

**APPRAISAL REPORT
REAL ESTATE APPRAISAL**

Of
JYS Hurlock Avenue



9290 Hurlock Avenue, Juneau

AK, 99801

As of
December 14, 2017

Prepared For
Mr. Dan Bleidorn
City and Borough of Juneau
Juneau, AK, 99801

Prepared by
RAMSEY APPRAISAL RESOURCE
Roger Ramsey, Alaska-AA 570

File Name:
RAR 17-025

RAMSEY APPRAISAL RESOURCE

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AK, 99801

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January 4, 2017

Mr. Dan Bleidorn
City and Borough of Juneau
Juneau, AK
99801

Re: Appraisal Report, Real Estate Appraisal
JYS Hurlock Avenue
9290 Hurlock Avenue, Juneau,
AK, 99801

File Name: RAR 17-025

Dear Mr. Bleidorn:

At your request, I have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject property is developed to function as a group home. There is one main building and a number of out buildings. This use requires a conditional use permit in the D-5 zoning district.

Please reference page 9 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

I certify that I have no present or contemplated future interest in the property beyond this estimate of value. The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 7). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, I note the following:

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), I have made the following value conclusion(s):

Current As Is Market Value:

The “As Is” market value of the Fee Simple estate of the property, as of December 14, 2017, is

Three Hundred Fifty Thousand Dollars (\$350,000)

The market exposure time preceding December 14, 2017 would have been 2 months and the estimated marketing period as of December 14, 2017 is 6 months.

Respectfully submitted,
Ramsey Appraisal Resource



Roger Ramsey,
Alaska-AA 570

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Summary of Important Facts and Conclusions

GENERAL

Subject:	JYS Hurlock Avenue 9290 Hurlock Avenue, Juneau, AK, 99801
	The subject property is developed to function as a group home. There is one main building and a number of out buildings. This use requires a conditional use permit in the D-5 zoning district.
Owner:	City and Borough of Juneau
Legal Description:	USS 381 FR
Date of Report:	January 4, 2017
Intended Use:	The intended use is to help set fair market value.
Intended User(s):	The property owner.
Assessment:	The subject is operated by Juneau Youth Services, which is a nonprofit and for this reason it is not assessed by CBJ
Sale History:	The subject has not sold in the last three years, according to public records.
Current Listing/Contract(s):	The subject is not currently listed for sale, or under contract.

Land:

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
Parcel 1	0.83	36,122	0.83	36,122	Level	rectangular

Notes:

Improvements:

Building Summary					
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Number of Building Units Name/ID
JYS Group home	1967	Fair	1.0	5,592	0 JYS Group home
Classroom and offices	Moved to subject site in 1997	Average	1.0	944	6 Classroom and c
Laundry and storage	Unknown	Fair	1.0	520	0 Laundry and sto
Shop	Unknown	Average	1.0	320	0 Shop

Notes:

Zoning: D-5**Highest and Best Use of the Site:** Subdivision**Highest and Best Use as Improved:** Subdivision**Type of Value:** Market Value**VALUE INDICATIONS****Land Value:** \$350,000**Sales Comparison** \$350,000**Approach:**

Reconciled Value(s):	<u>As Is</u>
Value Conclusion(s)	\$350,000
Effective Date (s)	December 14, 2017
Property Rights	Fee Simple

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Ramsey Appraisal Resource. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Ramsey Appraisal Resource's regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Ramsey Appraisal Resource has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Mr. Dan Bleidorn, City and Borough of Juneau. The problem to be solved is to estimate the 'as is' market value of the subject property. The intended use is for to help set fair market value. This appraisal is intended for the use of property owner.

SCOPE OF WORK	
Report Type:	This is a Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number.
Inspection:	A complete interior and exterior inspection of the subject property has been made, and photographs taken.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.
Highest and Best Use Analysis:	A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.
Type of Value:	Market Value

Valuation Analyses

Cost Approach:	A cost approach was not applied as the age of the improvements makes the depreciation difficult to accurately measure.
Sales Comparison Approach:	A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.
Income Approach:	An income approach was not applied as while the subject could generate an income stream, the most probable buyer is an owner-occupant, if the improvements were going to be reused.
Hypothetical Conditions:	<ul style="list-style-type: none">• There are no hypothetical conditions for this appraisal.
Extraordinary Assumptions:	<ul style="list-style-type: none">• There are no Extraordinary Assumptions for this appraisal.

Comments

In the process of completing this valuation the appraiser spoke with a number of developers to get their ideas about the property as it is currently developed and its potential. Additionally the appraiser research sales of properties which were operating under a conditional use permit to see how they transacted.

On my site inspection on 12/14/2017 I measured each building's exterior and viewed and photographed the interiors.

To grasp the history of the property I researched the files on it at CBJ planning. Additionally I talked with Gus Marks, who has been involved with JYS since the early 2000s and had the best understanding of its history in the JYS organization. I obtained the best plats and maps available for the subject, from CBJ and found AKDOT right of way map which gave some delineation to the property. On the right of way map I also found the small easement which encumbers the property.

I researched CBJ code for potential uses of the subject and talked with Allison Eddins from CBJ planning about the potential for subdivision.

Market Area Analysis

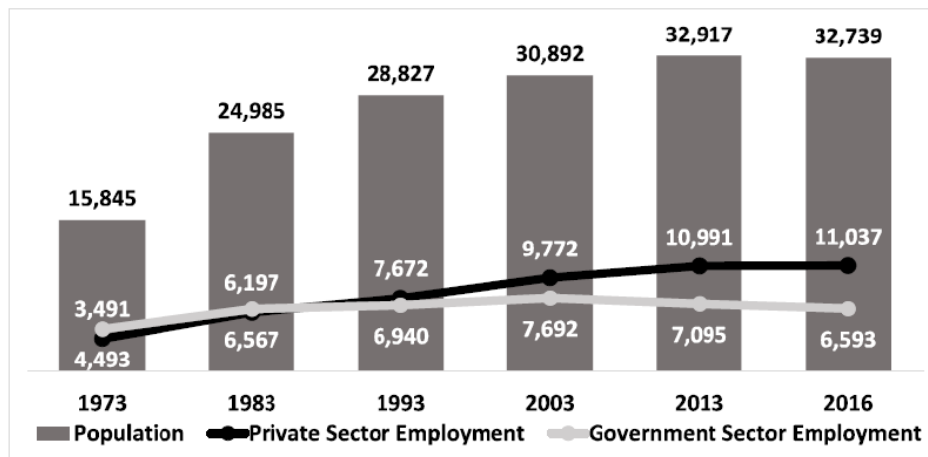
Some of the best analysis in regards to the Juneau areas current market condition, has been performed by Juneau Economic Development Council. The Juneau market relies on their analysis to make decisions on how to move forward. A recent report has just been published and I have included excerpts from it to indicate the current condition of the Juneau market. The following italicized print and tables are excerpts from their 2017 report, that I thought were the most telling. Since this report is about a year old with the 2017 report set to come out in September, I researched and updated the numbers as much as possible. I will follow this up with my conclusion. For the whole report please go to: [http://www.jedc.org/sites/default/files/Final 2017 JEDC Economic Indicators report.pdf](http://www.jedc.org/sites/default/files/Final%202017%20JEDC%20Economic%20Indicators%20report.pdf)

The following are excerpts from the report:

In the decades since 1973, Juneau's population has more than doubled, from 15,845 to 32,739, growing at a compound growth rate of 1.8 percent. During this time, employment grew at a compound rate of 1.9 percent, slightly surpassing population growth.

A milestone was reached in 1985. Prior to that year, Juneau was a town dominated by government jobs. That year the private sector employment surpassed government employment. Both sectors continued to expand until 2003 when the government sector reached its all-time high average monthly employment of 7,692. Since then, government employment has been in decline while the private sector has continued to expand at just under 1 percent compound growth. This growth in the private sector occurred as a direct result of the need for services and retail goods for the growing population. The opening of two mines in the area and the explosion in number of cruise visitors to Alaska were additional significant contributors to private employment growth in the last decade.

Figure 1: Juneau Population and Average Monthly Employment 1973 - 2016



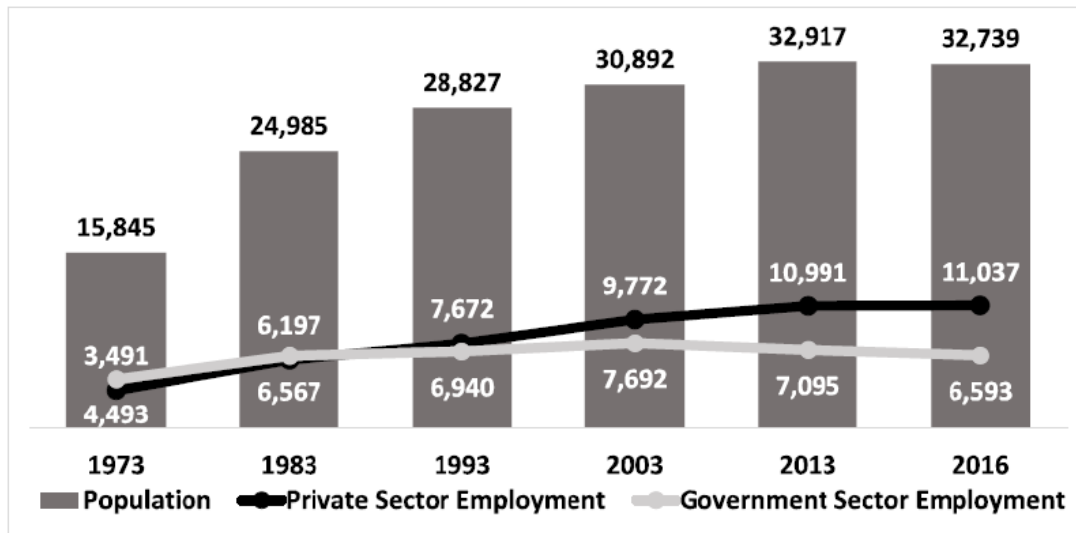
Source: Alaska Department of Labor and Workforce Development

In 2016, Juneau's average monthly employment declined by 300, from 17,930 in 2015 to 17,630. This decline was due to a loss of 239 government jobs combined with a loss of 61 private sector jobs. Despite the losses, total earnings in Juneau

Juneau by the Numbers

	2016	% Change from 2015	
Employment and Wages			
Total Payroll (Millions)	\$911.9	↑	0.2%
Government (Millions)	\$422.3	↓	-0.2%
Service Sector (Millions)	\$344.9	↑	0.4%
Goods-Producing (Millions)	\$144.8	↑	1.2%
Average Wage	\$51,720	↑	1.9%
Average Monthly Employment	17,630	↓	-1.7%
Service Sector	9,193	↓	-0.7%
Goods-Producing	1,844	↑	0.1%
State of Alaska	3,837	↓	-6.3%
Local and Tribal	2,064	↑	1.1%
Federal Civilian	692	↓	-0.1%
Fishermen and Crew (Juneau Residents)	745	↓	5.1%
Unemployment	4.4%	↓	-6.4%
Demographics			
Population	32,739	↓	-1.6%
0 - 19 Year-Olds	8,050	↓	-1.7%
20 - 39 Year-Olds	9,222	↓	-2.8%
40 - 59 Year-Olds	9,322	↓	-2.7%
60 and Over	6,145	↑	3.9%
Median Age	38.0	↑	1.1%
Business Sales			
Gross Business Sales (Millions)	\$2,421	↑	7.3%
Tourist-Related Business Sales (Millions)	\$295	↑	8.4%
Construction and Housing			
New Housing Unit Permits	248	↑	96.8%

