

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

June 30, 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 & Law Memo pg: 3-17**

**B. Appeal No. 2022-0162 Sherwood LLC pg: 18-214**

**Appellant: Sherwood LLC**

**Parcel No. 4B1701100021**

Location: 2760 Sherwood Ln. Juneau

Type: Commercial - Office

<b>Appellant's Estimated Value</b>	<b>Original Assessed Value</b>	<b>Recommended Value</b>
Site: not provided	Site: \$578,187	Site: \$578,187
Buildings: not provided	Buildings: \$2,169,642	Buildings: \$2,169,642
<b>Total: \$1,750,000</b>	<b>Total: \$2,747,829</b>	<b>Total: \$2,747,829</b>

**Included in Packet**

- Material from Appellant
- BOE 10-Day Notice
- Assessor's Office BOE Packet
- Correspondence between Assessor's & Appellant

**C. Appeal No. 2022-0236 Senate Properties LLC pg: 215-250**

**Appellant: Senate Properties LLC**

**Parcel No. 1C070B0J0010**

Location: 175 S. Franklin St., Juneau

Type: Commercial – Retail/Office Space

<b>Appellant's Estimated Value</b>	<b>Original Assessed Value</b>	<b>Recommended Value</b>
Site: \$1,180,610	Site: \$1,749,300	Site: \$1,749,300
Buildings: \$1,619,390	Buildings: \$1,619,390	Buildings: \$1,619,390

**Total: \$2,800,000**

**Total: \$3,368,690**

**Total: \$3,368,690**

**Included in Packet**

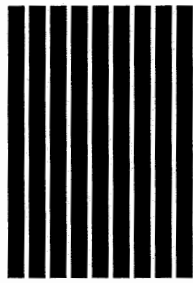
- BOE 10-Day Notice
- Assessor's Office BOE Packet
- Correspondence between Assessor's & Appellant

**D. AY2022 Property Assessment Guide 20220608b pg: 251-289**

**E. Appeal No. 2022-0265 Coogan Alaska LLC - WITHDRAWN**


Appellant withdrew appeal on 6/30/2022

**VI. Adjournment**



# MEMORANDUM

*CBJ Law Department*

**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

Appeals from board determination 5

Judicial notice 4

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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## **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. Alternative Actions for Appeals Heard on the Merits**

- 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. LATE-FILED APPEALS – Legal Standard for Accepting**

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 1<sup>st</sup>  
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

**APPEAL**

**2022-0162**

**MATERIAL**

# RELIANT

---

## LLC



### Appraisal Assignment of:

#### **Sherwood Building**

**2760 Sherwood Lane  
Juneau, AK 99801**

**Latitude: 58.370878, Longitude: -134.61829**

**Reliant Reference Number: 22-0390**

**As of: April 5, 2022**

**Prepared for:  
Northrim Bank**

## Appraisers | Advisors



9330 Vanguard Drive, Suite 201  
Anchorage, Alaska 99507  
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## Appraisers | Advisors



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# Letter of Transmittal

May 4, 2022

Ms. Susan Aleksich  
 Appraisal Desk Specialist II  
 Northrim Bank  
 3111 C Street, Ste. 400  
 Anchorage, AK 99524

RE: **Sherwood Building**  
 2760 Sherwood Lane  
 Juneau, AK 99801

Dear Ms. Aleksich:

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 in its current As Is condition. The *Leased Fee* interest in the subject has been analyzed.

The client(s) of this assignment is Northrim Bank. The intended user(s) of the report is the Client, for the intended use of prospective financing decisions. 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. Furthermore, this assignment conforms with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), as revised June, 1994 and codified under 12 CFR 323.

The subject property is a 2-story office building constructed in 1983 with 20,109 sq ft of gross building area and 16,541 sq ft of usable area. The primary tenant is the State of Alaska which occupies 76% of the building and has been in place for years using the space for the DMV, State Troopers and DOC. A new tenant will be starting a three-year term in July 2022 in an upstairs suite that had been vacant for some time. The building is on a 1.45-acre site with plenty of surface parking, located 200 yards from Glacier Highway. 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: **Sherwood Building**

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

<b><u>FINAL MARKET VALUE ESTIMATE</u></b>	
<b><u>Sherwood Building</u></b>	
<b>Property Rights</b>	<b>Leased Fee</b>
<b>Condition</b>	<b>As Is</b>
<b>Effective Date of Appraisal</b>	<b>April 5, 2022</b>
<b>Final Market Value Estimate</b>	<b>\$2,110,000</b>

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,

A handwritten signature in blue ink that reads 'Greg H. Bucklin'.

**Greg Bucklin, MAI**

Staff Appraiser

Alaska Certified General – No. 130374

greg@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. Bucklin.
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, Greg Bucklin has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute, and for certified appraisers in the State of Alaska.

**Greg Bucklin, MAI**

Alaska Certified General – No. 130374

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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.

This appraisal is not predicated on any extraordinary assumptions and/or limiting conditions, and no special risk factors are present.

## 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**

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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

<b>Name</b>	Sherwood Building
<b>Brief Description</b>	The subject property is a 2-story office building constructed in 1983 with 20,109 sq ft of gross building area and 16,541 sq ft of usable area. The primary tenant is the State of Alaska which occupies 76% of the building and has been in place for years using the space for the DMV, State Troopers and DOC. A new tenant will be starting a three-year term in July 2022 in an upstairs suite that had been vacant for some time. The building is on a 1.45-acre site with plenty of surface parking, located 200 yards from Glacier Highway.
<b>Address</b>	2760 Sherwood Lane Juneau, AK 99801
<b>Geo Coordinates</b>	Latitude: 58.370878, Longitude: -134.61829
<b>Physical Location</b>	West side Sherwood Lane, south of Glacier Highway
<b>Assessor's Tax Parcel Number(s)<sup>1</sup></b>	4B1701100021
<b>Abbreviated Legal Description</b>	<i>Lot 2A, Sherwood Estates SD Replat, Plat 2001-55, Juneau RD, State of Alaska</i> (Per Department of Natural Resources Records)
<b>Current Use</b>	Office
<b>Appraised Use</b>	Office
<b>Highest and Best Use</b>	
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 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:

<sup>1</sup> Per Tax Assessor Records.

<b>MARKET VALUE (OCC)<sup>2</sup></b>	<p><i>The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date, and the passing of title from seller to the buyer under conditions whereby:</i></p> <ul style="list-style-type: none"> <li><i>a. the buyer and seller are typically motivated;</i></li> <li><i>b. both parties are well informed or well advised, and acting in what they consider their own best interests;</i></li> <li><i>c. a reasonable time is allowed for exposure in the open market;</i></li> <li><i>d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;</i></li> <li><i>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.</i></li> </ul>
<b>Other Definitions</b>	Please refer to the Terms & Definitions section presented in the Addenda for additional definitions of significant terminology used in this report.
<b>Purpose</b>	To estimate the market value of the real estate in its current As Is condition.
<b>Intended Use</b>	The intended use of the assignment is for prospective financing decisions. It should not be relied upon for any other uses.
<b>Client(s)</b>	Northrim Bank
<b>Intended User(s)</b>	Northrim Bank (the Client)
<b>Property Interest Appraised</b>	This is an appraisal of the real property. Any intangible and personal property is specifically excluded from this valuation.
<b>Property Rights Appraised</b>	Leased Fee
<b>Report Presentation</b>	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).
<b>Walk-Through Date</b>	April 5, 2022

<sup>2</sup> Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.43 Definitions [g].

**Effective Date** April 5, 2022

**Report Date** May 4, 2022

## Scope of Work

<b>Overview</b>	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.
<b>Limitations to Scope of Work</b>	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.
<b>Compliance</b>	<p>The analysis and reporting of this assignment are compliant with the following:</p> <ul style="list-style-type: none"> <li>• Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation.</li> <li>• The bylaws of the Appraisal Institute.</li> <li>• The appraisal standards for Federally Related Transactions adopted by the Office of the Comptroller of Currency (OCC).</li> <li>• Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), as revised June 1994, codified under 12 CFR 323.</li> <li>• Client appraisal standards (regarding scope of work and reporting) as set forth in the letter of engagement presented in the Addendum.</li> </ul>
<b>Subject Walk Through</b>	A complete interior and exterior walk-through of the subject has been made, and photographs taken.
<b>Market Analysis</b>	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

COST APPROACH	This approach was not developed because it is not typically utilized by buyers and sellers in this market for this type and age of property.
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.
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.

### 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

<b>Current Owner of Record</b>	According to Department of Natural Resources Records, the appraised interest in the subject is presently owned by Sherwood, LLC.
<b>Three Year Transaction History</b>	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.
PENDING SALE	As of March 11, 2022, the subject is pending sale to Alaska Legacy Partners, LLC. The price is \$1,750,000, and the terms are Conventional. The current buyer had offered \$1.75 million in 2020 and was told then that the lowest acceptable price was \$2 million. Soft marketing of this property began in 2021 with an asking price of \$2.3 million. Eventually the seller contacted the buyer about the earlier offer and the property went under contract for \$1.75 million. The seller had paid approximately \$2.6 million to purchase the property in 2006 and had spent around \$130,000 since 2018 on capital improvements, including a new roof. New boilers had been installed in 2013. The buyer thought they were getting a very good price on the property, even though it was 24% vacant at the time of contract. The contract price is equivalent to a 9.1% cap rate on the average actual NOI from 2018-2021 with the same occupancy rate. Since being under contract to sell a new tenant has signed a 3-year lease for the entire vacant space which will have the property fully occupied in July 2022. The existing tenant is the State of Alaska, using the space for the DMV, State Troopers, DOC and Fire Safety.
PREVIOUS SALE	The subject sold for \$2,593,500 on December 13, 2006. Building tenants include Alaska State Troopers, Fire Marshall, DMV, among others. Overall, this was an arms-length transaction with typical financing and was representative of market conditions at the time of sale.

**Competency of Appraiser**

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The appraisers 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.<sup>3</sup> 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,

<sup>3</sup> 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, government spending (with State spending being largely dependent on oil), and the other sectors (other mining/natural resources, hospitality/tourism, manufacturing/fishing, and transportation to name a few). Most of the weight continues to be on oil.

While oil production has significantly decreased from their peak in the late 1980s, the price has been volatile, ranging from above \$100/bbl at the beginning of 2014 to a low of \$10/bbl in 2020 at the start of the COVID-19 pandemic. Currently prices are in the range of \$85-\$90/bbl, which is well above the average price for the last several years. On another positive note, reserves have recently been increasing. After a 40-year battle, in 2017, the US Congress included in tax legislation a provision that would open the 1002 area of ANWR to oil and gas drilling. Since that time up to 10 billion barrels of additional reserves have been identified at three different fields, which could yield several hundred thousand barrels per day. At the same time, political resistance to oil is increasing. Due to 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. The new administration has unilaterally suspended all oil and gas leases in the ANWR, which is being challenged in court.

The decline in the price of oil has resulted in a decline in State revenues and a significant budget shortfall.<sup>4</sup> Thus far, the budget shortfall has been addressed by a combination of tapping into reserve accounts<sup>5</sup> (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

<sup>4</sup> 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.

<sup>5</sup> As of December 31, 2019, the State had \$2.16 billion in reserves (CBRF), roughly 20% of the original balance.

opportunities to cut spending over historic levels.<sup>6</sup> 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 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.

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<sup>7</sup>. 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. While details have not yet been finalized, Alaska is also expected to see a healthy share of recent federal infrastructure dollars over the next few years.

Job gains in the health care industry have been consistent and strong for most of the last decade. In 2020 the health care industry initially lost 500 jobs during the COVID-19, but this loss was offset in 2021 when 900 jobs were added to aid in combating the outbreak.

Tourism has also been a bright spot with record numbers of cruise ship berthings and visitors. However, as a result of COVID-19, nearly all cruise ship trips to Alaska were cancelled. For the 2022 forecast, major cruise lines such as Holland America Line, Princess Cruises, Royal Caribbean, Celebrity, and Norwegian Cruise Line, have reported that they plan on returning to Alaska with sailings primarily from Whittier, Seward, Vancouver and Seattle. 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. On a positive note, lodging and car rentals performed at record levels during the pandemic, indicating significant strength in the independent traveler segment of the tourist market.

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. As a result, several processors have discontinued operations, while others have placed their portfolio of Alaska properties on the market for sale. In general, the seafood outlook is for continued health and stability for the market overall, but with certain segments and regions experiencing softness

<sup>6</sup> 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.

<sup>7</sup> [http://www.pewtrusts.org/~media/assets/2016/03/federal\\_spending\\_in\\_the\\_states\\_20052014.pdf](http://www.pewtrusts.org/~media/assets/2016/03/federal_spending_in_the_states_20052014.pdf), accessed Jan-2017

and even potentially contraction, which could impact fishermen, suppliers, and processing employment. In 2020, salmon counts and pricing were down. With the COVID-19 virus shutting businesses down, demand took a hit. Additionally, three processing plants in the Aleutians have had to shut down due to rising COVID-19 cases, providing less places to process any fish caught. In 2021, the seafood industry saw slow recovery with demand and pricing on the rise with more consumers cooking from home to combat the spread of the COVID-19 virus.

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.

In summary, the Alaska economy is best described as “mixed” at this time with some lingering softness in the oil industry largely being offset by strength in other areas of the economy.

Key economic indicators are summarized on the following chart.

**Alaska: Key Economic Indicators**

Item	2014	2015	2016	2017	2018	2019	2020	2021
<b>Resources</b>								
Oil Price (Avg. \$/Barrel)	\$97.74	\$52.10	\$43.04	\$54.28	\$71.44	\$65.49	\$41.72	\$70.88
Avg. Daily Oil Production (000s Barrels)	546.6	519.3	531.1	540.5	550.0	547.7	544.8	533.6
Oil Value (Billions)	\$19.5	\$9.9	\$8.3	\$10.7	\$14.3	\$13.1	\$8.3	\$13.8
Gold Price (Avg. \$/Ounce)	\$1,184	\$1,061	\$1,152	\$1,303	\$1,283	\$1,517	\$1,734	\$1,829
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	538,383	---
Salmon & Herring Exvessel Value (Millions)	\$631	\$502	\$492	\$796	\$592	\$715	\$399	---
<b>Tourism</b>								
Cruise Ship Visitors (000s)	968	1,000	1,026	1,090	1,169	1,332	0	---
Total Visitors (000s)	1,660	2,067	1,858	1,926	2,026	2,437	427	---
<b>Demographics</b>								
Population	742,404	741,123	752,680	744,733	750,876	755,517	760,206	752,044
Avg. Household Income	\$85,010	\$88,585	\$91,524	\$93,039	\$96,273	\$96,534	\$97,941	\$99,657
Per Capita Income	\$31,800	\$33,111	\$34,264	\$34,879	\$35,888	\$35,589	\$36,233	\$37,030
<b>Employment</b>								
Unemployment Rate (%)	6.9%	6.5%	6.9%	7.0%	6.6%	6.3%	8.2%	6.2%
Employment (% Chng.)	0.5%	0.3%	-1.7%	-1.3%	-0.5%	0.5%	-3.9%	2.8%
<b>Alaska Permanent Fund (PF)</b>								
PF Distribution (\$/Person)	\$1,884	\$2,072	\$1,022	\$1,100	\$1,600	\$1,606	\$992	\$1,114
PF Value (Billions)	\$51.2	\$52.8	\$52.8	\$59.8	\$64.9	\$66.3	\$65.3	65.3
<b>State Budget</b>								
State Budget (Millions) [2014=FY14]								
Revenue	\$10,665	\$9,259	\$7,063	\$6,553	\$6,972	\$10,557	\$9,925	\$9,074
Operating	\$8,569	\$11,610	\$8,520	\$8,078	\$8,039	\$8,748	\$8,504	\$8,868
Capital	\$1,972	\$1,943	\$1,478	\$1,551	\$1,414	\$1,447	\$1,276	\$1,167
Total Spending	\$10,540	\$13,553	\$9,998	\$9,629	\$9,453	\$10,195	\$9,780	\$10,035
Fiscal Gap	\$21,205	\$22,812	\$17,061	\$16,182	\$16,425	\$20,752	\$19,705	\$19,109
<b>Other</b>								
Mortgage Foreclosure & Delinquency Rates**	1.0%	0.8%	0.7%	0.7%	0.8%	0.7%	0.6%	0.4%
Alaska Building Permits (Residential 1-5 Units)	2718	2446	2198	2178	1897	1886	1669	160

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



## AK DOL Statewide Employment Forecast

					JOBS FORECAST		
	Monthly avg, 2020 <sup>1</sup>	Monthly avg, 2021 <sup>1</sup>	Change, 2020-21	Percent change	Monthly avg, 2022	Change, 2021-22	Percent change
<b>Total Nonfarm Employment<sup>2</sup></b>	<b>302,600</b>	<b>309,700</b>	<b>7,100</b>	<b>2.3%</b>	<b>319,500</b>	<b>9,800</b>	<b>3.2%</b>
Total Private	225,800	232,600	6,800	3.0%	241,700	9,100	3.9%
Mining and Logging	11,300	10,400	-900	-8.0%	11,000	600	5.8%
Oil and Gas	7,800	6,700	-1,100	-14.1%	7,100	400	6.0%
Construction	15,800	16,000	200	1.3%	16,400	400	2.5%
Manufacturing	11,900	12,200	300	2.5%	12,800	600	4.9%
Transportation, Trade, and Utilities	58,900	61,000	2,100	3.6%	63,200	2,200	3.6%
Wholesale Trade	6,200	6,100	-100	-1.6%	6,300	200	3.3%
Retail Trade	33,400	34,400	1,000	3.0%	34,900	500	1.5%
Transportation, Warehousing, and Utilities	19,300	20,500	1,200	6.2%	22,000	1,500	7.3%
Information	4,900	4,800	-100	-2.0%	4,800	0	0%
Financial Activities	10,800	10,800	0	0%	10,900	100	0.9%
Professional and Business Services	26,100	26,300	200	0.8%	26,600	300	1.1%
Educational (private) and Health Services	49,400	50,900	1,500	3.0%	51,500	600	1.2%
Health Care	38,200	39,100	900	2.4%	39,600	500	1.3%
Leisure and Hospitality	26,600	29,700	3,100	11.7%	33,700	4,000	13.5%
Other Services	10,100	10,500	400	4.0%	10,800	300	2.9%
Total Government	76,800	77,100	300	0.4%	77,800	700	0.9%
Federal, except military	15,400	15,100	-300	-1.9%	15,100	0	0%
State, incl. University of Alaska	22,400	22,600	200	0.9%	22,200	-400	-1.8%
Local and tribal, incl. public schools	39,000	39,400	400	1.0%	40,500	1,100	2.8%

<sup>1</sup>Preliminary estimates. <sup>2</sup>Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

Note: May not sum because of rounding

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

Due to COVID-19, unemployment spiked to 13.7% in April 2020. By 2021, this had decreased to 6.2%. AKDOL forecasts Alaska will attain 97% recovery in 2022 and forecasts employment growth of approximately 9,800 jobs, an increase of 2.8%. The January 2022 Alaska Economic Trends report showed an 8.3% loss in jobs in 2020, a 2.3% gain in 2021 and a forecasted gain of 3.2% in 2022 which would bring jobs to 96.8% of pre-pandemic levels. The implication is that Alaska is nearly fully recovered from the pandemic and positioned for a return to prevailing pre-pandemic levels, which – with the exception of the 2016-2018 recession – has historically reflected slow, steady growth.

## 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. According to DOLWD, in 2020 42% of Juneau's jobs and 47% of wages are provided by federal, state and local government, a bit higher than typical due to pandemic-caused lack of employment in other sectors. Overall government employment fell by 717 jobs, or 9.6%, from 2010 through 2019.

The following table details historic gross business sales in Juneau by category. It is worth mentioning that 2020 retail sales for non-tourism related categories were only down 3% from 2019.

**CBJ Gross Business Sales by Category (in \$1,000s)**

Category	2015	Yr/Yr	2016	Yr/Yr	2017	Yr/Yr	2018	Yr/Yr	2019	Yr/Yr	2020	Yr/Yr
Real Estate	94,846	0.07	88,701	-0.06	95,013	0.07	95,162	0.00	99,499	0.05	88,366	-0.11
Contractors	378,545	0.21	334,181	-0.12	273,247	-0.18	223,328	-0.18	231,291	0.04	262,012	0.13
Liquor and Restaurant	146,130	0.06	147,796	0.01	147,138	0.00	150,418	0.02	154,395	0.03	115,440	-0.25
Retail Sales - General	212,284	-0.06	211,018	-0.01	195,639	-0.07	213,670	0.09	225,367	0.05	169,693	-0.25
Foods	195,899	0.01	196,056	0.00	202,232	0.03	200,271	-0.01	197,405	-0.01	193,269	-0.02
Transportation/Freight	156,049	-0.03	224,051	0.44	251,524	0.12	187,155	-0.26	180,785	-0.03	134,503	-0.26
Professional Services	314,570	0.05	318,139	0.01	310,930	-0.02	301,496	-0.03	305,228	0.01	293,654	-0.04
Retail Sales - Specialized	195,157	0.09	201,219	0.03	205,019	0.02	228,288	0.11	234,939	0.03	112,689	-0.52
Automotive	78,484	-0.10	80,729	0.03	78,479	-0.03	81,619	0.04	79,574	-0.03	73,720	-0.07
Other	675,759	-0.08	736,690	0.09	843,650	0.15	798,505	-0.05	891,451	0.12	858,147	-0.04
<b>Total</b>	<b>2,447,723</b>	<b>0.01</b>	<b>2,538,580</b>	<b>0.04</b>	<b>2,602,871</b>	<b>0.03</b>	<b>2,479,912</b>	<b>-0.05</b>	<b>2,599,934</b>	<b>0.05</b>	<b>2,301,493</b>	<b>-0.11</b>
Tourist-Related	271,742	0.05	295,290	0.09	311,302	0.05	315,665	0.01	329,679	0.04	103,943	-0.68
Share of Total	0.11		0.12		0.12		0.13		0.13		0.05	

Source: CBJ Comprehensive Financial Reports

**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 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**

Year	Actual	Current Projection	Pre-Covid Projection	Change Yr/Yr
2022	TBD	1,570,602		
2021	123,018		1,540,000	9.2%
2020	48		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			2.6%
2015	999,600			3.3%
2014	967,500			-3.2%
2013	999,600			6.7%
2012	937,000			6.1%
2011	883,000			0.6%
2010	878,000			

*Source: Cruise Line Agencies of Alaska*

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.

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.

**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.

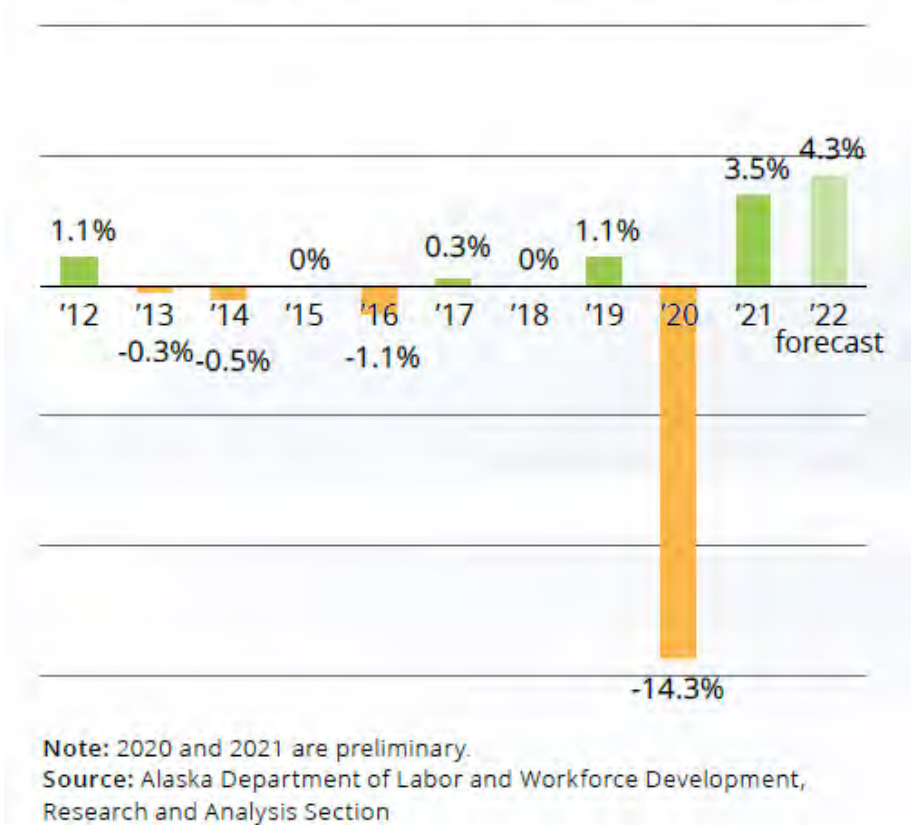
Forecasts for seafood harvesting jobs are not reported due to harvesters being considered self-employed, but they do drive employment in processing plants, which falls under manufacturing. Job forecasts are more closely attached to the predictions of fish runs. The 2021 salmon harvests in Southeast Alaska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

## Employment

Although Juneau 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 and Workforce Development (DOLWD). 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 saw recovery of about one fifth of the 5,700 jobs lost in 2020, and 2022 is forecast to add back another 1,400 jobs. Historic employment changes are presented in the following chart:

# Southeast's job loss was 2020's deepest



Southeast as a region is expected to see 4.3% job growth over 2022, primarily in transportation, retail and health care, with all other sectors other than state government expected to hold steady. Overall regional 2022 employment is forecast at 34,300 which is 92.5% of 2019 employment, but up 7.9% from the 2020 average. See the following table from Alaska Department of Labor’s January 2022 *Economic Trends* showing the historic and forecasted trends in employment.

## The outlook for jobs in Southeast, by industry

	Monthly avg, 2020 <sup>1</sup>	Monthly avg, 2021 <sup>1</sup>	Change, 2020-21	Percent change	JOBS FORECAST		
					Monthly avg, 2022	Change, 2021-22	Percent change
Total Nonfarm Employment <sup>2</sup>	31,800	32,900	1,100	3.5%	34,300	1,400	4.3%
Total Private	20,000	20,900	900	4.5%	22,300	1,400	6.7%
Mining and Logging	1,000	1,000	0	0%	1,000	0	0%
Construction	1,400	1,400	0	0%	1,500	100	7.1%
Manufacturing	1,500	1,800	300	20.0%	1,800	0	0%
Seafood Product Preparation/Packaging	1,100	1,400	300	27.3%	1,400	0	0%
Transportation, Trade, and Utilities	5,500	5,600	100	1.8%	6,200	600	10.7%
Retail Trade	3,500	3,500	0	0%	3,700	200	5.7%
Transportation and Warehousing	1,700	1,800	100	5.9%	2,200	400	22.2%
Information	400	400	0	0%	400	0	0%
Financial Activities	1,000	1,000	0	0%	1,000	0	0%
Professional and Business Services	1,500	1,400	-100	-6.7%	1,500	100	7.1%
Educational (private) and Health Services	4,000	4,200	200	5.0%	4,200	0	0%
Health Care	2,700	2,800	100	3.7%	2,800	0	0%
Leisure and Hospitality	2,700	3,100	400	14.8%	3,700	600	19.4%
Other Services	1,000	1,000	0	0%	1,000	0	0%
Total Government	11,800	12,000	200	1.7%	12,000	0	0%
Federal, except military	1,400	1,400	0	0%	1,400	0	0%
State, incl. University of Alaska	4,400	4,400	0	0%	4,300	-100	-2.3%
Local and tribal, incl. public schools	6,000	6,200	200	3.3%	6,300	100	1.6%

<sup>1</sup>Preliminary estimates. <sup>2</sup>Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

Note: May not sum because of rounding

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

### Juneau Employment by Category

Category	2017	%/Tot	2018	%/Tot	2019	%/Tot	2020	%/Tot
Government	6,780	0.38	6,706	0.38	6,719	0.37	6,587	0.42
Federal	699	0.04	690	0.04	665	0.04	710	0.04
State	3,746	0.21	3,700	0.21	3,671	0.20	3,528	0.22
Local/Tribal	2,335	0.13	2,316	0.13	2,383	0.13	2,349	0.15
Private	10,929	0.62	11,027	0.62	11,238	0.63	9,270	0.58
Total	17,709	1.00	17,733	1.00	17,957	1.00	15,857	1.00

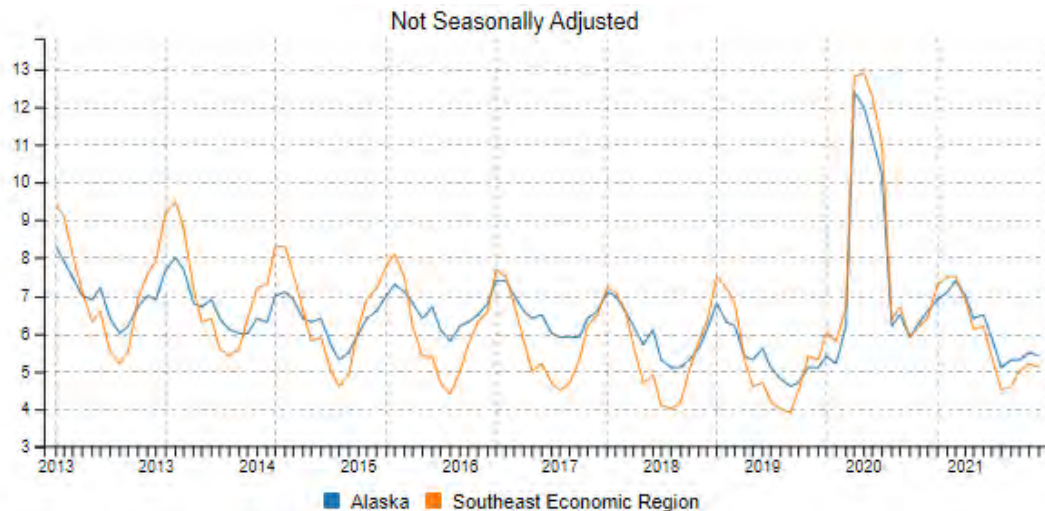
Source: SOA DOLWD

**Sherwood Building****Area Data****Juneau Earnings by Category (in \$1,000s)**

Category	2017	%/Tot	2018	%/Tot	2019	%/Tot	2020	%/Tot
Government	418,172	0.46	419,220	0.45	424,774	0.45	439,139	0.47
Federal	66,549	0.07	69,207	0.07	66,186	0.07	69,526	0.07
State	229,046	0.25	226,330	0.24	226,914	0.24	225,809	0.24
Local/Tribal	122,577	0.14	123,683	0.13	131,673	0.14	143,803	0.15
Private	486,149	0.54	508,557	0.55	522,941	0.55	497,071	0.53
Total	904,321	1.00	927,777	1.00	947,715	1.00	936,210	1.00

**Unemployment**

Southeast as a region had 5.2% unemployment in 2019, which swelled to 8.3% in 2020. Unemployment over the period 2000-2019 ranged from 5.0% to 7.8% annually, with an average of 6.2%. 2021 saw a return to normal unemployment levels, ranging from 4.5% to 7.5% on the year, and averaging 5.9%.



Source: U.S. Department of Labor, Bureau of Labor Statistics, 2022

**Housing**

The residential housing market has an inadequate supply of single-family residential units. In the 3<sup>rd</sup> 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.

#### **DOLWD Juneau Apartment Market History**

	<u>Avg Rent</u>		<u>Median Rent</u>		<u>Units</u>		
	Contract	Adjusted	Contract	Adjusted	Surveyed	Vacant	% Vac
2021	\$1,207	\$1,280	\$1,175	\$1,245	1,083	59	5.4%
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%

#### **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

<b>Name</b>	The subject is in the south end of the Mendenhall Valley i.
<b>Location &amp; Access</b>	The neighborhood location and access / linkages are shown on the aerial photo that follows. Neighborhood access is considered typical of the market.
<b>Character &amp; Land Uses</b>	The immediate neighborhood generally consists of commercial uses along arterials and residential uses along side streets. 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.
<b>Surrounding Properties</b>	
	NORTH Office
	SOUTH Industrial Yard
	EAST Hagevig Regional Fire Training Center, Boat condo development
	WEST Creek, forested hillside
<b>Typical Age of Improvements</b>	1960s through new construction
<b>Land Developed</b>	Roughly 70%
<b>Life Cycle</b>	Developing
<b>Trends</b>	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 moderately escalating land values, rents and prices over time. However, short to mid-term land price trends are less certain.

## Immediate Neighborhood Aerial Photograph





# Market Analysis

## Office Market

### Overview of Market Survey

The Juneau office market analysis has been compiled from a variety of sources, including discussions with landlords, tenants, investors, property managers, real estate agents, city assessors and other knowledgeable market participants. Other sources of data include property tax records, newspaper articles and the Multiple Listing Service (MLS).

### Market Overview

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 2000 census showed a population of 30,711 people, which was an increase of roughly 4,000 over the 1990 census. In short, both the population and employment bases in the area are fairly static, being primarily driven by government. Natural resource employment (i.e. fishing and mining) has also been relatively stable over the past several years. The other primary industry in the area - cruise ship tourism - has grown steadily over the past decade, bringing with it valuable dollars to the local economy. Juneau is the primary retail and service center for the region, and also serves as a transportation hub for travelers throughout Southeast.

### Market Supply

Juneau currently has an office inventory of roughly 1,300,000 sq ft, although precise figures are not available. Some of the Downtown product is quite old, having been built 50 years ago or more, but the bulk was constructed in the 1970s and 1980s. In general, supply has been static over the last decade, with the only significant additions coming in the Mendenhall Valley area (i.e. Vintage Business Park).

### Market Demand

As the state capital, Juneau is home to the Governor, Legislature, and many other government agencies that require significant amounts of office space. In addition, the City and Bureau of Juneau and federal government also generate significant office demand. In total, government represents about one in three jobs here, as of 2019. As a result of this significant government presence, most private sector firms that provide services to the government also have offices in Juneau. Without question, the State of Alaska is the single largest user and has dominated this market for decades. As of early-2021, the state government had 30 active office leases in the city, with a total usable area of roughly 350,000 sq ft and average rents in the range of \$2.15/sq ft. In addition, the state and federal government own roughly an additional 800,000 sq ft of space, most of which is downtown. Government also occupies a significant amount of space in the nearby Mendenhall Valley, although this latter district is more diversified with various service-oriented tenants such as real estate companies, title companies, law firms, and financial service providers. Although the federal government has been slowly scaling back in the region, state government continues to maintain a strong presence.

Due to budget troubles, state government employment in Juneau has been reduced in recent years, with a net loss every year between 2015 and 2020, and a total loss of 741 jobs over those five years. Some state office space has been given back or consolidated as a result. Local/tribal government employment actually increased over the same period by 345 over the same period, a 17% increase since 2014.

### Local Office Market Conditions

**VACANCY** The most recent surveys of this market were performed a number of years ago. At that time, the survey found a vacancy rate of less than 1%. Discussions with several local property managers, landlords and brokers found a common perception of current vacancy as being between 2% and 3% Downtown, and roughly 5% or so area-wide. This is supported by the appraiser's research, which found only a few small vacancies advertised for lease beyond a large chunk of space (over 20,000 sq ft in total) currently available in the DEC Building at 410 Willoughby. That being said, it should be noted that the Juneau office market is very static with few new entrants. In some cases, buildings may have a small available space that will remain vacant for several years, particularly if the building has functional issues. Conversely, the lack of movement results in very low turnover and virtually no alternatives for larger existing tenants that may wish to relocate. Given the expectation for flat demand and little to no new supply, the forecast is for vacancies to remain extremely low - particularly Downtown. In particular, demand for very small spaces should remain healthy, in contrast to new demand for large spaces which is almost non-existent.

**RENTS** Rents for Class A office space tend to range from \$2.00/sq ft up to \$2.75/sq ft, depending on the particular building, the size of the lease area, and the inclusion of off-street parking. Class B rates tend to range from \$1.50/sq ft to \$2.25/sq ft. These are full-service rents that generally include parking. In the local area, most rents are expressed on a dollar per sq ft per month of usable area basis, as this is the preferred basis for State of Alaska leases. Load factors generally range between 10% and 20%, meaning the effective rents expressed per usable square foot are commensurately lower. It should also be noted that SOA leases almost exclusively specify annual increases based changes in the consumer price index applied to 35% of the rent, which is intended to cover increases in operating expenses. Terms in most cases are either 5 or 10 years, plus renewal options (which are nearly always exercised in the case of government tenants). Market rents have been relatively flat over the past several years, with only minor, sporadic increases. The forecast is for stable rents overall, with increases in the range of 1% to 3% annually over the longer term.

**Equilibrium Status** Overall, the market is in equilibrium at this time with no significant imbalances in either supply or demand.

**Market Outlook** The Juneau office market is healthy at this time with solid fundamentals. Vacancies are very low, and no significant changes in supply or demand are expected over the next three years. The huge government presence is expected to remain in place for the foreseeable future, as periodic talk of a state capital move from several years ago has passed by the wayside. While this is clearly a

## Sherwood Building

## Market Analysis

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very static market, the outlook is for continued stability and modest price and rent increases (with rents often being driven by increases in energy costs and other operating expenses).

# Description of Site

Name	Sherwood Building		
Address	2760 Sherwood Lane Juneau, AK 99801		
Geo Coordinates	Latitude: 58.370878, Longitude: -134.61829		
Physical Location	West side Sherwood Lane, south of Glacier Highway		
Assessor's Tax Parcel Number(s) <sup>8</sup>	4B1701100021		
Abbreviated Legal Description	Lot 2A, Sherwood Estates SD Replat, Plat 2001-55, Juneau RD, State of Alaska (Per Department of Natural Resources Records)		
Gross Site Area	Square Feet:	62,985	
	Acres:	1.45	
SOURCE	Plat Map		
	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.		
Shape	Irregular		
Street Frontage	The subject has approximately 338' of frontage on Sherwood Lane.		
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	Generally Level		
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		

<sup>8</sup> Per Tax Assessor Records.

**Sherwood Building**

**Description of Site**

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. The Mendenhall River is adjacent to the west down a steep embankment.

**Hazardous Conditions**

Until the 1950s, asbestos was used in the insulation of the majority of buildings, with the vast majority built between 1930 and 1950. In the 1970s, asbestos was found to be a carcinogen. In 1973, under the EPA's Clean Air Act, most spray-applied asbestos products were banned for fireproofing and insulating purposes. In July 1989, the EPA issued the Asbestos Ban and Phase-Out Rule (ABPR), which planned to impose a full ban on the manufacturing, importation, processing and sale of asbestos-containing materials (ACMs) and products. Theoretically, any improvements constructed before that time could potentially contain ACMs. That said, when present, most of these materials are non-friable and do not pose any health risk. The presence of ACMs can, however, increase the costs of larger scope interior renovations as their removal prior to renovation is required. If removal is required, the market value of properties containing ACMs is reduced by the cost to cure and an entrepreneurial incentive (when present). In other cases, however, the ACMs may remain in place, do not require curing and do not typically result in a discount in market value. If the improvements were built prior to these dates, the intended user should carefully consider the potential for ACMs to be present and their impact on functional utility and market value.

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 02110C1526E, issued by the Federal Emergency Management Agency and last updated September 18, 2020, the subject is located within zone "X", described as follows:

ZONE C / X  
(UNSHADED)

Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

**Earthquake Zone**

Alaska is a seismically active region. In certain instances, lending institutions will require that earthquake insurance be obtained for properties located within high risk zones. FEMA puts the subject area in Seismic Design Category D2, the second highest risk category. Other than the premium in the cost of obtaining earthquake insurance, data does not

## **Sherwood Building**

## **Description of Site**

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indicate any discount in value for properties located in higher risk areas. Most competing properties in the subject's area have similar levels of earthquake risk.

### **Utilities**

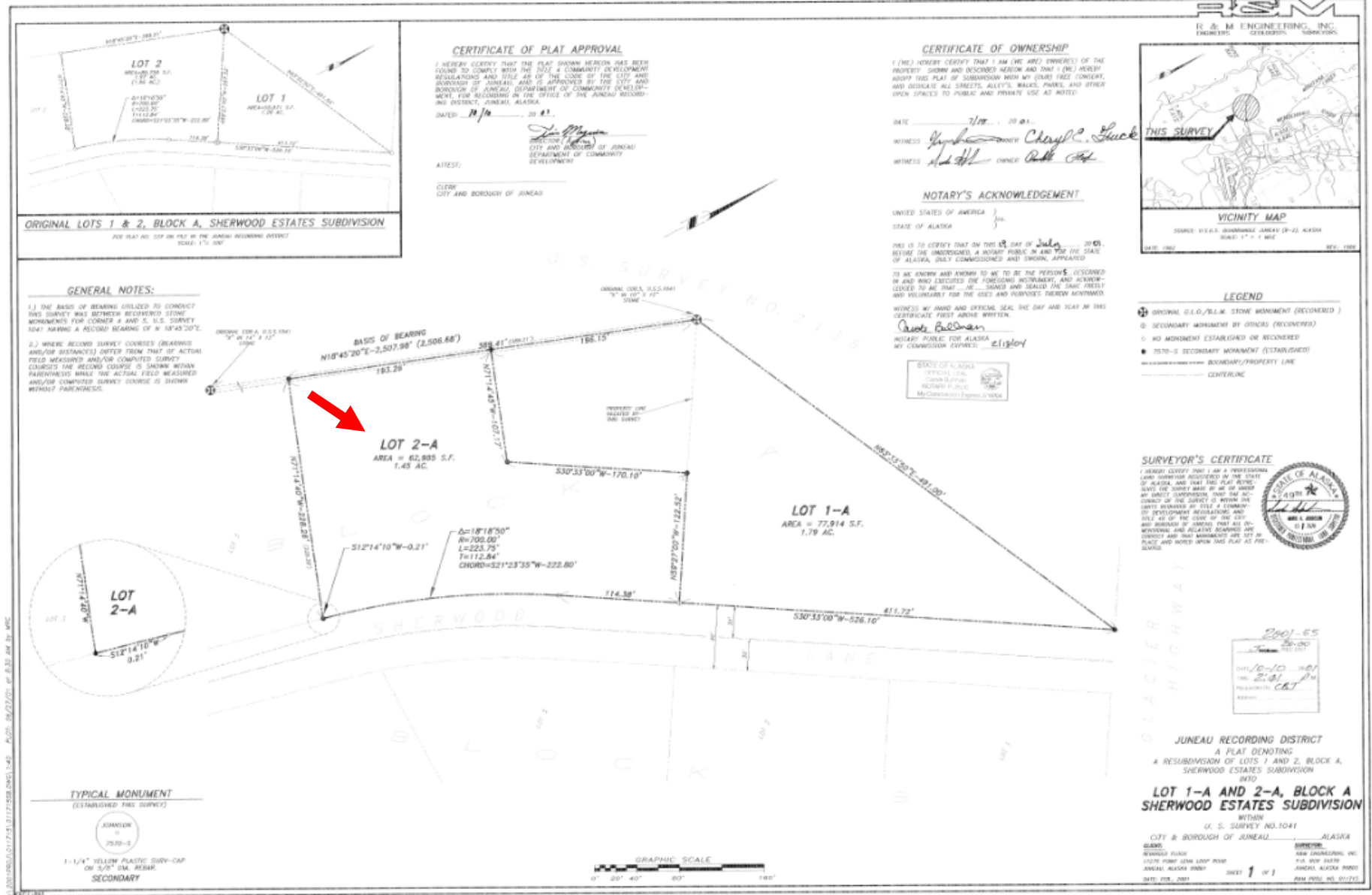
The subject is improved and all available utilities are present at the site and standard internet services.



Aerial Photograph Exhibit



Plat Map Exhibit





**Zoning**

**I, Industrial (CBJ)**     **Intent:** The I, Industrial district, is intended to accommodate industrial activity which includes manufacturing, processing, repairing and assembling goods. Because of noise, odors, waste and other impacts inherent in industrial activity, performance standards are applied.

**Permitted Uses:** Research/laboratory uses, manufacturing, seafood processing, shop and maintenance, gas station, storage and warehousing, recycling, vet clinic, utility facilities, and greenhouses among other things. Additional commercial and miscellaneous uses are also permissible with an allowable use or conditional use permit.

**Basic Design**

**Standards:**

Permitted Residential Units:	One
Minimum Lot Size:	2,000 sq ft
Minimum Width:	20'
Minimum Depth:	60'
Front Setback:	10'
Side Setback:	0' (unless street side, then 10')
Rear Setback:	10'
Maximum Height:	N/A
Maximum Site Coverage:	N/A

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**

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 property is a 2-story office building constructed in 1983 with 20,109 sq ft of gross building area and 16,541 sq ft of usable area. The primary tenant is the State of Alaska which occupies 76% of the building and has been in place for years using the space for the DMV, State Troopers and DOC. A new tenant will be starting a three-year term in July 2022 in an upstairs suite that had been vacant for some time. The building is on a 1.45-acre site with plenty of surface parking, located 200 yards from Glacier Highway.

## Building Area

Building Area Summary	
	(Sq Ft)
Gross Building Area (GBA)	20,109
Usable Area	16,541
Efficiency Ratio (Usable Area)	82%
Site Area	62,985
Site Coverage	16%
Land to Building Ratio	3.13

The subject leases are based upon Usable Area, which is how the State of Alaska does its leasing. The Usable Area is the space within the leased suite's doors, not including any of the common areas such as lobby, hallways, shared restrooms, which would be included in the Rentable Area. An estimated Rentable Area for the subject based on a 1.15 load factor on the Usable Area is 19,022 sq ft. The difference between the gross building area and the rentable area are those portions of the building that are not considered usable or common areas such as mechanical rooms.

## Condition

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

## Quality

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

## Building Class

B

## Age Characteristics

YEAR BUILT 1983, some upgrades and renovations have occurred periodically over time.

ACTUAL AGE 39 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.

**Sherwood Building****Description of Improvements**

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 50 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.
<b>Floors / Stories</b>	2 stories.
<b>Layout</b>	The subject was designed for multi-tenant occupancy, and is currently occupied by a multiple tenants. Individual suites are accessed from the central interior hallway. There is adequate ingress and egress to the building, the main building lobby is of reasonable size and is properly located, common area hallways have an efficient layout, elevators, stairwells and restrooms are conveniently placed in the building. The subject's efficiency ratio (ratio of Usable Area to gross building area) appears to be within market parameters. 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.
<b>Structural Systems</b>	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	Poured concrete footings
STRUCTURAL SYSTEM	Wood Frame
ROOF / DRAINAGE	Flat roof. Rubber membrane covering. The roof was replaced in 2018 at a cost of \$75,625.
EXTERIOR FINISH	Brick
<b>Mechanical Systems</b>	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	HVAC

**Sherwood Building****Description of Improvements**


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PLUMBING	There is adequate plumbing located throughout the structure, including restrooms on both floors.
ELECTRICAL & WIRING	Adequate - electrical is assumed to be to code and typical for the subject's property type, age and market classification / segment. The property has its own generator onsite to support tenant SOA functions.
ELEVATORS	1
LIFE / SAFETY SYSTEMS	The building is not 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.

### General Property Characteristics

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<b>ADA Compliance</b>	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 subject was built after ADA requirements were put into place and conformance is likely required. The market value estimate assumes the property is in ADA compliance, if applicable.
<b>Deferred Maintenance</b>	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. The comparable data utilized in this report brackets the subject in terms of condition and implicitly reflects any such normal wear. No additional deductions for deferred maintenance are required.
<b>Recent Capital Improvements</b>	In addition to the new roof installed in 2018 at a cost of \$75,625, in that year new carpet and paint was done for tenant space at a cost of \$14,650. In 2019 new outside doors, painted outside stairs and doors and an upgraded HVAC system cost a total of \$29,654. In 2020 water heaters were replaced and an exterior water bid were done for \$4,886.
<b>Landscaping, Surface Covering &amp; Lighting</b>	Attractive, good quality, mature landscaping is located along building and street perimeters. Parking surface covering is asphalt pavement. Exterior lighting is typical for a property of this type.
<b>Parking</b>	There are 97 surface asphalt parking spaces at the subject, a ratio of 4.82 spaces per 1,000 sq ft of GBA and 5.86 per 1,000 sq ft of usable area. Overall, the subject has more than adequate parking to meet current code requirements, and it is considered superior to other properties within the

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**Sherwood Building****Description of Improvements**

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market segment that the subject competes.

**Functional Utility**

There are no 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.

# 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 70% 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. Due in large part to changes in market conditions, certain segments of the market are now assessed at 90% to 100% 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 following table presents 2022 subject assessed values and real estate taxes using the new mill rate.

