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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. LOUIS V. SCHOOLER and FIRST FINANCIAL PLANNING CORPORATION d/b/a WESTERN FINANCIAL PLANNING CORPORATION, Defendants.	Case No. 3:12-cv-02164-GPC-JMA **RECEIVER'S REPORT AND RECOMMENDATIONS REGARDING GENERAL PARTNERSHIPS** Date: January 23, 2015 Time: 1:30 p.m. Ctrm.: 2D Judge: Hon. Gonzalo P. Curiel

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Thomas C. Hebrank ("Receiver"), Court-appointed receiver for First Financial Planning Corporation d/b/a Western Financial Planning Corporation ("Western"), and its subsidiaries and affiliates (collectively, "Receivership Entities"), submits this Report and Recommendations Regarding General Partnerships ("Report").

I. INTRODUCTION

Having carefully considered the Court's comments at the October 10, 2014 and October 15, 2014 hearings, the Court's Order re Investor Hearing ("Order") and prior orders in the case, the facts and circumstances of the General Partnerships ("GPs"), and with the goal of treating all investors fairly and equitably, the Receiver makes two alternate proposals for releasing GPs from the receivership under certain terms and conditions.

The first proposal follows the Court's comments at the October 15, 2014 hearing regarding an evaluation of whether each GP is "financially healthy" enough to be released from the receivership. The second proposal, which is a separate alternative, allows investors who want to manage their GPs and be released from the receivership to buy out investors who want to take a cash payment and to be out of their GPs.

The Receiver also recommends and requests approval of procedures for the sale of GP properties the Court determines should be sold. Finally, the Receiver recommends and requests authority to transition the administration of the GPs from Alice Jacobson and Beverly Schuler ("Partnership Administrators") to a new administrator, who will provide independent, superior service to the GPs and investors at significantly less cost.

The Court instructed the Receiver to provide "[a]ny other information that the Receiver believes is appropriate to consider regarding releasing or maintaining the receivership over any of the GPs." Order, § 4.f. Accordingly, before laying out the details of the Receiver's two alternate proposals, key factors and legal principles that should be considered in evaluating the proposals are discussed.

II. KEY FACTORS

A. The Other Investors

At the October 10, 2014 hearing, the Court heard from a vocal group of investors aligned with Defendant Louis Schooler. These investors have been told by Schooler, his counsel, the Partnership Administrators, the purported committee, and others aligned with Schooler ("Schooler Group") that the Receiver is charging them exorbitant fees, has unilaterally obtained appraisals at their expense, has unilaterally settled litigation they were likely to win, has given away their property, intends to fire sell their properties, and has refused to sign listing agreements, thereby costing them millions in lost opportunities. Of course, these are all lies, as the Court well knows.

Unfortunately, most investors in this case have not reviewed the reports and other important information about their GPs posted on the receivership website. As a result, they are more susceptible to being influenced and manipulated by lies and misinformation. This has gone on throughout the case. The Court has previously observed "the misstatements of fact and confusion in the letters the Court has received" (Dkt. No. 470, p. 22) and that prior communications from Schooler to investors have demonstrated "an effort by Schooler to guide and influence the actions and perceptions of investors" (Dkt. No. 549).

Perhaps more receivership resources should have been expended in mailing reports directly to investors rather than making them available on the receivership website. The Receiver's intention was to conserve receivership resources for the benefit of investors – a primary objective of the receivership. Regardless, the fact that Schooler has effectively manipulated some investors into believing the receivership is harming them should not be the basis on which to make complex decisions that determine the outcome for investors.

Moreover, it is clear many investors do not accept or agree with the Schooler Group's positions. The Receiver and his staff have communicated with hundreds of investors throughout the case. Most of them have not reviewed the information in the Real Estate Valuation Report about their GPs (Dkt. No. 203). Once they do, they are outraged by the amount they paid in relation to the amount Schooler paid for their GP property, and shocked and dismayed to learn the appraised value of the property. Most of these "Other Investors" had no intention of managing a GP when they invested (many of them believed they were investing in Western or a limited partnership) and they have no desire to manage a GP now. Nor do they have any desire to remain personally liable for the debts of the GP. The sentiment these investors repeatedly express is they want their money back and to be done with the investment. Declaration of Thomas Hebrank filed herewith ("Hebrank Decl."), ¶ 2.

Some of these Other Investors have spoken up and their statements are in the record or in written communications with the Receiver, including Roy Honig (Dkt. Nos. 290, 552-3), Robert Centanni (Dkt. No. 552-1), Eleanore Gorwin (Dkt. No. 552-2), Scott Schwering (Dkt. No. 552-4), Unnamed Dissenting Opinion in Osprey Partners Brief (Dkt. No. 695), Scott Gessner (Dkt. Nos. 762, 763, 764, 767, 800-2), James and Karen Miller (Dkt. No. 784-1), Kathleen Cavanagh (Dkt. No. 766), Joyce Genna (Dkt. No. 765), James Schropp (Dkt. No. 796), Steve Madsen (Dkt. No. 798), Jonathan Tang (Dkt. No. 802), Darren Scott (Dkt. No. 806), Lynda Sands, Tariq Khan, Vincent Velasquez, Eric Waln, Don Lind, Frank Del Boca, James Thompson, Daniel Esparza, Jaimie Davis, Gwen Wolf-Iwanowski, Mark Iwanowski (Hebrank Decl., Exhibits A, B). These declarations, letters, and emails are in the investors' own words, as opposed to a form provided by someone else.

Other investors have felt intimidated and afraid to speak out in opposition to the Schooler Group – the result of the Schooler Group's efforts to marginalize investors with different views. The way in which these Other Investors viewed the investment to begin with – as one where they could simply wait and receive a check once the property was sold – may also be a factor in their passive role in the receivership. *See* Dkt. No. 552-4 ("My understanding was that Louis Schooler would make all of the decisions, and I would basically just sit back and wait for a check to come in."). Regardless, their interests are no less important than those of investors in the Schooler Group and, in fact, the more passive investors likely make up the majority of the investor population as demonstrated by the fact that less than a majority of investors voted during the balloting initiated by the Schooler Group.

B. The Receivership Estate

Other than what investors recover from their GP, which will be small fraction of their investments, their only source of recovery will be the assets of the receivership estate. The Receiver's Forensic Accounting Reports, Part One and Two (Dkt. Nos. 182, 504), show that from the final 13 land sales (there are 23 properties owned by the GPs), a total of approximately $108 million was raised from investors, $80 million of which went directly to Western. The $80 million was then used by Schooler to pay himself and his entities approximately $28 million, pay approximately $30 million in payroll and sales commissions to sales agents, and pay approximately $20 million in operating expenses. The total amount raised from investors for all 23 land sales is $157,969,067. Therefore, the amount obtained from investors is actually substantially higher than $80 million.

The primary objective of the receivership should be to recover as much of the money taken from investors as possible and return those funds to investors. The receivership estate holds the assets of Western and its affiliated entities, including Western's interests in the GPs, loans Western made to the GPs and other entities, and claims and causes of action against third parties. In light of the Court's determination that the GP units are securities, it is very possible Schooler will be ordered to disgorge monies and that such monies will be distributed to investors by the Receiver. The recovery the receivership estate will provide to investors cannot be quantified at this stage, but it will be the only recovery for investors other than what they get from their GP. Even so, the recovery will be only a fraction of their investments.

C. Investor Claims

In cases where investors have suffered losses, there are serious allegations of fraud, and the assets of the receivership estate are insufficient to provide a full recovery for investors, investor claims against the receivership estate are calculated based on their net losses.[1] *See Commodity Futures Trading Commission v. Hoegh*, 205 F. 3d 1107, 1115 (9th Cir. 1999). Determining each investor's claim is the only way to fairly apportion the assets of the receivership estate. Receivership estate assets are preserved and protected by the receiver, pending a determination of the underlying fraud allegations and the proper amounts of investor claims. *1 Clark on Receivers* § 46 (3rd Ed. 1992) (explaining that appointment of a receiver is an equitable remedy where the receiver takes possession of property "pending the court's final adjudication as to some controversy concerning the property, or concerning the appropriation of the property to pay claims."), § 51 ("the purpose of the appointment of a pendente lite receiver is to preserve the property pending the final outcome of the case."). Releasing receivership assets before deciding whether investors were defrauded is premature, extremely difficult to accomplish in a way that is fair and equitable to all investors, and unnecessarily limits the recovery of investors who are released.

Here, the fraud determination potentially changes the relationship between investors and their GPs and the GPs and Western. The validity of partnership agreements, investor notes, GP notes, and other governing documents could be substantially altered. Enforcing those corporate structures and contractual obligations may make little sense if investor monies were obtained by fraud.

[1] There are two commonly used distribution methodologies – net loss and rising tide – but the first step of determining investor claims requires calculating each investor's net loss.

Regardless, making complicated decisions about the release of receivership assets before deciding whether investors have been defrauded is unnecessary, especially when summary judgment motions regarding the Commission's fraud claims must be filed in less than 60 days from the hearing date on this Report. Dkt. No. 850 (setting the last day to file motions as March 13, 2015).

The message potentially sent to investors is also troubling. It is one thing to tell investors payments should be made to their GP on an interim basis to keep the GP afloat while the Court determines whether fraud occurred. Such payments are necessary to preserve the status quo and avoid investors suffering greater losses. It is very different to tell investors their GP is "financially healthy," is therefore being released from the Court's supervision and protection, and they should make further payments to their GP outside the receivership. Having received such a ruling and followed the Court's instruction, investors would be understandably upset and confused to then be told they were defrauded.

The Receiver made a proposal last year that would have allowed GPs to vote whether to retain their properties and be released from the receivership on certain conditions or sell their properties. After further consideration, and for the reasons discussed above, the Receiver acknowledges that proposal was premature. Keeping the GPs in receivership pending the Court's determination of whether fraud occurred does them no harm – they are protected from creditors, their bills are paid, they pay nothing to the Receiver or his counsel, and the Receiver and the Court can react promptly to any offers to purchase their properties, as has been done with respect to Silver State Partners.

The Court asked investors who spoke at the October 10, 2014 hearing how the receivership was harming them. Every reason given in response was based on an outright falsehood, including the main reason cited by every investor – that they are paying Receiver fees and legal fees. This is completely untrue no matter how you twist the facts and was obviously told to investors to anger and manipulate them.

Nevertheless, assuming the Court intends to move forward with deciding which GPs should be released and on what conditions, it should be aware there will be no way to fairly apportion receivership estate assets to investors in GPs that are released. Those investors' losses cannot be determined until the GP has sold its property interest and investors have received their distribution. This may happen years down the road and well after distributions from the receivership estate are made. Further, the Court will have no control or supervision over GPs that have been released or the timing or amount of distributions they make to their investors. Therefore, the recovery for investors in GPs that are released must be limited to the assets of their GP, which means those investors lose the opportunity to share in the recovery from the receivership estate.

III. LEGAL PRINCIPLES

"The power of a district court to impose a receivership or grant other forms of ancillary relief does not in the first instance depend on a statutory grant of power from the securities laws. Rather, the authority derives from the inherent power of a court of equity to fashion effective relief." *SEC v. Wencke*, 622 F.2d 1363, 1369 (9th Cir. 1980). The "primary purpose of equity receiverships is to promote orderly and efficient administration of the estate by the district court for the benefit of creditors." *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir 1986). As the appointment of a receiver is authorized by the broad equitable powers of the court, any distribution of assets must also be done equitably and fairly. See *SEC v. Elliot*, 953 F.2d 1560, 1569 (11th Cir. 1992).

District courts have the broad power of a court of equity to determine the appropriate action in the administration and supervision of an equity receivership. See *SEC v. Capital Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005). The Ninth Circuit explained:

> A district court's power to supervise an equity receivership and to determine the appropriate action to be taken in the administration of the receivership is extremely broad. The district court has broad powers and wide discretion to determine the appropriate relief in an equity receivership. The basis for this broad deference to the district court's supervisory role in equity receiverships arises out of the fact that most receiverships involve multiple parties and complex transactions. A district court's decision concerning the supervision of an equitable receivership is reviewed for abuse of discretion.

Id. (citations omitted); see also *Commodities Futures Trading Comm'n. v. Topworth Int'l, Ltd.*, 205 F.3d 1107, 1115 (9th Cir. 1999) ("This court affords 'broad deference' to the court's supervisory role, and 'we generally uphold reasonable procedures instituted by the district court that serve th[e] purpose' of orderly and efficient administration of the receivership for the benefit of creditors."). Accordingly, the Court has very broad equitable powers and discretion in the administration of the receivership estate and disposition of receivership assets.

The Court's broad equitable powers in the administration of the receivership and the disposition of receivership estate assets are not confined by contractual rights of investors. The Ninth Circuit's decision in *SEC v. American Capital Investments, Inc.*, 93 F.3d 1133 (9th Cir. 1996) is instructive. In *American Capital Investments*, the Receiver proposed to sell property owned by a limited partnership in which the defendant ("ACI") was a general partner. The sale was opposed by the limited partners ("Investors"), "who believed that holding the properties until the real estate market improved would realize a higher return." *Id.* at 1137. The district court approved the sale and the Investors appealed.

The Ninth Circuit affirmed, finding that the district court had the equitable power to confirm the sale irrespective of the partnership agreements or state law. *Id.* at 1143-45 (*citing SEC v. American Principals Holding, Inc. (In re San Vicente Medical Partners Ltd.)*, 962 F.2d 1402, 1406 (9th Cir. 1992)). The Ninth Circuit explained:

> In *San Vicente*, the district court ordered administrative expenses of an SEC receivership to be taxed to a limited partnership in which the receivership corporation was General Partner. The limited partners appealed, contending that the partnership agreement barred the General Partner from directing any such payments. In affirming, we rejected the limited partners' argument that the partnership agreement controlled under 28 U.S.C. § 959(b), which required the receiver to "manage and operate the property in his possession . . . according to the requirements of the valid laws of the State in which such property is situated, in the same manner that the owner or possessor thereof would be bound to do if in possession thereof." *Id.* at 1408.
>
> We first observed that "generally, federal courts enjoy wide discretion in fashioning relief and protective measures in SEC actions . . . ." *Id.* at 1406. We further held that the receivership order impliedly included not only the defendant corporation's property but also the limited partnership's property within the receivership estate. Id. at 1407. The district court had power to do so where there were sufficient contacts with the forum and notice and opportunity to participate. *Id.* at 1408.
>
> Ultimately, we held that the receiver was not acting as the agent of the General Partner and thus required by § 959(b) to assume the General Partner's role and legal relationship to the limited partnership. *Id.* at 1409. Rather, the receiver was acting as an officer of the court who directly controlled the limited partnership's property under the authority of an equity receivership. *Id.*
>
> *San Vicente* supports the district court's exercise of jurisdiction in the case at bench. Appellants do not contest that there were minimum contacts between the forum and themselves, the partnerships, and the partnership property. Nor do they contest that there was notice and an opportunity to be heard. Here, the appointment order gave the Receiver possession and control of all assets "belonging to or in the possession or control of ACI and its . . . affiliates." (Emphasis added.) The partnership assets clearly fell within the scope of this order. The Receiver was therefore "vested with complete jurisdiction and control of all such property . . . ." 28 U.S.C. § 754 (emphasis added).

Id. The Ninth Circuit went on to explain that the district court had the power to confirm a sale based on its complete control over receivership assets:

> In selling the properties, the Receiver was exercising that "complete control." The Receiver was not acting as agent of ACI, the ousted General Partner. Consequently, neither the partnership agreement nor the California law of

partnerships applies. There is no conflict with § 959(b), just as there was none in *San Vicente*.

It is true that *San Vicente* did not involve the receiver's conveyance of title to partnership real property. Nonetheless, we conclude that the power of sale is within the scope of a receiver's "complete control" over receivership assets under § 754, a conclusion firmly rooted in the common law of equity receiverships.

First, we follow the oft-cited general principle that "the district court has broad powers and wide discretion to determine the appropriate relief in an equity receivership." *SEC v. Lincoln Thrift Ass'n*, 577 F.2d 600, 606 (9th Cir. 1978). As we have previously stated:

> Unless a statute in so many words, or by a necessary and inescapable inference, restricts the court's jurisdiction in equity, the full scope of that jurisdiction is to be recognized and applied. "The great principles of equity, securing complete justice, should not be yielded to light inferences, or doubtful construction."

Reebok Int'l v. Marnatech Enter., Inc., 970 F.2d 552, 561-62 (9th Cir. 1992) (*quoting Brown v. Swann*, 35 U.S. (10 Pet.) 497, 503, 9 L. Ed. 508 (1836)). Second, the leading treatise on the law of receiverships teaches:

> It is generally conceded that a court of equity having custody and control of property has power to order a sale of the same in its discretion. The power of sale necessarily follows the power to take possession and control of and to preserve property, resting in the sovereignty and exercised through courts of chancery, or courts having statutory power to make the sale.

2 Clark on Receivers § 482 (3d ed. 1992) (emphasis added) (citing Shedd, 121 U.S. at 87). Clark also teaches that a receiver's sales do not even purport to convey "legal" title, but rather "good," equitable title enforced by an injunction against suit. *See 2 Clark on Receivers* §§ 342, 344, 482(a), 487, 489, 491.

> When a court of equity orders property in its custody to be sold, the court itself as vendor confirms the title in the purchaser. Neither the court nor [the receiver] gives a legal title to the purchaser because neither the court nor its officer has legal title to give . . . . A court of equity acts by a process of injunction against the owner and against the

> parties to the suit and protects the purchaser against interference and assures him a quiet title and quiet enjoyment.
>
> *Id.* at § 487. *See also* 3 Id. § 920 ("When a receiver of a partnership sells property he sells as the arm of the court and not as holder of the legal title").
>
> The JH sale thus was proper under the common law of equity receiverships and the reasoning of San Vicente.

Id.

Here, the Court has determined the GP units sold by Defendants are securities, and therefore that Defendants controlled the GPs. Dkt. Nos. 583, 634. This, by itself, is sufficient under *San Vicente* to properly place the GPs in receivership. Moreover, investors have been given notice and numerous opportunities to be heard in the form of their letters, briefs, and oral arguments. Accordingly, there is no question the Court has jurisdiction over the GPs, they are properly in the receivership, and the Court has complete control over all GP assets.

The Court's broad equitable powers to administer the receivership and determine the proper disposition of receivership assets are not limited to what the GP partnership agreements allow. As *San Vicente* and *American Capital Investments* demonstrate, the Court, in the exercise of its equitable powers, can order relief that conflicts with the terms of partnership agreements and other contracts, including the power to sell partnership assets over the objection of investors. "[N]either the partnership agreement nor the California law of partnership applies" to limit the Court's equitable power to sell the property under receivership. *American Capital Investments, Inc.*, 93 F.3d at 1144.

IV. FINANCIAL DATA IN PROPOSALS AND EXHIBITS

Before getting to the Receiver's proposals, it is important to recognize that much of the financial data below and in the exhibits represents a snap shot in time. Cash balances, expenses, outstanding balances on notes and mortgages, and other figures discussed below and in the exhibits change from week to week and month to month. The hearing on the Report is scheduled for January 23, 2015, and the Court will presumably issue an order shortly thereafter. The figures for each GP will undoubtedly change somewhat between now and the Court's order. To the extent the Court decides to move forward with allowing GPs to be released from the receivership, the Receiver's proposals below include that investors be mailed an information packet with updated financial information about their GP such that the financial data is as current as reasonably possible and they can cast their votes with the benefit of that financial data.

V. FIRST PROPOSAL

Pursuant to the Court's comments at the October 15, 2014 hearing and the instructions in the Order, the Receiver has updated the information contained in the original "WFP GP Valuation Analysis", Dkt. No. 203-2 ("Original Valuation Spreadsheet"). The Receiver has also added information that was not in the Original Valuation Spreadsheet, per the Court's instructions. The updated spreadsheet is attached hereto as Exhibit A ("Updated Valuation Spreadsheet").[2]

The Receiver has also created a spreadsheet that shows the projected cash balance of each GP at the end of 2015 based on its cash on hand as of September 30, 2014 and its projected operating expenses between now and the end of 2015. Pursuant to the Court's comments regarding an evaluation of the financial health of each GP, this spreadsheet also shows the amount each GP would need to raise to pay off its debts to Western, payoff its past due property taxes (if any), and sustain its operations through the end of 2015. Based on their ability to pay off their debts and sustain their operations, the GPs have been put into categories – A, B, or C. The spreadsheet showing these figures and categories is attached hereto as Exhibit B ("Financial Health Analysis").

[2] Due to the amount of information contained on Exhibit A and the requirement that it be filed on 8.5 x 11 paper, the font is very small and difficult to read. The Receiver will post a version on 8.5 x 14 paper on the receivership website that will be easier to read. A hard copy of the 8.5 x 14 version will also be delivered to chambers.

A. <u>Categories A, B, and C</u>

Referring to the Financial Health Analysis, co-tenancies in Category A are those made up of GPs that can all pay off their debts and cover their projected operating expenses through the end of 2015 ("2015 Operations") without raising significant capital from their investors. There are seven properties (or co-tenancies) in Category A.

Co-tenancies in Category B are made up of GPs that can pay off their debts and sustain their 2015 Operations only if they raise a specific amount from their investors ("Payoff Amount"). The Payoff Amount that must be raised is reflected in parenthesis in the column entitled Net Cash/Deficit. If the amount listed in the Net Cash/Deficit column is positive, *i.e.* not in parenthesis, the GP can pay off its debts and sustain its 2015 Operations without raising money from its investors. In addition, to qualify for Category B, the Payoff Amount for the GP must be less than the estimated net proceeds from a sale of its property interest based on the appraised property value and estimated closing costs from the Original Valuation Spreadsheet ("Estimated Net Sale Proceeds"). There are 15 co-tenancies in Category B.

If the Payoff Amount is greater than the Estimated Net Sale Proceeds, then the GP is in Category C. Placement in Category C reflects the fact that in order to sustain itself for 2015 alone, the GP would need to raise more money from its investors than its property interest is worth. There are three co-tenancies in Category C.

Note, the figures in the "Est. Proceeds from Land Sale" column on the Financial Health Analysis reflect only the estimated net proceeds from the sale of a GP property interest and do not represent a gain or loss on the investment. In almost all cases, the estimated net sale proceeds result in a dramatic loss for investors.

B. Co-Tenancies with GPs in Different Categories

Each GP is bound to the other GPs in its co-tenancy due to their ownership of undivided interests in the same property. For purposes of determining financial health, each co-tenancy should be considered only as financially healthy as its least healthy GP. The failure of any one GP to pay its share of the mortgages, property taxes, and insurance premiums puts the entire co-tenancy at risk.

The Santa Fe co-tenancy illustrates this point. Two of the Santa Fe GPs (Pueblo Partners and Pecos Partners) would be in Category A by themselves and one GP (Sante Fe View Partners) is in Category C. The Santa Fe property as a whole is underwater on it mortgages. The Santa Fe View investors should not be asked to raise the $32,194 Payoff Amount when the property is underwater. Although Pueblo and Pecos can pay their 2015 operating expenses from cash on hand, their cash should not be used to "prop up" Santa Fe View when the property is underwater. Accordingly, the Santa Fe co-tenancy is in Category C and should be moved to an orderly sale process.

C. Payoff of GP Debts

In order to be deemed financially healthy enough to be released from the receivership, all GPs in a co-tenancy should be required to pay off their debts to Western, their past due property taxes, and be able to sustain their 2015 Operations. Note, this does not include raising a "rainy day" or "contingency" fund to cover shortfalls in operating expenses. The debts to be paid off include:

- **GP Notes Less Outstanding Balances on Mortgages**. GPs should be required to pay the amount they owe on their notes to Western less the amount Western owes on mortgages for their properties. As a reminder, the GP Notes (listed in the column entitled GP Notes Payable as of 10/1/14) are loans Western made to the GPs so the GPs could provide financing to investors when investors purchased their GP units. GPs that are released from the receivership should assume sole responsibility for the mortgages on their properties from the date of their release forward. If they were to remain in the receivership, Western would pay the mortgages. Therefore, the outstanding balance on mortgages (listed in the column entitled Mortgages as of 10/1/14) should be deducted from the GP Notes balance in calculating the proper amount GPs must raise to pay off their GP Notes.

- **Shortfall Loans**. Amounts GPs borrowed from Western to cover shortfalls in meeting their operating expenses.
- **Past Due Property Taxes**. Amounts GP owe in past due property taxes. No GP that has past due property taxes should be considered financially healthy. Without the protection of receivership, their property interests could soon be lost via foreclosure.

As noted above, the Payoff Amount for each GP is listed in parenthesis under the column entitled Net Cash/Deficit. If the amount listed under the Net Cash/Deficit column is positive, *i.e.* not in parenthesis, the GP can pay off its debts and sustain its 2015 Operations without raising any money from its investors.

D. <u>Western's Interests in the GPs</u>

The Receiver proposes that Western's interests in the GP properties be liquidated when the GPs sell their properties or at the end of three years from the date the GP is released from the receivership, whichever comes first. However, Western's proportionate share of the GP cash on hand would be paid to Western upon release of the GP from the receivership. This gives the GPs that are released time to sell their properties or, alternatively, to raise a reserve of capital sufficient to buy out Western's interests. The Schooler Group contends the 2013 appraisals substantially underestimate GP property values. By that logic, the GPs get to buy out Western's interests at a discount.

Although Western's interests in the GPs continue for up to three years, once a GP is released, Western must have no obligation to pay operational bills and no liability for GP debts. Investors who pay their operational bills should continue to accrue additional GP units for doing so, as they historically have. Other than this ordinary course accrual of units, however, the GPs should be prohibited from taking actions to eliminate, diminish, or otherwise impair Western's interests in the GPs. Western will not have a vote in any GP decisions and will not share in the potential appreciation of the property as a true investor. Rather, the liquidation of Western's interests is simply deferred to allow the GPs more time to sell or buy Western out.

The Receiver is not suggesting the receivership continue for three years waiting to see if GPs sell their properties or buy out Western's interests. Rather, once the GPs that move to an orderly sale process have sold their properties, the Receiver will propose a distribution of cash in the receivership estate to investors whose GP units have been liquidated. At that point, these investors' losses from their GP investments will be readily calculable. The Receiver will then seek authority to put the remaining unliquidated assets of the receivership estate, including Western's interests in the GPs that have been released, into a liquidating trust that will collect and distribute funds to investors as long as there are valuable assets to be liquidated. Once the liquidating trust has been approved by the Court, the Receiver will seek to terminate the receivership and be discharged.

E. Collections on Operational Bills

The amounts billed to and collected from investors in each GP since November 2013 are listed on Exhibit C. On average, GPs have collected 30% of the amounts billed to their investors since November 2013.[3] The collection percentage for each GP is also reflected on the Financial Health Analysis (Exhibit B).

[3] The Receiver previously advised the Court that the rate of collections on operational bills was approximately 43%. This is accurate for the operational bills that went out in November 2013. Since that time, additional operational bills have gone out to investors. The total rate of collections since November 2013, including operational bills issued in 2014, is currently 30%.

As a result of the low collection rate, it has become the practice of the Partnership Administrators to bill investors each year for three years worth of projected GP expenses with the expectation they will collect enough to cover one year of expenses. Bills are then sent out the next year for expenses for another three years, two of which were included in the prior year's bill. In other words, investors are being sent multiple bills for the same expenses and, on average, less than a third of investors are paying. ***This indicates only about 30% percent of investors are prepared to contribute the capital necessary to sustain their GPs and that, on average, GPs will be unable to raise 70% of the funds required to sustain their operations.***

F. <u>Information Packets and Voting</u>

As discussed above, most investors are still unaware of the basic facts regarding their GP property interests, including how much Schooler paid for the property, how much their GP paid for the property, the 2013 appraised value, the cash on hand in the GP bank account, and the projected expenses for their GP. The Court had intended the Receiver to send out an information packet when it entered its August 16, 2013 Order. That did not happen because of Defendants' appeal, meaning investors never got that important information. With the exception of GPs in Category C (which is discussed below), all investors should have the facts about their GP in front of them and should cast their vote whether to retain or sell their properties.

The Receiver recommends the information packet previously ordered by the Court be used, with one significant addition. Considering that the 2013 appraisals are now more than a year old, the Receiver recommends that proposed listing agreements be solicited from licensed brokers in the areas surrounding each GP property. At least one proposed listing agreement for each property, and preferably two or three, should be included in the information packet so investors can see their recommended list prices in today's market.

There are many good reasons for all GPs to sell rather than retain their properties, including GPs in Category A. Whether any GP property will appreciate in value more than the GP has to pay in operating expenses is unknown. A perfectly rational decision under the circumstances would be to cut one's losses, sell, recover what one can, and move on. Moreover, as discussed above, many investors never wanted to be part of a GP, have no desire to manage a GP, and do not want their personal assets potentially liable for GP debts. Many investors feel swindled and simply want to put the entire investment behind them. Therefore, all GPs in Categories A and B should be mailed an information packet with a ballot asking them to vote whether to retain and be released, taking on all liabilities, or sell their GP property via the orderly sale process laid out below.

For co-tenancies in Category A, if a majority of investor interests in all GPs in the co-tenancy vote to sell, the entire co-tenancy should move to an orderly sale process. If not, the entire co-tenancy should pay off its debts as laid out above and be released from the receivership.

For co-tenancies in Category B, investors should be advised that voting to retain their property necessarily means raising the Payoff Amount. The Payoff Amount will be specified in the information packet. As with Category A, if a majority of the investor interests in all GPs in a co-tenancy vote to sell, the co-tenancy should move to an orderly sale process. If not, the GPs should be given a set period of time – the Receiver suggests 90 days – to raise the Payoff Amount. If all GPs in a co-tenancy raise their Payoff Amounts, their debts should be paid off and they should be released from the receivership. If not, monies raised toward the Payoff Amount should be returned to the investors from whom they came and the entire co-tenancy should move to an orderly sale process.

For co-tenancies in Category C, the Receiver recommends the entire co-tenancy be moved to an orderly sale process without any votes. It would be inequitable to demand further money from investors in co-tenancies in Category C other than what is necessary to pay insurance premiums, administrator fees, and tax returns until their property is sold. In the meantime, investor losses should be minimized to the extent possible while protecting investors from liability for unpaid GP debts. The only recovery for investors in Category C will be from the receivership estate.

G. The Stead Property

Western was in the midst of selling units in the third of four GPs intended to own the Stead Property. Two GPs, P-39 Aircobra Partners and P-40 Warhawk Partners, closed prior to the receivership and each own an undivided 25% interest in the property. The other two GPs did not close, meaning Western (via P51, LLC) still owns the other undivided 50% interest. Although P-39 Aircobra and P-40 Warhawk are in Category B, the property cannot be released from the receivership until the issue of Western's undivided 50% ownership is resolved.

H. Complicating Factors

The Court instructed the Receiver to provide "[n]otice of anything that would significantly complicate the ability of a GP to manage its property, including but not limited to: tenants, water rights, mineral rights, and legal proceedings." Order, § 3.f. Attached hereto as Exhibit D is a list of GPs organized by co-tenancy with a discussion of issues that complicate management of the property. As discussed below in Section VIII, the Receiver recommends and requests authority to transition the administration of the GPs from the Partnership Administrators to Lincoln Property Company, a professional property management company ("Lincoln"). Provided that recommendation is approved and Lincoln will be able to assist the GPs in addressing the issues described in Exhibit D, the Receiver does not believe the complicating issues warrant changes to the categorization of GPs reflected in the Financial Health Analysis. This is not to say the issues are not important and don't have a significant potential affect on the GPs – they definitely do – but with Lincoln available to guide and assist the GPs, they should be able to adequately address the issues, including engaging outside professionals as necessary.

VI. SECOND PROPOSAL

The Receiver's second proposal, an alternative to the first proposal, is designed to allow those in the Schooler Group to retain the GP properties and the Other Investors to receive a cash payment and get out of their GPs. As in the first proposal, each investor is mailed an information packet about their GP and a ballot. Under this proposal, however, the issue the ballot asks investors to vote on is different. Investors vote if they want to (a) remain in their GP, or (b) receive a cash payment in the amount of their share of GP assets and get out of their GP. Those who vote to remain in their GP (*i.e.* the Schooler Group) can then buy out those who vote to get out (*i.e.* the Other Investors). Once the buyout occurs, the GP is released from the receivership with, as a result of the buyout, a population of investors who share a desire and commitment to the success of the GP.

