



BAXTER BRUCE & SULLIVAN

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September 18, 2018

Via Email to e.deach@skagway.org

Emily Deach
Acting Borough Manager
Municipality of Skagway Borough
P.O. Box 415
Skagway, Alaska 99840

Re: Portion of Lot Two (2), Tidelands Addition to Skagway Townsite, and portion of Lot 7, Block B, Skagway Townsite, commonly referred to as NHN Spring Street, Skagway, Alaska 99840

Baxter Bruce & Sullivan P.C. on behalf of the current owner ("Seller") is soliciting offers for the sale of real property legally described as:

Lot Two (2), TIDELANDS ADDITION TO SKAGWAY TOWNSITE (Alaska Tidelands Survey No. 4), according to Plat 64-8, Skagway Recording District, First Judicial District, State of Alaska,

EXCEPTING THEREFROM that portion conveyed to Pacific & Arctic Railway & Navigation Company in Warranty Deed recorded March 18, 1982 in Book 4 Page 45 and more particularly described as follows:

Begin at the East corner of Lot 2; thence run N 61° 32' W on the Northeast line a distance of 66.65 feet; thence S 45° 30' E 64.06 feet; thence N 44° 30' E 18.41 feet to the point of beginning.

AND

That certain portion of Lot 7, Block B, SKAGWAY TOWNSITE, Skagway Recording District, First Judicial District, State of Alaska, conveyed in Warranty Deed to Malcolm Moe recorded March 18, 1982 in Book 4 Page 46 and more particularly described as:

BEGIN at Corner 22 of Alaska Tidelands Survey No. 4, run thence S 85° 28' W 70.07 feet; thence N 44° 30' E 25.67 feet; thence S 76° 09' 46" E 53.41 feet to the point of beginning.

Enclosed for review are the following documents:

- Exhibit A - Appraisal dated June 26, 2018
- Exhibit B - Limited Liability Title Report detailing current condition of title to the Property

BAXTER BRUCE & SULLIVAN P.C.

Emily Deach
September 18, 2018
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- Exhibit C - U.S. Survey detailing location of the Property relative to the small boat harbor
- Exhibit D - Drawing detailing location of the Property relative to contiguous blocks
- Exhibit E - D.S. Miller Plat
- Exhibit F - Aerial photo showing location of platted Spring Street as the street exists in its undeveloped location through the current parking lot extending across the railroad tracks to the Property.

The documentation included with this letter is offered for informational purposes only and neither Seller nor Baxter Bruce & Sullivan P.C. shall be liable for its accuracy or any opinions expressed.

Seller intends that the property will be sold "as is" and all potential purchasers are responsible for determining to their own satisfaction the condition and value of the property, whether they have inspected it or not. Neither the Seller nor Baxter Bruce & Sullivan P.C. make any warranties or representations of any nature, either express or implied as to the condition of the property, discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose. Notwithstanding the foregoing disclaimer of title, Baxter Bruce & Sullivan P.C., on behalf of Seller, will initiate and bring to conclusion, prior to closing, the necessary court action required to eliminate the interest of Malcolm A. Moe (Sr.) remaining in that portion of Lot 7, Block B, Skaguay according to Plat 1 located within the Property.

Anyone interested in purchasing the Property is encouraged to submit a non-binding letter of intent to purchase, providing the legal name of the offeror, price, terms of payment, estimated closing date, division of closing costs and any other pertinent information deemed relevant. Each non-binding letter of intent to purchase will be evaluated on its individual merits based solely on the desires and criteria of the Seller, with Seller having sole authority to determine whether to proceed with negotiation of a binding purchase and sale agreement. It is requested that letters of intent to purchase be delivered to Baxter Bruce & Sullivan P.C. by 5:00 p.m. Alaska Time, Monday, October 22, 2018. Delivery may occur by email to swolter@bbslawyer.com, by facsimile to (907) 789-1913, or by mail to P.O. Box 32819, Juneau, Alaska 99803.

Sincerely,

BAXTER BRUCE & SULLIVAN P.C.



Kevin J. Sullivan

KJS/srw

Appraisal of Real Property

Moe Estate Vacant Site

Vacant Land
NHN Spring Street
Skagway, Skagway Borough, Alaska 99840

Prepared For:

Baxter Bruce & Sullivan

Effective Date of the Appraisal:

June 26, 2018

Report Format:

Appraisal Report – Standard Format

IRR - Seattle

File Number: 154-2018-0270





Moe Estate Vacant Site
NHN Spring Street
Skagway, Alaska



July 31, 2018

Kevin J. Sullivan
Attorney-at-Law
Baxter Bruce & Sullivan
9309 Glacier Hwy.
Juneau, AK 99801

SUBJECT: Market Value Appraisal
 Moe Estate Vacant Site
 NHN Spring Street
 Skagway, Skagway Borough, Alaska 99840
 IRR - Seattle File No. 154-2018-0270

Dear Mr. Sullivan:

Integra Realty Resources – Seattle is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property. The client for the assignment is Baxter Bruce & Sullivan, and the intended use is for property disposition purposes.

The subject is a parcel of vacant land containing an area of 0.46 acres or 20,038 square feet. The property is zoned WD, Waterfront District, which permits warehousing, storage, and handling of cargo (no excessive noise, vibration, smoke, dust, etc.); Marine fuel, water, sanitation facilities; Boat storage yards; Parks and open space; Heliport (conditional); Hotels and motels (conditional); Sales and storage of fuels, gases, and Class I, II, and III liquids (conditional); Taverns and bars (conditional); Restaurants serving alcohol (conditional); Service stations (conditional)

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of Baxter Bruce & Sullivan.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an

Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Fee Simple	June 26, 2018	\$640,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - SEATTLE



Kim M. Wold
Certified General Real Estate Appraiser
Alaska Certificate # 52
Telephone: 206-436-1182
Email: kwold@irr.com

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Summary of Salient Facts and Conclusions

Property Name	Moe Estate Vacant Site	
Address	NHN Spring Street Skagway, Skagway County, Alaska 99840	
Property Type	Land - Coastal/Island	
Owner of Record	[REDACTED]	
Tax ID	2TOWN142020	
Land Area	0.46 acres; 20,038 SF	
Zoning Designation	WD, Waterfront District	
Highest and Best Use	Waterfront related uses permitted by zoning	
Exposure Time; Marketing Period	6 months; 6 months	
Effective Date of the Appraisal	June 26, 2018	
Date of the Report	July 31, 2018	
Property Interest Appraised	Fee Simple	
Sales Comparison Approach		
Number of Sales	6	
Range of Sale Dates	Nov 12 to Nov 16	
Range of Prices per SF (Unadjusted)	\$18.87 - \$110.40	
Market Value Conclusion	\$640,000	(\$31.94/SF)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Baxter Bruce & Sullivan may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

Quality Assurance

Delivering superior value is a top priority at IRR and we place a premium on feedback from our valued clients. By learning more about your experience with IRR, we will be better able to serve your needs – to enhance our products, service offerings, and client communications.

Attached is a short survey applicable to this appraisal report and the service that you received. Please take a few minutes to share your experience of IRR with us. Your feedback will be reviewed by our Quality Control team. If you desire a follow-up telephone call, please provide your contact information and a member of our Quality Control team will contact you.

Access the online survey here: quality.irr.com.

Thank you in advance for assisting us with this important endeavor. Please feel free to contact your Local Office using the contact information provided within the letter of transmittal or our Quality Control team at quality@irr.com, with any questions or suggestions you may have.

General Information

Identification of Subject

The subject is a parcel of vacant land containing an area of 0.46 acres or 20,038 square feet. The property is zoned WD, Waterfront District, which permits warehousing, storage, and handling of cargo (no excessive noise, vibration, smoke, dust, etc.); Marine fuel, water, sanitation facilities; Boat storage yards; Parks and open space; Heliport (conditional); Hotels and motels (conditional); Sales and storage of fuels, gases, and Class I, II, and III liquids (conditional); Taverns and bars (conditional); Restaurants serving alcohol (conditional); Service stations (conditional). The property is legally described as follows:

The Northeast 43 feet of Lot 7, Block 2, Skagway Townsite, records of the Skagway Recording District, First Judicial District, State of Alaska, AND All of Lot 2, Tidelands Addition to Skagway Townsite, according to the official plat thereof filed in the office of the Recorder for the Skagway Recording District, and which Lot 2 is a fraction of the tidelands embraced in Alaska Tidelands Survey No. 4, and more particularly described as follows:

Beginning at Corner No. 22 of Alaska Tidelands Survey No. 4; thence S 85 degrees 28' W 70.07 feet to a point on the line between Corner No. 22 and Corner No. 23; thence S 44 degrees 30' W 135 feet; thence S 45 degrees 30' E 110 feet; thence N 44 degrees 30' E 206.32 feet to a point on the line between Corner No. 21 and Corner No. 22; thence N 61 degrees 32' W 66.65 feet to Corner No. 22, the place of beginning.

Subject to:

1. Reservations or exceptions in patents or in acts authorizing the issuance thereof.
2. Right of the public and of governmental bodies in and to that portion of the premises herein described lying below the high water mark of Taiya Inlet.
3. Any adverse claim based upon the assertion that some portion of said land is tide or submerged lands, or has been created by artificial means or has accreted to such portion so created.
4. Any preference rights which may exist under the Alaska Land Act, terms, provisions and reservations under the Submerged Lands Act (43 USCA 1301, 67 Stat. 29) and the enabling act (Public Law 85-508, 72 Stat. 339).
5. Any prohibition or limitation on the use, occupancy or improvements of the land resulting from the right of the public or riparian owners to use any waters which may cover the land or to use any portion of the land which is now or may formerly have been covered by water.

6. The rights of the public in and to that portion of the premises herein described lying within the limits of streets, roads and highways.
7. Planning and Zoning Commission Resolution 2002-01, under terms and provisions thereof, recorded April 29, 2002 as Serial Number 2002-000101-0.

Property Identification

Property Name	Moe Estate Vacant Site
Address	NHN Spring Street Skagway, Alaska 99840
Tax ID	2TOWN142020
Owner of Record	[REDACTED]

Sale History

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property as of the effective date of the appraisal, June 26, 2018. The date of the report is July 31, 2018. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

“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 buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of Property Rights Appraised

Fee simple estate is defined as, “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.”

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

Intended Use and User

The intended use of the appraisal is for property disposition purposes. The client and intended user is Baxter Bruce & Sullivan. The appraisal is not intended for any other use or user. No party or parties other than Baxter Bruce & Sullivan may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal guidelines of Baxter Bruce & Sullivan.

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

We use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because there are no improvements that contribute value to the property, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Kim M. Wold conducted an on-site inspection of the property on June 26, 2018.

Economic Analysis

Skagway-Yakutat Division Area Analysis

Skagway-Yakutat Division is located in Southeast Alaska approximately 90 miles northeast of Juneau at the northern most end of Lynn Canal at the head of Taiya Inlet. It is 102 road miles south of Whitehorse, and is just west of the Canadian border with British Columbia. It is 452 square miles in size and has a population density of 2 persons per square mile.

Skagway is predominantly a tourist community, with historical Tlingit native influences. The town was originally known by the Tlingits as Skagua, meaning “windy place” and was used by the Chilkoots and Chilkats for hunting and fishing. In 1896, when gold was discovered in the Yukon, Skagway acted as the starting-off point for prospectors, and in 1897 a post office, church, and newspaper were founded in the town, with the population rising to 10,000. In 1900, Skagway became the first incorporated city in Alaska.

The Bank of Alaska opened in Skagway in 1916 and the first tourism boom began in the mid-1920s. During World War II, Skagway stationed as many as 3,000 troops, who worked to construct the Alcan Highway, and the Klondike Highway to Dawson City opened in 1979. The city was dissolved in 2007 and became the first first-class borough in Alaska that same year. A federally-recognized tribe is located in the community – the Skagway Village, and the population of the community consists of 5.1% Alaska Native or part Native.

Downtown buildings have been colorfully restored to reflect the history of the gold rush that traversed through Chilkoot Pass to the Yukon.