Figure 1: Juneau Population and Average Monthly Employment 1973 - 2016



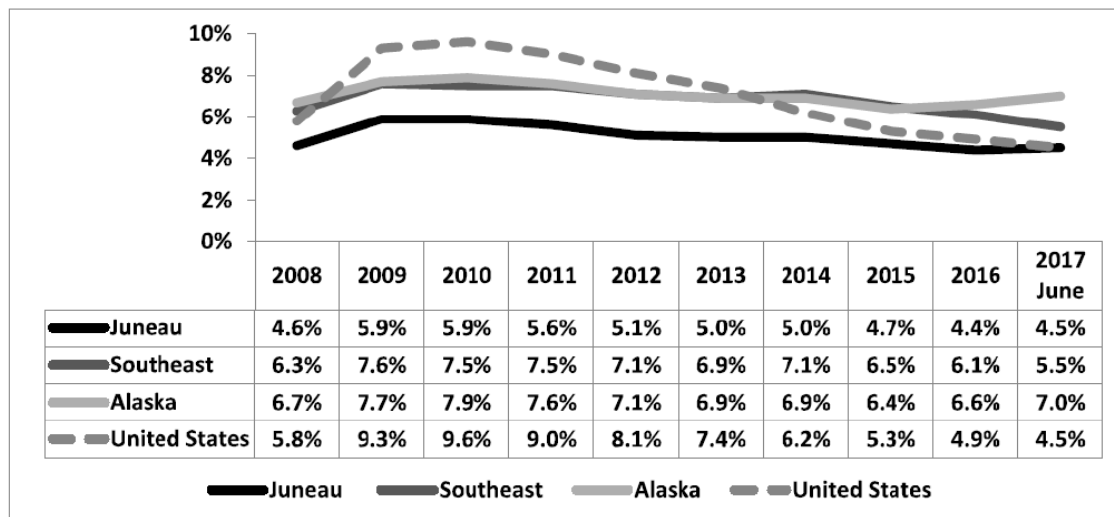
Source: Alaska Department of Labor and Workforce Development

In 2016, Juneau's average monthly employment declined by 300, from 17,930 in 2015 to 17,630. This decline was due to a loss of 239 government jobs combined with a loss of 61 private sector jobs. Despite the losses, total earnings in Juneau As of July 2017 the estimate is 4.5%, which is up .5% from 2016

Unemployment

The unemployment rate in Juneau for June 2017 was 4.5 percent (not seasonally adjusted). One year ago, the comparative June 2016 unemployment rate was 4.4 percent. The fact that Juneau's unemployment rate has tracked even with last year and is slightly below 2015, despite two years of state government job losses, may be because workers are retiring rather than looking for work, or because they are relocating out of the community. Juneau consistently has had lower unemployment than the rest of Southeast Alaska and the nation. Alaska's unemployment rate is the highest in the country.

Figure 20: Average Annual Unemployment Rate 2008 -2016 and June 2017 (Not Seasonally Adjusted)



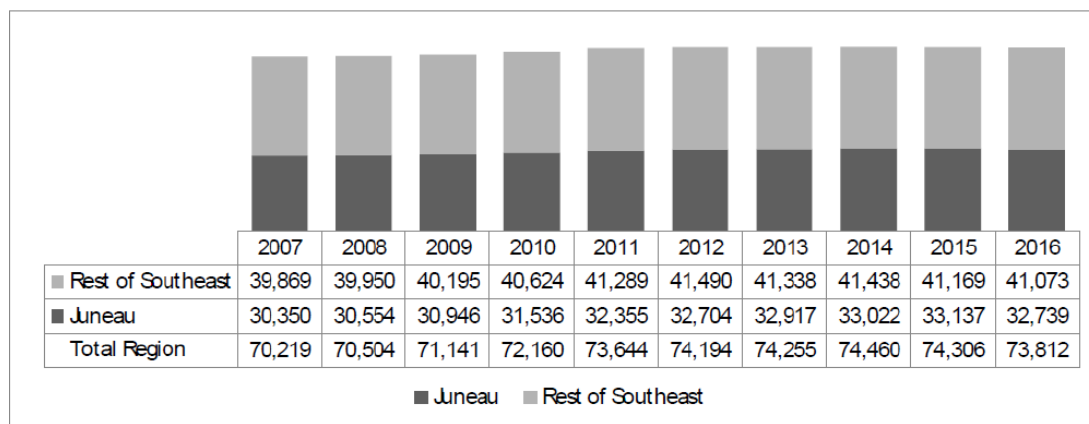
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, Employment and Employer Data

Juneau Population Trends

In 2016, Juneau experienced its first population decline in ten years. The July 2016 population estimate was 32,739, a drop of almost 400 from 2015. This drop ended Juneau's most recent growth spurt, from 2007 to 2015, during which time the population grew by just over 2,800 residents.

Over the past ten years, Juneau's population grew at a compound annual growth rate of 0.1 percent, the Southeast region exclusive of Juneau grew at 0.3 percent, and the State of Alaska enjoyed a 0.8 percent compound annual growth rate in population.

Figure 30: Juneau and Southeast Alaska Population, 2007 – 2016



Source: Alaska Department of Labor and Workforce Development, Research & Analysis, Population Estimates

Although Juneau experienced a small out-migration of population from 2013 to 2015, the natural increase (births over deaths) more than compensated for the decrease. In 2016 the net out-flow was greater than the natural increase, resulting in a population decrease of just under 400 people.

As of August 2017 the population for Juneau in 2016 was 32,739. This is down 1.6%.

New Dwelling Units Added to Juneau through Permits Issued

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single Family*	44	39	28	54	43	58	45	40	
Multi-Family**	21	11	35	70	158	37	178	30	
Accessory Apartments	11	12	10	18	14	31	25	12	
Subtotal	76	62	73	142	215	126	248	82	
Manufactured Home (RV's), and Caretaker Units	13	5	4	14	10	5	4	2	
Gross Total	89	67	77	156	225	131	252	84	
Dwelling Units Demolished	10	11	13	24	17	50	11	4	
Net Total	79	56	64	132	208	81	241	80	

*Single Family includes attached homes (townhomes).

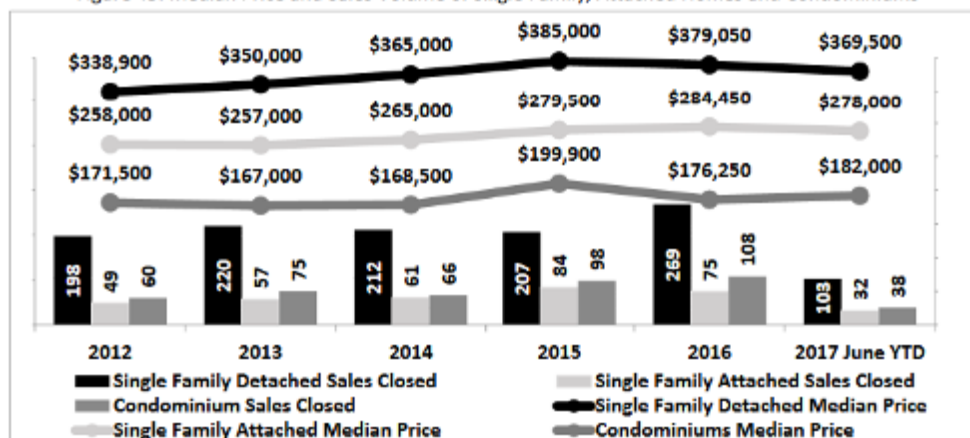
**Multi-Family includes duplex, tri-plex, four-plex, condo, and apartment dwelling.

The above is updated information from CBJ planning. As can be seen 2016 had a record number of multifamily units permits issued and 2017 is a rebalance year. SFR permitting seems to be holding up in 2017.

Juneau Home Sales and Prices

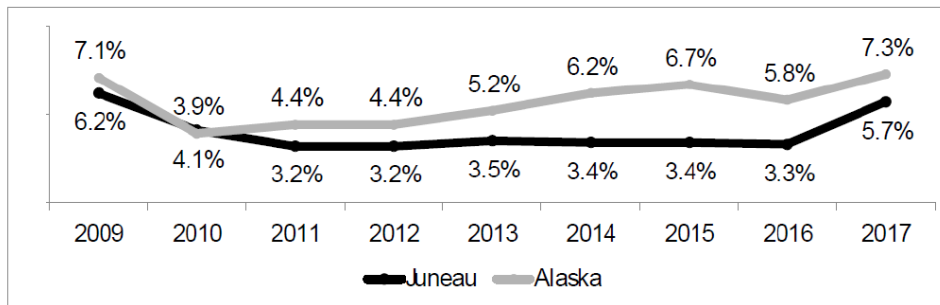
Single family home sales were up by 30 percent in 2016 over 2015, with 269 units changing hands. Condo sales were up 10 percent, while single family attached home sales were down 11 percent. The median transaction price for single family homes was down slightly in 2016, although still well above 2014 prices, at \$379,050.

Figure 45: Median Price and Sales Volume of Single Family, Attached Homes and Condominiums



Source: Southeast Alaska Multiple Listing Service.

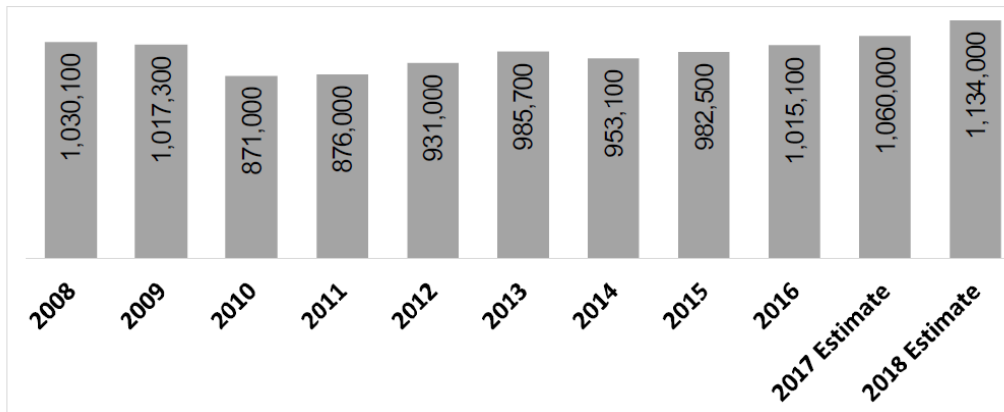
Figure 48: Vacancy Rate for Juneau and Alaska for All Unit Types, 2009 -2017



Source: Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and Alaska Housing Finance Corporation, 2017 Rental Market Survey (March).

As can be seen, in 2016 the vacancy rate was 3.3%. Now the vacancy rate is estimated at 5.7% per the table above.

Figure 55: Cruise Passengers Visiting Juneau, 2008 - 2018 (Projected Estimate)



Appraisers Conclusion

So there is some telling information included in the foregoing tables and analysis. The population has decreased, supply in multifamily has increased while the vacancy rate while still at a reasonable rate, lower than typical level is creeping up.

This generally indicates supply and demand for multifamily in Juneau is moving more towards the average for the State, as opposed to the very tight market seen from 2011 to 2016, where vacancy rates hovered in the lower 3% range. That said my interviews with local developers indicate that the population estimates might be off. They indicate that demand is still fairly good for new single family residences, which is indicative of a growing population. One developer Rich Peterson, said he sold 3 SF residences over the 2017 holiday season. He also said that he keeps track of the U-Haul trucks in Juneau and that a lack of trucks means out migration. He said there is still a large number of trucks in town, indicating people moving in. Therefore my conclusion is that the Juneau market and population is stable.

