AGENDA
BOARD OF EQUALIZATION
THE CITY AND BOROUGH OF JUNEAU, ALASKA

March 10, 2022 at 5:30 PM
Virtual Meeting Only via Zoom Webinar
https://juneau.zoom.us/j/99741860260
or call: 1-253-215-8782 Webinar ID: 997 4186 0260

I. Call to Order

II. Roll Call

III. Selection of Presiding Officer

IV. Approval of Agenda

V. Property Appeals

A. BOE Orientation Documents

B. Appeal No. 2021-0314 Swope Building LLC

Appellant: Swope Building LLC
Parcel No: 1C070B0L0010
Location: 219 S Franklin St
Type: Commercial - Retail

Appellant's Estimated Value	Original Assessed Value	Recommended Value
Site: None Provided	Site: $1,062,000	Site: $1,062,000
Buildings: None Provided	Buildings: $1,123,100	Buildings: $1,123,100
Total: None Provided	Site: $2,185,100	Site: $2,185,100

Included in Packet

- Letter/Material from Appellant
  - 2022-02-08 Letter from Stoops w/ Attachments 1C070B0L0010
- BOE 10-day Notice
- Petition for Review
- Final Determination Letter
- Assessor's BOE Packet

C. Appeal No. 2021-0261 Franklin Dock Enterprises LLC

Appellant: Franklin Dock Enterprises LLC
Parcel No: 1C100K830030
Location: 700/704/710/720 S Franklin St
Type: Commercial - Retail

Appellant's Estimated Value	Original Assessed Value	Recommended Value
Site: None Provided	Site: $5,362,500	Site: $5,362,500
Buildings: None Provided	Buildings: $1,442,500	Buildings: $1,442,500
Total: None Provided	Site: $6,805,000	Site: $6,805,000

Included in Packet

- Letter/Material from Appellant
  - 2022-02-08 letter from Stoops w/ attachments 1C100K830030
- BOE 10-day Notice
- Petition for Review
- Final Determination Letter
- Assessor's BOE Packet
- Stoops Remand Addendum

D. Appeal No. 2021-0263 Franklin Dock Enterprises LLC

Appellant: Franklin Dock Enterprises LLC
Parcel No: 1C100K830040
Location: 900 Thane Rd
Type: Commercial - Dock/Support Facilities

Appellant's Estimated Value	Original Assessed Value	Recommended Value
Site: None Provided	Site: $5,175,750	Site: $5,175,750
Buildings: None Provided	Buildings: $249,100	Buildings: $249,100
Total: None Provided	Site: $5,424,850	Site: $5,424,850

Included in Packet

- Letter/Material from Appellant
  - 2022-02-08_letter_from_Stoops_with-attachments_1C100K830040
- BOE 10-day Notice
- Petition for Review
- Final Determination Letter
- Assessor's BOE Packet

E. Appeal No. 2021-0264 Franklin Dock Enterprises LLC

Appellant: Franklin Dock Enterprises LLC
Parcel No: 1C100K830041
Location: 950 Thane Rd
Type: Commercial - Vacant

Appellant's Estimated Value	Original Assessed Value	Recommended Value
Site: None Provided	Site: $1,795,500	Site: $1,795,500
Buildings: None Provided	Buildings: $0	Buildings: $0

Buildings: None Provided	Buildings: $0	Buildings: $0
Total: None Provided	Site: $1,759,500	Site: $1,759,500

Included in Packet

- Letter/Material from Appellant
  - 2022-02-08_letter_from_Stoops_with-attachments_1C100K830041
- BOE 10-day Notice
- Petition for Review
- Final Determination Letter
- Assessor's BOE Packet

F. Supplemental Material Provided by Appellants Representative Robert Spitzfaden

Per email received from Robert Spitzfaden on March 2 2022 (included in packet) here are links to:

February 15, 2022 BOE Packet:
https://juneau.org/assembly/assembly-minutes-and-agendas
copy above link, scroll to section of page that lists meetings in date order, look for 2/15/2022 BOE Hearing and click on the PDF icon to open up the 927 page packet

February 15, 2022 BOE Hearing Recording Link:
Topic: Board of Equalization Hearing
Start Time: Feb 15, 2022 05:15 PM
Meeting Recording:
https://juneau.zoom.us/rec/share/lUC2m-9AB-PbGi5WivnzY9Do25XB8bNTaMHnn2fClcuzSfIJ-RwSq43cFjQBuJG1.pJkz1kG_9TmONoS7
Access Passcode: UMA?06*2

G. Supplemental Material Provided by Assessor's Office

Supplemental Materials from Assessors Office:

- 21-1480 Swope Building Appraisal
- 21-1490a Miner's Cove, Lot 1A Appraisal
- 21-1490b Lot 3A, Thane Rd Appraisal
- 21-1490c Lot 4, Thane Rd Appraisal
- AY2021 Property Assessment Guide 202111f
- Letter from Reed Stoops
- Stoops Email

VI. Adjournment

BOARD OF EQUALIZATION ORIENTATION

NOTE: Members are encourage to review, from your training material, the April 19, 2013 Memorandum prepared by former City Attorney John Hartle, for further helpful guidance.

A. Quasi-Judicial Role & Responsibilities - CBJ 15.05.185

1. Be a fair & impartial tribunal - no bias/preconceived ideas; no ex parte contact

   a. Member may not deliberate or vote on any matter in which member has a personal or financial interest (defined in CBJ 01.45.360); conflict of interest check needed prior to hearing to allow substitution; may call legal advisor
   b. **Avoid expressing opinions or including commentary in questions to the parties.**
   c. **Opinions on the evidence/position of parties should await BOE deliberations.**

2. Afford both parties due process - fair notice and opportunity to be heard

   Must allow both sides time to review new evidence presented at hearing

3. Decide appeals on *evidence presented* in packet and at hearing.

4. Make record of proceeding that clearly and accurately reflects:
   a. Taxpayer/Appellant's claim and factual evidence offered to support it
   b. Assessor's process/position and factual evidence offered to support both
   c. That each side had adequate opportunity to present relevant evidence/review & rebut other party's evidence
   d. BOE's thorough deliberations & consideration of the evidence
   e. BOE's findings of fact & conclusions of law re burden of proof & the evidence relied on as basis of decision
   f. Rationale & evidentiary basis of BOE's decision, to enable meaningful review by the Superior Court in the event of an appeal

B. Legal Standard for Granting Appeal on Merits for *Error in Valuation*

1. Starting point: under AK law, Assessor's **assessments are presumed to be correct**.

2. **Burden of proof on Appellant to prove error - unequal, excessive, improper, or under valuation based on facts** that are stated in a valid written appeal or proven at the appeal hearing

3. If and only if Appellant meets burden does burden shift to Assessor to rebut Appellant's evidence of error

4. Law does not bind Assessor to follow a particular formulas, rules or methods of valuation, but grants broad discretion in selecting valuation methods-as long as reasonable basis

5. Technical evidentiary rules don't apply
   Relevant evidence admissible if sort relied on by responsible persons
   May exclude irrelevant, repetitious evidence

6. **Only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts**

C. <u>Alternative Actions for Appeals Heard on the Merits</u>

a. **Deny appeal** because Appellant failed to prove error in valuation with factual evidence.

b**. Grant appeal & adjust assessment *as requested by Appellant***. (only if Appellant's valuation evidence supports proposed assessment value)

c. **Grant appeal & *adjust (lower or raise) assessment differently***. (if and only if supported by sufficient evidence of value in record.)

d. **Grant appeal & *remand* to Assessor for reconsideration of value** (remand is mandatory if error found, but insufficient evidence of value in record.)

D. <u>LATE-FILED APPEALS – Legal Standard for Accepting</u>

1. Potential *merit* of appeal is irrelevant.
2. Jurisdictional authority to hear only *timely-filed appeals*
3. Appeal must be filed w/in 30 days from date assessment notice is mailed
4. Only "accepted" late-filed appeals may proceed to a hearing on the merits.
5. If 30 day deadline missed, RIGHT to appeal CEASES and BOE **cannot accept or hear** appeal, **unless BOE finds that taxpayer was unable to comply due to situation beyond taxpayer's control** (See Hartle memo)
6. Burden to prove inability to comply is on Taxpayer.
7. BOE Action Alternatives: **Deny** Late-file or **Accept, so hearing can be scheduled.**

BOE HEARING GUIDELINE

I. Call to Order
II. Roll Call - Chairs asks clerk to call the roll
III. Appeals will be heard first, followed by *Timeliness* Hearings on Late-filed Appeals

IV. Introduce first Appeal case for hearing:

We're on the record with respect to 'Petition for Review of Assessed Value' filed by _____ with respect to Parcel Id. No. _____

IV. Review Hearing Rules/Procedure (For each appeal, unless all in attendance at beginning)

A. Time allocated to each side: approx. 15 min, including BOE questions
B. State name for record and speak clearly in to mic, use surnames/maintain decorum
C. Appellant taxpayer goes 1st
   Has **burden to prove an error—an unequal, excessive, improper or under valuation** based on presented factual evidence
D. Assessor - presents Assessor's evidence in response
E. Appellant rebuttal, if time reserved
F. Hearing closes after presentations
G. BOE action/deliberation
H. Any questions? Parties ready to proceed?

V. Hearing - party presentations & all BOE questioning
VI. Close Hearing, move to BOE action

A. BOE reviews/discusses evidence presented, or goes directly to B.
B. Member makes motion, Chair restates motion
C. Members speak to the motion/make findings
D. BOE votes/takes action on motion
E. Chair announces whether motion carries/fails

VII. Call next appeal, repeat IV – VI

VIII. Late-Filed Appeals, if any (SEE LATE-FILED APPEALS – PROCESS)
IX. Adjourn

BOE Action Options:

1. **Deny appeal** because Appellant failed to prove error in valuation with factual evidence.
2. **Grant appeal & adjust assessment *as requested by Appellant***. (if Appellant's evidence supports proposed assessment value)
3. **Grant appeal & *adjust (lower or raise) assessment differently***. (if and only if supported by sufficient evidence of value in record.)
4. **Grant appeal & *remand* to Assessor for reconsideration of value** (remand is mandatory if error found, but insufficient evidence of value in record.)

SAMPLE MOTIONS

1. **To DENY appeal**

I MOVE that the Board *GRANT* the appeal and I ASK for a NO VOTE

Because . . .

Appellant didn't prove/provide evidence of error in assessment

and/or

For the evidence/reasons provided by the Assessor . . .

2. **To GRANT appeal & ADJUST assessment AS REQUESTED**

I MOVE that the Board *GRANT* the appeal and ADJUST the assessment *AS REQUESTED BY APPELLANT* to $_____ , and I ask for a YES VOTE

Because . . .

Appellant proved there was error . . .

[specify . . . **unequal, excessive, improper, or under valuation] based on facts**

AND

We find requested assessment is supported by sufficient evidence in the record

3. **To GRANT appeal & ADJUST assessment OTHERWISE**

I MOVE that the Board *GRANT* the appeal and ADJUST the assessment to $_____, and I ASK FOR A YES VOTE

Because . . .

Appellant proved there was error . . .

[specify . . . **unequal, excessive, improper, or under valuation] based on facts**

AND

We find sufficient evidence of value in record to support this assessment

4. **To GRANT appeal & REMAND for RECONSIDERATION of ASSESSMENT**

I MOVE that the Board *GRANT* the appeal and REMAND to the ASSESSOR for RECONSIDERATION of the ASSESSMENT, and I ASK FOR A YES VOTE

Because . . .

Appellant proved there was error . . .

[specify . . . **unequal, excessive, improper, or under valuation] based on facts**

AND

We find insufficient evidence of value in the record

CBJ Law Department MEMORANDUM

To: Board of Equalization

From: John W. Hartle, City Attorney

Subject: Board of Equalization: Standards and Procedures

Date: April 19, 2013

SUMMARY

(1) The Board of Equalization functions as a quasi-judicial body, which means that the Board has authority to hear and decide assessment appeals in a manner similar to a court, but less formal than a court.

(2) The burden of proof is on the appellant property owner.

(3) The Board should make specific findings in support of its decisions, and should base its decisions on the record.

(4) To grant an appeal, Board members should make a motion to grant the appeal and vote in the affirmative; to deny an appeal (that is, uphold the assessor's decision), Board members should make a motion to grant the appeal and vote in the negative. The Board may also grant an appeal and make an adjustment to the assessment different from that requested by the appellant.

(5) The assessment process, the Board's procedures and standards, and property taxation are all governed by Alaska Statute and CBJ Code. AS 29.45.190 - AS 29.45.210 provide the time for filing appeals, procedures before the Board, and the standards to be used by the Board in deciding appeals. The pertinent statutes and code sections are attached to this memorandum for your reference.

DEADLINE FOR FILING APPEAL

In order to appeal an assessment, a taxpayer must file an appeal within 30 days after the date of mailing of the assessment notice. AS 29.45.190(b); CBJ 15.05.160(a). After this time period, the right of appeal ceases, unless the Board finds that the taxpayer was "unable" to comply with the 30-day filing requirement. The word "unable" as used in this section does not include situations where the taxpayer forgot about or overlooked the assessment notice, was out of town during the period for filing an appeal, or similar situations. Rather, it covers situations that are beyond the control of the taxpayer and, as a practical matter, prevent the taxpayer from recognizing what is at stake and dealing with it. Such situations would include a physical or mental disability serious enough to prevent the person from dealing rationally with his or her private affairs.

There are few situations in which a taxpayer is "unable" to comply with the requirement that an appeal be filed within 30 days of the date of mailing of the notice of assessment. It is common knowledge that real property is subject to assessment and taxation and it is the duty of every property owner to take such steps as are necessary to protect his or her interests in the property. One of the steps that courts generally assume a prudent property owner takes is to have someone either watch or manage the property while the property owner is away from the property for an extended period of time.

It is the responsibility of the property owner to assure that the taxing authority has the correct address to which notices relating to assessments and taxes on the property may be sent in order that the property owner will receive timely notice of assessments and tax levies affecting the property. Failure to receive an assessment notice because it was sent to an old address that the property owner had not corrected, or because the notice was sent to the property owner at the correct address but while the property owner was out of town, are not reasons that make the property owner "unable" to file a timely appeal.

With respect to an appeal filed after expiration of the 30-day appeal period, the Board should consider the oral and written evidence presented by the property owner on the question of whether or not the owner was "unable" to file the appeal within the required 30-day appeal period. If the property owner fails to prove that he or she was "unable" to file the appeal in a timely manner, there is no basis for hearing the appeal, even if the Board believes the assessment should be adjusted.

ASSESSMENTS THE BOARD CAN CONSIDER

The Board has authority to alter an assessment only when an appeal has been timely filed regarding the particular parcel. AS 29.45.200(b). The Board has no authority to alter the assessment of a parcel that is not before the Board on an appeal. Under state law, an appeal may be filed only by a person whose name appears on the assessment roll or the agent of that person. AS 29.45.190(a); CBJ 15.05.150.

If an appellant fails to appear at the hearing, the Board may proceed with the hearing in the absence of the appellant. AS 29.45.210(a); CBJ 15.05.190(b). The appellant may appear through an agent or representative, and may present written and/or oral testimony or other materials to the Board in support of the appeal.

BASIS FOR ADJUSTMENT AND ASSESSMENT

AS 29.45.210(b) and CBJ 15.05.190 expressly place the burden of proof on the party appealing the assessment. *CH Kelly Trust v. Municipality of Anchorage, Bd. of Equalization*, 909 P.2d 1381 (Alaska 1996) ("the burden is properly placed on the property owners in an assessment challenge"). Before the property owner is entitled to an adjustment, the property owner must prove, based on facts stated in the written appeal or presented at the hearing, that the property is the subject of unequal, excessive, improper, or under valuation. AS 29.45.210(b); CBJ 15.05.180(c). The appellant may present written evidence, oral testimony, and witnesses at the hearing.

Alaska courts do not disturb valuations set by the assessor if the differences between the appellant and the assessor are merely differences of opinion. Our court applies a "deferential standard of review" when considering an assessor's property valuations. *Cool Homes, Inc. v. Fairbanks N. Star Borough*, 860 P.2d 1248, 1262 (Alaska 1993); *Fairbanks N. Star Borough v. Golden Heart Utilities, Inc.*, 13 P.3d 263, 267 (Alaska 2000). "AS 29.45.210(b) requires that the taxpayer prove *facts* at the hearing. ... It is not enough merely to argue that the valuation was inadequate or demand a justification from the taxing authority." *Cool Homes, Inc., at 1263* (emphasis in original).

In *Twentieth Century Investment Co. v. City of Juneau*, 359 P.2d 783, 787 (Alaska 1961), the court, addressing assessment standards under former, similar law (AS 29.53.140), stated:

> The valuation and assessment of property for taxes does not contravene [constitutional principles] unless it is plainly demonstrated that there is

> involved, not the exercise of the taxing power, but the exertion of a different and forbidden power, such as the confiscation of property. *Such a demonstration is not made simply by showing overvaluation; there must be something which, in legal effect, is equivalent to an intention or fraudulent purpose to place an excessive valuation on property, and thus violate fundamental principles that safeguard the taxpayer's property rights.*

(Emphasis added.) The court went on to state, at 788:

> The City was not bound by any particular formula, rule or method, either by statute or otherwise. Its choice of one recognized method of valuation over another was simply the exercise of a discretion committed to it by law. Whether or not it exercised a wise judgment is not our concern. This court has nothing to do with complaints of that nature. It will not substitute its judgment for the judgment of those upon whom the law confers the authority and duty to assess and levy taxes. *This court is concerned with nothing less than fraud or the clear adoption of a fundamentally wrong principle of valuation.* Neither has been shown here. The actions of the assessor and the Board of Equalization are entirely compatible with a sincere effort to adopt valuations not relatively unjust or unequal; their determinations have not transgressed the bounds of honest judgment.

(Emphasis added.) This principle, that "taxing authorities are to be given broad discretion in selecting valuation methods," was reaffirmed in *CH Kelly Trust,* 909 P.2d at 1382, and *Golden Heart Utilities, Inc.*, 13 P.3d at 267 ("Provided the assessor has a reasonable basis for a valuation method, that method will be allowed 'so long as there was no fraud or clear adoption of a fundamentally wrong principle of valuation.' "). Similarly, in *Cool Homes, Inc.*, 860 P.2d at 1262, the court held:

> Taxing authorities are to be accorded broad discretion in deciding among recognized valuation methods. If a reasonable basis for the taxing agency's method exists, the taxpayer must show fraud or the 'clear adoption of a fundamentally wrong principle of valuation.'

Thus, the assessor's valuations should be given substantial weight by the Board, particularly where the appellant offers little more than unsupported opinion that the assessor's value is too high. In order to be considered an unequal, excessive, improper, or under valuation, the valuation must be unequivocally excessive, or fundamentally wrong.

This assumes that the assessor has reviewed the critical facts. Our court requires the assessor to review all "directly relevant" evidence of the property value and "prevailing market conditions." *Faulk v. Bd. of Equalization, Kenai Peninsula Borough*, 934 P.2d 750, 752 (Alaska 1997). Thus, it is important that the assessor, and the Board, make sure that all relevant evidence is considered.

FINDINGS – BASIS FOR THE BOARD'S DECISIONS

Board of Equalization decisions are subject to judicial review, if an appeal to superior court is filed within 30 days. Consequently, it is important for the Board to either make specific findings (statement of reasons) for its decisions, or otherwise set out sufficient information to enable a reviewing court to ascertain the reasons for the Board's action. An appeal to superior court of a determination of the Board is heard on the record established at the Board hearing. AS 29.45.210(d). It is important that the record be as clear and complete as possible.

The Alaska Supreme Court outlined the requirements for board of equalization decisions in *Faulk*, 934 P.2d at 751, as follows:

> We have previously concluded that "[t]he threshold question in an administrative appeal is whether the record sufficiently reflects the basis for the [agency's] decision so as to enable meaningful judicial review." *Fields v. Kodiak City Council*, 628 P.2d 927, 932 (Alaska 1981). In answering that question, "[t]he test of sufficiency is ... a functional one: do the [agency's] findings facilitate this court's review, assist the parties and restrain the agency within proper bounds?" *South Anchorage Concerned Coalition, Inc. v. Coffey,* 862 P.2d 168, 175 (Alaska 1993).

The court remanded the case to the borough board of equalization because the board had not provided an adequate basis for the court to determine whether it had reasonably denied the property tax appeal. The court directed: "On remand, the superior court should instruct the Board to state its reasons for rejecting the Faulks' appeal." *Id.* at 753.

Accordingly, the Board should take care to state its reasons for granting or denying an appeal, or making an adjustment to the assessment different from that requested by the appellant.

ACTION BY THE BOARD OF EQUALIZATION

In taking action on appeals, a Board member should move and vote in the affirmative to grant the appeal by the taxpayer. A Board member should vote in the negative to deny the appeal and thereby affirm the assessor's determination.

Sample motions: "I move that the Board grant the appeal and I ask for a 'yes' vote for the reasons provided by the appellant;" OR "I move the Board grant the appeal, and I ask for a 'no' vote for the reasons provided by the Assessor;" OR "I move the Board grant the appeal and I ask for a 'yes' vote to adjust the assessment to $X for the following reasons [statement of reasons]."

For appeals that are not timely filed, the Board should first vote on whether or not to hear the appeal; if the Board decides to hear the appeal, it should then be heard on its merits.

The Board is required to certify its actions to the assessor within seven days, and, except as to supplementary assessments, the assessor must enter the changes and certify the final roll by June 1. AS 29.45.210(c). The rate of levy must be determined by the Assembly by ordinance before June 15. AS 29.45.240. The CBJ budget must be adopted by May 31. If for any reason the Board hearing is continued to a later date, the date for completing the hearing must be in the near future in order for the final assessment roll to be certified and the rate of levy fixed in accordance with the required statutory time frames.

Attachments

15.05.180 - Notice of hearing of appeal.

The assessor shall notify each appellant by mail of the date, time, and place of the hearing of the appeal by the board of equalization. Such notice shall be addressed to the appellant at the appellant's last known address as shown on the assessor's records, and shall be complete upon mailing. Such notices shall be mailed not later than ten days prior to the date of hearing of the appeals. All such notices shall include the following information:

(a) The date and time of day of the hearing;

(b) The location of the hearing room;

(c) Notification that the appellant bears the burden of proof;

(d) Notification that the only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal timely filed or proven at the appeal hearing; and

(e) Notification that the appellant may be present at the hearing, and that if the appellant fails to appear, the board of equalization may proceed with the hearing in the absence of the appellant.

(CBJ Code 1970, § 15.05.180; Serial No. 70-33, § 3, 1971; Serial No. 87-36, § 2, 1987)

State law reference— Appeal, AS 29.45.190; appellant fails to appear, AS 29.45.210(a); grounds for adjustment, AS 29.45.210(b).

15.05.185 - Board of equalization.

(a) *Membership; duties; term of office; term limits.*

(1) *Membership.* The board of equalization shall comprise a pool of no less than six, and up to nine, members, not assembly members, appointed by the assembly. There shall be up to three panels established each year. Each panel hearing appeals shall consist of three members. The board chair shall assign members to a specific panel and schedule the panels for a calendar of hearing dates. The assignment of members to panels and the establishment of a hearing calendar shall be done in consultation with the individual members. Additionally, members may be asked to take the place of regular assigned panel members in the event an assigned panel member is unable to attend a scheduled meeting.

(2) *Qualifications of members.* Members shall be appointed on the basis of their general business expertise and their knowledge or experience with quasi-judicial proceedings. General business expertise may include, but is not limited to, real and personal property appraisal, the real estate market, the personal property market, and other similar fields.

(3) *Duties.* The board, acting in panels, shall only hear appeals for relief from an alleged error in valuation on properties brought before the board by an appellant. A panel hearing a case must first make a determination that an error in valuation has occurred. Following the determination of an error in valuation the panel may alter an assessment of property only if there is sufficient evidence of value in the record. Lacking sufficient evidence on the record the case shall be remanded to the assessor for reconsideration. A hearing by the board may be conducted only pursuant to an appeal filed by the owner of the property as to the particular property.

(4) *Term of office.* Terms of office shall be for three years and shall be staggered so that approximately one-third of the terms shall expire each year.

(5) *Term limits.* No member of the board of equalization who has served for three consecutive terms or nine years shall again be eligible for appointment until one full year has intervened,

provided, however, that this restriction shall not apply if there are no other qualified applicants at the time reappointment is considered by the assembly human resources committee.

(b) *Chair.* The board annually shall elect a member to serve as its chair. The chair shall coordinate all board activities with the assessor including assignment of panel members, scheduling of meetings, and other such board activities.

(c) *Presiding officer.* Each panel shall elect its own presiding officer to act as the chair for the panel and shall exercise such control over meetings as to ensure the fair and orderly resolution of appeals. In the absence of the elected presiding officer the panel shall appoint a temporary presiding officer at the beginning of a regular meeting. The presiding officer shall make rulings on the admissibility of evidence and shall conduct the proceedings of the panel in conformity with this chapter and with other applicable federal, state and municipal law.

(d) *Report to the assembly.* The board, through its chair, shall submit an independent report to the assembly each year by September 15 identifying, at a minimum, the number of cases appealed, the number of cases scheduled to be heard by the board, the number of cases actually heard, the percentage of cases where an error of valuation was determined to exist, the number of cases remanded to the assessor for reconsideration, the number of cases resulting in the board altering a property assessment, and the net change to taxable property caused by board action. The report shall also include any comments and recommendations the board wishes to offer concerning changes to property assessment and appeals processes.

(Serial No. 2005-51(c)(am), § 4, 1-30-2006)

15.05.190 - Hearing of appeal.

(a) At the hearing of the appeal, the board of equalization shall hear the appellant, the assessor, other parties to the appeal, and witnesses, and consider the testimony and evidence, and shall determine the matters in question on the merits.

(b) If a party to whom notice was mailed as provided in this title fails to appear, the board of equalization may proceed with the hearing in the party's absence.

(c) The burden of proof in all cases is upon the party appealing.

(d) The board of equalization shall maintain a record of appeals brought before it, enter its decisions therein and certify to them. The minutes of the board of equalization shall be the record of appeals unless the board of equalization shall provide for a separate record.

(CBJ Code 1970, § 15.05.190; Serial No. 70-33, § 3, 1971)

State law reference— Hearing, AS 29.45.210.

15.05.200 - Judicial review.

A person aggrieved by an order of the board of equalization may appeal to the superior court for review de novo after exhausting administrative remedy under this title.

(CBJ Code 1970, § 15.05.200; Serial No. 70-33, § 3, 1971)

State law reference— Appeal to superior court, AS 29.45.210(d).

C
West's Alaska Statutes Annotated Currentness
Title 29. Municipal Government
Chapter 45. Municipal Taxation
Article 1. Municipal Property Tax
→→ § 29. 45. 190. Appeal

(a) A person whose name appears on the assessment roll or the agent or assigns of that person may appeal to the board of equalization for relief from an alleged error in valuation not adjusted by the assessor to the taxpayer's satisfaction.

(b) The appellant shall, within 30 days after the date of mailing of notice of assessment, submit to the assessor a written appeal specifying grounds in the form that the board of equalization may require. Otherwise, the right of appeal ceases unless the board of equalization finds that the taxpayer was unable to comply.

(c) The assessor shall notify an appellant by mail of the time and place of hearing.

(d) The assessor shall prepare for use by the board of equalization a summary of assessment data relating to each assessment that is appealed.

(e) A city in a borough may appeal an assessment to the borough board of equalization in the same manner as a taxpayer. Within five days after receipt of the appeal, the assessor shall notify the person whose property assessment is being appealed by the city.

CREDIT(S)

SLA 1985, ch. 74, § 12.

LIBRARY REFERENCES

Taxation 2648.
Westlaw Key Number Search: 371k2648.

NOTES OF DECISIONS

Decisions reviewable and right of review 1

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C
West's Alaska Statutes Annotated Currentness
Title 29. Municipal Government
Chapter 45. Municipal Taxation
Article 1. Municipal Property Tax
→→ § 29. 45. 200. Board of equalization

(a) The governing body sits as a board of equalization for the purpose of hearing an appeal from a determination of the assessor, or it may delegate this authority to one or more boards appointed by it. An appointed board may be composed of not less than three persons, who shall be members of the governing body, municipal residents, or a combination of members of the governing body and residents. The governing body shall by ordinance establish the qualifications for membership.

(b) The board of equalization is governed in its proceedings by rules adopted by ordinance that are consistent with general rules of administrative procedure. The board may alter an assessment of a lot only pursuant to an appeal filed as to the particular lot.

(c) Notwithstanding other provisions in this section, a determination of the assessor as to whether property is taxable under law may be appealed directly to the superior court.

CREDIT(S)

SLA 1985, ch. 74, § 12.

LIBRARY REFERENCES

Taxation ⚿ 2624.
Westlaw Key Number Search: 371k2624.

NOTES OF DECISIONS

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Judicial powers 3
Payment under protest 1
Penalties for nonpayment of tax 2

1. Payment under protest

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C
West's Alaska Statutes Annotated Currentness
Title 29. Municipal Government
Chapter 45. Municipal Taxation
Article 1. Municipal Property Tax
→→ § 29. 45. 210. Hearing

(a) If an appellant fails to appear, the board of equalization may proceed with the hearing in the absence of the appellant.

(b) The appellant bears the burden of proof. The only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal or proven at the appeal hearing. If a valuation is found to be too low, the board of equalization may raise the assessment.

(c) The board of equalization shall certify its actions to the assessor within seven days. Except as to supplementary assessments, the assessor shall enter the changes and certify the final assessment roll by June 1.

(d) An appellant or the assessor may appeal a determination of the board of equalization to the superior court as provided by rules of court applicable to appeals from the decisions of administrative agencies. Appeals are heard on the record established at the hearing before the board of equalization.

CREDIT(S)

SLA 1985, ch. 74, § 12.

LIBRARY REFERENCES

Taxation ⚷ 2676, 2691.
Westlaw Key Number Searches: 371k2676; 371k2691.

NOTES OF DECISIONS

Burden of proof 1
Judicial review 3
Record of hearing 2

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February 8, 2022

Board of Equalization
City Assessor's Office
155 S Seward St
Juneau, Alaska 99801

CBJ CLERK
FEB - 8 2022
RECEIVED
11 page document

RE: 1C070B0L0010 Appeal

This is the location of the Swope Building at 219 S Franklin St.

It was previously the home of Galligaskins and later/currently known as the Alaska Brewing Depot.

It is owned by Swope LLC partnership.

The property was assessed at $2,185,000 for 2021. That was raised from an assessed value of $1,831,100 from the previous year.

The basis for the appeal is excessive valuation.

Previously submitted to the Assessor's Office was a summary of rental income for calendar year 2019 and calendar year 2020. This was submitted on June 2 (see attached). The summary was prepared by Elgee Rehfeld which has kept the books since purchase.

The summary shows a cap rate of 4.7% for 2020 and approximately the same for 2021. This is one strong indicator that the property is well below normal cap rates for similar properties in Juneau.

Downtown retail was hit hard by the pandemic during the past two years. We, as well as many other downtown retail building owners reduced rent in order to keep our buildings occupied while our tenants had little to no retail income.

In preparation for this BOE hearing, we had an appraisal done by Reliant LLC for this property. A summary is attached. The appraised valuation is $1,836,000.

We are also submitting a chart of many recent property sales (many of which are downtown) which are substantially below the assessed value to help illustrate excessive valuations generally for current tax assessments.

So, in summary, we are submitting actual income data, an appraisal, and other actual recent sales data all of which indicate that the increase is not supported by the facts.

Sincerely,

Reed Stoops
Swope LLC

April 28, 2020

City Assessor
City and Borough of Juneau
155 South Seward St
Juneau, Alaska 99801

Dear Assessor:

This letter is accompanying an appeal of the property tax assessment of the Swope LLC building on South Franklin St.

The property tax assessment went up by approximately 20% for a year in which we had to give major rent relief to our tenants as a result of suspension of the cruise ship season in 2020 and 2021. We were also given notice of lease termination for next year.

In our view, the building has lost value and will remain so until the cruise season returns to normal in Juneau. Even that is in some doubt with the proposed cruise ship ballot initiative that is likely to appear before the voters this year, uncertainty about Canadian restrictions, and uncertainty about reasonable CDC guidelines for the cruise ship industry.

Sincerely,

Reed Stoops
Swope LLC

June 2, 2021

Greg Morris
Appraiser II
Assessor's Office
City and Borough of Juneau
155 S Seward St.
Juneau, Alaska 99801

Dear Mr. Morris:

This letter relates to our appeal of parcel # 1C070B0L0010, which is the "Swope Building" currently leased to Alaska Brewing for tourist retail on South Franklin St.

In 2020, the property tax assessed valuation was $1,831,100 and is proposed to go to $2,185,100 in 2021.

Our net income in 2020 was $86,633 which is a 4.7% cap rate. Our net income is 2021 will likely be approximately the same.

Our tenants received no retail revenue at the building in 2020 and are likely to receive little in 2021 assuming they even decide to open in the last part of the summer.

The cap rate in 2020 and likely in 2021 is already below ordinary cap rates for retail properties in Juneau. At this time in 2020, we did not know what the pandemic would do to the cruise season in Juneau, and therefore we were not in position to appeal last year's assessment.

Your premise for the tax increase for the land value is that commercial properties are currently assessed at the average of 70% of the market value and needs to be increased.

From the actual lease data above, it is clear that the property is already valued at greater than market value, prior to any proposed increase. Until the cruise passenger numbers is equal to or exceeds the high year of 2019, the proposed increase cannot be justified on this property.

Sincerely,

Reed Stoops
Managing Member
Swope LLC

Swope Building, LLC

Profit & Loss Prev Year Comparison

January through December 2020

	Jan - Dec 20	Jan - Dec 19
Income	183,435.46	262,050.41
Gross Profit	183,435.46	262,050.41
Expense	96,801.78	68,995.14
Net Income	86,633.68	193,055.27

Swope Building
Property Tax - 5 Year Comparison
219 S. Franklin Street

	Assessed Values					Change
Parcel	2017	2018	2019	2020	2021	2020 to 2021
1C070B0L0010	1,981,100	1,831,100	1,831,100	1,831,100	2,185,100	354,000

Summary of Value Estimates

VALUATION SUMMARY	
Swope Building	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Land Valuation	Not Developed
Cost Approach	Not Developed
Sales Comparison Approach	Not Developed
Income Capitalization Approach	$1,836,000
Final Market Value Estimate	**$1,836,000**

STABILIZED REVENUE - 219 S. Franklin

Tenant	Forecast Type	Sq Ft	$/Sq Ft/Mo.	$/Sq Ft/Yr.	FY
AK Bev	Contract	7,500	$2.91	$34.94	$262,050
Potential Gross Revenue		**7,500**	**$2.91**	**$34.94**	**$262,050**
Less: Vacancy and Credit Loss @		5.0%			($13,103)
Effective Gross Revenue					**$248,948**

STABILIZED EXPENSES

	$/Sq Ft/Yr. of GBA	% of EGI	FY
Management	$1.11	4.0%	$9,958
Fixed and Operating Expenses	$2.82	10.1%	$25,226
Reserves	$0.00	1.0%	$2,489
Total Expenses	**$4.20**	**15.1%**	**$37,673**
STABILIZED NET OPERATING INCOME	**$28.17**	**84.9%**	**$211,275**

STABILIZED VALUE	
Stabilized Net Operating Income	$211,275
Capitalized At:	10.566%
Indicated Stabilized Value	**$1,999,569**
2020 Rent Loss	($104,771)
2020 Expenses	($57,574)
Indicated As Is Value	**$1,837,224**
(Rounded)	**$1,837,224**

Reliant

Comp No.	Sale Date	Type	OAR
2251	02/15	Office	11.42%
2522	06/15	Apartment	10.13%
3408	06/16	Retail	8.13%
2519	07/16	Apartment	8.75%
3467	04/18	Retail	10.78%
3406	05/18	Mixed Use	9.08%
8863	03/19	Apartment	8.04%
3743	04/19	Office	8.00%
7681	05/19	Retail	9.90%
3465	09/19	Retail	9.59%
8891	12/19	Mixed Use	10.33%
3744	01/20	Office	8.10%
8930	01/20	MHP*	8.40%
9075	08/20	Office	8.54%
8870	10/20	Apartment	8.80%

* Includes surplus land

Date	Seller	Buyer	Address	Parcel No.	Sales Price	2021 AV	AV > MV $	AV % MV
12/2021 Listing	Akiyama Family Rentals	N/A	0 Riverside Dr	5B1601430016	$599,000	$1,135,650	$536,650	203%
12/2021 Pending	Harbor Lights Enterprises	N/A	1000 Harbor Way	1C060K510040	$661,000	$812,650	$151,650	123%
12/2021 Pending	Gateway Properties	Confidential	8390 Airport	5B1501010014	$3,300,000	$3,804,450	$504,450	115%
12/16/21	Assembly Assoc LLC	Jnu Community Foundation	211 4th St	1C070A090060	$1,300,000	$1,484,500	$184,500	114%
11/24/21	Key Bank of AK	Goldstein Improvement Co	234 Seward St	1C070A050060	$1,250,000	$2,598,400	$1,348,400	208%
11/13/21	W&B Rentals LLC	Aware Inc.	201 Cordova St	1D060L030011	$400,000	$445,000	$45,000	111%
9/30/21	Construction Machinery Industrial LLC	CCTHTA	1721/1725 Anka St	5B1201040052 5B1201040051	$4,000,000	$5,106,550	$1,106,550	128%
9/28/21	Pacific Investment Group	SEARHC	0 Vintage Blvd	5B1601430017	$2,047,000	$2,521,350	$474,350	123%
9/17/21	RH Rentals LLC	SEARHC	225 Front St	1C070K810010	$1,850,000	$2,431,000	$581,000	131%
3/23/21	Northwest Holdings LLC	Viking Holdings LLC	214 Front St	1C070A030020	$1,450,000	$1,638,450	$188,450	113%
2/25/21	SE Newspapers	Amalga Distillery	134 N Franklin St	1C070A030070	$1,850,000	$2,075,450	$225,450	112%
1/5/21	Southeastern Newspapers	Goldstein Improvement Co	224 2nd St	1C070A040020	$286,000	$405,300	$119,300	142%
8/6/20	R&M Juneau Inc	CCTHITA	6205 Alaway	5B1301070020	$750,000	$881,450	$131,450	118%
3/27/20	Pacific Investment Group	R&S Construction	0 Clinton Dr	5B1601442000	$565,000	$1,026,962	$461,962	182%
1/21/20	ERMB LLC	MGT LLC	9309 Glacier Hwy	5B1601140110	$979,100	$1,191,350	$212,250	122%
12/31/19	McKinnon et al	The Emporium Mall LLC	170 S Franklin	1C070K810140	$1,600,000	$2,131,200	$531,200	133%
9/6/19	Foodland, Inc.	Juneau Supermarkets LLC	601 W Willoughby Ave	1C060K660090	$11,250,000	$14,670,150	$3,420,150	130%
9/3/19	Wells Fargo Bank NA	ODEX Juneau LLC	1610 Anka St	5B1201010010 5B1201010030	$1,070,000	$1,746,929	$676,929	163%
8/2/19	Taku Oil Sales	Gas N Go LLC	5631 Glacier Hwy	5B1201060061	$500,000	$612,910	$112,910	123%
7/22/19	Bonnie Brae Partnership	Peter Peel	0 Douglas Highway	6D0801110010	$230,000	$464,100	$234,100	202%
4/1/19	Assembly Assoc LLC	Assembly Assoc LLC	211 4th St	1C070A090060	$750,000	$1,484,500	$734,500	198%
11/16/18	Stanley & Sons	Affordable Auto Ent. LLC	8825 Mallard St	5B1501040030	$750,000	$837,600	$87,600	112%
8/21/18	Mark S. Reeder	RNL LLC	9309 Glacier Hwy	5B1601140070	$240,100	$308,850	$68,750	129%
7/20/18	First National Bank AK	DCI Commercial LLC	1108 F St	1C060U060020 1C060U050020 1C060U050023 1C060U050025 1C060U050024	$1,750,000	$2,462,950	$712,950	141%
3/13/18	Warner's Wharf LLC	Rocovich LLC	406 S Franklin St	1C070K830040	$4,150,000	$6,415,650	$2,265,650	155%
2/2/18	Estate of David Salvidar	Timos Giamakidis	254 S Franklin St	1C070K820030	$995,000	$1,194,450	$199,450	120%
9/19/17	B&K Ventures	Bad Dog Investments	2450 Industrial Blvd	4B1601010040	$750,000	$876,000	$126,000	117%
12/15/16	Forrest Reetz LLC	Caelum AK LLC	800 Glacier Ave	1C0600040040	$1,100,000	$1,457,000	$357,000	132%
3/30/16	First National Bank AK	Spickett's Palace LLC	238 Frot St	1C070A030040	$600,000	$2,639,300	$2,039,300	439%
3/1/16	James L. White	C&M Rentals	10221 Glacier Hwy	4B1071100170	$697,000	$813,000	$116,000	117%

CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

Office Of The Assessor
155 South Seward Steet
Juneau, AK 99801

SWOPE BUILDING LLC
350 N FRANKLIN ST UNIT 2
JUNEAU AK 99801

Meeting of Board of Equalization (BOE) and Presentation of Real Property Appeal	
Date of BOE	**March 10, 2022, Thursday**
Location of BOE	Via ZOOM Webinar
Time of BOE	5:30 pm
Mailing Date of Notice	February 23, 2022
Parcel Identification	1C070B0L0010
Property Location	219 S FRANKLIN ST
Appeal No.	APL20210314
Sent to Email Address:	reedstoops@aol.com

ATTENTION OWNER

Under Alaska Statutes and CBJ Code, you, as the appellant, bear the burden of proof. The only grounds for adjustment of an assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in your written appeal or proven at the appeal hearing.

Any evidence or materials you would like to include in your appeal must be submitted to the City Clerk's Office {preferred method via email to city.clerk@juneau.org Attn.: Assessment Appeal} by **4:00 PM Wednesday, March 2, 2022** and will be included in the packets for the Board so the members have an opportunity to review the materials before the hearing.

Your Board of Equalization packet will be ready for you to pick up in the Clerk's office after **2:00 PM Thursday, March 3, 2022** or it will be emailed and/or mailed to the above address(es) on this notice.

You or your representative may be present at the hearing {via Zoom Webinar, participation/log in information will be listed on the agenda packet you receive for the hearing your appeal is scheduled for}. If you choose not to be present or be represented, the Board of Equalization will proceed in the absence of the appellant.

It should be noted that, between the date of this letter and the Board hearing date, your appeal may be resolved between you and the Assessor. If your appeal is resolved, you will not need to appear before the Board.

If you have any questions please contact the Assessor's Office.

Attachment: CBJ Law Department Memorandum April 19, 2013.

CONTACT US: CBJ Assessor's Office			
Phone	**Email**	**Website**	**Physical Location**
Phone (907) 586-5215 Fax (907) 586-4520	assessor.office@juneau.org	http://www.juneau.org/finance/	155 South Seward St Room 114

PROPERTY TAX BILLS MAILED JULY 1 **PROPERTY TAXES DUE SEPTEMBER 30**

CBJ-Assessor's Office
APR 30 2021

April 28, 2020

City Assessor
City and Borough of Juneau
155 South Seward St
Juneau, Alaska 99801

Dear Assessor:

This letter is accompanying an appeal of the property tax assessment of the Swope LLC building on South Franklin St.

The property tax assessment went up by approximately 20% for a year in which we had to give major rent relief to our tenants as a result of suspension of the cruise ship season in 2020 and 2021. We were also given notice of lease termination for next year.

In our view, the building has lost value and will remain so until the cruise season returns to normal in Juneau. Even that is in some doubt with the proposed cruise ship ballot initiative that is likely to appear before the voters this year, uncertainty about Canadian restrictions, and uncertainty about reasonable CDC guidelines for the cruise ship industry.

Sincerely,

Reed Stoops
Swope LLC

Petition for Review / Correction of Assessed Value Real Property	
Assessment Year	2021
Parcel ID Number	1C1070B0L0010

Office of the Assessor
155 S Seward Street
Juneau AK 99801

For Office Use:	Review #	Appeal #

2021 Filing Deadline: MONDAY, MAY 3

Please attach all supporting documentation

ASSESSOR'S FILES ARE PUBLIC INFORMATION – DOCUMENTS FILED WITH AN APPEAL BECOME PUBLIC INFORMATION

Parcel ID Number	1C1070B0L0010		
Owner Name	SWOPE BUILDING, LLC	Name of Applicant	REED STOOPS
Primary Phone #	(907 463-3223	**Email Address**	reedstoops@aol.com
Physical Address	350 N. FRANKLIN STREET, STE 2	**Mailing Address**	SAME AS PHYSICAL
	JUNEAU, AK 99801		

Why are you appealing your value? Check box and provide a detailed explanation below for your appeal to be valid.

[◉] My property value is excessive/overvalued [○] My property value is unequal to similar properties [○] My property was valued improperly/incorrectly [○] My property has been undervalued [○] My exemption(s) was not applied	**THE FOLLOWING ARE NOT GROUNDS FOR APPEAL** • **Your taxes are too high** • **Your value changed too much in one year.** • **You can't afford the taxes**

Provide specific reasons and provide evidence supporting the item(s) checked above:

Increase in value is excessive and creates additional hardship for business. No cruise ship revenues in 2020, none projected for 2021, and have given 60% rent relief to tenant for those years.

Have you attached additional information or documentation? [○] Yes [◉] No

Values on Assessment Notice:

Site	$1,062,000	Building	$1,123,100	Total	$2,185,100

Owner's Estimate of Value:

Site	$	Building	$	Total	$

Purchase Price of Property:

Price	$	Purchase Date	

Has the property been listed for sale? [○] Yes [◉] No *(if yes complete next line)*

Listing Price	$	Days on Market	

Was the property appraised by a licensed appraiser within the last year? [○] Yes [◉] No *(if yes provide copy of appraisal)*

Certification:
I hereby affirm that the foregoing information is true and correct, I understand that I bear the burden of proof and I must provide evidence supporting my appeal, and that I am the owner (or owner's authorized agent) of the property described above.

Signature	Date 4/29/20

Contact Us: CBJ Assessors Office			
Phone/Fax	**Email**	**Website**	**Mailing Address**
Phone: (907)586-5215 Fax: (907)586-4520	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St. Juneau AK 99801

Step 1 – Administrative Review

Appraiser to fill out			
Appraiser		Date of Review	
Comments:			

Post Review Assessment					
Site	$	Building	$	Total	$
Exemptions	$				
Total Taxable Value	$				

APPELLANT RESPONSE TO ACTION BY ASSESSOR

My acceptance or rejection of the assessment valuation in the amount of $_____ is indicated below.

[ ] Accept New Assessed Value [ ] Close Review (Assessment Remains Unchanged) [ ] Reject and Appeal

If appealed, appellant will be scheduled before the Board of Equalization and will be advised of the date & time to appear.

Appellant's Signature _____ Date: _____

Appellant Accept Value	[ ] Yes [ ] No *(if no skip to Board of Equalization)*
Govern Updated	[ ] Yes [ ] No
Spreadsheet Updated	[ ] Yes [ ] No
Corrected Notice of Assessed Value Sent	[ ] Yes [ ] No

Step 2 – Appeal

Appeal # _____

BOARD OF EQUALIZATION					
Scheduled BOE Date	[ ] Yes [ ] No				
10-Day Letter Sent	[ ] Yes [ ] No				
The Board of Equalization certifies its decision, based on the Findings of Fact and Conclusion of Law contained within the recorded hearing and record on appeal, and concludes that the appellant **[ ] Met [ ] Did not meet** the burden of proof that the assessment was unequal, excessive, improper or under/overvalued. Notes:					
Site	$	Building	$	Total	$
Exemptions	$				
Total Taxable Value	$				

Contact Us: CBJ Assessors Office			
Phone/Fax	**Email**	**Website**	**Mailing Address**
Phone: (907)586-5215 Fax: (907)586-4520	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St. Juneau AK 99801

CITY AND BOROUGH OF JUNEAU
OFFICE OF THE ASSESSOR

155 S. Seward St. Rm. 114
Juneau, AK 99801
Phone: (907)586-5215
Fax: (907)586-4520
Assessor.Office@juneau.org

01/19/22

Received
JAN 25 2022
CBJ-Assessors Office

Swope Building, LLC
350 N. Franklin St Ste 2
Juneau AK 99801

RE: FINAL DETERMINATION -- 2021 Property value Petition for Review -- 1C070B0L0010
RESPONSE DEADLINE: ***01/26/22***

PARCEL: 1C070B0L0010
PHYSICAL LOCATION: 219 S. Franklin St

Swope Building, LLC,

This letter is in response to the 2021 Petition for Review that you filed regarding the above indicated parcel. The basis for appealing as indicated on the Petition for Review form is: **My property value is excessive**

- Excessive – grossly disproportionate when compared to other assessments
- Unequal – treated differently than other properties in the same property class
- Improper – valuation methodology was improper
- Undervalued – valued less than market or disproportionately lower than other assessments

State statute requires that the burden of proof is upon the appellant to provide evidence that one of the above conditions has been met (AS 29.45.210).

Based upon the evidence that you provided we have made the following determination regarding 2021 assessment valuation of **1C070B0L0010**:

VALUE DETERMINATION

Recommended Action:	**No Change**
2021 Initial valuation:	**$2,185,100**
2021 Owner estimate of value:	
2021 Final determination:	**$2,185,100**

We have reviewed your assessed value and did not find that the value is excessive, unequal, or improper.

APPELLANT RESPONSE FOR ASSESSMENT YEAR 2021 PETITON FOR REVIEW

Please indicate if you accept the recommended value or wish to have your Petition for Review heard by the Board of Equalization. *(INITIAL ONE)*

_____ **YES**, I accept the recommended value determination provided by the Assessor

X **NO**, I do not accept the recommended valuation provided by the Assessor. Please schedule my Petition for Review for the Board of Equalization.

I understand that I will be expected to provide specific evidence to the Board which clearly illustrates that my parcel valuation is: excessive, unequal, valued with improper methodology or is less than market value.

Be advised that if you choose to proceed to the Board of Equalization, they may, in accordance with law, apply an increase of the assessed value to full market value.

Appellant signature — Date: 1/25/22

If we do not receive a response from you by **01/26/22**, the Petition for Review will be scheduled for the Board of Equalization where you will be expected to present **specific evidence** as to why your parcel is not valued correctly.

Sincerely,

Mary Hammond
Assessor
City & Borough of Juneau

CITY AND BOROUGH OF JUNEAU

ASSESSOR OFFICE

APPEAL #2021-0314

2021 REAL PROPERTY APPEAL PACKET

BOARD OF EQUALIZATION February 15, 2022

Continued on March 10, 2022

For information from the additional review due to the BOE remand see the Remand Addendum.

Appellant: Swope Building LLC

Location: 219 S Franklin St

Parcel No.: 1C070B0L0010

Property Type: Commercial - Retail

Appellant's basis for appeal: My property value is excessive/overvalued

	Appellant's Estimate of Value	Original Assessed Value	Recommended Value
Site:	None provided	$ 1,062,000	$ 1,062,000
Buildings:	None provided	$ 1,123,100	$ 1,123,100
Total:	**None provided**	**$ 2,185,100**	**$ 2,185,100**

Subject Photo

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OVERVIEW

The subject is a 2-story retail building located within the downtown tourism district consisting of retail, office and storage spaces.

Subject Characteristics:

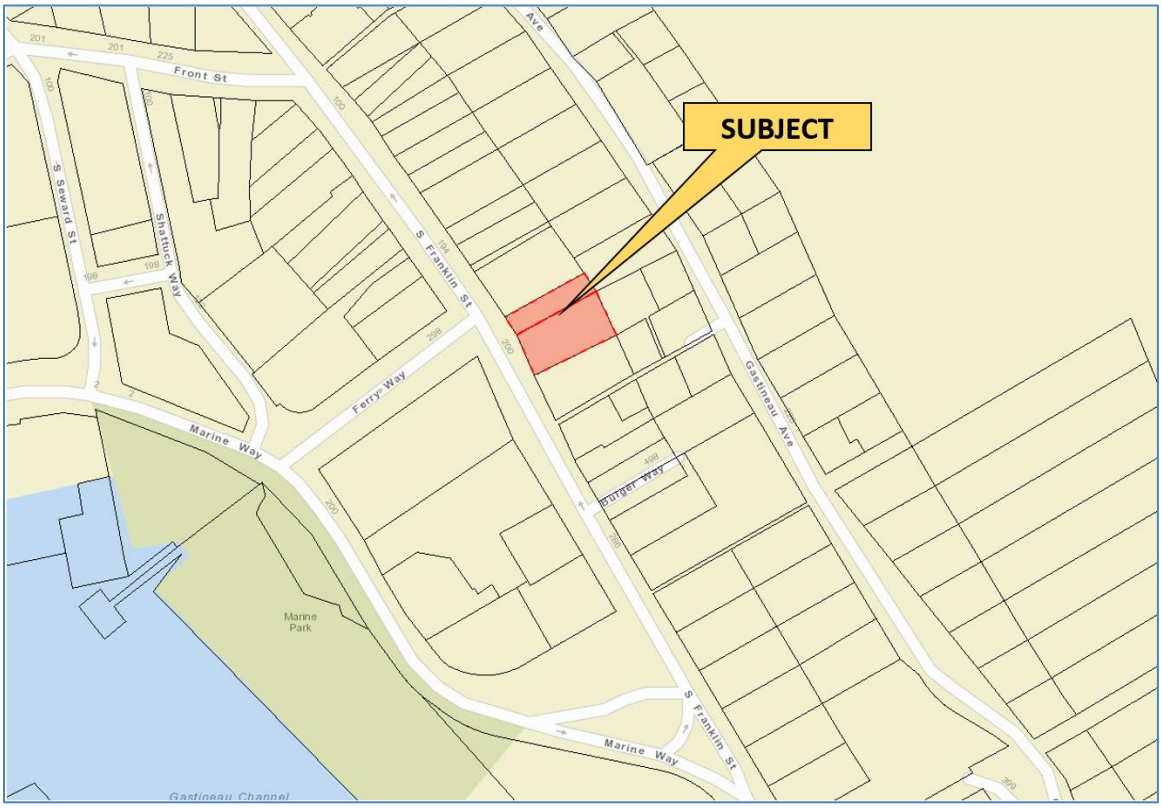
- Land
  - 7500 SF lot
  - As is typical for similar properties located along this side of S Franklin, slope and topography are steep at the back of the property

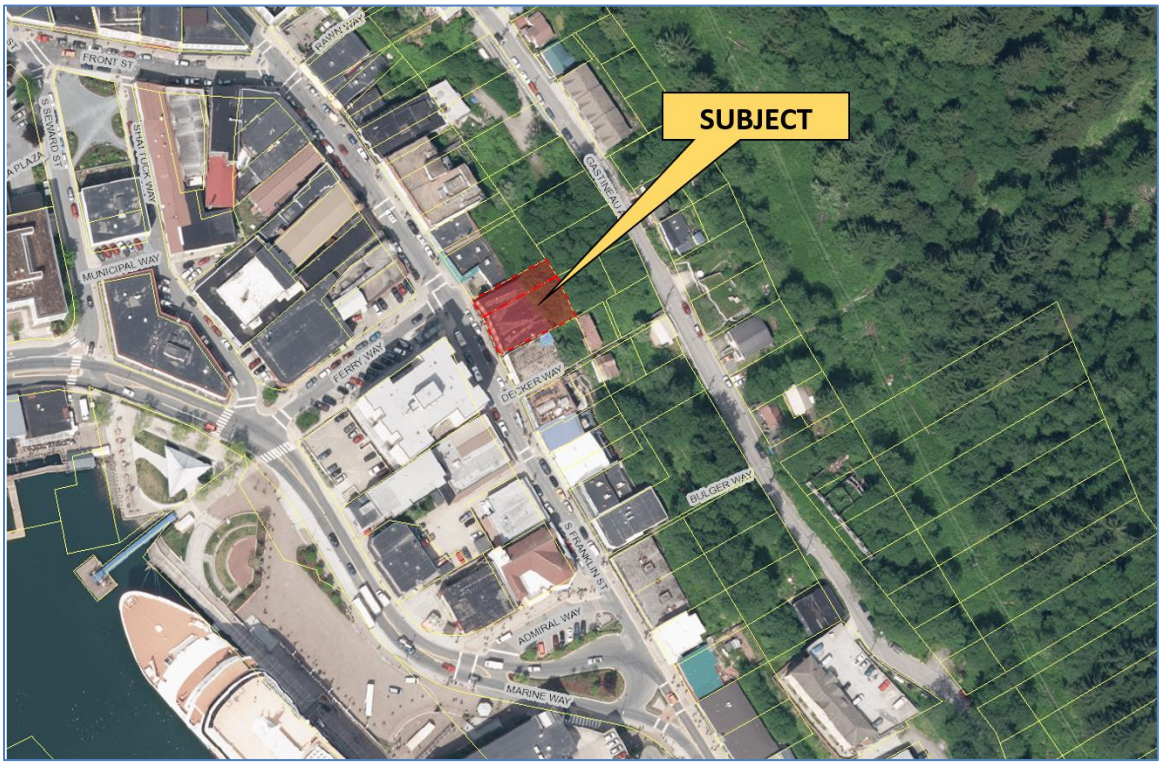
- Building
  - Originally, built in 1913, but remodeled into present use in 1999
  - 11,546 SF GBA, of which 6,271 SF are finished for retail
    - Street level retail – 4,455 SF
    - Mezzanine level retail – 2,266 SF
    - Upper level warehouse/offices – 4,505 SF
    - Unfinished basement – 320 SF

SUBJECT PHOTOS

Front

AREA MAP & AERIAL





ASSESSED VALUES

Remember that the total assessed value is the primary test against market. The distribution of that value between the Land Component and the Building Component is secondary and can vary from one model to another. The total assessed value is tested against market indicators (sales, lease rates, etc.) and is adjusted to market value by application of market area and feature adjustments.

All three approaches to value (Cost, Sales Comparison and Income) are considered for commercial properties

LAND

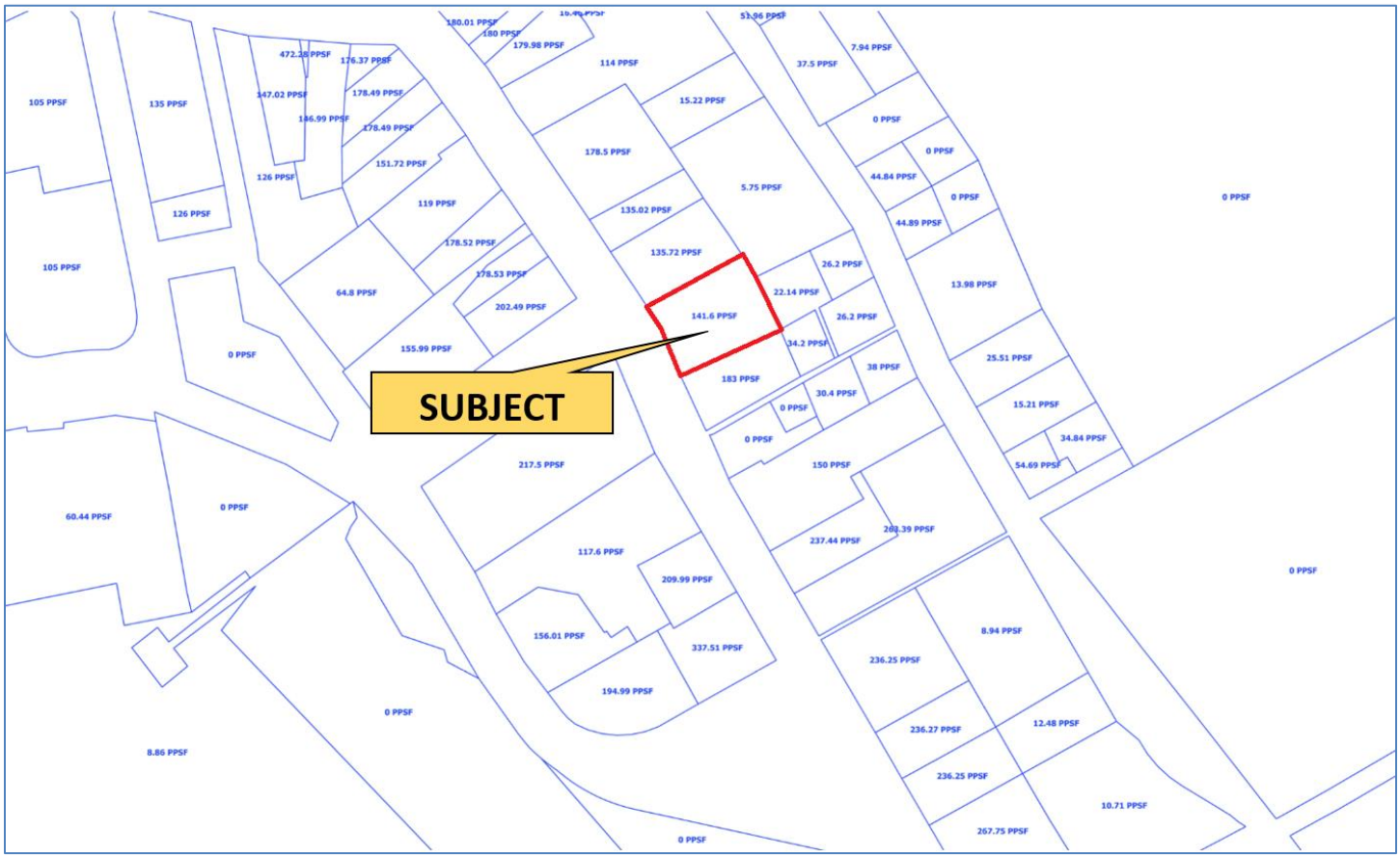
Land values are developed on a market area basis. The land is examined to understand the typical land characteristics in the market area. These characteristics include size, slope, view, water frontage, significant wetlands and others. The characteristics are used to develop a market area land valuation model. This model is tested and refined in consideration of sales of both vacant and developed parcels. The resulting model is then applied to all of the land in the market area to establish assessed site values.

The subject site is partially level with frontage on Franklin Street and an upward slope behind the building. The subject parcel's land value is equitable and is not excessive.

Land Characteristics:

- 7500 SF lot
- As is typical for similar properties located along this side of S Franklin, slope and topography are steep at the back of the property

Land Values



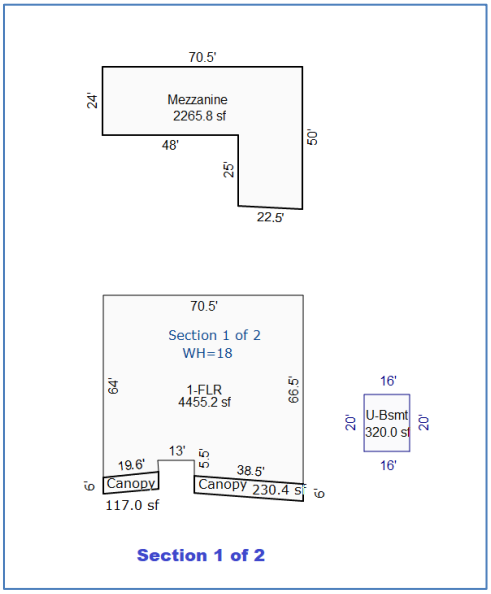
BUILDING(S)

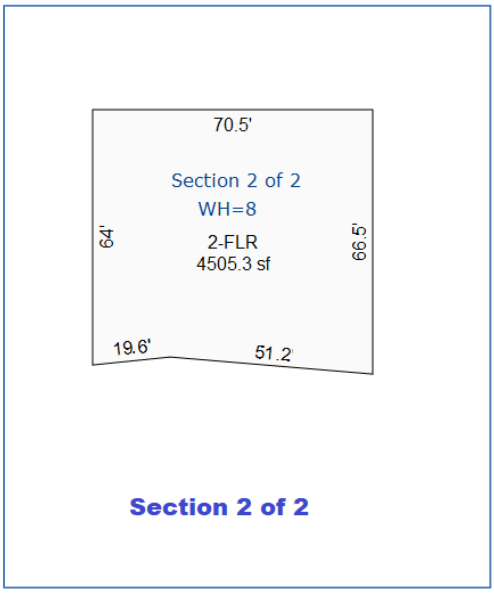
The building component may be based on market adjusted cost tables, residual from sales after extraction of the land value or other appropriate means.
Ratio studies are performed to determine market adjustments.

Building Characteristics:

- Originally built in 1913, remodeled into present use in 1999
- 11,546 SF GBA, of which 6,271 SF are finished for retail
- Street level retail – 4,455 SF
- Mezzanine level retail – 2,266 SF
- Upper level warehouse/offices – 4,505 SF
- Unfinished basement – 320 SF

Sketch of Improvements:





COST REPORT

The cost report below was utilized in the review process in response to the filing of the Petition for Review by the appellant. The cost report indicates that the building component is not overvalued.

2/2/2022 4:37:35PM Page 1

Cost Report - Commercial

1475		Record	1
Parcel Code Number	**1C070B0L0010**	**Number of Stories (Building)**	02
Owner Name	**SWOPE BUILDING LLC**	**Number of Sections**	1
Parcel Address	**219 S FRANKLIN ST**	**Perimeter**	282
Effective Year Built	2000	**Class**	D
Year Built	1913	**Height**	18
Building Model	C- 13 Stores, Commercials	**Rank**	Average
Building Type	Mixed Retail w/ Office Units	**Total Area**	4,455.00

Section 1	Description	Units	Percent	Cost	+/-	Total
Base Cost		4455		76.50		340,808
Exterior Wall	Stud Walls-Wood Siding	4455		15.72		70,040
Heating & Cooling	Heating & Cooling	4455		611.00		611
Heating & Cooling	Hot Water	4455		8.28		36,887
Architect Fee		4455		6.60		29,403
Sprinklers	Wet Sprinklers	7041		3.83		26,967
Mezzanine	Display	2266		30.50		69,113
Fire Alarm System		4455		1.46		6,504
Basement	Unfinished	320		33.75		10,800
Sub Total						$591,133.18
Local Multiplier					1.43 [X]	$845,320.00
Current Multiplier					1.03 [X]	$870,680.00
Neighborhood Multiplier					[X]	$870,680.00
Depreciation - Physical					32.00 [-]	$278,618.00
Depreciation - Functional					[-]	$0.00
Depreciation - Economic					[-]	$0.00
Percent Complete					100.00 [-]	$592,062.00
Cost to Cure						
Neighborhood Adjustment						
Replacement Cost less Depreciation						$592,062

1475		Record	2
Parcel Code Number	**1C070B0L0010**	**Number of Stories (Building)**	01
Owner Name	**SWOPE BUILDING LLC**	**Number of Sections**	1
Parcel Address	**219 S FRANKLIN ST**	**Perimeter**	0
Effective Year Built	2000	**Class**	D
Year Built	1913	**Height**	8
Building Model	C- 13 Stores, Commercials	**Rank**	Average
Building Type	Mixed Retail w/ Office Units	**Total Area**	4,505.00

Section 2	Description	Units	Percent	Cost	+/-	Total
Base Cost		4505		76.50		344,633
Exterior Wall	Stud Walls-Wood Siding	4505		12.76		57,503
Heating & Cooling	Heating & Cooling	4505		611.00		611
Heating & Cooling	Hot Water	4505		8.28		37,301
Architect Fee		4505		6.60		29,733
Sprinklers	Wet Sprinklers	4505		4.09		18,425
Fire Alarm System		4505		1.46		6,577
Sub Total						$494,783.60
Local Multiplier				1.43	[X]	$707,541.00
Current Multiplier				1.03	[X]	$728,767.00
Neighborhood Multiplier					[X]	$728,767.00
Depreciation - Physical				32.00	[-]	$233,205.00
Depreciation - Functional					[-]	$0.00
Depreciation - Economic					[-]	$0.00
Percent Complete				100.00	[-]	$495,562.00
Cost to Cure						
Neighborhood Adjustment						
Replacement Cost less Depreciation						$495,562

Miscellaneous Improvements			
Miscellaneous Improvement	1.16.2018 UPDATES PE	[+]	15,900
Miscellaneous Improvement	1.16.2018 PER CANVAS	[+]	48,200
Total Improvement Value			$1,151,700

INCOME APPROACH

The income approach was not the basis for setting the assessed value for 2021. The appellant did not submit sufficient P&L information for doing an Income Approach for the Review process.

COMMERCIAL MARKET & ASSESSMENT ANALYSIS

The 2021 sales analysis for commercial properties included 57 qualified sales from 5 years of sales covering January 1, 2016 through December 31, 2020. The sales volume for the commercial market remained steady through 2020 and there was no indication of declining prices.

- Assessment Year 2021 Summary for Commercial Properties
  - Level of Assessment – 85% overall, 60% for vacant land, and 91% for improved properties
  - Coefficient of Dispersion (COD) – 22% for the combined group, 20% for vacant land, and 17% for improved properties (For these types of property groups the Standard that we work towards would be 20% or less for the subsets of land and improved properties. The combined set would be expected to have a higher COD.)
  - Applied Time Trend for Sales Analysis – 5% per year (0.42% per month)

SUBJECT ASSESSMENT HISTORY

City and Borough of Juneau
Assessment History Report

1C070B0L0010
SWOPE BUILDING LLC
219 S FRANKLIN ST
JUNEAU TOWNSITE BL L LT 2 & BL K LT 1 FR (SE 1/2)

YEAR ID	LAND VALUE	MISC VALUE	BLDG VALUE	CAMA VALUE
2021	$1,062,000.00	$64,100.00	$1,059,000.00	$2,185,100.00
2020	$708,000.00	$64,100.00	$1,059,000.00	$1,831,100.00
2019	$708,000.00	$64,100.00	$1,059,000.00	$1,831,100.00
2018	$708,000.00	$64,100.00	$1,059,000.00	$1,831,100.00
2017	$945,000.00	$12,600.00	$1,030,400.00	$1,988,000.00
2016	$945,000.00	$12,600.00	$1,030,400.00	$1,988,000.00
2015	$945,000.00		$1,040,500.00	$1,985,500.00
2014	$945,000.00		$1,040,500.00	$1,985,500.00
2013	$945,000.00		$1,040,500.00	$1,985,500.00
2012	$945,000.00	$0.00	$1,040,500.00	$1,985,500.00
2011	$945,000.00	$0.00	$1,040,500.00	$1,985,500.00
2010	$1,013,000.00	$0.00	$1,714,300.00	$2,727,300.00

SUMMARY

State statute requires the Assessor to value property at "full and true value". According to appraisal standards and practices set by the Alaska Association of Assessing Officers, the State of Alaska Office of the State Assessor, and the International Association of Assessing Officers, correct procedures of assessment were followed for the subject. These standards and practices include consideration of any market value increase or decrease as determined by analysis of sales.

The assessed value was reviewed in response to the Petition for Review. Our findings are as follows.

The land and buildings are valued using the same methods and standards as all other properties in the Borough.

Additional Details:

- The appellant states that their assessed value is excessive/overvalued.
    - We find that the value is equitable and that, based on analysis of market sales, it is not excessive. This is addressed in the land, building, cost report, income, commercial market and assessment analysis, summary and conclusion sections of our response in your packet. There is additional information in the "Property Assessment Guide."
    - In reviewing locational subgroups, property type subgroups and property characteristic subgroups in the analysis we did not see evidence that any location or other subgroup should be treated differently from the rest with the exception of the boathouses.
- The appellant states that the increase in value is excessive and creates additional hardship for business. No cruise ship revenues in 2020, non projected for 2021, and have given 60% rent relief to tenant for those years
    - We recognize and are sympathetic to the fact that 2020 was a difficult year for some businesses in Juneau. Some businesses have seen drastic reductions in revenue, in some cases almost a complete elimination of revenue. At the same time, other businesses had a good year in 2020.
    - In the midst of that, what State statutes require of us is to determine the market value of the real estate. While a particular business may go out of business the underlying real estate value may decrease, may stay the same, or may even increase.
- The appellant submitted a letter arguing the property is overvalued. We have reviewed the letter and find no evidence of overvaluation of the property.

CONCLUSION

The 2021 Assessed values were based on a simple methodology, analysis through ratio studies and subsequent trending of values based on the analysis findings. Underlying this standard compliant trending are the locational and feature influenced specific models that have been applied to Juneau commercial properties for many years. The ratio studies indicate that after our adjustments to values the level of assessment for commercial properties was 85% overall, 60% for vacant land, and 91% for improved properties.

For the subject property:

- The percentage change from 2020 to 2021 was an increase of 19.3%.

We find that no change to the 2021 assessed value of $2,185,100 is warranted and ask that the BOE uphold the assessed value.

February 8, 2022

Board of Equalization
City Assessor's Office
155 S. Seward St
Juneau, Alaska 99801

CBJ CLERK
FEB - 8 2022
RECEIVED
14 page document

RE: 1C100K830030 Appeal

This property is located at 700 South Franklin St and is known as the Miners' Cove Building. The majority of the building is leased for seasonal tourist retail sales.

The 2021 Assessment is $6,805,000. The 2020 Assessment was $5,017,500.

We previously submitted our net income for the Miner's Cove property which resulted in a 2.7 % cap rate for 2019 and 0.27% cap rate in 2020. The cap rate in 2021 was the same as in 2020 because we reduced rent by 90% in 2020 and 2021 in order to keep the building occupied while our tenants had no sales in 2020 and minimal sales in 2021.

The property is currently developed to its highest and best use. We cannot add additional building space as there is no room to add additional parking. The tidelands are unusable since we granted a free easement to CBJ for the seawalk and cruise dock extends across the entire length of the property.

We are submitting a just completed appraisal for the property which values it at $1,551,298. We should have appealed this property to the BOE in the past as it has been grossly over assessed for quite some time.

In addition, we are submitting a chart of recent Juneau property sales which are all substantially below the assessed value. Many of these properties are in the downtown area.

Sincerely,

Reed Stoops
Franklin Dock Enterprises

April 24, 2021

Office of the Assessor
155 S Seward St
Juneau, Alaska 99801

Dear City Assessor:

Franklin Dock Enterprises (FDE) is appealing each of its four property tax assessments.

FDE had no income from its dock property in 2020 nor is it expecting any in 2021. We had all of our normal expenses, so FDE incurred major losses last year and will this year.

Our building (Miner's Cove) is only occupied because we gave approximately 90% rent relief since March 2020. Again, all other building costs have continued.

Our property was worth less last year and this year than it was in 2019, so the property clearly didn't increase in value.

Further, it seems punitive to increase property taxes at the same time we suffered catastrophic tourism related losses for two years.

FDE only received token CARES Act support which only replaced a few percent of our losses as we were not eligible under most categories. Our tideland lease payments were not reduced. We only obtained a small reduction in our insurance costs. Everything else remained the same.

Sincerely,

Reed Stoops
Franklin Dock Enterprises

From: Greg.Morris@juneau.org,
To: reedstoops@aol.com,
Subject: Appeals for 2021 Assessed Value
Date: Fri, May 28, 2021 12:12 pm
Attachments: 2021 Summary Report- Commercial 20210526a.pdf (767K)

Hello,

My name is Greg Morris, an appraiser with the CBJ Assessors office. I am assisting our commercial appraiser, Michael Dahle by collecting evidence of over-valuation for your appeals. For evidence, we are requesting documentation such as 3 years of income and expense reports (2018-2020), information on unknown building conditions, or independent appraisals.

Please include information for the following parcels: (Franklin Dock Enterprises) 1C100K830030, 1C100K830031, 1C100K830040, 1C100K830041, and (Swope Building LLC) 1C070B0L0010.

I have attached a Summary Report on the commercial property values for the assessment year 2021.

This is a slightly expanded version from what was posted to the website.

If you have any information that shows that your property is valued improperly please submit that information or contact us by June 4th, 2021.

Greg Morris

Appraiser II

Assessor's Office

City and Borough of Juneau, AK

(907) 586-5215 Ext. 4039

Greg.Morris@juneau.org

June 2, 2021

Greg Morris
Appraiser II
Assessor's Office
City and Borough of Juneau
155 S Seward St.
Juneau, Alaska 99801

Dear Mr. Morris:

This is in response to your letter of May 27th regarding Franklin Dock Enterprises properties on South Franklin St.

I reviewed the materials that you provided as the basis for the proposed property tax increase based on a higher assessment valuation of our properties.

First, the premise that there is a cost shift between commercial and residential properties is not a valid one, at least for downtown properties. With most of our properties, the past and current assessed valuation is not 70% of market value, it often exceeds market value. Unless you have recent comparables of downtown commercial properties that are similar in location and use that show high values, we strongly believe that your assertion is incorrect.

It is also problematic to assign higher land values to properties with existing buildings on them. The buildings create the economic value of the property unless you want to consider the cost of demolishing the building and the higher cost of new construction as part of the equation.

Franklin Dock owns or leases five parcels on South Franklin St.

1C100K830030 2L 1A. This lot has the Miner's Cove retail building that we constructed. The 2019 value for tax purposes was $5,017,500. The value for 2021 is $6,805,000.

The net income for 2019, which was Juneau's peak year for cruise ship traffic, was $137, 500, which is a 2.7% cap rate. The net income for 2020 was $13,604 – a year in which there was no cruise ship traffic. Net income for 2021 will likely be the same or lower. Minimal cruise ship traffic during the last part of this season is not enough to justify higher rents. In 2022 we will be lucky to revert to the 2019 rates. So for 2020 our cap rate was .027% cap rate. Under your proposed assessment for 2022, our cap rate will be .019%.

Given these numbers, our property tax rate in 2019 and previous years was too high as cap rates in Juneau should be in the 7-10% range. Therefore, it's pretty hard to justify your premise that commercial property evaluations are at 70% of market value.

Next let's take parcel #1C100K83000402L3A. This parcel is immediately to the south of our cruise dock. It was valued in 2019 at $3,699,000 and in 2021 at $5,424,000. Our entire gross revenue for this property is $50,000 per year for the electric/steam plant building built on part of the property. The remainder of the property has had no economic value to us for the past 20 years as there has been no demand for commercial or industrial use in that location so far. So, our cap rate on that lot was .013% in 2019 and would be .009% in 2022.

Next, parcel #1C100K830041L4A. This is the next lot toward the rock dump. It was valued in 2019 as $1,197,000 and in 2021 proposed at $1,795,000. This one has a cap rate of 0%. In 20 years, we have never received income from this property and we have never had an economic use for it as commercial or industrial.

Next, parcel # 1C100K830031 L2A. This is the uplands for the South Franklin Cruise Dock. The valuation is 2020 was $3,699,600. Our net revenue in 2020 was ($928,911). That is NEGATIVE $928,911. The proposed value in 2021 is $5,424,850. Our net revenue in 2021, assuming we get approximately 8 cruise stops at the end of this season will be in the ball park of ($840,000).

Parcel # 1C100K830032 is our private tidelands (submerged) on which our dock is built. That was valued at $1,120,500 in 2020 and proposed to remain the same in 2021. Essentially that is part of Lot 2A as both together contain our dock and parking area. The same negative income apply to that one as well. I should have

appealed that parcel last year, but at the time it was not known what would happen with the cruise season in 2020. Now we know that we had zero revenue in 2020 and will only have token revenue in 2021- but nowhere close to our expenses – insurance, maintenance, lease fees, property taxes, utilities, etc.

So, in summary, it is our contention that the first three lots above were assessed at greater than market value prior to the pandemic and have decreased dramatically in 2020 and 2021. The dock parcels were fairly valued prior to the pandemic but have had negative values in 2020 and 2021, so there is no basis for an increased valuation in 2021.

If you are in possession of any sales or lease data of comparable properties that justify your position on value for these lots, please give them to us as we are not aware of any.

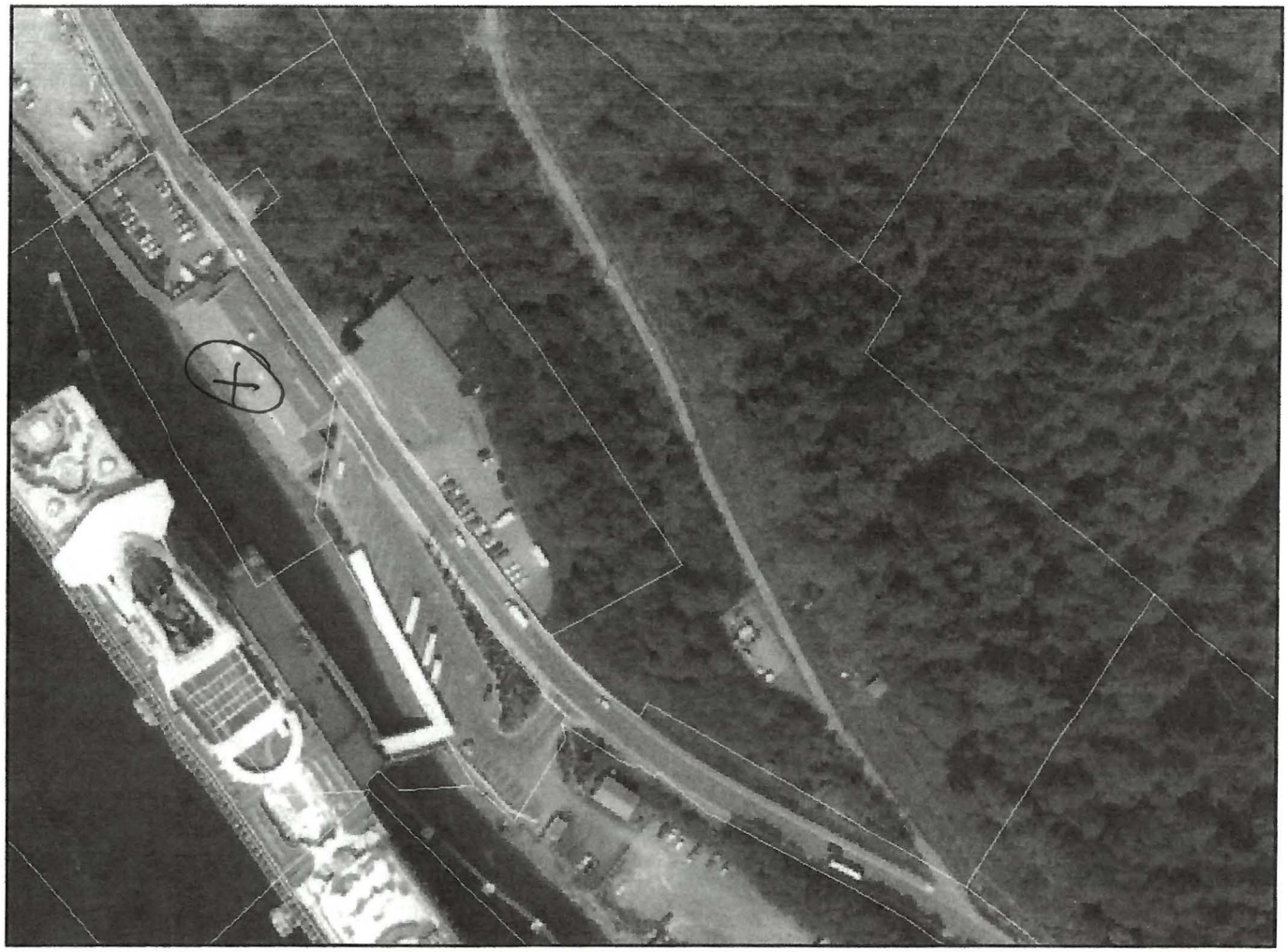
Sincerely,

Reed Stoops
Managing Member
Franklin Dock Enterprises

3:56 PM
05/27/21
Accural Basis

Franklin Dock Enterprises, LLC
Profit Loss Prev Year Comparision
Miner's Cove Building
January through December 2020

	Jan - Dec 20	Jan - Dec 19
Income	110,161.56	294,015.37
Gross Profit	110,161.56	294,015.37
Expense	96,557.53	156,499.95
Net Income	13,604.03	137,515.42



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N

Summary of Value Estimates

VALUATION SUMMARY	
Miner's Cove	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Land Valuation	Not Developed
Cost Approach	Not Developed
Sales Comparison Approach	Not Developed
Income Capitalization Approach	$1,551,000
Final Market Value Estimate	**$1,551,000**

STABILIZED REVENUE – 700 S Franklin

Tenant	Forecast Type	Sq Ft	$/Sq Ft/Mo.	$/Sq Ft/Yr.	FY
Multiple	Contract	11,652	$2.10	$25.23	$294,015
Potential Gross Revenue					**$294,015**
Less: Vacancy and Credit Loss @		5.0%			($14,701)
Effective Gross Revenue					**$279,314**

STABILIZED EXPENSES

	$/Sq Ft/Yr. of GBA	% of EGI	FY
Management	$1.20	5.0%	$13,966
Fixed and Operating Expenses	$5.72	23.9%	$66,629
Reserves	$0.00	2.0%	$5,586
Total Expenses	**$7.40**	**30.9%**	**$86,181**
STABILIZED NET OPERATING INCOME	**$9.35**	**69.1%**	**$193,133**

STABILIZED VALUE	
Stabilized Net Operating Income	$193,133
Capitalized At:	10.566%
Indicated Stabilized Value	**$1,827,875**
2020 Rent Loss	($183,854)
2020 Operating Expenses	($92,723)
Indicated As Is Value	**$1,551,298**

BAND OF INVESTMENT ANALYSIS

Current Typical Investment and Finance Parameters					
	AIDEA		**Private**		**Blended**
Ratio	90%		10%		
Effective Interest Rate	3.95%		5.50%		4.11%
Loan Amortization (1)					20
Loan to Value Ratio (1)					75%
Equity Cap Rate (2)			to		16.0%
Ro Based on Equity Dividend of:	**16.0%**				
Return on Mortgage (Rm)	75%	X	0.0734	=	0.0550
Return on Equity (Re)	25%	X	0.1600	=	0.0400
Indicated Overall Annual Rate (OAR)					**9.5%**

Reliant

Comp No.	Sale Date	Type	OAR
2251	02/15	Office	11.42%
2522	06/15	Apartment	10.13%
3408	06/16	Retail	8.13%
2519	07/16	Apartment	8.75%
3467	04/18	Retail	10.78%
3406	05/18	Mixed Use	9.08%
8863	03/19	Apartment	8.04%
3743	04/19	Office	8.00%
7681	05/19	Retail	9.90%
3465	09/19	Retail	9.59%
8891	12/19	Mixed Use	10.33%
3744	01/20	Office	8.10%
8930	01/20	MHP*	8.40%
9075	08/20	Office	8.54%
8870	10/20	Apartment	8.80%

* Includes surplus land

Date	Seller	Buyer	Address	Parcel No.	Sales Price	2021 AV	AV > MV $	AV % MV
12/2021 Listing	Akiyama Family Rentals	N/A	0 Riverside Dr	5B1601430016	$599,000	$1,135,650	$536,650	203%
12/2021 Pending	Harbor Lights Enterprises	N/A	1000 Harbor Way	1C060K510040	$661,000	$812,650	$151,650	123%
12/2021 Pending	Gateway Properties	Confidential	8390 Airport	5B1501010014	$3,300,000	$3,804,450	$504,450	115%
12/16/21	Assembly Assoc LLC	Jnu Community Foundation	211 4th St	1C070A090060	$1,300,000	$1,484,500	$184,500	114%
11/24/21	Key Bank of AK	Goldstein Improvement Co	234 Seward St	1C070A050060	$1,250,000	$2,598,400	$1,348,400	208%
11/13/21	W&B Rentals LLC	Aware Inc.	201 Cordova St	1D060L030011	$400,000	$445,000	$45,000	111%
9/30/21	Construction Machinery Industrial LLC	CCTHTA	1721/1725 Anka St	5B1201040052 5B1201040051	$4,000,000	$5,106,550	$1,106,550	128%
9/28/21	Pacific Investment Group	SEARHC	0 Vintage Blvd	5B1601430017	$2,047,000	$2,521,350	$474,350	123%
9/17/21	RH Rentals LLC	SEARHC	225 Front St	1C070K810010	$1,850,000	$2,431,000	$581,000	131%
3/23/21	Northwest Holdings LLC	Viking Holdings LLC	214 Front St	1C070A030020	$1,450,000	$1,638,450	$188,450	113%
2/25/21	SE Newspapers	Amalga Distillery	134 N Franklin St	1C070A030070	$1,850,000	$2,075,450	$225,450	112%
1/5/21	Southeastern Newspapers	Goldstein Improvement Co	224 2nd St	1C070A040020	$286,000	$405,300	$119,300	142%
8/6/20	R&M Juneau Inc.	CCTHITA	6205 Alaway	5B1301070020	$750,000	$881,450	$131,450	118%
3/27/20	Pacific Investment Group	R&S Construction	0 Clinton Dr	5B1601442000	$565,000	$1,026,962	$461,962	182%
1/21/20	ERMB LLC	MGT LLC	9309 Glacier Hwy	5B1601140110	$979,100	$1,191,350	$212,250	122%
12/31/19	McKinnon et al	The Emporium Mall LLC	170 S Franklin	1C070K810140	$1,600,000	$2,131,200	$531,200	133%
9/6/19	Foodland, Inc.	Juneau Supermarkets LLC	601 W Willoughby Ave	1C060K660090	$11,250,000	$14,670,150	$3,420,150	130%
9/3/19	Wells Fargo Bank NA	ODEX Juneau LLC	1610 Anka St	5B1201010010 5B1201010030	$1,070,000	$1,746,929	$676,929	163%
8/2/19	Taku Oil Sales	Gas N Go LLC	5631 Glacier Hwy	5B1201060061	$500,000	$612,910	$112,910	123%
7/22/19	Bonnie Brae Partnership	Peter Peel	0 Douglas Highway	6D0801110010	$230,000	$464,100	$234,100	202%
4/1/19	Assembly Assoc LLC	Assembly Assoc LLC	211 4th St	1C070A090060	$750,000	$1,484,500	$734,500	198%
11/16/18	Stanley & Sons	Affordable Auto Ent. LLC	8825 Mallard St	5B1501040030	$750,000	$837,600	$87,600	112%
8/21/18	Mark S. Reeder	RNL LLC	9309 Glacier Hwy	5B1601140070	$240,100	$308,850	$68,750	129%
7/20/18	First National Bank AK	DCI Commercial LLC	1108 F St	1C060U060020 1C060U050020 1C060U050023 1C060U050025 1C060U050024	$1,750,000	$2,462,950	$712,950	141%
3/13/18	Warner's Wharf LLC	Rocovich LLC	406 S Franklin St	1C070K830040	$4,150,000	$6,415,650	$2,265,650	155%
2/2/18	Estate of David Salvidar	Timos Giamakidis	254 S Franklin St	1C070K820030	$995,000	$1,194,450	$199,450	120%
9/19/17	B&K Ventures	Bad Dog Investments	2450 Industrial Blvd	4B1601010040	$750,000	$876,000	$126,000	117%
12/15/16	Forrest Reetz LLC	Caelum AK LLC	800 Glacier Ave	1C0600040040	$1,100,000	$1,457,000	$357,000	132%
3/30/16	First National Bank AK	Spickett's Palace LLC	238 Frot St	1C070A030040	$600,000	$2,639,300	$2,039,300	439%
3/1/16	James L. White	C&M Rentals	10221 Glacier Hwy	4B1071100170	$697,000	$813,000	$116,000	117%

CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

Office Of The Assessor
155 South Seward Steet
Juneau, AK 99801

FRANKLIN DOCK ENTERPRISES LLC
350 N FRANKLIN ST UNIT 2
JUNEAU AK 99801

Meeting of Board of Equalization (BOE) and Presentation of Real Property Appeal	
Date of BOE	**March 10, 2022, Thursday**
Location of BOE	Via ZOOM Webinar
Time of BOE	5:30 pm
Mailing Date of Notice	February 23, 2022
Parcel Identification	1C100K830030
Property Location	700 S FRANKLIN ST
Appeal No.	APL20210261
Sent to Email Address:	reedstoops@aol.com

ATTENTION OWNER

Under Alaska Statutes and CBJ Code, you, as the appellant, bear the burden of proof. The only grounds for adjustment of an assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in your written appeal or proven at the appeal hearing.