Once the ballots have been collected and the votes have been tallied, the buyout works as follows:

- The Receiver sets up a separate buyout account for each GP ("Buyout Accounts").
- The amount of money necessary to accomplish the buyout is calculated based on the Other Investors' proportionate share of the cash on hand and Estimated Net Sale Proceeds, less amounts the Other Investors owe on personal notes to the GP for financing their investments ("Buyout Amount").
- Western is included in the Other Investor group that gets bought out, including repayment of the debts the GPs owe Western in the same manner as the first proposal. Like the interests of the Other Investors, Western's interests in the GPs are eliminated once the buyout occurs.

- Investors who do not send in a ballot are included in the Other Investor group, their interests are included in the Buyout Amount, and their interests in the GP are eliminated once the buyout occurs.
- The investors in the Schooler Group are then notified of the Buyout Amount and given 120 days to raise the money. The monies raised to the Receiver and get deposited into the Buyout Account.
- If the requisite amount is raised during the 120-day period, the buyout occurs – each of the Other Investors is issued a check for their respective share of the Buyout Amount and their interest in the GP are eliminated.
- The GP is then released from the receivership.
- If the Schooler Group investors fail to raise the Buyout Amount, the monies in the Buyout Account are returned to the investors from whom they came and the GP (along with its co-tenant GPs) moves to an orderly process.

As discussed above, each GP is bound to the other GPs in its co-tenancy due to their ownership of undivided interests in the same property. Therefore, all GPs in a co-tenancy must raise their respective Buyout Amount (which will be different for each GP based on the votes for each GP) so the co-tenancy as a whole can be released from the receivership.

The Schooler Group believes strongly in the potential values of the GP properties, wants to manage the GPs themselves, and are prepared to pay GP operating expenses until the properties appreciate in value. Under this proposal, they can do so and eliminate those who want out of their GPs and are unwilling to contribute more money. The Schooler Group simply needs to raise the capital to buy out the Other Investors such that each investor who wants out of the GP gets his or her proportional share of the cash on hand and Estimated Net Sale Proceeds.

The Schooler Group will no doubt argue these terms are unfair. Yet, they contend the 2013 appraisals substantially underestimate GP property values. By that logic, the Schooler Group gets to buy out the Other Investors' interests at a low price (the Estimated Net Sale Proceeds are based on the 2013 Appraisals). Investors in the Schooler Group get to eliminate the interests of the Other Investors, thereby increasing their own proportionate share in the GP and the potential appreciation of the property.

This proposal has some distinct advantages. It gives more investors the opportunity to get what they want. The Schooler Group investors get what they want – to be released from the receivership - and the Other Investors get what they want - a cash payment, to be out of their GPs, and to no longer be personally liable for GP debts. It also has the advantage of not forcing investors who want out of their GPs to stay in, with their personal assets remaining potentially liable for GP debts.[4] This is a very real and understandable concern for many investors. The financial condition of the vast majority of the GPs is not good. Finally, it leaves the GPs with investors who share a desire and commitment to the success of the GP. One investor couple recently e-mailed the Receiver proposing to buy out the units of investors who no longer want to be in their GP so the remaining investors "all have the same goal and can move expeditiously." Hebrank Decl., Exhibit B.

VII. ORDERLY SALE PROCESS

The process for selling GP properties in the receivership should include the following steps designed to obtain the highest and best price and allow investors to have input in the process:

- The Receiver will solicit proposed listing agreements from multiple qualified, licensed real estate brokers in the local area surrounding each GP property.

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[4] The first proposal has the potential to force investors who want to be out of their GPs to stay in if their GP is deemed "financially healthy."

- The Receiver will prepare a report on the proposed listing agreements received and circulate the report to investors with the proposed listing agreements attached, asking for their input on the proposed listing agreements. Investor responses can be provided by e-mail or mail.
- The Receiver will then make a recommendation to the Court regarding the engagement of a particular broker and will include the written responses received from investors with his recommendation. If the Court approves the recommendation, the Receiver will engage the applicable broker.
- When offers for properties are received, the Receiver will circulate those offers to investors with a recommendation regarding accepting the offer, making a counter-offer, or rejecting the offer. The Receiver will consult with the broker before making his recommendation to investors. Investor responses can be provided by e-mail or mail. After considering input from investors, the Receiver will make the appropriate response to the prospective purchaser(s).
- If an agreement on price is reached with a prospective purchaser, the Receiver will report the same to investors and execute a purchase and sale agreement, subject to overbid and Court approval.
- Once the prospective purchaser's contingencies (other than Court approval) have been removed, the Receiver will file a noticed motion seeking approval of the sale, overbid procedures, and payment of the broker's commission. Notice will be provided to all investors in all GPs with an interest in the property. The Receiver will include the written responses from investors to the prospective purchaser's offer with his motion, unless public disclosure of such responses would have a negative impact on the sale.

- The Receiver will instruct the broker to continue marketing the property to potential overbidders. If an overbid is received, the Receiver will request an auction take place at the hearing on the motion. If no overbid is received, the Receiver will request approval of the sale to the prospective purchaser.

This process will ensure the highest and best prices are obtained for GP properties, allow investors to have input in the process and the Court to consider their views, and allow GP properties to be sold in an orderly and efficient manner. The net sale proceeds will be held in GP accounts pending further order of the Court.

VIII. DAYTON III MINERAL RIGHTS

Based upon representations by Schooler and the Schooler Group, the Court, in the Order, instructed the Receiver to provide "information regarding the potential mineral rights, if any, on the property that remains owned by the Gold Ridge, Grand View, Rolling Hills, and Sky View GPs" ("Dayton III Property"). Order, § 2. On October 20, 2014, the Receiver's counsel sent an e-mail to Schooler's counsel asking Schooler to provide any information he has on the applicable mineral rights. Schooler's counsel did not respond to the e-mail.

The Receiver's counsel then contacted the Holley Driggs law firm in Las Vegas (formerly known as Cotton Driggs), which represented the four GPs in the condemnation case. Holley Driggs provided a copy of the August 2009 report generated by Dan Peressini, a Professional Civil Engineer in Nevada. The report is attached hereto as Exhibit E. Holley Driggs also provided the motion in limine to exclude Mr. Peressini's testimony filed by Sierra Pacific Power, as well as the four GPs' opposition thereto.

To summarize, in his report, Mr. Peressini estimated the Dayton III Property has sand and gravel reserves that, at that time, if extracted by a lessee of the mineral rights, could have produced between approximately $20.8 million and approximately $34.7 million in royalties to the property owner. Noticeably lacking from the report is any analysis of the unsatisfied demand for sand and gravel for large-scale construction projects in the area. There is also nothing in the report indicating the sand and gravel reserves on the Dayton III Property are uniquely situated or of a unique quality in the area. Accordingly, even if there was unsatisfied demand for sand and gravel in the area, there is no reason to think that demand would come to the Dayton III Property as opposed to other properties. Finally, there is no analysis of costs to the property owner or the time it would take to realize the estimated royalties. Ultimately, the court did not allow Mr. Peressini to testify regarding the value of the Dayton III Property.

In addition, the Dayton III Property is zoned for residential, meaning the zoning would have to be changed to permit mining. The Receiver recently contacted the licensed appraiser who provided the 2013 appraisal for the Dayton III Property. The appraiser explained that in 2013 the owner of a nearby property attempted to have the zoning of its property changed from residential to allow mining operations. The proposed change was rejected by the county planning commission. Accordingly, whether the zoning for the Dayton III Property could be changed to allow sand and gravel mining is unknown.

Finally, the Peressini report indicates the Northwest corner of the Dayton III Property should be the focal point of sand and gravel mining. The Northwest corner was included in the portion condemned and therefore is no longer owned by the GPs. Accordingly, the Receiver believes further receivership estate resources should not be spent in pursuing a lease of mineral rights for the remaining portion of the Dayton III Property.

IX. PARTNERSHIP ADMINISTRATORS

Regardless of whether the GPs are released from the receivership and on what conditions such release occurs, they should be transitioned to a new administrator. Throughout this case, the Partnership Administrators have repeatedly demonstrated their loyalty to Schooler, including taking actions that violate the partnership agreements when instructed to do so by Schooler, Gilman, and those aligned with them. The Court is aware of these actions, referring to them as "train wrecks" during the October 15, 2014 hearing. Dkt. No. It is not possible to recount every instance in which the Partnership Administrators have failed to properly carry out their duties, failed to respond to investor inquiries, or tried to undermine the objectives of the Receiver and the Court in order to advance Schooler's objectives. However, the list includes:

- Let the terms of nine GPs expire and did nothing to address the issue;
- When asked about the tenants living on the Stead property, said they know nothing about it and it was a “Louis” matter;
- Did not tell investors when their GPs took loans from Western to cover shortfalls in operating funds – investors had no idea these loans were taken and did not authorize their GPs to incur these debts. This was done at Mr. Schooler's direction.
- Without any authorization, gave investor contact information for all 86 GPs to the purported committee, whose members have interests in only 20 GPs;
- Have failed to respond to investor calls and emails and have had to be reminded repeatedly to respond promptly to investors. The Partnership Administrators' voicemail greeting often says not to leave a message;
- Do not work full time, or even five days a week, and often take time off without notice;
- Moved to offices provided by Mr. Schooler when Western had to move its offices. Mr. Schooler provides space to them rent-free and his name appears on their caller ID when they call;
- Intentionally delayed issuing operational bills in the fall of 2013, putting the GPs at further risk of being unable to pay their expenses.

This was done at the direction of Schooler so that GP account balances would remain low until Western's share of the cash was paid to the receivership;

- Ignored questions and requests from investors who opposed the actions of the purported committee and directed them to Dennis Gilman, who has no interest in their GPs;
- Have responded to investor questions by stating "you'll have to speak to my attorney, Phil Dyson" or "you need to speak to my attorney, Eric Hougen.";
- Were represented at their recent depositions by Eric Hougen;
- Delayed paying a property insurance premium for no reason, resulting in a cancellation notice from the insurance carrier;
- Failed to timely make property tax payments when the GPs had sufficient cash on hand to make the payments;[5] and
- Themselves own units is several GPs, are influenced by their own self-interests, and cannot act impartially.

The GPs would be much better off with an administrator with experience managing property, that works 40 hours a week, that responds properly and professionally to investor inquiries, that is not allied with Schooler, and that does not have a personal stake in the GPs. In addition, the OPADS investment tracking system used by the Partnership Administrators is antiquated, inefficient, and dependent on the former Western employee who built it to maintain it and generate data necessary for GP tax returns. The GPs should be transitioned to a more current, efficient property management and investment tracking system that will save them substantial sums.

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[5] The past due property taxes discussed above for certain GPs are separate and distinct from those discussed here. The tax payments reference here were made after the Receiver instructed the Partnership Administrators to make them and therefore are no longer owing.

Collectively, the GPs currently pay the Partnership Administrators $10,210 per month, or $122,520 per year. They also pay the two former Western employees who assist in gathering data necessary for tax returns $65,690 per year. Finally, Western pays Shannon Brookman, its last remaining employee, approximately $4,900 per month, or approximately $58,800 per year. The Receiver has inquired with several property management companies with experience in administering and managing properties for investors. Two companies declined the opportunity as being too complex, but one company, Lincoln Property Company ("Lincoln"), has offered to take on the role of partnership administrator for the GPs for $9,425 per month, or $113,100 per year. Lincoln would also handle Shannon Brookman's responsibilities at no additional charge.

Lincoln is a large, reputable property management company with extensive experience managing real property for investors. Information about Lincoln can be found at www.lincolnpropertycompany.com. The level of service and advice it can provide to the GPs, including its depth of knowledge in real estate matters, is vastly superior to the Partnership Administrators. It is especially important that co-tenancies being released from the receivership have Lincoln's experience and expertise in real estate matters available to them as they move forward.

Lincoln will also transition the GPs to a current, efficient property management and investment tracking system. The transition will cost only approximately $85 per GP and will eliminate the need for the two former Western employees to assist with tax returns, thereby saving the GPs $65,690 per year. The transition to Lincoln will reduce costs, improve the level of service to the GPs and investors, and give GPs a better chance of surviving outside the receivership. Accordingly, the Receiver recommends and requests authority to take the steps necessary to transition the GPs from the Partnership Administrators to Lincoln.

X. CONCLUSION

The Receiver submits this report and recommendations pursuant to the Order. For the reasons discussed above and in prior pleadings, the Receiver believes releasing GPs from the receivership is not in the best interests of investors and that do so before deciding whether investors were defrauded is particularly problematic. Nevertheless, pursuant to the Court's instructions, the Receiver submits the two alternate proposals laid out above as his best recommendations regarding how to evaluate and potentially release GPs in a way that treats investors as fairly and equitably as possible under the circumstances. Finally, the Receiver recommends and requests authority to take the steps necessary to transition the administration of the GPs from the Partnership Administrators to Lincoln.

Dated: November 21, 2014

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

By: /s/ Ted Fates
TED FATES
Attorneys for Receiver
THOMAS C. HEBRANK

EXHIBIT INDEX

EXHIBIT A

EXHIBIT A

UPDATED VALUATION SPREADSHEET

	Initial Land Purchase Price	GP Equity in Land: Amount Invested per GP	GP Notes Payable as of 10/1/14	Net Investment	Land Value Analysis: Appraised Value	Mortgages as of 10/1/14	Net Value	Over/Under Value	% Value
Fernley I									
Crystal Clearwater Partners (2011)	229,500	1,620,000	(61,238)	1,558,762	115,000	-	115,000	(1,443,762)	7.38%
High Desert Partners (2011)	229,500	1,650,500	(115,492)	1,535,008	115,000	-	115,000	(1,420,008)	7.49%
	459,000	3,270,500	(176,729)	3,093,771	230,000	-	230,000	(2,863,771)	7.43%
Silver Springs North									
North Springs (2007)	340,688	1,920,000	(39,183)	1,880,817	90,000	(34,528)	55,472	(1,825,344)	2.95%
Rawhide (2007)	340,688	1,977,500	(43,687)	1,933,813	90,000	(34,528)	55,472	(1,878,340)	2.87%
Highway 50 (2008)	340,688	2,036,800	(98,391)	1,938,409	90,000	(34,528)	55,472	(1,882,937)	2.86%
Orange Vista (2008)	340,688	2,097,900	(46,394)	2,051,506	90,000	(34,528)	55,472	(1,996,034)	2.70%
	1,362,750	8,032,200	(227,655)	7,804,545	360,000	(138,111)	221,889	(7,582,655)	2.84%
Silver Springs South									
Rail Road Partners (2006)	614,250	2,758,600	(12,515)	2,746,085	75,000	(28,273)	46,727	(2,699,358)	1.70%
Spruce Heights Partners (2007)	614,250	2,841,400	(7,698)	2,833,702	75,000	(28,273)	46,727	(2,786,975)	1.65%
Vista Del Sur (2007)	614,250	2,926,650	(74,017)	2,852,633	75,000	(28,273)	46,727	(2,805,906)	1.64%
Lahontan (2007)	614,250	3,014,450	(76,597)	2,937,853	75,000	(28,273)	46,727	(2,891,126)	1.59%
	2,457,000	11,541,100	(170,827)	11,370,273	300,000	(113,091)	186,909	(11,183,364)	1.64%
Washoe 3									
Spanish Springs Partners (2003)	447,500	1,911,000	-	1,911,000	175,000	-	175,000	(1,736,000)	9.16%
Antelope Spring Partners (2004)	447,500	1,968,450	(3,144)	1,965,306	175,000	-	175,000	(1,790,306)	8.90%
Wild Horse Partners (2004)	231,000	2,027,504	(23,539)	2,003,965	125,000	-	125,000	(1,878,965)	6.24%
Big Ranch Partners (2004)	231,000	2,088,450	(29,243)	2,059,207	125,000	-	125,000	(1,934,207)	6.07%
	1,357,000	7,995,404	(55,927)	7,939,477	600,000	-	600,000	(7,339,477)	7.56%
Washoe 5									
Pyramid Highway 177 (2010)	266,655	1,422,200	(40,669)	1,381,531	90,000	(60,843)	29,157	(1,352,374)	2.11%
Frontage 177 (2010)	266,655	1,464,800	(90,476)	1,374,324	90,000	(60,843)	29,157	(1,345,167)	2.12%
	533,310	2,887,000	(131,145)	2,755,855	180,000	(121,686)	58,314	(2,697,541)	2.12%
Dayton I									
Dayton View Partners (1999)	270,000	1,636,000	-	1,636,000	50,000	-	50,000	(1,586,000)	3.06%
Fairway Partners (2000)	270,000	1,685,100	-	1,685,100	50,000	-	50,000	(1,635,100)	2.97%
Green View Partners (2000)	270,000	1,735,700	-	1,735,700	50,000	-	50,000	(1,685,700)	2.88%
Par Four Partners (2001)	270,000	1,787,800	-	1,787,800	50,000	-	50,000	(1,737,800)	2.80%
	1,080,000	6,844,600	-	6,844,600	200,000	-	200,000	(6,644,600)	2.92%
Dayton II									
Storey County Partners (2005)	450,000	2,150,000	(1,219)	2,148,781	25,000	(15,908)	9,092	(2,139,689)	0.42%
Comstock Partners (2005)	450,000	2,214,500	(9,607)	2,204,893	25,000	(15,908)	9,092	(2,195,801)	0.41%
Silver City Partners (2005)	450,000	2,280,900	(19,305)	2,261,595	25,000	(15,908)	9,092	(2,252,503)	0.40%
Nevada View Partners (2005)	450,000	2,349,400	(41,077)	2,308,323	25,000	(15,908)	9,092	(2,299,231)	0.39%
	1,800,000	8,994,800	(71,207)	8,923,593	100,000	(63,632)	36,368	(8,887,225)	0.41%
Dayton III									
Gold Ridge Partners (2005)	451,156	2,483,760	(1,412)	2,482,348	12,500	-	12,500	(2,469,848)	0.50%
Sky View Partners (2005)	451,156	2,558,300	(1,446)	2,556,854	12,500	-	12,500	(2,544,354)	0.49%
Grand View Partners (2005)	451,156	2,635,100	-	2,635,100	12,500	-	12,500	(2,622,600)	0.47%
Rolling Hills Partners (2006)	451,156	2,714,200	(2,428)	2,711,772	12,500	-	12,500	(2,699,272)	0.46%
	1,804,625	10,391,360	(5,286)	10,386,074	50,000	-	50,000	(10,336,074)	0.48%
Dayton IV									
Eagle View Partners (2008)	532,736	5,547,100	(300,038)	5,247,062	40,000	(169,703)	(129,703)	(5,376,765)	-2.47%
Falcon Heights Partners (2008)	532,736	5,713,500	(272,131)	5,441,369	40,000	(169,703)	(129,703)	(5,571,072)	-2.38%
Night Hawk Partners (2009)	532,736	5,884,900	(240,367)	5,644,533	40,000	(169,703)	(129,703)	(5,774,235)	-2.30%
Osprey Parners (2010)	532,736	6,061,500	(229,431)	5,832,069	40,000	(169,703)	(129,703)	(5,961,772)	-2.22%
	2,130,943	23,207,000	(1,041,967)	22,165,033	160,000	(678,811)	(518,811)	(22,683,844)	-2.34%
Minden									
Carson Valley Partners (1998)	225,000	1,182,300	-	1,182,300	250,000	-	250,000	(932,300)	21.15%
Heavenly View Partners (1998)	225,000	1,217,800	-	1,217,800	250,000	-	250,000	(967,800)	20.53%
Sierra View Partners (1999)	225,000	1,254,300	-	1,254,300	250,000	-	250,000	(1,004,300)	19.93%
Pine View Partners (1999)	225,000	1,291,900	-	1,291,900	250,000	-	250,000	(1,041,900)	19.35%
	900,000	4,946,300	-	4,946,300	1,000,000	-	1,000,000	(3,946,300)	20.22%
Washoe 1									
Reno View (1981)		756,000	-	756,000	50,000	-	50,000	(706,000)	6.61%
Reno Vista (1981)		441,000	(37,521)	403,479	50,000	-	50,000	(353,479)	12.39%
Reno Partners (1982)		771,750	(142,388)	629,362	50,000	-	50,000	(579,362)	7.94%
		1,968,750	(179,909)	1,788,841	150,000	-	150,000	(1,638,841)	8.39%
Washoe 4									
Rose Vista (2006)	295,000	1,763,000	(30,921)	1,732,079	93,750	(20,002)	73,748	(1,658,331)	4.26%
Steam Boat Partners (2006)	295,000	1,815,890	(17,588)	1,798,302	93,750	(20,002)	73,748	(1,724,554)	4.10%
Galena Ranch Partners (2006)	295,000	1,870,470	(13,094)	1,857,376	93,750	(20,002)	73,748	(1,783,628)	3.97%
Redfield Heights Partners (2006)	295,000	1,926,590	(13,553)	1,913,037	93,750	(20,002)	73,748	(1,839,288)	3.86%
	1,180,000	7,375,950	(75,156)	7,300,794	375,000	(80,007)	294,993	(7,005,801)	4.04%
Stead									
P-39 Aircobra Partners (2012)	455,289	2,504,300	(137,649)	2,366,651	98,750	-	98,750	(2,267,901)	4.17%
P-40 Warhawk Partners (2012)	455,289	2,579,400	(145,613)	2,433,787	98,750	-	98,750	(2,335,037)	4.06%
F-86	925,000	966,238	(41,400)	924,838	197,500	-	197,500	(727,338)	21.36%
	1,835,577	6,049,938	(324,662)	5,725,276	395,000	-	395,000	(5,330,276)	6.90%

	2014/2015 Cash Flow: January 2014 Starting Cash	Total 2014/2015 Receipts	Total 2014/2015 Disbursements	December 2015 Ending Cash	Liquidation Analysis: Land Net Value	Past Due Prop Taxes	Estimated Closing Costs	Proceeds from Land Sale	Cash on Hand 9/30/2014	Total GP Value
Fernley I										
Crystal Clearwater Partners (2011)	88,466	18,387	44,323	62,530	115,000	-	(8,050)	106,950	77,728	184,678
High Desert Partners (2011)	85,587	38,694	63,607	60,673	115,000	-	(8,050)	106,950	70,459	177,409
	174,053	57,081	107,930	123,204	230,000	-	(16,100)	213,900	148,187	362,087
Silver Springs North										
North Springs (2007)	73,529	30,574	77,954	26,149	55,472	-	(6,300)	49,172	55,823	104,995
Rawhide (2007)	75,133	32,199	79,760	27,572	55,472	-	(6,300)	49,172	57,325	106,497
Highway 50 (2008)	67,969	29,631	111,570	(13,970)	55,472	-	(6,300)	49,172	36,722	85,895
Orange Vista (2008)	98,229	28,798	72,810	54,216	55,472	-	(6,300)	49,172	81,795	130,967
	314,859	121,201	342,094	93,967	221,889	-	(25,200)	196,689	231,665	428,354
Silver Springs South										
Rail Road Partners (2006)	108,690	15,529	57,684	66,536	46,727	-	(5,250)	41,477	93,896	135,373
Spruce Heights Partners (2007)	122,045	10,191	43,260	88,977	46,727	-	(5,250)	41,477	109,372	150,849
Vista Del Sur (2007)	102,053	42,890	99,626	45,317	46,727	-	(5,250)	41,477	77,776	119,254
Lahontan (2007)	118,778	53,386	102,515	69,649	46,727	-	(5,250)	41,477	100,756	142,233
	451,567	121,996	303,085	270,478	186,909	-	(21,000)	165,909	381,801	547,709
Washoe 3										
Spanish Springs Partners (2003)	21,938	14,595	55,713	(19,181)	175,000	-	(12,250)	162,750	5,222	167,972
Antelope Spring Partners (2004)	7,119	49,872	63,444	(6,453)	175,000	-	(12,250)	162,750	13,898	176,648
Wild Horse Partners (2004)	27,788	48,876	97,517	(20,853)	125,000	-	(8,750)	116,250	25,681	141,931
Big Ranch Partners (2004)	6,941	28,475	57,987	(22,572)	125,000	-	(8,750)	116,250	11,709	127,959
	63,786	141,817	274,661	(69,058)	600,000	-	(42,000)	558,000	56,510	614,510
Washoe 5										
Pyramid Highway 177 (2010)	43,297	8,086	31,580	19,804	29,157	-	(6,300)	22,857	34,537	57,394
Frontage 177 (2010)	55,798	24,456	52,040	28,214	29,157	-	(6,300)	22,857	45,400	68,257
	99,096	32,542	83,620	48,017	58,314	-	(12,600)	45,714	79,936	125,650
Dayton I										
Dayton View Partners (1999)	41,589	16	7,372	34,232	50,000	-	(3,500)	46,500	39,112	85,612
Fairway Partners (2000)	48,794	4	7,358	41,440	50,000	-	(3,500)	46,500	46,321	92,821
Green View Partners (2000)	52,346	4	7,320	45,030	50,000	-	(3,500)	46,500	49,890	96,390
Par Four Partners (2001)	50,975	4	6,360	44,619	50,000	-	(3,500)	46,500	48,500	95,000
	193,704	28	28,410	165,322	200,000	-	(14,000)	186,000	183,823	369,823
Dayton II										
Storey County Partners (2005)	37,430	2,213	23,348	16,295	9,092	-	(1,750)	7,342	30,506	37,848
Comstock Partners (2005)	29,244	20,628	42,601	7,271	9,092	-	(1,750)	7,342	19,308	26,650
Silver City Partners (2005)	26,758	40,943	54,934	12,767	9,092	-	(1,750)	7,342	20,907	28,249
Nevada View Partners (2005)	19,444	55,904	90,044	(14,696)	9,092	-	(1,750)	7,342	14,030	21,372
	112,877	119,687	210,927	21,637	36,368	-	(7,000)	29,368	84,751	114,119
Dayton III										
Gold Ridge Partners (2005)	178,098	-	6,821	171,277	12,500	-	(875)	11,625	175,635	187,260
Sky View Partners (2005)	226,853	-	6,981	219,871	12,500	-	(875)	11,625	224,409	236,034
Grand View Partners (2005)	213,548	-	6,858	206,689	12,500	-	(875)	11,625	211,066	222,691
Rolling Hills Partners (2006)	215,795	-	7,015	208,780	12,500	-	(875)	11,625	213,235	224,860
	834,293	-	27,675	806,617	50,000	-	(3,500)	46,500	824,345	870,845
Dayton IV										
Eagle View Partners (2008)	266,560	152,390	230,586	188,363	(129,703)	-	(2,800)	(132,503)	236,185	103,683
Falcon Heights Partners (2008)	262,267	111,908	218,047	156,128	(129,703)	-	(2,800)	(132,503)	224,965	92,462
Night Hawk Partners (2009)	306,567	76,691	169,887	213,371	(129,703)	-	(2,800)	(132,503)	270,957	138,455
Osprey Parners (2010)	324,677	70,464	144,957	250,185	(129,703)	-	(2,800)	(132,503)	296,842	164,339
	1,160,071	411,453	763,477	808,047	(518,811)	-	(11,200)	(530,011)	1,028,950	498,939
Minden										
Carson Valley Partners (1998)	5,104	2,979	8,477	(393)	250,000	-	(17,500)	232,500	2,026	234,526
Heavenly View Partners (1998)	3,123	1,790	8,850	(3,936)	250,000	-	(17,500)	232,500	1,631	234,131
Sierra View Partners (1999)	16,104	4	8,134	7,975	250,000	-	(17,500)	232,500	13,242	245,742
Pine View Partners (1999)	8,710	4	8,351	363	250,000	-	(17,500)	232,500	5,738	238,238
	33,042	4,778	33,811	4,009	1,000,000	-	(70,000)	930,000	22,637	952,637
Washoe 1										
Reno View (1981)	5,090	2,231	8,363	(1,042)	50,000	-	(3,500)	46,500	7,265	53,765
Reno Vista (1981)	6,380	4,694	15,378	(4,304)	50,000	-	(3,500)	46,500	3,076	49,576
Reno Partners (1982)	15,346	9,487	25,457	(624)	50,000	-	(3,500)	46,500	4,239	50,739
	26,816	16,411	49,197	(5,969)	150,000	-	(10,500)	139,500	14,581	154,081
Washoe 4										
Rose Vista (2006)	85,904	25,914	86,102	25,716	73,748	-	(6,563)	67,186	61,458	128,644
Steam Boat Partners (2006)	84,741	18,021	54,677	48,085	73,748	-	(6,563)	67,186	71,120	138,306
Galena Ranch Partners (2006)	116,000	27,383	54,393	88,990	73,748	-	(6,563)	67,186	106,172	173,358
Redfield Heights Partners (2006)	109,729	15,929	64,816	60,841	73,748	-	(6,563)	67,186	91,413	158,599
	396,374	87,247	259,989	223,632	294,993	-	(26,250)	268,743	330,164	598,907
Stead										
P-39 Aircobra Partners (2012)	150,293	35,269	71,474	114,089	98,750	-	(6,913)	91,838	135,093	226,930
P-40 Warhawk Partners (2012)	167,296	46,688	71,125	142,859	98,750	-	(6,913)	91,838	155,017	246,854
F-86	66,116	-	-	66,116	197,500	-	(13,825)	183,675	66,116	249,791
	383,705	81,957	142,599	323,063	395,000	-	(27,650)	367,350	356,225	723,575

	Western Ownership: Western Ownership Interest	Western Interest in Cash on hand	Western Interest in Real Estate	Total Value of Western Interest (in $)
Fernley I				
Crystal Clearwater Partners (2011)	5.01%	3,894	5,762	9,656
High Desert Partners (2011)	5.79%	4,080	6,659	10,738
	5.40%	7,974	12,420	20,394
Silver Springs North				
North Springs (2007)	9.43%	5,264	8,487	13,751
Rawhide (2007)	6.64%	3,806	5,976	9,782
Highway 50 (2008)	2.95%	1,083	2,655	3,738
Orange Vista (2008)	9.24%	7,558	8,316	15,874
	7.07%	17,712	25,434	43,146
Silver Springs South				
Rail Road Partners (2006)	4.08%	3,831	3,060	6,891
Spruce Heights Partners (2007)	10.02%	10,959	7,515	18,474
Vista Del Sur (2007)	1.71%	1,330	1,283	2,612
Lahontan (2007)	1.34%	1,350	1,005	2,355
	4.29%	17,470	12,863	30,333
Washoe 3				
Spanish Springs Partners (2003)	2.75%	144	4,813	4,956
Antelope Spring Partners (2004)	2.53%	352	4,428	4,779
Wild Horse Partners (2004)	1.46%	375	1,825	2,200
Big Ranch Partners (2004)	2.89%	338	3,613	3,951
	2.41%	1,209	14,678	15,886
Washoe 5				
Pyramid Highway 177 (2010)	9.13%	3,153	8,217	11,370
Frontage 177 (2010)	8.92%	4,050	8,028	12,078
	9.03%	7,203	16,245	23,448
Dayton I				
Dayton View Partners (1999)	3.65%	1,428	1,825	3,253
Fairway Partners (2000)	5.45%	2,524	2,725	5,249
Green View Partners (2000)	4.58%	2,285	2,290	4,575
Par Four Partners (2001)	5.69%	2,760	2,845	5,605
	4.84%	8,997	9,685	18,682
Dayton II				
Storey County Partners (2005)	1.45%	442	363	805
Comstock Partners (2005)	2.48%	479	620	1,099
Silver City Partners (2005)	2.41%	504	603	1,106
Nevada View Partners (2005)	2.79%	391	698	1,089
	2.28%	1,816	2,283	4,099
Dayton III				
Gold Ridge Partners (2005)	4.39%	7,710	549	8,259
Sky View Partners (2005)	5.07%	11,378	634	12,011
Grand View Partners (2005)	11.59%	24,463	1,449	25,911
Rolling Hills Partners (2006)	10.86%	23,157	1,358	24,515
	7.98%	66,708	3,989	70,697
Dayton IV				
Eagle View Partners (2008)	6.47%	15,281	2,588	17,869
Falcon Heights Partners (2008)	4.74%	10,663	1,896	12,559
Night Hawk Partners (2009)	3.73%	10,107	1,492	11,599
Osprey Parners (2010)	28.05%	83,264	11,220	94,484
	10.75%	119,315	17,196	136,511
Minden				
Carson Valley Partners (1998)	0.94%	19	2,350	2,369
Heavenly View Partners (1998)	7.62%	124	19,050	19,174
Sierra View Partners (1999)	6.13%	812	15,325	16,137
Pine View Partners (1999)	3.85%	221	9,625	9,846
	4.64%	1,176	46,350	47,526
Washoe 1				
Reno View (1981)	0.00%	-	-	-
Reno Vista (1981)	0.00%	-	-	-
Reno Partners (1982)	0.00%	-	-	-
	0.00%	-	-	-
Washoe 4				
Rose Vista (2006)	4.26%	2,618	3,994	6,612
Steam Boat Partners (2006)	2.22%	1,579	2,081	3,660
Galena Ranch Partners (2006)	2.25%	2,389	2,109	4,498
Redfield Heights Partners (2006)	9.69%	8,858	9,084	17,942
	4.61%	15,444	17,269	32,713
Stead				
P-39 Aircobra Partners (2012)	1.44%	1,945	1,422	3,367
P-40 Warhawk Partners (2012)	2.70%	4,185	2,666	6,852
F-86	1.88%	1,243	3,713	4,956
	2.01%	7,374	7,801	15,175

