STATE PUBLIC CHARTER SCHOOL AUTHORITY



2023 CHARTER SCHOOL REQUEST FOR AMENDMENT TO CHARTER CONTRACT APPLICATION

For Additional Instructions, please see the Amendment Application Guidance Document

For the: School Name here

Date Submitted: Click or tap here to enter text.

Current Charter Contract Start Date: Click or tap here to enter text.

Charter Contract Expiration Date: Click or tap here to enter text.

Key Contact: Click or tap here to enter text.

Key Contact title: Click or tap here to enter text.

Key Contact email and phone: Click or tap here to enter text.

Date of School Board approval of this application: Click or tap here to enter text.

Deadlines

	Spring Cycle	Fall Cycle			
Notice ¹ of Intent to submit Request for Charter Amendment (RFA)	No Later Than: March 1	No Later Than: September 1			
Request For Amendment (RFA)	Due between April 1 – 15	Due between October 1 – 15			
Board Meeting for Possible Action <i>(tentative and subject to change)</i>	June board meeting	December board meeting			

<u>RFA application processing includes an initial high-level completeness check followed by an ongoing</u> <u>completeness check as specific, relevant sections of the application are reviewed in detail.</u>

This Request For Amendment (RFA) is submitted to request a contract amendment regarding the following (identify which RFA changes you are requesting approval for).

¹ Notice or Letter of Intent

- 1. <u>
 Add Distance Education</u>
- 2.
 alpha <u>Add Dual-Credit Program</u>
- 3.

 Change Mission and/or Vision
- 4. <u>
 Eliminate a Grade Level or Other Educational Services</u>
- 5.
 <u>EMOs: Entering, Amending, Renewing, Terminating Charter Contract with an EMO</u>
- 6.
 <u>Enrollment: Expand Enrollment in Existing Grade Level(s) and Facilities</u>
- 7.
 Description: Expand Enrollment in New Grade Levels
- 8.
 Facilities: Acquire or Construct a New or Additional Facility that will not affect approved
 enrollment
- 9. <u>
 Facilities: Occupy New or Additional Facility</u>
- 10. <u>
 Facilities: Occupy a Temporary Facility</u>
- 11.
 Facilities: Relocate or Consolidate Campuses
- 12. <u>
 RFA: Transportation</u>
- 13.

 Change of Incorporation Status
- 14.

 Other changes

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14.	Change of incorporation status
15.	RFA: Other Changes

Introduction

The SPCSA seeks to continuously improve its processes and the quality of its services. Over the past few years we have, for example, been able to significantly reduce the amount of paperwork involved in the processing of Request For Amendment (RFA) Applications (RFAAs), primarily be separating primarily instructional and guidance information to a separate Technical Guidance document.

The SPCSA have now add a new, brief, simple guidance section to this application. This next section is designed to provide guidance and processing steps to schools for applying for most frequently requested RFA applications.

If you're submitting RFAs in one of these areas, the following guidance may help you prepare and process your application faster

The first three and the fifth may be handled in the Consent Agenda section of the board meeting, also.

Most Frequent Request For Amendment Applications

Here are the four most frequently Request For Amendment (RFA) application types submitted to the Authority for approval by the SPCSA board. If you are requesting one of these RFA types, then you may follow the below described abbreviated process.

- 1. Dual credit RFA applications
- 2. Distant education RFA applications
- 3. Enrollment additions or contractions and grade expansions or contractions
- 4. Facilities acquisitions or leases
- 5. Lotteries and lottery changes

Below are the processing requirements of the RFA types above. Complete the following check marked items (\boxtimes) from the overall application requirements list below. You do not need to respond to the unchecked areas.

Sections Required

The below focused requirements are only for schools seeking approval for the above RFA types. RFAs for Facility acquisitions or expansions have additional requirements described below:

⊠ Executive Summary

 \Box Meeting The Need

- \boxtimes <u>Expansions</u> to new grade levels or new campuses must complete the Meeting the Need section.
- ☑ <u>Lottery RFAs</u> must include Meeting the Need section for relevant sections.
- □ Academic Plan (required if expanding to new grades that are currently not being offered)
- ⊠ Financial Plan
 - 1. Not required for Dual Credit or Distance Education RFAs assuming fiscal cost impacts less than 5%.
 - 2. Enrollment RFAs: complete the tab labeled "General" in the "RFA Pro Forma" MS Excel file to show the planned fiscal impacts of the RFA.
 - 3. Facility RFAs: complete the appropriate tab under the "**Facilities**" section below including the "RFA Pro Forma" MS Excel file to show the planned fiscal impacts of the facility RFA.

□ Operations Plan

 \boxtimes RFA Specific Sections (as applicable for your RFA, as opposed to General Sections). This includes completing the "**Facilities**" related RFA section below.

All other amendment types require applicants to complete each applicable section below. Should you have questions, please reach out to Mike Dang for further guidance.

Section I: Standard RFA Requirements

A) EXECUTIVE SUMMARY

<u>Required for all submissions. 4 Pages or less per RFA, If your RFA submission includes more than one</u> <u>requested change, this must be listed in the Executive Summary. Should you have questions, please</u> <u>contact Mike Dang.</u>

Provide a brief overview of your school, including:

4/21/2023

1. Identification of the school, its location(s), enrollment(s)(most recent ADE quarter), brief history, brief description of its board members and key leadership team members

Elko Institute for Academic Achievement (EIAA) is the only charter school located in Elko, Nevada with a current enrollment of 196 students in grades kindergarten through eighth grade for the 2022-23 school year. In the 2023-24 school year, we will have an expanded enrollment to 306 with two classrooms for grades kindergarten through fourth grade, and the final expansion in the 2024-25 school year to 396 with two classrooms for all grades. EIAA was established in 2009 to provide school choice to the Elko community and has maintained good standings with the Charter Authority throughout its existence. Over the past three years, we have experienced a steady increase in both our student enrollment and waitlist which currently contains over 400 students. EIAA consists of a seven-member board with a broad spectrum of experience reflecting the economic base in Elko. Administration consists of a principal who started at EIAA in 2014 as a first-grade teacher then moved into administration in 2015-16. There is also a Vice Principal who began in 2011-12 as the fourth-grade teacher, moved into the middle school as the ELA and math teacher in 2012-13 and then into administration in 2019-20.

2. Statement and overview of the mission and vision

The governing body has created an institutional mission which provides for challenging and engaging curriculum with our first responsibility to differentiate instruction to meet the needs of all learners. In carrying out our day-to-day activities we strive to support the development of creative, abstract, critical, and higher order thinking skills through the implementation of STEAM, common core requirements, and the Next Generation Science Standards. We also aim to provide students with the opportunity to develop problem solving/critical thinking skills through the creation of dynamic curriculum that delivers students with options that adapt, modify, extend, or differentiate how the individual learner will be taught.

It is EIAA's mission to provide students, kindergarten through eighth grade, with an education that is differentiated and addresses the academic ability in each subject area while ensuring high academic standards. For this mission to be reached it is essential to have a curriculum in place that will meet the needs of each student in a developmentally appropriate fashion using dynamic curriculum in as many real- world situations as possible. This requires critical thinking, or the ability to analyze facts and evidence to make the most comprehensive decisions. The technology opportunities that have been developed addresses the need for technology literacy and provides enriched learning opportunities while focusing on the implementation of STEAM in our institution.

It has been a vision of the school to own their own facility and to provide a quality education to as many students as possible. With the approval of the increase in capacity and the purchase of a new facility, we are achieving this goal. It is also EIAA's vision to move forward with a high school allowing our students to continue their education at EIAA through the 12th grade. This has been a request made from both students and parents for several years.

It is the position of administration to reach our vision to its fullest. To accomplish this, teachers must take an interest in their own personal growth by establishing annual thought-provoking yet measurable goals. The expectations are that each staff member be their very best and be open to change and new innovative strategies that have data driven results. EIAA entered into a contract with RTB Data and Consulting to provide data-based support services and professional development. Using the school mission statement as a foundation, each teacher along with their students have established their own classroom mission statement.

3. Specific statement of the request

The Board of the above-named charter school, operating under a current contract with a start date of July 1, 2021 and a five-year expiration date of June 30, 2026 requests that the SPCSA approve this request to amend its charter school contract with the SPCSA regarding the following (check all that apply):

___1. Dual-Credit Programs

- ____2. EMOs: Amend charter contract with an EMO or CMO
- ____3. Enrollment: Expand enrollment in existing grades and facilities
- ____4. Enrollment: Expand enrollment in new grade levels
- ____5. Enrollment: Eliminate a grade level or other educational services

<u>6</u>. Facilities: Acquire or construct a new or additional facility that will not affect approved enrollment

____7. Facilities: Occupy additional sites

 \underline{X} 8. Facilities: Relocate or consolidate campuses

- ____9. Facilities: Occupy a temporary facility
- ____ 10. Other (specify): ______

(See full list above of RFA amendment types)

Attach a copy of the document(s), including minutes, confirming approval of the RFA.

4. A summary explanation of the reasons that the charter school is seeking to make this specific requested change.

EIAA applied for and was approved by SPSCA to expand enrollment for grades kindergarten through eight grade from one classroom to two and on January 28, 2022 the Authority conditionally approved the request for a good cause exemption and the request to amend the Charter School's Charter Contract pursuant to NRS 388A.279, to acquire or construct a new or additional facility that will not affect approved enrollment, to expand enrollment in existing grades and facilities, and to relocate or consolidate campuses.

EIAA purchased 9.33 acres of land adjacent to Great Basin College and have been working with USDA and Greater Nevada Credit Union for the past two years to obtain a Direct Loan along with a Construction Loan for the construction of a new facility. We were able to successfully acquire an \$8.1 million-dollar Direct Loan for the construction of a new facility from USDA and a Construction Loan from Greater Nevada Credit Union at a rate of 2.75%. Due to the population growth in Elko County, if we are not able to begin construction within a specified timeline, we would be ineligible to receive these dollars again pursuant to the federal guidelines of eligibility.

Throughout the past year, EIAA has been working diligently to complete the construction of a facility consisting of approximately 31,000 square feet and to deliver a space that enables two classrooms per grade versus the one classroom per grade we currently support. In this process, Architectural plans have been completed and submitted to the City for review and approval, along with a traffic study, Phase I Environmental, appraisal, and a construction loan has been obtained at a substantially low rate. The project was put out to bid in April of 2021 with two bids being received. After the bid was awarded, it was determined that one of the bids received was not eligible, so all bids were rejected and put back out to bid in June. The initial bids reflected construction costs at \$7.4 million which was within the budget allocated for the project. When rebid in June, this same project's construction costs increased to over \$13 million, taking the project well above the allocated loan amount and the school's financial means. At that time, knowing the school has already expended over \$1.5 million on this project, it was determined the school had three options: 1. Hold off for six months to see if construction costs and availability of contractors changed; 2. Look for alternative options; or 3. Continue in the current facility and keep the current student population. The board made the choice to wait until January to find out whether the construction costs would come down to a more affordable level.

It was during this time EIAA was presented with an opportunity to purchase an existing, recently vacated 32,000 square foot building at a price significantly below appraised value. The facility was appraised in

2015 for \$7.9 million, and it was offered to the school for \$2.4 million. The only limitation to this purchase was that it had to be closed within an eight-week timeline.

The school had a 30-day due diligence period at which time an environmental, traffic study, and appraisal were conducted. We worked with the city department heads, USDA, and our construction team to determine if this facility would meet the requirements of all agencies including the school's needs, and we had to find a lender willing to lend the purchase of the facility on a short-term basis because USDA and the construction loan would not become available until all stipulations of the federal program were met.

Elko Federal Credit Union was willing to provide EIAA with a 6-month bridge loan which will roll into Greater Nevada Credit Union's construction loan, and finally becoming the USDA's long-term loan at 2.75% interest for 40 years.

EIAA is requesting the approval to move into this new facility during the 2023-24 school year when construction is completed. The completion of the new facility is estimated to be in February of 2023. At this time, we would move our two classrooms in grades kindergarten through 4th grade from the current location (1031 Railroad Street) and 5th grade through 8th grade from the temporary location (Boys and Girls Club) to the new permanent location. The expansion of grades 5-8 would take place the following school year at the new location.

5. Description of proposed target model and target communities

The learning community we wish to serve as a result of this request is the same community we currently serve. With the temporary location only being a half a mile from our current location, we will be able to serve our current student enrollment and those that continue to be on the waitlist.

6. Statement of outcomes you expect to achieve across the network of campuses

EIAA will continue to provide the highest level of educational learning environment for the proposed 396 students that will attend EIAA. Our primary objective in serving this community aligns with our commitment to every student in having an opportunity to succeed, both academically and personally. EIAA was established in 2009 to provide families with school choice when seeking a quality education for students within Elko County.

During the post pandemic 2019-20 school year when educational institutions were operating under extreme measures, students were asked to abandon everything they knew about "school", and adapt new ways for learning, the national trends showed extreme declines in both math and ELA proficiencies. This was not the case for EIAA. In both the elementary and middle school, our student proficiencies outperformed both the district and state by 21.6% in math and 4% in ELA in the 2020-21 school year and again by 31.2% in math and 23.6% in ELA for the 2021-22 school year. The Median Growth Percentage (MGP) at EIAA in the elementary school for math was 61.0% and ELA 83.0% and the middle school MGP in math was 94.5% and 83.16% in ELA. Our middle school was named in the top six performing middle schools in the state of Nevada both in 2019-20 and again in 2021-22 and our elementary school went from being on the 'watch list' to a four star and in the top 30 in Nevada for the 2021-22 school year.

EIAA will continue to place our primary focus on student achievements and student success, but with the proposed facility comes the opportunity for expansions that the current facility does not offer. It has been a goal of the governing body to increase our student capacity from one classroom for each grade kindergarten through eighth to two over a two-year period and this new facility has given us that opportunity. The proposed facility has the availability to accommodate 396 students on a permanent basis.

7. Key components of your educational model for the expanded school

Progress in student achievement is what drive's improvement and the data collection completed is the measure that determines the results. As the information becomes available, the instruction, methods of delivery, and content is measured against the results. As deficits are identified all of these are addressed

accordingly. The concern occurs with the timing of the data being collected, which then becomes a challenge when trying to establish new intervention strategies that coincide with the current needs.

Because we rely so heavily on student enrollment to operate, we must hold our institution to higher standards to be competitive with the public schools in Elko. The way we achieve this is to provide the highest quality of education using the most innovative techniques available. To accomplish this, we must have staff that is trained in the delivery system of these methods. Our institution prepares for these advances in technology and teaching methods through creative and intentional professional development for every staff member. As we expand, we will continue to focus on hiring highly qualified teachers that align with our mission and vision for EIAA's future.

8. Describe the charter school's plan to ensure that proper restorative justice principles are practiced. Describe plans, including record keeping, to monitor for potential disproportionate discipline practices.

EIAA's Restorative Practices are pro-actively developing relationships and community, as well as repairing community when harm is done. After conflict or harm, Restorative Practices provides a way of thinking about, talking about, and responding to issues and problems by involving all participants, and facilitating a conversation where each participant is asked to discuss their feelings and opinions, identify what happened, describe how it affected those involved, and find solutions to repair the harm. When successfully integrated throughout the school culture and climate, Restorative Practices create safe and productive learning spaces where students develop social and emotional skills, along with strong relationships with peers and adults. These practices support the whole student in academics as well as socially and emotionally. Individual plans, accountability, and action steps are determined and aligned with student needs and the specific situation. Students can move up and down the progression by tier, or jump to another tier, depending on the severity of the situation/behavior. All student behavior records are kept in Infinite Campus for monitoring. Restorative Justice and intervention practices to improve behavior are the primary focus. EIAA has implemented a Life Skills program through each of the classrooms with the intent of helping students understand their roles and responsibilities while at the same time recognizing the importance of their social and emotional health.

9. Describe the charter school's plan to ensure enrollment diversity and equity, commensurate with the neighborhood and zip codes it serves. Include plans to close any proficiency gaps among diverse student groups (ex. race/ethnicity, FRL, EL, IEP) as well as family and community engagement strategies.

Enrollment periods are advertised on a county level and are placed within the low-income neighborhoods and pre-schools including Head Start. We also provide enrollment information within local businesses that serve the underprivileged community. Advertisements are also focused within the local tribal and Hispanic community.

Leadership binders with data-based goals have been compiled and are being utilized to track and monitor student growth. Student goals and interventions are shared and discussed with parents/guardians. This ensures all students of any demographic are growing academically and personally.

10. The values, approach, and leadership accomplishments of your school or network leader and leadership team

EIAA administration has worked with staff to develop a schedule that continuously focuses efforts on the centralized goal of increasing student achievement. We were able to identify several areas in need of additional training, and EIAA administration has partnered with each teacher through the process of observations, individual meetings, and group meetings to identify any existing deficits needing to be addressed. In addition, professional development has assisted in identifying areas that need to be focused on with more depth and intentionality through the Northern Nevada Regional Professional Development Program. Teachers are meeting on a regular basis to evaluate data and to set goals for moving students and growing in their professional capacity.

Administration has also made it a priority for teachers to be able to implement programs and procedures within their classroom they are most familiar with and have been taught. There are no set guidelines to academic methods, pacing schedules, etc. This is being left to the teachers and their discretion based on student development within their classrooms. When a teacher is allowed to use the skills they have been trained in, they become more competent in their delivery and confident in their abilities.

Through very intentional and concentrated efforts, and the establishment of staff and administration, EIAA has taken great measures to rebuild its reputation and to establish total accessibility to its students and stakeholders for all school improvement needs that have been created over the last several years. We have become an educational institution that is not only competitive with the public school system, and most often outperforming, which can be attributed to the help of all stakeholders.

11. Key supporters, partners, or resources that will contribute to your expanded school's success.

EIAA's key supporters include all our current stakeholders, including students, parents, teachers, staff, community, and governing body. EIAA has involved all these groups in the planning process through parent night events and classroom activities.

The PTSO has also become a very significant source for EIAA in maintaining positive relationships with parents and stakeholders. The board has been actively involved in building and sustaining a positive relationship within the organization between teachers, parents, and administration. They serve in the classrooms daily, conduct food drives for families in need within our institution, recruit help from outside sources as needed, and are persistent in their presence in the community to promote their causes.

Local businesses have been actively involved in the educational process of not only constructing a school with our middle school math class, but also the learning experiences within each classroom. They have partnered with teachers to develop project-based learning opportunities that allow students to be architects, engineers, contractors, and finance experts, to name a few. During our Capital Campaign, we have been contacting local businesses to become partners in the classrooms. This has been received with a very positive attitude and great enthusiasm. We are selling naming rights to each classroom where a businesses will become an active participant within that classroom. By joining forces with local businesses, we are not only providing our students with a real-world learning opportunity they would not typically have, but we are also engaging our students in the local economy since they could become the future workforce in Elko.

NOTES

- 1. For all remaining General Requirements Sections: Complete and submit all RFAs by answering remaining General Requirements Section questions.
- 2. Indicate "No change" for any below requested response that has not changed from your charter school contract.
- 3. Indicate "N/A" for any below requested response in this General Requirements Section that is not applicable to your request. Applicants do not need to respond "N/A" to any Specific Requirements RFA section for which they are not applying.
- 4. If your school is seeking an amendment outside of the Fall or Spring Amendment Cycle, please include at the front of the application:
 - a. Letter from the Board chair requesting Good Cause Exemption;
 - b. Agenda for the Board Meeting where Board voted to request the Good Cause Exemption; and
 - c. The draft or approved minutes for the Board Meeting where the Board voted to request the Good Cause Exemption.

5. To expand any closed section(s) below, put your cursor on the left side of a heading below and click the triangle () left of that heading.

B) MEETING THE NEED

TARGETED PLAN

- (1) **Identify the community you wish to serve** as a result of the expansion or RFA and describe your interest in serving this specific community.
- (2) Explain how your expansion model or RFA, and the commitment to serve this population, including the grade levels you have chosen, would meet the district and community needs and align with the mission of the SPCSA.

GROWTH RATE AND RATIONALE

(1) **Specifically identify the key risks associated with this growth plan** and describe the steps the school is taking to mitigate these risks. Respondents should demonstrate a sophisticated and nuanced understanding of the challenges of replication in general and as they relate specifically to their school growth plans based on current and historic experience of charter school management organizations and similar types of multi-site social enterprises and non-profit and for-profit organizations. The response should detail specific risks and explain how the school will minimize the impact of each of these risks, and ideally provide contingency plans for them.

Examples may include:

- a. Inability to secure facilities/facilities financing;
- b. Difficulty raising philanthropic funding;
- c. Insufficient talent pipeline/difficulty recruiting faculty;
- d. Insufficient leadership pipeline/difficulty recruiting school leaders;
- e. Misalignment between the founding school and leader and new campuses and leaders, and;
- f. Ambiguous student performance outcomes and the need to curtail expansion if performance drops.
- (2) Discuss lessons learned during the school's past replication efforts and those of any replicated school or organization from another jurisdiction. For example: specifically identify each challenge encountered and how the school addressed them, as well as how the school would minimize such challenges for the proposed campuses.

PARENT AND COMMUNITY INVOLVEMENT

(1) Describe the role to date of any parents, neighborhood, and/or community members involved in the proposed expansion of the school.

We were able to successfully acquire an \$8.1 million-dollar Direct Loan for the construction of a new facility from USDA and a Construction Loan from Greater Nevada Credit Union. A local businessman provided an opportunity to purchase an existing, recently vacated 32,000 square foot building at a price significantly below appraised value. The facility was appraised in 2015 for \$7.9 million, and it was offered to the school for \$2.4 million. The only limitation to this purchase was that it had to be closed within an eight-week timeline.

The school had a 30-day due diligence period at which time an environmental, traffic study, and appraisal were conducted. We worked with the city department heads, USDA, and our construction team to determine if this facility would meet the requirements of all agencies including the school's needs, and we had to find a lender willing to lend the purchase of the facility on a short-term basis because USDA and the construction loan would not become available until all stipulations of the federal program were met.

Elko Federal Credit Union was willing to provide EIAA with a 6-month bridge loan which will roll into Greater Nevada Credit Union's construction loan, and finally becoming the USDA's long-term loan at 2.75% interest for 40 years.

Financial donations have been provided by Nevada Gold Mines and Elko County in the amount of \$500,000 each and several other in-kind contributions by local distributors for materials and services needed to complete the project.

(2) **Describe how you will engage parents, neighborhood, and community members from the time that the application is approved** through the opening of the new campus(es) or grade levels. What specific strategies will be implemented to establish buy-in and to learn parent priorities and concerns during the transition process and post opening?

Parents, neighborhoods, and community members have been actively involved in this process from the beginning. We have held several family nights and community events at the county library, etc. to inform the community of our plans moving forward. The local newspaper has also been involved in providing newspaper/internet articles showcasing our project and the success of our students academically.

We have experienced nothing but positive feedback and support from both school and local community members with several offering to provide additional help, as needed. At this time, we have not received any concerns about the transition from any level.

(3) **Describe how you will engage parents in the life of the expanded school (in addition to any proposed governance roles).** Explain the plan for building family-school partnerships that strengthen support for learning and encourage parental involvement. Describe any commitments or volunteer activities the school will seek from, offer to, or require of parents.

The PTSO has also become a very significant resource for EIAA in maintaining positive relationships with parents and stakeholders. The PTSO board has been actively involved in building and sustaining a positive relationship within the organization between teachers, parents, and administration. They serve in the classrooms daily, conduct food drives for families in need within our institution, recruit help from outside sources, as needed, and are persistent in their presence in the community to promote our causes.

(4) Discuss the community resources that will be available to students and parents at the expanded school. Describe any new strategic partnerships the expanded school will have with community organizations, businesses, or other educational institutions that are part of the school's core mission, vision, and program other than dual-credit partners discussed in subsequent sections. Specify the nature, purposes, terms, and scope of services of any such partnerships, including any fee-based or in-kind commitments from community organizations or individuals that will enrich student-learning opportunities. Include, as an Attachment ___, existing evidence of support from new community partners such as letters of intent/commitment, memoranda of understanding, and/or contracts.

Local businesses have been actively involved in the educational process of our students through intentional learning experiences within each classroom for years. They have partnered with teachers to develop project-based learning opportunities that allow students to be architects, engineers, contractors, and finance experts, to name a few. Improvement initiatives are constantly being reviewed and enriched.

Several of these initiatives have been introduced by stakeholders themselves through a vested interest in the success of EIAA, which would not have occurred if they were not convinced, we were worth the efforts. One of the largest initiatives undertaken is forming partnerships with our business and industry stakeholders to create motivating curriculum directly related to real-world applications.

Our eighth-grade class has spent an entire year dedicated to future-centric learning that prepares students to tackle the major global challenges of the 21st century in meaningful ways. This project gives students the opportunity to deeply pursue a creative interest they would otherwise not experience in our academic program at EIAA. Students have the opportunity to take what they have learned in research, writing, math, reading and social studies and apply it to a real-world problem they are passionate about. These students will be involved in researching, interviews with community leaders, working collaboratively with global constituents, and developing a project/product that will be presented to the community in which it will serve. For example, one student is working to provide solar power to a village in Africa that is currently lacking this basic resources. He chose this project because that is where he is from and has several family members still residing in that area.

Our seventh-grade math class used a year in math to complete a Project Based Learning product that included: Conceptual Designs, Supply Lists and Budgets, 3D models, Cost Analysis, and Statistical Analysis for our new school using the existing layout of the proposed building. Local professionals in the fields of developer, architect, engineer, and CPA partnered with our middle school math teacher to assist in this project. These partnerships have proven to be instrumental for the students who have now become personally vested in the project. The students have proven to be an integral source of information for the developers and architects when determining what students are looking for when developing and designing a facility that students will use.

These are just two examples of the commitment our local business leaders have provided for our students.

(5) **Describe the school's ties to and/or knowledge of the target community**. How has the school learned from and engaged with this community to date? What initiatives and/or strategies will you implement to learn from and engage the neighborhood, community, and broader city/county?

Through our Capital Campaign we have approached a very diversified business pool within the community to partner with our students and classrooms. By donating \$25,000, they will have an opportunity to adopt a classroom, have that classroom named after their business, and an opportunity to participate in their learning objectives from year to year. This has been received with a very positive response from local businesses. Through a shared interest, EIAA and the local business sector will be able to provide our students with real-world, hands-on learning opportunities that will not only enhance our students learning, but will provide a knowledge to the labor force offered within the community. Our students can apply the knowledge they are learning in the classroom to the roles and responsibilities of various jobs available in the community, and in return, business leaders are able to instill the necessary skills needed to succeed in the various positions.

(6) **Identify any organizations, agencies, or consultants that are partners in planning and expanding the school,** along with a brief description of their current and planned role and any resources they have contributed or plan to contribute to the school's development. If the school is new to this county, describe how your previous work has prepared you to establish relationships and supports in this new community.

To date, we have construction companies, electricians, plumbers, grocery store owners, restaurants, car deals, hospitals, ranches, and mining companies that have committed to being a part of our students' future success.

C) ACADEMIC PLAN

D) FINANCIAL PLAN

This section must be completed for all applications.

- (1) Describe the systems and processes by which the school will manage accounting, purchasing, payroll, and audits. Specify any administrative services expected to be contracted for the school and describe the criteria and procedures for the selection of contractors and the mechanism by which the board will monitor and hold the contractor responsible for providing such services.
- (2) Depending on the type of RFA requested, staff may require applicant to submit additional documentation regarding the potential fiscal impact of the proposed changes. Fiscal impact documentation is required for all facility acquisition/construction RFAs.
- (3) Attachment 2. Present a budget narrative including a detailed description of assumptions and revenue estimates, including but not limited to the basis for revenue projections, staffing levels, and costs. The narrative should specifically address the degree to which the school budget will rely on variable income (e.g., grants, donations, fundraising, etc.). There is no page limit for the budget narrative. Include the following: A detailed discussion of Per-Pupil Revenue: Use the figures provided in developing your budget assumptions.
 - (a) Anticipated Funding Sources: Indicate the amount and sources of funds, property or other resources expected to be available through banks, lending institutions, corporations, foundations, grants, etc. Note which are secured and which are anticipated and include evidence of commitment for any funds on which the school's core operation depends in a clearly identified component of Attachment 2. Please ensure that your narrative specifically references what page this evidence can be found on in the attachment.

EIAA was able to complete a USDA direct loan application just before Elko County became ineligible to qualify for these low interest loans due to the population restrictions set forth for this federal loan program. EIAA was subsequently awarded an \$8.1 million-dollar loan for a period of 38 years at a rate of 2.25%. This amount was acquired after an extensive projected financial feasibility study was conducted, and it was determined that this amount would be the maximum amount allowed based on an allowable debt ratio and the Preliminary Architectural Report (PAR) (Attachment 2b EIAA USDA Preliminary Architectural Feasibility Report 2023-01-17). The Letter of Conditions was issued with a stipulation that EIAA would be responsible for \$1.6 million dollars towards the \$9.7 million dollar project. (Attachment 2a LOC). USDA is currently in the underwriting process to revise the conditions to the new facility.

EIAA began a Capital Campaign at the same time we started working towards acquiring our own facility. We have presented our project to Nevada Gold Mines Community Development Committee who has awarded EIAA with a \$500,000 donation. We also presented our project to the Elko County Commissioners, and they committed \$200,000 from their general fund and \$300,000 from the ARP funds. We have also been awarded a \$500,000 grant from the Pennington Foundation to pay for all of the classroom desks, bookshelves, computers, kitchen equipment in the project budget. (Attachments 2a letters)

Our capital campaign also consists of selling naming rights to classrooms, playgrounds, lunchrooms, etc. When a business donates \$25,000 they will have not only a naming right to the classroom, but the ability to partner with those students and teachers to create real-world learning opportunities. With the sale of the 19 classrooms at the \$25,000 each, this will generate \$475,000, the playground is \$50,000 each, and the lunchroom is \$100,000. We currently have seven confirmed classrooms with several stating they wanted to and will get back to us.

A 32,000 sf vacant facility was offered to us at a substantially lower cost to value. The building was appraised in 2015 at \$7.9 million, and it was being offered to us for \$2.4 million dollars. The only stipulation was that the purchase had to be complete by December 31, 2022. We had six weeks to complete a due diligence process where we completed a traffic study, environmental, architectural renderings, and had structural engineers determine whether the building would be suitable for a school at the budgeted amount. It was confirmed that the newly vacated building would be suitable in every aspect for our new school. The building had recently become vacant and was the same square footage as the original new build. Due to the time constraints on completing this purchase, EIAA approached Elko Federal Credit Union (EFCU) to provide a bridge loan in the amount of \$1.9 million interest only for the period of six months, or until the Greater Nevada Credit Union Construction loan took over, with EIAA having to provide \$500,000 to the purchase of the building.

The DSA funds received will be the funds used to operate and maintain the facility. Attached is **Attachment 2c Facility Fiscal Impact Budget** reflecting the anticipated revenue and expenses over the next five years.

With the first charter amendment, we had purchased 9.33 acres of land where we were going to build a new facility. After the bids came in too high and we moved into a different direction, we have the land for sale at \$925,000, and with a balance of \$319,449.04, we will contribute the balance to the project pursuant to the USDA guidelines set forth in the Letter of Conditions.

(b) Anticipated Expenditures: Detail the personnel and operating costs assumptions that support the financial plan, including references to quotes received and the source of any data provided by existing charter school operators in Nevada or other states.

EIAA has been working for the past five years on acquiring a new facility that will allow student capacity to double in each grade kindergarten through eighth grade. We have analyzed every avenue to determine the best course of action to take to double our capacity, but at the same time remain financially sound so that we can continue to provide a quality education for all students. The need to expand was identified by the board not only because our waitlist exceeded 400, but also to provide our teachers the ability to collaborate with a partner at the same grade level. As reflected in the attached Staffing Table of Projected Staffing Needs, the number of full-time staff will be increasing from 18 to 25 in 2023-24 and 32 in the 2024-25 school year. These increases consist of doubling the number of classroom teachers for grades k-4 and one special education teacher in 2023-24 and then increasing the number of classroom teachers for 32 when complete. Also included in attachment 2 is a breakdown of the grants awarded and the salaries that are being paid for with these grants. The positions being paid through grants are four Aides, a portion of the special education teacher, and a full-time nurse. The remaining 14 employees are funded through the DSA funds received. (**Attachment 2b Staffing Needs**)

We were able to purchase a 32,000 sf vacant building with the intent to construct a new facility. EIAA was successful in acquiring a construction loan from Greater Nevada Credit Union at a 7% interest rate. We have also completed Architectural plans, Environmental, traffic studies, local and state permits, zone changes, and the Conditional Use Permits is set for the Planning Commission on May 2, 2022 that will stipulate any additional requirements for this facility.

See Attachment 2c Facility Fiscal Impact Budget for a five-year projection of expenditures with the proposed new facility.

- (c) Discuss in detail the school's contingency plan to meet financial needs if anticipated revenues are not received or are lower than estimated, including both the scenarios identified in subsections e and f.
- (d) Year 1 cash flow contingency in the event that state and local revenue projections are not met in advance of opening.
- (e) Year 1 cash flow contingency in the event that outside philanthropic revenue projections are not met in advance of opening.

The budget EIAA is working from for the remodel of the proposed facility can be found as Attachment 2a. This budget was obtained from the PAR submitted to USDA for approval. As noted, the total project cost is estimated to be \$10.2 million dollars that includes the purchase of the property. According to Attachment 2c Quarterly Financial Statement SYE2023 ver 2022 09 28, EIAA is in a financial position to move forward with this project under the current revenues received. We are not dependent on any of the philanthropic revenues stated above, so these revenue sources will not affect the financial position of this project. We do not foresee any of the projected revenue sources to hinder this project because they are already in place for the period this project to be completed. Once we are able to double our capacity, it has been determined our DSA revenue will be sufficient to maintain the facility.

If for any reason the DSA revenues don't meet the financial needs, EIAA will eliminate non-essential positions and programs.

- (4) Submit a completed financial plan for the proposed school as an **Attachment** (the format of this is left to the applicant's discretion but must be clear and sufficiently detailed to permit Authority staff, external reviewers, and the general public to review of all elements of the school's business plan and gauge alignment and consistency with the academic program, operating plan, and budget narrative).
- (5) Submit, as an **Attachment____**, a detailed budget for the operator at the network level (the format of this is left to the applicant's discretion but must be clear and sufficiently detailed to permit Authority staff, external reviewers, and the general public to review of all elements of the school's business plan and gauge alignment and consistency with the academic program, operating plan, and budget narrative).
- (6) Provide, as an Attachment____, historical financial documents for any affiliated CMO from another state or any EMO providing services to the school, including audited financials for each school operated by the affiliate as well as any other campus by campus financial evaluations conducted by charter school authorizers. At least three years of school financial audits are required for any school operating for three years or longer. Such financials must be provided as converted PDF documents to ensure accessibility.
- (7) Complete the audit data worksheet in Attachment____. In the info tab, please identify any schools or campuses listed under the student achievement tab for which, pursuant that relevant state's charter law, financial data is consolidated for reporting and auditing purposes in the independent audits provided in Attachment___.
- (8) Provide a six-year development plan that addresses the annual and cumulative fundraising need at the network and school levels including a description of the staff devoted to development. The plan should include a history of the school's fundraising outcomes and identify funds that have already been committed toward fundraising goals. The plan should also identify the role of the members of the board, particularly as relates to give/get requirements, and should demonstrate alignment with the expectations for board members discussed elsewhere in the amendment request. If funds are raised at a partner organization level, describe the methodology to be used in allocating funds to the school and the proposed campuses. If the school has not raised any funds to support its programming to date and

the budget does not include any fundraising activity, please explain that this question is not applicable to your school.

(9) Describe the campus, school, and any management organization distinct responsibilities in the financial management and oversight of the proposed campuses, including, but not limited to, their respective roles in overseeing or implementing internal controls and in making financial management decisions including budget development. Detail the process and frequency by which key financial information is communicated to and reviewed by the various organizations and different levels of leadership and governance.

E) OPERATIONS PLAN- NO CHANGE

- Indicate "No Change" to the sections or subsections below, where applicable. Otherwise, all applications require completion of this section.
- 1. Historical performance
 - (a) Performance Data: schools are only eligible to complete the amendment request and business plan if the existing schools meet the Authority's eligibility criteria; these criteria reflect a proven academic track record of success with Nevada students and our operating expectations or similar performance in another state.

Please provide a narrative demonstrating that the school meets the organizational criteria for approval.

(b) Interventions: Please explain any past organizational/compliance performance that has not met expectations.

How did the governing body diagnose the under-performance, how were appropriate intervention(s) determined by the governing body, how are they being implemented by staff, and how is the governing body monitoring implementation of the interventions on a monthly basis?

- (c) What are the key areas in which the existing school or schools/campuses need to improve, as determined by the governing body, and what are the priorities to drive further success?
- 2. Organization governance structure & board development:
 - (a) Describe how the organization's governance structure will adapt to oversee and support the 6-year growth plan and addition of new school(s). Include any impact on: (1) the composition of the Board, the Board's roles and responsibilities, and the Board's development priorities and (2) the Board's relationship to individual campuses
 - (b) Describe the diverse skillsets that currently exist on the Board and note any additional type of expertise that the Board may seek to help support the growth plan.
 - (c) Identify any Board development requirements relative to the organization's governance needs at each stage of growth.
 - (d) Describe how the Board identifies and addresses conflicts of interest. Attach a code of ethics that includes a formal conflict of interest policy and specifies the procedures for implementing the policy.
- 3. Organization charts and decision-making authority:
 - (a) Provide the following organizational charts:
 - (i) Current

- (ii) Vision for school in three years (clearly identify both campuses requested in this amendment request as well as any additional campuses that the operator anticipates applying to open within three years)
- (iii)Vision for school in six years (clearly identify both campuses requested in this amendment request as well as any additional campuses that the operator anticipates applying to open within six years)

The organization charts should represent all national and state operations and clearly delineate the roles and responsibilities of – and lines of authority and reporting among – the governing board, staff, any related bodies (e.g., advisory bodies or parent/teacher councils), and any external organizations that will play a role in managing the schools. If the school intends to contract with an education management organization or other management provider, clearly show the provider's role in the organizational structure of the school, explaining how the relationship between the governing board and school administration will be managed. Please *include* all shared/central office positions and positions provided by *the Management Organization* (*CMO or EMO*) *in the organizational chart, if applicable.*

- 4. Describe the proposed organizational model; include the following information:
 - a) Job descriptions for each leadership or shared/central office role identified in the organizational chart (provide as an **Attachment___**)
 - b) Resumes of all current leadership (provide as an Attachment____).
 - c) Previous student achievement data for the proposed instructional leaders at each proposed campus (if available) (provide as part of **Attachment___**)
- 5. Describe the leadership team's individual and collective qualifications for implementing the multi-site school design and business and operating plan successfully, including capacity in areas such as:
 - (a) School leadership;
 - (b) School business operations and finance;
 - (c) Governance management and support to the Board;
 - (d) Curriculum, instruction, and assessment;
 - (e) At-risk students and students with special needs;
 - (f) Performance management; and
 - (g) Parent and community engagement.
- 6. Explain who is responsible for school leader coaching and training and what those processes will look like in action. Please include any existing competencies used for school leader selection and evaluation, if available (provide as an **Attachment___**).
- 7. Explain your school leader's role in the successful recruitment, hiring, development and retention of a highly effective staff.
- 8. Explain your campus instructional leader's role in providing instructional guidance and school culture guidance. How will the leadership team work in support of the campus instructional leader's guidance?
- 9. What systems are in place in your leadership team structure to ensure redundancies in knowledge and skill?

LEADERSHIP FOR EXPANSION

a) Describe the operator's current or planned process for recruiting and training potential network leaders. Explain how you have developed or plan to establish a pipeline of potential leaders for the network as a whole. If known, identify candidates already in the pipeline for future positions.

- b) Identify the proposed regional director candidate, if applicable, and explain why this individual is qualified to lead the expansion of the organization (provide a resume as an Attachment____). Summarize the proposed leader's academic and organizational leadership record. Provide specific evidence that demonstrates capacity to design, launch, and manage a high-performing charter school network.
- c) If a regional director candidate has not yet been identified, provide the job description (as an **Attachment____**) or qualifications and discuss the timeline, criteria, and recruiting and selection process for hiring the regional director. Note: It is strongly encouraged that schools proposing to open new campuses in the 2023-24 school year, identify the regional leader (*Regional Director, Executive Director, etc.*) in the proposal. The SPCSA reserves the right to require schools which do not have network leadership and support position candidates identified to defer opening new campuses until the 2024-2025 school year and to add additional criteria to the pre-opening requirements for such campuses.

STAFFING

a) **Complete and submit a working copy of the RFA Staffing & Enrollment Worksheets Excel file.** indicating projected staffing needs for the proposed campuses over the next six years. Schools should also complete the second table outlining projected staffing needs for the entire network over the next six years. Include full-time staff and contract support that serve the network 50% or more. Change or add functions and titles and add or delete rows as needed to reflect organizational plans.

See Attachment 2b Enrollment-Staffing-Charts HUMAN CAPITAL STRATEGY

Describe your strategy, plans, and timeline for recruiting and hiring teachers for a multi-site charter school. Explain key selection criteria and any special considerations relevant to your school design. *Note: schools with strong track records of academic success, as determined by the Department of Education, are eligible to waive teacher licensure requirements for all teachers except for special education and ELL professionals as long as they meet all other federal and state requirements. Maintaining such a waiver is contingent on the school continuing to achieve at the 3 Star level or higher (or equivalent) on the statewide system of accountability. Please refer to Section 46 of SB509 (2015 session) for additional information.*

- a) **Recruitment:** Identify whether recruitment will be managed at the campus or network level. Identify key partnerships and/or sources the operator will rely upon of teachers and leaders. Identify the process the operator will rely upon to identify and develop high-quality leaders and high-quality teachers.
- b) Leadership Pipeline: Discuss the specific measures and timelines the organization will employ to identify and develop organizational and school leaders. For example, explain:
 - 1) How the school plans to identify leadership internally and externally;
 - 2) Who will be responsible for hiring leaders;
 - 3) Formal and informal systems that will prepare leaders for their responsibilities;
 - 4) The school's philosophy regarding internal promotions;
 - 5) The timing for identifying leaders in relation to the launch of a new campus; and,
 - 6) Internal or external leadership training programs.
- c) **Professional Development:** Identify the school's plan to meet professional development needs. Include whether professional development will be managed at the school or network level and how new campuses will be added to existing professional development. Also identify the method the school will use to determine the effectiveness of professional development.

- d) **Performance Evaluations and Retention:** Identify the school's approach to staff performance evaluations. Identify how frequently the organization plans to: evaluate teachers, campus administrators, and network leaders and staff, who will evaluate whom, and how the organization plans to retain high-performing teachers and administrators?
- e) **Compensation**: Explain the board's compensation strategy and salary ranges for network and school level staff. Discuss how the compensation structure enables the organization to attract and retain high quality staff and describe any incentive structures such as bonuses or merit pay. Compare the proposed salary ranges to those in other organizations, charter schools and local districts, as applicable.

SCALE STRATEGY

- a) Describe the steps that you will take to scale your model to new sites, including the people involved and the resources contributed both by the founding campus and the new campuses.
- b) If the school is affiliated with a CMO or EMO that operates schools in other states, compare your efforts to scale operations to Nevada to past scale efforts in other states.
- c) Describe your plan for embedding the fundamental features of the model that you described in the transformational change section in each new campus that you plan to open.
- d) Explain any shared or centralized support services the management organization will provide to campuses in Nevada.
- f) Using the table below, summarize the division school- and organization-level decision-making responsibilities as they relate to key functions, including curriculum, professional development, culture, staffing, etc. This division of responsibilities will be evaluated both in the context of Nevada law and regulation and best organizational and authorizing practices nationally.

Function	Mgt Org Decision- Making	Network Leader Decision-Making	Board Decision- Making	Campus Leader Decision-Making
Performance Goals				
Curriculum				
Professional Development				
Data Mgt & Interim Assessments				
Promotion Criteria				

Culture		
Budgeting,		
Finance, and		
Accounting		
Student		
Recruitment		
School Staff		
Recruitment &		
Hiring HR Services		
(payroll,		
benefits, etc.)		
Development/		
Fundraising		
Community		
Relations		
IT		
Facilities Mgt		
Vendor		
Management /		
Procurement		
Student Support		
Services		
Other		
operational		
services, if		
applicable		

STUDENT RECRUITMENT AND ENROLLMENT

Like all public schools, public charter schools must be open to any such child, regardless of that child's race, gender, citizenship, or need for accommodations or special education services. Thus, recruitment and enrollment practices should demonstrate a commitment to providing all students equal opportunity to attend the school, and help schools avoid even the appearance of creating barriers to entry for eligible students.

a. Explain the plan for student recruitment and marketing for the new campuses that will provide equal access to interested students and families, including how the school will comply with the requirements of SB208 (2015 session). Specifically, describe the plan for outreach to: families in poverty; academically low-achieving students; students with disabilities; and other youth at risk of academic failure. For schools which are giving one or more statutorily permissible admissions preferences pursuant to NRS 386.580 or SB390 (2015 session), please indicate if you plan to focus your student recruitment efforts in specific communities or selected attendance areas.

EIAA is located in the City Elko Nevada which has a population of just over 20,000 people with the city limits consisting of 4.6 miles between the two furthest points. EIAA serves both Elko and several outlying communities including Wells, Carlin, and Spring Creek, just to name a few. The

distance between our current location and the new proposed location is 2 miles, therefore, EIAA will continue to serve the same population it currently serves. Over 70% of our current population resides within zones that consist of schools that are either 1 or 2 stars. Due to these conditions, we market at risk students across all the attendance zones within Elko County.

Before and during open enrollment, we market to all facets, including but not limited to, Head Start, Family Resource Center, Boys and Girls Club and various other organization that provide services to the underprivileged and at-risk communities in Elko County.

b. Provide a detailed discussion of the school's track record in recruiting and retaining students that reflect the ethnic, socio-economic, linguistic, and special needs diversity of the current charter school and each campus to at least the level reflected by the attendance zones where the charter school will operate facilities before approving the proposal. Please provide the school's past enrollment and retention performance for all years since the inception of the school broken out by race, ethnicity, language other than English, disability and 504 staatus, and eligibility for free and reduced priced lunch both as a school and in comparison, to the school's current zoned schools.

EIAA opened in 2009 with the original founders' vision to operate under a private school model that would service Gifted and Talented students. There were many lessons learned and growing pains through the first few years of operation. EIAA did not originally have a Special Education Department, nor did they intend to enroll any at risk or special education students. EIAA was marketed to families in a very small population of Elko. As EIAA became familiar with the requirements of a public charter school, the administration, board and vision of the school grew and changed. EIAA slowly started to implement a Special Education Department. The kindergarten teacher would serve as a ½ day kindergarten teacher in the morning and a Special Education teacher in the afternoon. As the board and administration changed so did their vision, outreach to the community, and the relationship between EIAA and Elko County School District. EIAA currently markets to all of Elko County's population including students at risk for academic failure. Below is a table of EIAA's demographics compared to the district for which we serve.

				202	1-22					
School/District	Total Enrolled	AM in/AK Native	Asian	Hispanic	Black	White	Pacific Islander	Two or More Races	Free and Reduced	IEP
EIAA	198	1%	3%	28%	4%	58%	0	8%	41.8%	16%
Elko	9,943	6%	1%	34%	1%	56%	0	3%	34%	12%
				202	0-21	•	-			
School/District	Total Enrolled	AM in/AK Native	Asian	Hispanic	Black	White	Pacific Islander	Two or More Races	Free and Reduced	IEP
EIAA	196	1%	3%	24%	2%	62%	0	8%	30%	15%
Elko	9,609	6%	1%	34%	1%	56%	1%	2.5%	42%	13%
	<u> </u>			201	9-20	•	-	·	·	
School/District	Total Enrolled	AM in/AK Native	Asian	Hispanic	Black	White	Pacific Islander	Two or More Races	Free and Reduced	IEP
AA	196	0	3%	27%	2%	62%	0	6%	31.82%	13%
Elko	10,247	6%	1%	31%	1%	59%	.5%	2%	44%	13%

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School/District	Total Enrolled	AM In/AK Native	Asian	Hispanic	Black	White	Pacific Islander	Two or More Races	Free and Reduced	IEP
EIAA	192	2%	4%	18%	2%	68%	0%	6%	30.53%	9%
Elko										
						-2018		[
School/District		· · ·	Asian	Hispanic	Black	White		Two or More Races	Free and Reduced	IEP
EIAA	178	3%	3%	18%	1%	69%	0%	6%	5%	10%
Elko	9924	6%	3%	31%	0.79%	59%	0%	1%	34.20%	12%
					2016	-2017				
School/District	Total Enrolled	AM In/AK Native	Asian	Hispanic	Black	White	Pacific Islander	Two or More Races	Free and Reduced	IEP
EIAA	172	3%	4%	18%	1%	69%	0%	2%	25.14%	8%
Elko	9907	5%	0.65%	31%	0.93%	59%	0.25%	0.55%	33.45%	12.33%
					2015	-2016		-		
School/District	Total Enrolled	AM In/AK Native	Asian	Hispanic	Black	White	Pacific Islander	Two or More Races	Free and Reduced	IEP
EIAA	173	2%	2%	17%	1%	75%	0%	2%	25.97%	11%
Elko	10149	5%	0.80%	31%	1%	59%	0.56%	0.55%	33.10%	10.90%
	1	1			2014	-2015				
		AM In/AK Native		Hispanic		White		Two or More Races		IEP
EIAA	182	2%	1%	18%	1%	75%	0%	2%	10.32%	7%
Elko	9859	6%	0.84%	30%	1%	60%	0.61%	0.55%	34.95%	11.19%
						-2014				
School/District		AM In/AK Native	Asian	Hispanic	Black	White		Two or More Races	Free and Reduced	IEP
EIAA	153	2%	1%	19%	1%	76%	0%	0%	41%	4%
Elko	9945	6%	0.74%	30%	0.96%	61%	0.44%	0.52%	35.77%	10.77%
					2012	-2013				
School /District	Total Enrolled	AM In/AK Native	Acian	Hispanic	Black	White	Pacific Islandor	Two or More Races	Free and Reduced	IEP
EIAA	156	1.90%	O%	20%	N/A	76%	0.50%	N/A	N/A	7%
Elko	9841	5%	0.82%	30%	0.96%	61%	0.32%	0.51%	34.23%	9.99%
LIKU	5641	576	0.8270	3076	0.90%	01/0	0.3276	0.31%	54.2370	9.9970
					2011	-2012				
School/District	Total Enrolled	AM In/AK Native	Asian	Hispanic	Black	White	Pacific Islander	Two or More Races	Free and Reduced	IEP
EIAA	148	4%	0.01%	8.70%	2%	84%	N/A	N/A	N/A	5%
Elko	9611	6%	1%	29%	1%	61%	0.16%	0.36%	34%	9.83%
-										
					2010	-2011				
School/District	Total Enrolled	AM In/AK Native	Asian	Hispanic	Black	White	Pacific Islander	Two or More Races	Free and Reduced	IEP
EIAA	160	0%	0.50%	5.00%	0.20%	85%	0.50%	0%	N/A	0%
Elko	9530	6%	1%	29%	1%	61%	0.16%	0.28%	31.20%	9.98%
	T					-2010	r	r	· · · · · · · · · · · · · · · · · · ·	
School/District		AM In/AK Native		Hispanic	Black	White		Two or More Races	Free and Reduced	IEP
EIAA	197	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Elko	9392	6%	1%	28%	1%	62%	N/A	N/A	32.90%	9.86%

EIAA currently has 32 IEP's which constitutes 16% of our student population. As you can see from the above-mentioned table, we have more than doubled our students with Special Education needs. This has been the trend over the last few years due to the small class sizes we offer and the opportunities they are offered for one-on-one interventions. We have had great success with students coming into our school with no credits and sending them to high school ready to succeed.

c. Detail how the school's programmatic, recruitment, and enrollment strategies are designed to recruit, enroll, and retain a student population that is representative of the zoned schools which prospective students would otherwise attend in the community. Schools which do not currently represent their communities based on the data identified above and are not serving an at-risk population are expected to add several of the following programmatic, recruitment, and enrollment strategies to merit approval: (1) participation in state-funded pre-K programs (including federal pre-K) for low-income students; (2) substituting online and social media marketing which advantages

affluent and well-connected populations with a community-based, grassroots campaign which targets high need populations in the community, including aggressive door-to-door outreach and publishing marketing materials in each language which is spoken by more than 5 percent of families within each attendance zone; (3) an explicit commitment to serving a broad continuum of students with disabilities and the expansion of programs, including cluster programs or consortia, to meet the needs of a broad spectrum of student needs; (4) a weighted lottery² which provides additional opportunities for specific target populations to be admitted to the school in a manner consistent with state and federal law; and (5) other enrollment policies and strategies which have had a demonstrated track record of success in dramatically increasing the diversity of student populations in a high achieving charter school to at least the poverty, disability, and ELL profile of the zoned school.

EIAA is in constant contact with the administrators from the Elko County School District and the resource officers who serve both EIAA and the Elko County School District. EIAA has enrolled numerous students who were struggling to be successful in the Elko County School District. EIAA has given numerous students an opportunity to be successful in our setting as opposed to being sent to Elko's Junior Detention Center or a facility for correctional care. Working in conjunction with the school resource officers, a majority of these students have been successful in turning around their academics and behavior. In addition to being in contact with the Elko County School District and resource officers regarding struggling students, EIAA advertises open enrollment through many different modes including newspaper, radio, and communication with the local pre-schools, vendor booths at the local home shows and pumpkin patch, Facebook, and our school website. School recruitment has become a goal to improve waiting lists by the end of the 2022-23 school year in order to meet the needs of the approved expansion. Over the past three years our waitlist as expanded to over 400 students. At this time, we have enough students on the waitlist to expand every grade level to two classrooms with that number continuing to grow.

EIAA currently experiences a high retention rate from year to year by establishing open communication lines with parents and students. We strive to establish an environment that creates cohesiveness between EIAA, parents and students to achieve overall student success. We develop opportunities to discuss what is working, what needs adjustment, and establish a plan moving forward. Our focus is not only on our IEP students, but all of our struggling students throughout the year. We strive to find a balance between those strategies that work to establish an environment where students can thrive and be successful while maintaining high expectations.

Data has become an emphasis for our teachers and school. We have designed professional development opportunities for teachers to analyze data, create individual student portfolios, and develop intervention plans to move them forward. EIAA has also entered into a contract with RTB over the past two years to assist in analyzing student data and create learning strategies to meet the needs of every student to ensure all students are meeting their maximum potential. Sharing this data with parents supports our goals to stay on track academically, allows us to create highly intentional goals for the student to grow and be successful, and provides information for making action plans.

d. What is the enrollment calendar for both the first year of operation and subsequent years of operation? Please specify the dates on which the school will begin accepting applications and how long the enrollment window will last prior to conducting a lottery.

EIAA holds its in-house enrollment the month of January of each year followed by open enrollment beginning February 1 for the next 45 consecutive school days. These dates will be designated

² See <u>http://www.publiccharters.org/wp-content/uploads/2015/09/CCSP-Weighted-Lottery-Policy-factsheet-updated-GS-8-27-2015-2.pdf</u> for one possible approach in this evolving area of charter school policy.

EIAA's open enrollment period for each subsequent year. The enrollment period will last a minimum of 45 days with the lottery taking place following the closing date.

- e. What enrollment targets will you set and who will be responsible for monitoring progress towards these targets? What is your target re-enrollment rate for each year? How did you come to this determination? What are the minimum, planned, and maximum projected enrollment at each grade level? Outline specific targets in the table below.
- f. What systems will you put in place to ensure that staff members are knowledgeable about all legal enrollment requirements pertaining to special populations and the servicing of particular populations of students and can answer parent inquiries in a manner consistent with the letter and spirit of state and federal law?

At the end of the school year and at the beginning of the school year, EIAA sends an email out to all of staff members in regard to enrollment. Attached to the email was EIAA's enrollment policy which is aligned to all legal stipulations. If staff or parents need clarification on any part of this subject, it is the policy of EIAA to provide an open door and a willingness to explain the process and the laws further.

g. Describe the student recruitment plan once your school has opened. In what ways will it be different than your pre-opening year, in terms of the strategies, activities, events, persons responsible and milestones? How will the school backfill vacancies in existing grades?

EIAA is located in a small town and the proposed relocation will only be 2 miles from our current location, therefore, EIAA will serve the same population of students. Historically, EIAA's struggle with enrollment has only been experienced at the middle school level. We lost a group of students in the past due to sports and the ability to be on a school team at the district level. EIAA has since started club sports and after school team activities, such as robotics, where our students can compete. We have been working to improve our recruitment strategies for the middle school and we now have a waitlist for every grade. Our student's success and growth has been our number one tool in recruiting 7th and 8th grade students. Several teachers at the high school level have become our biggest advocates pointing out that they know when a student comes from EIAA based on their work ethic and knowledge of the content. We are confident with our middle school student's success, combined with a refined recruitment plan and we will be able to fill our 8th grade classroom.

In the past, we had students who transferred from Elko County School District into our middle school credit deficient per our charter. EIAA worked with these parents and students to provide opportunities to make up credits; however, students came over with no credits and were unable to make them up leading to grade retentions. EIAA has identified the needs necessary to move forward and knows there is a need to be proactive when it comes to filling the Jr. High. One aspect in EIAA's favor is the overall growth EIAA students have obtained while here and how successful our Jr. High students have been moving into high school. With a full enrollment, EIAA should not have to experience another large group of students coming in credit deficient.

Discussions have been started between our governing body and stakeholders regarding how to branch into two classrooms per grade. This will provide an opportunity for our students and school to put some collegiate teams together to backfill vacancies as they occur. EIAA will continue to use all communication channels available to promote our institution to the public.

h. Complete the following tables for the proposed school to open in 2023-24. Schools applying for multiple campuses must complete enrollment summary tables for each school campus opening in fall 2023 and fall 2024.

1) **Minimum Enrollment** (Must Correspond to Break Even Budget Scenario Assumptions discussed in budget narrative)

Grade Level		Number of Students						
	2023-24	2024-25	2025-	2026-	2027-28			
			26	27				
Pre-K	0	0	0	0	0			
Κ	36	36	36	36	36			
1	36	36	36	36	36			
2	180	252	252	252	252			
9-12	0	0	0	0	0			
Total	252	324	324	324	324			

2) **Planned Enrollment** (Must Correspond to Budget Worksheet Assumptions)

Grade Level		Number of Students					
	2022-	2023-	2024-	2025-	2026-		
	23	24	25	26	27		
Pre-K	0	0	0	0	0		
K	22	44	44	44	44		
1	22	44	44	44	44		
2	22	44	44	44	44		
3	22	44	44	44	44		
4	22	44	44	44	44		
5	22	22	44	44	44		
6	22	22	44	44	44		
7	22	22	44	44	44		
8	22	22	44	44	44		
9-12	0	0	0	0	0		
Total	196	308	396	396	396		

3) Maximum Enrollment (Note: Enrolling more than 10 percent of the planned enrollment described in subsection b will necessitate a charter amendment)

Grade Level	Number of Students					
	2022-	2023-	2024-	2025-	2026-	
	23	24	25	26	27	
Pre-K	0	0	0	0	0	
K	22	44	44	44	44	
1	22	44	44	44	44	
2	22	44	44	44	44	
3	22	44	44	44	44	
4	22	44	44	44	44	
5	22	22	44	44	44	
6	22	22	44	44	44	
7	22	22	44	44	44	
8	22	22	44	44	44	
9-12	0	0	0	0	0	
Total	196	308	396	396	396	

a. Describe the rationale for the number of students and grade levels served in year one and the basis for the growth plan illustrated above. Note: particular weight will be given to rationales which prioritize academic achievement over financial returns.

Since its inception, EIAA has only had one classroom for each grade k-8 which has hindered the ability of teachers to collaborate on a grade level basis. EIAA teachers have only been able to work within vertical pods up to this point and increasing EIAA into two classrooms per grade will allow our teachers to collaborate laterally. Having the ability to establish grade level data conversations will ensure best practices are being implemented and the approach to instruction are effective.

EIAA's enrollment has been steadily increasing over the past few years to the point where we can increase every grade by one classroom. We currently have over 400 students on our waitlist with this list continually growing. The community has obviously demonstrated a trust in our school, and we welcome the opportunity to provide a quality education to these students.

With the proposed relocation, we are estimating construction to commence on this facility in June of 2023 and be complete by February of 2024. The Charter Authority approved a deferral to expand grades 5-8 for the 2023-24 school year with these grades being held in a temporary facility until the completion of said new facility. The temporary facility did not have the space available to expand these grades for the beginning of the 2023-24 school year, so we determined it would be best to expand these grades at the beginning of the 2024-25 school year so we could utilize the space being offered at the Boys and Girls Club.

Grades k-4 will be expanded to two classrooms per grade at the beginning of the 2023-24 school year and will be held in the current location until such time the new facility is complete when all grades will move into the proposed facility. All grades will be expanded in the beginning of the 2024-25 school year at the proposed new location.

- b. Schools proposing to open new elementary facilities with more than 400 students or more than 3 grade levels should identify and discuss the specific elements of the school model and organizational track record detailed throughout the request that demonstrate that the proposed expansion model is designed to compensate for the known organizational and academic challenges which accompany serving larger student bodies and multiple grade levels in a start-up environment. N/A
- **c.** Schools proposing to add a new middle or high school facility with more than 200 newly enrolled students in sixth grade or above or more than 2 grades above fifth grade should identify and discuss the specific elements of the school model and organizational track record detailed throughout the request that demonstrate that the proposed expansion model is designed to compensate for the known organizational and academic challenges which accompany serving larger student bodies and multiple grade levels in a start-up environment. **N/A**

BOARD GOVERNANCE- NO CHANGE

Complete this section only to the extent it is different from what is shown in the application for the school. Otherwise, indicate "No change from original application or most recent amendment. See attached."

i. Explain the governance philosophy that will guide the board, including the nature and extent of involvement of key stakeholder groups.

- j. Describe the governance structure of the expanded school when the board is fully composed, including the primary roles of the governing board and how it will interact with the principal/head of school and any advisory bodies. Explain how this governance structure and composition will help ensure that a) the school will be an educational and operational success; b) the board will evaluate the success of the school and school leader; and c) there will be active and effective representation of key stakeholders, including parents.
- k. Please submit board member information for current and proposed new board members in the provided Board Member Template (provide as part of Attachment____). Please note that at least 75% of new board members for SY 2023-2024 must be identified at the time of the submission of the expansion request.
- 1. Provide, as part of **Attachment____**, a completed and signed Board Member Information Sheet for each proposed new Board member as well as the board member's resume and a thoughtful biographical summary outlining the particular qualifications of each board member as relates to both service on a public charter school board and to the specific needs of this particular charter school.
- m. Describe the board's ethical standards and procedures for identifying and addressing conflicts of interest. Will the board be making any changes to its Bylaws, Code of Ethics, and Conflict of Interest policy in light of the expansion or new statutory or regulatory requirements, including SB509?
- n. Identify any existing, proposed, or contemplated relationships that could pose actual or perceived conflicts if the expansion request is approved, including but not limited to any connections with landlords, developers, vendors, or others which will receive compensation or other consideration directly or indirectly from the school; discuss specific steps that the board will take to avoid any actual conflicts and to mitigate perceived conflicts, including the new requirements of a Code of Ethics in SB509 and the nepotism regulations applicable to charter schools.
- o. Describe the board's history since inception, including a discussion of turnover. How does the board proactively manage governance and succession? How does the board propose to significantly exceed the statutory minimum criteria for board qualifications in light of the complexity and risk associated with governing a large, multi-site charter school network? What elements, characteristics, and behaviors of specific, analogous high performing multi-site charter school networks, non-profit social enterprises, and for-profit organizations with similar levels of revenues or complexity has the governing body elected to emulate in its governance and in the operation of the school? Describe concrete and specific plans for increasing the capacity of the governing board. How will the board continue expand and develop over time?
- p. Describe the kinds of orientation or training new board members will receive and what kinds of ongoing development existing board members will receive. The plan for training and development should include a timetable, specific topics to be addressed, and requirements for participation.
- q. Describe the working relationship between the board and staff (academic, operations, and financial) and the working relationship between the board, staff, and any education management organization. Outline the regular reports that will be provided to the board, their frequency, and who will provide them. This may include financial, operational, and/or or academic reports.
- r. Describe any advisory bodies or councils to be formed, including the roles and duties of those bodies. Describe the planned composition; the strategy for achieving that composition; the role of parents, students, and teachers (if applicable); and the reporting structure as it relates to the school's governing body and leadership.
- s. Explain the process that the school will follow should a parent or student have an objection to a governing board policy or decision, administrative procedure, or practice at the school.

t. What goals will be established for the board and how will board members be held accountable? Outline the key expectations for board members in the table below. What actions would trigger removal from the board and under what process?

Goal	Purpose	Outcome Measure

INCUBATION YEAR DEVELOPMENT (for approved schools that have not yet opened)

- b. Please describe the plans for leadership training and development of the selected school leader during the incubation year prior to school opening and how these plans support your year 0 goals. If partnering with an organization, please briefly describe the main components of the training program.
- c. Explain who will work on a full-time or nearly full-time basis immediately following assignment of a location to lead development of the school(s) and the plan to compensate these individuals.

SCHOOL MANAGEMENT CONTRACTS

Indicate "Not Applicable" if the school does not intend to amend an existing management contract or enter into a new management contract with a for-profit or non-profit education management organization (EMO) or charter management organization (CMO).

- a. How and why was the EMO or CMO selected?
- b. Explain whether the management organization will provide services to the charter school as a whole or will it be assigned to provide specific services at an individual campus or campuses or a particular program (e.g. a portfolio management governance model).
- c. Describe the relationship between the school governing board and the service provider, specifying how the governing board will monitor and evaluate the performance of the service provider, the internal controls that will guide the relationship, and how the governing board will ensure fulfillment of performance expectations.

- d. Disclose fully and provide an explanation of any existing or potential conflicts of interest between the school governing board and proposed service provider or any affiliated business entities, including, without limitation, any past or current employment, business or familial relationship between any officer, employee, or agent of the proposed service provider and any prospective employee of the charter school, a member of the committee to form a charter school or the board of directors of the charter management organization, as applicable.
- e. Please provide the following in **Attachment**___:
 - 1. A term sheet setting forth the proposed duration of the contract; roles and responsibilities of the governing board, the school staff, and the service provider; scope of services and resources to be provided by the EMO; performance evaluation measures and mechanisms; detailed explanation of all fees and compensation to be paid to the provider; financial controls and oversight; methods of contract oversight and enforcement by the governing board and/or school staff; investment disclosure; and conditions for renewal and termination of the contract;
 - 2. A draft of the proposed management contract which complies with NRS 386.562 and SB509 (2015 session) and all other applicable laws and regulations;
 - 3. As an exhibit to the proposed management contract, a crosswalk of the academic, financial, and organizational goals of the charter school set forth in the SPCSA Charter School Performance Framework, including the school's mission-specific goals, and a clear identification of each of the performance goals and expectations for the education management organization related to each charter school goal. This will serve as the board's primary evaluative tool for the education management organization.
 - 4. Documentation of the service provider's for-profit or non-profit status and evidence that it is authorized to do business in Nevada.
 - 5. Provide a brief overview of the EMO/CMO's history.
 - 6. List any and all charter revocations or surrenders, bankruptcies, school closures, non-renewals, or shortened or conditional renewals for any of the schools managed by the organization and provide explanations. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current leader of the school's authorizing office and a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable authorizer personnel contacted. Include a summary of all performance issues related to each revocation, surrender, bankruptcy, closure, non-renewal, or shorted or conditional renewal. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.
 - 7. Explain any performance deficits or compliance violations that have led to formal authorizer intervention with any school managed by the organization. Provide details as to how such deficiencies were resolved. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current leader of the school's authorizing office and all other authorizer personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable authorizer staff regarding all performance issues related to each non-renewal, shortened or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.
 - 8. List any and all management contract non-renewals, shortened or conditional renewals, or renegotiations or reductions in services provided for any of the schools managed by the

organization and provide explanations. For all such schools which are still in operation, please provide contact information, including name, legal home or business mailing address, home or business telephone number, and personal or business email address, for the current board chair office and all other board members and school personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable staff or board members regarding all performance issues related to each non-renewal, shorted or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.

SERVICES- NO CHANGE

- 1. Provide Attachment____ describing how the school leadership team will support operational execution.
- 2. Provide narrative or evidence illustrating the staffing model, performance metrics, and the school's plan for supporting all operational needs of the school, including but not limited to those listed below.
- 3. In this space and in the finances section, demonstrate how you will fund the provision of the services below which you are requesting approval to implement.
 - i. Transportation: Describe your plans for providing student transportation. If the school will not provide transportation, please identify how the school will ensure that this does serve as a barrier to enrollment or ongoing attendance.
 - ii. Food Service: Outline your plans for providing food service at the school, including whether and how you will be your own school food authority or will contract with another provider. If the school will not provide food service, please identify how the school will ensure that this does serve as a barrier to enrollment or ongoing attendance.
 - iii. Facilities maintenance (including janitorial and landscape maintenance)
 - iv. Safety and security (include any plans for onsite security personnel)
 - v. Other services
- 4. Technology: Outline the technology infrastructure and support mechanisms across your school, staff, and teachers. Your outline should include but not be limited to reliable and secure wide area networking, local area networking (e.g., wireless and cables), hardware (e.g., personal computing devices, servers, telephony, storage, routers, switches), technology policies and procedures, device management, and end user support, including the management of user rights and privileges.
- 5. Student Information Management: Timely communication of accurate student information is critical for payments to schools, compliance, and performance monitoring. Please describe how you will manage student information using the statewide Infinite Campus system, and how you will build capacity around the use of the software in order to independently maintain the system. Detail the staff members who will enter data along with the project manager who will commit to trainings and regularly monitor student information for accuracy.
- 6. Data Security: SPCSA charter schools record, generate and consume data that falls under strict requirements for security, privacy, and retention (including FERPA and recent legislation related to the protection of personally identifiable information (PII)). Describe the systems and procedures you will implement in order to ensure you are compliant with these obligations.
- 7. Provide, as an Attachment____, a detailed operational execution plan which discusses the planning and provision of these and other essential operational services in greater detail.