Property Assessment & Tax Summary Exhibit

2022 PROPERTY ASSESSMENT & TAXES

Tax Parcel Number	Assessment			Mill Rate	Taxes
	Land	Improvements	Total		
4B1701100021	\$578,187	\$2,169,642	\$2,747,829	\$10.56	\$29,017
Type / Source	Actual	Actual	Actual	Calculated	Actual



# Subject Photographs

Looking southwest at subject



Looking west at subject front lobby door



Subject Photographs



**Sherwood Building**

**Subject Photographs**

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Looking south at rear  
of subject



Looking north along  
rear of subject from  
southwest corner



Sherwood Building

Subject Photographs

South side of subject  
with generator and fuel  
tank



Entry lobby



**Sherwood Building**

**Subject Photographs**

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Trooper's front desk



Trooper's private office





**Sherwood Building**

**Subject Photographs**

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Trooper's conference room



Trooper's storage space



**Sherwood Building**

**Subject Photographs**

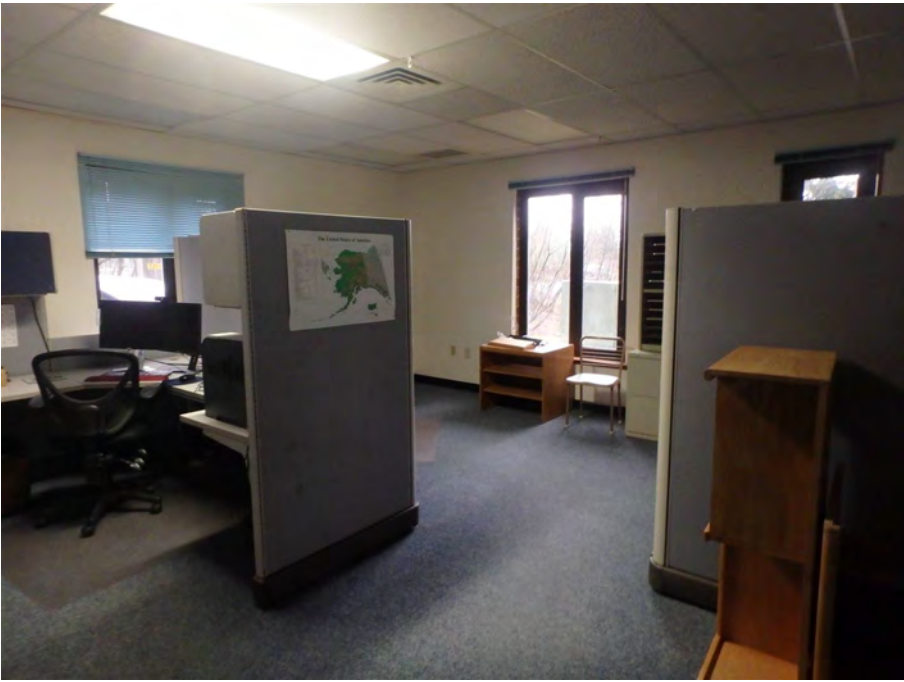
DMV waiting area



DMV private office



DMV open office area



DMV open office area





**Sherwood Building**

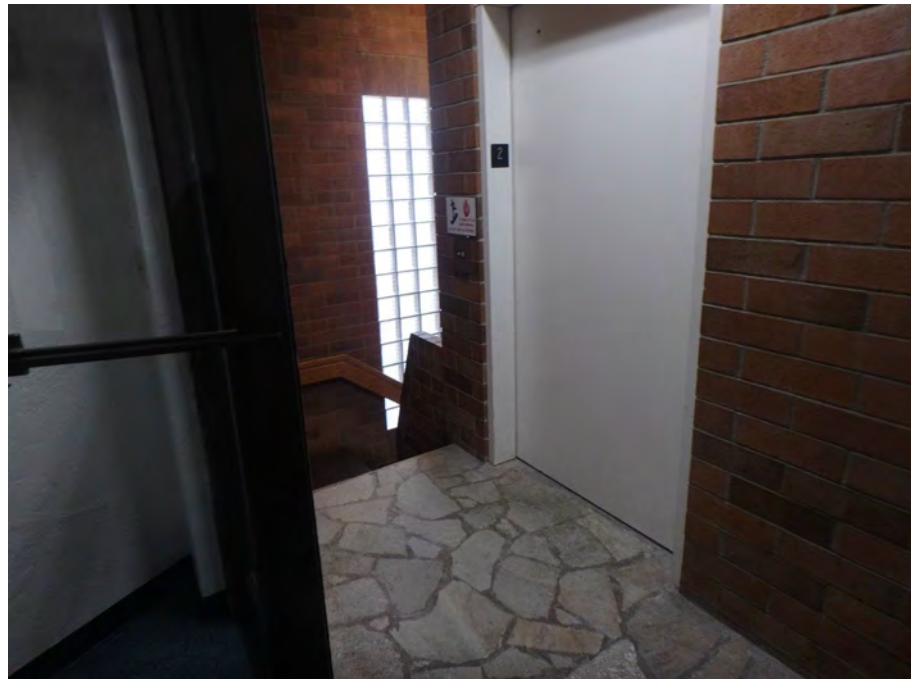
**Subject Photographs**

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DMV restroom



2<sup>nd</sup> floor stair landing and elevator



2<sup>nd</sup> floor corridor



2<sup>nd</sup> floor vacant space  
to be occupied by  
Snowcloud in July  
2022





**Sherwood Building**

**Subject Photographs**

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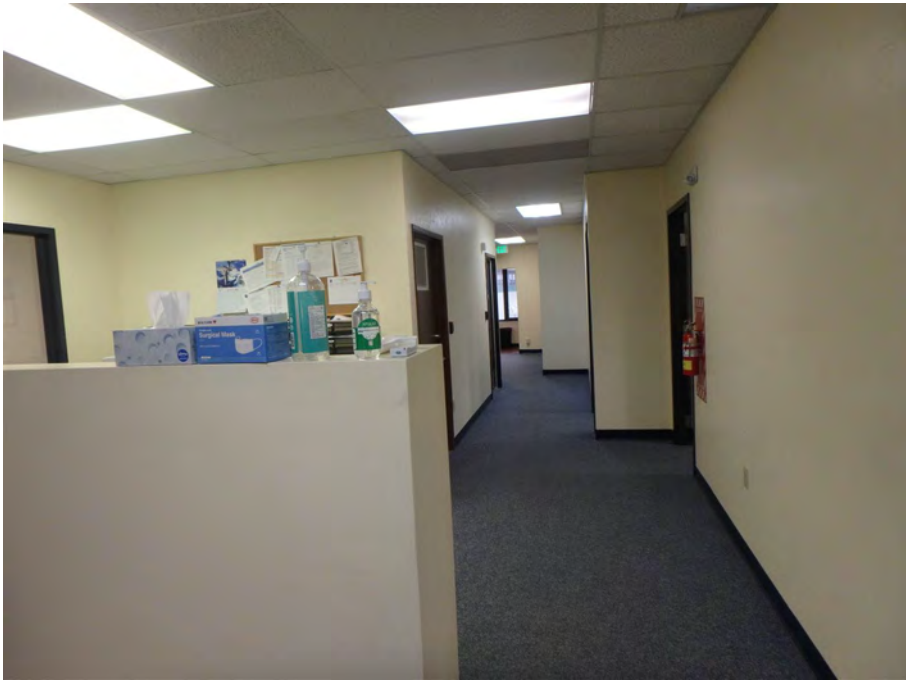
2<sup>nd</sup> floor vacant space  
to be occupied by  
Snowcloud in July  
2022



2<sup>nd</sup> floor vacant space  
to be occupied by  
Snowcloud in July  
2022r



2<sup>nd</sup> floor DOC space



2<sup>nd</sup> floor DOC space



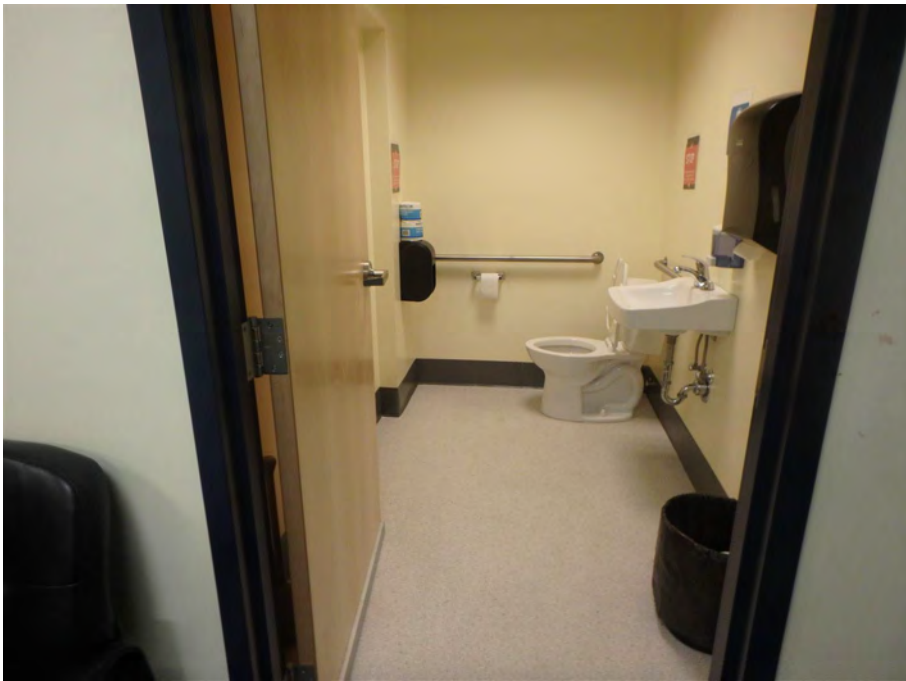
Sherwood Building

Subject Photographs

2<sup>nd</sup> floor DOC space



2<sup>nd</sup> floor DOC restroom





**Sherwood Building**

**Subject Photographs**

2<sup>nd</sup> floor mechanical  
room



2<sup>nd</sup> floor common  
restroom



**Sherwood Building**

**Subject Photographs**

Ground floor storage space used by SOA Fire Safety



Ground floor storage/locker room space used by SOA Fire Safety



# 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.”<sup>9</sup>*

### 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.

<sup>9</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.



**Sherwood Building****Highest & Best Use**

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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, Office, or other unidentified use that provides the highest return to the underlying land once feasibility has been ascertained.

**As Improved / Proposed**

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**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**

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The subject is a leased asset and therefore the most probable buyer is an investor. Given the quality of the subject, the profile of the investor is a regional or national investor.

# Sales Comparison Approach

## Introduction

<b>Methodology</b>	The Sales Comparison Approach is based on the premise that market value of the property is directly related to recent sale prices of competitive properties and the availability of substitute properties with similar utility and desirability. The most similar sales of properties are investigated and compared to the subject in this analysis.
<b>Unit of Comparison</b>	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 that price per sq ft of gross building area (GBA), rentable area and usable area are all accepted units of comparison within this market. In the subject's market segment, the most common and reliable unit of comparison is the price per sq ft of GBA, and so this is the unit utilized in the Sales Comparison Approach.

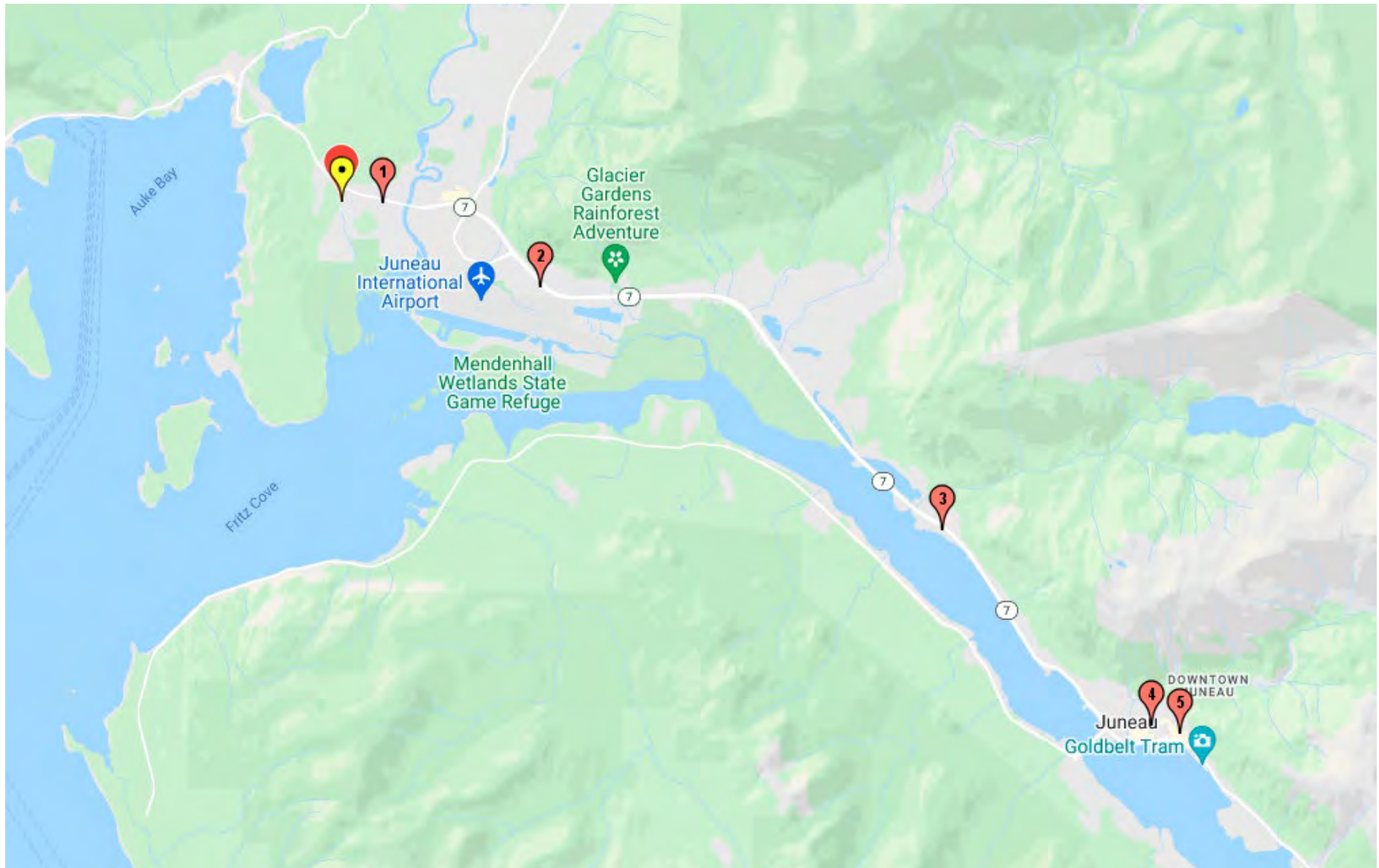
## Physical Comparison

<b>Overview</b>	This method explicitly considers physical dissimilarities between the comparables and the subject. Data are examined to establish the prices, real property rights conveyed, transaction dates, financing terms, motivations, locations, physical and functional conditions. Adjustments to the comparables are necessary to reflect advantages and disadvantages relative to the subject.
<b>Sources of Data</b>	The following transactions were obtained from various sources including web sites (Alaska Multiple Listing Service, Costar), brokers, assessors, appraisers, other individuals and most notably the Reliant, LLC internal database.
<b>Availability of Data</b>	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.
<b>Presentation of Data</b>	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. Additional documentation on the physical and economic characteristics of these transactions are presented on the detail sheets in the Addenda.

# Summary of Improved Sale Comparable Exhibit

No.	Name	Quality	GBA	Utilized Site SF	Date	Price	Buyer Type	NOI/SF of GBA
No.	Address	Year Built / Renovated	Percent Office	Land to Building Ratio	Transaction Type	\$ / GBA		Cap Rate
I-1	Willow Park - 3743 10002 Glacier Hwy Juneau	Average 1983 / 1983	19,634 100%	54,513 2.8 : 1	Apr-19 Closed Sale	\$2,100,000 \$106.96	Investor	\$8.56 8.0%
I-2	Gateway Building - 10616 8390 Airport Blvd Juneau	Good 2008 / Periodic	15,500 100%	41,958 2.71 to 1	Feb-22 Pending	\$3,230,000 \$208.39	Investor	\$20.69 9.9%
I-3	Juneau Empire Building - 3873 3100 Channel Drive Juneau	Good 1986 / 2019	49,525 68%	130,537 2.6 : 1	Jun-20 Closed Sale	\$10,092,749 \$203.79	Partial User	\$12.29 6.0%
I-4	Juneau Business Center Office - 10507 400 & 410 Willoughby Ave Juneau	Average 1981 / Periodic	92,647 100%	93,153 1.01 to 1	Dec-21 Closed Sale	\$15,044,000 \$162.38	Investor/User	--- ---
I-5	Front Street Bldg - 5924 225 Front St Juneau	Average 1900 /	16,739 100%	0 0.7 : 1	Sep-21 Closed Sale	\$1,850,000 \$110.52	Partial User	--- ---
<b>Subj.</b>	Sherwood Building	Average	20,109	62,985	Appraisal		Partial-User	\$8.38
<b>Subj.</b>	2760 Sherwood Lane Juneau	1983 / Periodic	100%	3.13 to 1		\$110.00		7.6%
(1)	'Price' shown for analysis purposes may reflect adjustments for property rights, deferred maintenance, absorption or other elements. Please refer to the individual comparable's comments.							

## Map of Improved Sale Comparables Exhibit



## Description of Data

### Sale No. I-1



This is the sale of a office building in Juneau, in the Mendenhall Valley neighborhood. The building is fully occupied by the State of Alaska and is in average condition for its age. The tenant renewed its lease for a ten year term beginning in October 2017, with annual CPI adjustments. The buyer assumed the AIDEA loan the seller had entered into in January 2018. Overall, this was an arms-length transaction with typical financing, and was representative of market conditions at the time of sale.

### Sale No. I-2



This property was marketed for sale at \$3,295,000 and previously went under contract to sell to a local investor in October 2021 for \$3,300,000, with the buyer eventually backing out of the deal prior to closing because they determined that the returns would not meet investors' high expectations. The pending sale amount is \$3,230,000 to a different local investor. Built in 2008, the subject is one of the newer and better office properties in Juneau, it has some quasi-retail characteristics given its visibility to Egan Drive, corner



**Sherwood Building****Sales Comparison Approach**

location with access on two sides, and the tenants having significant signage. GCI Communications is the primary tenant with 47% of the space and does retail sales in its customer service area. The property has a high level of design, elevators, and a cross parking agreement with adjacent parcels, including the Aspen Suites hotel to the west which generally has evening parking demand while the subject has daytime demand.

**Sale No. I-3**

This building was originally built for owner-occupancy by the owner of the Juneau Empire newspaper and included 25% warehouse space that houses the printing press. The newspaper business was sold by the building owner, the new owner of the newspaper still leases the warehouse and 4,992 sq ft of office space, 36% of the building total. The primary tenant is SEARHC, a public health agency that values this accessible location across the highway from Bartlett Regional Hospital. SEARHC was in negotiations to expand into leasing 57.5% of the building, but has now purchased the building for \$9.2 million. \$892,749 is added to the analysis price for the following: As of March 2020 SEARHC was owed \$146,933 in prior tenant improvement (TIs) allowance. The upcoming expansion was due to include \$325,816 in TIs, and \$225,000 in parking lot expansion to accommodate 146 total vehicles, or 2.95 per 1,000 sq ft of GBA. Other planned capital improvements were a \$75,000 elevator upgrade and a \$120,000 exterior cleaning. The financial projection is based upon market rents, not accounting for the above and below market rents in place to non-SEARHC tenants.



**Sherwood Building****Sales Comparison Approach**

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**Sale No. I-4**

This was three property sale, including the old warehouse building at 535 W Willoughby, which has been allocated at \$1 million to arrive at the \$14 million analysis price for the two office buildings, which then have a \$1.044 million upward adjustment to account for lease-up costs of the vacant space at the property (allowing for a 10% market vacancy). The two office buildings have been historically leased to the State of Alaska, but the state's footprint has been shrinking in recent years due to budget troubles, and the buildings were a combined 38.6% vacant earlier in 2021. The seller is a California investment group that specialized in government leased office, they purchased the subject in 2008 during better times. The buyer is the Central Council of the Tlingit and Haida Tribes of Alaska, they approached the seller about purchasing and will likely continue to rent what they can to tenants as an investment, and also use some of the space for their own purposes. The properties are under-parked, with about 2 spaces per 1,000 sq ft, though leased parking is available nearby. The projected effective stabilized capitalization rate with a 10% market vacancy factor is 7.86% based on the adjusted sale price.

**Sale No. I-5**

This is a 2-story wood-framed office building in downtown Juneau that sold to tenant Southeast Alaska Regional Health Consortium.

## Overview of Adjustments

### Nature Adjustments & Adjustment Grid

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 supplemental information contained within the appraiser's files.

Note that qualitative adjustments - based on the above as well as on appraiser judgment - are applied on a numeric (percentage) basis in this appraisal. Ultimately, the adjustment grid presented further in this chapter is not intended to imply that all of the adjustments were performed on a quantitative basis. Rather, the adjustment grid is presented to more precisely communicate the appraiser's opinion on the direction and degree of adjustment required to a given comparable. 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.

**Property Rights Conveyed**

When real estate is sold, the contract may include rights that are less than or more than the market-typical “bundle of sticks” (property rights) for the real estate itself. 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 only. Where applicable, property rights adjustments are explained in the comments for the individual comparables already presented in the Description of Data section of this chapter.

**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 competitive properties exceeds demand, resulting in a buyer's market and placing downward pressure on asset values. Given this information, a 2.0% annual adjustment is made through April 5, 2022.

**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. The degree of adjustment is based on an analysis of underlying land values as indicated by comparable transactions and assessed valuation, market trends, discussions with market participants, a comparison of income levels, and other factors. Depending on the quality of the data, the resulting adjustment can be either quantitative or qualitative, but in either case involves a certain amount of subjectivity. The comparables have been analyzed based on their price per sq ft including land. Therefore, it is necessary to adjust for differences in

**Sherwood Building****Sales Comparison Approach**

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location and land-to-building ratio (discussed after location).

**Land-to-Building Ratio**

Properties with a higher land-to-building ratio may have superior maneuvering room, parking, yard storage, expansion capabilities, landscaping and improved overall functional utility. Differences in land-to-building ratio between the comparables and the subject must be accounted for.

**Year Built / Renovated**

While there is a correlation between age and a property's condition, it is not always direct. Renovations, remodels and aggressive upkeep can result in an "effective" age that is much less than actual age. Improvements with effective ages less than the subject will exhibit less depreciation and require a downward adjustment. Conversely, improvements with effective ages greater than the subject will exhibit more depreciation and require an upward adjustment. Note that this adjustment category allows for not only physical age, but also condition in the form of effective age.

**Quality**

The quality of the improvements has a direct influence on market value. The overall quality of a property is a function of exterior appeal, interior build-out, quality of mechanical systems and a variety of other factors.

**Size**

If an adequate supply of larger properties exists, then generally smaller properties tend to sell for higher prices per sq ft. If supply of larger properties is limited then they occasionally sell for a premium. A review of data indicates that within the subject's market smaller properties tend to sell for higher prices per sq ft than larger properties. Larger properties than the subject are adjusted upward while smaller properties are adjusted downward.

# Summary of Adjustments Exhibit

Sales Analysis Grid				I-1		I-2		I-3		I-4		I-5			
Address		2760 Sherwood Lane		10002 Glacier Hwy		8390 Airport Blvd		3100 Channel Drive		400 & 410 Willoughby Ave		225 Front St			
City		Juneau		Juneau		Juneau		Juneau		Juneau		Juneau			
Date		4/5/2022		4/5/2019		2/1/2022		6/25/2020		12/3/2021		9/17/2021			
Price		Appraisal		\$2,100,000		\$3,230,000		\$10,092,749		\$15,044,000		\$1,850,000			
GBA		20,109		19,634		15,500		49,525		92,647		16,739			
\$/SF GBA		- - -		\$106.96		\$208.39		\$203.79		\$162.38		\$110.52			
Transaction Adjustments															
Property Rights		Leased Fee		Leased Fee		0.0%		Leased Fee		0.0%		Leased Fee		0.0%	
Financing		Conventional		Conventional		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%	
Adjusted GBA Unit Price				\$106.96		\$208.39		\$203.79		\$162.38		\$110.52			
Market Cond. Thru		4/5/22 2.0%		6.1%		0.3%		3.6%		0.7%		1.1%			
Adjusted GBA Unit Price				\$113.51		\$209.10		\$211.09		\$163.47		\$111.73			
Location															
% Adjustment				-5%		-20%		-15%		-10%		-10%			
\$ Adjustment				-\$5.68		-\$41.82		-\$31.66		-\$16.35		-\$11.17			
Land to Building Ratio		3.1 : 1		2.8 : 1		2.7 : 1		2.6 : 1		1.0 : 1		0.7 : 1			
% Adjustment				0%		0%		0%		10%		10%			
\$ Adjustment				\$0.00		\$0.00		\$0.00		\$16.35		\$11.17			
Year Built / Renovated		1983 / Periodic		1983 / 1983		2008 / Periodic		1986/2019 / 2019		1981, 1991 / Periodic		1900			
% Adjustment				0%		-15%		-10%		-5%		10%			
\$ Adjustment				\$0.00		-\$31.37		-\$21.11		-\$8.17		\$11.17			
Quality															
% Adjustment				0%		-10%		-5%		-10%		5%			
\$ Adjustment				\$0.00		-\$20.91		-\$10.55		-\$16.35		\$5.59			
GBA (Size)		20,109		19,634		15,500		49,525		92,647		16,739			
% Adjustment				0%		0%		5%		10%		0%			
\$ Adjustment				-\$0.11		\$0.00		\$10.55		\$16.35		\$0.00			
Adjusted GBA Unit Price				\$107.72		\$115.01		\$137.21		\$155.29		\$128.49			
Net Adjustments				0.7%		-44.8%		-32.7%		-4.4%		16.3%			
Gross Adjustments				11.5%		45.5%		50.2%		46.0%		36.5%			

## Value Conclusion

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 narrower range. After adjustments this range is narrowed, supporting the overall reasonableness of the adjustments made. 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 \$106.96 to \$208.39/sq ft, with an average of \$158.41/sq ft. After adjustment, they range from \$107.72 to \$155.29/sq ft, with an average of \$128.74/sq ft. Thus, the range before adjustment is \$101.43/sq ft, and this decreases to \$47.57/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 \$110.00/sq ft.

RANGES & RECONCILED VALUE				
Number of Comps:	5	Unadjusted	Adjusted	% Δ
Low:		\$106.96	\$107.72	1%
High:		\$208.39	\$155.29	-25%
Average:		\$158.41	\$128.74	-19%
Median:		\$162.38	\$128.49	-21%
Range:		\$101.43	\$47.57	-53%
Reconciled Value/Unit Value:			\$110.00	/ gba
Subject Size:			20,109	
Indicated Value:			\$2,211,990	
Reconciled Final Value:			<b>\$2,210,000</b>	

## Pending Subject Sale

The appraised market value estimate of \$2,210,000 is 26.3% higher than the pending purchase price of \$1,750,000 (\$87/sq ft of GBA). At the time of contract the subject property was 24% vacant, this space has since been leased which increases the value of the subject. The seller had initially offered to sell the 24% vacant property for \$2 million, and had listed it on the market for \$2.3 million. The seller was motivated and acquiesced to the standing \$1.75 million offer, which became a great price for the buyer. The pending subject purchase price would be correctly adjusted upward to account for the new lease and seller motivation, meeting the raised market value estimate of \$2,210,000.



# 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.

### Method of Capitalization

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

## Occupancy Status

### Current Occupancy

The subject is 76% leased to the State of Alaska which has four departments in different suites. The DOC's 3,412 sq ft space on the second floor is on an annual renewal basis which began the first of four potential renewals on March 1, 2022. The DOC space lease options are coterminous with the remainder of the SOA space which is leased on a 5-year term ending in February 2026. The spaces are leased at the same rental rate, which was increased on March 1, 2022 to \$26,067.62/month, or \$2.075/sq ft. SOA space is leased at 90% of market rent, meaning that the current SOA rent in place is indicative of a \$2.31/sq ft market rent.

A new lease was for the 3,979 sq ft of vacant second floor space was signed on April 27, 2022 and will commence in July. The tenant, Snowcloud Services, is an internet and IT service provider moving space from downtown. They will take the space as is and make improvements as needed at their own cost. The rent starts at \$5,000/mo, increases 20% to \$6,000 in year two and then 3.5% in year three. The initial rent is equivalent to \$1.26/sq ft while the average effective rent over the 3-year term is \$1.44/sq ft. The lower than typical rent is based on the costs the tenant will expend to renovate the space, and sharing the floor with DOC which has regular client visitation.

Upon occupancy by Snowcloud the property is considered stabilized.

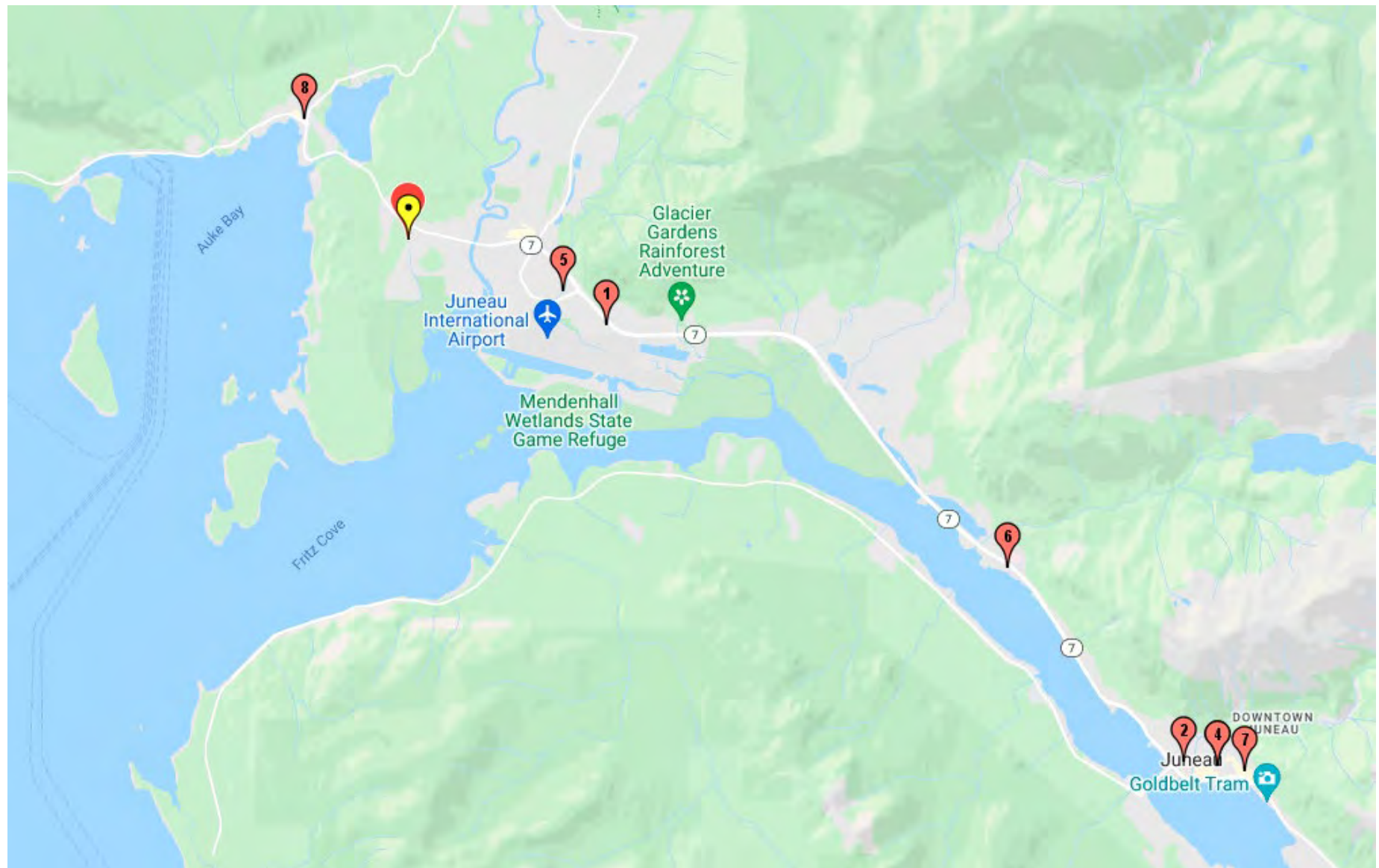
## Comparable Rental Data

<b>Sources of Data</b>	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.
<b>Availability of Data</b>	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 leased infrequently. Market research identified an adequate number of transactions involving properties that bracket the subject and provide a good basis for comparison.
<b>Presentation of Data</b>	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 a discussion of the comparable data also follow.
UNIT OF COMPARISON	Consistent with local market standards for this property type/segment, rent is analyzed on the following basis: \$/Sq Ft of Rentable, Monthly.
EXPENSE STRUCTURE EXPLANATION	For the valuation of the fee simple estate, market rents are estimated in accordance with the prevailing tenant expense structure used within the market. For the valuation of the leased fee estate, in most cases market rents are estimated in accordance with the subject's dominant expense structure. An explanation of the selected tenant expense arrangement for this particular assignment is provided further in this chapter. Appropriate adjustments must be made to the rental comparisons when differing expense structures are present. Note that the expense structures shown on the following page exhibits have been abbreviated for presentation purposes, with an explanation key included below.
DESCRIPTION OF EXPENSE ABBREVIATIONS	
Elect	Tenant pays for electricity.
Gas	Tenant pays for natural gas.
Utils	Tenant pays for all utilities.
NNN	Triple net, with tenant paying all operating expenses.
FS	Full-service, with landlord paying all operating
FS, no Jan	Full-service, with landlord paying all but janitorial
w/ PT	Tenant pays pro-rata share of expense increases over

# Summary of Rent Comparables Exhibit

No.	Name	Construction	SF	Start Date	Tenant Expenses	Escalations	Base Rent/SF/Mo.	Adj. Rate (1)
	Address	Year Built		Lease Term			Rent Basis	
<b>R-1</b>	Gateway Building - 10616 8390 Airport Blvd Juneau	Wood & Metal Frame 2008	1,854	2021 5 Yrs	FS, no Jan	None	\$2.28	<b>\$2.92</b>
<b>R-2</b>	Michael J. Burns Bldg. - 9052 801 W. 10th St. Juneau	Metal / Concrete 1982	12,112	2020 5 Yrs	FS	35% of CPI	\$2.50 Per Usable Area	<b>\$2.50</b>
<b>R-3</b>	Juneau Business Center - 9051 400 Willoughby Ave. Juneau	Concrete/Steel/Wood 1981	14,628	2019 5 Yrs	FS	35% of CPI	\$2.67 Per Usable Area	<b>\$2.67</b>
<b>R-4</b>	Juneau Business Center - 9050 400 Willoughby Ave. Juneau	Concrete/Steel/Wood 1981	7,089	2020 5 Yrs	FS	35% of CPI	\$2.67 Per Usable Area	<b>\$2.67</b>
<b>R-5</b>	Jordan Creek Center - 9049 8800 Glacier Hwy. Juneau	Metal Frame 1984	1,200	2020 1-2 Yrs	FS, no Jan	None	\$2.30 Per Usable Area	<b>\$2.60</b>
<b>R-6</b>	Juneau Empire Building - 5922 3100 Channel Drive Juneau	Concrete 1986	25,875	2020 11 Yrs+	FS	CPI, cap at 4%	\$2.18 Per RA	<b>\$2.51</b>
<b>R-7</b>	Front Street Bldg - 5924 225 Front St Juneau	Wood Frame 1900	3,768	2020 3-4 Yrs	FS, no Jan	3%/Yr	\$3.00 Per Usable SF	<b>\$3.30</b>
<b>R-8</b>	IPEC Building - 9060 12480 Mendenhall Loop Rd Juneau	Wood Frame 1981	1,900	2019 3-5 Yrs	FS, no Jan	2%/Yr	\$2.00 Per RA	<b>\$2.60</b>

## Location Map of Rental Comparables Exhibit



## Description of Data

### Rental No. R-1



This is a lease extension for a second floor space leased to a local real estate agency.

### Rental No. R-2



This is the extension for office space in the Michael J Burns Building (previously known as Goldbelt Place) in downtown Juneau. As a typical State of Alaska renewal, contract rents were set at 90% of market in recognition of the State's creditworthiness as a tenant (and in order to avoid a formal space solicitation going out for bid). Market rent was estimated by the parties at \$2.78/sq ft usable, and the beginning contract rate was thus set



**Sherwood Building****Income Capitalization Approach**

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at \$2.50/sq ft. For analysis purposes, the unadjusted rate is considered more reflective of market for a typical, non-credit tenant. Minor TIs (paint and carpet) were provided by the landlord.

**Rental No. R-3**

This is the lease extension for a large office space on the upper floors of 400 Willoughby (part of Juneau Business Center). The building is a 5-story, Class B+/A- by local standards. The prior lease expired, and the tenant (State of Alaska) negotiated an extension starting at \$2.40/sq ft. Typical of SOA extensions, rent was set at 90% of market (determined by appraisal at \$2.67/sq ft). For analysis purposes, the agreed upon latter rate is more indicative of market. No TIs were provided, but interior renovation is required by all SOA leases when the interior condition periodically warrants it. The lease includes 17 covered parking spaces and 3 open spaces.



**Sherwood Building****Income Capitalization Approach****Rental No. R-4**

This is the lease extension for 1st and 2nd floor office space in the Juneau Business Center. The building is a 5-story, Class B+/A- by local standards. The prior lease expired, and the tenant (State of Alaska) negotiated an extension starting at \$2.40/sq ft. Typical of SOA extensions, rent was set at 90% of market (determined by appraisal at \$2.67/sq ft). For analysis purposes, the agreed upon latter rate is more indicative of market. Minor TIs were provided (paint and carpet), but this work is required by all SOA leases when the interior condition periodically warrants it.

**Rental No. R-5**

This is a new lease at Jordan Creek Center, a multi-tenant office project in the Mendenhall Valley. Typical rates in the building are around \$2.30/sq ft. The property manager reports that leasing demand from smaller tenants has

**Sherwood Building****Income Capitalization Approach**

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remained healthy, with only two suites empty at the time of verification. Overall, this was an arms-length transaction reflective of market conditions at the time of leasing.

**Rental No. R-6**

This tenant began occupancy in December 2014 with 9,510 sq ft and has since expanded twice, most recently in January 2019 to its current 16,049 sq ft on the second and third floors. A total of \$251,000 in TI allowance was made, to be applied as monthly rent reductions - \$146,933 remains outstanding as of March 2020 to be paid off by the end of 2024. A 5th Amendment to expand the space by 9,826 sq ft on the 2nd floor is currently under negotiation and expected to begin in July 2020. The expansion will include an extension of the lease through June 2032. CPI rent adjustments are capped at 4%. The 5th Amendment space of 9,826 sq ft will have a \$33.16/sq ft tenant improvement allowance that will be a one-time expenditure, not amortized like prior TI allowances. The 5th Amendment will also require the landlord to expand the parking lot to the west at an estimated cost of \$225,000.

**Sherwood Building****Income Capitalization Approach****Rental No. R-7**

This is the renewal and expansion of an existing lease on the 2nd floor of the Miners Mercantile building in downtown Juneau. The space is used by the tenant as a dental and behavioral health clinic. Of note, the space was provided as professional office, but was subsequently built out by the tenant. The lease is full-service, excluding janitorial. Overall, it was an arm's-length transaction with no unusual influences reported.

**Rental No. R-8**

This is the new lease for office space in the IPEC Building in the Auke Bay area of Juneau. The space was provided as is, and there is ample parking included. Overall, it was an arm's-length transaction reflecting market conditions at the time.

## Market Rent Analysis

The comparables range from \$2.00 to \$3.00/sq ft (Monthly) prior to adjustment for rentable square foot basis or lack of janitorial service, with an average of \$2.45/sq ft. After adjustment, they range from \$2.50 to \$3.30/sq ft, with an average of \$2.72/sq ft.

The existing State of Alaska rent of \$2.08 is indicative of a market rent of \$2.31/sq ft after accounting for the state's 90% of market ratio. The new Snowcloud Services effective rent of \$1.44/sq ft is considered below market due to the costs the tenant will expend to renovate the space and being adjacent to the DOC space. Overall, given the subject's location which is in an outer neighborhood, an appropriate market rent for the subject is \$2.30/sq ft.

## Vacancy & Credit Loss

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.

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.

A 5% vacancy and credit loss factor is applied to the subject which is typical for the market.

## Expenses

### Expense Projection

Year one expenses are projected on a fiscal year, twelve months forward into the future on a stabilized basis. 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:

#### FULL SERVICE

Most properties within the subject's market are leased on a full service basis. The subject is currently leased on a full service basis. This expense structure is where the landlord is responsible for paying all expenses including janitorial.



**Sherwood Building****Income Capitalization Approach****Expense Comparisons**

Expenses at similar properties have been identified and are summarized below.

**EXPENSE COMPARABLE SUMMARY**

<b>Category</b>	<b>Low</b>	<b>High</b>	<b>Average</b>
Management	\$0.51	\$1.69	\$0.93
<i>(as % of EGI):</i>	2.0%	6.8%	3.8%
CAM	\$5.80	\$5.80	\$5.80
Total Utilities	\$1.67	\$3.67	\$2.89
Repairs and Maintenance	\$1.00	\$2.19	\$1.62
Cleaning and Janitorial	\$0.60	\$1.69	\$1.06
Roads and Grounds	\$0.20	\$0.57	\$0.40
General And Administrative	\$0.10	\$0.13	\$0.11
Insurance	\$0.14	\$0.60	\$0.33
Tax Expense	\$1.55	\$2.59	\$1.96
Reserves	\$0.20	\$0.50	\$0.35
<b>Total (excl. ground rent)</b>	<b>\$7.96</b>	<b>\$11.89</b>	<b>\$9.00</b>

**Historic Income & Expenses**

Historic operating performance is an important indicator of future performance. Four years' worth of operating data was provided to the appraiser, 2018-2021. Historic income and expenses are presented on a following page, note that the subject's accounting did not include a line item for management fees.

## Historic Income & Expense Exhibit

	2018			2019			2020			2021			Appraiser FY		
	Total	\$/SF	%	Total	\$/SF	%	Total	\$/SF	%	Total	\$/SF	%	Total	\$/SF	%
<b>Revenue</b>															
Rental Revenue	\$302,713	\$15.05	100.0%	\$302,918	\$15.06	100.0%	\$309,873	\$15.41	100.0%	\$322,178	\$16.02	100.0%	\$372,811	\$18.54	100.0%
<b>Potential Gross Income</b>	\$302,713	\$15.05	100.0%	\$302,918	\$15.06	100.0%	\$309,873	\$15.41	100.0%	\$322,178	\$16.02	100.0%	\$372,811	\$18.54	100.0%
Less: Vacancy & Credit Loss	<i>Included Above</i>			<i>Included Above</i>			<i>Included Above</i>			<i>Included Above</i>			-\$18,641	-\$0.93	5.0%
<b>Effective Gross Income</b>	\$302,713	\$15.05	100.0%	\$302,918	\$15.06	100.0%	\$309,873	\$15.41	100.0%	\$322,178	\$16.02	100.0%	\$354,171	\$17.61	95.0%
<b>Expenses</b>															
Management	\$0	---	---	\$0	---	---	\$0	---	---	\$0	---	---	\$14,167	\$0.70	4.0%
Total Utilities	\$49,181	\$2.45	16.2%	\$44,233	\$2.20	14.6%	\$62,111	\$3.09	20.0%	\$45,945	\$2.28	14.3%	\$60,327	\$3.00	17.0%
Repairs and Maintenance	\$30,829	\$1.53	10.2%	\$27,300	\$1.36	9.0%	\$31,225	\$1.55	10.1%	\$23,405	\$1.16	7.3%	\$31,169	\$1.55	8.8%
Cleaning and Janitorial	\$33,692	\$1.68	11.1%	\$31,500	\$1.57	10.4%	\$38,933	\$1.94	12.6%	\$31,582	\$1.57	9.8%	\$36,196	\$1.80	10.2%
Roads and Grounds	\$0	---	---	\$0	---	---	\$0	---	---	\$0	---	---	\$0	\$0.00	0.0%
General And Administrative	\$976	\$0.05	0.3%	\$956	\$0.05	0.3%	\$1,379	\$0.07	0.4%	\$1,635	\$0.08	0.5%	\$1,207	\$0.06	0.3%
Insurance	\$8,677	\$0.43	2.9%	\$7,529	\$0.37	2.5%	\$8,836	\$0.44	2.9%	\$8,540	\$0.42	2.7%	\$8,647	\$0.43	2.4%
Tax Expense	\$27,381	\$1.36	9.0%	\$27,371	\$1.36	9.0%	\$27,360	\$1.36	8.8%	\$29,094	\$1.45	9.0%	\$29,017	\$1.44	8.2%
Reserves	\$0	---	---	\$0	---	---	\$0	---	---	\$0	---	---	\$5,027	\$0.25	1.4%
Total	\$150,736	\$7.50	49.8%	\$138,889	\$6.91	45.9%	\$169,844	\$8.45	54.8%	\$140,201	\$6.97	43.5%	\$185,757	\$9.24	52.4%
<b>Net Operating Income</b>	\$151,977	\$7.56	50.2%	\$164,029	\$8.16	54.1%	\$140,029	\$6.96	45.2%	\$181,977	\$9.05	56.5%	\$168,414	\$8.38	47.6%



**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.

The subject's historic expense data for this category is not available. In the end, primary weight has been placed on the market comparables. Given the subject's characteristics, this expense is forecast at 4.0% of EGI, which is consistent with the selected comparable average.

**Utilities**

Utility expenses vary widely from one property to another. Generally, newer, more efficient buildings or LEED Certified buildings have lower expenses while older, less efficient buildings have higher expenses. Size, construction type, ceiling height and energy source are also contributing factors that must be considered. This expense is analyzed on a \$/sq ft basis.

The subject's historic expense data for this category varies widely. 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 \$3.00/sq ft, which is consistent with the selected comparable average.

**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 analyzed on a \$/sq ft basis.

The subject's historic expense data for this category varies widely. Ultimately, primary weight has been placed on the subject's historic data. Accordingly, this stabilized expense is forecast at \$1.55/sq ft, which is

**Sherwood Building****Income Capitalization Approach**

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consistent with the selected comparable average.

**Cleaning / Janitorial**

This expense category includes janitorial services and supplies to both common areas and, in some cases, the interior of tenant suites. It is most commonly analyzed on a \$/sq ft basis. Note that this expense is highly dependent on occupancy and tenant expense structure.

The subject's historic expense data for this category varies widely. In the forecast, primary weight is placed on the subject's historic data. As such, this expense is projected at \$1.80/sq ft, which is above the selected comparable range.

**General Operating**

This expense covers security, administrative, office supplies, telephone, miscellaneous and other incurred expenses associated with non-management operations of the property. It is forecast on a \$/sq ft basis.

The subject's historic expense data for this category varies widely. For the stabilized analysis, primary weight has been placed on the subject's historic data. This expense is projected at \$0.06/sq ft, which is below the selected comparable range.

**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 analyzed on a \$/sq ft basis.

The subject's historic expense data for this category varies widely. Ultimately, primary weight is placed on the subject's historic data. The stabilized insurance expense is accordingly forecast at \$0.43/sq ft, which is above the selected comparable average.

**Real Estate Taxes**

Actual 2022 real estate taxes were provided in the Property Assessment & Taxes section of this report and are incorporated into the analysis. Please refer to this section for information on how stabilized real estate taxes were estimated.

**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 an above the line (or 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.

No historic reserves information was provided. Given the available data, and considering the subject's various characteristics, this expense is forecast at \$0.25/sq ft.

### Current Investment Parameters

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**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. For yield capitalization, the rate is often referred to as a yield rate, discount rate, or internal rate of return (IRR). In this appraisal, the term yield rate is used.

**RERC & PwC (formerly Korpacz) Real Estate Investor Surveys**

These are detailed reports that are published four times a year. They are designed to provide accurate information in regard to current investment parameters for a variety of property types and markets. These reports are derived from a survey of highly knowledgeable market participants. Regional investment survey participants are leaders in their respective real estate market, comprising local or regional brokers, developers, managers, appraisers, consultants, owners, buyers, lenders, financial institutions, private firms, local jurisdictions, and planners. These key real estate professionals have first-hand knowledge of local investment conditions in major metropolitan markets. Each quarter, survey participants report on which local and regional markets are affected by national trends reported by institutional investors and lenders. They also report on city specific IRR and on cap rates by property type and tier. In addition, each market survey contains information per property type on anticipated rent and value growth, buy-sell-hold recommendations, investment conditions, risk of overbuilding, overall performance, and investor's insights in each of their respective markets. These reports are two of the pre-eminent studies of the investment climate within the real estate industry.

Due to its location, quality of the assets and reduced availability of capital, Alaska has historically had higher return requirements than indicated by national investor surveys. In recent years, this "premium" has been very

## Sherwood Building

## Income Capitalization Approach

limited for first tier properties in larger cities (i.e. Anchorage), but more noticeable for lower quality properties or those located in more remote parts of the state.

### Current Investment Parameters – PwC Investment Survey

#### OVERALL CAPITALIZATION RATE ANALYSIS

Fourth Quarter 2021

	OVERALL CAP RATES		BASIS POINT CHANGE		EXPECTED SHIFT (IN SIX MONTHS)*		
	Range	Average	Quarterly	Year Ago	Increase	Decrease	Hold Steady
<b>National Markets</b>							
Regional Mall	4.50% – 12.50%	7.23%	-17	30	0%	0%	100%
Power Center	5.50% – 8.25%	6.63%	-5	-5	25%	25%	50%
Strip Shopping Center	5.00% – 10.00%	7.17%	-12	-13	50%	0%	50%
CBD Office	4.25% – 8.50%	5.80%	0	15	60%	0%	40%
Suburban Office	4.70% – 9.00%	6.19%	12	19	0%	40%	60%
Net Lease	5.00% – 7.50%	6.22%	-1	0	25%	0%	75%
Medical Office Buildings	4.00% – 10.00%	6.36%	-5	-30	0%	40%	60%
Secondary Office	6.00% – 9.25%	7.52%	6	-1	29%	0%	71%
<b>Warehouse Markets</b>							
National	2.60% – 6.50%	4.31%	-12	-54	0%	40%	60%
East Coast Region	3.00% – 5.50%	4.31%	-4	n/a	0%	50%	50%
ENC Region	3.50% – 5.50%	4.53%	-12	-52	20%	20%	60%
Pacific Region	3.00% – 4.25%	3.63%	-22	-48	0%	20%	80%
<b>Apartment Markets</b>							
National	3.00% – 7.00%	4.42%	-17	-80	0%	40%	60%
Mid-Atlantic Region	3.75% – 6.50%	4.58%	-45	-80	0%	20%	80%
Pacific Region	3.00% – 5.00%	3.80%	-18	-85	0%	20%	80%
Southeast Region	3.50% – 5.00%	4.28%	-32	-55	0%	20%	80%
<b>Individual Office Markets</b>							
Atlanta	4.50% – 8.25%	6.49%	-2	-22	0%	33%	67%
Austin	5.00% – 8.00%	6.07%	18	-12	0%	40%	60%
Boston	4.35% – 9.50%	6.03%	-3	-1	20%	20%	60%
Charlotte	4.50% – 7.50%	6.16%	-20	-27	0%	20%	80%
Chicago	4.50% – 10.00%	7.45%	-13	-16	75%	0%	25%
Dallas	4.75% – 8.50%	6.39%	0	-22	20%	20%	60%
Denver	4.75% – 8.50%	6.56%	-2	-25	20%	20%	60%
Houston	5.50% – 10.00%	7.24%	-15	-20	0%	0%	100%
Los Angeles	4.50% – 9.00%	6.25%	0	-6	33%	0%	67%
Manhattan	4.00% – 6.25%	5.05%	5	-20	40%	0%	60%
Northern Virginia	5.00% – 7.50%	6.13%	-7	-47	20%	0%	80%
Pacific Northwest	4.00% – 7.75%	5.75%	-15	-9	20%	10%	70%
Philadelphia	5.00% – 8.50%	7.04%	-4	-1	0%	0%	100%
Phoenix	5.00% – 9.00%	6.61%	-6	6	0%	0%	100%
San Diego	5.25% – 7.75%	6.21%	0	-19	20%	0%	80%
San Francisco	4.00% – 9.00%	5.89%	0	23	25%	0%	75%
Seattle	4.00% – 7.00%	5.52%	-25	-46	20%	20%	60%
Southeast Florida	4.50% – 9.50%	6.79%	0	0	20%	0%	80%
Washington, DC	4.50% – 7.00%	5.33%	0	-12	0%	20%	80%

\* Percentage of participants that foresee the following directional shift in cap rates

Source: PwC Real Estate Investor Survey



## Sherwood Building

## Income Capitalization Approach

## Current Investment Parameters – RERC Investment Survey

RERC Required Return Expectations by Property Type<sup>1</sup>

	Office		Industrial			Retail			Apt	Student Housing	Hotel	Average All Types	RERC Port Index
	CBD	SUB	WHSE	R&D	FLEX	RGNL MALL	PWR CNTR	NEIGH/ COMM					
Pre-Tax Yield Rate (IRR) (%)													
Range <sup>2</sup>	6.0-8.3	6.3-8.5	5.0-7.2	6.0-8.7	6.0-8.9	6.6-10.0	7.3-10.0	6.0-9.1	5.3-7.2	7.3-8.5	9.0-11.6	5-11.6	5-11.6
Average	7.0	7.7	5.9	7.3	7.5	8.3	8.2	7.3					
Weighted Average <sup>3</sup>		7.3		6.0			8.0		6.0	7.9	10.2	7.6	6.7
BPS Change <sup>4</sup>	0	-10	-20	0	-10	10	0	10					
	0			-20			10		-10	10	-20	0	-10
Going-In Cap Rate (%)													
Range <sup>2</sup>	4.1-7.0	3.8-8.0	3.4-6.0	4.9-8.0	4.9-8.0	3.9-8.0	6.0-8.0	4.6-7.5	3.5-6.0	5.5-6.7	7.0-9.6	3.4-9.6	3.4-9.6
Average	5.6	6.4	4.4	6.1	6.4	6.5	7.0	6.0					
Weighted Average <sup>3</sup>		5.9		4.5			6.4		4.5	6.0	8.3	6.1	5.3
BPS Change <sup>4</sup>	0	20	0	0	10	10	0	10					
	10			0			10		0	0	0	0	0
Terminal Cap Rate (%)													
Range <sup>2</sup>	5.0-7.5	5.8-9.0	4.0-6.3	5.8-8.5	5.8-8.5	5.3-8.0	6.8-8.5	5.5-8.0	4.3-6.3	6.0-7.2	8.0-10.1	4-10.1	4-10.1
Average	6.2	6.9	5.1	6.6	6.9	7.0	7.5	6.5					
Weighted Average <sup>3</sup>		6.5		5.2			6.9		5.0	6.6	8.9	6.7	5.9
BPS Change <sup>4</sup>	0	10	-10	0	0	10	0	10					
	0			-10			10		0	10	10	10	0
Rental Growth (%)													
Range <sup>2</sup>	0.0-3.0	0.0-3.0	2.0-5.0	0.0-3.9	0.0-3.9	0.0-2.7	0.0-3.0	0.0-3.0	2.0-5.0	0.0-3.0	0.0-5.0	0.0-5.0	0.0-5.0
Average	1.5	1.8	3.7	2.5	2.4	1.2	1.3	1.9	3.3	1.6	1.5	2.1	2.5
BPS Change <sup>4</sup>	0	10	50	10	0	0	0	10	40	30	30	20	20
Expense Growth (%)													
Range <sup>2</sup>	2.0-4.0	2.0-3.5	2.0-3.3	2.0-3.8	2.0-3.8	2.0-5.0	1.5-3.8	1.5-3.8	2.0-3.8	2.9-4.0	3.0-4.0	1.5-5.0	1.5-5.0
Average	2.9	2.9	2.8	2.9	2.9	3.0	2.8	2.9	2.9	3.2	3.3	3.0	2.9
BPS Change <sup>4</sup>	0	-10	-10	0	-10	0	-10	0	0	20	50	10	0

<sup>1</sup> This survey was conducted from July through September 2021 and reflects expected returns for investments over the next 12 months.

<sup>2</sup> Ranges and other data reflect the central tendencies of respondents; unusually high and low responses have been eliminated.

<sup>3</sup> Weighting based upon 3Q 2021 NCREIF Portfolio market values.

<sup>4</sup> Change (+/-) in basis points (BPS) from quarter immediately preceding current rate.

Source: RERC, 3Q 2021.



**Sherwood Building****Income Capitalization Approach**

**Sale Comparisons** Rates of returns indicated by the local sales are presented in the following table:

<b>LOCAL SALE RETURN REQUIREMENTS</b>					
<b>Comp</b>	<b>Name</b>	<b>Property Major Type</b>	<b>Year Built / Renovated</b>	<b>Date</b>	<b>Cap Rate</b>
I-1	Gateway Building - 10616	Office	2008 / Periodic	Feb-22	9.1%
I-2	Juneau Empire Building - 3873	Office	1986 / 2019	Jun-20	6.0%
I-3	Juneau Business Center Office -	Office	1981 / Periodic	Dec-21	7.9%
I-5	Willow Park - 3743	Office	1983 / 1983	Apr-19	8.0%
I-6	CrossCo Building - 3408	Office	2004 / 2004	Jun-16	8.1%
OAR-1	R&M Building - 9075	Office	1973 / Periodic	Aug-20	8.5%
Overall comparable data set				Low	6.0%
				High	9.1%
				Average	7.9%

**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. Primary emphasis is given to the local sale comparisons. The OARs range from 6.0% to 9.9%, and average 8.0%. After careful consideration, the subject's OAR is estimated at 8.00%. The direct capitalization exhibit follows.

