

# 2007 Lake Davis Pike Eradication Project: Short-Term Impacts on the Local Economy and Real Estate Values

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Report to the  
California Legislature

DECEMBER 2008



Submitted by:  
**California Department of  
Fish and Game**

## Preface

In January, 2007, the California Department of Fish and Game (DFG) approved the Lake Davis Pike Eradication Project (project) to eradicate the invasive non-native northern pike from Lake Davis and upstream tributaries using rotenone. As part of the project, DFG committed to retaining a forensic accountant to collect data from willing individuals, businesses and other entities in the community, and to retaining a real estate appraiser to collect local real estate market data. The purpose was to determine whether, or to what extent, the project affected the local economy and property values. DFG further committed to providing the Legislature a summary of the data collected for the Legislature's information in considering the policy issues of whether and how to fairly and equitably address any short-term financial impacts the project had on local Portola-area individuals, businesses and other entities.

Accordingly, DFG engaged experienced experts RGL Forensics and real estate appraiser Johnson-Perkins and Associates (Johnson-Perkins). The RGL report, *Lake Davis Pike Eradication Project Forensic Accountant Review – Economic Impact Executive Summary Report* is an assessment of local business sales before and after the project, based on aggregate data from the State Board of Equalization, and actual data from participating local businesses. The Johnson-Perkins report, *A Market Analysis of the Residential Market Located at Portola and Lake Davis, Plumas County California* examines residential market conditions. The reports are provided for the Legislature's consideration.

## Background

The purpose of the project was to eradicate the only known northern pike population in the State of California from Lake Davis and to reestablish the reservoir's celebrated trophy trout fishery. Despite intensive control and containment efforts since 2000 (further described below), the northern pike population continued to grow, thereby devastating the local trout fishery and negatively affecting the associated local economy. With the growth of the northern pike population and the increase in the incidence of anglers catching northern pike, the escape of the invasive fish posed an increasing threat of irreversible ecological and economic harm to other areas of the state and region, including the Sacramento-San Joaquin River Delta.

Northern pike were first observed in Lake Davis in 1994. In 1997, DFG conducted an eradication project using the chemical rotenone, which engendered some controversy and resulted in the Legislature's appropriation of \$4 million for compensation without regard to liability for claims filed against DFG. Approximately \$2.36 million was paid out of this appropriation in settlements to many individuals in the community who claimed business and property losses. (221 claimants sought over \$23 million total.) After that treatment, northern pike were rediscovered in Lake Davis in 1999. The origin of the rediscovered northern pike was unknown. Genetic studies indicated that the population was the offspring of the initial population, rather than a subsequent introduction from a different population from another location. It remains unknown whether the population 1)

came from fish that survived the 1997 treatment, 2) came from northern pike that were removed from Lake Davis prior to the treatment and then later reintroduced, or 3) were a second introduction of northern pike from the original source.

Following the rediscovery of northern pike in 1999, then-DFG Director Robert Hight met with local elected officials and community members, resulting in the formation of the Lake Davis Steering Committee (Steering Committee). DFG and the Steering Committee prepared a report entitled *Managing Northern Pike at Lake Davis, A Plan for Y2000*, which offered recommendations focused on controlling and containing northern pike. Because of community concerns about its safety, use of rotenone to eradicate the pike was excluded as an option from the plan. In 2000, DFG established a full-time operation in Portola and Lake Davis. A staff of three local full-time biologists and a field crew was hired. The annual budget for the operation was about \$500,000 per year.

The control and containment operation involved intensive manual removal of the northern pike including the use of electro-fishing, netting and detonation cord - as well as community outreach and education, and increased enforcement. By 2003, more than 55,000 northern pike had been removed from the reservoir, but sampling indicated that the population continued to expand and the trout fishery continued to decline. At the same time, the incidence of anglers catching northern pike was increasing. The control and containment effort was not effective in eliminating the northern pike's impact on the Lake Davis trout fishery or reducing the risk of northern pike movement to other waters in California.

In December 2003, the Steering Committee sent a letter to Secretary for Resources Mike Chrisman requesting that DFG investigate methods to rid Lake Davis of the northern pike in a way that would protect both public health and the local economy. Secretary Chrisman responded by recognizing the need for DFG to investigate safe and effective methods of ridding the state of northern pike. He also acknowledged that cooperation with the local community, protection of public health and consideration of economic issues are important to any decision to effectively deal with the northern pike. DFG, along with the Steering Committee, began exploring eradication options.

In September 2005, DFG and the U.S. Forest Service, Plumas National Forest (USFS) issued a Notice of Preparation and a Notice of Intent to prepare an Environmental Impact Report/Environmental Impact Statement (EIR/EIS) for a proposed northern pike eradication project at Lake Davis. During the scoping period for the EIR/EIS, which included four public scoping meetings, 39 parties made verbal comments and 122 written comment letters were received. Six of these addressed the potential economic impact arising from an eradication project. In order to address these comments and to ensure that economic issues were taken into consideration, DFG worked with the Steering Committee to hire the Center for Economic Development (CED) at California State University, Chico, to model local economic impacts of both the presence of northern pike in Lake Davis and their eradication.

The CED report, *The Economic Impact on Plumas County of Alternative Northern Pike Eradication and Management Scenarios for Lake Davis: A Preliminary Report*, was presented at a public workshop in Portola on August 10, 2006 and was included as Appendix I of the September 2006 draft EIR/EIS. The CED report, based on estimates of non-resident anglers and boaters, used angler interviews, literature sources and an economic model to estimate impacts on Plumas County as a whole. The final CED report estimated that spending by Lake Davis anglers in 2005 created an income impact to Plumas County of \$437,238-\$534,414 (including employee compensation, proprietor income, property income and indirect business taxes). Depending on the amount of time Lake Davis was unavailable, portions of this income would be lost. The report also found that doing nothing (i.e. not undertaking an eradication project) would have a greater negative impact on the local economy than conducting a treatment and that even a failed eradication attempt would have long-term economic benefits outweighing short-term losses.

The public comment period for the draft EIR/EIS ended in October 2006. Comment letters totaled 103 and included about 1,000 separate comments. About 22 of the comments expressed concerns about local economic impacts that the commenters did not feel were adequately addressed in the draft EIR/EIS. One issue raised by commenters was that the modeling did not focus on the local Portola area and was not based on actual local economic data from before and after the treatment.

The *Responses to Comments on the Final EIR/EIS, Master Response W (Impacts to Local Businesses) and Master Response Y (Effects on Property Values)* addressed these concerns. In *Master Response W*, DFG noted that economic impacts are not considered "significant environmental impacts" requiring feasible mitigation under the California Environmental Quality Act, but rather are a matter of policy for the Legislature to consider and determine. Nonetheless, in order to facilitate such consideration, DFG committed to having a forensic accountant collect economic data from willing individuals, businesses and other entities both before and after treatment. In addition, DFG would have a real estate appraiser collect local real estate market data both before and after treatment and analyze the data in comparison to other similar markets to determine whether, or to what extent, the project may have affected real property values. The economic data collected by the forensic accountant and the real estate analysis would be summarized in a report. The report would be given to the Legislature for its information in considering the policy issues of whether and how to fairly and equitably address any short-term financial impacts the approved project may have on local Portola area individuals, businesses and other entities.

DFG went on to note in *Master Response Y* that evaluating the project's effects on property values would involve isolating the impact of the project from other factors that may also affect property values. These other factors include national and regional trends in the real estate market, interest rates, motivations of sellers in the marketplace (such as employment transfer, death, divorce or financial considerations), property-specific factors (such as location, size and shape of the parcel, and the age, quality and condition of improvements), competition from other residential areas, weather

conditions and the availability of vacant land for development. *Master Response Y* concluded by noting that it was not possible at the time to estimate whether and to what extent property values would be affected by a northern pike eradication project.

After certification of the final EIR/EIS in January 2007, DFG engaged RGL and Johnson-Perkins to begin data collection. DFG invited the Lake Davis Steering Committee to suggest the names of local businesspeople who would be interested in forming an “economic workgroup” to consult with DFG in the development of the study methods. Four people volunteered and began meeting regularly with DFG, the consultants, and local elected representatives and/or their staff. The workgroup’s mission statement was “to provide a coordinated and collaborative effort between DFG and the community regarding the collection of information about the potential economic impact of the Project.” The workgroup provided the consultants with the names and contacts of local business people and provided local perspective on the local economy and real estate market. By meeting numerous times between March 2007 and the release of the report in December 2008, the work group was provided regular briefings by the consultants and kept abreast of the latest data collected. Data collection continued through the third quarter of September 2008. The RGL and Johnson-Perkins reports, which were completed in December 2008, present actual data on market conditions before, during and after the northern pike eradication project. However, the reports do not consider the local long-term economic benefits of the project, including restoration of the popular trout fishery. Nor do they consider the statewide benefit to the people of California by removing the threat of northern pike to fisheries throughout the State.

The RGL report, *Lake Davis Pike Eradication Project Forensic Accountant Review – Economic Impact Executive Summary Report* and the Johnson-Perkins report, *A Market Analysis of the Residential Market Located at Portola and Lake Davis, Plumas County California* are provided for the Legislature’s consideration.

# **Lake Davis Pike Eradication Project California Department of Fish & Game**

## **Forensic Accountant Report on Economic Impact**

Date: December 1, 2008  
RGL File No.: 013371  
Agreement #: P0620025

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Forensic Accountant Review – Economic Impact  
Executive Summary Report – December 1, 2008

**EXECUTIVE SUMMARY**

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We were contracted by the California Department of Fish and Game (“DFG”) to conduct a Forensic Accounting review of the potential economic impact of the temporary closure and subsequent treatment of Lake Davis near Portola, California as part of their efforts to eradicate Northern Pike from the lake. The lake closure and treatment took place in September 2007. The U.S. Forest Service (USFS) lifted the temporary closure of the lake on January 18, 2008. DFG took accelerated steps to re-establish the fishery through restocking efforts in December 2007 and continued throughout 2008. We understand over 900,000 trout were planted in the lake during this period. Marketing efforts throughout the spring and summer 2008 were undertaken to publicize the trout plants. This report is based on information obtained from the local business community and outside sources. Our analysis was limited to the measurement of the potential economic impacts directly associated with the lake closure and treatment in September 2007.

We contacted a total of 154 businesses in Portola through a series of mailings and visits to the area during July and August 2007 in an effort to obtain pre and post treatment accounting documentation. A total of 42 mailers were returned indicating an interest in participating in the study. We contacted each of the respondents by telephone and subsequently met with 29 business owners. A total of 15 businesses were initially included in the Forensic Accounting Economic Impact Study. In some instances, the initial respondents decided not to participate further in our analysis. In other instances, we determined that the respondent, primarily realtors and non-business entities, should be excluded. The participating businesses include those in the retail, non-retail, hospitality and service sectors and represent businesses that service both the local and tourist economies.

We reviewed the accounting documentation accumulated through November 30, 2008 in connection with above referenced matter and offer the following observations:

- The state and national economic crisis experienced during 2007 and 2008 has had a significant impact on local economy of the City of Portola and the area surrounding Lake Davis. An analysis of regional taxable sales volumes in 2006 and 2007 revealed substantial declines in taxable sales not only in Portola and Plumas County but in all adjacent counties beginning in the 3<sup>rd</sup> Quarter of 2007.
- Depending on the percentage of the sales decline within the city limits of Portola attributable to the pike eradication project, the resulting economic impact estimate from September 2007 through September 2008 ranges from \$191,064 to \$955,320 (See Schedule 1).

