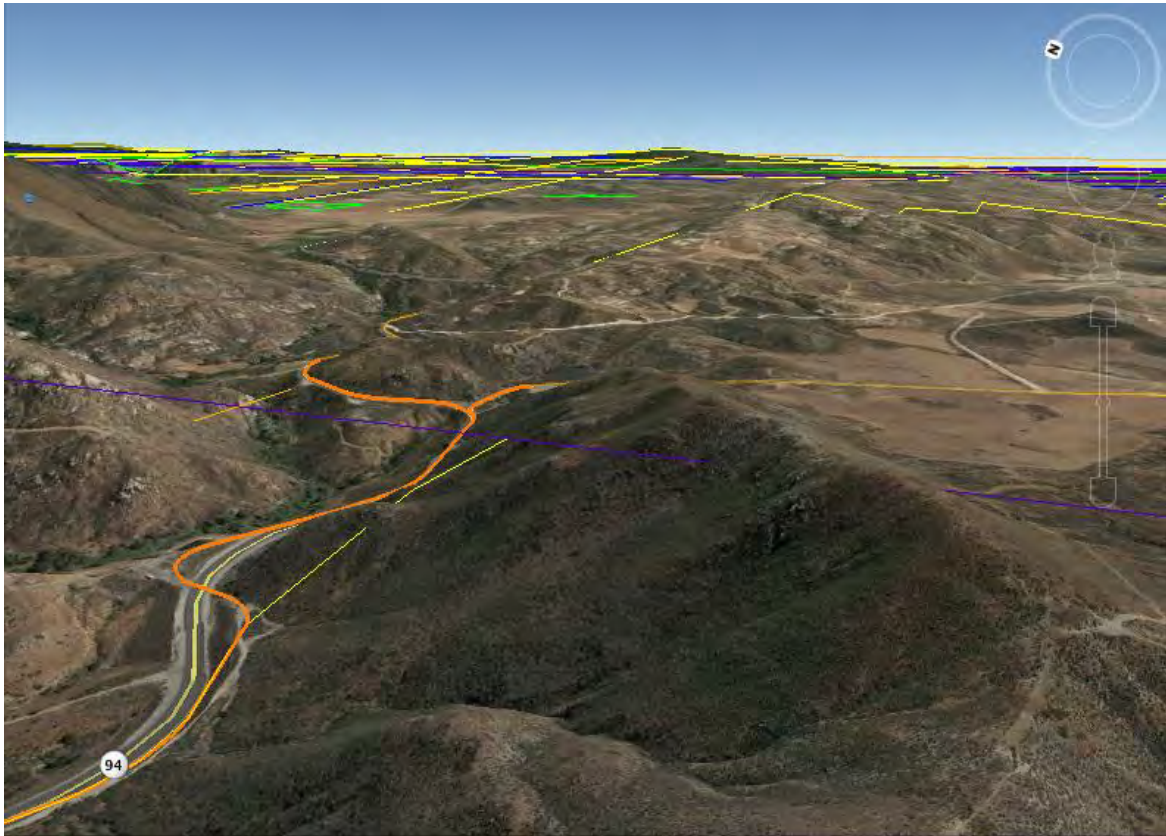
Directly across the border is Tecate, Mexico, a thriving community of 100,000 population.

The only access road between Tecate and San Diego proper is State Highway 94. It is heavily traveled causing traffic congestion and safety concerns, along with a number of environmental impacts.

The total population of Tecate, California is less than 1,000.

Most of the area is hilly and unusable, except for that land immediately near the border crossing.

The subject property area is shown here:



The exhibit below details the Tecate partnership and properties in San Diego County, noting their locations and acreage. In total, the Tecate properties have 324.52 acres.

The following exhibit notes the total number of parcels in Tecate and their acreage



San Diego County Properties - Tecate SEC v. Schooler								
Geographic Area	Total Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate
Partnership Name		ABL Partners	Sun-Tec Total	Sun-Tec	Suntec	Suntec	Suntec	Borderland Partners
		Mex-Tec Partners	Free Trade Partners	Free Trade Partners	Free Trade Partners	Free Trade Partners	Free Trade Partners	Prosperity Partners
			Via 88 Partners	Via 88 Partners	Via 88 Partners	Via 88 Partners	Via 88 Partners	
Assessor's Parcel Number		652-110-04-00	652-110-08,09,10,11	652-110-11-00	652-110-10-00	652-110-09-00	652-110-08-00	652-120-09-00
Acreage	324.52	79.45	99.56	3.00	31.93	5.07	59.56	37.64
		1	2	3	4	5	6	7
Geographic Area	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate
Partnership Name	Vista Tecate Total	Vista Tecate	Vista Tecate	Intl Partners Total	Intl Partners	Intl Partners	Tecate South Partners	Twin Plant Partners
Assessor's Parcel Number	652-160-11-00, 652-170-45-00	652-160-11-00	652-170-45-00	652-160-04, 05	652-160-04-00	652-160-05-00	652-160-12.00	652-170-43-00
Acreage	19.92	7.26	12.66	30.69	14.58	16.11	34.45	22.81

Lot and Land Sales (Tecate)

Sales have been very limited in Tecate. According to Chicago Title Company, only two parcels were sold in 2014 and two in 2015 and one of those sold in 2015 is a prime property directly on the border.



Lot Sales - Active and Sold Tecate California Area						
APN	Acres	Price	\$/Acre	\$/Sq.Ft.	Date Sold	Status
654-050-27-00	20.06	\$ 30,000	\$ 1,496	\$ 0.03	2012	Sold
652-120-47-00	16.00	\$ 40,000	\$ 2,500	\$ 0.06	2012	Sold
652-120-16-00	5	\$ 40,000	\$ 8,000	\$ 0.18	2012	Sold
652-160-14-00	3.21	\$ 25,000	\$ 7,788	\$ 0.18	2012	Sold
652-160-14-00	33.2	\$ 25,000	\$ 753	\$ 0.02	2014	Sold
652-060-36-00	9.99	\$ 32,500	\$ 3,253	\$ 0.07	2014	Sold
652-120-15-00	4.9	\$ 42,500	\$ 8,684	\$ 0.20	2015	Sold
652-160-05-00	17.52	\$ 250,000	\$ 14,269	\$ 0.33	2015	Sold (1)
	12.83	\$ 65,000	\$ 5,843	\$ 0.15		

(1) Property is a relatively level site directly on the border.

Source: Chicago Title, SANGIS, CoStar & local brokers

On the following exhibit, we note the third party valuations for the Tecate properties. The appraisals completed in spring of 2013-2014 indicate a value of \$.06 to \$.17 per square foot or \$2,538 to \$7,333 per acre, or an average of \$.10 per square foot or \$4,209 per acre.



Summary of Valuations and Opinions San Diego County - Tecate SEC v. Schooler						
Geographic Area	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate
Partnership Name	ABL Partners	Sun-Tec	Suntec	Suntec	Suntec	Borderland Partners
	Mex-Tec Partners	Free Trade Partners	Free Trade Partners	Free Trade Partners	Free Trade Partners	Prosperity Partners
		Via 88 Partners	Via 88 Partners	Via 88 Partners	Via 88 Partners	
Assessor's Parcel Number	652-110-04-00	652-110-11-00	652-110-10-00	652-110-09-00	652-110-08-00	652-120-09-00
Acreage	79.45	3.00	31.93	5.07	59.56	37.64
Valuations and Opinions						
Valuation						
Appraisal Entity	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella
Date	Apr-13	Jan-14	Jan-14	Jan-14	Apr-13	Jan-14
Valuation	\$ 222,000	\$ 22,000	\$ 98,000	\$ 27,000	\$ 170,000	\$ 215,000
Value Per Acre	\$ 2,794	\$ 7,333	\$ 3,069	\$ 5,325	\$ 2,854	\$ 5,712
Value Per Square Foot	\$ 0.06	\$ 0.17	\$ 0.07	\$ 0.12	\$ 0.07	\$ 0.13
Valuation						
Appraisal Entity	Donald Beers					
Date	Oct-15					
Valuation	\$ 180,000					
Value Per Acre	\$ 2,266	\$ -	\$ -	\$ -	\$ -	\$ -
Value Per Square Foot	\$ 0.05	\$ -	\$ -	\$ -	\$ -	\$ -
Geographic Area	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate
Partnership Name	Vista Tecate	Vista Tecate	Intl Partners	Intl Partners	Tecate South Partners	Twin Plant Partners
Assessor's Parcel Number	652-110-00	652-170-45-00	652-160-04-00	652-160-05-00	652-160-120-0	652-170-43-00
Acreage	7.26	12.66	14.58	16.11	34.45	22.81
Valuation						
Appraisal Entity	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella
Date	Jan-14	Jan-14	Jan-14	Jan-14	Jan-14	Jan-14
Valuation	\$ 33,000	\$ 63,000	\$ 37,000	\$ 40,000	\$ 117,000	\$ 125,000
Value Per Acre	\$ 4,545	\$ 4,976	\$ 2,538	\$ 2,483	\$ 3,396	\$ 5,480
Value Per Square Foot	\$ 0.10	\$ 0.11	\$ 0.06	\$ 0.06	\$ 0.08	\$ 0.13



Estimated Value Range – Tecate Properties

On the basis of our research, we have placed a value range of \$.05 to \$.20 per square foot for the Tecate properties, or \$2,178 to \$8,712 per acre.

Xpera Group Estimated Range of Valuations San Diego County - Tecate SEC v. Schooler										
Geographic Area	Total	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate
Partnership Name		ABL Partners	Sun-Tec Total	Borderland Partners	Total Vista Tecate	Total Intl Partners	Total Tecate South Partners	Total Twin Plant Partners		
		Mex-Tec Partners	Free Trade Partners	Prosperity Partners						
			Via 88 Partners							
Assessor's Parcel Number		652-110-04-00	652-110-08,09,10,11	652-120-09-00	652-160-11-00,652-170-45-00	652-160-04-00, 05-00	652-160-12-00	652-170-43-00		
Acreage	324.52	79.45	99.56	37.64	19.92	30.69	34.45	22.81		
Xpera Group										
Low										
Acre	\$ 2,422,589	\$ 173,042	\$ 346,084	\$ 519,126	\$ 346,084	\$ 346,084	\$ 346,084	\$ 346,084	\$ 346,084	\$ 346,084
\$/Acre		\$ 2,178	\$ 4,356	\$ 6,534	\$ 4,356	\$ 4,356	\$ 4,356	\$ 4,356	\$ 4,356	\$ 4,356
\$/Sq.Ft.		\$ 0.05	\$ 0.10	\$ 0.15	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10
High										
Acre	\$ 3,633,884	\$ 346,084	\$ 519,126	\$ 692,168	\$ 519,126	\$ 519,126	\$ 519,126	\$ 519,126	\$ 519,126	\$ 519,126
\$/Acre		\$ 4,356	\$ 6,534	\$ 8,712	\$ 6,534	\$ 6,534	\$ 6,534	\$ 6,534	\$ 6,534	\$ 6,534
\$/Sq.Ft.		\$ 0.10	\$ 0.15	\$ 0.20	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15



Xpera Group Suggested Strategy – Tecate Properties

Based on our recent research and our knowledge of government land processing within the County, and particularly within the Mountain Empire, we suggest the following program:

We have learned from the County of San Diego Planning Department that San Diego County has taken a strong stance against development of any properties in Tecate until they develop an overall plan for the Tecate area including water sources. Apparently, that process is moving very slowly. As a result, the sale of properties in Tecate has virtually ground to a halt. Notably, only two sales in 2014 and two sales in 2015.

Our recommendation is to hold onto the properties until such time as they can optimize their value. That will be when the County moves forward with a plan for the area. Any sales now would be at bargain prices.

A broker could be retained to list the properties at what is a future price, but it would most probably be a futile sales effort.



Although the results, conclusions and recommendations contained within this consultant's report are based upon a thorough review and analysis of current competitive market conditions and the expertise of the author, Consultant does not in any way represent, warrant or guarantee that any reported results will be achieved as a result of various reasons, including but not limited to the sensitivity to ever-fluctuating market conditions and the efficiency of a Client and its representatives, agent, employees, successors and assigns.

EXHIBIT “4”



**Santa Fe New Mexico Property Analysis
SEC v. Schooler**

April 14 2016



Table of Contents

Introduction

Section 1: State of the Local Economy

Section 2: Description of the Subject Property Areas

Section 3: Description of Santa Fe County Partnership Properties and Historic Values and Letters of Opinion of Value



Introduction

There are three partnerships with lands in the greater Santa Fe, New Mexico area: Santa Fe Venture, Pueblo Partners and Pecos Partnership.

Santa Fe Partnerships SEC v Schooler	
Locale	Partnerships
Santa Fe	Santa Fe Venture
Santa Fe	Pueblo Partners
Santa Fe	Pecos Partnership

The purpose of this report is to determine an estimate range of values for the Santa Fe properties and to develop a strategy for their future.

During the course of this report, we reviewed documentation provided to us by counsel and compiled data on the state of the economy, sale of raw land in the vicinity of the subject properties and discussed property matters with persons of knowledge in the Santa Fe area. We also reviewed the recent listing and discussed the property with the listing broker.

I have traveled to Albuquerque and Santa Fe on numerous occasions, but did not visit the site for this assignment.



Section 1: State of the Local Economy

Santa Fe New Mexico (Santa Fe County) is a tourist and second home community located approximately 1 ½ hours' drive north of Albuquerque. Santa Fe also serves as the state capital. New Mexico has a population of 2.0 million. Its largest city is Albuquerque with a half million persons.



Santa Fe, New Mexico's capital, sits in the Sangre de Cristo foothills. It is renowned for its Pueblo-style architecture, and as a creative arts hotbed. Founded as a Spanish colony in 1610, it has at its heart the traditional Plaza. The surrounding historic district's crooked streets wind past adobe landmarks like the Palace of the Governors, now home to the New Mexico History Museum.



Population Change

Santa Fe is a slow-growth community rarely adding more than 1,000 population annually. In the 2010-2015 period, the annual average population gain was 903. The same growth pattern has been in effect since 2000.

Population Change Santa Fe Metropolitan Area 2010-2015						
Population	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
Total	144,170	148,686	4,516	3.1%	903	0.6%
Source: Census.gov						

Employment Change

Employment in Santa Fe is relatively stable, although there has been a modest loss of jobs in the past five years.

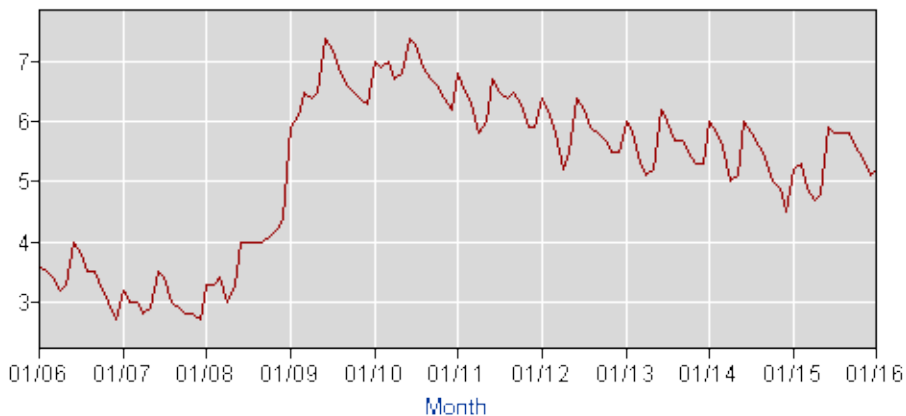
Employment Change Santa Fe Metropolitan Area 2010-2015						
Employment	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
	68,950	67,290	(1,660)	-2.4%	(332)	-0.5%
Source: Bureau of Labor Statistics						

Its economy tends to be among the more stable in the southwest. During the past recession, the unemployment rate barely reached 6.0% and today is 5.4%. Prior to the recession, unemployment dipped to below 3.0%.

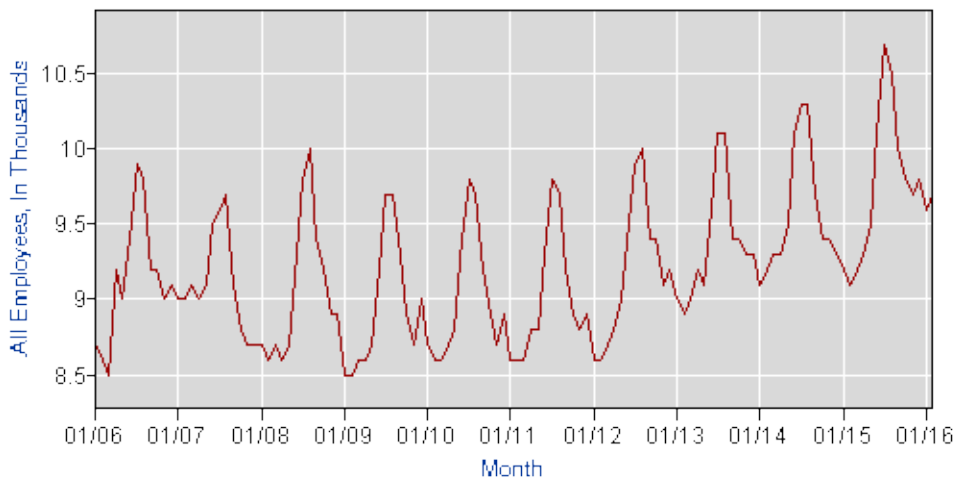
Unemployment Rate Santa Fe Metropolitan Area 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	6.2%	5.9%	5.5%	5.3%	4.5%	5.4%
Source: Bureau of Labor Statistics						



unemployment rate



Tourism has gradually ratcheted upward, though it is obviously a seasonal business, as noted in the exhibit below. Overall, there are about 10,000 persons working in the tourism business in Santa Fe.





Residential Construction

Most homes built in Santa Fe County are custom or spec built or in small subdivisions. The pace of construction reflects the state of the national economy as can be seen in this exhibit. In any year, the new supply of homes represents a minor increase in the inventory and therefore there is rarely any overbuilding.

Residential Construction (Units Permitted) Santa Fe Metropolitan Area 2010-2015						
	2010	2011	2012	2013	2014	2015
Total Units	96	94	130	183	161	120
Single Family	96	94	130	159	161	120
Multi-Family	0	0	0	24	0	0
Average						131
Source: Census.gov						

Home prices did not experience the major dip that was evident in most areas of the southwest. There has been a very modest change in pricing since 2015, thus indicating a highly stable market.

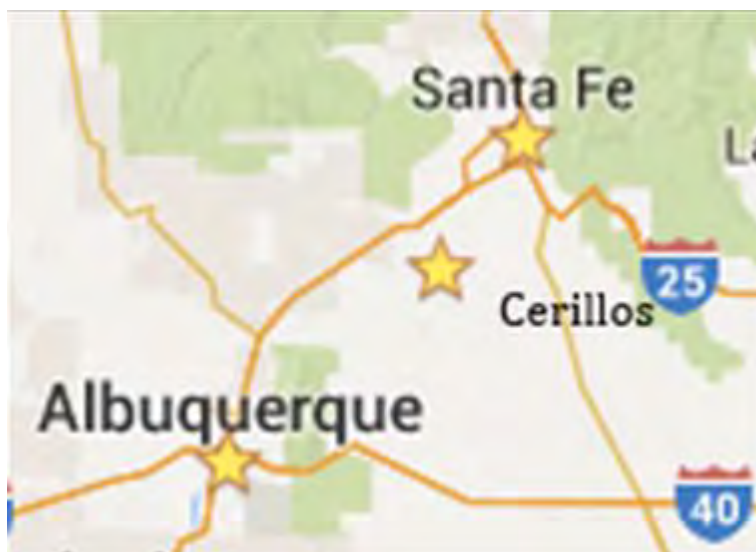
Existing Home Sale Pricing Santa Fe Metropolitan Area 2010-2015						
Single Family Home Prices	2010	2011	2012	2013	2014	2015
Median Price	\$ 340,000	\$ 350,000	\$ 370,000	\$ 325,000	\$ 352,000	\$ 365,000
Change 2010-2015	n/a	\$ 10,000	\$ 20,000	\$ (45,000)	\$ 27,000	\$ 13,000
% Change Annual		2.9%	5.7%	-12.2%	8.3%	3.7%
% Change 2010-2015						7.4%
Source: New Mexico Association of Realtors						

Overall, the Santa Fe economy is stable and attracts a broad range of affluent visitors and second home owners who have continued to visit and acquire property on a routine basis. That economic situation augurs well for the disposition of the subject properties.



Section 2: Description of the Subject Property Areas

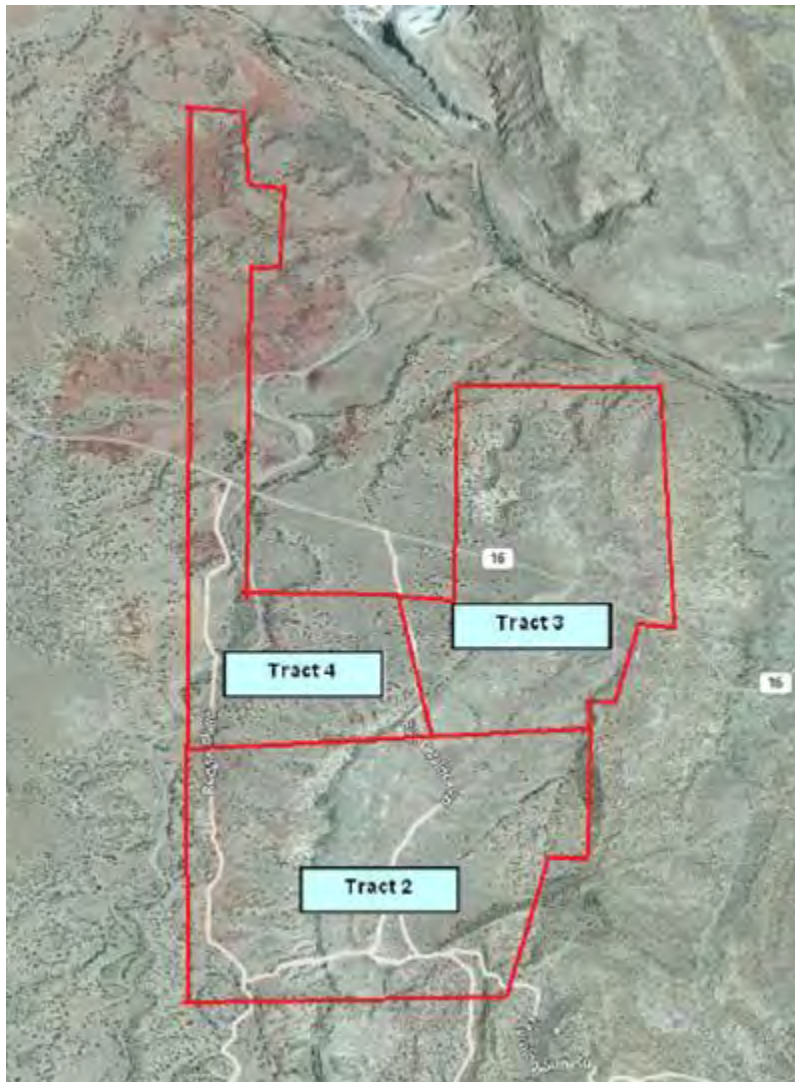
The Partnership properties are located 12 miles northwest of the village of Cerrillos (population 200). Cerrillos is a half hour's drive southwest of the city of Santa Fe.



The property consists of three tracts of contiguous raw level vacant land, totaling 628 acres. No well has been detected. The property is “off grid” – i.e, no electricity or telephone connections. It is zoned agricultural and allows for one home per 160 acres.

It is a mountain region and at an altitude of 7,000+ feet. From Albuquerque, the site is accessible on Route 14, an approximately two-hour drive. By comparison, the freeway drive (I-25) from Albuquerque to Santa Fe is a one-hour drive.

The exhibit below details the three tracts that comprise the subject property:





Property Description Santa Fe New Mexico Properties (Contiguous) SEC v. Schooler			
Geographic Area	Santa Fe	Santa Fe	Santa Fe
Owner Name	Santa Fe Venture	Santa Fe Venture	Santa Fe Venture
	Pueblo Partners	Pueblo Partners	Pueblo Partners
	Pecos Partnership	Pecos Partnership	Pecos Partnership
Tract	2	3	4
Locale of Property	12 miles. NW of Cerrillos	13 miles. NW of Cerrillos	14 miles. NW of Cerrillos
Locational Description	East of I-25	East of I-26	East of I-27
Jurisdiction	Santa Fe County	Santa Fe County	Santa Fe County
Assessor's Parcel Number	n/a	n/a	n/a
Acreage	210	206	213
Nearest Intersection	Red Rock Rd. & Baja Waldo Rd.	Red Rock Rd. & Baja Waldo Rd.	Red Rock Rd. & Baja Waldo Rd.
Property Condition	Raw	Raw	Raw
Topography	Level	Level	Level
Zoning	Agricultural	Agricultural	Agricultural
Flood Hazard Area	Yes	Yes	Yes
Neighborhood Surrounding	Raw Land	Raw Land	Raw Land
Recent development in immediate area	None	None	None
Distance from Downtown of Metropolitan Area	12 NW of Cerrillos	13 NW of Cerrillos	14 NW of Cerrillos
In Path of Near-Term Development	No	No	No

The land is appropriate for farming or equestrian use and can be built out as a ranch. It has numerous hard dirt roads and occasionally shrubbery.



Property Valuation

As a component of our research on the Santa Fe properties, we undertook a search for land that was for sale in the greater Cerrillos area. The average price of those parcels that we reviewed was \$2,401 per acre, as noted in the exhibit below:



Land for Sale and Sold Cerrillos/Santa Fe New Mexico as of April 2016			
Locale	Acres	Asking Price	\$/Acre
Off West Estrada Calabasa (sold)	640	\$ 1,350,000	\$ 2,109
Buckman Road (sold)	640	\$ 2,950,000	\$ 4,609
Off Horchado Ranch Rd.	400	\$ 1,174,000	\$ 2,935
503 Ojo de la Vaca	640	\$ 1,290,000	\$ 2,016
625 Genl Goodwin	127	\$ 320,000	\$ 2,520
Blue Agave	120	\$ 325,000	\$ 2,708
In Vicinity of Cerrillos	35	\$ 55,000	\$ 1,571
In Vicinity of Cerrillos	106	\$ 175,000	\$ 1,651
In Vicinity of Cerrillos	106	\$ 177,000	\$ 1,670
In Vicinity of Cerrillos	206	\$ 391,000	\$ 1,898
Tracts 1&2 off Rocinante	106	\$ 178,000	\$ 1,679
Red Rock (subject property)	629	\$ 1,132,000	\$ 1,800
45 Grenful Ranch Rd.	80	\$ 185,000	\$ 2,313
Grateful Way	197	\$ 475,000	\$ 2,411
Ortiz Mine Grant	31	\$ 80,000	\$ 2,581
Camino Cerro	80	\$ 229,000	\$ 2,863
88 Vista del Oro	394	\$ 1,375,000	\$ 3,490
Average	267	\$ 697,706	\$ 2,401

Source: MLS, Keller Williams, Loopnet and other websites

All of the above properties are in the lands surrounding the village of Cerrillos, but most had electricity and telephone connectivity and were adjacent to a paved or hard dirt road and a few had a river along the boundary of the property. Because the subject properties did not share those characteristics, we estimate the per acre value will be lower than many of those set forth above.



We also reviewed the appraisals of the subject properties that were prepared in 2013 and 2015. In the 2013 appraisal, the property value was \$690,000 (\$1,099 per acre) for the three parcels and \$820,000 in 2015 (\$1,306 per acre).

Summary of Valuations Santa Fe Properties SEC v. Schooler				
Geographic Area	Santa Fe	Santa Fe	Santa Fe	Santa Fe
	Total	Tract 2 - Cerrillos	Tract 3- Cerrillos	Tract 4 - Cerrillos
Acreage	628	209	206	213
Valuations and Opinions				
Valuation				
Appraisal Entity	Market Date Research	Market Date Research	Market Date Research	Market Date Research
Date	5/2013	5/2013	5/2013	5/2013
Valuation	\$ 690,000	\$ 210,000	\$ 240,000	\$ 180,000
Value Per Acre	\$ 1,098.73	\$ 1,004.78	\$ 1,165.05	\$ 845.07
Value Per Square Foot	\$ 0.0252	\$ 0.0231	\$ 0.0267	\$ 0.0194
Appraisal Entity	Hippauf	Hippauf	Hippauf	Hippauf
Date	6/2015	6/2015	6/2015	6/2015
Valuation	\$ 820,000	\$ 270,000	\$ 270,000	\$ 280,000
Value Per Acre	\$ 1,306	\$ 1,292	\$ 1,311	\$ 1,315
Value Per Square Foot	\$ 0.0300	\$ 0.0297	\$ 0.0301	\$ 0.0302

Based on the review of the lands for sale and the recent appraisal, there is some evidence that the overall values of lands in the Cerrillos area is gradually increasing.



Our rationale for selecting a higher value range also relates to the combined acreage of the three tracts, as most of the 40+ properties for sale that we reviewed were 100 acres or less. In fact, there was only one property approaching the size range of the subject property.

Finally, the property is within two hour's drive from Albuquerque via Route 14, a scenic and very drivable route.

Xpera Group Estimated Range of Valuations Santa Fe Properties SEC v. Schooler	
Properties	3 Parcel Total
Partnerships	Santa Fe Venture
	Pueblo Partners
	Pecos Partnership
Tracts	2,3,4
Acreage	628
Xpera Group Estimated Range of Valuation	
Low	
Estimated Value	\$ 942,000
\$/Acre	\$ 1,500
\$/Sq.Ft.	\$ 0.0344
High	
Estimated Value	\$ 1,130,400
	\$ 1,800
\$/Sq.Ft.	\$ 0.0413



Xpera Group Suggested Strategy

Although we anticipate that the three tracts will gradually increase in value, we think it appropriate to sell the property and avoid the carrying costs in future years.

Prior to learning that the property has been listed for sale, in preparing this report we suggest retaining a brokerage firm that regularly is involved in the sale of raw land in the Albuquerque/Santa Fe. A commission of 8-10% is customary and should generate a strong marketing effort.

The listing of the property is with Tai Bixby at Keller-Williams in Santa Fe. Mr. Bixby has been active in the land sales market for several years. The listing is at \$1,132,000, essentially the same estimated high value that we placed on the property. The commission is 9.0%.

We had anticipated that it will take as long as two to three years to find an appropriate buyer. Mr. Bixby concurs with that length of time.

Therefore, we concur with the listing price and the marketing period.

EXHIBIT “5”



Yuma Property Analysis SEC v. Schooler



Table of Contents

Introduction

Section 1: State of the Yuma Economy

Section 2: Description of the Subject Property Areas

Section 3: Description of Yuma County Partnership Properties and Historic Values and Letters of Opinion of Value



Introduction

There are three partnerships with lands in the greater Yuma, Arizona area: Yuma, Yuma II and Yuma III. All are in non-urban areas 30-40 miles east of the City of Yuma.

Yuma Partnerships SEC v Schooler	
Yuma	Gila View
Yuma	Painted Desert
Yuma	Snow Bird
Yuma II	Desert View
Yuma II	Sonora View
Yuma II	Mesa View
Yuma II	Road Runner
Yuma III	Mountain View
Yuma III	Ocotillo
Yuma III	Cactus Ridge
Yuma III	Mohawk Mountain Partners





Consultant Background Relating to Yuma

During the past five years, I have completed three development feasibility studies in Yuma County, all related to client proposed projects. During the course of the studies, I completed an in-depth analysis of the Yuma County economy, including population trends, employment, housing and land use trends. During each of those studies, I traveled to Yuma and spoke with a number of persons who were engaged in the real estate business and with persons in the planning departments of the local government.

Research Conducted for Assignment

The purpose of this report is to determine an estimate range of values for the Yuma properties and to develop a strategy for their future.

During the course of this report, we reviewed documentation provided to us by counsel and compiled data on the state of the economy, sale of raw land in the vicinity of the subject properties and discussed property matters with persons of knowledge in the Yuma area.



Section 1: State of the Local Economy

Population Change

The largest population increase in recent years was from 1990-2000 when Yuma County added 53,131 population, an annual gain of 5,300.

Since the 2010 Census, Yuma has experienced a far slower growth rate than in the 1990-2000 period, with a 1,705 annual population gain since the Census count in April 2010, a growth rate of less than 1.0% annually. The population of Yuma County in 2015 was 204,275.

Population Change Yuma Metropolitan Area 2010-2015						
			Total Change		Annual Change	
Population	2010	2015	Change	Change %	Change	Change %
Total	195,751	204,275	8,524	4.4%	1,705	0.9%
Source: Census. Gov						

Employment Change

The Yuma economy is tied to its three major employer groups: the Federal government, agri-business and tourism/snowbirds.

The **military** is a strong and dependable part of the economy. In Yuma, there are two military bases: The Marine Corps Air Station Yuma and the Yuma Proving Grounds and 40 miles east is the Barry Goldwater Bombing Range (in the area of the subject properties).

The Marine Corps Air Station Yuma (MCAS) is the most active Marine Air Base in the Nation, with 4,274 personnel, 2,980 of them in uniform and 1,294 civilian. It is the test base for the new F-35 joint strike fighters,



although that will only add 90-100 personnel. In total, there will be 88 F-35's delivered, replacing the 60 aging AV-88 Harriers.

Yuma Proving Grounds (YPG) is, reportedly, the Nation's largest testing base with more than a dozen different weapons systems in testing at any given time. Most of them involve private industry ventures which have a continual in-flow of corporate engineers, executives and contracting personnel. The YPG also hosts General Motors hot weather testing tracks. YPG attracts 17,000 visitors each year.

The **Border Patrol** employs more than 900 persons along the nearby border. The Immigration bill, now awaiting Congressional approval, includes a major increase in funds for border patrol and the development of border fences. That should augur well for Yuma where there is no fencing at all.