ONGOING OPERATIONS

- 1. SPCSA schools coordinate emergency management with local authorities. Explain your process to create and maintain the school's Emergency Management Plan required by the State of Nevada. Include the types of security personnel, technology, equipment, and policies that the school will employ. Who will be primarily responsible for this plan? Does the school anticipate contracting with the local school district for school police services? How will the school communicate with and coordinate with lead law enforcement agencies and other public safety agencies?
- 2. Discuss the types of insurance coverage the school will secure as a result of the expanded scope of operation and the attendant risks, including a description of the levels of coverage. Types of insurance should include workers' compensation, liability insurance for staff and students, indemnity, directors and officers, automobile, and any others required by Nevada law or regulation. As the minimum coverage required by Nevada law and regulation is intended as a baseline requirement for schools which operate at a significantly smaller scale, schools requesting an amendment are expected to research the levels of and types of insurance coverage typically required of and obtained by multi-site charter school networks in other states, including but not limited to Arizona, California, Colorado, the District of Columbia, Massachusetts, and New York, and crosswalk those levels of coverage with those the school intends to obtain to ensure that the governing body and network leadership is fully cognizant of the complexity of risk management in a multi-site context.

Section II: SPECIFIC RFA SECTIONS

RFA: Academic Amendments

8. RFA: Lottery: Change(s) in Charter Lottery Policy

The SPCSA considers changes to the admission process for sponsored schools to be a material amendment to their charter contract.

To incorporate a weighted lottery program, a Request For Amendment must present, in at least three to five narrative pages, plus any spreadsheet, a description of the following:

- 1. The current academic model including current student demographics and academic performance, including performance by student group,
- 2. An updated Meeting the Need section noting relevant sections and changes. The projected impacts from the proposed weighted lottery on student demographics,
- 3. How the school will ensure strong academic results for all students, including any adjustments to the school model and/or staffing to account for expected changes in student demographics,
- 4. A summary of the current fiscal state of the school under the current model, such as by a copy of the current school budget, and
- 5. A summary of the projected fiscal impact to revenues, expenditures, reserves, and surplus (deficit).

Additionally, include a copy of the current lottery policy as well as a copy of the charter school boardapproved, proposed weighted lottery policy.

The draft of your proposed lottery policy must include a thorough explanation/rationale for any adjustments to lottery priorities and/or weights. Proposed policies must demonstrate alignment to <u>NRS 388A.456</u> and/or

<u>**R131-16</u>**. If your school/network is proposing a weighted lottery, please be sure to provide a thorough explanation for the proposed weighting system.</u>

Provide a plan and timeline for communicating the proposed lottery changes to your charter school/network community. How will the charter/network ensure that prospective families are aware of these changes?

Attach a revised student enrollment form to be used under the proposed policy³.

Facility RFAs

General Facility RFA requirements

1. Describe the school's capacity and experience in facilities acquisition and development, including managing build-out and/or renovations, as applicable. Provide a description and analysis of any construction or development delays which have impacted a school or campus calendar and schedule in the past and a discussion of any organizational or operational adjustments that have been made to prevent recurrence in the future.

EIAA has been working on constructing a new facility for the past three years. With that, we have had architectural plans drawn, Conditional Use Permits issued, Zone changes, Phase I Environmental reviews completed, traffic studies conducted, Building Permits applied for, land acquisitions, and state permits issued. We have also already completed a bidding process for the construction of a new facility that did not take place. EIAA is under contract with the same Architect, Construction Manager, and legal team that has been assisting as needed from the beginning. To date, there has been a construction delay due to the bids coming in too high which has forced us to reevaluate our situation. During this time, a recently vacated facility became available to us at a significantly reduced value to purchase. We only had six weeks to conduct due diligence to determine whether it was feasible for our school and have it recorded. It was during the due diligence period that a financial analysis was conducted confirming the loan and donation amount should be sufficient for the construction needed to the facility.

2. Identify the entity responsible for acquiring and maintaining school facilities and describe that entity's relationship to both the school and any management organization. If costs related to the facility will be borne by the proposed school's education management organization or a related party such as a foundation, it should identify the level of capital support the organization (or related party) is willing to provide to the school.

EIAA will be responsible for acquiring and maintaining the proposed facility as owner. EIAA will contract for specific services as they are identified and/or needed. There are no plans to enter into any contractual agreements pertaining to the management of the proposed property.

3. List names and roles of any parties which could be deemed financially interested and describe the potential or actual interest relating to the current or proposed facility. This includes any existing or potential conflicts of interest or existing, direct or indirect, potential ownership interests with the current and/or proposed facility.

³ Note: if the charter/network is proposing a weighted lottery, additional information asked of students and families should be clearly labeled as optional.

EIAA currently has been approved for an \$8.1 million-dollar direct loan from USDA for the purpose of remodeling the proposed facility. This loan has a 40-year term at 2.25% interest rate. There are no foreseen conflicts of interests.

- 4. Show the fiscal impact of the proposed facility plan for the first three years after implementation of your plan using the SPCSA Financial Performance Ratings model (ask staff for a copy of the most recent model for your school). Explain plans to address any pro forma rating declines—if any—to at least the below areas from implementation of the plan. (Attachment 2c RFA-Budget-Workbook-FY23-Fall)
 - a) Current Ratio (CR)
 - b) Unrestricted Days Cash on Hand (UDCOH)
 - c) Cash Flow (CF)
 - d) Debt to Asset Ratio (D/A)
 - e) Debt (or Lease) Service Coverage Ratio (DSCR or LSCR)
- 5. If a proposed facility **has been** identified and **requires no construction or renovation** prior to the commencement of instruction, provide only the relevant post construction, post renovation items described below:
 - a) The physical address of the facility and supporting documentation verifying the location, including the Assessor's Parcel Number and a copy of the Assessor's Parcel Map for the proposed facility.
 - b) A copy of the current deed on the property (if the school owns the facility) or a copy of the proposed lease or rental agreement noting any additional square footage to be leased.
 - c) A copy of the proposed purchase and sale agreement or a copy of the proposed lease or rental agreement.
 - d) A copy of the floor plan of the facility and all other documentation required pursuant to <u>NAC</u> <u>388A.315</u> ("Request to occupy new or additional facility"). Include notations of all included campus facilities with a table or statement describing **the square footage** of the facility AND an assurance the school will submit any final versions of the documentation called for here and in <u>NAC 388A.315</u>.
 - i) Include conditioned space square footage, total campus acreage acquired/ under control of the school. (<u>Do not simply refer</u> reviewers to architectural drawings which may or may not include specific dimensions.)

- f) A copy of the Certificate of Occupancy at **Attachment**____.
- g) Documentation demonstrating that the proposed facility meets all applicable building codes, codes for the prevention of fire, and codes pertaining to safety, health and sanitation as an **Attachment**.....
- h) The most recent project schedule showing milestone dates including Temporary and Final Certificates of Occupancy, other governmental permits, waivers, modifications or variations which may be required and their planned approval dates.
- i) If the landlord or owner is under contract to deliver the facilities ready for occupancy then indicate "N/A"...If the school is managing the tenant improvements, then provide documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 388A.315388A.315 as an Attachment____.
- j) A copy of the school's traffic flow plan including exhibits showing the planned traffic flows during the arrival and pick up times, the associated times and the designated areas for the pickup and drop off activities.
- 6. If a proposed facility has <u>NOT</u> been identified or the proposed facility <u>requires any construction or</u> <u>renovation</u> prior to the commencement of instruction, please provide:
 - a) Either a discussion of the desired community of location and the rationale for selecting that community <u>AND</u> an assurance that the school will submit the documentation required in 1(a) for review and approval prior to acquisition of any facility in compliance with NAC 388A.315 as an **Attachment** OR the physical address of the proposed facility which requires construction or renovation and supporting documentation verifying the location, including the Assessor's Parcel Number and a copy of the Assessor's Parcel Map for the proposed facility as an **Attachment**.
 - b) Either a narrative explaining the rationale for the budgeted cost of acquisition of an owned or leased facility <u>AND</u> an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 388A.315 as an **Attachment** OR, if a facility has been identified which requires construction or renovation, a copy of the proposed purchase and sale agreement or a copy of the proposed lease or rental agreement as an **Attachment**.

 - d) Either a description of the process and resources the school will use to identify a facility <u>AND</u> an assurance that the school will submit such information for review and approval prior to acquisition of any facility in compliance with NAC 388A.315 as an **Attachment** OR, If a facility has been identified but requires construction or renovation, the name, address, and full contact information of the current owner of the facility and any proposed landlord and a disclosure of any relationship between the current owner or landlord and the school, including but not limited to any relative of a board member or employee within the third degree of consanguinity or affinity and any connection with an educational management organization, foundation, or other entity which does business with or is otherwise affiliated with the school as an **Attachment**.
 - e) A detailed construction project plan and timeline, including a Gannt chart, identifying all facility

development activities necessary to obtain a full certificate of occupancy prior to the first day of school <u>AND</u> documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will issue the Certificate of Occupancy, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 388A.315 as an **Attachment**.....

- f) A detailed construction project plan and timeline, including a Gannt chart, identifying all facility development activities necessary to obtain all such code approvals prior to the first day of school <u>AND</u> documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will conduct all code inspections, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 388A.315 as an Attachment___.
- g) Documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 388A.315 as an Attachment___.
- h) The organization's plans/methods to finance these facilities, including:
 - i) Whether the school is seeking:
 - (1) \Box A loan (CDFI or other),
 - (a) \Box For Construction financing,
 - (b) \Box For Permanent financing,
 - (c) \Box Refinancing
 - (2) \Box Bond Financing,
 - (a) \Box For Construction financing,
 - (b) \Box For Permanent financing,
 - (c) \Box Refinancing
 - (d) 🗆 Tax-exempt
 - (e) 🗆 Rated
 - (f) \Box Privately placed
 - (3) Identification and description of bond instrument terms, including a schedule showing planned face amount, years/term to maturity, coupon/interest rate(s).
 - (4) A schedule of bond or loan issuance costs, including legal, consultant, conduit, issuer fees, and planned/budgeted fees.
- i) Comparison schedule/table (using SPCSA MS Excel file to be completed and returned in working MS Excel file format) showing for the first five years from issuance the current full lease rates and conditioned space square footage information compared to the post issuance conditioned space annual payment schedule and square footage with amortization table showing principal and interest payments and principal balance, as well as any balloon or graduated payment increases and refinancing. (A 3 year requirement described earlier in this document regards the SPCSA financial performance ratings model compared with this 5 year comparison of facility costs under current and proposed conditions).
- j) What is the required "breakeven" enrollment number of students for the project to be feasible, as well

as the breakeven percentage of the planned enrollments (Breakeven Enrollment/ Planned Enrollment), (e.g., "Breakeven Enrollment to Planned Enrollment is 380/420, or 90%")?

- i) State the planned total classroom student capacity of the new facilities (e.g., "24,750 sqft total planned for up to 450 students at 55 square feet per pupil").
- k) Will the financing/refinancing trigger any prepayment penalties? \Box Yes, \Box No.
 - i) If "Yes", describe the amount.
- May any interested parties be entitled to receive any success fees, loans, real estate or other equity interests or other financial interest(s) or gain from this transaction? □ Yes, □ No. If so, please identify the parties and describe the interest(s).
- m) Total overall project costs, with project cost breakdowns for land acquisition and improvements and developer/builder/contractor fees.
- n) Identify and describe recurring costs which will now be directly borne by the applicant which may currently be part of the applicant's facility costs, such as utility and Common Area Maintenance costs and/or reserve expenses.
- o) Information (e.g., broker offering statements, web pages) on at least two comparable facilities considered/reviewed including location, acreage, square footage, cost/lease rates or purchase price of those facilities.
- p) Financing and financing assumptions. If leases will be used, show the year over year lease rates and lease escalator percentage rate(s) on unabated as well as abated rents, if applicable.
- q) Total facility costs, including debt service, lease, maintenance, utilities, reserves (e.g., capital, facility, contingencies, other reserves), etc., pursuant to NRS 388A.565.
- r) A copy of the school's traffic flow plan including exhibits showing the planned traffic flows during the arrival and pick up times, the associated times and the designated areas for the pickup and drop off activities.
- 7. For schools which are seeking to occupy multiple facilities over several years, list the number of facilities you project operating in each of the next six years and identify all potential target jurisdictions at the county and municipal levels, including any unincorporated areas.
 - a) Describe the strategy and process for identifying and securing multiple facilities, including any brokers or consultants you are employing to navigate the real estate market, plans for renovations, timelines, bond or third-party financing, etc.
 - b) Charter school facilities must comply with health and safety requirements and all other mandates prescribed in statute and regulation. In addition, charter schools must be prepared to follow applicable county and municipal review procedures which vary significantly between jurisdictions. Schools are expected demonstrate that they have thoroughly researched the different local requirements and adjust their permitting, construction, and inspection timelines accordingly. Discuss the research and planning that has occurred to date for each of the targeted jurisdictions, including both municipalities and unincorporated areas. Provide documentation of the current inspection and approval processes and timelines for the state, municipal, or county agencies within your proposed jurisdictions which will issue each Certificate of Occupancy, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 388A.315 as part of an Attachment____. Provide documentation of building, fire, safety, health and sanitation code compliance inspection and approval processes and timelines for the state, municipal, or county agencies which will conduct all such code inspections within your proposed jurisdictions, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 388A.315 as part of Attachment .

Facility RFA Attachments required



ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT

1031 Railroad Street, Suite #107 Elko, Nevada 89801 Phone: (775) 738-EIAA (3422) Fax: (775) 738-3488



April 18, 2023

State Public Charter School Authority Attn: Rebecca Feiden, Executive Director 2080 E. Flamingo Road Las Vegas, NV 89119

Re: Request for Good Cause Exemption

Dear Executive Director Feiden,

Elko Institute for Academic Achievement is respectfully seeking an exemption from the current amendment schedule due by October 15th, 2023. We are happy to share on December 29, 2022 we purchased a facility that we will be remodeling for the 2023-24 school year. Receiving this information at that time caused us to miss the "Notice of Intent to Submit Request for Charter Amendment" due no later than September 1st and the application deadline of October 1st-15th.

In talking with our Architect and construction team we have been advised that the facility will be ready to move into in the 2023-2024 school year. We are scheduled to break ground no later than July of 2023. Waiting for the Spring application cycle of March 1, 2024 will not allow us to move forward with the needed steps to be ready to move within the 2023-24 school year. For this reason, we are requesting a good cause exemption to submit an application outside of the designated window.

December 2022, EIAA purchased a 32,000 square foot facility in Elko. We will be submitting an application to move into this facility in the 2023-24 school year. In the new facility we will be able to expand to two classes per grade level Kindergarten - 8th grade.

EIAA has been in frequent contact with members of the Authority staff to keep them apprised of changes within this three-year process. We recognize we are submitting the amendment outside of the submission window and appreciate your understanding.

Please contact Ashley Perkins, Principal, if you have any question regarding this request.

Sincerely,

Ashley Perkins EIAA Principal

Dennis Zimmerman Board Chair



Elko County Board of Commissioners

540 Court Štreet, Suite 101 • Elko, Nevada 89801 775-738-5398 Phone • 775-753-8535 Fax <u>www.elkocountynv.net</u>

Commissioners Delmo Andreozzi Wilde Brough Cliff Eklund Jon Karr Rex Steninger

Elko County Manager Amanda Osborne

> Executive Assistant Michele Petty

Receptionist/Clerical Anna Hight

June 6, 2022

To Whom It May Concern:

Elko County Commissioners at their meeting on May 18, 2022 approved a donation to the Elko Institute of Academic Achievement (EIAA) in the amount of \$200,000 through the Elko County General Fund and an additional \$300,000 contingent upon the receipt of the second tranche of ARPA funding, as well contingent on EIAA securing all funding for the building of the project.

Respectfully,

mande

Amanda Osborne Elko County Manager

United States Department of Agriculture Rural Development

September 22, 2021

Elko Institute for Academic Achievement (EIAA) Dennis Zimmerman, Chairman 1031 Railroad, Ste. 107 Elko, NV 89801

via email- dzimmerman@eiaanv.net

Subject: Letter of Conditions – Elko Institute For Academic Achievement Project Name – FY 21 Charter School Building – Construction of K-8 School CFDA Number – 10.766 Community Facilities Loans and Grants

> USDA RD Loan : \$8,100,000 Applicant: \$1,542,910

Dear Mr. Zimmerman:

This letter, with attachments, establishes conditions that must be understood and agreed to by the applicant before further consideration may be given to their application. Any changes in project cost, source of funds, scope of services, or any other significant changes (this includes significant changes in the applicant's financial condition, operation, organizational structure, or executive leadership) in the project or applicant must be reported to and approved by USDA Rural Development by written amendment to this letter. Any change not approved by USDA Rural Development will be cause for discontinuing processing of the application.

This letter is not to be considered as loan approval or as representation to the availability of funds. The application can be processed on the basis of a USDA Rural Development loan not to exceed \$8,100,000. Funds for this project are provided by the Rural Housing Service (RHS).

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," and Form RD 1940-1, "Request for Obligation of Funds, and form AD-3030 "Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicants" and AD-3031 "Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants" no later than September 24, 2021 if you desire that we give further consideration to your application. The execution of these and all other documents required by USDA Rural Development must be authorized by appropriate resolutions of the applicant's governing body.

The loan will be considered approved on the date the Form RD 1940-1, "Request for Obligation of Funds," is returned to you by USDA Rural Development.

Rural Development • Nevada State Office 1390 South Curry Street • Carson City, NV 89703 Voice 775.887.1222 • Toll-Free Fax 855.816.1209 **<u>Project Budget</u>**—Based on Standard Form 424, "Application for Federal Assistance," the project cost and funding will be as follows:

a.	Project Cost	<u>Total</u>	<u>USDA Loan</u>	Applicant Contribution
	Land/Right-of-Ways	\$ 825,000		\$ 825,000
	Design Architectural Fees	\$ 403,791		\$ 403,791
	Project Inspection Fees	\$ 103,000	\$ 103,000	·
	Environmental	\$ 20,600	·	\$ 20,600
	Construction	\$6,450,260	\$6,450,260	
	Construction Management	\$ 300,000	\$ 300,000	
	Permitting	\$ 40,000		\$ 40,000
	Utility Connection Fees	\$ 30,000		\$ 30,000
	Relocation Fees	\$ 25,000		\$ 25,000
	Legal	\$ 50,000		\$ 50,000
	Equipment	\$ 500,000	\$ 500,000	
	Interest	\$ 300,000	\$ 151,981	\$ 148,019
	Traffic Study	\$ 11,000		\$ 11,000
	Soil Survey	\$ 5,000		\$ 5,000
	Appraisal	\$ 4,500		\$ 4,500
	Other Mis Expense	\$ 5,000		\$ 5,000
	Contingencies	\$ <u>569,759</u>	<u>\$ 569,759</u>	
	TOTAL:	\$9,642,910	\$8,100,000 \$	1,542,910
b.	Source of Funds			
	USDA Loan			\$ 8,100,000
	Applicant Contribution			\$ 1,000,000
	Applicant Contributions fun	ds that have been experi	ıded	<u>\$ 542,910</u>
	TOTAL:			\$ 9,642,910

Any changes in funding sources following obligation of Agency funds must be reported to the processing official. Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. If actual project costs exceed the project cost estimates, an additional contribution by the borrower may be necessary.

Section I of the attached conditions Items 1–20 must be satisfied prior to loan closing or before construction begins, whichever occurs first, in either case not later than eighteen months from the date of this letter. In the event the project has not advanced to the point of construction within eighteen (18) months, USDA Rural Development reserves the right to discontinue the processing of the application.

If you have any questions, feel free to contact this office.

Sincerely,

Cheryl Couch Community Programs Director

cc: James Park, Acting State Director, USDA RD – via email james.park@usda.gov
 Ashley Perkins, Principal, EIAA – via email aperkins@eiaanv.net
 Wesley Baker, Babcock Design – via email wes@babcockdesign.com
 Joel Wright, Attorney – via email jwright@kmclaw.com
 Jason Watkins, Auditor, Watkins Jackson CPA's – via email jason@wjcpas.net

The forms and/or documents listed below are attached to your copy of this letter as noted:

- Form RD 1942-46, "Letter of Intent to Meet Conditions"
- Form RD 1940-1, "Request for Obligation of Funds"
- Form AD-3030 "Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicants"
- Form AD-3031 "Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants"
- NV 1942-A Guide 18 EFT/ACH Form
- Form RD 1942-8 "Resolution of Members and Stockholders"
- Form RD 1942-9 "Loan Resolution Security Agreement"
- Form RD 442-7 "Operating Budget"
- Form 442-3 "Balance Sheet"
- Form RD 442-2, "Statement of Budget, Income and Equity
- Form 442-21 "Right-of-Way Certificate"
- Form RD 442-22 "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
- NV 1942-A Guide 14 "Graduation Certification"
- Appendix A of 2 CFR Part 25 and B of 2 CFR Part 170
- Non-Discrimination Statement

ATTACHMENT TO LETTER OF CONDITIONS

<u>SECTION I.</u> CONDITIONS TO BE SATISFIED PRIOR TO LOAN CLOSING OR BEFORE CONSTRUCTION BEGINS, WHICHEVER OCCURS FIRST

1. Disbursement of Funds

- a. The applicant's contribution of funds toward the project cost shall be considered the first funds expended and must be deposited in its project account before construction is started.
- b. Agency funds will not be used to pre-finance funds committed to the project from other sources
- 2. <u>Interim Financing</u> Interim Financing is required during the construction period. The interim loan will be paid in full at the time RD closes the permanent loan.

3. Security Requirements

The loan will be evidenced by Form RD 440-22, "Promissory Note," and secured by a Deed of Trust having first priority, a UCC-1, "Financing Statement," with Form UCC-1Ad, "UCC Financing Statement Addendum," as appropriate, or other action as allowed by State statute, must be filed to perfect a security interest in collateral, including fixtures; a pledge of all gross revenues of the owner, other agreements between you and the Agency as set forth in the Form RD 1942-9 "Loan Resolution Security Agreement" and any requirements of the OGC Regional Attorney. Board members at a properly called meeting, must review and adopt Form RD 1942-8, "Resolution of Members or Stockholders". Your attorney must provide the Agency with a description of the facility which should be included in the Deed of Trust.

4. <u>Loan Repayment</u> – The loan will be scheduled for repayment over a period of 40 years. The payments due the first two (2) years will consist of interest only. Payments for the remaining 38 years will be equal amortized monthly installments. For planning purposes use a 02.25% interest rate and amortization factor of 3.27, which provides for a monthly payment of \$26,487.00.

The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, whichever is less, unless you choose otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount. Interest only payments during the 24-month deferral period will be made by applicant funds on an annual basis.

The precise payment amount will be based on the interest rate at which the loan is closed, and may be different than the one above. The payment due date will be established as the day that the loan closes. Due dates falling on the 29, 30th, and 31st day of the month will be avoided.

- 5. <u>Additional Debt</u> No additional debt may be incurred prior to the closing of the direct loan. No debt is to be incurred without prior written express consent from the Agency.
- 6. <u>Debt Service Coverage Ratio (DSCR</u>) Beginning in fiscal year 2027, a DSCR of at least 1.10 will be maintained with debt service to include the loan payments plus all required reserves. If the DSCR drops below 1.10 for any audited year, or quarterly financial report, then an independent management consultant shall be engaged at the expense of the Applicant to prepare a fiscal strategy report that documents how the debt service requirement will be met. This must be provided to RD no later than 90 days after any quarter in which the DSCR drops below 1.10.

Debt service coverage is defined as net income plus depreciation and amortization expense plus interest expense on structured debt, divided by the sum of all structured debt payments including required reserve payments still due.

- 7. <u>Days Cash on Hand (DCOH</u>) Beginning in the First Full Year of 2027 applicant is required to maintain a DCOH requirement no less than 30 days. Within 30 days of fiscal year end a certified DCOH is to be provided to the State Office and annually thereafter.
- 8. <u>Reserves</u> Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance and repairs and assist with debt service should the need arise.

As a part of the Agency loan proposal, you must establish and fund monthly a restricted debt service reserve fund equal to 10% of the monthly payment each month until you accumulate one annual installment. This reserve is required to establish and fund debt repayment should the need arise. Ten percent of the proposed loan installment would equal \$2,648.70 per month **rounded up to \$2,649.00**. The debt service will begin the year after permanent loan closing and must be reflected in end of year financials of 2025. Applicant's debt service reserve account balance for the CF direct loan must be reported annually to the State Office **and included in the audit as a separate and identifiable line item as restricted.** For any fiscal year end in which the debt service reserve account balance is less than the required account total, the applicant will provide the agency with a twelve-month budget and plan to correct the cash shortfall.

- 9. <u>Capital Asset Replacement Reserves</u> Applicant is to fund a capital asset replacement reserve in an amount adequate to replace short term assets. The amount will be based on the condition of the existing facility and the economic life of the proposed improvement. The Approval Official will ensure that the amount specified will still allow the Applicant to meet all financial covenants.
- 10. <u>Insurance and Bonding Requirements</u>—The applicant must provide evidence of adequate insurance and fidelity bond coverage by loan closing or start of construction, whichever occurs first. Adequate coverage, in accordance with USDA Rural Development's regulations, must then be maintained for the life of the loan. It is the responsibility of the applicant and not that of USDA Rural Development to assure that adequate insurance and fidelity bond coverage is maintained. Applicants are encouraged

to review coverage amounts and deductible provisions with their attorney, consulting engineer, and/or insurance provider(s).

- a. Property Insurance—Fire and extended coverage will be required on all above-ground structures, including applicant-owned equipment and machinery housed therein. The insurance policy shall also contain a standard mortgage clause in favor of the United State of America, acting through the Rural Housing Service, or successor agency, United States Department of Agriculture. The address should be USDA Rural Development, 2730 Deer Run Road, Carson City, NV 89701. Provide USDA Rural Development with proof of coverage.
- b. Builder's Risk Insurance It is the Owners responsibility to carry Builder's Risk insurance, during the construction of the proposed project.
- c. Workers' Compensation Insurance—The applicant will be required to carry workers' compensation insurance for all employees in accordance with Nevada law. Provide USDA Rural Development with proof of coverage.
- d. Position Fidelity Bond(s) or Employee Dishonesty Coverage All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. You should have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RD will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s). The coverage may be increased during construction of this project based on the anticipated monthly advances. The amount of coverage should be discussed and approved by RD.
- e. General liability and vehicular coverage must be maintained—Provide USDA Rural Development with proof of coverage.
- 11. <u>Legal Contracts</u> Any proposed contracts or other forms of agreements, between the Applicant and third parties must be reviewed and approved by Rural Development and legal counsel prior to the issuance of Guide 1 or 1(a) for interim financing and loan closing, if applicable.
- **12.** <u>Appraisal</u> An appraisal will be required prior to loan closing if the appraisal is greater than two years old.
- **13.** <u>Civil Rights & Equal Opportunity</u> The borrower has received an award of Federal funding and is required to comply with U.S. statutory and public policy requirements, including but not limited to:
- a. Section 504 of the Rehabilitation Act of 1973 Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any

program or activity receiving Agency financial assistance. The Standard for compliance is the Architectural Barriers Act Accessibility Standards (ABAAS).

- b. Civil Rights Act of 1964 All recipients are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and 7 CFR 1901, Subpart E, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by Paragraph 1901.202(e) of this Title.
- c. **The Americans with Disabilities Act (ADA) of 1990** This Act (42 U.S.C. 12101 <u>et</u> <u>seq.</u>) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications.
- d. Age Discrimination Act of 1975 This Act (42 U.S.C. 6101 <u>et seq.</u>) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
- Limited English Proficiency (LEP) under Executive Order 13166 LEP statutes e. and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. The recipient must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA programs, services, and information the recipient provides. These protections are pursuant to Executive Order 13166 entitled, "Improving Access to Services by Persons with Limited English Proficiency" and further affirmed in the USDA Departmental Regulation 4330-005, "Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA."
- f. **Title IX of the Education Amendments of 1972**—Title IX (20 U.S.C. §1681 <u>et</u> <u>seq</u>.) prohibits discrimination on the basis of sex in any Federally funded education program or activity. Title IX applies, with a few specific exceptions, to all aspects of Federally funded education programs or activities. In addition to traditional educational institutions such as colleges, universities, and elementary and secondary schools, Title IX also applies to any education or training program operated by a recipient of Federal financial assistance.

Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. The recipient must display posters (provided by the Agency) informing users of these requirements, and the

Agency will monitor the recipient's compliance with these requirements during regular compliance reviews.

The applicant is subject to a pre-loan closing civil rights compliance review by USDA Rural Development.

As a recipient of Rural Development funding, you are required to post a copy of the Non-Discrimination Statement listed below in your office. Include it in full, on all materials produced for public information, public education, and public distribution, both print and non-print.

Non-Discrimination Statement

"This institution is an equal opportunity provider and employer."

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at <u>http://www.ascr.usda.gov/complaint_filing_cust.html</u>, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

If the material is too small to permit the full statement to be included, the material at a minimum includes the statement in print size no smaller than the text that "This institution is an equal opportunity provider and employer."

14. Written Agreements for Professional Services

- a. You will be required to execute a legal services agreement with your attorney for any legal work needed in connection with this project. The agreement should stipulate an hourly rate for the work, with a "not to exceed" amount for the services, including reimbursable expenses. RD Instruction 1942-A, Guide 14, "Legal Services Agreement," or similar format may be used. Any changes to the fees or services spelled out in the original agreement must be reflected in an amendment to the agreement and have prior Agency concurrence.
- b. RD must approve any agreements or modifications to agreements for professional design services. Architect Services should consist of AIA and 1924-A Guide 27 or other Agency approved form of agreement.
- **15.** <u>Land and Rights-of-Way</u> The applicant must present satisfactory evidence that they have obtained, or can obtain, all lands, rights-of-way, easements, permits and franchises which are required by the engineering plan. Acquisitions of necessary land and rights must be accomplished in accordance with the Uniform Relocation and Real Property

Acquisition Act. The following forms, copies of which are attached, may be used for these purposes:

- a. Form RD 442-21, "Right-of-Way Certificate" (with map attached)
- b. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way"
- c. Preliminary Title Report
- d. Final Title Policy
- **16.** <u>**Permits**</u> All permits involving Federal, State, and local agencies must be obtained and evidence thereof provided to USDA Rural Development prior to bidding.
- 17. Environmental Reviews The project as proposed has been evaluated to be consistent with the National Environmental Policy Act. Other Federal, State, tribal, and local laws, regulations and or permits may apply or be required. During any stage of project development, including construction, should environmental issues develop which require mitigation measures, USDA Rural Development applicants are required to notify USDA Rural Development and comply with such mitigation measures. Failure by an applicant to implement mitigation measures may disqualify the project from Agency funding. Mitigation measures identified or prepared as part of the CEQA and NEPA environmental process must be implemented. If the project or any project element deviates from or is modified from the originally approved project, additional environmental review may be required.

At the conclusion of the proposal's environmental review process, no specific action(s) were determined necessary to avoid or minimize adverse environmental impacts. As outlined in the Environmental Report dated September 25, 2020.

18. Architectural and Construction

- a. USDA Rural Development must approve any agreements or modifications to agreements for professional planning and design services. AIA Document "Standard Form of Agreement Between owner and Architect," may be used when appropriate or other Agency approved forms of agreement
- b. All construction will be completed under contract. The planning, bidding, contracting, and construction must comply with RD Instruction 1942 Subpart A, and any additional requirements of Nevada law and the requirements of other County, State, or Federal agencies.
- c. The following must be reviewed and approved by USDA Rural Development in the sequence indicated:
 - i. Preliminary Architectural Report
 - ii. Agreement for Architectural Services
 - iii. Final Plans and Specifications for the project
 - iv. Draft/Construction Bid Documents, prior to Going Out to Bid
 - v. Bid Award Information.
 - vi. Executed Contract Documents

- d. Affirmative steps should be taken to assure that small, minority and/or women-owned businesses are utilized as source of supplies, equipment, construction, and services.
- e. The Plans & Specifications must be reviewed and approved, when applicable, by any regulatory or other agencies that are required to review these documents.
- f. A representative of USDA Rural Development will attend all pre-construction conferences in connection with this project. These conferences must be held prior to the issuance of the Notice to Proceed to the contractors. The applicant's architect will conduct the conference and document the discussions and agreements.
- **g.** Resident Project Representative A full-time resident inspector/project manager is required during construction unless a written exception is made by the Agency upon your written request. Certain inspections are necessary, including but not limited to structural, compaction, grade, concrete and welding. This service is to be provided by the consulting architect, a County or City Building Official or other arrangements as approved by the Agency and Architect. Prior to the pre-construction conference, a resume of qualifications of the resident inspector(s) will be submitted to the owner and the Agency for review and approval. The owner will provide a letter of acceptance for all proposed observers to the engineer and the Agency. The resident observer(s) (including County or City Building Officials) must attend the preconstruction conference. The inspection reports must be provided to USDA, Rural Development weekly.
- 19. <u>Electronic Funds Transfer</u> All loan funds will be transferred to borrower/title company/closing agent via Electronic Funds Transfer/Automated Clearinghouse Systems (EFT/ACH). The applicant must submit NV1942-A Guide 18 EFT/ACH Form containing the banking information to USDA at least 45 days prior to the date of loan closing. Failure to do so could delay loan closing.
- **20.** <u>Central Contractor Registration and Universal Identifier Requirements</u> You as the recipient must maintain the currency of your information in the Central Contractor Registration (CCR) until you submit the final financial report required under this award and all loan funds under this award have been disbursed or de-obligated, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term. Recipients can register on-line at (https://www.sam.gov)</u> You as the recipient may not make a sub-award to an entity unless the entity has provided its Data Universal Numbering System (DUNS) number to you. Sub-recipients with sub-awards of \$25,000 or more must also have and maintain a current CCR registration.
- 21. <u>Graduation Requirement</u> By accepting this loan, you are also agreeing to refinance (graduate) the unpaid loan balance in whole, or in part, upon request of the government. If at any time the Agency determines your entity is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms, you will be requested to refinance. At the time of loan closing the Borrower will certify

that they understand that the law requires them to refinance their loan when other credit is available at reasonable rates and terms. NV 1942-A Guide 14 - "Graduation Certification" will be used.

SECTION II. LOAN CONDITIONS TO BE SATISFIED DURING CONSTRUCTION

- <u>Inspections</u> A full-time resident inspector/project manager is required during construction unless a written exception is made by the Agency upon your written request. Certain inspections are necessary, including but not limited to structural, compaction, grade, concrete and welding. This service is to be provided by the consulting architect, a County or City Building Official or other arrangements as approved by the Agency and Architect. Prior to the pre-construction conference, a resume of qualifications of the resident inspector(s) will be submitted to the owner and the Agency for review and approval. The owner will provide a letter of acceptance for all proposed observers to the engineer and the Agency. The resident observer(s) (including County or City Building Officials) must attend the pre-construction conference. The inspection reports must be provided to USDA, Rural Development weekly.
- 2. <u>Monthly Reporting</u> The applicant must monitor and provide monthly reports to USDA Rural Development on actual performance for each project financed, or to be financed, in whole or in part with USDA Rural Development funds. For construction projects, the following forms may be used for construction pay requests Forms RD 1924-18, "Partial Payment Estimate" or an AIA Contractor's Application for Payment form; RD 1924-7, "Contract Change Order" or an AIA Contract Change Order Form; SF-271, "Outlay Report and Request for Reimbursement for Construction Programs" for non-construction costs.
- 3. <u>Cost Overruns</u> —Cost overruns exceeding 20% of the development cost at time of loan approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date. Cost overruns must be due to high bids or unexpected construction problems that cannot be reduced by negotiations, redesign, use of bid alternatives rebidding or other means prior to consideration by the Agency for subsequent funding. Such request will be contingent on the availability of funds.
- 4. <u>Final Inspection</u>—A final inspection will be made by USDA Rural Development on the component USDA is financing before final payment is made.
- 5. <u>Excess Funds</u>—Any remaining funds must be utilized for approved purposes within 60 days following the final inspection or the funds will be canceled without further notification from USDA Rural Development.
- 6. <u>Appraisal</u>— An appraisal will be required prior to loan closing if appraisal is greater than two years old.

<u>SECTION III.</u> LOAN CONDITIONS TO BE SATISFIED AFTER PROJECT COMPLETION DURING THE TERM OF THE LOAN

- 1. <u>Insurance and Bonding Requirements</u>—The applicant must maintain adequate insurance and fidelity bond coverage in accordance with USDA Rural Development's regulations for the life of the loan. It is the responsibility of the applicant and not that of USDA Rural Development to assure that adequate insurance and fidelity bond coverage is maintained.
 - a. Property Insurance Fire and extended coverage will be required on all above-ground structures, including applicant-owned equipment and machinery housed therein. The insurance policy shall also contain a standard mortgage clause in favor of the United State of America, acting through the Rural Housing Service, or successor agency, United States Department of Agriculture. The address should be USDA Rural Development, 2730 Deer Run Road, Carson City, NV 89701. Provide USDA Rural Development with proof of coverage.
 - b. Workers' Compensation Insurance—The applicant will be required to carry workers' compensation insurance for all employees in accordance with Nevada law. Provide USDA Rural Development with proof of coverage.
 - c. General liability and vehicular coverage must be maintained—Provide USDA Rural Development with proof of coverage.
- 2. <u>Financial Statements</u>—To be submitted on an annual basis in accordance with the following:
 - a. An annual audit under the Single Audit Act is required if the recipient expends \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures.

All audits are to be performed in accordance with 2 CFR Part 200, Subpart F, as adopted by USDA through 2 CFR Part 400. Further guidance on preparing an acceptable audit can be obtained from the Agency. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law and must be submitted within 9 months of the recipients fiscal year end.

b. For local governments and Indian tribes, an audit in accordance with State or local law or regulation or regulatory agency requirements must be submitted when you expend less than \$750,000 in Federal financial assistance per fiscal year. These audits shall be submitted to USDA no later than 150 days after the end of the borrower's fiscal year.

- c. All borrowers exempt from USDA audit requirements and who do not otherwise have annual audits, will within 60 days following the end of the borrower's fiscal year furnish USDA with annual financial statements, consisting of a verification of the organization's balance sheet and statement of income and expenses. The recipient may use Form RD 442-2, "Statement of Budget, Income and Equity," and Form RD 442-3, "Balance Sheet," or similar format to provide the financial information.
- **3.** <u>Audit agreement</u>—If you are required to obtain the services of a licensed Certified Public Accountant (CPA), you must enter into a written audit agreement with the auditor. The audit agreement may include terms and conditions that you and auditor deem appropriate.
- 4. <u>Quarterly Reports</u>: Borrowers receiving their first loan from the Agency will be required to submit a copy of Form RD 442-2 "State of Budget, Income and Equity", Schedule 1, page 1, columns 2-6 as appropriate, and page 2. You may submit historical quarterly financial statements on a format other than Form RD 442-2. This information should be received in the servicing office thirty days after the end of each of the first three quarters of the fiscal year.
- 5. <u>Security/Operational Inspections</u> The Agency will inspect the facility and conduct a review of your operations and records management system and conflict of interest policy every three years for the life of the loan. You must participate in these inspections and provide the required information.
- 6. <u>Civil Rights & Equal Opportunity</u>— The borrower has received an award of Federal funding and is required to comply with U.S. statutory and public policy requirements, including but not limited to:
- a. Section 504 of the Rehabilitation Act of 1973 Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Agency financial assistance. The Standard for compliance is the Architectural Barriers Act Accessibility Standards (ABAAS).
- b. Civil Rights Act of 1964 All recipients are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d <u>et seq.</u>) and 7 CFR 1901, Subpart E, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by Paragraph 1901.202(e) of this Title.
- c. The Americans with Disabilities Act (ADA) of 1990 This Act (42 U.S.C. 12101 <u>et</u> <u>seq.</u>) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications.

- d. Age Discrimination Act of 1975 This Act (42 U.S.C. 6101 <u>et seq.</u>) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
- e. Limited English Proficiency (LEP) under Executive Order 13166 LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally-assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. The recipient must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA programs, services, and information the recipient provides. These protections are pursuant to Executive Order 13166 entitled, "Improving Access to Services by Persons with Limited English Proficiency" and further affirmed in the USDA Departmental Regulation 4330-005, "Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA."
- f. **Title IX of the Education Amendments of 1972**—Title IX (20 U.S.C. §1681 <u>et seq</u>.) prohibits discrimination on the basis of sex in any Federally funded education program or activity. Title IX applies, with a few specific exceptions, to all aspects of Federally funded education programs or activities. In addition to traditional educational institutions such as colleges, universities, and elementary and secondary schools, Title IX also applies to any education or training program operated by a recipient of Federal financial assistance.

Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. The recipient must display posters (provided by the Agency) informing users of these requirements, and the Agency will monitor the recipient's compliance with these requirements during regular compliance reviews.

The applicant is subject to a pre-loan closing civil rights compliance review by USDA Rural Development.

As a recipient of Rural Development funding, you are required to post a copy of the Non-Discrimination Statement listed below in your office and in include in full, on all materials produced for public information, public education, and public distribution both print and non-print.

Non-Discrimination Statement

"This institution is an equal opportunity provider and employer."

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov">program.intake@usda.gov

If the material is too small to permit the full statement to be included, the material at a minimum includes the statement in print size no smaller than the text that "This institution is an equal opportunity provider and employer."



www.nevadagoldmines.com

May 17, 2022

Elko Institute for Academic Achievement Attn: Lori Lynch, Vice Principal 1031 Railroad Street Elko, NV 89801

Re: Support for Elko Institute for Academic Achievement (EIAA) - New School Facility

Dear Ms. Lynch,

Nevada Gold Mines (NGM) and the local Community Development Committee is pleased to inform you that NGM has approved a contribution of \$500k to support the Elko Institute for Academic Achievement – New School Facility.

This commitment will be paid over three years:

- Year 1: 2022 \$250k
- Year 2: 2023 \$125k
- Year 3: 2024 \$125k

Nevada Gold Mines supports Nevada communities, both in the rural and urban areas of the state, through social investments, charitable contributions, the commitment of in-kind materials and services and our employees' volunteer efforts. We sincerely commend your organization for serving Nevada communities as well. NGM is pleased to partner with EIAA to provide students with this state-of-the-art facility and allow for more students to attend!

We will be following up with the required community investment agreement which will outline the terms of NGM's investment in your organization.

Please ensure all recognition for this social investment is attributed to Nevada Gold Mines. Contact me if you require an electronic version of the Nevada Gold Mine logo. We encourage social media recognition and hope you will follow our channels and acknowledge our partnership by tagging Facebook @NevadaGoldMines.

Please let us know how we can support your organization in the promotion of our partnership.

If you have any questions or need further information, please feel free to contact me at (775) 748-1043 or <u>AWood@NevadaGoldMines.com</u>.

Kind Regards,

Alissa Wood Head of Communities and Corporate Affairs



ITEM	BASELINE COST	ADDITIONAL Cost If Available	TOTAL Cost
Administrative and Legal Fees Estimated allowance for services rendered on	\$ 5,000		\$ 5,000
an as-needed basis			
Land / Building and Rights	\$ 2,400,000		\$ 2,400,000
Land costs, etc.			
Construction Cost	\$ 4,794,246		\$ 4,794,246
Site Construction Cost	\$ 32,779		
Including estimated site			
improvements for additional asphalt,			
playground areas, etc.			
Building Construction Cost	\$ 4,761,467		
Renovation of existing building.			
Fixtures, Furnishings, and Equipment	\$ 250,000	\$ 100,000	\$ 350,000
Classroom furniture, smart boards,			
Chromebooks, staff computers, vans, etc.			
Kitchen Equipment	\$ 250,000	\$ 50,000	\$ 300,000
Commercial kitchen equipment for full-			
service meal preparation.			
Cabling / Security	\$25,000		\$ 25,000
Other Expenses			
Permitting Fees	\$ 35,429		\$ 35,429
Traffic Light	\$ 1,000,000		\$ 1,000,000
Relocation Expenses	\$ 25,000		\$ 25,000
Construction Management Fee	\$ 217,188		\$ 217,188
Inspection and Testing Fees	\$ 2,000		\$ 2,000
Traffic Study	\$ 8,500		\$ 8,500
Other Misc. Expenses	\$ 15,000		\$ 15,000
Interest Closing Costs, Title face, sta	\$ 322,538		\$ 322,538
Closing Costs, Title fees, etc.	\$ 81,000 \$ 314 870		\$ 81,000 \$ 314 870
Design Fees Estimated design fees are based on project	\$ 314,870		\$ 314,870
scope and would include Architectural,			
Structural, Mechanical, Electrical, Civil,			
Landscape, and Interior Design services.			
Contingencies (7%)	\$ 335,598		\$ 335,598
Total Estimated Project Cost	\$ 10,081,198	\$ 150,000	\$ 10,231,198
Total Estimated Cost/SF (Site & Building)	\$ 315/SF	+	÷,=01,100
Total Estimated Cost/SF (Building Only)	\$ 239/SF		
Total Estimated Cost/SF (Land & Site	\$ 76/SF		
Improvements)	+		



Tuesday, 17 August 2021

Maria J Murillo Community Programs Loan Specialist Elko Field Office, Rural Development United States Department of Agriculture 555 W Silver St #101 Elko, NV 89801

RE: Preliminary Architectural Feasibility Report Elko Institute for Academic Achievement (EIAA) 905 W. Main Street, Elko, NV 89801

Dear Ms. Murillo,

Please find attached the revised budget for the Preliminary Architectural Report (PAR) for EIAA's new proposed facility located at 905 W. Main Street in Elko, NV. We have provided a breakdown of anticipated costs including:

- Costs the school has already spent (or will be spending prior to construction)
- An estimated of construction costs
- Associated fees, etc.

If any additional clarity is needed, please advise.

Respectfully,

Wesley Baker Architect Babcock Design



PRELIMINARY ARCHITECTURAL FEASIBILITY REPORT

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT

The Elko Institute for Academic Achievement (EIAA) is a public K-8 charter school located in Elko, NV. It consists of one classroom per grade with a maximum of 22 students per classroom. Their mission is to:

...empower students to acquire and value knowledge and skills that will support them as life-long learners and leaders, to contribute to the world, and practice the core values of our school: RESPECT, HONESTY, KINDNESS, and EXCELLENCE.

The elementary school holds a 3-star rating, and the middle school has established a 5-star rating on the state level, which is the highest possible. The middle school has also been identified as one of the top six performing schools in the state of Nevada. It has an established partnership within the community that has contributed to them being able to maintain these high rankings. Through teacher partnerships they have developed project-based learning opportunities that allow the students to be architects, engineers, contractors, finance experts, and more.

These programs have not only allowed the students to take ownership of the outcomes for the proposed new facility, but also creates a learning opportunity they would not typically have in a more typical education model. Students participate in numerous field trips to businesses/industries in the community to enrichen their understanding of the concepts being taught in the classroom. This experience provides hands-on, real-world applications that authenticate what they are learning in the classroom.

NEED FOR THE FACILITY

The Elko Institute for Academic Achievement (EIAA) has been leasing an existing facility for more than a decade and the current lease is set to expire in 2024. This existing facility serves the needs of the school adequately with it's current student population, however, it was not constructed for the purpose of education and has many aspects that cannot fully meet the needs of the school and its students. There are no opportunities for future development within the current facility (see below for more detailed explanation of this). Furthermore, with the potential for future rent increases the school's governing board has determined it is preferrable to relocate.

The school's board has explored numerous sites within the City of Elko and worked with the City to evaluate properties that are best suited for constructing a new school. During this process they have considered many options such as leasing another facility, leasing with purchase options, purchasing and renovating an existing facility, and building a new facility, among others. After careful consideration, the board has decided that owning and operating their own facility is the best option.

The school has purchased an existing building in southwestern Elko, Nevada with the intent to remodel it to suit their needs.



EXISTING FACILITIES

The existing EIAA facility is located at 1031 Railroad St Suite 107, Elko, NV 89801. It is one of many suites within an industrial building. It has as small, fenced playground area with parking located across the street.



Aerial imagery of existing campus.



Street view of entrance to existing school.





Street view of existing warehouse building the school leases space in along with other tenants.

The facility falls short of meeting many of the needs of a growing school and was not originally designed for an educational use. According to the school's governing board:

"The facility where the school is currently located is in a commercial warehouse. The structure itself lacks in several areas that schools are accustomed to having available. The classrooms consist of concrete floors and have no doors on the rooms, and there are no resource rooms, labs, kitchens, library (other than those found in the individual rooms that teachers have created), or common areas. Due to the lack of a kitchen, the students are required to bring a sack lunch with the school providing microwaves and hot water. The outside area is extremely small and offers no room for physical activities for the students. Being located in a warehouse within a strip mall along a heavily populated homeless area is not conducive to a positive, up-lifting educational environment. Nevertheless, we have managed to keep our success levels high.

Most importantly, establishing a safe learning environment is always a primary focus for our school. Due to the structural constraints of the current facility and local fire codes, our classrooms are not able to contain doors. The ability to shelter our students in a lockdown now lies on the shoulders of our teachers and staff. The responsibility of safety without this essential feature to assist becomes an enormous burden for all. The development of a safety plan that encompasses this detail has taken local law enforcement years to create, without success.

Adding to this dilemma is the demographics of the area in which the current facility resides. The area within the city is not conducive to a safe educational environment due to it being heavily populated with homeless. We are faced with needles on the playground, liquor and cigarettes on our property, and inebriated persons in our corridors. These issues become alleviated with a new facility designed specifically to meet the school's needs."

The successes described earlier in this report have been achieved despite the conditions of the current facility. EIAA endeavors to continue to place a primary focus on student achievements and student success and this can only be fully realized in a new facility that overcomes the issues described above. A new campus will



enhance this focus and bring new educational opportunities the current facility does not offer. It will provide enhanced safety and help promote a safe educational environment for the staff and students alike.

It is the school's desire to increase their student capacity and expand from one classroom for each grade to two which would double the school's current enrollment from 200 students to 400. This will establish opportunities for classroom teachers to cross collaborate which becomes an essential element in creating a shared learning environment. Such growth is only possible in a new larger facility.

PROPOSED FACILITY

As described above, EIAA has explored numerous sites within the City of Elko and worked with the city to evaluate sites that are best suited for a new school. During this process they have considered many options such as leasing another facility, leasing with purchase options, renovating an existing facility, as well as building a new facility, among others. Any new facility needs to include the following program elements:

- 19 classrooms
- Gym/Stage/Lunchroom spaces
- Full-service kitchen
- Administration area
- Special Use areas
- Library
- Restrooms
- Storage/Janitorial spaces
- Entry/Corridors/Common Area(s)

In addition, the site is expected to be able to accommodate the followings:

- Outdoor playground areas
- Parking areas
- Dedicated pick-up/drop-off areas
- Etc.

The site area estimated for these components is as follows:

Building area	30,000 SF
Playground area	16,000 SF
Playing field (if possible)	87,000 SF
	(~ 2.0 acres)
Parking area (Minimum 120 stalls)	42,700 SF
Total minimum land area preferred	175,000 SF
	(4.02 acres)
Total minimum land area required	88,000 SF
	(2.02 acres)

The school had purchased 9.78 acres of undeveloped property at the intersection of College Parkway and Ruby Vista Drive, in Elko Nevada with the intent to develop a new facility that will ensure the school's future. Design was completed on a new facility on this property and put out to bid to contractors. Unfortunately, the costs of that facility were too high, and the school proceed to explore other options. After careful consideration, the



school has decided to move forward with the purchase of a nearby existing 2-story office building with the intent of remodeling to better suit their needs. See below for a description of this new property and anticipated improvements considered in this feasibility report.

Proposed Site Description

The property is part of an industrial office park with nearby warehouses. Additional property information is as follows:

Property/Land size:		2.29 acres
Location:		905 W. Main Street, Elko, NV 89801
Property Characteristics:		The building is part of an industrial office park with nearby warehouses. The adjacent land to the south is undeveloped. This area of Elko is served by a geothermal heating system and the geothermal relief pond is located to the east of the property. The property contains approximately 159 parking stalls and minimal landscaping. The building has a U-shaped configuration with a central courtyard facing towards the back of the property. A fountain is provided in the center of the courtyard.
Neighborhood Characteristics:		The property is surrounded by the following:
No	rth:	Residential neighborhoods within 1/2 mile with warehouse and other light industrial facilities in between
Eas	st:	Commercial retail with residential neighborhoods within $1\!\!\!/_2$ mile
So	uth:	Undeveloped land

West: Undeveloped land with the Elko Regional Airport runway approximately ³/₄ mile away.

Building Description

The existing two-story building has a footprint of 16,340 SF, with a total size of 31,680 SF. The building is constructed of CMU exterior walls with interior steel columns and beams along with concrete floors over metal decking. Interior partitions appear to be non-load bearing. Two elevators and 4 egress stairs are provided. The building is fully sprinklered.

Codes and Standards

The building was originally designed in 2013 and permitted under the 2003 International Building Code. At the time it was categorized as Type V-B construction as a Business-B/Assembly-A-3 occupancy. To be used as a future school, the building will have to be re-categorized as an educational (E) occupancy. The existing SF meets allowable building area criteria for an E occupancy. The required sprinkler system appears to be adequate. No architectural modifications are expected to change use to an E occupancy. See attached



engineering assessments for other information including potential modifications needed to comply with this occupancy.

Building Exterior Improvements

Limited exterior building improvements are expected. Some of the possible enhancement to the building exterior include

- Accent painting
- Additional stucco added in select places
- Canopy modifications to highlight the new main entry
- Overbuild framing to enhance the parapet lines, and
- New building signage.

The existing storefront windows are in good condition and are not recommended to be replaced. Minor modifications to doors or windows may be necessary, however. See attached conceptual plans for more information on proposed changes.

Building Interior Improvements

Most interior walls, flooring, and ceilings are to be demolished. Certain walls may remain as indicated on the attached conceptual floor plans. Existing doors may be re-used in the new construction if possible. The school desires to relocate the existing casework in the northeast lobby to the new main entrance and office area in the northwest corner. Other casework may be demolished.

One of the internal staircases is to be demolished to facilitate the new layout. The floor should be infilled. The handrails in the stairways are not fully code compliant and should be replaced.

One pair of restrooms is to also be demolished to facilitate the new layout. Additional restrooms, as required by code, will added in other locations.

The existing warming kitchen is to be re-purposed as a full-service kitchen to prepare breakfast and lunch for students. New kitchen equipment should be provided.

See attached **Exhibit 3** for existing building floor plans as well as proposed conceptual floor plan modifications.

Site Improvements

The existing courtyard is to be repurposed as outdoor play space. This will require the demolition of the fountain. The existing pavers are not ideal as a play surface. It is recommended to remove and replace these with concrete, asphalt, or other play surfaces.

The site has more parking stalls than required and approximately 50 stalls may be eliminated with the land repurposed as additional play space, sidewalks, or vehicle circulation, if desired.

New fencing should be provided to separate the school property from adjacent undeveloped land and the geothermal pond.



See attached **Exhibit 2** for proposed schematic site plan.

SITE SUITABILITY

This proposed site is a promising property that provides many benefits as a remodel over new construction. Additional detailed exploration of the existing building, including full as-built measurements and verification against the plans provided, will be needed to fully understand the complexities and potential challenges that may be encountered. In our opinion, however, it will adequately serve the needs of the school. Some of the benefits of this site include:

- Located within the City of Elko
- Located close to existing residential areas
- Convenient access to the site from major roads
- Close proximity to public services such as Fire, Police, and Ambulance., parks, etc.
- Existing fenced courtyard that can be repurposed as a playground area
- Adjacent areas are developed, and utilities are provided to the site

ESTIMATED PROJECT BUDGET

The following estimate represents the total anticipated project cost for the purchase and conversion of an existing building into a new facility for the school, tailored to their needs. The **'BASELINE COST'** is the amount that will be funded by a combination of \$8,100,000 from the USDA direct loan funds, and up to \$1,000,000 from the school. The **'ADDED VALUE COST'** column provides cost for items that are not essential for the school's operation, but can be considered should funds become available, either through additional funds from the school, grants/donations from the community, or from remaining contingency near the end of the project.



ITEM	BASELINE Cost	ADDITIONAL Cost If Available	TOTAL Cost
Administrative and Legal Fees Estimated allowance for services rendered on an as-needed basis	\$ 70,000		\$ 70,000
Land / Building and Rights Land costs, etc.	\$ 2,400,000		\$ 2,400,000
Construction Cost Site Construction Cost Including estimated site improvements for additional asphalt, playground areas, etc.	\$ 4,835,000 \$ 35,000		\$ 4,835,000
Building Construction Cost Renovation of existing building.	\$ 4,800,000		
Fixtures, Furnishings, and Equipment Classroom furniture, smart boards, Chromebooks, staff computers, vans, etc.	\$ 250,000	\$ 100,000	\$ 350,000
Kitchen Equipment Commercial kitchen equipment for full- service meal preparation.	\$ 250,000	\$ 50,000	\$ 300,000
Cabling / Security	\$25,000		\$ 25,000
Other Expenses Permitting Fees* Utility Connection Fees * Relocation Expenses Construction Management Fee Inspection and Testing Fees * Traffic Study Other Misc. Expenses Interest * Closing Costs, Title fees, etc. * Subtotal Design Fees <i>Estimated design fees are based on project</i> <i>scope and would include Architectural</i> ,	\$ 142,844 \$ 1,000,000 \$ 25,000 \$ 217,188 \$ 25,000 \$ 8,000 \$ 5,000 \$ 348,430 \$ 80,896 \$ 9,682,358 \$ 350,000	\$ 150,000	\$ 142,844 \$ 1,000,000 \$ 25,000 \$ 217,188 \$ 25,000 \$ 8,000 \$ 5,000 \$ 348,430 \$ 80,896 \$ 9,832,358 \$ 350,000
Structural, Mechanical, Electrical, Civil, Landscape, and Interior Design services. Contingencies (7%)	\$ 335,597		\$ 335,597
Total Estimated Project Cost	\$ 10,367,955	\$ 150,000	\$ 10,517,955
Total Estimated Cost/SF (Site & Building) Total Estimated Cost/SF (Building Only) Total Estimated Cost/SF (Site Only) * Estimated	\$ 317/SF \$ 296/SF \$ 21/SF	+ ···;•••	

* Estimated



ANNUAL OPERATING BUDGET

See attached **Exhibits 7 and 8** for Fiscal year 2021-2022 operating Budget, and independent accounting report for the Elko Institute for Academic Achievement.

MAPS, DRAWINGS, SKETCHES, AND PHOTOGRAPHS

The following exhibits are attached for reference:

- Exhibit 1: Maps and Aerial Photos
- Exhibit 2: Schematic Site Plan.
- Exhibit 3: Existing Building Plans and Conceptual Floor Plans.
- Exhibit 4: Property Photos.
- Exhibit 5: Engineering Evaluations of Existing Building
- Exhibit 6: Phase II Environmental Site Assessment report, dated 30 January 2004.
- Exhibit 7: Fiscal years 2021-2022 Operating Budget, dated 8 July 2021.
- Exhibit 8: Independent Accountants Report, dated July 2021.

CONSTRUCTION PROBLEMS

As with any remodel, there is a larger chance for unforeseen conditions to arise during construction. Engineering teams have reviewed the existing building and attached are narrative descriptions highlighting condition of existing equipment and potential challenges that may be faced as the project moves forward (See attached **Exhibit 5** for more information.

A generous contingency, as included in the pricing breakdown above, will be used to cover any unforeseen conditions.

CONCLUSIONS AND RECOMMENDATIONS

The proposed property is well-suited to be re-purposed as an education facility for the Elko Institute for Academic Achievement. The existing structure is sized appropriately for the needs of the school and, as shown in the conceptual floor plans, offers several options for the school to achieve their programmatic requirements. It offers many benefits for the functional operation of a school and is ideally located for existing students as well as attracting future students. The cost estimate included in this report is comparable to other education facilities of similar size and scope and is adequate for a facility of the size and scope described in this report and its attached exhibits.



EXHIBIT 1: MAPS AND AERIAL PHOTOS

Site context/Aerial Photo:





Property Boundary:

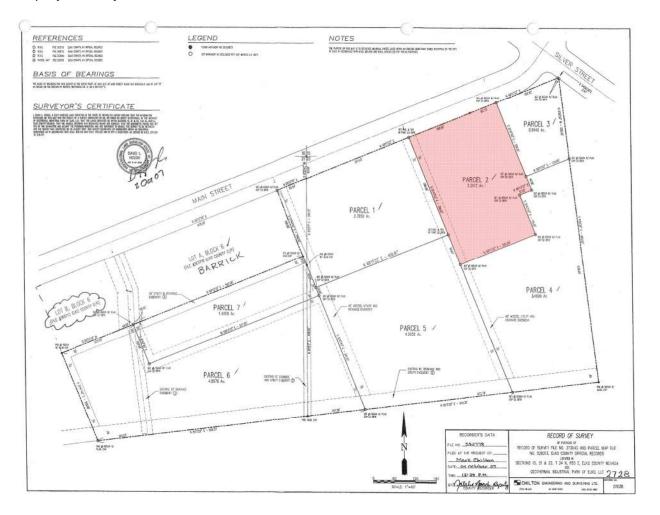
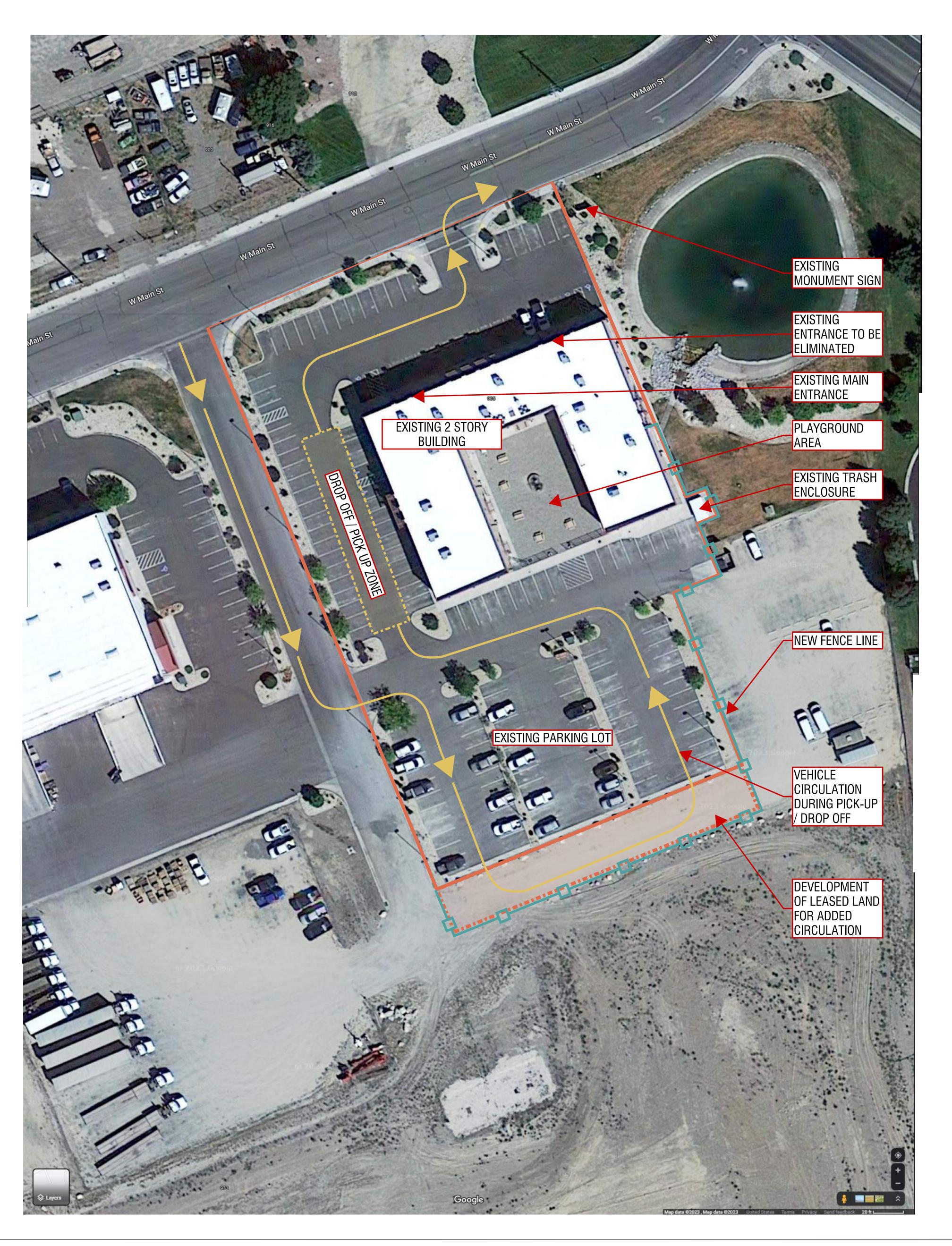




EXHIBIT 2: CONCEPTUAL SITE PLAN

(See attached – 1 page)



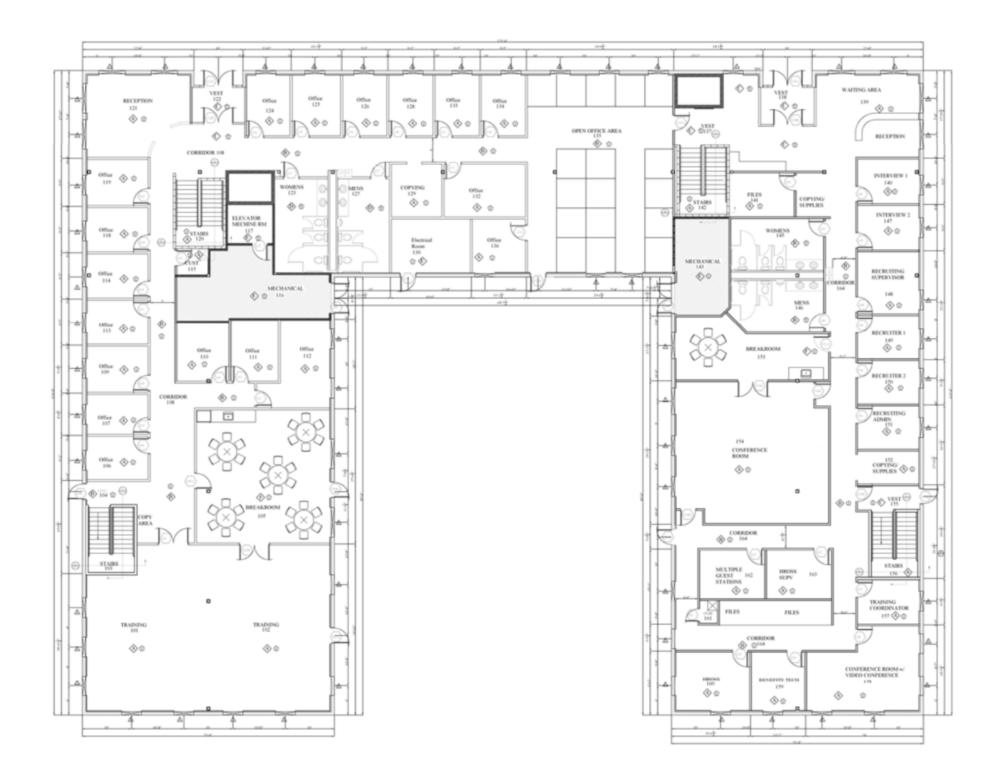
CONCEPTUAL SITE PLAN ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT | GEOTHERMAL INDUSTRIAL PARK BUILDING REMODEL | ELKO, NV 9 DECEMBER 2022





EXHIBIT 3: EXISTING BUILDING PLANS AND CONCEPTUAL FLOOR PLANS

(See attached – 5 pages)































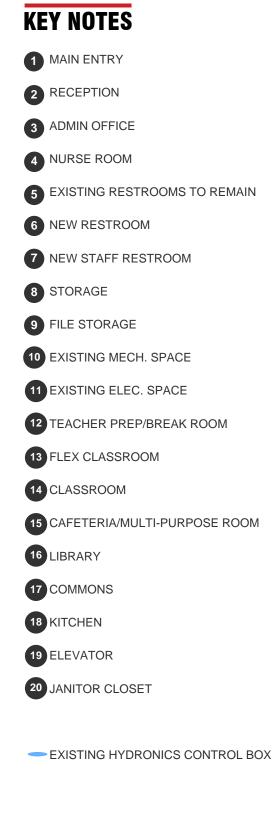








EXHIBIT 4: PROPERTY PHOTOS



View of the front of the building



View of potential main entry.





View of the west side of the building.



View of exterior courtyard





View of exterior courtyard



View of existing interior





View of existing interior



View of existing interior.





Interior view of existing restrooms (likely to remain)



View of existing mechanical room



EXHIBIT 5: ENGINEERING EVALUATIONS OF EXISTING BUILDING

(See attached – 9 pages, 8.5x11)

Wes Baker

From:	Drew Morgan <drew.morgan@bhbengineers.com></drew.morgan@bhbengineers.com>
Sent:	Wednesday, November 23, 2022 8:41 AM
To:	Wes Baker; Rob Van (rvan@cea-ut.com); Scott Kingery
Cc:	Ricky Parkinson
Subject:	RE: Elko
Snoozelt Count:	7
Snoozelt Due:	12/8/2022 6:30:00 AM

Wes,

These drawings are very helpful. I don't think a site visit will give us any better information unless you think there's a good chance they didn't build it per the plans.

Here are my initial thoughts:

- Assuming that the new occupancy load is greater than 250, we are increasing from Risk Category II to III. This means that the structure will have to support the loads (live, snow, wind, and seismic) prescribed by the current building code.
- Live loads
 - The structure was designed for a 65 psf live load while schools only require 40 psf. So no concern here.
 - School corridors are required to be designed to 80 psf. The plans indicate the floor was designed for 80 psf corridors. If the corridors are in the same place we are good. Otherwise we will have to check the existing frame to see if it can support a slight increase (65 psf to 80 psf).
- Snow loads
 - The prescriptive snow load per the city has not changed from 30 psf. So the change in risk category doesn't increase this load.
- Wind loads
 - Wind loads in recent codes have actually decreased. While the city prescribes a higher wind load than is required (likely a carryover from the old codes), it is not greater than the original design.
- Seismic loads
 - The seismic force calculated under the new code, even with the increase in risk category, is less than what this building was designed for.
- In summary, no changes should be required to the structure due to increased loads other than the possibility of new corridor loads.