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**SUMMARY OF PROCEDURES**

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We were retained to measure the short term economic impact of the temporary closure of Lake Davis in connection with DFG's Northern Pike eradication project to businesses in Portola and Lake Davis. To that end, we undertook the following:

- Participated in a May 22, 2007 Economic Impact Workshop that included a PowerPoint slideshow outlining the prospective project by RGL.
- Participated, either in person or by phone, in monthly meetings of the Lake Davis Steering Committee Economic Workgroup through November 2008.
- Contacted members of the Portola business community through a series of mailers and telephone follow-ups soliciting participation in the Economic Impact study.
- Participated in the August 1, 2007 Project Open House in Portola, California hosted by DFG.
- Met with business owners who positively responded to the economic study solicitation during which pre and post treatment financial data was either requested or obtained.
- Conducted follow up telephone interviews with participating business owners from September 2007 through November 2008.
- Developed baseline statistical data and analysis of other economic indicators to determine outside influences on local economic performance.
- Performed an analysis of the accumulated data through September 2008 and prepared this Summary Report.

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## **FORENSIC ACCOUNTING ECONOMIC IMPACT STUDY**

The businesses participating in the Forensic Accounting Economic Impact Study include those in the retail, non-retail, hospitality and service sectors and represent businesses that service both the local and tourist economies. As will be described later in this text, these businesses represent approximately 40% of the taxable sales base of Portola. Accordingly, we believe the analysis of the business records of these participating businesses, in conjunction with the other economic data accumulated, results in a statistically representative review of the likely economic impact in the larger business community. However, it is important to state the qualification that the projections and opinions expressed here are based on the limited amount of community participation described below.

### **Data Collection:**

We contacted a total of 154 businesses in Portola through a series of mailings and visits to the area during July and August 2007. The purpose of the mailers, an example of which is attached as Exhibit A, was to identify those businesses interested in participating in the analysis of the economic impacts resulting from the pike eradication program. We used several sources to identify business contact information including a Yellow Pages search, a database provided by the Portola Business Improvement Association, and a business license listing provided by the City of Portola.

Within each mailer, we included a postcard (or “Blue Card”) designed to obtain contact information from business owners interested in participating in the study. The initial mailing occurred on July 18, 2007 with follow-up mailers sent on August 22 and September 4, 2007.

A total of 42 “Blue Cards” were returned. This is a response rate of approximately 30%. We contacted each of the respondents by telephone. In some instances, the respondents decided not to participate further in our analysis. In other instances, we determined that the respondent should not be included in the study. Primarily, entities that were not included in the study were in the real estate or property management field. We understand DFG also retained a real estate consultant to consider the impact of the pike eradication project on the local real estate market. Therefore we did not include real estate agencies or brokers in our study. We wanted to avoid any potential duplication of effort and impact with regard to real estate transactions. Other instances in which the respondents were not considered for

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inclusion in the study include those that were not business entities including individuals and associations.

We met with 29 respondents to further discuss our process and request the historical accounting records required by us for participation in the study. Again, in several instances the respondents decided not to participate further in our analysis while in other instances, we determined that that the respondent was not a candidate to be included in the study for the reasons previously stated.

It should be noted that two businesses that were originally to be included in the study, Grizzly Store and Lake Davis Resort, were subsequently excluded. These businesses are located within a mile of the lake and clearly rely on fishing on Lake Davis for their livelihood. The balance of the businesses are located approximately seven miles from Lake Davis in Portola. One goal of this analysis was to extrapolate the impact felt by participating Portola businesses to the business community as a whole. Both of the businesses noted above were the recipient of contracts for services directly from DFG in association with the treatment of the lake. Consequently, sales for these businesses in the 3<sup>rd</sup> and 4<sup>th</sup> Quarters of 2007 were skewed. Inclusion of these two businesses in our analysis would potentially understate the impact felt to the community overall. Accordingly, although directly dependent on Lake Davis traffic, these businesses were not included in the participating businesses used as a community measuring stick. The overall impact to their businesses, however, is included in the overall measurement of potential impacts described later in this text.

The participating businesses provided us with the following accounting data, where applicable:

- Monthly sales for 2005, 2006, 2007 and 2008.
- Profit and Loss Statements for 2006 and January through June 2007.

It should be noted here that a number of the participating business declined to continue to provide data during the course of 2008. The remaining businesses, however, continue to account for in excess of 30% of the taxable sales base of Portola and include businesses in the retail, non-retail, hospitality and service sectors. For this reason, we believe the trending data included in the attachments is valid.

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**Data Analysis:**

We prepared an analysis of the sales trends of the participating businesses during the period prior to and subsequent to the lake treatment in September 2007. This data runs through September 2008 and is summarized below and in more detail on the attached Schedule 2. The data reveals that the participating businesses were cumulatively experiencing 2% to 3% sales increases during the six month and one year periods preceding the summer of 2007. Cumulative sales declines, however, began to be recorded during the 3<sup>rd</sup> Quarter (July through September) of 2007 and continued through the end of 2007 and during the first three quarters of 2008. As shown on Schedule 2, these cumulative year to year declines range from -4% to -5%. It should be noted that sales declines were experienced by each of the participating businesses and ranged from a low of approximately -20% to a high of just under -1%

In an effort to understand the sales declines experienced throughout the participating businesses, we have compiled taxable sales data from surrounding communities available from the California Board of Equalization. A summary of the taxable data available from the Board of Equalization is contained on Schedule 3 and summarized below:

Month	Percentage Increase / (Decrease)				
	Comparison Period	Participating Businesses	Taxable Sales per BOE		
			Portola	Plumas	Surrounding Counties
January - June	2007 v 2006	<b>2.50%</b>	<b>-2.59%</b>	<b>-1.21%</b>	<b>0.94%</b>
July - September	2007 v 2006	<b>-3.91%</b>	<b>-8.42%</b>	<b>-6.75%</b>	<b>-7.31%</b>
October - December	2007 v 2006	-4.66%			
January - June	2008 v 2007	-4.70%			
July - September	2008 v 2007	-1.40%			

The data demonstrates a consistent pattern of declining sales when comparing the 3<sup>rd</sup> Quarter 2007 (the quarter containing the lake treatment) to the first part of the year. Sales for the participating businesses went from a growth of 2.50% from January through June 2007 to a decline of -3.91% from July through September 2007, a drop of over 6 percentage points.

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A consistent pattern is revealed when reviewing the taxable sales data for both Portola and Plumas County. On its face, this could indicate a drop in sales related to the lake treatment. For comparison purposes, however, we also reviewed the taxable sales figures from six surrounding counties; Lassen, Sierra, Yuba, Butte, Tehama and Shasta. As shown, sales during this period for these counties show similar results. Cumulatively, taxable sales in these adjacent counties went from a growth of just under 1.00% from January through June 2007 to a decline of -7.31% from July through September 2007, a drop of over 8 percentage points. This is true both cumulatively and individually for each county.

**Other Factors Considered:**

The DFG's pike eradication project brought significant financial resources to the area before, during and after the treatment of the lake. DFG entered into contracts with businesses located within the city limits of Portola for lodging, meals, disposal and health care services in addition to fees paid to local municipalities and improvement districts. Payments for services to Portola based businesses totaled in excess of \$400,000 during the latter part of 2007. Per diem payments to DFG personnel on assignment in the area totaled approximately \$200,000 during the same period. Finally we understand funds allocated to local governmental entities and improvement districts exceeded \$1,000,000.

These resources, while not directly considered as offsets, likely had an impact on the sales data used in our analysis. To the extent that per diem expenditures and other payments were spent in the community, sales were recorded. Accordingly, it is likely that the sales declines in Portola noted above for the 3<sup>rd</sup> Quarter of 2007 (July – Sept) were slightly mitigated in both the participating businesses and the taxable sales databases. Sales for the participating business declined during this period by -3.91%. Sales during the subsequent three quarters dropped by almost -5%. Although there are many variables, the smaller decrease in the 3<sup>rd</sup> Quarter of 2007 likely was the result of resources brought to the area by DFG.

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### **General Economic Conditions:**

It should be noted that economic pressures unrelated to the pike eradication project likely had an impact on the area's economy as well. Following are just a few examples of outside economic influences that affected the area during the measurement period:

- The National Bureau of Economic Research recently confirmed that the United States has officially been in a recession since December 2007.
- From the summer of 2007 through the summer of 2008 gas prices in California increased from an average of \$3.00 per gallon to as high as \$4.50 per gallon in June 2008 according to data from the Energy Information Administration, US Department of Energy.
- The sub-prime mortgage collapse affected the state and national economy significantly in 2007 and 2008.

The timing of these unrelated economic conditions in relation to the pike eradication efforts makes it difficult to attribute specific business losses to the project and lake closure. As a result, we felt it appropriate to provide a range of calculation alternatives until additional economic data becomes available. Consideration of that data will be included in any future reports or updates requested in connection with this matter.

### **Conclusions:**

As mentioned above, we prepared an analysis of the sales trends of the businesses participating in our study. During the latter part of 2007 and the first three quarters of 2008, on a cumulative basis, the businesses participating in this analysis experienced a decline in sales when compared to sales during the same period in the prior year. Based on the comparative data accumulated to date, a decline was to be expected. It remains unclear whether the decline experienced in Portola was measurably exacerbated by the treatment and subsequent temporary closure of Lake Davis in September 2007. However, for purposes of identifying the potential scope of impact, we have prepared the calculation on Schedule 1 presenting a range of percentage impacts on the sales of the business community of Portola, California.

### **Potential Economic Impacts – September 2007 through September 2008**

Schedule 1 contains an analysis that estimates the potential economic impact to the Portola business community as a whole for the period September 2007 through September 2008. We projected gross sales (taxable and non-taxable) for Portola for the period September 2007 through September 2008 to be approximately \$38,000,000. This amount is based on estimated gross sales during the same period one year earlier of \$40,000,000 decreased by 5%. This calculation presumes a cumulative 5% decrease would have been experienced due

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to general economic conditions. This percentage is an estimate based on the limited taxable sales data available to us at this time and to the previously discussed general outside economic influences. The gross sales figures referred to above are estimates based on reported taxable sales data obtained from the California Board of Equalization. It is projected that reported taxable sales represent 50% of the total gross sales generated in the region during any specific period. This allocation is based on our analysis of the taxable and non-taxable sales of the businesses participating in our study. Please refer to Schedule 3. This presumes the study group is reflective of the business community as a whole.

For scope purposes, we calculated potential impact percentages of 1%, 3% and 5% of total projected sales. Please refer to Schedule 1. As shown, for each 1% impact on sales, a loss of \$380,000 in sales would be felt by the business community. A 3% impact therefore results in a sales impact of \$1,140,000 while a 5% impact would result in a sales impact to the community of \$1,900,000.

The economic impact to each business owner, however, would be measured *not* at the sales loss level but rather the gross profit level. Accordingly, any shortfall in sales would be reduced by cost of sales. Cost of sales represent direct product costs that are not incurred if a sale is not made. *We have estimated cost of sales at 50% resulting in computed potential net economic impacts ranging from \$190,000 (at 1%) to \$950,000 (at 5%) for the period September 2007 through September 2008.* The cost of sales percentage is an estimate designed to consider the mix of higher-cost businesses (i.e. supermarkets, gas stations) and lower-cost businesses (motels, auto repair) that exist in Portola.