The **agri-business** in Yuma is a major contributor to the economy. Industry sources say that agri-business contributes \$1.0+ billion annually to the economy. Most of the labor is minimum wage, but there is a management cadre that is a major component in the industry, including the local executives of Dole and other processing firms, transportation and the growers. By our count there are 306 agricultural businesses in Yuma. Yuma is in the top 1.0% of U.S. counties in vegetable sales. In the winter months, Yuma provides 90% of the Nation's lettuce.

Tourism in Yuma is somewhat different than in most Sunbelt metropolitan areas. In Yuma, it is dominated by the in-migration of Canadian snowbirds who either rent or own one of the 22,000 RV spaces in the area. They tend to stay in Yuma from late fall through spring and then vacate for the balance of the year, with January and February the peak months.

The total visitor count in Yuma is estimated at 100,000 annually. The tourist/visitor sector is estimated to spend \$600 million annually in Yuma.

The Yuma visitor industry can be segmented into three components: short-term stay, homeowners and RV owners/residents.



Employment Trends and Outlook

As a result of the recession, employment faltered in 2007-2009 and has stabilized, but not yet returned to an upward path. Since 2010, Yuma has added an average of 350 jobs annually, half of one percent a year.

Employment Change Yuma Metropolitan Area 2010-2015						
Employment	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
	69,500	71,263	1,763	2.5%	352.50	0.5%
Source: Bureau of Labor Statistics						

Unemployment remains unusually high. It can be noted that the unemployment rate rarely falls below 15.0% in Yuma because of the cyclical nature of the agri-business and tourism economy. Note that the military in uniform are not included in the employment count; only the civilian component.

Unemployment Rate Yuma Metropolitan Area 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	25.1%	24.3%	24.1%	25.7%	23.3%	18.0%
Source: Bureau of Labor Statistics						

The Yuma Housing Market

The Yuma housing market has an interesting composition because almost one-third of its housing units are mobile homes. Another 50+% are single family detached homes. One out of seven units is attached, but only 1.7% of all housing units in Yuma are in apartment or condominium projects larger than 20 units



Housing Units by Type Yuma Metropolitan Area 2013		
Category	Yuma	%
Single Family Detached	45,284	51.4%
Attached		
1 or 2 Units Attached	3,814	4.3%
3 to 19 Unit Buildings	8,409	9.5%
20 Units or More	1,509	1.7%
Total Attached	13,732	15.6%
Mobile Home or Trailer	26,382	29.9%
Boat, RV or Van	2,744	3.1%
Total	88,142	100.0%
Source: Census Bureau, American Community Survey		



Residential Construction

In 2005 and 2006, the output of new single family homes was far in excess of demand, but sold, nonetheless, because of unusually easy credit terms and a substantial number of investor purchases. The foreclosure rate skyrocketed and has now settled down to normalcy. In 2005, more than 2,000 new homes were permitted.

In 2007, single family residential construction plummeted and reached a new low in 2010 with only 354 single family units permitted. The market is gradually returning to normalcy with 711 single family units permitted in



2015. The rational supply/demand balance in Yuma calls for 600-700 new single family units to be built each year.

Residential Construction (Units Permitted) Yuma Metropolitan Area 2010-2015						
Residential Construction						
	2010	2011	2012	2013	2014	2015
Total Units	455	360	648	674	594	711
Single Family	455	358	554	670	594	711
Multi-Family	0	2	94	4	0	0

Source: Census.gov

Prices of existing homes remained relatively level in the 2010 thru 2012 period and have gradually picked up, ending 2015 at \$236,000. As a result of the major increase in 2014 and 2015, the increase since 2010 has been 50%.

Existing Single Family Home Prices Yuma Metropolitan Area 2010-2015						
Single Family Home Prices	2010	2011	2012	2013	2014	2015
Median Price	\$ 151,000	\$ 135,000	\$ 150,000	\$ 180,000	\$ 199,000	\$ 226,000
Annual Change	n/a	\$ (16,000)	\$ 15,000	\$ 30,000	\$ 19,000	\$ 27,000
% Change 2010-2015						49.7%

Source: Wells Fargo Housing Opportunity Index

Multi-family production has remained negligible. The few permits that have been generated are typically for duplexes and other forms of attached for sale housing. No new market-rate apartments have been built in decades.

The **Yuma apartment rental market** is composed of aging low-density units. In the table below, we display data on the age and composition of the rental market. Of the 4,414 units surveyed, 28.2% were subsidized.

The balance, 71.8%, were typically built prior to 1980, with half of the total units built prior to 1980. Only two projects were built in the past 20 years and none in the past decade.




The typical apartment project in Yuma is 20-50 years of age and lacking the typical modern amenities such as central air conditioning, in-unit washer/dryer, dual-paned windows and microwave ovens.

Apartment Inventory Yuma Metropolitan Area as of Year End 2015				
Non-Subsidized	No. Projects	No. Units	% by Yr.	% by Category
Year Built				
Pre-1960	4	65	2.0%	
1960-1970	6	214	6.7%	
1970-1980	12	1,342	42.3%	
1980-1990	13	934	29.5%	
1990-2000	1	312	9.8%	
2000-2013	1	304	9.6%	
Total	37	3,171	100.0%	71.8%
Subsidized				
Section 8	9	451	36.3%	
Farm	4	144	11.6%	
Military	1	80	6.4%	
Sr. Independent Living	4	302	24.3%	
Assisted Living	10	266	21.4%	
Total	28	1,243	100.0%	28.2%
Total Projects/Units	65	4,414	100.0%	

Note: data was not available on several older apartment projects

Source: Yuma Stats



Occupancy rates remain high, rarely falling below 90%. Currently, the occupancy rate is 93%. Rental rates are modest, with most apartments renting for less than \$1.00 per square foot per month (compared to \$2.00-3.00 per square foot in San Diego).



Yuma County is a stable community that grows at a very slow pace but is bolstered by a diverse and stable employment base.

Prices of land in the outlying desert lands surrounding the city of Yuma (the heart of Yuma County) have a limited market because there is more than an adequate supply of developable land adjacent to the developed areas of the City of Yuma.



Section 2: Description of the Partnership Areas

The Partnership Properties are located in three desolate desert areas 30-40 miles east of the City of Yuma. They are all raw desert land, mostly inaccessible from paved roads.

Yuma I

Yuma Partnerships & Properties SEC v Schooler	
Partnership	Properties
Yuma I	Gila View
Yuma I	Painted Desert
Yuma I	Snow Bird

Yuma I consists of eight clustered parcels totaling 131.71 acres. They are located at the southeast corner of Interstate 8 and Avenue 40E in the rural community of Tacna (population 500 +/-). Expansion of the community is unlikely.

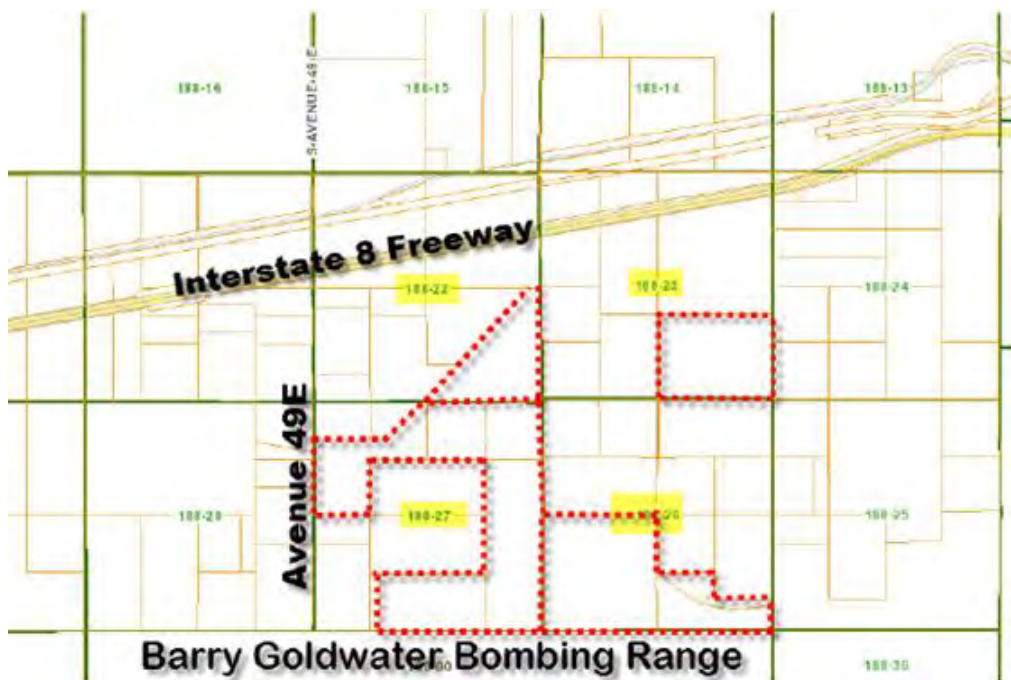
Property Holdings Yuma I SEC v. Schooler		
	APN	Yuma
Partnership Name:		Gila View
		Painted Desert
		Snow Bird
Lot	Parcel	Acreage
1	187-31-001	0.81
2	187-31-002	4.50
3	187-31-003	34.82
4	187-31-004	4.54
5	187-31-006	4.54
6	187-31-007	4.54
7	187-31-009	40.00
8	187-31-010	37.96
Total		131.71



Yuma II

Partnerships & Properties Yuma II SEC v Schooler	
Properties	Partnerships
Yuma II	Desert View
Yuma II	Sonora View
Yuma II	Mesa View
Yuma II	Road Runner

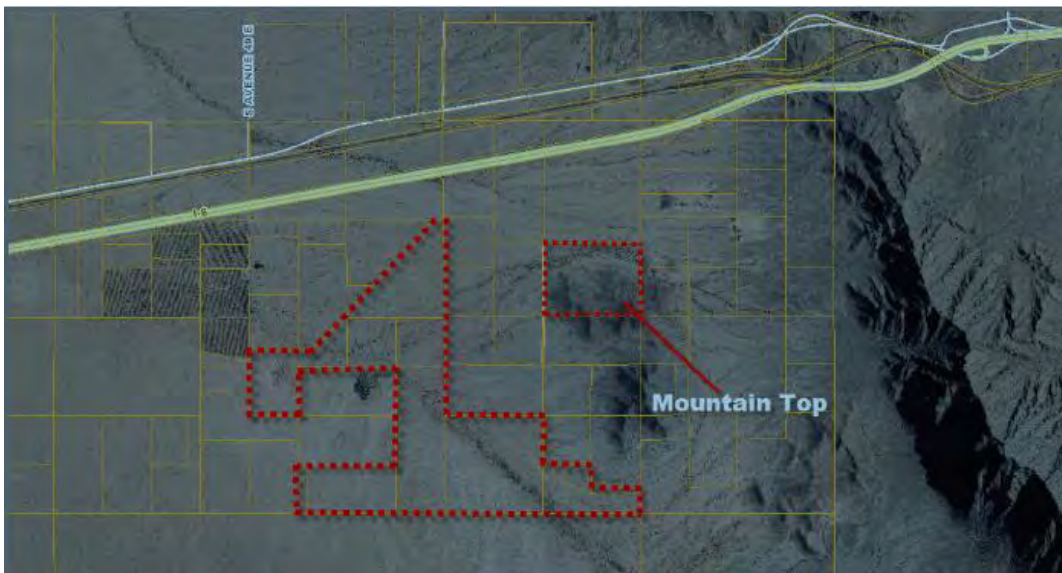
Yuma II contains 788 acres of vacant desert land that is covered with scrub brush. The 788 acres consists of 11 parcels, all of which are level except for the outlying Parcel 183-23-009 (the separate parcel). The property is immediately adjacent to the Barry Goldwater Bombing Range.





Property Holdings Yuma II SEC v. Schooler		
	APN	Yuma
Partnership Name:		Desert View Partners
		Mesa View Partners
		Road Runner Partners
		Sonora View Partners
Lot	Parcel	Acreage
1	188-22-010	90.68
2	188-23-009	118.50
3	188-26-007	160.00
4	188-26-008	1.00
5	188-26-011	19.14
6	188-26-012	42.24
7	188-27-002	81.88
8	188-27-003	40.00
9	188-27-004	42.24
10	188-27-005	119.66
11	188-27-008	73.33
Total		788.67

The aerial photographs below indicate the terrain and desolation of the property:



The subject property is zoned RA-40 by Yuma County, zoning that permits residential development on minimum 40 acre parcels.

The property has no legal access from any paved road. The paved road is at the Tacna exit at Avenue 40E, about ten miles west of the subject property. With no nearby formal access, the land has no practical use.

The appraisal completed in June 2015 notes that “it could not be profitably nor practically developed today, nor likely in the next 50 years.”



Yuma III

Partnerships & Properties Yuma III SEC v Schooler	
Properties	Partnerships
Yuma III	Mountain View
Yuma III	Ocotillo
Yuma III	Cactus Ridge
Yuma III	Mohawk Mountain Partners

Yuma III consists of two properties totaling 319.24 acres. Both are in desolate locations and have no practical usefulness. One is near Tacna and the other eight miles closer to Yuma near the village of Wellton (Population 3,000, median age 61).

Property Holdings Yuma III SEC v. Schooler		
	APN	Yuma
Partnership Name:		Mountain View
		Ocotillo
		Cactus Ridge
		Mohawk Mountain Partners
Lot	Parcel	Acreage
	188-14-001,2,5	293.14
	200-08-009	26.10
Total		319.24



A detailed Summary description of Yuma I, II and III is shown here:

Summary of Findings Yuma II & III Properties SEC v. Schooler									
Geographic Area	Yuma	Yuma	Yuma	Yuma	Yuma	Yuma	Yuma	Yuma	Yuma
Partnership Name	Yuma I	Yuma II	Total - Yuma III	Yuma III	Yuma III	Yuma III	Yuma III	Yuma III	Yuma III
Owner Name	Gila View	Desert View	Mountain View	Mountain View	Mountain View	Mountain View	Mountain View	Mountain View	Mountain View
	Painted Desert	Sonora View	Ocotillo	Ocotillo	Ocotillo	Ocotillo	Ocotillo	Ocotillo	Ocotillo
	Snow Bird	Mesa View	Cactus Ridge	Cactus Ridge	Cactus Ridge	Cactus Ridge	Cactus Ridge	Cactus Ridge	Cactus Ridge
			Mohawk	Mohawk	Mohawk	Mohawk	Mohawk	Mohawk	Mohawk
		Road Runner	Mountain Partners	Mountain Partners	Mountain Partners	Mountain Partners	Mountain Partners	Mountain Partners	Mountain Partners
Locale of Property	near Tacna	Rural, adjacent to Barry Goldwater Bombing Range							
Locational Description	SEC I-8 & Ave. 40E, Tacna	s/s I-8 at Ave. 49E, Tacna							
Jurisdiction	Yuma County	Yuma County							
Assessor's Parcel Number	188-31-001,2,3,4,6,7,9,10	188-22-010; 188-23-009; 188-26-007,8,11,12 & 188-27-002,3,4,5,8							
Acreage	131.71	787.67	319.24						
Nearest Intersection		Ave. 49E							
Property Condition	Raw desert	Raw desert							
Topography	Flat	Flat							
Zoning		RA-40 (1 home per 40 acres)							
Neighborhood Surrounding	Open Land	Open land							
Recent development in immediate area	Nope	None							
Distance from Downtown of Metropolitan Area	40-miles from downtown Yuma	40-miles from downtown Yuma							
In Path of Near-Term Development	No	No							



Property Valuation

The following exhibit displays the valuations placed on the three Yuma entities by the Landmark Valuation Services.

Summary of Findings Yuma I, II & III Properties SEC v. Schooler									
Geographic Area	Yuma I	Yuma II	Yuma III	Yuma	Yuma III	Yuma	Yuma III	Yuma	Yuma
Partnership Name	Yuma I	Yuma II	Total - Yuma III	Yuma	Yuma III	Yuma	Yuma III	Yuma	Yuma III
Owner Name	Gila View	Desert View	Mountain View	Mountain View	Mountain View	Mountain View	Mountain View	Mountain View	Mountain View
	Painted Desert	Sonora View	Ocotillo	Ocotillo	Ocotillo	Ocotillo	Ocotillo	Ocotillo	Ocotillo
	Snow Bird	Mesa View	Cactus Ridge	Cactus Ridge	Cactus Ridge	Cactus Ridge	Cactus Ridge	Cactus Ridge	Cactus Ridge
		Road Runner	Mohawk Mountain Partners	Mohawk Mountain Partners	Mohawk Mountain Partners	Mohawk Mountain Partners	Mohawk Mountain Partners	Mohawk Mountain Partners	Mohawk Mountain Partners
		188-22-010; 188-23-009; 188-28-007, 8, 11, 12 & 188-27-002, 3, 4, 5, 8							
Assessor's Parcel Number	188-31-001, 2, 3, 4, 6, 7, 9	131.71	787.67	319.24	188-14-001, 2, 5	293.14	200-08-009	26.1	
Acreage									
Valuations and Opinions									
Valuation	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark
Appraisal Entity	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark
Date	May-13	May-13	May-13	May-13	May-13	May-13	May-13	May-13	May-13
Valuation	\$ 265,000	\$ 275,000	\$ 141,000	\$ 141,000	\$ 115,000	\$ 115,000	\$ 115,000	\$ 26,000	\$ 26,000
Value Per Acre	\$ 2,012	\$ 349	\$ 442	\$ 442	\$ 392	\$ 392	\$ 392	\$ 996	\$ 996
Value Per Square Foot	\$ 0.0462	\$ 0.0080	\$ 0.0101	\$ 0.0101	\$ 0.0090	\$ 0.0090	\$ 0.0090	\$ 0.0229	\$ 0.0229
Valuation	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark
Appraisal Entity	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark	Landmark
Date	2015 June 2015	2015 June 2015	2015 June 2015	2015 June 2015	2015 June 2015	2015 June 2015	2015 June 2015	2015 June 2015	2015 June 2015
Valuation	\$ 153,000	\$ 195,000	\$ 159,620	\$ 159,620	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Value Per Acre	\$ 1,162	\$ 250	\$ 0.0057	\$ 0.0057	\$ 0.0057	\$ 0.0057	\$ 0.0057	\$ 0.0057	\$ 0.0057
Value Per Square Foot	\$ 0.0267	\$ 0.0057	\$ 0.0057	\$ 0.0057	\$ 0.0057	\$ 0.0057	\$ 0.0057	\$ 0.0057	\$ 0.0057



Landmark completed appraisals on the properties in 2013 and 2015. Their findings indicate a decline in value in Yuma I and II properties and a modest increase in value in Yuma III properties.

- Yuma I properties were valued at \$265,000 in 2013 and \$153,000 in 2015.
- Yuma II properties were valued at \$275,000 in 2013 and \$195,000 in 2015.
- Yuma III properties were valued at \$141,000 in 2013 and then at \$159,620 in 2015.

Quoting the appraiser, “Being in an area with virtually no population, no prospects of substantial population growth in the future, its only practical use is for speculation.”

Based on our analysis of the subject property areas, the most recent appraisals and recent sales activity, we have prepared an exhibit showing a range of values for the Yuma I, II and III properties, as shown below.

Yuma I: We have valued the land higher than the appraiser. Admittedly, its functional use is limited by market demand, but it is at an accessible I-8 interchange.

In the exhibit below, we show raw land for sale, mostly in Dateland, an area that is I-8 accessible and also the center of solar farms. We believe that the Dateland land is somewhat comparable to Yuma I land.



Land For Sale Tacna/Dateland Arizona				
Location	City/Village	Acres	Price	\$/Acre
New Ave. 41E No. of I-8	Tacna	98	\$ 195,000	\$ 1,990
Ave. 42 & Co 7 1/2	Tacna	390	\$ 938,000	\$ 2,405
	Tacna	60	\$ 99,000	\$ 1,650
Solar Development Zone	Dateland	220	\$ 219,780	\$ 999
Solar Development Zone	Dateland	320	\$ 319,680	\$ 999
1mi. From Solar Plant	Dateland	160	\$ 159,840	\$ 999
Ave, 61 E	Dateland	120	\$ 140,000	\$ 1,167
No. 10th St.	Dateland	160	\$ 240,000	\$ 1,500
57 1st & Hyder	Dateland	79	\$ 119,900	\$ 1,518
Ave. 73E & Co. No. 5th	Dateland	240	\$ 456,000	\$ 1,900
Butterfield Road	Dateland	640	\$ 1,280,000	\$ 2,000
Average		226	378,836	1,557
Source: Loopnet, Brokers, Realty.com				

Yuma II

Yuma II, as noted earlier, is remote, inaccessible and has no development potential in the foreseeable future. Therefore, we have placed a minimal value on the property.

Yuma III

Yuma III consists of two parcels: one that is remote (293 acres) and the other slightly less so (26 acres) in that it is near an intersection of Highway 80 and Avenue 24E (and can't legally access it). That said, the 26 acres are 4.5 miles west of downtown Wellton and virtually inaccessible.

Below is an exhibit that shows pricing of land for sale that is comparable to the Yuma III properties.



Land for Sale Tacna/Dateland Arizona			
City/Village	Acres	Price	\$/Acre
Tacna	160	\$ 59,000	\$ 369
Dateland	40	\$ 19,000	\$ 475
Tacna	80	\$ 40,000	\$ 500
Tacna	314	\$ 157,500	\$ 501
Tacna	314	\$ 157,500	\$ 502
Dateland	40	\$ 27,000	\$ 675
Average	158	\$ 76,667	\$ 504
Source: Loopnet, Brokers, Realty.com			

Estimated Value Range Summary:

Yuma I has a value range of \$200,000 to \$250,000; Yuma II \$190,000 to \$230,000 and Yuma III \$150,000 to \$170,000.



Summary of Xpera Group Estimated Value Range Yuma Properties SEC v. Schooler			
Properties	Yuma I	Yuma II	Yuma III
Partnership Name	Yuma I	Yuma II	Total - Yuma III
	Gila View	Desert View	Mountain View
	Painted Desert	Sonora View	Ocotillo
	Snow Bird	Mesa View	Cactus Ridge
		Road Runner	Mohawk Mountain Partners
Assessor's Parcel Number	652-110-04-00	652-110-08,09,10,11	188-14-001,2,5 & 200-08-009
Acreage	131.71	787.67	293.14
Xpera Group Valuation			
Low			
Estimated Value Range	\$ 200,000	\$ 190,000	\$ 150,000
\$/Acre	\$ 1,518	\$ 241.22	\$ 511.70
\$/Sq.Ft.	\$ 0.03	\$ 0.01	\$ 0.01
High			
Estimated Value Range	\$ 250,000	\$ 230,000	\$ 170,000
\$/Acre	\$ 1,898	\$ 292.00	\$ 579.93
\$/Sq.Ft.	\$ 0.04	\$ 0.01	\$ 0.01

Xpera Group Suggested Strategy

We see no benefit in holding the lands. The growth in value will not exceed the cost of holding the lands. Therefore, we recommend that the land be offered for sale by a knowledgeable and experienced land broker in the Yuma area. We would place all the properties with one broker in order to provide the impetus for a spirited marketing campaign.

Anticipate that the land, priced as estimated above, will require two to three years to sell.



Although the results, conclusions and recommendations contained within this consultant's report are based upon a thorough review and analysis of current competitive market conditions and the expertise of the author, Consultant does not in any way represent, warrant or guarantee that any reported results will be achieved as a result of various reasons, including but not limited to the sensitivity to ever-fluctuating market conditions and the efficiency of a Client and its representatives, agent, employees, successors and assigns.

EXHIBIT “6”

REAL-ESTATE RELATED LITIGATION ASSIGNMENTS							
ALAN NEVIN							
2014-2015							
YEAR	LAW FIRM	ATTORNEY	DEPOSITION	TRIAL	REPRESENTING PLAINTIFF OR DEFENDANT	CASE	CASE MATTER
2014	KOELLER, NEBEKER, CARLSON & HALUCK	JOSEPH J. CULLEN			D	ABBAY V PROJECT SOLUTIONS	LOSS OF USE OF RESIDENCE
2014	BEST BEST KRIEGER	ROBERT HANNA			D	FIDELITY TITLE V RIO MESA HOLDINGS	TITLE BOUNDARY DISPUTE
2014	CASE IBRAHIM & CLAUSS	BRIAN CASE			D	MARK IV V CASCO	LEASE DISPUTE REGARDING CONSTRUCTION OF T.I.'S
2014	JONES KEMP COULTHARD	WILLIAM COULTHARD			D	NASSIRI V NDOT	RIGHT-OF-WAY LOSS OF VALUE
2014	LORBER GREENFIELD POLITO	SEAN ALLEN	X		D	VERANO HOA V CRESCENT HEIGHTS	CONSTRUCTION DEFECT
2015	NEWMYER & DILLON	BEN AMMERMAN	X		D	ALREZ EMDADI V GRYSTONE HOMES	CONSTRUCTION DEFECT
2015	WILSON TURNER KOSMO	VICKY TURNER			D	BOEKAMP V GM	PROPERTY VALUATION & ECONOMIC LOSS
2015	HORTON OBERRECHT	CAREY J. ESHELMAN			D	HORTON V SR. CLASSIC LEASING	PROPERTY DAMAGE & ECONOMIC LOSS
2015	LAW OFFICES OF WAYNE TEMPLIN	WAYNE TEMPLIN			D	OTIS V OTIS	COM'L PROPERTY VALUE DISPUTE
2014	KIRBY NOONAN LANCE & HOGE	JACOB SLANIA			P	BREHM V HEARTHSTONE	DIVISION OF PROFITS
2014	O'CONNOR & ASSOCIATES	JOHN O'CONNOR	X		P	FLAHERTY V DOLAN	REAL ESTATE FRAUD AND STANDARD OF CARE
2014	L/O OF CYRUS E. SERADJ	CYRUS E. SERADJ	X		P	PAYAN VS. CALTRANS	INTERFERENCE WITH ABILITY TO CONDUCT BUSINESS
2014	L/O OF EUGENE HAYDU	EUGENE HAYDU			P	RAINBOW MEADOWS HOA V JOHN PETERSON PAVING	FAULTY PAVING ECONOMIC DAMAGES
2014	ACLU	DAVID BLAIR LOY			P	SOUTHWEST KEY V CITY OF ESCONDIDO	FISCAL RESPONSIBILITY OF CITY OF ESCONDIDO
2014	HARMEYER LAW GROUP	JEFF HARMEYER			P	WELLS FARGO V HANNA GABRIEL WELLS	BANK NEGOTIATION WITH PROPERTY OWNER IN DISTRESS
2015	LAW OFFICES OF CRAIG MILLER	CRAIG MILLER	X		P	ESANI V WEISS	PROPERTY VALUATION & ECONOMIC LOSS
2015	ELKINS, KALT, WEINTRAUB	ERIC LORENZINI			P	JARELL V DEL MAR RESTORATION	CONSTRUCTION DEFECT & ECONOMIC DAMAGES
2015	MORRISON & FOERSTER	MARK ZEBROWSKI			P	KEARNEY V FOLEY AND LARDNER	LEGAL MALPRACTICE
2015	HENDERSON CAVERLY PUM & CHARNEY	KRISTEN E. CAVERLY	X		P	KEEN V U.S. BANK	TRUSTEE REMOVAL

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8 Attorney for Intervening Investors

9 **UNITED STATES DISTRICT COURT**
10 **SOUTHERN DISTRICT OF CALIFORNIA**

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 v.

15 LOUIS V. SCHOOLER and FIRST
16 FINANCIAL PLANNING
17 CORPORATION d/b/a WESTERN
18 FINANCIAL PLANNING
19 CORPORATION,

20 Defendants.

Case No.: 3:12-cv-02164-GPC-JMA

**DECLARATION OF NEAL L. SINGER IN
SUPPORT OF INVESTORS'
OPPOSITION TO RECEIVER'S
MOTION FOR (A) AUTHORITY TO
CONDUCT ORDERLY SALE OF
GENERAL PARTNERSHIP
PROPERTIES; (B) APPROVAL OF PLAN
OF DISTRIBUTING RECEIVERSHIP
ASSETS; AND (C) APPROVAL OF
PROCEDURES FOR THE
ADMINISTRATION OF INVESTOR
CLAIMS**

21 Date: May 6, 2016

22 Time: 1:30 p.m.

23 Ctrm: 2D

24 Judge: Hon. Gonzalo P. Curiel

25 Case No.: 3:12-cv-02164-GPC-JMA

26
27
28 DECLARATION OF ALAN NEVIN IN SUPPORT OF INVESTORS' OPPOSITION TO RECEIVER'S MOTION FOR (A) AUTHORITY
TO CONDUCT ORDERLY SALE OF GENERAL PARTNERSHIP PROPERTIES; (B) APPROVAL OF PLAN OF DISTRIBUTING
RECEIVERSHIP ASSETS; AND (C) APPROVAL OF PROCEDURES FOR THE ADMINISTRATION OF INVESTOR CLAIMS

1 I, Neal L. Singer, of San Diego, California, declare:

2 1. I am submitting this declaration in support of Investors' Opposition to
3 Receiver's Motion for (A) Authority to Conduct Orderly Sale of General Partnership
4 Properties; (B) Approval of Plan of Distributing Receivership Assets; and (C) Approval
5 of Procedures for the Administration of Investor Claims ("Liquidation Motion").

6 2. In my opinion, the Receiver's Liquidation Motion is a liquidation plan for
7 the 87 partnerships and the parcels of realty located in five geographic areas: Las Vegas,
8 Reno, San Diego, Santa Fe and Yuma.

9 **QUALIFICATIONS AS AN EXPERT WITNESS *SEC V. SCHOOLER***

10 3. I have had a 37-year career in real estate, specializing in real estate
11 development and development feasibility, real estate brokerage, land acquisitions,
12 entitlement processing, asset management, property management, construction project
13 management, loan underwriting and portfolio valuation analysis, real estate financial
14 analysis, and workout strategies for troubled real estate properties and loans secured by
15 real estate assets. I have many years of experience dealing in all facets of single-family
16 residential, multi-family residential, senior housing, commercial and retail, industrial,
17 hotel, and land development projects.

18 4. I hold a B.S. in Business Administration by the University of Southern
19 California.

20 5. Since 2013, I have been a member of Xpera Group, where I have provided
21 residential and commercial real estate services for Xpera's clients. My services have
22 included litigation support, development feasibility, computation of damages, and
23 valuations of residential and commercial properties, and valuations of raw land.

24 6. From 1979 to 1987, I worked for Calmark Development, a developer of
25 residential single-family, multi-family, and senior housing projects in Southern California
26 and Nevada. From 1979 to 1984, I served as Calmark's corporate Controller and was
27 responsible for all of the company's corporate and project financial analysis, feasibility,
28 budgeting, corporate accounting, and management reporting. From 1984, I served as Vice

1 President and managed all aspects of new multi-family senior housing projects and
2 single-family development, including land acquisition, coordinating design, securing
3 entitlements, financial feasibility, applying for and obtaining construction and permanent
4 loans (including tax-exempt bond financing), construction budgets and bids, construction,
5 job cost accounting, and sales or lease-up.

6 7. From 1987 to 1990, I served as vice president for ConAm Properties, Ltd., a
7 national real estate company specializing in real estate property management, property
8 acquisitions, and development. I provided all facets of new multi-family and single-
9 family development for the company and its clients, which included financial feasibility,
10 coordination of design, securing entitlements, monitoring construction, and job cost
11 accounting. I also led the ConAm team engaged by the Federal Asset Disposition
12 Association to analyze, manage and dispose of over 100 real estate assets located in
13 Central and Southern California, and Texas. Each property required a business plan that
14 necessitated valuing the property prior to it being marketed for sale.

15 8. From 1994 to 2006, I served as Vice President-Finance for WD Liquidating
16 Corporation, the bankruptcy estate that emerged from the Whitman-Dome Energy
17 Corporation court-appointed receivership. WD Liquidating Corporation operated out of
18 San Diego, California, and was responsible for valuing and overseeing the marketing and
19 liquidation of the bankruptcy estate's real estate assets in Texas, all for the benefit of the
20 hundreds of investors. I provided all aspects of financial, tax, real estate, investor and
21 bankruptcy court reporting and corresponding accounting as the company's Chief
22 Financial Officer.

23 9. Since 1990, I have been the President of Portfolio Realty Advisors, Inc.
24 (formerly Realty Benefit Investments) providing clients with real estate development,
25 real estate accounting, financial analysis, receivership, real estate brokerage, development
26 feasibility, asset management, property management, loan underwriting and portfolio
27 analysis, and expert witness services, as well as workout strategies for troubled properties
28 and loans.

1 10. Since March 1992, I have held California Real Estate Broker's License No.
2 00669243.

3 11. I have provided strong accounting and financial analysis skills utilized by
4 clients including national real estate companies and investors, law firms, insurance
5 companies, Wall Street brokerage firms, various REITS, and other financial institutions.
6 In 1992, I provided an opinion of value for Traveler's Insurance related to large multi-
7 family real estate assets where Traveler's was seeking relief from the bankruptcy court in
8 order to foreclose. In 1996, I was engaged to compile a financial valuation analysis of a
9 nationwide multifamily real estate portfolio for Morgan Stanley that they were investing
10 in. In 1997, I was engaged by Pan Pacific Properties, at the time a publically traded
11 REIT, to generate an RFP response for the acquisition of retail properties in Clark
12 County, Nevada. This RFP response required that I provide an opinion of the value and
13 generate financial projections of the properties that were the subject of the RFP.

14 12. In 1992, I was engaged by Dennis B. Schmucker, the court appointed
15 Receiver in the Sundance Mortgage case in San Diego, to head a forensic accounting
16 team assembled to recreate hundreds of investor interests. I managed and liquidated real
17 estate assets to recover funds for over 400 investors. This required valuing each asset and
18 overseeing the marketing efforts.

19 13. From 1992 through 2002, I prepared underwriting analyses for loans that
20 exceeded \$2 billion in the aggregate for LNR Partners, LLC, a publicly traded
21 corporation. My underwriting process for LNR Partners, LLC included generating a
22 property location narrative, valuing the real estate collateral securing a particular loan,
23 reviewing and critiquing third party appraisal information, and rendering opinions as to
24 the performance of the proposed loan. I underwrote loans that were secured by regional
25 shopping centers, high-rise office buildings, hotels, medical office buildings, athletic
26 clubs, apartments, and industrial buildings.

