

Proposed by:	Administration
Attorney Review:	08/31/2022
First Reading:	09/15/2022
Second Reading:	_____
Vote:	<input type="checkbox"/> Aye <input type="checkbox"/> Nay <input type="checkbox"/> Absent

**MUNICIPALITY OF SKAGWAY, ALASKA**  
**ORDINANCE NO. 22-08**

**AN ORDINANCE OF THE MUNICIPALITY OF SKAGWAY, ALASKA AUTHORIZING THE MUNICIPALITY OF SKAGWAY TO LEASE WATERFRONT PROPERTY TO OCEAN RAFT ALASKA LLC.**

**WHEREAS**, in 2016, the Municipality entered into a lease with Ocean Raft Alaska LLC for 2,000-square-feet of waterfront property; and

**WHEREAS**, a request for renewal was received from Christian Racich, dba Ocean Raft Alaska LLC for 2,400-square-feet of waterfront property; and

**WHEREAS**, the requested square footage of the lease has increased by 400 square feet, with the additional square footage located behind the currently leased area;

**NOW, THEREFORE BE IT ORDAINED BY THE ASSEMBLY OF THE MUNICIPALITY OF SKAGWAY, ALASKA** that the Municipality of Skagway shall lease to Christian Racich, dba Ocean Raft Alaska LLC, 2,400 square-feet of waterfront property described as Tax Lot 5F, a portion of ATS 4, in the appraisal report dated April 26, 2022, by Reliant LLC (Attachment A), for the period of April 1, 2022, through March 31, 2027; and

**BE IT FURTHER ORDAINED** that the lease is subject to the terms and conditions set forth in SMC 16.03; and

**BE IT FURTHER ORDAINED** that Ocean Raft Alaska shall be charged market rent in the amount of \$6,048.00 annually according to Attachment A, plus applicable sales tax, prorated and paid in advance every calendar quarter, pursuant to SMC 16.02; and

**BE IT FURTHER ORDAINED** that the Borough Manager is authorized to execute said lease with terms as defined above.

**Section 1. Classification.** This is a non-code ordinance.

**Section 2. Effective Date.** This ordinance shall become effective immediately upon adoption.

**PASSED AND APPROVED** by a duly constituted quorum of the Borough Assembly of the Municipality of Skagway this \_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
Andrew Cremata, Mayor

ATTEST:

\_\_\_\_\_  
Steve Burnham Jr, Borough Clerk

(SEAL)

RECEIVED

OCT 22 2021

**Municipality of Skagway  
Property Lease or Sale Application**

MUNICIPALITY OF SKAGWAY

*Submit this completed application, with all necessary attachments and a one-hundred-dollar (\$100.00) application fee to: Borough Manager, Municipality of Skagway, P.O. Box 415, Skagway, Alaska 99840*

Applicant or business name: Ocean Ratt Alaska LLC

Address: Box 966  
Skagway AK 99840  
City State Zip Code

Contact Person: Christian Racich  
Phone: (916) 712-8682

Applicant proposes to:

lease for a term of 5 years  
 purchase

the following property owned by the City of Skagway:

*(Provide legal description or attach site plan or plat adequate to determine approximate property location and dimension)*

Please see letter and attachment

Development Plan

*Provide statements or plans describing the following:*

- the purpose of the proposed lease,
- the use, value and nature of improvements to be constructed,
- the type of construction,
- dates construction is estimated to commence and be completed; and
- whether the intended use complies with the zoning ordinance and comprehensive plan.

Additional information

*(Attach descriptions of any of the following additional requirements or conditions that may apply to the proposed land use. Provide location information if applicable.)*

- Access easements, rights-of-way or encroachments beyond property boundaries.

- Utility easements, extensions or connections.
- Dredge or fill activity.
- Public use enhancements (Waterfront zone only).

I certify that I am familiar with the Municipality of Skagway's code sections pertaining to public lands (Title 16) and planning and zoning (Title 19) as they apply to this

application and proposed land use. I also certify that I am qualified as defined in Skagway Municipal Code section 16.02.030 to apply for lease or sale of municipal lands.

  
\_\_\_\_\_  
(Signed)

10 | 22 | 21  
\_\_\_\_\_  
(Date)

October 22, 2021

Christian Racich

Ocean Raft Alaska LLC  
P.O. Box 966  
Skagway, AK 99840

Subject: Letter of intent for lease of municipal property in boat harbor dry storage area

To: Borough Manager, Municipality of Skagway

Ocean Raft Alaska, a Skagway based marine tourism company, proposes to lease approximately 2400 square feet (40' by 60') in the Skagway boat harbor uplands boat storage area, for a period of 5 years. This is intended to serve as a continuation of our existing lease in the same location, which expired in October of this year. The purpose of the lease is to provide storage, drying, staging, and workshop facilities for our tour company, which is based out of the boat harbor. Through discussion with Harbormaster Matthew O'Boyle, we've ascertained that the most suitable location would be along the rear portion of the property, as viewed from the entrance gate, and to the west side of the lot. Please see attachment 1 for further description. We have in place two 40' storage containers, with 14' of space between them, along the property line, in keeping with the orientation of other containers situated on the property. Additionally, there are two more storage containers to the left (south) side of the original two, stacked on top of each other. One container is used as a workshop and storage space for spare parts, consumables, and tools. The other container is used as a storage space and drying area for outerwear worn by guests during our tour. The two adjacent to those are used as a dry storage area and company office, with a flight of stairs on the south side accessing the upper container. All containers have power provided by a quick disconnect system connected to a service panel and utility pole behind the containers. The area between the two original containers is used for storage and maintenance of our boats. The value of the containers is estimated to be \$4,000 each, and improvements to them \$1,000 each. The placement of the containers and connection to electrical utilities commenced on May 1, 2013, prior to the start of the 2013 summer season. The additional containers were added in spring of 2016, at which time we modified our original lease area of 1200 square feet to accommodate the increased size of equipment. This lease we are proposing now incorporates a slight addition in size to this most recent lease in order to house our now expanded fleet of 3 boats and multiple vehicles during winter storage. The varied uses proposed fall within both permitted uses and conditional uses of municipal lands zoned Waterfront under Title 19.06.080, section A, parts 1 and 2. To our knowledge there are no easements or encroachments upon the proposed property, and no fill, grading, or other modifications to the site will be performed. We feel our proposed use of the property as described falls within the guidelines established for use of land within the waterfront zone, and would not hinder or encumber existing users of the harbor facilities.

Please feel free to contact me with any questions you may have regarding this application.

Regards,



Christian Racich  
Owner, Ocean Raft Alaska



1 SITE PLAN



DATE: AUGUST 1998  
 FILE: A101

CONCEPTUAL  
 NUMBERING  
 SHOWN WITH  
 SITE PLAN

MUNICIPALITY OF SKAGWAY  
**BOAT MAINTENANCE  
 BUILDING - SHELL**  
 Skagway, Alaska



Jensen  
 Yorba  
 Lott  
 Inc.  
 524 1/2th St. S.W.  
 Anchorage, Alaska 99501  
 Phone: 907-546-2070  
 Fax: 907-586-8062  
 www.jyl.com





**DRAFT**



# **MUNICIPALITY OF SKAGWAY**

GATEWAY TO THE KLONDIKE  
P.O. BOX 415, SKAGWAY, ALASKA 99840  
(PHONE) (907) 983-2297  
(FAX) (907) 983-2151  
[www.skagway.org](http://www.skagway.org)

**Municipality of Skagway  
And  
Ocean Raft Alaska, LLC.  
Lease Agreement  
Small Boat Harbor Marine Services**

This Lease is entered into on this \_\_\_ day of \_\_\_\_\_ 2022, by and between the Municipality of Skagway (hereinafter, Municipality) a municipal corporation, and Ocean Raft Alaska, LLC. (hereinafter Lessee), for the purpose of leasing a lot in the Skagway Small Boat Harbor Uplands.