Any evidence or materials you would like to include in your appeal must be submitted to the City Clerk's Office {preferred method via email to city.clerk@juneau.org Attn.: Assessment Appeal} by **4:00 PM Wednesday, March 2, 2022** and will be included in the packets for the Board so the members have an opportunity to review the materials before the hearing.

Your Board of Equalization packet will be ready for you to pick up in the Clerk's office after **2:00 PM Thursday, March 3, 2022** or it will be emailed and/or mailed to the above address(es) on this notice.

You or your representative may be present at the hearing {via Zoom Webinar, participation/log in information will be listed on the agenda packet you receive for the hearing your appeal is scheduled for}. If you choose not to be present or be represented, the Board of Equalization will proceed in the absence of the appellant.

It should be noted that, between the date of this letter and the Board hearing date, your appeal may be resolved between you and the Assessor. If your appeal is resolved, you will not need to appear before the Board.

If you have any questions please contact the Assessor's Office.

Attachment: CBJ Law Department Memorandum April 19, 2013.

CONTACT US: CBJ Assessor's Office			
Phone	**Email**	**Website**	**Physical Location**
Phone (907) 586-5215 Fax (907) 586-4520	assessor.office@juneau.org	http://www.juneau.org/finance/	155 South Seward St Room 114

PROPERTY TAX BILLS MAILED JULY 1 **PROPERTY TAXES DUE SEPTEMBER 30**

Office of the Assessor
155 S Seward Street
Juneau AK 99801

Received
APR 26 2021
CBJ-Assessors Office

Petition for Review / Correction of Assessed Value Real Property	
Assessment Year	2021
Parcel ID Number	1C100K830030

For Office Use:	Review #	Appeal #

2021 Filing Deadline: MONDAY, MAY 3

Please attach all supporting documentation

ASSESSOR'S FILES ARE PUBLIC INFORMATION – DOCUMENTS FILED WITH AN APPEAL BECOME PUBLIC INFORMATION

Parcel ID Number	1C100K830030		
Owner Name	FRANKLIN DOCK ENTERPRISES	Name of Applicant	REED STOOPS
Primary Phone #	(907 463-3223	**Email Address**	reedstoops@aol.com
Physical Address	350 N. FRANKLIN STREET, STE 2	**Mailing Address**	SAME AS PHYSICAL
	JUNEAU, AK 99801		

Why are you appealing your value? Check box and provide a detailed explanation below for your appeal to be valid.

[◉] My property value is excessive/overvalued
[○] My property value is unequal to similar properties
[○] My property was valued improperly/incorrectly
[○] My property has been undervalued
[○] My exemption(s) was not applied

THE FOLLOWING ARE NOT GROUNDS FOR APPEAL
- Your taxes are too high
- Your value changed too much in one year.
- You can't afford the taxes

Provide specific reasons and provide evidence supporting the item(s) checked above:

Increase in value is excessive and creates additional hardship for business. No cruise ship revenues in 2020, none projected for 2021, and have given 90% rent relief to tenant for those years.

Have you attached additional information or documentation? [○] Yes [◉] No

Values on Assessment Notice:

Site	$5,362,500	Building	$1,442,500	Total	$6,805,000

Owner's Estimate of Value:

Site	$	Building	$	Total	$

Purchase Price of Property:

Price	$	Purchase Date	

Has the property been listed for sale? [○] Yes [◉] No *(if yes complete next line)*

Listing Price	$	Days on Market	

Was the property appraised by a licensed appraiser within the last year? [○] Yes [◉] No *(if yes provide copy of appraisal)*

Certification:
I hereby affirm that the foregoing information is true and correct, I understand that I bear the burden of proof and I must provide evidence supporting my appeal, and that I am the owner (or owner's authorized agent) of the property described above.

Signature	Date

Contact Us: CBJ Assessors Office			
Phone/Fax	**Email**	**Website**	**Mailing Address**
Phone: (907)586-5215 Fax: (907)586-4520	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St. Juneau AK 99801

Step 1 – Administrative Review

Appraiser to fill out			
Appraiser		Date of Review	
Comments:			

Post Review Assessment					
Site	$	Building	$	Total	$
Exemptions	$				
Total Taxable Value	$				

APPELLANT RESPONSE TO ACTION BY ASSESSOR

My acceptance or rejection of the assessment valuation in the amount of $_____ is indicated below.

[ ] Accept New Assessed Value [ ] Close Review (Assessment Remains Unchanged) [ ] Reject and Appeal

If appealed, appellant will be scheduled before the Board of Equalization and will be advised of the date & time to appear.

Appellant's Signature _____ Date: _____

Appellant Accept Value	[ ] Yes [ ] No *(if no skip to Board of Equalization)*
Govern Updated	[ ] Yes [ ] No
Spreadsheet Updated	[ ] Yes [ ] No
Corrected Notice of Assessed Value Sent	[ ] Yes [ ] No

Step 2 – Appeal

Appeal # _____

BOARD OF EQUALIZATION	
Scheduled BOE Date	[ ] Yes [ ] No
10-Day Letter Sent	[ ] Yes [ ] No

The Board of Equalization certifies its decision, based on the Findings of Fact and Conclusion of Law contained within the recorded hearing and record on appeal, and concludes that the appellant **[ ] Met [ ] Did not meet** the burden of proof that the assessment was unequal, excessive, improper or under/overvalued.

Notes:

Site	$	Building	$	Total	$
Exemptions	$				
Total Taxable Value	$				

Contact Us: CBJ Assessors Office			
Phone/Fax	**Email**	**Website**	**Mailing Address**
Phone: (907)586-5215 Fax: (907)586-4520	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St. Juneau AK 99801

Received
APR 26 2021
CBJ-Assessors Office

April 24, 2021

Office of the Assessor
155 S Seward St
Juneau, Alaska 99801

Dear City Assessor:

Franklin Dock Enterprises (FDE) is appealing each of its four property tax assessments.

FDE had no income from its dock property in 2020 nor is it expecting any in 2021. We had all of our normal expenses, so FDE incurred major losses last year and will this year.

Our building (Miner's Cove) is only occupied because we gave approximately 90% rent relief since March 2020. Again, all other building costs have continued.

Our property was worth less last year and this year than it was in 2019, so the property clearly didn't increase in value.

Further, it seems punitive to increase property taxes at the same time we suffered catastrophic tourism related losses for two years.

FDE only received token CARES Act support which only replaced a few percent of our losses as we were not eligible under most categories. Our tideland lease payments were not reduced. We only obtained a small reduction in our insurance costs. Everything else remained the same.

Sincerely,

Reed Stoops
Franklin Dock Enterprises

CITY AND BOROUGH OF JUNEAU

OFFICE OF THE ASSESSOR

155 S. Seward St. Rm. 114
Juneau, AK 99801
Phone: (907)586-5215
Fax: (907)586-4520
Assessor.Office@juneau.org

01/19/22

Received
JAN 25 2022
CBJ-Assessors Office

Franklin Dock Enterprises LLC
350 N. Franklin St Ste 2
Juneau AK 99801

RE: FINAL DETERMINATION -- 2021 Property value Petition for Review -- 1C100K830030
RESPONSE DEADLINE: ***01/26/22***

PARCEL: 1C100K830030
PHYSICAL LOCATION: 700 S. Franklin St

Franklin Dock Enterprises LLC,

This letter is in response to the 2021 Petition for Review that you filed regarding the above indicated parcel. The basis for appealing as indicated on the Petition for Review form is: **My property value is excessive**

- Excessive – grossly disproportionate when compared to other assessments
- Unequal – treated differently than other properties in the same property class
- Improper – valuation methodology was improper
- Undervalued – valued less than market or disproportionately lower than other assessments

State statute requires that the burden of proof is upon the appellant to provide evidence that one of the above conditions has been met (AS 29.45.210).

Based upon the evidence that you provided we have made the following determination regarding 2021 assessment valuation of **1C100K830030**:

VALUE DETERMINATION

Recommended Action:	**No Change**
2021 Initial valuation:	**$6,805,000**
2021 Owner estimate of value:	
2021 Final determination:	**$6,805,000**

We have reviewed your assessed value and did not find that the value is excessive, unequal, or improper.

The Assessor Office recommends NO CHANGE to the 2021 assessed value as the appellant failed to meet the burden of proof as required by state statute. The Assessor Office sees no basis for change.

APPELLANT RESPONSE FOR ASSESSMENT YEAR 2021 PETITON FOR REVIEW

Please indicate if you accept the recommended value or wish to have your Petition for Review heard by the Board of Equalization. *(INITIAL ONE)*

_____ **YES**, I accept the recommended value determination provided by the Assessor

X **NO**, I do not accept the recommended valuation provided by the Assessor. Please schedule my Petition for Review for the Board of Equalization.

I understand that I will be expected to provide specific evidence to the Board which clearly illustrates that my parcel valuation is: excessive, unequal, valued with improper methodology or is less than market value.

Be advised that if you choose to proceed to the Board of Equalization, they may, in accordance with law, apply an increase of the assessed value to full market value.

Appellant signature — Date: 1/25/22

If we do not receive a response from you by **01/26/22**, the Petition for Review will be scheduled for the Board of Equalization where you will be expected to present **specific evidence** as to why your parcel is not valued correctly.

Sincerely,

Mary Hammond
Assessor
City & Borough of Juneau

CITY AND BOROUGH OF JUNEAU

ASSESSOR OFFICE

APPEAL #2021-0261

2021 REAL PROPERTY APPEAL PACKET

BOARD OF EQUALIZATION February 15, 2022

Continued on March 10, 2022

For information from the additional review due to the BOE remand see the Remand Addendum.

Appellant: Franklin Dock Enterprises LLC

Location: 700/704/710/720 S Franklin St

Parcel No.: 1C100K830030

Property Type: Commercial - Retail

Appellant's basis for appeal: My property value is excessive/overvalued

	Appellant's Estimate of Value	Original Assessed Value	Recommended Value
Site:	None provided	$ 5,362,500	$ 5,362,500
Buildings:	None provided	$ 1,442,500	$ 1,442,500
Total:	**None provided**	**$ 6,805,000**	**$ 6,805,000**

Subject Photo

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SUBJECT PHOTOS 3
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COMMERCIAL MARKET & ASSESSMENT ANALYSIS 11
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OVERVIEW

The subject is a one-story commercial retail building located directly in front of the S Franklin St Dock.

Subject Characteristics:

- Land
  - 1.52AC = 66,204 SF lot
    - Approximately 55% upland and 45% submerged tidelands
  - Level, developed

- Building
  - Completed in 2005
  - 11,652 SF GBA

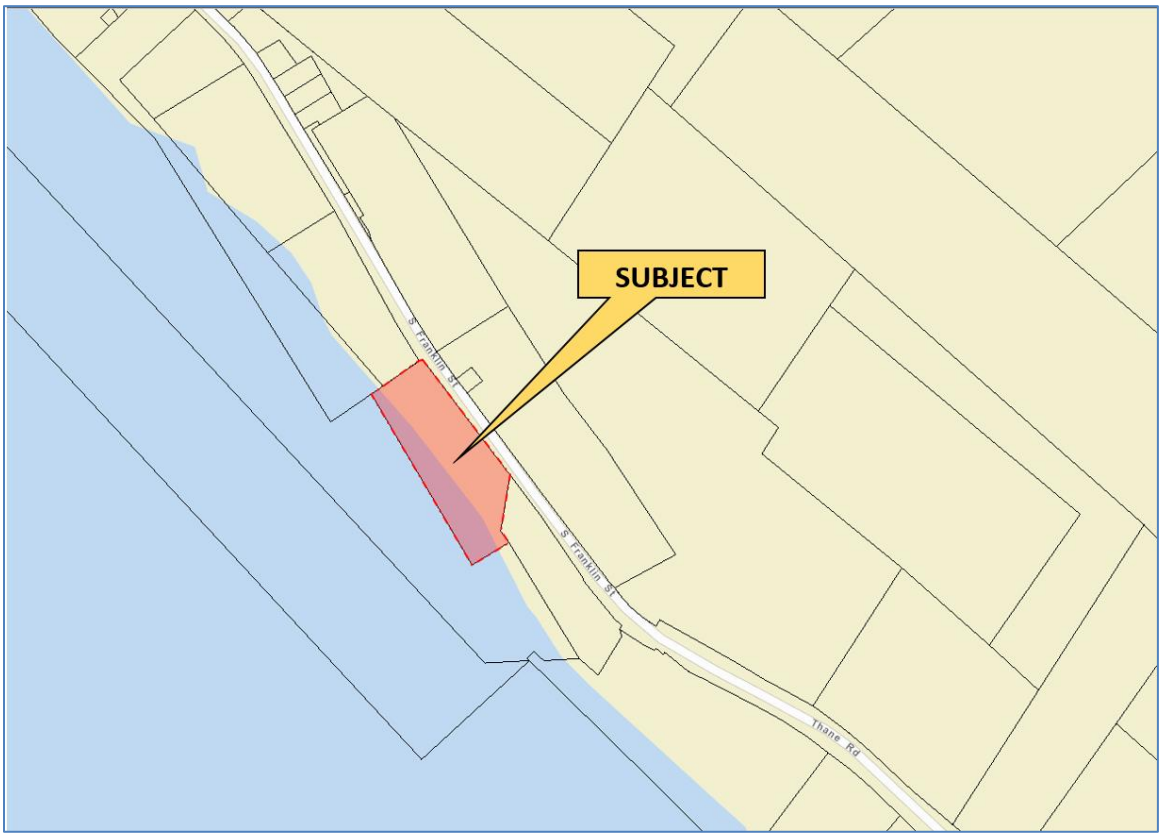
SUBJECT PHOTOS

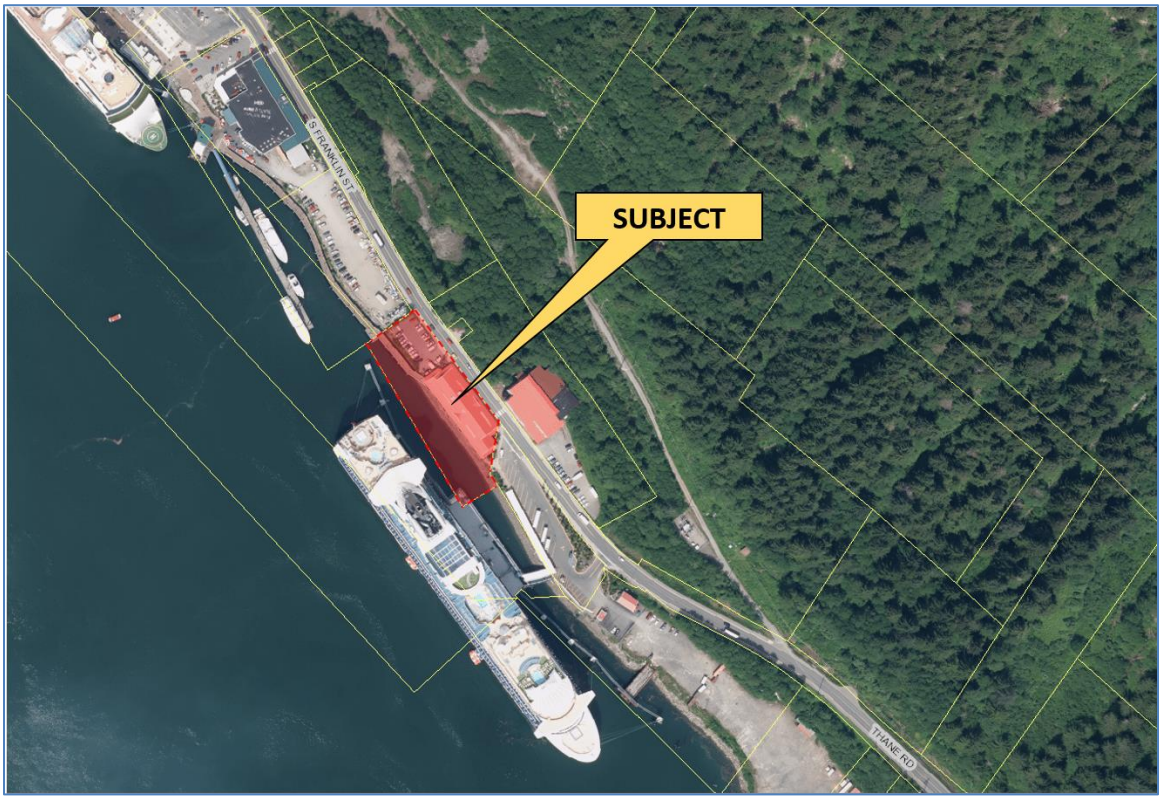
Street Side

	Dock Side – Looking South
	Dock Side – Looking North

	South End

AREA MAP & AERIAL





ASSESSED VALUES

Remember that the total assessed value is the primary test against market. The distribution of that value between the Land Component and the Building Component is secondary and can vary from one model to another. The total assessed value is tested against market indicators (sales, lease rates, etc.) and is adjusted to market value by application of market area and feature adjustments.

All three approaches to value (Cost, Sales Comparison and Income) are considered for commercial properties

LAND

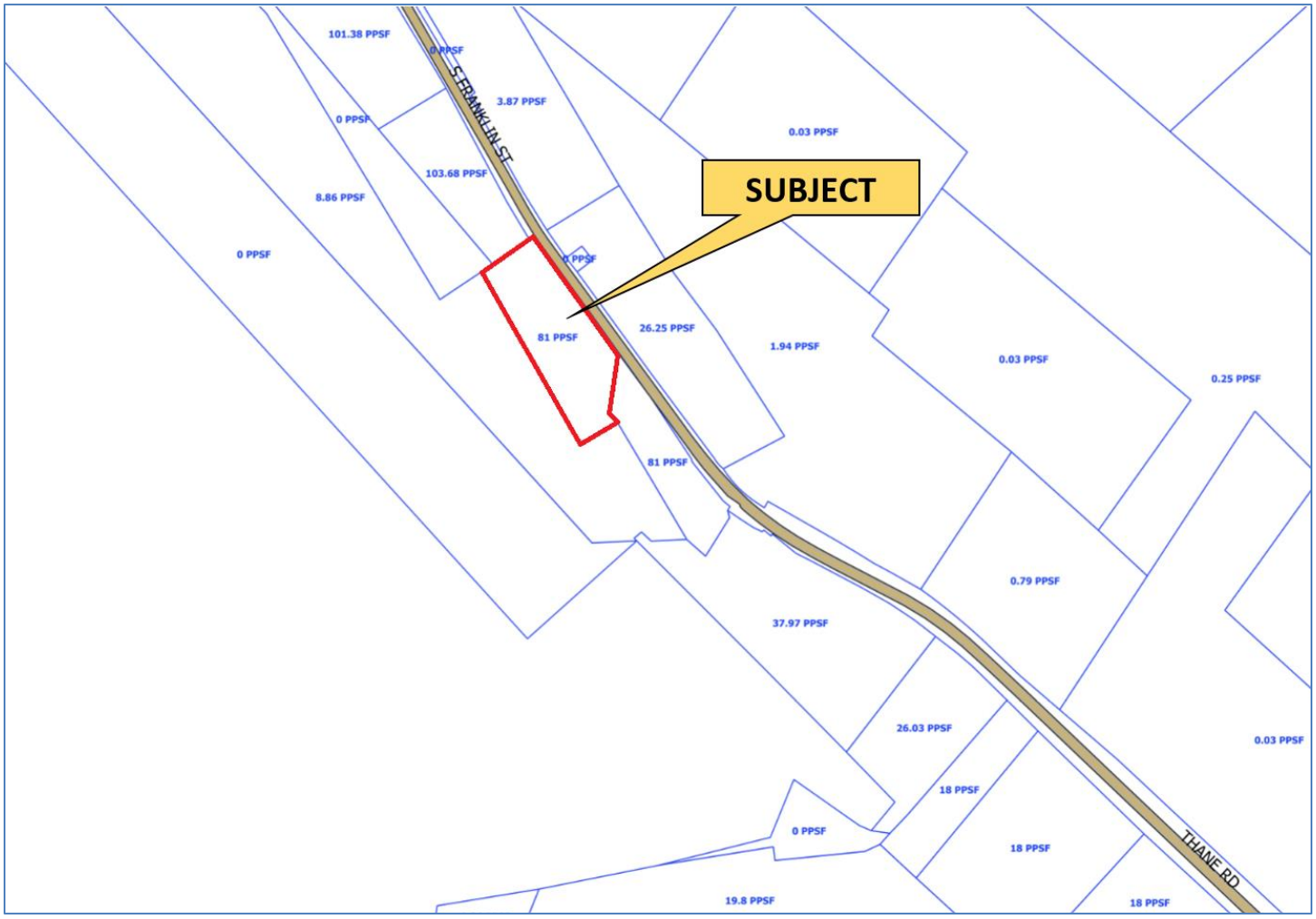
Land values are developed on a market area basis. The land is examined to understand the typical land characteristics in the market area. These characteristics include size, slope, view, water frontage, significant wetlands and others. The characteristics are used to develop a market area land valuation model. This model is tested and refined in consideration of sales of both vacant and developed parcels. The resulting model is then applied to all of the land in the market area to establish assessed site values.

The subject is a waterfront property in the tourism area. The subject parcel's land value is equitable and is not excessive.

Land Characteristics:

- 1.52AC = 66,204 SF lot
- Approximately 55% upland and 45% submerged tidelands
- Level, developed

Land Values


SUBJECT
S FRANKLIN ST
THANE RD
101.38 PPSF
0 PPSF
3.87 PPSF
0 PPSF
103.68 PPSF
8.86 PPSF
0 PPSF
0 PPSF
81 PPSF
26.25 PPSF
0.03 PPSF
1.94 PPSF
0.03 PPSF
0.25 PPSF
81 PPSF
0.79 PPSF
37.97 PPSF
26.03 PPSF
0.03 PPSF
18 PPSF
0 PPSF
18 PPSF
19.8 PPSF
18 PPSF

BUILDING(S)

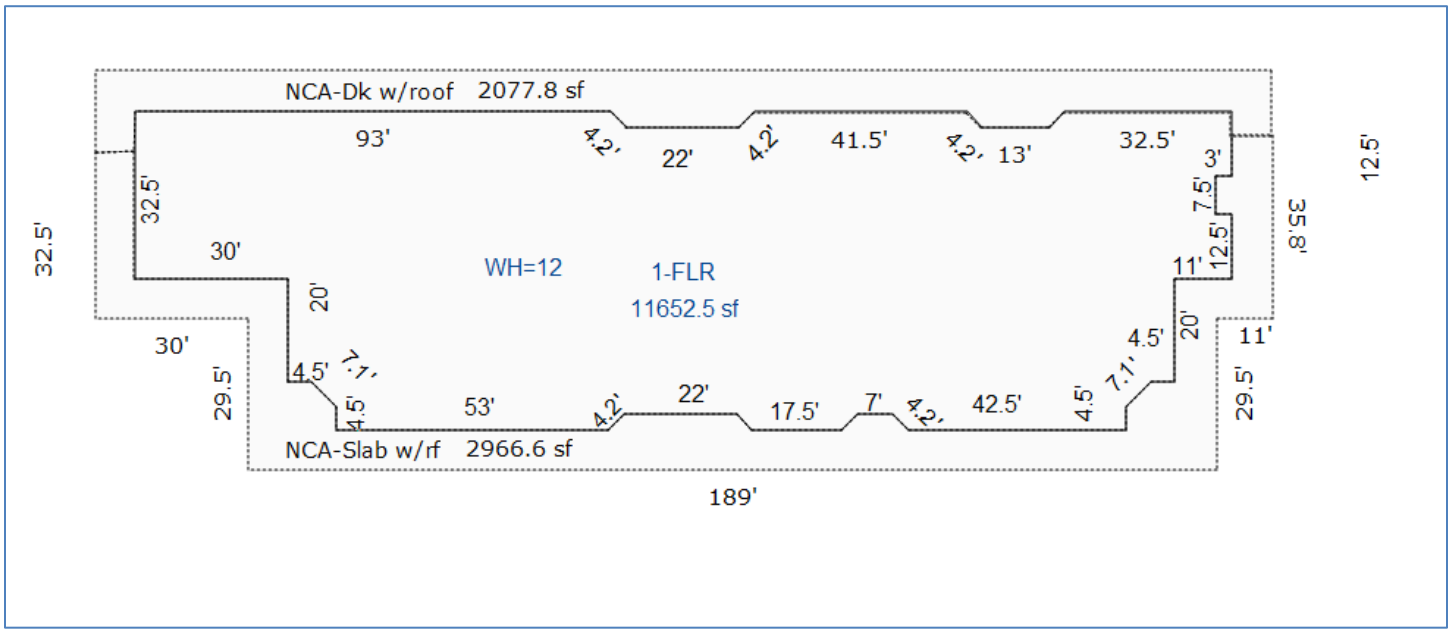
The building component may be based on market adjusted cost tables, residual from sales after extraction of the land value or other appropriate means.

Ratio studies are performed to determine market adjustments.

Building Characteristics:

- Completed in 2005
- 11,652 SF GBA

Sketch of Improvements:



COST REPORT

The cost report below was utilized in the review process in response to the filing of the Petition for Review by the appellant. The cost report indicates that the building component is not overvalued.

2/2/2022 5:14:12PM Page 1

Cost Report - Commercial

1639		Record	1
Parcel Code Number	**1C100K830030**	**Number of Stories (Building)**	01
Owner Name	**FRANKLIN DOCK ENTERPRISES LLC**	**Number of Sections**	1
Parcel Address	**700 S FRANKLIN ST**	**Perimeter**	562
Effective Year Built	2008	**Class**	S
Year Built	2004	**Height**	
Building Model	C- 13 Stores, Commercials	**Rank**	Average
Building Type	Retail Store	**Total Area**	11,652.00

Section 1	Description	Units	Percent	Cost	+/-	Total
Base Cost		11652		66.50		774,858
Exterior Wall	Stud -Metal Siding	11652	100%	13.50		157,302
Heating & Cooling	Heating & Cooling	11652		611.00		611
Heating & Cooling	Forced Air Unit	11652	100%	4.63		53,949
Architect Fee		11652		6.50		75,738
Sprinklers	Wet Sprinklers	11652	100%	3.43		39,966
Fire Alarm System		11652		1.46		17,012
Sub Total						$1,119,436.04

Local Multiplier	1.43	[X]	$1,600,794.00
Current Multiplier	1.04	[X]	$1,664,826.00
Neighborhood Multiplier		[X]	$1,664,826.00
Depreciation - Physical	16.00	[-]	$266,372.00
Depreciation - Functional		[-]	$0.00
Depreciation - Economic		[-]	$0.00
Percent Complete	100.00	[-]	$1,398,454.00
Cost to Cure			
Neighborhood Adjustment			
Replacement Cost less Depreciation			$1,398,454

Miscellaneous Improvements			
Miscellaneous Improvement	Deck w/roof John_Sa	[+]	63,300
Miscellaneous Improvement	Slab w/rf John_Sahn	[+]	64,500

Total Improvement Value	$1,526,300

INCOME APPROACH

The income approach was not the basis for setting the assessed value for 2021. The appellant did not submit sufficient P&L information for doing an Income Approach for the Review process.

COMMERCIAL MARKET & ASSESSMENT ANALYSIS

The 2021 sales analysis for commercial properties included 57 qualified sales from 5 years of sales covering January 1, 2016 through December 31, 2020. The sales volume for the commercial market remained steady through 2020 and there was no indication of declining prices.

- Assessment Year 2021 Summary for Commercial Properties
  - Level of Assessment – 85% overall, 60% for vacant land, and 91% for improved properties
  - Coefficient of Dispersion (COD) – 22% for the combined group, 20% for vacant land, and 17% for improved properties (For these types of property groups the Standard that we work towards would be 20% or less for the subsets of land and improved properties. The combined set would be expected to have a higher COD.)
  - Applied Time Trend for Sales Analysis – 5% per year (0.42% per month)

SUBJECT ASSESSMENT HISTORY

City and Borough of Juneau
Assessment History Report

1C100K830030
FRANKLIN DOCK ENTERPRISES LLC
700 S FRANKLIN ST
FRANKLIN DOCK ENTERPRISES 2 LT 1A

YEAR_ID	LAND_VALUE	MISC_VALUE	BLDG_VALUE	CAMA_VALUE
2021	$5,362,500.00	$127,800.00	$1,314,700.00	$6,805,000.00
2020	$3,575,000.00	$127,800.00	$1,314,700.00	$5,017,500.00
2019	$3,575,000.00	$127,800.00	$1,314,700.00	$5,017,500.00
2018	$3,575,000.00	$127,800.00	$1,314,700.00	$5,017,500.00
2017	$3,540,000.00	$146,900.00	$1,275,200.00	$4,962,100.00
2016	$3,540,000.00	$146,900.00	$1,275,200.00	$4,962,100.00
2015	$3,530,500.00		$1,436,900.00	$4,967,400.00
2014	$3,530,500.00		$1,436,900.00	$4,967,400.00
2013	$3,530,500.00		$1,436,900.00	$4,967,400.00
2012	$3,530,500.00	$0.00	$1,436,900.00	$4,967,400.00
2011	$3,530,500.00	$0.00	$1,436,900.00	$4,967,400.00
2010	$3,405,400.00	$0.00	$1,132,500.00	$4,537,900.00

SUMMARY

State statute requires the Assessor to value property at "full and true value". According to appraisal standards and practices set by the Alaska Association of Assessing Officers, the State of Alaska Office of the State Assessor, and the International Association of Assessing Officers, correct procedures of assessment were followed for the subject. These standards and practices include consideration of any market value increase or decrease as determined by analysis of sales.

The assessed value was reviewed in response to the Petition for Review. Our findings are as follows.

The land and buildings are valued using the same methods and standards as all other properties in the Borough.

Additional Details:

- The appellant states that their assessed value is excessive/overvalued.
    - We find that the value is equitable and that, based on analysis of market sales, it is not excessive. This is addressed in the land, building, cost report, income, commercial market and assessment analysis, summary and conclusion sections of our response in your packet.
    - In reviewing locational subgroups, property type subgroups and property characteristic subgroups in the analysis we did not see evidence that any location or other subgroup should be treated differently from the rest with the exception of the boathouses.
- The appellant states that the increase in value is excessive and creates additional hardship for business. No cruise ship revenues in 2020, none projected for 2021, and have given 90% rent relief to tenant for those years.
    - We recognize and are sympathetic to the fact that 2020 was a difficult year for some businesses in Juneau. Some businesses have seen drastic reductions in revenue, in some cases almost a complete elimination of revenue. At the same time, other businesses had a good year in 2020.
    - In the midst of that, what State statutes require of us is to determine the market value of the real estate. While a particular business may go out of business the underlying real estate value may decrease, may stay the same, or may even increase.
- The appellant submitted a letter arguing the property is overvalued. We have reviewed the letter and find no evidence of overvaluation of the property.

For additional information on the assessment process, assessed values, analysis process, ratio studies and other related areas please see the "Property Assessment Guide" included in the packet.

CONCLUSION

The 2021 Assessed values were based on a simple methodology, analysis through ratio studies and subsequent trending of values based on the analysis findings. Underlying this standard compliant trending are the locational and feature influenced specific models that have been applied to Juneau commercial properties for many years. The ratio studies indicate that after our adjustments to values the level of assessment for commercial properties was 85% overall, 60% for vacant land, and 91% for improved properties.

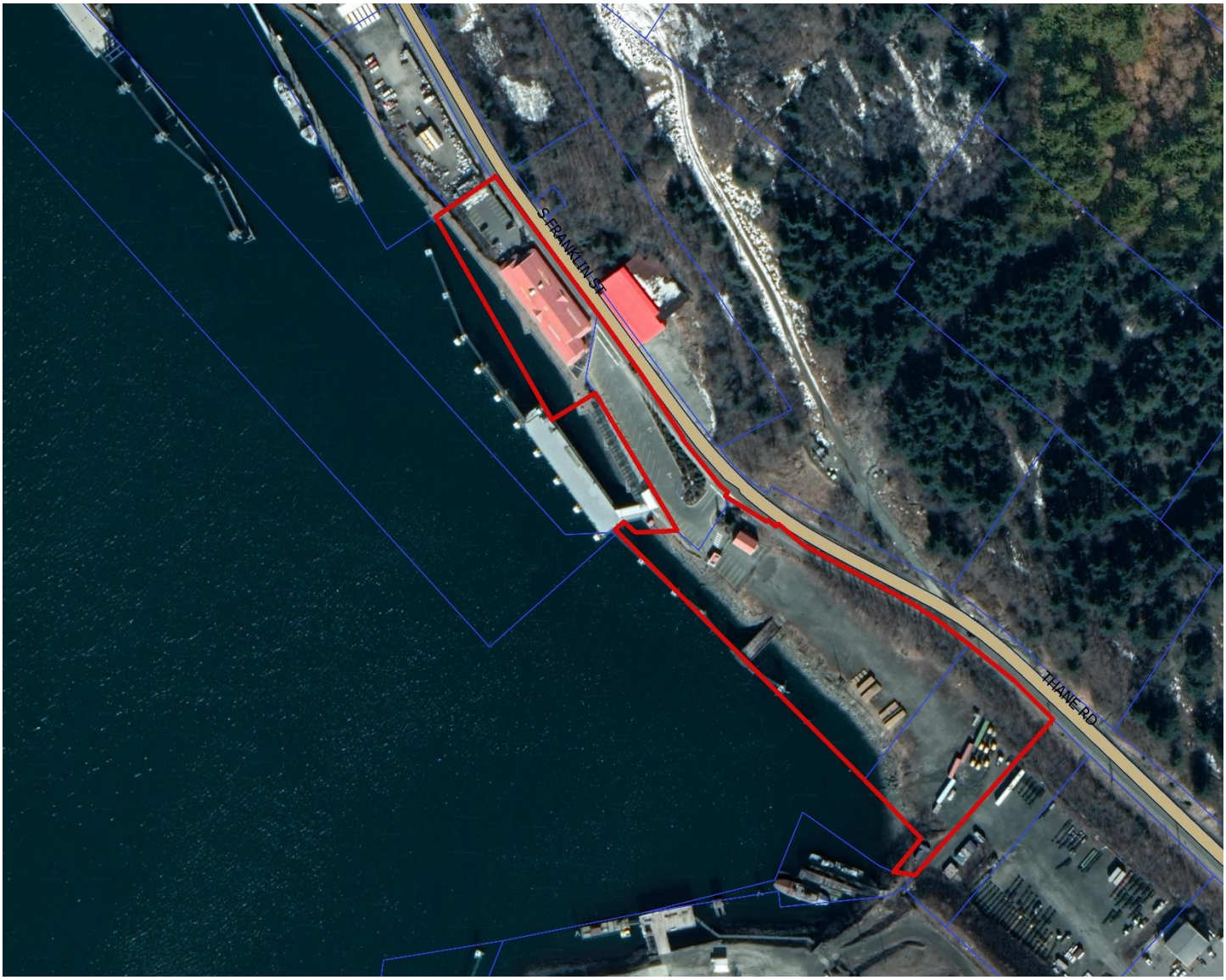
For the subject property:

- The percentage change from 2020 to 2021 was an increase of 35.6%.

We find that no change to the 2021 assessed value of $6,805,000 is warranted and ask that the BOE uphold the assessed value.

Addendum A

This shows the outline of the four contiguous parcels. Combined, these four contiguous parcels, benefit from approximately 1,500 linear feet of waterfront.



Stoops Remand Addendum

We have reviewed all of the additional information submitted since the first hearing and find no basis for a reduction to the assessed value.

General Notations Regarding These Appeals

- Appeals were filed on 5 parcels. One of those appeals has been withdrawn.
- The Swope building is separate location from the 4 other parcels which are contiguous.
- The Franklin Dock Enterprises properties are 4 contiguous properties under appeal that serve to provide retail, bus staging and dock services to the cruise ship industry. The appeal for one of these properties has been withdrawn. This parcel is likely the parcel that would show the income from dock and bus operations. The income from the cruise ship and bus staging activities have not been included in appellant information.
    - These are waterfront properties adjacent to or containing cruise ship dock facilities.
- The cap rate that we have utilized is tested with our income model against actual Juneau sales.
- The income approach is just 1 of the 3 approaches that we have to consider. The increase to the assessed value for AY2021 is supported by both market sales and by the cost approach.
- The sales list that the appellant has provided does not support any change to their assessed value.
    - Their source for the prices is not cited and some of their prices differ from what we have been given.
    - As we have demonstrated, changing a few sales does not change the results of the analysis.
- Of the 30 sales their list only 18 are from the relevant date range- of those:
    - 5 are non-market which we have previously explained numerous times
    - 5 we did not have verified prices for at the time of the study
    - 7 of them are already in our analysis and ratio study
    - 1 was vacant land that was coded as residential
    - At least 1 was improved after the sale
- For the 5 year date range considered for this year's values the total number of sales is over 200; their list would be far less representative than our list of 54 Qualified Market Sales.
- With our assessed values set around the median point, you can always find properties that sold above and below the assessed value. They have picked just sales with a ratio above 1.00 to try to argue for a reduction to the assessed value. This is not representative of market value.
- This sales list does not invalidate our ratio studies or analysis and actual market sales support our values.

- Cruise Shop Passenger Counts (as provided in the appraisals by Mr. Wold)

Southeast Alaska Cruise Passengers			
	Actual	Pre-Covid Projection	Change
2021	115,755	1,540,000	9.2%
2020	24	1,410,000	5.9%
2019	1,331,600		13.9%
2018	1,169,000		7.3%
2017	1,089,700		6.2%
2016	1,025,900		3.2%
2015	994,000		2.7%
2014	967,500		-3.2%
2013	999,600		6.7%
2012	937,000		6.1%
2011	883,000		0.8%
2010	875,593		-14.0%
2009	1,018,700		

Source: Cruise Line Industries of Alaska

  - Note that from 2010 to 2019 the number of passengers had increased by 52%.
  - From what I understand there also has been a significant increase in the number of independent tourists as well.
  - The appraisals note that, "Recent studies commissioned by the City of Ketchikan project up to 1.8 million Southeast Alaska passengers by 2030."
  - More tourists, more potential customers, more potential revenue, more opportunity, greater property value.
- The market value opinion of an appraiser can vary widely between appraisers. As we have previously documented, from recent appraisals here in Juneau, they can vary by 40% or more. In order to maintain equity and uniformity the value from a separate appraiser's opinion should not automatically be applied as assessed value.
- In general these appraisals are intended to reduce the tax burden for the owner and do not appear to reflect full market value.
- All commercial appellants received a minimum of 2 phone calls and 1 letter asking that they submit information, especially P&L data; this appellant received additional requests from one of our staff appraisers.

- The cap rates they present do not appear to represent the historical or reasonably expected revenue of the properties. They do not represent the basis from which an owner would sell a property.
- The P&L data that they have submitted is incomplete in another major regard. The 4 Franklin Dock parcels are contiguous and all play a role in providing dock services for the cruise ships and tour bus staging. Dock and bus related revenues from the cruise ships are not included in the appellant's information and would need to be considered for any Income Approach. The 4 parcels compliment each other in regards to both present operation and possible future development. While the 4 properties are not technically an economic unit there is a synergy present in being controlled by the same owner. The income that these appealed properties help facilitate show up in the income of the withdrawn appeal.
- All of these appeals involve properties in the cruise ship oriented area of downtown Juneau. Properties in this area rarely come up for sale due to the potential profits and greater return on investment. There is pent up cruise demand and projections are for a quick recovery and increasing passenger counts. If an owner wanted to sell a property in this area there are many business people who would like to take advantage of these dynamics.
- Although Covid had an impact on the revenue and cash flow of a business that does not mean that the real estate has no value. What the future holds is speculative but the owner of a building would not value it for sale based solely on the down year. The methodology that we adopted for the Income Approach, as recommended by IAAO in workshops dealing with valuing in the midst of Covid, was to utilize 3 years of profit and loss data, determine the average for the 3 years and then determine if this particular property warranted some additional adjustment from that average.
- Once again a different opinion has been presented but no evidence has been presented that actually shows our values to be wrong and nothing showing our information regarding the property valuation is in error. None of what they have submitted supports a change in value.

Assessor's Office Income Approaches

- P&L Information was submitted during the second review period for the Swope building, the Mariners Cove building and 990 Thane Rd. Income approaches were done and reviewed.
    - General Information
        - By recommendation of IAAO we are using 3 years of P&L history, not just 1 low year of income
        - This approach has the Covid impact in 2020 factored into the values in a specified way.
        - Cap rates from other models are not applicable to our model. The 6% cap rate was tested against actual Juneau sales and data to arrive at a value that was uniform with our level of assessment for commercial properties. The rate was also supported by research beyond Juneau as previously submitted.
    - For the Swope building (1C070B0L0010):
        - The rental rates submitted are below market and no compelling evidence that they could not be brought to market has been presented.

- The P&L income calculates to $1.95 per sf. Mr. Wold uses $1.89. The standard rents for the subjects area would indicate that factoring for first floor, mezzanine and upper floor the building should generate $5.15 in rents overall.
- We have rent roll data from a 2018 appraisal for 100 North Franklin St. stating that first floor retail was leased at $6.00 SF and second floor retail was leased at $2.50.
- The standard rate that we applied to the subject's area for AY2021 was $6.26 for the first floor.

▪ From the submitted P&L information, even with the below market rents, the income approach indicates a value of $3,485,136 which is higher than the $2,185,100 assessed value.

- For the Mariners Cove building (1C100K830030):
  - The rental rates submitted are below market. A recent listing of rents in the S Franklin area from an appraiser, which includes properties on the uphill side of S Franklin, indicates an average of lease rate of $7.09 per sf while the appellant indicates that he is only getting $2.10 per sf for a waterfront building adjacent to a cruise ship dock.
  - Using that average of $7.09 for S Franklin rental rates and applying 35% expenses which is higher than the stated actual expenses the indicated value is $10,739,648 while the assessed value is only $6,805,000.
- For 900 Thane Rd (property with steam plant & restrooms) (1C100K830040):
  - Profit and Loss information was submitted for this property, however, the Income Approach is not appropriate for determining market value of this property. This property facilitates the economic activity of the adjoining property and cruise ship dock. The income from those activities would appear on that separate parcel, for which the appeal was withdrawn.
  - Besides facilitating the economic activity on adjoining properties this property is a waterfront property next to a cruise ship dock with potential for development.
- For 950/990 Thane Rd (property at SE end) (1C100k830041)
  - Profit and Loss information was submitted for this property, however, the Income Approach is not appropriate for determining market value of this property. This property facilitates the economic activity of the adjoining property and cruise ship dock. The income from those activities would appear on that separate parcel, for which the appeal was withdrawn.
  - Besides facilitating the economic activity on adjoining properties this property is a waterfront property next to a cruise ship dock with potential for development.

Submitted Appraisals

- Full copies of the appraisals were submitted and reviewed during the second review period.
    - General Information regarding the appraisals by Mr. Wold
        - They utilized a Band of Investments Analysis. The Band of Investments was an early method before computers were widely available to develop a mathematical way to quantify factors for a cap rate. This represents financing considerations and assumptions and is dependent on interest rate assumptions. Its capitalization rate is based on two components- debt and equity. The Band of Investments does not consider that part of the payments represent equity build up. This method also assumes that the loan payments continue into perpetuity. It produces erroneous results. The particulars of individual investors affect rates and thus the resulting cap rate. The use of other methods is recommended. While it has appearance of accuracy because of mathematical correctness it is felt to be unreliable. It does not represent market value for assessment purposes. Again, the source and assumptions are not identified.
        - They also refer to an OAR or Overall Rate. No locational information is included, no indication for the basis of the calculations is given, no selection criteria is given and, importantly, no context is given for the income approach structure applied in arriving at the rates. We did extensive research to arrive at our cap rate and specific for our Income Approach structure tested it against actual Juneau rents and sales.
        - There are additional considerations in regards to the cap rates presented and applied in the appraisals. Below is the table that appears in the submitted appraisals.

LOCAL SALE RETURN REQUIREMENTS

Comp	Name	Property Major Type	Year Built / Renovated	Date	Cap Rate
I-1	CrossCo Building - 3408	Office	2004 / 2004	Jun-16	8.1%
I-2	Nugget Mall - 3467	Shopping	1974 / 1984	Apr-18	10.8%
I-3	Lemon Creek Commercial - 3406	Industrial	1996 / 1996	May-18	9.1%
I-4	Willow Park - 3743	Office	1983 / 1983	Apr-19	8.0%
I-5	Mendenhall Mall - 7681	Shopping	1972 / 1991	May-19	9.9%
I-6	Foodland Shopping Center - 3465	Shopping	1963 / 1995	Sep-19	9.6%
I-7	Emporium Mall - 8891	Retail-	1898 / Varies	Dec-19	10.3%
I-8	Professional Plaza B201 - 3744	Office	1982 / 2017	Jan-20	8.1%
I-9	R&M Building - 9075	Office	1973 / Periodic	Aug-20	8.5%
I-10	Gold Lodge Apartments - 8870	Multi-Family	1960 /	Oct-20	8.8%

            - Note that of the 10 data points only 3 are from 2020 and only 2 from after the start of Covid.
            - Cap rates were higher in 2016, 2018, 2019 and even 2020 compared to 01/01/2021. Cap rates were falling leading up to 01/01/2021.
            - The comparable cap rates are dated and the properties listed with cap rates approaching 10% are malls and are not comparable to the subject.
        - The appraisals make the following statement, “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.”

        - This is a misleading statement. First what we are considering here is the assessed value specifically for tax allocation, for which he admits mass appraisal is useful. Second, as evidenced within my personal experience as well as by studies of others, a good mass appraisal system can produce far more accurate and uniform indications of value than individual appraisals.
    - The appraisals state that, “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.”
        - These are unsubstantiated accusations of sales chasing and coercion.
        - There certainly are times when the assessed value goes up after a sale due to improvements in order to sell, property changes that are picked up through review of listing information, or remodeling or new construction after the sale.
    - The appraisals state that, “A revaluation as of 2021 increased land assessments by 150%.”
        - The increase for most properties was an increase of 50% of the land portion of their value.
    - Once again the subport sale is referenced. It was advertised. It received multiple bids in an open auction. The top 3 bids were for $20,000,000 and $13,000,000 and $12,800,000. Our AY2021 value, derived from our models, is only $7,524,300.
- For the Swope building (1C070B0L0010)
    - Overview- The appraisal uses the terms “super-amenity” and “superadequacy” along with stating that “the improvements are too large” and states that this condition is not curable. The appraisal uses this to justify a lower value based simply on the rents currently being below market. There is no supporting evidence that there is some actual land or building condition that is responsible for the property’s under performance. It could be management issues, poor advertising, the timing of vacancies or cash flow issues causing them to go with below market rents to fill the vacancy quickly, there may be other considerations that are causing them to offer below market rents, there may be other compensation not showing in the rents, for example it has been reported that businesses along S Franklin were getting a $75,000 upfront premium when executing a new lease. We see no actual condition of the land or buildings that warrant such an adjustment.
    - The appraisal reduces our cost approach by $377,700 (or $376,700 depending on which place in the appraisal you reference) due to "Property Specific Depreciation". No actual proof for the reduction is given just a reference to “below average income.” Our Cost Approach already applies an appropriate amount of depreciation.

- In regards to superadequacy, from a quick tour of the properties in the two block area of S Franklin between Admiral Way and Front St., it appears that more than 50% of the buildings in that area are multi story buildings with some being larger than the subject.
- The appraisal did not develop land value or sales comparison approach. The sales comparison approach was not developed because “there is inadequate market data to develop a credible value estimate through this approach.” The income approach is reliant on the same market data for the development of a cap rate.
- The appraiser acknowledges that the commercial market has been appreciating and that there is limited data.

- Mariners Cove building (1C100K830030)
  - Overview- Again the justification presented in the appraisal for such a low value was the inability of the property to generate market return. There is no supporting evidence that there is some actual land or building condition that is responsible for the property’s under performance. It could be management issues, poor advertising, the timing of vacancies or cash flow issues causing them to go with below market rents to fill the vacancy quickly, there may be other considerations that are causing them to offer below market rents, there may be other compensation not showing in the rents, for example it has been reported that businesses along S Franklin were getting a $75,000 upfront premium when executing a new lease. We see no actual condition of the land or buildings that warrant such an adjustment.
  - The appraisal did not develop land value or sales comparison approach. The sales comparison approach was not developed because “there is inadequate market data to develop a credible value estimate through this approach.” The income approach is reliant on the same market data for the development of a cap rate.
  - The appraisal factors in rent losses are from 2021. This is after the valuation date of 01/01/2021.
  - The appraisal states that this parcel has an “irregular configuration.” In fact the parcel is predominantly rectangular, any loss in utility due to its shape would be negligible and no negative influence should be applied due to its shape.

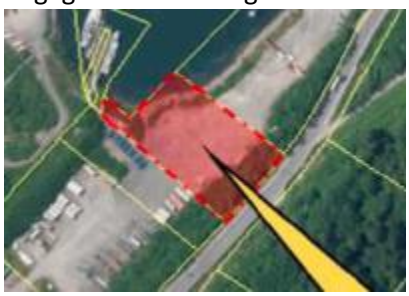
- It appears that this parcel and the one for which the appeal was withdrawn were valued as an economic unit. This explains the same price per sf even though this parcel actually has tidelands where the other parcel does not.
- The appraisal states that, “tidelands have little, if any utility, due to the presence of the Seawalk, tidal fluctuation, and access obstruction presented by the Franklin Street Dock.” In fact the tidelands and Seawalk provide visibility to cruise ship tourists and foot traffic past building.
- The appraisal states that, “External depreciation is present due to the inability of the improvements to provide a reasonable economic return. External obsolescence is calculated as the difference between the Assessor’s cost approach and the Appraiser’s income approach, which is $5,337,800.” There is no supporting evidence of inherent “external obsolescence” for the property’s under performance. There is no supporting evidence that the buildings construction or location would support such an adjustment. It could be management issues, poor advertising, the timing of vacancies or cash flow issues causing them to go with below market rents to fill the vacancy quickly, there may be other considerations that are causing them to offer below market rents, there may be other compensation not showing in the rents. The building presents itself well to the market and the location is a prime location being adjacent to a cruise ship dock and bus staging area with great visibility.

- For 900 Thane Rd (property with steam plant & restrooms) (1C100K830040)
  - Overview- The appraisal bases the lower value on two things- sales of upland properties in the Rock Dump area and unsubstantiated perceived deficiencies in the property. It does not make adequate adjustment for comparing a waterfront property to upland properties and there is no evidence of adjustments for view or exposure/visibility. The appraisal also minimizes the current use and the development potential with no true substantiation.
  - The comparables utilized are not indicative of waterfront value and adopting such a value would take the subject out of uniformity with other properties.
  - The Income Approach is not appropriate for this property. The value of this parcel derives from it facilitating economic activity on adjoining properties with dock and bus staging facilities as well as the development potential. The income is going to appear on the parcel for which the appeal was withdrawn.

- The appraisal states that this parcel has an “irregular shape.” In fact the parcel is predominantly rectangular, any loss in utility due to its shape would be negligible and no negative influence should be applied due to its shape.

- The appraisal adjusts the value further downward by $451,800 for “armor rock” installation and removal of a “barge landing.” No engineer’s report was provided to the Assessor’s Office. These represent development costs for full, maximal development and are not a proper deduction against the present valuation. Full development of the property would enhance the property value. Subtracting them from the cost approach for the steam plant and restrooms is not appropriate.
- The appraisal also reduces the value on the claim that “due to the grade differential, the cost of bringing utilities into the site is extraordinary.” We do not view the development costs in that regard as being extraordinary and do not feel an adjustment for such is warranted.
- The appraisal, in its reasoning for not providing a sales comparison approach, states that “these types of properties are not marketable without a steep discount.” There is no supporting evidence that waterfront properties, next to cruise ship docks, in cruise ship tourism areas are not marketable.
- The appraisal presents “the limitation of use for the subject tidelands” as justification for use of upland sales. The tidelands present current benefit and development potential that the upland parcels do not enjoy. The use of upland property to value waterfront property without proper adjustments is not supportable.

- For 950/990 Thane Rd (property at SE end) (1C100k830041)
  - Overview- The appraisal bases its lower value on two things- sales of upland properties in the Rock Dump area and unsubstantiated perceived deficiencies in the property. The appraisal actually ranks the waterfront property of lower value (Below Average) than the Rock Dump locations (Average) applying a negative (-20%) adjustment. The appraisal does not make adequate adjustment for comparing a waterfront property to upland properties. For instance, there is no evidence of adjustments for location, view or exposure/visibility. The appraisal also minimizes the current use and the development potential with no true substantiation.
  - The comparables utilized are not indicative of waterfront value and adopting such a value would take the subject out of uniformity with other properties.
  - The appraisal states that this parcel has an "irregular configuration." In fact the parcel is predominantly rectangular, any loss in utility due to its shape would be negligible and no negative influence should be applied due to its shape.



  - The appraiser makes other unsubstantiated reductions to the value

Previous Testimony

- Mr. Wold
  - Mr. Wold stated that because our cost approach did not apply functional and economic obsolescence adjustments that it was improper.
  - Mr. Wold has no authority to dictate how we do our cost study.
  - His statement that our cost approach is improper is a false and incorrect statement.
  - Condition of a property is adjusted in two primary ways- deprecation and obsolescence adjustments. We apply obsolescence adjustments where we feel they are warranted, where there are actual building or external influences that are not accounted for in the normal depreciation.
  - We do not feel that an arbitrary application solely due to the actual age of the building is appropriate.
  - Our not applying an obsolescence adjustment is not improper but, rather, is a difference of opinion

- Mr. Wold stated that there is no support for our cap rate of 6%. As we have repeatedly presented it is supported by both research and testing against actual market data. He is welcome to use a different model for his work and to have a different opinion. That does not invalidate our model or rate.

- Mr. Geiger
  - Mr. Geiger again made claims and statements that we have repeatedly corrected and addressed.
  - Mr. Geiger indicates that the trend in ratios is puzzling to him. Mr. Geiger has admitted that he does not understand our trend. The fact that he is puzzled by it does not make it invalid. It may be different than what he is familiar with but it is a methodology that is used across the country by assessment offices.
  - Mr. Geiger again claims that we had selection bias and cherry picked our sales. These accusations are false and defamatory statements and we have repeatedly addressed and corrected these statements.
  - Mr. Geiger again claims that we deleted data that was not favorable. These accusations are false and defamatory statements and we have repeatedly addressed and corrected these statements.
  - Mr. Geiger states that we should not have used 2 sales, the NCL purchase of subport property and a sale on concrete way which he claims is an “outlier.” We applied the IAAO standard to determine whether or not sales were an outlier for each data set that we worked with. Where those sales were used they did not qualify as an outlier under IAAO standards. Care was taken in considering the implications for any sets that included the NCL sale.
  - Mr. Geiger claims that our ratio study is invalid- It is not invalid. It may not be typical of what he has worked with in the past but it is valid for assessment work. He is not an authority or expert in analysis for ad valorem purposes.

February 8, 2022

Board of Equalization
City Assessor's Office
155 S Seward St.
Juneau, Alaska 99801

CBJ CLERK
FEB - 8 2022
RECEIVED
6 page document

RE: 1C100K830040 Appeal

This property is located immediately south of the Franklin Dock staging area. It is mostly undeveloped but does have a small building which contains equipment for shore side power for the Franklin Dock.

It is waterfront property but is constrained by the presence of the cruise ship dock immediately outward of the property and the old AML loading dock which is nonfunctional and a liability to the property.

The tax assessment for 2021 is $5,424,850.

Total income for the property is $50,000 per year rental for the utility building (the same for the past 5 years) yielding a miniscule cap rate for income.

The property also needs new rip rap to prevent further erosion caused by tidal action and the bow thrusters from cruise ships while docking. It would also require expensive access and utility extensions to allow for development.

With the exception of the utility building, we have had no demand for the property nor have been able to come up with any economic development projects that would produce reasonable net income to us.

We are enclosing prior correspondence with the Assessor's Office and a recent appraisal of the property. The appraised value is $2,009,654 once we spend $250,000 to remove the barge ramp and another $201,800 for armor rock and placement (or a current market value of $1,557,854). Along with the Miner's Cove property (700 S Franklin St), this property is also grossly over assessed.

We are also submitting a chart of recent sales of similar properties all of which are under the assessed value.

Sincerely,

Reed Stoops
Franklin Dock Enterprises

The City and Borough of Juneau is not responsible and shall not be liable to the user for damages of any kind arising out of the use of data or information provided by the City and Borough of Juneau, including the installation of the data or information, its use, or the results obtained from its use. ANY DATA OR INFORMATION PROVIDED BY THE City Borough of Juneau IS PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. Data or information provided by the City Borough of Juneau shall be used and relied upon only at the user's sole risk, and the user agrees to indemnify and hold harmless the City Borough of Juneau, its officials, officers and employees from any liability arising out of the use of the data/information provided. NOT FOR ENGINEERING PURPOSES.

N

LAND VALUE CALCULATION	900 Thane Rd	
Usable Land Area		76328 Sq Ft
Land Value / Sq Ft	x	$24.50
Estimated Land Value		$1,870,036
Rounded		**$1,870,036**

LAND VALUE CALCULATION

	Land SF		**$/Sq Ft**		**Total**
Usable Uplands	76,328	x	$24.50	=	$1,870,036
Tidelands	32,716	x	$4.27	=	$139,618
At Completion Market Value					**$2,009,654**
ROUNDED					**$2,009,654**

Adjustments

	Units	**$/Unit**	**Total**
Barge Ramp Removal			($250,000)
Armor Rock			($201,800)
Total Deductions			($451,800)
As Is Market Value Estimate			**$1,557,854**
ROUNDED			**$1,557,854**

COST APPROACH - 900 Thane Rd

Assessor's Building Value	$249,100
PLUS: LAND VALUE	**$1,557,854**
MARKET VALUE ESTIMATE (ROUNDED)	**$1,806,954**

Land Analysis Grid - 900 Thane Rd			L-1		L-2		L-3		L-4		L-5	
Name	Lot 3A, Thane Rd		Sysco Property - 3492		M&M Tours Land -		190 Mill St Land -		JMIS Land - 3799		Mill St. Land	
City	Juneau		Juneau		Juneau		Juneau		Juneau		Juneau	
Date	1/1/2021		3/16/2017		4/1/2019		10/25/2019		3/10/2020		3/10/2020	
Price	Appraisal		$716,000		$597,938		$378,818		$612,788		$378,818	
Land SF	76,328		34,095		27,179		17,219		27,854		17,219	
$/Sq Ft	- - -		$21.00		$22.00		$22.00		$22.00		$22.00	
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%
Financing	Conventional		Conventional	0.0%	Conventional	0.0%	Cash	0.0%	Conventional	0.0%	Cash	0.0%
Conditions of Sale	Arms Length		Arms Length	0.0%	Arms Length	0.0%	Arm's Length	0.0%	Arms Length	0.0%	Arm's Length	0.0%
Adjusted Land SF Unit Price			**$21.00**		**$22.00**		**$22.00**		**$22.00**		**$22.00**	
Market Cond. Thru	1/20	2.0%	5.7%		1.5%		0.4%		0.0%		0.0%	
Adjusted Land SF Unit Price			**$22.20**		**$22.33**		**$22.08**		**$22.00**		**$22.00**	
Location	Good		Average		Average		Average		Average		Average	
% Adjustment			10%		10%		10%		10%		10%	
$ Adjustment			$2.22		$2.23		$2.21		$2.20		$2.20	
Land SF (Size)	76,328		34,095		27,179		17,219		27,854		17,219	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Topography	Level		Level		Generally Level		Level		Generally Level		Level	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Utilities	All utilities		All Available		All Available		All utilities		All Available		All utilities	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Zoning	waterfront industrial		I, Industrial		I, Industrial		I		I, Industrial		I	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Adjusted Land SF Unit Price			**$24.42**		**$24.56**		**$24.29**		**$24.20**		**$24.20**	
Net Adjustments			16.3%		11.7%		10.4%		10.0%		10.0%	
Gross Adjustments			16.3%		11.7%		10.4%		10.0%		10.0%	

CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

Office Of The Assessor
155 South Seward Steet
Juneau, AK 99801

FRANKLIN DOCK ENTERPRISES LLC
350 N FRANKLIN ST UNIT 2
JUNEAU AK 99801

Meeting of Board of Equalization (BOE) and Presentation of Real Property Appeal	
Date of BOE	**March 10, 2022, Thursday**
Location of BOE	Via ZOOM Webinar
Time of BOE	5:30 pm
Mailing Date of Notice	February 23, 2022
Parcel Identification	1C100K830040
Property Location	900 THANE RD
Appeal No.	APL20210263
Sent to Email Address:	reedstoops@aol.com

ATTENTION OWNER

Under Alaska Statutes and CBJ Code, you, as the appellant, bear the burden of proof. The only grounds for adjustment of an assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in your written appeal or proven at the appeal hearing.

Any evidence or materials you would like to include in your appeal must be submitted to the City Clerk's Office {preferred method via email to city.clerk@juneau.org Attn.: Assessment Appeal} by **4:00 PM Wednesday, March 2, 2022** and will be included in the packets for the Board so the members have an opportunity to review the materials before the hearing.

Your Board of Equalization packet will be ready for you to pick up in the Clerk's office after **2:00 PM Thursday, March 3, 2022** or it will be emailed and/or mailed to the above address(es) on this notice.

You or your representative may be present at the hearing {via Zoom Webinar, participation/log in information will be listed on the agenda packet you receive for the hearing your appeal is scheduled for}. If you choose not to be present or be represented, the Board of Equalization will proceed in the absence of the appellant.

It should be noted that, between the date of this letter and the Board hearing date, your appeal may be resolved between you and the Assessor. If your appeal is resolved, you will not need to appear before the Board.

If you have any questions please contact the Assessor's Office.

Attachment: CBJ Law Department Memorandum April 19, 2013.

CONTACT US: CBJ Assessor's Office			
Phone	**Email**	**Website**	**Physical Location**
Phone (907) 586-5215 Fax (907) 586-4520	assessor.office@juneau.org	http://www.juneau.org/finance/	155 South Seward St Room 114

PROPERTY TAX BILLS MAILED JULY 1 **PROPERTY TAXES DUE SEPTEMBER 30**

CITY AND BOROUGH OF JUNEAU

Office of the Assessor
155 S Seward Street
Juneau AK 99801

Petition for Review / Correction of Assessed Value Real Property	
Assessment Year	2021
Parcel ID Number	1C100K830040

For Office Use:	Review #	Appeal #

2021 Filing Deadline: MONDAY, MAY 3

Received
APR 26 2021
CBJ-Assessors Office

Please attach all supporting documentation

ASSESSOR'S FILES ARE PUBLIC INFORMATION – DOCUMENTS FILED WITH AN APPEAL BECOME PUBLIC INFORMATION

Parcel ID Number	1C100K830040		
Owner Name	FRANKLIN DOCK ENTERPRISES	Name of Applicant	REED STOOPS
Primary Phone #	(907 463-3223	**Email Address**	reedstoops@aol.com
Physical Address	350 N. FRANKLIN STREET, STE 2	**Mailing Address**	SAME AS PHYSICAL
	JUNEAU, AK 99801		

Why are you appealing your value? Check box and provide a detailed explanation below for your appeal to be valid.

[◉] My property value is excessive/overvalued
[○] My property value is unequal to similar properties
[○] My property was valued improperly/incorrectly
[○] My property has been undervalued
[○] My exemption(s) was not applied

THE FOLLOWING ARE NOT GROUNDS FOR APPEAL
- Your taxes are too high
- Your value changed too much in one year.
- You can't afford the taxes

Provide specific reasons and provide evidence supporting the item(s) checked above:

Increase in value is excessive and creates additional hardship for business. No cruise ship revenues in 2020, none projected for 2021, and have given 90% rent relief to tenant for those years.

Have you attached additional information or documentation? [○] Yes [◉] No

Values on Assessment Notice:

Site	$5,175,750	Building	$249,100	Total	$5,424,850

Owner's Estimate of Value:

Site	$	Building	$	Total	$

Purchase Price of Property:

Price	$	Purchase Date	

Has the property been listed for sale? [○] Yes [◉] *No (if yes complete next line)*

Listing Price	$	Days on Market	

Was the property appraised by a licensed appraiser within the last year? [○] Yes [◉] No *(if yes provide copy of appraisal)*

Certification:
I hereby affirm that the foregoing information is true and correct, I understand that I bear the burden of proof and I must provide evidence supporting my appeal, and that I am the owner (or owner's authorized agent) of the property described above.

Signature	Date

Contact Us: CBJ Assessors Office			
Phone/Fax	**Email**	**Website**	**Mailing Address**
Phone: (907)586-5215 Fax: (907)586-4520	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St. Juneau AK 99801

Step 1 – Administrative Review

Appraiser to fill out			
Appraiser		Date of Review	
Comments:			
Post Review Assessment			
Site	$	Building	$
Total	$		
Exemptions	$		
Total Taxable Value	$		

APPELLANT RESPONSE TO ACTION BY ASSESSOR

My acceptance or rejection of the assessment valuation in the amount of $_____ is indicated below.

[ ] Accept New Assessed Value [ ] Close Review (Assessment Remains Unchanged) [ ] Reject and Appeal

If appealed, appellant will be scheduled before the Board of Equalization and will be advised of the date & time to appear.

Appellant's Signature _____ Date: _____

Appellant Accept Value	[ ] Yes [ ] No *(if no skip to Board of Equalization)*
Govern Updated	[ ] Yes [ ] No
Spreadsheet Updated	[ ] Yes [ ] No
Corrected Notice of Assessed Value Sent	[ ] Yes [ ] No

Step 2 – Appeal

Appeal # _____

BOARD OF EQUALIZATION					
Scheduled BOE Date	[ ] Yes [ ] No				
10-Day Letter Sent	[ ] Yes [ ] No				
The Board of Equalization certifies its decision, based on the Findings of Fact and Conclusion of Law contained within the recorded hearing and record on appeal, and concludes that the appellant **[ ] Met [ ] Did not meet** the burden of proof that the assessment was unequal, excessive, improper or under/overvalued. Notes:					
Site	$	Building	$	Total	$
Exemptions	$				
Total Taxable Value	$				

Contact Us: CBJ Assessors Office			
Phone/Fax	**Email**	**Website**	**Mailing Address**
Phone: (907)586-5215 Fax: (907)586-4520	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St. Juneau AK 99801

CITY AND BOROUGH OF JUNEAU

OFFICE OF THE ASSESSOR

155 S. Seward St. Rm. 114
Juneau, AK 99801
Phone: (907)586-5215
Fax: (907)586-4520
Assessor.Office@juneau.org

01/19/22

Received
JAN 25 2022
CBJ-Assessors Office

Franklin Dock Enterprises LLC
350 N. Franklin St Ste 2
Juneau AK 99801

RE: FINAL DETERMINATION -- 2021 Property value Petition for Review -- 1C100K830040
RESPONSE DEADLINE: ***01/26/22***

PARCEL: 1C100K830040
PHYSICAL LOCATION: 900 Thane Rd

Franklin Dock Enterprises LLC,

This letter is in response to the 2021 Petition for Review that you filed regarding the above indicated parcel. The basis for appealing as indicated on the Petition for Review form is: **My property value is excessive**

- Excessive – grossly disproportionate when compared to other assessments
- Unequal – treated differently than other properties in the same property class
- Improper – valuation methodology was improper
- Undervalued – valued less than market or disproportionately lower than other assessments

State statute requires that the burden of proof is upon the appellant to provide evidence that one of the above conditions has been met (AS 29.45.210).

Based upon the evidence that you provided we have made the following determination regarding 2021 assessment valuation of **1C100K830040**:

VALUE DETERMINATION

Recommended Action:	**No Change**
2021 Initial valuation:	**$5,424,850**
2021 Owner estimate of value:	
2021 Final determination:	**$5,424,850**

We have reviewed your assessed value and did not find that the value is excessive, unequal, or improper.

The Assessor Office recommends NO CHANGE to the 2021 assessed value as the appellant failed to meet the burden of proof as required by state statute. The Assessor Office sees no basis for change.

APPELLANT RESPONSE FOR ASSESSMENT YEAR 2021 PETITON FOR REVIEW

Please indicate if you accept the recommended value or wish to have your Petition for Review heard by the Board of Equalization. *(INITIAL ONE)*

_____ **YES**, I accept the recommended value determination provided by the Assessor

_X____ **NO**, I do not accept the recommended valuation provided by the Assessor. Please schedule my Petition for Review for the Board of Equalization.

I understand that I will be expected to provide specific evidence to the Board which clearly illustrates that my parcel valuation is: excessive, unequal, valued with improper methodology or is less than market value.

Be advised that if you choose to proceed to the Board of Equalization, they may, in accordance with law, apply an increase of the assessed value to full market value.

Appellant signature — Date: 1/25/22

If we do not receive a response from you by **01/26/22**, the Petition for Review will be scheduled for the Board of Equalization where you will be expected to present **specific evidence** as to why your parcel is not valued correctly.

Sincerely,

Mary Hammond
Assessor
City & Borough of Juneau

CITY AND BOROUGH OF JUNEAU

ASSESSOR OFFICE

APPEAL #2021-0263

2021 REAL PROPERTY APPEAL PACKET

BOARD OF EQUALIZATION February 15, 2022

Continued on March 10, 2022

For information from the additional review due to the BOE remand see the Remand Addendum.

Appellant: Franklin Dock Enterprises LLC

Location: 900 Thane Rd

Parcel No.: 1C100K830040

Property Type: Commercial – Dock/Support facilities

Appellant's basis for appeal: My property value is excessive/overvalued

	Appellant's Estimate of Value	Original Assessed Value	Recommended Value
Site:	None provided	$ 5,175,750	$ 5,175,750
Buildings:	None provided	$ 249,100	$ 249,100
Total:	**None provided**	**$ 5,424,850**	**$ 5,424,850**

Subject Photo

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SUBJECT PHOTOS 3
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ASSESSED VALUES 6
LAND 6
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OVERVIEW

The subject is a waterfront commercial/industrial property adjacent to the parcel with a dock. It currently houses a steam plant building as support to cruise ships in addition to a public restroom and includes dolphins and a catwalk for the dock. The property has also been used as a tour bus staging area.

Subject Characteristics:

- Land
  - 136,317 SF lot = 3.129AC
    - Approx. 66% uplands
    - Approx. 34% Submerged tidelands
  - Level, partially developed waterfront commercial/industrial use
  - Located next to the same owners dock and bus staging area.

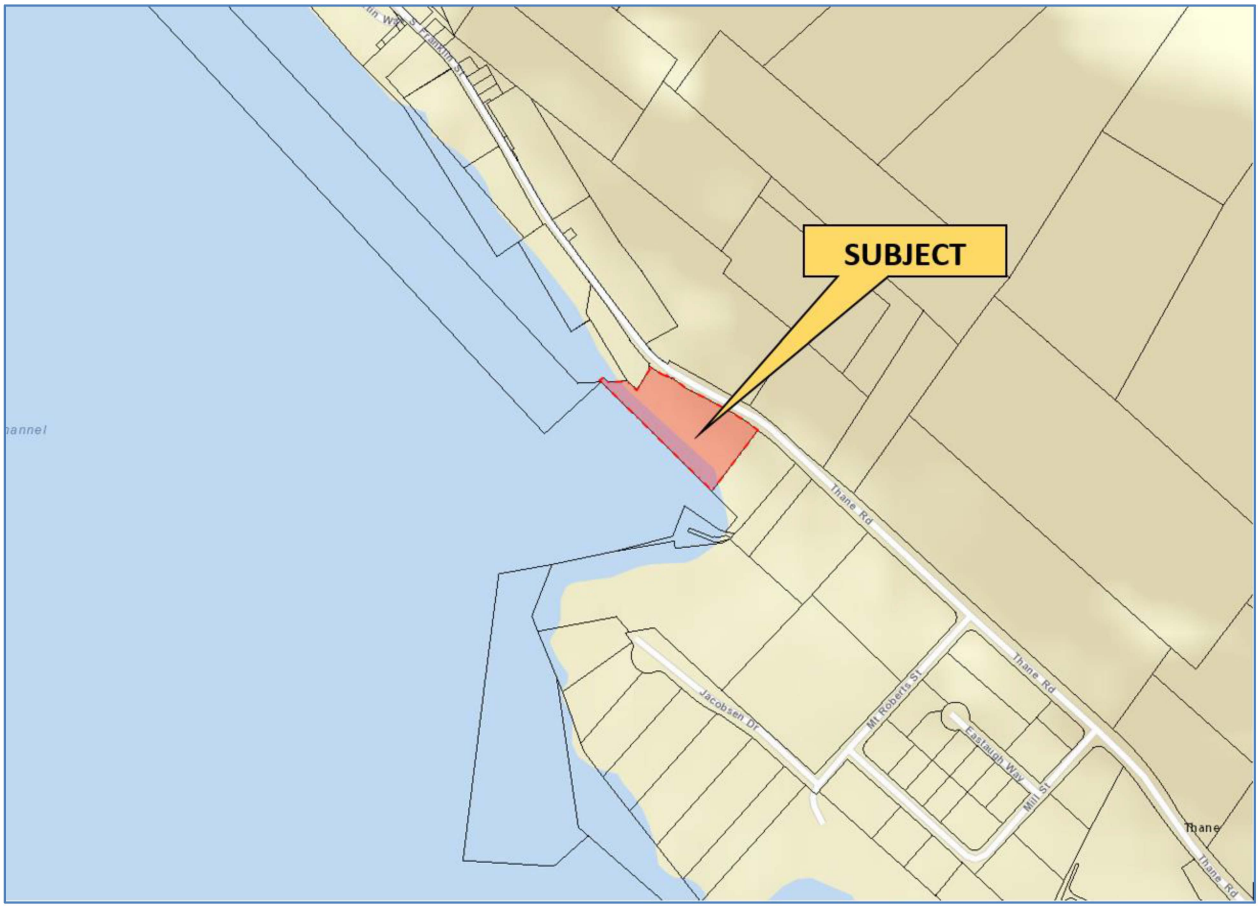
- Building
  - 1,020 SF GBA – Steam Plant
  - 128 SF GBA – Public restroom
  - This property also includes mooring dolphins and catwalks which service the dock on the adjacent property. (Their value is currently included on parcel 1C100K830031 with the dock valuation.)

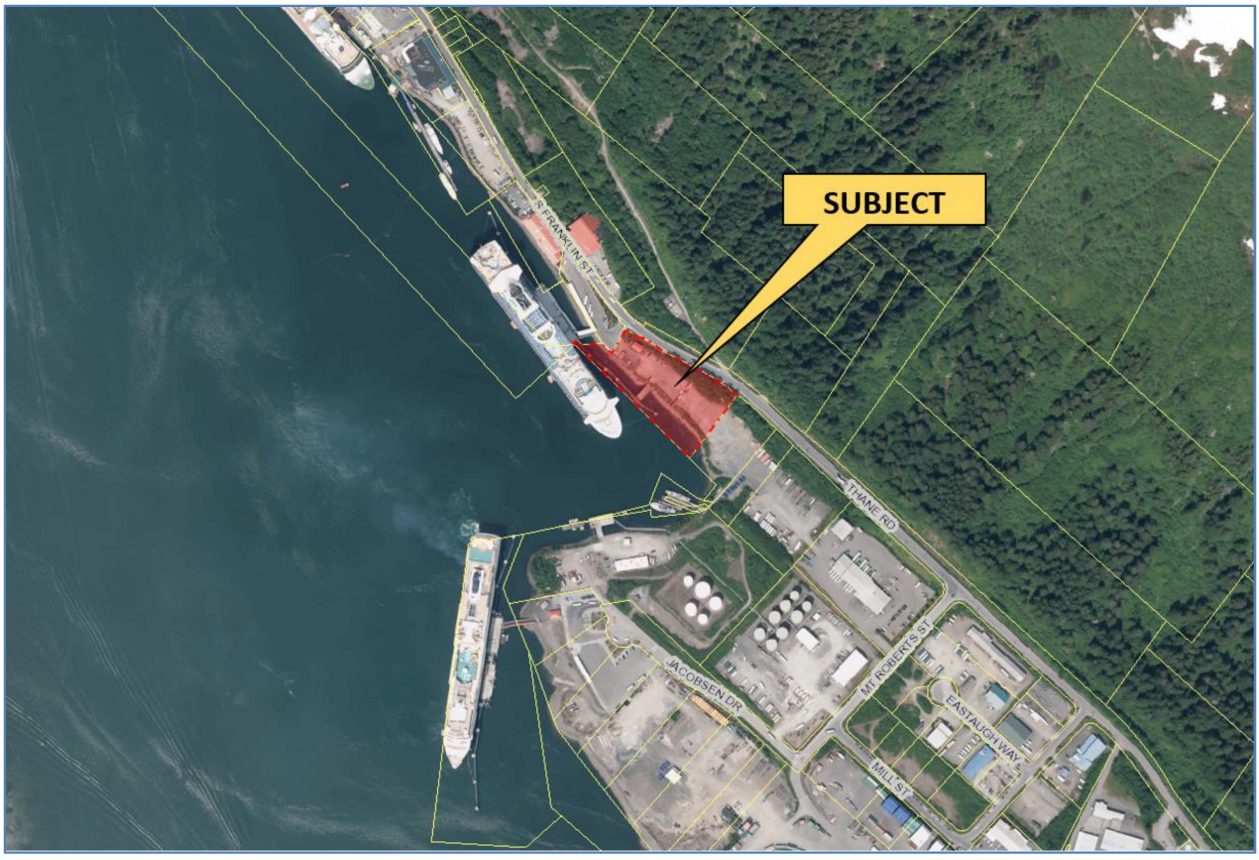
SUBJECT PHOTOS

Steam plant

	Looking north
	Looking south

AREA MAP & AERIAL





ASSESSED VALUES

Remember that the total assessed value is the primary test against market. The distribution of that value between the Land Component and the Building Component is secondary and can vary from one model to another. The total assessed value is tested against market indicators (sales, lease rates, etc.) and is adjusted to market value by application of market area and feature adjustments.

All three approaches to value (Cost, Sales Comparison and Income) are considered for commercial properties

LAND

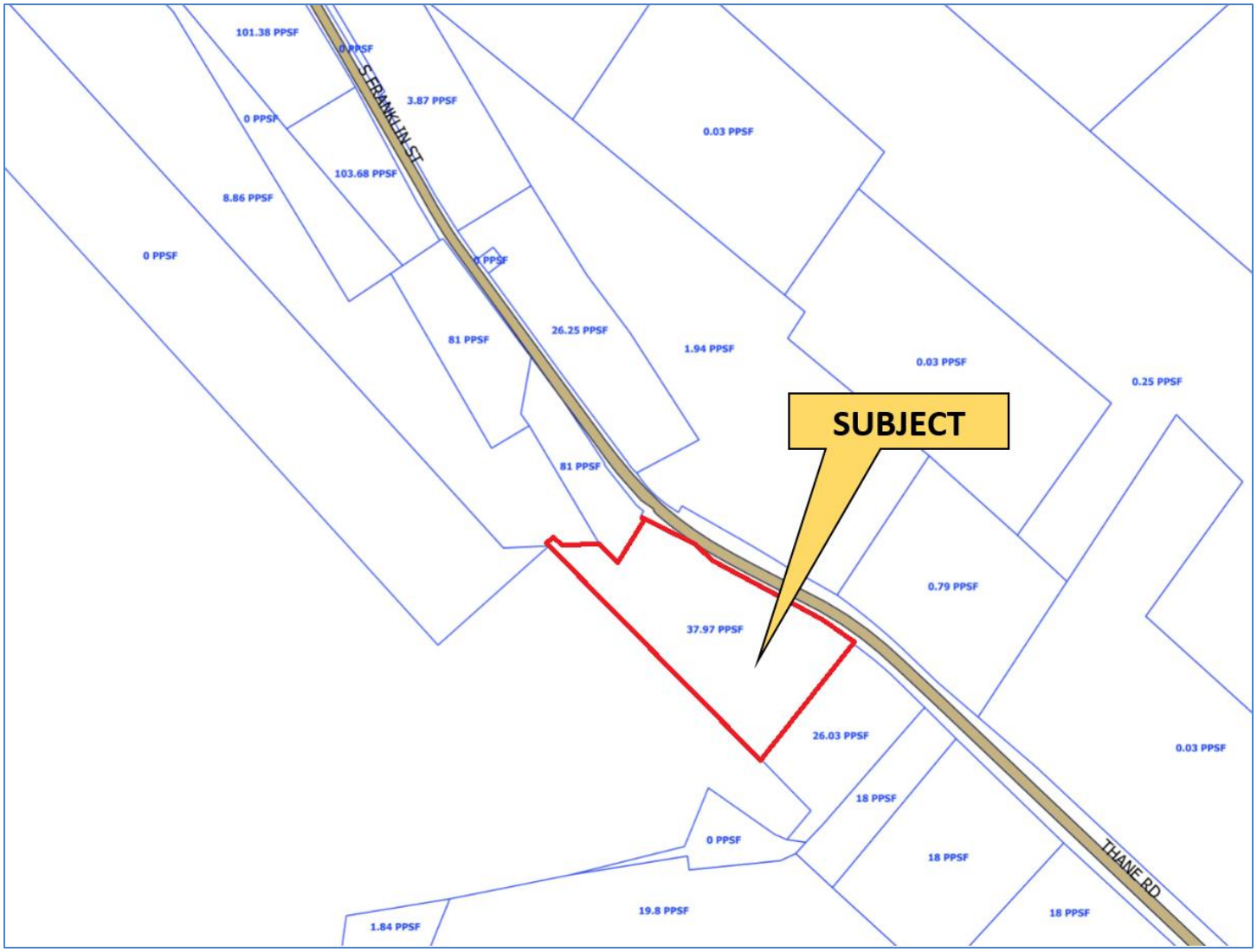
Land values are developed on a market area basis. The land is examined to understand the typical land characteristics in the market area. These characteristics include size, slope, view, water frontage, significant wetlands and others. The characteristics are used to develop a market area land valuation model. This model is tested and refined in consideration of sales of both vacant and developed parcels. The resulting model is then applied to all of the land in the market area to establish assessed site values.

The subject site is a level, partially developed waterfront property in the South Franklin St tourism area. The subject parcel's land value is equitable and is not excessive.

Land Characteristics:

- 136,317 SF lot = 3.129AC
    - Approx. 66% uplands
    - Approx. 34% Submerged tidelands
- Level, partially developed waterfront commercial/industrial use
- Located next to the same owners dock and bus staging area.

Land Values


101.38 PPSF
0 PPSF
S FRANKLIN ST
3.87 PPSF
0 PPSF
0.03 PPSF
103.68 PPSF
8.86 PPSF
0 PPSF
0 PPSF
81 PPSF
26.25 PPSF
1.94 PPSF
0.03 PPSF
0.25 PPSF
SUBJECT
81 PPSF
0.79 PPSF
37.97 PPSF
26.03 PPSF
0.03 PPSF
18 PPSF
0 PPSF
18 PPSF
THANE RD
19.8 PPSF
18 PPSF
1.84 PPSF

BUILDING(S)

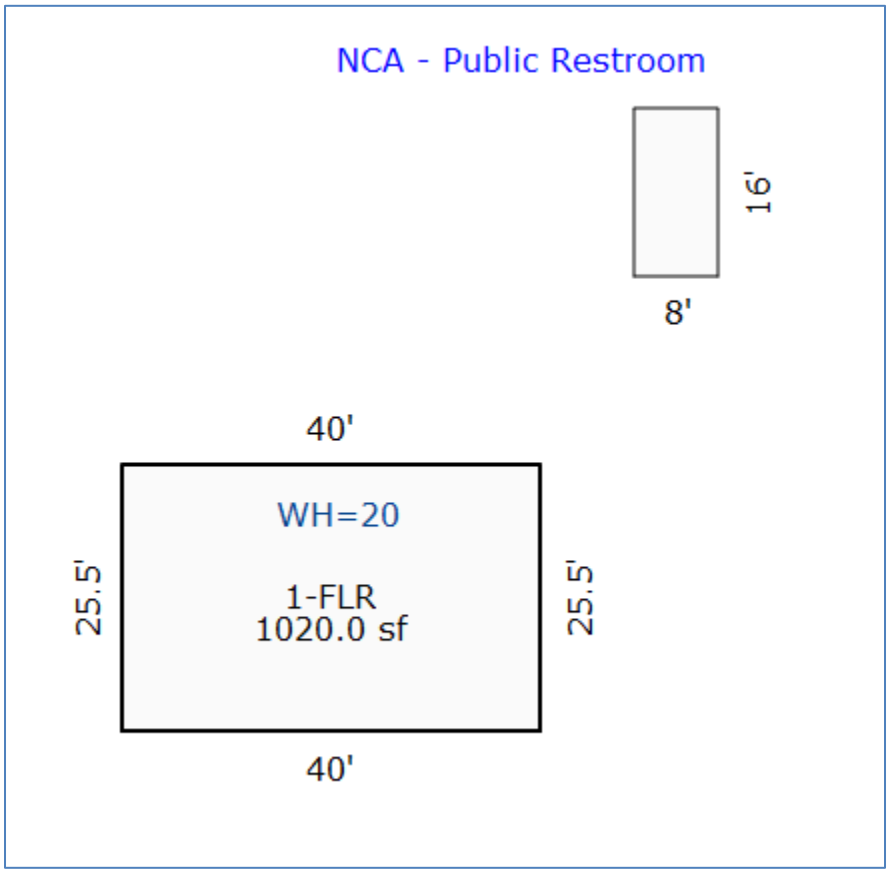
The building component may be based on market adjusted cost tables, residual from sales after extraction of the land value or other appropriate means.

Ratio studies are performed to determine market adjustments.

Building Characteristics:

- 1,020 SF GBA – Steam Plant
- 128 SF GBA – Public restroom
- This property also includes mooring dolphins and catwalks which service the dock on the adjacent property. (Their value is currently included on parcel 1C100K830031 with the dock valuation.)

Sketch of Improvements:



COST REPORT

The cost report below was utilized in the review process in response to the filing of the Petition for Review by the appellant. The cost report indicates that the building component is not overvalued.

2/3/2022 9:38:28AM Page 1

Cost Report - Commercial

1642		Record	1
Parcel Code Number	**1C100K830040**	**Number of Stories (Building)**	01
Owner Name	**FRANKLIN DOCK ENTERPRISES LLC**	**Number of Sections**	1
Parcel Address	**900 THANE RD**	**Perimeter**	131
Effective Year Built	2015	**Class**	S
Year Built	2001	**Height**	20
Building Model	C- 14 Garages, Industrials, Lofts, Warehouses	**Rank**	Average
Building Type	Storage Warehouse	**Total Area**	1,020.00

Section 1	Description	Units	Percent	Cost	+/-	Total
Base Cost		1020		36.00		36,720
Exterior Wall	Stud -Metal Siding	1020	100%	10.81		11,025
Heating & Cooling	Heating & Cooling	1020		606.00		606
Heating & Cooling	Space Heater	1020	100%	2.30		2,346
Architect Fee		1020		6.30		6,426
Sub Total						$57,123.00
Local Multiplier				1.43	[X]	$81,686.00
Current Multiplier				1.03	[X]	$84,137.00
Neighborhood Multiplier					[X]	$84,137.00
Depreciation - Physical				6.00	[-]	$5,048.00
Depreciation - Functional					[-]	$0.00
Depreciation - Economic					[-]	$0.00
Percent Complete				100.00	[-]	$79,089.00
Cost to Cure						
Neighborhood Adjustment						
Replacement Cost less Depreciation						$79,089

Miscellaneous Improvements			
Miscellaneous Improvement	Restroom Building	[+]	38,400
Miscellaneous Improvement	Loading ramp John_S	[+]	112,000
Miscellaneous Improvement	Light poles John_Sa	[+]	9,000
Miscellaneous Improvement	Paving John_Sahnow	[+]	18,500

Total Improvement Value	$257,000

INCOME APPROACH

The income approach was not the basis for setting the assessed value for 2021. The appellant did not submit sufficient P&L information for doing an Income Approach for the Review process. In addition, an Income Approach would be difficult as this parcel largely serves to facilitate income activities on another parcel and for future development.

COMMERCIAL MARKET & ASSESSMENT ANALYSIS

The 2021 sales analysis for commercial properties included 57 qualified sales from 5 years of sales covering January 1, 2016 through December 31, 2020. The sales volume for the commercial market remained steady through 2020 and there was no indication of declining prices.

- Assessment Year 2021 Summary for Commercial Properties
  - Level of Assessment – 85% overall, 60% for vacant land, and 91% for improved properties
  - Coefficient of Dispersion (COD) – 22% for the combined group, 20% for vacant land, and 17% for improved properties (For these types of property groups the Standard that we work towards would be 20% or less for the subsets of land and improved properties. The combined set would be expected to have a higher COD.)
  - Applied Time Trend for Sales Analysis – 5% per year (0.42% per month)

SUBJECT ASSESSMENT HISTORY

City and Borough of Juneau
Assessment History Report

1C100K830040
FRANKLIN DOCK ENTERPRISES LLC
900 THANE RD
FRANKLIN DOCK ENTERPRISES 2 LT 3A

YEAR_ID	LAND_VALUE	MISC_VALUE	BLDG_VALUE	CAMA_VALUE
2021	$5,175,750.00	$177,900.00	$71,200.00	$5,424,850.00
2020	$3,450,500.00	$177,900.00	$71,200.00	$3,699,600.00
2019	$3,450,500.00	$177,900.00	$71,200.00	$3,699,600.00
2018	$3,450,500.00	$177,900.00	$71,200.00	$3,699,600.00
2017	$3,407,900.00	$177,900.00	$71,200.00	$3,657,000.00
2016	$3,407,900.00	$177,900.00	$71,200.00	$3,657,000.00
2015	$3,407,900.00	$177,900.00	$72,000.00	$3,657,800.00
2014	$3,407,900.00		$331,000.00	$3,738,900.00
2013	$3,407,900.00		$331,000.00	$3,738,900.00
2012	$3,407,900.00	$0.00	$331,000.00	$3,738,900.00
2011	$3,407,900.00	$0.00	$331,000.00	$3,738,900.00
2010	$2,623,900.00	$0.00	$270,700.00	$2,894,600.00

SUMMARY

State statute requires the Assessor to value property at "full and true value". According to appraisal standards and practices set by the Alaska Association of Assessing Officers, the State of Alaska Office of the State Assessor, and the International Association of Assessing Officers, correct procedures of assessment were followed for the subject. These standards and practices include consideration of any market value increase or decrease as determined by analysis of sales.