Location Map



Property Description

The subject property is developed to function as a group home. There is one main building and a number of out buildings. This use requires a conditional use permit in the D-5 zoning district.

SITE	
Location:	The subject is located on the south east corner of the Hurlock Avenue and Mendenhall Loop Rd intersection.
Current Use of the Property:	The subject is currently improved with a residential facility used to house young people in need of transitional housing. It has a staff office area, common areas and bedrooms. There are a few detached buildings, one used for councilor offices and training and the other two for storage, laundry and maintenance shop.
Site Size:	Total: 0.83 acres; 36,122 square feet Usable: 0.83 acres; 36,122 square feet All of the subject is flat and level with grade, offering good utility for development
Shape:	The site is roughly rectangular.
Frontage/Access:	The subject property has good access with frontage as follows: <ul style="list-style-type: none"> • Hurlock: 304 feet • Mendenhall Loop Rd: 119 feet The site has an average depth of 183 feet. It is a corner lot.
Visibility:	Good
Topography:	The subject has level topography at grade and no areas of wetlands.
Soil Conditions:	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Utilities:	Electricity: The site is served by public electricity. Sewer: City sewer Water: City water Adequacy: The subject's utilities are typical and adequate for the market area.
Site Improvements:	<ul style="list-style-type: none"> • Sidewalks on Mendenhall Loop Rd

- Ditch along Hurlock and Mendenhall Loop Rd
- The landscaping consists of lawn and shrubbery
- Some old paving was noted in the parking areas

Flood Zone:

FEMA Map Number: 02110C1527D

FEMA Map Date: August 19, 2013

The subject is on the edge of the Duck creek flood zone. Very small portions may be in the designated flood zone, but from my observations it is a very small amount. Please see flood maps, following.

Wetlands/Watershed: No wetlands were observed during our site inspection.

Environmental Issues: There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.

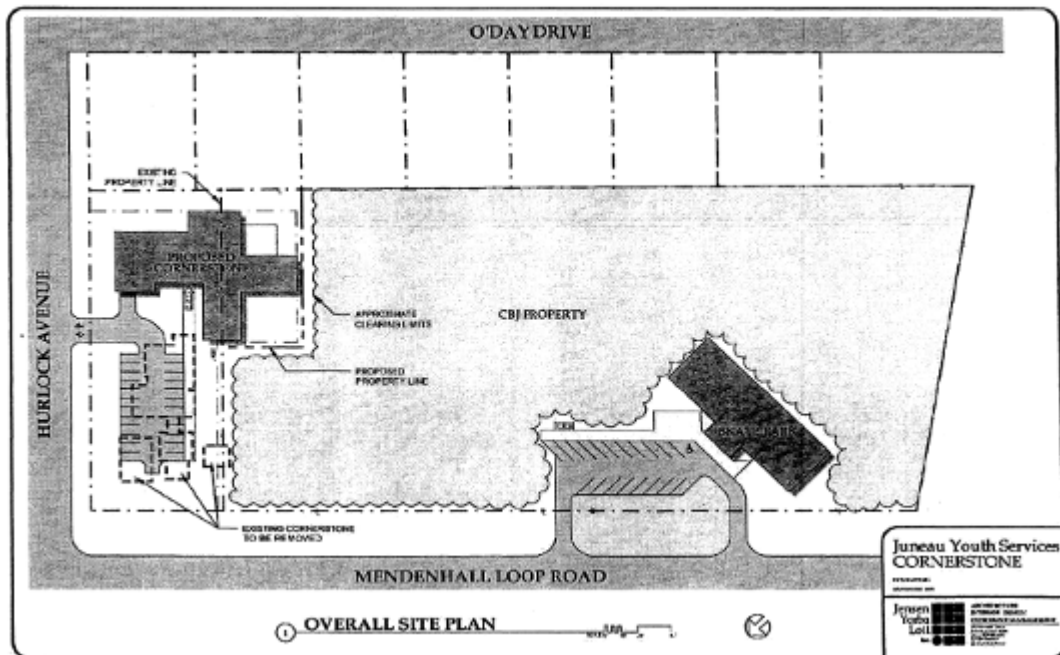
**Encumbrance /
Easements:** Per the right of way plans a small corner of the subject at Hurlock and Mendenhall Loop has a drainage easement. Please see right of way map.

Site Comments: This is a fully developable site, with very good overall utility. The flood maps indicate a portion may be in the flood zone but this is within the setback as is the AKDOT&PF drainage easement and neither affect the utility of the subject.

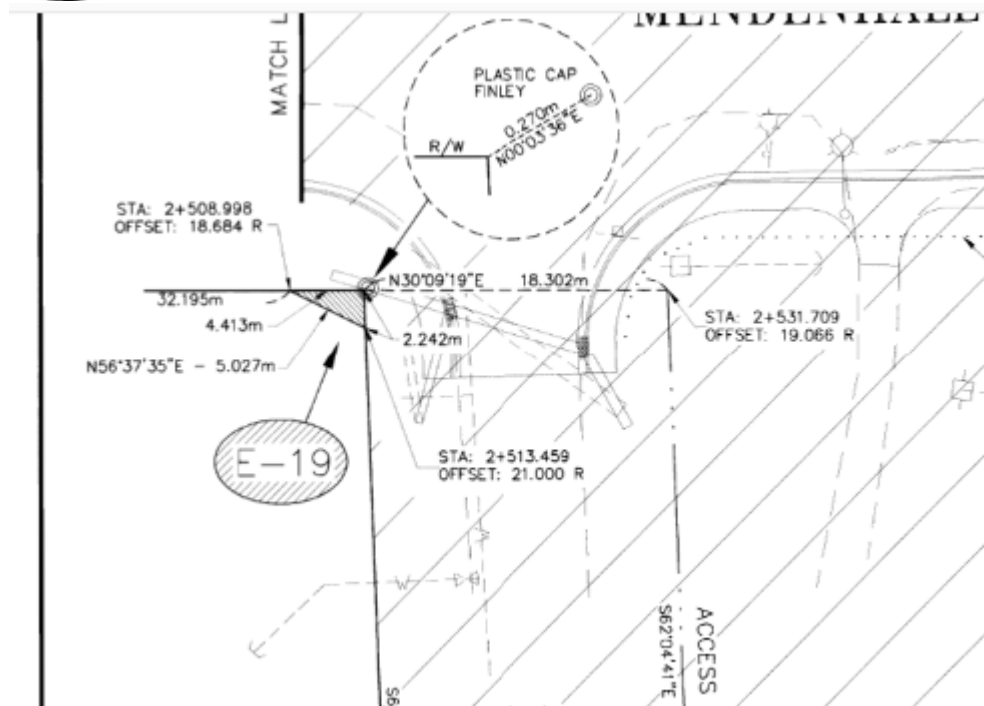
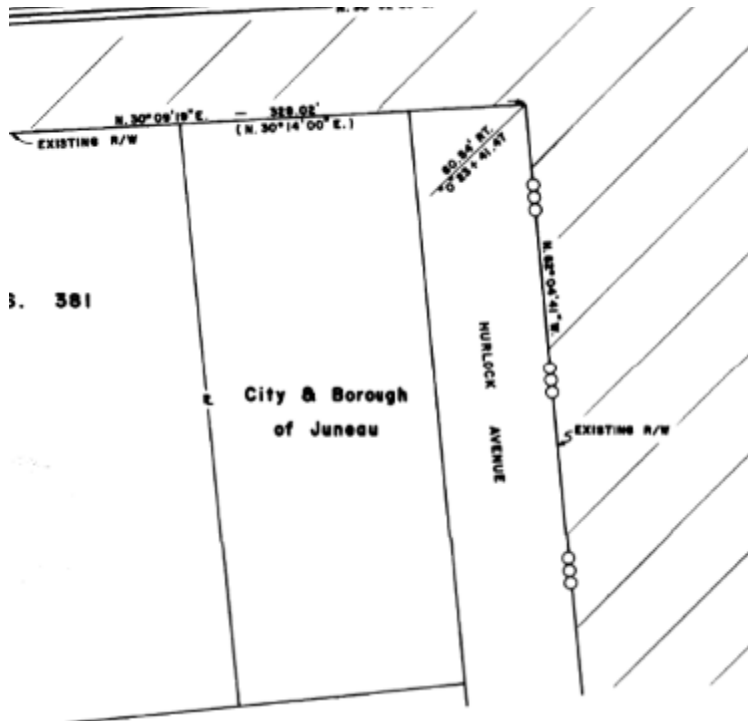
Site Plan



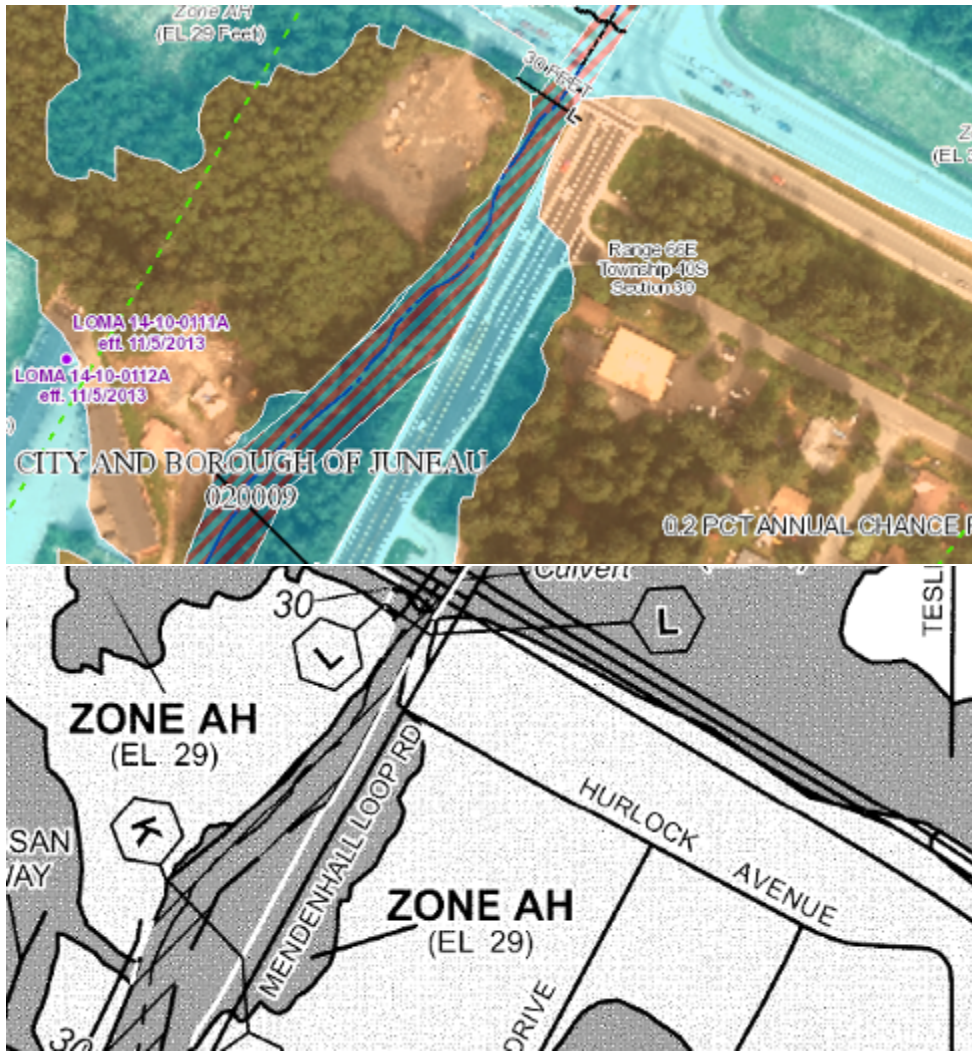
Above is an aerial photo of the subject with the property lines roughly delineated, based on a CBJ parcel projection. The purple line indicates public water and the brown line is public sewer, and based on CBJ projections. I was unable to find an as-built survey of the subject property, or any recorded survey plat delineating the subject lot and its dimensions. The following drawing by Jensen, Yorba, Lott (Showing a 2012 proposed plan), indicates the laundry building is over the line, as does the aerial photo above.