Please let me know if you have any questions.

Happy Thanksgiving!



Drew Morgan, SE, Associate P: 208.891.7157 C: 208.590.9209 390 E. Corporate Dr #104, Meridian, ID 83642 SALT LAKE CITY | BOISE www.bhbengineers.com

From: Wes Baker <wes@babcockdesign.com> Sent: Tuesday, November 22, 2022 9:08 AM

To: Drew Morgan <Drew.Morgan@bhbengineers.com>; Rob Van (rvan@cea-ut.com) <rvan@cea-ut.com>; Scott Kingery <skingery@envisioneng.com>

Structural Evaluation

Cc: Ricky Parkinson <ricky@babcockdesign.com> Subject: Elko

CAUTION: External email source.

Team,

I've spoken to each of you individually, but as mentioned there has been some movement on the Elko school. In lieu of re-bidding the original design, the school is looking at purchasing an existing building to remodel to meet their needs. They found a promising building and are so serious about it that they have put some earnest money down and have until the end of the year to complete their due diligence.

To help with that we are scheduling a trip to Elko to walk the building and help determine if a remodel is feasible and prudent. We are scheduling this trip for **Tuesday November 29**th. To help with this analysis we can provide the following existing information:

- 1. Original Building Plans from 2007 (a complete set but the plans are lo-res)
- 2. A hi-res version of the original plans but only partial sheets
- 3. A plan showing a 2017 interior remodel
- 4. See attached for a first pass at how the interior could be reconfigured for the school. This will most certainly change.
- 5. Google Maps Link: <u>https://goo.gl/maps/ExcvRxJucH2xmoeA8</u>

Drew, please review this information and let me know if it's worth it for you or someone from BHB to join us.

Scott and Rob, please confirm that you can join us.

Thanks,

WESLEY BAKER AIA, NCARB, LEED AP BD+C / principal wes@babcockdesign.com / 801.824.1385



Babcock Design

www.babcockdesign.com



SITE VISIT NARRATIVE

PROJECT NAME: EIAA

Date: 12-8-2022

PREPARED BY: Reg Hamilton

Mechanical

Packaged Rooftop Units

We are recommending that these units be replaced. Direct expansion equipment is said by ASHRAE to last between 15-20 years. These units are at the end of their life cycle. Parts availability to repair and maintain these units will be an issue moving forward as well. The new ductwork layout may be a little tricky since we'll being re-zoning the space with the new floorplan. We will most likely demolish/remove all ductwork and RTUs and provide new units with new ductwork.

Geothermal

The geothermal system is in good condition. Work associated with this system will primarily involve relocating the manifold boxes out of walls that are being demolished.

Plumbing

The addition of classroom sinks may change our hot water demand. It is likely we'll be able to tie into the existing hot water system and not upgrade water heaters, but that will depend on the fixtures added to the building. Piping will need to be re-routed to accommodate restroom floorplan changes.

Regttan

END

I:\Projects\21543.1 - EIAA Charter School\02 - Pre-Development\01 - Feasibility Study\2022-12-08 Conceptual Layout and Pricing\EIAA Site Visit Narrative Mechanical 12-8-2022.docx



ELKO ACADEMY EXISTING BUILDING (GIPE) – FACILITIES ASSESSMENT

December 8, 2022

CODES AND STANDARDS

Codes, Standards, and Guidelines, which are applicable to the design of the electrical systems, are listed below. Comply with each of the latest adopted publications:

ADA, Americans with Disabilites Act International Energy Conservation Code EIA/TIA, Electronics Industries Association/Telecommunications Industry Association IBC, International Building Code IECC, International Energy Code ANSI/ASHRAE/IES Standard IEEE 1100-1999, Recommended Practice for Power and Grounding Electronic Equipment IESNA, Illuminating Engineering Society of North America NFPA, National Fire Protection Association (applicable sections including but not limited to): NFPA 70, National Electrical Code NFPA 72, National Fire Code UL, Underwriter's Laboratories Nevada State Fire Marshal Laws, Rules and Regulations

SITE UTILITIES

Medium Voltage Power Distribution:

The electrical utility serving the facility is NV Energy.

ELECTRICAL SYSTEMS

Electrical Service:

The existing electrical service to the building is 208/120-volt, 3 phase, 2,000 amps.

The main electrical switchboard was installed during the original construction (2007) and appeared to be in good condition. The switchboard has three existing meters, 1 meter for house loads (exterior lighting and common space power and lighting), 1 meter for the west half of the building, and 1 meter for the east half of the building.



We are assuming that the existing electrical service will be adequate for the remodel of the existing building. A more detailed investigation of the existing electrical service will be conducted if this project moves forward.

Power Distribution:

The existing electrical distribution system is as follows:

208/120-volt lighting and appliance branch circuit panelboards provide power for computer equipment, outlets, small mechanical equipment, HVAC, and other electrical motor loads etc.

All panelboards are assumed to have installed in original 2007 construction and appeared to be in good condition. Existing panelboards and breakers will be utilized to the greatest extent possible for the remodel.

Emergency and Optional Standby Power Distribution System:

There is no generator installed at this building. There is an existing automatic transfer switch installed and a generator could be added in the future.

Surge Suppression:

It did not appear that any surge suppression devices are installed at this facility.

It is recommended that a surge suppression device be installed at the main switchboard, computer panels and lighting control panels at a minimum.

Outlets:

There are existing receptacles installed throughout the building. Where existing receptacle locations are reused, the receptacle will need to be upgraded to a tamper-proof device to comply with all NEC requirements for Educational Facilities.

INTERIOR LIGHTING

General:

Interior lighting appeared to be fluorescent with manual switching and no additional interior lighting controls. There are some spaces within the building with dimming controls.

Interior Lighting:

Existing interior lighting is lay-in parabolic fixtures, surface mounted fixtures, and strip lights.



Exit Signs appeared to be LED with emergency egress bug-eyes and have been installed per code requirements. If exit signs are reused, we would recommend replacing the batteries.

Emergency egress lighting is in the building and is provided by bug-eye type fixtures at the exit signs and in the corridors.

We recommend a complete interior lighting upgraded to new energy efficient LED light fixtures throughout the building.

We would recommend that the existing bug-eye fixture be removed. New emergency egress lighting will be integral to the new light fixtures using battery drivers.

Interior Lighting Control

General:

All areas throughout the building appeared to have manual controls. There are a few spaces with wall box type occupancy sensors.

It does not appear that any daylight harvesting controls are being used.

Currently as installed the existing lighting controls do not meet current energy code requirements for daylight harvesting and automatic lighting controls.

Lighting controls for all spaces need to be upgraded to meet the minimum requirements of the energy code for daylight harvesting and automatic light fixture control per IECC Requirements.

EXTERIOR LIGHTING

General:

There are building mounted lights at building around the building and pole lights in the parking areas. Exterior lighting controls appears to be On/Off only.

The existing building mounted lights lamps have been upgraded to LED type lamps.

Some of the parking lot light poles have had the existing lamps upgraded to LED lamps and others still have the original Metal Halide lamps.

It did not appear that there is any exterior emergency egress lighting.

We would recommend that the existing exterior building lights be upgraded to LED fixtures so lamps will not have to be changed in the future.



We would recommend that the existing parking lot pole lights be upgraded to LED fixtures so lamps will not have to be changed in the future. We would recommend that only the existing heads be replaced, and existing poles remain in place.

Exterior emergency egress lighting will need to be added to comply with IBC building egress requirements.

FIRE ALARM SYSTEM

The fire alarm system is an EST Addressable System. The fire alarm system appeared to be functioning correctly and was in good condition.

Smoke detection in installed in the corridors, elevator rooms, open spaces, and restrooms.

There are manual pull stations throughout the building that will need to be removed to comply with IBC and NFPA Educational Requirements.

Horn/Strobe and Strobes appeared to be installed per NFPA requirements for a Business Type Building.

We spoke with Jamie Winrod with the Fire Marshal office and due to the change in use of this building, the fire alarm system will need to be upgraded to a Voice Evacuation System to comply with IBC, IFC and NFPA requirements for Educational Facilities. Existing addressable device to be reused to the greatest extent possible. New speaker/strobes will need to be installed per IFC and NFPA requirements for Educational Facilities.

EMERGENCY RESPONDER RADIO COVERAGE

Currently there is not an Emergency Responder Radio system installed in the building.

We would recommend the building be tested to determine if an Emergency Responder Radio system will need to be added.

SECURITY SYSTEM

The following is a description of the existing security systems for this building:

Card Access:

There is an existing Software House iStarpro access control system. The system can be modified as necessary to fit the school's needs. Most existing access control locations will be



able to be reused in the new remodel. New card access server and credential cards will need to be provided for a complete system.

Video Surveillance:

The building has existing Sanyo video surveillance cameras.

Video surveillance cameras are in the corridors, open offices, reception, and exterior of the building.

It appears that the cameras are in working order and can be reused and relocated for the remodel.

A detailed review of the existing system will need to be conducted to determine what can and cannot be reused and how the system functions.

A new Video Storage System and Software will need to be provided.

Intrusion Detection:

There is an existing Bosch intrusion detection system in the building.

It is unknown what is currently installed.

A detailed review of the existing system will need to be conducted to determine what can and cannot be reused and how the system functions.

STRUCTURED CABLING SYSTEM

General:

There is an existing data room on the second level with existing racks that can be utilized for the new remodel. Some of the existing data cabling may be able to be reused if in the correct locations. It is unknown what the current Category Rating of the existing UTP cable is. A more detailed investigation of the existing communication and data cabling / system will be conducted if this project moves forward.

There is an existing UPS that backs up the existing data room. The actual size of the UPS and what it currently powers is unknown.

There is an existing Beehive Broadband telephone service in place located in the data room.

Wireless:

There are no wireless access points currently installed in the building.



Wireless access points will need to be installed per the direction of Elko Academy.

CLOCK SYSTEM

There is not a clock system installed in this building.

We would recommend installing battery powered wireless or atomic clocks were needed.

SCHOOL INTERCOM SYSTEM

Currently there is no intercom system installed in this building.

An intercom system will need to be installed.

AUDIO / VISUAL SYSTEMS

Currently there are projection screens installed in some space in the building. The existing projection screens will need to be reviewed to verify if they will work in the new spaces.

There are no other Audio / Visual System installed in the building.

End of Report.



EXHIBIT 6: PHASE II ENVIRONMENTAL SITE ASSESSMENT REPORT

(See attached – 28 pages, 8.5x11)

Phase II Environmental Site Assessment Elko Industrial Subdivision, Area 5 W. Main Street and Silver Street Elko, Nevada

Prepared for:

City of Elko 1751 College Ave. Elko, NV 89801



Prepared by:

Converse Consultants 421 Court Street Elko, NV 89801 (775) 753-6266 (775) 738-7955 Fax elko@converseconsultants.com

Converse Project No.: 03-73178-01

January 30, 2004



Converse Consultants

Over 50 Years of Dedication in Geotechnical Engineering and Environmental Sciences

January 30, 2004

03-73142-01

Mr. Ferron Konakis, P.E. City of Elko 1751 College Ave Elko, Nevada 89801

Subject:

Phase II Environmental Site Investigation City of Elko Industrial Subdivision, Area 5 Former Western Pacific Railroad Elko, Nevada

Dear Mr. Konakis:

Converse Consultants (Converse), is pleased to present this report summarizing environmental investigation activities at the subject site. Our work was conducted to assess the presence of potential soil and groundwater contaminants and consisted of the following: Document Review, Site Reconnaissance, Subsurface Exploration, Soil Sampling and Groundwater Sampling, Laboratory Analysis, and Preparation of this Report. This work has been performed in accordance with our proposal dated August 26, 2003 and your authorization of October 23, 2003. Results have been incorporated in this report.

INTRODUCTION

In response to reported hydrocarbon contaminants at the subject site, the City of Elko retained Converse Consultants to review available literature, and to conduct limited soil and groundwater sampling to evaluate potential contaminants. The subject site is located south of West Main St., and west of Silver St. (Mountain City Highway). The site is located on approximately 14 acres generally in the SW ¼ of the SW ¼ of Section 15, and the NW ¼ of the NW ¼ of Section 22. Township 34 North, Range 55 East, Mount Diablo Baseline and Meridian, and is described by the City of Elko as the Elko Industrial Subdivision. Drawing No. 1 illustrates the location of the site within the City of Elko. Drawing No. 2 provides sampling locations and details relative to historic data.

Work conducted in 1989 by Kleinfelder & Associates indicated six (6) areas of potential environmental impacts. The location of concern in this report was previously described as Area 5 within the Elko Industrial Subdivision. For convenience, this report follows previous convention for environmental investigations in the former WPRR yard area, with the subject site referenced as Area 5. During the course of fieldwork, Converse obtained three (3) soil samples from three (3) trenches at the subject site. City of Elko personnel excavated trenches for sampling. Groundwater samples were obtained from two trenches.

GENERAL SITE HISTORY

The subject site was in continuous use as a railroad facility from the mid-1860s to 1983. The area was established by the Western Pacific Railroad, and beginning in 1910, served as a rail yard, engine refueling and maintenance facility. Historic data and corollary information indicate the site utilized a variety of fuels and materials related to the maintenance and fueling of railroad equipment. Of particular concern at the subject site are former facilities utilized as a steam engine turntable, former engine repair shop, and former fuel station.

LITERATURE AND DATA REVIEW

Kleinfelder & Associates (KA) conducted initial environmental reconnaissance work at the subject site in 1989. Their work investigated six principal areas of concern along the former WPRR and UPRR rights-of-way. The result of their field investigations revealed potential contaminants in the subsurface at each of the six areas. The subject site for this report was not specifically investigated by KA. Immediately adjacent to the site, hydrocarbons were detected up to 41,000 ppm in soil. Compounds detected included Bunker C Oil, as well as other hydrocarbons in the light oil, motor oil, and diesel fuel ranges.

The City of Elko and Union Pacific Railroad Company jointly evaluated groundwater and soils at each of the six areas identified by KA (1989). Several monitoring wells were installed in 1992 (USPCI, January 1993). Monitoring wells WPRR-MW21, WPRR-MW22, and WPRR-MW-23 are located east of the subject site. Monitoring wells WPRR-MW51, WPRR-MW52, and WPRR-MW53 are located on the subject site.

Laboratory results obtained for various soil studies prior to the current evaluation are summarized in Table 1. Laboratory results for groundwater from the same studies are included in Table 2.

The City of Elko and Union Pacific Railroad Company jointly mitigated portions of the affected area.

Surface materials were excavated and transported off site for disposal. Subsurface materials were excavated, a bio-treatment cell constructed, and the contaminated materials replaced in the cell. The bio-treatment cell is located on the subject site.

Converse Consultants completed a Risk Based Closure Assessment for the former WPRR railroad site, including the subject site, in 2001. Concentrations of contaminants were determined to exist in groundwater, surface soil, and subsurface soil. Chemicals of concern were identified for each source area based on identified potential sources and analytical results. Receptors were identified based on the commercial/industrial planned future use of the Site identified by the City. A conceptual model was developed to identify potential exposure pathways based on the planned activity and land use. Commercial/industrial workers and construction workers were identified as potential receptors on the Site.

The following summarizes results of the evaluation for the identified exposure pathways and environmental media:

- Direct contact with surface soil for the commercial/industrial worker and the construction worker. Concentrations of all chemicals of concern were found to be below the Site-specific target levels (SSTL) for all receptors. This exposure pathway was not considered to be complete.
- Direct contact with groundwater for the construction worker. Concentrations of TPH and several VOC in Area 5 (i.e., MW-51) were found to be above the SSTL for the construction worker. This exposure pathway was considered complete.
- Soil to indoor air volatilization for the commercial/industrial worker. Concentrations of all chemicals of concern were found to be below the SSTL for this exposure pathway. This exposure pathway was not considered to be complete.
- Soil to outdoor air volatilization for the commercial/industrial worker. Concentrations of all chemicals of concern were found to be below the SSTL for this exposure pathway. This exposure pathway was not considered to be complete.
- Groundwater to indoor air volatilization for the commercial/industrial worker. Concentrations of all chemicals of concern were found to be below the SSTL for this exposure pathway. This exposure pathway was not considered to be complete.
- Groundwater to outdoor air volatilization for the commercial/industrial worker. Concentrations of all chemicals of concern were found to be below the SSTL for this exposure pathway. This exposure pathway was not considered to be complete.

- Soil to groundwater leaching based on groundwater to indoor air volatilization migration pathway. Concentrations of all chemicals of concern were found to be below the SSTL for this migration pathway. This migration pathway was not considered to be complete.
- Groundwater to surface water migration pathway. Concentrations of VOC's in Area 5 • (i.e., MW-51) were found to be above the SSTL for the groundwater to surface water migration pathway. However, these SSTL were calculated without consideration of biodegradation since degradation rates were not available for these chemicals of concern. Analytical results for the chemicals of concern above the SSTL from monitoring well MW-53, which is down gradient of monitoring well MW-51, were below laboratory analytical detection limits indicating that these chemicals of concern were not migrating towards surface water. It does not appear that these chemicals of concern will migrate to surface water.
- Free Product. Bunker C oil appears to be distributed in an area along the eastern portion 0 of the site, west of the former aboveground storage tank and along Silver Street and West Main Street (Converse Consultants, 2001) may be related to free product in MW-51. TPH analytical results indicated that the free product is a mixture of diesel and heavier oil.

Sample Location	Depth	Date	TPH Total	TPH Diesel	TPH Diesel/ Motor Oil	TPH Motor Oil
TP1.4	4	5/20/93	<10	NA	10000	NA
TP1.8	8	5/20/93	<10	NA	NA	NA
TP2.5	5	5/20/93	<10	NA	NA	NA
TP2.9	9	5/20/93	<10	NA	NA	NA
TP5.7	7	5/20/93	NA	220	NA	NA
TP6.6	6	5/20/93	<10	NA	NA	NA
T1.53.6	6	5/20/93	NA	NA	620	NA
T1.100.6	6	5/20/93	<10	NA	NA	NA
T1.150.6	6	5/20/93	NA	NA	75	75
T1.200.6	6	5/20/93	NA	NA	72	72
TP1.240.4	4	5/20/93	NA	170	NA	NA
T1.240.8	8	5/20/93	NA	1400	NA	NA
T1.270.6	6	5/20/93	<10	NA	NA	NA
T2.10.10	10	5/20/93	NA	NA	11000	NA
T2.60.7	7	5/20/93	NA	NA	10000	NA

TABLE 1 – HISTORIC ANALYTICAL DATA – SOIL TPH - USPCI, September 1993

Sample Location	Depth	Date	TPH Total	TPH Diesel	TPH Diesel/ Motor Oil	TPH Motor Oil
T2.100.3	3	5/20/93	NA	NA	44000	NA
T2.100.10	10	5/20/93	NA	NA	10000	NA
T2.150.4	4	5/20/93	NA	NA	11000	NA
T2.150.10	10	5/20/93	NA	7700	NA	NA
T2.260.4	4	5/20/93	NA	NA	NA	41
T2.260.10	10	5/20/93	<10	NA	NA	NA
T3.10.6	6	5/20/93	<10	NA	NA	NA
T3.36.6	6	5/20/93	NA	30	NA	NA
T3.36.9	9	5/20/93	NA	16000	NA	NA
T3.60.3	3	5/20/93	NA	NA	5500	NA
T3.85.6	6	5/20/93	NA	NA	3300	NA
T3.110.3	3	5/20/93	NA	NA	4700	NA
T3.135.6	6	5/20/93	NA	180	NA	NA
T3.220.5	5	5/20/93	<10	NA	NA	NA
T4.50.5	5	5/20/93	<10	NA	NA	NA
T4.58.7	7	5/20/93	NA	8000	NA	NA
T4.130.4	4	5/20/93	<10	NA	NA	NA
T4.130.8	8	5/20/93	NA	9200	NA	NA
T4.175.4	4	5/20/93	<10	NA	NA	NA
T4.285.6	6	5/20/93	<10	NA	NA	NA
T4.285.9	9	5/20/93	NA	NA	1500	NA

Notes - NA = Not Analyzed; Units in mg/kg; Depth is in feet below ground surface.

		1003	and tale	lais - USPU	<u>JI, Septem</u>	<u>ber 195</u>	13		
Sample Location	Date	Benzene	Toluene	Ethyl- benzene	Xylenes	MTBE	Tetra- chloro- ethene	Trichloro- fluoro- methane	
T2.125.5	5/20/93	<0.16	<0.16	< 0.16	<0.16	NA	<0.16	<0.16	
T2.150.4	5/20/93	<0.1	<0.1	<0.1	<0.1	NA	0.15	< 0.1	
		Arsenic	Barium	Cadmium	Chromium	Lead	Mercury	Selenium	Silver
T2.90.4	5/20/93					0.055			
T2.125.5	5/20/93	<0.100	8.64	<0.010	0.014	< 0.040	< 0.0002	<0.080	<0.040
T3.150.4	5/20/93	<0.100	1.5	< 0.010	0.013	0.516		< 0.080	<0.040

VOC's and Metals - USPCI September 1993

	Sample Location	Depth	Date	TPH-E (Jet Fuel)		TPH-E (Jet Fuel) TPH-E (Diesel) TPH-E (TPH Purgeable
ļ	WPRR # 17	11-13	8/10/00	<100	0	7,600	5,500 G	330
J								550
				Benz(a)- anthracene	Benzo(a)- pyrene	Benzo(b)- fluor-anthene	Benzo(k)- fluor-anthene	Chrysene
	WPRR # 17	11-13	8/10/00	<63	<63	<63	<63	<63
L	WPRR # 17	11-13	8/10/00	<63	<63	<63		
				-00	-05	03	<63	<63

TPH and PNA's - Converse, 2001

METALS - Converse, 2001

Sample Location	Depth	Date	Arsenic	Barium	Cadmium	Chromium	Silver	Lead	Mercury	Selenium
WPRR # 17	11-13			49	<0.5	3,2	<0.5	3.5	<0.2	<0.5

Note: ND - Not Detected, NM - Not Measured. Metals in ppm, g - gas range, d - diesel range

TABLE 2 - HISTORIC ANALYTICAL DATA - GROUNDWATER

	Sample Location	Date	TPH Total	TPH Gasoline	TPH C5- C12	TPH Diesel	TPH C10-C50
	<u>MW-51</u>	11/20/92	9.18	< 0.05	1.98	<0.5	7,2
-	<u>MW-52</u>	11/20/92	<0.5	< 0.05	<0.05	<0.5	< 0.5
	MW-53	11/20/92	1.92	< 0.05	<0.05		< 0.5
			Benzene	Tolu		Ethyl-benzen	
	MW-51	11/20/92	< 0.001	< 0.0	01	< 0.001	<0.001
	MW-52	11/20/92	< 0.001	<0.0	01	< 0.001	<0.001
L	MW-53	11/20/92	< 0.001	0.00)2	0.001	<0.001
NID	Mad The day						41004

TPH & VOC's- USPCI, January 1993

Note: ND - Not Detected, NM - Not Measured. Metals in ppm, g - gas range, d - diesel range

Sample Location	Date	TPH-E (Jet Fuel)	TPH-E (Diesel)	TPH-E (Oil)	TPH Purgeable
WPRR # 17	8/10/00	<50	260	210 G	<50
WPRR # 18	8/10/00	<0.5	<0.5	<0.5	< 0.5
<u>MW-51</u>	8/14/00	<1	100	<1	98,000
MW-52	8/14/00	<0.5	<0.5	<0.5	< 0.5
MW-53	8/14/00	<0.5	0.78	<0.5	<0.5

TPH -Converse, 2001

VOC's & PNA's - Converse, 2001

Sample Location	Date	Benz(a)- anthracene	Benzo(a pyrene	·	Benzo(b) fluor-anth	·		o(k)- nthene	С	hrysene
WPRR # 17	8/10/00	<0.10	<0.10		<0.10		<0	.10		<0.10
WPRR # 18	8/10/00	<0.010	< 0.010		< 0.010		<0.0			< 0.010
WPRR # 17	8/10/00	<0.10	< 0.10		< 0.10		<0.			< 0.10
WPRR # 18	8/10/00	< 0.010	< 0.010		< 0.010		<0.0			< 0.010
		Isopropy-lbenzene	n-Propyl- benzene		Trimethyl- enzene	sec	Butyl- nzene	n-Buty benzen	1-	Napth- alene
WPRR # 17	8/10/00	<0.002	<0.002	<	0.002	<).002	<2		<4
WPRR # 18	8/10/00	<0.002	< 0.002	<	0.002		0.002	<2		<4
MW-51	8/14/00	42	80		<25		140	160		640
MW-52	8/14/00	<.001	<.001		<.001		.001	<.001		<.002
MW-53	8/14/00	<.001	<.001		<.001		.001	<.001		<.004

Metals - Converse, 2001

	Sample Location	Date	Arsenic	Barium	Cadmium	Chromium	Silver	Lead	Mercury	Selenium
	WPRR # 17	8/10/00	0.23	11	< 0.02	0.87	< 0.02	0.42	0.0024	<0.02
	WPRR # 18	8/10/00	< 0.02	1.9	< 0.02		< 0.02		0.0007	<0.02
	MW-52	8/14/00	0.019	0.7	<0.01				< 0.0005	
l	MW-53	8/14/00	0.016	0.57	< 0.01				< 0.0005	
	Note: ND N	Jot Detect	AL MA	Mat Man						

Note: ND - Not Detected, NM - Not Measured. Metals in ppm, g - gas range, d - diesel range

SUBSURFACE EXPLORATION AND SOIL SAMPLING

On December 23, 2003 Converse and the City of Elko commenced excavation with a backhoe and sampling of three test pits to approximate depths of 6 to 8 feet. Test pits were located across the property and in the vicinity of the former WPRR rail facilities. Test Pit locations are illustrated on Drawing No. 3.

Soils encountered were evaluated visually. Three soil samples were obtained from varying depths in each excavation to evaluate subsurface conditions. Soils from a depth of 2 to approximately 7 feet were generally classified as sandy silts, where samples at depths of 7 to 8 feet are classified as coarse sandy gravels or gravelly sands. Field evidence of potentially contaminated soils was observed in two trenches at depths between 5 and 8 feet bgs. Groundwater was observed in each excavation at depths of 6.5 to 8.0 feet below ground surface.

Samples were placed in sterile jars provided by the laboratory, placed in a thermally insulated cooler, sealed and shipped to Alpha Analytical Laboratories in Reno, Nevada under strict chain-of-custody following EPA standard protocols. Soil analyses consisted of TPH. Laboratory results are presented in Appendix A. Data are summarized in Tables 3 and 4.

GROUNDWATER SAMPLING

Three monitoring wells (MW-51, MW-52 and MW-53), located on subject site, were installed in 1992 by USPCI. Each well is 20 feet deep, with 15 feet of 0.020 screen from 5 to 20 feet. Each well has been sampled periodically since installation, but not on a regular basis. Long-term data trends are not available for comparison. Free product (Bunker C Oil) previously identified in MW-51 was verified. MW-52 and MW-53 did not contain observed free product, nor had any observable discoloration or odor.

Two groundwater samples were obtained from test pits TP-1, and TP-2. Samples were collected in 1liter amber jars from the top of the water table. Depths of samples are noted in Table 4 below. Each groundwater sample was analyzed for TPH using EPA method 8015. Samples were labeled and shipped to the laboratory on blue ice in a thermally insulated cooler with chain-of-custody materials following standard EPA protocols. Test pit TP-1, on the eastern portion of the site, was observed to have less than 1/8th-inch free phase hydrocarbons floating on the groundwater.

ANALYTICAL RESULTS

Table 3 summarizes analytical results for subsurface soils. Alpha Analytical Laboratories of Reno, Nevada analyzed groundwater from two test pits, and two soil samples under contract to the City of Elko. Table 4 summarizes analytical results for groundwater. Complete laboratory analysis sheets with chain-of-custody documentation are presented in Appendix A.

Trench No.	nch No. Depth (ft) TPH (ppm)				
		350	Purgeable		
TP-1	8	950	Diesel		
		17	Oil		
TP-2	8	ND	Purgeable		
		ND	Diesel		
		ND	Oil		

TABLE 3 - TPH RESULTS - Soil

TABLE 5 - TPH RESULTS - GROUNDWATER

Well No.	ТРН	RANGE Purgeable		
TP-1	2.1			
	350	Diesel		
	36	Oil		
TP-2	ND	Purgeable		
	7.6	Diesel		
	2.0	Oil		

Note: ND - Not Detected

DISCUSSION OF FINDINGS

The following summarizes our findings:

- 1. Historic data indicate that near surface soils (less than 10 feet) are impacted with hydrocarbons above regulatory action levels.
- 2. Soil sampling conducted for this project confirmed the presence of petroleum hydrocarbon impacted soils containing various ranges of hydrocarbons exceeding current regulatory action levels (Test Pit 1). Impacted soils appear to be laterally and vertically limited in area, and do not appear to have negatively impacted groundwater, with the exception of the eastern portion of the

> site where Bunker C Oil, previously documented, was observed. TPH data suggest the source material generally includes diesel fuel oil, and compounds specific to Bunker C oil.

3. Groundwater does not appear impacted for a majority of the site at this time. Groundwater encountered during excavation of test pit TP-1 in the eastern portion of the site contained less than 1/8th inch of diesel fuel floating on the groundwater. Historical data indicates that the potential source of diesel fuel may be east of the site from a previously reported historic release. Offsite monitor wells MW-22 and MW-23 contain Bunker C Oil. These wells are up gradient from the subject site.

CONCLUSIONS

Based on soil and groundwater sampling, petroleum hydrocarbons are present near the surface and in the subsurface at the subject site. Analytical samples indicate subsurface soils exceed the State of Nevada action levels of 100 ppm for TPH. Diesel fuel was observed in groundwater on the eastern portion of the site. In addition, based upon the comparison of historic data with data developed for this report, it does not appear that shallow subsurface soil contaminants have impacted groundwater at the subject site. Potential future land uses and possible liability associated with contaminants at the site should be carefully evaluated, particularly if the City considers sale of the property.

RECOMMENDATIONS

Based on field and laboratory results and the number of potential contaminants observed at the site, the following is recommended:

There does not appear to be a significant impact to groundwater, and threat of immediate danger to life, health or the general environment appears to be minimal. Due to the limited volume of hydrocarbons anticipated remedial action by excavation is recommended for these materials as they are encountered during excavation and construction activities. Remediation can be accomplished ex-situ utilizing City crews to excavate and transport the material to the City landfill, where suitable mitigation can occur on a timetable meeting City needs. Documented environmental impacts should be addressed under the Risk Based Closure Assessment (RBCA) completed in 2001.

While complete exposure pathways are present on the Site, these exposure pathways can be managed through the implementation and maintenance of various methods of activity and land use controls. The presence of free product in Area 5 around monitoring well MW-51 limit the ability to construct structures in these areas that are to be occupied by commercial/industrial workers

without further investigation or remedial action. The presence of free product and TPH above the SSTL in groundwater in Area 5 will require precautions for construction workers that may come in contact with groundwater.

Based on the exposure pathway evaluation, the following activity and land use restrictions including deed restrictions and other mechanisms are recommended:

- 1) Prohibiting the installation of groundwater pumping wells for potable or non-potable use in the shallow saturated zone.
- 2) Where construction activities are necessary that require excavation into the groundwater, workers should be required to wear personal protective equipment to minimize or eliminate exposures to the groundwater in Area 5.
- 3) Where construction activities are necessary that require a dewatering system, groundwater sampling and treatment as appropriate should be implemented throughout the term of the project.
- 4) Require that during excavation or future construction on the Site for future development, soil sampling be conducted for chemicals of concern to determine if special handling and disposal of soils will be necessary.
- 5) Prohibit the construction of structures with basements.
- 6) Prohibit excavations greater than 5 feet without appropriate precautions and protective equipment.



CERTIFIED ENVIRONMENTAL MANAGER (CEM) STATEMENT

For the services provided and described in this document, the following language is from NAC 459.

I hereby certify that I am responsible for the services described in this document and for the preparation of this document. The services described in this document have been provided in a manner consistent with the current standards of the profession and to the best of my knowledge comply with all Federal, State, and local statues, regulations, and ordinances.

Respectfully submitted,

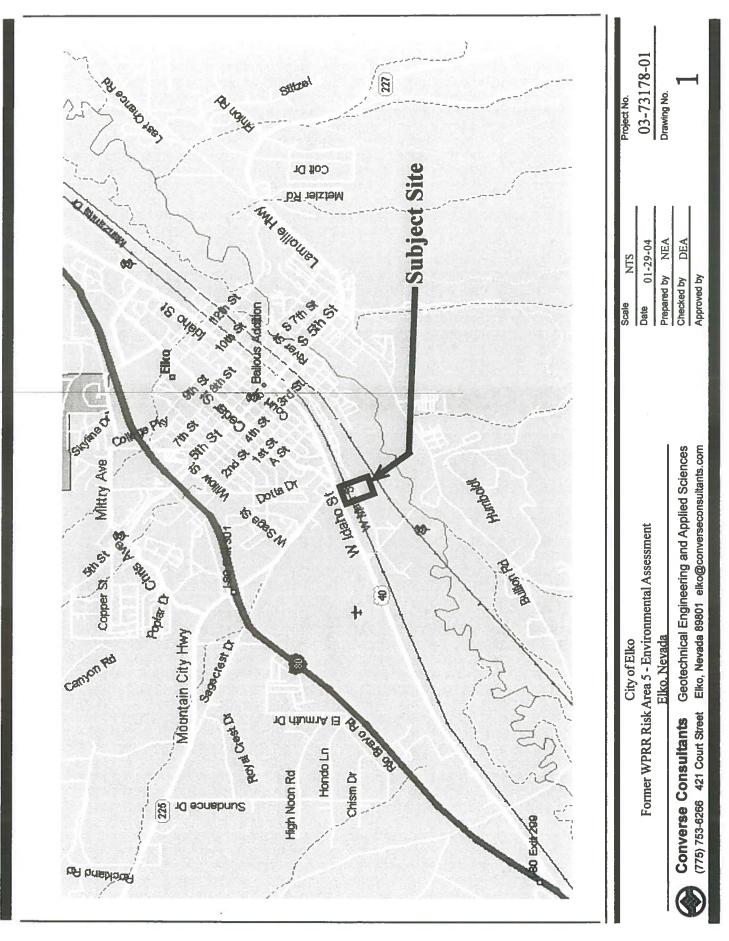
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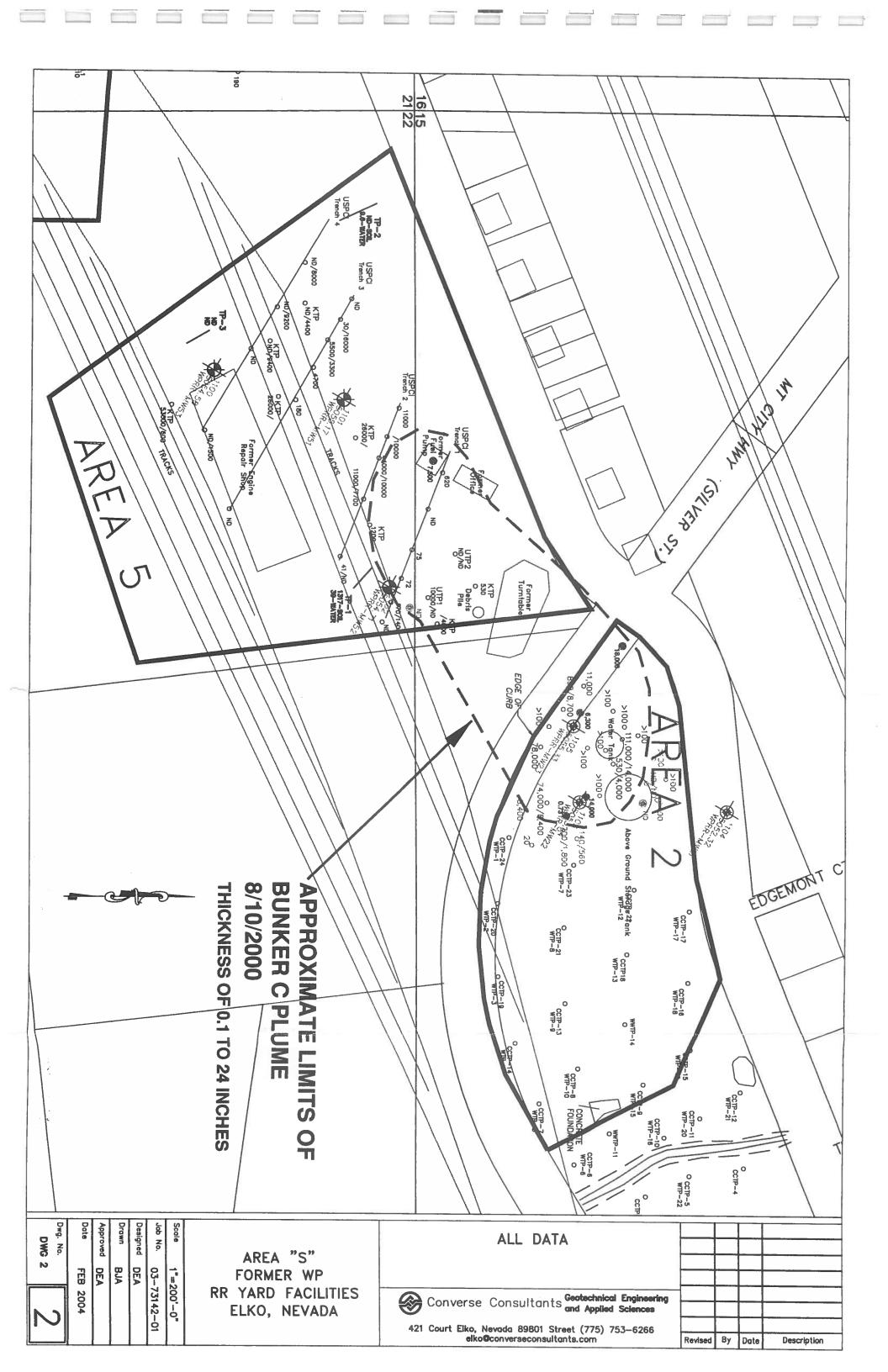
Dean E. Alford, P.G. CEM No. 1088 (Expires November 30, 2004) Principal Hydrogeologist Elko Managing Officer Date Signed: (. 30.4

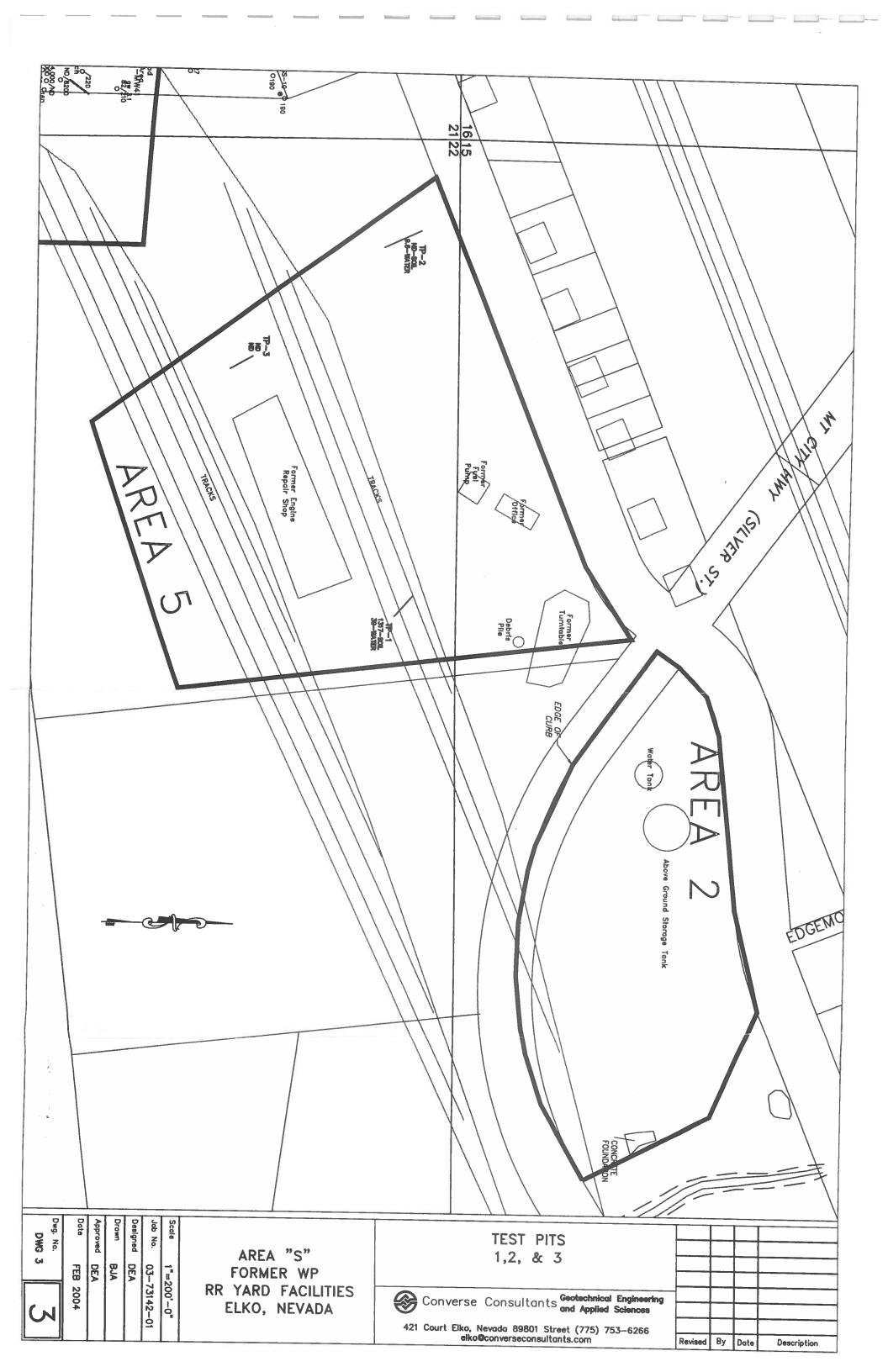
DEA:la Dist.: 2/Addressee

Drawings: Drawing No. 1 – Project Location Map Drawing No. 2 - Site Map with Historical Data Drawing No. 3 – Site Map with Test Pit Locations

Appendices: Appendix A – Laboratory Reports Appendix B – References







Appendix A

Laboratory Reports



Alpha Analytical, Inc.

255 Glendale Ave. • Suite 21 • Sparks, Nevada 89431-5778 (775) 355-1044 • (775) 355-0406 FAX • 1-800-283-1183

ANALYTICAL REPORT

Converse Consultants 421 Court Street Elko, NV 89801
 Attn:
 Dean Alford

 Phone:
 (775) 753-6266

 Fax:
 (775) 738-7955

 Date Received
 01/06/04

Job#: 03-73178-01

Total Petroleum Hydrocarbons - Extractable (TPH-E) EPA Method SW8015B/DHS LUFT Manual Total Petroleum Hydrocarbons - Purgeable (TPH-P) EPA Method SW8015B/DHS LUFT Manual

						_	
					Reporting	Date	Date
	£	Parameter	Concentration		Limit	Sampled	Analyzed
Client ID :	T-1	TPH-E (Jet Fuel)	ND		10 mg/Kg	x 12/23/03	01/08/04
Lab ID :	CON04010628-01A	TPH-E (Diesel)	950		10 mg/K		01/08/04
		TPH-E (Oil)	17	G	10 mg/K		01/08/04
		TPH Purgeable	350		10 mg/K	12/23/03	01/12/04
Client ID :	T-2	TPH-E (Jet Fuel)	ND		10 mg/K	12/23/03	01/08/04
Lab (D :	CON04010628-02A	TPH-E (Diesel)	ND		10 mg/K	12/23/03	01/08/04
		TPH-E (Oil)	ND		10 mg/Kj	; 12/23/03	01/08/04
		TPH Purgeable	ND		10 mg/Kj	12/23/03	01/09/04
Client ID :	T-1	TPH-E (Jet Fuel)	ND		5.0 mg/L	12/23/03	01/08/04
Lab ID :	CON04010628-03A	TPH-E (Diesel)	350		5.0 mg/L	12/23/03	01/08/04
		TPH-E (Oil)	36	G	5.0 mg/L	12/23/03	01/08/04
(i)		TPH Purgeable	2.1		0.50 mg/L	12/23/03	01/12/04
Client ID :	T-2	TPH-E (Jet Fuel)	ND		0.50 mg/L	12/23/03	01/08/04
Lab ID :	CON04010628-04A	TPH-E (Diesel)	7.6		0.50 mg/L	12/23/03	01/08/04
		TPH-E (Oil)	2.0	G	0.50 mg/L	12/23/03	01/08/04
		TPH Purgeable	ND		0.50 mg/L	12/23/03	01/12/04

Extraction and analysis were requested 14 days into the 14-day holding time. Samples were extracted 2 days past holding time for samples 01A and 02A and 1 day past holding time for samples 03A and 04A, and analyzed per client request.

G = Compounds outside the range of diesel have varying amounts of recovery.

ND = Not Detected

R Se

Kandy Dardmen

Dalta Amil

1/19/04 Report Date

Roger L. Scholl, Ph.D., Laboratory Director • • Randy Gardner, Laboratory Manager • • Walter Hinchman, Quality Assurance Officer Sacramento, CA • (916) 366-9089 / Las Vegas, NV • (702) 281-4848 / Wichita, KS • (316) 722-5890 / info@alpha-analytical.com



Alpha Analytical, Inc.

255 Glendale Ave. • Suite 21 • Sparks, Nevada 89431-5778 (775) 355-1044 • (775) 355-0406 FAX • 1-800-283-1183

VOC pH Report

Work Order CON04010628	Project: 03-73178-01	521 2		
Alpha's Sample ID	Client's Sample ID	Matrix	pH	فيحة الساميين
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04010628-04A	T-2	Адисоца	7	

1/19/04 Report Date

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	City, State, 2 Phone Numb Client Name	City, State, Zip Phone Number Client Name	5140 ELVO	V 03	NU 57501	City, State, Zip <u>ELKの NU </u>	ſ		Phone (702) 355-1044 Fax (702) 355-0406	355-1044			An	Analyses Required	quired		
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The report for the analysis ise: of the above samples is applicable only to those samples received by the laboratory with this coc. The liability of the laboratory is limited to the amount paid for the report.

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VEATHER CO	SAMPLE P(s)	
· · CIRCLE·	SAMPLING FOR: MIDROCARBONS, SOLVENIS, <u>other:</u>	
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	3. ECT - 2 X 40 ML (note: 8240, 8020, 624, 602, 8015(198) should have note	heu
	4. 602 · 2 x 40 ml 5. 8015 (19R) - 1 x 1000 ml, amber glass.	
21	6. Other:	
. <u>2</u>	7. Other:	
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	4 inches 0.65 gal/ft	:
	5 Inches 0.83 gal/ft(Note: actual 1.0. = 6.5 Inches)	
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	421 Court St.	
	Elko, Nevada 89801	
1	Consultants (702) 753-6266 (702) 738-7955 fax	
	ccelko@isat.com	
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Converse Consultants FIELD LOG OF BORING NO. / SHEET NO._____ OF _____ TRENSCH 03.73142.01 12-23-3 ELEVATION -----DATE(B) PROJECT HAME <u>ZR VARD - PALE</u> LOCATION SILVER & W. MAIN Dark City WATER LEVEL 8.75 AFTER 9:10 BYART BACKHOS 9:35 IN METHOD & DIAMETER _ **SETUP** NO WENNY AVERAGE DROP States of the second ---an inter and intervent SOIL DESCRIPTION ***** D TAJ FILL-SANDY GRAVEL GM DC BEN FILL SANDY GRAVEL WISHT GC 5 2 PEBBIIFILL - SANDY GRANEL GP WI RR BALMAST FLARGE. D BROWN NATIVE SOIL SILTY SAND WICLAY SP GRAY SILTY SAND WICLAY SC D STUNG ODOR HOROCARBON Ner SANDY GRAVEL LT GP H20 @ 8.75 FE GRAY FUEL ABSERVED END EXCAVATION 12 14 16

FIELD LOG OF BORING NO. Z **Converse Consultants** PROJECT NO. 03-73142-01 PROJECT NAME RR YATO PHASE IF TRENCH 12.23.3 ELEVATION REFERENCE _ LOGATION SILVER & W. MANN ST DEA CATY WATER LEVEL 8-9 BACK HOE 945 1030 -----BETUP AVERASE DROP B-Standard A CAR ASSIST BOIL DESCRIPTION REMARKS Ø BEN GRAVER & RR BALLAST 6, P Fue 1 PROVER SANDY SILT WCLASP $\overline{\mathcal{D}}$ L ÷. LT BEN SANDY GRAVEL - SUGHT GW 1 GRAY FUEL BOOK H2009Ft W GRAVEL WI SAND - MOD ODOR - SLIGHT SLEEN GP LIGAN of FUEL 14-20 SAMPLED HERE 12 .

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Appendix B

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03-73178-01 City of Elko WPRR Site Area 5 Phase II 1-29-04 DEA

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03-73178-01 City of Elko WPRR Site Area 5 Phase II 1-29-04 DEA



EXHIBIT 7: FISCAL YEAR 2021/2022 OPERATING BUDGET

(See attached -1 page, 8.5x11)

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT OPERATING BUDGET WORKSHEET

		Actual E	xpenses	Bud	lget
Operations and Maint		Fiscal Year	As of	Fiscal Year	New
Purchased Services		2019-20	May-21	2021-22	Building
100.201.0000.100.2610.421.68410.10.000	Garbage/Disposal	24.14	108.23	110.00	3,000.00
100.201.0000.100.2610.422.68410.10.000	Janitorial/Custodial Services	35,269.92	14,545.79	20,000.00	42,000.00
100.201.0000.100.2610.431.68410.10.000	Non-Tech-related Repairs & Main	1,375.44	1,598.31	2,000.00	5,000.00
100.201.0000.100.2610.441.68410.10.000	Rent - Land & Building	123,827.27	118,616.36	135,000.00	-
100.201.0000.100.2610.522.68410.10.000	Liability Insurance	21,905.25	15,147.75	25,000.00	50,000.00
100.201.0000.100.2610.533.68410.10.000	Telephone - Land Line Serv	4,311.64	3,097.34	5,000.00	15,000.00
Totals for Purchased Services		186,713.66	153,113.78	187,110.00	115,000.00
Supplies					
100.201.0000.100.2610.610.68410.10.000	Supplies (Janitorial)	7,058.46	10,279.42	8,886.00	25,000.00
100.201.0000.100.2610.621.68410.10.000	Energy - Natural Gas	3,163.43	2,735.10	3,000.00	10,000.00
100.201.0000.100.2610.622.68410.10.000	Energy - Electricity	5,919.61	4,603.76	5,000.00	15,000.00
Totals for Supplies		16,141.50	17,618.28	16,886.00	50,000.00
Building Improvement					
100.201.0000.100.4300.350.68410.10.000	Architecture & Engineering	-	12,983.81	25,000.00	-
100.201.0000.100.4500.350.68410.10.000	Buildings Acquisition and Const.	-	4,600.00	-	-
Totals for Building Improvments		-	17,583.81	25,000.00	-



EXHIBIT 8: INDEPENDENT ACCOUNTANT'S REPORT (DRAFT)

(See attached – 49 Pages, 8.5x11)

Projected Financial Statements Prepared by Thomas, Judy & Tucker, P.A.

Years Ending June 30, 2021, 2022, 2023, 2024, and 2025 (Projected under the Hypothetical Assumptions in Footnote 3)

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors Elko Institute for Academic Achievement Elko, Nevada

We have examined the accompanying projection of Elko Institute for Academic Achievement (the "School"), which comprises the projected statements of net position of as of June 30, 2021, 2022, 2023, 2024, and 2025, and the related projected statements of activities and cash flows for the years then ending based on guidelines for the presentation of a projection established by the American Institute of Certified Public Accountants ("AICPA"). Elko Institute for Academic Achievement's management is responsible for preparing and presenting the projection based on the hypothetical assumptions described in Footnote 3 in accordance with the guidelines for the presentation of a projection established by the AICPA. The projection was prepared for the United States Department of Agriculture feasibility study. Our responsibility is to express an opinion on the projection based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the projection is presented in accordance with the guidelines for the presentation of a projection established by the AICPA, in all material respects. An examination involves performing procedures to obtain evidence about the projection. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the projection, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, assuming the note payable is issued by the United States Department of Agriculture, the projection referred to above is presented, in all material respects, in accordance with the guidelines for the presentation of a projection established by the AICPA, and the underlying assumptions are suitably supported and provide a reasonable basis for management's projection, given the hypothetical assumptions.

Even if the note payable is issued to the Elko Institute for Academic Achievement from the United States Department of Agriculture, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Our examination of the accompanying projection was made for the purpose of forming an opinion on whether the projection is presented in conformity with AICPA guidelines for presentation of a financial projection and whether the underlying assumptions provide a reasonable basis for the projection. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the financial projection. Such information has not been subjected to procedures applied in the examination of the financial projection, and, accordingly, we express no opinion or any other form of assurance on it.

The accompanying projection and this report are intended solely for the information and use of management and the United States Department of Agriculture and are not intended to be and should not be used by anyone other than these specified parties.

Raleigh, North Carolina July xx, 2021



ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Projected Statements of Net Position June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

		Projected 2020-2021	Projected 2021-2022		Projected 2022-2023		Projected 2023-2024		Projected 2024-2025
Enrollment		197	197		197		396		396
Assets									
Cash and cash equivalents	\$	1,740,098	\$ 2,536,808	\$	1,549,252	\$	1,709,572	\$	1,731,810
Restricted cash:									
USDA debt service fund		-	-		-		-		37,613
Repair and replacement reserve fund		28,725	28,725		60,000		140,000		140,000
Due from other governments		50,000	51,000		52,020		72,828		74,285
Prepaid expenditures		41,000	41,820		42,656		10,000		10,000
Capital assets:									
Nondepreciable		837,541	837,541		3,904,208		2,037,541		2,037,541
Depreciable, net		254,169	237,589		221,009		8,207,763		7,994,055
Total Assets	\$	2,951,533	\$ 3,733,483	\$	5,829,145	\$	12,177,704	\$	12,025,304
Liabilities									
Accounts payable and credit card liabilities	\$	9,000	\$ 9,180	\$	9,364	\$	13,110 \$	6	13,372
Accrued salaries	•	94,591	96,483	<u> </u>	98,413	•	137,778		140,534
Accrued payroll expenses		30,521	31,131		31,754		44,456		45,345
Notes payable:									
Existing debt due within one year		25,198	19,393		20,590		21,861		23,210
Existing debt due in more than one year		360,543	341,150		320,560		298,699		275,489
Hypothetical debt due within one year		-	-		2,066,667		193,619		198,020
Hypothetical debt due in more than one year		-	-		· · ·		8,006,381		7,808,361
Net pension liabliity		1,433,895	1,538,491		1,650,717		1,771,129		1,900,324
Total Liabilities		1,953,748	2,035,828		4,198,065		10,487,033		10,404,655
Net Position									
Net investment in capital assets		705,969	714,587		1,717,400		1,724,744		1,726,516
Restricted for:		100,000	11,001		1,717,100		1,121,111		1,720,010
Flexible spending accounts for employee									
medical expenses		5,776	5,892		6,010		6,130		6,253
USDA debt service fund		-	<u> </u>		-		-		37,613
Repair and replacement reserve fund		28,725	28,725		60,000		140,000		140,000
Unrestricted		257,315	948,451		(152,330)		(180,203)		(289,733)
Total Net Position	\$	997,785	\$ 1,697,655	\$	1,631,080	\$	1,690,671	\$	1,620,649

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Projected Statements of Activities Years Ending June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
Enrollment	197	197	197	396	396
State and Federal Funding per Enrolled Child	\$ 10,778	\$ 9,439	\$ 9,667 \$	9,848	\$ 10,059
REVENUES					
State and federal	\$ 2,123,356	\$ 1,859,390	\$ 1,904,457 \$	3,899,835	\$ 3,983,176
Refundable advance - PPP	269,399	-	_	-	-
Capital campaign	250,000	750,000	-	-	-
Other	 128,339	131,547	134,836	138,207	141,662
Total revenues	 2,771,094	2,740,937	2,039,293	4,038,042	4,124,838
EXPENSES					
Salaries	990,324	1,010,131	1,030,333	2,122,486	2,186,161
Benefits	480,036	488,137	496,400	1,022,800	1,053,484
Purchased services	363,955	359,619	364,121	290,874	296,671
Supplies	105,701	107,815	109,971	189,014	191,994
State sponsorship fee	35,767	36,482	37,212	50,673	51,687
Depreciation	16,580	16,580	16,580	13,246	213,708
Interest	 23,702	22,303	51,251	289,358	201,155
Total expenses	 2,016,065	2,041,067	2,105,868	3,978,451	4,194,860
Change in Net Position	755,029	699,870	(66,575)	59,591	(70,022)
Net Position, Beginning	 242,756	997,785	1,697,655	1,631,080	 1,690,671
Net Position, Ending	\$ 997,785	\$ 1,697,655	\$ 1,631,080 \$	1,690,671	\$ 1,620,649

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Projected Statements of Cash Flows Years Ending June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

		Projected 2020-2021	Projected 2021-2022		Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
Enrollment		197	197		197	396	396
Net Cash Flows from Operating Activities: Change in Net Position Adjustments to Reconcile Net Position to Net Cash Provided (Used) by Operating Activities:	\$	755,029 \$	699,870	\$	(66,575) \$	59,591 \$	(70,022)
Depreciation Forgiveness of refundable advance - PPP Change in Assets and Liabilities that Provided (Used) Cash:		16,580 (269,399)	16,580 -		16,580 -	13,246 -	213,708 -
Due from other governments Prepaid items		(5,983) 33	(1,000) (820)		(1,020) (836)	(20,808) 32,656	(1,457)
Accounts payable and credit card liabilities		57	180		184	3,746	262
Accrued salaries		1,855	1,892		1,930	39,365	2,756
Accrued payroll expenses		598	610		623	12,702	889
Due to other governments		(9,325)	-		-	-	-
Net pension liability		97,485	104,596		112,226	120,412	129,195
Net Cash Provided by Operating Activities		586,930	821,908		63,112	260,910	275,331
Net Cash Flows from Investing Activities: Purchase of capital assets					(1,000,000)		
Net Cash Used by Investing Activities		-	-		(1,000,000)	-	<u> </u>
Net Cash Flows from Financing Activities:							
Payments on notes payable		(32,414)	(25,198)		(19,393)	(20,590)	(215,480)
Net Cash Used by Financing Activities		(32,414)	(25,198)		(19,393)	(20,590)	(215,480)
Net Increase (Decrease) in Cash		554,516	796,710		(956,281)	240,320	59,851
Cash and Restricted Cash, Beginning of Year		1,214,307	1,768,823		2,565,533	1,609,252	1,849,572
Cash and Restricted Cash, End of Year	<u>\$</u>	1,768,823 \$	2,565,533	\$	1,609,252 \$	1,849,572 \$	1,909,423
Supplemental Disclosures of Cash Flow Information: Cash Paid During the Year for:							
Interest	\$	23,702 \$	22,303	\$	51,251 \$	289,358 \$	201,155
Supplemental Disclosure of Non-Cash Financing Activities: Non-cash financing activities include the following:	•	•		•	(0.000.007) #	(0.400.000) #	
Construction project costs	\$	- \$	-	\$	(2,066,667) \$	(6,133,333) \$	-
Construction line of credit proceeds		-	-		2,066,667 -	6,133,333	-
Payoff of construction line of credit USDA proceeds		-	-		-	(8,200,000) 8,200,000	-
oob/(proceds						0,200,000	
Net non-cash financing activities	\$	- \$	-	\$	- \$	- \$	-
Supplemental Disclosure of Cash and Restricted Cash:	¢	1 740 000 \$	2 526 909	¢	1 E 40 0 E 0	4 700 F70 ¢	1 701 010
Cash and cash equivalents Restricted cash: USDA debt service fund	\$	1,740,098 \$	2,536,808	Φ	1,549,252 \$	1,709,572 \$	1,731,810 37,613
Restricted cash: USDA debt service fund Restricted cash: repair and replacement reserve fund		28,725	28,725		60,000	140,000	140,000
Cash and Restricted Cash, End of Year	\$	1,768,823 \$	2,565,533	\$	1,609,252 \$	1,849,572 \$	1,909,423

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT NOTES TO PROJECTED FINANCIAL STATEMENTS June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

1. <u>Nature of the Projection</u>

A. <u>Reporting Entity</u>

Elko Institute for Academic Achievement ("the School") is a local government authorized by Nevada Revised Statutes ("NRS") to operate as a public charter school and is governed by an eight-member Board of Directors (the "Board"). The Board is comprised of various educational leaders, business professionals, and civic-minded individuals throughout Elko County, Nevada.

The School was established in December 2008 to provide high quality education to children from kindergarten through eighth grade. The School's mission is to ensure its students receive the best education possible and they obtain the necessary skills, knowledge and confidence to succeed in their future. The Board possesses the final decision-making authority and is held primarily accountable for those decisions. It is also responsible for adopting and approving the budget, establishing spending limits, funding deficits, and all other acts necessary to carry out the purposes for which the School was created.

The accompanying projection presents the School's hypothetical plans to construct a building, to allow for growth and expansion of the School. The purchases are projected to be financed by a United States Department of Agriculture ("USDA") direct note payable.

B. <u>Basis of Assumptions</u>

The financial projections present to the best of management's knowledge and belief the School's expected results of operations for the projection periods provided the loan is obtained and the construction is completed. Accordingly, the projection reflects management's judgment as of July xx, 2021, the date of this projection, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the projection. There will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. The assumptions are not considered to be all-inclusive. The assumptions disclosed are based upon management's judgment at the time the prospective information was prepared.

The financial projection has been prepared on the basis of accounting principles generally accepted in the United Stated of America ("GAAP") as applicable to governments expected to be used in the financial statements covering the projection periods, which are the same as those used to prepare the historical financial statements.

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT NOTES TO PROJECTED FINANCIAL STATEMENTS

June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

2. Summary of Significant Accounting Policies

A. Measurement Focus and Basis of Accounting

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Revenues are based principally on the statutory reimbursement rate earned for each student that attends the School. Future statutory reimbursement rates are based on expected increase in rates and student enrollment that management believes will be in effect. Management bases the enrollment on market conditions, past experience and existing enrollment.

Expenditures are recorded when the related liability is incurred.

B. Deposits

All deposits of the School are made in local banks whose accounts are FDIC insured up to \$250,000 per bank. Estimated uninsured balances in future years could range between approximately \$1,359,000 and \$2,316,000 if the School chooses to utilize one financial institution to maintain cash balances.

C. <u>Cash and Cash Equivalents</u>

All cash investments with original maturities of three months or less are considered cash and cash equivalents. The School has no cash equivalents.

D. <u>Restricted Cash – USDA Debt Service Fund and Repair and Replacement Reserve Fund</u> The School will fund a debt service fund on an annual basis in the amount of \$37,613 which will be funded over a period of ten years. Proceeds from the debt service fund may be used to fund any deficiency in the principal or interest of the USDA note, while the note is outstanding for operational purposes. Interest earnings on the debt service fund will accrue to the School.

The School will fund a repair and replacement reserve in order to meet future capital needs. Amounts projected total \$28,725, \$28,725, \$60,000, \$140,000 and \$140,000 as of June 30, 2021, 2022, 2023, 2024 and 2025, respectively.

E. Capital Assets

Capital assets are defined by the School as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. These assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value determined at the date of donation.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings	39
Leasehold improvements	39
Vehicles	7
Furniture, fixtures and equipment	5-7
Computers and smartboards	5

NOTES TO PROJECTED FINANCIAL STATEMENTS June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

2. <u>Summary of Significant Accounting Policies</u> (Continued)

E. <u>Capital Assets</u> (Continued)

Depreciation expense is projected to be \$16,580, \$16,580, \$16,580, \$13,246, and \$213,708 for the years ending June 30, 2021, 2022, 2023, 2024, and 2025, respectively.

F. <u>Accrued Salaries</u>

Accrued salaries consist principally of salaries of certified staff (primarily teachers) that work under a 184-185 day contract to the School, but have elected to be paid over twelve months. The contract with the employees typically begins around the end of August and the accrued salaries relate to services rendered by the employees that have been fully earned by the employees prior to the end of the fiscal year.

G. <u>Compensated Absences</u>

Certified staff and certain hourly employees do not receive vacation leave. For other School employees, vacation leave is earned at rates dependent on length of employment and can be accumulated to a specific maximum number of days. The School pays limited accumulated sick leave benefits to employees upon retirement. Costs for unused vacation and sick leave are recognized for those employees retiring prior to year-end. Remaining costs of unused vacation and sick leave are recorded for those employees who have met the vesting standards as defined in the School policy manual based upon the termination method of payment. The amounts projected are included in accrued payroll expenses on the accompanying projected statements of net position.

H. <u>Net Position</u>

Net position in the financial statements is classified as net investment in capital assets; restricted and unrestricted. Net investment in capital assets represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. Restricted net position represents constraints placed on the use of assets by the external parties such as creditors, grantors, contributors, and/or enabling legislation.

I. <u>Funding</u>

The "Nevada Plan" is the current means used to finance elementary education in Nevada's public charter schools. The process is one in which the state provides a guaranteed amount of funding to a local public charter school. The guarantee is made up on state support paid through the Distributive School Fund and sources collected locally through 2.25-cent Local School Support Tax and 25 cents of Ad Valorem Tax.

Local public charter schools receive apportionments based on a count of children enrolled in the school on the last day of the first school month of the year. Each local public charter school is guaranteed a specific amount per pupil that is developed through a special formula that considers the demographic and geographic characteristics of the public charter school. Transportation is included in the amount per pupil at the rate of 85% of actual historical cost to the public charter school with an increase for inflation based on the Consumer Price Index. A wealth adjustment is made to the support per pupil based on the local public charter school's ability to generate revenues that are outside of the guaranteed level.

NOTES TO PROJECTED FINANCIAL STATEMENTS June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

2. <u>Summary of Significant Accounting Policies</u> (Continued)

I. <u>Funding</u> (Continued)

Special education is funded on a unit basis at a legislative approved amount per unit. A unit is an organized instructional unit, which includes full-time services of certified personnel providing a program of instruction in accordance with minimum standards prescribed by the State Board of Education.

Public charter schools are protected from significant decreases in enrollment through "Hold Harmless" statutory provisions. If the enrollment of pupils on the last day of the first school month for the school year is less than the enrollment on the last day of the first school month for the prior, or in certain limited circumstances either or both of the immediately preceding two school years, the largest number must be used from among the applicable two or three years for purposes of apportioning money from the state distributive school account to that school district pursuant to NRS 387.124.

J. Use of Estimates and Assumptions

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

K. <u>Net Pension Liability</u>

The School is a participating employers in the statewide Public Employees' Retirement System of the State of Nevada ("PERS"). PERS administers a cost-sharing, multipleemployer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The School records a liability for its proportionate share of the net pension liability, which is calculated by an actuarial valuation. The School's proportion of the net pension liability is based on a projection of the School's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating PERS employers, actuarially determined.

The School estimates that its total net pension liability will be \$1,433,895, \$1,538,491, \$1,650,717, \$1,771,129 and \$1,900,324 as of June 30, 2021, 2022, 2023, 2024 and 2025, respectively.

L. <u>Risk Management</u>

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

NOTES TO PROJECTED FINANCIAL STATEMENTS June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

3. Summary of Significant Projection Assumptions

The projected plan consists of constructing a new building for the School. The School will terminate the lease at its current building and move to the larger building, which will provide for expansion. The following are the estimated sources and uses of funds for the proposed project:

Sources:		
USDA Debt	\$	8,200,000
Applicant Contribution	-	1,000,000
Total Sources	\$	9,200,000
Uses:		
	4	4 200 000
Land Building	Ş	1,200,000 8,000,000
bunung	2	

Revenues

The primary factor in generating revenue for the School is its ability to enroll students. The School is funded on its count of children enrolled in the school on the last day of the first school month of the year. Federal funding is by grants that are applied for and awarded annually. Special education is funded on a unit basis at a legislative approved amount per unit. A unit is an organized instructional unit, which includes full-time services of certified personnel providing a program of instruction in accordance with minimum standards prescribed by the State Board of Education. The School plans to expand the number of classrooms and the capacity for the number of students served.

NOTES TO PROJECTED FINANCIAL STATEMENTS June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

3. <u>Summary of Significant Projection Assumptions</u> (Continued)

Revenues (Continued)

Enrollment for the School is projected to be as follows:

Grade	2020- 2021	2021- 2022	2022- 2023	2023- 2024	2024- 2025		
K	23	23	23	44	44		
1st	22	22	22	44	44		
2nd	22	22	22	44	44		
3rd	22	22	22	44	44		
4th	22	22	22	44	44		
5th	22	22	22	44	44		
6th	22	22	22	44	44		
7th	22	22	22	44	44		
8th	20	20	20	44	44		
Total	197	197	197	396	396		

State revenues are based upon historical trends and increase based upon projected enrollment throughout the projection period. The projected state revenues reflects the Senate Bill No. 458 – Committee on Finance ("Bill") that was recently passed on May 24, 2021. This Bill ensures sufficient funding for K-12 public education. This Bill's impact on the School is a reduction of \$1,564 per student enrolled beginning in FYE 2022 and continuing through FYE 2025. Federal revenues are based upon the historical trend of annual federal grant awards. Actual results may differ and a range of possibilities may exist when determining funding during the projection period. Per pupil funding for state and federal revenues in the aggregate are projected to be as follows for the years ending:

Fiscal Year	Revenues						
FY2021	\$10,778						
FY2022	\$9,439						
FY2023	\$9,667						
FY2024	\$9,848						
FY2025	\$10,059						

Refundable advance – PPP revenue represents the projected forgiveness of the School's loan in the amount of \$269,399 that was received in April 2020 under the Payroll Protection Program ("PPP") pursuant to the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and administered by the Small Business Administration. The loan is forgiveable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities and the borrower maintains specified levels of payroll and employment. The loan is projected to be forgiven during the year ending June 30, 2021.