The assessed value was reviewed in response to the Petition for Review. Our findings are as follows.

The land and buildings are valued using the same methods and standards as all other properties in the Borough.

Additional Details:

- The appellant states that their assessed value is excessive/overvalued.
    - We find that the value is equitable and that, based on analysis of market sales, it is not excessive. This is addressed in the land, building, cost report, income, commercial market and assessment analysis, summary and conclusion sections of our response in your packet. There is additional information in the "Property Assessment Guide."
    - In reviewing locational subgroups, property type subgroups and property characteristic subgroups in the analysis we did not see evidence that any location or other subgroup should be treated differently from the rest with the exception of the boathouses.
- The appellant states that the increase in value is excessive and create additional hardship for business. No cruise ship revenues in 2020, none projected for 2021, and have given 90% rent relief to tenant for those years.
    - We recognize and are sympathetic to the fact that 2020 was a difficult year for some businesses in Juneau. Some businesses have seen drastic reductions in revenue, in some cases almost a complete elimination of revenue. At the same time, other businesses had a good year in 2020.
    - In the midst of that, what State statutes require of us is to determine the market value of the real estate. While a particular business may go out of business the underlying real estate value may decrease, may stay the same, or may even increase.
- The appellant submitted a letter arguing the property is overvalued. We have reviewed the letter and find no evidence of overvaluation of the property.

For additional information on the assessment process, assessed values, analysis process, ratio studies and other related areas please see the "Property Assessment Guide" included in the packet.

CONCLUSION

The 2021 Assessed values were based on a simple methodology, analysis through ratio studies and subsequent trending of values based on the analysis findings. Underlying this standard compliant trending are the locational and feature influenced specific models that have been applied to Juneau commercial properties for many years. The ratio studies indicate that after our adjustments to values the level of assessment for commercial properties was 85% overall, 60% for vacant land, and 91% for improved properties.

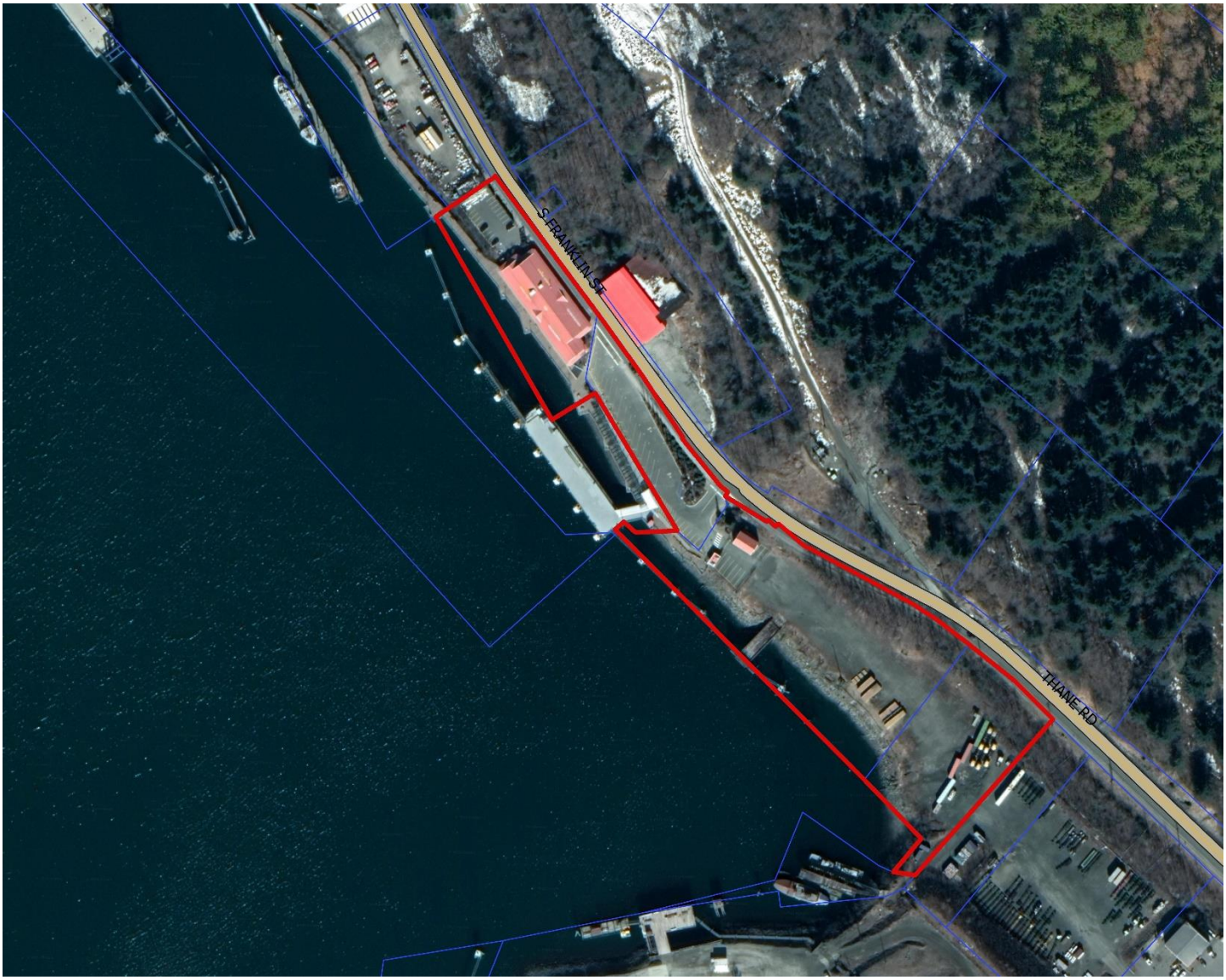
For the subject property:

- The percentage change from 2020 to 2021 was an increase of 46.6%.

We find that no change to the 2021 assessed value of $5,424,850 is warranted and ask that the BOE uphold the assessed value.

Addendum A

This shows the outline of the four contiguous parcels. Combined, these four contiguous parcels, benefit from approximately 1,500 linear feet of waterfront.



February 8, 2022

Board of Equalization
City Assessor's Office
155 S Seward St
Juneau, Alaska 99801

CBJ CLERK
FEB - 8 2022
RECEIVED
4 page document

RE: ~~1C100K830040~~ Appeal
1C100K830041

This property is south of the Franklin Dock and has the last of the waterfront before the shoreline turns west toward the AJ Dock. Like Lot 3 (900 South Franklin), the waterfront use is constrained by both the Franklin Cruise Dock and the old City float. It is undeveloped property that needs access and utility extensions before it can be developed.

Like the adjacent Lot 3, we have been unable to develop the property economically and obtain no revenue from it.

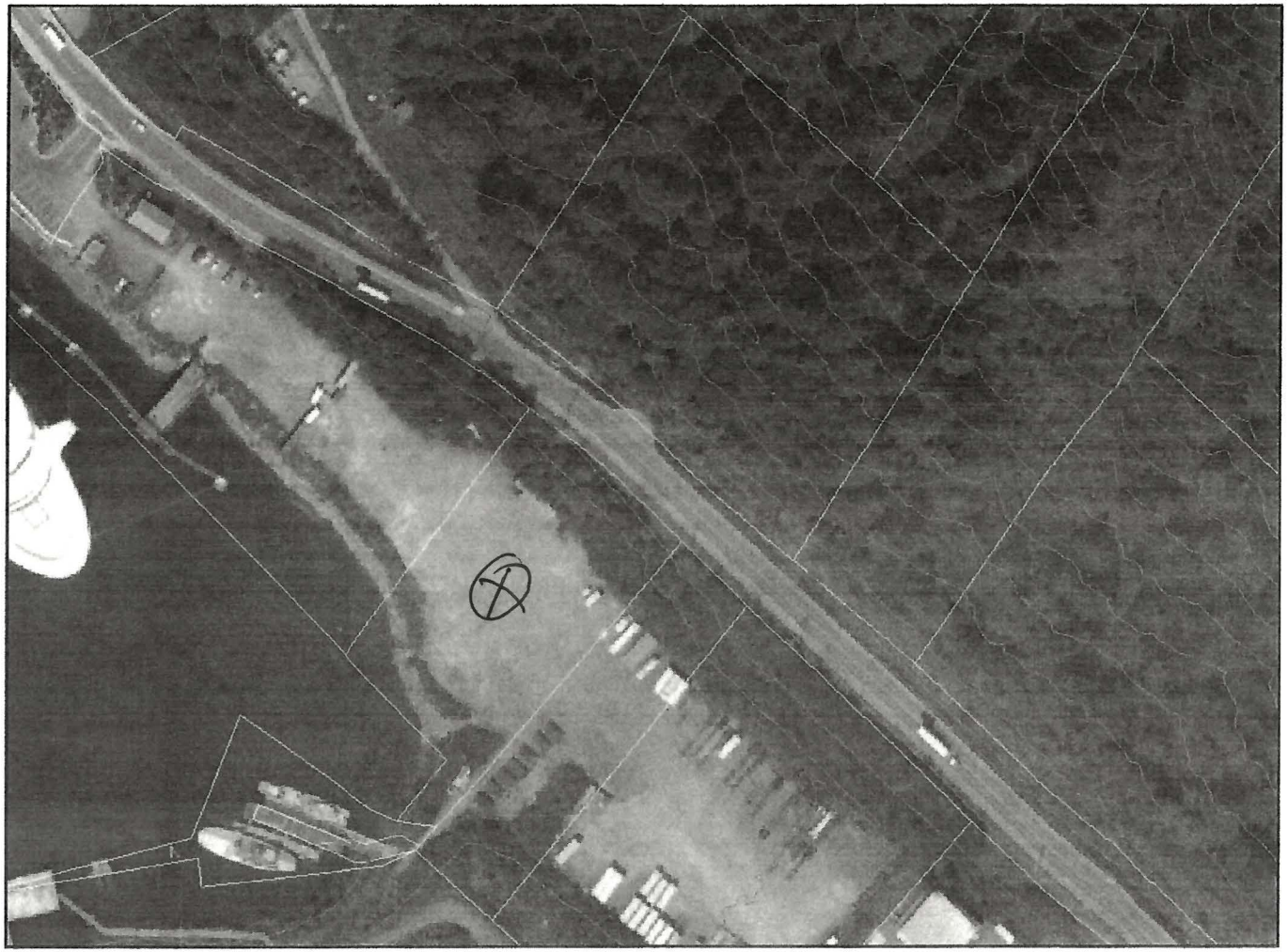
The Assessment in 2021 is $1,795,500.

The attached appraisal indicates a current land value of $775,000.

We have also attached charts of other similar property sales.

Sincerely,

Reed Stoops
Franklin Dock Enterprises



N

The City and Borough of Juneau is not responsible and shall not be liable to the user for damages of any kind arising out of the use of data or information provided by the City and Borough of Juneau, including the installation of the data or information, its use, or the results obtained from its use. ANY DATA OR INFORMATION PROVIDED BY THE City Borough of Juneau IS PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. Data or information provided by the City Borough of Juneau shall be used and relied upon only at the user's sole risk, and the user agrees to indemnify and hold harmless the City Borough of Juneau, its officials, officers and employees from any liability arising out of the use of the data/information provided. NOT FOR ENGINEERING PURPOSES.

LAND VALUE CALCULATION - 950 Thane Rd

Usable Land Area		42426 Sq Ft
Land Value / Sq Ft	x	$18.00
Estimated Land Value		$763,668
Rounded		**$763,668**

LAND VALUE CALCULATION - 950 Thane Rd

	Land SF		$/Sq Ft		Total
Usable Uplands	42,426	x	$18.00	=	$763,668
Usable Tidelands	6,534	x	$1.74	=	$11,369
Market Value					**$775,037**
ROUNDED					**$775,037**

Land Analysis Grid - 950 Thane Rd			L-1		L-2		L-3		L-4		L-5	
Name	Lot 4, Thane Rd		Sysco Property - 3492		M&M Tours Land -		190 Mill St Land -		JMIS Land - 3799		Mill St. Land	
City	Juneau		Juneau		Juneau		Juneau		Juneau		Juneau	
Date	1/1/2021		3/16/2017		4/1/2019		10/25/2019		3/10/2020		3/10/2020	
Price	Appraisal		$716,000		$597,938		$378,818		$612,788		$378,818	
Land SF	42,426		34,095		27,179		17,219		27,854		17,219	
$/Sq Ft	- - -		$21.00		$22.00		$22.00		$22.00		$22.00	
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%
Financing	Conventional		Conventional	0.0%	Conventional	0.0%	Cash	0.0%	Conventional	0.0%	Cash	0.0%
Conditions of Sale	Arms Length		Arms Length	0.0%	Arms Length	0.0%	Arm's Length	0.0%	Arms Length	0.0%	Arm's Length	0.0%
Adjusted Land SF Unit Price			**$21.00**		**$22.00**		**$22.00**		**$22.00**		**$22.00**	
Market Cond. Thru	1/20	2.0%	5.7%		1.5%		0.4%		0.0%		0.0%	
Adjusted Land SF Unit Price			**$22.20**		**$22.33**		**$22.08**		**$22.00**		**$22.00**	
Market Cond. Thru	12/14	0.0%	0.0%		0.0%		0.0%		0.0%		0.0%	
Adjusted Land SF Unit Price			**$22.20**		**$22.33**		**$22.08**		**$22.00**		**$22.00**	
Market Cond. Thru	1/21	0.0%	0.0%		0.0%		0.0%		0.0%		0.0%	
Adjusted Land SF Unit Price			**$22.20**		**$22.33**		**$22.08**		**$22.00**		**$22.00**	
Location	Below Average		Average		Average		Average		Average		Average	
% Adjustment			-20%		-20%		-20%		-20%		-20%	
$ Adjustment			-$4.44		-$4.47		-$4.42		-$4.40		-$4.40	
Access / Exposure	Average/Average		Good / Good /		Average / Average /		Average / Average		Average / Average /		Average / Average	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Land SF (Size)	42,426		34,095		27,179		17,219		27,854		17,219	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Topography	Level		Level		Generally Level		Level		Generally Level		Level	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Utilities	All utilities		All Available		All Available		All utilities		All Available		All utilities	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Zoning	waterfront industrial		I, Industrial		I, Industrial		I		I, Industrial		I	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Adjusted Land SF Unit Price			**$17.76**		**$17.86**		**$17.67**		**$17.60**		**$17.60**	
Net Adjustments			-15.4%		-18.8%		-19.7%		-20.0%		-20.0%	
Gross Adjustments			26.8%		21.8%		20.4%		20.0%		20.0%	

CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

Office Of The Assessor
155 South Seward Steet
Juneau, AK 99801

FRANKLIN DOCK ENTERPRISES LLC
350 N FRANKLIN ST UNIT 2
JUNEAU AK 99801

Meeting of Board of Equalization (BOE) and Presentation of Real Property Appeal	
Date of BOE	**March 10, 2022, Thursday**
Location of BOE	Via ZOOM Webinar
Time of BOE	5:30 pm
Mailing Date of Notice	February 23, 2022
Parcel Identification	1C100K830041
Property Location	950 THANE RD
Appeal No.	APL20210264
Sent to Email Address:	reedstoops@aol.com

ATTENTION OWNER

Under Alaska Statutes and CBJ Code, you, as the appellant, bear the burden of proof. The only grounds for adjustment of an assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in your written appeal or proven at the appeal hearing.

Any evidence or materials you would like to include in your appeal must be submitted to the City Clerk's Office {preferred method via email to city.clerk@juneau.org Attn.: Assessment Appeal} by **4:00 PM Wednesday, March 2, 2022** and will be included in the packets for the Board so the members have an opportunity to review the materials before the hearing.

Your Board of Equalization packet will be ready for you to pick up in the Clerk's office after **2:00 PM Thursday, March 3, 2022** or it will be emailed and/or mailed to the above address(es) on this notice.

You or your representative may be present at the hearing {via Zoom Webinar, participation/log in information will be listed on the agenda packet you receive for the hearing your appeal is scheduled for}. If you choose not to be present or be represented, the Board of Equalization will proceed in the absence of the appellant.

It should be noted that, between the date of this letter and the Board hearing date, your appeal may be resolved between you and the Assessor. If your appeal is resolved, you will not need to appear before the Board.

If you have any questions please contact the Assessor's Office.

Attachment: CBJ Law Department Memorandum April 19, 2013.

CONTACT US: CBJ Assessor's Office			
Phone	**Email**	**Website**	**Physical Location**
Phone (907) 586-5215 Fax (907) 586-4520	assessor.office@juneau.org	http://www.juneau.org/finance/	155 South Seward St Room 114

PROPERTY TAX BILLS MAILED JULY 1 **PROPERTY TAXES DUE SEPTEMBER 30**

Petition for Review / Correction of Assessed Value Real Property	
Assessment Year	2021
Parcel ID Number	1C100K830041

Office of the Assessor
155 S Seward Street
Juneau AK 99801

For Office Use:	Review #	Appeal #

2021 Filing Deadline: MONDAY, MAY 3

Received
APR 26 2021
CBJ-Assessors Office

Please attach all supporting documentation

ASSESSOR'S FILES ARE PUBLIC INFORMATION – DOCUMENTS FILED WITH AN APPEAL BECOME PUBLIC INFORMATION

Parcel ID Number	1C100K830041		
Owner Name	FRANKLIN DOCK ENTERPRISES	Name of Applicant	REED STOOPS
Primary Phone #	(907 463-3223	**Email Address**	reedstoops@aol.com
Physical Address	350 N. FRANKLIN STREET, STE 2	**Mailing Address**	SAME AS PHYSICAL
	JUNEAU, AK 99801		

Why are you appealing your value? Check box and provide a detailed explanation below for your appeal to be valid.

[◉] My property value is excessive/overvalued
[◯] My property value is unequal to similar properties
[◯] My property was valued improperly/incorrectly
[◯] My property has been undervalued
[◯] My exemption(s) was not applied

THE FOLLOWING ARE NOT GROUNDS FOR APPEAL
- Your taxes are too high
- Your value changed too much in one year.
- You can't afford the taxes

Provide specific reasons and provide evidence supporting the item(s) checked above:

Increase in value is excessive and creates additional hardship for business. No cruise ship revenues in 2020, none projected for 2021. Increase in this property's valuation is 50% more than CBJ value in 2020.

Have you attached additional information or documentation? [◯] Yes [◉] No

Values on Assessment Notice:

Site	$ 1,795,500	Building	$	Total	$ 1,795,500

Owner's Estimate of Value:

Site	$	Building	$	Total	$

Purchase Price of Property:

Price	$	Purchase Date	

Has the property been listed for sale? [◯] Yes [◉] *No (if yes complete next line)*

Listing Price	$	Days on Market	

Was the property appraised by a licensed appraiser within the last year? [◯] Yes [◉] No *(if yes provide copy of appraisal)*

Certification:
I hereby affirm that the foregoing information is true and correct, I understand that I bear the burden of proof and I must provide evidence supporting my appeal, and that I am the owner (or owner's authorized agent) of the property described above.

Signature	Date

Contact Us: CBJ Assessors Office			
Phone/Fax	**Email**	**Website**	**Mailing Address**
Phone: (907)586-5215 Fax: (907)586-4520	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St. Juneau AK 99801

Step 1 – Administrative Review

Appraiser to fill out			
Appraiser		Date of Review	
Comments:			

Post Review Assessment					
Site	$	Building	$	Total	$
Exemptions	$				
Total Taxable Value	$				

APPELLANT RESPONSE TO ACTION BY ASSESSOR

My acceptance or rejection of the assessment valuation in the amount of $_____ is indicated below.

[ ] Accept New Assessed Value [ ] Close Review (Assessment Remains Unchanged) [ ] Reject and Appeal

If appealed, appellant will be scheduled before the Board of Equalization and will be advised of the date & time to appear.

Appellant's Signature _____ Date: _____

Appellant Accept Value	[ ] Yes [ ] No *(if no skip to Board of Equalization)*
Govern Updated	[ ] Yes [ ] No
Spreadsheet Updated	[ ] Yes [ ] No
Corrected Notice of Assessed Value Sent	[ ] Yes [ ] No

Step 2 – Appeal

Appeal # _____

BOARD OF EQUALIZATION					
Scheduled BOE Date	[ ] Yes [ ] No				
10-Day Letter Sent	[ ] Yes [ ] No				
The Board of Equalization certifies its decision, based on the Findings of Fact and Conclusion of Law contained within the recorded hearing and record on appeal, and concludes that the appellant **[ ] Met [ ] Did not meet** the burden of proof that the assessment was unequal, excessive, improper or under/overvalued. Notes:					
Site	$	Building	$	Total	$
Exemptions	$				
Total Taxable Value	$				

Contact Us: CBJ Assessors Office			
Phone/Fax	**Email**	**Website**	**Mailing Address**
Phone: (907)586-5215 Fax: (907)586-4520	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St. Juneau AK 99801

CITY AND BOROUGH OF JUNEAU

OFFICE OF THE ASSESSOR

155 S. Seward St. Rm. 114
Juneau, AK 99801
Phone: (907)586-5215
Fax: (907)586-4520
Assessor.Office@juneau.org

01/19/22

Franklin Dock Enterprises LLC
350 N. Franklin St Ste 2
Juneau AK 99801

Received
JAN 25 2022
CBJ-Assessors Office

RE: FINAL DETERMINATION -- 2021 Property value Petition for Review -- 1C100K830041
RESPONSE DEADLINE: ***01/26/22***

PARCEL: 1C100K830041
PHYSICAL LOCATION: 950 Thane Rd

Franklin Dock Enterprises LLC,

This letter is in response to the 2021 Petition for Review that you filed regarding the above indicated parcel. The basis for appealing as indicated on the Petition for Review form is: **My property value is excessive**

- Excessive – grossly disproportionate when compared to other assessments
- Unequal – treated differently than other properties in the same property class
- Improper – valuation methodology was improper
- Undervalued – valued less than market or disproportionately lower than other assessments

State statute requires that the burden of proof is upon the appellant to provide evidence that one of the above conditions has been met (AS 29.45.210).

Based upon the evidence that you provided we have made the following determination regarding 2021 assessment valuation of **1C100K830041**:

VALUE DETERMINATION

Recommended Action:	**No Change**
2021 Initial valuation:	**$1,795,500**
2021 Owner estimate of value:	
2021 Final determination:	**$1,795,500**

We have reviewed your assessed value and did not find that the value is excessive, unequal, or improper.

The Assessor Office recommends NO CHANGE to the 2021 assessed value as the appellant failed to meet the burden of proof as required by state statute. The Assessor Office sees no basis for change.

APPELLANT RESPONSE FOR ASSESSMENT YEAR 2021 PETITON FOR REVIEW

Please indicate if you accept the recommended value or wish to have your Petition for Review heard by the Board of Equalization. *(INITIAL ONE)*

_____ **YES**, I accept the recommended value determination provided by the Assessor

X **NO**, I do not accept the recommended valuation provided by the Assessor. Please schedule my Petition for Review for the Board of Equalization.

I understand that I will be expected to provide specific evidence to the Board which clearly illustrates that my parcel valuation is: excessive, unequal, valued with improper methodology or is less than market value.

Be advised that if you choose to proceed to the Board of Equalization, they may, in accordance with law, apply an increase of the assessed value to full market value.

Appellant signature — Date: 11/25/22

If we do not receive a response from you by **01/26/22**, the Petition for Review will be scheduled for the Board of Equalization where you will be expected to present **specific evidence** as to why your parcel is not valued correctly.

Sincerely,

Mary Hammond
Assessor
City & Borough of Juneau

CITY AND BOROUGH OF JUNEAU

ASSESSOR OFFICE

APPEAL #2021-0264

2021 REAL PROPERTY APPEAL PACKET

BOARD OF EQUALIZATION February 15, 2022

Continued on March 10, 2022

For information from the additional review due to the BOE remand see the Remand Addendum.

Appellant: Franklin Dock Enterprises LLC

Location: 950 Thane Rd

Parcel No.: 1C100K830041

Property Type: Commercial - Vacant

Appellant's basis for appeal: My property value is excessive/overvalued

	Appellant's Estimate of Value	Original Assessed Value	Recommended Value
Site:	None provided	$ 1,795,500	$ 1,795,500
Buildings:	None provided	$ 0	$ 0
Total:	**None provided**	**$ 1,759,500**	**$ 1,759,500**

Subject Photo

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OVERVIEW

The subject is a 68,988 commercial/industrial waterfront parcel. It is part of 4 contiguous parcels that are cruise ship tourism focused including a dock, bus staging area and retail building.

Subject Characteristics:

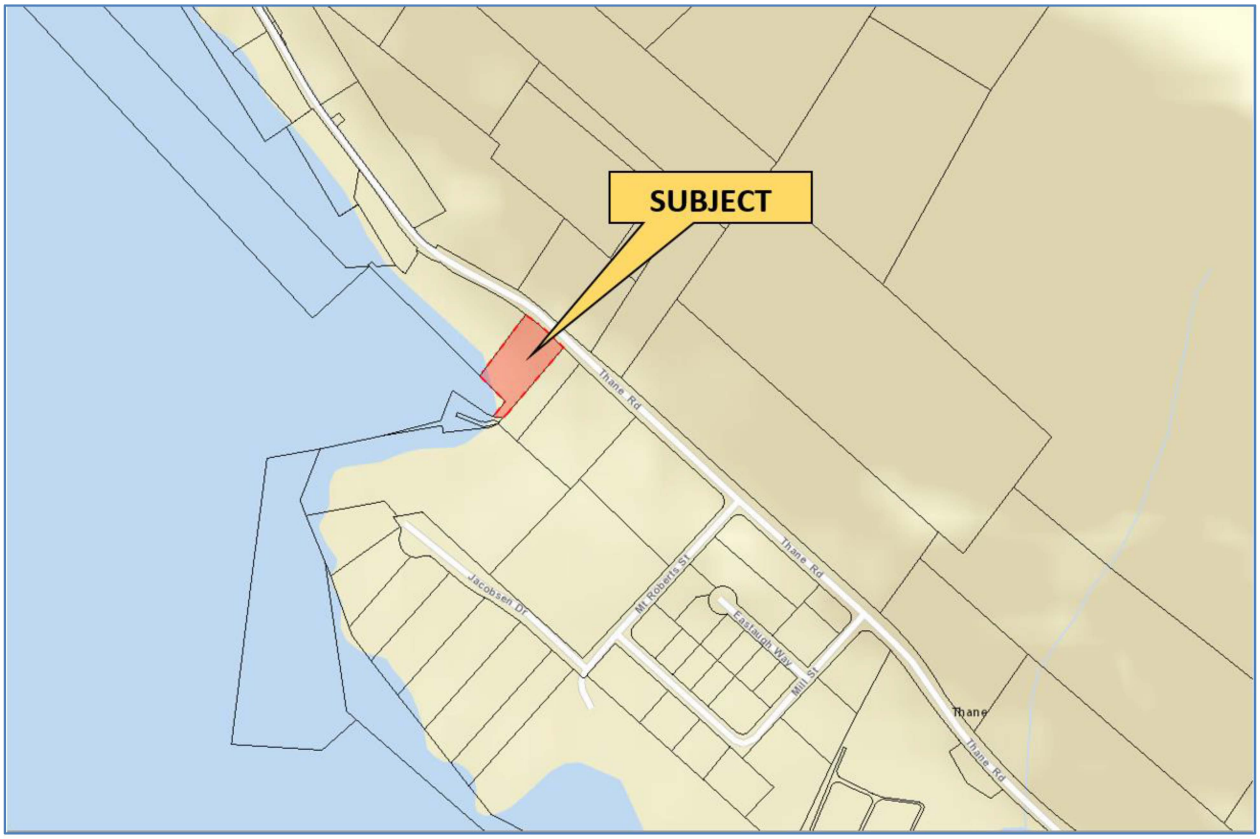
- Land
  - 68,988 SF lot = 1.58 AC
  - Level, partially developed

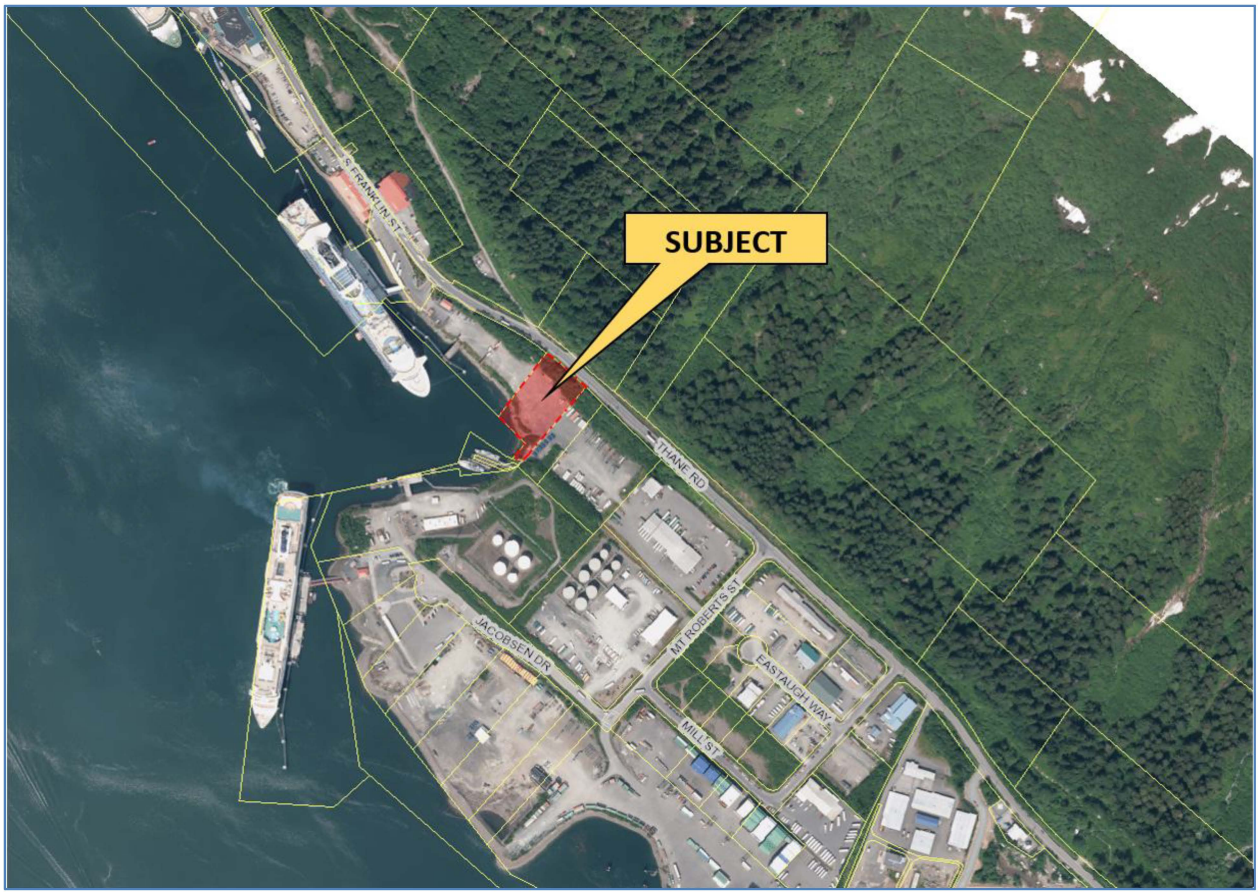
- Building
  - None

SUBJECT PHOTOS

Looking Northwest

AREA MAP & AERIAL





ASSESSED VALUES

Remember that the total assessed value is the primary test against market. The distribution of that value between the Land Component and the Building Component is secondary and can vary from one model to another. The total assessed value is tested against market indicators (sales, lease rates, etc.) and is adjusted to market value by application of market area and feature adjustments.

All three approaches to value (Cost, Sales Comparison and Income) are considered for commercial properties

LAND

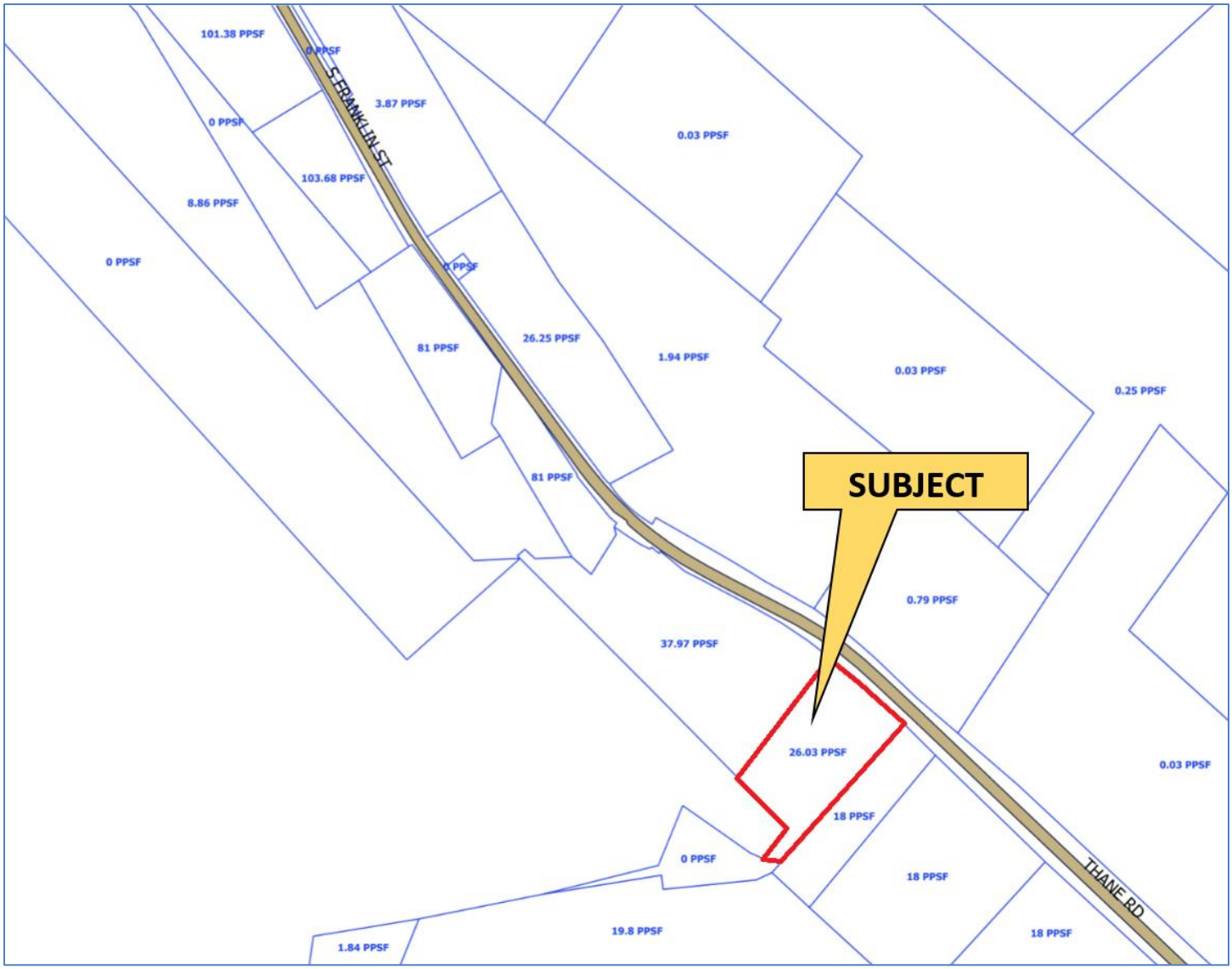
Land values are developed on a market area basis. The land is examined to understand the typical land characteristics in the market area. These characteristics include size, slope, view, water frontage, significant wetlands and others. The characteristics are used to develop a market area land valuation model. This model is tested and refined in consideration of sales of both vacant and developed parcels. The resulting model is then applied to all of the land in the market area to establish assessed site values.

The subject site is a level, partially developed waterfront property in the South Franklin St tourism area. It is part of 4 contiguous parcels that are cruise ship tourism focused including a dock, bus staging area and retail building. The subject parcel's land value is equitable and is not excessive.

Land Characteristics:

- 68,988 SF lot = 1.58 AC
- Level, partially developed

Land Values


101.38 PPSF
0 PPSF
S FRANKLIN ST
3.87 PPSF
0 PPSF
0.03 PPSF
103.68 PPSF
8.86 PPSF
0 PPSF
0 PPSF
81 PPSF
26.25 PPSF
1.94 PPSF
0.03 PPSF
0.25 PPSF
SUBJECT
81 PPSF
0.79 PPSF
37.97 PPSF
26.03 PPSF
0.03 PPSF
18 PPSF
0 PPSF
18 PPSF
THANE RD
19.8 PPSF
18 PPSF
1.84 PPSF

BUILDING(S)

The building component may be based on market adjusted cost tables, residual from sales after extraction of the land value or other appropriate means.

Ratio studies are performed to determine market adjustments.

Building Characteristics:

- None

COST REPORT

The cost report was not utilized in the review process as there are no buildings on this parcel.

INCOME APPROACH

The income approach was not the basis for setting the assessed value for 2021. The appellant did not submit sufficient P&L information for doing an Income Approach for the Review process. In addition, an Income Approach would be difficult as this parcel largely serves to facilitate income activities on another parcel and for future development.

COMMERCIAL MARKET & ASSESSMENT ANALYSIS

The 2021 sales analysis for commercial properties included 57 qualified sales from 5 years of sales covering January 1, 2016 through December 31, 2020. The sales volume for the commercial market remained steady through 2020 and there was no indication of declining prices.

- Assessment Year 2021 Summary for Commercial Properties
    - Level of Assessment – 85% overall, 60% for vacant land, and 91% for improved properties
    - Coefficient of Dispersion (COD) – 22% for the combined group, 20% for vacant land, and 17% for improved properties (For these types of property groups the Standard that we work towards would be 20% or less for the subsets of land and improved properties. The combined set would be expected to have a higher COD.)
    - Applied Time Trend for Sales Analysis – 5% per year (0.42% per month)

SUBJECT ASSESSMENT HISTORY

City and Borough of Juneau
Assessment History Report

1C100K830041
FRANKLIN DOCK ENTERPRISES LLC
950 THANE RD
FRANKLIN DOCK ENTERPRISES LT 4

YEAR_ID	LAND_VALUE	MISC_VALUE	BLDG_VALUE	CAMA_VALUE
2021	$1,795,500.00			$1,795,500.00
2020	$1,197,000.00			$1,197,000.00
2019	$1,197,000.00			$1,197,000.00
2018	$1,197,000.00			$1,197,000.00
2017	$1,241,800.00			$1,241,800.00
2016	$1,241,800.00			$1,241,800.00
2015	$1,241,800.00			$1,241,800.00
2014	$1,241,800.00			$1,241,800.00
2013	$1,241,800.00			$1,241,800.00
2012	$1,241,800.00	$0.00	$0.00	$1,241,800.00
2011	$1,241,800.00	$0.00	$0.00	$1,241,800.00
2010	$1,014,700.00	$0.00	$0.00	$1,014,700.00

SUMMARY

State statute requires the Assessor to value property at "full and true value". According to appraisal standards and practices set by the Alaska Association of Assessing Officers, the State of Alaska Office of the State Assessor, and the International Association of Assessing Officers, correct procedures of assessment were followed for the subject. These standards and practices include consideration of any market value increase or decrease as determined by analysis of sales.

The assessed value was reviewed in response to the Petition for Review. Our findings are as follows.

The land and buildings are valued using the same methods and standards as all other properties in the Borough.

Additional Details:

- The appellant states that their assessed value is excessive/overvalued.
    - We find that the value is equitable and that, based on analysis of market sales, it is not excessive. This is addressed in the land, building, cost report, income, commercial market and assessment analysis, summary and conclusion sections of our response in your packet. There is additional information in the "Property Assessment Guide."
    - In reviewing locational subgroups, property type subgroups and property characteristic subgroups in the analysis we did not see evidence that any location or other subgroup should be treated differently from the rest with the exception of the boathouses.
- The appellant states that increase in value is excessive and creates additional hardship for business. No cruise ship revenues in 2020, none projected in 2021. Increase in this property's valuation is 50% more than CBJ value in 2020.
    - We recognize and are sympathetic to the fact that 2020 was a difficult year for some businesses in Juneau. Some businesses have seen drastic reductions in revenue, in some cases almost a complete elimination of revenue. At the same time, other businesses had a good year in 2020.
    - In the midst of that, what State statutes require of us is to determine the market value of the real estate. While a particular business may go out of business the underlying real estate value may decrease, may stay the same, or may even increase.
- The appellant submitted a letter arguing the property is overvalued. We have reviewed the letter and find no evidence of overvaluation of the property.

CONCLUSION

The 2021 Assessed values were based on a simple methodology, analysis through ratio studies and subsequent trending of values based on the analysis findings. Underlying this standard compliant trending are the locational and feature influenced specific models that have been applied to Juneau commercial properties for many years. The ratio studies indicate that after our adjustments to values the level of assessment for commercial properties was 85% overall, 60% for vacant land, and 91% for improved properties.

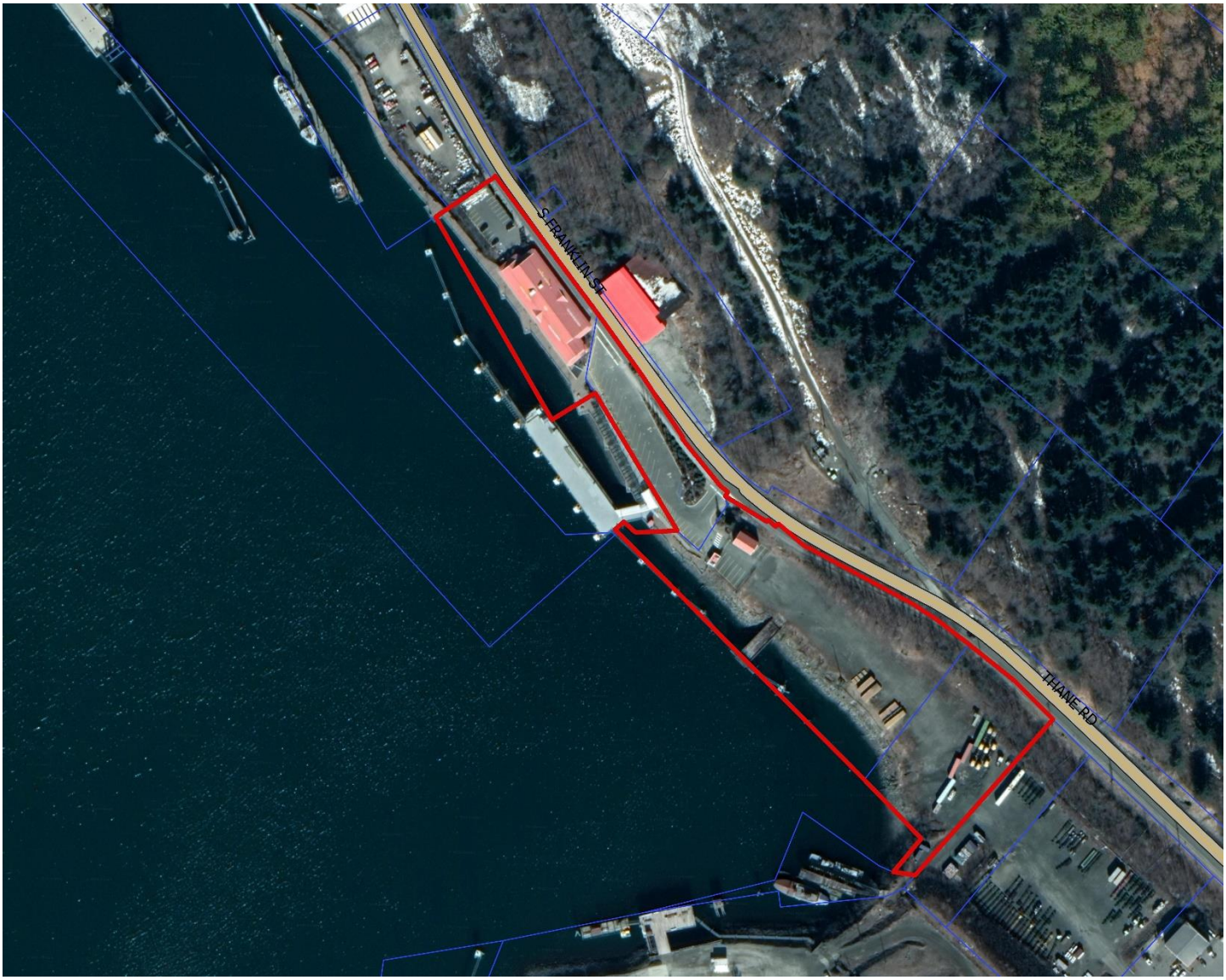
For the subject property:

- The percentage change from 2020 to 2021 was an increase of 50%.

We find that no change to the 2021 assessed value of $1,795,000 is warranted and ask that the BOE uphold the assessed value.

ADDENDUM A

This shows the outline of the four contiguous parcels. Combined, these four contiguous parcels, benefit from approximately 1,500 linear feet of waterfront.



From: City Clerk
To: "Bob Spitzfaden"; City Clerk
Subject: RE: Stoops hearing March 10
Date: Wednesday, March 2, 2022 4:55:15 PM

The February 15 packet is a 927 page packet, since BOE members and appellants have previously received and reviewed this packet material I will include a link that directs people to that packet and include your below email requesting it be part of the record.

We do not have a transcript of the February 15 BOE hearing. I will add the recording link for people to reference.

From: Bob Spitzfaden <spitz@gci.net>
Sent: Wednesday, March 2, 2022 4:04 PM
To: City Clerk <City.Clerk@juneau.org>
Subject: Stoops hearing March 10

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

For the March 10 BOE hearings, please include all documents submitted for the BOE hearings held on February 15, whether submitted by the undersigned or by the appellants themselves.

In addition, include in the record the transcript of the recording from the February 15 BOE hearings.

Finally, if the appellants, or someone on their behalf, in the March 10 BOE hearings have submitted documents to the Assessor or the Clerk, since February 15, include those documents in the record.

Robert S. Spitzfaden

RELIANT LLC

Appraisal Assignment of:

Swope Building

219 S Franklin St
Juneau, Alaska 99801

Latitude: 58.299793, Longitude: -134.404138

Reliant Reference Number: 21-1480

As of: January 1, 2021

Prepared for:
Swope Building, LLC

Appraisers | Advisors

9330 Vanguard Drive, Suite 201
Anchorage, Alaska 99507
Phone: (907) 929-2226
Fax: (907) 929-2260
Email: admin@reliantadvisory.com
www.reliantadvisory.com

RELIANT LLC

Appraisers | Advisors

"reliable advice = reliable decisions"

Reliant's goal is to provide high-quality appraisals and consultation services to our clients that will empower them to make smart business decisions. Reliant takes pride in our ability to develop concise reports in a professional and timely manner. Reliant's experience positions us for success in each market served.

Experience

- Alaska grown–nationally known
- Over $2.5 billion in valuations performed
- Alaska expertise with national experience
- Three designated members of the Appraisal Institute (MAIs)
- 100+ years of combined experience

Quality of Work

- Detailed reporting: enough information to support the value estimate and understand how the appraiser arrived at that value
- Professional reporting: double-sided, full-color reports
- Comprehensive market research and confirmation of comparables
- Quality analysis, including use of ARGUS cash flow software
  User-friendly reports

Timeliness

- Reliant LLC will not make commitments they cannot meet
- Standard turnaround times are 3–4 weeks
- 10 business day turnaround times available upon request for most property types

Services

Reliant LLC is a full-service real estate appraisal/valuation and consulting/advisory firm providing research, analysis and reporting on a wide variety of property types throughout Alaska. Our services include:

- Appraisal/valuation
- Appraisal review
- Buy/sell or lease analysis
- Cash flow modeling
- Due diligence
- Eminent domain/condemnation
- Estate planning and documentation
- Historic appraisals
- Investment analysis and modeling
- Litigation and arbitration support
- Market feasibility and analysis
- Market studies and research
- Property tax consulting and appeals
- Settlement Trust land appraisals
- Site and building selection
- STARK Law compliant rent studies

Geographic Expertise

Serving both urban and rural Alaska. Here are examples of cities/communities that we have served: Anchorage, Bethel, Bristol Bay Borough, Cordova, Delta Junction, Fairbanks, Haines, Homer, Juneau, Kenai, Ketchikan, Kodiak, Kotzebue, Matanuska Susitna Borough, Nenana, Nome, Seward, Sitka, Soldotna, Talkeetna, Unalaska/Dutch Harbor, Valdez, Wasilla, Whittier, Wrangell, Yakutat, and many other communities throughout Alaska.

RELIANT LLC

9330 Vanguard Drive, Suite 201
Anchorage, Alaska 99507
Phone: (907) 929-2226
Fax: (907) 929-2260
Email: admin@reliantadvisory.com
www.reliantadvisory.com

Letter of Transmittal

February 21, 2022

Mr. Reed Stoops
Swope Building, LLC
350 N Franklin St, Unit 2
Juneau, AK 99801

RE: **Swope Building**
219 S Franklin St
Juneau, AK 99801

Dear Mr. Stoops:

At your request, an appraisal of the above referenced property has been prepared. The results of the assignment are presented in an *Appraisal Report* format. The purpose of the assignment is to estimate the market value of the real estate retrospectively as of January 1, 2021. The *Fee Simple* interest in the subject has been analyzed.

The client(s) of this assignment is Swope Building, LLC. The intended user(s) of the report is the Client, for the intended use of tax assessment analysis. Although other parties may in some cases obtain a copy of this report, it should not be relied upon by anyone other than the intended user(s), or for anything other than the intended use.

This assignment has been prepared and presented in conformance with the scope of work developed in consultation with the client, 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.

The subject is a 7,500 sq. ft. site located in downtown Juneau that is improved with a two-story retail building with a mezzanine level. A complete interior and exterior walk-through 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.

RE: **Swope Building**

Information provided by the City/Borough of Juneau's Assessor to the Board of Equalization for their meeting on February 15, 2022 included the following:

"Assessed Values. Remember that the total assessed value is the primary test against market. The distribution of that value between the Land Component and the Building Component is secondary and can vary from one model to another. The total assessed value is tested against market indicators (sales, lease rates, etc.) and is adjusted to market value by application of market area and feature adjustments.

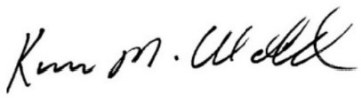
All three approaches to value (Cost, Sales Comparison and Income) are considered for commercial properties."

As a result of research and analysis, the value estimate(s) for the subject is/are as follows:

FINAL MARKET VALUE ESTIMATE	
Swope Building	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Final Market Value Estimate	**$1,838,000**

The value estimates are based on a marketing period of approximately 12 months and an exposure period of approximately 12 months. 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,



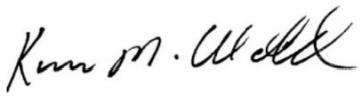
Kim Wold
Senior Appraiser

kim@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 are 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. Engagement in this assignment was not contingent upon their developing or reporting predetermined results.
6. Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value/assignment result or direction in value/assignment result 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 assignment.
7. Analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. 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.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. A personal walk-through of the subject property has been made by Mr. Wold.
11. 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.
12. They have not provided a previous service, as an appraiser or in any other capacity, regarding the subject within the three years prior to accepting this assignment.
13. As of the date of this report, Kim Wold has completed the requirements of the continuing education program for Candidates / Practicing Affiliates of the Appraisal Institute, and for certified appraisers in the State of Alaska.



Kim Wold
Alaska Certified General – No. 52

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Assignment-Specific Premises & Special Risk Factors

Overview

The information presented in this section is for convenience purposes only and the intended user should read and understand the report in its entirety as there may be additional highly relevant information contained within the body of the report.

General assumptions and limiting conditions, which apply to all assignments, are presented in the report Addenda. In addition, the following assumptions and limiting conditions are presented separately in this chapter because they are specific to the current assignment. All the assumptions and limiting conditions, whether general or specific and regardless of location within the report, are of equal relevance and importance, and should be carefully reviewed and understood by the intended user(s).

Assignment-Specific Extraordinary Assumptions, Limiting Conditions

Extraordinary assumptions and extraordinary limiting conditions specific to this assignment follow. The value estimate(s) presented in this report may be amended if the extraordinary assumptions or limiting conditions are found to be false. The reader is advised that the use of these assumptions and limiting conditions might have affected the assignment results.

1. It is assumed that the City/Borough of Juneau Assessor's land value is correct.

2. It is assumed that building area, cost, and physical depreciation estimates from the Assessor's office are correct.

Assignment-Specific Hypothetical Conditions

Hypothetical conditions specific to this assignment are as follows. The reader is advised that the use of these hypothetical conditions (if any) might have affected the assignment results.

This appraisal is not predicated on any hypothetical conditions.

Special Risk Factors

A special risk factor is defined as a risk that is extraordinary (atypical and unusual), whose potential impacts are not easily quantifiable, that may presently, or at some point in the future, impact the subject and/or all asset

classes of real estate, including the subject.

1. The general consensus is the worst of COVID-19 is past. Nonetheless, the COVID-19 pandemic situation remains fluid and is a special risk factor that, to varying degrees, may presently, or in the immediate future, impact fundamental real estate market conditions. Given the fluid environment and complex biology involved, the intended user is advised to perform their own research on COVID-19 and carefully understand the potential impacts on their real estate related decisions.

Assignment Overview

Identity of Property

Name	Swope Building
Brief Description	The subject is a 7,500 sq. ft. site located in downtown Juneau that is improved with a two-story retail building with a mezzanine level.
Address	219 S Franklin St Juneau, AK 99801
Geo Coordinates	Latitude: 58.299793, Longitude: -134.404138
Physical Location	The subject is located on the east side of S Franklin Street
Assessor's Tax Parcel Number(s)[1]	1C070B0L0010
Abbreviated Legal Description	*Lot 2, Block L, and the SE 1/2 of Lot 1, Block K, Townsite of Juneau.* (Per Department of Natural Resources Records)
Current Use	Retail
Appraised Use	Retail
Highest and Best Use	
AS VACANT	May include development as retail or other unidentified use once feasibility has been ascertained.
AS IMPROVED	Highest and best use as improved is continued use of the existing improvements in their as is condition.

Scope of Assignment

Value Definition(s)	The following definition(s) of value is/are utilized in this report:
MARKET VALUE (OCC)[2]	*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*

[1] Per Tax Assessor Records.
[2] Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.43 Definitions [g].

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.*

Other Definitions	Please refer to the Terms & Definitions section presented in the Addenda for additional definitions of significant terminology used in this report.
Purpose	To estimate the market value of the real estate retrospectively as of January 1, 2021.
Intended Use	The intended use of the assignment is for tax assessment analysis. It should not be relied upon for any other uses.
Client(s)	Swope Building, LLC
Intended User(s)	Swope Building, LLC (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
Report Presentation	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary of the appraisal process, subject and market data, and valuation analyses. The level of detail and discussion presented varies with the significance of the information to the appraisal, within the context of the intended use and intended user(s).
Walk-Through Date	October 22, 2021
Effective Date	January 1, 2021
Report Date	February 21, 2022

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(s) 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, Assignment-Specific Extraordinary Assumptions and Limiting Conditions, and Assignment-Specific Hypothetical Conditions discussed throughout this report and Addenda. The Scope of Work has also been limited based on the level of information / documentation available to the appraiser. Please reference the assignment-specific extraordinary assumptions, limiting conditions and hypothetical conditions presented in the prior chapter. There are no other major limitations to the scope of work for this assignment.

Compliance

The analysis and reporting of this assignment are compliant with the following:

- Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation.
- The bylaws of the Appraisal Institute.

Special Client Instructions

None

Subject Walk Through

A complete interior and exterior walk-through of the subject has been made, and photographs taken. The scope of this walk-through is presented on the following table.

SCOPE OF WALK THROUGH

Item	Viewed?
Neighborhood	Yes
Subject Exterior	Yes
Subject Interior	Yes
Subject Restrooms	Partial
Subject Roof	No
Subject Mechanical Rooms	Partial
Subject Crawl Spaces or Attics	No
Subject Ceiling Spaces	No

Information Provided to Appraiser for Consideration

Primary data was obtained 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:

- Three years of historic operating data
- Building sketch
- Copies of lease documents
- Rent roll
- A prior appraisal

The following information was not available to the appraiser:

- Tax returns
- Architectural plans
- As built
- Building area study
- Title report
- Preliminary commitment for title insurance
- Rent roll
- Environmental study
- Engineering study
- Construction costs
- Renovation costs
- Feasibility study
- Market study

Scope of Due Diligence & Lease Verification

SCOPE OF LEASE VERIFICATION

Item	Viewed?
Rent Roll Provided & Reviewed	Yes
Lease Abstracts Provided & Reviewed	No
Full Leases Provided & Reviewed	Yes

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 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.

Approaches to Value

LAND VALUATION This approach was not developed because the property is improved and the approach is not needed for a credible indication of value.

COST APPROACH 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.

SALES COMPARISON APPROACH

This 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 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.

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 like 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. Extensive research to identify transactions involving similar properties was performed.
13. An analysis of the subject and available data was performed using

commonly accepted valuation techniques and methodologies.

14. 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 and Sales Information

Current Owner of Record

According to --, the appraised interest in the subject is presently owned by Swope Building, LLC.

Three Year Transaction History

Disclosure and analysis of the subject's transaction history (sales, agreements of sale, options, and listings) 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.

Competency of Appraiser

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

Area Data

COVID-19

The World Health Organization declared the coronavirus (COVID-19) as a global health emergency on January 30, 2020. The President declared a national emergency on March 13, 2020. The outbreak caused heightened health, economic and financial uncertainty in both local and global markets. International travel restrictions have been implemented by many countries, including the United States. Public events, meetings and assemblage have been largely cancelled and additional public health guidance and restrictions are anticipated. Global financial markets were negatively impacted as a result of the response of governments and the public to the virus. In response, the Federal Reserve made an emergency cut to interest rates on March 16, 2020, slashing the federal funds rate by 1 percent to a range of 0-0.25 percent (effectively zero). As shown on the following table, through various legislative acts, total COVID-19 stimulus is estimated at $5.335 trillion dollars.[3] There are now multiple vaccines available that are expected to be fully distributed to the general public by the end of 2021. Additional stimulus in the form of spending bills continues to be proposed and passed, but as conditions improve, the general trend is towards a reduction in stimulus levels over time.

With vaccination of the general population anticipated to be completed in 2021, most market participants believe that the end of COVID-19 is approaching. Economic trends, including airline travel, employment data, manufacturing output, retail expenditure, stock market valuations and other data points strongly suggest that most, but not all, of the economic recovery has already occurred. Thus, at this point, the economic data points to a "V" shaped recession and recovery.

At this point, the greatest risk is that a new vaccine resistant strain of the virus develops. The COVID-19 Delta variant is one possible example, resulting in the first increase in cases and hospitalizations in some time. That said, the continued expectation is that 2021 will be the year that the economy opens back up with an economic recovery carrying into 2022.

Regional Area Data

Although elements of Alaska's economy are directly affected by certain national and international factors (e.g. interest rates, the value of the U.S. Dollar, etc.), Alaska's economic cycles do not typically align with the rest of the nation for several reasons. First, is that Alaska is a "resource" state and contains some of the most abundant reserves of oil, natural gas, coal, gold,

[3] Peter G. Peterson Foundation, March 15, 2021, https://www.pgpf.org/blog/2021/03/heres-everything-congress-has-done-to-respond-to-the-coronavirus-so-far

silver and other precious minerals on the planet. Alaska is also plentiful in renewable natural resources, including fish and timber. In terms of natural resources, it is not an understatement to describe Alaska as being "rich". Thus, the respective supply of these commodities, including their financial feasibility to bring to market, and prices set by global markets, are the primary influence on the economy. Second, is the relative absence of manufacturing and technology, which in recent history have been the driving factors in U.S. economic cycles. Third is Alaska's location, which although central to the industrialized world by air, is remote relative to the rest of the U.S. One dramatic instance of when Alaska's economy diverged from the Nation's was during the Great Recession when employment in Alaska continued to increase, resulting in 21 years of continuous job growth in the state.

Today, the State's economy is more diverse than it ever has been. However, the tripod that continues to support the economy is made up of oil/gas, Federal and State spending[4], and the other sectors (other mining/natural resources, hospitality/tourism, manufacturing/fishing, and transportation to name a few). Most of the economic weighting continues to be on oil.

While oil production steadily decreased from their peak in the late 1980s, the price has been volatile. Between 2013 and early 2014, oil showed stability above $95/barrel. Due primarily to a glut of new supply from the U.S. and some decreases in global demand, prices began to slide in mid-2014. ANS crude prices dropped from over $100/barrel at the beginning of 2014 to $55/barrel by the end of that year, and they fell even further to around $30/barrel by the beginning of 2016 but have generally trended upward since that time. While oil prices averaged at $65/barrel in 2019, oil demand took a major hit due to the COVID-19 virus and an OPEC price war in 2020, with prices dropping below $10/bbl early in the year. Over the course of the year, they have recovered to stand in the range of $60/barrel.

The decline in the price of oil has resulted in a decline in State revenues and a significant budget shortfall.[5] Thus far, the budget shortfall has been addressed by a combination of tapping into reserve accounts[6] (all years), eliminating 50% of the Permanent Fund dividend paid to Alaska residence (2018) or tapping into the Permanent Fund's Earnings Reserve Account (ERA) (2019). For several reasons, the budget shortfall is largely a political, rather than an economic issue. First, while politically difficult, the State continues to have opportunities to cut spending over historic levels.[7] Second, there are no personal taxes in place at the State level and, while also politically difficult, if necessary, these could be adopted. Finally, the State

[4] State spending is almost entirely dependent on oil taxation, which in turn is based on production levels and the price of oil.
[5] According to Alaska Tax Division Director Colleen Glover, every dollar change in the price of Alaska North Slope crude equates to roughly $42 million more, or less, to the state treasury.
[6] As of December 31, 2019, the State had $2.16 billion in reserves (CBRF), roughly 20% of the original balance.
[7] There is consensus among nearly all Alaskan's that additional spending cuts are possible. However, to the extent that the proposed spending cuts result in an actual reduction of services they become a point of vigorous debate.

has over $67 billion within the Permanent Fund, nearly $18 billion of which is within the ERA and can be used to fund the State government by a simple majority vote of the Legislature (as occurred in 2019). The question is not therefore whether State can pay its bills, but rather what level of services its citizens desire and how it chooses to pay for those services. The major concern moving forward is the degree to which each of these respective choices would impact the general economy, which, before being hit by COVID, had recently returned to positive economic growth after a mild three-year recession.

While oil prices remain a concern, oil production and reserves have been increasing. Oil Search discovered an oil field at Pikka in 2017 that could yield 500 million to as much as 3 billion barrels of oil. Caelus is reporting its Smith Bay find at 6 billion barrels or more. In July 2018 ConocoPhillips announced its Willow field could hold 500 million to 1.1 billion barrels. A federal judge has ruled against the Willow E.I.S., which will delay the project. Upon development, these finds could reportedly yield several hundred thousand barrels per day in the future, although it would be at least several years before that could begin.

With Democratic control of the three elected branches of government and their concerns over global warming, the oil industry, and therefore Alaska, may be facing strong pollitical headwinds. After a 40-year battle, in 2017, ANWR was opened to oil and gas drilling. Unfortunatley, by executive order, in January 2021 President Biden eliminated all leasing in ANWR. Proposals are being considered to eliminate oil leasing on Federal lands. The political decision to replace gas combustion engines with electric cars will take time to impliment, but has significant mid to long-term consequences for oil demand and Alaska. Due to their concerns over global warming, several lenders have indicated that they will not finance any new oil field development, however, this is viewed as largely a symbolic political position that will not ultimately impact the development of financially feasible fields.

While seafood harvests, pricing and supply and demand conditions remain relatively stable and healthy for most fisheries, certain segments and regions of the Alaska seafood market are experiencing a surplus of processing capacity in some areas. Two portfolios of Alaska processors have changed ownership this year. In addition, Ocean Beauty Seafoods and Icicle Seafoods have combined their Alaska operations. In general, the seafood outlook is for continued health and stability for the market overall, but with certain segments and regions experiencing softness and even potentially contraction, which could impact fishermen, suppliers, and processing employment. The Alaska salmon harvest in 2021 has far exceeded expectations. There will be no red King crab harvest in Bristol Bay in 2021. An impasse with US Customs regarding the Jones Act could have a negative impact on Unalaska and other area pollock processors.

Also buttressing the Alaskan economy is the level of federal spending in the

state. For example, in FY 2014, the U.S. government sent a total of $11.3 billion to Alaska and its residents.[8] This sum made Alaska the third highest recipient of per capita federal dollars for the year (behind Maryland and Virginia). In fact, the level of federal spending in Alaska, per capita, is approximately 50% above the national average. 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 has had stong growth in recent years. Tourism has also been a bright spot with record numbers of cruise ship berthings and visitors. The current crisis withstanding, in the long-term, State economists expect that the combination of a strong national economy and new cruise ship entrants to the Alaskan market will have a favorable impact on this industry and Alaska. Precious metals, including gold, continue to perform well and the mining industry is healthy at this time. Alaska Native Corporations are one of the major bright spots of the Alaska economy and continue to expand their Alaska, national and international businesses.

As a result of the lower oil prices, between 2016 and 2018, the State was in a mild recession with mildly contracting employment. In 2019, the State returned to positive but limited employment growth. According to the January 2021 Alaska Economic Trends report, 2020 saw a historic decline in employment with unemployment hitting 13.7% in April and slowly improving throughout the year.

Key economic indicators are summarized on the following chart.

[8] http://www.pewtrusts.org/~/media/assets/2016/03/federal_spending_in_the_states_20052014.pdf, accessed Jan-2017

Alaska: Key Economic Indicators

Item	2014	2015	2016	2017	2018	2019	2020
Resources							
Oil Price (Avg. $/Barrel)	$97.74	$52.10	$43.04	$54.28	$71.44	$65.49	$41.72
Avg. Daily Oil Production (000s Barrels)	546.6	519.3	531.1	540.5	550.0	547.7	- - -
Oil Value (Billions)	$19.5	$9.9	$8.3	$10.7	$14.3	$13.1	- - -
Gold Price (Avg. $/Ounce)	$1,184	$1,061	$1,152	$1,303	$1,283	$1,517	$1,734
GDP: Mining (Millions)*	$14,046	$7,637	$6,351	$8,496	$9,302	$8,424	$4,648
GDP: Agriculture, Forestry & Fishing (Millions)	$495	$461	$405	$391	$407	$409	$331
Salmon & Herring Catch (000s lbs.)	812,665	1,163,639	639,519	1,102,192	652,434	916,685	- - -
Salmon & Herring Exvessel Value (Millions)	$631	$502	$492	$796	$592	$715	- - -
Tourism							
Cruise Ship Visitors	967,500	999,600	1,025,900	1,089,700	1,169,000	1,331,600	- - -
Total Visitors	1,659,600	2,066,800	1,857,500	1,926,300	2,026,300	2,213,000	- - -
Demographics							
Population	742,404	741,123	752,680	744,733	750,876	755,517	760,206
Avg. Household Income	$85,010	$88,585	$91,524	$93,039	$96,273	$96,534	$97,941
Per Capita Income	$31,800	$33,111	$34,264	$34,879	$35,888	$35,589	$36,233
Employment							
Unemployment Rate (%)	6.9%	6.5%	6.9%	7.0%	6.6%	6.3%	8.2%
Employment (% Chng.)	0.5%	0.3%	-1.7%	-1.3%	-0.5%	0.5%	-3.9%
Alaska Permanent Fund (PF)							
PF Distribution ($/Person)	$1,884	$2,072	$1,022	$1,100	$1,600	$1,606	$992
PF Value (Billions)	$51.2	$52.8	$52.8	$59.8	$64.9	$66.3	$65.3
State Budget							
State Budget (Millions) [2014=FY14]							
Revenue	$10,665	$9,259	$7,063	$6,553	$6,972	$10,557	$9,925
Operating	$8,569	$11,610	$8,520	$8,078	$8,039	$8,748	$8,504
Capital	$1,972	$1,943	$1,478	$1,551	$1,414	$1,447	$1,276
Total Spending	$10,540	$13,553	$9,998	$9,629	$9,453	$10,195	$9,780
Fiscal Gap	$21,205	$22,812	$17,061	$16,182	$16,425	$20,752	$19,705
Other							
Mortgage Foreclosure & Delinquency Rates**	0.9%	0.7%	0.6%	0.8%	0.7%	0.6%	0.6%

*GDP: Mining 2020 numbers are for Q1-Q3. Q4 not available at the time of research (3/2021)

**Mortgage Foreclosure & Delinquency Rate for 2020 is the average for the months of Jan. - Jun. 2020. Full year numbers not available at time of research (3/2021)

Employment trends by industry are presented below on the following chart:

AK DOL Statewide Employment Forecast

The outlook for statewide jobs, by industry

	Monthly avg, 2019[1]	Monthly avg, 2020[1]	Change, 2019-20	Percent change	JOBS FORECAST Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT[2]	**329,900**	**302,700**	**-27,200**	**-8.2%**	**311,300**	**8,600**	**2.8%**
Total Private	250,100	225,400	-24,700	-9.9%	234,700	9,300	4.1%
Mining and Logging	13,400	11,400	-2,000	-14.9%	11,000	-400	-3.5%
Oil and Gas	9,900	7,900	-2,000	-20.2%	7,400	-500	-6.3%
Construction	16,400	15,800	-600	-3.7%	16,100	300	1.9%
Manufacturing	13,100	12,200	-900	-6.9%	12,900	700	5.7%
Transportation, Trade, and Utilities	64,600	58,200	-6,400	-9.9%	61,700	3,500	6.0%
Wholesale Trade	6,600	6,200	-400	-6.1%	6,200	0	0.0%
Retail Trade	35,500	33,100	-2,400	-6.8%	34,900	1,800	5.4%
Transportation, Warehousing, and Utilities	22,500	18,900	-3,600	-16.0%	20,600	1,700	9.0%
Information	5,300	4,900	-400	-7.5%	4,900	0	0%
Financial Activities	11,700	11,000	-700	-6.0%	11,200	200	1.8%
Professional and Business Services	27,700	25,800	-1,900	-6.9%	26,400	600	2.3%
Educational (private) and Health Services	50,800	49,600	-1,200	-2.4%	50,200	600	1.2%
Health Care	38,500	38,000	-500	-1.3%	38,400	400	1.1%
Leisure and Hospitality	36,100	26,500	-9,600	-26.6%	30,000	3,500	13.2%
Other Services	11,000	10,000	-1,000	-9.1%	10,300	300	3.0%
Total Government	79,800	77,300	-2,500	-3.1%	76,600	-700	-0.9%
Federal, except military	14,800	15,300	500	3.4%	14,800	-500	-3.3%
State, incl. University of Alaska	23,200	22,400	-800	-3.4%	22,000	-400	-1.8%
Local and tribal, incl. public schools	41,800	39,600	-2,200	-5.3%	39,800	200	0.5%

[1]Preliminary and adjusted estimates. [2]Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

In summary, the near-term Alaska economy is best described as "mixed" at this time with softness in the oil industry largely being offset by strength in other areas of the economy. Reflecting an anticipated "V" recovery from COVID, the Alaska Department of Labor forecasts employment growth of approximately 8,600 jobs in 2021. Continued low interest rates and high levels of liquidity will be important components of economic recovery. The general consensus of market participants is that this trend of positive employment growth will continue for the next several years, but that it may take some time before levels recover to pre-COVID levels. This, in turn, suggests continued stability and health for the Alaska economy.

Local Area Data

Overview

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 main 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,

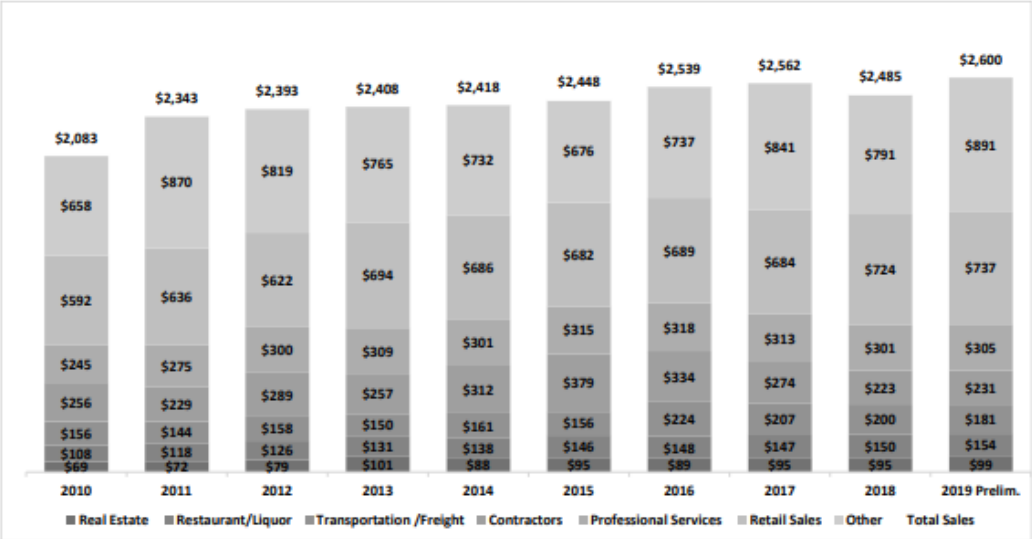
governor's house, and most state and federal offices, as well as cruise ship wharves. The third district is Lemon Creek, which is situated between Downtown and Mendenhall Valley. This area offers a number of retailers (i.e. Home Depot, Costco), as well as office and light industrial buildings. Further to the west is Auke Bay, offering the Alaska Marine Highway ferry terminal and the University of Alaska Southeast campus. Of final note, Douglas Island - located across Gastineau Channel to the south of Downtown - is a popular residential area developed with numerous small residential neighborhoods along its shore.

Economy and Employment

The economy of Juneau is broad based; however, federal, state, and local government employs a significant portion of the workers in the community. Because of the high concentration of public sector employment, the job market is viewed as being relatively stable. State employment, which is largely supported by oil revenues, remains the largest portion of Juneau's economic base. Approximately 37% of Juneau's jobs and 45% of wages are provided by federal, state and local government, though overall government employment fell by 717 jobs, or 9.6%, from 2010 through 2019.

The following table from the December 2020 Juneau Economic Development Council annual report details historic gross business sales in Juneau by category

Figure 53: Business Sales in Juneau by Business Category (in Millions), 2010– 2019 (Preliminary)



Source: City & Borough of Juneau Sales Tax Office and CBJ Comprehensive Annual Financial Report, July 1, 2018- June 30, 2019, Statistical Section. **Note:** "Other" category includes mineral sales, wholesale equipment, food suppliers, and fuel companies.

TOURISM

Tourism has been the largest private sector employer, providing over 2,200 jobs and contributing over $636 million counting all income from sources associated with the cruise industry. The tourism industry had had reached record highs prior to the 2020 coronavirus pandemic, which cancelled the 2020 cruise season. The number of cruise passengers visiting Southeast Alaska (nearly all of which stop in Juneau) over recent years is shown in the following table.

Southeast Alaska Cruise Passengers			
	Actual	Pre-Covid Projection	Change
2021	115,755	1,540,000	9.2%
2020	24	1,410,000	5.9%
2019	1,331,600		13.9%
2018	1,169,000		7.3%
2017	1,089,700		6.2%
2016	1,025,900		3.2%
2015	994,000		2.7%
2014	967,500		-3.2%
2013	999,600		6.7%
2012	937,000		6.1%
2011	883,000		0.8%
2010	875,593		-14.0%
2009	1,018,700		

Source: Cruise Line Industries of Alaska

The decline in 2014 was attributed to a reduction in capacity. Spending by cruise passengers in 2017 injected at least $176,500,000 into the Juneau economy. Preliminary data indicates the number of cruise passengers arriving in 2019 was 1,310,000. Cruise Lines International Association estimates over $200,000,000 in spending by passengers in 2019. Recent studies commissioned by the City of Ketchikan project up to 1.8 million Southeast Alaska passengers by 2030, with a low range estimate of 1.3 million.

In September 2019 Norwegian Cruise Lines emerged as the winning bidder in a sealed-bid auction to purchase the 3-acre subport property owned by the Alaska Mental Health Trust. This waterfront site is located to the northwest of the current cruise ship docks. The cruise line bid $20 million for the site, about 50% more than the next highest bidder, Royal Caribbean Cruises which offered $13 million. There have been no specific plans for development announced, however, it is speculated that the site will accommodate new cruise ship berthing capacity. The price paid for the site is a record-setter, and the interest by cruise lines in the property is indicative of the long-term prospects for cruise tourism in the region.

No large cruise ships visited Alaska in 2020. On February 4, 2021, the Canadian government announced a prohibition on cruise vessels carrying 100 or more people through February of 2022 which negates the large cruise ship voyages to Alaska that originate in Vancouver B.C. Canada, or for ships sailing from Seattle to stop in Victoria B.C. It is worth noting that the Canadian order allows for it to be rescinded if risks to public health are mitigated, for instance via widespread vaccination.

The U.S. Passenger Vessel Services Act (PVSA) requires cruise ships prohibits transport of passengers between U.S. ports on any vessel that is not U.S.-flagged, with the exception of round-trip voyages originating in the U.S. including stops at a foreign port during the voyage. Alaska cruises originating

in Seattle typically satisfy this requirement by visiting Victoria B.C. Canada. Congress passed temporary suspension of the PVSA to allow sailings between Washington state and Alaska in 2021. This allowed for a resumption of sailing from Seattle to Alaska. The number of cruise passengers arriving in Juneau will likely be less than 150,000.

OTHER SECTORS

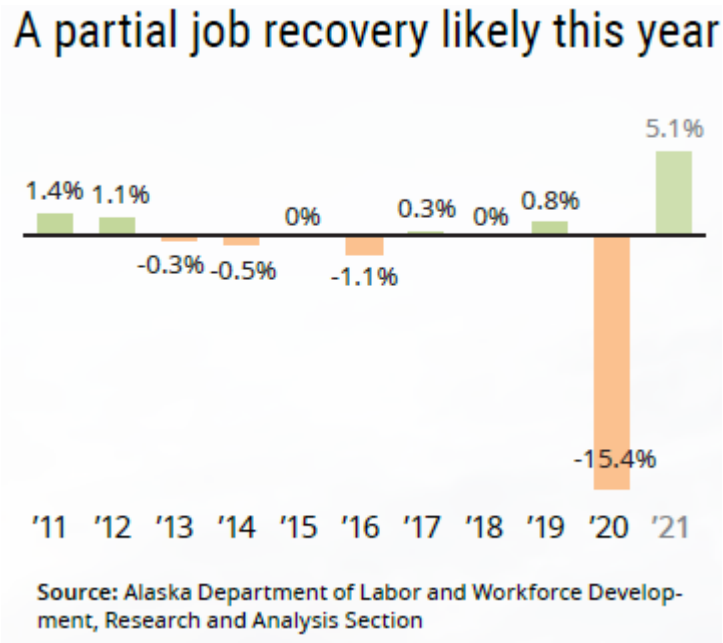
Commercial fishing and mining play lesser roles in the Juneau economy. Greens Creek Mine, which is located west of Juneau, is the largest silver producer in the United States. Employment, housing, and support services for Greens Creek Mine are provided in Juneau. The Kensington Mine began production in July 2010. Currently, the Greens Creek Mine and the Kensington Mine have approximately 330 and 200 employees, respectively. They have a combined payroll in excess of $50 million. The average salary is $91,000 per miner.

DIPAC operates a salmon hatchery in Juneau. The hatchery employs 40 persons and supports 650 jobs in the region and $25 million in labor income. Taku Smokeries and Alaska Glacier Seafoods have processing plants in Juneau. The primary species harvested are the five species of salmon, shrimp, crab, halibut, and black cod.

Forecasts for seafood harvesting jobs are not reported due to harvesters being considered self-employed, but they do drive employment in processing plants, which falls under manufacturing. Job forecasts are more closely attached to the predictions of fish runs. The 2021 salmon harvests in Southeast Alaska have exceeded preseason projections. Prices and demand for Alaska seafood are favorable for Juneau processors.

Juneau is well established as a service, supply, and medical center for the northern regions of Southeast Alaska. Bartlett Hospital is a regional medical facility equipped with state of the art diagnostic equipment. Big box retail establishments include Fred Meyer, Costco, and Home Depot.

Although Juneau's economy in particular has been fairly stable, Southeast Alaska as a region lost employment in four of the last ten years according to the Alaska Department of Labor (AKDOL). Southeast began losing jobs in 2013, two years before the statewide recession began, but it resumed growing nominally in 2017. Prior to the coronavirus pandemic 2020 was projected to see another year of growth similar to 2019, but instead incurred a huge loss in jobs, of which 72% were in the leisure and hospitality sector. 2021 is projected to see recovery of about one-third of the jobs lost in 2020. Historic employment changes are presented in the following chart:



Southeast as a region is expected to see minor growth over the next year in transportation, retail and health care, which will be largely offset by losses in manufacturing, state and local government. The average monthly unemployment rate in Juneau during 2020 was 7.4%, up from 2019's 4.6%. Viewing employment on a monthly basis, the entire 2020 drop in employment was during the months of April through October, coinciding with tourism season. The increased 2020 unemployment also does not directly show the 8,526 labor-months that were lost from the labor force in 2020, which if divided by the nine-month tourism season could indicate 1,218 seasonal imported tourist industry jobs that simply did not exist in 2020. See the following table from Alaska Department of Labor's January 2021 *Economic Trends* showing the historic and forecasted trends in employment.

The outlook for jobs in Southeast, by industry

	Monthly avg, 2019[1]	Monthly avg, 2020[1]	Change, 2019-20	Percent change	JOBS FORECAST Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT[2]	37,000	31,300	-5,700	-15.4%	32,900	1,600	5.1%
Total Private	24,500	19,400	-5,100	-20.8%	21,300	1,900	9.8%
Mining and Logging	1,100	1,000	-100	-9.1%	1,100	100	10.0%
Construction	1,300	1,300	0	0%	1,400	100	7.7%
Manufacturing	1,800	1,600	-200	-11.1%	1,700	100	6.3%
Transportation, Trade, and Utilities	7,500	5,200	-2,300	-30.7%	6,000	800	15.4%
Retail Trade	4,200	3,300	-900	-21.4%	3,600	300	9.1%
Information	500	400	-100	-20.0%	400	0	0%
Financial Activities	1,000	1,000	0	0%	1,000	0	0%
Professional and Business Services	1,600	1,400	-200	-12.5%	1,500	100	7.1%
Educational (private) and Health Services	4,200	4,000	-200	-4.8%	4,100	100	2.5%
Leisure and Hospitality	4,300	2,500	-1,800	-41.9%	3,100	600	24.0%
Other Services	1,200	1,000	-200	-16.7%	1,000	0	0%
Total Government	12,500	11,900	-600	-4.8%	11,600	-300	-2.5%
Federal, except military	1,400	1,400	0	0%	1,400	0	0%
State, incl. University of Alaska	4,700	4,400	-300	-6.4%	4,100	-300	-6.8%
Local and tribal, incl. public schools	6,400	6,100	-300	-4.7%	6,100	0	0%

[1]Preliminary and adjusted estimates. [2]Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Housing

The residential housing market has an inadequate supply of single-family residential units. In the 3rd Quarter of 2020 single family homes sold for a median of $442,000 (up 5.3% over 2019 and 13.6% over 2018) with an average of nine days on market. The supply of condominiums and townhomes has been tight as well, after 210 such sales in 2018 there were only 120 in 2019. The City/Borough of Juneau developed a residential subdivision called Peterson Hill at a cost exceeding $100,000 per lot.

Developers have single family and condominium projects under construction. Most of these projects are targeted toward the lower and median price markets. Upper income oriented homes are selling at a better rate. Commercial construction is slow with a low level of speculative development. Development of new residential subdivisions is commencing. New demand for homes in the $800,000 to $1,700,000 range is an emerging trend.

The Juneau Economic Development Council published their annual report in December 2021. This report stated that the Juneau vacancy rate decreased in 2020 to 4.4%, down from 6.0% in 2019 while average rental rates increased by 2.5% to $1,221/month. Several apartment projects are in the planning stages. The apartment market may become over built if all of the proposed projects get built. The following table summarizes the rental housing market data since 2010.

AHFC City & Borough of Juneau Rental Housing Market History

	Avg Rent		Median Rent		No. of Units		
Year	Contract	Adjusted	Contract	Adjusted	Surveyed	Vacant	% Vac
2020	$1,221	$1,305	$1,175	$1,257	1,116	49	4.4%
2019	$1,191	$1,260	$1,100	$1,167	1,087	65	6.0%
2018	$1,183	$1,330	$1,100	$1,261	989	41	4.1%
2017	$1,174	$1,305	$1,100	$1,243	1,003	57	5.7%
2016	$1,185	$1,333	$1,100	$1,253	1,062	35	3.3%
2015	$1,151	$1,300	$1,100	$1,201	1,084	37	3.4%
2014	$1,117	$1,259	$1,050	$1,173	1,000	34	3.4%
2013	$1,053	$1,179	$1,000	$1,100	936	33	3.5%
2012	$1,039	$1,155	$980	$1,066	1,009	32	3.2%
2011	$1,046	$1,158	$975	$1,072	1,141	36	3.2%
2010	$1,046	$1,149	$990	$1,052	1,159	48	4.1%

*This data includes single family home rentals; in 2020 92.7% of the surveyed units were apartments, which had an average vacancy of 4.1% and average contract rent of $1,187

Real Estate

The commercial real estate market is moderately appreciating overall, with supply and demand seemingly in balance. Industrial rentals are in short supply. There has been strong absorption of industrial land in the past 24 months, indicating pent-up demand. Confidence toward the near-term future of Juneau's residential sector of the economy in 2020 has increased despite concerns around the State budget. The typical marketing time remains less than 90 days.

Due to State of Alaska budget shortfalls, some market participants are taking a more cautious view of the economy and future real estate price expectations. Relative to the real estate market, residential and commercial mortgage funding is available for owner-occupied and leased buildings. Speculative construction or investor purchases would be more difficult to finance. There has been very limited speculative construction in the commercial or industrial sectors of Juneau over the last five years. The universe of local potential purchasers in the current economic environment is somewhat reduced.

Demographics

The City and Borough of Juneau had an estimated population of 32,225 as of September 2021. The 2010 Census count in the area was 31,275, meaning 3% growth over those 10 years. The state projects a 2025 population for the City and Borough of Juneau of 32,554 residents, this slight growth is counter to the slightly shrinking trend projected for greater Southeast Alaska. The population is subject to sizable expansion during the summer months due to the seasonal nature of the tourism, logging and fishing industries. With continued growth in tourism, the summer seasonal population should continue to grow even as the permanent population is project to slightly decline.

The 2017 U.S. Census Bureau's American Community Survey estimates the number of households at 12,273 in the market area. Median household income was $90,749 in the market area, compared to $57,652 for all U.S. households. The 2017 average household income was $106,849 in this market area, compared to $81,283 for all U.S. households. Taken together, the local area - although small and relatively remote - has generally favorable

demographics by comparison.

Conclusion

In conclusion, Juneau is relatively stable overall, but pressure on government spending at state and local levels, as well as anticipated tourism declines, will continue to place downward pressure on the local economy to some degree. Favorable financing is supporting and, in some cases, driving values higher in the near-term. The overall forecast at this time is for reasonable stability during 2021, except in the tourist retail and hospitality sectors.

Neighborhood Data

Name

The subject is in the tourism/historic district of Downtown Juneau

Location & Access

The neighborhood location and access / linkages are shown on the aerial photo that follows. Neighborhood access is considered typical of the market.

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. As with most of Alaska and the local market, neighborhood land uses are mixed. The area is developed predominantly with office, medical office, retail, sales to the trades, light industrial and other commercial uses.

Typical Age of Improvements

1900s to 1940s with some new construction

Land Developed

Roughly 95%

Life Cycle

Mature

This is a mature neighborhood. There has been no new development in the past several years, which is to be expected given the high percentage of land already developed.

Trends

No major shift in prevailing land uses, real estate economics, or demographics are anticipated at this time. Given the fixed supply of land, current percentage of developed land and demand trends, neighborhood trends should be towards declining land values, rents and prices over the near term. However, short to mid-term land price trends are less certain.

Immediate Neighborhood Aerial Photograph

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Market Analysis

Juneau Retail Market

Classification

Given the subject's current use, this market analysis considers conditions within the local retail segment. The subject is located at the edge of the cruise-dependent retail area, while also being a draw to locals and business/government visitors.

Overview of Market Survey

The market analysis has been compiled from a variety of sources including an extensive survey of landlords, tenants, investors, users, property managers, real estate agents, city assessor's and other market participants. Other sources of data include property tax records, newspaper articles and the Southeast MLS. The available data, which is admittedly somewhat limited, has been carefully analyzed on a qualitative and quantitative basis.

Market Supply

The supply of cruise ship dependent retail product in Southeast Alaska expanded over the last two decades to meet the increasing cruise ship passenger levels. Over time, the result has been a significant revitalization and reshaping of many communities' CBD areas. In response to the national recession, retail expansion began to subside in 2008 and the inventory has remained relatively fixed and stable since that time.

There is a 54,000 square foot vacant site located to the south of the subject property in the 300 block of S Franklin, known as the Archipelago project. The development will include 12,000 square feet (+/-) of retail area, kiosks, and tourist attractions. The City/Borough of Juneau plans to develop a van staging area on an adjacent parcel. The upland project is on indefinite hold due to the tax burden, fee in lieu of parking, and uncertainty of the cruise industry.

Market Demand

Demand for cruise ship dependent retail is directly determined by cruise ship passenger and retail expenditure volumes, which had seen a historic peak in 2019 but dropped to effectively zero in 2020 due to the coronavirus pandemic.

The most recent expectations are for the 2021 cruise season to see between 25% and 50% of 2019's cruise passengers. Lower loads will likely weigh on tourist retail and tour businesses. While recent news of a promising vaccine for the coronavirus has given some renewed optimism, there is still approval work to be done, and production and administration of the vaccine will take many months to become effective. It is very likely that 2022 will continue to see a lag in cruise passengers for several reasons including a reluctance to travel/cruise in the wake of a pandemic to economic fallout related to the pandemic. By the 2023 cruise season we project to see a return to normalcy, with pent-up demand from lack of cruises in 2020 and reduced passengers in 2021 and 2022 bringing the passenger count back up to 2019 levels.

The City/Borough of Juneau reported a $20,000,000 decline in sales tax revenues in 2021. This translated into a $400,000,000 decline in sales. The decline in sales was largely borne by the tourism industry.

Overall, we expect a return to normalcy within the near future, with local

	spending patterns to rebound in 2021 and cruise passengers returning to 2019 peak levels in 2023, continuing the trend of the preceding decade.
Equilibrium Status (Current Conditions)	Limited new supply combined with eventual growth in demand should result in renewed improvement trends for this market in 2021 and beyond.
Near Term Market Outlook (Forecast Conditions)	The consensus is for weakness in this market segment. Instability and uncertainty will dominate the tourism market for at least the next two years.