Following are AKDOT&PF Right of way plats, showing the subject.



The above right of way plat shows the area of the subject encumbered by a drainage and slope easement. My calculations put it at approximately 53SF. This plat is recorded at 2006-10, Juneau recording district.



Above are excerpts of flood maps. These maps indicate the western edge of the subject property may be in a flood zone.

IMPROVEMENTS DESCRIPTION

Development/Property Name: JYS Hurlock Avenue

Property Type: Multifamily

Overview: The subject property is developed to function as a group home. There is one main building and a number of out buildings. This use requires a conditional use permit in the D-5 zoning district.

Building Summary					
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Number of Building Units Name/ID
JYS Group home	1967	Fair	1.0	5,592	0 JYS Group home
Classroom and offices	Moved to subject site in 1997	Average	1.0	944	6 Classroom and c
Laundry and storage	Unknown	Fair	1.0	520	0 Laundry and sto
Shop	Unknown	Average	1.0	320	0 Shop

Notes:

GENERAL - JYS GROUP HOME

Building Identification: JYS Group home

Building Description: The improvements on the subject property are an assortment of buildings designed to accommodate teens in need in a group home setting.

Construction: wood, modular

Construction Quality: Average

Year Built: 1967

Renovations: 2010 Kitchen, 2015 roof

Effective Age: 25 years

Remaining Useful Life: 25

Condition: Fair

Appeal/Appearance: Fair

Areas, Ratios & Numbers: Number of Stories: 1.00
Gross Building Area: 5,592

FOUNDATION, FRAME & EXTERIOR - JYS GROUP HOME

Foundation:	Poured concrete footings
Exterior:	Wood and vinyl
Windows:	Casement & Fixed Casement
Roof/Cover:	Gable / Membrane and shingles

INTERIOR - JYS GROUP HOME

Interior Layout:	Average
Floor Cover:	Carpet, Linoleum, laminate
Walls:	Painted drywall
Ceilings & Ceiling Height:	mix of Acoustic ceiling panels, exposed rafters, and drywall / 8 to 10
Lighting:	A mix of fluorescent and incandescent lighting.
Restrooms:	Restrooms

MECHANICAL SYSTEMS - JYS GROUP HOME

Heating:	Oil fired hot water radiant
Cooling:	None
Electrical:	Typical and functional
Plumbing Condition:	good and functional
Sprinkler:	Dry sprinkler system
Other:	Commercial kitchen
Comments, JYS Group home:	This building is set up to be a group home. It has an area designed to be more independent living for transitioning young adults that has rooms with a shared kitchen. It has an area that has rooms and a commercial kitchen.

Building 2**GENERAL - CLASSROOM AND OFFICES**

Building Identification:	Classroom and offices
--------------------------	-----------------------

Building Description:	This is a modular building brought here from Glacier Valley Elementary in 1997
Construction:	Wood frame, modular
Construction Quality:	Average
Year Built:	Moved to subject site in 1997
Renovations:	new roof shingles 2015
Effective Age:	20 years
Remaining Useful Life:	30
Condition:	Average
Appeal/Appearance:	Average
Areas, Ratios & Numbers:	Number of Stories: 1.00 Gross Building Area: 944

FOUNDATION, FRAME & EXTERIOR - CLASSROOM AND OFFICES

Foundation:	Concrete stem wall
Exterior:	sheet wood
Windows:	wood with additional storm window pane.
Roof/Cover:	Shingle/ Shingle

INTERIOR - CLASSROOM AND OFFICES

Interior Layout:	Average
Floor Cover:	Carpet, Linoleum
Walls:	Painted drywall
Ceilings & Ceiling Height:	Drywall / 8
Lighting:	A mix of fluorescent and incandescent lighting.
Restrooms:	1 bathroom with tub

MECHANICAL SYSTEMS - CLASSROOM AND OFFICES

Heating:	Oil Fired forced air
Comments, Classroom and offices:	This is a modular building brought here from Glacier Valley Elementary in 1997. It functions well enough for its intended use of providing a training classroom and a couple offices.

Building 3

GENERAL - LAUNDRY AND STORAGE

Building Identification:	Laundry and storage
Building Description:	This is a storage and laundry building. A portion of this building is over the property line.
Construction:	Wood frame
Construction Quality:	fair
Year Built:	Unknown
Effective Age:	30 years
Condition:	Fair
Appeal/Appearance:	Fair
Areas, Ratios & Numbers:	Number of Stories: 1.00 Gross Building Area: 520

FOUNDATION, FRAME & EXTERIOR - LAUNDRY AND STORAGE

Foundation:	concrete slab
Comments, Laundry and storage:	This building is partially over the property line.

Building 4

GENERAL - SHOP

Building Identification:	Shop
Building Description:	work shop on post and pier
Construction:	Wood frame
Construction Quality:	Average

Year Built:	Unknown
Effective Age:	30 years
Remaining Useful Life:	20
Condition:	Average
Appeal/Appearance:	Average
Areas, Ratios & Numbers:	Number of Stories: 1.00 Gross Building Area: 320
Comments, Shop :	This is a shop used for maintenance, of JYS buildings.

PARKING

Parking Type and Number of Spaces:	Type: Paved and gravel open surface parking Condition: Average
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PROPERTY ANALYSIS

Design & Functional Utility:	The subject improvements are older, lower quality, patched together improvements. This said they function fine for their intended use.
Deferred Maintenance:	The subject property has some areas of deferred maintenance. The appraiser noted some rot on siding where it touched the ground. Also one of the sky lights in the main portion of the building is leaking.
Comments:	The property has been developed and maintained through the years to accommodate its intended use of a group home. This use is allowed in this zoning only by way of a conditional use permit. Any adaption to any other use that is not residential in nature, or an allowed use will require a conditional use permit.

Americans With Disabilities Act

Please reference the Limiting Conditions and Assumptions section of this report on page 8.

Hazardous Substances

Please reference the Limiting Conditions and Assumptions section of this report on page 8.

Ramsey Appraisal Resource



Subject Photographs

Above is a panoramic photo of the subject with Hurlock Ave to the left and Mendenhall Loop Rd to the right



The above photo above left is the frontage along Mendenhall Loop Rd. Above right shows the intersection of Egan and Mendenhall Loop as viewed from the subject corner at Hurlock and Mendenhall Loop.



The above photos show the subject main building and the class room on the far right, as viewed from the street.



Pictured above left is the porch and north side of the classroom building. Pictured right is the court yard between the main building and the classroom building which is on the left.



Pictured left is the laundry, storage building. This is the building that is noted to be over the property line. The appraiser is not sure if it is just the addition on the right side which has no foundation that is over the line or if the portion with the concrete foundation is over the property line. Based on the JYL drawing it may just be the addition. Pictured right is the rear of the main building with the laundry and storage building to the left.



Picture above are some of the areas of deferred maintenance that the appraiser noted on the exterior. Some rotting siding on the west wing of the main building and rotting fascia above the main entrance to the main building.



Pictured above left is the main buildings south side. Note the elevated portion of the roof has a tan roofing membrane, this is actually the roof cover for the whole main building, not including the west wing. Pictured right is the maintenance shop building. It has unconditioned storage in the attic, accessed by dangerous exterior stairs in the back.



Pictured above left is the entrance foyer. To the right in this picture you can see one of the radiant heaters near the floor and the counter to the reception offices. The glass door in the back leads to the independent living area where there is a kitchen, living room, four bedrooms and two baths.

Pictured right above is a view from the entrance area to the living area of the group home. This area has four bedrooms which have bunk style beds, a recreation room which also works as a bunk room right off the living area and a commercial kitchen.



Above left is the conference room off the living room. Above right is the living room of the group home with the commercial kitchen in the rear of the photo and the rec room through the doorway to the left.



Pictured above left is the commercial grade kitchen, with a large commercial grade range and hood, a triple stainless sink, solid surface counters and island, linoleum flooring, dishwasher and floor drain.

Pictured right is an example of one of the bunk rooms

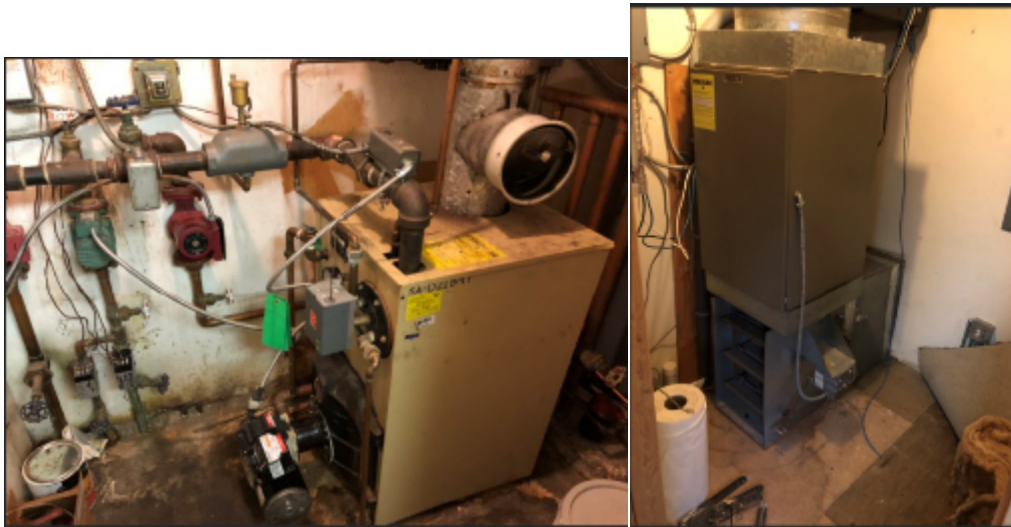


Pictured above left is the one group style bathroom with four toilets and two showers. The rest of the 4 bathrooms, throughout the buildings, are individual use bathrooms.

Pictured right above is the kitchen in the independent living section.



Pictured above left is the classroom area of the satellite building. Pictured right are the windows of the classroom. Note they are opaque from age and in need of an upgrade.



Pictured above are the heating systems for the main building and classroom building. Pictured left is the boiler for the main building. Pictured right is the forced air heater for the classroom building.

Assessment and Taxes

Taxing Authority CBJ

Assessment Year 2017

Comments

The subject is owned by CBJ and was leased by Juneau Youth Services, which is a nonprofit. For this reason it was not assessed for tax purposes.

Zoning

LAND USE CONTROLS	
Zoning Code	D-5
Zoning Description	The D-5, residential district, is intended to accommodate primarily single-family and duplex residential development at a density of five dwelling units per acre. D-5 zoned lands are located in the urban service boundary and are served or can be served by public water and sewer.
Set Back Distance	20
Side Yard Distance	5
Zoning Comments	The subject's current use is allowed through a conditional use permit. For the most part any use that is not a single family residence or duplex, requires a conditional use permit, if it is allowed at all.