Capital campaign revenue represents projected contributions to assist with funding the projected construction project.

Other revenue includes monies received for field trips, clubs and other fees.

NOTES TO PROJECTED FINANCIAL STATEMENTS June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

3. <u>Summary of Significant Projection Assumptions</u> (Continued)

Expenses

Projected expenses are based on management's judgment and experience in the management of charter schools. Projected expenses include salaries and benefits, purchases services, supplies and other expenses required to operate the School.

4. Long-Term Obligations

Existing Obligations

Notes Payable

In June 2019, the School entered into an unsecured note payable with a financial institution for \$17,406 for a construction loan. This note bore interest at 6.0% per annum, with a maturity date of September 2020. Monthly payments were \$1,208. The projected liability is \$0, \$0, \$0, \$0 and \$0 as of June 30, 2021, 2022, 2023, 2024 and 2025, respectively.

Also in June 2019, the School entered into a secured note payable with a financial institution for \$29,887 for the purchase of two vans. This note bears interest at 2.75% per annum, with a maturity date of January 2022. Monthly payments are \$1,000. The projected liability is \$6,933, \$0, \$0, \$0 and \$0 as of June 30, 2021, 2022, 2023, 2024 and 2025, respectively.

In March 2020, the School entered into a secured note payable with a financial institution for \$400,000 for the purchase of land. This note bears interest at 6.0% per annum, with a maturity date of March 2035. Monthly payments are \$3,376. The projected liability is \$378,808, \$360,543, \$341,150, \$320,560 and \$298,699 as of June 30, 2021, 2022, 2023, 2024 and 2025, respectively.

Hypothetical Notes Payable

Interim Construction Loan

In January 2023, the School plans to enter into a \$8,200,000 construction loan agreement to fund the construction of a new building for the School. The construction loan agreement will be held with a local financial institution. At the end of the construction period, estimated to be in June 2024, the School plans to refinance the construction loan with a USDA direct loan. Financing terms for the construction loan have not been agreed to, however, this projection assumes the following hypothetical note payable terms.

The construction loan agreement will have a maximum borrowing capacity of \$8,200,000 on which interest will accrue monthly at a rate of 5.0%. Upon completion of the construction, estimated to be June 2024, the School will refinance the borrowings on this construction loan with a USDA direct loan.

The projected liability related to the construction loan is \$0, \$0, \$2,066,667, \$0 and \$0 as of June 30, 2021, 2022, 2023, 2024 and 2025, respectively.

NOTES TO PROJECTED FINANCIAL STATEMENTS June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

4. Long-Term Obligations (Continued)

Hypothetical Notes Payable (Continued)

Permanent Financing – USDA Direct Loan

The USDA direct loan for the purchase of the construction of a new building for the School is estimated to be for \$8,200,000 on which interest will accrue annually at a rate of 2.25% for a thirty-year term. Repayment of the principal and interest on the note will be made in monthly payments of \$31,344 beginning July 2024. All unpaid principal and interest will be due upon maturity in June 2054. The projected liability is \$0, \$0, \$8,200,000 and \$8,006,381 as of June 30, 2021, 2022, 2023, 2024, and 2025, respectively.

USDA Covenants

The USDA note payable will be secured by a pledge of all revenues of the School, including but not limited to all State and federal funds received by the School, all tuition and other revenues of the borrower and all gifts and donations received from whatever source, all as to be more fully described in the legal documents ("Pledged Revenues"). The School will manage the facilities as a revenue generating facility (charter school), and not to create, assume, incur or suffer to be created, assumed or incurred any liens (other than permitted encumbrances) on all or any portion of the facilities or the Pledged Revenues. Such pledge will be available only to satisfy any obligation legally due and outstanding pursuant to the financing documents.

A first lien position on substantially all assets of the borrower including but not limited to the school facilities, additional improvements, land, equipment and reserve funds held in trust (see below).

USDA will require the borrower to fund a debt service reserve equal to 10% of its annual debt service until one annual payment is held in reserve in a restricted account held and maintained by the borrower. The estimated fully funded reserve account balance will be \$376,130. Should funds be withdrawn from the account to cover debt service, the School, subject to USDA discretion, may be required to replenish any funds drawn from the debt service reserve account in six months commencing 90 days after such withdrawal. Failure to cure within the given timeframe may cause the borrower to be deemed in non-monetary default and interest may accrue at the default interest rate. Such reserves will be funded with excess revenues and shall be maintained for the life of the loan. The amounts maintained in the debt service reserve account shall only be invested in instruments that are approved by USDA.

5. <u>Operating Lease</u>

The School entered into an agreement with Vaughn Industrial Park commencing on May 7, 2020 through August 30, 2020 with a renewal option. Terms of the lease specify annual base rent of \$132,250 through August 31, 2024. The annual rent is to be prepaid in a lump sum for the forthcoming year on September 1 of each year. Rent expense is projected to be \$132,250, \$132,250, \$132,250, \$132,250, \$132,250, \$0 and \$0 for the years ending June 30, 2021, 2022, 2023, 2024, and 2025, respectively, and is included in purchased services on the accompanying projected statements of activities.

NOTES TO PROJECTED FINANCIAL STATEMENTS June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

6. <u>Summary Disclosure of Uncertainties</u>

Normal Operations

Future economic and other factors may adversely affect the School's revenues and expenses. Among the factors that could have such adverse effects are: decreases in the number of students seeking to attend the School at optimum levels for each grade level; decreases in the level of payments from the State of Nevada or other student enrollment-based funding by the federal government; decline in the ability of the School and its management to provide education desired and accepted by the population served; competition from other educational institutions, private schools and public schools.

Coronavirus

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. As a result, economic uncertainties have arisen that may negatively impact revenues, though such potential impact is uncertain at this time. Management determined that the projected enrollment and per pupil funding used in the accompanying financial statements, the two main factors in estimating revenue, is considered appropriate in the circumstances.

SUPPLEMENTARY INFORMATION

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Projected Schedule of Debt Service

	 Existing Debt						Hypothetical Debt						Total Debt Service	
Year Ended	 Principal		Interest		Total		Principal		Interest		Total	_	Payments	
6/30/2021	\$ 32,413	\$	23,702	\$	56,115	\$	-	\$	-	\$	-	\$	56,115	
6/30/2022	25,198		22,302		47,500		-		-		-		47,500	
6/30/2023	19,393		21,112		40,505		-		30,139		30,139		70,644	
6/30/2024	20,590		19,914		40,504		-		269,444		269,444		309,948	
6/30/2025	21,861		18,643		40,504		193,619		182,511		376,130		416,634	
6/30/2026	23,210		17,295		40,505		198,020		178,110		376,130		416,635	
6/30/2027	24,642		15,863		40,505		202,522		173,608		376,130		416,635	
6/30/2028	26,164		14,341		40,505		207,126		169,004		376,130		416,635	
6/30/2029	27,779		12,726		40,505		211,835		164,295		376,130		416,635	
6/30/2030	29,493		11,012		40,505		216,651		159,479		376,130		416,635	
6/30/2031	31,314		9,191		40,505		221,576		154,554		376,130		416,635	
6/30/2032	33,247		7,258		40,505		226,613		149,517		376,130		416,635	
6/30/2033	35,299		5,206		40,505		231,765		144,365		376,130		416,635	
6/30/2034	37,478		3,027		40,505		237,034		139,096		376,130		416,635	
6/30/2035	30,074		760		30,834		242,422		133,708		376,130		406,964	
6/30/2036	-		_		-		247,933		128,197		376,130		376,130	
6/30/2037	-		-		-		253,570		122,560		376,130		376,130	
6/30/2038	-		-		-		259,334		116,796		376,130		376,130	
6/30/2039	-		-		-		265,230		110,900		376,130		376,130	
6/30/2040	-		-		-		271,259		104,871		376,130		376,130	
6/30/2041	-		-		-		277,426		98,704		376,130		376,130	
6/30/2042	-		-		-		283,733		92,397		376,130		376,130	
6/30/2043	-		-		-		290,183		85,947		376,130		376,130	
6/30/2044	-		-		-		296,780		79,350		376,130		376,130	
6/30/2045	-		-		-		303,527		72,603		376,130		376,130	
6/30/2046	-		-		-		310,427		65,703		376,130		376,130	
6/30/2047	-		-		-		317,484		58,646		376,130		376,130	
6/30/2048	-		-		-		324,702		51,428		376,130		376,130	
6/30/2049	-		-		-		332,083		44,047		376,130		376,130	
6/30/2050	-		-		-		339,633		36,497		376,130		376,130	
6/30/2051	-		-		-		347,354		28,776		376,130		376,130	
6/30/2052	-		-		-		355,250		20,880		376,130		376,130	
6/30/2053	-		-		-		363,326		12,804		376,130		376,130	
6/30/2054	-		-		-		371,583		4,547		376,130		376,130	
otal	\$ 418,155	\$	202,352	\$	620,507	\$	8,200,000	\$	3,383,483	\$	11,583,483	\$	12,203,990	

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Annual Debt Service Coverage Ratio Years Ending June 30, 2021, 2022, 2023, 2024 and 2025 (Projected)

Debt Service Coverage Ratio	2020-21	2021-22	2022-23	2023-24	2024-25				
State and federal	\$ 2,123,356	\$ 1,859,390	\$ 1,904,457	\$ 3,899,835	\$ 3,983,176				
Refundable advance - PPP	269,399	-	-	-	-				
Capital campaign	250,000	750,000	-	-	-				
Other	128,339	131,547	134,836	138,207	141,662				
Total Revenue	2,771,094	2,740,937	2,039,293	4,038,042	4,124,838				
Total Expenses	2,016,065	2,041,067	2,105,868	3,978,451	4,194,860				
Change in Net Assets	755,029	699,870	(66,575)	59,591	(70,022)				
Add / (Less):									
Depreciation	16,580	16,580	16,580	13,246	213,708				
Interest expense	23,702	22,303	51,251	289,358	201,155				
Net Revenue Available for Debt Service	795,311	738,753	1,256	362,195	344,841				
Annual Debt Service:									
Principal	32,414	25,198	19,393	20,590	215,480				
Interest	23,702	22,303	51,251	289,358	201,155				
Total Annual Debt Service	56,116	47,501	70,644	309,948	416,635				
Annual Debt Service Coverage Ratio	14.17x	15.55x	0.02x	1.17x	0.83x				
Annual Debt Service Coverage Ratio 14.17x 15.55x 0.02x 1.17x 0.83x									

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ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Sensitivity Analysis - 5% Enrollment Decline Years Ending June 30, 2021, 2022, 2023, 2024 and 2025

Because projections are based on assumptions about circumstances and events that have not yet occurred, they are subject to unanticipated events and circumstances that may arise as future operations actually occur. Accordingly, the actual results achieved during the projection period will vary from the projection, and the variations may be material.

The sensitivity of changes to critical variables is an important consideration in evaluating the projected financial statements. The following analyses contrasts the sensitivity of certain variables assuming that only the variable being considered will change, and all other assumptions or relationships will remain as originally projected. The extent of increases or decreases of other variables associated with the one being considered has not been determined.

Sensitivity A - Enrollment Declines at 5%

This sensitivity analysis includes a decline in state and federal revenue of 5.0 percent for each projection year presented. The impact of a 5.0 percent decline in enrollment is as follows:

	2021	2022	2023	2024	2025
Enrollment	197	197	197	396	396
Change in Net Assets:				• • • • • • • • • • • • • • • • • •	• (-0 0 0 0)
Projection Sensitivity analysis	\$ 755,029 648,861	\$ 699,870 606,901	\$ (66,575) (161,798)	\$	\$ (70,022) (269,181)
Difference	(106,168)	(92,970)	(95,223)	(194,992)	(199,159)
Add:					
Depreciation Interest expense	16,580 23,702	16,580 22,303	16,580 51,251	13,246 289,358	213,708 201,155
Net revenue available for debt service:					
Projection Sensitivity analysis	795,311 689,143	738,753 645,784	1,256 (93,967)	362,195 167,203	344,841 145,682
Difference	(106,168)	(92,970)	(95,223)	(194,992)	(199,159)
Annual Debt Service:					
Principal Interest	32,414 23,702	25,198 22,303	19,393 51,251	20,590 289,358	215,480 201,155
Total annual debt service	56,116	47,501	70,644	309,948	416,635
Annual debt service coverage ratio:					
Projection Difference	14.17x -1.89x	15.55x -1.96x	0.02x 	1.17x 	0.83x -0.48x
Sensitivity analysis	12.28x	13.60x	-1.33x	0.54x	0.35x

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Sensitivity Analysis - 10% Enrollment Decline Years Ending June 30, 2021, 2022, 2023, 2024 and 2025

Because projections are based on assumptions about circumstances and events that have not yet occurred, they are subject to unanticipated events and circumstances that may arise as future operations actually occur. Accordingly, the actual results achieved during the projection period will vary from the projection, and the variations may be material.

The sensitivity of changes to critical variables is an important consideration in evaluating the projected financial statements. The following analyses contrasts the sensitivity of certain variables assuming that only the variable being considered will change, and all other assumptions or relationships will remain as originally projected. The extent of increases or decreases of other variables associated with the one being considered has not been determined.

Sensitivity B - Enrollment Declines at 10%

This sensitivity analysis includes a decline in state and federal revenue of 10.0 percent for each projection year presented. The impact of a 10.0 percent decline in enrollment is as follows:

	2021	2022	2023	2024	2025
Enrollment	197	197	197	396	396
Change in Net Assets:					
Projection Sensitivity analysis	\$ 755,029 542,693	\$ 699,870 513,931	\$ (66,575) (257,021)	\$	\$ (70,022) (468,340)
Difference	(212,336)	(185,939)	(190,446)	(389,984)	(398,318)
Add:					
Depreciation Interest expense	16,580 23,702	16,580 22,303	16,580 51,251	13,246 289,358	213,708 201,155
Net revenue available for debt service:					
Projection Sensitivity analysis	795,311 <u>582,975</u>	738,753 552,814	1,256 (189,190)	362,195 (27,789)	344,841 (53,477)
Difference	(212,336)	(185,939)	(190,446)	(389,984)	(398,318)
Annual Debt Service:					
Principal Interest	32,414	25,198	19,393	20,590	215,480
Intelest	23,702	22,303	51,251	289,358	201,155
Total annual debt service	56,116	47,501	70,644	309,948	416,635
Annual debt service coverage ratio:					
Projection	14.17x	15.55x	0.02x	1.17x	0.83x
Difference	-3.78x	-3.91x	-2.70x	-1.26x	-0.96x
Sensitivity analysis	10.39x	11.64x	-2.68x	-0.09x	-0.13x

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Sensitivity Analysis - 15% Enrollment Decline Years Ending June 30, 2021, 2022, 2023, 2024 and 2025

Because projections are based on assumptions about circumstances and events that have not yet occurred, they are subject to unanticipated events and circumstances that may arise as future operations actually occur. Accordingly, the actual results achieved during the projection period will vary from the projection, and the variations may be material.

The sensitivity of changes to critical variables is an important consideration in evaluating the projected financial statements. The following analyses contrasts the sensitivity of certain variables assuming that only the variable being considered will change, and all other assumptions or relationships will remain as originally projected. The extent of increases or decreases of other variables associated with the one being considered has not been determined.

Sensitivity C - Enrollment Declines at 15%

This sensitivity analysis includes a decline in state and federal revenue of 15.0 percent for each projection year presented. The impact of a 15.0 percent decline in enrollment is as follows:

	2021	2022	2023	2024	2025
Enrollment	197	197	197	396	396
Change in Net Assets:	¢ 755.000	¢ 000.070	¢ (00 F75)	ф <u>го</u> со 4	¢ (70.000)
Projection Sensitivity analysis	\$ 755,029 436,526	\$ 699,870 420,962	\$ (66,575) (352,244)	\$	\$ (70,022) (667,498)
Difference	(318,503)	(278,909)	(285,669)	(584,975)	(597,476)
Add:					
Depreciation Interest expense	16,580 23,702	16,580 22,303	16,580 51,251	13,246 289,358	213,708 201,155
Net revenue available for debt service:					
Projection Sensitivity analysis	795,311 476,808	738,753 459,845	1,256 (284,413)	362,195 (222,780)	344,841 (252,635)
Difference	(318,503)	(278,909)	(285,669)	(584,975)	(597,476)
Annual Debt Service:					
Principal	32,414	25,198	19,393	20,590	215,480
Interest	23,702	22,303	51,251	289,358	201,155
Total annual debt service	56,116	47,501	70,644	309,948	416,635
Annual debt service coverage ratio:					
Projection	14.17x	15.55x	0.02x	1.17x	0.83x
Difference	-5.68x	-5.87x	-4.04x	-1.89x	-1.43x
Sensitivity analysis	8.50x	9.68x	-4.03x	-0.72x	-0.61x

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Projected Industry Ratio Calculations Years Ending June 30, 2021, 2022, 2023, 2024 and 2025

Quick Ratio	0.66x	0.55x	0.72x	0.86x	0.87x
Total Assets	 2,951,533	3,733,483	5,829,145	12,177,704	12,025,304
Total Liabilities	\$ 1,953,748 \$	2,035,828 \$	4,198,065 \$	10,487,033 \$	10,404,655
Debt to Asset Ratio	2021	2022	2023	2024	2025

Days Cash on Hand	2	.021	2	022	2023	2024	2025
Cash and Cash Equivalents	\$ 1	,740,098	\$2	,536,808	\$ 1,549,252	\$ 1,709,572	\$ 1,731,810
Total Expenses	2	,016,065	2	,041,067	2,105,868	3,978,451	4,194,860
Less: Depreciation		16,580		16,580	16,580	13,246	213,708
Net Operating Expenses	1	,999,485	2	,024,487	2,089,288	3,965,205	3,981,152
Divided by		365		365	365	365	365
Daily Expenses		5,478		5,547	5,724	10,864	10,907
Days Cash on Hand		318		457	271	157	159

Total Margin	2021		2022	2023	2024	2025
Change in Net Position	\$ 755,029	\$	699,870	(66,575)	\$ 59,591	\$ (70,022)
		<u> </u>	· · · ·		· · · ·	
Total Revenues	2,771,094		2,740,937	2,039,293	4,038,042	 4,124,838
Total Margin	27.2%	, 0	25.5%	-3.3%	1.5%	-1.7%

Net Position Ratio	0.49x	0.83x	0.77x	0.42x	0.39x
Total Expenses	2,016,065	2,041,067	2,105,868	3,978,451	4,194,860
Ending Net Position	\$ 997,785 \$	1,697,655 \$	1,631,080 \$	1,690,671 \$	1,620,649
Net Position Ratio	2021	2022	2023	2024	2025

Introduction and History

Elko Institute for Academic Achievement ("EIAA" or the "School") is a Nevada nonprofit pursuant to the provisions of chapter 82 of the Nevada Revised Statutes and public school located in Elko, Nevada. The School was established in 2009. The School is a Nevada public charter school currently serving approximately 198 students in grades K-8 as of June 30, 2020. The 2009-10 school year was the School's first year in operation. The School also has a waiting list of 190 students seeking enrollment. The School provides instruction to students residing in Elko County and other surrounding counties. The School operates pursuant to a charter agreement (the "Charter") between the School and the Nevada State Charter Authority (the "Authority").

The Authority has approved the Charter for the School subject to adherence to all requirements set forth in the Charter and in the Charter School Act. The agreement constitutes a Renewed Charter Contract (the "Charter Contract") executed between the Nevada State Public Charter School Authority (the "Authority"), and Elko Institute for Academic Achievement, a Nevada nonprofit corporation, (the "Charter School" and collectively, "the Parties"), to establish and operate the Elko Institute for Academic Achievement, an independent and autonomous public school authorized to operate in the State of Nevada.

Financing

EIAA anticipates financing the construction of a building, to allow for growth and expansion of the School, for \$8,200,000 utilizing a direct loan from the United States Department of Agriculture ("USDA"). It is the School's intent to provide additional cash contributions of \$1,000,000 to fund the project.

Existing Facilities

The School currently leases the building from which it operates. The facility was built in 1983 and is approximately 11,000 square feet. The original facility was an open warehouse with no walls, ceilings, or doors. There were partitions separating the individual classrooms, so it was extremely loud. Over the past 11 years, EIAA has installed walls, ceilings, and doors. The School is not planning to purchase this building and continue normal school operations within this facility once the new facility is complete.

Proposed Facilities

The School has purchased 9.33 acres of vacant land and plans on constructing a new facility upon this property.

Need for Facilities

Constructing a new facility will support the School's continued growth and objective to educate students within the Elko County, Nevada area and provide school choice to an additional 198 students.

Regulatory Agency Approval

The School is regulated by a local Board of Directors (BOD) who are full volunteers. They receive no compensation for their service on the board. They oversee all actions, decisions and vision for the School.

On September 24, 2020, the BOD approved that the School move forward with the USDA loan application and related project.

Service Area

The School's primary service area is located in Elko, Nevada. EIAA is in Elko County. The School's main enrollment is from Elko County and the surrounding area.

Population of the Service Area

Elko County, according to the latest U.S. Census data (2019), had 52,778 residents. As of 2010, the population estimate for Elko County was 48,818.

Similar Facilities and Services in the Area

Elko County Public Schools – These schools consist of grades K-8. Enrollment is approximately 5,666 students. Location is approximately 2-12 miles from the School.

Economy in the Service Area

The economy of Elko County, Nevada employs 21,159 people. The largest industries in Elko County are mining (2,748), retail trade (1,258), and health care and social assistance (786). In terms of employment, the top employers are:

- Nevada Gold Mines
- Barrick Goldstrike
- Elko County School District
- Casinos
- Great Basin College
- Elko County
- Northeastern Nevada Regional Hospital

The unemployment rate has been steadily declining in Elko County over the last 10 years with the highest being 8.9% in March 2010, and then falling steading until December 2019 when it was 2.6%. In February 2021, it was 3.9%, which is up from 3.0% in November 2020.

Program of Instruction

The mission of the School is to foster a rich learning environment that embodies the Core Knowledge Curriculum, Outcomes and Benchmarks: Common Core and Essential State Standards; Process: Inquiry Learning and the formula for Greatness, which fuels the daily learning environment. Grounded in humble respect for our surroundings, the individual, and the world as a whole, we seek to engage the unique passions and aptitudes of our school community so that in addition to achieving academic fluency, students become thoughtful, compassionate, and engaged.

Complying with the Mission Statement: At EIAA, we strive to support the development of creative, abstract, critical and higher order thinking skills through the implementation of STEAM, common core requirements, and the Next Generation Science Standards. We also aim to provide students with the opportunity to develop problem solving/critical thinking skills through the creation of dynamic curriculum that delivers students with options that adapt, modify, extend, or differentiate how the individual learner will be taught.

The School's instructional program is built around the Nevada Academic Content Standards. Our academic plan centers around closing all achievement gaps through the implementation of highly effective strategies, so all our students achieve their maximum academic potential.

EIAA focuses its efforts on providing a learning environment that endorses higher expectations using extremely motivating curriculum standards with a large emphasis on technology. Unlike the public-school system. EIAA concentrates on creating real-world learning opportunities by utilizing the expertise of individuals and businesses within the community and contacting those individuals outside the community that can provide invaluable information. The learning opportunities also include using the natural resources available.

EIAA has developed a collective setting that promotes a shared responsibility for all students within our organization; no matter the grade they are currently enrolled. By focusing on each student's educational potential, we strive to elevate those students into those curriculum lessons that allow the fostering of student's strengths. Recognizing a student's ability to exceed current grade curriculum in specific content areas and allowing them the opportunity to move up for instruction is one way we become a leader in innovative teaching methods. Because our organization is based on a 22 to 1 class size, we have a unique opportunity to achieve this improvement that the public-school system does not.

More specifically, we have worked to implement data driven instruction by creating student portfolios and meeting together once a month to discuss each student's strengths and areas of improvement. These meetings are detailed in nature with staff focusing on which personalized strategies will best benefit each student and how best to implement them for maximum growth. It is important this process remain in place and it be refined to ensure it is streamlined and effective. Additionally, EIAA implemented a PBS/RTI model to ensure any obstacles interfering with maximum student achievement are being addressed. This program remains in place with continued support by all stakeholders. An important component of this program is the gathering of data and the implementation of interventions specifically designed to address the individual challenges for each student whether it be behaviorally or academically based or a combination of both. Interventions are currently in place for those students who have demonstrated a need for them with continuous evaluation and revision as needed.

Program of Instruction (Continued)

An extensive analysis of our reading levels and growth measures across all grade levels revealed that the Lucy Caulkins Readers/Writers Workshop being implemented at the middle school level was providing heightened growth levels across the board. Due to this insight, we determined we would implement this program school-wide. Other programs that have been applied on a school-wide basis as a result of data collected are Eureka math and Words Their Way. These programs will continue as long as the data indicates successful growth models.

There are several programs EIAA began executing in the past couple of years that have had a huge impact on student success: 1. The Leader in Me initiative began in the 2018-19 school year instilling the role of 'being a leader' into each of our classrooms. Every student has a Leadership Binder where they are setting and tracking both short and long-term goals, tracking growth through assessments and data tracking. 2. Our Life Coach has also been instrumental in creating Girls Circle, Boys Circle, life skills within each classroom, defined groups as needed, and individual support to name a couple of the most successful.

EIAA has adopted a Restorative Discipline Plan, School Improvement Plan, and Literary Plan:

According to the Literacy Plan, by June 2021 EIAA will move 20% of our students from tier 2 to tier 1 instruction using multiple formative and summative assessments to track progress, by June 2021 EIAA will move 10% of its students from tier 3 to tier 2 instruction using multiple formative and summative assessments to track progress both utilizing NWEA-MAP, I-Ready, SBAC, and DRA data, and finally, it was our goal by Sept. 18th, 2020, EIAA will have leadership notebooks implemented for each student to track success criteria and goal setting, using progress monitoring and formative assessments on a weekly basis. This goal has been met with every classroom developing/using student Leadership binders where students are responsible for tracking individual progress. These goals will be tracked in collaboration with parents, students, and teachers to ensure the effectiveness of interventions and to determine "next steps" in the classroom Response to Intervention plans.

EIAA's Restorative Practices have been adopted with the intent of pro-actively developing relationships and a sense of community, as well as repairing the community when harm is done. After conflict or harm, Restorative Practices provides a way of thinking about, talking about, and responding to issues and problems by involving all participants, and facilitating a conversation where each participant is asked to discuss their feelings and opinions, identify what happened, describe how it affected those involved, and find solutions to repair the harm. When successfully integrated throughout the school culture and climate, Restorative Practices creates safe and productive learning spaces where students develop social and emotional skills, along with strong relationships with peers and adults. These practices support the whole student in academics as well as socially and emotionally.

Program of Instruction (Continued)

EIAA has taken a deep dive into our data over the last two years. While analyzing our data it was found that we had guite a few holes in our tier one instruction causing holes throughout the school in student learning. The last two years we have worked closely with the Northeastern Nevada Regional Professional Development Program ("NNRPDP") to implement and provide professional development for new curricula to strengthen our tier one instruction. During the 2017-2018 school year, EIAA worked to implement Eureka Math. During the 2018-2019 school year, EIAA worked to implement Reader's and Writer's Workshop. Now that our core tier one instruction is in place we can focus on subgroups and tier two instruction with interventions. EIAA used 2019-2020 school vear to implement and use the Data Wise structure for our data process. It is our goal to provide teachers with professional development on interpreting and comparing data from multiple assessments (Learner Centered Problem) and how to implement new teaching strategies targeted to areas of need identified by data (Problem of Practice). In addition, we have hired a learning strategist and a third-party evaluator to evaluate our data and professional development plan moving forward (Impact Evaluation and Assessment Services). EIAA's 2021-2022 goals are focused on using that data by contracting with Data Driven Nevada to discuss end of year data and collaborate with grade level teachers above and below their grade. Teachers are also creating success criteria for each classroom that will be shared with students and parents in order to establish measurable academic goals for each student.

Extracurricular Activities

<u>Clubs</u>

The School provides students with a wide array of after school clubs and programming including Robotics, Art Club, Book Club, Archeology, Archery Club, and a Games Club.

<u>Sports</u>

Students at the School can participate in basketball, baseball, soccer, softball, and golf through various local organizations. EIAA does offer middle school volleyball and track as an extracurricular activity.

Staff Development

The School's staff receives targeted staff development in core instructional subjects like literacy and math as well as in Project Based Learning, Social and Emotional Learning, Mindfulness, working with students with disabilities, policies and procedures, and technology. The School's staff members are also encouraged to attend conferences and trainings that suit individual professional interests.

Over the past 9 years, we have been able to sustain a constant level of staff members with the longest starting the second year the school opened. The average time served for the 19 staff members is five and a half years with only one new employee in the current school year.

Staff Development (Continued)

EIAA administration has partnered with each teacher through the process of observations, individual meetings, and group meetings to identify any existing deficits that need to be addressed. In addition, the professional development has assisted in identifying areas that need to be focused on with more depth and intentionality. We are now a leader in matching curriculum to student ability, and we actively promote self-efficacy and encourage students to think critically, produce creatively, develop special talents and embrace challenges. The initiative adopted and embraced by both staff and administration is to ensure our teaching methods and performance surpass those that have been established as standard making us the leading force in providing the greatest educational experience for our students.

An essential foundation in building our school sustainability, which ultimately results in high achieving students, is a centrally dynamic staff who are deeply proficient in the Common Core standards, and who understand and implement best practices. Highly intentional professional development plays a vital role in this process. Effective professional development is the vehicle that drives our staff forward creating positive change with the result of high achieving students becoming the main goal and establishing strong relationships with NNRPDP

Parent Involvement

The School is fortunate to have an extremely active and engaged parent base. Parents are encouraged to provide volunteer service to the school. This service takes a wide variety of forms including, but not limited to, driving for field trips, providing snacks for staff and students, academic enrichment, tutoring, clerical support, guest speaking, musical performance, storytelling, and more.

EIAA is dedicated to recruiting and partnering with families and students who are passionate lifelong learners. EIAA has a strong parent organization working hand-in-hand with the EIAA governing body, administration, and teachers to ensure our students receive a tailored and dynamic educational experience. The learning community we wish to serve because of the relocation is the same community we are currently serving.

Competitive Advantage

Currently there are 16 other elementary and middle school in Elko County. The School's Board of Directors believes in offering educational choice opportunities to children and families beginning in kindergarten within a continuum of excellence through Grade 8. The School understands and accepts the path to school-wide "Educational Greatness" for our students will require dedication, determination, consistency, and perseverance grounded in a belief that all students possess capacity, natural curiosity, and a desire for personal fulfillment. The School's role and obligation will be to create an educational environment where students and the greater learning community thrive.

Competitive Advantage (Continued)

EIAA is in a position unique from most public schools. Because we are a small rural school, administration has been able to establish invaluable relationships with all stakeholders in order to achieve our overall goals. We have worked diligently to create a learning environment that is extraordinary offering our students opportunities that will not be found in the public-school system. The partnerships that we have been able to establish within the community, along with the commitments from parents, staff and students, have afforded an elevated level of achievements and success with our students.

EIAA focuses its efforts on providing a learning environment that endorses higher expectations using extremely motivating curriculum standards with a large emphasis on technology. Unlike the public-school system. EIAA was designed on creating real-world learning opportunities by utilizing the expertise of individuals and businesses within the community and contacting those individuals outside the community that can provide invaluable information. The learning opportunities also include using the natural resources available.

Conveniently Located

The School's location is conveniently located in the center of Elko county with easy access to Interstate 80 making it accessible to families from a variety of areas. This location was intentionally chosen to be able to attract students from surrounding cities.

Community Support

The input from stakeholders is essential in order to establish a positive relationship that carries into the operation of EIAA. There are several ways in which the stakeholders are made a partner within EIAA with the following just to name a few. It is through the volunteer time committed by parents that have provided teachers and staff opportunities to build relationships that have a direct correlation to the student achievement results by providing an additional support system. In order to sustain an effective partnership with parents, neighbors and local businesses within the community, administration needs to inform and support the ideas presented for the intended plan so a cohesiveness can be established between all involved stakeholders.

Improvement initiatives are constantly being reviewed and enriched. Several of these initiatives have been introduced by stakeholders themselves who have a vested interest in the success of EIAA, which would not have occurred if they were not convinced we were worth the efforts. One of the largest initiatives undertaken is forming partnerships with our business and industry leaders to create motivating curriculum directly related to real world applications. Teachers are only able to successfully create inspiring and diverse curriculum with the assistance of our community stakeholders. This is only one example of how we have used the information regarding stakeholder satisfaction to build invaluable relationships.

Community Support (Continued)

A variety of local businesses also provide ongoing support for the School. EIAA focuses its efforts on providing a learning environment that endorses higher expectations using extremely motivating curriculum standards with a large emphasis on technology. Unlike the public-school system. EIAA was designed on creating real-world learning opportunities by utilizing the expertise of individuals and businesses within the community and contacting those individuals outside the community that can provide invaluable information. The learning opportunities also include using the natural resources available.

One example, local industries and businesses partner with the middle school in providing occasions for the students to learn about career opportunities. This relationship has opened doors for students to be involved in planning their future with the help of industry leaders. It also gives these business leaders a sense of pride in being able to contribute to the success of these student's goals.

The eighth-grade class spends an entire year dedicated to future-centric learning that prepares students to tackle the major global challenges of the 21st century in meaningful ways. This project gives students the opportunity to deeply pursue a creative interest they would otherwise not experience in our academic program at EIAA. Students have the opportunity to take what they have learned in research, writing, math, reading and social studies and apply it to a real-world problem they are passionate about. Students are involved in researching, interviews with community leaders, working collaboratively with global constituents, developing a project/product that will be presented to the community in which it will serve.

In the end, each student will have created a product that serves a community they have identified as "in need". They acquire mentors who are leaders within each specific area of need they are working with to develop proposals, blogs, project overviews, contracts, PSA's and elevator pitches that will be presented to a live audience. These end products are then made accessible to the public through public events.

The expectations by all stakeholders of our organization are extremely high. We have worked diligently to promote our institution as a leader in educational opportunities and have a reputation for having higher expectations than those at the public school. This mentality has been accepted by all and we strive to maintain our credibility. The unwavering dedication demonstrated from administration and staff tends to be contagious in nature and leads to the effectiveness of managing the needs and expectations.

The seventh-grade math class has also used a Project Based Learning product that includes: Conceptual Designs, Supply Lists and Budgets, 3D models, Cost Analysis, and Statistical Analysis for our new school using the existing layout of the proposed building. A local developer, architect, engineer, and CPA has partnered with our middle school math teacher to assist in this project. These partnerships have proven to be instrumental for the students who have now become personally vested in the relocation being proposed. It is also through these projects in the classroom that parents are getting involved. The students have proven to be an integral source of information for the developers and architects when determining what students are looking for when developing and designing a facility that students will use.

Marketing Plan

The week before school begins, EIAA holds an open house, parent conference night where the parents can meet their child's teacher and discuss the upcoming year's expectations. During these open houses and conferences, teachers spend one-on-one time with the parent to get a full understanding of the expectations, both for their student and the teachers moving forward.

The first week of school, EIAA holds a parent-student math/ice cream social night where the parents and students are invited to attend. Each classroom devises a math concept students and parents complete together. Our middle school had a blank floor plan of the proposed site and had the students and parents work together to design a new facility. This was an opportunity for parents to be involved in identifying their expectations of our learning environment.

Each year, the School distributes informational flyers in the area targeting enrollment and special events. The School also does outreach in the community, including the following events: (2) Curriculum Nights, Book Fairs, Earth Day, Taco Walks, Trunk or Treat, Fun Run, Awards Day, Red Ribbon Week, and Seuss Read Across America Week. The School uses social media to advertise the School by marketing on Facebook and on the School's website. The School also sends out newsletters to families and gives incentives for families to encourage others to enroll. The School is in the process of developing a new marketing campaign for our potential families.

History and Performance of School

The School offers educational choice opportunities to children and families. The School opened in September of 2009 with an average daily attendance of 218 students in grades K-8. In September 2015, enrollment decreased with an average daily attendance of 178 students in K-8. The School's Principal Monthly Report for Month 1 reported 199 students in grades K-8 in August 2020. As noted, enrollment has continued to increase over the past five years with a steady increase also showing on the waiting list. According to the NV School Report Card, the School received a three-star for the elementary school and a five-star for the middle school academic years 2016-2017 and 2017-2018. The elementary dropped to a two-star for the academic year 2018-2019, and for 2019- 2020, there is no data since schools were closed due to COVID-19. See the bullets below indicating specific information for the subject areas.

EIAA has never been at full enrollment until this past year when we had the largest enrollment since inception, with exception to the first year. We were at full capacity with a waiting list of approximately 190 students. The school originally had two kindergarten classes, an AM and PM class, which consisted of 44 kindergarteners. This model was not successful because the School realized they would have to merge and flex students into one first and one second grade classroom. EIAA's board filed for an amendment to include only one kindergarten class of 22 students to match the enrollment of the following grades. With the conclusion of the open enrollment, we determined that the 2021-2022 school year would again begin at full capacity with an additional 190+ kids on the waiting list. This is a15% increase in enrollment from the 2015 school year to current.

History and Performance of School (Continued)

Unfortunately, with COVID-19 and the insecurities on the structure of the school systems for this current school year, several parents chose to home school their students to establish stability and assurances of a consistent educational environment. We lost 13 students after we announced our intent of opening under the Distance Learning protocol with a 25% capacity cap. On the other hand, we have also added new students from the district because of the ability to serve 25% of our high-risk students and to serve each student at least one time per week, as necessary.

In the past, EIAA has struggled to fill our Junior High for multiple reasons. We have lost students because parents wanted them to have an opportunity to play sports, and due to EIAA not having a facility where this could be incorporated. They felt their student would have a better chance of making the high school team if they attended the public school. This past year indicates that this trend is changing. We were at full capacity in the 2019-20 school year and in the 2020-21 school year.

We have also had several students who transferred from Elko County School District into our middle school credit deficient per our charter. EIAA worked with these parents and students to provide opportunities to make up credits; however, students came over with no credits and were unable to make them up leading to grade retentions. One aspect in EIAA's favor is the overall growth EIAA students have obtained while here and how successful our Junior High students have been moving into high school. With a full enrollment in seventh grade and eighth grade, EIAA should not have to experience another large group of students coming in credit deficient

The relocation of EIAA would allow the school to continue to serve those in Elko County with school choice when a quality education is the primary objective. Currently, the overall environment within our institution is built upon being proactive, supportive, and cooperative to promote an intentional learning atmosphere where students are encouraged to explore and expand their educational goals. The expectations for teachers are extremely high and they are expected to exercise best practices, and at the same time, given the autonomy to create the methods and materials being used within their own classroom. This has led to EIAA's 15% increase in enrollment from three years ago. This demonstrates EIAA is meeting the needs of the community in which it is serving.

Year: 2020-2021 (MAP Score)	% Grade Level Performance (Level 3)
Reading (grades 3-6)	38%
Reading (grades 7-8)	50%
Math (grades 3-6)	35%
Math (grades 7-8)	51.5%
Science (5th grade only)	27%
Science (8 th grade only)	79%

Year: 2018-2019	% Grade Level Performance (Level 3)
Reading (grades 3-6)	28.3%
Reading (grades 7-8)	49%
Math (grades 3-6)	33.2%
Math (grades 7-8)	50.8%
Science (5th grade only)	N/A
Science (8 th grade only)	42.7%

Year: 2017-2018	% Grade Level Performance (Level 3)
Reading (grades 3-6)	40.5%
Reading (grades 7-8)	75%
Math (grades 3-6)	36.4%
Math (grades 7-8)	50%
Science (5th grade only)	16.5%
Science (8 th grade only)	64.2%

History and Performance of School (Continued)

Demographics

The School is located in Elko, NV in Elko County. The School was established and built to serve students of Elko and the immediate surrounding area. Because the School is a public charter school, by law it cannot discriminate against students who apply for enrollment from other counties. Nevada charter schools do not have attendance boundaries like other public schools. The School must accept students on a lottery system, up to the School's enrollment limit.

Characteristics of Students

As shown, most students currently enrolled in the School are White (65%). Hispanic/Latino students represent the second largest group, (21%) of the student body. The remainder of the student body consists of African American (1%), multi-racial (7%), and Asian (3%). The enrollment by genders favors males (55%) to females (45%). These demographics are generally consistent with elementary schools in the surrounding community.

Demographic Analysi	s of EIAA Student Boo	ly	
(2020-2021 School Yea	ar—as of May 2021)		
Ethnicity		Enrollment (by grade	
African American	1%	K	12%
White	65%	1	11%
Hispanic/Latino	21%	2	11%
Asian	3%	3	11%
Multi-racial	7%	4	11%
American Indian	1%	5	11%
		6	11%
		7	11%
		8	11%
Gender			
Male	55%		
Female	45%		

Enrollment/Usage Trends

The School first opened for operations for the 2009-10 school year with an enrollment of 212 students. The following year, enrollment decreased to 193 students. During the 2020-21 school year, enrollment was 198 students. See table that follows in the Wait-list Information section for the most recent current enrollment.

Wait-list Information

The School currently has an active waiting list of 190 student-age children seeking enrollment as of May 1, 2021. The following table compares the waiting-list students, by grade, with the current enrollment of the School.

Grade Level	Current Enrollment	Students on Wait-list
Kindergarten	22	33
1st Grade	22	25
2nd Grade	22	28
3rd Grade	22	22
4th Grade	22	18
5th Grade	22	23
6th Grade	22	24
7 th Grade	22	11
8 th Grade	19	8

Governance and Leadership

The board is composed of seven members that consist of parents and representatives of nonprofit organizations and businesses. Most of the members of the Board must reside in this State and consist of business leaders, parents, PTSO representatives, and retired educators.

EIAA's Governing Body will receive annual training. The Elko Institute for Academic Achievement Governing Board believes that the efficiency and performance of the board itself directly affects the efficiency and performance of EIAA's system as a whole. Therefore, the board will conduct an annual evaluation of its own work. The evaluation will be a positive and constructive process aimed at improvement rather than criticism and shall include a strategic plan. Board members shall evaluate the board as a whole and not individuals serving on the board.

Governance and Leadership (Continued)

When a board vacancy occurs either by resignation or for any other reason the chairman of the board shall declare a vacancy. For two weeks after the vacancy has been declared the board will accept board member applications which shall include a resume. At the next regularly scheduled board meeting all candidates shall attend. During open session the board will interview each candidate. The board will then move into closed session to discuss the possible filling of any vacancies. The board will make a motion to fill any vacancies in open session. EIAA shall notify its sponsor and the Department of Education within 10 business days of the selection of a new board member and provide both agencies with the new member's resume and affidavit as required pursuant to NRS 386.549(1). A person may serve on the board only if he/she submits the required paperwork as listed above and has not been convicted of a felony relating to serving on the governing body of a charter school or any offense involving moral turpitude. A board member may not be an employee of the school including without limitation an administrator or teacher, or a contractor of the board or school.

The board shall be solely responsible for adopting, repealing, or amending policies for EIAA. Board members shall serve without compensation but may be reimbursed for any necessary expenses incurred while performing their duties as members of the board as approved by the board chairperson. Any contract with the school involving a member of the board, or the board member's family shall be approved by the board with the interested member abstaining. Each board member is responsible to make known to the board any circumstances that could involve a potential conflict of interest.

The board may decide to recognize a single parent teacher organization for the school, subject to any rules, requirements and/or restrictions the board may impose upon that organization. In such event, one board member shall be selected by the recognized parent teacher organization for the school.

The board shall establish a regular date, time, and place for regular meetings, which meetings shall occur no less frequently than once a quarter and shall be held at EIAA. Special meetings of the board may be called at any time by the Chairperson or by a majority of the board. Notice and conduct of all meetings shall comply with the Nevada Open Meeting Law. Minutes of each board meeting shall be taken and shall be approved by the board and be kept at the school. An agenda must be produced for each board meeting. A quorum shall be present at all board meetings.

Any member of the board may be removed by the affirmative vote of two-thirds of the governing body excluding the member who is under consideration for removal, whenever in the board's judgment such removal would serve the best interests of the school.

To the extent permitted by law, any member of the board may participate in a meeting of such board by means of a conference phone call so long as all persons participating in the meeting can hear each other. Participation in that manner shall be equivalent to physical presence at the meeting.

Governance and Leadership (Continued)

Any board member may call a closed session during any special or regular board meeting for issues concerning personnel or other matters requiring confidentiality in accordance with the Nevada Open Meeting Law. All persons except board members may be excluded from such closed sessions at the discretion of the chair. No action may be taken in a closed session. Robert's Rules of Order shall be utilized by the board for all meetings. At each meeting, time shall be set aside for public comment in accordance with the Open Meeting Law. The chairperson may impose any reasonable requirement and restrictions on speakers during the public comment period, to the extent permitted by law.

The following section outlines the Board of Directors and Key Personnel profiles and qualifications. As noted previously, these individuals and the governance process are an important part of the assessment used to determine whether to award a charter to a school.

Board of Directors

Dennis Zimmerman, President

Dennis is Chairman of EIAA Charter School. He graduated with a bachelor's degree in Business Management from Great Basin College and received Extended Studies in Human Resources from the University of Nevada Reno. Dennis and spouse, Mary, have four children. Dennis has served on the Board of Directors for EIAA Charter School since September 2016 in several capacities and is presently the President.

Layla Buehn Miguel, Vice-Chairperson

Layla has been a member of the EIAA Board of Directors since 2018. Layla received two bachelor's degrees from Linfield College and Portland State University. She started working at RAM Enterprise in 2019 as VP of Finance and Administration. She has two children and lives in Elko, Nevada.

Rama Paris, Treasurer

Rama is a native of Nevada and long-time educator. She has a Bachelor of Science Degree and Master of Science in Speech Pathology and Audiology from Idaho State University. She also has a School Administrator Endorsement from the University of Nevada Reno. Rama is married to Pete and together they have two grown children. Rama served as a Speech Pathologist and School Administrator for Elko County School District from 1977 to 2005. Rama has served on the Board of Directors for EIAA Charter School since September 2011 and is presently the Treasurer.

Monique Sorenson, Secretary

Monique is a native of California and moved to Nevada in 2003. Monique has two children, Byron and Lilly. Monique is a strong believer in service to others; her philosophy is that we can have a great impact on the course of our lives by being actively involved at the local level. She just recently completed her Associates of Applied Science Degree in Radiology Technology and is working at the local hospital. She is actively involved in youth programs through 4-H and certified in teaching shooting sports.

Governance and Leadership (Continued)

Board of Directors (Continued)

Nate Mildren

Nate is a native of Montana and provided professional expertise and volunteer service in Israel and Russia. He has always considered himself an advocate for education and has served students, parents and the community at large in several capacities for more than six years in Israel. With a strong commitment to the education of children, Nate has previously served as a pro bono consultant in Russia to communicate with Embassy leadership, business executives, the board of directors, the director of principals, teachers, support staff, parents and vendors to achieve the school's mission. His education includes earning a bachelor's degree in Business Administration with a Management Option from Washington State. Nate, and his wife Rebecca, have two sons.

Sharon Owen

Sharon began her career in 1999 as a student recruiter at Great Basin College and is currently the Senior Instructional Designer for USC Bovard College since 2016. She has served in several capacities since to include, Project Manager, Senior Curriculum Manager, and Instruction Designer. Sharon has worked at several higher education institutions such as, Great Basin College, Denver Center Theatre Company, Westwood College, Heald College, Colorado State University and finally USC Bovard College. Beyond just creating instructional design, she's heavily involved in communication strategies, process improvement, program accreditation, and quality control. Driven by excellence, she takes pride in bringing 100% to all that she does. As the Senior Instructional Designer, her goals include building strong, long term, mutually beneficial course development that maintains program quality. Sharon's track record and leadership skills have drastically improved the higher education acquisition and programs. Sharon earned her bachelor's degree in Modern Languages and a Master of Applied Communication from the University of Denver. Sharon and spouse reside in Elko.

Christine Whetten

Christine has been involved in Human Resource since 2013. She received her bachelor's degree from University of Montana Western and her Master of Business Administration from Regis University in Denver, CO. Since then, she has worked as a Human Resource Supervisor where she is now the Lead, Talent Acquisition & Workforce Analytics for Nevada Gold Mines. She has also served as the Elko Chamber of Commerce board member and the committee chair for the NVMA Workforce Development. Christine is involved with numerous businesses locally and in the surrounding areas. One of Christine's passions is creating new opportunities and watching them become successful.

Key Personnel

There are currently one and a half administrators serving in the Principal/Vice Principal capacity. The Principal is a full-time administrator, and the Vice Principal serves a dual role as teacher/administrator.

Both the Governing Body and the Administrative staff work conscientiously to procure additional resources for our staff. Additional focus is placed on the quality of our facility. All Board members and staff work together to ensure condition of our school is the safest learning environment possible. Last year we were able to procure a grant which included an entire lockdown/lockout security system that was never available before, and during the most recent pandemic, health concerns became the primary focus to ensure students continued to receive the highest level of academic in the safest environment possible.

While it does create budget constraints, EIAA continues to limit our classroom sizes to no more than 22 students. This is done with a high level of intentionality so each student enrolled at EIAA receives the uniquely differentiated instruction they so richly deserve. Our focus is ultimately on the success of each student enrolled at our school. We continue to create student portfolios for each student and to utilize our professional development sessions to discuss within pods how we may best create dynamic instruction for each student based upon their strengths and areas of challenge.

The Board shall be responsible for properly accounting for all funds received and all expenses incurred in the operation of EIAA while Administration conducts the day-to-day functions. The Administrator shall exercise his/her responsibility to the highest ethical standards and shall conform to generally accepted principles for governmental accounting. Such accounting shall be done in a manner that is easily reviewed by EIAA's board and lends itself to auditing. Financial statements will be made available to board members on a monthly basis.

Administration focuses their efforts on staff retention and professional development through the creation and implementation of specific and detailed policies. EIAA's Administration is constantly developing plans to enhance their own collective knowledge with respect to charter schools, education, and funding.

Ashley Perkins, Principal

Ashley earned her B.A. in Elementary Education from The University of Nevada Reno and earned her master's degree in administration from Grand Canyon University. She has 13 years of experience in education. She taught elementary school for eight years before pursuing administration. She served as assistant principal at EIAA for two years and then served there as principal for four years. Ashley joined EIAA Charter School in June 2014. Ashley resides in Elko and has two children, Braxton and Huxton.

Lori Lynch, Vice Principal

Lori earned her bachelor's degree in business administration The University of Nevada Reno and Great Basin College, B.A. in Elementary Education from Great Basin College and a master's degree in administration from Western Governor's University. She has 12 years of experience in education and has continued to teach middle school math while fulfilling administrative roles on a part-time basis. Lori has served as assistant principal at EIAA for three years. Prior to working in education, Lori owned her own business for seven years and worked in city government for 20 years. She has been a member of several local and state boards.

Key Personnel (Continued)

Founders

The EIAA Board of Directors, along with actively engaged Elko community members, recognized the need for excellent public schools of choice throughout our communities and specifically the Elko region of Nevada. The Board recognized the opportunities and challenges in creating, opening and sustaining excellent public charter schools.

Hiring Policies and Procedures

The School employs a rigorous hiring process with policies and procedures that ensure that only qualified personnel are hired. These policies and procedures include credential verification, reference checks, background checks, and a robust interview process.

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Historical Statements of Net Position June 30, 2016, 2017, 2018, 2019 and 2020

Enrollment		Historical 2015-2016 164		Historical 2016-2017 162		Historical 2017-2018 170		Historical 2018-2019 190		Historical 2019-2020 198
Assets										
Cash	\$	323,260	\$	328,686	\$	567,660	\$	940,843	\$	1,214,307
Restricted cash	Ŧ	-	Ŧ	51,613	Ŧ	-	Ŧ	-	Ŧ	-
Due from other governments		3,494		79,110		127,156		13,369		44,017
Prepaid expenditures		86,302		72,903		131,864		132,351		41,033
Capital assets:		,		_,		,				.,
Nondepreciable		-		-		-		-		837,541
Depreciable, net of accumulated depreciation		288,098		357,798		317,584		280,524		270,749
								,		,
Total Assets	\$	701,154	\$	890,110	\$	1,144,264	\$	1,367,087	\$	2,407,647
Liabilities										
Accounts payable and credit card liabilities	\$	3,532	\$	19,350	\$	37,874	\$	16,019	\$	8,943
Accrued salaries		67,429		94,387		94,214		98,807		92,736
Accrued payroll expenses		36,727		48,581		50,567		56,544		29,923
Due to other governments		-		34,592		-		-		9,325
Capital lease:										
Due within one year		-		17,502		17,503		-		-
Due in more than one year		-		17,503				-		-
Refundable advance - PPP		-				-		-		269,399
Notes payable:										
Due within one year		11,557		22,989		24,042		25,152		32,412
Due in more than one year		42,708		71,330		47,291		22,140		385,743
Net pension liability		1,205,053		1,050,840		1,161,036		1,230,946		1,336,410
Total Liabilities		1,367,006		1,377,074		1,432,527		1,449,608		2,164,891
Net Position										
Net investment in capital assets		233,833		263,479		228,748		233,232		690,135
Restricted for: Flexible spending accounts for employee										
medical expenses		4,713		5,700		3,802		3,755		5,663
Loan balance collateral		4,713		51,613		5,002		5,755		5,005
Unrestricted		(904,398)		(807,756)		- (520,813)		- (319,508)		- (453,042)
		(001,000)		(001,100)		(020,010)		(010,000)		(100,012)
Total Net Position	\$	(665,852)	\$	(486,964)	\$	(288,263)	\$	(82,521)	\$	242,756
		/		/	,	, , -/		/	-	

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Historical Statements of Activities Years Ended June 30, 2016, 2017, 2018, 2019 and 2020

	 Historical 2015-2016	HistoricalHistorical2016-20172017-2018		Historical 2018-2019		Historical 2019-2020	
Enrollment	164	162		170		190	198
State and Federal Funding per Enrolled	\$ 9,669	\$ 10,915	\$	11,556	\$	11,061	\$ 10,853
REVENUES							
State and federal	\$ 1,585,676	\$ 1,768,283	\$	1,964,545	\$	2,101,495	\$ 2,148,837
Contributions	 26,947	58,192		102,629		76,339	125,209
Total revenues	 1,612,623	1,826,475		2,067,174		2,177,834	2,274,046
EXPENSES							
Salaries	748,861	940,917		874,273		987,519	950,266
Benefits	272,864	189,038		448,854		481,280	509,776
Purchased services	405,463	336,196		384,891		319,041	359,116
Supplies	75,844	97,598		89,554		115,964	85,739
State sponsorship fee	16,556	22,144		25,720		27,206	23,081
Depreciation	22,841	58,026		40,214		37,060	16,800
Interest	 4,386	3,668		4,967		4,022	3,991
Total expenses	 1,546,815	1,647,587		1,868,473		1,972,092	1,948,769
Change in Net Position	65,808	178,888		198,701		205,742	325,277
Net Position, Beginning	 (731,660)	(665,852)		(486,964)		(288,263)	(82,521)
Net Position, Ending	\$ (665,852)	\$ (486,964)	\$	(288,263)	\$	(82,521)	\$ 242,756

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT Historical Covenant Calculations Years Ended June 30, 2016, 2017, 2018, 2019 and 2020 (Historical)

Debt Service Coverage Ratio	2015-16	2016-17	2017-18	2018-19	2019-20
State and federal	\$ 1,585,676	\$ 1,768,283	\$ 1,964,545	\$ 2,101,495	\$ 2,148,837
Contributions	26,947	58,192	102,629	76,339	125,209
Total Revenue	1,612,623	1,826,475	2,067,174	2,177,834	2,274,046
Total Expenses	1,546,815	1,647,587	1,868,473	1,972,092	1,948,769
Change in Net Assets	65,808	178,888	198,701	205,742	325,277
Add / (Less):					
Depreciation	22,841	58,026	40,214	37,060	16,800
Interest expense	4,386	3,668	4,967	4,022	3,991
Net Revenue Available for Debt Service	93,035	240,582	243,882	246,824	346,068
Annual Debt Service:					
Principal	8,403	15,946	22,986	24,041	29,137
Interest	4,386	3,668	4,967	4,022	3,991
Total Annual Debt Service	12,789	19,614	27,953	28,063	33,128
Annual Debt Service Coverage Ratio	7.27x	12.27x	8.72x	8.80x	10.45x

Days Cash on Hand	2015-16	2016-17	2017-18	2018-19	2019-20
Cash	\$ 323,260	\$ 328,686	\$ 567,660	\$ 940,843	\$ 1,214,307
Operating Expenses	1,546,815	1,647,587	1,868,473	1,972,092	1,948,769
Depreciation	(22,841)	(58,026)	(40,214)	(37,060)	(16,800)
Net Operating Expenses	1,523,974	1,589,561	1,828,259	1,935,032	1,931,969
Divided by	365	365	365	365	365
Daily Expenses	4,175	4,355	5,009	5,301	5,293
Days Cash on Hand	77	75	113	177	229

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT EXHIBIT ONE – PREPARER QUALIFICATIONS June 30, 2021, 2022, 2023, 2024, and 2025

Thomas, Judy & Tucker, P.A. ("TJT") was founded in 1990 by Chris Judy, Cliff Thomas and David Tucker. Chris and Cliff were partners in a large local firm that began in 1977 and later merged with Arthur Young & Company. Chris, Cliff and David then joined together to form a company that is committed to providing quality service to small and middle market companies, governmental, and not-for-profit organizations in North Carolina. Today, TJT has twelve partners and over 120 highly-trained professionals, of which approximately 50 are CPA's. The firm has offices in Raleigh, Durham, Emerald Isle and Wilmington, North Carolina.

The firm is a member of AGN International (AGN), which is a worldwide association of separate and independent accounting firms serving businesses throughout the world. AGN is unequalled for expertise, professional experience and business knowledge. It is through TJT's affiliation with AGN that it can tap a worldwide network of up-to-date professional knowledge regarding the diverse financial and tax rules governing local, national and international commerce. Firms in the AGN association invest in state of the art training and we utilize this network to provide quality training for our people. AGN is represented in 85 countries consisting of 182 member firms with 415 offices.

At Thomas, Judy & Tucker, P.A., we provide a wide range of assurance, attestation and consulting services, including:

Audits Reviews Compilations Agreed upon procedure engagements Projection engagements Fraud examination / forensic services New business formation Entity selection Merger and acquisition support Succession planning Sale of business Accounting policies and procedures

Thomas, Judy & Tucker, P.A. has created a reputation of excellence and integrity known throughout the State of North Carolina by providing superior customer service and experienced and specialized personnel to clients. The firm has the ability to process an intricate knowledge of available external resources and integrate those resources to the benefit of our clients. Dedicated to excellence, the firm submits to a quality review of its practice every three years by an independent team of Certified Public Accountants approved by the American Institute of Certified Public Accountants. The most recent quality control review is included within this report.

The clients that TJT serves within the governmental and not-for-profit industry include charter schools, affordable housing, private schools, religious organizations, trade associations, PACs, private foundations, and voluntary health and welfare organizations. The firm audits approximately five charter schools on an annual basis and is very experienced in the governmental accounting and auditing standards specific to this type of governmental entity.

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT EXHIBIT TWO – SYSTEM REVIEW REPORT OF PREPARER June 30, 2021, 2022, 2023, 2024, and 2025



Report on the Firm's System of Quality Control

September 17, 2019

To the Shareholder of Thomas, Judy & Tucker, P.A. and the Peer Review Committee of the North Carolina Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Thomas, Judy & Tucker, P.A. (the firm) in effect for the year ended April 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at <u>www.aicpa.org/prsummary</u>. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, a compliance audit under the Single Audit Act; and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Thomas, Judy & Tucker, P.A. in effect for the year ended April 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. Thomas, Judy & Tucker, P.A. has received a peer review rating of *pass*.

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FAW, CASSON & CO., LLP

agn AICPA

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160 GREENTREE DR., STE. 203 DOVER, DE 19904 P 302-674-4305 F 302-674-0910 20245 BAY VISTA RD., STE. 204 REHOBOTH BEACH, DE 19971 P 302-226-1919 F 302-227-3980 9748 STEPHEN DECATUR HWY, STE. 103 OCEAN CITY, MD 21842 P 410-213-8700 F 410-213-7221

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT EXHIBIT THREE – CERTIFICATE OF PROFESSIONAL LIABILITY INSURANCE June 30, 2021, 2022, 2023, 2024, and 2025

See Attachment



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 07/20/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.										
IMPORTANT: If the certificate holder is an AI If SUBROGATION IS WAIVED, subject to the	DDITIONAL INSURED, the polic									
this certificate does not confer rights to the o	certificate holder in lieu of such									
PRODUCER		NAME: SOITHINA INC		FAX						
Bagwell & Bagwell Insurance LLC		PHONE (919) 83. (A/C, No, Ext): (919) 83.		(A/C, No): (3	919) 856-0789					
3101 Glenwood Avenue		ADDRESS: Jonnna@ba	agwellinsuran	ce.com						
Suite 105	NC 07640	Travalara	URER(S) AFFOF	IDING COVERAGE	NAIC #					
Raleigh INSURED	NC 27612	INSURER A: Travelers								
Thomas, Judy & Tucker, P.A.		INSURER B :								
4700 Falls of the Neuse Road		INSURER C :								
Suite 400		INSURER D :								
Raleigh	NC 27609									
	CL207200713	INSURER F : 5		REVISION NUMBER:						
THIS IS TO CERTIFY THAT THE POLICIES OF INSUF		ISSUED TO THE INSUR			0					
INDICATED. NOTWITHSTANDING ANY REQUIREME CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, T EXCLUSIONS AND CONDITIONS OF SUCH POLICIE	HE INSURANCE AFFORDED BY THE	E POLICIES DESCRIBED	HEREIN IS S		5					
INSR ADDL LTR TYPE OF INSURANCE INSD	SUBR WVD POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS						
				EACH OCCURRENCE \$						
CLAIMS-MADE OCCUR				DAMAGE TO RENTED PREMISES (Ea occurrence)						
				MED EXP (Any one person) \$						
				PERSONAL & ADV INJURY \$						
GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE \$						
POLICY PRO- JECT LOC				PRODUCTS - COMP/OP AGG \$						
OTHER:			-	\$						
				COMBINED SINGLE LIMIT (Ea accident)						
ANY AUTO OWNED SCHEDULED				BODILY INJURY (Per person) \$						
AUTOS ONLY AUTOS HIRED NON-OWNED				BODILY INJURY (Per accident) \$ PROPERTY DAMAGE						
				(Per accident)						
				\$						
UMBRELLA LIAB OCCUR				EACH OCCURRENCE \$						
CLAIMIS-MADE				AGGREGATE \$						
DED RETENTION \$ WORKERS COMPENSATION				PER OTH- STATUTE ER						
AND EMPLOYERS' LIABILITY Y / N										
ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT \$						
(Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below				E.L. DISEASE - EA EMPLOYEE \$						
				E.L. DISEASE - POLICY LIMIT \$	\$5,000,000					
A Professional Liability	105804426	07/01/2020	07/01/2021	Deductible per claim	\$100,000					
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)										
CERTIFICATE HOLDER		CANCELLATION								
Dept. of Agriculture; Rural Housing Se 1400 Independence Ave SW	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.									
Room 5014-S		AUTHORIZED REPRESEN		60						
Washington DC 20250 Johna Magre										

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Additional Named Insureds

Other Named Insureds

TJT ACCOUNTING SERVICES, INC

Additional Named Insured

OFAPPINF (02/2007)

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475 Railroad Street Elko, NV 89801 TEL 775.777.8497 FAX 775.753.4156 www.glennonandsandoval.com

February 16, 2023

Lori Lynch EIAA Vice Principal

Dear Lori,

Please see the attached forecasted Balance Sheet and Statement of Revenue and Expenditures Analysis and Ratio analysis for the Elko Institute for Academic Achievement for fiscal years 2023 through 2028. Please note the following assumptions utilized in the forecast:

- Total construction costs for preparing the new location is \$10,232,200
- Sale of proceeds for fiscal year is \$60,000 already received in October 2022 for the sale of 2 vans no longer needed. The sale of \$950,000 in 2024 is the estimate proceeds for the sale of the original site location land that is no longer needed. The sales price is based on comparable sales in the area in the last year.
- A construction loan has been obtained from a lending institution at an estimated 5% interest rate with interest only payments made during the term of the construction.
- The EIAA will pay rent of \$25,000 to other local governments until the school is constructed in 2024 for education of students. The school would then assume teaching children at the new location and would no longer have rent expense.
- Per the agreed upon USDA loan, after construction, the first two years of the loan is interest only at 2.25% and then is amortized over 38 years with principal and interest payments.
- The capital campaign currently planned for the relocation will raise an additional \$900,000.
- The inflation rate after hiring the additional teachers is assumed to be 4%.
- Hard cost are assumed to inflate at 10% until 2027 at which time a 4% rate was used.
- DSA and special revenue was assumed to grow at an inflation rate of 2% per student.

Regards,

James Glennon, CPA

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT 5 YEAR FORCASTED BALANCE SHEET

	Actual	Forecasted						
	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	
ASSETS								
Cash	\$ 1,668,594	\$ 1,249,522	\$ 1,161,437	\$ 2,104,164	\$ 3,003,570	\$ 3,275,695	\$ 3,490,843	
Due from other governments	47,176	50,000	51,000	52,020	72,828	74,285	75,771	
Prepaid expenditures	22,972	30,000	30,600	31,212	31,836	32,473	33,122	
Total Assets	\$ 1,738,742	1,329,522	1,243,037	2,187,396	3,108,234	3,382,453	3,599,736	
LIABILITIES								
Accounts payable	119,552	9,000	12,600	14,490	14,925	15,224	15,528	
Accrued salaries	101,458	104,502	150,959	187,193	190,937	194,756	198,651	
Accrued expenses	58,558	60,315	87,128	108,041	110,202	112,406	114,654	
Due to other								
governments	-	-	-	-	-	-	-	
Total Liabilities	279,568	173,817	250,687	309,724	316,064	322,386	328,833	
FUND BALANCE								
Nonspendable	22,972	30,000	30,600	31,212	31,836	32,473	33,122	
Restricted for:								
Employee flexible								
health benefits	7,020	7,160	7,303	7,449	7,598	7,750	7,905	
Debt-service for								
notes payable	47,512	623,000	182,250	182,250	317,844	317,844	317,844	
Unassigned	1,381,670	495,545	772,197	1,656,761	2,434,892	2,702,000	2,912,032	
Total Fund Balance	1,459,174	1,155,705	992,350	1,877,672	2,792,170	3,060,067	3,270,903	
Total Liabilities								
and Fund Balance	\$ 1,738,742	\$ 1,329,522	\$ 1,243,037	\$ 2,187,396	\$ 3,108,234	\$ 3,382,453	\$ 3,599,736	

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT 5 YEAR FORCASTED STATEMENT OF REVENUE & EXPENDITURES ANALYSIS

	Actual						
	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028
REVENUES							
DSA Funding	\$ 1,986,953	2,026,692	\$ 3,328,398	\$ 3,994,078	\$ 4,073,960	\$ 4,155,439	\$ 4,238,548
Federal & State Grants	123,420	130,825	206,744	211,913	214,032	216,172	218,334
Special Education	168,542	171,913	176,211	180,616	182,422	184,246	186,088
Loan Proceeds	-	1,900,000	6,200,000	-	-	-	-
Capital campaign	39,863	150,000	750,000	-	-	-	-
Proceeds from assets sold	-	60,000	950,000	-	-	-	-
Total Revenue	2,318,778	4,439,430	11,611,353	4,386,607	4,470,414	4,555,857	4,642,970
EXPENDITURES							
Instructional							
Salaries	719,954	741,553	1,071,215	1,328,337	1,461,171	1,607,288	1,671,580
Benefits	338,640	348,799	503,860	554,246	609,671	670,638	697,464
Purchased services	65,147	66,450	114,962	148,720	163,592	179,951	187,149
Supplies	95,005	96,905	171,527	221,146	243,261	267,587	278,290
	1,218,746	1,253,707	1,861,564	2,252,449	2,477,695	2,725,464	2,834,483
Administration							
Salaries	273,672	279,145	307,060	353,119	388,431	427,274	444,365
Benefits	106,625	108,758	119,634	137,579	151,337	166,471	173,130
Purchased services	45,578	46,490	51,139	53,696	59,066	64,973	67,572
Supplies	5,061	5,162	5,936	6,826	7,645	8,792	9,144
	430,936	439,555	483,769	551,220	606,479	667,510	694,211
Operations and mainten	ance						
Rent	132,250	132,250	25,000	-	-	-	-
Purchased services	58,815	59,991	87,289	96,018	105,620	116,182	120,829
Supplies	21,705	22,139	32,213	39,143	43,057	47,363	49,258
	212,770	214,380	144,502	135,161	148,677	163,545	170,087
Building Improvement							
Capital outlay	348,160	100,000	7,377,815	-	-	-	-
Building purchase	-	2,406,225	-	-	-	-	
	348,160	2,506,225	7,377,815	-	-	-	-
Debt Services							
Sponsorship fee	19,004	40,534	66,568	79,882	81,479	83,109	84,771
Debt service	62,649	66,807	623,000	182,250	182,250	317,844	317,844
	81,653	107,341	689,568	262,132	263,729	400,953	402,615
Total Expenditures	2,292,265	4,521,208	10,557,218	3,200,962	3,496,580	3,957,472	4,101,396
Forecasted Revenues							
over Expenditures	\$ 26,513	\$ (81,778)	\$ 1,054,135	\$ 1,185,646	\$ 973,834	\$ 598,385	\$ 541,574

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT 5 YEAR FORCASTED RATIOS

	Actual			Fore	casted		
	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028
Current Ratio							
Total current assets	\$ 1,738,742	\$ 1,329,522	\$ 1,243,037	\$ 2,187,396	\$ 3,108,234	\$ 3,382,453	\$ 3,599,736
Current Liabilites	279,568	173,817	250,687	309,724	316,064	322,386	328,833
Current Notes Payable	20,462	21,742	-	-	139,293	142,460	145,698
	300,030	195,559	250,687	309,724	455,357	464,846	474,531
Current Ratio	5.8	6.8	5.0	7.1	6.8	7.3	7.6
Note: first 2 years of	USDA is interest o	nly to help build up	o funds after constru	action costs			
Unrestricted Days Cash on	Hand						
Cash	1,381,670	495,545	772,197	1,656,761	2,434,892	2,702,000	2,912,032
Expenditures	2,292,265	4,521,208	10,557,218	3,200,962	3,496,580	3,957,472	4,101,396
UDCOH	220.0	40.0	26.7	188.9	254.2	249.2	259.2
Note: EIAA will use	draw downs from c	construction loan to	cover costs for the	construction			
Debt Service Coverage							
Rev/Exp	26,513	(81,778)	1,054,135	1,185,646	973,834	598,385	541,574
Debt Service	62,649	66,807	623,000	182,250	182,250	317,844	317,844
Debt Service Coverage	0.4	(1.2)	1.7	6.5	5.3	1.9	1.7

Note: EIAA will normalize after interest only portion of USDA is over in two years

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT BOARD AGENDA REGULAR MEETING 5:30 P.M., P.S.T, Tuesday April 18, 2023 ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT 1031 RAILROAD STREET, ELKO, NEVADA

NOTICE OF REGULAR BOARD MEETING

The Elko Institute for Academic Achievement Board will meet in regular session at 5:30 P.M., P.S.T, Tuesday April 18, 2023

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT ("EIAA"), 1031 Railroad Street, Elko, NV 89801, at 5:30 P.M., P.S.T.