27 14. In 1998, I was a member of the team that acquired, financed and managed
28 Cleveland Hotel, South Beach, Miami Beach, Florida for the owner/investor. Prior to

1 completing the purchase transaction, I was responsible for generating the project's
2 financial feasibility, validating the property value, and establishing operating budgets and
3 projections.

4 15. In 1998, I served as the court-appointed receiver in *Bank United v. Point*
5 *Dume Plaza Center*, a case filed in the Superior Court of the State of California, North
6 County Branch. This case involved commercial properties located in north San Diego
7 County that during the course of the receivership required my management and valuation.

8 16. Since 2002, I have been the sole real estate consultant to the San Diego
9 Jewish Community Foundation, the largest grant maker in San Diego County, responsible
10 for managing and the marketing of donated real estate assets.

11 17. From 2004 until 2013, as a real estate developer and consultant to the NTC
12 Foundation, I directed the over \$60 million design, permitting and entitlements,
13 renovation, and program implementation of 15 historic buildings at NTC at Liberty
14 Station, a 28-acre civic, arts, and cultural center in San Diego, California. The NTC
15 Foundation is a non-profit organization established by the provisions of the June 2000
16 Naval Training Center Disposition and Development Agreement by and between the
17 Redevelopment Agency of the City of San Diego and McMillin-NTC, LLC to be
18 stewards over the renovation and operations of 24 historic buildings in San Diego.

19 18. In 2015 and 2106, I was the owner's representative for The Corky McMillin
20 Companies related to overseeing the design, permitting, and construction of the Liberty
21 Public Market, in San Diego.

22 19. I have provided my real estate and financial analysis skills to clients that
23 include law firms, insurance companies, and construction consulting experts in
24 addressing litigation or potential litigation matters. In 2013 and 2014, in the matter
25 *Schwartz v Schwartz*, I was a named expert witness for the plaintiff, which required me to
26 provide opinions of value for real estate assets that were the subject of a partnership
27 dispute. In 2013, in the matter *Pointe SDMU v City of San Diego*, I was a named expert
28

1 witness for the plaintiff, which required providing my opinions of value for the real estate
2 assets that were the subject of the litigation.

3 20. Attached hereto and incorporated herein by reference as Exhibit 1 is the
4 report for the properties in the Las Vegas area, which are known as Las Vegas 1, Las
5 Vegas 2 and LV Kade. Exhibit 1 was primarily prepared by Alan Nevin. I reviewed
6 Exhibit 1 and discussed the information with Alan Nevin. I provided input on the various
7 findings and recommendations and agree with the conclusions set forth therein.

8 21. Attached hereto and incorporated herein by reference as Exhibit 2 is the
9 report for the properties in the Reno area, which are known as Dayton I, II, III, and IV,
10 Fernley I, Minden, Silver Springs North and South, Stead, and Washoe 1, 3, 4, and 5. I
11 primarily prepared Exhibit 2 and discussed the information with Alan Nevin. Mr. Nevin
12 provided input on the various findings and recommendations and we discussed the
13 conclusions set forth therein.

14 22. Attached hereto and incorporated herein by reference as Exhibit 3 is the
15 report for the properties in the San Diego area known as Bratton Valley, Jamul Valley,
16 and Tecate. Exhibit 3 was primarily prepared by Alan Nevin. I reviewed Exhibit 3 and
17 discussed the information with Alan Nevin. I provided input on the various findings and
18 recommendations and agree with the conclusions set forth therein.

19 23. Attached hereto and incorporated herein by reference as Exhibit 4 is the
20 report for the property in the Santa Fe area known as Santa Fe. Exhibit 4 was primarily
21 prepared by Alan Nevin. I reviewed Exhibit 4 and discussed the information with Alan
22 Nevin. I provided input on the various findings and recommendations and agree with the
23 conclusions set forth therein.

24 24. Attached hereto and incorporated herein by reference as Exhibit 5 is the
25 report for the properties in the Yuma area known as Yuma I, II, and III. Exhibit 5 was
26 primarily prepared by Alan Nevin. I reviewed Exhibit 5 and discussed the information
27 with Alan Nevin. I provided input on the various findings and recommendations and
28 agree with the conclusions set forth therein.

26. The factual statements and opinions contained in Exhibits 1 through 5 correctly state the factual bases for my opinions and those opinions regarding the properties subject to those reports.

27. If called as an expert witness in this case, I would testify to my qualifications as stated in this declaration, the investigation which Alan Nevin and I undertook regarding the properties that are the subject of the reports, and the background facts, factual bases, and opinions stated in the reports attached as Exhibits 1 through 5 and any other relevant information regarding the investigation I undertook in reaching the opinions set forth in those reports.

Executed this 15th day of April 2016, at San Diego, California.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Neal L. Singer

EXHIBIT “1”



Las Vegas Property Analysis SEC v. Schooler

April 14 2016



Table of Contents

Introduction

Section 1: State of the Local Economy

Section 2: Las Vegas Industrial and Commercial Land Markets

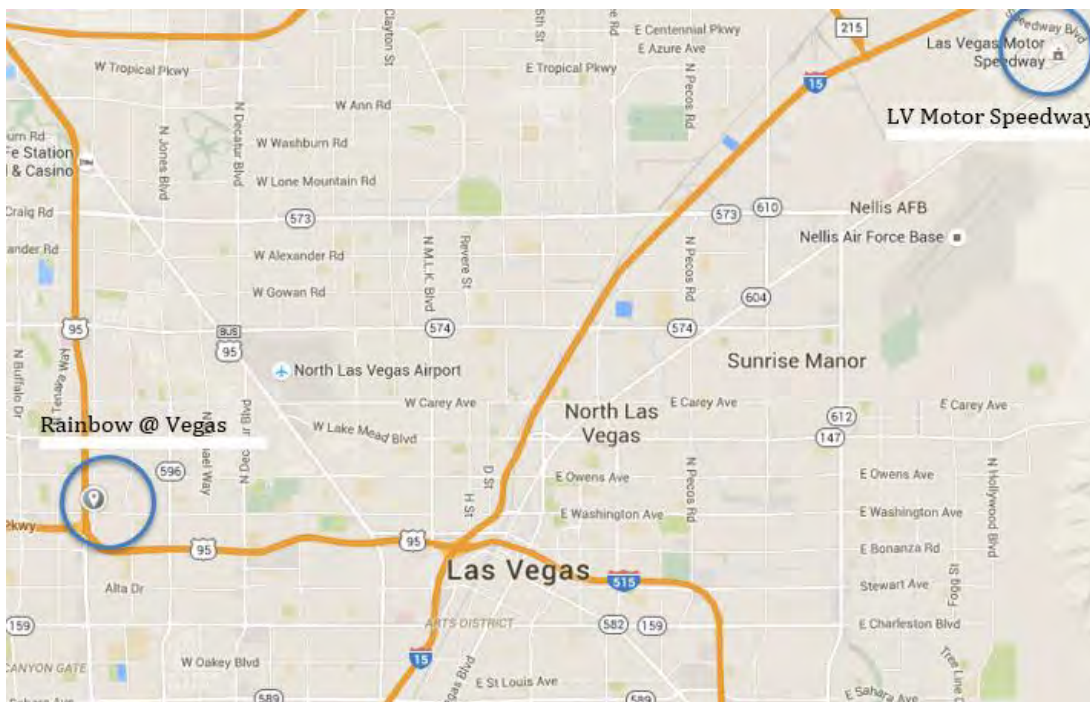
Section 3: Description of Las Vegas Partnership Properties

Section 4: Estimated Valuation Range of Las Vegas Partnership Properties and Suggested Strategy



Introduction

The Las Vegas properties (Las Vegas 1 and 2 and LV Kade) are held by nine partnership. The properties are in two locations: four are in the area of the Las Vegas Speedway in the northeast section of the Las Vegas metropolitan area. The other is at the northeast corner of the Rainbow Blvd. and Vegas Drive in northwest Las Vegas near the Summerlin new town.



Properties and Partnerships Las Vegas SEC v Schooler

Properties	Partnership
Las Vegas 1	Park Vegas Partners
Las Vegas 1	Production Partners
Las Vegas 1	Silver State Partners
Las Vegas 2	Rainbow Partners
Las Vegas 2	Horizon Partners
LV Kade	Hollywood Partners
LV Kade	BLA Partners
LV Kade	Checkered Flat Partners
LV Kade	Victory Lap Partners



Purpose of Report

We were asked to review five open space properties in the greater Las Vegas area that are commonly referred to in the SEC v. Schooler matter as Las Vegas 1, Las Vegas 2 and LV Kade.

The purpose of this report is to determine an estimate range of values for the Las Vegas properties and to develop a strategy for their future.

During the course of this report, we reviewed documentation provided to us by counsel and compiled data on the state of the economy, sale of raw land in the vicinity of the subject properties and discussed property matters with persons of knowledge in the Las Vegas area, including professionals in the private and public sector.

Mr. Nevin traveled to and walked each of the properties in the portfolio in Las Vegas and the areas surrounding each property. All of the properties were visible and accessible.

Consultant Background

The author of this report, Alan Nevin, has been providing real estate development feasibility studies and valuations in the Las Vegas metropolitan area since the mid-1970's and has had an ownership interest in multiple Las Vegas development properties since the early 1980's.

The author's studies inevitably involve an in-depth analysis of the Las Vegas economy and its real estate markets. His clients are typically real estate developers and investors.

Mr. Nevin has been an expert witness in several litigation matters in Las Vegas, most recently a case involving the development and valuation of several parcels of developable land on the Las Vegas Strip (Nassiri v NDOT).



Another recent case involved economic damages relating to a property in the City of North Las Vegas (Lee vs. City of North Las Vegas). Four of the subject properties are in the City of North Las Vegas.

Mr. Nevin's book "The Great Divide" will be published this summer. It describes the economic and real estate future of growing metropolitan areas, including Las Vegas.



Section 1: State of the Local Economy

In this section, we will discuss the population and employment trends in Las Vegas (Clark County). The Las Vegas metropolitan area experienced a major decline in employment growth and housing prices during the recent recession but is now recovering at an acceptable pace.

Population Change

The population over the past five years has increased by 167,000 persons, an average of more than 33,000 persons annually.

Population Change Las Vegas Metropolitan Area (Clark County) 2010-2015						
Population	2010	2015	Change	Change %	Change	Change %
	1,951,269	2,118,353	167,084	8.6%	33,417	1.7%
Source: Nevada Demographic Department						

The most recent spurt of population is anticipated to slow dramatically during the next 20 years according to the state's demographic projections. During the next 20 years, the rate of growth is anticipated to decline by more than half, with annual gains slowing to approximately 15,000 persons annually.

The slow-down is primarily due to a decline in in-migration to the community and a decline in the rate of job growth. The projected growth path of 14,831 annually indicates a continuing growth of the economy.



Population Projections Las Vegas Metropolitan Area (Clark County) 2015-2034						
Population Projections	2015	2034				
	2,118,353	2,400,141	281,788	13.3%	14,831	0.7%
Source: Nevada Demographic Department						

Employment Change

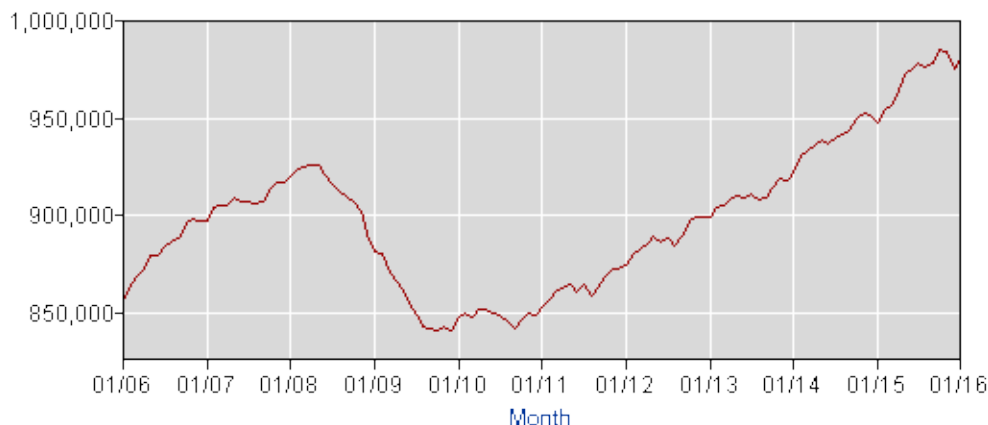
After a major set-back in employment during the recent recession, employment has gradually increased at a pace of more than 24,000 jobs annually, adding 122,000 jobs since 2010. In 2016, the metropolitan area is anticipated to reach the 1,000,000 job level.

Employment Change Las Vegas Metropolitan Area (Clark County) 2015-2034						
Employment	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
	848,573	971,055	122,482	14.4%	24,496	2.9%
Source: Bureau of Labor Statistics						

It is notable that total employment in Las Vegas dipped severely in the 2008 through 2010 period, but has since increased substantially, far surpassing the last peak in 2008.



employment



The unemployment rate has declined dramatically since peaking in 2010 at 13.9%. Since then, the unemployment rate has been halved and at the end of 2015 stands at 6.2%.

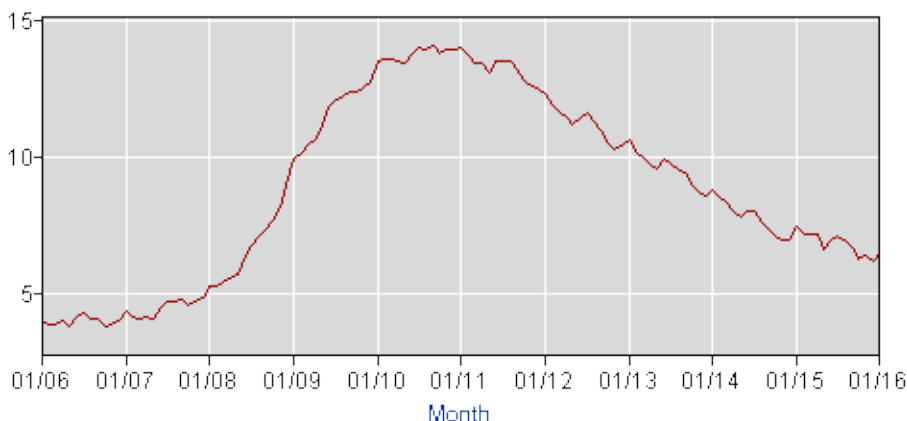
Unemployment Rate Las Vegas Metropolitan Area (Clark County) 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	13.9%	12.5%	10.4%	8.6%	7.0%	6.2%

Source: Bureau of Labor Statistics

Similarly in a reverse pattern, the unemployment rate peaked in 2010-2011 and has since subsided to the current level.



unemployment rate



Gaming and tourism remain the central core of the economy and is at a stable level of \$9.0 billion annually, as noted in the exhibit below.

Gaming Revenues Las Vegas Metropolitan Area (Clark County) 2010-2015						
Gaming Revenues (000,000)	2010	2011	2012	2013	2014	2015
Revenue	\$ 8,408	\$ 8,726	\$ 8,851	\$ 8,975	\$ 9,228	\$ 9,171
Change	n/a	\$ 318	\$ 125	\$ 124	\$ 253	\$ (57)
% change	n/a	3.8%	1.4%	1.4%	2.8%	-0.6%
Source: Nevada Gaming Commission						

Room night occupancies are gradually increasing and totaled almost 48 million in 2015 with an 87.7% occupancy rate, the highest since the recession.

Las Vegas remains the No. 1 tourism market in the Nation, with the most rooms (150,000) and the highest occupancy rates, far outpacing Orlando and other tourism meccas.



Room Night Occupancies Las Vegas Metropolitan Area (Clark County) 2010-2015						
Room Night Occupancies (000)	2010	2011	2012	2013	2014	2015
Total Room Nights	43,365	45,654	46,479	46,191	47,497	47,896
Change	n/a	2,289	825	(288)	1,306	399
% Change	n/a	5.3%	1.8%	-0.6%	2.8%	0.8%
Occupancy Rate	80.4%	83.8%	84.4%	84.3%	86.8%	87.7%
Source: Las Vegas Convention and Visitors Bureau						

Residential Construction

A major cause of the Las Vegas recession was the decline in the production of new homes and apartments, after a five-year period of ebullient production. Since 2010, the production has more than doubled and has achieved the 10,000 unit range during the past two years. At the level of production, the market is in equilibrium.

Residential Construction (Units Permitted) Las Vegas Metropolitan Area (Clark County) 2010-2015						
Residential Construction						
Total Units	2010	2011	2012	2013	2014	2015
Total	5,474	5,147	7,375	8,573	10,036	10,593
Single Family	4,623	3,817	6,108	7,067	6,809	7,798
Multi-Family	851	1,330	1,267	1,506	3,227	2,795
Source: Census.Gov						

Indicative of the return to economic health, the price of existing single family homes has increased by 57% since 2010, most of that gain occurring in the past three years. In 2015, the average sale price was \$220,000.



Existing Single Family Home Prices Las Vegas Metropolitan Area (Clark County) 2010-2015						
Single Family Home Prices	2010	2011	2012	2013	2014	2015
Median Price	\$ 140,000	\$ 124,000	\$131,000	\$ 175,000	\$198,000	\$ 220,000
Annual Change	n/a	\$ (16,000)	\$ 7,000	\$ 44,000	\$ 23,000	\$ 22,000
% Change 2010-2015						57.1%
Source: Greater Las Vegas Association of Realtors						

Las Vegas will continue to grow at a very acceptable pace and continue the expansion of the tourism and visitor marketplace. As a result, there will be continuing demand for industrial space that services a growing population and tourism.

As the supply of vacant well-located industrial land is rapidly being exhausted, the demand for land of that type will grow, as will the price of that land.

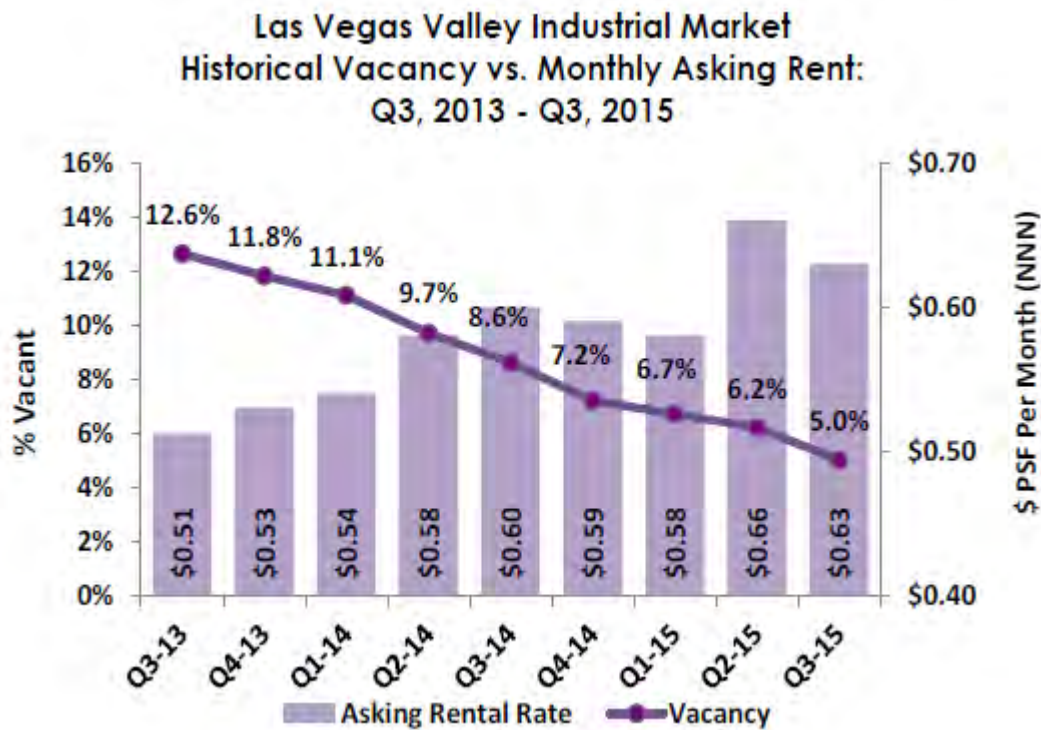
Overall, we are convinced that Las Vegas will remain one of the Nation's most successful economies.



Section 2: Las Vegas Industrial and Commercial Land Markets

Four of the five partnership properties are industrially zoned. Therefore, we have focused on the industrial land market in Las Vegas.

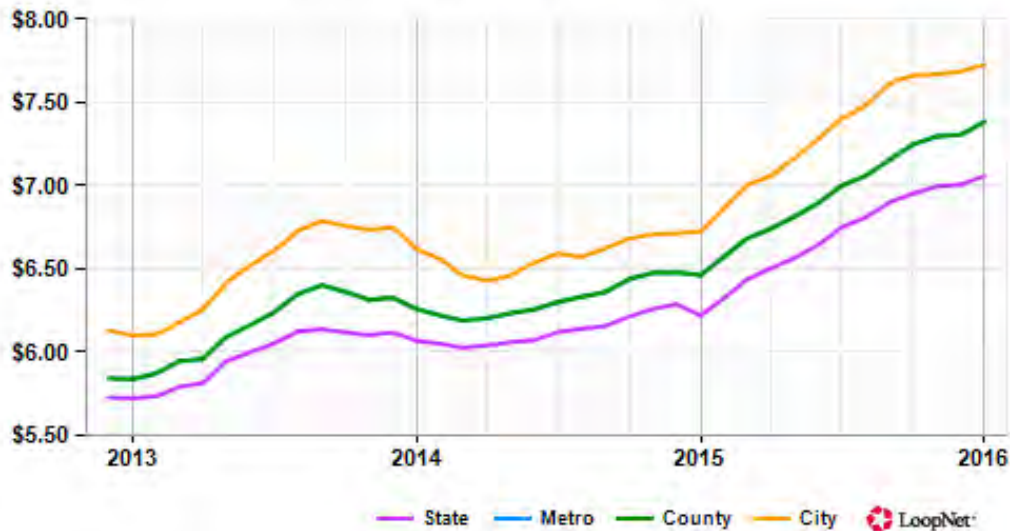
The industrial land market in Las Vegas is gaining in strength on a regular basis and has seen its vacancy rate decline from 12.6% in the 3rd quarter of 2013 to 5.0% in the 3rd quarter of 2015. In the same vein, the asking rent has moved upward in that same time frame from 51 cents to 63 cents per square foot per month (triple net). On balance, the market is strong and healthy.



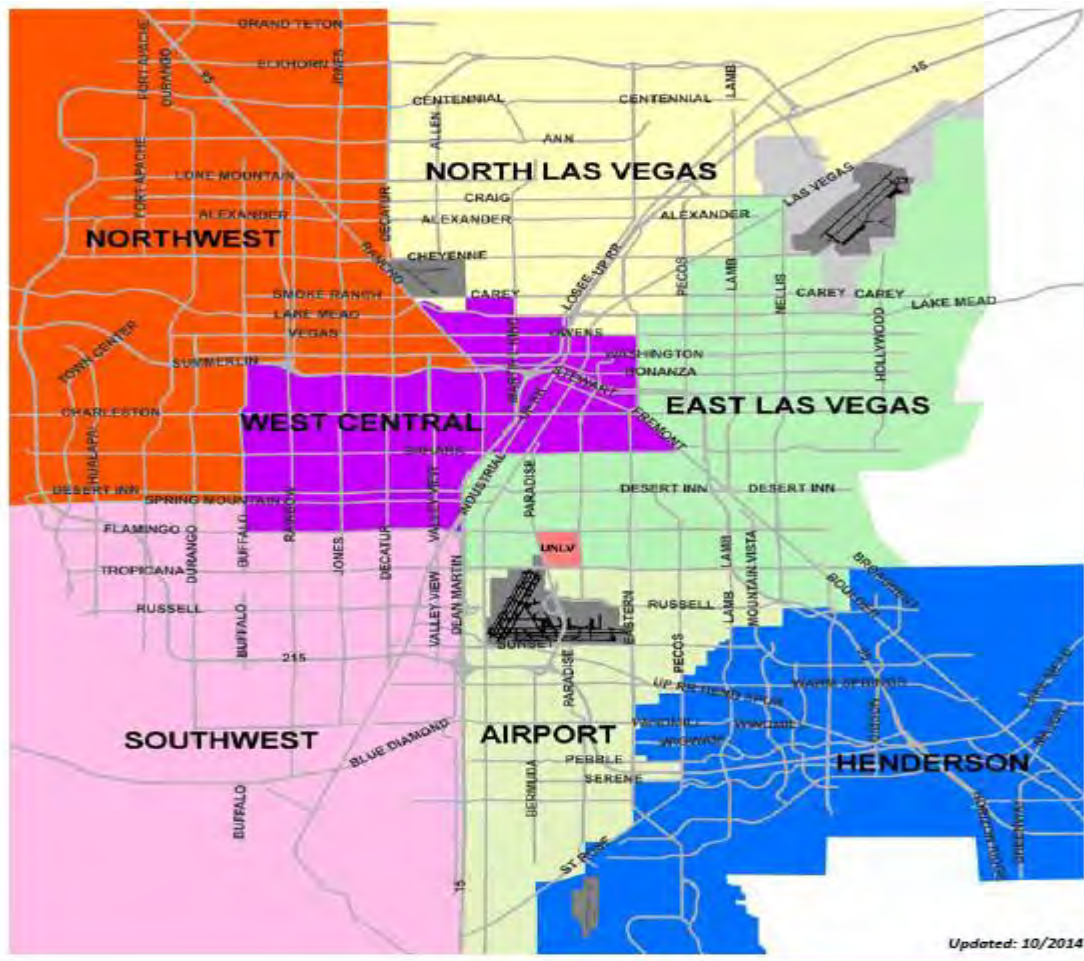
The graph on the following page clearly shows the upward path of rents for industrial space in the Las Vegas area;



Asking Rent Industrial for Lease Las Vegas, NV (\$/SF/Year)



The LEID Institute at the University of Nevada Las Vegas segments the industrial market into seven geographic market areas. The subject properties are in the **North Las Vegas** sector near Nellis Air Force Base and the Las Vegas Speedway, as noted on the map below:



The Las Vegas industrial property market has more than more than 100 million square feet of rentable space. That excludes owner-occupied space.

Of that total 1/3rd is in North Las Vegas, much of it surrounding the Las Vegas Speedway. North Las Vegas has the lowest vacancy rate in the metropolitan area, a meager 3.5%.

Currently, there is almost 600,000 square feet of space under construction with another 2.5 million square feet in planning. The space under construction and in planning will add 10% to the existing inventory. Reportedly, much of the space under construction is pre-leased.



Industrial Market Matrix

Las Vegas, Nevada

Third Quarter, 2015

SUBMARKETS

TOTAL INDUSTRIAL MARKET	Airport	East Las Vegas	Henderson	North Las Vegas	Northwest	Southwest	West Central	Totals
Number of Properties	501	149	534	1,016	81	1,280	648	4,209
Total Rentable SF	14,320,625	2,823,817	13,096,916	32,709,422	1,336,299	33,873,535	12,016,433	110,177,047
Total Vacant SF	1,145,733	178,334	641,353	1,137,484	80,680	1,799,200	542,468	5,525,252
Total Occupied SF	13,174,892	2,645,483	12,455,563	31,571,938	1,255,619	32,074,335	11,473,965	104,651,795
Total Vacant (%)	8.0%	6.3%	4.9%	3.5%	6.0%	5.3%	4.5%	5.0%
Completions QTD	193,000	0	0	553,700	0	685,000	0	1,431,700
Completions YOY	193,000	0	28,000	1,017,903	0	736,502	0	1,975,405
Total Net Absorption QTD	373,176	63,132	55,782	1,043,419	29,721	872,081	197,535	2,634,846
Total Net Absorption YOY	875,947	109,020	156,761	2,236,289	94,185	1,970,583	311,340	5,754,125
Asking Rents (\$ PSF)	\$0.76	\$0.32	\$0.62	\$0.44	\$0.69	\$0.70	\$0.79	\$0.63
Under Construction SF	0	693,050	232,826	576,880	0	773,280	0	2,276,036
Planned SF	0	787,760	1,141,610	2,490,910	0	1,541,422	153,320	6,115,022



The Las Vegas Speedway

The 1,500-acre Las Vegas Speedway is located at the intersection of I-15 and Speedway Blvd. It was opened in 1996 and the main raceway seats 116,000 persons. It has become a mecca for racing, second to only the Indianapolis Raceway.

Surrounding the Speedway are some 3,000,000 square feet of industrial space, much of it occupied by firms associated with racing. Because the Speedway area has a substantial number of parcels zoned M-1 and M-2 (industrial) it has attracted a number of firms that service Las Vegas' massive hotel/tourism market.

Among the firms that now call Speedway home are Sysco, MeadowGold and Nicholas and Company.

- Sysco has a 700-employee 278,000 square foot distribution center;
- MeadowGold has a 70,000 square foot \$40 million milk product plant; and
- Nicholas and Company has a 183,000 square foot food distribution facility that is poised to expand to 400,000 square feet.

The area available for industrial development is limited by the substantial acreage (1,500 acres) owned by the Speedway, Nellis Air Force Base to the South and North (14,000 acres) and mountains surrounding the entire area to the north.

This once major industrial land base is being absorbed. It is likely that within the next ten years, most of the industrial lands adjacent to the Las Vegas Speedway will be built out.

The next available area for new industrial development is 12 miles north of Speedway Blvd. in the **Apex Industrial Park**. In that area, there are plans to



develop a Chinese-funded automobile plant for a vehicle called the Faraday Future.

Apex Industrial Park

The Apex Industrial Park is a 10,000-acre parcel 12 miles north of Speedway Blvd. At Apex, there are plans to develop a Chinese-funded automobile plant for a vehicle called the Faraday Future. The 3.0 million square foot plant will cost approximately \$1.0 billion. The state has offered the same type of subsidies that convinced Testa to build its 6,000+ employee Gigabattery Factory in the Reno/Sparks area.

It has recently been announced that HyperLoop Technology will develop a test facility for a futuristic train system at the Apex Industrial Park. The Propulsion Open Air Test Facility is anticipated to test trains that reach 750 miles per hour and eventually travel from Los Angeles to Las Vegas in 30 minutes.

Recent and Active Industrial Land Sales

In order to determine an estimated range of value for the subject properties in the Las Vegas Speedway area, we compiled data on active and sold properties both in the Speedway area and the industrial area immediately to the south of Nellis Air Force Base (about a five-minute drive south of the subject properties). In that area, the average was \$4.34 per square foot or \$189,000 per acre.

The range of values was from \$3.10 to \$5.44 per square foot in the Speedway area (\$151,153 to \$250,470 per acre); and

\$3.47 to \$5.75 per square foot in the area south of Nellis Air Force Base (\$135,036 to \$236,966 per acre).

In all cases, the price relates to raw level land, zoned industrial, and accessible to wet and dry utilities.