Population

Skagway-Yakutat Division has an estimated 2018 population of 1,047, which represents an average annual 1.6% increase over the 2010 census of 920. Skagway-Yakutat Division added an average of 16 residents per year over the 2010-2018 period, and its annual growth rate exceeded the State of Alaska rate of 0.6%.

Looking forward, Skagway-Yakutat Division's population is projected to increase at a 1.2% annual rate from 2018-2023, equivalent to the addition of an average of 13 residents per year. Skagway-Yakutat Division's growth rate is expected to exceed that of Alaska, which is projected to be 0.6%.

	Population			Compound Ann. % Chng	
	2010 Census	2018 Estimate	2023 Projection	2010 - 2018	2018 - 2023
99840 (Skagway, AK)	968	1,113	1,183	1.8%	1.2%
Alaska	710,231	746,883	769,368	0.6%	0.6%

Source: Environics Analytics

Employment

Total employment in Skagway-Yakutat Division is currently estimated at 1,385 jobs. Between year-end 2007 and the present, employment rose by 1,002 jobs, equivalent to a 261.6% increase over the entire period. There were gains in employment in six out of the past ten years despite the national economic downturn and slow recovery. Skagway-Yakutat Division's rate of employment growth over the last decade surpassed that of Alaska, which experienced an increase in employment of 12.1% or 36,246 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Skagway-Yakutat Division unemployment rate has been consistently higher than that of Alaska, with an average unemployment rate of 14.6% in comparison to a 7.1% rate for Alaska. A higher unemployment rate is a negative indicator.

Recent data shows that the Skagway-Yakutat Division unemployment rate is 22.7% in comparison to a 8.1% rate for Alaska, a negative sign for Skagway-Yakutat Division economy but one that must be tempered by the fact that Skagway-Yakutat Division has outperformed Alaska in the rate of job growth over the past two years.

Please note that the inclusion of data from Haines and Yakutat significantly reduces the Skagway statistics.

Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Skagway-Yakutat Division	% Change	Alaska	% Change	Skagway-Yakutat Division	Alaska
2007	383		299,199		13.9%	6.3%
2008	403	5.2%	303,921	1.6%	14.4%	6.7%
2009	378	-6.2%	302,339	-0.5%	16.3%	7.7%
2010	346	-8.5%	306,593	1.4%	16.0%	7.9%
2011	339	-2.0%	311,505	1.6%	17.9%	7.6%
2012	416	22.7%	314,941	1.1%	16.0%	7.1%
2013	407	-2.2%	315,137	0.1%	14.2%	7.0%
2014	426	4.7%	317,568	0.8%	13.9%	6.9%
2015	455	6.8%	316,091	-0.5%	13.3%	6.5%
2016	463	1.8%	310,461	-1.8%	12.7%	6.9%
2017*	1,385	199.1%	335,445	8.0%	12.3%	7.2%
Overall Change 2007-2017	1,002	261.6%	36,246	12.1%		
Avg Unemp. Rate 2007-2017					14.6%	7.1%
Unemployment Rate - January 2018					22.7%	8.1%

*Total employment data is as of September 2017; unemployment rate data reflects the average of 12 months of 2017.

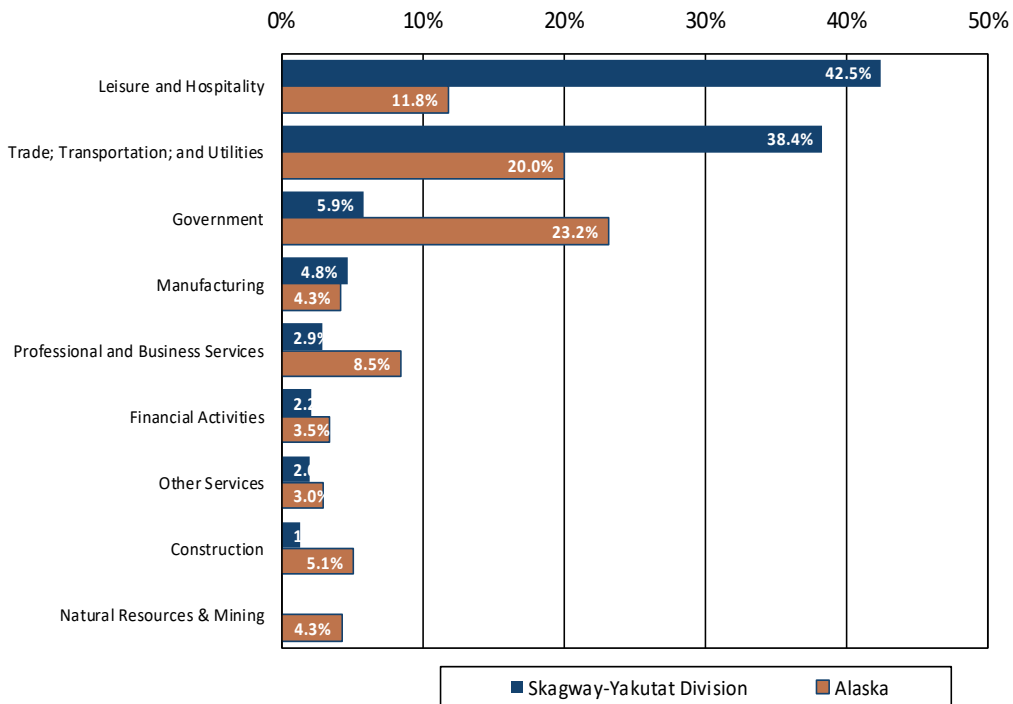
Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Skagway-Yakutat Division job market is depicted in the following chart, along with that of Alaska. Total employment for both areas is broken down by major employment sector,

and the sectors are ranked from largest to smallest based on the percentage of Skagway-Yakutat Division jobs in each category.

Employment Sectors - 2017



Source: Bureau of Labor Statistics and Economy.com

Skagway-Yakutat Division has greater concentrations than Alaska in the following employment sectors:

1. Leisure and Hospitality, representing 42.5% of Skagway-Yakutat Division payroll employment compared to 11.8% for Alaska as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
2. Trade; Transportation; and Utilities, representing 38.4% of Skagway-Yakutat Division payroll employment compared to 20.0% for Alaska as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
3. Manufacturing, representing 4.8% of Skagway-Yakutat Division payroll employment compared to 4.3% for Alaska as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

Skagway-Yakutat Division is underrepresented in the following sectors:

1. Government, representing 5.9% of Skagway-Yakutat Division payroll employment compared

- to 23.2% for Alaska as a whole. This sector includes employment in local, state, and federal government agencies.
2. Professional and Business Services, representing 2.9% of Skagway-Yakutat Division payroll employment compared to 8.5% for Alaska as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
 3. Financial Activities, representing 2.2% of Skagway-Yakutat Division payroll employment compared to 3.5% for Alaska as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
 4. Other Services, representing 2.0% of Skagway-Yakutat Division payroll employment compared to 3.0% for Alaska as a whole. This sector includes establishments that do not fall within other defined categories, such as private households, churches, and laundry and dry cleaning establishments.

Major Industries

The tourist industry flourishes in Skagway, as a port of call for cruise ships and a transfer site for rail and interior bus tours. Approximately 894,485 cruise ship passengers are scheduled to visit Skagway during the 2018 season, according to the berth count. With the addition of crew members and additional persons in state rooms, the total cruise ship visitors could be greater than 1,130,000. There will be 418 cruise ship visits in Skagway during the 2018 season. The cruise ships typically spend 8 to 12 hours in port, which gives passengers and crew ample time for tours and shopping in the local stores. In addition, Skagway sees RV traffic and numerous state ferry travelers. There has been a fairly steady, and healthy, increase in passenger traffic in Skagway over the past several years.

The Klondike Gold Rush Historical Park and White Pass and Yukon Railroad are major attractions for visitors, particularly those on cruise ships. An Economic Impact Study conducted by the City of Skagway in 1999 found that 51 percent of the owners of visitor related businesses are not year-round residents. Trans-shipment of lead/zinc ore, fuel, and freight occurs via the Port and Klondike Highway to and from Canada. The Klondike and Alaska Highways provide a connection through British Columbia and the Yukon Territory, Canada to the Lower 48 states or north to Interior Alaska. Skagway is accessed by air, road, and water services. The state owns the 3,550 foot long by 75 foot wide paved runway and a seaplane base at the boat harbor, with scheduled air taxis. Skagway receives regular state ferry and barge services. A breakwater, ferry terminal, cruise ship dock, small boat harbor, boat launch, and boat haul-out are available.

The White Pass and Yukon Route Company owns two deep draft docks for cargo loading and storage. Freight arrives by barge, ferry, and truck.

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area. Although GDP figures are not available at the county level, data reported for the State of Alaska is considered to be sufficiently representative of economic activity for Skagway-Yakutat Division to be meaningful when compared to the GDP of the United States overall.

Economic growth, as measured by annual changes in GDP, has been considerably lower in Alaska than the United States overall during the past eight years. The State of Alaska has declined at a 1.0% average annual rate while the United States has grown at a 1.9% rate. As the national economy improves, Alaska continues to underperform the United States. GDP for Alaska fell by 5.4% in 2016 while the United States GDP rose by 1.5%.

Alaska has a per capita GDP of \$63,317, which is 25% greater than the United States GDP of \$50,708. This means that Alaska industries and employers are adding relatively more value to the economy than their counterparts in the United States overall.

Gross Domestic Product				
Year	(\$ Mil)		(\$ Mil)	
	Alaska	% Change	United States	% Change
2009	50,463		14,320,114	
2010	49,671	-1.6%	14,628,165	2.2%
2011	51,004	2.7%	14,833,679	1.4%
2012	53,719	5.3%	15,126,281	2.0%
2013	51,361	-4.4%	15,348,034	1.5%
2014	49,498	-3.6%	15,717,536	2.4%
2015	49,649	0.3%	16,148,378	2.7%
2016	46,975	-5.4%	16,385,170	1.5%
Compound % Chg (2009-2016)		-1.0%		1.9%
GDP Per Capita 2016	\$63,317		\$50,708	

Source: Bureau of Economic Analysis and Economy.com; data released September 2016. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

Household Income

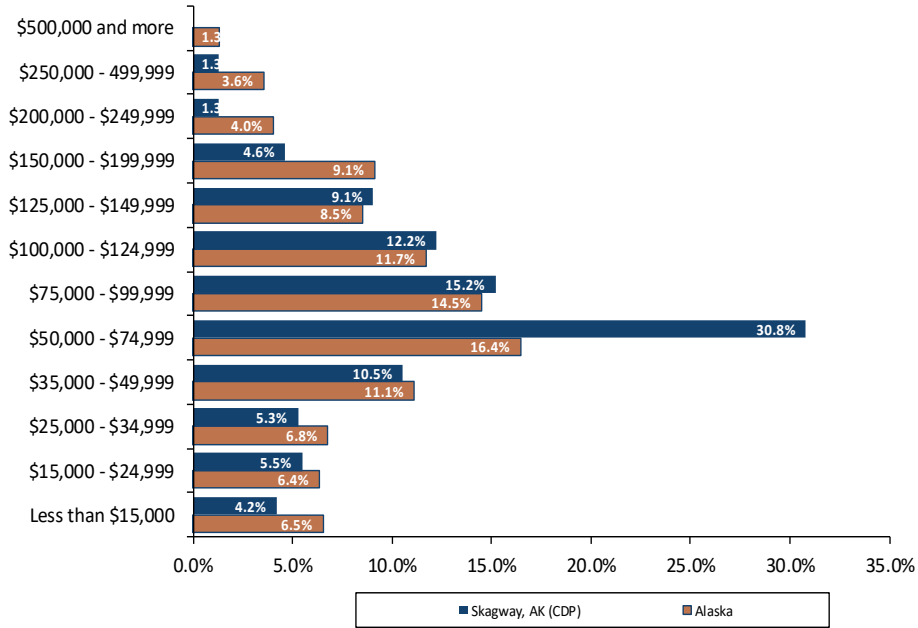
Skagway-Yakutat Division has a lower level of household income than Alaska. Median household income for Skagway-Yakutat Division is \$69,437, which is 12.6% less than the corresponding figure for Alaska.

