



MUNICIPALITY OF SKAGWAY

GATEWAY TO THE KLONDIKE
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This amendment dated _____ for the purpose of modifying and extending the existing agreement entered into September 29, 2006 and amended on March 6, 2013. between the Municipality of Skagway, an Alaska Municipal corporation (hereinafter Municipality) and M & M Tour Sales, Inc. (hereinafter CONTRACTOR) herby extends the contract as follows:

SECTION TWO: CONTRACT PERIOD & COMPENSATION

- A. The contract shall be for a 5-year term with the option of a 5-year renewal term, but will be evaluated on a yearly basis. The contract period shall commence on October 1, 2017 and terminate on September 30, 2022.
- C. CONTRACTOR is responsible for a yearly lease value of the Municipal land and building. The lease amount will be based on an appraisal of fair market value dated January 4, 2018 (Attachment A). The lease amount will be determined by multiplying:
- The appraised annual value of the land on a per square foot basis (\$19.00 per S.F.), by
 - 2000 square feet, by
 - Eight percent (8%)

The lease amount shall be \$3,040.00 (plus applicable taxes) – Three Thousand, Forty Dollars and 00/100 annually. This amount shall be paid on a prorated monthly basis, May through September, with the payment being made by the first day of each month for \$608.00 (Six Hundred Eight Dollars and 00/100) plus tax.

SECTION FIVE: INSURANCE AND INDEMNIFICATION

- A. CONTRACTOR agrees to defend, indemnify and hold harmless the MUNICIPALITY against any and all claims or actions of any kind and any nature, including death, and for all injuries or damages of any kind and any nature, including death, sustained by any person or property arising out of, or in connection with, or incident to the performance of this Agreement, or arising out of any action or omission by CONTRACTOR, or its agents, representatives, employees and volunteers, including any action or claims by any company offering any tour product, or by any customer or passenger of any company offering any tour product.
- B. No contract for services shall be issued or continued unless there is presented to the MUNICIPALITY of Skagway a certificate of insurance showing that the business owner/operator has obtained at least two million dollars (\$2,000,000.00) general liability

insurance. Proof of such insurance shall be provided to the MUNICIPALITY as a condition of entering the contract. Failure to maintain such insurance shall constitute a breach of contract. The certificate of insurance must establish that the MUNICIPALITY is named as an additional insured on such policy, and that the insurer thereof shall notify the MUNICIPALITY twenty (20) days before the policy is canceled, or terminated. Additionally, the certificate of insurance holder shall execute an instrument under the terms of which the holder will agree to indemnify, defend and hold harmless the MUNICIPALITY of Skagway from any and all claims for injury or damage to persons or property as a result of the holder's activities.

- C. Any tour company product offered by CONTRACTOR must secure general liability insurance at a minimum of \$2,000,000, listing the CONTRACTOR and the MUNICIPALITY of Skagway as an additional insured, agreeing to defend, indemnify, and hold harmless the MUNICIPALITY and the CONTRACTOR against any and all claims or actions for injuries or damages sustained by any person or property arising out of, or in connection with, or incident to the performance of this Agreement. Proof of such insurance must be attached to CONTRACTORs signed agreement, and a copy supplied to the MUNICIPALITY.

SECTION EIGHT: MISCELLANEOUS

- A. This Amendment and the original Agreement shall be governed by the laws of the State of Alaska. The Superior Court for the State of Alaska, First Judicial District at Juneau, Alaska, shall be the exclusive jurisdiction and venue for any action of any kind and any nature arising out of this Agreement or arising out of any action or omission by the CONTRACTOR, its employees, representatives, agents, volunteers and tour companies. CONTRACTOR specifically agrees that venue for trial shall be in Skagway, Alaska and CONTRACTOR specifically waives any right or opportunity to request a change of venue for trial pursuant to A.S. 22.10.040.

- J. CONTRACTOR acknowledges that he has consulted with his attorney before signing this Agreement, or that he has had the opportunity to consult with an attorney of his choice before signing the Agreement. CONTRACTOR expressly acknowledges that he is not relying upon the advice of any Municipal assembly member, the mayor, any Municipal employee, Municipal consultant, or the Municipal attorney in entering into this Agreement.

All other terms of the existing agreement shall remain unchanged. Any further modification shall be agreed upon by both parties in writing.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement Modification as of the date first written above.

Monica Carlson, Mayor
For the Municipality of Skagway

Mark Jennings
M & M Tour Sales, Inc.

Date_____

Date_____

ATTEST:

Emily Deach, Borough Clerk
(SEAL)

**APPRAISAL REPORT
TOUR BROKER BUILDING AND ASSOCIATED LAND
LEASE PARCEL,
PTN. ATS 4
SKAGWAY, ALASKA**



Prepared For: Michelle Gihl, Administrative Assistant/Deputy Clerk
Municipality of Skagway
P.O. Box 415
Skagway, Alaska, 99840

Prepared By: Bill Ferguson, Appraiser
Horan & Company, LLC
403 Lincoln Street, Suite 210
Sitka, AK 99835

Effective Date: December 28, 2017

Report Date: January 4, 2018

Our File Number: 17-160

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

CHARLES E. HORAN, MAI, WILLIAM G. FERGUSON,
JOSHUA C. HORAN, AND SLATER FERGUSON

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835

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January 4, 2018

Michelle Gihl
Municipality of Skagway
P.O. Box 415
Skagway, Alaska 99840

Sent via E-mail: m.gihl@skagway.org

Re: Appraisal Report of Tour Broker Building Leased Property, Ptn. ATS 4, in
Skagway, Alaska. Our File #: 17-160.

Dear Ms. Gihl:

At your request I have completed the attached appraisal report of the above referenced lease property. The report is provided in a brief summary narrative format with analysis of land comparables and depreciated building cost found within the report. The appraisal report conforms to standards established by the Uniform Standards of Professional Appraisal Practice (USPAP). No other supplemental standards are applicable.

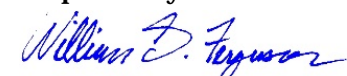
Based on my local analysis, as well as an understanding of current market conditions, it is my opinion that the subject property (land and small building) has a market value, as of December 28, 2017, in fee simple interest as follows:

Ptn. ATS 4-Tour Broker Building
\$86,389

Your attention is invited to the attached report which sets forth the Certification of Appraisal, Extraordinary Assumptions, Limiting Conditions, the most pertinent data considered and the analysis used in arriving at this final opinion of value.

If you have any questions or comments, please don't hesitate to call. Thank you for this opportunity to be of service.

Respectfully Submitted,



William Ferguson
APRG618
Horan & Company, LLC

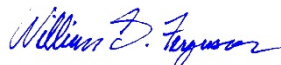
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CERTIFICATION OF APPRAISAL

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 is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The property was not inspected specifically for this assignment. The appraiser is familiar with the property on the outside and has been provided with plans. The effective date of the report is December 29, 2017.
- No one provided significant real property appraisal assistance to the person signing this certification.
- Horan & Company are the contract assessors for the Municipality of Skagway and as such assess all properties for tax purposes once they are on the tax roll. This property would be taxed based on possessory interest and I am part of that assessment team.



William Ferguson, Real Estate Appraiser
AA618

December 28, 2017
Effective Date

Horan & Company, LLC

January 4, 2018
Report Date

1 INTRODUCTION

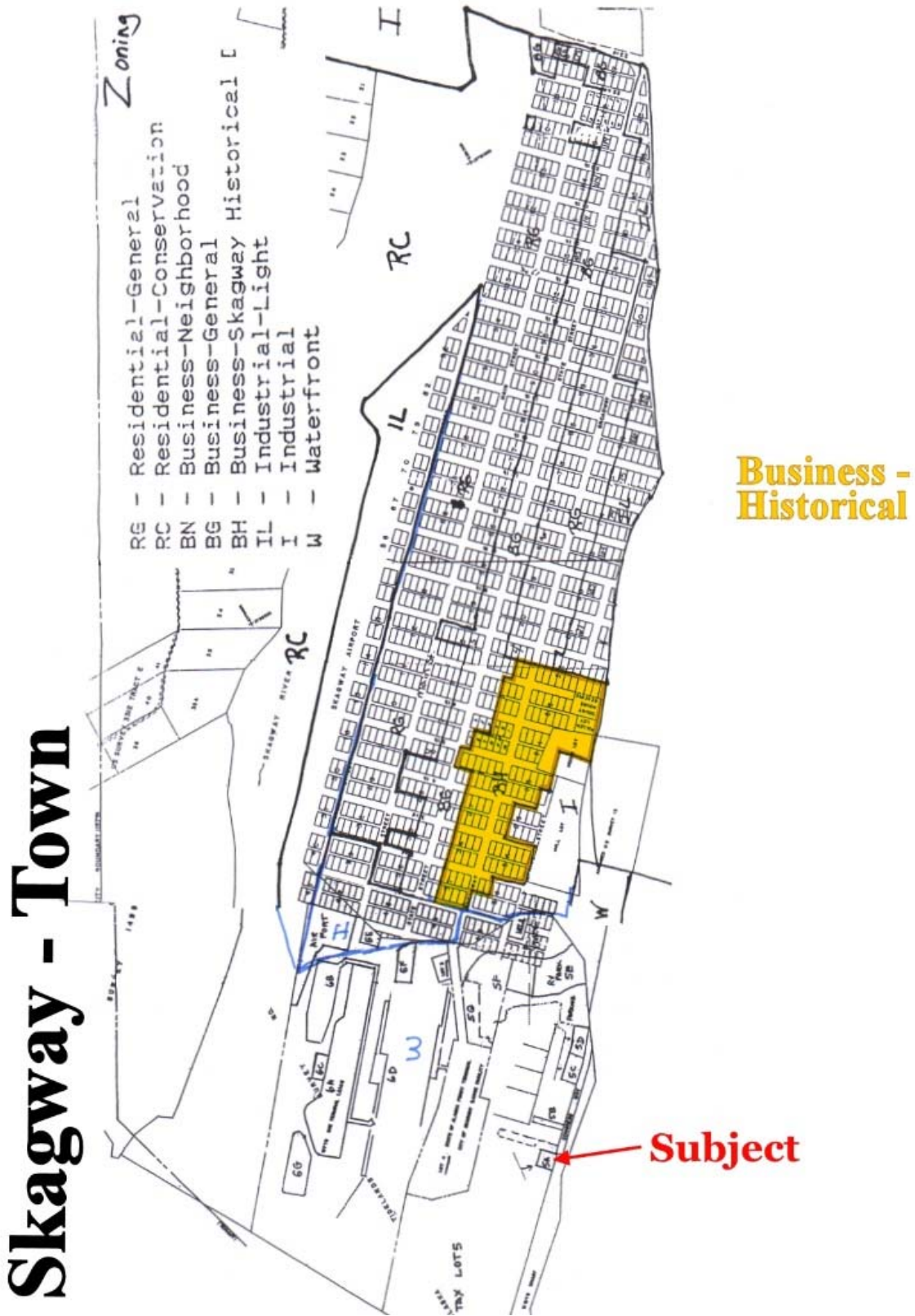


FIGURE 1.1 – SUBJECT LOCATED ON SKAGWAY AREA MAP.