Industrial Land Sales North Las Vegas as of April 1 2016										
Location	Broker	Agent	Phone	Zoning	APN	Acres	Price	\$/Acre	\$/Sq.Ft.	Date Sold
North Las Vegas - Speedway Area										
Ann & sban	CBRE	Kevin Higgins	162-01-201-00	M-2		111.000	\$ 15,000,000	\$ 135,135	\$ 3.10	Active
I-15 & Speedway	Berkshire Hathaway	Mason Harvey	702-376-6789	M-2	122-08-010-002	351.000	\$ 49,000,000	\$ 139,386	\$ 3.20	Active
NWC LV Blvd. & Hollywood	Colliers	Vincent Schettler	702-735-5700	hd	123-34-601-001	57.000	\$ 8,500,000	\$ 149,123	\$ 3.42	Active
lv blvd near Mt. Hood	Colliers	Vincent Schettler	702-735-5700	M-1	123-34-701-001	9.870	\$ 1,600,000	\$ 162,107	\$ 3.72	Active
NEC Mt. Hood & El Campo Grande	Tru-West	Christina Lo	702-222-1414	hd	123-27-701-004	10.000	\$ 1,850,000	\$ 185,000	\$ 4.25	Active
3940 E. Lone Mountain Rd.	NGKF	Ben Mills	702-733-7500	hd	123-31-801-001	10.000	\$ 2,000,000	\$ 200,000	\$ 4.59	Sep-15
6000 Donovan Road	Colliers	Brian Rifel	702-735-5700	hd	123-31-402-004	13.550	\$ 2,800,000	\$ 206,642	\$ 4.74	Sep-15
Tropical & Range	Colliers	Michael DeLew	702-836-3736	M-2		18.240	\$ 3,837,601	\$ 210,395	\$ 4.83	Active
I-15 & I-215	Colliers	Greg Pancirov	702-339-3734	M-2	123-28-101-1-19	22.450	\$ 4,725,000	\$ 210,468	\$ 4.83	Active
6200 Range Road	Colliers	Greg Pancirov	702-339-3734	M-2	123-28-101-008	22.000	\$ 4,723,363	\$ 214,698	\$ 4.93	Active
NWC Washburn & Mt. Hood	Berkshire Hathaway	Mason Harvey	702-376-6789	hd		10.350	\$ 2,250,000	\$ 217,391	\$ 4.99	Active
I-15 & 215	Brass Cap	Tim Castello	702-604-8742	C-2	123-28-501-001,2,3,	14.770	\$ 3,500,000	\$ 236,967	\$ 5.44	Active
Average									\$ 4.34	
North Las Vegas - South of Nellis AFB										
N. Nellis Blvd. @ Geist Ave.	Pro Commercial	Gary Burgher	702-222-3939	hd	140-17-611-009	1.390	\$ 210,072	\$ 151,131	\$ 3.47	Feb-16
N. Nellis Blvd. & Alto Ave.	Albright Callister	Paul Callister	702-732-1000	hd	140-17-611-005	2.780	\$ 490,000	\$ 176,259	\$ 4.05	Jun-15
4955 Cecile Ave./2970 Lamong	Jack Holler	Jack Holler	702-433-1551	hd	140-17-601-002	3.430	\$ 650,000	\$ 189,504	\$ 4.35	Jul-15
Las Vegas & Gowan	Logic	Adam Malan	702-888-3501	hd	140-07-701-015	9.370	\$ 1,885,840	\$ 201,264	\$ 4.62	Feb-16
Las Vegas & Gowan	Logic	Adam Malan	702-888-3500	hd	140-07-701-001	23.890	\$ 4,808,188	\$ 201,264	\$ 4.62	Feb-16
N. Lamb Blvd.	Wardley RE	LJ Wardley	702-256-4900	hd	140-17-301-002	4.380	\$ 952,000	\$ 217,352	\$ 4.99	Oct-15
Las Vegas & Gowan	Logic	Adam Malan	702-888-3502	hd	140-07-701-010	3.000	\$ 751,410	\$ 250,470	\$ 5.75	Feb-16
Average									\$ 4.52	

Source: CoStar, Loopnet, Agent web-sites, Agents



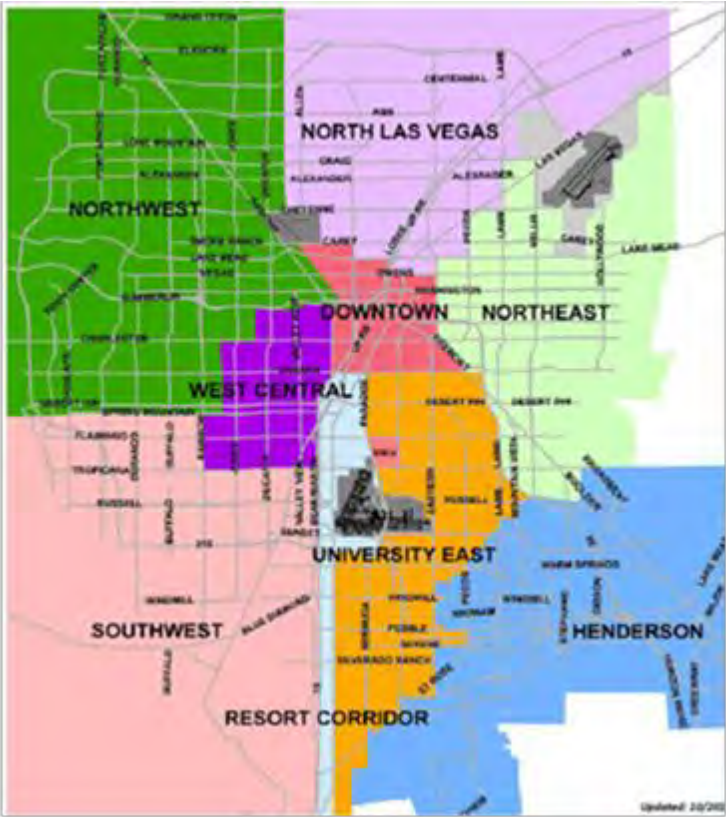
The Retail Space Market in Las Vegas

The subject property ((Las Vegas 2) is currently zoned residential, but is clearly a retail site because of its major street frontage location and adjacency of commercial uses, therefore we include here a snapshot of the retail market in Las Vegas.

The retail space market in Las Vegas suffered substantially during the recession as a result of reduced gaming revenues and employment as well as a substantial home foreclosure experience. The market has returned to near normalcy, especially in the near-in suburbs, particularly those with newer higher end housing.

The overall retail vacancy rate in the third quarter of 2015 was 11.4% area-wide. The northwest quadrant (the subject property is in that quadrant) had a vacancy rate of 9.4%.

In the northwest quadrant, a quarter of a million square feet of retail space was absorbed in the past year, indicating a strengthening of that sector of the market.





Anchored Retail Market Matrix

Las Vegas, Nevada
Third Quarter, 2015

SUBMARKETS


TOTAL RETAIL MARKET	Downtown	Henderson	North Las Vegas	Northwest	Southwest	University East	West Central	Totals
Number of Properties	9	54	27	21	59	40	34	287
Total Rentable SF	1,105,851	8,680,068	4,910,743	2,542,317	10,810,588	6,050,227	4,379,055	44,242,684
Total Vacant SF	158,566	1,043,090	620,559	109,934	1,018,762	372,074	617,973	5,033,768
Total Occupied SF	907,285	7,636,978	4,290,184	2,432,383	9,791,826	5,678,153	3,761,082	39,208,916
Total Vacant (%)	14.0%	12.0%	12.6%	4.3%	9.4%	6.1%	14.1%	11.4%
Completions QTD	0	0	0	0	0	0	0	0
Completions YTD	0	0	0	0	222,000	0	0	222,000
Total Net Absorption QTD	11,211	42,153	26,485	29,879	48,317	85,581	54,378	238,125
Total Net Absorption YTD	44,371	96,768	44,950	32,207	293,660	48,874	25,791	38,221
Avg Rent (\$/SF)	\$0.67	\$1.38	\$1.02	\$1.15	\$1.40	\$0.55	\$0.91	\$1.03
Under Construction SF	0	0	0	0	80,000	190,000	0	270,000
Planned SF	0	0	0	0	225,000	0	0	225,000



The price of commercial land has a broad range of pricing, relating to its location, access, traffic count and quality of neighborhood. The following exhibit notes the broad range of pricing per square foot, for both commercial and industrial land. The data was obtained from several credible sources: CoStar, Loopnet and national brokerage firms.

Land Sales (Active & Sold) Area of Rainbow Blvd. & Vegas Drive 2015-2016						
Location	Zoning	Acres	Price	\$/Acre	\$/Sq.Ft.	Date Sold
Lamb & Las Vegas Blvd.	Coml	2.4	\$ 390,000	\$ 161,157	\$ 3.70	2/2016
1841 N. Decatur	Coml	2.2	\$ 450,000	\$ 208,333	\$ 4.78	Active
5055 N. Rainbow	Coml	2.3	\$ 1,197,028	\$ 522,720	\$ 12.00	Active
Craig & I-95	Coml	1.8	\$ 961,805	\$ 522,720	\$ 12.00	Active
Maryland & Cactus	Coml	1.2	\$ 770,000	\$ 663,793	\$ 15.24	Active
1775 N. Rancho	Coml	1.3	\$ 990,000	\$ 792,000	\$ 18.18	Active
Owens & Lamb	Coml	2.1	\$ 575,000	\$ 268,692	\$ 6.17	Active
4859 East Owens Ave.	MF	1.7	\$ 295,000	\$ 177,711	\$ 4.08	Active
Vegas Drive & Rainbow	MF	7.1	\$ 2,700,000	\$ 380,818	\$ 8.74	12/2015
El Capitan & Iron Mountain	Resl	1.3	\$ 175,000	\$ 140,000	\$ 3.21	Active
264 Welpman Way	Resl	1.1	\$ 195,000	\$ 171,053	\$ 3.93	3/2016

Source: CoStar, Loopnet, Agent web-sites, Agents



The land in the exhibit is all suburban. Land in and near the Las Vegas Strip is considerably more expensive.



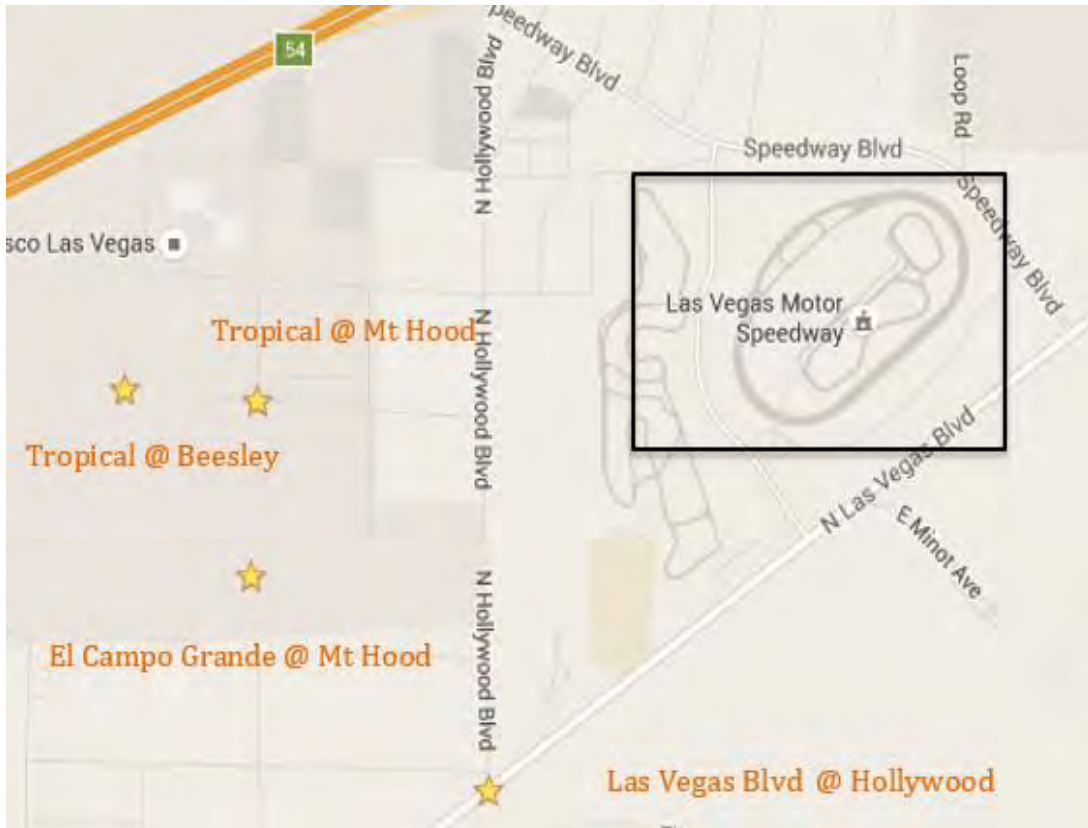
Section 3: Description of Las Vegas Partnership Properties and Historic Values and Letters of Opinion

The exhibit below details the five Las Vegas properties, noting their locations, acreage and locational factors:

Summary of Properties Las Vegas SEC v. Schooler									
Geographic Area	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas
Partnership Name	LV Kade	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 2
Owner Name	Hollywood Partners 25%	Production Partners	Park Vegas Partners	Park Vegas Partners	Park Vegas Partners	Park Vegas Partners	Silver State Partners	Horizon Partners 50% Rainbow Partners 50%	
	BLA Partners 25%								
	Checkered Flag Partners 25%								
	Victory Lap Partners 25%								
Date Acquired	1996-1998	1987	1983	1983	1983	1983	1985		34516
Years Held in Partnership	17	28	33	33	33	33	31		19
Locale of Property	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas	NE Las Vegas
Jurisdiction	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.	Clark Clark Unincorp.
Assessor's Parcel Number	123-34-601-001	123-27-801-001	123-27-301-003	123-27-301-003	123-27-301-002	123-27-701-001	138-23-401-001		
Acreage	53.94	36.45	4.02	4.02	4.02	8.97	4.62		
Nearest Intersection	NWC Washburn & Mt. Hood	Ann Rd. & Mt. Hood St.	Tropical Pkwy. & Beesley Dr.	Tropical Pkwy. & Beesley Dr.	Tropical Pkwy. & Beesley Dr.	Tropical Pkwy. & Mt. Hood	Rainbow Blvd. & Vegas Dr.		
Property Condition	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land		
Topography	Level	Level	Level	Level	Level	Level	Level		
Zoning	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial		
Neighborhood	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial		
Surrounding	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial		
Recent development in immediate area	Substantial industrial	Substantial industrial	Substantial industrial	Substantial industrial	Substantial industrial	Substantial industrial	Substantial industrial		
Distance from Downtown of Metropolitan Area	10 miles	11 miles	12 miles	13 miles	14 miles	14 miles	14 miles		
In Path of Near-Term Development	Yes	Yes	Yes	Yes	Yes	Yes	Yes		



**Las Vegas 1 and LV Kade Properties
Las Vegas Speedway Area
(Stars identify specific location)**





**Las Vegas 2 Property
Intersection of Rainbow Blvd. & Vegas Drive
City of Las Vegas**





Appraisals and Opinion of Value – Las Vegas Properties

In the following exhibit, there is a summary of appraisals, opinions of value, listings and applications for listings for the five properties.

Summary of Valuations and Opinions Las Vegas Properties SEC v. Scholler									
Geographic Area	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas	Las Vegas
Partnership Name	LV Kade	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 2
Owner Name	Hollywood Partners 25%	Production Partners	Park Vegas Partners	Park Vegas Partners	Park Vegas Partners	Park Vegas Partners	Silver State Partners	Horizon Partners 50%	Rainbow Partners 50%
	BLA Partners 25%								
	Checked Flag Partners 25%								
	Victory Lap Partners 25%								
Assessor's Parcel									
Number	123-34-601-001	123-27-801-001	123-27-301-003	123-27-301-002	123-27-701-001	123-23-401-001			
Acreage	57.00	36.45	4.02	4.02	18.97	4.62			
Nearest Intersection	NWC Washburn & Mt. Hood	Ann Rd. & Mt. Hood St.	Tropical Pkway. & Beesley Dr.	Tropical Pkway. & Beesley Dr.	Tropical Pkway & Mt. Hood	Rainbow Blvd. & Vegas Dr.			
Valuations and Opinions									
Valuation	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal
Appraisal Entity	Valbridge	Valbridge	Valbridge	Valbridge	Valbridge	Valbridge	Valbridge	Valbridge	Valbridge
Date	Apr-13	May-13	May-13	May-13	May-13	May-13	May-13	May-13	Apr-13
Valuation	\$ 4,110,000	\$ 2,700,000	\$ 332,500	\$ 332,500	\$ 740,000	\$ 945,000	\$ 740,000	\$ 945,000	\$ 945,000
Value Per Acre	\$ 72,105	\$ 74,074	\$ 82,711	\$ 82,711	\$ 82,711	\$ 204,545	\$ 82,497	\$ 204,545	\$ 204,545
Value Per Square Foot	\$ 1.66	\$ 1.70	\$ 1.90	\$ 1.90	\$ 1.89	\$ 4.70	\$ 1.89	\$ 4.70	\$ 4.70
Valuation	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal
Appraisal Entity	Anderson								
Date	Jun-15								
Valuation	\$ 8,260,000								
Value Per Acre	\$ 144,912								
Value Per Square Foot	\$ 3.33								
Listing	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal
Listing Brokerage	Colliers	Mark Rua (1)							
Date	May-15	Jun-15	Jun-15	Jun-15	Jun-15	Jun-15	Jun-15	Jun-15	Jun-15
Listing Price	\$ 7,450,000	\$ 4,920,750	\$ 542,700	\$ 542,700	\$ 1,210,950	\$ 1,750,000	\$ 1,210,950	\$ 1,750,000	\$ 1,750,000
Listing Price Per Acre	\$ 130,702	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 378,788	\$ 135,000	\$ 378,788	\$ 378,788
Listing Price Per Square Foot	\$ 3.00	\$ 3.10	\$ 3.10	\$ 3.10	\$ 3.10	\$ 8.70	\$ 3.10	\$ 8.70	\$ 8.70
Listing	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal
Listing Brokerage	CBRE								
Date	Jul-15								
Listing Price	\$ 4,000,000								
Listing Price Per Acre	\$ 109,739								
Listing Price Per Square Foot	\$ 2.52								
Foot									
(1) offer to list									



The values attributed to the Speedway properties appear to us to be substantially lower than the market would justify. The Anderson appraisal comes closest to reality, but the others express an interest in selling the property as quickly as possible.

The appraiser assembled appropriate comparable sales and clearly understands the local market.

The Rainbow site has two values that relate to reality: one at \$7.45 per square foot and the other at \$8.70 per square foot. The third value is apparently based on the property's value as a housing site, rather than a commercial site.

The estimated value ranges shown relates to today's marketplace



Section 4: Valuation of Las Vegas Partnership Properties and Suggested Strategy

Based on our visitation to the properties, review of recent sales and asking prices for relevant parcels as well as discussions with local professionals, we have determined the value range of pricing for the Las Vegas Properties were they to be offered for sale in today's market.

We have placed a value range of \$3.00-4.00 per square foot on the three Speedway properties that do not face Las Vegas Blvd. and \$3.50-\$4.50 per square foot for the property that faces Las Vegas Blvd.

The combined estimated value range of the **four Speedway properties** is \$16,676,373 to \$20,488,010.

The estimated value range for the **Rainbow Blvd. and Vegas Drive property** is \$1,609,978 to \$2,012,472.

The **total estimated value range** for the five properties is \$17,286,350 to \$22,500,482.



Estimated Range of Valuation Las Vegas Properties SEC v Schooler							
Property APN	Cross Street	Acres	Sq.Ft.	\$/Sq.Ft. Value Range		Value Range	
				Low	High	Low	High
Speedway Properties							
123-27-701-001	Tropical Pkwy & Mt. Hood Street	8.97	390,733	\$ 3.00	\$ 4.00	\$ 1,172,200	\$ 1,562,933
123-27-301-001,2	Tropical Pkwy & Beesley Dr.	8.04	350,222	\$ 3.00	\$ 4.00	\$ 1,050,667	\$ 1,400,890
123-27-801-001	El Campo Grande & Mt. Hood St.	36.45	1,587,762	\$ 3.00	\$ 4.00	\$ 4,763,286	\$ 6,351,048
123-34-601-001	Las Vegas Blvd. & Hollywood Blvd.	57.00	2,482,920	\$ 3.50	\$ 4.50	\$ 8,690,220	\$ 11,173,140
	Total	110.46	4,811,638			\$ 15,676,373	\$ 20,488,010
Rainbow Blvd. & Vegas Drive Property							
123-23-401-001	Rainbow Blvd. & Vegas Drive	4.62	201,247	\$ 8.00	\$ 10.00	\$ 1,609,978	\$ 2,012,472
	Rounded Value					\$ 1,100,000	\$ 1,300,000
Total Las Vegas Properties						\$ 17,286,350	\$ 22,500,482



The exhibit below details the differences in the values placed by the appraisers, the receiver and Xpera Group. The Xpera Group estimated range of values is somewhat higher than that of the receiver.

Comparison of Values Las Vegas Properties (Las Vegas 1 and 2 and LV Kade)										
Partnership	Date	LV Kade	Las Vegas 1 - Total	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 1	Las Vegas 2
APN		123-34-601-001	123-27-801-001	123-27-801-001	123-27-301-003	123-27-301-002	123-27-701-001	123-23-401-001		
Acres		57.00	36.45	36.45	4.02	4.02	8.97	4.62		
Cross Street		NWC Washburn & Mt. Hood	Ann Rd. & Mt. Hood St.	Ann Rd. & Mt. Hood St.	Tropical Pkway. & Beesley Dr.	Tropical Pkway. & Beesley Dr.	Tropical Pkway & Mt. Hood	Rainbow Blvd. & Vegas Dr.		
Locale		Speedway	Speedway	Speedway	Speedway	Speedway	Speedway	NW Las Vegas		
Source										
Appraisal	2013	\$ 4,110,000	\$ 4,105,000	\$ 2,700,000	\$ 332,500	\$ 332,500	\$ 740,000	\$ 945,000		
Appraisal	2015	\$ 8,260,000		n/a	n/a	n/a	\$ 1,150,000	\$ 1,500,000		
Receiver	2015	\$ 8,260,000	\$ 5,275,000					\$ 1,375,000		
Xpera Group										
Estimated Range of Value	2016 Low	\$ 8,690,220	\$ 7,423,931	\$ 4,763,286	\$ 525,334	\$ 525,334	\$ 1,609,978	\$ 1,609,978		
	2016 High	\$ 11,173,140	\$ 9,764,410	\$ 6,351,048	\$ 700,445	\$ 700,445	\$ 2,012,472	\$ 2,012,472		



Consultant Recommended Strategy

Speedway Properties

We believe the following to be a true picture of the development patterns in the “Speedway area:

- ☐ The near-term development activity in the Apex Industrial Park will generate the need for jobs in ancillary facilities in the Speedway area.
- ☐ The number of available acres for industrial development in the Speedway area is limited, primarily because of the land ownerships of the adjacent Nellis Air Force Base and its flight patterns and the holdings of the Las Vegas Speedway.
- ☐ The Speedway area has proven highly attractive to firms that serve the Las Vegas hotel/tourism market. Trucks based there can be on the Las Vegas Strip within a 15-minute Freeway drive.
- ☐ Las Vegas continues to grow and, as a result, will have a continuing need for industrial lands.
- ☐ Most of the remaining industrial lands that are much closer to the Strip have prices that are substantially higher than in the Speedway area and are destined for more dense alternative uses.

For those reasons, we strongly recommend that the partnerships that own the Speedway land continue to hold them for another five to ten years with the expectation that the values will increase substantially in that time frame.

Based on the history of industrial prices in the area, we anticipate that the prices of the Speedway industrial land will increase \$.50-1.00 per square foot annually over the next decade.



We should note, however, that Las Vegas economy tends to be cyclical and therefore, prices do not move upward (or downward) in a smooth pattern. It will be necessary to closely track the economy to “catch” an upward wave to optimize the value of the properties.

Rainbow and Vegas Drive Property (Las Vegas II)

The Rainbow property is located in an exceptionally strong location at the intersection of Rainbow Blvd. and Vegas Drive and proximate to access to the I-95 Freeway.

It is immediately adjacent to a gas station and Mango’s Beach Bar (a highly popular night spot). The property is level with all utilities to site line.

The property is currently zoned for low density residential, but it is most obviously a retail/commercial site and, in our opinion, would be appropriate for rezoning for retail/commercial purposes.

As a commercial site, the land value should be in the \$8.00 to \$10.00 per square foot range, resulting in a value range of \$1,600,000 to \$2,000,000 range. We understand that a recent offer has been made at the lower end of that range.

The property is appropriate for sale now.



Although the results, conclusions and recommendations contained within this consultant's report are based upon a thorough review and analysis of current competitive market conditions and the expertise of the author, Consultant does not in any way represent, warrant or guarantee that any reported results will be achieved as a result of various reasons, including but not limited to the sensitivity to ever-fluctuating market conditions and the efficiency of a Client and its representatives, agent, employees, successors and assigns.

EXHIBIT “2”



**Reno Property Analysis
SEC v. Schooler**



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Introduction

Section 1: State of the Local Economy

Section 2: Submarket Narratives

Section 3: Description of Reno Partnership Properties, Historic Appraised Value, and Opinions of Value

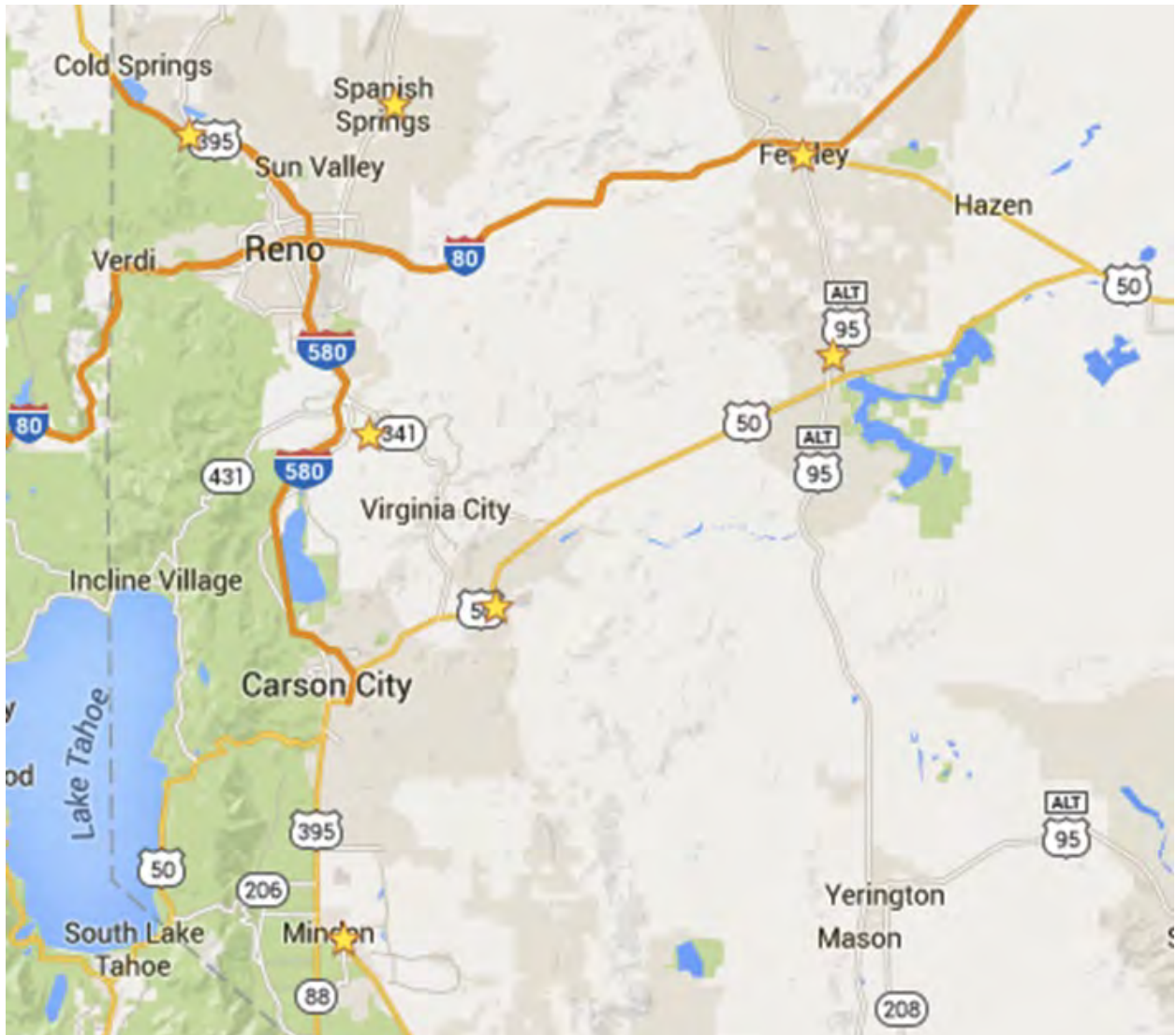
Section 4: Valuation of Reno Partnership Properties



Introduction

There are 46 partnerships with ownership interests in raw land parcels in 13 locations within the greater Reno/Sparks Nevada area, including the Counties of Washoe, Douglas, Lyon and Storey. Most of properties are located on the periphery of the Reno/Sparks metropolitan area.

Reno Partnerships SEC v. Louis V. Schooler	
<u>Property</u>	<u>Owner Partnerships</u>
Dayton I	Dayton View, Fairway, Green View, and Par Four
Dayton II	Storey County, Comstock, Silver City, and Nevada View
Dayton III	Gold Ridge, Sky View, Grand View, and Rolling Hills
Dayton IV	Eagle View, Falcon Heights, Night Hawk, and Osprey
Silver Springs South	Rail Road, Spruce Heights, Vista Del Sur, and Lahontan
Silver Springs North	North Springs, Rawhide, Highway 50, and Orange Vista
Fernley 1	Crystal Clearwater and High Desert
Minden	Carson Valley, Heavenly View, Sierra View, and Pine Valley
Washoe 1	Reno View, Reno Vista, and Reno
Washoe III	Spanish Springs, Antelope Springs, Wild Horse, and Big Ranch
Washoe IV	Rose Vista, Steam Boat, Galena Ranch, and Redfield Heights
Washoe V	Pyramid Highway 177 and Frontage 17
Stead 1	P-39 Aircobra, P-40 Warhawk, and F-86



The information contained in this report was generated from a review of available documents related to the SEC v. Schooler case and related documents contained on Thomas C. Hebrank, Receiver's website (www.ethreadvisors.com).

The 2013 appraisals on the subject properties generated by Warren & Schiffmacher, LLC (85 Keystone Avenue, Suite C, Reno, NV 89503) and prepared for Thomas C. Hebrank were reviewed. The 2015 appraisals on the



subject properties, prepared by Hutchinson Valuation, Inc. and prepared for Thomas C. Hebrank, were reviewed.

On March 30, 2016, this consultant made site visits to the Dayton I, Dayton II, Dayton III, Dayton IV, Silver Springs South, Silver Springs North, Fernley I, and Minden properties. On March 31, 2016, similar site visits were made to the Washoe I, Washoe III, Washoe IV, Washoe V, and Stead I properties.

On March 30, 2016, this consultant visited the offices of the Dayton, NV Chamber of Commerce and discussed the general Dayton area with the local representative. On that same day, a visit was also made to the offices of the Fernley, NV Chamber of Commerce where the general Fernley area was discussed with the local representative.

On March 31, 2016, this consultant met with Peter K. Ghishan, Esq., Commercial Partners of Nevada, LLC (275 Hill St, Third Floor, Reno, Nevada 89501) and discussed the general Reno market, the submarkets where the properties are located, and some of the properties specifically. Mr. Grishan provided comparable sales information related to the Dayton I and Washoe 3 properties.

Telephonic conversations were held with planners from Lyon County, Storey County, and the City of Fernley related to the existing zoning and entitlements of some of the subject properties located within those counties, and the potential for any zone changes and/or future entitlements.

Various local brokers who were familiar with the submarkets and some of the subject properties specifically were contacted by telephone and asked to provide their impressions and information related to comparable properties.

Internet searches were made in an effort to locate listings and sales of comparable properties on websites such as Loopnet.com, CBRE, Interoreno.com, Realtor.com, Landandfarm.com, SilverStageProperties.com, and Chicagotitleadvantage.com.

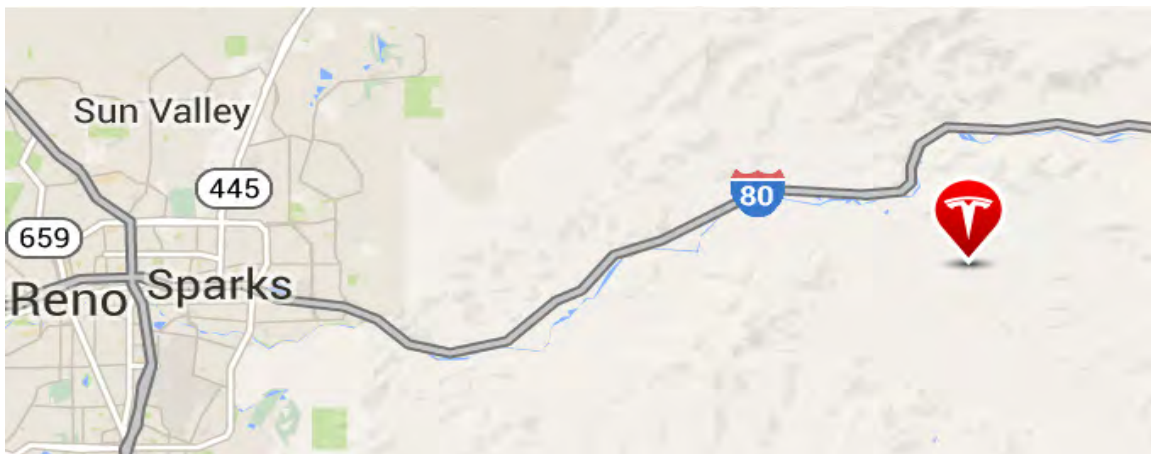


Section 1: State of the Local Economy

In this section, the population and employment trends in the Reno/Sparks metropolitan area are outlined, all of which is within Washoe County. Also discussed is the population and residential construction in the three outlying counties. As the employment in those three outlying counties is minimal, we will not include a discussion of that part of their economy.

The Reno/Sparks metropolitan area experienced a major decline in population and employment growth during the recent recession but is now recovering at an acceptable pace.

Much of the recent local enthusiasm relates to the construction of the new **Tesla Gigabattery** plant in the Tahoe Reno Industrial Center, a development of Elon Musk and related to the production of batteries for the Tesla automobile. The factory is located south of Highway 80 east of Sparks, in reasonable proximity to several of the partnership properties.





Population Change

Ordinarily, one would not include Douglas, Lyon or Storey Counties within the definition of the Reno/Sparks metropolitan area, but as several of the partnerships hold land in those outlying counties, they are included in the discussion of the area population.

The population of the four county area over the past five years has increased by 22,000 persons, an average of more than 4,000 persons annually. In total, the four county area now has a population of more than a half million persons.

Of the total population change over the four county area, 90% was attributable to Washoe County.

Population Change Reno Metropolitan Area 2010-2015						
Population	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
Douglas	46,997	48,223	1,226	2.6%	245	0.5%
Lyon	52,334	53,277	943	1.8%	189	0.4%
Storey	4,010	3,984	(26)	-0.6%	(5)	-0.1%
Washoe	421,407	441,946	20,539	4.9%	4,108	1.0%
Total	524,748	547,430	22,682	4.3%	4,536	0.9%
% of Population - Washoe County	80.3%	80.7%	90.6%		90.6%	

As a result of the new Tesla Gigabattery plant and the ancillary services to that plant, the rate of population gain is expected to accelerate dramatically over the next 20 years, increasing at a pace of four times that of the past five years.

The plant broke ground in 2014 and is anticipated to begin operation in 2017. By 2020, the plant will reach full capacity and produce more lithium ion batteries annually than were produced worldwide in 2013. Reportedly, the plant will employ 6,500 workers when fully operational.



The following table details the population projects over the next 20 years. The population in the four county area is expected to grow by 88,000 people, a 16.1 increase from current levels. Of the total projected population change, 85% is anticipated to be within Washoe County, with Lyon County adding almost 500 persons annually.