Median Household Income - 2018	
	Median
Skagway, AK (CDP)	\$69,437
Alaska	\$79,454
Comparison of Skagway, AK (CDP) to Alaska	- 12.6%

Source: Environics Analytics

The following chart shows the distribution of households across twelve income levels. Skagway-Yakutat Division has a greater concentration of households in the middle income levels than Alaska. Specifically, 41% of Skagway-Yakutat Division households are between the \$35,000 - \$75,000 levels in household income as compared to 28% of Alaska households. A lesser concentration of households is apparent in the higher income levels, as 44% of Skagway-Yakutat Division households are at the \$75,000 or greater levels in household income versus 53% of Alaska households.

Household Income Distribution - 2018

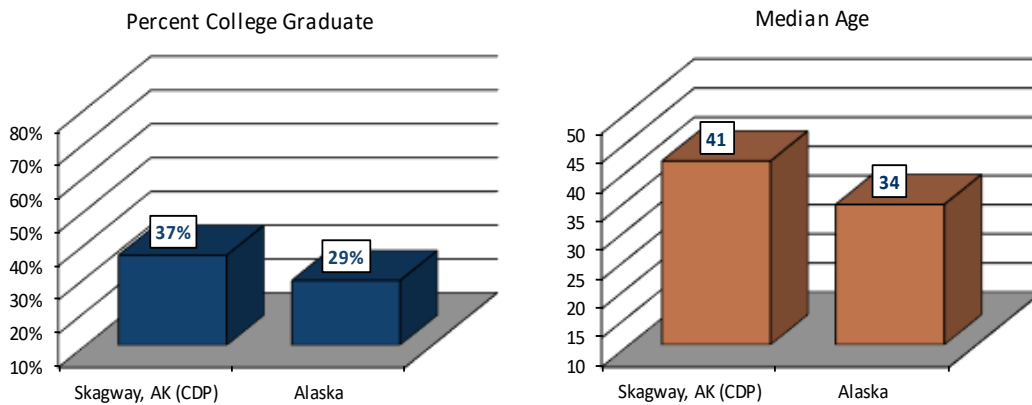


Source: Environics Analytics

Education and Age

Residents of Skagway-Yakutat Division have a higher level of educational attainment than those of Alaska. An estimated 37% of Skagway-Yakutat Division residents are college graduates with four-year degrees, versus 29% of Alaska residents. People in Skagway-Yakutat Division are older than their Alaska counterparts. The median age for Skagway-Yakutat Division is 41 years, while the median age for Alaska is 34 years.

Education & Age - 2018



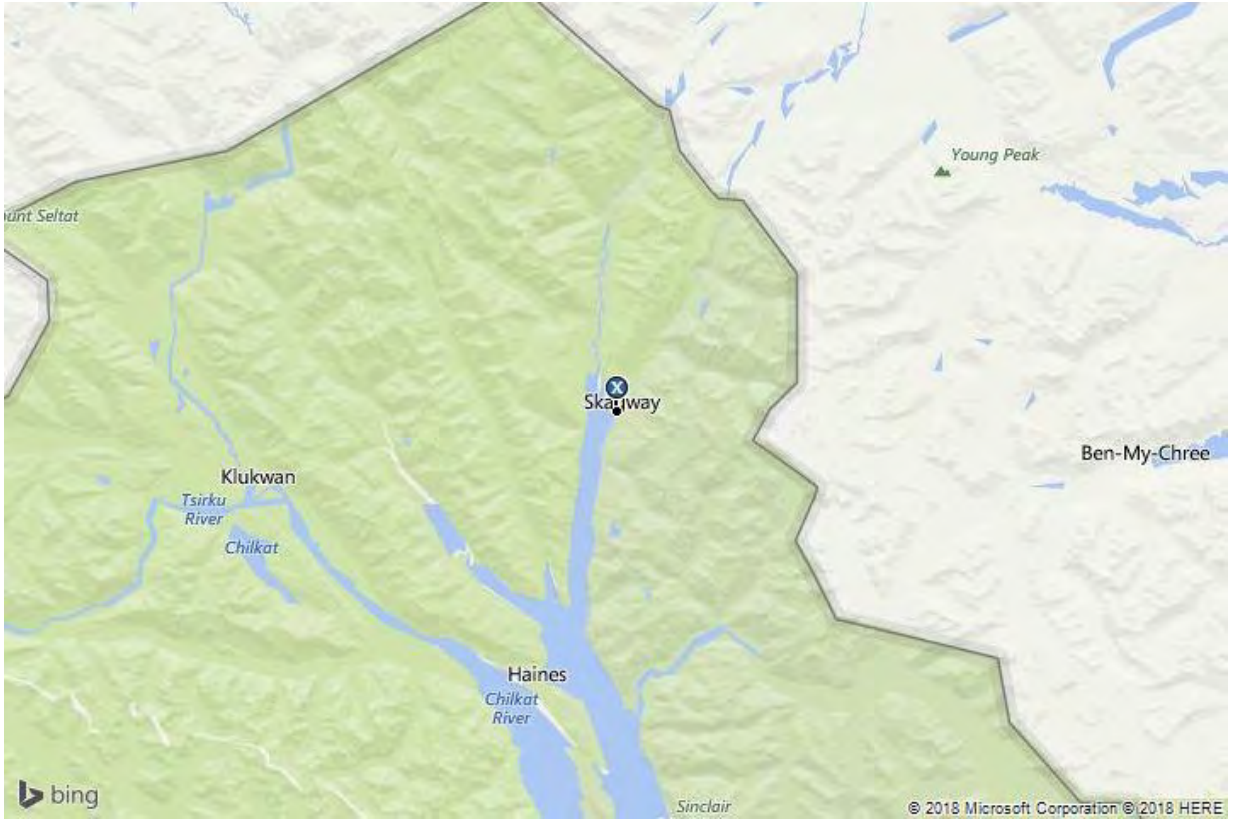
Source: Environics Analytics

Conclusion

The Skagway-Yakutat Division economy will be affected by a growing population base and a higher level of educational attainment. Skagway-Yakutat Division experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. We anticipate that the Skagway-Yakutat Division economy will grow, strengthening the demand for real estate.

The greatest economic concern over the next five years relates to providing berthage for the new, larger class cruise ships that will carry 4,000 to 6,500 passengers each. The larger ships have the potential to increase the passenger visitation to 1,200,000 annually. There is currently a dispute between the municipality and White Pass, which operates two berths which are subject to a tideland lease that expires in 2023. There is currently an impasse on lease negotiations that may delay construction of new docks. Any delay in building larger docks could result in ships bypassing Skagway.

Area Map



Surrounding Area Analysis

Location

The subject is located in the central business district of Skagway.

Access and Linkages

Primary access to the area is via Broadway Street. The primary mode of transportation in the area is the automobile.

Demand Generators

Major employers include the tourism industry.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2018 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Skagway, AK (CDP)	Alaska
Population 2010	793	922	955	920	710,231
Population 2018	912	1,060	1,098	1,047	746,883
Population 2023	970	1,127	1,167	1,113	769,368
Compound % Change 2010-2018	1.8%	1.8%	1.8%	1.6%	0.6%
Compound % Change 2018-2023	1.2%	1.2%	1.2%	1.2%	0.6%
Households 2010	358	415	430	414	258,058
Households 2018	414	480	497	474	274,391
Households 2023	441	511	529	505	284,149
Compound % Change 2010-2018	1.8%	1.8%	1.8%	1.7%	0.8%
Compound % Change 2018-2023	1.3%	1.3%	1.3%	1.3%	0.7%
Median Household Income 2018	\$69,418	\$69,354	\$69,234	\$69,437	\$79,454
Average Household Size	2.1	2.1	2.1	2.2	2.6
College Graduate %	36%	36%	36%	37%	29%
Median Age	41	41	41	41	34
Owner Occupied %	55%	55%	55%	55%	63%
Renter Occupied %	45%	45%	45%	45%	37%
Median Owner Occupied Housing Value	\$379,420	\$379,206	\$378,692	\$378,543	\$278,957
Median Year Structure Built	1981	1981	1981	1981	1985
Avg. Travel Time to Work in Min.	7	7	7	7	21

Source: EnviroNics Analytics

Land Use

The area is urban in character and approximately 95% developed in the central business district and 50% developed in the port area.

Predominant land uses are four large cruise ship berths, ore loading facility, Alaska Marine Highway dock, Alaska Marine Lines, municipal boat harbor, and Temsco Helicopters base. The pace of development has generally been intermittent over the past five years.

Outlook and Conclusions

The area is in the mid-stage of its life cycle; however, vacant land that has been subject to the P.A.R.N. lease will likely be infilled with new tourism/transportation facilities over the next 10 years. We anticipate that property values will increase in the near future.

Surrounding Area Map



Property Analysis

Land Description and Analysis

Land Description	
Land Area	0.46 acres; 20,038 SF
Source of Land Area	Public Records
Primary Street Frontage	Spring St - 135 feet
Shape	Irregular
Corner	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	02501101
Date	March 1, 1977
Zone	B
Description	Area between 100-year flood and 500-year flood
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	Municipality of Skagway
Zoning Designation	WD
Description	Waterfront District
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Warehousing, storage, and handling of cargo (no excessive noise, vibration, smoke, dust, etc.); Marine fuel, water, sanitation facilities; Boat storage yards; Parks and open space; Heliport (conditional); Hotels and motels (conditional); Sales and storage of fuels, gases, and Class I, II, and III liquids (conditional); Taverns and bars (conditional); Restaurants serving alcohol (conditional); Service stations (conditional)
Utilities	
Service	Provider
Water	Municipality of Skagway
Sewer	Municipality of Skagway
Electricity	AP&T
Natural Gas	0
Local Phone	AP&T

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

The utilities have not been extended to the site.

Pullen Creek is located to the south of the subject property. It is assumed that the subject property is not affected by riparian setbacks from Pullen Creek.

Potential Development Density

In the current zoning regulations, there is no maximum lot coverage restriction for the subject property; however, there are 20' front, side, and rear yard setback requirements. This would leave a building footprint area of approximately 10,500 square feet that could be developed on the site. There is no building height limitation in the current zoning regulation.

Easements, Encroachments and Restrictions

We have reviewed a Limited Liability Report prepared by First American Title Insurance Company dated June 5, 2018. The report identifies exceptions to title, which includes standard exceptions that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse impacts from easements, encroachments or restrictions and further assumes that the subject has clear and marketable title.

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development. It is specifically noted that retail uses are prohibited in the waterfront zone.