## Sherwood Building

## Income Capitalization Approach

## Direct Capitalization Exhibit

**STABILIZED REVENUE**

<b>Tenant</b>	<b>Forecast Type</b>	<b>Sq Ft</b>	<b>\$/Sq Ft/Mo.</b>	<b>\$/Sq Ft/Yr.</b>	<b>FY</b>
State of Alaska #2280	Contract	12,562	\$2.08	\$24.90	\$312,811
Snowcloud Services	Contract	3,979	\$1.26	\$15.08	\$60,000
<b>Potential Gross Revenue</b>		<b>16,541</b>	<b>\$1.88</b>	<b>\$22.54</b>	<b>\$372,811</b>
Less: Vacancy and Credit Loss @		5.0%			(\$18,641)
<b>Effective Gross Revenue</b>					<b>\$354,171</b>

**STABILIZED EXPENSES**

	<b>% of EGI</b>	<b>\$/Sq Ft/Yr. of GBA</b>	<b>FY</b>
Management	4.0%	\$0.70	\$14,167
Total Utilities	17.0%	\$3.00	\$60,327
Repairs and Maintenance	8.8%	\$1.55	\$31,169
Cleaning and Janitorial	10.2%	\$1.80	\$36,196
Roads and Grounds	0.0%	\$0.00	\$0
General And Administrative	0.3%	\$0.06	\$1,207
Insurance	2.4%	\$0.43	\$8,647
Tax Expense	8.2%	\$1.44	\$29,017
Reserves	1.4%	\$0.25	\$5,027
<b>Total Expenses</b>	<b>52.4%</b>	<b>\$9.24</b>	<b>\$185,757</b>

<b>STABILIZED NET OPERATING INCOME</b>	<b>47.6%</b>	<b>\$10.18</b>	<b>\$168,414</b>
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**STABILIZED VALUE**

Stabilized Net Operating Income	\$168,414
Capitalized At:	8.00%
<b>Indicated Stabilized Value</b>	<b>\$2,105,170</b>
<b>(Rounded)</b>	<b>\$2,110,000</b>

# 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

<b>Sherwood Building</b>	
<b>Property Rights</b>	<b>Leased Fee</b>
<b>Condition</b>	<b>As Is</b>
<b>Effective Date of Appraisal</b>	<b>April 5, 2022</b>
Cost Approach	Not Performed
Sales Comparison Approach	\$2,210,000
Income Capitalization Approach	\$2,110,000
<b>Final Market Value Estimate</b>	<b>\$2,110,000</b>

## 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.

- It does not fully take into consideration current supply and demand conditions.
- There has been limited new construction in the subject's market making it difficult to reliably estimate replacement cost.
- The subject is older construction making it difficult to reliably estimate accrued depreciation.

- While buyers may consider the cost approach in certain cases, it is not generally given significant weight for an income producing property.
- The other approach(es) resulted in a reliable value estimate for the subject.

### **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.

### **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**

While there is limited market evidence at this time, due to the COVID-19, in the short term, buyers may require a discount in pricing to offset perceptions of higher risk. Since, however, the market consensus at this time is that any discount would be short term in nature, a seller would not likely accept it. Thus, as mentioned, 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 under six months, the most immediate impact is that marketing times are anticipated to increase to a minimum of nine months for all property types. That said, the value estimate is in the context of the estimated marketing period, which at this time, is concluded to extend beyond the anticipated period of uncertainty resulting from the virus. This longer marketing period significantly mitigates the immediate short term impact of the COVID-19 on the present value estimate.

The value indications from the approaches performed have fallen within a narrow range suggesting adequate market data and reliable analysis of the data. As a leased asset, the Income Capitalization Approach indicates a reliable market value for the subject and is given primary emphasis. The Sales Comparison Approach is given secondary weight and considered

**Sherwood Building****Reconciliation & Final Value Estimate**

supportive. After careful consideration, the final value estimate for the subject is as follows:

<b>FINAL MARKET VALUE ESTIMATE</b>	
<b>Sherwood Building</b>	
<b>Property Rights</b>	<b>Leased Fee</b>
<b>Condition</b>	<b>As Is</b>
<b>Effective Date of Appraisal</b>	<b>April 5, 2022</b>
<b>Final Market Value Estimate</b>	<b>\$2,110,000</b>

**Market Volatility Within the Marketing Time**

The following value trends reflect the consensus of market participants and are not a forecast or projection by the appraiser. Within this time period, an increase in market volatility is anticipated where there could potentially be large variances in valuation, either upward or downward, over very short periods of time. These comments are not intended to constitute a “prospective” valuation, but are for the purposes of educating the client as to the presence of market volatility within the marketing time.

While there is limited market evidence at this time, due to the COVID-19, in the short term, buyers may require a discount in pricing to offset perceptions of higher risk. Since, however, the market consensus at this time is that any discount would be short term in nature, a seller would not likely accept it. That said, the value estimate is in the context of the estimated marketing period, which at this time, is concluded to extend beyond the anticipated period of uncertainty resulting from the virus. This longer marketing period significantly mitigates the immediate short-term impact of the COVID-19 on the present value estimate. That said, for reference, if a seller were compelled to sell within the next three months, the market value may be approximately 10% to 40% less than the current value estimate. It is possible that the discounts required could be potentially even larger than this. However, if a seller were compelled to sell within the next twelve months, the market value is estimated to be approximately 10% less than the current value is anticipated. Gradual curing is anticipated between month twelve and eighteen, such that towards the end of the marketing period no discount in value is anticipated.

**Exposure Period**

**DEFINITION<sup>10</sup>** *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.*

<sup>10</sup> 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<sup>11</sup>** *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

<sup>11</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.

**Sherwood Building****Reconciliation & Final Value Estimate**

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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

**Sherwood Building****General Assumptions & Limiting Conditions**

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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



**Sherwood Building****General Assumptions & Limiting Conditions**

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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

**Sherwood Building****General Assumptions & Limiting Conditions**

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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

<b>As Is Value<sup>12</sup></b>	<i>The estimate of the market value of real property in its current physical condition, use and zoning as of the appraisal date.</i>
<b>Prospective Value<sup>13</sup></b>	<i>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.</i>
<b>Retrospective Value<sup>14</sup></b>	<i>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.”</i>
<b>At Completion Value<sup>15</sup></b>	<i>The market value at the effective date construction is completed or the certificate of occupancy is issued.</i>
<b>At Stabilization Value<sup>16</sup></b>	<i>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.</i>
<b>Aggregate of Retail Values / Sum of Retail Values<sup>17</sup></b>	<i>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.</i>
<b>Value in Use (Use Value)<sup>18</sup></b>	<i>The value of a specific property for a specific use.</i>

<sup>12</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.

<sup>13</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.

<sup>14</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>15</sup> Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

<sup>16</sup> Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

<sup>17</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>18</sup> Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].

<b>Business Value<sup>19</sup></b>	<i>The market value of a going concern, including real estate, personal property, and the intangible assets of the business.</i>
<b>Going Concern Value<sup>20</sup></b>	<i>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.</i>
<b>Client<sup>21</sup></b>	<i>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.</i>
<b>Intended Use<sup>22</sup></b>	<i>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.</i>
<b>Intended User<sup>23</sup></b>	<i>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.</i>
<b>Fee Simple Estate<sup>24</sup></b>	<i>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.</i>
<b>Leased Fee Interest<sup>25</sup></b>	<i>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.</i>
<b>Leasehold Interest<sup>26</sup></b>	<i>The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.</i>
<b>Real Estate<sup>27</sup></b>	<i>An identified parcel or tract of land, including improvements, if any.</i>
<b>Real Property<sup>28</sup></b>	<i>An interest or interests in real estate.</i>
<b>FF&amp;E<sup>29</sup></b>	<i>Business trade fixtures and personal property, exclusive of inventory.</i>

<sup>19</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>20</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>21</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>22</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>23</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>24</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>25</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>26</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>27</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>28</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>29</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<b>Personal Property</b> <sup>30</sup>	<i>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.</i>
<b>Fixture</b> <sup>31</sup>	<i>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.</i>
<b>Trade Fixtures</b> <sup>32</sup>	<i>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.</i>
<b>Intangible Property</b> <sup>33</sup>	<i>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.</i>
<b>Extraordinary Assumption</b> <sup>34</sup>	<i>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.</i>
<b>Hypothetical Condition</b> <sup>35</sup>	<i>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.</i>
<b>Gross Building Area</b> <sup>36</sup>	<i>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.</i>
<b>Rentable Area</b> <sup>37</sup>	<i>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</i>

<sup>30</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>31</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>32</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>33</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>34</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>35</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>36</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>37</sup> 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<sup>38</sup>** *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<sup>39</sup>** *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<sup>40</sup>** *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<sup>41</sup>** *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<sup>42</sup>** *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<sup>43</sup>** *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<sup>44</sup>** *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.*

<sup>38</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>39</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>40</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>41</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>42</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>43</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>44</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

**Entrepreneurial Profit (Developer's Margin)<sup>45</sup>**

*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<sup>46</sup>**

*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<sup>47</sup>**

*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<sup>48</sup>**

*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.*

<sup>45</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>46</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>47</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

<sup>48</sup> Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

# Addendum: Letter of Engagement



April 4, 2022

Gregory H. Bucklin  
 Reliant, LLC  
 9330 Vanguard Drive, Suite 201  
 Anchorage, Alaska 99507

## RE: COMMERCIAL REAL ESTATE APPRAISAL ENGAGEMENT LETTER

Borrower: Alaska Legacy Partners LLC  
 Physical Address: 2760 Sherwood Lane, Juneau, Alaska 99801  
 Legal Description: Lot 2A, Block A, Sherwood Estates

Please accept this letter as written authorization to proceed with your engagement to complete an appraisal on the real estate as described above and as described in the original Request for Appraisal sent to you for your bid response. **In order to comply with Bank Policy, please sign, date and return this engagement letter to [appraisaldesk@nrim.com](mailto:appraisaldesk@nrim.com).** The client for this assignment is Northrim Bank, its officers and directors. Other intended users of the appraisal include the appropriate banking regulatory agencies, other financial institutions, and state agencies such as the Alaska Housing Finance Corporation and the Alaska Industrial Development Export Authority that may participate with Northrim Bank in funding a loan for which the subject property will be security. The original Appraisal Request sent to you for your bid request details the specifics for the type of appraisal required, which are summarized as follows:

Value Required: <input checked="" type="checkbox"/> "As Is"	<input type="checkbox"/> "At Completion"	<input type="checkbox"/> "At Stabilized Occupancy"
Approaches to Value:	Report Requested:	Property Rights:
<input checked="" type="checkbox"/> Income	<input checked="" type="checkbox"/> Appraisal Report (Summary)	<input checked="" type="checkbox"/> Fee Simple
<input checked="" type="checkbox"/> Sales Comparison	<input type="checkbox"/> Appraisal Report (Self-Contained)	<input type="checkbox"/> Lease Fee
<input checked="" type="checkbox"/> Cost	(As described in 2012-2013 USPAP.)	<input type="checkbox"/> Leasehold Estate
	<input type="checkbox"/> Recertification of Value	
	<input type="checkbox"/> SBA 504	
	<input type="checkbox"/> FHLMC 71B	

The appraisal report is scheduled to be delivered by **May 16th, 2022 for a total fee of \$8,000.00.** Please provide four hard copies and a CD/PDF copy of the report. **Unless otherwise agreed, if the report remains outstanding three days beyond the scheduled delivery date, the quoted appraisal fee will be adjusted negatively \$100 each day until received.** The report should estimate the **Fair Market Value** of the property according to FIRREA, and must meet the requirements of Northrim Bank's Appraisal Policy.

The report must meet the current Uniform Standards of Professional Appraisal Practice (USPAP) as formulated by The Appraisal Foundation, and conform to the Interagency Appraisal and Evaluation Guidelines for Federally Related Transactions adopted by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision and the State of Alaska, and Northrim Bank Appraisal Policy. Please be certain that your certification complies with the new certification standards found in Standards Rule 2-3 of USPAP.

The property must be appraised "As Is," "At Completion" (if appropriate) and "At Stabilized Occupancy" with detailed analysis and estimates of the time and cost necessary to achieve same enumerated within the appraisal, as appropriate. The "As

Is" value of the property is based on its **current** physical condition and subject to the zoning in effect as of the date of appraisal.

For proposed or partially completed properties, value "**At Completion**" represents the market value at the effective date construction is completed or the certificate of occupancy is issued. This estimate of value reflects the impact of absorption time and the cost necessary to achieve stabilized occupancy. For income producing properties, these costs include leasing commissions, rent loss/concessions, and tenant improvement costs on vacant or non-preleased space. Discount rates, growth rates, sales or absorption rates, revenues, expenses and occupancy levels should be based on current market and economic conditions and not upon estimates or projected levels that cannot be supported by current market conditions.

The "**Stabilized Value**" (at the effective date of stabilization) should be based upon current market and economic conditions supported by revenue, expense, and occupancy levels achieved by comparable properties.

The appraisal must contain an analysis of actual income and expenses experienced by the subject property where it is an existing income-producing property, and explain any anticipated deviations from the established historical trend. Market real estate taxes, costs for insurance, other expenses, and reserves for repair and replacement should be addressed and utilized appropriately. Any relevant market trend that affects the subject property or market, such as increasing vacancy rates, greater use of rent concessions, and declining sale prices, should be reported and analyzed. All property operating data provided to the appraiser is to be kept in strict confidence.

The report should be sufficiently descriptive to enable the reader to ascertain the value estimates, the rational for each estimate, and should provide detail and depth of analysis that reflects the complexity of the real estate appraised. In addition, the report should not incorporate, by reference, a document not readily available to the reader. Studies prepared by a third party should be verified to the extent the assumptions and/or conclusions are used, and the appraiser's acceptance or rejection of a third party study and its impact on value should be fully explained.

All other values or interests appraised must be clearly labeled and segregated, e.g., business, fractional interest, furniture, fixtures, and equipment values. The appraisal is to have a separate assessment of personal property, fixtures, or intangible items that are attached to or located on real property if the personal property, fixtures, or intangible items affect the value of the real estate.

For further information regarding the subject property, such as legal description, inspection access, cost breakdown, plans and specifications, leases or lease summaries, operating expenses, etc., please contact:

**Northrim Contact: Jaime Kissner 907-790-5178**  
**Property Contact: Larry Bauer/Wesley Bauer 907-586-4990**

Appraisal report(s) and billing information should be addressed to Northrim Bank, Attn: Deatrice Swazer, 3111 C Street, P.O. Box 241489, Anchorage, Alaska, 99524-1489. The invoice must accompany the appraisal report. A signed "Received and Acknowledged" copy of these written instructions **must be** included in the addenda and referenced in the letter of transmittal submitted with the appraisal, **or the reports will be returned for correction. All appraisals must conform to the requirements of this letter and Northrim Bank Policy.**

If you have any questions, please advise.

Sincerely,

NORTHRIM BANK

Received and Acknowledged on \_\_\_\_\_

*Susan Aleksich*

Appraisal Desk Specialist II

By: \_\_\_\_\_



## Addendum: Improved Sale Comparables

**Sherwood Building****Addendum: Improved Sale Comparables****IMPROVED COMPARABLE I-1****RELIANT COMP ID: 3743****Willow Park - 3743****10002 Glacier Hwy****Juneau, AK****Location Description**

S Side Glacier Hwy W of Industrial Blvd.

**Tax ID**

4B1701020041

**Legal Description**

Willo Subdivision Lot 2

**Sale Information**

<b>Actual Price</b>	\$2,100,000	<b>Date</b>	4/5/2019
<b>Price</b>	\$2,100,000	<b>Transaction Type</b>	Closed Sale
<b>Grantor</b>	WILL-O LLC	<b>Property Rights</b>	Leased Fee
<b>Grantee</b>	CARLSON COMMEMORATIVE	<b>Financing</b>	Conventional
<b>Buyer Type</b>	Investor	<b>Conditions of Sale</b>	Arms Length
<b>Book/Page or Reference Doc</b>	WD 2019-001268-0	<b>Days On Market</b>	- - -

**Site Description**

<b>Acres</b>	1.3	<b>Zoning</b>	I, Industrial
<b>Land SF</b>	54,513	<b>Topography</b>	Generally Level
<b>Excess Land SF</b>	0	<b>Waterfront Access</b>	No
<b>Access</b>	Average / Good		

**Improvements Description**

<b>Property Type</b>	Office Building	<b>Quality</b>	Average
<b>GBA</b>	19,634	<b>Parking Spaces</b>	
<b>Percent Office</b>	100%	<b>Land to Building Ratio</b>	2.776459203
<b>Efficiency Ratio</b>	100%	<b>Ceiling Height</b>	
<b>Tenancy Type</b>	Single-Tenant	<b>Yard Storage</b>	
<b>Year Built</b>	1983	<b>Overhead Doors</b>	
<b>Construction</b>	Wood Frame	<b>Dock High Doors</b>	

**Sale Indices**

<b>Price Per RA</b>	\$106.96	<b>Expense Structure</b>	- - -
<b>Improvement Value</b>	\$1,282,305.00	<b>Expense Ratio</b>	- - -
<b>Financial Source</b>	Estimated Based on Actuals	<b>Expense Per SF</b>	
<b>Average Rents per SF</b>	- - -	<b>NOI SF of Rentable</b>	
<b>TOS Occupancy</b>		<b>Risk Profile</b>	- - -
<b>Vacancy Stabilized</b>		<b>Cap Rate</b>	8.00%

**Sale Comments**

This is the sale of a office building in Juneau, in the Mendenhall Valley neighborhood. The building is fully occupied by the State of Alaska and is in average condition for its age. The tenant renewed its lease for a ten year term beginning in October 2017, with annual CPI adjustments. The buyer assumed the AIDEA loan the seller had entered into in January 2018. Overall, this was an arms-length transaction with typical financing, and was representative of market conditions at the time of sale.

**Sherwood Building****Addendum: Improved Sale Comparables****IMPROVED COMPARABLE 1-2****RELIANT COMP ID: 10616****Gateway Building - 10616****8390 Airport Blvd****Juneau, AK****Location Description****Tax ID**

5B1501010014

**Legal Description**

Lt 31B2, Blk G, Plat 2009-33, Valley  
Centre SD, Juneau Recording District,  
State of Alaska

**Transaction**

<b>Actual Price</b>	\$3,230,000	<b>Date</b>	2/1/2022
<b>Price</b>	\$3,230,000	<b>Transaction Type</b>	Pending Contract
<b>Grantor</b>	Gateway Properties LLC	<b>Property Rights</b>	Leased Fee
<b>Grantee</b>	BC Rentals, LLC	<b>Financing</b>	Conventional
<b>Buyer Type</b>	Investor	<b>Conditions of Sale</b>	Arms Length
<b>Book/Page or Reference Doc</b>	TBD	<b>Days On Market</b>	---

**Site Description**

<b>Acres</b>	1.0	<b>Zoning</b>	GC, General Commercial
<b>Land SF</b>	41,958	<b>Topography</b>	Generally Level
<b>Excess Land SF</b>	0	<b>Waterfront Access</b>	No
<b>Access</b>	Good		

**Improvements Description**

<b>Property Type</b>	Office Building	<b>Quality</b>	Good
<b>GBA</b>	15,500	<b>Parking Spaces</b>	53
<b>Percent Office</b>	100%	<b>Land to Building Ratio</b>	2.706967742
<b>Efficiency Ratio</b>	---	<b>Ceiling Height</b>	---
<b>Tenancy Type</b>	Multi-Tenant	<b>Yard Storage</b>	---
<b>Year Built</b>	2008	<b>Overhead Doors</b>	---
<b>Construction</b>	Wood & Metal Frame	<b>Dock High Doors</b>	---

**Sale Indices**

<b>Price Per RA</b>	\$212.78	<b>Expense Structure</b>	---
<b>Improvement Value</b>	\$2,181,050.00	<b>Expense Ratio</b>	28.9%
<b>Financial Source</b>	---	<b>Expense Per SF</b>	---
<b>Average Rents per SF</b>	---	<b>NOISF of Rentable</b>	---
<b>TOS Occupancy</b>		<b>Risk Profile</b>	---
<b>Vacancy Stabilized</b>		<b>Cap Rate</b>	9.93%

**Sale Comments**

This property was marketed for sale at \$3,295,000 and previously went under contract to sell to a local investor in October 2021 for \$3,300,000, with the buyer eventually backing out of the deal prior to closing because they determined that the returns would not meet investors' high expectations. The pending sale amount is \$3,230,000 to a different local investor. Built in 2008, the subject is one of the newer and better office properties in Juneau, it has some quasi-retail characteristics given its visibility to Egan Drive, corner location with access on two sides, and the tenants having significant signage. GCI Communications is the primary tenant with 47% of the space and does retail sales in its customer service area. The property has a high level of design, elevators, and a cross parking agreement with adjacent parcels, including the

**Sherwood Building****Addendum: Improved Sale Comparables****IMPROVED COMPARABLE I-3****RELIANT COMP ID: 3873**

**Juneau Empire Building -  
3873  
3100 Channel Drive**

**Juneau, AK****Location Description**

N Side Channel Drive, west of Egan  
Drive intersection.

**Tax ID**

7B0901030031

**Legal Description**

Tracts C and D, Bridgchris Park  
Subdivision, USS 2133, Plat 83-185,  
Juneau Recording District

**Transaction**

<b>Actual Price</b>	\$9,200,000	<b>Date</b>	6/25/2020
<b>Price</b>	\$10,092,749	<b>Transaction Type</b>	Closed Sale
<b>Grantor</b>	Southeastern Newspapers Corp.	<b>Property Rights</b>	Leased Fee
<b>Grantee</b>	SEARHC (Southeast Alaska Regional	<b>Financing</b>	Conventional
<b>Buyer Type</b>	Partial User	<b>Conditions of Sale</b>	Arms Length
<b>Book/Page or Reference Doc</b>	2020-003079-0	<b>Days On Market</b>	- - -

**Site Description**

<b>Acres</b>	3.0	<b>Zoning</b>	GC, General Commercial
<b>Land SF</b>	130,537	<b>Topography</b>	Level
<b>Excess Land SF</b>	0	<b>Waterfront Access</b>	- - -
<b>Access</b>	- - -		

**Improvements Description**

<b>Property Type</b>	Office/Warehouse	<b>Quality</b>	Good
<b>GBA</b>	49,525	<b>Parking Spaces</b>	146
<b>Percent Office</b>	68%	<b>Land to Building Ratio</b>	2.635779909
<b>Efficiency Ratio</b>	91%	<b>Ceiling Height</b>	16'
<b>Tenancy Type</b>	- - -	<b>Yard Storage</b>	- - -
<b>Year Built</b>	1986/2019	<b>Overhead Doors</b>	- - -
<b>Construction</b>	Concrete	<b>Dock High Doors</b>	- - -

**Sale Indices**

<b>Price Per RA</b>	\$224.13	<b>Expense Structure</b>	FS, No J
<b>Improvement Value</b>	\$6,698,787.00	<b>Expense Ratio</b>	41.5%
<b>Financial Source</b>	Estimated Based on Actuals	<b>Expense Per SF</b>	\$8.73
<b>Average Rents per SF</b>	\$23.83 / Mo.	<b>NOISF of Rentable</b>	
<b>TOS Occupancy</b>		<b>Risk Profile</b>	- - -
<b>Vacancy Stabilized</b>		<b>Cap Rate</b>	6.03%

**Sale Comments**

This building was originally built for owner-occupancy by the owner of the Juneau Empire newspaper and included 25% warehouse space that houses the printing press. The newspaper business was sold by the building owner, the new owner of the newspaper still leases the warehouse and 4,992 sq ft of office space, 36% of the building total. The primary tenant is SEARHC, a public health agency that values this accessible location across the highway from Bartlett Regional Hospital. SEARHC was in negotiations to expand into leasing 57.5% of the building, but has now purchased the building for \$9.2 million. \$892,749 is added to the analysis price for the following: As of March 2020 SEARHC was owed \$146,933 in prior tenant improvement (TIs) allowance. The upcoming expansion was due to include \$325,816 in TIs, and

**Sherwood Building****Addendum: Improved Sale Comparables****IMPROVED COMPARABLE I-4****RELIANT COMP ID: 10507**

**Juneau Business Center  
Office - 10507  
400 & 410 Willoughby  
Ave  
Juneau, AK**

Location Description

Tax ID

Legal Description

**Transaction**

<b>Actual Price</b>	\$15,000,000	<b>Date</b>	12/3/2021
<b>Price</b>	\$15,044,000	<b>Transaction Type</b>	Closed Sale
<b>Grantor</b>	Juneau Business Center LLC	<b>Property Rights</b>	Leased Fee
<b>Grantee</b>	CCTHIA	<b>Financing</b>	Cash
<b>Buyer Type</b>	Investor/User	<b>Conditions of Sale</b>	Arm's Length
<b>Book/Page or Reference Doc</b>	2021-007331-0	<b>Days On Market</b>	---

**Site Description**

<b>Acres</b>	2.1	<b>Zoning</b>	---
<b>Land SF</b>	93,153	<b>Topography</b>	Level
<b>Excess Land SF</b>	---	<b>Waterfront Access</b>	---
<b>Access</b>	Average		

**Improvements Description**

<b>Property Type</b>	---	<b>Quality</b>	Average
<b>GBA</b>	92,647	<b>Parking Spaces</b>	190
<b>Percent Office</b>	100%	<b>Land to Building Ratio</b>	1.005461591
<b>Efficiency Ratio</b>	---	<b>Ceiling Height</b>	---
<b>Tenancy Type</b>	Multi-Tenant	<b>Yard Storage</b>	---
<b>Year Built</b>	1981, 1991	<b>Overhead Doors</b>	---
<b>Construction</b>	Average	<b>Dock High Doors</b>	---

**Sale Indices**

<b>Price Per RA</b>	\$162.38	<b>Expense Structure</b>	FS
<b>Improvement Value</b>	---	<b>Expense Ratio</b>	47.8%
<b>Financial Source</b>	---	<b>Expense Per SF</b>	\$10.79
<b>Average Rents per SF</b>	---	<b>NOISF of Rentable</b>	
<b>TOS Occupancy</b>		<b>Risk Profile</b>	---
<b>Vacancy Stabilized</b>		<b>Cap Rate</b>	---

**Sale Comments**

This was three property sale, including the old warehouse building at 535 W Willoughby, which has been allocated at \$1 million to arrive at the \$14 million analysis price for the two office buildings, which then have a \$1.044 million upward adjustment to account for lease-up costs of the vacant space at the property (allowing for a 10% market vacancy). The two office buildings have been historically leased to the State of Alaska, but the state's footprint has been shrinking in recent years due to budget troubles, and the buildings were a combined 38.6% vacant earlier in 2021. The seller is a California investment group that specialized in government leased office, they purchased the subject in 2008 during better times. The buyer is the Central Council of the Tlingit and Haida Tribes of Alaska, they approached the seller about purchasing



**Sherwood Building****Addendum: Improved Sale Comparables****IMPROVED COMPARABLE I-5****RELIANT COMP ID: 5924****Front Street Bldg - 5924****225 Front St****Juneau, AK****Location Description****Tax ID**

1C070K810010

**Legal Description**TIDELANDS ADDITION BL 81 LT  
1, Juneau RD, State of Alaska**Transaction**

<b>Actual Price</b>	\$1,850,000	<b>Date</b>	9/17/2021
<b>Price</b>	\$1,850,000	<b>Transaction Type</b>	Closed Sale
<b>Grantor</b>	RH Rentals LLC	<b>Property Rights</b>	Leased Fee
<b>Grantee</b>	SEARHC	<b>Financing</b>	Cash
<b>Buyer Type</b>	Partial User	<b>Conditions of Sale</b>	Arms Length
<b>Book/Page or Reference Doc</b>	2021-005794-0	<b>Days On Market</b>	---

**Site Description**

<b>Acres</b>	0.3	<b>Zoning</b>	---
<b>Land SF</b>	11,300	<b>Topography</b>	---
<b>Excess Land SF</b>	---	<b>Waterfront Access</b>	---
<b>Access</b>	---		

**Improvements Description**

<b>Property Type</b>	Medical Office	<b>Quality</b>	Average
<b>GBA</b>	16,739	<b>Parking Spaces</b>	---
<b>Percent Office</b>	100%	<b>Land to Building Ratio</b>	0.675070195
<b>Efficiency Ratio</b>	---	<b>Ceiling Height</b>	8'-9'
<b>Tenancy Type</b>	Multi-tenant	<b>Yard Storage</b>	---
<b>Year Built</b>	1900	<b>Overhead Doors</b>	---
<b>Construction</b>	Wood Frame	<b>Dock High Doors</b>	---

**Sale Indices**

<b>Price Per RA</b>	---	<b>Expense Structure</b>	---
<b>Improvement Value</b>	---	<b>Expense Ratio</b>	---
<b>Financial Source</b>	---	<b>Expense Per SF</b>	---
<b>Average Rents per SF</b>	---	<b>NOISF of Rentable</b>	
<b>TOS Occupancy</b>		<b>Risk Profile</b>	---
<b>Vacancy Stabilized</b>		<b>Cap Rate</b>	---

**Sale Comments**

This is a 2-story wood-framed office building in downtown Juneau that sold to tenant Southeast Alaska Regional Health Consortium.

## Addendum: Rent Comparables

**Sherwood Building****Addendum: Rent Comparables****RENT COMPARABLE-1****RELIANT COMP ID: 10616****Gateway Building -  
10616****8390 Airport Blvd****Juneau, AK****Latitude**

58.359611

**Longitude**

-134.568209

**Property Information**

<b>Location Type</b>	Primary	<b>Construction</b>	Wood & Metal Frame
<b>Market</b>	---	<b>Quality</b>	Good
<b>GBA</b>	15,500	<b>Condition</b>	Good
<b>Land SF</b>	41,958	<b>Land to Building Ratio</b>	2.71
<b>Property Major Type</b>	Office	<b>Parking Spaces</b>	53

**Lease Information**

<b>Lease Transaction Type</b>		<b>Start Date</b>	6/1/2021
<b>Space Type</b>	Office	<b>Lease Term</b>	5 Yrs
<b>Percent Office</b>		<b>Base</b>	\$2.28
<b>Floor Level</b>	2nd	<b>Escalations</b>	None
<b>View</b>	Partial	<b>Finish</b>	1/0/1900
<b>SF</b>	1,854	<b>TI</b>	1/0/1900
<b>Rent Basis</b>		<b>Costs to Finish</b>	\$0
<b>Tenant Parking</b>		<b>Concessions</b>	None

**Comments**

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**Sherwood Building****Addendum: Rent Comparables****RENT COMPARABLE R-2****RELIANT COMP ID: 9052**

**Michael J. Burns  
Bldg. - 9052  
801 W. 10th St.**

**Juneau, AK**

**Latitude**  
58.3015

**Longitude**  
-134.422

**Location**

<b>Location Type</b>	Primary	<b>Construction</b>	Metal / Concrete
<b>Market</b>	---	<b>Quality</b>	Good
<b>GBA</b>	70,292	<b>Condition</b>	Good
<b>Land SF</b>	37,253	<b>Land to Building Ratio</b>	1
<b>Property Major Type</b>	Office	<b>Parking Spaces</b>	36

**Lease Information**

<b>Lease Transaction Type</b>	Renewal	<b>Start Date</b>	7/1/2020
<b>Space Type</b>	Office	<b>Lease Term</b>	5 Yrs
<b>Percent Office</b>	1	<b>Base</b>	\$2.50
<b>Floor Level</b>		<b>Escalations</b>	35% of CPI
<b>View</b>	City	<b>Finish</b>	Finished
<b>SF</b>	12,112	<b>TI</b>	1/5/1900
<b>Rent Basis</b>	Per Usable Area	<b>Costs to Finish</b>	\$0
<b>Tenant Parking</b>	18	<b>Concessions</b>	None

**Comments**

This is the extension for office space in the Michael J Burns Building (previously known as Goldbelt Place) in downtown Juneau. As a typical State of Alaska renewal, contract rents were set at 90% of market in recognition of the State's creditworthiness as a tenant (and in order to avoid a formal space solicitation going out for bid). Market rent was estimated by the parties at \$2.78/sq ft usable, and the beginning contract rate was thus set at \$2.50/sq ft. For analysis purposes, the unadjusted rate is considered more reflective of market for a typical, non-credit tenant. Minor TIs (paint and carpet) were provided by the landlord.

**Sherwood Building****Addendum: Rent Comparables****RENT COMPARABLE R-3****RELIANT COMP ID: 9051**

**Juneau Business  
Center - 9051  
400 Willoughby Ave.**

**Juneau, AK**

**Latitude**

58.3009977

**Longitude**

-134.4131497

**Location**

<b>Location Type</b>	Primary	<b>Construction</b>	Concrete/Steel/Wood
<b>Market</b>	---	<b>Quality</b>	Good
<b>GBA</b>	35,760	<b>Condition</b>	Good
<b>Land SF</b>	22,453	<b>Land to Building Ratio</b>	1
<b>Property Major Type</b>	Office	<b>Parking Spaces</b>	---

**Lease Information**

<b>Lease Transaction Type</b>	Renewal	<b>Start Date</b>	9/1/2019
<b>Space Type</b>	Office	<b>Lease Term</b>	5 Yrs
<b>Percent Office</b>	1	<b>Base</b>	\$2.67
<b>Floor Level</b>	4th/5th	<b>Escalations</b>	35% of CPI
<b>View</b>	Partial	<b>Finish</b>	Finished
<b>SF</b>	14,628	<b>TI</b>	1/0/1900
<b>Rent Basis</b>	Per Usable Area	<b>Costs to Finish</b>	\$0
<b>Tenant Parking</b>	20	<b>Concessions</b>	None

**Comments**

This is the lease extension for a large office space on the upper floors of 400 Willoughby (part of Juneau Business Center). The building is a 5-story, Class B+/A- by local standards. The prior lease expired, and the tenant (State of Alaska) negotiated an extension starting at \$2.40/sq ft. Typical of SOA extensions, rent was set at 90% of market (determined by appraisal at \$2.67/sq ft). For analysis purposes, the agreed upon latter rate is more indicative of market. No TIs were provided, but interior renovation is required by all SOA leases when the interior condition periodically warrants it. The lease includes 17 covered parking spaces and 3 open spaces.



**Sherwood Building****Addendum: Rent Comparables****RENT COMPARABLE R-4****RELIANT COMP ID: 9050**

**Juneau Business  
Center - 9050  
400 Willoughby Ave.**

**Juneau, AK**

**Latitude**  
58.3009977

**Longitude**  
-134.4131497

**Location**

<b>Location Type</b>	Primary	<b>Construction</b>	Concrete/Steel/Wood
<b>Market</b>	---	<b>Quality</b>	Good
<b>GBA</b>	35760	<b>Condition</b>	Good
<b>Land SF</b>	22453	<b>Land to Building Ratio</b>	1
<b>Property Major Type</b>	Office	<b>Parking Spaces</b>	---

**Lease Information**

<b>Lease Transaction Type</b>	Renewal	<b>Start Date</b>	4/1/2020
<b>Space Type</b>	Office	<b>Lease Term</b>	5 Yrs
<b>Percent Office</b>	1	<b>Base</b>	\$2.67
<b>Floor Level</b>	1st/2nd	<b>Escalations</b>	35% of CPI
<b>View</b>	Partial	<b>Finish</b>	Finished
<b>SF</b>	7,089	<b>TI</b>	1/5/1900
<b>Rent Basis</b>	Per Usable Area	<b>Costs to Finish</b>	\$0
<b>Tenant Parking</b>	22	<b>Concessions</b>	None

**Comments**

This is the lease extension for 1st and 2nd floor office space in the Juneau Business Center. The building is a 5-story, Class B+/A- by local standards. The prior lease expired, and the tenant (State of Alaska) negotiated an extension starting at \$2.40/sq ft. Typical of SOA extensions, rent was set at 90% of market (determined by appraisal at \$2.67/sq ft). For analysis purposes, the agreed upon latter rate is more indicative of market. Minor TIs were provided (paint and carpet), but this work is required by all SOA leases when the interior condition periodically warrants it.

**Sherwood Building****Addendum: Rent Comparables****RENT COMPARABLE R-5****RELIANT COMP ID: 9049****Jordan Creek Center -  
9049****8800 Glacier Hwy.****Juneau, AK****Latitude**  
58.364092**Longitude**  
-134.57905**Location**

<b>Location Type</b>	Primary	<b>Construction</b>	Metal Frame
<b>Market</b>	---	<b>Quality</b>	Average
<b>GBA</b>	56844	<b>Condition</b>	Average
<b>Land SF</b>	183044	<b>Land to Building Ratio</b>	3
<b>Property Major Type</b>	Office	<b>Parking Spaces</b>	---

**Lease Information**

<b>Lease Transaction Type</b>	New Lease	<b>Start Date</b>	6/1/2020
<b>Space Type</b>	Office	<b>Lease Term</b>	1-2 Yrs
<b>Percent Office</b>	1	<b>Base</b>	\$2.30
<b>Floor Level</b>	1st	<b>Escalations</b>	None
<b>View</b>	None	<b>Finish</b>	Finished
<b>SF</b>	1,200	<b>TI</b>	1/0/1900
<b>Rent Basis</b>	Per Usable Area	<b>Costs to Finish</b>	\$0
<b>Tenant Parking</b>		<b>Concessions</b>	None

**Comments**

This is a new lease at Jordan Creek Center, a multi-tenant office project in the Mendenhall Valley. Typical rates in the building are around \$2.30/sq ft. The property manager reports that leasing demand from smaller tenants has remained healthy, with only two suites empty at the time of verification. Overall, this was an arms-length transaction reflective of market conditions at the time of leasing.

**Sherwood Building****Addendum: Rent Comparables****RENT COMPARABLE R-6****RELIANT COMP ID: 5922**

**Juneau Empire  
Building - 5922  
3100 Channel Drive**

**Juneau, AK**

**Latitude**  
58.32725

**Longitude**  
-134.46653



<b>Location</b>			
<b>Location Type</b>	Primary	<b>Construction</b>	Concrete
<b>Market</b>	---	<b>Quality</b>	Good
<b>GBA</b>	49525	<b>Condition</b>	Good
<b>Land SF</b>	130537	<b>Land to Building Ratio</b>	3
<b>Property Major Type</b>	Office	<b>Parking Spaces</b>	---

<b>Lease Information</b>			
<b>Lease Transaction Type</b>	Modification	<b>Start Date</b>	7/1/2020
<b>Space Type</b>		<b>Lease Term</b>	11 Yrs+
<b>Percent Office</b>		<b>Base</b>	\$2.18
<b>Floor Level</b>	2nd & 3rd	<b>Escalations</b>	CPI, cap at 4%
<b>View</b>	Average	<b>Finish</b>	Finished
<b>SF</b>	25,875	<b>TI</b>	2/2/1900
<b>Rent Basis</b>	Per RA	<b>Costs to Finish</b>	\$0
<b>Tenant Parking</b>		<b>Concessions</b>	\$0.00

**Comments**

This tenant began occupancy in December 2014 with 9,510 sq ft and has since expanded twice, most recently in January 2019 to its current 16,049 sq ft on the second and third floors. A total of \$251,000 in TI allowance was made, to be applied as monthly rent reductions - \$146,933 remains outstanding as of March 2020 to be paid off by the end of 2024. A 5th Amendment to expand the space by 9,826 sq ft on the 2nd floor is currently under negotiation and expected to begin in July 2020. The expansion will include an extension of the lease through June 2032. CPI rent adjustments are capped at 4%. The 5th Amendment space of 9,826 sq ft will have a \$33.16/sq ft tenant improvement allowance that will be a one-time expenditure, not amortized like prior TI allowances. The 5th

**Sherwood Building****Addendum: Rent Comparables****RENT COMPARABLE R-7****RELIANT COMP ID: 5924****Front Street Bldg -  
5924****225 Front St****Juneau, AK****Latitude**  
58.30035**Longitude**  
-134.4063639**Location**

<b>Location Type</b>	Remote, w/o road access	<b>Construction</b>	Wood Frame
<b>Market</b>	---	<b>Quality</b>	Average
<b>GBA</b>	16739	<b>Condition</b>	Average
<b>Land SF</b>	11300	<b>Land to Building Ratio</b>	1
<b>Property Major Type</b>	Office	<b>Parking Spaces</b>	---

**Lease Information**

<b>Lease Transaction Type</b>	Renewal	<b>Start Date</b>	10/1/2020
<b>Space Type</b>	Medical Office	<b>Lease Term</b>	3-4 Yrs
<b>Percent Office</b>	1	<b>Base</b>	\$3.00
<b>Floor Level</b>	2nd	<b>Escalations</b>	3%/Yr
<b>View</b>	---	<b>Finish</b>	Finished
<b>SF</b>	3,768	<b>TI</b>	1/0/1900
<b>Rent Basis</b>	Per Usable SF	<b>Costs to Finish</b>	\$0
<b>Tenant Parking</b>		<b>Concessions</b>	None

**Comments**

This is the renewal and expansion of an existing lease on the 2nd floor of the Miners Mercantile building in downtown Juneau. The space is used by the tenant as a dental and behavioral health clinic. Of note, the space was provided as professional office, but was subsequently built out by the tenant. The lease is full-service, excluding janitorial. Overall, it was an arm's-length transaction with no unusual influences reported.



**Sherwood Building****Addendum: Rent Comparables****RENT COMPARABLE R-8****RELIANT COMP ID: 9060****IPEC Building - 9060**

**12480 Mendenhall  
Loop Rd  
Juneau, AK**

**Latitude**  
58.38693132

**Longitude**  
-134.6446825

**Location**

<b>Location Type</b>	Secondary	<b>Construction</b>	Wood Frame
<b>Market</b>	---	<b>Quality</b>	Average
<b>GBA</b>	5071	<b>Condition</b>	Average
<b>Land SF</b>	28836	<b>Land to Building Ratio</b>	6
<b>Property Major Type</b>	Office	<b>Parking Spaces</b>	---

**Lease Information**

<b>Lease Transaction Type</b>	New Lease	<b>Start Date</b>	7/1/2019
<b>Space Type</b>	Office	<b>Lease Term</b>	3-5 Yrs
<b>Percent Office</b>	1	<b>Base</b>	\$2.00
<b>Floor Level</b>	1st	<b>Escalations</b>	2%/Yr
<b>View</b>	Good	<b>Finish</b>	Finished
<b>SF</b>	1,900	<b>TI</b>	1/0/1900
<b>Rent Basis</b>	Per RA	<b>Costs to Finish</b>	\$0
<b>Tenant Parking</b>		<b>Concessions</b>	None

**Comments**

This is the new lease for office space in the IPEC Building in the Auke Bay area of Juneau. The space was provided as is, and there is ample parking included. Overall, it was an arm's-length transaction reflecting market conditions at the time.



**Sherwood Building****Addendum: Rent Comparables****RENT COMPARABLE R-9****RELIANT COMP ID: 9060****IPEC Building - 9060**

**12480 Mendenhall  
Loop Rd  
Juneau, AK**

**Latitude**  
58.38693132

**Longitude**  
-134.6446825

**Location**

<b>Location Type</b>	Secondary	<b>Construction</b>	Wood Frame
<b>Market</b>	---	<b>Quality</b>	Average
<b>GBA</b>	5071	<b>Condition</b>	Average
<b>Land SF</b>	28836	<b>Land to Building Ratio</b>	6
<b>Property Major Type</b>	Office	<b>Parking Spaces</b>	---

**Lease Information**

<b>Lease Transaction Type</b>	New Lease	<b>Start Date</b>	7/1/2019
<b>Space Type</b>	Office	<b>Lease Term</b>	3-5 Yrs
<b>Percent Office</b>	1	<b>Base</b>	\$2.00
<b>Floor Level</b>	1st	<b>Escalations</b>	2%/Yr
<b>View</b>	Good	<b>Finish</b>	Finished
<b>SF</b>	1,900	<b>TI</b>	1/0/1900
<b>Rent Basis</b>	Per RA	<b>Costs to Finish</b>	\$0
<b>Tenant Parking</b>		<b>Concessions</b>	None

**Comments**

This is the new lease for office space in the IPEC Building in the Auke Bay area of Juneau. The space was provided as is, and there is ample parking included. Overall, it was an arm's-length transaction reflecting market conditions at the time.

## Addendum: Subject Data

**Sherwood, LLC**  
**Profit & Loss**  
January through December 2021

	<u>Jan - Dec 21</u>
<b>Ordinary Income/Expense</b>	
Income	
Rent Income	322,178.44
<b>Total Income</b>	<b>322,178.44</b>
Expense	
Administrative	
Bank Fees	90.00
Misc Office	601.32
Postage & Delivery	176.00
Telephone	767.83
<b>Total Administrative</b>	<b>1,635.15</b>
Insurance	8,539.60
Janitorial/ Cleaning	
Contract Cleaning	30,739.72
Janitorial Supplies	841.80
Trash Removal	4,305.22
<b>Total Janitorial/ Cleaning</b>	<b>35,886.74</b>
Repair & Maintenance	
Electrical Repairs	2,728.26
Elevator Contract	5,445.09
General Misc Repair	4,445.42
HVAC Repairs	1,939.36
Landscaping	1,693.05
Maintenance- Exterior	3,192.81
Plumbing Repairs	1,102.96
Snow Removal	2,404.50
Supplies	453.62
<b>Total Repair &amp; Maintenance</b>	<b>23,405.07</b>
Taxes	
Real Estate Taxes	29,093.95
<b>Total Taxes</b>	<b>29,093.95</b>
Utilities	
Electricity	15,175.40
Oil	24,454.62
Water/Sewer	2,009.91
<b>Total Utilities</b>	<b>41,639.93</b>
VOID	0.00
<b>Total Expense</b>	<b>140,200.44</b>
<b>Net Ordinary Income</b>	<b>181,978.00</b>

## COMMERICAL BUILDING FOR SALE 2760 SHERWOOD LANE

**Property Zoning: Industrial**

**Sales price is \$2,300,000.00**

**Building Sq Ft 20,109**

**Lot Size 62,985**



This two-story brick building was built in 1983 and is located in the valley of Juneau Alaska. The building has a great rental history and long-term tenant. The roof, boiler and many other upgrades have been completed. Please contact us for more information. [Seller is motivated](#)

Please contact us at 907-586-4990 for more information or [anita.a.bauer56@gmail.com](mailto:anita.a.bauer56@gmail.com)

Larry Bauer Broker

Wesley Bauer Associate Broker



# Sherwood LLC

## Rent Roll 2021

Address	2760 Sherwood Lane								
Tenant	Lease #	Square Feet	Rate Per Sq. Ft	Monthly Income	Annual Income	Lease Starts	Lease Ends	Lease Option	Occupancy Date
Vacant		4,477							
State of Alaska	2280	9,150	2.03	\$ 18,574.50	\$ 222,894.00	3/1/2021	2/28/2026	None	10/16/2000
State of Alaska DOC	2280	3,412	2.03	6,926.36	\$ 83,116.32	3/1/2021	2/28/2022	5(Five) 1 Year options	10/16/2016
Net Rentable		17,039		\$ 25,500.86	\$ 306,010.32				
Net Rentable Area									
Occupancy Rate			73%						
Gross Sq. Ft	20,109								
Yr. Built	1983								
Lot Size	62,985								
Bld Value 2021	2,127,100.00								
Land Value 2021	566,850.00								
Assed Value 2021	2,693,950.00								
Fully Leased Value			Cap Rate						
	\$ 3,377,682.00		8.50%						





## Assessor's Database

### Current Owner

SHERWOOD LLC

PO BOX 34193, JUNEAU AK 99803

**Parcel #:** 4B1701100021

[\(Map\)](#)

**Address:** 2760

SHERWOOD LN

**Legal Desc. 1:**

SHERWOOD ESTATES BL

A LT 2A

**Legal Desc. 2:**

**Prev. Owner:** JAMES R

TOMLINSON

**Site Value:** \$566850.00

**Building PV:**

\$2127100.00

**Total PV:** \$2693950.00

**Use Code:** Commercial

Office

**Exempt:** No Data

**Zoning:** Industrial

**Tax Year:** 2021

**No. of Units:** 000

**Year Built:** 1983

**Gross Liv. Area:** 020109

sqft

**Garage:** No

**Garage Area:** 000000

**Lot Size:** 62985.00

**Last Trans:** 20070728

**City Water:** Yes

**City Sewer:** Yes

**Exempt Land:** 0

**Exempt Building:** 0

**Exempt Total:** 0

**Road/No Road:** Roaded

## Search the Database

Search the database using the search box below. The field accepts any search parameter (owner's name, address, parcel number, year built, etc.).

# SHERWOOD LLC

## CAPITAL IMPROVEMENT LIST

2020

<u>Capital Improvements</u>	
Replaced Water Heaters & Exterior Water Bib	4,886.37

2019

<u>Capital Improvements</u>	
New Outside Doors	8,872.71
Paint Outside Stairs and Doors	8,158.50
Upgrade HAVC System	<u>12,623.00</u>
Total	29,654.21

2018

<u>Capital Improvements</u>	
New Roof	75,625.00
Paint Tenant Space	8,649.90
Carpet Tenant Space	<u>6,000.00</u>
Total	90,274.90

**NOTE: 2 New Boilers 2013**

# SHERWOOD LLC

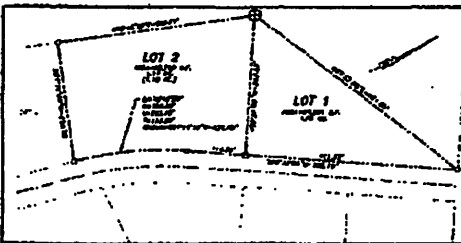
2760 Sherwood Lane, Juneau Alaska

## P & L PAST THREE YEARS

	<u>Jan - Dec 20</u>
Ordinary Income/Expense	
Income	
Rent Income	<u>309,872.96</u>
Total Income	<u>309,872.96</u>
Expense	
Administrative	
Bank Fees	15.00
Misc Office	367.50
Postage & Delivery	176.00
Telephone	<u>820.21</u>
Total Administrative	<u>1,378.71</u>
Insurance	8,835.80
Janitorial/ Cleaning	
Contract Cleaning	37,746.26
Janitorial Supplies	1,186.55
Trash Removal	<u>4,574.80</u>
Total Janitorial/ Cleaning	<u>43,507.61</u>
Repair & Maintenance	
Electrical Repairs	3,639.70
Elevator Contract	4,825.44
Elevator Repair	94.50
General Misc Repair	5,071.49
HVAC Repairs	2,192.47
Lighting Maint	298.52
Maintenance- Exterior	127.61
Painting, Carpet, Blinds	237.10
Parking Lot Stripping &Sweeping	968.63
Plumbing Repairs	4,418.93
Snow Removal	<u>9,350.25</u>
Total Repair & Maintenance	<u>31,224.64</u>
Taxes	
Real Estate Taxes	<u>27,359.90</u>
Total Taxes	<u>27,359.90</u>
Utilities	
Electricity	21,246.24
Oil	33,818.14
Water/Sewer	<u>2,472.05</u>
Total Utilities	<u>57,536.43</u>
Total Expense	<u>168,842.89</u>
Net Ordinary Income	<u>140,030.07</u>

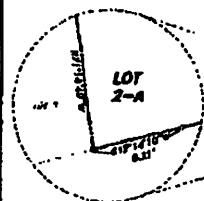
	<u>Jan - Dec 19</u>
Ordinary Income/Expense	
Income	
Rent Income	<u>302,918.40</u>
Total Income	<u>302,918.40</u>
Expense	
Administrative	
Bank Fees	30.00
Misc Office	242.60
Postage & Delivery	
Telephone	<u>683.10</u>
Total Administrative	<u>955.70</u>
Insurance	7,528.55
Janitorial/ Cleaning	
Contract Cleaning	30,741.41
Janitorial Supplies	756.80
Trash Removal	<u>4,128.26</u>
Total Janitorial/ Cleaning	<u>35,628.47</u>
Repair & Maintenance	
Electrical Repairs	2,495.33
Elevator Contract	4,756.53
General Misc Repair	4,306.44
HVAC Repairs	3,183.51
Landscaping	1,417.50
Lighting Maint	732.57
Maintenance- Exterior	0.00
Painting, Carpet, Blinds	1,495.00
Parking Lot Stripping &Sweeping	0.00
Plumbing Repairs	1,825.60
Snow Removal	<u>7,087.50</u>
Total Repair & Maintenance	<u>27,299.98</u>
Taxes	
Real Estate Taxes	<u>27,370.67</u>
Total Taxes	<u>27,370.67</u>
Utilities	
Electricity	18,926.22
Oil	19,173.79
Water/Sewer	<u>2,006.92</u>
Total Utilities	<u>40,106.93</u>
Total Expense	<u>138,888.30</u>
Net Ordinary Income	<u>164,030.10</u>

	<u>Jan - Dec 18</u>
Ordinary Income/Expense	
Income	
Rent Income	<u>302,712.98</u>
Total Income	<u>302,712.98</u>
Expense	
Administrative	
Bank Fees	30.33
Misc Office	200.80
Postage & Delivery	24.70
Telephone	<u>720.30</u>
Total Administrative	<u>976.13</u>
Insurance	8,676.89
Janitorial/ Cleaning	
Contract Cleaning	31,939.80
Janitorial Supplies	1,752.08
Trash Removal	<u>4,503.34</u>
Total Janitorial/ Cleaning	<u>38,195.22</u>
Repair & Maintenance	
Electrical Repairs	109.20
Elevator Contract	4,552.30
General Misc Repair	5,847.76
HVAC Repairs	1,798.89
Landscaping	2,362.50
Lighting Maint	3,691.04
Maintenance- Exterior	1,788.00
Painting, Carpet, Blinds	0.00
Parking Lot Stripping &Sweeping	813.75
Plumbing Repairs	1,087.93
Snow Removal	<u>8,778.00</u>
Total Repair & Maintenance	<u>30,829.37</u>
Taxes	
Real Estate Taxes	<u>27,381.43</u>
Total Taxes	<u>27,381.43</u>
Utilities	
Electricity	17,142.11
Oil	25,378.13
Water/Sewer	<u>2,157.50</u>
Total Utilities	<u>44,677.74</u>
Total Expense	<u>150,736.78</u>
Net Ordinary Income	<u>151,976.20</u>



ORIGINAL LOTS 1 & 2, BLOCK A, SHERWOOD ESTATES SUBDIVISION  
AS SHOWN ON MAP IN THE OFFICE OF THE JUNEAU RECORDING DISTRICT

**GENERAL NOTES:**  
 1. THE BOUNDARY LINES OF THIS SUBDIVISION ARE BASED ON THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981.  
 2. THE BOUNDARY LINES OF THIS SUBDIVISION ARE BASED ON THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981.  
 3. THE BOUNDARY LINES OF THIS SUBDIVISION ARE BASED ON THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981.



