Reliant

# Appraisal Assignment
# Presented in a Summary Report

## 490 S. Franklin St. CBJ Ground Lease - Unrestricted Use

**490 South Franklin Street**
**Juneau, Alaska 99801**

Latitude: 58°17'46.45'N, Longitude: 134°24'3.09'W

*Client Reference Number: None*
*Reliant Reference Number: 13-0360*

**as of July 1, 2012**

**Prepared For:**
Mr. Derek Duncan
Goldbelt, Incorporated

RELIANT LLC ADVISORY SERVICES

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# Letter of Transmittal

October 15, 2013

Mr. Derek Duncan
V.P. of Operations
Goldbelt, Incorporated
3075 Vintage Blvd, Suite 200
Juneau, Alaska 99801

RE: **490 S. Franklin St. CBJ Ground Lease - Unrestricted Use**
490 South Franklin Street
Juneau, Alaska 99801
Client Reference Number: None
Reliant Reference Number: 13-0360

Dear Mr. Duncan:

At your request, an appraisal of the above referenced property has been prepared. The appraisal is presented in a *summary* report. The purpose of the assignment is to estimate the market value of the *Fee Simple* interest in the above referenced real estate, subject to the terms of the January 1995 ground lease between the CBJ (lessor) and Goldbelt, Inc. (lessee), valuing the subject in accordance with the lease in its retrospective *hypothetical as* vacant and unimproved condition at time of scheduled lease adjustment, which is understood to be July 1, 2012. .

The report will be used by Goldbelt, Incorporated (the Client) for establishment of market value for ground lease rental adjustment between CBJ (lessor) and Goldbelt, Inc. (lessee) and may not be suitable for other uses. Although other parties may in some cases obtain a copy of this report, except in the course of discussions with the CBJ, it should not be relied upon by anyone outside of the intended user(s).

The subject is a 10,000 sq ft site located between the cruise ship berth and South Franklin Street and is improved with an aerial tramway. While the immediate neighborhood is predominantly improved with visitor dependent retail, it is the contention of the lessee and their legal counsel that the subject's conditional use permit and ground lease with the CBJ limit the site use to aerial tramway. A prior appraisal was presented on July 10th, 2012 (Reliant Reference Number 12-0300) that was based on the extraordinary assumption that the conditional use permit and ground lease language restrict the subject's legally permissible uses to aerial tramway use, which results in the subject being an uneconomic parcel. The current value estimate is based on the extraordinary assumption that the conditional use permit and lease language do not restrict the subject's legally permissible uses to aerial tramway use. Based on cruise ship dependent retail use, the subject's market value is substantial. The two appraisals (the prior and the current) are based on two different valuation premises and are in no way contradictory in their findings.

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RE: **490 S. Franklin St. CBJ Ground Lease - Unrestricted Use**

This assignment has been prepared and presented in conformance with the client's instructions, the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, as well as the bylaws of the Appraisal Institute.

A complete neighborhood and site inspection of the subject has been made, and photographs taken. Market information and data regarding other similar real estate has been obtained. This data has been analyzed using appropriate techniques and methodologies necessary to develop a credible and reliable estimate of market value. As a result of research and analysis, the value estimate for the subject is as follows:

| **FINAL MARKET VALUE ESTIMATE** | |
|---|---|
| **490 S. Franklin St. CBJ Ground Lease - Unrestricted Use** | |
| **Property Rights** | **Fee Simple*** |
| **Condition** | **As Vacant & Unimproved** |
| **Retrospective Effective Date of Appraisal** | **July 1, 2012** |
| **At Completion Build Ready Land Value** | **$2,450,000** |
| **Less: Costs to Bring to Build Ready Condition** | **($1,092,700)** |
| **As Is Unimproved Land Value (ROUNDED)** | **$1,360,000** |

**Fee simple interest subject to the terms of the January 1995 ground lease between the CBJ (lessor) and Goldbelt, Inc. (lessee) based on the extraordinary assumption that the conditional use permit and lease language do not restrict the subject's legally permissible uses to aerial tramway use.*

In the case of an uneconomic parcel, demand does not exist and the estimate of exposure or marketing period is not applicable and has therefore not been made. The value opinion reported above is qualified by certain assumptions, limiting conditions, certifications and definitions, which are set forth in the body of the report. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addendum. Thank you for the opportunity to be of service. If you have any questions, please feel free to call.

Respectfully submitted,

**Per E. Bjorn-Roli, MAI**
Managing Member
Alaska State Certified General Real Estate Appraiser No. 302
Appraisal Institute Member No. 396734
per@reliantadvisory.com

# Certification

The undersigned certify that, to the best of their knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is their personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. They have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. They have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. They have not provided a previous service regarding the subject within the three years prior to this assignment.
6. Engagement in this assignment was not contingent upon their developing or reporting predetermined results.
7. Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. A personal walk-through of the subject property has been made by Mr. Bjorn-Roli.
10. No one provided significant real property appraisal assistance to the persons signing this certification and they are competent and qualified to perform the appraisal assignment.
11. 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.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, Mr. Bjorn-Roli completed the requirements of the continuing education program of the Appraisal Institute and the State of Alaska.

Per E. Bjorn-Roli, MAI

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# Assignment Overview

## Identity of Property

| | |
|---|---|
| **Name** | 490 S. Franklin St. CBJ Ground Lease - Unrestricted Use |
| **Brief Description** | The subject is a 10,000 sq ft site located between the cruise ship berth and South Franklin Street and is improved with an aerial tramway. While the immediate neighborhood is predominantly improved with visitor dependent retail, it is the contention of the lessee and their legal counsel that the subject's conditional use permit and ground lease with the CBJ limit the site use to aerial tramway. A prior appraisal was presented on July 10th, 2012 (Reliant Reference Number 12-0300) that was based on the extraordinary assumption that the conditional use permit and ground lease language restrict the subject's legally permissible uses to aerial tramway use, which results in the subject being an uneconomic parcel. The current value estimate is based on the extraordinary assumption that the conditional use permit and lease language do not restrict the subject's legally permissible uses to aerial tramway use. Based on cruise ship dependent retail use, the subject's market value is substantial. The two appraisals (the prior and the current) are based on two different valuation premises and are in no way contradictory in their findings. |
| **Address** | 490 South Franklin Street<br>Juneau, Alaska 99801 |
| **Geo Coordinates** | Latitude: 58°17'46.45'N, Longitude: 134°24'3.09'W |
| **Physical Location** | 60' northeasterly of Gastineau Channel cruise ship dock, southwesterly of South Franklin Street and northerly of Salmon Landing. |
| **Assessor's Tax Parcel Number(s)[1]** | 1C100K830011 |
| **Abbreviated Legal Description[2]** | The subject's ground lease identifies the surface estate as follows:<br><br>*Portions of the following lots in an area not to exceed 10,000 Square Feet as shown on Exhibit A:*<br><br>*Lot 13B, Tidelands Addition to the City of Juneau according to Plat 355, Juneau Recording District, First Judicial District, State of Alaska*<br><br>*That portion of Lot 16 lying Northwesterly of Dockside Subdivision, Block 83, Tidelands Addition to the City of Juneau according to Plat 355, Juneau Recording District, First Judicial District, State of Alaska*<br><br>*That portion of Lot 17 lying Northwesterly of Dockside Subdivision, Block 83, Tidelands Addition to the City of Juneau according to Plat* |

[1] Per Tax Assessor Records.
[2] Per Department of Natural Resources Records.

*355, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 1 Dockside Subdivision according to Plat 89·9, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 2A, Subdivision of Lot 2, Dockside Subdivision according to Plat 91.71, Juneau Recording District, First Judicial District, State of Alaska*

In addition, the subject's ground lease identifies air rights easements associated with the tram as follows:

*Lessor does hereby lease and Lessee does hereby take from Lessor an easement one hundred feet in width (fifty feet on each side of the tramway centerline) for the surveying, engineering, design, planning, development, construction, maintenance, and operation of a tramway, including without limitation, cables, tramway fixtures, cars, and appurtenant structures and equipment. The easement shall burden all lands owned by Lessor, or in which Lessor has an interest of any kind, where said lands are to be traversed by Lessee's tramway, including without limitation the premises described as follows and as generally shown in Exhibit B attached hereto and incorporated herein (hereinafter called" Air Rights Easement"), situated in the Juneau Recording District, State of Alaska:*

*Portions of the following lots as shown on Exhibit B:*

*Lot I3B, Tidelands Addition to the City of Juneau according to Plat 355, Juneau Recording District, First Judicial District, State of Alaska*

*That portion of Lot 16 lying Northwesterly of Dockside Subdivision, Block 83, Tidelands Addition to the City of Juneau according to Plat 355, Juneau Recording District, First Judicial District, State of Alaska*

*That portion of Lot 17 lying Northwesterly of Dockside Subdivision, Block 83, Tidelands Addition to the City of Juneau according to Plat 355, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 1 Dockside Subdivision according to Plat 89-9, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 2A, Subdivision of Lot 2, Dockside Subdivision according to Plat 91-71, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 1, Block 6, U.S. Survey 7A, amended Addition to Juneau, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 2, Block 6, U.S. Survey 7A, amended Addition to Juneau, Juneau Recording District, First Judicial District, State of Alaska Roberts Street*

And as:

> *Lessor does not warrant that Lessor has any right, title or other interest in the following lands, but to the extent Lessor in fact has any such right, title or other interest, Lessor leases to Lessee the described Air Rights Easements where said lands are within 50 feet of the tramway centerline as generally shown in Exhibit B:*
>
> *South Franklin Street*
>
> *G Millsite, according to U.S. Mineral Survey 982B, Juneau Recording District, First Judicial District, State of Alaska, excepting that portion of G Millsite heretofore conveyed to Alaska Tram Corporation by Warranty Deed recorded December 20, 1976, in Book 128, page 254, Juneau Recording District, First Judicial District, State of Alaska.*
>
> *F Millsite, according to U.S. Mineral Survey 982B, Juneau Recording District, First Judicial District, State of Alaska*
>
> *B Millsite, according to U.S. Mineral Survey 982B, Juneau Recording District, First Judicial District, State of Alaska*
>
> *P Millsite, according to U.S. Mineral Survey 982B, Juneau Recording District, First Judicial District, State of Alaska*
>
> *H Millsite, according to U.S. Mineral Survey 982B, Juneau Recording District, First Judicial District, State of Alaska*
>
> *X Millsite, according to U.S. Mineral Survey 982B, Juneau Recording District, First Judicial District, State of Alaska*
>
> *Bear No.7 in U.S. Mineral Survey 1027 A, Juneau Recording District, First Judicial District, State of Alaska*

## Scope of Assignment

**Purpose**

To estimate the market value of the real estate, as directed by the lease, in its retrospective hypothetical as vacant and unimproved condition at time of scheduled lease adjustment, which is understood to be July 1, 2012.

**Intended Use of Appraisal**

The intended use of the appraisal is for establishment of market value for ground lease rental adjustment between CBJ (lessor) and Goldbelt, Inc. (lessee), and it may not be suitable for other uses.

**Effective Date of Appraisal**

The subject's ground lease began on January 31st 1995 and has scheduled incremental adjustments every three years until the lease was amended in April 2006 and the lease adjustment period was amended. According to Robert S. Spitzfaden, legal counsel for Goldbelt, Inc., the amendment changed the next readjustment date to July 1, 2009, indicating the next available date of adjustment to the lessor is July 1, 2012 and this is the effective date of appraisal used for analysis purposes. However, it is understood that an appraisal performed on behalf of the CBJ used an effective date of valuation of 2011 and

| | |
|---|---|
| | the date of adjustment may be in dispute between the parties. As such, it should be noted, that the market value estimate of this report would not be impacted if the date of lease adjustment were found to be an earlier date. Nonetheless, it is an extraordinary assumption of this report that the effective date of valuation is July 1, 2012. It should be noted, however, that the market value estimate of this report would not be impacted if the date of lease adjustment were found to be an earlier date. |
| **Intended User(s) of Appraisal** | Goldbelt, Incorporated (the Client) |
| **Property Interest Appraised** | This is an appraisal of the real property. Any intangible and personal property is specifically excluded from this valuation. |
| **Property Rights Appraised** | Fee Simple, subject to the terms of the January 1995 ground lease between the CBJ (lessor) and Goldbelt, Inc. (lessee). |
| **Report Presentation** | Summary |

## Scope of Work

| | |
|---|---|
| **Overview** | Current USPAP requires the appraiser(s) to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem, intended user and intended use. |
| **Limitations to Scope of Work** | USPAP permits limitations to the scope of work consistent with the appraisal problem, intended user and intended use. The scope of work has been limited by the General Assumptions & Limiting Conditions, Extraordinary Assumptions, Extraordinary Limiting Conditions and Hypothetical Conditions discussed in the report and Addenda. The Scope of Work has also been limited based on the level of information / documentation available to the appraiser. There are no major limitations to the scope of work for this assignment. |
| **Compliance** | The analysis and reporting of this assignment is compliant with the following:<br>• Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation.<br>• The bylaws of the Appraisal Institute. |
| **Assignment Presentation** | This is a Summary Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(b). This format provides a summary of the appraisal process, subject and market data, and valuation analyses. The depth of discussion contained in this report is specific to the client's intended use.<br><br>This is a two-sided document with new sections beginning on odd numbered pages. Note, where a section ends on an odd page Microsoft Word will automatically insert a blank, even numbered page at the end of a section. |

**Special Client Instructions**

None

**Subject Walk Through**

The appraiser has extensive knowledge of the site and neighborhood. A complete neighborhood and site inspection of the subject has been made, and photographs taken. A complete formal inspection of the subject was performed on December 10th 2010 for prospective valuation and appeal purposes and the subject photographs presented in this report were taken at this time. A number of inspections have been performed since that time with the most recent being May 23, 2013.

**Information Provided to Appraiser for Consideration**

Primary data was attained by the appraiser during the property walk-through. Secondary sources of property data include client, borrower, and public records. The scope of work is specific to the information on the subject provided to the appraiser by the client or property contact. A partial list of items provided follows:

- As built
- Plat map
- Copies of lease documents
- A Horan & Company appraisal of the subject issued on September 30th, 2011
- Conditional use application and permit
- R&M Engineering cost estimate to bring site from unimproved land to build ready condition

The following information was not available to the appraiser:

- Aerial photograph of subject at time of original lease
- Title report
- Preliminary commitment for title insurance
- Environmental study
- Engineering study

**Market Analysis**

Extensive research on macro and micro economic conditions within the subject's market has been conducted. Extensive research on current market conditions within the subject's sector of the real estate market has been conducted. The Appraisal Institute recognizes two categories of market analysis: inferred and fundamental. Inferred analyses (Level A and B) are basic methods by which future supply and demand conditions are inferred by current and general market conditions (secondary data). In fundamental analyses (Level C and D), general information is supplemented by detailed data in order to forecast supply and demand, as well as subject-specific absorption and capture (primary data). The market analysis performed in this assignment is based on inferred demand.

**Valuation Methodology**

The subject was valued per the terms of the ground lease as unimproved land using the direct sale comparison technique.

**Approaches to Value**

LAND VALUATION

This approach was developed because it is necessary to develop a credible and reliable estimate of market value for this property type or it has been requested by the client. Direct sale comparison is the method of land valuation utilized.

COST APPROACH

This approach was not developed because it is not typically utilized by buyers and sellers in this market for this type and age of property. In the case of the subject, the cost approach is necessary in the performance of the land residual technique.

SALES COMPARISON APPROACH

The improved sales comparison approach was not developed because there is inadequate market data to develop a credible value estimate through this approach.

INCOME CAPITALIZATION APPROACH

This approach was not developed because it is necessary to develop a credible and reliable estimate of market value for this property type or it has been requested by the client. In the case of the subject, a partial income capitalization approach is necessary in the performance of the land residual technique.

**Valuation Process**

The valuation process may include research and analysis performed as part of a prior assignment, as well as new research performed specifically for this assignment, and included but was not limited to the following:

1. The problem or nature of assignment was identified.
2. A scope of work was created that lead to credible results that are appropriate for the appraisal problem, intended user and intended use.
3. Information necessary to complete the assignment was requested and obtained from the client / property contact.
4. An area, city and neighborhood analysis has been performed.
5. An analysis of the subject's physical and economic characteristics has been performed.
6. Interviews have been performed with property representatives (owners, property managers or leasing agents), tenants, planners, assessors, brokers, investors, developers and other individuals with useful knowledge and insight on the subject.
7. Knowledgeable market participants have been interviewed on the market conditions for properties similar to the subject.
8. An examination of current zoning codes affecting the property has been performed.
9. The functional utility of the site and/or improvements has been determined.
10. A detailed examination of the subject's economic characteristics has been made to determine the property's risk profile and economic potential.
11. A highest and best use analysis for the property was performed.
12. An analysis of the subject's ground lease and zoning were performed and

their impact on highest and best use was considered.

13. Extensive research to identify transactions involving similar properties was performed.

14. An analysis of the subject and available data was performed using commonly accepted valuation techniques and methodologies.

15. The quantity and quality of available data was considered along with the applicability of the methodology used, and a reconciliation was performed to arrive at the final value estimate(s).

## Ownership Information

**Current Owner of Record**

The subject site is owned by City and Borough of Juneau (CBJ)[3] and leased to Goldbelt, Inc. on a long-term basis.

**Three Year Transaction History**

Disclosure and analysis of the subject's transaction history within the prior three years is required by USPAP and, if applicable, is presented below.

NO RECENT ACTIVITY

No transactions involving the subject within the prior three years are known or have been disclosed. A search of State of Alaska Department of Natural Resource records indicates that the subject has not changed ownership within the last three years.

## Extraordinary Assumptions, Limiting Conditions & Special Risk Factors

Extraordinary assumptions, extraordinary limiting conditions and special risk factors specific to this assignment follow. The value estimate(s) presented in this report may be amended in the event that the extraordinary assumptions or limiting conditions are found to be false.

1. The subject's ground lease began on January 31st 1995 and has scheduled incremental adjustments every three years until the lease was amended in April 2006 and the lease adjustment period was amended. According to Robert S. Spitzfaden, legal counsel for Goldbelt, Inc., the amendment changed the next readjustment date to July 1, 2009, indicating the next available date of adjustment to the lessor is July 1, 2012 and this is the effective date of appraisal used for analysis purposes. However, it is understood that an appraisal performed on behalf of the CBJ used an effective date of valuation of 2011 and the date of adjustment may be in dispute between the parties. As such, it should be noted, that the market value estimate of this report would not be impacted if the date of lease adjustment were found to be an earlier date. Nonetheless, it is an extraordinary assumption of this report that the effective date of valuation is July 1, 2012.

2. The subject is a 10,000 sq ft site located between the cruise ship berth and South Franklin Street and is improved with an aerial tramway. While the immediate neighborhood is predominantly improved with

[3] Per Department of Natural Resources Records.

visitor dependant retail, it is the contention of the lessee and their legal counsel that the subject's conditional use permit and ground lease with the CBJ limit the site use to aerial tramway. A prior appraisal was presented on July 10th, 2012 (Reliant Reference Number 12-0300) that was based on the extraordinary assumption that the conditional use permit and ground lease language restrict the subject's legally permissible uses to aerial tramway use, which results in the subject being an uneconomic parcel. The current value estimate is based on the extraordinary assumption that the conditional use permit and lease language do not restrict the subject's legally permissible uses to aerial tramway use. Based on cruise ship dependant retail use, the subject's market value is substantial. The two appraisals (the prior and the current) are based on two different valuation premises and are in no way contradictory in their findings.

3. Irrespective of the sites actual condition at time of lease, the subject's ground lease calls for the subject to be valued as "unimproved" land and that the appraisal shall not consider any buildings or structural improvements above or below ground, landscaping or paving. Regardless of original site condition, per the terms of the ground lease, this appraisal is predicated on the extraordinary assumption that the subject is unimproved land and does not consider any buildings or structural improvements above or below ground.

4. The adjacent lands surrounding the subject and the surface rights between the subject and South Franklin Street are owned by the CBJ. Upon review, there does not appear to be any agreement in place that guarantees the availability of continued access to the subject site. Changes in use or design of the adjacent lands could significantly impact the subject's level of exposure to foot traffic on South Franklin Street. In other words, the CBJ, could, at any time, change the use and configuration of all or portions of the surrounding sites. While it appears that the CBJ intends to continue with the current configuration, the lack of legal access to the subject would be a major issue for a potential buyer as a lack of legal access can have a significant negative influence on market value. The current value estimate is based on the extraordinary assumption that legal access to the subject is available. The appraiser reserves the right to amend the current value estimate in the event that legal access to the subject is not available.

5. Mr. Story is uniquely qualified to make a determination on 1) the sites unimproved condition prior to lease and 2) costs to bring the site to a build ready condition. The cost estimates include those necessary to bring the site to a build ready condition and offsite or onsite costs required by the permit. Offsite costs are not uncommon in land development and are almost always paid by the developer. Mr. Story indicated that he believes that the offsite costs were paid for by the developer as part of the permit, however, there is no definitive documentation available that this was the case. Therefore, while it is noted that offsite costs are typically paid for by the developer, in absence of confirming documents, it is an extraordinary assumption of

this appraisal that the developer (the buyer of the land) was required to pay for the offsite costs. In the event that these costs were entirely or partially paid for by the CBJ, the costs to cure estimate would need to be adjusted downward by the appropriate amount. Upon review, Mr. Story's cost estimates appear reasonable. That said, due to the difficulty in establishing original site condition, the uniqueness of the various component costs to cure and time period elapsed since development, it is difficult to develop independent cost to cure estimates. Therefore, Mr. Story's cost estimates are incorporated into the current assignment based on the extraordinary assumption that they are correct. Given his expertise and knowledge of the project, this is a very reasonable assumption.

## Hypothetical Conditions

Hypothetical conditions specific to this assignment are as follow. In the event that the appraisal was not predicated on the following hypothetical condition(s) the value estimate(s) and analysis presented in this report may be impacted.

1. The subject's ground lease calls for the subject to be valued as "unimproved" land and that the appraisal shall not consider any buildings or structural improvements above or below ground, landscaping or paving. The subject site is currently improved with an attached dock, retaining wall, fill, utilities, streets, landscaping, curbs, gutters and sidewalks. Therefore, the current valuation is based on the hypothetical condition that the subject is unimproved land.

## Competency of Appraiser

The appraisers have previously performed similar assignments and meet the competency provision of USPAP. Please refer to the Experience Data presented in the Addendum for further information on the appraiser's background and experience.

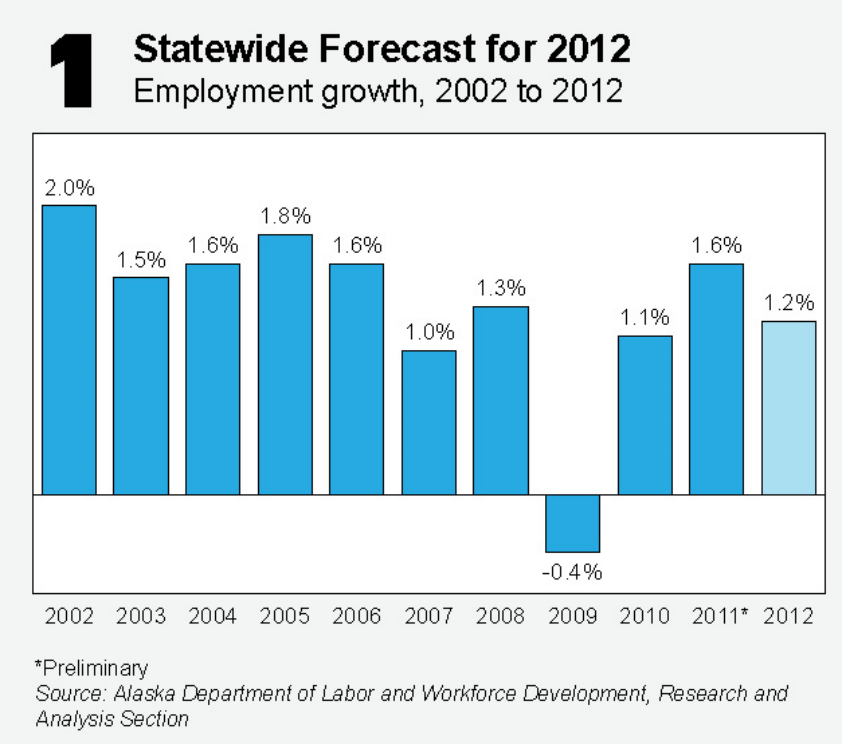
# Area Data

## Regional Area Data

Whereas the nation lost 7.5 million wage and salary jobs from December 2007 to June 2009 (the official dates of the recession), the Alaskan economy made modest gains. State economists attribute this stark result to differences in the structure of the Alaskan economy. Chief among these differences is Alaska's large natural resource base, the lack of a significant manufacturing sector, strong federal spending, a growing health care industry, and a resilient tourism industry. In recent years, Alaska has benefited from the rapid growth in developing countries that has resulted in an undersupply of commodities, placing upward pressure on prices.

Alaska is highly dependent on the production and price of oil, and while production has steadily decreased from a high in the late 1980s, the price has been volatile. However, over the last year oil has shown stability above $85 per barrel and state economists predict the average price for 2012 to be $109.33/barrel. The preliminary forecast for 2013 is nearly the same at $109.47/barrel. Though the problem of low production is a concern, current oil prices have provided bountiful revenue to the state of Alaska at a time when many other states are struggling with crippling budget deficits. Looking to the future, the state awaits progress in the development of a proposed natural gas pipeline that would provide a significant boost to the economy. Beyond oil and gas, the state economy is currently benefitting from a confluence of strong production and high prices for other natural resources; particularly gold, silver, lead, zinc and fish.

Also buttressing the Alaskan economy is the level of federal spending in the state. In FY2010, the U.S. government sent a total of $15 billion to Alaska and its residents. This sum makes Alaska the highest recipient of per capita federal dollars for the year. While more recent information has yet to be released, state economists believe the level of federal spending will remain close to this level for the near future. In the longer term, the economy is expected to push the federal government to tighten its belt, which will almost surely impact Alaska to some degree. Meanwhile, job gains in the health care industry have been consistent and strong for most of the last decade. According to the Alaska Department of Labor, the health care industry added 1,300 jobs in 2011, and it is expected to add another 800 jobs in 2012. Lastly, after down years in 2009 and 2010, initial indications are that tourism experienced noticeable improvement in 2011. State economists expect that the combination of a strengthening national economy and the addition of several cruise ships to the Alaskan market will provide a boost to this important industry. Historic employment changes, as well as the forecast for 2012 are presented in the following chart:




After the minor losses in 2009 ended 21 straight years of overall job growth, Alaska gained 1,900 jobs in 2010 and then 5,200 in 2011. Employment gains in 2011 were seen in the educational and health services industry, the service industry, and natural resource extraction, among others. Federal and state government were flat, while local government grew modestly. According to state economists, Alaska experienced only a mild recession and has significantly outperformed the nation's economy as a whole. The outlook for 2012 is continued job growth of 3,900 jobs (1.2%) with the education and health care industry leading the way in overall job gains and most other industries growing slightly or remaining flat. The only sector expected to shrink slightly is federal government employment, by 300 jobs. In summary, the Alaska economy is healthy and is anticipated to remain stable into the foreseeable future with modest growth anticipated in the short term.

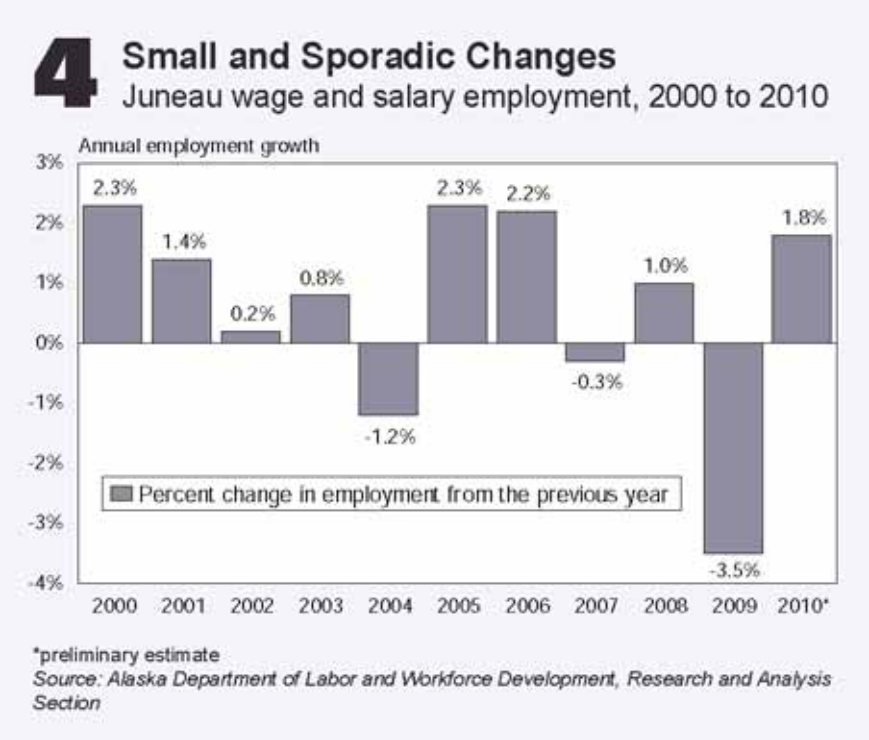
## Local Area Data

Located on the mainland of Southeast Alaska, the capital city of Juneau is built at the heart of the Inside Passage along the Gastineau Channel. It lies 900 air miles northwest of Seattle, and 600 air miles southeast of Anchorage. Juneau itself can be divided into three districts. The first district is the Mendenhall Valley, the location of the Juneau International Airport as well as the retail center for local residents. The second district is Downtown, which is located approximately seven miles east of the Mendenhall Valley and is home to the State Capitol Building, State Courthouse, State Office Building, governor's house, and most state and federal offices. The third district is Douglas Island, which is located across Gastineau Channel to the south of Downtown. The island is a popular residential area and is developed with numerous small

residential neighborhoods along its shores.

Approximately 40 percent of Juneau's jobs are provided by federal, state and local government. Tourism is a significant contributor to the private sector economy during the summer months. Support services for logging and fish processing contribute to the Juneau economy as well, and over 300 residents hold commercial fishing permits. The Kennecott Green's Creek Mine produces gold, silver, lead and zinc, and is the largest silver mine in North America. In 2010, the Kensington gold mine came on line, adding a number of jobs to the area. Health care is yet another significant - and growing - employment source for the area. Per capita income levels in Juneau are among the highest in the state, while unemployment is generally stable and lower overall thanks to the influence of the legislative session during the winter months.

Similar to the state of Alaska as a whole, 2010 marked a return to job growth. Among industries experiencing gains in 2010 were health care and mining, while most other sectors - including government - remained relatively steady. Data released by the Alaska Department of Labor for 2010 indicates that the average monthly unemployment rate in Juneau was 5.8 percent, which is healthy by historical standards and well below the national average. Historic employment changes are presented in the following chart:



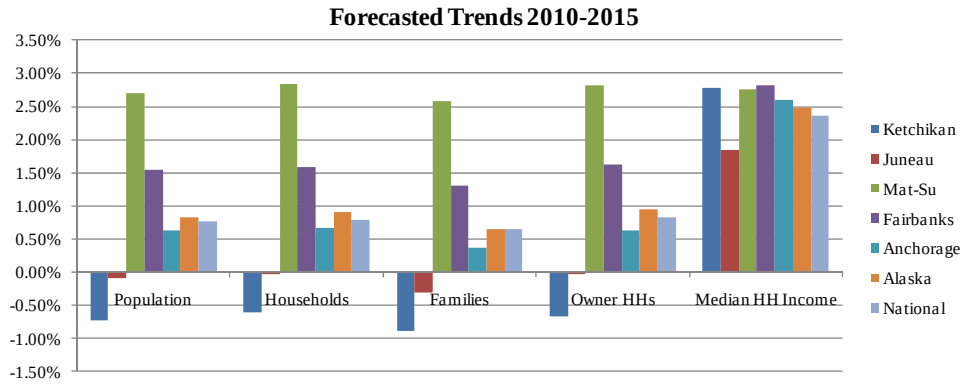

As the Alaska state capital, Juneau will continue to be heavily dependent on government. The city's economy does continue to diversify gradually over time, and bright spots have included tourism and mining. Despite the sluggish forestry industry, Juneau has experienced slow, steady growth over the past ten years. Most analysts expect government spending to remain relatively stable overall. Fishing and mining should continue to provide stability for the area,

and mining actually has the possibility of providing some growth in the private sector. The potential for a turnaround in the forestry sector is highly dependent on the Asian economies, as well as on federal forest management policy. Although most analysts do not expect to see significant growth in this industry, it appears it is currently operating at a stable level with no significant shrinkage projected over the near term. Tourism, on the other hand, is on track to improve in 2011 over 2010, but it will likely be held in check due to conditions in the national economy as well as low consumer confidence. Beyond this, several major cruise ship companies are planning realignments that will result in some additional visitor increases for the region in 2012. In conclusion, Juneau is relatively stable overall, but the ongoing national economic downturn and recent decreases in tourism continue to place some downward pressure on the local economy. The overall forecast at this time is for stability during 2011 and 2012. For comparison, detailed demographics for Alaska's major cities are presented on the Demographic Data Exhibit on the following page.