Description of Site

Name Swope Building

Address 219 S Franklin St
Juneau, AK 99801

Geo Coordinates Latitude: 58.299793, Longitude: -134.404138

Physical Location The subject is located on the east side of S Franklin Street

Assessor's Tax Parcel Number(s)[9] 1C070B0L0010

Abbreviated Legal Description *Lot 2, Block L, and the SE 1/2 of Lot 1, Block K, Townsite of Juneau.* (Per Department of Natural Resources Records)

Gross Site Area

Summary of Site Area				
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)
	0.17	7,500	0.11	4,875

SOURCE Tax Assessor Records

Usable Site Area

Square Feet: 4,875

Acres: 0.11

SOURCE GIS Measurements Estimated by the Appraiser

Upon review of the site's physical and economic characteristics, there do not appear to be any factors that would reduce the usable area. Nonetheless, a survey of the site indicating usable area was not provided to the appraiser. The market value of this report assumes that all of the site's gross land area is usable. In the event that a portion of the site were found to be un-usable, the market value of the subject could be less than the current estimate.

Excess Land / Surplus Land

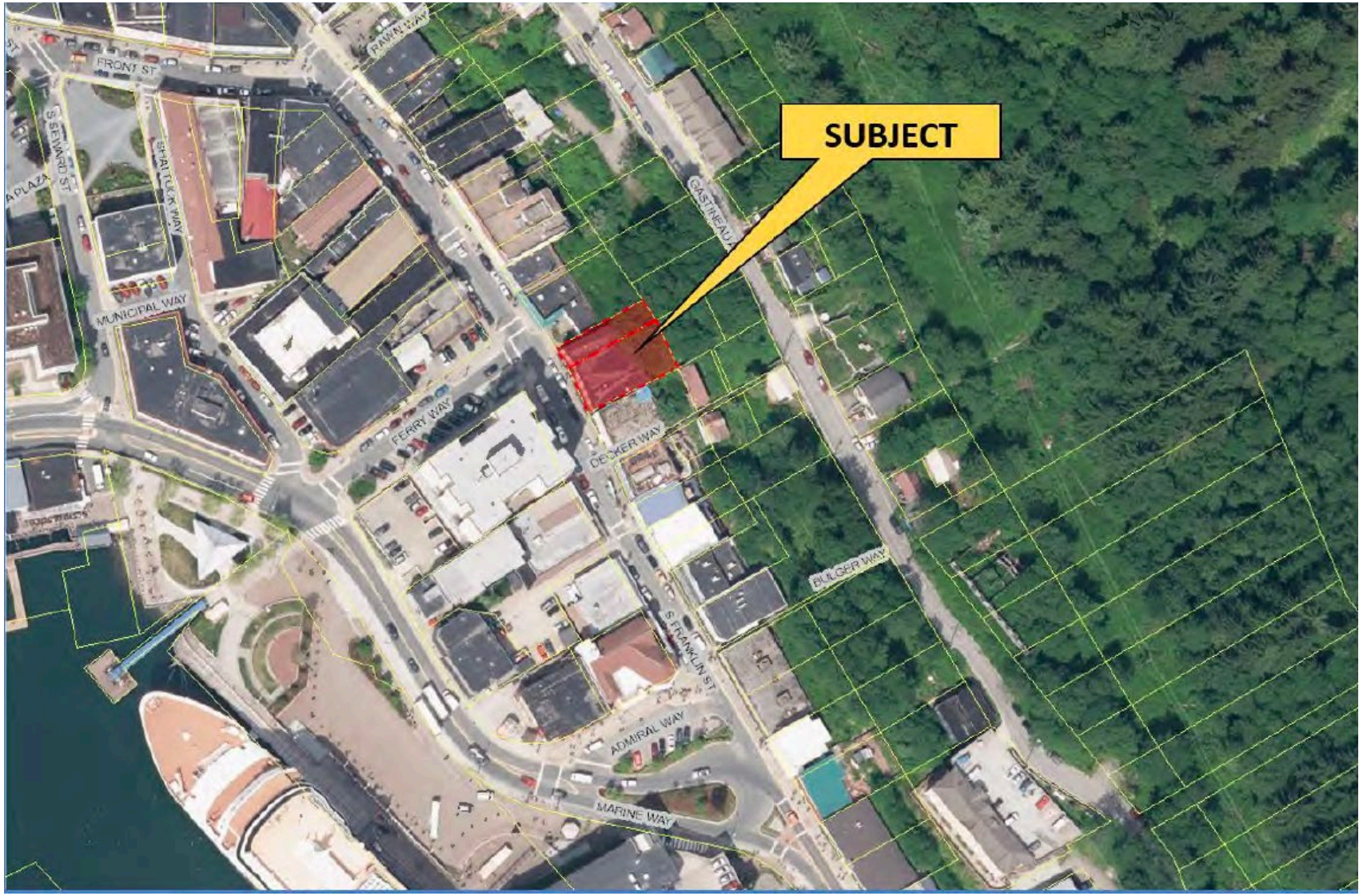
A review of the subject's land-to-building ratio and comparison with typical market parameters suggests the subject does not have excess or surplus land. Therefore, after careful consideration, the subject is concluded to not include any excess land.

Shape The subject has a generally rectangular configuration

[9] Per Tax Assessor Records.

Street Frontage	The subject has approximately 75' of frontage on S Franklin St.
Access	Access to and from the subject is considered average relative to competing properties.
Exposure	Exposure of the subject is considered average relative to competing properties.
Topography	The subject has a level topography that steeply slopes to the rear.
Soil Conditions	Soils conditions in the subject's market are not uniform and can vary widely from one site to another. It is an ordinary assumption of this report that the soil conditions are sufficient quality to support the existing improvements.
Wetlands	No surface water was noted during the walk-through and the subject does not appear to contain any wetlands.
Drainage / Hydrology	No obvious drainage issues were apparent during the site visit and no significant standing bodies of water were present. Given the previously described physical characteristics, a typical market participant with typical levels of market knowledge and expertise would most probably conclude that site drainage is typical of the market and adequate.
Hazardous Conditions	A complete environmental site assessment was not available to the appraiser. There are no known or disclosed environmental issues, or hazardous conditions, impacting the subject. The detection of hazardous materials or conditions is beyond the scope of expertise and competency of an appraiser, however, and it is recommended that any concerns relating to hazardous conditions be addressed by a qualified environmental specialist. Furthermore, it is an assumption of this report that there are no hazardous conditions present at the subject.
Flood Zone	The Flood Emergency Management Agency or FEMA has prepared flood insurance rate maps for various communities in the State. According to the flood insurance map, community panel number 02110C1567E, issued by the Federal Emergency Management Agency and last updated September 18, 2020, the subject is located within zone "Undetermined". The subject is not oceanfront and it is assumed that no flood hazard is present.
Utilities	The subject is improved and all utilities are available to the site.

Aerial Photograph Exhibit



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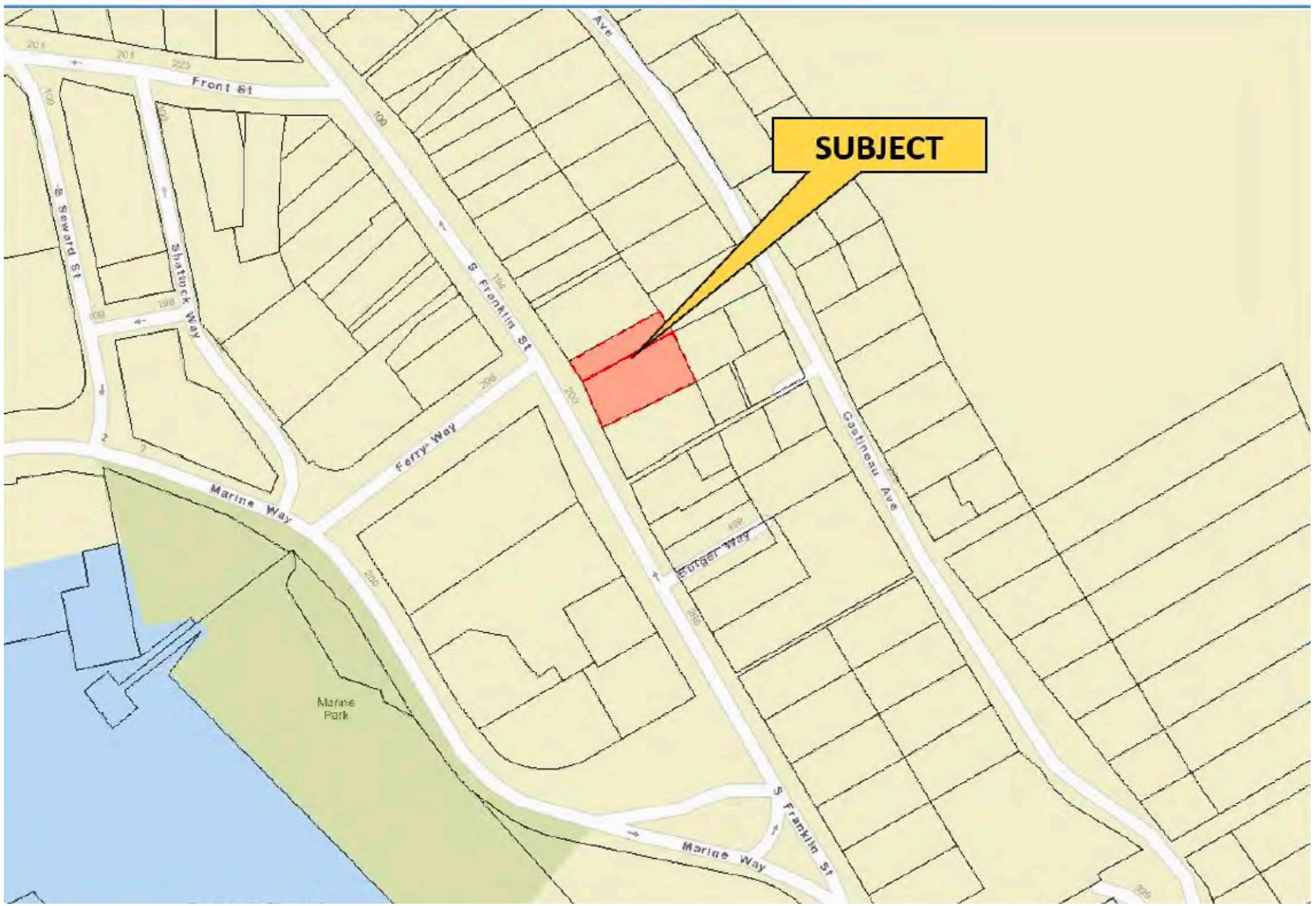
Area Map Exhibit



Zoning

MIXED USE, MU, JUNEAU

According to the City and Borough of Juneau (CBJ) Planning Department, the subject is zoned MU, Mixed Use. Per Title 49, "the mixed use and mixed use 2 districts are established to accommodate a mix of appropriate commercial and residential uses. The MU, mixed use district, reflects the existing downtown development pattern and is intended to maintain the stability of the downtown area. Multifamily residential uses are allowed and encouraged." Various residential developments, as well as offices, retail, lodging, and light industrial are principal permitted uses. Additional uses are allowable but require planning commission approval or a conditional use permit.

Basic Design Standards:

Permitted Residential Units:	None
Minimum Lot Size:	4,000 sq ft
Minimum Width:	50'
Minimum Depth:	80'
Front Setback:	0'
Side Setback:	0'
Rear Setback:	0'
Maximum Height:	None
Maximum Site Coverage:	None

The subject does not appear to meet current zoning requirements for parking. The improvements were built prior to current zoning regulations, and are likely grandfathered. Nonetheless, it is an extraordinary assumption of this report that grandfather rights are in place for the subject. Given this, it appears that the subject is a legal, non-conforming use under existing zoning regulations.

Easements, Covenants, Encroachments & Restrictions

A title report was not provided to the appraiser. Normal easements along property boundaries for streets or utilities are assumed. It is understood that there are no legal restrictions that would adversely affect use or marketability of the property. Title and land use, however are legal issues and an attorney should be consulted relating to questions on these matters. It is an assumption of this report that there are no restrictions that would adversely affect use or marketability of the property.

Functional Utility

There are no known physical or economic characteristics that limit the usable site's development potential and level of functional utility. The subject is generally physically and economically similar to other sites within the market segment that it competes. Overall, the site is concluded to provide average functional utility.

Description of Improvements

Building Occupancy/ Use

The subject is a 7,500 sq. ft. site located in downtown Juneau that is improved with a two-story retail building with a mezzanine level.

Building Area

SUMMARY OF AREA STATISTICS		
		(Sq Ft)
Gross Building Area (GBA) (1)		11,546
1st Floor	4,455	
Mezzanine	2,366	
2nd Floor	4,505	
Basement	320	
Finished Interior Space (office, retail)		97%
Site Area		4,875
Site Coverage		60%
Land to Building Ratio		0.42

(1) Source: Tax assessment records.

Condition

Average condition, based on a review of competitive properties within the subject's market segment.

Quality

Good construction quality, based on a review of competitive properties within the subject's market segment.

Age Characteristics

YEAR BUILT 1913

YEAR RENOVATED The property was remodeled in approximately 2001.

ACTUAL AGE 108 years

EFFECTIVE AGE The effective age of a property can be less than or more than its actual age, depending on renovations, upgrades, and the level of capital reinvestment. Based on the appraiser's walk-through of the subject, construction type, quality, current condition and economic performance, the effective age of the subject is estimated at approximately 15 years.

ECONOMIC LIFE Marshall Valuation Service indicates properties similar to the subject's construction type and quality have economic lives between 45 and 50 years. In practice, with ongoing capital expenditures and reinvestment the economic life of a building can be extended well beyond the indicated range. Within the Alaska market, the economic lives of improvements have typically been between 50 and 100 years. After careful consideration, an economic life of 45 years has been estimated.

REMAINING ECONOMIC LIFE Based on the subject's estimated effective age and economic life, the remaining economic life is estimated at 30 years.

Floors / Stories 2 stories, plus a mezzanine and basement.

Layout Overall, the subject's layout is typical for this type of property and market segment, and it appears to be an efficient design that provides average functional utility for the current use.

Structural Systems The following is based on the appraiser's walk-through, information provided by the owner, and information contained within the public record. The appraiser is not an engineer and building plans, an architect or engineer should be consulted for additional detail on structural systems.

FOUNDATION Concrete

STRUCTURAL SYSTEM Wood frame

ROOF / DRAINAGE Flat roof. Rubber membrane covering.

The roof is reported to be in average condition with no outstanding deferred maintenance required. Roof drainage appears standard and adequate.

EXTERIOR FINISH Wood

Mechanical Systems The appraiser is not qualified to make a determination on the condition or functionality of mechanical systems. It is understood that the current mechanical systems are in good working order without any outstanding items of deferred maintenance. Nonetheless, it is an assumption of this report that mechanical systems are typical of a property within the market segment that the subject competes and that systems are functional, in good working condition, without any outstanding items of deferred maintenance or repair.

HEATING Oil Fired Hot Water

COOLING Yes

PLUMBING There is limited plumbing located throughout the structure.

ELECTRICAL & WIRING Standard service

Electrical is assumed to be to code and typical for the subject's property type, age and market classification / segment.

ELEVATORS 1

LIFE / SAFETY SYSTEMS The building is sprinklered. Fire alarms and extinguishers, as applicable, are assumed to meet current fire safety codes.

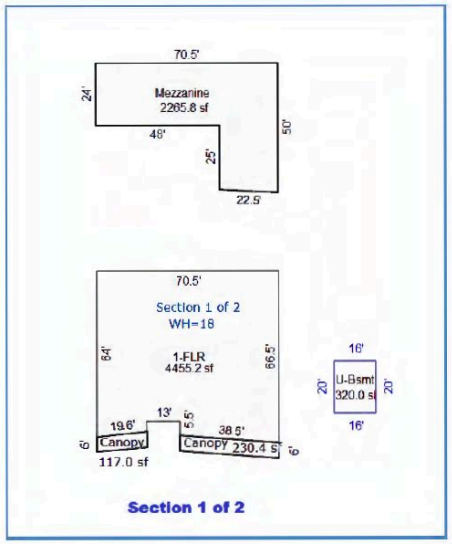
Interior Finish The interior finish is typical of competitive properties within the market segment that the subject competes. Overall, the interior finish is average quality in average condition. Please refer to the subject photographs presented in a following section for additional detail on the interior finish,

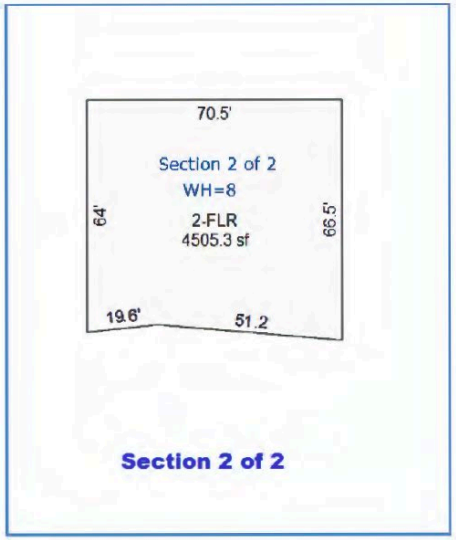
which varies by building area.

General Property Characteristics

ADA Compliance	A specific survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the Americans with Disabilities Act (ADA) has not been conducted. The market value estimate assumes the property is in ADA compliance, if applicable.
Deferred Maintenance	The detection of deferred maintenance in structural, roof, electrical, plumbing and other mechanical systems is beyond the scope of expertise of the appraiser. No deferred maintenance was reported to the appraiser. The walk through identified normal wear and tear, but did not identify any obvious signs of deferred maintenance
Landscaping, Surface Covering & Lighting	Minimal. There is no on-site parking. Exterior lighting is typical for a property of this type.
Parking	The subject has no on-site parking, which is typical of properties in this neighborhood.
Functional Utility	The subject is generally physically and economically similar to other improvements within the market segment that it competes, except that the improvements are too large and produce a below-market rent per square foot. As such, the improvements constitute a super-amenity or over-improvement which impairs the functional utility. Based upon appraisal analyses, the improvements have functional superadequacy, as the rentable area exceeds the capacity to generate sufficient net operating income to support the physically depreciated cost of the improvements. Overall, the improvements are concluded to provide below average functional utility for the intended use.

Building Drawings Exhibit





Property Assessment & Taxes

Summary of Property Assessment & Taxes

Real Property

Properties located within the subject's market are assessed by the assessor every year. By statute, each property must be assessed at 100% 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% and 90% 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. A revaluation as of 2021 increased land assessments by 150%. The revaluation increased most neighborhood property far beyond market values. Due in large part to changes in market conditions, certain segments of the market are now assessed at 110% to 200% 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. 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					**2020**
1C070B0L0010	$708,000	$1,123,100	$1,831,100	1.066%	$19,520
Total	$708,000	$1,123,100	$1,831,100	$10.66	$19,520
Type / Source	*Actual*	*Actual*	*Actual*	*Actual*	*Actual*
Year					**2021**
1C070B0L0010	$1,062,000	$1,123,100	$2,185,100	1.056%	$23,075
Total	$1,062,000	$1,123,100	$2,185,100	$10.56	$23,075
Type / Source	*Actual*	*Actual*	*Actual*	*Actual*	***Actual***

ANALYSIS OF HISTORIC VERSUS PROJECTED TAXES

% Historic Assessment of Current (2021) Assessment	$1,831,100	/	$2,185,100	=	84%
% Current (2021) Assessment of Market Value	$2,185,100	/	$1,836,000	=	119%

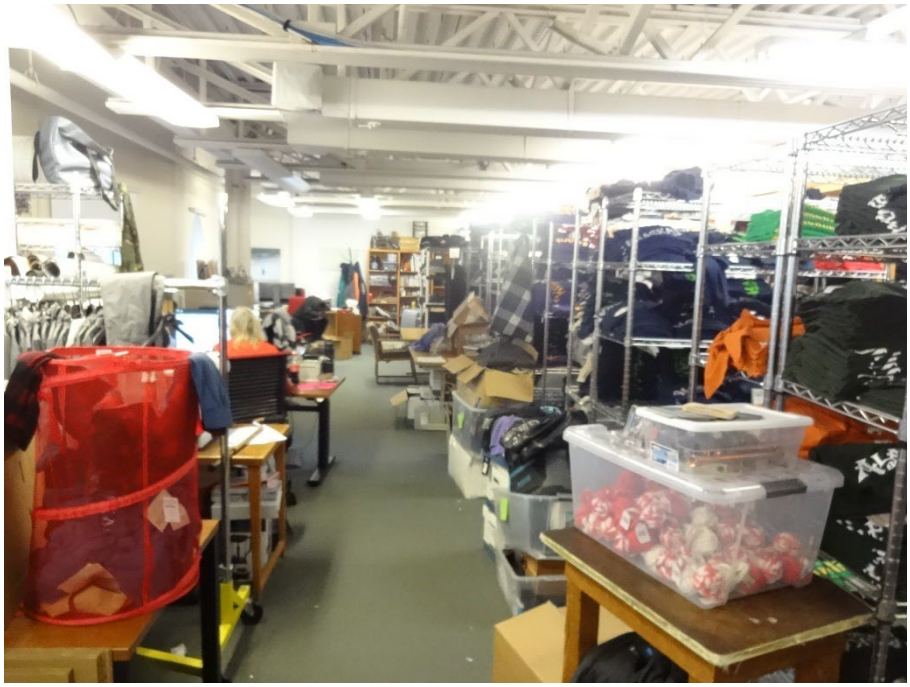
Subject Photographs

Front view

Interior view

Mezzanine view

Storage / office floor



S. Franklin Street
viewing south

S Franklin Street
viewing north

Highest & Best Use

Definition & Methodology

"Highest & Best Use" is defined as:

> *"The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."*[10]

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. Unless otherwise indicated, the highest and best use as vacant analysis should not be construed as a feasibility study, which is beyond the scope of the current assignment. Rather, the analysis is meant to provide a general indication of highest and best use based on a qualitative review of the available evidence. Furthermore, unless otherwise indicated, the assignment is not a feasibility study of potential conversion or renovation of the property and continued use "as is" or "as proposed" is implicit in the current value estimate.

As Vacant

Legally Permissible

Private restrictions, zoning, building codes, historic district controls and environmental regulations determine those uses legally permissible on a site. No private restrictions or historical district controls encumber the subject site. In addition, there are no known environmental regulations that inhibit development of the site.

Physically Possible

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

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.

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. There are limited identified uses that would attain a market developer's margin at this time and there has been limited amounts of new construction in the market. The new construction that has occurred is by owner-users whose needs are not met by the existing inventory and were forced to build, irrespective of financial feasibility. Based on a review of the

[10] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

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 is to hold for future development as retail, or other unidentified use that provides the highest return to the underlying land once feasibility has been ascertained.

As Improved

As Is

Continued use of a property in its current "as is" condition, without major changes, is a possible alternative for an improved property.

Maximally Productive

The existing improvements provide below average functional utility. After careful consideration, the maximally productive use of the subject as improved is continued use of the existing improvements in their as is condition.

Probable Buyer

The subject is suitable for owner or tenant occupancy. Similar properties within the subject's market are both owner-user and investor owned. Therefore, the most probable buyer is either an owner-user or an investor.

Cost Approach

Introduction

Methodology

The Cost Approach is an appraisal method of arriving at a value indication for the subject by estimating the cost to replace the improvements with current materials and labor, less accrued depreciation from all causes. The estimated land value, as detailed in the previous section, is then added to the depreciated value of the improvements to reflect a total value by the cost approach.

This approach is based on the assumption that replacement costs provide a reasonable estimate of value, providing the improvements represent the highest and best use of the land, and depreciation from all causes is appropriately accounted for. Valuing the improvements separately from the land thus serves to satisfy the principle of substitution; that is, a buyer will tend to not pay more for the property than it would cost to replace.

Replacement Cost – Assessor's Cost Estimates

In this appraisal, we have utilized the cost estimates provided by the City/Borough of Juneau's Assessor. The Assessor's Total Improvement Value was noted at $1,151,700, which is increased to $1,385,005 when the Assessor's physical depreciation estimate is added. We then added the Assessor's estimated land value and then deducted the Assessor's physical depreciation, together with "property specific" depreciation, to arrive at our Cost Approach Value estimate.

Developer's Margin

Market Properties

For properties with numerous potential users developer's margin can be obtained through either speculative or build-to-suit construction. For investors a developer's margin must be achievable for construction to be financially feasible. While a developer's margin may be attained by users, its presence is not necessary for construction to occur since even though it is not financially feasible from a real estate perspective it may be financially feasible from a business perspective. The presence of developer's margin is highly specific to an individual property. For market properties similar to the subject developer's margins currently range from a low of 5% up to a high of 25%.

Limited Market or Special Purpose Properties[11]

Special purpose properties generally have limited conversion potential and are constructed expressly for a particular user with a designated special use in mind. They are developed to fulfill a business need, not to attain a profit on the real estate and when profit is present it accrues to the business rather

[11] Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

than the real estate.

Conclusion

Under its existing use as is, the subject has physical and economic characteristics consistent with a special purpose property. Therefore, we have not included a developer's profit margin.

Depreciation

Introduction

Depreciation is a loss in value from the reproduction (or replacement) cost of improvements due to any cause as of the date of appraisal. The value difference may emanate from physical deterioration, functional depreciation, external depreciation, or any combination of these sources. A description of the various sources of depreciation follows.

PHYSICAL DEPRECIATION

Physical deterioration is evidenced by wear and tear, decay, cracks, incrustations, or structural defects. Physical deterioration can be either curable or incurable. Incurable physical deterioration applies to both short-lived items (roof, plumbing, HVAC, etc.) and long-lived items (structural).

FUNCTIONAL DEPRECIATION

Functional depreciation can be either curable or incurable and is caused by a flaw in or a deficiency or super-adequacy in the structure, material or design.

EXTERNAL DEPRECIATION

External depreciation is incurable and caused by negative influences in property values outside of the owners control such as market conditions, property uses, zoning, financing, or legal influences.

Effective Age

Effective age is estimated by the appraiser by weighing the actual age of a property against its current condition. In certain cases, the effective age is equal to the actual age, while in other cases it may be more or less than the actual age. The concept of effective age acknowledges that properties rarely depreciate on a linear basis. Construction type and quality play important roles, as does ongoing maintenance and capital infusion. The subject's effective age was estimated in the Description of Improvements chapter.

Economic Life

As discussed in the Description of Improvements chapter, economic life is estimated using MVS information based on actual economic lives for properties of similar construction type, occupancy and quality.

Effective Age / Economic Life Method

The effective age and economic life expectancy of a structure are the primary concepts used by an appraiser in measuring depreciation with age-life relationships. Under this method, total depreciation is estimated by calculating the ratio of the effective age of a property to its economic life expectancy and applying this ratio to the property's total cost new. Note that this method does not typically reflect abnormal, property specific depreciation or external depreciation.

Marshall Valuation Service Depreciation Tables

The MVS Cost Estimator software provides depreciation calculations to account for physical and functional depreciation. Depreciation is estimated based on a statistical compilation of actual depreciation present at similar properties of similar effective ages and economic lives. Economic life is determined by the software based on building class and quality. The

software recognizes that depreciation does not typically occur on a linear basis but rather on a logarithmic basis. As a result, this method is fairly accurate for both older and newer properties. Note that this method does not typically reflect abnormal, property specific depreciation or external depreciation.

Property Specific Depreciation

The analysis presented above assumes that the subject exhibits normal depreciation typical of similar properties in the market. Any property specific depreciation not typical of the market must be separately considered. Property specific depreciation in the amount of $376,700 is present due to the fact that the improvements' rentable area greatly exceeds the market demand, resulting in a below average income per square foot. The property specific functional depreciation must be estimated by the Income Approach. Cost to cure could not be used as the functional super-amenity cannot be cured.

External Depreciation

The preceding methods do not fully account for external depreciation. No external depreciation is present in the subject's market.

Reconciled Depreciation Estimate

The methods for estimating depreciation fall within a fairly narrow range. After careful consideration all methods of measuring depreciation are concluded to be reliable and given equal weight.

Summary of Cost Approach Exhibit

Valuation Component		Swope Building Office Bldg
Gross Building Area		11,546
Pro Rata Share		100%
REPLACEMENT COST NEW		
Assessor's Cost Estimate		$1,385,005
Plus: Developer's Margin	0%	$0
Replacement Cost New (Incl. Profit)		$1,385,005
Per Sq Ft		$120 /SF
LESS: DEPRECIATION		
Assessor's Physical Depreciation		$233,305
Property Specific Depreciation		$377,700
External Depreciation		$0
Total Depreciation		$611,005
DEPRECIATED BUILDING VALUE		$774,000
PLUS: LAND VALUE		$1,062,000
MARKET VALUE ESTIMATE (ROUNDED)		$1,836,000

Sales Comparison Approach

Not Developed

The Sales Comparison Approach could not be developed as there have been no comparable sales since July of 2019. The lack of sales in the Ketchikan and Skagway prime tourist districts provides a supported conclusion that these types of properties are not marketable without a steep discount. A return to stability is expected post-2022 tourism season.

Income Capitalization Approach

Introduction

Methodology

Income-producing real estate is typically purchased as an investment and from the investor's point of view earning power is the critical element affecting property value. The Income Capitalization Approach consists of methods and techniques used to analyze a property's capacity to generate income and convert this income into value. This approach provides a value indication for the property by estimating a net income stream through an analysis of the marketplace including past performance levels as well as projections for the future. Generally, the Income Capitalization Approach section utilizes two methods: 1) Discounted Cash Flow Analysis and 2) Direct Capitalization.

DIRECT CAPITALIZATION

The direct capitalization approach is particularly appropriate when the subject property is stabilized and located in a stable market. The approach capitalizes a single year of income into value using a single overall annual rate that implicitly considers the future income pattern.

Method of Capitalization

Direct Capitalization was utilized in this report as it is more commonly used by investors in this property type.

Occupancy Status

Current Occupancy

The subject is currently occupied by a single tenant. The current vacancy rate is 0.0%, and the property is considered not stabilized.

The 2020actual income was $183,359.

Income Analysis

Historic Income

The property owner provided historic income and expense information for 2018, 2019, and 2020. This information is contained in the report addenda.

Appraiser's Pro Forma Income

Proforma income is estimated at $262,050 based on the stabilized profit and loss income for 2019.

Vacancy & Credit Loss

Vacancy

Regardless of occupancy status, existing or prospective periodic vacancy must be reflected in the projection of stabilized income. For direct capitalization, vacancy is accounted for by applying a single stabilized vacancy rate to stabilized net operating income. For discounted cash flow analysis (using ARGUS software), vacancy is calculated automatically based on the inputs for current occupancy, lease expiration dates, renewal probability, and downtime upon non-renewal (weighted). In the case of a property with a large number of tenants and a high percentage of rollover, a

general vacancy allowance may also be applied. Thus, the vacancy shown in the ARGUS discounted cash flow analysis may vary from the stabilized allowance incorporated in the direct capitalization. The vacancy analysis and subject estimate are presented on the following chart.

Credit Loss

Credit loss is an allowance for the potential loss of income resulting from tenant default. It is generally a function of a tenant's financial strength. The credit loss allowance ranges from none for high quality credit tenants or where leases are dramatically below market up to 1.5% for tenants with highly speculative financial characteristics or where leases are above market. The credit loss analysis and estimate are presented on the following chart.

Analysis

VACANCY ALLOWANCE FOR DIRECT CAPITALIZATION	
Market Influences on Vacancy	
Est. Historic Market Vacancy (5-Yrs. / As Avail.)	3-5%
Est. Current Market Vacancy	50.0%
Est. Neighborhood Vacancy	Significant
Vacancy Used by Market Participants	5.0%
Property Influences on Vacancy	
Historic Vacancy (5-Yrs. / As Avail.)	0.0%
Current Vacancy	0.0%
Occupancy Status (User, Leased)	Leased
Typical Lease Expiration	Short Term
Overall Risk of Vacancy	Above Market
Stabilized Vacancy Estimate	**4.0%**

CREDIT LOSS ALLOWANCE FOR DIRECT CAPITALIZATION	
Percentage Applied to Credit Tenants	None
Percentage Applied to Normal Risk Tenants	1.0%
Blended Credit Loss Allowance Estimate	**1.0%**

Expenses

Expense Projection

Year one expenses are projected on a fiscal year, twelve months forward into the future on a stabilized basis. Therefore, appropriate adjustment to the property's historic expenses may be required if it has not been physically and economically stabilized. A number of broad expense categories have been identified based on typical market parameters as well as the accounting in place at the subject.

Expense Structure

Market rents were estimated in accordance with the subject's actual expense structure or the common expense structure within the subject's market. Based on the subject's current occupancy and market, the expense structure is projected as follows:

MODIFIED GROSS

The subject is currently leased on a modified gross basis. This expense structure is where the tenant is responsible for paying their utilities and janitorial. The landlord is responsible for paying the remaining property

expenses.

Pro Forma Expenses

The proforma expenses were based on the historic profit and loss statements. Real estate taxes are to be excluded from the income statement, per the International Association of Assessing Officers and Appraisal Institute methodology for tax appeals.

Management Fee

Whether an owner-occupied property or leased asset, it is appropriate to incorporate a management fee in order to reflect the characteristics of a passive investment. There are certain market segments where management is often performed by ownership. In this case, property management is often not specifically recognized as an expense but is nonetheless incurred. Commonly accepted valuation methodology incorporates a professional management fee and this is consistent with the perspective of the majority of market participants. Most often, management is charged as a percentage of effective gross income. The fee varies widely depending on the intensity of duties, property type, revenues, number of tenants, expense structure, lease rollover schedule and leasing agreements in place. Properties with significant revenue, or a single-tenant triple-net occupancy situation, will typically fall towards the low end of the range. Conversely, properties with limited revenue, multiple tenants, and/or full-service leases with pass throughs will fall towards the high end of the range. This expense is analyzed on a % of EGI basis, as this unit of comparison is deemed to provide the highest degree of correlation among the data points and is the best predictor of future expenses. For reference, management fees indicated by PwC Real Estate Investor Survey are summarized on the following table.

Exhibit 4
MANAGEMENT FEES AND LEASING COMMISSIONS
First Quarter 2021

	MANAGEMENT FEES (As a % of EGR)		LEASING COMMISSIONS (a) NEW LEASE		RENEWAL LEASE	
	Range	Average	Range	Average	Range	Average
National Markets						
Regional Mall	1.00% – 4.00%	2.68%	(b)		(b)	
Power Center	2.00% – 6.00%	3.20%	3.00% – 6.00%	5.25%	3.00% – 3.00%	3.00%
Strip Shopping Center	1.50% – 6.00%	3.30%	2.00% – 8.00%	5.00%	0.00% – 6.00%	2.70%
CBD Office	1.00% – 5.00%	2.65%	3.00% – 8.50%	5.81%	2.00% – 7.00%	3.94%
Suburban Office	1.50% – 4.00%	2.70%	3.00% – 8.50%	5.69%	2.00% – 7.00%	3.75%
Net Lease	1.00% – 4.00%	2.31%	2.00% – 6.00%	3.75%	1.00% – 6.00%	2.50%
Medical Office Buildings	1.30% – 5.00%	3.61%	3.00% – 7.00%	5.08%	2.00% – 6.00%	3.58%
Secondary Office	1.50% – 5.00%	3.05%	4.00% – 7.50%	5.71%	2.00% – 4.00%	3.38%

The subject's historic expense data for this category is not available. In the end, primary weight has been placed on the subject's historic data, as the market has not taken a management fee. Nonetheless, compensation for a management fee must be included. Given the subject's characteristics, this expense is forecast at 4% of EGI

Utilities

The property owner must pay the utility expense for the exterior lighting. This expense is forecast at $511 per year, based on the historic data.

Repair & Maintenance

Repair and maintenance are annual ongoing expenses consisting of non-capital items associated with keeping the property in a condition consistent with its peers. This expense also includes maintenance and repairs for items such as HVAC, elevator, life and safety, lighting, doors and other systems. Costs can vary widely from year-to-year, and care must be taken to estimate average expense for a typical year. This expense is typically lower for new construction or properties with minimal build-out, and higher for older construction or properties with significant build-out. This expense is estimated at $12,200 based on the historic data.

Insurance

This expense includes hazard insurance due to damage from a natural disaster (including flood and fire but excluding earthquake, unless otherwise stated) as well as basic liability insurance. The specific coverage in place at the subject has not been reviewed and the methodology utilized in this analysis relies on historic insurance expense at the subject (if available) as well as insurance expenses at similar properties. It is acknowledged, however, that insurance rates are highly specific to an individual property and it is recommended that specific quotes be obtained from a qualified professional if additional detail is required. This expense is estimated at $7,315 per year, based on the historic data.

Reserves

Reserves are an annual expense that is set aside for the periodic replacement of short-lived capital items such as parking lot, roof, carpet and paint, and certain mechanical components such as boilers, HVAC units and elevators. They are theoretical in nature, since the actual annual expenditure on capital improvements may vary widely from year to year. Therefore, the reserve estimate is intended to reflect an annual average over time. Within the subject's market, most market participants incorporate reserves as a below the line expense. Reserves are a function of property type, construction type, age / condition and other factors. Investor surveys indicate that for a property similar to the subject reserves are typically $0.10/sq ft to $1.00 /sq ft of building area. Investors also consider reserves as a percentage of EGI, typically ranging from 0.5% to 2%. In this analysis, reserves are considered on a $/sq ft basis. For reference, reserves indicated by PwC Real Estate Investor Survey are summarized on the following table.

Exhibit 3
REPLACEMENT RESERVES PER SQUARE FOOT
First Quarter 2021

	CURRENT QUARTER		YEAR AGO	
	Range	Average	Range	Average
National Markets				
Regional Mall	$0.15 – $1.00	$0.40	$0.15 – $0.75	$0.33
Power Center	$0.15 – $0.50	$0.28	$0.15 – $0.50	$0.28
Strip Shopping Center	$0.10 – $1.00	$0.36	$0.10 – $0.75	$0.34
CBD Office	$0.10 – $0.75	$0.31	$0.10 – $0.75	$0.29
Suburban Office	$0.10 – $0.50	$0.24	$0.05 – $0.50	$0.27
Net Lease	(a)		(a)	
Medical Office Buildings	$0.10 – $1.00	$0.35	$0.10 – $1.00	$0.35
Secondary Office	$0.10 – $0.50	$0.27	$0.10 – $0.50	$0.23

No historic reserves information was provided. Given the available data, and considering the subject's various characteristics, this expense is forecast at 1% of effective gross income.

Summary of Expense Projections

The subject's individual expense projections are supported by the histori profit and loss statements. Overall, the projected expenses are reasonable and well supported.

Current Investment Parameters

Clarification of Terms

For direct capitalization, the single stabilized rate is often referred to as a going-in rate, Ro, or overall annual rate (OAR). In this appraisal, the term OAR is used.

Sale Comparisons

Rates of returns indicated by sale comparables are presented in the following table:

LOCAL SALE RETURN REQUIREMENTS

Comp	Name	Property Major Type	Year Built / Renovated	Date	Cap Rate
I-1	CrossCo Building - 3408	Office	2004 / 2004	Jun-16	8.1%
I-2	Nugget Mall - 3467	Shopping	1974 / 1984	Apr-18	10.8%
I-3	Lemon Creek Commercial - 3406	Industrial	1996 / 1996	May-18	9.1%
I-4	Willow Park - 3743	Office	1983 / 1983	Apr-19	8.0%
I-5	Mendenhall Mall - 7681	Shopping	1972 / 1991	May-19	9.9%
I-6	Foodland Shopping Center - 3465	Shopping	1963 / 1995	Sep-19	9.6%
I-7	Emporium Mall - 8891	Retail-	1898 / Varies	Dec-19	10.3%
I-8	Professional Plaza B201 - 3744	Office	1982 / 2017	Jan-20	8.1%
I-9	R&M Building - 9075	Office	1973 / Periodic	Aug-20	8.5%
I-10	Gold Lodge Apartments - 8870	Multi-Family	1960 /	Oct-20	8.8%

Band of Investment

A band of investment analysis is performed based on current equity dividend rates required by investors and available terms of market financing. This method responds very quickly to changes in interest rates and can be a leading indicator of the direction OARs are heading. Current equity dividends or "cash-on-cash" returns vary widely depending on the specific characteristics of the property. The band of investment analysis is presented below.

BAND OF INVESTMENT ANALYSIS					
Current Typical Investment and Finance Parameters					
	AIDEA		**Private**		**Blended**
Ratio	90%		10%		
Interest Rate	3.95%		5.50%		
Effective Interest Rate	3.95%		5.50%		4.11%
Loan Amortization (1)					20
Loan to Value Ratio (1)					75%
Equity Cap Rate (2)			to		16.0%
Ro Based on Equity Dividend of:	**16.0%**				
Return on Mortgage (Rm)	75%	X	0.0734	=	0.0550
Return on Equity (Re)	25%	X	0.1600	=	0.0400
Indicated Overall Annual Rate (OAR)					**9.5%**

(1) Based on market survey of local mortgage brokers & lenders.

(2) Based on market survey of investors & market participants.

Selection of Rate

Overall Annual Rate (OAR)

Please refer to the Market Analysis chapter for a summary of the subject's particular strengths and weaknesses, which are also considered in the selection of an appropriate rate of return. The subject is not stabilized and lacks a long-term lease. Based on market comparables and the Band of Investment, an OAR of 9.5% is estimated. The International Association of Assessing Officers and Appraisal Institute procedures require that the City/Borough of Juneau's real property tax assessment of 1.056% be added to the OAR estimate. After careful consideration, the subject's OAR is estimated at 10.56% (rounded). The direct capitalization exhibit follows.

Rent Shortfall

The projected stabilized income will be deficient by an expected rent shortfall of $104,771 based on the difference between the 2019 and 2020 actual income. In addition, the owner will be responsible for paying the fixed and operating expenses, which was a concession they had to make during 2020. The fixed and operating expenses were $57,574.

Direct Capitalization Exhibit

STABILIZED REVENUE					
Tenant	**Forecast Type**	**Sq Ft**	**$/Sq Ft/Mo.**	**$/Sq Ft/Yr.**	**FY**
AK Bev	Contract	11,546	$1.89	$22.70	$262,050
Potential Gross Revenue		**11,546**	**$1.89**	**$22.70**	**$262,050**
Less: Vacancy and Credit Loss @		5.0%			($13,103)
Effective Gross Revenue					**$248,948**
STABILIZED EXPENSES					
			$/Sq Ft/Yr. of GBA	**% of EGI**	**FY**
Management			$0.86	4.0%	$9,958
Professional Services			$0.45	2.1%	$5,200
Insurance			$0.00	2.9%	$7,315
Utilities			$0.00	0.2%	$511
Repairs and Maintenance			$0.00	4.9%	$12,200
Reserves			$0.22	1.0%	$2,489
Total Expenses			**$3.26**	**15.1%**	**$37,673**
STABILIZED NET OPERATING INCOME			**$18.30**	**84.9%**	**$211,275**

STABILIZED VALUE	
Stabilized Net Operating Income	$211,275
Capitalized At:	10.56%
Indicated Stabilized Value	**$2,000,705**
(Rounded)	**$2,000,705**
Less: 2020 Rent Loss	($104,771)
Less: 2020 Expenses	($57,574)
Indicated As Is Value	**$1,838,360**
(Rounded)	**$1,838,360**

Reconciliation & Final Value Estimate

Summary of Value Estimates

The approaches to value utilized in this report have indicated the following values for the subject:

VALUATION SUMMARY	
Swope Building	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Land Valuation	Not Developed
Cost Approach	$1,836,000
Sales Comparison Approach	Not Developed
Income Capitalization Approach	$1,838,360
Final Market Value Estimate	**$1,838,000**

Reconciliation

Overview

Reconciliation is the final phase in the assignment and is where two or more value indications derived from market data are resolved into a final value estimate. USPAP requires that the appraiser reconcile the quality and quantity of data available and analyzed within the approaches used. Furthermore, the applicability and relevance of the approaches, methods and techniques must also be reconciled. A discussion of the applicability of the various approaches is presented below.

Cost Approach

This approach is normally a strong indicator of value when there is reliable data from which to estimate replacement cost and accrued depreciation. This approach is highly applicable for special purpose properties, new construction and when there are limited sales or rental activity (resulting in less reliable value indications by sales comparison and income capitalization). It is less applicable for older properties that exhibit significant amounts of depreciation. For non-special purpose properties, this approach is often considered by market participants but not given primary weight. Investors primarily use this approach to determine the feasibility of a proposed development. Owner-users often consider this approach when making decisions on whether to buy an existing building or pursue new construction.

Sales Comparison Approach

This approach is normally a strong indicator of value when adequate current sales data are available. Like the Income Capitalization Approach, this approach responds quickly to changes in the marketplace. In user markets, the Sales Comparison Approach is given primary weight. Investors use this approach primarily as an indicator of current rates of return and subsequently give this approach secondary weight.

EXCLUSION The Sales Comparison was not performed for the following reasons.

- There has been limited sales activity within the subject's market that is directly comparable to the subject.
- The other approach(es) resulted in a reliable value estimate for the subject.

Income Capitalization Approach

The Income Capitalization Approach is generally considered a strong indicator of value for income-producing properties. The primary strength of the Income Capitalization Approach is income and operating levels respond quickly, if not immediately, to conditions in the market and changes in the property. This approach is given primary weight by investors and secondary weight by owner-users. Direct capitalization is the most common method of income capitalization used within the market and is highly applicable when a property is physically or economically stabilized. Discounted cash flow analysis is used by market participants for investment grade properties and is highly applicable when there are changing market conditions, a property is not physically or economically stabilized, the timing of cash flows is irregular, or the income pattern is different than what is typical of the market.

Final Value Estimate

The subject is part of a real estate segment that, at least in the short term, is anticipated to be directly impacted by the COVID-19. Since market value is based on the principle of anticipation, the future impacts of the virus on this real estate segment must be accounted for. This was partially reflected in an increased marketing time. In addition, it was partially reflected in the market conditions adjustment performed within the sales comparison approach and the capitalization rate estimated in the income approach. That said, the degree of impact on value is somewhat mitigated by the market consensus that the impacts of the virus will be relatively short term in nature.

Additional COVID-19 "short term" valuation concepts for the appraiser to consider:

Measurable income loss can be discounted to a net present value and deducted at the end of the reconciliation & final value estimate section.

Market participants can be interviewed. Remember, the direction of adjustment is often NOT subjective, whereas the degree of adjustment is OFTEN subjective.

The probable buyer of the subject is either an owner-user or investor. The value indications from the approaches performed have fallen within a narrow range suggesting adequate market data and reliable analysis of the data. Both of the approaches provided reliable value indications and are highly applicable. In the end, the approaches performed are given equal weight. After careful consideration, the final value estimate(s) for the subject is/are

as follows:

FINAL MARKET VALUE ESTIMATE	
Swope Building	
Property Rights	Fee Simple
Condition	As Is
Effective Date of Appraisal	January 1, 2021
Final Market Value Estimate	$1,838,000

Exposure Period

DEFINITION[12] *The estimated length of time that 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.*

Investor surveys indicate exposure periods for properties within the subject's market classification ranging from 3 to 12 months and averaging 7 months. Pre COVID-19, local sales comparable data indicated exposure periods ranging from 3 to 12 months, assuming appropriate pricing and marketing efforts. In particular, smaller, single-tenant properties have tended to sell more quickly in the face of strong demand and limited availability. At the reconciled market value, an exposure period of 12 months is concluded.

Marketing Time

DEFINITION[13] *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.*

Implicit within the concept of market value is that the property is fully exposed to the market. Within the Alaska market this includes retaining a knowledgeable and qualified commercial broker that prepares a marketing package, lists the property on Alaska Multiple Listing Service as well as other local and national web sites used to market real estate. In the event that a knowledgeable and qualified broker is not retained, the property is not receiving full exposure to the market and the price that a seller will be able to attain may be impacted.

Based on the market analysis performed and the subject being fully exposed to the market, the anticipated marketing time is based on the following relationships:

Pre-COVID-19 Exposure Period + (COVID-19 Shutdown + COVID-19

[12] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[13] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.

Recovery) = Marketing Time

While the precise impact on valuations is uncertain, based on the current prevailing consensus by experts that the virus will largely be managed (but not necessarily eliminated) in as little as two months but in less than six months. An economic recovery period between six months and twelve months is anticipated. Therefore, based upon prevailing exposure periods, marketing times are anticipated to increase to eighteen months for most property types. This projected increase in marketing times is consistent with historical evidence, including the 2000 dot.com bubble, September 11, 2001 terrorist attacks and 2008 financial crisis. In all of these prior periods of economic crisis, short term values were negatively impacted immediately followed by a dramatic decrease transaction volume, followed by a strong recovery and return to prior prevailing valuations and transaction volumes. While there are divergent opinions, the general consensus is that the COVID-19 will follow a similar pattern.

Therefore, for a property of this type and size, in this neighborhood, and given expected market conditions, the most probable marketing time would be up to 12 months. Note that it may be inappropriate for the Client to assume value remains stable during the estimated marketing period and that the marketing period may change over time.

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:** Any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by Appraiser, constitutes acceptance of, and is subject to, all appraisal statements, limiting conditions and assumptions stated in the appraisal report. The client is responsible to become familiar with these statements, assumptions and limiting conditions.

3. **Responsibility of Client/Intended User to Accurately Communicate Appraisal Results:** If placed in the possession of anyone other than the client or intended user, they 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.

4. **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.

5. **Duplication and Dissemination of Report or Report Contents:** This appraisal has been completed for the client's specific use as well as any other intended user(s) specifically identified in the report. The appraiser(s) has no liability, accountability, or obligation to any other third party. The appraiser(s) retain ownership and copyright of the data, discussions, and conclusions contained herein. Possession of this report does not constitute the right of publication or dissemination 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, as well as to any other intended user(s) identified in the report, or in the case of litigation or negotiations, the other party, their counsel and any court, including master or arbitrator. Duplication and dissemination of selected sections of this report to third parties without express written consent of the signatories of the report are prohibited and may be misleading. 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.

6. **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.

7. **Unauthorized User:** The report has been prepared for the client and any other intended user(s) specifically identified in the report, for the stated intended use only. The appraiser(s) has no liability to any other 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. Such unauthorized distributor accepts all liability to the unauthorized user whom they distribute a copy of the report to. Any unauthorized distributor of this report is cautioned that they may incur liabilities to the unauthorized user that they are providing a copy of the report to as well as to Reliant LLC.

8. **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.

9. **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 rooms, rent rolls, historical operating statements and budgets, sales data, etc.

10. **Purchase and Sale Agreement:** In the event of a pending sale, as of the report date, any purchase and sale agreement (PSA, EMA, etc.) provided has been represented as being the final agreed upon document reflecting the final price and terms negotiated between the parties. This information reflects the perspective of a buyer and seller, and so may have been given significant weight in the final conclusion of market value. In the event that the sale information provided subsequently turns out not to represent the final agreed upon price and/or terms, or in the event that the price and/or terms are amended post-delivery of this report, the market value estimate contained herein may be invalidated. The intended user(s) of this report is advised not to rely upon it in this situation until the appraiser is provided the final/amended sale information for their full consideration and possible amendment to the opinions and conclusions originally stated in this report.

11. **Obligation of User to Report Errors:** Any authorized intended user is required immediately contact the appraiser(s) and report errors, discrepancies, or alterations to determine the impact on the

opinion(s) of market value.

12. **Integrated Analysis.** The individual components of the analysis contained herein are highly interrelated and subject and assignment-specific. As such, individual items such as rent, vacancy allowance, expenses, and rate of return cannot be viewed individually without the context of the whole analysis. Moreover, conclusions or individual components from this specific analysis cannot and should not be extracted for application to other properties and/or situations.

13. **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.

14. **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.

15. **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.

16. **Walk Through May Not Include Non-Relevant Space(s):** In the case where a "complete" walk through has been performed, a physical observation has been performed to assist in identifying relevant property characteristics in a valuation service to identify features that may affect a property's value or marketability such as legal, economic or physical characteristics. The physical observation will be of all relevant space(s) required to arrive at a reliable and credible opinion of market value, but may not include certain space(s) that are not deemed relevant or material to the appraisal problem. If the lack of physical observation of certain space(s) does not impact the reliability or credibility of the appraisal, it may not be disclosed within the report. In the event that the lack of physical observation of certain space(s) may have an impact on the reliability or credibility of the opinion of market value it will be disclosed within the report.

17. **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.

18. **Proposed Improvements, Renovations, and Repairs:** For the purposes of this analysis, the proposed improvements, renovations, and/or repairs are assumed 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 onsite walk-through of the improvements to determine completion as per plans and specifications.

19. **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.

20. **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 fields of law, engineering, construction, architecture, surveying or other areas of expertise. Clients bear the responsibility of consulting and retaining experts outside the appraisal profession as required by the situation.

21. **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.

22. **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.

23. **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.

24. **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 do the appraiser(s) claim 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.

25. **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.

26. **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.

27. **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. Unless otherwise stated, all applicable property taxes are assumed to be paid current. 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.

28. **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.

29. **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.

30. **Extent of Title Search:** Unless otherwise stated, the scope of work does not include a search of Department of Natural Resource recorded documents. Such a search should be performed by a qualified title specialist, such as a title insurance agency. It is the responsibility of the Client(s) and Intended User(s) to provide any documents or information related to title to Reliant LLC for consideration.

31. **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.

32. **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.

33. **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.

34. **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 expert reports or documentation on inadequacies or non-compliance, no responsibility or representation is assumed for identification or costs to cure. 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.

35. **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.

36. **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.

37. **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.

38. **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.

39. **Ongoing Operations.** In the event that the subject is a special purpose property or going concern, ongoing business operations are assumed unless otherwise stated in the body of the report.

40. **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.

41. **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 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.

42. **Asset Recommendations and Consultations**: No statements contained within the report shall constitute recommendations with regard to any decision by the client(s) or intended user(s) with respect to prospective underwriting, financing, acquisition, disposition, holding of the asset, or any other subsequent event, at the stated market value indication(s) or otherwise. If the client requests a recommendation with respect to such a decision, it should be requested in writing, be explicitly listed in the scope of work and explicitly addressed in the appraisal report. Such decisions warrant significant research and strategy, with specific investment questions requiring additional consultations and financial analysis. Any client or intended 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.

43. **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.

44. **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.

45. **Dissemination to Assessor:** The user(s) of this report may not provide a copy of this appraisal to any assessment office or agency without the prior written consent of Reliant LLC, as redaction of certain market and/or property level information may be required prior to submission for confidentiality reasons.

46. **No Guarantee of Adoption by Taxing Agency:** In the event that Client utilizes or submits the report in connection with a tax return or other tax matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome of the tax matter. Client understands and acknowledges that the taxing authority (whether it is the Internal Revenue Service or any state or local tax authority) may disagree with or reject the appraisal(s) or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect from Client additional taxes, interest, penalties or fees. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees, and Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any taxes, interest, penalties or fees imposed on Client or for any attorneys' fees, costs or other expenses relating to Client's tax matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated

in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.

47. **No Guarantee of Adoption by Court or Jury:** In the event that Client utilizes or submits the report to any Local, State or Federal Court in connection with a litigation matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome. Client understands and acknowledges that the Courts (whether Local, State or Federal) and/or Jury may disagree with or reject the appraisal(s) or otherwise disagree with Client's legal positions. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any Judgement or legal outcome. Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any Judgement imposed on Client for any value, taking, attorneys' fees, costs or other expenses relating to Client's litigation matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.

48. **Advanced Notification Required of Regulatory or Statutory Requirements:** In the event that the report is relied upon by a third party, such as the Internal Revenue Service, Assessor, Courts or anyone else other than the Client, it is the responsibility of the Client to advise Reliant LLC in writing and in advance of engagement as to any regulatory or statutory requirements imposed on the scope of assignment and scope of work by that third party. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for non-disclosed scope of work and scope of assignment requirements of the third party.

49. **Maximum Time Frame for Legal Action:** Unless the time frame is shorter under applicable law, any legal action or claim relating to the assignment or services performed shall be filed in court (or in the applicable arbitration tribunal, as applicable and noted above under Agreement to Mediation and Binding Arbitration) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all non-criminal claims or causes of action of any type.

50. **Duration (Term) of Assignment Reliance:** The period of time that an assignment remains applicable and appropriate for the Client and Intended User(s) intended use, including the factual conditions that form the premise of the assignment, the research, data, analysis and conclusions, are dependent on a variety of factors including the intended users, intended use, changes in market conditions, legal/regulatory/statutory requirements, property specific conditions and other factors. While the time period that an assignment may remain applicable and appropriate to the intended use may be significantly less than thirty-six (36) months, this assignment shall not be relied upon by the Client or intended user(s) after thirty-six (36) months from the earlier date of either A) assignment delivery, which is most commonly the date of report, or B) an invoice is submitted to the Client.

51. **No Assignment of Claims:** Legal claims or causes of action relating to the appraisal are not transferable or assignable to a third party, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of

the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.

52. **Resolution of Violations & Deficiencies:** Any violations or deficiencies resolved under the terms of this agreement shall remain confidential between Reliant LLC and the Client, intended user(s) and reviewers. Except as provided under this agreement, the Client, Intended User(s) or reviewers agree not to submit the assignment to any applicable private or governmental body with jurisdiction over the matter. If any aspect of the assignment is determined by the Client, intended user(s) or their reviewers, to not meet the minimum standards of any applicable Local, State or Federal laws, including the Uniform Standards of Professional Appraisal Practice (USPAP) the Client or intended user(s) agree to not submit the assignment or individuals performing the assignment to any governing Local, State or Federal authorities or any private entity with jurisdiction without first 1) notifying Reliant LLC of the violations and 2) providing Reliant LLC an opportunity to correct and address any deficiencies that may exist. In the event that Reliant LLC fully addresses any deficiencies to the satisfaction of the Client, intended user(s) or their reviewers, these Parties agree that no further action shall be taken. If, however, the Client, intended user(s) or their reviewers do not believe that the issues have been fully resolved, Reliant LLC shall engage a third party expert of their choice to perform a professional review of the assignment. If that third party reviewer determines that the alleged issues have been resolved, the Client, intended user(s) or reviewers shall be responsible for the fee to that third party reviewer. If, however, the third party reviewer determines that the alleged issues have not been resolved, Reliant LLC shall have the opportunity to correct and address any deficiencies that may exist and is responsible for the fee to the third party reviewer. If, however, such issues are not fully addressed by Reliant LLC to the satisfaction of the third party reviewer, the Client, intended user(s) or their reviewers are released from the confidentiality requirement of this agreement and may submit the assignment to any applicable private or governmental body with jurisdiction over the matter.

53. **Unauthorized Third Party Liability to Reliant LLC for False Accusation:** The assignment is a private contract between Reliant LLC and the Client and intended user(s). Subject to the terms of this agreement, only the Client or intended user are permitted to submit this document to any applicable private or governmental body with jurisdiction over the matter without incurring any liability to Reliant LLC and the signatories of the assignment for false accusation, misrepresentation, slander or libel. In the event that the signatories of this assignment are found not to be in violation of any applicable governing regulations, any unauthorized third party that makes false accusations or submits this assignment to any applicable private or governmental body with jurisdiction over the matter accepts liability to Reliant LLC for attorney's fees incurred in their defense, lost income, damages to reputation of the signatories and firm and any and all other sources of economic damage that may result directly or indirectly from their said actions.

54. **Data Utilization:** The market and comparable data developed by the appraiser and presented in this report is being provided to the Client and Intended User(s) only within the context of this specific assignment. The Client and Intended User(s) are prohibited from distributing, disseminating, selling or otherwise profiting from this data outside the context of this assignment. The Client and Intended User(s) are, however, permitted to utilize this data strictly for their own internal purposes.

55. **Government Use:** This report contains sensitive information that may potentially cause harm to Reliant LLC if disseminated beyond the client(s) and intended user(s) described in the engagement documents and report. Therefore, subject to applicable law, any client(s) or intended user(s) that are local, state or federal government entities agree to use their good faith efforts to maintain the confidentiality of the comparable data presented within the report. Notwithstanding other provisions

of the engagement documents and report to the contrary, any client(s) or intended user(s) that are local, state or federal government entities may distribute this report as required or compelled to by law, but prior to release agree to redact all text, exhibits, photographs, maps or any other reference that identifies any comparable data used in the report where a party to the transaction (grantor, grantee, lessor or lessee) is not a government entity. The client(s) or intended user(s) and their agents are authorized to perform this redaction without consulting with, or obtaining any additional direction from Reliant LLC. The client(s) or intended user(s) may seek a written release from the above redaction requirement from Reliant LLC, who may provide such written release at its discretion. Furthermore, unless the client(s) or intended user(s) is expressly identified within the engagement documents and report as an assessment or taxation agency, and the intended use is to assist said agency in assessment or taxation matters, then unless otherwise required or compelled by law or court order to the contrary, any client(s) or intended user(s) that are local, state or federal government entities are not permitted to disseminate any contents of this report to any internal or affiliated assessment or taxation agency of the client(s) or intended user(s). If dissemination to such an assessment or taxation agency is required or compelled by law or court order, then the client(s) or intended user(s) agrees to perform the aforementioned redaction prior to distribution. Any internal or affiliated assessment or taxation agency that does obtain a copy of this report may not rely upon the report or disclose its contents. Release of this report to a local, state or federal government entity is not authorization to use the report or its contents for assessment or taxation purposes.

56. **Signatory Opinions Only:** The opinions and conclusions contained herein are developed and reported by the signatory(ies) and are exclusively those of the signatory(ies) only. This report does not necessarily reflect the opinions of Reliant LLC as a firm, or of any other Managing Members or employees.

Terms & Definitions

As Is Value[14]	*The estimate of the market value of real property in its current physical condition, use and zoning as of the appraisal date.*
Prospective Value[15]	*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[16]	*A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."*
At Completion Value[17]	*The market value at the effective date construction is completed or the certificate of occupancy is issued.*
At Stabilization Value[18]	*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 / Sum of Retail Values[19]	*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 the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the aggregate of the retail values or aggregate retail selling price.*
Value in Use (Use Value)[20]	*The value of a specific property for a specific use.*

[14] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[15] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[16] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[17] Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.
[18] Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.
[19] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[20] Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].

Business Value[21]	*The market value of a going concern, including real estate, personal property, and the intangible assets of the business.*
Going Concern Value[22]	*An outdated label for 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 market value of the total assets of the business.*
Client[23]	*The party or parties (i.e. individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.*
Intended Use[24]	*The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.*
Intended User[25]	*The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.*
Fee Simple Estate[26]	*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[27]	*The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.*
Leasehold Interest[28]	*The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.*
Real Estate[29]	*An identified parcel or tract of land, including improvements, if any.*
Real Property[30]	*An interest or interests in real estate.*
FF&E[31]	*Business trade fixtures and personal property, exclusive of inventory.*

[21] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[22] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[23] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[24] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[25] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[26] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[27] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[28] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[29] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[30] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[31] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Personal Property[32]	*1. The interests, benefits, and rights inherent in the ownership of tangible objects that are considered by the public as being personal; also called tangible personal property. 2. 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.*
Fixture[33]	*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.*
Trade Fixtures[34]	*Articles placed in or attached to rented buildings by a tenant to help carry out the trade or business of the tenant are generally regarded as trade fixtures. For example, a tenant's shelves used to display merchandise are trade fixtures and retain the character of personal property, as opposed to all other fixtures that were, but are no longer, personal property when they are attached to and become part of the real estate. Despite the consensus on the concept of trade fixtures in general, applicable law and custom govern when a specific item is a trade fixture in a particular assignment. Also called chattel fixture.*
Intangible Property[35]	*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[36]	*An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.*
Hypothetical Condition[37]	*A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.*
Gross Building Area[38]	*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 market area of the type of property involved.*
Rentable Area[39]	*For office or retail 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*

[32] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[33] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[34] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[35] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[36] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[37] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[38] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[39] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

	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.
Usable Area[40]	*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[41]	*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	*Lands that lie below the mean high watermark. These include lands that are awash by normal tidal flows and submerged lands below the mean low watermark.*
Upland[42]	*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[43]	*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[44]	*Land that is not needed to serve or support the existing use. 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 has the potential to be sold separately and is valued separately.*
Surplus Land[45]	*Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.*
Depreciation[46]	*In appraisal, 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.*

[40] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[41] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[42] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[43] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[44] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[45] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[46] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Entrepreneurial Profit (Developer's Margin)[47]	*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. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.*
Market Rent[48]	*The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).*
Exposure Time[49]	*The estimated length of time that 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.*
Marketing Time[50]	*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.*

[47] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[48] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[49] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[50] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Addendum: Subject Data

10:32 AM
10/23/21
Accrual Basis

Swope Building, LLC
Profit & Loss
January 2018 through December 2020

	Jan - Dec 18	Jan - Dec 19	Jan - Dec 20	TOTAL
Income				
4000 · Rental Income	261,941.88	261,941.88	183,359.28	707,243.04
4010 · Other Income	130.92	98.20	72.02	301.14
4900 · Interest Income	9.58	10.33	4.16	24.07
Total Income	262,082.38	262,050.41	183,435.46	707,568.25
Gross Profit	262,082.38	262,050.41	183,435.46	707,568.25
Expense				
5000 · Professional Services	5,154.30	4,416.57	9,293.57	18,864.44
5012 · Office supplies	174.98	0.00	0.00	174.98
5015 · Insurance	7,029.00	7,315.00	7,220.87	21,564.87
5016 · Utilities	536.37	510.98	510.66	1,558.01
5020 · Repairs & Maintenance	17,357.72	8,564.59	12,159.13	38,081.44
5050 · Taxes & Licenses	220.00	120.00	19,679.53	20,019.53
5950 · Depreciation & Amortizat...	65,449.00	48,068.00	47,938.02	161,455.02
Total Expense	95,921.37	68,995.14	96,801.78	261,718.29
Net Income	166,161.01	193,055.27	86,633.68	445,849.96

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Addendum: Experience Data

Kim M. Wold

Background

Mr. Wold's background includes over 40 years in the real estate appraisal sector. Mr. Wold has extensive experience in appraising properties such as single and multi-family residential, income-producing properties, special purpose properties (sawmills, fish processing plants, etc.), tidelands, logging camps, grocery stores, shopping centers, and aviation facilities. He also has extensive experience appraising urban and remote acreage of varying highest and best uses, such as residential, commercial, industrial, agricultural, forestry, mining claims, tidelands, recreational, etc. He has performed appraisals for mortgage underwriting, eminent domain, easement valuation, lease renewals, establishing market lease rates, and estate purposes.

Mr. Wold has appraised properties throughout Alaska, including Bristol Bay, Bethel, Anchorage, Haines, Hoonah, Juneau, Yakutat, Sitka, Wrangell, Petersburg, Craig, Klawock, Hydaburg, Metlakatla, Thorne Bay, Hollis, Ketchikan, Unalaska, Chignik, St. Paul Island, Kodiak Island, and numerous remote locations throughout Southeast Alaska.

Education

Real Estate Education

Mr. Wold has attended numerous appraisal-related courses presented by the American Institute of Real Estate Appraisers, Northwest Center for Professional Education, Marshall Valuation Service, University of Alaska, and the International Right-of-Way Association. Mr. Wold has also completed courses sponsored by the American Institute of Real Estate Appraisers and the Appraisal Institute in conjunction with the University of Portland, University of Colorado, University of San Diego, and Arizona State University. Specific courses completed include:

- Law and Value; Communication Corridors, Tower Sites & Property Rights, 2001
- Attacking and Defending an Appraisal in Litigation, 2001
- Valuation of Detrimental Conditions in Real Estate, 2002
- Appraisal Litigation Practice & Courtroom Management, 2003
- The Road Less Traveled: Special Purpose Properties, 2004
- Hospitality Properties, 2004
- Condominiums, Co-Ops, and PUDs, 2006
- Current Issues and Misconceptions in the Appraisal Practice, 2007
- Business Practices and Ethics, 2009

- Highest and Best Use and Market Analysis, 2009
- Self-Storage: Emerging Core Asset, 2011
- Fundamentals of Separating Real Property, Personal Property, & Intangible Business Assets, 2012
- Litigation Appraising – Specialized Topics, 2014
- Forecasting Revenue, 2015
- Review Theory, 2015
- Uniform Standards of Professional Appraisal Practice, 2018
- The Appraiser as an Expert Witness: Preparation and Testimony, 2019
- USFLA, 2021
- Evaluations & Other Report Alternatives, 2021

Employment History

Reliant, LLC	Appraiser, March 2019 to Present
Integra Realty Resources – Seattle	Appraiser, April 2017 to March 2019
Alaska Appraisal Associates, Inc.	President and Chief Appraiser, October 1978 to April 2017
Ketchikan Gateway Borough	Appraiser, January 1976 to October 1978

Designations, Certifications and Awards

State License's / Certifications

- State of Alaska, Certified General Real Estate Appraiser, License No. 52 (expires June 30, 2023).

Organization Affiliations, Offices & Memberships

- Senior Member – National Association of Review Appraisers and Mortgage Underwriters
- Associate Member – Appraisal Institute
- Fee Appraiser – Federal Housing Authority (FHA/HUD #2218)

Qualified Before Courts & Administrative Bodies

- US Bankruptcy Court
- Superior Court of the State of Alaska
- Superior Court of the State of Washington
- Board of Equalization for Ketchikan Gateway Borough and the City of Craig
- Testified in Internal Revenue Service tax appeal hearings

Partial List of Clients

Clients include:

Government Agencies (FDIC, State of Alaska, Federal, and Local)
Financial Institutions
Fisheries
Forestry
Native Corporations
Tourism

A more detailed list of clients and professional references is available upon request.

RELIANT LLC

Appraisers | Advisors

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
- Solid Confidentiality

Extensive Valuation & Consulting Services:

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

Extensive Market Knowledge:

- Institutional
- Hotels
- Apartment & Condominiums
- Health Care / Medical
- Affordable Housing / LIHTC
- Senior Housing / Assisted Living
- Lumber & Sawmills
- Shipyards & Marinas
- Truck Stops & Travel Centers
- Seafood Processing Plants
- Right-of-Way / Condemnation
- Remote Properties
- Industrial
- Ground Leases
- Office
- Retail
- Athletic Clubs
- High-Tech
- Vacant Land
- Parking Garages
- Movie Theatres
- Wetland Banking/Mitigation
- Residential Litigation Support
- Multifamily

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Phone: (907) 929-2226
Fax: (907) 929-2260
Email: admin@reliantadvisory.com
www.reliantadvisory.com

RELIANT LLC

Appraisal Assignment of:

Miner's Cove

700 S Franklin St
Juneau, Alaska 99801

Latitude: 58.293622, Longitude: -134.39683

Reliant Reference Number: 21-1490a

As of: January 1, 2021

Prepared for:
Franklin Dock Enterprisees LLC

Appraisers | Advisors

9330 Vanguard Drive, Suite 201
Anchorage, Alaska 99507
Phone: (907) 929-2226
Fax: (907) 929-2260
Email: admin@reliantadvisory.com
www.reliantadvisory.com

RELIANT LLC

Appraisers | Advisors

"reliable advice = reliable decisions"

Reliant's goal is to provide high-quality appraisals and consultation services to our clients that will empower them to make smart business decisions. Reliant takes pride in our ability to develop concise reports in a professional and timely manner. Reliant's experience positions us for success in each market served.

Experience

- Alaska grown–nationally known
- Over $2.5 billion in valuations performed
- Alaska expertise with national experience
- Three designated members of the Appraisal Institute (MAIs)
- 100+ years of combined experience

Quality of Work

- Detailed reporting: enough information to support the value estimate and understand how the appraiser arrived at that value
- Professional reporting: double-sided, full-color reports
- Comprehensive market research and confirmation of comparables
- Quality analysis, including use of ARGUS cash flow software
  User-friendly reports

Timeliness

- Reliant LLC will not make commitments they cannot meet
- Standard turnaround times are 3–4 weeks
- 10 business day turnaround times available upon request for most property types

Services

Reliant LLC is a full-service real estate appraisal/valuation and consulting/advisory firm providing research, analysis and reporting on a wide variety of property types throughout Alaska. Our services include:

- Appraisal/valuation
- Appraisal review
- Buy/sell or lease analysis
- Cash flow modeling
- Due diligence
- Eminent domain/condemnation
- Estate planning and documentation
- Historic appraisals
- Investment analysis and modeling
- Litigation and arbitration support
- Market feasibility and analysis
- Market studies and research
- Property tax consulting and appeals
- Settlement Trust land appraisals
- Site and building selection
- STARK Law compliant rent studies

Geographic Expertise

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Letter of Transmittal

February 21, 2022

Mr. Reed Stoops
Franklin Dock Enterprisees LLC
350 N Franklin St, Unit 2
Juneau, AK 99801

RE: **Miner's Cove**
700 S Franklin St
Juneau, AK 99801

Dear Mr. Stoops:

At your request, an appraisal of the above referenced property has been prepared. The results of the assignment are presented in *Appraisal Report* format. The purpose of the assignment is to estimate the market value of the real estate retrospectively as of January 1, 2021. The *Fee Simple* interest in the subject has been analyzed.

The client(s) of this assignment is Franklin Dock Enterprisees LLC. The intended user(s) of the report is the Client, for the intended use of tax assessment analysis. Although other parties may in some cases obtain a copy of this report, it should not be relied upon by anyone other than the intended user(s), or for anything other than the intended use.

This assignment has been prepared and presented in conformance with the scope of work developed in consultation with the client, 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.

The subject is a 66,204 sq. ft. site located on the periphery of the historic tourist district. The site is improved with an 11,652 sq. ft. one-story multi-tenant retail building. A complete interior and exterior walk-through 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.

RE: **Miner's Cove**

Information provided by the City/Borough of Juneau's Assessor to the Board of Equalization for their meeting on February 15, 2022 included the following:

"Assessed Values. Remember that the total assessed value is the primary test against market. The distribution of that value between the Land Component and the Building Component is secondary and can vary from one model to another. The total assessed value is tested against market indicators (sales, lease rates, etc.) and is adjusted to market value by application of market area and feature adjustments.

All three approaches to value (Cost, Sales Comparison and Income) are considered for commercial properties."

As a result of research and analysis, the value estimate(s) for the subject is/are as follows:

FINAL MARKET VALUE ESTIMATE	
Miner's Cove	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Final Market Value Estimate	**$1,551,000**

The value estimates are based on a marketing period of approximately 12 months and an exposure period of approximately 12 months. 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,

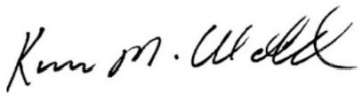
Kim Wold
Senior Appraiser

kim@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 are 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. Engagement in this assignment was not contingent upon their developing or reporting predetermined results.
6. Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value/assignment result or direction in value/assignment result 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 assignment.
7. Analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. 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.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. A personal walk-through of the subject property has been made by Mr. Wold.
11. 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.
12. They have not provided a previous service, as an appraiser or in any other capacity, regarding the subject within the three years prior to accepting this assignment.
13. As of the date of this report, Kim Wold has completed the requirements of the continuing education program for Candidates / Practicing Affiliates of the Appraisal Institute, and for certified appraisers in the State of Alaska.



Kim Wold
Alaska Certified General – No. 52

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Assignment-Specific Premises & Special Risk Factors

Overview

The information presented in this section is for convenience purposes only and the intended user should read and understand the report in its entirety as there may be additional highly relevant information contained within the body of the report.

General assumptions and limiting conditions, which apply to all assignments, are presented in the report Addenda. In addition, the following assumptions and limiting conditions are presented separately in this chapter because they are specific to the current assignment. All the assumptions and limiting conditions, whether general or specific and regardless of location within the report, are of equal relevance and importance, and should be carefully reviewed and understood by the intended user(s).

Assignment-Specific Extraordinary Assumptions, Limiting Conditions

Extraordinary assumptions and extraordinary limiting conditions specific to this assignment follow. The value estimate(s) presented in this report may be amended if the extraordinary assumptions or limiting conditions are found to be false. The reader is advised that the use of these assumptions and limiting conditions might have affected the assignment results.

1. It is assumed that the City/Borough of Juneau Assessor's land value is correct.

2. It is assumed that the building area, cost, and physical depreciation estimates from the Assessor's office are correct.

Assignment-Specific Hypothetical Conditions

Hypothetical conditions specific to this assignment are as follows. The reader is advised that the use of these hypothetical conditions (if any) might have affected the assignment results.

This appraisal is not predicated on any hypothetical conditions.

Special Risk Factors

A special risk factor is defined as a risk that is extraordinary (atypical and unusual), whose potential impacts are not easily quantifiable, that may presently, or at some point in the future, impact the subject and/or all asset

classes of real estate, including the subject.

1. The general consensus is the worst of COVID-19 is past. Nonetheless, the COVID-19 pandemic situation remains fluid and is a special risk factor that, to varying degrees, may presently, or in the immediate future, impact fundamental real estate market conditions. Given the fluid environment and complex biology involved, the intended user is advised to perform their own research on COVID-19 and carefully understand the potential impacts on their real estate related decisions.

Assignment Overview

Identity of Property

Name	Miner's Cove
Brief Description	The subject is a 66,204 sq. ft. site located on the periphery of the historic tourist district. The site is improved with an 11,652 sq. ft. one-story multi-tenant retail building.
Address	700 S Franklin St Juneau, AK 99801
Geo Coordinates	Latitude: 58.293622, Longitude: -134.39683
Physical Location	The subject is located on the south side of S Franklin Street.
Assessor's Tax Parcel Number(s)[1]	1C100K830030
Abbreviated Legal Description	*Lot 1A, Franklin Dock Enterprises Subdivision II, Plat 96-71.* (Per Department of Natural Resources Records)
Current Use	Retail
Appraised Use	Retail
Highest and Best Use	
AS VACANT	May include development as retail or other unidentified use once feasibility has been ascertained.
AS IMPROVED	Highest and best use as improved is continued use of the existing improvements in their as is condition.

Scope of Assignment

Value Definition(s)	The following definition(s) of value is/are utilized in this report:
MARKET VALUE (OCC) [2]	*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*

[1] Per Tax Assessor Records.
[2] Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.43 Definitions [g].

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.*

Other Definitions	Please refer to the Terms & Definitions section presented in the Addenda for additional definitions of significant terminology used in this report.
Purpose	To estimate the market value of the real estate retrospectively as of January 1, 2021.
Intended Use	The intended use of the assignment is for tax assessment analysis. It should not be relied upon for any other uses.
Client(s)	Franklin Dock Enterprises LLC
Intended User(s)	Franklin Dock Enterprises LLC (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
Report Presentation	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary of the appraisal process, subject and market data, and valuation analyses. The level of detail and discussion presented varies with the significance of the information to the appraisal, within the context of the intended use and intended user(s).
Walk-Through Date	October 22, 2021
Effective Date	January 1, 2021
Report Date	February 21, 2022

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(s) 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, Assignment-Specific Extraordinary Assumptions and Limiting Conditions, and Assignment-Specific Hypothetical Conditions discussed throughout this report and Addenda. The Scope of Work has also been limited based on the level of information / documentation available to the appraiser. Please reference the assignment-specific extraordinary assumptions, limiting conditions and hypothetical conditions presented in the prior chapter. There are no other major limitations to the scope of work for this assignment.

Compliance

The analysis and reporting of this assignment are compliant with the following:

- Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation.
- The bylaws of the Appraisal Institute.

Special Client Instructions

None

Subject Walk Through

A complete interior and exterior walk-through of the subject has been made, and photographs taken. The scope of this walk-through is presented on the following table.

SCOPE OF WALK THROUGH

Item	Viewed?
Neighborhood	Yes
Subject Exterior	Yes
Subject Interior	Yes
Subject Restrooms	Partial
Subject Roof	No
Subject Mechanical Rooms	Partial
Subject Crawl Spaces or Attics	No
Subject Ceiling Spaces	No

Information Provided to Appraiser for Consideration

Primary data was obtained 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:

- Three years of historic operating data
- Building sketch
- Copies of lease documents
- Rent roll

The following information was not available to the appraiser:

- Tax returns
- Architectural plans
- As built
- Building area study
- Title report
- Preliminary commitment for title insurance
- Environmental study
- Engineering study
- Construction costs
- Renovation costs
- Feasibility study
- Market study

Scope of Due Diligence & Lease Verification

SCOPE OF LEASE VERIFICATION

Item	Viewed?
Rent Roll Provided & Reviewed	Yes
Full Leases Provided & Reviewed	Yes

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 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.

Approaches to Value

LAND VALUATION This approach was not developed because the property is improved and the approach is not needed for a credible indication of value.

COST APPROACH 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.

SALES COMPARISON APPROACH This 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 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.

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 like 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. Extensive research to identify transactions involving similar properties was performed.
13. An analysis of the subject and available data was performed using commonly accepted valuation techniques and methodologies.
14. 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 and Sales Information

Current Owner of Record

According to Tax Assessor Records, the appraised interest in the subject is presently owned by Franklin Dock Enterprises LLC.

Three Year Transaction History

Disclosure and analysis of the subject's transaction history (sales, agreements of sale, options, and listings) 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.

Competency of Appraiser

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

Area Data

COVID-19

The World Health Organization declared the coronavirus (COVID-19) as a global health emergency on January 30, 2020. The President declared a national emergency on March 13, 2020. The outbreak caused heightened health, economic and financial uncertainty in both local and global markets. International travel restrictions have been implemented by many countries, including the United States. Public events, meetings and assemblage have been largely cancelled and additional public health guidance and restrictions are anticipated. Global financial markets were negatively impacted as a result of the response of governments and the public to the virus. In response, the Federal Reserve made an emergency cut to interest rates on March 16, 2020, slashing the federal funds rate by 1 percent to a range of 0-0.25 percent (effectively zero). As shown on the following table, through various legislative acts, total COVID-19 stimulus is estimated at $5.335 trillion dollars.[3] There are now multiple vaccines available that are expected to be fully distributed to the general public by the end of 2021. Additional stimulus in the form of spending bills continues to be proposed and passed, but as conditions improve, the general trend is towards a reduction in stimulus levels over time.

With vaccination of the general population anticipated to be completed in 2021, most market participants believe that the end of COVID-19 is approaching. Economic trends, including airline travel, employment data, manufacturing output, retail expenditure, stock market valuations and other data points strongly suggest that most, but not all, of the economic recovery has already occurred. Thus, at this point, the economic data points to a "V" shaped recession and recovery.

At this point, the greatest risk is that a new vaccine resistant strain of the virus develops. The COVID-19 Delta variant is one possible example, resulting in the first increase in cases and hospitalizations in some time. That said, the continued expectation is that 2021 will be the year that the economy opens back up with an economic recovery carrying into 2022.

Regional Area Data

Although elements of Alaska's economy are directly affected by certain national and international factors (e.g. interest rates, the value of the U.S. Dollar, etc.), Alaska's economic cycles do not typically align with the rest of the nation for several reasons. First, is that Alaska is a "resource" state and contains some of the most abundant reserves of oil, natural gas, coal, gold,

[3] Peter G. Peterson Foundation, March 15, 2021, https://www.pgpf.org/blog/2021/03/heres-everything-congress-has-done-to-respond-to-the-coronavirus-so-far

silver and other precious minerals on the planet. Alaska is also plentiful in renewable natural resources, including fish and timber. In terms of natural resources, it is not an understatement to describe Alaska as being "rich". Thus, the respective supply of these commodities, including their financial feasibility to bring to market, and prices set by global markets, are the primary influence on the economy. Second, is the relative absence of manufacturing and technology, which in recent history have been the driving factors in U.S. economic cycles. Third is Alaska's location, which although central to the industrialized world by air, is remote relative to the rest of the U.S. One dramatic instance of when Alaska's economy diverged from the Nation's was during the Great Recession when employment in Alaska continued to increase, resulting in 21 years of continuous job growth in the state.

Today, the State's economy is more diverse than it ever has been. However, the tripod that continues to support the economy is made up of oil/gas, Federal and State spending[4], and the other sectors (other mining/natural resources, hospitality/tourism, manufacturing/fishing, and transportation to name a few). Most of the economic weighting continues to be on oil.

While oil production steadily decreased from their peak in the late 1980s, the price has been volatile. Between 2013 and early 2014, oil showed stability above $95/barrel. Due primarily to a glut of new supply from the U.S. and some decreases in global demand, prices began to slide in mid-2014. ANS crude prices dropped from over $100/barrel at the beginning of 2014 to $55/barrel by the end of that year, and they fell even further to around $30/barrel by the beginning of 2016 but have generally trended upward since that time. While oil prices averaged at $65/barrel in 2019, oil demand took a major hit due to the COVID-19 virus and an OPEC price war in 2020, with prices dropping below $10/bbl early in the year. Over the course of the year, they have recovered to stand in the range of $60/barrel.

The decline in the price of oil has resulted in a decline in State revenues and a significant budget shortfall.[5] Thus far, the budget shortfall has been addressed by a combination of tapping into reserve accounts[6] (all years), eliminating 50% of the Permanent Fund dividend paid to Alaska residence (2018) or tapping into the Permanent Fund's Earnings Reserve Account (ERA) (2019). For several reasons, the budget shortfall is largely a political, rather than an economic issue. First, while politically difficult, the State continues to have opportunities to cut spending over historic levels.[7] Second, there are no personal taxes in place at the State level and, while also politically difficult, if necessary, these could be adopted. Finally, the State

[4] State spending is almost entirely dependent on oil taxation, which in turn is based on production levels and the price of oil.
[5] According to Alaska Tax Division Director Colleen Glover, every dollar change in the price of Alaska North Slope crude equates to roughly $42 million more, or less, to the state treasury.
[6] As of December 31, 2019, the State had $2.16 billion in reserves (CBRF), roughly 20% of the original balance.
[7] There is consensus among nearly all Alaskan's that additional spending cuts are possible. However, to the extent that the proposed spending cuts result in an actual reduction of services they become a point of vigorous debate.

has over $67 billion within the Permanent Fund, nearly $18 billion of which is within the ERA and can be used to fund the State government by a simple majority vote of the Legislature (as occurred in 2019). The question is not therefore whether State can pay its bills, but rather what level of services its citizens desire and how it chooses to pay for those services. The major concern moving forward is the degree to which each of these respective choices would impact the general economy, which, before being hit by COVID, had recently returned to positive economic growth after a mild three-year recession.

While oil prices remain a concern, oil production and reserves have been increasing. Oil Search discovered an oil field at Pikka in 2017 that could yield 500 million to as much as 3 billion barrels of oil. Caelus is reporting its Smith Bay find at 6 billion barrels or more. In July 2018 ConocoPhillips announced its Willow field could hold 500 million to 1.1 billion barrels. A federal judge has ruled against the Willow E.I.S., which will delay the project. Upon development, these finds could reportedly yield several hundred thousand barrels per day in the future, although it would be at least several years before that could begin.

With Democratic control of the three elected branches of government and their concerns over global warming, the oil industry, and therefore Alaska, may be facing strong pollitical headwinds. After a 40-year battle, in 2017, ANWR was opened to oil and gas drilling. Unfortunatley, by executive order, in January 2021 President Biden eliminated all leasing in ANWR. Proposals are being considered to eliminate oil leasing on Federal lands. The political decision to replace gas combustion engines with electric cars will take time to impliment, but has significant mid to long-term consequences for oil demand and Alaska. Due to their concerns over global warming, several lenders have indicated that they will not finance any new oil field development, however, this is viewed as largely a symbolic political position that will not ultimately impact the development of financially feasible fields.

While seafood harvests, pricing and supply and demand conditions remain relatively stable and healthy for most fisheries, certain segments and regions of the Alaska seafood market are experiencing a surplus of processing capacity in some areas. Two portfolios of Alaska processors have changed ownership this year. In addition, Ocean Beauty Seafoods and Icicle Seafoods have combined their Alaska operations. In general, the seafood outlook is for continued health and stability for the market overall, but with certain segments and regions experiencing softness and even potentially contraction, which could impact fishermen, suppliers, and processing employment. The Alaska salmon harvest in 2021 has far exceeded expectations. There will be no red King crab harvest in Bristol Bay in 2021. An impasse with US Customs regarding the Jones Act could have a negative impact on Unalaska and other area pollock processors.

Also buttressing the Alaskan economy is the level of federal spending in the

state. For example, in FY 2014, the U.S. government sent a total of $11.3 billion to Alaska and its residents.[8] This sum made Alaska the third highest recipient of per capita federal dollars for the year (behind Maryland and Virginia). In fact, the level of federal spending in Alaska, per capita, is approximately 50% above the national average. 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 has had stong growth in recent years. Tourism has also been a bright spot with record numbers of cruise ship berthings and visitors. The current crisis withstanding, in the long-term, State economists expect that the combination of a strong national economy and new cruise ship entrants to the Alaskan market will have a favorable impact on this industry and Alaska. Precious metals, including gold, continue to perform well and the mining industry is healthy at this time. Alaska Native Corporations are one of the major bright spots of the Alaska economy and continue to expand their Alaska, national and international businesses.

As a result of the lower oil prices, between 2016 and 2018, the State was in a mild recession with mildly contracting employment. In 2019, the State returned to positive but limited employment growth. According to the January 2021 Alaska Economic Trends report, 2020 saw a historic decline in employment with unemployment hitting 13.7% in April and slowly improving throughout the year.

Key economic indicators are summarized on the following chart.