TYPICAL MONUMENT  
(CONFORMS TO THIS SURVEY)



# CERTIFICATE OF PLAT APPROVAL

I, JUNEAU COUNTY, DO hereby certify that the above described plat has been approved by the JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981.

DATED: 1981, 10, 10, A.M.  
 JUNEAU, ALASKA  
 JUNEAU RECORDING DISTRICT  
 JUNEAU, ALASKA

# CERTIFICATE OF OWNERSHIP

I, THE JUNEAU RECORDING DISTRICT, DO hereby certify that the above described plat has been approved by the JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981.

DATED: 1981, 10, 10, A.M.  
 JUNEAU, ALASKA  
 JUNEAU RECORDING DISTRICT  
 JUNEAU, ALASKA

# NOTARY'S ACKNOWLEDGEMENT

I, THE JUNEAU RECORDING DISTRICT, DO hereby certify that the above described plat has been approved by the JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981.

DATED: 1981, 10, 10, A.M.  
 JUNEAU, ALASKA  
 JUNEAU RECORDING DISTRICT  
 JUNEAU, ALASKA



VICINITY MAP  
 SHOWS LOCATION OF THIS SUBDIVISION IN THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981.

**LEGEND**  
 1. ORIGINAL LOTS, BLOCK A, SHERWOOD ESTATES SUBDIVISION  
 2. SECONDARY MONUMENTS OF BLOCK A, SHERWOOD ESTATES SUBDIVISION  
 3. MONUMENTS ESTABLISHED BY RECORDING DISTRICT  
 4. SECONDARY MONUMENTS ESTABLISHED BY RECORDING DISTRICT  
 5. ALTERNATE

**SURVEYOR'S CERTIFICATE**  
 I, THE JUNEAU RECORDING DISTRICT, DO hereby certify that the above described plat has been approved by the JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981, AND THE SURVEY OF THE JUNEAU RECORDING DISTRICT, JUNEAU, ALASKA, DATED 1981.

DATED: 1981, 10, 10, A.M.  
 JUNEAU, ALASKA  
 JUNEAU RECORDING DISTRICT  
 JUNEAU, ALASKA

JUNEAU RECORDING DISTRICT  
 A PLAT DENOTING  
 A RESUBDIVISION OF LOTS 1 AND 2, BLOCK A,  
 SHERWOOD ESTATES SUBDIVISION  
 JUNEAU, ALASKA

LOT 1-A AND 2-A, BLOCK A  
 SHERWOOD ESTATES SUBDIVISION  
 JUNEAU, ALASKA  
 JUNEAU RECORDING DISTRICT  
 JUNEAU, ALASKA

Jul 20 06 02:00p

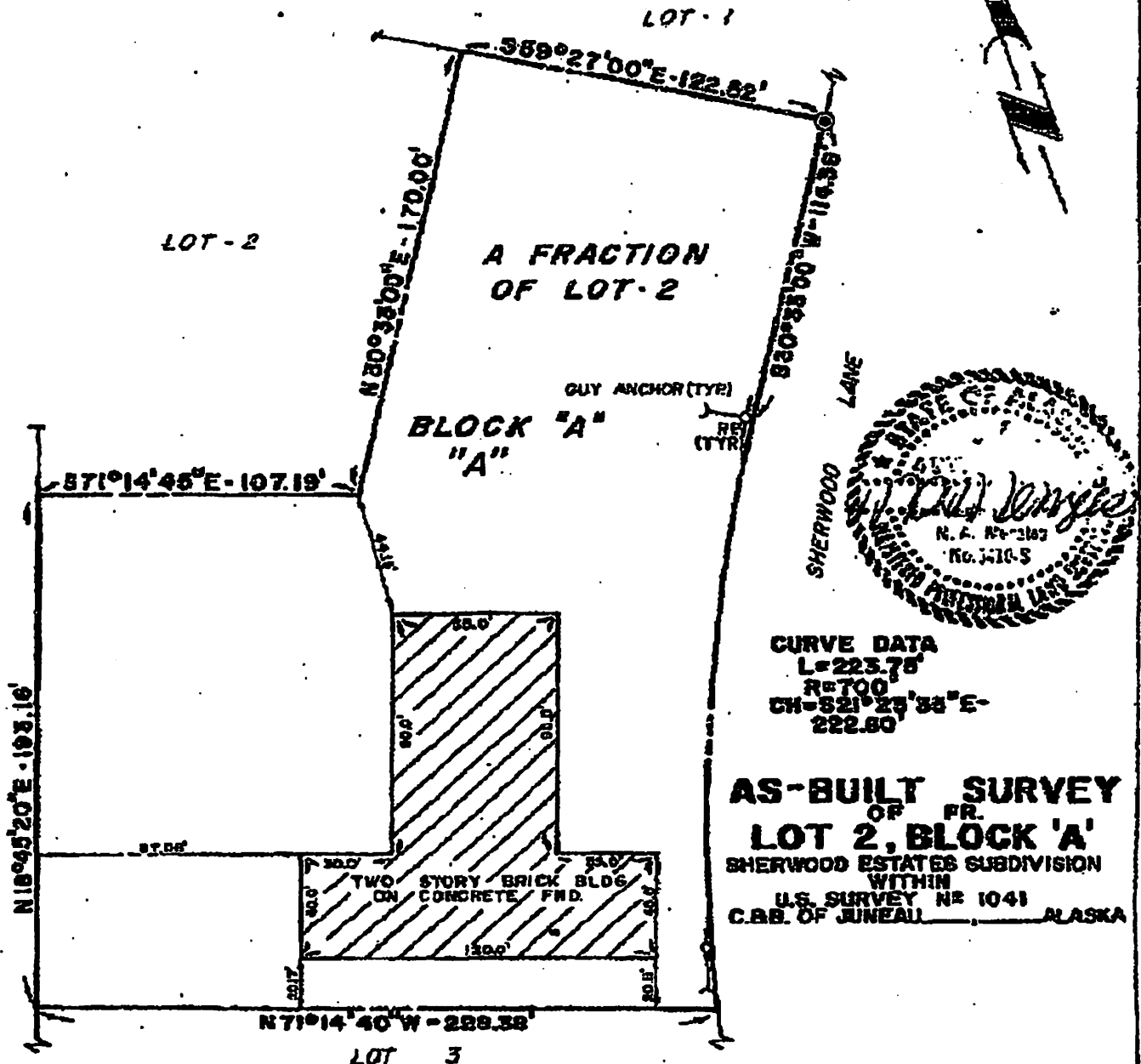
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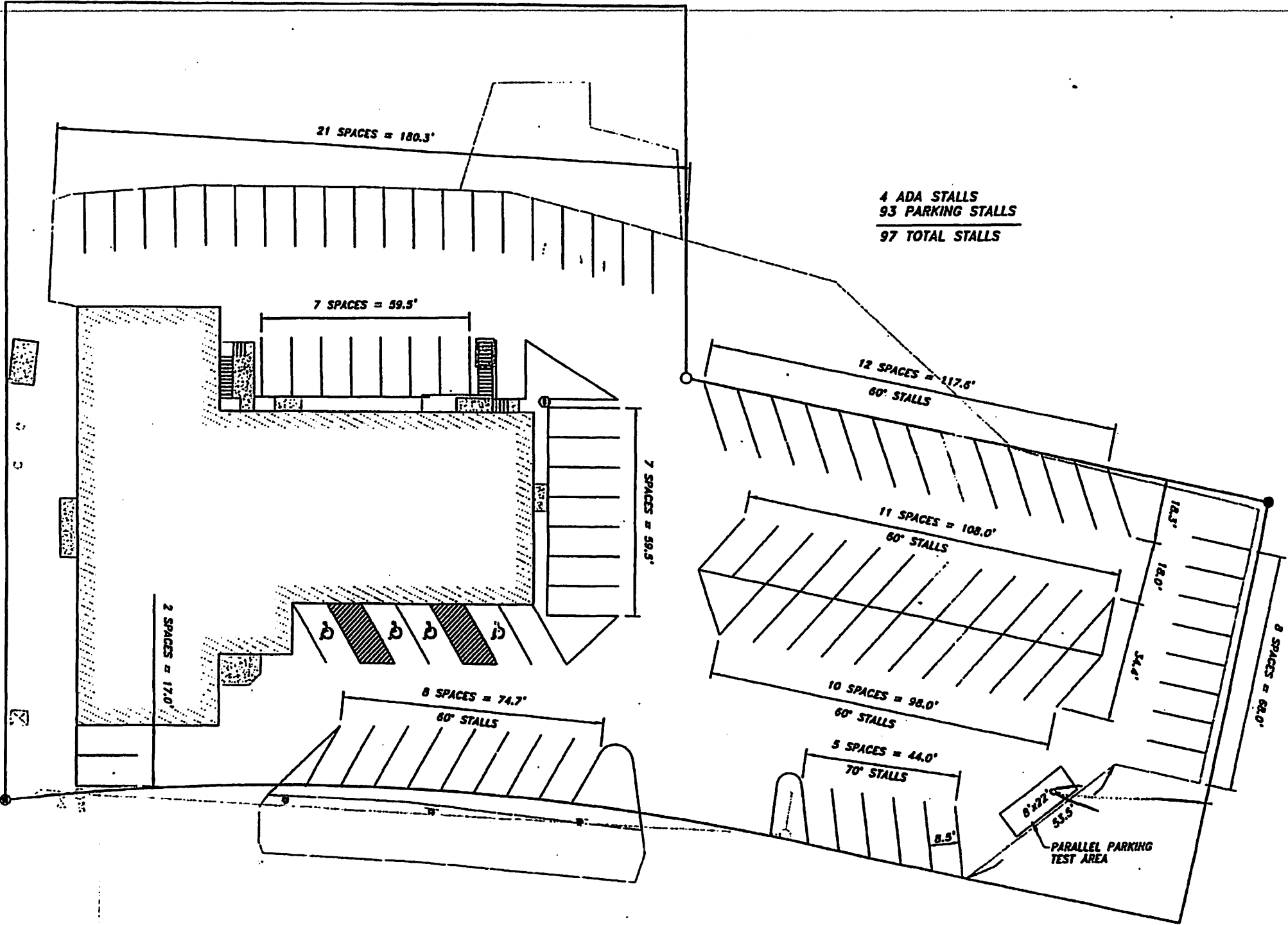
**SURVEYOR'S CERTIFICATE**

DEAN CONSULTANTS INC.

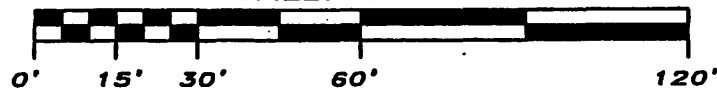
I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT  
 PLAT OF LOT 2, BLOCK A, SHERWOOD ESTATES SUBDIVISION,  
 AND THAT ALL WALKS, ROADS, EASEMENTS AND IMPROVEMENTS  
 APPEARING ON THE LAND ARE AS SHOWN; AND THAT THERE ARE  
 NO ENCROACHMENTS OR OVERLAPS OF IMPROVEMENTS THEREON.

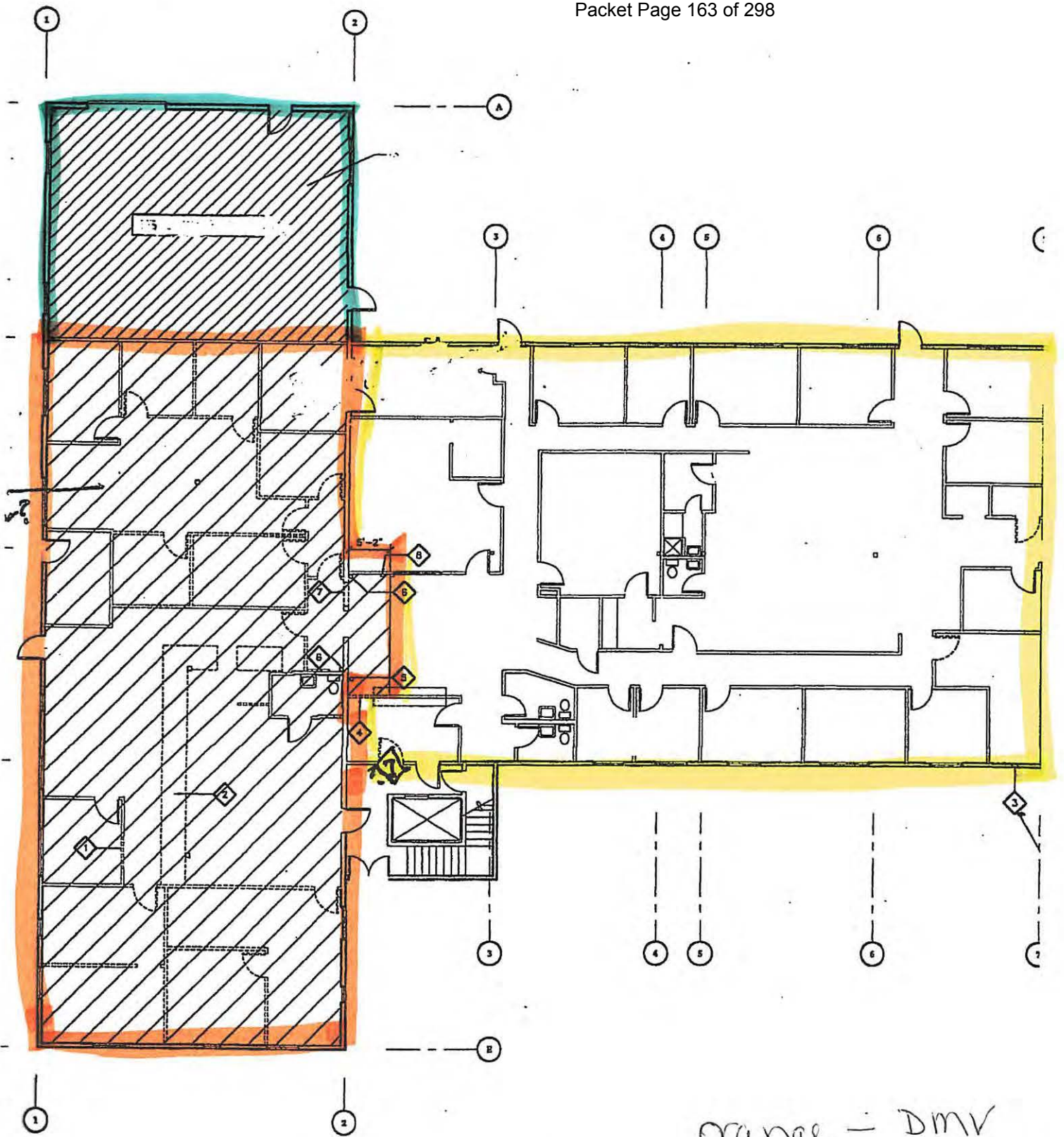
DATE  
6-28-81SCALE  
1"=50'DRAWN BY  
MRCHECKED BY  
PANPROJECT NO.  
337237DRAWING NO.  
12175-A





SCALE: 1" = 30'

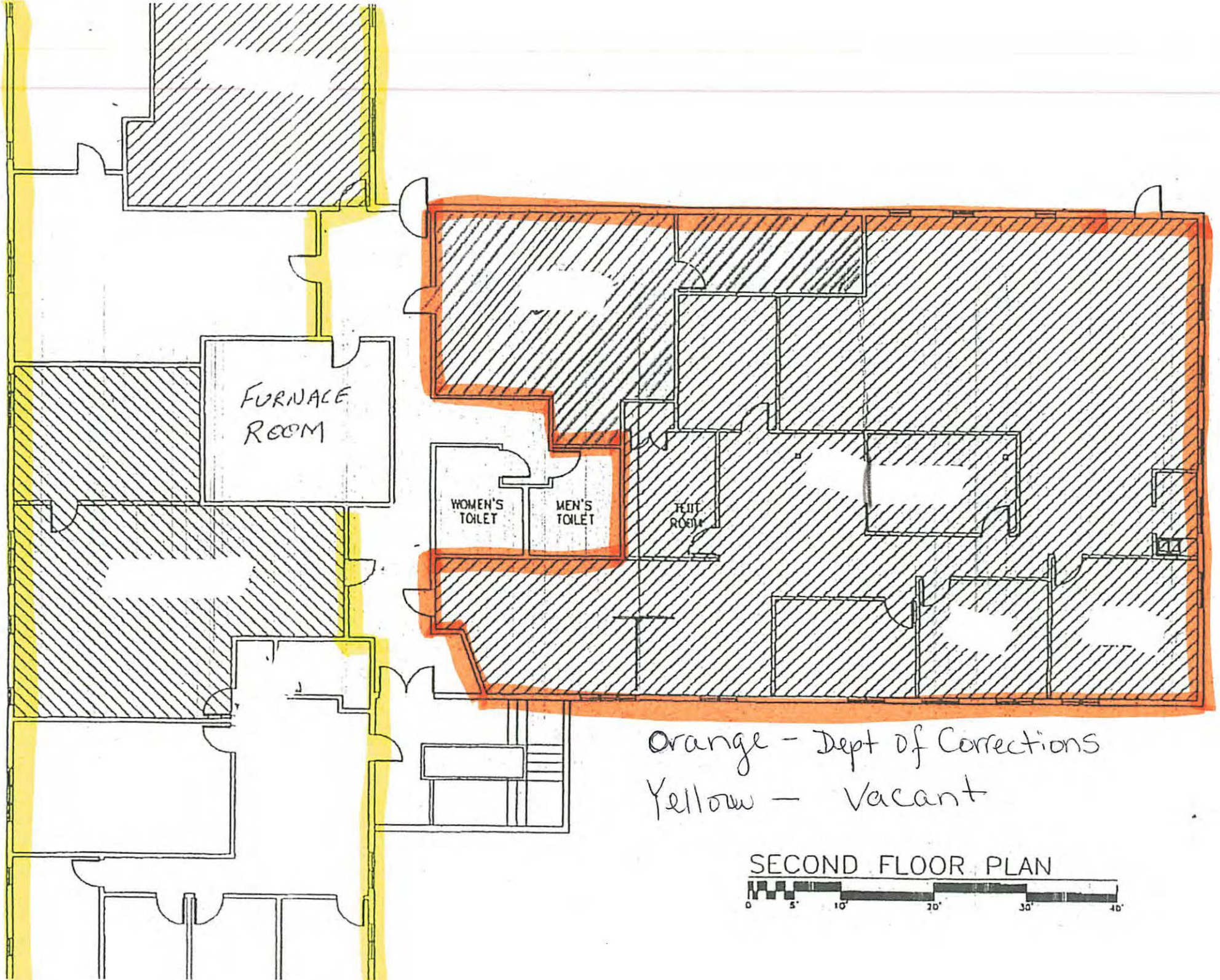




Sherwood 1st floor Plan

Orange - DMV  
 Yellow - State Troopers  
 Green - Fire Safety





Orange - Dept of Corrections  
Yellow - Vacant

SECOND FLOOR PLAN



A  
L  
A  
S  
K  
A**2021-001230-0**

Recording Dist: 101 - Juneau

3/1/2021 10:53 AM Pages: 1 of 7



**STATE OF ALASKA**  
**LEASE AMENDMENT**  
**LEASE 2280**

This agreement, to be known as **Amendment Number Thirty (30)** to the existing lease, entered into on the 16th day of October 2000, and **first recorded in the Juneau Recording District in Book 0558, Page 215**, by and between:

**SHERWOOD, LLC**  
**C/O BAUER & ASSOCIATES, LLC**  
**9105 MENDENHALL MALL ROAD, SUITE 170-A**  
**JUNEAU, ALASKA 99801**

Hereinafter called the Lessor, and

**STATE OF ALASKA**  
**DEPARTMENT OF ADMINISTRATION - 02/12/20**  
**550 WEST 7<sup>TH</sup> AVENUE, SUITE 200**  
**ANCHORAGE, ALASKA 99501-3571**

Covering the following described premises:

Approximately 12,801 Square Feet (sq/ft) of Office Space, 40 Reserved Parking Spaces, And One (1) Driver Test Area, Located At 10.4 Mile Glacier Highway, at 2760 Sherwood Lane, Juneau, Alaska, Comprised of:

A. Approximately 4,554 sq/ft of Ground Floor Office Space Occupied by The Department of Public Safety;

OFFICIAL STATE BUSINESS – NO RECORDATION CHARGE

After Recordation, Return Document To:

State Of Alaska - Department of Administration  
 Shared Services of Alaska  
 Leasing Section  
 550 West 7<sup>th</sup> Avenue, Suite 200  
 Anchorage, AK 99501-3571

LEASE No. 2280

AMENDMENT No. **30**

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- B. Approximately 3,456 sq/ft of Ground Floor Office Space Occupied by The Department of Administration, Division of Motor Vehicles;
- C. Approximately 1,379 sq/ft of Second Floor Office Space Occupied by the Department of Public Safety, Division of Fire Prevention (Suite 2B).
- D. Approximately 3,412 sq/ft of Second Floor Office Space Occupied by the Department of Corrections, Pretrial Enforcement Division.

**Whose Legal Description Is:**

The Remainder of Lot 2, Block A Sherwood Estates Subdivision a Fraction of U.S. Survey 1041.

A Certain Tract of Land Located and Being Situated Within a Fraction of U.S. Survey 1041 (Protracted Section 25, T40S., R65E., C.R.M.), First Judicial District, State of Alaska, Being More Particularly Described as Follows:

Beginning at A Recovered Stone Monument Common to Corner 2, U.S. Survey No. 2136, and Corner 5, U.S. Survey No. 1041, said Point Being the Northwesternly Corner of Lot 2, Block A, Sherwood Estates Subdivision; thence along the common Southerly Boundary of Lot 1, Block A, Sherwood Estates Subdivision, and the Northerly Boundary of Lot 2, Block A, Sherwood Estates Subdivision, S 59° 27'00" E - 145.00' to the True Point and Place of Beginning;

Thence continuing on aforementioned Common Boundary, S 59° 27'00" E - 122.52' To the intersection of aforementioned Common Boundary And The Westerly Right-of-Way Limits of Sherwood Lane; said Point Being the Northeastly Corner of Lot 2, Block A, Sherwood Estates Subdivision; thence along the Common East Boundary of aforementioned Lot 2, Block A, Sherwood Estates Subdivision and the West Right-of-Way Limits of Sherwood Lane the following courses; S 30°33'00" W - 114.38', an Arc Length of 223.75' (Chord = S 21°23'35" W - 222.80') to the Southeast Corner of Lot 2, Block A, Sherwood Estates Subdivision; thence along the Common Northerly Boundary of Lot 3, Block A, Sherwood Estates Subdivision, and the Southerly Boundary of Lot 2, Block A, Sherwood Estates Subdivision, N 71°14'40" W - 228.38' to the Southwesterly Boundary of U.S. Survey No. 2136; thence along the Common Boundary of U.S. Survey No. 2136 and the Northwesternly Boundary of Lot 2, Block A, Sherwood Estates Subdivision, N 18°45'20" E - 193.16'; thence departing the aforementioned Southeasterly Boundary of U.S. Survey No. 2136 he following courses; S 71°14'45" E - 107.19'; N

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30°33'00" E - 170.00' to the True Point and Place of Beginning. Containing 1.445 Acres More or Less.

**THIS AMENDMENT SHALL**

1. Recognize that this Lease #2280 was in holdover from November 1, 2020 through February 28, 2021.
2. Recognize that effective February 28, 2021 at 11:59 p.m. The Department of Public Safety, Division of Fire Protection shall vacate 1,379 square feet of space identified as Item C in the property description.
3. Recognize that effective March 1, 2021, add 1,140 square feet of space, for the Department of Public Safety located in the "Garage".
4. Recognize effective March 1, 2021 the property description is changed as follows:

"Approximately 12,562 Square Feet (sq/ft) of Office Space, 40 Reserved Parking Spaces, And One (1) Driver Test Area, Located At 10.4 Mile Glacier Highway, at 2760 Sherwood Lane, Juneau, Alaska, Comprised of:

- A. Approximately 4,554 sq/ft of Ground Floor Office Space Occupied by The Department of Public Safety;
- B. Approximately 3,456 sq/ft of Ground Floor Office Space Occupied by The Department of Administration, Division of Motor Vehicles;
- C. Approximately 1,140 sq/ft of Ground Floor Garage/Storage Space Occupied by the Department of Public Safety.
- D. Approximately 3,412 sq/ft of Second Floor Office Space Occupied by the Department of Corrections, Pretrial Enforcement Division.

**Whose Legal Description Is:**

The Remainder of Lot 2, Block A Sherwood Estates Subdivision a Fraction of U.S. Survey 1041.

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A Certain Tract of Land Located and Being Situated Within a Fraction of U.S. Survey 1041 (Protracted Section 25, T40S., R65E., C.R.M.), First Judicial District, State of Alaska, Being More Particularly Described as Follows:

Beginning at A Recovered Stone Monument Common to Corner 2, U.S. Survey No. 2136, and Corner 5, U.S. Survey No. 1041, said Point Being the Northwestern Corner of Lot 2, Block A, Sherwood Estates Subdivision; thence along the common Southerly Boundary of Lot 1, Block A, Sherwood Estates Subdivision, and the Northerly Boundary of Lot 2, Block A, Sherwood Estates Subdivision, S 59° 27'00" E - 145.00' to the True Point and Place of Beginning;

5. Thence continuing on aforementioned Common Boundary, S 59° 27'00" E - 122.52' To the intersection of aforementioned Common Boundary And The Westerly Right-of-Way Limits of Sherwood Lane; said Point Being the Northeastly Corner of Lot 2, Block A, Sherwood Estates Subdivision; thence along the Common East Boundary of aforementioned Lot 2, Block A, Sherwood Estates Subdivision and the West Right-of-Way Limits of Sherwood Lane the following courses; S 30°33'00" W - 114.38', an Arc Length of 223.75' (Chord = S 21°23'35" W - 222.80') to the Southeast Corner of Lot 2, Block A, Sherwood Estates Subdivision; thence along the Common Northerly Boundary of Lot 3, Block A, Sherwood Estates Subdivision, and the Southerly Boundary of Lot 2, Block A, Sherwood Estates Subdivision, N 71°14'40" W - 228.38' to the Southwesterly Boundary of U.S. Survey No. 2136; thence along the Common Boundary of U.S. Survey No. 2136 and the Northwestern Boundary of Lot 2, Block A, Sherwood Estates Subdivision, N 18°45'20" E - 193.16'; thence departing the aforementioned Southeasterly Boundary of U.S. Survey No. 2136 he following courses; S 71°14'45" E - 107.19'; N 30°33'00" E - 170.00' to the True Point and Place of Beginning. Containing 1.445 Acres More or Less.'
6. Extend this Lease of 3,412 square feet of space occupied by the Department of Corrections, Pretrial Enforcement Division, under the provisions of AS 36.30.083, for a period of One (1) year effective March 1, 2021 through February 28, 2022.
7. Recognize the Lessee shall have the sole option to renew this lease of 3,412 square feet of space occupied by the Department of Corrections, Pretrial Enforcement Division, for four (4) additional one (1) year periods to be exercised at the sole discretion of the Lessee prior to the expiration of the term.
8. Recognize that effective March 1, 2021 for the 3,412 square feet of space identified in Item No 6., the **New Base Monthly Lease Rate shall be \$6,926.36.**
9. Recognize that effective March 1, 2021 for the 3,412 square feet of space identified in Item No. 6., the **New Current Monthly Rate shall be \$6,926.36**

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10. Extend the remaining 9,150 square feet of space, occupied by the Department of Administration and Department of Public Safety, under the provisions of AS 36.30.083 for a period of five (5) years effective March 1, 2021 through February 28, 2026.
11. Recognize the Lessee shall have the sole option to renew this lease of 9,150 square feet occupied by the Department of Administration & Department of Public Safety, for five (5) additional one (1) year periods to be exercised at the sole discretion of the Lessee prior to the expiration of the term.
12. Recognize that effective March 1, 2021, for the remaining 9,150 square feet of space identified in Item No. 8, the **New Base Monthly Lease Rate shall be \$18,574.50.**
13. Recognize that effective March 1, 2021, for the remaining 9,150 square feet of space identified in Item No. 8 the **New Current Monthly Lease Rate shall be \$18,574.50.**
14. Recognize that effective March 1, 2021, for the entire 12,562 square feet of space the **New Base Monthly Lease Rate shall be \$25,500.86 (\$6,926.36 Item No. 6 + \$18,574.50 Item No. 10).**
15. Recognize that effective March 1, 2021, for the entire 12,562 square feet of space the **New Current Monthly Lease Rate shall be \$25,500.86 (\$6,926.36 Item No. 7 + \$18,574.50 Item No. 11).**
16. Effective March 1, 2021, remove all CPI adjustment language and replace it with the following:  
Adjustments in the lease rate may be made if requested in writing by the Lessor at least thirty (30) days prior to the effective date of the adjustment. Request must be made annually only. Such adjustments may be made annually to reflect the changes in the Lessor's variable costs and defined as all operational cost other than debt service and profit. Operational costs, for purposes of the lease resulting from this extension are equal to thirty-five percent (35%) of the Base Monthly Lease Rate.

**The monthly lease rate may be adjusted effective March 1, 2022 and each March 1 thereafter** and will be made in accordance with the percentage change in the U.S. Department of Labor Consumer Price Index, for All Urban Consumers, All Items, Urban Alaska, in effect for each (July through December (2<sup>nd</sup> Half)). The percentage difference between the CPI in effect for the **base year semiannual value, CPI-U Urban Alaska Index, (2<sup>nd</sup> half 2020 (227.258))** and each CPI-U (January through

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June (1st Half) average thereafter will determine the maximum allowable adjustment of the variable costs over the Base Monthly Lease Rate.

**The Base Monthly Lease Rate is (\$25,500.86)**

The formula is expressed as:

$[(35\% \times \text{Base Monthly Lease Rate}) \times \% \text{ change in CPI}] + \text{Base Monthly Lease Rate} = \text{Adjusted Monthly Lease Rate.}$

If the index is discontinued or revised during the term of the lease, such other governmental indices or computations with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the index had not been discontinued or revised.

Retroactive adjustments will not be allowed.

17. Recognize effective March 1, 2021 amend the Janitorial Services (RFQ 1660, Section 3.09) as indicated below:

- a. Increase vacuuming, dusting, and trash removal from office, meeting, copy, storage, and internal walkways from three times per week to five times per week.
- b. Recognize that there shall be no changes in janitorial duties for areas such as restrooms, kitchens, bathrooms, labs, public lobby, reception area, or waiting areas.

All other terms and conditions remain unchanged.

**Lessor: SHERWOOD, LLC**

**Lessee: STATE OF ALASKA**

By: *[Signature]*

By: *[Signature]*

~~Larry Bauer, CCIM, CPM~~ *John Cornick*  
Property Manager / member

Daniel Valette  
Contracting Officer III

Date: 2-26-21

Date: March 1, 2021

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Initial *[Signature]*

Initial DV



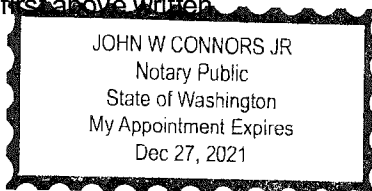
**ACKNOWLEDGMENT OF LESSOR: SHERWOOD, LLC**

**STATE OF ALASKA** *Washington DC*  
**CITY OF JUNEAU** *King AL*

This is to certify that on this 26<sup>th</sup> day of February, 2021 before me a Notary Public in and for the State of ~~Florida~~ *WA* duly commissioned and sworn personally appeared ~~Samuel~~ *Samuel CPM* to me known and known by me to be the person described in and who executed the instruments set forth above and severally stated to me under oath that he is Property Manager *member* and that he has been authorized by Sherwood, LLC to execute the foregoing lease amendment for and on behalf of the said company, corporation, individual, or other entity and they executed same freely and voluntarily as a free act and deed of Same.

**WITNESS** my hand and official seal the day and year this certificate first above written

*[Signature]*  
 Notary Public for: *Seattle WA Washington DC*  
 My Commission Expires: *12/27/2021*



Residing at: *Seattle WA*

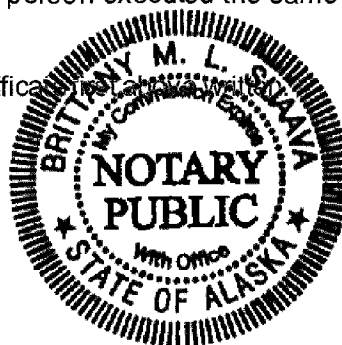
**ACKNOWLEDGMENT BY LESSEE: STATE OF ALASKA**

**STATE OF ALASKA**  
**MUNICIPALITY OF ANCHORAGE**

This is to certify that on this 1 day of March, 2021 before me a Notary Public in and for the State of Alaska duly commissioned and sworn, personally appeared **Daniel Valette, Contracting Officer III**, to me known and known by me to be the person described in the executed instruments set forth above as an agent of the **Shared Services of Alaska** of the State of Alaska and that this person has been authorized by the State of Alaska to execute the foregoing lease amendment on behalf of said State of Alaska and that this person executed the same freely and voluntarily as the free act and deed of the **State of Alaska**.

**WITNESS** my hand and official seal the day and year this certificate first above written

*Brittany M. L. Suaava*  
 Brittany M. L. Suaava  
 Notary Public for Alaska  
 My Commission Expires with Office  
 Residing at: *Anchorage, Alaska*



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 Anchorage, AK 99501-3571

LEASE No. 2280

AMENDMENT No. **30**

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Initial *[Signature]* Initial *DV*



## REAL ESTATE PURCHASE AND SALE AGREEMENT WITH EARNEST MONEY PROVISION

This Agreement shall be effective when it has been executed by all parties, and is dated on the last date on which it is executed by a party (the "**Effective Date**"). Alaska Legacy Partners, LLC, an Alaska limited liability company, or its nominee in permitted by Section 20 below, ("**Purchaser**") hereby agrees to purchase and Sherwood LLC, an Alaska limited liability company ("**Seller**") hereby agrees to sell all of Seller's right, title and interest in and to that certain office building commonly known as the Sherwood Building and the real property upon which such office building is situated, located in Juneau, Alaska, and legally described on the attached Exhibit A, together with all of Seller's right, title and interest in and to any and all easements appurtenant thereto, improvements located thereon and leaseholds associated therewith (collectively "**Property**").

In consideration of the foregoing and performance of the mutual covenants contained herein, the parties agree as follows:

1. **Earnest Money:** As earnest money for the purchase described in this Agreement, Purchaser shall deliver to Alaska Escrow and Title Insurance Agency, Inc., 8800 Glacier Highway, Juneau, AK ("**Title Company**") in escrow on behalf of Seller, on or before close of business on the second business day after the Effective Date, cash or other immediately-available funds in the amount of ~~eighty-seven thousand five hundred dollars (\$87,500)~~ <sup>thirty-five thousand dollars</sup> ~~(\$87,500)~~. All amounts paid by Purchaser to Seller or deposited into escrow with Title Company for the account of Seller pursuant to this paragraph 1 are hereinafter referred to as "**Earnest Money**". Title Company shall place such Earnest Money into an account bearing interest at current market rates, which interest shall accrue to the account of Purchaser, and, if the Earnest Money is refunded to Purchaser pursuant to this Agreement, the same shall be refunded together with all interest accrued thereto while deposited in such account.

2. **Purchase Price.** The total purchase price for the Property is one million seven hundred fifty thousand dollars (\$1,750,000). The Earnest Money is a part of said purchase price. Purchaser shall pay the purchase price, including the Earnest Money, in cash or other immediately available funds at the closing described in Paragraph 8 of this Agreement (the "**Closing**").

### 3. Title Insurance.

(a) Title insurance shall insure that, at Closing, the Property is free of all encumbrances or defects, except "**Permitted Exceptions**," herein defined as (i) nondelinquent taxes and assessments, (ii) existing easements not inconsistent with use of the Property for its current use, and (iii) such other exceptions as are accepted by Purchaser pursuant to subsection (b) of this Paragraph 3. Rights reserved in federal patents and state deeds, building and use restrictions general to the district and standard, preprinted exceptions to the title insurance policy shall not be deemed encumbrances or defects. Deeds of trust or other instruments encumbering the title to the Property and securing indebtedness of any person other than Purchaser shall not constitute Permitted Exceptions.



(b) Within five (5) business days after the Effective Date, Seller shall furnish to Purchaser a commitment for title insurance as described in Paragraph 3(a) issued by Title Company showing the condition of Seller's title to the Property ("**Preliminary Commitment**"). Purchaser shall give written notice to Seller on or before ten (10) days following the date of the Preliminary Commitment of any defects or encumbrances in Seller's title, as set forth in the Preliminary Commitment, to which Purchaser objects, and Seller shall use commercially reasonable efforts to cure any such defects or encumbrances to which Purchaser objects within ten (10) days after receipt of such notice from Purchaser. Seller shall notify Purchaser in writing on or before the expiration of such ten (10) day period regarding the results of its efforts to cure the defects or encumbrances in question. In the event Seller is unwilling or unable to cure any such defects or encumbrances, Purchaser must elect to either accept such defects or encumbrances in Seller's title or to terminate this Agreement. Any election to terminate this Agreement must be made by delivering to Seller a written notice of Purchaser's election to terminate within five (5) days after the date of Seller's written notice of Seller's unwillingness or inability to cure the defects or encumbrances. In the event Purchaser does not deliver to Seller a written notice of Purchaser's election to terminate this Agreement within five (5) days after the date of Seller's written notice of Seller's unwillingness or inability to cure the defects or encumbrances, Purchaser shall be deemed to have accepted the defects or encumbrances which Seller is unable to cure, and the same shall thereafter constitute Permitted Exceptions. In the event Purchaser elects to terminate this Agreement, the Earnest Money shall be returned to Purchaser promptly and all rights and obligations of Seller and Purchaser under this Agreement shall terminate and be of no further force or effect.

(c) Title Company shall deliver to Purchaser as soon as practicable after Closing an Alaska standard form of purchaser's policy of title insurance insuring Purchaser's fee simple title to the Property in an amount equal to the purchase price set forth in Paragraph 2 and containing no exceptions other than Permitted Exceptions ("**Title Policy**").

4. Conveyance of Title. Upon Closing, Seller shall deliver to Purchaser (i) a statutory warranty deed to the Property free of encumbrances or defects except Permitted Exceptions (ii) an Assignment and Assumption of Leases transferring to Purchaser all of Seller's right, title, interest, duties and obligations under the tenant leases for the Property, (iii) an Assignment and Assumption of Contracts transferring to Purchaser all of Seller's right, title, interest, duties and obligations under the service contracts for the Property, and (iv) a Bill of Sale for any personal property included in the Property, all in form and content agreeable to the parties, and such other documents as are reasonably required to complete the Closing pursuant to this Agreement.

#### 5. Inspection.

(a) Purchaser and its agents and contractors shall have the right to enter the Property at all reasonable times prior to Closing in order to make or cause to be made an inspection of the physical condition of the Property, a study of the applicable zoning regulations, laws and ordinances affecting the Property, or an analysis of any other matter pertinent to Purchaser's intended use of the Property.

(b) As a condition of such right of entry, Purchaser hereby agrees to defend, indemnify and hold harmless Seller with respect to any lien filed by any agent or contractor of Purchaser against the Property or any damage to person, property or the Property arising out of or related to work performed by such agent or contractor on Purchaser's behalf.

(c) Seller shall within five (5) business days after the Effective Date deliver to Purchaser copies of the following items regarding the Property to the extent the same are in the Seller's possession or to which the Seller has reasonable access:

(i) current rent roll and leases;

(ii) all surveys and building plans; and

(iii) all inspection reports and invoices for projects or repairs completed within the last ten (10) years that cost in excess of ten thousand dollars (\$10,000).

#### 6. Contingencies.

(a) Purchaser's obligation to close the Transaction shall be contingent upon the following:

(i) Purchasers' satisfaction, in its sole and absolute discretion, with the nature and physical condition of the Property, including but not limited to results of inspections of the improvements, survey results, results of an environmental study, and results of a study of the applicable zoning regulations, laws and ordinances affecting the Property;

(ii) Purchasers' satisfaction, in its sole and absolute discretion, with the documents described in Paragraph 5(c) above, including but not limited to Seller's agreement to terminate at Closing at Seller's sole cost any and all terminable contracts or leases for the Property that have terms which extend beyond Closing and which Purchaser requests Seller to terminate ("**Disapproved Agreements**"); and

(iii) Purchaser's acceptance of any defects or encumbrances in Seller's title pursuant to Paragraph 3.

The contingencies described in parts (i) and (ii) of this paragraph 6(a) shall be conclusively deemed to have been met or waived for all purposes under this Agreement unless Purchaser delivers written notice to Seller, on or before ~~thirty (30)~~ <sup>Forty-five (45)</sup> days after the Effective Date, that such contingencies have not been met.

(b) In the event any contingencies set forth in Paragraph 6(a) are not met or waived by Purchaser, this Agreement and all rights and obligations of Seller and Purchaser under this Agreement shall terminate and be of no further force or effect, and the Earnest Money shall immediately be returned to Purchaser. In the event the contingencies set forth in Paragraph 6(a) are, or are deemed to have been, met or waived by Purchaser, the Earnest Money shall become nonrefundable to Purchaser concurrently therewith.



## 7. Covenants of Seller.

**7.1 Of Seller.** From and after the Effective Date, unless this Agreement is terminated in accordance with its terms, Seller shall not without the prior written consent of Purchaser (i) enter into any agreement, contract, commitment, lease or other transaction that affects the Property in any way (except that in the case of any tenant lease, Purchaser shall not withhold consent thereto so long as the rent is consistent with the rent paid by other tenants of the Property and the form of such lease is consistent with the form used for such other tenants), or (ii) sell, dispose of or encumber any portion of the Property. In addition, during said period Seller shall (i) maintain the Property in compliance with all applicable laws until Closing, (ii) maintain adequate casualty and liability insurance covering the Property until Closing, (iii) pay all costs of the Property with respect to the period prior to Closing, and (iv) otherwise maintain the Property until Closing in the same manner as it has maintained the Property through the Effective Date.

**7.2 Authority.** Each party agrees that the other has no obligation to inquire into the powers of any of the persons acting or purporting to act on behalf of said party, or of the members, managers, servants or agents of said party purporting to act on behalf of said party, in connection with this Agreement or the transaction contemplated by this Agreement (the "Transaction"). Each party covenants and warrants that (i) said party is duly authorized and empowered to enter into and perform this Agreement and to incur all of said party's obligations set forth herein, (ii) this Agreement was duly made by said party and signed by and on behalf of said party by persons duly authorized to do so on behalf of said party, and (iii) all instruments and documents given with respect to the Transaction by said party were or will be duly authorized and were or will be duly executed on behalf of said party.

**8. Closing.** The Transaction shall be closed in escrow in the offices of Title Company on or before thirty (30) days following satisfaction or waiver of all contingencies set forth in Paragraph 6 above. Seller and Purchaser shall deposit in escrow with Title Company prior to Closing all instruments and moneys necessary to consummate the Transaction in accordance with this Agreement. At Closing Seller shall assign to Purchaser any and all permits, warranties and leases relating to the Property, other than Disapproved Agreements, pursuant to such assignment documents as are reasonably acceptable to Purchaser, and transfer to Purchaser by bill of sale any personal property that is owned by Seller and located on and used in connection with operation of the Property. Title Company shall prepare, and Seller shall execute and deliver at Closing, such documents as are necessary or appropriate to comply with Internal Revenue Code Section 1445. Purchaser shall be entitled to possession of the Property upon Closing, subject to the rights of tenants under existing leases for portions of the Property.

**9. Prorations.** Taxes for the current year, assessments relating to the Property, rents, deposits, utility costs associated with the Property and other income and expense items related to the Property shall be prorated by Title Company as of Closing, provided that cost items related to the Property that are paid by tenants of the Property shall not be so prorated.

**10. Closing Costs.** The premium for a standard title insurance policy as described in Paragraph 3 and any excise or similar taxes payable with respect to the conveyance of the Property shall be paid by Seller. If Purchaser requests an extended form of Title Policy or any endorsements

to the Title Policy, Purchaser shall pay the difference in the premium for a standard form and the extended form of Title Policy and the premium for all said endorsements. The cost of recording the conveyance of the Property shall be paid by Purchaser. Title Company's escrow fee and other usual closing costs for the Transaction shall be paid for one half (1/2) by Seller and one half (1/2) by Purchaser. Each party shall bear its own legal fees.

11. "As Is" Sale. Purchaser acknowledges and agrees that, except for the warranties contained in Paragraph 7 above, Seller hereby disclaims all warranties of every kind and nature whatsoever, whether expressed or implied, including, but not limited to, warranties with respect to fitness of the Property for a particular purpose, the availability or sufficiency of utilities, the zoning of the land, the presence on or beneath the Property (or any parcel in proximity thereto) of hazardous substances or materials which are categorized as hazardous or toxic under any local, state or federal law, statute, ordinance, rule, or regulation pertaining to environmental or substance regulation, contamination, clean up or disclosure or the suitability of the Property for Purchaser's intended use thereof. Pursuant to this Agreement, Purchaser has been granted the right to conduct a diligent investigation of the Property (employing such independent professionals in connection therewith as Purchaser deems necessary) with regard to its condition, permitted use, and suitability for Purchaser's intended use thereof, as well as all other factors deemed material to Purchaser. Purchaser further acknowledges that Purchaser is purchasing the Property "AS-IS" and "WHERE-IS", with all faults and in its present condition, and, except as provided in Paragraph 7 above, Purchaser is not relying upon any representation of any kind or any nature made by Seller, or any of Seller's employees or agents with respect to the Property, and that no such representations have been made. Except as otherwise provided in Paragraph 7 above, Purchaser and anyone claiming by, through or under Purchaser, hereby fully and irrevocably releases Seller, its managers, members, affiliates, agents and representatives, from any and all claims that they may now have or hereafter acquire against Seller, its managers, members, affiliates, agents or representatives for any cost, loss, liability, damage, expense, action or cause of action, whether foreseen or unforeseen, arising from or related to the condition of the Property, the presence of environmentally hazardous, toxic or dangerous substances, or any other conditions (whether patent, latent or otherwise) affecting the Property, it being acknowledged that the inspections and investigations provided Purchaser under Paragraph 5 hereof will afford Purchaser the opportunity for full and complete examination, inspection and investigation of the Property. The provisions of this Paragraph 11 shall survive the Closing.

12. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered or sent by certified or registered mail, return receipt requested, or by commercial overnight courier service, addressed as set forth below:

if to Seller:                   Sherwood, LLC  
                                      c/o John Comick  
                                      6543 Beach Drive SW  
                                      Seattle, WA 98136

if to Purchaser:               Alaska Legacy Partners LLC  
                                      c/o Garrett Schoenberger  
                                      PO Box 34033



Either party may by notice to the other given in accordance with this Paragraph 12 designate such other address(es) or recipient(s) for the giving of notices as such party deems necessary. All notices shall be deemed given when actually delivered to the applicable address as set forth herein.

13. Section 1031 or 1033 Exchange. Purchaser and Seller acknowledge that either party may wish to structure this transaction as a tax deferred exchange of like-kind property within the meaning of Section 1031 or Section 1033 of the Internal Revenue Code. Each party agrees to reasonably cooperate with the other party to effect such an exchange; provided, however, that (i) the cooperating party shall not be required to acquire or take title to any exchange property, (ii) the cooperating party shall not be required to incur any expense (excluding attorneys' fees) or liability whatsoever in connection with the exchange, including, without limitation, any obligation for the payment of any escrow, title, brokerage or other costs incurred with respect to the exchange, (iii) no substitution of the effectuating party shall release said party from any of its obligations, warranties or representations set forth in this Contract or from liability for any prior or subsequent default under this Contract by the effectuating party, its successors or assigns, which obligations shall continue as the obligations of a principal and not of a surety or guarantor, (iv) the effectuating party shall give the cooperating party at least five (5) business days prior notice of the proposed changes required to effect such exchange and the identity of any party to be substituted in the escrow, (v) the effectuating party shall be responsible for preparing all additional agreements, documents and escrow instructions (collectively, the "**Exchange Documents**") required by the exchange, at its sole cost and expense, and (vii) the effectuating party shall be responsible for making all determinations as to the legal sufficiency, tax considerations and other considerations relating to the proposed exchange, the Exchange Documents and the transactions contemplated thereby, and the cooperating party shall in no event be responsible for, or in any way be deemed to warrant or represent any tax or other consequences of the exchange transaction arising by reason of the cooperating party's performance of the acts required hereby.

14. Risk of Loss. Risk of loss of or damage to the Property shall be borne by Seller until Closing. Purchaser shall bear all risk of loss after Closing. In the event of loss or damage to the Property costing in excess of \$100,000 to repair prior to Closing, Purchaser may terminate this Agreement by giving Seller written notice of such termination on or before Closing, in which event Purchaser's obligations hereunder shall be null and void and of no further force or effect and the Earnest Money shall immediately be returned to Purchaser. In the event Purchaser elects not to terminate this Agreement following such loss or damage, Purchaser shall purchase the Property in the condition existing on the date of Closing, and Seller shall assign and deliver to Purchaser the proceeds of any policies of property insurance paid as a result of such loss or damage.


15. Condemnation. In the event that a material portion of the Property is or becomes the subject of a condemnation proceeding, Purchaser shall have the right, at Purchaser's option, to terminate this Agreement by giving written notice thereof to Seller on or before Closing, in which event Purchaser's obligations hereunder shall be null and void and of no further force or effect and the Earnest Money shall immediately be returned to Purchaser. If Purchaser does not so terminate this Agreement, the purchase price for the Property shall be reduced by the total of any awards or other proceeds received by Seller at or before Closing with respect to any taking, and at Closing



Seller shall assign to Purchaser all right of Seller in and to any awards or other proceeds payable after Closing by reason of any taking.

16. Default. Time is of the essence of this Agreement. If Seller or Purchaser shall bring any suit or action to enforce this Agreement or any term or provision thereof, the prevailing party shall be entitled to receive from the other party reimbursement for all reasonable attorneys' fees expended in connection with such suit or action as well as for all costs and expenses incurred in connection with such suit or action. If the Transaction fails to close by the applicable Closing Date set forth in Paragraph 8: (i) if the nondefaulting party is Seller, Seller shall retain the Earnest Money as liquidated damages and Seller's sole and exclusive remedy for Purchaser's breach; and (ii) if the nondefaulting party is Purchaser, Purchaser shall recover the Earnest Money or may bring suit against Seller to specifically enforce this Agreement, but not to recover any damages..

Seller: 

Purchaser: 

17. Brokers. Seller is represented in this Transaction by Anita Bauer of Bauer & Associates LLC ("**Seller's Broker**"), and Purchaser is represented in this Transaction by Garrett Schoenberger of REMAX of Juneau ("**Purchaser's Broker**"). Garrett Schoenberger is also a member of Purchaser. At Closing Seller shall pay a commission for this Transaction in the amount of three percent (3%) of the purchase price to Seller's Broker and a commission for this Transaction in the amount of two percent (2%) of the purchase price to Purchaser's Broker. Other than as set forth in this paragraph 17, Seller and Purchaser each represent that it has not incurred any finder's fee, broker's or other commission or similar obligation to any person in connection with the Transaction. Seller and Purchaser shall each indemnify and hold harmless the other from any claims for any such fees or commissions arising out of the acts of the indemnifying party.

18. Entire Agreement. This Agreement contains the entire agreement regarding the Transaction, and supersedes any and all prior or other agreements regarding the Transaction. There are no verbal or other agreements between Purchaser and Seller, including but not limited to any representations or warranties which modify or affect this Agreement. This Agreement may not be modified or amended except in a written instrument signed by Seller and Purchaser.

19. Confidentiality. Prior to acquiring the Property, Purchaser shall use and disclose information it obtains about the Property and Seller solely in connection with its purchase evaluation. Purchaser shall not disclose any such information to any third parties, except: (a) to its employees, affiliates, permitted assignees, successors, consultants, lenders and attorneys; (b) as required by any court of competent jurisdiction or as may be necessary in its reasonable judgment in connection with any mediation, arbitration, or litigation in connection with this Agreement; and (c) as to any information which is otherwise a matter of public record.

20. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Purchaser shall have the right to assign its rights under this Agreement to an entity that controls, is controlled by or is under common control with Purchaser without Seller's consent. Any other assignment of Purchaser's rights under this Agreement shall require the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed.

21. Nonmerger. The terms of this Agreement, including but not limited to the provisions of Paragraphs 11 and 19 hereof, shall not merge into the deed, but shall survive the Closing.

22. Governing Law. This Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of Alaska.

23. Counterparts. This Agreement may be executed in two or more counterparts, all of which shall constitute one and the same Agreement.