Population Projections Reno Metropolitan Area 2015-2034						
Population Projections	2015	2034	Total Change		Annual Change	
			Change	Change %	Change	Change %
Douglas	48,223	50,148	1,925	4.0%	96	0.2%
Lyon	53,277	63,212	9,935	18.6%	497	0.9%
Storey	3,984	5,017	1,033	25.9%	52	1.3%
Washoe	441,946	517,274	75,328	17.0%	3,766	0.9%
Total	547,430	635,651	88,221	16.1%	4,411	0.8%
% of Population - Washoe County	80.7%	81.4%				
Source: State of Nevada Demographic Department						

Employment Change

After a major set-back in employment during the recession, employment has gradually increased at a pace of more than 4,000 jobs annually, with 20,000 jobs added since 2010.

Employment Change Reno Metropolitan Area 2010-2015						
Employment	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
	193,965	214,463	20,499	10.6%	4,100	2.1%
Source: Bureau of Labor Statistics						

Gaming and tourism continue to be the leading basic employers in Reno with a total of 36,000 jobs in 2015. The tourism and gaming industries accounted for 10% of jobs gains in the past five years.



Tourism Employment Change Reno Metropolitan Area 2010-2015						
Tourism Employment	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
	34,100.0	36,200.0	2,100.0	6.2%	420.0	1.2%
Source: Bureau of Labor Statistics						

The unemployment rate has declined dramatically since peaking in 2010 at 12.9%. Since then, the unemployment rate has been more than halved and at the end of 2015 stands at 5.5%.

Unemployment Rate Reno Metropolitan Area 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	12.9%	11.8%	10.2%	8.1%	6.5%	5.5%
Source: Bureau of Labor Statistics						

Gaming and tourism remain the central core of the economy generating revenues at a stable level of three quarters of a billion dollars annually, as noted in the exhibit below.

Gaming Revenues Reno Metropolitan Area 2010-2015						
Gaming Revenues (000)	2010	2011	2012	2013	2014	2015
Revenue	\$ 698,529	\$ 719,503	\$ 728,752	\$ 727,654	\$ 737,686	\$ 756,656
Change	n/a	\$ 20,974	\$ 9,249	\$ (1,098)	\$ 10,032	\$ 18,970
% change	n/a	3.0%	1.3%	0%	1.4%	2.6%
Source: Nevada Gaming Commission						

Room night occupancies are stable, with modest increases since 2010. 2015 matched the room nights of 2010, after dipping to the 3.2 million occupancies in 2012.

Hotel occupancies reached a five year high of 64.5% in 2015 after several years of a flat-line 60%.



Room Night Occupancies Reno Metropolitan Area 2010-2015						
Room Night Occupancies	2010	2011	2012	2013	2014	2015
Total Room Nights	3,348,697	3,227,403	3,196,650	3,271,984	3,238,008	3,344,528
Change	n/a	(121,294)	(30,753)	75,334	(33,976)	106,520
% Change	n/a	-3.6%	-1.0%	2.4%	-1.0%	3.3%
Occupancy Rate	61.1%	60.2%	59.2%	60.9%	62.4%	64.5%
Source: Nevada Gaming Commission and Reno Convention and Tourism Authority						

Residential Construction

A major cause of the Reno recession was the decline in the production of new homes and apartments, after a five-year period of ebullient production. Since 2010, the production has more than quadrupled and has achieved the 3,000+unit level in 2015. At the level of production, the market is in equilibrium.

As noted in the exhibit below, Washoe County accounts for 85-90% of total residential construction. Virtually all of the multi-family production occurs in Washoe County.



Residential Construction (Units Permitted) Reno Metropolitan Area 2010-2015						
	2010	2011	2012	2013	2014	2015
Total Units	703	645	956	1,942	2,520	3,117
Single Family	552	623	888	1,391	1,811	2,328
Multi-Family	151	22	68	551	709	789
Total Washoe County	606	556	845	1,720	2,216	2,787
Single Family	472	534	777	1,243	1,507	2,000
Multi-Family	134	22	68	477	709	787
Total Douglas County	38	35	53	108	158	144
Single Family	21	35	53	34	158	142
Multi-Family	17	-	-	74	-	2
Total Lyon County	53	48	52	105	140	179
Single Family	53	48	52	105	140	179
Multi-Family	-	-	-	-	-	-
Total Storey County	6	6	6	9	6	7
Single Family	6	6	6	9	6	7
Multi-Family	-	-	-	-	-	-
Washoe as % of Total	86.2%	86.2%	88.4%	88.6%	87.9%	89.4%

Indicative of the return to economic health, the price of existing single-family homes has increased by 57% since 2010, most of that gain occurring in the past three years.

Home prices had dipped dramatically during the recession, but started to bounce back in 2012 and in 2015 averaged \$284,000, a high-mark for Reno.

Existing Median Single Family Housing Prices Reno Metropolitan Area 2010-2015						
Single Family Home Prices	2010	2011	2012	2013	2014	2015
Average Price	\$ 164,000	\$ 143,000	\$ 179,000	\$ 205,000	\$ 251,000	\$ 275,000
% Change 2010-2015						68%
Source: Reno Association of Realtors						



Industrial Market

Beginning about a quarter century ago, Reno started to become a major west coast distribution center because of its low priced industrial land and industrial space and, excellent rail and air service and a strong highway network. In addition, Nevada had no inventory tax on warehoused goods. At the time, California did have an inventory tax, but eventually eliminated it, but not before Reno became a “booming” industrial distribution center.

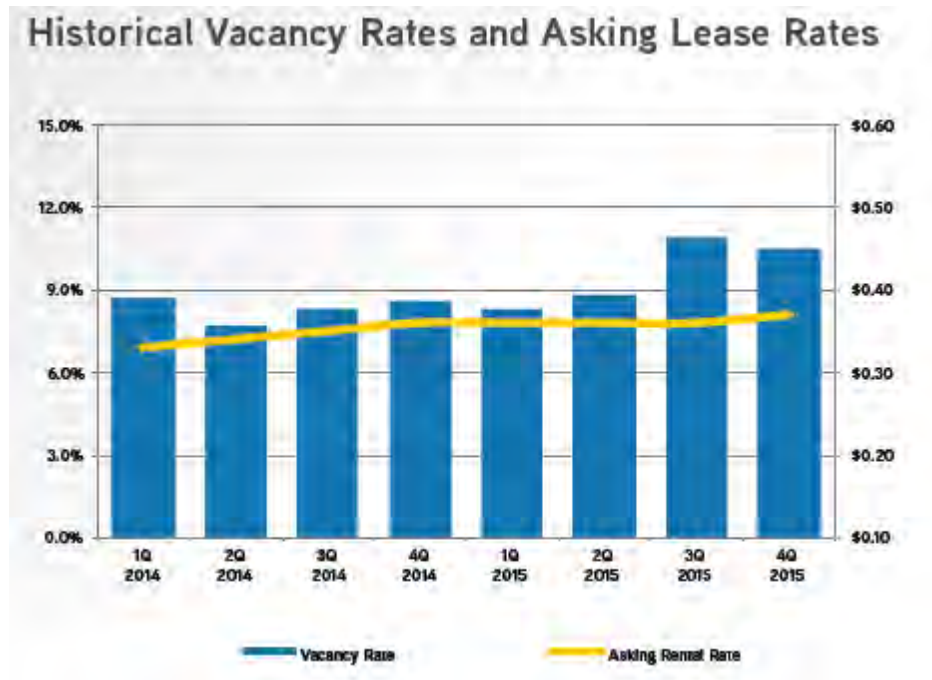
Currently, Reno has more than 77.0 million square feet of industrial space with another 3.4 million square feet under construction. In total, there are 1,349 industrial buildings in Reno. The current vacancy rate is 10.4%, a rate considered acceptable in the industrial space industry. Rents, on average, are 36 cents per square foot, dramatically less than in coastal California.

Three quarters of the industrial space is in the Sparks, I-80 and North Valley areas.

Summary: Reno Industrial Space Market as of 4th Quarter 2015				
Category	Total Metro	Sparks	I-80 Corridor	No. Valley
Total Inventory (Sq.Ft.)	77,748,447	28,106,651	14,499,937	16,183,604
Vacancy Rate	10.4%	12.1%	17.0%	8.9%
Under Construction (Sq.Ft.)	3,434,772	404,600	1,600,000	1,430,172
Asking Rent (per Sq.Ft. NNN)	\$ 0.360	\$ 0.360	\$ 0.330	\$ 0.340
No. Bldgs.	1349	164	177	245
% of Metro		36%	19%	21%



The following exhibit details the vacancy rates and asking lease rates during the past two years.



The following exhibit contains data on industrial space that is under construction or has been recently completed, providing a snapshot of the size of projects that have allowed the Reno area to become a major industrial center. Note that Petco has recently occupied a 770,650 square foot project in the North Valley area.

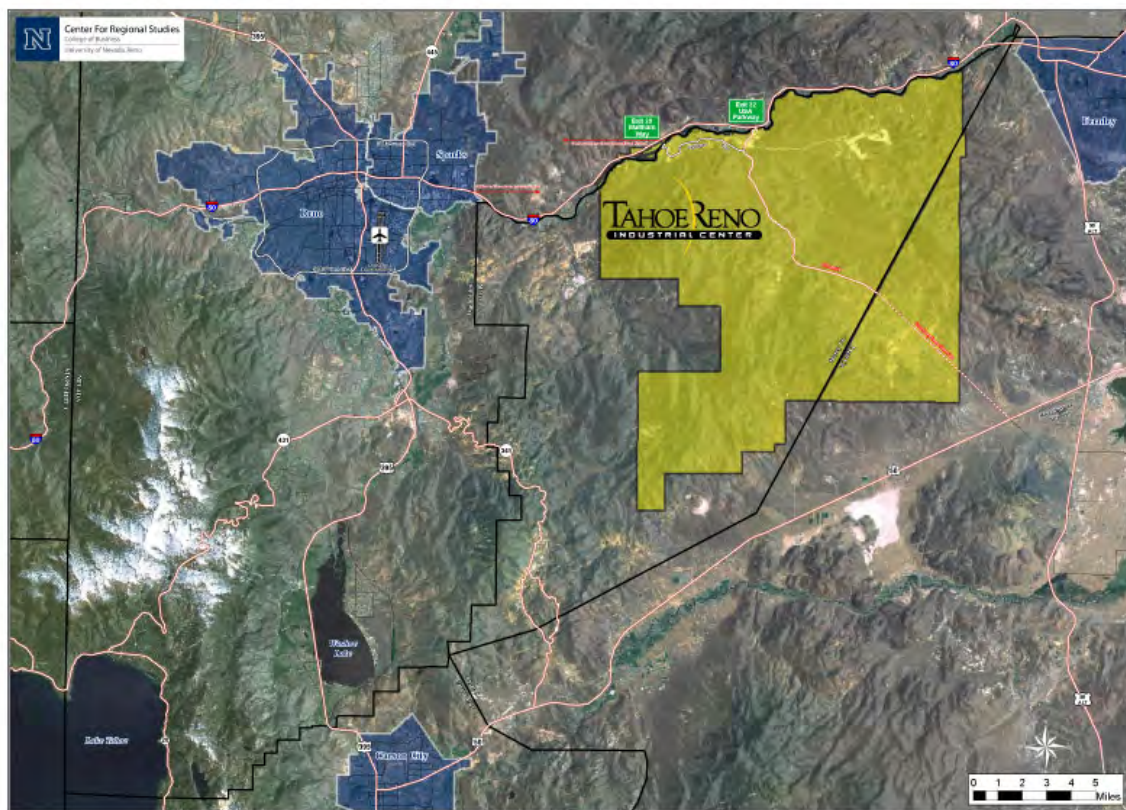
DEVELOPER	TENANT	SQUARE FEET	LOCATION	TYPE
Panattoni	Petco	770,650	North Valleys	BTS
Prologis	Vacant	566,866	TRIC	Spec
Dermody	Vacant	402,000	North Valleys	Spec
Conco	Jet.com	300,000	TRIC	Spec
Dermody	Vacant	224,000	North Valleys	Spec
Panattoni	Vacant	200,000	North Valleys	Spec
TOTAL		2,463,516		



Tahoe/Reno Industrial Complex

The largest and by most measures the most successful industrial park in the Reno Metropolitan area, the Tahoe Reno Industrial Complex has 102,000 acres, 30,000 of which is buildable land. It will eventually have 300 million square feet of industrial space. To date, there is eleven million square feet of space in place.

It is nine miles east of central Reno and borders the I-80 Freeway. The Tesla battery factory is located within the Tahoe Reno Industrial Complex, along with more than 50 other industrial firms.





The Reno metropolitan area has made progress in recovering from the effects of the recession, and the recovery there continues. The significant job creation on the horizon, most of which has been ignited by Tesla's Gigabattery plant in the Tahoe Reno Industrial Complex, should continue to create upward pressure on housing prices and rents. With the cost of housing increasing, land prices will be driven higher.



Section 2: Submarket Narratives

U.S. 50 Corridor (Lyon and Storey Counties):

The U.S. 50 corridor encompasses the areas of Dayton and Silver Springs where some partnership properties are located. Dayton recorded a population of 8,964 in the 2010 census and in the same reporting period Silver Springs' population was 5,296.

With the exception of the central heart of Dayton, large swaths of undeveloped acreage characterize this area. Lennar Homes in Reno has two subdivisions in Dayton; "Carson River Estates" and "Woodrush", with single-family homes ranging in size from 1,638 sf to 2,757 sf and priced from \$244,000 to \$325,000.

Silver Springs, surrounding the intersection of U.S. 50 and U.S. 95A, has an abundance of undeveloped industrial parcels and scattered residential development.

The Nevada Department of Transportation is extending USA Parkway, the 4-lane state roadway into the Tahoe Reno Industrial Complex, another 12 miles to create a new connection between U.S. 50 and Interstate 80. When construction is complete in 2017, this link will connect to U.S. 50 just east of Silver Springs and will create a more efficient route to the jobs in the Tahoe Reno Industrial complex. This should have a positive affect on real estate development and land prices within the U.S. 50 Corridor.



customer) - Build (No-Action)

not worse than most policy LOS is

LOS and vlc estimates are based on HCM 2010 Generalized Duty Service Volumes by facility classification



City of Fernley (Lyon County)

The City of Fernley incorporated in 2001 and reported a population of 19,368 in the 2010 census.

This bedroom community, approximately 16 miles from the Tahoe Reno Industrial Complex, was hit hard during the recession and is still on its rebound. Of note, there are currently two, finished lot subdivisions for sale, containing 116 lots. These lots have streets and utilities already installed and are “builder ready”. The broker, Brett Edwards of CBRE, says that these properties have gone in and out of escrow “more than once”, but until Fernley fully recovers from the recession, these properties will remain unsold.

Minden-Gardnerville (Douglas County)

Minden is located near the center of Carson Valley just east of Lake Tahoe and South of Nevada's Capitol in Carson City. Minden reported a population of 3,001 in the 2010 census.

Minden’s commercial district hugs U.S. 395. There is a historic downtown that hosts several annual events, including farmer’s markets, craft fairs, and concerts.

Steamboat (Washoe County)

The town of Steamboat is located approximately 15 miles south of downtown Reno. This area, adjacent to U.S. 395, was once the home of several mineral spas, facilitated by Steamboat’s extensive geothermal activity. When U.S. 580, paralleling U.S. 395, was completed from Carson City to Reno in 2012, much of the vehicular traffic that used to bypass Steamboat waned. There are no highway off-ramps in close proximity to the Steamboat area.



Spanish Springs (Washoe County)

Spanish Springs, located in the northeastern part of the Reno metropolitan area, reported a population of 15,094 in the 2010 census. Spanish Springs is dotted with large lot residential parcels, although, close to State Route 445 (Pyramid Way) some smaller lot, new subdivisions exist.

Stead (Washoe County)

This area, located 12+ miles north of Reno's central business district, is home to large distribution centers of many name brand companies, including JC Penney, Urban Outfitters, Petco, and Sally's Beauty Supply, to name a few. These industrial properties are located on the east side of U.S. 395. There is established residential developments in close proximity to these industrial properties, again mostly on the east side of U.S. 395.



Section 3: Description of Reno Partnership Properties, Historic Appraised Values, and Opinions of Value

The descriptions and exhibits below detail the 13 Reno area, partnership owned properties, noting their locations, acreage and locational factors:

Summary of Findings Reno Nevada - Dayton Properties SEC v. Schooler				
Geographic Area	Reno	Reno	Reno	Reno
Property I.D.	Dayton I	Dayton II	Dayton III	Dayton IV
Owner Name	Dayton View	Storey County	Gold Ridge	Eagle View
	Fairway	Comstock	Sky View	Falcon Heights
	Green Valley	Silver City	Grand View	Night Hawk
	Par Four	Nevada View	Rolling Hills	Osprey
Locale of Property	Dayton	Dayton	Dayton	Dayton
Jurisdiction	Lyon County	Lyon and Storey County	Storey County	Lyon and Storey County
Assessor's Parcel Number(s)	16-291-05 and -07	04-291-15 and 16-011-03	04-291-57	04-291-18 and 16-021-20
Acreage	797.50	640.80	140.00	632.68
Nearest Intersection	Bullion Road	N of U.S. 50	N of U.S. 50	N of U.S. 50
Property Condition	Raw Land	Raw Land	Raw Land	Raw Land
Topography	Level/Sloping	Level/Sloping	Level/Sloping	Level/Sloping
Zoning	RR5, with Master Plan designation of "Resource" (no less than 20 acre minimums)	E (Estate) Storey County, RR5 - Lyon County	F (Forestry)	F (Forestry) - Storey County, RR2 - Lyon County
Neighborhood Surrounding	Large lot residential, undeveloped acreage	Undeveloped acreage	Undeveloped acreage	Undeveloped acreage
Recent development in immediate area	None	None	None	None
Distance from Downtown of Metropolitan Area	40+ miles	40+ miles	40+ miles	40+ miles
In Path of Near-Term Development	No	No	No	No



Dayton 1 – Dayton 1 consists of two parcels containing 797.5 acres located in Dayton (Lyon County) that are bisected by Bullion Road. The immediate area is of large residential lots and undeveloped acreage. The parcels are level to sloping. These parcels are currently zoned “RR5”, however Lyon County’s Land Use characterizes these parcels as “Resource”, which does not allow for residential use. Rob Pyzel, a Lyon County planner, stated that in order to modify the zoning on these properties to allow for more residential use, both a zone change and land use amendment would need to be approved. Rob said the timing to accomplish this would be about a year, however he stated that the County is trying to encourage residential uses in areas where there is existing infrastructure. This is not one of those locations, therefore Rob says that he doesn’t think that there would be an appetite to approve such a request by the County.



Aerial photo of Dayton I property location



Portion of Dayton I property



Dayton II, III, and IV – Dayton II, III, and IV are owned by different partnerships, however they in close proximity to each other. The immediate area is comprised of large undeveloped acreage.

Dayton II is comprised of two parcels totaling 640.8 acres, most of which lies in Storey County. The southeastern corner lies in Lyon County. The Dayton II parcels are level to sloping and are zoned “E” (Estates) in Storey County and ”RR5” in Lyon County.

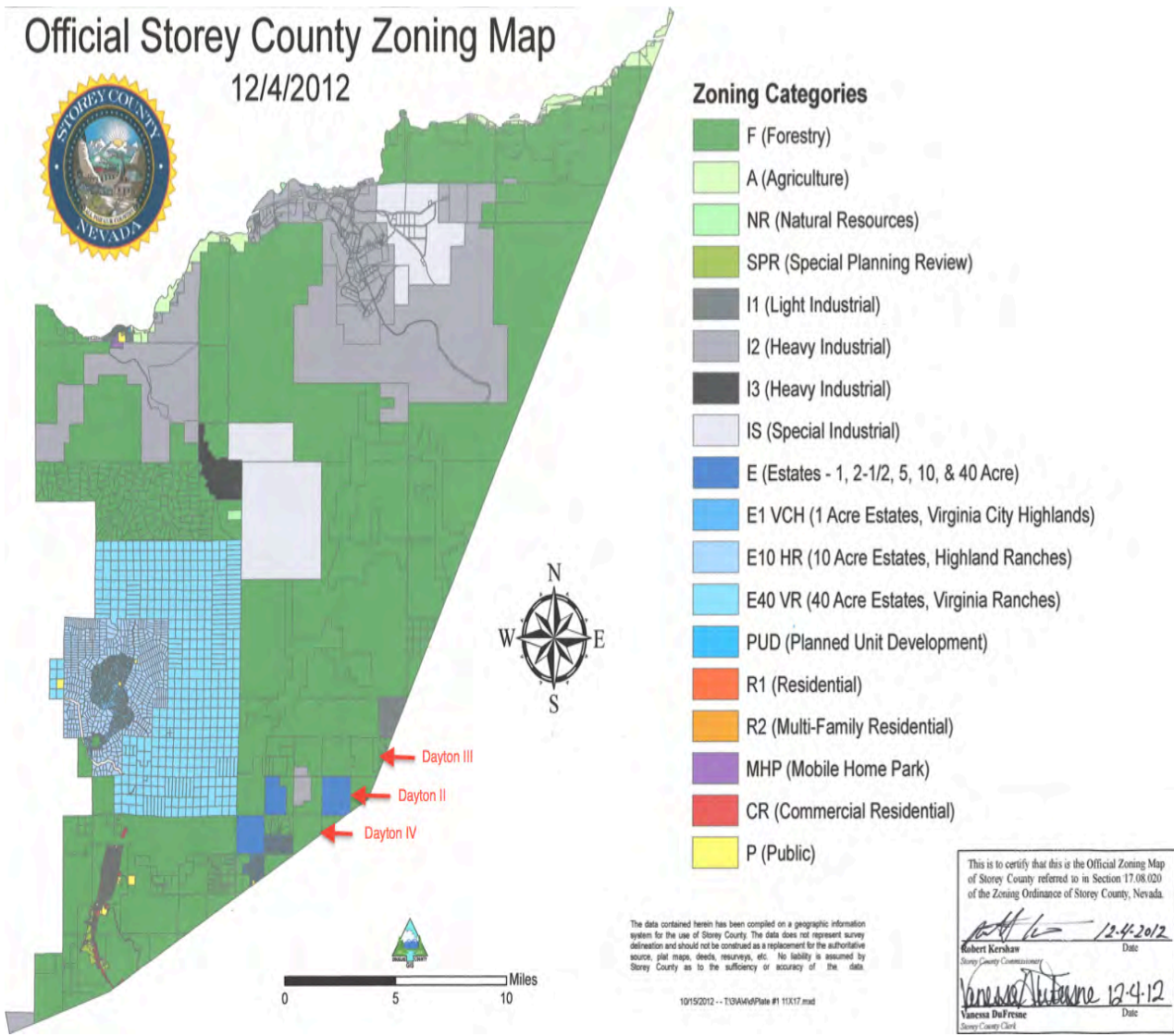
Dayton III is a single remainder parcel of 140 acres located in Storey County. Approximately 480 acres of the original 640 acre Dayton III asset was the subject of an eminent domain action in February, 2008. The Dayton III parcel is level to sloping and is zoned “F” (Forestry) in Storey County.

Dayton IV is comprised of two parcels totaling 632.68 acres, most of which lies in Storey County. The southeastern corner lies in Lyon County. The Dayton IV parcels are level to sloping and are zoned “F” (Forestry) in Storey County and ”RR5” in Lyon County.

The Storey County “F” (Forestry) zoning designation is intended to preserve the land for open space, however, according to Storey County planner “Jason”, the F zoning could allow for residential use under a Special Use Permit. As the Dayton III and Dayton IV properties have a “F” (Forestry) zoning that differs from the Dayton II “E” (Estate) zoning, when asked, Jason said that a zone change application from “F” to “E” could be processed with a 6-8 week period.



Aerial Photo of Dayton II, III, and IV property locations





Portion of Dayton II property



Portion of Dayton IV property



Summary of Findings Reno Nevada - Silver Springs Properties SEC v. Schooler		
Geographic Area	Reno	Reno
Property I.D.	Silver Springs South	Silver Springs North
Owner Name	Rail Road	North Springs
	Spruce Hieghts	Rawhide
	Vista Del Sur	Highway 50
	Lahontan	Orange Vista
Locale of Property	Silver Springs	Silver Springs
Jurisdiction	Lyon County	Lyon County
Assessor's Parcel Number(s)	Various (30 parcels)	15-262-02 and 09
Acreage	137.72	90.85
Nearest Intersection	Rawhide and Lemon St	N of U.S. 50, E of U.S. 95A
Property Condition	Raw Land	Raw Land
Topography	Level	Level
Zoning	M1 (Industrial)	M1 (Industrial)
Neighborhood Surrounding	Large lot residential, undeveloped acreage	Undeveloped acreage
Recent development in immediate area	None	None
Distance from Downtown of Metropolitan Area	45+ miles	45+ miles
In Path of Near-Term Development	No	No

Silver Springs South – Silver Springs South is comprised of 30 non-contiguous parcels totaling 137.72 acres in Lyon County. The parcels are level and are zoned M1 (Industrial). The immediate area consists of light industrial development, undeveloped acreage, and large lot residential.



Aerial photo of Silver Springs South property location



Portion of Silver Springs South Property



Portion of Silver Springs South Property



Silver Springs North - Silver Springs North is comprised of two contiguous parcels totaling 90.85 acres in Lyon County. The parcels are level and are zoned M1 (Industrial). The immediate area consists of undeveloped acreage.



Aerial photo of Silver Springs North property location



Portion of Silver Springs North property



Summary of Findings Reno Nevada - Fernley Property SEC v. Schooler	
Geographic Area	Reno
Property I.D.	Fernley 1
Owner Name	Crystal Clearwater
	High Desert
Locale of Property	Fernley
Jurisdiction	Lyon County
Assessor's Parcel Number(s)	021-301-46
Acreage	78.84 (66.39 net)
Nearest Intersection	Partridge Road and Desert Shadows Lane
Property Condition	Raw Land
Topography	Level
Zoning	NR1
Neighborhood Surrounding	6-8,000 sf lot residential
Recent development in immediate area	New homes being built immediately north
Distance from Downtown of Metropolitan Area	35 miles
In Path of Near-Term Development	Potentially

Fernley 1 – Fernley 1 is a 78.84 acre parcel (gross) residential parcel. The Truckee Canal runs through 12.45 acres of the property, thereby creating a net usable site of 66.39 acres. The property is zoned NR1 (high density residential). The “Wild Horse Ridge” subdivision lies immediately north of the subject property, across the Truckee Canal. These new homes are selling from \$229,900-\$349,900. A resale is currently listed at \$245,000.

According to City of Fernley planner, Melinda Bower, the subject property, formerly known as Truckee River Ranch, had a tentative map approved on it with 6,000 sf minimum lot sizes that has since expired. According to Bower, the City of Fernley’s Development Code, requires 8,000 sf minimum lot sizes for any map not approved by 7/1/16. Bower stated that a map could be processed through the City of Fernley in 4 months.



Aerial Photo of Fernley property location



Portion of Fernley property



Portion of Fernley property



Summary of Findings Reno Nevada - Minden Property SEC v. Schooler	
Geographic Area	Reno
Property I.D.	Minden
Owner Name	Carson Valley
	Heavenly View
	Sierra View
	Pine Valley
Locale of Property	Minden/Gardnerville
Jurisdiction	Douglas County
Assessor's Parcel Number(s)	1220-11-001-004
Acreage	83.13
Nearest Intersection	Sawmill Rd and Pinenut Rd
Property Condition	Raw Land
Topography	Level/Gently sloping
Zoning	LI
Neighborhood Surrounding	Developed/Undeveloped light industrial
Recent development in immediate area	None
Distance from Downtown of Metropolitan Area	65 miles
In Path of Near-Term Development	No

Minden – Minden is an 83.13 acre parcel located in the Minden/Gardnerville area of Douglas County. The property is zoned LI (Light Industrial) and varies from level to gently sloping. Immediately north of the subject property are 1-3 acre industrial lots currently for sale. South and west of the property on Pinenut Road is a 154.09 acre retail property for sale.



Aerial photo of Minden property location



Portion of Minden property



Portion of Minden property



Summary of Findings
Reno Nevada - Washoe County Properties
SEC v. Schooler

Geographic Area	Reno	Reno	Reno	Reno	Reno	Reno
Property I.D.	Washoe 1	Washoe 3	Washoe 4	Washoe 5	Washoe 1	Washoe 1
Owner Name	Reno View	Spanish Springs	Rose Vista	Pyramid Highway	P-39 Aircobra	P-39 Aircobra
	Reno Vista	Antelope Springs	Steam Boat	Frontage 17	P-40 Warhawk	P-40 Warhawk
	Reno	Wild Horse	Galena Ranch		F-86	F-86
		Big Ranch	Redfield Heights			
Locale of Property	Geiger Grade	Spanish Springs	Steamboat	Spanish Springs	Stead	Stead
Jurisdiction	Washoe County	Washoe County	Washoe County	Washoe County	Washoe County	Washoe County
Assessor's Parcel Number(s)	016-762-26 thru 29, 016-763-02, 016-764-07, and 016-764-14	Various (40 parcels)	049-450-53	076-172-03 and 076-172-06	Various (12 parcels)	Various (12 parcels)
Acreage	151.09	1,673.21	116.43	177.45	105.6	105.6
Nearest Intersection	NV Hwy 341	Pyrenees Drive	Old US Hwy 395, approx. 1.75 miles south of State Route 431	Pyramid Lake Highway and Axe Handle Cyn Road	U.S. 395 and Red Rock Road	U.S. 395 and Red Rock Road
Property Condition	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land	Raw Land
Topography	Steep	Level/Sloping	Sloping	Sloping	Level/Sloping	Level/Sloping
Zoning	GR - General Rural	GR - General Rural	GR - General Rural	GR - General Rural	GR/HDR	GR/HDR
Neighborhood Surrounding	Undeveloped acreage	Large lot residential/undeveloped acreage	Self Storage Facility	Residential subdivisions/undeveloped acreage	Undeveloped acreage/Industrial	Undeveloped acreage/Industrial
Recent development in immediate area	None	None	None	None	None	None
Distance from Downtown of Metropolitan Area	27+ miles	12+ miles	15+ miles	14+ miles	12+ miles	12+ miles
In Path of Near-Term Development	No	Yes	No	Yes	Yes	Yes



Washoe I – Washoe 1 consists of 6 parcels located on State Route 341 (Geiger Grade Road). These parcels are located on a 2-lane mountain pass section of the road that extends from Mt. Rose Highway (State Route 431) to Virginia City. The specific parcels slope steeply from the road on the east side, or fall steeply from the road of the west side. These properties are zoned “GR” (General Rural) by Washoe County. There is an occasional single family home along the road as it climbs out of the valley floor.

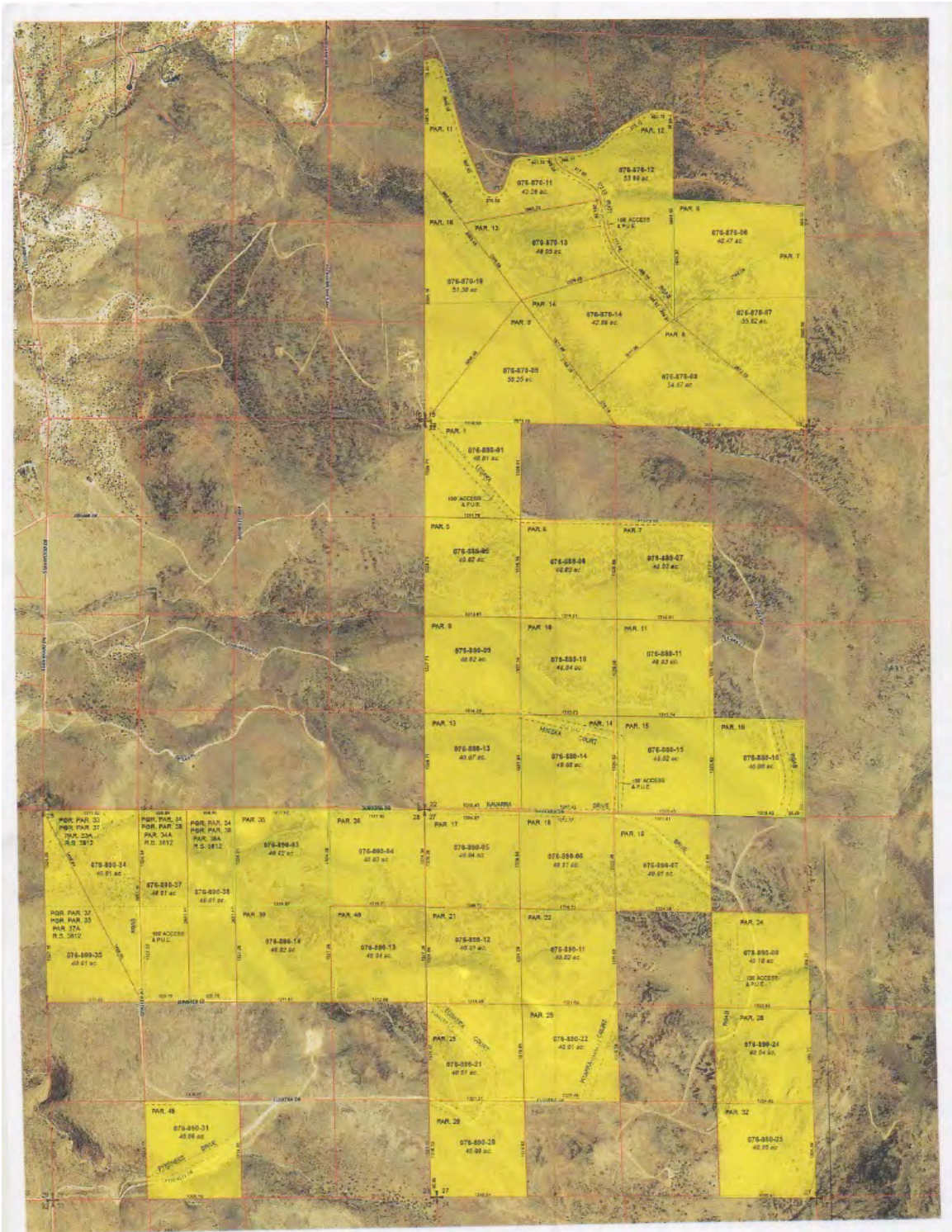


Portion of Washoe I property

Washoe III – Washoe III consists of 40 nearly contiguous parcels totaling 1,673.21 acres in the Spanish Springs area. These parcels are currently difficult to access due to the terrain and the fact that there are no paved roads



in close proximity. The immediate area consists of large lot residential parcels that are mostly undeveloped.