Southerly boundary of the subject parcel



Subject property viewing north



Walking trail along Pullen Creek



Subject property viewing west



Subject property viewing east

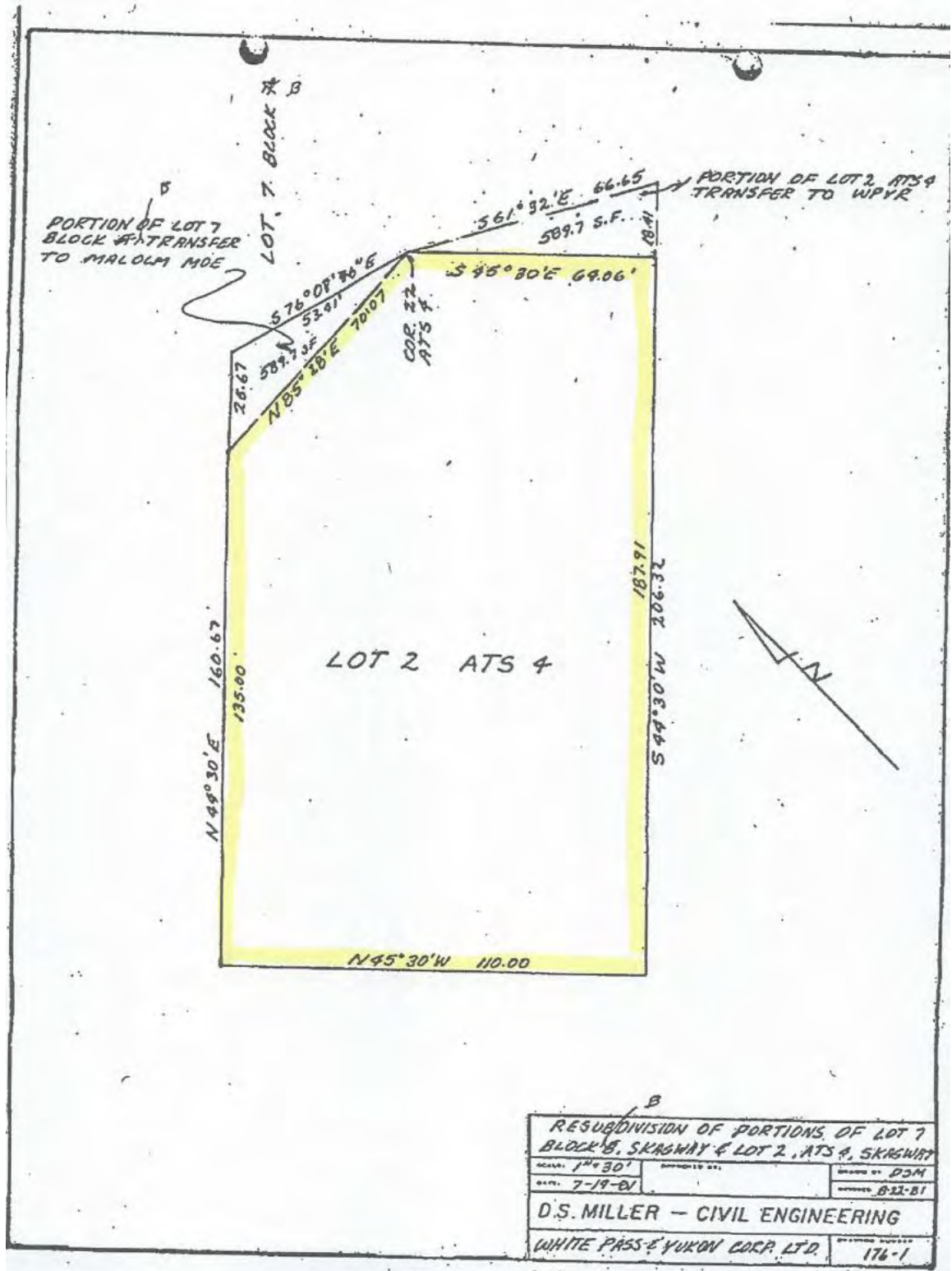


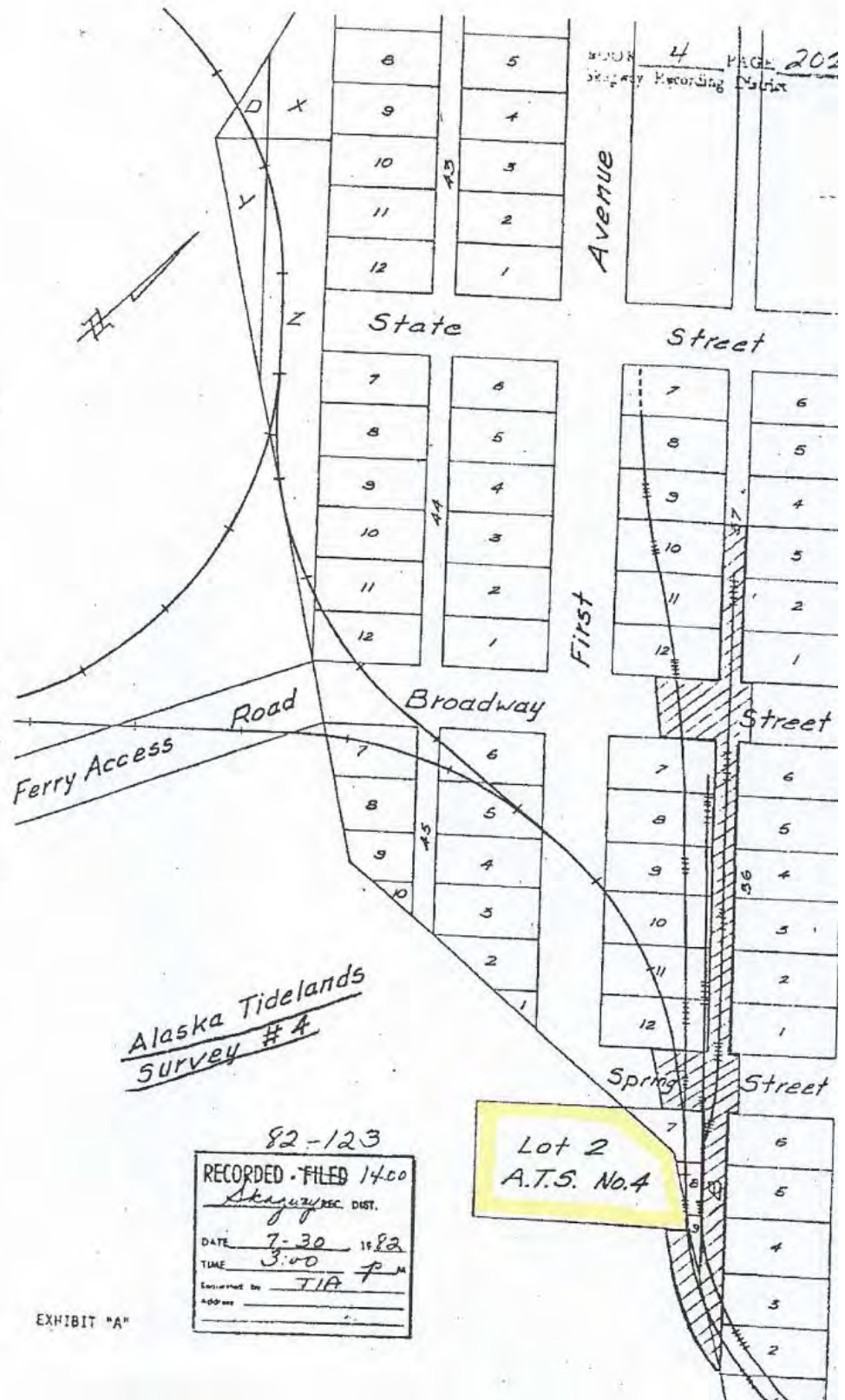
Subject property viewing northwest with trail traversing parcel



Railroad right of way located north of the subject parcel. Note that there are two small lots located between the subject parcel and the railroad right of way

Site Plan





Real Estate Taxes

Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2018						
Tax ID	Assessed Value			Taxes and Assessments		
	Land	Improvements	Total	Ad Valorem Tax Rate	Taxes	Total
2TOWN142020	\$200,400	\$0	\$200,400	0.700000%	\$1,403	\$1,403

Based on the concluded market value of the subject, the assessed value appears low.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned WD, Waterfront District. Permitted uses include warehousing, storage, and handling of cargo (no excessive noise, vibration, smoke, dust, etc.); Marine fuel, water, sanitation facilities; Boat storage yards; Parks and open space; Heliport (conditional); Hotels and motels (conditional); Sales and storage of fuels, gases, and Class I, II, and III liquids (conditional); Taverns and bars (conditional); Restaurants serving alcohol (conditional); Service stations (conditional). To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only waterfront related uses permitted by zoning is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for waterfront related uses permitted by zoning in the subject's area. It appears that a newly developed waterfront related uses permitted by zoning on the site would have a value commensurate with its cost. Therefore, waterfront related uses permitted by zoning is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than waterfront related uses permitted by zoning. Accordingly, it is our opinion that waterfront related uses permitted by zoning, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for waterfront related uses permitted by zoning is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

As Improved

No improvements are situated on the subject. Therefore, a highest and best analysis as improved is not applicable.

Most Probable Buyer

Taking into account the functional utility of the site and area development trends, the probable buyer is a developer/speculator/investor or an owner/user.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

Sales Comparison Approach

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

Our sales research focused on transactions within the following parameters:

- Location: Skagway
- Size: 2,500 SF to 30,000 SF
- Use: Vacant
- Transaction Date: November 2012 to Date of Valuation

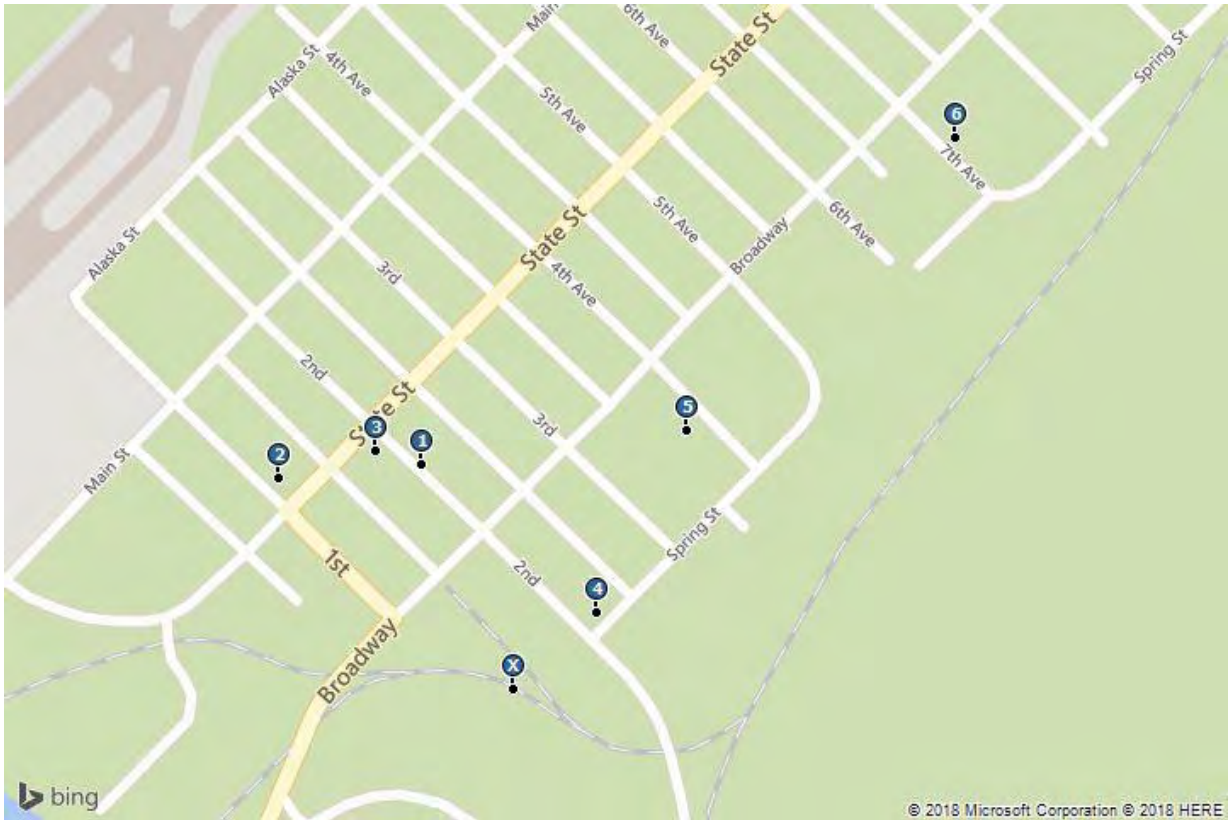
Consideration was given to two recent leases between the Municipality of Skagway and private parties. While these leases are considered comparables, there are better value indicators. Two significant issues exist with using the leases as comparables – the first being that the contract rents are a product of circular logic, i.e., contract rents determined by prior appraisals are capitalized and the resulting value indication is utilized as a comparable sale in estimating the new lease's contract rent. Therefore, the rents are not a product of arm's length negotiations. The second issue is that the contract rents are capitalized at a rate of 8% to yield the price indication. The Cities and Boroughs of Sitka and Petersburg, as well as Ketchikan Gateway Borough, have lease rates of 4 to 4.5%. If these rates were applied, the indicated prices of the contract rents would increase by as much as 100%.