24. Electronic Signatures. Each party (i) has agreed to permit the use, from time to time and where appropriate, of signatures that are sent by fax, e-mailed PDF, DocuSign or other electronic means (an "**Electronic Signature**") in order to expedite execution of this Agreement, the other documents contemplated by this Agreement and the Transaction, (ii) intends to be bound by said party's respective Electronic Signature, (iii) is aware that the other will rely on the Electronic Signature, and (iv) acknowledges such reliance and waives any defenses to the enforcement of this Agreement or the document or matter in question based on the fact that a signature was sent electronically.

25. Acceptance of Agreement. Once a party delivers to the other party an executed version of this Agreement, the other party shall have until 5:00 p.m. Pacific time on the third (3<sup>rd</sup>) day after said delivery to deliver to the first party a duly executed version of this Agreement, and if it does not do so this Agreement shall be null and void and the other party shall no longer have any power or authority to accept this Agreement. If either party makes a counter-offer, such counter-offer shall expire automatically at 5:00 p.m. Pacific time on the third (3<sup>rd</sup>) day after the counter-offer is made.

*signatures on following page*

Purchaser:

Alaska Legacy Partners, LLC

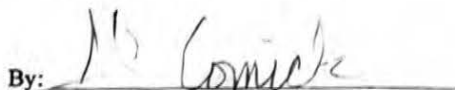
By: 

Title: Paul Simpson, manager

Date Signed: 3/10/22

Seller:

Sherwood, LLC

By: 

John Cornick, Managing Member

Date Signed: 3/11/22

## **EXHIBIT A**

Lot 2A, Sherwood Estates Subdivision Replat, according to Plat Number 2000-55, Records of the Juneau Recording District, First Judicial District, State of Alaska.

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# Addendum: Experience Data

Addendum: Experience Data



# Gregory H. Bucklin, MAI

## Background

Mr. Bucklin has been practicing real estate appraisal since 2001 with experience in a wide variety of property and assignment types.

Mr. Bucklin has appraised properties throughout Alaska, with a focus on the Southeast region. Several of Mr. Bucklin's remote acreage assignments have been of large tracts, totaling over 600 square miles.

## Education

### Real Estate Education

- Report Writing and Valuation Analysis
- Advanced Income Capitalization
- Advanced Market Analysis and Highest & Best Use
- Uniform Standards of Professional Appraisal Practice (USPAP)
- Business Practices and Ethics
- Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book 2016 6<sup>th</sup> Edition)
- Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets
- Hotel Valuation Topics and Real World Analysis Case Studies
- Real Estate Finance, Statistics and Valuation Modeling
- Appraising Convenience Stores
- Appraisal of Fast Food Facilities
- Appraising Convenience Stores
- Appraisal of Owner-Occupied Commercial Properties

### College Education

B.A. Community & Environmental Planning,

B.A. Geography,

Minors in Architecture and in Urban Design & Planning



### Employment History

<b>Reliant, LLC</b>	Appraiser, 2019 to Present
<b>Integra Realty Resources – Seattle</b>	Director, 2007 to 2019
<b>McKee &amp; Schalka Real Estate Appraisal</b>	Appraiser, 2001 to 2007

### Designations, Certifications and Awards

<b>Designations</b>	Mr. Bucklin is one of roughly 7,000 individuals worldwide that have earned the Appraisal Institute's prestigious MAI designation. The continuing education requirements have been completed for the cycle ending December 31, 2022.
<b>State License's / Certifications</b>	<ul style="list-style-type: none"> <li>▪ State of Alaska, Certified General Real Estate Appraiser, License No. 130374 (expires June 30, 2023)</li> <li>▪ State of Washington, Certified General Real Estate Appraiser, License No. 1101619 (expires October 5, 2023)</li> </ul>

### Partial List of Clients

<b>State License's / Certifications</b>	Financial Institutions Government Sector (Local, State and Federal) Legal Sector Private Sector Alaska Native Corporations  A more detailed list of clients and professional references is available upon request.
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License #: 130374  
Effective: 6/2/2021  
Expires: 06/30/2023

# State of Alaska

Page 185 of 298

Department of Commerce, Community, and Economic Development  
Division of Corporations, Business, and Professional Licensing

## Board of Certified Real Estate Appraisers

Licensee: **Gregory Harold Bucklin**

License Type: **Certified General Real Estate Appraiser**

Status: **Active**

Commissioner: Julie Anderson

### Relationships

No relationships found.

### Designations

No designations found.

Gregory Harold Bucklin  
321 10th Avenue S  
503  
Seattle, WA 98104

### Wallet Card

<b>State of Alaska</b> Department of Commerce, Community, and Economic Development Division of Corporations, Business, and Professional Licensing <b>Board of Certified Real Estate Appraisers</b>  Gregory Harold Bucklin  As  Certified General Real Estate Appraiser		
<b>License</b> 130374	<b>Effective</b> 6/2/2021	<b>Expires</b> 06/30/2023



# 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](mailto:admin@reliantadvisory.com)  
[www.reliantadvisory.com](http://www.reliantadvisory.com)



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

ALASKA LEGACY PARTNERS LLC  
PO BOX 34033  
JUNEAU AK 99803

**Meeting of Board of Equalization (BOE) and  
Presentation of Real Property Appeal**

<b>Date of BOE</b>	<b>Thursday, June 30, 2022</b>
<b>Location of BOE</b>	Via ZOOM Webinar
<b>Time of BOE</b>	5:30 pm
<b>Mailing Date of Notice</b>	June 16, 2022
<b>Parcel Identification</b>	4B1701100021
<b>Property Location</b>	2760 SHERWOOD LN
<b>Appeal No.</b>	APL20220162
<b>Sent to Email Address:</b>	

**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](mailto:city.clerk@juneau.org) Attn.: Assessment Appeal} by **4:00 PM Thursday, June 23, 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 Friday, June 24, 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.

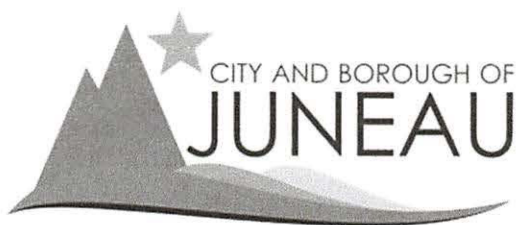
**CONTACT US: CBJ Assessor's Office**

<b>Phone</b>	<b>Email</b>	<b>Website</b>	<b>Physical Location</b>
Phone (907) 586-5215 Fax (907) 586-4520	<a href="mailto:assessor.office@juneau.org">assessor.office@juneau.org</a>	<a href="http://www.juneau.org/finance/">http://www.juneau.org/finance/</a>	155 South Seward St Room 114

**PROPERTY TAX BILLS MAILED JULY 1**

**PROPERTY TAXES DUE SEPTEMBER 30**





Office of the Assessor  
155 South Seward Street  
Juneau, Alaska 99801

Petition for Review / Correction of Assessed Value Real Property	
Assessment Year	2022
Parcel ID Number	
Name of Applicant	
Email Address	

## 2022 Filing Deadline: Thursday April 7, 2022

Please attach all supporting documentation

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

Parcel ID Number	481701100021		
Owner Name	Sherwood LLC		
Primary Phone #	907.586.4990	Email Address	anita.a.bauer56@gmail.com
Physical Address	2760 Sherwood Lane Juneau AK 99801	Mailing Address	P.O. Box 34193 Juneau AK 99803

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

<input checked="" type="checkbox"/> My property value is excessive/overvalued <input type="checkbox"/> My property value is unequal to similar properties <input checked="" type="checkbox"/> My property was valued improperly/incorrectly <input type="checkbox"/> My property has been undervalued <input type="checkbox"/> My exemption(s) was not applied	<b>THE FOLLOWING ARE <u>NOT</u> GROUNDS FOR APPEAL</b> <ul style="list-style-type: none"> <li>Your taxes are too high</li> <li>Your value changed too much in one year.</li> <li>You can't afford the taxes</li> </ul>
--	--

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

Have you attached additional information or documentation? ☒ Yes ☐ No

**Values on Assessment Notice:**

Site	\$ 578,187	Building	\$ 2,169,642	Total	\$ 2,747,829
------	------------	----------	--------------	-------	--------------

**Owner's Estimate of Value:**

Site	\$	Building	\$	Total	\$ 1,750,000.00
------	----	----------	----	-------	-----------------

**Purchase Price of Property:**

Price	\$ 1,750,000.00	Purchase Date	Closing Date May 25 <sup>th</sup> 2022
-------	-----------------	---------------	--

Has the property been listed for sale? ☒ Yes ☐ No (if yes complete next line)

Listing Price	\$ 2,300,000.00	Days on Market	197 days
---------------	-----------------	----------------	----------

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: Anita A. Bauer Date: 4/2/2022

**Contact Us: CBJ Assessors Office**

Phone/Fax	Email	Website	Address
Phone: (907)586-5215 Fax: (907)586-4520	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St. Rm. 114 Juneau AK 99801

**PARCEL #:** \_\_\_\_\_ **APPEAL #:** \_\_\_\_\_ **DATE FILED:** \_\_\_\_\_

### Appraiser to fill out

<b>Appraiser</b>		<b>Date of Review</b>	
<b>Comments:</b>   			
<b>Post Review Assessment</b>			
<b>Site</b>	<b>\$</b>	<b>Building</b>	<b>\$</b>
<b>Exemptions</b>	<b>\$</b>		
<b>Total Taxable Value</b>	<b>\$</b>		
<b>APPELLANT RESPONSE TO ACTION BY ASSESSOR</b>			
I hereby <input type="checkbox"/> <b>Accept</b> <input type="checkbox"/> <b>Reject</b> the following assessment valuation in the amount of \$ _____			
If rejected, 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	<input type="checkbox"/> Yes	<input type="checkbox"/> No (if no skip to Board of Equalization)
Govern Updated	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Spreadsheet Updated	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Corrected Notice of Assessed Value Sent	<input type="checkbox"/> Yes	<input type="checkbox"/> No

### BOARD OF EQUALIZATION

Scheduled BOE Date	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
10-Day Letter Sent	<input type="checkbox"/> Yes	<input type="checkbox"/> 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 <input type="radio"/> <b>Met</b> <input type="radio"/> <b>Did not meet</b> the burden of proof that the assessment was unequal, excessive, improper or under/overvalued.				
Notes:   				
<b>Site</b>	<b>\$</b>	<b>Building</b>	<b>\$</b>	<b>Total</b>
<b>Exemptions</b>	<b>\$</b>			
<b>Total Taxable Value</b>	<b>\$</b>			

#### Contact Us: CBJ Assessors Office

Phone/Fax	Email	Website	Address
Phone: (907)586-5215 Fax: (907)586-4520	Assessor.Office@juneau.org	<a href="http://www.juneau.org/finance">http://www.juneau.org/finance</a>	155 South Seward St. Rm. 114 Juneau AK 99801

**Petition to review/Correction of assessed value of 4B1701100021**

**This asset at 2770 Sherwood Lane has been actively marketed for 197 days at \$2,300,000.00. We have a willing buyer and a willing seller at \$1,750,000.00**

**Attached is a sales contract for \$1,750,000.00 and is in escrow since 3.11.2022.**

**There is an appraisal being done as soon as it is available, we will forward that to you.**

**Prior to this accepted offer the owner received a much lower offer.**

## REAL ESTATE PURCHASE AND SALE AGREEMENT WITH EARNEST MONEY PROVISION

This Agreement shall be effective when it has been executed by all parties, and is dated on the last date on which it is executed by a party (the "Effective Date"). Alaska Legacy Partners, LLC, an Alaska limited liability company, or its nominee in permitted by Section 20 below, ("Purchaser") hereby agrees to purchase and Sherwood LLC, an Alaska limited liability company ("Seller") hereby agrees to sell all of Seller's right, title and interest in and to that certain office building commonly known as the Sherwood Building and the real property upon which such office building is situated, located in Juneau, Alaska, and legally described on the attached Exhibit A, together with all of Seller's right, title and interest in and to any and all easements appurtenant thereto, improvements located thereon and leaseholds associated therewith (collectively "Property").

In consideration of the foregoing and performance of the mutual covenants contained herein, the parties agree as follows:

1. Earnest Money: As earnest money for the purchase described in this Agreement, Purchaser shall deliver to Alaska Escrow and Title Insurance Agency, Inc., 8800 Glacier Highway, Juneau, AK ("Title Company") in escrow on behalf of Seller, on or before close of business on the second business day after the Effective Date, cash or other immediately-available funds in the amount of ~~eighty-seven thousand five hundred dollars (\$87,500)~~ <sup>thirty five thousand dollars</sup> ~~\$35,000~~. All amounts paid by Purchaser to Seller or deposited into escrow with Title Company for the account of Seller pursuant to this paragraph 1 are hereinafter referred to as "Earnest Money". Title Company shall place such Earnest Money into an account bearing interest at current market rates, which interest shall accrue to the account of Purchaser, and, if the Earnest Money is refunded to Purchaser pursuant to this Agreement, the same shall be refunded together with all interest accrued thereto while deposited in such account.

2. Purchase Price. The total purchase price for the Property is one million seven hundred fifty thousand dollars (\$1,750,000). The Earnest Money is a part of said purchase price. Purchaser shall pay the purchase price, including the Earnest Money, in cash or other immediately available funds at the closing described in Paragraph 8 of this Agreement (the "Closing").

### 3. Title Insurance.

(a) Title insurance shall insure that, at Closing, the Property is free of all encumbrances or defects, except "Permitted Exceptions," herein defined as (i) nondelinquent taxes and assessments, (ii) existing easements not inconsistent with use of the Property for its current use, and (iii) such other exceptions as are accepted by Purchaser pursuant to subsection (b) of this Paragraph 3. Rights reserved in federal patents and state deeds, building and use restrictions general to the district and standard, preprinted exceptions to the title insurance policy shall not be deemed encumbrances or defects. Deeds of trust or other instruments encumbering the title to the Property and securing indebtedness of any person other than Purchaser shall not constitute Permitted Exceptions.



(b) Within five (5) business days after the Effective Date, Seller shall furnish to Purchaser a commitment for title insurance as described in Paragraph 3(a) issued by Title Company showing the condition of Seller's title to the Property ("Preliminary Commitment"). Purchaser shall give written notice to Seller on or before ten (10) days following the date of the Preliminary Commitment of any defects or encumbrances in Seller's title, as set forth in the Preliminary Commitment, to which Purchaser objects, and Seller shall use commercially reasonable efforts to cure any such defects or encumbrances to which Purchaser objects within ten (10) days after receipt of such notice from Purchaser. Seller shall notify Purchaser in writing on or before the expiration of such ten (10) day period regarding the results of its efforts to cure the defects or encumbrances in question. In the event Seller is unwilling or unable to cure any such defects or encumbrances, Purchaser must elect to either accept such defects or encumbrances in Seller's title or to terminate this Agreement. Any election to terminate this Agreement must be made by delivering to Seller a written notice of Purchaser's election to terminate within five (5) days after the date of Seller's written notice of Seller's unwillingness or inability to cure the defects or encumbrances. In the event Purchaser does not deliver to Seller a written notice of Purchaser's election to terminate this Agreement within five (5) days after the date of Seller's written notice of Seller's unwillingness or inability to cure the defects or encumbrances, Purchaser shall be deemed to have accepted the defects or encumbrances which Seller is unable to cure, and the same shall thereafter constitute Permitted Exceptions. In the event Purchaser elects to terminate this Agreement, the Earnest Money shall be returned to Purchaser promptly and all rights and obligations of Seller and Purchaser under this Agreement shall terminate and be of no further force or effect.

(c) Title Company shall deliver to Purchaser as soon as practicable after Closing an Alaska standard form of purchaser's policy of title insurance insuring Purchaser's fee simple title to the Property in an amount equal to the purchase price set forth in Paragraph 2 and containing no exceptions other than Permitted Exceptions ("Title Policy").

4. Conveyance of Title. Upon Closing, Seller shall deliver to Purchaser (i) a statutory warranty deed to the Property free of encumbrances or defects except Permitted Exceptions (ii) an Assignment and Assumption of Leases transferring to Purchaser all of Seller's right, title, interest, duties and obligations under the tenant leases for the Property, (iii) an Assignment and Assumption of Contracts transferring to Purchaser all of Seller's right, title, interest, duties and obligations under the service contracts for the Property, and (iv) a Bill of Sale for any personal property included in the Property, all in form and content agreeable to the parties, and such other documents as are reasonably required to complete the Closing pursuant to this Agreement.

#### 5. Inspection.

(a) Purchaser and its agents and contractors shall have the right to enter the Property at all reasonable times prior to Closing in order to make or cause to be made an inspection of the physical condition of the Property, a study of the applicable zoning regulations, laws and ordinances affecting the Property, or an analysis of any other matter pertinent to Purchaser's intended use of the Property.



(b) As a condition of such right of entry, Purchaser hereby agrees to defend, indemnify and hold harmless Seller with respect to any lien filed by any agent or contractor of Purchaser against the Property or any damage to person, property or the Property arising out of or related to work performed by such agent or contractor on Purchaser's behalf.

(c) Seller shall within five (5) business days after the Effective Date deliver to Purchaser copies of the following items regarding the Property to the extent the same are in the Seller's possession or to which the Seller has reasonable access:

(i) current rent roll and leases;

(ii) all surveys and building plans; and

(iii) all inspection reports and invoices for projects or repairs completed within the last ten (10) years that cost in excess of ten thousand dollars (\$10,000).

6. Contingencies.

(a) Purchaser's obligation to close the Transaction shall be contingent upon the following:

(i) Purchasers' satisfaction, in its sole and absolute discretion, with the nature and physical condition of the Property, including but not limited to results of inspections of the improvements, survey results, results of an environmental study, and results of a study of the applicable zoning regulations, laws and ordinances affecting the Property;

(ii) Purchasers' satisfaction, in its sole and absolute discretion, with the documents described in Paragraph 5(c) above, including but not limited to Seller's agreement to terminate at Closing at Seller's sole cost any and all terminable contracts or leases for the Property that have terms which extend beyond Closing and which Purchaser requests Seller to terminate ("Disapproved Agreements"); and

(iii) Purchaser's acceptance of any defects or encumbrances in Seller's title pursuant to Paragraph 3.

The contingencies described in parts (i) and (ii) of this paragraph 6(a) shall be conclusively deemed to have been met or waived for all purposes under this Agreement unless Purchaser delivers written notice to Seller, on or before ~~thirty (30)~~ **Forty-five (45)** days after the Effective Date, that such contingencies have not been met.

(b) In the event any contingencies set forth in Paragraph 6(a) are not met or waived by Purchaser, this Agreement and all rights and obligations of Seller and Purchaser under this Agreement shall terminate and be of no further force or effect, and the Earnest Money shall immediately be returned to Purchaser. In the event the contingencies set forth in Paragraph 6(a) are, or are deemed to have been, met or waived by Purchaser, the Earnest Money shall become nonrefundable to Purchaser concurrently therewith.

## **7. Covenants of Seller.**

**7.1 Of Seller.** From and after the Effective Date, unless this Agreement is terminated in accordance with its terms, Seller shall not without the prior written consent of Purchaser (i) enter into any agreement, contract, commitment, lease or other transaction that affects the Property in any way (except that in the case of any tenant lease, Purchaser shall not withhold consent thereto so long as the rent is consistent with the rent paid by other tenants of the Property and the form of such lease is consistent with the form used for such other tenants), or (ii) sell, dispose of or encumber any portion of the Property. In addition, during said period Seller shall (i) maintain the Property in compliance with all applicable laws until Closing, (ii) maintain adequate casualty and liability insurance covering the Property until Closing, (iii) pay all costs of the Property with respect to the period prior to Closing, and (iv) otherwise maintain the Property until Closing in the same manner as it has maintained the Property through the Effective Date.

**7.2 Authority.** Each party agrees that the other has no obligation to inquire into the powers of any of the persons acting or purporting to act on behalf of said party, or of the members, managers, servants or agents of said party purporting to act on behalf of said party, in connection with this Agreement or the transaction contemplated by this Agreement (the "Transaction"). Each party covenants and warrants that (i) said party is duly authorized and empowered to enter into and perform this Agreement and to incur all of said party's obligations set forth herein, (ii) this Agreement was duly made by said party and signed by and on behalf of said party by persons duly authorized to do so on behalf of said party, and (iii) all instruments and documents given with respect to the Transaction by said party were or will be duly authorized and were or will be duly executed on behalf of said party.

**8. Closing.** The Transaction shall be closed in escrow in the offices of Title Company on or before thirty (30) days following satisfaction or waiver of all contingencies set forth in Paragraph 6 above. Seller and Purchaser shall deposit in escrow with Title Company prior to Closing all instruments and moneys necessary to consummate the Transaction in accordance with this Agreement. At Closing Seller shall assign to Purchaser any and all permits, warranties and leases relating to the Property, other than Disapproved Agreements, pursuant to such assignment documents as are reasonably acceptable to Purchaser, and transfer to Purchaser by bill of sale any personal property that is owned by Seller and located on and used in connection with operation of the Property. Title Company shall prepare, and Seller shall execute and deliver at Closing, such documents as are necessary or appropriate to comply with Internal Revenue Code Section 1445. Purchaser shall be entitled to possession of the Property upon Closing, subject to the rights of tenants under existing leases for portions of the Property.

**9. Prorations.** Taxes for the current year, assessments relating to the Property, rents, deposits, utility costs associated with the Property and other income and expense items related to the Property shall be prorated by Title Company as of Closing, provided that cost items related to the Property that are paid by tenants of the Property shall not be so prorated.

**10. Closing Costs.** The premium for a standard title insurance policy as described in Paragraph 3 and any excise or similar taxes payable with respect to the conveyance of the Property shall be paid by Seller. If Purchaser requests an extended form of Title Policy or any endorsements

to the Title Policy, Purchaser shall pay the difference in the premium for a standard form and the extended form of Title Policy and the premium for all said endorsements. The cost of recording the conveyance of the Property shall be paid by Purchaser. Title Company's escrow fee and other usual closing costs for the Transaction shall be paid for one half (1/2) by Seller and one half (1/2) by Purchaser. Each party shall bear its own legal fees.

11. "As Is" Sale. Purchaser acknowledges and agrees that, except for the warranties contained in Paragraph 7 above, Seller hereby disclaims all warranties of every kind and nature whatsoever, whether expressed or implied, including, but not limited to, warranties with respect to fitness of the Property for a particular purpose, the availability or sufficiency of utilities, the zoning of the land, the presence on or beneath the Property (or any parcel in proximity thereto) of hazardous substances or materials which are categorized as hazardous or toxic under any local, state or federal law, statute, ordinance, rule, or regulation pertaining to environmental or substance regulation, contamination, clean up or disclosure or the suitability of the Property for Purchaser's intended use thereof. Pursuant to this Agreement, Purchaser has been granted the right to conduct a diligent investigation of the Property (employing such independent professionals in connection therewith as Purchaser deems necessary) with regard to its condition, permitted use, and suitability for Purchaser's intended use thereof, as well as all other factors deemed material to Purchaser. Purchaser further acknowledges that Purchaser is purchasing the Property "AS-IS" and "WHERE-IS", with all faults and in its present condition, and, except as provided in Paragraph 7 above, Purchaser is not relying upon any representation of any kind or any nature made by Seller, or any of Seller's employees or agents with respect to the Property, and that no such representations have been made. Except as otherwise provided in Paragraph 7 above, Purchaser and anyone claiming by, through or under Purchaser, hereby fully and irrevocably releases Seller, its managers, members, affiliates, agents and representatives, from any and all claims that they may now have or hereafter acquire against Seller, its managers, members, affiliates, agents or representatives for any cost, loss, liability, damage, expense, action or cause of action, whether foreseen or unforeseen, arising from or related to the condition of the Property, the presence of environmentally hazardous, toxic or dangerous substances, or any other conditions (whether patent, latent or otherwise) affecting the Property, it being acknowledged that the inspections and investigations provided Purchaser under Paragraph 5 hereof will afford Purchaser the opportunity for full and complete examination, inspection and investigation of the Property. The provisions of this Paragraph 11 shall survive the Closing.

12. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered or sent by certified or registered mail, return receipt requested, or by commercial overnight courier service, addressed as set forth below:

if to Seller:                      Sherwood, LLC  
    c/o John Comick  
    6543 Beach Drive SW  
    Seattle, WA 98136

if to Purchaser:                  Alaska Legacy Partners LLC  
    c/o Garrett Schoenberger  
    PO Box 34033

Juncau, AK 99803

Either party may by notice to the other given in accordance with this Paragraph 12 designate such other address(es) or recipient(s) for the giving of notices as such party deems necessary. All notices shall be deemed given when actually delivered to the applicable address as set forth herein.

13. Section 1031 or 1033 Exchange. Purchaser and Seller acknowledge that either party may wish to structure this transaction as a tax deferred exchange of like-kind property within the meaning of Section 1031 or Section 1033 of the Internal Revenue Code. Each party agrees to reasonably cooperate with the other party to effect such an exchange; provided, however, that (i) the cooperating party shall not be required to acquire or take title to any exchange property, (ii) the cooperating party shall not be required to incur any expense (excluding attorneys' fees) or liability whatsoever in connection with the exchange, including, without limitation, any obligation for the payment of any escrow, title, brokerage or other costs incurred with respect to the exchange, (iii) no substitution of the effectuating party shall release said party from any of its obligations, warranties or representations set forth in this Contract or from liability for any prior or subsequent default under this Contract by the effectuating party, its successors or assigns, which obligations shall continue as the obligations of a principal and not of a surety or guarantor, (iv) the effectuating party shall give the cooperating party at least five (5) business days prior notice of the proposed changes required to effect such exchange and the identity of any party to be substituted in the escrow, (v) the effectuating party shall be responsible for preparing all additional agreements, documents and escrow instructions (collectively, the "**Exchange Documents**") required by the exchange, at its sole cost and expense, and (vi) the effectuating party shall be responsible for making all determinations as to the legal sufficiency, tax considerations and other considerations relating to the proposed exchange, the Exchange Documents and the transactions contemplated thereby, and the cooperating party shall in no event be responsible for, or in any way be deemed to warrant or represent any tax or other consequences of the exchange transaction arising by reason of the cooperating party's performance of the acts required hereby.

14. Risk of Loss. Risk of loss of or damage to the Property shall be borne by Seller until Closing. Purchaser shall bear all risk of loss after Closing. In the event of loss or damage to the Property costing in excess of \$100,000 to repair prior to Closing, Purchaser may terminate this Agreement by giving Seller written notice of such termination on or before Closing, in which event Purchaser's obligations hereunder shall be null and void and of no further force or effect and the Earnest Money shall immediately be returned to Purchaser. In the event Purchaser elects not to terminate this Agreement following such loss or damage, Purchaser shall purchase the Property in the condition existing on the date of Closing, and Seller shall assign and deliver to Purchaser the proceeds of any policies of property insurance paid as a result of such loss or damage.

15. Condemnation. In the event that a material portion of the Property is or becomes the subject of a condemnation proceeding, Purchaser shall have the right, at Purchaser's option, to terminate this Agreement by giving written notice thereof to Seller on or before Closing, in which event Purchaser's obligations hereunder shall be null and void and of no further force or effect and the Earnest Money shall immediately be returned to Purchaser. If Purchaser does not so terminate this Agreement, the purchase price for the Property shall be reduced by the total of any awards or other proceeds received by Seller at or before Closing with respect to any taking, and at Closing

Seller shall assign to Purchaser all right of Seller in and to any awards or other proceeds payable after Closing by reason of any taking.

16. Default. Time is of the essence of this Agreement. If Seller or Purchaser shall bring any suit or action to enforce this Agreement or any term or provision thereof, the prevailing party shall be entitled to receive from the other party reimbursement for all reasonable attorneys' fees expended in connection with such suit or action as well as for all costs and expenses incurred in connection with such suit or action. If the Transaction fails to close by the applicable Closing Date set forth in Paragraph 8: (i) if the nondefaulting party is Seller, Seller shall retain the Earnest Money as liquidated damages and Seller's sole and exclusive remedy for Purchaser's breach; and (ii) if the nondefaulting party is Purchaser, Purchaser shall recover the Earnest Money or may bring suit against Seller to specifically enforce this Agreement, but not to recover any damages..

Seller: 

Purchaser: 

17. Brokers. Seller is represented in this Transaction by Anita Bauer of Bauer & Associates LLC ("Seller's Broker"), and Purchaser is represented in this Transaction by Garrett Schoenberger of REMAX of Juneau ("Purchaser's Broker"). Garrett Schoenberger is also a member of Purchaser. At Closing Seller shall pay a commission for this Transaction in the amount of three percent (3%) of the purchase price to Seller's Broker and a commission for this Transaction in the amount of two percent (2%) of the purchase price to Purchaser's Broker. Other than as set forth in this paragraph 17, Seller and Purchaser each represent that it has not incurred any finder's fee, broker's or other commission or similar obligation to any person in connection with the Transaction. Seller and Purchaser shall each indemnify and hold harmless the other from any claims for any such fees or commissions arising out of the acts of the indemnifying party.

18. Entire Agreement. This Agreement contains the entire agreement regarding the Transaction, and supersedes any and all prior or other agreements regarding the Transaction. There are no verbal or other agreements between Purchaser and Seller, including but not limited to any representations or warranties which modify or affect this Agreement. This Agreement may not be modified or amended except in a written instrument signed by Seller and Purchaser.

19. Confidentiality. Prior to acquiring the Property, Purchaser shall use and disclose information it obtains about the Property and Seller solely in connection with its purchase evaluation. Purchaser shall not disclose any such information to any third parties, except: (a) to its employees, affiliates, permitted assignees, successors, consultants, lenders and attorneys; (b) as required by any court of competent jurisdiction or as may be necessary in its reasonable judgment in connection with any mediation, arbitration, or litigation in connection with this Agreement; and (c) as to any information which is otherwise a matter of public record.

20. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Purchaser shall have the right to assign its rights under this Agreement to an entity that controls, is controlled by or is under common control with Purchaser without Seller's consent. Any other assignment of Purchaser's rights under this Agreement shall require the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed.



21. Nonmerger. The terms of this Agreement, including but not limited to the provisions of Paragraphs 11 and 19 hereof, shall not merge into the deed, but shall survive the Closing.

22. Governing Law. This Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of Alaska.

23. Counterparts. This Agreement may be executed in two or more counterparts, all of which shall constitute one and the same Agreement.

24. Electronic Signatures. Each party (i) has agreed to permit the use, from time to time and where appropriate, of signatures that are sent by fax, e-mailed PDF, DocuSign or other electronic means (an "Electronic Signature") in order to expedite execution of this Agreement, the other documents contemplated by this Agreement and the Transaction, (ii) intends to be bound by said party's respective Electronic Signature, (iii) is aware that the other will rely on the Electronic Signature, and (iv) acknowledges such reliance and waives any defenses to the enforcement of this Agreement or the document or matter in question based on the fact that a signature was sent electronically.

25. Acceptance of Agreement. Once a party delivers to the other party an executed version of this Agreement, the other party shall have until 5:00 p.m. Pacific time on the third (3<sup>rd</sup>) day after said delivery to deliver to the first party a duly executed version of this Agreement, and if it does not do so this Agreement shall be null and void and the other party shall no longer have any power or authority to accept this Agreement. If either party makes a counter-offer, such counter-offer shall expire automatically at 5:00 p.m. Pacific time on the third (3<sup>rd</sup>) day after the counter-offer is made.


*signatures on following page*

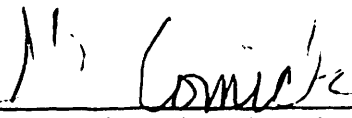
Purchaser:

Alaska Legacy Partners, LLC

Seller:

Sherwood, LLC

By:   
Title: Paul Simpson, manager  
Date Signed: 3/10/22

By:   
John Comick, Managing Member  
Date Signed: 3/11/22

**EXHIBIT A**

**Lot 2A, Sherwood Estates Subdivision Replat, according to Plat Number 2000-55, Records of the Juneau Recording District, First Judicial District, State of Alaska.**

# APPEAL #2022-0162

2022 REAL PROPERTY APPEAL PACKET

BOARD OF EQUALIZATION June 30, 2022



## ASSESSOR OFFICE

Appellant: Sherwood LLC

Location: 2760 Sherwood Ln

Parcel No.: 4B1701100021

Property Type: Commercial - Office

Appellant's basis for appeal: Excessive & improper

	Appellant's Estimate of Value	Original Assessed Value	Recommended Value
Site:	<not provided>	\$ 578,187	\$ 578,187
Buildings:	<not provided>	\$ 2,169,642	\$ 2,169,642
<b>Total:</b>	<b>\$ 1,750,000</b>	<b>\$ 2,747,829</b>	<b>\$ 2,747,829</b>

*Subject Photo*



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OVERVIEW

The subject is a two story office building located in the Mendenhall Valley.

Subject Characteristics:

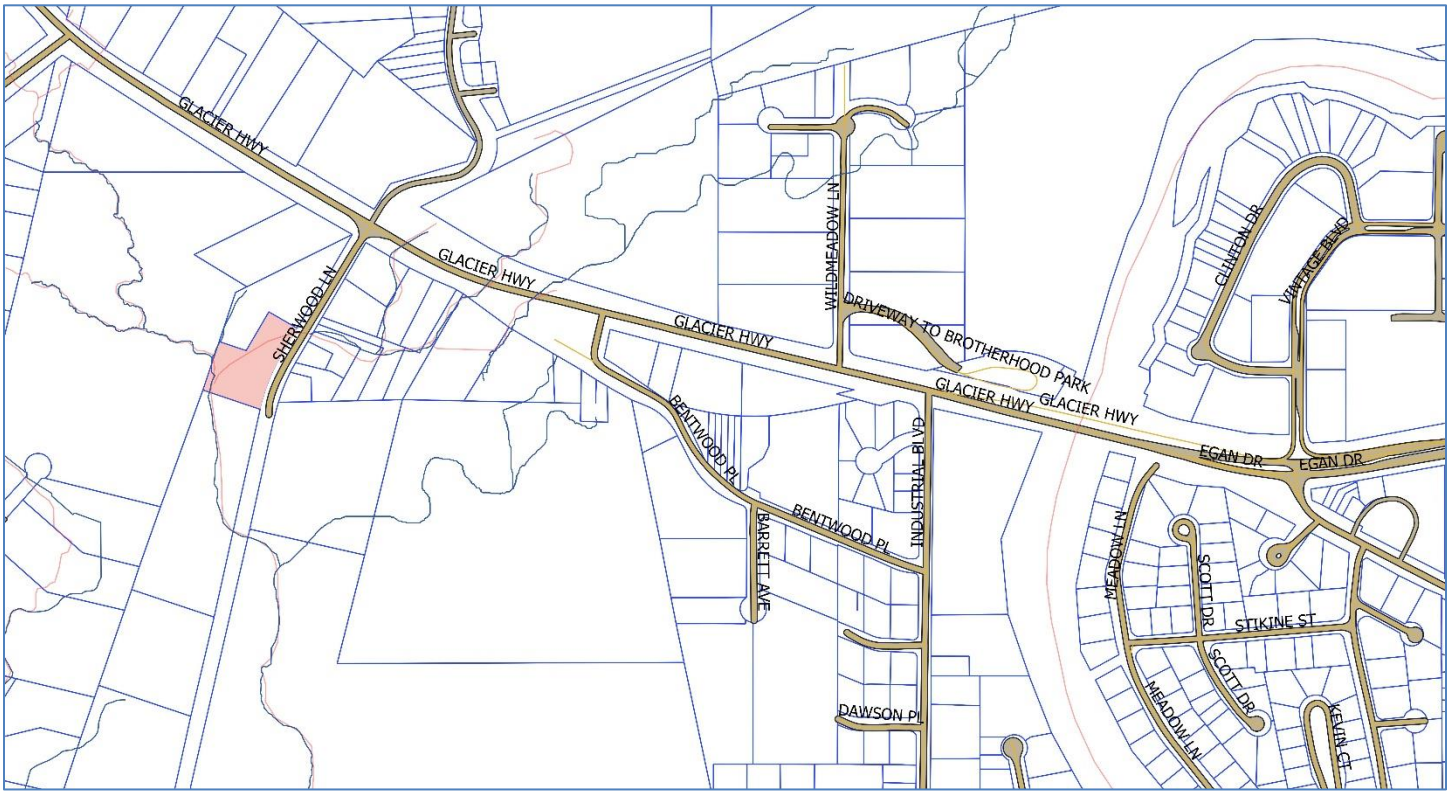
- Land
  - 62,895 SF lot
- Building
  - 20,108 SF (GBA)

SUBJECT PHOTOS

	<p>Front</p>
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AREA MAP & AERIAL





## ASSESSED VALUES

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

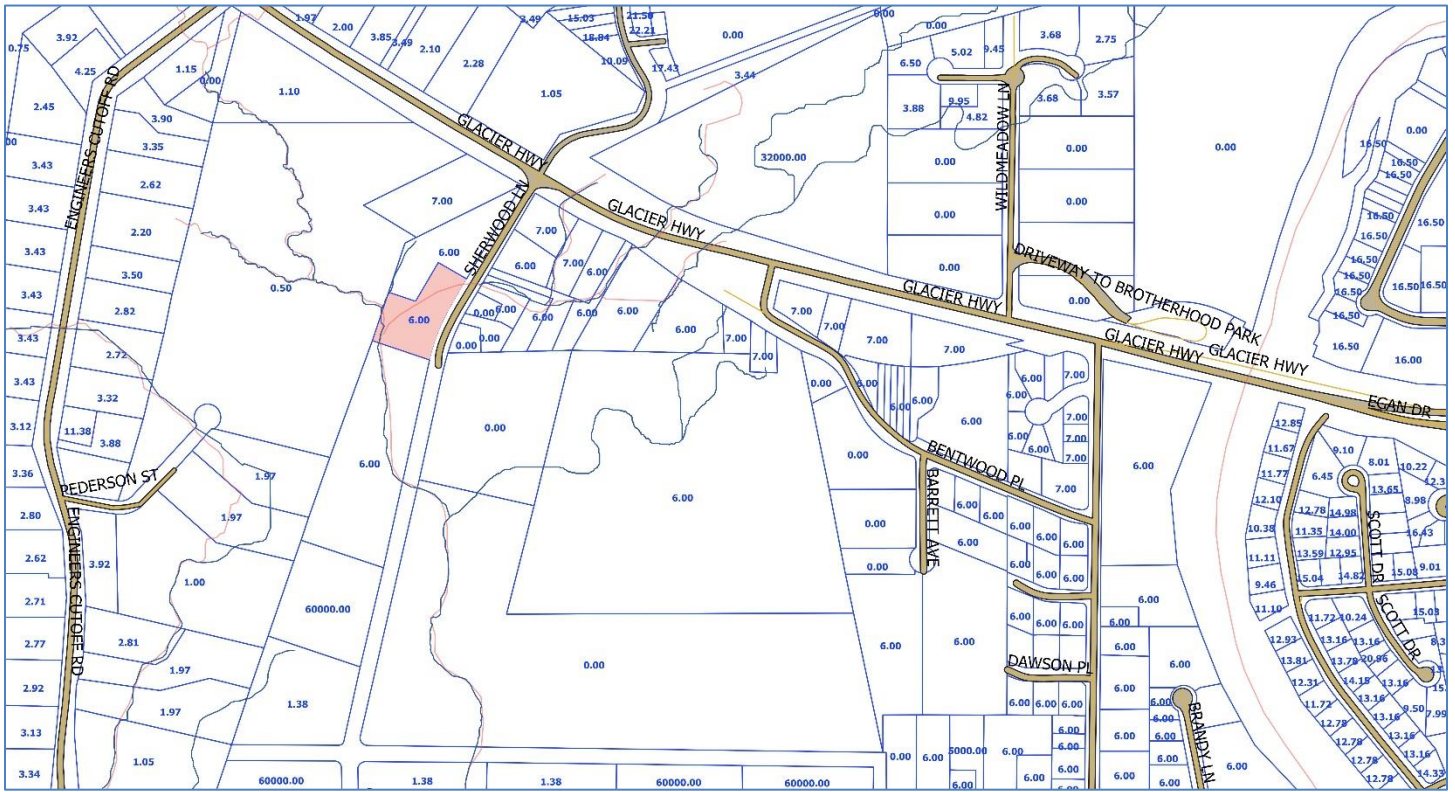
Land values are developed on a market area basis. The land is examined to understand the typical land characteristics in the market area. These characteristics include size, slope, view, water frontage, significant wetlands and others. The characteristics are used to develop a market area land valuation 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 or to all of the properties in that subclass of properties to establish assessed site values.

The subject parcel's land value is equitable and is not excessive.

### Land Characteristics:

- 62,895 SF lot
- Level, developed

### Land Values Base Rate





**BUILDING(S)**

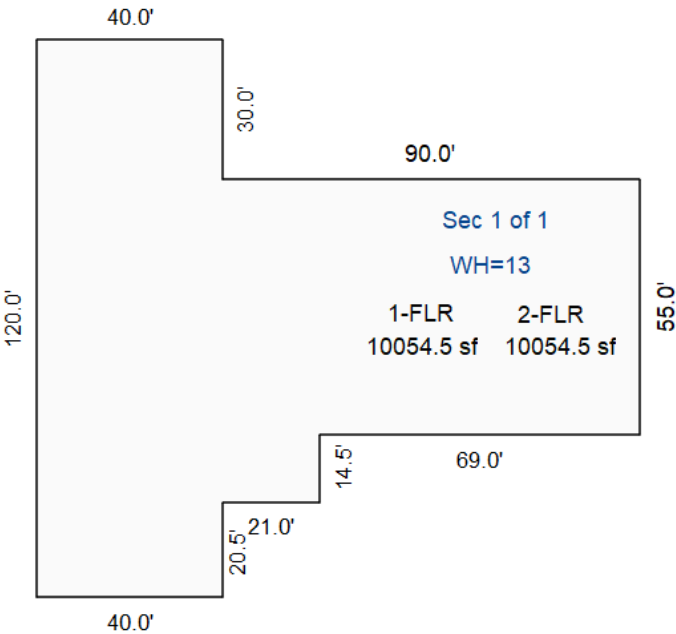
The building component may be based on market adjusted cost tables, residual from sales after extraction of the land value or other appropriate means.

Ratio studies are performed to determine market adjustments.

**Building Characteristics:**

- 20,108 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.

There are two costs reports included here. The first is a recreation of the 2017 report that the building value is based off of. The second report shows the current cost report indicative of today's market.

**As of 2017**

### Cost Report - Commercial

4637		Record	1			
Parcel Code Number	4B1701100021	Number of Stories (Building)	02			
Owner Name	ALASKA LEGACY PARTNERS LLC	Number of Sections	1			
Parcel Address	2760 SHERWOOD LN	Perimeter	500			
Effective Year Built	1997	Class	C			
Year Built	1983	Height	13			
Building Model	C- 15 Offices, Medical, Public Buildings	Rank	Low			
Building Type	Office Building	Total Area	20,108.00			
Section 1	Description	Units	Percent	Cost	+/-	Total
	Base Cost	20108		66.49		1,336,981
	Exterior Wall	20108		20.27		407,582
	Heating & Cooling	20108		615.00		615
	Heating & Cooling	20108		18.05		362,949
	Architect Fee	20108		6.70		134,724
	Fire Alarm System	20108		1.25		25,135
	Sub Total					\$2,267,985.64
	Local Multiplier		1.43	[X]		\$3,243,219.00
	Current Multiplier		0.99	[X]		\$3,210,787.00
	Neighborhood Multiplier			[X]		\$3,210,787.00
	Depreciation - Physical		23.00	[-]		\$738,481.00
	Depreciation - Functional			[-]		\$0.00
	Depreciation - Economic			[-]		\$0.00
	Percent Complete		100.00	[-]		\$2,472,306.00
	Cost to Cure					
	Neighborhood Adjustment					
	Replacement Cost less Depreciation					\$2,472,306
10/1/97 per request from owner;6/23/03 chg mail addr per utility billing office; 12/21/06 per StatWarrDeed DTD 12/8/06; 8/10/7 PerWarrDeeddd5/31/07; 2/23/12 Canvass. Updated sktech, photo, cost. jcs						
9/27/2016 per canvass; update file, photo, cost & sketch update mass override to reflect rcnld; MG						
mary_grant - 9/27/2016 1:55:17 PM						
Total Improvement Value						\$2,472,300

6/17/2022 2:59:38PM

Page 1

## Cost Report - Commercial

4637		Record		1		
Parcel Code Number	4B1701100021	Number of Stories (Building)		02		
Owner Name	ALASKA LEGACY PARTNERS LLC	Number of Sections		1		
Parcel Address	2760 SHERWOOD LN	Perimeter		500		
Effective Year Built	1997	Class		C		
Year Built	1983	Height		13		
Building Model	C- 15 Offices, Medical, Public Buildings	Rank		Low		
Building Type	Office Building	Total Area		20,108.00		
Section 1	Description	Units	Percent	Cost	+/-	Total
	Base Cost	20108		72.00		1,447,776
	Exterior Wall	20108		21.89		440,208
	Heating & Cooling	20108		615.00		615
	Heating & Cooling	20108		8.25		165,891
	Architect Fee	20108		6.70		134,724
	Fire Alarm System	20108		1.25		25,135
Sub Total						\$2,214,348.96
Local Multiplier				1.43	[X]	\$3,166,519.00
Current Multiplier				1.15	[X]	\$3,641,497.00
Neighborhood Multiplier					[X]	\$3,641,497.00
Depreciation - Physical				31.00	[-]	\$1,128,864.00
Depreciation - Functional					[-]	\$0.00
Depreciation - Economic					[-]	\$0.00
Percent Complete				100.00	[-]	\$2,512,633.00
Cost to Cure						
Neighborhood Adjustment						
Replacement Cost less Depreciation						\$2,512,633
Total Improvement Value						\$2,512,600

### Cost Report Summary

2017 Cost	2,472,300 (this is close but not exactly the value applied, the assessed building value for 2017 was 2,127,100 which is 345,200 less than what the cost report is generating for that year)
2022 Cost	2,512,600
2022 Building AV	2,169,642

## INCOME APPROACH

The income approach was not the basis for setting most of the assessed value for 2022. The appellant did not submit P&L information for the Review process.

## COMMERCIAL MARKET & ASSESSMENT ANALYSIS

The 2022 sales analysis for commercial properties included 59 qualified sales from 5 years of sales covering January 1, 2017 through December 31, 2021. The sales volume for the commercial market increased in 2021 and indicate continued appreciation.

- Assessment Year 2022 Summary for Commercial Properties
  - Level of Assessment – 80.57% overall, 80.53% for vacant land, and 85.29% for improved properties
  - Coefficient of Dispersion (COD) – 17.46% for the combined group, 14.45% for vacant land, and 18.71% 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 for 2017, 2018 and 2019; 3% for 2020 and 2% for 2021 (actual market movement remained more than 5% movement each year over the 5 year period so in applying a lesser trend we fell further behind the market.

## SUBJECT ASSESSMENT HISTORY

### City and Borough of Juneau Assessment History Report

4B1701100021  
ALASKA LEGACY PARTNERS LLC  
2760 SHERWOOD LN  
SHERWOOD ESTATES BL A LT 2A

<u>YEAR ID</u>	<u>LAND VALUE</u>	<u>MISC VALUE</u>	<u>BLDG VALUE</u>	<u>CAMA VALUE</u>
2022	\$578,187.00		\$2,169,642.00	\$2,747,829.00
2021	\$566,850.00		\$2,127,100.00	\$2,693,950.00
2020	\$377,900.00		\$2,127,100.00	\$2,505,000.00
2019	\$377,900.00		\$2,127,100.00	\$2,505,000.00
2018	\$377,900.00		\$2,127,100.00	\$2,505,000.00
2017	\$377,900.00		\$2,127,100.00	\$2,505,000.00
2016	\$377,900.00		\$2,293,900.00	\$2,671,800.00
2015	\$377,900.00		\$2,293,900.00	\$2,671,800.00
2014	\$377,900.00		\$2,293,900.00	\$2,671,800.00
2013	\$377,900.00		\$2,293,900.00	\$2,671,800.00
2012	\$377,900.00	\$0.00	\$2,293,900.00	\$2,671,800.00
2011	\$377,900.00	\$0.00	\$2,018,600.00	\$2,396,500.00
2010	\$417,600.00	\$0.00	\$2,018,600.00	\$2,436,200.00

## 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.

Normally the Assessor’s Office should recommend full market value to the BOE, however, because we are still working on replacing and/or correcting outdated models we are, for the appeal process, placing a higher priority on uniformity within existing models rather than uniformity with the whole which is being addressed through separate processes. Based on current assessment levels for this neighborhood the full market value for this property, which the BOE may adopt, would be 3,221,748.

### Additional Details:

- The appellant states that their assessed value is excessive.
  - We find that, based on analysis of market sales, the value it is not excessive.
- The appellant states that their property is valued improperly.
  - The parcel was valued using proper methodology.
- These are further addressed in the land, building, cost report, income, commercial market and assessment analysis, summary and conclusion sections of our response in your packet.
- 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.
- The appellant purchased the building in 2022 for 1,750,000. The appellant submitted an appraisal which places the value at 2,110,000.
  - We do not find within the appraisal anything that would persuade us to change the assessed value.
  - The appraisal notes that assessed values are below market.
  - There is nothing in the appraisal that would indicated significant maintenance issues.
  - The appraiser notes that there are limited number of similar properties.
  - The net adjustments are extremely high for 2 of the 5 comparables.
  - Significant downward adjustments were made by the appraiser to the comparables prices per square foot. We are not convinced that these were substantiated.
  - At least one of the sales used as a comparable was not a market sale.
  - The appraiser utilized an unusually low economic life for the building.
  - This sale did not get normal market exposure, it was only “soft marketed” for a short period of time.
  - He terms the seller as being “motivated” and “acquiesced” to the 1,750,000 “which became a great price for the buyer.”
  - The property sold with 24% vacancy in a market where the vacancy rate is near 0. The appraiser quotes the most recent survey as putting it below 1%.

## CONCLUSION

The 2022 Assessed values were based on analysis of sales through ratio studies and subsequent trending of values based on the analysis findings. Underlying this standard compliant trending are the prior approach decisions and the locational and property feature models and adjustments 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 80.57% overall, 80.53% for vacant land, and 85.29% for improved properties.

For the subject property:

- The percentage change for this property from 2021 to 2022 was 2%.

We find that no change to the 2022 assessed value of \$2,747,829 is warranted and ask that the BOE uphold the assessed value.



## Addendum A - Communications

**Mary Hammond**

---

**From:** Michael Dahle  
**Sent:** Wednesday, June 8, 2022 2:45 PM  
**To:** 'garrett@alaskalegacypartners.com'  
**Subject:** 2760 Sherwood Ln Petition for Review

Hi Garrett.

I got your voicemail message. Thanks for the call. I had verified with Paul that you wanted to continue the appeal as the new owner.

Yes, Anita Bauer mentioned that you had an appeal. It would be helpful if we had a chance to review that. If you have it in pdf form you could send it to this email or we could figure out another way for you to get it to me.

Thanks,

*Michael Dahle*

Deputy Assessor  
City & Borough of Juneau  
907-586-5215 ext. 4036  
907-586-4520 (Fax)  
[Michael.Dahle@juneau.org](mailto:Michael.Dahle@juneau.org)



**Mary Hammond**

---

From: Garrett Schoenberger <garrett@alaskalegacypartners.com>  
Sent: Monday, June 20, 2022 4:19 PM  
To: Mary Hammond  
Cc: Paul Simpson  
Subject: Re: 2760 Sherwood Ln Petition for Review  
Attachments: Appr. 2760 Sherwood Lane, Alaska Legacy Partners, LLC AL3838.pdf

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

---

Hi Mary - appraisal attached. Please let us know if you have any further questions.

Thanks,

Garrett

Garrett Schoenberger  
ALASKA LEGACY PARTNERS LLC  
Juneau, Alaska

602-790-6144 Mobile

On Jun 20, 2022, at 4:08 PM, Mary Hammond <[mary.hammond@juneau.org](mailto:mary.hammond@juneau.org)> wrote:

Hi Garrett,

I just left you a voicemail but figured I should reach out by email as well. We are hoping you can get us a copy of the appraisal for this property as soon as possible.

**Mary Hammond** she/ her  
Assessor  
City & Borough of Juneau  
(907) 586-5215 ext. 4033

**APPEAL**  
**2022-0236**  
**MATERIAL**



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

SENATE PROPERTIES LLC  
175 S FRANKLIN ST STE 306  
JUNEAU AK 99801

**Meeting of Board of Equalization (BOE) and  
Presentation of Real Property Appeal**

<b>Date of BOE</b>	<b>Thursday, June 30, 2022</b>
<b>Location of BOE</b>	Via ZOOM Webinar
<b>Time of BOE</b>	5:30 pm
<b>Mailing Date of Notice</b>	June 16, 2022
<b>Parcel Identification</b>	1C070B0J0010
<b>Property Location</b>	175 S FRANKLIN ST
<b>Appeal No.</b>	APL20220236
<b>Sent to Email Address:</b>	brucecdenton@gmail.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](mailto:city.clerk@juneau.org) Attn.: Assessment Appeal} by **4:00 PM Thursday, June 23, 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 Friday, June 24, 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.

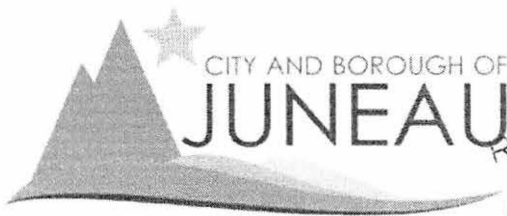
Attachment: CBJ Law Department Memorandum April 19, 2013.