UPDATED VALUATION SPREADSHEET

		GP Equity in Land			Land Value Analysis					2014/2015 Cash Flow				Liquidation Analysis						Western Ownership			
	Initial Land Purchase Price	Amount Invested per GP	GP Notes Payable as of 10/1/14	Net Investment	Appraised Value	Mortgages as of 10/1/14	Net Value	Over/Under Value	% Value	January 2014 Starting Cash	Total 2014/2015 Receipts	Total 2014/2015 Disbursements	December 2015 Ending Cash	Land Net Value	Past Due Prop Taxes	Estimated Closing Costs	Proceeds from Land Sale	Cash on Hand 9/30/2014	Total GP Value	Western Ownership Interest	Western Interest in Cash on hand	Western Interest in Real Estate	Total Value of Western Interest (in $)
Bratton Valley																							
Valley Vista (1987)		740,000	-	740,000	68,667	-	68,667	(671,333)	9.28%	8,632	5,694	19,552	(5,226)	68,667	-	(4,807)	63,860	7,454	71,314	5.01%	373	3,440	3,814
Bratton View (1987)		755,400	-	755,400	68,667	-	68,667	(686,733)	9.09%	7,770	8,380	18,896	(2,746)	68,667	-	(4,807)	63,860	6,180	70,040	1.47%	91	1,009	1,100
Honey Springs (1988)		841,000	-	841,000	68,667	-	68,667	(772,333)	8.16%	14,035	16,257	42,323	(12,030)	68,667	-	(4,807)	63,860	12,425	76,285	12.00%	1,491	8,240	9,731
		2,336,400	-	2,336,400	206,000	-	206,000	(2,130,400)	8.82%	30,437	30,331	80,770	(20,003)	206,000	-	(14,420)	191,580	26,059	217,639	6.16%	1,955	12,690	14,645
Jamul Valley																							
Jamul Meadows (1988)		734,400	-	734,400	131,667	-	131,667	(602,733)	17.93%	2,567	11,480	12,435	1,612	131,667	(4,774)	(9,217)	117,676	12,425	130,101	0.30%	37	395	432
Lyons Valley (1988)		771,100	(67,229)	703,871	131,667	-	131,667	(572,205)	18.71%	7,520	24,967	34,097	(1,609)	131,667	(4,774)	(9,217)	117,676	15,787	133,463	0.20%	32	263	295
Hidden Hills (1988)		809,700	(85,055)	724,645	131,667	-	131,667	(592,978)	18.17%	15,624	11,445	39,919	(12,850)	131,667	(4,774)	(9,217)	117,676	3,251	120,927	3.30%	107	4,345	4,452
		2,315,200	(152,284)	2,162,916	395,000	-	395,000	(1,767,916)	18.26%	25,711	47,892	86,450	(12,847)	395,000	(14,322)	(27,650)	353,028	31,462	384,490	1.27%	176	5,003	5,179
Tecate																							
ABL (1992)		1,433,000	-	1,433,000	111,000	-	111,000	(1,322,000)	7.75%	25,667	-	11,013	14,654	111,000	-	(7,770)	103,230	21,617	124,847	2.24%	484	2,486	2,971
Mex-Tec (1993)		1,576,300	-	1,576,300	111,000	-	111,000	(1,465,300)	7.04%	40,350	-	11,696	28,654	111,000	-	(7,770)	103,230	36,009	139,239	0.72%	259	799	1,058
Borderland (1993)		1,173,500	-	1,173,500	107,500	-	107,500	(1,066,000)	9.16%	3,705	10,331	21,173	(7,137)	107,500	-	(7,525)	99,975	3,988	103,963	2.37%	95	2,548	2,642
Prosperity (1994)		1,197,000	(78,025)	1,118,975	107,500	-	107,500	(1,011,475)	9.61%	8,749	8,918	25,332	(7,665)	107,500	-	(7,525)	99,975	6,829	106,804	2.29%	156	2,462	2,618
Freetrade (1991)	217,500	1,050,000	-	1,050,000	105,667	-	105,667	(944,333)	10.06%	2,971	3,083	9,413	(3,358)	105,667	(3,099)	(7,397)	95,171	3,162	98,332	2.48%	78	2,621	2,699
Suntec (1991)	217,500	875,000	(146,049)	728,951	105,667	-	105,667	(623,285)	14.50%	11,605	7,843	27,314	(7,865)	105,667	(3,099)	(7,397)	95,171	11,339	106,510	0.02%	2	21	23
Via 188 (1990)	217,500	780,500	-	780,500	105,667	-	105,667	(674,833)	13.54%	2,194	6,474	13,088	(4,420)	105,667	(3,099)	(7,397)	95,171	4,424	99,595	0.00%	-	-	-
International (1990)	142,500	704,000	(34,231)	669,769	77,000	-	77,000	(592,769)	11.50%	15,222	9,518	40,972	(16,232)	77,000	(856)	(5,390)	70,754	6,430	77,183	5.89%	379	4,535	4,914
Tecate South (1989)		969,600	-	969,600	104,000	-	104,000	(865,600)	10.73%	4,641	9,723	17,954	(3,590)	104,000	(3,663)	(7,280)	93,057	6,617	99,675	2.69%	178	2,798	2,976
Twin Plant (1989)		1,090,000	-	1,090,000	125,000	-	125,000	(965,000)	11.47%	10,251	10,576	25,841	(5,014)	125,000	(29,507)	(8,750)	86,743	8,982	95,724	0.00%	-	-	-
Vista Tecate (1990)		940,000	-	940,000	96,000	-	96,000	(844,000)	10.21%	6,088	3,136	15,662	(6,438)	96,000	(589)	(6,720)	88,691	740	89,431	2.72%	20	2,611	2,631
		11,788,900	(258,305)	11,530,595	1,156,000	-	1,156,000	(10,374,595)	10.03%	131,442	69,603	219,457	(18,411)	1,156,000	(43,914)	(80,920)	1,031,166	110,138	1,141,304	1.95%	1,652	20,881	22,533
Yuma I																							
Gila View (2006)	126,667	1,470,500	(37,541)	1,432,959	88,333	(7,290)	81,044	(1,351,916)	5.66%	18,865	39,356	66,732	(8,510)	81,044	-	(6,183)	74,860	10,478	85,338	5.10%	534	4,505	5,039
Painted Desert (2006)	126,667	1,514,615	(36,446)	1,478,169	88,333	(7,290)	81,044	(1,397,125)	5.48%	16,795	27,849	58,346	(13,702)	81,044	-	(6,183)	74,860	6,715	81,575	4.72%	317	4,169	4,486
Snow Bird (2006)	126,667	1,560,100	(41,746)	1,518,354	88,333	(7,290)	81,044	(1,437,310)	5.34%	36,977	35,365	65,009	7,332	81,044	-	(6,183)	74,860	25,659	100,519	3.43%	880	3,030	3,910
	380,000	4,545,215	(115,733)	4,429,482	265,000	(21,869)	243,131	(4,186,351)	5.49%	72,637	102,571	190,087	(14,880)	243,131	-	(18,550)	224,581	42,852	267,432	4.42%	1,731	11,704	13,436
Yuma II																							
Desert View (2006)	94,183	1,642,000	(68,655)	1,573,345	68,750	(4,159)	64,591	(1,508,754)	4.11%	55,092	20,796	78,234	(2,345)	64,591	-	(4,813)	59,778	34,488	94,267	3.28%	1,131	2,255	3,386
Sonora View (2007)	94,183	1,689,800	(53,845)	1,635,955	68,750	(4,159)	64,591	(1,571,364)	3.95%	101,173	34,883	56,635	79,421	64,591	-	(4,813)	59,778	92,615	152,393	10.14%	9,391	6,971	16,362
Mesa View (2007)	94,183	1,739,000	(96,652)	1,642,348	68,750	(4,159)	64,591	(1,577,757)	3.93%	96,456	45,014	80,530	60,940	64,591	-	(4,813)	59,778	83,436	143,215	4.66%	3,888	3,204	7,092
Road Runner (2007)	94,183	1,789,700	(28,498)	1,761,202	68,750	(4,159)	64,591	(1,696,611)	3.67%	106,777	7,007	32,942	80,842	64,591	-	(4,813)	59,778	97,990	157,769	7.57%	7,418	5,204	12,622
	376,731	6,860,500	(247,650)	6,612,850	275,000	(16,636)	258,364	(6,354,486)	3.91%	359,498	107,701	248,340	218,858	258,364	-	(19,250)	239,114	308,530	547,644	6.41%	21,828	17,634	39,463
Yuma III																							
Mountain View (2008)	493,818	1,683,600	(41,532)	1,642,068	35,250	(53,948)	(18,698)	(1,660,766)	-1.14%	42,424	17,387	90,907	(31,096)	(18,698)	-	(2,468)	(21,166)	15,360	(5,805)	6.24%	958	2,200	3,158
Ocotillo (2008)	493,818	1,734,100	(19,014)	1,715,086	35,250	(53,948)	(18,698)	(1,733,784)	-1.09%	66,924	12,412	44,919	34,417	(18,698)	-	(2,468)	(21,166)	43,001	21,835	5.40%	2,322	1,904	4,226
Cactus Ridge (2008)	493,818	1,786,100	(47,015)	1,739,085	35,250	(53,948)	(18,698)	(1,757,783)	-1.08%	49,350	14,259	50,402	13,207	(18,698)	-	(2,468)	(21,166)	20,406	(759)	3.08%	629	1,086	1,714
Mohawk Mountain Partners (2008)	493,818	1,839,700	(92,934)	1,746,766	35,250	(53,948)	(18,698)	(1,765,464)	-1.07%	77,669	61,564	125,880	13,353	(18,698)	-	(2,468)	(21,166)	53,937	32,771	2.17%	1,170	765	1,935
	1,975,270	7,043,500	(200,496)	6,843,004	141,000	(215,792)	(74,792)	(6,917,797)	-1.09%	236,366	105,622	312,107	29,881	(74,792)	-	(9,870)	(84,662)	132,704	48,042	4.22%	5,079	5,954	11,033
Las Vegas 1																							
Park Vegas Partners (2011)		300,000	-	300,000	665,000	-	665,000	365,000	221.67%	3,129	3,437	12,311	(5,744)	665,000	(4,625)	(46,550)	613,825	3,809	617,634	8.01%	305	53,267	53,572
Production Partners (2010)		1,050,000	-	1,050,000	2,700,000	-	2,700,000	1,650,000	257.14%	23,752	24,836	71,619	(23,031)	2,700,000	-	(189,000)	2,511,000	14,982	2,525,982	12.23%	1,832	330,210	332,042
Silver State Partners (2010)		430,000	-	430,000	740,000	-	740,000	310,000	172.09%	6,053	290	9,433	(3,091)	740,000	(2,538)	(51,800)	685,662	2,738	688,400	14.71%	403	108,854	109,257
(Note 4)		1,780,000	-	1,780,000	4,105,000	-	4,105,000	2,325,000	230.62%	32,935	28,562	93,363	(31,866)	4,105,000	(7,163)	(287,350)	3,810,487	21,529	3,832,016	11.65%	2,540	492,331	494,871
Las Vegas 2																							
Rainbow Partners (1994)	316,759	715,250		715,250	472,500	-	472,500	(242,750)	66.06%	2,757	39,390	36,708	5,439	472,500	-	(33,075)	439,425	23,535	462,960	5.06%	1,191	23,909	25,099
Horizon Partners (1994)	316,759	756,500	(32,093)	724,407	472,500	-	472,500	(251,907)	65.23%	5,821	19,664	41,281	(15,796)	472,500	-	(33,075)	439,425	8,182	447,607	2.68%	219	12,663	12,882
	633,517	1,471,750	(32,093)	1,439,657	945,000	-	945,000	(494,657)	65.64%	8,578	59,054	77,989	(10,357)	945,000	-	(66,150)	878,850	31,717	910,567	3.87%	1,410	36,572	37,982
LV Kade Property																							
Hollywood Partners (1996)		1,850,000	-	1,850,000	1,027,500	-	1,027,500	(822,500)	55.54%	14,738	23,398	42,589	(4,453)	1,027,500	(9,590)	(71,925)	945,985	16,767	962,751	2.74%	459	28,154	28,613
BLA Partners (1997)		1,887,000	-	1,887,000	1,027,500	-	1,027,500	(859,500)	54.45%	12,604	21,863	40,019	(5,552)	1,027,500	(9,590)	(71,925)	945,985	15,617	961,602	2.23%	348	22,913	23,262
Checkered Flag Partners (1997)		1,957,000	-	1,957,000	1,027,500	-	1,027,500	(929,500)	52.50%	17,826	16,269	40,239	(6,144)	1,027,500	(9,590)	(71,925)	945,985	15,025	961,010	3.22%	484	33,086	33,569
Victory Lap Partners (1998)		2,321,000	-	2,321,000	1,027,500	-	1,027,500	(1,293,500)	44.27%	11,330	15,997	40,408	(13,082)	1,027,500	(9,590)	(71,925)	945,985	8,183	954,167	5.79%	474	59,492	59,966
		8,015,000	-	8,015,000	4,110,000	-	4,110,000	(3,905,000)	51.28%	56,498	77,526	163,255	(29,231)	4,110,000	(38,362)	(287,700)	3,783,938	55,592	3,839,530	3.50%	1,765	143,645	145,410
Santa Fe																							
Santa Fe View (2008)		2,687,800	(113,988)	2,573,812	210,000	(214,794)	(4,794)	(2,578,606)	-0.19%	70,721	70,608	173,524	(32,194)	(4,794)	-	(14,700)	(19,494)	29,091	9,597	4.82%	1,402	10,122	11,524
Pueblo (2009)		2,768,400	(50,875)	2,717,525	210,000	(214,794)	(4,794)	(2,722,318)	-0.18%	102,150	36,323	134,632	3,842	(4,794)	-	(14,700)	(19,494)	64,874	45,380	8.11%	5,261	17,031	22,292
Pecos (2011)		2,851,500	(29,477)	2,822,023	210,000	(214,794)	(4,794)	(2,826,817)	-0.17%	129,447	10,896	109,857	30,485	(4,794)	-	(14,700)	(19,494)	91,442	71,948	52.49%	47,998	110,229	158,227
		8,307,700	(194,340)	8,113,360	630,000	(644,381)	(14,381)	(8,127,741)	-0.18%	302,318	117,827	418,012	2,133	(14,381)	-	(44,100)	(58,481)	185,407	126,926	21.81%	54,661	137,382	192,043
Grand Totals	20,265,723	157,969,067	(3,661,370)	154,307,696	16,328,000	(2,094,016)	14,233,984	(140,073,712)	9.22%	5,500,661	1,942,887	4,517,306	2,926,241	14,233,984	(103,760)	(1,142,960)	12,987,264	4,689,562	17,676,825	6%	365,196	1,070,006	1,435,202

Note 1: GPs in the Dayton III land investment received $4,384,581 distribution relating to a eminent domain sale in March 2008.
Note 2: Initial Land Purchase was researched through title report searches or detailed in the appraisal Ordered in 2013. If no number is entered into this column, no data was found.
Note 3: The Las Vegas 1 properties were sold in with seller financing. Upon default by the buyer, the properties were taken back.
Note 4: GP Dates represent the escrow closed date for that GP.
Note 5: Western Interest in Cash on hand details the value of Westerns ownership interest in the cash held in the GP accounts to pay for operational expenses
Note 6: Western Interest in Real Estate is the value of Western's ownership interest in the real estate owned by the GP, based on the appraised value.
Note 7: The Bratton Valley GPs own their parcels individually and are not co-tenants
Note 8: In the Tecate Partnership, the ABL & Mex-Tec, Borderland & Prosperity, and FreeTrade, Suntec and Via 188 are each co-tenants. The remaining GPs in this group own their parcels individually
Note 9: The Las Vegas 1 GPs own their parcels individually and are not co-tenants

EXHIBIT B

EXHIBIT B

FINANCIAL HEALTH ANALYSIS
Category A - Sufficient Capital to Pay Debts & Expenses

Note: For the co-tenancies in this category, the GPs have sufficient capital to pay amounts due Western, any past due property taxes, as well as absorb any underlying mortgages on the property, without having to raise significant capital from their investors.

	December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
Silver Springs South									
Rail Road Partners (2006)	66,536	(12,515)	28,273		-	82,294	**A**	41,477	(6,891)
Spruce Heights Partners (2007)	88,977	(7,698)	28,273		-	109,552	**A**	41,477	(18,474)
Vista Del Sur (2007)	45,317	(74,017)	28,273		-	(427)	**B+**	41,477	(2,612)
Lahontan (2007)	69,649	(76,597)	28,273		-	21,325	**A**	41,477	(2,355)
	270,479	(170,827)	113,091		-	212,743		165,909	(30,332)
Washoe 5									
Pyramid Highway 177 (2010)	19,804	(40,669)	60,843		-	39,978	**A**	22,857	(11,370)
Frontage 177 (2010)	28,214	(90,476)	60,843		-	(1,419)	**B+**	22,857	(12,078)
	48,018	(131,145)	121,686		-	38,559		45,714	(23,448)
Dayton I									
Dayton View Partners (1999)	34,232	-	-		-	34,232	**A**	46,500	(3,253)
Fairway Partners (2000)	41,440	-	-		-	41,440	**A**	46,500	(5,249)
Green View Partners (2000)	45,030	-	-		-	45,030	**A**	46,500	(4,575)
Par Four Partners (2001)	44,619	-	-		-	44,619	**A**	46,500	(5,605)
	165,321	-	-		-	165,321		186,000	(18,682)
Dayton III									
Gold Ridge Partners (2005)	171,277	(1,412)	-		-	169,865	**A**	11,625	(8,259)
Sky View Partners (2005)	219,871	(1,446)	-		-	218,425	**A**	11,625	(12,011)
Grand View Partners (2005)	206,689	-	-		-	206,689	**A**	11,625	(25,911)
Rolling Hills Partners (2006)	208,780	(2,428)	-		-	206,352	**A**	11,625	(24,515)
	806,617	(5,286)	-		-	801,331		46,500	(70,697)

	December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
Dayton IV									
Eagle View Partners (2008)	188,363	(300,038)	169,703		-	58,028	**A**	(132,503)	(17,869)
Falcon Heights Partners (2008)	156,128	(272,131)	169,703		-	53,700	**A**	(132,503)	(12,559)
Night Hawk Partners (2009)	213,371	(240,367)	169,703		-	142,706	**A**	(132,503)	(11,599)
Osprey Parners (2010)	250,185	(229,431)	169,703		-	190,457	**A**	(132,503)	(94,484)
	808,047	(1,041,967)	678,811		-	444,891		(530,011)	(136,511)

Note: This property was purchased by Schooler for $2,130,943 and then resold to the investors for $23,207,000. It was additionally encumbered with a mortgage which had an outstanding balance of $678,811 as of 10/1/14. The current appraised value is only $160,000, meaning the investment is underwater. While there is sufficient cash on hand to cover operating expenses, this property illustrates the importance of investors having the opportunity to vote whether to retain the property or sell.

	December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
Washoe 4									
Rose Vista (2006)	25,716	(30,921)	20,002		-	14,797	**A**	67,186	(6,612)
Steam Boat Partners (2006)	48,085	(17,588)	20,002		-	50,499	**A**	67,186	(3,660)
Galena Ranch Partners (2006)	88,990	(13,094)	20,002		-	95,898	**A**	67,186	(4,498)
Redfield Heights Partners (2006)	60,841	(13,553)	20,002		-	67,289	**A**	67,186	(17,942)
	223,632	(75,156)	80,007	-	-	228,483		268,743	(32,712)
Tecate									
ABL (1992)	14,654	-	-	-	-	14,654	**A**	103,230	(2,971)
Mex-Tec (1993)	28,654	-	-	-	-	28,654	**A**	103,230	(1,058)
	43,308	-	-	-	-	43,308		206,460	(4,029)

**Category B - Insufficient Capital to Pay Debts & Expenses without Raising Capital from Investors;
Property Value Exceeds Capital Needed to be Raised from Investors**

Note: For co-tenancies in this category, the GPs DO NOT have sufficient capital to pay amounts due Western, any past due property taxes, as well as absorb underlying mortgages on the property without raising additional capital from their investors. However, the estimated net proceeds from a sale of the property EXCEED the amounts needed to be raised.

Note, for each of these co-tenancies, the GPs would need to raise capital from their investors to make them financially viable. However, on average, only 30% of operational billings to investors have been paid over the past 2 years, indicating it is unlikely the GPS will be able to raise the required capital.

	December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
<u>Fernley I</u>									
Crystal Clearwater Partners (2011)	62,530	(61,238)	-		-	1,292	**A**	106,950	(9,656)
High Desert Partners (2011)	60,673	(115,492)	-		-	(54,819)	**B**	106,950	(10,738)
	123,203	(176,729)	-		-	(53,526)		213,900	(20,394)
<u>Silver Springs North</u>									
North Springs (2007)	26,149	(39,183)	34,528		-	21,493	**A**	49,172	(13,751)
Rawhide (2007)	27,572	(43,687)	34,528		-	18,412	**A**	49,172	(9,782)
Highway 50 (2008)	(13,970)	(98,391)	34,528		-	(77,833)	**C**	49,172	(3,738)
Orange Vista (2008)	54,216	(46,394)	34,528		-	42,350	**A**	49,172	(15,874)
	93,967	(227,655)	138,111		-	4,422		196,689	(43,145)

Note: While three of the four GPs in this co-tenancies would be in Category A by themselves, Highway 50 has a projected negative cash balance for December 2015 and would need to raise $77,833 from its investors to pay it debts and sustain its 2015 Operations. The estimated net proceeds from a sale of Highway 50's property interest are only $49,172. However, the 2013 appraisal indicates there is equity in the property. Accordingly, the three healthier GPs may want to consider a buyout of Highway 50.

	December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
<u>Washoe 3</u>									
Spanish Springs Partners (2003)	(19,181)	-	-		-	(19,181)	**B**	162,750	(4,956)
Antelope Spring Partners (2004)	(6,453)	(3,144)	-		-	(9,597)	**B**	162,750	(4,779)
Wild Horse Partners (2004)	(20,853)	(23,539)	-		-	(44,392)	**B**	116,250	(2,200)
Big Ranch Partners (2004)	(22,572)	(29,243)	-		-	(51,815)	**B**	116,250	(3,951)
	(69,059)	(55,927)	-		-	(124,986)		558,000	(15,886)

Note: The GPs in this co-tenancy would collectively need to raise $69,058 from their investors in early 2015 just to cover their operating expenses. Historically, investors in these GPs have only paid 54% of operational bills, indicating it is unlikely these GPs will be able collect enough funds to cover their operating expenses.
With that in mind and in light of the estimate net proceeds from a sale ($558,000), investors should strongly consider selling the property.

	December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
Dayton II									
Storey County Partners (2005)	16,295	(1,219)	15,908		-	30,984	**A**	7,342	(805)
Comstock Partners (2005)	7,271	(9,607)	15,908		-	13,572	**A**	7,342	(1,099)
Silver City Partners (2005)	12,767	(19,305)	15,908		-	9,370	**A**	7,342	(1,106)
Nevada View Partners (2005)	(14,696)	(41,077)	15,908		-	(39,865)	**C**	7,342	(1,089)
	21,637	(71,207)	63,632		-	14,062		29,368	(4,099)

Note: While three of the four GPs in this co-tenancies would be in Category A by themselves, Nevada View Partners would need to raise $39,865 from it investors in early 201
to cover its operating expenses. In addition, the $39,865 Nevada View needs to raise vastly exceeds the $7,342 in estimated proceeds from
a sale of the property. Additionally, Nevada View has historically collected only 21% of its operational billings, indicating it is unlikely it will be able to raise the required capi
Accordingly, as in the Silver Springs North co-tenancy, the three healthier GPs may want to consider a buyout of Nevada View.

	December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
Minden									
Carson Valley Partners (1998)	(393)	-	-		-	(393)	**B+**	232,500	(2,369)
Heavenly View Partners (1998)	(3,936)	-	-		-	(3,936)	**B**	232,500	(19,174)
Sierra View Partners (1999)	7,975	-	-		-	7,975	**A**	232,500	(16,137)
Pine View Partners (1999)	363	-	-		-	363	**A**	232,500	(9,846)
	4,009	-	-	-	-	4,009		930,000	(47,526)
Stead									
P-39 Aircobra Partners (2012)	114,089	(137,649)	-		-	(23,560)	**B**	91,838	(3,367)
P-40 Warhawk Partners (2012)	142,859	(145,613)	-		-	(2,754)	**B**	91,838	(6,852)
F-86 (2012)	66,116	(41,400)	-		-	24,716	**A**	183,675	(4,956)
	323,064	(324,662)	-	-	-	(1,598)		367,350	(15,175)

Note: This property was partially sold to P-39 Aircobra and P-40 Warhawk partnerships (each getting a 25% undivided interest) prior to the receivership. Schooler raised funds
for F-86; however, no property interest was transferred to this GP prior to the receivership. Accordingly, Western still owns a 50% undivided interest in the property.
These issues will need to be resolved prior to any release from the receivership.

		December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
Bratton Valley										
Valley Vista (1987)	IND	(5,226)	-	-		-	(5,226)	**B**	63,860	(3,814)
Bratton View (1987)	IND	(2,746)	-	-	(9,248)	-	(11,994)	**B**	63,860	(1,100)
Honey Springs (1988)	IND	(12,030)	-	-	(42,192)	-	(54,222)	**B-**	63,860	(9,731)
		(20,002)	-	-	(51,441)	-	(71,443)		191,580	(14,645)

Note: These GPs all need to raise capital from their investors in early 2015 to cover their operating expenses.

Jamul Valley										
Jamul Meadows (1988)		1,612	-	-	-	(4,774)	(3,162)	**B**	117,676	(432)
Lyons Valley (1988)		(1,609)	(67,229)	-	(1,165)	(4,774)	(74,777)	**B**	117,676	(295)
Hidden Hills (1988)		(12,850)	(85,055)	-	-	(4,774)	(102,679)	**B-**	117,676	(4,452)
		(12,847)	(152,284)	-	(1,165)	(14,322)	(180,618)		353,028	(5,179)

Note: These GPs would need to raise large amounts from their investors in early 2015 to cover operating expenses and pay past due borrowings and property taxes. Historically, these GPs have only collected 28% of their operational billings.

Tecate										
Borderland (1993)	CoTen	(7,137)	-	-	(3,397)	-	(10,534)	**B**	99,975	(2,642)
Prosperity (1994)	CoTen	(7,665)	(78,025)	-	(1,477)	-	(87,167)	**B-**	99,975	(2,618)
Vista Tecate (1990)	IND	(6,438)	-	-	(980)	(589)	(8,007)	**B**	88,691	(2,631)
International (1990)	IND	(16,232)	(34,231)	-	(18,336)	(856)	(69,656)	**B-**	70,754	(4,914)
Tecate South (1989)	IND	(3,590)	-	-	(1,661)	(3,663)	(8,913)	**B**	93,057	(2,976)
Twin Plant (1989)	IND	(5,014)	-	-	(45,534)	(29,507)	(80,055)	**B-**	86,743	-
		(46,076)	(112,256)	-	(71,385)	(34,615)	(264,332)		539,195	(15,781)

Note: These GPS would all need to raise capital from their investors in early 2015 to cover operating expenses, past due borrowings, and property taxes. Historically, these GPs have only collected 16% of operational billings. Investors should strongly consider selling rather than making further capital infusions.

Yuma I										
Gila View (2006)		(8,510)	(37,541)	7,290	-	-	(38,761)	**B**	74,860	(5,039)
Painted Desert (2006)		(13,702)	(36,446)	7,290	-	-	(42,859)	**B**	74,860	(4,486)
Snow Bird (2006)		7,332	(41,746)	7,290	-	-	(27,124)	**B**	74,860	(3,910)
		(14,880)	(115,733)	21,869	-	-	(108,744)		224,581	(13,435)

Note: These GPs will need to raise large amounts from their investors in early 2015. Investors have not previously had to pay operational bills.

	December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
Yuma II									
Desert View (2006)	(2,345)	(68,655)	4,159	-	-	(66,841)	**C**	59,778	(3,386)
Sonora View (2007)	79,421	(53,845)	4,159	-	-	29,735	**A**	59,778	(16,362)
Mesa View (2007)	60,940	(96,652)	4,159	-	-	(31,553)	**B**	59,778	(7,092)
Road Runner (2007)	80,842	(28,498)	4,159	-	-	56,503	**A**	59,778	(12,622)
	218,858	(247,650)	16,636	-	-	(12,156)		239,114	(39,462)
Yuma III									
Mountain View (2008)	(31,096)	(41,532)	53,948	-	-	(18,680)	**B-**	(21,166)	(3,158)
Ocotillo (2008)	34,417	(19,014)	53,948	-	-	69,351	**A**	(21,166)	(4,226)
Cactus Ridge (2008)	13,207	(47,015)	53,948	-	-	20,140	**A**	(21,166)	(1,714)
Mohawk Mountain Partners (2008)	13,353	(92,934)	53,948	-	-	(25,633)	**C**	(21,166)	(1,935)
	29,881	(200,496)	215,792	-	-	45,178		(84,662)	(11,033)

Note: There is a large disparity between the GPs in this co-tenancy. While Mohawk Mountain Partners needs to raise a substantial amount from its investors, Ocotillo and Cact can pay their debts and cover their expenses without raising any capital. Reconciling these differing financial conditions could be difficult. In addition, the property is underwa This co-tenancy could arguably be placed in Category C.

	December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
Las Vegas 1									
Park Vegas Partners (201IND	(5,744)	-	-	-	(4,625)	(10,369)	**B**	613,825	(53,572)
Production Partners (201 IND	(23,031)	-	-	(32,631)	-	(55,662)	**B**	2,511,000	(332,042)
Silver State Partners (201IND	(3,091)	-	-	-	(2,538)	(5,629)	**B**	685,662	(109,257)
	(31,866)	-	-	(32,631)	(7,163)	(71,660)		3,810,487	(494,871)

Note: These GPS are "cash poor" but their property interests have significant value. However, historically they have only collected 32% of their operational billings, indicating they may not be able to raise sufficient capital from their investors to cover operating expenses and past due amounts, including past due property taxes.

	December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
Las Vegas 2									
Rainbow Partners (1994)	5,439	-	-	(76,990)	-	(71,551)	**B**	439,425	(25,099)
Horizon Partners (1994)	(15,796)	(32,093)	-	(69,977)	-	(117,866)	**B**	439,425	(12,882)
	(10,357)	(32,093)	-	(146,967)	-	(189,417)		878,850	(37,981)

Note: These GPS are "cash poor" but their property interests have significant value. However, historically they have only collected 28% of their operational billings, indicating they may not be able to raise sufficient capital from their investors to cover operating expenses and past due amounts.

	December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
LV Kade Property									
Hollywood Partners (1996)	(4,453)	-	-	(23,499)	(9,590)	(37,543)	**B**	945,985	(28,613)
BLA Partners (1997)	(5,552)	-	-	-	(9,590)	(15,142)	**B**	945,985	(23,262)
Checkered Flag Partners (1997)	(6,144)	-	-	(593)	(9,590)	(16,328)	**B**	945,985	(33,569)
Victory Lap Partners (1998)	(13,082)	-	-	(2,067)	(9,590)	(24,739)	**B**	945,985	(59,966)
	(29,231)	-	-	(26,160)	(38,362)	(93,752)		3,783,938	(145,410)

Note: These GPS are "cash poor" but their property interests have significant value. However, historically they have only collected 31% of their operational billings, indicating they may not be able to raise sufficient capital from their investors to cover operating expenses and past due amounts, including past due property taxes.