For this analysis, we use price per square foot as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	Red Onion Land NHN Second Ave. Skagway Skagway County AK	Nov-16 Closed	\$232,500	5,000 0.11	Business Historic District	\$46.50	\$2,025,261
2	Skagway General Business District Land 300 Block 1st Ave. Skagway AK	Aug-16 Closed	\$188,700	10,000 0.23	Business - General District	\$18.87	\$821,864
<i>Comments: This is the August 2016 sale of land at the corner of 1st Ave. and State St. in the CBD of Skagway. The purchasers own Chilkoot Charters and Tours. The sale price of \$188,700 reflects a price of \$18.87/SF of land.</i>							
3	2nd & State Land NHN State St. Skagway Skagway County AK	Dec-15 Closed	\$375,000	5,000 0.11	Business General	\$75.00	\$3,266,551
4	Brena Building Site 200 Second Ave. Skagway Skagway Borough County AK	Dec-14 Closed	\$552,000	5,000 0.11	Business- Historical	\$110.40	\$4,808,362
<i>Comments: This is a well-located site within the Business Historic District. The lot is located adjacent to the Diamonds International retail store and has high traffic flows. The railroad depot is across Second Avenue from the subject property. The property has good tourist retail development potential. The buyer received a higher offer than the price paid immediately after the acquisition. The buyer was willing to pay as high as \$626,000 for the site if competing offers had been made. The site is proposed to be improved with a three-story, mixed-use building with a gross building area of 10,985 square feet.</i>							
5	Ruskin Land NHN Fourth Ave. Skagway Skagway County AK	Nov-12 Closed	\$144,000	2,500 0.06	Business Historic District	\$57.60	\$2,508,711
<i>Comments: The lot was purchased from an estate; however, the buyer stated that the property was offered on the open market and he paid market value. The buyer subsequently located a historic building on the site.</i>							
6	Skagway Business District Land 200 Block 7th Ave. Skagway Skagway County AK	Nov-12 Closed	\$165,000	7,500 0.17	Business - Skagway Historic District	\$22.00	\$958,188
<i>Comments: This is the sale of two vacant lots for \$165,000 as part of an estate sale. It was appraised and marketed, and a family member purchased it for the appraised value. The sale price of \$165,000 reflects a per unit value of \$22.00/SF of land.</i>							
Subject				20,038	Waterfront		
Moe Estate Vacant Site Skagway, AK				0.46	District		

Comparable Land Sales Map





Sale 1
Red Onion Land



Sale 2
Skagway General Business District Land



Sale 3
2nd & State Land



Sale 4
Brena Building Site



Sale 5
Ruskin Land



Sale 6
Skagway Business District Land

Moe Estate Vacant Site



Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factors	
Effective Sale Price	Accounts for atypical economics of a transaction, such as demolition cost, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale, related parties transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on sale price; surrounding land use influences.
Access	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts. Since the subject property lacks improved access and utility extensions, we have calculated construction costs, engineering, permits, and contingencies. A 15% downward adjustment is made to each of the comparables for this superiority.
Size	Inverse relationship that often exists between parcel size and unit value.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.
Special Policies	The waterfront zoning requires that 10% of the development cost be spent on landscaping or public improvements either on or off site. A downward adjustment of 10% is applied to the sales, as they are not faced with this requirement.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Name	Moe Estate Vacant Site	Red Onion Land	Skagway General Business District Land	2nd & State Land	Brena Building Site	Ruskin Land	Skagway Business District Land
Address	NHN Spring Street	NHN Second Ave.	300 Block 1st Ave.	NHN State St.	200 Second Ave.	NHN Fourth Ave.	200 Block 7th Ave.
City	Skagway	Skagway	Skagway	Skagway	Skagway	Skagway	Skagway
County	Skagway	Skagway	0	Skagway	Skagway Borough	Skagway	Skagway
State	Alaska	AK	AK	AK	AK	AK	AK
Sale Date		Nov-16	Aug-16	Dec-15	Dec-14	Nov-12	Nov-12
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$232,500	\$188,700	\$375,000	\$552,000	\$144,000	\$165,000
Square Feet	20,038	5,000	10,000	5,000	5,000	2,500	7,500
Price per Square Foot		\$46.50	\$18.87	\$75.00	\$110.40	\$57.60	\$22.00
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-	-
Financing Terms		Cash to seller	-	Cash to seller	-	Cash to seller	-
% Adjustment		-	-	-	-	-	-
Conditions of Sale		-	-	-	-	-	-
% Adjustment		-	-	-	-	-	-
Market Conditions	6/26/2018	Nov-16	Aug-16	Dec-15	Dec-14	Nov-12	Nov-12
Annual % Adjustment		-	-	-	-	-	-
Cumulative Adjusted Price		\$46.50	\$18.87	\$75.00	\$110.40	\$57.60	\$22.00
Location		-	100%	-25%	-50%	-35%	100%
Access		-15%	-15%	-15%	-15%	-15%	-15%
Size		-	-	-	-	-	-
Shape and Topography		-	-	-	-	-	-
Zoning		-	-	-	-	-	-
Special Policies		-10%	-10%	-10%	-10%	-10%	-10%
Net \$ Adjustment		-\$11.63	\$14.15	-\$37.50	-\$82.80	-\$34.56	\$16.50
Net % Adjustment		-25%	75%	-50%	-75%	-60%	75%
Final Adjusted Price		\$34.88	\$33.02	\$37.50	\$27.60	\$23.04	\$38.50
Overall Adjustment		-25%	75%	-50%	-75%	-60%	75%
Range of Adjusted Prices		\$23.04 - \$38.50					
Average		\$32.42					
Indicated Value		\$32.00					

Land Value Conclusion

Prior to adjustment, the sales reflect a range of \$18.87 - \$110.40 per square foot. After adjustment, the range is narrowed to \$23.04 - \$38.50 per square foot, with an average of \$32.42 per square foot. We give equal weight to the sales, and arrive at a land value conclusion as follows:

Land Value Conclusion	
Indicated Value per Square Foot	\$32.00
Subject Square Feet	<u>20,038</u>
Indicated Value	\$641,216
Rounded	<u>\$640,000</u>

Reconciliation and Conclusion of Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable, and are not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Fee Simple	June 26, 2018	\$640,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value stated previously, it is our opinion that the probable exposure time is 6 months.

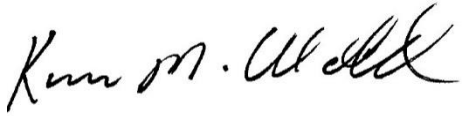
Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 6 months.

Certification

We certify that, to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We 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. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Kim M. Wold made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Kim M. Wold, has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



Kim M. Wold
Certified General Real Estate Appraiser
Alaska Certificate # 52



Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Seattle, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. Integra Realty Resources – Seattle is not a building or environmental inspector. Integra Seattle does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, and/or any other related work product, the Integra Parties shall not be

- responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Seattle, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
 26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
 27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
 28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

Addendum A

Appraiser Qualifications

Kim M. Wold

Experience

Mr. Wold is a Director with Integra Realty Resources – Seattle. His background includes over 40 years in the real estate appraisal sector.

President/Chief Appraiser – Alaska Appraisal Associates, Inc. October 1978 – April 2017
Appraiser – Ketchikan Gateway Borough January 1976 – October 1978

Mr. Wold has extensive experience in appraising properties such as single and multi-family residential, income-producing properties, special purpose properties (sawmills and fish processing plants), tidelands, logging camps, grocery stores, shopping centers, and aviation facilities. He also has extensive experience appraising urban and remote acreage of varying highest and best uses, such as residential, commercial, industrial, agricultural, forestry, mining claims, tidelands, recreational, etc. He has performed appraisals for mortgage underwriting, eminent domain, easement valuation, lease renewals, establishing market lease rates, and estate purposes.

Professional Activities & Affiliations

Appraisal Institute, Candidate
Senior Member: National Association of Review Appraisers and Mortgage Underwriters
Fee Appraiser: Federal Housing Authority (FHA/HUD #2218)

Licenses

Alaska, Certified General Real Estate Appraiser, License No. 52, expires June 30, 2019

Education

Attended numerous appraisal related courses presented by the American Institute of Real Estate Appraisers, Northwest Center for Professional Education, Marshall Valuation Service, University of Alaska, and the International Right-of-Way Association. Mr. Wold has also completed courses sponsored by the American Institute of Real Estate Appraisers and the Appraisal Institute in conjunction with the University of Portland, University of Colorado, University of San Diego, and Arizona State University.

Specific courses completed include:

- Law and Value; Communication Corridors, Tower Sites, & Property Rights, 2001
- Attacking and Defending an Appraisal in Litigation, 2001
- Valuation of Detrimental Conditions in Real Estate, 2002
- Appraisal Litigation Practice and Courtroom Management, 2003
- The Road Less Traveled; Special Purpose Properties, 2004
- Hospitality Properties, 2004
- Condominiums, Co-Ops, and PUDs, 2006
- Current Issues and Misconceptions in the Appraisal Practice, 2007
- Business Practices and Ethics, 2009
- Highest and Best Use and Market Analysis, 2009
- Self-Storage: Emerging Core Asset, 2011
- Fundamentals of Separating Real Property, Personal Property, & Intangible Business Assets, 2012
- Litigation Appraising – Specialized Topics, 2014
- Forecasting Revenue, 2015
- Uniform Standards of Professional Appraisal Practice, 2017

Qualified Before Courts & Administrative Bodies

US Bankruptcy Court
Superior Court of the State of Alaska
Superior Court of the State of Washington
Board of Equalization for Ketchikan Gateway Borough and the City of Craig
Testified in Internal Revenue Service tax appeal hearings

Miscellaneous

Served as a member of the Ketchikan Gateway Borough Land Selection Committee evaluating municipal land selections (1980).
Appraised State lands in the Ketchikan and Prince of Wales Island area to assist in reconstituting the University of Alaska Land Trust (1987).
Served as a member of the Alaska Mental Health Land Valuation Panel evaluating Southeast Alaska lands to settle the Weiss v. State of Alaska litigation (1988)
Conducted physical and legal attribute identification of Southeast Alaska lands and improved properties for the reconstitution of the Mental Health Land Trust (1993).

Integra Realty Resources Seattle

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Seattle, WA 98101

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irr.com



About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

Property Information

5. Residential, except as otherwise defined.
- C. Minimum Lot Requirements.
1. Lot area, forty thousand (40,000) square feet in industrial zone north of 23rd Street bridge; five thousand (5,000) square feet in industrial zone south of 23rd Street bridge;
 2. Side yard, fifteen feet (15'), except that no side yard shall be required along any lot line bordering on other lots in the industrial (I) zoning district;
 3. Rear yard, none required;
 4. Setbacks shall be ten (10') feet from state highways.
- D. Maximum Lot Coverage by Buildings. No limitation, provided compliance with building setback and parking requirements.
- E. Maximum Height of Buildings. Three (3) stories, but not to exceed thirty-five feet (35') in any case. A conditional use permit may be requested to build higher; see Section [19.04.060](#).
- F. Parking Requirements. All requirements within Section [19.08.020](#), Provision of off-street parking, including those for industrial and manufacturing establishments, must be followed.
- G. Sanitary Treatment System. Septic systems, leaching fields, or other private sewerage facilities may be permitted; provided, that the owner or developer submits plans stamped by an engineer licensed in Alaska, percolation and water table depth data suitable for analysis of the feasibility for on-lot water and sewer systems to the municipality and the Alaska Department of Environmental Conservation. Project applicants/owners are responsible for ensuring that their project meets all federal and state septic systems, leaching fields, or other private sewerage facility requirements.
- H. Landscaping or View Obscuring Screening. Whenever a lot line is in common with a major public street or adjacent to a business or residential zoned lot, there shall be a six foot (6') high solid fence, vegetative barrier, or other view obscuring screening to promote compatibility of land uses and mitigate negative visual impacts. Junk, trash and debris shall be removed.
- I. Flood Protection. Some lands in the industrial (I) zoning district fall within the one hundred (100) year floodplain (Zone A6 on the Flood Hazard Boundary Maps). The planning or building official, or planning commission must ensure that all requirements within Chapter [15.12](#), Flood Zone Land Use, are followed, particularly those at Section [15.12.040](#), that govern building and sanitary system construction in these areas.
- J. Visibility at Intersections. The standard at [19.06.020\(J\)\(1\)](#) and (2) applies in this zoning district.