Washoe IV – Washoe IV is a single, 116.43 acre parcel situated between U.S. 580 to the west and Old U.S. 395 to the east. The parcel has a significant slope as it rises from U.S. 395 and it sits adjacent to the existing Anchor Self Storage facility. The property is zoned “GR” (General Rural) in Washoe County.



Aerial photo of Washoe IV property location



Portion of Washoe IV property



Washoe V – Washoe V consists of two contiguous parcels totaling 177.45 acres in the Spanish Springs area. The parcels sit just on the west side of Pyramid Lake Highway, near Axe Handle Canyon Road. The properties are sloping and are zoned “GR” (General Rural) in Washoe County. The immediate area consists of undeveloped acreage and a few large lot residences.



Aerial photo of Washoe V property location



Portion of Washoe V property



Stead 1 – Stead 1 consists of 12 parcels totaling 105.6 acres. These parcels sit on the west side of U.S. 395, just south of Red Rock Road and are zoned “GR” (General Rural) and “HDR” (High Density Residential) in Washoe County. The immediate area is undeveloped residential lots, however there is a 1.85 acre office and apartment in close proximity to the subject properties.

The properties sit in 4 clusters separated by unimproved streets (Trail Drive, Lenco Avenue) and the Union Pacific rail line.

The 63.9 acre parcel has a water well located on it.



Aerial photo of Stead I property location



Portion of Stead I property



Portion of Stead I property



View east of Stead I property



Section 4: Valuation of Reno Partnership Properties

Summary of Valuations and Opinions Reno Properties - Dayton SEC v. Schooler

Geographic Area	Reno	Reno	Reno
Property I.D.	Dayton I	Dayton II	Dayton III
Owner Name	Dayton View	Storey County	Gold Ridge
	Fairway	Comstock	Sky View
	Green Valley	Silver City	Grand View
	Par Four	Nevada View	Rolling Hills
			Osprey
Locale of Property	Dayton	Dayton	Dayton
Assessor's Parcel Number	16-291-05 and -07	04-291-15 and 16-011-03	04-291-18 and 16-021-20
Acreage	797.50	640.80	140.00
Nearest Intersection	Bullion Road	N of U.S. 50	N of U.S. 50
Valuations and Opinions			
Valuation	Appraisal	Appraisal	Appraisal
Appraisal Entity	Warren & Schiffmacher LLC	Warren & Schiffmacher LLC	Warren & Schiffmacher LLC
Date	1/18/2013	1/18/2013	1/18/2013
Valuation	\$200,000	\$100,000	\$50,000
Value Per Acre	\$250	\$156	\$357
			\$250
Valuation	Appraisal	Appraisal	Appraisal
Appraisal Entity	Hutchinson Valuation, Inc.	Hutchinson Valuation, Inc.	Hutchinson Valuation, Inc.
Date	8/9/15	8/9/15	8/9/15
Valuation	\$360,000	\$190,000	\$60,000
Value Per Acre	\$450	\$300	\$400
			\$350



Dayton 1 – 9 current listings of residential properties and 9 sales that occurred in the last 18 months in close proximity to the subject site were located. Of these, only three appeared to provide a basis for applicable comparable value information.

Kidder Matthews has 950 acres listed for sale just north of the subject property for \$6,300,000 (\$6,632/acre), however the zoning would allow 1 acre lots on most of the property, with 20 acre minimum lots on the balance. Assuming that a buyer of these parcels could yield 500 lots, it would generate a per lot valuation of \$12,600.

ArchCrest has a 54.33 acre residential parcel zoned E1 (12,000 sf minimum lot size) for \$1,900,000. This property is closer to U.S. 50 than the subject property and had a 134 lot tentative map, now expired. Assuming this map could be resurrected, the per lot valuation would compute to be \$14,179.

On 6/3/15, River Park Development, a 105.89 acre parcel, sold for \$717,000, or \$6,771/acre. This property is north of the subject property, north of the Carson River and in close proximity to U.S. 50. This property is zoned E-1 which would allow for a more dense residential intensity than the subject property. River Park had a subdivision map that had yielded 239 lots, however that map expired. Adjusting for location and density, a per lot valuation would approximate \$13,500.

The difficulty in using the comparable information in valuing this property is the subject property's "Resource" designation that does not allow for residential use. Taking the time and financial risk in an attempt to eliminate the "Resource" designation may ultimately pay big dividends, but it is not a further risk that I would recommend at this point in time.

It is estimated that the valuation of the Dayton I property ranges from a low of \$430,650 to high of \$558,250 (\$540-\$700/acre).



As property values in this part of the Dayton area are not expected to increase without the elimination of the “Resource” designation in Lyon County’s Land Use, nothing could be gained by holding this parcel any longer. It is recommended that it be sold now, as-is.

Dayton II, III, and IV

Two sales of high-density residentially zoned properties were recorded in Lyon County and six sales of Estate zoned properties occurred in Storey County, all within the last 12 months. Those comps, ranging in size from 32-41 acres, ranged from \$109/acre to \$15,250/acre. The anomaly seems to be the one sale (APN 041-231-90) that occurred on May 5, 2015 for a price of \$15,250/acre. It is unclear at the time of this report, whether this is an inaccurately reported sale, or whether there are extraordinary circumstances related to this transaction.

As detailed in the table above, the Hutchinson Valuation, Inc. appraisals of 8/19/15, valued Dayton II at \$300/acre, Dayton III at \$400/acre, and Dayton IV at \$350/acre. The “E” zoning attributable to Dayton II, as opposed to the “F” zoning on Dayton III and Dayton IV would suggest that Dayton II would command the highest value/acre, not the lowest.

The anticipated completion of the extension of USA Parkway in 2017 should have a positive affect on real estate development and land prices along the U.S. 50 corridor, and the Dayton area in particular. It may be some time before these properties show significant appreciation.

A zone change application for the Dayton III and Dayton IV properties changing the zoning from “F” to “E” should be processed and can be made with little expense or risk. Once completed, the Dayton II, Dayton III, and Dayton IV properties all should be marketed for sale.

Based upon the foregoing information, it is estimated that the valuation of the Dayton II property ranges from a low of \$224,280 to a high of \$320,400 (\$350/acre-\$500/acre). The estimated valuation of the Dayton III property ranges from a low of \$49,000 to a high of \$70,000 (\$350/acre-\$500/acre).



The estimated valuation of the Dayton IV property ranges from a low of \$221,438 to a high of \$316,340 (\$350/acre-\$500/acre).



**Summary of Valuations and Opinions
Reno Properties - Silver Springs
SEC v. Schooler**

Geographic Area	Reno	Reno
Property I.D.	Silver Springs South	Silver Springs North
Owner Name	Rail Road	North Springs
	Spruce Heights	Rawhide
	Vista Del Sur	Highway 50
	Lahontan	Orange Vista
Locale of Property	Silver Springs	Silver Springs
Assessor's Parcel Number	Various (30 parcels)	15-262-02 and 09
Acreage	137.72	90.85
Nearest Intersection	Rawhide and Lemon St	N of U.S. 50, E of U.S. 95A
Valuations and Opinions		
Valuation	Appraisal	Appraisal
Appraisal Entity	Warren & Schiffmacher LLC	Warren & Schiffmacher LLC
Date	3/22/2013	3/22/2013
Valuation	\$300,000	\$360,000
Value Per Acre	\$2,178	\$3,963
Valuation	Appraisal	Appraisal
Appraisal Entity	Hutchinson Valuation, Inc.	Hutchinson Valuation, Inc.
Date	8/9/15	8/9/15
Valuation	\$440,000	\$320,000
Value Per Acre	\$3,200	\$3,522

Silver Springs South – Although only 2 relatively comparable sales could be located, parcels adjoining some of the Silver Springs South parcels are currently listed for sale by NAI Alliance. The listed parcels have a similar zoning to Silver Spring South (M1) and are listed for \$10,000/acre.



The anticipated completion of the extension of USA Parkway in 2017 should have a positive affect on real estate development and land prices along the U.S. 50 corridor, and the Silver Springs area in particular.

The estimated valuation of the Silver Springs South property ranges from a low of \$1,032,900 if sold in bulk to a high of \$1,377,200 if sold in multi-parcel clusters (\$7,500/acre-\$10,000/acre).

The Silver Springs South property should be held for up to 12 months, closer to the anticipated completion of the USA Parkway extension, and then marketed for sale.

Silver Springs North – Although only 2 relatively comparable sales could be located, parcels South of U.S. 50 adjoining some of the Silver Springs South parcels are currently listed for sale by NAI Alliance. The listed parcels have a similar zoning to Silver Spring North (M1) and are listed for \$10,000/acre. Lahontan Properties also has an 11.68 area parcel located in close proximity to the subject property and also designed M1 zoning listed for sale at \$14,983/acre.

The anticipated completion of the extension of USA Parkway in 2017 should have a positive affect on real estate development and land prices along the U.S. 50 corridor, and the Silver Springs area in particular.

The estimated valuation of the Silver Springs North property ranges from a low of \$681,375 to a high of \$908,500 (\$7,500/acre-\$10,000/acre).

The Silver Springs North property should be held for up to 12 months, closer to the anticipated completion of the USA Parkway extension, and then marketed for sale.



Summary of Valuations and Opinions Reno Properties - Fernley SEC v. Schooler	
Geographic Area	Reno
Property I.D.	Fernley 1
Owner Name	Crystal Clearwater
	High Desert
Locale of Property	Fernley
Assessor's Parcel Number	021-301-46
Acreage	78.84 (66.39 net)
Nearest Intersection	Partridge Road and Desert Shadows Lane
Valuations and Opinions	
Valuation	Appraisal
Appraisal Entity	Warren & Schiffmacher LLC
Date	4/9/12
Valuation	\$230,000
Value Per Acre	\$3,464
Valuation	Appraisal
Appraisal Entity	Hutchinson Valuation, Inc.
Date	6/26/15
Valuation	\$210,000
Value Per Acre	\$3,163

Fernley 1 - Four comparable sales that occurred in the last 10 months were located, ranging in value from \$677/acre to \$13,078/acre. A 5.74 acre parcel zoned for medium density residential sold for \$4,791/acre.



There are also current listings for finished lots and mapped lots with water rights within the Fernley city limits that have gone in and out of escrow without closing.

Although Fernley should continue to recover from the recession and is expected benefit from the future opening of the Tesla factory in the Tahoe Reno Industrial Complex and its proximity to it, Fernley's land values do not yet show signs of strength as in other areas of the greater Reno area.

Based upon approval and recording of a new subdivision map with 8,000 sf minimum lot sizes, the property would yield approximately 3 units to the acre, or 199 lots. The cost of processing this map is estimated to be \$50,000 and it is estimated to take 4 months to get to final approval. This map should be pursued to position the property for eventual sale, once the map is in place.

The estimated valuation of the Fernley 1 property ranges from a low of \$315,353 to a high of \$365,145 (\$4,750/acre-\$5,500/acre).



Summary of Valuations and Opinions Reno Properties - Minden SEC v. Schooler	
Geographic Area	Reno
Property I.D.	Minden
Owner Name	Carson Valley
	Heavenly View
	Sierra View
	Pine Valley
Locale of Property	Minden/Gardnerville
Assessor's Parcel Number	1220-11-001-004
Acreage	83.13
Nearest Intersection	Sawmill Rd and Pinenut Rd
Valuations and Opinions	
Valuation	Appraisal
Appraisal Entity	Warren & Schiffmacher LLC
Date	4/23/2013
Valuation	\$1,000,000
Value Per Acre	\$12,029
Valuation	Broker Opinion
Broker	Andie Wilson - NAI Alliance Carson City
Date	6/8/15
Valuation	\$1,800,000 (1)
Value Per Acre	\$21,653

(1) Priced to move within 12 months

Minden – Five comparable sales that occurred in the last 6 months were located. These parcels sold from \$989/acre to \$99,000/acre. Industrial parcels much smaller than the subject property, but in close proximity, are listed for sale by RE/Max. These parcels range in size from 1-2.58 acres and



are priced between \$77,519 and \$135,000/acre. There appears to be an abundance of industrial land currently available.

The Minden property has a water right agreement that was recorded on 8/23/10 that provides for 36.83 afa and 0.50 cfs allocated to it. A 1-year extension to this agreement was requested on 2/24/16.

The estimated valuation of the Minden property, priced to sell within an 18-month marketing period, ranges from a low of \$1,828,860 to a high of \$2,353,743 (\$22,000/acre-\$28,314/acre).

As property values in the Minden/Gardnerville area are not expected to increase significantly in the short term, nothing could be gained by holding this parcel any longer. It is recommended that the water rights be preserved and the property be sold now, as-is.



Summary of Valuations and Opinions
Reno Properties - Washoe
SEC v. Schooler

Geographic Area	Reno	Reno	Reno	Reno
Property I.D.	Washoe I	Washoe III	Washoe IV	Washoe V
Owner Name	Reno View	Spanish Springs	Rose Vista	Pyramid Highway
	Reno Vista	Antelope Springs	Steam Boat	Frontage 17
	Reno	Wild Horse	Galena Ranch	F-86
		Big Ranch	Redfield Heights	
Property	Geiger Grade	Spanish Springs	Steamboat	Spanish Springs
Assessor's	016-762-26 thru 29, 016-763-02,	Various (40 parcels)	049-450-53	076-172-03 and 076-172-06
Parcel Number	016-764-07, and 016-764-14			
Acreage	151.09	1,673.21	116.43	177.45
Nearest	NV Hwy 341	Pyrenees Drive	Old US Hwy 395, approx. 1.75 miles south of State Route 431	Pyramid Lake Highway and Axe Handle Cyn Road
Intersection				
				U.S. 395 and Red Rock Road
				105.6
				Various (12 parcels)

Valuations and Opinions

Valuation	Appraisal	Appraisal	Appraisal	Appraisal	Appraisal
Appraisal Entity	Warren & Schiffmacher LLC	Warren & Schiffmacher LLC	Warren & Schiffmacher LLC	Warren & Schiffmacher LLC	Warren & Schiffmacher LLC
Date	4/8/2013	1/18/2013	5/14/2013	1/18/2013	6/3/2013
Valuation	\$150,000	\$600,000	\$375,000	\$180,000	\$395,000
Value Per Acre	\$993	\$359	\$3,221	\$1,014	\$3,740
Valuation	Broker Opinion	Appraisal	Appraisal	Appraisal	Appraisal
Appraisal Entity	Egan LoPresit - Broadway Properties	Hutchinson Valuation, Inc.	Hutchinson Valuation, Inc.	Hutchinson Valuation, Inc.	Hutchinson Valuation, Inc.
Date	8/8/15	7/3/15 and 7/6/15	7/3/15	7/3/15	7/20/15
Valuation	\$61,000-\$101,000	\$940,000	\$350,000	\$240,000	\$420,000
Value Per Acre	\$404-\$668	\$562	\$3,006	\$1,352	\$3,977



Washoe I - No current listing or recent sale comparable properties could be located. These steeply sloped parcels appear to have marginal utility or value.

The estimated valuation of the Washoe I property ranges from a low of \$75,546 to a high of \$99,720 (\$500/acre-\$660/acre).

As property values along Geiger Grade are not expected to increase, nothing could be gained by holding these parcels any longer. It is recommended that they be sold now, as-is.

Washoe III - 5 current listings of residential lots and 11 sales that occurred since 2011 in close proximity to the subject site were located. Current listings ranged in value from \$2,363/acre to \$4,375/acre. Most of the listings are for 40-acre parcels. The comps for large acreage sales vary significantly in price due to varying entitlements and whether water rights are included or not.

A January 2014 sale of a 10.06 acre parcel in close proximity to the subject property sold for \$2,982/acre and a May 2015 sale of a 45.33 acre parcel within 5 miles of the subject property sold for \$3,309/acre.

In order to be able to sell all 40 parcels (1,673.21 acres) to a single buyer, most likely a developer, the property would not command the same price as if each parcel was sold individually.

Smaller lot subdivision land located closer to Pyramid Way and access to utilities appears to be in higher demand. Ryder Homes is selling it's Shadow Ridge subdivision down the hill from the subject property and close to Pyramid Way. These homes range from 2,352-3,043 sq ft and start at \$352,900. Ryder had expressed interest in the subject properties over 10 years ago.



The short-term economic outlook for the Spanish Springs area appears to be solid, with new residential construction taking place. The subject properties should be offered for sale in bulk to larger local developers who are active in the market: Ryder Homes, Di Loreto Homes, and Lennar Homes. If those contacts fail to generate a sale, the properties should be listed for sale.

The estimated valuation of the Washoe III property ranges from a low of \$1,505,889 if sold in bulk to a high of \$5,019,630 if sold as individual parcels (\$900/acre-\$3,000/acre). It should be noted that if sold as individual parcels, the marketing time would most likely be substantially increased.

Washoe IV – No current listing or recent sale comparable properties could be located. All the industrial zoned property that sold in Washoe County over the last 12 months, were located in Sparks, or north of downtown Reno along U.S. 395, all active areas some 20+ miles away. There are, however, two current listings in the general vicinity of larger parcels that have mixed use zoning.

The subject property has challenging terrain and is located in an area of dwindling significance and reduced traffic counts.

The estimated valuation of the Washoe IV property ranges from a low of \$582,150 to a high of \$640,365 (\$5,000/acre-\$5,500/acre).

As property values along old U.S. 395 in the area of Steamboat are not expected to increase, nothing could be gained by holding this parcel any longer. It is recommended that it be sold now, as-is.

Washoe V – Although no comparable current listings could be located, two comparable sales have occurred over the last 24 months. A 42.49 acre parcel sold in May 2014 for \$3,530/acre. In November 2015, a 77.78 acre parcel along Pyramid Way, south of the subject property, sold for \$3,343/acre.

A 64.91 acre parcel 7 ½ miles north of the subject property that has a GRA zoning (General Rural Agriculture), sold in February 2016, for \$3,389/acre.



The estimated valuation of the Washoe V property ranges from a low of \$594,461 to a high of \$629,951 (\$3,350/acre-\$3,550/acre).

As property values along Pyramid Lake Highway are not expected to increase, nothing could be gained by holding this parcel any longer. It is recommended that it be sold now, as-is.

Stead 1 – 2 current listings of high-density residential properties in close proximity to the subject property were located, although these properties are closer to U.S. 395 than the subject. 4 comparable sales that occurred in the last 24 months were also found.

The most comparable sale is that which occurred on July 24, 2015. The property sold was a 2.00 acre parcel directly across the street from one of the parcels that make up the subject property and it sold for \$30,000/acre. This property is zoned for high-density residential, similar to 39% of the acreage making up the Stead I property.

In the Hutchinson Valuation, Inc. appraisal for Stead I dated July 20, 2015, Hutchinson uses land sale comps that were located from 13-41 miles away from the subject property. In addition, Hutchinson's reconciliation of values produced an average unadjusted value/acre of \$5,641 and an average adjusted value/acre of \$5,978. Hutchinson states in the appraisal that "(s)ince the subject was non-contiguous parcels and included a large portion of GR land, (he) placed more emphasis on the lower end of the range for the subject..." Hutchinson's two land comps that were zoned GR had adjusted values of \$8,105/acre and \$7,503/acre.

In order to be able to sell all 12 parcels (105.6 acres) to a single buyer, most likely a developer, the property would not command the same price as if each parcel was sold individually. In addition, 61% of the Stead I acreage is zoned "General Rural", which doesn't have the same value as high-density residential land.

The estimated valuation of the Stead 1 property ranges from a low of \$1,584,000 if sold in bulk to a high of \$3,168,000 if sold as individual



parcels (\$15,000/acre-\$30,000/acre). It should be noted that if sold as individual parcels, the marketing time would most likely be substantially increased.

It is recommended that this property be marketed as four individual clusters, three high-density residential clusters (as they are separated by unpaved streets and the Union Pacific Railroad): a 5.3 acre parcel, 6 parcels totaling 15.9 acres, 3 parcels totaling 20.5 acres, and a single 63.9 acre, GR zoned parcel.

The table below summarizes the conclusions of valuation ranges for the Reno properties:

Summary of Valuations and Estimates of Value Reno Properties SEC v. Schooler					
	2013 Appraised Value	2015 Appraised Value/BOV	% change	Estimate of Value - Low	Estimate of Value - High
<u>Reno</u>					
Dayton I	\$200,000	\$360,000	80.00%	\$430,650	\$558,250
Dayton Valley II	\$100,000	\$190,000	90.00%	\$224,280	\$320,400
Dayton Valley III	\$50,000	\$60,000	20.00%	\$49,000	\$70,000
Dayton Valley IV	\$160,000	\$220,000	37.50%	\$221,438	\$316,340
Silver Springs South	\$300,000	\$440,000	46.67%	\$1,032,900	\$1,377,200
Silver Springs North	\$360,000	\$320,000	-11.11%	\$681,375	\$908,500
Fernley 1	\$230,000	\$210,000	-8.70%	\$315,353	\$365,145
Minden	\$1,000,000	\$1,800,000	80.00%	\$1,828,860	\$2,353,743
Washoe 1	\$150,000	\$88,200	-41.20%	\$75,546	\$99,720
Washoe 3	\$600,000	\$940,000	56.67%	\$1,505,889	\$5,019,630
Washoe IV	\$375,000	\$350,000	-6.67%	\$582,150	\$640,365
Washoe 5	\$180,000	\$240,000	33.33%	\$594,461	\$629,951
Stead 1	\$395,000	\$420,000	6.33%	\$1,584,000	\$3,168,000
Total	<u>\$4,100,000</u>	<u>\$5,638,200</u> [✓]	<u>37.52%</u>	<u>\$9,125,901</u>	<u>\$15,827,244</u>



This consultant's report is based upon a thorough review and analysis of current competitive market conditions and the expertise of the author, Consultant does not in any way represent, warrant or guarantee that any reported results will be achieved as a result of various reasons, including but not limited to the sensitivity to ever-fluctuating market conditions and the efficiency of a Client and its representatives, agent, employees, successors and assigns.

EXHIBIT “3”



**San Diego Property Analysis
SEC v. Schooler**

April 14 2016



Property Summary

The San Diego properties are held in three property groups: Bratton Valley, Jamul Valley and Tecate. The properties are all in rural areas in the southeast area of unincorporated San Diego County. The property furthest east is Tecate, located on the Mexican border at a border crossing.



Properties and Partnerships San Diego County SEC v Schooler		
Property Area	Partnership	Locale
Bratton Valley	Valley Vista	Jamul
Bratton Valley	Bratton Valley	Jamul
Bratton Valley	Honey Springs	Jamul
Jamul Valley	Jamul Meadows	Jamul
Jamul Valley	Lyons Valley	Jamul
Jamul Valley	Hidden Hills	Jamul
Tecate	ABL	Tecate
Tecate	Borderland	Tecate
Tecate	Prosperity	Tecate
Tecate	Freetrade	Tecate
Tecate	Suntec	Tecate
Tecate	Via 188	Tecate
Tecate	International	Tecate
Tecate	Mex-Tec	Tecate
Tecate	Tecate South	Tecate
Tecate	Twin Plant	Tecate
Tecate	Vista Tecate	Tecate



Purpose of Report

The purpose of this report is to determine an estimate range of values for the San Diego properties and to develop a strategy for their future.

During the course of this report, we reviewed documentation provided to us by counsel and compiled data on the state of the economy, sale of raw land in the vicinity of the subject properties and discussed property matters with persons of knowledge in the San Diego County area, including professionals in the private and public sector.

Neal Singer and Alan Nevin jointly viewed each of the properties in the portfolio in San Diego County and the areas surrounding each property. Many of the properties were not accessible by car, but were visible.

Consultant Background

The author of this report, Alan Nevin, has been a resident of San Diego County for 40+ years and during that entire time period has been a real estate development consultant and have also been a general partner in more than three dozen real estate developments throughout the county.

As a consultant, he has completed studies throughout San Diego County, including studies in Jamul and Honey Springs, and throughout the Mountain Empire. His studies in San Felipe have taken him to Tecate on both sides of the border several times. Virtually all of those studies involved a determination of land use and the possibilities for government approval of projects.

He has completed market and litigation assignments in 20 states, including multiple metropolitan areas in California, Nevada, Arizona, Wyoming , Montana, Florida and Texas.



As part of his public persona, he has taught development feasibility in the extension divisions of UCSD (1983-2009) and taught appraisal and development feasibility in the business school at San Diego State University.

He also present lectures on the economy 30-40 times annually throughout southern California, many of them to Realtors, title company representatives and real estate developers. Through his lectures at the Pacific Southwest Association of Realtors he has become known to the realty community that services the eastern areas of San Diego County. His most recent presentation to PSAR was one month ago.

As part of his practice, he has been designated as an expert witness in real estate matters in more than 100 litigation matters, many of them related to real estate issues within San Diego County. He has testified in court on more than two dozen occasions within the County. His most recent cases involving land and real estate development in East County were in 2013-2015 (Pointe SDMU v. County of San Diego and GM v Boekamp).

He is widely published and quoted on the San Diego economy and real estate matters and for more than a decade has been a featured columnist in the San Diego Daily Transcript and more recently in the Los Angeles Daily Journal.

His book "The Great Divide" will be published this summer. It describes the economic and real estate future of growing metropolitan areas, including San Diego.



This report is segmented into three sections:

Section 1: State of the San Diego Economy

Section 2: Description of the Subject Property Areas

**Section 3: Description of San Diego County Partnership Properties and
Historic Values and Letters of Opinion of Value**



Section 1: State of the Local Economy

In this section, we will outline the population and employment trends in San Diego County.

Population Trends and Household Formations

San Diego County is one of the most economically robust metropolitan areas in the United States with more than 3,100,000 population and routinely growing at a pace of more than 30,000 persons annually.

The pace of population growth is anticipated to slow gradually, but still experience gains of 30,000+ through 2040. By the end of this decade, the population is anticipated to reach 3,500,000.

Decennial Population Projections California and San Diego County 2010-2040				
	2010	2020	2030	2040
California	37,309,382	40,643,643	44,279,354	47,690,186
San Diego County	3,102,745	3,535,000	3,870,000	4,163,688
Decennial Change		432,255	335,000	293,688
Annual Change		43,226	33,500	29,369

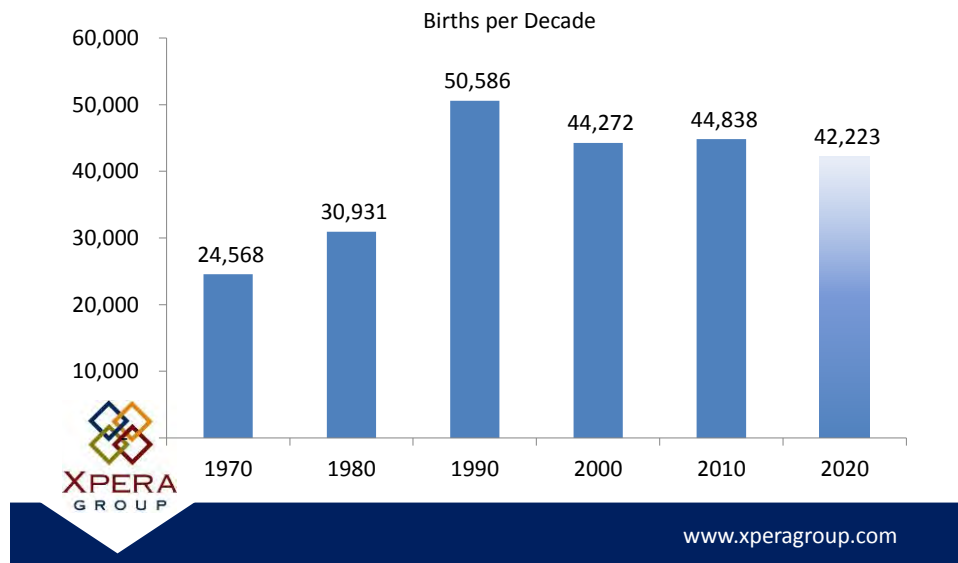
Projections Prepared by Demographic Research Unit, California Department of Finance, January 2013



Most of the population growth in the County is from natural household formations (more people being born here than dying). On the exhibit below, the San Diego Association of Governments (SANDAG) shows the number of births in the County from 1970 projected through 2020.



Births in San Diego County



On a very conservative basis, SANDAG estimates that more than 12,000 new households will be formed in the County each year for the foreseeable future.

Should employment gains continue at a pace of 30,000+ annually, it is likely that household formations will be in the 12,000-15,000 range.

Employment Future

The base employment in San Diego County is far more diverse than in most metropolitan areas. Base employment is the economic driver in a economy. In San Diego County, the military is the largest driver by far, accounting for as much as 20% of the gross domestic product. The County has 110,000 persons in uniform and another 30,000+ civilians attached to the military. That in addition to billions of dollars in contracts to local vendors and manufacturers. That employment base is stable and anticipated to remain so.

The other economic drivers are tourism, manufacturing, import/export, the university system and the high tech bio-med and electronics industries.



Employment Change San Diego County 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	10.4%	7.5%	8.2%	6.8%	5.5%	4.7%

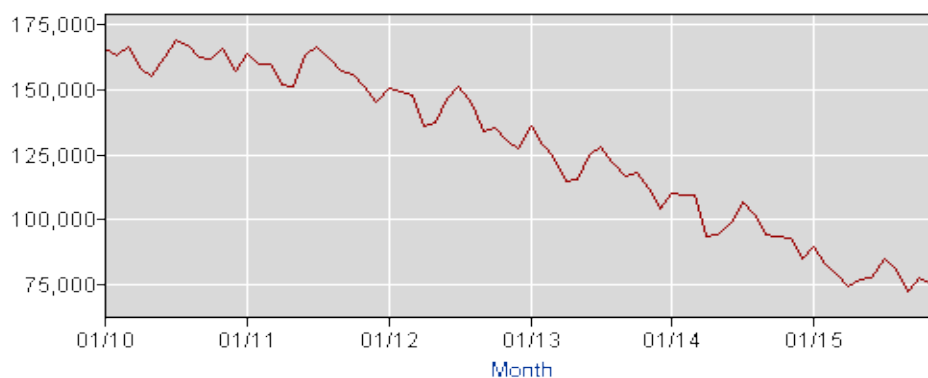
Source: Bureau of Labor Statistics

Since the recession, the civilian unemployment rate has plummeted to the 4-5% range, but is actually much lower because it does not include the military nor does it include the 30,000+ persons who cross the border every day and who have jobs.

Unemployment Change San Diego County 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	10.4%	7.5%	8.2%	6.8%	5.5%	4.7%

Source: Bureau of Labor Statistics

unemployment



Residential Construction

In normal years, the local homebuilding industry produces 11,000 to 15,000 units – a combination of single family, townhomes, vertical condominiums



and rental units. That total has declined dramatically since 2007 and now averages barely over 5,000 units.

Single family production has been in short supply because of the death of shovel ready lots. The County exhausted its supply of lots in 2006 and relatively few new lots have been developed since then, except in very expensive subdivisions in the north county.

Condominium construction has been moribund, with no new vertical condominium projects anywhere in the county started since 2007. There have been a few townhome projects started, but not nearly enough to satisfy demand. The only product that has seen extensive development is rental apartments, both downtown and in the suburbs.

The production of units permitted in the 2008-2014 period is at 37% of the output of 2000-2007. Since 2010, the average number of units permitted in the County has averaged 6,594.

Residential Construction (Units Permitted) San Diego County 2010-2015						
Residential Construction						
	2010	2011	2012	2013	2014	2015
Total	3,494	5,370	5,666	8,264	6,875	9,893
Single Family	2,270	2,245	2,197	2,565	2,487	3,253
Multi-Family	1,224	3,125	3,469	5,699	4,388	6,640
Average 2010-2015:						6,594
Source: Census.Gov						

SANDAG projects 12,000 new households annually. On that basis, the County has a housing deficit approaching 50,000 units over the past decade. This is evident by the steady decline in apartment vacancy rates and rising rents, the disappearance of foreclosures and the steady climb in sale prices in the housing market.



Existing Home Prices

Existing single family home prices dipped substantially during the recession, but since 2010 have appreciated by 50%. Thus, the median price has accelerated from \$360,000 to \$542,000 in that five-year period.

Existing Single Family Home Prices San Diego County 2010-2015						
Single Family Home Prices	2010	2011	2012	2013	2014	2015
Median Price	\$ 360,000	\$ 352,000	\$ 412,000	\$ 464,000	\$ 497,000	\$ 542,000
Change	n/a	\$ (8,000)	\$ 60,000	\$ 52,000	\$ 33,000	\$ 45,000
% Change 2010-2015						50.6%
Source: California Association of Realtors						

Resales have continued at a pace of 30,000-35,000 homes annually with a standing inventory averaging three months, about half the normal supply.

The Apartment Market

The vacancy rate in the County is at the 4.0% level and in the area surrounding downtown and the near-in suburbs, the vacancy rate is effectively zero, with rents often being bid up in the Hillcrest, North and South Park areas and at the beaches.

A final point on County-wide market conditions: Only 10.7% of the rental units in the County have been built since 2000 and the average age of a rental unit is 41 years. And few have been remodeled.



Year Structure Built Renter-Occupied Housing Units San Diego County	
Year Built	%
2010 or Newer	0.6%
2000-2009	10.1%
1980-1999	31.0%
1960-1979	39.7%
1959 or earlier (55+ years)	18.6%
Total	100.0%
Median age (years)	41
Source U.S. Census	

Since 1990, the number of multi-family parcels (i.e, projects) (excluding new condominiums) has actually declined as a result of substantial condominium conversion activity in the 2002-2007 timeframe.