[8] http://www.pewtrusts.org/~/media/assets/2016/03/federal_spending_in_the_states_20052014.pdf, accessed Jan-2017

Alaska: Key Economic Indicators

Item	2014	2015	2016	2017	2018	2019	2020
Resources							
Oil Price (Avg. $/Barrel)	$97.74	$52.10	$43.04	$54.28	$71.44	$65.49	$41.72
Avg. Daily Oil Production (000s Barrels)	546.6	519.3	531.1	540.5	550.0	547.7	- - -
Oil Value (Billions)	$19.5	$9.9	$8.3	$10.7	$14.3	$13.1	- - -
Gold Price (Avg. $/Ounce)	$1,184	$1,061	$1,152	$1,303	$1,283	$1,517	$1,734
GDP: Mining (Millions)*	$14,046	$7,637	$6,351	$8,496	$9,302	$8,424	$4,648
GDP: Agriculture, Forestry & Fishing (Millions)	$495	$461	$405	$391	$407	$409	$331
Salmon & Herring Catch (000s lbs.)	812,665	1,163,639	639,519	1,102,192	652,434	916,685	- - -
Salmon & Herring Exvessel Value (Millions)	$631	$502	$492	$796	$592	$715	- - -
Tourism							
Cruise Ship Visitors	967,500	999,600	1,025,900	1,089,700	1,169,000	1,331,600	- - -
Total Visitors	1,659,600	2,066,800	1,857,500	1,926,300	2,026,300	2,213,000	- - -
Demographics							
Population	742,404	741,123	752,680	744,733	750,876	755,517	760,206
Avg. Household Income	$85,010	$88,585	$91,524	$93,039	$96,273	$96,534	$97,941
Per Capita Income	$31,800	$33,111	$34,264	$34,879	$35,888	$35,589	$36,233
Employment							
Unemployment Rate (%)	6.9%	6.5%	6.9%	7.0%	6.6%	6.3%	8.2%
Employment (% Chng.)	0.5%	0.3%	-1.7%	-1.3%	-0.5%	0.5%	-3.9%
Alaska Permanent Fund (PF)							
PF Distribution ($/Person)	$1,884	$2,072	$1,022	$1,100	$1,600	$1,606	$992
PF Value (Billions)	$51.2	$52.8	$52.8	$59.8	$64.9	$66.3	$65.3
State Budget							
State Budget (Millions) [2014=FY14]							
Revenue	$10,665	$9,259	$7,063	$6,553	$6,972	$10,557	$9,925
Operating	$8,569	$11,610	$8,520	$8,078	$8,039	$8,748	$8,504
Capital	$1,972	$1,943	$1,478	$1,551	$1,414	$1,447	$1,276
Total Spending	$10,540	$13,553	$9,998	$9,629	$9,453	$10,195	$9,780
Fiscal Gap	$21,205	$22,812	$17,061	$16,182	$16,425	$20,752	$19,705
Other							
Mortgage Foreclosure & Delinquency Rates**	0.9%	0.7%	0.6%	0.8%	0.7%	0.6%	0.6%

*GDP: Mining 2020 numbers are for Q1-Q3. Q4 not available at the time of research (3/2021)

**Mortgage Foreclosure & Delinquency Rate for 2020 is the average for the months of Jan. - Jun. 2020. Full year numbers not available at time of research (3/2021)

Employment trends by industry are presented below on the following chart:

AK DOL Statewide Employment Forecast

The outlook for statewide jobs, by industry

					JOBS FORECAST		
	Monthly avg, 2019[1]	Monthly avg, 2020[1]	Change, 2019-20	Percent change	Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT[2]	**329,900**	**302,700**	**-27,200**	**-8.2%**	**311,300**	**8,600**	**2.8%**
Total Private	250,100	225,400	-24,700	-9.9%	234,700	9,300	4.1%
Mining and Logging	13,400	11,400	-2,000	-14.9%	11,000	-400	-3.5%
Oil and Gas	9,900	7,900	-2,000	-20.2%	7,400	-500	-6.3%
Construction	16,400	15,800	-600	-3.7%	16,100	300	1.9%
Manufacturing	13,100	12,200	-900	-6.9%	12,900	700	5.7%
Transportation, Trade, and Utilities	64,600	58,200	-6,400	-9.9%	61,700	3,500	6.0%
Wholesale Trade	6,600	6,200	-400	-6.1%	6,200	0	0.0%
Retail Trade	35,500	33,100	-2,400	-6.8%	34,900	1,800	5.4%
Transportation, Warehousing, and Utilities	22,500	18,900	-3,600	-16.0%	20,600	1,700	9.0%
Information	5,300	4,900	-400	-7.5%	4,900	0	0%
Financial Activities	11,700	11,000	-700	-6.0%	11,200	200	1.8%
Professional and Business Services	27,700	25,800	-1,900	-6.9%	26,400	600	2.3%
Educational (private) and Health Services	50,800	49,600	-1,200	-2.4%	50,200	600	1.2%
Health Care	38,500	38,000	-500	-1.3%	38,400	400	1.1%
Leisure and Hospitality	36,100	26,500	-9,600	-26.6%	30,000	3,500	13.2%
Other Services	11,000	10,000	-1,000	-9.1%	10,300	300	3.0%
Total Government	79,800	77,300	-2,500	-3.1%	76,600	-700	-0.9%
Federal, except military	14,800	15,300	500	3.4%	14,800	-500	-3.3%
State, incl. University of Alaska	23,200	22,400	-800	-3.4%	22,000	-400	-1.8%
Local and tribal, incl. public schools	41,800	39,600	-2,200	-5.3%	39,800	200	0.5%

[1]Preliminary and adjusted estimates. [2]Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

In summary, the near-term Alaska economy is best described as "mixed" at this time with softness in the oil industry largely being offset by strength in other areas of the economy. Reflecting an anticipated "V" recovery from COVID, the Alaska Department of Labor forecasts employment growth of approximately 8,600 jobs in 2021. Continued low interest rates and high levels of liquidity will be important components of economic recovery. The general consensus of market participants is that this trend of positive employment growth will continue for the next several years, but that it may take some time before levels recover to pre-COVID levels. This, in turn, suggests continued stability and health for the Alaska economy.

Local Area Data

Overview

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 main 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,

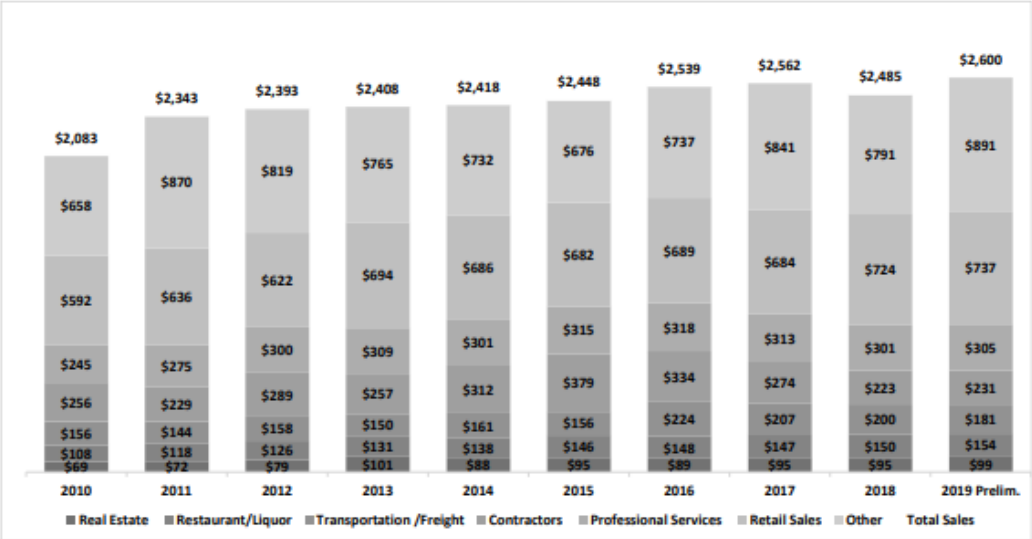
governor's house, and most state and federal offices, as well as cruise ship wharves. The third district is Lemon Creek, which is situated between Downtown and Mendenhall Valley. This area offers a number of retailers (i.e. Home Depot, Costco), as well as office and light industrial buildings. Further to the west is Auke Bay, offering the Alaska Marine Highway ferry terminal and the University of Alaska Southeast campus. Of final note, Douglas Island - located across Gastineau Channel to the south of Downtown - is a popular residential area developed with numerous small residential neighborhoods along its shore.

Economy and Employment

The economy of Juneau is broad based; however, federal, state, and local government employs a significant portion of the workers in the community. Because of the high concentration of public sector employment, the job market is viewed as being relatively stable. State employment, which is largely supported by oil revenues, remains the largest portion of Juneau's economic base. Approximately 37% of Juneau's jobs and 45% of wages are provided by federal, state and local government, though overall government employment fell by 717 jobs, or 9.6%, from 2010 through 2019.

The following table from the December 2020 Juneau Economic Development Council annual report details historic gross business sales in Juneau by category

Figure 53: Business Sales in Juneau by Business Category (in Millions), 2010– 2019 (Preliminary)



Source: City & Borough of Juneau Sales Tax Office and CBJ Comprehensive Annual Financial Report, July 1, 2018- June 30, 2019, Statistical Section. **Note:** "Other" category includes mineral sales, wholesale equipment, food suppliers, and fuel companies.

TOURISM

Tourism has been the largest private sector employer, providing over 2,200 jobs and contributing over $636 million counting all income from sources associated with the cruise industry. The tourism industry had had reached record highs prior to the 2020 coronavirus pandemic, which cancelled the 2020 cruise season. The number of cruise passengers visiting Southeast Alaska (nearly all of which stop in Juneau) over recent years is shown in the following table.

Southeast Alaska Cruise Passengers			
	Actual	Pre-Covid Projection	Change
2021	115,755	1,540,000	9.2%
2020	24	1,410,000	5.9%
2019	1,331,600		13.9%
2018	1,169,000		7.3%
2017	1,089,700		6.2%
2016	1,025,900		3.2%
2015	994,000		2.7%
2014	967,500		-3.2%
2013	999,600		6.7%
2012	937,000		6.1%
2011	883,000		0.8%
2010	875,593		-14.0%
2009	1,018,700		

Source: Cruise Line Industries of Alaska

The decline in 2014 was attributed to a reduction in capacity. Spending by cruise passengers in 2017 injected at least $176,500,000 into the Juneau economy. Preliminary data indicates the number of cruise passengers arriving in 2019 was 1,310,000. Cruise Lines International Association estimates over $200,000,000 in spending by passengers in 2019. Recent studies commissioned by the City of Ketchikan project up to 1.8 million Southeast Alaska passengers by 2030, with a low range estimate of 1.3 million.

In September 2019 Norwegian Cruise Lines emerged as the winning bidder in a sealed-bid auction to purchase the 3-acre subport property owned by the Alaska Mental Health Trust. This waterfront site is located to the northwest of the current cruise ship docks. The cruise line bid $20 million for the site, about 50% more than the next highest bidder, Royal Caribbean Cruises which offered $13 million. There have been no specific plans for development announced, however, it is speculated that the site will accommodate new cruise ship berthing capacity. The price paid for the site is a record-setter, and the interest by cruise lines in the property is indicative of the long-term prospects for cruise tourism in the region.

No large cruise ships visited Alaska in 2020. On February 4, 2021, the Canadian government announced a prohibition on cruise vessels carrying 100 or more people through February of 2022 which negates the large cruise ship voyages to Alaska that originate in Vancouver B.C. Canada, or for ships sailing from Seattle to stop in Victoria B.C. It is worth noting that the Canadian order allows for it to be rescinded if risks to public health are mitigated, for instance via widespread vaccination.

The U.S. Passenger Vessel Services Act (PVSA) requires cruise ships prohibits transport of passengers between U.S. ports on any vessel that is not U.S.-flagged, with the exception of round-trip voyages originating in the U.S. including stops at a foreign port during the voyage. Alaska cruises originating

in Seattle typically satisfy this requirement by visiting Victoria B.C. Canada. Congress passed temporary suspension of the PVSA to allow sailings between Washington state and Alaska in 2021. This allowed for a resumption of sailing from Seattle to Alaska. The number of cruise passengers arriving in Juneau will likely be less than 150,000.

OTHER SECTORS

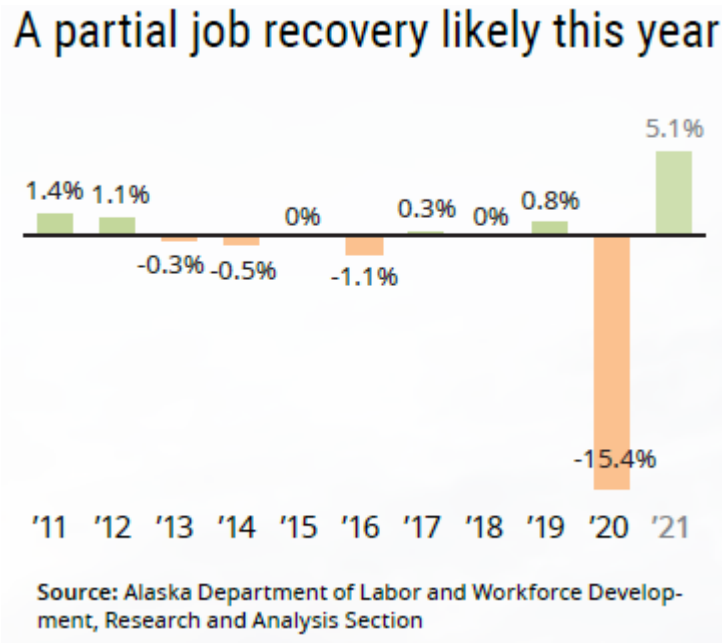
Commercial fishing and mining play lesser roles in the Juneau economy. Greens Creek Mine, which is located west of Juneau, is the largest silver producer in the United States. Employment, housing, and support services for Greens Creek Mine are provided in Juneau. The Kensington Mine began production in July 2010. Currently, the Greens Creek Mine and the Kensington Mine have approximately 330 and 200 employees, respectively. They have a combined payroll in excess of $50 million. The average salary is $91,000 per miner.

DIPAC operates a salmon hatchery in Juneau. The hatchery employs 40 persons and supports 650 jobs in the region and $25 million in labor income. Taku Smokeries and Alaska Glacier Seafoods have processing plants in Juneau. The primary species harvested are the five species of salmon, shrimp, crab, halibut, and black cod.

Forecasts for seafood harvesting jobs are not reported due to harvesters being considered self-employed, but they do drive employment in processing plants, which falls under manufacturing. Job forecasts are more closely attached to the predictions of fish runs. The 2021 salmon harvests in Southeast Alaska have exceeded preseason projections. Prices and demand for Alaska seafood are favorable for Juneau processors.

Juneau is well established as a service, supply, and medical center for the northern regions of Southeast Alaska. Bartlett Hospital is a regional medical facility equipped with state of the art diagnostic equipment. Big box retail establishments include Fred Meyer, Costco, and Home Depot.

Although Juneau's economy in particular has been fairly stable, Southeast Alaska as a region lost employment in four of the last ten years according to the Alaska Department of Labor (AKDOL). Southeast began losing jobs in 2013, two years before the statewide recession began, but it resumed growing nominally in 2017. Prior to the coronavirus pandemic 2020 was projected to see another year of growth similar to 2019, but instead incurred a huge loss in jobs, of which 72% were in the leisure and hospitality sector. 2021 is projected to see recovery of about one-third of the jobs lost in 2020. Historic employment changes are presented in the following chart:



Southeast as a region is expected to see minor growth over the next year in transportation, retail and health care, which will be largely offset by losses in manufacturing, state and local government. The average monthly unemployment rate in Juneau during 2020 was 7.4%, up from 2019's 4.6%. Viewing employment on a monthly basis, the entire 2020 drop in employment was during the months of April through October, coinciding with tourism season. The increased 2020 unemployment also does not directly show the 8,526 labor-months that were lost from the labor force in 2020, which if divided by the nine-month tourism season could indicate 1,218 seasonal imported tourist industry jobs that simply did not exist in 2020. See the following table from Alaska Department of Labor's January 2021 *Economic Trends* showing the historic and forecasted trends in employment.

The outlook for jobs in Southeast, by industry

	Monthly avg, 2019[1]	Monthly avg, 2020[1]	Change, 2019-20	Percent change	JOBS FORECAST Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT[2]	**37,000**	**31,300**	**-5,700**	**-15.4%**	**32,900**	**1,600**	**5.1%**
Total Private	24,500	19,400	-5,100	-20.8%	21,300	1,900	9.8%
Mining and Logging	1,100	1,000	-100	-9.1%	1,100	100	10.0%
Construction	1,300	1,300	0	0%	1,400	100	7.7%
Manufacturing	1,800	1,600	-200	-11.1%	1,700	100	6.3%
Transportation, Trade, and Utilities	7,500	5,200	-2,300	-30.7%	6,000	800	15.4%
Retail Trade	4,200	3,300	-900	-21.4%	3,600	300	9.1%
Information	500	400	-100	-20.0%	400	0	0%
Financial Activities	1,000	1,000	0	0%	1,000	0	0%
Professional and Business Services	1,600	1,400	-200	-12.5%	1,500	100	7.1%
Educational (private) and Health Services	4,200	4,000	-200	-4.8%	4,100	100	2.5%
Leisure and Hospitality	4,300	2,500	-1,800	-41.9%	3,100	600	24.0%
Other Services	1,200	1,000	-200	-16.7%	1,000	0	0%
Total Government	12,500	11,900	-600	-4.8%	11,600	-300	-2.5%
Federal, except military	1,400	1,400	0	0%	1,400	0	0%
State, incl. University of Alaska	4,700	4,400	-300	-6.4%	4,100	-300	-6.8%
Local and tribal, incl. public schools	6,400	6,100	-300	-4.7%	6,100	0	0%

[1]Preliminary and adjusted estimates. [2]Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Housing

The residential housing market has an inadequate supply of single-family residential units. In the 3rd Quarter of 2020 single family homes sold for a median of $442,000 (up 5.3% over 2019 and 13.6% over 2018) with an average of nine days on market. The supply of condominiums and townhomes has been tight as well, after 210 such sales in 2018 there were only 120 in 2019. The City/Borough of Juneau developed a residential subdivision called Peterson Hill at a cost exceeding $100,000 per lot.

Developers have single family and condominium projects under construction. Most of these projects are targeted toward the lower and median price markets. Upper income oriented homes are selling at a better rate. Commercial construction is slow with a low level of speculative development. Development of new residential subdivisions is commencing. New demand for homes in the $800,000 to $1,700,000 range is an emerging trend.

The Juneau Economic Development Council published their annual report in December 2021. This report stated that the Juneau vacancy rate decreased in 2020 to 4.4%, down from 6.0% in 2019 while average rental rates increased by 2.5% to $1,221/month. Several apartment projects are in the planning stages. The apartment market may become over built if all of the proposed projects get built. The following table summarizes the rental housing market data since 2010.

AHFC City & Borough of Juneau Rental Housing Market History

	Avg Rent		Median Rent		No. of Units		
Year	Contract	Adjusted	Contract	Adjusted	Surveyed	Vacant	% Vac
2020	$1,221	$1,305	$1,175	$1,257	1,116	49	4.4%
2019	$1,191	$1,260	$1,100	$1,167	1,087	65	6.0%
2018	$1,183	$1,330	$1,100	$1,261	989	41	4.1%
2017	$1,174	$1,305	$1,100	$1,243	1,003	57	5.7%
2016	$1,185	$1,333	$1,100	$1,253	1,062	35	3.3%
2015	$1,151	$1,300	$1,100	$1,201	1,084	37	3.4%
2014	$1,117	$1,259	$1,050	$1,173	1,000	34	3.4%
2013	$1,053	$1,179	$1,000	$1,100	936	33	3.5%
2012	$1,039	$1,155	$980	$1,066	1,009	32	3.2%
2011	$1,046	$1,158	$975	$1,072	1,141	36	3.2%
2010	$1,046	$1,149	$990	$1,052	1,159	48	4.1%

*This data includes single family home rentals; in 2020 92.7% of the surveyed units were apartments, which had an average vacancy of 4.1% and average contract rent of $1,187

Real Estate

The commercial real estate market is moderately appreciating overall, with supply and demand seemingly in balance. Industrial rentals are in short supply. There has been strong absorption of industrial land in the past 24 months, indicating pent-up demand. Confidence toward the near-term future of Juneau's residential sector of the economy in 2020 has increased despite concerns around the State budget. The typical marketing time remains less than 90 days.

Due to State of Alaska budget shortfalls, some market participants are taking a more cautious view of the economy and future real estate price expectations. Relative to the real estate market, residential and commercial mortgage funding is available for owner-occupied and leased buildings. Speculative construction or investor purchases would be more difficult to finance. There has been very limited speculative construction in the commercial or industrial sectors of Juneau over the last five years. The universe of local potential purchasers in the current economic environment is somewhat reduced.

Demographics

The City and Borough of Juneau had an estimated population of 32,225 as of September 2021. The 2010 Census count in the area was 31,275, meaning 3% growth over those 10 years. The state projects a 2025 population for the City and Borough of Juneau of 32,554 residents, this slight growth is counter to the slightly shrinking trend projected for greater Southeast Alaska. The population is subject to sizable expansion during the summer months due to the seasonal nature of the tourism, logging and fishing industries. With continued growth in tourism, the summer seasonal population should continue to grow even as the permanent population is project to slightly decline.

The 2017 U.S. Census Bureau's American Community Survey estimates the number of households at 12,273 in the market area. Median household income was $90,749 in the market area, compared to $57,652 for all U.S. households. The 2017 average household income was $106,849 in this market area, compared to $81,283 for all U.S. households. Taken together, the local area - although small and relatively remote - has generally favorable

demographics by comparison.

Conclusion

In conclusion, Juneau is relatively stable overall, but pressure on government spending at state and local levels, as well as anticipated tourism declines, will continue to place downward pressure on the local economy to some degree. Favorable financing is supporting and, in some cases, driving values higher in the near-term. The overall forecast at this time is for reasonable stability during 2021, except in the tourist retail and hospitality sectors.

Neighborhood Data

Name

The subject is in the tourism/historic district of Downtown Juneau

Location & Access

The neighborhood location and access / linkages are shown on the aerial photo that follows. Neighborhood access is considered typical of the market.

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. As with most of Alaska and the local market, neighborhood land uses are mixed. The area is developed predominantly with office, medical office, retail, sales to the trades, light industrial and other commercial uses.

Typical Age of Improvements

1900s to 1940s with some new construction

Land Developed

Roughly 95%

Life Cycle

Mature

This is a mature neighborhood. There has been no new development in the past several years, which is to be expected given the high percentage of land already developed.

Trends

No major shift in prevailing land uses, real estate economics, or demographics are anticipated at this time. Given the fixed supply of land, current percentage of developed land and demand trends, neighborhood trends should be towards declining land values, rents and prices over the near term. However, short to mid-term land price trends are less certain.

Immediate Neighborhood Aerial Photograph

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Market Analysis

Juneau Retail Market

Classification

Given the subject's current use, this market analysis considers conditions within the local retail segment. The subject is located at the edge of the cruise-dependent retail area, while also being a draw to locals and business/government visitors.

Overview of Market Survey

The market analysis has been compiled from a variety of sources including an extensive survey of landlords, tenants, investors, users, property managers, real estate agents, city assessor's and other market participants. Other sources of data include property tax records, newspaper articles and the Southeast MLS. The available data, which is admittedly somewhat limited, has been carefully analyzed on a qualitative and quantitative basis.

Market Supply

The supply of cruise ship dependent retail product in Southeast Alaska expanded over the last two decades to meet the increasing cruise ship passenger levels. Over time, the result has been a significant revitalization and reshaping of many communities' CBD areas. In response to the national recession, retail expansion began to subside in 2008 and the inventory has remained relatively fixed and stable since that time.

There is a 54,000 square foot vacant site located to the south of the subject property in the 300 block of S Franklin, known as the Archipelago project. The development will include 12,000 square feet (+/-) of retail area, kiosks, and tourist attractions. The City/Borough of Juneau plans to develop a van staging area on an adjacent parcel. The upland project is on indefinite hold due to the tax burden, fee in lieu of parking, and uncertainty of the cruise industry.

Market Demand

Demand for cruise ship dependent retail is directly determined by cruise ship passenger and retail expenditure volumes, which had seen a historic peak in 2019 but dropped to effectively zero in 2020 due to the coronavirus pandemic.

The most recent expectations are for the 2021 cruise season to see between 25% and 50% of 2019's cruise passengers. Lower loads will likely weigh on tourist retail and tour businesses. While recent news of a promising vaccine for the coronavirus has given some renewed optimism, there is still approval work to be done, and production and administration of the vaccine will take many months to become effective. It is very likely that 2022 will continue to see a lag in cruise passengers for several reasons including a reluctance to travel/cruise in the wake of a pandemic to economic fallout related to the pandemic. By the 2023 cruise season we project to see a return to normalcy, with pent-up demand from lack of cruises in 2020 and reduced passengers in 2021 and 2022 bringing the passenger count back up to 2019 levels.

The City/Borough of Juneau reported a $20,000,000 decline in sales tax revenues in 2021. This translated into a $400,000,000 decline in sales. The decline in sales was largely borne by the tourism industry.

Overall, we expect a return to normalcy within the near future, with local

	spending patterns to rebound in 2021 and cruise passengers returning to 2019 peak levels in 2023, continuing the trend of the preceding decade.
Equilibrium Status (Current Conditions)	Limited new supply combined with eventual growth in demand should result in renewed improvement trends for this market in 2021 and beyond.
Near Term Market Outlook (Forecast Conditions)	The consensus is for weakness in this market segment. Instability and uncertainty will dominate the tourism market for at least the next two years.

Description of Site

Name	Miner's Cove	
Address	700 S Franklin St Juneau, AK 99801	
Geo Coordinates	Latitude: 58.293622, Longitude: -134.39683	
Physical Location	The subject is located on the south side of S Franklin Street.	
Assessor's Tax Parcel Number(s)[9]	1C100K830030	
Abbreviated Legal Description	*Lot 1A, Franklin Dock Enterprises Subdivision II, Plat 96-71.* (Per Department of Natural Resources Records)	
Gross Site Area	Square Feet:	66,204
	Acres:	1.52
SOURCE	Plat Map	
Usable Site Area	Square Feet:	36,412
	Acres:	0.84
SOURCE	GIS Measurements Estimated by the Appraiser	

Upon review of the site's physical and economic characteristics, there do not appear to be any factors that would reduce the usable area. Nonetheless, a survey of the site indicating usable area was not provided to the appraiser. The market value of this report assumes that all of the site's gross land area is usable. In the event that a portion of the site were found to be un-usable, the market value of the subject could be less than the current estimate.

Excess Land / Surplus Land

A review of the subject's land-to-building ratio and comparison with typical market parameters suggests the subject does not have excess or surplus land. Therefore, after careful consideration, the subject is concluded to not include any excess land.

Shape The subject has an irregular configuration.

Street Frontage The subject has approximately 325 of frontage on S Franklin St.

[9] Per Tax Assessor Records.

Access Access to and from the subject is considered average relative to competing properties.

Exposure Exposure of the subject is considered average relative to competing properties.

Topography The subject has level uplands and submerged tidelands

Soil Conditions Soils conditions in the subject's market are not uniform and can vary widely from one site to another. It is an ordinary assumption of this report that the soil conditions are sufficient quality to support the existing improvements including parking lot areas.

Wetlands No surface water was noted during the walk-through and the subject does not appear to contain any wetlands.

Drainage / Hydrology No obvious drainage issues were apparent during the site visit and no significant standing bodies of water were present. Given the previously described physical characteristics, a typical market participant with typical levels of market knowledge and expertise would most probably conclude that site drainage is typical of the market and adequate.

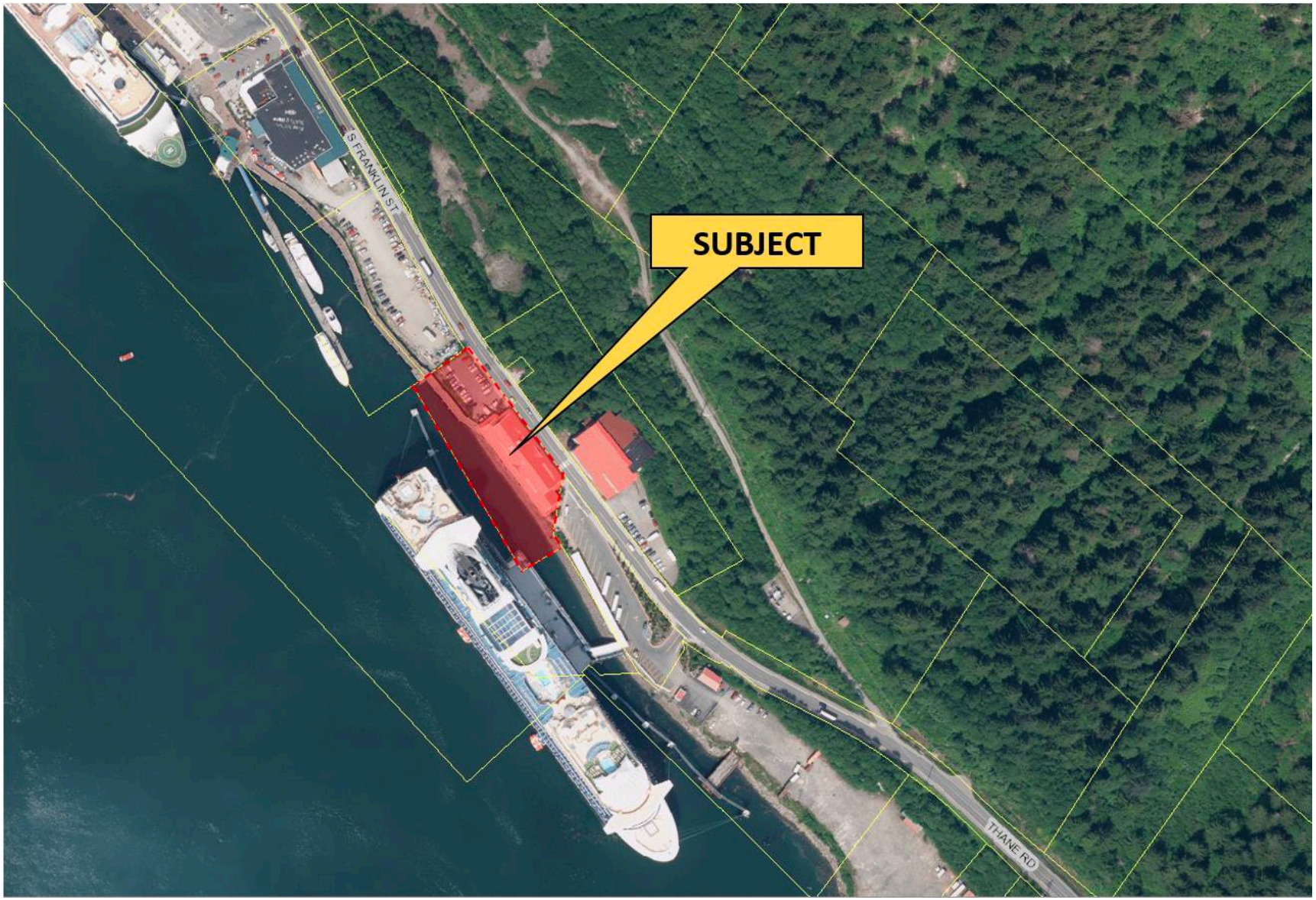
Hazardous Conditions A complete environmental site assessment was not available to the appraiser. There are no known or disclosed environmental issues, or hazardous conditions, impacting the subject. The detection of hazardous materials or conditions is beyond the scope of expertise and competency of an appraiser, however, and it is recommended that any concerns relating to hazardous conditions be addressed by a qualified environmental specialist. Furthermore, it is an assumption of this report that there are no hazardous conditions present at the subject.

Flood Zone The Flood Emergency Management Agency or FEMA has prepared flood insurance rate maps for various communities in the State. According to the flood insurance map, community panel number 02110C1567E, issued by the Federal Emergency Management Agency and last updated September 18, 2020, the subject is located within zone "VE", described as follows:

ZONE VE / V1-V30 Coastal High Hazard Area - High Risk *(mandatory flood insurance requirements apply)*. Areas along coasts subject to inundation by the 1-percent-annual-chance flood event with additional hazards due to storm-induced velocity wave action. BFEs derived from detailed hydraulic coastal analyses are shown within these zones. (Zone VE is used on new and revised maps in place of Zones V1–V30.)

Utilities The subject is improved and all utilities are present at the site.

Aerial Photograph Exhibit



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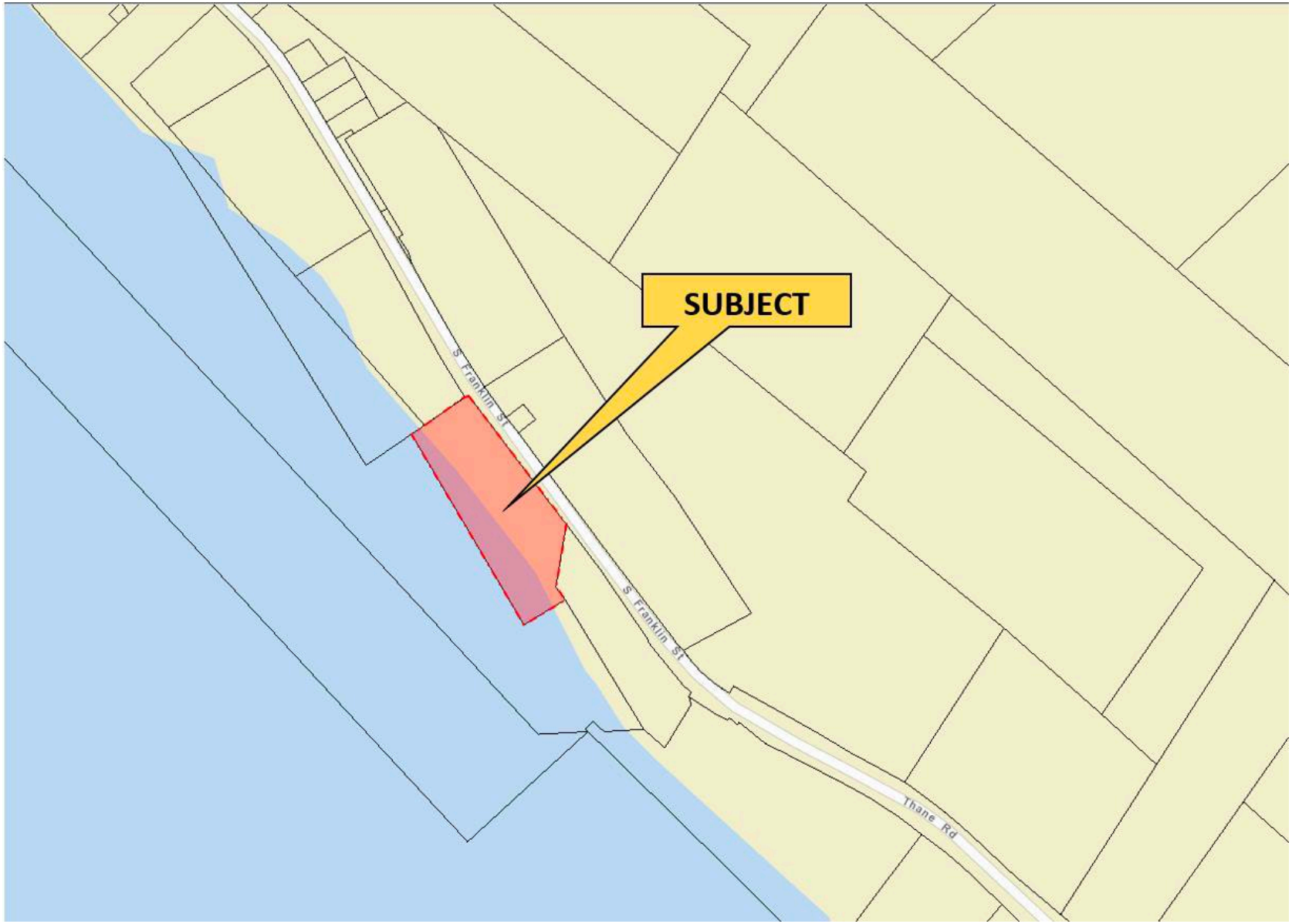
Plat Map Exhibit



Zoning

Waterfront Industrial, WI, Juneau

The WI, waterfront industrial district, is intended for industrial and port uses which need or substantially benefit from a shoreline location. In addition, many of the uses that are allowed in the WC, waterfront commercial district, are also allowed in the WI, waterfront industrial district. Residential uses are limited to caretaker residences in the waterfront industrial district.

Permitted Uses

Permitted uses include: Single family residence (used as a caretaker's residence only); home occupations; research laboratory uses (minor – must be water dependent, water related, or water oriented); light manufacturing (minor – must be water dependent); medium manufacturing (minor – must be water dependent, water related, or water oriented); seafood processing (minor); open space; boat sales or rental; boat repairs and maintenance; marine fuel, water sanitization (minor); all storage and handling of goods not related to sale or use of those goods on the same lot on which they are stored, within completely enclosed structures (must be water dependent, water related, or water oriented); general storage and handling of goods not related to sale or use of those goods on the same lot on which they are stored, inside or outside enclosed structures (must be water dependent, water related, or water oriented); neighborhood (less than ½ acre) and regional (up to 1 acre) storage and handling of goods not related to sale or use of those goods on the same lot on which they are stored; parking of vehicles or storage of equipment outside enclosed structures where they are owned and used by the user of the lot and parking and storage is more than a minor and incidental use of the lot (must be water dependent, water related, or water oriented); temporary contractor's storage connected with construction project off-site for a specified period of time (must be water dependent, water related, or water oriented); public, commercial, and private moorage (minor); enclosed recycling collection structures of less than 80 square feet total and less than six feet in height; enclosed structures for recyclable materials collection; sorting, storage, and preparation for shipment of recyclable materials occurring outside an enclosed structure (must be water dependent, water related, or water oriented); veterinary clinic (minor - must be water dependent, water related, or water oriented); aquaculture; weirs, channels, and other fisheries enhancement; transit station; dry cleaner, laundromat, drop off and pickup only, no onsite laundry or dry cleaning process (minor – must be water dependent, water related, or water oriented); full service onsite laundry and/or dry cleaning (minor – must be water dependent, water related, or water oriented); minor and intermediate utility facilities; towers and antennas to 50 feet; amateur (ham) radio towers and antennas more than 35 feet in height; open air markets (minor – must be water dependent, water related, or water oriented); temporary structures used in connection with construction.

Basic Design Standards:

Minimum Lot Size:	2,000 sq ft
Minimum Width:	20’
Front Setback:	10’
Side Setback:	10’
Rear Setback:	10’
Maximum Height:	45’

Maximum Site Coverage: None

The subject is existing construction and exact conformance is difficult to determine. Based on a preliminary review of requirements, however, the subject's current improvements and use appear to be legally conforming uses with existing zoning regulations.

Easements, Covenants, Encroachments & Restrictions

A title report was not provided to the appraiser. Normal easements along property boundaries for streets or utilities are assumed. It is understood that there are no legal restrictions that would adversely affect use or marketability of the property. Title and land use, however are legal issues and an attorney should be consulted relating to questions on these matters. It is an assumption of this report that there are no restrictions that would adversely affect use or marketability of the property.

Functional Utility

There are no known physical or economic characteristics that limit the site's development potential and level of functional utility. The subject is generally physically and economically similar to other sites within the market segment that it competes. Overall, the site is concluded to provide average functional utility.

Description of Improvements

Building Occupancy/ Use

The subject is a 66,204 sq. ft. site located on the periphery of the historic tourist district. The site is improved with an 11,652 sq. ft. one-story multi-tenant retail building.

Building Area

SUMMARY OF AREA STATISTICS	
	(Sq Ft)
Gross Building Area (GBA) (1)	11,652
Site Area	36,412
Site Coverage	32%
Land to Building Ratio	3.12

(1) Source: Tax assessment records.

Condition

Good condition, based on a review of competitive properties within the subject's market segment.

Quality

Good construction quality, based on a review of competitive properties within the subject's market segment.

Age Characteristics

YEAR BUILT 2005

YEAR RENOVATED N/A

ACTUAL AGE 16 years

EFFECTIVE AGE The effective age of a property can be less than or more than its actual age, depending on renovations, upgrades, and the level of capital reinvestment. Based on the appraiser's walk-through of the subject, construction type, quality, current condition and economic performance, the effective age of the subject is estimated at approximately 16 years.

ECONOMIC LIFE Marshall Valuation Service indicates properties similar to the subject's construction type and quality have economic lives between 45 and 50 years. In practice, with ongoing capital expenditures and reinvestment the economic life of a building can be extended well beyond the indicated range. Within the Alaska market, the economic lives of improvements have typically been between 50 and 100 years. After careful consideration, an economic life of 45 years has been estimated.

REMAINING ECONOMIC LIFE Based on the subject's estimated effective age and economic life, the remaining economic life is estimated at 29 years.

Floors / Stories

1 story

Layout

Overall, the subject's layout is typical for this type of property and market segment, and it appears to be an efficient design that provides average

functional utility for the current use.

Structural Systems

The following is based on the appraiser's walk-through, information provided by the owner, and information contained within the public record. The appraiser is not an engineer and building plans, an architect or engineer should be consulted for additional detail on structural systems.

FOUNDATION Concrete

STRUCTURAL SYSTEM Wood frame

ROOF / DRAINAGE Gable roof. Metal covering.

The roof is original and is reported to be in average condition with no outstanding deferred maintenance required. Roof drainage appears standard and adequate.

EXTERIOR FINISH Wood

Mechanical Systems

The appraiser is not qualified to make a determination on the condition or functionality of mechanical systems. It is understood that the current mechanical systems are in good working order without any outstanding items of deferred maintenance. Nonetheless, it is an assumption of this report that mechanical systems are typical of a property within the market segment that the subject competes and that systems are functional, in good working condition, without any outstanding items of deferred maintenance or repair.

HEATING Oil Fired Hot Water

COOLING Yes

PLUMBING There limited plumbing located throughout the structure.

ELECTRICAL & WIRING Standard service

Electrical is assumed to be to code and typical for the subject's property type, age and market classification / segment.

ELEVATORS None

LIFE / SAFETY SYSTEMS The building is sprinklered. Fire alarms and extinguishers, as applicable, are assumed to meet current fire safety codes.

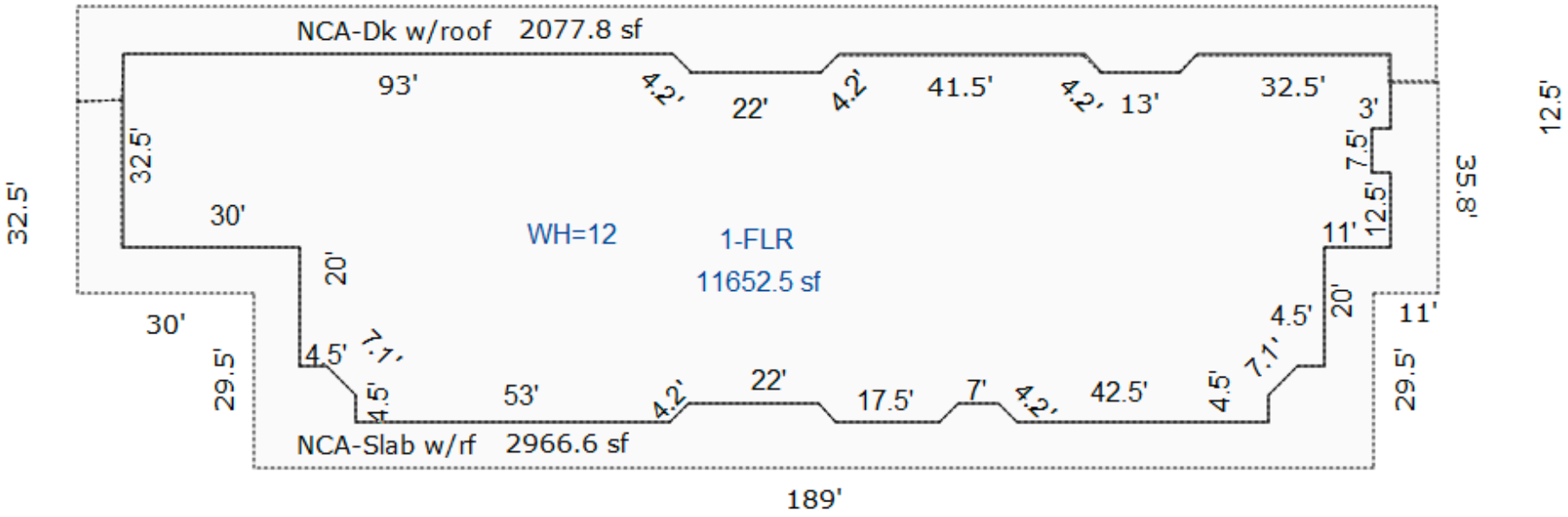
Interior Finish

The interior finish is typical of competitive properties within the market segment that the subject competes. Overall, the interior finish is average quality in average condition. Please refer to the subject photographs presented in a following section for additional detail on the interior finish, which varies by building area.

General Property Characteristics

ADA Compliance	A specific survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the Americans with Disabilities Act (ADA) has not been conducted. The market value estimate assumes the property is in ADA compliance, if applicable.
Deferred Maintenance	The detection of deferred maintenance in structural, roof, electrical, plumbing and other mechanical systems is beyond the scope of expertise of the appraiser. No deferred maintenance was reported to the appraiser.
Landscaping, Surface Covering & Lighting	Minimal landscaping. The parking lot has asphalt paving. Exterior lighting is typical for a property of this type.
Parking	The subject has no on-site parking, which is typical or properties in this neighborhood.
Functional Utility	The tidelands have little, if any utility, due to the presence of the Seawalk, tidal fluctuation, and access obstruction presented by the Franklin Street Dock, which is located seaward of the subject property. Overall, the improvements are not ideal, as they cannot generate a market rate of return; however, it is not economic to raze the improvements or to redevelop the land. Therefore, the improvements are considered an interim use.. There are no other known physical or economic characteristics that limit the improvements level of functional utility. The subject is generally physically and economically similar to other improvements within the market segment that it competes. Overall, the improvements are concluded to provide average functional utility for the intended use.

Building Drawings Exhibit



Property Assessment & Taxes

Summary of Property Assessment & Taxes

Real Property

Properties located within the subject's market are assessed by the assessor every year. By statute, each property must be assessed at 100% 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% and 90% 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. A revaluation as of 2021 increased land assessments by 150%. The revaluation increased most neighborhood property far beyond market values. Due in large part to changes in market conditions, certain segments of the market are now assessed at 110% to 200% 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. 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					**2020**
1C100K830030	$3,575,000	$1,442,500	$5,017,500	1.066%	$53,487
Total	$3,575,000	$1,442,500	$5,017,500		$53,487
Type / Source	*Actual*	*Actual*	*Actual*	*Actual*	*Actual*
Year					**2021**
1C100K830030	$5,362,500	$1,442,500	$6,805,000	1.056%	$71,861
Total	$5,362,500	$1,442,500	$6,805,000		$71,861
Type / Source	*Actual*	*Actual*	*Actual*	*Actual*	***Actual***

ANALYSIS OF HISTORIC VERSUS PROJECTED TAXES

% Historic Assessment of Current Assessment	$5,017,500	/	$6,805,000	=	74%
% Current Assessment of Market Value	$6,805,000	/	$1,551,000	=	439%

Subject Photographs

Front and side elevations of the improvements

Front and side elevations of the improvements

Interior view

Interior view

Seawalk viewing northwest

Seawalk viewing southeast

S Franklin Street
viewing southeast

S Franklin Street
viewing northwest

Highest & Best Use

Definition & Methodology

"Highest & Best Use" is defined as:

> *"The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."*[10]

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. Unless otherwise indicated, the highest and best use as vacant analysis should not be construed as a feasibility study, which is beyond the scope of the current assignment. Rather, the analysis is meant to provide a general indication of highest and best use based on a qualitative review of the available evidence. Furthermore, unless otherwise indicated, the assignment is not a feasibility study of potential conversion or renovation of the property and continued use "as is" or "as proposed" is implicit in the current value estimate.

As Vacant

Legally Permissible

Private restrictions, zoning, building codes, historic district controls and environmental regulations determine those uses legally permissible on a site. No private restrictions or historical district controls encumber the subject site. In addition, there are no known environmental regulations that inhibit development of the site.

Physically Possible

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

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.

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. There are limited identified uses that would attain a market developer's margin at this time and there has been limited amounts of new construction in the market. The new construction that has occurred is by owner-users whose needs are not met by the existing inventory and were forced to build, irrespective of financial feasibility. Based on a review of the

[10] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

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 is to hold for future development as retail, or other unidentified use that provides the highest return to the underlying land once feasibility has been ascertained.

As Improved

Demolition For older improvements near the end of their economic life, demolition and replacement of the existing improvements with an alternative use may be the highest and best use of a site as improved.

Conversion Conversion involves a change from one use to another.

Renovation Renovation involves a continuation of the existing use with upgrades or changes to exterior and interior finishes or improvements to functional utility.

Addition If sufficient land area and parking is available, addition is a possible alternative for an improved property.

As Is Continued use of a property in its current "as is" condition, without major changes, is a possible alternative for an improved property.

Maximally Productive The existing improvements provide average functional utility. After careful consideration, the maximally productive use of the subject as improved is continued use of the existing improvements in their as is condition.

Probable Buyer

The subject is suitable for tenant occupancy. Similar properties within the subject's market are investor owned. Therefore, the most probable buyer is an investor.

Cost Approach

Introduction

Methodology

The Cost Approach is an appraisal method of arriving at a value indication for the subject by estimating the cost to replace the improvements with current materials and labor, less accrued depreciation from all causes. The estimated land value, as detailed in the previous section, is then added to the depreciated value of the improvements to reflect a total value by the cost approach.

This approach is based on the assumption that replacement costs provide a reasonable estimate of value, providing the improvements represent the highest and best use of the land, and depreciation from all causes is appropriately accounted for. Valuing the improvements separately from the land thus serves to satisfy the principle of substitution; that is, a buyer will tend to not pay more for the property than it would cost to replace.

Replacement Cost – Assessor's Cost Estimates

In this appraisal, we have utilized the cost estimates provided by the City/Borough of Juneau's Assessor. The assessor's Total Improvement Value was noted at $1,792,672. Physical depreciation estimated by the Assessor at $266,372 is deducted. External obsolescence was calculated by the appraiser and deducted as depreciation. We then added the Assessor's estimated land value to arrive at our Cost Approach Value estimate.

Developer's Margin

Market Properties

For properties with numerous potential users developer's margin can be obtained through either speculative or build-to-suit construction. For investors a developer's margin must be achievable for construction to be financially feasible. While a developer's margin may be attained by users, its presence is not necessary for construction to occur since even though it is not financially feasible from a real estate perspective it may be financially feasible from a business perspective. The presence of developer's margin is highly specific to an individual property. For market properties similar to the subject developer's margins currently range from a low of 5% up to a high of 25%.

Limited Market or Special Purpose Properties[11]

Special purpose properties generally have limited conversion potential and are constructed expressly for a particular user with a designated special use in mind. They are developed to fulfill a business need, not to attain a profit on the real estate and when profit is present it accrues to the business rather than the real estate.

[11] Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

Conclusion Under its existing use as is, the subject has physical and economic characteristics consistent with a special purpose property. Therefore, we have not included a developer's profit margin.

Depreciation

Introduction Depreciation is a loss in value from the reproduction (or replacement) cost of improvements due to any cause as of the date of appraisal. The value difference may emanate from physical deterioration, functional depreciation, external depreciation, or any combination of these sources. A description of the various sources of depreciation follows.

PHYSICAL DEPRECIATION Physical deterioration is evidenced by wear and tear, decay, cracks, incrustations, or structural defects. Physical deterioration can be either curable or incurable. Incurable physical deterioration applies to both short-lived items (roof, plumbing, HVAC, etc.) and long-lived items (structural).

FUNCTIONAL DEPRECIATION Functional depreciation can be either curable or incurable and is caused by a flaw in or a deficiency or super-adequacy in the structure, material or design.

EXTERNAL DEPRECIATION External depreciation is incurable and caused by negative influences in property values outside of the owners control such as market conditions, property uses, zoning, financing, or legal influences.

Effective Age Effective age is estimated by the appraiser by weighing the actual age of a property against its current condition. In certain cases, the effective age is equal to the actual age, while in other cases it may be more or less than the actual age. The concept of effective age acknowledges that properties rarely depreciate on a linear basis. Construction type and quality play important roles, as does ongoing maintenance and capital infusion. The subject's effective age was estimated in the Description of Improvements chapter.

Economic Life As discussed in the Description of Improvements chapter, economic life is estimated using MVS information based on actual economic lives for properties of similar construction type, occupancy and quality.

Effective Age / Economic Life Method The effective age and economic life expectancy of a structure are the primary concepts used by an appraiser in measuring depreciation with age-life relationships. Under this method, total depreciation is estimated by calculating the ratio of the effective age of a property to its economic life expectancy and applying this ratio to the property's total cost new. Note that this method does not typically reflect abnormal, property specific depreciation or external depreciation.

Marshall Valuation Service Depreciation Tables The MVS Cost Estimator software provides depreciation calculations to account for physical and functional depreciation. Depreciation is estimated based on a statistical compilation of actual depreciation present at similar properties of similar effective ages and economic lives. Economic life is determined by the software based on building class and quality. The software recognizes that depreciation does not typically occur on a linear

basis but rather on a logarithmic basis. As a result, this method is fairly accurate for both older and newer properties. Note that this method does not typically reflect abnormal, property specific depreciation or external depreciation.

Property Specific Depreciation

The analysis presented above assumes that the subject exhibits normal depreciation typical of similar properties in the market. Any property specific depreciation not typical of the market must be separately considered.

External Depreciation

External depreciation is present due to the inability of the improvements to provide a reasonable economic return. External obsolescence is calculated as the difference between the Assessor's cost approach and the Appraiser's income approach, which is $5,337,800.

Reconciled Depreciation Estimate

The methods for estimating depreciation fall within a fairly narrow range. After careful consideration all methods of measuring depreciation are concluded to be reliable and given equal weight.

Summary of Cost Approach Exhibit

Valuation Component		Miner's Cove Office Bldg
Gross Building Area		11,652
Pro Rata Share		100%
REPLACEMENT COST NEW		
Assessor's Cost Estimate		$1,792,672
Plus: Developer's Margin	0%	$0
Replacement Cost New (Incl. Profit)		$1,792,672
Per Sq Ft		$154 /SF
LESS: DEPRECIATION		
Effective Age / Economic Life Method		
Year Built		2005
Actual Age		16 Yrs.
Assessor's Physical Depreciation		$266,372
Property Specific Depreciation		$0
External Depreciation		$5,337,800
Total Depreciation		$5,604,172
DEPRECIATED BUILDING VALUE		-$3,811,500
PLUS: LAND VALUE		$5,362,500
MARKET VALUE ESTIMATE (ROUNDED)		$1,551,000

Sales Comparison Approach

Introduction

Not Developed

The Sales Comparison Approach could not be developed as there have been no comparable sales since July of 2019. The lack of sales in the Ketchikan and Skagway prime tourist districts provides a supported conclusion that these types of properties are not marketable without a steep discount. A return to stability is expected post-2022 tourism season.

Income Capitalization Approach

Introduction

Methodology

Income-producing real estate is typically purchased as an investment and from the investor's point of view earning power is the critical element affecting property value. The Income Capitalization Approach consists of methods and techniques used to analyze a property's capacity to generate income and convert this income into value. This approach provides a value indication for the property by estimating a net income stream through an analysis of the marketplace including past performance levels as well as projections for the future. Generally, the Income Capitalization Approach section utilizes two methods: 1) Discounted Cash Flow Analysis and 2) Direct Capitalization.

DIRECT CAPITALIZATION

The direct capitalization approach is particularly appropriate when the subject property is stabilized and located in a stable market. The approach capitalizes a single year of income into value using a single overall annual rate that implicitly considers the future income pattern.

Method of Capitalization

Direct Capitalization was utilized in this report as it is more commonly used by investors in this property type.

Occupancy Status

Current Occupancy

The subject is currently occupied by multiple tenants. The current vacancy rate is 92%, and the property is considered not stabilized.

2020 actual income was $110,162.

Income Analysis

Historic Income

The property owner provided historic income and expense information for 2018, 2019, and 2020. This information is contained in the report addenda.

Appraiser's Pro Forma Income.

Pro forma income is estimated at $294,015, based on the stabilized profit and loss income for 2019.

Vacancy & Credit Loss

Vacancy

Regardless of occupancy status, existing or prospective periodic vacancy must be reflected in the projection of stabilized income. For direct capitalization, vacancy is accounted for by applying a single stabilized vacancy rate to stabilized net operating income. For discounted cash flow analysis (using ARGUS software), vacancy is calculated automatically based on the inputs for current occupancy, lease expiration dates, renewal probability, and downtime upon non-renewal (weighted). In the case of a property with a large number of tenants and a high percentage of rollover, a

general vacancy allowance may also be applied. Thus, the vacancy shown in the ARGUS discounted cash flow analysis may vary from the stabilized allowance incorporated in the direct capitalization. The vacancy analysis and subject estimate are presented on the following chart.

Credit Loss

Credit loss is an allowance for the potential loss of income resulting from tenant default. It is generally a function of a tenant's financial strength. The credit loss allowance ranges from none for high quality credit tenants or where leases are dramatically below market up to 1.5% for tenants with highly speculative financial characteristics or where leases are above market. The credit loss analysis and estimate are presented on the following chart.

Analysis

VACANCY ALLOWANCE FOR DIRECT CAPITALIZATION	
Market Influences on Vacancy	
Est. Historic Market Vacancy (5-Yrs. / As Avail.)	3-5%
Est. Current Market Vacancy	50.0%
Est. Neighborhood Vacancy	Significant
Vacancy at Sale Comparisons	3-7%
Vacancy at Rent Comparisons	3-7%
Vacancy Used by Market Participants	5.0%
Property Influences on Vacancy	
Historic Vacancy (5-Yrs. / As Avail.)	0.0%
Current Vacancy	92.0%
Occupancy Status (User, Leased)	Leased
Typical Lease Expiration	Short Term
Overall Risk of Vacancy	Above Market
Stabilized Vacancy Estimate	**4.0%**

CREDIT LOSS ALLOWANCE FOR DIRECT CAPITALIZATION	
Percentage Applied to Credit Tenants	None
Percentage Applied to Normal Risk Tenants	1.0%
Blended Credit Loss Allowance Estimate	**1.0%**

The overall vacancy and credit loss is estimated at 5%.

Expenses

Expense Projection

Year one expenses are projected on a fiscal year, twelve months forward into the future on a stabilized basis. Therefore, appropriate adjustment to the property's historic expenses may be required if it has not been physically and economically stabilized. A number of broad expense categories have been identified based on typical market parameters as well as the accounting in place at the subject.

Expense Structure

Market rents were estimated in accordance with the subject's actual expense structure or the common expense structure within the subject's market. Based on the subject's current occupancy and market, the expense structure is projected as follows:

MODIFIED GROSS The subject is currently leased on a modified gross basis. This expense structure is where the tenant is responsible for paying utilities and janitorial. The landlord is responsible for paying the remaining property expenses.

Pro Forma Expenses The pro forma expenses were based on the historic profit and loss statements. Real estate taxes are excluded from the income statement in accordance with the International Association of Assessing Officers and Appraisal Institute methodology for tax appeals.

Management Fee Whether an owner-occupied property or leased asset, it is appropriate to incorporate a management fee in order to reflect the characteristics of a passive investment. There are certain market segments where management is often performed by ownership. In this case, property management is often not specifically recognized as an expense but is nonetheless incurred. Commonly accepted valuation methodology incorporates a professional management fee and this is consistent with the perspective of the majority of market participants. Most often, management is charged as a percentage of effective gross income. The fee varies widely depending on the intensity of duties, property type, revenues, number of tenants, expense structure, lease rollover schedule and leasing agreements in place. Properties with significant revenue, or a single-tenant triple-net occupancy situation, will typically fall towards the low end of the range. Conversely, properties with limited revenue, multiple tenants, and/or full-service leases with pass throughs will fall towards the high end of the range. This expense is analyzed on a % of EGI basis, as this unit of comparison is deemed to provide the highest degree of correlation among the data points and is the best predictor of future expenses. For reference, management fees indicated by PwC Real Estate Investor Survey are summarized on the following table.

Exhibit 4
MANAGEMENT FEES AND LEASING COMMISSIONS
First Quarter 2021

	MANAGEMENT FEES (As a % of EGR)		LEASING COMMISSIONS (a) NEW LEASE		RENEWAL LEASE	
	Range	Average	Range	Average	Range	Average
National Markets						
Regional Mall	1.00% – 4.00%	2.68%	(b)		(b)	
Power Center	2.00% – 6.00%	3.20%	3.00% – 6.00%	5.25%	3.00% – 3.00%	3.00%
Strip Shopping Center	1.50% – 6.00%	3.30%	2.00% – 8.00%	5.00%	0.00% – 6.00%	2.70%
CBD Office	1.00% – 5.00%	2.65%	3.00% – 8.50%	5.81%	2.00% – 7.00%	3.94%
Suburban Office	1.50% – 4.00%	2.70%	3.00% – 8.50%	5.69%	2.00% – 7.00%	3.75%
Net Lease	1.00% – 4.00%	2.31%	2.00% – 6.00%	3.75%	1.00% – 6.00%	2.50%
Medical Office Buildings	1.30% – 5.00%	3.61%	3.00% – 7.00%	5.08%	2.00% – 6.00%	3.58%
Secondary Office	1.50% – 5.00%	3.05%	4.00% – 7.50%	5.71%	2.00% – 4.00%	3.38%

The subject's historic expense data for this category is not available. In the end, primary weight has been placed on the subject's historic data. Given the subject's characteristics, this expense is forecast at 5% of EGI, which is $13,966.

Utilities For analysis purposes, primary weight is placed on the subject's historic data. In light of the subject's particulars, this expense is forecast at $19,000.

Repair & Maintenance

Repair and maintenance are annual ongoing expenses consisting of non-capital items associated with keeping the property in a condition consistent with its peers. This expense also includes maintenance and repairs for items such as HVAC, elevator, life and safety, lighting, doors and other systems. Costs can vary widely from year-to-year, and care must be taken to estimate average expense for a typical year. This expense is typically lower for new construction or properties with minimal build-out, and higher for older construction or properties with significant build-out. This expense is estimated at $29,000, based on the historic profit and loss statements.

Insurance

This expense includes hazard insurance due to damage from a natural disaster (including flood and fire but excluding earthquake, unless otherwise stated) as well as basic liability insurance. The specific coverage in place at the subject has not been reviewed and the methodology utilized in this analysis relies on historic insurance expense at the subject (if available) as well as insurance expenses at similar properties. It is acknowledged, however, that insurance rates are highly specific to an individual property and it is recommended that specific quotes be obtained from a qualified professional if additional detail is required. This expense is estimated at $18,629, based on the historic profit and loss statements.

Reserves

Reserves are an annual expense that is set aside for the periodic replacement of short-lived capital items such as parking lot, roof, carpet and paint, and certain mechanical components such as boilers, HVAC units and elevators. They are theoretical in nature, since the actual annual expenditure on capital improvements may vary widely from year to year. Therefore, the reserve estimate is intended to reflect an annual average over time. Within the subject's market, most market participants incorporate reserves as a below the line expense. Reserves are a function of property type, construction type, age / condition and other factors. Investor surveys indicate that for a property similar to the subject reserves are typically $0.10/sq ft to $1.00 /sq ft of building area. Investors also consider reserves as a percentage of EGI, typically ranging from 0.5% to 2%. In this analysis, reserves are considered on a $/sq ft basis. For reference, reserves indicated by PwC Real Estate Investor Survey are summarized on the following table.

Exhibit 3
REPLACEMENT RESERVES PER SQUARE FOOT
First Quarter 2021

	CURRENT QUARTER		YEAR AGO	
	Range	Average	Range	Average
National Markets				
Regional Mall	$0.15 – $1.00	$0.40	$0.15 – $0.75	$0.33
Power Center	$0.15 – $0.50	$0.28	$0.15 – $0.50	$0.28
Strip Shopping Center	$0.10 – $1.00	$0.36	$0.10 – $0.75	$0.34
CBD Office	$0.10 – $0.75	$0.31	$0.10 – $0.75	$0.29
Suburban Office	$0.10 – $0.50	$0.24	$0.05 – $0.50	$0.27
Net Lease	(a)		(a)	
Medical Office Buildings	$0.10 – $1.00	$0.35	$0.10 – $1.00	$0.35
Secondary Office	$0.10 – $0.50	$0.27	$0.10 – $0.50	$0.23

No historic reserves information was provided. Given the available data, and considering the subject's various characteristics, this expense is forecast at 2% of effective gross income.

Summary of Expense Projections

The subject's individual expense projections are supported by the historic profit and loss statements. Overall, the projected expenses are reasonable and well supported.

Current Investment Parameters

Clarification of Terms

For direct capitalization, the single stabilized rate is often referred to as a going-in rate, Ro, or overall annual rate (OAR). In this appraisal, the term OAR is used.

Sale Comparisons

Rates of returns indicated by sale comparables are presented on the following table:

LOCAL SALE RETURN REQUIREMENTS

Comp	Name	Property Major Type	Year Built / Renovated	Date	Cap Rate
I-1	CrossCo Building - 3408	Office	2004 / 2004	Jun-16	8.1%
I-2	Nugget Mall - 3467	Shopping	1974 / 1984	Apr-18	10.8%
I-3	Lemon Creek Commercial - 3406	Industrial	1996 / 1996	May-18	9.1%
I-4	Willow Park - 3743	Office	1983 / 1983	Apr-19	8.0%
I-5	Mendenhall Mall - 7681	Shopping	1972 / 1991	May-19	9.9%
I-6	Foodland Shopping Center - 3465	Shopping	1963 / 1995	Sep-19	9.6%
I-7	Emporium Mall - 8891	Retail-	1898 / Varies	Dec-19	10.3%
I-8	Professional Plaza B201 - 3744	Office	1982 / 2017	Jan-20	8.1%
I-9	R&M Building - 9075	Office	1973 / Periodic	Aug-20	8.5%
I-10	Gold Lodge Apartments - 8870	Multi-Family	1960 /	Oct-20	8.8%

Band of Investment

A band of investment analysis is performed based on current equity dividend rates required by investors and available terms of market financing. This method responds very quickly to changes in interest rates and can be a leading indicator of the direction OARs are heading. Current equity dividends or "cash-on-cash" returns vary widely depending on the specific characteristics of the property. The band of investment analysis is presented below.

BAND OF INVESTMENT ANALYSIS					
Current Typical Investment and Finance Parameters					
	AIDEA		**Private**		**Blended**
Ratio	90%		10%		
Effective Interest Rate	3.50%		5.50%		3.70%
Loan Amortization (1)					20
Loan to Value Ratio (1)					75%
Equity Cap Rate (2)			to		16.0%
Ro Based on Equity Dividend of:	**16.0%**				
Return on Mortgage (Rm)	75%	X	0.0708	=	0.0531
Return on Equity (Re)	25%	X	0.1600	=	0.0400
Indicated Overall Annual Rate (OAR)					**9.3%**

(1) Based on market survey of local mortgage brokers & lenders.

(2) Based on market survey of investors & market participants.

Selection of Rate

Overall Annual Rate (OAR)

Please refer to the Market Analysis chapter for a summary of the subject's particular strengths and weaknesses, which are also considered in the selection of an appropriate rate of return. The subject is not stabilized and lacks a long-term lease. Based on market comparables and the band of investment, an OAR of 9.5% is estimated. The International Association of Assessing Officers and the Appraisal Institute procedures require that the City/Borough of Juneau's real property tax assessment of 1.056% be added to the OAR estimate. After careful consideration, the subject's OAR is estimated at 10.56%. The direct capitalization exhibit follows.

Rent Shortfall and Expenses

The property is predominantly un-leased for 2021. The expected rent loss is $183,854. In addition, owner expenses owed in 2021 add $92,723 to the income loss. These near-term losses need to be subtracted from the capitalized income value.

Direct Capitalization Exhibit

STABILIZED REVENUE

Tenant	Forecast Type	Sq Ft	$/Sq Ft/Mo.	$/Sq Ft/Yr.	FY
Multiple	Contract	11,652	$2.10	$25.23	$294,015
Rental Revenue		11,652	$2.10	$25.23	$294,015
Potential Gross Revenue		**11,652**	**$2.10**	**$25.23**	**$294,015**
Less: Vacancy and Credit Loss @		5.0%			($14,701)
Effective Gross Revenue					**$279,314**

STABILIZED EXPENSES

	$/Sq Ft/Yr. of GBA	% of EGI	FY
Management	$1.20	5.0%	$13,966
Insurance	$1.60	6.7%	$18,629
Utilities	$1.63	6.8%	$19,000
Repairs and Maintenance	$2.49	10.4%	$29,000
Reserves	$0.48	2.0%	$5,586
Total Expenses	**$7.40**	**30.9%**	**$86,181**
STABILIZED NET OPERATING INCOME	**$16.58**	**69.1%**	**$193,133**

STABILIZED VALUE	
Stabilized Net Operating Income	$193,133
Capitalized At:	10.56%
Indicated Stabilized Value	**$1,828,913**
(Rounded)	**$1,828,913**
Less: 2020 Rent Loss*	($183,854)
Less: 2020 Expenses	($92,723)
Indicated As Is Value	**$1,552,336**
(Rounded)	**$1,552,000**

Reconciliation & Final Value Estimate

Summary of Value Estimates

The approaches to value utilized in this report have indicated the following values for the subject:

VALUATION SUMMARY	
Miner's Cove	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Land Valuation	Not Developed
Cost Approach	$1,551,000
Sales Comparison Approach	Not Developed
Income Capitalization Approach	$1,552,000
Final Market Value Estimate	**$1,551,000**

Reconciliation

Overview

Reconciliation is the final phase in the assignment and is where two or more value indications derived from market data are resolved into a final value estimate. USPAP requires that the appraiser reconcile the quality and quantity of data available and analyzed within the approaches used. Furthermore, the applicability and relevance of the approaches, methods and techniques must also be reconciled. A discussion of the applicability of the various approaches is presented below.

Cost Approach

This approach is normally a strong indicator of value when there is reliable data from which to estimate replacement cost and accrued depreciation. This approach is highly applicable for special purpose properties, new construction and when there are limited sales or rental activity (resulting in less reliable value indications by sales comparison and income capitalization). It is less applicable for older properties that exhibit significant amounts of depreciation. For non-special purpose properties, this approach is often considered by market participants but not given primary weight. Investors primarily use this approach to determine the feasibility of a proposed development. Owner-users often consider this approach when making decisions on whether to buy an existing building or pursue new construction.

Sales Comparison Approach

This approach is normally a strong indicator of value when adequate current sales data are available. Like the Income Capitalization Approach, this approach responds quickly to changes in the marketplace. In user markets, the Sales Comparison Approach is given primary weight. Investors use this approach primarily as an indicator of current rates of return and subsequently give this approach secondary weight.

EXCLUSION The Sales Comparison was not performed for the following reasons.

- There has been limited sales activity within the subject's market that is directly comparable to the subject.
- The other approach(es) resulted in a reliable value estimate for the subject.

Income Capitalization Approach

The Income Capitalization Approach is generally considered a strong indicator of value for income-producing properties. The primary strength of the Income Capitalization Approach is income and operating levels respond quickly, if not immediately, to conditions in the market and changes in the property. This approach is given primary weight by investors and secondary weight by owner-users. Direct capitalization is the most common method of income capitalization used within the market and is highly applicable when a property is physically or economically stabilized. Discounted cash flow analysis is used by market participants for investment grade properties and is highly applicable when there are changing market conditions, a property is not physically or economically stabilized, the timing of cash flows is irregular, or the income pattern is different than what is typical of the market.

Final Value Estimate

The subject is part of a real estate segment that, at least in the short term, is anticipated to be directly impacted by the COVID-19. Since market value is based on the principle of anticipation, the future impacts of the virus on this real estate segment must be accounted for. This was partially reflected in an increased marketing time. In addition, it was partially reflected in the market conditions adjustment performed within the sales comparison approach and the capitalization rate estimated in the income approach. That said, the degree of impact on value is somewhat mitigated by the market consensus that the impacts of the virus will be relatively short term in nature.

Additional COVID-19 "short term" valuation concepts for the appraiser to consider:

Measurable income loss can be discounted to a net present value and deducted at the end of the reconciliation & final value estimate section.

Market participants can be interviewed. Remember, the direction of adjustment is often NOT subjective, whereas the degree of adjustment is OFTEN subjective.

You can provide more than one value premise. You can provide a value as is based on the presence of the virus and based on the hypothetical condition that the virus is not a factor. This will provide your client more information on 1) the impact of the virus and 2) what the value will be once the virus impact is largely mitigated.

The probable buyer of the subject is either an owner-user or investor. The value indications from the approaches performed have fallen within a narrow range suggesting adequate market data and reliable analysis of the data. Both of the approaches provided reliable value indications and are highly applicable. In the end, the approaches performed are given equal weight. After careful consideration, the final value estimate(s) for the subject is/are as follows:

FINAL MARKET VALUE ESTIMATE	
Miner's Cove	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Final Market Value Estimate	**$1,551,000**

Exposure Period

DEFINITION[12] *The estimated length of time that 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.*

Investor surveys indicate exposure periods for properties within the subject's market classification ranging from 3 to 12 months and averaging 7 months. Pre COVID-19, local sales comparable data indicated exposure periods ranging from 3 to 12 months, assuming appropriate pricing and marketing efforts. In particular, smaller, single-tenant properties have tended to sell more quickly in the face of strong demand and limited availability. At the reconciled market value, an exposure period of 12 months is concluded.

Marketing Time

DEFINITION[13] *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.*

Implicit within the concept of market value is that the property is fully exposed to the market. Within the Alaska market this includes retaining a knowledgeable and qualified commercial broker that prepares a marketing package, lists the property on Alaska Multiple Listing Service as well as other local and national web sites used to market real estate. In the event that a knowledgeable and qualified broker is not retained, the property is not

[12] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[13] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.

receiving full exposure to the market and the price that a seller will be able to attain may be impacted.

Based on the market analysis performed and the subject being fully exposed to the market, the anticipated marketing time is based on the following relationships:

Pre-COVID-19 Exposure Period + (COVID-19 Shutdown + COVID-19 Recovery) = Marketing Time

While the precise impact on valuations is uncertain, based on the current prevailing consensus by experts that the virus will largely be managed (but not necessarily eliminated) in as little as two months but in less than six months. An economic recovery period between six months and twelve months is anticipated. Therefore, based upon prevailing exposure periods, marketing times are anticipated to increase to eighteen months for most property types. This projected increase in marketing times is consistent with historical evidence, including the 2000 dot.com bubble, September 11, 2001 terrorist attacks and 2008 financial crisis. In all of these prior periods of economic crisis, short term values were negatively impacted immediately followed by a dramatic decrease transaction volume, followed by a strong recovery and return to prior prevailing valuations and transaction volumes. While there are divergent opinions, the general consensus is that the COVID-19 will follow a similar pattern.

Therefore, for a property of this type and size, in this neighborhood, and given expected market conditions, the most probable marketing time would be up to 12 months. Note that it may be inappropriate for the Client to assume value remains stable during the estimated marketing period and that the marketing period may change over time.

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:** Any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by Appraiser, constitutes acceptance of, and is subject to, all appraisal statements, limiting conditions and assumptions stated in the appraisal report. The client is responsible to become familiar with these statements, assumptions and limiting conditions.

3. **Responsibility of Client/Intended User to Accurately Communicate Appraisal Results:** If placed in the possession of anyone other than the client or intended user, they 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.

4. **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.

5. **Duplication and Dissemination of Report or Report Contents:** This appraisal has been completed for the client's specific use as well as any other intended user(s) specifically identified in the report. The appraiser(s) has no liability, accountability, or obligation to any other third party. The appraiser(s) retain ownership and copyright of the data, discussions, and conclusions contained herein. Possession of this report does not constitute the right of publication or dissemination 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, as well as to any other intended user(s) identified in the report, or in the case of litigation or negotiations, the other party, their counsel and any court, including master or arbitrator. Duplication and dissemination of selected sections of this report to third parties without express written consent of the signatories of the report are prohibited and may be misleading. 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.

6. **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.

7. **Unauthorized User:** The report has been prepared for the client and any other intended user(s) specifically identified in the report, for the stated intended use only. The appraiser(s) has no liability to any other 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. Such unauthorized distributor accepts all liability to the unauthorized user whom they distribute a copy of the report to. Any unauthorized distributor of this report is cautioned that they may incur liabilities to the unauthorized user that they are providing a copy of the report to as well as to Reliant LLC.

8. **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.

9. **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 rooms, rent rolls, historical operating statements and budgets, sales data, etc.

10. **Purchase and Sale Agreement:** In the event of a pending sale, as of the report date, any purchase and sale agreement (PSA, EMA, etc.) provided has been represented as being the final agreed upon document reflecting the final price and terms negotiated between the parties. This information reflects the perspective of a buyer and seller, and so may have been given significant weight in the final conclusion of market value. In the event that the sale information provided subsequently turns out not to represent the final agreed upon price and/or terms, or in the event that the price and/or terms are amended post-delivery of this report, the market value estimate contained herein may be invalidated. The intended user(s) of this report is advised not to rely upon it in this situation until the appraiser is provided the final/amended sale information for their full consideration and possible amendment to the opinions and conclusions originally stated in this report.

11. **Obligation of User to Report Errors:** Any authorized intended user is required immediately contact the appraiser(s) and report errors, discrepancies, or alterations to determine the impact on the

opinion(s) of market value.

12. **Integrated Analysis.** The individual components of the analysis contained herein are highly interrelated and subject and assignment-specific. As such, individual items such as rent, vacancy allowance, expenses, and rate of return cannot be viewed individually without the context of the whole analysis. Moreover, conclusions or individual components from this specific analysis cannot and should not be extracted for application to other properties and/or situations.

13. **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.

14. **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.

15. **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.

16. **Walk Through May Not Include Non-Relevant Space(s):** In the case where a "complete" walk through has been performed, a physical observation has been performed to assist in identifying relevant property characteristics in a valuation service to identify features that may affect a property's value or marketability such as legal, economic or physical characteristics. The physical observation will be of all relevant space(s) required to arrive at a reliable and credible opinion of market value, but may not include certain space(s) that are not deemed relevant or material to the appraisal problem. If the lack of physical observation of certain space(s) does not impact the reliability or credibility of the appraisal, it may not be disclosed within the report. In the event that the lack of physical observation of certain space(s) may have an impact on the reliability or credibility of the opinion of market value it will be disclosed within the report.

17. **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.

18. **Proposed Improvements, Renovations, and Repairs:** For the purposes of this analysis, the proposed improvements, renovations, and/or repairs are assumed 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 onsite walk-through of the improvements to determine completion as per plans and specifications.

19. **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.

20. **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 fields of law, engineering, construction, architecture, surveying or other areas of expertise. Clients bear the responsibility of consulting and retaining experts outside the appraisal profession as required by the situation.

21. **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.

22. **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.

23. **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.

24. **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 do the appraiser(s) claim 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.

25. **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.

26. **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.

27. **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. Unless otherwise stated, all applicable property taxes are assumed to be paid current. 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.

28. **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.

29. **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.

30. **Extent of Title Search:** Unless otherwise stated, the scope of work does not include a search of Department of Natural Resource recorded documents. Such a search should be performed by a qualified title specialist, such as a title insurance agency. It is the responsibility of the Client(s) and Intended User(s) to provide any documents or information related to title to Reliant LLC for consideration.

31. **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.

32. **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.

33. **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.

34. **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 expert reports or documentation on inadequacies or non-compliance, no responsibility or representation is assumed for identification or costs to cure. 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.

35. **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.

36. **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.

37. **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.

38. **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.

39. **Ongoing Operations.** In the event that the subject is a special purpose property or going concern, ongoing business operations are assumed unless otherwise stated in the body of the report.

40. **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.

41. **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 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.

42. **Asset Recommendations and Consultations**: No statements contained within the report shall constitute recommendations with regard to any decision by the client(s) or intended user(s) with respect to prospective underwriting, financing, acquisition, disposition, holding of the asset, or any other subsequent event, at the stated market value indication(s) or otherwise. If the client requests a recommendation with respect to such a decision, it should be requested in writing, be explicitly listed in the scope of work and explicitly addressed in the appraisal report. Such decisions warrant significant research and strategy, with specific investment questions requiring additional consultations and financial analysis. Any client or intended 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.

43. **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.

44. **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.

45. **Dissemination to Assessor:** The user(s) of this report may not provide a copy of this appraisal to any assessment office or agency without the prior written consent of Reliant LLC, as redaction of certain market and/or property level information may be required prior to submission for confidentiality reasons.

46. **No Guarantee of Adoption by Taxing Agency:** In the event that Client utilizes or submits the report in connection with a tax return or other tax matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome of the tax matter. Client understands and acknowledges that the taxing authority (whether it is the Internal Revenue Service or any state or local tax authority) may disagree with or reject the appraisal(s) or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect from Client additional taxes, interest, penalties or fees. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees, and Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any taxes, interest, penalties or fees imposed on Client or for any attorneys' fees, costs or other expenses relating to Client's tax matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated

in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.

47. **No Guarantee of Adoption by Court or Jury:** In the event that Client utilizes or submits the report to any Local, State or Federal Court in connection with a litigation matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome. Client understands and acknowledges that the Courts (whether Local, State or Federal) and/or Jury may disagree with or reject the appraisal(s) or otherwise disagree with Client's legal positions. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any Judgement or legal outcome. Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any Judgement imposed on Client for any value, taking, attorneys' fees, costs or other expenses relating to Client's litigation matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.

48. **Advanced Notification Required of Regulatory or Statutory Requirements:** In the event that the report is relied upon by a third party, such as the Internal Revenue Service, Assessor, Courts or anyone else other than the Client, it is the responsibility of the Client to advise Reliant LLC in writing and in advance of engagement as to any regulatory or statutory requirements imposed on the scope of assignment and scope of work by that third party. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for non-disclosed scope of work and scope of assignment requirements of the third party.

49. **Maximum Time Frame for Legal Action:** Unless the time frame is shorter under applicable law, any legal action or claim relating to the assignment or services performed shall be filed in court (or in the applicable arbitration tribunal, as applicable and noted above under Agreement to Mediation and Binding Arbitration) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all non-criminal claims or causes of action of any type.

50. **Duration (Term) of Assignment Reliance:** The period of time that an assignment remains applicable and appropriate for the Client and Intended User(s) intended use, including the factual conditions that form the premise of the assignment, the research, data, analysis and conclusions, are dependent on a variety of factors including the intended users, intended use, changes in market conditions, legal/regulatory/statutory requirements, property specific conditions and other factors. While the time period that an assignment may remain applicable and appropriate to the intended use may be significantly less than thirty-six (36) months, this assignment shall not be relied upon by the Client or intended user(s) after thirty-six (36) months from the earlier date of either A) assignment delivery, which is most commonly the date of report, or B) an invoice is submitted to the Client.

51. **No Assignment of Claims:** Legal claims or causes of action relating to the appraisal are not transferable or assignable to a third party, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of

the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.

52. **Resolution of Violations & Deficiencies:** Any violations or deficiencies resolved under the terms of this agreement shall remain confidential between Reliant LLC and the Client, intended user(s) and reviewers. Except as provided under this agreement, the Client, Intended User(s) or reviewers agree not to submit the assignment to any applicable private or governmental body with jurisdiction over the matter. If any aspect of the assignment is determined by the Client, intended user(s) or their reviewers, to not meet the minimum standards of any applicable Local, State or Federal laws, including the Uniform Standards of Professional Appraisal Practice (USPAP) the Client or intended user(s) agree to not submit the assignment or individuals performing the assignment to any governing Local, State or Federal authorities or any private entity with jurisdiction without first 1) notifying Reliant LLC of the violations and 2) providing Reliant LLC an opportunity to correct and address any deficiencies that may exist. In the event that Reliant LLC fully addresses any deficiencies to the satisfaction of the Client, intended user(s) or their reviewers, these Parties agree that no further action shall be taken. If, however, the Client, intended user(s) or their reviewers do not believe that the issues have been fully resolved, Reliant LLC shall engage a third party expert of their choice to perform a professional review of the assignment. If that third party reviewer determines that the alleged issues have been resolved, the Client, intended user(s) or reviewers shall be responsible for the fee to that third party reviewer. If, however, the third party reviewer determines that the alleged issues have not been resolved, Reliant LLC shall have the opportunity to correct and address any deficiencies that may exist and is responsible for the fee to the third party reviewer. If, however, such issues are not fully addressed by Reliant LLC to the satisfaction of the third party reviewer, the Client, intended user(s) or their reviewers are released from the confidentiality requirement of this agreement and may submit the assignment to any applicable private or governmental body with jurisdiction over the matter.

53. **Unauthorized Third Party Liability to Reliant LLC for False Accusation:** The assignment is a private contract between Reliant LLC and the Client and intended user(s). Subject to the terms of this agreement, only the Client or intended user are permitted to submit this document to any applicable private or governmental body with jurisdiction over the matter without incurring any liability to Reliant LLC and the signatories of the assignment for false accusation, misrepresentation, slander or libel. In the event that the signatories of this assignment are found not to be in violation of any applicable governing regulations, any unauthorized third party that makes false accusations or submits this assignment to any applicable private or governmental body with jurisdiction over the matter accepts liability to Reliant LLC for attorney's fees incurred in their defense, lost income, damages to reputation of the signatories and firm and any and all other sources of economic damage that may result directly or indirectly from their said actions.

54. **Data Utilization:** The market and comparable data developed by the appraiser and presented in this report is being provided to the Client and Intended User(s) only within the context of this specific assignment. The Client and Intended User(s) are prohibited from distributing, disseminating, selling or otherwise profiting from this data outside the context of this assignment. The Client and Intended User(s) are, however, permitted to utilize this data strictly for their own internal purposes.

55. **Government Use:** This report contains sensitive information that may potentially cause harm to Reliant LLC if disseminated beyond the client(s) and intended user(s) described in the engagement documents and report. Therefore, subject to applicable law, any client(s) or intended user(s) that are local, state or federal government entities agree to use their good faith efforts to maintain the confidentiality of the comparable data presented within the report. Notwithstanding other provisions

of the engagement documents and report to the contrary, any client(s) or intended user(s) that are local, state or federal government entities may distribute this report as required or compelled to by law, but prior to release agree to redact all text, exhibits, photographs, maps or any other reference that identifies any comparable data used in the report where a party to the transaction (grantor, grantee, lessor or lessee) is not a government entity. The client(s) or intended user(s) and their agents are authorized to perform this redaction without consulting with, or obtaining any additional direction from Reliant LLC. The client(s) or intended user(s) may seek a written release from the above redaction requirement from Reliant LLC, who may provide such written release at its discretion. Furthermore, unless the client(s) or intended user(s) is expressly identified within the engagement documents and report as an assessment or taxation agency, and the intended use is to assist said agency in assessment or taxation matters, then unless otherwise required or compelled by law or court order to the contrary, any client(s) or intended user(s) that are local, state or federal government entities are not permitted to disseminate any contents of this report to any internal or affiliated assessment or taxation agency of the client(s) or intended user(s). If dissemination to such an assessment or taxation agency is required or compelled by law or court order, then the client(s) or intended user(s) agrees to perform the aforementioned redaction prior to distribution. Any internal or affiliated assessment or taxation agency that does obtain a copy of this report may not rely upon the report or disclose its contents. Release of this report to a local, state or federal government entity is not authorization to use the report or its contents for assessment or taxation purposes.

56. **Signatory Opinions Only:** The opinions and conclusions contained herein are developed and reported by the signatory(ies) and are exclusively those of the signatory(ies) only. This report does not necessarily reflect the opinions of Reliant LLC as a firm, or of any other Managing Members or employees.

Terms & Definitions

As Is Value[14]	*The estimate of the market value of real property in its current physical condition, use and zoning as of the appraisal date.*
Prospective Value[15]	*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[16]	*A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."*
At Completion Value[17]	*The market value at the effective date construction is completed or the certificate of occupancy is issued.*
At Stabilization Value[18]	*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 / Sum of Retail Values[19]	*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 the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the aggregate of the retail values or aggregate retail selling price.*
Value in Use (Use Value)[20]	*The value of a specific property for a specific use.*

[14] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[15] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[16] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[17] Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.
[18] Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.
[19] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[20] Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].

Business Value[21]	*The market value of a going concern, including real estate, personal property, and the intangible assets of the business.*
Going Concern Value[22]	*An outdated label for 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 market value of the total assets of the business.*
Client[23]	*The party or parties (i.e. individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.*
Intended Use[24]	*The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.*
Intended User[25]	*The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.*
Fee Simple Estate[26]	*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[27]	*The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.*
Leasehold Interest[28]	*The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.*
Real Estate[29]	*An identified parcel or tract of land, including improvements, if any.*
Real Property[30]	*An interest or interests in real estate.*
FF&E[31]	*Business trade fixtures and personal property, exclusive of inventory.*

[21] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[22] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[23] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[24] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[25] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[26] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[27] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[28] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[29] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[30] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[31] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Personal Property[32]	*1. The interests, benefits, and rights inherent in the ownership of tangible objects that are considered by the public as being personal; also called tangible personal property. 2. 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.*
Fixture[33]	*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.*
Trade Fixtures[34]	*Articles placed in or attached to rented buildings by a tenant to help carry out the trade or business of the tenant are generally regarded as trade fixtures. For example, a tenant's shelves used to display merchandise are trade fixtures and retain the character of personal property, as opposed to all other fixtures that were, but are no longer, personal property when they are attached to and become part of the real estate. Despite the consensus on the concept of trade fixtures in general, applicable law and custom govern when a specific item is a trade fixture in a particular assignment. Also called chattel fixture.*
Intangible Property[35]	*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[36]	*An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.*
Hypothetical Condition[37]	*A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.*
Gross Building Area[38]	*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 market area of the type of property involved.*
Rentable Area[39]	*For office or retail 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*

[32] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[33] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[34] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[35] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[36] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[37] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[38] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[39] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

	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.
Usable Area[40]	*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[41]	*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	*Lands that lie below the mean high watermark. These include lands that are awash by normal tidal flows and submerged lands below the mean low watermark.*
Upland[42]	*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[43]	*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[44]	*Land that is not needed to serve or support the existing use. 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 has the potential to be sold separately and is valued separately.*
Surplus Land[45]	*Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.*
Depreciation[46]	*In appraisal, 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.*

[40] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[41] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[42] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[43] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[44] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[45] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[46] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Entrepreneurial Profit (Developer's Margin)[47]	*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. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.*
Market Rent[48]	*The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).*
Exposure Time[49]	*The estimated length of time that 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.*
Marketing Time[50]	*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.*

[47] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[48] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[49] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[50] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Addendum: Subject Data

Addendum: Subject Data

FRANKLIN DOCK ENTERPRISES, LLC
Profit & Loss - Miners Cove Operations
January 2018 through December 2020

	Jan - Dec 18	Jan - Dec 19	Jan - Dec 20	Total
Ordinary Income/Expense				
Income				
4402 · Miner's Cove Rent	$ 296,432.04	$ 294,015.37	$ 110,161.56	$ 700,608.97
Total Income	296,432.04	294,015.37	110,161.56	700,608.97
Expense				
6900 · Miner's Cove Building Expenses				
6902 · Heating/Cooling System Maint.	4,564.79	7,690.58	1,027.51	13,282.88
6903 · Building Maintenance	9,405.14	20,900.52	88.00	30,393.66
6904 · Landscape Maintenance	472.98	5,712.61	2,360.68	8,546.27
6906 · Utilities	17,414.90	14,406.69	19,817.28	51,638.87
6908 · Miner's Cove Property Tax	53,486.55	53,486.55	53,486.56	160,459.66
6909 · Depreciation	80,637.00	80,637.00	79,012.00	240,286.00
Total 6900 · Miner's Cove Building Expenses	165,981.36	182,833.95	155,792.03	504,607.34
Total Expense	165,981.36	182,833.95	155,792.03	504,607.34
Net Loss	$ 130,450.68	$ 111,181.42	$ (45,630.47)	$ 196,001.63

These financial statements have not been subjected to an audit, review or compiliation engagement, and no assurance is provided on them.

Addendum: Experience Data

Kim M. Wold

Background

Mr. Wold's background includes over 40 years in the real estate appraisal sector. Mr. Wold has extensive experience in appraising properties such as single and multi-family residential, income-producing properties, special purpose properties (sawmills, fish processing plants, etc.), tidelands, logging camps, grocery stores, shopping centers, and aviation facilities. He also has extensive experience appraising urban and remote acreage of varying highest and best uses, such as residential, commercial, industrial, agricultural, forestry, mining claims, tidelands, recreational, etc. He has performed appraisals for mortgage underwriting, eminent domain, easement valuation, lease renewals, establishing market lease rates, and estate purposes.