**WITNESSETH:**

**WHEREAS** the Municipality owns the small boat harbor property; and

**WHEREAS** the Municipality wishes to offer the lease of a portion of land in conformance with the Skagway Municipal Code requirements;

**NOW, THEREFORE**, in consideration of the mutual covenants hereinafter set forth, it is agreed as follows:

**1. DURATION:**

This lease shall be in effect for a 5-year period, from April 1, 2022 to March 31, 2027.

**2. FACILITIES:**

- A. The leased premises subject to this lease shall be a 40' x 60' portion of tax lot 5F, containing 2,400 SF in fee simple interest, within ATS 4, Skagway Small Boat Harbor Uplands area as described in the Appraisal Report dated April 26, 2022 (Attachment A).
- B. The Lessee recognizes that the Municipality may construct improvements to the premises during the term of this lease. Adjustments to the lease amount, if any, due to such improvements shall be negotiated by the Municipality and Lessee, and approved in writing by both parties.

**3. LEASE AMOUNT:**

Annual lease payment shall be in the amount of \$6,048 (Six Thousand Forty-Eight Dollars and No/100), plus any applicable municipal sales tax. This amount is payable in four (4) equal quarterly installments of \$1,512.00 (One-Thousand, Five-Hundred and Twelve Dollars and No/100) plus applicable tax, due on or before the thirtieth day of, April, July, October, and

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January. Additionally, Lessee shall be responsible for cost of preparing the lease, including, but not limited to survey and appraisal costs.

**4. OPERATIONS AND MAINTENANCE:**

- A. Lessee shall promptly repair, rebuild or restore premises or facilities damaged or destroyed, except damage caused solely by the Municipality.
- B. The Municipality may, at all reasonable times and with prior notice, enter upon and inspect the leased premises. If the Municipality demonstrates that the Lessee has failed to perform maintenance or repair work required under this lease, and if Lessee, after prior notice of the deficiencies, fails to correct the deficiencies or begin corrective action within a reasonable time, the Municipality may enter any part of the leased premises and perform the necessary work. Lessee shall reimburse the Municipality for all reasonable expenses incurred by this work within ten days of the Municipality providing the Lessee with an invoice for the work.
- C. All vehicles and equipment used for Lessee operations should be staged within the 2,400 SF lease area. Any vehicles and equipment staged or stored outside of the 2,400 SF lease area shall be subject to fees as established in the current Port of Skagway tariff document.

**5. INDEMNITY AND INSURANCE:**

- A. **INDEMNIFICATION OF LESSOR.** Lessee shall indemnify, save harmless and defend the Municipality from any and all claims or actions for injuries or damage of any kind and any nature, including but not limited to physical injury and death, property damage, special damages, consequential damages, expenses, costs, and attorney fees, directly or indirectly arising out of, in connection with, related to, or incident to the operation of the leased premises by the Lessee and the lessees employees, agents, guests, representatives, and invitees.
- B. **INSURANCE:** Lessee shall provide to the Municipality of Skagway a certificate of insurance showing that the Lessee has obtained at least two million dollars (\$2,000,000.00) general liability insurance, which covers the Lessee's operations on the leased premises. Lessee shall provide the Certificate of Insurance, naming the Municipality as an additional insured, at the time of the effective date of the lease. Failure to maintain such insurance shall constitute a material breach of the terms and conditions of the lease. Lessee shall notify the municipality twenty (20) days before the policy is canceled or terminated and unless the Lessee provides a new Certificate of Insurance within 30 days of cancellation or termination, the Municipality may terminate this lease without further notice at its sole option.
- C. **HAZARDOUS WASTE RESPONSIBILITY.** Lessee represents and warrants that the leased Premises will never be used for the generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance. The term "Hazardous Waste or Substance" means hazardous or toxic substances, materials or wastes, including but not limited to any substance, material or waste which is (i) petroleum; (ii) asbestos; (iii) polychlorinated biphenyls (PCBs); (iv) toxic or hazardous substances as defined in Alaska Statute 18.60.105 or 46.03.826, and associated regulations; (v) designated as a "Hazardous Substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. ' 9601, et. seq.; (vi) designated as a "Hazardous

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Waste” pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. ' 6901, et. seq.; (vii) designated as a “Hazardous Substance” under the Clean Water Act, 33 U.S.C. ' 1321, or listed pursuant to 33 U.S.C. § 11317; (viii) listed by the U.S. Department of Transportation at 49 C.F.R. Part 302; and (ix) any other substance, waste or material which is regulated as hazardous or dangerous by any Federal, State or local agency. Lessee agrees to hold Lessor harmless and to indemnify and defend Lessor against any and all claims and losses resulting from Lessee’ breach of this paragraph, including, but not limited to, any loss, damage, liability, cost, or expense, including reasonable actual attorneys’ and consultants’ fees and expert fees, and including without limitation (i) any claims of third parties for personal injury, property damage, or other harm, and (ii) any response costs, costs of remedial, restoration or clean-up actions, fines suffered or incurred by Lessor arising out of or related to the presence of Hazardous Materials in, on, or under the property, or out of any such use of the property, or due to the incorporation of such materials. This obligation to indemnify, defend and hold Lessor harmless shall survive the term of this lease and include any claim, cause of action or administrative regulatory enforcement action in which Lessee or Lessor are determined or alleged to be a potentially responsible party.

**6. DEFAULT:**

When the Municipality determines that the provisions of this Lease are not being met and attempts to resolve the matter are unsuccessful, written notice shall be given to the Lessee stating the nature of the deficiency and necessary corrective action. Lessee shall either take immediate corrective action or respond to the Municipality in writing within ten calendar days stating the reason for noncompliance and a schedule for compliance. If the Municipality determines this response unacceptable, in its sole discretion, the Municipality shall give Lessee written notice of default. In the event of default, Lessee shall have ten calendar days from receipt of notice to remove personal property and vacate the premises. If such property is not removed within this time period, the Municipality may take possession of the property and dispose of the property without any liability to the Lessee.

**7. TERMINATION**

The Municipality or Lessee may terminate this Agreement at any time by giving no less than 90 days written notice to the other party of such termination and specifying the effective date of such termination.

**8. TERM AND CONDITIONS:**

- A. This Agreement specifically supersedes any prior written or oral agreements between parties relating to the Lease of the property as described in this agreement.
- B. Unless otherwise provided for in this Lease, the provisions of Skagway Municipal Code Title 16.02.160, Terms and conditions of Lease, shall govern this lease and are attached to and incorporated into the terms and conditions of this lease.



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**9. NOTICE:**

All notices and requests in connection with this lease shall be in writing and shall be addressed as follows:

**MUNICIPALITY:** Municipality of Skagway  
Borough Manager  
P.O. Box 415  
Skagway, AK 99840

**LESSEE:** Ocean Raft Alaska, LLC.  
Christian Racich  
P.O. Box 966  
Skagway, AK 99840  
916-712-8682

**10. MISCELLANEOUS**

The Superior Court for the State of Alaska, First Judicial District at Juneau, Alaska, shall be the exclusive court for jurisdiction and venue of any and all actions of any kind and any nature arising out of or related to this Lease Agreement. Venue for trial in any action shall be in Skagway, Alaska. Lessee specifically waives any right or opportunity to request a change of venue from Skagway, Alaska for trial pursuant to A.S. 22.10.040. The parties agree that this Agreement shall be governed by the laws of the State of Alaska.