1.1 PROPERTY IDENTIFICATION

The subject property is referred to as the Tour Broker Building and related land, currently leased by M&M Brokerage, Inc. It is located off Congress Way near the breakwater in Skagway. The subject property is leased land, owned by the City of Skagway, and is identified as a portion of ATS 4, Skagway Recording District.

1.2 PROPERTY RIGHTS

The subject is appraised in fee simple interest. Please see the Assumptions and Limiting Conditions.

1.3 INSPECTION AND EFFECTIVE DATE

The subject property was not inspected specifically for this assignment. The appraiser is familiar with the outside of the building and has been provided plans. The effective date of the report is December 28, 2017.

1.4 INTENDED USE AND USER

The intended use of this appraisal is to estimate the fair market value of the subject building and land to be used as a basis for annual lease rates. The market value estimated is limited to the Assumptions and Limiting Conditions herein. The intended user is the Municipality of Skagway and the lessee. The client is the Municipality of Skagway.

1.5 THREE YEAR HISTORY AND OSTENSIBLE OWNER

The subject property is owned by the Municipality of Skagway and has been for some time. It has been leased to the current lessee since 2001.

1.6 SYNOPSIS OF LEASE

The major points of the lease as it exists are summarized below. A copy of the lease is included in the addenda of this report.

<i>Leased Premises:</i>	P t n . ATS 4, located near the north end of the White Pass Dock, Skagway Recording District, First Judicial District, State of Alaska.
<i>Lessor/Ostensible Owner:</i>	Municipality of Skagway, Municipal Manager
<i>Lessee:</i>	M&M Brokerage, Inc.
<i>Term of Lease:</i>	5 years evaluated annually.
<i>Current Annual Lease Payment:</i>	\$2,800 per year for 2,000 SF land plus building. The lease amount is based upon fair market value as provided by an appraisal report. "Terms and Conditions of Lease" per Municipal Code 16.02.160 govern this lease unless otherwise provided for.
<i>Lease Dates:</i>	Current lease originated in 2001.
<i>Rental Adjustment Period:</i>	Every 3 years.
<i>Use:</i>	Tour brokerage system facility.
<i>Property Rights:</i>	Fee simple interest.

1.7 SCOPE OF APPRAISAL

This appraisal report is intended to comply with the rules, regulations and procedures as set forth by the Uniform Standards of Professional Appraisal Practice (USPAP).

The scope of this appraisal included an investigation of the commercial real estate market in Skagway. Comparable land sales or leases were analyzed to determine the market value of the subject land. The contributory value of the building is estimated based on a depreciated cost approach. There have been no significant sales of buildings this small and simple. The property is being considered as a prime site with a small, simple building.

The Direct Sales Comparison Approach was relied on for development of a market value opinion of the land.

Market information was obtained through interviews with area land owners, realtors, buyers, sellers, and others active in the real estate market. Our office maintains market data information on sales, transfers and on a geographic location basis for those rural properties not connected to a road system and various other real estate transactions. Within each of these areas, the data is further segmented into commercial and residential properties. Within these divisions of separation are divisions for zoning and whether the properties are waterfront or upland parcels. Horan & Company, LLC maintains and continually updates this library of sale transactions throughout the Southeast Alaska region and has done so for over 30 years.

1.8 ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report and valuation contained herein are expressly subject to the following assumptions and/or conditions:

Extraordinary Assumption: It is an extraordinary assumption of this report that the subject was built to the plans presented to the appraiser and is in the condition that was viewed when the appraiser last saw the exterior in the summer of 2017.

General Assumptions

1. It is assumed the data, maps and descriptive data furnished by the client or his representative are accurate and correct. Photos, sketches, maps, and drawings in this appraisal report are for visualizing the property only and are not to be relied upon for any other use. They may not be to scale.
2. The valuation is based on information and data from sources believed reliable, correct and accurately reported. No responsibility is assumed for false data provided by others.
3. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property.

ATTACHMENT A

4. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraiser's estimate of the highest and best use.
5. It is assumed the title to the property is marketable. No investigation to this fact has been made by the appraiser.
6. No responsibility is assumed for matters of law or legal interpretation.
7. It is assumed no conditions existed that were undiscoverable through normal diligent investigation which would affect the use and value of the property. No engineering report was made by or provided to the appraiser.
8. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
9. The value estimates are made subject to the purpose, date and definition of value.
10. The appraisal is to be considered in its entirety; the use of only a portion thereof will render the appraisal invalid.
11. Any distribution of the valuation in the report between land, improvements, and personal property applies only under the existing program of utilization. The separate valuations for land, building, and chattel must not be used in conjunction with any other appraisal and is invalid if so used.
12. The appraiser shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described herein unless prior arrangements have been made.

1.9 TERMINOLOGY

Market Value

A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following:

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after 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 duress.
2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:
 - a. the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
 - b. the terms of sale (e.g., cash, cash equivalent, or other terms); and
 - c. the conditions of sale (e.g., exposure in a competitive market for a reasonable time prior to a sale).

The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Pages 141-143

Fee Simple Estate

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

The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute, Page 90

2 MARKET AREA ANALYSIS

2.1 SKAGWAY AREA ANALYSIS

Real Estate Market Trends

The increased seasonal demand has caused significant appreciation in general real estate housing and commercial land. Statistics kept for assessment adjustments show that values have gone up about 160% since 1995 for real estate land in general and over 200% for land in the central Historic Business District. The suburban Hillside District and Dyea area has not experienced the same level of overall appreciation, with assessment values increasing just 110% in the same time period. There was a 10% decline in 2010 and another 15% decline in 2011 in the assessment values for Skagway's core town land, reflecting the market's reaction to the decline of tourism visitation. Tourism numbers have again been increasing, and assessed values proved stable for 2012 and 2013 and gradually increased in varying degrees 2014 – 2017, depending on the area.

2.2 NEIGHBORHOOD ANALYSIS

The subject is located in the general area of the White Pass Cruise Ship Dock. It is approximately ¼ mile south of the downtown core. Developments in the area include the public harbor, two restaurants on leased land, the cruise ship dock itself, and a small campground which may be a transitional interim use. There is a substantial parking lot serving the harbor. The public seawalk along the water side of Congress Way provides an attractive pedestrian alternative to access the community from the dock.

Conclusion

As long as the demand for tourism in Alaska holds up and the cruise ships continue to call on Skagway, the future outlook appears to be moderate to good. The rate of growth is expected to moderate since the rapid expansion for tourist ship stops and capacity into the port of Skagway has neared a saturation point. Updates to the dock system being discussed would allow for accommodation of the larger cruise ships being seen by the industry. Another benefit for Skagway is its location serving as a waterfront hub for water-related shipping from inland industries and communities. The outlook is for stable to moderate growth.

3 PROPERTY DESCRIPTION

3.1 SITE DESCRIPTION

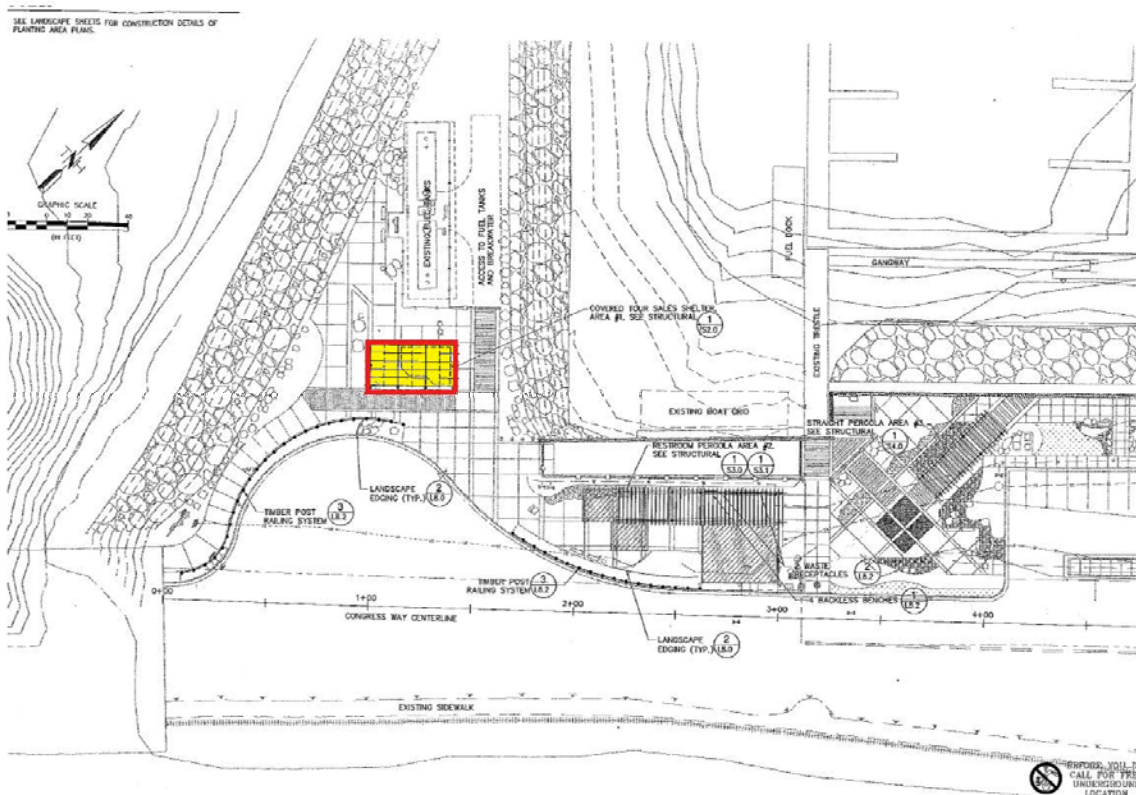


FIGURE 3.1 – SUBJECT LOCATION MAP

The subject site is a 2,000 SF parcel near the waterfront between the White Pass cruise ship dock and downtown. It is off the end of Congress Way and located along the seawalk and near the public boat harbor. As noted, the subject is used for a tour brokerage facility.

Topography, Utilities & Access

The subject is level and at grade with the surrounding lands. The beginnings of the seawalk connecting the cruise ship dock to downtown facilities are located approximately at the subject. There is a “turn-around” off Congress Way. Congress Way contains most utilities including water, sewer and power. The subject site has only power. The subject parcel can be accessed directly off the publicly maintained Congress Way. On the opposite side of the road, there are railroad tracks utilized by the railroad to pick up tourists for the White Pass rail trip.

3.2 ZONING

The subject site is zoned Waterfront (W) district. The W zoning is designed to protect Skagway’s limited waterfront areas for those uses that are directly dependent upon or related to the water and/or a waterfront location. This zoning principally allows for public, private, and commercial moorage, warehousing and storage, marine fuel, water

and sanitation facilities, research and educational facilities related to the water, port and harbor facility, seafood processing, boat storage yard, fish and shell fish propagation, parks and open space, and water-related visitor services, as well as sales related to maritime activity that requires/benefits from a shoreline location.

3.3 EASEMENTS AND ENCROACHMENTS

There are no known easements or encroachments on the subject parcel.

3.4 ASSESSED VALUATION AND TAXES

The site is owned by the Municipality and has not historically been taxed.