Mr. Wold has appraised properties throughout Alaska, including Bristol Bay, Bethel, Anchorage, Haines, Hoonah, Juneau, Yakutat, Sitka, Wrangell, Petersburg, Craig, Klawock, Hydaburg, Metlakatla, Thorne Bay, Hollis, Ketchikan, Unalaska, Chignik, St. Paul Island, Kodiak Island, and numerous remote locations throughout Southeast Alaska.

Education

Real Estate Education

Mr. Wold has attended numerous appraisal-related courses presented by the American Institute of Real Estate Appraisers, Northwest Center for Professional Education, Marshall Valuation Service, University of Alaska, and the International Right-of-Way Association. Mr. Wold has also completed courses sponsored by the American Institute of Real Estate Appraisers and the Appraisal Institute in conjunction with the University of Portland, University of Colorado, University of San Diego, and Arizona State University. Specific courses completed include:

- Law and Value; Communication Corridors, Tower Sites & Property Rights, 2001
- Attacking and Defending an Appraisal in Litigation, 2001
- Valuation of Detrimental Conditions in Real Estate, 2002
- Appraisal Litigation Practice & Courtroom Management, 2003
- The Road Less Traveled: Special Purpose Properties, 2004
- Hospitality Properties, 2004
- Condominiums, Co-Ops, and PUDs, 2006
- Current Issues and Misconceptions in the Appraisal Practice, 2007
- Business Practices and Ethics, 2009

- Highest and Best Use and Market Analysis, 2009
- Self-Storage: Emerging Core Asset, 2011
- Fundamentals of Separating Real Property, Personal Property, & Intangible Business Assets, 2012
- Litigation Appraising – Specialized Topics, 2014
- Forecasting Revenue, 2015
- Review Theory, 2015
- Uniform Standards of Professional Appraisal Practice, 2018
- The Appraiser as an Expert Witness: Preparation and Testimony, 2019
- USFLA, 2021
- Evaluations & Other Report Alternatives, 2021

Employment History

Reliant, LLC	Appraiser, March 2019 to Present
Integra Realty Resources – Seattle	Appraiser, April 2017 to March 2019
Alaska Appraisal Associates, Inc.	President and Chief Appraiser, October 1978 to April 2017
Ketchikan Gateway Borough	Appraiser, January 1976 to October 1978

Designations, Certifications and Awards

State License's / Certifications

- State of Alaska, Certified General Real Estate Appraiser, License No. 52 (expires June 30, 2023).

Organization Affiliations, Offices & Memberships

- Senior Member – National Association of Review Appraisers and Mortgage Underwriters
- Associate Member – Appraisal Institute
- Fee Appraiser – Federal Housing Authority (FHA/HUD #2218)

Qualified Before Courts & Administrative Bodies

- US Bankruptcy Court
- Superior Court of the State of Alaska
- Superior Court of the State of Washington
- Board of Equalization for Ketchikan Gateway Borough and the City of Craig
- Testified in Internal Revenue Service tax appeal hearings

Partial List of Clients

Clients include:

Government Agencies (FDIC, State of Alaska, Federal, and Local)
Financial Institutions
Fisheries
Forestry
Native Corporations
Tourism

A more detailed list of clients and professional references is available upon request.

RELIANT LLC

Appraisers | Advisors

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
- Solid Confidentiality

Extensive Valuation & Consulting Services:

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

Extensive Market Knowledge:

- Institutional
- Hotels
- Apartment & Condominiums
- Health Care / Medical
- Affordable Housing / LIHTC
- Senior Housing / Assisted Living
- Lumber & Sawmills
- Shipyards & Marinas
- Truck Stops & Travel Centers
- Seafood Processing Plants
- Right-of-Way / Condemnation
- Remote Properties
- Industrial
- Ground Leases
- Office
- Retail
- Athletic Clubs
- High-Tech
- Vacant Land
- Parking Garages
- Movie Theatres
- Wetland Banking/Mitigation
- Residential Litigation Support
- Multifamily

9330 Vanguard Drive, Suite 201
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Phone: (907) 929-2226
Fax: (907) 929-2260
Email: admin@reliantadvisory.com
www.reliantadvisory.com

RELIANT LLC

Appraisal Assignment of:

Lot 3A, Thane Rd

900 Thane Rd
Juneau, Alaska 99801

Latitude: 58.292372, Longitude: -134.394702

Reliant Reference Number: 21-1490b

As of: January 1, 2021

Prepared for:
Franklin Dock Enterprises LLC

Appraisers | Advisors

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RELIANT LLC

Appraisers | Advisors

"reliable advice = reliable decisions"

Reliant's goal is to provide high-quality appraisals and consultation services to our clients that will empower them to make smart business decisions. Reliant takes pride in our ability to develop concise reports in a professional and timely manner. Reliant's experience positions us for success in each market served.

Experience

- Alaska grown–nationally known
- Over $2.5 billion in valuations performed
- Alaska expertise with national experience
- Three designated members of the Appraisal Institute (MAIs)
- 100+ years of combined experience

Quality of Work

- Detailed reporting: enough information to support the value estimate and understand how the appraiser arrived at that value
- Professional reporting: double-sided, full-color reports
- Comprehensive market research and confirmation of comparables
- Quality analysis, including use of ARGUS cash flow software
  User-friendly reports

Timeliness

- Reliant LLC will not make commitments they cannot meet
- Standard turnaround times are 3–4 weeks
- 10 business day turnaround times available upon request for most property types

Services

Reliant LLC is a full-service real estate appraisal/valuation and consulting/advisory firm providing research, analysis and reporting on a wide variety of property types throughout Alaska. Our services include:

- Appraisal/valuation
- Appraisal review
- Buy/sell or lease analysis
- Cash flow modeling
- Due diligence
- Eminent domain/condemnation
- Estate planning and documentation
- Historic appraisals
- Investment analysis and modeling
- Litigation and arbitration support
- Market feasibility and analysis
- Market studies and research
- Property tax consulting and appeals
- Settlement Trust land appraisals
- Site and building selection
- STARK Law compliant rent studies

Geographic Expertise

Serving both urban and rural Alaska. Here are examples of cities/communities that we have served: Anchorage, Bethel, Bristol Bay Borough, Cordova, Delta Junction, Fairbanks, Haines, Homer, Juneau, Kenai, Ketchikan, Kodiak, Kotzebue, Matanuska Susitna Borough, Nenana, Nome, Seward, Sitka, Soldotna, Talkeetna, Unalaska/Dutch Harbor, Valdez, Wasilla, Whittier, Wrangell, Yakutat, and many other communities throughout Alaska.

RELIANT LLC

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Letter of Transmittal

February 22, 2022

Mr. Reed Stoops
Franklin Dock Enterprises LLC
350 N Franklin St, Unit 2
Juneau, AK 99801

RE: **Lot 3A, Thane Rd**
900 Thane Rd
Juneau, AK 99801

Dear Mr. Stoops:

At your request, an appraisal of the above referenced property has been prepared. The results of the assignment are presented in *Appraisal Report* format. The purpose of the assignment is to estimate the market value of the real estate retrospectively as of January 1, 2021. The *Fee Simple* interest in the subject has been analyzed.

The client(s) of this assignment is Franklin Dock Enterprises LLC. The intended user(s) of the report is the Client, for the intended use of tax assessment analysis. Although other parties may in some cases obtain a copy of this report, it should not be relied upon by anyone other than the intended user(s), or for anything other than the intended use.

This assignment has been prepared and presented in conformance with the scope of work developed in consultation with the client, 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.

The subject is a vacant site containing 136,317 sq. ft. The site is improved with a generator plant building. The subject's exterior has been observed, 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.

RE: **Lot 3A, Thane Rd**

Information provided by the City/Borough of Juneau's Assessor to the Board of Equalization for their meeting on February 15, 2022 included the following:

"Assessed Values. Remember that the total assessed value is the primary test against market. The distribution of that value between the Land Component and the Building Component is secondary and can vary from one model to another. The total assessed value is tested against market indicators (sales, lease rates, etc.) and is adjusted to market value by application of market area and feature adjustments.

All three approaches to value (Cost, Sales Comparison and Income) are considered for commercial properties."

As a result of research and analysis, the value estimate(s) for the subject is/are as follows:

FINAL MARKET VALUE ESTIMATE	
Lot 3A, Thane Rd	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Final Market Value Estimate	**$1,807,000**

The value estimates are based on a marketing period of approximately 12 months and an exposure period of approximately 12 months. 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,

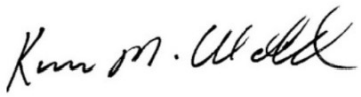
Kim Wold
Senior Appraiser

kim@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 are 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. Engagement in this assignment was not contingent upon their developing or reporting predetermined results.
6. Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value/assignment result or direction in value/assignment result 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 assignment.
7. Analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. 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.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. A personal walk-through of the subject property has been made by Mr. Wold.
11. 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.
12. They have not provided a previous service, as an appraiser or in any other capacity, regarding the subject within the three years prior to accepting this assignment.
13. As of the date of this report, Kim Wold has completed the requirements of the continuing education program for Candidates / Practicing Affiliates of the Appraisal Institute, and for certified appraisers in the State of Alaska.



Kim Wold
Alaska Certified General – No. 52

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Assignment-Specific Premises & Special Risk Factors

Overview

The information presented in this section is for convenience purposes only and the intended user should read and understand the report in its entirety as there may be additional highly relevant information contained within the body of the report.

General assumptions and limiting conditions, which apply to all assignments, are presented in the report Addenda. In addition, the following assumptions and limiting conditions are presented separately in this chapter because they are specific to the current assignment. All the assumptions and limiting conditions, whether general or specific and regardless of location within the report, are of equal relevance and importance, and should be carefully reviewed and understood by the intended user(s).

Assignment-Specific Extraordinary Assumptions, Limiting Conditions

Extraordinary assumptions and extraordinary limiting conditions specific to this assignment follow. The value estimate(s) presented in this report may be amended if the extraordinary assumptions or limiting conditions are found to be false. The reader is advised that the use of these assumptions and limiting conditions might have affected the assignment results.

1. We have relied upon a cost estimate provided by PND Engineers for installing rip-rap along the waterfront to prevent future erosion.

2. We have relied upon a cost estimate provided by a principal with Alaska Marine Lines for the cost of removing the functionally obsolete barge ramp structure.

3. It is assumed that the City/Borough of Juneau Assessor's estimated depreciated replacement cost for the steam plant structure is correct.

Assignment-Specific Hypothetical Conditions

Hypothetical conditions specific to this assignment are as follows. The reader is advised that the use of these hypothetical conditions (if any) might have affected the assignment results.

This appraisal is not predicated on any hypothetical conditions.

Special Risk Factors

A special risk factor is defined as a risk that is extraordinary (atypical and unusual), whose potential impacts are not easily quantifiable, that may presently, or at some point in the future, impact the subject and/or all asset classes of real estate, including the subject.

1. The general consensus is the worst of COVID-19 is past. Nonetheless, the COVID-19 pandemic situation remains fluid and is a special risk factor that, to varying degrees, may presently, or in the immediate future, impact fundamental real estate market conditions. Given the fluid environment and complex biology involved, the intended user is advised to perform their own research on COVID-19 and carefully understand the potential impacts on their real estate related decisions.

Assignment Overview

Identity of Property

Name	Lot 3A, Thane Rd
Brief Description	The subject is a vacant site containing 136,317 sq. ft. The site is improved with a generator plant building.
Address	900 Thane Rd Juneau, AK 99801
Geo Coordinates	Latitude: 58.292372, Longitude: -134.394702
Physical Location	The subject is located on south side of Thane Rd.
Assessor's Tax Parcel Number(s)[1]	1C100K830040
Abbreviated Legal Description	*Lot 3A, Plat 96-71, Juneau Recording District.* (Per Department of Natural Resources Records)
Current Use	Industrial
Appraised Use	Industrial
Highest and Best Use	
AS VACANT	May include development as industrial or other unidentified use once feasibility has been ascertained.
AS IMPROVED	Highest and best use as improved is redevelopment with industrial improvements when financially feasible.

Scope of Assignment

Value Definition(s)	The following definition(s) of value is/are utilized in this report:
MARKET VALUE (OCC)[2]	*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*

[1] Per Tax Assessor Records.
[2] Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.43 Definitions [g].

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.*

Other Definitions	Please refer to the Terms & Definitions section presented in the Addenda for additional definitions of significant terminology used in this report.
Purpose	To estimate the market value of the real estate retrospectively as of January 1, 2021.
Intended Use	The intended use of the assignment is for tax assessment analysis. It should not be relied upon for any other uses.
Client(s)	Franklin Dock Enterprises LLC
Intended User(s)	Franklin Dock Enterprises LLC (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
Report Presentation	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary of the appraisal process, subject and market data, and valuation analyses. The level of detail and discussion presented varies with the significance of the information to the appraisal, within the context of the intended use and intended user(s).
Walk-Through Date	October 22, 2021
Effective Date	January 1, 2021
Report Date	February 22, 2022

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(s) 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, Assignment-Specific Extraordinary Assumptions and Limiting Conditions, and Assignment-Specific Hypothetical Conditions discussed throughout this report and Addenda. The Scope of Work has also been limited based on the level of information / documentation available to the appraiser. Please reference the assignment-specific extraordinary assumptions, limiting conditions and hypothetical conditions presented in the prior chapter. There are no other major limitations to the scope of work for this assignment.

Compliance

The analysis and reporting of this assignment are compliant with the following:

- Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation.
- The bylaws of the Appraisal Institute.

Special Client Instructions

None

Subject Walk Through

The subject's exterior has been observed, and photographs taken. The scope of this walk-through is presented on the following table.

SCOPE OF WALK THROUGH

Item	Viewed?
Neighborhood	Yes
Subject Exterior	Yes
Subject Interior	No
Subject Restrooms	No
Subject Roof	No
Subject Mechanical Rooms	No
Subject Crawl Spaces or Attics	No
Subject Ceiling Spaces	No

Information Provided to Appraiser for Consideration

Primary data was obtained 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:

- Three years of historic operating data

- Plat map
- Rock revetment cost estimate
- Cost estimate for removal of barge ramp

The following information was not available to the appraiser:

- Tax returns
- Architectural plans
- Building sketch
- As built
- Building area study
- Title report
- Preliminary commitment for title insurance
- Copies of lease documents
- Rent roll
- Lease abstracts
- Environmental study
- Engineering study
- Construction costs
- Renovation costs
- Recent capital improvements
- Feasibility study
- Market study
- A prior appraisal

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 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.

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.

COST APPROACH 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.

SALES COMPARISON APPROACH This approach was developed because it is necessary to develop a credible and reliable estimate of market value for this property type. This approach was used to develop the land value.

INCOME CAPITALIZATION APPROACH This approach was not developed because the subject does not generate sufficient income to justify development of this approach.

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 like 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. Extensive research to identify transactions involving similar properties was performed.
13. An analysis of the subject and available data was performed using commonly accepted valuation techniques and methodologies.
14. 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 and Sales Information

Current Owner of Record

According to Department of Natural Resources Records, the appraised interest in the subject is presently owned by Franklin Dock Enterprises LLC.

Three Year Transaction History

Disclosure and analysis of the subject's transaction history (sales, agreements of sale, options, and listings) 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.

Competency of Appraiser

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

Area Data

COVID-19

The World Health Organization declared the coronavirus (COVID-19) as a global health emergency on January 30, 2020. The President declared a national emergency on March 13, 2020. The outbreak caused heightened health, economic and financial uncertainty in both local and global markets. International travel restrictions have been implemented by many countries, including the United States. Public events, meetings and assemblage have been largely cancelled and additional public health guidance and restrictions are anticipated. Global financial markets were negatively impacted as a result of the response of governments and the public to the virus. In response, the Federal Reserve made an emergency cut to interest rates on March 16, 2020, slashing the federal funds rate by 1 percent to a range of 0-0.25 percent (effectively zero). As shown on the following table, through various legislative acts, total COVID-19 stimulus is estimated at $5.335 trillion dollars.[3] There are now multiple vaccines available that are expected to be fully distributed to the general public by the end of 2021. Additional stimulus in the form of spending bills continues to be proposed and passed, but as conditions improve, the general trend is towards a reduction in stimulus levels over time.

With vaccination of the general population anticipated to be completed in 2021, most market participants believe that the end of COVID-19 is approaching. Economic trends, including airline travel, employment data, manufacturing output, retail expenditure, stock market valuations and other data points strongly suggest that most, but not all, of the economic recovery has already occurred. Thus, at this point, the economic data points to a "V" shaped recession and recovery.

At this point, the greatest risk is that a new vaccine resistant strain of the virus develops. The COVID-19 Delta variant is one possible example, resulting in the first increase in cases and hospitalizations in some time. That said, the continued expectation is that 2021 will be the year that the economy opens back up with an economic recovery carrying into 2022.

Regional Area Data

Although elements of Alaska's economy are directly affected by certain national and international factors (e.g. interest rates, the value of the U.S. Dollar, etc.), Alaska's economic cycles do not typically align with the rest of the nation for several reasons. First, is that Alaska is a "resource" state and contains some of the most abundant reserves of oil, natural gas, coal, gold,

[3] Peter G. Peterson Foundation, March 15, 2021, https://www.pgpf.org/blog/2021/03/heres-everything-congress-has-done-to-respond-to-the-coronavirus-so-far

silver and other precious minerals on the planet. Alaska is also plentiful in renewable natural resources, including fish and timber. In terms of natural resources, it is not an understatement to describe Alaska as being "rich". Thus, the respective supply of these commodities, including their financial feasibility to bring to market, and prices set by global markets, are the primary influence on the economy. Second, is the relative absence of manufacturing and technology, which in recent history have been the driving factors in U.S. economic cycles. Third is Alaska's location, which although central to the industrialized world by air, is remote relative to the rest of the U.S. One dramatic instance of when Alaska's economy diverged from the Nation's was during the Great Recession when employment in Alaska continued to increase, resulting in 21 years of continuous job growth in the state.

Today, the State's economy is more diverse than it ever has been. However, the tripod that continues to support the economy is made up of oil/gas, Federal and State spending[4], and the other sectors (other mining/natural resources, hospitality/tourism, manufacturing/fishing, and transportation to name a few). Most of the economic weighting continues to be on oil.

While oil production steadily decreased from their peak in the late 1980s, the price has been volatile. Between 2013 and early 2014, oil showed stability above $95/barrel. Due primarily to a glut of new supply from the U.S. and some decreases in global demand, prices began to slide in mid-2014. ANS crude prices dropped from over $100/barrel at the beginning of 2014 to $55/barrel by the end of that year, and they fell even further to around $30/barrel by the beginning of 2016 but have generally trended upward since that time. While oil prices averaged at $65/barrel in 2019, oil demand took a major hit due to the COVID-19 virus and an OPEC price war in 2020, with prices dropping below $10/bbl early in the year. Over the course of the year, they have recovered to stand in the range of $60/barrel.

The decline in the price of oil has resulted in a decline in State revenues and a significant budget shortfall.[5] Thus far, the budget shortfall has been addressed by a combination of tapping into reserve accounts[6] (all years), eliminating 50% of the Permanent Fund dividend paid to Alaska residence (2018) or tapping into the Permanent Fund's Earnings Reserve Account (ERA) (2019). For several reasons, the budget shortfall is largely a political, rather than an economic issue. First, while politically difficult, the State continues to have opportunities to cut spending over historic levels.[7] Second, there are no personal taxes in place at the State level and, while also politically difficult, if necessary, these could be adopted. Finally, the State

[4] State spending is almost entirely dependent on oil taxation, which in turn is based on production levels and the price of oil.
[5] According to Alaska Tax Division Director Colleen Glover, every dollar change in the price of Alaska North Slope crude equates to roughly $42 million more, or less, to the state treasury.
[6] As of December 31, 2019, the State had $2.16 billion in reserves (CBRF), roughly 20% of the original balance.
[7] There is consensus among nearly all Alaskan's that additional spending cuts are possible. However, to the extent that the proposed spending cuts result in an actual reduction of services they become a point of vigorous debate.

has over $67 billion within the Permanent Fund, nearly $18 billion of which is within the ERA and can be used to fund the State government by a simple majority vote of the Legislature (as occurred in 2019). The question is not therefore whether State can pay its bills, but rather what level of services its citizens desire and how it chooses to pay for those services. The major concern moving forward is the degree to which each of these respective choices would impact the general economy, which, before being hit by COVID, had recently returned to positive economic growth after a mild three-year recession.

While oil prices remain a concern, oil production and reserves have been increasing. Oil Search discovered an oil field at Pikka in 2017 that could yield 500 million to as much as 3 billion barrels of oil. Caelus is reporting its Smith Bay find at 6 billion barrels or more. In July 2018 ConocoPhillips announced its Willow field could hold 500 million to 1.1 billion barrels. A federal judge has ruled against the Willow E.I.S., which will delay the project. Upon development, these finds could reportedly yield several hundred thousand barrels per day in the future, although it would be at least several years before that could begin.

With Democratic control of the three elected branches of government and their concerns over global warming, the oil industry, and therefore Alaska, may be facing strong pollitical headwinds. After a 40-year battle, in 2017, ANWR was opened to oil and gas drilling. Unfortunatley, by executive order, in January 2021 President Biden eliminated all leasing in ANWR. Proposals are being considered to eliminate oil leasing on Federal lands. The political decision to replace gas combustion engines with electric cars will take time to impliment, but has significant mid to long-term consequences for oil demand and Alaska. Due to their concerns over global warming, several lenders have indicated that they will not finance any new oil field development, however, this is viewed as largely a symbolic political position that will not ultimately impact the development of financially feasible fields.

While seafood harvests, pricing and supply and demand conditions remain relatively stable and healthy for most fisheries, certain segments and regions of the Alaska seafood market are experiencing a surplus of processing capacity in some areas. Two portfolios of Alaska processors have changed ownership this year. In addition, Ocean Beauty Seafoods and Icicle Seafoods have combined their Alaska operations. In general, the seafood outlook is for continued health and stability for the market overall, but with certain segments and regions experiencing softness and even potentially contraction, which could impact fishermen, suppliers, and processing employment. The Alaska salmon harvest in 2021 has far exceeded expectations. There will be no red King crab harvest in Bristol Bay in 2021. An impasse with US Customs regarding the Jones Act could have a negative impact on Unalaska and other area pollock processors.

Also buttressing the Alaskan economy is the level of federal spending in the

state. For example, in FY 2014, the U.S. government sent a total of $11.3 billion to Alaska and its residents.[8] This sum made Alaska the third highest recipient of per capita federal dollars for the year (behind Maryland and Virginia). In fact, the level of federal spending in Alaska, per capita, is approximately 50% above the national average. 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 has had stong growth in recent years. Tourism has also been a bright spot with record numbers of cruise ship berthings and visitors. The current crisis withstanding, in the long-term, State economists expect that the combination of a strong national economy and new cruise ship entrants to the Alaskan market will have a favorable impact on this industry and Alaska. Precious metals, including gold, continue to perform well and the mining industry is healthy at this time. Alaska Native Corporations are one of the major bright spots of the Alaska economy and continue to expand their Alaska, national and international businesses.

As a result of the lower oil prices, between 2016 and 2018, the State was in a mild recession with mildly contracting employment. In 2019, the State returned to positive but limited employment growth. According to the January 2021 Alaska Economic Trends report, 2020 saw a historic decline in employment with unemployment hitting 13.7% in April and slowly improving throughout the year.

Key economic indicators are summarized on the following chart.

8 http://www.pewtrusts.org/~/media/assets/2016/03/federal_spending_in_the_states_20052014.pdf, accessed Jan-2017

Alaska: Key Economic Indicators

Item	2014	2015	2016	2017	2018	2019	2020
Resources							
Oil Price (Avg. $/Barrel)	$97.74	$52.10	$43.04	$54.28	$71.44	$65.49	$41.72
Avg. Daily Oil Production (000s Barrels)	546.6	519.3	531.1	540.5	550.0	547.7	- - -
Oil Value (Billions)	$19.5	$9.9	$8.3	$10.7	$14.3	$13.1	- - -
Gold Price (Avg. $/Ounce)	$1,184	$1,061	$1,152	$1,303	$1,283	$1,517	$1,734
GDP: Mining (Millions)*	$14,046	$7,637	$6,351	$8,496	$9,302	$8,424	$4,648
GDP: Agriculture, Forestry & Fishing (Millions)	$495	$461	$405	$391	$407	$409	$331
Salmon & Herring Catch (000s lbs.)	812,665	1,163,639	639,519	1,102,192	652,434	916,685	- - -
Salmon & Herring Exvessel Value (Millions)	$631	$502	$492	$796	$592	$715	- - -
Tourism							
Cruise Ship Visitors	967,500	999,600	1,025,900	1,089,700	1,169,000	1,331,600	- - -
Total Visitors	1,659,600	2,066,800	1,857,500	1,926,300	2,026,300	2,213,000	- - -
Demographics							
Population	742,404	741,123	752,680	744,733	750,876	755,517	760,206
Avg. Household Income	$85,010	$88,585	$91,524	$93,039	$96,273	$96,534	$97,941
Per Capita Income	$31,800	$33,111	$34,264	$34,879	$35,888	$35,589	$36,233
Employment							
Unemployment Rate (%)	6.9%	6.5%	6.9%	7.0%	6.6%	6.3%	8.2%
Employment (% Chng.)	0.5%	0.3%	-1.7%	-1.3%	-0.5%	0.5%	-3.9%
Alaska Permanent Fund (PF)							
PF Distribution ($/Person)	$1,884	$2,072	$1,022	$1,100	$1,600	$1,606	$992
PF Value (Billions)	$51.2	$52.8	$52.8	$59.8	$64.9	$66.3	$65.3
State Budget							
State Budget (Millions) [2014=FY14]							
Revenue	$10,665	$9,259	$7,063	$6,553	$6,972	$10,557	$9,925
Operating	$8,569	$11,610	$8,520	$8,078	$8,039	$8,748	$8,504
Capital	$1,972	$1,943	$1,478	$1,551	$1,414	$1,447	$1,276
Total Spending	$10,540	$13,553	$9,998	$9,629	$9,453	$10,195	$9,780
Fiscal Gap	$21,205	$22,812	$17,061	$16,182	$16,425	$20,752	$19,705
Other							
Mortgage Foreclosure & Delinquency Rates**	0.9%	0.7%	0.6%	0.8%	0.7%	0.6%	0.6%

*GDP: Mining 2020 numbers are for Q1-Q3. Q4 not available at the time of research (3/2021)

**Mortgage Foreclosure & Delinquency Rate for 2020 is the average for the months of Jan. - Jun. 2020. Full year numbers not available at time of research (3/2021)

Employment trends by industry are presented below on the following chart:

AK DOL Statewide Employment Forecast

The outlook for statewide jobs, by industry

					JOBS FORECAST		
	Monthly avg, 2019[1]	Monthly avg, 2020[1]	Change, 2019-20	Percent change	Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT[2]	**329,900**	**302,700**	**-27,200**	**-8.2%**	**311,300**	**8,600**	**2.8%**
Total Private	250,100	225,400	-24,700	-9.9%	234,700	9,300	4.1%
Mining and Logging	13,400	11,400	-2,000	-14.9%	11,000	-400	-3.5%
Oil and Gas	9,900	7,900	-2,000	-20.2%	7,400	-500	-6.3%
Construction	16,400	15,800	-600	-3.7%	16,100	300	1.9%
Manufacturing	13,100	12,200	-900	-6.9%	12,900	700	5.7%
Transportation, Trade, and Utilities	64,600	58,200	-6,400	-9.9%	61,700	3,500	6.0%
Wholesale Trade	6,600	6,200	-400	-6.1%	6,200	0	0.0%
Retail Trade	35,500	33,100	-2,400	-6.8%	34,900	1,800	5.4%
Transportation, Warehousing, and Utilities	22,500	18,900	-3,600	-16.0%	20,600	1,700	9.0%
Information	5,300	4,900	-400	-7.5%	4,900	0	0%
Financial Activities	11,700	11,000	-700	-6.0%	11,200	200	1.8%
Professional and Business Services	27,700	25,800	-1,900	-6.9%	26,400	600	2.3%
Educational (private) and Health Services	50,800	49,600	-1,200	-2.4%	50,200	600	1.2%
Health Care	38,500	38,000	-500	-1.3%	38,400	400	1.1%
Leisure and Hospitality	36,100	26,500	-9,600	-26.6%	30,000	3,500	13.2%
Other Services	11,000	10,000	-1,000	-9.1%	10,300	300	3.0%
Total Government	79,800	77,300	-2,500	-3.1%	76,600	-700	-0.9%
Federal, except military	14,800	15,300	500	3.4%	14,800	-500	-3.3%
State, incl. University of Alaska	23,200	22,400	-800	-3.4%	22,000	-400	-1.8%
Local and tribal, incl. public schools	41,800	39,600	-2,200	-5.3%	39,800	200	0.5%

[1]Preliminary and adjusted estimates. [2]Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

In summary, the near-term Alaska economy is best described as "mixed" at this time with softness in the oil industry largely being offset by strength in other areas of the economy. Reflecting an anticipated "V" recovery from COVID, the Alaska Department of Labor forecasts employment growth of approximately 8,600 jobs in 2021. Continued low interest rates and high levels of liquidity will be important components of economic recovery. The general consensus of market participants is that this trend of positive employment growth will continue for the next several years, but that it may take some time before levels recover to pre-COVID levels. This, in turn, suggests continued stability and health for the Alaska economy.

Local Area Data

Overview

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 main 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,

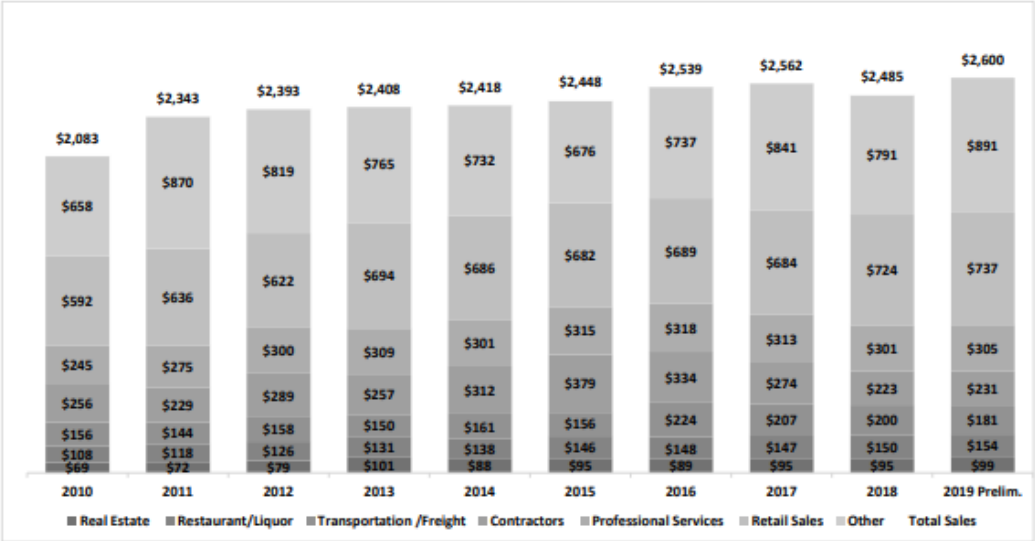
governor's house, and most state and federal offices, as well as cruise ship wharves. The third district is Lemon Creek, which is situated between Downtown and Mendenhall Valley. This area offers a number of retailers (i.e. Home Depot, Costco), as well as office and light industrial buildings. Further to the west is Auke Bay, offering the Alaska Marine Highway ferry terminal and the University of Alaska Southeast campus. Of final note, Douglas Island - located across Gastineau Channel to the south of Downtown - is a popular residential area developed with numerous small residential neighborhoods along its shore.

Economy and Employment

The economy of Juneau is broad based; however, federal, state, and local government employs a significant portion of the workers in the community. Because of the high concentration of public sector employment, the job market is viewed as being relatively stable. State employment, which is largely supported by oil revenues, remains the largest portion of Juneau's economic base. Approximately 37% of Juneau's jobs and 45% of wages are provided by federal, state and local government, though overall government employment fell by 717 jobs, or 9.6%, from 2010 through 2019.

The following table from the December 2020 Juneau Economic Development Council annual report details historic gross business sales in Juneau by category

Figure 53: Business Sales in Juneau by Business Category (in Millions), 2010– 2019 (Preliminary)



Source: City & Borough of Juneau Sales Tax Office and CBJ Comprehensive Annual Financial Report, July 1, 2018- June 30, 2019, Statistical Section. **Note:** "Other" category includes mineral sales, wholesale equipment, food suppliers, and fuel companies.

TOURISM

Tourism has been the largest private sector employer, providing over 2,200 jobs and contributing over $636 million counting all income from sources associated with the cruise industry. The tourism industry had had reached record highs prior to the 2020 coronavirus pandemic, which cancelled the 2020 cruise season. The number of cruise passengers visiting Southeast Alaska (nearly all of which stop in Juneau) over recent years is shown in the following table.

Southeast Alaska Cruise Passengers			
	Actual	Pre-Covid Projection	Change
2021	115,755	1,540,000	9.2%
2020	24	1,410,000	5.9%
2019	1,331,600		13.9%
2018	1,169,000		7.3%
2017	1,089,700		6.2%
2016	1,025,900		3.2%
2015	994,000		2.7%
2014	967,500		-3.2%
2013	999,600		6.7%
2012	937,000		6.1%
2011	883,000		0.8%
2010	875,593		-14.0%
2009	1,018,700		

Source: Cruise Line Industries of Alaska

The decline in 2014 was attributed to a reduction in capacity. Spending by cruise passengers in 2017 injected at least $176,500,000 into the Juneau economy. Preliminary data indicates the number of cruise passengers arriving in 2019 was 1,310,000. Cruise Lines International Association estimates over $200,000,000 in spending by passengers in 2019. Recent studies commissioned by the City of Ketchikan project up to 1.8 million Southeast Alaska passengers by 2030, with a low range estimate of 1.3 million.

In September 2019 Norwegian Cruise Lines emerged as the winning bidder in a sealed-bid auction to purchase the 3-acre subport property owned by the Alaska Mental Health Trust. This waterfront site is located to the northwest of the current cruise ship docks. The cruise line bid $20 million for the site, about 50% more than the next highest bidder, Royal Caribbean Cruises which offered $13 million. There have been no specific plans for development announced, however, it is speculated that the site will accommodate new cruise ship berthing capacity. The price paid for the site is a record-setter, and the interest by cruise lines in the property is indicative of the long-term prospects for cruise tourism in the region.

No large cruise ships visited Alaska in 2020. On February 4, 2021, the Canadian government announced a prohibition on cruise vessels carrying 100 or more people through February of 2022 which negates the large cruise ship voyages to Alaska that originate in Vancouver B.C. Canada, or for ships sailing from Seattle to stop in Victoria B.C. It is worth noting that the Canadian order allows for it to be rescinded if risks to public health are mitigated, for instance via widespread vaccination.

The U.S. Passenger Vessel Services Act (PVSA) requires cruise ships prohibits transport of passengers between U.S. ports on any vessel that is not U.S.-flagged, with the exception of round-trip voyages originating in the U.S. including stops at a foreign port during the voyage. Alaska cruises originating

in Seattle typically satisfy this requirement by visiting Victoria B.C. Canada. Congress passed temporary suspension of the PVSA to allow sailings between Washington state and Alaska in 2021. This allowed for a resumption of sailing from Seattle to Alaska. The number of cruise passengers arriving in Juneau will likely be less than 150,000.

OTHER SECTORS

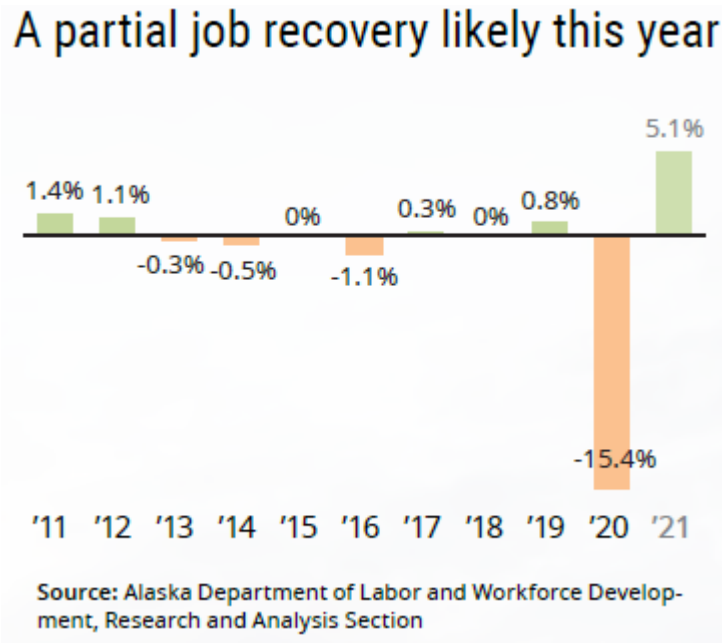
Commercial fishing and mining play lesser roles in the Juneau economy. Greens Creek Mine, which is located west of Juneau, is the largest silver producer in the United States. Employment, housing, and support services for Greens Creek Mine are provided in Juneau. The Kensington Mine began production in July 2010. Currently, the Greens Creek Mine and the Kensington Mine have approximately 330 and 200 employees, respectively. They have a combined payroll in excess of $50 million. The average salary is $91,000 per miner.

DIPAC operates a salmon hatchery in Juneau. The hatchery employs 40 persons and supports 650 jobs in the region and $25 million in labor income. Taku Smokeries and Alaska Glacier Seafoods have processing plants in Juneau. The primary species harvested are the five species of salmon, shrimp, crab, halibut, and black cod.

Forecasts for seafood harvesting jobs are not reported due to harvesters being considered self-employed, but they do drive employment in processing plants, which falls under manufacturing. Job forecasts are more closely attached to the predictions of fish runs. The 2021 salmon harvests in Southeast Alaska have exceeded preseason projections. Prices and demand for Alaska seafood are favorable for Juneau processors.

Juneau is well established as a service, supply, and medical center for the northern regions of Southeast Alaska. Bartlett Hospital is a regional medical facility equipped with state of the art diagnostic equipment. Big box retail establishments include Fred Meyer, Costco, and Home Depot.

Although Juneau's economy in particular has been fairly stable, Southeast Alaska as a region lost employment in four of the last ten years according to the Alaska Department of Labor (AKDOL). Southeast began losing jobs in 2013, two years before the statewide recession began, but it resumed growing nominally in 2017. Prior to the coronavirus pandemic 2020 was projected to see another year of growth similar to 2019, but instead incurred a huge loss in jobs, of which 72% were in the leisure and hospitality sector. 2021 is projected to see recovery of about one-third of the jobs lost in 2020. Historic employment changes are presented in the following chart:



Southeast as a region is expected to see minor growth over the next year in transportation, retail and health care, which will be largely offset by losses in manufacturing, state and local government. The average monthly unemployment rate in Juneau during 2020 was 7.4%, up from 2019's 4.6%. Viewing employment on a monthly basis, the entire 2020 drop in employment was during the months of April through October, coinciding with tourism season. The increased 2020 unemployment also does not directly show the 8,526 labor-months that were lost from the labor force in 2020, which if divided by the nine-month tourism season could indicate 1,218 seasonal imported tourist industry jobs that simply did not exist in 2020. See the following table from Alaska Department of Labor's January 2021 *Economic Trends* showing the historic and forecasted trends in employment.

The outlook for jobs in Southeast, by industry

					JOBS FORECAST		
	Monthly avg, 2019[1]	Monthly avg, 2020[1]	Change, 2019-20	Percent change	Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT[2]	37,000	31,300	-5,700	-15.4%	32,900	1,600	5.1%
Total Private	24,500	19,400	-5,100	-20.8%	21,300	1,900	9.8%
Mining and Logging	1,100	1,000	-100	-9.1%	1,100	100	10.0%
Construction	1,300	1,300	0	0%	1,400	100	7.7%
Manufacturing	1,800	1,600	-200	-11.1%	1,700	100	6.3%
Transportation, Trade, and Utilities	7,500	5,200	-2,300	-30.7%	6,000	800	15.4%
Retail Trade	4,200	3,300	-900	-21.4%	3,600	300	9.1%
Information	500	400	-100	-20.0%	400	0	0%
Financial Activities	1,000	1,000	0	0%	1,000	0	0%
Professional and Business Services	1,600	1,400	-200	-12.5%	1,500	100	7.1%
Educational (private) and Health Services	4,200	4,000	-200	-4.8%	4,100	100	2.5%
Leisure and Hospitality	4,300	2,500	-1,800	-41.9%	3,100	600	24.0%
Other Services	1,200	1,000	-200	-16.7%	1,000	0	0%
Total Government	12,500	11,900	-600	-4.8%	11,600	-300	-2.5%
Federal, except military	1,400	1,400	0	0%	1,400	0	0%
State, incl. University of Alaska	4,700	4,400	-300	-6.4%	4,100	-300	-6.8%
Local and tribal, incl. public schools	6,400	6,100	-300	-4.7%	6,100	0	0%

[1]Preliminary and adjusted estimates. [2]Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Housing

The residential housing market has an inadequate supply of single-family residential units. In the 3rd Quarter of 2020 single family homes sold for a median of $442,000 (up 5.3% over 2019 and 13.6% over 2018) with an average of nine days on market. The supply of condominiums and townhomes has been tight as well, after 210 such sales in 2018 there were only 120 in 2019. The City/Borough of Juneau developed a residential subdivision called Peterson Hill at a cost exceeding $100,000 per lot.

Developers have single family and condominium projects under construction. Most of these projects are targeted toward the lower and median price markets. Upper income oriented homes are selling at a better rate. Commercial construction is slow with a low level of speculative development. Development of new residential subdivisions is commencing. New demand for homes in the $800,000 to $1,700,000 range is an emerging trend.

The Juneau Economic Development Council published their annual report in December 2021. This report stated that the Juneau vacancy rate decreased in 2020 to 4.4%, down from 6.0% in 2019 while average rental rates increased by 2.5% to $1,221/month. Several apartment projects are in the planning stages. The apartment market may become over built if all of the proposed projects get built. The following table summarizes the rental housing market data since 2010.

AHFC City & Borough of Juneau Rental Housing Market History

	Avg Rent		Median Rent		No. of Units		
Year	Contract	Adjusted	Contract	Adjusted	Surveyed	Vacant	% Vac
2020	$1,221	$1,305	$1,175	$1,257	1,116	49	4.4%
2019	$1,191	$1,260	$1,100	$1,167	1,087	65	6.0%
2018	$1,183	$1,330	$1,100	$1,261	989	41	4.1%
2017	$1,174	$1,305	$1,100	$1,243	1,003	57	5.7%
2016	$1,185	$1,333	$1,100	$1,253	1,062	35	3.3%
2015	$1,151	$1,300	$1,100	$1,201	1,084	37	3.4%
2014	$1,117	$1,259	$1,050	$1,173	1,000	34	3.4%
2013	$1,053	$1,179	$1,000	$1,100	936	33	3.5%
2012	$1,039	$1,155	$980	$1,066	1,009	32	3.2%
2011	$1,046	$1,158	$975	$1,072	1,141	36	3.2%
2010	$1,046	$1,149	$990	$1,052	1,159	48	4.1%

*This data includes single family home rentals; in 2020 92.7% of the surveyed units were apartments, which had an average vacancy of 4.1% and average contract rent of $1,187

Real Estate

The commercial real estate market is moderately appreciating overall, with supply and demand seemingly in balance. Industrial rentals are in short supply. There has been strong absorption of industrial land in the past 24 months, indicating pent-up demand. Confidence toward the near-term future of Juneau's residential sector of the economy in 2020 has increased despite concerns around the State budget. The typical marketing time remains less than 90 days.

Due to State of Alaska budget shortfalls, some market participants are taking a more cautious view of the economy and future real estate price expectations. Relative to the real estate market, residential and commercial mortgage funding is available for owner-occupied and leased buildings. Speculative construction or investor purchases would be more difficult to finance. There has been very limited speculative construction in the commercial or industrial sectors of Juneau over the last five years. The universe of local potential purchasers in the current economic environment is somewhat reduced.

Demographics

The City and Borough of Juneau had an estimated population of 32,225 as of September 2021. The 2010 Census count in the area was 31,275, meaning 3% growth over those 10 years. The state projects a 2025 population for the City and Borough of Juneau of 32,554 residents, this slight growth is counter to the slightly shrinking trend projected for greater Southeast Alaska. The population is subject to sizable expansion during the summer months due to the seasonal nature of the tourism, logging and fishing industries. With continued growth in tourism, the summer seasonal population should continue to grow even as the permanent population is project to slightly decline.

The 2017 U.S. Census Bureau's American Community Survey estimates the number of households at 12,273 in the market area. Median household income was $90,749 in the market area, compared to $57,652 for all U.S. households. The 2017 average household income was $106,849 in this market area, compared to $81,283 for all U.S. households. Taken together, the local area - although small and relatively remote - has generally favorable

demographics by comparison.

Conclusion

In conclusion, Juneau is relatively stable overall, but pressure on government spending at state and local levels, as well as anticipated tourism declines, will continue to place downward pressure on the local economy to some degree. Favorable financing is supporting and, in some cases, driving values higher in the near-term. The overall forecast at this time is for reasonable stability during 2021, except in the tourist retail and hospitality sectors.

Neighborhood Data

Name

The subject is in the tourism/historic district of Downtown Juneau

Location & Access

The neighborhood location and access / linkages are shown on the aerial photo that follows. Neighborhood access is considered typical of the market.

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. As with most of Alaska and the local market, neighborhood land uses are mixed. The area is developed predominantly with office, medical office, retail, sales to the trades, light industrial and other commercial uses.

Typical Age of Improvements

1900s to 1940s with some new construction

Land Developed

Roughly 95%

Life Cycle

Mature

This is a mature neighborhood. There has been no new development in the past several years, which is to be expected given the high percentage of land already developed.

Trends

No major shift in prevailing land uses, real estate economics, or demographics are anticipated at this time. Given the fixed supply of land, current percentage of developed land and demand trends, neighborhood trends should be towards declining land values, rents and prices over the near term. However, short to mid-term land price trends are less certain.

Immediate Neighborhood Aerial Photograph

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Description of Site

Name	Lot 3A, Thane Rd	
Address	900 Thane Rd Juneau, AK 99801	
Geo Coordinates	Latitude: 58.292372, Longitude: -134.394702	
Physical Location	The subject is located on south side of Thane Rd.	
Assessor's Tax Parcel Number(s)[9]	1C100K830040	
Abbreviated Legal Description	*Lot 3A, Plat 96-71, Juneau Recording District.* (Per Department of Natural Resources Records)	
Gross Site Area	Square Feet:	136,317
	Acres:	3.13
SOURCE	Plat Map	
Usable Site Area	Square Feet:	76,328
	Acres:	1.75
SOURCE	GIS Measurements Estimated by the Appraiser	

Upon review of the site's physical and economic characteristics, there do not appear to be any factors that would reduce the usable area. Nonetheless, a survey of the site indicating usable area was not provided to the appraiser. The market value of this report assumes that all of the site's gross land area is usable. In the event that a portion of the site were found to be un-usable, the market value of the subject could be less than the current estimate.

Excess Land / Surplus Land

A review of the subject's land-to-building ratio and comparison with typical market parameters suggests the subject does not have excess or surplus land. Therefore, after careful consideration, the subject is concluded to not include any excess land.

Shape The subject has an irregular configuration.

Street Frontage The subject has approximately 486' of frontage on Thane Rd.

[9] Per Tax Assessor Records.

Access Access to and from the subject is considered below average relative to competing properties.

Exposure Exposure of the subject is considered average relative to competing properties.

Topography The subject's usable land has a generally level topography. Approximately 32,716 sq. ft. or 30% of the upland area is a steep embankment. This embankment is uneconomic to develop. The shoreline embankment is eroding and needs installation of armor rock for stabilization. The cost to cure developed by PND Engineers is $201,800. If uncured, the upland usable area will be reduced to reflect future erosion risk. This is property specific depreciation.

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, the subject has been improved with a parking lot and building improvements for a number of years and there are no visible signs of settling. It is an ordinary assumption of this report that the soil conditions are sufficient quality to support the existing improvements.

Wetlands No surface water was noted during the walk-through and the subject does not appear to contain any wetlands. Approximately 27,263 sq. ft. or 20% of the gross site area is tidelands.

Drainage / Hydrology No obvious drainage issues were apparent during the site visit and no significant standing bodies of water were present. Given the previously described physical characteristics, a typical market participant with typical levels of market knowledge and expertise would most probably conclude that site drainage is typical of the market and adequate.

Hazardous Conditions A complete environmental site assessment was not available to the appraiser. There are no known or disclosed environmental issues, or hazardous conditions, impacting the subject. The detection of hazardous materials or conditions is beyond the scope of expertise and competency of an appraiser, however, and it is recommended that any concerns relating to hazardous conditions be addressed by a qualified environmental specialist. Furthermore, it is an assumption of this report that there are no hazardous conditions present at the subject.

Flood Zone The Flood Emergency Management Agency or FEMA has prepared flood insurance rate maps for various communities in the State. According to the flood insurance map, community panel number 02110C1567E, issued by the Federal Emergency Management Agency and last updated September 18, 2020, the subject is located within zone "AE", described as follows:

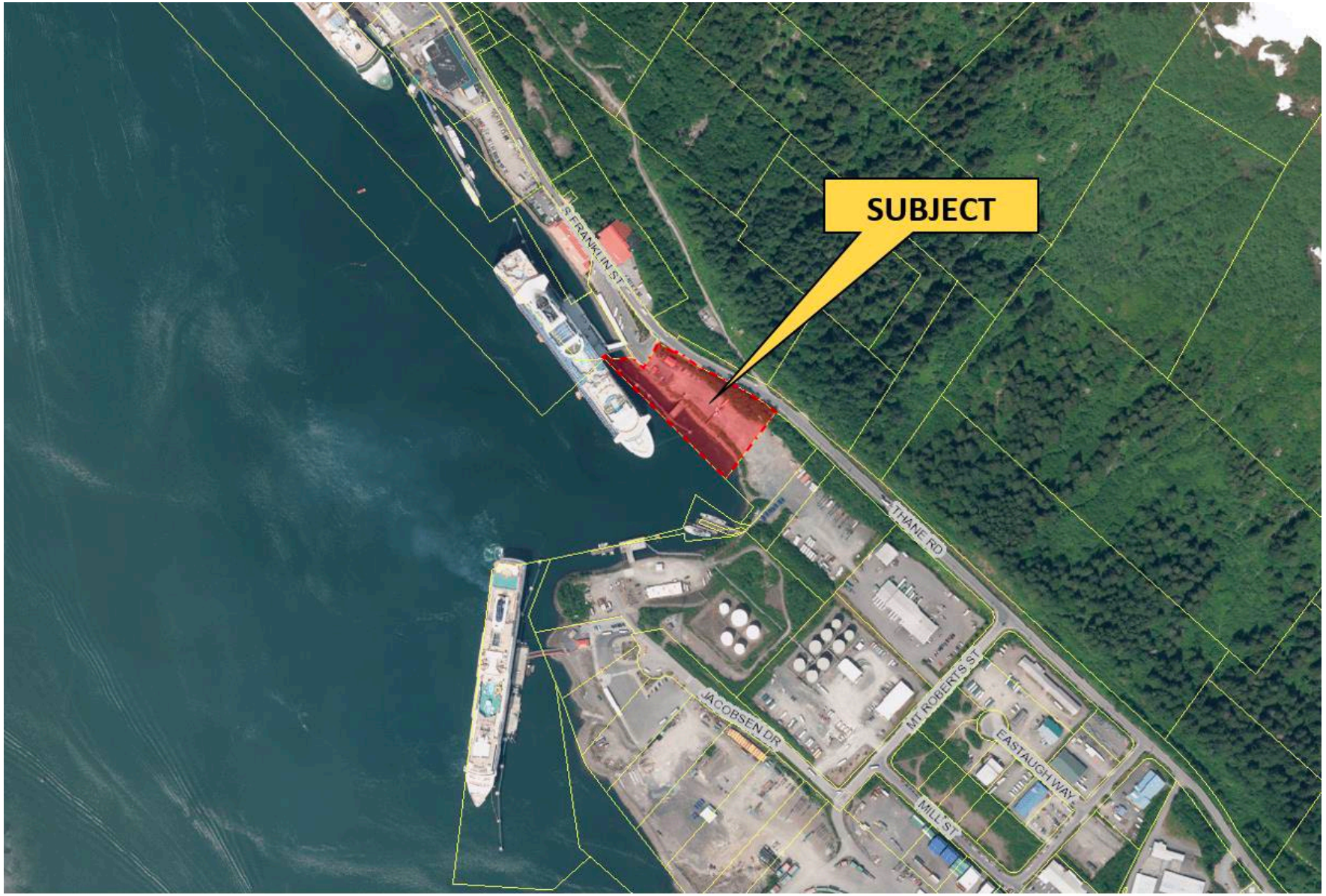
ZONE AE / A1-A30 Special Flood Hazard Area - High Risk *(mandatory flood insurance requirements apply)*. Areas subject to inundation by the 1-percent-annual-chance flood event determined by detailed methods. BFEs are shown within these zones. (Zone AE is used on new and revised maps in place of Zones

A1–A30.)

Utilities

The subject is improved and all available utilities are present in Thane Road right-of-way. Due to the grade differential, the cost of bringing utilities into the site is extraordinary.

Aerial Photograph Exhibit



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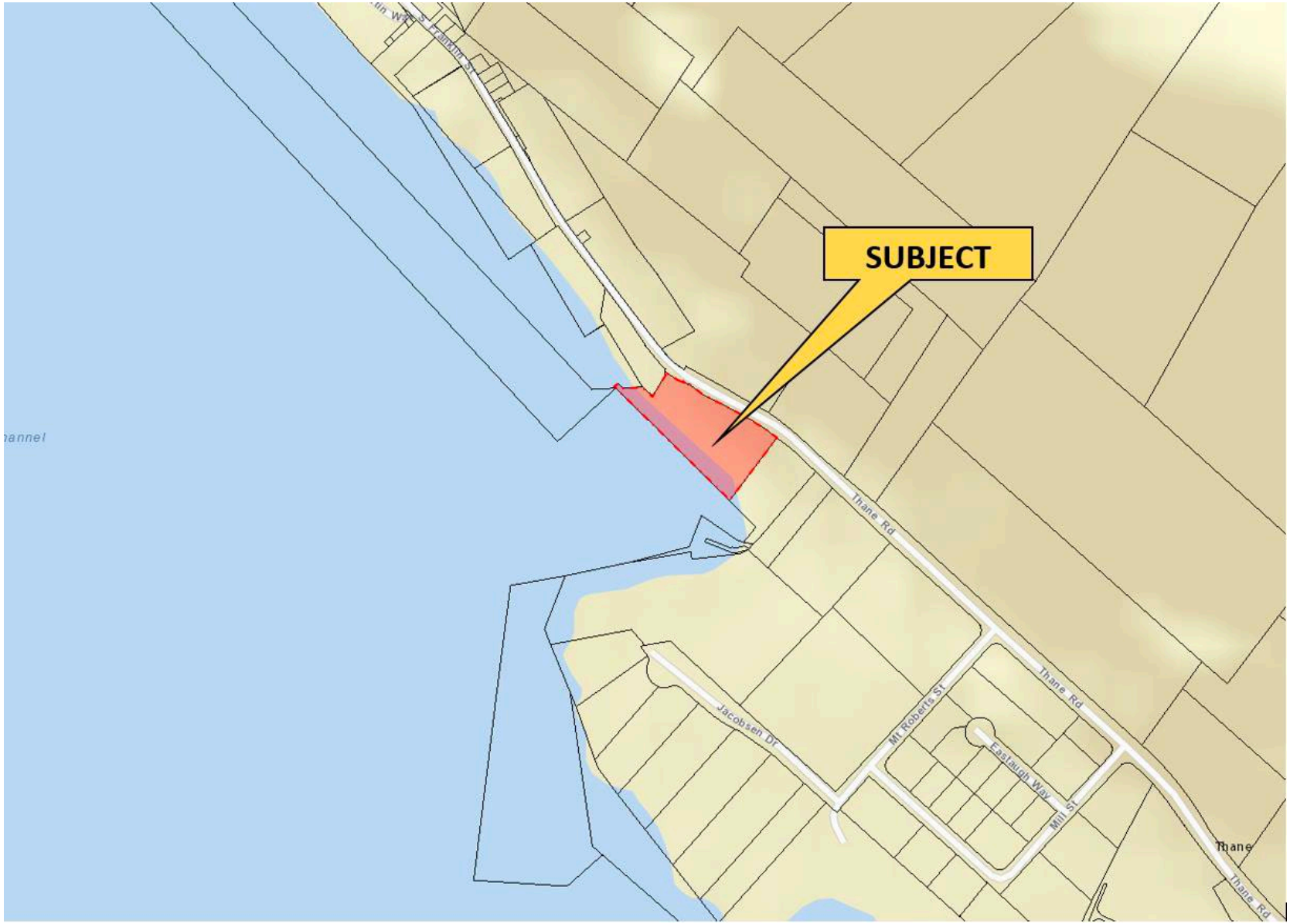
Map Exhibit



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Zoning

Waterfront Industrial, WI, Juneau

The WI, waterfront industrial district, is intended for industrial and port uses which need or substantially benefit from a shoreline location. In addition, many of the uses that are allowed in the WC, waterfront commercial district, are also allowed in the WI, waterfront industrial district. Residential uses are limited to caretaker residences in the waterfront industrial district.

PERMITTED USES

Permitted uses include: Single family residence (used as a caretaker's residence only); home occupations; research laboratory uses (minor – must be water dependent, water related, or water oriented); light manufacturing (minor – must be water dependent); medium manufacturing (minor – must be water dependent, water related, or water oriented); seafood processing (minor); open space; boat sales or rental; boat repairs and maintenance; marine fuel, water sanitization (minor); all storage and handling of goods not related to sale or use of those goods on the same lot on which they are stored, within completely enclosed structures (must be water dependent, water related, or water oriented); general storage and handling of goods not related to sale or use of those goods on the same lot on which they are stored, inside or outside enclosed structures (must be water dependent, water related, or water oriented); neighborhood (less than ½ acre) and regional (up to 1 acre) storage and handling of goods not related to sale or use of those goods on the same lot on which they are stored; parking of vehicles or storage of equipment outside enclosed structures where they are owned and used by the user of the lot and parking and storage is more than a minor and incidental use of the lot (must be water dependent, water related, or water oriented); temporary contractor's storage connected with construction project off-site for a specified period of time (must be water dependent, water related, or water oriented); public, commercial, and private moorage (minor); enclosed recycling collection structures of less than 80 square feet total and less than six feet in height; enclosed structures for recyclable materials collection; sorting, storage, and preparation for shipment of recyclable materials occurring outside an enclosed structure (must be water dependent, water related, or water oriented); veterinary clinic (minor - must be water dependent, water related, or water oriented); aquaculture; weirs, channels, and other fisheries enhancement; transit station; dry cleaner, laundromat, drop off and pickup only, no onsite laundry or dry cleaning process (minor – must be water dependent, water related, or water oriented); full service onsite laundry and/or dry cleaning (minor – must be water dependent, water related, or water oriented); minor and intermediate utility facilities; towers and antennas to 50 feet; amateur (ham) radio towers and antennas more than 35 feet in height; open air markets (minor – must be water dependent, water related, or water oriented); temporary structures used in connection with construction.

Basic Design Standards:

Minimum Lot Size:	2,000 sq ft
Minimum Width:	20’
Front Setback:	10’
Side Setback:	10’
Rear Setback:	10’
Maximum Height:	45’

Maximum Site Coverage: None

The subject's zoning is not unduly restrictive, permits a wide variety of uses that are consistent with its highest and best use as vacant, and does not appear to materially limit the economic potential or functional utility of the property.

Easements, Covenants, Encroachments & Restrictions

A title report was not provided to the appraiser. Normal easements along property boundaries for streets or utilities are assumed. It is understood that there are no legal restrictions that would adversely affect use or marketability of the property. Title and land use, however are legal issues and an attorney should be consulted relating to questions on these matters. It is an assumption of this report that there are no restrictions that would adversely affect use or marketability of the property.

Functional Utility

The site has an old dilapidated barge ramp and abutment that constitute a functional liability to the land, precluding the site's development to its highest and best use. Therefore, it is necessary to include the removal of the barge landing as a cost to cure functional obsolescence. The total removal cost is $250,000. The need for a rock revetment is also a functional deficiency in the amount of $201,800. The total functional / property specific deduction is $451,800.

There are no other known physical or economic characteristics that limit the site's development potential and level of functional utility. The subject is generally physically and economically similar to other sites within the market segment that it competes. Overall, the site is concluded to provide average functional utility, subject to curing of the functional deficiencies.

Description of Improvements

Building Overview	Generator building	
Building Area	GBA:	1,020 sq ft
	Rentable:	1,020 sq ft
	Usable:	1,020 sq ft
	GLA:	1,020 sq ft
	RU Ratio:	1.00
SOURCE	Tax Assessor Records	
Condition	Average condition, based on a review of competitive properties within the subject's market segment.	
Quality	Good construction quality, based on a review of competitive properties within the subject's market segment.	

Age Characteristics

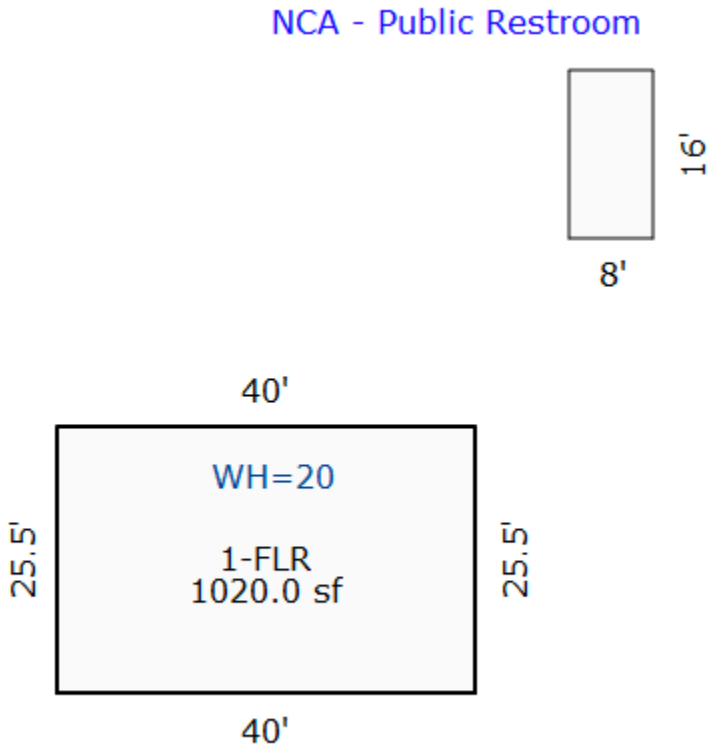
YEAR BUILT	2001
ACTUAL AGE	20 years
EFFECTIVE AGE	The effective age of a property can be less than or more than its actual age, depending on renovations, upgrades, and the level of capital reinvestment. Based on the appraiser's walk-through of the subject, construction type, quality, current condition and economic performance, the effective age of the subject is estimated at approximately 20 years.
ECONOMIC LIFE	Marshall Valuation Service indicates properties similar to the subject's construction type and quality have economic lives between 45 and 50 years. In practice, with ongoing capital expenditures and reinvestment the economic life of a building can be extended well beyond the indicated range. Within the Alaska market, the economic lives of improvements have typically been between 50 and 100 years. After careful consideration, an economic life of 45 years has been estimated.
REMAINING ECONOMIC LIFE	Based on the subject's estimated effective age and economic life, the remaining economic life is estimated at 25 years.

General Property Characteristics

ADA Compliance	A specific survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the Americans with Disabilities Act (ADA) has not been conducted. The market value estimate assumes the property is in ADA compliance, if applicable.

Deferred Maintenance	The detection of deferred maintenance in structural, roof, electrical, plumbing and other mechanical systems is beyond the scope of expertise of the appraiser. No deferred maintenance was reported to the appraiser.
Landscaping, Surface Covering & Lighting	Minimal. Parking surface covering is asphalt pavement. Exterior lighting is typical for a property of this type.
Parking	Parking spaces were not physically counted by the appraiser. Overall, the subject has adequate parking to meet current code requirements.
Functional Utility	There are no known physical or economic characteristics that limit the improvements level of functional utility. The improvements are special purpose.

Building Drawings Exhibit



Property Assessment & Taxes

Summary of Property Assessment & Taxes

Real Property

Properties located within the subject's market are assessed by the assessor every year. By statute, each property must be assessed at 100% 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% and 90% 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. A revaluation as of 2021 increased land assessments by 150%. The revaluation increased most neighborhood property far beyond market values. Due in large part to changes in market conditions, certain segments of the market are now assessed at 110% to 200% 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. 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					**2020**
1C100K830040	$3,450,500	$249,100	$3,699,600	1.066%	$39,438
Total	$3,450,500	$249,100	$3,699,600	1.066%	$39,438
Type / Source	*Actual*	*Actual*	*Actual*	*Actual*	*Actual*
Year					**2021**
1C100K830040	$5,175,750	$249,100	$5,424,850	1.056%	$57,286
Total	$5,175,750	$249,100	$5,424,850	1.056%	$57,286
Type / Source	*Actual*	*Actual*	*Actual*	*Actual*	***Actual***

ANALYSIS OF HISTORIC VERSUS PROJECTED TAXES

% Historic Assessment of Current Assessment	$3,699,600	/	$5,424,850	=	68%
% Current Assessment of Market Value	$5,424,850	/	$1,807,000	=	300%

Subject Photographs

Generator plant

Level uplands, tidelands, and obsolete barge landing

Thane Road viewing east

Highest & Best Use

Definition & Methodology

"Highest & Best Use" is defined as:

> *"The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."*[10]

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. Unless otherwise indicated, the highest and best use as vacant analysis should not be construed as a feasibility study, which is beyond the scope of the current assignment. Rather, the analysis is meant to provide a general indication of highest and best use based on a qualitative review of the available evidence. Furthermore, unless otherwise indicated, the assignment is not a feasibility study of potential conversion or renovation of the property and continued use "as is" or "as proposed" is implicit in the current value estimate.

As Vacant

Legally Permissible

Private restrictions, zoning, building codes, historic district controls and environmental regulations determine those uses legally permissible on a site. No private restrictions or historical district controls encumber the subject site. In addition, there are no known environmental regulations that inhibit development of the site.

Physically Possible

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

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.

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 in certain specific situations. 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.

[10] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

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 holding for future development or immediate development as industrial, or other unidentified use that provides the highest return to the underlying land once feasibility has been ascertained.

As Improved / Proposed

Demolition For older improvements near the end of their economic life, demolition and replacement of the existing improvements with an alternative use may be the highest and best use of a site as improved.

Conversion Conversion involves a change from one use to another.

Renovation Renovation involves a continuation of the existing use with upgrades or changes to exterior and interior finishes or improvements to functional utility.

Addition If sufficient land area and parking is available, addition is a possible alternative for an improved property.

As Is Continued use of a property in its current "as is" condition, without major changes, is a possible alternative for an improved property.

Maximally Productive The existing improvements provide average functional utility. After careful consideration, the maximally productive use of the subject as improved is redevelopment with industrial improvements when financially feasible.

Probable Buyer

The subject is currently owner-occupied and would be available for owner-occupancy by a theoretical buyer. Similar properties within the subject's market are typically owner-occupied and it is likely that an owner-user would pay the highest price for the subject. Therefore, the most probable buyer is an owner-user.

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.

Comparable Data

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. There are a limited number of properties with similar physical and economic characteristics to the subject, and these are traded infrequently. Market research identified an adequate number of transactions involving properties that bracket the subject and provide a good basis for comparison.

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. Photographs and relevant discussion on each comparable are also presented. Detailed sheets containing additional documentation on the physical and economic characteristics of the transactions are presented in the Addenda.

Summary of Comparable Land Sales Exhibit

No.	Name	Land SF	Utilities	Soil Conditions	Current Use	Access / Exposure	Shape	Date	Price
	Legal Description	Acres		Zoning	Proposed Use	Road Frontage	Topography	Transaction Type	
L-1	Sysco Property - 3492	34,095	All Available	Average	Vacant Land	Good / Good	Rectangular	Mar-17	$716,000
	Lots 10 & 11, Block B, Alaska Juneau Subdivision V,	0.78		I, Industrial	Industrial	Mill St	Level	Closed Sale	$21.00 /SF
L-2	M&M Tours Land - 3431	27,179	All Available	Average	Vacant Land	Average /	Rectangular	Apr-19	$597,938
	Lot 15, Block B, Alaska Juneau Subdivision V, Plat 99-	0.62		I, Industrial	Unknown	315'	Generally Level	Closed Sale	$22.00 /SF
L-3	190 Mill St Land - 10658	17,219	All utilities	0	Vacant	Average	Rectangular	Oct-19	$378,818
	Lot 13, Block B, Alaska Juneau V, Plat 99-46	0.40		I	Industrial	Mill St	Level	Closed Sale	$22.00 /SF
L-4	JMIS Land - 3799	27,854	All Available	Average	Vacant Land	Average /	Irregular	Mar-20	$612,788
	Lot 5A, Subd of Lot 5, Block B, Plat 2020-3, Juneau	0.64		I, Industrial	Industrial	40.91'	Generally Level	Closed Sale	$22.00 /SF
L-5	Mill St. Land - 10659	17,219	All utilities	0	Vacant	Average	Rectangular	Mar-20	$378,818
	Lot 14, Alaska Juneau V, Plat 99-46	0.40		I	Industrial	Mill St.	Level	Closed Sale	$22.00 /SF
Subj.	Lot 3A, Thane Rd	136,317	All utilities	Average	Industrial	below average /	Irregular	Appraisal	$1,908,200
	Lot 3A, Plat 96-71, Juneau Recording District.	3.13		waterfront industrial	Industrial	0'	Level		$14.00 /SF

(1) "Price" shown for analysis purposes may reflect adjustments for conditions of sale, soil conditions, utility extensions or other items. Please refer to the individual comparable's comments.

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Map of Comparable Land Sales Exhibit

Description of Data

Sale No. L-1

This property is located within an industrial subdivision approximately one mile east of downtown Juneau. The site was purchased by an owner-user who intends to develop a distribution warehouse.

Sale No. L-2

This is a site located in an industrial developed neighborhood. The property was purchased for development of a bus storage and repair facility. The buyer paid the seller's asking price. There was a competing offer at the same price.

Sale No. L-3

Sale No. L-4

This is a site located at the end of the Eastaugh Way cul-de-sac that is slightly below street grade. A 20' wide public utility easement traverses a portion of the site but was not considered to be a detriment by the purchaser.

Sale No. L-5

Sale No. L-6

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Overview of 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 typically 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 supplementary 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 strictly 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. Moreover, it should be recognized that the elements of comparison shown in the adjustment grid are those considered most significant and relevant. While they help explain the appraiser's reasoning and support for the reconciled value estimate, they are not the only elements of comparison considered. Other differences where adjustments have not been made explicitly are not deemed material and are therefore implicitly considered in the appraiser's analysis of the comparables and the reconciled value estimate. Finally, certain adjustments to the transaction prices may have already been made and reflected in the initial "Analysis Prices" shown in the table, as described in the preceding comments for the individual comparables.

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 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 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, economic studies, published articles and discussions with market participants. Based on the available data, market values have generally been stable/increasing/decreasing in recent years as the available supply of substitute properties has decreased and the number of buyers actively seeking properties has increased. A 2.0% annual adjustment is made through January 1, 2021.

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.

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 sale prices are fairly uniform for smaller and larger properties and no adjustment for size is required.

Use / Zoning Differences in the current use or the highest and best use of a potential comparable and the subject must be analyzed. Site development potential depends heavily on zoning requirements. Zoning determines how large a structure and for what type of use a site can be developed. Adjustments are required to comparables with zoning designations that provide a lower or higher level of overall functional utility relative to the subject's zoning.

Shape An irregularly shaped parcel is likely to have less utility than a square or rectangular parcel, and would be adjusted downward in comparison..

Topography Topography refers to whether a site is level or sloping and at, above, or below the grade of surrounding streets. Adjustment is required to those comparables that have dissimilar topography relative to the subject. In certain cases, the slope of the topography is so severe that the impacted area is not usable and is therefore excluded from usable site area. In other cases, the sloping area is still usable but is not desirable because it increases development costs and requires mitigation prior to development.

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.

Adjustment Grid Exhibit

Land Analysis Grid			L-1		L-2		L-3		L-4		L-5	
Name	Lot 3A, Thane Rd		Sysco Property - 3492		M&M Tours Land -		190 Mill St Land -		JMIS Land - 3799		Mill St. Land - 10659	
City	Juneau		Juneau		Juneau		Juneau		Juneau		Juneau	
Date	1/1/2021		3/16/2017		4/1/2019		10/25/2019		3/10/2020		3/10/2020	
Price	Appraisal		$716,000		$597,938		$378,818		$612,788		$378,818	
Land SF	76,328		34,095		27,179		17,219		27,854		17,219	
$/Sq Ft	- - -		$21.00		$22.00		$22.00		$22.00		$22.00	
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%
Financing	Conventional		Conventional	0.0%	Conventional	0.0%	Cash	0.0%	Conventional	0.0%	Cash	0.0%
Conditions of Sale	Arms Length		Arms Length	0.0%	Arms Length	0.0%	Arm's Length	0.0%	Arms Length	0.0%	Arm's Length	0.0%
Adjusted Land SF Unit Price			**$21.00**		**$22.00**		**$22.00**		**$22.00**		**$22.00**	
Market Cond. Thru	1/21	2.0%	7.8%		3.5%		2.4%		1.6%		1.6%	
Adjusted Land SF Unit Price			**$22.64**		**$22.78**		**$22.52**		**$22.36**		**$22.36**	
Location	Good		Average		Average		Average		Average		Average	
% Adjustment			10%		10%		10%		10%		10%	
$ Adjustment			$2.26		$2.28		$2.25		$2.24		$2.24	
Land SF (Size)	76,328		34,095		27,179		17,219		27,854		17,219	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Topography	Level		Level		Generally Level		Level		Generally Level		Level	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Utilities	All utilities		All Available		All Available		All utilities		All Available		All utilities	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Zoning	waterfront industrial		I, Industrial		I, Industrial		I		I, Industrial		I	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Adjusted Land SF Unit Price			**$24.91**		**$25.06**		**$24.78**		**$24.59**		**$24.59**	
Net Adjustments			18.6%		13.9%		12.6%		11.8%		11.8%	
Gross Adjustments			18.6%		13.9%		12.6%		11.8%		11.8%	

Discussion & Analysis After Adjustment

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 narrow range. 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 physical differences between many of the comparables and the subject. The primary difference is the comparables' lack of water frontage. However, given the limitation of use for the subject tidelands, it is not unreasonable to use these comparables.

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.

Prior to adjustment, the comparables range from $21.00 to $22.00/sq ft, with an average of $21.80/sq ft. After adjustment, they range from $24.59 to $25.06/sq ft, with an average of $24.78/sq ft. Thus, the range before adjustment is $1.00/sq ft, and this decreases to $0.46/sq ft after adjustment.

After careful consideration, based on analysis of the data presented previously as well as data contained within the appraiser's work file the market value of the subject is estimated at $25.00/sq ft.

Tidelands are generally valued as a percentage of the upland value. Moderate utility tidelands typically have values in the 20 to 25% range.

After careful consideration, the market value of the subject's tideland area is estimated at $5.12/sq. ft.

Land Value Calculation

LAND VALUE CALCULATION

	Land SF		$/Sq Ft		Total
Uplands	76,328	x	$24.50	=	$1,870,036
Tidelands	27,263	x	$5.12	=	$139,587
As Is Market Value Estimate					**$2,009,623**
ROUNDED					**$2,010,000**

Cost Approach

Introduction

Methodology

The Cost Approach is an appraisal method of arriving at a value indication for the subject by estimating the cost to replace the improvements with current materials and labor, less accrued depreciation from all causes. The estimated land value, as detailed in the previous section, is then added to the depreciated value of the improvements to reflect a total value by the cost approach.

This approach is based on the assumption that replacement costs provide a reasonable estimate of value, providing the improvements represent the highest and best use of the land, and depreciation from all causes is appropriately accounted for. Valuing the improvements separately from the land thus serves to satisfy the principle of substitution; that is, a buyer will tend to not pay more for the property than it would cost to replace.

Replacement Cost – Assessor's Cost Estimates

In this appraisal, we have utilized the cost estimates provided by the City/Borough of Juneau's Assessor.

Developer's Margin

Market Properties

For properties with numerous potential users developer's margin can be obtained through either speculative or build-to-suit construction. For investors a developer's margin must be achievable for construction to be financially feasible. While a developer's margin may be attained by users, its presence is not necessary for construction to occur since even though it is not financially feasible from a real estate perspective it may be financially feasible from a business perspective. The presence of developer's margin is highly specific to an individual property. For market properties similar to the subject developer's margins currently range from a low of 5% up to a high of 25%.

Limited Market or Special Purpose Properties[11]

Special purpose properties generally have limited conversion potential and are constructed expressly for a particular user with a designated special use in mind. They are developed to fulfill a business need, not to attain a profit on the real estate and when profit is present it accrues to the business rather than the real estate.

Conclusion

Under its existing use as is, the subject has physical and economic characteristics consistent with a special purpose property. Therefore, we have not included a developer's profit margin.

[11] Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

Depreciation

Introduction

Depreciation is a loss in value from the reproduction (or replacement) cost of improvements due to any cause as of the date of appraisal. The value difference may emanate from physical deterioration, functional depreciation, external depreciation, or any combination of these sources. A description of the various sources of depreciation follows.

PHYSICAL DEPRECIATION

Physical deterioration is evidenced by wear and tear, decay, cracks, incrustations, or structural defects. Physical deterioration can be either curable or incurable. Incurable physical deterioration applies to both short-lived items (roof, plumbing, HVAC, etc.) and long-lived items (structural).

FUNCTIONAL DEPRECIATION

Functional depreciation can be either curable or incurable and is caused by a flaw in or a deficiency or super-adequacy in the structure, material or design.

EXTERNAL DEPRECIATION

External depreciation is incurable and caused by negative influences in property values outside of the owners control such as market conditions, property uses, zoning, financing, or legal influences.

Effective Age

Effective age is estimated by the appraiser by weighing the actual age of a property against its current condition. In certain cases, the effective age is equal to the actual age, while in other cases it may be more or less than the actual age. The concept of effective age acknowledges that properties rarely depreciate on a linear basis. Construction type and quality play important roles, as does ongoing maintenance and capital infusion. The subject's effective age was estimated in the Description of Improvements chapter.

Economic Life

As discussed in the Description of Improvements chapter, economic life is estimated using MVS information based on actual economic lives for properties of similar construction type, occupancy and quality.

Effective Age / Economic Life Method

The effective age and economic life expectancy of a structure are the primary concepts used by an appraiser in measuring depreciation with age-life relationships. Under this method, total depreciation is estimated by calculating the ratio of the effective age of a property to its economic life expectancy and applying this ratio to the property's total cost new. Note that this method does not typically reflect abnormal, property specific depreciation or external depreciation.

Marshall Valuation Service Depreciation Tables

The MVS Cost Estimator software provides depreciation calculations to account for physical and functional depreciation. Depreciation is estimated based on a statistical compilation of actual depreciation present at similar properties of similar effective ages and economic lives. Economic life is determined by the software based on building class and quality. The software recognizes that depreciation does not typically occur on a linear basis but rather on a logarithmic basis. As a result, this method is fairly accurate for both older and newer properties. Note that this method does not typically reflect abnormal, property specific depreciation or external depreciation. The Assessor's physically depreciated cost estimate (assessed

value) was $249,100.

Property Specific Depreciation

There is property specific functional obsolescence reflected as the cost to install a rock revetment and removal of the barge landing. The total property specific depreciation is $451,800.

External Depreciation

The preceding methods do not fully account for external depreciation. No external depreciation is present in the subject's market.

Reconciled Depreciation Estimate

The methods for estimating depreciation fall within a fairly narrow range. After careful consideration all methods of measuring depreciation are concluded to be reliable and given equal weight.

Summary of Cost Approach Exhibit

Valuation Component		Lot 3A, Thane Rd Steam Plant
Gross Building Area		**1,020**
Pro Rata Share		**100%**
REPLACEMENT COST NEW		
2021 Assessed Building Value		$249,100
Plus: Developer's Margin	0%	$0
Replacement Cost New (Incl. Profit)		**$249,100**
Per Sq Ft		$244 /SF
LESS: DEPRECIATION		
Effective Age / Economic Life Method		
Year Built		2001
Actual Age		20 Yrs.
Effective Age / Actual Age Ratio		100.0%
Effective Age		20 Yrs.
Economic Life		45 Yrs.
Reconciled Physical & Functional Depreciation		**$0**
Property Specific Depreciation		$451,800
External Depreciation		**0.0%**
Total Depreciation		**$451,800**
DEPRECIATED BUILDING VALUE		**-$202,700**
PLUS: LAND VALUE		**$2,010,000**
MARKET VALUE ESTIMATE (ROUNDED)		**$1,807,000**

Sales Comparison Approach

Introduction

Not Developed

The Sales Comparison Approach could not be developed as there have been no improved comparable sales since July of 2019. The lack of sales in the Ketchikan and Skagway prime tourist districts provides a supported conclusion that these types of properties are not marketable without a steep discount. A return to stability is expected post-2022 tourism season.

Income Capitalization Approach

Introduction

Not Developed

The subject produces approximately $50,000 per year in income. This amount is not sufficient to support the land value.

Reconciliation & Final Value Estimate

Summary of Value Estimates

The approaches to value utilized in this report have indicated the following values for the subject:

VALUATION SUMMARY	
Lot 3A, Thane Rd	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Land Valuation	$2,010,000
Cost Approach	$1,807,000
Sales Comparison Approach	Not Developed
Income Capitalization Approach	Not Developed
Final Market Value Estimate	**$1,807,000**

Reconciliation

Overview

Reconciliation is the final phase in the assignment and is where two or more value indications derived from market data are resolved into a final value estimate. USPAP requires that the appraiser reconcile the quality and quantity of data available and analyzed within the approaches used. Furthermore, the applicability and relevance of the approaches, methods and techniques must also be reconciled. A discussion of the applicability of the various approaches is presented below.

Cost Approach

This approach is normally a strong indicator of value when there is reliable data from which to estimate replacement cost and accrued depreciation. This approach is highly applicable for special purpose properties, new construction and when there are limited sales or rental activity (resulting in less reliable value indications by sales comparison and income capitalization). It is less applicable for older properties that exhibit significant amounts of depreciation. For non-special purpose properties, this approach is often considered by market participants but not given primary weight. Investors primarily use this approach to determine the feasibility of a proposed development. Owner-users often consider this approach when making decisions on whether to buy an existing building or pursue new construction.

Sales Comparison Approach

This approach is normally a strong indicator of value when adequate current sales data are available. Like the Income Capitalization Approach, this approach responds quickly to changes in the marketplace. In user markets, the Sales Comparison Approach is given primary weight. Investors use this approach primarily as an indicator of current rates of return and subsequently give this approach secondary weight. The Sales Comparison Approach was

performed in the land valuation.

Income Capitalization Approach

The Income Capitalization Approach is generally considered a strong indicator of value for income-producing properties. The primary strength of the Income Capitalization Approach is income and operating levels respond quickly, if not immediately, to conditions in the market and changes in the property. This approach is given primary weight by investors and secondary weight by owner-users. Direct capitalization is the most common method of income capitalization used within the market and is highly applicable when a property is physically or economically stabilized. Discounted cash flow analysis is used by market participants for investment grade properties and is highly applicable when there are changing market conditions, a property is not physically or economically stabilized, the timing of cash flows is irregular, or the income pattern is different than what is typical of the market.

EXCLUSION The Income Capitalization Approach was not performed for the following reasons.

- The income produced by the property is insufficient to produce a credible value estimate.

Final Value Estimate

The probable buyer of the subject is either an owner-user or investor. The value indications from the approaches performed have fallen within a narrow range suggesting adequate market data and reliable analysis of the data. After careful consideration, the final value estimate(s) for the subject is/are as follows:

FINAL MARKET VALUE ESTIMATE	
Lot 3A, Thane Rd	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Final Market Value Estimate	**$1,807,000**

Exposure Period

DEFINITION[12] *The estimated length of time that 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.*

[12] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.

Investor surveys indicate exposure periods for properties within the subject's market classification ranging from 3 to 12 months and averaging 7 months. Pre COVID-19, local sales comparable data indicated exposure periods ranging from 3 to 12 months, assuming appropriate pricing and marketing efforts. In particular, smaller, single-tenant properties have tended to sell more quickly in the face of strong demand and limited availability. At the reconciled market value, an exposure period of 12 months is concluded.

Marketing Time

DEFINITION[13] *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.*

Implicit within the concept of market value is that the property is fully exposed to the market. Within the Alaska market this includes retaining a knowledgeable and qualified commercial broker that prepares a marketing package, lists the property on Alaska Multiple Listing Service as well as other local and national web sites used to market real estate. In the event that a knowledgeable and qualified broker is not retained, the property is not receiving full exposure to the market and the price that a seller will be able to attain may be impacted.

Based on the market analysis performed and the subject being fully exposed to the market, the anticipated marketing time is based on the following relationships:

Pre-COVID-19 Exposure Period + (COVID-19 Shutdown + COVID-19 Recovery) = Marketing Time

While the precise impact on valuations is uncertain, based on the current prevailing consensus by experts that the virus will largely be managed (but not necessarily eliminated) in as little as two months but in less than six months. An economic recovery period between six months and twelve months is anticipated. Therefore, based upon prevailing exposure periods, marketing times are anticipated to increase to eighteen months for most property types. This projected increase in marketing times is consistent with historical evidence, including the 2000 dot.com bubble, September 11, 2001 terrorist attacks and 2008 financial crisis. In all of these prior periods of economic crisis, short term values were negatively impacted immediately followed by a dramatic decrease transaction volume, followed by a strong recovery and return to prior prevailing valuations and transaction volumes. While there are divergent opinions, the general consensus is that the COVID-19 will follow a similar pattern.

Therefore, for a property of this type and size, in this neighborhood, and

[13] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.

given expected market conditions, the most probable marketing time would be up to 12 months. Note that it may be inappropriate for the Client to assume value remains stable during the estimated marketing period and that the marketing period may change over time.

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:** Any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by Appraiser, constitutes acceptance of, and is subject to, all appraisal statements, limiting conditions and assumptions stated in the appraisal report. The client is responsible to become familiar with these statements, assumptions and limiting conditions.

3. **Responsibility of Client/Intended User to Accurately Communicate Appraisal Results:** If placed in the possession of anyone other than the client or intended user, they 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.

4. **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.

5. **Duplication and Dissemination of Report or Report Contents:** This appraisal has been completed for the client's specific use as well as any other intended user(s) specifically identified in the report. The appraiser(s) has no liability, accountability, or obligation to any other third party. The appraiser(s) retain ownership and copyright of the data, discussions, and conclusions contained herein. Possession of this report does not constitute the right of publication or dissemination 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, as well as to any other intended user(s) identified in the report, or in the case of litigation or negotiations, the other party, their counsel and any court, including master or arbitrator. Duplication and dissemination of selected sections of this report to third parties without express written consent of the signatories of the report are prohibited and may be misleading. 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.

6. **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.

7. **Unauthorized User:** The report has been prepared for the client and any other intended user(s) specifically identified in the report, for the stated intended use only. The appraiser(s) has no liability to any other 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. Such unauthorized distributor accepts all liability to the unauthorized user whom they distribute a copy of the report to. Any unauthorized distributor of this report is cautioned that they may incur liabilities to the unauthorized user that they are providing a copy of the report to as well as to Reliant LLC.

8. **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.

9. **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 rooms, rent rolls, historical operating statements and budgets, sales data, etc.

10. **Purchase and Sale Agreement:** In the event of a pending sale, as of the report date, any purchase and sale agreement (PSA, EMA, etc.) provided has been represented as being the final agreed upon document reflecting the final price and terms negotiated between the parties. This information reflects the perspective of a buyer and seller, and so may have been given significant weight in the final conclusion of market value. In the event that the sale information provided subsequently turns out not to represent the final agreed upon price and/or terms, or in the event that the price and/or terms are amended post-delivery of this report, the market value estimate contained herein may be invalidated. The intended user(s) of this report is advised not to rely upon it in this situation until the appraiser is provided the final/amended sale information for their full consideration and possible amendment to the opinions and conclusions originally stated in this report.

11. **Obligation of User to Report Errors:** Any authorized intended user is required immediately contact the appraiser(s) and report errors, discrepancies, or alterations to determine the impact on the

opinion(s) of market value.

12. **Integrated Analysis.** The individual components of the analysis contained herein are highly interrelated and subject and assignment-specific. As such, individual items such as rent, vacancy allowance, expenses, and rate of return cannot be viewed individually without the context of the whole analysis. Moreover, conclusions or individual components from this specific analysis cannot and should not be extracted for application to other properties and/or situations.

13. **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.

14. **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.

15. **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.

16. **Walk Through May Not Include Non-Relevant Space(s):** In the case where a "complete" walk through has been performed, a physical observation has been performed to assist in identifying relevant property characteristics in a valuation service to identify features that may affect a property's value or marketability such as legal, economic or physical characteristics. The physical observation will be of all relevant space(s) required to arrive at a reliable and credible opinion of market value, but may not include certain space(s) that are not deemed relevant or material to the appraisal problem. If the lack of physical observation of certain space(s) does not impact the reliability or credibility of the appraisal, it may not be disclosed within the report. In the event that the lack of physical observation of certain space(s) may have an impact on the reliability or credibility of the opinion of market value it will be disclosed within the report.

17. **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.

18. **Proposed Improvements, Renovations, and Repairs:** For the purposes of this analysis, the proposed improvements, renovations, and/or repairs are assumed 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 onsite walk-through of the improvements to determine completion as per plans and specifications.

19. **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.

20. **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 fields of law, engineering, construction, architecture, surveying or other areas of expertise. Clients bear the responsibility of consulting and retaining experts outside the appraisal profession as required by the situation.

21. **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.

22. **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.

23. **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.

24. **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 do the appraiser(s) claim 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.

25. **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.

26. **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.

27. **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. Unless otherwise stated, all applicable property taxes are assumed to be paid current. 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.

28. **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.

29. **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.

30. **Extent of Title Search:** Unless otherwise stated, the scope of work does not include a search of Department of Natural Resource recorded documents. Such a search should be performed by a qualified title specialist, such as a title insurance agency. It is the responsibility of the Client(s) and Intended User(s) to provide any documents or information related to title to Reliant LLC for consideration.

31. **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.

32. **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.

33. **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.

34. **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 expert reports or documentation on inadequacies or non-compliance, no responsibility or representation is assumed for identification or costs to cure. 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.

35. **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.

36. **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.

37. **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.

38. **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.

39. **Ongoing Operations.** In the event that the subject is a special purpose property or going concern, ongoing business operations are assumed unless otherwise stated in the body of the report.