- A. This Agreement is binding upon the heirs, successors and assign of the parties.
- B. This Agreement represents the entire Agreement of the parties and no other Agreement whether oral or written which is not specifically set forth in this Agreement or an addendum to this Agreement will have any force or effect upon the other party. Lessee specifically understands and agrees that no Municipal employee, Assembly member, or the Mayor has any authority to verbally modify this lease and any modifications must be in writing approved by the Assembly.
- C. The Municipality's waiver of any term or condition in this Agreement shall not constitute a waiver of any term or condition in this Agreement.
- D. If any term of this Agreement is held to be invalid, void or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall be valid and binding upon the parties.
- E. Titles and headings to sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.
- F. Lessee is not relying on any representations by a Municipal employee, officer, assembly member, consultant or attorneys. Lessee acknowledges he has had a full opportunity to consult with his own attorney before entering this Lease.

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G. This Lease shall not be assigned by the Lessee without the prior written consent of the Municipality. The Municipality will not approve an assignment to an LLC unless all the members of the LLC guarantee performance of the Lease.

This Lease shall not be assigned by the Lessee without the prior written consent of the Municipality.

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

\_\_\_\_\_  
Andrew Cremata, Mayor  
For the Municipality of Skagway

\_\_\_\_\_  
Christian Racich for, Ocean Raft Alaska,  
LLC, Lessee

Date \_\_\_\_\_

Date \_\_\_\_\_

ATTEST:

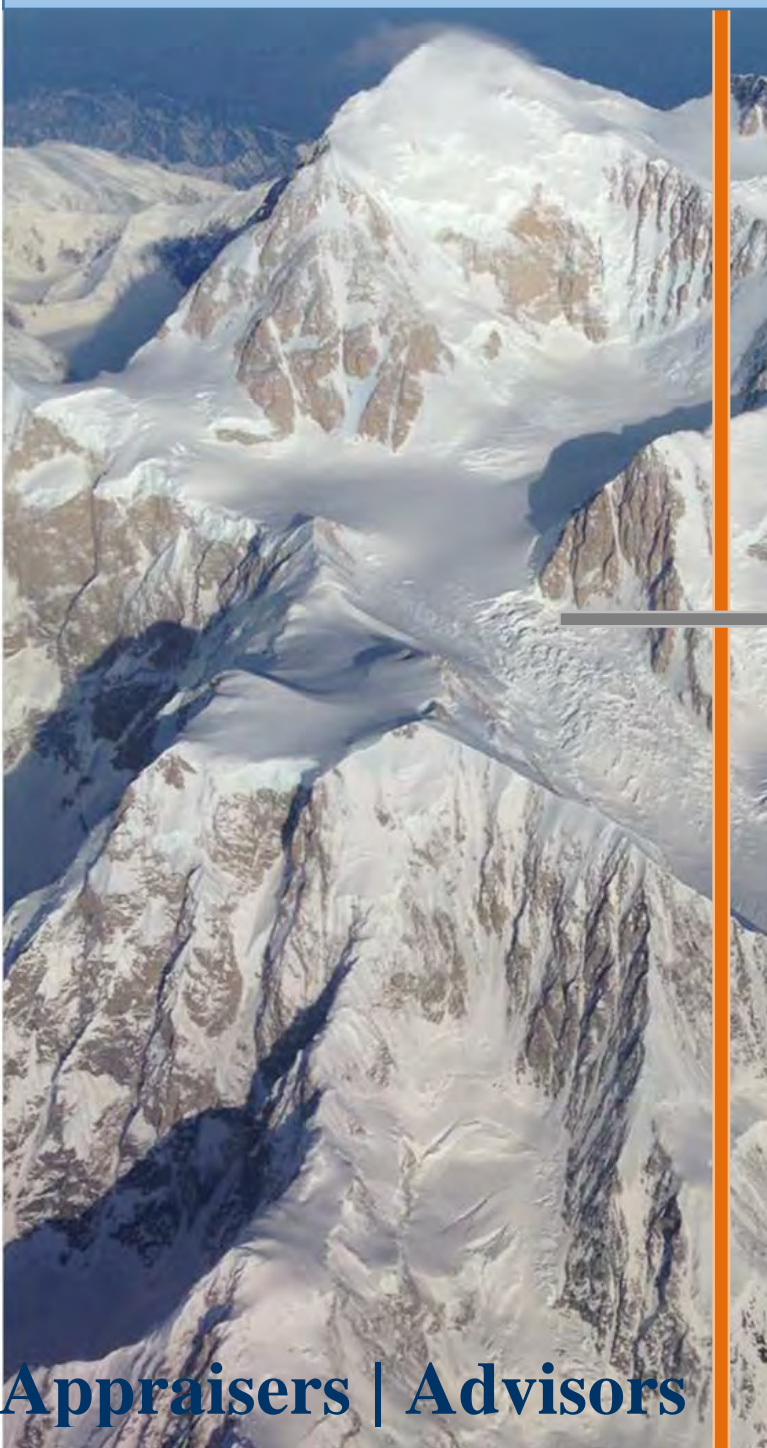
\_\_\_\_\_  
Steve Burnham, Jr., Borough Clerk

(SEAL)

# RELIANT

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LLC



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**Appraisal Assignment of:**

**Ocean Raft Storage Yard Rent**

**Small Boat Harbor Uplands  
Skagway, AK 99840**

Latitude: 59.451274 , Longitude: -135.321293

Reliant Reference Number: 22-0395

**As of: April 26, 2022**

**Prepared for:  
Municipality of Skagway**

---

**Appraisers | Advisors**



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



# RELIANT

LLC

## Appraisers | Advisors



### **“reliable advice = reliable decisions”**

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

#### **Experience**

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

#### **Quality of Work**

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

#### **Timeliness**

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

#### **Services**

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

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

#### **Geographic Expertise**



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





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

## Letter of Transmittal

August 15, 2022

Mr. Andrew Cremata  
Mayor  
Municipality of Skagway  
PO Box 415  
Skagway, AK 99840

RE: **Ocean Raft Storage Yard Rent**  
Small Boat Harbor Uplands  
Skagway, AK 99840

Dear Mr. Cremata:

At your request, an appraisal of the above referenced property has been prepared. The results of the assignment are presented in *Appraisal Report* format. The purpose of the assignment is to estimate the market rental value of the real estate in its current As Is condition. The *Fee Simple* interest in the subject has been analyzed.

The client(s) of this assignment is Municipality of Skagway. The intended user(s) of the report is the Client, for the intended use of lease rate determination. Although other parties may in some cases obtain a copy of this report, it should not be relied upon by anyone other than the intended user(s), or for anything other than the intended use.

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

The subject property is a 2,400 sq ft (60' x 40') portion of the Skagway Small Boat Harbor Uplands that is used as yard storage by Ocean Raft, a boat tourism company operating out of the adjacent marina. The leased premises benefit from being within a managed, maintained facility with circulation and parking access. The company has leased space in the uplands since at least 2012 and provides tours to visiting cruise ship passengers. This is an appraisal of the underlying land to assist in establishing market rent for a ground lease extension. The tenant has five 40' conex boxes on the site, two stacked on two to the south, then a covered area and a single storage box to the north. The containers are used as office, workshop and dry storage space and are connected to electricity, all of this is personal property owned by the ground tenant. There is additional open storage space to the south of the conex boxes. An inspection of the subject has been made, and photographs taken. Market information and data regarding other similar real estate has been obtained. This data has been analyzed using appropriate techniques and methodologies necessary to develop a credible and reliable estimate of market value.