## Demographic Data Exhibit

| | Ketchikan | | | Juneau | | | Matanuska-Susitna | | | Fairbanks North Star | | | Anchorage | | | Alaska | | | United States | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Summary** | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** |
| Population | 14,070 | 13,100 | 12,632 | 30,711 | 30,761 | 30,628 | 59,322 | 88,380 | 100,973 | 82,840 | 95,574 | 103,150 | 260,283 | 287,705 | 296,853 | 626,932 | 695,751 | 724,892 | 281,421,906 | 311,212,863 | 323,209,391 |
| Households | 5,399 | 5,153 | 5,000 | 11,543 | 11,777 | 11,774 | 20,556 | 31,394 | 36,108 | 29,777 | 33,772 | 36,533 | 94,822 | 105,470 | 109,023 | 221,600 | 248,724 | 260,058 | 105,480,101 | 116,761,140 | 121,359,604 |
| Families | 3,634 | 3,364 | 3,219 | 7,638 | 7,555 | 7442.00 | 15,057 | 22,437 | 25,503 | 20,502 | 22,597 | 24,109 | 64,131 | 69,236 | 70,559 | 152,337 | 166,656 | 172,116 | 71,787,347 | 78,333,359 | 80,856,809 |
| Average Household Size | 2.56 | 2.50 | 2.48 | 2.60 | 2.56 | 2.55 | 2.84 | 2.78 | 2.77 | 2.68 | 2.69 | 2.70 | 2.67 | 2.65 | 2.65 | 2.74 | 2.71 | 2.71 | 2.59 | 2.59 | 2.60 |
| Owner Occupied HUs | 3,278 | 3,156 | 3,053 | 7,356 | 7,546 | 7,533 | 16,218 | 24,785 | 28,474 | 16,066 | 18,397 | 19,940 | 56,953 | 63,575 | 65,608 | 138,509 | 157,546 | 165,060 | 69,815,753 | 76,868,769 | 80,072,859 |
| Renter Occupied HUs | 2,121 | 1,997 | 1,947 | 4,187 | 4,231 | 4,241 | 4,338 | 6,609 | 7,634 | 13,711 | 15,375 | 16,593 | 37,869 | 41,895 | 43,415 | 83,091 | 91,178 | 94,998 | 35,664,348 | 39,892,371 | 41,286,745 |
| Median Age | 35.9 | 37.2 | 36.4 | 35.3 | 38 | 38 | 34.0 | 35.8 | 35.8 | 29.5 | 30.7 | 31.6 | 32.4 | 33.7 | 33.7 | 32.4 | 33.7 | 33.8 | 35.3 | 37.0 | 37.3 |
| **Trends: 2009-2014 Annual Rate** | | | | | | | | | | | | | | | | | | | | | |
| Population | | -0.72% | | | -0.09% | | | 2.70% | | | 1.54% | | | 0.63% | | | 0.82% | | | 0.76% | |
| Households | | -0.60% | | | -0.01% | | | 2.84% | | | 1.58% | | | 0.66% | | | 0.90% | | | 0.78% | |
| Families | | -0.88% | | | -0.30% | | | 2.59% | | | 1.30% | | | 0.38% | | | 0.65% | | | 0.64% | |
| Owner HHs | | -0.66% | | | -0.03% | | | 2.81% | | | 1.62% | | | 0.63% | | | 0.94% | | | 0.82% | |
| Median Household Income | | 2.78% | | | 1.84% | | | 2.76% | | | 2.81% | | | 2.60% | | | 2.49% | | | 2.36% | |
| | **2010** | | | **2010** | | | **2010** | | | **2010** | | | **2010** | | | **2010** | | | **2010** | | |
| **Households by Income** | Number | Percent | | Number | Percent | | Number | Percent | | Number | Percent | | Number | Percent | | Number | Percent | | Number | Percent | |
| < $15,000 | 213 | 4.1% | | 380 | 3.2% | | 2,049 | 6.5% | | 1,771 | 5.2% | | 4,075 | 3.9% | | 13,405 | 5.4% | | 13,324,537 | 11.4% | |
| $15,000 - $24,999 | 284 | 5.5% | | 573 | 4.9% | | 2,254 | 7.2% | | 2,153 | 6.4% | | 5,388 | 5.1% | | 15,588 | 6.3% | | 10,943,687 | 9.4% | |
| $25,000 - $34,999 | 343 | 6.7% | | 530 | 4.5% | | 1,710 | 5.4% | | 1,987 | 5.9% | | 5,912 | 5.6% | | 15,283 | 6.1% | | 11,375,270 | 9.7% | |
| $35,000 - $49,999 | 799 | 15.5% | | 959 | 8.1% | | 4,447 | 14.2% | | 4,614 | 13.7% | | 12,243 | 11.6% | | 35,392 | 14.2% | | 17,500,292 | 15.0% | |
| $50,000 - $74,999 | 1,401 | 27.2% | | 3,336 | 28.3% | | 8,246 | 26.3% | | 9,637 | 28.5% | | 26,651 | 25.3% | | 63,312 | 25.5% | | 25,175,713 | 21.6% | |
| $75,000 - $99,999 | 872 | 16.9% | | 2,197 | 18.7% | | 5,652 | 18.0% | | 5,833 | 17.3% | | 19,031 | 18.0% | | 41,657 | 16.7% | | 16,451,401 | 14.1% | |
| $100,000 - $149,999 | 929 | 18.0% | | 2,660 | 22.6% | | 4,836 | 15.4% | | 4,977 | 14.7% | | 20,339 | 19.3% | | 41,951 | 16.9% | | 13,940,570 | 11.9% | |
| $150,000 - $199,999 | 160 | 3.1% | | 680 | 5.8% | | 1,365 | 4.3% | | 1,900 | 5.6% | | 7,152 | 6.8% | | 13,710 | 5.5% | | 3,980,482 | 3.4% | |
| $200,000+ | 152 | 2.9% | | 462 | 3.9% | | 835 | 2.7% | | 900 | 2.7% | | 4,679 | 4.4% | | 8,426 | 3.4% | | 4,068,037 | 3.5% | |
| | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** | **2000** | **2010** | **2015** |
| Median Household Income | $51,088 | $62,421 | $71,592 | $61,862 | $75,885 | $83,118 | $51,062 | $62,574 | $71,701 | $49,145 | $62,484 | $71,776 | $55,401 | $72,574 | $82,497 | $51,581 | $65,007 | $73,516 | $42,164 | $54,442 | $61,189 |
| Average Household Income | $61,519 | $77,698 | $89,717 | $69,983 | $89,158 | $100,445 | $59,782 | $75,641 | $87,998 | $58,561 | $77,678 | $89,774 | $67,906 | $88,770 | $102,884 | $62,475 | $80,618 | $93,041 | $56,644 | $70,173 | $79,340 |
| Per Capita Income | $23,994 | $30,963 | $35,983 | $26,719 | $34,592 | $39,135 | $21,105 | $27,129 | $31,727 | $21,553 | $28,501 | $32,905 | $25,287 | $33,150 | $38,455 | $22,660 | $29,492 | $34,112 | $21,587 | $26,739 | $30,241 |

*Source:STDB Online*

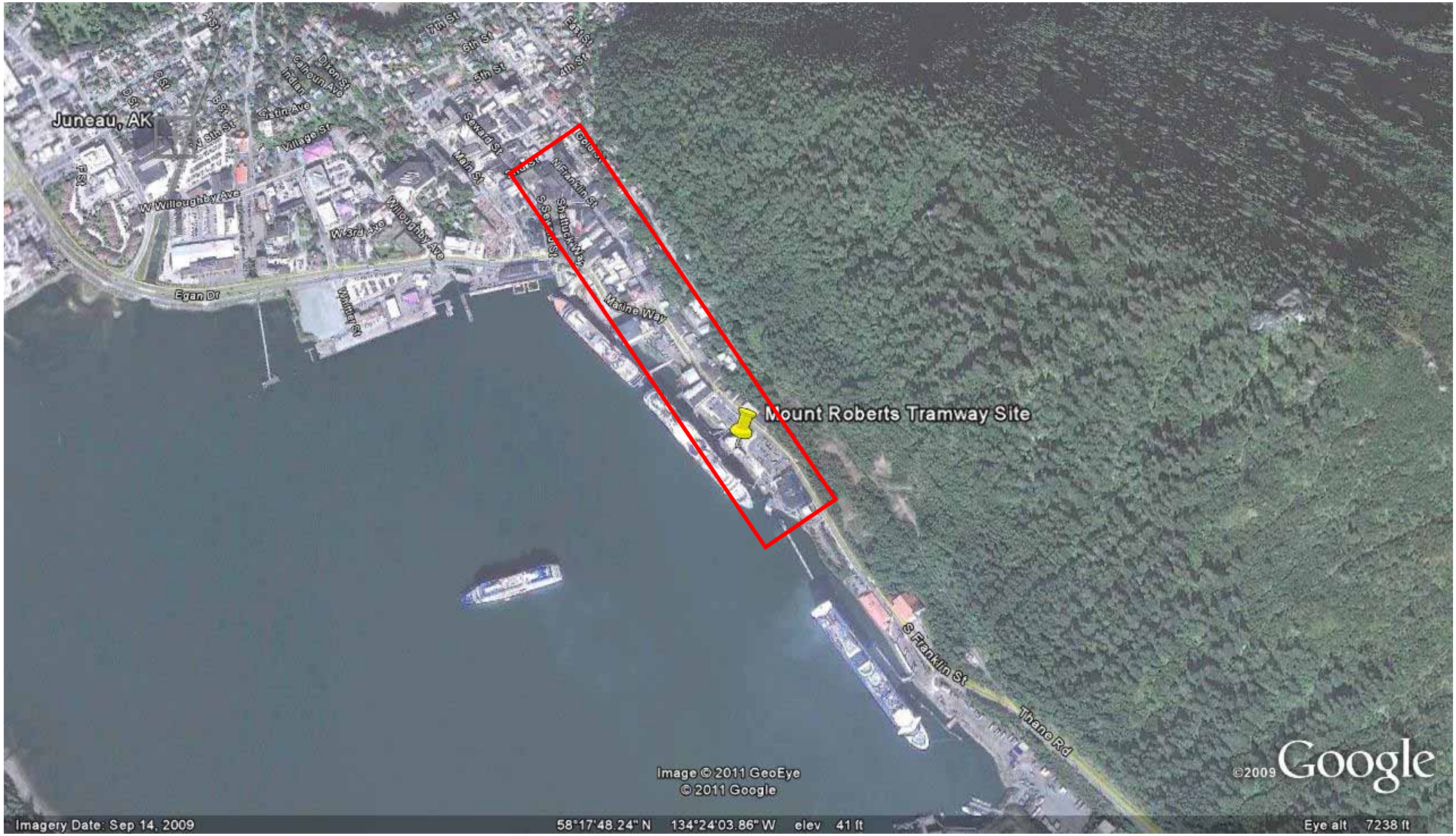



*Source:STDB Online*

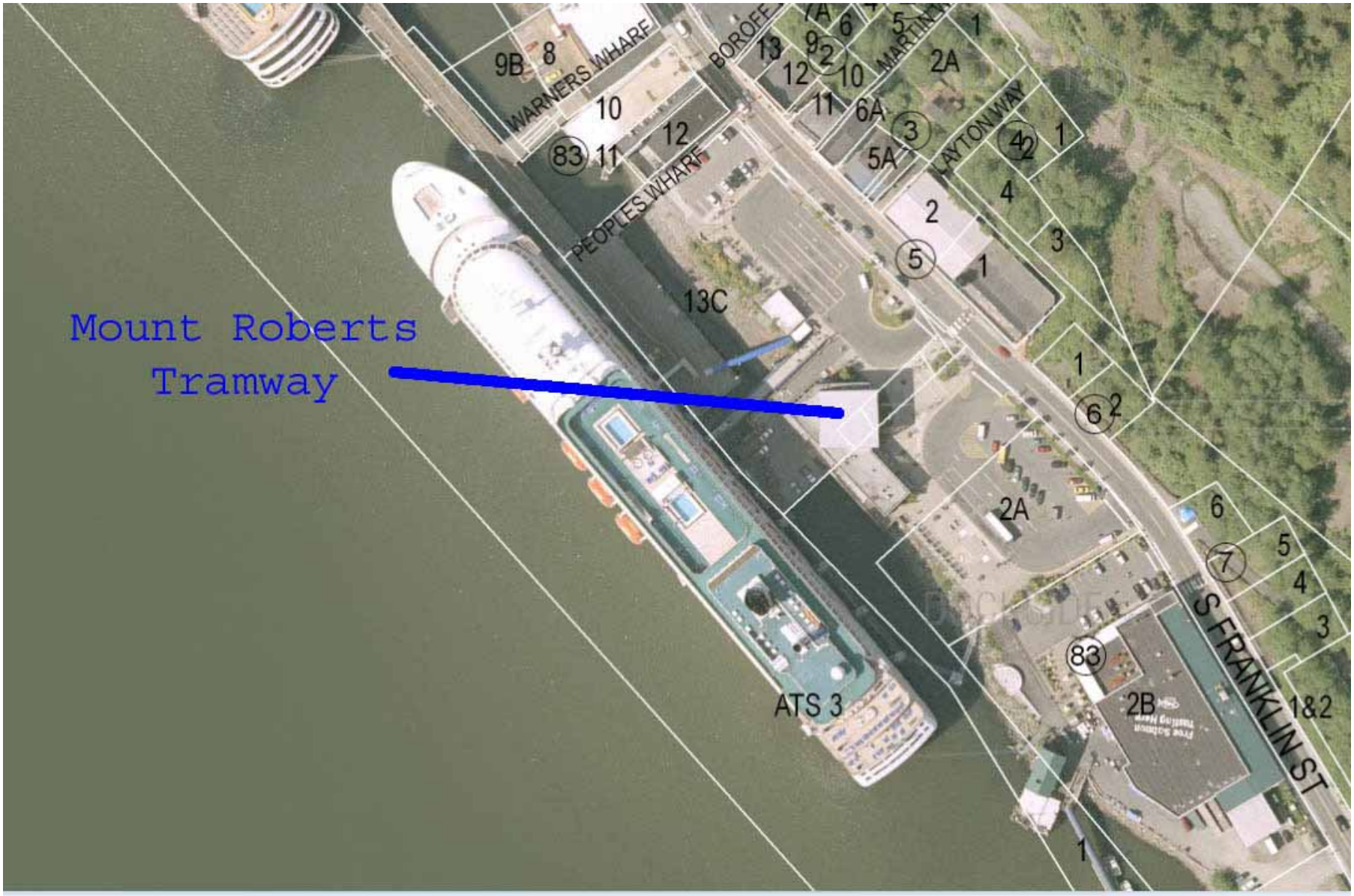
## Neighborhood Data

| | |
|---|---|
| **Name** | South Franklin Tourist District |
| **Location & Access** | The neighborhood location and access / linkages are shown on the street and aerial photos that follow. Neighborhood access is considered typical of the market. The neighborhood is generally located between the AJ Rock Dump, to the south, and the Franklin Historic District, to the north. South Franklin Street Runs south from the CBD through the South Franklin Tourist District. To the southeast, Franklin Street turns into Thane Road. The arterials provide access to the cruise ship docks to the south of the CBD as well as to downtown Juneau. Franklin Street / Thane Road is a two-lane north south road that follows the waterfront north towards the CBD. |
| **Character & Land Uses** | The neighborhood character is demonstrated by the neighborhood photos that follow. These photos were taken within close proximity to the subject and are representative of the character of the neighborhood. Due to the presence of the cruise ship berths, the subject neighborhood is dominated by cruise ship dependant retail uses. Retail uses line the arterial roads to satisfy high retail demand among Juneau's visitors. Valuations are driven by foot traffic, which is a function of location, whose primary characteristics include the linear amount of street frontage a site has and its exposure to visitors. Those buildings located between the 300 block and 400 block of South Franklin Street have the highest foot traffic and in turn have commanded the highest rents. Jewelry and furrier stores generally command the highest sales per square foot and can justify the highest rents in the prime locations. In most of the retail related improvements, street level space is used for retail, with upper floors used for storage or apartments by local shop owners. Several buildings have been constructed or renovated in recent years, however, the rate of new construction has subsided as the number of cruise ship visitors has fallen. |
| **Percent Land Developed** | Roughly 90 Percent |
| **Life Cycle** | Mature |
| **Trends** | Neighborhood trends will correlate directly with cruise ship passenger volumes, which are anticipated to be stable over the short term and escalate gradually over time. Given the fixed supply of land, current percent of developed land and demand trends, neighborhood trends should be towards moderately escalating land values, rents and prices over time. |

## Neighborhood Aerial Photograph



## Immediate Neighborhood Aerial Photograph



## Immediate Neighborhood Photographs

Neighborhood view to north of Mount Roberts Tram

Neighborhood view to north of Mount Roberts Tram

Neighborhood view to north of Mount Roberts Tram

Neighborhood view to south of Mount Roberts Tram

View of retail developments on east side of S. Franklin Street (across the street from subject).

Facing northerly viewing street scene of S. Franklin Street.

# Market Analysis

## Introduction

As most of the resource-based industries declined or became stagnant during the 1990s, the tourism industry flourished and helped maintain Alaska's economy. The industry is important to the state's economy both in terms of how many jobs it creates, and in the money it brings in. According to Ron Peck of the Alaska Travel Industry Association, Alaska's visitor industry generates 40,000 full-time equivalent jobs, or roughly 14 percent of all employment, and infuses $1.15 billion in wages and benefits to Alaska workers. An estimated 1.557 million out-of-state visitors traveled to Alaska between May and September 2011, which represents a slight increase over 2010 levels. The Alaska Visitor Statistics Program VI: Summer 2011 prepared by McDowell Group on behalf of the State of Alaska states that:

> *"With four out of five Alaska visitors originating from within the US, nationwide economic conditions played a role in Alaska visitor volume over the past few years. The country slid into recession in 2008, with unemployment reaching its highest level in many years in 2009. The economy remained relatively weak and unemployment high through 2011. In reaction to the recession, US residents started saving more and cutting back on discretionary spending, especially on big-ticket items like Alaska vacations. Given the state of the nation's economy, it is somewhat surprising that visitor volume did not decline more than it did in 2008, 2009, and 2010."*

## Summary of Alaska Visitor Statistics Program

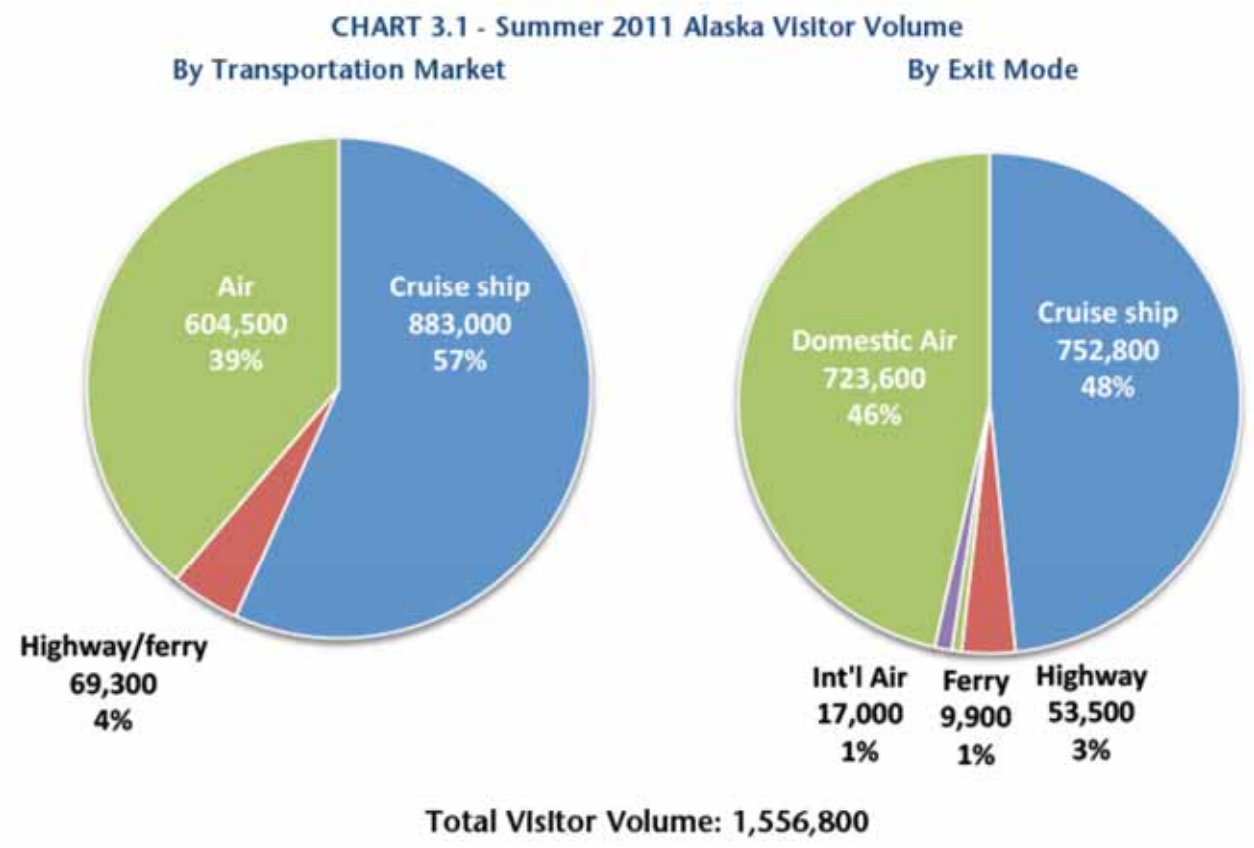
The Alaska Visitor Statistics Program (AVSP) has been periodically performed for the State of Alaska to estimate the number of out-of-state visitors over the study period and gather information regarding trip purpose, transportation modes used, length of stay, destinations, lodging, activities, expenditures, satisfaction, trip planning, and demographics. The McDowell Group released the most current study in March 2012. The study is comprehensive and has been heavily relied upon. The entire study is available for review at the following web site: http://www.commerce.state.ak.us/ded/dev/toubus/pub/2011AVSP-FullReport.pdf.

**Cruise Ship vs. Non-Cruise Ship Visitors**

The Alaska Visitor Statistics Program VI: March 2012 prepared by McDowell Group on behalf of the State of Alaska states the following"

> *"An estimated 1,556,800 out-of-state visitors came to Alaska between May and September 2011. In terms of transportation market (see pie chart, below left), 883,000 were cruise ship passengers, 604,500 were air visitors (entered and exited the state by air), and 69,300 were highway/ferry visitors (entered or exited the state by highway or ferry). Measuring traffic by transportation market is useful because many cruise ship passengers exit the state via air; in addition, the highway and ferry markets overlap, making it practical to group them together.*

*Survey results are reported for the total visitor market as well as these three transportation markets in the following chapter. The chart at below right shows visitor volume measured by mode of exit – that is, the transportation method used to exit Alaska. Because of the approximately 130,000 cruise ship passengers who exit the state by air, the proportion of cruise ship visitors decreases and the proportion of air visitors increases compared to transportation market figures."*




*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

**Total Visitor Trends** The Alaska Visitor Statistics Program VI: March 2012 prepared by McDowell Group on behalf of the State of Alaska states the following"

*"The summer 2011 visitor volume of 1,556,800 represents a 1.6 percent increase over summer 2010 – a slight rebound after significant declines in both 2009 and 2010 (-6.2 percent and -4.3 percent, respectively). The changes in visitor volume over the last several years are explored in greater detail in the following sections. From a long-term perspective, the 2011 volume is 22 percent higher than the volume of a decade earlier, in 2002. The peak years for Alaska tourism in the last decade were 2007 and 2008, when volume surpassed the 1.7 million mark."*

*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

**Method of Travel**

The Alaska Visitor Statistics Program VI: March 2012 prepared by McDowell Group on behalf of the State of Alaska states the following"

> *"The following chart and table show how visitor volume to Alaska has fluctuated over the last six years (since the last AVSP was conducted in 2006) in terms of transportation market: air, cruise, and highway/ferry. The most significant change in the air market occurred in 2009, when it declined by 15 percent, largely attributable to the nationwide economic recession. This market has shown a strong recovery, however, with a 14 percent increase in 2010, followed by a 5 percent increase in 2011. The 2011 air volume of 604,500 surpassed the previous peak of 602,200, set in 2007. The cruise market has also fluctuated since 2006, with a 7 percent increase in 2007, and a 14 percent decrease in 2010. Cruise traffic has not shown the strong recovery of the air market; the 2011 total of 883,000, while 1 percent more than in 2010, is still 15 percent below the 2008 peak of 1,033,100. (A 6 percent growth in berth capacity is projected for 2012.) The cruise market is discussed in more detail in the following Visitor Industry Indicators chapter. The highway/ferry market has generally trended downwards over the last six years, showing an overall decline of 18 percent between 2006 and 2011. As discussed throughout this report, the composition of the highway/ferry market has likewise changed since 2006. Survey results show a shorter average length of stay, a higher proportion of Canadians (including a significant percentage from the Yukon), and lower likelihood of visiting Southcentral and Interior destinations. These changes correspond with highway traffic indicators. While border crossings (by private vehicle occupants) over the Alcan, Top of the World, and Haines Highways combined declined by 26 percent between 2006 and 2011, private vehicle traffic via the Klondike Highway increased by 17 percent Although residency by province was not collected in 2006, it appears*

*that Yukon residents making short trips across the border have come to represent a larger share of the highway market. With increases in both the air and cruise markets, and an overall increase in visitor volume of 1.6 percent, the summer 2011 season potentially represents the start of a rebound towards previous Alaska visitor levels."*

CHART 3.3 - Trends in Summer Visitor Volume, By Transportation Market, 2006-2011

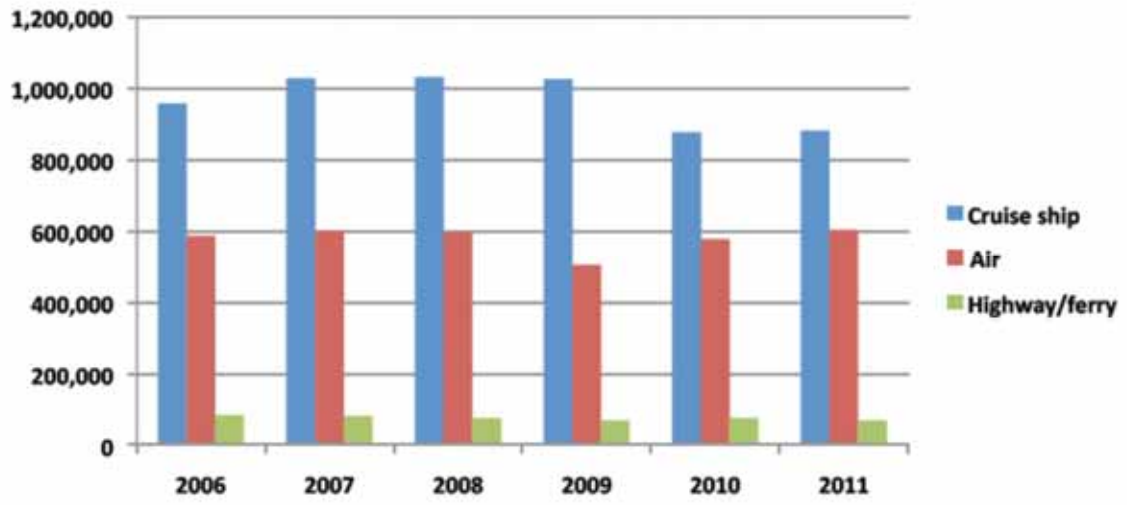



TABLE 3.2 - Trends in Summer Visitor Volume, By Transportation Market, 2006-2011

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Air | 587,800 | 602,200 | 597,200 | 505,200 | 578,400 | 604,500 |
| Cruise ship | 958,900 | 1,029,800 | 1,033,100 | 1,026,600 | 878,000 | 883,000 |
| Highway/ferry | 84,800 | 82,100 | 77,100 | 69,900 | 76,000 | 69,300 |
| **Total** | **1,631,500** | **1,714,100** | **1,707,400** | **1,601,700** | **1,532,400** | **1,556,800** |
| **% change** | **0.0%** | **+5.1%** | **-0.4%** | **-6.2%** | **-4.3%** | **+1.6%** |

Sources: AVSP V and AVSP VI.

*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

**Other Relevant Data**

TABLE 3.7 – Highway Border Crossings by Personal Vehicle, 2006-2011

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| All highways | 168,875 | 163,395 | 150,517 | 150,326 | 156,533 | 152,101 |
| % change | | -3.2% | -7.9% | -0.1% | +4.1% | -2.8% |
| Alcan | 66,978 | 66,879 | 55,155 | 52,403 | 60,543 | 48,654 |
| % change | | -0.1% | -17.5% | -5.0% | +15.5% | -19.6% |
| Top of the World | 12,195 | 13,880 | 12,603 | 9,960 | 8,378 | 10,881 |
| % change | | +13.8% | -9.2% | -21.0% | -15.9% | +29.9% |
| Klondike | 61,432 | 56,652 | 60,647 | 63,972 | 67,310 | 72,137 |
| % change | | -7.8% | +7.1% | +5.5% | +5.2% | +7.2% |
| Haines | 28,270 | 25,984 | 22,112 | 23,991 | 20,302 | 20,429 |
| % change | | -8.1% | -14.9% | +8.5% | -15.4% | +0.6% |

Source: Yukon Department of Tourism and Culture.

*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

TABLE 3.8 - Alaska Marine Highway System, Non-Resident Ridership, May-September 2006-2011

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Non-resident passengers | 85,438 | 88,490 | 92,874 | 77,530 | 85,306 | 88,375 |
| % change | | +3.6% | +5.0% | -16.5% | +10.0% | +3.6% |
| Non-resident passengers exiting Alaska | 11,676 | 10,694 | 10,424 | 9,144 | 10,043 | 9,898 |
| | | -8.4% | -2.5% | -12.3% | 9.8% | -1.4% |

Source: AVSP V and VI, Alaska Marine Highway System.

*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

TABLE 3.9 - 2nd and 3rd Quarter Bed Tax Revenue Trends, 2006-2011

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Anchorage | $115,108,885 | $123,432,676 | $132,873,921 | $103,482,576 | $112,909,476 | $121,956,765 |
| % change | | +7% | +8% | -22% | +9% | +8% |
| Fairbanks (City) | $2,117,215 | $2,164,649 | $2,250,939 | $1,838,652 | $1,983,472 | $1,906,361 |
| % change | | +2% | +4% | -18% | +8% | -4% |
| Fairbanks (Bor.) | $1,196,991 | $1,336,276 | $1,346,969 | $1,085,851 | $1,298,242 | $1,224,402 |
| % change | | +12% | +1% | -19% | +20% | -6% |
| Denali | $2,518,755 | $2,641,409 | $1,372,902 | $1,185,078 | $1,329,372 | $1,876,244 |
| % change | | +5% | -48% | -14% | +12% | +41% |
| Mat-Su | $293,101 | $335,522 | $356,123 | $330,644 | $280,722 | $345,345 |
| % change | | +14% | +6% | -7% | -15% | +23% |
| Sitka | $361,925 | $405,308 | $331,230 | $237,042 | $260,660 | $262,797 |
| % change | | +12% | -18% | -28% | +10% | +1% |
| Juneau | $775,472 | $889,313 | $897,324 | $616,223 | $738,118 | $718,868 |
| % change | | +15% | +1% | -31% | +20% | -3% |

Sources: Municipality of Anchorage, Fairbanks Convention and Visitors Bureau, Denali Borough, Matanuska-Susitna Borough, City and Borough of Sitka, City and Borough of Juneau.

*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

TABLE 3.10 - Non-Resident Fishing License Sales, 2006-2011

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Total annual non-resident fishing license sales | 315,469 | 324,142 | 303,838 | 255,777 | 259,055 | 258,840 |
| % change | | +2.7% | -6.3% | -15.8% | +1.3% | -0.1% |
| Total annual non-resident king salmon stamp sales* | 134,129 | 133,917 | 110,444 | 90,906 | 89,975 | 93,940 |
| % change | | +0.2% | -17.5% | -17.7% | -1.0% | +4.4% |

Source: Alaska Department of Fish & Game.
*Combined annual and day stamps.

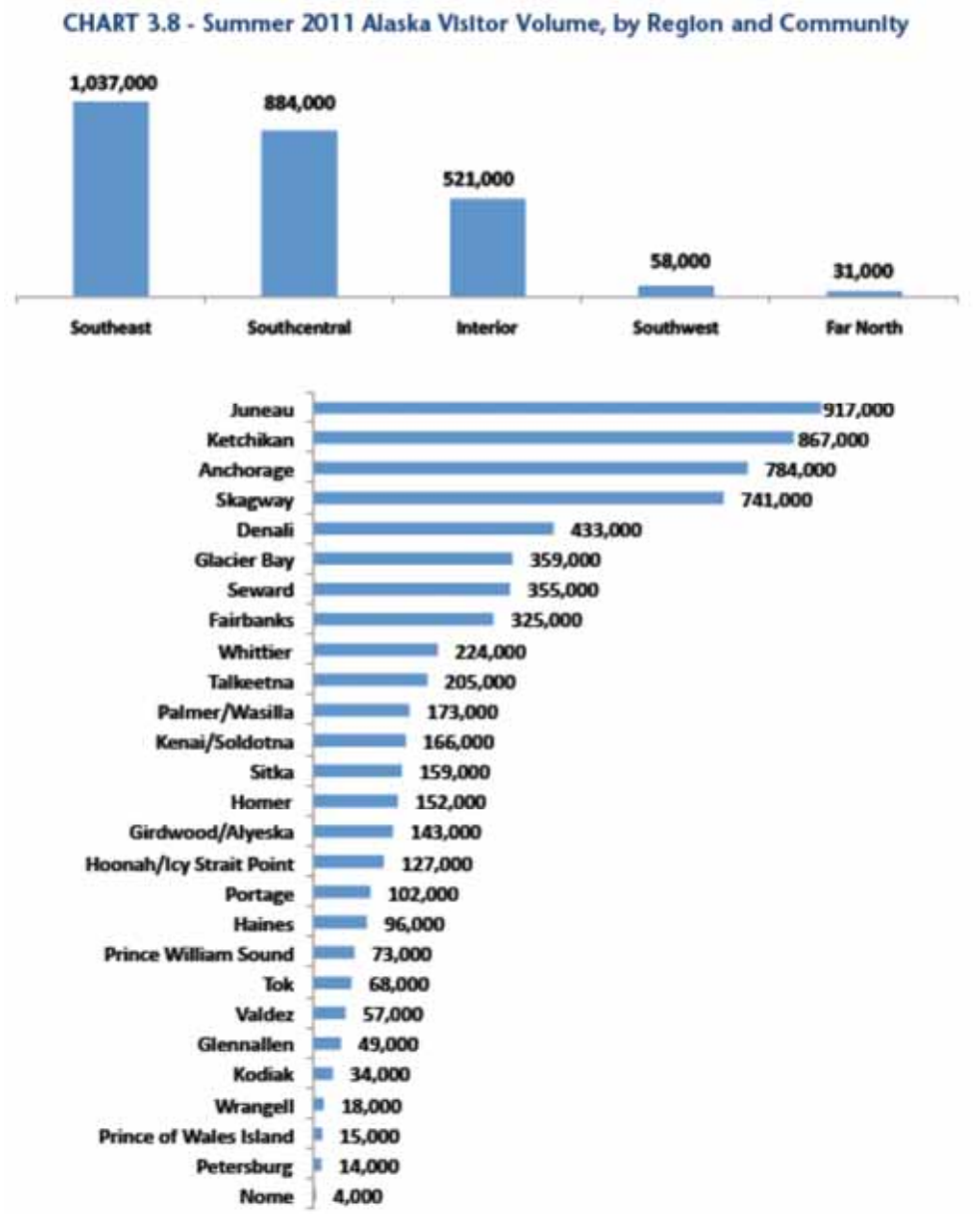
*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

TABLE 3.11 - Anchorage RV and Car Rental Revenues, 2nd and 3rd Quarter, 2006-2011

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Vehicle rental revenue | $37,088,393 | $40,294,675 | $43,844,396 | $34,203,944 | $37,230,799 | $39,602,111 |
| % change | | +8.6% | +8.8% | -22.0% | +8.8% | +6.4% |
| RV rental revenue | $11,518,384 | $12,234,338 | $12,891,514 | $9,582,858 | $10,491,516 | $11,414,788 |
| % change | | +6.2% | +5.4% | -25.7% | +9.5% | +8.8% |

Source: Municipality of Anchorage.