Change in Inventory of Multi-Family Parcels San Diego County 1990-2014				
No. of Parcels	1990	2014	1990-2014	
			Change	% Change
5 to 15 Units	7,665	7,217	(448)	-6%
16-60 Units	2,398	2,185	(213)	-9%
60+ Units	1,380	1,272	(108)	-8%
Total	11,443	10,674	(769)	-7%
Source: San Diego County Assessor				

Projections of Future Demand for Housing in San Diego County

Countywide, we project that the market can absorb an average of 12,000 units annually through 2019. This projection is based on recent activity in



the market and the projected changes in the number of households countywide.

Projected Residential Housing Supply San Diego County 2016-2019				
Year	% MF	Total	Single Family	Multi-Family
Historic Residential Units Permitted				
Average 2000-2009	46%	12,455	6,754	5,701
Average 2010-2015	63%	6,645	2,313	4,165
Units Permitted 2015	67%	9,893	3,253	6,640
Projected Units Permitted				
2016	64%	11,000	4,000	7,000
2017	63%	12,000	4,500	7,500
2018	62%	13,000	5,000	8,000
2019	61%	14,000	5,500	8,500
Avg. 2016-2019	62%	12,500	4,750	7,750



Of the total, we project 7,750 units annually as the average absorption capability of the market for multi-family housing, including both condominiums and rental projects. We are projecting that the rental unit demand annually will be in the range of 5,000 units countywide.

We recognize that given the projected production of housing that it will not be possible to achieve a supply/demand balance in the San Diego County housing market in the foreseeable future. Further, owners of developable land with approved maps will find a ready market for their product at advancing prices.



Section 2: Description of Eastern San Diego County:

All the San Diego County partnerships hold land in the southeastern sector of San Diego County, known in the County's General Plan as the "Mountain Empire." Much of the land in that sector lies within the Cleveland National Forest.

The subject properties lie within the southernmost sector of the Mountain Empire and are connected to urban San Diego by Highway 94, a winding two-lane road that ultimately connects to Mexico at the Tecate border crossing.

Although a limited number of sub-communities within the area appear as developable (Jamul and Tecate, in particular), development has been thwarted for the past 20 years by governmental fiat.

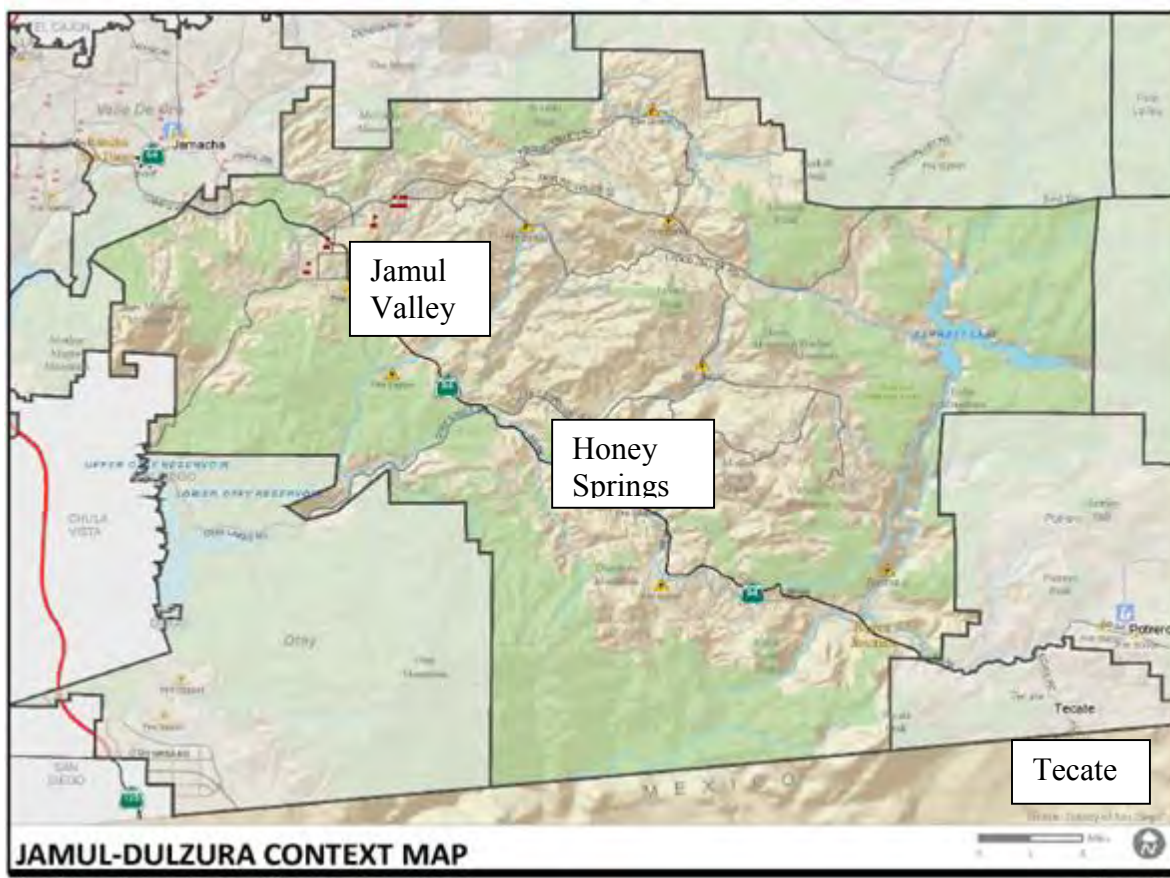
As a result, most of the major land holdings have been forced to sell to non-profit land conservations entities like the Nature Conservancy. In years past, we tabulated some 25 major land parcels in the Mountain Empire that applied for approval for residential development. Eventually, eleven of them sold to nature conservancies. Only one was ever approved (Steele Canyon) and that adjoined an urban area.

The Property Geographic Areas

The properties are located in three rural areas of unincorporated southeastern San Diego County: Jamul Valley, Honey Springs and Tecate.

As Jamul Valley and Honey Springs, for all intents and purposes, are in the same submarket area, and share the same sale comparables, we will discuss them in one section.

Each of the two sections Jamul Valley/Honey Springs and Tecate will contain a description of the property, market conditions, comparable sales and estimated value range.



The first section will discuss Jamul Valley and Honey Springs.

Properties and Partnerships San Diego County SEC v Schooler		
Property Area	Partnership	Locale
Bratton Valley	Valley Vista	Jamul
Bratton Valley	Bratton Valley	Jamul
Bratton Valley	Honey Springs	Jamul
Jamul Valley	Jamul Meadows	Jamul
Jamul Valley	Lyons Valley	Jamul
Jamul Valley	Hidden Hills	Jamul



Jamul Valley/Honey Springs (Bratton Valley) Subregion

Jamul Valley

The Jamul Valley Subregion of San Diego County covers an area of approximately 168 square miles (23,000 acres) located generally, south of Loveland Reservoir and the Sweetwater River, adjacent to and north of the Mexican border and east of the Rancho San Diego land development. Located within the northeast portion of the Planning Area is Barrett Lake and the Cleveland National Forest. U.S Highway 94 traverses the region generally in an east-west direction.

The population of the subregion is about 10,000 people with 3,200 housing units. It has several small rural or semi-rural communities including Jamul, Steel Canyon, Dulzura, and Barrett Junction. Jamul, the largest of these communities, and its surrounding hills and valleys accommodate a majority of the Subregion's population.

Generally the Subregion is still rural in character since it has no sewer system and imported water service only in the northwestern portion of the area.

Much of the acreage in the Jamul area is owned by a few Indian Tribes. The Jamul Indian Village tribe has recently completed the \$400 million Hollywood Casino, a 200,000 square foot three-story structure.

The Sycuan Tribe initiated gaming in Jamul in 1983 and since then has expanded to a major casino operation, a 100-room hotel and acquired the five golf course Singing Hills project.

Both casinos are within a 30-minute drive of central San Diego.

Jamul has had a substantial number of high-end homes on large lots built in the past 25 years. The homes typically range in price from \$750,000 to \$1,500,000.

Honey Springs (Bratton Valley)

The Honey Springs area lies midway between Jamul and Tecate. The heart of the area is the Honey Springs Ranch, a 2,000-acre property that at one time was going to be a master-planned community, but was eventually sold

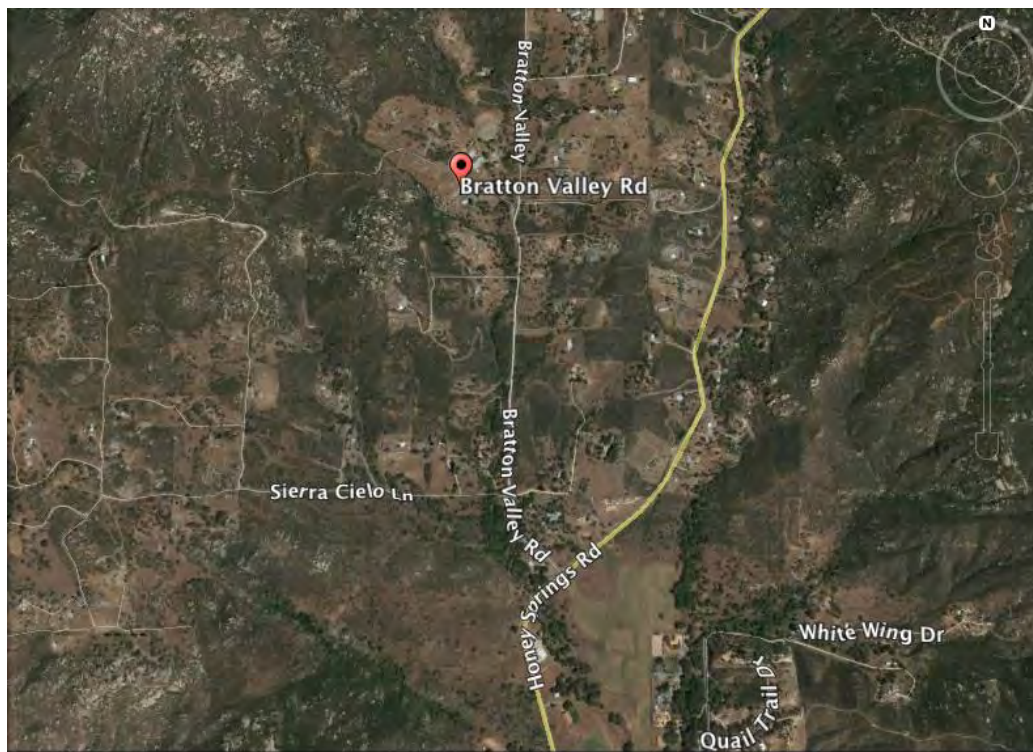


to the California Coastal Conservancy in 2004. Honey Springs is typically identified as part of the Jamul subregional area.

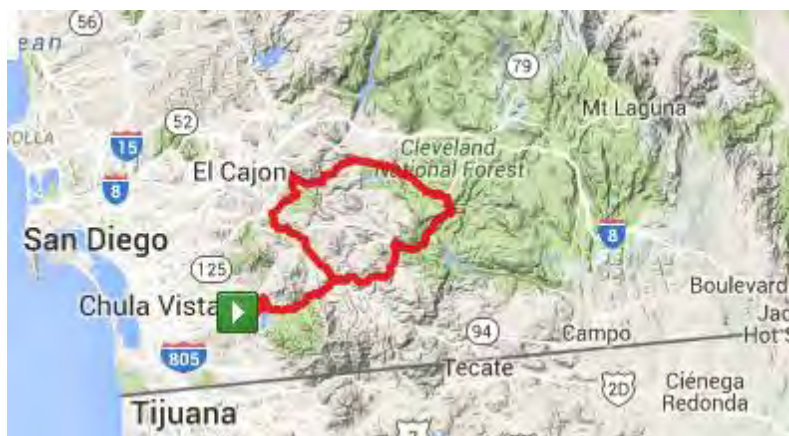
The area is notable for its steep topography and inaccessibility.



Below is a photograph proximate to the subject property, taken at the intersection of Honey Springs and Bratton Valley Road.



The Honey Springs Ranch and the areas around it have become a mecca for bicyclists. The Great Western Loop is a major event that encircles the Jamul and Honey Springs area.





Lot and Land Sales and Appraisals (Jamul Valley/Honey Springs)

Lot sales are sparse in the Jamul Valley/Honey Springs area. There are several lots listed for sale, as noted here. The average price per square foot is \$5,569 per acre; however, the larger the parcel the less the price per square foot. The most recent one large acreage sale was 244 acres to the Nature Conservancy at \$5,504 per acre. The other listings for large acreage properties are in the \$2,229 to \$4,520 per acre range.

Lot Sales - Active and Sold Jamul Valley/Honey Springs California Area							
APN	Locale	Acres	Price	\$/Acre	\$/Sq.Ft.	Date Sold	Status
522-251-13;599-041-01;522-081-07,08	Skyline Truck Trail	244.4	\$ 1,345,000	\$ 5,504	\$ 0.13		(1)
	16195 Lyons Valley Road	184.0	\$ 850,000	\$ 4,620	\$ 0.11		Active
	Honey Springs Road	157.0	\$ 350,000	\$ 2,229	\$ 0.05	May-15	
	17322 Hwy 94	70.9	\$ 365,000	\$ 5,148	\$ 0.12	Sep-14	
	n/a	60.00	\$ 199,900	\$ 3,332	\$ 0.08		Active
	Mother Grundy Truck Trail #20	60.0	\$ 199,900	\$ 3,333	\$ 0.08		Active
	2223 Honey Springs Rd.	46.4	\$ 329,995	\$ 7,118	\$ 0.16		Active
	Skyline Truck Trail	40.0	\$ 320,000	\$ 8,000	\$ 0.18		Active
	Skyline Truck Trail	40.0	\$ 350,000	\$ 8,750	\$ 0.20		Active
	Mother Grundy & Honey Springs, Lot 19 & 20	38.5	\$ 149,900	\$ 3,894	\$ 0.09	Mar-16	
	Honey Springs Road	19.5	\$ 28,000	\$ 1,434	\$ 0.03	Aug-14	
	Average			\$ 4,851	\$ 0.11		

Source: Chicago Title, CoStar & local brokers

(1) Sold to Nature Conservancy

On the following exhibit, we note the third party valuations for the Jamul/Honey Springs properties. The appraisals completed in spring of 2013 indicate a value of seven to ten cents per square foot or \$3,109 to \$4,436 per acre.

The 2015 appraisal values are questionable given the sales activity noted in the exhibit above.



Summary of Valuations and Opinions San Diego County - Jamul SEC v. Schooler				
Geographic Area	Bratton Valley	Jamul Valley Total	Jamul Valley	Jamul Valley
Partnership Name	Bratton View Partners	Hidden Hills Partners	Hidden Hills Partners	Hidden Hills Partners
	Honey Springs Partners	Jamul Meadows Partners	Jamul Meadows Partners	Jamul Meadows Partners
	Valley Vista Partners	Lyons Valley Partners	Lyons Valley Partners	Lyons Valley Partners
Assessor's Parcel Number	600-041-08,09-10	519-221-01-00, 519-150-05-00	519-221-01-00	519-150-05-00
Acreage	144.6	122.69	82.48	40.21
Valuations and Opinions				
Valuation				
Appraisal Entity	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella
Date	Apr-13		Apr-13	Apr-13
Valuation	\$ 629,878	\$ 395,000	\$ 270,000	\$ 125,000
Value Per Acre	\$ 4,356	\$ 3,219	\$ 3,274	\$ 3,109
Value Per Square Foot	\$ 0.10	\$ 0.07	\$ 0.08	\$ 0.07
Valuation				
Appraisal Entity				
Date	2015			Jul-05
Valuation	\$ 756,548			\$ 520,380
Value Per Acre	\$ 5,232			\$ 12,942
Value Per Square Foot	\$ 0.12			\$ 0.30

Estimated Value Range – Jamul Valley/Honey Springs (Bratton Valley)

On the basis of our research, we have placed a value range of \$.10 to \$.15 per square foot for the Jamul Valley/Honey Springs properties, or \$4,346 to \$6,534 per acre.



Xpera Group Estimated Value Range
San Diego County - Jamul/Honey Springs Properties
Bratton Valley and Jamul Valley Partnerships
SEC v. Schooler

Geographic Area	Bratton Valley	Jamul Valley Total
Partnership Name	Bratton View Partners	Hidden Hills Partners
	Honey Springs Partners	Jamul Meadows Partners
	Valley Vista Partners	Lyons Valley Partners
Assessor's Parcel Number	600-041-09-00	519-221-01-00, 519-150-05-00
Acreage	144.6	122.69
Xpera Group Valuation		
Valuation	Low	Low
Valuation	\$ 629,878	\$ 534,438
Value Per Acre	\$ 4,356	\$ 4,356
Value Per Square Foot	\$ 0.10	\$ 0.10
Valuation	High	High
Valuation	\$ 944,816	\$ 801,656
Value Per Acre	\$ 6,534	\$ 6,534
Value Per Square Foot	\$ 0.15	\$ 0.15



Xpera Group Suggested Strategy Jamul Valley/Bratton Valley (Honey Springs)

Based on our recent research and our knowledge of government land processing within the County, and particularly within the Mountain Empire, we suggest the following program:

Jamul Valley: Accept the offer from the Nature Conservancy. It is a fair offer and has no brokerage commission involved.

The alternative route would be to try to gain approval for a subdivision map for the property, but this would be a tortuous and expensive route, with uncertain chance for success.

Honey Springs (Bratton Valley): Place the property on the market in the same price range as the Nature Conservancy would offer and try to attract them to the property. It is unlikely to be sold to some entity other than a non-profit, as it would face the same arduous development process at Jamul Valley, but moreso because of its more rural location.

Tecate Properties

There are eleven partnerships that hold properties in the Tecate area.

Properties and Partnerships San Diego County SEC v Schooler		
Property Area	Partnership	Locale
Tecate	ABL	Tecate
Tecate	Borderland	Tecate
Tecate	Prosperity	Tecate
Tecate	Freetrade	Tecate
Tecate	Suntec	Tecate
Tecate	Via 188	Tecate
Tecate	International	Tecate
Tecate	Mex-Tec	Tecate
Tecate	Tecate South	Tecate
Tecate	Twin Plant	Tecate
Tecate	Vista Tecate	Tecate



Tecate is an unincorporated community in the Mountain Empire area of southeastern San Diego County, California, directly adjacent to the Mexican city of Tecate, Baja California. The area is best known for its border crossing between the United States and Mexico, and nearby Tecate Peak.



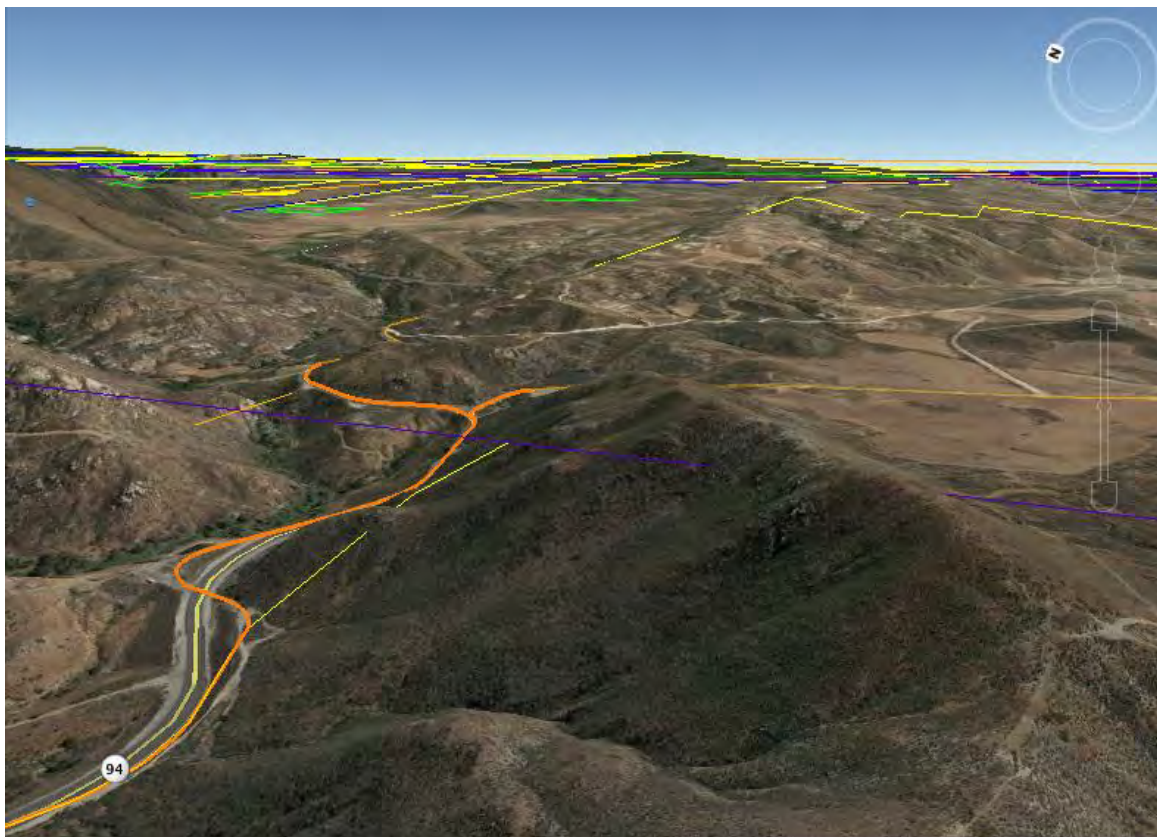
Directly across the border is Tecate, Mexico, a thriving community of 100,000 population.

The only access road between Tecate and San Diego proper is State Highway 94. It is heavily traveled causing traffic congestion and safety concerns, along with a number of environmental impacts.

The total population of Tecate, California is less than 1,000.

Most of the area is hilly and unusable, except for that land immediately near the border crossing.

The subject property area is shown here:



The exhibit below details the Tecate partnership and properties in San Diego County, noting their locations and acreage. In total, the Tecate properties have 324.52 acres.

The following exhibit notes the total number of parcels in Tecate and their acreage



San Diego County Properties - Tecate SEC v. Schooler								
Geographic Area	Total Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate
Partnership Name		ABL Partners	Sun-Tec Total	Sun-Tec	Suntec	Suntec	Suntec	Borderland Partners
		Mex-Tec Partners	Free Trade Partners	Free Trade Partners	Free Trade Partners	Free Trade Partners	Free Trade Partners	Prosperity Partners
			Via 88 Partners	Via 88 Partners	Via 88 Partners	Via 88 Partners	Via 88 Partners	
Assessor's Parcel Number		652-110-04-00	652-110-08,09,10,11	652-110-11-00	652-110-10-00	652-110-09-00	652-110-08-00	652-120-09-00
Acreage	324.52	79.45	99.56	3.00	31.93	5.07	59.56	37.64
		1	2	3	4	5	6	7
Geographic Area	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate
Partnership Name	Vista Tecate Total	Vista Tecate	Vista Tecate	Intl Partners Total	Intl Partners	Intl Partners	Tecate South Partners	Twin Plant Partners
Assessor's Parcel Number	652-160-11-00, 652-170-45-00	652-160-11-00	652-170-45-00	652-160-04, 05	652-160-04-00	652-160-05-00	652-160-12.00	652-170-43-00
Acreage	19.92	7.26	12.66	30.69	14.58	16.11	34.45	22.81

Lot and Land Sales (Tecate)

Sales have been very limited in Tecate. According to Chicago Title Company, only two parcels were sold in 2014 and two in 2015 and one of those sold in 2015 is a prime property directly on the border.



Lot Sales - Active and Sold Tecate California Area						
APN	Acres	Price	\$/Acre	\$/Sq.Ft.	Date Sold	Status
654-050-27-00	20.06	\$ 30,000	\$ 1,496	\$ 0.03	2012	Sold
652-120-47-00	16.00	\$ 40,000	\$ 2,500	\$ 0.06	2012	Sold
652-120-16-00	5	\$ 40,000	\$ 8,000	\$ 0.18	2012	Sold
652-160-14-00	3.21	\$ 25,000	\$ 7,788	\$ 0.18	2012	Sold
652-160-14-00	33.2	\$ 25,000	\$ 753	\$ 0.02	2014	Sold
652-060-36-00	9.99	\$ 32,500	\$ 3,253	\$ 0.07	2014	Sold
652-120-15-00	4.9	\$ 42,500	\$ 8,684	\$ 0.20	2015	Sold
652-160-05-00	17.52	\$ 250,000	\$ 14,269	\$ 0.33	2015	Sold (1)
	12.83	\$ 65,000	\$ 5,843	\$ 0.15		

(1) Property is a relatively level site directly on the border.

Source: Chicago Title, SANGIS, CoStar & local brokers

On the following exhibit, we note the third party valuations for the Tecate properties. The appraisals completed in spring of 2013-2014 indicate a value of \$.06 to \$.17 per square foot or \$2,538 to \$7,333 per acre, or an average of \$.10 per square foot or \$4,209 per acre.



Summary of Valuations and Opinions San Diego County - Tecate SEC v. Schooler						
Geographic Area	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate
Partnership Name	ABL Partners	Sun-Tec	Suntec	Suntec	Suntec	Borderland Partners
	Mex-Tec Partners	Free Trade Partners	Free Trade Partners	Free Trade Partners	Free Trade Partners	Prosperity Partners
		Via 88 Partners	Via 88 Partners	Via 88 Partners	Via 88 Partners	
Assessor's Parcel Number	652-110-04-00	652-110-11-00	652-110-10-00	652-110-09-00	652-110-08-00	652-120-09-00
Acreage	79.45	3.00	31.93	5.07	59.56	37.64
Valuations and Opinions						
Valuation						
Appraisal Entity	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella
Date	Apr-13	Jan-14	Jan-14	Jan-14	Apr-13	Jan-14
Valuation	\$ 222,000	\$ 22,000	\$ 98,000	\$ 27,000	\$ 170,000	\$ 215,000
Value Per Acre	\$ 2,794	\$ 7,333	\$ 3,069	\$ 5,325	\$ 2,854	\$ 5,712
Value Per Square Foot	\$ 0.06	\$ 0.17	\$ 0.07	\$ 0.12	\$ 0.07	\$ 0.13
Valuation						
Appraisal Entity	Donald Beers					
Date	Oct-15					
Valuation	\$ 180,000					
Value Per Acre	\$ 2,266	\$ -	\$ -	\$ -	\$ -	\$ -
Value Per Square Foot	\$ 0.05	\$ -	\$ -	\$ -	\$ -	\$ -
Geographic Area	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate
Partnership Name	Vista Tecate	Vista Tecate	Intl Partners	Intl Partners	Tecate South Partners	Twin Plant Partners
Assessor's Parcel Number	652-160-11-00	652-170-45-00	652-160-04-00	652-160-05-00	652-160-12-00	652-170-43-00
Acreage	7.26	12.66	14.58	16.11	34.45	22.81
Valuation						
Appraisal Entity	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella	Mark Marsella
Date	Jan-14	Jan-14	Jan-14	Jan-14	Jan-14	Jan-14
Valuation	\$ 33,000	\$ 63,000	\$ 37,000	\$ 40,000	\$ 117,000	\$ 125,000
Value Per Acre	\$ 4,545	\$ 4,976	\$ 2,538	\$ 2,483	\$ 3,396	\$ 5,480
Value Per Square Foot	\$ 0.10	\$ 0.11	\$ 0.06	\$ 0.06	\$ 0.08	\$ 0.13



Estimated Value Range – Tecate Properties

On the basis of our research, we have placed a value range of \$.05 to \$.20 per square foot for the Tecate properties, or \$2,178 to \$8,712 per acre.

Xpera Group Estimated Range of Valuations San Diego County - Tecate SEC v. Schooler										
Geographic Area	Total	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate	Tecate
Partnership Name		ABL Partners	Sun-Tec Total	Borderland Partners	Total Vista Tecate	Total Intl Partners	Total Tecate South Partners	Total Twin Plant Partners		
		Mex-Tec Partners	Free Trade Partners	Prosperity Partners						
			Via 88 Partners							
Assessor's Parcel Number		652-110-04-00	652-110-08,09,10,11	652-120-09-00	652-160-11-00,652-170-45-00	652-160-04-00, 05-00	652-160-12-00	652-170-43-00		
Acreage	324.52	79.45	99.56	37.64	19.92	30.69	34.45	22.81		
Xpera Group										
Low										
Acres	\$ 2,422,589	\$ 173,042	\$ 346,084	\$ 519,126	\$ 346,084	\$ 346,084	\$ 346,084	\$ 346,084	\$ 346,084	\$ 346,084
\$/Acre		\$ 2,178	\$ 4,356	\$ 6,534	\$ 4,356	\$ 4,356	\$ 4,356	\$ 4,356	\$ 4,356	\$ 4,356
\$/Sq.Ft.		\$ 0.05	\$ 0.10	\$ 0.15	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10
High										
Acres	\$ 3,633,884	\$ 346,084	\$ 519,126	\$ 692,168	\$ 519,126	\$ 519,126	\$ 519,126	\$ 519,126	\$ 519,126	\$ 519,126
\$/Acre		\$ 4,356	\$ 6,534	\$ 8,712	\$ 6,534	\$ 6,534	\$ 6,534	\$ 6,534	\$ 6,534	\$ 6,534
\$/Sq.Ft.		\$ 0.10	\$ 0.15	\$ 0.20	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15



Xpera Group Suggested Strategy – Tecate Properties

Based on our recent research and our knowledge of government land processing within the County, and particularly within the Mountain Empire, we suggest the following program:

We have learned from the County of San Diego Planning Department that San Diego County has taken a strong stance against development of any properties in Tecate until they develop an overall plan for the Tecate area including water sources. Apparently, that process is moving very slowly. As a result, the sale of properties in Tecate has virtually ground to a halt. Notably, only two sales in 2014 and two sales in 2015.

Our recommendation is to hold onto the properties until such time as they can optimize their value. That will be when the County moves forward with a plan for the area. Any sales now would be at bargain prices.

A broker could be retained to list the properties at what is a future price, but it would most probably be a futile sales effort.



Although the results, conclusions and recommendations contained within this consultant's report are based upon a thorough review and analysis of current competitive market conditions and the expertise of the author, Consultant does not in any way represent, warrant or guarantee that any reported results will be achieved as a result of various reasons, including but not limited to the sensitivity to ever-fluctuating market conditions and the efficiency of a Client and its representatives, agent, employees, successors and assigns.

EXHIBIT “4”



**Santa Fe New Mexico Property Analysis
SEC v. Schooler**

April 14 2016



Table of Contents

Introduction

Section 1: State of the Local Economy

Section 2: Description of the Subject Property Areas

Section 3: Description of Santa Fe County Partnership Properties and Historic Values and Letters of Opinion of Value



Introduction

There are three partnerships with lands in the greater Santa Fe, New Mexico area: Santa Fe Venture, Pueblo Partners and Pecos Partnership.

Santa Fe Partnerships SEC v Schooler	
Locale	Partnerships
Santa Fe	Santa Fe Venture
Santa Fe	Pueblo Partners
Santa Fe	Pecos Partnership

The purpose of this report is to determine an estimate range of values for the Santa Fe properties and to develop a strategy for their future.

During the course of this report, we reviewed documentation provided to us by counsel and compiled data on the state of the economy, sale of raw land in the vicinity of the subject properties and discussed property matters with persons of knowledge in the Santa Fe area. We also reviewed the recent listing and discussed the property with the listing broker.

I have traveled to Albuquerque and Santa Fe on numerous occasions, but did not visit the site for this assignment.



Section 1: State of the Local Economy

Santa Fe New Mexico (Santa Fe County) is a tourist and second home community located approximately 1 ½ hours' drive north of Albuquerque. Santa Fe also serves as the state capital. New Mexico has a population of 2.0 million. Its largest city is Albuquerque with a half million persons.



Santa Fe, New Mexico's capital, sits in the Sangre de Cristo foothills. It is renowned for its Pueblo-style architecture, and as a creative arts hotbed. Founded as a Spanish colony in 1610, it has at its heart the traditional Plaza. The surrounding historic district's crooked streets wind past adobe landmarks like the Palace of the Governors, now home to the New Mexico History Museum.



Population Change

Santa Fe is a slow-growth community rarely adding more than 1,000 population annually. In the 2010-2015 period, the annual average population gain was 903. The same growth pattern has been in effect since 2000.

Population Change Santa Fe Metropolitan Area 2010-2015						
Population	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
Total	144,170	148,686	4,516	3.1%	903	0.6%
Source: Census.gov						

Employment Change

Employment in Santa Fe is relatively stable, although there has been a modest loss of jobs in the past five years.

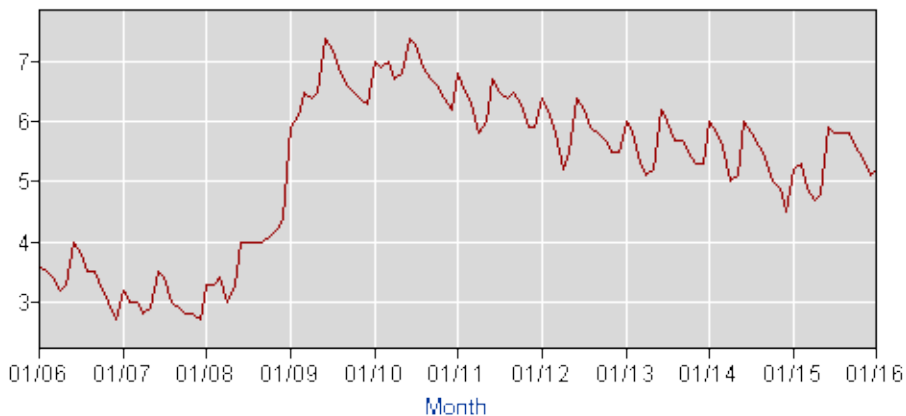
Employment Change Santa Fe Metropolitan Area 2010-2015						
Employment	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
	68,950	67,290	(1,660)	-2.4%	(332)	-0.5%
Source: Bureau of Labor Statistics						

Its economy tends to be among the more stable in the southwest. During the past recession, the unemployment rate barely reached 6.0% and today is 5.4%. Prior to the recession, unemployment dipped to below 3.0%.