3.5 FLOOD ZONE

The subject appears to lie within Flood Zone B, which is an area of moderate flooding per the FEMA flood zone map. Most of downtown Skagway is in Flood Zone B

3.6 IMPROVEMENT DESCRIPTION

There is an approximate 18' x 29' (522 SF) simple frame building with double doors at the entrance and a single man-door on the side. There are minimal vinyl casement windows. Exterior finishes are wood T&G siding and rolled roofing on a 1:12 pitch. The interior is drywall and insulation is R-21. This enclosed structure is under a larger (21' x 40') pergola tri-gabled structure. This structure was built in 2008 and estimated to be 9 years old.

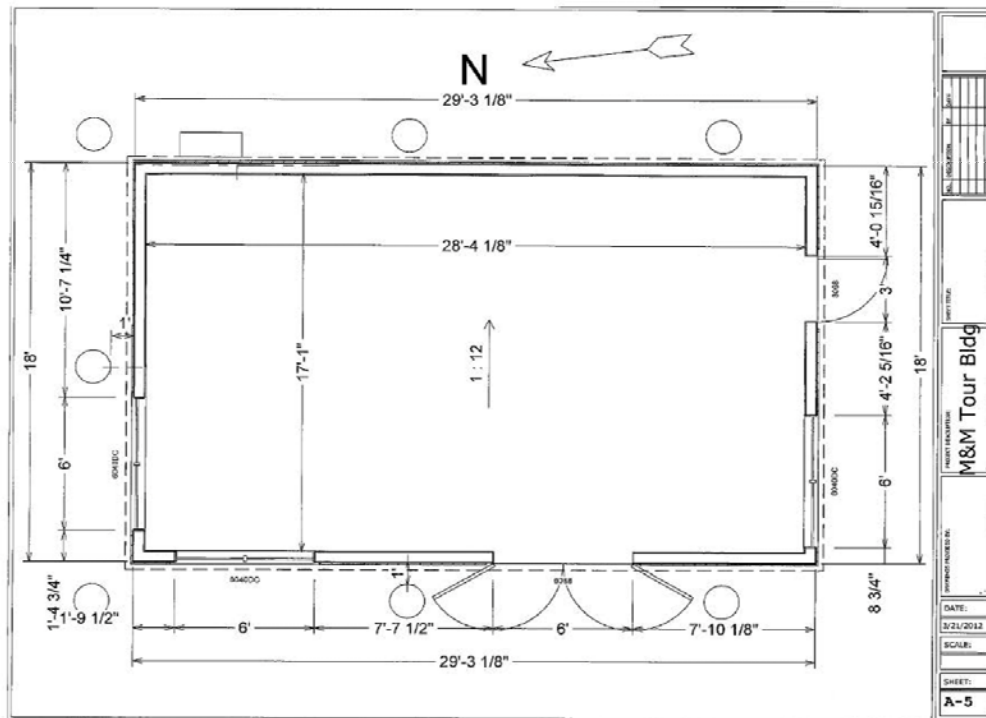


FIGURE 3.2 FLOOR PLAN

4 VALUATION

4.1 HIGHEST AND BEST USE

1. 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.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute, Page 109

The subject meets all four tests of highest and best use as is. With the current zoning regulations and the subject's proximity to the waterfront and harbor as well as being directly off the cruise ship dock would lend to a tourist related business.

4.2 LAND VALUATION

The most applicable approach to land valuation is the Direct Sales Comparison Approach. All of the comparables are in Skagway. These sales or capitalized leases were chosen based on comparable attributes such as zoning, size, location, and available utilities. A qualitative rating is developed to weigh market differences between the subject and the comparables whereby, if a comparable attribute is superior to a subject, a minus rating of -1, -2, or -3 is given, depending on its severity. Conversely, if a comparable attribute is inferior to the subject, a plus rating of +1, +2, or +3 is given, depending on its severity, to weight this with other attributes towards the subject. The gradation of weighting 1 to 3 is used since all qualitative attributes are not, in the appraisers' opinion, equally weighted within the market.

TABLE 4.1 - COMPARABLE SALES AND CAPITALIZED LEASES TABLE						
#	Location	Date	Price	SF	\$/SF	Comments
1	Tax Lot 5D, Congress Way (7926)	05/13	\$110,000*	5,000 SF	\$20.00/SF	Zoned W; Same street
2	Ptn. Tax Lot 5F (7207)	04/16	\$39,000*	3,000 SF	\$13.00/SF	Zoned W; Larger
3	Ptn. Lot 11, Blk 32 (9216)	04/15	\$15,812.50	1,250 SF	\$12.65/SF	RG Zoning
4	Lot 1, Block 42 (8220)	04/15	\$72,000**	5,000 SF	\$14.40/SF	IL zoning
5	Tax Lot 5A (10434)	01/18	\$25,600*	1,600 SF	\$16.00/SF	Adjacent property
	Subject	12/17	Solve	2,000 SF	Solve	Zoned W

*Fee simple value considering 8% lease rate; **Land Allocation from improved sale.

ATTACHMENT A



Comparable 1 is the fee simple value based on a capitalized 2013 lease. This property is considered due to its similar zoning and location along Congress Way, but it is ranked superior in location with direct access on the seawalk. It is larger in size which would be an inferior adjustment due to the economies of scale. It is ranked **similar** overall. (Photo 021313_0135)



Comparable 2 is the fee simple indicator based on the capitalized lease of a small waterfront zoned property. It is larger in size and inferior in utilities potential. It is inferior in its location off of the main streets between the harbor and town. It is ranked **inferior** overall. (Photo 080317_1292)



Comparable 3 is the fee simple sale of a small parcel that was sold by the city to the adjacent parcel owner to allow the land to be more aligned with other town lot sizes. It is considered inferior in zoning. It is slightly smaller than the subject in size. The sale occurred in 2015. It is ranked **inferior**. (Photo 021715_0401)



Comparable 4 is the land allocation from an improved sale with IL zoning. It is larger at 5,000 SF and would be inferior in size when considering the subject on a price/SF basis. It ranks **inferior** at \$14.40/SF. (Photo 090808_1734)



Comparable 5 is based on the capitalization of a recently updated lease. This property is located adjacent to the subject but further out the breakwater and away from the seawalk traffic. It is more industrial in nature and generally inferior in location. (Photo 080317_1289)

See Table 4.2 on the next page for the Qualitative Adjustment Grid.

TABLE 4.2 – QUALITATIVE ADJUSTMENT GRID

Characteristic	Subject	Comp #1 Tax Lot 5D, Congress Way		Comp #2 Ptn. Tax Lot 5F		Comp #3 Ptn. Lot 11, Blk 32		Comp #4 49 Main St.		Comp #5 Tax Lot 5A	
Sales or Indicated Price	Solve	\$110,000*		\$39,000*		\$15,812.50		\$72,000**		\$25,600*	
Price/SF	Solve	\$20.00/SF		\$13.00/SF		\$12.65/SF		\$14.40/SF		\$16.00/SF	
Market Conditions (Time of Sale)	07/17	5/13	0	04/16	0	04/15	0	04/15	0	01/18	0
Conditions of Sale	N/A	Similar	0	Similar	0	Similar	0	Similar	0	Similar	0
SF Size	2,000 SF	5,500 SF	+1	3,000 SF	+1	1,250 SF	0	5,000 SF	+1	2,000 SF	0
Location/Access	Good	Superior	-1	Inferior	+1	Inferior	+1	Inferior	+1	Inferior	+1
Zoning	W	W	0	W	0	RG	+2	IL	0	W	0
Utilities	All nearby	Similar	0	Inf.	+1	Similar	0	Similar	0	Similar	0
Overall Net Rating		Similar	0	Inferior	+3	Inferior	+3	Inferior	+2	Inferior	+1

*Based on capitalized lease, ** Land allocation

TABLE 4.3 - SALES RANKING

Comparable	Sales Date	Price/SF	Ranking
Comp 1	05/13	\$20.00	Similar -0
Subject	12/17	Solve	Similar
Comp 5	1/18	\$16.00	Inferior +1
Comp 4	04/15	\$14.40	Inferior +2
Comp 2	04/16	\$13.00	Inferior +3
Comp 3	04/15	\$12.65	Inferior+3

All of the comparables indicate a range between \$12.65/SF and \$20.00/SF with transaction dates ranging from 2013 – 2018. Comparable 1 is ranked similar but is the oldest transaction used. Comparable 5 is located immediately adjacent to the subject but inferior in location, being away from the seawalk and further out the breakwater. After ranking, the subject value is felt to fall above \$16/SF and close to \$20/SF. Considering that Comp 5 is the most recent transaction and is immediately adjacent, it is given considerable weight although it is ranked slightly inferior.

In consideration of the data analyzed above, a unit value of \$19.00/SF is felt to be most substantiated. The land valuation, with an effective date of December 28, 2017 can be summarized as follows:

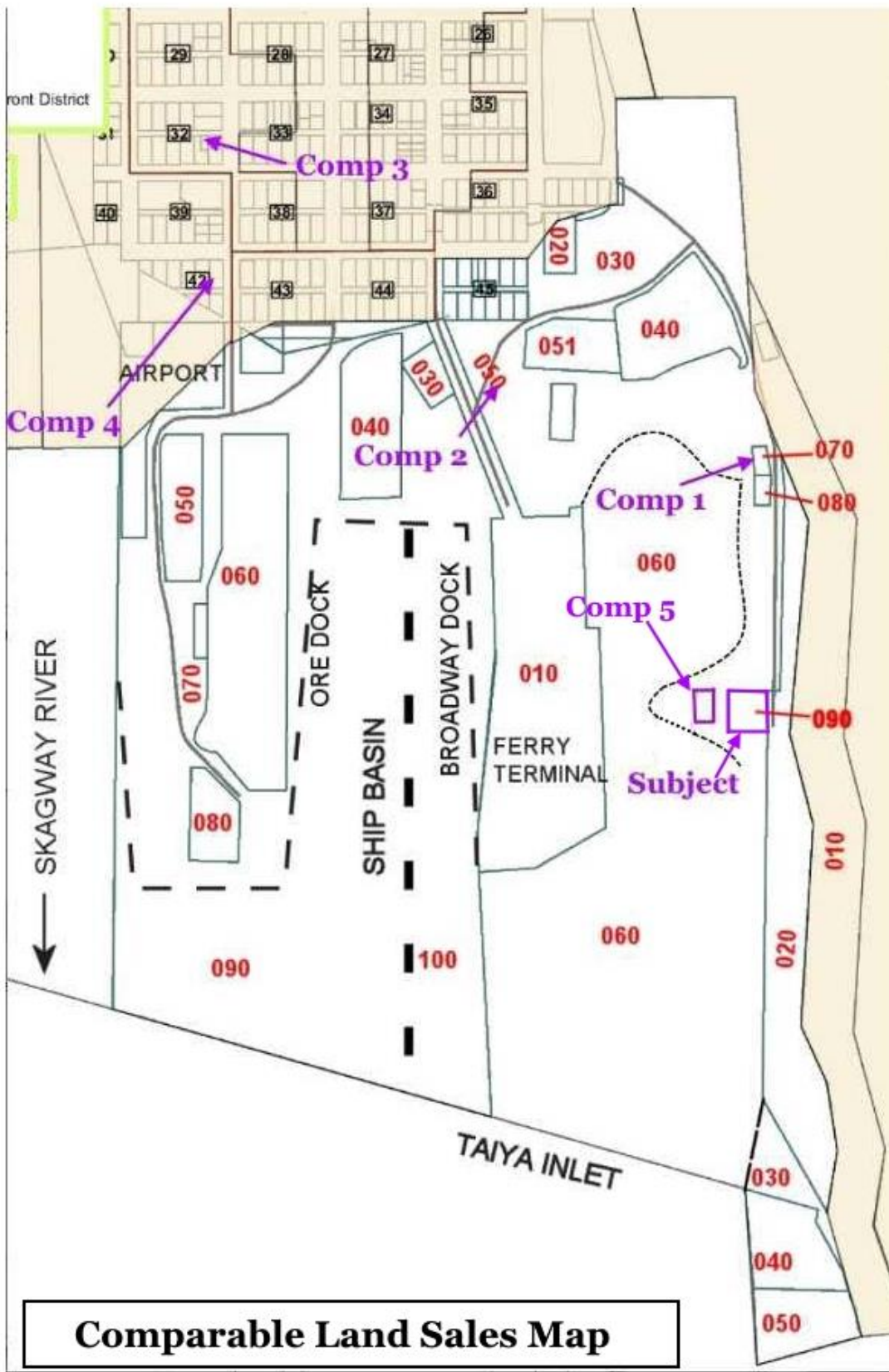
Land Value 2,000 SF @ \$19.00/SF = \$38,000