We want to stress that the calculations on Schedule 1 are included here to identify the potential range of economic impacts. Based on the facts, it is highly probable that Portola and the area immediately surrounding Lake Davis were negatively impacted in the short term by the closure of the lake and subsequent treatment. Impacts to individual businesses will vary depending on the type of business and the proximity to the lake. We believe that the impact that can be attributed to the pike eradication project decreased over time due to the trout plants and increased camping and fishing activity during the summer 2008.

*In our opinion, the economic impact attributable to the lake treatment likely falls within the middle of the range shown on Schedule 1.* As demonstrated in the prior chart, the sales declines in the participating group of businesses were consistent (-4% to -5% per period) during the year following the lake treatment. However, based on all of the accumulated information, we do not believe that an overall sales impact of 5% related to the lake treatment would have been sustained over the entire 13 month period analyzed. As 2008 progressed, we believe the reasons for that decline in business shifted from those related to the lake closure to more general economic factors being experienced regionally and nationally.

**POTENTIAL ECONOMIC IMPACT - SEPTEMBER 2007 THROUGH SEPTEMBER 2008**

Schedule 1

Description	Reference Note	Estimated Sales Volume Reduction Attributed to Pike Project		
		1%	3%	5%
Estimated Sales - Portola--Prior Year	(A)	\$40,224,000	\$40,224,000	\$40,224,000
Decreased by: Estimated Trend	(B)	-5.00%	-5.00%	-5.00%
Projected Sales - Portola		\$38,212,800	\$38,212,800	\$38,212,800
Multiplied by: Sales Impact Attributed to Pike Project		1%	3%	5%
Projected Sales Impact - Portola		\$382,128	\$1,146,384	\$1,910,640
Less: Estimated Average Cost of Sales @ 50%	(C)	191,064	573,192	955,320
<b>POTENTIAL GROSS PROFIT IMPACT - SEPTEMBER 2007 THROUGH SEPTEMBER 2008</b>		<b>\$191,064</b>	<b>\$573,192</b>	<b>\$955,320</b>

NOTES:

(A) Based on a gross up of taxable sales per the California Board of Equalization calculated as follows:

Description	Ref. Note	Amount
Estimated Taxable Sales--Portola, CA - September 2006	(D)	\$1,436,000
Taxable Sales--Portola, CA - October 2006 through September 2007	(D)	18,676,000
Total Taxable Sales--Portola - September 2006 through September 2007		20,112,000
Add: Estimated Non-taxable Sales assuming 50%/50% split	(E)	20,112,000
<b>Estimated Sales - Portola--September 2006 through September 2007</b>		<b>\$40,224,000</b>

(B) Estimated based on review of 3rd Quarter taxable sales data for Plumas and surrounding counties.

(C) The Cost of Sales percentage is an estimate based on review of sample businesses.

(D) Source: Board of Equalization, Taxable Sales by City. September sales estimated at 25% of total 3rd quarter sales.

(E) The taxable / non-taxable split is an estimate based on data obtained from participating businesses.

For purposes of this calculation, the estimate is rounded to 50%.

**SALES TREND ANALYSIS -  
 PARTICIPATING BUSINESSES**

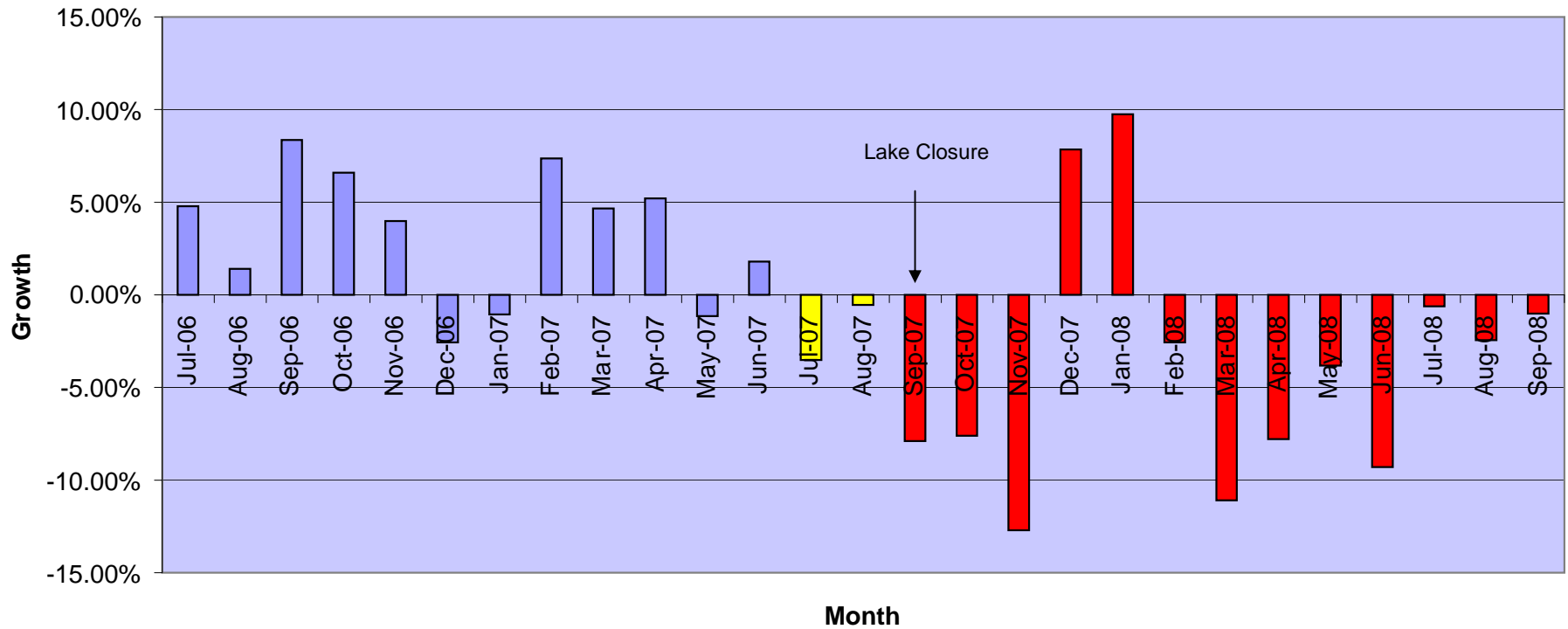
*Schedule 2*

*Source: Monthly sales data for participating businesses from  
 July 2005 through September 2008*

Quarter	Comparison Period	Percentage Increase / (Decrease)
July through September	2006 v 2005	4.72%
October through December	2006 v 2005	2.81%
January through March	2007 v 2006	3.48%
April through June	2007 v 2006	1.74%
<b>Total - Twelve Months</b>		<b>3.21%</b>
<b>Total - January through June</b>		<b>2.50%</b>
July through September	2007 v 2006	-3.91%
October through December	2007 v 2006	-4.66%
<b>Total - July through December</b>		<b>-4.26%</b>
January through March	2008 v 2007	-1.62%
April through June	2008 v 2007	-7.00%
<b>Total - January through June</b>		<b>-4.70%</b>
<b>July through September</b>	<b>2008 v 2007</b>	<b>-1.40%</b>

← Lake Treatment

**Schedule 2 - Chart**  
**Analysis of Year-to-Year Sales Growth Percentages for Participating Portola Businesses**



**ANALYSIS OF QUARTERLY TAXABLE SALES DATA**

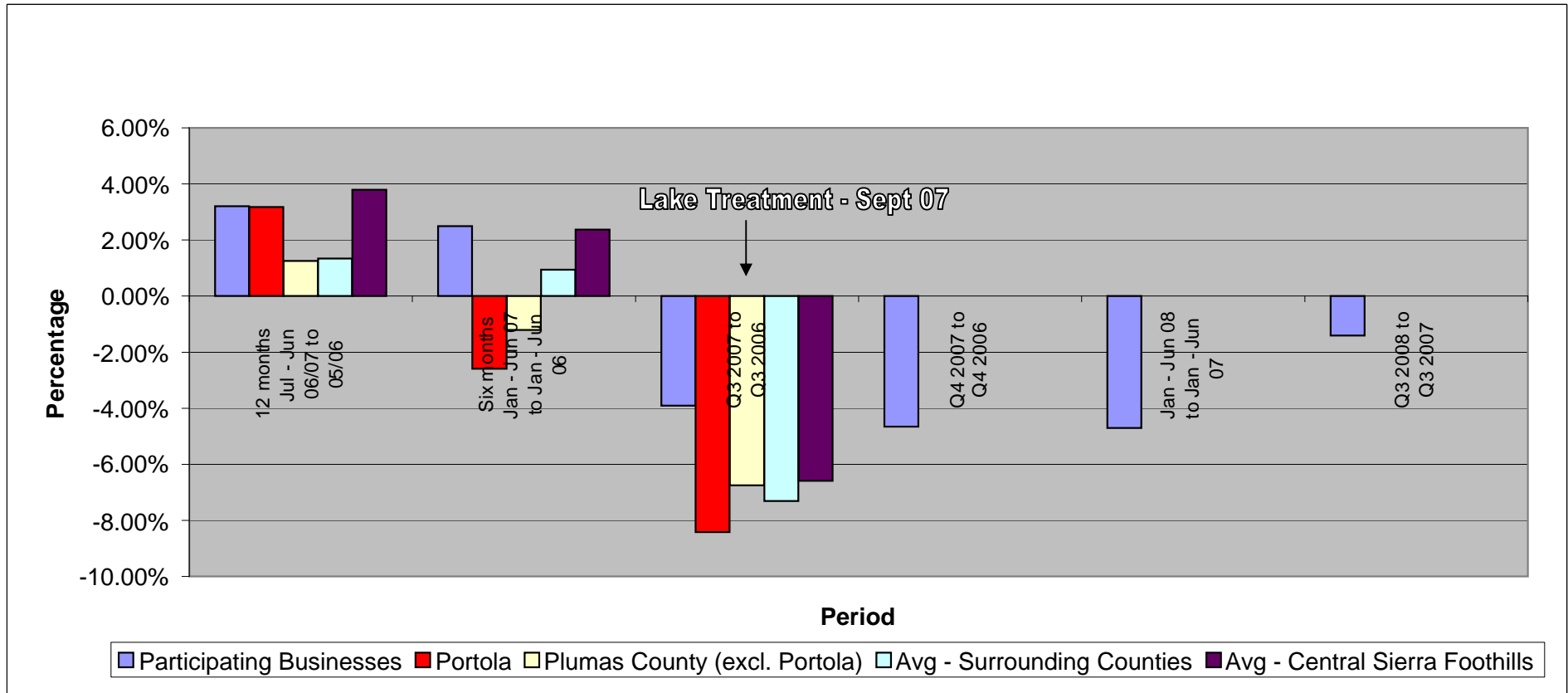
Schedule 3

Source: Board of Equalization, Taxable Sales by City

Location	Twelve month Trend July - June 2006/07 to 2005/06	Six month Trend January - June 2007 to 2006	July - September 2007 to 2006	October - December 2007 to 2006	January -June 2008 to 2007	July - September 2008 to 2007
Participating Businesses	3.21%	2.50%	-3.91%	-4.66%	-4.70%	-1.40%
Portola	3.18%	-2.59%	-8.42%	TBD		
<b>Plumas County (excl. Portola)</b>	<b>1.25%</b>	<b>-1.21%</b>	<b>-6.75%</b>			
Lassen	3.51%	3.51%	-9.18%	TBD		
Sierra	-5.58%	-7.28%	-6.38%			
Yuba	0.57%	4.64%	-13.74%			
Butte	1.77%	1.69%	-6.18%			
Tehama	2.39%	-0.78%	-8.31%			
Shasta	0.67%	-0.19%	-6.61%			
<b>Weighted Avg - Surrounding Counties</b>	<b>1.34%</b>	<b>0.94%</b>	<b>-7.31%</b>			
Amador	5.14%	4.40%	-3.19%	TBD		
Calaveras	1.63%	0.61%	-10.45%			
Alpine	9.22%	-10.57%	-14.19%			
<b>Weighted Average - Other Comparables</b>	<b>3.79%</b>	<b>2.37%</b>	<b>-6.59%</b>			

**ANALYSIS OF QUARTERLY TAXABLE SALES DATA**

Schedule 3 - Chart



**SALES ANALYSIS - PORTOLA, CALIFORNIA**

*Schedule 4*

Description	Reference Note	Sales		Percentage of Taxable to Total
		Taxable - Est.	Total	
Total Sales from January 2006 through June 2007 - Participating Businesses	(A)	\$7,953,370	\$14,554,983	<b><u>54.64%</u></b>
Taxable Sales - Portola	(B)	19,393,000		
<b>Percentage to reported Taxable Sales</b>			<b>41.01%</b>	

**NOTES:**

- (A) Source: 2006/2007 Sales data provided by participating businesses.
- (B) Source: State of California Board of Equalization "Taxable Sales in California - Table 2".