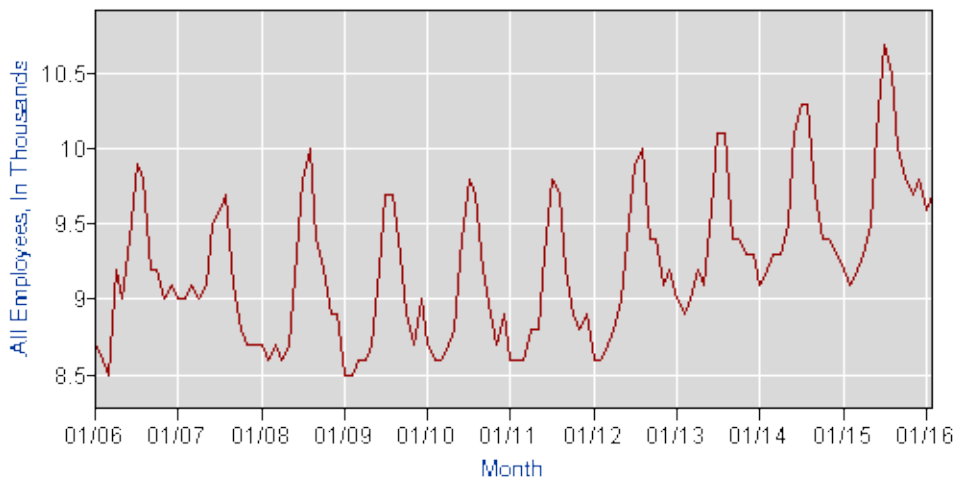
Unemployment Rate Santa Fe Metropolitan Area 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	6.2%	5.9%	5.5%	5.3%	4.5%	5.4%
Source: Bureau of Labor Statistics						



unemployment rate



Tourism has gradually ratcheted upward, though it is obviously a seasonal business, as noted in the exhibit below. Overall, there are about 10,000 persons working in the tourism business in Santa Fe.





Residential Construction

Most homes built in Santa Fe County are custom or spec built or in small subdivisions. The pace of construction reflects the state of the national economy as can be seen in this exhibit. In any year, the new supply of homes represents a minor increase in the inventory and therefore there is rarely any overbuilding.

Residential Construction (Units Permitted) Santa Fe Metropolitan Area 2010-2015						
	2010	2011	2012	2013	2014	2015
Total Units	96	94	130	183	161	120
Single Family	96	94	130	159	161	120
Multi-Family	0	0	0	24	0	0
Average						131
Source: Census.gov						

Home prices did not experience the major dip that was evident in most areas of the southwest. There has been a very modest change in pricing since 2015, thus indicating a highly stable market.

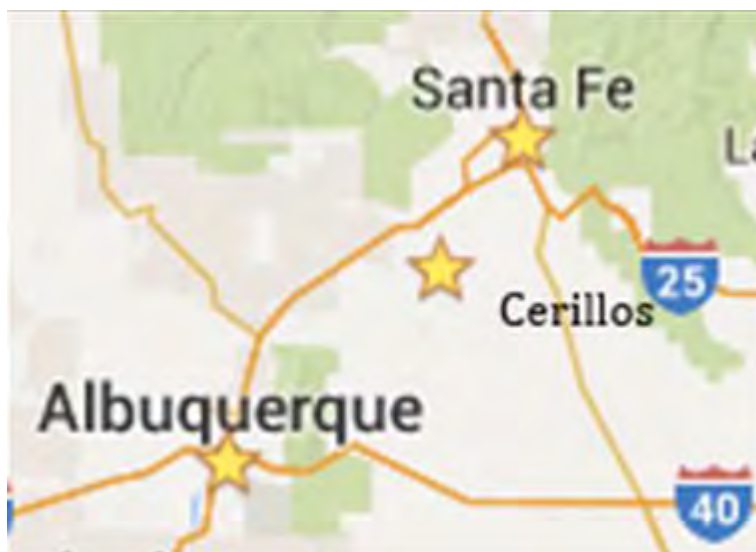
Existing Home Sale Pricing Santa Fe Metropolitan Area 2010-2015						
Single Family Home Prices	2010	2011	2012	2013	2014	2015
Median Price	\$ 340,000	\$ 350,000	\$ 370,000	\$ 325,000	\$ 352,000	\$ 365,000
Change 2010-2015	n/a	\$ 10,000	\$ 20,000	\$ (45,000)	\$ 27,000	\$ 13,000
% Change Annual		2.9%	5.7%	-12.2%	8.3%	3.7%
% Change 2010-2015						7.4%
Source: New Mexico Association of Realtors						

Overall, the Santa Fe economy is stable and attracts a broad range of affluent visitors and second home owners who have continued to visit and acquire property on a routine basis. That economic situation augurs well for the disposition of the subject properties.



Section 2: Description of the Subject Property Areas

The Partnership properties are located 12 miles northwest of the village of Cerrillos (population 200). Cerrillos is a half hour's drive southwest of the city of Santa Fe.



The property consists of three tracts of contiguous raw level vacant land, totaling 628 acres. No well has been detected. The property is “off grid” – i.e, no electricity or telephone connections. It is zoned agricultural and allows for one home per 160 acres.

It is a mountain region and at an altitude of 7,000+ feet. From Albuquerque, the site is accessible on Route 14, an approximately two-hour drive. By comparison, the freeway drive (I-25) from Albuquerque to Santa Fe is a one-hour drive.

The exhibit below details the three tracts that comprise the subject property:





Property Description Santa Fe New Mexico Properties (Contiguous) SEC v. Schooler			
Geographic Area	Santa Fe	Santa Fe	Santa Fe
Owner Name	Santa Fe Venture	Santa Fe Venture	Santa Fe Venture
	Pueblo Partners	Pueblo Partners	Pueblo Partners
	Pecos Partnership	Pecos Partnership	Pecos Partnership
Tract	2	3	4
Locale of Property	12 miles. NW of Cerrillos	13 miles. NW of Cerrillos	14 miles. NW of Cerrillos
Locational Description	East of I-25	East of I-26	East of I-27
Jurisdiction	Santa Fe County	Santa Fe County	Santa Fe County
Assessor's Parcel Number	n/a	n/a	n/a
Acreage	210	206	213
Nearest Intersection	Red Rock Rd. & Baja Waldo Rd.	Red Rock Rd. & Baja Waldo Rd.	Red Rock Rd. & Baja Waldo Rd.
Property Condition	Raw	Raw	Raw
Topography	Level	Level	Level
Zoning	Agricultural	Agricultural	Agricultural
Flood Hazard Area	Yes	Yes	Yes
Neighborhood Surrounding	Raw Land	Raw Land	Raw Land
Recent development in immediate area	None	None	None
Distance from Downtown of Metropolitan Area	12 NW of Cerrillos	13 NW of Cerrillos	14 NW of Cerrillos
In Path of Near-Term Development	No	No	No

The land is appropriate for farming or equestrian use and can be built out as a ranch. It has numerous hard dirt roads and occasionally shrubbery.



Property Valuation

As a component of our research on the Santa Fe properties, we undertook a search for land that was for sale in the greater Cerrillos area. The average price of those parcels that we reviewed was \$2,401 per acre, as noted in the exhibit below:



Land for Sale and Sold Cerrillos/Santa Fe New Mexico as of April 2016			
Locale	Acres	Asking Price	\$/Acre
Off West Estrada Calabasa (sold)	640	\$ 1,350,000	\$ 2,109
Buckman Road (sold)	640	\$ 2,950,000	\$ 4,609
Off Horchado Ranch Rd.	400	\$ 1,174,000	\$ 2,935
503 Ojo de la Vaca	640	\$ 1,290,000	\$ 2,016
625 Genl Goodwin	127	\$ 320,000	\$ 2,520
Blue Agave	120	\$ 325,000	\$ 2,708
In Vicinity of Cerrillos	35	\$ 55,000	\$ 1,571
In Vicinity of Cerrillos	106	\$ 175,000	\$ 1,651
In Vicinity of Cerrillos	106	\$ 177,000	\$ 1,670
In Vicinity of Cerrillos	206	\$ 391,000	\$ 1,898
Tracts 1&2 off Rocinante	106	\$ 178,000	\$ 1,679
Red Rock (subject property)	629	\$ 1,132,000	\$ 1,800
45 Grenful Ranch Rd.	80	\$ 185,000	\$ 2,313
Grateful Way	197	\$ 475,000	\$ 2,411
Ortiz Mine Grant	31	\$ 80,000	\$ 2,581
Camino Cerro	80	\$ 229,000	\$ 2,863
88 Vista del Oro	394	\$ 1,375,000	\$ 3,490
Average	267	\$ 697,706	\$ 2,401

Source: MLS, Keller Williams, Loopnet and other websites

All of the above properties are in the lands surrounding the village of Cerrillos, but most had electricity and telephone connectivity and were adjacent to a paved or hard dirt road and a few had a river along the boundary of the property. Because the subject properties did not share those characteristics, we estimate the per acre value will be lower than many of those set forth above.



We also reviewed the appraisals of the subject properties that were prepared in 2013 and 2015. In the 2013 appraisal, the property value was \$690,000 (\$1,099 per acre) for the three parcels and \$820,000 in 2015 (\$1,306 per acre).

Summary of Valuations Santa Fe Properties SEC v. Schooler				
Geographic Area	Santa Fe	Santa Fe	Santa Fe	Santa Fe
	Total	Tract 2 - Cerrillos	Tract 3- Cerrillos	Tract 4 - Cerrillos
Acreage	628	209	206	213
Valuations and Opinions				
Valuation				
Appraisal Entity	Market Date Research	Market Date Research	Market Date Research	Market Date Research
Date	5/2013	5/2013	5/2013	5/2013
Valuation	\$ 690,000	\$ 210,000	\$ 240,000	\$ 180,000
Value Per Acre	\$ 1,098.73	\$ 1,004.78	\$ 1,165.05	\$ 845.07
Value Per Square Foot	\$ 0.0252	\$ 0.0231	\$ 0.0267	\$ 0.0194
Appraisal Entity	Hippauf	Hippauf	Hippauf	Hippauf
Date	6/2015	6/2015	6/2015	6/2015
Valuation	\$ 820,000	\$ 270,000	\$ 270,000	\$ 280,000
Value Per Acre	\$ 1,306	\$ 1,292	\$ 1,311	\$ 1,315
Value Per Square Foot	\$ 0.0300	\$ 0.0297	\$ 0.0301	\$ 0.0302

Based on the review of the lands for sale and the recent appraisal, there is some evidence that the overall values of lands in the Cerrillos area is gradually increasing.



Our rationale for selecting a higher value range also relates to the combined acreage of the three tracts, as most of the 40+ properties for sale that we reviewed were 100 acres or less. In fact, there was only one property approaching the size range of the subject property.

Finally, the property is within two hour's drive from Albuquerque via Route 14, a scenic and very drivable route.

Xpera Group Estimated Range of Valuations Santa Fe Properties SEC v. Schooler	
Properties	3 Parcel Total
Partnerships	Santa Fe Venture
	Pueblo Partners
	Pecos Partnership
Tracts	2,3,4
Acreage	628
Xpera Group Estimated Range of Valuation	
Low	
Estimated Value	\$ 942,000
\$/Acre	\$ 1,500
\$/Sq.Ft.	\$ 0.0344
High	
Estimated Value	\$ 1,130,400
	\$ 1,800
\$/Sq.Ft.	\$ 0.0413



Xpera Group Suggested Strategy

Although we anticipate that the three tracts will gradually increase in value, we think it appropriate to sell the property and avoid the carrying costs in future years.

Prior to learning that the property has been listed for sale, in preparing this report we suggest retaining a brokerage firm that regularly is involved in the sale of raw land in the Albuquerque/Santa Fe. A commission of 8-10% is customary and should generate a strong marketing effort.

The listing of the property is with Tai Bixby at Keller-Williams in Santa Fe. Mr. Bixby has been active in the land sales market for several years. The listing is at \$1,132,000, essentially the same estimated high value that we placed on the property. The commission is 9.0%.

We had anticipated that it will take as long as two to three years to find an appropriate buyer. Mr. Bixby concurs with that length of time.

Therefore, we concur with the listing price and the marketing period.

EXHIBIT “5”



Yuma Property Analysis SEC v. Schooler



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Introduction

Section 1: State of the Yuma Economy

Section 2: Description of the Subject Property Areas

Section 3: Description of Yuma County Partnership Properties and Historic Values and Letters of Opinion of Value



Introduction

There are three partnerships with lands in the greater Yuma, Arizona area: Yuma, Yuma II and Yuma III. All are in non-urban areas 30-40 miles east of the City of Yuma.

Yuma Partnerships SEC v Schooler	
Yuma	Gila View
Yuma	Painted Desert
Yuma	Snow Bird
Yuma II	Desert View
Yuma II	Sonora View
Yuma II	Mesa View
Yuma II	Road Runner
Yuma III	Mountain View
Yuma III	Ocotillo
Yuma III	Cactus Ridge
Yuma III	Mohawk Mountain Partners





Consultant Background Relating to Yuma

During the past five years, I have completed three development feasibility studies in Yuma County, all related to client proposed projects. During the course of the studies, I completed an in-depth analysis of the Yuma County economy, including population trends, employment, housing and land use trends. During each of those studies, I traveled to Yuma and spoke with a number of persons who were engaged in the real estate business and with persons in the planning departments of the local government.

Research Conducted for Assignment

The purpose of this report is to determine an estimate range of values for the Yuma properties and to develop a strategy for their future.

During the course of this report, we reviewed documentation provided to us by counsel and compiled data on the state of the economy, sale of raw land in the vicinity of the subject properties and discussed property matters with persons of knowledge in the Yuma area.



Section 1: State of the Local Economy

Population Change

The largest population increase in recent years was from 1990-2000 when Yuma County added 53,131 population, an annual gain of 5,300.

Since the 2010 Census, Yuma has experienced a far slower growth rate than in the 1990-2000 period, with a 1,705 annual population gain since the Census count in April 2010, a growth rate of less than 1.0% annually. The population of Yuma County in 2015 was 204,275.

Population Change Yuma Metropolitan Area 2010-2015						
			Total Change		Annual Change	
Population	2010	2015	Change	Change %	Change	Change %
Total	195,751	204,275	8,524	4.4%	1,705	0.9%
Source: Census. Gov						

Employment Change

The Yuma economy is tied to its three major employer groups: the Federal government, agri-business and tourism/snowbirds.

The **military** is a strong and dependable part of the economy. In Yuma, there are two military bases: The Marine Corps Air Station Yuma and the Yuma Proving Grounds and 40 miles east is the Barry Goldwater Bombing Range (in the area of the subject properties).

The Marine Corps Air Station Yuma (MCAS) is the most active Marine Air Base in the Nation, with 4,274 personnel, 2,980 of them in uniform and 1,294 civilian. It is the test base for the new F-35 joint strike fighters,



although that will only add 90-100 personnel. In total, there will be 88 F-35's delivered, replacing the 60 aging AV-88 Harriers.

Yuma Proving Grounds (YPG) is, reportedly, the Nation's largest testing base with more than a dozen different weapons systems in testing at any given time. Most of them involve private industry ventures which have a continual in-flow of corporate engineers, executives and contracting personnel. The YPG also hosts General Motors hot weather testing tracks. YPG attracts 17,000 visitors each year.

The **Border Patrol** employs more than 900 persons along the nearby border. The Immigration bill, now awaiting Congressional approval, includes a major increase in funds for border patrol and the development of border fences. That should augur well for Yuma where there is no fencing at all.

The **agri-business** in Yuma is a major contributor to the economy. Industry sources say that agri-business contributes \$1.0+ billion annually to the economy. Most of the labor is minimum wage, but there is a management cadre that is a major component in the industry, including the local executives of Dole and other processing firms, transportation and the growers. By our count there are 306 agricultural businesses in Yuma. Yuma is in the top 1.0% of U.S. counties in vegetable sales. In the winter months, Yuma provides 90% of the Nation's lettuce.

Tourism in Yuma is somewhat different than in most Sunbelt metropolitan areas. In Yuma, it is dominated by the in-migration of Canadian snowbirds who either rent or own one of the 22,000 RV spaces in the area. They tend to stay in Yuma from late fall through spring and then vacate for the balance of the year, with January and February the peak months.

The total visitor count in Yuma is estimated at 100,000 annually. The tourist/visitor sector is estimated to spend \$600 million annually in Yuma.

The Yuma visitor industry can be segmented into three components: short-term stay, homeowners and RV owners/residents.



Employment Trends and Outlook

As a result of the recession, employment faltered in 2007-2009 and has stabilized, but not yet returned to an upward path. Since 2010, Yuma has added an average of 350 jobs annually, half of one percent a year.

Employment Change Yuma Metropolitan Area 2010-2015						
Employment	2010	2015	Total Change		Annual Change	
			Change	Change %	Change	Change %
	69,500	71,263	1,763	2.5%	352.50	0.5%
Source: Bureau of Labor Statistics						

Unemployment remains unusually high. It can be noted that the unemployment rate rarely falls below 15.0% in Yuma because of the cyclical nature of the agri-business and tourism economy. Note that the military in uniform are not included in the employment count; only the civilian component.

Unemployment Rate Yuma Metropolitan Area 2010-2015						
Unemployment Rate	2010	2011	2012	2013	2014	2015
	25.1%	24.3%	24.1%	25.7%	23.3%	18.0%
Source: Bureau of Labor Statistics						

The Yuma Housing Market

The Yuma housing market has an interesting composition because almost one-third of its housing units are mobile homes. Another 50+% are single family detached homes. One out of seven units is attached, but only 1.7% of all housing units in Yuma are in apartment or condominium projects larger than 20 units



Housing Units by Type Yuma Metropolitan Area 2013		
Category	Yuma	%
Single Family Detached	45,284	51.4%
Attached		
1 or 2 Units Attached	3,814	4.3%
3 to 19 Unit Buildings	8,409	9.5%
20 Units or More	1,509	1.7%
Total Attached	13,732	15.6%
Mobile Home or Trailer	26,382	29.9%
Boat, RV or Van	2,744	3.1%
Total	88,142	100.0%
Source: Census Bureau, American Community Survey		



Residential Construction

In 2005 and 2006, the output of new single family homes was far in excess of demand, but sold, nonetheless, because of unusually easy credit terms and a substantial number of investor purchases. The foreclosure rate skyrocketed and has now settled down to normalcy. In 2005, more than 2,000 new homes were permitted.

In 2007, single family residential construction plummeted and reached a new low in 2010 with only 354 single family units permitted. The market is gradually returning to normalcy with 711 single family units permitted in



2015. The rational supply/demand balance in Yuma calls for 600-700 new single family units to be built each year.

Residential Construction (Units Permitted) Yuma Metropolitan Area 2010-2015						
Residential Construction						
	2010	2011	2012	2013	2014	2015
Total Units	455	360	648	674	594	711
Single Family	455	358	554	670	594	711
Multi-Family	0	2	94	4	0	0

Source: Census.gov

Prices of existing homes remained relatively level in the 2010 thru 2012 period and have gradually picked up, ending 2015 at \$236,000. As a result of the major increase in 2014 and 2015, the increase since 2010 has been 50%.

Existing Single Family Home Prices Yuma Metropolitan Area 2010-2015						
Single Family Home Prices	2010	2011	2012	2013	2014	2015
Median Price	\$ 151,000	\$ 135,000	\$ 150,000	\$ 180,000	\$ 199,000	\$ 226,000
Annual Change	n/a	\$ (16,000)	\$ 15,000	\$ 30,000	\$ 19,000	\$ 27,000
% Change 2010-2015						49.7%

Source: Wells Fargo Housing Opportunity Index

Multi-family production has remained negligible. The few permits that have been generated are typically for duplexes and other forms of attached for sale housing. No new market-rate apartments have been built in decades.

The **Yuma apartment rental market** is composed of aging low-density units. In the table below, we display data on the age and composition of the rental market. Of the 4,414 units surveyed, 28.2% were subsidized.

The balance, 71.8%, were typically built prior to 1980, with half of the total units built prior to 1980. Only two projects were built in the past 20 years and none in the past decade.




The typical apartment project in Yuma is 20-50 years of age and lacking the typical modern amenities such as central air conditioning, in-unit washer/dryer, dual-paned windows and microwave ovens.

Apartment Inventory Yuma Metropolitan Area as of Year End 2015				
Non-Subsidized	No. Projects	No. Units	% by Yr.	% by Category
Year Built				
Pre-1960	4	65	2.0%	
1960-1970	6	214	6.7%	
1970-1980	12	1,342	42.3%	
1980-1990	13	934	29.5%	
1990-2000	1	312	9.8%	
2000-2013	1	304	9.6%	
Total	37	3,171	100.0%	71.8%
Subsidized				
Section 8	9	451	36.3%	
Farm	4	144	11.6%	
Military	1	80	6.4%	
Sr. Independent Living	4	302	24.3%	
Assisted Living	10	266	21.4%	
Total	28	1,243	100.0%	28.2%
Total Projects/Units	65	4,414	100.0%	

Note: data was not available on several older apartment projects

Source: Yuma Stats



Occupancy rates remain high, rarely falling below 90%. Currently, the occupancy rate is 93%. Rental rates are modest, with most apartments renting for less than \$1.00 per square foot per month (compared to \$2.00-3.00 per square foot in San Diego).



Yuma County is a stable community that grows at a very slow pace but is bolstered by a diverse and stable employment base.

Prices of land in the outlying desert lands surrounding the city of Yuma (the heart of Yuma County) have a limited market because there is more than an adequate supply of developable land adjacent to the developed areas of the City of Yuma.



Section 2: Description of the Partnership Areas

The Partnership Properties are located in three desolate desert areas 30-40 miles east of the City of Yuma. They are all raw desert land, mostly inaccessible from paved roads.

Yuma I

Yuma Partnerships & Properties SEC v Schooler	
Partnership	Properties
Yuma I	Gila View
Yuma I	Painted Desert
Yuma I	Snow Bird

Yuma I consists of eight clustered parcels totaling 131.71 acres. They are located at the southeast corner of Interstate 8 and Avenue 40E in the rural community of Tacna (population 500 +/-). Expansion of the community is unlikely.

Property Holdings Yuma I SEC v. Schooler		
	APN	Yuma
Partnership Name:		Gila View
		Painted Desert
		Snow Bird
Lot	Parcel	Acreage
1	187-31-001	0.81
2	187-31-002	4.50
3	187-31-003	34.82
4	187-31-004	4.54
5	187-31-006	4.54
6	187-31-007	4.54
7	187-31-009	40.00
8	187-31-010	37.96
Total		131.71



Yuma II

Partnerships & Properties Yuma II SEC v Schooler	
Properties	Partnerships
Yuma II	Desert View
Yuma II	Sonora View
Yuma II	Mesa View
Yuma II	Road Runner

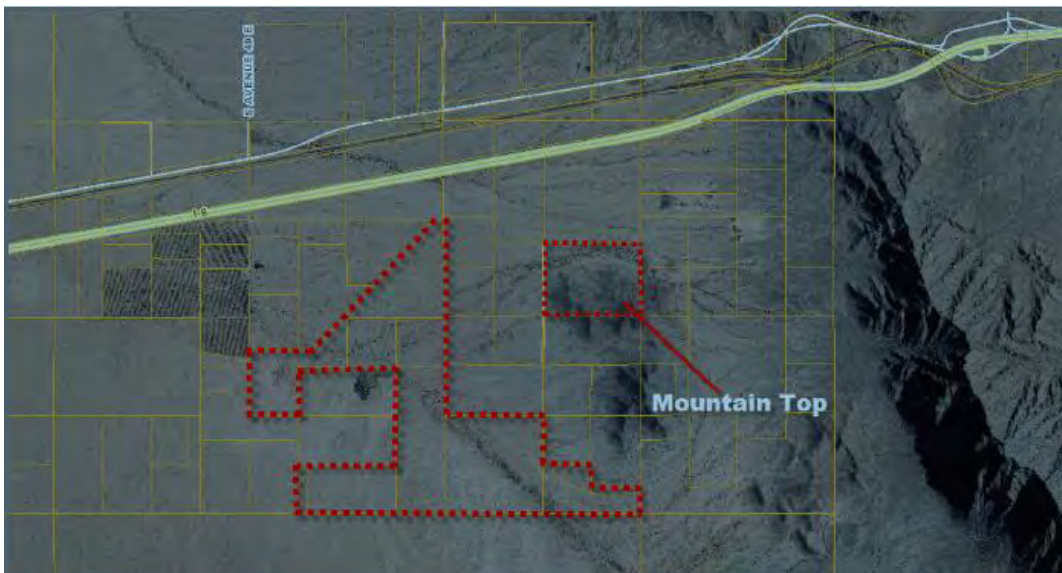
Yuma II contains 788 acres of vacant desert land that is covered with scrub brush. The 788 acres consists of 11 parcels, all of which are level except for the outlying Parcel 183-23-009 (the separate parcel). The property is immediately adjacent to the Barry Goldwater Bombing Range.





Property Holdings Yuma II SEC v. Schooler		
	APN	Yuma
Partnership Name:		Desert View Partners
		Mesa View Partners
		Road Runner Partners
		Sonora View Partners
Lot	Parcel	Acreage
1	188-22-010	90.68
2	188-23-009	118.50
3	188-26-007	160.00
4	188-26-008	1.00
5	188-26-011	19.14
6	188-26-012	42.24
7	188-27-002	81.88
8	188-27-003	40.00
9	188-27-004	42.24
10	188-27-005	119.66
11	188-27-008	73.33
Total		788.67

The aerial photographs below indicate the terrain and desolation of the property:



The subject property is zoned RA-40 by Yuma County, zoning that permits residential development on minimum 40 acre parcels.

The property has no legal access from any paved road. The paved road is at the Tacna exit at Avenue 40E, about ten miles west of the subject property. With no nearby formal access, the land has no practical use.

The appraisal completed in June 2015 notes that “it could not be profitably nor practically developed today, nor likely in the next 50 years.”



Yuma III

Partnerships & Properties Yuma III SEC v Schooler	
Properties	Partnerships
Yuma III	Mountain View
Yuma III	Ocotillo
Yuma III	Cactus Ridge
Yuma III	Mohawk Mountain Partners

Yuma III consists of two properties totaling 319.24 acres. Both are in desolate locations and have no practical usefulness. One is near Tacna and the other eight miles closer to Yuma near the village of Wellton (Population 3,000, median age 61).

Property Holdings Yuma III SEC v. Schooler		
	APN	Yuma
Partnership Name:		Mountain View
		Ocotillo
		Cactus Ridge
		Mohawk Mountain Partners
Lot	Parcel	Acreage
	188-14-001,2,5	293.14
	200-08-009	26.10
Total		319.24



A detailed Summary description of Yuma I, II and III is shown here:

Summary of Findings Yuma II & III Properties SEC v. Schooler						
Geographic Area	Yuma	Yuma	Yuma	Yuma	Yuma	Yuma
Partnership Name	Yuma I	Yuma II	Total - Yuma III	Yuma III	Yuma III	Yuma III
Owner Name	Gila View	Desert View	Mountain View	Mountain View	Mountain View	Mountain View
	Painted Desert	Sonora View	Ocotillo	Ocotillo	Ocotillo	Ocotillo
	Snow Bird	Mesa View	Cactus Ridge	Cactus Ridge	Cactus Ridge	Cactus Ridge
			Mohawk	Mohawk	Mohawk	Mohawk
		Road Runner	Mountain Partners	Mountain Partners	Mountain Partners	Mountain Partners
Locale of Property	near Tacna	Rural, adjacent to Barry Goldwater Bombing Range		near Tacna	near Tacna	near Wellton
Locational Description	SEC I-8 & Ave. 40E, Tacna	s/s I-8 at Ave. 49E, Tacna		N/S I-80 @ Ave. 50E, Tacna	N/S I-80 @ Ave. 50E, Tacna	SWC I-80 & Ave. 24E, Wellton
Jurisdiction	Yuma County	Yuma County		Yuma County	Yuma County	Yuma County
Assessor's Parcel Number	188-31-001,2,3,4,6,7,9,10	188-22-010; 188-23-009; 188-26-007,8,11,12 & 188-27-002,3,4,5,8		188-14-001,2,5	188-14-001,2,5	200-08-009
Acreage	131.71	787.67	319.24	293.14	293.14	26.1
Nearest Intersection		Ave. 49E				
Property Condition	Raw desert	Raw desert		Raw desert	Raw desert	Raw desert
Topography	Flat	Flat		Flat	Flat	Flat
Zoning		RA-40 (1 home per 40 acres)				
Neighborhood Surrounding	Open Land	Open land		Open land	Open land	Open land
Recent development in immediate area	Nope	None		None	None	None
Distance from Downtown of Metropolitan Area	40-miles from downtown Yuma	40-miles from downtown Yuma		40-miles from downtown Yuma	40-miles from downtown Yuma	50-miles from downtown Yuma
In Path of Near-Term Development	No	No		No	No	No

The following exhibit displays the valuations placed on the three Yuma entities by the Landmark Valuation Services.

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Landmark completed appraisals on the properties in 2013 and 2015. Their findings indicate a decline in value in Yuma I and II properties and a modest increase in value in Yuma III properties.

- Yuma I properties were valued at \$265,000 in 2013 and \$153,000 in 2015.
- Yuma II properties were valued at \$275,000 in 2013 and \$195,000 in 2015.
- Yuma III properties were valued at \$141,000 in 2013 and then at \$159,620 in 2015.

Quoting the appraiser, “Being in an area with virtually no population, no prospects of substantial population growth in the future, its only practical use is for speculation.”

Based on our analysis of the subject property areas, the most recent appraisals and recent sales activity, we have prepared an exhibit showing a range of values for the Yuma I, II and III properties, as shown below.

Yuma I: We have valued the land higher than the appraiser. Admittedly, its functional use is limited by market demand, but it is at an accessible I-8 interchange.

In the exhibit below, we show raw land for sale, mostly in Dateland, an area that is I-8 accessible and also the center of solar farms. We believe that the Dateland land is somewhat comparable to Yuma I land.



Land For Sale Tacna/Dateland Arizona				
Location	City/Village	Acres	Price	\$/Acre
New Ave. 41E No. of I-8	Tacna	98	\$ 195,000	\$ 1,990
Ave. 42 & Co 7 1/2	Tacna	390	\$ 938,000	\$ 2,405
	Tacna	60	\$ 99,000	\$ 1,650
Solar Development Zone	Dateland	220	\$ 219,780	\$ 999
Solar Development Zone	Dateland	320	\$ 319,680	\$ 999
1mi. From Solar Plant	Dateland	160	\$ 159,840	\$ 999
Ave, 61 E	Dateland	120	\$ 140,000	\$ 1,167
No. 10th St.	Dateland	160	\$ 240,000	\$ 1,500
57 1st & Hyder	Dateland	79	\$ 119,900	\$ 1,518
Ave. 73E & Co. No. 5th	Dateland	240	\$ 456,000	\$ 1,900
Butterfield Road	Dateland	640	\$ 1,280,000	\$ 2,000
Average		226	378,836	1,557
Source: Loopnet, Brokers, Realty.com				

Yuma II

Yuma II, as noted earlier, is remote, inaccessible and has no development potential in the foreseeable future. Therefore, we have placed a minimal value on the property.

Yuma III

Yuma III consists of two parcels: one that is remote (293 acres) and the other slightly less so (26 acres) in that it is near an intersection of Highway 80 and Avenue 24E (and can't legally access it). That said, the 26 acres are 4.5 miles west of downtown Wellton and virtually inaccessible.

Below is an exhibit that shows pricing of land for sale that is comparable to the Yuma III properties.



Land for Sale Tacna/Dateland Arizona			
City/Village	Acres	Price	\$/Acre
Tacna	160	\$ 59,000	\$ 369
Dateland	40	\$ 19,000	\$ 475
Tacna	80	\$ 40,000	\$ 500
Tacna	314	\$ 157,500	\$ 501
Tacna	314	\$ 157,500	\$ 502
Dateland	40	\$ 27,000	\$ 675
Average	158	\$ 76,667	\$ 504
Source: Loopnet, Brokers, Realty.com			

Estimated Value Range Summary:

Yuma I has a value range of \$200,000 to \$250,000; Yuma II \$190,000 to \$230,000 and Yuma III \$150,000 to \$170,000.



Summary of Xpera Group Estimated Value Range Yuma Properties SEC v. Schooler			
Properties	Yuma I	Yuma II	Yuma III
Partnership Name	Yuma I	Yuma II	Total - Yuma III
	Gila View	Desert View	Mountain View
	Painted Desert	Sonora View	Ocotillo
	Snow Bird	Mesa View	Cactus Ridge
		Road Runner	Mohawk Mountain Partners
Assessor's Parcel Number	652-110-04-00	652-110-08,09,10,11	188-14-001,2,5 & 200-08-009
Acreage	131.71	787.67	293.14
Xpera Group Valuation			
Low			
Estimated Value Range	\$ 200,000	\$ 190,000	\$ 150,000
\$/Acre	\$ 1,518	\$ 241.22	\$ 511.70
\$/Sq.Ft.	\$ 0.03	\$ 0.01	\$ 0.01
High			
Estimated Value Range	\$ 250,000	\$ 230,000	\$ 170,000
\$/Acre	\$ 1,898	\$ 292.00	\$ 579.93
\$/Sq.Ft.	\$ 0.04	\$ 0.01	\$ 0.01

Xpera Group Suggested Strategy

We see no benefit in holding the lands. The growth in value will not exceed the cost of holding the lands. Therefore, we recommend that the land be offered for sale by a knowledgeable and experienced land broker in the Yuma area. We would place all the properties with one broker in order to provide the impetus for a spirited marketing campaign.

Anticipate that the land, priced as estimated above, will require two to three years to sell.



Although the results, conclusions and recommendations contained within this consultant's report are based upon a thorough review and analysis of current competitive market conditions and the expertise of the author, Consultant does not in any way represent, warrant or guarantee that any reported results will be achieved as a result of various reasons, including but not limited to the sensitivity to ever-fluctuating market conditions and the efficiency of a Client and its representatives, agent, employees, successors and assigns.