*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*




*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

CHART 4.5 - Regions Visited (Day or Overnight), 2006 and 2011

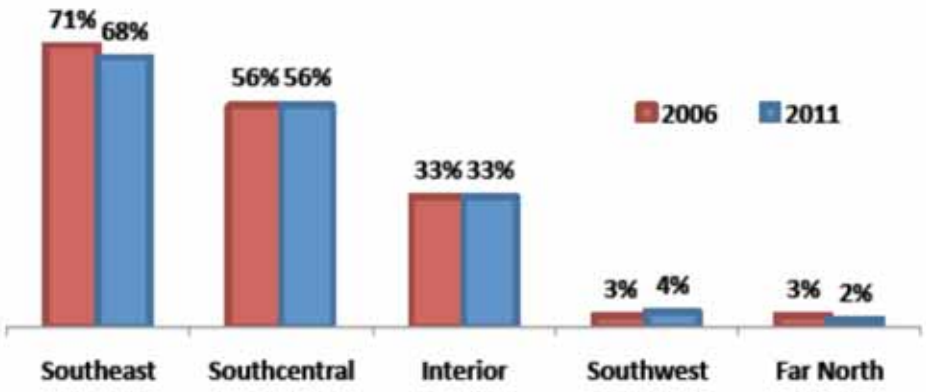
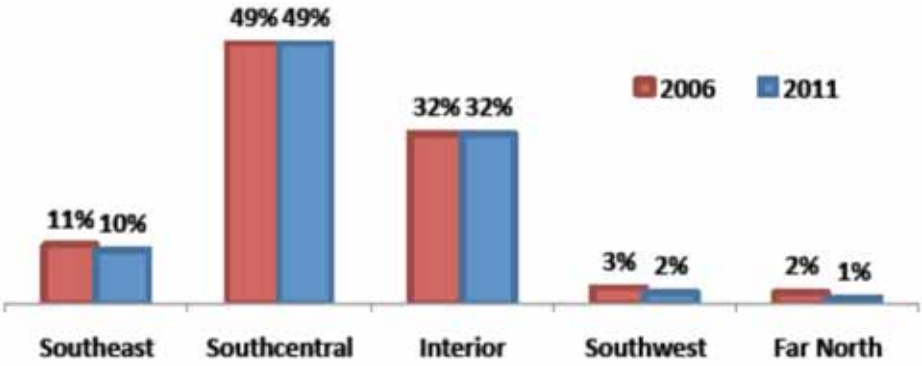
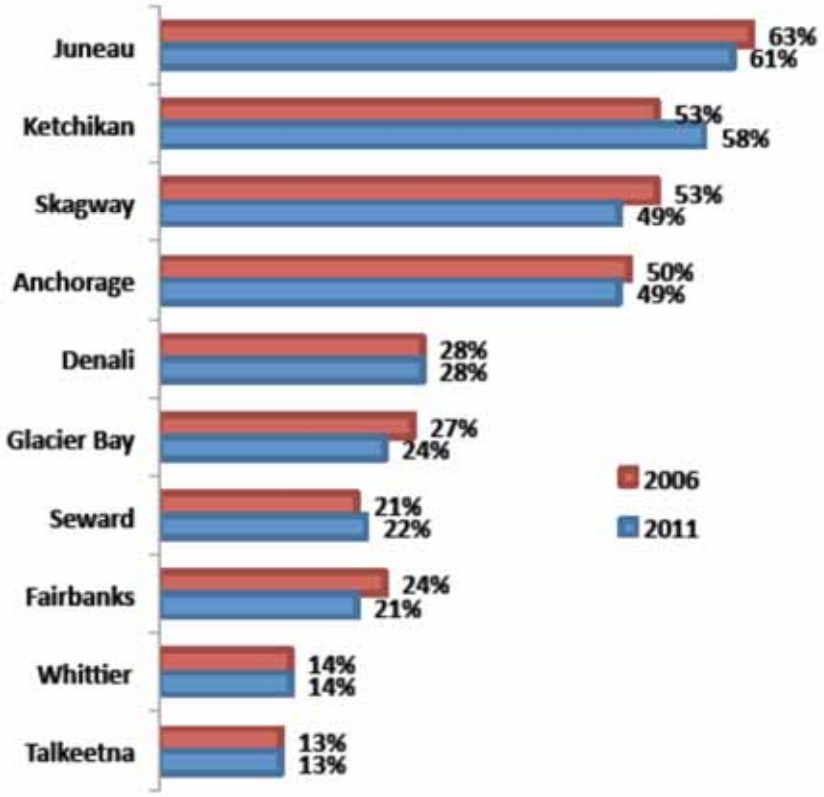



CHART 4.6 - Regions Visited Overnight, 2006 and 2011




*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

CHART 4.7 - Top Ten Alaska Destinations (Day or Overnight), 2006 and 2011



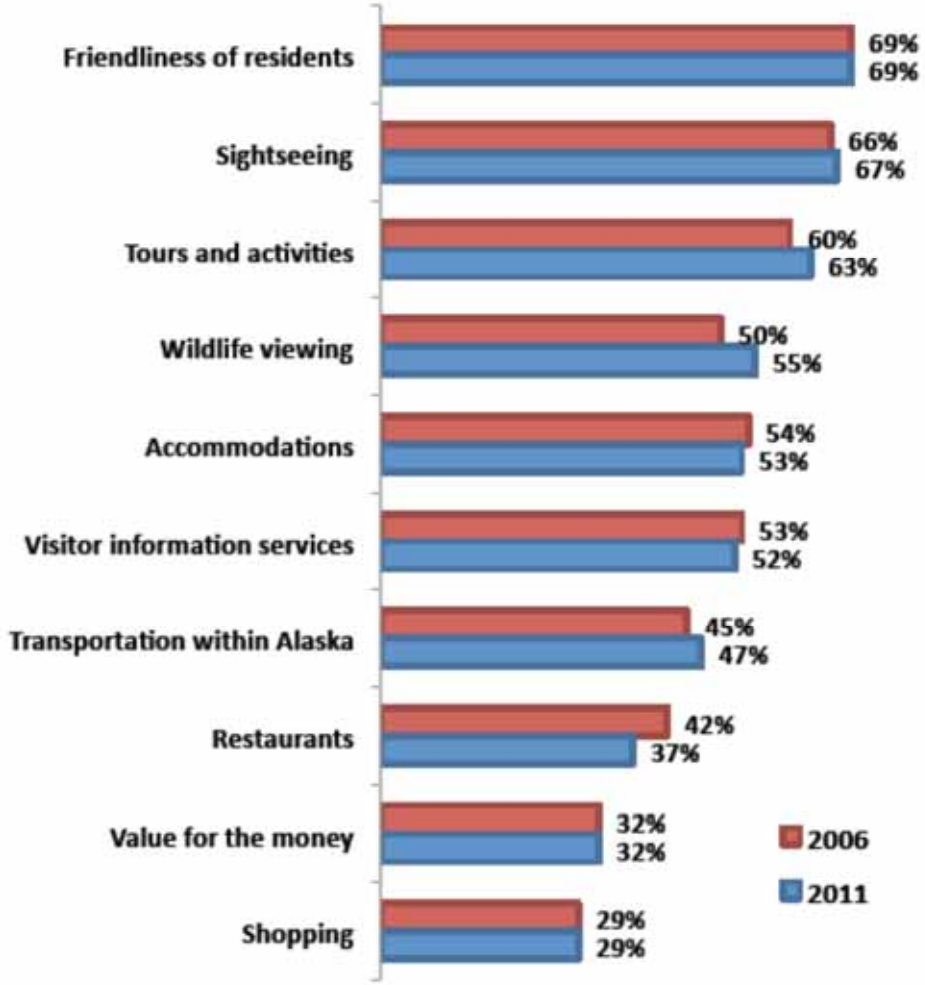

*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

TABLE 4.20 - Satisfaction with Overall Alaska Experience By Transportation Market, 2006 and 2011 (%)

| | All Visitors | | Air | | Cruise | | Hwy/Ferry | |
|---|---|---|---|---|---|---|---|---|
| | 2006 | 2011 | 2006 | 2011 | 2006 | 2011 | 2006 | 2011 |
| 5 - Very satisfied | 70 | 71 | 68 | 70 | 72 | 72 | 64 | 64 |
| 4 - Satisfied | 27 | 27 | 30 | 28 | 25 | 25 | 31 | 34 |
| 3 - Neither/neutral | 2 | 2 | 2 | 2 | 1 | 2 | 4 | 1 |
| 2 - Dissatisfied | 1 | <1 | 1 | <1 | 2 | 1 | <1 | 1 |
| 1 - Very dissatisfied | <1 | <1 | <1 | <1 | <1 | - | - | - |
| Average 1-5 | 4.7 | 4.7 | 4.6 | 4.7 | 4.7 | 4.7 | 4.6 | 4.6 |

*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

CHART 4.10 - Satisfaction by Category, 2006 and 2011
Percent "Very Satisfied"




*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

TABLE 4.23 - Likelihood of Recommending Alaska to Friends/Family
By Transportation Market, 2006 and 2011 (%)

| | All Visitors | | Air | | Cruise | | Hwy/Ferry | |
|---|---|---|---|---|---|---|---|---|
| | 2006 | 2011 | 2006 | 2011 | 2006 | 2011 | 2006 | 2011 |
| Very likely | 79 | 78 | 77 | 74 | 80 | 80 | 77 | 80 |
| Likely | 18 | 20 | 20 | 23 | 17 | 19 | 20 | 18 |
| Unlikely | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Very unlikely | <1 | <1 | <1 | <1 | 1 | <1 | <1 | 1 |
| Don't know | 1 | 1 | 2 | 1 | 1 | 1 | 3 | 1 |

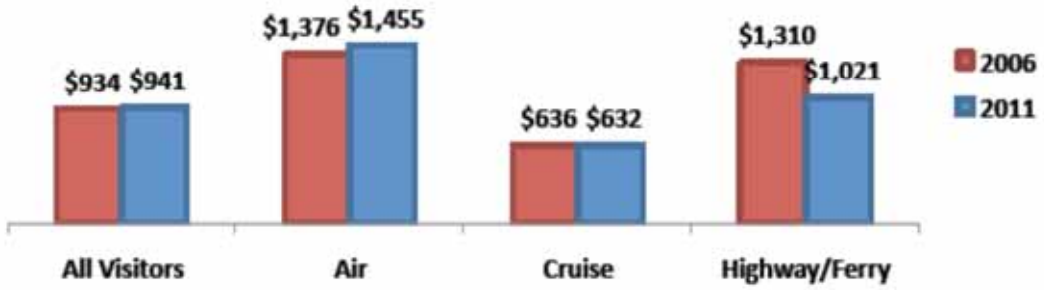
*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

TABLE 4.24 - Likelihood of Returning to Alaska in Next Five Years By Transportation Market, 2006 and 2011 (%)

| | All Visitors | | Air | | Cruise | | Hwy/Ferry | |
|---|---|---|---|---|---|---|---|---|
| | 2006 | 2011 | 2006 | 2011 | 2006 | 2011 | 2006 | 2011 |
| Very likely | 40 | 38 | 66 | 62 | 26 | 21 | 46 | 50 |
| Likely | 22 | 23 | 18 | 21 | 25 | 25 | 23 | 22 |
| Unlikely | 19 | 19 | 8 | 8 | 25 | 26 | 13 | 12 |
| Very unlikely | 7 | 7 | 2 | 2 | 10 | 11 | 9 | 8 |
| Don't know | 11 | 13 | 6 | 6 | 14 | 17 | 9 | 7 |

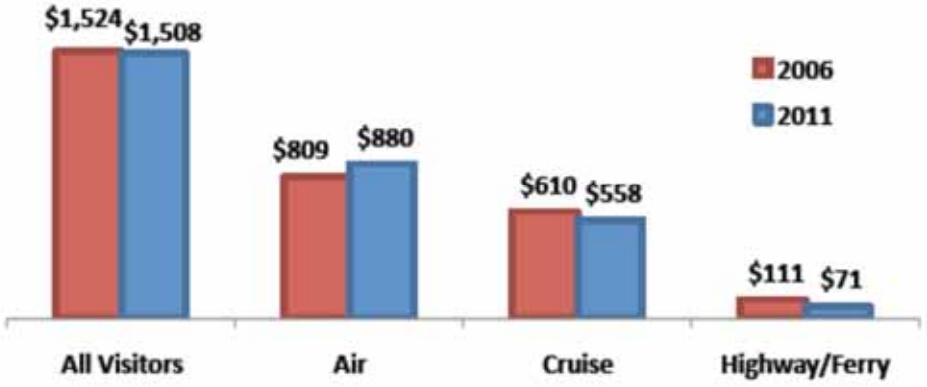
*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

CHART 4.18 - Average Per-Person Spending By Transportation Market, 2006 and 2011




*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

CHART 4.20 - Total Visitor Expenditures in Alaska in Millions of Dollars By Transportation Market, 2006 and 2011



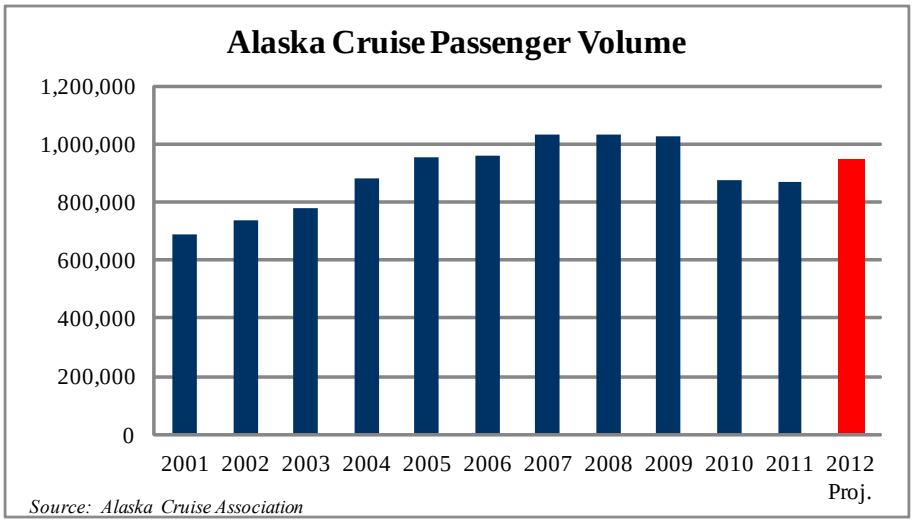

Note: Spending by cruise visitors excludes the price of their cruise or cruise/tour package. Spending on ferry tickets to enter and exit the state is excluded.

*Source: McDowell Group, Alaska Visitor Statistics Program VI: March 2012 on behalf of State of Alaska.*

## Alaska Cruise Ship Market

**Statewide Passenger Volumes**

Alaska continues to be a popular cruise ship destination for travelers. According to the CLIA report Alaska's scheduled capacity in 2010 (as measured by bed-days) was 5.7% of the worldwide cruise ship market. Alaska's 2010 share of market capacity is a decline of roughly 2.1% from 2000. In fact, Alaska held 7.7% of the cruise ship market's capacity as recently as 2007. Much of this decline occurred in 2010 when scheduled capacity dropped more than 13% compared to 2009. 2010's decline was the result of the relocation of vessels from Alaskan waters to more profitable markets. Market observers and cruise ship companies generally cite the passenger tax passed by voters in 2006 for the relocation of the vessels. Historic Alaska cruise passenger volumes are summarized on the following table.




| Year | Passenger Volume | % Change | Cumulative % Change | Total Visitors | Passengers % of Total |
|---|---|---|---|---|---|
| 2001 | 690,600 | - | - | 1,202,800 | 57.4% |
| 2002 | 739,800 | 7.1% | 7.1% | 1,275,000 | 58.0% |
| 2003 | 777,000 | 5.0% | 6.1% | 1,310,100 | 59.3% |
| 2004 | 884,400 | 13.8% | 8.6% | 1,447,400 | 61.1% |
| 2005 | 953,400 | 7.8% | 8.4% | 1,632,000 | 58.4% |
| 2006 | 958,900 | 0.6% | 6.8% | 1,631,500 | 58.8% |
| 2007 | 1,029,800 | 7.4% | 6.9% | 1,714,100 | 60.1% |
| 2008 | 1,033,100 | 0.3% | 5.9% | 1,707,400 | 60.5% |
| 2009 | 1,026,600 | -0.6% | 5.1% | 1,583,300 | 64.8% |
| 2010 | 878,000 | -14.5% | 2.7% | NA | NA |
| 2011 | 870,000 | -0.9% | 2.3% | NA | NA |
| 2012 Proj. | 950,000 | 9.2% | 2.9% | NA | NA |

*Reliant Job Number 11-1370*

The Alaska cruise ship market has expanded significantly since 2001. Though a lack of adequate infrastructure in several of the main ports of call was cited as a hindrance to growth in some markets. In response, additional berth construction and the updating of existing facilities was prevalent through 2008. Passenger volume peaked in 2008 at 1.033 million and held steady in 2009. Most industry experts agree that the large decline seen in 2010 was the result of the national

recession and increase in cruise ship taxes that resulted in several companies moving ships to other, more lucrative, markets. Through 2008, the industry grew at an average annual rate of nearly 7%. Due to a recovering national economy and lowering of taxes, 2012 is anticipated to increase by 80,000 visitors, which represents a growth rate of 9.2%. While still 80,000 passengers below 2008 peak levels, the increase represents a return to growth for the industry.

**Cruise Ship Initiative**

In 2006, Alaska voters approved a cruise ship initiative that called for a $50 per person head tax to be charged for each passenger visiting the state. The initiative was passed with the intention of unifying Alaskan ports. A common example is Whittier, Alaska. In 2003, Whittier was forced to repeal its $1 head tax after Princess Cruise Lines told the city it would no longer visit if it was forced to pay the tax. Under the initiative, the first $4 of the head tax pays for an Ocean Rangers environmental monitoring program. The remaining $45 is distributed with the first five ports visited with each receiving $5. The remaining funds are pooled in a general fund which is intended for cruise ship related improvements. The cruise lines spent over a million dollars in an effort to persuade residents not to approve the initiative. Voters passed the initiative and after some revisions the tax was set to $46 per passenger. In response to the legislation, cruise companies began withdrawing ships from the Alaskan market and relocating them to more profitable destinations. Cruise executives have stated that with the taxes and environmental regulations Alaska has the highest operating costs of all the world's cruise destinations. The industry also formed the Alaska Cruise Association (ACA) in 2007, an agency whose stated purpose it is to build partnerships with local businesses and civic leaders to expand economic benefits to communities. The ACA is also recognized for its role as a lobby to promote changes in the state's tax and regulatory climate. Further, the cruise association filed a lawsuit against the state on the grounds that the tax was onerous and unconstitutional. The significant withdrawal of cruise ships in 2010 and the anticipated loss in visitation/revenue to Alaska compelled Alaskans, the Legislature and the governor to revisit the tax in the early summer 2010. In June 2010 lawmakers passed a bill that cuts the head tax from $46/ person to $34.50/ person and allows for deeper offsets for ships that stop in at least one of two ports: Juneau or Ketchikan. In accordance with the reduction in the cruise tax, the cruise industry dropped the lawsuit it filed against the state. The state also increased the state's tourism marketing budget by 80 percent, which equates to an additional $16 million. The funds will come from the state's general fund. Because the schedules of cruise ships are determined two years out, the changes had limited impact on the 2011 season. The ACA anticipates, however, that the lower taxes should make Alaska more attractive to cruise ship companies and the 2012 season is projected represent an increase of 80,000 visitors or roughly 9%, which is the single largest percentage gain since 2004 and would represent the first year of growth since 2008.

**Regulation**

Cruise ship regulation has been a source of great debate within Alaska. The most recent example of this debate is the regulation and permitting of cruise line waste in state waters. In 2006, state regulators passed an initiative that established standards for cruise ships to dispose of waste in state waters. The standards require cruise ships to be held to stricter standards than cities and other industries of Alaska. While cruise ships have been working to develop new technologies to reach compliance with the initiative, some cruise companies have

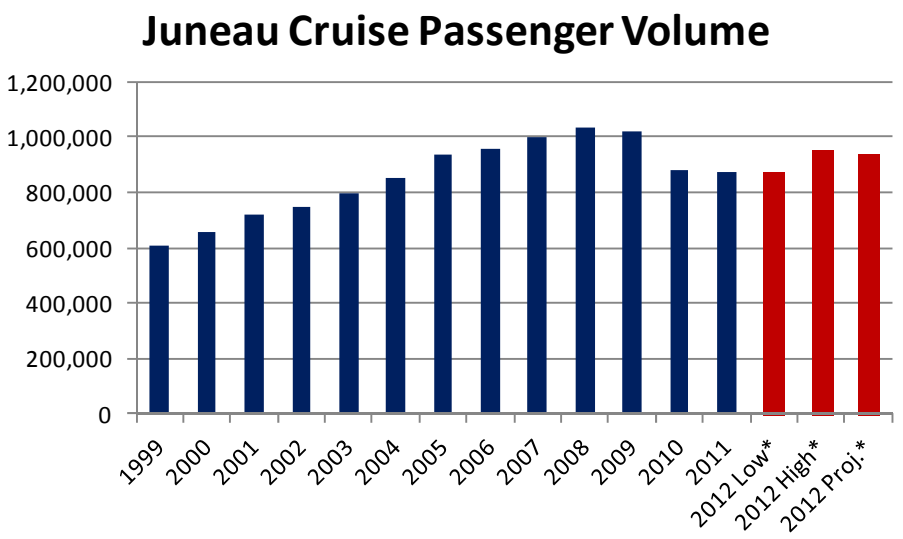
opted to discharge waste in federal waters. Without significant technological developments or compromises on the discharge initiative, the method of disposing waste in federal waters may become commonplace among cruise ships in Alaska. This possibility has aroused concerns among Alaskans and the cruise industry; detours out to federal waters will directly translate to less time in Alaskan ports of call. In order to address the concerns raised by the cruise industry and Alaskans, the governor of Alaska has appointed a science panel that will examine the regulations from a strictly scientific approach and make recommendations in 2013.

**Ports**

The most visited ports in Alaska are located in Southeast Alaska. The city of Juneau remains the most popular with Ketchikan and Skagway rounding out the top three. Additional popular ports of call include Glacier Bay, Seward, Sitka and Whittier. A new stop on several of the big ships itineraries is Icy Strait Point, an area between Juneau and Glacier Bay. The facilities are minimal and include a single dock at an old cannery. The advantage of the location is its access to some of Alaska's pristine wilderness including Glacier Bay National Park. The restored cannery contains museums and shops and the addition of a zip line ride to the multiple excursions have made the destination successful. The facility is owned and operated by the Tlingit natives and may start a trend for smaller specialty ports in the area much like the smaller company owned cruise ship ports in the Bahamas. With the diversity of opportunities in Alaska, and the varied interests of potential consumers, cruise ship companies continue to look at alternate options as the current ports struggle to meet demand.

## Juneau Cruise Ship Market

Juneau is the top attraction for the Alaska cruise ship industry. Historically, Juneau passenger arrivals are 99% of the statewide total passenger volumes, indicating nearly every cruise makes a stop in Juneau. Juneau passenger volumes are summarized on the following table.



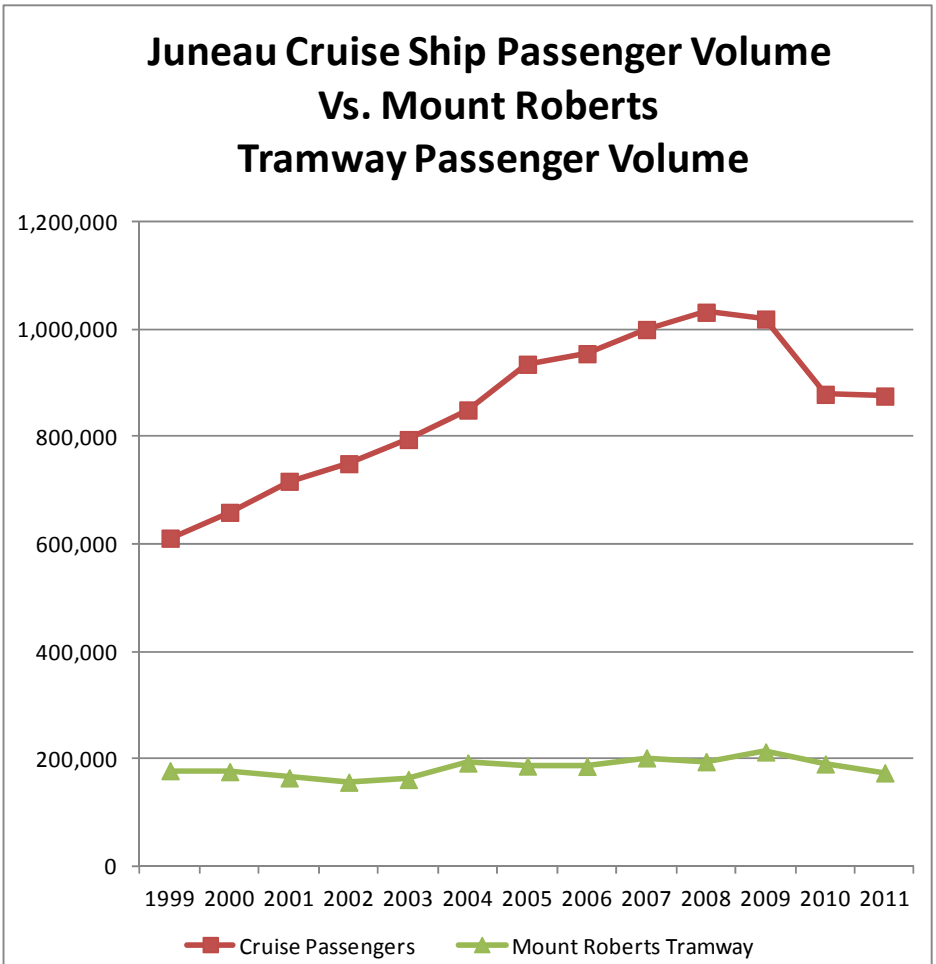

**Based on scheduled arivals multiplied by number of berths. 2012 Low is based on industry standard calculations. 2012 High represents best case scenario.*

*Source: Cruise Line Agencies of Alaska & Alaska Cruise Association, Reliant Reference Number 12-0300*

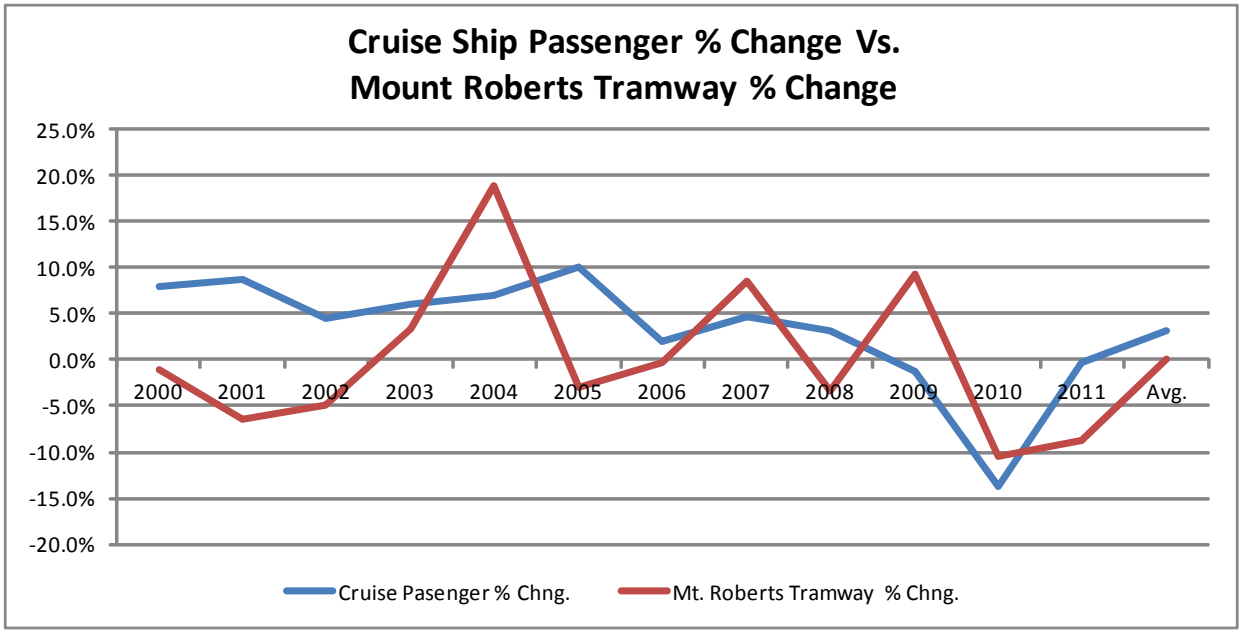
Passenger volumes in Juneau have increased substantially over the last decade. From 1999 to the market peak of 2008, passenger volumes increased at an average annual rate of 6%. The peak year of growth was 2005 when passenger volumes increased by 10%. Similar to statewide trends, in 2009 passenger volumes were down 1.2%. In 2010, Juneau experienced a 13.8% decrease. 2011 experienced a slight decrease of 0.4%. Based on actual 2012 cruise ship visits multiplied by the industry standard number of persons per available berths, Cruise Line Agencies of Alaska reports 870,602 passengers are anticipated for 2012, which would represent an additional 0.6% decline over 2011 levels. Historically, the industry standard calculation has been somewhat conservative for Alaska and they report 927,191 potential visitors on the high side, which would represent a 5.9% increase. Based on the historic relationship between berths and passengers, Alaska Cruise Association projects 950,000 total visitors for 2012. Most analysts project an increase of 50,000 to 60,000 passengers in 2012. Factoring in statewide trends, Reliant forecasts 936,000 passengers in 2012, which is an increase of 6.9%.

## Subject's Performance

The subject site is an integral part of the Mount Roberts Tramway, which is directly dependent on trends within the cruise ship industry. The following exhibits present the subject's performance.

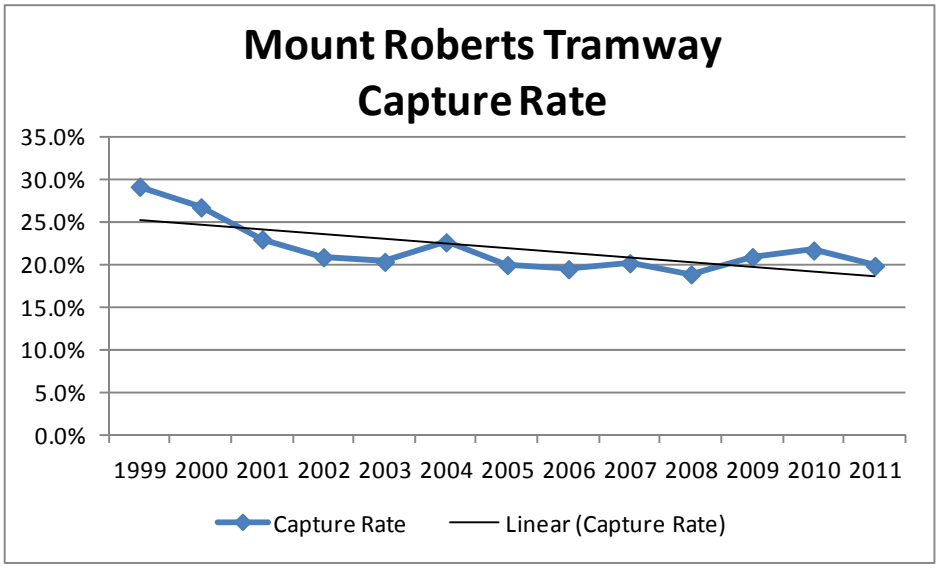


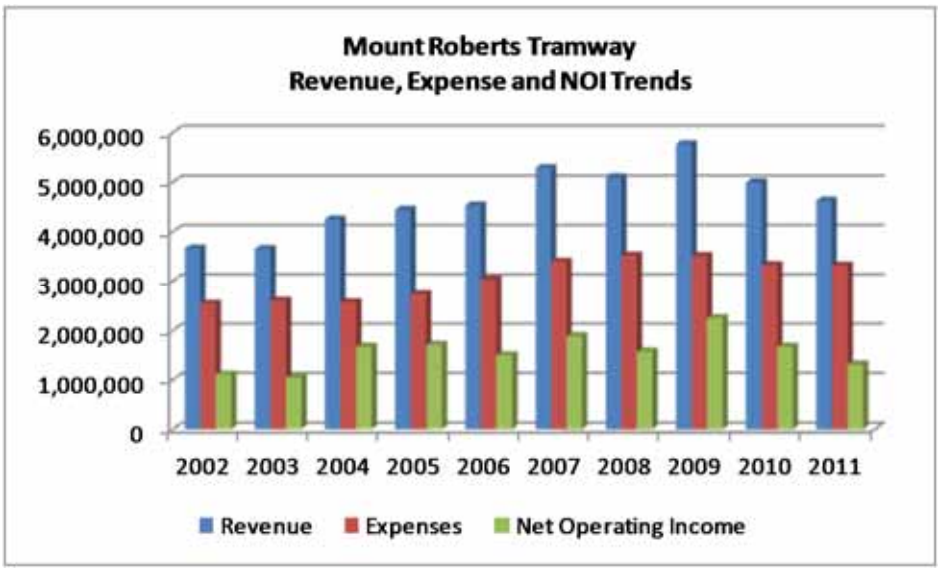

Source: Cruise Line Agencies of Alaska & Goldbelt Corporation.




| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cruise Pasenger % Chng. | *7.9%* | *8.8%* | *4.6%* | *6.0%* | *6.9%* | *10.0%* | *2.1%* | *4.7%* | *3.2%* | *-1.2%* | *-13.8%* | *-0.4%* | *3.2%* |
| Mt. Roberts Tramway % Chng. | *-1.1%* | *-6.5%* | *-5.0%* | *3.3%* | *18.9%* | *-2.9%* | *-0.4%* | *8.5%* | *-3.4%* | *9.3%* | *-10.5%* | *-8.7%* | *0.1%* |

*Source: Cruise Line Agencies of Alaska & Goldbelt Corporation.*






The subject's operations peaked in 2009. Since that time, passenger counts and revenue have declined every year. Expenses in turn have been relatively stable, resulting in a significant decline in going concern net operating income. In fact, 2011 performance was in line with 2003 and 2004 levels. The data indicates that the subject is highly dependent on cruise ship passenger visitor volumes and their onshore purchasing power. Based on the available data, it is clear that market conditions within the aerial tramway segment of the visitor industry are soft, with the bulk of the gains earned over the last decade having been eroded. Overall, current market conditions have a negative influence on the market value of the subject.

# Description of Site

## Mount Roberts Tramway Site

| | |
|---|---|
| **Name** | Franklin Street Juneau Terminal (CBJ Parcel) |
| **Address** | 490 South Franklin Street<br>Juneau, Alaska 99801 |
| **Geo Coordinates** | Latitude: 58°17'46.45'N, Longitude: 134°24'3.09'W |
| **Physical Location** | 60' north easterly of Gastineau Channel cruise ship dock, south westerly of South Franklin Street and northerly of Salmon Landing. |
| **Assessor's Tax Parcel Number(s)[4]** | 1C100K830011 |
| **Abbreviated Legal Description[5]** | The subject's ground lease identifies the surface estate as follows: |

*Portions of the following lots in an area not to exceed 10,000 Square Feet as shown on Exhibit A:*

*Lot 13B, Tidelands Addition to the City of Juneau according to Plat 355, Juneau Recording District, First Judicial District, State of Alaska*

*That portion of Lot 16 lying Northwesterly of Dockside Subdivision, Block 83, Tidelands Addition to the City of Juneau according to Plat 355, Juneau Recording District, First Judicial District, State of Alaska*

*That portion of Lot 17 lying Northwesterly of Dockside Subdivision, Block 83, Tidelands Addition to the City of Juneau according to Plat 355, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 1 Dockside Subdivision according to Plat 89·9, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 2A, Subdivision of Lot 2, Dockside Subdivision according to Plat 91.71, Juneau Recording District, First Judicial District, State of Alaska*

In addition, the subject's ground lease identifies air rights easements associated with the tram as follows:

*Lessor does hereby lease and Lessee does hereby take from Lessor an easement one hundred feet in width (fifty feet on each side of the tramway centerline) for the surveying, engineering, design, planning, development, construction, maintenance, and operation of a tramway, including without limitation, cables, tramway fixtures, cars, and*

[4] Per Tax Assessor Records.
[5] Per Department of Natural Resources Records.

*appurtenant structures and equipment. The easement shall burden all lands owned by Lessor, or in which Lessor has an interest of any kind, where said lands are to be traversed by Lessee's tramway, including without limitation the premises described as follows and as generally shown in Exhibit B attached hereto and incorporated herein (hereinafter called" Air Rights Easement"), situated in the Juneau Recording District, State of Alaska:*

*Portions of the following lots as shown on Exhibit B:*

*Lot I3B, Tidelands Addition to the City of Juneau according to Plat 355, Juneau Recording District, First Judicial District, State of Alaska*

*That portion of Lot 16 lying Northwesterly of Dockside Subdivision, Block 83, Tidelands Addition to the City of Juneau according to Plat 355, Juneau Recording District, First Judicial District, State of Alaska*

*That portion of Lot 17 lying Northwesterly of Dockside Subdivision, Block 83, Tidelands Addition to the City of Juneau according to Plat 355, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 1 Dockside Subdivision according to Plat 89-9, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 2A, Subdivision of Lot 2, Dockside Subdivision according to Plat 91-71, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 1, Block 6, U.S. Survey 7A, amended Addition to Juneau, Juneau Recording District, First Judicial District, State of Alaska*

*Lot 2, Block 6, U.S. Survey 7A, amended Addition to Juneau, Juneau Recording District, First Judicial District, State of Alaska Roberts Street*

And as:

*Lessor does not warrant that Lessor has any right, title or other interest in the following lands, but to the extent Lessor in fact has any such right, title or other interest, Lessor leases to Lessee the described Air Rights Easements where said lands are within 50 feet of the tramway centerline as generally shown in Exhibit B:*

*South Franklin Street*

*G Millsite, according to U.S. Mineral Survey 982B, Juneau Recording District, First Judicial District, State of Alaska, excepting that portion of G Millsite heretofore conveyed to Alaska Tram Corporation by Warranty Deed recorded December 20, 1976, in Book 128, page 254, Juneau Recording District, First Judicial District, State of Alaska.*

*F Millsite, according to U.S. Mineral Survey 982B, Juneau Recording*

*District, First Judicial District, State of Alaska*

*B Millsite, according to U.S. Mineral Survey 982B, Juneau Recording District, First Judicial District, State of Alaska*

*P Millsite, according to U.S. Mineral Survey 982B, Juneau Recording District, First Judicial District, State of Alaska*

*H Millsite, according to U.S. Mineral Survey 982B, Juneau Recording District, First Judicial District, State of Alaska*

*X Millsite, according to U.S. Mineral Survey 982B, Juneau Recording District, First Judicial District, State of Alaska*

*Bear No.7 in U.S. Mineral Survey 1027 A, Juneau Recording District, First Judicial District, State of Alaska*

**Condition of Site at Time of Lease**

A description of the subject is found in a Jensen/Douglas Architects, Inc. project narrative prepared in December of 1994 and provides the best indication of site conditions at time of lease and has therefore been extensively relied upon. In addition, CBJ documents relating to the subject's conditional use permit have also been relied on. Aerial photography of the site taken prior to lease (1995) provided by Aerometric is presented later in this section and was also relied upon as it provides an excellent indication on the sites original condition. Finally, the condition of the site was ascertained from an October 10, 2013 letter prepared by Michael C. Story, P.E. with R&M Engineering. A copy of this letter is presented in the Addendum. For reference, key parts are presented below:

MOUNT ROBERTS LOWER TRAM SITE DEVELOPMENT COSTS PER MIKE STORY, R&M ENGINEERING

*"Per your request, this letter documents our estimate of the costs to make the site buildable from its original condition prior to construction of the Mount Roberts lower tram building site. The work items listed below are site development items necessary to erect any type of building on the Lower Tram site and they are based on a review of design site plans that were done by R&M Engineering, Inc. (R&M) in 1995 and 1996 for Jensen Douglas Architects, currently Jensen Yorba Lott Architects. It is our understanding that Jensen Douglas Architects were working directly for the Mount Roberts Tram.*

*R&M has been working in the City and Borough of Juneau for over 43 years and site development work has been a significant portion or our firm experience. This writer, Michael C. Story, P.E., has worked in the City and Borough of Juneau for over 28 years. While I was not the overall project manager for R&M on the project in 1995 and 1996, I did the retaining wall design and was familiar with the overall project scope.*

*The work items listed below are items perceived to be required to make the lower tram site buildable for any type of building. We have designated what percentage of each site development item is within the lease area and outside the lease area. It is our understanding the work items outside the lease area were required to make the site buildable or*

*where requirements of the permit to be able to build on the site.*

| Lower Tram Site Development Costs | | | |
|---|---|---|---|
| Work Item Description | Quantity | 2013 Costs | Location of Site Developments |
| Curb and Gutter | 808 Linear Feet | $30,700 | Outside of Lease Area |
| 12" CCP Storm Pipe | 62 Linear Feet | $3,700 | 95% Inside Lease Area |
| 18" CCP Storm Pipe | 36 Linear Feet | $2,700 | Outside of Lease Area |
| 24" CCP Storm Pipe | 69 Linear Feet | $6,900 | 30% Inside Lease Area |
| 6" PVC Sewer Pipe | 190 Linear Feet | $7,600 | 95% Inside Lease Area |
| CB Type III | 2 | $4,000 | Outside of Lease Area |
| Type I MH | 2 | $8,000 | Outside of Lease Area |
| Type II MH w/ Oil Water Separator | 1 | $2,800 | Outside of Lease Area |
| Lighting Systems | 2 Moved 2 New | $70,000 | 25% Inside Lease Area |
| 2" Water Line | 220 Linear Feet | $3,500 | 25% Inside Lease Area |
| 4" Concrete Slab | 3,400 $YD^2$ | $290,000 | 5% Inside Lease Area |
| 12" Dia. Pilaster Pipe Piles | 20 | $292,000 | 40% Inside Lease Area |
| Hand Railing | 10 Linear Feet | $1,500 | Outside of Lease Area |
| Additional Retaining Wall | 756 $Ft^2$ | $174,000 | 10% Inside of Lease Area |
| Fill | 3,417 $YD^3$ | $102,500 | 10% Inside of Lease Area |
| SR-3 Geo-Grid | 190 $Ft^2$ | $1,000 | 2.5 % Inside of Lease Area |
| A.C. Pavement | 280 Tons | $51,800 | Outside of Lease Area |
| Relocate Existing Restroom | 1 | $40,000 | 100% Inside of Lease Area |
| | **Total Cost:** | **$1,092,700** | |

*The table above was based on drawings on file in our office that were intended for permits and site construction dated June 16, 1995 and with revision dates through April 9, 1996. They are not the permitted drawings; but are assumed to be very close to what was permitted."*

Mr. Story is uniquely qualified to make a determination on 1) the sites unimproved condition prior to lease and 2) costs to bring the site to a build ready condition. The cost estimates include those necessary to bring the site to a build ready condition and offsite or onsite costs required by the permit. Offsite costs are not uncommon in land development and are almost always paid by the developer. Mr. Story indicated that he believes that the offsite costs were paid for by the developer as part of the permit, however, there is no definitive documentation available that this was the case. Therefore, while it is noted that offsite costs are typically paid for by the developer, in absence of confirming documents, it is an extraordinary assumption of this appraisal that the developer (the buyer of the land) was required to pay for the offsite costs. In the event that these costs were entirely or partially paid for by the CBJ, the costs to cure estimate would need to be adjusted downward by the appropriate amount.