## **EXHIBIT A**

July 18, 2007

2377 Gold Meadow Way, Suite 270  
Gold River, California 95670

Telephone 916-631-8700  
Facsimile 916-631-8573

[www.rgl.com](http://www.rgl.com)

Business Name  
Business Address  
Portola, CA 96122

Re: Economic Impact Study – DFG’s Pike Eradication Project

In response to the community’s requests, we have been contracted by the State of California Department of Fish and Game to conduct a Forensic Accounting review of the potential economic impact of the upcoming Pike Eradication Project at Lake Davis. As discussed at the Economic Impact Workshop in Portola of May 22, 2007, it is our intent to prepare a report of the short term economic impact businesses in Portola and Lake Davis to the Department of Fish and Game for the California Legislature. The basis for that report will be economic impact calculations that are business-specific.

In an effort to develop the necessary data, we are providing this to seek participation in this process and to answer any questions. In general terms, our analysis will follow the timeline shown below:

- Late August/early September 2007 – Gather pre-treatment financial data from businesses
- September through December 2007 – Gather post-treatment financial data
- September through December 2007 – Compare pre-treatment and post treatment data
- January 2008 – Prepare preliminary report of findings
- January through June 2008 – Update reports as necessary

Attached to this letter is a postcard designed to obtain updated contact information. Please fill out the card and return it to us via U.S. Mail or drop it off at RGL’s booth at the upcoming Project Open House for the pike eradication project. The Project Open House will be held from 6-9PM on August 1, 2007 at the Portola Station Baptist Church located at 171 S. Gulling Street in Portola.

If there are any questions regarding the above, please reach us using the contact information shown on this letterhead.

Sincerely,

RGL – Forensic Accountants and Consultants

James W. McCurley, CPA

A MARKET ANALYSIS  
OF THE

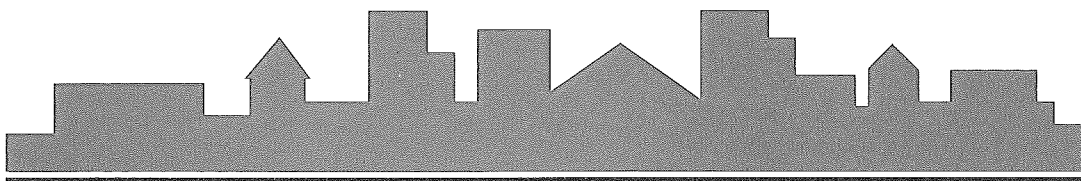
# RESIDENTIAL MARKET

LOCATED AT

PORTOLA AND LAKE DAVIS  
PLUMAS COUNTY, CALIFORNIA

PREPARED FOR

DEPARTMENT OF FISH AND GAME  
STATE OF CALIFORNIA



---

**JOHNSON~PERKINS & ASSOCIATES, INC.**  
REAL ESTATE APPRAISERS & CONSULTANTS

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A Market Analysis  
Of The

# Residential Market

Located At

Portola and Lake Davis  
Plumas County, California

Prepared For

Department of Fish and Game  
State of California

For the Purpose of  
Analyzing Market Conditions  
During 2007 and 2008

### **PURPOSE OF MARKET ANALYSIS**

This market analysis was prepared for the purpose of analyzing residential market conditions in the City of Portola, California and Lake Davis, Plumas County, California, prior to, during, and subsequent to the September 2007 eradication of the Northern Pike at Lake Davis. This report will assess the impact on residential market conditions as a result of the eradication of the Northern Pike at Lake Davis.

It is beyond the scope of this report to analyze non-residential market conditions due to the wide variety of property types and utilizations, as well as each property's unique physical characteristics and locational differences.

### **SCOPE OF MARKET ANALYSIS**

In the preparation of this report, the analyst has:

- Inspected the subject neighborhoods and analyzed neighborhood trends;
- Researched the neighborhood and surrounding area to ascertain how the social, economic, environmental and governmental forces affect the subject neighborhoods;
- Reviewed City and County planning documents, analyzed sales and listing data obtained from the Plumas Association of Realtors and the Tahoe-Sierra Board of Realtors, reviewed regional, state and national residential housing data, gathered appropriate public records data and conducted interviews with knowledgeable individuals in the subject market area;
- Preparation of a Market Analysis, addressing residential market conditions in the subject project area;

**EFFECTIVE DATE OF MARKET ANALYSIS**

The market analysis, as set forth in this report, addresses market conditions in the subject project area, prior to, during and subsequent to the eradication of the Northern Pike at Lake Davis in September 2007. To the extent possible, data which was available through September 30, 2008 was utilized, analyzed and incorporated in this report.

**EFFECTIVE DATE OF REPORT**

This market analysis report was prepared on December 8, 2008

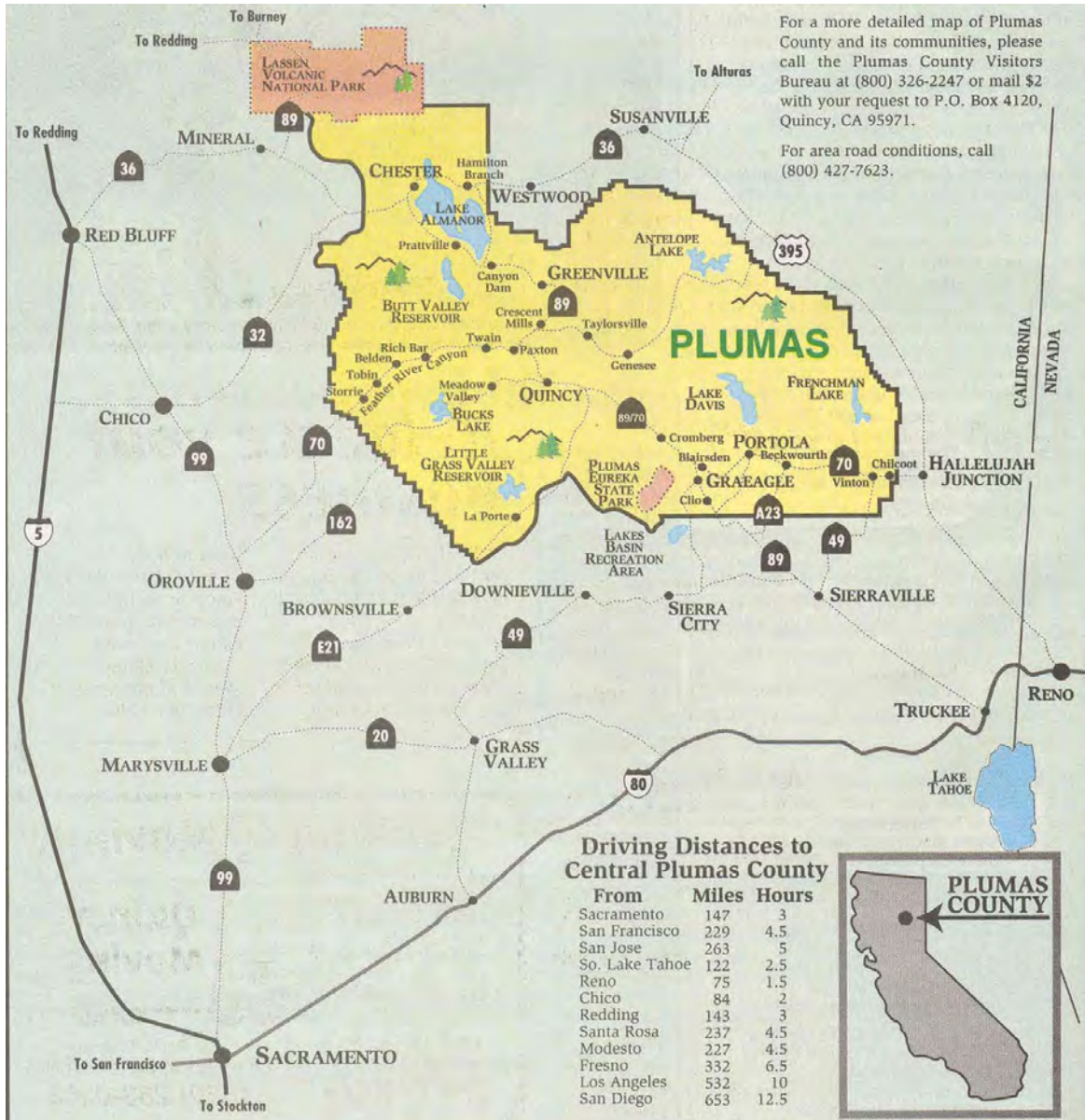
**DATES OF INSPECTION**

The subject neighborhoods were inspected at various times during 2007 and 2008.