RE: **Ocean Raft Storage Yard Rent**

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

<b><u>FINAL MARKET RENTAL VALUE ESTIMATE</u></b>	
<b><u>Ocean Raft Storage Yard Rent</u></b>	
<b>Property Rights</b>	<b>Fee Simple</b>
<b>Condition</b>	<b>As Is</b>
<b>Effective Date of Appraisal</b>	<b>April 26, 2022</b>
Final Market Value Estimate	\$75,600
Market Rental Rate of Return	x 8.0%
<b>Current Market Rental Value - Annual Rent</b>	<b>\$6,048</b>

The value estimates are based on a marketing period of approximately 12 months and an exposure period of approximately 12 months. The value opinion reported above is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the body of the report. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addendum. Thank you for the opportunity to be of service. If you have any questions, please feel free to call.

Respectfully submitted,

**Kim Wold**  
Senior Appraiser  
Alaska Certified General – No. 52  
kim@reliantadvisory.com

**Greg Bucklin, MAI**  
Staff Appraiser  
Alaska Certified General - No. 130374  
greg@reliantadvisory.com

# Certification

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

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



**Kim Wold**  
Alaska Certified General – No. 52



**Greg Bucklin, MAI**  
Alaska Certified General - No. 130374

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# Assignment-Specific Premises & Special Risk Factors

## Overview

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

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

## Assignment-Specific Extraordinary Assumptions, Limiting Conditions

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

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

## Assignment-Specific Hypothetical Conditions

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

This appraisal is not predicated on any hypothetical conditions.

## Special Risk Factors

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

1. The general consensus is the COVID-19 pandemic has ended. Nonetheless, COVID-19 is a special risk factor that, to varying degrees,

may presently, or in the immediate future, impact fundamental real estate market conditions. Given the fluid environment and complex biology involved, the intended user is advised to perform their own research on COVID-19 and carefully understand the potential impacts on their real estate related decisions.

1. Due to residual impacts from COVID-19 there can be significant variance in construction costs and delays in project deliveries.



# Assignment Overview

## Identity of Property

<b>Name</b>	Ocean Raft Storage Yard Rent
<b>Brief Description</b>	The subject property is a 2,400 sq ft (60' x 40') portion of the Skagway Small Boat Harbor Uplands that is used as yard storage by Ocean Raft, a boat tourism company operating out of the adjacent marina. The leased premises benefit from being within a managed, maintained facility with circulation and parking access. The company has leased space in the uplands since at least 2012 and provides tours to visiting cruise ship passengers. This is an appraisal of the underlying land to assist in establishing market rent for a ground lease extension. The tenant has five 40' conex boxes on the site, two stacked on two to the south, then a covered area and a single storage box to the north. The containers are used as office, workshop and dry storage space and are connected to electricity, all of this is personal property owned by the ground tenant. There is additional open storage space to the south of the conex boxes.
<b>Address</b>	Small Boat Harbor Uplands Skagway, AK 99840
<b>Geo Coordinates</b>	Latitude: 59.451274 , Longitude: -135.321293
<b>Physical Location</b>	South of Broadway, north of the Small Boat Harbor
<b>Assessor's Tax Parcel Number(s)<sup>1</sup></b>	2TOWN142054
<b>Abbreviated Legal Description</b>	<i>A 40' x 60' portion of Lot 5F, ATS 4, Skagway RD, State of Alaska</i> (Per Owner)
<b>Current Use</b>	Storage Yard
<b>Appraised Use</b>	Storage Yard
<b>Highest and Best Use</b>	
AS VACANT	May include Industrial development or other unidentified use once feasibility has been ascertained.
AS IMPROVED	Highest and best use as improved is continued use of the existing property in its as is condition.

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

## Scope of Assignment

<b>Value Definition(s)</b>	The following definition(s) of value is/are utilized in this report:
<b>MARKET VALUE (OCC)<sup>2</sup></b>	<p><i>The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date, and the passing of title from seller to the buyer under conditions whereby:</i></p> <ol style="list-style-type: none"> <li><i>the buyer and seller are typically motivated;</i></li> <li><i>both parties are well informed or well advised, and acting in what they consider their own best interests;</i></li> <li><i>a reasonable time is allowed for exposure in the open market;</i></li> <li><i>payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;</i></li> <li><i>and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.</i></li> </ol>
<b>Other Definitions</b>	Please refer to the Terms & Definitions section presented in the Addenda for additional definitions of significant terminology used in this report.
<b>Purpose</b>	To estimate the market rental value of the real estate in its current As Is condition.
<b>Intended Use</b>	The intended use of the assignment is for lease rate determination. It should not be relied upon for any other uses.
<b>Client(s)</b>	Municipality of Skagway
<b>Intended User(s)</b>	Municipality of Skagway (the Client)
<b>Property Interest Appraised</b>	This is an appraisal of the real property. Any intangible and personal property is specifically excluded from this valuation.
<b>Property Rights Appraised</b>	Fee Simple
<b>Report Presentation</b>	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary of the appraisal process, subject and market data, and valuation analyses. The level of detail and discussion presented varies with the

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

significance of the information to the appraisal, within the context of the intended use and intended user(s).

**Walk-Through Date** April 26, 2022

**Effective Date<sup>3</sup>** April 26, 2022

**Report Date** August 15, 2022

## Scope of Work

**Overview** Current USPAP requires the appraiser(s) to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem, intended user(s) and intended use.

**Limitations to Scope of Work** USPAP permits limitations to the scope of work consistent with the appraisal problem, intended user and intended use. The scope of work has been limited by the General Assumptions & Limiting Conditions, Assignment-Specific Extraordinary Assumptions and Limiting Conditions, and Assignment-Specific Hypothetical Conditions discussed throughout this report and Addenda. The Scope of Work has also been limited based on the level of information / documentation available to the appraiser. Please reference the assignment-specific extraordinary assumptions, limiting conditions and hypothetical conditions presented in the prior chapter. There are no other major limitations to the scope of work for this assignment.

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

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

**Subject Inspection** An inspection of the subject has been made, and photographs taken.

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

<sup>3</sup> The analyses and conclusions of the assignment are based upon the known market conditions as of the date of report and are valid as of that date but may not be representative of market value either before or after this date.

assignment is based on inferred demand.

### Approaches to Value

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

**SALES COMPARISON APPROACH** This approach was developed because it is necessary to develop a credible and reliable estimate of market value for this property type.

**INCOME CAPITALIZATION APPROACH** This approach was not developed because while the subject could generate an income stream, the most probable buyer is an owner-occupant. These buyers do not typically utilize the approach for this type and age of property.

### Valuation Process

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

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

11. A highest and best use analysis for the property was performed.
12. Extensive research to identify transactions involving similar properties was performed.
13. An analysis of the subject and available data was performed using commonly accepted valuation techniques and methodologies.
14. The quantity and quality of available data was considered along with the applicability of the methodology used, and a reconciliation was performed to arrive at the final value estimate(s).

### Ownership and Sales Information

<b>Current Owner of Record</b>	According to Department of Natural Resources Records, the appraised interest in the subject is presently owned by Municipality of Skagway.
<b>Three Year Transaction History</b>	Disclosure and analysis of the subject's transaction history (sales, agreements of sale, options, and listings) within the prior three years is required by USPAP and, if applicable, is presented below.
NO RECENT ACTIVITY	No transactions involving the subject within the prior three years are known or have been disclosed. A search of State of Alaska Department of Natural Resource records indicates that the subject has not changed ownership within the last three years.