Category C - Insufficient Capital to Pay Debts & Expenses without Raising Capital From Investors; Property Value is Less Than Capital Needed to be Raised from Investors

Note: For co-tenancies in this category, the underlying GPs DO NOT have sufficient capital to pay amounts due Western, any past due property taxes, as well as absorb any underlying mortgages on the property, without having to raise additional capital from their investors. In addition, the estimated net proceeds from a sale of the property are LESS than than the amounts needed to be raised.

		December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
Santa Fe										
Santa Fe View (2008)		(32,194)	(113,988)	214,794	-	-	(32,194)	**C**	(19,494)	(11,524)
Pueblo (2009)		3,842	(50,875)	214,794	-	-	3,842	**A**	(19,494)	(22,292)
Pecos (2011)		30,485	(29,477)	214,794	-	-	30,485	**A**	(19,494)	(158,227)
		2,133	(194,340)	644,381	-	-	2,133		(58,481)	(192,043)

Note: The analysis of this co-tenancy is similar to Silver Springs North and Dayton II above, except the property is underwater, meaning any effort by the healthier GPs to rescue or buy out Santa Fe View would make no sense.

		December 2015 Ending Cash	GP Notes Payable as of 10/1/14	Mortgages as of 10/1/14	Shortfall Loans due to Western	Past Due Prop Taxes	Net Cash/ (Deficit)		Est. Proceeds from Land Sale	Value of Western Interest (in $)
Washoe 1										
Reno View (1981)		(1,042)	-	-		-	(1,042)	**B+**	46,500	-
Reno Vista (1981)		(4,304)	(37,521)	-		-	(41,825)	**B-**	46,500	-
Reno Partners (1982)		(624)	(142,388)	-		-	(143,012)	**C**	46,500	-
		(5,970)	(179,909)	-	-	-	(185,879)		139,500	-
Tecate										
Freetrade (1991)	CoTen	(3,358)	-	-	-	(3,099)	(6,457)	**B**	95,171	(2,699)
Suntec (1991)	CoTen	(7,865)	(146,049)	-	(17,636)	(3,099)	(174,649)	**C**	95,171	(23)
Via 188 (1990)	CoTen	(4,420)	-	-	-	(3,099)	(7,519)	**B**	95,171	-
		(15,643)	(146,049)	-	(17,636)	(9,298)	(188,626)		285,512	(2,722)

EXHIBIT C

EXHIBIT C

PAST OPERATIONAL BILLINGS AND COLLECTION RATES

	Amount Billed Since 11/13	Amount Collected Since 11/13	Percent Collected Since 11/13
Fernley I			
Crystal Clearwater Partners (2011)	-	-	0%
High Desert Partners (2011)	-	-	0%
Silver Springs North			
North Springs (2007)	-	-	0%
Rawhide (2007)	-	-	0%
Highway 50 (2008)	-	-	0%
Orange Vista (2008)	-	-	0%
	-	-	0%
Silver Springs South			
Rail Road Partners (2006)	-	-	0%
Spruce Heights Partners (2007)	-	-	0%
Vista Del Sur (2007)	-	-	0%
Lahontan (2007)	-	-	0%
	-	-	0%
Washoe 3			
Spanish Springs Partners (2003)	33,050	14,595	44%
Antelope Spring Partners (2004)	67,000	37,807	56%
Wild Horse Partners (2004)	63,000	44,334	70%
Big Ranch Partners (2004)	69,000	28,475	41%
	232,050	125,211	54%
Washoe 5			
Pyramid Highway 177 (2010)	-	-	0%
Frontage 177 (2010)	-	-	0%
	-	-	0%
Dayton I			
Dayton View Partners (1999)	-	-	0%
Fairway Partners (2000)	-	-	0%
Green View Partners (2000)	-	-	0%
Par Four Partners (2001)	-	-	0%
	-	-	0%

PAST OPERATIONAL BILLINGS AND COLLECTION RATES

	Amount Billed Since 11/13	Amount Collected Since 11/13	Percent Collected Since 11/13
Dayton II			
Storey County Partners (2005)	-	-	0%
Comstock Partners (2005)	-	-	0%
Silver City Partners (2005)	-	-	0%
Nevada View Partners (2005)	70,000	14,830	21%
	70,000	14,830	21%
Dayton III			
Gold Ridge Partners (2005)	-	-	0%
Sky View Partners (2005)	-	-	0%
Grand View Partners (2005)	-	-	0%
Rolling Hills Partners (2006)	-	-	0%
	-	-	0%
Dayton IV			
Eagle View Partners (2008)	-	-	0%
Falcon Heights Partners (2008)	-	-	0%
Night Hawk Partners (2009)	-	-	0%
Osprey Parners (2010)	-	-	0%
	-	-	0%
Minden			
Carson Valley Partners (1998)	7,000	2,963	42%
Heavenly View Partners (1998)	7,500	1,786	24%
Sierra View Partners (1999)	-	-	0%
Pine View Partners (1999)	-	-	0%
	14,500	4,749	33%
Washoe 1			
Reno View (1981)	6,446	2,231	35%
Reno Vista (1981)	16,523	4,694	28%
Reno Partners (1982)	49,810	9,487	19%
(Note 3)	72,779	16,412	23%
Washoe 4			
Rose Vista (2006)	-	-	0%
Steam Boat Partners (2006)	-	-	0%
Galena Ranch Partners (2006)	-	-	0%
Redfield Heights Partners (2006)	-	-	0%
	-	-	0%

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PAST OPERATIONAL BILLINGS AND COLLECTION RATES

	Amount Billed Since 11/13	Amount Collected Since 11/13	Percent Collected Since 11/13
Stead			
P-39 Aircobra Partners (2012)	-	-	0%
P-40 Warhawk Partners (2012)	-	-	0%
F-86 (2012)	-	-	0%
	-	-	0%
Bratton Valley			
Valley Vista (1987)	24,757	5,694	23%
Bratton View (1987)	22,816	8,380	37%
Honey Springs (1988)	63,597	16,257	26%
	111,170	30,331	27%
Jamul Valley			
Jamul Meadows (1988)	53,130	11,480	22%
Lyons Valley (1988)	53,893	24,967	46%
Hidden Hills (1988)	63,491	11,445	18%
	170,514	47,892	28%
Tecate			
ABL (1992)	-	-	0%
Mex-Tec (1993)	-	-	0%
Borderland (1993)	22,345	10,331	46%
Prosperity (1994)	27,592	8,918	32%
Freetrade (1991)	9,568	3,083	32%
Suntec (1991)	104,839	7,843	7%
Via 188 (1990)	10,527	6,474	61%
International (1990)	53,709	9,518	18%
Tecate South (1989)	22,717	9,723	43%
Twin Plant (1989)	112,086	10,576	9%
Vista Tecate (1990)	19,292	3,136	16%
	382,674	69,602	18%
Yuma I			
Gila View (2006)	-	-	0%
Painted Desert (2006)	-	-	0%
Snow Bird (2006)	-	-	0%
	-	-	0%

PAST OPERATIONAL BILLINGS AND COLLECTION RATES

	Amount Billed Since 11/13	Amount Collected Since 11/13	Percent Collected Since 11/13
Yuma II			
Desert View (2006)	-	-	0%
Sonora View (2007)	-	-	0%
Mesa View (2007)	-	-	0%
Road Runner (2007)	-	-	0%
	-	-	0%
Yuma III			
Mountain View (2008)	-	-	0%
Ocotillo (2008)	-	-	0%
Cactus Ridge (2008)	-	-	0%
Mohawk Mountain Partners (2008)	-	-	0%
	-	-	0%
Las Vegas 1			
Park Vegas Partners (2011)	9,871	3,437	35%
Production Partners (2010)	78,845	24,836	31%
Silver State Partners (2010)	-	-	0%
(Note 4)	88,717	28,273	32%
Las Vegas 2			
Rainbow Partners (1994)	117,158	39,390	34%
Horizon Partners (1994)	91,308	19,664	22%
	208,466	59,054	28%
LV Kade Property			
Hollywood Partners (1996)	78,551	23,398	30%
BLA Partners (1997)	54,486	21,745	40%
Checkered Flag Partners (1997)	54,933	16,151	29%
Victory Lap Partners (1998)	59,392	15,878	27%
	247,361	77,172	31%
Santa Fe			
Santa Fe View (2008)	-	-	0%
Pueblo (2009)	-	-	0%
Pecos (2011)	-	-	0%
	-	-	0%
Grand Totals	1,598,230	473,526	30%

EXHIBIT D

EXHIBIT D

Additional Factors to Consider

Fernley I	Notes:
Crystal Clearwater Partners (2011)	
High Desert Partners (2011)	

Silver Springs North	Notes:
North Springs (2007)	This co-tenancy is located near the Tesla Factory. The factory has broken ground and completion is expected in 2017.
Rawhide (2007)	
Highway 50 (2008)	
Orange Vista (2008)	

Silver Springs South	Notes:
Rail Road Partners (2006)	This co-tenancy is located near the Tesla Factory. The factory has broken ground and completion is expected in 2017.
Spruce Heights Partners (2007)	
Vista Del Sur (2007)	
Lahontan (2007)	

Washoe 3	Notes:
Spanish Springs Partners (2003)	This co-tenancy is subject to an improvement bond of $32,000 annually. The investors voted to allow this bond. Penalties for non-payment can double the annual charge within 12 months.
Antelope Spring Partners (2004)	
Wild Horse Partners (2004)	
Big Ranch Partners (2004)	

Washoe 5	Notes:
Pyramid Highway 177 (2010)	
Frontage 177 (2010)	

Dayton I	Notes:
Dayton View Partners (1999)	
Fairway Partners (2000)	
Green View Partners (2000)	
Par Four Partners (2001)	

Dayton II	Notes:
Storey County Partners (2005)	
Comstock Partners (2005)	
Silver City Partners (2005)	
Nevada View Partners (2005)	

Additional Factors to Consider

<u>Dayton III</u> Gold Ridge Partners (2005) Sky View Partners (2005) Grand View Partners (2005) Rolling Hills Partners (2006)	Notes: This property was originally 620 acres. 480 acres was the subject of a condemnation trial in Nevada and is no longer owned by the GPs. The mineral rights issues raised by the Schooler Group are discussed in the Report.

<u>Dayton IV</u> Eagle View Partners (2008) Falcon Heights Partners (2008) Night Hawk Partners (2009) Osprey Parners (2010)	Notes:

<u>Minden</u> Carson Valley Partners (1998) Heavenly View Partners (1998) Sierra View Partners (1999) Pine View Partners (1999)	Notes:

<u>Washoe 1</u> Reno View (1981) Reno Vista (1981) Reno Partners (1982)	Notes:

<u>Washoe 4</u> Rose Vista (2006) Steam Boat Partners (2006) Galena Ranch Partners (2006) Redfield Heights Partners (2006)	Notes:

<u>Stead</u> P-39 Aircobra Partners (2012) P-40 Warhawk Partners (2012) F-86 (2012)	Notes: This co-tenancy was never closed and the investors of F-86 do not own any portion of the property. Additionally, there is a duplex on the property occupied by one tenant. The Receiver secured a month to month lease from this tenant. Prior to this, the tenants on the property paid no rent.

Additional Factors to Consider

Bratton Valley	Notes:
Valley Vista (1987)	These GPs own their own parcels outright and are not in co-tenancy with each
Bratton View (1987)	
Honey Springs (1988)	

Jamul Valley	Notes:
Jamul Meadows (1988)	
Lyons Valley (1988)	
Hidden Hills (1988)	

Tecate	Notes:
ABL (1992)	These two GPs are in co-tenancy with each other.
Mex-Tec (1993)	
	Notes:
Borderland (1993)	These two GPs are in co-tenancy with each other.
Prosperity (1994)	
	Notes:
Freetrade (1991)	These three GPs are in co-tenancy with each other.
Suntec (1991)	
Via 188 (1990)	
	Notes:
International (1990)	These GPs own their own parcels outright and are not in co-tenancy with each
Tecate South (1989)	
Twin Plant (1989)	
Vista Tecate (1990)	

Yuma I	Notes:
Gila View (2006)	
Painted Desert (2006)	
Snow Bird (2006)	

Yuma II	Notes:
Desert View (2006)	
Sonora View (2007)	
Mesa View (2007)	
Road Runner (2007)	

Additional Factors to Consider

Yuma III	Notes:
Mountain View (2008)	
Ocotillo (2008)	
Cactus Ridge (2008)	
Mohawk Mountain Partners (2008)	

Las Vegas 1	Notes:
Park Vegas Partners (2011)	These GPs own the own properties outright and are not in co-tenancy with
Production Partners (2010)	each other. There is currently an offer on the Silver State Partners property
	that is being considered by the investors. The online balloting takes
Silver State Partners (2010)	approximately 5 minutes to complete; in the first 2 weeks of voting, only 3

Las Vegas 2	Notes:
Rainbow Partners (1994)	
Horizon Partners (1994)	

LV Kade Property	Notes:
Hollywood Partners (1996)	
BLA Partners (1997)	
Checkered Flag Partners (1997)	
Victory Lap Partners (1998)	

Santa Fe	Notes:
Santa Fe View (2008)	
Pueblo (2009)	
Pecos (2011)	

EXHIBIT E

EXHIBIT E

Sierra Pacific Power Company

PLAINTIFFS

v.

First Financial Planning Corp

DEFENDANT

EXPERT REPORT

OF

Dan A. Peressini, P.E.

August 21, 2009

EXPERT REPORT OF DAN A. PERESSINI

I. INTRODUCTION

1. The following findings are based on the review of the following information:

- Geotechnical feasibility report created by Lumos Engineering – Reno, NV branch.
- Mineral classification results conducted by Nevada Bureau of Mines-UNR
- Field sampling and testing conducted by Lumos Engineering –Carson City, NV
- Mineral Material Commodity Market Royalty and Product Price Study ordered and supplied by U.S.D.I. Bureau of Land Management

2. The premise being investigated in this report is the suitability of the mineral deposit on the subject property yielding sufficient quality aggregate for the construction market. The standard of quality being used as a basis of comparison is the Nevada Department of Transportation Standard Specifications for Road and Bridge Construction (current edition).

3. An estimation of value for the mineral deposit as an aggregate material source based on industry standard royalty rates for similar deposits will be determined based on conceptual mine plan and other factors.

II. SCOPE OF ENGAGEMENT

1. I was retained by the law firm of Santoro, Driggs, Walch et al on behalf of First Financial Planning Corp in the case of Sierra Pacific Power Company v Financial Planning Corp to give my opinion as to whether the subject property was suitable for construction aggregate production for the local market and, or in the use in the development of the property.

2. I was also asked to evaluate the prevailing royalty rate for the aggregate material relative to the market area, with an estimate of reserve volume and overall valuation of the mineral deposit.

3. I was further asked to provide an opinion on whether; the mining of the minerals could create previously assumed "non-developable" property into "developable" property.

III. SUMMARY OF RESULTS FROM THE FIELD SAMPLING

The following summary of test results is based on field samples that were taken by Lumos Engineering representatives on the site. The objective in obtaining the samples was to do a preliminary site evaluation for mineralogy and mineral quality as defined by industry standards specifications. It is common practice in an exploratory site evaluation to conduct the tests that are presented in this report. Once a site is judged to be of an acceptable quality, further site sampling and testing is conducted. A typical protocol for second level testing would be to excavate and transport raw insitu material to an existing aggregate plant in the area to simulate the crushing and screening process that would be utilized on the site in the future. The resulting products would then be further tested and compared to a wider range of specifications.

The following table is a condensed summary of the level one testing protocol that was conducted:

Summary Table of Field Testing

Sieve Sizes	Sample #1	Sample #2	Sample #3	Averages
	Total	Total	Total	
6"	100	100	100	**100**
4"	82	100	100	**94**
2"	72	79	88	**80**
1"	61	63	80	**68**
3/4"	58	58	78	**65**
1/2"	54	50	75	**60**
3/8"	51	47	72	**57**
No. 4	43	40	65	**49**
No. 8	36	32	53	**40**
No. 16	31	22	39	**31**
No. 30	26	14	27	**22**
No. 50	23	8	15	**15**
No. 100	19	4	6	**10**
No. 200	13	3	3	**6**
Bk SG (SSD) Coarse	2.62	2.70	3.05	**2.79**
Bk SG (SSD) Fines	2.48	2.50	2.71	**2.56**
Absorption - Coarse	1.4%	1.4%	1.5%	**1.4%**
Absorption - Fines	1.4%	3.2%	1.4%	**2.0%**
Sodium Soundness %	<1%	1.0%	3.0%	**2.0%**
LA Abrasion	33%	26%	40%	**33%**
Liquid Limit	NV	NV	NV	**NV**
Plastic Limit	NV	NV	NV	**NV**
Plasticity Index	NP	NP	NP	**NP**

The test results represent fair to excellent quality material, which within industry standard mining, processing and sorting of raw material can readily be expected to meet prevailing public works specifications.

The individual mineral samples taken during the initial site investigation were submitted to the Nevada Bureau of Mines and Geology, at University of Nevada Reno for X-Ray Diffraction analysis. The results are presented in Exhibit C – 2 and the conclusion of the analysis is that the geology is consistent with visual observations of the deposit. The predominant mineralogy of the site is plagioclase/feldspar derivatives and quartz with minor amounts of ferropargasite and ferrohornblende minerals present. During the site investigation no detrimental or particularly harmful minerals were found that would pose a problem for mining and processing.

IV. ANALYSIS AND OPINIONS

The following analysis, opinion and conclusion are based on the referenced backup information and site exploration. The requested objective was to conduct an aggregate quality evaluation, estimate a market royalty and create a mine plan that transforms existing steep terrain into developable property.

1. **Aggregate Quality Evaluation** - The sampling areas were established by evaluating the terrain and types of mineral formations on the property. Generally there are three distinct types of formations; 1) Hard rock formation located in the northwest corner and continuing towards the southeast corner, 2) Active wash of alluvial gravel bisecting the west half of the property starting at the west boundary continuing to the south boundary, and 3) General alluvial fan residual across the remaining property. The samples were taken to represent the above described deposits. Referring to the laboratory test results in exhibit C-3 *Field Sampling and Testing Results by Lumos Engineering – Carson City, NV Branch* and comparing to the specifications contained in exhibit C-4 *Specifications for Aggregate Base, Aggregate for Bituminous Courses, Aggregates for Portland Cement Products – Nevada Department of Transportation, Standard Specifications for Road and Bridge Construction*, **the samples meet or exceed the required minimum quality specifications**. Some test procedures were not conducted on the field samples due to applicability for unprocessed material. For example the insitu material without processing by means of selective mining, screening, crushing and, or washing would not be expected to meet a fractured face specification, cleanness value specification or other specification without modifying by mechanical means. Only rock quality was evaluated with the laboratory testing.

2. **Market Royalty for Mineral Material Commodity** – The value of common variety minerals such as construction aggregate is a function of several key factors:

   - *Demand created by infrastructure and building projects in the market area* – The property is within 19 miles of the intersection of US 395 and Hwy 50, Carson

City, NV and only within 1 mile of Hwy 50 right of way. The population of Carson City in 2008 as reported by NV Energy was 57,600 people, with additional households and developments between Carson City and Dayton. Specific annual demand is a function of larger public works projects requiring aggregate materials for road base, pavements and backfill materials. Based on the local area growth over the last 5 to 10 years and upcoming improvement projects, even with the latest market downturn, it would be reasonable over the life of the mining operation to expect a base annual volume range of **125,000 to 400,000 cubic yards per year**, with some years spiking higher or lower than estimated.

- *Cost impacts to develop/permit and extract/mine the resource* – The site is large enough to conduct mining and processing operations without causing a nuisance to any neighboring properties. The overburden soils (topsoil, decomposed and conglomerated deposits could easily be stripped and be used to create a buffer berm to reduce the sight line from surrounding properties and the highway. After final excavation of the reserve, the stockpiled overburden materials could be used inexpensively to reclaim the property where needed. Thus making the property conducive to being a low cost producer of construction aggregate in the area.

- *Quality of mineral reserve*- referencing the combined test results discussed above, the insitu material meets or can be processed to meet the quality requirements for aggregate base. It is anticipated that with additional mechanical processing, the material would meet the higher standards of asphalt concrete and Portland cement concrete specifications, which could be verified with additional testing.

Based on these factors and the specific quality of this mineral reserve, a general mineral appraisal of the value can be estimated using the US Department of Interior – Bureau of Land Management (BLM) appraisal referenced in exhibit C-5 *Mineral Material Commodity Market Royalty and Product Price Study – U.S.D.I. - Bureau of Land Management (Nevada State Office)*. Referencing the applicable types of deposits of "Sand and Gravel Products" and "Quarried Rock Used for Aggregate Base" for Hwy 395 corridor and Outlying Areas/Rural Communities of **$0.45 to $0.75 per ton** can be used as a reasonable range of value.

3. **<u>Mining Steep Terrain into Developable Property</u>** - A mine plan focusing on the steeper terrain in the northwest ¼ of the property, utilizing 3:1 slopes from the north and west property boundaries could yield a raw volume of 28,569,212 cubic yards. Assuming an average stripping depth of approximately 5 feet, based on field observation of open mine shafts and scarped areas, yields a stripping volume of 2,509,274 cubic yards and net usable aggregate volume of **26,059,938 cubic yards** or in terms of weight, using a reasonable estimate of insitu density based on the material properties, a conversion of 1.78 tons per cubic yard would yield **46,386,690 tons**. Refer to Exhibit C-6 *Topographic 3D Volumetric Conceptual Mine Plan*. The area utilized by the mining operation would be approximately 329 acres in total with no more than 100 acres active. Therefore as the mining operation progresses from the southeastern mining area to the northwest corner, the point of deepest extraction,

previously quarried areas could be relinquished for development. Allowing for a longer term development and mining plan to maximize the earnings from royalties over the life of the operation. The method of extraction is contemplated to include both ripping and most likely blasting of the hard rock formation to yield the best quality and combination of raw material.

In summary, based on the referenced exhibits and data collected from the testing, the minerals contained on the property would yield a suitable aggregate product for construction projects. Therefore and estimated value for this mineral deposit based on the available net volume of aggregate reserve may be estimated at:

- Value at **highest** Royalty: 46,386,690 tons x $0.75/tn = $**34,790,018**
- Value at **lowest** Royalty: 46,386,690 tons x $0.45/tn = $**20,874,010**

It is common when discussing the value of mineral reserves and the buyout of such, to discount for risks such as market, reserve variability, carrying costs, and other variables associated with such operations.

V. QUALIFICATIONS & COMPENSATION

1. I have been employed by Las Vegas Paving Corp. since November 18th, 1996 as the company's Materials Division Manager. My responsibilities are to manage the multiple pits and quarries for the production of aggregate materials, the production of asphalt, the production of Portland cement concrete and the acquisition of new mineral reserves. A copy of my curriculum vitae is included as Exhibit B.

2. I am a registered Professional Civil Engineer in the State of Nevada (license #14832).

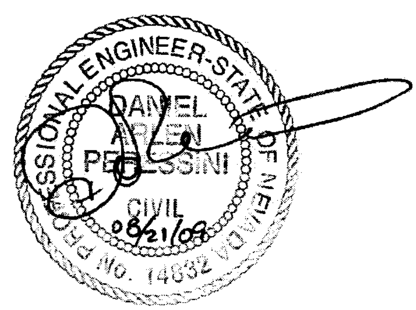
3. Fees for my time in connection with this litigation are billed to Santoro Driggs Walch et al at the hourly rate of $300 for research, analysis and consultation, plus out-of-pocket expenses. Fees for my time in testimony at deposition and trial are billed at $375 per hour.

4. My compensation for this engagement is not contingent on the outcome of this litigation. The total amount of my compensation for this engagement is not known at this time because of work yet to be completed, which includes deposition testimony if requested, and testimony at trial.

5. If additional information relevant to this litigation becomes available to me, I reserve the right to modify, amend or change this report and the opinions stated herein if warranted by such additional information.

August 21, 2009

Dan A. Peressini, P.E.



Expires 12/31/09

LIST OF EXHIBITS

EXHIBIT A
Layout Map of Subject Property

EXHIBIT B
Resume of Dan A. Peressini
Deposition and Trial Testimony in Past Six Years

EXHIBIT C
Detailed Listing of Documents Reviewed

1. Geotechnical Feasibility Study by Lumos Engineering – Reno, NV Branch

2. Results of Mineral Classification - Nevada Bureau of Mines (UNR)

3. Field Sampling and Testing Results by Lumos Engineering – Carson City, NV Branch

4. Specifications for Aggregate Base, Aggregate for Bituminous Courses, Aggregates for Portland Cement Products – Nevada Department of Transportation, Standard Specifications for Road and Bridge Construction

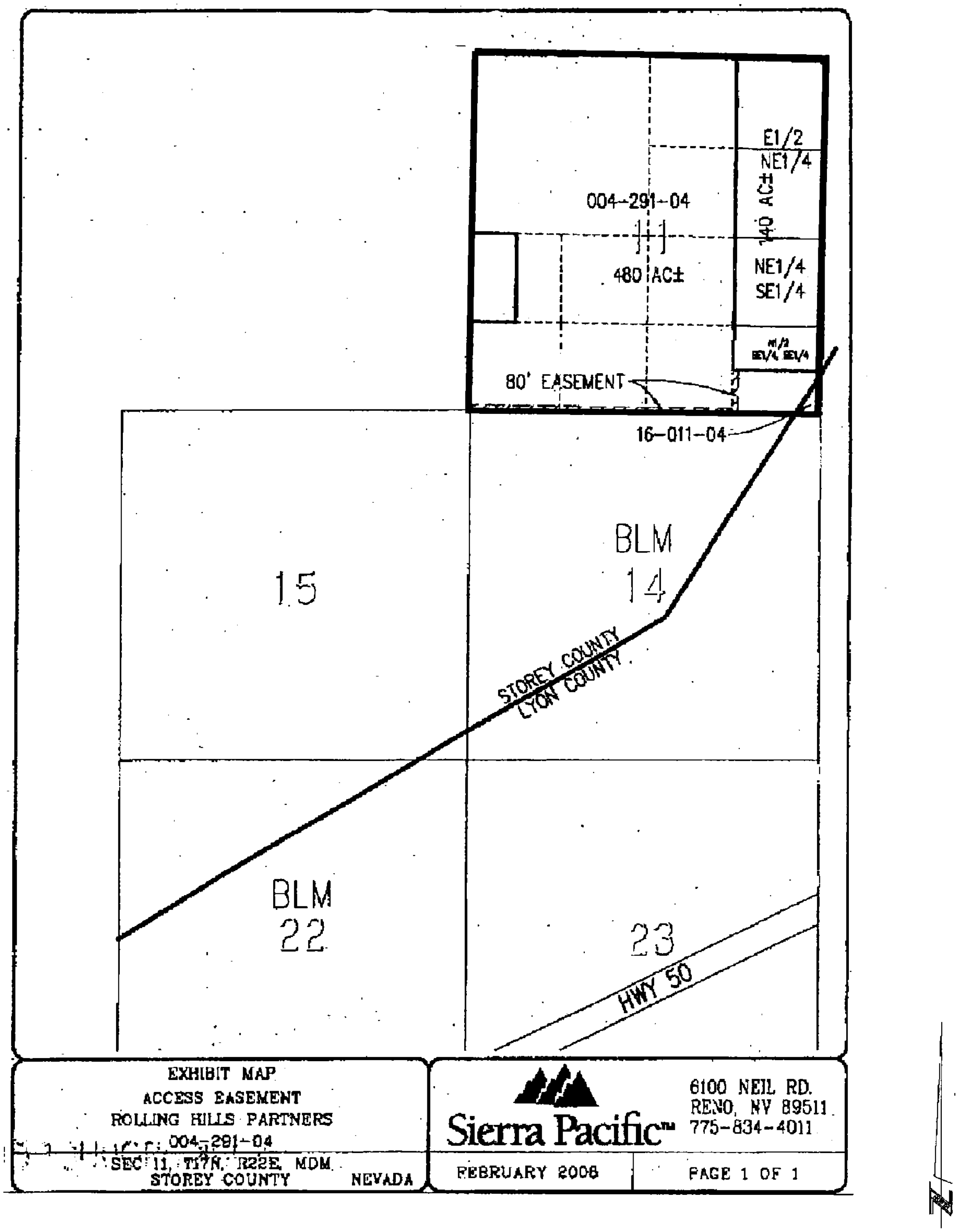
5. Mineral Material Commodity Market Royalty and Product Price Study – U.S.D.I. - Bureau of Land Management (Nevada State Office)

6. Topographic 3D Volumetric Conceptual Mine Plan

EXHIBIT A

Layout Map of Subject Property

Exhibit A
Layout Map of Subject Property



LUMOS & ASSOCIATES 800 E. COLLEGE PARKWAY CARSON CITY, NEVADA 89706 PH. (775) 883-7077 FAX (775) 883-7114	STOREY COUNTY EMINENT DOMAIN **ACCESS EASEMENT MAP** STOREY/LYON COUNTIES NEVADA	Date: MAY 2009 Scale: N.T.S. Job No: 7580.000 PLATE 1

EXHIBIT B

Resume of Dan A. Peressini

Dan A. Peressini, P.E. has over 23 years construction experience and an extensive background in aggregate reserve investigation and development. He is frequently called upon to conduct mine plan development and aggregate source development.

For the past Thirteen years (since 1996), Mr. Peressini has been Division Manager and a Board of Director of Las Vegas Paving Corp, an organization with over 1,000 employees and which has been in business for over 50 years. He has investigated and developed material sources in a variety of geographic markets for construction in Nevada, California, Arizona and Utah.

Mr. Peressini earned a B.S. degree in Civil Engineering from Oregon State University, 1990. After which he joined the engineering firm of Dames and Moore, Portland, OR division, where he worked as an engineer on the construction of Bonneville Dam Lock project. He subsequently moved to a heavy civil construction company, Wildish Standard Paving of Eugene Oregon where he worked in their Portland division office as a project engineer/estimator until he moved for an opportunity to Las Vegas, NV. During his years with these companies, he has been responsible for overseeing and managing all phases of heavy civil construction and over this time he has directly been responsible for the engineering, mining and processing of more than an estimated 70,000,000 tons of construction grade rock products.

Mr. Peressini is member of American Society of Civil Engineers. He also is on the Board of Directors of Las Vegas Paving. He has served on many committees related to the construction industry including the education, operation and training.

Testimony in Deposition or Trial, In Last 6 Years

- Crusher Rental and Sales, UT v. QMax, AZ ;
  Iron County, UT
  May 2003

- Rinker Materials West v Las Vegas Paving,
  Clark County, NV
  August 2009

EXHIBIT C

Detailed Listing of Documents Referenced

1. Site Investigation and Feasibility Study by Lumos Engineering – Reno, NV Branch

2. Results of Mineral Classification - Nevada Bureau of Mines (UNR)

3. Field Sampling and Testing Results by Lumos Engineering – Carson City, NV Branch

4. Specifications for Aggregate Base, Aggregate for Bituminous Courses, Aggregates for Portland Cement Products – Nevada Department of Transportation, Standard Specifications for Road and Bridge Construction

5. Mineral Material Commodity Market Royalty and Product Price Study – U.S.D.I. - Bureau of Land Management (Nevada State Office)

6. Topographic 3D Volumetric Conceptual Mine Plan

EXHIBIT C - 1

Geotechnical Feasibility Study

LUMOS

Exhibit C - 1

May 27, 2009

7580.000

First Financial Planning Corp.
ATTN: Mr. Louis Schooler
5186 Carroll Canyon Road, Ste. 100
San Diego, CA 92121

RE: Storey County Eminent Domain
Geotechnical Feasibility Study

Lumos and Associates, Inc. (Lumos) has completed its Geotechnical Feasibility Study for the above mentioned project. The study area included 620-acres of Section 11, T 17 N, R 22 E. The excluded 20-acres (of the 640-acre section) is the west ½ of the northwest ¼ of the southwest ¼ of said Section 11. The majority of the study area lies within Storey County, Nevada and a small portion of the area, the southeast corner lies within Lyon County, Nevada (refer to Plate #1). Our Geotechnical Feasibility Study included the following:

Research of pertinent maps and literature.
Site reconnaisance.
Analysis and preparation of this report.