4.3 CONTRIBUTORY VALUE OF IMPROVEMENTS AND SUMMARY

Improvements consist of a simple frame structure of approximately 522 SF under a larger (approximately 850 SF) tri-gabled pergola structure providing shade and protection for tourists awaiting tickets. Estimated actual costs from the 2012 construction of \$46,300 would indicate \$53,800 in today's funds. That indicates \$103.06/SF. (\$53,800/522) I have considered the Marshall's Valuation manual for low cost visitor centers indicates a SF price of \$109/SF. This is relatively similar to the actual costs estimated. The appraiser will use the actual SF costs of \$103/SF. Depreciation for these types of buildings is extracted from the market at 2% per year or in this case 108% for the five year old facility. The as-is building value based on the Cost Approach can be summarized as follows:

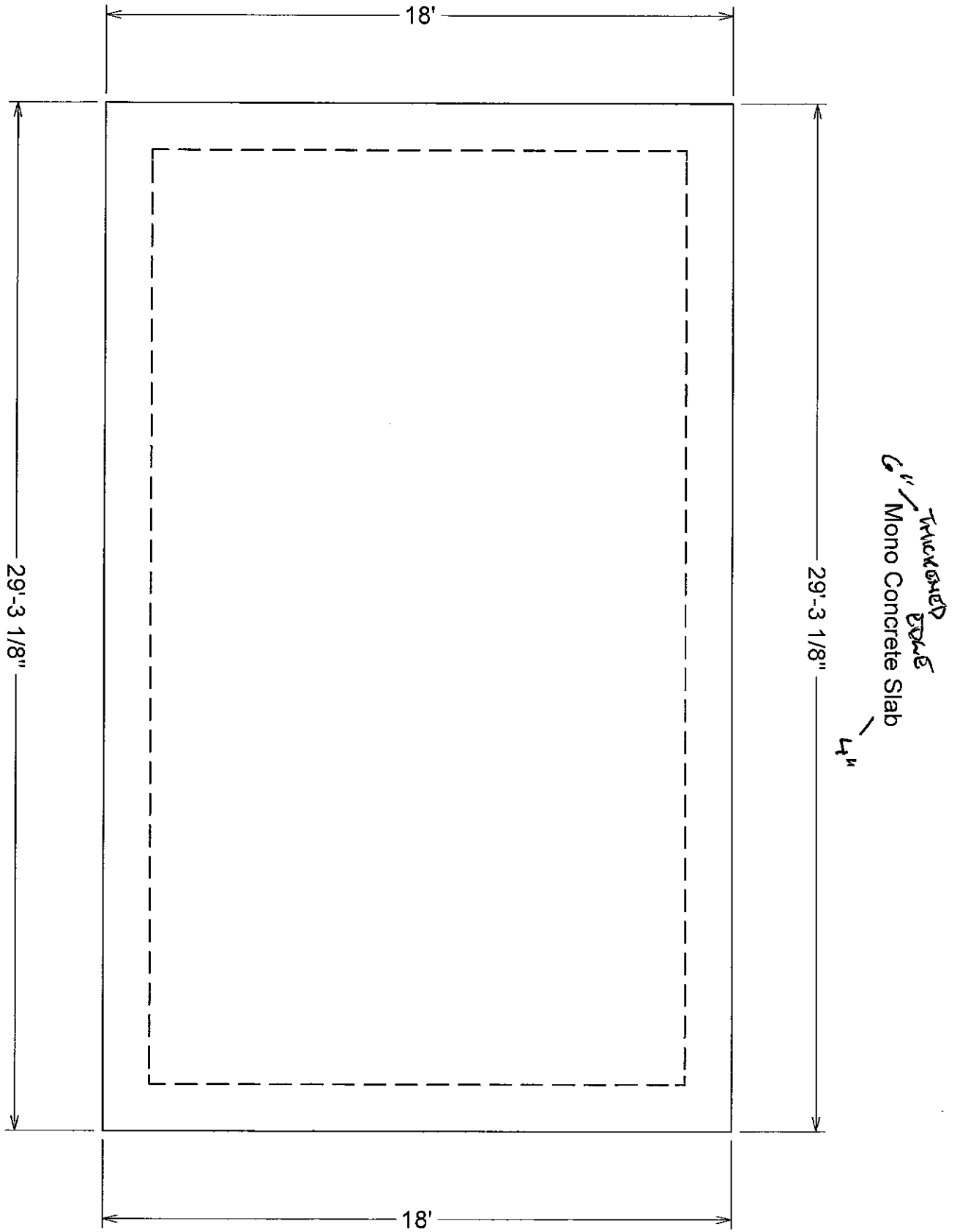
522 SF @ \$103/SF =	\$53,766
Less 10% Dep.	<u>\$ 5,377</u>
Depreciated Bldg.	\$48,389
Add Land	<u>\$38,000</u>
Total Value Per Cost	\$86,389

ADDENDA



Comparable Land Sales Map

ATTACHMENT A



A-4

SHEET:

SCALE:

DATE:
3/21/2012

DRAWINGS PROVIDED BY:

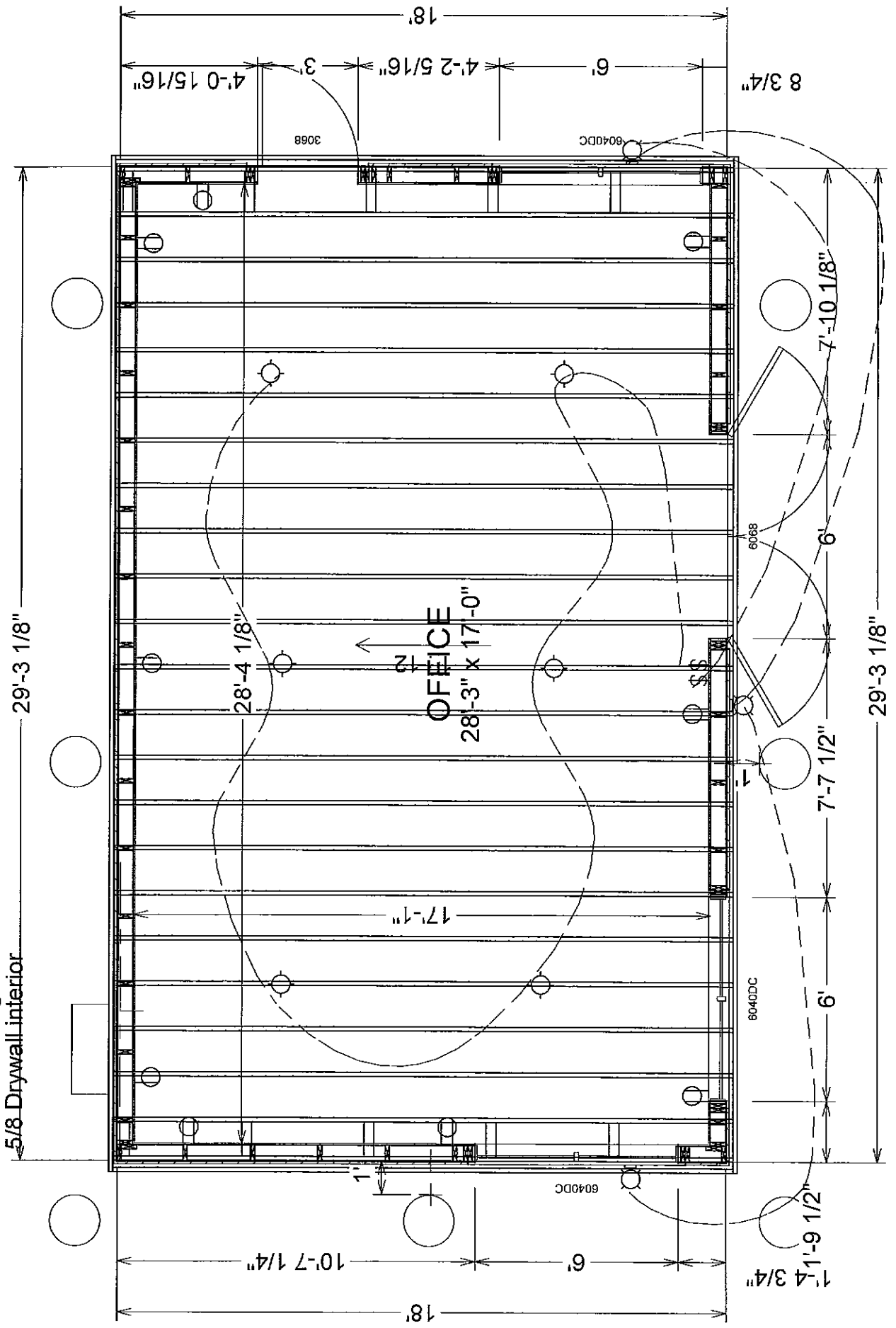
PROJECT DESCRIPTION:

M&M Tour Bldg

SHEET TITLE:

NO.	DESCRIPTION	BY	DATE

Mono Slab Foundation
 Walls 2x6 16" OC
 Rafters 2x10 16"OC
 Roof Pitch 1:12
 Rolled Roofing
 5/8 Drywall interior