Attached with this notice is the agenda for said meeting of the Board. In accordance with NRS 241.020, the public notice and agenda was posted on the EIAA Website, www.eiaanv.net, and the following locations:

1. ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT- 1031 Railroad Street, Elko, NV 89801

Members of the public may also view the meeting online via the link,

Topic: Board Meeting 4/18/2023 Time: Apr 18, 2023 05:30 PM Pacific Time (US and Canada)

Join Zoom Meeting https://us02web.zoom.us/j/87037900866?pwd=TUd2a3ltM0M1eFlkTUJ2NXpSbGlRUT09

Meeting ID: 870 3790 0866 Passcode: 952724 One tap mobile +12532050468,,87037900866#,,,,*952724# US +12532158782,,87037900866#,,,,*952724# US (Tacoma)

Any public comments may be submitted to <u>llynch@eiaanv.net</u> up to the date of the scheduled meeting. The public may contact Lori Lynch, 1031 Railroad Street, Elko, NV 89801 or by calling (775) 738-3422 to request supporting material for the meeting described herein. The agenda and supporting material is available at EIAA, 1031 Railroad Street, Elko, NV.

NOTICE TO PERSONS WITH DISABILITIES

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify Lori Lynch, 1031 Railroad Street, Elko, NV 89801 or by calling (775) 738-3422.

Lori Lynch ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT BOARD AGENDA REGULAR MEETING 5:30 P.M., P.S.T, Tuesday April 18, 2023 ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT 1031 RAILROAD STREET, ELKO, NEVADA

NOTICE TO PERSONS WITH DISABILITIES

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify Lori Lynch, 1031 Railroad Street, Elko, NV 89801 or by calling (775) 738-3422.

NOTICE: President of the Board reserves the right to change the order of the agenda and if the agenda is not complete, to recess the meeting and continue on another specified date and time. The Board may combine two or more agenda items for consideration; and the Board may remove an item from the agenda or delay discussion relating to an item on the agenda at any time. In the event that public comment is allowed during any agenda item, the President reserves the right to limit such comment and terminate any further comments. The President reserves the right to place any restrictions on comments by the general public. Any such restrictions must be reasonable and may restrict the time, place, and manner of the comments, but may not restrict comments based upon viewpoint.

- 1. Call to Order and Roll Call.
- 2. Public Comment. (Discussion) This is a period devoted to comments by the general public, if any, and discussion of those comments. In the interest of privacy and due process, the public is requested to not raise personnel issues, except in a legally noticed closed personnel session of the board. No action may be taken upon a matter raised. There is a 3-minute time limit for each person commenting. (NON-ACTION ITEM)
- 3. Consent Agenda. Information concerning the following consent agenda items has been forwarded to each Board member for study prior to this meeting. Unless a Board member or visitor in the audience has a question concerning a particular item and asks that it be withdrawn from the consent list, the items are approved at one time by the Board of Trustees. (a.) Approval of minutes of previous meetings. The minutes of the meetings for March 21, 2023, will be reviewed for possible correction, if necessary. (b.) Approval of the financial statements. (FOR POSSIBLE ACTION).
- 4. Review, discussion, and approval/disapproval of ongoing items and updates of current projects requiring possible board action for the Capital Campaign and Facilities, and matters related thereto. (FOR POSSIBLE ACTION)

This is an ongoing discussion regarding the construction of a new facility for EIAA.

5. Review, discussion, and approval/disapproval of the 2023-24 school calendar, and matters related thereto. (FOR POSSIBLE ACTION)

Pursuant to NRS, we are required to submit an approved annual calendar to the Department of Education. This calendar reflects the four-day school week previously approved by the board.

- 6. Review, discussion, and possible approval/disapproval to submit a letter of intent on behalf of EIAA to request a good cause exemption from the established timeline of March 1 to submit an amendment request to occupy the permanent location at 905 W. Main Street as set forth within the Charter Authority timelines. (FOR POSSIBLE ACTION).
- 7. Review, discussion, and possible approval/disapproval to submit a Facility Amendment to occupy the permanent location at 905 W. Main Street. (FOR POSSIBLE ACTION).
- **8.** Introduction and First reading of Elko Institute of Academic Achievement Recording Policy prohibiting all employees, students and other visitors or guests from secretly recording all speaking, including, without limitation, conversations, lectures, lessons, discussions, presentations and statements occurring on school property, whether the speaking is taking place in person, on the telephone, or otherwise. (FOR POSSIBLE ACTION).
- **9.** Review and discussion of board training provided to the EIAA board. (**NON-ACTION ITEM**).
- Review, discussion of administrative reports, presented by Ashley Perkins, concerning staff training, professional development, teacher observations, grants, enrollment, and testing. (NON-ACTION ITEM)
- 11. Review, discussion of PTSO activities, finances, and upcoming events presented by a PTSO representative. (NON-ACTION ITEM)
- 12. Public Comment. (Discussion) This is a period devoted to comments by the general public, if any, and discussion of those comments. In the interest of privacy and due process, the public is requested to not raise personnel issues, except in a legally noticed closed personnel session of the board. No action may be taken upon a matter raised. There is a 2-minute time limit for each person commenting. (NON-ACTION ITEM)
- 13. Board Reflection Period (Discussion). This agenda item is to provide time for the board to reflect on items of concern addressed by public comment and or items that need to be set on the agenda for future meetings. (NON-ACTION ITEM)
- 14. Adjournment. (FOR POSSIBLE ACTION)

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT BOARD MINUTES REGULAR MEETING 5:30 P.M., P.S.T, Tuesday April 18, 2023 ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT 1031 RAILROAD STREET, ELKO, NEVADA

NOTICE TO PERSONS WITH DISABILITIES

1. Call to Order and Roll Call.

Board members present were: Dennis Zimmerman, Nate Mildren, Jim Winer, Demar Dahl, Christopher McAnany. Brandy Anderson, and Laila Miguel. Staff present were Ashley Perkins & Lori Lynch: PTSO member present: Danielle Hutchinson.

2. Public Comment. (Discussion) This is a period devoted to comments by the general public, if any, and discussion of those comments. In the interest of privacy and due process, the public is requested to not raise personnel issues, except in a legally noticed closed personnel session of the board. No action may be taken upon a matter raised. There is a 3-minute time limit for each person commenting. (NON-ACTION ITEM)

No public comment were presented.

Consent Agenda. Information concerning the following consent agenda items has been forwarded to each Board member for study prior to this meeting. Unless a Board member or visitor in the audience has a question concerning a particular item and asks that it be withdrawn from the consent list, the items are approved at one time by the Board of Trustees. (a.) Approval of minutes of previous meetings. The minutes of the meetings for March 21, 2023, will be reviewed for possible correction, if necessary. (b.) Approval of the financial statements. (FOR POSSIBLE ACTION).

Winer asked that there be corrections made to the March 21 draft minutes to have it reflect Legal Counsel Attorney Richard Barrows. He also stated there are two paragraph fives and one needs to be changed to 6.

Winer asked for a breakdown of 3 items in the financials to be sent by email for review.

A motion was made by Winer, seconded by McAnany, to approve the minutes with mentioned corrections and March financials.

Motion Carried Unanimously.

4. Review, discussion, and approval/disapproval of ongoing items and updates of current projects requiring possible board action for the Capital Campaign and Facilities, and matters related thereto. (FOR POSSIBLE ACTION)

This is an ongoing discussion regarding the construction of a new facility for EIAA.

Lynch stated the appraisal is underway and should be done by next week or the following week at latest. She reminded the board that the USDA loan cannot exceed the appraised amount. USDA has asked the appraiser to come out and do a physical inspection which added \$1,500 to the appraisal.

Once the appraisal is complete, the Letter of Conditions can be completed from USDA which is the only thing being waited on. Legal Counsel Rich Barrows has also submitted bid the documents to USDA for approval.

Lynch and Perkins are meeting weekly the engineers, finance team, architectural team and, construction team.

April 29 the Architectural plans will be at 90%, so they can be submitted to USDA for approval. May 1 is when Architectural plans should be completed, which will then go to the city for building permits. Once the plans are submitted for permits, we will advertise for bids for a period of three weeks. We hope bids will be submitted by the third week of May. Once bids are open, they have to go back to USDA to be approved. The pre- bid is set for May 11 and is mandatory for all bidders to attend.

A Conditional Use Permit has been submitted to the city. The traffic study has been submitted which provides two options. Option 1 is a median and option 2 is a traffic light. If the median is approved, it will be around \$100,000 instead of a million-dollar cost. USDA is not taking the traffic light out until the city decides what they are going to approve. The Planning Commission meeting is May2.

Perkins stated the bids will include an additive alternate which will replace the light poles that need it since one did fall over.

The engineers have talked about changing the roof top units, but that would mean a lot of new ducting. There has been discussions about changing the ceiling height as well.

CC communications was selected to be the provider for internet.

There has been backflow inspections on both the sprinkler and water system with all being good after being checked.

The Capital Campaign has had a lot of positive feedback from local businesses who want to partner with the school and make contributions.

No Action Was Taken.

5. Review, discussion, and approval/disapproval of the 2023-24 school calendar, and matters related thereto. (FOR POSSIBLE ACTION)

Pursuant to NRS, we are required to submit an approved annual calendar to the Department of Education. This calendar reflects the four-day school week previously approved by the board.

Perkins stated that the proposed EIAA calendar very closely matches the Elko County School Districts calendar. The current calendar does reflect the four- day school week approved by the board. The parent- teacher conferences will be on Thursday and Friday, so we will only be missing 2 instructional days instead of 4 for conferences.

This next year will look different than it normally would due to the split campuses until the school is completed: K-4 will be on one start time and 5-8 will be on a different start time.

All the grade levels are still well over their seat-time minutes with 6-8 grades having about 9 extra days of time.

The new schedule includes 147 instructional days, and all staff will be at the school on Friday for 10 common professional development days. The staff will be split on an A/B schedule where there will be at least one staff for each pod to cover interventions and credit recovery time.

Demar Dahl left the board meeting.

Perkins doesn't see attendance being an issue moving to a four-day school week

A motion was made by Winer, seconded by Anderson, to approve the 2023-24 school calendar as submitted. Motion Carried Unanimously.

6. Review, discussion, and possible approval/disapproval to submit a letter of intent on behalf of EIAA to request a good cause exemption from the established timeline of March 1 to submit an amendment request to occupy the permanent location at 905 W. Main Street as set forth within the Charter Authority timelines. (FOR POSSIBLE ACTION).

This letter needs to be submitted to the Charter Authority asking for permission to submit a charter amendment outside the allotted timeframe of March 1.

A motion was made by Mildren, seconded by McAnany, to approval a Good Cause Exemption letter be submitted to the Charter Authority asking for an amendment to our permanent location. Motion Carried Unanimously.

7. Review, discussion, and possible approval/disapproval to submit a Facility Amendment to occupy the permanent location at 905 W. Main Street. (FOR POSSIBLE ACTION).

A motion was made by Mildren, seconded by Anderson, to submit a Facility Amendment application to the Charter Authority to occupy the facility at 905 W Main St. Motion Carried Unanimously. **8.** Introduction and First reading of Elko Institute of Academic Achievement Recording Policy prohibiting all employees, students and other visitors or guests from secretly recording all speaking, including, without limitation, conversations, lectures, lessons, discussions, presentations and statements occurring on school property, whether the speaking is taking place in person, on the telephone, or otherwise. (FOR POSSIBLE ACTION).

There was a discussion on the policy needs and whether it needs to be written and/or reviewed by an attorney. Suggestions were made about the verbiage and the extent to which this policy should be directed.

The policy will come back with the suggested edits knowing we will need to revisit this policy multiple times.

A motion was made by McAnany, seconded by Mildren to include the amendments to the first reading of EIAA recording policy and present the revised copy at the next board meeting. Motion Carried Unanimously.

9. Review and discussion of board training provided to the EIAA board. (**NON-ACTION ITEM**).

No action was taken.

 Review, discussion of administrative reports, presented by Ashley Perkins, concerning staff training, professional development, teacher observations, grants, enrollment, and testing. (NON-ACTION ITEM)

Perkins reported on the following:

- parent teacher conferences were just completed and discussions of retentions and what grades need to hold spots for the 2023-24 school year.
- 404 students are on the waitlist, and the lottery will be opened depending on students that will be returning.
- There is \$132,000 in grants from both state and federal. A few more grants are being submitted.
- Calendars for next year have been reviewed to help steer contracts for next year. Perkins will bring a contract so we can see what they look like.
- Policies have been reviewed to see what adjustments need to be made. Ultimately Perkins would like all policies to be on the website so each parent can view as needed.
- Teacher manuals, parent and student handbooks are also being worked on.
- Final budgets are due in May. Lynch stated they did apply for the Opportunity 180 grant which is \$2,000 per student. We qualify for that grant since we are expanding and offer high quality seats.
- SBAC testing starts next week for 8th grade ELA. K-3 MAP testing for ELA will be completed this week which counts towards our star rating. Last year we were 63% proficiency.
- Perkins stated she has not heard anything from the state about coming out to review us during testing.

- All 5 positions have been accepted for the next year teaching positions.
- 11. Review, discussion of PTSO activities, finances, and upcoming events presented by a PTSO representative. (NON-ACTION ITEM)

Hutchinson reported:

- The election meeting was April 11 and all positions have been filled except for the Social Media Director. This person also monitors everything posted prior to it being accepted on the Facebook page.
- EIAA bookfair was successful and raised \$3,800 and the scholastic fund is sitting at \$11,600.
- Recess hot lunch raised \$500 which will allow us to get new awnings for outdoors.
- Dreez has been cooking our meat at no charge and Bonanza has been donating the produce. We have a thank you letter from the kids for their donations.
- The Talent Show had a lower attendance than normal and made a profit of \$200
- The milk program will end earlier than normal due to sales being down.
- The last event of the year will be June 6 and that will be Field Day

Lynn Hoffmann joined the meeting on zoom.

12. Public Comment. (Discussion) This is a period devoted to comments by the general public, if any, and discussion of those comments. In the interest of privacy and due process, the public is requested to not raise personnel issues, except in a legally noticed closed personnel session of the board. No action may be taken upon a matter raised. There is a 2-minute time limit for each person commenting. (NON-ACTION ITEM)

No comments were presented.

13. Board Reflection Period (Discussion). This agenda item is to provide time for the board to reflect on items of concern addressed by public comment and or items that need to be set on the agenda for future meetings. (NON-ACTION ITEM)

Miguel gave her official resignation but did say she will stay through the end of June. This will be on the next agenda for the board to accept.

Zimmerman stated he loved the discussion on the policy changes being made.

Lynch stated Nevada Gold Mines will be attending the May meeting for the board to recognize them for their contribution to the new facility. We will want to decide how we want to recognize them.

There are also two 8th graders that Lynch wants to bring to the board for recognition for their community involvement. She also states she will bring back the recording policy for clarification. The Conditional Use Permit will be completed by then, and the bids will be out and active by the May meeting, so we will need to determine if there will need to be more meetings needed.

14. Adjournment. (FOR POSSIBLE ACTION)

A motion was made by Mildren, seconded by Miguel, to adjourn the meeting

Motion Carried Unanimously

Doc # 814707 12/28/2022 10:10 AM Official Record

Requested by Stewart Title Elko Elko County - NV D. Mike Smales - Recorder Pg 1 of 16 Recorded By: STUTTLE

I the undersigned hereby affirm that this document submitted for recording does not contain any personal information.

Signature

Title

12-23-2022 Date

Assessor Parcel No(s): 001-694-006 and 001-620-058

RECORDATION REQUESTED BY: Elko Federal Credit Union, 2397 Mountain City Hwy, Elko, NV 89801

WHEN RECORDED MAIL TO: Elko Federal Credit Union, 2397 Mountain City Hwy, Elko, NV 89801

SEND TAX NOTICES TO: Elko Federal Credit Union, 2397 Mountain City Hwy, Elko, NV 89801

- 1882	809	-PA	
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FOR RECORDER'S USE ONLY

DEED OF TRUST

MAXIMUM LIEN. The lien of this Deed of Trust shall not exceed at any one time \$1,900,000.00.

THIS DEED OF TRUST is dated December 23, 2022, among Elko Institute for Academic Achievement, a political subdivision of the State of Nevada, whose address is 1031 Railroad Street, Suite 107, Elko, NV 89801 ("Grantor"); Elko Federal Credit Union, whose address is 2397 Mountain City Hwy, Elko, NV 89801 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and Stewart Title Company, whose address is 810 Idaho Street, Elko, NV 89801 (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, Grantor irrevocably grants, bargains, sells and conveys to Trustee with power of sale for the benefit of Lender as Beneficiary all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar

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matters, (the "Real Property") located in Elko County, State of Nevada:

PARCEL 1:

Loan No: 30839673-161

Parcel 2 as shown on that certain Record of Survey Map for Geothermal Industrial Park of Elko, LLC. filed in the office of the County Recorder of Elko County, State of Nevada, on October 4, 2007, as File No. 582778, being a portion of Block 6 of the ELKO INDUSTRIAL SUBDIVISION as shown of the Official map of said subdivision filed in the Office of the County Recorder of Elko County, State of Nevada on June 7, 1989, as File No. 276232.

PARCEL 2:

Parcel 1 as shown on that certain Parcel Map for The City of Elko filed in the office of the County Recorder of Elko County, State of Nevada, on June 9, 1992, as File No. 321969, being a portion of NE1/4SW1/4 of Section 10, Township 34 North, Range 55 East, M.D.B.&M..

The Real Property or its address is commonly known as 905 W. Main Street, Elko, NV 89801 and 1275 Ruby Vista Drive, Elko, NV 89801. The Real Property tax identification number is 001-694-006 and 001-620-058.

CROSS-COLLATERALIZATION. In addition to the Note, this Deed of Trust secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

Grantor presently, absolutely, and irrevocably assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS INCLUDING FUTURE ADVANCES AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

STATUTORY COVENANTS. The following Statutory Covenants are hereby adopted and made a part of this Deed of Trust: Covenants Nos. 1, 3, 4, 5, 6, 7 and 8 of N.R.S. 107.030. For Covenant 4, upon default, including failure to pay upon final maturity, the total sum due under the Note will continue to accrue interest at the interest rate under the Note. The percent of counsel fees under Covenant No. 7 shall be ten percent(10%). Except for Covenants Nos. 6, 7,

Loan No: 30839673-161

Page 3

and 8, to the extent any terms of this Deed of Trust are inconsistent with the Statutory Covenants the terms of this Deed of Trust shall control. Covenants 6, 7, and 8 shall control over the express terms of any inconsistent terms of this Deed of Trust.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Loan No: 30839673-161

Page 4

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property or any mobile home or manufactured home located on the property whether or not it is legally a part of the real property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Nevada law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work

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done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Administrator of the Federal Emergency Management

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Agency as a special flood hazard area, Grantor agrees to obtain and maintain flood insurance, if available, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan. Flood insurance may be purchased under the National Flood Insurance Program, from private insurers providing "private flood insurance" as defined by applicable federal flood insurance statutes and regulations, or from another flood insurance provider that is both acceptable to Lender in its sole discretion and permitted by applicable federal flood insurance statutes and regulations.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired. Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during

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either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation. Grantor waives any legal or equitable interest in the net proceeds and any right to require any

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apportionment of the net proceeds of the award. Grantor agrees that Lender is entitled to apply the award in accordance with this paragraph without demonstrating that its security has been impaired.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (3) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as Default, and Lender may exercise any or all of its available remedies for Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Deed of Trust may be

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obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

DEFAULT. Default will occur if payment of the Indebtedness in full is not made immediately upon demand.

RIGHTS AND REMEDIES ON DEFAULT. If Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor to take possession of

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and manage the Property, and, whether or not Lender takes possession, collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disgualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or available at law or in equity.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Notices given by Lender or Trustee under the real property foreclosure proceedings shall be deemed reasonable. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property. The power of sale under this Deed of Trust shall not be exhausted by any one or more sales (or attempts to sell) as to all or any portion of the Real Property remaining unsold, but shall continue unimpaired until all of the Real Property has been sold by exercise of the power of sale and all Indebtedness has been paid in full.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may

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adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses. whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law. Fees and expenses shall include attorneys' fees that Lender, Trustee, or both incur, if either or both are made parties to any action to enjoin foreclosure or to any legal proceeding that Grantor institutes. The fees and expenses are secured by this Deed of Trust and are recoverable from the Property.

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust:

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee or Trustees to any Trustee under this Deed of Trust by an instrument executed and acknowledged by Lender, which shall be conclusive proof of the proper appointment of such substituted Trustee or Trustees. Upon the recording of such executed and acknowledged instrument in the office of the recorder of the county where the Real Property is located, the successor trustee or trustees, without conveyance of the Property, shall succeed to, and be vested with, all the title, powers, interests, duties and trusts vested in or conferred upon the Trustee in this Deed of Trust and by applicable law. If there

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be more than one Trustee, either may act alone and execute the trusts upon the request of Lender, and all of the Trustee's acts thereunder shall be deemed to be the acts of all Trustees, and the recital in any conveyance executed by such sole Trustee of such request shall be conclusive evidence thereof, and of the authority of such sole Trustee to act. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Governing Law. This Deed of Trust will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Nevada without regard to its conflicts of law provisions. This Deed of Trust has been accepted by Lender in the State of Nevada.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Elko County, State of Nevada. (Initial Here $\frac{1}{1}$)

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to

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be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

Successors and Assigns. Subject to any limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Nevada as to all indebtedness secured by this Deed of Trust.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

Beneficiary. The word "Beneficiary" means Elko Federal Credit Union, and its successors and assigns.

Borrower. The word "Borrower" means Elko Institute for Academic Achievement and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee.

Default. The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Grantor. The word "Grantor" means Elko Institute for Academic Achievement.

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Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Deed of Trust.

Lender. The word "Lender" means Elko Federal Credit Union, its successors and assigns.

Note. The word "Note" means the promissory note dated December 23, 2022, in the original principal amount of \$1,900,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. The maturity date of this Deed of Trust is June 28, 2023.

Personal Property. The words "Personal Property" mean all equipment, fixtures, mobile homes, manufactured homes or modular homes which have not been legally acceded to the real property in accordance with Nevada law, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to or used in the operation of the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness; except that the words do not mean any guaranty whether now or hereafter

Page 15

existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means Stewart Title Company, whose address is 810 Idaho Street, Elko, NV 89801 and any substitute or successor trustees.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

Loan No: 30839673-161

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT

By: Dennis Zimmerman, President of Elko Institute for Academic Achievement

CORPORATE ACKNOWLEDGMENT

STATE OF NEVADA)
F) SS
COUNTY OF ELKO)

This instrument was acknowledged before me on <u>DEDEMBER 23</u>, <u>3032</u> by Dennis Zimmerman, President of Elko Institute for Academic Achievement, as designated agent of Elko Institute for Academic Achievement.



(Seal, if any)

Signature of notarial officer)

Notary Public in and for State of <u>NEVADA</u>

Loan No: 30839673-161

DEED OF TRUST

(Continued)

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REQUEST FOR FULL RECONVEYANCE

(To be used only when obligations have been paid in full)

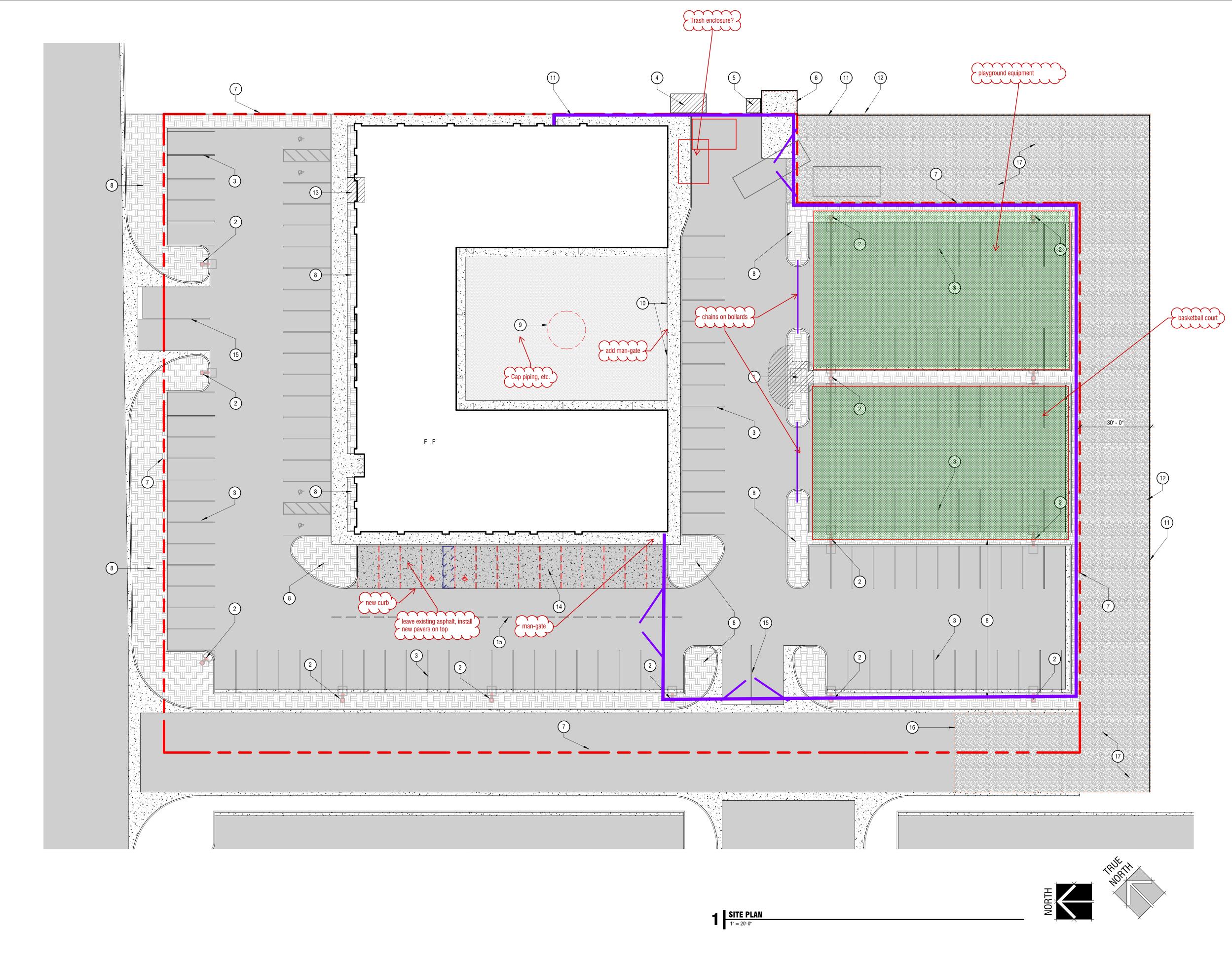
То: ____

, Trustee

The undersigned is the legal owner and holder of all Indebtedness secured by this Deed of Trust. All sums secured by this Deed of Trust have been fully paid and satisfied. You are hereby directed, upon payment to you of any sums owing to you under the terms of this Deed of Trust or pursuant to any applicable statute, to cancel the Note secured by this Deed of Trust (which is delivered to you together with this Deed of Trust), and to reconvey, without warranty, to the parties designated by the terms of this Deed of Trust, the estate now held by you under this Deed of Trust. Please mail the reconveyance and Related Documents to:

Date:	Beneficiary:
	Ву:
	lts:

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NOTE: THESE NOTES APPLY TO THIS SHEET ONLY.

- ---(#)
- 1 ELECTRICAL TRANSFORMER, COORDINATE WITH ELECTRICAL DRAWINGS 2 EXISTING LIGHT POLE LOCATIONS - COORDINATE DEMO AND/OR ANY MODIFICATIONS WITH
- ELECTRICAL DRAWINGS
- 3 EXISTING PARKING LOT STRIPING TO REMAIN
- 4 EXISTING SMOKING ENCLOSURE TO REMAIN (NOT ON PROPERTY)
- 5 EXISTING SHED TO REMAIN (NOT ON PROPERTY) 6 EXISTING TRASH ENCLOSURE FENCE TO REMAIN, COORDINATE WITH NEW FENCING
- 7 EXISTING PROPERTY LINE
- 8 EXISTING LANDSCAPE AREA TO REMAIN
- 9 EXISTING FOUNTAIN TO BE REMOVED CONTRACTOR TO INFILL AREA WITH CONCRETE
- SIDEWALK
- 10 EXISTING FENCING TO REMAIN 11 NEW 6" BLACK COATED CHAIN LINK FENCE
- 12 PROPOSED EASEMENT
- 13 DEMOLISH EXISTING SIDEWALK AND INFILL WITH NEW SLAB ON GRADE AND/OR LANDSCAPE -SEE FLOOR PLAN
- 14 REMOVE PARKING STRIPING AND ASPHALT IN SHADED AREA AND INFILL WITH NEW CONCRETE SIDEWALK AND CURB.
- 15 NEW TRAFFIC STRIPING
- 16 END OF EXISTING ASPHALT
- 17 EXISTING GRAVEL TO REMAIN

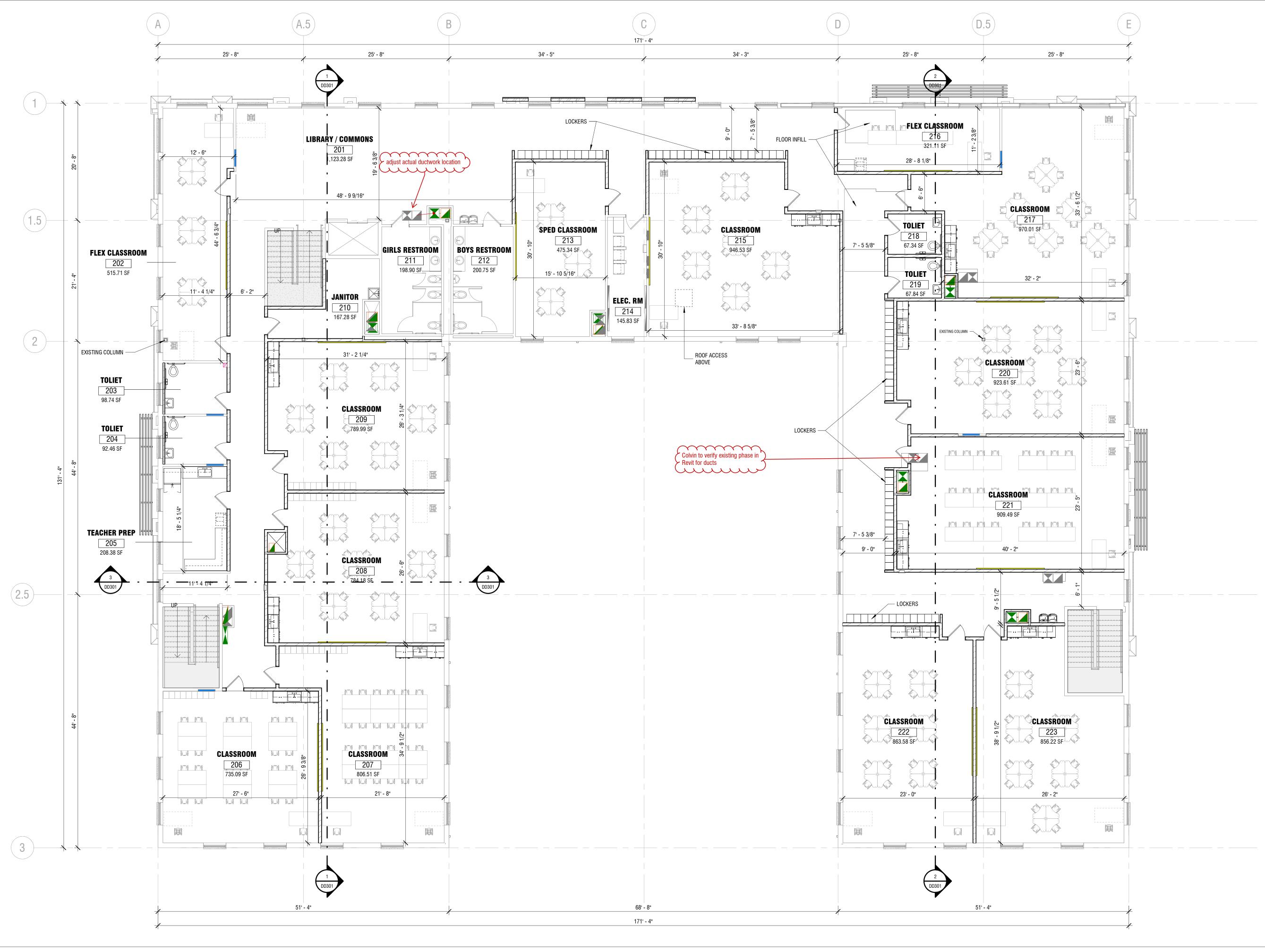


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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("**Agreement**") is made and entered in as of November <u>16th</u>, 2022 ("**Effective Date**"), by and between GEOTHERMAL INDUSTRIAL PARK OF ELKO, LLC, a Nevada limited liability company ("**Seller**"), and the ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT, a Nevada Public Charter School and/or its assigns("**Buyer**"). Seller and Buyer are sometimes referred to herein individually as a "**Party**", and collectively as the "**Parties**".

Seller hereby agrees to sell and convey the Property (defined below) to Buyer, and Buyer hereby agrees to purchase and accept conveyance of the Property from Seller, subject to the terms of this Agreement.

1 Definitions

As used in this Agreement, the following capitalized terms will have the respective meanings set forth below:

1.1 Addressee.

Defined in Section 7.3(b).

1.2 Assumed Conditions.

Defined in Section 5.1

1.3 **Building**.

The building located on the Property consisting of approximately 32,000 square feet.

1.4 **Casualty Loss Notice.**

Defined in Section 4.2

1.5 Closing.

The consummation of the purchase and sale of the Property, as contemplated under this Agreement.

1.6 Closing Date.

On or before December, 31 2022.

1.7 **Condemning Authority.**

Defined in Section 4.3.

1.8 **Deed.**

A Grant, Bargain, and Sale Deed subject to all matters of record and conditions disclosed by a survey of the Property in the form attached hereto as **Exhibit "A"**.

1.9 **Delinquent Revenues**.

Defined in Section 3.6(c).

1.10 Earnest Money.

None.

1.11 **Escrow**.

Defined in Section 2.2(a).

1.12 Escrow Agent.

Stewart Title Company, 810 Idaho Street, Elko, Nevada 89801

1.13 **Lease**

Intentionally deleted.

1.14 Material Damage.

Defined in Section 4.2.

1.15 **Notice.**

Defined in Section 7.3.

1.16 **Person.**

Any natural individual, any legal entity, or any trust.

1.17 **Property**.

That certain real property located at 905 W. Main Street in Elko, Nevada, APN 001-694-006, more particularly described on **Exhibit "B"** attached hereto and incorporated herein by this reference, together with the Building and any other improvements thereon, along with all of Seller's rights and privileges appurtenant thereto, including, without limitation, all appurtenances, oil and gas rights, privileges, easements, water and mineral rights and any right, title or interest in and to any land lying in any adjacent public street or road benefitting such property (the "**Property**").

1.18 **Purchase Price.**

Subject to increase as set forth in Section 2.1, an amount equal to TWO MILLION FOUR HUNDRED THOUSAND DOLLARS (\$2,400,000.00), which is payable in accordance with Section 1.

1.19 **Revenues**

Defined in Section 3.6(c).

1.20 **Title Commitment**.

A commitment for title insurance with respect to the Property disclosing all matters of record and other matters of record that relate to the title to the Property and detailing Escrow Agent's requirements for Closing the Escrow and issuing (or causing its underwriter to issue) the Title Policy.

1.21 **Title Policy**.

At the Closing and as a condition to Buyer's obligations hereunder, the title insurer must furnish and deliver to Buyer an ALTA standard-coverage owner's title policy of insurance (the "**Title Policy**") and to Buyer's lenders an ALTA extended-coverage loan policy of title insurance (or the unconditional commitment of title insurer to issue such policies), issued in the full amount of the purchase financing, insuring the priority of the deed of trust for Buyer's lender and insuring Buyer that marketable, indefeasible, fee-simple title to the Property is vested in Buyer effective as of the Closing Date, subject only to those exceptions permitted by Buyer or its lenders in writing, together with all title endorsements required by Buyer or its lenders. Buyer shall pay the cost of any other endorsements as requested by Buyer or its lenders. In the event the title insurer is unwilling or fails to issue the title policies to Buyer and Buyer's lenders at the Closing (or unconditional commitments to do so) that satisfy all the conditions and requirements contained in this Section 1.21, then Buyer, at its option may terminate this Agreement by notice to Seller and Escrow Agent at any time prior to the Closing.

1.22 **Transaction**.

The purchase and sale of the Property, as contemplated under this Agreement.

2 Consideration

2.1 Purchase Price.

The Purchase Price in the amount equal to \$2,400,000.00 for the Property will be payable by Buyer to Seller at the Closing by wire transfer of immediately available funds.

Opening of Escrow.

(a) **Opening of Escrow**. Promptly upon the execution of this Agreement, the Parties will deliver a fully executed copy of this Agreement into an escrow account with Escrow Agent, Stewart Title, Pam Aquire ("**Escrow**"). The Parties will execute and deliver to Escrow

Agent any customary additional or supplementary instructions as may be necessary or convenient to close the transaction contemplated by this Agreement, to the extent they are consistent with this Agreement and are reasonably acceptable to the Parties. With ten (10) days after the opening of Escrow, Seller shall deliver the Title Commitment to Buyer.

(b) **Intentionally deleted**.

3 Due Diligence

3.1 **Due Diligence Period.**

Due Diligence shall extend from the opening of escrow until 10 days prior to date of closing.

3.2 **Closing Date.**

The Closing will take place at the office of the Escrow Agent on the Closing Date. Buyer shall have the right to accelerate the Closing Date as specified herein upon 72 hours' prior written notice to Seller and Escrow Agent.

3.3 Seller's Closing Deliveries.

On or before the date that is one business day before the Closing Date, Seller will deliver to Escrow Agent the Deed and such other documents as may be reasonably required by Escrow Agent to facilitate the Closing (including, without limitation, a customary owner's affidavit in form reasonably acceptable to Seller to the extent required to issue the ALTA extended-coverage Owner's policy of title insurance).

3.4 **Buyer's Closing Deliveries.**

On or before the Closing Date, Buyer will deliver to Escrow Agent (a) the Purchase Price, after adjustment for all net prorations, closing costs, and other funds required to be paid or provided by Buyer under this Agreement; and (b) such other documents as may be reasonably required by Seller or Escrow Agent.

3.5 **Closing Costs and Other Payments.**

(a) **Seller**. Upon the Closing, Seller will pay (1) 50% of any escrow fee charged by Escrow Agent; (2) 50% of the recording costs for the Deed; (3) the premium for the Title Policy; and (4) the cost of removing any monetary liens which arise by, through or under Seller.

(b) **Buyer**. Upon the Closing, Buyer will pay: (1) 50% of any escrow fee charged by Escrow Agent; (2) 50% of the recording costs for the Deed; (3) the cost of upgrading the Title Policy to an extended coverage title policy; (4) the cost of any title endorsements issued in connection with the Title Policy; and (5) the cost differential between the premium for the Title

Policy and the premium for the ALTA extended-coverage Owner's policy of title insurance in the amount of the purchase financing; and (6) the premium for the Loan policy of title insurance.

3.6 **Prorations.**

The below items will be prorated between the Parties at the Closing by increasing or decreasing, as the case may be, the funds to be delivered by Buyer at the Closing and the amount to be disbursed to Seller at the Closing, with all items pertaining to the month of Closing to be prorated based on the actual number of days in the month in which the Closing occurs:

(a) Real property taxes and assessments with respect to the Property will be prorated based upon the latest available tax information such that, subject to the terms of the Sale, Seller will be responsible for all such taxes and assessments levied against the Property to and including the day before the Closing Date, and Buyer will be responsible for all such taxes and assessments levied against the Property for the Closing Date and all periods thereafter.

(b) All costs and expenses with respect to the operation and maintenance of the Property, and all assessments, dues, or other charges due under any covenants, conditions, and restrictions against the Property, will be prorated such that, subject to the terms of the Sale, Seller will be responsible for all such costs and expenses to and including the day before the Closing Date, and Buyer will be responsible for all such costs and expenses for the Closing Date and all periods thereafter. The Parties will cooperate to effectuate the transfer of any utilities to Buyer and will endeavor to have all utility meters read by the appropriate utility companies as of the Closing Date.

(c) All rents, reimbursements, income, revenue, operating costs, Additional Rent and other charges pertaining to the Lease or otherwise with respect to the Property (collectively, "**Revenues**") actually collected by Seller on or prior to the Closing (excluding security deposits) shall be prorated such that Seller shall be entitled to all such Revenues accruing up to and including the day prior to the Closing, and Buyer shall be entitled to all such Revenues for the Closing Date and all periods thereafter; provided, to the extent tax reimbursements, operating costs and CAM charges are "trued-up" on an annual basis, Seller and Buyer shall adjust the prorations promptly following the date of such "true-up". However, there shall be no adjustment of the amount of funds to be delivered by Buyer at the Closing for Revenues from the Property which are attributable to the periods prior to and including the day prior to the Closing but which have not actually been collected by Seller as of the Closing Date (the "**Delinquent Revenues**"). All Delinquent Revenues are included in the Purchase Price and shall be paid by Buyer to Seller at Closing.

- (d) Intentionally deleted.
- (e) Each Party shall pay its own legal and accounting costs.

(f) All other costs and expenses shall be allocated or prorated as of the Closing Date in the manner customary in Elko County, Nevada, for transactions of this type.

3.7 Actions of Escrow Agent.

Upon the Closing, Escrow Agent will promptly undertake the following actions:

(a) **Recording**. Escrow Agent will cause the Deed and any other documents that the Parties may mutually direct to be recorded in the official records of Elko County, Nevada, and obtain conformed copies of such documents for distribution to the Parties.

(b) **Disbursement of Funds**. Escrow Agent will disburse all funds deposited with Escrow Agent by Buyer as follows (and in the following order):

(1) pay all closing costs and other payments described in Section 3.5 which are to be paid through Escrow; and

(2) after deducting from the Purchase Price all of the items that are chargeable to the account of Seller as provided in Section 3.5(a), adding to the Buyer's costs all of the items that are chargeable to the account of Buyer as provided in Section 3.5(b), and either deducting from the Purchase Price or adding to the Seller credits (as appropriate) the net amount of the prorations pursuant to Section 3.6, disburse the Purchase Price to Seller in accordance with separate wiring instructions to be delivered to Escrow Agent by Seller.

(c) **Delivery of Documents.** Within a reasonable time after the Closing Date, Escrow Agent will (1) issue and promptly deliver the original Title Policy to Buyer and Buyer's lender; and (2) deliver a conformed copy of the recorded Deed to each Party.

3.8 **Title.** At Closing Seller will convey good and marketable title to Buyer free and clear of all liens and encumbrances.

3.9 **Conditions to Seller's Obligations**: The performance by Seller of Seller's obligations under the terms of this Agreement, is conditioned upon the satisfaction or waiver by Seller of each of the following:

(a)That Buyer is not in material breach of the Agreement at the time for closing;

(b) That the representations and warranties made by Buyer are substantially correct on the closing date, except as affected by transactions contemplated herein and changes occurring in the ordinary course of business, with the same force and effect as though such representations and warranties had been made on the closing date; and

(c) That the Sale Closes no later than December 31, 2022.

3.10 **Conditions to Buyer's Obligations**: The performance by Buyer, of Buyer's obligations under the terms of this Agreement, is conditioned upon the satisfaction or waiver by Buyer of each of the following:

(a) That Seller is not in material breach of the Agreement at the time for closing.

(b) That the representations and warranties made by Seller are substantially correct on the closing date, except as affected by transactions contemplated herein and changes occurring in the ordinary course of business, with the same force and effect as though such representations and warranties had been made on the closing date;

(c) The Buyer's ability to obtain a loan from a commercial lender on terms acceptable to the Buyer for at least \$1,900.000.00 for delivery to Escrow prior to Closing. Immediately after execution of this Agreement, Buyer agrees to diligently, and in good faith, file and process the loan application to obtain a loan commitment as soon as is reasonably possible.

(d) Approval by Buyer, to Buyer's reasonable satisfaction, of the condition of the Property;

(e) Approval by Buyer, to Buyer's reasonable satisfaction, of the environmental condition of the Property;

(f) There having occurred, prior to the Closing, no material adverse change in the condition of, or title to, the Property;

(g) All reasonable objections by Buyer to the Property arising out of an Americans with Disabilities Act ("ADA") compliance assessment by a licensed architect or qualified inspector have been waived by Buyer or remediated by Seller by date of Closing; and

(h) That the Real Property and all Equipment will be as of the closing date, in the same or better condition and working order as it was at the date of this Agreement, less reasonable wear and tear.

3.11 **Option to Purchase:**

The Seller hereby grants an option to purchase the adjoining 3.4699 acre parcel (APN 001-694-008) to the buyer for ONE HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00) per acre, for a total purchase price of FIVE HUNDRED AND TWENTY THOUSAND THREE HUNDRED AND FIFTY DOLLARS (\$520,350.00). Buyer may exercise this option to purchase at any time between the Closing Date and December 31, 2025, by giving the Seller notice of Seller's intent to exercise the option to purchase, at which time a separate escrow and Purchase and Sales Agreement will be agreed upon and executed. If the option to purchase is not exercised on or before December 31, 2025, it shall expire on that date.

4 Risk of Loss; Casualty; Condemnation.

4.1 **Risk of Loss.**

Until the Closing, the risk of loss will be upon Seller, except for any loss caused by Buyer. After the Closing, the risk of loss will be upon the Buyer.

4.2 **Casualty.**

If, before Closing, the Property is damaged by a casualty, Seller will deliver to Buyer notice of the casualty together with Seller's determination as to whether the damage constitutes a Material Damage ("Casualty Loss Notice"). For purposes of this Section, "Material Damage" means (a) damage to the Property that is of such nature that the cost of restoring the Property to its condition before the casualty will, in Seller's reasonable determination, exceed \$100,000, whether or not such damage is covered by insurance; or (b) any damage that would reduce the value of the Property by \$100,000 or more. If, before Closing, the Property sustains Material Damage by a casualty, Buyer may, at Buyer's option, terminate this Agreement by delivering Notice to Seller by the earlier of: (1) 30 days after Buyer's receipt of the Casualty Loss Notice; or (2) the Closing Date. If the Property is damaged by a casualty but does not sustain Material Damage, then: (A) the Parties will proceed to Closing in accordance with the terms of this Agreement: and (B) Buyer will receive a credit against the Purchase Price in the estimated amount of the cost to complete the repair of such non-Material Damage following Closing. If the Property sustains Material Damage by a casualty but Buyer elects not to terminate this Agreement as a result thereof, then the Parties will proceed to the Closing and: (I) the Purchase Price will be reduced by the amount of Seller's casualty insurance policy deductible; and (II) Seller will (at the Closing) assign to Buyer all of Seller's rights in and to any insurance proceeds which may become available as a result of the casualty at issue. If Buyer elects to terminate this Agreement under this Section, thereafter neither Party will have any further rights or obligations under this Agreement, except as otherwise specifically provided in this Agreement.

4.3 **Condemnation.**

As used in this Section, "condemnation" or "condemned" will mean the exercise of, or intended exercise of the power of eminent domain expressed in writing, or the filing of any action or proceeding for such purpose, by any person, entity, city, body, agency, or authority having the right or power of eminent domain ("**Condemning Authority**"), and will include a voluntary sale by Seller to any such Condemning Authority, either under the threat of condemnation or while condemnation proceedings are pending, and the condemnation will be deemed to occur upon the actual physical taking of possession pursuant to the exercise of such power of eminent domain. If all of the Property is condemned before the Closing Date, this Agreement will terminate and Escrow will be canceled, and the entire award from the Condemning Authority will be the sole property of Seller, and Buyer agrees and hereby irrevocably assigns to Seller all of its right, title, and interest in and to any and all such award. If, before Closing, a taking or condemnation relating to only a nonmaterial portion of the Property has occurred or is threatened, the Closing will take place as provided in this Agreement, except that the Purchase Price will be reduced by the amount of the condemnation award to Seller, and Seller will retain the right to receive the condemnation

award. In such event, Buyer agrees to cooperate with Seller and to execute such documents and instruments as Seller may reasonably request in order for Seller to obtain such award.

5 Representations and Warranties

5.1 **Buyer's Representations and Warranties.**

Buyer makes the following representations and warranties:

(a) Neither the execution and delivery of this Agreement nor the consummation of the Transaction will result in violation of any judgment, order, permit, writ, injunction, or decree of any court, commission, bureau, or agency, or any law, rule, regulation, ordinance, or code by which Buyer is bound, or constitute a breach or default under any agreement or other obligation to which Buyer is a party or by which Buyer may be bound.

(b) To the best of Buyer's knowledge, no legal or administrative proceeding is pending or threatened against Buyer that may adversely affect Buyer's ability to consummate the Transaction.

(c) This Agreement and all related documents required to be executed by Buyer are and will be valid and legally binding obligations of, and enforceable against, Buyer in accordance with their respective terms, subject to bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally.

(d) Buyer represents and warrants that the property sold under this Agreement is being sold to a public educational entity that is operating as a tax exempt, non-profit organization in accordance with IRS Regulations (Exhibit C).

(e) The property has been appraised for SEVEN MILLION FIVE HUNDRED TWENTY FOUR THOUSAND DOLLARS (\$7,524,000.00) and Seller is selling property to Buyer for a discounted sales price of TWO MILLION FOUR HUNDRED THOUSAND DOLLARS (\$2,400,000.00) which includes a charitable contribution to Buyer in the amount of FIVE MILLION ONE HUNDRED TWENTY FOUR THOUSAND DOLLARS (\$5,124,000.00) (Exhibit D).

5.2 Seller's Representations and Warranties.

(a) Seller is a Nevada limited liability company, duly created and validly existing pursuant to the law of the jurisdiction of its organization and is duly qualified to do business in the State of Nevada (the "State") and has all requisite power to enter into and perform under the terms of this Agreement without any qualification whatsoever.

(b) The execution, delivery and performance by Seller of this Agreement has been duly authorized by the members of Seller and no further action is necessary on the part of Seller to make this Agreement valid, binding and enforceable. Neither the execution, delivery nor performance by Seller of this Agreement will conflict with or result in a violation of breach of any term or provision of nor constitute a default under any of the organizational documents of Seller. (c) There are no material claims, actions, suits, proceedings or investigations pending, or to the current actual knowledge of Seller, without any duty of independent inquiry, threatened against Seller or the Property which could reasonably be expected to materially impair the ability of Seller to fulfill and perform its obligations under this Agreement.

(d) Seller is the owner of 100 percent of fee simple title to the Property, with a First Deed of Trust in favor of Wells Fargo Bank that will be released simultaneous with the closing, and has not conveyed, granted, optioned, assigned, or otherwise transferred any estate or interest in the Property to any other party, subject to all matters of record.

(e) Corporate Seller is a limited-liability company which is formed and in good standing under the laws of the State of Nevada, and the limited liability company is authorized to enter into this Agreement;

(f) No consent, approval, or authorization of, or declaration, filing, or registration with, any United States federal or state governmental or regulatory authority is required to be made or obtained by Seller in connection with the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated by this Agreement;

(g) Seller is the owner of all right, title and interest in and to the Property, and, upon the satisfaction of the conditions described in this Agreement, may lawfully convey the Property to Buyer;

(h) Seller knows of no actions, suits, claims, investigations or legal or administrative or arbitration proceedings pending or threatened against or affecting the Property;

(i) The Equipment is in good working condition and there is no substantial mechanical or structural defects in the improvements on the Property

(j) The zoning of each parcel of Real Property permits the presently existing improvements and the continuation of the Business presently being conducted on such parcel;

(k) There are no underground storage tanks located on the Real Property in which any Hazardous Material, as defined below, has been or is being stored, nor has there been any spill, disposal, discharge, or release of any Hazardous Material into, upon, from, or over the Property or into or upon ground or surface water on the Property. There are no asbestos-containing materials incorporated into the buildings or interior improvements that are part of the Property, or into other assets of Seller, nor is there any electrical transformer, fluorescent light fixture with ballasts, or other equipment containing PCBs on the Property. As used in this paragraph, "Hazardous Material" means any hazardous or toxic substance, material, or waste that is regulated by any federal authority or by any state or local governmental authority where the substance, material, or waste is located.

(1) Seller has no knowledge of any environmental issues related to the Property other than what has been previously published in numerous environmental reports completed in conjunction with "Project Lifesaver" regarding the former Western Pacific Railroad yard at the request of various local, state, and federal agencies. These reports are available to Buyer and to the general public.

6 Remedies

6.1 Seller's Remedies.

If the Closing and the consummation of the Transaction do not occur as provided in this Agreement by reason of any breach of Buyer, Seller shall have all of its legal and equitable remedies.

6.2 **Buyer's Remedies**.

If Seller fails to perform its obligations pursuant to this Agreement for any reason, then Buyer may, as Buyer's exclusive remedies, to elect: (a) to waive the contractual obligations of Seller in writing; (b) to extend the time for performance by such period of time as may be mutually agreed upon in writing by the Parties hereto; (c) to proceed with the purchase of the Property, in which event Buyer shall be entitled to specific performance of this Agreement; or (d) to terminate this Agreement (subject, however, to Buyer's right to recover its reasonable attorneys' fees and court costs pursuant to Section 6.3). No remedy implemented by Buyer shall constitute an election of remedies and shall not prohibit Buyer's exercise of Buyer's other remedies set forth above.

6.3 Attorneys' Fees.

If any action or proceeding is commenced by either Party to enforce its rights or remedies under this Agreement, the prevailing Party in such action or proceeding, including any bankruptcy, insolvency, or appellate proceedings, will be entitled to recover its reasonable attorneys' fees and court costs incurred therefrom.

7 Miscellaneous

7.1 Assignment.

This Agreement will inure to the benefit of and be binding upon the respective successors, and assigns of each of the Parties. No Party shall assign this Agreement without the written consent of the other Party.

7.2 **Real Estate Commissions.**

Each Party represents and warrants to the other Party that no commission is payable to any Person in connection with the Transaction based upon any dealings or actions by the Party making such representation. Each Party further agrees to and will indemnify, protect, defend, and hold the other Party harmless from and against the payment of any commission to any Person claiming by, through, or under the indemnifying Party. This indemnification will extend to any and all claims, liabilities, costs, losses, damages, causes of action, and expenses (including reasonable attorneys' fees and court costs) arising as a result of such claims and will survive the Closing or termination of this Agreement.

7.3 Notices.

(a) Each Party giving any notice or making any request, demand, reply, advice, or other communication provided for or permitted by this Agreement (each, a "**Notice**") will give the Notice in writing and will use one of the following methods of delivery: (1) hand delivery to an authorized agent of the other Party; (2) USPS Certified MailTM with Return Receipt, postage prepaid, and addressed to the other Party as set forth in this Section 7.3; or (3) a nationally-recognized delivery service, with all fees prepaid, and addressed to the other Party as set forth in this Section 7.3.

(b) Except as provided elsewhere in this Agreement, a Notice is effective only if the Party making or giving the Notice has complied with Section 7.3(a) and only if the other Party ("Addressee") has received the Notice. A Notice is deemed to have been received as follows: (1) if Notice is delivered in person, or sent by USPS Certified Mail or nationally recognized delivery service, upon receipt as indicated by the date and time on the signed receipt; (2) if the Addressee rejects or otherwise refuses to accept the Notice, or if the Notice cannot be delivered because of a change in address or fax for which no Notice was given, then upon the rejection, refusal, or inability to deliver; (3) notwithstanding the foregoing, if any Notice is received after 5:00 p.m. on a business day where the Addressee is located, or on a day that is not a business day where the Addressee is located.

(c) The addresses and fax numbers of the Parties for Notice purposes will, until changed upon five days' Notice to the other Party pursuant to this Section 7.3, be as follows:

Seller:

GEOTHERMAL INDUSTRIAL PARK OF ELKO, LLC 3250 Sundance Drive Elko, NV 89801

Buyer:

Elko Institute for Academic Achievement, 1031 Railroad Street Suite 107 Elko, NV 89801

If to Escrow Agent: Stewart Title 810 Idaho Street Elko, NV 89801

7.4 **Time of the Essence**.

Time is of the essence in all things pertaining to the performance of this Agreement.

7.5 **Further Assurances**.

Buyer and Seller will execute and deliver such additional papers, documents, and other assurances, and will perform such additional acts as are reasonably necessary in connection with the performance of their obligations hereunder to carry out the intent of this Agreement.

7.6 No Waiver.

No waiver by Buyer or Seller of a breach of any of the terms, covenants, or conditions of this Agreement by the other will be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or condition contained herein. No waiver of any default by Buyer or Seller hereunder will be implied from any omission by the other to take any action on account of such default if such default persists or is repeated and no express waiver will affect a default other than as specified in such waiver. The consent or approval by either Party to or of any act by the other requiring the first Party's consent or approval will not be deemed to waive or render unnecessary the consenting Party's consent or approval to or of any subsequent similar acts by the other Party.

7.7 Severability.

If any portion of this Agreement is illegal, null, void or against public policy, for any reason, or is held by any court of competent jurisdiction to be illegal, null, void or against public policy, the remaining portions of this Agreement will not be affected thereby and will remain in force and effect to the full extent permissible by law, but only to the extent that performance of such remaining provisions would not be inconsistent with the intent and purposes of this Agreement. If any provision of this Agreement is declared entirely void or unenforceable, such provision shall be deemed severed from this Agreement and this Agreement shall otherwise remain in full force and effect.

7.8 Entire Agreement.

This Agreement, together with its exhibits, contains the entire agreement of the Parties. There are no other agreements, oral or written, between the Parties, and this Agreement may be amended only by written agreement signed by the Parties.

7.9 Survival.

Except as otherwise expressly provided for in this Agreement, the representations, warranties, indemnification obligations, and covenants of the Parties set forth in this Agreement will survive consummation of the Transaction and the delivery and recordation of the Deed.

7.10 **Incorporation of Exhibits**.

All Exhibits are incorporated herein by reference.

7.11 Section Headings.

The section headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of this Agreement.

7.12 Counterparts.

This Agreement may be executed in counterparts. Counterparts may be delivered by email, fax, or other form of electronic delivery and facsimile and portable-document-format ("pdf") signatures shall be fully binding upon the Parties and shall be deemed as if originals.

7.13 Governing Law and Venue.

This Agreement will be governed by State law, without regard to the State's choice-of-law principles. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive initial venue will be a state or federal court of competent jurisdiction located in Elko County, Nevada, and the Parties hereby agree to and do hereby submit to the jurisdiction of such court.

7.14 Business Days.

If any date or any period provided for in this Agreement ends on a Saturday, Sunday, or legal holiday, the applicable date or period will be extended to the first business day following such Saturday, Sunday, or legal holiday.

7.15 **Time Periods**.

Unless expressly stated otherwise, any computation of time periods permitted or required herein stated in "**days**" shall mean calendar days. The time for performance of any obligation or other action under this Agreement shall be deemed to expire at 5:00 p.m. (local time) on the last day of the applicable time period provided for herein.

7.16 Tax Reporting.

Escrow Agent, as the party responsible for closing the transaction contemplated hereby within the meaning of Section 6045(e)(A) of the Code, shall file all necessary information reports, returns, and statements (collectively, the "**Tax Reports**") regarding the transaction required by the Code, including, but not limited to, the Tax Reports required pursuant to Section 6045 of the Code. Escrow Agent further agrees to indemnify and hold Buyer, Seller and their respective attorneys and brokers harmless from and against any and all claims, costs, liabilities, penalties or expenses resulting from Escrow Agent's failure to file the Tax Reports Escrow Agent is required to file pursuant to this Section 7.17.

Signatures and Exhibits Follow

Seller, Buyer, and Escrow Agent have executed this Agreement as of the date first set forth above.

SELLER:

GEOTHERMAL INDUSTRIAL PARK OF ELKO, LLC, a Nevada limited liability company,/

By: TU Name: Panela Lattin Title: Manager

BUYER:

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT, a Nevada Public Charter School

By: Rennis E-mmermon 11/15/22 Name: Dennis Zinnernan Title: EIAA President

ESCROW AGENT STEWART TITLE

By:	
Name:	
Title:	

EXHIBIT A

Form of Grant, Bargain, and Sale Deed

When Recorded Mail To: 1031 Railroad Street, Ste 107 Elko, Nv 89801

GRANT, BARGAIN, AND SALE DEED

GEOTHERMAL INDUSTRIAL PARK OF ELKO, LLC, a Nevada limited liability company ("Grantor"), does hereby grant, bargain, and sell to ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT, LLC, a Nevada limited liability company ("Grantee"), the real property described on Exhibit "A" attached hereto and by this reference made a part hereof, together with the tenements, hereditaments, and appurtenances thereunto belonging or in anywise appertaining. (the "Property").

SUBJECT, HOWEVER, to all matters of record and any matters which may be disclosed by an accurate survey of the Property.

Dated this _____ day of December, 2022.

GEOTHERMAL INDUSTRIAL PARK OF ELKO, LLC, a Nevada limited liability company, by its Manager

By:	
Name:	
Title: Manager	

STATE OF NEVADA)) ss.

County of Elko

The foregoing instrument was acknowledged before me this ____ day of December, 2022, by _____, as the Manager GEOTHERMAL INDUSTRIAL PARK OF ELKO, LLC, a Nevada limited liability company, on behalf of the company.

Notary Public

My Commission Expires: _____

Exhibit A (to Grant Bargain, and Sale Deed)

LEGAL DESCRIPTION

TO BE INSERTED

EXHIBIT B

Legal Description of Property

Parcel Number 001-694-006 Parcel 2, file 582778, formerly assessed as a portion of 001-694-004 being portions of and MDB&M



Governmental Information Letter

Government entities are frequently asked to provide a tax-exempt number or "determination" letter to prove its status as a "tax-exempt" or charitable entity. For example, applications for grants from a private foundation or a charitable organization generally require this information as part of the application process. In addition, donors frequently ask for this information as substantiation that the donor's contribution is tax deductible, and vendors ask for this to substantiate that the organization is exempt from sales or excise taxes. (Exemption from sales taxes is made under state law rather than Federal law.)

The Internal Revenue Service does not provide a tax-exempt number. A government entity may use its Federal TIN (taxpayer identification number), also referred to as an EIN (Employer Identification Number), for identification purposes.

Governmental units, such as states and their political subdivisions, are not generally subject to federal income tax. Political subdivisions of a state are entities with one or more of the sovereign powers of the state such as the power to tax. Typically they include counties or municipalities and their agencies or departments. Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose.

An entity that is not a political subdivision but that performs an essential government function may not be subject to federal income tax, pursuant to Code section 115(1). The income of such entities is excluded from the definition of gross income as long as the income (1) is derived from a public utility or the exercise of an essential government function, and (2) accrues to a State, a political subdivision of a state, or the District of Columbia. Contributions made to entities whose income is excluded income under section 115 may be tax deductible to contributors.

In order for a government entity to receive a determination of its status as a political subdivision, instrumentality of government, or whether its revenue is exempt under Internal Revenue Code section 115, it must obtain a letter ruling by following the procedures specified in Revenue Procedure 2018-1 or its successor. There is a fee associated with obtaining a letter ruling.

As a special service to government entities, IRS will issue a "governmental information letter" free of charge. This letter describes government entity exemption from Federal income tax and cites applicable Internal Revenue Code

Video

 Governmental Information Letter Video sections pertaining to deductible contributions and income exclusion. Most organizations and individuals will accept the governmental information letter as the substantiation they need.

Government entities can request a governmental information letter by calling 877-829-5500.

Page Last Reviewed or Updated: 14-Jun-2022



S O U T H W E S T P R O P E R T Y C O N S U L T A N T S

APPRAISAL REPORT

MAIN STREET FLEX AND OFFICE BUILDINGS

951 AND 905 W. MAIN STREET ELKO, NEVADA 89801

PERTINENT DATES: Valuation Date: April 8, 2015 Report Date: April 13, 2015

PREPARED FOR: Mr. Curtis Zeitelhack Wells Fargo Bank 2222 W. Rose Garden Lane, 1st Floor Phoenix, AZ 85027

PREPARED BY: Matthew Buxton, MAI Southwest Property Consultants, Inc. 500 N. Rainbow Blvd., Suite 300 Las Vegas, Nevada 89107

SWPC Job No.: C-1504-04 Client File No.: WF-LA-15-008113-03-1







LETTER OF TRANSMITTAL

S O U T H W E S T P R O P E R T Y C O N S U L T A N T S

>>ADDRESS: 500 n. rainbow blvd., suite 300, las vegas, nevada 89107 >>0FFICE: 702.485.4441 >>FAX: 702.823.4411

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April 13, 2015

Mr. Curtis Zeitelhack Wells Fargo Bank 2222 W. Rose Garden Lane, 1st Floor Phoenix, AZ 85027

Re: Main Street Flex and Office Buildings 951 & 905 W. Main Street Elko, Nevada 89801 SWPC Reference: C-1504-04 Client Reference: WF-LA-15-008113-03-1

Mr. Zeitelhack:

As requested, we have completed an appraisal report of an Industrial located at 951 & 905 W. Main Street in Elko, Nevada. We have provided a detailed description of the subject property, relevant market data, and a description of the appraisal process in order to support the valuation scenarios contained in this report.

The subject property consists of one flex industrial building and one professional office building located on Main Street in the southwest area of Elko, Nevada. The flex industrial building is located at 951 W. Main Street (APN 001-694-005). The building is a concrete tilt-up structure and contains 33,600 SF (rentable). It was constructed in 2007 and has 6 occupied suites. This property has a site size of 2.785 acres. The professional office building is located at 905 W. Main Street (APN 001-694-006). The building has concrete block construction, which consists of 33,970 SF (rentable) and was constructed in 2007. This property has a site size of 2.291 acres. Both buildings are 100% occupied by local, regional and national tenants. Barrick Gold of North America is a national credit tenant (Morningstar rating of BBB-) that occupies the entirety of the professional office building and 14,400 SF within the flex industrial building. The subject properties are zoned LI, Light Industrial under the jurisdiction of the City of Elko.

We have read and analyzed all of the property's leases accounting for 100% of the first year's potential gross income.

This report is presented in an Appraisal Report format as defined by USPAP Standards Rule 2-2. As such, it presents a summarized discussion of the data, reason and analysis that was used in the appraisal process to develop one or more value indications. Additional information supporting our analysis is retained in the appraisal work file.

The client of this report is Wells Fargo Bank. The intended user of this report is Wells Fargo Bank. The purpose of this report is to assist the client in establishing a new permanent loan. Wells Fargo reserves the right to use the report for the purposes of syndication with other financial institutions or securitization.

The report date is April 13, 2015. The requested valuation premise, dates of value, interest appraised and value conclusions are illustrated in the following table:

VALUE CONCLUSIONS					
Appraisal Premise Interest Appraised Date Value Conclusion					
"As Is" Market Value	Leased Fee	4/8/2015	\$11,400,000		
"As Stabilized" Market Value	Leased Fee	4/8/2015	\$11,400,000		





>>ADDRESS: 500 n. rainbow blvd., suite 300, las vegas, nevada 89107 >>0FFICE: 702.485.4441 >>FAX: 702.823.4411

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The subject property is 100% leased. Therefore, the "As Is" and "As Stabilized" Market Value indications are the same.

>

This appraisal report is intended to satisfy the scope of work and requirements set forth by Wells Fargo Bank and Southwest Property Consultants. The analyses, opinions and conclusions illustrated within this appraisal report were developed based upon our interpretation of the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Title XI Regulations and all applicable local and state requirements.

The information, supporting data and calculations leading to an opinion of value are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

This report is intended to adhere to the scope of work and intended use requested by Wells Fargo Bank. It is our goal to provide meaningful analysis that supports the opinions of value contained herein. If you have any question or concern regarding the attached appraisal report, or, if we can provide additional assistance with this or any other valuation assignment, please contact us.

Sincerely.