**Lease Instructions on Valuation Methodology**

Irrespective of the sites actual condition at time of lease, the subject's ground lease calls for the subject to be valued as "unimproved" land and that the appraisal shall not consider any buildings or structural improvements above or below ground, landscaping or paving. Regardless of original site condition, per the terms of the ground lease, this appraisal is predicated on the extraordinary condition that the subject is unimproved land and does not consider any buildings or structural improvements above or below ground.

| | | |
|---|---|---|
| **Gross Site Area**[6] | Square Feet: | 10,000 |
| | Acres: | 0.23 |
| **Usable Site Area** | Square Feet: | 10,000 |
| | Acres: | 0.23 |

A survey of the site indicating useable area was not provided to the appraiser. On an as is basis, prior to lease, the absence of the retaining wall (discussed later in this section) would result in a sloping site and reduce useable area on an as is basis. This was cured by placing a retaining wall and supporting piling on the site perimeter that allowed for the entire site to be useable.

**Shape**

Resulting from the ground lease footprint being adjusted to accommodate the shape of the improvements, the subject site is highly irregular in shape. The irregular shape is ideally suited for aerial tramway use but is not an efficient layout for retail use. The irregular shape of the subject would increase construction costs of a structure. While possible, it is unlikely that a single tenant would be identified and dividing the property into a northern and southern suite is considered more probable. Assuming full build out of the site footprint, the northern suite would have significant store frontage but is not oriented directly towards Franklin Street. Furthermore, this suite would have an irregular five sided layout that would result in some inefficient use of the space. The southern suite would be oriented directly towards Franklin Street but lacks the 40' to 60' depth that is typically required by most retailers. The shape reduces the economic potential of the property and the market rents that a retail use could attain. The lower rents and higher construction costs have a material impact on the market value of the underlying land based on retail use.

**Street Frontage**

The subject has no direct street frontage on South Franklin Street as it is set back from the street.

**Store Frontage & Foot Traffic**

The subject's north and east sides, which would presumably developed as store frontage, have approximately 120' of combined frontage and exposure to cruise ship passengers along Franklin Street and walking to and from the adjacent cruise ship berth.

**Street Access**

Vehicle access is currently available via an interior "half circle" drive way that begins to the east of the subject and terminates at South Franklin Street in front of Taku Smokeries. The Jensen/Douglas Architects, Inc. project narrative prepared in December of 1994 states the following:

> *"The Lower Terminal of the tramway <u>will be</u> accessible from South Franklin Street just south of downtown Juneau."*

The Planning Commission Notice of Decision prepared on March 1, 1995 granting a conditional use permit addressed to Mt. Roberts Development

[6] Per lease documents and Tax Assessor Records. A site drawing prepared by Jensen/Douglas Architects Inc. in December 1994 indicates a slightly smaller area of 9,980 sq ft, however, it is understood that the site area was subsequently modified.

Corporation states the following:

> *"The design of the Columbia Lot improvements shall incorporate the DOT/PF design for Thane Road. The applicant will be expected to include the curb and sidewalk envisioned in the state plan for the water side edge of Thane Road along the frontage of the Columbia Lot."*

While the "as proposed" site drawing prepared by Jensen/Douglas presented later in this report shows interior parking lots and streets as planned, based on the above language and the 1995 aerial photograph, existing access did not fully meet CBJ code requirements and was clearly not fully in place at time of lease.

**Street Exposure**

There are no improvements located between the subject site and South Franklin Street and the site has good exposure to north bound and south bound foot and vehicle traffic on South Franklin Street.

**Access & Exposure to Cruise Ship Retail Foot Traffic**

The subject site is located approximately 60' to the east of the Douglas cruise ship berth passenger ramp and benefits from visitor foot traffic embarking and disembarking from this location. Furthermore, while at the southern boundary of the cruise ship retail district, it is noted that the subject is surrounded by three different cruise ship berths and that there is substantial foot traffic in the immediate vicinity. The foot traffic pattern is typically north-south along Franklin Street and the subject has lower foot traffic volumes than are found at the street.

**No Guarantee of Legal Access**

The adjacent lands surrounding the subject and the surface rights between the subject and South Franklin Street are owned by the CBJ. Upon review, there does not appear to be any agreement in place that guarantees the availability of continued access to the subject site. Changes in use or design of the adjacent lands could significantly impact the subject's level of exposure to foot traffic on South Franklin Street. In other words, the CBJ, could, at any time, change the use and configuration of all or portions of the surrounding sites. While it appears that the CBJ intends to continue with the current configuration, the lack of legal access to the subject would be a major issue for a potential buyer as a lack of legal access can have a significant negative influence on market value. The current value estimate is based on the extraordinary assumption that legal access to the subject is available. The appraiser reserves the right to amend the current value estimate in the event that legal access to the subject is not available.

**Lack of Retail Synergy**

The concept of retail synergy is critical to the proper valuation of the subject under retail use. The Mount Roberts Tramway is a unique "destination" use that draws significantly more foot traffic to the immediate area than would traditional retail use. This is because the immediate area around the subject site lacks retail synergy. In fact, as shown on the following aerial exhibit, the subject is the only retail development within a 140' depth by 640' length, roughly 110,000 sq ft area – there is parking lot and bus circulation to both the north and south of the subject. The subject has a 10,000 sq ft footprint indicating a site coverage ratio of only 9%. The remaining areas of the Franklin Street cruise ship retail district have site coverage near 80% to 100% - in other words, they are fully built out. Other than the adjacent cruise ship berth itself, there is no major draw to attract consumers to the area. This lack of retail

synergy is not evident under aerial tramway use because the tram is a destination tenant, rather than convenience based tenant. However, the lack of retail synergy would have a major impact on value under a traditional retail use.

**Topography, Dock Improvements & Retaining Wall**

The subject has level topography, and is at grade with surrounding properties. However, the Planning Commission Notice of Decision prepared on March 1, 1995 granting a conditional use permit addressed to Mt. Roberts Development Corporation states the following:

> *"The general area of the Columbia Lot shall be filled to match the grades established by Taku Smokeries on the South and the Ferry Terminal parking/staging area on the north. Some provision for raising the elevation of the top edge of the seawall and re-setting the handrails shall be made."*

To attain the current level topography (and a fully useable site) the subject was filled and a retaining wall was put into place. Furthermore, prior to lease, the waterfront portion of the subject was improved with a dock. Post lease, this dock was removed at the cost of the tenant. A May 6, 1996 CBJ Memorandum to the Planning Commission references the subject site as an existing "parking lot" and later refers to the site as "CBJ owned dock space". This is confirmed by the R&M drawings presented in the Addendum. The 1995 aerial photograph indicates the site is paved parking lot and generally filled and held in place by a retaining wall, although it appears that at time of lease the retaining wall was extended towards the cruise ship berth. Based on the available evidence, in particular the presence of the dock, it appears that in its original unimproved condition the site was a tideland parcel consisting of filled lands and unfilled tidelands. It is estimated that prior to lease, only 50% of the lot was at grade with the existing parking lot. The remainder of the lot slopes moderately toward

Gastineau Channel. Overall, it is clear that the subject site was not entirely usable in its as is condition and that the buyer underwent substantial expense to bring it to an entirely usable build ready condition. Regardless of when the improvements were made, language contained in the ground lease clearly indicates that for the purposes of establishing the market rent, the existing dock and retaining wall are not to be included in market rent. Therefore, for the purposes of establishing the market value of the subject site per the ground lease either the subject's useable area should be reduced to incorporate the slope or the entire site should be valued as level/useable with the cost to build the dock and retaining wall deducted as a cost to cure. In this appraisal, the latter of the two of these methodologies is applied.

**Soil Conditions**

Soils conditions in the subject's market are not uniform and can vary widely from one site to another. No soils report was provided, however, Jensen/Douglas Architects, Inc. project narrative prepared in December of 1994 states the following:

> *"A geotechnical investigation for the Lower Terminal site was performed by R&M Engineering, Inc., Juneau, Alaska. The following soil conditions has been excerpted from their report dated November 18, 1994. "The lower terminal is located on a fill overlying shoreline, slide/avalanche debris and glacial marine sedimentary soils all of which are underlain by sound gray schist bedrock. The fill extends to a maximum tested depth of 22' and consists primarily of AJ mine ,waste rock. The colluvial (avalanche, slide and soil creep) debris extends to a maximum tested depth of 39'. Boulders up to 30" thick were drilled through in penetrating this soil' unit. The glacial marine sediment soil is 8' to 12' in thickness underlying the colluvial soils and overlying bedrock. The consistency is "dense to very dense"."*

As a result of these conditions, in order for the entire site to be usable, the developer constructed a retaining wall with tie backs and added ten pilings along the waterfront.

**Utilities**

The Jensen/Douglas Architects, Inc. project narrative prepared in December of 1994 states the following:

> *"The Lower Terminal <u>will be</u> served by municipal water and sewer service provided by CBJ. Electricity is available to the site and provided by Alaska Electric Light and Power Company (AELP). Heat for the Lower Terminal will either be electric or FHW (forced hot water) baseboard heated by an oil furnace."*

The above language indicates that at the time of lease the subject was not served by municipal water and sewer. Costs to bring water and sewer to a site are normally the responsibility of the developer. The exact location of sewer and water prior to development are unknown, however, a May 6, 1996 CBJ Memorandum to the Planning Commission references sewer and water as being located on the original un-subdivided 81,905 sq ft lot, of which the subject was a portion.

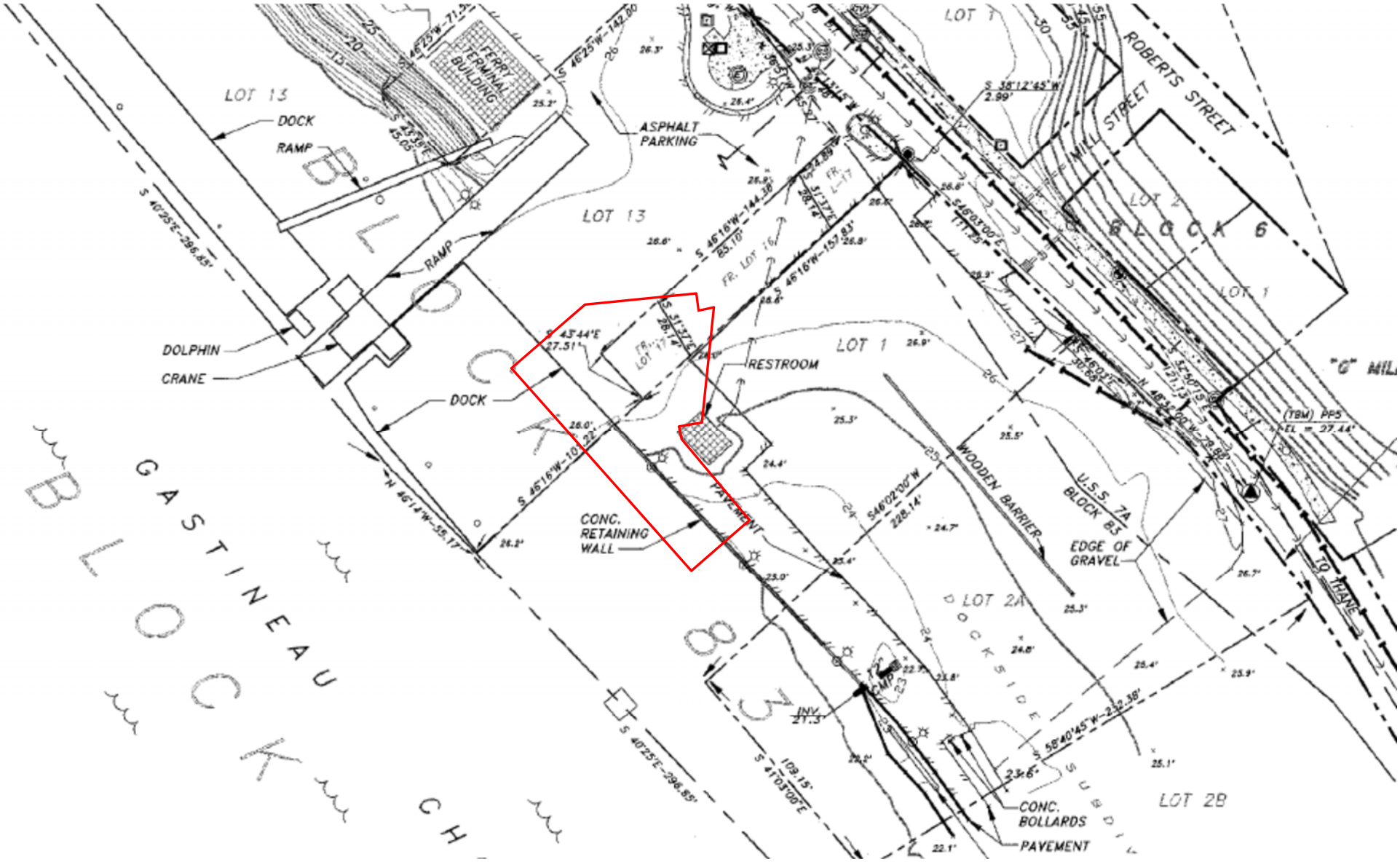
**Flood Zone**

The Jensen/Douglas Architects, Inc. project narrative prepared in December of 1994 states the following:

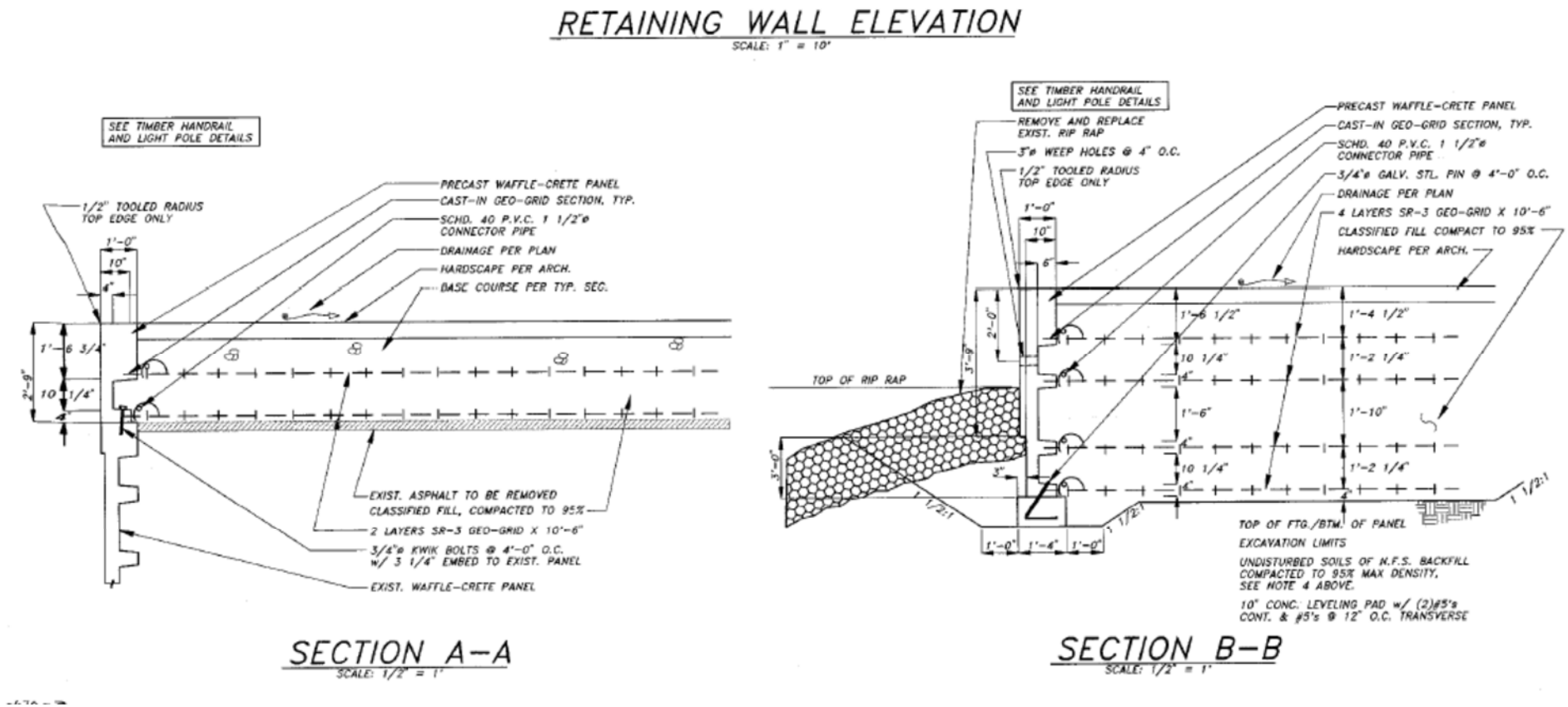
> *"The water level at the Lower Terminal is governed by the level of the tide. The surface elevation is 26 MLLW. The highest tide of record is 23.5 MLLW. Mean higher high water for the Gastineau Channel is 16.40. The Appraiser reviewed the Federal Emergency Management Agency (FEMA) flood insurance rate map for the area encompassing the Lower Terminal site. The review indicated that the subject site lies in Zone C - adjacent to Zone V5 (Gastineau Channel) - areas of 100 year coastal floods with velocity hazard (wave action). The site is found on Community Panel No. 020009 0725B, Panel 725 of 1,050. The map was effective February 4, 1981."*

The subject is within Zone C, designated as "area of minimal flooding." However, it is noted that it is adjacent to a Zone V5, which is defined as "Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage." Overall, this risk is typical of waterfront properties in Juneau and it is not expected to adversely affect the market value of the subject.

## Pre Tram Development Site Survey Exhibit

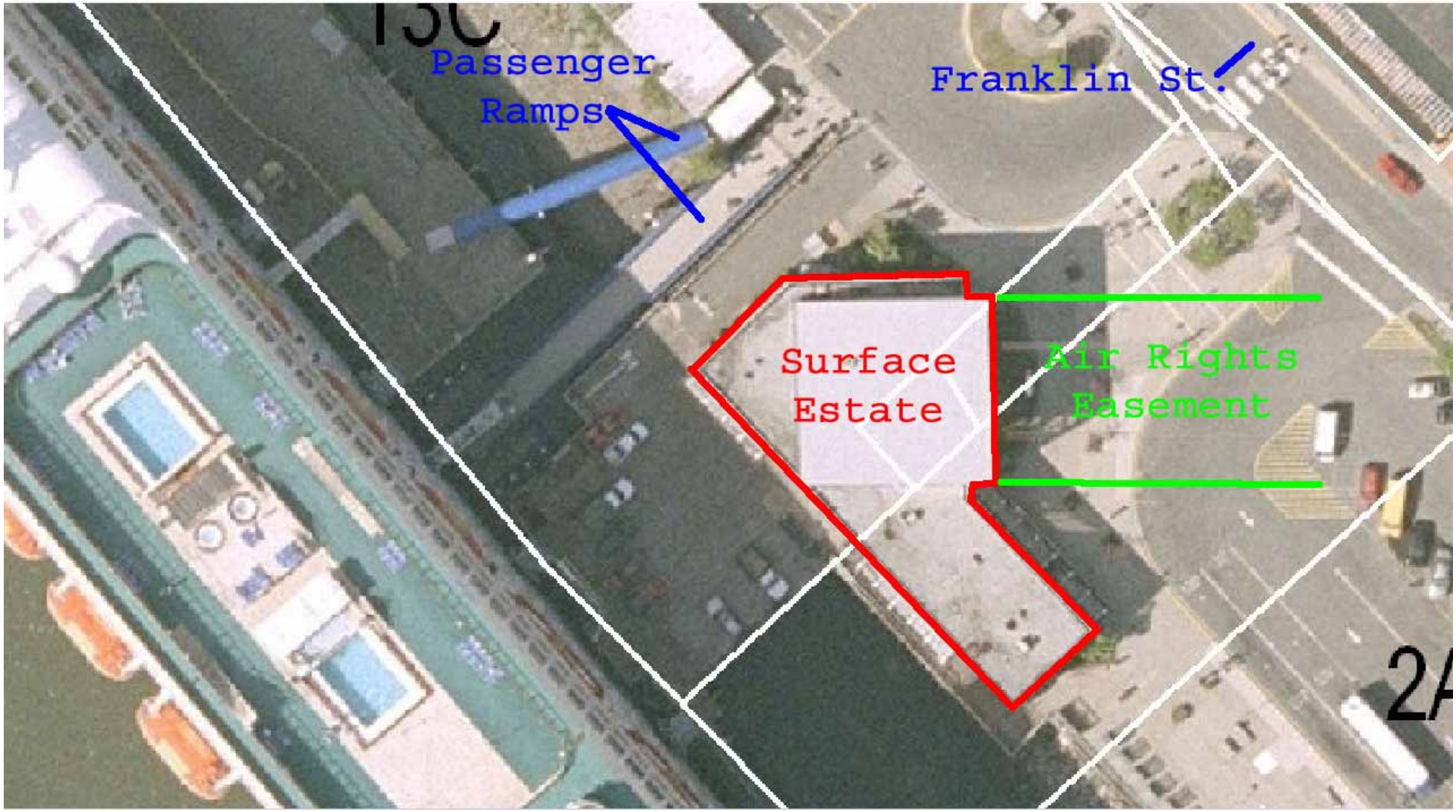


## Pre Tram Development Proposed Retaining Wall Elevation Exhibit

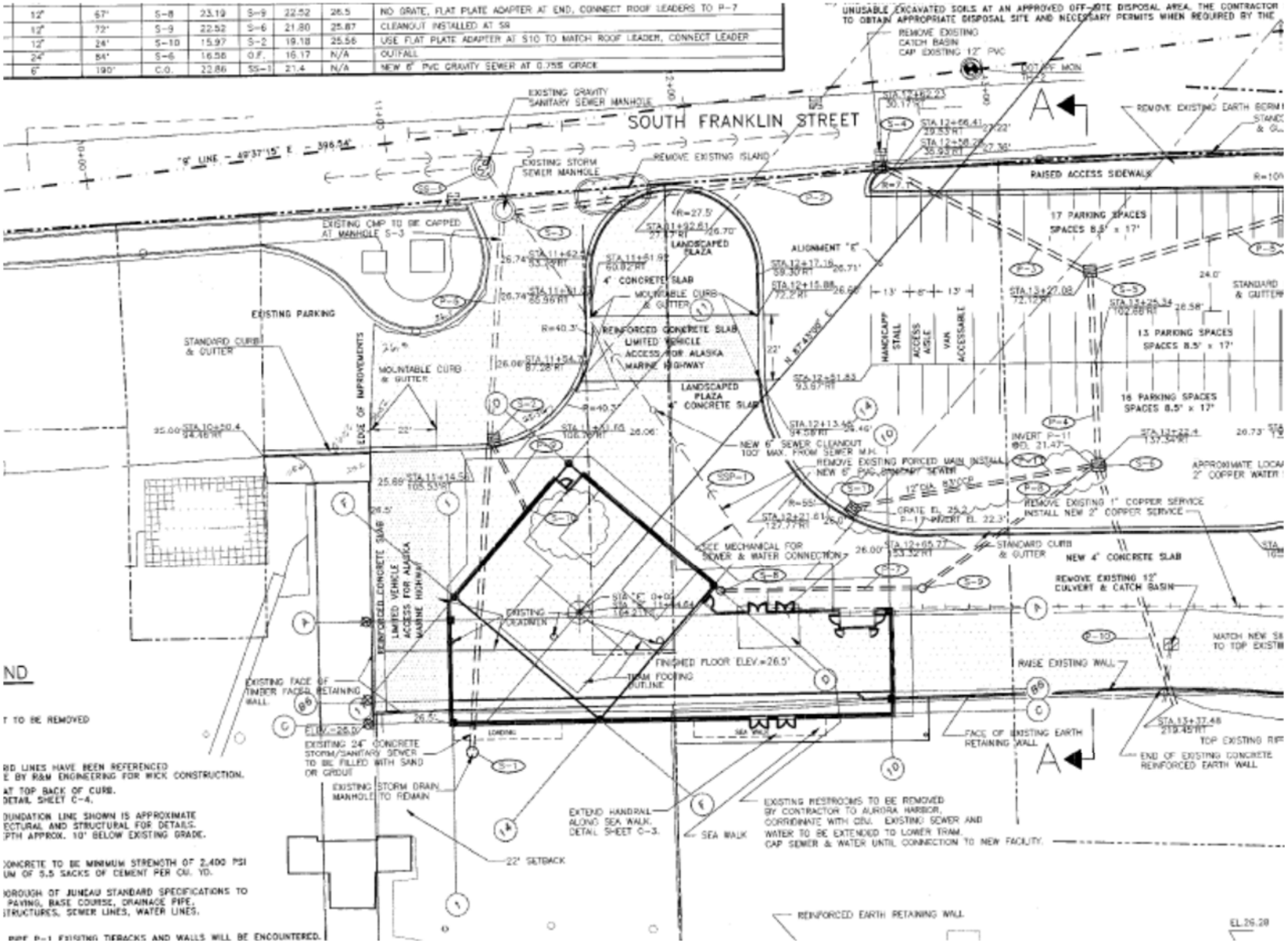


## Pre Tram Development 1995 Aerial Photograph Exhibit

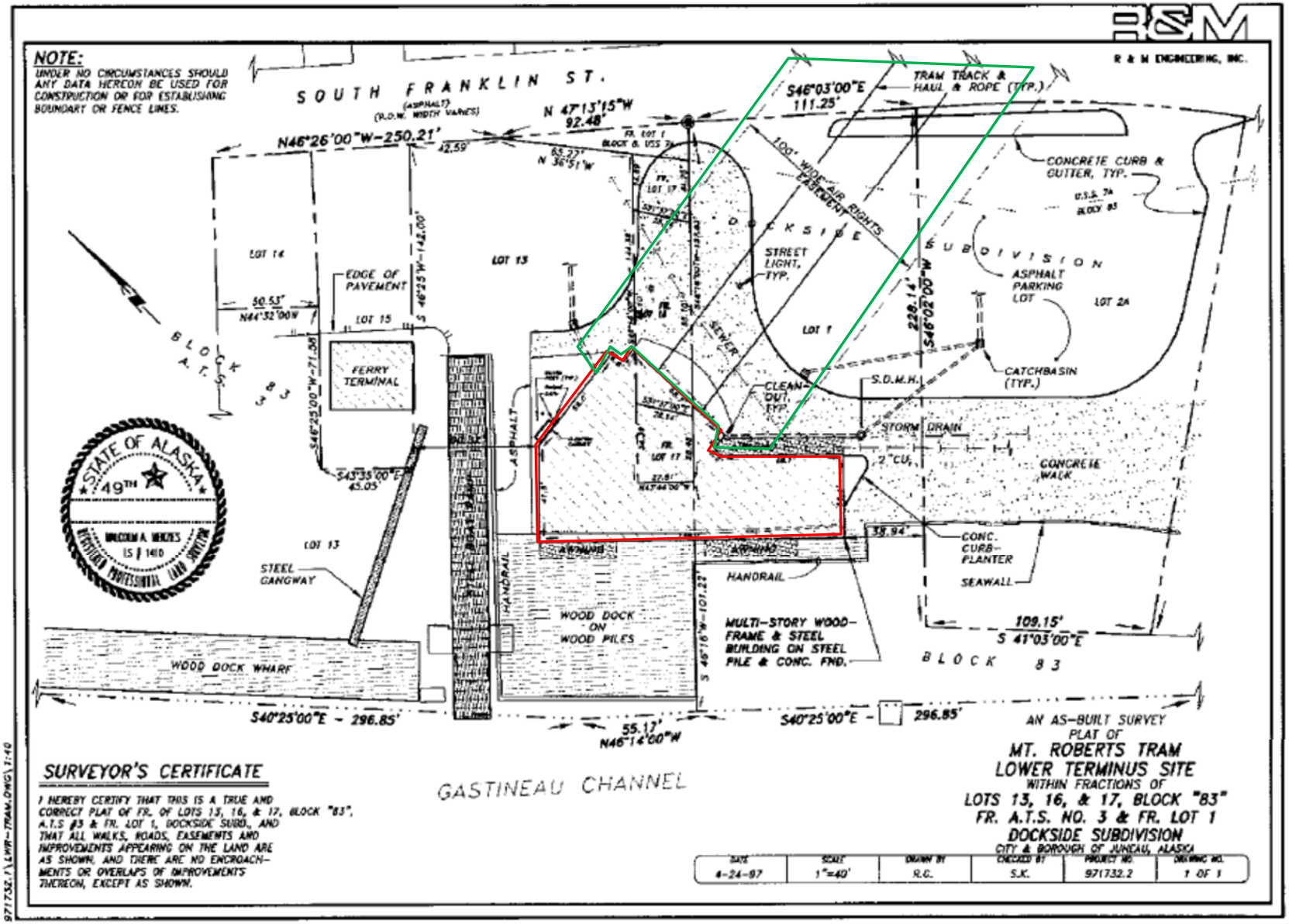
## Current (Post Tram Development) Aerial Photograph Exhibit



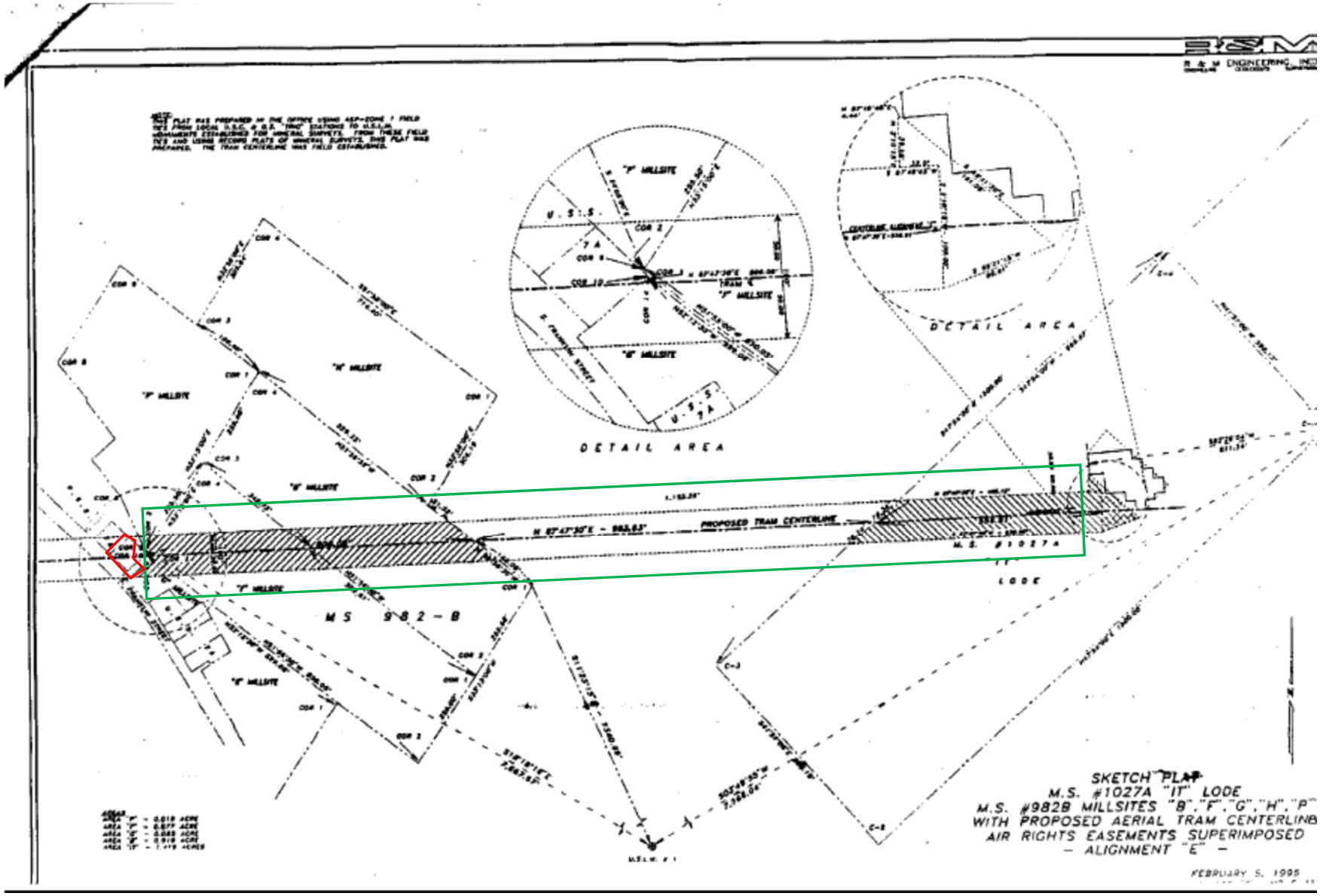
## Post Tram Development Survey Exhibit



## Post Tram Development As Built Exhibit (Surface Estate & Air Rights)



## Plat Map Exhibit (Surface Estate & Air Rights)



## Zoning

WATERFRONT COMMERCIAL (WC)

The subject is located on the boundary of the Waterfront Commercial and Waterfront Industrial zone but appears to fall on the Waterfront Commercial boundary side. Permitted uses include single family residential, child care home, day single family residential, marine merchandise and equipment sales, parks and open space, boat sales, rentals, repairs, and maintenance, marine fuel, water sanitation, moorage, aquaculture and transit stations, as well as sales and rental of miscellaneous goods, merchandise or equipment. Many of the uses require a conditional use permit, and must be water-dependent, water-related, or water-oriented (as defined by the Code). Aerial tramway use, for example required a conditional use permit. Whether or not this covers cruise ship dependant (tourist related) retail is somewhat subjective. The subject is also part of a Special Waterfront Area per CBJ Code section 49.70.960, which further restricts what would otherwise be permissible uses in the WC zone, requiring that uses within the zone have water relevancy, as set out in the Code. Gift ships, entertainment facilities, ticketing agencies, and other visitor industry services, as well as offices which are related to and a necessary part of permissible uses, along with retail services directly linked to a maritime clientele, such as gear and supply stores, boats sales, and laundries, are deemed by Code to be water relevant. A review of recent development indicates that approximately eight out of twelve recently built cruise ship dependant retail properties required a conditional use permit. Therefore, technically, the code does not appear to guarantee the outright use of cruise ship dependant retail without a conditional use permit. In practice, however, cruise ship dependant retail is the most common use in the immediate neighborhood of the subject.