PROJECT DESCRIPTION: M&M TOUR BLDG
 SHEET TITLE: 9

DRAWINGS PROVIDED BY:
 DATE: 3/21/2012
 SCALE:
 SHEET: A-1

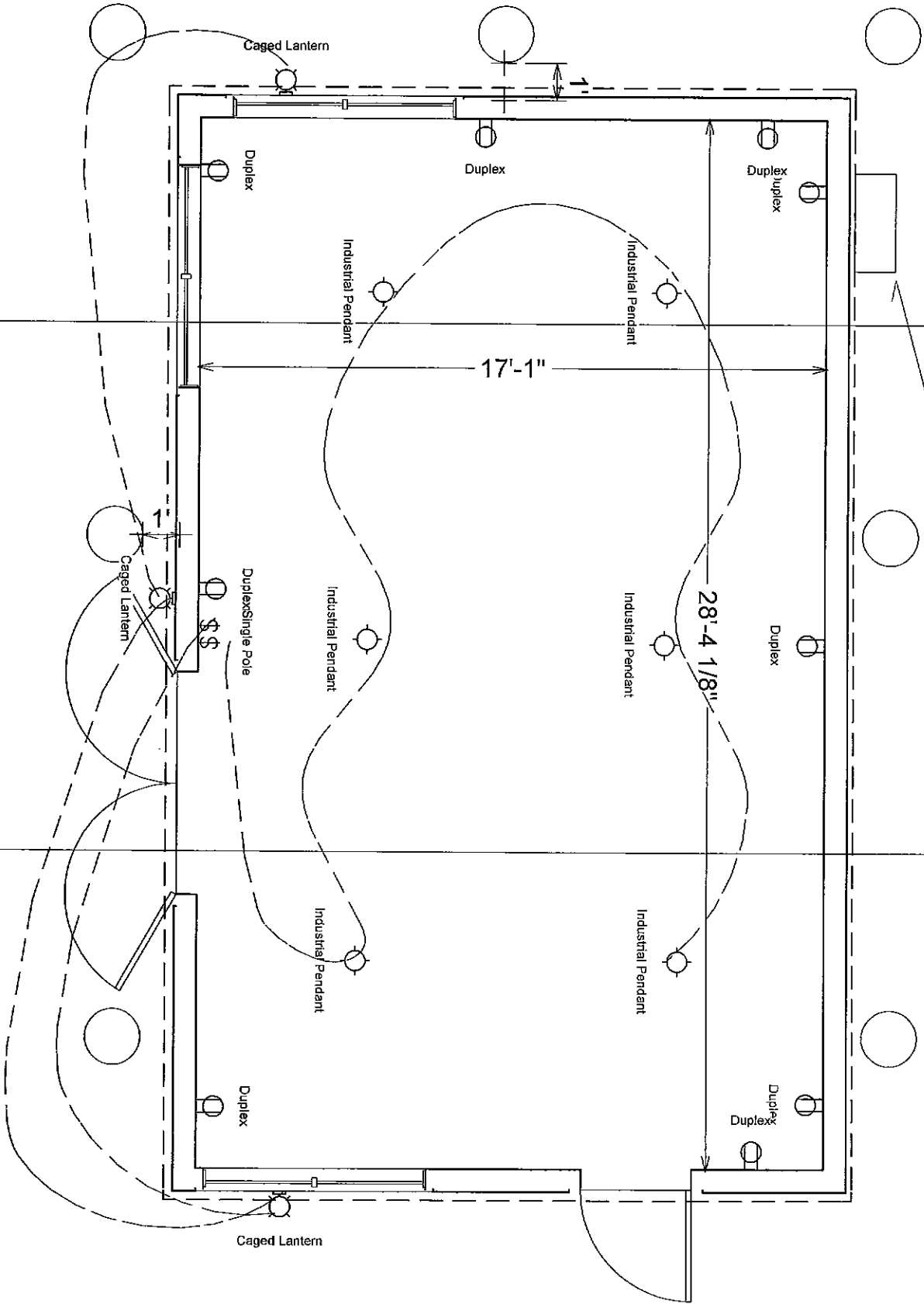
NO.	DESCRIPTION	BY	DATE

ATTACHMENT A

100 amp service
 Convenience Outlets
 Indoor lights in series (6)
 Outdoor lights in series (3)

Electric Service from existing underground conduit

1st Floor



SHEET: A-3	DATE: 3/21/2012	DRAWINGS PROVIDED BY:	PROJECT DESCRIPTION: M&M Tour Bldg	SHEET TITLE:	<table border="1"> <thead> <tr> <th>NO.</th> <th>DESCRIPTION</th> <th>BY</th> <th>DATE</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>	NO.	DESCRIPTION	BY	DATE																				
	NO.	DESCRIPTION	BY	DATE																									
SCALE:																													

NO.	DESCRIPTION	BY	DATE

SHEET TITLE:

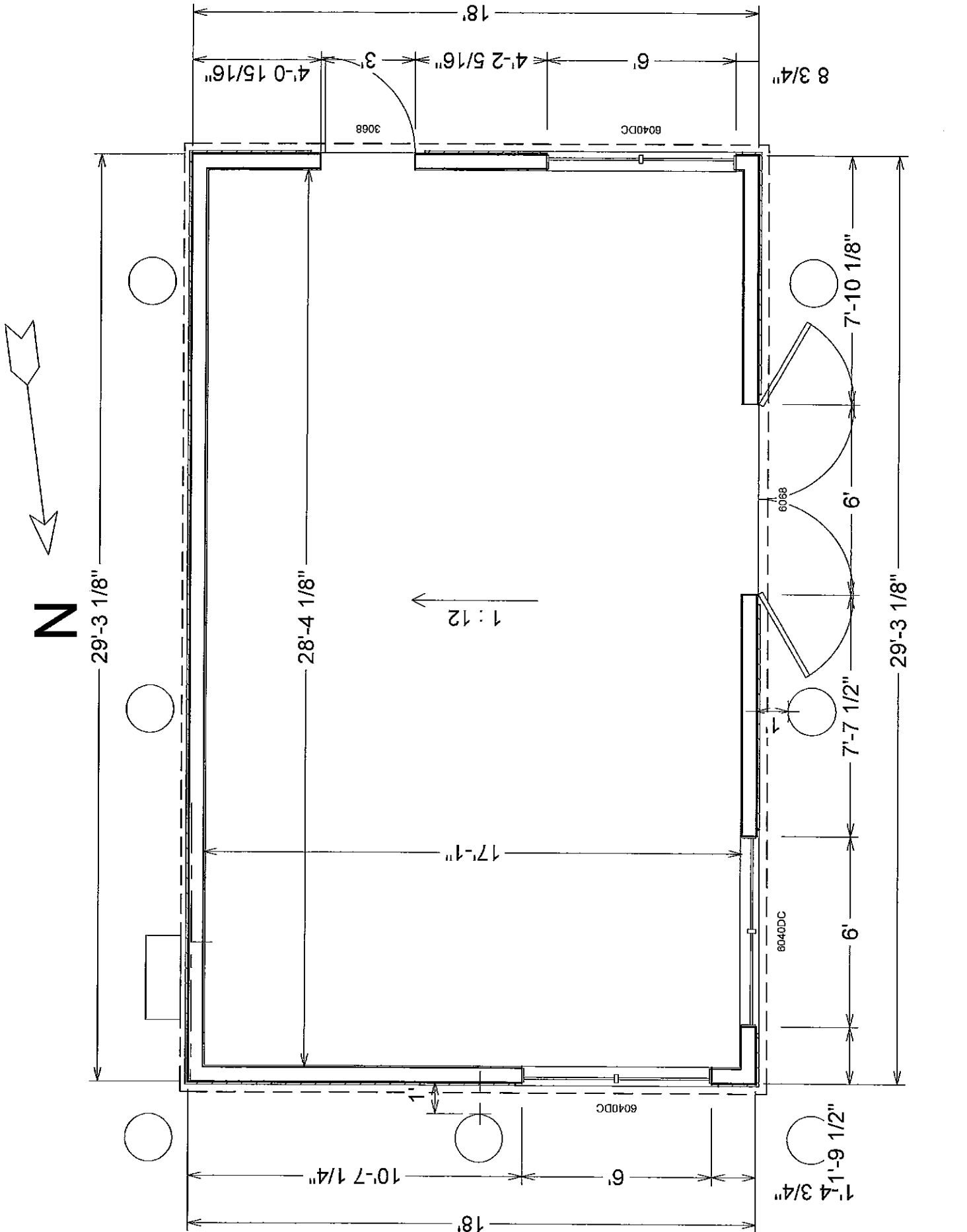
PROJECT DESCRIPTION:
M&M TOUR Bldg
 ATTACHMENT A

DRAWINGS PROVIDED BY:

DATE:
 3/21/2012

SCALE:

SHEET:
A-5



NO.	DESCRIPTION	BY	DATE

SHEET TITLE:

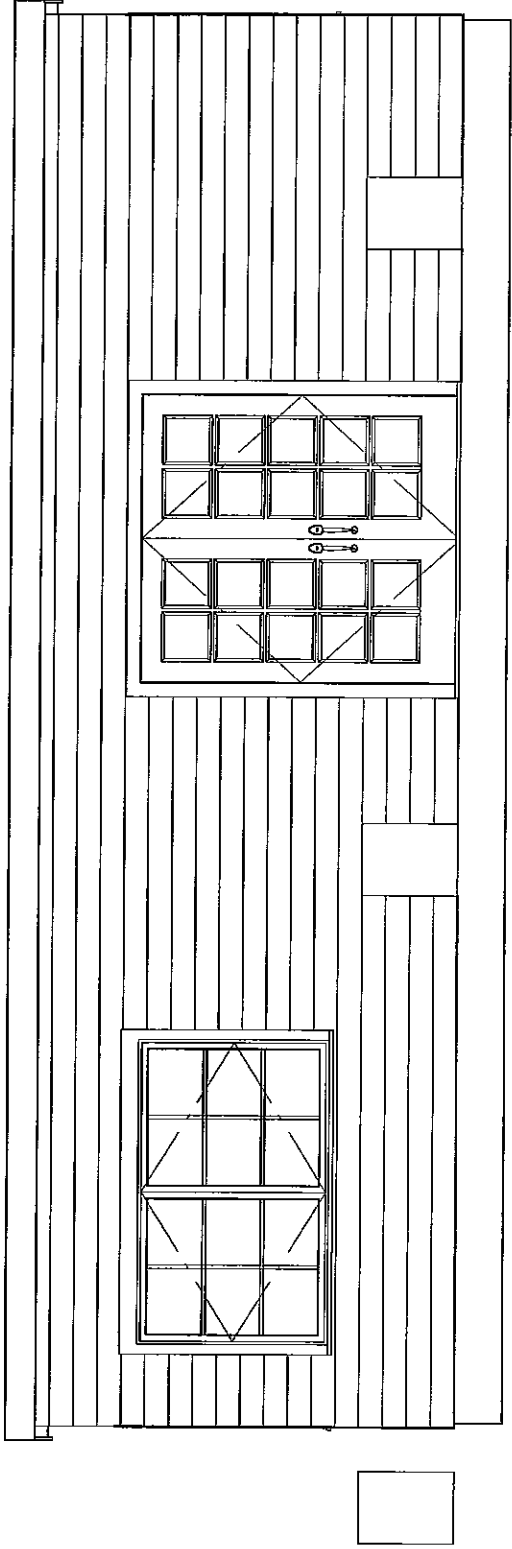
PROJECT DESCRIPTION:
M&M TOUR Bldg
ATTACHMENT A

DRAWINGS PROVIDED BY:

DATE:
 3/21/2012

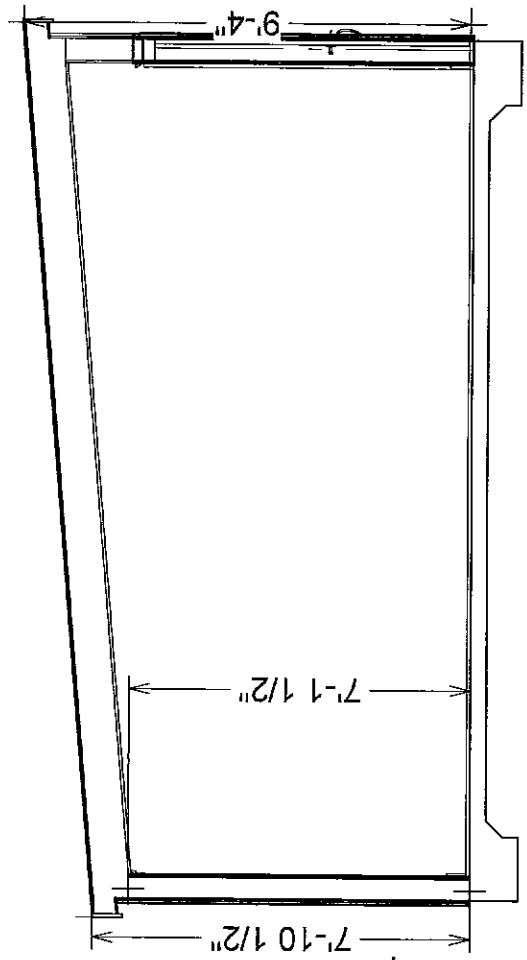
SCALE:

SHEET:
A-2



Cross Section 6

- Wood T&G Siding
- 1/2" Wall Siding
- 5/8" T&G Roof Sheeting
- Rolled Roofing
- R21 Insulation

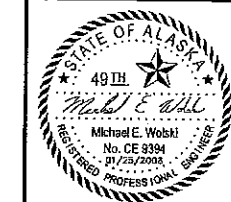
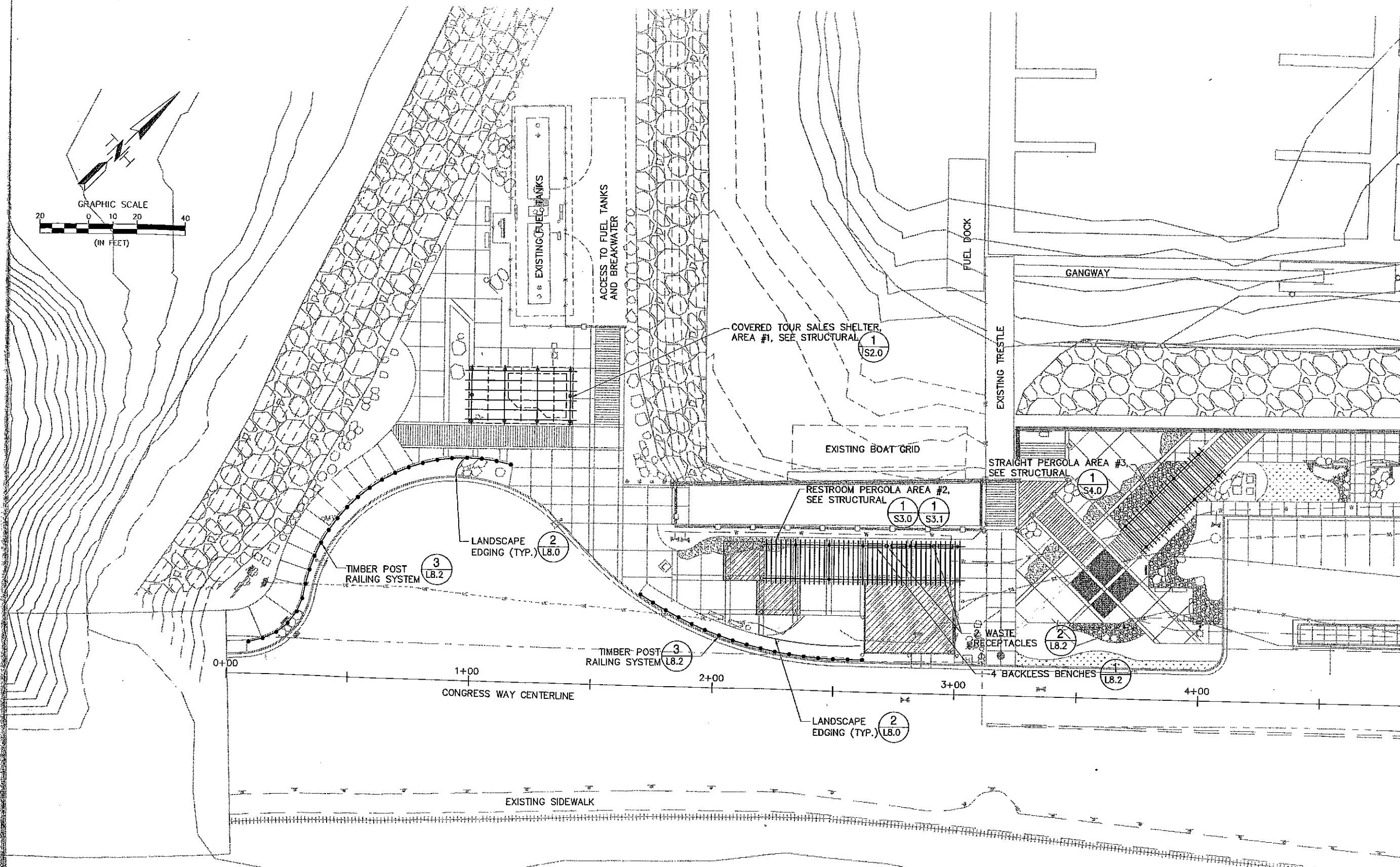
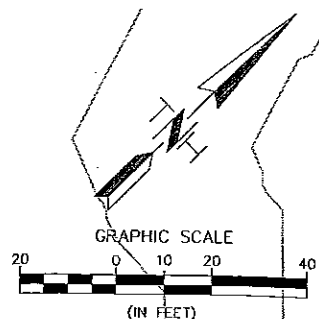


Cross Section 5

- Concrete slab 4" with mesh
- Double Strand 1/2" rebar footer
- 8"x12"

NOTES:

1. SEE LANDSCAPE SHEETS FOR CONSTRUCTION DETAILS OF PLANTING AREA PLANS.



TRYCK NYMAN HAYES, INC.
 ENGINEERING/SURVEYING
 & LANDSCAPE ARCHITECTURE
 917 W. 8TH AVENUE, SUITE 300
 ANCHORAGE, AK 99501
 TEL: (907) 279-6643 • FAX: (907) 278-7878

NOTES / REVISIONS

MATCHLINE SEE SHEET C3.1

MUNICIPALITY OF SKAGWAY

SEAWALK AND UPLANDS PHASE V
 SKAGWAY, ALASKA
 SITE PLAN (1 OF 3)

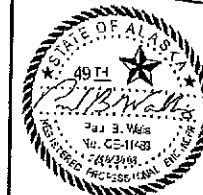
PROJECT No:	02219.005
DATE:	07/31/08
DESIGNED BY:	
DRAWN BY:	
CHECKED BY:	MW
CAD DWG FILE:	02219.005_C3.0_C3.1_C
SHEET:	C3.0
PAGE:	7 OF 49



Locote Call Center of Alaska
 Anchorage Area.....278-3121
 Steeleville.....478-3121
 who will notify subsurface utilities only.
 Other utilities need to be contacted individually.

NOTES:

1. ALL GUTTERS REQUIRE DOWNSPOUTS. ALLOW FOR SITE DRAINAGE
2. ALL METAL ROOFS REQUIRE SNOW GUARDS.



TRYCK NYMAN HAYES, INC.
 ENGINEERING/SURVEYING
 & LANDSCAPE ARCHITECTURE
 911 W. 8TH AVENUE, SUITE 300
 ANCHORAGE, AK 99501
 TEL: (907) 279-8543 • FAX: (907) 279-7378

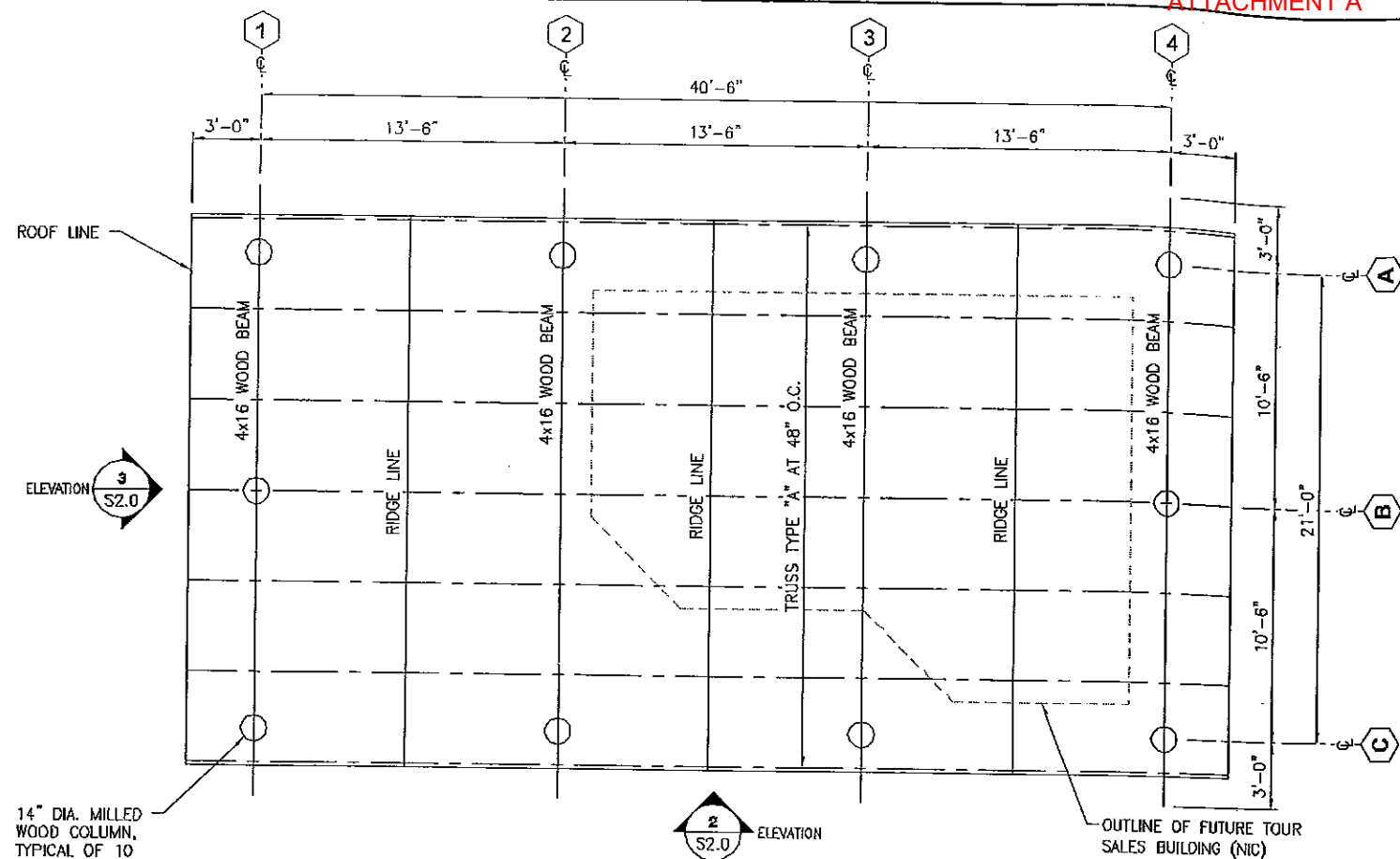
SIMPSON ASSOCIATES, INC.
 ARCHITECTURAL DESIGN
 1000 W. 11TH AVENUE, SUITE 100
 ANCHORAGE, ALASKA 99501
 TEL: (907) 279-8543 • FAX: (907) 279-7378