The north half and the north half of the southwest quarter of the study area is relatively steep terrain. Several intermittent stream beds cross the site. A fairly large one is located in the southwest quarter of the southwest quarter of the site. Another fairly large intermittent stream bed cross the south half of the site in a ESE direction. Several abandoned mines are located across the site with associated tailings piles and shafts (refer to Plate #2).

According to the "Geology and Mineral Deposits of Washoe and Storey Counties, Nevada" and the "Geology and Mineral Deposits of Lyon, Douglas, and Ormsby Counties, Nevada", the northwestern portion of the site is mapped as containing "metasedimentary rocks, slate, phyllite, metatuff, arillitte, quartzite, metagraywacke, recrystalized limestone, conglomerate, hornfels, schist, and local skarn and tactile interfingered with metavolcanic rocks". The southeastern portion of the site is mapped as containing "stream deposits, talus, slope wash, alluvial fan, and eolian deposits". Our observations during our site reconnaissance indicate the geological maps were consistent with what was seen on the surface of the site. However, a field exploration program should be implemented, prior to development, to verify subsurface soil/bedrock conditions.

According to the "Quarterly Fault Map of Nevada, Reno Sheet" a "Pleistocene" fault crosses the site and runs from the northeast corner to the southwest corner of the site (refer to Plate #3). Typically, Pleistocene faults are considered potentially active. No evidence of faulting was observed on the surface during site reconnaissance. However, prior to development, fault trenches should be excavated in the area of the mapped fault in order to verify if the fault exists, accurately date the fault, and assign a setback for structures, if appropriate.

According to the "Soil Survey of Storey County Area, Nevada" and the "Soil Survey of Lyon County Area, Nevada", approximately 60% of the site (northern portion of the site) contains Olac Bombadil Rock Outcrop Acssociation (480), 30% of the site (southern portion of the site) contains fulstone cobbly loam (553), and six percent (6%) of the site contains veta, very gravely sandy loam (381) (refer to Plate #4). Our observations during our site reconnaissance were consistent with these maps. Surface cobbles and boulders were noted across the site, however, they were more predominant on the southern portion of the site. The Olac Bombadil Rock Outcrop Association is considered hard, moderately corrosive with low to moderate shrink-swell potential, has a ph between 6.1 and 7.8, has a plasticity index from 0-20, contains 0-55% particles larger than three inches (3") and the depth to unweathered bedrock is 10-14 feet. The fulstone cobbly loam is considered highly corrosive, with low to moderate shrink-swell potential, has a ph between 6.1 and 8.4, has a plasticity index between 5 and 35, and contains 0-30% particles greater then three inches (3"). Veta very gravely sandy loam is considered highly corrosive, with low shrink-swell potential, has a ph between 6.6 and 8.4, is non-plastic and contains 0-30% particles larger then three inches (3"). We recommend that a field investigation and laboratory testing program be completed prior to development to determine the engineering properties and characteristics of the site soils/bedrock.

No surface water was observed on the site during our site reconnaissance. According to a well drillers log (located on Nevada Department of Water Resources website) of a well located in Section 11, T 17 N, R 22 E. The depth to groundwater in 1991 was 35 feet.

Based on our site reconnaissance and review of pertinent maps, the site is feasible for development, from a geotechnical view point. However, there are some challenges/obstacles associated with this site.

1) The steepness of the north half and the north half of the southwest quarter of the site will require substantial cuts and fills. The depth of bedrock may impact the cut areas. The potential fill soils will require some processing (screening, crushing, and/or blending) prior to incorporating into fills.

2) A development set back will most likely be required from the mapped Pleistocene fault located on site.

Do not hesitate to contact our office with any questions concerning this matter at (775) 883-7077.

Sincerely,

PROFESSIONAL ENGINEER STATE OF NEVADA
MITCHELL T. BURNS
Exp. 12-31-10
CIVIL
No. 15001

Mitch Burns, P.E.
Construction Services Engineer
Lumos and Associates, Inc.

REFERENCES

Bell, John W., 1984, Quarterly Fault Map of Nevada, Reno Sheet Map 79, Nevada Bureau of Mines and Geology, Reno, NV.

Bonham, Harold F., 1969, Geology and Mineral Deposits of Washoe and Storey Counties, Nevada, Bulletin to Nevada Bureau of Mines and Geology, Reno, NV.

Moore, James G., 1969 Geology and Mineral Deposits of Lyon, Douglas, and Ormsby Counties, Nevada, Bulletin 75, Nevada Bureau of Mines and Geology, Reno, NV.

Nevada Department of Water Resources website.

Soil Conservation Service, 1984, Soil Survey of Lyon County Area, Nevada

Soil Conservation , 1990, Soil Survey of Storey County Area, Nevada

United States Geological Survey, 1985, Misfits Flat Quadrangle, Nevada, Denver, CO.

EXHIBIT B

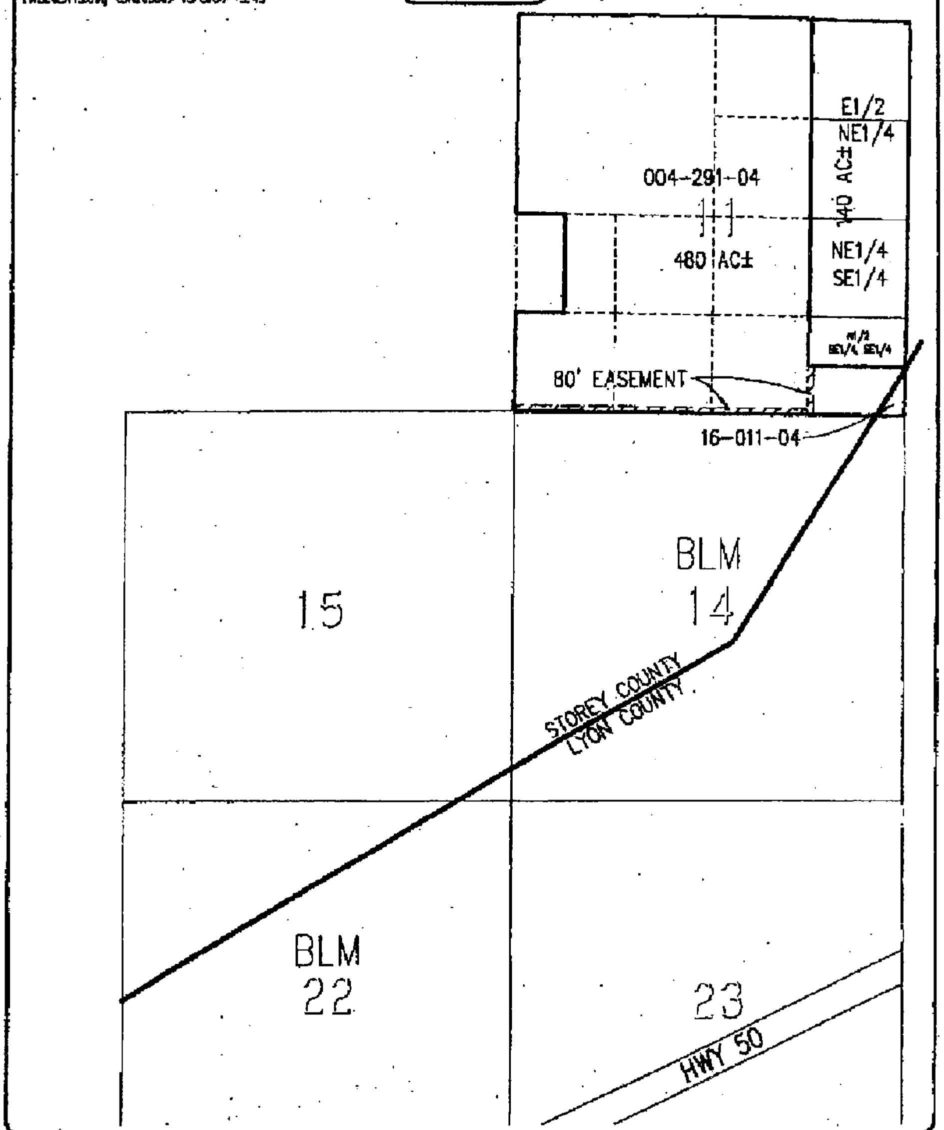


EXHIBIT MAP
ACCESS EASEMENT
ROLLING HILLS PARTNERS
004-291-04
SEC 11, T17N, R22E, MDM
STOREY COUNTY NEVADA

Sierra Pacific™
6100 NEIL RD.
RENO, NV 89511
775-834-4011

FEBRUARY 2008 | PAGE 1 OF 1

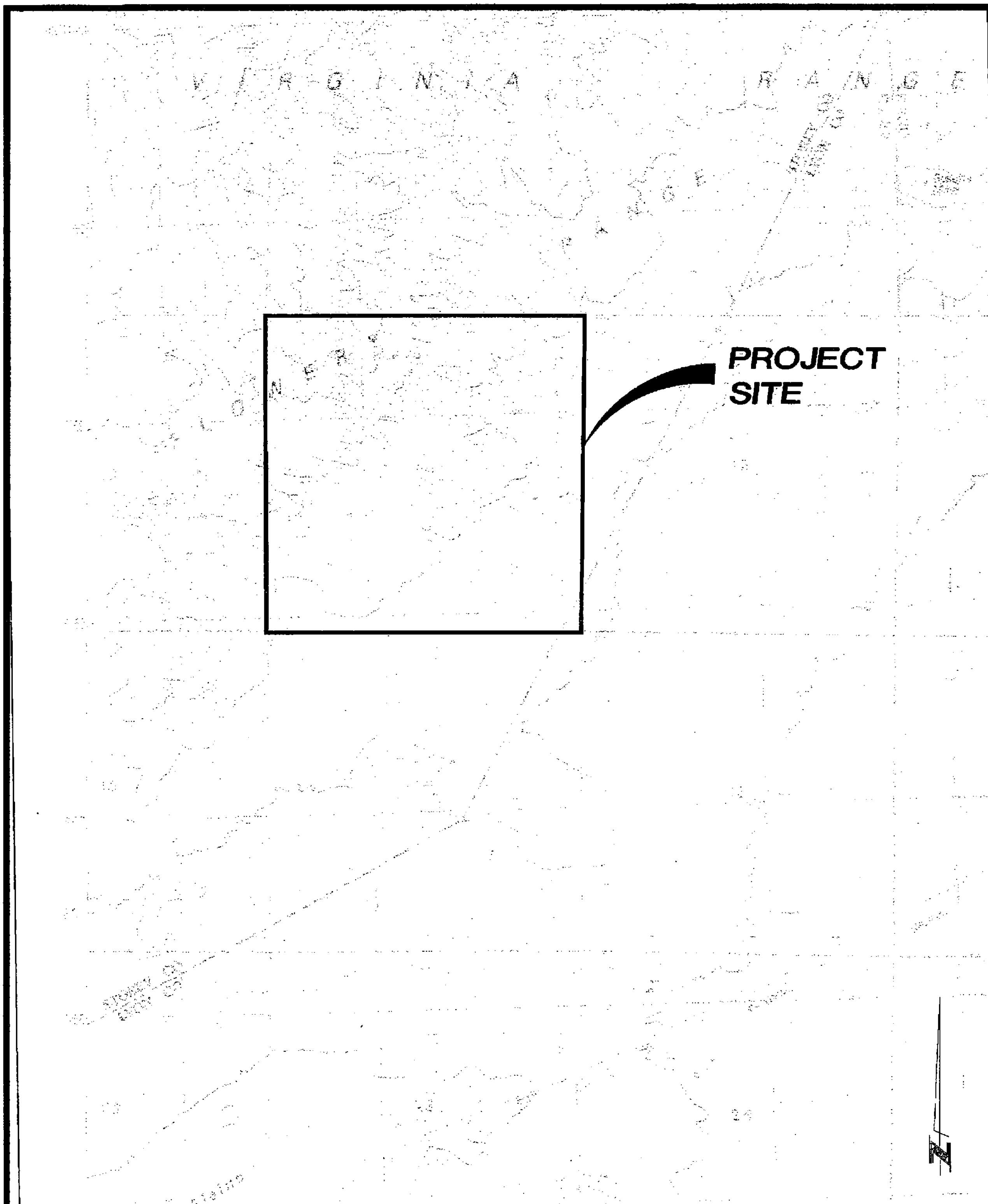
LUMOS & ASSOCIATES
800 E. COLLEGE PARKWAY
CARSON CITY, NEVADA 89706
PH. (775) 883-7077 FAX (775) 883-7114

STOREY COUNTY EMINENT DOMAIN

ACCESS EASEMENT MAP

STOREY/LYON COUNTIES NEVADA

Date:	MAY 2009
Scale:	N.T.S.
Job No:	7580.000
PLATE	1



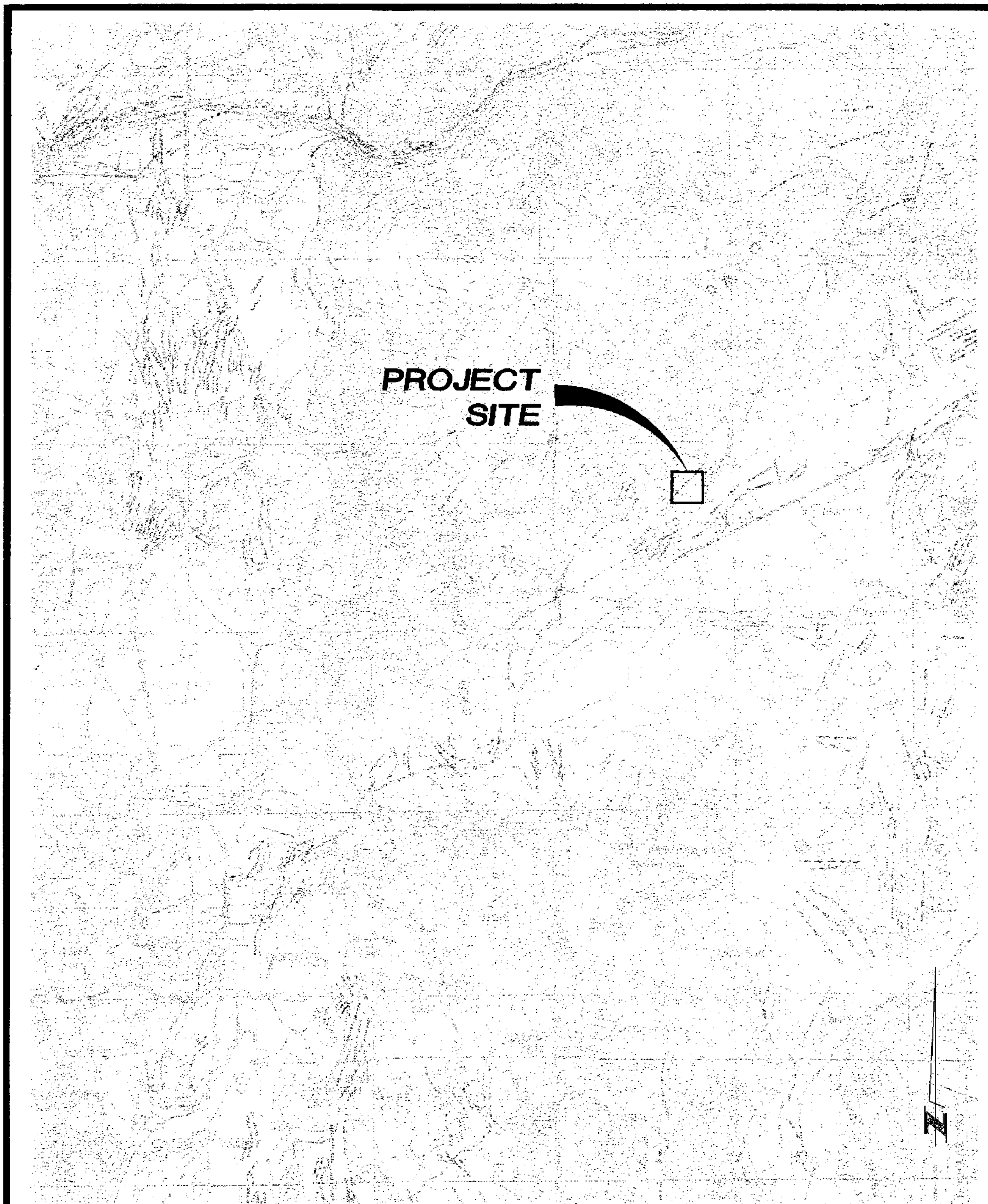
LUMOS & ASSOCIATES
800 E. COLLEGE PARKWAY
CARSON CITY, NEVADA 89706
PH. (775) 883-7077 FAX (775) 883-7114

STOREY COUNTY EMINENT DOMAIN

QUADRANGLE LOCATION MAP

STOREY/LYON COUNTIES NEVADA

Date:	MAY 2009
Scale:	N.T.S.
Job No:	7580.000
PLATE	2



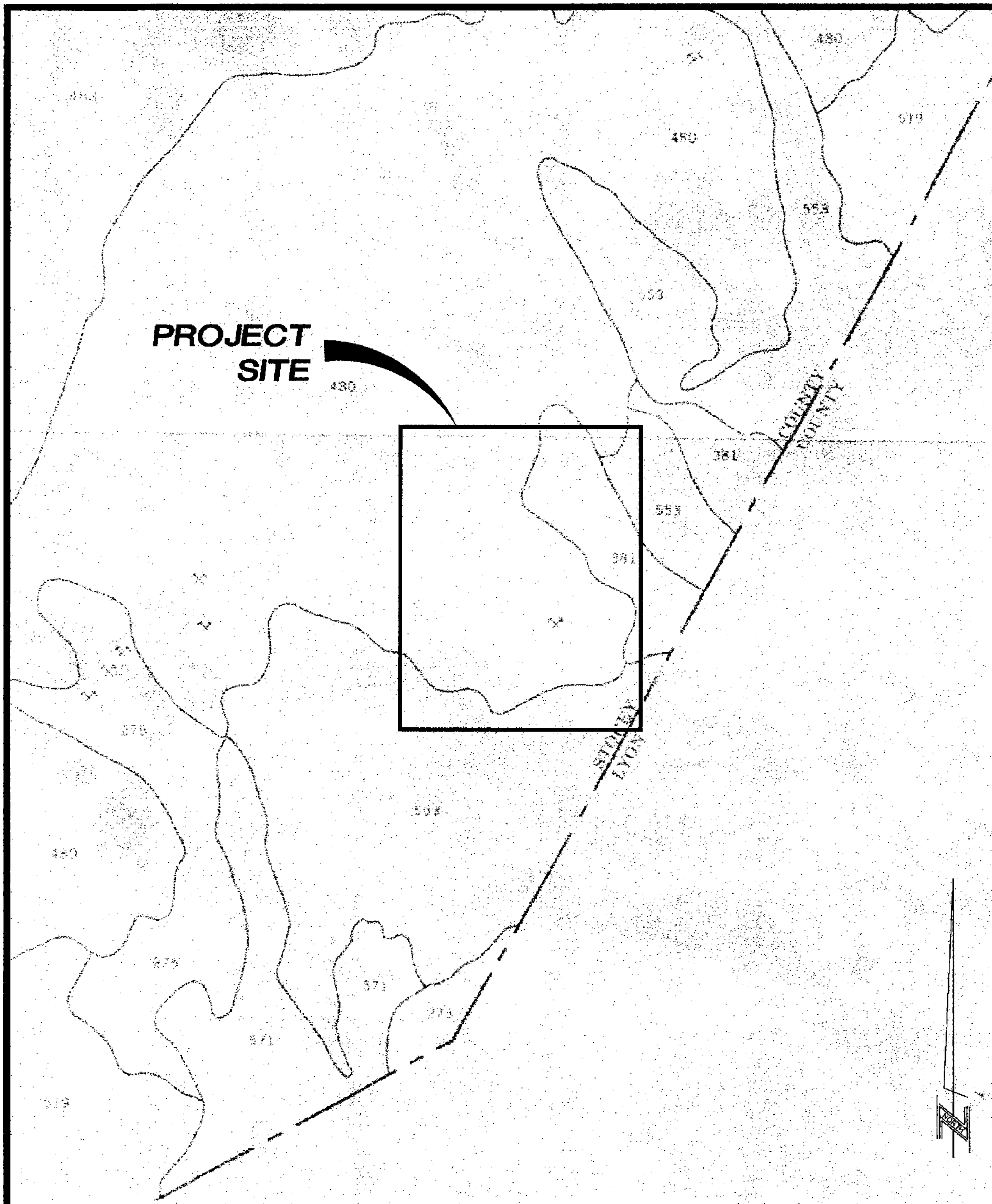
LUMOS
800 E. COLLEGE PARKWAY
CARSON CITY, NEVADA 89706
PH. (775) 883-7077 FAX (775) 883-7114

STOREY COUNTY EMINENT DOMAIN

FAULT MAP

STOREY/LYON COUNTIES NEVADA

Date:	MAY 2009
Scale:	N.T.S.
Job No:	7580.000
PLATE	3



LUMOS
& ASSOCIATES
800 E. COLLEGE PARKWAY
CARSON CITY, NEVADA 89706
PH. (775) 883-7077 FAX (775) 883-7114

STOREY COUNTY EMINENT DOMAIN

SOIL SURVEY

STOREY /LYON COUNTIES NEVADA

Date:	MAY 2009
Scale:	N.T.S.
Job No:	7580.000
PLATE	4

EXHIBIT C - 2

Mineral Classification (NSBM-UNR)

Exhibit C - 2

University of Nevada, Reno

Laboratory Report

www.nbmg.unr.edu/lab/

Audra Miller
Lumos & Assoc.
5401 Longley Lane #5
Reno NV 89511

Invoice: **LAB-293**
Date: **August 24, 2009**

Mineralogy is determined for all samples using X-ray Diffraction analysis. The scale of some diffractograms has been set to better reveal low intensity detail, in doing so the higher intensity peaks are truncated. The results are as follows:

#1: Contains major plagioclase, augite ($Ca(Mg,Fe)Si_2O_6$) and minor ferropargasite (hornblende) ($NaCa_2Fe_4AlSi_6Al_2O_{22}(OH)_2$).

#2: Contains major ferropargasite and ferrohornblende, sodian $(Na,K)Ca_2(Fe,Mg)_5(Al,Si)_8O_{22}(OH)_2$ and apatite ($Ca_5(PO_4)_3(OH,Cl,F)$).

#3: Contains major plagioclase with minor quartz and possible trace dolomite.

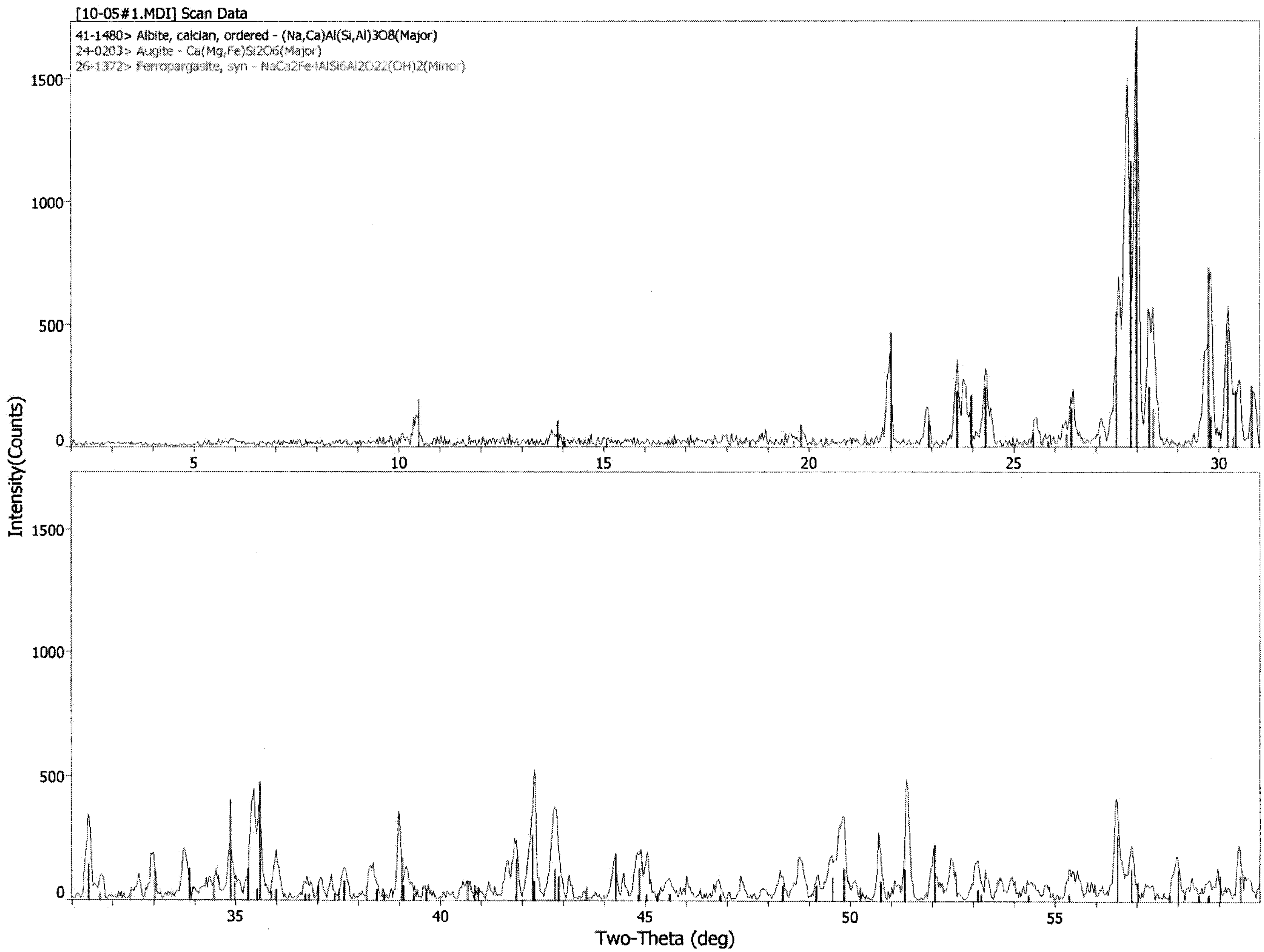
#4: Contains major quartz, plagioclase and K-feldspar ($KAlSi_3O_8$) with minor chlorite ($Mg_3Mn_2AlSi_3AlO_{10}(OH)_8$) and trace ferropargasite.

#5: Contains major augite and plagioclase with minor ferropargasite.

The results of this assay were based solely upon the content of the sample submitted. Any decision to invest should be made only after the potential investment value of the claim or deposit has been determined based on the result of assays of multiple samples of rocks or minerals collected by the prospective investor or by a qualified person selected by him.

Mario Desilets
Assistant Chemist/Geochemist

Nevada Bureau of Mines and Geology
Mail Stop 178
Reno, Nevada 89557-0178
Telephone: (775) 784-6691
FAX: (775) 784-1709
www.nbmg.unr.edu



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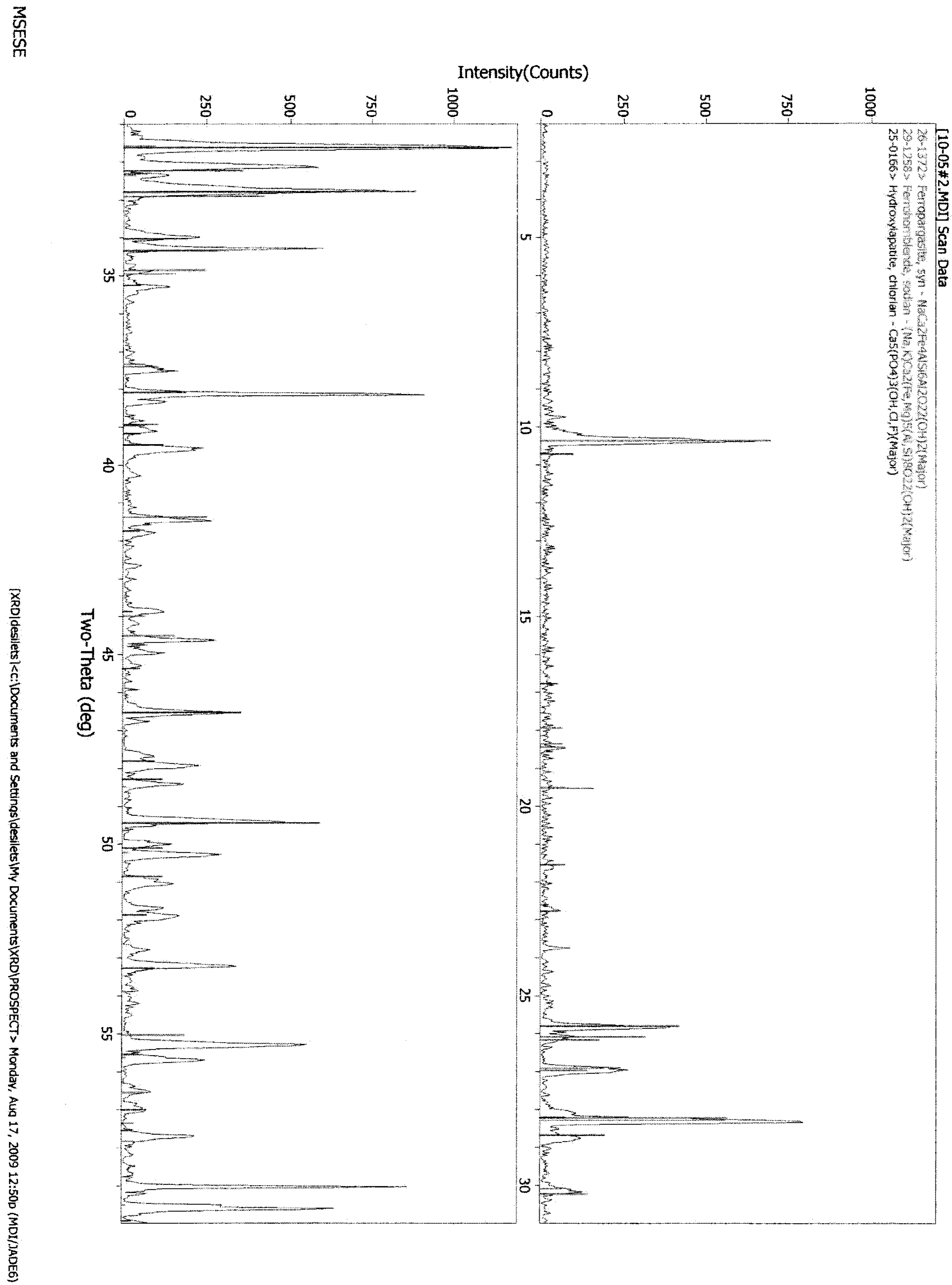
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29-1258> Ferrohornblende, sodian - (Na,K)Ca2(Fe,Mg)5(Al,Si)8O22(OH)2(Major)
25-0166> Hydroxylapatite, chlorian - Ca5(PO4)3(OH,Cl,F)(Major)
Intensity(Counts)
Two-Theta (deg)
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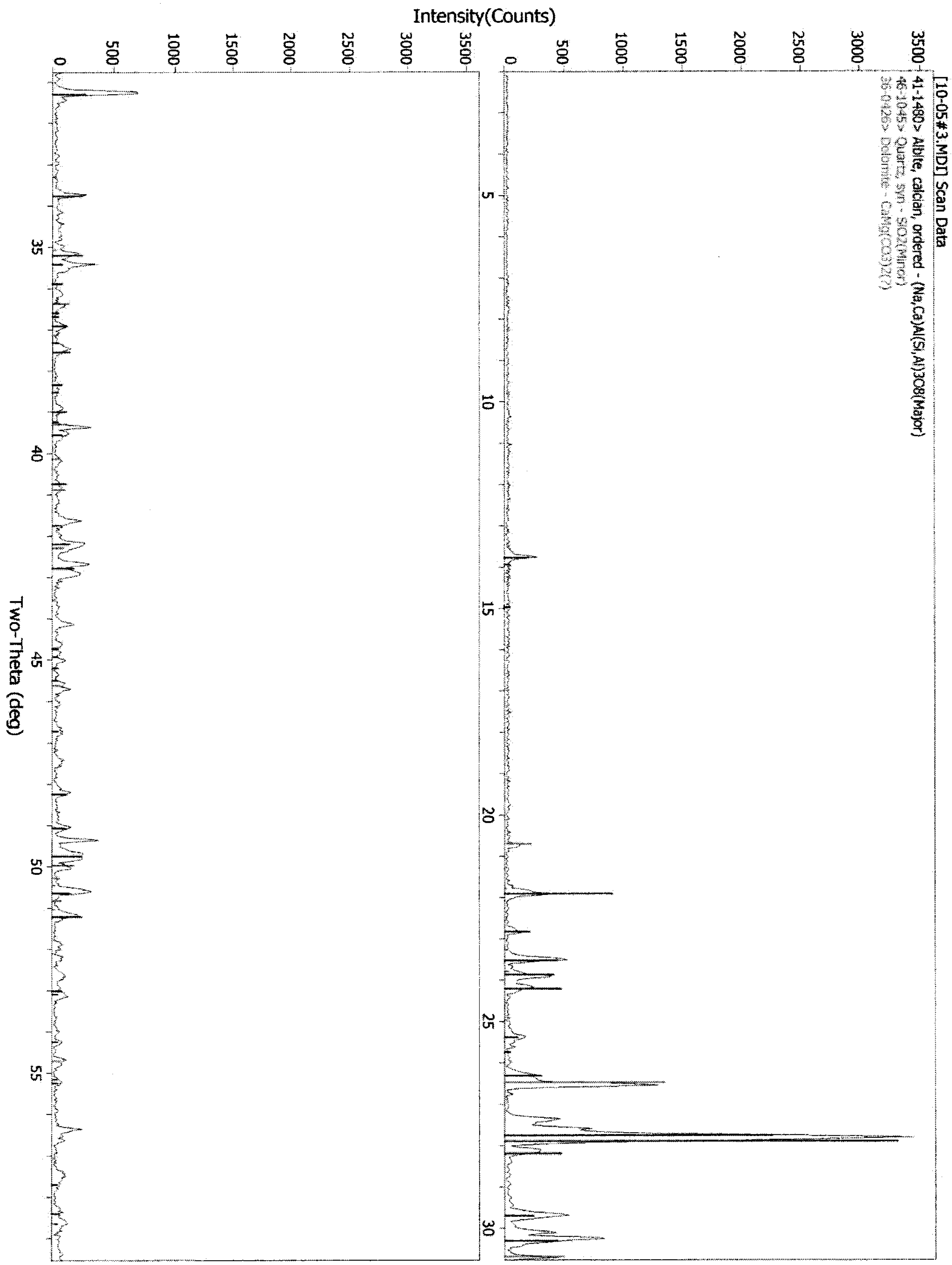