## Easements, Covenants, Encroachments & Restrictions

Although requested, a title report was not provided to the appraiser. There are several access easements that existed under prior use and ownership that no longer appear to impact the property. Significant issues that were identified by the appraiser are discussed in further detail below.

CBJ GROUND LEASE

The subject's ground lease is summarized on the following table:

| Name | 490 S. Franklin St. CBJ Ground Lease - Unrestricted Use |
|---|---|
| Lessor | CBJ |
| Lessee | Goldbelt, Inc. |
| Premises (Sq Ft) | 10,000<br>+100' Air Rights Easement |
| Start Date | 1/31/1995 |
| Term (Years) | 35 |
| Approximate Remaining Term (Years) | 26 |
| Options | 35 Years |
| Adjustments | Every 3 Years |
| Next Adjustment | 7/1/2012 |
| Original Lease Terms | |

| | | | |
|---|---|---|---|
| Base Rent | 10% of market value or 10% of $30/sq ft, whichever is greater | | |
| Royalty Rent | 1.00% | up to | $3 Mill |
| | 3.00% | from | $3 - 5 Mill |
| | 4.00% | from | $5 - 8 Mill |
| | 5.00% | above | $8 Mill + |
| Modified Lease Terms | On March 3rd 2006 contract rents were set at $104,000 per year with the landlord agreeing to reduce the rate of return applied to the land from 10% to 8% and agreeing to forego all royalty rent. The parties also changed the rent adjustment date to every 3 years starting July 1, 2009, so the next appraisal date is July 1, 2012. These terms continue to be in place, although in late 2011 the CBJ notified the lessee of their intent to seek a rental adjustment. | | |

Section three of the subject's ground lease states the following:

**3. Use of Premises: (a) The Lessee agrees to use the Leased Premises for the following purposes:**

The surveying, engineering, design, planning, development, construction, operation and maintenance of an aerial tramway base terminal and associated structures and uses . As used herein, "associated structures and uses" means:

1. a waiting room
2. a ticket office
3. public restrooms; Lessee shall provide public restrooms as specified by the Planning Commission
4. an area for the exhibition of tram models, photographs, and similar historical and explanatory materials
5. administrative space

The Leased Premises shall be used only for purposes within the scope of the application and the terms of the Lease, and in conformity with the provisions of the City and Borough Code, and applicable state and federal laws and regulations. Use or development for other than the allowed uses shall constitute a violation of the Lease and subject the Lease to cancellation at any time.

Other important provisions include that the lease provides for readjustment of base rent every three years, which may require an appraisal. A readjustment was due July 1, 2009, but the CBJ did not seek an adjustment. The next opportunity for an adjustment was July 1, 2012. The basis of the appraisal is "the fair market value of the unimproved land of the Leased Premises including the Air Rights Easements, at its highest and best use." The appraisal is not to consider

"any buildings or structural improvements above or below ground, landscaping or paving, with the leased premises to be considered unimproved land."

AIR RIGHTS EASEMENT

A 100' wide air rights easement extends easterly from the subject site over South Franklin Street onto Mount Roberts. The exact area of the air rights easement is unknown.

CONDITIONAL USE PERMIT

Mount Roberts applied for and secured the necessary conditional use permit in order "to construct an aerial tramway" on the Leased Premises. Planning Commission Notice of Decision March 1, 1995, CU-04-95 provided a conditional use permit to the subject based on the following use:

> *"[A] base terminal site located at the cruise ship terminal and an upper terminal site located at the 1760 foot election of Mt. Roberts. The base facility will have a footprint of approximately 10,000 square feet and will include the tram drive equipment, ticketing and other similar activities."*

IMPACT OF USE LIMITATIONS

A legal opinion relating to the subject's highest and best use prepared by Robert S. Spitzfaden on behalf of Goldbelt, Inc. was provided to the appraiser and reviewed. This legal opinion establishes that, due to the lease language and conditional use permit in place on the subject site, the only legally permissible use of the subject site is a tram site and that therefore the highest and best use of the site for establishing market value/rent is limited to tram use. While this legal opinion appears reasonable and is consistent with the appraiser's judgment, the appraiser is not an attorney and is not qualified to make a definitive legal finding.

The subject is a 10,000 sq ft site located between the cruise ship berth and South Franklin Street and is improved with an aerial tramway. While the immediate neighborhood is predominantly improved with visitor dependant retail, it is the contention of the lessee and their legal counsel that the subject's conditional use permit and ground lease with the CBJ limit the site use to aerial tramway. A prior appraisal was presented on July 10th, 2012 (Reliant Reference Number 12-0300) that was based on the extraordinary assumption that the conditional use permit and ground lease language restrict the subject's legally permissible uses to aerial tramway use, which results in the subject being an uneconomic parcel. The current value estimate is based on the extraordinary assumption that the conditional use permit and lease language do not restrict the subject's legally permissible uses to aerial tramway use. Based on cruise ship dependant retail use, the subject's market value is substantial. The two appraisals (the prior and the current) are based on two different valuation premises and are in no way contradictory in their findings.

**Functional Utility**

The subject site is located approximately 60' to the east of the Douglas cruise ship berth passenger ramp and benefits from visitor foot traffic embarking and disembarking from this location. Furthermore, while at the southern boundary of the cruise ship retail district, it is noted that the subject is surrounded by three different cruise ship berths and that there is substantial foot traffic in the immediate vicinity. In terms of location, the subject is well placed for cruise ship dependant retail.

Per the terms of the ground lease, the subject is to be appraised as unimproved land. Thus, functional issues that will require curing prior to development include the sloping land caused by the lack of a retaining wall, lack of connectivity to the existing Douglas Dock and absence of sewer and water to the site. In addition, the buyer of the subject would be responsible for offsite expenditures for interior streets, parking lots, curbs, gutters and sidewalks. While the shape of the site is ideal for tram use, it results in lower economic rent and higher construction costs for retail use. These issues have a material impact on the as is value of the subject under cruise ship dependant retail use.

The conditional use permit and ground lease restrict the subject to aerial tramway use. From a physical perspective, the subject is well suited for this use. However, aerial tramway use is not financially feasible at this time, resulting in an essentially uneconomic parcel of land with limited functional utility under this use.

# Property Assessment & Taxes

## Summary of Property Assessment & Taxes

Properties located within the subject's market are assessed by the assessor every year. By statute, each property must be assessed at 100 percent of market value. The millage rate (on which property taxes are based) is determined annually based on spending and assessment levels. Millage rates vary constantly and are influenced by state law and services provided in each individual district. The assessed value of all properties located within a district is divided by a particular year's budget requirements to arrive at a millage rate. Thus, actual spending determines the amount of tax, and assessment allocates the tax among property owners. Therefore, an increase or decrease in total assessment will not, by itself, result in a change in the total property tax collected.

While mass appraisal is useful for the allocation of the total tax liability among property owners, it is not always a reliable indicator of the market value of a specific property. As such, market participants do not generally use assessed value to determine market value. Market participants do carefully analyze the impact of current and projected real estate taxes on cash flow and market value. While Alaska is a non-disclosure state and the assessor does not have access to sale information, they do have confirmation from the recorder's office of a sale occurring. Often times the assessment the year following a sale increases dramatically with the burden of disproving the assessment falling on the property owner. This in turn often requires disclosure of any subject sale. Because of these factors, irrespective of actual historic assessment, most market participants input real estate taxes on a stabilized basis, where projected assessment correlates with the estimated market value and is reflective of assessment in a post sale environment.

In recent years, the assessment-to-value ratio has been increasing within the subject's market. Most similar properties in the subject's market have been historically assessed at between 80 percent and 90 percent of their actual market values. This is in part because Alaska is a non-disclosure state and in part that values have been increasing and it often takes several years for this to be reflected in the assessment. Due in large part to changes in market conditions, certain segments of the market are now assessed at 90 to 110 percent of market value.

While not a regular occurrence, on occasion the assessment on a property will be above market value. In these cases an MAI appraisal is usually sufficient documentation for the assessor to make an adjustment to the assessed valuation. In the event that the assessor is unwilling to change the assessment an appeal may be filed. If the appeal is not granted by the assessor the tax payer has the right to be heard in front of the Board of Equalization. Of note, the taxpayer also has the right to appeal assessed value based on equity (the relative assessment of the subject compared to similar properties).

The stabilized assessed value for the subject has been correlated based on typical post-sale assessment-to-value ratios and the market value estimate of this report.

The projected mill rate is input from the most recent year available and used to calculate the projected stabilized taxes.

The subject's current assessed valuation was developed based on its fee simple market value with a leasehold credit based on cruise ship dependant retail as the highest and best use. A legal opinion relating to the subject's highest and best use prepared by Robert S. Spitzfaden on behalf of Goldbelt, Inc. was provided and reviewed. This legal opinion establishes that, due to the conditional use permit in place on the subject site, the only legally permissible use of the subject site is a tram site and that therefore the highest and best use of the site for establishing assessed value is limited to tram use. Based on this legal opinion, the subject site is currently over assessed. Nonetheless, based on the value estimate contained, herein, the current assessed value is reasonable under cruise ship dependant retail use.

Historic assessment and taxes, an analysis of historic versus projected taxes and projected stabilized property assessment and taxes are shown on the table that follows.

## Property Assessment & Tax Summary Exhibit

### MOST RECENT PROPERTY ASSESSMENT & TAXES

| | Assessment | | | | |
|---|---|---|---|---|---|
| **Tax Parcel Number** | **Land** | **Improvements** | **Total** | **Mill Rate** | **Taxes** |
| **Year** | | | | | **2012** |
| 1C100K830011 | $2,460,400 | $1,533,000 | $3,993,400 | $10.55 | $42,130 |
| *Type / Source* | *Actual* | *Actual* | *Actual* | *Calculated* | *Actual* |
| **Year** | | | | | **2013** |
| 1C100K830011 | $2,406,500 | $1,533,000 | $3,939,500 | $10.66 | $41,995 |
| *Type / Source* | *Actual* | *Actual* | *Actual* | *Calculated* | ***Actual*** |

### ANALYSIS OF HISTORIC VERSUS PROJECTED TAXES

| **Taxation Trends** | **Stable Taxes Expected Post Sale** |
|---|---|

### PROJECTED STABILIZED PROPERTY ASSESSMENT & TAXES - AS IS

| | | |
|---|---|---|
| Stabilized Value Estimate (As Improved) | | $2,450,000 |
| Projected Stabilized Assessed Value | | $2,406,500 |
| Projected Stabilized Mill Rate (Per $1,000 AV) | X | $10.66 |
| **Projected Stabilized Taxes** | = | **$25,653** |
| Taxes Paid By | | Tenant |

# Subject Photographs

Facing northerly viewing south eastern property boundary.

Facing westerly viewing property boundary and Douglas cruise ship berth in background.

Facing south easterly from dock viewing property boundary.

Facing westerly viewing property boundary with Franklin Street shown in foreground.

Facing westerly viewing Douglas cruise ship berth and associated dock.

Facing westerly viewing location of air rights.

# Highest & Best Use

## Definition & Methodology

"Highest & Best Use" is defined as:

> *"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."*[7]

**Scope of Highest & Best Use**

A specific determination of highest and best use would require specific cost estimates, which were not available to the appraiser, and is beyond the scope of this assignment. A feasibility analysis based on aerial tramway use has been performed. Unless otherwise indicated, the highest and best use as vacant analysis should not be construed as a feasibility study of other potential uses, which is beyond the scope of the current assignment. Rather, the alternative use analysis is meant to provide a general indication of highest and best use based on a qualitative review of the available evidence.

## As Vacant

**Legally Permissible**

Private restrictions, zoning, building codes, historic district controls and environmental regulations determine those uses legally permissible on a site. The subject is zoned waterfront commercial. Permitted uses include single family residential, child care home, day single family residential, marine merchandise and equipment sales, parks and open space, boat sales, rentals, repairs, and maintenance, marine fuel, water sanitation, moorage, aquaculture and transit stations. Retail sales directly related to or dependant on a retail environment are permitted and cruise ship dependant retail is the most common use in the immediate neighborhood of the subject.

A legal opinion relating to the subject's highest and best use prepared by Robert S. Spitzfaden on behalf of Goldbelt, Inc. was provided and reviewed. The opinion provides that the reasonable probable legal use of the subject, for purposes of highest and best use analysis, is the existing use as an aerial tramway base terminal and associated structures and uses as set out in paragraph 3 of the Lease. Accordingly, highest and best use of the site for establishing market value of the subject is limited to tram use.

An article in the Fall 2011 issue of the Appraisal Journal titled "Ground Leases: Rent Reset Valuation Issues" by Tony Sevelka, MAI is presented in the Addendum, which discusses in detail the impact of use restrictions contained in a ground lease on the valuation process. The most relevant highlights from this article are presented below.

> *"A rent reset clause may instruct an appraiser to ignore both the*

[7] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.

*improvements and the lease itself, valuing the land in fee simple and as if unencumbered and available for ground-up development in perpetuity.*

*This type of rent reset clause facilitates an unrestricted highest and best use analysis, which may or may not result in the highest or most probable ground rent at the time the rent is to be reset. A restricted highest and best use analysis flowing from the provisions of a lease that dictate a specific or limited number of uses (which may or may not be legally permissible under the land use controls prevailing at the date of the rent review) can result in rental payments that are either lower or higher than those achievable based on an unrestricted highest and best use analysis. Similarly, where a lease dictates scale of development either less than or greater than permitted under the provisions of the prevailing land use controls, it too leads to a restricted highest and best use analysis, and can result in rental payments that are lower or higher than those achievable based on an unrestricted highest and best use analysis.*

*In defining a ground lease valuation problem in the context of highest and best use, the most critical and interrelated issues confronting the appraiser are as follows:*

*• The identification of what is to be appraised (i.e., land only or land and improvements), based on a thorough reading of the lease or as instructed by legal counsel.*

*• The constraints of the lease, if any, imposed on highest and best use analysis, to determine whether the valuation is of the fee simple interest or of the estate for years, reflecting the period remaining on the lease at the time of the rent review.*

*• The legally permissible use(s) governed by the prevailing land use controls or the use(s) dictated by the language of the lease.*

*• The scale of development legally permissible pursuant to the provisions of the prevailing land use controls or the scale of development dictated by the language of the lease.*

*• The physical constraints of the land, if any, imposed on the scale of development either legally permissible or dictated by the language of the lease.*

*• The marketability and financial feasibility of the legally permissible use(s) or the use(s) dictated by the language of the lease, and achievable in the context of the remaining term of the lease, including any renewal options available to the lessee."*

The article affirms that use restrictions contained within a ground lease must be considered by the appraiser in developing an opinion of market value.

**Physically Possible**

Size, shape, area, terrain, accessibility and availability of utilities affect the uses under which a property can be developed.

After curing of the functional issues discussed in the description of site section, the only major limitation to the site from a physical perspective is due to its size and highly irregular shape. However, the subject site is located approximately 60' to the east of the Douglas cruise ship berth passenger ramp and benefits from visitor foot traffic embarking and disembarking from this location. Furthermore, while at the southern boundary of the cruise ship retail district, it is noted that the subject is surrounded by three different cruise ship berths and that there is substantial foot traffic in the immediate vicinity. In terms of location, the subject is well placed for cruise ship dependant retail.

**Financially Feasible**

Feasibility is indicated by construction trends in the vicinity and current market conditions. All uses that are expected to produce a positive return are regarded as financially feasible.

A review of rents, construction costs, capitalization rates, and recent developments indicates that cruise ship dependant retail use is marginally financially feasible at this time. The Mount Roberts aerial tramway is currently in good condition and does not demonstrate substantial physical depreciation. Current financial performance is limited by market conditions rather than the physical condition of the tram and would not likely be substantially different if the subject were new construction. That said, based on a detailed review of actual tram operating performance, development costs exceed market value, indicating that tram use is not financially feasible. Simply put, based on the information available today, the Mount Roberts tramway would not have been built.

**Maximally Productive**

When development options are available, a determination must be made as to which feasible use is the maximally profitable use.

Within this market, the presence of developer's margin is highly specific to the individual project. Nonetheless, it is noted that developers margins have been attained within the subject's geographic area for a wide variety of property types. The majority of new construction, however, has been by owner users whose needs were not met by the existing inventory and there has been less speculative development. Based on a review of the subject's zoning, land use trends, neighborhood characteristics and trends, shape, size, functional utility as well as market vacancy rates, rental rates and other factors, the subject's highest and best use as vacant may include cruise ship dependant retail, including storefront retail with second floor storage, or other unidentified use that provides the highest return to the underlying land. Likely tenants/users include gift and curio shops, jewelry stores and other storefront small shop retailers that cater to cruise ship passengers. However, due to the use restrictions from the conditional use permit and the ground lease, the only legally permissible use for the subject site is as a aerial tramway.

The prior legal restricted use analysis aside, the current value estimate is based on the extraordinary assumption that the conditional use permit and lease language do not restrict the subject's legally permissible uses to aerial tramway use. Based on cruise ship dependant retail use, the subject site provides

significant functional utility and has substantial economic value. Therefore, the subject's highest and best use as vacant based on cruise ship dependant retail use being permitted is development of the subject, either immediately or over the next several years, as a cruise ship dependant retail property.

## Probable Buyer

Given the economic potential, the probable buyer of the subject is a local, regional or national investor that has market experience with both the Alaska tourism market and the cruise ship industry or owner user, whose needs are not met by the existing inventory that wishes to pursue new construction to serve their existing or proposed business.

# Land Valuation

## Introduction

**Methodology**

Land is customarily valued as though unimproved and available for development to the use, which would justify the highest price and the greatest net return. Sales of unimproved land most similar to the subject are investigated and the most appropriate transactions are analyzed. The land value estimate traditionally reflects the fee simple value of raw land with good soils, available access, available utilities, minimal site work completed, generally level and at grade, with no site improvements (paving, landscaping, lighting, fencing, etc.).

**Units of Comparison**

Units of comparison, components into which properties may be divided for purposes of comparison, are derived from comparable sales data. Brokers, developers and other market participants indicated a common unit of comparison for properties in this market is the price per sq ft of usable land area.

**Direct Sale Comparison Technique**

There have been six sales of cruise ship dependant retail sites since 2002. Three occurred between 2004 and 2006. Two of these transactions have occurred since 2012. Therefore, the comparables are analyzed using the direct sale comparison technique. Before analyzing these comparables, it is useful to review authoritative text on this technique. The Appraisal of Real Estate 13th Edition states the following regarding the direct sales comparison technique:

> *"The sales comparison approach is usually the preferred methodology for developing a site value conclusion... When sales of similar parcels are not plentiful enough for the application of sales comparison, alternative techniques such as market extraction, allocation, and various income capitalization techniques may be used.*
>
> ***Procedure***
> *Sales of similar, vacant parcels are analyzed, compared, and adjusted to provide a value indication for the land being appraised.*
>
> ***Applicability***
> *Sales comparison is the most common technique for valuing sites, and it is the preferred method when comparable sales are available.*
>
> ***Limitations***
> *A lack of sales and the comparability of the available data may weaken support for the value estimate.*
>
> *Sales comparison is the most common technique for valuing land, and it is the preferred method when comparable sales are available."*

**Extraction Method**

There have been several improved sales in the Juneau cruise ship retail district, the most recent of which occurred in 2007. Each of these transactions have been carefully considered by the appraiser. In choosing whether to utilize them as comparables it is useful to review authoritative text on this technique. The Appraisal of Real Estate 13th Edition states the following regarding the

extraction technique:

> *"Vacant parcels of land in densely developed urban locations may be so rare that their values cannot be estimated reliably by direct comparison… In such cases land value can be estimated by market extraction, allocation, or one of the income capitalization techniques.*
>
> ***Procedure***
> *An estimate of the depreciated cost of the improvements is deducted from the total sale price of the property to arrive at the land value.*
>
> ***Applicability***
> *This technique is most applicable when:*
>
> *• The contribution of the improvements to total property value is generally small and relatively easy to identify. (The technique is frequently used in rural areas.)*
>
> *• The improvements are new, their value is known, and there is little or no depreciation from any causes.*
>
> ***Limitations***
> *The appraiser must be able to determine the value contribution of the improvements, estimated at their depreciated cost.*
>
> *Extraction is used to estimate the land value of improved properties in rural areas and properties in which the improvements contribute little to total property value.*
>
> *Improved sales in rural areas are frequently analyzed in this way because the building and site improvements contribute little value in comparison to the underlying land value. The improvement contribution is typically small and relatively easy to identify."*

In this instance the transactions are located in a densely developed urban area, the contributory value of the improvements to total property value is substantial (and difficult to identify), the improvements are existing (not new), have unknown values and suffer from significant depreciation. Even with these limitations, the technique is appropriate to perform when there is an absence of comparable unimproved sale transactions (as was the case when appraising the subject under tram highest and best use, where there were no other transactions of tram sites). In this instance, however, there are numerous land sales that have occurred in the subject's market during the same time period, two of which have occurred since 2012. As a result, application of the extraction technique in this instance is inappropriate and inconsistent with generally accepted appraisal methodology. Furthermore, any appraisal that relies exclusively on the analysis of improved sales using the extraction technique, while ignoring actual land sales that occurred during the same time period or even more recently, that arrives at a value estimate above the unadjusted range indicated by the actual land sales, should be viewed with extreme skepticism and caution.

## At Completion Build Ready Comparable Data

**Build Ready**

The comparables are analyzed on a build ready data. Thus, the resulting value estimate is reflective of the subject's build ready condition. To arrive at the market value of the unimproved land, costs to bring the subject to a build ready condition are deducted at the end of this section.

**Sources of Data**

The following transactions were obtained from various sources including web sites (Alaska Multiple Listing Service, Loopnet and Craigslist), brokers, assessors, appraisers, other individuals and most notably the Reliant, LLC internal database.

**Availability of Data**

The availability of comparable data is a function of the subject's location, property type, property size, market size and market activity. The subject neighborhood is nearly fully developed and there are a limited number of vacant sites remaining, let alone vacant land sales. There have been incremental sales of improved properties that can be analyzed based on the extraction method, which is a method of estimating land value in which the depreciated cost of the improvement on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property. Unless the improvements are relatively new construction with limited amounts of depreciation, the extraction method can be subjective. In this analysis, comparables have been primarily selected based on their proximity to the subject and locational similarity. Therefore, a combination of tidelands and upland sales are analyzed. That being said, all of the comparables required substantial adjustment. Nonetheless, the comparable transactions bracket the subject physically and economically, and after adjustment (indicating the lower and upper value indications) provide a reasonable basis for estimating market value.

**Presentation of Data**

The most relevant data for these transactions is presented on the following summary table. The following map highlights the location of the comparables relative to the subject.

## Summary of Comparable At Completion Build Ready Land Sales Exhibit

| No. | Name<br>Legal Description | Usable Land Sq Ft<br>Acres | Utilities | Soil Conditions<br>Zoning | Current Use<br>Intended Use | Access / Exposure<br>Road Frontage | Shape<br>Topography | Date<br>Transaction Type | Nominal Price | Analysis Price<br>$/Sq Ft |
|---|---|---|---|---|---|---|---|---|---|---|
| L-1 | Taku Smokeries Excess Land - 1937 | 54,296 | All Available | Good | Parking | Average / Below Average | Regular | May-12 | $3,725,028 | $3,725,028 |
| | Lot 2C, Dockside | 1.25 | | WI, Waterfront Industrial | Parking | 392' | Generally Level | Closed | | $68.61 |
| L-2 | 422 S Franklin St. | 1,955 | All Available | Good | Vacant Land | Average / Average | Rectangular | Feb-06 | $244,338 | $244,338 |
| | Lot 9B, Block 83, Tidelands | 0.04 | | Waterfront Commercial | Cruise Ship Dependent Retail | 0 | Generally Level | Closed | | $124.98 |
| L-3 | 425 S Franklin St. - 1533 | 6,315 | All Available | Good | Vacant Land | Good / Good | Irregular | Jul-04 | $1,200,000 | $1,200,000 |
| | Lot 1A, Block 1, Juneau Townsite | 0.14 | | MU, Mixed Use | Cruise Ship Dependent Retail | 262' | Level to Steep | Closed | | $190.02 |
| L-4 | Archipelago Property Partial Taking - 2042 | 68,027 | All Available | Good | Vacant Land | Excellent / Excellent | Rectangular | Aug-13 | $910,352 | $910,352 |
| | 10,913 SF Ptn Lot 7A & 9A, Blk 83 & ATS. No. 3 Consisting of 73,654 Gross SF, Plat 2013-22 | 1.56 | | WC, Waterfront Commercial | ROW, Cruise Ship Dependant Retail | 284' | Generally Level | Closed | | $300.00 |
| L-5 | 265 S. Franklin St. - 538 | 3,580 | All Available | Average | Vacant Land | Good / Good | Flag Shaped | Mar-05 | $960,000 | $960,000 |
| | Tract B, Block N, Juneau Townsite | 0.08 | | Mixed Use | Retail | 46' | Steep Slope | Closed | | $268.16 |
| L-6 | 406 S. Franklin St. - 535 | 11,211 | All Available | Average | Retail | Good / Good | Rectangular | Mar-02 | $2,900,000 | $3,050,000 |
| | Lot 8, Block 83, Tidelands Addn. | 0.26 | | WC, Waterfront Commercial | Retail | 77' | Generally Level | Closed | | $272.05 |
| Subj | 490 S. Franklin St. CBJ Ground Lease | 10,000 | All available | Good | Aerial tramway | Average / Average | Irregular | Appraisal | - - - | $1,360,000 |
| | Portions of Lots 13B, 16 and 17 of Plat 355, Lot 1, Plat 89-9 and Lot 2A, Plat 91-71, Juneau Recording | 0.23 | | WC, Waterfront Commercial | Aerial tramway | none | Level | | | $245.00 |

## Map of Comparable At Completion Build Ready Land Sales Exhibit

## Description of At Completion Build Ready Data

**Sale No. L-1**

This is the allocated value to vacant Lot 2C from the sale of an improved parcel, Taku Smokeries, located directly to the north. The transaction was the purchase of a 50% partial interest in the going concern, where one partner bought out another. The total price was based on an MAI appraisal. The buyer executed an option with a closing date of 5/31/12 that was entered into in 2009. The consensus was that the option price was equal to current market value. The allocation to the excess land is based on comparable land sales in the neighborhood, discussions with the appraiser and assessed value. Gross site is approximately 54,296 sq ft, however, 3,441 sq ft of the site is not usable due to easements. Tidelands have limited functional utility due to presence of sea walk. Overall, this is an arms length transaction representative of market conditions at time of sale.

**Sale No. L-2**

This is a small tidelands parcel located between the dock to the south and a commercial property to the north. The tidelands appear to be mostly submerged. The small parcel is owned by the CBJ and leased to a third party. The value is based on capitalizing ground lease payments of $19,547 at an OAR of 8%.

**Sale No. L-3**

This is a mid-block site located in the core of S Franklin St. tourist district with substantial frontage. This is an upland site that was at street grade along Franklin Street with the back being steeply sloping. Approximately 6,315 sq ft (75%) of the site was considered usable (developable). In addition, the site required an extensive retaining wall and excavation for the purchaser's intended use of developing a 3-story tourist oriented retail structure.

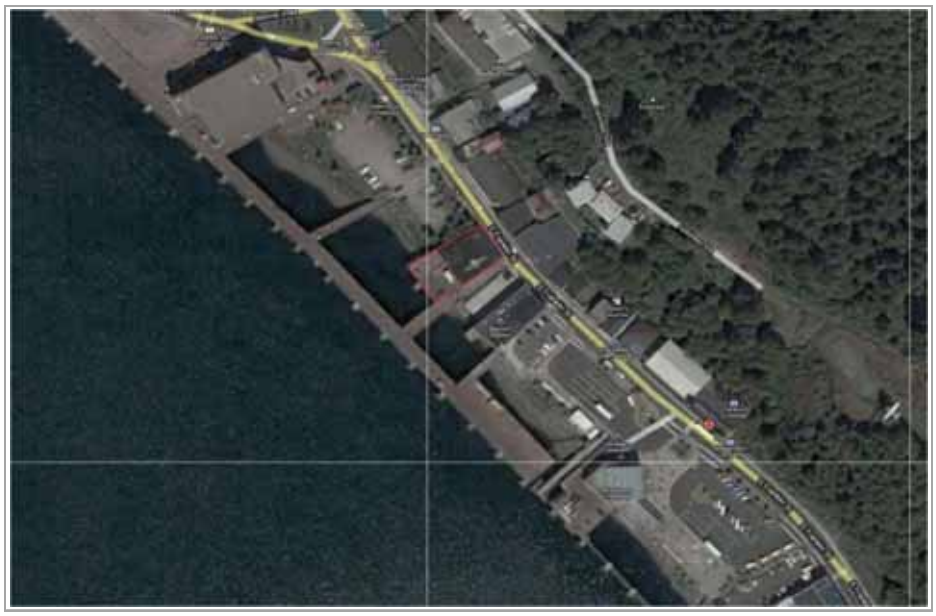
**Sale No. L-4**

This is the acquisition of 10,913 sq ft of land by the CBJ for ROW purposes. The land acquired property consists of the subservient interest in a 25' wide public access easement (red) consisting of 5,626 sq ft and fee interest in a 25' wide strip consisting of 5,287 sq ft (green) that have an average length of approximately 218' and run between S. Franklin Street and the Steamboat cruise ship dock. The buyer (the CBJ) already owned the dominant interest in the public access easement, which is economically considered equivalent to the fee simple interest. Therefore, the net usable land area acquired is considered to be the 25' strip of fee simple land totaling approximately 5,287 sq ft. It should be noted, however, that the acquisition price was based on the market value of the larger parcel, not the area acquired. Therefore, from an economic perspective, this transaction is representative of the value of a 68,027 sq ft parcel (blue) that is the largest remaining vacant land parcel within the CBJ tourist district. The site is in the heart of the tourist district, is located between the docks and the street and benefits from two pedestrian walkways connecting the cruise ship docks with S. Franklin Street. Approximately 42% of this gross site area is level uplands with 58% being sloping or submerged uplands. The transaction was essentially based on $300/sq ft for the uplands and $52/sq ft for the tidelands. While the purchase of a ROW, this transaction was negotiated between the parties based on a cruise ship dependent retail highest and best use and is considered to be representative of market conditions at time of sale.

**Sale No. L-5**

This property is located on the north side of South Franklin Street, west of Bulger Way, and south of Gastineau Avenue. The site has limited direct exposure to the cruise ship berths and is approximately 650' feet walking distance from them. The site is steeply sloping towards Gastineau Avenue. The site has only 46' of direct frontage on South Franklin Street, reducing its retail potential. Only South Franklin Street is developed with cruise ship dependent tourist retail and Gastineau Avenue consists of commercial land uses. Therefore, the site has two distinct highest and best uses; cruise ship dependent retail for the portion fronting South Franklin Street and commercial for the portion fronting Gastineau Avenue. Post sale the site was developed with a three-story building with a 3,580 sq ft footprint. Therefore, 3,580 sq ft is considered cruise ship dependent retail use and 11,928 sq ft is considered commercial use. In consideration of the sloping topography, allocating a value of $17.50/sq ft to the commercial portion indicates the cruise ship dependent retail use sold for $210/sq ft. The blended sale price calculates to $62/sq ft.

**Sale No. L-6**



The nominal price of $2,900,00 is adjusted upward $150,000 to reflect the estimated cost to demolish existing structure. Therefore, the analysis price is $3,050,000. The site's existing structure is a 6,734 sq ft one-story retail building which was scheduled for demolition in October 2005. The site will be redeveloped with a two-story retail building. The site is below the grade of South Franklin Street and will require a piling foundation. It is located on the corner of South Franklin and Warner's Wharf Alleyway. It should be noted that Warner's Wharf leads to a public cruise ship berth.

## Overview of At Completion Build Ready Adjustments

**Nature of Adjustments**

Adjustments to the comparables are necessary to reflect advantages and disadvantages relative to the subject. Ideally, quantitative adjustments are determined through paired sale analysis or other definitive data. However, when quantitative adjustments cannot be reliably ascertained - as is often the case in Alaskan markets due to data limitations - qualitative adjustments may be applied through a weighted analysis of each comparable based on its relative merits. These adjustments may be supported by available market data, discussions with local market participants, and/or information contained within the appraiser's files. Note that qualitative adjustments - based on the above as well as on appraiser judgment - are applied on a numeric (percentage) basis in this appraisal. Ultimately, the adjustment grid presented further in this chapter is not intended to imply that all of the adjustments were performed on a quantitative basis. Rather, the adjustment grid is presented to more precisely communicate the appraiser's opinion on the direction and degree of adjustment required to a given comparable.

**Usable Land Area**

Non-usable areas due to topography, wetlands, overhead utilities or other issues are subtracted from gross site area.

**Property Rights Conveyed**

When real property rights are sold the contract may include rights that are less than or more than all of the real property rights. Examples include the inclusion of another property, personal property, or the sale of a property subject to a below market or above market lease. Therefore, the sale price of the comparable property must be adjusted to reflect the property rights that are similar to those being appraised. In this analysis the comparables are adjusted to reflect the fee simple sale price of the real property. Adjustments to the comparables are required in cases where the property interest sold was less than or greater than the fee simple value.

**Financing Terms**

Seller-provided financing can play an important role in the sale of a project. Low down payments and terms that are significantly less stringent than those available in the market at the time of sale contribute to sale prices in excess of that obtainable by an all-cash or typically financed (by a disinterested third party) buyer. In order to analyze all properties on a comparable basis, those sales with financing not typically available for the property at the time of sale must be converted to typical terms and cash equivalency.

**Conditions of Sale**

Adjustments for conditions of sale are intended to reflect the motivations of the buyer and the seller. Conditions of sale that are outside the definition of market value must be adjusted to reflect a fully marketed property with adequate exposure and an arms-length transaction where neither the buyer nor the seller is unduly motivated. Adjustments may be required to properties where one party was unusually motivated, foreclosure sales, properties that were not fully exposed to the market, and active listings that have not closed.

**Market Conditions**

Market values have generally increased in recent years as the available supply of substitute properties has decreased and the number of investors and users actively seeking properties has increased. In the process of completing this assignment, or as part of previously completed assignments for similar properties in this segment, consideration was given to available paired sales, rent trends, assessment trends, MLS trends, and discussions with market participants. Market values increased 5% to 15% annually from 2001 to 2006 and 5% to 10% through the 2008. After the 2008 tourist season, values have been more or less stable. Based on this an upward adjustment of 8% has been made to transactions through September 2008, with no adjustments thereafter.

**Location**

Location is a broad term that includes non-property specific factors such as neighborhood and surrounding demographics and property specific factors such as surrounding streets, street frontage, access, exposure, number of corners, traffic counts, adjacent properties and other factors. Where appropriate adjustments for certain components of location may be performed individually.

L-1 is located on the boundary of the Franklin Street tourist district. Despite being just a short distance to the south of the other comparables it sold for a significantly lower price per sq ft. It is a noteworthy transaction as it demonstrates how sensitive values are to foot traffic. This comparable lacks the foot traffic present at the subject site and required large upward adjustment for location.

Similar to the subject, L-2 does not have direct frontage on Franklin Street but is located directly adjacent to the cruise ship docks passenger loading and

unloading area. In terms of location, L-2 requires upward adjustment for exposure as there is a building located between it and Franklin Street, whereas the subject has direct exposure to Franklin Street. On the other hand, L-2 requires downward adjustment for neighborhood location, as it is more centrally located in the heart of the Franklin Street retail district and benefits from significantly superior retail synergy. Overall, the comparable requires modest upward adjustment for location.