40. **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.

41. **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 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.

42. **Asset Recommendations and Consultations**: No statements contained within the report shall constitute recommendations with regard to any decision by the client(s) or intended user(s) with respect to prospective underwriting, financing, acquisition, disposition, holding of the asset, or any other subsequent event, at the stated market value indication(s) or otherwise. If the client requests a recommendation with respect to such a decision, it should be requested in writing, be explicitly listed in the scope of work and explicitly addressed in the appraisal report. Such decisions warrant significant research and strategy, with specific investment questions requiring additional consultations and financial analysis. Any client or intended 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.

43. **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.

44. **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.

45. **Dissemination to Assessor:** The user(s) of this report may not provide a copy of this appraisal to any assessment office or agency without the prior written consent of Reliant LLC, as redaction of certain market and/or property level information may be required prior to submission for confidentiality reasons.

46. **No Guarantee of Adoption by Taxing Agency:** In the event that Client utilizes or submits the report in connection with a tax return or other tax matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome of the tax matter. Client understands and acknowledges that the taxing authority (whether it is the Internal Revenue Service or any state or local tax authority) may disagree with or reject the appraisal(s) or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect from Client additional taxes, interest, penalties or fees. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees, and Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any taxes, interest, penalties or fees imposed on Client or for any attorneys' fees, costs or other expenses relating to Client's tax matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated

in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.

47. **No Guarantee of Adoption by Court or Jury:** In the event that Client utilizes or submits the report to any Local, State or Federal Court in connection with a litigation matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome. Client understands and acknowledges that the Courts (whether Local, State or Federal) and/or Jury may disagree with or reject the appraisal(s) or otherwise disagree with Client's legal positions. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any Judgement or legal outcome. Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any Judgement imposed on Client for any value, taking, attorneys' fees, costs or other expenses relating to Client's litigation matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.

48. **Advanced Notification Required of Regulatory or Statutory Requirements:** In the event that the report is relied upon by a third party, such as the Internal Revenue Service, Assessor, Courts or anyone else other than the Client, it is the responsibility of the Client to advise Reliant LLC in writing and in advance of engagement as to any regulatory or statutory requirements imposed on the scope of assignment and scope of work by that third party. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for non-disclosed scope of work and scope of assignment requirements of the third party.

49. **Maximum Time Frame for Legal Action:** Unless the time frame is shorter under applicable law, any legal action or claim relating to the assignment or services performed shall be filed in court (or in the applicable arbitration tribunal, as applicable and noted above under Agreement to Mediation and Binding Arbitration) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all non-criminal claims or causes of action of any type.

50. **Duration (Term) of Assignment Reliance:** The period of time that an assignment remains applicable and appropriate for the Client and Intended User(s) intended use, including the factual conditions that form the premise of the assignment, the research, data, analysis and conclusions, are dependent on a variety of factors including the intended users, intended use, changes in market conditions, legal/regulatory/statutory requirements, property specific conditions and other factors. While the time period that an assignment may remain applicable and appropriate to the intended use may be significantly less than thirty-six (36) months, this assignment shall not be relied upon by the Client or intended user(s) after thirty-six (36) months from the earlier date of either A) assignment delivery, which is most commonly the date of report, or B) an invoice is submitted to the Client.

51. **No Assignment of Claims:** Legal claims or causes of action relating to the appraisal are not transferable or assignable to a third party, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of

the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.

52. **Resolution of Violations & Deficiencies:** Any violations or deficiencies resolved under the terms of this agreement shall remain confidential between Reliant LLC and the Client, intended user(s) and reviewers. Except as provided under this agreement, the Client, Intended User(s) or reviewers agree not to submit the assignment to any applicable private or governmental body with jurisdiction over the matter. If any aspect of the assignment is determined by the Client, intended user(s) or their reviewers, to not meet the minimum standards of any applicable Local, State or Federal laws, including the Uniform Standards of Professional Appraisal Practice (USPAP) the Client or intended user(s) agree to not submit the assignment or individuals performing the assignment to any governing Local, State or Federal authorities or any private entity with jurisdiction without first 1) notifying Reliant LLC of the violations and 2) providing Reliant LLC an opportunity to correct and address any deficiencies that may exist. In the event that Reliant LLC fully addresses any deficiencies to the satisfaction of the Client, intended user(s) or their reviewers, these Parties agree that no further action shall be taken. If, however, the Client, intended user(s) or their reviewers do not believe that the issues have been fully resolved, Reliant LLC shall engage a third party expert of their choice to perform a professional review of the assignment. If that third party reviewer determines that the alleged issues have been resolved, the Client, intended user(s) or reviewers shall be responsible for the fee to that third party reviewer. If, however, the third party reviewer determines that the alleged issues have not been resolved, Reliant LLC shall have the opportunity to correct and address any deficiencies that may exist and is responsible for the fee to the third party reviewer. If, however, such issues are not fully addressed by Reliant LLC to the satisfaction of the third party reviewer, the Client, intended user(s) or their reviewers are released from the confidentiality requirement of this agreement and may submit the assignment to any applicable private or governmental body with jurisdiction over the matter.

53. **Unauthorized Third Party Liability to Reliant LLC for False Accusation:** The assignment is a private contract between Reliant LLC and the Client and intended user(s). Subject to the terms of this agreement, only the Client or intended user are permitted to submit this document to any applicable private or governmental body with jurisdiction over the matter without incurring any liability to Reliant LLC and the signatories of the assignment for false accusation, misrepresentation, slander or libel. In the event that the signatories of this assignment are found not to be in violation of any applicable governing regulations, any unauthorized third party that makes false accusations or submits this assignment to any applicable private or governmental body with jurisdiction over the matter accepts liability to Reliant LLC for attorney's fees incurred in their defense, lost income, damages to reputation of the signatories and firm and any and all other sources of economic damage that may result directly or indirectly from their said actions.

54. **Data Utilization:** The market and comparable data developed by the appraiser and presented in this report is being provided to the Client and Intended User(s) only within the context of this specific assignment. The Client and Intended User(s) are prohibited from distributing, disseminating, selling or otherwise profiting from this data outside the context of this assignment. The Client and Intended User(s) are, however, permitted to utilize this data strictly for their own internal purposes.

55. **Government Use:** This report contains sensitive information that may potentially cause harm to Reliant LLC if disseminated beyond the client(s) and intended user(s) described in the engagement documents and report. Therefore, subject to applicable law, any client(s) or intended user(s) that are local, state or federal government entities agree to use their good faith efforts to maintain the confidentiality of the comparable data presented within the report. Notwithstanding other provisions

of the engagement documents and report to the contrary, any client(s) or intended user(s) that are local, state or federal government entities may distribute this report as required or compelled to by law, but prior to release agree to redact all text, exhibits, photographs, maps or any other reference that identifies any comparable data used in the report where a party to the transaction (grantor, grantee, lessor or lessee) is not a government entity. The client(s) or intended user(s) and their agents are authorized to perform this redaction without consulting with, or obtaining any additional direction from Reliant LLC. The client(s) or intended user(s) may seek a written release from the above redaction requirement from Reliant LLC, who may provide such written release at its discretion. Furthermore, unless the client(s) or intended user(s) is expressly identified within the engagement documents and report as an assessment or taxation agency, and the intended use is to assist said agency in assessment or taxation matters, then unless otherwise required or compelled by law or court order to the contrary, any client(s) or intended user(s) that are local, state or federal government entities are not permitted to disseminate any contents of this report to any internal or affiliated assessment or taxation agency of the client(s) or intended user(s). If dissemination to such an assessment or taxation agency is required or compelled by law or court order, then the client(s) or intended user(s) agrees to perform the aforementioned redaction prior to distribution. Any internal or affiliated assessment or taxation agency that does obtain a copy of this report may not rely upon the report or disclose its contents. Release of this report to a local, state or federal government entity is not authorization to use the report or its contents for assessment or taxation purposes.

56. **Signatory Opinions Only:** The opinions and conclusions contained herein are developed and reported by the signatory(ies) and are exclusively those of the signatory(ies) only. This report does not necessarily reflect the opinions of Reliant LLC as a firm, or of any other Managing Members or employees.

Terms & Definitions

As Is Value[14]	*The estimate of the market value of real property in its current physical condition, use and zoning as of the appraisal date.*
Prospective Value[15]	*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[16]	*A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."*
At Completion Value[17]	*The market value at the effective date construction is completed or the certificate of occupancy is issued.*
At Stabilization Value[18]	*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 / Sum of Retail Values[19]	*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 the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the aggregate of the retail values or aggregate retail selling price.*
Value in Use (Use Value)[20]	*The value of a specific property for a specific use.*

[14] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[15] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[16] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[17] Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.
[18] Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.
[19] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[20] Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].

Business Value[21]	*The market value of a going concern, including real estate, personal property, and the intangible assets of the business.*
Going Concern Value[22]	*An outdated label for 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 market value of the total assets of the business.*
Client[23]	*The party or parties (i.e. individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.*
Intended Use[24]	*The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.*
Intended User[25]	*The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.*
Fee Simple Estate[26]	*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[27]	*The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.*
Leasehold Interest[28]	*The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.*
Real Estate[29]	*An identified parcel or tract of land, including improvements, if any.*
Real Property[30]	*An interest or interests in real estate.*
FF&E[31]	*Business trade fixtures and personal property, exclusive of inventory.*

[21] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[22] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[23] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[24] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[25] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[26] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[27] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[28] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[29] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[30] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[31] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Personal Property[32]	*1. The interests, benefits, and rights inherent in the ownership of tangible objects that are considered by the public as being personal; also called tangible personal property. 2. 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.*
Fixture[33]	*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.*
Trade Fixtures[34]	*Articles placed in or attached to rented buildings by a tenant to help carry out the trade or business of the tenant are generally regarded as trade fixtures. For example, a tenant's shelves used to display merchandise are trade fixtures and retain the character of personal property, as opposed to all other fixtures that were, but are no longer, personal property when they are attached to and become part of the real estate. Despite the consensus on the concept of trade fixtures in general, applicable law and custom govern when a specific item is a trade fixture in a particular assignment. Also called chattel fixture.*
Intangible Property[35]	*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[36]	*An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.*
Hypothetical Condition[37]	*A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.*
Gross Building Area[38]	*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 market area of the type of property involved.*
Rentable Area[39]	*For office or retail 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*

[32] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[33] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[34] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[35] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[36] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[37] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[38] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[39] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

	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.
Usable Area[40]	*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[41]	*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	*Lands that lie below the mean high watermark. These include lands that are awash by normal tidal flows and submerged lands below the mean low watermark.*
Upland[42]	*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[43]	*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[44]	*Land that is not needed to serve or support the existing use. 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 has the potential to be sold separately and is valued separately.*
Surplus Land[45]	*Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.*
Depreciation[46]	*In appraisal, 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.*

[40] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[41] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[42] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[43] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[44] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[45] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[46] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Entrepreneurial Profit (Developer's Margin)[47]	*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. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.*
Market Rent[48]	*The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).*
Exposure Time[49]	*The estimated length of time that 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.*
Marketing Time[50]	*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.*

[47] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[48] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[49] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[50] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Addendum: Land Sale Comparables

LAND COMPARABLE L-1 RELIANT COMP ID: 3492

Sysco Property - 3492
170 Mill St
Juneau

Location Description
SW corner of Mill St

Tax ID
1C110K120101

Legal Description
Lots 10 & 11, Block B, Alaska Juneau Subdivision V, Plat 99-45

Sale Information

Actual Price	$716,000	**Date**	3/16/2017
Price	$716,000	**Transaction Type**	Closed Sale
Price Per Land SF	$21.00	**Property Rights**	Fee Simple
		Financing	Conventional
Price Per Acre	$917,949.00	**Conditions of Sale**	Arms Length
Grantor	JMIS, LLC		
Grantee	SYSCO Seattle, Inc.	**Sale Verification Source**	Broker/Agent, Jim Williams
Document No	2017-001026-0		

Site

Acres	0.78	**Zoning**	I, Industrial
Land SF	34,095	**Topography**	Level
Road Frontage	Mill St	**Soil Conditions**	Average
Shape	Rectangular	**Encumbrance or Easement**	None
Utilities	All Available	**Environmental Issues**	None Noted

Sale Comments
This property is located within an industrial subdivision approximately one mile east of downtown Juneau. The site was purchased by an owner-user who intends to develop a distribution warehouse.

LAND COMPARABLE L-2 RELIANT COMP ID: 3431

M&M Tours Land - 3431
NHN Mill St.
Juneau

Location Description
EC of Mill St. & Mt. Roberts St.

Tax ID
1C110K120150

Legal Description
Lot 15, Block B, Alaska Juneau Subdivision V, Plat 99-46, Juneau Recording District

Transaction

Actual Price	$597,938	**Date**	4/1/2019
Price	$597,938	**Transaction Type**	Closed Sale
Price Per Land SF	$22.00	**Property Rights**	Fee Simple
		Financing	Conventional
Price Per Acre	$964,416.00	**Conditions of Sale**	Arms Length
Grantor	JMIS, LLC		
Grantee	M&M Tours Limited	**Sale Verification Source**	Seller, Hendrika Flamee
Document No	SWD2019-001168-0	**Sale Verification Date**	5/1/19

Site

Acres	0.62	**Zoning**	I, Industrial
Land SF	27,179	**Topography**	Generally Level
Road Frontage	315	**Soil Conditions**	Average
Shape	Rectangular	**Encumbrance or Easement**	Typical, perimeter
Utilities	All Available	**Environmental Issues**	None Noted

Sale Comments
This is a site located in an industrial developed neighborhood. The property was purchased for development of a bus storage and repair facility. The buyer paid the seller's asking price. There was a competing offer at the same price.

LAND COMPARABLE L-3

RELIANT COMP ID: 10658

190 Mill St Land - 10658

190 Mill St
Juneau

Location Description

Tax ID
1C110K120130

Legal Description
Lot 13, Block B, Alaska Juneau V, Plat 99-46

Transaction

Actual Price	$378,818	**Date**	10/25/2019
Price	$378,818	**Transaction Type**	Closed Sale
Price Per Land SF	$22.00	**Property Rights**	Fee Simple
Price Per Usable Land SF	$22.00	**Financing**	Cash
Price Per Acre	$958,329.33	**Conditions of Sale**	Arm's Length
Grantor	JMIS LLC		
Grantee	Bonnell Development LLC	**Sale Verification Source**	Grantor

Site

Acres	0.40	**Zoning**	I
Land SF	17,219	**Topography**	Level
Road Frontage	Mill St		
Shape	Rectangular	**Encumbrance or Easement**	10' Drainage
Utilities	All utilities	**Environmental Issues**	None

Sale Comments

LAND COMPARABLE L-4 RELIANT COMP ID: 3799

JMIS Land - 3799
NSN Eastaugh Way
Juneau

Location Description
SW end of Eastaugh Way cul-de-sac

Tax ID

Legal Description
Lot 5A, Subd of Lot 5, Block B, Plat 2020-3, Juneau Recording District

Transaction

Actual Price	$612,788	**Date**	3/10/2020
Price	$612,788	**Transaction Type**	Closed Sale
Price Per Land SF	$22.00	**Property Rights**	Fee Simple
		Financing	Conventional
Price Per Acre	$957,481.25	**Conditions of Sale**	Arms Length
Grantor	JMIS LLC		
Grantee	Eastaugh Way, LLC	**Sale Verification Source**	Broker/Agent, Errol Champion
Document No	2020-001104-0		

Site

Acres	0.64	**Zoning**	I, Industrial
Land SF	27,854	**Topography**	Generally Level
Road Frontage	40.91'	**Soil Conditions**	Average
Shape	Irregular	**Encumbrance or Easement**	Typical, perimeter
Utilities	All Available	**Environmental Issues**	None Noted

Sale Comments
This is a site located at the end of the Eastaugh Way cul-de-sac that is slightly below street grade. A 20' wide public utility easement traverses a portion of the site but was not considered to be a detriment by the purchaser.

LAND COMPARABLE L-5 RELIANT COMP ID: 10659

Mill St. Land - 10659
0 Mill St
Juneau

Location Description

Tax ID
1C110K120140

Legal Description
Lot 14, Alaska Juneau V, Plat 99-46

Transaction

Actual Price	$378,818	**Date**	3/10/2020
Price	$378,818	**Transaction Type**	Closed Sale
Price Per Land SF	$22.00	**Property Rights**	Fee Simple
Price Per Usable Land SF	$22.00	**Financing**	Cash
Price Per Acre	$958,329.33	**Conditions of Sale**	Arm's Length
Grantor	JMIS LLC		
Grantee	Bonell Development LLC	**Sale Verification Source**	Grantor

Site

Acres	0.40	**Zoning**	I
Land SF	17,219	**Topography**	Level
Road Frontage	Mill St.		
Shape	Rectangular	**Encumbrance or Easement**	10'
Utilities	All utilities	**Environmental Issues**	None

Sale Comments

Addendum: Experience Data

Kim M. Wold

Background

Mr. Wold's background includes over 40 years in the real estate appraisal sector. Mr. Wold has extensive experience in appraising properties such as single and multi-family residential, income-producing properties, special purpose properties (sawmills, fish processing plants, etc.), tidelands, logging camps, grocery stores, shopping centers, and aviation facilities. He also has extensive experience appraising urban and remote acreage of varying highest and best uses, such as residential, commercial, industrial, agricultural, forestry, mining claims, tidelands, recreational, etc. He has performed appraisals for mortgage underwriting, eminent domain, easement valuation, lease renewals, establishing market lease rates, and estate purposes.

Mr. Wold has appraised properties throughout Alaska, including Bristol Bay, Bethel, Anchorage, Haines, Hoonah, Juneau, Yakutat, Sitka, Wrangell, Petersburg, Craig, Klawock, Hydaburg, Metlakatla, Thorne Bay, Hollis, Ketchikan, Unalaska, Chignik, St. Paul Island, Kodiak Island, and numerous remote locations throughout Southeast Alaska.

Education

Real Estate Education

Mr. Wold has attended numerous appraisal-related courses presented by the American Institute of Real Estate Appraisers, Northwest Center for Professional Education, Marshall Valuation Service, University of Alaska, and the International Right-of-Way Association. Mr. Wold has also completed courses sponsored by the American Institute of Real Estate Appraisers and the Appraisal Institute in conjunction with the University of Portland, University of Colorado, University of San Diego, and Arizona State University. Specific courses completed include:

- Law and Value; Communication Corridors, Tower Sites & Property Rights, 2001
- Attacking and Defending an Appraisal in Litigation, 2001
- Valuation of Detrimental Conditions in Real Estate, 2002
- Appraisal Litigation Practice & Courtroom Management, 2003
- The Road Less Traveled: Special Purpose Properties, 2004
- Hospitality Properties, 2004
- Condominiums, Co-Ops, and PUDs, 2006
- Current Issues and Misconceptions in the Appraisal Practice, 2007
- Business Practices and Ethics, 2009

- Highest and Best Use and Market Analysis, 2009
- Self-Storage: Emerging Core Asset, 2011
- Fundamentals of Separating Real Property, Personal Property, & Intangible Business Assets, 2012
- Litigation Appraising – Specialized Topics, 2014
- Forecasting Revenue, 2015
- Review Theory, 2015
- Uniform Standards of Professional Appraisal Practice, 2018
- The Appraiser as an Expert Witness: Preparation and Testimony, 2019
- USFLA, 2021
- Evaluations & Other Report Alternatives, 2021

Employment History

Reliant, LLC	Appraiser, March 2019 to Present
Integra Realty Resources – Seattle	Appraiser, April 2017 to March 2019
Alaska Appraisal Associates, Inc.	President and Chief Appraiser, October 1978 to April 2017
Ketchikan Gateway Borough	Appraiser, January 1976 to October 1978

Designations, Certifications and Awards

State License's / Certifications

- State of Alaska, Certified General Real Estate Appraiser, License No. 52 (expires June 30, 2023).

Organization Affiliations, Offices & Memberships

- Senior Member – National Association of Review Appraisers and Mortgage Underwriters
- Associate Member – Appraisal Institute
- Fee Appraiser – Federal Housing Authority (FHA/HUD #2218)

Qualified Before Courts & Administrative Bodies

- US Bankruptcy Court
- Superior Court of the State of Alaska
- Superior Court of the State of Washington
- Board of Equalization for Ketchikan Gateway Borough and the City of Craig
- Testified in Internal Revenue Service tax appeal hearings

Partial List of Clients

Clients include:

Government Agencies (FDIC, State of Alaska, Federal, and Local)
Financial Institutions
Fisheries
Forestry
Native Corporations
Tourism

A more detailed list of clients and professional references is available upon request.

RELIANT LLC

Appraisers | Advisors

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
- Solid Confidentiality

Extensive Valuation & Consulting Services:

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

Extensive Market Knowledge:

- Institutional
- Hotels
- Apartment & Condominiums
- Health Care / Medical
- Affordable Housing / LIHTC
- Senior Housing / Assisted Living
- Lumber & Sawmills
- Shipyards & Marinas
- Truck Stops & Travel Centers
- Seafood Processing Plants
- Right-of-Way / Condemnation
- Remote Properties
- Industrial
- Ground Leases
- Office
- Retail
- Athletic Clubs
- High-Tech
- Vacant Land
- Parking Garages
- Movie Theatres
- Wetland Banking/Mitigation
- Residential Litigation Support
- Multifamily

9330 Vanguard Drive, Suite 201
Anchorage, Alaska 99507
Phone: (907) 929-2226
Fax: (907) 929-2260
Email: admin@reliantadvisory.com
www.reliantadvisory.com

RELIANT LLC

Appraisal Assignment of:

Lot 4, Thane Rd

950 Thane Rd
Juneau, Alaska 99801

Latitude: 58.291019, Longitude: -134.392985

Reliant Reference Number: 21-1490b

As of: January 1, 2021

Prepared for:
Franklin Dock Enterprises LLC

Appraisers | Advisors

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Anchorage, Alaska 99507
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RELIANT LLC

Appraisers | Advisors

"reliable advice = reliable decisions"

Reliant's goal is to provide high-quality appraisals and consultation services to our clients that will empower them to make smart business decisions. Reliant takes pride in our ability to develop concise reports in a professional and timely manner. Reliant's experience positions us for success in each market served.

Experience

- Alaska grown–nationally known
- Over $2.5 billion in valuations performed
- Alaska expertise with national experience
- Three designated members of the Appraisal Institute (MAIs)
- 100+ years of combined experience

Quality of Work

- Detailed reporting: enough information to support the value estimate and understand how the appraiser arrived at that value
- Professional reporting: double-sided, full-color reports
- Comprehensive market research and confirmation of comparables
- Quality analysis, including use of ARGUS cash flow software
  User-friendly reports

Timeliness

- Reliant LLC will not make commitments they cannot meet
- Standard turnaround times are 3–4 weeks
- 10 business day turnaround times available upon request for most property types

Services

Reliant LLC is a full-service real estate appraisal/valuation and consulting/advisory firm providing research, analysis and reporting on a wide variety of property types throughout Alaska. Our services include:

- Appraisal/valuation
- Appraisal review
- Buy/sell or lease analysis
- Cash flow modeling
- Due diligence
- Eminent domain/condemnation
- Estate planning and documentation
- Historic appraisals
- Investment analysis and modeling
- Litigation and arbitration support
- Market feasibility and analysis
- Market studies and research
- Property tax consulting and appeals
- Settlement Trust land appraisals
- Site and building selection
- STARK Law compliant rent studies

Geographic Expertise

Serving both urban and rural Alaska. Here are examples of cities/communities that we have served: Anchorage, Bethel, Bristol Bay Borough, Cordova, Delta Junction, Fairbanks, Haines, Homer, Juneau, Kenai, Ketchikan, Kodiak, Kotzebue, Matanuska Susitna Borough, Nenana, Nome, Seward, Sitka, Soldotna, Talkeetna, Unalaska/Dutch Harbor, Valdez, Wasilla, Whittier, Wrangell, Yakutat, and many other communities throughout Alaska.

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www.reliantadvisory.com

Letter of Transmittal

February 22, 2022

Mr. Reed Stoops
Franklin Dock Enterprises LLC
350 N Franklin St, Unit 2
Juneau, AK 99801

RE: **Lot 4, Thane Rd**
950 Thane Rd
Juneau, AK 99801

Dear Mr. Stoops:

At your request, an appraisal of the above referenced property has been prepared. The results of the assignment are presented in *Appraisal Report* format. The purpose of the assignment is to estimate the market value of the real estate retrospectively as of January 1, 2021. The *Fee Simple* interest in the subject has been analyzed.

The client(s) of this assignment is Franklin Dock Enterprises LLC. The intended user(s) of the report is the Client, for the intended use of tax assessment analysis. Although other parties may in some cases obtain a copy of this report, it should not be relied upon by anyone other than the intended user(s), or for anything other than the intended use.

This assignment has been prepared and presented in conformance with the scope of work developed in consultation with the client, 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.

The subject is a vacant site containing 68,988 sq. ft. The subject's exterior has been observed, 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.

RE: **Lot 4, Thane Rd**

Information provided by the City/Borough of Juneau's Assessor to the Board of Equalization for their meeting on February 15, 2022 included the following:

"Assessed Values. Remember that the total assessed value is the primary test against market. The distribution of that value between the Land Component and the Building Component is secondary and can vary from one model to another. The total assessed value is tested against market indicators (sales, lease rates, etc.) and is adjusted to market value by application of market area and feature adjustments.

All three approaches to value (Cost, Sales Comparison and Income) are considered for commercial properties."

As a result of research and analysis, the value estimate(s) for the subject is/are as follows:

FINAL MARKET VALUE ESTIMATE	
Lot 4, Thane Rd	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Final Market Value Estimate	**$775,000**

The value estimates are based on a marketing period of approximately 12 months and an exposure period of approximately 12 months. 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,

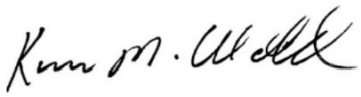
Kim Wold
Senior Appraiser

kim@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 are 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. Engagement in this assignment was not contingent upon their developing or reporting predetermined results.
6. Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value/assignment result or direction in value/assignment result 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 assignment.
7. Analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. 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.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. A personal walk-through of the subject property has been made by Mr. Wold.
11. 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.
12. They have not provided a previous service, as an appraiser or in any other capacity, regarding the subject within the three years prior to accepting this assignment.
13. As of the date of this report, Kim Wold has completed the requirements of the continuing education program for Candidates / Practicing Affiliates of the Appraisal Institute, and for certified appraisers in the State of Alaska.



Kim Wold
Alaska Certified General – No. 52

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Assignment-Specific Premises & Special Risk Factors

Overview

The information presented in this section is for convenience purposes only and the intended user should read and understand the report in its entirety as there may be additional highly relevant information contained within the body of the report.

General assumptions and limiting conditions, which apply to all assignments, are presented in the report Addenda. In addition, the following assumptions and limiting conditions are presented separately in this chapter because they are specific to the current assignment. All the assumptions and limiting conditions, whether general or specific and regardless of location within the report, are of equal relevance and importance, and should be carefully reviewed and understood by the intended user(s).

Assignment-Specific Extraordinary Assumptions, Limiting Conditions

Extraordinary assumptions and extraordinary limiting conditions specific to this assignment follow. The value estimate(s) presented in this report may be amended if the extraordinary assumptions or limiting conditions are found to be false. The reader is advised that the use of these assumptions and limiting conditions might have affected the assignment results.

1. It is assumed that legal access may be obtained through the adjoining Lots 2A and 3A.

Assignment-Specific Hypothetical Conditions

Hypothetical conditions specific to this assignment are as follows. The reader is advised that the use of these hypothetical conditions (if any) might have affected the assignment results.

This appraisal is not predicated on any hypothetical conditions.

Special Risk Factors

A special risk factor is defined as a risk that is extraordinary (atypical and unusual), whose potential impacts are not easily quantifiable, that may presently, or at some point in the future, impact the subject and/or all asset classes of real estate, including the subject.

1. The general consensus is the worst of COVID-19 is past. Nonetheless, the COVID-19 pandemic situation remains fluid and is a special risk

factor that, to varying degrees, may presently, or in the immediate future, impact fundamental real estate market conditions. Given the fluid environment and complex biology involved, the intended user is advised to perform their own research on COVID-19 and carefully understand the potential impacts on their real estate related decisions.

Assignment Overview

Identity of Property

Name	Lot 4, Thane Rd
Brief Description	The subject is a vacant site containing 68,988 sq. ft.
Address	950 Thane Rd Juneau, AK 99801
Geo Coordinates	Latitude: 58.291019, Longitude: -134.392985
Physical Location	The subject is located on south side of Thane Rd.
Assessor's Tax Parcel Number(s)[1]	1C100K830041
Abbreviated Legal Description	*Lot 4, Plat 96-71, Juneau Recording District.* (Per Department of Natural Resources Records)
Current Use	Vacant Land
Appraised Use	Industrial
Highest and Best Use	
AS VACANT	May include development as development with industrial use when financially feasible or other unidentified use once feasibility has been ascertained.
AS IMPROVED	Highest and best use as improved is development with industrial improvements when financially feasible.

Scope of Assignment

Value Definition(s)	The following definition(s) of value is/are utilized in this report:
MARKET VALUE (OCC) [2]	*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*

[1] Per Tax Assessor Records.
[2] Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.43 Definitions [g].

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.*

Other Definitions	Please refer to the Terms & Definitions section presented in the Addenda for additional definitions of significant terminology used in this report.
Purpose	To estimate the market value of the real estate retrospectively as of January 1, 2021.
Intended Use	The intended use of the assignment is for tax assessment analysis. It should not be relied upon for any other uses.
Client(s)	Franklin Dock Enterprises LLC
Intended User(s)	Franklin Dock Enterprises LLC (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
Report Presentation	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary of the appraisal process, subject and market data, and valuation analyses. The level of detail and discussion presented varies with the significance of the information to the appraisal, within the context of the intended use and intended user(s).
Walk-Through Date	October 22, 2021
Effective Date	January 1, 2021
Report Date	February 22, 2022

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(s) 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, Assignment-Specific Extraordinary Assumptions and Limiting Conditions, and Assignment-Specific Hypothetical Conditions discussed throughout this report and Addenda. The Scope of Work has also been limited based on the level of information / documentation available to the appraiser. Please reference the assignment-specific extraordinary assumptions, limiting conditions and hypothetical conditions presented in the prior chapter. There are no other major limitations to the scope of work for this assignment.

Compliance

The analysis and reporting of this assignment are compliant with the following:

- Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation.
- The bylaws of the Appraisal Institute.

Special Client Instructions

None

Subject Walk Through

The subject's exterior has been observed, and photographs taken. The scope of this walk-through is presented on the following table.

SCOPE OF WALK THROUGH

Item	Viewed?
Neighborhood	Yes
Subject Exterior	Yes

Information Provided to Appraiser for Consideration

Primary data was obtained 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:

- Plat map

The following information was not available to the appraiser:

- Architectural plans
- Building sketch
- As built

- Plat map
- Building area study
- Title report
- Preliminary commitment for title insurance
- Copies of lease documents
- Rent roll
- Lease abstracts
- Environmental study
- Engineering study
- Construction costs
- Renovation costs
- Recent capital improvements
- Feasibility study
- Market study
- A prior appraisal

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 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.

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.

COST APPROACH

This approach was not developed because it is not necessary to develop a credible and reliable estimate of the requested definition of value or required to solve the appraisal problem.

SALES COMPARISON APPROACH

This approach was developed because it is necessary to develop a credible and reliable estimate of market value for this property type. This approach was developed in the land valuation section of this report.

INCOME CAPITALIZATION APPROACH

This approach was not developed because the subject is not an income producing property and this approach does not reflect typical market behavior for this property type.

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 like 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. Extensive research to identify transactions involving similar properties was performed.
13. An analysis of the subject and available data was performed using commonly accepted valuation techniques and methodologies.
14. 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 and Sales Information

Current Owner of Record

According to Department of Natural Resources Records, the appraised interest in the subject is presently owned by Franklin Dock Enterprises LLC.

Three Year Transaction History

Disclosure and analysis of the subject's transaction history (sales, agreements of sale, options, and listings) 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.

Competency of Appraiser

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

Area Data

COVID-19

The World Health Organization declared the coronavirus (COVID-19) as a global health emergency on January 30, 2020. The President declared a national emergency on March 13, 2020. The outbreak caused heightened health, economic and financial uncertainty in both local and global markets. International travel restrictions have been implemented by many countries, including the United States. Public events, meetings and assemblage have been largely cancelled and additional public health guidance and restrictions are anticipated. Global financial markets were negatively impacted as a result of the response of governments and the public to the virus. In response, the Federal Reserve made an emergency cut to interest rates on March 16, 2020, slashing the federal funds rate by 1 percent to a range of 0-0.25 percent (effectively zero). As shown on the following table, through various legislative acts, total COVID-19 stimulus is estimated at $5.335 trillion dollars.[3] There are now multiple vaccines available that are expected to be fully distributed to the general public by the end of 2021. Additional stimulus in the form of spending bills continues to be proposed and passed, but as conditions improve, the general trend is towards a reduction in stimulus levels over time.

With vaccination of the general population anticipated to be completed in 2021, most market participants believe that the end of COVID-19 is approaching. Economic trends, including airline travel, employment data, manufacturing output, retail expenditure, stock market valuations and other data points strongly suggest that most, but not all, of the economic recovery has already occurred. Thus, at this point, the economic data points to a "V" shaped recession and recovery.

At this point, the greatest risk is that a new vaccine resistant strain of the virus develops. The COVID-19 Delta variant is one possible example, resulting in the first increase in cases and hospitalizations in some time. That said, the continued expectation is that 2021 will be the year that the economy opens back up with an economic recovery carrying into 2022.

Regional Area Data

Although elements of Alaska's economy are directly affected by certain national and international factors (e.g. interest rates, the value of the U.S. Dollar, etc.), Alaska's economic cycles do not typically align with the rest of the nation for several reasons. First, is that Alaska is a "resource" state and contains some of the most abundant reserves of oil, natural gas, coal, gold,

[3] Peter G. Peterson Foundation, March 15, 2021, https://www.pgpf.org/blog/2021/03/heres-everything-congress-has-done-to-respond-to-the-coronavirus-so-far

silver and other precious minerals on the planet. Alaska is also plentiful in renewable natural resources, including fish and timber. In terms of natural resources, it is not an understatement to describe Alaska as being "rich". Thus, the respective supply of these commodities, including their financial feasibility to bring to market, and prices set by global markets, are the primary influence on the economy. Second, is the relative absence of manufacturing and technology, which in recent history have been the driving factors in U.S. economic cycles. Third is Alaska's location, which although central to the industrialized world by air, is remote relative to the rest of the U.S. One dramatic instance of when Alaska's economy diverged from the Nation's was during the Great Recession when employment in Alaska continued to increase, resulting in 21 years of continuous job growth in the state.

Today, the State's economy is more diverse than it ever has been. However, the tripod that continues to support the economy is made up of oil/gas, Federal and State spending[4], and the other sectors (other mining/natural resources, hospitality/tourism, manufacturing/fishing, and transportation to name a few). Most of the economic weighting continues to be on oil.

While oil production steadily decreased from their peak in the late 1980s, the price has been volatile. Between 2013 and early 2014, oil showed stability above $95/barrel. Due primarily to a glut of new supply from the U.S. and some decreases in global demand, prices began to slide in mid-2014. ANS crude prices dropped from over $100/barrel at the beginning of 2014 to $55/barrel by the end of that year, and they fell even further to around $30/barrel by the beginning of 2016 but have generally trended upward since that time. While oil prices averaged at $65/barrel in 2019, oil demand took a major hit due to the COVID-19 virus and an OPEC price war in 2020, with prices dropping below $10/bbl early in the year. Over the course of the year, they have recovered to stand in the range of $60/barrel.

The decline in the price of oil has resulted in a decline in State revenues and a significant budget shortfall.[5] Thus far, the budget shortfall has been addressed by a combination of tapping into reserve accounts[6] (all years), eliminating 50% of the Permanent Fund dividend paid to Alaska residence (2018) or tapping into the Permanent Fund's Earnings Reserve Account (ERA) (2019). For several reasons, the budget shortfall is largely a political, rather than an economic issue. First, while politically difficult, the State continues to have opportunities to cut spending over historic levels.[7] Second, there are no personal taxes in place at the State level and, while also politically difficult, if necessary, these could be adopted. Finally, the State

[4] State spending is almost entirely dependent on oil taxation, which in turn is based on production levels and the price of oil.
[5] According to Alaska Tax Division Director Colleen Glover, every dollar change in the price of Alaska North Slope crude equates to roughly $42 million more, or less, to the state treasury.
[6] As of December 31, 2019, the State had $2.16 billion in reserves (CBRF), roughly 20% of the original balance.
[7] There is consensus among nearly all Alaskan's that additional spending cuts are possible. However, to the extent that the proposed spending cuts result in an actual reduction of services they become a point of vigorous debate.

has over $67 billion within the Permanent Fund, nearly $18 billion of which is within the ERA and can be used to fund the State government by a simple majority vote of the Legislature (as occurred in 2019). The question is not therefore whether State can pay its bills, but rather what level of services its citizens desire and how it chooses to pay for those services. The major concern moving forward is the degree to which each of these respective choices would impact the general economy, which, before being hit by COVID, had recently returned to positive economic growth after a mild three-year recession.

While oil prices remain a concern, oil production and reserves have been increasing. Oil Search discovered an oil field at Pikka in 2017 that could yield 500 million to as much as 3 billion barrels of oil. Caelus is reporting its Smith Bay find at 6 billion barrels or more. In July 2018 ConocoPhillips announced its Willow field could hold 500 million to 1.1 billion barrels. A federal judge has ruled against the Willow E.I.S., which will delay the project. Upon development, these finds could reportedly yield several hundred thousand barrels per day in the future, although it would be at least several years before that could begin.

With Democratic control of the three elected branches of government and their concerns over global warming, the oil industry, and therefore Alaska, may be facing strong pollitical headwinds. After a 40-year battle, in 2017, ANWR was opened to oil and gas drilling. Unfortunatley, by executive order, in January 2021 President Biden eliminated all leasing in ANWR. Proposals are being considered to eliminate oil leasing on Federal lands. The political decision to replace gas combustion engines with electric cars will take time to impliment, but has significant mid to long-term consequences for oil demand and Alaska. Due to their concerns over global warming, several lenders have indicated that they will not finance any new oil field development, however, this is viewed as largely a symbolic political position that will not ultimately impact the development of financially feasible fields.

While seafood harvests, pricing and supply and demand conditions remain relatively stable and healthy for most fisheries, certain segments and regions of the Alaska seafood market are experiencing a surplus of processing capacity in some areas. Two portfolios of Alaska processors have changed ownership this year. In addition, Ocean Beauty Seafoods and Icicle Seafoods have combined their Alaska operations. In general, the seafood outlook is for continued health and stability for the market overall, but with certain segments and regions experiencing softness and even potentially contraction, which could impact fishermen, suppliers, and processing employment. The Alaska salmon harvest in 2021 has far exceeded expectations. There will be no red King crab harvest in Bristol Bay in 2021. An impasse with US Customs regarding the Jones Act could have a negative impact on Unalaska and other area pollock processors.

Also buttressing the Alaskan economy is the level of federal spending in the

state. For example, in FY 2014, the U.S. government sent a total of $11.3 billion to Alaska and its residents.[8] This sum made Alaska the third highest recipient of per capita federal dollars for the year (behind Maryland and Virginia). In fact, the level of federal spending in Alaska, per capita, is approximately 50% above the national average. 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 has had stong growth in recent years. Tourism has also been a bright spot with record numbers of cruise ship berthings and visitors. The current crisis withstanding, in the long-term, State economists expect that the combination of a strong national economy and new cruise ship entrants to the Alaskan market will have a favorable impact on this industry and Alaska. Precious metals, including gold, continue to perform well and the mining industry is healthy at this time. Alaska Native Corporations are one of the major bright spots of the Alaska economy and continue to expand their Alaska, national and international businesses.

As a result of the lower oil prices, between 2016 and 2018, the State was in a mild recession with mildly contracting employment. In 2019, the State returned to positive but limited employment growth. According to the January 2021 Alaska Economic Trends report, 2020 saw a historic decline in employment with unemployment hitting 13.7% in April and slowly improving throughout the year.

Key economic indicators are summarized on the following chart.

[8] http://www.pewtrusts.org/~/media/assets/2016/03/federal_spending_in_the_states_20052014.pdf, accessed Jan-2017

Alaska: Key Economic Indicators

Item	2014	2015	2016	2017	2018	2019	2020
Resources							
Oil Price (Avg. $/Barrel)	$97.74	$52.10	$43.04	$54.28	$71.44	$65.49	$41.72
Avg. Daily Oil Production (000s Barrels)	546.6	519.3	531.1	540.5	550.0	547.7	- - -
Oil Value (Billions)	$19.5	$9.9	$8.3	$10.7	$14.3	$13.1	- - -
Gold Price (Avg. $/Ounce)	$1,184	$1,061	$1,152	$1,303	$1,283	$1,517	$1,734
GDP: Mining (Millions)*	$14,046	$7,637	$6,351	$8,496	$9,302	$8,424	$4,648
GDP: Agriculture, Forestry & Fishing (Millions)	$495	$461	$405	$391	$407	$409	$331
Salmon & Herring Catch (000s lbs.)	812,665	1,163,639	639,519	1,102,192	652,434	916,685	- - -
Salmon & Herring Exvessel Value (Millions)	$631	$502	$492	$796	$592	$715	- - -
Tourism							
Cruise Ship Visitors	967,500	999,600	1,025,900	1,089,700	1,169,000	1,331,600	- - -
Total Visitors	1,659,600	2,066,800	1,857,500	1,926,300	2,026,300	2,213,000	- - -
Demographics							
Population	742,404	741,123	752,680	744,733	750,876	755,517	760,206
Avg. Household Income	$85,010	$88,585	$91,524	$93,039	$96,273	$96,534	$97,941
Per Capita Income	$31,800	$33,111	$34,264	$34,879	$35,888	$35,589	$36,233
Employment							
Unemployment Rate (%)	6.9%	6.5%	6.9%	7.0%	6.6%	6.3%	8.2%
Employment (% Chng.)	0.5%	0.3%	-1.7%	-1.3%	-0.5%	0.5%	-3.9%
Alaska Permanent Fund (PF)							
PF Distribution ($/Person)	$1,884	$2,072	$1,022	$1,100	$1,600	$1,606	$992
PF Value (Billions)	$51.2	$52.8	$52.8	$59.8	$64.9	$66.3	$65.3
State Budget							
State Budget (Millions) [2014=FY14]							
Revenue	$10,665	$9,259	$7,063	$6,553	$6,972	$10,557	$9,925
Operating	$8,569	$11,610	$8,520	$8,078	$8,039	$8,748	$8,504
Capital	$1,972	$1,943	$1,478	$1,551	$1,414	$1,447	$1,276
Total Spending	$10,540	$13,553	$9,998	$9,629	$9,453	$10,195	$9,780
Fiscal Gap	$21,205	$22,812	$17,061	$16,182	$16,425	$20,752	$19,705
Other							
Mortgage Foreclosure & Delinquency Rates**	0.9%	0.7%	0.6%	0.8%	0.7%	0.6%	0.6%

*GDP: Mining 2020 numbers are for Q1-Q3. Q4 not available at the time of research (3/2021)

**Mortgage Foreclosure & Delinquency Rate for 2020 is the average for the months of Jan. - Jun. 2020. Full year numbers not available at time of research (3/2021)

Employment trends by industry are presented below on the following chart:

AK DOL Statewide Employment Forecast

The outlook for statewide jobs, by industry

	Monthly avg, 2019[1]	Monthly avg, 2020[1]	Change, 2019-20	Percent change	JOBS FORECAST Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT[2]	**329,900**	**302,700**	**-27,200**	**-8.2%**	**311,300**	**8,600**	**2.8%**
Total Private	250,100	225,400	-24,700	-9.9%	234,700	9,300	4.1%
Mining and Logging	13,400	11,400	-2,000	-14.9%	11,000	-400	-3.5%
Oil and Gas	9,900	7,900	-2,000	-20.2%	7,400	-500	-6.3%
Construction	16,400	15,800	-600	-3.7%	16,100	300	1.9%
Manufacturing	13,100	12,200	-900	-6.9%	12,900	700	5.7%
Transportation, Trade, and Utilities	64,600	58,200	-6,400	-9.9%	61,700	3,500	6.0%
Wholesale Trade	6,600	6,200	-400	-6.1%	6,200	0	0.0%
Retail Trade	35,500	33,100	-2,400	-6.8%	34,900	1,800	5.4%
Transportation, Warehousing, and Utilities	22,500	18,900	-3,600	-16.0%	20,600	1,700	9.0%
Information	5,300	4,900	-400	-7.5%	4,900	0	0%
Financial Activities	11,700	11,000	-700	-6.0%	11,200	200	1.8%
Professional and Business Services	27,700	25,800	-1,900	-6.9%	26,400	600	2.3%
Educational (private) and Health Services	50,800	49,600	-1,200	-2.4%	50,200	600	1.2%
Health Care	38,500	38,000	-500	-1.3%	38,400	400	1.1%
Leisure and Hospitality	36,100	26,500	-9,600	-26.6%	30,000	3,500	13.2%
Other Services	11,000	10,000	-1,000	-9.1%	10,300	300	3.0%
Total Government	79,800	77,300	-2,500	-3.1%	76,600	-700	-0.9%
Federal, except military	14,800	15,300	500	3.4%	14,800	-500	-3.3%
State, incl. University of Alaska	23,200	22,400	-800	-3.4%	22,000	-400	-1.8%
Local and tribal, incl. public schools	41,800	39,600	-2,200	-5.3%	39,800	200	0.5%

[1]Preliminary and adjusted estimates. [2]Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

In summary, the near-term Alaska economy is best described as "mixed" at this time with softness in the oil industry largely being offset by strength in other areas of the economy. Reflecting an anticipated "V" recovery from COVID, the Alaska Department of Labor forecasts employment growth of approximately 8,600 jobs in 2021. Continued low interest rates and high levels of liquidity will be important components of economic recovery. The general consensus of market participants is that this trend of positive employment growth will continue for the next several years, but that it may take some time before levels recover to pre-COVID levels. This, in turn, suggests continued stability and health for the Alaska economy.

Local Area Data

Overview

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 main 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,

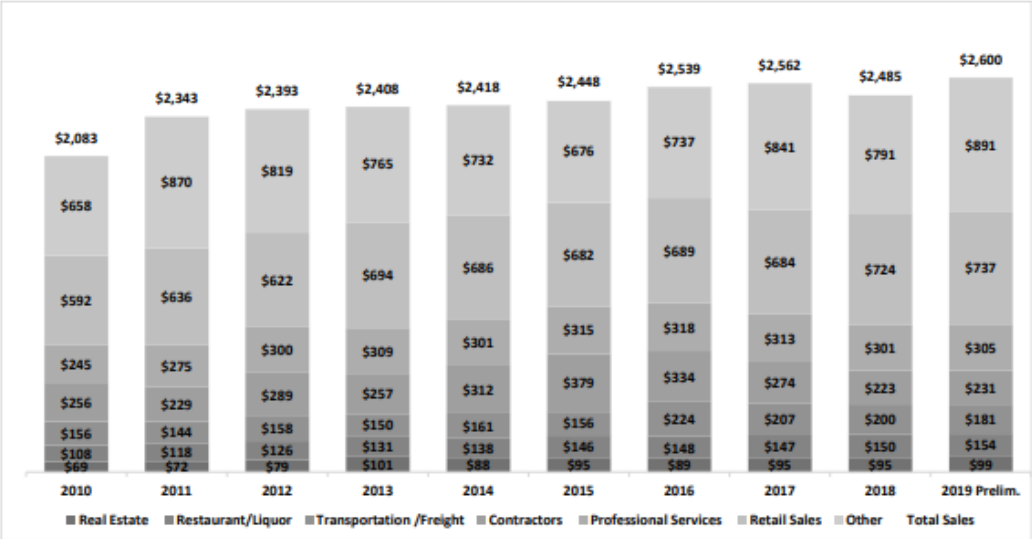
governor's house, and most state and federal offices, as well as cruise ship wharves. The third district is Lemon Creek, which is situated between Downtown and Mendenhall Valley. This area offers a number of retailers (i.e. Home Depot, Costco), as well as office and light industrial buildings. Further to the west is Auke Bay, offering the Alaska Marine Highway ferry terminal and the University of Alaska Southeast campus. Of final note, Douglas Island - located across Gastineau Channel to the south of Downtown - is a popular residential area developed with numerous small residential neighborhoods along its shore.

Economy and Employment

The economy of Juneau is broad based; however, federal, state, and local government employs a significant portion of the workers in the community. Because of the high concentration of public sector employment, the job market is viewed as being relatively stable. State employment, which is largely supported by oil revenues, remains the largest portion of Juneau's economic base. Approximately 37% of Juneau's jobs and 45% of wages are provided by federal, state and local government, though overall government employment fell by 717 jobs, or 9.6%, from 2010 through 2019.

The following table from the December 2020 Juneau Economic Development Council annual report details historic gross business sales in Juneau by category

Figure 53: Business Sales in Juneau by Business Category (in Millions), 2010– 2019 (Preliminary)



Source: City & Borough of Juneau Sales Tax Office and CBJ Comprehensive Annual Financial Report, July 1, 2018- June 30, 2019, Statistical Section. **Note:** "Other" category includes mineral sales, wholesale equipment, food suppliers, and fuel companies.

TOURISM

Tourism has been the largest private sector employer, providing over 2,200 jobs and contributing over $636 million counting all income from sources associated with the cruise industry. The tourism industry had had reached record highs prior to the 2020 coronavirus pandemic, which cancelled the 2020 cruise season. The number of cruise passengers visiting Southeast Alaska (nearly all of which stop in Juneau) over recent years is shown in the following table.

Southeast Alaska Cruise Passengers			
	Actual	Pre-Covid Projection	Change
2021	115,755	1,540,000	9.2%
2020	24	1,410,000	5.9%
2019	1,331,600		13.9%
2018	1,169,000		7.3%
2017	1,089,700		6.2%
2016	1,025,900		3.2%
2015	994,000		2.7%
2014	967,500		-3.2%
2013	999,600		6.7%
2012	937,000		6.1%
2011	883,000		0.8%
2010	875,593		-14.0%
2009	1,018,700		

Source: Cruise Line Industries of Alaska

The decline in 2014 was attributed to a reduction in capacity. Spending by cruise passengers in 2017 injected at least $176,500,000 into the Juneau economy. Preliminary data indicates the number of cruise passengers arriving in 2019 was 1,310,000. Cruise Lines International Association estimates over $200,000,000 in spending by passengers in 2019. Recent studies commissioned by the City of Ketchikan project up to 1.8 million Southeast Alaska passengers by 2030, with a low range estimate of 1.3 million.

In September 2019 Norwegian Cruise Lines emerged as the winning bidder in a sealed-bid auction to purchase the 3-acre subport property owned by the Alaska Mental Health Trust. This waterfront site is located to the northwest of the current cruise ship docks. The cruise line bid $20 million for the site, about 50% more than the next highest bidder, Royal Caribbean Cruises which offered $13 million. There have been no specific plans for development announced, however, it is speculated that the site will accommodate new cruise ship berthing capacity. The price paid for the site is a record-setter, and the interest by cruise lines in the property is indicative of the long-term prospects for cruise tourism in the region.

No large cruise ships visited Alaska in 2020. On February 4, 2021, the Canadian government announced a prohibition on cruise vessels carrying 100 or more people through February of 2022 which negates the large cruise ship voyages to Alaska that originate in Vancouver B.C. Canada, or for ships sailing from Seattle to stop in Victoria B.C. It is worth noting that the Canadian order allows for it to be rescinded if risks to public health are mitigated, for instance via widespread vaccination.

The U.S. Passenger Vessel Services Act (PVSA) requires cruise ships prohibits transport of passengers between U.S. ports on any vessel that is not U.S.-flagged, with the exception of round-trip voyages originating in the U.S. including stops at a foreign port during the voyage. Alaska cruises originating

in Seattle typically satisfy this requirement by visiting Victoria B.C. Canada. Congress passed temporary suspension of the PVSA to allow sailings between Washington state and Alaska in 2021. This allowed for a resumption of sailing from Seattle to Alaska. The number of cruise passengers arriving in Juneau will likely be less than 150,000.

OTHER SECTORS

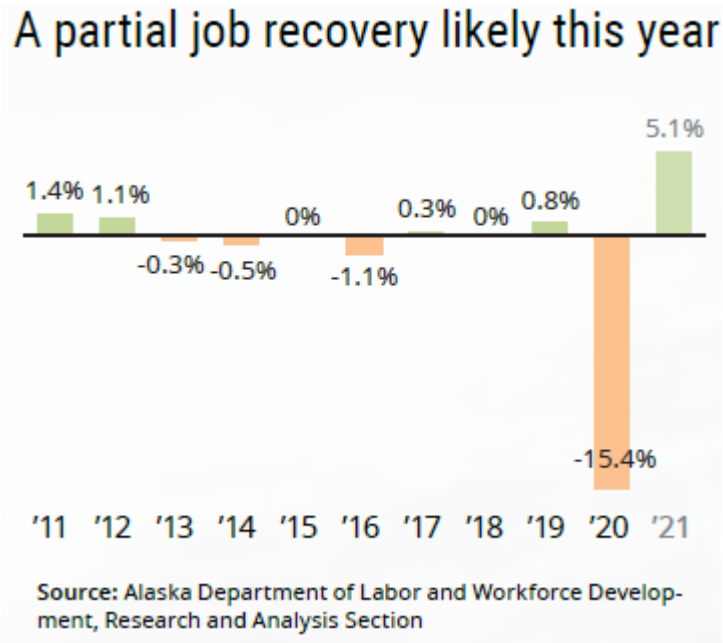
Commercial fishing and mining play lesser roles in the Juneau economy. Greens Creek Mine, which is located west of Juneau, is the largest silver producer in the United States. Employment, housing, and support services for Greens Creek Mine are provided in Juneau. The Kensington Mine began production in July 2010. Currently, the Greens Creek Mine and the Kensington Mine have approximately 330 and 200 employees, respectively. They have a combined payroll in excess of $50 million. The average salary is $91,000 per miner.

DIPAC operates a salmon hatchery in Juneau. The hatchery employs 40 persons and supports 650 jobs in the region and $25 million in labor income. Taku Smokeries and Alaska Glacier Seafoods have processing plants in Juneau. The primary species harvested are the five species of salmon, shrimp, crab, halibut, and black cod.

Forecasts for seafood harvesting jobs are not reported due to harvesters being considered self-employed, but they do drive employment in processing plants, which falls under manufacturing. Job forecasts are more closely attached to the predictions of fish runs. The 2021 salmon harvests in Southeast Alaska have exceeded preseason projections. Prices and demand for Alaska seafood are favorable for Juneau processors.

Juneau is well established as a service, supply, and medical center for the northern regions of Southeast Alaska. Bartlett Hospital is a regional medical facility equipped with state of the art diagnostic equipment. Big box retail establishments include Fred Meyer, Costco, and Home Depot.

Although Juneau's economy in particular has been fairly stable, Southeast Alaska as a region lost employment in four of the last ten years according to the Alaska Department of Labor (AKDOL). Southeast began losing jobs in 2013, two years before the statewide recession began, but it resumed growing nominally in 2017. Prior to the coronavirus pandemic 2020 was projected to see another year of growth similar to 2019, but instead incurred a huge loss in jobs, of which 72% were in the leisure and hospitality sector. 2021 is projected to see recovery of about one-third of the jobs lost in 2020. Historic employment changes are presented in the following chart:



Southeast as a region is expected to see minor growth over the next year in transportation, retail and health care, which will be largely offset by losses in manufacturing, state and local government. The average monthly unemployment rate in Juneau during 2020 was 7.4%, up from 2019's 4.6%. Viewing employment on a monthly basis, the entire 2020 drop in employment was during the months of April through October, coinciding with tourism season. The increased 2020 unemployment also does not directly show the 8,526 labor-months that were lost from the labor force in 2020, which if divided by the nine-month tourism season could indicate 1,218 seasonal imported tourist industry jobs that simply did not exist in 2020. See the following table from Alaska Department of Labor's January 2021 *Economic Trends* showing the historic and forecasted trends in employment.

The outlook for jobs in Southeast, by industry

	Monthly avg, 2019[1]	Monthly avg, 2020[1]	Change, 2019-20	Percent change	JOBS FORECAST Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT[2]	37,000	31,300	-5,700	-15.4%	32,900	1,600	5.1%
Total Private	24,500	19,400	-5,100	-20.8%	21,300	1,900	9.8%
Mining and Logging	1,100	1,000	-100	-9.1%	1,100	100	10.0%
Construction	1,300	1,300	0	0%	1,400	100	7.7%
Manufacturing	1,800	1,600	-200	-11.1%	1,700	100	6.3%
Transportation, Trade, and Utilities	7,500	5,200	-2,300	-30.7%	6,000	800	15.4%
Retail Trade	4,200	3,300	-900	-21.4%	3,600	300	9.1%
Information	500	400	-100	-20.0%	400	0	0%
Financial Activities	1,000	1,000	0	0%	1,000	0	0%
Professional and Business Services	1,600	1,400	-200	-12.5%	1,500	100	7.1%
Educational (private) and Health Services	4,200	4,000	-200	-4.8%	4,100	100	2.5%
Leisure and Hospitality	4,300	2,500	-1,800	-41.9%	3,100	600	24.0%
Other Services	1,200	1,000	-200	-16.7%	1,000	0	0%
Total Government	12,500	11,900	-600	-4.8%	11,600	-300	-2.5%
Federal, except military	1,400	1,400	0	0%	1,400	0	0%
State, incl. University of Alaska	4,700	4,400	-300	-6.4%	4,100	-300	-6.8%
Local and tribal, incl. public schools	6,400	6,100	-300	-4.7%	6,100	0	0%

[1]Preliminary and adjusted estimates. [2]Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Housing

The residential housing market has an inadequate supply of single-family residential units. In the 3rd Quarter of 2020 single family homes sold for a median of $442,000 (up 5.3% over 2019 and 13.6% over 2018) with an average of nine days on market. The supply of condominiums and townhomes has been tight as well, after 210 such sales in 2018 there were only 120 in 2019. The City/Borough of Juneau developed a residential subdivision called Peterson Hill at a cost exceeding $100,000 per lot.

Developers have single family and condominium projects under construction. Most of these projects are targeted toward the lower and median price markets. Upper income oriented homes are selling at a better rate. Commercial construction is slow with a low level of speculative development. Development of new residential subdivisions is commencing. New demand for homes in the $800,000 to $1,700,000 range is an emerging trend.

The Juneau Economic Development Council published their annual report in December 2021. This report stated that the Juneau vacancy rate decreased in 2020 to 4.4%, down from 6.0% in 2019 while average rental rates increased by 2.5% to $1,221/month. Several apartment projects are in the planning stages. The apartment market may become over built if all of the proposed projects get built. The following table summarizes the rental housing market data since 2010.

AHFC City & Borough of Juneau Rental Housing Market History

	Avg Rent		Median Rent		No. of Units		
Year	Contract	Adjusted	Contract	Adjusted	Surveyed	Vacant	% Vac
2020	$1,221	$1,305	$1,175	$1,257	1,116	49	4.4%
2019	$1,191	$1,260	$1,100	$1,167	1,087	65	6.0%
2018	$1,183	$1,330	$1,100	$1,261	989	41	4.1%
2017	$1,174	$1,305	$1,100	$1,243	1,003	57	5.7%
2016	$1,185	$1,333	$1,100	$1,253	1,062	35	3.3%
2015	$1,151	$1,300	$1,100	$1,201	1,084	37	3.4%
2014	$1,117	$1,259	$1,050	$1,173	1,000	34	3.4%
2013	$1,053	$1,179	$1,000	$1,100	936	33	3.5%
2012	$1,039	$1,155	$980	$1,066	1,009	32	3.2%
2011	$1,046	$1,158	$975	$1,072	1,141	36	3.2%
2010	$1,046	$1,149	$990	$1,052	1,159	48	4.1%

*This data includes single family home rentals; in 2020 92.7% of the surveyed units were apartments, which had an average vacancy of 4.1% and average contract rent of $1,187

Real Estate

The commercial real estate market is moderately appreciating overall, with supply and demand seemingly in balance. Industrial rentals are in short supply. There has been strong absorption of industrial land in the past 24 months, indicating pent-up demand. Confidence toward the near-term future of Juneau's residential sector of the economy in 2020 has increased despite concerns around the State budget. The typical marketing time remains less than 90 days.

Due to State of Alaska budget shortfalls, some market participants are taking a more cautious view of the economy and future real estate price expectations. Relative to the real estate market, residential and commercial mortgage funding is available for owner-occupied and leased buildings. Speculative construction or investor purchases would be more difficult to finance. There has been very limited speculative construction in the commercial or industrial sectors of Juneau over the last five years. The universe of local potential purchasers in the current economic environment is somewhat reduced.

Demographics

The City and Borough of Juneau had an estimated population of 32,225 as of September 2021. The 2010 Census count in the area was 31,275, meaning 3% growth over those 10 years. The state projects a 2025 population for the City and Borough of Juneau of 32,554 residents, this slight growth is counter to the slightly shrinking trend projected for greater Southeast Alaska. The population is subject to sizable expansion during the summer months due to the seasonal nature of the tourism, logging and fishing industries. With continued growth in tourism, the summer seasonal population should continue to grow even as the permanent population is project to slightly decline.

The 2017 U.S. Census Bureau's American Community Survey estimates the number of households at 12,273 in the market area. Median household income was $90,749 in the market area, compared to $57,652 for all U.S. households. The 2017 average household income was $106,849 in this market area, compared to $81,283 for all U.S. households. Taken together, the local area - although small and relatively remote - has generally favorable

demographics by comparison.

Conclusion

In conclusion, Juneau is relatively stable overall, but pressure on government spending at state and local levels, as well as anticipated tourism declines, will continue to place downward pressure on the local economy to some degree. Favorable financing is supporting and, in some cases, driving values higher in the near-term. The overall forecast at this time is for reasonable stability during 2021, except in the tourist retail and hospitality sectors.

Neighborhood Data

Name

The subject is in the tourism/historic district of Downtown Juneau

Location & Access

The neighborhood location and access / linkages are shown on the aerial photo that follows. Neighborhood access is considered typical of the market.

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. As with most of Alaska and the local market, neighborhood land uses are mixed. The area is developed predominantly with office, medical office, retail, sales to the trades, light industrial and other commercial uses.

Typical Age of Improvements

1900s to 1940s with some new construction

Land Developed

Roughly 95%

Life Cycle

Mature

This is a mature neighborhood. There has been no new development in the past several years, which is to be expected given the high percentage of land already developed.

Trends

No major shift in prevailing land uses, real estate economics, or demographics are anticipated at this time. Given the fixed supply of land, current percentage of developed land and demand trends, neighborhood trends should be towards declining land values, rents and prices over the near term. However, short to mid-term land price trends are less certain.

Immediate Neighborhood Aerial Photograph

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Market Analysis

Juneau Retail Market

Classification

Given the subject's current use, this market analysis considers conditions within the local retail segment. The subject is located at the edge of the cruise-dependent retail area, while also being a draw to locals and business/government visitors.

Overview of Market Survey

The market analysis has been compiled from a variety of sources including an extensive survey of landlords, tenants, investors, users, property managers, real estate agents, city assessor's and other market participants. Other sources of data include property tax records, newspaper articles and the Southeast MLS. The available data, which is admittedly somewhat limited, has been carefully analyzed on a qualitative and quantitative basis.

Market Supply

The supply of cruise ship dependent retail product in Southeast Alaska expanded over the last two decades to meet the increasing cruise ship passenger levels. Over time, the result has been a significant revitalization and reshaping of many communities' CBD areas. In response to the national recession, retail expansion began to subside in 2008 and the inventory has remained relatively fixed and stable since that time.

There is a 54,000 square foot vacant site located to the south of the subject property in the 300 block of S Franklin, known as the Archipelago project. The development will include 12,000 square feet (+/-) of retail area, kiosks, and tourist attractions. The City/Borough of Juneau plans to develop a van staging area on an adjacent parcel. The upland project is on indefinite hold due to the tax burden, fee in lieu of parking, and uncertainty of the cruise industry.

Market Demand

Demand for cruise ship dependent retail is directly determined by cruise ship passenger and retail expenditure volumes, which had seen a historic peak in 2019 but dropped to effectively zero in 2020 due to the coronavirus pandemic.

The most recent expectations are for the 2021 cruise season to see between 25% and 50% of 2019's cruise passengers. Lower loads will likely weigh on tourist retail and tour businesses. While recent news of a promising vaccine for the coronavirus has given some renewed optimism, there is still approval work to be done, and production and administration of the vaccine will take many months to become effective. It is very likely that 2022 will continue to see a lag in cruise passengers for several reasons including a reluctance to travel/cruise in the wake of a pandemic to economic fallout related to the pandemic. By the 2023 cruise season we project to see a return to normalcy, with pent-up demand from lack of cruises in 2020 and reduced passengers in 2021 and 2022 bringing the passenger count back up to 2019 levels.

The City/Borough of Juneau reported a $20,000,000 decline in sales tax revenues in 2021. This translated into a $400,000,000 decline in sales. The decline in sales was largely borne by the tourism industry.

Overall, we expect a return to normalcy within the near future, with local

	spending patterns to rebound in 2021 and cruise passengers returning to 2019 peak levels in 2023, continuing the trend of the preceding decade.
Equilibrium Status (Current Conditions)	Limited new supply combined with eventual growth in demand should result in renewed improvement trends for this market in 2021 and beyond.
Near Term Market Outlook (Forecast Conditions)	The consensus is for weakness in this market segment. Instability and uncertainty will dominate the tourism market for at least the next two years.

Description of Site

Name	Lot 4, Thane Rd	
Address	950 Thane Rd Juneau, AK 99801	
Geo Coordinates	Latitude: 58.291019, Longitude: -134.392985	
Physical Location	The subject is located on south side of Thane Rd.	
Assessor's Tax Parcel Number(s)[9]	1C100K830041	
Abbreviated Legal Description	*Lot 4, Plat 96-71, Juneau Recording District.* (Per Department of Natural Resources Records)	
Gross Site Area	Square Feet:	68,988
	Acres:	1.58
SOURCE	Plat Map	
Usable Site Area	Square Feet:	48,960
	Acres:	1.12
SOURCE	GIS Measurements Estimated by the Appraiser	

There is undeveloped land on the embankment and no utilities are extended to this portion of the site. The embankment is not economic to develop. There is an uneconomic remnant at the south corner of the site. The tidelands have limited utility.

Upon review of the site's physical and economic characteristics, there do not appear to be any factors that would reduce the usable area. Nonetheless, a survey of the site indicating usable area was not provided to the appraiser. The market value of this report assumes that all of the site's gross land area is usable. In the event that a portion of the site were found to be un-usable, the market value of the subject could be less than the current estimate.

Excess Land / Surplus Land

A review of the subject's land-to-building ratio and comparison with typical market parameters suggests the subject does not have excess or surplus land. Therefore, after careful consideration, the subject is concluded to not include

[9] Per Tax Assessor Records.

any excess land.

Shape The subject has an irregular configuration.

Street Frontage The subject has approximately 215 of frontage on Thane Rd.

Access Access to and from the subject is considered below average relative to competing properties.

Exposure Exposure of the subject is considered average relative to competing properties.

Topography The subject's usable area has a generally level topography

Soil Conditions Soils conditions in the subject's market are not uniform and can vary widely from one site to another. It is an ordinary assumption of this report that the soil conditions are typical of the neighborhood and generally similar to those found at the land sale comparables utilized in this report.

Drainage / Hydrology No obvious drainage issues were apparent during the site visit and no significant standing bodies of water were present. Given the previously described physical characteristics, a typical market participant with typical levels of market knowledge and expertise would most probably conclude that site drainage is typical of the market and adequate.

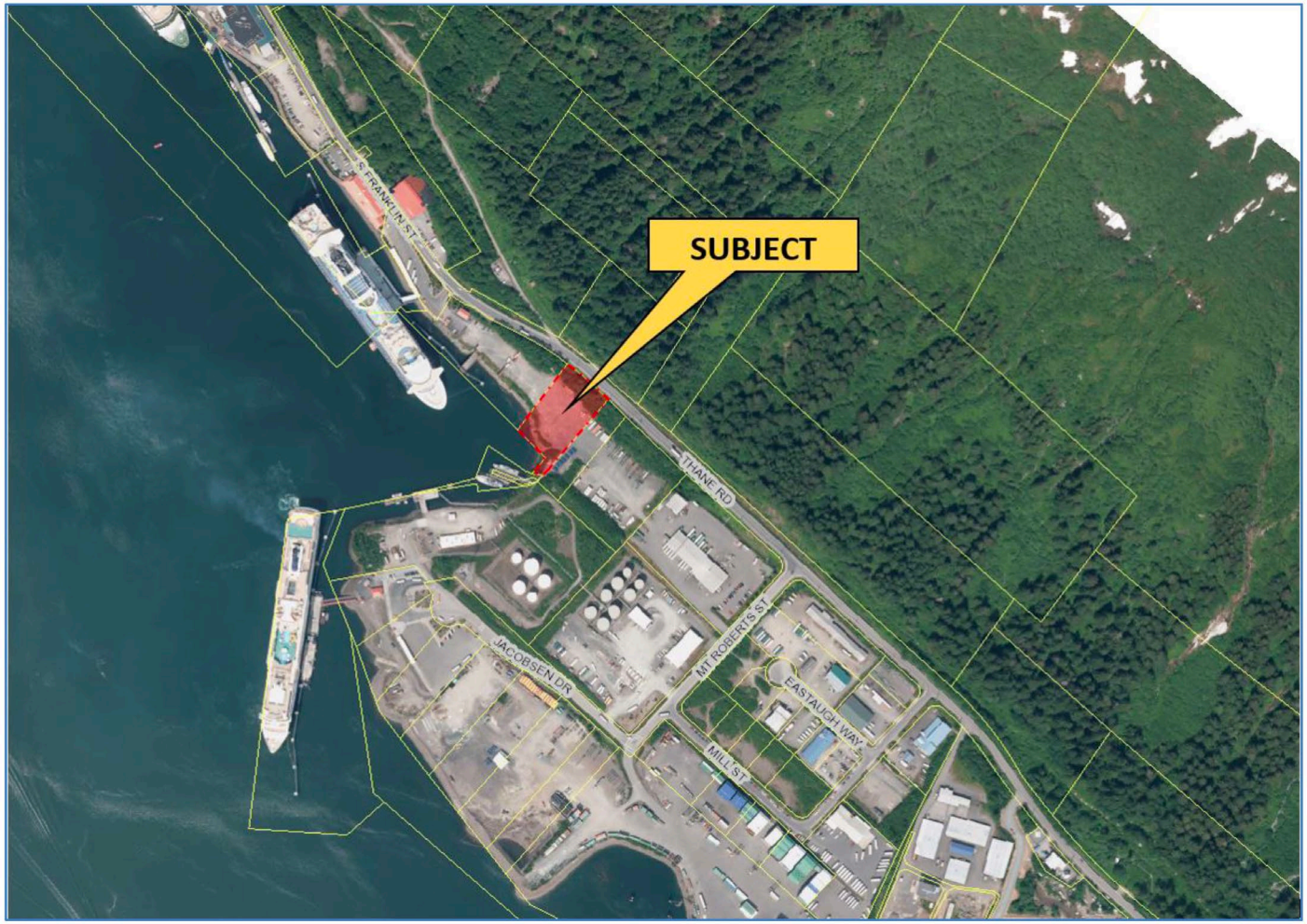
Hazardous Conditions A complete environmental site assessment was not available to the appraiser. There are no known or disclosed environmental issues, or hazardous conditions, impacting the subject. The detection of hazardous materials or conditions is beyond the scope of expertise and competency of an appraiser, however, and it is recommended that any concerns relating to hazardous conditions be addressed by a qualified environmental specialist. Furthermore, it is an assumption of this report that there are no hazardous conditions present at the subject.

Flood Zone The Flood Emergency Management Agency or FEMA has prepared flood insurance rate maps for various communities in the State. According to the flood insurance map, community panel number 02110C1567E, issued by the Federal Emergency Management Agency and last updated September 18, 2020, the subject is located within zone "AE", described as follows:

ZONE AE / A1-A30 Special Flood Hazard Area - High Risk *(mandatory flood insurance requirements apply)*. Areas subject to inundation by the 1-percent-annual-chance flood event determined by detailed methods. BFEs are shown within these zones. (Zone AE is used on new and revised maps in place of Zones A1–A30.)

Utilities The subject is vacant land. All utilities are available in the Thane Road right-of-way.

Aerial Photograph Exhibit



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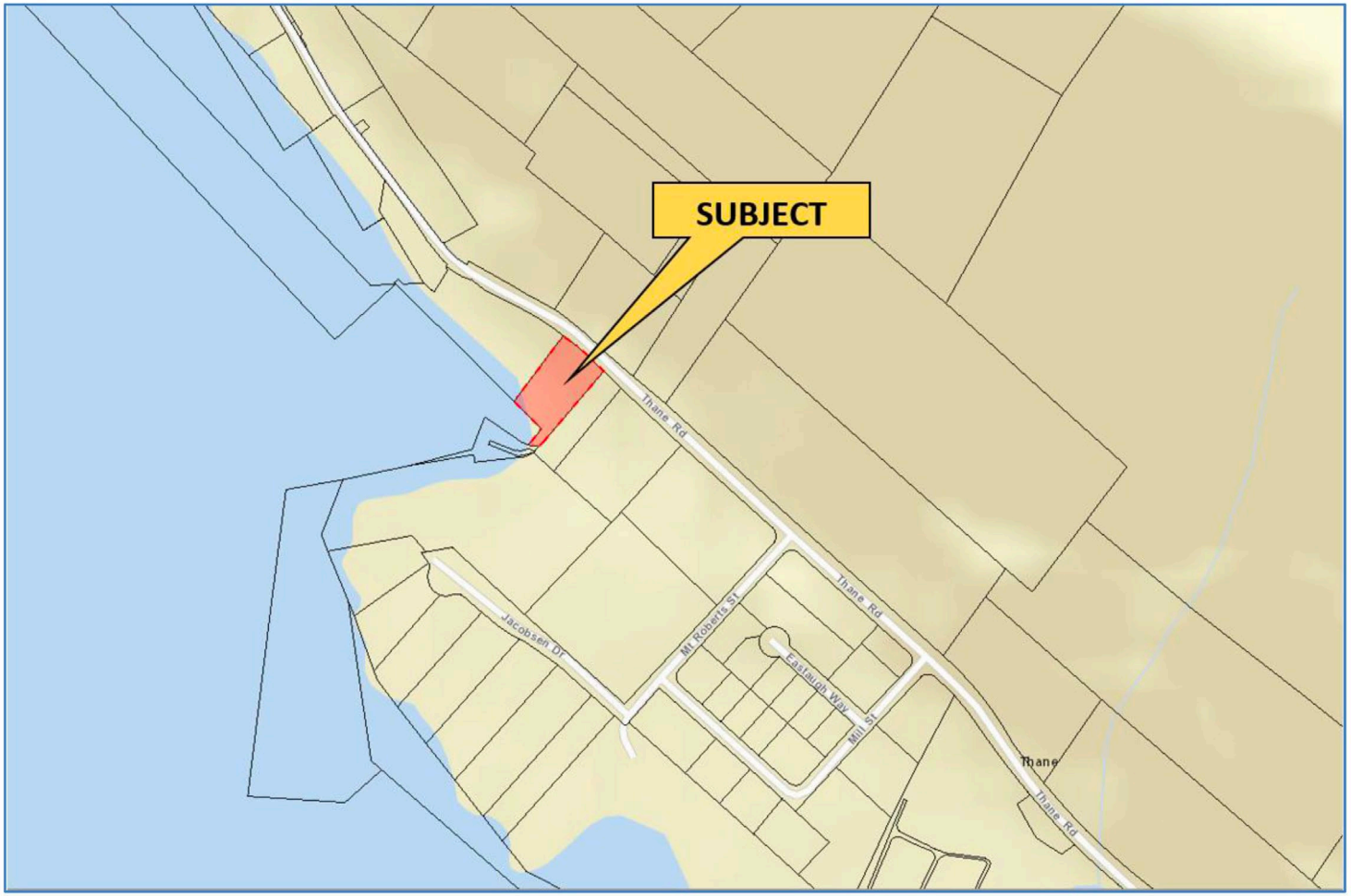
Map Exhibit



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Zoning

Waterfront Industrial, WI, Juneau

The WI, waterfront industrial district, is intended for industrial and port uses which need or substantially benefit from a shoreline location. In addition, many of the uses that are allowed in the WC, waterfront commercial district, are also allowed in the WI, waterfront industrial district. Residential uses are limited to caretaker residences in the waterfront industrial district.

PERMITTED USES

Permitted uses include: Single family residence (used as a caretaker's residence only); home occupations; research laboratory uses (minor – must be water dependent, water related, or water oriented); light manufacturing (minor – must be water dependent); medium manufacturing (minor – must be water dependent, water related, or water oriented); seafood processing (minor); open space; boat sales or rental; boat repairs and maintenance; marine fuel, water sanitization (minor); all storage and handling of goods not related to sale or use of those goods on the same lot on which they are stored, within completely enclosed structures (must be water dependent, water related, or water oriented); general storage and handling of goods not related to sale or use of those goods on the same lot on which they are stored, inside or outside enclosed structures (must be water dependent, water related, or water oriented); neighborhood (less than ½ acre) and regional (up to 1 acre) storage and handling of goods not related to sale or use of those goods on the same lot on which they are stored; parking of vehicles or storage of equipment outside enclosed structures where they are owned and used by the user of the lot and parking and storage is more than a minor and incidental use of the lot (must be water dependent, water related, or water oriented); temporary contractor's storage connected with construction project off-site for a specified period of time (must be water dependent, water related, or water oriented); public, commercial, and private moorage (minor); enclosed recycling collection structures of less than 80 square feet total and less than six feet in height; enclosed structures for recyclable materials collection; sorting, storage, and preparation for shipment of recyclable materials occurring outside an enclosed structure (must be water dependent, water related, or water oriented); veterinary clinic (minor - must be water dependent, water related, or water oriented); aquaculture; weirs, channels, and other fisheries enhancement; transit station; dry cleaner, laundromat, drop off and pickup only, no onsite laundry or dry cleaning process (minor – must be water dependent, water related, or water oriented); full service onsite laundry and/or dry cleaning (minor – must be water dependent, water related, or water oriented); minor and intermediate utility facilities; towers and antennas to 50 feet; amateur (ham) radio towers and antennas more than 35 feet in height; open air markets (minor – must be water dependent, water related, or water oriented); temporary structures used in connection with construction.

Basic Design Standards:

Minimum Lot Size:	2,000 sq ft
Minimum Width:	20’
Front Setback:	10’
Side Setback:	10’
Rear Setback:	10’
Maximum Height:	45’

Maximum Site Coverage: None

The subject's zoning is not unduly restrictive, permits a wide variety of uses that are consistent with its highest and best use as vacant, and does not appear to materially limit the economic potential or functional utility of the property.

Easements, Covenants, Encroachments & Restrictions

A title report was not provided to the appraiser. Normal easements along property boundaries for streets or utilities are assumed. It is understood that there are no legal restrictions that would adversely affect use or marketability of the property. Title and land use, however are legal issues and an attorney should be consulted relating to questions on these matters. It is an assumption of this report that there are no restrictions that would adversely affect use or marketability of the property.

Functional Utility

The subject's usable area is significantly less than the gross area due to the embankment, uneconomic remnant, and limited utility of the tidelands. There are no other known physical or economic characteristics that limit the site's development potential and level of functional utility. The subject is generally physically and economically similar to other sites within the market segment that it competes. Overall, the site is concluded to provide below average functional utility.

Property Assessment & Taxes

Summary of Property Assessment & Taxes

Real Property

Properties located within the subject's market are assessed by the assessor every year. By statute, each property must be assessed at 100% 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% and 90% 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. A revaluation as of 2021 increased land assessments by 150%. The revaluation increased most neighborhood property far beyond market values. Due in large part to changes in market conditions, certain segments of the market are now assessed at 110% to 200% 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. 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					**2020**
1C100K830041	$1,197,000	$0	$1,197,000	1.0660%	$12,760
Total	$1,197,000	$0	$1,197,000	1..066%	$12,760
Type / Source	*Actual*	*Actual*	*Actual*	*Actual*	*Actual*
Year					**2021**
1C100K830041	$1,795,500	$0	$1,795,500	1.056%	$18,960
Total	$1,795,500	$0	$1,795,500	1.056%	$18,960
Type / Source	*Actual*	*Actual*	*Actual*	*Actual*	***Actual***

ANALYSIS OF HISTORIC VERSUS PROJECTED TAXES

% Historic Assessment of Current Assessment	$1,197,000	/	$1,795,000	=	67%
% Historic Assessment of Stabilized Assessment	$1,795,500	/	$775,000	=	232%

Subject Photographs

Subject site viewing south

Thane Road viewing west

Highest & Best Use

Definition & Methodology

"Highest & Best Use" is defined as:

> *"The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."*[10]

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. Unless otherwise indicated, the highest and best use as vacant analysis should not be construed as a feasibility study, which is beyond the scope of the current assignment. Rather, the analysis is meant to provide a general indication of highest and best use based on a qualitative review of the available evidence. Furthermore, unless otherwise indicated, the assignment is not a feasibility study of potential conversion or renovation of the property and continued use "as is" or "as proposed" is implicit in the current value estimate.

As Vacant

Legally Permissible

Private restrictions, zoning, building codes, historic district controls and environmental regulations determine those uses legally permissible on a site. No private restrictions or historical district controls encumber the subject site. In addition, there are no known environmental regulations that inhibit development of the site.

Physically Possible

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

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.

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 in certain specific situations. 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.

[10] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

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 holding for future development or immediate development as development with industrial use when financially feasible, or other unidentified use that provides the highest return to the underlying land once feasibility has been ascertained.

Probable Buyer

The subject is currently owner-occupied and would be available for owner-occupancy by a theoretical buyer. Similar properties within the subject's market are typically owner-occupied and it is likely that an owner-user would pay the highest price for the subject. Therefore, the most probable buyer is an owner-user.

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.

Comparable Data

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. There are a limited number of properties with similar physical and economic characteristics to the subject, and these are traded frequently. Market research identified an adequate number of transactions involving properties that bracket the subject and provide a good basis for comparison.

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. Photographs and relevant discussion on each comparable are also presented. Detailed sheets containing additional documentation on the physical and economic characteristics of the transactions are presented in the Addenda.

Summary of Comparable Land Sales Exhibit

No.	Name	Land SF	Utilities	Soil Conditions	Current Use	Access / Exposure	Shape	Date	Price
	Legal Description	Acres		Zoning	Proposed Use	Road Frontage	Topography	Transaction Type	
L-1	Sysco Property - 3492	34,095	All Available	Average	Vacant Land	Good / Good	Rectangular	Mar-17	$716,000
	Lots 10 & 11, Block B, Alaska Juneau Subdivision V,	0.78		I, Industrial	Industrial	Mill St	Level	Closed Sale	$21.00 /SF
L-2	M&M Tours Land - 3431	27,179	All Available	Average	Vacant Land	Average /	Rectangular	Apr-19	$597,938
2	Lot 15, Block B, Alaska Juneau Subdivision V, Plat 99-	0.62		I, Industrial	Unknown	315'	Generally Level	Closed Sale	$22.00 /SF
L-3	190 Mill St Land - 10658	17,219	All utilities	0	Vacant	Average	Rectangular	Oct-19	$378,818
	Lot 13, Block B, Alaska Juneau V, Plat 99-46	0.40		I	Industrial	Mill St	Level	Closed Sale	$22.00 /SF
L-4	JMIS Land - 3799	27,854	All Available	Average	Vacant Land	Average /	Irregular	Mar-20	$612,788
4	Lot 5A, Subd of Lot 5, Block B, Plat 2020-3, Juneau	0.64		I, Industrial	Industrial	40.91'	Generally Level	Closed Sale	$22.00 /SF
L-5	Mill St. Land - 10659	17,219	All utilities	0	Vacant	Average	Rectangular	Mar-20	$378,818
	Lot 14, Alaska Juneau V, Plat 99-46	0.40		I	Industrial	Mill St.	Level	Closed Sale	$22.00 /SF
Subj.	Lot 4, Thane Rd	68,988	All utilities	Average	Vacant Land	below average /	Irregular	Appraisal	$763,668
	Lot 4, Plat 96-71, Juneau Recording District.	1.58		waterfront industrial	Industrial	215'	Level		$11.07 /SF

(1) "Price" shown for analysis purposes may reflect adjustments for conditions of sale, soil conditions, utility extensions or other items. Please refer to the individual comparable's comments.

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Map of Comparable Land Sales Exhibit

Description of Data

Sale No. L-1

This property is located within an industrial subdivision approximately one mile east of downtown Juneau. The site was purchased by an owner-user who intends to develop a distribution warehouse.

Sale No. L-2

This is a site located in an industrial developed neighborhood. The property was purchased for development of a bus storage and repair facility. The buyer paid the seller's asking price. There was a competing offer at the same price.

Sale No. L-3

Sale No. L-4

This is a site located at the end of the Eastaugh Way cul-de-sac that is slightly below street grade. A 20' wide public utility easement traverses a portion of the site but was not considered to be a detriment by the purchaser.

Sale No. L-5

Overview of 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 typically 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 supplementary 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 strictly 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. Moreover, it should be recognized that the elements of comparison shown in the adjustment grid are those considered most significant and relevant. While they help explain the appraiser's reasoning and support for the reconciled value estimate, they are not the only elements of comparison considered. Other differences where adjustments have not been made explicitly are not deemed material and are therefore implicitly considered in the appraiser's analysis of the comparables and the reconciled value estimate. Finally, certain adjustments to the transaction prices may have already been made and reflected in the initial "Analysis Prices" shown in the table, as described in the preceding comments for the individual comparables.

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 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	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, economic studies, published articles and discussions with market participants. Based on the available data, market values have generally been increasing in recent years as the available supply of substitute properties has decreased and the number of buyers actively seeking properties has increased. A 2.0% annual adjustment is made through January 1, 2021.
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.
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 A review of data indicates that within the subject's market sale prices are

fairly uniform for smaller and larger properties and no adjustment for size is required.

Use / Zoning

Differences in the current use or the highest and best use of a potential comparable and the subject must be analyzed. Site development potential depends heavily on zoning requirements. Zoning determines how large a structure and for what type of use a site can be developed. Adjustments are required to comparables with zoning designations that provide a lower or higher level of overall functional utility relative to the subject's zoning.

Topography

Topography refers to whether a site is level or sloping and at, above, or below the grade of surrounding streets. Adjustment is required to those comparables that have dissimilar topography relative to the subject. In certain cases, the slope of the topography is so severe that the impacted area is not usable and is therefore excluded from usable site area. In other cases, the sloping area is still usable but is not desirable because it increases development costs and requires mitigation prior to development.

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.

Adjustment Grid Exhibit

Land Analysis Grid			L-1		L-2		L-3		L-4		L-5	
Name	Lot 4, Thane Rd		Sysco Property - 3492		M&M Tours Land -		190 Mill St Land -		JMIS Land - 3799		Mill St. Land - 10659	
City	Juneau		Juneau		Juneau		Juneau		Juneau		Juneau	
Date	1/1/2021		3/16/2017		4/1/2019		10/25/2019		3/10/2020		3/10/2020	
Price	Appraisal		$716,000		$597,938		$378,818		$612,788		$378,818	
Land SF	42,426		34,095		27,179		17,219		27,854		17,219	
$/Sq Ft	- - -		$21.00		$22.00		$22.00		$22.00		$22.00	
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%
Financing	Conventional		Conventional	0.0%	Conventional	0.0%	Cash	0.0%	Conventional	0.0%	Cash	0.0%
Conditions of Sale	Arms Length		Arms Length	0.0%	Arms Length	0.0%	Arm's Length	0.0%	Arms Length	0.0%	Arm's Length	0.0%
Adjusted Land SF Unit Price			**$21.00**		**$22.00**		**$22.00**		**$22.00**		**$22.00**	
Market Cond. Thru	1/21	2.0%	7.8%		3.5%		2.4%		1.6%		1.6%	
Adjusted Land SF Unit Price			**$22.64**		**$22.78**		**$22.52**		**$22.36**		**$22.36**	
Location	Below Average		Average		Average		Average		Average		Average	
% Adjustment			-20%		-20%		-20%		-20%		-20%	
$ Adjustment			-$4.53		-$4.56		-$4.50		-$4.47		-$4.47	
Land SF (Size)	42,426		34,095		27,179		17,219		27,854		17,219	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Topography	Level		Level		Generally Level		Level		Generally Level		Level	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Utilities	All utilities		All Available		All Available		All utilities		All Available		All utilities	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Zoning	waterfront industrial		I, Industrial		I, Industrial		I		I, Industrial		I	
% Adjustment			0%		0%		0%		0%		0%	
$ Adjustment			$0.00		$0.00		$0.00		$0.00		$0.00	
Adjusted Land SF Unit Price			**$18.11**		**$18.22**		**$18.02**		**$17.89**		**$17.89**	
Net Adjustments			-13.7%		-17.2%		-18.1%		-18.7%		-18.7%	
Gross Adjustments			29.4%		24.2%		22.9%		21.9%		21.9%	

Discussion & Analysis After Adjustment

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 narrow range. 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 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.

Prior to adjustment, the comparables range from $21.00 to $22.00/sq ft, with an average of $21.80/sq ft. After adjustment, they range from $17.89 to $18.22/sq ft, with an average of $18.03/sq ft. Thus, the range before adjustment is $1.00/sq ft, and this decreases to $0.34/sq ft after adjustment.

After careful consideration, based on analysis of the data presented previously as well as data contained within the appraiser's work file the market value of the subject uplands is estimated at $18.00/sq ft.

Tidelands are generally valued as limited utility with a value estimate roughly 10% of the upland value. This squares with the typical value ratio of 5% to10% for low utility tidelands.

After careful consideration, the market value of the subject's tideland area is estimated at $1.74/sq.ft.

Land Value Calculation

LAND VALUE CALCULATION

	Land SF		$/Sq Ft		Total
Uplands	42,426	x	$18	=	$763,668
Tidelands	6,534	x	$1.74	=	$11,369
Estimated Land Value					**$775,037**
ROUNDED					**$775,000**

Reconciliation & Final Value Estimate

Summary of Value Estimates

The approaches to value utilized in this report have indicated the following values for the subject:

VALUATION SUMMARY	
Lot 4, Thane Rd	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Land Valuation	$775,000
Cost Approach	Not Developed
Sales Comparison Approach	Not Developed
Income Capitalization Approach	Not Developed
Final Market Value Estimate	**$775,000**

Reconciliation

Overview

Reconciliation is the final phase in the assignment and is where two or more value indications derived from market data are resolved into a final value estimate. USPAP requires that the appraiser reconcile the quality and quantity of data available and analyzed within the approaches used. Furthermore, the applicability and relevance of the approaches, methods and techniques must also be reconciled. A discussion of the applicability of the various approaches is presented below.