NOTES / REVISIONS

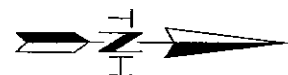
MUNICIPALITY OF SKAGWAY
SEAWALK AND UPLANDS PHASE V
 SKAGWAY, ALASKA
 TOUR SALES SHELTER ROOF PLANS & ELEVATIONS
 AREA #1

PROJECT No: 02219.005
 DATE: 07/31/08
 DESIGNED: MAS
 DRAWN BY: TNH
 CHECKED BY: PBW
 CAD DWG FILE: 02219.005_S2.0.dwg

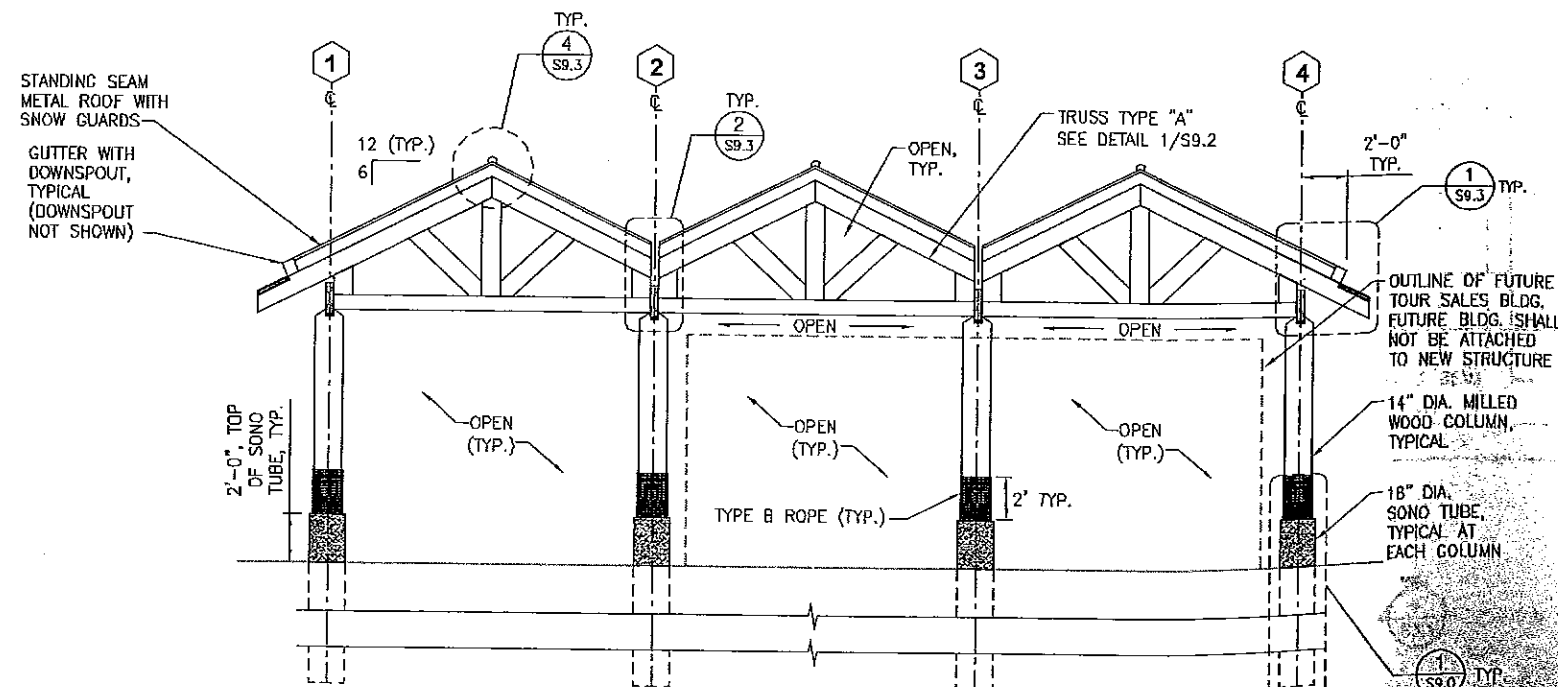
Sheet: **S2.0**



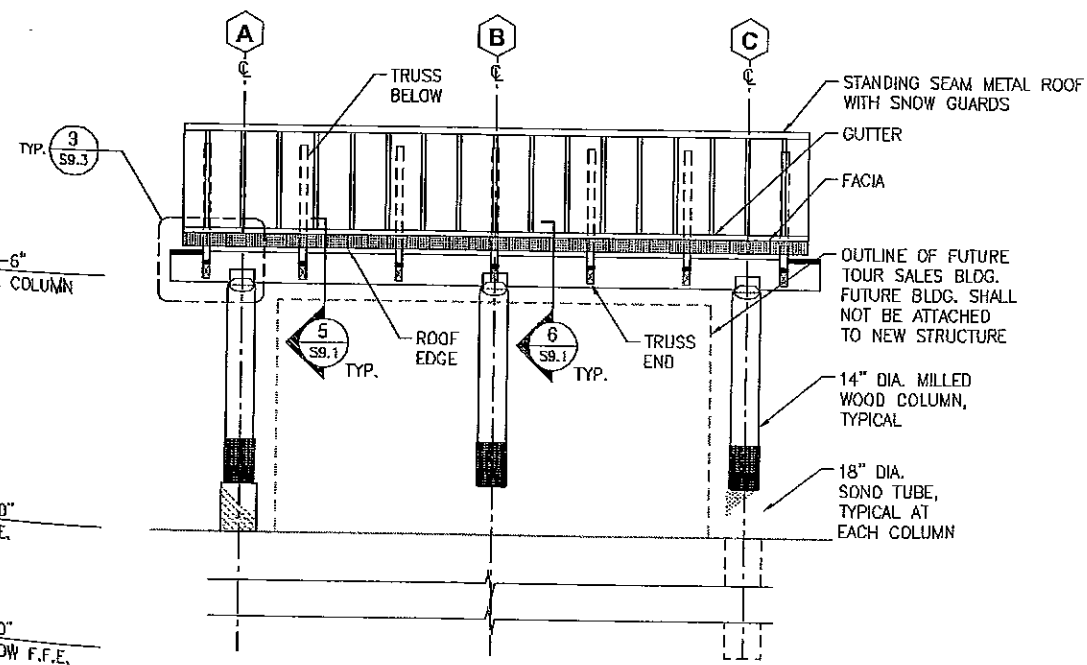
1
 TOUR SALES SHELTER
 ROOF PLAN - AREA #1
 SCALE: 1/4"=1'-0"



AREA #1 SHELTER
 NOTE:
 VERIFY WITH SITE FOOTPRINT FOR COLUMN
 SPACING AND OVERALL DIMENSION.



2
 TOUR SALES SHELTER
 FRONT ELEVATION - AREA #1
 SCALE: 1/4"=1'-0"



3
 TOUR SALES SHELTER
 SIDE ELEVATION - AREA #1
 SCALE: 1/4"=1'-0"

~~City of Skagway~~
Tour Broker Agreement

SECTION ONE: GENERAL CONDITIONS

- A. M&M Brokerage, Inc., hereinafter referred to as Contractor, shall provide assistance to the visitor industry by providing a tour brokerage system for all tour products offered in the City of Skagway. The City will supply the municipal property located near the end of the White Pass Dock, subject to the conditions set out below and only so long as Contractor is not in breach of this Agreement. The Contractor will be required to offer all tour products to visitors, including but not limited to bike, helicopter, horse, bus/van, etc., offered by interested companies. The contract is based on the conditions stated below and the Contractor's proposal that was submitted to and accepted by the City of Skagway. The Contractor must adhere to the following conditions:
- i) Contractor must offer tour products of all interested tour companies to the public, including, but not limited to, bike, helicopter, horse, bus/van, etc.
 - ii) Contractor shall not charge more than a 20% commission rate to all tour vendors, regardless of tour.
 - iii) Contractor shall not show a preference to any particular tour company.
 - iv) Contractor shall not refuse to offer any interested company's tour product unless the following circumstances apply:
 - a) Tour operator lacks insurance.
 - b) The tour company does not provide the tour that has been advertised.
 - c) The tour company does not perform, has a lack of historical knowledge, or misses scheduled tours.
 - d) Vehicle conditions are poor and not up to Federal, State & Municipal standards. Contractor shall provide documentation to the City of Skagway for any tour company that has been denied service for any of the above conditions.
 - v) Interested companies that wish to use the brokerage system must sign a contract with the broker, which must be pre-approved by the City Manager and the Tourism Director. Copies of all signed contracts shall be provided to the City.
 - vi) All forms of outcry are prohibited and shall be considered a violation of the broker's contract.
 - vii) Contractor is responsible for collecting and submitting the appropriate sales tax for all tour products sold through the brokerage system, to the City of Skagway.
 - viii) Contractor shall not operate or have any interest in any tour product sold in the City of Skagway.
 - ix) Signage of buildings must be pre-approved by the City of Skagway and must be submitted through a sign permit as required by the City of Skagway.
 - x) Contractor is solely responsible for any decision Contractor makes to refuse to offer any tour product under sections (iv)(b-d) above, and Contractor shall defend and hold harmless the City of Skagway in any suit, action, or administrative proceeding brought by any company whose tour has been refused by Contractor.

SECTION TWO: CONTRACT PERIOD & COMPENSATION

- A. The contract shall be for a 5-year term, but shall be evaluated on a yearly basis. The parties agree that the 12 months of the contract shall be construed as a probationary period. At least ninety (90) days before the end of the probationary period, the City of Skagway shall conduct a review of the Contractor's performance.
- B. Contractor will pay the City of Skagway 1% of gross annual revenue for M&M Brokerage. This shall be submitted to the City of Skagway on the first day of each month, beginning in June and ending in October for each year of the contract. The 1% payment shall be accompanied with a sales report of all gross revenue collected by the Contractor. The 1% payment shall be for the previous month, thus, the June payment shall be for gross revenue collected in May, and the October payment for September. Failure by the Contractor to remit payment to the City of Skagway for two successive months shall constitute a breach of this Agreement and the City of Skagway may terminate the Agreement at its option pursuant to Section Six.