**CONTACT US: CBJ Assessor's Office**

<b>Phone</b>	<b>Email</b>	<b>Website</b>	<b>Physical Location</b>
Phone (907) 586-5215 Fax (907) 586-4520	<a href="mailto:assessor.office@juneau.org">assessor.office@juneau.org</a>	<a href="http://www.juneau.org/finance/">http://www.juneau.org/finance/</a>	155 South Seward St Room 114

**PROPERTY TAX BILLS MAILED JULY 1**

**PROPERTY TAXES DUE SEPTEMBER 30**



Office of the Assessor  
155 South Seward Street  
Juneau, Alaska 99801

Received  
APR 07 2022  
CBJ-Assessors Office

Petition for Review / Correction of Assessed Value Real Property	
Assessment Year	2022
Parcel ID Number	
Name of Applicant	
Email Address	

## 2022 Filing Deadline: Thursday April 7, 2022

Please attach all supporting documentation

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

Parcel ID Number	1C07080J0010		
Owner Name	SENATE PROPERTIES, LLC		
Primary Phone #	(907) 723-2259	Email Address	bruce.C.denton@gmail.com
Physical Address	175 S. FRANKLIN ST. JUNEAU, AK. 99801	Mailing Address	PO Box 32825 JUNEAU, AK 99803

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

<input checked="" type="checkbox"/> My property value is excessive/overvalued <input type="checkbox"/> My property value is unequal to similar properties <input type="checkbox"/> My property was valued improperly/incorrectly <input type="checkbox"/> My property has been undervalued <input type="checkbox"/> My exemption(s) was not applied	<b>THE FOLLOWING ARE NOT GROUNDS FOR APPEAL</b> <ul style="list-style-type: none"> <li>Your taxes are too high</li> <li>Your value changed too much in one year.</li> <li>You can't afford the taxes</li> </ul>
---	---

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

**BUILDING HAS MAJOR DEFERRED MAINT. ISSUES. PLEASE SCHEDULE A TIME TO INSPECT.**

Have you attached additional information or documentation? ☐ Yes ☐ No

Values on Assessment Notice:

Site	\$ 1,749,300.00	Building	\$ 1,619,390.00	Total	\$ 3,368,690.00
------	-----------------	----------	-----------------	-------	-----------------

Owner's Estimate of Value:

Site	\$ 1,180,610.00	Building	\$ 1,619,390.00	Total	\$ 2,800,000.00
------	-----------------	----------	-----------------	-------	-----------------

Purchase Price of Property:

Price	\$ NOT RELEVANT	Purchase Date	1982
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Has the property been listed for sale? ☐ Yes ☒ No (if yes complete next line)

Listing Price	\$ N/A	Days on Market	N/A
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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: *Bruce C. Denton* Date: 4/7/22

Contact Us: CBJ Assessors Office			
Phone/Fax	Email	Website	Address
Phone: (907)586-5215 Fax: (907)586-4520	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St. Rm. 114 Juneau AK 99801



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# APPEAL #2022-0236

2022 REAL PROPERTY APPEAL PACKET

BOARD OF EQUALIZATION June 30, 2022



## ASSESSOR OFFICE

Appellant: Senate Properties LLC

Location: 175 S Franklin St

Parcel No.: 1C070B0J0010

Property Type: Commercial – Retail/Office space

Appellant's basis for appeal: Excessive, Building has major deferred maint. Issues.

	Appellant's Estimate of Value	Original Assessed Value	Recommended Value
Site:	\$1,180,610	\$1,749,300	\$1,749,300
Buildings:	\$1,619,390	\$1,619,390	\$1,619,390
<b>Total:</b>	<b>\$2,800,000</b>	<b>\$3,368,690</b>	<b>\$3,368,690</b>

*Subject Photo*



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## OVERVIEW

The subject is a four story multi-tenant, mixed-use retail/office space building located in the tourism district.

### Subject Characteristics:

- Land
  - 10,000 SF lot
  - Located within the S Franklin core tourist district
  - Approximately 97.45' of frontage on S Franklin St.
  - Front portion of parcel is a largely level, developed lot while the remaining 40%, located at the rear, can be described as steep. This is typical for parcels located along this side of Franklin St.
- Building
  - 4 Story
  - 24,255 SF GBA

## SUBJECT PHOTOS



Front right



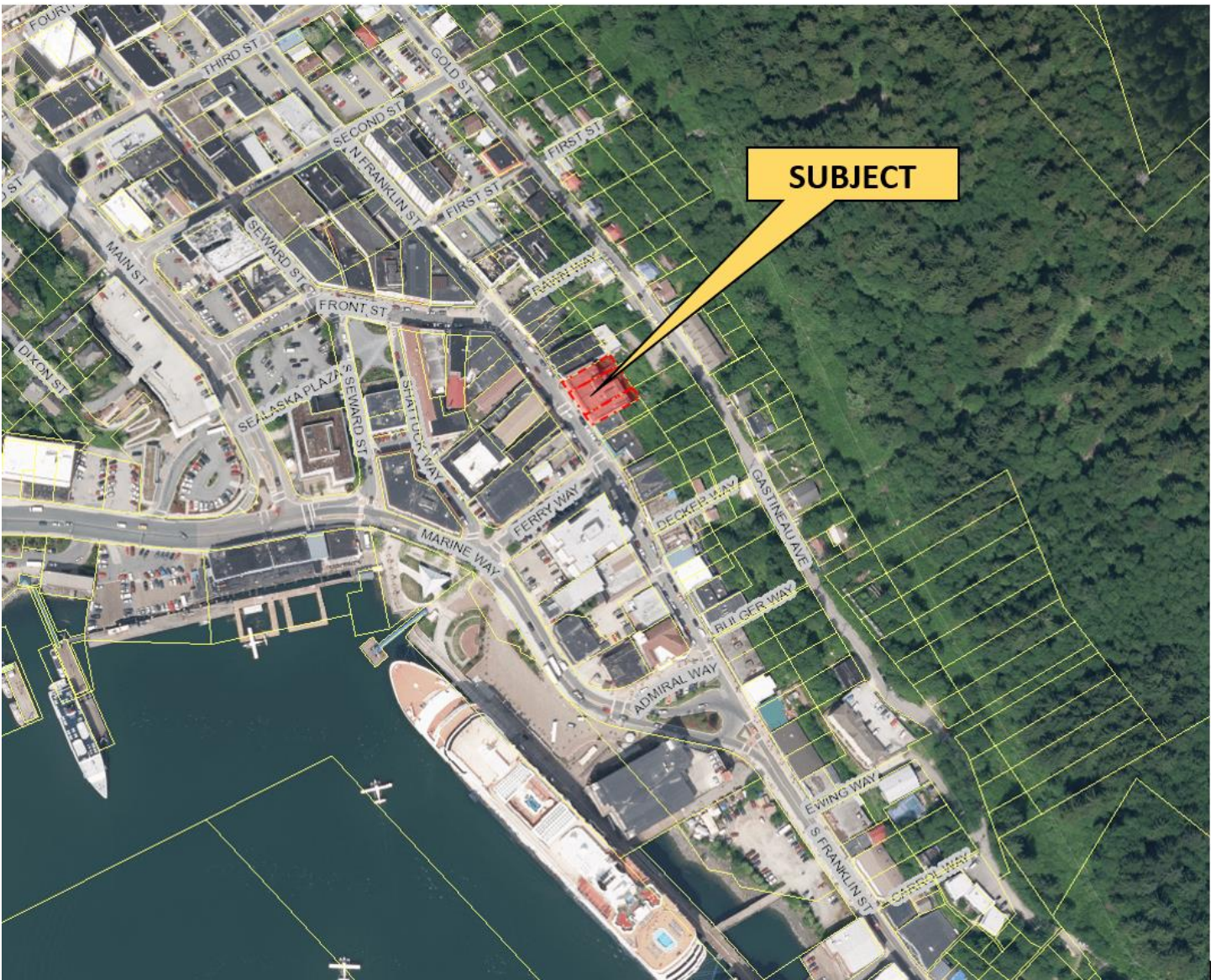


Front left from S Franklin

**AREA MAP & AERIAL**







## ASSESSED VALUES

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 or to all of the properties in that subclass of properties to establish assessed site values.

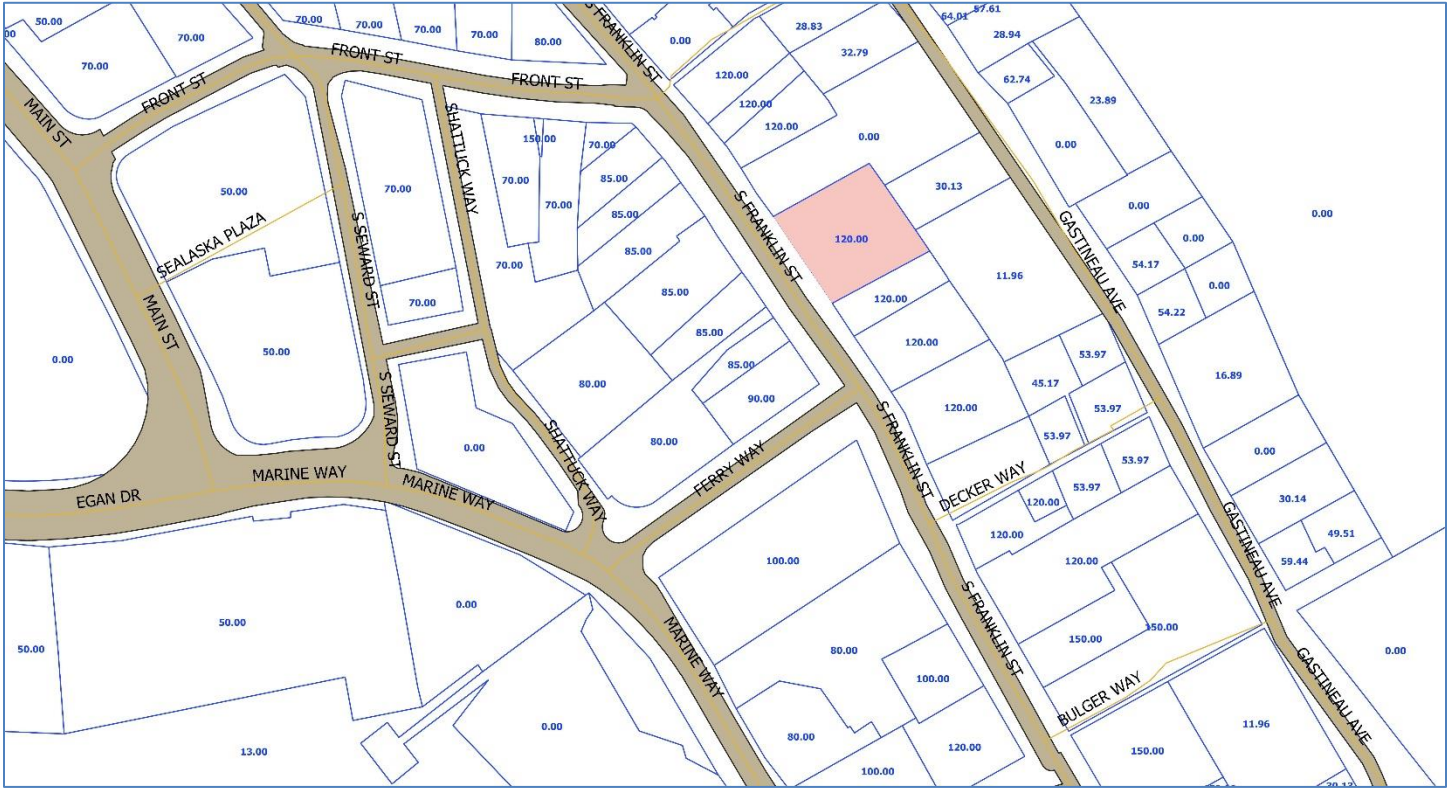


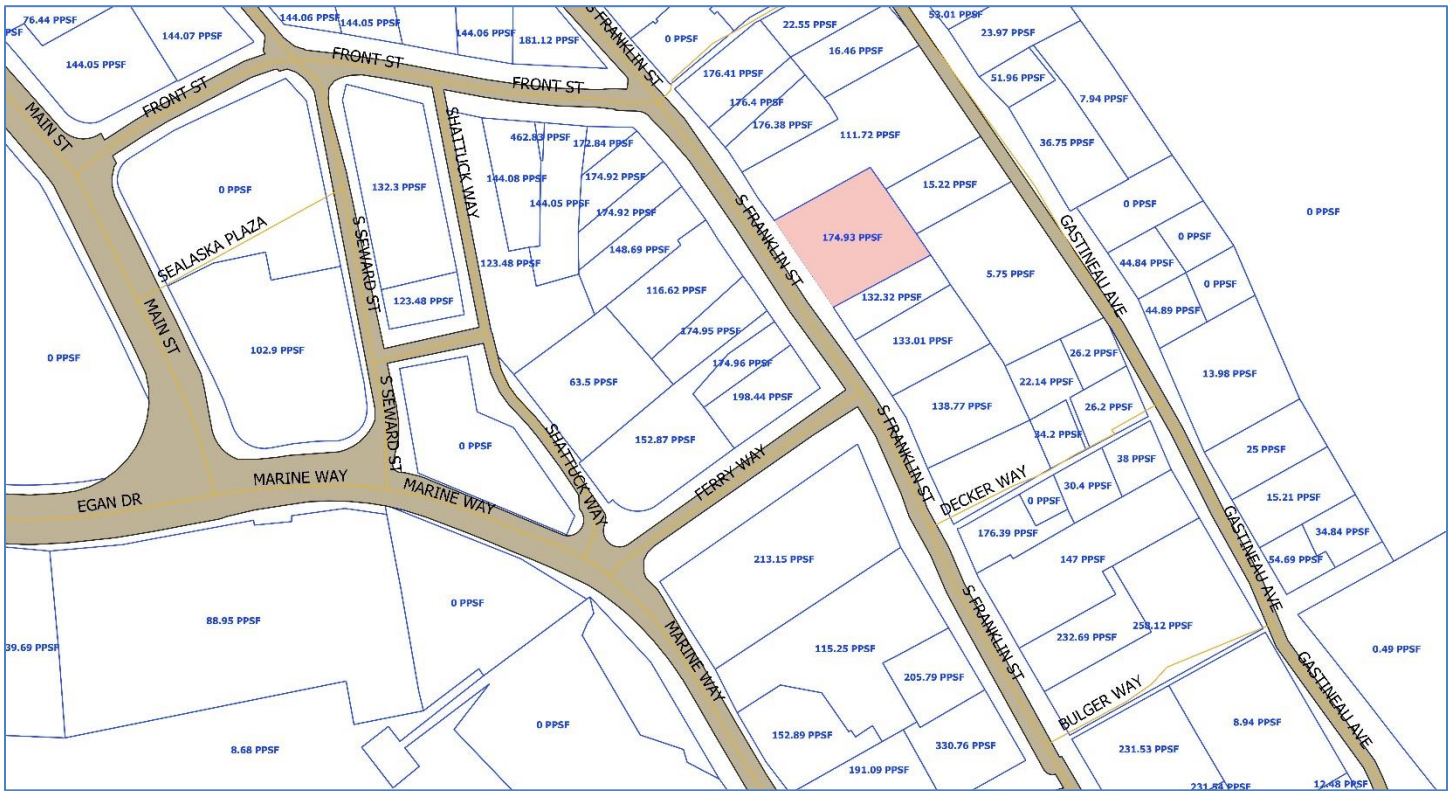
The subject parcel's land value is equitable and is not excessive.

Land Characteristics:

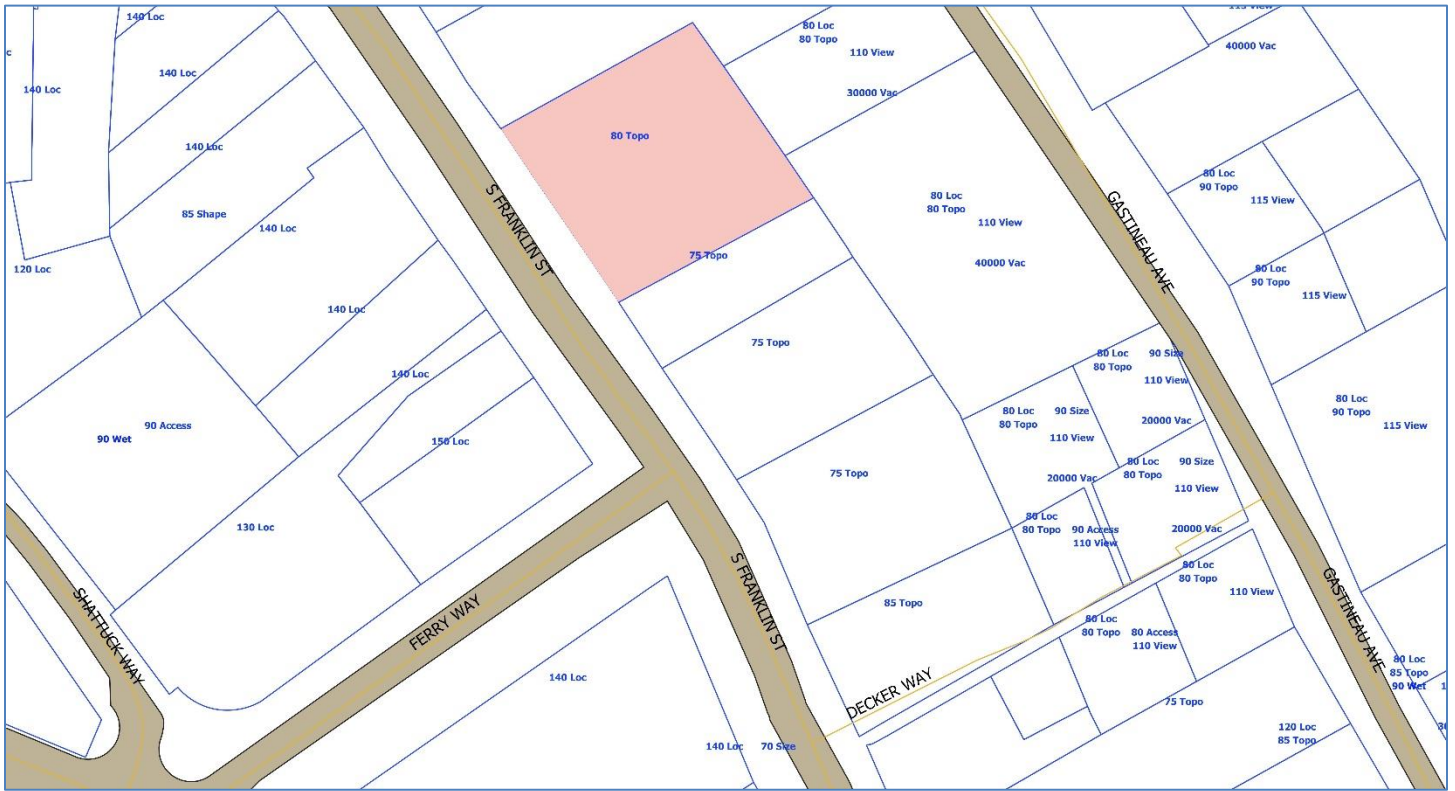
- 10,000 SF lot
- Located within the S Franklin tourist district
- Approximately 97.45' of frontage on S Franklin St.
- Front portion of parcel is a largely level, developed lot while the remaining 40%, located at the rear, can be described as steep. This is typical for parcels located along this side of Franklin St.

Land Values  
Base Rate

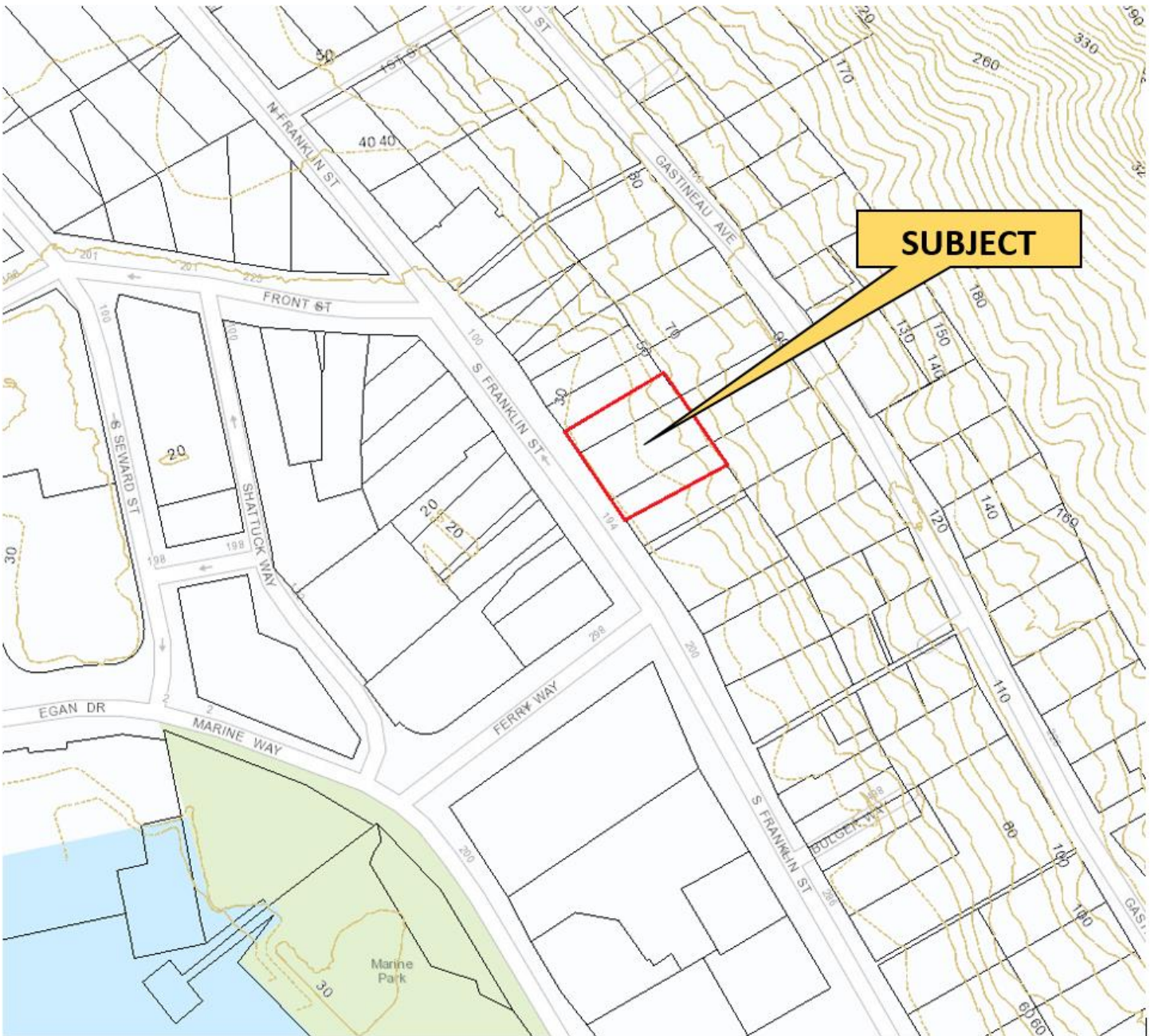




## Feature Adjustments







**BUILDING(S)**

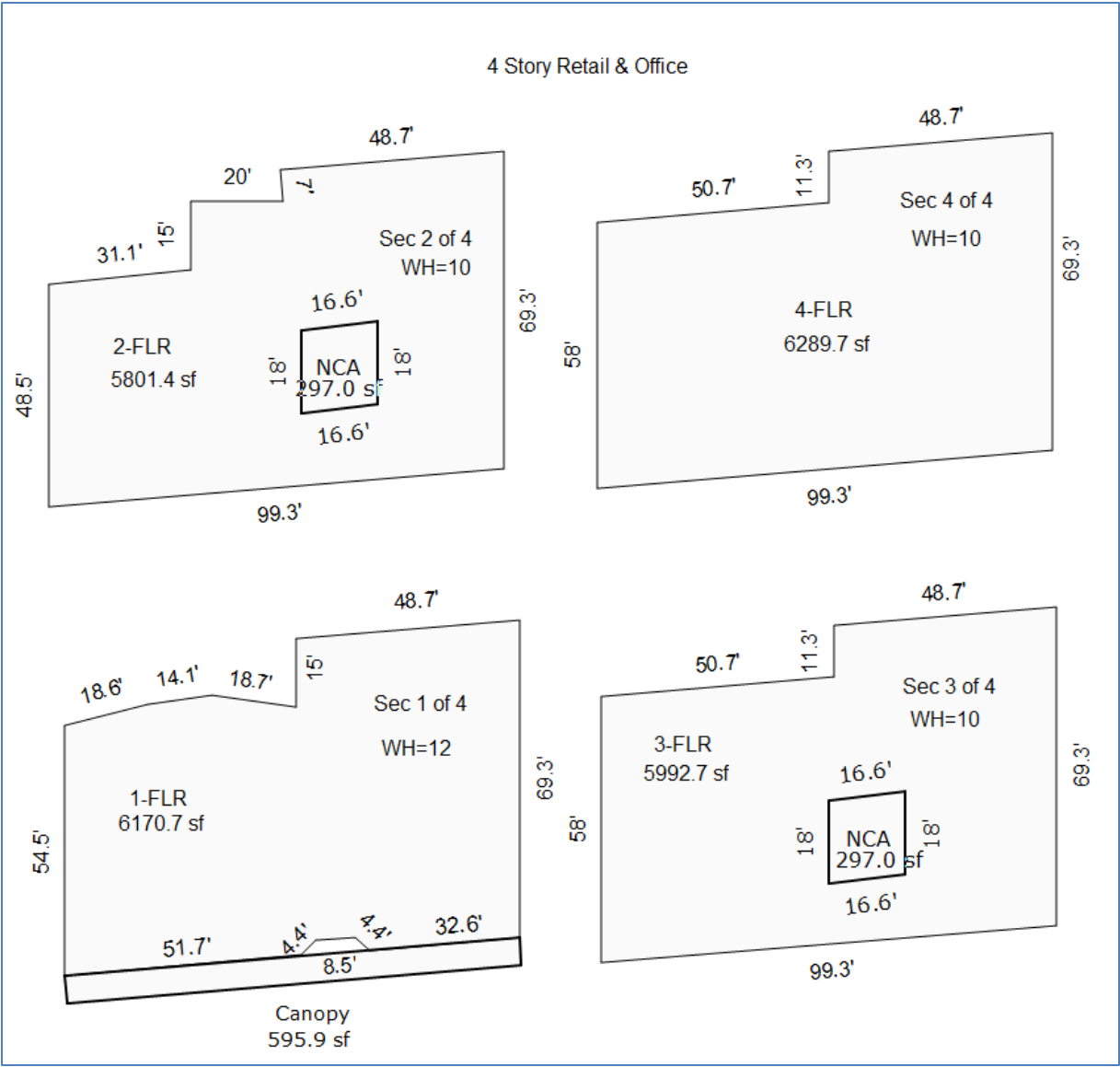
The building component may be based on market adjusted cost tables, residual from sales after extraction of the land value or other appropriate means.

Ratio studies are performed to determine market adjustments.

**Building Characteristics:**

- 4 Story
- 24,255 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.

There are two costs reports included here. The first is a recreation of the 2018 report that the building value is based off of. The second report shows the current cost report indicative of today's market.

**As of 2018**

### Cost Report - Commercial

1470		Record		2		
Parcel Code Number	1C070B0J0010	Number of Stories (Building)		04		
Owner Name	SENATE PROPERTIES LLC	Number of Sections		1		
Parcel Address	175 S FRANKLIN ST	Perimeter		340		
Effective Year Built	1992	Class		D		
Year Built	1900	Height		10		
Building Model	C- 13 Stores, Commercials	Rank		Average		
Building Type	Mixed Retail w/ Office Units	Total Area		24,255.00		
Section 2	Description	Units	Percent	Cost	+/-	Total
	Base Cost	24255		70.62		1,712,920
	Exterior Wall	24255		12.25		297,071
	Heating & Cooling	24255		611.00		611
	Heating & Cooling	24255		7.57		183,610
	Architect Fee	24255		6.60		160,083
	Sprinklers	24255		3.01		73,008
	Fire Alarm System	24255		1.46		35,412
Sub Total						\$2,462,714.95
Local Multiplier				1.43	[X]	\$3,521,682.00
Current Multiplier				1.02	[X]	\$3,592,116.00
Neighborhood Multiplier					[X]	\$3,592,116.00
Depreciation - Physical				46.00	[-]	\$1,652,373.00
Depreciation - Functional				10.00	[-]	\$359,212.00
Depreciation - Economic					[-]	\$0.00
Percent Complete				100.00	[-]	\$1,580,531.00
Cost to Cure						
Neighborhood Adjustment						
Replacement Cost less Depreciation						\$1,580,531
Miscellaneous Improvements						
Miscellaneous Improvement		Elevator			[+]	57,100
		John_Sahno				
Miscellaneous Improvement		1.18.2018 PER CANVAS			[+]	13,400
Total Improvement Value						\$1,651,000

As of 2022

## Cost Report - Commercial

<b>1470</b>		<b>Record</b>	<b>2</b>
<b>Parcel Code Number</b>	<b>1C070B0J0010</b>	<b>Number of Stories (Building)</b>	<b>04</b>
<b>Owner Name</b>	<b>SENATE PROPERTIES LLC</b>	<b>Number of Sections</b>	<b>1</b>
<b>Parcel Address</b>	<b>175 S FRANKLIN ST</b>	<b>Perimeter</b>	<b>340</b>
<b>Effective Year Built</b>	<b>2001</b>	<b>Class</b>	<b>D</b>
<b>Year Built</b>	<b>1900</b>	<b>Height</b>	<b>10</b>
<b>Building Model</b>	<b>C- 13 Stores, Commercials</b>	<b>Rank</b>	<b>Average</b>
<b>Building Type</b>	<b>Mixed Retail w/ Office Units</b>	<b>Total Area</b>	<b>24,255.00</b>

<b>Section 2</b>	<b>Description</b>	<b>Units</b>	<b>Percent</b>	<b>Cost</b>	<b>+/-</b>	<b>Total</b>
	Base Cost	24255		76.88		1,864,785
	Exterior Wall Stud Walls-Wood Siding	24255		13.35		323,808
	Heating & Cooling Heating & Cooling	24255		611.00		611
	Heating & Cooling Hot Water	24255		8.28		200,831
	Architect Fee	24255		6.60		160,083
	Sprinklers Sprinklers	24255		3.30		80,042
	Fire Alarm System	24255		1.46		35,412
	<b>Sub Total</b>					<b>\$2,665,572.13</b>
	Local Multiplier		1.43	[X]		\$3,811,768.00
	Current Multiplier		1.16	[X]		\$4,421,651.00
	Neighborhood Multiplier			[X]		\$4,421,651.00
	Depreciation - Physical		30.00	[-]		\$1,326,495.00
	Depreciation - Functional		10.00	[-]		\$442,165.00
	Depreciation - Economic			[-]		\$0.00
	Percent Complete		100.00	[-]		\$2,652,991.00
	Cost to Cure					
	Neighborhood Adjustment					
	<b>Replacement Cost less Depreciation</b>					<b>\$2,652,991</b>

**Miscellaneous Improvements**

Canopy		[+]	13,400
Elevator	M&S Sec 13 Pg 39 avg	[+]	67,700
<b>Total Improvement Value</b>			
			<b>\$2,734,100</b>

**Cost Report Summary**

2018 Cost	1,651,000
2022 Cost	2,734,100
2022 Building AV	1,619,390

**INCOME APPROACH**

The income approach was not the basis for setting most of the assessed value for 2022. The appellant did not submit P&L information for the Review process.

## COMMERCIAL MARKET & ASSESSMENT ANALYSIS

The 2022 sales analysis for commercial properties included 59 qualified sales from 5 years of sales covering January 1, 2017 through December 31, 2021. The sales volume for the commercial market increased in 2021 and indicate continued appreciation.

- Assessment Year 2022 Summary for Commercial Properties
  - Level of Assessment – 80.57% overall, 80.53% for vacant land, and 85.29% for improved properties
  - Coefficient of Dispersion (COD) – 17.46% for the combined group, 14.45% for vacant land, and 18.71% 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 for 2017, 2018 and 2019; 3% for 2020 and 2% for 2021 (actual market movement remained more than 5% movement each year over the 5 year period so in applying a lesser trend we fell further behind the market.

## SUBJECT ASSESSMENT HISTORY

### City and Borough of Juneau Assessment History Report

1C070B0J0010  
SENATE PROPERTIES LLC  
175 S FRANKLIN ST  
JUNEAU TOWNSITE BL I LT 1 FR (SE 1/2) & BL J LT 2 & 1 FR (NW 1/2)

<u>YEAR ID</u>	<u>LAND VALUE</u>	<u>MISC VALUE</u>	<u>BLDG VALUE</u>	<u>CAMA VALUE</u>
2022	\$1,749,300.00	\$70,500.00	\$1,548,890.00	\$3,368,690.00
2021	\$1,785,000.00	\$70,500.00	\$1,580,500.00	\$3,436,000.00
2020	\$1,190,000.00	\$70,500.00	\$1,580,500.00	\$2,841,000.00
2019	\$1,190,000.00	\$70,500.00	\$1,580,500.00	\$2,841,000.00
2018	\$1,190,000.00	\$70,500.00	\$1,580,500.00	\$2,841,000.00
2017	\$1,190,000.00	\$71,800.00	\$1,547,000.00	\$2,808,800.00
2016	\$1,190,000.00	\$71,800.00	\$1,547,000.00	\$2,808,800.00
2015	\$1,190,000.00	\$60,600.00	\$1,547,000.00	\$2,797,600.00
2014	\$1,190,000.00		\$2,000,700.00	\$3,190,700.00
2013	\$1,190,000.00		\$2,000,700.00	\$3,190,700.00
2012	\$1,190,000.00	\$0.00	\$2,000,700.00	\$3,190,700.00
2011	\$1,190,000.00	\$0.00	\$2,000,700.00	\$3,190,700.00
2010	\$1,000,000.00	\$0.00	\$2,344,400.00	\$3,344,400.00

## 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.

Normally the Assessor’s Office should recommend full market value to the BOE, however, because we are still working on replacing and/or correcting outdated models we are, for the appeal process, placing a higher priority on uniformity within existing models rather than uniformity with the whole which is being addressed through separate processes. Based on current assessment levels for this neighborhood the full market value for this property, which the BOE may adopt, would be 3,548,230.

### Additional Details:

- The appellant states that their assessed value is excessive.
  - We find that, based on analysis of market sales, the value it is not excessive.
- These are further addressed in the land, building, cost report, income, commercial market and assessment analysis, summary and conclusion sections of our response in your packet.
- 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.
- The appellant states that value should be lowered due to deferred maintenance
  - We did an inspection of the property where the owner walked us through the deferred maintenance. Items noted included the roof, the siding on the back and sides of the building, and the access walkways and stairs in the back.
  - The assessed value is based on the application of 56% depreciation within the cost report. This is a high percentage of depreciation within life cycles of a building. The result is a reduction in the value that amounts to just over 2 million dollars for repairs. Therefore, no additional reduction is warranted.

## CONCLUSION

The 2022 Assessed values were based on analysis of sales through ratio studies and subsequent trending of values based on the analysis findings. Underlying this standard compliant trending are the prior approach decisions and the locational and property feature models and adjustments 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 80.57% overall, 80.53% for vacant land, and 85.29% for improved properties.

For the subject property:

- The percentage change for this property from 2021 to 2022 was a reduction of -2%.

We find that no change to the 2022 assessed value of \$3,368,690 is warranted and ask that the BOE uphold the assessed value.

## Addendum A - Communications

**Mary Hammond**

---

**From:** Bruce Denton <brucecdenton@gmail.com>  
**Sent:** Saturday, June 4, 2022 9:28 AM  
**To:** Michael Dahle  
**Subject:** Re: Petition for Review for 1C070B0J0010

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

---

Hello Michael,  
I am out of the country with spotty internet until the 21st

Sent from my iPhone

On Jun 4, 2022, at 3:09 AM, Michael Dahle <Michael.Dahle@juneau.org> wrote:

Bruce,

I am starting the review for your property. You mentioned in the petition that you would like to schedule an inspection. Could we do the inspection on Thursday, June 9 at 10:00 am?

Also, the office will be sending out a "no change" response letter on Monday. We can still proceed with additional review, do the inspection, have conversation and even ultimately decide to apply a change but getting the letter to you gets timelines rolling for any potential BOE scheduling if it goes that route.

*Michael Dahle*

Deputy Assessor  
City & Borough of Juneau  
907-586-5215 ext. 4036  
907-586-4520 (Fax)  
[Michael.Dahle@juneau.org](mailto:Michael.Dahle@juneau.org)

<image001.png>



**Mary Hammond**

---

**From:** Bruce Denton <brucecdenton@gmail.com>  
**Sent:** Monday, June 20, 2022 7:50 PM  
**To:** Mary Hammond  
**Subject:** Re: Appeal/ Senate Properties

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

---

Hi Mary,  
I am on my way back to Juneau from Croatia. I can call you Wed morning to set up a time to do a walk through.  
Thank you  
Bruce

Sent from my iPhone

On Jun 20, 2022, at 5:19 PM, Mary Hammond <mary.hammond@juneau.org> wrote:

Hi Bruce,

I left you a voicemail but I'm not sure how closely you monitor that. I'd like to schedule an inspection of the Senate Building as soon as possible.

**Mary Hammond** she/ her  
Assessor  
City & Borough of Juneau  
(907) 586-5215 ext. 4033



**AY2022 Property Assessment Guide**

*Updated: 2022-06-14*

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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.

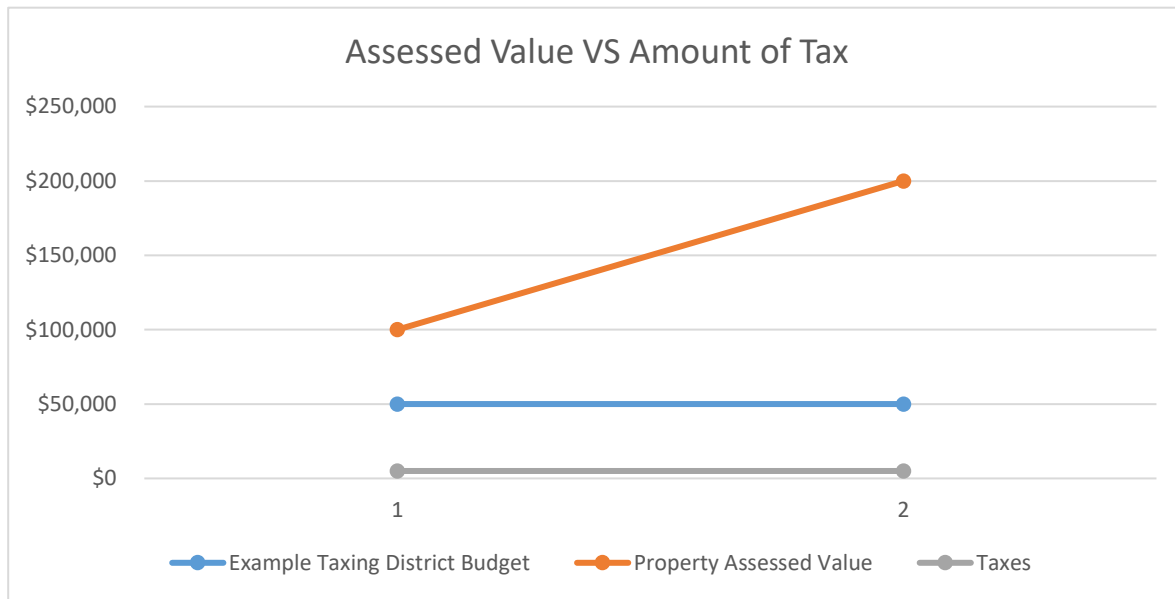
#### Examples:

- 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 / Exchange
  - 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.
- 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.

## AY2022 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 2022 commercial property assessed values is a market analysis based upon available sales data of commercial property sales. The analysis adhered to assessment standards.
- Trending was the best option for most commercial properties 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 trending adjustment to commercial properties was applied as follows:
  - Overall- 2% to land and 2% to buildings
  - Downtown- -2% to land and -2% to buildings
  - Rock Dump- 2% to land and 35% to buildings
  - Warehouse Condos- No change
  - Boathouses- -2%
  - Sommers on Seward- Back out 2021 trending (put at 2020 AV as that was new and full market)
- 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.
- 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. Whether or not it qualifies as an outlier under IAAO standards varies depending on the ratio study. As a general rule, it is not an outlier except for when you have a small subset of data.
- A proper sales validation process was applied to the sales prior to the analysis. We have analyzed numerous times whether or not changing the inclusion or exclusion of a few sales would have had any impact on the valuations. In most cases it does not significantly change the ratios and would not have resulted in any different action in setting the assessed values. Generally the only cases where it would significantly change the ratios would be very small subsets in which case, due to the low number of sales you are relying less on the ratio and more on appraisal judgment and analysis of additional factors.

- The values for 2022 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 a correction to any undervaluation through trending until new valuation models can be developed and applied. Because there is not a wealth of sales data, often an overall trending is applied for various subgroups.
- In the Petition for Review and the review process appellants are encouraged to submit specific evidence of an incorrect value. Each appellant has been given opportunity to discuss our findings with the Assessor's Office.
- Our review of commercial assessed values has consistently indicated 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 will propose increases to value when appropriate. The assessment level for the vast majority of properties in the borough is very close to market, therefore, when through the review and appeal process we have opportunity to correct an error and bring a property closer to market value that should be done.
- 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 BOE 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 that year was just \$392,100 which happens to be less than 69% of his stated value which puts the ratio close to our median ratio for that year.

The land value indicated in the appraisals increases by 73% over an 8 year period. Our increase to commercial land values in 2021 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 2022 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 2022 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 17.6308 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 lower than stated. These ratios and statistics are based on AY2022 values after the adjustments to values were made.

**AY2022- Com- After Adj- V4- 20220307a- All No 19s Trended**  
**Summary Report**

**Statistics**

**Current Proposed**

48	48	Count	(Number of Records with Ratio)
0.3594	0.3594	Minimum Ratio	
1.1616	1.1616	Maximum Ratio	
0.8022	0.8022	Range	
<b>0.8512</b>	<b>0.8512</b>	<b>Mean</b>	(This is the average ratio for your sample.)
<b>0.8328</b>	<b>0.8328</b>	<b>Median</b>	(This is the mid-point value for your sample. Preferred measure of central tendency.)
0.8433	0.8433	Weighted Mean	
1.5481	1.5481	Sum of the Square of Deviations	
0.1468	0.1468	AAD	
0.1815	0.1815	Standard Deviation	
<b>17.6308</b>	<b>17.6308</b>	<b>COD</b>	(Good indicator of confidence level.)
<b>21.3218</b>	<b>21.3218</b>	<b>COV</b>	
<b>1.0093</b>	<b>1.0093</b>	<b>PRD- Price-Related or Factor Differential</b>	
			(PRD s/b between 0.98 & 1.03, IAAO)
			(PRD over 1=Regressive)

**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

**Coefficients (0=Normal Distribution)**

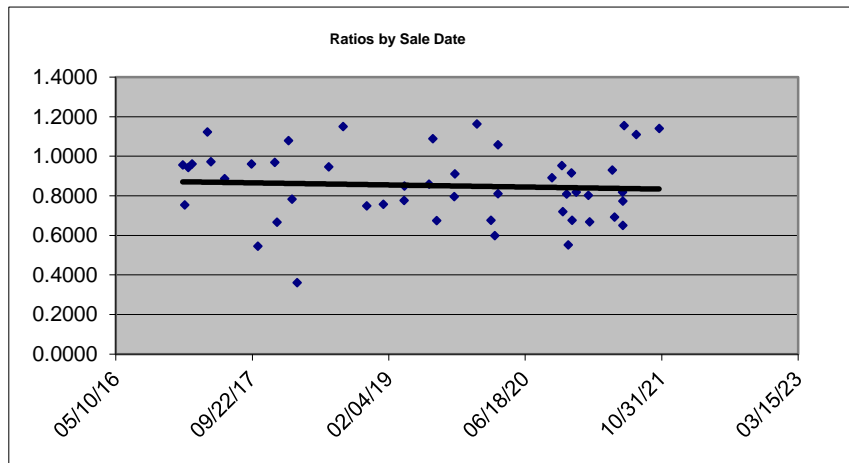
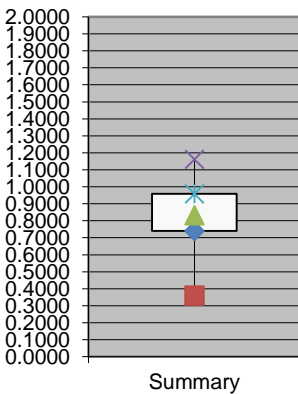
<b>Kurtosis</b>	-0.1117
<b>Skewness</b>	-0.1857
Alt.Cyhelsky's Skew	0.0417
Alt.Pearson's Skew	0.3040

**Trending Factors**

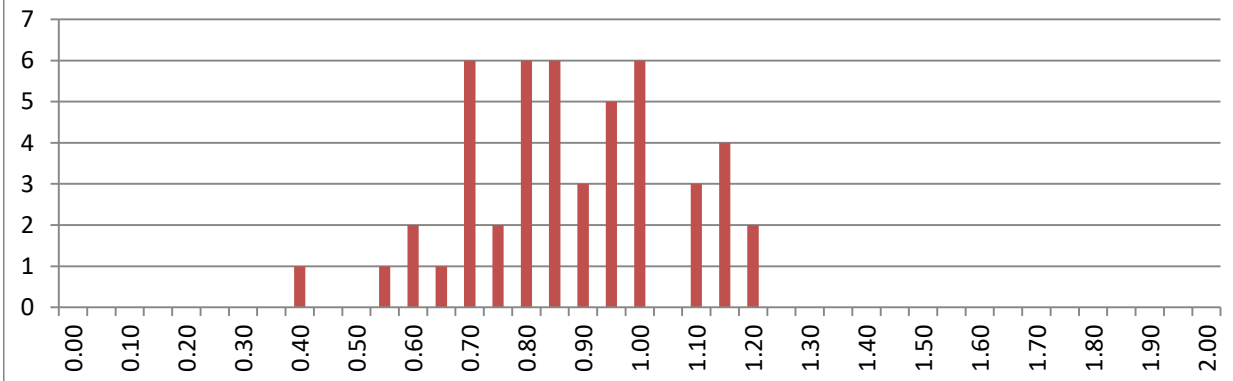
0.85	Target Level
0.9986	Factor on Mean
<b>1.0207</b>	<b>Factor on Median</b>
1.0079	Factor on Weighted Mean

**Normal / Skewed Distribution Evaluation**

-0.0184	Differential Mean to Median
25	Number of data points below the mean.
23	Number of data points above the mean.
*Note- # below/above works on data sets up to 5,000 pts.	



**Histogram of Ratio Frequency**



## 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 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 Qualified Market Sales. (Market Sales for which we have a confirmed price.) The total potential commercial property sales for use in studies for AY2022 was 59.

Parcel Num	Sale Date	Sale Price	Trended SP	AV Total	Number Street	Buyer	Use Type	Neighborhood
4B1701090228	01/10/17	150,000	180,250	172,300	10011 CRAZY HORSE		30	SAFE HARBOR C 24
5B1201060140	01/18/17	1,400,000	1,680,778	1,265,423	5720 CONCRETE WAY	ALCOR LANDS LLC	24	LMNC_C
1C030C280080	01/30/17	930,000	1,114,967	1,050,560	712 W TWELFTH ST	712 W 12TH ST LLC	21	CASH_C
4B1701090223	02/14/17	150,000	179,521	172,300	10011 CRAZY HORSE DR	BENTON AND MEIER M	30	SHRC_C_24
7B0901030071	04/11/17	1,540,000	1,831,103	2,054,226	3161 CHANNEL DR	FRONTIER PROPERTIES	21	TWLKS_C
4B1701090226	04/24/17	130,000	154,339	149,800	10011 CRAZY HORSE DR	PAUL J THOMAS & AM.	30	SHRC_C_24
4B1601050030	06/13/17	104,000	122,749	108,800	2274 INDUSTRIAL		30	RIVERVIEW YACHT C
1C020K01E220	09/07/17	32,000	37,387	26,500	1435 HARBOR		19	AURORA BASIN C 19
1C020K01E230	09/07/17	32,000	37,387	26,500	1435 HARBOR WAY	BLAKE RIDER	19	ABBC_C_19
4B1601010040	09/19/17	750,000	875,000	839,562	2450 INDUSTRIAL BLVD	BAD DOG INVESTMENT	24	MNDP_C
3B1501020030	10/12/17	65,000	75,626	41,200	1669 CREST ST	CITY AND BOROUGH O	24	PINT_C
1C110K150900	12/13/17	160,000	184,778	179,000	125 MILL ST	ALASKA SUSTAINABLE	30	THNC_C_24
5B15011109B0	12/22/17	300,000	346,083	230,384	2231 JORDAN AVE	TAMAR MARY BOYD	21	JDCC_C_24
1C070K820030	02/02/18	950,000	1,090,389	1,175,611	254 S FRANKLIN ST	TIMOS GIAMAKIDIS & J	20	DWNTN_C
5B1601000023	02/15/18	968,750	1,110,161	868,428	9151 GLACIER HWY	ST VINCENT DEPAUL SC	24	SVLY_C
4B1601080070	03/05/18	73,000	83,473	30,000	2278 INDUSTRIAL		30	P & J BUSINESS C 24
4B2901020010	06/29/18	1,000,000	1,127,361	1,066,665	10200 MENDENHALL LOO	GLACIER NALU LLC	31	AUKM_C
1C020K01G200	07/25/18	27,500	30,903	26,500	1435 HARBOR WAY	WILLIAM J GOERTZEN	19	ABBC_C_19
5B1601140070	08/21/18	240,100	268,912	308,850	9309 GLACIER HWY	RNL LLC	21	PFPC_C_24
5B1501040020	11/16/18	900,000	997,125	745,824	8855 MALLARD ST	GLACIER HOLDINGS LL	24	SVLY_C
5B1201020041	01/15/19	1,780,000	1,957,258	1,481,142	5433 SHAUNE DR	AKBEV GROUP LLC	24	LMNC_C
1C020K01G290	02/28/19	25,000	27,337	26,500	1435 HARBOR		19	AURORA BASIN C 19
1C110K120150	04/01/19	597,938	651,171	505,400	0 MILL ST	M & M TOURS LIMITEE	17	RKDP_C
5B15011103A0	04/02/19	370,000	402,889	341,836	2207 JORDAN AVE	SOUTHEAST ALASKA C	21	JDCC_C_24
1C020K01G280	06/28/19	25,000	26,920	26,500	1435 HARBOR		19	AURORA BASIN C 19
1C070B0N0011	07/01/19	2,300,000	2,475,694	2,122,380	259 S FRANKLIN ST	RBG HOLDINGS LLC	20	DWNTN_C
5B1601140043	07/16/19	145,000	155,774	169,350	9309 GLACIER		21	PROFESSIONAL PLAZ
4B1601050160	07/30/19	115,000	123,322	83,000	2276 INDUSTRIAL BLVD	JUNEAU INTERIORS ST/	30	RVYC_C_24
1C110K120120	10/02/19	378,818	402,862	320,200	0 MILL ST	GASTINEAU GUIDING F	17	RKDP_C
5B1201000060	10/04/19	2,205,832	2,345,228	2,135,104	5245 GLACIER HWY	PETRO 49 INC	24	LMNC_C
5B1201300110	12/24/19	225,000	236,688	274,941	1783 ANKA		17	LEMON CREEK C
4B1701080020	02/13/20	800,000	837,756	565,539	10012 CRAZY HORSE DR	RPA INVESTMENTS	24	MNDP_C
4B1701090056	02/28/20	1,567,000	1,638,995	980,577	10009 CRAZY HORSE DR	R & L LEASING INC	17	MNDP_C
1C110K120140	03/10/20	378,818	395,875	320,200	0 MILL ST	BONNELL DEVELOPME	17	RKDP_C
1C110K120051	03/10/20	612,788	640,380	676,800	0 EASTAUGH WAY	EASTAUGH WAY LLC	17	RKDP_C
1C020K01E300	06/23/20	17,500	18,135	26,500	1435 HARBOR WAY	RESOURCE INC & ROG	19	ABBC_C_19
7B0901030031	06/25/20	9,744,050	10,095,918	8,344,671	3100 CHANNEL DR	SOUTHEAST ALASKA R	24	TWLKS_C
5B1201300110	09/24/20	300,000	308,558	274,941	1783 ANKA ST	MICHAEL HULL & ANGI	17	LMNC_C
1C060K010031	10/09/20	20,000,000	20,545,556	7,373,814	0 EGAN DR	NCL (BAHAMAS) LTD	24	DWNTN_C
1C060K660110	10/30/20	1,400,000	1,435,739	1,366,511	711 W WILLOUGHBY A	GOLD LODGE LLC	18	DWNTN_C
5B1401050010	11/03/20	2,009,000	2,059,616	1,482,111	7900 HONSINGER DR	49ER INVESTMENT GRI	17	SVLY_C
4B1701020020	11/17/20	650,000	665,618	538,254	10011 GLACIER HWY	ALASKA ON POINT PRC	24	MNDP_C
5B1201060260	11/23/20	486,000	497,435	274,300	5719 CONCRETE WAY	SETH M KOCH	21	SGEC_C_24
4B1701090218	12/04/20	155,000	158,505	145,000	10011 CRAZY HORSE DR	JEFF CARPENTER & GIN	30	SHRC_C_24
5B15011107E0	12/07/20	340,000	347,603	234,498	2221 JORDAN AVE	FAMILY PROMISE OF JL	21	JDCC_C_24
5B1401050100	12/22/20	479,138	489,253	399,789	0 HONSINGER DR	GSA LLC	17	SVLY_C
5B1201410060	02/05/21	371,000	377,802	302,940	0 COMMERCIAL BLV	LINKUP ALASKA LLC	17	LMNC_C
4B1601050010	02/09/21	160,000	162,898	108,800	2274 INDUSTRIAL BLVD	SHEILA GOOD & JAMES	30	RVYC_C_24
5B1501050040	05/03/21	1,300,000	1,317,550	1,224,918	8717 MALLARD ST	PETE J THIBODEAU & R	30	SVLY_C
5B15011121E0	05/11/21	325,000	329,243	227,766	2211 JORDAN AVE	STEVEN M TORRENCE	21	JDCC_C_24
1C020K01G280	05/14/21	25,000	25,322	26,500	1435 HARBOR WAY	JAMES L SPRAGUE	19	ABBC_C_19
1C060K700020	06/10/21	430,000	434,897	355,250	607 W SEVENTH ST	JUNEAU ECONOMIC DE	24	DWNTN_C
7B0901040110	06/11/21	3,100,000	3,135,133	2,034,222	3225 HOSPITAL DR	SOUTHEAST ALASKA R	30	TWLKS_C
4B1701100200	06/11/21	240,000	242,720	187,578	10155 JENSINE ST	KURT S TVENTEN & RU	30	MNDP_C
1C060K700011	06/16/21	680,000	687,518	793,604	612 W WILLOUGHBY A	JUNEAU ECONOMIC DE	21	DWNTN_C
5B1201260020	07/30/21	410,000	413,531	458,493	1995 LEMON CREEK RD	BRYSON REAL ESTATE I	18	LMNC_C
1C020K01E240	09/14/21	29,500	29,679	26,500	1435 HARBOR WAY	ZACH DECKER & ALISH	19	ABBC_C_19
5B1601140092	10/22/21	499,900	501,872	572,050	9309 GLACIER HWY	BLANC DE BLANC PROF	21	PFPC_C_24
1C070A050060	11/24/21	1,250,000	1,252,639	2,547,520	234 SEWARD ST	GOLDSTEIN IMPROVEN	24	DWNTN_C

### **Review of Particular Sales**

Again, the exclusion and inclusion, as done in the analysis, was proper.