### Competency of Appraiser

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



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## Area Data

### COVID-19

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The World Health Organization declared the coronavirus (COVID-19) as a global health emergency on January 30, 2020. The President declared a national emergency on March 13, 2020. The outbreak caused heightened health, economic and financial uncertainty in both local and global markets. International travel restrictions have been implemented by many countries, including the United States. Public events, meetings and assemblage were largely cancelled. Global financial markets were negatively impacted as a result of the response of governments and the public to the virus. In response, the Federal Reserve made an emergency cut to interest rates on March 16, 2020, slashing the federal funds rate by 1 percent to a range of 0-0.25 percent (effectively zero). Through various legislative acts, total COVID-19 stimulus is estimated at \$5.335 trillion dollars.<sup>4</sup> There are now multiple vaccines available that are expected to be fully distributed to the general public by the end of 2021. Most market participants believe that the COVID-19 pandemic has ended. Economic trends, including airline travel, employment data, manufacturing output, retail expenditure, stock market valuations and other data points strongly suggest that most, but not all, of the economic recovery has already occurred. Thus, at this point, the economic data indicates that there was largely a “V” shaped recession and recovery. At this point, the greatest risk is that a new vaccine resistant strain of the virus develops. The COVID-19 Delta and COVID-19 Omicron variants are two such examples, with the first causing additional lockdowns and the second posing a limited health risk without additional lockdowns. That said, the continued expectation is that 2022 will be the year that the economy approaches full recovery.

### Regional Area Data

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Although elements of Alaska’s economy are directly affected by certain national and international factors (e.g. interest rates, the value of the U.S. Dollar, etc.), Alaska’s economic cycles do not typically align with the rest of the nation for several reasons. First, is that Alaska is a “resource” state and contains some of the most abundant reserves of oil, natural gas, coal, gold, silver and other precious minerals on the planet. Alaska is also plentiful in renewable natural resources, including fish and timber. In terms of natural resources, it is not an understatement to describe Alaska as being “rich”. Thus, the respective supply of these commodities, including their financial feasibility to bring to market, and prices set by global markets, are the primary influence on the economy. Second, is the relative absence of manufacturing and technology, which in recent history have been the driving factors in U.S. economic cycles. Third is Alaska’s location, which although

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<sup>4</sup> Peter G. Peterson Foundation, March 15, 2021, <https://www.pgpf.org/blog/2021/03/heres-everything-congress-has-done-to-respond-to-the-coronavirus-so-far>

central to the industrialized world by air, is remote relative to the rest of the U.S. One dramatic instance of when Alaska's economy diverged from the Nation's was during the Great Recession when employment in Alaska continued to increase, resulting in 21 years of continuous job growth in the state.

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

While oil production has significantly decreased from their peak in the late 1980s, the price has been volatile, ranging from above \$100/bbl at the beginning of 2014 to a low of \$10/bbl in 2020 at the start of the COVID-19 pandemic. Currently prices are in the range of \$100/bbl, which is well above the average price for the last several years. On another positive note, reserves have recently been increasing. After a 40-year battle, in 2017, the Republican-controlled House and Senate included in tax legislation a provision that would open the 1002 area of ANWR to oil and gas drilling. Since that time up to 10 billion barrels of additional reserves have been identified at three different fields, which could yield several hundred thousand barrels per day. At the same time, political resistance to oil is increasing. Due to global warming, several lenders have indicated that they will not finance any new oil field development, however, this is viewed as largely a symbolic political position that will not ultimately impact the development of financially feasible fields. President Joe Biden has unilaterally suspended all oil and gas leases in the ANWR, which is being challenged in court.

The decline in the price of oil in recent years resulted in a decline in State revenues and significant budget shortfalls.<sup>5</sup> Thus far, the budget shortfall has been addressed by a combination of tapping into reserve accounts<sup>6</sup> (all years), eliminating 50% of the Permanent Fund dividend paid to Alaska residence (2018) or tapping into the Permanent Fund's Earnings Reserve Account (ERA) (2019). For several reasons, the budget shortfall is largely a political, rather than an economic issue. First, while politically difficult, the State continues to have opportunities to cut spending over historic levels.<sup>7</sup> Second, there are no personal taxes in place at the State level and, while also politically difficult, if necessary, these could be adopted. Finally, the State has over \$82 billion within the Permanent Fund, nearly \$17 billion of which is within the ERA and so can be used to fund the State government by a simple majority vote of the Legislature (as occurred in 2019, for example).

<sup>5</sup> According to Alaska Tax Division Director Colleen Glover, every dollar change in the price of Alaska North Slope crude equates to roughly \$42 million more, or less, to the state treasury.

<sup>6</sup> As of December 31, 2021, the State had \$1.09 billion remaining in the CBRF, roughly 10% of the original balance.

<sup>7</sup> There is consensus among nearly all Alaskan's that additional spending cuts are possible. However, to the extent that the proposed spending cuts result in an actual reduction of services they become a point of vigorous debate.

The question is not therefore whether State can pay its bills, but rather what level of services its citizens desire and how it chooses to pay for those services. The major concern moving forward is the degree to which each of these respective choices would impact the general economy, which has just returned to positive economic growth after a mild three-year recession.

Also buttressing the Alaskan economy is the level of federal spending in the state. For example, in FY 2014, the U.S. government sent a total of \$11.3 billion to Alaska and its residents<sup>8</sup>. This sum made Alaska the third highest recipient of per capita federal dollars for the year (behind Maryland and Virginia). In fact, the level of federal spending in Alaska, per capita, is approximately 50% above the national average. While details have not yet been finalized, Alaska is also expected to see a healthy share of recent federal infrastructure dollars over the next few years.

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

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

While seafood harvests, pricing and supply and demand conditions remain relatively stable and healthy for most fisheries, certain segments and regions of the Alaska seafood market are experiencing a surplus of processing capacity. As a result, several processors have discontinued operations, while others have placed their portfolio of Alaska properties on the market for sale. In general, the seafood outlook is for continued health and stability for the market overall, but with certain segments and regions experiencing softness and even potentially contraction, which could impact fishermen, suppliers, and processing employment. In 2021, salmon counts, and pricing were favorable. As the result of more consumers cooking from home to combat the spread of the COVID-19 virus, the industry experienced recovery with rising demand and pricing levels.

Precious metals, including gold, continue to perform well and the mining industry is healthy at this time. Alaska Native Corporations are one of the

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<sup>8</sup> [http://www.pewtrusts.org/~media/assets/2016/03/federal\\_spending\\_in\\_the\\_states\\_20052014.pdf](http://www.pewtrusts.org/~media/assets/2016/03/federal_spending_in_the_states_20052014.pdf), accessed Jan-2017

major bright spots of the Alaska economy and continue to expand their Alaska, national and international businesses.

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

The most recently available key economic indicators are summarized on the following chart.