Highest and Best Use

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Highest and Best Use of the Site

The highest and best use of the site, as vacant, is for Subdivision.

The subject is zoned D-5 and could be subdivided into 4 single family lots. Subdivision of some sort would be the highest and best use as vacant.

Highest and Best Use as Improved

The subject improvements are generally lower quality improvements cobbled together. This said they provide decent functionality for their intended use. The question is whether or not there would be a market for improvements constructed in this fashion, which would be put to a similar use, or whether the market would want them to adapt them to some other nonresidential uses which would require a conditional use permit. Acquiring a conditional use permit is a time consuming thing and has risk, as to whether it would be granted. For example: the subject is currently used to house teens primarily and JYS handles this need in the community. So it would need to change to say housing adults with needs, this would require a new CUP and there would be risk as to whether it would be granted. Same for converting it to a school. When you have marginal quality improvements, this risk and potential redevelopment cost can negate any value that the improvements might add.



Above is a rough delineation of one way the subject could be subdivided. The lots would be 76 feet wide and 119' feet deep, making each lot 9,044 SF.

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{l} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ \hline = \text{Value} \end{array}$$

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

A **cost analysis** was considered and was not developed because the age of the improvements makes the depreciation difficult to accurately measure.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

An **income analysis** was considered and was not developed because while the subject could generate an income stream, the most probable buyer is an owner-occupant, if the improvements were going to be reused.

Cost Approach

The Cost Approach is based on the principle of substitution - that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process. The Cost Approach tends to set the upper limit of value before depreciation is considered. The applied process is as follows:

- Estimate the land value according to its Highest and Best Use. I have used the Sales Comparison Approach; the process is as follows:
 - Comparable sales, contracts for sale and current offerings are researched and documented.
 - Each comparable is analyzed and adjusted to equate with the subject property.
 - The value indication of each comparable is analyzed and the data reconciled for a land value indication.
- Estimate the replacement cost of the building and site improvements.
- Estimate the physical, functional and/or external depreciation accrued to the improvements.
- Sum the depreciated value of the improvements with the value of the land for an indication of value.

Since the improvements are older and developed for a use that requires a conditional use permit, deducing actual depreciation, of all kinds, is problematic and for this reason this approach was not developed.

Land Value

The subject's land value has been developed via the sales comparison approach.

Sales Comparison Approach – Land Valuation

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.

- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Land Comparables

I have researched five comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

The first three comparables are of sales of properties which were purchased to be subdivided. The last two were sales of single family D-5 lots in the Mendenhall Valley which are considered somewhat similar to what a finished lot on the subject property would be if it were subdivided.

I spoke with the CBJ planning departments Allison Eddins, to get an idea of the hurdles required for subdivision of the subject. The cost to subdivide the subject would be on the low side compared to most, 4 lot subdivisions I have seen in Juneau.

According to Allison, the sub divider would need to get a permit to build the driveways and it appears the two driveways that exist would work as is and one (if shared) or two more is all that would need to be developed. Also the services for water and sewer would need to be permitted and built. The drainage plan is easy with a ditch on Hurlock and Mendenhall Loop.

Land Comparable 1



Transaction

ID	637	Date	11/30/2012
Address	12500 mendenhall loop rd	Price	\$369,000
City	Juneau	Price per Acre	
State	ak	Financing	cash
Tax ID	4B2701030060	Property Rights	Fee Simple
Grantor	REDDEKOPP MABEL K	Days on Market	1
Grantee	R & S Construction LLC	Verification Source	Scott Jenkins, buyer
Legal Description	Lot: Y Survey: 2391		

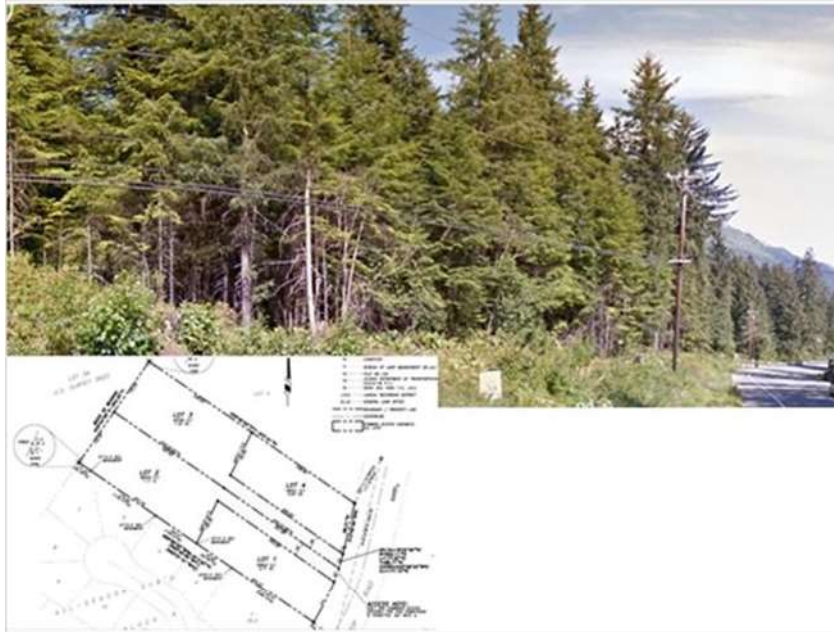
Site

Acres	4.9	Topography	Sloping
Land SF	213,929	Zoning	Residential
Road Frontage	300	Flood Zone	no
Shape	--	Encumbrance or	none
Utilities	City water & sewer	Environmental Issues	none

Comments

The subject property had a 3 bed 2 bath home on it, which was in decent shape. The buyers heard about it on friday and had an accepted offer by monday. The buyer said they would have paid the same amount if the property were vacant. It cost about \$175,000 to do all the subdivision. The water hookups off the main were in the highway and the sewer had to be run up from the university access. this was a major subdivision and it took 11 month from acquisition to get a plat. From the time they got the plat it took 10months for all lots to sell. Gross sellout was \$831,000. The ratio of acquisition to gross sell out is 44%. The gross sell out to total cost is 65.4%.

Land Comparable 2



Transaction

ID	638	Date	6/9/2006
Address	10720 Back Loop Rd	Price	\$300,000
City	Juneau	Price per Acre	
State	AK	Financing	cash
Tax ID	--	Property Rights	Fee Simple
Grantor	Gute	Days on Market	--
Grantee	Montana Creek	Verification Source	Spike Bicknell
Legal Description	Lot: U Tract: B		

Site

Acres	3.5	Topography	Sloping
Land SF	154,202	Zoning	D-3
Road Frontage	274	Flood Zone	no
Shape	rectangular	Encumbrance or	no
Utilities	City water & sewer	Environmental Issues	no

Comments

The buyer, who is a contractor, purchased this property to do cottage housing. It did not take long for them to figure it was not going to work and then they decided on a conventional subdivision with turn key houses. According to Spike Bicknell, he paid too much for the property. Apparently his dad was the one who went for it without performing adequate due research. Spike says he should have paid around \$200k to \$225k for it. As it was, after acquisition cost, subdivision cost and site development cost he broke even on the lot sales. Based on what he should have paid. Development cost per Spike were \$30k for water taps, \$20k for sewer, \$50k for electric and \$10K for subdivision and permitting. Sellout value of raw lots with sewer without consideration of marketing or holding cost would be \$420,000. Therefore with the \$300K purchase price and the \$100K development, the total cost would be \$400K a ratio of 95%. At what spike indicated he should have paid the ratio would be between 71% and 77%.

Land Comparable 3



Transaction

ID	386	Date	4/1/2012
Address	13660 glacier Hwy	Price	\$300,000
City	Juneau	Price per Acre	
State	ak	Financing	cash
Tax ID	4B3101000030,	Property Rights	Fee Simple
Grantor	AREHART MALGIA	Days on Market	--
Grantee	BSR Ventures	Verification Source	Owner
Legal Description	Lots 1 & 2 Ferry Heights		
#REF!			

Site

Acres	2.8	Topography	Sloping
Land SF	121,869	Zoning	Residential
Road Frontage	300	Flood Zone	no
Shape	rectangular	Encumbrance or	no
Utilities	City water, site sewer	Environmental Issues	no

Comments

Two of the lots had improvements. On one lot is a old home that had 7 foot ceilings and reasonably is at the end of its life. On another lot is an shell garage, with potential residential space above that needed windows and a new garage door. The cost to remove the old home offsets any value the shell garage contributed. In the end though the improvments were improved and added value. Basically the sale is just land value. The buyer plans on completing a minor subdivision on each lot to make a total of 5 lots. Cost to subdivide and to provide access to the lots was \$200K. Cost to improve the improvements for sale was \$100K. Therefore total cost were \$600,000. Gross sell out expected at \$1,043,000. The ratio cost to gross sellout is 57% From time of acquisition to sell out of all but 1 lot was 17months and 12 months to get the plat

Appraisers Analysis

The three comparables above are of properties purchased for further subdivision. The key aspect for comparison with the subject is gross sellout value compared with acquisition and development cost. The more simple development and the less risk, the more a developer will pay on a percentage basis to the gross sellout value. The subject is about as simple as a potential subdivision gets.

With all three of the Erin Manor Subdivisions sold out, the developers I am talking to said that they cannot find lots to build homes very readily. When I spoke with Rich Peterson of Lowpeat construction, he indicated he just sold three lots over the Christmas holiday, which will keep him busy till summer. I spoke with Troy Mayer of Northern Lights construction, which is also looking for lots and Scott Jenkins and Rob Worden were also very interested. All this is to say that right now the risk is fairly low for a smaller subdivision, similar to the subject's potential.

Comparable 1

This was a very complex subdivision with lots of potential risk, in the end the developer did better than expected. The risks and development cost for the subject would be much less for the subject in comparison. The gross sell out to total cost is \$65.4%, the subjects would be much higher.

Comparable 2

This was a more simple subdivision and was purchased by a developer looking for land to do spec homes. The bought the land and figured they could make their money on the building aspect. In the end they paid 95% of the lots gross sellout value. The buyer told me in retrospect he thinks it would have been wiser to be around 75% and that they spent too much.

Comparable 3

This was another complex property on the riskier side, as it has some fairly sharp slopes and took a master of dirt work to develop. The cost for the land and subdivision cost were 57% of gross sellout.

Land Comparable 4



Transaction

ID	912	Date	5/26/2017
Address	8186 Keegan dr	Price	\$140,000
City	juneau	Price per Acre	
State	AK	Financing	cash
Tax ID	5B2401660220	Property Rights	fee simple
Grantor	DJG Development	Days on Market	--
Grantee	Northern Lights	Verification Source	Troy Mayer
Legal Description	ERIN MANOR 4 BL C LT		
#REF!			

Site

Acres	--	Topography	flat
Land SF	10,552	Zoning	D-5
Road Frontage	75	Flood Zone	no
Shape	rectangular	Encumbrance or	no
Utilities	all	Environmental Issues	no

Comments

This lot is just large enough to support a duplex. It was purchased from the subdivision developer for \$140,000. The lot next door, which will also support a duplex, was purchased by the same buyer for \$125,000 in 2014, indicating a 4% per year increase, according to the buyer this is simply because of the scarcity at this point in 2017. Troy indicated that he pays \$130,000 for lots which only support single family.