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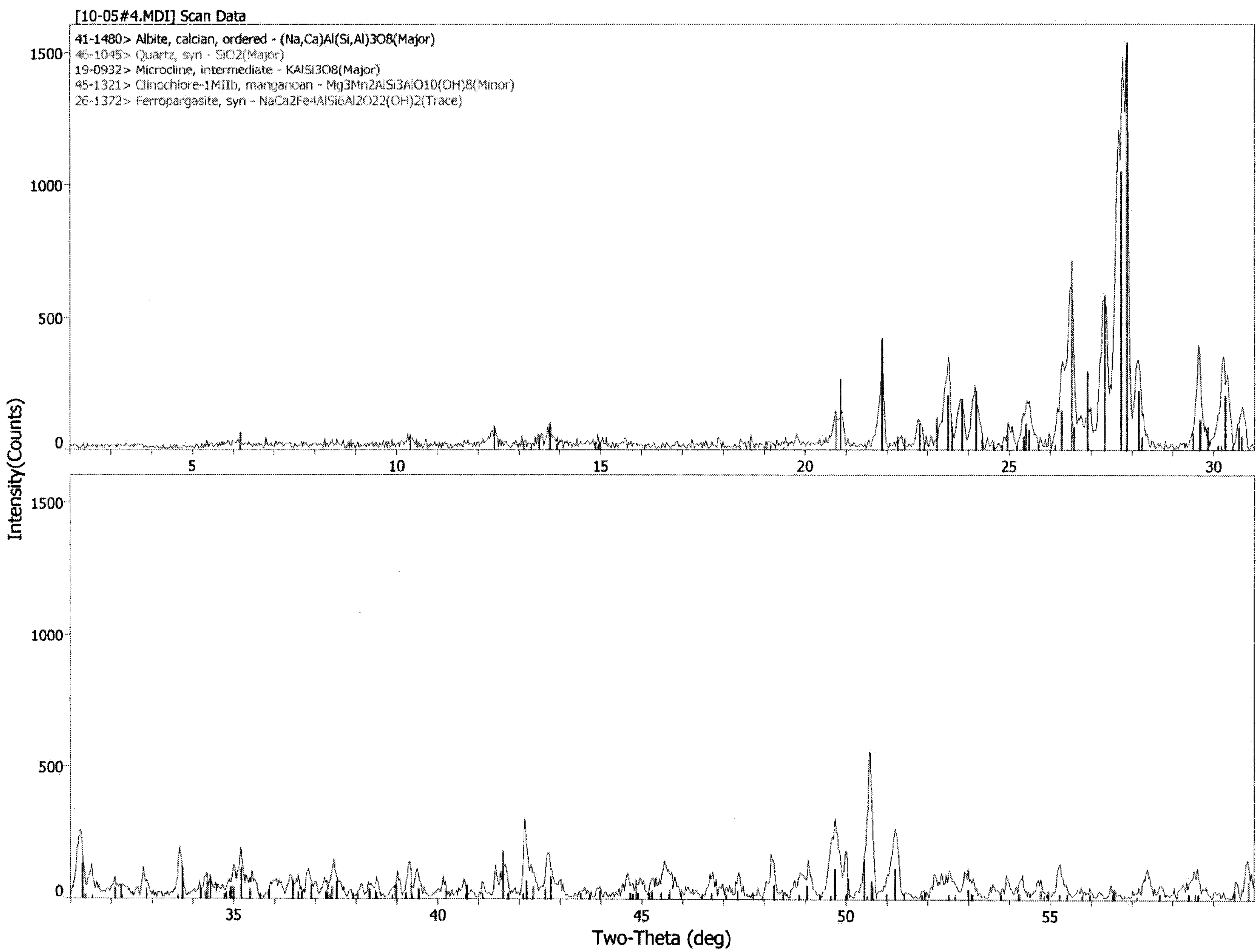

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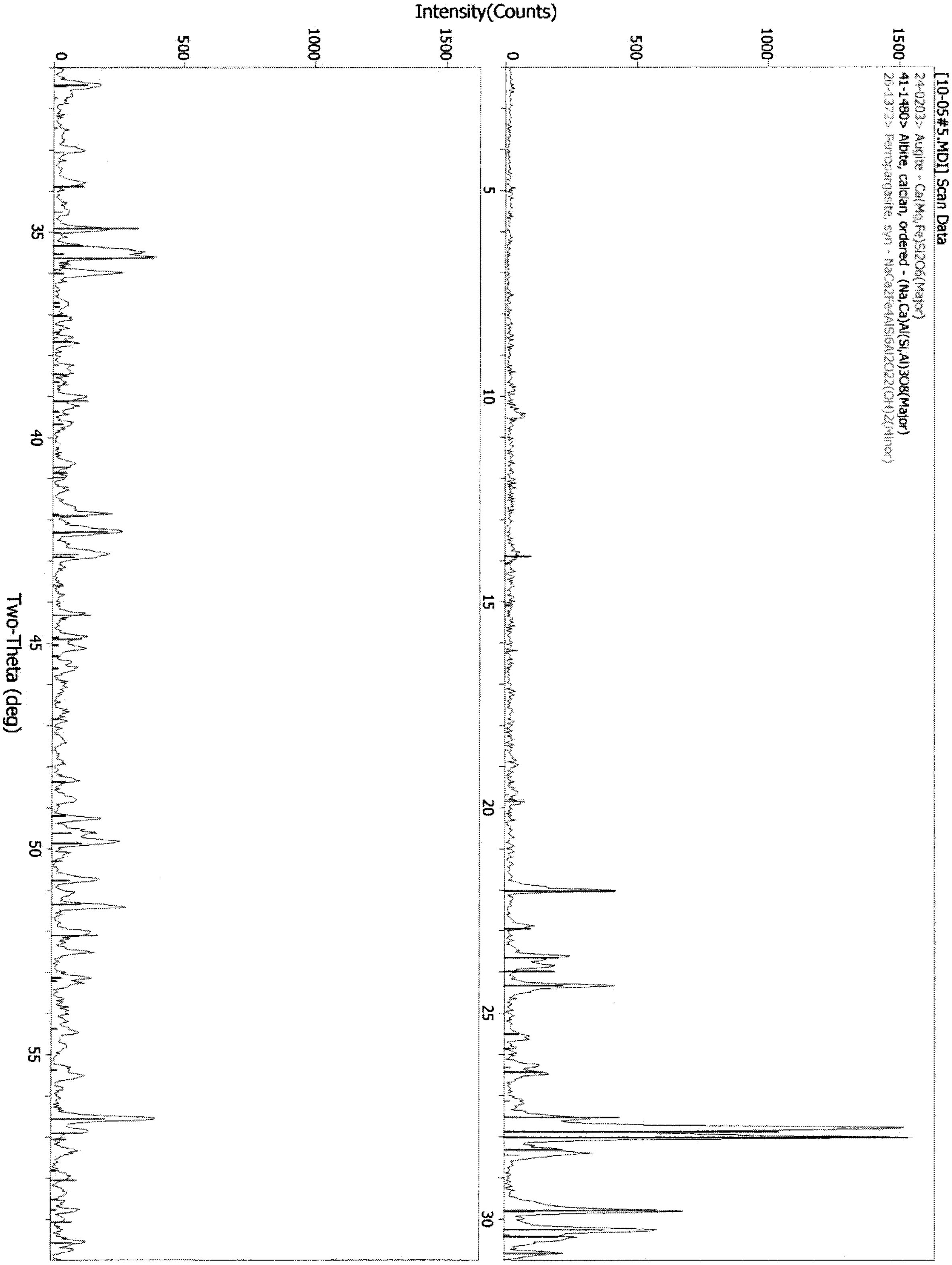

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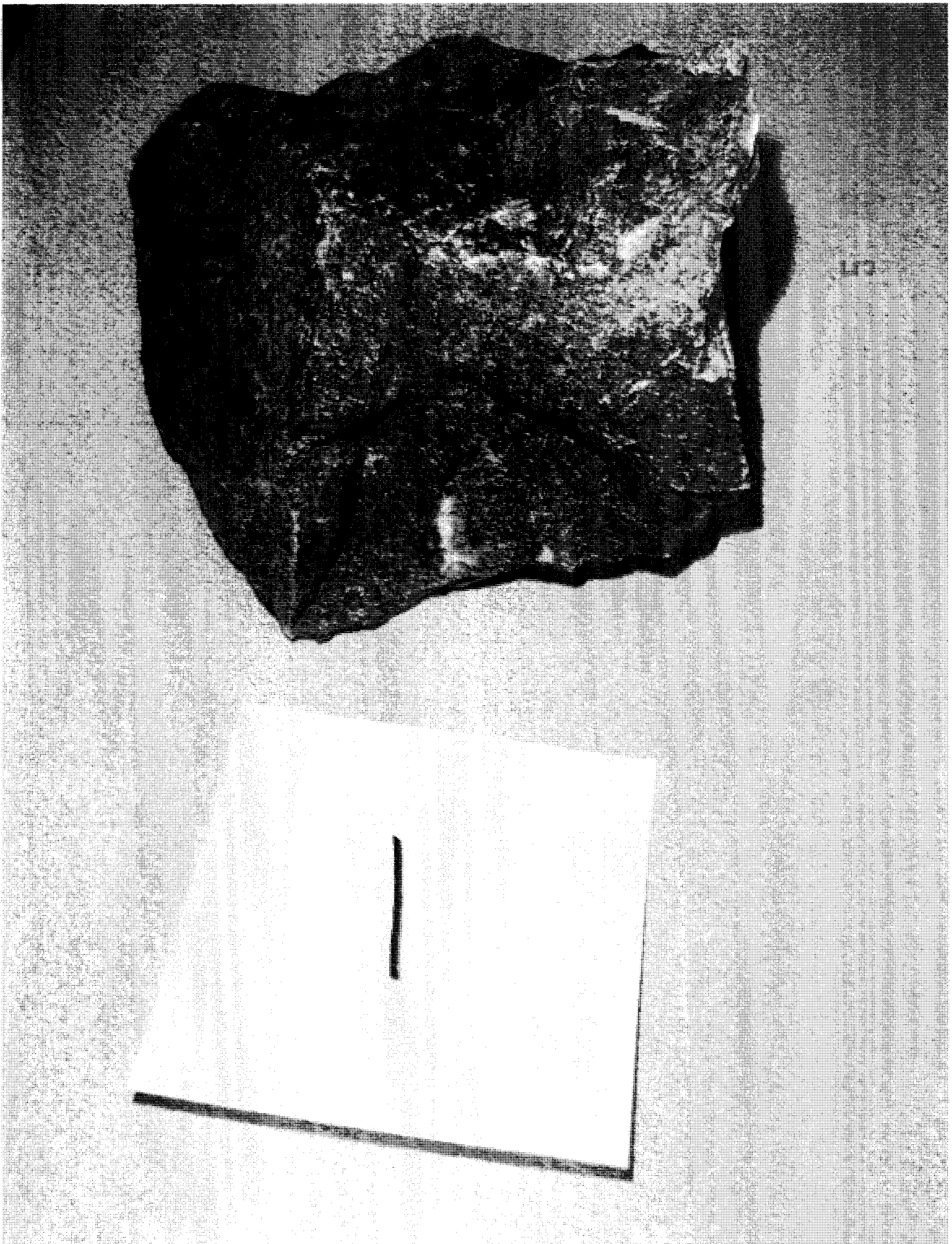

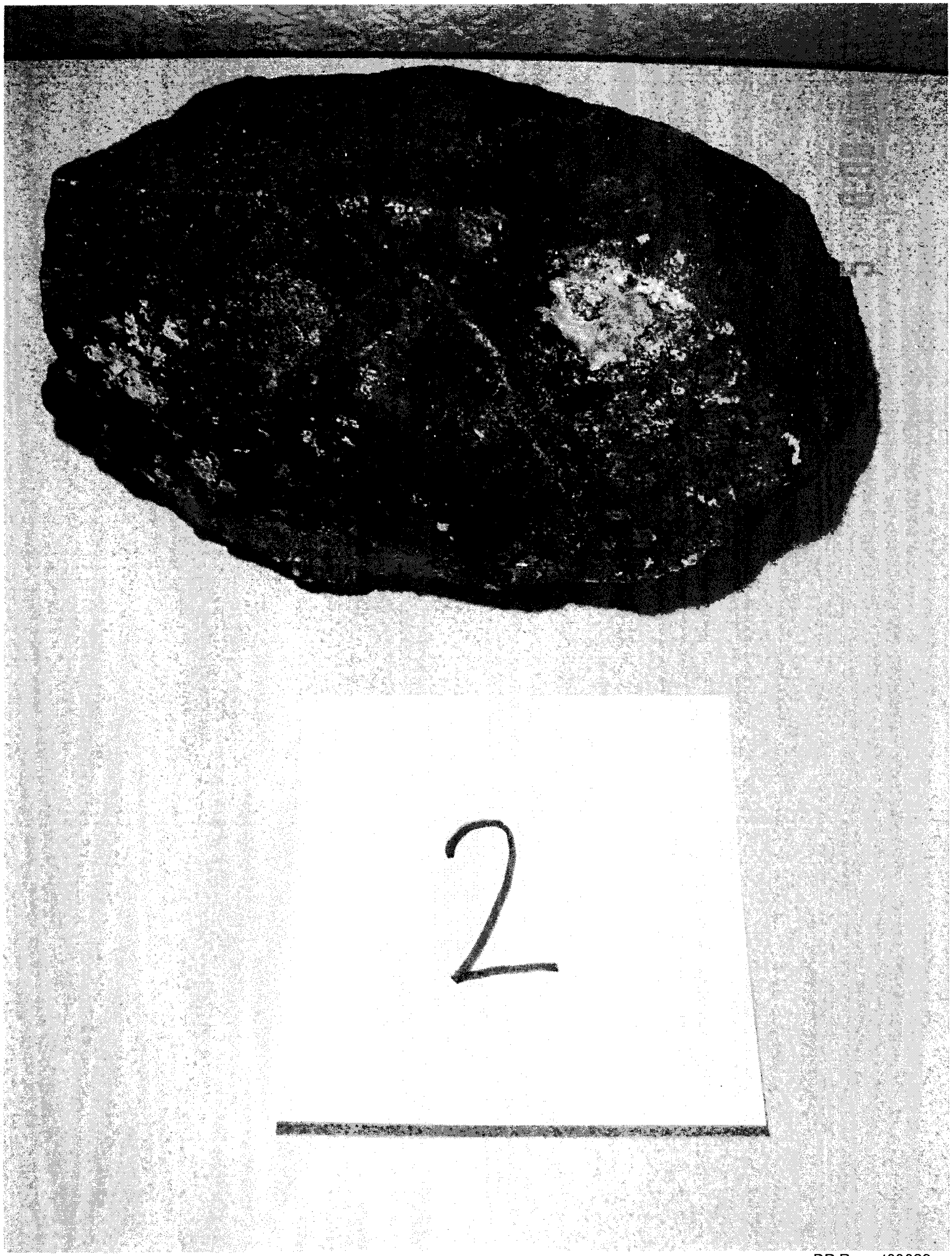
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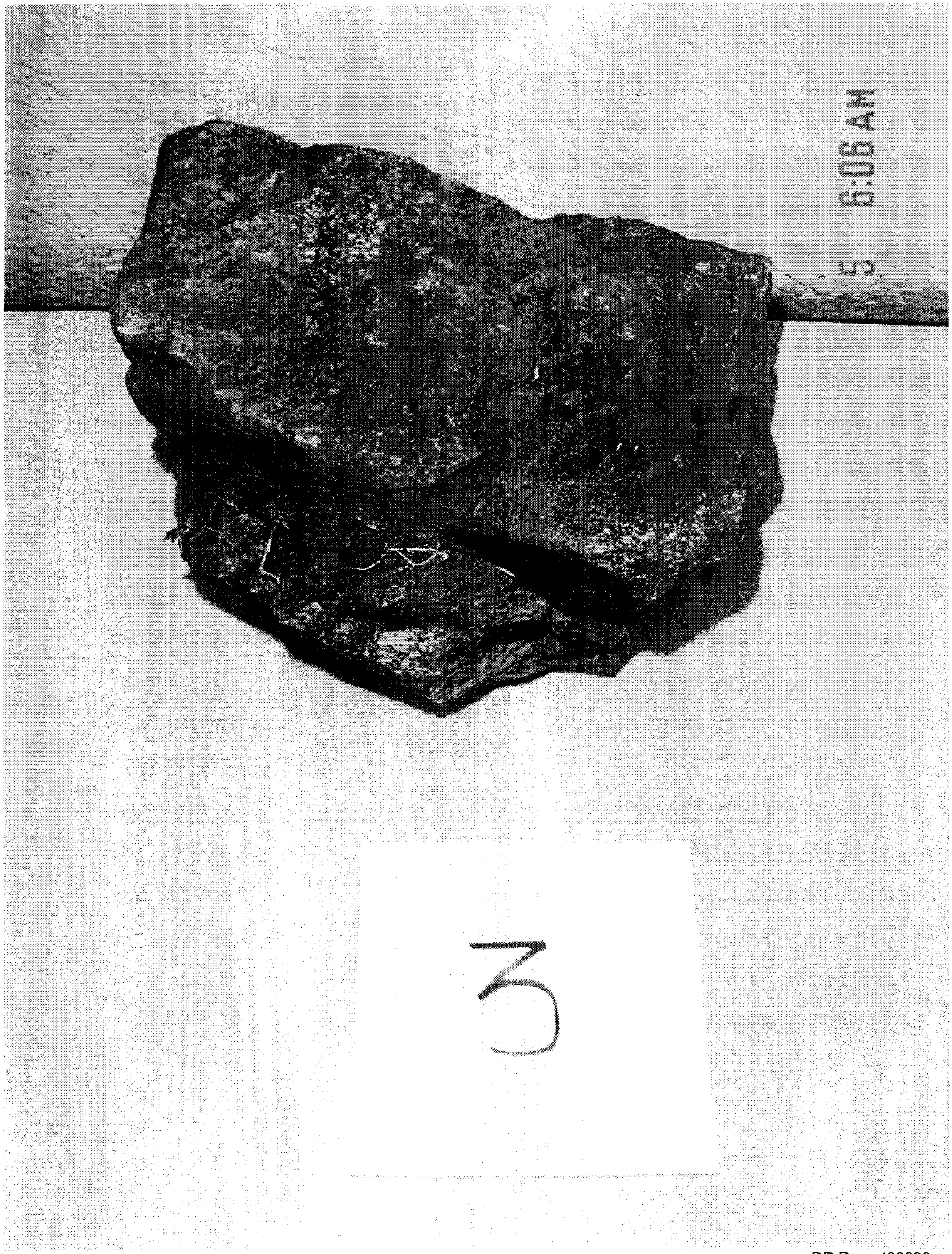
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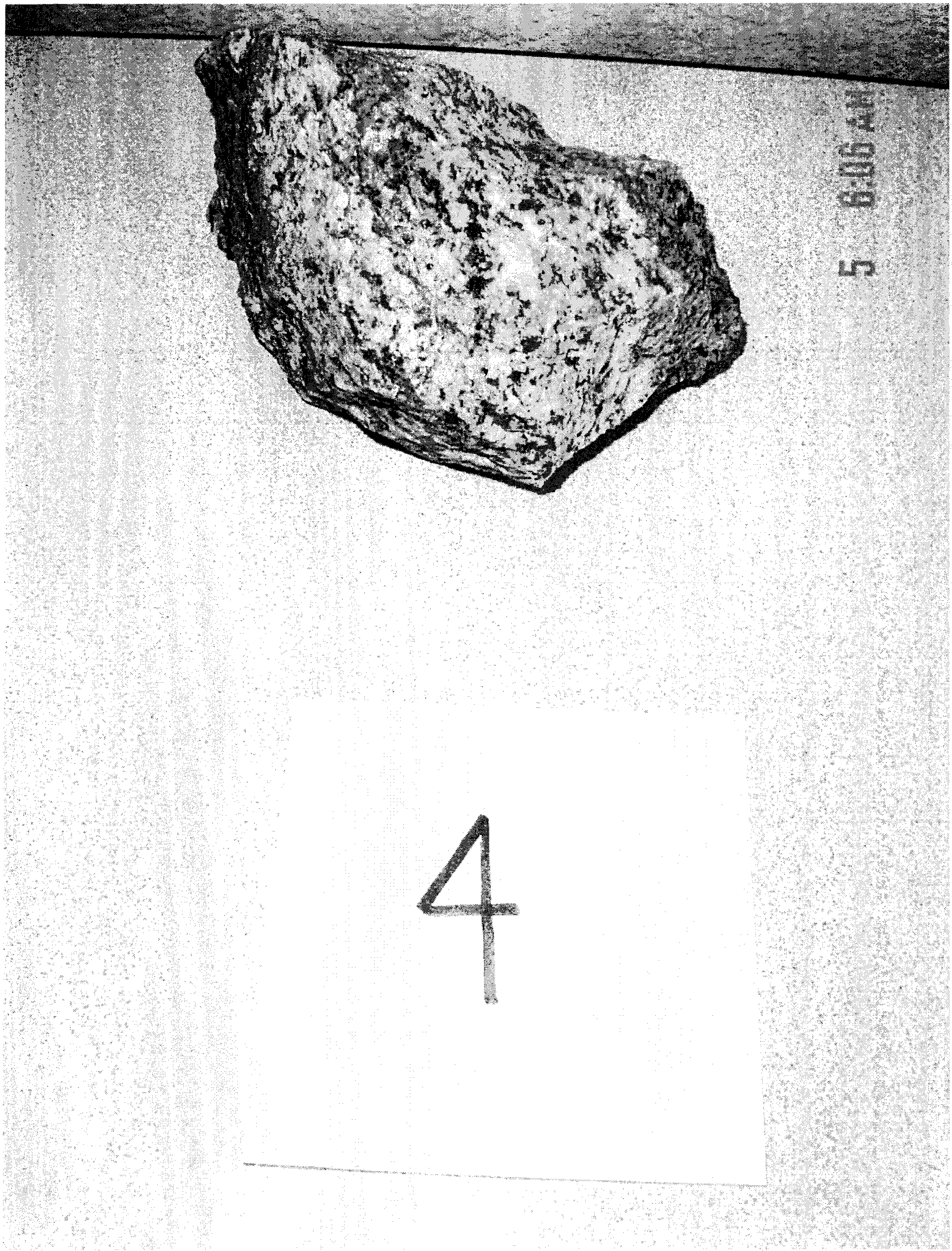
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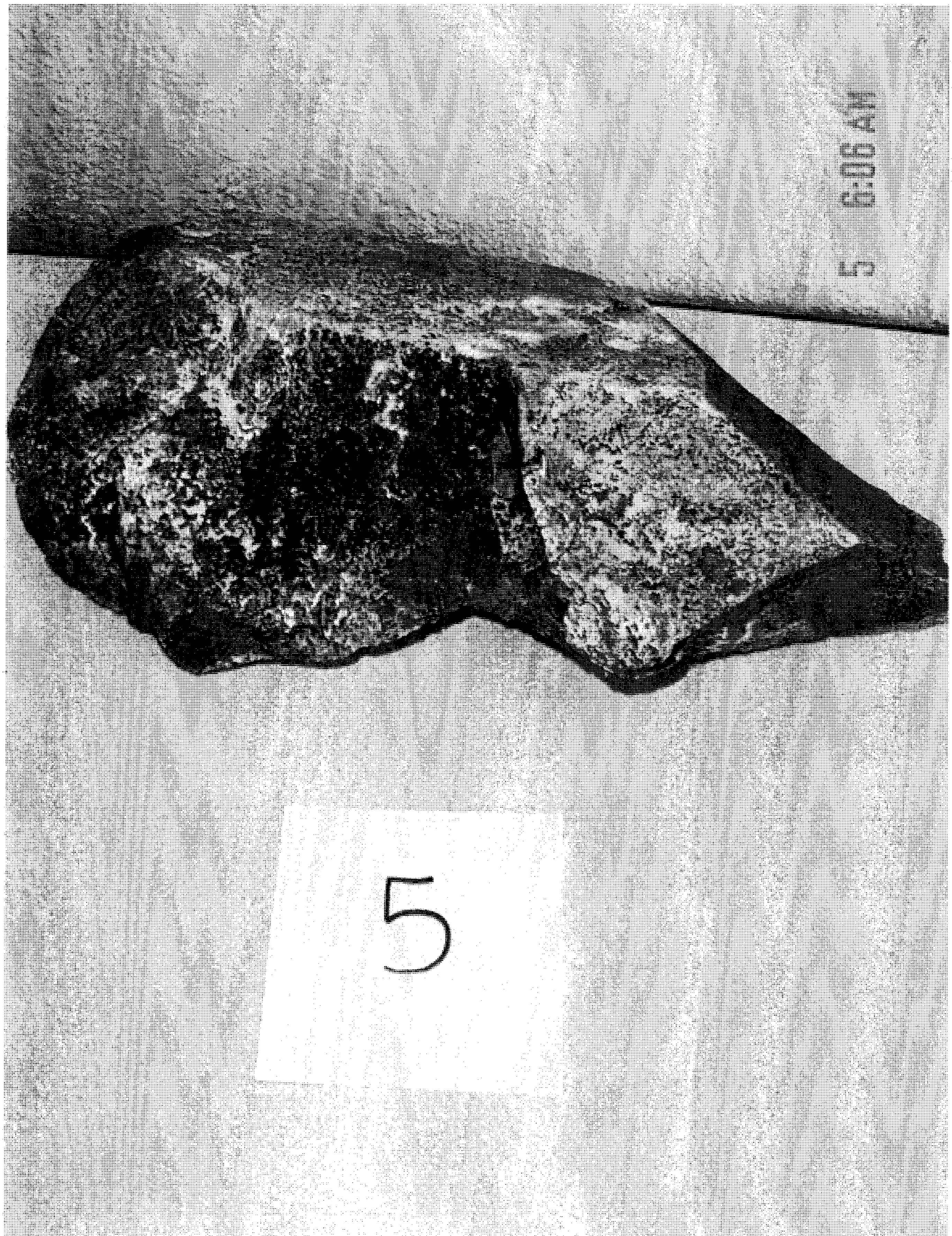
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EXHIBIT C - 3

Field Sampling and Testing Results (Lumos)

Exhibit C - 3

LUMOS & ASSOCIATES

AGGREGATE PROPERTIES

REPORT TO: SANTORO, DRIGGS, WALCH, KEARNEY, HOLLEY & THOMPSON
400 S. 4th Street, 3rd Floor
Las Vegas, NV 89101

PROJECT: NV Energy Eminent Domain Litigation
PROJECT NO.: 7580.000
LOCATION: Storey County, NV
LAB NO.: R-956-09

SAMPLED BY: B. Sexton DATE: 8/7/2009

MATERIAL DESCRIPTION: Silty GRAVEL with Sand (GM) COLOR: Reddish Brown

SAMPLE LOCATION: Map Area #1

U.S. Std. Sieve Size	Percent Passing		Specification
6"	100		
4"	82		
3"	82		
2"	72		
1-1/2"	67		
1"	61		
3/4"	58		
1/2"	54		
3/8"	51		
#4	43		
#8	36		
#10	35		
#16	31		
#30	26		
#40	24		
#50	23		
#100	19		
#200	13		

Coarse Fraction		Fine Fraction			
BULK SPECIFIC GRAVITY	2.58	BULK SPECIFIC GRAVITY	2.45	L.A. ABRASION	33%
APPARENT SPECIFIC GRAVITY	2.68	APPARENT SPECIFIC GRAVITY	2.54	LIQUID LIMIT	NV
BULK SPECIFIC GRAVITY (SSD)	2.62	BULK SPECIFIC GRAVITY (SSD)	2.48	PLASTIC LIMIT	NV
ABSORPTION	1.4%	ABSORPTION	1.4%	PLASTICITY INDEX	NP
				SODIUM SOUNDNESS	< 1%

( ) Specification Limits * Out of Standard Specification

Respectively Submitted by:

Report Status: Original or Amended

Robert Thran, Construction Services Supervisor

☒ 5401 Longley Lane, Ste. 5 Reno, NV 89511 Tel 775.827.6111 Fax 775.827.6122
☐ 800 E. College Parkway Carson City, NV 89706 Tel 775.883.7077 Fax 775.883.7114
☐ 178 S. Maine Street Fallon, NV 89406 Tel 775.423.2188 Fax 775.423.5657
☐ 225 Kingsbury Grade, Ste. A Stateline, NV 89449 Tel 775.588.6490 Fax 775.588.6479
☐ 3259 Esplanade, Ste. 102 Chico, CA 95973 Tel 530.899.9503 Fax 530.899.9649

I:\LAB\TESTFORM\agg_prop\R-956-09 Revised 8/07

LUMOS & ASSOCIATES

AGGREGATE PROPERTIES

REPORT TO: **SANTORO, DRIGGS, WALCH, KEARNEY, HOLLEY & THOMPSON**
400 S. 4th Street, 3rd Floor
Las Vegas, NV 89101

PROJECT: **NV Energy Eminent Domain Litigation**
PROJECT NO.: **7580.000**
LOCATION: **Storey County, NV**
LAB NO.: **R-957-09**

SAMPLED BY: **B. Sexton** DATE: **8/7/2009**

MATERIAL DESCRIPTION: **Poorly Graded GRAVEL with Sand (GP)** COLOR: **Grayish Brown**

SAMPLE LOCATION: **Map Area #2**

U.S. Std. Sieve Size	Percent Passing		Specification
6"	100		
4"	100		
3"	92		
2"	79		
1-1/2"	73		
1"	63		
3/4"	58		
1/2"	50		
3/8"	47		
#4	40		
#8	32		
#10	30		
#16	22		
#30	14		
#40	10		
#50	8		
#100	4		
#200	2.5		