### Alaska: Key Economic Indicators

Item	2014	2015	2016	2017	2018	2019	2020	2021
<b>Resources</b>								
Oil Price (Avg. \$/Barrel)	\$97.74	\$52.10	\$43.04	\$54.28	\$71.44	\$65.49	\$41.72	\$70.88
Avg. Daily Oil Production (000s Barrels)	546.6	519.3	531.1	540.5	550.0	547.7	544.8	533.6
Oil Value (Billions)	\$19.5	\$9.9	\$8.3	\$10.7	\$14.3	\$13.1	\$8.3	\$13.8
Gold Price (Avg. \$/Ounce)	\$1,184	\$1,061	\$1,152	\$1,303	\$1,283	\$1,517	\$1,734	\$1,829
GDP: Mining (Millions)*	\$14,046	\$7,637	\$6,351	\$8,496	\$9,302	\$8,424	\$4,648	---
GDP: Agriculture, Forestry & Fishing (Millions)	\$495	\$461	\$405	\$391	\$407	\$409	\$331	---
Salmon & Herring Catch (000s Ibs.)	812,665	1,163,639	639,519	1,102,192	652,434	916,685	538,383	---
Salmon & Herring Exvessel Value (Millions)	\$631	\$502	\$492	\$796	\$592	\$715	\$399	---
<b>Tourism</b>								
Cruise Ship Visitors (000s)	968	1,000	1,026	1,090	1,169	1,332	0	---
Total Visitors (000s)	1,660	2,067	1,858	1,926	2,026	2,437	427	---
<b>Demographics</b>								
Population	742,404	741,123	752,680	744,733	750,876	755,517	760,206	752,044
Avg. Household Income	\$85,010	\$88,585	\$91,524	\$93,039	\$96,273	\$96,534	\$97,941	\$99,657
Per Capita Income	\$31,800	\$33,111	\$34,264	\$34,879	\$35,888	\$35,589	\$36,233	\$37,030
<b>Employment</b>								
Unemployment Rate (%)	6.9%	6.5%	6.9%	7.0%	6.6%	6.3%	8.2%	6.2%
Employment (% Chng.)	0.5%	0.3%	-1.7%	-1.3%	-0.5%	0.5%	-3.9%	2.8%
<b>Alaska Permanent Fund (PF)</b>								
PF Distribution (\$/Person)	\$1,884	\$2,072	\$1,022	\$1,100	\$1,600	\$1,606	\$992	\$1,114
PF Value (Billions)	\$51.2	\$52.8	\$52.8	\$59.8	\$64.9	\$66.3	\$65.3	65.3
<b>State Budget</b>								
State Budget (Millions) [2014=FY14]								
Revenue	\$10,665	\$9,259	\$7,063	\$6,553	\$6,972	\$10,557	\$9,925	\$9,074
Operating	\$8,569	\$11,610	\$8,520	\$8,078	\$8,039	\$8,748	\$8,504	\$8,868
Capital	\$1,972	\$1,943	\$1,478	\$1,551	\$1,414	\$1,447	\$1,276	\$1,167
Total Spending	\$10,540	\$13,553	\$9,998	\$9,629	\$9,453	\$10,195	\$9,780	\$10,035
Fiscal Gap	\$21,205	\$22,812	\$17,061	\$16,182	\$16,425	\$20,752	\$19,705	\$19,109
<b>Other</b>								
Mortgage Foreclosure & Delinquency Rates**	1.0%	0.8%	0.7%	0.7%	0.8%	0.7%	0.6%	0.4%
Alaska Building Permits (Residential 1-5 Units)	2718	2446	2198	2178	1897	1886	1669	160

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



AK DOL Statewide Employment Forecast

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

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

Note: May not sum because of rounding

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

Due to COVID-19, unemployment spiked to 13.7% in April 2020. By 2021, this had decreased to 6.2%. AKDOL forecasts Alaska will attain 97% recovery in 2022 and forecasts employment growth of approximately 9,800 jobs, an increase of 2.8%. The January 2022 Alaska Economic Trends report showed an 8.3% loss in jobs in 2020, a 2.3% gain in 2021 and a forecasted gain of 3.2% in 2022 which would bring jobs to 96.8% of pre-pandemic levels. The implication is that Alaska is nearly fully recovered from the pandemic and high oil prices and State budgets in the black, positioned for a return to prevailing pre-pandemic levels, which – with the exception of the 2016-2018 recession – has historically reflected slow, steady growth. One economic concern is inflation and the Federal Reserve tightening monetary policy, which has resulted in mortgage rates increasing to roughly 4.75%. Higher interest rates in turn could have an adverse impact on all segments of the real estate market.



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## Local Area Data

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### Location and Climate

Skagway is located 90 miles northeast of Juneau at the northernmost end of Lynn Canal and the head of Taiya Inlet. It on the mainland and lies 108 road miles south of Whitehorse and is just west of the Canadian border with British Columbia. The area encompasses 452.4 square miles of land and 11.9 square miles of water.

Skagway has a maritime climate that is characterized by cool summers and mild winters. Average summer temperatures range from 45 to 67 °F; winter temperatures average 18 to 37 °F. Within the shadow of the mountains, Skagway receives less rain than is typical for Southeast Alaska, averaging 26 inches of precipitation and 39 inches of snow.

### History, Culture and Demographics

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.

Downtown buildings have been colorfully restored to reflect the history of the gold rush that traversed through Chilkoot Pass to the Yukon. During the 2000 US Census, total housing units numbered 502, and vacant housing units numbered 101. Vacant housing units used only seasonally numbered 47. US Census data for Year 2000 showed 478 residents as employed. The unemployment rate at that time was 14.1%, although 32.2% of all adults were not in the work force. The median household income was \$49,375, per capita income was \$27,700, and 3.7% of residents were living below the poverty level.

In 2010, the census data reflected a population increase to 968 persons, with 636 housing units, of which 200 were vacant, 48 of those were occupied seasonally, 98 were for migrant workers. 15 of the vacant units were available for rent and 33 were classified as "other vacant".

The 2017 American Community Survey (ACS) estimated a 7.9% unemployment rate, with 17.6% of those 16 years and older not in the labor

force. ACS reported a median household income of \$70,673 and a per capita income of \$39,376; the poverty rate was 5.6% of residents.

The Census Bureau estimated population as of July 2018 was 1,148, an 18.6% increase from 2010. The 2018 estimate included a count of 697 housing units.

Statistics for Skagway reflect year-round residency, and do not take into account the seasonal fluctuations as workers move in around May 1 to service the tourism economy that essentially runs from early to mid-May and closes with the end of the cruise ship season.

### **Facilities, Utilities, Schools and Health Care**

Water is derived from three wells near 15th and Alaska Streets and is stored in a tank and piped throughout Skagway. Piped sewage receives primary treatment with an ocean outfall. Demands on the system nearly double each summer with the influx of tourism-business operators. Almost all homes are fully plumbed. Some houses use individual wells and septic systems. The landfill is closed; however, the city operates an incinerator, baler, and ash fill facility. The community participates in recycling and annual hazardous waste disposal events. Alaska Power & Telephone Company, based in Skagway, provides power to Southeast Alaska and the Interior. It owns and operates diesel and hydro systems in Skagway and diesel systems in Tok, Hydaburg, and Craig. Electricity is provided by Alaska Power Company. There is one school located in the community, attended by 105 students. Local hospitals or health clinics include Dahl Memorial Clinic. The clinic is a qualified Emergency Care Center; itinerant care is from Juneau's Bartlett Regional Hospital. Emergency Services have limited highway, marine, air, floatplane and helicopter access. Emergency service is provided by 911 Telephone Service and volunteers. Auxiliary health care is provided by Skagway Volunteer Fire Department/EMS.

### **Economy and Transportation**

The tourist industry flourishes in Skagway, as a port of call for cruise ships and a transfer site for rail and interior bus tours. The number of cruise ship passengers exceeded 1,000,000 for the first time in 2019, with Skagway receiving 78% of all cruise passengers in Southeast Alaska. 2019 was the second year of 100,000+ increases due to more large cruise ships being used on the route and increased demand. The port has received over 700,000 cruise passengers every season since 2003.

The tourism industry had had reached record highs prior to the 2020 coronavirus pandemic, which cancelled the 2020 cruise season. No large cruise ships visited Alaska in 2020. On February 4, 2021, the Canadian government announced a prohibition on cruise vessels carrying 100 or more people through February of 2022 which negated the large cruise ship voyages to Alaska that originate in Vancouver B.C. Canada, or for ships sailing from Seattle to stop in Victoria B.C. It is worth noting that the Canadian order allows for it to be rescinded if risks to public health are mitigated, for instance via widespread vaccination, but this has not yet happened.