L-3, L-4, L-5 and L-6 are located near the heart of the tourist district and require large downward adjustment for location. All four comparables have substantial direct frontage on Franklin Street and benefit from significantly superior retail synergy. L-3 is the most southern of the land sales and is in closest proximity to the subject. L-4 and L-6 require additional downward adjustment as they have both direct frontage on Franklin Street, are located on the west side of the street (which has higher foot traffic volumes as the berths are located on this side of the street) and have direct frontage on the causeway that leads to the cruise ship berth. L-5 is located to the north of the heart of the tourist retail district, The comparable is located directly across the street from the Red Dog Saloon and only 150' to the north of the Franklin Street and Marine Way intersections, which form the heart of the retail district. In addition, the comparable has direct frontage on Franklin Street and superior retail synergy. Downward adjustment for location is appropriate.

**Size**

If an adequate supply of larger sites exists then generally smaller parcels tend to sell for higher prices per sq ft. If supply of larger parcels is limited then they occasionally sell for a premium. A review of data indicates that within the subject's market smaller parcels tend to sell for higher prices per sq ft than larger parcels. Larger parcels than the subject are adjusted upward while smaller parcels are adjusted downward. That being said, there is a much smaller supply of parcels greater than 20,000 sq ft and these parcels have enhanced development potential.

**Shape**

As discussed in the Description of Site section:

> *"Resulting from the ground lease footprint being adjusted to accommodate the shape of the improvements, the subject site is highly irregular in shape. The irregular shape is ideally suited for aerial tramway use but is not an efficient layout for retail use. The irregular shape of the subject would increase construction costs of a structure. While possible, it is unlikely that a single tenant would be identified and dividing the property into a northern and southern suite is considered more probable. Assuming full build out of the site footprint, the northern suite would have significant store frontage but is not oriented directly towards Franklin Street. Furthermore, this suite would have an irregular five sided layout that would result in some inefficient use of the space. The southern suite would be oriented directly towards Franklin Street but lacks the 40' to 60' depth that is typically required by most retailers. The shape reduces the economic potential of the property and the market rents that a retail use could attain. The lower rents and higher construction costs have a material impact on the market value of the underlying land based on retail use."*

| | |
|---|---|
| | The comparables, in contrast, are regularly shaped parcels with no functional issues arising from size. Therefore, it is appropriate to make a modest downward adjustment to the comparables. |
| **Land Type** | L-2 is submerged tidelands, whereas the subject is entirely uplands. Tidelands can be converted to uplands by either filling or building a dock. A good "rule of thumb" for dock construction is $120/sq ft, and this is the basis for the adjustment to L-2. |
| **Site Condition** | The subject is analyzed as build ready. L-2 required an extensive retaining wall and excavation for the purchaser's intended use of developing a 3-story tourist oriented retail structure. As such, upward adjustment is required for site condition. |
| **Other** | The adjustments listed above are not inclusive of all the adjustments considered by the appraiser. Physical and economic differences where adjustments have not been explicitly made are implicitly considered in the appraiser's analysis of the comparable and value estimate. |

## At Completion Build Ready Adjustment Grid Exhibit

| Land Analysis Grid | | L-1 | L-2 | L-3 | L-4 | L-5 | L-6 |
|---|---|---|---|---|---|---|---|
| Name | 490 S. Franklin St. CBJ Ground Lease | Taku Smokeries Excess Land - 1937 | 422 S Franklin St. | 425 S Franklin St. - 1533 | Archipelago Property Partial Taking - 2042 | 265 S. Franklin St. - 538 | 406 S. Franklin St. - 535 |
| City | Juneau | Juneau | Juneau | Juneau | Juneau | Juneau | Juneau |
| Date | 7/1/2012 | 5/31/2012 | 2/1/2006 | 7/7/2004 | 8/20/2013 | 3/23/2005 | 3/28/2002 |
| Price | Appraisal | $3,725,028 | $244,338 | $1,200,000 | $910,352 | $960,000 | $3,050,000 |
| Land SF | 10,000 | 54,296 | 1,955 | 6,315 | 68,027 | 3,580 | 11,211 |
| $/Sq Ft | - - - | $68.61 | $124.98 | $190.02 | $300.00 | $268.16 | $272.05 |
| **Transaction Adjustments** | | | | | | | |
| Property Rights | Fee Simple | Fee Simple 0.0% | Fee Simple 0.0% | Fee Simple 0.0% | Fee Simple, 0.0% | Fee Simple 0.0% | Fee Simple 0.0% |
| Financing | Conventional | Convention 0.0% | Convention 0.0% | Convention 0.0% | Convention 0.0% | Convention 0.0% | Convention 0.0% |
| Conditions of Sale | Arms Length | Arms Lengt 0.0% | Arms Lengt 0.0% | Arms Lengt 0.0% | Arms Lengt 0.0% | Arms Lengt 0.0% | Arms Lengt 0.0% |
| **Adjusted Land SF Unit Price** | | **$68.61** | **$124.98** | **$190.02** | **$300.00** | **$268.16** | **$272.05** |
| Market Trends Thru | 9/08 8.0% | 0.0% | 22.0% | 37.7% | 0.0% | 30.4% | 64.1% |
| **Adjusted Land SF Unit Price** | | **$68.61** | **$152.47** | **$261.65** | **$300.00** | **$349.61** | **$446.43** |
| Subsequent Trends Thru | 7/12 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Adjusted Land SF Unit Price** | | **$68.61** | **$152.47** | **$261.65** | **$300.00** | **$349.61** | **$446.43** |
| Location | | | | | | | |
| % Adjustment | | 250% | 10% | -15% | -35% | -15% | -35% |
| $ Adjustment | | $171.51 | $15.25 | -$39.25 | -$105.00 | -$52.44 | -$156.25 |
| Land SF | 10,000 | 54,296 | 1,955 | 6,315 | 68,027 | 3,580 | 11,211 |
| % Adjustment | | 16% | -14% | -2% | 20% | -6% | 0% |
| $ Adjustment | | $10.64 | -$21.96 | -$5.34 | $60.93 | -$21.94 | $1.89 |
| Shape | Irregular | Regular | Rectangular | Irregular | Rectangular | Flag Shaped | Rectangular |
| % Adjustment | | -5% | -5% | -2.5% | -5% | -5% | -5% |
| $ Adjustment | | -$3.43 | -$7.62 | -$6.54 | -$15.00 | -$17.48 | -$22.32 |
| Land Type | Uplands | Uplands | Tidelands | Uplands | Uplands | Uplands | Uplands |
| % Adjustment | | 0% | 79% | 0% | 0% | 0% | 0% |
| $ Adjustment | | $0.00 | $120.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Site Condition | Analyzed as | Build Ready | Build Ready | High Dev. | Build Ready | Build Ready | Build Ready |
| % Adjustment | Build Ready | 0% | 0% | 10% | 0% | 0% | 0% |
| $ Adjustment | | $0.00 | $0.00 | $26.17 | $0.00 | $0.00 | $0.00 |
| **Adjusted Land SF Unit Price** | | **$247.33** | **$258.14** | **$236.68** | **$240.93** | **$257.75** | **$269.75** |
| **Weight** | | **Limited** | **Secondary** | **Primary** | **Primary** | **Primary** | **Secondary** |
| **Net Adjustments** | | 260.5% | 106.5% | 24.6% | -19.7% | -3.9% | -0.8% |
| **Gross Adjustments** | | 270.5% | 153.9% | 78.4% | 60.3% | 64.6% | 130.4% |

## At Completion Build Ready Discussion & Analysis

The comparables bracket the physical and economic characteristics of the subject. They bracket the market value of the subject on an unadjusted basis, and inferior comparables were adjusted upward while superior comparables were adjusted downward. Prior to adjustments, the sale prices fall within a wide range. Prior to adjustment, the comparables range from $68.61/sq ft to $300.00/sq ft - a range of nearly $300/sq ft - with an average of $203.97/sq ft.

After adjustment, they range from $236.68/sq ft to $269.75/sq ft, with an average of $251.76/sq ft. After adjustments this range is narrowed substantially, supporting the overall reasonableness of the adjustments made. A review of the gross adjustments made to the comparables indicates significant physical differences between many of the comparables and the subject. Comparables requiring a lower degree of gross adjustment are generally the most reliable indicators of value. Comparables requiring higher degrees of gross adjustment are generally less reliable indicators of value, but may still be meaningful and given weight if the adjustments made were strongly supported.

Because of the degree of location adjustment, and the fact it is largely subjective, limited weight is placed on the adjusted price of L-1.

While large upward adjustment was required to L-2, the adjustment is well supported by the cost to build out tidelands at various projects in the Ketchikan and Juneau areas. While this comparable required large cumulative adjustment, given its locational similarities and relative certainty of the tidelands adjustment, secondary weight is placed on this transaction.

Both L-3 through L-6 required large cumulative adjustment but nominal net adjustment. That being said, the adjusted prices are considered meaningful. L-3 is the most similar to the subject in terms of location and is given primary weight. L-4 and L-5 required the fewest amount of cumulative adjustment and have adjusted prices ranging from $240/sq ft up to $258/sq ft. Primary weight is placed on L-4, as it is a current transaction that required upward adjustment for size and downward adjustment for location. L-5 required upward adjustment for market conditions and downward adjustment for size and location and is also given primary weight. L-6 is similar in size but required significant upward adjustment for market conditions due to its older date of sale. In the end, secondary weight is placed on this transaction.

While the adjustments have a degree of subjectivity, the data clearly supports a market value for the subject from $235/sq ft up to $275/sq ft. The transactions given primary weight average $245/sq ft and are the best indicators of market value. After careful consideration, the market value of the subject is estimated $245.00/sq ft.

## At Completion Build Ready Air Rights

Under the value premise of the highest and best use being cruise ship dependant retail, under the theory of consistent use, the air rights do not contribute to functional utility and have no market value.

## As Is Unimproved Land Value

**Methodology**

Irrespective of the sites actual condition at time of lease, the subject's ground lease calls for the subject to be valued as "unimproved" land and that the appraisal shall not consider any buildings or structural improvements above or below ground, landscaping or paving. Regardless of original site condition, per the terms of the ground lease, this appraisal is predicated on the extraordinary assumption that the subject is unimproved land and does not consider any buildings or structural improvements above or below ground.

The value estimate represents the market value of the subject at completion. In order to estimate the as is market value of the subject the costs to cure the irregular topography and poor soil conditions must be deducted. These costs are discussed in detail below.

**Mount Roberts Lower Tram Site Development Costs Per Mike Story, R&M Engineering**

*"Per your request, this letter documents our estimate of the costs to make the site buildable from its original condition prior to construction of the Mount Roberts lower tram building site. The work items listed below are site development items necessary to erect any type of building on the Lower Tram site and they are based on a review of design site plans that were done by R&M Engineering, Inc. (R&M) in 1995 and 1996 for Jensen Douglas Architects, currently Jensen Yorba Lott Architects. It is our understanding that Jensen Douglas Architects were working directly for the Mount Roberts Tram.*

*R&M has been working in the City and Borough of Juneau for over 43 years and site development work has been a significant portion or our firm experience. This writer, Michael C. Story, P.E., has worked in the City and Borough of Juneau for over 28 years. While I was not the overall project manager for R&M on the project in 1995 and 1996, I did the retaining wall design and was familiar with the overall project scope.*

*The work items listed below are items perceived to be required to make the lower tram site buildable for any type of building. We have designated what percentage of each site development item is within the lease area and outside the lease area. It is our understanding the work items outside the lease area were required to make the site buildable or where requirements of the permit to be able to build on the site.*

| Lower Tram Site Development Costs | | | |
|---|---|---|---|
| Work Item Description | Quantity | 2013 Costs | Location of Site Developments |
| Curb and Gutter | 808 Linear Feet | $30,700 | Outside of Lease Area |
| 12" CCP Storm Pipe | 62 Linear Feet | $3,700 | 95% Inside Lease Area |
| 18" CCP Storm Pipe | 36 Linear Feet | $2,700 | Outside of Lease Area |
| 24" CCP Storm Pipe | 69 Linear Feet | $6,900 | 30% Inside Lease Area |
| 6" PVC Sewer Pipe | 190 Linear Feet | $7,600 | 95% Inside Lease Area |
| CB Type III | 2 | $4,000 | Outside of Lease Area |
| Type I MH | 2 | $8,000 | Outside of Lease Area |
| Type II MH w/ Oil Water Separator | 1 | $2,800 | Outside of Lease Area |
| Lighting Systems | 2 Moved 2 New | $70,000 | 25% Inside Lease Area |
| 2" Water Line | 220 Linear Feet | $3,500 | 25% Inside Lease Area |
| 4" Concrete Slab | 3,400 $YD^2$ | $290,000 | 5% Inside Lease Area |
| 12" Dia. Pilaster Pipe Piles | 20 | $292,000 | 40% Inside Lease Area |
| Hand Railing | 10 Linear Feet | $1,500 | Outside of Lease Area |
| Additional Retaining Wall | 756 $Ft^2$ | $174,000 | 10% Inside of Lease Area |
| Fill | 3,417 $YD^3$ | $102,500 | 10% Inside of Lease Area |
| SR-3 Geo-Grid | 190 $Ft^2$ | $1,000 | 2.5 % Inside of Lease Area |
| A.C. Pavement | 280 Tons | $51,800 | Outside of Lease Area |
| Relocate Existing Restroom | 1 | $40,000 | 100% Inside of Lease Area |
| | **Total Cost:** | **$1,092,700** | |

*The table above was based on drawings on file in our office that were intended for permits and site construction dated June 16, 1995 and with revision dates through April 9, 1996. They are not the permitted drawings; but are assumed to be very close to what was permitted."*

Mr. Story is uniquely qualified to make a determination on 1) the sites unimproved condition prior to lease and 2) costs to bring the site to a build ready condition. The cost estimates include those necessary to bring the site to a build ready condition and offsite or onsite costs required by the permit. Offsite costs are not uncommon in land development and are almost always paid by the developer. Mr. Story indicated that he believes that the offsite costs were paid for by the developer as part of the permit, however, there is no definitive documentation available that this was the case. Therefore, while it is noted that offsite costs are typically paid for by the developer, in absence of confirming documents, it is an extraordinary assumption of this appraisal that the developer (the buyer of the land) was required to pay for the offsite costs. In the event that these costs were entirely or partially paid for by the CBJ, the costs to cure estimate would need to be adjusted downward by the appropriate amount. Upon review, Mr. Story's cost estimates appear reasonable. That said, due to the difficulty in establishing original site condition, the uniqueness of the various component costs to cure and time period elapsed since development, it is difficult to develop independent cost to cure estimates. Therefore, Mr. Story's cost estimates are incorporated into the current assignment based on the extraordinary assumption that they are correct. Given his expertise and knowledge of the project, this is a very reasonable assumption.

**Entrepreneurial Incentive**

The cost figures presented above are estimates and actual costs may be higher or lower. This suggests an element of risk involved in attaining the at completion market value and that entrepreneurial incentive must be considered. The

Dictionary of Real Estate Appraisal, Fourth Edition, defines entrepreneurial incentive as "a market derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development." It is difficult to precisely identify the amount of entrepreneurial incentive that exists within the subject's market as most sites are purchased, cured and developed with their intended use. In other words, upon curing, sites are built on rather than sold. The presence of an entrepreneurial incentive implies that other alternatives sites without issues were available to the buyer. Within the subject's market there are limited sites that are build ready and do not have at least some development issues. Furthermore, many buyers are forced to purchase sites with development issues in order to obtain their preferred location. Thus, even though it is necessary, the developer does not earn a return on the curing of the site. Based on these factors an allowance for entrepreneurial incentive has not been made.

## Land Value Calculation

| LAND VALUE CALCULATION | |
|---|---|
| Useable Land Area | 10,000 |
| Land Value / Sq Ft | $245.00 |
| At Completion Build Ready Land Value | $2,450,000 |
| Less: Costs to Bring to Build Ready Condition | ($1,092,700) |
| As Is Unimproved Land Value | $1,357,300 |
| **Rounded** | **$1,360,000** |

## Exposure Period

As reflected by sales found among the Sale Comparison Approach, the most recent transactions were typically marketed for 6 to 48 months before offers were obtained. At the concluded market value, an exposure period of 12 months is anticipated.

## Marketing Time

Based on current market trends the marketing time should be similar to the exposure period. The estimated marketing time for the subject is 12 months.

# General Assumptions & Limiting Conditions

1. **Applicable to All Assignments:** Unless explicitly stated to the contrary, the following General Assumptions & Limiting Conditions apply to all assignments.

2. **Acceptance of Report/Limit of Liability:** The client's acceptance and/or use of this report also establishes the complete acceptance of all contingencies, assumptions, limiting conditions, etc., as stated within the report. The client is responsible to become familiar with these assumptions and limiting conditions. If placed in the possession of anyone other than the client, the client shall make such party aware of these assumptions and limiting conditions. The appraiser(s) assume no liability for the client or third party's lack of familiarization and comprehension of the same. The appraiser(s) has no responsibility or liability to correct any deficiencies of any type in the property, or any costs incurred to correct such deficiencies whether legal, physical, or financial.

3. **Post Appraisal Services:** The contract for appraisal, consultation, or other service is fulfilled upon completion of the assignment. The appraiser(s) or others assisting in this report will not be required to provide testimony in court or other hearing, and will not participate in post appraisal services other than routine questions with the client or third parties so designated by the client without a separate engagement and for an additional fee. If testimony or deposition is required due to subpoena, the client shall become responsible for the incursion of fees and charges for any additional time, regardless of the party.

4. **Duplication and Dissemination of Report or Report Contents:** This appraisal has been completed for the client's specific use and the appraiser(s) has no liability, accountability, or obligation to any third party. The appraiser(s) retain copyright of the data, discussions, and conclusions contained herein. Possession of this report does not constitute the right of publication either in whole or in part. The client may only disseminate complete final copies to third parties engaged in the course of underwriting and loan securitization. Duplication and dissemination of selected sections of this report to third parties without express written consent of the signatories of the report are prohibited. This report in whole or in part may not be distributed to the general public by use of advertising media, public relations, new outlets, etc. without the written consent of the signatories. Exemptions from this restriction include duplication for the client's internal use, dissemination to accountants, attorneys, or advisors of the client. The exemption also extends to any court, governmental authority, or regulatory agency that has jurisdiction or subpoena power over the individuals or parties for whom the appraisal has been prepared or for ethics enforcement, provided that the report will not be published in whole or in part in any public document or medium. This report shall not be advertised to the public to make a "sale" or any "security" as defined by the Securities Act of 1933.

5. **Appraisal Institute Use Restrictions:** Disclosure of the contents of this appraisal report is governed by the By-Laws & Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus or registration without the prior written consent of the appraisers.

6. **Unauthorized User:** The report has been prepared for the client and the client's intended use. The appraiser(s) has no liability to any third party. Any authorized user of this document who provides a copy of this document to, or permits reliance thereon by, any person or entity not authorized by Reliant, LLC in writing to use or rely thereon, hereby agrees to indemnify and hold Reliant, LLC, its affiliates and their respective shareholders, directors, officers, and employee's harmless from and against all damages, expenses, claims and costs, including attorney's fees, incurred in investigating and defending any claim

arising from or in any way connected to the use of, or reliance upon, the document by any such unauthorized person or entity.

7. **Reliability of Information Used:** Through the course of this assignment the appraiser(s) collected data from numerous sources deemed reliable, but not guaranteed. No liability is assumed for the inaccuracies of data supplied by the various sources either public or private. Data relied upon in this report has been confirmed with primary or secondary sources considered reliable and/or reasonable, and appropriate for inclusion in the analysis. Although there were no reasons to doubt the general accuracy of such data, unimpeachable verification or affidavits of all data is an impractical and an uneconomic expenditure of time and resources and/or may involve legal or confidentiality issues.

8. **Right to Amend Report:** The appraiser(s) reserves the right to amend, modify, alter, or correct any and all statements, analyses, and conclusions of the value indications in the event that incorrect data was supplied, withheld, altered, or that any other pertinent data unknown, not disclosed, or revealed to the appraiser(s), whether intentionally or unintentionally, during the course of this assignment subsequently becomes available. Examples of such data that could impact the opinions of market value include but are not limited to: street addresses, Assessor's Parcel Numbers, site area, site dimensions, gross building area, net rentable area, usable area, common area, number of units, number of room, rent rolls, historical operating statements and budgets, sales data, etc.

9. **Obligation of User to Report Errors:** Any authorized user is required immediately contact the appraiser(s) and report errors, discrepancies, or alterations to the proposed properties or land parcels to determine the impact on the opinion(s) of market value.

10. **Market Dynamic and Valuation Fluctuations:** The opinions of market value expressed within the report are subject to change over time as a result of market dynamics. Market values are highly susceptible to both macro and micro economic forces that influence the property. Such forces include but are not limited to: exposure on the market, length of time, marketing efforts, motivations and preferences of market participants, productivity of the property, the property's market appeal, changes in investor requirements regarding income and yields, etc. The opinions of market value are made as of the report date and subject to fluctuations over time as a result of natural market forces.

11. **Date of Value, Dollar Values, and Purchasing Power:** The date of the report and the effective date of the market value opinions are stated in the letter of transmittal or with the appropriate sections of the report. All dollar amounts are based on the purchasing power of the United States Dollar (USD). The analyses and conclusions of the appraisal are based upon the known market conditions as of the date of report. Changes in market conditions or purchasing power may warrant a new appraisal assignment. The appraiser(s) is available for consultations regarding changes in the economic conditions.

12. **Fixtures, Furniture, and Equipment (FF&E) and Business Concerns:** Personal property, FF&E, intangibles, going concerns, etc., unless specifically stated as a component of the real estate, are excluded from the market value estimates.

13. **Non-Viewed Units/Spaces:** In certain instances, due to current occupancy or lack of access, portions of the subject's units/spaces are not available to be viewed during the walk through. Unless otherwise stated in the report, in these cases the person accompanying the appraiser on the walk through has represented that the condition and quality of these units/spaces are similar to that of the property (viewed areas) as a whole. It is a general assumption of this assignment that the units/spaces that were not viewed are commensurate condition and quality with those viewed by the appraiser during the walk through.

14. **Proposed Improvements, Renovations, and Repairs:** For the purposes of this analysis, the proposed improvements, renovations, and/or repairs are presumed to be completed in a workman-like manner, and according to the detail, plans, and specifications supplied to the appraiser(s). The market value opinions for such construction, renovations, and repairs are subject to an inspection of the improvements to determine completion as per plans and specifications.

15. **Date of Completion Value:** The actual delivery date of proposed product may vary widely from the anticipated date of delivery due to weather and other variables. If proposed or under construction, it is an ordinary assumption of this assignment that the subject is completed as of the at completion date, which has been developed based on discussions with ownership, contractors, architects and typical market derived construction deliveries.
16. **Limitations of Competency:** The appraiser is competent in the valuation of real estate, which is a subset of the field of economics. The appraiser is not competent in the field of law, engineering, construction, architecture, surveying or other areas of expertise outside of the field of real estate economics. Clients bear the responsibility of consulting and retaining experts outside the appraisal profession as required by the situation.
17. **Lease Verification / Validation:** Where applicable, the scope of lease verification was generally limited to their economic characteristics and legal aspects of the leases were not reviewed or analyzed. It is assumed that all of the leases are valid, legally binding documents.
18. **Divisions or Fractional Interests:** The opinions of market value apply to the entire property unless specifically identified and established within the conclusions and analyses of the report. Division of fractional interests by the client or third party will render this report invalid.
19. **Component Values:** The distribution of total valuation between the land and the building improvements in this report are applicable only under the existing program or utilization of the property. The component values between land and building are not intended, nor are they to be used in conjunction with any other appraisal assignment, and are rendered invalid if used.
20. **Survey:** Site plans, sketches, or other illustrations are not surveys unless specifically identified as an exhibit from a licensed survey. Surveys of the site boundaries were not completed, nor does the appraiser(s) imply such expertise. Dimensions and areas of the site were obtained from sources deemed reliable but not guaranteed. Additionally, it is further assumed that no encroachments exist.
21. **Exhibits:** Maps, plats, sketches, photographs, and other exhibits are intended for illustration, visualization, and assistance in describing and analyzing the property in full context. Such exhibits may not be removed, reproduced, or separately used beyond this report.
22. **Building Area:** Reliant, LLC makes no warranty or certification relating to building area. In instances when building area is not provided and is either partially or entirely unknown the appraiser may be required to measure the property to provide an indication of building area. Measurements by the appraiser may be made onsite or be made from property drawings, sketches, or actual architectural plans. The user(s) of this assignment are cautioned not to view the appraisers building area estimate as having the same degree of accuracy as a building area study performed by an appropriately qualified/certified individual such as an architect or engineer and are recommended to engage such individuals for this type of information.
23. **Clear Title:** It is specifically assumed, unless otherwise indicated, that the title to the property is clear and marketable, that there are no recorded, unrecorded, or potential liens, defaults, encumbrances, etc. that would adversely affect the marketability and transfer of ownership. The appraiser(s) does not imply expertise in determining defects in the title, nor has the appraiser(s) been informed of such adversities. Specific questions regarding the title, including title insurance should be directed to a well qualified real estate title company. The legal description provided by title report, surveyor, government records, etc. is assumed to be correct.
24. **Subsurface Rights, Avigation Easements, and Transferable Development Rights (TDR's):** The market value opinion(s) specifically assume that there are no mineral deposit rights or other subsurface rights, avigation easements, or transferable development rights associated with the property unless explicitly stated within the report.

25. **Private Deed Restrictions:** The appraiser(s) makes the explicit assumption that there are no private deed restrictions that in any way limit the use of the subject property.

26. **Americans with Disabilities Act (ADA):** The ADA became effective on January 26, 1992. The appraiser(s) does not imply expertise in the interpretation of the ADA, nor has a compliance survey been completed. The potential exists that if a compliance survey is completed combined with a detailed analysis of the ADA requirements, deficiencies may be revealed that could adversely impact the market value conclusion(s). No specific information regarding any non-compliance issues have been provided to the appraiser(s) and the possibility of non-compliance was not considered in the developing the opinions of value contained herein. Specific compliance questions should be directed to the appropriate governing jurisdictional agency.

27. **Zoning Ordinances:** It is assumed that no changes to the current zoning code/ordinances or other regulations regarding the use of the property, density of development, construction components and/or quality of components, etc. are imminent or under consideration by the jurisdictional governing body, unless otherwise noted in the report. The property is appraised under the assumption that the improvements are approved, that certificates of occupancy or permits have been or will be issued, and that all other applicable national, state, local, or other administrative requirements have successfully been, or will be obtained or renewed for any use considered in the opinion(s) of market value.

28. **Adverse Governmental Controls:** Unless otherwise stated, the appraiser(s) is unaware of any governmental controls on the property, public initiative issues, rent or price controls, or any other adverse governmental or public controls contemplated regarding the legal use of the property.

29. **Property Compliance:** The appraiser(s) expresses no opinions or warranties that may require legal expertise or specialized investigations beyond the methods and investigations typically employed by real estate appraisers. Market value opinion(s) and conclusions contained within the report assume that the property is compliant with all environmental and government regulations such as building permits, fire department approvals, occupancy permits, building codes, licenses, etc. If the appraiser(s) has not been supplied with a termite inspection, occupancy permit, etc., no responsibility or representation is assumed for correction costs associated with obtained those items or deficiencies discovered before or after they were obtained. The appraiser(s) assumes no responsibility for costs incurred to obtain flood hazard determination, flood hazard insurance, or consequences arising for failure to obtain flood hazard insurance. Although the appraiser(s) has searched publicly available FEMA maps, a flood certification should be obtained from a qualified agent for the Federal Flood Insurance Program.

30. **Structural Integrity and System Components:** No advice or warranty of any kind are expressed or implied regarding the condition or adequacy of the mechanical systems, structural integrity of the improvements, soils, settlements, drainage, or other factors regarding the integrity and adequacy of the component systems of the improvements. The appraiser(s) is not a qualified engineer, nor is expertise implied with respect to engineering matters. Client may desire to retain the services of a qualified licensed contractor, civil engineer, structural engineer, architect, or other expert in determining the quality, condition, and adequacy of the improvements prior to the disbursement of funds. It is assumed that the existing improvements are structurally sound and constructed to the applicable federal, state, and local building codes and ordinances. That assumption includes, but is not limited to: the superstructure, roofing, electrical, plumbing, mechanical, HVAC, elevator, etc. The opinion(s) of market value are based upon no hidden or unapparent adverse conditions of the improvements, the site, or the subsoil, which would cause a loss in value. No responsibility or liability is assumed for any adverse conditions or for the expertise and retention of experts in discovery, detection, and cost to cure. In the event that professional consultations or reports reveal negative factors that would create a loss in value, the appraiser(s) reserves the right to amend the opinion(s) of market value and other conclusions contained herein.

31. **Environmental Hazards:** Unless specifically stated, the appraiser(s) has no knowledge regarding the presence or absence of toxic materials including but not limited to: asbestos, urea-formaldehyde

insulation, leaking underground storage tanks, contaminated groundwater, or other potentially hazardous materials and substances that would adversely affect the market value and marketability of the property. The appraiser(s) does not imply expertise and no liability is assumed for the detection or remediation of such materials or substances, whether above or below the ground surface. Although a perfunctory observation was made during the walk-through, the client is referred to an environmental expert for further details, if so desired. If environmental hazards are discovered, the market value opinion(s) may be negatively affected, requiring a re-appraisal of the property for an additional fee.

32. **Environmental Compliance:** Unless otherwise noted, the appraiser(s) makes the assumption that the property is in compliance with all applicable national, state, or local environmental regulations.

33. **Competent Property Management:** It is assumed that the subject property analyzed currently is, or will be under efficient and competent management and that said management is not, or will not be, inefficient or super-efficient.

34. **Financial Documentation:** Historic income and expenses may have been provided by ownership, a lender, property manager, real estate agent or other third party. The financial information is assumed to reflect actual income and expenses at the subject using Generally Accepted Accounting Principles (GAAP). This information is assumed to be accurate and it has not been audited in any way.

35. **Cash Flow Projections:** The cash flow projections presented in this report are forecasts of future performance characteristics based upon the macro and micro economic data detailed in the analysis. The income, vacancy, expenses, and general economic conditions presented are not to be construed as predictions of the future, but rather reasonable expectations of future performance based on market modeling practices. Unless otherwise stated, the cash flow modeling is intended to reflect the opinions and practices of market participants and is not the analyst's forecast of what will actually occur. Actual results will vary and are affected by fluctuating economic conditions and efficiency of management. The appraiser(s) makes no warranty, express or implied, that the forecasts will occur as outlined. Additionally, future economic projections may be adversely affected by unforeseen circumstances and economic repercussions beyond the realm of knowledge or control, such as the events of September 11, 2001.

36. **Asset Recommendations and Consultations:** No statements contained within the report shall constitute recommendations with regard to the acquisition, disposition, or holding of the asset at the stated market value indication(s). Such decisions warrant significant research and strategy, with specific investment questions requiring additional consultations and financial analysis. Any user should consider this document as only one factor together with its independent investment considerations and underwriting criteria, in its overall investment decision. The assignment is not intended to be either a positive or a negative indication, nor endorsement, of the soundness of an investment or underwriting decision.

37. **Agreement to Mediation and Binding Arbitration:** If a dispute arises out of or relates to this assignment and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable procedures. Any controversy or claim arising out of or relating to this assignment that cannot be resolved through said mediation shall be settled by binding arbitration administered by the American Arbitration Association under its applicable rules and binding judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

38. **Property Specific Assumptions, Limiting Conditions and Hypothetical Conditions:** The user is directed to the Assignment Overview section of this report for a listing of Extraordinary Assumptions and Hypothetical Conditions specific to this assignment. The user is specifically cautioned to understand each of the items listed and their impact on the property and scope of this assignment.

# Terms & Definitions

**Market Value**[8]

*The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently 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 the buyer under conditions whereby:*

a. *the buyer and seller are typically motivated;*

b. *both parties are well informed or well advised, and acting in what they consider their own best interests;*

c. *a reasonable time is allowed for exposure in the open market;*

d. *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;*

e. *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.*

**Market Rent**[9]

*The most probable rent that a property should bring in 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).*

**As Is Value**[10]

*The estimate of the market value of real property in its current physical condition, use and zoning as of the appraisal date.*

**Prospective Value**[11]

*A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.*

**Retrospective Value**[12]

*A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently south in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."*

[8] Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].
[9] Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago: Appraisal Institute, 2010.
[10] Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago: Appraisal Institute, 2010.
[11] Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago: Appraisal Institute, 2010.
[12] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.

| | |
|---|---|
| **At Completion Value**[13] | *The market value at the effective date construction is completed or the certificate of occupancy is issued.* |
| **At Stabilization Value**[14] | *The concept of value at stabilization is based on stabilized occupancy. Stabilized occupancy is defined as occupancy at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property.* |
| **Aggregate of Retail Values**[15] | *The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent an opinion of value; it is simply the total of multiple market value conclusions. Also called the sum of the retail values, aggregate retail value, or aggregate retail selling price.* |
| **Value in Use (Use Value)**[16] | *The value of a specific property for a specific use.* |
| **Business Value**[17] | *The market value of a going concern, including real property, personal property, and the intangible assets of the business.* |
| **Going Concern Value**[18] | *The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern. Or the value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable.* |
| **Liquidation Value**[19] | *The most probable price that a specified interest in real property should bring under the following conditions:*<br><br>*Consummation of a sale within a short time period.*<br><br>*The property is subjected to actual market conditions prevailing as of the date of valuation.*<br><br>*Both the buyer and seller are acting prudently and knowledgeably.*<br><br>*The seller is under extreme compulsion to sell.*<br><br>*The buyer is typically motivated.*<br><br>*Both parties are acting in what they consider to be their best interests.*<br><br>*A normal marketing effort is not possible due to the brief exposure time.*<br><br>*Payment will be made in cash in U.S. dollars or in terms of financial arrangements* |

[13] Source: The Appraisal of Real Estate, Thirteenth Edition, The Appraisal Institute.
[14] Source: The Appraisal of Real Estate, Thirteenth Edition, The Appraisal Institute.
[15] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[16] Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].
[17] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[18] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[19] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.

*comparable thereto.*

*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.*

*This definition can also be modified to provide for valuation with specified financing terms.*

**Stark Law Definition of Fair Market Value[20]**

*To comport with the Federal Physician Self-Referral Law (commonly known as the "Stark Law"), 42 C.F.R. §411.351, the appraisal must determine the fair market value in accordance with the following definition: Fair market value means the value in arm's-length transactions, consistent with the general market value. "General market value" means the price that an asset would bring as the result of bona fide bargaining between well informed buyers and sellers who are not otherwise in a position to generate business for the other party, or the compensation that would be included in a service agreement as the result of bona fide bargaining between well-informed parties to the agreement who are not otherwise in a position to generate business for the other party, on the date of acquisition of the asset or at the time of the service agreement. Usually, the fair market price is the price at which bona fide sales have been consummated for assets of like type, quality, and quantity in a particular market at the time of acquisition, or the compensation that has been included in bona fide service agreements with comparable terms at the time of the agreement, where the price or compensation has not been determined in any manner that takes into account the volume or value of anticipated or actual referrals. With respect to rentals and leases described in §411.357(a), (b), and (l) (as to equipment leases only), "fair market value" means the value of rental property for general commercial purposes (not taking into account its intended use). In the case of a lease of space, this value may not be adjusted to reflect the additional value the prospective lessee or lessor would attribute to the proximity or convenience to the lessor when the lessor is a potential source of patient referrals to the lessee. For purposes of this definition, a rental payment does not take into account intended use if it takes into account costs incurred by the lessor in developing or upgrading the property or maintaining the property or its improvements. Due to the following language in this definition: "between buyers and sellers who are not otherwise in a position to generate business for the other party", sales comparables involving sales between buyers and sellers in a position to generate business for the other party (for example, a sale by a hospital to a referral source, or vice versa) are not to be used in determining the Fair Market Value of the property.*

**Intended Use[21]**

*The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.*

**Intended User[22]**

*The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.*

[20] Source: 42 C.F.R. §411.351.
[21] Source: Uniform Standards of Professional Appraisal Practice 2010-2011 Edition, The Appraisal Foundation.
[22] Source: Uniform Standards of Professional Appraisal Practice 2010-2011 Edition, The Appraisal Foundation.

| | |
|---|---|
| **Fee Simple Estate**[23] | *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.* |
| **Leased Fee Interest**[24] | *A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship.* |
| **Leasehold Interest**[25] | *The tenant's possessory interest created by a lease.* |
| **Real Property**[26] | *The interest, benefits, and rights inherent in the ownership of real estate.* |
| **Personal Property**[27] | *Identifiable tangible objects that are considered by the general public as being "personal" - for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate. Or, Consists of every kind of property that is not real property; movable without damage to itself or the real estate; subdivided into tangible and intangible.* |
| **Fixture**[28] | *An article that was once personal property, but has since been installed or attached to the land or building in a rather permanent manner so that it is regarded in law as part of the real estate.* |
| **Intangible Property**[29] | *Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.* |
| **Extraordinary Assumption**[30] | *An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.* |
| **Hypothetical Condition**[31] | *That which is contrary to what exists but is supposed for the purpose of analysis.* |
| **Gross Building Area**[32] | *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.* |
| **Rentable Area**[33] | *For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.* |

[23] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[24] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[25] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[26] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[27] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[28] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[29] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[30] Source: Uniform Standards of Professional Appraisal Practice 2010-2011 Edition, The Appraisal Foundation.
[31] Source: Uniform Standards of Professional Appraisal Practice 2010-2011 Edition, The Appraisal Foundation.
[32] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[33] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.