# JOHNSON-PERKINS & ASSOCIATES, INC.

REAL ESTATE APPRAISERS & CONSULTANTS

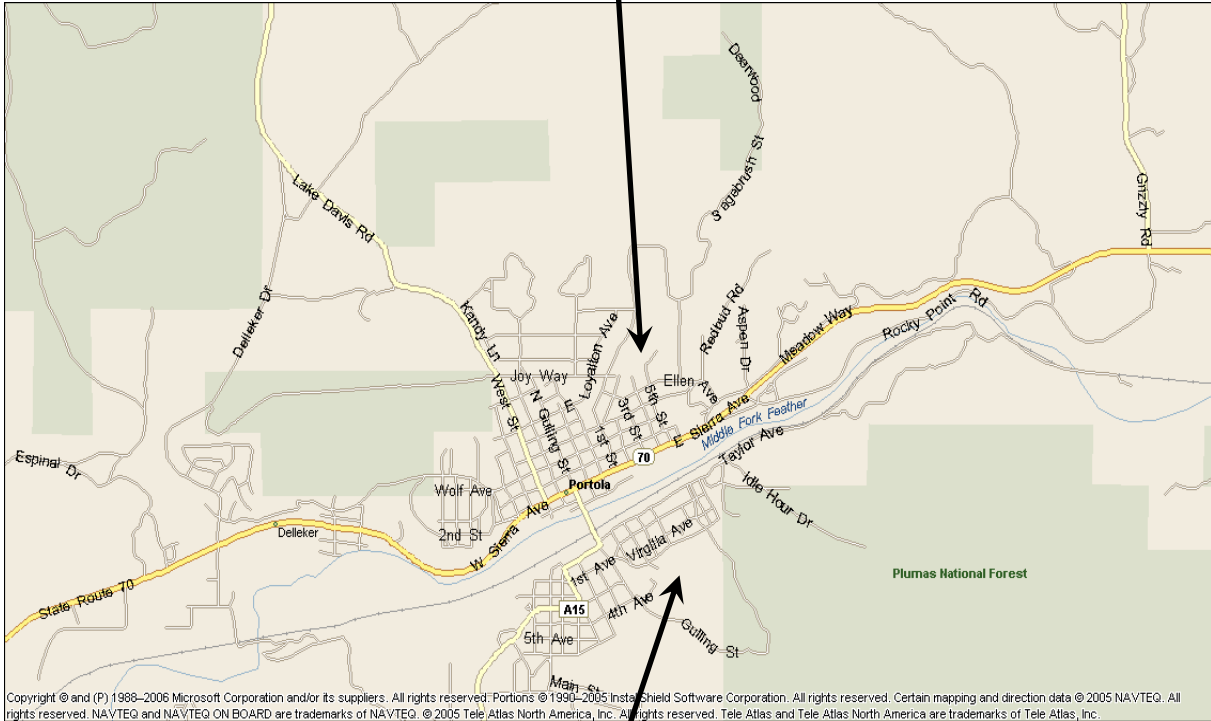
## AREA MAP Plumas County



Reno ■ Lake Tahoe

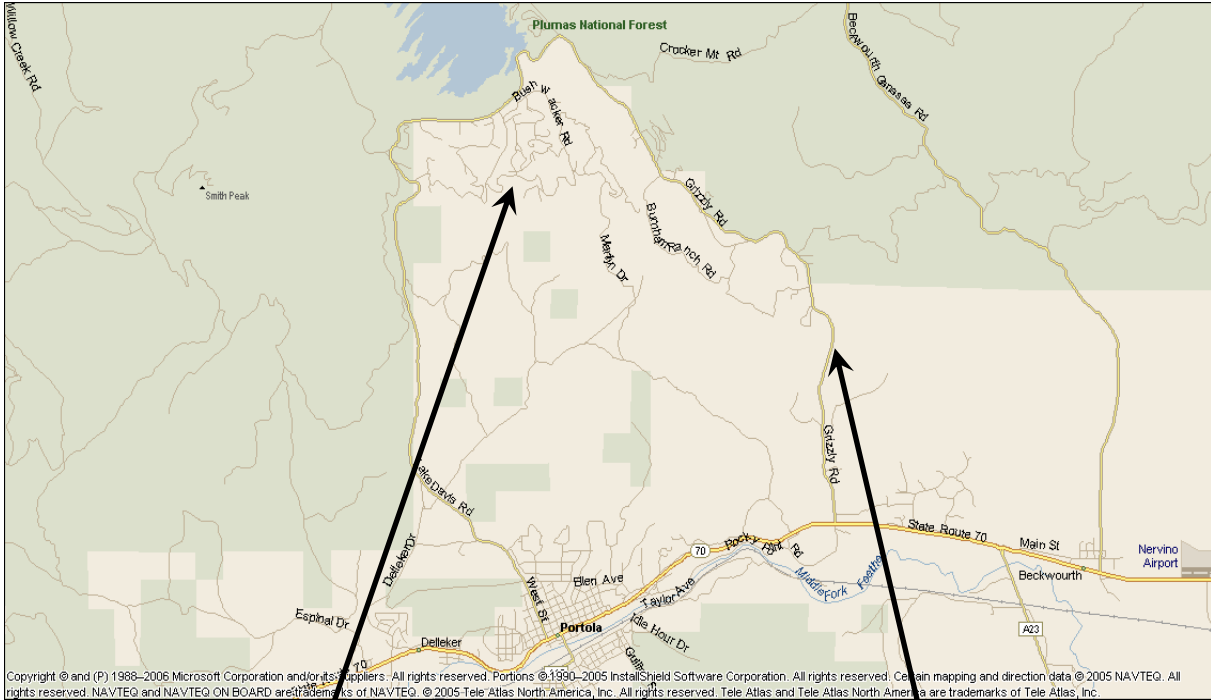
**NEIGHBORHOOD MAP**  
**City of Portola**

**Portola North**



**Portola South**

**NEIGHBORHOOD MAP  
GRIZZLY ROAD CORRIDOR/DAVIS LAKE**



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**Davis Lake Residential Area**

**Grizzly Road Corridor**

**AREA/NEIGHBORHOOD DESCRIPTION**

**Plumas County, California**

Plumas County is located in northeastern California, approximately 147 miles northeast of Sacramento and approximately 75 miles northwest of Reno, Nevada. The County covers 2,618± square miles and has an estimated 2007 population of approximately 21,093. Plumas County is primarily a recreational area boasting of more than 100 lakes, 1,000 miles of rivers and streams and over a million acres of national forest. The Middle Fork of the Feather River passes through the southern portion of the county. In addition to its recreational utilizations, the County also has an extensive amount of ranch land, particularly in the eastern and southern portions of the County. Plumas County enjoys a temperate low mountain climate reaching into the 80's in the summer and down to the 20's in the winter. The area does receive snow during the winter months. U.S. Highway 395 is located a short distance to the east of Plumas County, leading from Reno to the south, to Susanville to the north. The main highways through the County are Highway 70 which traverses the southern and central portion of the County in primarily an east-west direction; and State Route 89 which traverses the central portion of the County in a generally north-south direction. The County also includes three small airfields, for general aviation purposes. The Union Pacific Railroad passes through the County, transporting freight. The County's history is steeped in mining, logging, and the railroad. The area also has abundant Native American history.

Plumas County is considered to have five population centers: Chester and the Lake Almanor Basin, Indian Valley and the Feather River Canyon, Quincy and Meadow Valley, Mohawk Valley, and Portola and eastern Plumas County.

Chester and Lake Almanor are located at the northern end of the County, in close proximity to Lassen Volcanic National Park. Lake Almanor is a relatively large, forested, lake popular for recreational uses and second homes. Chester is a small community at the north end of the lake which offers a full range of amenities.

Indian Valley and the Feather River Canyon are located in the west central portion of the County. The largest community in this area is Greenville which offers a full range of business and service establishments. This area is also popular for outdoor recreation such as fishing and camping.

Quincy is the County Seat of Plumas County and is the largest community in the County. Quincy is located in the central portion of the County and contains the historic, four story courthouse for the County. The town also has a college, the Feather River Community College. Quincy is also home to the Plumas County Fairgrounds. To the southwest, Meadow Valley leads to Bucks Lake, a popular recreational lake.

The Mohawk Valley is located in the southern portion of the County and includes the communities of Graeagle, Blairsden and Clio. This area has experienced a strong growth in planned residential communities for vacation and retirement. Many of the communities, including Graeagle, Whitehawk Ranch, and Gold Mountain, have golf courses, making the area a renowned golf vacation destination.

Portola is located in the southeastern portion of the County. Portola is the only incorporated City in Plumas County. Located near Portola is Lake Davis, another large, popular recreational lake. The subject property is located in Portola. Portola is located at the eastern end of the national forest, at an elevation of approximately 5,000 feet above sea level. A short distance east, the area becomes level and more arid. There are many cattle ranches in this area.

The population of Plumas County is estimated by the California State Employment Development Department to be 21,093, as of 2007. Population growth in Plumas County is forecast to grow at an average annual rate of .1% from 2007 to 2011.

The City of Portola's population, as of January 1, 2006, was estimated to be 2,150, representing approximately 10% of the County's total population.

The labor force in Plumas County has remained stable over the past several years and is currently estimated at 11,050. The unemployment rate as of September 2008 was 7.1%. Between 2002 and 2006, the unemployment rate in Plumas County has ranged between 7.6% to 9.9%, reflecting the tourist related nature of the economy. In comparison, the State of California's unemployment rate during the same time period has ranged from 4.9% to 6.8%.

Industry employment in Plumas County reflected meager job growth between 2002 and 2006, with a net gain of only 40 jobs. The largest growth industries included construction, professional and business services, with construction adding 200 jobs, professional and business services gaining 80 jobs and County government reflecting a growth of 20 jobs to a total of 2,550 jobs in 2006. Small gains in Federal and local government replaced losses in State government.

On the other hand, a number of industries experienced declines, including leisure and hospitality, trade transportation and utilities and small losses in such areas as natural resources in mining, financial activities, agriculture, information and other services.

In 2005, per capita income was \$31,739. Based upon information gathered from personal income tax returns in 2004, the median adjusted gross income for individuals was \$31,353 and the median adjusted gross income for joint returns was \$50,934.

In April 2000, the housing stock in Plumas County consisted of 13,386 units principally single-family residential at 10,581 units. The housing stock has grown to approximately 14,989 units as of January 2006 with single-family residences representing approximately 11,945 units.

Building permit activity is summarized on a County wide basis. The Plumas County Building Department does not currently maintain statistics for individual communities within the County. The following chart sets forth a summary of building permit activity for single-family dwellings in Plumas County between 2002 and 2007 year to date (September).

<b>Plumas County Building Permits - Single Family Dwellings</b>			
	# of Units	Construction Cost	Annual Change / # of Permits
2002	257	\$32,260,970	---
2003	229	\$34,710,511	-10.89
2004	266	\$41,361,979	+16.16
2005	337	\$49,664,370	+26.69
2006	216	\$34,247,223	-35.91
2007	154	\$26,528,302	-28.70%
2008 YTD (Sept.)	45	\$8,380,902	---

\* Year to Date \*\*2007 Annualized

As indicated, building permit activity remained relatively stable between 2002 and 2004, ranging between 229 permits per year to 266 permits per year. Building permit activity reached its highest point in 2005 with 337 permits issued, however, declined substantially in 2006 with approximately 216 permits issued. In 2007, permit activity further declined to 154 residential permits. Year to date 2008, building permit activity for single-family residential units is 45 permits issued through September 2008.

### NEIGHBORHOOD DESCRIPTION

The subject neighborhood includes the City of Portola, the Grizzly Road Corridor between Highway 70 and Davis Lake, and the residential neighborhoods at Davis Lake. Portola is a city which grew up around the Railroad in the early 1900's. The City is bisected by the Union Pacific Railroad and the Middle Fork of the Feather River, as well as Highway 70. The major industries in the early days of the City were mining, logging, and the railroad. As these industries expanded, the town prospered and grew. As these same industries declined, Portola experienced a long period of economic stagnation. The City is in the process of beginning to renovate and redefine itself. Due to its location in proximity to popular outdoor recreation areas and its forested setting, Portola is beginning to attract more tourists, second home owners and retirees. Due to its location within an hour of Reno, the City also attracts people who work in Reno and can commute, as well as people who can telecommute to the Bay area or any other location.

Portola involves 1,268± acres, or approximately two square miles of land area. According to the 2000 U.S. Census, the population was 2,227. The California State Economic Development Department indicates that the City of Portola has experienced a marginal decline in population since that time, and was estimated to be 2,150 as of January 2006. According to the Census data, the median age is 37. At that time, the unemployment rate for the city was 5.6%. The total number of housing units, as of the 2000 Census, was 1,008; approximately 55% of which are owner occupied and 45% are renter occupied. The vacancy rate was approximately 10%. Over 75% of the housing units involved detached single family residences, with the rest being a mix of small apartment buildings and mobile homes.