The U.S. Passenger Vessel Services Act (PVSA) requires cruise ships

prohibits transport of passengers between U.S. ports on any vessel that is not U.S.-flagged, with the exception of round-trip voyages originating in the U.S. including stops at a foreign port during the voyage. Alaska cruises originating in Seattle typically satisfy this requirement by visiting Victoria B.C. Canada. Congress passed temporary suspension of the PVSA to allow sailings between Washington state and Alaska in 2021. This allowed for a resumption of sailing from Seattle to Alaska.

The first large cruise ship to call in Skagway arrived in late July 2021, three months after the typical season start. In all, 39 large cruise ships visited in 2021, the last on October 11. Total passenger capacity for all cruise ship visits was 147,372, the actual passenger count of 85,853 calculates to 58% average occupancy. Some of the below-capacity sailing was due to cruise line restrictions.

Figures published by the Skagway Convention and Visitors Bureau indicate the following cruise passenger counts the past several years.

<b>Skagway Cruise Ship Passengers</b>				
Year	Actual	Pre-Covid Projection	Current Projection	Actual Yr/Yr
2022	-		1,203,139	
2021	85,853			
2020	0	1,135,000		
2019	1,035,800			13.8%
2018	910,176			16.4%
2017	781,926			0.3%
2016	779,232			-0.9%
2015	786,228			-4.3%
2014	821,888			0.0%
2013	821,971			9.0%
2012	754,255			6.5%
2011	708,015			-0.8%
2010	713,733			-8.4%
2009	779,043			1.8%
2008	765,492			-6.7%
2007	820,744			8.7%

The 2022 port schedule has 474 cruise ship visits with 1,203,139 passengers. Local seasonal retail operators calculate that 500,000 cruise visitors is a break-even scenario for their businesses over a full cruise season. Many remain concerned about future pandemic impacts, with an inverse hopefulness that further vaccines, endemic status, “opening up”, less international restrictions and pent-up demand from essentially two years’ worth of missed cruising meaning it is just a matter of time until record cruise seasons resume, if not in 2022 then certainly in 2023.

The Klondike Gold Rush Historical Park and White Pass and Yukon Railroad are major attractions for visitors, particularly those on the cruise lines. 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 known as the Railroad Dock. The company also leases the two city-owned docks known as the Broadway Dock and the Ore Dock. Freight arrives by barge, ferry, and truck and these docks accommodate four cruise ships.

With respect to economic development of the community, the City of Skagway is supporting the development of a new cruise ship berth, and the Alaska Industrial Development and Export Authority is expanding the ore-loading terminal. The new cruise ship terminal at the existing Alaska Marine Highway System dock will be located immediately south of Broadway giving those passengers a straight shot to retailers along that primary corridor.

The following table details recent historical taxable sales by calendar year as reported by the Municipality of Skagway:

**Skagway Taxable Sales**

YE June	Amount	Yr/Yr
2019	\$191,505,917	10.3%
2018	\$173,639,707	8.9%
2017	\$159,406,613	10.4%
2016	\$144,384,013	1.2%
2015	\$142,661,700	-2.8%
2014	\$146,762,680	7.7%
2013	\$136,290,273	5.3%
2012	\$129,427,847	

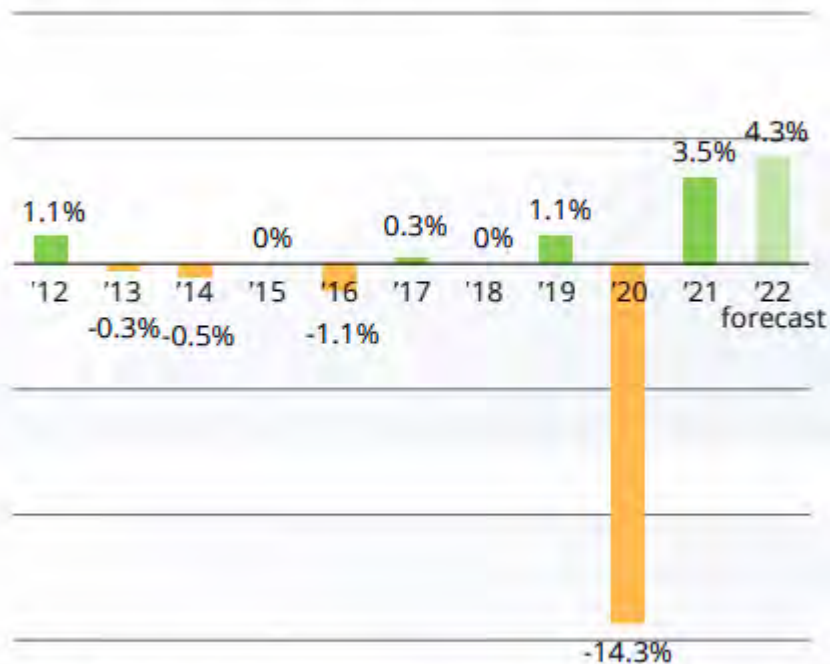
Per Municipality of Skagway Finance Dept.

Southeast Alaska as a region lost employment in four of the last ten years according to the Alaska Department of Labor and Workforce Development (AKDOLWD). Southeast began losing jobs in 2013, two years before the statewide recession began, but it resumed growing nominally in 2017. Prior to the coronavirus pandemic 2020 was projected to see another year of growth

similar to 2019, but instead incurred a huge loss in jobs, of which 72% were in the leisure and hospitality sector.

2021 saw peak employment in July at 37,200, about 86.7% of the pre-pandemic summer 2019 peak of 42,900, after only reaching a peak of 33,500 in 2020. The most recent data available is March 2022 with 32,400, up from the prior March marks of 31,600 in 2021, and about 98% of the March 2020 (pandemic onset) figure of 33,100 and March 2019 at 33,400. 2021 saw about 21% recovery of jobs lost in 2020 and 2022 is projected to see recovery of another 27%. Historic employment changes are presented in the following chart:

### Southeast's job loss was 2020's deepest



**Note:** 2020 and 2021 are preliminary.  
**Source:** Alaska Department of Labor and Workforce Development, Research and Analysis Section

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



The outlook for jobs in Southeast, by industry

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

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

Note: May not sum because of rounding

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

**Downtown Historic Business District (HBD)**

Skagway's downtown is generally defined as the Historic Business District (HBD) which encompasses most of Skagway's Central Business District (CBD). The downtown business district is heavily focused on providing retail, service, and lodging facilities serving the tourist industry.

High-volume business traffic runs along Broadway over four blocks between 2nd and 6th Avenues. As a result, Broadway frontage properties experience the highest gross rents, which impacts the value of real estate along this strip. Generally, properties east or west of Broadway even at a distance of 50 feet to 100 feet have lower traffic and demand, resulting in a corresponding decrease in both land value and retail-oriented rents.

**Conclusion**

Skagway's economy will continue to rely heavily on the cruise ship tourism for the foreseeable future, and some ancillary trade with Canada and other nearby Southeast Alaska communities.