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|---|---|
| **Useable Area**[34] | *For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area.* |
| **Gross Leasable Area**[35] | *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.* |
| **Tidelands**[36] | *Lands that lie below the mean high watermark. These include lands that are awash by normal tidal flows and submerged lands below mean water. In some cases, the term tidelands applies to grasslands that are only occasionally flooded, or submerged lands.* |
| **Uplands**[37] | *A piece of land that abuts a parcel with riparian rights; describes an owner once removed from a water right by a riparian owner.* |
| **Special Purpose Property**[38] | *A property with a unique physical design, special construction materials, or a layout that particularly adapts its utility to the use for which it was built; also called a special design property.* |
| **Excess Land**[39] | *Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately.* |
| **Surplus Land**[40] | *Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.* |
| **Depreciation**[41] | *In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.* |
| **Entrepreneurial Profit (Developer's Margin)**[42] | *A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development.* |

[34] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[35] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[36] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[37] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[38] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[39] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[40] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[41] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[42] Source: The Appraisal of Real Estate, Thirteenth Edition, The Appraisal Institute.

**Exposure Time**[43] *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.*

**Marketing Time**[44] *An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.*

[43] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.
[44] Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010.

# Addendum: R&M Engineering Costs to Cure

Addendum: R&M Engineering Costs to Cure

R&M ENGINEERING, INC.
ENGINEERS
GEOLOGISTS
SURVEYORS

6205 GLACIER HWY. «» JUNEAU, ALASKA 99801
PHONE: 907-780-6060 «» FAX: 907-780-4611
EMAIL: rmengineering@rmjuneau.com

October 10, 2013

Mr. Derek Duncan, Vice President
Goldbelt Inc.
3075 Vintage Blvd., Suite 200
Juneau, AK 99801

RE: Mount Roberts Lower Tram Site Development Costs
R&M Project No. 121384

Dear Mr. Duncan,

Per your request, this letter documents our estimate of the costs to make the site buildable from its original condition prior to construction of the Mount Roberts lower tram building site. The work items listed below are site development items necessary to erect any type of building on the Lower Tram site and they are based on a review of design site plans that were done by R&M Engineering, Inc. (R&M) in 1995 and 1996 for Jensen Douglas Architects, currently Jensen Yorba Lott Architects. It is our understanding that Jensen Douglas Architects were working directly for the Mount Roberts Tram.

R&M has been working in the City and Borough of Juneau for over 43 years and site development work has been a significant portion or our firm experience. This writer, Michael C. Story, P.E., has worked in the City and Borough of Juneau for over 28 years. While I was not the overall project manager for R&M on the project in 1995 and 1996, I did the retaining wall design and was familiar with the overall project scope.

The work items listed below are items perceived to be required to make the lower tram site buildable for any type of building. We have designated what percentage of each site development item is within the lease area and outside the lease area. It is our understanding the work items outside the lease area were required to make the site buildable or where requirements of the permit to be able to build on the site.

| Lower Tram Site Development Costs | | | |
|---|---|---|---|
| Work Item Description | Quantity | 2013 Costs | Location of Site Developments |
| Curb and Gutter | 808 Linear Feet | $30,700 | Outside of Lease Area |
| 12" CCP Storm Pipe | 62 Linear Feet | $3,700 | 95% Inside Lease Area |
| 18" CCP Storm Pipe | 36 Linear Feet | $2,700 | Outside of Lease Area |
| 24" CCP Storm Pipe | 69 Linear Feet | $6,900 | 30% Inside Lease Area |
| 6" PVC Sewer Pipe | 190 Linear Feet | $7,600 | 95% Inside Lease Area |
| CB Type III | 2 | $4,000 | Outside of Lease Area |
| Type I MH | 2 | $8,000 | Outside of Lease Area |
| Type II MH w/ Oil Water Separator | 1 | $2,800 | Outside of Lease Area |
| Lighting Systems | 2 Moved 2 New | $70,000 | 25% Inside Lease Area |
| 2" Water Line | 220 Linear Feet | $3,500 | 25% Inside Lease Area |
| 4" Concrete Slab | 3,400 $YD^2$ | $290,000 | 5% Inside Lease Area |
| 12" Dia. Pilaster Pipe Piles | 20 | $292,000 | 40% Inside Lease Area |
| Hand Railing | 10 Linear Feet | $1,500 | Outside of Lease Area |
| Additional Retaining Wall | 756 $Ft^2$ | $174,000 | 10% Inside of Lease Area |
| Fill | 3,417 $YD^3$ | $102,500 | 10% Inside of Lease Area |
| SR-3 Geo-Grid | 190 $Ft^2$ | $1,000 | 2.5 % Inside of Lease Area |
| A.C. Pavement | 280 Tons | $51,800 | Outside of Lease Area |
| Relocate Existing Restroom | 1 | $40,000 | 100% Inside of Lease Area |
| | **Total Cost:** | **$1,092,700** | |

The table above was based on drawings on file in our office that were intended for permits and site construction dated June 16, 1995 and with revision dates through April 9, 1996. They are not the permitted drawings; but are assumed to be very close to what was permitted. The attached sheets that were used to determine the estimate are:

C-1: Existing Conditions
C-2: Site Plan
C-3: Retaining Wall Extension
S-101: Lower Floor / Foundation Plan
S-201: Seawall Details

Please contact us if you have any questions.

Sincerely,

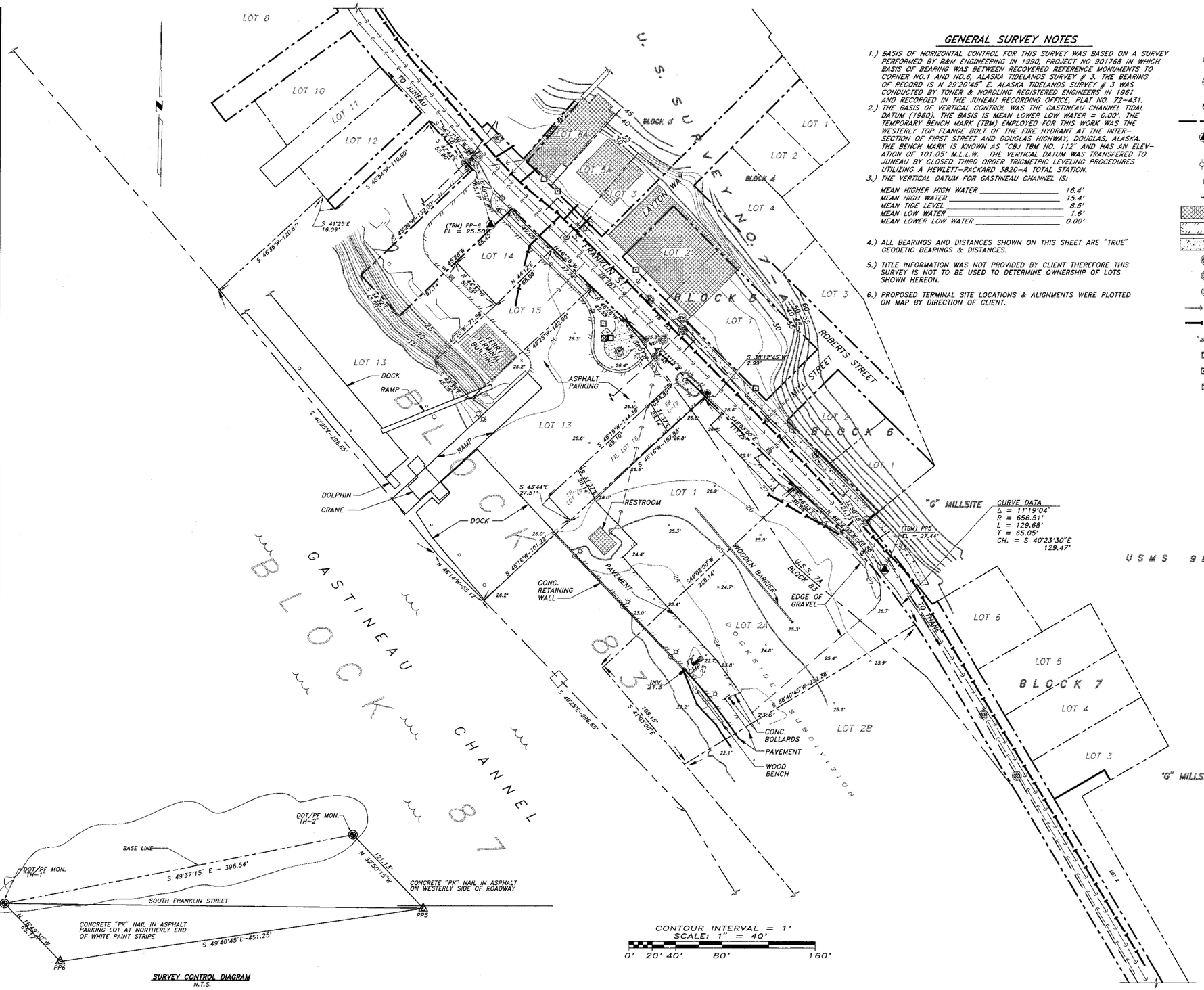
R&M Engineering, Inc.

Michael C. Story

Michael C. Story, P.E.
Civil Engineer / President

Attachments

I:\2012\121384\131008, D. Duncan.docx




## GENERAL SURVEY NOTES

1.) BASIS OF HORIZONTAL CONTROL FOR THIS SURVEY WAS BASED ON A SURVEY PERFORMED BY R&M ENGINEERING IN 1990, PROJECT NO 901768 IN WHICH BASIS OF BEARING WAS BETWEEN RECOVERED REFERENCE MONUMENTS TO CORNER NO.1 AND NO.6, ALASKA TIDELANDS SURVEY # 3. THE BEARING OF RECORD IS N 29°20'45" E. ALASKA TIDELANDS SURVEY # 3 WAS CONDUCTED BY TONER & NORDLING REGISTERED ENGINEERS IN 1961 AND RECORDED IN THE JUNEAU RECORDING OFFICE, PLAT NO. 72-431.

2.) THE BASIS OF VERTICAL CONTROL WAS THE GASTINEAU CHANNEL TIDAL DATUM (1960). THE BASIS IS MEAN LOWER LOW WATER = 0.00'. THE TEMPORARY BENCH MARK (TBM) EMPLOYED FOR THIS WORK WAS THE WESTERLY TOP FLANGE BOLT OF THE FIRE HYDRANT AT THE INTER-SECTION OF FIRST STREET AND DOUGLAS HIGHWAY, DOUGLAS, ALASKA. THE BENCH MARK IS KNOWN AS "CBJ TBM NO. 112" AND HAS AN ELEV-ATION OF 101.05' M.L.L.W. THE VERTICAL DATUM WAS TRANSFERED TO JUNEAU BY CLOSED THIRD ORDER TRIGMETRIC LEVELING PROCEDURES UTILIZING A HEWLETT-PACKARD 3820-A TOTAL STATION.

3.) THE VERTICAL DATUM FOR GASTINEAU CHANNEL IS:

| | |
|---|---|
| MEAN HIGHER HIGH WATER | 16.4' |
| MEAN HIGH WATER | 15.4' |
| MEAN TIDE LEVEL | 8.5' |
| MEAN LOW WATER | 1.6' |
| MEAN LOWER LOW WATER | 0.00' |

4.) ALL BEARINGS AND DISTANCES SHOWN ON THIS SHEET ARE "TRUE" GEODETIC BEARINGS & DISTANCES.

5.) TITLE INFORMATION WAS NOT PROVIDED BY CLIENT THEREFORE THIS SURVEY IS NOT TO BE USED TO DETERMINE OWNERSHIP OF LOTS SHOWN HEREON.

6.) PROPOSED TERMINAL SITE LOCATIONS & ALIGNMENTS WERE PLOTTED ON MAP BY DIRECTION OF CLIENT.

## SYMBOLS

- SECONDARY MONUMENT BY OTHERS RECOVERED
- PRIMARY MONUMENT BY OTHERS RECOVERED
- PRIMARY MONUMENT
- BOUNDARY / PROPERTY LINE
- CONCRETE NAIL IN ASPHALT – AERIAL PHOTOGRAMETRIC CONTROL POINT AND TEMPORARY BENCH MARK
- LIGHTPOLE
- CATCH BASIN
- EXIST. UTILITY POLE
- STRUCTURE
- ASPHALT PAVEMENT
- CONCRETE SIDEWALK
- STROM DRAIN MANHOLE
- SANITARY SEWER MANHOLE
- ELECTRIC MANHOLE
- SEWER MAIN
- WATER MAIN
- 25.3' SPOT ELEVATION
- UTILITY VAULT
- TELEPHONE PEDESTAL
- ELECTRICAL VAULT




SURVEY CONTROL DIAGRAM
N.T.S.


Jensen Douglas
ARCHITECTS, INC.
522 West 10th St
Juneau, AK 99801
907 586-1070
FAX 907 586-3959


MT. ROBERTS DEVELOPMENT CORPORATION
MT. ROBERTS TRAM
LOWER TRAM EXISTING CONDITIONS
JUNEAU, ALASKA

REVISIONS
6/27/95

SHEET TITLE
LOWER TRAM
EXISTING CONDITIONS

SCALE: AS SHOWN
DATE: JUNE 16, 1995
FILE: C:\ACAD386\TRAM\LWR-TRAM

C-1

R&M951342 C:\ACAD386\TRAM\LWR-TRAM.DWG DWG 11x17 1:30

S-670-1

## PIPE AND STRUCTURE SUMMARY

NOTE: ALL NEW STORM DRAIN MANHOLES & CATCH BASINS TO HAVE 18" SUMP.

| PIPE | MATERIAL | DIAMETER | LENGTH | FROM | INVERT | TO | INVERT | GRATE | REMARKS |
|---|---|---|---|---|---|---|---|---|---|
| | | N/A | N/A | S-1 | N/A | S-2 | 19.08 | 25.56 | S-2 NEW TYPE III CATCH BASIN, S-1 REMAINS IN PLACE |
| P-6 | CCP | 18" | 77' | S-2 | 19.08 | S-3 | 18.31 | EXISTING | EXISTING MANHOLE TO REMAIN |
| P-2 | CCP | 24" | 126' | S-3 | 18.21 | S-4 | 17.58 | 27.02 | EXISTING CATCH BASIN NEAR S-4 TO BE REMOVED, S-4 NEW TYPE I MANHOLE |
| P-3 | CCP | 24" | 78' | S-4 | 17.48 | S-5 | 17.09 | 26.28 | S-5 NEW TYPE I STORM DRAIN MANHOLE |
| P-4 | CCP | 24" | 66' | S-5 | 16.99 | S-6 | 16.66 | 25.87 | S-6 NEW TYPE TYPE II MANHOLE OIL/WATER SEPARATOR |
| P-5 | CCP | 18" | 120' | S-5 | 17.19 | S-7 | 22.49 | 27.0 | S-7 NEW TYPE III CATCH BASIN |
| P-7 | CCP | 12" | 67' | S-8 | 23.19 | S-9 | 22.52 | 26.5 | NO GRATE, FLAT PLATE ADAPTER AT END, CONNECT ROOF LEADERS TO P-7 |
| P-8 | CCP | 12" | 72' | S-9 | 22.52 | S-6 | 21.80 | 25.87 | CLEANOUT INSTALLED AT S9 |
| P-9 | CCP | 12" | 24' | S-10 | 15.97 | S-2 | 19.18 | 25.56 | USE FLAT PLATE ADAPTER AT S10 TO MATCH ROOF LEADER, CONNECT LEADER |
| P-10 | CCP | 24" | 84' | S-6 | 16.56 | O.F. | 16.17 | N/A | OUTFALL |
| SSP-1 | PVC | 6" | 190' | C.O. | 22.86 | SS-1 | 21.4 | N/A | NEW 6" PVC GRAVITY SEWER AT 0.75% GRADE |

## GENERAL NOTES

1.) THE CONTRACTOR SHALL VERIFY ALL DIMENSIONS, ELEVATIONS AND SITE CONDITIONS BEFORE STARTING WORK. THE ARCHITECT/ENGINEER SHALL IMMEDIATELY BE NOTIFIED IN WRITING OF ANY DISCREPANCIES.

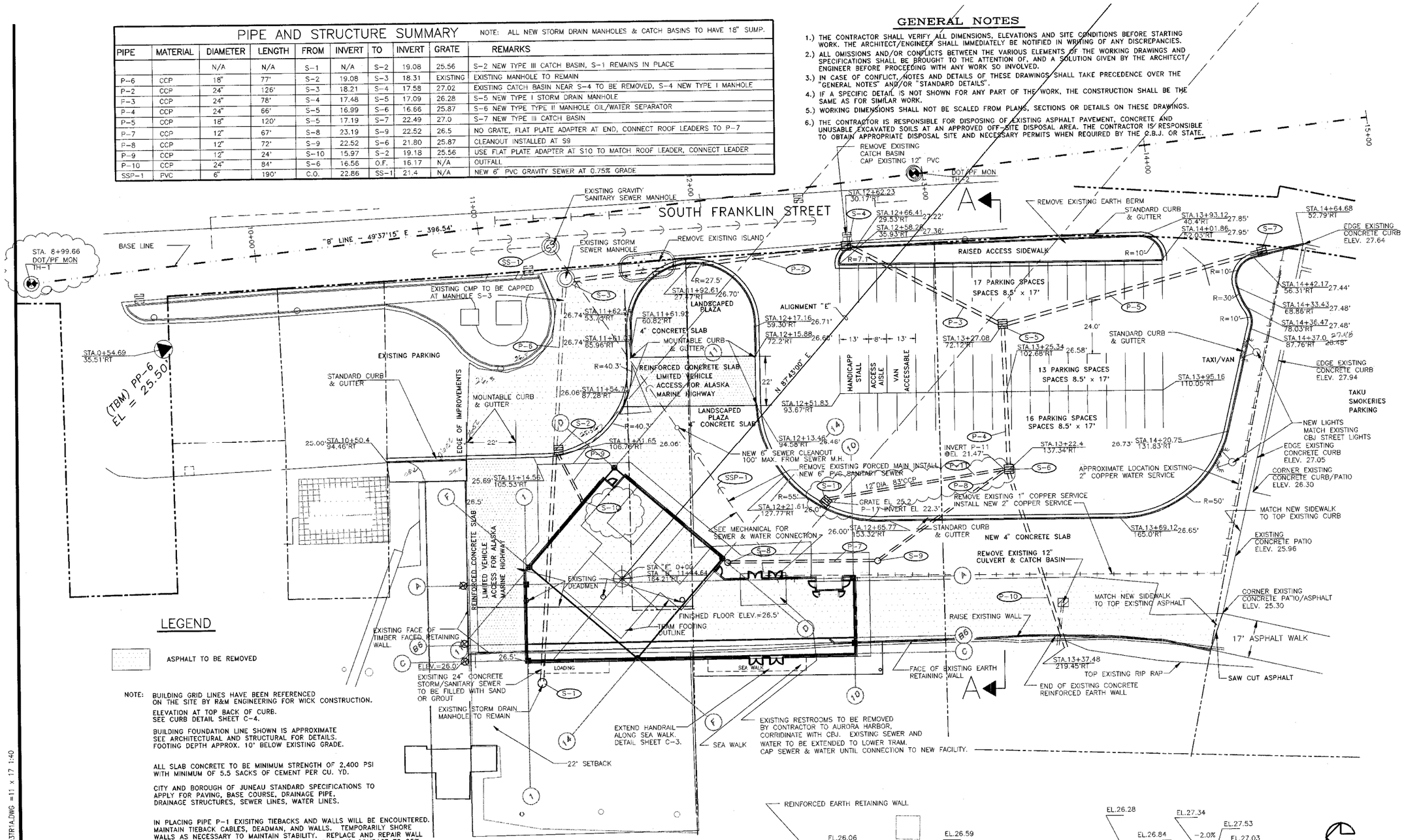
2.) ALL OMISSIONS AND/OR CONFLICTS BETWEEN THE VARIOUS ELEMENTS OF THE WORKING DRAWINGS AND SPECIFICATIONS SHALL BE BROUGHT TO THE ATTENTION OF, AND A SOLUTION GIVEN BY THE ARCHITECT/ENGINEER BEFORE PROCEEDING WITH ANY WORK SO INVOLVED.

3.) IN CASE OF CONFLICT, NOTES AND DETAILS OF THESE DRAWINGS SHALL TAKE PRECEDENCE OVER THE "GENERAL NOTES" AND/OR "STANDARD DETAILS".

4.) IF A SPECIFIC DETAIL IS NOT SHOWN FOR ANY PART OF THE WORK, THE CONSTRUCTION SHALL BE THE SAME AS FOR SIMILAR WORK.

5.) WORKING DIMENSIONS SHALL NOT BE SCALED FROM PLANS, SECTIONS OR DETAILS ON THESE DRAWINGS.

6.) THE CONTRACTOR IS RESPONSIBLE FOR DISPOSING OF EXISTING ASPHALT PAVEMENT, CONCRETE AND UNUSABLE EXCAVATED SOILS AT AN APPROVED OFF-SITE DISPOSAL AREA. THE CONTRACTOR IS RESPONSIBLE TO OBTAIN APPROPRIATE DISPOSAL SITE AND NECESSARY PERMITS WHEN REQUIRED BY THE C.B.J. OR STATE.




## LEGEND

ASPHALT TO BE REMOVED

NOTE: BUILDING GRID LINES HAVE BEEN REFERENCED ON THE SITE BY R&M ENGINEERING FOR WICK CONSTRUCTION.

ELEVATION AT TOP BACK OF CURB. SEE CURB DETAIL SHEET C-4.

BUILDING FOUNDATION LINE SHOWN IS APPROXIMATE SEE ARCHITECTURAL AND STRUCTURAL FOR DETAILS. FOOTING DEPTH APPROX. 10' BELOW EXISTING GRADE.

ALL SLAB CONCRETE TO BE MINIMUM STRENGTH OF 2,400 PSI WITH MINIMUM OF 5.5 SACKS OF CEMENT PER CU. YD.

CITY AND BOROUGH OF JUNEAU STANDARD SPECIFICATIONS TO APPLY FOR PAVING, BASE COURSE, DRAINAGE PIPE, DRAINAGE STRUCTURES, SEWER LINES, WATER LINES.

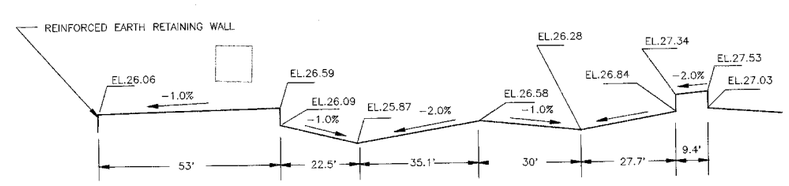
IN PLACING PIPE P-1 EXISITNG TIEBACKS AND WALLS WILL BE ENCOUNTERED. MAINTAIN TIEBACK CABLES, DEADMAN, AND WALLS. TEMPORARILY SHORE WALLS AS NECESSARY TO MAINTAIN STABILITY. REPLACE AND REPAIR WALL AS NECESSARY. ONCE P-1 IS IN PLACE BACKFILL AND COMPACT TO 95%.

ALL CONSTRUCTION SHALL BE DONE WITH MATERIALS, METHODS AND WORKMANSHIP ACCEPTED AS GOOD PRACTICE BY THE CONSTRUCTION INDUSTRY IN CONFORMANCE TO THE PROVISIONS OF THE 1991 EDITION OF THE "UNIFORM BUILDING CODE" (UBC) AND OTHER APPLICABLE STANDARDS.

EXISTING STORM/SANITARY SEWER LINE BETWEEN S-3 AND S-1 IS A COMBINATION CMP AND CONCRETE PIPE. THE LINE IS TO BE ABANDONED FOR THE PORTION WITHIN THE BUILDING FOOTPRINT AND IS TO BE FILLED WITH SAND OR GROUT UPON INSTALLATION OF NEW STORM DRAIN SYSTEM.

## REVISED STORM DRAIN OUTFALL AND NEW GRAVITY SEWER

AUGUST 22, 1995




## SECTION A-A


Jensen Douglas ARCHITECTS, INC.
522 West 10th St
Juneau, AK 99801
907 586-1070
FAX 907 586-3959


MT. ROBERTS DEVELOPMENT CORPORATION
MT. ROBERTS TRAM

# SITE PLAN

JUNEAU, ALASKA

REVISIONS
- 6/27/95
- 8/2/95
- 8/22/95
- REVISED
- 9/5/95
- 2/28/96
- 4/9/96

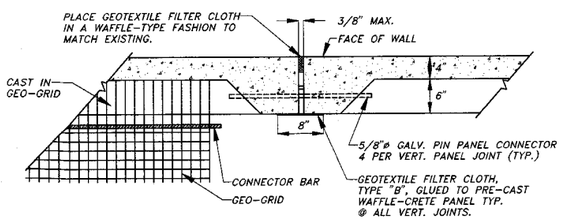
SHEET TITLE
- SITE PLAN

SCALE: VARIES
DATE: JUNE 16, 1995
FILE: C:\ACAD386\TRAM\A103-TR1

C-2

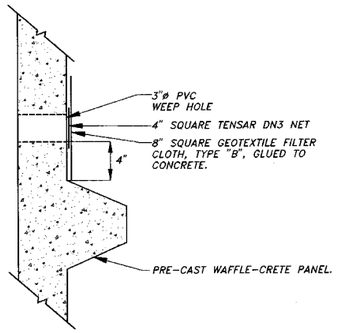
5-670-2

R&M95\342 C:\ACAD386\TRAM\A103TR1A.DWG =11 x 17 1:40



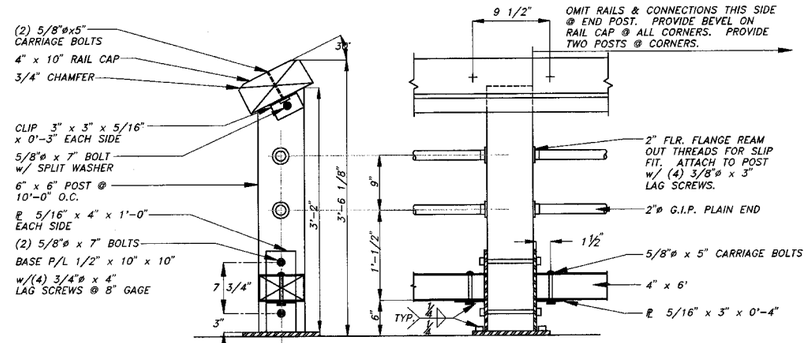

## VERTICAL WALL JOINT DETAIL

N.T.S.



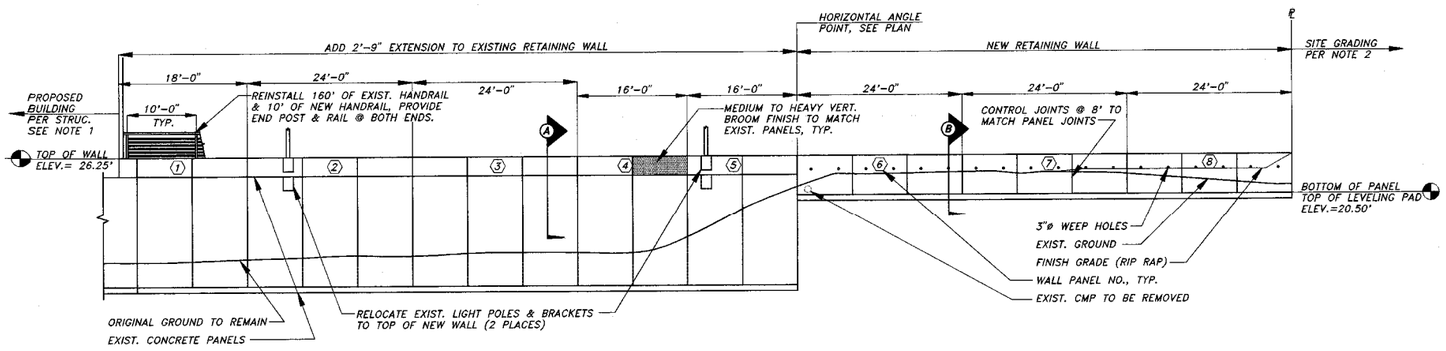

## WEEP HOLE DETAIL

N.T.S.




## HANDRAIL DETAIL

N.T.S.




## RETAINING WALL ELEVATION

SCALE: 1" = 10'

## REINFORCED SOIL WALL CONSTRUCTION NOTES

1.) THE EXISTING CONCRETE WATERFRONT RETAINING WALL WITHIN THE BUILDING LIMITS IS STILL UNDER REVIEW BY THE DESIGNERS. THIS WALL MAY OF MAY NOT REMAIN IN PLACE. SHOULD THIS WALL BE REMOVED OR MODIFIED BY THE STRUCTURAL ENGINEER, THEIR DESIGN SHALL BE COORDINATED WITH THESE CIVIL DRAWINGS. THE EXISTING CONCRETE WALL IS NOT DESIGNED TO CARRY BUILDING OR TRAM FOUNDATION LOADS.

2.) THE ADJACENT PROPERTY TO THE EAST SHALL BE GRADED TO ELEVATION 26.25 PRIOR TO CONSTRUCTION OF THIS RETAINING WALL. THIS WORK WILL BE DONE BY OTHERS AND IS TO BE CONFIRMED BY THE ARCHITECT.

3.) CONTRACTOR IS RESPONSIBLE FOR TEMPORARILY SHORING EXISTING BULKHEADS DURING EXCAVATION AND CONSTRUCTION.

4.) EXISTING FILL AND SLOPE PROTECTION CONSISTS OF ROCK, TIMBER DEBRIS, CONCRETE DEBRIS, STEEL DEBRIS, OLD TIMBER PILE AND VARIOUS OTHER ITEMS. REMOVE ALL EXISTING TIMBER, METAL, AND PLASTIC DEBRIS TO ELEVATIONS DESIGNATED. IN THE CASE THAT CONCRETE MISCELLANEOUS DEBRIS IS LOCATED AT THE RETAINING WALL LEVELING STRIP ELEVATION, IT WILL BE NECESSARY TO OVER EXCAVATE A MINIMUM OF 12" OR AS DIRECTED BY THE ENGINEER AND PLACE N.F.S. BACKFILL COMPACTED TO 95%.

5.) CONCRETE FOR THE WALL PANELS AND THE LEVELING STRIPS SHALL BE A 5,000 PSI MIX DESIGN AS OUTLINED IN R&M LETTER REPORT DATED MAY 16, 1992.

6.) SOIL PLACEMENT IS TO BE IN LIFTS COMPATIBLE WITH THE COMPACTION EQUIPMENT TO ACHIEVE A UNIFORM MINIMUM DENSITY OF 95% OF MODIFIED PROCTOR OPTIMUM DENSITY (ASTM D1557). INSURE THAT A MINIMUM DEPTH OF 6" OF FILL COVERS THE GEO-GRID BEFORE COMPACTING.

7.) FOUNDATION SOILS SHOULD BE COMPACTED TO MEET THE ABOVE REQUIREMENTS PRIOR TO PLACING CONTINUOUS CONCRETE LEVELING PAD.

8.) GEO-GRID MUST BE TENSIONED PRIOR TO PLACING FILL.

9.) BATTER WALL FACE 1:25 BACKWARDS (TOWARDS FILL).

10.) GEO-GRID TYPE, SPACING, AND LENGTH FOR EACH SIZE OF WALL TO BE AS SHOWN ON THE TABLE ON SHEET 1 OF 2.

11.) CONNECTION BAR TO BE 1/2" NOMINAL DIAMETER SCH. 80 PIPE.

12.) AT ALL WALL ANGLE POINTS, THE CONTRACTOR HAS THE OPTION OF INSTALLING THE LEVELING PAD SO AS TO ALLOW THE RETURN WALL TO BEAR ON THE EXTENDED LEVELING PAD OR THE TWO INTERSECTING LEVELING PADS AND WALLS MAY BE MITERED AT A 45° ANGLE. THE VERTICAL WALL JOINT DETAIL SHALL BE USED IN EITHER CASE.

13.) ALL REINFORCEMENT FOR PRE-CAST CONCRETE WAFFLE-CRETE PANELS TO BE GALVANIZED OR EPOXY COATED NO. 4 BAR VERTICAL AND HORIZONTAL AT ALL THICKENED RIB SECTIONS, W1.4 X W14/6 x 6 W.W.M. CONT. THROUGHOUT PANEL.

14.) GEO-GRID TO BE UX 1,300, TENSAR SR3 GEO-GRID OR APPROVED EQUAL.

15.) GLUE SPECIFIED IN THESE PLANS SHALL BE WATER RESISTANT.

16.) CONTRACTOR MAY PROPOSE ALTERNATE WALLS OR RIP RAP IN LIEU OF ADDITIONAL WALL LENGTH SHOWN. ALL PROPOSALS FOR ALTERNATE WALLS OR RIP RAP SHALL SUBMITTED TO THE ARCHITECT WITH APPROPRIATE PLANS FOR APPROVAL.

## DESIGN PARAMETERS

WALL MATERIAL:
SAND/GRAVEL, 6" MINUS MATERIAL SIZE
UNIT WEIGHT: 130 PCF, FRICTION ANGLE 36°, COHESION = 0.

FOUNDATION SOILS:
ASSUMED SAFE BEARING CAPACITY = 4,000 PSF
THIS ASSUMES THE FOUNDATION SOILS TO BE MEDIUM DENSE TO DENSE GRANULAR SOILS (SANDS/GRAVELS) OR GLACIAL TILL. SHOULD ACTUAL EXCAVATED MATERIALS AT FOUNDATION DEPTH DIFFER FROM THIS, IT SHOULD BE OVER EXCAVATED AND REPLACED WITH COMPACTED SAND/GRAVEL FILL OR AS DIRECTED BY THE ENGINEER.

GEO-GRID TENSAR SR, DESIGN LIFE 100 YEARS, ALLOWABLE TENSILE STRENGTH:

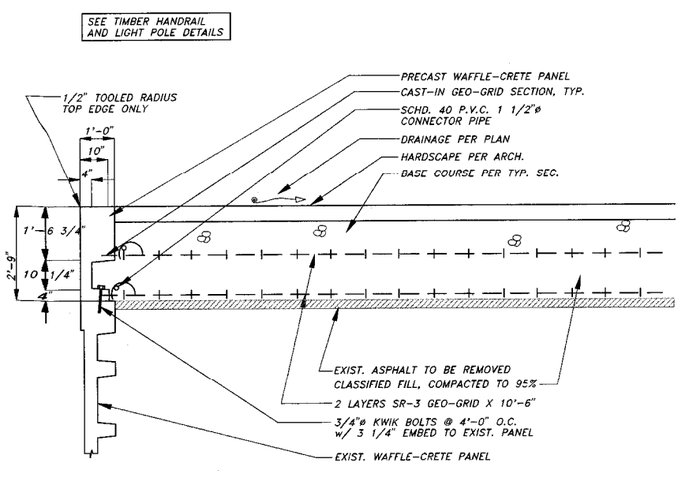
SR3 = 2,000 PLF

DESIGN- ACTIVE STATE- TIEBACK WEDGE ANALYSIS.