Land Comparable 5



Transaction

ID	913	Date	12/1/2017
Address	8170 Keegan dr	Price	\$150,000
City	juneau	Price per Acre	
State	AK	Financing	lumped in with home
Tax ID	--	Property Rights	fee simple
Grantor	Lowpete	Days on Market	--
Grantee	--	Verification Source	Rich Peterson
Legal Description	--		
#REF!			

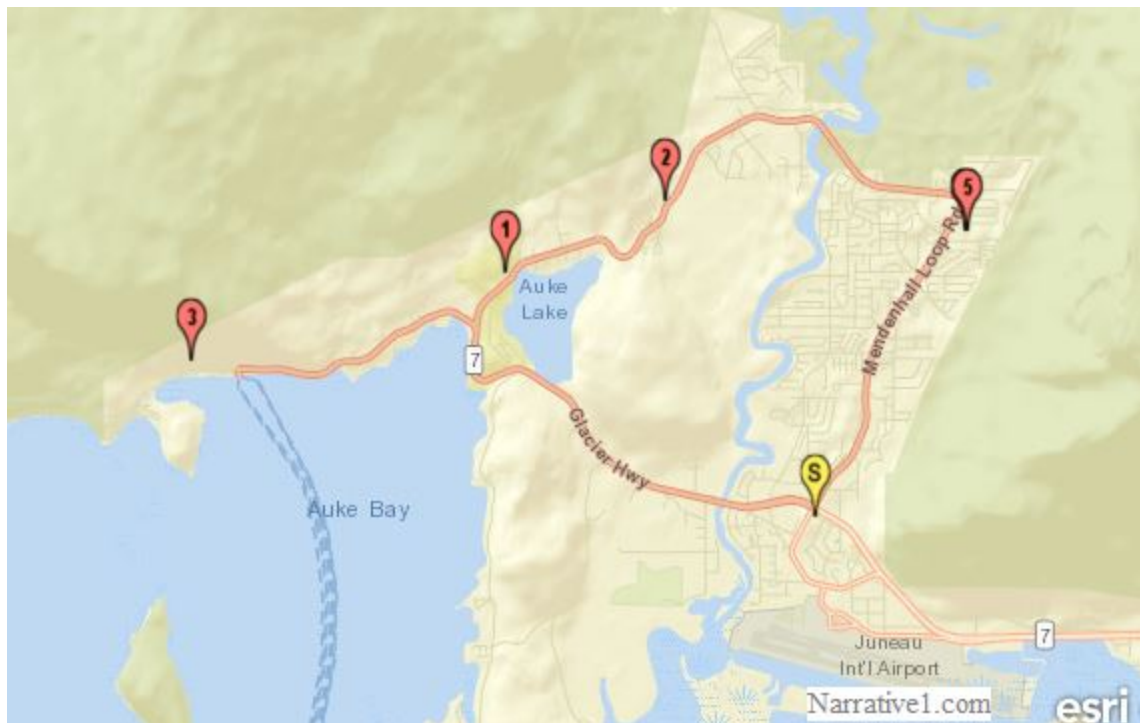
Site

Acres	--	Topography	Level
Land SF	10,506	Zoning	Residential
Road Frontage	75	Flood Zone	no
Shape	rectangular	Encumbrance or	no
Utilities	City water & sewer	Environmental Issues	no

Comments

This lot sold from Lowpete as part of a home to the home buyer for \$150,000, which in 2017 is what Lowpete sells lots for that go with his homes in this area. He told me he sold three homes in this area over the 2017 Christmas holiday season.

Comparables Map



Analysis

In the forgoing sales we see that property with the potential for subdivision sells at some rate based on the perceived cost to subdivide and the potential sellout value. This when you interview the developers is how they decide what they will pay for property with potential for subdivision. The subject will be very low cost to subdivide, as each potential lot would have frontage and require only two more driveways than currently exist and three more water and sewer services. This then would indicate low cost and the risks currently are low in turning these lots as all of the contractors (developers) I have talked to are interested in finding more developable sites. With the subject potentially being able to be divided into 4 lots, based on actual market costs, in this case it is reasonable that cost to subdivide per lot can reasonably be estimated at around \$20K.

Sales 4 and 5 demonstrate what developers pay for lots and what they sell them for as part of their finished product. According to Troy Mayer he is paying \$130K for finished lots that can support a single family development, they are flat and reasonably similar to the subject. The location of these lots may have less road noise but this is offset by the

convenience the subject lots offer. Therefore using this number (\$130K) for the 4 potential subject lots would indicated a sellout value of \$520,000.

The highest rate paid by a developer in the examples above was 95% (lot purchase +development cost/Sellout value), with the thought that they would make their profit on selling finished homes. But in retrospect the buyer felt that a rate of 75% is actually more sustainable. However with depleting available lots and a desire to keep their workers working, contractor developers, may push that rate back up, due to the fact that the Erin Manor lots have finally absorbed and supply is more limited, it is my opinion that at this time a rate of 85% for lots with perceived low risk like the subjects would be most appropriate.

Therefore with a finished lot value of \$130,000 per lot, the sellout value is estimated at \$520k. Taking this number and multiplying it by .85 the rate determined indicates at the number \$442,000. With subdivision costs estimated, conservatively for the subject, at \$80,000, the acquisition value with out consideration of the building removal would be \$362,000. Removing the current structures, according to contractors I talked with would cost between \$10K and 15K. There may be some salvage value in a few of the buildings, but just using the range indicated without consideration of salvage, would be typical for making a purchase decision by a developer. Therefore at the midpoint of the range \$12,500 for demo is reasonable. This then would indicate the land value as is as follows $\$362,000 - \$12,500 \text{ (demolition)} = \$349,500$. It is reasonable to round this number to \$350,000.

Sales Comparison Approach Conclusion – Land Valuation

Based on the foregoing analysis it is my opinion that the indicated value of the land as is, can reasonably be estimated at \$350,000

Sales Comparison Approach

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Comparables

I have researched four comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

Comp	Address	Grantor	Price	Price Per SF	Year Built	Notes
City	Grantee	Date	GBA	Construction		
Subject	9290 Hurlock Avenue Juneau	City and Borough of Juneau 0	\$350,000 12/14/2017	\$47.45 7,376	[1] 1967 [2] Moved to [1] wood, modular [2]	
1	201 Cordova Street Juneau	TLINGIT AND HAIDA INDIAN W&B Rentals LLC	\$425,000 11/16/2016	\$131.50 3,232	1962 Wood frame /concrete	
2	4341 Windfall Ave Juneau	New Apostolic Church USA GEARY JONATHAN &	\$295,000 11/14/2012	NA 1,125	1994 Wood frame	
3	4341 Windfall Ave Juneau	JG CONSTRUCTION GEHRING LOREN K & SRAA S	\$220,000 10/31/2014	NA 1,125	1994 Wood frame	
4	3915 North Douglas Highway Juneau	Alaska District Counsel of the Knot Development,	\$619,000 7/27/2006	NA 0	0 0	

Comparable 1**Transaction**

ID	896	Date	11/16/2016
Address	201 Cordova Street	Price	\$425,000
City	Juneau	Price Per SF	\$131.50
State	AK	Transaction Type	NA
Tax ID	1D060L030010	Financing	Conventional
Grantor	TLINGIT AND HAIDA	Property Rights	Fee Simple
Grantee	W&B Rentals LLC	Days on Market	MRS DOM
Legal Description	MRS Legal Description	Verification Source	Bradley Parker

Site

Acres	0.4	Topography	Mixed
Land SF	18,000	Zoning	D-18
Road Frontage	150	Flood Zone	X
Shape	Site shape	Encumbrance or	There no known adverse
Utilities	Public Electricity, Public	Environmental Issues	none noted

Improvements & Financial Data

Source For SF Area		PGI	\$147,100
Rentable Area		EGI	\$133,890
No. of Units		Expense Ratio	34.00%
Year Built	1962	NOI	\$88,501
Renovations	The subject property has	Cap Rate	NA
Condition	Average	EGIM	NA

Comments

This property had originally been built as a meeting hall for the Jehova's witnesses. It was then converted to a headstart day care and then offices. The office use was not an allowed use and the other prior uses were allowed by conditional use. The zoning was for multifamily residential and the buyer bought the buiding with the idea that he would remove all the interior improvement and remodel it into small apartments. The sales price was \$425,000 and the land value was estimated at \$210,000, indicating a value to the building which was to be deconstructed to a shell at \$215,000. A office shell of this size has a depreciated replacement cost at \$212,000. With a GBA of 3232 SF, the indicated value of the shell is \$66.52 per SF.

Comparable 2



Transaction

ID	840	Date	11/14/2012
Address	4341 Windfall Ave	Price	\$295,000
City	Juneau	Price Per SF	NA
State	Alaska	Transaction Type	Closed
Tax ID	4B2701030040	Financing	NA, Listing
Grantor	New Apostolic Church	Property Rights	Fee Simple
Grantee	GEARY JONATHAN &	Days on Market	518
Legal Description	Lot: 1 Plat: 94-8,	Verification Source	Seller and buyer

Site

Acres	1.0	Topography	Level
Land SF	41,868	Zoning	Zoning Code
Road Frontage	290	Flood Zone	X
Shape	mostly rectangular	Encumbrance or	Encumbrance or Easement
Utilities	Electricity, Water, Sewer,	Environmental Issues	Environmental Issues

Improvements & Financial Data

Source For SF Area		PGI	NA
Rentable Area	1,125	EGI	NA
No. of Units	NA	Expense Ratio	NA
Year Built	1994	NOI	NA
Renovations		Cap Rate	NA
Condition	Good	EGIM	NA

Comments

The property could be converted into a SFR or enlarged through raising the existing building and putting a floor below, if it were going to continue on as a church. The buyer plans on subdividing the lot into 3 lots. The land is valued at \$240,000, indicating a value to the improvements at \$55,000 or indicating an improvement value \$48.88 per SF

Comparable 3



Transaction

ID	841	Date	10/31/2014
Address	4341 Windfall Ave	Price	\$220,000
City	Juneau	Price Per SF	NA
State	Alaska	Transaction Type	Closed
Tax ID	4B2701030043	Financing	Cash
Grantor	JG CONSTRUCTION LLC	Property Rights	Fee Simple
Grantee	GEHRING LOREN K &	Days on Market	518
Legal Description	Lot: 1 Plat: 2014-10	Verification Source	Buyer, Loren

Site

Acres	0.3	Topography	Level
Land SF	13,414	Zoning	Zoning Code
Road Frontage	233	Flood Zone	X
Shape	Rectangular	Encumbrance or	Small driveway apron
Utilities	Electricity, Water, Sewer,	Environmental Issues	none

Improvements & Financial Data

Source For SF Area		PGI	NA
Rentable Area	1,125	EGI	NA
No. of Units	1	Expense Ratio	NA
Year Built	1994	NOI	NA
Renovations		Cap Rate	NA
Condition	Good	EGIM	NA

Comments

The property could be converted into a SFR. Since it has not been used for over a year as a church a new conditional use permit for this is required. The buyer planned on making the church into a daycare, preschool (this requires a conditional use permit). It took a year and half to get a conditional use permit and there was a lot of uncertainty in the mean time. If they would have known the risk they would have paid less, to reflect this risk, they said. The land, which was subdivided since the last time this property sold, (note smaller size), is valued at \$120,000, indicating a value to the improvements at \$100,000 or indicating an improvement value \$89 per SF.