## 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 used 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. A cap rate has not been adopted for AY2022 as of the writing of this document.
  - 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.
- Full Market Value Recommendation to the BOE
  - Normally the Assessor’s Office should recommend full market value to the BOE, however, because we are still working on replacing and/or correcting outdated models we are, for the 2022 appeal process, placing a higher priority on uniformity within existing models rather than uniformity with the whole which is being addressed through separate processes. Therefore, in most cases full market value will be listed but not as our recommended value.

## 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?

## Attachment A: 2022 Assessment Report

The following pages are a copy of the 2022 Assessment Valuations Summary Report (appraisal report).

There is some duplication of information between the Guide and Attachments A and B, however, we felt it was best to present the documents in their entirety. They do both present additional information from the Guide.



Finance  
Department  
Assessor Division  
155 S Seward St.  
Juneau AK 99801  
(907)586-5215

## Assessment Valuations Summary Report

City and Borough of Juneau

For Assessment Year 2022

Assessment Date (Effective Valuation Date): January 1, 2022

2022 Report Date: March 29, 2022

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## Introductory Message for 2022

We continue to work on the model specification and calibration for all Juneau commercial properties. We started this with the 2021 values and it will continue for a number of years as a special emphasis. Beyond the special emphasis, valuation model specification and calibration is an annual, ongoing, and perpetual activity.

Commercial property valuations are challenging in Juneau. We are a somewhat isolated market with a limited number of commercial properties available and a fairly low number of sales. The CBJ Assembly has been establishing sales disclosure regulations that hopefully will lead to increased sales data to work with by the end of 2022.

Overall, residential assessed property values increased 9.21% from 2021 to 2022.  
Overall, commercial assessed property values increased 2.31% from 2021 to 2022.  
Overall, vacant land assessed property value decreased by 0.62% from 2021 to 2022.  
Business Personal Property Values increased less than 1% from 2021 to 2022.

## Scope

### Scope of Work

The valuation of all taxable property within the City and Borough of Juneau (CBJ).

### Client & Intended Users

The intended user(s) of this report is the Borough Assessor's Office.

### Intended Use

This report is intended for use by the Assessor's Office in the administration of ad valorem property taxation.

It is not intended to serve as an all-encompassing report but as a summary report of the relevant valuations.

### Effective Date

The effective date of this report and the associated values is January 1, 2022 for all property types.

For ad valorem tax purposes the Assessor is required by law to annually value all property as of January 1st of each year, at one hundred percent of the true and fair market value.

### Identification of Property

The subject properties of this report are all taxable real and personal properties within the City and Borough of Juneau.

## Valuation Summary

### Assessment Process Overview

#### Sales Data Procedures

Sales data was gathered and considered through a sales validation and verification process. A sales validation criteria and policy was implemented in 2021 and documented for commercial property for 2022.

For commercial properties the sales utilized for analysis are from the range of January 1, 2017 to December 31, 2021. There were a total of 59 market sales with confirmed sale prices for use in the studies. Counts for additional subsets are included in charts below.

For residential properties the sales utilized for analysis are from the range of January 1, 2019 to December 31, 2021. There were a total of 1,040 qualified sales of residential properties with confirmed sale prices for the main analysis set.

#### Model Specification & Calibration Procedures

Mass appraisal models utilized in generating values have gone through the processes and Specification and Calibration.

#### Three Approaches to Value

Cost Approach – is calibrated through trends in costs.

Sales Comparison Approach – utilizes market sales.

Income Approach – utilizes standard rates and/or individual property data.

For many classes of properties our CAMA utilizes a model that is a hybrid of the Cost and Sales Comparison approaches; a Market Adjusted Cost Approach.

#### Analysis and Valuation Overview

Additional work was done this year on cleaning up the commercial property sales data. There is still more work to be done but good progress was made. After the sales validation process we had 59 qualified sales from the past 5 years with confirmed sale prices for the analysis set. The 59 sales include 8 boathouse sales which were broken out into a separate study and were not included in the main study.

Commercial and residential property levels of assessment are summarized in the table below. The table summarizes the ratios from comparing assessed values to sales. A ratio of 1.00 would be right at market, a ratio under 1.00 indicates that the assessed value is below market value.

<i>Property Class (After Adjustments)</i>	<i>Count</i>	<i>Mean</i>	<i>Median</i>
Commercial Properties Overall (without boathouses)	49	0.8507	0.8265
Residential Properties	1040	0.9752	0.9748

## Residential

The residential market increased in value throughout 2021 with increased prices for single family homes, attached homes, and residential condos. A table summarizing residential values is below.

Property Type	2019 Median Sale Price	2020 Median Sale Price	2021 Median Sale Price
Single Family Homes	\$415,000	\$442,000	\$481,400
Attached Homes	\$310,000	\$332,700	\$362,500
Residential Condos	\$232,500	\$228,900	\$240,000

## Summary of Performance Tests and Measures (Statistics)

## Summary of Performance Tests and Measures (Statistics) Commercial

## Ratios, COD, &amp; COV

The table below shows our starting and ending ratios for various classes of property. It is followed by two summary reports showing statistics for the starting and ending points for assessment year 2022.

## Commercial

Ratios	Count	Mean		Median		Notations
		Starting	Ending	Starting	Ending	
Commercial- Overall (No Boathouses)	50/49	0.8187	0.8507	0.8057	0.8265	
Commercial- Improved	40		0.8404		0.8529	This breakdown was not included in the starting set.
Commercial- Vacant (Land)	10		0.8426		0.8053	This breakdown was not included in the starting set.
Commercial- Downtown (No Boathouses or Rock Dump Area)	6/6	0.9864	0.9164	0.9662	0.9494	Change is partially due to change in captured sales and outlier designations.
Commercial- Rock Dump area	4/4	0.6364	0.8592	0.5939	0.8018	
Commercial- Boathouses	7/7	0.9822	0.9569	0.9891	0.9636	

COD & COV (Measurements of Assessment Uniformity)	Count	COD		COV		Notations
		Starting	Ending	Starting	Ending	
Commercial- Overall (No Boathouses)	50/49	19.9792	17.4590	24.1573	21.1151	Note the 2.5% improvement in COD. This is a good COD for a sample with varied property types.
Commercial- Improved	40		18.7109		23.7267	This breakdown was not included in the starting set.
Commercial- Vacant (Land)	10		14.4455		19.1771	This breakdown was not included in the starting set.
Commercial- Downtown (No Boathouses or Rock Dump Area)	6/6	10.5249	22.3959	13.3208	33.7287	Change is due to change in captured sales and outlier designations.
Commercial- Rock Dump area	4/4	12.3297	12.3285	15.4194	15.4199	
Commercial- Boathouses	7/7	9.3722	9.3722	11.1691	11.1691	



This summary report shows statistics from the starting point for assessment year 2022.

**AY2022- Com- Starting Point V3- at 20220223b- All No 19s 532 Trend  
Summary Report Before Calibration**

**Statistics**

50	Count (Number of Records with Ratio)
0.3594	Minimum Ratio
1.1779	Maximum Ratio
0.8185	Range
<b>0.8187</b>	<b>Mean</b> (This is the average ratio for your sample.)
<b>0.8057</b>	<b>Median</b> (This is the mid-point value for your sample. Preferred measure of central tendency.)
0.6837	Weighted Mean
1.9165	Sum of the Square of Deviations
0.1610	AAD
0.1978	Standard Deviation
<b>19.9792</b>	<b>COD</b> (Good indicator of confidence level.)
<b>24.1573</b>	<b>COV</b>
<b>1.1973</b>	<b>PRD- Price-Related or Factor Differential</b> (PRD s/b between 0.98 & 1.03, IAAO) (PRD over 1=Regressive)

**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

**Coefficients (0=Normal Distribution)**

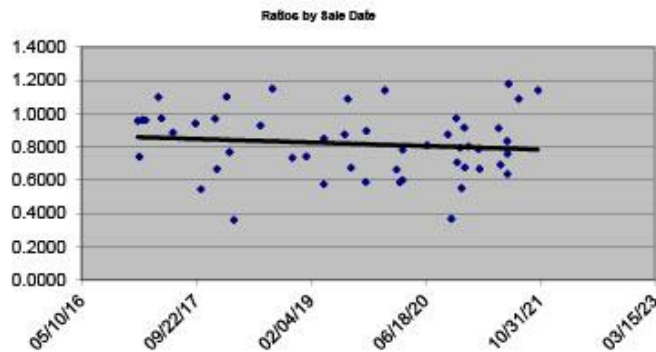
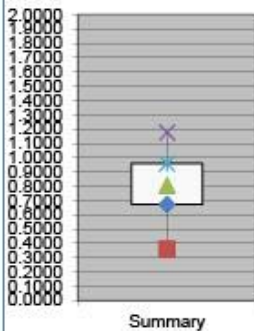
<b>Kurtosis</b>	-0.3459
<b>Skewness</b>	-0.1410
Alt.Cyhel'sky's Skew	0.0400
Alt.Pearson's Skew	0.1964

**Trending Factors**

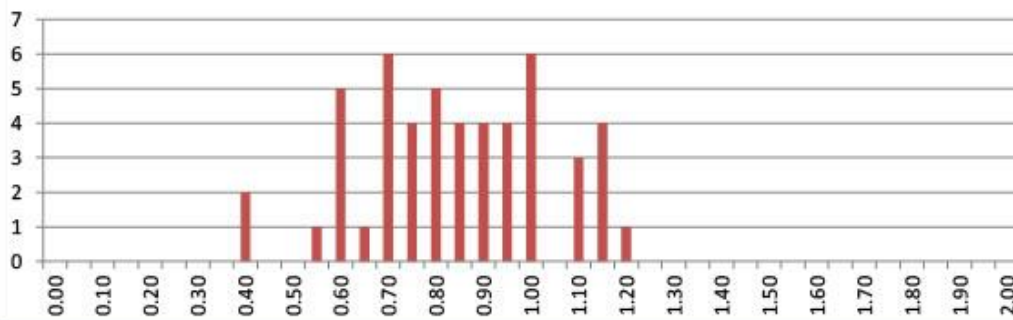
1.00	Target Level
1.2215	Factor on Mean
<b>1.2411</b>	<b>Factor on Median</b>
1.4625	Factor on Weighted Mean

**Normal / Skewed Distribution Evaluation**

-0.0129	Differential Mean to Median
26	Number of data points below the mean.
24	Number of data points above the mean.
*Note- # below/above works on data sets up to 5,000 pts.	



**Histogram of Ratio Frequency**



This second summary report shows the statistics after calibrating the values for 2022.

**AY2022- Com- After Adj- V4- 20220307a- All No 19s Trended  
Summary Report**

**Statistics**

49	Count	(Number of Records with Ratio)
0.3594	Minimum Ratio	
1.1616	Maximum Ratio	
0.8022	Range	
0.8507	Mean	(This is the average ratio for your sample.)
0.8265	Median	(This is the mid-point value for your sample. Preferred measure of central tendency.)
0.8398	Weighted Mean	
1.5487	Sum of the Square of Deviations	
0.1443	AAD	
0.1796	Standard Deviation	
17.4590	COD	(Good indicator of confidence level.)
21.1151	COV	
1.0130	PRD- Price-Related or Factor Differential	(PRD s/b between 0.98 & 1.03, IAAO) (PRD over 1=Regressive)

**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

**Coefficients (0=Normal Distribution)**

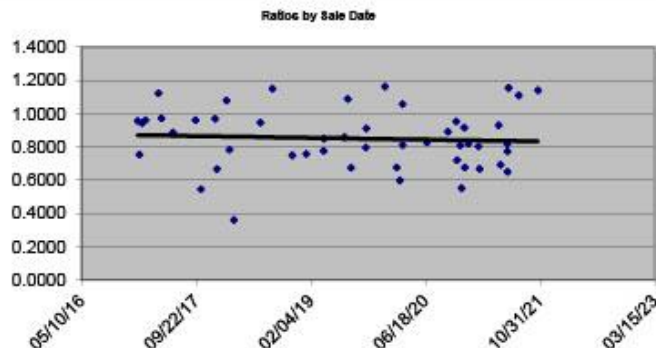
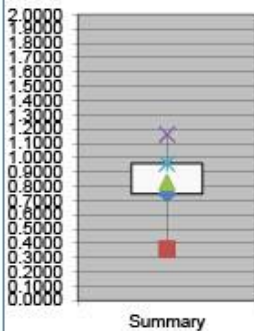
Kurtosis	#DIV/0!
Skewness	#DIV/0!
Alt.Cyhel'sky's Skew	0.0612
Alt.Pearson's Skew	0.4033

**Trending Factors**

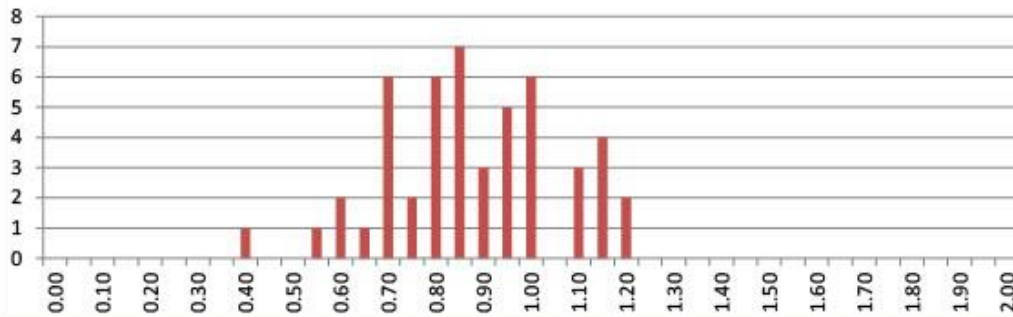
1.00	Target Level
1.1755	Factor on Mean
1.2099	Factor on Median
1.1908	Factor on Weighted Mean

**Normal / Skewed Distribution Evaluation**

-0.0241	Differential Mean to Median
26	Number of data points below the mean.
23	Number of data points above the mean.
*Note- # below/above works on data sets up to 5,000 pts.	



**Histogram of Ratio Frequency**





Please note one correction. After the close of the analysis and the sending of assessment notices but before the printing of this report it was discovered that one of the Qualified Market Sales was actually not an arms-length transaction. We reviewed the analysis to gauge the impact and found that removal of the sale only affected the statistical measures by a few thousandths of a percent and would not have led to any different conclusions on the changes to value for AY2022. The chart below illustrates the impact based on one of the analysis subsets, the overall commercial class without boathouses.

	Number of Sales	Mean	Median	COD	COV	PRD
Initial Study	49	0.85 (0.8507)	0.83 (0.8265)	17.4590	21.1151	1.0130
Without 7B0901030031	48	0.85 (0.8512)	0.83 (0.8328)	17.6308	21.3218	1.0093

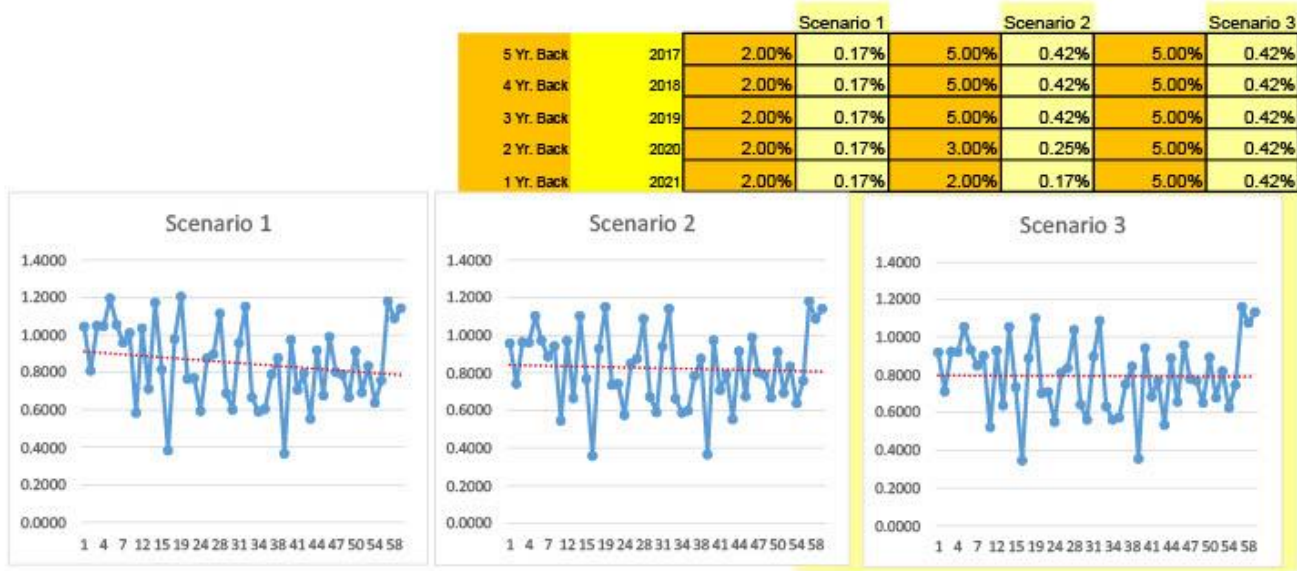
Market Trend

For Market Trend we reviewed the sales from the past 5 years and again tested various trend rates. We applied a trend of 5% for 2017, 2018 and 2019; a trend of 3% for 2020 and a trend of 2% for 2021. The middle “Scenario 2” in the chart below illustrates that trending. The trending that we applied was, once again, a conservative trending. The indicated actual market trend is 5% for each of the 5 years.

To maintain the same assessment level for commercial property we would have had to apply a 5% increase across the board. Applying an overall increase of 2% is more conservative and as a result we fell behind the market a little more and ended up with a lower level of assessment. However, while being more conservative increases the inequity between the residential and commercial classes of property, after partially closing that gap last year, our focus this year was to try to bring more equity into the commercial subclasses. We appear to have achieved that. (Refer to the chart in the “Overview Reconciliation & Conclusions” section.)

In the charts below, the three sales with high ratios in the last 6 months are high not because of a market change but because of other known issues with those sales. Also note that no trending was applied when we were analyzing the boathouse class of properties.

- Scenario 1 shows the results of a more minimal 2% per year with the downward trend line indicating that the market increase is higher than the 2%.
- Scenario 2 shows the results of the rates that we applied. The downward trend line indicates that while this trending is closer to market it is still less than market.
- Scenario 3 shows the results of the 5% per year. The trend line shows that the 5% is slightly less than but very close to market.



Data Set Counts

The following chart shows the dataset counts by Class and/or Subgroup.

Dataset Counts

Note that most of these counts are after the removal of any sales that were indicated as an outlier by IAAO standards. The calculation for whether or not a sale is an outlier is done on a per dataset basis. So, a particular sale may be considered an outlier in one set and not an outlier in another. Therefore, the counts below may not mathematically add up even though they are correct for the particular set or subset. Also, the numbers can change from one version of a dataset to another and from the starting point to the ending point as refinements are made to the sales data.

Counts of Sales Used in Ratio Studies After Removal of Outliers

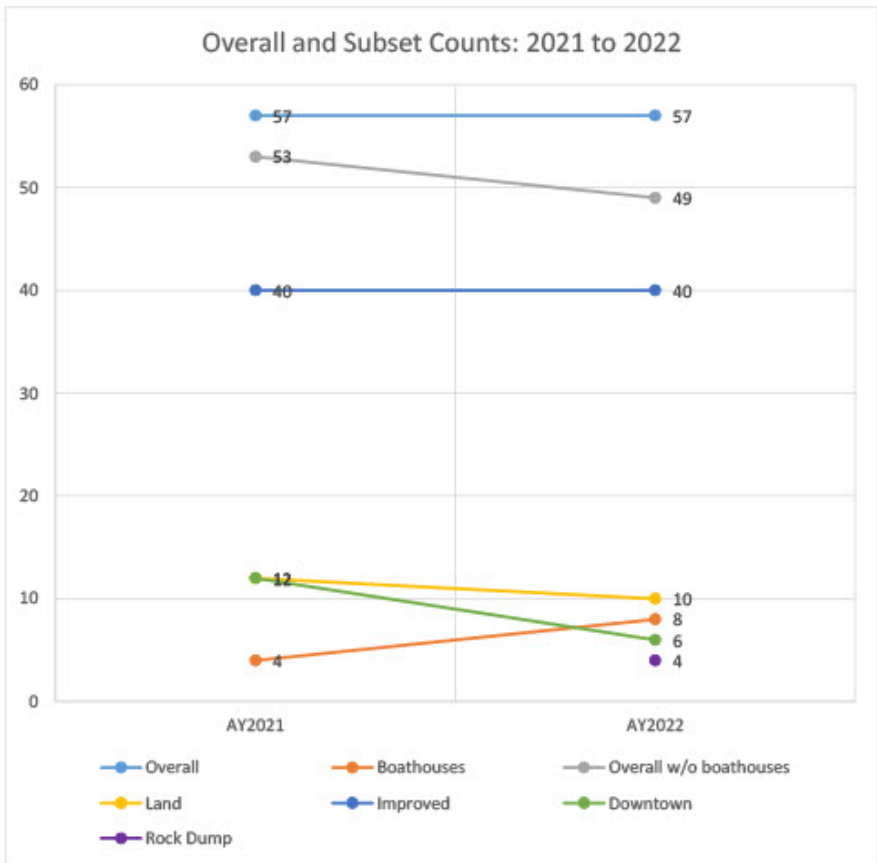
Commercial

Class / Subgroup

Overall  
Boathouses  
Overall w/o boathouses  
Land  
Improved  
Downtown  
Rock Dump

Starting Point	
AY2021	AY2022
57	57
	7
45	50
	6
	4

Ending Point	
AY2021	AY2022
57	57
4	8
53	49
12	10
40	40
12	6
	4



See Addendum B for explanation of various count changes.

**Outlier Explanation**

Whether or not a sale is a market sale is dependent on the circumstances or conditions of the sale and applies across the different studies. Whether or not a sale is an outlier is dependent on the dataset being studied and can change from one dataset or study to another.

We use the following definition for determining if a sale is an outlier. Any sale that is more than 1.5 times outside the IQR (Interquartile Range), either above or below, is considered a "Standard Outlier" and any sale that is more than 3 times outside the IQR is considered an "Extreme Outlier." This is based off of the following definition of an outlier from Appendix B of the IAAO Standard on Ratio Studies: "The term outlier is often associated with ratios that fall outside 1.5 multiplied by the IQR. A factor of 3.0 X IQR often is chosen to identify extreme outliers."

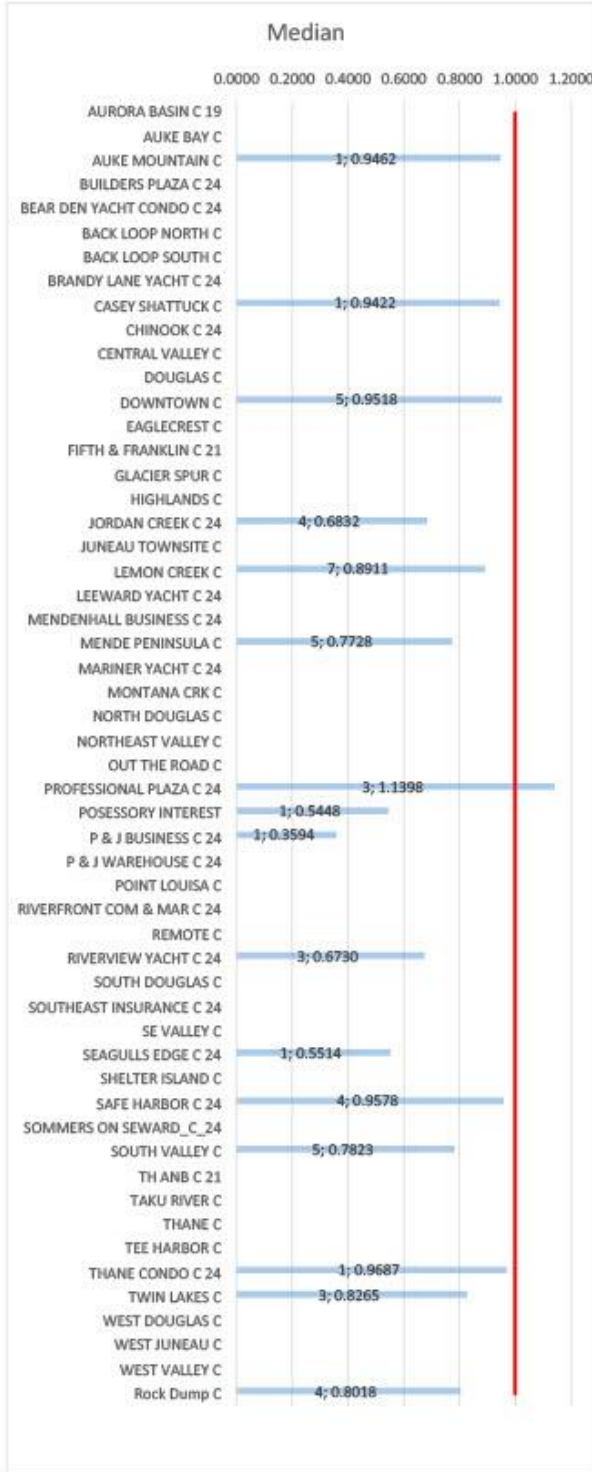
For each study a decision must be made whether or not to include outliers. As a general rule outliers are not included in normal studies but may be included in a special study such as where you are specifically looking at the impact of the outliers.

## Neighborhood Statistics

The following tabular data and chart show the medians by neighborhood for the commercial properties.

### Commercial Neighborhood Summary

Neighborhood	Count	Median
AURORA BASIN C 19		
AUKE BAY C		
AUKE MOUNTAIN C	1	0.9462
BUILDERS PLAZA C 24		
BEAR DEN YACHT CONDO C 24		
BACK LOOP NORTH C		
BACK LOOP SOUTH C		
BRANDY LANE YACHT C 24		
CASEY SHATTUCK C	1	0.9422
CHINOOK C 24		
CENTRAL VALLEY C		
DOUGLAS C		
DOWNTOWN C	5	0.9518
EAGLECREST C		
FIFTH & FRANKLIN C 21		
GLACIER SPUR C		
HIGHLANDS C		
JORDAN CREEK C 24	4	0.6832
JUNEAU TOWNSITE C		
LEMON CREEK C	7	0.8911
LEEWARD YACHT C 24		
MENDENHALL BUSINESS C 24		
MENDE PENINSULA C	5	0.7728
MARINER YACHT C 24		
MONTANA CRK C		
NORTH DOUGLAS C		
NORTHEAST VALLEY C		
OUT THE ROAD C		
PROFESSIONAL PLAZA C 24	3	1.1398
POSESSORY INTEREST	1	0.5448
P & J BUSINESS C 24	1	0.3594
P & J WAREHOUSE C 24		
POINT LOUISA C		
RIVERFRONT COM & MAR C 24		
REMOTE C		
RIVERVIEW YACHT C 24	3	0.6730
SOUTH DOUGLAS C		
SOUTHEAST INSURANCE C 24		
SE VALLEY C		
SEAGULLS EDGE C 24	1	0.5514
SHELTER ISLAND C		
SAFE HARBOR C 24	4	0.9578
SOMMERS ON SEWARD_C_24		
SOUTH VALLEY C	5	0.7823
TH ANB C 21		
TAKU RIVER C		
THANE C		
TEE HARBOR C		
THANE CONDO C 24	1	0.9687
TWIN LAKES C	3	0.8265
WEST DOUGLAS C		
WEST JUNEAU C		
WEST VALLEY C		
Rock Dump C	4	0.8018





# Summary of Performance Tests and Measures (Statistics) Residential

This summary report shows statistics for residential properties from the starting point for assessment year 2022 showing a mean of 0.9570 and a median of 0.9565.

## AY2022- Residential Starting Point, Trended Summary Report

### Statistics

#### Current

1007	Count (Number of Records with Ratio)
0.7360	Minimum Ratio
1.1930	Maximum Ratio
0.4570	Range

0.9570	<b>Mean</b> (This is the average ratio for your sample.)
0.9565	<b>Median</b> (This is the mid-point value for your sample. Preferred measure of central tendency.)
0.9616	Weighted Mean
7.2748	Sum of the Square of Deviations
0.0671	AAD
0.0850	Standard Deviation
7.0134	COD (Good indicator of confidence level.)
8.8855	COV
0.9953	PRD- Price-Related or Factor Differential (PRD s/b between 0.98 & 1.03, IAAO) (PRD over 1=Regressive)

### 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

### Coefficients (0=Normal Distribution)

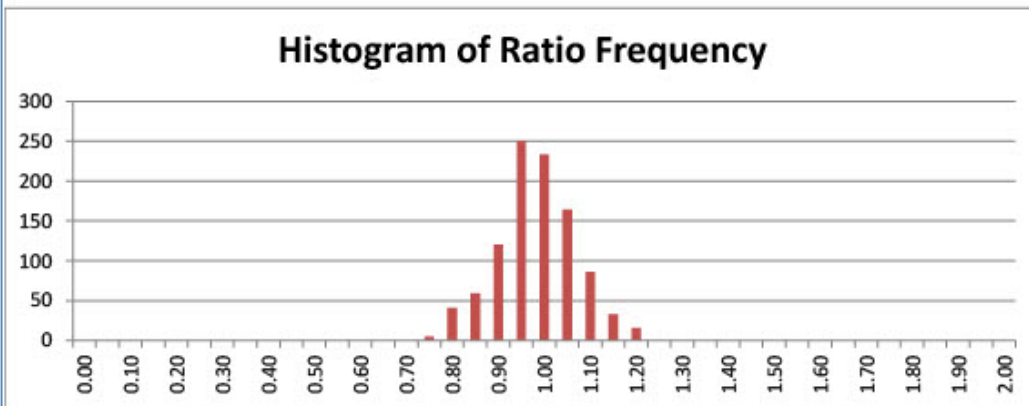
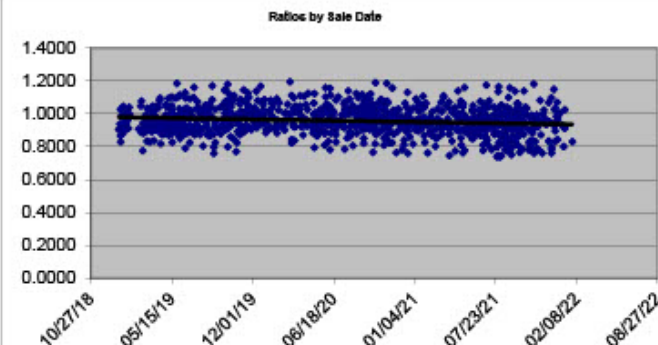
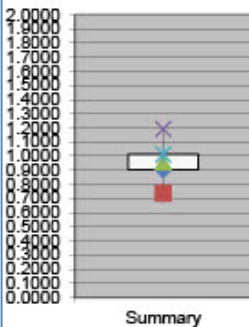
<b>Kurtosis</b>	#DIV/0!
<b>Skewness</b>	#DIV/0!
Alt.Cyhelsky's Skew	0.0050
Alt.Pearson's Skew	0.0177

### Trending Factors

0.85	Target Level
0.8882	Factor on Mean
0.8886	Factor on Median
0.8839	Factor on Weighted Mean

### Normal / Skewed Distribution Evaluation

-0.0005	Differential Mean to Median
506	Number of data points below the mean.
501	Number of data points above the mean.
*Note- # below/above works on data sets up to 5,000 pts.	



This second summary report shows the statistics for residential properties after calibrating the values for assessment year 2022 showing a mean of 0.9752 and median of 0.9748.

**AY2022- Residential, After Adjustments, Trended  
Summary Report**

**Statistics**

**Current**

1040	Count (Number of Records with Ratio)
0.7792	Minimum Ratio
1.1807	Maximum Ratio
0.4015	Range

<b>0.9752</b>	<b>Mean</b> (This is the average ratio for your sample.)
<b>0.9748</b>	<b>Median</b> (This is the mid-point value for your sample. Preferred measure of central tendency.)
0.9751	Weighted Mean
5.5631	Sum of the Square of Deviations
0.0567	AAD
0.0732	Standard Deviation
<b>5.8171</b>	<b>COD</b> (Good indicator of confidence level.)
7.5035	COV
<b>1.0001</b>	<b>PRD- Price-Related or Factor Differential</b> (PRD s/b between 0.98 & 1.03, IAAO) (PRD over 1=Regressive)

**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

**Coefficients (0=Normal Distribution)**

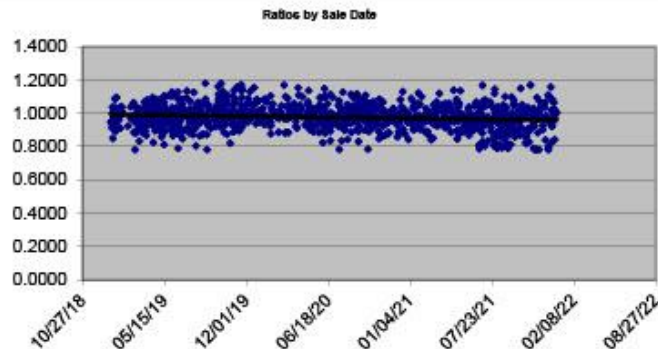
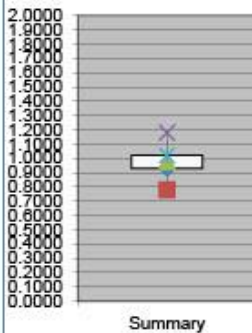
<b>Kurtosis</b>	#DIV/0!
<b>Skewness</b>	#DIV/0!
Alt.Cyhelsky's Skew	0.0096
Alt.Pearson's Skew	0.0173

**Trending Factors**

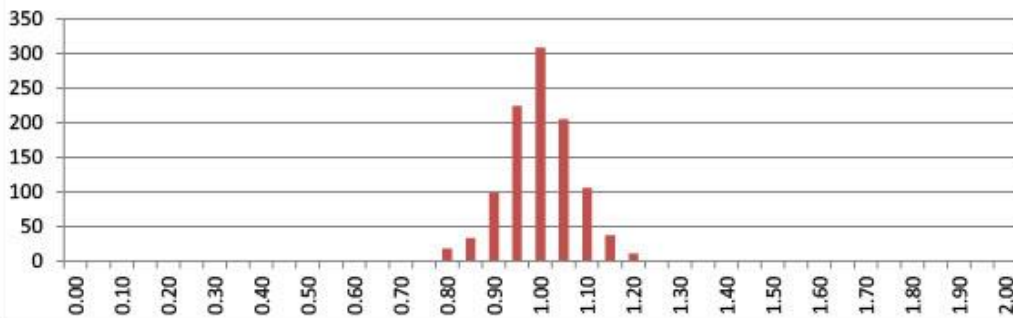
0.85 Target Level
0.8716 Factor on Mean
<b>0.8720 Factor on Median</b>
0.8717 Factor on Weighted Mean

**Normal / Skewed Distribution Evaluation**

-0.0004 Differential Mean to Median
525 Number of data points below the mean.
515 Number of data points above the mean.
*Note- # below/above works on data sets up to 5,000 pts.



**Histogram of Ratio Frequency**



## Overview Reconciliation & Conclusions

Note that this is an overview of the reconciliation and conclusions. Much deliberation and review occurs within the analysis process that cannot be captured here.

If we were a larger jurisdiction with thousands of sales and hundreds of sales in particular subsets, then we could make more precise changes to correct the imbalance between residential and commercial properties.

Over the next few years we will continue to work to:

- Bring more uniformity between the commercial and residential property classes
- Bring more uniformity between the commercial subclasses
- Correct the imbalance in the distribution of the value between the land component and the building component(s).

We took a first step in this process with the Assessment Year 2021 values. In Assessment Year 2022 we are applying a smaller overall increase but are also making increases and decreases to bring more uniformity between commercial classes. The subsets receiving additional adjustment include the Rock Dump area, the Downtown area, warehouse condominiums and the boathouses. The work to bring all commercial properties closer to market, to bring more parity to residential and commercial properties and to bring more uniformity between commercial classes will continue.

The adjustments being applied to commercial properties this year will result in:

- a 2% increase overall
- a 2% decrease to downtown commercial properties
- a 2% decrease to boathouses
- no change to warehouse condominiums
- a 35% increase to Rock Dump area land and a 2% increase to Rock Dump building values.

Note that the decrease to downtown commercial properties was applied even though those properties were not overvalued. It was applied in our effort to improve the uniformity of commercial subgroup valuation levels.

### Submarkets, Stratifications and Characteristics Adjustments Commercial Properties

In doing the analysis we looked at subtypes or submarkets to determine if any type of property needed to be excluded from the general adjustment. Influences that we looked at included date ranges, price ranges, property types/use classifications and market areas (neighborhoods). We hope to add more categories back into the mix next year including service areas, zoning, land grade, acreage size, building size and other feature adjustment categories.

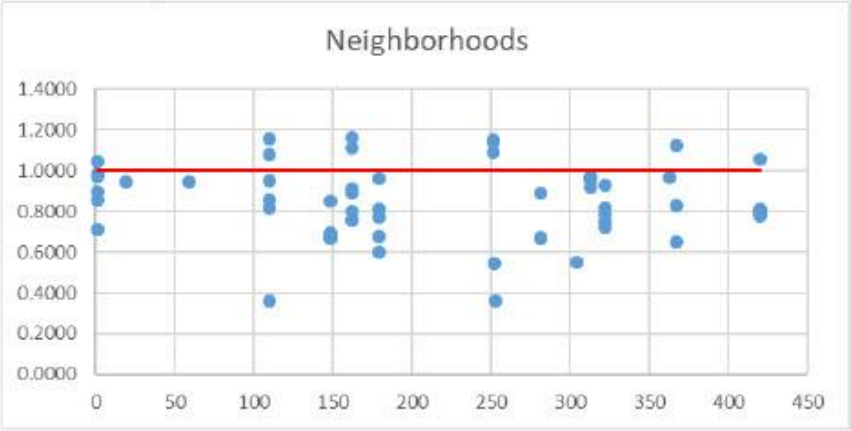
In looking at market areas, special attention was paid to the downtown area in 2020 and in 2021, as it would seem that they would be most impacted by the Covid restrictions. A graph of market areas (neighborhoods) was presented above. There were only 4 market areas for which we had 5 or more sales. There was only 1 neighborhood with a ratio over 1.00 and that was based on 3 sales. That neighborhood is a known challenge and is slated for a new valuation model as the properties in that neighborhood were originally valued on an allocation basis.



The following charts are from the audit analysis AFTER the calibration adjustments. They include scatter diagrams for market areas (neighborhoods) and/or other select subgroups that had 5 or more sales.

The scatter diagram below shows the distribution of ratios by neighborhood, with each column being a separate neighborhood. The numbers along the horizontal (x) axis are neighborhood code numbers. The red line is the target of market value.

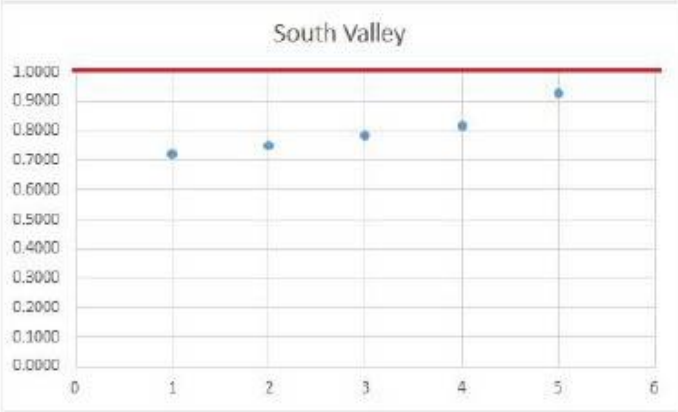
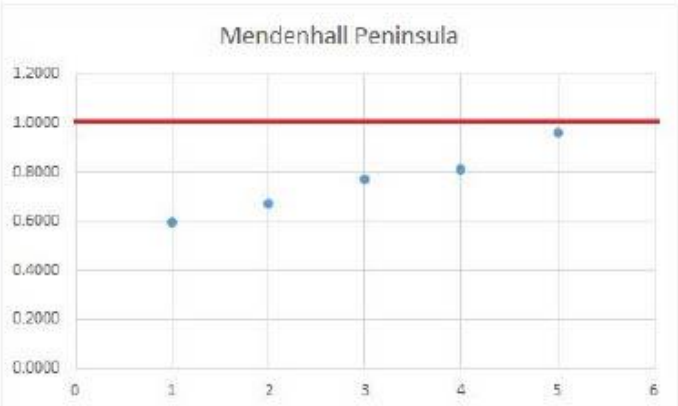
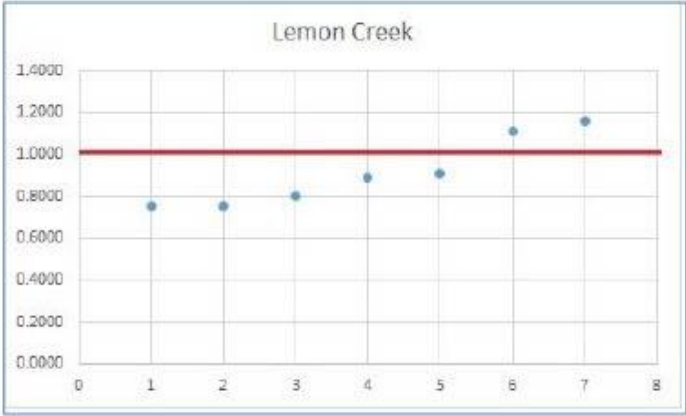
Commercial



The following scatter diagrams show the distribution of the ratios within particular neighborhoods. The numbers in the horizontal (x) axis of these diagrams is simply a sale count number and they arrayed in ratio order.

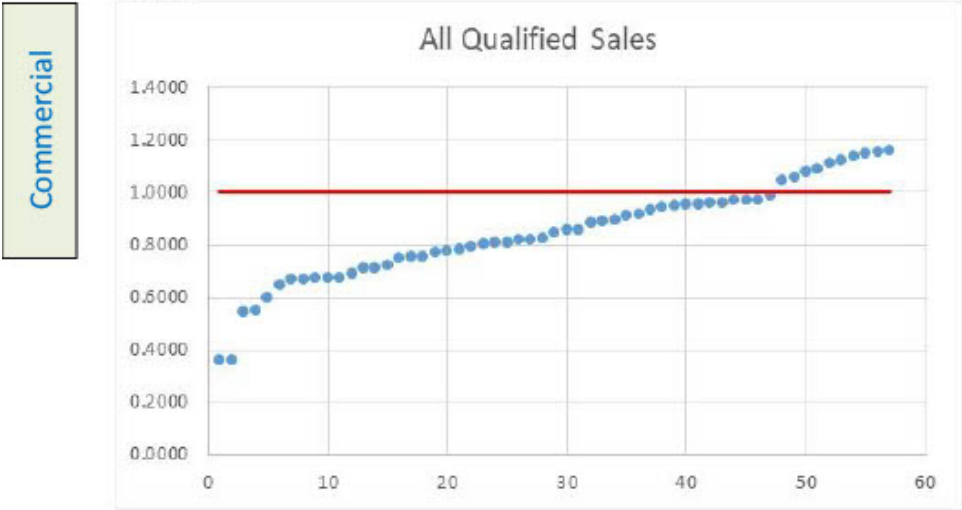


Commercial

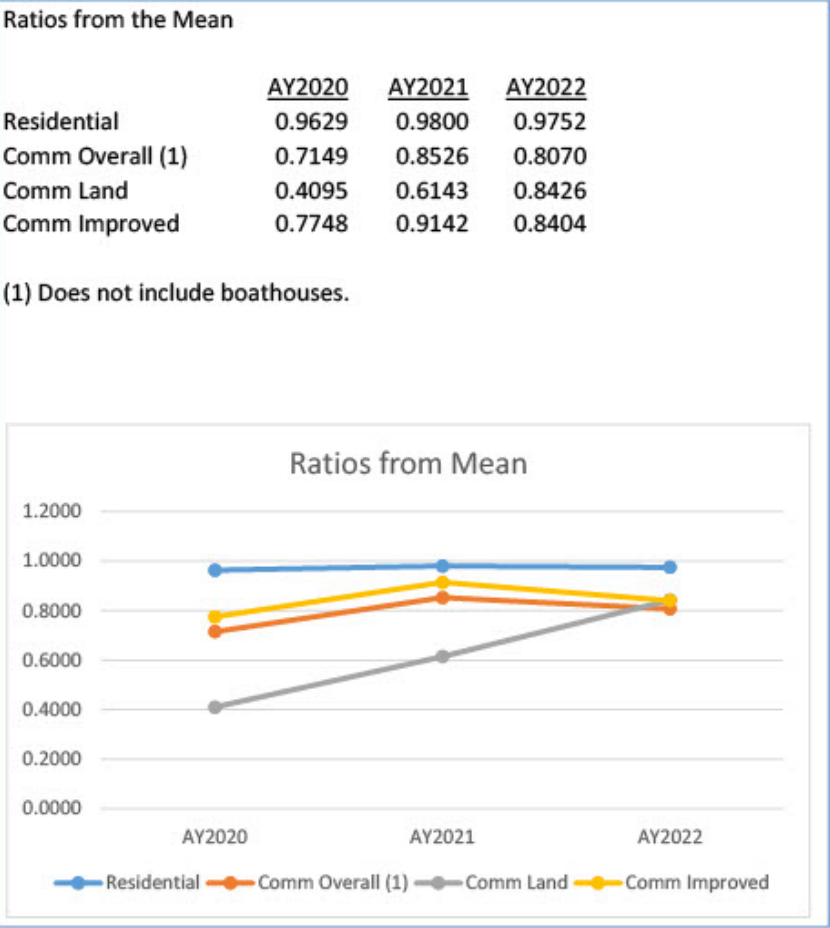




The chart below shows the ratios for the entire data set after the adjustments. The red horizontal line indicates market.



The chart below shows the change from 2020 to 2022.

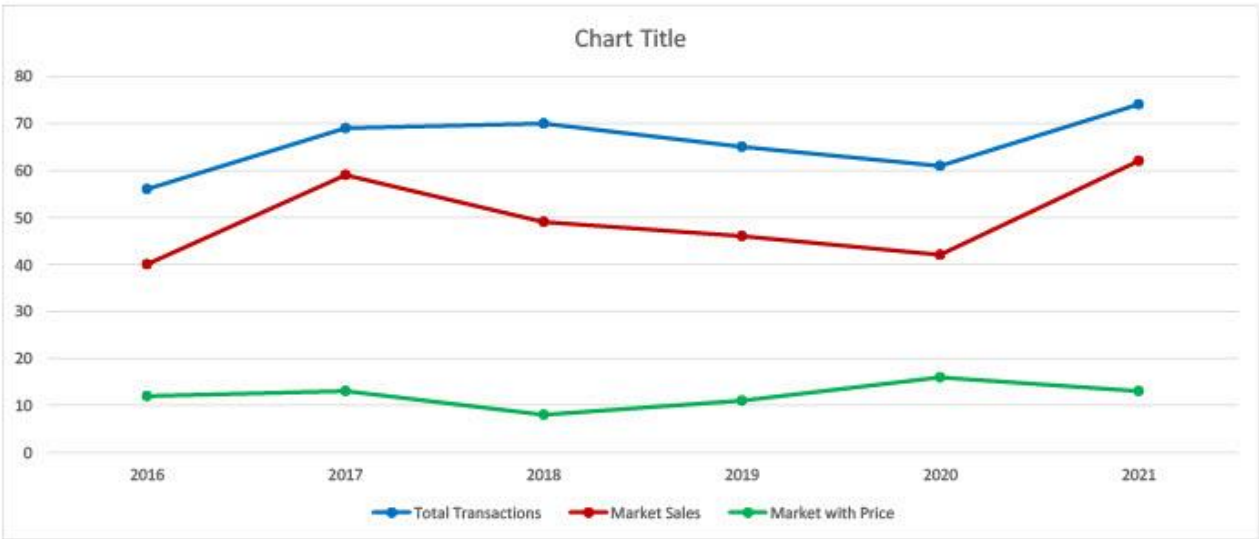


Commercial Market Information

The following chart shows the number of sales per year in three groups- total transactions, market sales and market sales for which we know the sales price. You can see that in spite of the pandemic the sales volume held steady in 2020 and actually increased in 2021. You can also see that in spite of the ordinance requiring disclosure of sales prices, for commercial sales we actually received prices on a lower number and a lower percentage of sales in 2021 compared to 2020.

Commercial

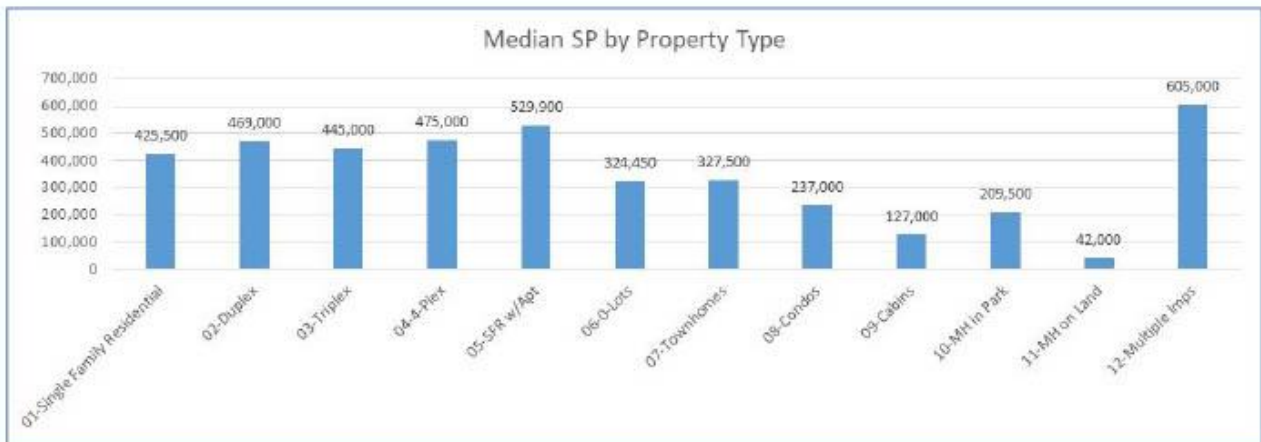
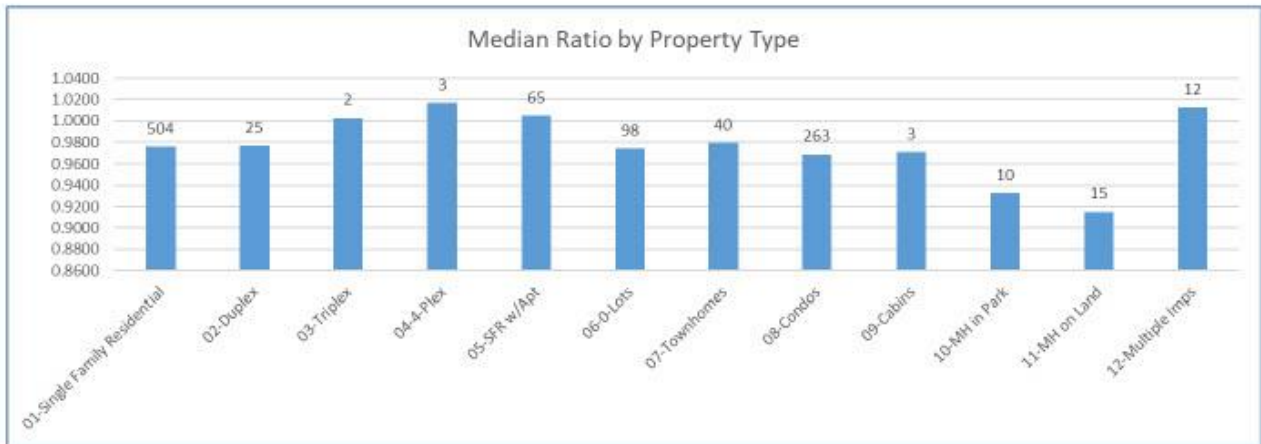
Year	2016	2017	2018	2019	2020	2021
Total Transactions	56	69	70	65	61	74
Market Sales	40	59	49	46	42	62
Market with Price	12	13	8	11	16	13

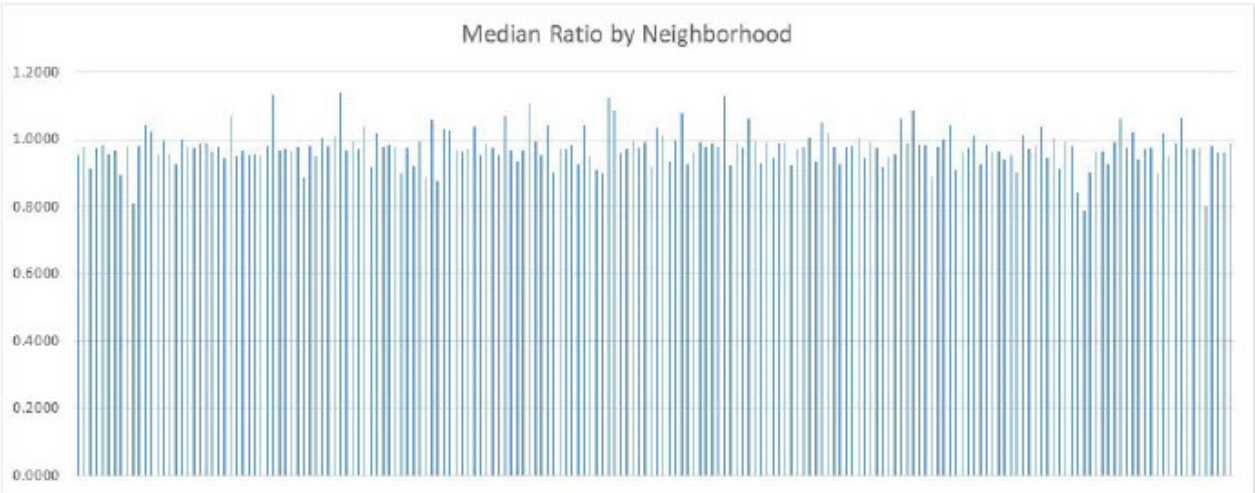


## Residential

The following charts are from the audit analysis AFTER the calibration adjustments.