SOUTHWEST PROPERTY CONSULTANTS

Matthe Finto

Matthew Buxton, MAI Principal Certified General Real Estate Appraiser State of Nevada Certificate No. A.0007839-CG Expiration Date: June 30, 2016 Telephone: 702.485.4441 Email: matt@swpconsultants.com



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ADDENDA

ADDENDUM A:	GLOSSARY OF DEFINITIONS
ADDENDUM B:	CLIENT CORRESPONDENCE
ADDENDUM C:	SUBJECT INFORMATION
ADDENDUM D:	COMPARABLE DATA
ADDENDUM E:	APPRAISER QUALIFICATIONS





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SUMMARY OF SALIENT DATA AND CONCLUSIONS

SUMMARY OF SALIENT DATA AND CONCLUSIONS

Property Name or Identification		Main Street Flex an	d Office Building
Location		905-95	51 W. Main Stree
Interest Appraised			Leased Fee
Highest and Best Use (as vacant)		Develop Indu	strial Warehouse
Highest and Best Use (as improved)		Flex Industrial and P	rofessional Office
SITE INFORMATION			
Area (Net Acres):			5.076
Area (Net SF):			221,111
Zoning			LI, Light Industria
Jurisdiction			City of Elko
Census Tract			9510
Assessor's Parcel Number(s)		001-6	94-005 and 006
IMPROVEMENTS DESCRIPTION			
Property Type		Professional Office a	and Flex Building
Number of Stories:			2
Construction Type			Concrete Tilt-up
Rentable Area			67,570
Year Built			2007
Investment Class			E
TENANCY			
Type of Occupancy		Local, regional and	national tenancy
Number of Tenant Spaces			7
Current Occupancy			100.0%
APPROACH TO VALUE	"As Is" Market Value	Date:	4/8/2015
Cost Approach			N/A
Income Approach			\$11,440,000
Sales Comparison Approach			\$10,550,000
Reconciled "As Is" Market Value			\$11,400,000
APPROACH TO VALUE	"As Stabilized" Market Value	Date:	4/8/2015
Cost Approach			N/A
Income Approach			\$11,440,000
Sales Comparison Approach			\$10,550,000
Reconciled "As Stabilized" Market Value			\$11,400,000
INSURABLE REPLACEMENT COST	951 W. Main Street		\$2,611,370
	905 W. Main Street		\$5,132,080
EXPOSURE AND MARKETING TIME			12 months



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905 W. Main Street Facing East



Main Street Facing North



Rear of Office Building



Entrance to Office Building



Parking Area



Hallway in Office Building



SUMMARY OF SALIENT DATA AND CONCLUSIONS SOUTHWESTPROPERTYCONSULTANTS

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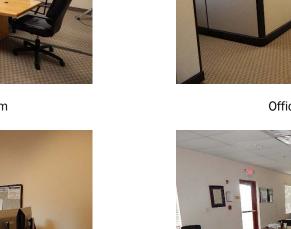
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Conference Room



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Typical Office



951 W. Main - Flex Industrial



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Office Cubicles



Training Room



Rear of Flex Industrial





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Flex Industrial Suite B



Flex Industrial Suite F Warehouse



Flex Industrial Suite G Warehouse



Flex Industrial Suite F



Flex Industrial Suite G Office



Flex Industrial Suites C & D Warehouse





ASSIGNMENT INTRODUCTION

This section is intended to assist the reader in understanding what is being appraised and why. It illustrates the general aspects governing this real estate assignment. Specifically, we identify the subject property via a general description and legal description. We also introduce the ownership, sales status and listing history. Our client is identified along with the report purpose, intended use and users, property rights appraised, value definition and special client instructions. We define the exposure and marketing time and any extraordinary assumptions or hypothetical conditions that have been considered as part of this assignment.

PROPERTY IDENTIFICATION

The subject property consists of one flex industrial building and one professional office building located on Main Street in the southwest area of Elko, Nevada. The flex industrial building is located at 951 W. Main Street (APN 001-694-005). The building is a concrete tilt-up structure and contains 33,600 SF (rentable). It was constructed in 2007 and has 6 occupied suites. This property has a site size of 2.785 acres. The professional office building is located at 905 W. Main Street (APN 001-694-006). The building has concrete block construction, which consists of 33,970 SF (rentable) and was constructed in 2007. This property has a site size of 2.291 acres. Both buildings are 100% occupied by local, regional and national tenants. Barrick Gold of North America is a national credit tenant (Morningstar rating of BBB-) that occupies the entirety of the professional office building and 14,400 SF within the flex industrial building. The subject properties are zoned LI, Light Industrial under the jurisdiction of the City of Elko.

Further property identification is illustrated as follows:

SUBJECT IDENTIFICATION			
Property Name or Type	Main Street Flex and Office Buildings		
Address	905-951 W. Main Street		
	Elko, Nevada 89801		
County	Elko		
Submarket Area	Northern Nevada		
Census Tract	9510.00		
Tax Parcel Number(s)	001-694-005 and 006		

LEGAL DESCRIPTION

The subject property can be legally defined as follows:

APN's 001-694-005 and 006: Parcels 1 and 2 of File 582778 located in portions of Section 15, 21 and 22, Township 34 North, Range 55 East, M.D.B.&M.

OWNERSHIP HISTORY AND LISTING STATUS

The subject's current ownership and ownership history is displayed in the following table.





OWNERSHIP AND LISTING STATUS		
Current Ownership	Geothermal Industrial Park of E	
Current Ownership	Geothermal moustrial Park of E	
Prior Sale/Transfer Date	Not in 36 Months	
Listing Status	Not Listed	
Contract Status	Not Under Contract	

.

According to county records, the subject property is owned by Geothermal Industrial Park of E. Subject property has not been sold in past 36 months and is not under a purchase agreement at this time. The property is not listed for sale.

CLIENT IDENTIFICATION

The client of this report is Wells Fargo Bank.

PURPOSE

The purpose of this report is to assist Wells Fargo Bank as a real estate expert by developing the following opinions of value: "As Is" Market Value, "As Stabilized" Market Value. The client has also requested an estimate of the Insurable Replacement Cost.

INTENDED USE AND INTENDED USERS

The intended use of this report is to assist Wells Fargo Bank in establishing a new permanent loan. The intended user is Wells Fargo Bank.

Wells Fargo reserves the right to use the report for the purposes of syndication with other financial institutions or securitization.

RELEVANT DATES/VALUE SCENARIOS

Matthew Buxton, MAI inspected the property and the surrounding area on April 6, 2015. The date of this report is April 13, 2015. Relevant valuation dates are summarized in the following table:

RELEVANT DATES AND VALUE TYPES			
Inspection Date	4/8/2015		
Report Date	4/13/2015		
"As Is" Market Value	4/8/2015		

PROPERTY RIGHTS APPRAISED

Leased Fee Interest

DEFINITIONS OF VALUE

The following definition of market value is considered most relevant given the intended use and scope of this assignment.

Market Value: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming that the price





is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;

2. Both parties are well informed or well advised, and acting in what they consider their own best interests;

3. A reasonable time is allowed for exposure in the open market;

4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

More relevant definitions are provided in the addendum of this report.

SPECIAL CLIENT INSTRUCTIONS

There are no special appraisal instructions relating to this assignment. The reader is encouraged to view the engagement letter in the addendum for a complete list of client instructions.

PERSONAL INTANGIBLE PROPERTY

No personal property or intangible items are included in the valuation of the subject property.

APPRAISAL ASSISTANCE

No one has provided additional assistance in the preparation of this report.

EXPOSURE AND MARKETING TIME

Exposure Time: The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.²

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.³

Information from various sources including sale comparables, national surveys and broker opinions have been considered in estimating the appropriate exposure and marketing time as illustrated in the following table:

³ The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010



¹ Office of the Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.
² The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010

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MARKETING AND EXPOSURE TIME			
SOURCE	PERIOD		
National Surveys			
PriceWaterhouseCoopers	3 to 12 months		
RERC	6.2 to 6.9 months		
Market Participants	6 to 24 months		
Comparable Sales	1 to 36 months		
Southwest Property Consultants			
Estimated Marketing Time	12 months		
Estimated Exposure Time	12 months		

ASSIGNMENT CONDITIONS

Extraordinary Assumptions and/or Hypothetical Conditions that may have been used during the appraisal process are discussed below. The client is advised to carefully consider these issues as they relate to the value indications and the intended use of this appraisal. The use of extraordinary assumptions and/or hypothetical conditions might affect assignment results:

EXTRAORDINARY ASSUMPTIONS

We were provided with each of the subject's leases. Several of the leases were <u>unsigned</u> copies. This report is made under the extraordinary assumption that the leases are executed per the terms and conditions provided.

HYPOTHETICAL CONDITIONS

None





SCOPE OF WORK

Establishing credible assignment results involves gathering and analyzing information considered most relevant to the subject property in consideration of the intended use outlined by the client. The scope of work outlines the research and analysis necessary to support the conclusions contained in this report.

REPORT TYPE

This report has been prepared in an Appraisal Report format as identified in USPAP Standard 2.

EXTENT TO WHICH THE PROPERTY IS IDENTIFIED

The subject property is identified through various sources where available: county records, title policies, recorded deeds, site plans and surveys. At a minimum, a legal description, parcel number and street address (unless unassigned) are provided.

EXTENT TO WHICH TANGIBLE PROPERTY IS INSPECTED

Matthew Buxton, MAI inspected the property and the surrounding area on April 6, 2015.

TYPE AND EXTENT OF DATA RESEARCHED

We researched all applicable sources necessary to fully develop the opinions of value contained in this report. Specifically, the regional and neighborhood sections of this report were researched through personal experience, local newspapers, published county information, state demographer's website, U.S. census data, demographic specialists, and market participants. The market section was researched through published industry sources from local real estate firms and national market surveys that specialize in the subject's market area and highest and best use. Site and improvement characteristics were determined through a personal inspection of the site and information provided by the county assessor, plat maps, surveys and title policies where available. Taxes were obtained through the county assessor's website. Cost information, when applicable, has come from Marshall Valuation Service, developer interviews and/or internal office files. Comparable sale, listing and rental data were verified through various sources, which may include CoStar, Propertyline, LoopNet, county records, local industry publications and information provided by brokers, property owners, property managers, buyers and sellers.

TYPE AND EXTENT OF ANALYSIS APPLIED TO ARRIVE AT OPINIONS OR CONCLUSIONS

The appraisers have performed a Highest and Best Use analysis utilizing the sources outlined above to determine the legally permissible, physically possible, financially feasible and maximally productive use of the site "as vacant" and "as improved." We then considered three approaches to value in our analysis: the cost approach, income approach and sales comparison approach. Buyers of real estate in the current market (investors, owner/users, etc.) are not placing weight or emphasis on the cost approach due to the lack of new construction feasibility. For this reason, the cost approach was not developed unless specified by the client or required for a proposed development. The income approach was developed via a direct capitalization method and/or discounted cash flow analysis utilizing an appropriate pro-forma of rent revenue, vacancy, operating expenses and net operating income based on market data and in consideration of the subject's performance. Capitalization and discount rates are derived from market sources including comparable sales, market participants and industry surveys. The sales comparison approach was developed utilizing the most relevant property sales in the market. A unit of measure (usually a price-per-square-foot method) is utilized and adjustments are made in order to establish a credible value indication. Factors such as lease-up costs, above/below market rent and tenant improvement costs can impact each approach.





COMPETENCY RULE

USPAP Standard 2 requires the appraiser to have competency regarding the subject property being analyzed or provide the client with the steps taken to assure competency. Matthew Buxton, MAI has experience in the local market area appraising similar properties and meets the criteria set forth in USPAP.

SOURCES USED FOR THIS ASSIGNMENT

The specific sources used for this assignment are illustrated below:

VERIFICATION SOURCES			
ITEM	SOURCE		
Subject Site Information	County Assessor		
Zoning Information	City of Elko		
Tax Information	County Treasurer		
Demographics	ESRI		
Flood Map	FEMA		
Comparable Information	See Comparable Abstracts		
Legal Description	Recorded Deed		





REGIONAL AND NEIGHBORHOOD ANALYSIS

The city of Elko is located in the northeastern portion of the state of Nevada, near the southwest corner of Elko County. The subject's area includes the southwestern portion of Elko County. Elko is 295 miles east of Reno, 237 miles west of Salt Lake City and 246 miles south of Boise.

The subject is located near the northern area of Elko. The county seat of Elko County, Nevada, the City of Elko is located on Interstate 80 between Salt Lake City and Reno. Elko has grown to an incorporated population nearing 20,000 and a service area including nearly 60,000. Elko is an active town and one that draws people from across the West because of its nearby recreational amenities, and large employment base due to the nearby mining operations.

The Elko Municipal Airport with private and chartered flight and rental car services is located approximately 3 miles south. Elko is one of 565 "Micropolitan" towns in the U.S., with proximity to the nearest metropolitan area- Salt Lake City, Utah, 237 miles away. Gold mining and mining in general has been the major industry in Northeastern Nevada for 50 plus years. Elko and Carlin are ideally located near some of the largest gold deposits in the United States. Three major mines operate in the Elko/Carlin area and they employ thousands of people along with thousands of mining support jobs have grown throughout the area as well.

These and other factors will be discussed in greater detail within this section.

MAJOR LINKAGES AND ACCESSIBILITY

Interstate 80 is the primary east-west transportation route connecting the area to California to the west and Utah, Colorado, and the Midwestern states to the east. Highway 93 connects the area to Las Vegas to the south and Boise (Idaho) to the north. The Elko Municipal Airport has one commuter airline, Skywest, which provides daily flights to Salt Lake City and Reno. Other transportation for the area includes bus, railroad, and trucking services.

Primary access to the subject neighborhood is provided by Interstate Highway 80 and Idaho Street. Interstate Highway 80 is primarily a four lane, variable width right-of-way, traversing the city in an east-west direction. This arterial connects Elko with Salt Lake City to the east, and the City of Reno to the west. US Highway 225 provides north-south access to the area.

LAND USES AND GROWTH PATTERNS

Land uses within the neighborhood consist of a mixture of industrial and commercial development. The subject's immediate area is a combination of industrial warehouses with retail and hotel development along Idaho Street. Newer industrial development is occurring approximately seven miles east of the Elko and is known as the "Railport."

Northeastern Nevada Regional Airport: The following was taken from the Land Use Master Plan prepared by Elko County in 2006.

Northeastern Nevada Regional Railport "Industrial Area" was a publicly owned property. The property was purchased by Elko County for the development of the Northeastern Nevada Regional Railport and adjacent Industrial Area to assist with economic diversity in Elko County. The total acreage purchased by Elko County is approximately 811 acres including Railroad right of way. The acreage of the railroad right of way is approximately 76 acres. The acreage set aside for the Northeastern Nevada Railport is approximately 35 acres. The total area of this Master Plan is approximately 669 acres of which potentially approximately 225 acres will not be utilized for industrial use. This Master Plan is a Land Use Master Plan devised to provide specific designations within the four zones of the plan area.



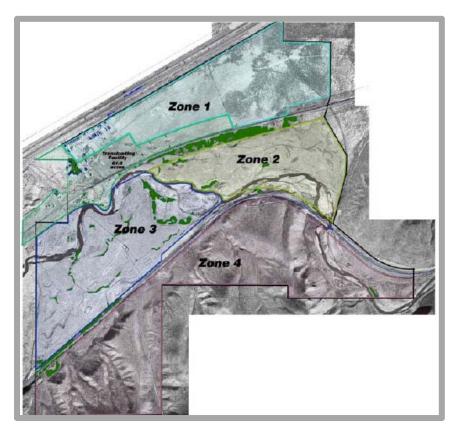


The Industrial area is divided into four zones... The four zones are described as Zone 1 being the property along State Frontage Road 54 (FR 54) between the railroad tracks and the frontage road. Zone 2 is the property on the south side of the west bound tracks between the east and west bound tracks from the east property boundary west to the edge of the Humboldt River. Zone 3 is the property located between the east and west bound tracks from the edge of the Humboldt River to the west property boundary. Zone 4 is the area south of the east bound tracks to the southerly property boundary.

The industrial area is to be developed in accordance with the Land Uses identified within the Master Plan and the Elko County Zoning Ordinance. The identified uses are subject to individual review by the Elko County Planning Commission at the instance and request of the specific property owner/developer before development.

Because the overall development is a public/private partnership, the county is required to sell each parcel at its appraised value. She reported that the parcels have been almost entirely purchased for the development of owner user properties with the majority having ties to the mining industry.

The following chart shows the site area that makes up the Northeastern Nevada Regional Railport.



Growth patterns have occurred primarily in the northwestern portion of Elko along commercial thoroughfares such as Interstate 80 and State Road 227. Retailers in the area along State Road 227 (Mt. City Hwy) are a Wal-Mart, Home Depot, Smith's, AutoZone and a small strip center. The subject's immediate area is best characterized as the commercial/retail core of Elko.





DEMOGRAPHIC STUDY

The demographic data for the 1-, 3-, and 5-mile radius surrounding the subject property is provided by Site To Do Business. Relevant statistics include population growth, household units and household income. Present and future projections are illustrated in the following table:

LOCAL AREA DEMOGRAPHICS							
Descripton	1.0 Mile	3.0 Miles	5.0 Miles	Descripton	1.0 Mile	3.0 Miles	5.0 Miles
2010 Census Population	6,113	19,407	20,769	2010 Households by Income			
2014 Population	6,618	21,412	22,881	Household Income Base	2,661	7,835	8,320
2019 Population	7,554	24,433	26,109	<\$15,000	275	722	759
Households				\$15,000 - \$24,999	348	728	759
2010 Households	2,476	7,128	7,578	\$25,000 - \$34,999	234	589	618
2014 Households	2,661	7,836	8,319	\$35,000 - \$49,999	382	823	858
2019 Households	3,057	9,001	9,556	\$50,000 - \$74,999	421	1,322	1,407
Change 2000-2014	7.5%	9.9%	9.8%	\$75,000 - \$99,999	425	1,203	1,270
Change 2014-2019 (Est.)	14.9%	14.9%	14.9%	\$100,000 - \$149,999	469	1,833	1,979
Housing Units (current year)				\$150,000 - \$199,999	56	387	428
Total Housing Units	2,661	7,836	8,319	\$200,000+	51	228	242
Owner Occupied	1,390	4,577	4,932				
Renter Occupied	1,271	3,259	3,387	Average Household Size	2.42	2.68	2.70
Income (current year)				Median Age	32.9	32.1	32.3
Median Household Income	\$53,992	\$68,378	\$69,311				
Average Household Income	\$63,267	\$76,480	\$77,256				
Per Capita Income	\$25,589	\$28,251	\$28,396				

*Source: ESRI

In the table above, the 1-, 3- and 5-mile radius shows median household income at \$53,992 to \$69,311 with annual household growth of 14.9% estimated over the next five years. It is noted, Elko has experienced a moderate increases in population. This growth is viewed as transitional as the main employment base shifts from mining to other industries. Retailers continue to expand into the market as evidenced by the relatively new Wal-Mart and Home Depot stores.

LIFE STAGE AND CONCLUSION

The outlook for the neighborhood is for relatively stable performance with only moderate improvement over the next several years. As a result, the demand for existing developments is expected to be good. Recent growth in the neighborhood has primarily been related to mining, retail or hotel development. Generally, the neighborhood is expected to maintain a relatively stable pattern in the foreseeable future.



SITE AERIAL PHOTO

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SITE AERIAL PHOTO

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SITE ANALYSIS

The subject properties are located on the south side of Main Street approximately 200 feet west of Silver Street in the southwest area of Elko, Nevada. The properties are in an industrial district surrounded by warehouse buildings, storage yards, vacant industrial land and railroad tracks.

The subject site is economically influenced by its immediate surroundings. Adjacent land uses are illustrated in the table below:

ADJACENT LAND USES		
DIRECTION	USE	
North	Vacant industrial land, warehouse buildings, Elko Regional Airport	
South	Vacant industrial land, railroad tracks, agricultural land, Humboldt River	
East	Office buildings, industrial warehouse buildings	
West	Parking lot, industrial warehouse, vacant industrial land	

Land uses along Main Street primarily consist of industrial warehouse buildings, office and vacant land. Adjacent land uses shown in the table above generally compliment the site for its current use.

GENERAL SITE CHARACTERISTICS

Net Land Area (Acres)	5.08 Acres
Net Land Area (SF)	221,111 Square Feet
Excess Land (SF)	N/A
Surplus Land (SF)	N/A
Corner Influence	No
Shape	Irregular

The subject has a site size and shape that accommodates a variety of commercial uses. It does not benefit from being on a corner.

LAND CONDITIONS

Topography	Level, at grade	
Soil Conditions	Unknown/Assumed Adequate	
Flood Zone	Х	
Flood Zone Map No.	32007C5609E	
Flood Map Effective Date	September 4, 2013	
Seismic Hazards	None indicated	
Environmental Issues	None known	

The subject property is level, at street grade. It is within Flood Zone X, characterized as an area not prone to flooding and outside the 100-year flood plain. Flood zones exist to the south of the sites near the railroad.

We were not provided with an Environment Assessment. Nor did we observe or search for any potentially hazardous substances including lead paint, asbestos, urea formaldehyde foam insulation or any other potentially hazardous





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construction materials on the site. It is possible that the existence of such materials could have a detrimental impact on the property and we recommend that a qualified environmental engineering firm be contacted before making any financial decisions regarding the subject property.

STREET IMPROVEMENTS



Road Frontage	680 Feet
Secondary Road Frontage, if any	N/A
Finished Road Frontage	, 680 Feet
Number of Traffic Lanes (each direction)	1
Finished Curbs/Sidewalks	Yes
Streetlight Signalization	No
Ingress/Egress	Average
Visibility	Average
Traffic Count	N/A
Traffic Counter Location	N/A

Site improvements include professional landscaping and a paved parking lot Off-site improvements include a paved frontage road and street lighting. Access is via curb cuts on the south side of the street.

UTILITIES

Availability of Utilities

UTILITY PROVIDERS:

Electricity Water Sewer Natural Gas Trash Telephone All utilities are installed at the site

NV Energy City of Elko City of Elko SW Gas (both buildings use Geothermal Heating) Elko Sanitation CenturyLink

EASEMENTS/ENCROACHMENTS

There are no known detrimental easements or encumbrances on the site. Only typical utility easements are known to exist on the site.

RECIPROCAL PARKING

The subject properties do not have reciprocal agreements with adjacent land owners.

DEED RESTRICTIONS

The appraisers were not provided with a title report for the subject property. We are unaware of any public or private deed restrictions that limit the subject's current use. It is beyond the scope of this appraisal to discover and analyze any such restrictions. It is recommended that a title report be obtained to determine whether or not any restrictions exist to determine any potentially adverse impact on the property. Deed restrictions are legal matters and it is suggested that a title company, or attorney, be procured to uncover restrictive covenants before any financial decisions are made regarding the subject property.





ZONING

The following table illustrates the zoning and legal considerations as they relate to the subject property. They have a direct impact on site utility and development potential.

ZONING AND LEGAL CONSIDERATIONS		
Zoning Code	Ll, Light Industrial	
Zoning Jurisdiction	City of Elko	
Zoning Description	The purpose of the LI zoning district is to provide and preserve areas reserved primarily for less intensive industrial use and activity normally associated with previously prepared materials and with minimal levels of noise, dust, odor, vibration or smoke, and to preclude encroachment of land uses such as residential uses that could be in conflict with the industrial and manufacturing environment.	
Current Use	Office and Industrial	
No. Parking Spaces	78	
Parking Ratio	2.32 per 1,000 (industrial building) and 4.53 per 1,000 (office building)	
Legal Conformity	The subject is a legal and conforming use.	

The appraisers are not experts in the interpretation and analysis of complex zoning ordinances. However, industrial and some office uses are permitted on the site. In addition, the subject's parking ratio of 2.32 per 1,000 (industrial building) and 4.53 per 1,000 (office building) exceeds the parking requirements for these property types. Based on these findings, the subject's existing use and improvements appear to be a legal and conforming use of the site. Establishing the legal compliance to all zoning, master plan and overlay requirements is beyond the scope of this appraisal. We recommend that planning and zoning officers within the subject's local jurisdiction be contacted if further clarification is required.

SITE FUNCTIONALITY AND CONCLUSION

The site contains 5.08 acres and is level with the fronting street. It is within an industrial district in the southwest area of Elko, Nevada. The site offers a typical industrial configuration and site plan. The site has a functional size and shape to accommodate a variety of commercial uses based on its Ll, Light Industrial zoning. Based on the site's physical and economic characteristics, we rate the site as average with satisfactory market acceptance.



PARCEL MAP

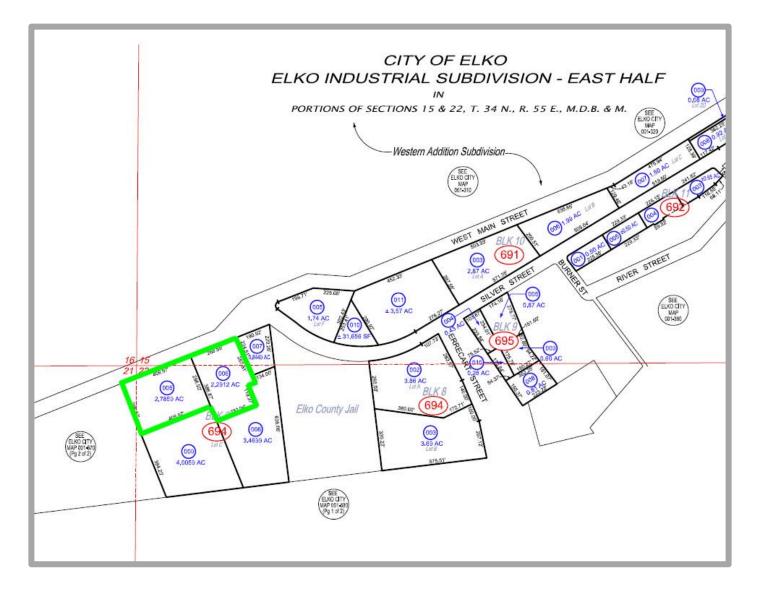
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PARCEL MAP

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IMPROVEMENT ANALYSIS

The subject property consists of one flex industrial building and one professional office building located on Main Street in the southwest area of Elko, Nevada. The flex industrial building is located at 951 W. Main Street (APN 001-694-005). The building is a concrete tilt-up structure and contains 33,600 SF (rentable). It was constructed in 2007 and has 6 occupied suites. This property has a site size of 2.785 acres. The professional office building is located at 905 W. Main Street (APN 001-694-006). The building has concrete block construction, which consists of 33,970 SF (rentable) and was constructed in 2007. This property has a site size of 2.291 acres. Both buildings are 100% occupied by local, regional and national tenants. Barrick Gold of North America is a national credit tenant (Morningstar rating of BBB-) that occupies the entirety of the professional office building and 14,400 SF within the flex industrial building. The subject properties are zoned LI, Light Industrial under the jurisdiction of the City of Elko.

GENERAL PROPERTY DESCRIPTION



905 W. Main St.

PROPERTY ATTRIBUTE SOURCES:



951 W. Main St.



Rear View of 951 W. Main St

	IMI	PROVEMENT SOURCES	
	ITEM	SOURCE	
	Subject Site Information	County Assessor	
	Legal Description	City of Elko	
	Construction Data	County Assessor	
	Gross Building Area	Building Plans	
	Rentable Area	Rent Roll	
	Tenant Space	Rent Roll	
GENERAL P	ROPERTY DESCRIPTION	905 W. MAIN ST.	951 W. MAIN ST
Yea Nu	ilding Investment Classification ⁴ ar Built mber of Buildings mber of Stories	B 2007 1 2	B 2007 1 1

⁴ The reader should not confuse building investment classification with construction classification. Building investment classifications (A, B or C) refer to how a property is perceived in the market among prospective buyers and investors. It generally considers a property's economic and physical attributes. Construction classifications (A, B, C, D, H, M, P, S and W) refer to a property's building materials including type of framing, walls, floors, roof structures and fireproofing.



951 W. MAIN ST

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IMPROVEMENT ANALYSIS



905 W. MAIN ST.

Gross Building Area (SF) 33,970 SF 33,600 SF Rentable Area (SF) 33.970 SF 33.600 SF **Tenant Suite Range** 33,970 SF 4,800 - 9,600 SF Number of Tenant Spaces 1 6 Occupancy at Inspection 100% 100% Land-to-Building Ratio 3.61 to 1 2.94 to 1 **Parking Spaces** 78 Spaces 154 Spaces **Parking Ratio** 4.5 per 1,000 SF 2.32 per 1,000 SF CONSTRUCTION DETAILS

Foundation	Slab	Slab
Exterior Walls	Concrete Block	Concrete Tilt-up
Roof Cover	Flat, Built-up	Flat, Built-up
HVAC	Forced Air/Geothermal	Forced Air/Geo/Evap. Coolers
Electrical	Assumed Adequate	Assumed Adequate

The office building has concrete block building materials. The flex industrial building has concrete tilt-up construction. Marshall Valuation Service classifies both buildings as having C - Concrete Tilt-up construction materials.

GENERAL PROPERTY DESCRIPTION



Interior View – Office Building

Percent Finished Floors Ceiling Windows Lighting Plumbing No. of Elevators Fire Protection Security



Interior View - Industrial Flex

905 W. MAIN ST.

100% Carpet and Tile Acoustic Ceiling Tiles Aluminum Framing Fluorescent Tube Commercial Quality 1 Wet System Video Surveillance



Interior View – Warehouse

951 W. MAIN ST

100% Carpet, Tile and Concrete Exposed Ceilings Aluminum Framing Hanging Lights Industrial Quality O Wet System Individual Alarms

Based on the physical characteristics of the improvements, the quality of both buildings is good and compares favorably among similar properties in the neighborhood and market area. The property at 951 W. Main is a flex industrial building. In addition to the items listed above, this property has 7 grade level doors and 7 dock high doors at the rear of the building. The warehouse has a favorable clear height of approximately 24-28 feet and the interior has office build-out of





approximately 20% per unit – the exception being Units C & D, built-out as a single unit of 100% warehouse. Both properties have geothermal heating in both the interior of the buildings and in the parking lots.

EXTERIOR

Parking LotPaved Surface LotPaved Surface LotLightingPole LightingPole Lighting		905 W. MAIN ST.	951 W. MAIN ST
Landscaping Prof. Landscaping Prof. Landscaping	Lighting	Pole Lighting	Pole Lighting

CONDITION/DEFERRED MAINTENANCE

Deferred maintenance is curable, physical deterioration that should be corrected immediately. While the immediacy of need is inherent and exists, it does not necessarily suggest inadequate maintenance in the past.

There were no signs of deferred maintenance noted during the property inspection.

CAPITAL EXPENDITURES

We were not made aware of any additional, planned, capital expenditures for the subject property.

ECONOMIC AGE AND LIFE

Based on the physical inspection, the subject property has an estimated effective age that is generally consistent with its actual age. Our estimate is illustrated below:

	905 W. MAIN ST.	951 W. MAIN ST
>>Total Economic Life	50 Years	45 Years
>>Estimated Effective Age	7 Years	7 Years
>>Remaining Economic Life	43 Years	38 Years

PERSONAL PROPERTY/FF&E

No personal property has been considered in this analysis.

ADA COMPLIANCE

The Americans with Disabilities Act (ADA) was enacted January 26, 1992. The scope of work does not require a specific survey or analysis of the property in order to establish compliance with specific measures of the ADA. We were not provided with a compliance survey. If discovered, non-compliance of one or more of the ADA requirements could potentially have a negative impact on value.

FUNCTIONAL UTILITY AND CONCLUSION

905 W. Main Street is a two-story, concrete block office building. It contains 33,970 SF and was constructed in 2007. It is built as a single tenant building with a parking ratio of 4.5 per 1,000 SF. The interior has a typical configuration and floor plan with two reception areas, meeting rooms, private offices and training rooms. The building is in good condition with no deferred maintenance. The property is functional, if not slightly superior than other office buildings in Elko. If this building became vacant, the physical and economic attributes indicate that this property would exhibit good marketability in future years.





good for the market area.

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The property at 951 W. Main Street is a 33,600 SF industrial flex building that is divided into 6 individual flex industrial suites (two suites C & D are combined into a single unit). It is a concrete tilt-up building that was constructed in 2007. The suites have typical configurations of office and warehouse space and there is a land-to-building ratio of 3.61 to 1. No deferred maintenance was noted. The functional utility is good and the physical and economic attributes of this property is

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MARKET ANALYSIS

There is no published data for the Elko Industrial market. For this reason, a formal market survey is not included in this appraisal report. Matthew Buxton, MAI inspected the subject property and the town of Elko on April 8, 2015. The town appeared to be busy in the morning and during peak business hours with commuter and highway traffic. The largest industrial district is located on the north side of Elko along the east side of Interstate-80. Another industrial sector is near the center of Elko along the east and west sides of the Humboldt River. Office and retail uses are most prevalent on Idaho Street, Silver Street, 5th Street, Mountain City Hwy, Ruby Vista and in areas in downtown. The majority of buildings appeared to be constructed in the 1980s and 1990s with a scattering of newer retail and office buildings at intersections along I-80. Due to the strong mining industry in this part of Nevada, drilling and mining operators and equipment are the predominant tenancy in industrial buildings. National, regional and local tenants occupy office and retail centers throughout Elko. Occupancy levels appeared to be good with very few signs for lease or for sale. Based on a drive through the neighborhoods, it appeared the office, retail and industrial sectors have an overall occupancy level of about 90-95%.

MARKET PARTICIPANTS

We surveyed market participants who do most of the leasing and sales activity in the Elko. We relied heavily on their expertise in this report including discussions regarding the commercial market, rental rates, cap rates, recent sales and leases.

James Q. Winer, Broker with Coldwell Banker (775) 738-4078

Mr. Winer has years of experience dealing with industrial property in Elko and is considered the leading agent for sales and leases. He reports that the industrial market is tight at the moment with not a lot of availability. Elko relies heavily on the mining industry and rental rates, vacancy and development typically follows the demand and pricing for precious metals such as gold and silver, which are mined in the region.

Greg Martin, Broker with Coldwell Banker (775) 934-3064

Mr. Martin works in the same office with Mr. Winer but has separate listings. He states that there is a "huge" demand for industrial buildings at the present time and the demand for office properties is average. He believes that it may be time for a greater amount of new construction in the market area for industrial due to the demand from owner-users. Office properties are generally in a more stable position at the present time. Mr. Martin believes that rents are between \$10.00 to \$14.00 per SF per year (NNN) for industrial properties and \$12.00 to \$18.00 per SF per year (NNN) for office properties.

Mike Lattin, Owner of 905 and 955 W. Main Street (775) 777-4503

Mr. Lattin has been involved with the subject property since prior to the original construction. He is familiar with the existing tenants, lease rates and overall performance of the property. Mr. Lattin explained that there has been good demand for the subject property and that the owners have done the majority of the leasing. Most of the tenants have been at the property from the beginning. Mr. Lattin believes that the market rent is approximately \$13.00 to \$15.00 per SF on a triple net basis. He reports no major deferred maintenance or problems collecting payment for the existing tenancy. The property is believed to be a good performing asset for the ownership.



Market participants were surveyed in the local market area that best understand the investor's criteria for purchasing income assets. Their estimates are illustrated below:

MARKET PARTICIPANT SURVEY										
Name	Position	Company	Low	High	Average					
James Winer	Broker	Coldwell Banker (Elko)	7.5%	10.0%	9.0%					
Kimberly Owen	Broker	NAI (Northern NV)	7.0%	10.0%	8.0%					
Pat Grey	Broker	Century21 (Winnemucca)	7.0%	9.0%	8.0%					
Kim McCreary	Broker	Re/Max (Northern NV)	7.0%	9.0%	8.5%					
			Ran	ge: 7.0	0% to 10.0%					

We spoke with several agents regarding commercial property in Northern Nevada. All agents report that cap rates vary depending on the age, location and condition of the property. The indicated range provided by the market participants was 7.0% to 11.0% with averages of 8.0% to 10.0%. Cap rates are viewed as being lowered incrementally as market conditions improve in Elko and outlying areas of Northern Nevada. This trend is expected to continue in upcoming quarters. Market participants report that cap rates in Elko exceed those in metropolitan areas such as Salt Lake City, Reno or Las Vegas since investors are less familiar with this market. For properties like the subject, Mr. Winer and Mr. Martin recommended using a cap rate within a range of 8.0% to 9.0%.

STRENGTHS AND WEAKNESSES

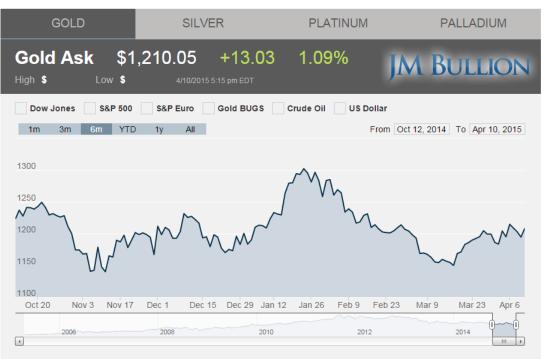
The Elko commercial market appears to be in an expansion stage with very few vacancies in the office, retail and industrial sectors. The subject property exhibits favorable marketability due to the lack of available inventory in the Elko market. As previously indicated, brokers in the area report that there were multiple showings and multiple offers on anything listed for sale. The physical attributes of both the office and industrial flex building are functional for a variety of users. They are well-maintained with no signs of deferred maintenance. The office building at 905 W. Main Street is 100% occupied by Barrick Gold of North America, a national credit tenant with a BBB- rating from Morningstar. Their lease continues through November 2017. The industrial flex building at 951 W. Main Street is also 100% occupied with Barrick Gold occupying 42.8% of the total building. The other tenants are local and regional tenants. Four of the six leases in this building were recently renegotiated with terms through November 2017 to February 2020. The quality of tenancy and the length of the leases are considered strengths for a potential investor.

As mining is the largest industry in the region, weaknesses in the Elko market include the local reliance on the economic status of previous metals. The price of gold and silver fell dramatically from its peak in 2011 through 2014, but has started to rebound over the past 12 months (see graph on next page). Also, the office building at 905 W. Main Street could pose a risk if Barrick Gold vacated and left the 33,600 SF building empty. If this ever happened, the owner could decide to partition the building into smaller suites or attempt to lease the entire building. There is no evidence of this occurring at this time.

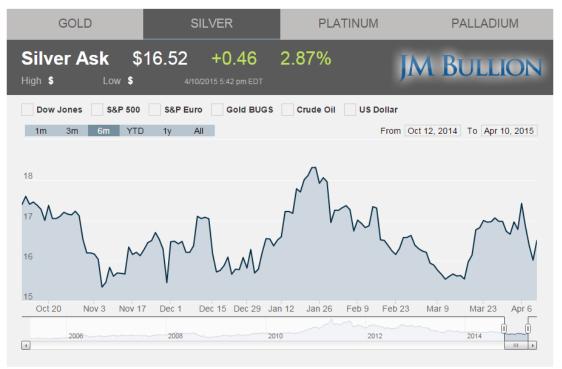




HISTORICAL PRICE OF GOLD



HISTORICAL PRICE OF SILVER





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ASSESSMENT AND TAXATION TAXATION IN NEVADA

The State of Nevada operates on a fiscal basis. The fiscal year begins on July 1st and ends on June 30th of the following calendar year. Nevada Revised States requires that all property be valued every five years. This is based on the current land value, plus the replacement cost of the improvements, less depreciation. During non-reevaluation years, the values are updated to reflect the increased cost of construction. Depreciation is calculated at 1.5% per year up to a maximum of 75% over time. Should a property sell, the assessor does not give any consideration to the sales price for future assessments as the taxable value is derived by the cost approach. Year-to-year differences in values are typically due to changes in land prices and/or construction costs. Assessed values are based on a current conversion ratio of 35% of assessor's estimated market value as defined in NRS 361.225. Properties have a "computed taxable" value that cannot exceed the full cash value.

Elko County is divided into a number of tax districts. The tax rates for each of these districts are based on the appropriated budget for the continuous maintenance and upkeep of public facilities and services such as police, fire protection, parks and schools. Tax rates vary depending on the amount and type of services required for each district. Surveys consistently show districts in southern Nevada having among the lowest tax rates in the western United States, one factor in attracting new residents and businesses to the region. A property owner may appeal the taxable value once per year by providing an appraisal and other market data. As an appeal does not guarantee a change in valuation, the current and/or projected taxes provided by Elko County have been utilized in this analysis.

SUBJECT TAXES

The tax rate in the subject's area is \$3.4823 per \$100 of the assessed value. This rate is consistent with prior years in the subject's tax district. The tax calculations for the subject property are illustrated in the table below:

REAL ESTATE TA	XES
Assessor Parcel Numbers	001-694-005 and 006
Tax Year	2013/14
Taxable Value	
Land	\$406,169
Improvements	\$6,799,917
Other	\$0
Total Taxable Value	\$7,206,086
Assessed Value	
Land	\$142,159
Improvements	\$2,379,971
Other	\$0
Total Assessed Value	\$2,522,130
Multiplied by Tax Rate (per \$100)	\$3.4823
Taxes as Assessed	\$87,828
Less Cap Reduction	0
Net Taxes	\$87,828
Net Taxes per SF	\$1.30
Past Due Taxes, Fees & Penalties	\$0





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Based on information provided by the County Assessor, there are no unpaid taxes, fees or penalties associated with the subject property.

CONCLUSION

Based on the previous discussion, the subject property's taxes are considered reasonable. The subject property has been appraised free and clear of liens and encumbrances; however, no unpaid taxes, fees, or penalties were found. There are no known LIDs or SIDs associated with the property and it is not encumbered by bond debt.



HIGHEST AND BEST USE

AS VACANT

LEGALLY PERMISSIBLE

Land uses are predicated upon the current zoning. The subject property is zoned LI, Light Industrial under the jurisdiction of the City of Elko. The purpose of the LI zoning district is to provide and preserve areas reserved primarily for less intensive industrial use and activity normally associated with previously prepared materials and with minimal levels of noise, dust, odor, vibration or smoke, and to preclude encroachment of land uses such as residential uses that could be in conflict with the industrial and manufacturing environment. Based on the current zoning and master plan designations, a variety of industrial uses are concluded.

PHYSICALLY POSSIBLE

Physical characteristics of the site that affect its possible uses include its location, size, shape, topography, street frontage and access, availability of utilities and easements/encroachments.

The subject properties are located on the south side of Main Street approximately 200 feet west of Silver Street in the southwest area of Elko, Nevada. The properties are in an industrial district surrounded by warehouse buildings, storage yards, vacant industrial land and railroad tracks. The site contains 5.08 acres, or 221,111 square feet, and is irregular, yet functional, in shape. The site is level, at grade and has average access and average visibility from Main Street. All utilities are installed at the site

Given the subject's physical characteristics and legally permitted uses, including its position on Main Street in an industrial district, only industrial uses are given further consideration.

FINANCIALLY FEASIBLE

Establishing financial feasibility is determined by analyzing building costs versus the supply and demand for the legally probable and physically possible uses of the site. Prices for commercial property have been sufficient for new construction. Most buyers are owner-users. Vacancy rates are low and asking rental rates are stable. New development is taking place as needed throughout the market area. It is expected that the economy will continue to improve, demand will be good and property values will rise. Developing the properties with an industrial use is the financially feasible use of the sites.

MAXIMALLY PRODUCTIVE

As presented in the previous section, the revenue potential for an industrial building justifies development based on the construction costs. This is supported by our findings in the market regarding rental rates and occupancy levels. The data shows demand is sufficient enough to maintain or increase rental rates. Demand will eventually increase as population and employment grow within the submarket. As demand grows, market rents will improve and an industrial building will be the ideal improvement for the site.

Therefore, the maximally productive use of the sites and the highest and best use as vacant are for industrial development.





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AS IMPROVED

LEGALLY PERMISSIBLE

The subject property is currently improved with a professional office building and an industrial flex building. It has a zoning of LI, Light Industrial under the jurisdiction of the City of Elko. The subject property has onsite parking ratios which exceeds the parking requirements for office and industrial uses. Under existing zoning requirements, the current office and industrial flex use is a legally permissible and conforming use of the site.

PHYSICALLY POSSIBLE

905 W. Main Street is a two-story, concrete block office building. It contains 33,970 SF and was constructed in 2007. It is built as a single tenant building with a parking ratio of 4.5 per 1,000 SF. The interior has a typical configuration and floor plan with two reception areas, meeting rooms, private offices and training rooms. The building is in good condition with no deferred maintenance. The property is functional, if not slightly superior than other office buildings in Elko. If this building became vacant, the physical and economic attributes indicate that this property would exhibit good marketability in future years.

The property at 951 W. Main Street is a 33,600 SF industrial flex building that is divided into 7 individual flex industrial suites. It is a concrete tilt-up building that was constructed in 2007. The suites have typical configurations of office and warehouse space and there is a land-to-building ratio of 3.61 to 1. No deferred maintenance was noted. The functional utility is good and the physical and economic attributes of this property is good for the market area.

Legal and physical factors support the existing use as the highest and best use of the site.

FINANCIALLY FEASIBLE

The financial feasibility of a professional office and industrial flex property is based on the amount of residual income that exists after operating expenses are subtracted from the amount of rent that can be achieved. Later, in the Income Approach Section, we analyze the subject's income potential and conclude that the subject is capable of generating a positive net cash flow. Therefore, continued utilization of the subject as a professional office and industrial flex property is considered to be a financially feasible use of the site.

MAXIMALLY PRODUCTIVE

The existing professional office and industrial flex improvements are the best use of the site as improved based on legal, physical and financial considerations. We end the highest and best use analysis with several alternative considerations including demolition, expansion, renovation, conversion and continued use "as is".

- DEMOLITION The existing improvements contribute to the overall value of the site beyond the land value and demolition is not recommended.
- EXPANSION The professional office building has a land-to-building ratio of 2.94 to 1 and the industrial flex building has a land-to-building ratio of 3.61 to 1. These are within the ideal for similar property types and further expansion is not advised.

RENOVATION The subject properties were both constructed in 2007 and are in good condition. Renovation is not required at this time.





CONVERSION Although other commercial uses are permitted on the site, modification to another use would not produce a greater property value.

CONTINUED USE "AS IS" / HIGHEST AND BEST USE CONCLUSION

After all other considerations, the existing professional office improvements are viable and expected to produce the greatest value to the site without any immediate modification required. In conclusion, the highest and best use of the site is for continued use as an office building and an industrial flex property.

Due to the multi-tenant building design and cash flow potential, the most likely buyer for the subject property is an investor.





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VALUATION METHODS

This section discusses the various approaches considered in the valuation of the subject property. All approaches are based on the principal of substitution. They are presented based on their relevance to the scope of work being performed and their support of the value indications set forth in this appraisal.

COST APPROACH

The cost approach is based on the concept that an informed buyer will pay no more for a property than the cost to produce a similar property with equivalent function and utility on a comparable site. This valuation technique is often used for feasibility testing for new or proposed development. The cost approach is also relevant to properties with specialized or unique improvements, where viable substitutes are not prevalent in the market. When presented, the land value is developed via the Sales Comparison Approach. The land value is then added to the replacement cost new of the improvements less depreciation.

Buyers of real estate in the current market (investors, owner/users, etc.) are not placing weight or emphasis on the cost approach due to the lack of new construction feasibility. For this reason, the cost approach was not developed unless specified by the client or required for a proposed development.

INCOME APPROACH

The income approach is used by investors who purchase properties based on their income generating ability. This approach establishes the appropriate market rent, vacancy, operating expenses and net operating income for the subject property. Two common techniques include direct capitalization method and the discounted cash flow model (DCF). The direct capitalization method capitalizes Year 1 income into a value indication. This is most commonly employed by appraisers due to the accuracy in establishing a single-year pro-forma and because market data is more easily supported. The DCF technique takes several years of forecasted income and discounts the cash flow back into a present value at a market rate. The DCF technique is more relevant in multi-tenant properties where the analysis of several years of cash flow would be analyzed by a long-term investor. It is less accurate due to the number of leasing assumptions and uncertainty in projecting several years of income and expenses.

There is adequate data to develop a value estimate via the income approach. Due to the relatively stable tenancy and investment classification of the subject properties, only the direct capitalization method has been utilized in our analysis.

SALES COMPARISON APPROACH

The sales comparison approach is based on the principal of substitution that a buyer will pay no more for one property than another in the market with similar physical and economic characteristics. In this approach, comparable sales are identified that are considered most similar to the subject property. They are compared to the subject property on a "per unit" basis (i.e. price-per-square-foot) and adjusted based on differences. When possible, adjustments are made based on quantitative analysis such as paired sales, regression or survey method. When quantitative analysis fails to produce an isolated adjustment, qualitative adjustments are presented and discussed. In active markets where many sales take place, the sales comparison approach can produce a reliable indication of market value.

There is adequate market data to develop a value estimate via the sales comparison approach and it reflects market behavior for this property type. We have analyzed the subject property and comparables on a price-per-square-foot basis.





INCOME APPROACH

The income capitalization approach to value utilizes techniques, methods and mathematical formulas that are used by an appraiser to analyze a property's capacity to generate future benefits (income) and convert those benefits into a present value indication. This approach is based on the fundamental principal of anticipation and assumes competent management and marketing of a property. Two methods are typically considered including the direct capitalization method and/or the discounted cash flow (DCF) analysis, also known as the yield capitalization technique.

The Appraisal of Real Estate 13th Edition explains both methods as follows:

>>DIRECT CAPITALIZATION is a method used in the income capitalization approach to convert a single year's income expectancy into a value indication. This conversion is accomplished in one step, either by dividing the income estimate by an appropriate income rate or by multiplying it by an appropriate income factor....Direct capitalization is widely used when properties are already operating on a stabilized basis and there is ample supply of comparable sales with similar risk levels, incomes, expenses, physical and locational characteristics, and future expectations. This methodology may be less useful for properties going through an initial lease-up or when income or expenses are expected to change in an irregular pattern over time...The advantages of direct capitalization are that it is simple to use, easy to explain, often expresses market thinking, and provides strong market evidence of value when adequate sales are available.⁵

>>YIELD CAPITALIZATION is used to convert future benefits into an indication of present value by applying an appropriate yield rate. To select an appropriate yield rate for a market value appraisal, an appraiser analyzes market evidence of the yields anticipated by typical investors, supported market evidence of the yields anticipated by typical investors, supported market evidence of the yields anticipated by typical investors, supported by market sales data, or both...to perform yield capitalization, an appraiser: (1) Selects an appropriate projection period (2) Forecasts all future cash flows or cash flow patterns (including the reversion) (3) Chooses an appropriate yield rate, and (4) Converts future benefits into present value by developing an overall rate that reflects the income pattern, value change, and yield rate using one of the various yield capitalization formulas.⁶

The subject property is a multi-tenant property with stable income. A buyer of this property could expect a steady flow of income with low-to-moderate risk of turnover from the existing tenants. The direct capitalization method is an appropriate and supportable technique for this property.

Only the direct capitalization method has been utilized in this analysis.

⁶ The Appraisal of Real Estate, 13th Edition, Appraisal Institute, Chicago, Illinois, 2008, p. 519.



⁵ The Appraisal of Real Estate, 13th Edition, Appraisal Institute, Chicago, Illinois, 2008, p. 445.

RENT ROLL AND TENANT PROFILE

The subject property's rent roll and tenancy are discussed below:

				RENT	ROLL					
			Ten	ant Informatio	n			Rentable Ar	ea	Current Rate
Suite No.	Tenant	Space Type	Lease Start	Lease Expiration	Lease Term	Mos. Remain.	SF	% Total	\$/SF/Year	\$/Yr.
Flex Indus	trial Building - 951 W. Main	Street								
А	Mtn West Valve	Industrial	03/01/15	02/28/20	60 Mos	59 Mos	4,800	7.1%	\$8.68	\$41,664
В	Morse Hydraulics	Industrial	08/01/08	11/30/17	112 Mos	32 Mos	4,800	7.1%	\$14.05	\$67,416
C/D	Barrick Goldstrike	Industrial	03/03/08	02/28/18	120 Mos	35 Mos	9,600	14.2%	\$11.81	\$113,340
Е	Barrick Goldstrike	Industrial	03/03/08	02/28/18	120 Mos	35 Mos	4,800	7.1%	\$12.38	\$59,424
F	Air Gas	Industrial	12/01/07	10/31/17	119 Mos	31 Mos	4,800	7.1%	\$14.02	\$67,296
G	Boart Longyear	Industrial	01/01/10	12/31/15	72 Mos	9 Mos	4,800	7.1%	\$13.97	\$67,068
Profession	al Office Building - 905 W. N	lain Street								
N/A	Barrick Gold of N. America	Office	12/01/07	11/30/17	120 Mos	32 Mos	33,970	50.3%	\$21.18	\$719,580
						Total GLA:	67,570	100.0%		\$1,135,788
						Occupancy:	67,570	100.0 %		
						Vacancy:	0	0.0%		

The flex industrial building located at 951 W. Main Street is 100% occupied.

Suite A contains 4,800 SF and is occupied by Mountain West Valve. Their lease began March 1, 2015 and continues for a 5-year term. They are paying \$8.68 per SF on a triple net basis. The rent remains flat in Year 2 and then has a substantial increase to \$14.34 per SF in Year 3, \$15.02 per SF in Year 4 and \$15.75 per SF in Year 5. The initial two years of the lease appears to be below market and the owner has large increases in Years 3-5 that are more consistent with the other tenants.

Suite B is occupied by Morse Hydraulics. Their lease began August 1, 2008 and they are in the third option period that continues through November 30, 2017. Morse Hydraulics is paying rent of \$14.05 per SF per year on a triple net basis with 3% annual increases.

Suite C/D is occupied by Barrick Goldstrike, a national credit tenant (Morningstar Rating of BB-). Their lease began March 3, 2008 and they are in the fourth option period that continues through February 28, 2018. They are paying rent of \$11.81 per SF per year on a triple net basis with 3% annual increases. The rate is slightly lower than the other leases because the space is 100% warehouse with no office.

Suite E is also occupied by Barrick Goldstrike. Their lease began on March 3, 2008 and they are in the fourth option period that continues through February 28, 2018. They are paying rent of \$12.38 per SF per year on a triple net basis with 3% annual increases.

Suite F is occupied by Air Gas. Their lease began December 1, 2007 and they are in the first option period that continues through October 31, 2017. They are paying rent of \$14.02 per SF per year on a triple net basis with 3% annual increases.

Suite G is occupied by Boart Longyear. Their lease began January 1, 2010 and continues through the end of 2015. They are currently paying rent of \$13.97 per SF per year on a triple net basis.





The office building at 905 W. Main Street is 100% occupied by Barrick Gold of North America (same tenant as in the flex building occupying Suites C, D, and E). Their lease began December 1, 2007 and continues through November 30, 2017. They are paying rent of \$21.18 per SF per year on a triple net basis with 3% annual increases.

EXPENSE STRUCTURE

The majority of office properties are being leased on a triple net basis (NNN). Under this lease structure, all or most of the expenses associated with the property are recoverable by the owner.

It is noted that the rental rates in the lease addendums are inclusive of the expense reimbursements whereas the rent roll provided by the owner separates out the estimated CAM fees. According to owner Mike Lattin, the tenants are fully responsible for all of the expenses associated with the property and the rent roll is a better depiction of the rent being achieved at the subject property because the expenses change from year-to-year and are passed through accordingly. For this reason, we have treated the subject property as having triple net leases, which is the lease structure most prevalent in the market.

TENANT SPACE PROFILE AND SELECTION OF RENT COMPS

The subject property consists of Investment Class B flex industrial and office buildings. The overall condition, design and layout of the tenant spaces are good and compare favorably with other leased buildings in the submarket. We have surveyed the subject's market for recent lease transactions and listings that best represent the market for the most comparable industrial and office properties. <u>Rent Comp Nos. 1-4 are industrial properties and Rent Comp Nos. 5-7 are office properties</u> that have been surveyed in the Elko market area.

They are illustrated in summary format in the following table:







		RENT	COMPARA	BLE SUMN	/IARY			
	Subject	Rent # 1	Rent # 2	Rent # 3	Rent # 4	Rent # 5	Rent # 6	Rent # 7
Property Name	Main Street Flex and Office Buildings	Alta Vista Warehouse	Idaho Street Industrial	Pattani Auto Body Repair	Silver Street Industrial	AMEC Building	Highland Pointe Center	Ruby Vista Office Buildings
Address	951 & 905 W. Main Street	2580 Alta Vista Drive	5247 Idaho Street	1150 Connolly	580 W. Silver Street	147 Idaho Street	1165 E. Jennings Way	1010-1020 Ruby Vista
City	Elko	Elko	Elko	Elko	Elko	Elko	Elko	Elko
NRA (SF)	33,600 / 33,970	8,240	14,835	8,750	12,800	5,544	10,290	28,680
Year Constructed	2007 / 2007	1999	1994	1993	1997	1997	2006	2007
Exterior Walls	Block / Tilt-up	Metal	Metal	Metal	Metal	Brick and Mortar	Concrete Block	Concrete Block
Land-to-Building Ratio	3.61to 1/ 2.94 to 1	8.99 to 1	4.40 to 1	6.32 to 1	9.77 to 1	3.46 to 1	8.13 to 1	4.54 to 1
Parking	2.3 and 4.5 per 1,000	Unknown	Unknown	Unknown	Adequate	3 per 1,000	6.5 per 1,000	3.2 per 1,000
Surveyed Unit Data								
Tenant Name		Carwil LLC	ESCO LLC	National Electric	National Drilling	AMEC Corporation	Stantec Consulting	Dept. of Health &
Lease Date		December-13	June-14	November-14	March-15	April-14	April-15	July-07
SF Leased		8,240	3,600	8,750	12,800	5,544	3,750	28,680
Effective or Asking Rate/SF		\$10.87	\$13.20	\$13.20	\$10.31	\$19.20	\$16.64	\$17.88
Term of Lease (mos.)		24	24	60	36	24	36	120
Expenses		NNN	NNN	NNN	NNN	NNN	NNN	Full Service
Verified By	County Assessor, Owner, Inspection	Broker, Public Records	Broker, Public Records	Broker, Public Records	Broker, Public Records	Broker, Public Records	Broker, Public Records	Broker, Public Records

*Full Comparable Abstracts are located in the addendum of this report.



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INCOME APPROACH

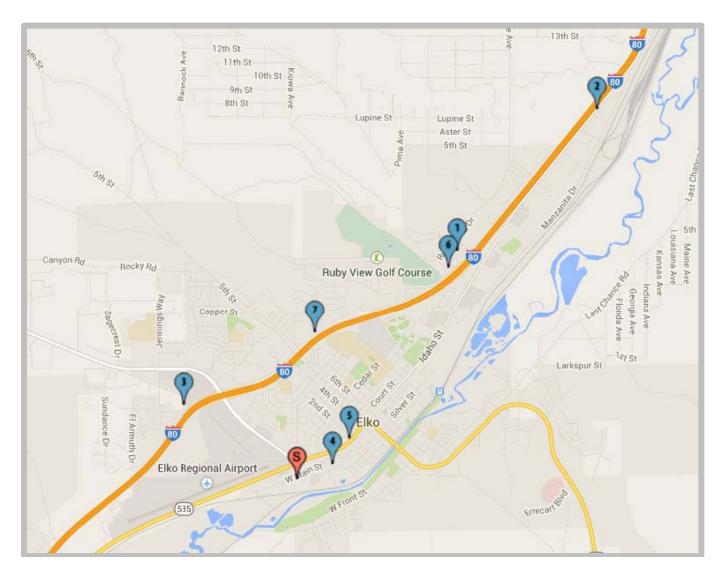
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RENT COMPARABLE MAP

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SUMMARY OF ADJUSTMENTS - INDUSTRIAL

RENT COMP 1

This is the lease of an industrial warehouse building located at 2580 Alta Vista Drive in Elko, Nevada. The property contains 8,240 SF and was constructed in 1999. The property contains 27.2% office and the rest is warehouse with 20 foot ceiling height. The property has yard space and a land-to-building ratio of 9 to 1. The lease was to Carwil, a regional mining contractor that is expanding in several locations. They began their lease in December 2013 and are currently paying a rate of \$10.87 per SF per year on a triple net basis. There are increases of 3.5% annually. No tenant improvements or concessions were reported.

Rent Comp. No. 1 is inferior in effective age/condition and was adjusted upward by 10%. It has a superior land-to-building ratio of 8.99 to 1 and was adjusted downward by 10% for this factor.

RENT COMP 2

This is the lease of an industrial warehouse building located at 5247 Idaho Street in Elko, Nevada. The property contains 14,835 SF and was constructed in 1994. The property has a land-to-building ratio of 4.40 to 1. The property contains 4% office and the rest is warehouse with a 24 foot ceiling height. The lease was of a smaller building on the site containing 3,600 SF to ESCO, a national provider for filtration, EMC test products and utility solutions. The lease began in June 14, 2016 at a rate of \$13.20 per SF per year on a triple net basis. The lease remains flat in Years 1-2, then there is an option for 2 more years with 3% increases. No tenant improvements or concessions were reported.

Rent Comp. No. 2 is inferior in effective age/condition and was adjusted upward by 15%. No other adjustments were necessary.

RENT COMP 3

Pattani Auto Body Building is an industrial warehouse located at 1150 Connolly Drive in Elko, Nevada. The property contains 8,750 SF and was constructed in 1993. The property has 5% office and 95% warehouse. The warehouse has a 14-16 foot ceiling height and two grade level doors. It has visibility from the freeway. The property was leased out to National Electric Displays.with a start date of November 2014 at a rate of \$13.20 per SF on a triple net basis. The rate is flat over the 5-year period and there are 5/5-year options. There were no concessions, but the owner did put in new carpet and paint. The property was reported to be in good overall condition.

Rent Comp. No. 3 is inferior in effective age/condition and was adjusted upward by 15%. It has a superior land-to-building ratio of 6.32 to 1 and was adjusted downward by 5% for this factor.

RENT COMP 4

This is the lease of an industrial office and warehouse located at 580 W. Silver Street in the west area of Elko, Nevada. The property contains 12,800 SF and was constructed in 1997. It was leased in March 2015 to National Drilling at a rate of \$10.31 per SF per year on a triple net basis. The term is for 3 years. The property has abundant yard space and a favorable land-to-building ratio. No tenant improvements or concessions were reported.

Rent Comp. No. 4 is inferior in effective age/condition and was adjusted upward by 10%. It has a superior land-to-building ratio of 9.77 to 1 and was adjusted downward by 10% for this factor.

The industrial comparables are adjusted for land-to-building ratio whereas the office comparables are adjusted for parking. This decision is based on the criteria and tenant perceptions in the market as industrial tenants emphasis yard space while office tenants emphasis employee and customer parking.





SUMMARY OF ADJUSTMENTS - OFFICE

RENT COMP 5

This is the lease renewal of an office building located at 147 Idaho Street just west of downtown Elko, Nevada. The property contains 5,544 SF and was constructed in 1997. The property was leased to AMEC, an international company. The lease was renewed in April 2014 at a rate of \$19.20 per SF per year on a triple net basis. The term is for 24 months. Tenant improvements and concessions were not reported.

Rent Comp. No. 5 is smaller in size and was adjusted downward by 5%. This property is older in effective age/condition and we made an upward adjustment of 10% for this factor.

RENT COMP 6

This is the lease of professional office space located in the Highland Pointe Center at 1165 E. Jennings Way in the east side of Elko, Nevada. The building comprises both retail and office components. Stantec Consulting recently signed a 3-year lease for 3,750 SF in the building. The lease started April 2015 at a rate of \$16.64 per SF per year on a triple net basis. The term is for 3 years. No tenant improvements or concessions were reported.

Rent Comp. No. 6 is smaller in size and was adjusted downward by 5%. This property has superior parking and was adjusted downward by 5%.

RENT COMP 7

This represents the lease of two office buildings located at 1010-1020 Ruby Vista Drive in the northeast area of Elko, Nevada. The buildings are concrete block and were constructed in 2007 as build-to-suit for occupancy by various government agencies from the State of Nevada (Department of Health & Human Services). All 8 tenants are leased through the same state agency and have agreed to the same terms and conditions. Most of the leases began in July 2007 and all continue through June 2017. The current lease rate is \$20.28 per SF per year on a Full Service basis and all expenses are passed through to the owner including interior building utilities. Increases are staggered at 0% to 2.3% per year. Although the leases have an old origination date, they are still considered relevant. The owner recently signed an 8th and final lease (for 100% occupancy at a combined 28,680 SF) to state entity Roe Regional Clinic with an anticipated occupancy date of July 2015. They have agreed to the exactly the same terms and conditions as the other tenants.

Rent Comp. No. 7 is leased on a full service basis whereas the subject property is being considered on a triple net basis. The difference in both lease structures is approximately 20% and we have made a downward adjustment accordingly.

The adjustments are summarized and illustrated in the following table:



>

	Subject	Rent # 1	Rent # 2	Rent # 3	Rent # 4	Rent # 5	Rent # 6	Rent # 7
_								
Address	Main Street	2580 Alta Vista Drive	5247 Idaho Street	1150 Connolly Drive	Street	147 Idaho Street	1165 E. Jennings Way	1010-1020 Ruby Vista Drive
Location	Elko	Elko	Elko	Elko	Elko	Elko	Elko	Elko
Year Built	2007	1999	1994	1993	1997	1997	2006	2007
Rentable Area (SF)	67,570	8,240	14,835	8,750	1997	5,544	10,290	28,680
>>Surveyed Unit Data	,	0,240	14,835	8,750	12,000	5,544	10,290	28,080
Produveyeu onit Data	I			National	National	AMEC	Stantec	Dept. of Health
Tenant Name		Carwil LLC	ESCO LLC					•
1 · · · · · · · A · · · ·		0.040	0.000	Electric	Drilling	Corporation	Consulting	& Human
Leased Area		8,240	3,600	8,750	12,800	5,544	3,750	28,680
Type of Lease		NNN	NNN	NNN	NNN	NNN	NNN	Full Service
Lease Date		December-13	June-14	November-14	March-15	April-14	April-15	July-07
Effective Rate (\$/SF)		\$10.87	\$13.20	\$13.20	\$10.31	\$19.20	\$16.64	\$17.88
Conditions of Lease		Similar	Similar	Similar	Similar	Similar	Similar	Similar
% Adjustment		0%	0%	0%	0%	0%	0%	0%
Adjusted \$/SF		\$10.87	\$13.20	\$13.20	\$10.31	\$19.20	\$16.64	\$17.88
Expense Basis		Similar	Similar	Similar	Similar	Similar	Similar	Superior
% Adjustment		0%	0%	0%	0%	0%	0%	-20%
Adjusted \$/SF		\$10.87	\$13.20	\$13.20	\$10.31	\$19.20	\$16.64	\$14.30
Market Conditions		Similar	Similar	Similar	Similar	Similar	Similar	Similar
% Adjustment		0%	0%	0%	0%	0%	0%	0%
Subtotal		\$10.87	\$13.20	\$13.20	\$10.31	\$19.20	\$16.64	\$14.30
Physical Adjustments	;				_			
Location		Similar	Similar	Similar	Similar	Similar	Similar	Similar
% Adjustment		0%	0%	0%	0%	0%	0%	0%
Size		Similar	Similar	Similar	Similar	Superior	Superior	Similar
% Adjustment		0%	0%	0%	0%	-5%	-5%	0%
Age/Condition		Inferior	Inferior	Inferior	Inferior	Inferior	Similar	Similar
% Adjustment		10%	15%	15%	10%	10%	0%	0%
Quality/Design		Similar	Similar	Similar	Similar	Similar	Similar	Similar
% Adjustment		0%	0%	0%	0%	0%	0%	0%
Land to Building		Superior	Similar	Superior	Superior	Similar	Similar	Similar
% Adjustment		-10%	0%	-5%	-10%	0%	0%	0%
Parking		Similar	Similar	Similar	Similar	Similar	Superior	Similar
% Adjustment		0%	0%	0%	0%	0%	-5%	0%
Total Physical		0%	1 = 0/	100/	00/	E0/	100/	00/
Adjustments		0%	15%	10%	0%	5%	- 10 %	0%
Indicated Rent per		\$10.87	\$15.18	\$14.52	\$10.31	\$20.16	\$14.98	\$14.30

MARKET RENT SUMMARY

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Due to Elko being a small market area, there were a limited supply of rent comparables to select from and the adjusted range is wide for both the flex industrial and office properties. We recognize that this is a weakness in this approach; however, the subject property's rents can be supported within the range provided with some additional weight given to opinions expressed by market participants.

Flex Industrial - Four properties were surveyed in our analysis. After adjustments a range of \$10.31 to \$15.18 per SF per year is indicated on a triple net basis. The rent comparables were inferior in effective age/condition and three of four are superior in land-to-building ratio. Given the newer age and physical attributes of the subject including the high warehouse





clear height, we conclude to a market rent that is at the mid-to-upper end of the range at \$13.80 per SF per year on a triple net basis (correlates to \$1.15 per SF per month).

> > > > >

Office Building – Three properties were surveyed in our analysis. After adjustments, a range of \$14.30 to \$20.16 per SF per year is indicated on a triple net basis. The rent comparables included two comparables that are considerably smaller and one that is leased on a full-service basis to a government tenant. Due to the lack of larger office space, a prospective tenant in Elko would either be required to wait until a large office became available in the market or develop their own office building. Given the newer age and good quality of the subject property combined with the lack of office inventory, it is reasonable to conclude that a tenant would pay at a rate the mid-to-upper end of the range and we conclude to \$18.00 per SF per year on a triple net basis (correlates to \$1.50 per SF per month).

MARKET RENT

Flex Industrial - The market rent has been estimated at a rate of \$13.80 per SF per year on a triple net basis. Suite B, E, F and G have rental rates of \$12.38 to \$14.05 per SF and are within a reasonable range of the estimated market rent. Suite C/D is leased at a rate of \$11.81 per SF, which is slightly below market; however, it is 100% warehouse space and the lower rental rate is reasonable. Suite A is leased at a rate of \$8.68 per SF with large step increases in Years 3-5. The existing rent is below-market and we later provide a calculation of the deficit rent.

Office Building – The market rent has been estimated at a rate of \$18.00 per SF per year on a triple net basis. The existing rate of \$21.18 per SF per year is based on a lease that was initiated in 2007 during the peak of the real estate market and rents are now lower in Elko for professional office space. The difference between the contract rent and the market rate is calculated later in the analysis of the excess rent.

OTHER INCOME

The subject property exhibits no source of additional income. The rent roll shows Air Gas and Barrick Gold to be leasing yard and parking space on a month-to-month basis; however, this is on a separate parcel not included in this appraisal assignment.

EXPENSE REIMBURSEMENTS

Under the current Triple Net lease structure, all expenses are reimbursable to the owner. Based on our estimates of the operating expenses shown later, the expense reimbursements are calculated at \$250,009, or \$3.70 per SF.

POTENTIAL GROSS INCOME

The subject's potential gross income after considering all sources of income at 100% occupancy equates to \$1,302,253.

VACANCY AND COLLECTION LOSS

In order to estimate the stabilized vacancy and collection loss for the subject property, we have considered several factors including: the credit of the existing tenants, rollover schedule, market and submarket vacancy factors, market participant behavior and supply/demand. Key indicators are illustrated below:

- > The subject's occupancy rate is 100% by local, regional and national credit tenants.
- The subject property has a good history of occupancy with the existing tenants. Several of the tenants have recently exercised renewal options.