As mentioned, the City is bisected by the railroad and the river which pass through the center of town in an east-west direction, thereby creating a South Portola and a North Portola. The topography is basically level in the central corridor of the city, and becomes moderately to steeply up sloping to the south and to the north. South Gulling Street, located in the center of town, is the only street crossing the river and railroad tracks, connecting the two sections of

the City. The main commercial center of the city, which is also the historic commercial center, is located in South Portola, primarily along Commercial Street. At the present time, the commercial development is primarily old and ranges from fair condition to average condition. There are currently several vacant storefronts. South Portola also contains the government and community service facilities such as the City Hall, the City Park, the Post Office, a County Sheriff substation, the Eastern Plumas Health Care facility, the library, the high school, and the middle school. The Eastern Plumas Health Care facility serves the eastern Plumas County area and involves a hospital, emergency care, and ancillary health services. Located at the southeast end of town is the Portola Railroad Museum, a popular tourist attraction memorializing the city's railroad past. There is some mix of residential neighborhoods in South Portola. The largest neighborhood is Ridgewood Heights, located at the southwest end of town, west of the high school. With a few exceptions, this neighborhood involves single family residences of fair to average quality and being in fair to average condition. There are some new homes being built in the neighborhood which are of good quality. County Road A-15 extends from this neighborhood to the southwest and connects with State Route 89. This roadway is somewhat of a major thoroughfare in the area. The residential development to the east of the hospital and city park is more sparse. South Portola is relatively small, and only extends a few blocks south of the railroad. The land extending southerly from the high school and the end of the residential development is currently vacant. This area extends up the hillside, becoming somewhat steep. A portion of this area was burned by a fire over fifteen years ago; and, while there has been re-growth of the scrub brush vegetation, the tree cover in the burn area is still very sparse. This undeveloped land is within the Portola City limits. The subject site involves most of this undeveloped area. The City of Portola desires to see this area developed with a master planned community including single and multi-family residential dwellings, and additional commercial/retail services necessary to serve the projected expanding population and increase the vitality of the area.

Highway 70 forms the south boundary of North Portola. With the exception of the development along the highway, North Portola is primarily residential in character. Development along the highway involves various older commercial development including

retail stores, restaurants, service stations, and real estate offices. The other main roadway in North Portola is West Street which extends northerly from Highway 70 and becomes Lake Davis Road, leading to Lake Davis. The Carmichael Elementary School is located on the west side of West Street. The residential development is varied and is primarily older and of fair to average quality. There are several mobile homes in the area as well.

A popular recreational amenity in close proximity to Portola is Lake Davis. Lake Davis is approximately seven miles north of Portola and is a relatively large lake, popular for fishing and boating. There are campgrounds and rustic lodging facilities located at the southern portion of the lake. Lake Davis has also been a source of water for Portola and the surrounding communities. However, this water source has been hindered by the presence of northern pike fish. The State of California has been trying to rid the lake of these fish as they are predators to the trout. The lake was chemically treated in 1997 and in 2007 in an effort to eradicate the northern pike.

The Lake Davis residential sub-neighborhood begins at the east on the Lake Davis Dam and ends on the west where Lake Davis Road enters the Plumas National Forest just north of Portola. The subject neighborhood is those properties having either direct access or access to their subdivision from the aforementioned section of Lake Davis Road. The subject neighborhood includes the Lake Davis Highlands. Electrical service was extended west on Lake Davis Road in 1996.

The quality and type of development in the Lake Davis neighborhood varies widely from lots which are improved only for RV's to very good quality residences with excellent views of the lake and/or valley. There are predominantly residential or recreational utilizations with one commercial establishment near the Lake Davis Dam.

The Grizzly Road sub-neighborhood, or Grizzly Road corridor, is defined as parcels with primarily access from Grizzly Road north of Highway 70. This is an area of predominantly residential utilizations with some agriculture/timber utilizations and summer

camp. The major roadway in the neighborhood is Grizzly Creek Road, which runs generally southeast of the Lake Davis Dam, roughly parallel to Grizzly Creek.

The type and quality of residential development varies widely. While most of the homesites are one to two acre parcels, homesites from one-third acre to 20 acres are not uncommon. The cost of developing these parcels varies widely with the topography, geology, vegetation and access to water and electricity.

Along the southern portions of Grizzly Creek Road, the topography to the west is moderate to gently sloping with only a few areas that are somewhat steep. However, to the east side of the road, the lots are almost uniformly more steep. At the north end of Grizzly Road, the terrain is somewhat steeper, with lots very near the road are buildable.

Within the Grizzly Road corridor, the most recent, significant development is Grizzly Ranch, a master planned residential development. Amenities include a clubhouse and an 18-hole golf course.

To summarize, Portola is a small, mountain community located in a recreational area. Portola is an incorporated City and provides the commercial and public services necessary to serve both the immediate and the nearby population. Located to the north of the City of Portola is the Grizzly Road/Davis Lake residential neighborhoods, with Davis Lake noted for its recreational and fishing opportunities.

Over the past several years, eastern Plumas County has experienced relatively strong growth in vacation homes, retirement homes and master planned golf communities, although, in the immediate past two years, the rate of growth has slowed as a result of negative economic conditions which are being experienced nationally, regionally and locally.

## MARKET ANALYSIS

In August 1994, Northern Pike, a non-native predatory species of fish, was caught at Lake Davis. In 1997, the California Department of Fish and Game implemented a plan to eradicate the Northern Pike from Lake Davis in order to protect fishing in Lake Davis and areas downstream. California Department of Fish and Game implemented their plan to use a Rotenone-based product to eradicate the Pike during October 1997.

Subsequently, in May 1999, the Northern Pike were rediscovered in Lake Davis and in February 2000, various efforts at control and containment of the Pike began.

In May 2003, the Department of Fish and Game reported that the Pike population was growing and the threat of escape remained. The director of the Department of Fish and Game met with the local community in February 2005 and committed to funding and a project director for eradication of the Pike.

During 2005, public input relative to the project was gathered and in September 2006, a public review of a draft environmental document was conducted. In January 2007, a project for eradication of the Northern Pike at Davis Lake was selected and approved, and implementation planning began.

Extensive efforts were made by the Department to involve the local community and local governmental agencies in the planning process.

The actual eradication of the Northern Pike was conducted in September 2007. Subsequent to the dissipation of the chemical treatment, approximately 31,200 trout were planted at Lake Davis in December 2007. The Department projects that approximately one million fish will be planted at Lake Davis in 2008.

While a number of residential real estate markets were described and tested, the major markets of interest are Portola and Lake Davis. The Portola market is further defined by

Highway 70, which traverses the community in an east-west direction dividing the City into two submarkets, Portola North and Portola South.

The second market is the Grizzly Road Corridor/Lake Davis Market, which is roughly described as properties accessed from Grizzly Road, north of Highway 70 and properties with primary access from Lake Davis Road north of where it enters the Plumas National Forest, north of Portola. The Grizzly Ranch submarket consists of a developing master planned community including gated access, 18-hole golf course and common area amenities. As a result of the price range, market orientation and amenity package associated with this master planned community, it has been excluded from the analysis. Inclusion of Grizzly Ranch would skew the historical analysis as well as current market conditions within the market study area.

A County wide multiple listing service was formed by the Plumas Association of Realtors during 2004. According to the executive director, approximately 99% of the real estate brokerage firms in Plumas County are members of the multiple listing services. Prior to 2005, various local listing cooperatives were utilized by real estate brokers in Plumas County and a centralized database was not available. The executive director further indicated that 2005 represented the first year in which complete data involving sales which occurred through the multiple listing service was incorporated into the database.

In order to analyze and compare market conditions within the subject property area, competitive markets were researched and analyzed. These markets included other locations in Plumas County, Lassen County, Sierra County and Nevada County. After analysis of the availability of data, the Graeagle submarket, Plumas Pine submarket, Whitehawk Ranch submarket, Quincy submarket, Greenville submarket, Chester/Lake Almanor submarket and Lake Almanor West submarket were selected from Plumas County.

Although an effort was made to analyze residential market conditions in Sierra City, Sierraville and Loyalton, due to the relatively small size of these particular markets and low

volume of sales, inadequate data was available from which to adequately analyze market conditions and compare to the subject submarkets.

To provide an additional comparison, an analysis of the Glenshire submarket, located in Truckee, California was conducted.

Both the Plumas Board of Realtors and the Tahoe Sierra Board of Realtors have categorized data into various submarkets. For the purposes of analysis, these submarkets have been utilized in this market analysis.

The subject submarkets and competitive submarkets were analyzed for the calendar years 2005, 2006 and 2007. A number of types of indicators were used: volume of sales, median sale price, marketing times, average sale price and average sale price per square foot.

To provide additional analysis, the three submarkets which are the subject of this analysis were combined and analyzed. In addition, the 11 submarkets including the combined study area submarkets were combined to provide an analysis of the total market in comparison to the subject submarkets.

In addition to the statistical analysis, most of the major local brokers and representatives of the Plumas County Assessor's office were interviewed.

Table 1 summarizes the residential sales data by median sale price, volume of sales and average market time.

**ANALYSIS OF RESIDENTIAL SALES DATA – TABLE 1  
 MEDIAN SALE PRICE/AVERAGE MARKET TIME**

Area	Location	2005 No. of Sales Median SP	2006 No. of Sales Median SP	2007 No. of Sales Median SP	2005 Average Market Time	2006 Average Market Time	2007 Average Market Time
1	Portola North	32 \$224,500	29 \$234,000	12 \$215,000	126	170	207
2	Portola South	22 \$184,000	11 \$157,000	3 \$270,000	144	204	288
3	Grizzly Road/Davis Lake	7 \$305,000	4 \$355,000	3 \$349,000	117	80	89
4	Graeagle	25 \$347,000	16 \$371,250	12 \$352,450	141	178	172
5	Plumas Pines	27 \$435,000	10 \$449,750	6 \$451,500	138	153	347
6	Whitehawk	6 \$874,500	7 \$1,025,000	4 \$737,000	193	216	285
7	Quincy	46 \$219,500	36 \$230,000	32 \$248,500	132	149	150
8	Greenville	22 \$175,000	11 \$149,000	8 \$136,000	147	102	194
9	Chester/Lake Almanor	50 \$241,000	18 \$261,500	20 \$236,250	167	202	230
10	Lake Almanor West	12 \$655,000	11 \$615,000	11 \$565,000	195	257	139
11	Glenshire (Truckee)	32 \$540,000	38 \$545,000	18 \$575,000	60	73	105

Source: Plumas Board of Realtors; Tahoe Sierra Board of Realtors

As indicated, Area 1, Portola North, has experienced a decline in volume of sales, from 32 in 2005 to 12 in 2007. Similarly, the area has experienced a decline in median sale price from \$224,500 to \$215,000.

Area 2, Portola South, has experienced a decline in volume of sales from 22 sales in 2005 to 3 sales in 2007. The median sale price, on the other hand, has ranged from \$184,000 in 2005 to \$270,000 in 2007. It should be noted that median prices can be influenced by changes in cost, as well as changes in the characteristics and size of homes sold. Due to low sales volume in some submarkets, median price changes may exhibit unusual fluctuation.