DESIGN LOADS:
LEVEL FILL TOP WITH A 40 PSF GENERAL SURCHARGE

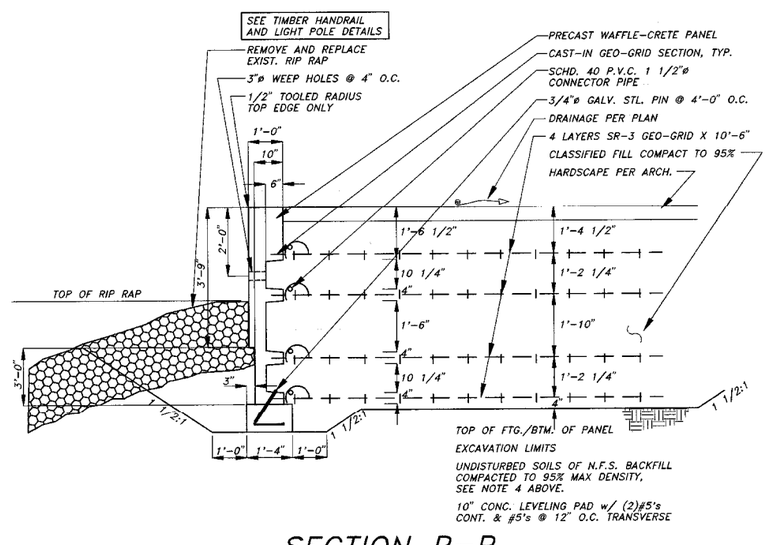
FACTORS OF SAFETY:

| | |
|---|---|
| VERSUS OVERTURNING: | MINIMUM 2.0 |
| VERSUS SLIDING: | MINIMUM 1.5 |
| VERSUS FAILURE: | MINIMUM 2.0 |
| VERSUS BEARING: | MINIMUM 1.5 |




## SECTION A-A

SCALE: 1/2" = 1'




## SECTION B-B

SCALE: 1/2" = 1'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MT. ROBERTS DEVELOPMENT CORPORATION
MT. ROBERTS TRAM
RETAINING WALL EXTENSION
JUNEAU, ALASKA

REVISIONS
9/12/95

SHEET TITLE
RETAINING WALL
EXTENSION

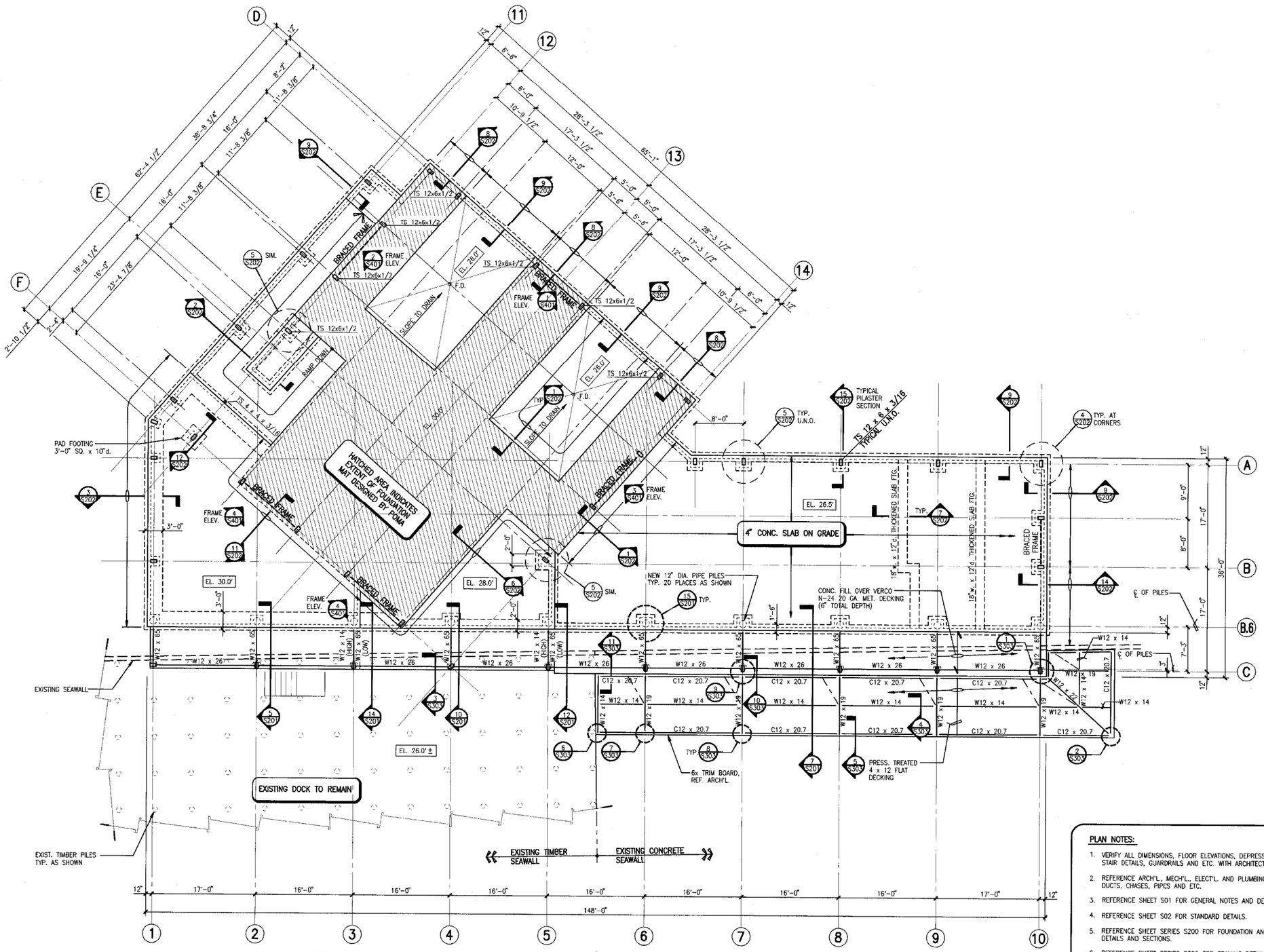
SCALE: AS SHOWN
DATE: JUNE 16, 1995
FILE: C:\ACAD386\TRAM\DETAIL

C-3

S-670-3

R&M#951342\WALL\DETAIL.DWG 11 x 17 1:300

S-670-3




## LOWER TERMINAL – LOWER FLOOR / FOUNDATION PLAN

1/8" = 1'-0"

**PLAN NOTES:**

1. VERIFY ALL DIMENSIONS, FLOOR ELEVATIONS, DEPRESSIONS, FINISHES, STAIR DETAILS, GUARDRAILS AND ETC. WITH ARCHITECTURAL DRWGS.
2. REFERENCE ARCH'L., MECH'L., ELECT'L. AND PLUMBING DRAWINGS FOR DUCTS, CHASES, PIPES AND ETC.
3. REFERENCE SHEET S01 FOR GENERAL NOTES AND DESIGN CRITERIA.
4. REFERENCE SHEET S02 FOR STANDARD DETAILS.
5. REFERENCE SHEET SERIES S200 FOR FOUNDATION AND CONCRETE DETAILS AND SECTIONS.
6. REFERENCE SHEET SERIES S300 FOR FRAMING DETAILS.
7. REFERENCE SHEET SERIES S400 FOR BRACED FRAME ELEVATIONS AND DETAILS.


**Jensen Douglas**
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522 West 10th St
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907 586-1070
FAX 907 586-3959

CARY KOPCZYNSKI AND COMPANY
PACIFIC FIRST PLAZA
355 108th AVE. N.E. #220
BELLEVUE WA. 98004
(206) 455-2144
FAX: (206) 455-2001


MT. ROBERTS DEVELOPMENT CORPORATION
MT. ROBERTS TRAM
# LOWER TRAM TERMINAL
JUNEAU, ALASKA

**REVISIONS**

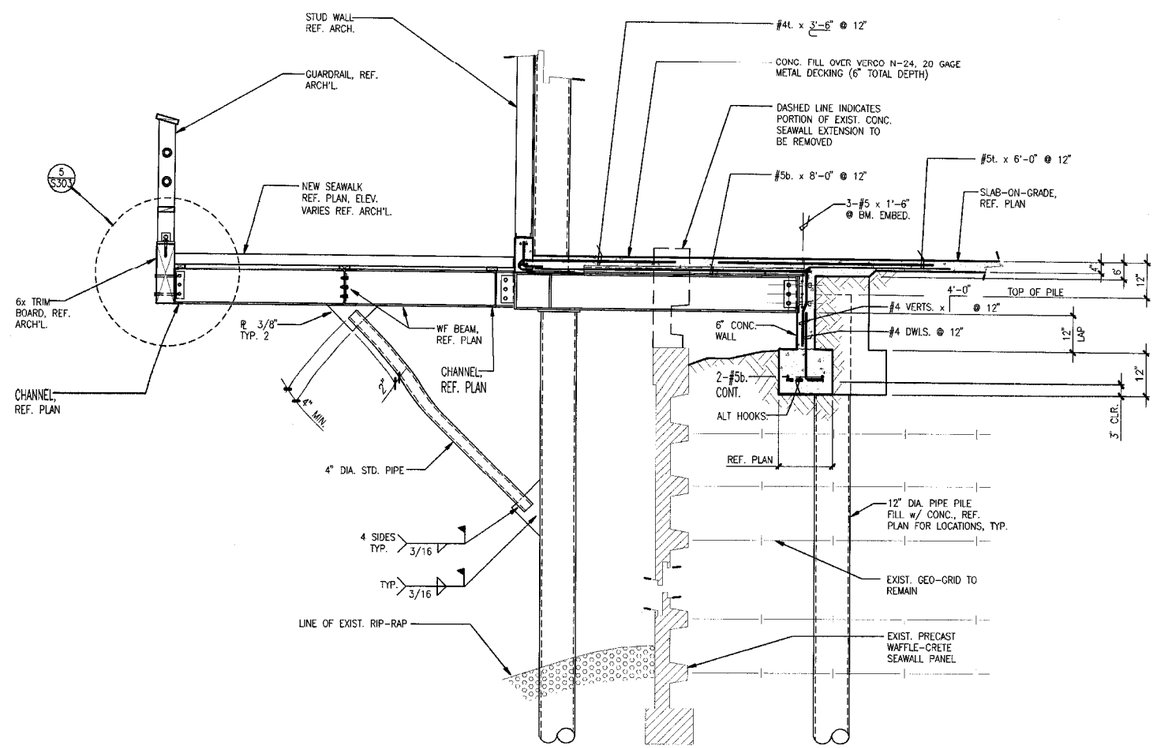
| | |
|---|---|
| 6-15-95 | REV. PRICING SET |
| 7-10-95 | FDN. PERMIT |
| 7-28-95 | STEEL BID |
| 8-3-95 | FDN. PERMIT REV. |

**SHEET TITLE**
LOWER FLOOR / FOUNDATION PLAN

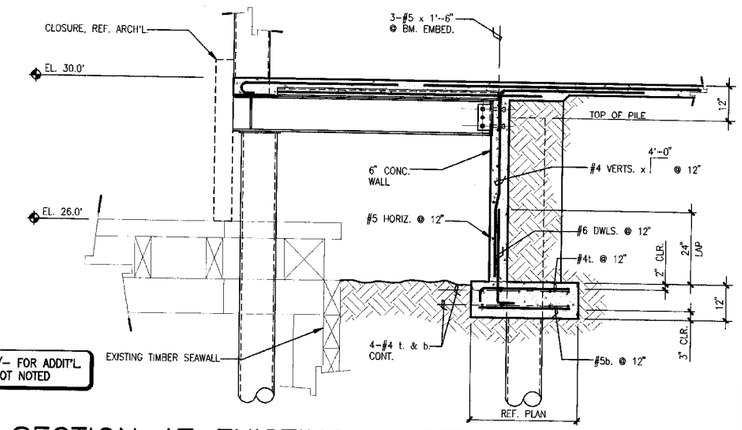
**SCALE:** 1/8" = 1'-0"
**DATE:** 6-15-95
**FILE:** S101.DWG

# S101

NOTE: IF THIS SHEET DOES NOT SCALE 22" x 34" IT IS REDUCED AND IS PRINTED AT HALF SIZE.




SECTION AT EXISTING CONCRETE SEAWALL 1/2" = 1'-0" (7)




REF. 7/- FOR ADDIT'L. INFO. NOT NOTED

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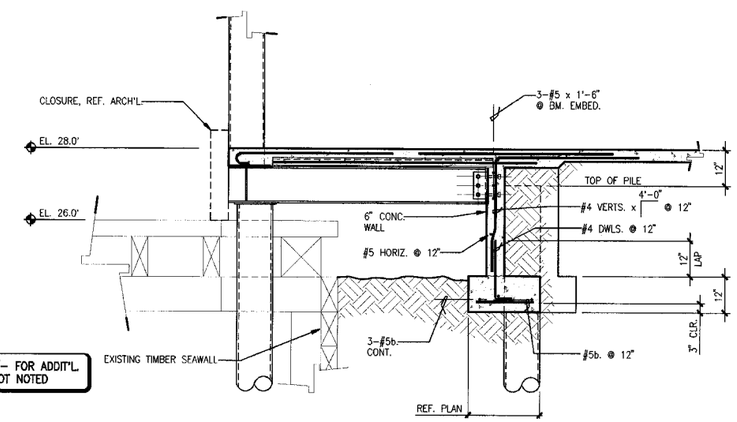


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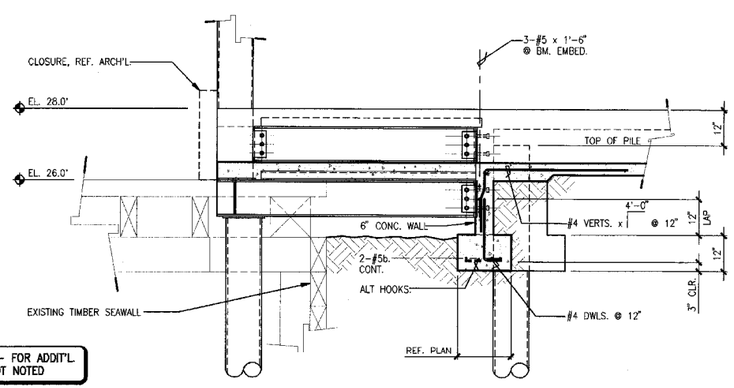


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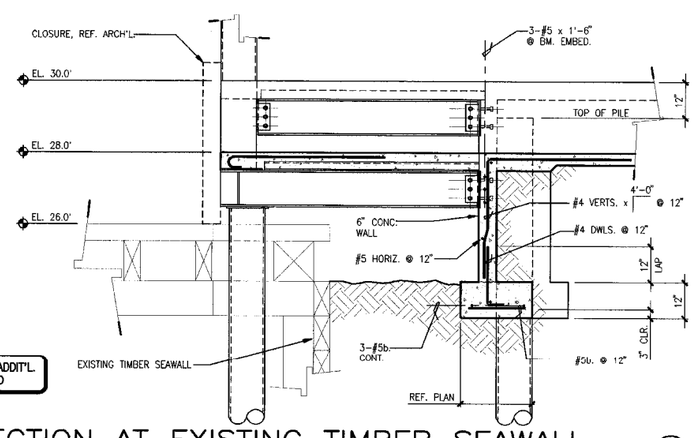


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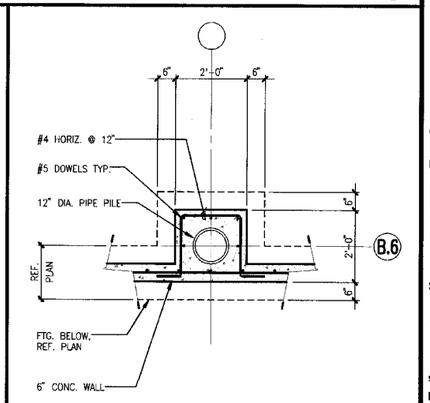


TYP. PILASTER @ PIPE PILE 1/2" = 1'-0" (15)


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155 108th AVE. N.E. #220
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(206) 455-2144
FAX: (206) 455-2091


STATE OF ALASKA 49TH GARY J. KOPCZYNSKI REGISTERED PROFESSIONAL ENGINEER

MT. ROBERTS DEVELOPMENT CORPORATION
MT. ROBERTS TRAM
# LOWER TRAM TERMINAL
JUNEAU, ALASKA

**REVISIONS**

| | |
|---|---|
| 6-15-95 | REV. PRICING SET |
| 7-10-95 | FDN. PERMIT |
| 7-28-95 | STEEL BID |
| 8-3-95 | FDN. PERMIT REV. |

**SHEET TITLE**
SEAWALL DETAILS

**SCALE:** AS SHOWN
**DATE:** 6-15-95
**FILE:** S201.DWG

# S201

NOTE: IF THIS SHEET DOES NOT SCALE 22" x 34" IT IS REDUCED AND IS PRINTED AT HALF SIZE.

# Addendum: Experience Data

# Per E. Bjorn-Roli, MAI
# Managing Member

## Background

Per E. Bjorn-Roli has a diversified background in appraisal and has worked on many different types of complex properties and assignments requiring specialized analysis. Examples include institutional, portfolio, retail, office, multifamily, special purpose, and other types of real estate. His real estate skills and knowledge include formulation and evaluation of asset management and development strategies, market research and analysis, property tax appeals, due diligence, site selection, wetland banking/mitigation, transaction negotiation and consulting, pre-acquisition/disposition strategy, risk assessment, market forecasting, and micro and macro economic analysis. Per has appraised numerous properties in Washington, Alaska, Nevada, Idaho, and Montana. Per is a certified general real estate appraiser in the State of Alaska. Per is a graduate of Service High School and was born and raised in Anchorage. He has strong roots in the local community – his father immigrated to Alaska from Norway in the 1960s and his grandfather came to Alaska during World War II and has the distinction of selling the first television set in Alaska. After spending several years in Seattle, Per returned to Anchorage in 2003 and founded Integrated Realty Resources, Inc., which became known as Reliant, LLC in 2009. Per is proud to reside in Alaska where he enjoys spending time with his family and participating in a wide variety of outdoor activities, including flying, skiing, hiking and mountain biking.

## Education

**Real Estate Education & Seminars**

- Advanced Applications, AI
- Advanced Income Capitalization, AI
- Advanced Sales Comparison and Cost Approaches, AI
- Highest and Best Use Market Analysis, AI
- Uniform Standards of Professional Appraisal Practice (USPAP), AI
- 7-Hour National USPAP Update Course
- Appraisal Institute Bylaws & Regulations, AI
- The Lending World in Crisis-What Clients Need Their Appraisers to Know
- Report Writing and Valuation Analysis, AI
- General Applications, AI
- Basic Income Capitalization, AI
- Appraisal Principles, AI
- Appraisal Procedures, AI
- Analyzing Commercial Lease Clauses, AI
- Condemnation Appraising: Advanced Topics and Applications
- Condemnation Appraising: Basic Principles & Applications
- Real Estate Statistics & Valuation Modeling
- Online Business Practices and Ethics

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Per E. Bjorn-Roli, MAI

- Appraisal of Local Retail Properties
- Subdivision Valuation

**College Education** B.S., Business Administration, University of Utah.

## Employment History

**Reliant, LLC / Integrated Realty Resources, Inc.** Managing Director / Member, 2003 to Present, Anchorage, Alaska.

**GVA Kidder Mathews** Senior Appraiser / Appraiser & Consultant, 2000 to 2003, Seattle, Washington.

*Formerly an affiliate of Insignia, GVA Kidder Mathews is the largest commercial real estate firm in Puget Sound.*

**Cushman & Wakefield** Appraiser & Consultant, 1998 to 2000, Seattle, Washington.

*C&W is the largest full service commercial real estate firm in the nation and has offices worldwide.*

**Kincaid & Riely LLC** Research Analyst / Associate Appraiser, 1997 to 1998, Anchorage, Alaska.

## Designations, Certifications and Awards

**State License's / Certifications**

- State of Alaska, Certified General Real Estate Appraiser, License No. 302.

**Designations**

Per is one of 5,900 individuals worldwide that has earned the Appraisal Institute's prestigious MAI professional designation (Member No. 396734). Only 5% of commercial real estate analysts achieve this designation.

**Awards**

Per was recognized in 2000 with the Anglyn award for outstanding participation at the Appraisal Institute's 2000 Leadership Development Advisory Council. The award was presented at Valuation 2000 in Las Vegas, Nevada.

## Organization Affiliations, Offices & Memberships

- President, Alaska Chapter of the Appraisal Institute, 07/08
- Vice President, Alaska Chapter of the Appraisal Institute, 05/06
- Urban Land Institute Member
- Member BOMA of Anchorage

## Partial List of Assignment Clients

### Native Organizations

Bethel Native Corporation
Coastal Village Regional Fund
Cook Inlet Region, Inc. (CIRI)
Cook Inlet Housing Authority
Goldbelt Inc.
NANA Regional Corporation
Ounalashka Corporation
Shee Atika Native Corporation
Southcentral Foundation
Tyonek Native Corporation

### National Financial Institutions

AMRESCO Capital
ASG Partners
Bank of America
Bank of the West
Bear Stearns Commercial Mortgage
BMC Capital
CALPERS
Chase Bank
CitiGroup Investments
City Mortgage Corporation
CIT Small Business Lending Corp.
CW Capital LLC
Equiva Services LLC
Evertrust Bank
Everett Mutual Bank
Evergreen Community Development Assoc.
First Mutual Bank
Frontier Bank
GE Capital
GMAC Commercial
Hallock Ryno Investments, Inc
Intervest Mortgage
InterWest Bancorp
JP Morgan
Johnson Capital
Key Bank
MetLife
Midland Loan Services Co.
NARA Bank
National Consumer Cooperative Bank
Nomura
Norris Beggs & Simpson Financial Services
Parallel Capital Corporation
Pacific International Bank
Principal Real Estate Investors, LLC
Prudential Real Estate Investors
South Sound Bank
Sterling Savings Bank
The Commerce Bank
US Bancorp
Washington Capital Management, Inc.
National Cooperative Bank (NCB)
Wells Fargo
Zions Bank

### Alaska Financial Institutions

Alaska Community First Bank & Trust
Alaska Growth Capital
Alaska Pacific Bank
Alaska USA Federal Credit Union
First National Bank of Alaska
Northrim Bank
Matanuska Valley Credit Union

### Government Sector

Alaska Rail Road Corporation
Anchorage Community Development Authority
Anchorage Neighborhood Health Clinic
City of Burien
City of Ketchikan
City of Seattle
City of San Jose
Commercial Capital Initiatives
Federal Aviation Administration
King County
Municipality of Anchorage
Heritage Land Bank
Port of Tacoma
State of Alaska

United States Coast Guard
United States General Services Administration
United States Navy
United States Postal Service
WA State Department of Transportation
WA State Department of Natural Resources
Office of the Special Trustee, Bureau of Indian Affairs

## Legal Sector

Dorsey & Whitney LLP
Dillon & Findley, P.C.
Heller Erhman LLP
Hartig, Rhodes, Hodge & Lekisch, P.C.
J.P. Tangen
Keene & Currall
Katten, Muchin & Rosenman, LLP
Lasher, Holzapfel, Sperry & Ebberson
Norris Beggs & Simpson
Preston, Gates & Ellis
Ragen & Ragen
Sandberg Wuestenfeld & Corey
Simpson, Tillighast & Sorensen
Turner & Mede
Aschenbrenner Law Offices

## Private Sector

Agbar Technologies
Alaska Electrical Pension Fund (AEPF)
Alaska Pacific University
ARTESIA, A Dexia Company
Building Owners and Managers Association (BOMA) of Anchorage
Browman Development
Birch REA Partners
Carr Gottstein Properties
Chevron USA Products
CH2M Hill / VECO Corporation
Covenant House Alaska
ConocoPhillips
Debenham Properties, LLC
Diamond Parking
Far West Petroleum
Flint Hills Resources Alaska, LLC
Frampton & Opinsky/Calais Company
GCI Communications Corp.
General Warehouse & Storage
General Motors Worldwide
GVA Kidder Mathews
Historic Seattle
Ingersoll-Rand
JL Properties
Katten, Muchin & Rosenman, LLP
Kin Properties, Inc.
Kong Yick Investment Co.
Lehman Brothers
LJ Melody & Company
NewTower Trust
Marlow Construction
The Odom Corporation
Olympic Coast Investment Inc.
Opus Northwest, LLC
OPERF / Regency
Prologis
Providence Alaska
Pinnacle Properties
Pacific Tower Properties / PTP Management, Inc.
Rayonier
Regal Entertainment Group
RISE Alaska, LLC
Samson Tug & Barge
Sierra Pacific Resources
Sekotac USA, Inc.
Sound Transit
South Gate Mall Associates
Steadfast Companies
Situs, Inc.
TelAlaska, Inc.
Touchstone Corporation
TTM Technology
The Dome
Washington Capital Management Company
Weyerhaeuser

## Summary of Completed Assignments

### Special Purpose Properties

Space Needle, Seattle WA

Alaska Pacific University, Anchorage AK

Puget Sound Navel Shipyard, Bremerton WA

Proposed Regal Cinema Movie Theatre, Fairbanks AK

Regal Cinema Movie Theatre Portfolio, Puget Sound WA

Proposed Coming Attractions Theatre, Wasilla AK

Columbia Winery, Bothell WA

West Coast Forest Products Mill, Everett WA

Chevron & Texaco Portfolio's, AK & WA

Proposed Travel Center, Tacoma WA

Dollar Rent A Car, SeaTac WA

Take Flight T-Hangers, Anchorage AK

Dan's Aircraft Hangers, Anchorage AK

Hilltop Ski Area, Anchorage AK

O'Malley Sports Complex, Anchorage AK

Tesoro Ice Arena, Anchorage AK

Northern Lights Baptist Church, Anchorage AK

Cliffside Community Chapel, Anchorage AK

Anchorage Airport Mini Storage, Anchorage AK

Dillingham Tank Farm, Dillingham AK

The DOME Sports Complex, Anchorage AK

### Medical & Biotech Properties

Proposed Northern Lights Professional Medical Center, Fairbanks AK

Proposed Seattle Biomedical Research Institute, Seattle WA

Overlake Hospital, Bellevue WA

Proposed Life Sciences Building, Seattle WA

Proposed WSU Biotech Bldg., Spokane WA

Family Medical & Dental Center, Anchorage AK

Providence Medical Condominiums, Anchorage AK

Providence Proposed MOB Rent Study, Anchorage AK

Mary Conrad Center, Anchorage AK

### Hotel Properties

Goldbelt Hotel, Juneau AK

Super 8 Motel, Fairbanks AK

Super 8 Motel, Anchorage AK

Super 8 Motel, Ketchikan AK

Super 8 Motel, Juneau AK

Qupquigiaq Inn, Anchorage AK

Proposed Residence Inn, Anchorage AK (While with Kincaid & Riely)

Executive Suites, Anchorage AK (While with Kincaid & Riely)

Best Western, Seward AK (While with Kincaid & Riely)

Residence Inn, Seattle WA (Consulting)

Extended Stay America, Kirkland WA (Consulting)

Best Value Executive Suites, Anchorage AK

### Multifamily / Condominium Properties

403 W. 21st Avenue, Anchorage AK

Marlow Manor Senior Housing, Anchorage AK

Proposed Eagle Ridge Apartments LIHTC, Palmer AK

535 "N" St. Apartments, Anchorage AK

8301 E. 3rd Ave. Apartments, Anchorage AK

Proposed Grass Creek Village at Creekside LIHTC, Anchorage AK

Chugach South Apartments, Anchorage AK

La Maisonette Apartments, Anchorage AK

Wildwood Estates,

Anchorage AK

The Mallary Apartments, Anchorage AK

Proposed Condominium & Tract Dev. Lot 4A, Anchorage AK

Terrace Apartments, Anchorage AK

Heritage Court Apartments, Eagle River AK

Fort Wainwright & Greely Military Housing, Fairbanks & Delta Junction, AK

629 & 635 E. 79th Avenue, Anchorage, AK

Arctic View Apartments, Anchorage AK

Proposed Aurora Square Town Homes, Anchorage AK

Snow Raven Condominiums, Girdwood, AK

Wharton Mobile Home Park-Vacant Land, Anchorage, AK

Proposed Residential Condominiums, Anchorage, AK

Marathon View Condominium Suites, Seward, AK

Marydale Manor Apartments, Soldotna AK

Providence Residential Market Study

Wiedner Portfolio Tax Appeal, Anchorage AK

## Industrial Properties

Airport Business Park, Anchorage AK

K&L Distributors Building, Anchorage AK

Lake Otis Spenard Builder's Supply, Anchorage AK

FedEx Ground, Anchorage AK

Brown Jug / Sadler's Warehouse, Anchorage AK

ASRC Office Warehouse Building, Anchorage AK

Gensco Building, Anchorage AK

DHL Air Cargo Distribution Center, Anchorage AK

CALPERS Industrial Portfolio, Seattle WA

CMI Construction Bldg., Anchorage AK

Barnes & Noble.com Building, Reno NV

Proposed Northern Air Cargo Bldg., Anchorage AK

Pool Arctic Bldg., Anchorage AK

Corporate Express, Anchorage AK

ProLogis Industrial Building, Reno NV

Hyster Dealership, Seattle WA

Pacific Circuits Building, Burlington WA

Weyerhaeuser Ind. Bldg., Federal Way WA

Red Hook Ale Building, Seattle WA

Delta Marine Yachts, Seattle WA

Anchorage Opera Bldg., Anchorage AK

Action Security, Anchorage AK

Petit Industrial Park, Anchorage AK

Johnson's Tire Service, Eagle river

Johnson's Tire Service, South Anchorage

Johnson's Tire Service Midtown, Anchorage

K & L Distributors

## Retail Properties

Former Borders Books, Anchorage AK

Dimond Walgreens, Anchorage AK

Muldoon Walgreens, Anchorage AK

Midtown Applebees Restaurant, Anchorage AK

East Anchorage Applebees Restaurant, Anchorage AK

Proposed ACS Stores, Alaska

Jiffy Lube Portfolio, Various Locations AK

Trace Retail Center, Anchorage AK

Proposed S. Anch. Strip Retail, Anchorage AK

Dimond Center Mall, Anchorage, AK

SeaTac Mall, Federal Way WA

Downtown Woodinville Center, Woodinville WA

Lakewood Mall, Lakewood WA

Outback Restaurant, Anchorage AK

Party World / America Rents, Anchorage AK

Proposed Parkway Supercenter, Tukwila WA

Proposed Safeway, Seattle WA

Proposed Safeway Plaza, Maple Valley WA

Proposed Smokey Point Retail Center, Smokey Point WA

Cascade Plaza, Everett WA

Pizza Hut Portfolio, Five Locations, ID

South Town Center, Anchorage AK

Plaza at 175th St., Woodinville WA

Lakeside Grocery Store,

Sitka AK
Blaine's Graphic Art Supply, Anchorage AK
Office Depot, Juneau AK
Pet Zoo, Eagle River AK
Three Bears, Kenai AK

## Office Properties

JL Tower, Anchorage, AK
Proposed Centerpoint West Bld., Anchorage AK
Proposed BBNC Bldg., Anchorage AK
Proposed ANTHC Office Building, Anchorage AK
Proposed Cook Inlet Tribal Council Bldg., Anchorage, AK
Proposed CIRI/Doyon Bld., Anchorage AK
Bivin Plaza, Anchorage AK
Resolution Tower, Anchorage AK
Calais I & II, Anchorage AK
Fourth Ave. Plaza, Seattle WA

Anchorage World Trade Center, Anchorage AK
711 H Street, Anchorage AK
Midtown Business Center, Anchorage AK
Alaska Energy Building, Anchorage AK

KeyBank Building, Anchorage AK
Jordan Creek Center, Juneau AK
Market Place North I & II, Seattle WA
Queen Anne Plaza Rent Study, Seattle WA
Denali Towers, Anchorage AK
Tudor Park, Anchorage AK
Queen Anne Square, Seattle WA
Blanchard Plaza Rent Study, Seattle WA
Northwest Plaza, Federal Way WA
Proposed US Federal Courthouse, Helena MT
Fifth Avenue Plaza, Anchorage AK
Frontier Building Rental Analysis, Anchorage AK
Signature Building, Anchorage AK
Proposed US Federal Courthouse, Pocatello ID
US Post Office, Soldotna AK

Alaska Airlines Building, SeaTac WA
Stewart Title Building, Anchorage AK
Grand Northern Building, Anchorage AK
Port of Tacoma Administration Bldg., Tacoma WA
Weyerhaeuser Campus Center I & II, Federal Way WA
Proposed Interbay High Tech Bldg., Seattle WA

## Automobile Dealerships

Mercedes Dealership, Anchorage AK
Great Alaskan RV Dealership, Anchorage AK
44110 Sterling Highway, Soldotna AK
37661 Kenai Spur Highway, Soldotna AK
Tony Chevrolet, Anchorage AK
Tony Chevrolet, Wasilla AK
Nye Frontier Ford & Body Shop, Wasilla AK
Lexus Toyota Dealership, Anchorage, AK
Lincoln Mercury Dealership, Anchorage AK
Alaska Sales & Service, Anchorage AK
GMC Automobile Dealership Portfolio, Puget Sound WA
Bob Bridge Pontiac GMC, Renton WA
Everett Chevrolet, Everett WA
Carco Automobile Dealership, Renton WA
Millennium Ford, Burien WA
Sound Ford, Seattle WA

## Vacant Land

Tikahtnu Commons Vacant Land, Anchorage AK
Providence Alaska Midtown Land, Anchorage AK
8th Ave. & F St. Parking Lot, Anchorage AK
Fred Meyer S. Anchorage Site, Anchorage AK

Lowe's S. Anchorage Site, Anchorage AK

Midtown Calais Subdivision, Anchorage AK

First Hill PID, Seattle WA

Leo Walsh Property, Midtown, Anchorage AK

Tickner DNR Parcel, Tukwila WA

Lots 11 & 12 Arctic Ind. Subdv., Anchorage AK

Stout Property, Palmer AK

Glenn Square Addition parcels, Anchorage AK

Glenn Heights Tract A-1, Anchorage AK

Numerous Others

## Maritime Industry Related Assets

White Pass Docks, Tidelands & Uplands, Skagway AK

Proposed Ketchikan Cruise Ship Dock Berth IV, Ketchikan AK

Waterfront Storage Property, Ketchikan AK

Graving Docks, Piers & Wharfs, Puget Sound Naval Shipyard, Bremerton WA

Walashek Shipyards / Seafood Plant, Unalaska AK

Westward Seafood Processing Plant, Unalaska AK

National Ocean and Aeronautic Administration Property (NOAA), Seattle WA

Goldbelt Float & Seadrome Bld., Juneau AK

Rayonier Mill Site Dock, Port Angeles WA

Delta Yachts Docks & Tidelands, Seattle WA

Sound Oil Refinery Tidelands, Tacoma WA

Samson Tug & Barge, Sitka AK

USCG Facilities Maintenance Bldg., Valdez AK

## Historic Buildings

Milwaukee Hotel, Seattle WA

Kong Yick Hotel, Seattle WA

Cadillac Hotel, Seattle WA

## Other

Ground Leases, Numerous Assignments

Partial Interest Valuations

Subdivision Valuation, Numerous Assignments

Machinery & Equipment, Various Types, Numerous Assignments

## Copy of State of Alaska General Real Estate AppraiserCertification

No. 302
Effective: 07/08/2011
Expires: 06/30/2013

# STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, & ECONOMIC DEVELOPMENT
Division of Corporations, Business and Professional Licensing
P.O. Box 110806, Juneau, Alaska 99811-0806

## BOARD OF CERTIFIED REAL ESTATE APPRAISERS

Certifies that

***PER ERIK BJORN-ROLI***

Is a Certified

**GENERAL REAL ESTATE APPRAISER**

Commissioner: Susan K. Bell

Wallet Card

No. 302 State Of Alaska
Department of Commerce, Community, and Economic Development
Division of Corporations, Business and Professional Licensing
This Certifies that
PER ERIK BJORN-ROLI
Is a Certified
GENERAL REAL ESTATE APPRAISER

| Effective | Expiration | Date of Birth |
|---|---|---|
| 07/08/2011 | 06/30/2013 | 12/16/1972 |

Signature _____

YOU MUST NOTIFY THIS DIVISION IN WRITING OF ANY CHANGE OF ADDRESS.

TO VERIFY YOUR LICENSE TO ANOTHER AGENCY, SUBMIT $20.00 MADE PAYABLE TO THE STATE OF ALASKA.

DIVISION WEBSITE: www.commerce.state.ak.us/occ

# A Commitment to Client Service

## A Foundation to Build On:

- Vision
- Integrity
- Commitment
- Performance

## A Commitment to Client Service:

- Quality Research & Analysis
- Quality Presentation
- Fast Turn Around Times
- Competitive Fees
- On Time Delivery
- Confidentiality

## Extensive Valuation & Consulting Services:

- Mortgage Financing
- Market & Feasibility Analysis
- Litigation & Arbitration Support
- Sale & Lease Negotiation
- Property Tax Consulting
- Estate Planning / Documentation
- Site Selection
- Due Diligence
- Investment Analysis
- Market Research
- Eminent Domain
- Partial Interest Valuations

## Extensive Market Knowledge:

- Institutional
- Hotels
- Apartment & Condominiums
- Medical
- Affordable Housing
- Senior Housing
- Golf Courses
- Lumber & Sawmills
- Shipyards & Marinas
- Truck Stops & Travel Centers
- Seafood Processing Plants
- Industrial
- Ground Leases
- Office
- Retail
- Bio-Tech
- Athletic Clubs
- High-Tech
- Vacant Land
- Parking Garages
- Movie Theatres
- Wetland Banking/Mitigation

Reliant

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