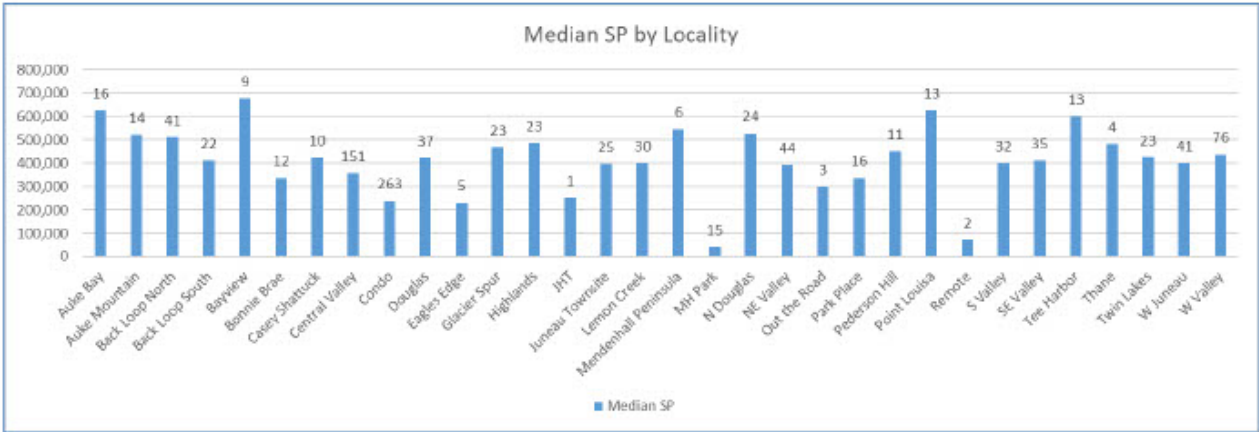
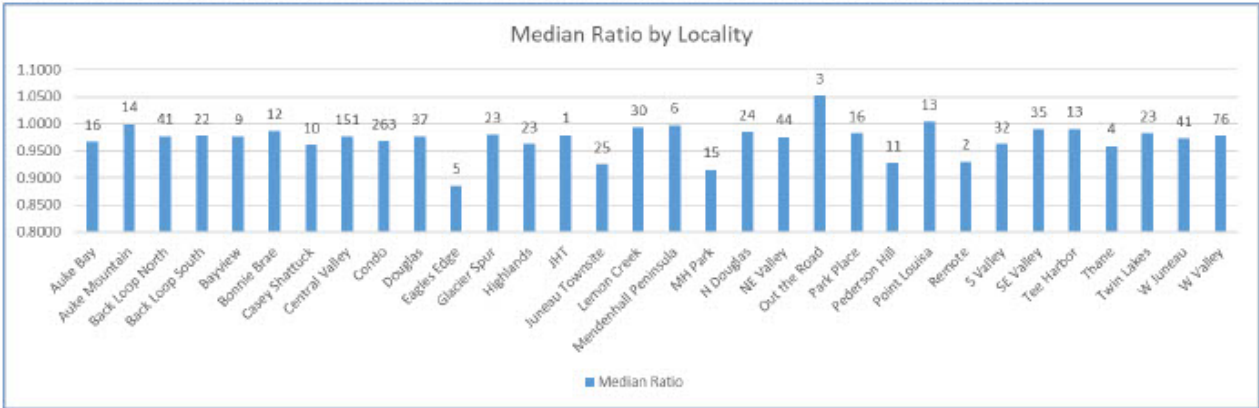
These charts show median assessed value to sales (a/s) ratios and median sales prices. On the median ratio chart the number above the column is the number of qualified market sales in that group.





Neighborhoods with a ratio over one did not have enough qualified market sales to provide a basis for additional adjustment.

Again, the number above the column is the number of qualified market sales in that group.





The chart below shows the percent change of assessed values per building type from 2021 to 2022.

Residential	Description	2021 AV *	2022 AV *	% Change *	Count
	01-Single Family Residence	\$ 408,850	\$ 446,850	8.4%	4986
	02-Duplex	\$ 444,300	\$ 484,500	8.7%	299
	03-Triplex	\$ 465,500	\$ 518,800	10.9%	43
	04-4-Plex	\$ 553,800	\$ 596,300	8.3%	107
	05-SFR w/ Apt	\$ 521,200	\$ 577,700	9.4%	789
	06-Zero-lot	\$ 305,400	\$ 329,900	7.9%	885
	07-Townhouse	\$ 318,550	\$ 349,750	8.9%	192
	08-Condo	\$ 221,700	\$ 232,100	6.7%	1284
	09-Cabin	\$ 91,800	\$ 91,800	0.0%	187
	10-MH on Land	\$ 191,500	\$ 204,550	1.2%	224
	11-MH in Park	\$ 35,200	\$ 36,950	4.3%	958
	12-Multiple Improvement	\$ 571,700	\$ 627,000	8.6%	193
	17-Vacant Land	\$ 121,500	\$ 121,000	0.0%	1248
	AV = Assessed value				
	* indicates median value				

#### Residential Comments

- Building cost increases were applied to the residential building components.
- After the building cost increases were applied the values were re-analyzed against sales on a neighborhood basis.
- Residential property values increased across the board due to a strong residential market in Juneau.

#### General Reconciliation & Conclusions Summary

After consideration of the data, the various models, and the performance measurements and tests, we have applied the changes to the assessed values for 2022 as indicated by market sales as outlined in the above sections.

All three approaches were considered for all properties. Similar appraisal methodologies were applied to similarly classed properties in order to promote equity and uniformity. For some classes of properties one or more of the approaches were not given significant weight. Additional information in this regard can be found in the supporting documentation.

## Statements & Definitions

### Type and Definition of Value (Interest Being Appraised)

The value being assessed is fee simple ownership interest at 100% of market value as of the effective date. Market value is the amount of money a willing buyer, not obligated to purchase, would pay and a willing seller, not obligated to sell, would accept for a property.

### Highest and Best use Definition

A property's use may or may not represent its highest and best use. The highest and best use is the most profitable use given the probable legal, physical, and financial constraints.

### Statement of Assumptions and Limiting Conditions

1. This report and the associated assessed values are intended for ad valorem taxation purposes and may not be applicable for any other use.
2. The following are general statements. Records pertaining to individual properties may list specific exceptions.
3. It is assumed that:
  - Title is free and clear.
  - There are no encroachments.
  - There are no hidden defects or conformity issues.
  - There is no contamination or hazardous materials present.
4. Property attributes observed upon exterior inspection are assumed to be representative of interior attributes when interior inspections were not feasible.

## Certification Statement

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the personal, impartial, and unbiased professional analyses, opinions and conclusions of the Assessor's Office.
- I and the Assessor's Office staff have no present or prospective interest in the property that is the subject of this report except any personal real estate holdings we may have within the borough. No individual inspected their own property.
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions and conclusions were developed, and the report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- We have made a personal inspection of the properties that are the subject of this report as outlined in our revaluation plan.
- The Assessor's Office staff provided significant mass appraisal assistance to the person (the Assessor) signing this certification.



Mary Hammond, City and Borough of Juneau Assessor



## Addendum A – Commercial Sales List

This is a list of Qualified Market Sales. (Market Sales for which we have a confirmed price.) The total potential sales for use in studies for AY2022 was 59.

Parcel Num	Sale Date	Sale Price	Trended SP	AV Total	Number	Street	Buyer	Use Type	Neighborhood
481701090228	01/10/17	150,000	180,250	172,300	10011	CRAZY HORSE		30	SAFE HARBOR C 24
581201060140	01/18/17	1,400,000	1,680,778	1,265,423	5720	CONCRETE WAY	ALCOR LANDS LLC	24	LMNC_C
1C030C280080	01/30/17	930,000	1,114,967	1,050,560	712 W	TWELFTH ST	712 W 12TH ST LLC	21	CASH_C
481701090223	02/14/17	150,000	179,521	172,300	10011	CRAZY HORSE DR	BENTON AND MEIER M	30	SHRC_C_24
780901030071	04/11/17	1,540,000	1,831,103	2,054,226	3161	CHANNEL DR	FRONTIER PROPERTIES	21	TWLKS_C
481701090226	04/24/17	130,000	154,339	149,800	10011	CRAZY HORSE DR	PAUL J THOMAS & AM.	30	SHRC_C_24
481601050030	06/13/17	104,000	122,749	108,800	2274	INDUSTRIAL		30	RIVERVIEW YACHT C
1C020K01E220	09/07/17	32,000	37,387	26,500	1435	HARBOR		19	AURORA BASIN C 19
1C020K01E230	09/07/17	32,000	37,387	26,500	1435	HARBOR WAY	BLAKE RIDER	19	ABBC_C_19
481601010040	09/19/17	750,000	875,000	839,562	2450	INDUSTRIAL BLVD	BAD DOG INVESTMENT	24	MNDP_C
381501020030	10/12/17	65,000	75,626	41,200	1669	CREST ST	CITY AND BOROUGH O	24	PINT_C
1C110K150900	12/13/17	160,000	184,778	179,000	125	MILL ST	ALASKA SUSTAINABLE I	30	THNC_C_24
581501110980	12/22/17	300,000	346,083	230,384	2231	JORDAN AVE	TAMAR MARY BOYD	21	JDCC_C_24
1C070K820030	02/02/18	950,000	1,090,389	1,175,611	254 S	FRANKLIN ST	TIMOS GIAMAKIDIS & J	20	DWNTN_C
581601000023	02/15/18	968,750	1,110,161	868,428	9151	GLACIER HWY	ST VINCENT DEPAUL SC	24	SVLY_C
481601080070	03/05/18	73,000	83,473	30,000	2278	INDUSTRIAL		30	P & J BUSINESS C 24
482901020010	06/29/18	1,000,000	1,127,361	1,066,665	10200	MENDENHALL LOO	GLACIER NALU LLC	31	AUKM_C
1C020K01G200	07/25/18	27,500	30,903	26,500	1435	HARBOR WAY	WILLIAM J GOERTZEN	19	ABBC_C_19
581601140070	08/21/18	240,100	268,912	308,850	9309	GLACIER HWY	RNL LLC	21	PFPC_C_24
581501040020	11/16/18	900,000	997,125	745,824	8855	MALLARD ST	GLACIER HOLDINGS LL	24	SVLY_C
581201020041	01/15/19	1,780,000	1,957,258	1,481,142	5433	SHAUNE DR	AKBEV GROUP LLC	24	LMNC_C
1C020K01G290	02/28/19	25,000	27,337	26,500	1435	HARBOR		19	AURORA BASIN C 19
1C110K120150	04/01/19	597,938	651,171	505,400	0	MILL ST	M & M TOURS LIMITEE	17	RKDP_C
5815011103A0	04/02/19	370,000	402,889	341,836	2207	JORDAN AVE	SOUTHEAST ALASKA CI	21	JDCC_C_24
1C020K01G280	06/28/19	25,000	26,920	26,500	1435	HARBOR		19	AURORA BASIN C 19
1C070B0M0011	07/01/19	2,300,000	2,475,694	2,122,380	259 S	FRANKLIN ST	RBG HOLDINGS LLC	20	DWNTN_C
581601140043	07/16/19	145,000	155,774	169,350	9309	GLACIER		21	PROFESSIONAL PLAZ
481601050160	07/30/19	115,000	123,322	83,000	2276	INDUSTRIAL BLVD	JUNEAU INTERIORS ST/	30	RVYC_C_24
1C110K120120	10/02/19	378,818	402,862	320,200	0	MILL ST	GASTINEAU GUIDING P	17	RKDP_C
581201000060	10/04/19	2,205,832	2,345,228	2,135,104	5245	GLACIER HWY	PETRO 49 INC	24	LMNC_C
581201300110	12/24/19	225,000	236,688	274,941	1783	ANKA		17	LEMON CREEK C
481701080020	02/13/20	800,000	837,756	565,539	10012	CRAZY HORSE DR	RPA INVESTMENTS	24	MNDP_C
481701090056	02/28/20	1,567,000	1,638,995	980,577	10009	CRAZY HORSE DR	R & L LEASING INC	17	MNDP_C
1C110K120140	03/10/20	378,818	395,875	320,200	0	MILL ST	BONNELL DEVELOPME	17	RKDP_C
1C110K120051	03/10/20	612,788	640,380	676,800	0	EASTAUGH WAY	EASTAUGH WAY LLC	17	RKDP_C
1C020K01E300	06/23/20	17,500	18,135	26,500	1435	HARBOR WAY	RESOURCE INC & ROGE	19	ABBC_C_19
780901030031	06/25/20	9,744,050	10,095,918	8,344,671	3100	CHANNEL DR	SOUTHEAST ALASKA RE	24	TWLKS_C
581201300110	09/24/20	300,000	308,558	274,941	1783	ANKA ST	MICHAEL HULL & ANGI	17	LMNC_C
1C060K010031	10/09/20	20,000,000	20,545,556	7,373,814	0	EGAN DR	NCL (BAHAMAS) LTD	24	DWNTN_C
1C060K660110	10/30/20	1,400,000	1,435,739	1,366,511	711 W	WILLOUGHBY A'	GOLD LODGE LLC	18	DWNTN_C
581401050010	11/03/20	2,009,000	2,059,616	1,482,111	7900	HONSINGER DR	49ER INVESTMENT GRI	17	SVLY_C
481701020020	11/17/20	650,000	665,618	538,254	10011	GLACIER HWY	ALASKA ON POINT PRC	24	MNDP_C
581201060260	11/23/20	486,000	497,435	274,300	5719	CONCRETE WAY	SETH M KOCH	21	SGEC_C_24
481701090218	12/04/20	155,000	158,505	145,000	10011	CRAZY HORSE DR	JEFF CARPENTER & GIN	30	SHRC_C_24
5815011107E0	12/07/20	340,000	347,603	234,498	2221	JORDAN AVE	FAMILY PROMISE OF JI	21	JDCC_C_24
581401050100	12/22/20	479,138	489,253	399,789	0	HONSINGER DR	GSA LLC	17	SVLY_C
581201410060	02/05/21	371,000	377,802	302,940	0	COMMERCIAL BLVD	LINKUP ALASKA LLC	17	LMNC_C
481601050010	02/09/21	160,000	162,898	108,800	2274	INDUSTRIAL BLVD	SHEILA GOOD & JAME	30	RVYC_C_24
581501050040	05/03/21	1,300,000	1,317,550	1,224,918	8717	MALLARD ST	PETE J THIBODEAU & R	30	SVLY_C
5815011121E0	05/11/21	325,000	329,243	227,766	2211	JORDAN AVE	STEVEN M TORRENCE I	21	JDCC_C_24
1C020K01G280	05/14/21	25,000	25,322	26,500	1435	HARBOR WAY	JAMES L SPRAGUE	19	ABBC_C_19
1C060K700020	06/10/21	430,000	434,897	355,250	607 W	SEVENTH ST	JUNEAU ECONOMIC DE	24	DWNTN_C
780901040110	06/11/21	3,100,000	3,135,133	2,034,222	3225	HOSPITAL DR	SOUTHEAST ALASKA RE	30	TWLKS_C
481701100200	06/11/21	240,000	242,720	187,578	10155	JENSINE ST	KURT S TVENTEN & RU	30	MNDP_C
1C060K700011	06/16/21	680,000	687,518	793,604	612 W	WILLOUGHBY A'	JUNEAU ECONOMIC DE	21	DWNTN_C
581201260020	07/30/21	410,000	413,531	458,493	1995	LEMON CREEK RD	BRYSON REAL ESTATE I	18	LMNC_C
1C020K01E240	09/14/21	29,500	29,679	26,500	1435	HARBOR WAY	ZACH DECKER & ALISH	19	ABBC_C_19
581601140092	10/22/21	499,900	501,872	572,050	9309	GLACIER HWY	BLANC DE BLANC PROF	21	PFPC_C_24
1C070A050060	11/24/21	1,250,000	1,252,639	2,547,520	234	SEWARD ST	GOLDSTEIN IMPROVEN	24	DWNTN_C

## Addendum B – Count Variations

Commercial

<b><u>Dataset Count Variations</u></b>			
<b><u>AY2022 Ending Point Studies</u></b>	Potential	Used	Notations
<b><u>Class / Subgroup</u></b>			
Overall	59	57	2 Outliers (1C020K01E300 & 1C070A050060)
Boathouses	8	7	1 Outlier (1C020K01E300)
Overall w/o boathouses	51	49	2 Outliers (1C060K010031 & 1C070A050060)
Land	10	10	
Improved	41	40	1 Outlier (1C070A050060)
Downtown	7	6	1 Outlier (1C070A050060)
Rock Dump		4	



## Addendum C – Sales Validation Policy



### Assessment Procedures Sales Validation and Verification

#### Sales Validation

Sales Validation is the process of determining if a sale occurred and, if so, if it is a market sale.

The primary classifications for a “transaction” in the validation process are:

- **Non-Sale:** These are things like name corrections, deed corrections, transfers to a trust, foreclosures, etcetera. The current process in Govern is to not create a sales record for the non-sale transactions. If after a sales record is created it is discovered to be a non-sale it can be marked as “Rejected” in the Qualification field.
- **Market Sale:** These are sales that are, to the best of our knowledge, market sales.
- **Non-market Sale:** These are transactions that are sales but are not considered market sales. This would include sales that are:
  - Non-Arms-Length Transactions
  - Purchase of Contiguous Property (Plottage, Assemblage, etc.)
  - Family
  - Estate
  - Divorce
  - Bank Sales (Sales After Foreclosure)
  - Tax Sales and Auctions
  - Related Entity
  - Pre-foreclosure and Short Sales
  - Sales that were not listed on the open market or were listed for a shorter than normal period of time
  - Multi-Parcel Sales (Unless the parcels are clearly an economic unit that likely would never be sold separately and there is a mechanism to automatically pull the totals from the CAMA system or there is reasonable opportunity to manually adjust the data such as for a one-time special study.)
  - Any sale with known duress

While it is desirable to include as many sales as possible in your sales sample, this is not true if it comes at the expense of having clean data. It is well established that the above listed sales conditions often lead to sales that are not representative of the overall market. In rare circumstances the decision may be made to include one of these sales, however, it needs to be well substantiated and documented as to why an exception is being made.

An example of this might be a scenario such as this: a residential estate sale where the Assessor’s Office knows that there were no ongoing mortgage payments, the heirs were local so it was easy to watch after the property, they took their time sorting through the personal effects, held garage sales and then listed it with a realtor with no need for it to sell quickly. Rarely do we have the kind of knowledge sufficient to make an exception.

If adherence to the policy becomes lax it raises the potential for appraiser bias to taint the sales data.

#### **Documentation in Govern**

- **Govern Qualification Field**
  - **Unverified** – Continued research. This will be the default category for new sales records. Records in this category are sales that are to be researched and categorized.
  - **No Data** – Continued research. These are sales that have been researched and may be market but for which the validation is not complete or we are missing the sales price or other critical data. Typically sales in this category would see some continued effort to finalize the categorization.



- **Qualified** – These are market sales for which we have good data including the sales price.
- **Rejected** – These are sales identified as or suspected to be non-market.
- **Not Qualified** – Not being further researched. These are sales that have been researched but for which there is inadequate information to make a determination. Typically these sales would not be actively researched further but that, if we came across additional information, could be reclassified. An example would be a property that we know sold but we could not find any listing information for, we don't know if it was marketed, we have no sales price and there has been no response to the buyer/seller letters. If a number of months later it shows up as a comp in an appraisal and from that we figure out that it was marketed (under an alternate address or some other reason that caused us not to be able to find the listing) and we now have all of the information that we need to determine that it was a market sale and to verify the sale price then we could reclassify it to Qualified.
- **Notes**
  - As validation research is done it should be documented through notes in Govern.
  - If you have a possible but not verified sales price please do not put it in the sales price field but rather document it in the notes. The only prices listed in the sales price field should be verified sales prices.
- **Govern Condition Code (Used for State reporting.)**
  - For any "Rejected" sales a classification for the rejection needs to be selected.
  - Rejection classifications are:
    - Bank Sale
    - Divorce
    - Family Sale
    - Invalid – This classification is used as a last resort category to capture rejected sales that do not fit in one of the other categories.
    - Related Entity
    - Tax Sale
    - "Valid" – This classification does not need to be filled in for qualified sales. While it is not required it is preferable that it be filled in.
  - In addition, an "Adjustment Reason" needs to be selected in the Adjustment Reason field for each rejected sale.

#### Steps to Sales Validation

- Check document (type of instrument, who signed, considerations, unusual terms, personal property mentioned?)
- Review names for relationship potential (if sale involves LLC or other business look up principles)
- Review Notes in Sales Information (under Functions)
- Review Notes in Communication (Notes) Report
- Check for Buyer and Seller Sales Inquiry Letter responses
- Review I drive listings folder
- Review internet for exposure indications and property data
- 

#### Sales Verification

Sales Verification is the process for verifying our records against what actually sold. This usually involves an inspection of the property as close to the time of sale as possible. Making sure that the condition is accurately reflected is a primary focus but attention is also paid to other aspects such as is the quality grade correct and does the GLA appear correct. Also of note would be if any major work is undertaken prior to or soon after the sale.

Currently, Sales Verification Inspections are not being conducted on a routine basis on all sales but rather only in select circumstances. These should be done for all sales.

Currently there is not a sales record where corrections are made to the data related to a sale. Rather the data for the current year is updated and the sales extracts pull property data from the CAMA's "current year." This means that in some cases corrections are necessary to data such as Property Type, SF, and/or even the AV.

Updates of data occur from review of listing data and from the property inspection.

## Addendum D – CBJ Determination of Full and True Value

### CBJ 15.05.100 Determination of full and true value:

Property shall be assessed at its full and true value in money, as of January 1 of the assessment year. In determining the full and true value of property in money, the person making the return, or the assessor, as the case may be, shall not adopt a lower or different standard of value because same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which the property would sell at auction, or at a forced sale, either separately or in the aggregate with all of the property in the taxing district, but the assessor shall value the property at a sum which the assessor believes it is fairly worth in money at the time of assessment.

(CBJ Code 1970, § 15.05.100; Serial No. 70-33, § 3, 1971)

State law reference(s)—Full and true value, AS 29.45.110.

## Attachment B: BOE Training

There is some duplication of information between the Guide and Attachments A and B, however, we felt it was best to present the documents in their entirety. They do both present additional information from the Guide.

# Property Assessments

An overview for the Board of Equalization  
To Be Presented June 2, 2022



## Assessment Basics

- Assessor is required by AS 29.45.110 to determine the fair market value of all taxable properties
- Assessed Values are critical to the equitable distribution of the tax burden
- Value is determined as of January 1<sup>st</sup> each year
- Three approaches to value are considered: Cost, Sales Comparison, and Income
- CBJ Assessor generally uses a Market Adjusted Cost Approach
- Preferred approaches are usually applied across a property class



## Assessment Basics

- Computer Assisted Mass Appraisal (CAMA)
  - The CAMA system is the software within which most of the assessment administration and property valuation is managed
  - Most of our current land models determine values from a base rate (price per square foot or acre for example) adjusted for various factors of desirability or usability which is then adjusted to market based on market sales
    - We may move to a site value adjusted by size and features in the future.
  - Improvement value considers size, age, construction method, quality, condition and enhancing features
  - Land and improvements are reviewed for adjustment to market annually based on comparison to sales through the Ratio Study process



## Property Value Models

- Property values, regardless of what system they come out of or what purpose they are done for, utilize a model, either a formal one put “to paper” or an informal one in someone’s head.
  - You
  - Your neighbor
  - A realtor
  - An appraiser
  - An insurance agent
- It may be a simple general ballpark value, based on price per SF, adjusted for quality, condition or style, or more



## Property Value Models

- The modeling process involves
  - Model Specification – Model specification is the process of determining what attributes effect value in your market and therefore should be in your model. This is primarily done once and then reviewed each year for changes in the market.
  - Model Calibration – Model calibration is the process of determining how much each attribute in your model effects value. This is done annually.



## Mass Appraisal

- We primarily use mass appraisal techniques
  - That is standard for assessment valuations
- Mass appraisal vs single (fee) appraisal
  - Vertical process vs horizontal process
    - Go through every step for one property, arrive at value, move to next property.
    - Go through one step for all of the properties, move to next step, arrive at all values at end of steps.
  - Potentially more uniformity from a mass appraisal process





## Mass Appraisal

- Mass appraisal can be carried out through a database, spreadsheets or a Computer Assisted Mass Appraisal (CAMA) system
- Currently most of our residential properties are valued within the CAMA system.
- Commercial properties have been a mix of spreadsheets and CAMA functionality. Our goal is to get the commercial valuation process migrated fully into the CAMA system with the upcoming CAMA conversion.



## Property Characteristics

- There are many factors that effect a properties value.
- Some key factors
  - Property Class
  - Property Attributes
  - Location



## Property Characteristics

- Property Classes
  - Major Classification: Residential & Commercial
  - Within Residential
    - SFR
    - Rapt
    - Mimp
    - Zero-Lot
    - Condos & Townhouses
    - Plexes
    - Manufactured Homes
  - Within Commercial
    - Retail
    - Office
    - Medical
    - Hotel
    - Industrial
    - Others



## Property Characteristics

### Property Attributes

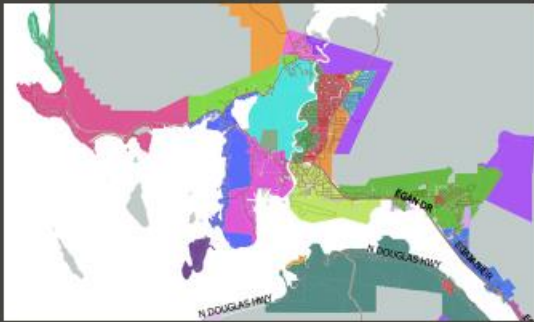
- Topography
- Shape
- View
- Waterfront
- Access
- Wetlands
- Flood Zones
- Others



## Property Characteristics

### Location

- We currently have defined neighborhoods for residential and commercial properties.
- We are looking at further refinements utilizing a market area model that incorporates Regions, Districts and Neighborhoods.



## Property Characteristics

Now that we have looked at the types of characteristics that effect value, let's look at how they get applied within a model or system.



## Property Valuation Process

In General, there are three processes utilized in establishing a property's value

- Generation within the CAMA
  - Primarily utilizing a table structure, percentage adjustments (factors) and dollar adjustments. This is the preferred method for most properties.
- Mass appraisal outside of the CAMA such as with a spreadsheet
  - Sometimes, due to CAMA system limitations or other factors, generation of values outside of the CAMA system becomes necessary or preferred.
  - Usually either hand entered or entered through a query into the CAMA after being generated in the spreadsheet.
- Unique, individually valued, properties
  - Usually generated utilizing a spreadsheet and then hand entered into the CAMA.



## Property Valuation Process

Let's look at how application of these principles looks within our CAMA system.



## Property Valuation Process

CAMA Land Screen

The screenshot displays the 'CAMA Land Screen' software interface. The title bar reads '(1) Assessor's Office Land Appraisal Information Land ID: 185327'. The interface is divided into several sections:

- Land Section:** Includes fields for Site Number (28361), Land Use Code (Land Type) (Salmon), Rate Schedule, Site Value (\$199,025), and Notes (LOC VIEW WTRFRNT).
- Adjustments Section:** Includes Lot Size (28361), Depth, Frontage, and Neighborhood (\$10,645).
- Unit Type Section:** Includes Unit Type (Square Feet), Total Units (28361), Unit Price (\$96), and Unit Price AG.
- Land Value Section:** Includes Land Value, Total AG Value, and Final Adjustment.
- Final Adjustment Section:** Includes Total AG Value (\$385,600) and Total Land.
- Processing Interest Section:** Includes Beginning Lease Year and Lease Term.

At the bottom, there is a status bar indicating 'Editing Existing Record (1/1)' and buttons for Item, Save, Delete, Browse, and Exit.



(1) Assessor's Office Land Appraisal Information Land Id: 185327

Land Adjustments

Adjustment Type	Adjustment Code	Value	Override
1 Location Adjustment	1 - Prime (140%)	140	
2 Size Adjustment			
3 Topography/Slope Access			
4 View Adjustment			
5 Waterfront	2 - Very Good (125%)	125	
6 Waterfront	1 - Large (120%)	120	
7			
8			
9 Services			
10 Possessory Interest			
11 Vacant Adjustment			
12 Flood Zone Adjustment			

Editing Existing Record (1/1)

New Save Delete Browse Exit



**Inventory** | Values | R Bldg Data | Gar./Heat | R-Porches | C Bldg Data | CE Comp.

Site No.: Building Use Code: Model Code: Sub Model Code:

Recompute

Year Built: 1999 | Est. Year Built: 2013 | Total Floors: 12 | Bedrooms: 4 | Full Baths: 5 | Half Baths: 2 | GLA SF: 9142 | BSMT SF: 1484 | Basement Finish SF: 1484

Structural Element Name	Code	%	Value	
1010 R-Quality	5			
1012 R-Quality Adjustment				
1015 R-Structure	Stud Frame			
1040 R-Base Rate [Ext./Wall]	Frame, Cement Fiber Siding	100	93.5	
1041 R-Base Rate [Ext./Wall]				
1042 R-Base Rate [Ext./Wall]				
1043 R-Base Rate [Ext./Wall]				
1060 R-Roof Rate	Composition Shingle	100	1.8	
1061 R-Roof Rate				
1070 R-Heating/Cooling Rate	Evaporative Cooler with Ducts	100	3.17	
1071 R-Heating/Cooling Rate	Floor Radiant, Hot W/ater	100	3.11	
1072 R-Heating/Cooling Rate				
1073 R-Heating/Cooling Rate				
1080 R-Number of Plumbing Fix	30		91500	
1100 R-Basement Base Rate	Total Basement Area (SF)	25		

R-Garage Base Rate(Alt)	Attached Garage (SF)	
1140 R-Garage Base Rate(Alt) <td></td> <td>37.5</td>		37.5
1141 R-Garage Base Rate(Alt)		
1142 R-Garage Base Rate(Alt)		
1145 R-Garage Finish Rate(Alt)	Garage Finish, Attached (SF)	6.39
1146 R-Garage Finish Rate(Alt)		
1147 R-Garage Finish Rate(Alt)		
1170 R-Carport Base Rate		
1180 R-Wood Deck (P/P1)	Wood Deck (SF)	18.4
1181 R-Wood Deck w/Floor (P/P2)	Wood Deck (SF) with Roof	39
1182 R-Encl. Porch Swl (P/P3)		
1183 R-Open Slab Porch (P/P4)		
1184 R-Slab Porch w/Floor P/P5		
1230 R-Current Cost Multiplier		1.25
1240 R-County Cost Multiplier		1.21
1245 Nhd./Market Multiplier		
1260 R-Depreciation		6
1262 R-Functional Obsolescence		
1264 R-Economic Obsolescence		
1270 R-Condition	4	0.9
3010 % Completed Construction	100%	100

[Editing Existing Record (T/T)]



Project Information		Contract Details		Financial Summary	
Project Name: [Project Name]		Contract No: [Contract No]		Total Contract Value: [Total Contract Value]	
Project Address: [Project Address]		Contract Date: [Contract Date]		Total Contract Value: [Total Contract Value]	
Project Manager: [Project Manager]		Contract Status: [Contract Status]		Total Contract Value: [Total Contract Value]	
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Project Owner: [Project Owner]		Contract Value: [Contract Value]		Total Contract Value: [Total Contract Value]	
Project Budget: [Project Budget]		Contract Amount: [Contract Amount]		Total Contract Value: [Total Contract Value]	
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# Property Valuation Process

5/25/2022 10:40:45AM

Page 1

Cost Report - Residential

Record	1
Parcel Code Number	482001830699
Owner Name	SCHULTZ CHARLES J
Parcel Address	1019 OTTER RUN
Structure Year Built	2013
Year Built	1898

Improve	Property Valuation Process	Quantity	Unit Cost	Percent	+/-	Total
Basement						
Basement	Flame, Cement Fiber Siding	93.50		100%		
Basement	Composition Shingles	1.80		100%		
Basement	Exterior Cover with Dents	3.11		100%		
Basement	Floor Finish, New Floor	3.11		100%		
Adjusted Base Cost		9,142	191.50			928,644
Basement Area						
Basement	Total Basement Area (SF)	1,483	26.80			39,755
Basement	Minimal Finish Area (SF)	1,483	12.35			18,315
Total						56,073
Other Improvements						
Other Garage	Attached Garage (SF)	1,754	37.50			65,775
Other Garage	Garage Finish, Attached (SF)	1,754	6.39			11,268
Porch	Wood Deck (SF)	1,081	16.40			17,732
Porch	Wood Deck (SF) with Roof	277	39.80			11,025
Total						907,368
Other Features						
Feature	Picture	30				91,800
Total						91,800
Sub Total						1,184,326
Condition	Good					
Local Multiplier		1.21	[F]			1,433,834
Current Multiplier		1.28	[F]			1,715,293
Quality Adjustment			[F]			1,791,293
Neighborhood Multiplier			[F]			1,791,293
Depreciation - Physical	0.99 [F]	6.00	[F]			90,736
Depreciation - Functional			[F]			8
Depreciation - Economic			[F]			8
Percent Complete		100.00	[F]			1,584,503
Cost to Cure						
Neighborhood Adjustment		111.80	[F]			194,875
Replacement Cost less Depreciation						1,689,438

Miscellaneous Improvements

Solid Fuel Heater	[F]	2,000
Solid Fuel Heater	[F]	2,000
Solar Kitchen	[F]	18,750
Paver	[F]	30,000
Pool	[F]	2,000
Total Miscellaneous Improvements		55,750
Total Improvement Value	[Rounded]	\$1,841,180

<

## Analysis

- The basis or foundation for model specification and model calibration, for our values reflecting the market is the analysis.

## Analysis

- Our analysis process is multifaceted
  - General Market Conditions and Trends
  - Ratio Studies – our assessed values vs the market
  - Special Studies
- Information that we look at includes
  - Sales prices
  - Construction costs
  - Income and expenses
  - Lease rates
  - Capitalization rates
  - Financing and the financial markets



## Analysis

- For sales, the primary year we look at is the last year.
- For property types with fewer sales, which include all commercial property types, we expand the sales data up to 5 years back until we have a large enough sample.
- For special studies, such as a paired sale study, we occasionally go back 10 or more years.



## Analysis

- The Juneau challenges
  - We are a somewhat isolated market with a limited number of commercial properties available and a fairly low number of sales.
  - Up until November 2020 there was no requirement that the sales price be disclosed in real estate transactions. So, besides starting with a low number of sales we only have data on a portion of those.
  - With the addition of the penalty we are now seeing an increase in the percentage of disclosed sales prices which will be utilized in next year's analysis.
- Regardless of the challenges and what data we do or don't have assessed values have to be set every year.



## Market Factors

- There are other market factors that can effect values. We try to track and consider these factors. A few examples would be:
  - Economic conditions
  - Changes in financing
  - Listing Inventory
  - Average Days on Market
  - Rental rate changes
  - Cap rate changes due to changes in investor expectations
  - Others



## The Juneau Market

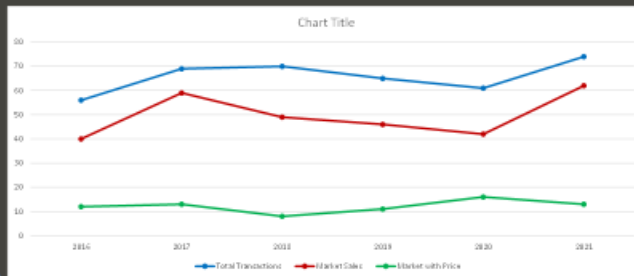
- Sales volume – increased in 2021 for commercial properties and remained strong for residential properties
- Sales prices – we specifically studied the market activity for 2021, leading up to the January 1, 2022 valuation date
  - Residential prices continued to increase
  - Commercial prices also continued to increase
- Limited supply – the Juneau market continues to be effected by a limited supply of both land and improved properties compared to the demand in both the residential and commercial classes



## The Juneau Market

- This chart shows the number of commercial property sales per year. You can see that the sales volume increased in 2021 in spite of the pandemic. Also note that in spite of the mandatory disclosure we saw fewer disclosed commercial sales both in number and percentage.

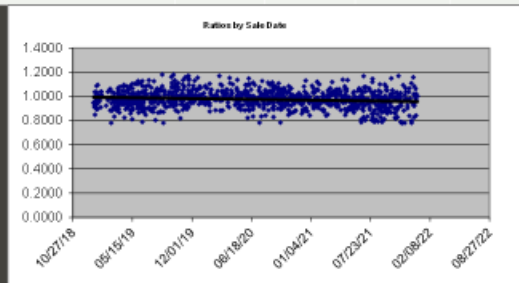
Year	2016	2017	2018	2019	2020	2021
Total Transactions	56	69	70	65	61	74
Market Sales	40	59	49	46	42	62
Market with Price	12	13	8	11	16	13



## Residential Ratio Study 2022

### Assessed Values as % of Sales Prices

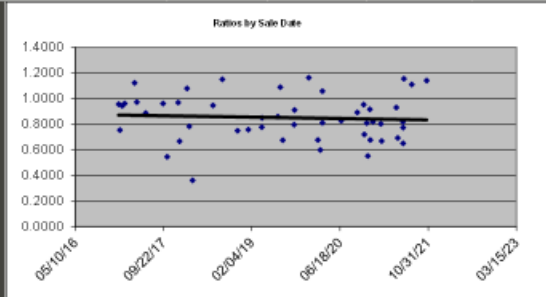
Prior/After	Lowest	Mean	Median	Highest	COD
Prior to 2022 adjustments	73.60%	95.70%	95.65%	119.30%	7.013%
After 2022 adjustments	77.92%	97.52%	97.48%	118.07%	5.817%



## Commercial Ratio Study 2022

### Assessed Values as % of Sales Prices

Prior/After	Lowest	Mean	Median	Highest	COD
Prior to 2022 adjustments	35.94%	81.87%	80.57%	117.78%	19.97%
After 2022 adjustments	35.94%	85.07%	82.65%	116.16%	17.45%



## Correcting Commercial Assessments

- Prior to 2022 adjustments
  - Commercial property was assessed at a median of 80.57% of sales price (81.87% mean)
- Commercial adjustments made in 2021
  - 2% increase to land value
  - 2% increase to building value
  - 2% decrease to downtown values
  - 35% increase to Rock Dump area land values
- Result: Commercial assessment ratio moved from 80.57% to 82.65%. This is down from 88.53% in 2021.
  - CBJ Assessor target for median assessment ratio is 98%
  - Commercial properties in Juneau remain under-assessed by ~20% overall
  - CBJ Assessor will continue refining the commercial property values to reflect the market.



## Values for Assessment Year 2022

- What the statistics indicate is that we did not keep up with the commercial market this year and fell further behind.
- What we were able to do is tighten up the uniformity of commercial values. The ending COD for 2021 for all commercial types combined was 21.55. The beginning COD for 2022 was 19.9792 and the ending COD was 17.4590.



## Values for Assessment Year 2022

- This chart shows the change in total assessed values by classification over the past 8 years.



## Values for Assessment Year 2022

- We continued our focus on cleaning up the commercial property sales data.
- We had 49 market sales from the past 5 years for which we had sales prices to utilize in our analysis.



# Values for Assessment Year 2022

## Starting Point

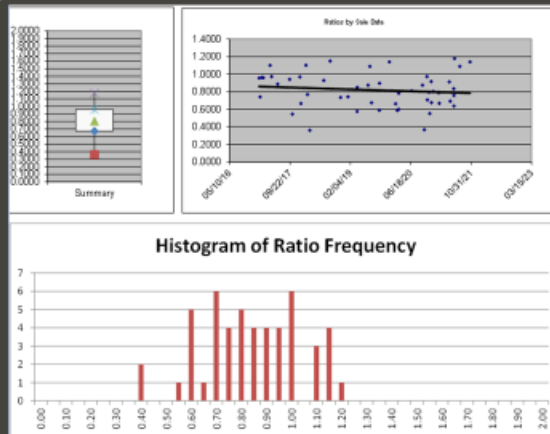
AY2022- Com - Starting Point V3- at 20220223b- All No 19s 532 Trend  
Summary Report Before Calibration

Statistics		IAAO Standards for COD	
50	Count (Number of Records with Ratio)	SFR	15.0 or less
0.3594	Minimum Ratio	SFR-newer/homog	10.0 or less
1.1779	Maximum Ratio	Income Properties	20.0 or less
0.8185	Range	Income-Urban area	15.0 or less
0.8187	Mean (This is the average ratio for your sample.)	Vacant Land	20.0 or less
0.8057	Median (This is the mid-point value for your sample. Preferred measure of central tendency.)		
0.6837	Weighted Mean		
1.9165	Sum of the Square of Deviations		
0.1610	AAD		
0.1978	Standard Deviation		
19.9792	COD (Good indicator of confidence level.)	Coefficients (0=Normal Distribution)	
24.1573	COV	Kurtosis	-0.3459
1.1973	PRD- Price-Related or Factor Differential (PRD s/b between 0.98 & 1.03, IAAO) (PRD over 1=Regressive)	Skewness	-0.1410
		Alt. Cyhelsky's Skew	0.0400
		Alt. Pearson's Skew	0.1964
Trending Factors		Normal / Skewed Distribution Evaluation	
1.00	Target Level	-0.0129	Differential Mean to Median
1.2215	Factor on Mean	28	Number of data points below the mean.
1.2411	Factor on Median	24	Number of data points above the mean.
1.4625	Factor on Weighted Mean	*Note - # below/above works on data sets up to 5,000 pts.	



# Values for Assessment Year 2022

## Starting Point





## Values for Assessment Year 2022

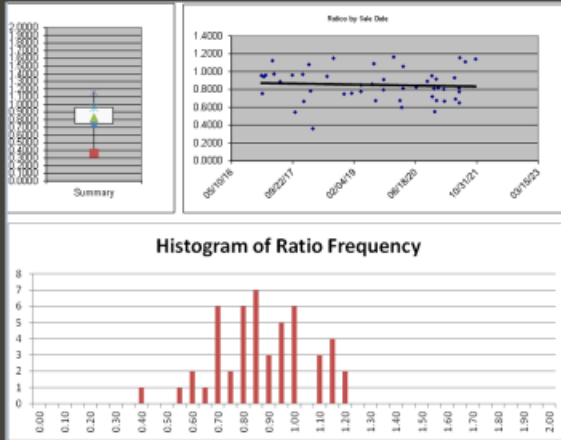
### Ending Point

AY2022- Com- After Adj- V4- 20220307a- All No 19s Trended Summary Report	
<b>Statistics</b>	
49	Count (Number of Records with Ratio)
0.3594	Minimum Ratio
1.1616	Maximum Ratio
0.8022	Range
0.8507	Mean (This is the average ratio for your sample.)
0.8265	Median (This is the mid-point value for your sample. Preferred measure of central tendency.)
0.8398	Weighted Mean
1.5487	Sum of the Square of Deviations
0.1443	AAD
0.1796	Standard Deviation
17.4590	COD (Good indicator of confidence level.)
21.1151	COV
1.0130	PRD- Price-Related or Factor Differential (PRD s/b between 0.98 & 1.03, IAAO) (PRD over 1=Regressive)
<b>Trending Factors</b>	
1.00	Target Level
1.1755	Factor on Mean
1.2099	Factor on Median
1.1908	Factor on Weighted Mean
<b>IAAO Standards for COD</b>	
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
<b>Coefficients (0=Normal Distribution)</b>	
Kurtosis	#DIV/0!
Skewness	#DIV/0!
Alt Cyhelsky's Skew	0.0612
Alt Pearson's Skew	0.4033
<b>Normal / Skewed Distribution Evaluation</b>	
-0.0241	Differential Mean to Median
26	Number of data points below the mean
23	Number of data points above the mean
*Note: # below/above works on data sets up to 5,000 pts.	



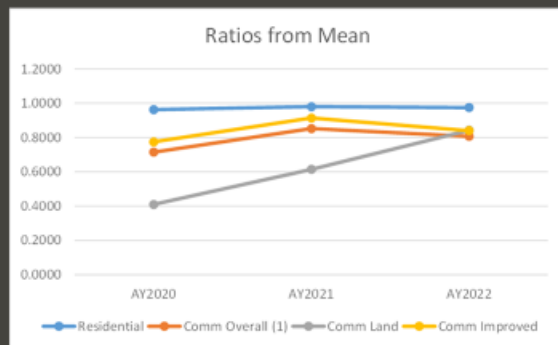
## Values for Assessment Year 2022

### Ending Point



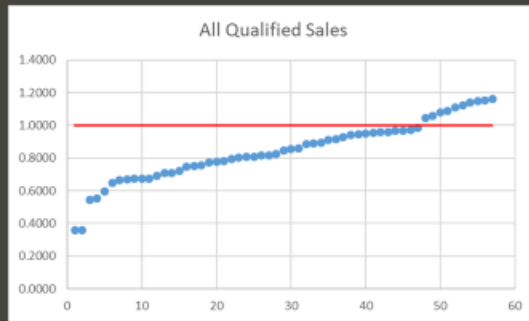
## Values for Assessment Year 2022

- This chart shows the ending ratios for Assessment Years 2020 - 2022.



## Values for Assessment Year 2022

- This chart shows the ratios for the commercial market sales.



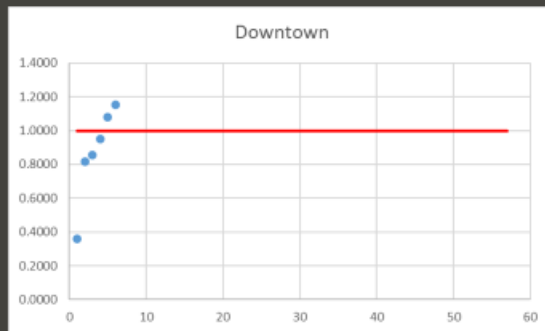
## Values for Assessment Year 2022

- This chart shows the ratios for commercial market sales organized by neighborhood.



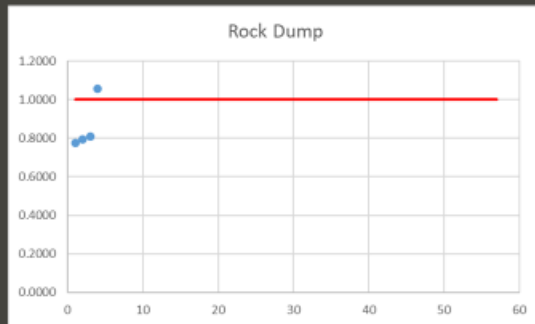
## Values for Assessment Year 2022

- This chart shows the ratios for commercial market sales from the downtown neighborhoods.



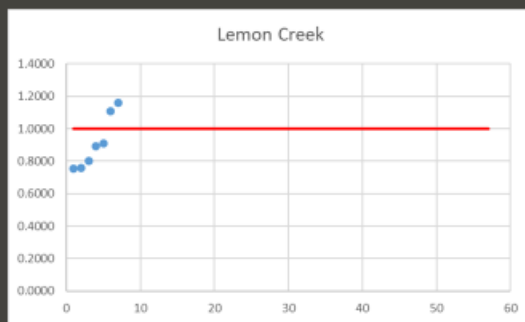
## Values for Assessment Year 2022

- This chart shows the ratios for commercial market sales from the Rock Dump neighborhood.



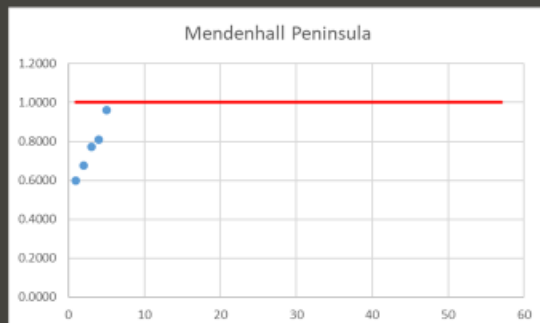
## Values for Assessment Year 2022

- This chart shows the ratios for commercial market sales from the Lemon Creek neighborhood.



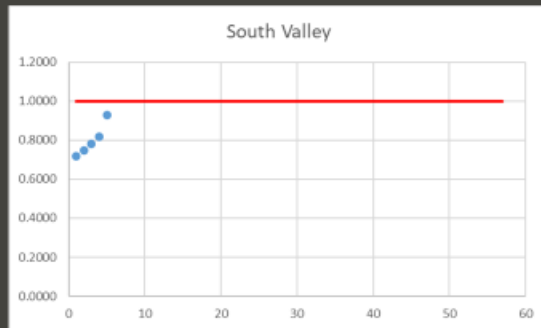
## Values for Assessment Year 2022

- This chart shows the ratios for commercial market sales from the Mendenhall Peninsula neighborhood.



## Values for Assessment Year 2022

- This chart shows the ratios for commercial market sales from the Mendenhall Peninsula neighborhood.



## Our Staff

- We have
  - An assessment clerk who provides tax payer services and handles administrative tasks
  - A BPP Appraiser who specializes in the Business Personal Property valuations and manufactured home valuations.
  - Three certified staff appraisers who primarily work on residential valuations but may assist with commercial valuations.
  - A Deputy Assessor who is the primary commercial appraiser.
  - The Assessor who oversees the office and the valuation process.



## External Appraisals

- How external appraisals relate to our work is often misunderstood.
  - We welcome their submission for review.
  - Sometimes they contain information regarding a property that changes our valuation.

However...

- They are not directly applicable to assessed values.
- They usually were performed for other purposes.
- The aspect of uniformity of assessed values is paramount as they are used to calculate an individuals tax burden.



## External Appraisals

- External appraisals are a separate individuals opinion of value. For example for a lot, which had good comparable sales, the owner recently had appraisals done by three appraisers and their conclusions on value varied by 40%.

### An Illustration of Differences in Appraiser Opinion of Value

Parcel Number: 5B1601380035

Appraiser	Eff Date	Opinion of Value
Roger Ramsey	1/9/2020	1,450,000
Charles Horan	5/1/2020	1,050,000
Kim Wold	6/5/2020	1,330,000
Range Between Low & High		400,000
Variance as a Percentage		38%
Mean		1,276,667
Median		1,330,000



## Covid-19

### Assessed Values In The Midst Of A Pandemic

- We recognize and are sympathetic to the fact that the past years have been difficult for some businesses in Juneau. Some businesses have seen drastic reductions in revenue. At the same time, other businesses have had good years.
- 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.



## Upcoming Appeal Hearings

- In our review we readily correct any errors
- Only a portion of the Petitions for Review become actual appeals before the BOE
- As you here appeals remember that uniformity is paramount





## Property Assessments – BOE Presentation

### Overview of 2022 Assessment Valuations Summary Report



## Property Assessments – BOE Presentation

### Questions and Answers!



## Property Assessments – BOE Presentation

Thank you!