Area 3, Grizzly Road/Davis Lake, had seven sales in 2005 with a median sale price of \$305,000. In 2007, there were three sales with a median sale price of \$349,000.

Table 1A summarizes the median sale price for the three submarkets located within the project study area.

**ANALYSIS OF MEDIAN SALE PRICE – TABLE 1A  
 PROJECT STUDY AREA**

Area	Location	2005 Median Sale Price	2006 Median Sale Price	Percent Change	2007 Median Sale Price	Percent Change	Percent Change 2005-2007
1	Portola – North	\$224,500	\$234,000	+4.23%	\$215,000	-8.12%	-4.23%
2	Portola – South	\$184,000	\$157,000	-14.67%	\$270,000	+71.97%	+46.74%
3	Grizzly Road – Davis Lake	\$305,000	\$355,000	+16.39	\$349,000	-1.69%	+14.43%
12	Total Market (Areas 1 -11)	\$320,893	\$364,641	+13.63	\$346,150	-5.07%	+7.87%
13	Combined Study Area (Portola, North and South; Grizzly Road, Davis Lake)	\$219,131	\$225,750	+3.02	\$246,500	+9.19%	+12.49%

As indicated, Area 1 (Portola North) experienced a 4.23% increase in median price between 2005 and 2006. The submarket experienced an 8.12% decline in median price between 2006 and 2007. Over the three year period, the percentage change is indicated to be -4.23%.

Area 2 (Portola South) experienced a -14.67% change in median price between 2005 and 2006. The area experienced a substantial increase in median price, at 71.97% between 2006 and 2007. Overall, the change in median price during the time frame studied was 46.74%.

Area 3 (Grizzly Road/Davis Lake) experienced a 16.3% increase in median price between 2005 and 2006. Area 3 experienced a -1.69% change in median price from 2006 to 2007 and an overall change in price during the study period of 14.43%.

In comparison, the total market, including Areas 1 through 11, experienced a 13.63% increase in median sale price between 2005 and 2006. The total market experienced a -5.07% change in median price between 2006 and 2007, however, during the study period, the total market experienced an increase in median price of 7.87%.

Area 13, which represents the combined the study area, including Portola North and South, Grizzly Road and Davis Lake, experienced a 3.02% increase in median price between

2005 and 2006 and a 9.19% increase in median price between 2006 and 2007. Overall, the increase in median price during the time period studied is indicated to be 12.49%.

According to the California Association of Realtors, the median price of an existing, single-family detached home in California during December 2007 was \$475,460, a 16.5% decrease from the \$569,350 median for December 2006. The December 2007 median price fell 2.9%, compared with November's revised median price of \$489,570.

Overall, the statewide median price for 2007 was \$558,100, a .3% increase from 2006.

In comparison, the combined study area experienced a 9.19% increase in median sale price between 2006 and 2007.

Table 1B summarizes the average marketing times for the subject submarkets.

**ANALYSIS OF AVERAGE MARKET TIME – TABLE 1B  
 PROJECT STUDY AREA**

Area	Location	2005		2006		2007		Amount of Change	
		Days on Market	Days on Market	Days on Market	Days on Market	Days on Market	Days on Market	Days/Percent	Days/Percent
1	Portola – North	126	170	44	+34.92%	207	37	+21.76%	
2	Portola – South	144	204	60	+41.67%	288	84	+41.18%	
3	Grizzly Road – Davis Lake	117	80	-37	-31.62%	89	9	+11.25%	
12	Total Market (Areas 1 -11)	136	152	16	+11.76%	180	28	+18.42%	
13	Combined Study Area (Portola, North and South; Grizzly Road, Davis Lake)	131	170	39	+29.77%	201	31	+18.24%	

Generally, the three submarkets have experienced increases in marketing times. The exception to this is Area 3, which experienced a decrease in the average marketing time in 2006.

An analysis of the total market indicates an increase in marketing times between 2005 and 2006 of 16 days or 11.6%. The increase in marketing time between 2006 and 2007 was 28 days or 18.42%.

A further analysis indicates that the combined study area including Portola, North and South, Grizzly Road and Davis Lake also experienced increased marketing times during the time frame studied.

Table 2 summarizes the comparable submarkets by average sale price and average sale price per square foot.

**ANALYSIS OF RESIDENTIAL SALES DATA – TABLE 2  
 AVERAGE SALE PRICE**

Area	Location	2005 No. of Sales Average SP	2005 Average SP/SF	2006 No. of Sales Average SP	2006 Average SP/SF	2007 No. of Sales Average SP	2007 Average SP/SF
1	Portola North	32 \$228,278	\$173.46	29 \$256,634	\$161.49	12 \$193,416	\$127.88
2	Portola South	22 \$211,836	\$145.83	11 \$188,582	\$139.96	3 \$237,000	\$158.64
3	Grizzly Road/Davis Lake	7 \$344,128	\$261.41	4 \$476,000	\$282.42	3 \$663,000	\$255.79
4	Graeagle	25 \$366,506	\$222.82	16 \$389,031	\$244.77	12 \$353,283	\$211.88
5	Plumas Pines	27 \$444,230	\$244.90	10 \$445,450	\$307.78	6 \$443,333	\$228.72
6	Whitehawk	6 \$928,833	\$329.36	7 \$946,714	\$384.54	4 \$710,000	\$385.73
7	Quincy	46 \$237,461	\$148.73	36 \$238,069	\$169.60	32 \$239,601	\$160.50
8	Greenville	22 \$172,614	\$134.89	11 \$162,144	\$131.84	8 \$175,375	\$137.73
9	Chester/Lake Almanor	50 \$246,850	\$192.85	18 \$245,417	\$175.76	20 \$243,162	\$175.95
10	Lake Almanor West	12 \$820,750	\$371.41	11 \$800,300	\$330.16	11 \$828,181	\$393.01
11	Glenshire (Truckee)	32 \$562,920	\$308.84	38 \$546,842	\$318.49	18 \$573,067	\$299.98

Source: Plumas Board of Realtors; Tahoe Sierra Board of Realtors

In 2005, the average sale price per square foot of living area was indicated to be \$208.32. This increased to \$227.71 per square foot in 2006, but experienced a slight decline to \$214.85 per square foot in 2007. The average price per square foot represents all of the data within a particular submarket, including the extremes, such as living area, location, quality, type of construction and condition. As a result, average sale price per square foot and per house are considered to be less reliable indicators of market conditions in the subject submarkets.

Table 3 summarizes residential sales volume by submarket.

**TABLE 3  
 RESIDENTIAL SALES VOLUME ANALYSIS**

Area	Location	2005 No. of Sales	2006 No. of Sales	Volume Change	Percent Change	2007 No. of Sales	Volume Change	Percent Change
1	Portola – North	32	29	-3	-9.38%	12	-17	-58.62%
2	Portola – South	22	11	-11	-50.00%	3	-8	-72.73%
3	Grizzly Road – Davis Lake	7	4	-3	-42.86%	3	-1	-25.00%
4	Graeagle	25	16	-9	-36.00%	12	-4	-25.00%
5	Plumas Pines	27	10	-12	-62.96%	6	-4	-40.00%
6	Whitehawk	6	7	+1	+16.67%	4	-3	-42.86%
7	Quincy	46	36	-10	-21.74%	32	-4	-11.11%
8	Greenville	22	11	-11	-50.00%	8	3	-27.27%
9	Chester – Lake Almanor	50	18	-32	-64.00%	20	+2	11.11%
10	Lake Almanor – West	12	11	-1	-8.33%	11	0	0%
11	Glenshire (Truckee)	32	38	+6	+18.75%	18	-20	-52.63%
12	Total Market (Areas 1 -11)	281	191	-90	-32.03%	129	-62	-32.46%
13	Combined Study Area (Portola, North and South; Grizzly Road, Davis Lake)	61	44	-17	-27.87%	18	-26	-59.09%

Generally, the subject submarkets and competitive submarkets have experienced declines in sale volumes over the past three years. Between 2005 and 2006, sales volumes declined in nine of the 11 submarkets surveyed. The total market experienced a decline in sales volume of 32.03% between 2005 and 2006. At the same time, the combined study area experienced a decline in sales volume of 27.87%.

In 2007, nine of the submarkets experienced a decline in sales volume, one submarket experienced an increase, and one submarket experienced no change in volume. The total market experienced a decline in sales volume between 2006 and 2007 of 32.46%. In comparison, the combined study area experienced a decline in sales volume between 2006 and 2007 of 59.09%.

Table 4 summarizes the three submarkets with the total market and with the combined study area.

**TABLE 4  
 RESIDENTIAL SALES VOLUME ANALYSIS  
 PROJECT STUDY AREA**

Area	Location	2005 No. of Sales	2006 No. of Sales	Volume Change	Percent Change	2007 No. of Sales	Volume Change	Percent Change
1	Portola – North	32	29	-3	-9.38%	12	-17	-58.62%
2	Portola – South	22	11	-11	-50.00%	3	-8	-72.73%
3	Grizzly Road – Davis Lake	7	4	-3	-42.86%	3	-1	-25.00%
12	Total Market (Areas 1 -11)	281	191	-90	-32.03%	129	-62	-32.46%
13	Combined Study Area (Portola, North and South; Grizzly Road, Davis Lake)	61	44	-17	-27.87%	18	-26	-59.09%

The California Association of Realtors reports that statewide, annual sales for 2007 were 353,290, a 26% decrease compared with 2006. The decline in sales volume is generally attributable to the subprime mortgage crisis and the resulting credit crunch, which has resulted in limited liquidity or availability of funds, and substantially more stringent underwriting requirements.

**Analysis of 2008 Residential Market**

As a result of the continuing weakening economy, unstable financial market, as well as the ongoing credit and liquidity crunch, the California real estate market, as well as the subject real estate market have continued to experience difficult conditions. The following chart sets forth an analysis of residential sales data for the nine months year to date, comparing the data with 2006 nine months year to date and 2007 nine months year to date. This chart includes the volume of sale, median sale price and average marketing time for each of the submarkets analyzed in this report.

**RESIDENTIAL SALES DATA  
 MEDIAN SALE PRICE/AVERAGE MARKET TIME  
 9 MONTHS YEAR TO DATE**

Area	Location	2006 No. of Sales Median SP	2007 No. of Sales Median SP	2008 No. of Sales Median SP	2006 Average Market Time	2007 Average Market Time	2008 Average Market Time
1	Portola North	18 \$221,500	6 \$215,000	10 \$210,500	141	211	145
2	Portola South	6 \$150,300	2 \$220,500	4 \$116,500	171	268	150
3	Grizzly Road/Davis Lake	5 \$400,000	3 \$349,000	2 \$423,750	113	89	169
4	Graeagle	9 \$480,000	6 \$417,500	4 \$349,750	148	198	80
5	Plumas Pines	8 \$424,750	3 \$455,000	9 \$450,000	157	169	259
6	Whitehawk	5 \$1,000,000	4 \$737,000	3 \$602,000	175	285	170
7	Quincy	21 \$272,500	20 \$268,000	14 \$270,000	149	144	218
8	Greenville	9 \$175,000	5 \$237,000	7 \$122,400	103	215	155
9	Chester/Lake Almanor	12 \$261,500	15 \$225,000	6 \$159,817	170	150	219
10	Lake Almanor West	10 \$647,500	10 \$573,500	7 \$475,000	230	133	224
11	Glenshire (Truckee)	24 \$530,000	14 \$576,500	14 \$452,950	75	92	96
12	Plumas County (Areas 1-10)	103 \$300,000	74 \$292,500	66 \$271,250	155	168	190
13	Combined Target Markets	29 \$241,500	11 \$225,000	16 \$210,500	142	188	149

It should be noted that the Plumas Association of Realtors only maintains data within their database for three years, and as a result, monthly and quarterly data for 2005 was not available.