(Ord. 16-02, Amended, 02/18/2016; Ord. 15-03, Amended, 01/22/2015; Ord. 13-12, Amended, 05/10/2013; Ord. 12-12, Amended, 05/17/2012; Ord. 2002-10, Amended, 06/06/2002; Ord. 99-21, Amended, 08/05/1999; Ord. 98-05, Amended, 04/23/1998; Ord. 90-15, Repealed & Replaced, 05/31/1990; Ord. 88-1, Amended, 01/07/1988; Ord. 84-26, Repealed & Replaced, 11/08/1984)

19.06.080 W—Waterfront zone.

The waterfront zoning district is intended for all property contiguous with the shoreline. This is to protect Skagway's limited, developable waterfront areas for those uses that are directly dependent upon, or directly related to, the water, a waterfront location, or both. This is also to allow special consideration to the development, growth, public use and appearance of Skagway's waterfront, the municipality's most heavily utilized area. Water-dependent and water-related industrial and commercial uses have priority in this zoning district. Consideration is



also given to maintaining safety, public access and an attractive appearance. Intended activities include those that derive major economic or social benefits from a waterfront location, with particular emphasis on industrial, tourism, commerce and commercial enterprises.

Criteria for including lands in this zoning district are those lands adjacent to the shoreline of Taiya Inlet.

A. Uses Permitted. (Note that the special policies outlined in subsection (C) of this section must be followed when a building permit or conditional use permit for private or public sector development in this zone is obtained.)

1. Principal Uses.

- a. Public, private, and commercial moorage;
- b. Warehousing, storage and handling of cargo; provided, however, that:
 - (i) No use shall be constructed or operated so as to cause excessive noise, vibration, smoke, dust or other particulate matter, toxic or noxious matter, humidity, heat or glare, at or beyond any lot line of the lot on which it is located. "Excessive" is defined for these purposes as a degree exceeding that caused by customary manner of operation by uses permitted in the district, or a degree injurious to the public health, safety, or welfare.
- c. Marine fuel, water, sanitation facilities;
- d. Research and educational facilities related to the adjacent waterbody;
- e. Port and harbor facilities including docks, floatplane operations, barge freight terminals, and ferry terminals;
- f. Seafood processing plants, cold storage plants and facilities;
- g. Boat storage yards;
- h. Fish and shellfish propagation;
- i. Parks and open space;
- j. Administrative offices, accessory to waterfront uses listed in subsections (A)(1)(a) through (i) of this section;
- k. Farmers' markets accessory to permitted principal uses in accordance with Section [19.02.065\(B\)](#) (26).

2. Conditional Uses.

- a. Heliport;
- b. Manufacturing, processing, repair or sales related to maritime activity that requires or benefits from a shoreline location;
- c. Hotels and motels;
- d. Sale and storage of fuels, gases and Class I, II, and III liquids, flammables and explosives, in compliance with applicable fire codes;
- e. Water-dependent or related visitor industry services (not retail);



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Chapter 19.06 USE DISTRICTS, ZONING MAP AND ZONING CLASSIFICATIONS

- f. Residential uses, accessory to waterfront uses listed in subsections (A)(1)(a) through (i) of this section, such as watchman's apartment, owner-operator's home, necessary bunkhouses or congregate residence;
- g. Taverns and bars;
- h. Restaurants serving alcohol;
- i. Service stations;
- j. Community gardens in accordance with Section [19.02.065\(B\)\(17\)](#);
- k. Other uses and structures customarily contingent and clearly subordinate to permitted uses, as determined by the planning commission pursuant to Section [19.04.060](#).

B. Prohibited Uses.

- 1. Any use or structure not of a character indicated under permitted uses, or permitted by conditional uses.
- 2. Uses which degrade air, water, or land resources quality without mitigative measures to alleviate impacts.
- 3. Residential, except as otherwise defined.
- 4. Retail marijuana stores, marijuana cultivation facilities, marijuana product manufacturing facilities, and marijuana testing facilities.

C. Special Policies. In addition to the general requirements set forth in Section [19.06.040](#), the following special policies will apply in the waterfront district:

- 1. To maintain and enhance public access and use, safety and the general appearance of Skagway's heavily used downtown waterfront, applicants are required to spend five percent (5%) of the total project cost on the amenities described at subsection (C)(1)(d) of this section. Amenities may be proposed for the specific site development plan or on other borough owned waterfront land, as approved by the borough assembly. Applicants for a building, allowable use or conditional use permit will submit a plan to the zoning or building official or planning commission showing project development with special attention to:
 - a. Buffers, screening, and sound fences between adjacent uses;
 - b. Parking;
 - c. Public access to the waterfront;
 - d. Amenities such as landscaping, walkways, bikepaths and bike racks, windscreens, water and fish viewing areas, picnic areas and interpretive displays.
- 2. Compliance with the Skagway Coastal Management Program shall be strictly enforced within the waterfront district. Particular attention will be given to the Coastal Development Policies found at 17.40.020 parts B and C, and the Pullen Creek Area Meriting Special Attention (AMSA) Policies, found at 17.50.010, and the Port of Skagway AMSA policies.
- 3. Public access to the water and hatchery related activities shall be emphasized within the Pullen Creek area. There shall be a fifty foot (50') wide buffer strip protected from development, measured from the centerline of the creek, on either side of Pullen Creek.



7/26/2018

Chapter 19.06 USE DISTRICTS, ZONING MAP AND ZONING CLASSIFICATIONS

- D. Minimum Lot Requirements.
 - 1. Lot area, two thousand (2,000) square feet.
 - 2. Lot width, fifty feet (50').
- E. Minimum Building Setback Requirements.
 - 1. Front yard, twenty feet (20').
 - 2. Side yard, twenty feet (20').
 - 3. Rear yard, twenty feet (20').
 - 4. Accessory buildings of one thousand (1,000) square feet or less in size, ten feet (10').
- F. Maximum Lot Coverage by Buildings. None.
- G. Maximum Height of Buildings. No limitation.
- H. Parking Requirements. All requirements within Section [19.08.020](#), Provision of off-street parking, including those for industrial and manufacturing establishments, must be followed.
- I. Landscaping or View Obscuring Screening. Whenever a lot line is in common with a major public street or adjacent to a business or residential zoned lot, there shall be a six foot (6') high solid fence, vegetative barrier, or other view obscuring screening to promote compatibility of land uses and mitigate negative visual impacts. Junk, trash and debris shall be removed.
- J. Visibility at Intersections. The standard at Section [19.06.020\(J\)\(1\)](#) and (2) applies in this zoning district.

(Ord. 16-02, Amended, 02/18/2016; Ord. 15-03, Amended, 01/22/2015; Ord. 13-12, Amended, 05/10/2013; Ord. 12-12, Amended, 05/17/2012; Ord. 2002-10, Amended, 06/06/2002; Ord. 99-21, Amended, 08/05/1999; Ord. 98-05, Amended, 04/23/1998; Ord. 90-15, Repealed & Replaced, 05/31/1990; Ord. 84-26, Repealed & Replaced, 11/08/1984)

The Skagway Municipal Code is current through Ordinance 18-13 passed June 21, 2018.

Disclaimer: The Borough Clerk's Office has the official version of the Skagway Municipal Code. Users should contact the Borough Clerk's Office for ordinances passed subsequent to the ordinance cited above.



Addendum C

Comparable Data

Location & Property Identification

Property Name: Red Onion Land
 Sub-Property Type: Commercial
 Address: NHN Second Ave.
 City/State/Zip: Skagway, AK 99840
 County: Skagway
 Submarket: Southeast
 Market Orientation: Historic District

IRR Event ID: 1964543



Sale Information

Sale Price: \$232,500
 Effective Sale Price: \$232,500
 Sale Date: 11/08/2016
 Sale Status: Closed
 \$/Acre(Gross): \$2,025,261
 \$/Land SF(Gross): \$46.50
 \$/Acre(Usable): \$2,025,261
 \$/Land SF(Usable): \$46.50
 Grantor/Seller: Phyllis O. Brown
 Grantee/Buyer: Red Onion Historic Building LLC

Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Document Type: Warranty Deed
 Recording No.: 2016-000190-0
 Verified By: Kim M. Wold
 Confirmation Source: David Brena
 Verification Type: Confirmed-Buyer Broker

Land-SF(Usable/Gross): 5,000/5,000
 Usable/Gross Ratio: 1.00
 Zoning Code: BH
 Zoning Desc.: Business Historic District
 Utilities: Electricity, Water Public, Sewer, Telephone, CableTV

Source of Land Info.: Public Records

Comments

This is a mid-block parcel located on the north side of Second Avenue.

Occupancy

Occupancy at Time of Sale: 0.00%

Improvement and Site Data

Legal/Tax/Parcel ID: Lot 10, Block 34, Skagway Recording District
 Acres(Usable/Gross): 0.11/0.11

Red Onion Land



Location & Property Identification

Property Name:	Skagway General Business District Land
Sub-Property Type:	Commercial
Address:	300 Block 1st Ave.
City/State/Zip:	Skagway, AK 99840
Submarket:	Southeast
Market Orientation:	CBD
Property Location:	NE corner of 1st and State St.
IRR Event ID:	1989886



Sale Information

Sale Price:	\$188,700
Effective Sale Price:	\$188,700
Sale Date:	08/29/2016
Recording Date:	10/17/2016
Sale Status:	Closed
\$/Acre(Gross):	\$821,864
\$/Land SF(Gross):	\$18.87
\$/Acre(Usable):	\$821,864
\$/Land SF(Usable):	\$18.87
Grantor/Seller:	Phyllis O. Brown
Grantee/Buyer:	Roy and Stacy Gould
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Document Type:	Warranty Deed
Recording No.:	2016-000180-0
Verified By:	Kathleen Sidwell
Verification Date:	07/18/2018
Verification Type:	Secondary Verification

Improvement and Site Data

Legal/Tax/Parcel ID:	2TOWN038110; Lots 11 & 12, Block 38, Townsite of Skagway
Acres(Usable/Gross):	0.23/0.23
Land-SF(Usable/Gross):	10,000/10,000

Usable/Gross Ratio:	1.00
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	100
Frontage Desc.:	feet on 1st Ave. and 100' on State St.
Zoning Code:	BG
Zoning Desc.:	Business - General District
Flood Zone Designation:	B
Comm. Panel No.:	02501101
Date:	03/01/1977
Utilities:	Electricity, Water Public, Sewer, Telephone
Source of Land Info.:	Public Records

Comments

This is the August 2016 sale of land at the corner of 1st Ave. and State St. in the CBD of Skagway. The purchasers own Chilkoot Charters and Tours. The sale price of \$188,700 reflects a price of \$18.87/SF of land.

This property comprises two parcels of commercial land on the edge of the general business district of Skagway.

Location & Property Identification

Property Name: 2nd & State Land
 Sub-Property Type: Commercial
 Address: NHN State St.
 City/State/Zip: Skagway, AK 99840
 County: Skagway
 Submarket: Southeast
 Market Orientation: Small Town - Non Metro

IRR Event ID: 1964567



Sale Information

Sale Price: \$375,000
 Effective Sale Price: \$375,000
 Sale Date: 12/03/2015
 Sale Status: Closed
 \$/Acre(Gross): \$3,266,551
 \$/Land SF(Gross): \$75.00
 \$/Acre(Usable): \$3,266,551
 \$/Land SF(Usable): \$75.00
 Grantor/Seller: Darrell and Kareen Hoover
 Grantee/Buyer: Lori S. Bevill
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Document Type: Warranty Deed
 Recording No.: 2015-000217-0
 Verified By: Kim M. Wold
 Confirmation Source: Bill Ferguson
 Verification Type: Confirmed-Other

Acres(Usable/Gross): 0.11/0.11
 Land-SF(Usable/Gross): 5,000/5,000
 Usable/Gross Ratio: 1.00
 Zoning Code: BG
 Zoning Desc.: Business General
 Utilities: Electricity, Water Public, Sewer, Telephone, CableTV
 Source of Land Info.: Public Records

Comments

This is a property located on a corner, one block off Broadway. The site was improved with an older structure that contributed no value to the property, based on a local realtor and a contractor's opinions.

Occupancy

Occupancy Type Before Sale: Owner Occupied
 Occupancy at Time of Sale: 100.00%

Improvement and Site Data

Legal/Tax/Parcel ID: Lot 6, Block 37, Skagway Recording District.