Cost Approach

This approach is normally a strong indicator of value when there is reliable data from which to estimate replacement cost and accrued depreciation. This approach is highly applicable for special purpose properties, new construction and when there are limited sales or rental activity (resulting in less reliable value indications by sales comparison and income capitalization). It is less applicable for older properties that exhibit significant amounts of depreciation. For non-special purpose properties, this approach is often considered by market participants but not given primary weight. Investors primarily use this approach to determine the feasibility of a proposed development. Owner-users often consider this approach when making decisions on whether to buy an existing building or pursue new construction.

EXCLUSION

The Cost Approach was not performed for the following reasons.

- This approach seeks to value vacant land only. Therefore, the Cost Approach is not applicable.

Sales Comparison Approach

This approach is normally a strong indicator of value when adequate current sales data are available. Like the Income Capitalization Approach, this approach responds quickly to changes in the marketplace. In user markets, the Sales Comparison Approach is given primary weight. Investors use this approach primarily as an indicator of current rates of return and subsequently give this approach secondary weight. The sales comparison approach was used to value the land.

Income Capitalization Approach

The Income Capitalization Approach is generally considered a strong indicator of value for income-producing properties. The primary strength of the Income Capitalization Approach is income and operating levels respond quickly, if not immediately, to conditions in the market and changes in the property. This approach is given primary weight by investors and secondary weight by owner-users. Direct capitalization is the most common method of income capitalization used within the market and is highly applicable when a property is physically or economically stabilized. Discounted cash flow analysis is used by market participants for investment grade properties and is highly applicable when there are changing market conditions, a property is not physically or economically stabilized, the timing of cash flows is irregular, or the income pattern is different than what is typical of the market.

EXCLUSION The Income Capitalization Approach was not performed for the following reasons.

- This appraisal seeks to value vacant land only. The Income Capitalization Approach is not applicable.

Final Value Estimate

After careful consideration, the final value estimate(s) for the subject property is as follows:

FINAL MARKET VALUE ESTIMATE	
Lot 4, Thane Rd	
Property Rights	**Fee Simple**
Condition	**As Is**
Effective Date of Appraisal	**January 1, 2021**
Final Market Value Estimate	**$775,000**

Exposure Period

DEFINITION[11] *The estimated length of time that 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*

[11] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.

appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Investor surveys indicate exposure periods for properties within the subject's market classification ranging from 3 to 12 months and averaging 7 months. Pre COVID-19, local sales comparable data indicated exposure periods ranging from 3 to 12 months, assuming appropriate pricing and marketing efforts. In particular, smaller, single-tenant properties have tended to sell more quickly in the face of strong demand and limited availability. At the reconciled market value, an exposure period of 12 months is concluded.

Marketing Time

DEFINITION[12] *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.*

Implicit within the concept of market value is that the property is fully exposed to the market. Within the Alaska market this includes retaining a knowledgeable and qualified commercial broker that prepares a marketing package, lists the property on Alaska Multiple Listing Service as well as other local and national web sites used to market real estate. In the event that a knowledgeable and qualified broker is not retained, the property is not receiving full exposure to the market and the price that a seller will be able to attain may be impacted.

Based on the market analysis performed and the subject being fully exposed to the market, the anticipated marketing time is based on the following relationships:

Pre-COVID-19 Exposure Period + (COVID-19 Shutdown + COVID-19 Recovery) = Marketing Time

While the precise impact on valuations is uncertain, based on the current prevailing consensus by experts that the virus will largely be managed (but not necessarily eliminated) in as little as two months but in less than six months. An economic recovery period between six months and twelve months is anticipated. Therefore, based upon prevailing exposure periods, marketing times are anticipated to increase to eighteen months for most property types. This projected increase in marketing times is consistent with historical evidence, including the 2000 dot.com bubble, September 11, 2001 terrorist attacks and 2008 financial crisis. In all of these prior periods of economic crisis, short term values were negatively impacted immediately followed by a dramatic decrease transaction volume, followed by a strong recovery and return to prior prevailing valuations and transaction volumes. While there are divergent opinions, the general consensus is that the

[12] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.

COVID-19 will follow a similar pattern.

Therefore, for a property of this type and size, in this neighborhood, and given expected market conditions, the most probable marketing time would be up to 12 months. Note that it may be inappropriate for the Client to assume value remains stable during the estimated marketing period and that the marketing period may change over time.

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:** Any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by Appraiser, constitutes acceptance of, and is subject to, all appraisal statements, limiting conditions and assumptions stated in the appraisal report. The client is responsible to become familiar with these statements, assumptions and limiting conditions.

3. **Responsibility of Client/Intended User to Accurately Communicate Appraisal Results:** If placed in the possession of anyone other than the client or intended user, they 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.

4. **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.

5. **Duplication and Dissemination of Report or Report Contents:** This appraisal has been completed for the client's specific use as well as any other intended user(s) specifically identified in the report. The appraiser(s) has no liability, accountability, or obligation to any other third party. The appraiser(s) retain ownership and copyright of the data, discussions, and conclusions contained herein. Possession of this report does not constitute the right of publication or dissemination 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, as well as to any other intended user(s) identified in the report, or in the case of litigation or negotiations, the other party, their counsel and any court, including master or arbitrator. Duplication and dissemination of selected sections of this report to third parties without express written consent of the signatories of the report are prohibited and may be misleading. 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.

6. **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.

7. **Unauthorized User:** The report has been prepared for the client and any other intended user(s) specifically identified in the report, for the stated intended use only. The appraiser(s) has no liability to any other 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. Such unauthorized distributor accepts all liability to the unauthorized user whom they distribute a copy of the report to. Any unauthorized distributor of this report is cautioned that they may incur liabilities to the unauthorized user that they are providing a copy of the report to as well as to Reliant LLC.

8. **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.

9. **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 rooms, rent rolls, historical operating statements and budgets, sales data, etc.

10. **Purchase and Sale Agreement:** In the event of a pending sale, as of the report date, any purchase and sale agreement (PSA, EMA, etc.) provided has been represented as being the final agreed upon document reflecting the final price and terms negotiated between the parties. This information reflects the perspective of a buyer and seller, and so may have been given significant weight in the final conclusion of market value. In the event that the sale information provided subsequently turns out not to represent the final agreed upon price and/or terms, or in the event that the price and/or terms are amended post-delivery of this report, the market value estimate contained herein may be invalidated. The intended user(s) of this report is advised not to rely upon it in this situation until the appraiser is provided the final/amended sale information for their full consideration and possible amendment to the opinions and conclusions originally stated in this report.

11. **Obligation of User to Report Errors:** Any authorized intended user is required immediately contact the appraiser(s) and report errors, discrepancies, or alterations to determine the impact on the

opinion(s) of market value.

12. **Integrated Analysis.** The individual components of the analysis contained herein are highly interrelated and subject and assignment-specific. As such, individual items such as rent, vacancy allowance, expenses, and rate of return cannot be viewed individually without the context of the whole analysis. Moreover, conclusions or individual components from this specific analysis cannot and should not be extracted for application to other properties and/or situations.

13. **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.

14. **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.

15. **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.

16. **Walk Through May Not Include Non-Relevant Space(s):** In the case where a "complete" walk through has been performed, a physical observation has been performed to assist in identifying relevant property characteristics in a valuation service to identify features that may affect a property's value or marketability such as legal, economic or physical characteristics. The physical observation will be of all relevant space(s) required to arrive at a reliable and credible opinion of market value, but may not include certain space(s) that are not deemed relevant or material to the appraisal problem. If the lack of physical observation of certain space(s) does not impact the reliability or credibility of the appraisal, it may not be disclosed within the report. In the event that the lack of physical observation of certain space(s) may have an impact on the reliability or credibility of the opinion of market value it will be disclosed within the report.

17. **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.

18. **Proposed Improvements, Renovations, and Repairs:** For the purposes of this analysis, the proposed improvements, renovations, and/or repairs are assumed 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 onsite walk-through of the improvements to determine completion as per plans and specifications.

19. **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.

20. **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 fields of law, engineering, construction, architecture, surveying or other areas of expertise. Clients bear the responsibility of consulting and retaining experts outside the appraisal profession as required by the situation.

21. **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.

22. **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.

23. **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.

24. **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 do the appraiser(s) claim 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.

25. **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.

26. **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.

27. **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. Unless otherwise stated, all applicable property taxes are assumed to be paid current. 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.

28. **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.

29. **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.

30. **Extent of Title Search:** Unless otherwise stated, the scope of work does not include a search of Department of Natural Resource recorded documents. Such a search should be performed by a qualified title specialist, such as a title insurance agency. It is the responsibility of the Client(s) and Intended User(s) to provide any documents or information related to title to Reliant LLC for consideration.

31. **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.

32. **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.

33. **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.

34. **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 expert reports or documentation on inadequacies or non-compliance, no responsibility or representation is assumed for identification or costs to cure. 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.

35. **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.

36. **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.

37. **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.

38. **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.

39. **Ongoing Operations.** In the event that the subject is a special purpose property or going concern, ongoing business operations are assumed unless otherwise stated in the body of the report.

40. **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.

41. **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 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.

42. **Asset Recommendations and Consultations**: No statements contained within the report shall constitute recommendations with regard to any decision by the client(s) or intended user(s) with respect to prospective underwriting, financing, acquisition, disposition, holding of the asset, or any other subsequent event, at the stated market value indication(s) or otherwise. If the client requests a recommendation with respect to such a decision, it should be requested in writing, be explicitly listed in the scope of work and explicitly addressed in the appraisal report. Such decisions warrant significant research and strategy, with specific investment questions requiring additional consultations and financial analysis. Any client or intended 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.

43. **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.

44. **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.

45. **Dissemination to Assessor:** The user(s) of this report may not provide a copy of this appraisal to any assessment office or agency without the prior written consent of Reliant LLC, as redaction of certain market and/or property level information may be required prior to submission for confidentiality reasons.

46. **No Guarantee of Adoption by Taxing Agency:** In the event that Client utilizes or submits the report in connection with a tax return or other tax matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome of the tax matter. Client understands and acknowledges that the taxing authority (whether it is the Internal Revenue Service or any state or local tax authority) may disagree with or reject the appraisal(s) or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect from Client additional taxes, interest, penalties or fees. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees, and Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any taxes, interest, penalties or fees imposed on Client or for any attorneys' fees, costs or other expenses relating to Client's tax matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated

in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.

47. **No Guarantee of Adoption by Court or Jury:** In the event that Client utilizes or submits the report to any Local, State or Federal Court in connection with a litigation matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome. Client understands and acknowledges that the Courts (whether Local, State or Federal) and/or Jury may disagree with or reject the appraisal(s) or otherwise disagree with Client's legal positions. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any Judgement or legal outcome. Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any Judgement imposed on Client for any value, taking, attorneys' fees, costs or other expenses relating to Client's litigation matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.

48. **Advanced Notification Required of Regulatory or Statutory Requirements:** In the event that the report is relied upon by a third party, such as the Internal Revenue Service, Assessor, Courts or anyone else other than the Client, it is the responsibility of the Client to advise Reliant LLC in writing and in advance of engagement as to any regulatory or statutory requirements imposed on the scope of assignment and scope of work by that third party. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for non-disclosed scope of work and scope of assignment requirements of the third party.

49. **Maximum Time Frame for Legal Action:** Unless the time frame is shorter under applicable law, any legal action or claim relating to the assignment or services performed shall be filed in court (or in the applicable arbitration tribunal, as applicable and noted above under Agreement to Mediation and Binding Arbitration) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all non-criminal claims or causes of action of any type.

50. **Duration (Term) of Assignment Reliance:** The period of time that an assignment remains applicable and appropriate for the Client and Intended User(s) intended use, including the factual conditions that form the premise of the assignment, the research, data, analysis and conclusions, are dependent on a variety of factors including the intended users, intended use, changes in market conditions, legal/regulatory/statutory requirements, property specific conditions and other factors. While the time period that an assignment may remain applicable and appropriate to the intended use may be significantly less than thirty-six (36) months, this assignment shall not be relied upon by the Client or intended user(s) after thirty-six (36) months from the earlier date of either A) assignment delivery, which is most commonly the date of report, or B) an invoice is submitted to the Client.

51. **No Assignment of Claims:** Legal claims or causes of action relating to the appraisal are not transferable or assignable to a third party, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of

the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.

52. **Resolution of Violations & Deficiencies:** Any violations or deficiencies resolved under the terms of this agreement shall remain confidential between Reliant LLC and the Client, intended user(s) and reviewers. Except as provided under this agreement, the Client, Intended User(s) or reviewers agree not to submit the assignment to any applicable private or governmental body with jurisdiction over the matter. If any aspect of the assignment is determined by the Client, intended user(s) or their reviewers, to not meet the minimum standards of any applicable Local, State or Federal laws, including the Uniform Standards of Professional Appraisal Practice (USPAP) the Client or intended user(s) agree to not submit the assignment or individuals performing the assignment to any governing Local, State or Federal authorities or any private entity with jurisdiction without first 1) notifying Reliant LLC of the violations and 2) providing Reliant LLC an opportunity to correct and address any deficiencies that may exist. In the event that Reliant LLC fully addresses any deficiencies to the satisfaction of the Client, intended user(s) or their reviewers, these Parties agree that no further action shall be taken. If, however, the Client, intended user(s) or their reviewers do not believe that the issues have been fully resolved, Reliant LLC shall engage a third party expert of their choice to perform a professional review of the assignment. If that third party reviewer determines that the alleged issues have been resolved, the Client, intended user(s) or reviewers shall be responsible for the fee to that third party reviewer. If, however, the third party reviewer determines that the alleged issues have not been resolved, Reliant LLC shall have the opportunity to correct and address any deficiencies that may exist and is responsible for the fee to the third party reviewer. If, however, such issues are not fully addressed by Reliant LLC to the satisfaction of the third party reviewer, the Client, intended user(s) or their reviewers are released from the confidentiality requirement of this agreement and may submit the assignment to any applicable private or governmental body with jurisdiction over the matter.

53. **Unauthorized Third Party Liability to Reliant LLC for False Accusation:** The assignment is a private contract between Reliant LLC and the Client and intended user(s). Subject to the terms of this agreement, only the Client or intended user are permitted to submit this document to any applicable private or governmental body with jurisdiction over the matter without incurring any liability to Reliant LLC and the signatories of the assignment for false accusation, misrepresentation, slander or libel. In the event that the signatories of this assignment are found not to be in violation of any applicable governing regulations, any unauthorized third party that makes false accusations or submits this assignment to any applicable private or governmental body with jurisdiction over the matter accepts liability to Reliant LLC for attorney's fees incurred in their defense, lost income, damages to reputation of the signatories and firm and any and all other sources of economic damage that may result directly or indirectly from their said actions.

54. **Data Utilization:** The market and comparable data developed by the appraiser and presented in this report is being provided to the Client and Intended User(s) only within the context of this specific assignment. The Client and Intended User(s) are prohibited from distributing, disseminating, selling or otherwise profiting from this data outside the context of this assignment. The Client and Intended User(s) are, however, permitted to utilize this data strictly for their own internal purposes.

55. **Government Use:** This report contains sensitive information that may potentially cause harm to Reliant LLC if disseminated beyond the client(s) and intended user(s) described in the engagement documents and report. Therefore, subject to applicable law, any client(s) or intended user(s) that are local, state or federal government entities agree to use their good faith efforts to maintain the confidentiality of the comparable data presented within the report. Notwithstanding other provisions

of the engagement documents and report to the contrary, any client(s) or intended user(s) that are local, state or federal government entities may distribute this report as required or compelled to by law, but prior to release agree to redact all text, exhibits, photographs, maps or any other reference that identifies any comparable data used in the report where a party to the transaction (grantor, grantee, lessor or lessee) is not a government entity. The client(s) or intended user(s) and their agents are authorized to perform this redaction without consulting with, or obtaining any additional direction from Reliant LLC. The client(s) or intended user(s) may seek a written release from the above redaction requirement from Reliant LLC, who may provide such written release at its discretion. Furthermore, unless the client(s) or intended user(s) is expressly identified within the engagement documents and report as an assessment or taxation agency, and the intended use is to assist said agency in assessment or taxation matters, then unless otherwise required or compelled by law or court order to the contrary, any client(s) or intended user(s) that are local, state or federal government entities are not permitted to disseminate any contents of this report to any internal or affiliated assessment or taxation agency of the client(s) or intended user(s). If dissemination to such an assessment or taxation agency is required or compelled by law or court order, then the client(s) or intended user(s) agrees to perform the aforementioned redaction prior to distribution. Any internal or affiliated assessment or taxation agency that does obtain a copy of this report may not rely upon the report or disclose its contents. Release of this report to a local, state or federal government entity is not authorization to use the report or its contents for assessment or taxation purposes.

56. **Signatory Opinions Only:** The opinions and conclusions contained herein are developed and reported by the signatory(ies) and are exclusively those of the signatory(ies) only. This report does not necessarily reflect the opinions of Reliant LLC as a firm, or of any other Managing Members or employees.

Terms & Definitions

As Is Value[13]	*The estimate of the market value of real property in its current physical condition, use and zoning as of the appraisal date.*
Prospective Value[14]	*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[15]	*A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."*
At Completion Value[16]	*The market value at the effective date construction is completed or the certificate of occupancy is issued.*
At Stabilization Value[17]	*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 / Sum of Retail Values[18]	*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 the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the aggregate of the retail values or aggregate retail selling price.*
Value in Use (Use Value)[19]	*The value of a specific property for a specific use.*

[13] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[14] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[15] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[16] Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.
[17] Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.
[18] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[19] Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].

Business Value[20]	*The market value of a going concern, including real estate, personal property, and the intangible assets of the business.*
Going Concern Value[21]	*An outdated label for 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 market value of the total assets of the business.*
Client[22]	*The party or parties (i.e. individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.*
Intended Use[23]	*The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.*
Intended User[24]	*The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.*
Fee Simple Estate[25]	*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[26]	*The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.*
Leasehold Interest[27]	*The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.*
Real Estate[28]	*An identified parcel or tract of land, including improvements, if any.*
Real Property[29]	*An interest or interests in real estate.*
FF&E[30]	*Business trade fixtures and personal property, exclusive of inventory.*

[20] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[21] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[22] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[23] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[24] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[25] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[26] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[27] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[28] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[29] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[30] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Personal Property[31]	*1. The interests, benefits, and rights inherent in the ownership of tangible objects that are considered by the public as being personal; also called tangible personal property. 2. 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.*
Fixture[32]	*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.*
Trade Fixtures[33]	*Articles placed in or attached to rented buildings by a tenant to help carry out the trade or business of the tenant are generally regarded as trade fixtures. For example, a tenant's shelves used to display merchandise are trade fixtures and retain the character of personal property, as opposed to all other fixtures that were, but are no longer, personal property when they are attached to and become part of the real estate. Despite the consensus on the concept of trade fixtures in general, applicable law and custom govern when a specific item is a trade fixture in a particular assignment. Also called chattel fixture.*
Intangible Property[34]	*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[35]	*An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.*
Hypothetical Condition[36]	*A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.*
Gross Building Area[37]	*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 market area of the type of property involved.*
Rentable Area[38]	*For office or retail 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*

[31] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[32] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[33] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[34] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[35] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[36] Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.
[37] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[38] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

	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.
Usable Area[39]	*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[40]	*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	*Lands that lie below the mean high watermark. These include lands that are awash by normal tidal flows and submerged lands below the mean low watermark.*
Upland[41]	*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[42]	*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[43]	*Land that is not needed to serve or support the existing use. 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 has the potential to be sold separately and is valued separately.*
Surplus Land[44]	*Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.*
Depreciation[45]	*In appraisal, 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.*

[39] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[40] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[41] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[42] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[43] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[44] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[45] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Entrepreneurial Profit (Developer's Margin)[46]	*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. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.*
Market Rent[47]	*The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).*
Exposure Time[48]	*The estimated length of time that 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.*
Marketing Time[49]	*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.*

[46] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[47] Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.
[48] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.
[49] Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Addendum: Land Sale Comparables

LAND COMPARABLE L-1 RELIANT COMP ID: 3492

Sysco Property - 3492
170 Mill St
Juneau

Location Description
SW corner of Mill St

Tax ID
1C110K120101

Legal Description
Lots 10 & 11, Block B, Alaska Juneau Subdivision V, Plat 99-45

Sale Information

Actual Price	$716,000	**Date**	3/16/2017
Price	$716,000	**Transaction Type**	Closed Sale
Price Per Land SF	$21.00	**Property Rights**	Fee Simple
		Financing	Conventional
Price Per Acre	$917,949.00	**Conditions of Sale**	Arms Length
Grantor	JMIS, LLC		
Grantee	SYSCO Seattle, Inc.	**Sale Verification Source**	Broker/Agent, Jim Williams
Document No	2017-001026-0		

Site

Acres	0.78	**Zoning**	I, Industrial
Land SF	34,095	**Topography**	Level
Road Frontage	Mill St	**Soil Conditions**	Average
Shape	Rectangular	**Encumbrance or Easement**	None
Utilities	All Available	**Environmental Issues**	None Noted

Sale Comments
This property is located within an industrial subdivision approximately one mile east of downtown Juneau. The site was purchased by an owner-user who intends to develop a distribution warehouse.

LAND COMPARABLE L-2 RELIANT COMP ID: 3431

M&M Tours Land - 3431
NHN Mill St.
Juneau

Location Description
EC of Mill St. & Mt. Roberts St.

Tax ID
1C110K120150

Legal Description
Lot 15, Block B, Alaska Juneau Subdivision V, Plat 99-46, Juneau Recording District

Transaction

Actual Price	$597,938	**Date**	4/1/2019
Price	$597,938	**Transaction Type**	Closed Sale
Price Per Land SF	$22.00	**Property Rights**	Fee Simple
		Financing	Conventional
Price Per Acre	$964,416.00	**Conditions of Sale**	Arms Length
Grantor	JMIS, LLC		
Grantee	M&M Tours Limited	**Sale Verification Source**	Seller, Hendrika Flamee
Document No	SWD2019-001168-0	**Sale Verification Date**	5/1/19

Site

Acres	0.62	**Zoning**	I, Industrial
Land SF	27,179	**Topography**	Generally Level
Road Frontage	315	**Soil Conditions**	Average
Shape	Rectangular	**Encumbrance or Easement**	Typical, perimeter
Utilities	All Available	**Environmental Issues**	None Noted

Sale Comments
This is a site located in an industrial developed neighborhood. The property was purchased for development of a bus storage and repair facility. The buyer paid the seller's asking price. There was a competing offer at the same price.

LAND COMPARABLE L-3 RELIANT COMP ID: 10658

190 Mill St Land - 10658
190 Mill St
Juneau

Location Description

Tax ID
1C110K120130

Legal Description
Lot 13, Block B, Alaska Juneau V, Plat 99-46

Transaction

Actual Price	$378,818	**Date**	10/25/2019
Price	$378,818	**Transaction Type**	Closed Sale
Price Per Land SF	$22.00	**Property Rights**	Fee Simple
Price Per Usable Land SF	$22.00	**Financing**	Cash
Price Per Acre	$958,329.33	**Conditions of Sale**	Arm's Length
Grantor	JMIS LLC		
Grantee	Bonnell Development LLC	**Sale Verification Source**	Grantor

Site

Acres	0.40	**Zoning**	I
Land SF	17,219	**Topography**	Level
Road Frontage	Mill St		
Shape	Rectangular	**Encumbrance or Easement**	10' Drainage
Utilities	All utilities	**Environmental Issues**	None

Comments

LAND COMPARABLE L-4 RELIANT COMP ID: 3799

JMIS Land - 3799
NSN Eastaugh Way
Juneau

Location Description
SW end of Eastaugh Way cul-de-sac

Tax ID

Legal Description
Lot 5A, Subd of Lot 5, Block B, Plat 2020-3, Juneau Recording District

Transaction

Actual Price	$612,788	**Date**	3/10/2020
Price	$612,788	**Transaction Type**	Closed Sale
Price Per Land SF	$22.00	**Property Rights**	Fee Simple
		Financing	Conventional
Price Per Acre	$957,481.25	**Conditions of Sale**	Arms Length
Grantor	JMIS LLC		
Grantee	Eastaugh Way, LLC	**Sale Verification Source**	Broker/Agent, Errol Champion
Document No	2020-001104-0		

Site

Acres	0.64	**Zoning**	I, Industrial
Land SF	27,854	**Topography**	Generally Level
Road Frontage	40.91'	**Soil Conditions**	Average
Shape	Irregular	**Encumbrance or Easement**	Typical, perimeter
Utilities	All Available	**Environmental Issues**	None Noted

Sale Comments
This is a site located at the end of the Eastaugh Way cul-de-sac that is slightly below street grade. A 20' wide public utility easement traverses a portion of the site but was not considered to be a detriment by the purchaser.

LAND COMPARABLE L-5 RELIANT COMP ID: 10659

Mill St. Land - 10659
0 Mill St
Juneau

Location Description

Tax ID
1C110K120140

Legal Description
Lot 14, Alaska Juneau V, Plat 99-46

Transaction

Actual Price	$378,818	**Date**	3/10/2020
Price	$378,818	**Transaction Type**	Closed Sale
Price Per Land SF	$22.00	**Property Rights**	Fee Simple
Price Per Usable Land SF	$22.00	**Financing**	Cash
Price Per Acre	$958,329.33	**Conditions of Sale**	Arm's Length
Grantor	JMIS LLC		
Grantee	Bonell Development LLC	**Sale Verification Source**	Grantor

Site

Acres	0.40	**Zoning**	I
Land SF	17,219	**Topography**	Level
Road Frontage	Mill St.		
Shape	Rectangular	**Encumbrance or Easement**	10'
Utilities	All utilities	**Environmental Issues**	None

Comments

Addendum: Experience Data

Kim M. Wold

Background

Mr. Wold's background includes over 40 years in the real estate appraisal sector. Mr. Wold has extensive experience in appraising properties such as single and multi-family residential, income-producing properties, special purpose properties (sawmills, fish processing plants, etc.), tidelands, logging camps, grocery stores, shopping centers, and aviation facilities. He also has extensive experience appraising urban and remote acreage of varying highest and best uses, such as residential, commercial, industrial, agricultural, forestry, mining claims, tidelands, recreational, etc. He has performed appraisals for mortgage underwriting, eminent domain, easement valuation, lease renewals, establishing market lease rates, and estate purposes.

Mr. Wold has appraised properties throughout Alaska, including Bristol Bay, Bethel, Anchorage, Haines, Hoonah, Juneau, Yakutat, Sitka, Wrangell, Petersburg, Craig, Klawock, Hydaburg, Metlakatla, Thorne Bay, Hollis, Ketchikan, Unalaska, Chignik, St. Paul Island, Kodiak Island, and numerous remote locations throughout Southeast Alaska.

Education

Real Estate Education

Mr. Wold has attended numerous appraisal-related courses presented by the American Institute of Real Estate Appraisers, Northwest Center for Professional Education, Marshall Valuation Service, University of Alaska, and the International Right-of-Way Association. Mr. Wold has also completed courses sponsored by the American Institute of Real Estate Appraisers and the Appraisal Institute in conjunction with the University of Portland, University of Colorado, University of San Diego, and Arizona State University. Specific courses completed include:

- Law and Value; Communication Corridors, Tower Sites & Property Rights, 2001
- Attacking and Defending an Appraisal in Litigation, 2001
- Valuation of Detrimental Conditions in Real Estate, 2002
- Appraisal Litigation Practice & Courtroom Management, 2003
- The Road Less Traveled: Special Purpose Properties, 2004
- Hospitality Properties, 2004
- Condominiums, Co-Ops, and PUDs, 2006
- Current Issues and Misconceptions in the Appraisal Practice, 2007
- Business Practices and Ethics, 2009

- Highest and Best Use and Market Analysis, 2009
- Self-Storage: Emerging Core Asset, 2011
- Fundamentals of Separating Real Property, Personal Property, & Intangible Business Assets, 2012
- Litigation Appraising – Specialized Topics, 2014
- Forecasting Revenue, 2015
- Review Theory, 2015
- Uniform Standards of Professional Appraisal Practice, 2018
- The Appraiser as an Expert Witness: Preparation and Testimony, 2019
- USFLA, 2021
- Evaluations & Other Report Alternatives, 2021

Employment History

Reliant, LLC	Appraiser, March 2019 to Present
Integra Realty Resources – Seattle	Appraiser, April 2017 to March 2019
Alaska Appraisal Associates, Inc.	President and Chief Appraiser, October 1978 to April 2017
Ketchikan Gateway Borough	Appraiser, January 1976 to October 1978

Designations, Certifications and Awards

State License's / Certifications

- State of Alaska, Certified General Real Estate Appraiser, License No. 52 (expires June 30, 2023).

Organization Affiliations, Offices & Memberships

- Senior Member – National Association of Review Appraisers and Mortgage Underwriters
- Associate Member – Appraisal Institute
- Fee Appraiser – Federal Housing Authority (FHA/HUD #2218)

Qualified Before Courts & Administrative Bodies

- US Bankruptcy Court
- Superior Court of the State of Alaska
- Superior Court of the State of Washington
- Board of Equalization for Ketchikan Gateway Borough and the City of Craig
- Testified in Internal Revenue Service tax appeal hearings

Partial List of Clients

Clients include:

Government Agencies (FDIC, State of Alaska, Federal, and Local)
Financial Institutions
Fisheries
Forestry
Native Corporations
Tourism

A more detailed list of clients and professional references is available upon request.

RELIANT LLC

Appraisers | Advisors

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
- Solid Confidentiality

Extensive Valuation & Consulting Services:

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

Extensive Market Knowledge:

- Institutional
- Hotels
- Apartment & Condominiums
- Health Care / Medical
- Affordable Housing / LIHTC
- Senior Housing / Assisted Living
- Lumber & Sawmills
- Shipyards & Marinas
- Truck Stops & Travel Centers
- Seafood Processing Plants
- Right-of-Way / Condemnation
- Remote Properties
- Industrial
- Ground Leases
- Office
- Retail
- Athletic Clubs
- High-Tech
- Vacant Land
- Parking Garages
- Movie Theatres
- Wetland Banking/Mitigation
- Residential Litigation Support
- Multifamily

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AY2021 Property Assessment Guide

Updated: 2022-01-07

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Assessment Overview

Property Taxes

- Property taxes represent about half of the locally generated CBJ revenue.
- Property taxes fund general government services, police, fire, schools, parks, streets and other services.
- If we did not have property taxes there would have to be some other form of taxes.

Property Assessments

- The Assessor's Office strives to keep the taxes fair and equitable by ensuring that the assessed values are uniform.
- There is no one, absolute, precise market value for any given property. Appraisal Judgement is a necessary part of setting assessed values.
- While the concept of setting assessed values for every parcel in Juneau may sound simple there are many complexities to actually making it happen.

Assessed Values versus Taxes

- Most tax increases are due to a budget increase, passed either by the assembly or by the taxpayers.
- An increase in assessed value does not mean an increase in taxes.
- The budget determines the amount of taxes to be collected. The budget is set by the Borough Assembly. The assessed values determine how that tax burden is distributed.
- The Assessor's Office does not have an active role in budgeting or the taxes. We are focused on the assessed values.

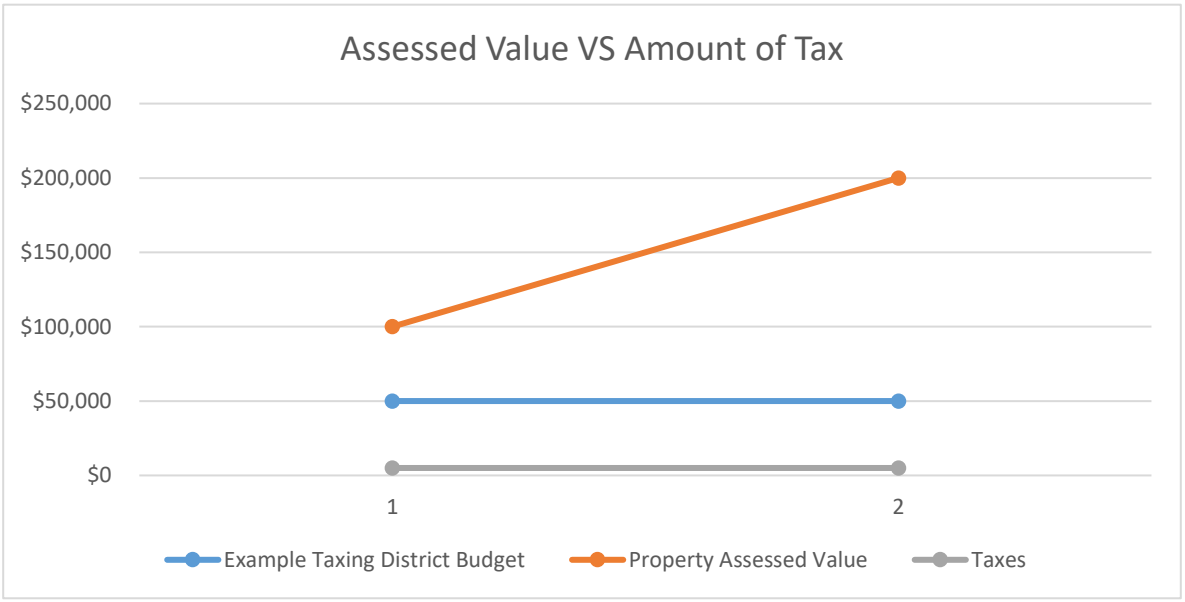
Examples:

- If everyone's assessed values doubled but the budget stayed the same your taxes would not change.
- If everyone's assessed values doubled and the budget increased by 10% your taxes would go up by 10%.
- If the budget stayed the same and one type of property was going up while all the others were not, owners of that type of property would see a higher tax bill and everyone else would see a lower tax bill.
- If your assessed value went up and everyone else's stayed the same, you would see an increase in your taxes even if the budget stayed the same.

In the following example you can see that with the assessed values doubling and the budget staying the same the actual taxes did not change.

Assessed Value -vs- Amount of Tax

$50,000	$50,000	Example Taxing District Budget
$1,000,000	$2,000,000	Total Assessed Values
0.050	0.025	Rate
$100,000	$200,000	Property Assessed Value
$5,000	$5,000	Taxes



Sales Validation (Also see the "Market Sales" topic for more specifics on Market Sales)

- Sales validation is critical. Sales data is foundational to everything that we do.
- All sales are considered.
- Only some sales are deemed to be a market sale.
- Of those that are market sales we only have prices on some of them. While a mandatory disclosure ordinance took effect in November 2020, we have, so far, not seen much of an increase in the disclosure rate.
- Generally we get sales prices on about 35 to 40% of the commercial sales.
- The word "considered" is also sometimes used to refer to the sales that were "included" in the ratio studies as a market sale.
- The guidelines for sales validation and the validation processes are critical. Maintaining standards in the sales validation process is critical.
- All of what we do in the area of valuations is dependent on the quality and accuracy of the sales data. Having good, clean, accurate sales data is critical.
- The sales validation and verification processes are continual and ongoing.

Market Sales (this topic is closely tied to the "Sales Validation" topic)

- To be a Market sale, a sale must meet these criteria at a minimum
  - Arms length transaction
  - No Duress
  - Marketed (see below)
  - Reasonable exposure time (see below)
- Invalid Sales- With rare exceptions, the following conditions make a sale an invalid (non-market) sale:
  - Multi-Parcel sales are invalid – an exception would be if they clearly are an economic unit that will always sell together
  - Family sale
  - Related party sale/transfer- one corporation sells to a parent corporation
  - Sale between parties that have pre-existing relationship (is non-arms-length)
  - Estate sale
  - Bankruptcy sale
  - Sheriff sale / tax auction
  - Tax Deed
  - Gifts
  - Transfer of interest
  - Trade / Exhange
  - Partial interests
  - Forced sales- Transfers in lieu of foreclosure, condemnation or liquidation
  - Easement or Right of Way (although these can be used for special studies on easements or Right of Ways)
  - Fulfillment of Contract
  - Plottage/Assemblage/Adjacent (This is referring to situations where a land owner purchases property next door or adjacent to the property he already owns. Or where a number of separate parcels are bought for the purpose of consolidating them into one larger parcel. An alternate use of the word plottage refers to the increase in value due to bringing the properties under the same ownership.)
  - Lease assignment or option
- Sales are not thrown out because of their ratio.
- To be a market sale the property has to have had exposure to a broad market and to have been actively marketed for a reasonable period of time
- In The Appraisal Institutes Dictionary of Real Estate Appraisal part of the definition of the requirements for a sale to be considered a market sale is that there was *"**reasonable exposure in a competitive market**, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress*." [Emphasis added] If a property is sold under duress, which needing to sell quickly would fall under, it is to be considered not a market sale. Under the market sale guidelines a sale that occurs in less than usual market time is also suspect. One of the aspects that is to be inspected besides exposure is marketing time. It should be noted that the typical marketing time for commercial properties is substantially longer than for residential properties.

Analysis Process

- The work that we do is not a controlled laboratory environment
- We will likely never have thousands of data points for commercial properties in Juneau.
- We work with the best data that we have available at the time.
- It is normal that subsequent to an analysis being done additional information comes to light that changes the validation or verification conclusions of a few sales. This does not invalidate the analysis and ratio studies. This reality is mitigated by the testing for outliers, the focus in the analysis on central tendencies rather than the fringes, and the review of different data groupings and subsets. The mitigation of any potential effect is one of the advantages of mass appraisal. For an example of the limited effect of removing a few sales please see the "AY 2021 Commercial Property Analysis & Appraisal Summary" section below.
- There are multiple facets to the analysis process. It usually includes the review of many ratio studies, starting from before any changes are made to the results after the final changes, but it also involves much more than that. Here is a partial list:
    - The sales validation and verification process is highly integrated with the analysis.
    - With each ratio study the decision of whether to include standard and/or extreme outliers
    - A study of the outliers
    - The relativeness of the sample
    - The uniformity and/or variance within the total set and all of the various subsets
    - The uniformity and/or variance between the total set and all of the various subsets
    - Market area uniformity and/or variance evaluated at Region, District and Neighborhood levels
    - The confidence level – this is a factor on all the decisions made and all aspects of the analysis and can vary greatly from one part of the analysis to another
    - The adjustments that need to be made and the best mechanism for applying them
- Data Sets- typical analysis structures will have a primary data set and then major type division data sets
    - For assessment work the primary data set is all of the property sales within the Borough.
    - A typical first level or major type division of the data set would be land, residential and commercial properties. All properties are placed into one of those three subsets based on appraisal judgement.
- Subsets- from the primary and the major type sets you typically have many subsets that are analyzed corresponding to things such as location, zoning, property type, and property characteristics
- The analysis should have an established structure. This often encompasses looking at the total primary set first, then doing land value analysis and adjustment, next incorporating the new land values into your analysis of building values, followed by a neighborhood factor analysis off of the new values which then leads to your final values.
- The data quality is critical to the analysis process.
- The analysis process is critical to the uniformity of your values.
- Analysis options / Mass Appraisal Techniques
    - Adaptive Estimation Procedure (AEP or Feedback)- most frequent method used by smaller jurisdictions
    - Multiple Regression Analysis (MRA)- requires a larger set of sales data
    - Nonlinear Regression Analysis- requires a larger set of sales data
    - Spatial Model Analysis (uses GIS)
- **Regardless of the number of sales, we are required to set assessed values each year. In setting assessed values we must do so for all taxable properties in the Borough.**

Model Specification

- Model specification is the process whereby you choose which property characteristics you feel effect value.
- Model Types- Additive, multiplicative, hybrid

Model Calibration

- Model calibration is the process whereby you determine by how much each characteristic effects value.

Approaches and Methodologies

- All three approaches- the sales comparison, cost and income approaches- are considered.
- New calculations versus trending
    - There are advantages to both and which is best to use is situational.
- In trending the assessed values the underlying considerations such as the 3 approaches to value and locational, property type and property characteristic adjustments are all accounted for in the original models and incorporated and carried forward into the new assessed values. That is one of the advantages of making a correction to assessed values through trending.
- Your CAMA (Computer Assisted Mass Appraisal) system will play a role in which options are available for setting and adjusting values.

Review & Appeal Processes

- Valid Reasons for Appeal
    - Value is excessive/overvalued – To show that an assessment is excessive, an appellant must show that the assessment is more than just overvalued. It must be shown that the assessment is grossly disproportionate when compared to other assessments (or, it can be shown that there is an intentional or fraudulent purpose to place an excessive valuation on the property.)
    - Value is unequal – To show that an assessment is unequal, the appellant must show that there are other properties in the same class as the property being appealed and that there is no basis that would justify different valuations of the property.
    - Valued improperly – To show that an assessment is improper, it must be shown that the assessor used an improper method of valuation, which amounts to fraud or a clear adoption of a wrong principle of valuation.
    - Undervalued – To show that an assessment is undervalued, an appellant must show that the assessment is more than just undervalued. It must be shown that the assessment is grossly disproportionate when compared to other assessments (or, it can be shown that there is an intentional or fraudulent purpose to place an undervaluation on the property.)
- Reasons that are NOT Valid
    - Taxes are too high
    - Value changed too much in one year
    - Can't afford the taxes
- In response to a Petition for Review, we review the assessed values for each appeal and if there is an error or an indication of the property's assessed value being excessive, inequitable, and improper we make the appropriate corrections.

- The appellant has the opportunity to submit information to the Assessor and once we have reached a conclusion, to accept our findings or to continue to a BOE hearing.

AY2021 Commercial Property Assessment Particulars

- We strive to treat all properties equitably.
- We have done our work with the highest of ethical standards.
- We have followed the applicable assessment standards.
- The basis for the 2021 commercial property assessed values is a market analysis based upon available actual sales data of commercial property sales. The analysis adhered to assessment standards.
- Trending was the best option for our circumstances.
- There have been questions about the historic valuation model. Actually, more correctly it is models, as in a plural. For instance there is a model specific to S Franklin St properties while there is a separate model specific to Concrete Way, another one for land in the Vintage area and at least one applicable to the core downtown business district. Some of these models we have had opportunity to inspect and, while in some cases our appraisal judgement would suggest a slightly different approach to the adjustments, the models certainly appear reasonable. The basis and time frame for the various models of course differs. As an example, the S Franklin St model was done in 2010 and adjusted slightly in 2011 and appears to be based on a study of sales in the area. The Concrete Way model was updated in 2013. Another test of those models is what happens when we apply trending. The fact that the trending tended to improve the COD and COV would suggest that the models are reasonable and still are representative of the market.
- The correction to commercial properties was applied mainly, but not exclusively, through the land segment does not make this a land study. The land segment adjustment was the mechanism by which increases could be applied within the CAMA system while maintaining uniformity in land values of improved and vacant land and moving all commercial properties closer to market value.
- One of the advantages of mass appraisal and of the analysis work that the Assessor's Office does is that we do not focus on one sale (low or high) but instead look at all of the sales. We then set values based off of the mean and median indicators for all of the sales. That way we are not isolating to the lowest sale or the highest sale in determining what the market value is. Within this process we look at the overall market as well as indicators for sub-groups such as locational factors, property features, types of property, etc. (Please see the AY 2021 Commercial Property Analysis & Appraisal Summary section for additional review of these sales.)
- Others have focused on one sale that was a market sale (the NCL/sub-port sale), claiming it is inappropriately skewing the results. That is not true. It is a market sale. It also does not qualify as an outlier per IAAO standards. (Again, please see the AY 2021 Commercial Property Analysis & Appraisal Summary section for additional review.)
- While the inclusions and exclusions that were made were appropriate, we analyzed whether or not changing the inclusion or exclusion of these sales would have had any impact on the valuations. Making those changes did not significantly change the ratios and would not have resulted in any different action in setting the assessed values. (see the AY 2021 Commercial Property Analysis & Appraisal Summary section.)

- The values for 2021 were set based on market analysis. As a result of the analysis a trending was applied to the assessed values. In trending the assessed values the underlying considerations such as the 3 approaches to value and locational, property type and property characteristic adjustments are all accounted for in the original models and incorporated and carried forward into the new assessed values. That is one of the advantages of making an initial correction to this undervaluation through trending. Most commercial properties have seen no significant change to their assessed values for 10 plus years. Because there was not a wealth of sales data for the subgroups an overall trending was applied. It should be noted that in reviewing locational subgroups, property type subgroups and property characteristic subgroups in the analysis we did not see compelling evidence that any location or other subgroup should be treated differently from the rest with the exception of the boathouses.
- This adjustment does not represent one year of market change but change over many years.
- Each of the appellants were encouraged to submit specific evidence of an incorrect value through initial phone calls early in the process, through a letter dated 06/18/2021 and through follow up phone calls to the letter as a minimum. Each appellant has been given opportunity to discuss our findings with the Assessor's Office.
- Our review of assessed values has consistently indicated that in spite of the corrections applied this year the fact remains that we are still undervalued for commercial properties. This is born out through the sales analysis, the cost approach and the income approach. Normally, at the BOE level we would be proposing increases to value when appropriate, however, in an effort to maintain uniformity, this year we have only been doing so when errors cause a property to be further undervalued.
- Two primary reasons cited for the appeals are that our assessed values are excessive and that our trending was not proper.
    - For perspective on those issues I would like to note some information from a source outside of the Assessor's Office. We have had the opportunity to read two commercial appraisals, both for one particular property on Salmon Creek Ln near the hospital. One has a valuation date of April 05, 2013 and the other a valuation date of August 11, 2021. Both appraisals are done by Mr. Wold who has been presented as an expert witness in many of the hearings.

      Mr. Wold indicates that the land value in 2013 was $330,000. Our land value for that year was just $229,800.

      Mr. Wold indicates that the land value in 2021 is $570,000. Our land value for this year is just $392,100 which happens to be less than 69% of his stated value which puts the ratio close to our median ratio.

      The land value indicated in the appraisals increases by 73% over an 8 year period. Our increase this year was 50% over an 11 year period. In percentages Mr. Wold's increase of 9.1% per year is double ours which is 4.5% per year.

AY 2021 Commercial Property Analysis & Appraisal Summary

The population or universe of properties to be assessed is all taxable properties in the Borough of Juneau. Those properties are divided into two primary classifications: residential and commercial. The focus here is on the commercial properties. So, our universe of properties for this part of the analysis is all commercial properties within the Borough. Correspondingly, the sales population is all sales that occurred for commercial properties within the Borough. Those sales then go through both validation and verification processes. In the validation process sales are classified by other transactions vs sales, then market sales vs non-market sales, then market sales for which we have a sales price. The market sales with sales price are the sales utilized in the ratio studies and analysis.

The following page includes a summary report for the 2021 Assessed Values based on the sales information at the time of the analysis. Because this is a dataset that includes all commercial types (vacant and improved) other than boathouses a COD of 21.5490 is a good COD that indicates good uniformity in the assessed values across the varied types and locations of the properties. The scatter diagram indicates that a more aggressive trending of sales prices would have been appropriate. If that had been applied it would result in an indication of the assessed value ratios being even lower than stated. These ratios and statistics are based on AY2021 values after the adjustments to values were made.

AY2021- Comm- Set 2 Updated AVs Live1- 20210316- No 19- All, 5 Yr, 5% Trend
Summary Report

IAAO Standards for COD	
SFR	15.0 or less
SFR-newer/homog	10.0 or less
Income Properties	20.0 or less
Income-Urban area	15.0 or less
Vacant Land	20.0 or less

Statistics

Current	Proposed		
53	53	Count	(Number of Records with Ratio)
0.2932	0.2932	Minimum Ratio	
1.4091	1.4091	Maximum Ratio	
1.1159	1.1159	Range	
0.8526	**0.8526**	**Mean**	(This is the average ratio for your sample.)
0.8853	**0.8853**	**Median**	(This is the mid-point value for your sample. Preferred measure of central tendency.)
0.6981	0.6981	Weighted Mean	
3.0313	3.0313	Sum of the Square of Deviations	
0.1908	0.1908	AAD	
0.2414	0.2414	Standard Deviation	
21.5490	**21.5490**	**COD**	(Good indicator of confidence level.)
28.3180	**28.3180**	**COV**	
1.2214	**1.2214**	**PRD- Price-Related or Factor Differential**	
		(PRD s/b between 0.98 & 1.03, IAAO)	
		(PRD over 1=Regressive)	

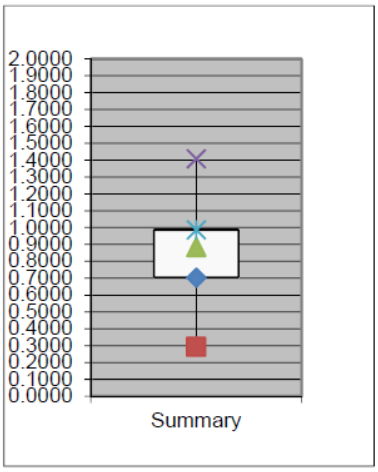
Coefficients (0=Normal Distribution)	
Kurtosis	-0.0245
Skewness	0.0181
Alt.Cyhelsky's Skew	-0.0943
Alt.Pearson's Skew	-0.4059

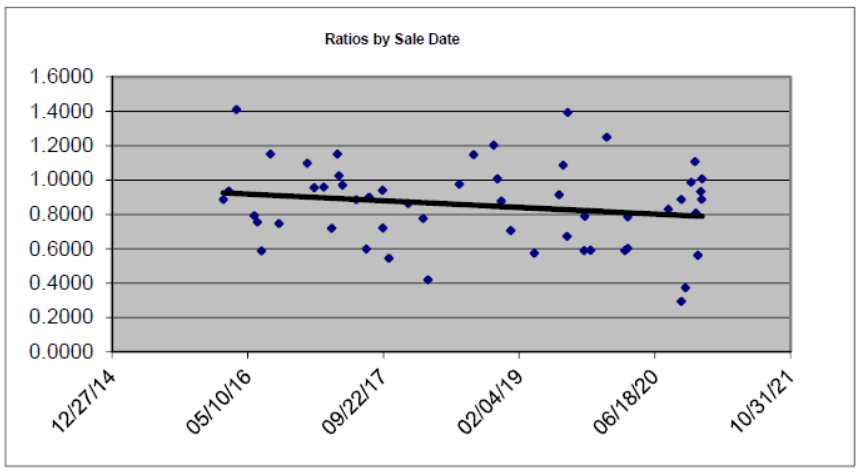
Trending Factors

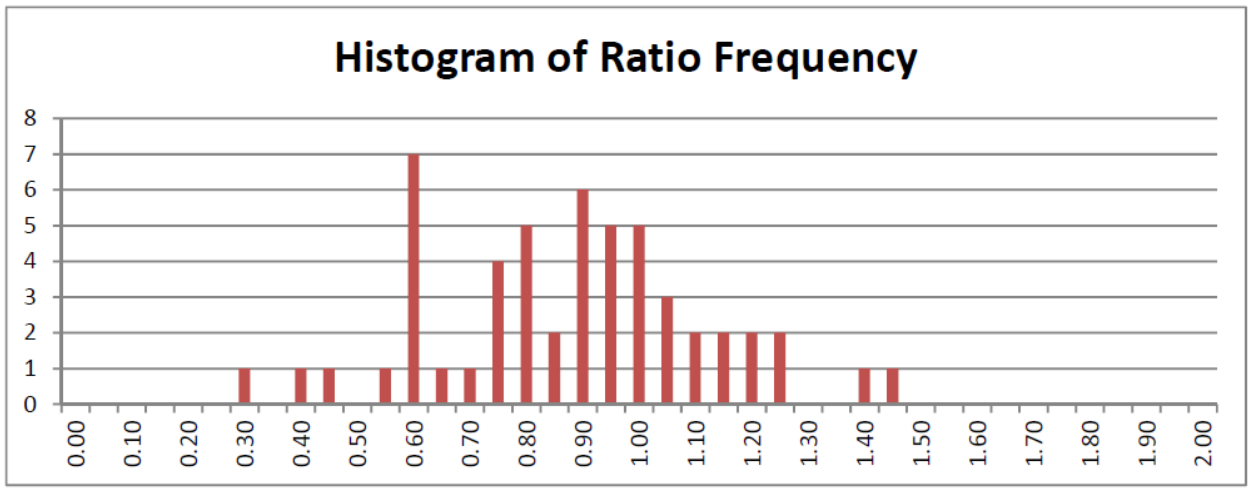
0.85	Target Level
0.9969	Factor on Mean
0.9601	**Factor on Median**
1.2176	Factor on Weighted Mean

Normal / Skewed Distribution Evaluation

0.0327	Differential Mean to Median
24	Number of data points below the mean.
29	Number of data points above the mean.
*Note- # below/above works on data sets up to 5,000 pts.	







Ratio Study Notations

- Note that the scatter diagram indicates that a higher rate of time/market trending of sales prices was in order for the ratio studies. If that higher rate were applied it would show that we are even more undervalued than these statistics indicate.
- Regarding the histogram, it is normal to have ratios above 1.00. In fact, if your level of assessment were set based on the median and right at market (1.00) half of your data points would be below 1.00 and half would be above 1.00.
- If you reviewed many histograms from many different jurisdictions you would typically find a larger percentage of ratios over 1.00 and that the top ratios would be far above 1.50.
- It was noted by an appellant that the ratios for 23% of the adjusted sales prices were above 1.00. That would mean that 77% are below 1.00 indicating that we are still undervalued.
- It is normal that subsequent to an analysis being done additional information comes to light that changes the validation or verification conclusions of a few sales. This does not invalidate the analysis and ratio studies. This reality is mitigated by the testing for outliers, the focus in the analysis on central tendencies rather than the fringes, and the review of different data groupings and subsets. The mitigation of any potential effect is one of the advantages of mass appraisal.
- Regarding the COD and COV: the numbers listed in the box at the top of the ratio study summary report are guidelines. The COD and COV and associated guidelines help guide your analysis of the market, the valuation models, confidence levels in adjusting values, effects of adjustments and other considerations. They are an indicator of central tendency and not an absolute criteria or test that a study has to meet to be valid. The image below is of the actual table from the IAAO Standard on Ratio Studies-2013.

Table 1-3. Ratio Study Uniformity Standards indicating acceptable general quality*

Type of property—General	Type of property—Specific	COD Range**
Single-family residential (including residential condominiums)	Newer or more homogeneous areas	5.0 to 10.0
Single-family residential	Older or more heterogeneous areas	5.0 to 15.0
Other residential	Rural, seasonal, recreational, manufactured housing, 2–4 unit family housing	5.0 to 20.0
Income-producing properties	Larger areas represented by large samples	5.0 to 15.0
Income-producing properties	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant land		5.0 to 25.0
Other real and personal property		Varies with local conditions

- If your ratio study involves a mix of property types it is typical that your CODs and COVs will be higher.

Sales List

This is a list of the market sales that we had available for our analysis data set.

AY2021 Analysis Sales List

Sale Date	Sale Price	Trended SP	AVTotal	Main Parcel	Count	Number	Street	Condo	Neighborhood
07/25/18	27,500	30,930	27,200	1C020K01G200	1	1435	HARBOR WAY	NO	AURORA BASIN C 19
06/28/19	25,000	26,936	27,200	1C020K01G280	1	1435	HARBOR WAY	NO	AURORA BASIN C 19
02/28/19	25,000	27,356	27,200	1C020K01G290	1	1435	HARBOR WAY	NO	AURORA BASIN C 19
10/09/20	20,000,000	20,235,200	7,524,300	1C060K010031	1	0	EGAN DR	NO	DOWNTOWN C
10/30/20	1,400,000	1,412,348	1,394,150	1C060K660110	1	711	W WILLOUGHBY AV	NO	DOWNTOWN C
12/15/16	1,100,000	1,327,612	1,457,000	1C060U040040	1	800	GLACIER AVE	NO	DOWNTOWN C
03/30/16	550,000	683,826	963,600	1C070A030040	1	100	N FRANKLIN ST	NO	DOWNTOWN C
12/09/20	confidential	confidential	190,200	1C070A050001	1	230	SEWARD ST	5K	SOMMERS ON SEWARD_C_24
11/02/18	510,600	567,144	682,450	1C070B0J0020	1	195	S FRANKLIN ST	NO	DOWNTOWN C
07/01/19	2,200,000	2,369,400	2,164,900	1C070B0N0011	1	259	S FRANKLIN ST	NO	DOWNTOWN C
03/10/20	612,788	638,268	501,300	1C110K120051	1	0	Eastaugh Way	NO	DOWNTOWN C
03/16/17	716,000	855,033	613,650	1C110K120101	1	170	MILL ST	NO	DOWNTOWN C
10/02/19	378,818	403,055	237,150	1C110K120120	1	0	MILL ST	NO	DOWNTOWN C
10/25/19	378,818	401,835	237,150	1C110K120130	1	190	MILL ST	NO	DOWNTOWN C
03/10/20	378,818	394,569	237,150	1C110K120140	1	0	MILL ST	NO	DOWNTOWN C
04/01/19	597,938	651,597	374,400	1C110K120150	1	0	MILL ST	NO	DOWNTOWN C
11/13/20	400,000	402,744	445,400	1D060L030011	2	201	CORDOVA ST	NO	WEST JUNEAU C
10/12/17	65,000	75,711	41,200	3B1501020030	1	1669	CREST ST	NO	SOUTH VALLEY C
11/30/18	168,750	186,776	164,000	3B1501040120	1	1544	CREST ST	NO	SOUTH VALLEY C
09/19/17	750,000	876,000	823,100	4B1601010040	1	2450	INDUSTRIAL BLVD	NO	MENDE PENINSULA C
06/13/17	104,000	122,899	108,800	4B1601050030	1	2274	INDUSTRIAL BLVD	5K	RIVERVIEW YACHT C 24
07/30/19	115,000	123,388	83,000	4B1601050160	1	2276	INDUSTRIAL BLVD	5K	RIVERVIEW YACHT C 24
03/05/18	73,000	83,557	35,000	4B1601080070	1	2278	INDUSTRIAL BLVD	5K	P & J BUSINESS C 24
07/31/17	112,500	132,188	119,000	4B1601120130	1	2270	BRANDY LN	5K	BRANDY LANE YACHT C 24
11/17/20	650,000	654,095	527,700	4B1701020020	1	10011	GLACIER HWY	NO	MENDE PENINSULA C
02/28/20	1,567,000	1,634,569	961,350	4B1701090056	1	10009	CRAZY HORSE DR	NO	MENDE PENINSULA C
12/04/20	confidential	confidential	145,000	4B1701090218	1	10011	CRAZY HORSE DR	5K	SAFE HARBOR C 24
02/14/17	150,000	179,757	172,300	4B1701090223	1	10011	CRAZY HORSE DR	5K	SAFE HARBOR C 24
04/24/17	130,000	154,534	149,800	4B1701090226	1	10011	CRAZY HORSE DR	5K	SAFE HARBOR C 24
01/10/17	150,000	180,492	172,300	4B1701090228	1	10011	CRAZY HORSE DR	5K	SAFE HARBOR C 24
06/30/16	501,624	617,218	361,800	4B1701100146	1	2789	SHERWOOD LN	NO	MENDE PENINSULA C
03/01/16	697,000	869,424	813,000	4B1701100170	1	10221	GLACIER HWY	NO	MENDE PENINSULA C
09/20/17	400,000	467,144	336,200	4B1701103003	1	2769	SHERWOOD LN	5K	BEAR DEN YACHT CONDO C 24
06/29/18	950,000	1,071,961	1,045,750	4B2901020010	1	10200	MENDENHALL LOOP	NO	AUKE MOUNTAIN C
10/04/19	2,205,832	2,346,343	1,849,500	5B1201000060	1	5245	GLACIER HWY	NO	LEMON CREEK C
08/02/19	500,000	536,260	746,600	5B1201020100	1	5452	SHAUNE DR	NO	LEMON CREEK C
04/05/17	4,140,000	4,932,313	5,106,550	5B1201040052	2	1721	ANKA ST	NO	LEMON CREEK C
08/02/16	500,000	612,910	704,850	5B1201060061	2	5631	GLACIER HWY	NO	LEMON CREEK C
09/24/20	2,450,000	2,483,957	1,554,550	5B1201060160	2	5740	CONCRETE WAY	NO	LEMON CREEK C
11/23/20	486,000	488,654	274,300	5B1201060260	1	5719	CONCRETE WAY	APN	SEAGULLS EDGE C 24
09/24/20	300,000	304,158	269,550	5B1201300110	1	1783	Anka St	NO	LEMON CREEK C
12/24/19	205,000	215,734	269,550	5B1201300110	1	1783	Anka St	NO	LEMON CREEK C
07/21/17	900,000	1,058,760	632,250	5B1201330160	3	2005	ANKA ST	NO	LEMON CREEK C
06/03/16	1,060,000	1,308,273	1,036,450	5B1201450110	1	1731	RALPH'S WAY	NO	LEMON CREEK C
06/15/16	637,500	785,744	593,500	5B1501000002	1	8251	GLACIER HWY	APN	SOUTHEAST INSURANCE C 24
08/07/20	700,000	714,406	591,700	5B1501010001	2	1880	CREST ST	APN	BUILDERS PLAZA C 24
09/02/16	1,300,000	1,587,924	1,183,050	5B1501020170	1	8401	AIRPORT BLVD	NO	SOUTH VALLEY C
11/16/18	750,000	831,585	837,600	5B1501040030	1	8825	MALLARD ST	NO	SOUTH VALLEY C
12/07/20	confidential	confidential	234,498	5B15011107E0	1	2221	JORDAN AVE	SEP	JORDAN CREEK C 24
02/10/16	273,000	341,299	234,498	5B15011107E0	1	2221	JORDAN AVE	SEP	JORDAN CREEK C 24
12/22/17	300,000	346,452	230,384	5B15011109B0	1	2231	JORDAN AVE	SEP	JORDAN CREEK C 24
02/15/18	968,750	1,111,292	851,400	5B1601000023	1	9151	GLACIER HWY	NO	SOUTH VALLEY C
07/16/19	145,000	155,861	169,350	5B1601140043	1	9309	GLACIER HWY	APN	PROFESSIONAL PLAZA C 24
08/21/18	240,100	269,142	308,850	5B1601140070	1	9309	GLACIER HWY	APN	PROFESSIONAL PLAZA C 24
01/04/19	672,000	740,490	521,900	5B2401610150	1	4045	DELTA DR	NO	NORTHEAST VALLEY C
04/11/17	1,540,000	1,833,432	1,877,700	7B0901030071	1	3161	CHANNEL DR	NO	TWIN LAKES C

(1) These were the sales available to us for our market analysis for assessment year 2021.
(2) Some sales prices are confidential, specifically when the only sale source is the buyer.
(3) Note that this list was updated 08/24/21 to add AV. The original list was 57 sales, however, through the analysis processone sale, 1C060U050022, was eliminated. It was further updated 09/23/21 when a change in directive from the law department allowed us to add some sales prices. Update9/29/2021 only sales prior to 11/26/2020 confidential.
(4) AV Adj for condition at time of sale - 1C060U040040, 1C070A030040, 4B1701100170, 1C110K120130, 1C110K120101, 4B1701100146, 5B1201060160, 5B1201000060. 7B0901030071
(5) 5B1201020100 is included on this list, however, it has since been determined not to be a market sale; seller & buyer related. Removal of this sale would further lower the mean and median ratios.
(6) Note- multi-parcel sales are normally considered non-market, however, with commercial sales they are sometimes included as an economic unit.
(7) Note that the sale price used in the original study for 5B1201040052, which included 5B1201040051, was $3,726,000 which was reported by the buyer, however, subsequent information showed the sale price to be $4,140,000 with the cash distribution reduced for the value of 12 months of continued occupancy by the seller after the execution of the sale. Also, this sale was discovered to be a non-market sale due to duress of the seller. Removal of this sale would lower the mean and median ratios
(8) The trending applied to bring the sales to 01/01/2021 was 5% per year. The analysis indicates that a trend of 7.5% would be appropriate but to be conservative we selected 5%.
(9) Column added to identify condo parcels NO = not condo; APN= apportioned land value; 5K= place holder land value; SEP = land is valued under different parcel.

In the sales list you will notice that there is a column that indicates whether or not the parcel is a condo. The properties that are labeled condo are not residential condos but commercial condos which could include retail spaces, offices and mini-warehouses. The reason that they are noted on the list is because the mechanism for increasing their values was different from other commercial property types. In the analysis they were treated as a separate subset.

Review of Particular Sales

In response to questions raised by appellants we did additional review regarding four sales and their inclusion in or exclusion from the ratio study. We found that the original inclusion or exclusions were appropriate. We then went one step further and analyzed the hypothetical assumptions regarding the inclusion and exclusion of these sales.

The sales were:

1. The Emporium Mall, 1C070K810090 & 0140 – This sale is a multi-parcel that does not qualify as a market sale.
2. The Assembly Building, 1C070A090060 – We did not and still do not have a verified sale price for this sale.
3. The Pacific Pier, 1C070K830040 – This may be a market sale, however, we did not have the sale price at the time of the analysis.
4. The AMHT/NCL land sale, 1C060K010031 – This is a market sale and was included in the analysis.

In regards to the NCL sale, two items of note. First, it does not meet the criteria to be considered to be an outlier. Second, it's inclusion in the analysis did not cause it to have undue influence on the results.

We have reviewed the assertions and find them to be without merit and find that the sales qualification designations are consistent with standards. The distinctions of what is and is not a market sale are important in keeping your data clean which leads to more accurate findings. In spite of there being no merit to the argument for changing which sales were included and which were excluded, just for review purposes, we looked during the review process at whether inclusion and exclusion of these sales would have made any substantial difference. The finding was that the changes in mean and median ratios was minimal and would not have led to any difference in our decisions in the setting of the assessed values and the bringing of the commercial values closer to market.

Again, I need to stress that the exclusion and inclusion, as done in the analysis, was proper and this was just done for comparative and informational purposes during the review process. The statistics below are for 3 sequential steps applying the hypothetical assumptions. The first step added the 2 sales, the next step then corrected an included sale and the third step then removed the NCL sale from consideration. You will see from the results below that even after applying these hypotheticals that after our changes to the assessed values that commercial properties remain undervalued. After applying the hypothetical assumptions the median changed by one thousandth of a percent and the mean increased by 3.2% but remained lower than the median.

Review of Impact of Including and Excluding Particular Sales				
	Original	2 Sales Added	Sale Correction	Remove NCL
Count	53	55	55	54
Minimum Ratio	0.2932	0.2932	0.3718	0.4189
Maximum Ratio	1.4091	1.4091	1.4091	1.4091
Range	1.1159	1.1159	1.0373	0.9903
Mean	**0.8526**	**0.8692**	**0.8753**	**0.8846**
Median	**0.8853**	**0.8862**	**0.8862**	**0.8863**
COD	**21.5490**	**22.4051**	**21.6607**	**20.9181**
COV	**28.3180**	**29.0248**	**27.6491**	**26.4636**
PRD- Price-Related or Factor Differential	1.2214	1.1463	1.1359	0.9396

In general, the mean is the preferred measure if your sample is symmetrical and the median is preferred if your sample is skewed or includes outliers. The COD is based on the median and the COV is based on the mean.

Beyond the above sales there were a number of sales that were included in early sales reports and counts of possible qualified market sales that were not included in the analysis set due to legitimate questions not being able to be resolved by the time that the study was done. This would include things such as unresolved questions as to whether a sale was a market sale or not, questions as to the accuracy of the sales price, lack of information as to the value of personal property included in the sale and other questions. It is normal for the sales validation information to be refined during the analysis process. A ratio study done on these excluded sales shows a mean and median ratio virtually identical to the analysis set. A list of sales (provided by appellant Ken Williamson) and their status as to inclusion in the analysis follows.

For Audit/Review Purposes Only

This is a summary of a review of a list of sales provided by appellant Ken Williamson.
This summary reviews whether or not these sales were included as a qualified market sale in the AY2021 Analysis.
In cases where the sale was excluded the reason is indicated.

sale date	parcel number	address	Inclusion/Exclusion	Reason
9/7/2017	1C020K01E220	Aurora Harbor	not included	boat house- Question on price & what sold
9/7/2017	1C020K01E230	Aurora Harbor	not included	boat house- Question on price & what sold
6/23/2020	1C020K01E300	1435 Harbor Way	not included	boat house; excluded as an outlier
7/25/2018	1C020K01G200	1435 HARBOR WAY	Included In Separate Study	boat house
6/28/2019	1C020K01G280	1435 HARBOR WAY	Included In Separate Study	boat house
2/28/2019	1C020K01G290	1435 HARBOR WAY	Included In Separate Study	boat house
1/30/2017	1c030c280080	712 W 12th	not included	questionable data source sp and mtg same
9/23/2016	1C060C000080	3610 Diston	not included	questionable data source reonomy?
10/9/2020	1C060K010031	0 EGAN DR	Included	
10/30/2020	1C060K660110	711 W WILLOUGHBY AVE	Included	
12/15/2016	1C060U040040	800 GLACIER AVE	Included	
7/20/2018	1C060U050022	1108 F ST	not included	multi parcel sale/ not contiguous/ multiple sale price references
3/30/2016	1C070A030040	100 N FRANKLIN ST	Included	
12/9/2020	1C070A050001	230 SEWARD ST	Included	
11/2/2018	1C070B0J0020	195 S FRANKLIN ST	Included	
7/1/2019	1C070B0N0011	259 S FRANKLIN ST	Included	
12/31/2019	1c070k810090	170 S Franklin	not included	multi parcel sale outside of standards for inclusion
1/9/2018	1C100I070050	549 S Franklin	not included	multi parcel sale/ not enough data/ easement questions
3/10/2020	1C110K120051	0 Eastaugh W ay	Included	
3/16/2017	1C110K120101	170 MILL ST	Included	
10/2/2019	1C110K120120	0 MILL ST	Included	
10/25/2019	1C110K120130	190 MILL ST	Included	
3/10/2020	1C110K120140	0 MILL ST	Included	
4/1/2019	1C110K120150	0 MILL ST	Included	
11/13/2020	1D060L030011	201 CORDOVA ST	Included	
10/12/2017	3B1501020030	1669 CREST ST	Included	
11/30/2018	3B1501040120	1544 CREST ST	Included	
9/19/2017	4B1601010040	2450 INDUSTRIAL BLVD	Included	
6/13/2017	4B1601050030	2274 INDUSTRIAL BLVD	Included	
7/30/2019	4B1601050160	2276 INDUSTRIAL BLVD	Included	

3/5/2018	4B1601080070	2278 INDUSTRIAL BLVD	Included	
10/29/2018	4B1601090040	Crazy Horse	not included	multi parcel sale/ condo units and land portions
7/31/2017	4B1601120130	2270 BRANDY LN	Included	
11/17/2020	4B1701020020	10011 GLACIER HWY	Included	
2/23/2020	4B1701080020	10012 Crazy Horse	not included	personal property included in sale price; adjustment not determined
2/28/2020	4B1701090056	10009 CRAZY HORSE DR	Included	
12/4/2020	4B1701090218	10011 CRAZY HORSE DR	Included	
2/14/2017	4B1701090223	10011 CRAZY HORSE DR	Included	
4/24/2017	4B1701090226	10011 CRAZY HORSE DR	Included	
1/10/2017	4B1701090228	10011 CRAZY HORSE DR	Included	
6/30/2016	4B1701100146	2789 SHERWOOD LN	Included	
3/1/2016	4B1701100170	10221 GLACIER HWY	Included	
9/20/2017	4B1701103003	2769 SHERWOOD LN	Included	
12/31/2019	4b1701104000	2771 Sherwood ln	not included	personal property included in sale price; adjustment not determined
3/26/2019	4b2801050030	3845 Lee Court	not included	vacant land sale in a residential neighborhood, considered to not be commerical land.
6/29/2018	4B2901020010	10200 MENDENHALL RD	Included	
10/4/2019	5B1201000060	5245 GLACIER HWY	Included	
9/3/2019	5b1201010010	1610 Anka	not included	multi parcel sale, not enough info
8/2/2019	5B1201020100	5452 SHAUNE DR	Included	
4/5/2017	5B1201040052	1721 ANKA ST	Included	
8/2/2016	5B1201060061	5631 GLACIER HWY	Included	
1/18/2017	5b1201060140	5720 Concrete Way	not included	Sale price was in question. Further review identified the correct sales price. The sale will be included in the 2022 analysis with the corrected sale price.
9/24/2020	5B1201060160	5740 CONCRETE WAY	Included	
11/23/2020	5B1201060260	5719 CONCRETE WAY	Included	
9/24/2020	5B1201300110	1783 Anka St	Included	
12/24/2019	5B1201300110	1783 Anka St	Included	
7/21/2017	5B1201330160	2005 ANKA ST	Included	
1/29/2018	5B1201450050	5410 Bent Ct	not included	personal property included in sale price; adjustment not determined; questionable data source
6/3/2016	5B1201450110	1731 RALPH'S W AY	Included	
6/15/2016	5B1501000002	8251 GLACIER HWY	Included	
8/7/2020	5B1501010001	1880 CREST ST	Included	

9/2/2016	5B1501020170	8401 AIRPORT BLVD	Included	
11/16/2018	5B1501040030	8825 MALLARD ST	Included	
12/7/2020	5B15011107E0	2221 JORDAN AVE	Included	
2/10/2016	5B15011107EO	2221 Jordan	Included	
12/22/2017	5B15011109B0	2231 JORDAN AVE	Included	
2/15/2018	5B1601000023	9151 GLACIER HWY	Included	
7/16/2019	5B1601140043	9309 GLACIER HWY	Included	
8/21/2018	5B1601140070	9309 GLACIER HWY	Included	
8/10/2016	5b160144000	3039 Clinton	not included	questionable data source/ reonomy/ Low income senior housing
1/4/2019	5B2401610150	4045 DELTA DR	Included	
1/27/2017	6D0701000020	4755 N Douglas Hiway	not included	not enough info
4/11/2017	7B0901030071	3161 CHANNEL DR	Included	
12/30/2016	7B0901040070	1050 Salmon Creek ln	not included	questionable data source/ "allocated sale price" noted but meaning of the note was unknown/ low income housing

The claim has also been made that our methodology was improper because we did not include sales that we had prices for and should have included, the insinuation being that we were cherry picking sales. See the table below regarding these claims and why they were not included.

Pacific Pier	We received sales data on this sale after the analysis. It will be considered for next year, however, indications are that is was purchased by a tenant which would make it a non-arms-length transaction and likely will not qualify as a market sale.
Emporium (this was already addressed above)	This sale was considered. It was excluded because it was a multi-parcel sale. It is clear that it does not qualify as an economic unit as part of it was sold one year later.
Assembly Building (this was already addressed above)	We did not and still do not have a confirmed sale price for this building. We have heard “street talk” about what it may have been but that does not qualify as a confirmed price.
Miner’s Merchantile	This sale is from 09/17/2021 which is well after the 01/01/2021 cut off. It will be considered for next year, however, indications are that is was a non-arms-length transaction and likely will not qualify as a market sale.
Bill Ray Center (this was already addressed above)	We considered this sale. This is a multi-parcel sale with one of the parcels across the street. It does not clearly fit the economic unit definition. There also was questions as to the purchase and sale motivations of the short term property owner.

AY2021 Notes Regarding Spitzfaden, Wold & Geiger Submissions and Testimony

Notes Regarding Spitzfaden Submission and Wold Testimony

Notes Regarding Particular Sales

The Kim Wold letter indicated that some of the sales used in the analysis were not appropriate. We have identified and addressed those sales below.

- 5B1201300110
  - The letter includes a note indicating this sale was a duplicate.
    - Please note that this is not a duplicate.
    - It is a property that sold twice in the 5 year period, often referred to as a paired sale.
- 1C110K150041
  - The letter includes a note indicating this was a related party sale.
    - This is not in our list of sales.
    - The last sale we show in the CAMA system for this parcel is 12/07/2009. This was a related party sale and was not included in our analysis.
    - If he means 1C110K120140 (He has applied sale "numbers" to the list and refers to that number) – to our knowledge JMIS LLC and Bonnell Development LLC are not related but we could research this further. To our knowledge JMIS sold at least 6 parcels in that area to 5 different buyers. That said, removing one sale is not going to change the results of the ratio study and we do the analysis and ratio studies with the best information that we have at the time. It is normal that the sales data continually gets refined. For instance, next year there may be sales from 2020 that we could not use because we did not have sales prices at the time that we got sales prices for subsequent to the AY2021 analysis that will be used in AY2022.
- 5B1201020100
  - The letter includes a note indicating this was a related party sale.
    - The 08/02/2019 sale was included in the market sales. It was subsequently discovered that the seller (Odom Real Estate Partners) and the buyer (Odex Juneau LLC) had similar or overlapping principles. It was marked as a non-market transaction and will not be used for future market analysis.
    - Being that the ratio for this sale was above 1.00 (1.3922, the second highest ratio) removing it will potentially lower the mean and median ratios thus indicating that we are further undervalued.
    - Note that new information or refinements to the sales data does not invalidate a study which was done with the best information available at the time. It is normal that the sales data continually gets refined.
- 1D060L030011
  - The letter includes a note indicating this was a residential sale.
    - This property was marketed as available for commercial purposes.
    - It was purchased for commercial purposes.
    - Being that the ratio for this sale was above 1.00 (1.1059) removing it will potentially lower the mean and median ratios thus indicating that we are further undervalued.

- 1C070B0J0020
    - The letter includes a note indicating this was a related party sale.
        - There were 2 sales for this property.
        - The 09/01/2020 “sale” was recognized as being a transfer to a trust and was not included in the list of market sales.
        - The 11/02/2018 sale was included in the market sales. It was subsequently discovered that the purchaser was a long time tenant of the building. It was removed from the market sales list and will not be used for future market analysis.
        - Being that the ratio for this sale was above 1.00 (1.2033, the fourth highest ratio) removing it will potentially lower the mean and median ratios thus indicating that we are further undervalued.
- 4B1701100146
    - The letter includes a note indicating this was a related party sale. He does not indicate which of the two sales is purportedly a related party sale.
        - There were 2 sales for this property.
        - The sale from 05/25/2016 from Andosh Associates LLC to Cuttingedge Development Inc was not used as we do not have a sales price for this sale.
        - The second sale from 06/30/2016 from Cuttingedge Development Inc to SRA&G LLC was used. We do not have an indication that these parties are related but we can research this further.
        - Again, data refinement is normal and as documented in Addendum B, removing one sale is not usually going to alter the ratios in any significant way.
- 5B2401610150
    - The letter includes a note indicating this property is a residential property
        - It is a 6 Plex, a property type which we generally value with the commercial properties
        - It is an income producing property
- 4B2901020010
    - The letter includes a note indicating that this property is a Residential property
        - It is a RV Park
        - This property is an income producing property
- “3 additional pending sales”- These are only pending and are all after 01/01/2021.
- “Downtown sales closed 03/23/2021”- This sale is after 01/01/2021.

Questions & Answers

- Grandfathered Uses – Do they end with the sale of a property?
    - Not necessarily. The rights to a non-conforming use usually transfer with the sale. If a continued use is not permitted it is often considered a “taking” and the property owner must be compensated.
- Highest & Best Use
    - This is a key principle
    - The four “tests” are physical, legal, financial and maximal
    - While some aspects involve legal definitions or financial comparison the interpretation of all of the factors is often very subjective.
- Is there a set format and cap rate for an income approach?
    - There is no one set format when it comes to income approaches. It is common, when used for property tax assessment purposes, that the following expenses are excluded: property taxes, depreciation, debt service, income taxes, capital improvements, owner business expenses and replacement reserves. Those factors can vary considerably from one investor or property owner to another. Excluding them produces a more consistent model that reflects the market overall. Note that items such as the cap rate need to be developed or calibrated for each specific model structure. Different models may arrive at different NOI amounts, different cap rates, different standard expense percentages, etc. due to what income or expenses are included or excluded.
    - For the income approach our model uses a cap rate of 6% for AY2021. Our research indicated that an appropriate cap rate would have been 5%. Testing that against local sales and market information that we had available, we found that the 5% would bring us to market and that using 6% produced values in line with the 85% to 90% level of valuation that we were achieving with the ratio study and trending.
    - Remember that the cap rate is an inverse number to the value so a higher cap rate results in a lower indicated property value.
- Can a comparable sale be from a different location?
    - Some questions have been asked about Comparables in appraisal and assessed valuation work. First, in utilizing mass appraisal you do not have specifically identified comparables as you would in a classic sales comparison methodology, rather you are looking at all of the sales. That said, there is far more latitude in comparables than is being recognized. Comparable selection is highly subjective and each appraiser will have their own opinion as to which sales are the best comparables. Adjustments are then made to those comparables to “bring them” to the subject’s characteristics. While a residential appraisal for financing, which is the appraisal application that you are probably most familiar with, usually has fairly tight parameters, there actually can be great latitude in the comparable selection. There are many cases where, due to lack of sales, appraisers utilize different types of properties and properties from different neighborhoods, different cities and even different states. The adjustments become even more critical in these cases. Can a property from the valley be utilized in an appraisal for a downtown property? Absolutely, if the appraiser feels that that is the best comparable available. In such a case the locational adjustment would be more critical than if you have a comparable that is only a block away.

An Example

- Consider a scenario- State law and assessment standards indicate that you should assess all classes of property at similar levels. You are setting assessed values for all commercial property types including retail, offices, and warehouses. All non-commercial property types are at market (100%). You have 50+ sales from all commercial types, clustered fairly tightly, showing an overall ratio for all commercial type properties as being 70%. You have 12 sales of retail properties that are not a real tight cluster but showing that you are 70% of market. You have 6 sales of warehouses that are tightly clustered. They also show that you are at 70% of market. You have no office building sales. All of the subgroups that you have sales for have ratios close to the 70%. State law says that you must place a value on all of these properties. What are you going to do with assessed values for retail properties? What are you going to do with warehouse values? What are you going to do with office building values? Are you going to ignore the evidence and leave the values the same or are you going to apply the best correction that you can? Are you going to change some and not others just because there are fewer sales or no sales for that particular type? If so, what is your justification for treating them differently?

June 2, 2021

Greg Morris
Appraiser II
Assessor's Office
City and Borough of Juneau
155 S Seward St.
Juneau, Alaska 99801

Dear Mr. Morris:

This letter relates to our appeal of parcel # 1C070B0L0010, which is the "Swope Building" currently leased to Alaska Brewing for tourist retail on South Franklin St.

In 2020, the property tax assessed valuation was $1,831,100 and is proposed to go to $2,185,100 in 2021.

Our net income in 2020 was $86,633 which is a 4.7% cap rate. Our net income is 2021 will likely be approximately the same.

Our tenants received no retail revenue at the building in 2020 and are likely to receive little in 2021 assuming they even decide to open in the last part of the summer.

The cap rate in 2020 and likely in 2021 is already below ordinary cap rates for retail properties in Juneau. At this time in 2020, we did not know what the pandemic would do to the cruise season in Juneau, and therefore we were not in position to appeal last year's assessment.

Your premise for the tax increase for the land value is that commercial properties are currently assessed at the average of 70% of the market value and needs to be increased.

From the actual lease data above, it is clear that the property is already valued at greater than market value, prior to any proposed increase. Until the cruise passenger numbers is equal to or exceeds the high year of 2019, the proposed increase cannot be justified on this property.

Sincerely,

Reed Stoops
Managing Member
Swope LLC

Swope Building, LLC

Profit & Loss

January through December 2020

	Jan - Dec 20
Income	183,435.46
Gross Profit	183,435.46
Expense	96,801.78
Net Income	86,633.68

June 2, 2021

Greg Morris
Appraiser II
Assessor's Office
City and Borough of Juneau
155 S Seward St.
Juneau, Alaska 99801

Dear Mr. Morris:

This is in response to your letter of May 27th regarding Franklin Dock Enterprises properties on South Franklin St.

I reviewed the materials that you provided as the basis for the proposed property tax increase based on a higher assessment valuation of our properties.

First, the premise that there is a cost shift between commercial and residential properties is not a valid one, at least for downtown properties. With most of our properties, the past and current assessed valuation is not 70% of market value, it often exceeds market value. Unless you have recent comparables of downtown commercial properties that are similar in location and use that show high values, we strongly believe that your assertion is incorrect.

It is also problematic to assign higher land values to properties with existing buildings on them. The buildings create the economic value of the property unless you want to consider the cost of demolishing the building and the higher cost of new construction as part of the equation.

Franklin Dock owns or leases five parcels on South Franklin St.

1C100K830030 2L 1A. This lot has the Miner's Cove retail building that we constructed. The 2019 value for tax purposes was $5,017,500. The value for 2021 is $6,805,000.

The net income for 2019, which was Juneau's peak year for cruise ship traffic, was $137, 500, which is a 2.7% cap rate. The net income for 2020 was $13,604 – a year in which there was no cruise ship traffic. Net income for 2021 will likely be the same or lower. Minimal cruise ship traffic during the last part of this season is not enough to justify higher rents. In 2022 we will be lucky to revert to the 2019 rates. So for 2020 our cap rate was .027% cap rate. Under your proposed assessment for 2022, our cap rate will be .019%.

Given these numbers, our property tax rate in 2019 and previous years was too high as cap rates in Juneau should be in the 7-10% range. Therefore, it's pretty hard to justify your premise that commercial property evaluations are at 70% of market value.

Next let's take parcel #1C100K83000402L3A. This parcel is immediately to the south of our cruise dock. It was valued in 2019 at $3,699,000 and in 2021 at $5,424,000. Our entire gross revenue for this property is $50,000 per year for the electric/steam plant building built on part of the property. The remainder of the property has had no economic value to us for the past 20 years as there has been no demand for commercial or industrial use in that location so far. So, our cap rate on that lot was .013% in 2019 and would be .009% in 2022.

Next, parcel #1C100K830041L4A. This is the next lot toward the rock dump. It was valued in 2019 as $1,197,000 and in 2021 proposed at $1,795,000. This one has a cap rate of 0%. In 20 years, we have never received income from this property and we have never had an economic use for it as commercial or industrial.

Next, parcel # 1C100K830031 L2A. This is the uplands for the South Franklin Cruise Dock. The valuation is 2020 was $3,699,600. Our net revenue in 2020 was ($928,911). That is NEGATIVE $928,911. The proposed value in 2021 is $5,424,850. Our net revenue in 2021, assuming we get approximately 8 cruise stops at the end of this season will be in the ball park of ($840,000).

Parcel # 1C100K830032 is our private tidelands (submerged) on which our dock is built. That was valued at $1,120,500 in 2020 and proposed to remain the same in 2021. Essentially that is part of Lot 2A as both together contain our dock and parking area. The same negative income apply to that one as well. I should have

appealed that parcel last year, but at the time it was not known what would happen with the cruise season in 2020. Now we know that we had zero revenue in 2020 and will only have token revenue in 2021- but nowhere close to our expenses – insurance, maintenance, lease fees, property taxes, utilities, etc.

So, in summary, it is our contention that the first three lots above were assessed at greater than market value prior to the pandemic and have decreased dramatically in 2020 and 2021. The dock parcels were fairly valued prior to the pandemic but have had negative values in 2020 and 2021, so there is no basis for an increased valuation in 2021.

If you are in possession of any sales or lease data of comparable properties that justify your position on value for these lots, please give them to us as we are not aware of any.

Sincerely,

Reed Stoops
Managing Member
Franklin Dock Enterprises

3:56 PM
05/27/21
Accural Basis

Franklin Dock Enterprises, LLC
Profit Loss Prev Year Comparision
Miner's Cove Building
January through December 2020

	Jan - Dec 20	Jan - Dec 19
Income	110,161.56	294,015.37
Gross Profit	110,161.56	294,015.37
Expense	96,557.53	156,499.95
Net Income	13,604.03	137,515.42

4:09 PM
05/27/21
Accural Basis

Franklin Dock Enterprises, LLC
Profit Loss
January through December 2020

DOCK PROPERTIES

	Jan - Dec 20
Income	46,489.00
Gross Profit	46,489.00
Expense	975,400.39
Net Income	(928,911.39)

Franklin Dock Enterprises
Property Tax - 5 Year Comparison

Parcel	2017 Vaue	2018 Value	Change from Prior Year	2019 Value	Change from Prior Year	2020 Value	Change from Prior Year	2021 Value	Change from Prior Year	
1C100K830030 2L 1A	4,923,400	5,017,500	94,100	5,017,500	-	5,017,500	-	6,805,000	1,787,500	Miners Cove (700 S. Franklin)
1C100K830031 2L 2A	4,293,300	4,259,000	(34,300)	4,259,000	-	4,259,000	-	5,185,950	926,950	880 S. Franklin
1C100K830040 2L 3A	3,657,000	3,699,600	42,600	3,699,600	-	3,699,600	-	5,424,850	1,725,250	900 Thane Rd
1C100K830041 L 4	1,241,800	1,197,000	(44,800)	1,197,000	-	1,197,000	-	1,795,500	598,500	Land - 950 Thane Rd
1C100K830032	1,154,600	1,120,500	(34,100)	1,120,500	-	1,120,500	-	1,120,500	-	Land - S. Franklin St.

Mary Hammond

From: Greg Morris
Sent: Friday, June 4, 2021 9:32 AM
To: Michael Dahle
Subject: Reed Stoops appeal response for request of 2018-2019 info

From: reedstoops@aol.com <reedstoops@aol.com>
Sent: Friday, June 4, 2021 9:26 AM
To: Greg Morris <Greg.Morris@juneau.org>
Subject: Re: Information for Appeals

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Mr. Morris:

The 2018 net income for parcel 30 1 A was $191,310 for a cap rate of 3.8% in that year. Again, 2019 was the peak tourist year. So that doesn't help you get a higher value for 2020 or 2021.
I think I already indicated that for parcel 40 3A the income was $50,000 for the past several years including 2018, producing a minuscule cap rate. I also indicated that for parcel 41 L 4 the income has been 0 for the past 20 years. Of course we could sell an unimproved parcel for more than zero, but certainly not as high as your assessed valuation as there remains no good economic purpose for the property once developed until the cruise passenger market increases or their is another commercial or industrial purpose which will only happen if Juneau grows. Unfortunately, Juneau has been shrinking.

The cruise ship revenue for parcels 31 and 32 are confidential by contract. I was able to give you 2020 because it is public knowledge that we had no cruise ships. You can make your own calculations of revenue because you own two fancy cruise docks (far nicer than ours) and have all of the relevant schedule information for passenger tax purposes. Also dock revenue can be highly variable due years of high maintenance and improvement costs which are not consistent.

Reed Stoops

-----Original Message-----
From: Greg Morris <Greg.Morris@juneau.org>
To: 'reedstoops@aol.com' <reedstoops@aol.com>
Sent: Thu, Jun 3, 2021 1:05 pm
Subject: Information for Appeals

Hello Mr. Stoops,

Thank you for the information provided. Our assessment is based off of 3 years of data, so 2018 and 2019 information will need to be provided for us to consider the data. This is based on the recommendation by the International Association of Assessing Officers of which we abide by. The rational is 2020 was an odd year, and even if you had $0 income, you would sell the building for more than $0 dollars. We are required to assess properties at an estimate of full market value.

Once I receive the data for 1C070B0L0010, 1C100K830030, 1C100K830031, 1C100K830040, and 1C100K830041 I will hand off your appeal to the commercial appraiser for review.

Greg Morris

Appraiser II
Assessor's Office
City and Borough of Juneau, AK

(907) 586-5215 Ext. 4039
Greg.Morris@juneau.org