The following sets forth an analysis of median sale price in the three subject study areas, the combined target market study area and Plumas County (Areas 1 through 10).

**ANALYSIS OF MEDIAN SALES PRICE  
 9 MONTHS YEAR TO DATE**

Area	Location	2006 Median SP	2007 Median SP	% Change	2008 Median SP	% Change
1	Portola North	\$221,500	\$215,000	-2.93%	\$210,500	-2.09%
2	Portola South	\$150,300	\$220,500	+46.71%	\$116,500	-47.17%
3	Grizzly Road/Davis Lake	\$400,000	\$349,000	-12.75%	\$423,750	+21.42%
12	Plumas County (Areas 1-10)	\$300,000	\$292,500	-2.50%	\$271,250	-7.26%
13	Combined Target Markets	\$241,500	\$225,000	-6.83%	\$210,500	-6.44%

As indicated, Portola North experienced a decline in median sale price from 2007 to 2008, year to date, of 2.09%. Portola South, which is a relatively small market, experienced a decline in median sale price of 47.17%, while the Grizzly Road Corridor/Davis Lake submarket experienced an increase in median price from \$349,000 to \$423,750 or 21.42%.

The combined target market experienced an overall decline of 6.44% between 2007 and 2008, while the Plumas County combined market experienced a decline in median sale price of 7.26% between 2007 and 2008.

In comparison, the California Association of Realtors reported that the California median price, statewide, continued to decline. The statewide median price declined to \$350,140 from \$350,890 a month earlier and \$588,670 a year ago. This represents a year to year decrease in median price of 40.5%.

The decline in statewide median is attributed to the number of distress sales, as well as the mix of homes for sale.

The following chart sets forth an analysis of sales volume for the year 2008 year to date and compares it with 2006 and 2007 year to date.

**ANALYSIS OF SALES VOLUME  
 9 MONTHS YEAR TO DATE**

Area	Location	2006 No. of Sales	2007 No. of Sales	# Change % Change	2008 No. of Sales	# Change % Change
1	Portola North	18	6	-12 -66.7%	10	+4 +66.67%
2	Portola South	6	2	-4 -66.67%	4	+2 +100%
3	Grizzly Road/Davis Lake	5	3	-2 -40%	2	-1 -33.33%
12	Plumas County (Areas 1-10)	103	74	-29 -28.16%	66	-8 -10.81%
13	Combined Target Markets	29	11	-18 -62%	16	+5 +45.45%

As indicated, the three submarkets, combined target market and Plumas County (Areas 1 through 10) all experienced declines in the number of sales between 2006 and 2007. On the other hand, Portola North and Portola South both have experienced increases in the volume of sales between 2007 and 2008, while there has been one less sale in the Grizzly Road/Davis Lake submarket between 2007 and 2008. Due to the relatively small size of these markets, percentage changes can be overstated. As a result, the three submarkets were combined for the purposes of additional analysis.

Between 2006 and 2007 the combined target market experienced a significant decline from 29 sales to 11 sales. However, between 2007 and 2008, the combined target market experienced an increase in volume of sales from 11 to 16.

In comparison, Plumas County (Areas 1 through 10) has experienced declines in the volume of sales over the three year time period.

The California Association of Realtors reports the number of sales statewide to have increased for the fourth month in a row. During August 2008, 490,850 homes were sold, representing a 1.8% increase over July 2008 and a 56.7% increase over August 2007. The California Association of Realtors reports that sales gains were in large part driven by the significant number of deeply discounted distressed sales throughout the state.

The following chart sets forth an analysis of average market time for 2008 year to date, comparing with market times during 2006 and 2007 for the same time period.

**ANALYSIS OF AVERAGE MARKET TIME  
 9 MONTHS YEAR TO DATE**

Area	Location	2006 Average Market Time	2007 Average Market Time	2008 Average Market Time
1	Portola North	141	211	145
2	Portola South	171	268	150
3	Grizzly Road/Davis Lake	113	89	169
12	Plumas County (Areas 1-10)	155	168	190
13	Combined Target Markets	142	188	149

Between 2006 and 2007, both the Portola North and Portola South submarkets experienced substantial increases in market times, however, the Grizzly Road/Davis Lake submarket experienced a decline in market times. The combined target markets experienced an overall increase in market times from 142 days to 188 days. In comparison, the Plumas County combined market experienced an increase in market time from 155 days to 168 days.

On the other hand, both Portola North and Portola South experienced declines in average market time during 2008. Portola North experienced an average market time of 211 in 2007, declining to 145 days, year to date, in 2008. Portola South experienced an average market time of 268 days, declining to 150 days in 2008.

However, the Grizzly Road/Davis Lake submarket experienced a substantial increase in market time from 89 days to 169 days. Again, it is noted that there is a relatively small volume of sales which have occurred in the Grizzly Road/Davis Lake submarket.

The average market time for the combined target market has declined from 188 days in 2007 to 149 in 2008.

To summarize, for the nine months year to date 2008, the combined target market has experienced a 6.44% decline in median price, corresponding similarly to the overall Plumas County market with a decline in median sale price of 7.26%. In comparison, the California real estate market has experienced a substantial year to year decrease of 40.5%.

After a substantial decline in year to date sales volume between 2006 and 2007, the volume of sales in the combined target market appears to be recovering, in comparison to the overall Plumas County sales volume figures which show a continuing decrease between 2007 and 2008, although not at the same volume as previously.

The average market time, year to date, has declined to 149 days in 2008, compared to 188 days in 2007. The average market time in 2008 is more similar to market conditions in 2006 with an average market time of 142 days.

The California Association of Realtors projects that there will be a continued increase in the volume of sales, with an overall increase in the State of California of 12% in 2008 and 12.5% in 2009. The median sale price of existing single-family homes in California will continue to be influenced by seasonal fluctuations, as well as downward pressure on prices from distressed sales.

Recreational markets, such as the subject submarkets and the greater eastern Plumas County residential market are more susceptible to changes in economic conditions. With the current credit crunch, increased unemployment, fears about recession and declines in consumer confidence, potential buyers are less inclined to re-purchase recreation homes or second homes.

On the other hand, the changes in median sale price, sales volume and average marketing times in the subject submarkets and Plumas County as a whole have not been as dramatic as those experienced in the greater California real estate market.

In addition to the residential statistic analysis, interviews were conducted with various real estate brokers in the subject study area. A majority of these individuals indicated that 2005 represented the high point in the market in Portola and along the Grizzly Road Corridor and Davis Lake, as well as eastern Plumas County. Since that time, these individuals indicated that the market has experienced a decline, which they attribute to the subprime mortgage crisis and the resulting credit crunch and more stringent underwriting requirements. A number of brokers interviewed indicated that adverse publicity regarding the mortgage crisis has had a negative influence on the residential market. With the exception of one real estate firm, the remainder of the real estate firms indicated that the 2007 Pike Eradication Project at Lake Davis has had no impact on sales activity, and that there were far greater

problems affecting the market place than the Pike Eradication Project. It should be noted that all of the Brokers make full disclosure of the Pike Eradication project in purchase and sales agreements.

The data suggests that there may have been an increase in marketing time in the submarkets during 2007, however this could be attributable to sellers not acknowledging the changes occurring in the marketplace and buyers waiting for prices to further decline. In any event, the increase in marketing times appears to be temporary, and did not have a measurable impact on pricing levels within the subject submarket.

Overall, the subject study market areas have tended to reflect general market conditions in the greater Plumas County area and have performed superior to the general market conditions currently being experienced in the California residential marketplace. The decline in the residential real estate market in the subject submarkets is attributable to a weakening economy, the subprime mortgage crisis and the resulting credit crunch and more stringent underwriting requirements, as opposed to any single local event.

**REAL ESTATE ANALYST'S CERTIFICATION**

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, conclusions and recommendations.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the neighborhoods which are the subject of this report.

- No one provided significant real property appraisal or appraisal consulting assistance to the person signing this certification.
- As of the date of this report, Reese Perkins has completed the continuing education program of the Appraisal Institute.

Respectfully Submitted,

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

**QUALIFICATIONS OF APPRAISER  
REESE PERKINS**

**Professional Designations**

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

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

**License**

State of Nevada, Certified General Real Estate Appraiser, #A.0000120-CG,  
Expiration date 4/30/09

**Membership**

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

**Offices Held**

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

**Appraisal Experience**

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

**QUALIFICATIONS OF APPRAISER  
REESE PERKINS**

**Appraisal Education**

Society of Real Estate Appraisers:

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

American Institute of Real Estate Appraisers:

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

Appraisal Institute:

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

Appraisal Foundation

1999 USPAP Review		1998
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**Appraisal Seminars**

Various Appraisal and Continuing Education Seminars		1974-2007
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**QUALIFICATIONS OF APPRAISER  
REESE PERKINS**

**Formal Education**

Tonopah High School Graduate, 1967

Bachelor of Arts Degree in Political Science - University of Nevada, Reno, 1972

**Representative Appraisal Clients**

AEGON USA Realty Advisors, Inc.

Airport Authority of Washoe County

AMB Institutional Realty Advisors

American Federal Savings Bank

ARCS Commercial Mortgage Corp.

AT&T Communications

Bank of America

Bank of the West

BHP Copper

California Department of Justice

Carson City

Caughlin Ranch Partnership

Centex Real Estate Corporation

CitiBank

City of Reno

City of Sparks

Coates Field Services, Inc.

Colonial Bank

Department of the Navy

Dermody Properties

Douglas County

Douglas County Assessor's Office

Federal Deposit Insurance Corporation

First Federal Lincoln

First Independent Bank of Nevada

First Merit Bank, N.A.

GMAC Commercial Mortgage Co.

Great Western Bank

Granite Construction Co.

Guardian Life Insurance Co.

Home Federal Savings Bank

Internal Revenue Service

KeyBank

McDonald's

Nevada Department of Transportation

Nevada Mining Association

Nevada State Bank

P.W. Funding

Redevelopment Agency of the

City of Reno

Regional Transportation Commission

Reno Housing Authority

Shelter Properties

Sierra Pacific Power Company

St Mary's Regional Medical Center

Summit Engineering Corporation

Texaco, Inc.

The CIT Group

The Howard Hughes Corporation

The Rouse Company

Truckee Meadows Community College

U.S. Bank

U.S. Department of Commerce

U.S. Forest Service

U.S. Postal Service

Union Oil Company

University Of Nevada

Various Private Clients, Law and

Accounting Firms

Washoe County

Washoe County School District

Washoe Medical Center

Wells Fargo Bank

Williams Communications, Inc.

**QUALIFICATIONS OF APPRAISER  
REESE PERKINS**

**Types of Property Appraised**

Single Family Residences  
Condominiums  
Vacant Residential Lots  
Professional Office Buildings  
Warehouses and Industrial Buildings  
Shopping Centers  
Communication Sites  
Motels  
Residential Subdivisions  
Vacant Land  
Commercial Buildings  
Apartment Complexes  
Subdivisions  
Hotels  
Hotel/Casinos

**Admitted as Expert Witness**

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