Coarse Fraction		Fine Fraction			
BULK SPECIFIC GRAVITY	2.66	BULK SPECIFIC GRAVITY	2.42	L.A. ABRASION	26%
APPARENT SPECIFIC GRAVITY	2.77	APPARENT SPECIFIC GRAVITY	2.63	LIQUID LIMIT	NV
BULK SPECIFIC GRAVITY (SSD)	2.70	BULK SPECIFIC GRAVITY (SSD)	2.5	PLASTIC LIMIT	NV
ABSORPTION	1.4%	ABSORPTION	3.2%	PLASTICITY INDEX	NP
				SODIUM SOUNDNESS	1%

( ) Specification Limits * Out of Standard Specification

Respectively Submitted by:

Report Status: Original or Amended

Robert Thran, Construction Services Supervisor

☒ 5401 Longley Lane, Ste. 5, Reno, NV 89511, Tel 775.827.6111, Fax 775.827.6122
☐ 800 E. College Parkway, Carson City, NV 89706, Tel 775.883.7077, Fax 775.883.7114
☐ 178 S. Maine Street, Fallon, NV 89406, Tel 775.423.2188, Fax 775.423.5657
☐ 225 Kingsbury Grade, Ste. A, Stateline, NV 89449, Tel 775.588.6490, Fax 775.588.6479
☐ 3259 Esplanade, Ste. 102, Chico, CA 95973, Tel 530.899.9503, Fax 530.899.9649

LUMOS & ASSOCIATES

AGGREGATE PROPERTIES

REPORT TO: **SANTORO, DRIGGS, WALCH, KEARNEY, HOLLEY & THOMPSON**
400 S. 4th Street, 3rd Floor
Las Vegas, NV 89101

PROJECT: **NV Energy Eminent Domain Litigation**
PROJECT NO.: **7580.000**
LOCATION: **Storey County, NV**
LAB NO.: **R-958-09**

SAMPLED BY: **B. Sexton** DATE: **8/7/2009**

MATERIAL DESCRIPTION: **Poorly Graded SAND with Gravel (SP)** COLOR: **Grayish Brown**

SAMPLE LOCATION: **Map Area #3**

U.S. Std. Sieve Size	Percent Passing		Specification
6"	100		
4"	100		
3"	94		
2"	88		
1-1/2"	83		
1"	80		
3/4"	78		
1/2"	75		
3/8"	72		
#4	65		
#8	53		
#10	50		
#16	39		
#30	27		
#40	21		
#50	15		
#100	6		
#200	3.0		

Coarse Fraction		Fine Fraction			
BULK SPECIFIC GRAVITY	3.01	BULK SPECIFIC GRAVITY	2.68	L.A. ABRASION	40%
APPARENT SPECIFIC GRAVITY	3.15	APPARENT SPECIFIC GRAVITY	2.78	LIQUID LIMIT	NV
BULK SPECIFIC GRAVITY (SSD)	3.05	BULK SPECIFIC GRAVITY (SSD)	2.71	PLASTIC LIMIT	NV
ABSORPTION	1.5%	ABSORPTION	1.4%	PLASTICITY INDEX	NP
				SODIUM SOUNDNESS	3%

( ) Specification Limits * Out of Standard Specification

Respectively Submitted by:

Report Status: Original or Amended

Robert Thran, Construction Services Supervisor

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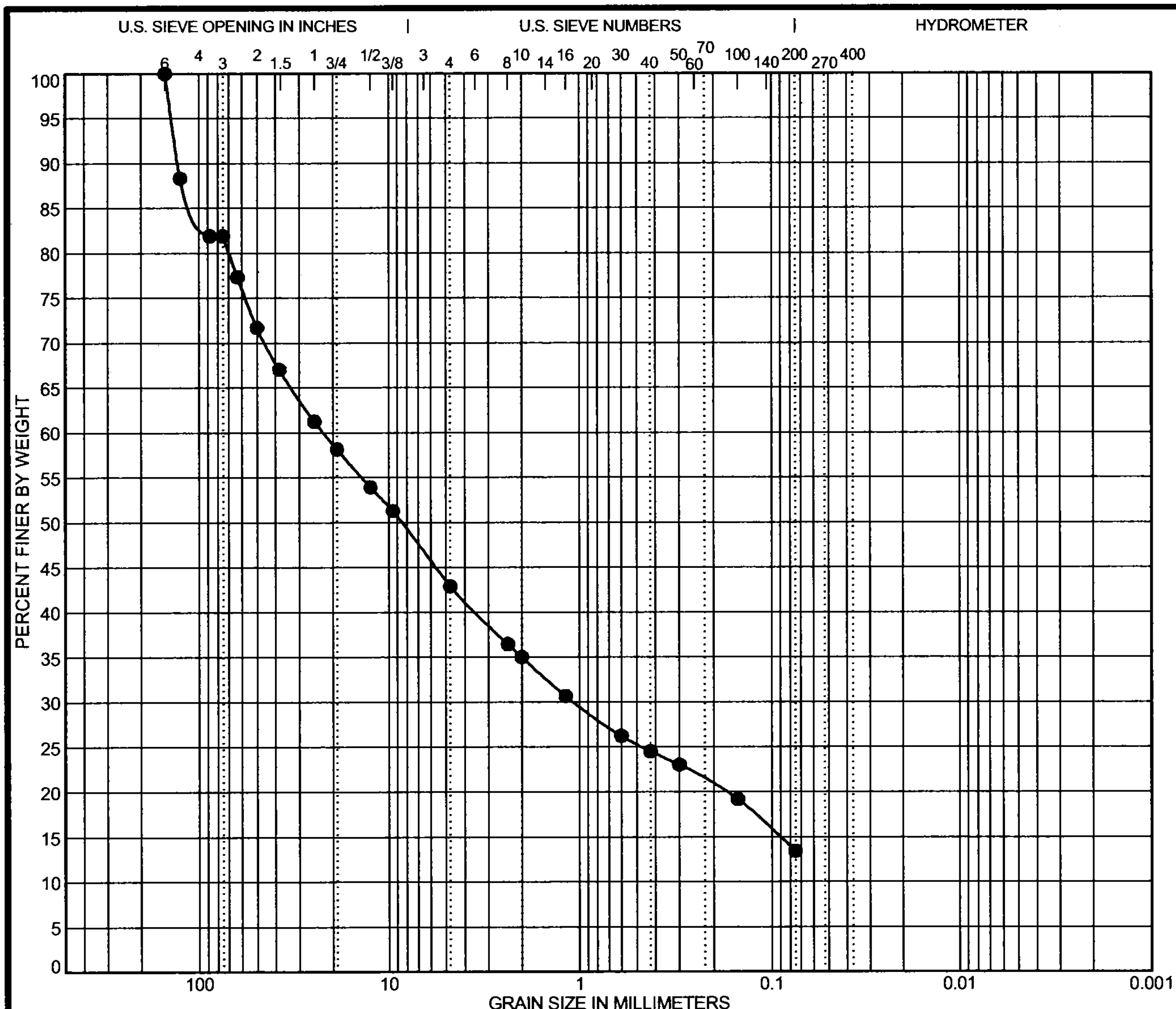

COBBLES	GRAVEL		SAND			SILT OR CLAY
	coarse	fine	coarse	medium	fine	

Specimen Identification	Date: 8/14/2009					
● R-956-09	Classification	LL	PL	PI	Cc	Cu
Depth: 0	Reddish Brown, Silty GRAVEL with Sand	NP	NP	NP		
Sample Location	Map Area #1					
USCS	GM					
AASHTO						

Specimen Identification								
● R-956-09	D100	D60	D30	D10	%Gravel	%Sand	%Silt	%Clay
Depth: 0	150	22.306	1.063		39.0	29.5	13.4	

Natural Moisture	1.2 %		**S.E.**		**Absorption %**	
R-Value			**Durability Index**		**Soundness**	
Perctage of Wear (500 rev)	33 %		**Specific Gravity**		**Direct Shear**	

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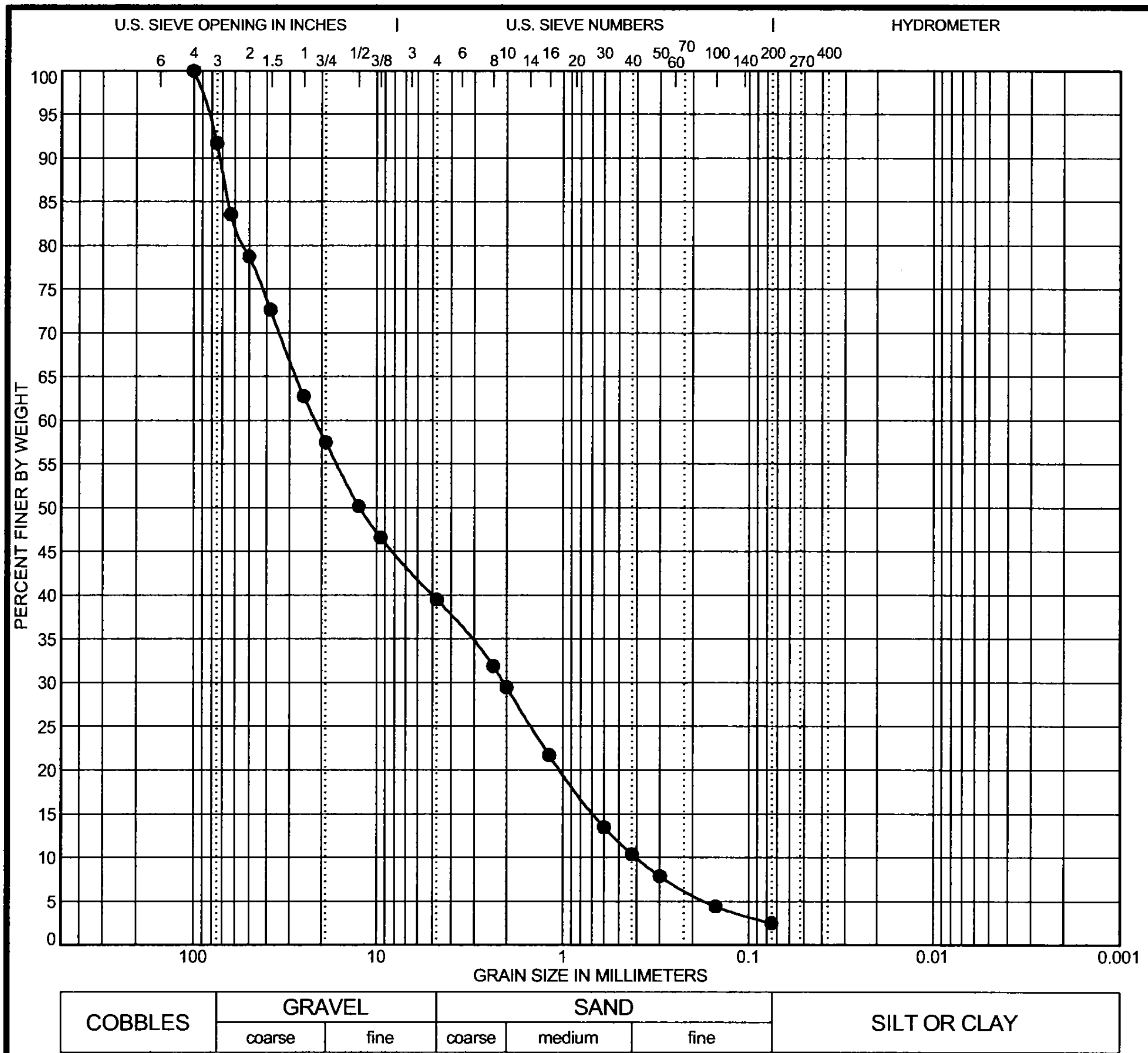
NV Energy Eminent Domain Litigation

GRAIN SIZE DISTRIBUTION

Job Number: 7580.000 Date: August 2009

PLATE B-1

LUMOS GRAIN SIZE 7580.000.GPJ US LAB.GDT 8/14/09



Specimen Identification	Date: 8/14/09					
● R-957-09	Classification	LL	PL	PI	Cc	Cu
Depth: 0	Grayish Brown, Poorly Graded GRAVEL with Sand	NP	NP	NP	0.5	53.8
Sample Location	Map Area #2					
USCS	GP					
AASHTO						

Specimen Identification								
● R-957-09	D100	D60	D30	D10	%Gravel	%Sand	%Silt	%Clay
Depth: 0	100	21.615	2.073	0.402	52.3	37.0	2.5	

Natural Moisture	1.6 %		**S.E.**		**Absorption %**		
R-Value			**Durability Index**		**Soundness**		
Perctage of Wear (500 rev)	26 %		**Specific Gravity**		**Direct Shear**		

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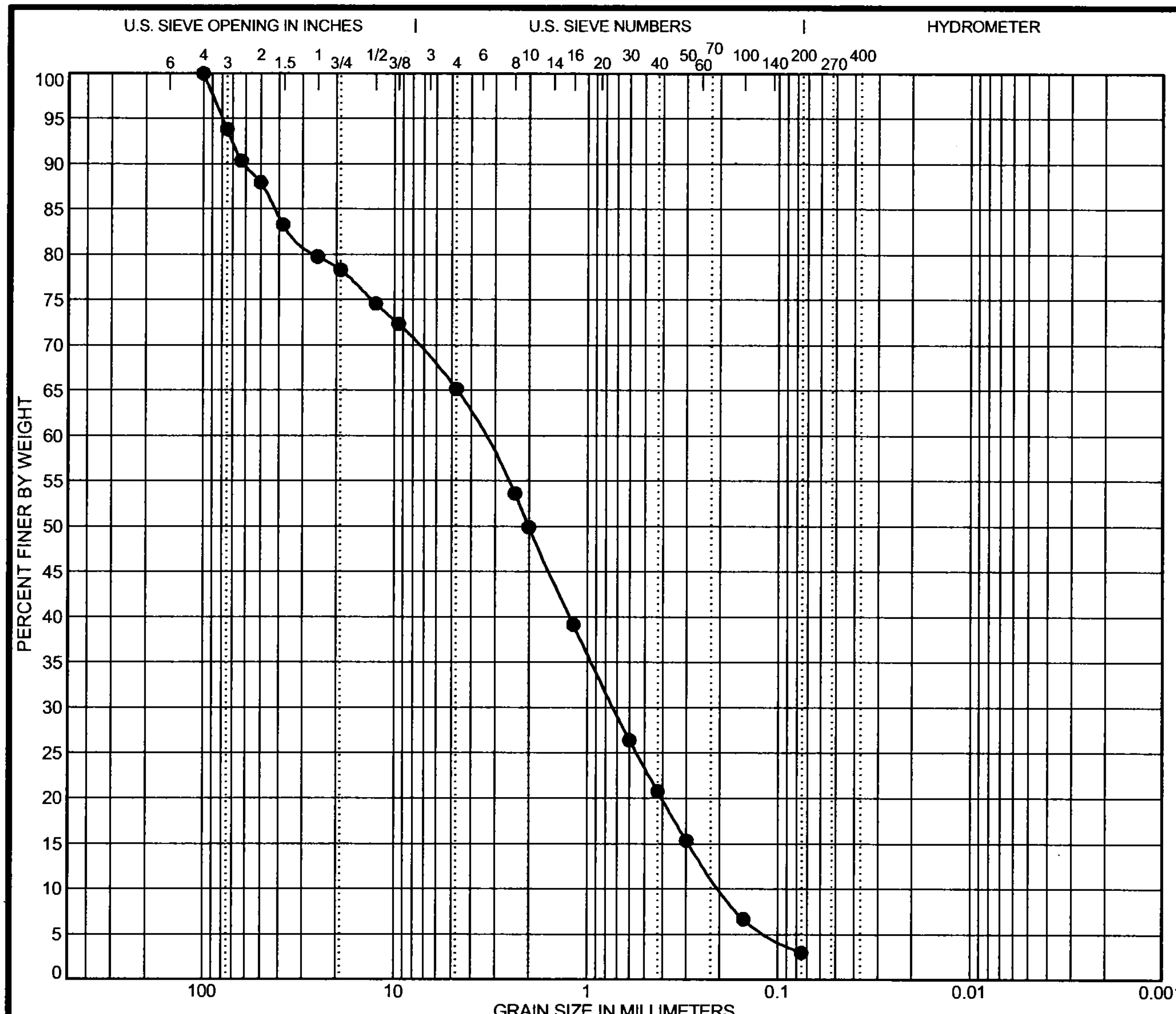
GRAIN SIZE DISTRIBUTION

Job Number: 7580.000 Date: August 2009

PLATE

B-1

LUMOS GRAIN SIZE 7580.000.GPJ US LAB.GDT 8/14/09



COBBLES	GRAVEL		SAND			SILT OR CLAY
	coarse	fine	coarse	medium	fine	

Specimen Identification	Date: 8/14/2009					
● R-958-09	Classification	LL	PL	PI	Cc	Cu
Depth: 0	Grayish Brown, Poorly Graded SAND with Gravel	NP	NP	NP	0.8	17.7
Sample Location	Map Area #3					
USCS	SP					
AASHTO						

Specimen Identification	D100	D60	D30	D10	%Gravel	%Sand	%Silt	%Clay
● R-958-09								
Depth: 0	100	3.467	0.726	0.196	28.7	62.2	3.0	

Natural Moisture	1.1 %		**S.E.**		**Absorption %**	
R-Value			**Durability Index**		**Soundness**	
Perctage of Wear (500 rev)	40%		**Specific Gravity**		**Direct Shear**	

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GRAIN SIZE DISTRIBUTION

Job Number: 7580.000 Date: August 2009

PLATE

B-1

LUMOS GRAIN SIZE 7580.000.GPJ US LAB.GDT 8/14/09

FIRST FINANCIAL PLANNING PROPERTY

MINERAL SAMPLE LOCATIONS

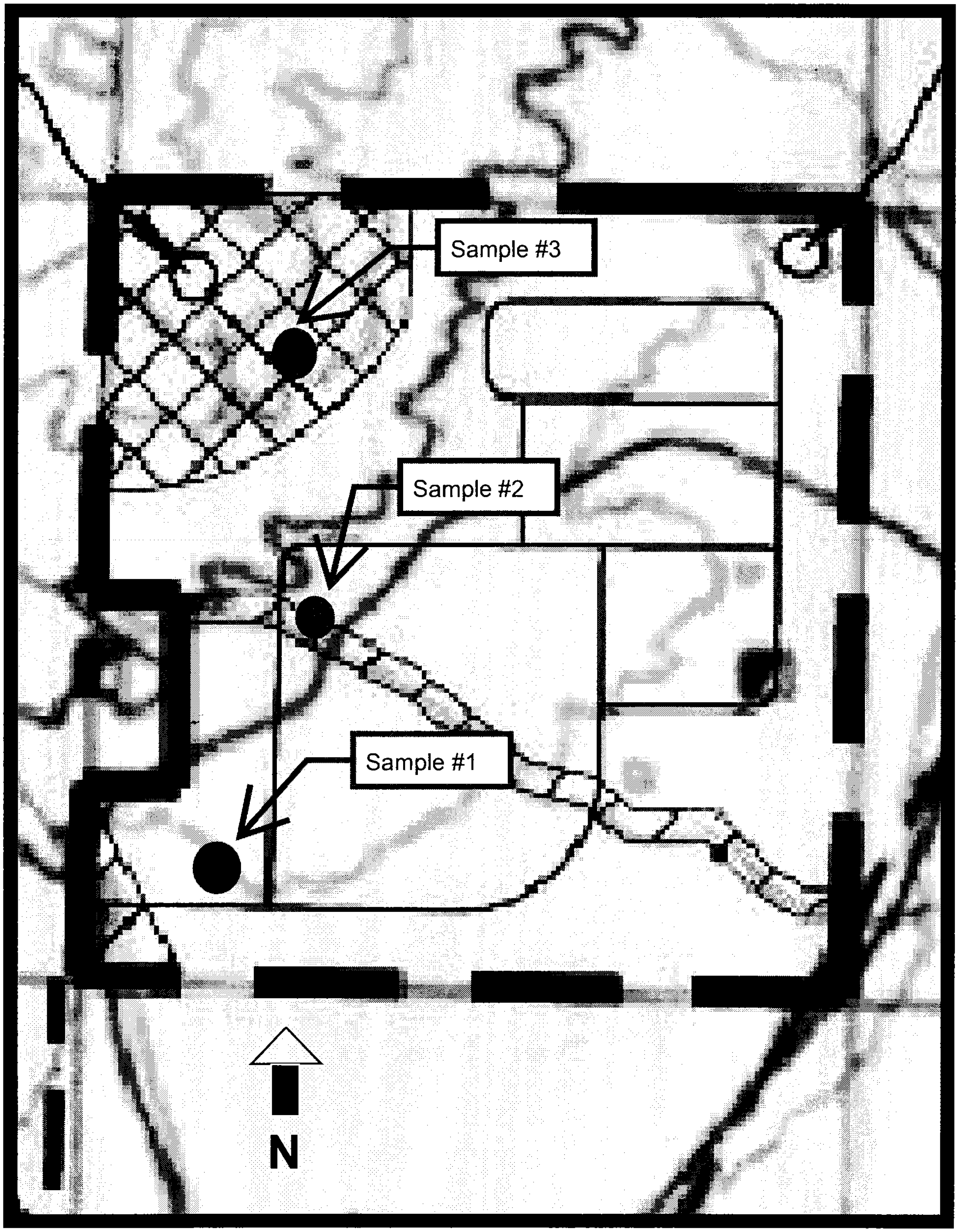

EXHIBIT C - 4

Specifications for Aggregate Base, Aggregate for Bituminous Courses, Aggregates for Portland Cement Products (NDOT)

Exhibit C - 4

SECTION 704

BASE AGGREGATES

SCOPE

704.01.01 Materials Covered. This specification covers the quality and size of mineral materials used in base courses.

REQUIREMENTS

704.02.01 General. Produce mineral aggregate from approved deposits. The use of aggregates from any source may be prohibited when:

(a) The character of the material is such, in the opinion of the Engineer, as to make improbable the furnishing of aggregates conforming to the requirements of these specifications.

(b) That character of the material is such, in the opinion of the Engineer, that undue additional costs may be accrued by the State.

The mineral aggregate shall be clean, hard, durable, free from frozen lumps, deleterious matter, and harmful adherent coatings.

704.02.02 Deficiencies. If the product of a deposit is deficient in material passing the 4.75 mm (No. 4) sieve, filler from other approved deposits may be added at the crushing and screening plants.

704.02.03 Plastic Limits. When specified, aggregates shall conform to the applicable requirements of the following table:

TABLE I

Percentage by Mass* 75 µm (No. 200) Sieve	Plasticity Index Maximum
0.1 to 3.0	15
3.1 to 4.0	12
4.1 to 5.0	9
5.1 to 8.0	6
8.1 to 11.0	4
11.1 to 15.0	3

*Test Method No. Nev. T206.

PHYSICAL PROPERTIES AND TESTS

704.03.01 Drain Backfill. This aggregate shall conform to one of the following requirements:

	Percent Passing by Mass		
Sieve Size	Type 1	Type 2	Type 3
50 mm (2 in.)	100	—	—
37.5 mm (1½ in.)	90-100	—	—
25 mm (1 in.)	—	100	—
19 mm (¾ in.)	50-80	90-100	—
9.5 mm (⅜ in.)	—	20-55	100
4.75 mm (No. 4)	24-40	0-10	60-90
1.18 mm (No. 16)	10-24	—	26-60
150 µm (No. 100)	0-4	0-4	0-4
75 µm (No. 200)	0-2	0-2	0-2

Project Control Tests	Test Method	Requirements
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—

Source Requirement Test	Test Method	Requirements
Percentage of Wear (500 Rev.)	AASHTO T96	37% Max.

Unless otherwise specified in the contract documents, either Type 1, 2, or 3 may be used.

704.03.02 Type 1 Class A Aggregate Base. This aggregate shall conform to the following requirements:

Sieve Size	Percent Passing by Mass
37.5 mm (1½ in.)	100
25 mm (1 in.)	80-100
4.75 mm (No. 4)	30-65
1.18 mm (No. 16)	15-40
75 µm (No. 200)	2-12

Project Control Tests	Test Method	Requirements
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—
Fractured Faces	Nev. T230	35% Min.
Plasticity Index	Nev. T212	Table I
Liquid Limit	Nev. T210	35 Max.

Source Requirement Tests	Test Method	Requirements
Resistance (R Value)	Nev. T115	70 Min.
Percentage of Wear (500 Rev.)	AASHTO T96	45% Max.

704.03.03 Type 1 Class B Aggregate Base. This aggregate shall conform to the following requirements:

Sieve Size	Percent Passing by Mass
37.5 mm (1½ in.)	100
25 mm (1 in.)	80-100
4.75 mm (No. 4)	30-65
1.18 mm (No. 16)	15-40
75 µm (No. 200)	2-12

Project Control Tests	Test Method	Requirements
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—
Fractured Faces	Nev. T230	15% Min.
Plasticity Index	Nev. T212	Table I
Liquid Limit	Nev. T210	35 Max.

Source Requirement Tests	Test Method	Requirements
Resistance (R Value)	Nev. T115	70 Min.
Percentage of Wear (500 Rev.)	AASHTO T96	45% Max.

704.03.04 Type 2 Class A Aggregate Base. This aggregate shall conform to the following requirements:

Sieve Size	Percent Passing by Mass
25 mm (1 in.)	100
19 mm (¾ in.)	90-100
4.75 mm (No. 4)	35-65
1.18 mm (No. 16)	15-40
75 µm (No. 200)	2-10

Project Control Tests	Test Method	Requirements
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—
Fractured Faces	Nev. T230	50% Min.
Plasticity Index	Nev. T212	Table I
Liquid Limit	Nev. T210	35 Max.

Source Requirement Tests	Test Method	Requirements
Resistance (R Value)	Nev. T115	78 Min.
Percentage of Wear (500 Rev.)	AASHTO T96	45% Max.

704.03.05 Type 2 Class B Aggregate Base. This aggregate shall conform to the following requirements:

Sieve Size	Percent Passing by Mass
25 mm (1 in.)	100
19 mm (¾ in.)	90-100
4.75 mm (No. 4)	35-65
1.18 mm (No. 16)	15-40
75 µm (No. 200)	2-10

Project Control Tests	Test Method	Requirements
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—
Fractured Faces	Nev. T230	35% Min.
Plasticity Index	Nev. T212	Table I
Liquid Limit	Nev. T210	35 Max.

Source Requirement Tests	Test Method	Requirements
Resistance (R Value)	Nev. T115	70 Min.
Percentage of Wear (500 Rev.)	AASHTO T96	45% Max.

704.03.06 Type 3 Class A Aggregate. All requirements will be specified in the Special Provisions.

704.03.07 Type 3 Class B Aggregate. All requirements will be specified in the Special Provisions.

704.03.08 Aggregate for Portland Cement Treated Base. This aggregate shall conform to the following requirements:

Sieve Size	Percent Passing by Mass
25 mm (1 in.)	100
19 mm (3/4 in.)	90-100
4.75 mm (No. 4)	35-75
1.18 mm (No. 16)	15-45
75 µm (No. 200)	2-15

Test	Test Method	Requirements
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—
Sand Equivalent	Nev. T227	20% Min.
Percentage of Wear (500 Rev.)	AASHTO T96	45% Max.

704.03.09 Shouldering Material. This aggregate shall conform to the following requirements:

Sieve Size	Percent Passing by Mass
37 mm (1½ in.)	100
25 mm (1 in.)	80-100
4.75 mm (No. 4)	30-65
1.18 mm (No. 16)	15-40
75 µm (No. 200)	2-12

Project Control Tests	Test Method	Requirements
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—
Plasticity Index	Nev. T212	12 Max.

SECTION 705

AGGREGATES FOR BITUMINOUS COURSES

SCOPE

705.01.01 Materials Covered. This specification covers the quality and size of local mineral materials and commercial mineral fillers used in bituminous courses.

REQUIREMENTS

705.02.01 General. Provide mineral aggregate from approved deposits. The use of aggregates from any source may be prohibited when:

(a) The character of the material is such, in the opinion of the Engineer, as to make improbable the furnishing of aggregates conforming to the requirements of these specifications.

(b) The character of the material is such, in the opinion of the Engineer, that undue additional costs may be accrued by the State.

The mineral aggregate shall be clean, hard, durable, free from frozen lumps, deleterious matter, and harmful adherent coatings. Crush and incorporate material between the sizes of the 250 mm (10 in.) in largest dimension and larger than the maximum size specified for a given product, into that specified finished product. Do not produce other products simultaneously by "bleeding off" aggregates.

When producing Type 2C plantmix aggregate, screen all natural fines passing the 9.5 mm (3/8 in.) sieve from the coarse aggregate. Such fines may be reintroduced into the mix at a rate not to exceed 10% by dry mass of the combined aggregates. Stockpile such fines separately from other sizes of aggregate. Use natural fines only when all applicable mix design criteria have been met.

705.02.02 Deficiencies. If the product of any deposit is deficient in the fraction passing the 4.75 mm (No. 4) sieve, additional filler from other approved deposits meeting the physical requirements may be added. Add the additional material to the drier in a uniform manner from a separate stockpile. If the added material is a commercial mineral filler, uniformly feed it directly to the plant. Do not construe this as a waiver of any of the requirements contained herein.

PHYSICAL PROPERTIES AND TESTS

705.03.01 Plantmix Bituminous Surface Aggregates. The aggregate shall conform to the following requirements:

SIEVE SIZE	PERCENT PASSING BY MASS		
	Type 2	Type 2C	Type 3
25 mm (1 in.)	100	100	—
19 mm (3/4 in.)	90-100	88-95	—
12.5 mm (1/2 in.)	—	70-85	100
9.5 mm (3/8 in.)	63-85	60-78	85-100
4.75 mm (No. 4)	45-63	43-60	50-75
2 mm (No. 10)	30-44	30-44	32-52
1.18 mm (No. 16)	—	—	—
425 μm (No. 40)	12-22	12-22	12-26
75 μm (No. 200)	3-8	3-8	3-8

The following requirements shall apply to all mix designs required according to Subsection 401.02.01, and shall also apply to project control:

PROJECT CONTROL AND MIX DESIGN TESTS	TEST METHOD	REQUIREMENTS
Sieve Analysis	Nev. T206	—
Sampling Aggregate	Nev. T200	—
Fractured Faces (Type 3 Plantmix Aggregate)	Nev. T230	35% Min.
Fractured Faces (Type 2 or 2C Plantmix Aggregate)	Nev. T230	80% Min. (2 Fractures Min.)
Plasticity Index (Blending with sand to eliminate plasticity will not be permitted)	Nev. T212	10 Max. (Individual Stockpiles, Before Marination)
Liquid Limit	Nev. T210	35 Max.
Absorption of Coarse Aggregate	AASHTO T85	4% Max.

SOURCE REQUIREMENT TESTS	TEST METHOD	REQUIREMENTS
Percentage of Wear (500 Rev.)	AASHTO T96	37% Max.
Soundness (Coarse Aggregate) (5 Cycles, Sodium Sulfate)	AASHTO T104	12% Max. Loss
Soundness (Fine Aggregate) (5 Cycles, Sodium Sulfate)	AASHTO T104	15% Max. Loss
Absorption of Coarse Aggregate	AASHTO T85	4% Max.
Specific Gravity (Fine Aggregate)	AASHTO T84	2.85 Max.
Specific Gravity (Coarse Aggregate)	AASHTO T85	2.85 Max.

705.03.02 Plantmix Bituminous Open-Graded Surface Aggregate. The aggregate shall conform to the following requirements:

	Percent Passing by Mass	
Sieve Size	12.5 mm (1/2 in.) Size	9.5 mm (3/8 in.) Size
12.5 mm (1/2 in.)	100	100
9.5 mm (3/8 in.)	90-100	95-100
4.75 mm (No. 4)	35-55	40-65
1.18 mm (No. 16)	5-18	12-22
75 µm (No. 200)	0-4	0-5

PROJECT CONTROL AND MIX DESIGN TESTS	TEST METHOD	REQUIREMENTS
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—
Absorption of Coarse Aggregate	AASHTO T85	4% Max.
Fractured Faces	Nev. T230	90% Min. (2 Fractures Min.)
Plasticity Index (Blending with sand to eliminate plasticity will not be permitted)	Nev. T212	10 Max. (Individual Stockpiles, Before Marination)
Liquid Limit	Nev. T210	35 Max.