- C. Contractor is responsible for a yearly lease value of the Municipal land and building. The lease amount will be based on an appraisal of fair market value (see attached). The lease amount will be determined by multiplying:

The appraised annual value of the land on a per square foot basis (\$17.50 per S.F.), by

- ❖ 2000 square feet, by
- ❖ Eight percent (8%)

The lease amount shall be \$2,800 (plus applicable taxes) – Two Thousand-Eight Hundred Dollars, annually. For the first year of the agreement, the lease amount shall be paid in two installments, the first being July 1, 2001 (\$1,400 plus tax – One Thousand-Four Hundred Dollars) the second September 1, 2001 (\$1,400 plus tax – One Thousand-Four Hundred Dollars). The subsequent 4-years of the agreement shall be paid on a monthly basis, May through September, with the payment being made by the first day of each month for \$560.00 plus tax (Five Hundred-Sixty Dollars).

- D. The annual rental payable pursuant to any lease shall be subject to adjustment on the third anniversary of the date of the original agreement (January 1, 2001), and at each three-year interval thereafter. The adjusted annual rent shall be computed at that percentage of the fair market value of the land as set by the lease, inclusive of any improvements thereon made by the city, but exclusive of any portion of value created by expenditures by Contractor, except that the value of any improvements credited against rentals shall be included in the value. Such fair market value shall be determined by an appraisal made by the city assessor and reviewed and approved by the council, whose decision is final. The new rental amount shall be effective at the beginning of the three-year interval to which it applies.
- E. Contractor shall not assign, sublet, sell, transfer or otherwise dispose of any interest in this Agreement without prior written approval of the City of Skagway. The contract agreement shall be binding upon and inure to the benefit of the contract parties, their successors and permitted assigns, but shall not inure to the benefit of any third party or other person. Neither this contract nor any amounts due or to become due hereunder shall be assigned, in whole or in part, without the prior written consent of the contracting officer.

SECTION THREE: CITY'S RESPONSIBILITY

- A. City shall designate a person to act as the City's representative with respect to the services to be rendered under this agreement. This representative shall have complete authority to transmit instructions, receive information, interpret and define the City's policies and decisions with respect to the Contractor's services.
- B. The City will provide the Contractor with an enclosed structure on the White Pass Dock location. The structure shall be capable of being secured after regular business hours. The building shall have access to utilities (electrical and phone), which shall be paid by the Contractor. The size of the structure may be reevaluated after the first year.

SECTION FOUR: CONTRACTOR'S RESPONSIBILITIES

- A. Contractor shall provide a representative who shall have complete authority to transmit instructions, receive information, interpret and define the Contractor's policies and decisions with respect to this agreement.
- B. Contractor shall provide equal opportunity employment.

SECTION FIVE: INSURANCE AND INDEMNIFICATION

- A. Contractor agrees to defend, indemnify and hold harmless the City against any and all claims or actions for injuries or damages sustained by any person or property arising out of, or in connection with, or incident to the performance of this Agreement, including any action or claims by any company offering any tour product.

- ATTACHMENT A
- B. Contractor shall provide general liability insurance at a minimum of \$500,000, which protects the Contractor from any in connection with the brokerage. The City shall be listed as an additional insured on this policy claims arising. Proof of such insurance shall be proved to the City as a condition of entering into this Agreement. Failure to maintain such insurance shall constitute a breach of this Agreement.
- C. Any tour company product offered by Contractor must secure general liability insurance at a minimum of \$500,000, listing the Contractor and the City of Skagway as an additional insured, agreeing to defend, indemnify, and hold harmless the City and the Contractor against any and all claims or actions for injuries or damages sustained by any person or property arising out of, or in connection with, or incident to the performance of this Agreement. Proof of such insurance must be attached Contractors signed agreement, and a copy supplied to the City.

SECTION SIX: TERMINATION AND SUSPENSION

The City of Skagway may, by written notice of default to the Contractor, terminate the whole or any part of this contract, including but not limited to the following circumstances:

- A. If the Contractor fails to perform the service within the time specified herein or any extension thereof, or
- B. If the Contractor fails to perform any of the other provisions of this contract, or so fails to make progress as to endanger performance of this contract in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of ten (10) days (or such longer period as the City of Skagway may authorize in writing) after receipt of notice from the City of Skagway specifying such failure.
- C. Except with respect to defaults of subcontractors, the contractor shall not be liable for any excess costs if failure to perform the Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to the following: acts of God or of the public enemy, acts of the City of Skagway, fire, floods, epidemics, quarantine, restrictions, strikes, freight embargoes, and unusually severe weather conditions which render road conditions unsuitable for safe operation, provided, however, in every case the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any excess costs for failure to perform, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required delivery schedule.
- D. If, after notice of termination of this contract under the provisions of this clause, it is determined for any reason that the Contractor was not in default or that the default was excusable under the provisions of this clause, the rights and obligations of the parties shall be those provided in the "Termination of Convenience" clause hereof. Failure to agree to any such adjustment shall be a dispute concerning a question of fact.
- E. The rights and remedies of the City of Skagway provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.
- F. The City of Skagway may, whenever the interest of the City of Skagway so require, terminate this contract in whole or in part, of the convenience of the City of Skagway. The City shall give written notice of the termination to the Contractor no less than ninety (90) days before the effective date of the termination specifying the part of the contract terminated and when termination becomes effective. In the event of such termination, the following provisions shall apply:
- G. The Contractor shall incur no further obligations in connection with the terminated work, and, on the date set in the notice of termination, the Contractor will stop working the extent specified. The Contractor shall also terminate outstanding orders and subcontracts as they relate to the terminated work. The contractor shall settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated work. The City of Skagway may direct the Contractor to assign the Contractor's right, title, and interest under terminated orders or subcontracts to the City of Skagway. The contractor must still complete the

QUALIFICATIONS OF WILLIAM G. FERGUSON

Education:

Graduated from Pennsylvania State University, B.S./B.L.A. in Landscape Architecture, 1977

Employment:

Appraiser, Horan & Company, LLC, 08/04-Present

Appraiser, Horan, Corak & Company, formerly Pomtier, Duvernay & Horan, 03/87-07/04

Appraiser, Pomtier, Duvernay & Horan, 1986-1987

Associate Planner, City and Borough of Sitka, Alaska 1985-1986

Landscape Architect, U.S. Forest Service, Sitka, Alaska, 1983-1985

Landscape Architect, GWSM Inc., Pittsburgh, PA, 1977-1983

Certification:

State of Alaska, General Real Estate Appraiser, APRG618

Appraisal Education:

AIREA Residential Valuation, May 1989, Portland, Oregon

AIREA Residential Case Studies and Report Writing, May 1989, Portland, Oregon

AIREA Standards of Professional Practice, October 1987, Anchorage, Alaska

FNMA Appraisal Guidelines Seminar, July, 1987

FNMA Appraisal Guidelines Seminar, July, 1988

Veterans Administration Guidelines Seminar, February, 1988

AIREA Real Estate Appraisal Principals, October 1988 Traverse City, Michigan

Residential Demo - Appraisal Report Writing, Northern California Chapter, August 1992

Feasibility Analysis - Highest and Best Use, Alaska Chapter, November 92

Appraising the Tough Ones, Alaska Chapter, November 1992

Standards of Professional Practice - Part A, Alaska Chapter, January 1993

Standards of Professional Practice - Part B, Alaska Chapter, January 1993

New URAR Seminar, Anchorage, Alaska, December 1993

Valuation of Leasehold Interests, Anchorage, Alaska, December 1993

Understanding Limited Appraisals, Anchorage, Alaska, July 1994

Appraisal Institute, Appraisal Procedures, Pittsburgh, Pennsylvania, February, 1995

The Internet and the Appraiser, May 1996, Seattle, Washington

HighTech Appraisal Office, May 1996, Seattle, Washington

Dynamics of Office Bldg. Valuation, October 1996, Anchorage, Alaska

Appraisal of Retail Properties, October 1996, Anchorage, Alaska

Standards of Professional Practice - Part B, April 1997, Seattle, Washington

Basic Income Capitalization, March 1998, Chapel Hill, North Carolina

Standards of Professional Practice - Part C, 1998, Edmonds, Washington

FHA Training Seminar, October 1999, Seattle, Washington

FHA Seminar, August 2000, Anchorage, Alaska

FHA Appraisal Inspection From the Ground Up, June 2000, Anchorage, Alaska

Undivided Partial Interest Valuation/Divided Partial Interest Valuation, May 2001, Anchorage

Technical Inspection of Real Estate, April 2003, Anchorage, Alaska

ATTACHMENT A

Code of Professional Ethics/Scope of Work, April 2003, Anchorage, Alaska
Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), Jan 2004, Philadelphia, PA
Rates and Ratios: Making Sense of GIMs, OARs and DCF, Feb 2005, Anchorage, AK
USPAP Update; Uniform Standards of Professional Appraisal Practice, Feb 2005, Anchorage, AK
USPAP 15 Hr; Uniform Standards of Professional Appraisal Practice, April 2006, Sacramento, CA
Basic Income Capitalization 310, July 2006, San Diego, CA
General Applications 320, July 2006, San Diego, CA
Subdivision Valuation, February 2008, Anchorage, AK
Appraisal of Local Retail Properties, February 2008, Anchorage, AK
USPAP 7 hr Update; Uniform Standards of Professional Appraisal Practice, June 2009, Juneau, AK
Home Valuation Code of Conduct & 1004 Market Conditions Form Seminar, June 2009, Juneau, AK
Business Practices and Ethics, November 2009, Online
Real Estate Appraisal Operations, February 2010, Online
USPAP 7 hr Update; Uniform Standards of Professional Appraisal Practice, February 2010, Kent, WA
Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), Dec 2010, Sacramento, CA
Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets, April 2012, Portland, OR
Appraising the Appraisal - Appraisal Review - General, September 2012, Reno, NV
USPAP 7 hr Update; Uniform Standards of Professional Appraisal Practice, February 2013, Pittsburgh, PA
USPAP 7 hr Update; Uniform Standards of Professional Appraisal Practice, April 2014, Juneau, AK
Real Estate Finance Statistics and Valuation Modeling; February 2015, Las Vegas, NV
Supervisory Appraiser/Trainee Appraiser Course; April, 2015 Anchorage, AK
USPAP 7 hr Update; Uniform Standards of Professional Appraisal Practice, January 2017, Online
Analyzing Operating Expenses, February 2017, Online
Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), May 2017, Seattle, WA
Using Spreadsheet Programs in Real Estate Appraisals – The Basics, December, 2017 Online

Types of Property Appraised:

Residential - Single family residences, duplexes, tri-plexes, four-plexes, mobile homes, and vacant land
Commercial - Warehouses, vacant tracts, islands, office buildings, remote sites, hangars, tidelands, retail buildings, apartments, industrial complexes, market data and research

Types of Property Assessed for Taxation:

Appraiser, City of Petersburg real property assessment roll; Assistant Assessor, Cities of Pelican and Skagway; Appraiser, City of Craig real property assessment roll; Expert Witness, Board of Equalization, Petersburg, Pelican, Craig and Skagway; Single family, multi-family, vacant lands, mobile homes, commercial properties, remote homesites, islands and subdivisions

Planning Experience:

Site planning, construction documentation, construction supervisor
Local government planning duties including public presentations, narratives, zoning rewrites, mapping
University and recreation master planning