Based on reports made by market participants and our observation of the market during our stay in Elko, there is very little vacancy among office and industrial properties.

It appears that the existing tenants will be staying for an extended period. Fully occupied multi-tenant buildings are typically given a conservative estimate. Accordingly, we have utilized a factor of 7% inclusive of vacancy and collection loss. Although the property is 100% occupied, the market vacancy factor considers investment risk factors and 7% is an acceptable rate in the current market.

EFFECTIVE GROSS INCOME

The subject property's effective gross income is estimated at \$1,211,095.

HISTORICAL OPERATING STATEMENTS

The client provided historical operating statements from 2012, 2013 and 2014. For ease of review, we have reconstructed the operating statements into a narrow range of categories. The reconstructed operating statements are illustrated below:

SUI	SUBJECT >> RECONSTRUCTED OPERATING STATEMENT									
	2012		2013		2014					
Revenue	Amount	\$/SF	Amount	\$/SF	Amount	\$/SF				
Rental Income	\$1,231,959	\$18.23	\$1,258,704	\$18.63	\$1,183,684	\$17.52				
Other Income		\$0.00		\$0.00	\$94,913	\$1.40				
Effective Gross Income	\$1,231,959	\$18.23	\$1,258,704	\$18.63	\$1,278,597	\$18.92				
Expenses										
Real Estate Taxes	\$35,333	\$0.52	\$47,916	\$0.71	\$20,608	\$0.30				
Insurance	\$4,520	\$0.07	\$5,045	\$0.07	\$6,347	\$0.09				
Utilities	\$13,741	\$0.20	\$17,357	\$0.26	\$20,641	\$0.31				
Repairs & Maintenance	\$88,939	\$1.32	\$117,737	\$1.74	\$65,326	\$0.97				
Landscaping	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00				
Security	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00				
General & Administrative	\$36,967	\$0.55	\$75,601	\$1.12	\$3,947	\$0.06				
Janitorial	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00				
Management	\$13,644	\$0.20	\$18,761	\$0.28	\$7,000	\$0.10				
Total Operating Expenses	\$193,144	\$2.86	\$282,417	\$4.18	\$123,869	\$1.83				
Net Operating Income	\$1,038,815	\$15.37	\$976,287	\$14.45	\$1,154,728	\$17.09				

OPERATING EXPENSES

Various operating expenses are ongoing expenditures that are necessary to maintain the property and continue the rent revenue. Operating expenses fall into two categories: (1) fixed expenses and (2) variable expenses. Fixed expenses are those that generally do not change with time. They typically consist of taxes and insurance. Variable expenses generally consist of items such as utilities, repairs and maintenance, landscaping, security, general and administrative, janitorial and management fees.

Debt financing, depreciation, interest expense, travel expense and other accounting items are not considered.





In order to best support our estimates, we have utilized the subject's historical operating expense (when available) and expense comparables. These have been reconstructed into a narrow range of expense items and do not reflect items outside of the normal operating expenses.

The following table summarizes our conclusions:

	EXP	ENSE ANA	LYSIS AND (CONCLUSI	ONS		
	Expense	Expense	Expense				
	Comp 1	Comp 2	Comp 3		Subject	Property Inf	ormation
			Office/				
Property Sub Type	Office	Office	Warehouse				Flex & Office
Location	Elko	Elko	Reno/Sparks				Elko
GLA	9,438	50,392	31,895				67,570
Year Built	1999	1991	1977				2007
Investment Class	В	С	В				В
							SWPC
Expense Year	2014	2014	2013	2012	2013	2014	ProForma
Expenses per SF							
Real Estate Taxes	\$1.60	\$0.25	\$0.94	\$0.52	\$0.71	\$0.30	\$1.30
Insurance	\$0.49	\$0.36	\$0.21	\$0.07	\$0.07	\$0.09	\$0.25
Utilities	\$0.38	\$0.55	\$0.04	\$0.20	\$0.26	\$0.31	\$0.25
Repairs & Maint.	\$1.02	\$2.08	\$1.05	\$1.32	\$1.74	\$0.97	\$1.10
Grounds	\$0.32	\$0.00	\$0.37	\$0.00	\$0.00	\$0.00	\$0.00
Security	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
General & Admin.	\$0.06	\$0.42	\$0.00	\$0.55	\$1.12	\$0.06	\$0.40
Janitorial	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Management	\$0.68	\$0.01	\$0.00	\$0.20	\$0.28	\$0.10	\$0.54
% of EGI	3.4%	N/A	0.0%	1.1%	1.5%	0.5%	3%
Operating Expenses	\$4.55	\$3.67	\$2.61	\$2.86	\$4.18	\$1.83	\$3.84

The operating statements provided by the client reflect a very wide range of expenses from 2012 to 2014. It is unclear why the expenses fluctuated to this degree from year-to-year and it is assumed that some expense categories were underrepresented (e.g. real estate taxes) and others are overemphasized in certain years (e.g. repairs & maintenance, general & administrative expenses), which may imply large, one-time charges. Our estimate of the operating expenses are generally supported within the range of the comparable data or the subject's historical operating statements.

Real Estate Taxes are based on the actual bill from Washoe County. According to owner Mike Lattin, not all of the taxes are reported on the operating statements since several tenants pay taxes directly to Elko County. The taxes in our proforma include the total amount billed by Elko County for both properties. An investor would likely input all taxes into a proforma and simply include them as a reimbursable expense.

Insurance costs do not appear to be adequately reported in the operating statements based on our experience with office and flex industrial properties and this does not appear to be sufficient to cover both buildings. This cost might be paid directly by one or more of the tenants to the insurance carrier. We have estimated this expense at \$0.25 per SF within the range of the comparables.





Utilities, repairs & maintenance, and general & administrative expenses were estimated within a reasonable range of the comparable set based on the subject's age and condition.

The grounds expense appears to have been reported by the owner within the repairs & maintenance category. Security and janitorial expenses were not reported for these properties.

A typical buyer would expect to hire a professional management company. Based on conversations with property managers at CBRE and Coldwell Banker, we have estimated the management expenses at a standard industry rate of 3%.

There is no separate category for reserve replacements. Market participants (owners, management companies, etc.) are including any capital expenditures in the repairs & maintenance category and we have duplicated this practice in our expense analysis.

The expense reimbursements are \$0.14 below the estimate of the operating expenses and allow for some buffering for variable expenses. This is reasonable given the wide fluctuations in expenses reported in the operating statements.

OPERATING EXPENSE CONCLUSION

The total operating expenses are calculated at \$3.84 per SF, or \$259,301 total for the year.

NET OPERATING INCOME

The NOI is estimated at \$951,794.

DIRECT CAPITALIZATION

Direct capitalization is the common method used to convert a single year's estimated stabilized NOI into a value indication. The selection of a capitalization rate is estimated utilizing various techniques extracted from comparable sales, national surveys, band of investment and market participants.

SALE COMPARABLES

Sale comparables extracted from the local market area are illustrated below:

	CAPIT	ALIZATION RA	ATE COMPARAB	LES		
Address	Date of Sale	Year Built	Price per SF	Size	Occupancy	Cap Rate
680 W. Nye Lane (Carson City)	August-11	2005	\$174.67	22,900 SF	100.0%	7.8%
5440 Reno Corporate Dr (Reno)	December-13	2009	\$190.59	17,315 SF	100.0%	10.2%
445 S. Virginia Street (Reno)	March-14	1942	\$179.40	17,836 SF	100.0%	7.5%
1276 Kimmerling Rd (Gardnerville)	April-14	1997	\$140.00	3,250 SF	100.0%	9.5%
950 Sandhill Drive (Reno)	November-14	2001	\$180.40	42,129 SF	100.0%	7.2%
147 Idaho Street (Elko)	January-15	1997	\$171.36	5,544 SF	100.0%	10.7%
580 W. Silver Street (Elko)	February-15	1997	\$117.19	12,800 SF	100.0%	8.3%
					Range:	7.2% to 10.7%

The cap rate comparables extracted from the market area indicate a range of 7.2% to 10.7%. Due to the lack of reported cap rate sales in the area, we searched in other regions in Northern Nevada for appropriate comparables in Carson City, Reno, Gardnerville and Elko. These are given greatest weight in our analysis as it best represents investor's criteria in the local market.





PUBLISHED NATIONAL INVESTOR SURVEYS

The investor survey data is illustrated below:

NATIONAL SURVEY INDICATORS											
	Low	High	Average								
PriceWaterhouseCoopers (1Q15)	5.0%	9.0%	6.6%								
RERC (1Q15)	5.3%	9.0%	6.8%								
RealtyRates (1Q15)	4.6%	11.9%	9.0%								
	Averag	ge Range:	6.6% to 9.0%								

National surveys shown in the table above include PriceWaterhouseCoopers, RERC, RealtyRates and CoStar. They indicate a range of 4.6% to 11.9% with averages of 6.6% to 9.0%. The national surveys are typically not the best indicators of value because they do not take into account local market conditions and may outweigh or underrepresent the subject's investment classification. Still, the range is wide and it does support the rates extracted from the market.

BAND OF INVESTMENT

Band of investment is an alternate way of calculating the capitalization rate. This method blends the factors derived from the mortgage constant and equity dividend rate into an overall rate. The loan-to-value is estimated at 60%. The mortgage constant is calculated with an estimated interest rate of 5.0% and a 25 Years year mortgage term. A period of 10 Years is estimated for the typical holding term. The equity dividend rate is calculated with an estimated of 11%. The calculations are as follows:

	BA	AND OF INVEST	MENT	
M (LTV)	х	RM (Constant)		Factor
60%		0.07015	=	0.0421
E (1-LTV)	х	RE (EDR)	=	Factor
40%		11.00%		0.0440
Overall Rate				8.61%

MARKET PARTICIPANTS

Market participants were surveyed in the local market area that best understand the investor's criteria for purchasing income assets. Their estimates are illustrated below:

MARKET PARTICIPANT SURVEY							
Name	Position	Company	Low	High	Average		
James Winer	Broker	Coldwell Banker (Elko)	7.5%	10.0%	9.0%		
Kimberly Owen	Broker	NAI (Northern NV)	7.0%	10.0%	8.0%		
Pat Grey	Broker	Century21 (Winnemucca)	7.0%	9.0%	8.0%		
Kim McCreary	Broker	Re/Max (Northern NV)	7.0%	9.0%	8.5%		
			Rang	e: 7.0)% to 10.0%		



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We spoke with several agents regarding commercial property in Northern Nevada. All agents report that cap rates vary depending on the age, location and condition of the property. The indicated range provided by the market participants was 7.0% to 11.0% with averages of 8.0% to 10.0%. Cap rates are viewed as being lowered incrementally as market conditions improve in Elko and outlying areas of Northern Nevada. This trend is expected to continue in upcoming quarters. Market participants report that cap rates in Elko exceed those in metropolitan areas such as Salt Lake City, Reno or Las Vegas since investors are less familiar with this market. For properties like the subject, Mr. Winer and Mr. Martin recommended using a cap rate within a range of 8.0% to 9.0%.

CAPITALIZATION RATE CONCLUSION

A summary of cap rates derived from local sales, national investor surveys, band of investment and market participants are displayed in the following table:

CAP RATE CONCLUSION				
SOURCE	RATES			
Comparable Sales and Listings	7.2% to 10.7%			
National Surveys	6.6% to 9.0%			
Band of Investment	8.61%			
Market Participants	7.0% to 10.0%			
SWPC Conclusion:	8.50%			

Most weight was given the comparable sales in our analysis as they best represent what is taking place in the market area. Weight was also given to market participants as they understand the current investment criteria from buyers in the market. Cap rates derived from the national surveys and band of investment were given less weight, but do support a cap rate at or near the range derived from sales.

In consideration of the data presented and given the subject property's rural location, but stable tenancy and longer-term lease, we have estimated a cap rate at the middle of the range at 8.5%.

EXCESS AND DEFICIT RENT ANALYSIS

Excess rent occurs when one or more tenants are paying a lease rate that is above market. Inversely, deficit rent occurs when one or more tenants are paying a lease rate that is below market. Both are considered in the investment criteria for a potential buyer.

Previously, we provided a rent roll for the existing tenants. We also estimated the market rent for the subject property based on the tenant space profile. The difference between the market rent and the contract rent over the duration of the lease term provides the proper framework for establishing a calculation of excess or deficit rent. Excess rent is considered as having greater risk of tenant renegotiation or early vacancy and a higher discount rate is typically applied in the cash flow period. Deficit rent carries reduced risk and is discounted at a lower rate over the duration of the lease.

Mountain West Valve occupies Suite A in the flex industrial building. This tenant is paying below-market rent for two years. The rent is then increased to market levels for the final three years of the lease. The Mountain West Valve lease is considered low-risk because the rental rate is below market. Barrick Gold of North America is a national credit tenant paying above-market rent for through the end of the lease in November 2017. Despite being above market, the Barrick Gold lease is also low risk because of the credit quality of tenant and the lack of alternative office space in Elko. The PWC Survey (1st Quarter 2015) indicates a discount rate range of 6.0% to 10.0% and RERC (1st Quarter 2015) reports a







discount rate range of 7.0% to 10.1%. We have used a rate of 7.0% and applied this to the deficit and excess rent as illustrated in the following table:

	EXCESS/DEF	ICIT RENT A	NALYSIS		
	2015/16	2016/17	2017/18	2018/19	2019/20
Contract Rent					
Mtn West Valve	\$41,664	\$41,664	\$68,814	\$72,122	\$75,594
Barrick Gold of N. America	\$726,776	\$748,579	\$740,436	\$668,159	\$688,204
Total Contract Rent	\$768,440	\$790,243	\$809,250	\$740,280	\$763,798
Market Rent					
Mtn West Valve	\$66,240	\$68,227	\$70,274	\$72,382	\$74,554
Barrick Gold of N. America	\$611,460	\$629,804	\$648,698	\$668,159	\$688,204
Total Market Rent	\$677,700	\$698,031	\$718,972	\$740,541	\$762,757
Difference	\$90,740	\$92,212	\$90,278	-\$261	\$1,041
Discounted at 7%	0.93458	0.87344	0.81630	0.76290	0.71299
Cash Flow	\$84,804	\$80,542	\$73,693	-\$199	\$742
TOTAL EXCESS RENT (Rd)					\$240,000



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DIRECT CAPITALIZATION APPROACH SUMMARY

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The final calculations in the direct capitalization approach are summarized in the following table:

	DIRECT CAPITALIZ				
	Rentable SF	Method	Rental Rate	Annual	\$/SF
Mtn West Valve	4,800	\$/SF/Yr	\$13.80	\$66,240	
Morse Hydraulics	4,800	\$/SF/Yr	\$14.05	\$67,416	
Barrick Goldstrike	9,600	\$/SF/Yr	\$11.81	\$113,340	
Barrick Goldstrike	4,800	\$/SF/Yr	\$12.38	\$59,424	
Air Gas	4,800	\$/SF/Yr	\$14.02	\$67,296	
Boart Longyear	4,800	\$/SF/Yr	\$13.97	\$67,068	
Barrick Gold of N. America	33,970	\$/SF/Yr	\$18.00	\$611,460	
Expense Reimbursements	67,570	\$/SF/Yr	\$3.70	\$250,009	\$3.70
Potential Gross Income (PGI)				\$1,302,253	\$19.27
Less Market Vacancy & Collec	tion Loss		7.0%	\$91,158	\$1.35
Effective Gross Income (EGI)				\$1,211,095	\$17.92
Operating Expenses					
Real Estate Taxes				\$87,828	\$1.30
Insurance				\$16,893	\$0.25
Utilities				\$16,893	\$0.25
Repairs & Maint.				\$74,327	\$1.10
General & Admin.				\$27,028	\$0.40
Management			3.0%	\$36,333	\$0.54
Total Operating Expenses				\$259,301	\$3.84
Net Operating Income (NOI)				\$951,794	\$14.09
Capitalization Rate				8.50%	
Subtotal				\$11,197,580	\$165.72
Property Rights (Excess/Deficit	t Rent)			\$240,000	
"As Is" Market Value (Rd)				\$11,440,000	\$169.31





SALES COMPARISON APPROACH

METHODOLOGY

The sales comparison approach is a method whereby comparable sales are selected and identified as being most similar to the subject property. The concept is that a buyer will pay no more for one property than another in the market with similar physical and economic characteristics. Several presumptions preclude this approach such as the actual existence of a market and that there are sufficient market transactions in order to provide a consequential analysis. In an active market where many transactions are taking place, the sales comparison approach can provide a meaningful indication of value based on the principal of substitution.

PROCESS

The process utilized in the sales comparison approach included a market search of arm's length transactions from County Records, CoStar, LoopNet, Property Line and information provided by market participants. From a larger set of sales, the most similar "comparable" properties are identified for inclusion into this approach. When applicable, or, by client request, we also present listings in our analysis. The unit of measure deemed most appropriate is utilized such as price-per-square-foot, price-per-unit, or effective gross income multiplier. The sales are then placed into a comparison grid where transactional and physical adjustments are made based on differences between the comparable sales and the subject property.⁷ The sales comparison approach is concluded by reconciling the adjusted comparables into a final unit of measure followed by a table displaying the value conclusion.

UNIT OF MEASURE

We have analyzed the subject property and sale comparables on a price-per-square foot basis as it best reflects the behavior of participants in the market.

The valuation in this section is separated utilizing 4 sale comparables for the flex industrial property at 951 W. Main Street and 4 sale comparables for the office building at 905 W. Main Street. Due to the rural location of Elko and lack of investment quality office buildings, Improved Sale Nos. 1 and 2 were pulled from the Reno/Sparks market area 290 miles to the west.



⁷ We have attempted to make quantitative adjustments based on paired sales, regression analysis or market participant surveys. Where there is insufficient data to isolate individual adjustments, we have employed our knowledge of the market and provided sufficient evidence to explain the adjustment process.



SALES COMPARISON APPROACH

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SALE COMPARABLES SUMMARY

The comparables provided in this report exhibit physical and economic characteristics that are deemed most similar to the subject property in our search for similar land sales and listings. We have analyzed the subject property and comparables on a price-per-square foot basis, which is most common among market participants for this property type.

The sale comparables summary and map are illustrated as follows:

	SALE COMPARABLES SUMMARY									
	Subject	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6	Sale # 7	Sale #8	
Name	Main Street Flex	Water Street	Zaga Way	Silver Street	Ruby Vista Flex	Reno Corporate	Bally Gaming	Highland Pointe	AMEC Building	
	and Office	Warehouse	Warehouse	Industrial	Industrial	Drive Office	Building	Center		
	Buildings									
Address	951 & 905 W.	525 Water Street	680 Zaga Way	580 W. Silver	2640 Ruby Vista	5440 Reno	950 Sandhill	1165 E. Jennings	147 Idaho Street	
	Main Street			Street	Drive	Corporate Drive	Drive	Way		
City	Elko	Elko	Elko	Elko	Elko	Reno	Reno	Elko	Elko	
Sale or List Price		\$750,000	\$625,000	\$1,500,000	\$718,000	\$3,300,000	\$7,600,000	\$2,200,000	\$950,000	
Date of Sale		7/1/2014	1/2/2015	2/9/2015	2/20/2015	12/20/2013	11/3/2014	12/9/2014	1/28/2015	
Year Constructed	2007 / 2007	1989	1985	1997	2010	2009	2001	2006	1997	
Adjusted Sale Price	N/A	\$750,000	\$625,000	\$1,500,000	\$718,000	\$3,300,000	\$7,600,000	\$2,200,000	\$950,000	
SF NRA	33,600 / 33,970	6,600	7,500	12,800	5,868	17,315	42,129	10,290	5,544	
Price/SF NRA	N/A	\$113.64	\$83.33	\$117.19	\$122.36	\$190.59	\$180.40	\$213.80	\$171.36	
SF of GBA	33,600 / 33,970	6,600	7,500	12,800	5,868	17,315	42,129	10,290	5,544	
Current Use	Industrial,	Industrial,	Industrial,	Industrial,	Industrial,	Business Office	Business Office	Mixed Use,	Office	
Site Size (Acres)	2.785 / 2.291	0.76	2.00	2.87	0.86	2.07	2.93	1.92	0.44	
	0 · T		.		Wood Frame &	Stucco w/Wood	Stucco w/Wood			
Building Material	Concrete Tilt-up	Metal	Metal	Metal	Metal	or Steel Frame	or Steel Frame	Concrete Block	Concrete Block	
Parking Ratio NRA	2.32 / 4.53	1.97	1.07	Adequate	3.07	4.91	4.98	6.51	2.89	
Occupancy at Sale	100% / 100%	0%	0%	100%	0%	100%	100%	100%	0%	
OAR (actual)	N/A	N/A	N/A	8.3%	N/A	10.2%	7.2%	N/A	10.7%	
Data Cauraa	County Assessor,	Loopnet, Broker,	Broker, Public	Loopnet, Broker,	Loopnet, Broker,	Broker, CoStar,	Broker, CoStar,	CoStar, Public	Loopnet, Broker,	
Data Source	Owner, Inspection	Public Records	Records	Public Records	Public Records	Public Records	Public Records	Records	Public Records	

*Full Comparable Abstracts are located in the addendum of this report.



SALES COMPARISON APPROACH

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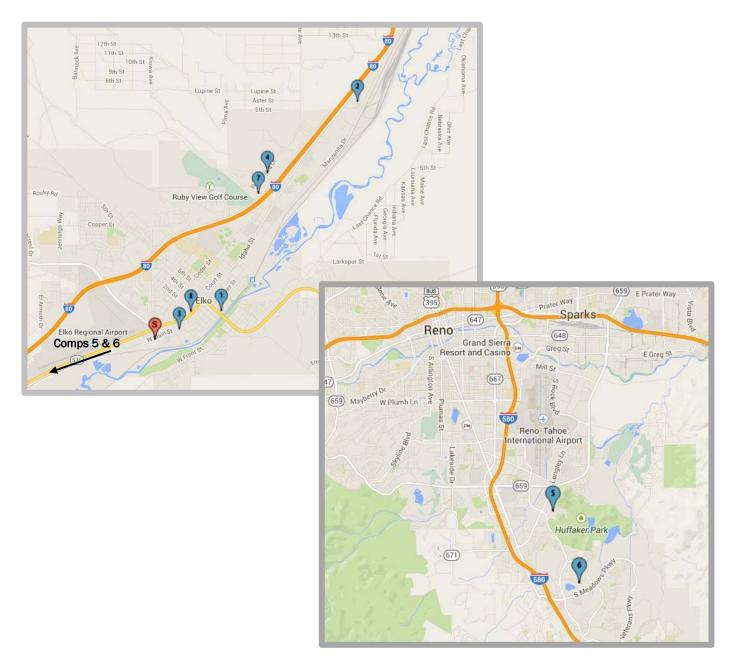
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SUBJECT AND COMPARABLE MAP



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SALES COMPARISON ADJUSTMENT PROCESS

The subject property and comparables have been analyzed on a price-per-square-foot basis. Based on suggestions made by the Appraisal Institute and our expertise in the local market, we have made transactional and physical adjustments to comparable sales and/or listings in the following categories: property rights conveyed, terms/financing, conditions of sale, time/market conditions, location/access, size, age/condition, parking, design/quality and economic characteristics.

COMPARABLE DISCUSSION - INDUSTRIAL

COMP NO. 1

This is the sale of a warehouse building located at 525 Water Street in the south area of Elko, Nevada. The property contains 6,600 SF and was constructed in 1989. The property sold on July 1, 2014 for \$750,000, or \$113.64 per SF. The building is of metal construction and contains a single unit plus a paved yard. The property has 4 grade level doors and a clear height of 20 feet. The site size is 0.76 net acres, which corresponds to a land-to-building ratio of 5.02 to 1. There is approximately 9.1% office space with the remaining being warehouse. It was in average condition at the time of sale. In addition to the warehouse, there was a billboard on the site that contributed approximately 20% to the sale.

Improved Sale No. 1 was constructed in 1989 whereas the subject property was constructed in 2007 and we made an upward adjustment of 15% for effective age/condition. We have made a downward adjustment of 20% in the economic characteristics category for the contributory value of the billboard.

COMP NO. 2

This is the sale of a warehouse building located at 680 Zaga Way in the north area of Elko, Nevada. The property contains 7,500 SF and was constructed in 1985. The property sold on January 2, 2015 for \$625,000, or \$83.33 per SF, which is the same as the list price. The building is of metal construction and contains a single unit plus a dirt and gravel yard. The property has 4 grade level doors and a pitched clear height of 18-24 feet. The site size is 2.0 net acres, which corresponds to a land-to-building ratio of 11.62 to 1. There is approximately 32.5% office space with the remaining being warehouse. The building is worn in some sections due to its age; however, this does not have an impact on its sales price. The listing agent reports getting several offers on the property.

Improved Sale No. 2 was constructed in 1985 whereas the subject property was constructed in 2007 and we made an upward adjustment of 15% for effective age/condition. This property has a superior land-to-building ratio allowing for greater yard space and we made a downward adjustment of 10%.

COMP NO. 3

This is the sale of an office warehouse property located at 580 W. Silver Street in the west area of Elko, Nevada. The property contains 12,800 SF and was constructed in 1997. It sold on February 9, 2015 for \$1,500,000, or \$117.19 per SF. The property was leased to a drilling company and had less than 2 years remaining on the lease. The reported cap rate was 8.27% based on actual income. The property has approximately 21.9% office and a warehouse with a 20-foot clear height. The property has a favorable land-to-building ratio of 9.77 to 1, which allows for abundant parking and yard space.

Improved Sale No. 3 was constructed in 1997 whereas the subject property was constructed in 2007 and we made an upward adjustment of 10% for effective age/condition. This property has a superior land-to-building ratio allowing for greater yard space and we made a downward adjustment of 10%.





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COMP NO. 4

This is the sale of a flex industrial building located at 2640 Ruby Vista Drive in the northeast area of Elko, Nevada. The property contains 5,868 SF and was constructed in 2010. It sold on November 20, 2015 for \$718,000, or \$122.36 per SF. The property has 3,000 SF of office and 2,868 SF of warehouse. The property has two grade level doors and the warehouse has a clear height of approximately 16 feet. The property is formerly occupied by State Fire. The buyer will occupy the space as an owner-occupant.

Improved Sale No. has a superior land-to-building ratio allowing for greater yard space and we made a downward adjustment of 5%.

The industrial comparables are adjusted for land-to-building ratio whereas the office comparables are adjusted for parking. This decision is based on the criteria and tenant perceptions in the market as industrial tenants emphasis yard space whereas office tenants emphasis employee and customer parking.





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COMPARABLE SALE ADJUSTMENTS						
	Subject	Sale #1	Sale #2	Sale #3	Sale #4	
	Main Street Flex	Water Street	Zaga Way	Silver Street	Ruby Vista Flex	
Property Name	and Office	Warehouse	Warehouse	Industrial	Industrial	
	Buildings					
	951 & 905 W. Main			580 W. Silver	2640 Ruby Vista	
Address	Street	525 Water Street	680 Zaga Way	Street	Drive	
City	Elko	Elko	Elko	Elko	Elko	
Date of Sale	N/A	7/1/2014	1/2/2015	2/9/2015	2/20/2015	
SF of NRA	33,600 / 33,970	6,600	7,500	12,800	5,868	
Year Constructed	2007 / 2007	1989	1985	1997	2010	
Parking Ratio per 1,000 SF	2.5 and 4.5	1.97	1.07	Adequate	3.07	
Land to Building Ratio	3.61 to 1 / 2.94 to 1	5.02 to 1	11.62 to 1	9.77 to 1	6.38 to 1	
Occupancy	100% / 100%	0%	0%	100%	0%	
Sale Price	N/A	\$750,000	\$625,000	\$1,500,000	\$718,000	
Adjusted Price per SF	N/A	\$113.64	\$83.33	\$117.19	\$122.36	
TRANSACTIONAL ADJUSTME	•	+	+00.00	+	+	
Property Rights		Similar	Similar	Similar	Similar	
% Adjustment		0%	0%	0%	0%	
Adjusted Price/SF		\$113.64	\$83.33	\$117.19	\$122.36	
Terms/Financing		Similar	Similar	Similar	Similar	
% Adjustment Adjusted Price/SF		0% \$113.64	0% \$83.33	0% \$117.19	0% \$122.36	
Conditions/Sale		Similar	Similar	Similar	Similar	
% Adjustment		0%	0%	0%	0%	
Adjusted Price/SF		\$113.64	\$83.33	\$117.19	\$122.36	
Expenditures After Purchas	e	Similar	Similar	Similar	Similar	
% Adjustment		0%	0%	0%	0%	
Adjusted Price/SF Time/Market Conditions		\$113.64 Similar	\$83.33 Similar	\$117.19 Similar	\$122.36 Similar	
% Adjustment		0%	0%	0%	0%	
Time Adjusted Price/SF		\$113.64	\$83.33	\$117.19	\$122.36	
PHYSICAL AND ECONOMIC	CHARACTERISTICS					
Location		Similar	Similar	Similar	Similar	
% Adjustment		0.00%	0.00%	0.00%	0.00%	
Size		Similar	Similar	Similar	Similar	
% Adjustment		0.00%	0.00%	0.00%	0.00%	
Age/Condition		Inferior	Inferior	Inferior	Similar	
% Adjustment		15.00%	15.00%	10.00%	0.00%	
Parking		Similar	Similar	Similar	Similar	
% Adjustment		0.00%	0.00%	0.00%	0.00%	
Design/Quality		Similar	Similar	Similar	Similar	
% Adjustment		0.00%	0.00%	0.00%	0.00%	
Economic Characteristics		Superior	Similar		Similar	
		-20.00%	0.00%	Similar 0.00%	0.00%	
% Adjustment						
Land-to-Building Ratio		Similar	Superior	Superior	Superior	
% Adjustment		0.00%	-10.00%	-10.00%	-5.00%	
Flood Zone	Х	Similar	Similar	Similar	Similar	
% Adjustment		0.00%	0.00%	0.00%	0.00%	
Total Physical & Economic	Aajustments	-5.00%	5.00%	0.00%	-5.00%	
Total Adjustments %		-5.00%	5.00%	0.00%	-5.00%	



OFFICE

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SUMMARY - SALES ANALYSIS - INDUSTRIAL

We have selected and analyzed four comparables as being most applicable in the sales comparison approach for the flex industrial property. These comparables had an unadjusted range of \$83.33 to \$122.36 per SF. After adjustments, the range narrowed to \$87.50 to \$117.19 per SF with an average of \$107.95 per SF. There were a minimal number of industrial sales in the Elko market, thereby reducing the reliability of this approach. Multi-tenant flex industrial properties are rarely sold in this market and the majority of comparables were smaller industrial properties. The subject property outclasses most of the comparable sales in terms of effective age/condition and it has a smaller land-to-building ratio. Improved Sale No. 2 is an outlier at the low end of the range and has been given least weight. Given the good condition of the subject property, the quality of tenancy and the building's design/appeal, we conclude to a value closer to the upper end of the range at \$115.00 per SF.

There were no listings that could be viewed as comparable in the market.

The value of the flex industrial property will be added to the office building and excess rent at the end of this section.





COMPARABLE DISCUSSION - OFFICE

COMP NO. 5

This is the sale of a one story office building located at 5440 Reno Corporate Drive in the south area of Reno, Nevada. The building contains 17,315 SF and was constructed in 2009. It sold on December 20, 2013 for \$3,300,000, or \$190.59 per SF. The building is 100% occupied by Wood Rodgers, Inc. a regional engineering firm with a variety of consulting services. The tenant had a lease through May 2016. The cap rate was reported to be 10.18% based on actual income.

*Improved Sale No. 5 is similar in major attributes and no adjustments were made.

COMP NO. 6

This is the sale of a two-story office building occupied by Bally Gaming. The property has an address of 950 Sandhill Drive in the south area of Reno, Nevada. The building contains 42,129 SF and was constructed in 2001. It sold on November 3, 2014 for \$7,600,000, or \$180.40 per SF. Bally Gaming is a national tenant and occupies 100% of the building. They recently signed a lease extension through 2019. The building sold with a cap rate of 7.20% based on actual income. It was in good condition at the time of sale.

*Improved Sale No. 6 was constructed in 2001 whereas the subject was built in 2007 and we made an upward adjustment of 5% for effective age/condition.

COMP NO. 7

This is the sale of a mixed-use office and retail building located at 1165 E. Jennings Way in the northeast area of Elko, Nevada. The property contains 10,290 SF and was constructed in 2006. It sold on December 9, 2014 for \$2,200,000, or \$213.80 per SF. The building was occupied by a consulting firm, restaurant and storefront businesses. The building was in good condition at the time of sale. No financial information was provided.

Improved Sale No. 7 has superior parking and we made a downward adjustment of 10%.

COMP NO. 8

This is the sale of an office building located at 147 Idaho Street west of the downtown area of Elko, Nevada. The property contains 5,544 SF and was constructed in 1997. It sold on January 28, 2015 for \$950,000, or \$171.36 per SF. The building was occupied by AMEC Corporation, an international mining and environmental restoration company for administrative offices. The property sold with an estimated cap rate of 10.74%. The building had been renovated in recent years.

Improved Sale No. 8 was constructed in 1997 whereas the subject was built in 2007 and we made an upward adjustment of 10% for effective age/condition.

*We recognize that there are differences between the subject's Elko location and Improved Sale Nos. 5 and 6 in Reno, a metro area with a higher population. In Reno, the office market has not fully recovered and there is still an abundance of office vacancy (CoStar 4th Quarter 2014 reports 17.1% vacancy for Reno/Sparks) and rental rates are typically \$15.00 to \$18.00 per SF per year on a NNN basis. Regarding the Elko office property, Barrick is a good credit tenant and the property is of investment quality. In addition there are no alternatives for large office space in Elko. If Barrick needed to expand or were forced to vacate the subject property, there would be nowhere to go. Our survey of the rental market for office properties revealed rental rates between \$15.00 to over \$20.00 per SF per year on a NNN basis, which is consistent, if not slightly superior than rental rates experienced in Reno. Based on these factors, we have determined that no adjustment should be made for location.





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	COMPARA	BLE SALE AD	JUSTMENTS	;	
	Subject	Sale #5	Sale #6	Sale #7	Sale #8
	Main Street Flex	Reno Corporate	Bally Gaming	Highland Pointe	AMEC Building
Property Name	and Office	Drive Office	Building	Center	
	Buildings				
	951 & 905 W. Main	5440 Reno	950 Sandhill	1165 E. Jennings	
Address	Street	Corporate Drive	Drive	Way	147 Idaho Street
City	Elko	Reno	Reno	Elko	Elko
Date of Sale	N/A	12/20/2013	11/3/2014	12/9/2014	1/28/2015
SF of NRA	33,600 / 33,970	17.315	42,129	10.290	5,544
Year Constructed	2007 / 2007	2009	2001	2006	1997
Parking Ratio per 1,000 SF	2.5 and 4.5	4.91	4.98	6.51	2.89
Land to Building Ratio	3.61 to 1 / 2.94 to 1	5.21 to 1	3.03 to 1	8.13 to 1	3.46 to 1
Occupancy	100% / 100%	100%	100%	100%	0%
Sale Price	N/A	\$3,300,000	\$7.600.000	\$2.200.000	\$950,000
Adjusted Price per SF	N/A	\$190.59	\$180.40	\$2,200,000 \$213.80	\$171.36
TRANSACTIONAL ADJUSTMEN	•	\$130.33	\$100. 4 0	9210.00	÷111.30
Property Rights		Similar	Similar	Similar	Similar
% Adjustment		0%	0%	0%	0%
Adjusted Price/SF		\$190.59	\$180.40	\$213.80	\$171.36
Terms/Financing		Similar	Similar	Similar	Similar
% Adjustment		0%	0%	0%	0%
Adjusted Price/SF Conditions/Sale		\$190.59 Similar	\$180.40 Similar	\$213.80 Similar	\$171.36 Similar
% Adjustment		0%	0%	0%	0%
Adjusted Price/SF		\$190.59	\$180.40	\$213.80	\$171.36
Expenditures After Purchase	•	Similar	Similar	Similar	Similar
% Adjustment		0%	0%	0%	0%
Adjusted Price/SF		\$190.59	\$180.40	\$213.80	\$171.36
Time/Market Conditions % Adjustment		Similar 0%	Similar 0%	Similar 0%	Similar 0%
Time Adjusted Price/SF		\$190.59	\$180.40	\$213.80	\$171.36
PHYSICAL AND ECONOMIC C	HARACTERISTICS	¢200100	¢200110	\$ 110 ,000	\$212100
Location		Similar	Similar	Similar	Similar
% Adjustment		0.00%	0.00%	0.00%	0.00%
Size		Similar	Similar	Similar	Similar
% Adjustment		0.00%	0.00%	0.00%	0.00%
Age/Condition		Similar	Inferior	Similar	Inferior
% Adjustment		0.00%	5.00%	0.00%	10.00%
-		Similar			
Parking			Similar	Superior	Similar
% Adjustment		0.00%	0.00%	-10.00%	0.00%
Design/Quality		Similar	Similar	Similar	Similar
% Adjustment		0.00%	0.00%	0.00%	0.00%
Economic Characteristics		Similar	Similar	Similar	Similar
% Adjustment		0.00%	0.00%	0.00%	0.00%
Land-to-Building Ratio		Similar	Similar	Similar	Similar
% Adjustment		0.00%	0.00%	0.00%	0.00%
-	V V	Similar	Similar	Similar	Similar
Flood Zone	Х				
Flood Zone % Adjustment		0.00%	0.00%	0.00%	0.00%
Flood Zone			0.00% 5.00% 5.00%	0.00% - 10.00% -10.00%	0.00% 10.00% 10.00%





SUMMARY - SALES ANALYSIS - OFFICE

We have selected and analyzed four comparables as being most applicable in the sales comparison approach. These comparables had an unadjusted range of \$180.40 to \$213.80 per SF. After adjustments, the range narrowed to \$188.49 to \$192.42 per SF with an average of \$190.23 per SF. There were a minimal number of office sales in the market. However, Improved Sale Nos. 5 and 6 are out-of-market sales, but are similar one-tenant properties with strong tenancy. Improved Sale Nos. 7 and 8 are smaller office buildings in Elko, but adjusted within a reasonable range. The subject's office building is supported within the narrow adjusted range at \$190.00 per SF.

There were no listings that could be viewed as comparable in the market.

Earlier, we discussed and analyzed the subject's excess and deficit rent, which was calculated at \$240,000. This has been added to the value in the income approach and sales comparison approach.

Based on the preceding comparison analysis, the subject value via the sales comparison approach is computed as follows:

SALES COMPARISON APPROACH	ISUMMARY
Flex Industrial - 951 W. Main Street	
Adjusted Price per SF - High	\$117.19
Adjusted Price per SF - Low	\$87.50
Average Price per SF	\$107.22
Subject Rentable Area	33,600 SF
x Concluded Unit Value (\$/SF)	\$115.00
Subtotal - Flex Industrial (Rd)	\$3,860,000
Office Building - 905 W. Main Street	
Adjusted Price per SF - High	\$192.42
Adjusted Price per SF - Low	\$188.49
Average Price per SF	\$190.23
Subject Rentable Area	33,970 SF
x Concluded Unit Value (\$/SF)	\$190.00
Subtotal - Office Building (Rd)	\$6,450,000
Property Rights (Excess/Deficit Rent)	\$240,000
"As Is" Value Indication (Rd)	\$10,550,000





FINAL RECONCILIATION

A reconciliation section is presented to analyze the strengths and weaknesses of each approach to value. The quality and quantity of the data is considered before arriving at a reasonable conclusion of the relevant value indications for the subject property.

The cost approach is based on the proposition that an informed purchaser would pay no more for one property than the cost to build a substitute property with the same functionality and utility. The cost approach can be relevant when the property is relatively new or has unique or specialized improvements. It could also be relevant when there are few sales or leases of comparable properties. Due to ample inventory of existing office properties, very few are being constructed at this time. Buyers and investors are not placing any weight on the cost approach at this time as they are finding substitutes in the market at, or below, cost. The cost approach was not developed in this analysis.

The sales comparison approach was utilized in this analysis as buyers are currently analyzing properties on a price-persquare foot basis and considering recent market transactions in their purchasing decisions. Due the lack of reliable sales in the immediate market area, the comparable sales for the industrial flex property is considered a weakness. There were more reliable sales for the office property; however, two were out-of-market. The sales adjusted to a relatively narrow range which supported the value indications within this approach. Buyers for income properties are primarily looking at the quality of tenancy and NOI. For these reasons, the sales comparison approach is given less weight in our analysis.

The income approach was also relevant because the subject property is an income-producing property that is 100% occupied by multiple tenants. An investor would consider the strength of tenancy and income capability of the subject property. There was adequate data to support the rental rate, operating expenses and capitalization rate selected within this approach. Due to the existing tenancy and buyer motivations for this property, the income approach is given greatest weight in our analysis.

Based on the data presented, the income approach was well-supported and is given greatest weight in our final analysis.

The value indications are illustrated below:

RECO	ONCILIATION	
	As Is	As Stabilized
Cost Approach	N/A	N/A
Income Approach	\$11,440,000	\$11,440,000
Sales Comparison Approach	\$10,550,000	\$10,550,000
CONCLUSION:	\$11,400,000	\$11,400,000

*The subject property is 100% occupied. The "As Is" and "As Stabilized" value opinions are the same.





INSURABLE VALUE

INSURABLE REPLACEMENT COST ESTIMATE

Effective date: 2-26-2015

Replaces version dated: 9-12-2010

PROPERTY:	Main Street Office and Industrial
LOCATION:	905 and 951 W. Main Street

Elko, Nevada 89801

PROPERTY DESCRIPTION:

Professional Office and Flex Industrial

INSURABLE REPLACEMENT COST CALCULATIONS:

Building #:	951 W. Main St	905 W. Main St			
Building Size (SF):	33,600	33,970			
		0	1	1	· · · · · · · · · · · · · · · · · · ·
Structure Class:	C	С			
Marshall Valuation	Sec 14; Pg	Sec 15; Pg			
Service Reference:	13 (2/14)	17 (11/13)			
(or source referenced)			8		JJ
Base Cost PSF:	\$ 48.55	\$ 105.46			
Plus (PSF)	(¢ 0.00	1	1	· · · · · · · · · · · · · · · · · · ·
Sprinklers	\$ 3.00 \$ 5.00	\$ 3.00 \$ 5.00			
>Geothermal Heating	\$ 5.00	\$ 5.00			
>					
<	A 50.55	^	^	^	^
> Subtotal:	\$ 56.55	\$ 113.46	\$-	\$-	\$-
Subtotal:	\$ 56.55	\$ 113.46	\$-	\$-	\$-
Subtotal: Multipliers	\$ 56.55		\$-	\$-	\$-
Subtotal: Vultipliers Number of Stories:	1.00	1.00	\$-	\$-	\$ -
Subtotal: Multipliers			\$-	\$-	\$ -
Subtotal: Vultipliers Number of Stories: Height Per Story:	1.00 1.33	1.00	\$ -	\$ -	\$ -
Subtotal: Vultipliers Number of Stories: Height Per Story: Perimeter:	1.00 1.33 0.92	1.00 1.33 0.90	\$ -	\$ -	\$ -
Subtotal: Wultipliers Number of Stories: Height Per Story: Perimeter: Calculator Cost:	1.00 1.33 0.92 1.04	1.00 1.33 0.90 1.03	\$ -	\$ -	\$ -
Subtotal: Wultipliers Number of Stories: Height Per Story: Perimeter: Calculator Cost:	1.00 1.33 0.92 1.04	1.00 1.33 0.90 1.03		\$ - -	\$ - -
Subtotal: Multipliers Number of Stories: Height Per Story: Perimeter: Calculator Cost: Local: Adjusted Cost PSF:	1.00 1.33 0.92 1.04 1.08	1.00 1.33 0.90 1.03 1.08			
Subtotal: Vultipliers Number of Stories: Height Per Story: Perimeter: Calculator Cost: Local: Adjusted Cost PSF: Insurable Replacement	1.00 1.33 0.92 1.04 1.08 \$ 77.72	1.00 1.33 0.90 1.03 1.08 \$ 151.08	\$ -	\$ -	\$
Subtotal: Multipliers Number of Stories: Height Per Story: Perimeter: Calculator Cost: Local: Adjusted Cost PSF:	1.00 1.33 0.92 1.04 1.08	1.00 1.33 0.90 1.03 1.08			
Subtotal: Multipliers Number of Stories: Height Per Story: Perimeter: Calculator Cost: Local: Adjusted Cost PSF: Insurable Replacement Cost of Structures:	1.00 1.33 0.92 1.04 1.08 \$ 77.72 \$2,611,370	1.00 1.33 0.90 1.03 1.08 \$ 151.08 \$ 5,132,080	\$ -	\$ - \$0	\$ - \$0
Subtotal: Vultipliers Number of Stories: Height Per Story: Perimeter: Calculator Cost: Local: Adjusted Cost PSF: Insurable Replacement	1.00 1.33 0.92 1.04 1.08 \$ 77.72	1.00 1.33 0.90 1.03 1.08 \$ 151.08	\$	\$ -	\$
Subtotal: Multipliers Number of Stories: Height Per Story: Perimeter: Calculator Cost: Local: Adjusted Cost PSF: Insurable Replacement Cost of Structures:	1.00 1.33 0.92 1.04 1.08 \$ 77.72 \$2,611,370	1.00 1.33 0.90 1.03 1.08 \$ 151.08 \$ 5,132,080	\$ -	\$ - \$0	\$ - \$0





APPRAISER CERTIFICATION

We certify to the best of our knowledge and belief:

- 1. The statements of fact contained in this report are true and correct.
- 2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
- 3. We have no present or prospective interest in the property that is the subject of this report and have no personal interest with respect to the parties involved.
- 4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the Client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- 8. Matthew Buxton, MAI made a personal inspection of the property that is the subject of this report.
- 9. No one provided significant real property appraisal assistance to the people signing this certification.
- 10. The appraisers have performed no other services, as an appraiser or in any other capacity regarding the subject property within the three year period immediately preceding the date of acceptance of this assignment.
- 11. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- 12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 13. As of the date of this report, Matthew Buxton, MAI has completed the continuing education program of the appraisal institute.

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Matthew Buxton, MAI Principal Southwest Property Consultants Certified General Real Estate Appraiser State of Nevada Certificate No. A.0007839-CG Expiration Date: June 30, 2016





ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. Southwest Property Consultants is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. However, Southwest Property Consultants has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.

- 2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. Southwest Property Consultants professionals are not engineers and are not competent to judge matters of an engineering nature. Southwest Property Consultants has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of Southwest Property Consultants by ownership or management; Southwest Property Consultants inspected less than 100% of the entire interior and exterior portions of the improvements; and Southwest Property Consultants was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, Southwest Property Consultants reserves the right to amend the appraisal conclusions reported herein.
- 3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. Southwest Property Consultants has no knowledge of the existence of such materials on or in the property. Southwest Property Consultants, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The Client is urged to retain an expert in this field, if desired.

Southwest Property Consultants has inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

- 4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to Southwest Property Consultants. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
- 5. It is assumed that all factual data furnished by the Client, property owner, owner's representative, or persons designated by the Client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Southwest Property Consultants has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, Southwest Property Consultants reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the Client should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify Southwest Property Consultants of any questions or errors.
- 6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions that occur subsequent to the date of the appraisal. However, Southwest Property Consultants will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
- 7. Southwest Property Consultants assumes no private deed restrictions, limiting the use of the subject in any way.
- 8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.





- Southwest Property Consultants is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
- 10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
- 11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. Southwest Property Consultants does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of Southwest Property Consultants.
- 12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of Southwest Property Consultants to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
- 13. Unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
- 14. This study may not be duplicated in whole or in part without the specific written consent of Southwest Property Consultants nor may this report or copies hereof be transmitted to third parties without said consent, which consent Southwest Property Consultants reserves the right to deny. Exempt from this restriction is duplication for the internal use of the Client-addressee and/or transmission to attorneys, accountants, or advisors of the Client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of Southwest Property Consultants which consent Southwest Property Consultants reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. Southwest Property Consultants shall have no accountability or responsibility to any such third party.
- 15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
- 16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
- 17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
- 18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to Southwest Property Consultants unless otherwise stated within the body of this report. If the consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. Southwest Property Consultants assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
- 19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or Client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor Southwest Property Consultants assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
- 20. Southwest Property Consultants assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
- 21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
- 22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.





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- 23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, Southwest Property Consultants has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since Southwest Property Consultants has no specific information relating to this issue, nor is Southwest Property Consultants qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
- 24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client proximately result in damage to Appraiser. The Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover from the other reasonable attorney fees and costs.
- 25. The report is for the sole use of the Client; however, Client may provide only complete, final copies of the appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Appraiser is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow an appraisal report prepared by Southwest Property Consultants or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.
- 26. Provision of an Insurable Value by the appraiser does not change the intended use or user of the appraisal. The appraiser assumes no liability for the Insurable Value estimate provided and does not guarantee that any estimate or opinion will result in the subject being fully insured for any possible loss that may be sustained. The appraiser recommends that an insurance professional be consulted. The Insurable Value estimate may not be a reliable indication of the replacement or reproduction cost for any date other than the effective date of this appraisal due to changing costs of labor and materials and due to the changing building codes and governmental regulations and requirements





DEFINITIONS

The following definitions are derived from The Dictionary of Real Estate Appraisal, Fifth Edition, published by the Appraisal Institute.

- Absorption Period: The actual or expected period required from the time a property, group of properties, or commodity is initially offered for lease, purchase, or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved.
- Absorption Rate: The rate at which properties for sale or lease have been or are expected to be successfully marketed, sold, or leased in a given area over a duration of time.
- Ad Valorem Tax: A tax levied in proportion to the value of the thing(s) being taxes; generally refers only to property taxes, although technically the term is applicable to income taxes, ad valorem tariffs, special property taxes, etc. Exclusive of exemptions, use value assessment provisions, and the like, the property tax is an ad valorem tax. (IAAO)
- Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.
- Cash Equivalency: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.
- > Contract Rent: The actual rental income specified in a lease.
- Disposition Value: The most probable price that a specified interest in real property should bring under all of the following conditions: 1) Consummation of a sale will occur within a future exposure time specified by the client; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under compulsion to sell; 5) The buyer is typically motivated; 6) Both parties are acting in what they consider their best interests; 7) An adequate marketing effort will be made during the exposure time specified by the client; 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
- Effective Rent: The rental rate net of financial concessions such as periods of no rent during the lease term and above- or below-market tenant improvements.
- Excess Land: Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately.
- Excess Rent: The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized at a higher rate in the income capitalization approach.
- Exposure Time: 1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.
- Extraordinary Assumption: An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP 2010-2011 ed.)





- *****
- Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.
- Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.
- Fractional Vacancy: The amount of vacant space need in a market for its orderly operation. In a stabilized market, where supply and demand are in balance, fractional vacancy allows for move-in and move-outs. In markets for income-producing property, fractional vacancy measures the lost rental income as leases roll over and expire.
- Full Service Lease: See gross lease.
- General Vacancy: A method of calculating any remaining vacancy and collection loss considerations when using discounted cash flow (DCF) analysis, where turnover vacancy has been used as part of the income estimate. The combined effects of turnover vacancy and general vacancy relate to total vacancy and collection loss.
- Going Concern Value: 1) The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern. 2) The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable.
- Gross Building Area (GBA): The total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.
- Gross Lease: A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called full-service lease.
- Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.)
- Investment Value: The value of a property interest to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
- Land-to-Building Ratio: The proportion of land area to gross building area; one of the factors determining comparability of properties.
- Lease: A contract in which the rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.
- Leased Fee Interest: A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord relationship.
- > Leasehold Interest: The tenant's possessory interest created by a lease.
- Lessee: One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.
- > Lessor: One who conveys the rights of occupancy and use to others under a lease agreement.
- Liquidation Value: The most probable price which a specified interest in real property should bring under all of the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer is acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated; 6) Both parties are acting in what they considers to be their best interests; 7) A normal marketing effort is not possible due to the brief exposure time; 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.





- Market Rent: The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement, including permitted uses, use restrictions, expense obligations, concessions, renewal and purchase options, and tenant improvements (TIs).
- Market Value: See body of report for market value definition used in this appraisal.
- Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)
- > Net Lease: A lease in which the landlord passes on all expenses to the tenant.
- Net Net Net Lease: A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called NNN, triple net lease or fully net lease.
- Occupancy Rate: 1) The relationship or ratio between the income received from the rented units in a property and the income that would be received if all the units were occupied. 2) The ratio of occupied space to total rentable space in the building.
- Overage Rent The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakpoint sales volume
- Prospective Opinion of Value: A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or stabilized level of long-term occupancy.
- Rentable Area: For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which rent is based; calculated according to local practice.
- Retrospective Value Opinion: A value opinion effective as of a specified historical date. The term does not define a type of value. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion.
- Shell Rent: The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called vanilla finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes; mechanical systems, interior electric, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.
- Surplus Land: Land that is not currently needed to support the existing improvements but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.
- Turnover Vacancy: A method of calculating vacancy allowance that is estimated or considered as part of the potential income estimate when using discounted cash flow (DCF) analysis. As units or suites turn over and are available for re-leasing, the periodic vacancy time frame (vacancy window) to re-lease the space is considered. Accordingly the income estimate reflects a component of vacancy and is not true potential gross income but some level of effective gross income.





- Usable Area: 1) For office buildings, the actual occupied area of a floor or an office space; computed by measuring from the finished surface or the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. 2) The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
- Value In Use: The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of appraisal. Value in use may or may not be equal to market value but is different conceptually.
- > Value Indication: An opinion of value derived through application of the appraisal process





-Award Information —

-Award Information-			
Date Awarded:	4/6/2015		
Canceled:	No	Directly Awarded: No)
Fee:		Delivery Date: 4/	13/2015
Job Attachments:	File	Description	Date Uploaded Confirmation Number
	4th Amendment Barrick Lease- GeoPark.pdf	4th Amendment Barrick Lease- GeoPark.pdf	4/3/2015 1:24:29 PM PDT
	4th_Amendment_Bldg A BARRICK.pdf	4th_Amendment_Bldg A BARRICK.pdf	4/3/2015 1:24:42 PM PDT
	AIRGAS - 1st 2nd amendments.pdf	AIRGAS - 1st 2nd amendments.pdf	4/3/2015 1:24:54 PM PDT
	AIRGAS - Exhibit A and G.pdf	AIRGAS - Exhibit A and G.pdf	4/3/2015 1:25:06 PM PDT
	AIRGAS - Lease Oct 2007.pdf	AIRGAS - Lease Oct 2007.pdf	4/3/2015 1:25:18 PM PDT
	Barrick A Amendments_1st_2nd_3rd.pdf	Barrick A Amendments_1st_2nd_3rd.pdf	4/3/2015 1:25:31 PM PDT
	Bldg B Lease_2007_07_01.pdf	Bldg B Lease_2007_07_01.pdf	4/3/2015 1:25:47 PM PDT
	Boart Amendments_1st to 4th.pdf	Boart Amendments_1st to 4th.pdf	4/3/2015 1:26:04 PM PDT
	Boart Lease_2006_08_06.pdf	Boart Lease_2006_08_06.pdf	4/3/2015 1:26:18 PM PDT
	Exhibits MWV.pdf	Exhibits MWV.pdf	4/3/2015 1:26:35 PM PDT
	Fifth_Amendment_Boart_Longyear.pdf	Fifth_Amendment_Boart_Longyear.pdf	4/3/2015 1:26:49 PM PDT
	gipe op stmt.pdf	gipe op stmt.pdf	4/3/2015 1:27:11 PM PDT
	gipe phase ii.pdf	gipe phase ii.pdf	4/3/2015 1:27:31 PM PDT
	gipe rent roll.pdf	gipe rent roll.pdf	4/3/2015 1:27:46 PM PDT
	MORSE HYDRAULICS- Lease July 2008.pdf	MORSE HYDRAULICS- Lease July 2008.pdf	4/3/2015 1:28:56 PM PDT
	MORSE HYDRAULICS- Amendments.pdf	MORSE HYDRAULICS- Amendments.pdf	4/3/2015 1:28:42 PM PDT
	MWV Basic Lease.pdf	MWV Basic Lease.pdf	4/3/2015 1:28:29 PM PDT
	MWV Supplemental Amendment_1.pdf	MWV Supplemental Amendment_1.pdf	4/3/2015 1:28:14 PM PDT
	Ste C_D_Lease_2008_03_08 BARRICK.pdf	Ste C_D_Lease_2008_03_08 BARRICK.pdf	4/3/2015 1:27:59 PM PDT
	·		

-Bid Information -

Proposed Fee:	Proposed Delivery Date: 4/13/2015
Signatory Information:	Matthew Buxton Office Location: Las Vegas
Prior Services:	Have you or your company performed or provided any professional services pertaining to -the subject property within the prior three years, as an appraiser or in any other capacity, or is your company presently involved with the management, leasing, disposition, or any similar service regarding the subject property. If Yes, please provide details in the Comments field. No
Bid Comments:	\$4,200 for the 905-951 W. Main. \$1,800 for each of the vacant land parcels on Main Street. Delivery of 4/13/2015 for all three.

Purpose Of Request:New Permanent LoanResponse Deadline:4/03/2015Desired Delivery Date:04/13/2015 Read RFP Comments

RFP Contact: Curtis Zeitelhack (PHX) Contact Phone: 623-587-3946

Desired Delivery Date:	04/13/2015 Re	ad RFP Comme	ents	Ĺ	ontact Phone	e: 623-587-39 4 6	
ADDRESSEES:	First name	Last name	Con	npany	Address		
		Zeitelhack (PHX)		ls Fargo ECHS	2222 W RO Floor	DSE GARDEN LN 1st	Phoenix, AZ 85027
	Total Addresse	es: 1					
DISTRIBUTION:	Number Of	Copies First	Name	Last Name	Company	Address	
	2	Brand	lon	Musicant (RGBK)	Wells Fargo	5340 Kietzke Ln 2nd F Suite 201	loor, Reno, NV 89511
	Total # Hard (Copies: 2					
SCOPE OF SERVICES:	Required Analysis	 verify accu verify accu nust read/ gross income impact value. For the sub 	iracy o iracy o 'review stream oject an ation of	adequate lease to include any nd all comparal	ise abstracts cash flow inp es to substan r individual le ples indicate		n may materially flood plain and the
	Potential Market Changes	report analysis 1. Market Par sellers, prope dedicated sec impact the su 2. Overall Cap trends and ca market partic rates, rents, s investment ca market partic movement; (the market value. commentary. potential buyy interest rates. Participant In 3. Comparable should be cor within your m 4. Strengths a	is to co ticipan rty mai tion, a bject v bitalizat atalysts ipants" supply apital, e ipant ir b) the t Be spo For no er"s pu Referen arket co and Wo t focuse	nsider: t Interviews: D nagers, real est nd report and a value with Item ion Rate Sustain for potential ch observations o & demand dyn etc., on cap rate netrviews for: # timeframe in wh ecific to the sub- n-income prod richase criteria ence these opin vs (Item No. 1 a gs: In addition id, with the most data, including eakness: Includes on the subje	iscussions will ate agents/b analyze the n No. 2 below. nability: We a nanges in Ov n the likely ir amics, the sc es in the futu ta) the poten nich this may oject propert ucing (e.g., and the effec- ions in a dec above). to consumm st pertinent it any impact r	ns and trends, we are th real estate market parokers). Reference the nost pertinent commen are interested in the mare and the states (OARs#. Sp npact of expected chara arcity of comparable in re? Please provide a di tial direction and magro occur; and (c) how the y type and location, an owner/user) properties ct on value of factors su licated report section we ated comparable sales rems reported, analyzed elative to flood insuran as & Weaknesses sectio and its product type ar	articipants (buyers, se interviews in a ts and how they arket"s opinion of ecifically, what are nges in interest ivestments, excess iscussion framed by nitude of cap rate is may impact d avoid boilerplate s, comment on a uch as fluctuating <i>i</i> th the Market and leases, listings d and incorporated ce requirements.
	Scope of Work	1.USPAP App 3.Preparer pr 4.Preparer de subject to the	oraisal F ovides etermin eir extra sions - o	two most mean les and states w aordinary assur conclusions is c	rer inspects s ningful appro vithin the rep nptions and l	raisal Report: ubject - unless otherw aches to value in a sun ort, as described withir nypothetical conditions ditional services - as in	nmary format n their scope and - if applicable, the
		All appraisal r If applicable,			non-real pro	operty is included in ar	ıy value premise(s).

Value

Components 1. Identify and Describe Non-Realty Components: If it is necessary to include non-real property in the valuation, it must be described in a dedicated (property description) report section and segregated into two categories:

A. Personal Property (FF&E, M&E, etc.). And,
B. Intangible Property (business enterprise components).
NOTE: The source(s) for identification of non-realty items should be cited. This could include: appraisers inspection, property contact interview, inventory list, etc.

2. Value Allocation for Non-Realty Components: The contributory value of non-realty items should be allocated (and deducted) within each reported value premise. Separate value allocations should be segregated in accordance with item 1.A. and 1.B. above.

Should the appraiser determine the contributory value of the non-realty components is nominal, they must nonetheless still be identified and the rationale for their being considered nominal explained. Nominal is defined as a contributory value that does not materially impact the market value of the real estate. The sources and methodology for value allocations should be explained (e.g. new or depreciated book value, personal property and/or business appraisal, cost breakdown, Marshal Valuation Service, etc.).

Apartment Complex example: For existing, unfurnished apartments with basic kitchen and laundry packages, the appraiser must describe all non-realty components. The appraiser may conclude there is only nominal value attributable to the furnishings, fixtures and equipment (FF&E) and as such a separate value allocation would not be required. However, for furnished apartments, newly constructed or proposed unfurnished apartments, or any project where FF&E value is not considered nominal, a separate value allocation for FF&E components is required.

Owner-Highest & Best Use (H&BU): All appraisal reports should specify the most probable buyerOccupiedprofile (e.g. user, investor or both) and what they would do with the property to maximize
value.

Owner-Occupied Property: Similar to properties held in leased fee estate, owner occupied properties must be valued presuming a knowledgeable buyer is involved in a transaction. Many properties can appeal to both an investor or an owner user under certain market conditions.

If all or a part of the subject is currently owner occupied (or owner affiliate occupied) without lease(s), the current owner's (or owner affiliates) occupied portions of the subject should be assumed:

- Vacant as of the effective date of value

- Available for a potential purchaser in accord with the H&BU conclusion (e.g. occupy, rent, lease, reposition etc.)

For owner-occupied properties, please reference Owner-Occupied Valuation Guidelines within the Appraisal General Requirements.

Report Type: Appraisal Report (summary) Report Format: Narrative

VALUATION SCENARIOS:	Valuation Premise	Premise Qualifier	• •	Comment
	Market Value	As-Is	Leased Fee	
	Insurable Replacement Cost	As-Is	Required Cost	Download the current IRC form found in RIMS and provide a separate cost for each building. Please do not alter the form.
RFP Comments:	REQUESTED D OTHER ELKO P TIMEFRAME, T	ATE, PLEAS ROPERTY F HAT WOUL	se bid you RFPS publi D be a plu	VERY DATE IS VERY SOON. IF YOU CANNOT DELIVER BY THE IR BEST POSSIBLE DELIVERY DATE. ALSO, THERE WILL BE FOUR SHED TODAY. IF YOU CAN HANDLE ALL FIVE IN THE SAME IS. IF NOT ALL OF THEM, THE THREE LAND APPRAISALS FOR 05 WILL BE AWARDED TOGETHER.
	IT IS SUGGES	TED THAT Y	YOU MAKE	HE ENTIRE COMMENTS SECTION OF THE RFP BEFORE BIDDING. A COPY OF THE RFP AND COMMENTS FOR YOUR FILE TO USE AS AISAL ASSIGNMENT.
				perty is a two-story office building and a warehouse/office building re 100% occupied. There are six suites with five tenants in the office

building and the warehouse building is occupied by a single tenant

WF-LA-15-008113-04 This is 8.32 acres of vacant commercial land located adjacent the property described above.

WF-LA-15-008113-05 This is 6.32 acres of vacant industrial land at 1061 W Main Street in Elko.

We need:

 As Is Market Value of the Leased Fee Interest A separate value for the excess land parcel is required.
 As Stabilized Market Value (prospective date of value based on your judgment as to the date the property will reach stabilized occupancy

3. Insurable Value:

A. As Is (Use IRC form found in RIMS)

The following scope of work is the MINIMUM standard for this assignment. If more work is necessary, the appraiser is required to perform that work, whether or not the work is included in the minimum scope shown below. Disclose what you did in developing the assignment results.

1. Income Approach

	1. Income Approach
	a) Adjustment grid and comp sheets are required for rent comps. Please include the term, start date,
	annual rent/SF, suite size and TI allowance for each comp. The concluded market rent must be bracketed
	by the adjusted comps. Conclude annual market rent for each type of space, rather than an average.
	Discuss and analyze subject's contract rents and conclude whether the contract rents are at, below or
	above current market rents. State whether a tenant improvement allowance is amortized in the subject's
	lease(s) and adjust appropriately for future rollovers/renewals.
	b) Support vacancy allowance with data and analysis of market vacancy rates and subject vacancy
	history.
	c) If vacant space absorption is a factor, support the absorption period with comparable analysis and market indicators.
	d) Line-by-line support for estimates for each expense item for all types of leases
	e) For net leases, all expenses are to be estimated / analyzed and grossed-up with the estimated tenant
	reimbursements. Then they are to be deducted back out to a net basis.
	f) Analyze and reconcile subjects historical income and expenses with appraiser's concluded stabilized
	operating income. If no history (new construction), use comps and market norms and state sources.
	g) Provide a rent roll in the report and review all submitted leases (including subleases). State the type of
	lease in terms of who is responsible for which operating expenses.
	h) Support tenant improvement allowance (\$/SF) and leasing commissions (% /lease contract) for new
	leases and tenant rollovers.
	i) Support for the overall capitalization and discount rates. A DCF analysis is not required.
	2. Sales Comparison Approach
	a) Adjustment grid, comp sheets, photos and location map for sales comps.
	b) All sales to be confirmed with a party to the transaction.
	c) All adjustments to be discussed and supported with market data and analysis.
	d) The concluded adjusted indicator must be bracketed by the adjusted comparables.
	e) Any sale within the past three years and the pending transaction involving the subject property MUST
	be reported and ANALYZED. The appraiser is encouraged to use the recent and/or pending sale of the
	subject as a comp.
	A conclusion as to the remaining useful life of the improvements is required, even if a Cost Approach is not
	undertaken.
	Put our RETECHS number on the title page (see Specific Contractual Requirement, Printable view)
	The WF Insurable Value form found in RIMS with a separate value for each building is required.
GENERAL PERFORMANCE STANDARDS	Appraisal General Requirements
SPECIFIC PERFORMANCE STANDARDS	APP-11 REGIONAL BANKING
-Property Information	

Project Name:GIPE RefinanceProperty Description / Construction Type:Two existing buildings, one is 2 story office building, the second is a warehouse/ office building. The
Barrick Gold Elko HQ building.Property Comment:N/AProperty Type:HE1 - Office - Mixed Use-Office-Industrial - A property that includes office and industrial uses.Address:905 & 951 West Main St, Elko, NV 89801County:ElkoImprovement Size (Primary):66,470 SFLand Size:5.08 Acres

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The information contained in this award, along with the information contained in the **General Appraisal Requirements**, **Specific Performance Standards**, and the **General Contractual Requirements** referenced in the RFP, as well as all other RFP information, serve as the contract for services to be rendered. If, within 12 months of this assignment date, the vendor is contacted to appraise the subject property by any other party than Wells Fargo RETECHS, vendor agrees to (1) notify Wells Fargo RETECHS in writing and (2) receive a written reply from RETECHS approving this request.

Unless specifically stated otherwise, information provided by the bank or borrower in conjunction with this assignment shall be considered confidential and may not be used except as necessary for the completion of this assignment. Additionally, such information may not be shared or provided to any individual or entity except as necessary for the completion of this assignment, or as required by law or as mandated by appropriate professional standards or organizations such as USPAP and the Appraisal Institute.

This Statement of Work and Award is entered into as of the date of the award by and between Wells Fargo Bank, N.A. (Wells Fargo) and the awarded contractor, pursuant to the Master Agreement for Real Estate Services, dated September 15, 2010; all terms of which are incorporated herein by reference.

Note: Failure to deliver is subject to penalties as defined in the Master Service Agreement. Immediately contact Curtis Zeitelhack (PHX) 623-587-3946 for any holds, delays, or further required information.

- 1. Project Name: GIPE Refinance
- 2. Description of Services: As indicated in the RFP
- 3. Performance Period Start Date: 4/6/2015 End Date (if known): 4/13/2015
- 4. Work Site: 905 & 951 West Main St, Elko, NV 89801
- Total Costs and Fees: \$
- 6. Wells Fargo Job Manager: Curtis Zeitelhack (PHX)

Property Access and Contact Information:

Mike Lattin

775-777-4503 mlattin7@gmail.com

Please make contact immediately for access to the property

Include the following statement in the Letter of Transmittal and Intended Use section of the report:

Wells Fargo reserves the right to use the report for the purposes of syndication with other financial institutions or securitization.

Delivery Instructions: (Unless otherwise specified in the attached addendum)

All valuation services requested, which include the report with signatures, all associated exhibits, and any other pertinent supporting documentation, shall be delivered online via RIMSCentral to Wells Fargo Bank-RETECHS, and (if appropriate) via a hard copy to the Wells Fargo Banker or representative. In no case, will any valuation services ever be solely delivered to a Wells Fargo Banker or representative without written authorization from RETECHS. In addition, upload the final invoice separately for payment. The following guidelines provide more specific instructions:

- 1. Upload to RIMSCentral, under the appropriate assignment, a PDF APPRAISAL REPORT to include:
 - The Recipient information [name, address, etc] Wells Fargo Bank – RETECHS Curtis Zeitelhack (PHX) 2222 W ROSE GARDEN LN, 1st Floor Phoenix, AZ 85027 WF-LA-15-008113-03
 - Vendor digital signature
- 2. Upload to RIMSCentral a copy of the appraiser's state license / certification as an addendum to the appraisal report.
- 3. Upload to RIMSCentral any other property information used to complete the assignments as stated in the Request for Proposal (RFP)
- 4. Upload to RIMSCentral the Original Invoice addressed to:

Wells Fargo Bank RETECHS Curtis Zeitelhack (PHX) 2222 W ROSE GARDEN LN, 1st Floor Phoenix, AZ 85027 623-587-3946

Note: If uploading the documents to RIMSCentral is **not feasible**, please contact RIMSCentral for upload assistance, or the RETECHS Job Manager, Curtis Zeitelhack (PHX), for additional delivery instructions.