Location & Property Identification

Property Name: Brena Building Site
 Sub-Property Type: Commercial
 Address: 200 Second Ave.
 City/State/Zip: Skagway, AK 99840
 County: Skagway Borough
 Submarket: Southeast
 Market Orientation: Historic District
 Property Location: NW corner of the intersection of Second Ave. and Spring St.



IRR Event ID: 1591677

Sale Information

Sale Price: \$552,000
 Effective Sale Price: \$552,000
 Sale Date: 12/05/2014
 Recording Date: 12/05/2014
 Sale Status: Closed
 \$/Acre(Gross): \$4,808,362
 \$/Land SF(Gross): \$110.40
 Grantor/Seller: Westmark Hotels, Inc.
 Grantee/Buyer: Alyeska Realty Advisors, Inc.

Property Rights: Fee Simple
 Terms of Sale: Cash
 Document Type: Warranty Deed
 Recording No.: 2014-000158-0
 Verified By: Kim M. Wold
 Verification Date: 07/10/2015
 Verification Type: Confirmed-Confidential

Sale Analysis

Current Use at T.O.S.: Vacant

Improvement and Site Data

Legal/Tax/Parcel ID: Parcel No. 1TOWN035120; Lot 12, Block 35, Skagway Townsite, Records of the Skagway Recording District

Acres(Gross): 0.11
 Land-SF(Gross): 5,000
 Shape: Rectangular
 Topography: Level
 Corner Lot: Yes
 Frontage Feet: 150
 Frontage Desc.: Direct access via Second Avenue and Spring Street

AccessibilityRating: Average
 Visibility Rating: Good
 Zoning Code: BH
 Zoning Desc.: Business-Historical
 Easements: No
 Flood Zone Designation: C
 Comm. Panel No.: 0200080002B
 Date: 05/01/1987
 Utilities: Electricity, Water Public, Sewer, Telephone

Source of Land Info.: Past Appraisal

Comments

This is a well-located site within the Business Historic District. The lot is located adjacent to the Diamonds International retail store and has high traffic flows. The

Comments (Cont'd)

railroad depot is across Second Avenue from the subject property. The property has good tourist retail development potential. The buyer received a higher offer than the price paid immediately after the acquisition. The buyer was willing to pay as high as \$626,000 for the site if competing offers had been made. The site is proposed to be improved with a three-story, mixed-use building with a gross building area of 10,985 square feet.

This is a 5,000-square-foot site located in the Skagway tourist district.

Location & Property Identification

Property Name: Ruskin Land
 Sub-Property Type: Commercial
 Address: NHN Fourth Ave.
 City/State/Zip: Skagway, AK 99840
 County: Skagway
 Submarket: Southeast
 Market Orientation: Historic District

 IRR Event ID: 1964534



Sale Information

Sale Price: \$144,000
 Effective Sale Price: \$144,000
 Sale Date: 11/07/2012
 Sale Status: Closed
 \$/Acre(Gross): \$2,508,711
 \$/Land SF(Gross): \$57.60
 \$/Acre(Usable): \$2,508,711
 \$/Land SF(Usable): \$57.60
 Grantor/Seller: David B. Ruskin
 Grantee/Buyer: David Brena
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Document Type: Deed
 Recording No.: 2012-000234-0
 Verified By: Kim M. Wold
 Confirmation Source: David Brena
 Verification Type: Confirmed-Buyer

Usable/Gross Ratio: 1.00
 Zoning Code: BH
 Zoning Desc.: Business Historic District
 Utilities: Electricity, Water Public, Sewer, Telephone, CableTV

 Source of Land Info.: Public Records

Comments

The lot was purchased from an estate; however, the buyer stated that the property was offered on the open market and he paid market value. The buyer subsequently located a historic building on the site.

This is a mid-block parcel with 25 feet of road frontage.

Occupancy

Occupancy at Time of Sale: 0.00%

Improvement and Site Data

Legal/Tax/Parcel ID: East 1/2 of Lot 4, Block 26.
 Acres(Usable/Gross): 0.06/0.06
 Land-SF(Usable/Gross): 2,500/2,500

Location & Property Identification

Property Name: Skagway Business District Land

Sub-Property Type: Commercial, Retail

Address: 200 Block 7th Ave.

City/State/Zip: Skagway, AK 99840

County: Skagway

Submarket: Southeast

Market Orientation: Historic District

Property Location: Northeast side of 7th Ave., north of Spring Street and south of Broadway

IRR Event ID: 1985223



Sale Information

Sale Price: \$165,000

Effective Sale Price: \$165,000

Sale Date: 11/05/2012

Recording Date: 11/07/2012

Sale Status: Closed

\$/Acre(Gross): \$958,188

\$/Land SF(Gross): \$22.00

\$/Acre(Usable): \$958,188

\$/Land SF(Usable): \$22.00

Grantor/Seller: David Ruskin, Personal Rep. (Estate of Sheila Brena)

Grantee/Buyer: Maureen Stacy

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Document Type: Deed

Recording No.: 2012-000233-0

Verified By: Kathleen Sidwell

Verification Date: 07/10/2018

Verification Type: Secondary Verification

Legal/Tax/Parcel ID: Lots 9 & 10, Block 22, Skagway Townsite

Acres(Usable/Gross): 0.17/0.17

Land-SF(Usable/Gross): 7,500/7,500

Usable/Gross Ratio: 1.00

Shape: Rectangular

Corner Lot: No

Frontage Feet: 100

Frontage Desc.: feet on 7th Ave.

Zoning Code: BH

Zoning Desc.: Business - Skagway Historic District

Flood Zone Designation: B

Comm. Panel No.: 02501101

Date: 03/01/1977

Source of Land Info.: Public Records

Comments

This is the sale of two vacant lots for \$165,000 as part of an estate sale. It was appraised and marketed, and a family member purchased it for the appraised value. The sale price of \$165,000 reflects a per unit value of \$22.00/SF of land.

This vacant property comprises two parcels and is located on the east side of 7th Ave. in Skagway, adjacent to the Skagway Veterans Park. It is on the eastern edge of the Skagway Historic District.

Sale Analysis

Current Use at T.O.S.: Vacant land

Improvement and Site Data

Skagway Business District Land





First American

Limited Liability Report

Limited Liability Report

ISSUED BY

First American Title Insurance Company

REPORT NUMBER

File No.: 0239-3078344

Ref No.: Moe

To: Baxter Bruce & Sullivan PC
Attn: Kevin Sullivan
9309 Glacier HWY STE A201
Juneau, AK 99801

Limitation of Liability for Informational Report

IMPORTANT - READ CAREFULLY: THIS REPORT IS NOT AN INSURED PRODUCT OR SERVICE OR A REPRESENTATION OF THE CONDITION OF TITLE TO REAL PROPERTY. IT IS NOT AN ABSTRACT, LEGAL OPINION, OPINION OF TITLE, TITLE INSURANCE COMMITMENT OR PRELIMINARY REPORT, OR ANY FORM OF TITLE INSURANCE OR GUARANTY. THIS REPORT IS ISSUED EXCLUSIVELY FOR THE BENEFIT OF THE APPLICANT THEREFOR, AND MAY NOT BE USED OR RELIED UPON BY ANY OTHER PERSON. THIS REPORT MAY **NOT BE REPRODUCED IN ANY MANNER WITHOUT FIRST AMERICAN'S PRIOR WRITTEN CONSENT.** FIRST AMERICAN DOES NOT REPRESENT OR WARRANT THAT THE INFORMATION HEREIN IS COMPLETE OR FREE FROM ERROR, AND THE INFORMATION HEREIN IS PROVIDED WITHOUT ANY WARRANTIES OF ANY KIND, AS-IS, AND WITH ALL FAULTS. AS A MATERIAL PART OF THE CONSIDERATION GIVEN IN EXCHANGE FOR THE **ISSUANCE OF THIS REPORT, RECIPIENT AGREES THAT FIRST AMERICAN'S SOLE LIABILITY FOR ANY LOSS OR DAMAGE CAUSED BY AN ERROR OR OMISSION DUE TO INACCURATE INFORMATION OR NEGLIGENCE IN PREPARING THIS REPORT SHALL BE LIMITED TO THE FEE CHARGED FOR THE REPORT. RECIPIENT ACCEPTS THIS REPORT WITH THIS LIMITATION AND AGREES THAT FIRST AMERICAN WOULD NOT HAVE ISSUED THIS REPORT BUT FOR THE LIMITATION OF LIABILITY DESCRIBED ABOVE. FIRST AMERICAN MAKES NO REPRESENTATION OR WARRANTY AS TO THE LEGALITY OR PROPRIETY OF RECIPIENT'S USE OF THE INFORMATION HEREIN.**

Effective Date: August 10, 2018 at 8:00 am

Fee: \$250.00

Title is vested in:

The land referred to in this Report is situated in the State of Alaska and is described as follows:

Lot Two (2), TIDELANDS ADDITION TO SKAGWAY TOWNSITE (Alaska Tidelands Survey No. 4), according to Plat 64-8, Skagway Recording District, First Judicial District, State of Alaska,

EXCEPTING THEREFROM that portion conveyed to Pacific & Arctic Railway & Navigation Company in Warranty Deed recorded March 18, 1982 in Book 4 Page 45 and more particularly described as follows:

Begin at the East corner of Lot 2; thence run N 61° 32' W on the Northeast line a distance of 66.65 feet; thence S 45° 30' E 64.06 feet; thence N 44° 30' E 18.41 feet to the point of beginning.

AND

That certain portion of Lot 7, Block B, SKAGWAY TOWNSITE, Skagway Recording District, First Judicial District, State of Alaska, conveyed in Warranty Deed to Malcolm Moe recorded March 18, 1982 in Book 4 Page 46 and more particularly described as:

BEGIN at Corner 22 of Alaska Tidelands Survey No. 4, run thence S 85° 28' W 70.07 feet; thence N 44° 30' E 25.67 feet; thence S 76° 09' 46" E 53.41 feet to the point of beginning.

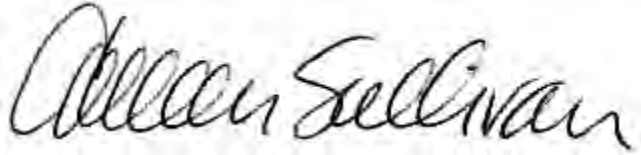
The title to the herein described land is subject to the matters shown as exceptions herein, which exceptions are not necessarily shown in order of their priority.

EXCEPTIONS

1. Reservations or exceptions in patents or in acts authorizing the issuance thereof.
2. Taxes and/or assessments due the Municipality of Skagway, if any.
3. Rights of the public and of governmental bodies in and to that portion of the premises herein described lying below the high water mark of Taiya Inlet.
4. Any adverse claim based upon the assertion that some portion of said land is tide or submerged lands, or has been created by artificial means or has accreted to such portion so created.
5. Any preference rights which may exist under the Alaska Land Act, terms, provisions and reservations under the Submerged Lands Act (43 USCA 1301, 67 Stat. 29) and the enabling act (Public Law 85-508, 72 Stat. 339).
6. Any prohibition or limitation on the use, occupancy or improvements of the land resulting from the right of the public or riparian owners to use any waters which may cover the land or to use any portion of the land which is now or may formerly have been covered by water.
7. The rights of the public in and to that portion of the premises herein described lying within the limits of streets, roads and highways.

8. Planning and Zoning commission Resolution No. 2002-01, under terms and provisions thereof, recorded April 29, 2002 as Serial Number 2002-000101-0.
9. Affects, if any, of that certain unconveyed interest of Malcolm Moe in Lot 7, Block B as described in Warranty Deed recorded March 18, 1982 in Book 4 Page 46.

First American Title Insurance Company

A handwritten signature in black ink that reads "Colleen Sullivan". The signature is written in a cursive, flowing style.

Colleen Sullivan, Title Officer/Branch Manager

NOTE: The attached plat, if any, is furnished solely for the purpose of assisting in locating the premises and does not purport to show all highways, roads or easements affecting the property. No reliance should be placed upon this plat for location or dimensions of the property and no liability is assumed for the correctness thereof.