Comparable 4



Transaction

ID	839	Date	7/27/2006
Address	3915 North Douglas	Price	\$619,000
City	Juneau	Price Per SF	NA
State	AK	Transaction Type	Closed
Tax ID	NA	Financing	cash
Grantor	Alaska District Counsel of	Property Rights	Fee Simple
Grantee	Knot Development, LLC,	Days on Market	NA
Legal Description	Lot 3, of the	Verification Source	Linda Orr

Site

Acres	4.2	Topography	Mixed
Land SF	184,408	Zoning	Residential
Road Frontage	270	Flood Zone	NA
Shape	irregular	Encumbrance or	NA
Utilities	City water & sewer	Environmental Issues	NA

Improvements & Financial Data

Source For SF Area		PGI	NA
Rentable Area	NA	EGI	NA
No. of Units	NA	Expense Ratio	NA
Year Built	NA	NOI	NA
Renovations	NA	Cap Rate	NA
Condition	NA	EGIM	NA

Comments

It is improved with a single story Church building that was intended to have a second floor. It is sprinkled and currently used as a church. Assessor has the building value at \$380,600. The buyer said that the building had no allocated value in the purchase price and that they would have bought the vacant land for the same price.

Buyers and Sellers/Comment: The buyers intentions are to consider converting to apartments when sewer comes in and build on a second story. The buyer said the property is scheduled for D-18 when the sewer comes in. They bought the property based on this zoning change potential.

That said the buyers have taken up residence in the building in the interim, till the zoning change and they are ready. Update2016: They have sold off a lot and are still living in the church building

Comparables Map



Analysis

The above sales have been analyzed and compared with the subject property. All of these sales had potential for subdivision and the improvements were operating under a conditional use permit.

Sale 1 was purchased with the idea of subdividing so that one lot could be held separate from the improvements and the improvements redeveloped into a use that conforms with the zoning. Because of the buyers plan to use the building he gave it value based on its value as a shell.

Sale 2 was primarily purchased with the idea of resub division and the hope that in the end someone would by the lot with the building and make it conform with the zoning or get another conditional use permit, (which is what happened). It was a well-built, building and had decent potential for reuse. Sale 3 is the acquisition after subdivision.

Sale 4 was purchased based solely on the value of the land. Even though the structure was solid and still functional, no value was given to it when the purchase decision was made.

Sales 1 and 3 in the foregoing land valuation also had functional improvements which were not given any value in the purchase decision and instead were purchased based on the value of their land alone.

Appraiser's Conclusion

In certain instances improvements on properties purchased for subdivision have added value, when those improvements had good potential for redevelopment and were of a decent quality. Additionally the foregoing sales indicate that some acquisitions of properties with subdivision potential gave no value to improvements, even if they were somewhat functional, in their original intended use. This is what I believe would happen if the subject were listed for sale. It would be acquired for its land value with no value given to the improvements. My reasoning is that any use that this could be converted to that is not an allowed use in the zoning would have significant risk. Converting the existing building to a use which is an allowed use does not seem reasonable based on the age and quality of the improvements. Therefore this property would be purchased with the idea that the improvements would need to be removed. And based on this the value determined in the foregoing land valuation, with demo cost considered, is the market value of the subject.

Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

Value Indications

Land Value:	\$350,000
Sales Comparison Approach:	\$350,000

Sales Comparison Approach

There are no sales of properties similar in most ways to the subject. However there are sales of properties with potential to subdivide and sales of properties which were used under conditional use permits with potential to subdivide from which a reason indication of the subject value can be derived.

Value Conclusion

Based on the data and analyses developed in this appraisal, I have reconciled to the following value conclusion(s), as of December 14, 2017, subject to the Limiting Conditions and Assumptions of this appraisal.

Reconciled Value(s): Premise: As Is
 Interest: Fee Simple
 Value Conclusion: \$350,000
 Three Hundred Fifty Thousand Dollars

Certification Statement

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 and conclusions.
- I have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- I have no bias with respect to the 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 estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- I certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.
- Roger Ramsey has made an inspection of the subject property.
- 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 use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives



Roger Ramsey,
Alaska-AA 570

Addenda

Qualification of Roger Ramsey

Since starting Ramsey Appraisal Resource in 2006, I have had the pleasure of providing high quality appraisal services to a diverse client base, on many complex appraisal assignments throughout S.E. Alaska.

A partial client list includes; AKDOT&PF, for which I have performed numerous valuations of partial and whole acquisitions, for eminent domain actions. Other State agencies which have used my services are AKDNR and Alaska Mental Health Trust Land Office. I have performed appraisals for the Cities and or Boroughs of Haines, Juneau, Petersburg, Ketchikan and Klawock. I am on the approved appraiser list of numerous lenders operating in SE Alaska and enjoy good working relationships with their review appraisers. I have been hired by attorneys and private parties for estate valuations and divorce proceedings. I have valued properties for conservation groups who are negotiating with property owners.

I am proud of my appraisal accomplishments and credit my success to good education, good mentors, helpful reviewers, persistence and hard work.

Professional Experience	Dates	Contact
Ramsey Appraisal Resource	2006-Present	Roger Ramsey
Horan and Company	4 months 2006	Charles Horan, 907-747-6666
AKDOT&PF	24 months 2004-2005	Ray Preston, 907-465-4519
Henricksen Appraisal	24 months 2002-2003	Bob Henricksen 907-723-3590
AKDOT&PF	8 months 2000-2001	Rob Murphy 907-465-4541

Education University of Alaska, BBA, 2001

Appraisal Education - Associate member of the Appraisal Institute # 401410

2017	Income Capitalization, Appraisal Institute – San Diego and USPAP update online
2015	Appraisal of Conservation Easements and other Partial interest – Sacramento CA
2013	USPAP update, -/- Uniform Appraisal Standards for Federal Land Acquisitions, -/- Business Practices and Ethics, Anchorage, AK
2011	USPAP update, Tigard OR, -/- Real Estate Industry Perspectives on Lease Accounting, online, -/- Basic building science, Air Sealing, ventilation & Ice Dam, Juneau, AK
2010	Advance Sales Comparison and Cost Approach, Seattle WA
2009	Advanced income Approach, Tigard OR, -/- Commercial Appraisal Engagement and Review, Tigard OR, -/- 15-Hour USPAP, Tigard OR
2008	Sustainable Mixed use, Seattle, WA
2007	General Demonstration Appraisal Report Writing, Tigard, OR, -/- USPAP update Tualatin, -/- Appraisal & Appraisal Review for Federal-Aid Highway Programs, Anchorage, AK --
2006	General Applications, Online, -/- Apartment Appraisal, Concepts and Applications, Long Beach, CA
2005	Basic Income Capitalization, Tualatin, OR, -/- USPAP update Juneau, AK, -/- Best practices for Residential Report Writing, Juneau, AK
2004	Appraising Special Purpose properties, -/- Appraisal of Nonconforming Uses, -/- Partial Interest Valuation/Divided, -/- Subdivision Analysis, Anchorage, AK
2003	(USPAP) Standards of Professional Practice, Lake Oswego, OR, -/- Residential Case Study, Dublin, CA,
2002	Appraisal Procedures, Appraisal Institute, Diamond Bar, CA
1998	Appraisal Principles, Appraisal Institute, Chicago, IL

Types of Property Appraised

Commercial– I have appraised office buildings, apartments, marine facilities, restaurants, mixed use, convenience stores with gas, industrial and commercial shops. I have valued partial interest of remote recreational, industrial, commercial and residential properties for eminent domain. I have valued industrial, commercial, and residential tidelands. I have appraised large tracts of land with timber value, “special use properties (churches, armory, and funeral homes)”, and remote commercial properties (lodges).

Residential – I have appraised single family residences, duplexes, triplexes, four-plexes, remote improved and vacant residential properties throughout SE AK.

Markets Appraised:

I have appraised both Town and remote locations in all of the following areas: Haines, Skagway, Gustavus, Hoonah, Tenakee springs, Juneau, Sitka, Petersburg, Wrangell, Ketchikan, Prince of Whales and Hyder.

LETTER OF AGREEMENT

12/07/2017

Roger Ramsey
Ramsey Appraisal Resource
10615 Horizon Drive
Juneau, AK 99801

SUBJECT: 9290 Hurlock Avenue (JYS Cornerstone) Appraisal

Dear Mr. Ramsey:

This letter confirms our discussion concerning the services to be provided to the City and Borough of Juneau, Lands & Resources Division. This is not a Notice to Proceed. A Purchase Order will be issued to your firm authorizing work described herein.

SCOPE

Your company shall provide the following services:

A fair market value appraisal of the City property, which is currently being leased to Juneau Youth Services for the Cornerstone Facility with the following legal description:

A fraction of USS 381 located at 9290 Hurlock Avenue
The appraisal will be a narrative summary appraisal report, provided in an electronic PDF format, and should include the value of the land and the buildings.

SCHEDULE

The appraisal report shall be completed and submitted to my attention within 4 weeks from notice to proceed.

COMPENSATION

Compensation shall not exceed \$4,500.00 paid upon satisfactory completion of all services and receipt of approved invoice. Invoice shall reference the Purchase Order number.

INSURANCE REQUIREMENTS. The Contractor's insurance shall be primary and any insurance maintained by the CBJ shall be non-contributory. If the Contractor maintains higher limits than shown below, the CBJ shall be entitled to coverage for the higher limits maintained by the Contractor.

Contractor agrees to maintain insurance as follows at all times while this contract is in effect, including during any periods of renewal.

Commercial General Liability Insurance. The Contractor must maintain Commercial General Liability Insurance in an amount it deems reasonably sufficient to cover any suit that may be brought against the Contractor. This amount must be at least one million dollars (\$1,000,000.00) per occurrence, and two million dollars (\$2,000,000.00) aggregate. **The CBJ shall be named additional insured for this policy.**

Comprehensive Automobile Liability Insurance. The coverage shall include all owned, hired, and non-owned vehicles to a one million dollar (\$1,000,000.00) combined single limit coverage.

Workers Compensation Insurance.

If required by Alaska Statute (see Alaska Statute 23.30), the Contractor must maintain Workers Compensation Insurance to protect the Contractor from any claims or damages for any bodily or personal injury or death which may arise from services performed under this contract. This requirement applies to the Contractor's firm, the Contractor's subcontractors and assignees, and anyone directly or indirectly employed to perform work under this contract. The Contractor must notify the City as well as the State Division of Workers Compensation immediately when changes in the Contractor's business operation affect the Contractor's insurance status. Statutory limits apply to Workers Compensation Insurance. The policy must include employer's liability coverage of one hundred thousand dollars (\$100,000) per injury and illness, and five hundred thousand dollars (\$500,000) aggregate. Contractor also agrees to provide evidence of Longshore and Harbor Worker's Insurance and Jones Act coverage if applicable to the work required. **If the Contractor is exempt from Alaska Statutory Requirements, the Contractor will provide written confirmation of this status in order for the CBJ to waive this requirement.**

Professional errors and omissions liability coverage appropriate to the profession. The limit shall be at least 1,000,000 per claim.

INDEMNIFICATION. The Contractor agrees to defend, indemnify, and hold harmless CBJ, its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit arising out of or related to the Contractor's performance of this contract without limitation as to the amount of fees, and without limitation as to any damages, cost or expense resulting from settlement, judgment, or verdict, and includes the award of any attorney's fees even if in excess of Alaska Civil Rule 82. This indemnification agreement applies to the fullest extent permitted by law and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against CBJ relating to this contract. The obligations of Contractor arise immediately upon actual or constructive notice of any action, claim, or lawsuit.

CBJ shall notify Contractor in a timely manner of the need for indemnification, but such notice is not a condition precedent to Contractor's obligations and may be waived where the Contractor has actual notice.