If hard copies were requested per the RFP, only upon authorization via e-mail from a RETECHS representative is the vendor to deliver hard copy or copies:

Deliver to: Brandon Musicant (RGBK) A4649-022 5340 Kietzke Ln, 2nd Floor, Suite 201 Reno, NV 89511 775-689-6188

Additional Requirements may be specified in an attached addendum.

ADDENDUM





Assess	COULT COULT TO HOME PE	rsonal Proper	ty Sales Data	a Sec	ured Tax Inquiry Recorder S	eearch GIS	Мар	
		Pa	rcel Detail for	r Parce	l # 001-694-005			
	Location					Ownershi	p	
Property Location 951 W MA Town ELKO CIT Subdivision Lot Bl Property Name AIRGAS/E	Y ock		Add'I Addresses Assessor Maps Legal Description Ag Land		ELK	COURT ST CO NV 89801-3 OTHERMAL USTRIAL PAF	3527 RK OF E	Ownership History Document History
	Description				Appra	aisal Classi	ications	
Single- 0 No family Detached 0 Mobile family Attached 0 Mobile family Units 0 Mobile Homes <u>0</u> Total Dwelling Units 0	Square Fee W/R Acre Improvements n-dwelling Unit Home Hookup Wel Septic Tank Buildings Sq F Residence Sq F Basement Sq F ed Basement S	es.000 2 1s 1 1s 0 G 1s 0 G 1s 0 G 1s 0 At 5 1 33,950 5 1 0 B	Bedrooms / Bat Stori arage Square F tached / Detach asement Bedrooms / Bat	ies .0 't 0 ied	Current Land Use Re-appraisal Original Constructio	Zoning Group P F	Code Table	
Ass	essed Valua	tion			Ti	axable Valua	ation	
Assessed Values Land Improvements Personal Property Ag Land Exemptions Net Assessed Value	0 0 0	2014-15 78,005 1,012,023 0 0 0 1,090,028	2013-14 78,005 977,336 0 0 1,055,341		Taxable Values Land Improvements Personal Property Ag Land Exemptions Net Taxable Value	2015-16 222,871 2,839,194 0 0 0 3,062,066	2014-15 222,871 2,891,494 0 0 0 3,114,366	2013-14 222,871 2,792,389 0 0 0 3,015,260
Increased (New) Values Land Improvements Personal Property	0 0 0	0 0 0	0 0 0		Increased (New) Value Land Improvements Personal Property	s 0 0 0	0 0 0	0 0 0

Back to Search List

County	
Assessor Home Personal Property Sales Data Secu	ared Tax Inquiry Recorder Search GIS Map
Parcel Detail for Parcel	# 001-694-006
Location	Ownership
Property Location 905 W MAIN ST Town ELKO CITY Subdivision Lot Block Property Name BARRICK ELKO OFFICE Ag Land	Assessed Owner Name GEOTHERMAL INDUSTRIAL PARK OF E Mailing Address 421 COURT ST ELKO NV 89801-3527

						0.50			
Single-) CITY Block	FFICE Asse Legal A P P P P C C C C C C C C C C C C C C C	Addresses essor Maps Description Ag Land Bedrooms / E	Baths 0 /	M Lega Vestii Mar	A control of the formation of the format	aisal Classi Code 400 Zoning Ll Group P	3527 RK OF E 7 Book / Pag	Year 2010
tamily Detached	Home Hooku			ories .0		-		ç	
Multiple- ₀ family Units	VVe	ells 0 G	arage Square	e Ft 0					
	Septic Tar	nks0 At	tached / Deta	ched					
Mobile Homes <u>0</u>									
otal Dwelling Units 0	Buildings Sq								
otal Dwelling Units 0	•	Ft 32,520							
otal Dwelling Units 0	Buildings Sq	Ft 32,520 Ft 0	asement						
otal Dwelling Units 0 Improvement List	Buildings Sq Residence Sq	Ft 32,520 Ft 0 Ft 0 B	asement Bedrooms / E	3aths					
Total Dwelling Units 0	Buildings Sq Residence Sq Basement Sq	Ft 32,520 Ft 0 Ft 0 B SF 0				Ta	axable Valu	ation	
otal Dwelling Units 0 Improvement List Finishe	Buildings Sq Residence Sq Basement Sq ed Basement	Ft 32,520 Ft 0 Ft 0 B SF 0			Tax	Ta able Values	axable Valu 2015-16	ation 2014-15	2013-14
otal Dwelling Units 0 Improvement List Finishe	Buildings Sq Residence Sq Basement Sq ed Basement	Ft 32,520 Ft 0 Ft 0 B SF 0	Bedrooms / E		Taxi	able Values			<u>2013-14</u> 183,297
otal Dwelling Units 0 Improvement List Finishe Assessed Values	Buildings Sq Residence Sq Basement Sq ed Basement eessed Valu 2015-16	Ft 32,520 Ft 0 Ft 0 SF 0 ation <u>2014-15</u>	Bedrooms / E		La	able Values	<u>2015-16</u>	<u>2014-15</u>	
otal Dwelling Units 0 Improvement List Finishe Assessed Values Land	Buildings Sq Residence Sq Basement Sq ed Basement sessed Valu 2015-16 64,154	Ft 32,520 Ft 0 Ft 0 SF 0 ation <u>2014-15</u> 64,154	Bedrooms / E		La Im	able Values nd	<u>2015-16</u> 183,297	<u>2014-15</u> 183,297	183,297
otal Dwelling Units 0 Improvement List Finishe Assessed Values Land Improvements	Buildings Sq Residence Sq Basement Sq ed Basement sessed Valu <u>2015-16</u> 64,154 1,333,548	Ft 32,520 Ft 0 Ft 0 SF 0 ation <u>2014-15</u> 64,154 1,367,948	Bedrooms / E <u>2013-14</u> 64,154 1,367,948		La Im Pe	able Values nd provements	<u>2015-16</u> 183,297 3,810,137 0 0	<u>2014-15</u> 183,297 3,908,423 0 0	183,297 3,908,423
otal Dwelling Units 0 Improvement List Finishe Assessed Values Land Improvements Personal Property	Buildings Sq Residence Sq Basement Sq ed Basement Sessed Valu <u>2015-16</u> 64,154 1,333,548 0	Ft 32,520 Ft 0 Ft 0 SF 0 ation <u>2014-15</u> 64,154 1,367,948 0	Bedrooms / E <u>2013-14</u> 64,154 1,367,948 0		Lai Im Pe Ag	able Values nd provements rsonal Property	<u>2015-16</u> 183,297 3,810,137 0	<u>2014-15</u> 183,297 3,908,423 0	183,297 3,908,423 0
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otal Dwelling Units 0 Improvement List Finishe Assessed Values Land Improvements Personal Property Ag Land Exemptions Net Assessed Value	Buildings Sq Residence Sq Basement Sq ed Basement cessed Valu <u>2015-16</u> 64,154 1,333,548 0 0 0 1,397,702	Ft 32,520 Ft 0 Ft 0 SF 0 ation <u>2014-15</u> 64,154 1,367,948 0 0 0 1,432,102 0	Bedrooms / E <u>2013-14</u> 64,154 1,367,948 0 0 0 0		Lai Imj Pe Ag Ext	able Values nd provements rsonal Property Land emptions t Taxable Value eased (New) Values	2015-16 183,297 3,810,137 0 0 0 3,993,434 3 0	2014-15 183,297 3,908,423 0 0 0 4,091,720	183,297 3,908,423 0 0 0 4,091,720
Total Dwelling Units 0 Improvement List Finishe Assessed Values Land Improvements Personal Property Ag Land Exemptions Net Assessed Value Increased (New) Values	Buildings Sq Residence Sq Basement Sq ed Basement cessed Valu <u>2015-16</u> 64,154 1,333,548 0 0 0 1,397,702	Ft 32,520 Ft 0 Ft 0 SF 0 ation <u>2014-15</u> 64,154 1,367,948 0 0 0 1,432,102	Bedrooms / B 2013-14 64,154 1,367,948 0 0 0 1,432,102		Lat Imj Pe Ag Ex Ne Incr Lat	able Values nd provements rsonal Property Land emptions t Taxable Value eased (New) Values	2015-16 183,297 3,810,137 0 0 0 3,993,434	2014-15 183,297 3,908,423 0 0 0 4,091,720	183,297 3,908,423 0 0 0 4,091,720

EXHIBIT A

Description of Leased Property For Mountain West Valve, Inc.

REAL PROPERTY located at 951 W. Main Street, City of Elko, County of Elko, State of Nevada 89801, Assessor's Parcel No. 001-694-005 designated as Space "A" containing 4,800 square feet and related parking and loading /unloading access ramps.

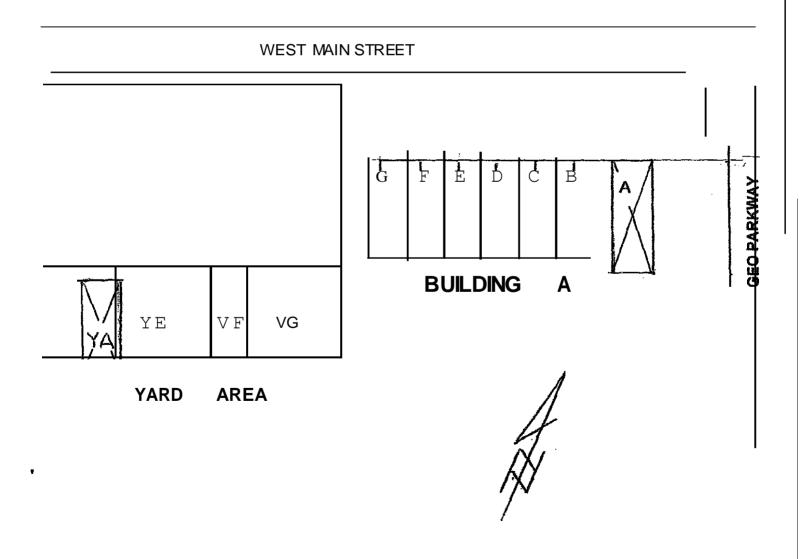
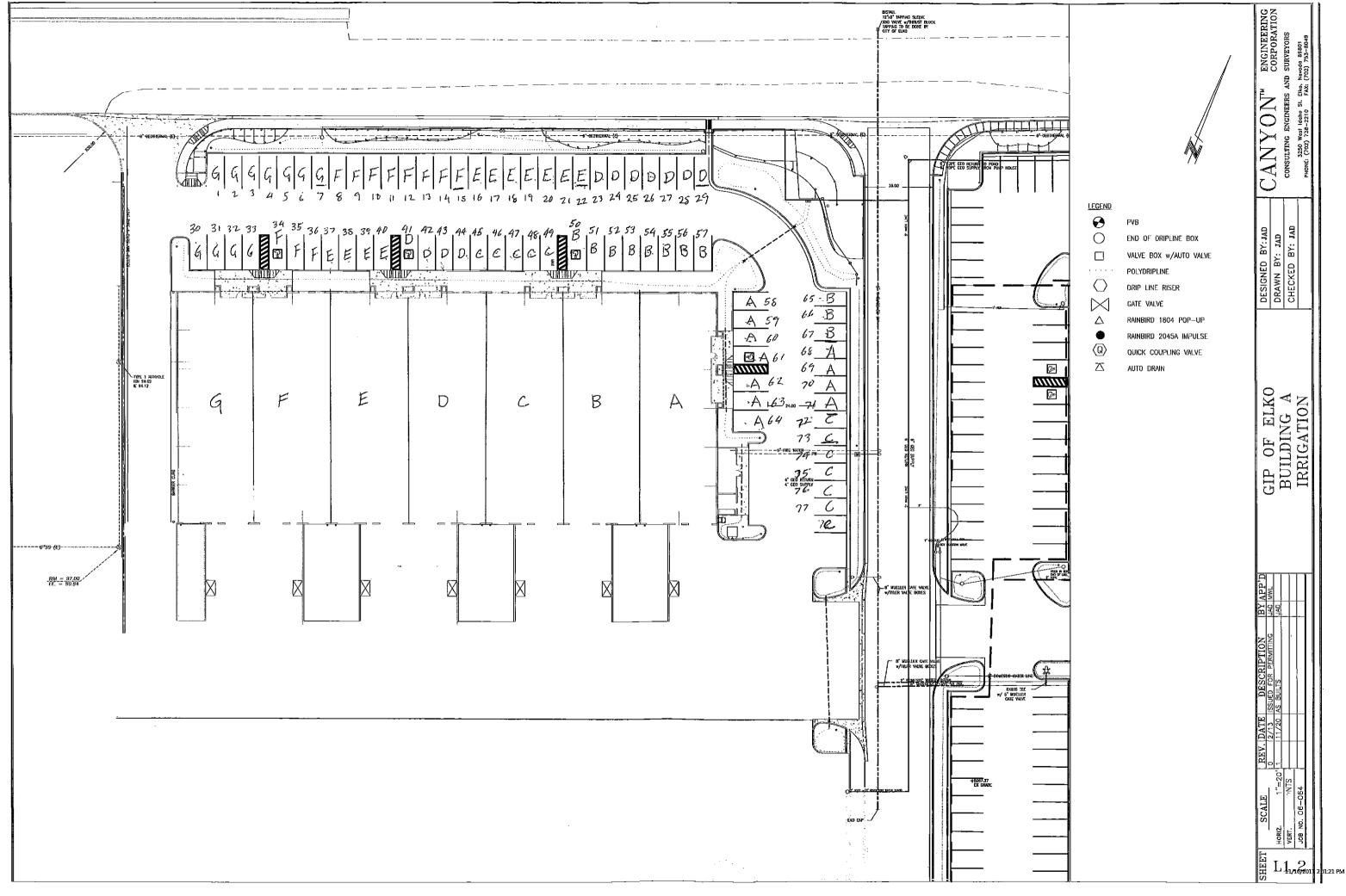
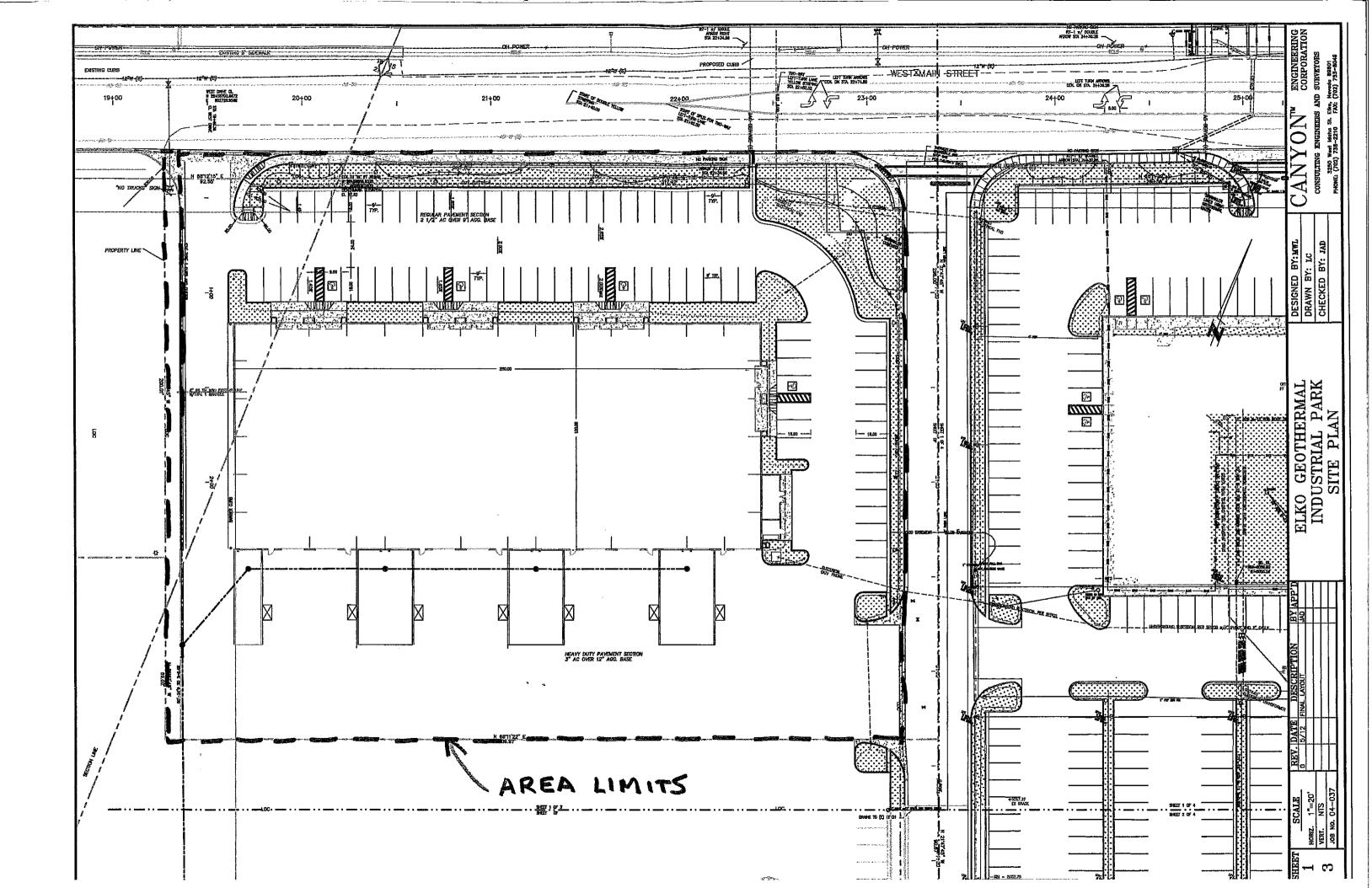
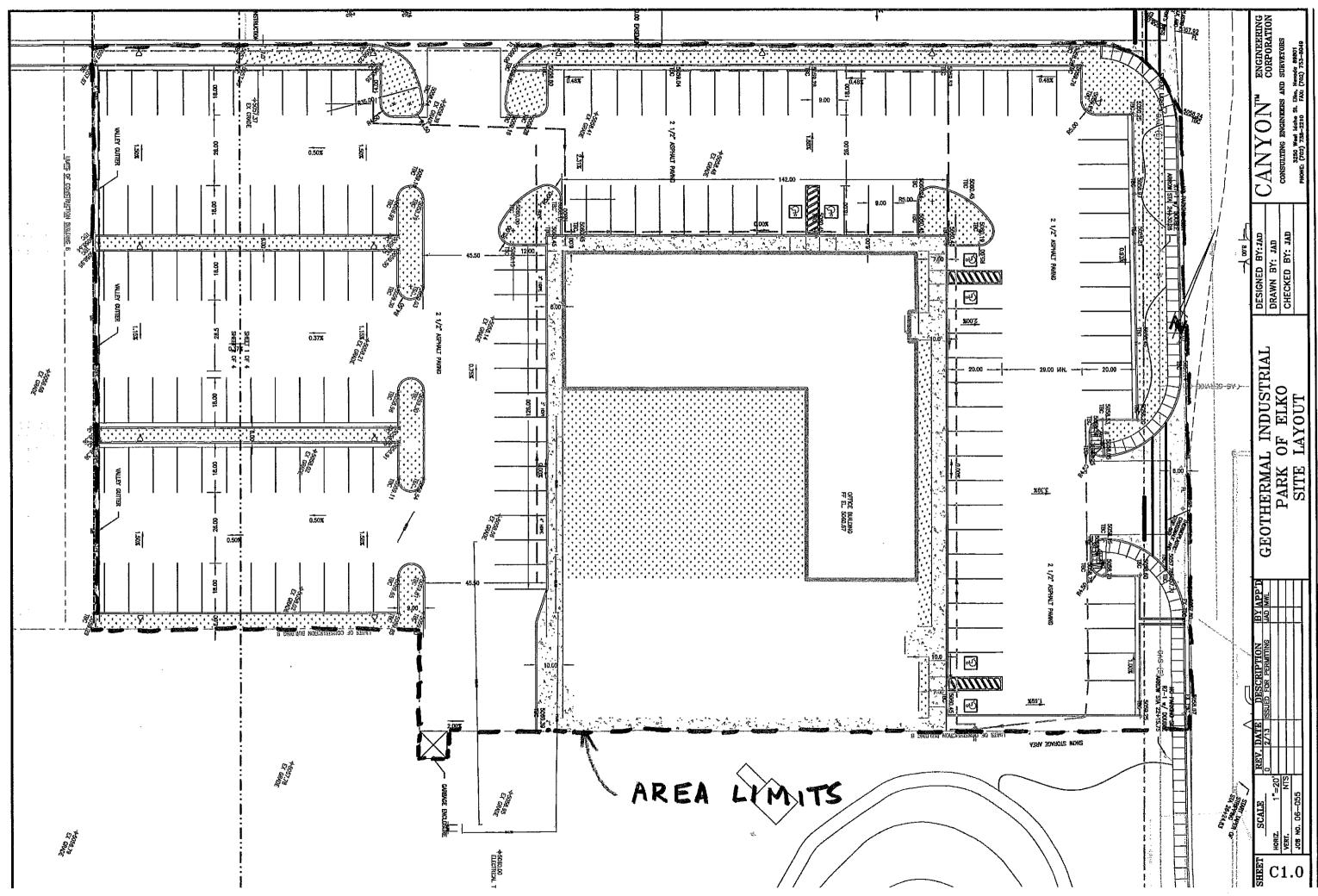


EXHIBIT B

OF BUILDING A







RENT ROLL - Building A

PROPERTY: DATE:

Geothermal Industrial Park of Elko, LLC 03/01/15

TENANT			% OF	TERM/	START	LEASE	MONTHLY	EXPENSE	TOTAL
NAME			TOTAL	YEARS	DATE	EXP.	RENT	REIMB.	ANNUAL
Mtn West Valve	A	4,800	14.29%	5.0	03/01/15	02/28/20	\$3.472	\$528	\$48,000
Morse Hydraulics	Ð	4,800	14.29%	3.0	12/01/15	11/30/17	\$5,618	\$528	\$73 746
Barrick Goldstrike	C&D	9,600	28.57%	3.0	03/01/15	02/28/18	\$9.445	\$1.056	\$126.011
Barrick Goldstrike	រា	4,800	14.29%	3.0	03/01/15	02/28/18	\$4,952	\$528	\$65.763
Air Gas	L	4,800	14.29%	10.0	11/01/07	10/31/17	\$5,608	\$528	\$73 632
vir Gas	Yard Space	0	0.00%		Month to Month	nth	\$600	1	\$7 200
Boart Longyear	U	4,800	14.29%	6.0	01/01/10	12/31/15	\$5,589	\$528	\$73,402
rotal.		33,600	100%				\$35,284	\$3,696	\$467,754
LEASED: AVAILABLE:		100% 0%					GROSS INCOME:	ME:	\$467,754

RENT ROLL - Building B

PROPERTY: DATE:

Geothermal Industrial Park of Elko, LLC 03/01/15

	BLDG.								
TENANT SQ. NAME FEET	SQ. FEET	% OF TOTAL	TERM/ YEARS	START DATE	START LEASE DATE EXP.	RENT PSF/YR	MONTHLY RENT	EXPENSE Reimb.	
Barrick Gold of North America Barrick Gold of North America	33,970 Parking	100.00% 0	10.0 0.00%	12/01/07	11/30/17 Month to Month	\$22.44 h	\$59,965 \$2,200	\$59,965 \$ 3,557 \$2,200	\$762,259 \$26,400
TOTAL	33,970	100%				\$23.22	\$62,165		\$788,659
LEASED: AVAILABLE:	100% 0%					GROSS INCOME:	OME:		\$788,659

Business Real Estate Financing			WELLS
Property Operating Sta	atement		FARGO
Note: Only required to be completed for In	vestment property.		
Applicant Name: Geothermal Industrial Park	of Elko, LLC	Phone Number: 775	-738-2210
Complete Address of Collateral Property:			
Street: 951 West Main Street & 903 West Main	n Street		
City: Elko	State: NV	Zip: 89801	-
Annual Period: January 1 - December 31, 2014			
INCOME:			
Total Annual Rents Received		-	1,183,684.73
Other Annual Income (parking, bill boards, la	undry etc)	-	94,912.67
Total Potential Gross Income (PGI)		-	1,278,597.40
Vacancy and Collection Loss (10%)		-	127,859.74
EFFECTIVE GROSS INCOME (EGI):		-	1,150,737.66
EXPENSES:			
Advertising		-	0.00
Auto and travel		-	0.00
Cleaning and maintenance		-	60,279.11
Commissions		-	3,930.11
Insurance		-	6,347.00
Legal and other professional fees		-	1,788.00
Management fees		-	7,000.00
Repairs		_	5,000.00
Supplies			47.30
Real Estate Taxes			20,607.52
Utilities		_	20,640.71
Other		_	2,159.49
TOTAL EXPENSES:		-	127,799.24
Total Annual Net Operating Income:		-	1,022,938.42
Monthly Net Operating Income:			85,244.87
Monthly Net Operating Income at 1.2 DSC:		_	71,037.39
Less: Current Monthly First Mortgage Paymer	nt:	_	
Maximum Monthly Payment Available:		-	71,037.39
Signature_Muchael	W Latter	Date	3-4-15
Signature Amela	Fatto	Date	3-4-15 3-4-15

EVER HOUSER © 2013 Wells Fargo Bank, N.A. All rights reserved. Member FDIC. BREF Property Operating Statement (11/13)

	HEDULE E rm 1040)	Supplemental (From rental real es	l Inco	me and Loss yalties, partnerships,		Ļ	OMB No. 1545-0074
(10		S corporations, es	itates, t	rusts. REM/Cs. etc)			2012
Depa	artment of the Treasury (99)	Attach to Form 1 Information about Schedule E and its s	040, 30 eparate	40NR, or Form 1041.	irs.gov/form1040		Altachment Sequence No. 13
	e(s) shown on return						Sequence No. 13
MI	MICHAEL W. AND PAMELA LATTIN						
Ra	nt less Income or	Loss From Rental Real Estate and	Roya	Ities Note. If you are in	the business of rent	ing perso	nal property, use
		(see instructions). If you are an individual, report farm rent					
		ayments in 2012 that would require you to t			•		
		ill you file required Forms 1099?			••••••••••		···· Yes No
1		ach property (street, city, state, ZIP code)					
LO <u>√</u> A	951 W. MAIN S	ST., ELKO, NV 89801 Geo TY	Kana	<u> </u>			
B							
	Turn of Bronorth L o F						1
1	b Type of Property 2 Fo (from list below) at	or each rental real estate property listed pove, report the number of fair rental and		Fair Rental Days	Personal Use	Days	ουν
A		ersonal use days. Check the QJV box only	A	365			
В		you meet the requirements to file as a alified joint venture. See instructions.					
	<u>C</u>		C				
	e of Property:	e 3 Vacation/Short-Term Rental 5	Land	7 Self-Ren	*-1		
	ingle Family Residence Iulti-Family Residence		Royali				
	ome:	Propertie		A I	В		C
3	Rents received		3	1,231,959.			
4			4				
Exp	enses:						
5			5				
6	Auto and travel (see	instructions)	6				
7	Cleaning and mainter	nance	7	67,271.			
8	Commissions		Ċ	CODV	r		· · · · · · · · · · · · · · · · · · ·
9	Insurance		3	UU4-520Y			
10	Legal and other prote		10	<u>28,419.</u> 13,644.			
11 12	÷	anks, etc (see instructions)	12	13,044.	· · · · • • • · · · · · · · · · · · · ·		
13			13	485,007.			
14			14	· 21,668.			
15	Supplies		15				
16			16	35,333.			
17			17	13,741.	· · · · · ·		
18			18 19	290,422.			·
19 20	Other (list) ► <u>SEE</u>	51M 13 lines 5 through 19	20	<u>8,548</u> . 968,573.			
20	Tutal expenses. Auu						
21	Subtract line 20 from	line 3 (rents) and/					
	or 4 (royalties). If res	it if you must file					
			21	263,386.			
22		l estate loss after limitation, if any, on uctions)	22				
		reported on line 3 for all rental properties.					C. C. Barrison C. C. S. C. Sono
		reported on line 4 for all royalty properties.					
		reported on line 12 for all properties					
	d Total of all amounts	reported on line 18 for all properties			·····		
	e Lotal of all amounts	reported on line 20 for all properties amounts shown on line 21. Do not include	a anu le			24	
	I osses Add rovativ	e amounts shown on line 21. Do not include losses from line 21 and rental real estate k	s any it Seses fi	om line 22. Enter tota	l losses here		
25 26	Total rental real estate ar result here. If Parts II, III, amount on Form 1040, line	or royalty income or (loss). Combine lines 24 and 25 V(), and line 40 on page 2 do not apply to you, also ente 17, or Form 1040NR, line 18. Otherwise, include this a age 2	. Enter th er this mount	e		25	
BAA	For Paperwork Redu	iction Act Notice, see instructions.		FDIZ2301L 01/07/13			Ile E (Form 1040) 2012

· ,

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SCH	EDULE E	S	upplemental	Incor	ne and Loss		OMB No. 1545-0074
(Forn	n 1040)	(F	rom rental real est S corporations, est	ate, roy tates, tr	alties, partnerships, usts, REMICs, etc)		2013
herna	ment of the Treasury Revenue Service (99)	•	 Attach to Form 10 	40. 104	ONR, or Form 1041.	rs.gov/schedulee.	Attachment Sequence No. 13
•	s) shown on return			Ċ		Your soc	ial security number
	HAEL W. AND PA						
	Income or L	.oss From Rental R (see instructions), If you are an in	eal Estate and	Royali	ties Note. If you are in t r loss from Form 4835 on page	he business of renting perso	nal property, use
		yments in 2013 that wo	·····				Yes No
	• • • •	ill you file required Form			•••		
	· •	· · ·		•••••			
		ach property (street, city, s					
<u>A</u>	951 <u>W. MAIN S</u>	<u>ST., ELKO, NV 89</u>	10801				······································
<u>В</u> С							<u> </u>
		or each rental real estate			Fair Rental Days	Personal Use Days	QJV
	4 pe	ove, report the number rsonal use days. Check	the QJV box only	A	365		
- <u></u>	if v	you meet the requirement	nts to file as a	В	365		······································
	qu	alified joint venture. See	e instructions.	c		Å	
Туре	of Property:						1
	ngle Family Residence			Land	7 Self-Rent	All and a second s	
	Iti-Family Residence	4 Commercial	6 Propertie	Royaltie			c
Incor				3	A 1,258,704.	B ↓ 54,830/	
					1,258,704.		·····
				4			· · · · · · · · · · · · · · · · · · ·
	nses:			5			
	-			6			
6 7	-	instructions)		7	104,310	9,113.	
8	-	nance		8	104, 5101	<u> </u>	
9				9	5,045		
10		essional fees		10	66,411	/ 500.	· · · · · · · · · · · · · · · · · · ·
11				11	12,761		
12	-	anks, etc (see instructions)		12		X	
13	Other interest		· · · · · · · · · · · · · · · · · · ·	13	381,436.	/6,081.	····
14	Repairs	••••••••••••••••••••••		74	13,427.	/ 1,350.	
15	Subbuez		· · · · · · · · · · · · · · · · · · ·	15		/	
16	Taxes		And the second second	16	<u> </u>		
17	Utilities				17,357.	/	
		e or depletion	·····	18 ×	<u>282,439.</u> 9,190.		
		STM 11 SEE STM 1	- <u>-</u>	20	940,292.	/ 18,699.	
20	Total expenses. Add	lines 5 through 19		20		10,055.	
21	Subtract line 20 from	i line 3 (rents) and/					
	or 4 (royalties). If resinstructions to find or	sult is a (loss), see		1			
	Form 6198			21	318,412.	36,131.	
			A				
~~	De destilite sental ana	Landa after limited	an if any on			J	
22	Form 8582 (see instr	I estate loss after limital	aon, n any, on	22		· · · · · · · · · · · · · · · · · · ·	
23 a		reported on line 3 for all	rental properties.		23a		
t	Total of all amounts	reported on line 4 for all	royalty properties.		23 b		
c	Total of all amounts	reported on line 12 for a	III properties		23 c		
Ċ	Total of all amounts	reported on line 18 for a	Ill properties		23 d		
е	Total of all amounts	reported on line 20 for a	Il properties			· · · · · · · · · · · · · · · ·	
24	Income. Add positive	e amounts shown on line	21. Do not include	e any los	sses	24	
25	Losses. Add royalty	losses from line 21 and	rental real estate lo	sses fro	om line 22. Enter tota	l losses here 25	<u> </u>
26	result here, if Parts II. III.	nd royalty income or (loss). (IV, and line 40 on page 2 do no a 17, or Form 1040NR, line 18.	omothe nnes 24 and 25. In apply to you, also ente	r this	5	Ì	
	amount on Form 1040, line	e 17, or Form 1040NR, line 18.	Otherwise, include this a	mount			
	In the total on line 41 on p	age 2		. 	FDIZ2301L 1		ule E (Form 1040) 2013
ваа	For Paperwork Redu	action Activotice, see th	ie separate instruct	40115.	PDIAGOUL II		





>>RENT COMP NO. 1

Alta Vista Warehouse



>> LOCATION DATA	
Property Type:	Industrial
Property Name:	Alta Vista Warehouse
Address:	2580 Alta Vista Drive
City, State, Zip:	Elko, Nevada 89801
County:	Elko
Tax ID:	001-564-017
Market Area:	Northern Nevada
Submarket:	Elko County
Traffic Count:	N/A
>> VERIFICATION	

Verified By: Broker, Public Records Transaction Party: Greg Martin w/Coldwell Banker (775) 934-3064

>> PHYSICAL DAT	4	
GBA (SF):	8,240	
Rentable (SF):	8,240	
Investment Class:	С	
Year Constructed:	1999	
Exterior Walls:	Metal	
# of Stories:	1	
Parking:	Unknown	
Condition:	Average	
Interior:	Office Warehouse	

>> OCCUPANCY AN	ID LEASE DATA
Lessor:	Richard & Karen Trezza
Occupancy:	100.0%
Tenant Mix:	Regional
Asking Rate (\$/SF):	\$10.87
Lease Type:	NNN
Escalations:	3.5% Annually
Concessions:	None
TI Description:	None

>> SURVEYED UNIT	DATA
Lessee:	Carwil LLC
Space Size:	8,240
Lease Type:	NNN
Lease Rate (effect.):	\$10.87
Start Date:	12-11-2013
Term:	24
Escalations:	3.5% Annually
Concessions:	See Comments
TI Description:	See Comments

>> COMMENTARY

This is the lease of an industrial warehouse building located at 2580 Alta Vista Drive in Elko, Nevada. The property contains 8,240 SF and was constructed in 1999. The property contains 27.2% office and the rest is warehouse with 20 foot ceiling height. The property has yard space and a land-to-building ratio of 9 to 1. The lease was to Carwil, a regional mining contractor that is expanding in several locations. They began their lease in December 2013 and are currently paying a rate of \$10.87 per SF per year on a triple net basis. There are increases of 3.5% annually. No tenant improvements or concessions were reported.

Comp ID No. 965

>>RENT COMP NO. 2

Idaho Street Industrial



>> LOCATION DATA	
Property Type:	Industrial
Property Name:	Idaho Street Industrial
Address:	5247 Idaho Street
City, State, Zip:	Elko, Nevada 89801
County:	Elko
Tax ID:	001-860-085
Market Area:	Northern Nevada
Submarket:	Elko County
Traffic Count:	N/A
VEDIEIOATION	

>> VERIFICATION Verified By:

Transaction Party:

Broker, Public Records Greg Martin w/Coldwell Banker (775) 934-3064

>> PHYSICAL DATA	
GBA (SF):	14,835
Rentable (SF):	14,835
Investment Class:	С
Year Constructed:	1994
Exterior Walls:	Metal
# of Stories:	1
Parking:	Unknown
Condition:	Average
Interior:	Office Warehouse

>> OCCUPANCY AN	D LEASE DATA
Lessor:	JJJ&B LLC
Occupancy:	100.0%
Tenant Mix:	National
Asking Rate (\$/SF):	\$13.20
Lease Type:	NNN
Escalations:	Flat, then 3% after Yr 2
Concessions:	None
TI Description:	None

>> SURVEYED UNIT I	DATA
Lessee:	ESCO LLC
Space Size:	3,600
Lease Type:	NNN
Lease Rate (effect.):	\$13.20
Start Date:	06-15-2014
Term:	24
Escalations:	Flat, then 3% after Yr 2
Concessions:	See Comments
TI Description:	See Comments

>> COMMENTARY

This is the lease of an industrial warehouse building located at 5247 Idaho Street in Elko, Nevada. The property contains 14,835 SF and was constructed in 1994. The property has a land-to-building ratio of 4.40 to 1. The property contains 4% office and the rest is warehouse with a 24 foot ceiling height. The lease was of a smaller building on the site containing 3,600 SF to ESCO, a national provider for filtration, EMC test products and utility solutions. The lease began in June 14, 2016 at a rate of \$13.20 per SF per year on a triple net basis. The lease remains flat in Years 1-2, then there is an option for 2 more years with 3% increases. No tenant improvements or concessions were reported.

Comp ID No. 966

>>RENT COMP NO. 3

Pattani Auto Body Repair



>> LOCATION DATA	
Property Type:	Industrial
Property Name:	Pattani Auto Body Repair
Address:	1150 Connolly Drive
City, State, Zip:	Elko, Nevada 89801
County:	Elko
Tax ID:	001-660-097
Market Area:	Northern Nevada
Submarket:	Elko County
Traffic Count:	N/A

>> VERIFICATION

Verified By: Transaction Party: Broker, Public Records Kimberly Owen w/NAI (702) 806-9350

>> PHYSICAL DATA	
GBA (SF):	8,750
Rentable (SF):	8,750
Investment Class:	С
Year Constructed:	1993
Exterior Walls:	Metal
# of Stories:	1
Parking:	Unknown
Condition:	Average
Interior:	Office Warehouse

>> OCCUPANCY AND LEASE DATA		
Lessor:	Pattani Property Series LLC	
Occupancy:	100.0%	
Tenant Mix:	Regional	
Asking Rate (\$/SF):	\$13.20	
Lease Type:	NNN	
Escalations:	Flat	
Concessions:	None	
TI Description:	New carpet, paint	

>> SURVEYED UNIT DATA		
Lessee:	National Electric Displays	
Space Size:	8,750	
Lease Type:	NNN	
Lease Rate (effect.):	\$13.20	
Start Date:	11-01-2014	
Term:	60	
Escalations:	Flat	
Concessions:	See Comments	
TI Description:	See Comments	

>> COMMENTARY

Pattani Auto Body Building is an industrial warehouse located at 1150 Connolly Drive in Elko, Nevada. The property contains 8,750 SF and was constructed in 1993. The property has 5% office and 95% warehouse. The warehouse has a 14-16 foot ceiling height and two grade level doors. It has visibility from the freeway. The property was leased out to National Electric Displays.with a start date of November 2014 at a rate of \$13.20 per SF on a triple net basis. The rate is flat over the 5-year period and there are 5/5-year options. There were no concessions, but the owner did put in new carpet and paint. The property was reported to be in good overall condition.

Comp ID No. 968

>>RENT COMP NO. 4

Silver Street Industrial



>> LOCATION DATA	
Property Type:	Industrial
Property Name:	Silver Street Industrial
Address:	580 W. Silver Street
City, State, Zip:	Elko, Nevada 89801
County:	Elko
Tax ID:	001-691-003
Market Area:	Northern Nevada
Submarket:	Elko County
Traffic Count:	N/A

>> VERIFICATION Verified By:

Transaction Party:

Broker, Public Records Greg Martin w/Coldwell Banker (775) 934-3064

>> PHYSICAL DATA	
GBA (SF):	12,800
Rentable (SF):	12,800
Investment Class:	С
Year Constructed:	1997
Exterior Walls:	Metal
# of Stories:	1
Parking:	Adequate
Condition:	Average
Interior:	Office Warehouse

>> OCCUPANCY AND LEASE DATA	
Lessor:	Tim and Margerita Delong
Occupancy:	100.0%
Tenant Mix:	Regional
Asking Rate (\$/SF):	\$10.31
Lease Type:	NNN
Escalations:	Unknown
Concessions:	None Reported
TI Description:	None Reported

>> SURVEYED UNIT DATA		
Lessee:	National Drilling	
Space Size:	12,800	
Lease Type:	NNN	
Lease Rate (effect.):	\$10.31	
Start Date:	03-01-2015	
Term:	36	
Escalations:	Unknown	
Concessions:	See Comments	
TI Description:	See Comments	

>> COMMENTARY

This is the lease of an industrial office and warehouse located at 580 W. Silver Street in the west area of Elko, Nevada. The property contains 12,800 SF and was constructed in 1997. It was leased in March 2015 to National Drilling at a rate of \$10.31 per SF per year on a triple net basis. The term is for 3 years. The property has abundant yard space and a favorable land-to-building ratio. No tenant improvements or concessions were reported.

AMEC Building

>>RENT COMP NO. 5



>> LOCATION DATA	
Property Type:	Office
Property Name:	AMEC Building
Address:	147 Idaho Street
City, State, Zip:	Elko, Nevada 89801
County:	Elko
Tax ID:	001-214-015
Market Area:	Northern Nevada
Submarket:	Elko County
Traffic Count:	N/A
>> VERIFICATION	

Verified By: Transaction Party:

Broker, Public Records Greg Martin w/Coldwell Banker (775) 934-3064

>> PHYSICAL DATA	
GBA (SF):	5,544
Rentable (SF):	5,544
Investment Class:	С
Year Constructed:	1997
Exterior Walls:	Brick and Mortar
# of Stories:	1
Parking:	3 per 1,000
Condition:	Average
Interior:	Professional Office

Lessor:	James Fillipini	
Occupancy:	100.0%	
Tenant Mix:	National	
Asking Rate (\$/SF):	\$19.20	
Lease Type:	NNN	
Escalations:	Unknown	
Concessions:	None	
TI Description:	None	

>> SURVEYED UNIT	DATA
Lessee:	AMEC Corporation
Space Size:	5,544
Lease Type:	NNN
Lease Rate (effect.):	\$19.20
Start Date:	04-01-2014
Term:	24
Escalations:	Unknown
Concessions:	See Comments
TI Description:	See Comments

>> COMMENTARY

This is the lease renewal of an office building located at 147 Idaho Street just west of downtown Elko, Nevada. The property contains 5,544 SF and was constructed in 1997. The property was leased to AMEC, an international company. The lease was renewed in April 2014 at a rate of \$19.20 per SF per year on a triple net basis. The term is for 24 months. Tenant improvements and concessions were not reported.

>>RENT COMP NO. 6

Highland Pointe Center



>> LOCATION DATA	
Property Type:	Office
Property Name:	Highland Pointe Center
Address:	1165 E. Jennings Way
City, State, Zip:	Elko, Nevada 89801
County:	Elko
Tax ID:	001-564-021
Market Area:	Northern Nevada
Submarket:	Elko County
Traffic Count:	N/A

>> VERIFICATION Verified By:

Transaction Party:

Broker, Public Records Greg Martin w/Coldwell Banker (775) 934-3064

>> PHYSICAL DATA	
GBA (SF):	10,290
Rentable (SF):	10,290
Investment Class:	В
Year Constructed:	2006
Exterior Walls:	Concrete Block
# of Stories:	1
Parking:	6.5 per 1,000
Condition:	Good
Interior:	Office and Retail

>> OCCUPANCY AND LEASE DATA		
Lessor:	James Fillipini	
Occupancy:	100.0%	
Tenant Mix:	Regional	
Asking Rate (\$/SF):	\$16.64	
Lease Type:	NNN	
Escalations:	Unknown	
Concessions:	None	
TI Description:	None	
	DATA	

>> SURVEYED UNIT	DATA
Lessee:	Stantec Consulting
Space Size:	3,750
Lease Type:	NNN
Lease Rate (effect.):	\$16.64
Start Date:	04-01-2015
Term:	36
Escalations:	Unknown
Concessions:	See Comments
TI Description:	See Comments

>> COMMENTARY

This is the lease of professional office space located in the Highland Pointe Center at 1165 E. Jennings Way in the east side of Elko, Nevada. The building comprises both retail and office components. Stantec Consulting recently signed a 3-year lease for 3,750 SF in the building. The lease started April 2015 at a rate of \$16.64 per SF per year on a triple net basis. The term is for 3 years. No tenant improvements or concessions were reported.

>>RENT COMP NO. 7





>> LOCATION DATA

Property Type:	Office
Property Name:	Ruby Vista Office Buildings
Address:	1010-1020 Ruby Vista Drive
City, State, Zip:	Elko, Nevada 89801
County:	Elko
Tax ID:	001-620-072
Market Area:	Northern Nevada
Submarket:	Elko County
Traffic Count:	N/A

>> VERIFICATION

Verified By: Transaction Party: Broker, Public Records Owner Jon Uriarte (775) 778-5895

>> PHYSICAL DATA GBA (SF): 28,680 Rentable (SF): 28,680 Investment Class: В Year Constructed: 2007 Exterior Walls: Concrete Block # of Stories: 1 Parking: 3.2 per 1,000 Condition: Good Interior: **Professional Office**

>> OCCUPANCY AND LEASE DATA

Lessor:BPLOccupancy:100.0Tenant Mix:RegiorAsking Rate (\$/SF):\$20.2Lease Type:Full SeEscalations:0% toConcessions:NoneTI Description:Build t

100.0% Regional): \$20.28 Full Service 0% to 2.3% per year None Build to Suit

>> SURVEYED UNIT DATA	
Lessee:	Dept. of Health & Human
	Services
Space Size:	28,680
Lease Type:	Full Service
Lease Rate (effect.):	\$17.88
Start Date:	07-01-2007
Term:	120
Escalations:	0% to 2.3% per year
Concessions:	See Comments
TI Description:	See Comments

>> COMMENTARY

This represents the lease of two office buildings located at 1010-1020 Ruby Vista Drive in the northeast area of Elko, Nevada. The buildings are concrete block and were constructed in 2007 as build-to-suit for occupancy by various government agencies from the State of Nevada (Department of Health & Human Services). All 8 tenants are leased through the same state agency and have agreed to the same terms and conditions. Most of the leases began in July 2007 and all continue through June 2017. The current lease rate is \$20.28 per SF per year on a Full Service basis and all expenses are passed through to the owner including interior building utilities. Increases are staggered at 0% to 2.3% per year. Although the leases have an old origination date, they are still considered relevant. The owner recently signed an 8th and final lease (for 100% occupancy at a combined 28,680 SF) to state entity Roe Regional Clinic with an anticipated occupancy date of July 2015. They have agreed to the exactly the same terms and conditions as the other tenants.



Industrial

>> LOCATION DATA

Property Type:
Property Name:
Address:
City, State, Zip:
County:
Tax ID:
Market Area:
Submarket:
Traffic Count:

Water Street Warehouse 525 Water Street Elko, Nevada 89801 Elko 001-401-003 Northern Nevada Elko County N/A

>> VERIFICATION

Verified By: Transaction Party: Broker, Loopnet, Public Records James Winer w/Coldwell Banker (775) 738-4078

Water Street Warehouse

>> PHYSICAL DATA	
Land Area (Acres):	0.76
Land Area (SF):	33,147
GBA (SF):	6,600
Rentable (SF):	6,600
Investment Class:	С
Year Constructed:	1989
Exterior Walls:	Metal
# of Stories:	1
Parking:	1.97 per 1,000 SF
Condition:	Average
Interior:	Office Warehouse

>> SALE DATA

Transaction Type: Sale or List Price: Sale Date: Price per SF: Grantor: Grantee: Document No.: Financing Terms: Days on Market:

Fee Simple \$750,000 07-01-2014 \$113.64 Perry & Janet Hought SLLL Properties LLC 687917 Assumed Typical 105

>> FINANCIAL INDICATORS Occupancy: .0% NOI: NOI per SF: Cap Rate: Expense Ratio: EGIM:

>> COMMENTARY

This is the sale of a warehouse building located at 525 Water Street in the south area of Elko, Nevada. The property contains 6,600 SF and was constructed in 1989. The property sold on July 1, 2014 for \$750,000, or \$113.64 per SF. The building is of metal construction and contains a single unit plus a paved yard. The property has 4 grade level doors and a clear height of 20 feet. The site size is 0.76 net acres, which corresponds to a land-to-building ratio of 5.02 to 1. There is approximately 9.1% office space with the remaining being warehouse. It was in average condition at the time of sale. In addition to the warehouse, there was a billboard on the site that contributed approximately 20% to the sale.

Zaga Way Warehouse



>> LOCATION DATA	
Property Type:	Industrial
Property Name:	Zaga Way Warehouse
Address:	680 Zaga Way
City, State, Zip:	Elko, Nevada 89801
County:	Elko
Tax ID:	001-860-056
Market Area:	Northern Nevada
Submarket:	Elko County
Traffic Count:	N/A

>> VERIFICATION

Verified By: Transaction Party: Broker, Loopnet, Public Records James Winer w/Coldwell Banker (775) 738-4078

>> PHYSICAL DATA	
Land Area (Acres):	2.00
Land Area (SF):	87,120
GBA (SF):	7,500
Rentable (SF):	7,500
Investment Class:	С
Year Constructed:	1985
Exterior Walls:	Metal
# of Stories:	1
Parking:	1.07 per 1,000 SF
Condition:	Average
Interior:	Office Warehouse

>> SALE DATA

Transaction Type: Sale or List Price: Sale Date: Price per SF: Grantor: Grantee: Document No.: Financing Terms: Days on Market: Fee Simple \$625,000 01-02-2015 \$83.33 Freewest Industries Inc Elloway Nevada Real Property LLC N/A (In Contract) Assumed Typical 30

>> FINANCIAL INDICATORS

.0%

Occupancy: NOI: NOI per SF: Cap Rate: Expense Ratio: EGIM:

>> COMMENTARY

This is the sale of a warehouse building located at 680 Zaga Way in the north area of Elko, Nevada. The property contains 7,500 SF and was constructed in 1985. The property sold on January 2, 2015 for \$625,000, or \$83.33 per SF, which is the same as the list price. The building is of metal construction and contains a single unit plus a dirt and gravel yard. The property has 4 grade level doors and a pitched clear height of 18-24 feet. The site size is 2.0 net acres, which corresponds to a land-to-building ratio of 11.62 to 1. There is approximately 32.5% office space with the remaining being warehouse. The building is worn in some sections due to its age; however, this does not have an impact on its sales price. The listing agent reports getting several offers on the property.

Silver Street Industrial



>> LOCATION DATA	
Property Type:	Industrial
Property Name:	Silver Street Industrial
Address:	580 W. Silver Street
City, State, Zip:	Elko, Nevada 89801
County:	Elko
Tax ID:	001-691-003
Market Area:	Northern Nevada
Submarket:	Elko County
Traffic Count:	N/A

>> VERIFICATION

Verified By: Transaction Party: Broker, Loopnet, Public Records Greg Martin w/Coldwell Banker (775) 934-3064

>> PHYSICAL DATA	
Land Area (Acres):	2.87
Land Area (SF):	125,017
GBA (SF):	12,800
Rentable (SF):	12,800
Investment Class:	С
Year Constructed:	1997
Exterior Walls:	Metal
# of Stories:	1
Parking:	per 1,000 SF
Condition:	Äverage
Interior:	Office Warehouse

>> SALE DATA

Transaction Type: Sale or List Price: Sale Date: Price per SF: Grantor: Grantee: Document No.: Financing Terms: Days on Market:

Leased Fee \$1,500,000 02-09-2015 \$117.19 Jeffrey & Kellie Morgan Trust Tim & Margarita Delong 694997 Assumed Typical 529

>> FINANCIAL INDICATORS	
Occupancy:	100.0%
NOI:	\$124,000
NOI per SF:	
Cap Rate:	8.27%
Expense Ratio:	
EGIM:	

>> COMMENTARY

This is the sale of an office warehouse property located at 580 W. Silver Street in the west area of Elko, Nevada. The property contains 12,800 SF and was constructed in 1997. It sold on February 9, 2015 for \$1,500,000, or \$117.19 per SF. The property was leased to a drilling company and had less than 2 years remaining on the lease. The reported cap rate was 8.27% based on actual income. The property has a approximately 21.9% office and a warehouse with a 20-foot clear height. The property has a favorable land-to-building ratio of 9.77 to 1, which allows for abundant parking and yard space.



Industrial
Ruby Vista Flex Industrial
2640 Ruby Vista Drive
Elko, Nevada 89801
Elko
001-564-031
Northern Nevada
Elko County
N/A

>> VERIFICATION

Verified By: Transaction Party: Broker, CoStar, Public Records' Greg Martin w/Coldwell Banker (775) 934-3064

Ruby Vista Flex Industrial

>> PHYSICAL DATA	
Land Area (Acres):	0.86
Land Area (SF):	37,462
GBA (SF):	5,868
Rentable (SF):	5,868
Investment Class:	С
Year Constructed:	2010
Exterior Walls:	Wood Frame & Metal
# of Stories:	1
Parking:	3.07 per 1,000 SF
Condition:	Average
Interior:	Flex Office and Warehouse

>> SALE DATA

Transaction Type: Sale or List Price: Sale Date: Price per SF: Grantor: Grantee: Document No.: Financing Terms: Days on Market: Fee Simple \$718,000 02-20-2015 \$122.36 LM Holdings Elko LLC Gold Rush Real Estate LLC 695296 Assumed Typical 264

>> FINANCIAL INDICATORS Occupancy: .0%

Occupancy: NOI: NOI per SF: Cap Rate: Expense Ratio: EGIM:

>> COMMENTARY

This is the sale of a flex industrial building located at 2640 Ruby Vista Drive in the northeast area of Elko, Nevada. The property contains 5,868 SF and was constructed in 2010. It sold on November 20, 2015 for \$718,000, or \$122.36 per SF. The property has 3,000 SF of office and 2,868 SF of warehouse. The property has two grade level doors and the warehouse has a clear height of approximately 16 feet. The property is formerly occupied by State Fire. The buyer will occupy the space as an owner-occupant.



Reno Corporate Drive Office

>> PHYSICAL DATA	
Land Area (Acres):	2.07
Land Area (SF):	90,169
GBA (SF):	17,315
Rentable (SF):	17,315
Investment Class:	В
Year Constructed:	2009
Exterior Walls:	Stucco w/Wood or Steel Frame
# of Stories:	2
Parking:	4.91 per 1,000 SF
Condition:	Good
Interior:	Professional Office

>> SALE DATA

Transaction Type: Sale or List Price: Sale Date: Price per SF: Grantor: Grantee: Document No.: Financing Terms: Days on Market:

Leased Fee \$3,300,000 12-20-2013 \$190.59 Reno Professional Campus II LLC Lantana Ranch Family LP 4310697 Assumed Typical 245

>> FINANCIAL INDI	CATORS	
Occupancy:	100.0%	
NOI:	\$335,856	
NOI per SF:		
Cap Rate:	10.18%	
Expense Ratio:		
EGIM:		

>> LOCATION DATA

Submarket: South Meadows Traffic Count: N/A

Washoe 164-391-09 Reno/Sparks

Office

Verified By: Transaction Party: Broker, CoStar, Public Records' Kevin Annis w/ArchCrest (775) 852-9800

Reno Corporate Drive Office

5440 Reno Corporate Drive

Reno, Nevada 89511

>> COMMENTARY

This is the sale of a one story office building located at 5440 Reno Corporate Drive in the south area of Reno, Nevada. The building contains 17,315 SF and was constructed in 2009. It sold on December 20, 2013 for \$3,300,000, or \$190.59 per SF. The building is 100% occupied by Wood Rodgers, Inc. a regional engineering firm with a variety of consulting services. The tenant had a lease through May 2016. The cap rate was reported to be 10.18% based on actual income.



>> LOCATION DATA	
Property Type:	Office
Property Name:	Bally Gaming Building
Address:	950 Sandhill Drive
City, State, Zip:	Reno, Nevada 89521
County:	Washoe
Tax ID:	163-031-05
Market Area:	Reno/Sparks
Submarket:	South Meadows
Traffic Count:	N/A

>> VERIFICATION

Verified By: Transaction Party: Broker, CoStar, Public Records' Chris Shanks w/Dickson (775) 850-3144

Bally Gaming Building

>> PHYSICAL DATA	
Land Area (Acres):	2.93
Land Area (SF):	127,631
GBA (SF):	42,129
Rentable (SF):	42,129
Investment Class:	В
Year Constructed:	2001
Exterior Walls:	Stucco w/Wood or Steel Frame
# of Stories:	2
Parking:	4.98 per 1,000 SF
Condition:	Good
Interior:	Professional Office

>> SALE DATA

Transaction Type:	Leased Fee
Sale or List Price:	\$7,600,000
Sale Date:	11-03-2014
Price per SF:	\$180.40
Grantor:	Sandhill 950 LLC
Grantee:	2860 LRSE, LLC
Document No.:	4405905
Financing Terms:	Assumed Typical
Days on Market:	90

>> FINANCIAL IND	CATORS	
Occupancy:	100.0%	
NOI:	\$547,200	
NOI per SF:		
Cap Rate:	7.20%	
Expense Ratio:		
EGIM:		

>> COMMENTARY

This is the sale of a two-story office building occupied by Bally Gaming. The property has an address of 950 Sandhill Drive in the south area of Reno, Nevada. The building contains 42,129 SF and was constructed in 2001. It sold on November 3, 2014 for \$7,600,000, or \$180.40 per SF. Bally Gaming is a national tenant and occupies 100% of the building. They recently signed a lease extension through 2019. The building sold with a cap rate of 7.20% based on actual income. It was in good condition at the time of sale.



>> LOCATION DATA	
Property Type:	Office
Property Name:	Highland Pointe Center
Address:	1165 E. Jennings Way
City, State, Zip:	Elko, Nevada 89801
County:	Elko
Tax ID:	001-564-021
Market Area:	Northern Nevada
Submarket:	Elko County
Traffic Count:	N/A

>> VERIFICATION

Verified By: Transaction Party: CoStar, Public Records N/A

Highland Pointe Center

>> PHYSICAL DATA	
Land Area (Acres):	1.92
Land Area (SF):	83,635
GBA (SF):	10,290
Rentable (SF):	10,290
Investment Class:	В
Year Constructed:	2006
Exterior Walls:	Concrete Block
# of Stories:	1
Parking:	6.51 per 1,000 SF
Condition:	Good
Interior:	Office and Retail

>> SALE DATA

Transaction Type:LSale or List Price:SSale Date:SPrice per SF:SGrantor:SGrantee:JDocument No.:SFinancing Terms:ADays on Market:L

Leased Fee \$2,200,000 12-09-2014 \$213.80 Skystar Properties LLC James Filippini 693304 Assumed Typical Unknown

>> FINANCIAL INDICATORS Occupancy: 100.0% NOI: NOI per SF: Cap Rate: Expense Ratio: EGIM:

>> COMMENTARY

This is the sale of a mixed-use office and retail building located at 1165 E. Jennings Way in the northeast area of Elko, Nevada. The property contains 10,290 SF and was constructed in 2006. It sold on December 9, 2014 for \$2,200,000, or \$213.80 per SF. The building was occupied by a consulting firm, restaurant and storefront businesses. The building was in good condition at the time of sale. No financial information was provided.

AMEC Building



>> LOCATION DATA	
Property Type:	Office
Property Name:	AMEC Building
Address:	147 Idaho Street
City, State, Zip:	Elko, Nevada 89801
County:	Elko
Tax ID:	001-214-015
Market Area:	Northern Nevada
Submarket:	Elko County
Traffic Count:	N/A

>> VERIFICATION Verified By:

Transaction Party:

Broker, CoStar, Public Records' Greg Martin w/Coldwell Banker (775) 934-3064

>> PHYSICAL DATA	
Land Area (Acres):	0.44
Land Area (SF):	19,188
GBA (SF):	5,544
Rentable (SF):	5,544
Investment Class:	С
Year Constructed:	1997
Exterior Walls:	Concrete Block
# of Stories:	1
Parking:	2.89 per 1,000 SF
Condition:	Average
Interior:	Office Building

>> SALE DATA

Transaction Type:LeaseSale or List Price:\$95Sale Date:01-2Price per SF:\$17Grantor:DooGrantee:JamDocument No.:694Financing Terms:AsseDays on Market:211

Leased Fee \$950,000 01-28-2015 \$171.36 Doodle Properties LLC #3 James H Filippini Trust 694669 Assumed Typical 211

>> FINANCIAL INDIC	ATORS
Occupancy:	.0%
NOI:	\$102,000
NOI per SF:	
Cap Rate:	10.74%
Expense Ratio:	
EGIM:	

>> COMMENTARY

This is the sale of an office building located at 147 Idaho Street west of the downtown area of Elko, Nevada. The property contains 5,544 SF and was constructed in 1997. It sold on January 28, 2015 for \$950,000, or \$171.36 per SF. The building was occupied by AMEC Corporation, an international mining and environmental restoration company for administrative offices. The property sold with an estimated cap rate of 10.74%. The building had been renovated in recent years.







S O U T H W E S T P R O P E R T Y C O N S U L T A N T S

MATTHEW BUXTON, MAI / Principal of Southwest Property Consultants / 2012-Present

>> ADDRESS: 9205 W Russell Road, Suite 240, Las Vegas, NV 89148 >> PHONE: 702.217.1124 >> EMAIL: matt@swpconsultants.com

>> REAL ESTATE VALUATION AND CONSULTATION

As Principal of Southwest Property Consultants my objective is to provide the highest quality reporting and expertise in real estate appraisal and advisory. The big idea is to combine quality and design, market resources and expert analysis. Clients want reports that are strong on analysis and short on fluff. I offer experience at both the local and national level demonstrating highly technical valuation and problem solving skills in a volatile real estate market.

>> EXPERIENCE

2011-2012 / Landauer Valuation & Advisory / Las Vegas, NV / Director/Senior Appraiser

> Supervised over the valuation of billions of dollars in real estate in one of the nation's leading valuation companies. I specialized in complex assignments for clients including high value capital market assets and portfolios across all property types.

> Collaborated with Newmark Grubb Knight Frank brokers and property managers on complex market analysis and investor assignments.

> Developed a high level of expertise in advanced valuation technology within customized appraisal templates including Argus Cash Flow DCF.

2007-2011 / Lubawy & Associates / Las Vegas, NV / Associate Appraiser

> Participated in the valuation of a wide array of real estate assignments in one of the most distinguished, local, commercial firms in Las Vegas. Appraisals included proposed developments, professional offices, shopping centers, subdivisions, apartments, industrial centers, leasehold interests, etc.

> Specialized in a variety of government assignments and condemnation cases including the valuation of right-of-ways, easements and publically owned assets.

2003-2007 / Perkins Enterprises / Las Vegas, NV / Residential Appraiser

> Excelled as the top appraiser in a reputable residential office that placed its strongest emphasis on report quality and appraiser integrity.

- > Assignments included the valuation of condominiums, single-family residences, multi-family properties and land.
- > Specialized in the valuation of multi-million-dollar properties, custom homes and luxury condominium suites.

>> EDUCATION

Master's Degree in Hotel Administration, University of Nevada Las Vegas, 2004

Bachelor's Degree in Business Administration, Utah Valley University, 1997

Appraisal Institute Classes include Business Practices and Ethics, Advanced Market Analysis and Highest and Best Use, Advanced Income Capitalization, Advanced Concepts and Case Studies, Report Writing and USPAP.

APPRAISER CERTIFICATE

STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY

NOT TRANSFERABLE

REAL ESTATE DIVISION

NOT TRANSFERABLE

This is to Certify That : MATTHEW D BUXTON

Certificate Number: A.0007839-CG

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

Issue Date: June 24, 2014

Expire Date: June 30, 2016

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

FOR: MATTHEW D BUXTON 8151 AZURE FALLS COURT LAS VEGAS, NV 89117 REAL ESTATE DIVISION

GAIL J ANDERSON Administrator



BUSINESS LOAN AGREEMENT

Principa \$1,900,000	Loan Date Maturity L 0.00 12-23-2022 06-28-2023 3083		I / Coll Account	Officer	Initials
Reference	es in the boxes above are for Lender's use only and Any item above containing "****"	do not limit the application has been omitted due to	bility of this document to any to text length limitations.	particular toan oi	r item.
Borrower:	Elko Institute for Academic Achievement 1031 Railroad Street, Suite 107 Elko, NV 89801	Lender:	Elko Federal Credit Union 2397 Mountain City Hwy Elko, NV 89801		

THIS BUSINESS LOAN AGREEMENT dated December 23, 2022, is made and executed between Elko Institute for Academic Achievement ("Borrower") and Elko Federal Credit Union ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of December 23, 2022, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until June 28, 2023.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Default. There shall not exist at the time of any Advance a Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Nevada. Borrower is duly authorized to transact business in all other states in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which Borrower is or qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 1031 Railroad Street, Suite 107, Elko, NV 89801. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business attives.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: None.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no

knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, or an OCBOA acceptable to Lender, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than 45 days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, audited by a certified public accountant satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, or an OCBOA acceptable to Lender, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Additional Requirements.

The Borrower is required to maintain a deposit/operating account with Elko Federal Credit Union.

The Borrower will maintain a minimum Debt Service Coverage ratio of 1.25:1.00 after all distributions and officer's compensation. The Debt Service Coverage Ratio will be calculated based on each fiscal year end tax return commencing 12/31/2022. The ratio will be calculated as follows: Cash flow will be defined as Net Book Income per Book plus any Depletion, Depreciation, Amortization and Interest Expense; less any distributions and officer's compensation. The Debt Service Ratio will be determined by dividing cash flow by current maturities of long term debt (CMLTD) plus interest.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower in accordance with GAAP or an OCBOA acceptable to Lender.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts receivable, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge or restructure as a legal entity (whether by division or otherwise), consolidate with or acquire any other entity, change its name, convert to another type of entity or redomesticate, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) pay any dividends on Borrower's stock (other than dividends payable in its stock), provided, however that notwithstanding the foregoing, but only so long as no Default has occurred and is continuing, if Borrower is a "Subchapter S Corporation" (as defined in the Internal Revenue Code of 1986, as amended), Borrower may pay cash dividends on its stock to its shareholders from time to time in amounts necessary to enable the shareholders to pay income taxes and make estimated income tax payments to satisfy their liabilities under federal and state law which arise solely from their status as Shareholders of a Subchapter S Corporation because of their ownership of shares of Borrower's stock, or purchase or retire any of Borrower's outstanding shares or alter or amend Borrower's capital structure.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

Loan No: 30839673-161

STATUTORY LIEN. Borrower agrees that all loan advances under this Agreement are secured by all shares and deposits in all joint and individual accounts Borrower has with Lender now and in the future. Borrower authorizes Lender, to the extent permitted by applicable law, to apply the balance in these accounts to pay any amounts due under this Agreement when Borrower is in default under this Agreement. Shares and deposits in an Individual Retirement Account, any other account that would lose special tax treatment under state or federal law if given as security, and monies in any account received pursuant to the federal Social Security Act, including, without limitation, retirement and survivors' benefits, supplemental security interest Borrower has given in Borrower's shares and deposits and Lender may not apply monies in these accounts or the monies received pursuant to the federal Social Security Act, including, without limitation, retirement and survivors' benefits, supplemental security income benefits and disability insurance benefits, to pay any amounts due when Borrower is in default under this Agreement.

DEFAULT. Default will occur if payment of the Indebtedness in full is not made immediately upon demand.

EFFECT OF DEFAULT. Upon Default, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchaser of such participation interests. Borrower also agrees that the purchasers of any such participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that Borrower any holder of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Nevada without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Nevada.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Elko County, State of Nevada. (Initial Here)

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means Elko Institute for Academic Achievement and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Elko Federal Credit Union, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note dated December 23, 2022 and executed by Elko Institute for Academic Achievement in the principal amount of \$1,900,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

OCBOA. The term "OCBOA" means Other Comprehensive Basis of Accounting, as designated by Lender in writing as an acceptable alternative to GAAP.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

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Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED DECEMBER 23, 2022.

BORROWER:

ELKO INSTITUTE FOR ACADEMIC ACHIEVEMENT

Eimmermor a By: enno

Dennis Zimmerman, President of Elko Institute for Academic Achievement

LENDER:

ELKO FEDERAL CREDIT UNION

Authorized Signer

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December 14, 2022

Todd Sorenson President & CEO Elko Federal Credit Union 2397 Mountain City Highway Elko, NV 89801

RE: Construction Loan with USDA Take Out for Elko Institute of Academic Achievement ("EIAA")

MCM is a SEC/FINRA registered Investment Bank based in Denver Colorado that has been financing projects since 1989 across the United States and in US Territories for a total amount of over \$24 Billion as a Capital Markets underwriter, private placement agent, and financial advisor for essential projects.

For EIAA, Municipal Capital Markets Group ("MCM") works with USDA recipients to provide a required interim/construction loan for projects in anticipation of the USDA approval and take out loan. MCM has a unique and considerable experience working with the USDA locally and nationally and has several ways to fund the construction in addition to our traditional bond underwriting capability. If Greater Nevada Credit Union does not close on their loan MCM is more than willing to step in and provide the construction loan if/when the USDA provides a blessing and confirmation of its currently obligated loan for EIAA. It's important to note that the USDA program is flexible during this process but MCM will continue to leverage the USDA- RD program.

We are all very thankful that Elko FCU is willing to help EIAA them in their time of need and rest assured that MCM and our team will be available to assist any way possible to take out your bridge loan for a successful new project and school!

Sincerely Yours,

Christopher R. Perlitz Managing Director Municipal Capital Markets Group, Inc. 8400 E. Prentice Ave, Suite 500 Greenwood Village, CO 80111 <u>cperlitz@municapital.com</u> T (720) 235-4943 C (720) 956-1000 Member: FINRA & SIPC <u>www.municapital.com</u>

cc: Lori Lynch, Vice Principal EIAA