Approximate

GEORGE RAPUZZI

0.523 AC.

4
2.892 ACRES

MALCOLM A. MOE

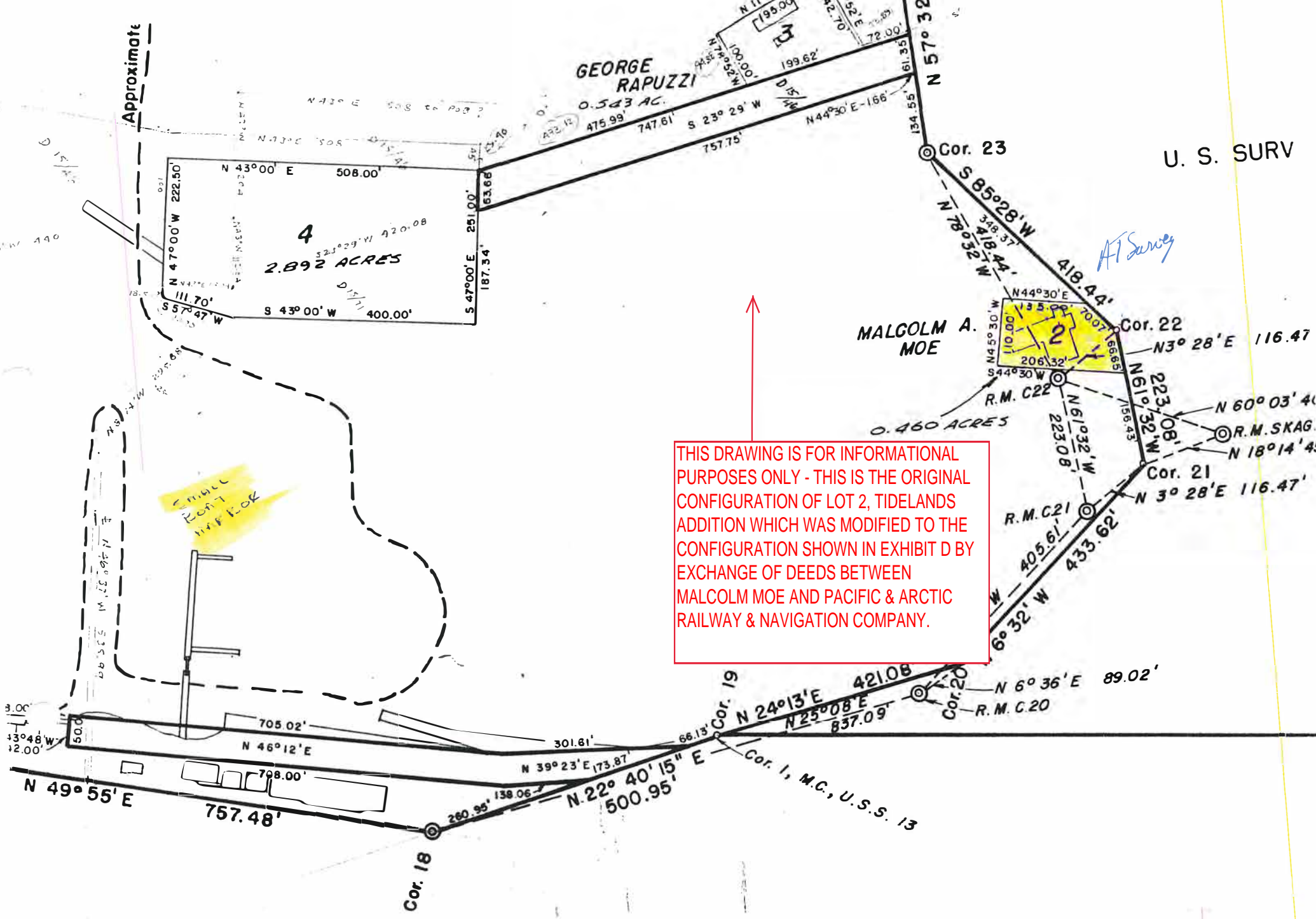
0.460 ACRES

THIS DRAWING IS FOR INFORMATIONAL PURPOSES ONLY - THIS IS THE ORIGINAL CONFIGURATION OF LOT 2, TIDELANDS ADDITION WHICH WAS MODIFIED TO THE CONFIGURATION SHOWN IN EXHIBIT D BY EXCHANGE OF DEEDS BETWEEN MALCOLM MOE AND PACIFIC & ARCTIC RAILWAY & NAVIGATION COMPANY.

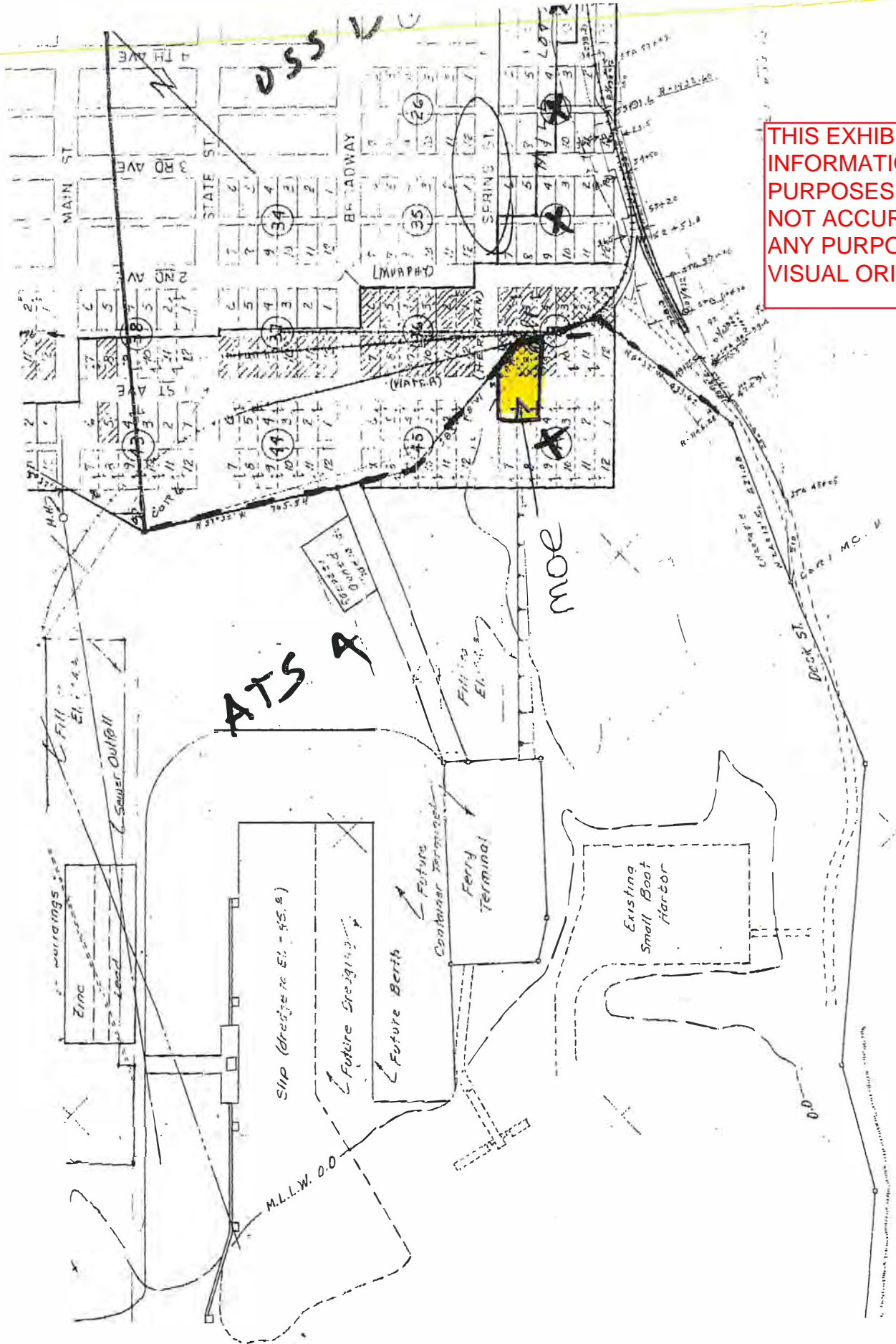
U. S. SURV

AT Survey

Small Eon-7 HP Block



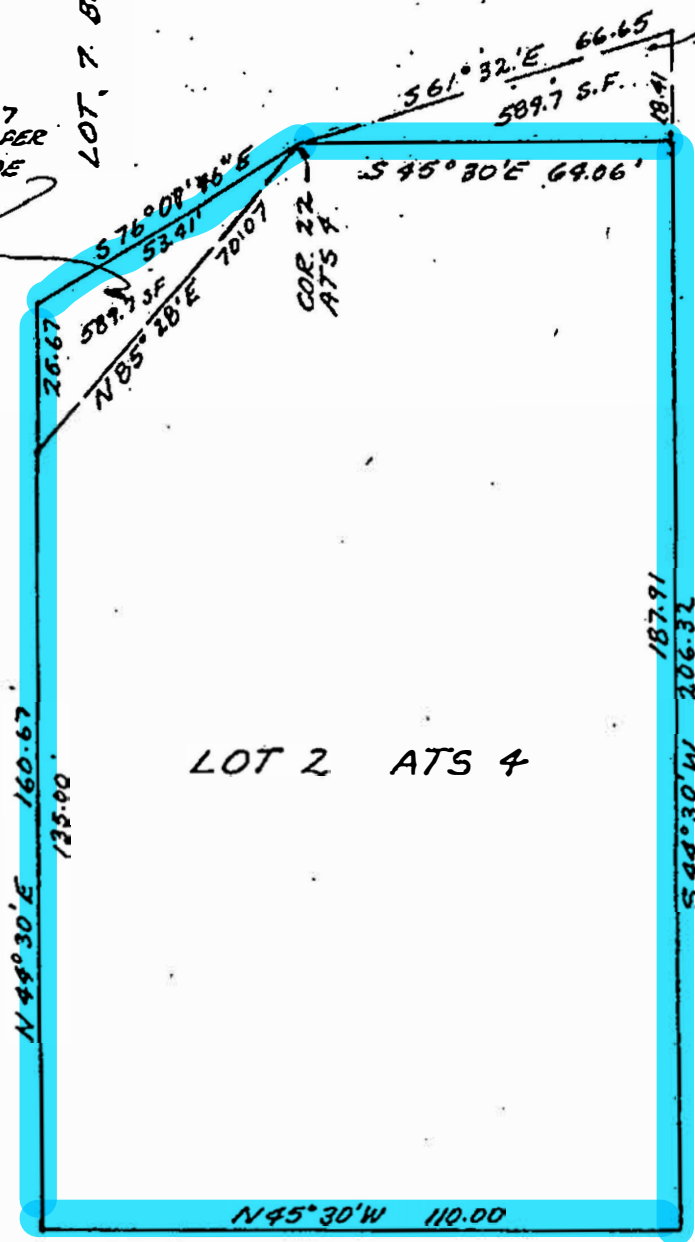
THIS EXHIBIT IS FOR INFORMATIONAL PURPOSES ONLY AND NOT ACCURATE FOR ANY PURPOSE BUT VISUAL ORIENTATION.



PORTION OF LOT 7
BLOCK A TRANSFER
TO MALCOLM MOE

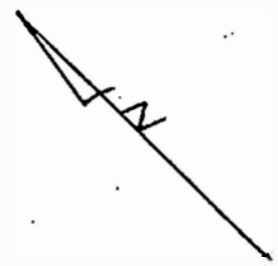
LOT 7 BLOCK B

PORTION OF LOT 2, ATS 4
TRANSFER TO WPYR



LOT 2 ATS 4

Configuration of Moe
Property pursuant to
recorded conveyances.



RESUBDIVISION OF PORTIONS OF LOT 7 BLOCK B, SKAGWAY & LOT 2, ATS 4, SKAGWAY		
SCALE: 1" = 30'	DATE: 7-19-01	GRAPH BY: DSM
D.S. MILLER - CIVIL ENGINEERING		REVISED: 8-22-01
WHITE PASS & YUKON CORP. LTD.		DRAWING NUMBER: 176-1



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