The City looks forward to working with you on the subject project. Please contact me at the following number if you have any questions: (907) 586-5252.

Dan Bleidorn
Deputy Land Manager
Administration Department – Lands & Resources Division

**Terms of the Letter of Agreement
Accepted and Acknowledged:**



City and Borough of Juneau
Purchasing Division, Finance Department
155 South Seward Street
Juneau, Alaska 99801
Phone: (907) 586-5258 Fax: (907) 586-4561

PURCHASE ORDER

VENDOR NAME AND ADDRESS			PO #		PO REVISION #	PO DATE
			Must appear on all invoices, shipments, & correspondence			
RAMSEY APPRAISAL RESOURCE 10615 HORIZON DR JUNEAU AK 99801			110059			12/19/17
			VENDOR NUMBER		VENDOR PHONE	
			2985		907-723-2936	

SHIP TO		COMMENTS		SEND INVOICE TO:	
ADMIN-LANDS/RESOURCES 155 S SEWARD ST JUNEAU AK 99801		Deliver To: Dan Bleidorn, 907-586-0224		CBJ ACCOUNTS PAYABLE 155 SOUTH SEWARD STREET JUNEAU, AK 99801 PHONE:(907) 586-0355 FAX:(907) 586-5384 Accounts.Payable@juneau.org	
F.O.B.		FREIGHT TERMS	PO CURRENCY	BUYER	
		-----	U.S. DOLLARS	RENEE LOREE	

LINE ITEM	QTY	UOM	ITEM OR SERVICE DESCRIPTION	UNIT PRICE	EXTENDED PRICE
1	1	EA	APPRAISAL FOR JYS BLDG. CBJ will be resuming ownership of the Cornerstone Building, which has been maintained by Juneau Youth Services. This appraisal will help set the fair market value of the property if the CBJ were to dispose of the assets and land. Per Letter of Agreement dated 12/07/17.	\$4,500.000	\$4,500.00
Total Order					4,500.00

CONDITIONS - READ CAREFULLY

1. This Order is subject to terms and conditions outlined on the final page, unless expressly stated otherwise. Performance by vendor constitutes acceptance of all terms, conditions, or specifications herein referenced.
2. Failure to meet specified delivery dates may cause cancellation of this Order.

Renee Loree
Purchasing Officer

CITY & BOROUGH OF JUNEAU

The following terms and conditions shall apply to the purchase of goods and/or services on behalf of the City & Borough of Juneau unless specifically provided otherwise on the front of this document:

1. **SALES TAX EXEMPTION.** This order is not subject to sales or Federal Excise Tax. Exemption certificate will be furnished when required. The City's tax exempt ID numbers are: City CBJ0013; Hospital BRH0013; and School District JSD0013.
2. **ACCEPTANCE OF CONTRACT.** This order is the City's offer to purchase the goods and/or services from the Vendor, as described on the reverse side. The City's placement of this Order is expressly conditioned upon the Vendor's acceptance of all terms and conditions of purchase contained on or attached to this Purchase Order.
3. **CHANGES.** No agreement or understanding to modify this contract shall be binding upon the City unless in writing and signed by the City's authorized agent.
4. **ASSIGNMENT.** Vendor may not assign this order without the City's prior written consent.
5. **UNIFORM COMMERCIAL CODE.** All applicable portions of the Alaska Uniform Commercial Code shall govern this order.
6. **DELIVERY.** Prices are F.O.B. Destination Freight Pre-paid, unless specified otherwise by the City. Time is of the essence on this order. If completed deliveries are not made at the time agreed, the City reserves the right to cancel or purchase elsewhere and hold the vendor accountable. If delivery dates cannot be met, Vendor must promptly notify City in writing, of the earliest possible delivery date, for acceptance by the City.
7. **TITLE & RISK OF LOSS.** Title and risk of loss of the goods shall not pass to the City until the City actually receives and takes possession of goods at the point or points of delivery.
8. **QUANTITIES.** The quantity shown to be delivered is net; no excess will be accepted without prior authorization. Unauthorized advance or excess shipments are returnable at vendor's expense.
9. **VENDOR TO PACKAGE GOODS.** Goods shall be suitably packed to secure lowest transportation costs and to conform to requirements of common carriers and any applicable specifications. City's count or weight shall be final and conclusive on shipments not accompanied by packing slip.
10. **INSPECTION.** All goods are subject to the City's inspection and acceptance within a reasonable time after arrival at the ultimate destination. If goods fail to conform to specifications outlined in the order, this shall constitute a breach, and City may return said goods to Vendor at Vendor's expense. Vendor shall not have the right to substitute specified goods without the written authorization from the City. Damaged goods will not be accepted.
11. **PAYMENT.** Invoices shall be addressed to the City's Accounts Payable section (address on reverse side). Invoices must include the Purchase Order number, the vendor's name and phone number, and clearly list quantities, item descriptions and units of measure. Unless specified otherwise, payment shall be net 30 days, upon receipt of complete and accurate invoices.
12. **PATENTS, TRADEMARKS AND COPYRIGHTS.** Seller warrants that the goods and/or services on this order do not infringe on any patent, registered trademark or copyright, and agrees to indemnify, defend and hold the City harmless in the event of any infringement, lawsuit, or claim thereof.
13. **WARRANTY.** Vendor warrants to the City that all goods and services furnished hereunder will conform in all respects to the terms of this order, including any drawings, specifications or standards incorporated herein, and/or defects in materials, workmanship, and free from such defects in design. In addition, Vendor warrants the goods and services are suitable for and will perform in accordance with the purposes for which they were intended.
14. **CANCELLATION.** City shall have the right to cancel for default all or any part of the undelivered portion of this order if Vendor breaches any of the terms hereof, including failure to make delivery within the time specified, warranties of Vendor or if the Vendor becomes insolvent or commits acts of bankruptcy. Such right of cancellation is in addition to and not in lieu of any other remedies which City may have in law or equity.
15. **TERMINATION.** The performance of work under this order may be terminated in whole or in part by the City in accordance with this provision. Termination of work hereunder shall be effected by the delivery to the Vendor of a "Notice of Termination" specifying the extent to which performance of work under the order is terminated and the date upon which such termination becomes effective. Such right of termination is in addition to and not in lieu of rights of City set forth in the Cancellation clause, above.
16. **FORCE MAJEURE.** If, by reason of Force Majeure, either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement then such party shall give notice and full particulars of such Force Majeure in writing to the other party within reasonable time after occurrence of the event or cause relied upon, and the obligation of the party giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, except as hereinafter provided, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term Force Majeure as employed herein, shall mean acts of God, strikes, lockouts, act of public enemy, orders of any kind of the government of the United States or the State of Alaska or any civil or military authority, riots, landslides, lighting, earthquakes, fires, hurricanes, floods, restraint of government and people, civil disturbances, explosions, or other causes not reasonably within the control of the party claiming such inability.
17. **WAIVER.** No claim or right arising out of a breach of this contract can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved party.
18. **ADVERTISING.** Vendor shall not advertise or publish, without City's prior written consent, the fact that Vendor has entered into this contract, except to the extent necessary to comply with proper requests for information from an authorized representative of the federal, state or local government.
19. **PAYMENT OF TAXES, OBLIGATIONS TO CITY.** As a condition of this contract, Vendor agrees to remain current and non-delinquent in the reporting and payment of all local taxes, charges and assessments owing on account of any business operated or owned in whole or in part by Vendor. Failure to comply with this requirement shall be a material breach of this contract. To determine if a business is current and non-delinquent, contact the City's Sales Tax Division at (907) 586-5265 concerning sales tax, and/or Treasury Division at (907) 586-5268 concerning business personal property and real property tax.
20. **VENUE.** Jurisdiction for any litigation arising from this contract shall be in the First Judicial District, Juneau, Alaska.
21. **GRANT FUNDING.** If Grant funding is indicated on the reverse side of this document, Vendor shall comply with all provisions of Federal Circular A-102.
22. **MATERIAL SAFETY DATA SHEETS.** Proper MSDS in compliance with Occupational Safety and Health Administration regulations must be provided by the Vendor to the City at the time of purchase.
23. **NONDISCRIMINATION.** During the performance of this contract Vendor agrees that it will abide by all equal employment opportunity and nondiscrimination laws.
24. **INDEMNIFICATION.** The Contractor agrees to defend, indemnify, and hold harmless CBJ, its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit arising out of or related to the Contractor's performance of this contract without limitation as to the amount of fees, and without limitation as to any damages, cost or expense resulting from settlement, judgment, or verdict, and includes the award of any attorneys fees even if in excess of Alaska Civil Rule 82. This indemnification agreement applies to the fullest extent permitted by law and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against CBJ relating to this contract. The obligations of Contractor arise immediately upon actual or constructive notice of any action, claim, or lawsuit. CBJ shall notify Contractor in a timely manner of the need for indemnification, but such notice is not a condition precedent to Contractor's obligations and may be waived where the Contractor has actual notice.

Glossary

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 13th ed. Chicago: Appraisal Institute, 2008. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 5th ed. 2010. Print.

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (Dictionary, 5th Edition)

Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 5th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
 - CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.
 - CAM can refer to all operating expenses.
 - CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative

- load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.
2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. The area maintained in common by all tenants, such as parking lots and common passages. The area is often defined in the lease and may or may not include all physical area to be paid for by all tenants. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow removal, security, and upkeep. (ICSC) (Dictionary, 5th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 5th Edition)

Discount Rate

A yield rate used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 5th Edition)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 5th Edition)

Effective Date

1. The date on which the analyses, opinion, and advice in an appraisal, review, or consulting service apply.
2. In a lease document, the date upon which the lease goes into effect. (Dictionary, 5th Edition)

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary, 5th Edition)

External Obsolescence

An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, tenant. (Dictionary, 5th Edition)

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to

the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.) (Dictionary, 5th Edition)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary, 5th Edition)

Functional Obsolescence

The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 5th Edition)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (The Appraisal of Real Estate, 13th Edition)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region. (Dictionary, 5th Edition)

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 5th Edition)

Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary, 5th Edition)

Highest and Best Use of Land or a Site as Though Vacant

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (Dictionary, 5th Edition)

Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. (Dictionary, 5th Edition)

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property,

such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary, 5th Edition)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary, 5th Edition)

Market Area

The area associated with a subject property that contains its direct competition. (Dictionary, 5th Edition)

Market Rent

The most probable rent that a property should bring is a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (Dictionary, 5th Edition)

Market Value

The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

2. Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2010-2011 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:
 - Identification of the specific property rights to be appraised.
 - Statement of the effective date of the value opinion.
 - Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
 - If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.
3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should

bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
 - Both parties are well informed or well advised, and acting in what they consider their best interests;
 - A reasonable time is allowed for exposure in the open market;
 - Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
 - The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)
4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards, 8th ed., 2007)

5. Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure of time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 5th Edition)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 5th Edition)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. (Dictionary, 5th Edition)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design,

improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 5th Edition)

Parking Ratio

A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 5th Edition)

Rentable Area

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is

Scope of Work

The type and extent of research and analyses in an assignment. (Dictionary, 5th Edition)

Stabilized Occupancy

An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent. (Dictionary, 5th Edition)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed and paid for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 5th Edition)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and

computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 5th Edition)

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary, 5th Edition)

non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. Often vacancy and collection loss is expressed as a percentage of potential gross income and should reflect the competitive market. Its treatment can differ according to the interest being appraised, property type, capitalization method, and whether the property is at stabilized occupancy. (Dictionary, 5th Edition)