SOURCE REQUIREMENT TESTS	TEST METHOD	REQUIREMENTS
Percentage of Wear (500 Rev.)	AASHTO T96	37% Max.
Soundness (Coarse Aggregate) (5 Cycles, Sodium Sulfate)	AASHTO T104	12% Max. Loss
Soundness (Fine Aggregate) (5 Cycles, Sodium Sulfate)	AASHTO T104	15% Max. Loss
Absorption of Coarse Aggregate	AASHTO T85	4% Max.
Specific Gravity (Fine Aggregate)	AASHTO T84	2.85 Max.
Specific Gravity (Coarse Aggregate)	AASHTO T85	2.85 Max.

705.03.03 Commercial Mineral Filler. Commercial mineral filler shall be hydrated lime conforming to ASTM C1097.

705.03.04 Screenings. The screenings shall conform to the following requirements:

	Percent Passing by Mass		
	12.5 mm (1/2 in.) Size		9.5 mm (3/8 in.) Size
Sieve Size	Grade 1	Grade 2	
12.5 mm (1/2 in.)	100	100	—
9.5 mm (3/8 in.)	90-100	50-80	100
4.75 mm (No. 4)	15-35	0-15	20-45
2.36 mm (No. 8)	—	0-5	—
1.18 mm (No. 16)	0-4	—	0-6
75 µm (No. 200)	0-2	0-2	0-2

Project Control Tests	Test Method	Requirements
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—
Fractured Faces	Nev. T230	90% Min. (2 Fractures Min.)
Cleanness Value	CALIF. 227	65% Min.
Stripping Test	Nev. T209	Satisfactory

Source Requirement Test	Test Method	Requirements
Percentage of Wear (500 Rev.)	AASHTO T96	37% Max.

705.03.05 Sand Blotter. The sand shall conform to the following requirements:

Sieve Size	Percent Passing by Mass
12.5 mm (1/2 in.)	100
4.75 mm (No. 4)	90-100
1.18 mm (No. 16)	30-75
75 µm (No. 200)	0-12

Test	Test Method	Requirements
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—
Organic Impurities	AASHTO T21	—

SECTION 706

AGGREGATES FOR PORTLAND CEMENT PRODUCTS

SCOPE

706.01.01 Materials Covered. This specification covers the quality and size of aggregates used in Portland cement products.

REQUIREMENTS

706.02.01 General. The mineral aggregate shall be the product of approved deposits. Aggregates from any source having a history of alkali-silica reactivity in concrete will not be approved for use. The use of aggregates from any source may be prohibited when:

(a) The character of the material is such, in the opinion of the Engineer, as to make improbable the furnishing of aggregates conforming to the requirements of these specifications.

(b) The character of the material is such, in the opinion of the Engineer, that undue additional costs may be accrued by the State.

For mix design approval and as a project control requirement, the proposed proportions of coarse and fine aggregate, combined mathematically, shall produce a mixture within the grading limits for combined aggregates as shown in the following table (not applicable to lightweight concrete):

GRADING LIMITS OF COMBINED AGGREGATES

SIEVE SIZE	PERCENT PASSING BY MASS		
	37.5 mm (1½ in.) Max.	25 mm (1 in.) Max.	19 mm (¾ in.) Max.
50 mm (2 in.)	100	—	—
37.5 mm (1½ in.)	87-100	100	—
25 mm (1 in.)	65-90	97-100	100
19 mm (¾ in.)	48-82	70-100	80-100
9.5 mm (⅜ in.)	39-57	43-70	46-70
4.75 mm (No. 4)	30-45	32-48	34-50
2.36 mm (No. 8)	23-38	23-42	24-42
1.18 mm (No. 16)	15-33	15-34	17-34
600 µm (No. 30)	8-24	8-25	10-25
300 µm (No. 50)	4-13	4-15	5-15
150 µm (No. 100)	1-5	2-7	2-7
75 µm (No. 200)	0-3	0-3	0-3

If changing the source of supply of aggregates, submit in writing the new gradations before their intended use.

PHYSICAL PROPERTIES AND TESTS

706.03.01 Coarse Aggregate. The aggregate shall conform to the following requirements:

SIEVE SIZE	PERCENTAGE PASSING BY MASS						
	Size No. 3 50-25 mm (2-1 in.)	Size No. 4 37.5-19 mm (1 1/2-3/4 in.)	Size No. 7 12.5-4.75 mm (1/2 in.-No. 4)	Size No. 57 25-4.75 mm (1 in.-No. 4)	Size No. 67 19-4.75 mm (3/4 in.-No. 4)	Size No. 357 50-4.75 mm (2 in.-No. 4)	Size No. 467 37.5-4.75 mm (1 1/2 in.-No. 4)
62.5 mm (2 1/2 in.)	100	—	—	—	—	100	—
50 mm (2 in.)	95-100	100	—	—	—	95-100	100
37.5 mm (1 1/2 in.)	35-70	90-100	—	100	—	95-100	95-100
25 mm (1 in.)	0-15	20-55	—	95-100	100	35-70	—
19 mm (3/4 in.)	—	0-15	100	—	90-100	—	35-70
12.5 mm (1/2 in.)	0-5	—	90-100	25-60	—	10-30	—
9.5 mm (3/8 in.)	—	0-5	40-70	—	20-55	—	10-30
4.75 mm (No. 4)	—	—	0-15*	0-10*	0-10*	0-5	0-5

*Not more than 5% shall pass 2.36 mm (No. 8) sieve.

NOTES: Split Sizes No. 357 and No. 467 each into two sizes. Furnish Size No. 357 in stockpile or bunker in Sizes No. 3 [50 mm to 25 mm (2 in. to 1 in.)] and Size No. 57 [25 mm to 4.75 mm (1 in. to No. 4)]. Furnish Size No. 467 in stockpile or bunker in Size No. 4 [37.5 mm to 19 mm (1 1/2 in. to 3/4 in.)] and Size No. 67 [19 mm to 4.75 mm (3/4 in. to No. 4)]. Uniformly combine the two sizes at the mixing plant to comply with the grading requirements of Sizes No. 357 and No. 467 respectively. Thin or elongated pieces (length greater than five times maximum thickness) shall not exceed 15% by mass.

PROJECT CONTROL TEST	TEST METHOD	REQUIREMENTS
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—
Material Passing 75 µm (No. 200) Sieve	Nev. T206	1% Max.
Cleanness Value	CALIF. 227	71 Min. (a)
Clay Lumps	AASHTO T112	0.3% Max.

SOURCE REQUIREMENT TEST	TEST METHOD	REQUIREMENTS
Percentage of Wear, 500 Rev.	AASHTO T96	50% Max.
Soundness, 5 cycles, Sodium Sulfate	AASHTO T104	12% Max. Loss
Potential Reactivity of Aggregates**	ASTM C289	Innocuous (b)

** This test is required only if specified in the Special Provisions.

(a) When 2 or more stockpiles are to be combined, each stockpile must have a cleanness value of at least 65 with a minimum combined cleanness value of 71 calculated by the percent of material used from each stockpile.

(b) If the material from a proposed source fails this test requirement, the material may still be used for concrete aggregate provided that it is incorporated in an approved mix design with an approved Type F or Type N Pozzolan, or with a Type IP cement.

If a pozzolan is used for this purpose, use 1 part pozzolan to 4 parts of cement by mass. The pozzolan quantity shall be considered as cement in meeting the required minimum cement content. The limitation on replacement of cement with pozzolans at a maximum of 17% in Subsection 501.02.03 is hereby waived to meet this requirement. If a Type IP cement is used for this purpose, the use of pozzolan is not required.

Submit samples of aggregates to be tested by ASTM C289 at least 30 working days before anticipated use.

706.03.02 Lightweight Aggregates. These aggregates shall conform to the following requirements:

SIEVE SIZE	PERCENTAGE PASSING BY MASS			
	Fine Natural	Fine Lightweight	25 mm (1 in.) Size Coarse	19 mm (3/4 in.) Size Coarse
25 mm (1 in.)	—	—	95-100	100
19 mm (3/4 in.)	—	—	—	90-100
12.5 mm (1/2 in.)	—	—	25-60	—
9.5 mm (3/8 in.)	100	100	—	20-60
4.75 mm (No. 4)	95-100	85-100	0-10	0-10
1.18 mm (No. 16)	45-80	40-80	—	—
300 µm (No. 50)	10-35	10-35	—	—
150 µm (No. 100)	2-12	5-25	—	—
75 µm (No. 200)	0-5	—	—	—

PROJECT CONTROL TEST	TEST METHOD	REQUIREMENTS
Sieve Analysis	Nev. T206	Above (a)
Sampling	Nev. T200	—
Clay Lumps	AASHTO T112	2% Max.

SOURCE REQUIREMENT TEST	TEST METHOD	REQUIREMENTS
Unit Weight (Loose oven dry)	Nev. T119	Fine Aggregate: 1121 kg/m^3 (70 lb/ft^3) Max. (b), Coarse Aggregate: 881 kg/m^3 (55 lb/ft^3) Max. (b), Combined Fine and Coarse: 1041 kg/m^3 (65 lb/ft^3) Max. (b)
Organic Impurities	AASHTO T21	Satisfactory (c)
Test for Staining Materials	ASTM C330	Satisfactory (d)
Mortar Making Properties	ASTM C87	95% Min. (e)

(a) Exceptions: The mass of the test sample for the fine lightweight aggregate shall be according to Table III, and the aggregate when mechanically sieved shall be sieved for only 5 minutes. The test sample for coarse aggregate shall consist of not less than 6 kg (13 lb) of the material used for the determination of unit mass.

TABLE III

MASS OF SIEVE TEST SAMPLE FOR FINE LIGHTWEIGHT AGGREGATES

NOMINAL MASS OF AGGREGATE kg/m^3 (lb/ft^3)	MASS OF TEST SAMPLE grams
400-560 (25-35)	150
560-720 (35-45)	200
720-880 (45-55)	250
880-1040 (55-65)	300
1040-1120 (65-70)	350

(b) The unit mass of successive shipments of lightweight aggregate shall not differ by more than 10% from that of the sample submitted for acceptance tests.

(c) Aggregates tested and showing color darker than the standard shall be rejected unless it can be demonstrated that the discoloration is due to small quantities of materials not harmful to the concrete.

(d) Aggregates tested and showing stain darker than "heavy stain" (stain index of 80 or darker) shall be tested by chemical procedure, and aggregates that contain 1.5 mg or more of ferric oxide (Fe_2O_3) per 200 g sample shall be rejected for use.

(e) Fine aggregate failing in the test for organic impurities (AASHTO T21) may be used provided that when tested for effect of organic impurities on strength of mortar, the relative strength at 7 and 28 days calculated according to ASTM C87 is not less than 95%.

706.03.03 Fine Aggregate. This aggregate shall conform to the following requirements:

Sieve Size	Percent Passing by Mass
9.5 mm (3/8 in.)	100
4.75 mm (No. 4)	95-100
1.18 mm (No. 16)	45-80
300 µm (No. 50)	10-35
150 µm (No. 100)	2-12
75 µm (No. 200)	0-5

PROJECT CONTROL TEST	TEST METHOD	REQUIREMENTS
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—
Sand Equivalent	Nev. T227	71 Min.
Clay Lumps	AASHTO T112	1% Max.

SOURCE REQUIREMENT TEST	TEST METHOD	REQUIREMENTS
Soundness (5 cycles, Sodium Sulfate)	AASHTO T104	10% Max. Loss
Lightweight Pieces in Aggregate with less than 1.95 Sp. Gr.	Nev. T487	1% Max.
Organic Impurities	AASHTO T21	Satisfactory (a)
Mortar Making Properties	ASTM C87	95% Min. (b)
Potential Reactivity of Aggregates**	ASTM C289	Innocuous (c)

**This test is required only if specified in the Special Provisions.

(a) Aggregates tested and showing color darker than the standard shall be rejected unless they pass the "Mortar Making Properties" test (ASTM C87).

(b) This test shall only be required should samples of fine aggregate fail to pass the organic impurities test. Fine aggregate failing in the test for organic impurities (AASHTO T21) may be used provided that when tested for effect of organic impurities on strength of mortar, the relative strength at 7 and 28 days calculated according to ASTM C87 is not less than 95%.

(c) If the material from a proposed source fails this test requirement, the material may still be used for concrete aggregate provided that it is incorporated in an approved mix design with an approved Type F or Type N Pozzolan, or with a Type IP cement.

If a pozzolan is used for this purpose, use 1 part pozzolan to 4 parts of cement by mass. The pozzolan quantity shall be considered as cement in meeting the required minimum cement content. The limitation on replacement of cement with pozzolans at a maximum of 17% in Subsection 501.02.03 is hereby waived to meet this requirement. If a Type IP cement is used for this purpose, the use of pozzolan is not required.

Submit samples of aggregates to be tested by ASTM C289 at least 30 working days before anticipated use.

706.03.04 Grout and Mortar Aggregate. Aggregate for grout and mortar shall conform to either of the following requirements:

Sieve Size	Percentage Passing by Mass
9.5 mm (3/8 in.)	100
4.75 mm (No. 4)	95-100
1.18 mm (No. 16)	45-80
300 µm (No. 50)	10-35
150 µm (No. 100)	2-12
75 µm (No. 200)	0-5

or

Sieve Size	Percentage Passing by Mass*
4.75 mm (No. 4)	100
2.36 mm (No. 8)	95-100
1.18 mm (No. 16)	70-100
600 μm (No. 30)	40-75
300 μm (No. 50)	20-50
150 μm (No. 100)	10-25
75 μm (No. 200)	0-10

*When lightweight, natural, or manufactured aggregate fails the gradation limits specified above, it may be used provided the mortar can be prepared to comply with the aggregate ratio, water retention, and compressive strength requirements of the property specification of ASTM C270 for mortar for unit masonry.

Coarse aggregate for grout shall conform to either of the following requirements:

SIEVE SIZE	PERCENT PASSING BY MASS	
	Size No. 8	Size No. 89
12.5 mm (1/2 in.)	100	100
9.5 mm (3/8 in.)	85-100	90-100
4.75 mm (No. 4)	10-30	20-55
2.36 mm (No. 8)	0-10	5-30
1.18 mm (No. 16)	0-5	0-10
600 μm (No. 30)	—	0-5

PROJECT CONTROL TEST	TEST METHOD	REQUIREMENTS
Sieve Analysis	Nev. T206	Above
Sampling Aggregate	Nev. T200	—

SOURCE REQUIREMENT TEST	TEST METHOD	REQUIREMENTS
Organic Impurities	AASHTO T21	Satisfactory (a)
Soundness, Coarse Aggregate 5 Cycles, Sodium Sulfate	AASHTO T104	12% Max. Loss
Soundness, Fine Aggregate 5 Cycles, Sodium Sulfate	Nev. T470	10% Max. Loss
Mortar Making Properties	ASTM C87	95% Min. (b)

(a) Aggregates tested and showing color darker than the standard shall be rejected unless they pass the "Mortar Making Properties" test (ASTM C87).

(b) This test shall only be required should samples of sand fail to pass the "Organic Impurities" test (AASHTO T21). Sand failing in the test for organic impurities may be used provided that when tested for effect of organic impurities on mortar strength, the relative strength at 7 and 28 days calculated according to ASTM C87 is not less than 95%.

706.03.05 Stone for Riprap. This stone shall conform to the following requirements:

RIPRAP GRADATIONS, mm (in.)

Percent Passing by Mass	CLASS DESIGNATIONS 150	300	400	550	700	900
100	250 (10)	500 (20)	750 (30)	1000 (40)	1200 (48)	1500 (60)
70-85	225 (9)	450 (18)	675 (27)	900 (36)	1125 (45)	1350 (54)
35-50	150 (6)	300 (12)	450 (18)	600 (24)	750 (30)	900 (36)
5-15	50 (2)	125 (5)	175 (7)	300 (12)	450 (18)	600 (24)
0	25 (1)	50 (2)	75 (3)	150 (6)	200 (8)	300 (12)

Source Requirement Tests	Test Method	Requirements
Percentage of Wear, 500 Rev.	AASHTO T96	45% Max.
Specific Gravity	AASHTO T85	2.5 Min.

Stone for riprap shall be hard, durable, angular in shape; resistant to weathering and to water action; free from overburden, spoil, shale and organic material; and shall meet the gradation requirements specified. The largest dimension of a single riprap stone shall be no larger than 3 times the smallest dimension. Rounded stone or boulders will not be accepted. Shale and stone with shale seams are not acceptable.

Control of gradation will be by visual inspection. If directed, provide 2 samples of rock of a least 5 metric ton (5.5 ton) each, meeting the gradation specified. Provide one sample at the construction site, which may become part of the finished riprap covering. Provide the other sample at the quarry. These samples will be used as a frequent reference for judging the gradation of the riprap supplied. Resolve any difference of opinion between yourself and the Engineer by dumping and checking the gradation of 2 random truck loads of stone. Provide mechanical equipment, a sorting site, and labor needed to assist in checking the gradation.

706.03.06 Stone for Grouted Riprap. This stone shall conform to the requirements of subsection 706.03.05 except that gradation and grout penetration depth requirements shall be as specified in the Special Provisions.

706.03.07 Aggregate for Riprap Bedding. This aggregate shall conform to the following requirements:

Source Requirement Tests	Test Method	Requirements
Percentage of Wear, 500 Rev.	AASHTO T96	45% Max
Specific Gravity	AASHTO T85	2.5 Min

Material for riprap bedding shall be hard, durable, angular in shape; resistant to weathering and water action; free from overburden, spoil, shale, and organic material; and shall meet the gradation requirements specified.

Control of gradation will be by visual inspection. If directed, provide 2 samples of material of at least 5 metric ton (5.5 ton) each, meeting the gradation specified. Provide one sample at the construction site, which may become part of the finished riprap bedding layer. Provide the other sample at the quarry. These samples will be used as frequent reference for judging the gradation of the riprap bedding supplied. Resolve any difference of opinion between yourself and the Engineer by dumping and checking the gradation of 2 random truck loads of material. Provide mechanical equipment, sorting site, and labor needed to assist in checking gradation.

CLASS 150 RIPRAP BEDDING

Sieve Size	Percent Passing by Mass
25 mm (1 in.)	100
16 mm (5/8 in.)	70-85
9.5 mm (3/8 in.)	35-50
6.3 mm (1/4 in.)	5-15
4.75 mm (No. 4)	0

CLASS 300/400 RIPRAP BEDDING

Sieve Size	Percent Passing by Mass
150 mm (6 in.)	100
125 mm (5 in.)	70-85
75 mm (3 in.)	35-50
25 mm (1 in.)	5-15
12.5 mm (1/2 in.)	0

CLASS 550/700 RIPRAP BEDDING

Sieve Size	Percent Passing by Mass
250 mm (10 in.)	100
225 mm (9 in.)	70-85
150 mm (6 in.)	35-50
50 mm (2 in.)	5-15
25 mm (1 in.)	0

CLASS 900 RIPRAP BEDDING

Sieve Size	Percent Passing by Mass
500 mm (20 in.)	100
450 mm (18 in.)	70-85
300 mm (12 in.)	35-50
125 mm (5 in.)	5-15
50 mm (2 in.)	0

EXHIBIT C - 5

Mineral Material Commodity Market Royalty (BLM)

Exhibit C - 5

Mineral Material Commodity
Market Royalty and Product Price Study

For

Lands Administered

By The

USDI Bureau of Land Management, Nevada State Office

And

USDA Forest Service Humboldt/Toiyabe National Forest

(Exclusive of Lands Within the BLM Las Vegas Field Office Area)

Prepared for the USDI Bureau of Land Management
Nevada State Office

Requisition No. R-0105351
Order No. FAP010392

Date of Report:
October 15, 2002

Effective Date of the Appraisal:
October 15, 2002

Prepared by
Barry Weissenborn

Headquarters West, Ltd.
300 North Ash Alley Tucson, Arizona 85701

SUMMARY OF FACTS AND CONCLUSIONS

Location: The appraisal includes mineral material commodities removed from Federal lands managed by the USDI Bureau of Land Management (BLM), Nevada State Office, and the USDA Forest Service, Humboldt/Toiyabe National Forest, exclusive of lands within the BLM's Las Vegas Field Office management area.

Owner of Record: United States of America

Purpose and Function: The purpose of this assignment is to estimate the fair market value in the marketplace for mineral material commodities removed from Federal lands. The estimates are to be used as the basis for determination of payment due the BLM and Forest Service for removal of these materials.

Interest Appraised: The market values estimated include the unit value in place (royalty) and the value at the first point of sale or use (FOB price) of the specified mineral materials. The rights appraised include the right to use the surface for actions related to mineral material removal, including stockpiling, equipment parking, crushing and screening sites, batch plants, etc., when authorized as part of a contract and mining plan.

Date of Value Estimate: October 15, 2002

Market Price Estimates: (FOB Price per ton)

	Type II	Aggregate	Leach Rock
Sand & Gravel			
Highway 395 Corridor	$4.35	$5.50	$5.00 - $6.00
Outlying Areas	$4.35	$5.50	$5.00

	Sand	Pit Run
Highway 395 Corridor	$4.25	$2.50
Outlying Areas	$4.50	$2.75

	Type II	Aggregate	Leach Rock
Quarried Rock			
All Areas	$4.35	$7.00	$5.00 - $6.00

	Sand	Pit Run
Quarried Rock, All Areas	$4.50	$2.50

	Type II	Aggregate	Leach Rock
Decomposed Granite			
All Areas	$4.35	$7.00	$5.00 - $6.00

	Sand	Pit Run
Decomposed Granite, All Areas	$4.00	$2.50

	Rip Rap	Specialty Sand
Additional Products		
All Areas	$7.00 to $11.00	$10.00 to $21.00

Concrete Sand	Topsoil	Borrow
$6.50	$5.50	$2.50

Market Price Estimates: (FOB Price per ton)	**Decorative Rock**	
	All Areas	$9.00 to $18.00
	Landscape Rock	
	All Areas	$12.00 to $40.00
	Boulders	
	All Areas	$10.00 to $50.00
	Dimension Stone	
	All Areas	$10.00 to $50.00

Royalty Estimates:

Sand and Gravel Products		
Highway 395 Corridor	$0.50 to $0.75	per ton
Outlying Areas	$0.45 to $0.55	per ton
Quarried Rock Used For Aggregate Base		
Highway 395 Corridor	$0.65 to $0.75	per ton
Urban Influenced Outlying Areas	$0.55 to $0.65	per ton
Rural Communities	$0.45 to $0.55	per ton
Decomposed Granite		
Highway 395 Corridor	$0.50 to $0.75	per ton
Rural Communities	$0.35 to $0.50	per ton
Rip Rap		
Highway 395 Corridor	$0.50 to $0.75	per ton
Rural Communities	$0.40 to $0.60	per ton
Sand		
Highway 395 Corridor	$0.50 to $0.75	per ton
Rural Communities	$0.35 to $0.60	per ton
Topsoil/Silt		
Highway 395 Corridor	$0.50 to $0.75	per ton
Rural Communities	$0.35 to $0.60	per ton
Common Barrow		
All Areas	$0.25 to $0.45	per ton
Decorative Rock		
Highway 395 Corridor	$0.75 to $1.50	per ton
Rural Communities	$0.50 to $1.25	per ton
Landscape Rock		
All Areas	$3.00 to $8.00	per ton
Boulders		
All Areas	$3.00 to $8.00	per ton
Dimension Stone		
All Areas	$3.00 to $7.00	per ton

Underlying Assumptions

Information furnished by others is assumed to be true, correct, and reliable and a reasonable effort has been made by me to verify such information. However, I take no responsibility for the accuracy of the information provided by others nor is that information guaranteed by me.

The royalty and price estimates assume competent management and responsible ownership. This assumption may vary with the actual management of the property.

The value estimates are based on the assumption that there are no hidden or unapparent conditions impacting specific properties or specific operations.

I assume all applicable federal, state, and local regulations and laws are complied with.

Limiting Conditions

The value estimates are generalized and based on a review and analysis of a representative sampling of the broader market. They are not site-specific. Appropriate values for specific properties may vary, as value influencing factors such as location, material characteristics, material use, etc. is certain to differ within each of the market areas considered.

The appraiser will not be required to give testimony or appear in court or any judicial hearing because of having made this appraisal or with reference to the interests being appraised unless prior arrangements have been made.

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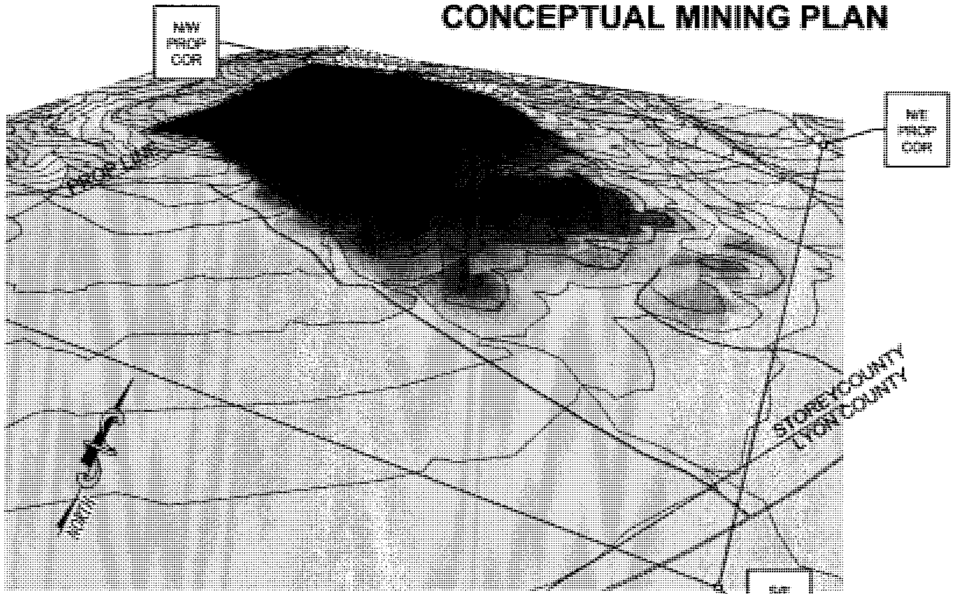
EXHIBIT C - 6

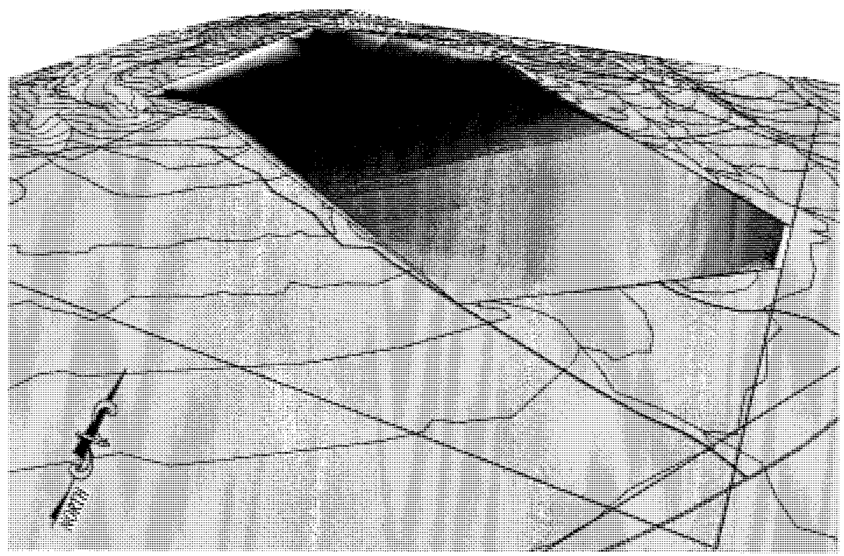
Topographic 3D Volumetric Conceptual Mine Plan

C-6

CONCEPTUAL MINING PLAN



CURRENT TOPOGRAPHY
SECTION 11, T17N, R22E MDM



PROPOSED TOPOGRAPHY
SECTION 11, T17N, R22E MDM

Job: First Financial v4
Units: Ft-CY
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Volume Report
Existing vs. Design

	Area Total	Area Cut	Area Fill	Area OnGrade	Volume Cut	Volume Fill	Comp/Ratio Cut	Comp/Ratio Fill	Compact Cut	Compact Fill	Export -Import	Change Per .1 Ft
Area Greater ">" 5ft. Cut	13,157,680	13,157,661	0	19	28,569,212	0	1.00	1.00	28,569,212	0	28,569,212	48,732
Area Less "<" 5ft. Cut	1,178,239	728,366	428,381	21,493	72,670	71,972	1.00	1.00	72,670	71,972	698	4,364
Job Total	**14,335,919**	**13,886,027**	**428,381**	**21,512**	**28,641,882**	**71,972**			28,641,882	71,972	28,569,910	53,096

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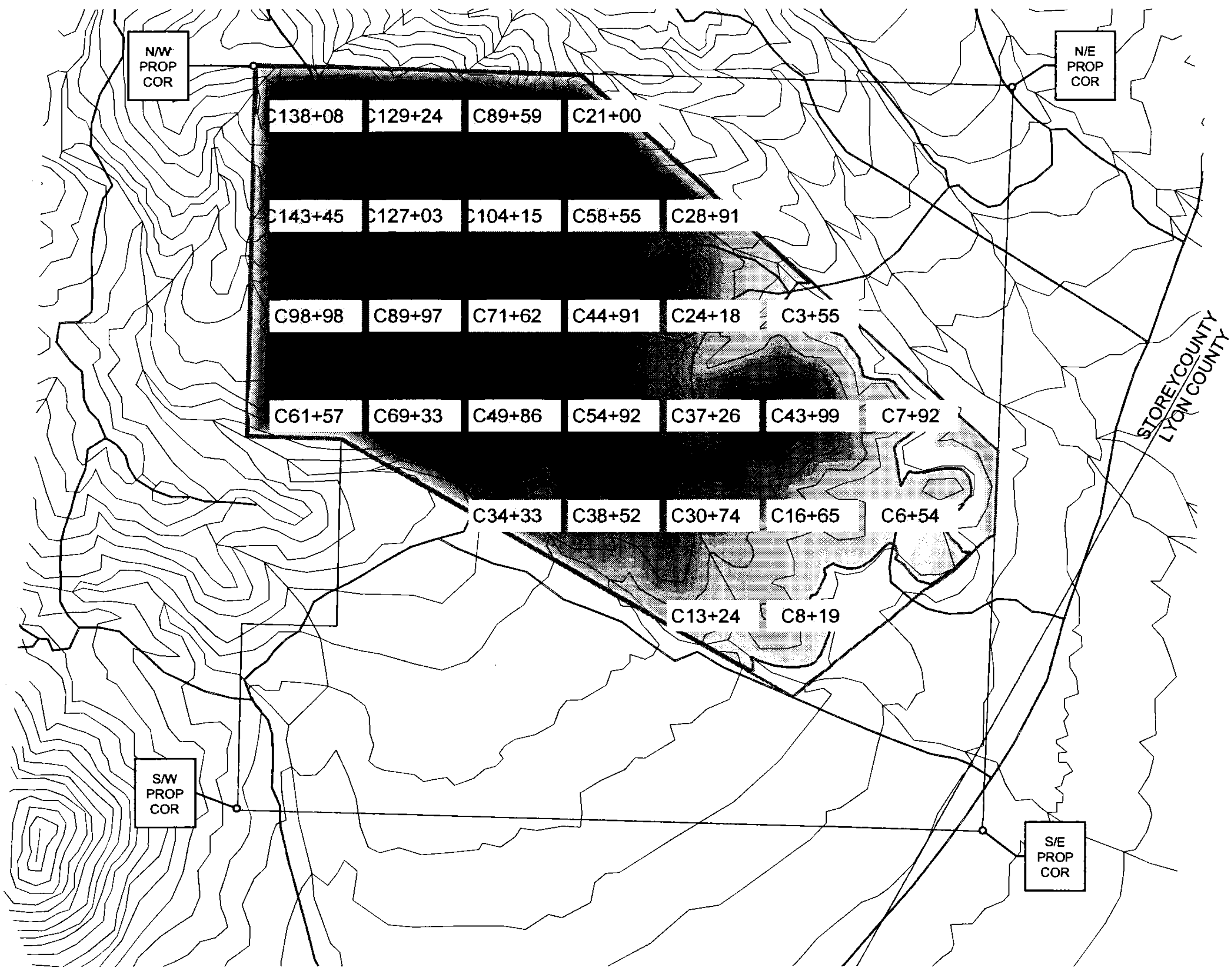
CONCEPTUAL MINING PLAN



CURRENT & PROPOSED TOPOGRAPHY
SECTION 11, T17N, R22E MDM