Immediate Neighborhood Aerial Photograph



## Description of Site

<b>Name</b>	Ocean Raft Storage Yard Rent	
<b>Address</b>	Small Boat Harbor Uplands Skagway, AK 99840	
<b>Geo Coordinates</b>	Latitude: 59.451274 , Longitude: -135.321293	
<b>Physical Location</b>	South of Broadway, north of the Small Boat Harbor	
<b>Assessor's Tax Parcel Number(s)<sup>9</sup></b>	2TOWN142054	
<b>Abbreviated Legal Description</b>	<i>A 40' x 60' portion of Lot 5F, ATS 4, Skagway RD, State of Alaska</i> (Per Owner)	
<b>Gross Site Area</b>	Square Feet:	2,400
	Acres:	0.06
<b>SOURCE</b>	Owner	
	<p>Upon review of the site's physical and economic characteristics, there do not appear to be any factors that would reduce the usable area. Nonetheless, a survey of the site indicating usable area was not provided to the appraiser. The market value of this report assumes that all of the site's gross land area is usable. In the event that a portion of the site were found to be un-usable, the market value of the subject could be less than the current estimate.</p>	
<b>Shape</b>	Rectangular	
<b>Access</b>	Access to and from the subject is considered average relative to competing properties.	
<b>Exposure</b>	Exposure of the subject is considered average relative to competing properties.	
<b>Topography</b>	Level	
<b>Soil Conditions</b>	Soils conditions in the subject's market are not uniform and can vary widely from one site to another. It is an ordinary assumption of this report that the soil conditions are sufficient quality to support the existing uses	
<b>Wetlands</b>	No surface water was noted during the inspection and the subject does not appear to contain any wetlands.	

<sup>9</sup> Per Tax Assessor Records.

**Hazardous Conditions** A complete environmental site assessment was not available to the appraiser. There are no known or disclosed environmental issues, or hazardous conditions, impacting the subject. The detection of hazardous materials or conditions is beyond the scope of expertise and competency of an appraiser, however, and it is recommended that any concerns relating to hazardous conditions be addressed by a qualified environmental specialist. Furthermore, it is an assumption of this report that there are no hazardous conditions present at the subject.

**Flood Zone** The Flood Emergency Management Agency or FEMA has prepared flood insurance rate maps for various communities in the State. According to the flood insurance map, community panel number 025011, issued by the Federal Emergency Management Agency and last updated March 1, 1977, the subject is located within zone “B”, described as follows:

ZONE B / X (SHADED) Moderate risk areas within the 0.2-percent-annual-chance floodplain, areas of 1-percent-annual-chance flooding where average depths are less than 1 foot, areas of 1-percent-annual-chance flooding where the contributing drainage area is less than 1 square mile, and areas protected from the 1-percent-annual-chance flood by a levee. No BFEs or base flood depths are shown within these zones. (Zone X (shaded) is used on new and revised maps in place of Zone B.)

**Utilities** The subject has electric and phone service. Water and sewer are available within the adjacent boatyard.



**Aerial Photograph Exhibit**





**Zoning**

**Waterfront, W,  
Municipality of  
Skagway**

The W, Waterfront 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.

**Basic Design**

**Standards:**

- Minimum Lot Size: 2,000 sq ft
- Minimum Width: 50’
- Front Setback: 20’
- Side Setback: 20’
- Rear Setback: 20’
- Maximum Height: None
- Maximum Site Coverage: None, other than setbacks

The subject’s zoning is not unduly restrictive, permits a wide variety of uses that are consistent with its highest and best use as vacant, and does not appear to materially limit the economic potential or functional utility of the property.

**Easements,  
Covenants,  
Encroachments &  
Restrictions**

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

**Functional Utility**

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

# Property Assessment & Taxes

## Summary of Property Assessment & Taxes

### Real Property

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

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

The following table presents 2021 subject leasehold assessed values and real estate taxes. The assessed value is likely based on the previous 2,000 sq ft leased premises, or could be referring to the leased area prior to 2016 which was 1,200 sq ft. It is also likely that the value below is based on some leasehold possessory interest ratio.

## Property Assessment & Tax Summary Exhibit

### 2021 PROPERTY ASSESSMENT & TAXES

Tax Parcel Number	Assessment			Mill Rate	Taxes
	Land	Improvements	Total		
2TOWN142054	\$8,300	\$0	\$8,300	\$5.775	\$48
<i>Type / Source</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>

# Subject Photographs

Looking south on Broadway, subject at center, new boat maintenance building at left



Entry to uplands storage area



Looking northwest at subject, which begins to right of the red boxes



Looking west at the subject





Southside of conex stack, outdoor boat storage space



Covered storage/work area





Looking east from subject toward marina, parking area for tenant's vehicles



Looking south at access roadway from in front of subject



# Highest & Best Use

## Definition & Methodology

“Highest & Best Use” is defined as:

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

### Scope of Highest & Best Use

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

## As Vacant

### Legally Permissible

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

### Physically Possible

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

### Financially Feasible

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

### Maximally Productive

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

Within this market, the presence of developer’s margin is highly specific to the individual project. Nonetheless, it is noted that developers’ margins have been attained within the subject’s geographic area for a wide variety of property types in certain specific situations. The majority of new construction, however, has been by owner-users whose needs were not met by the existing inventory and there has been less speculative development.

<sup>10</sup> Source: The Dictionary of Real Estate Appraisal, 7<sup>th</sup> Edition. Chicago: Appraisal Institute, 2022.

Based on a review of the subject's zoning, land use trends, neighborhood characteristics and trends, shape, size, functional utility as well as market vacancy rates, rental rates and other factors, the subject's highest and best use as vacant may include holding for future development or immediate development as Industrial, or other unidentified use that provides the highest return to the underlying land once feasibility has been ascertained.

### Probable Buyer

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

# Land Valuation

## Introduction

<b>Methodology</b>	Land is customarily valued as though unimproved and available for development to the use, which would justify the highest price and the greatest net return. Sales of unimproved land most similar to the subject are investigated and the most appropriate transactions are analyzed. The land value estimate traditionally reflects the fee simple value of raw land with good soils, available access, available utilities, minimal site work completed, generally level and at grade, with no site improvements (paving, landscaping, lighting, fencing, etc.).
<b>Units of Comparison</b>	Units of comparison, components into which properties may be divided for purposes of comparison, are derived from comparable sales data. Brokers, developers and other market participants indicated a common unit of comparison for properties in this market is the price per sq ft of usable land area.

## Comparable Data

<b>Sources of Data</b>	The following transactions were obtained from various sources including web sites, brokers, assessors, appraisers, other individuals and most notably the Reliant, LLC internal database.
<b>Availability of Data</b>	The availability of comparable data is a function of the subject's location, property type, property size, market size and market activity. There are a limited number of properties with similar physical and economic characteristics to the subject, and these are traded infrequently. Market research identified an adequate number of transactions involving properties that bracket the subject and provide a reasonable basis for comparison.
<b>Presentation of Data</b>	The most relevant data for these transactions is presented on the following summary table. The following map highlights the location of the comparables relative to the subject. Photographs and relevant discussion on each comparable are also presented. Detailed sheets containing additional documentation on the physical and economic characteristics of the transactions are presented in the Addenda.

## Summary of Comparable Land Sales Exhibit

No.	Name	Land SF	Soil Conditions	Access / Exposure	Shape	Date	Actual Price	Price
	Address	Acres	Zoning	Road Frontage	Topography	Transaction Type		
<b>L-1</b>	Moe Estate Vacant Site - 3684 NHN Spring St. Skagway	20,038 0.46	Good W, Waterfront	Below Average / 0'	Rectangular Generally Level	Feb-19 Closed Sale	\$400,000	\$400,000 \$19.96 /SF
<b>L-2</b>	Chilkoot Charters Site - 3607 1st Ave. & State St. Skagway	10,000 0.23	Average Bg, Business General	Average / 100'	Rectangular Generally Level	Oct-16 Closed Sale	\$188,700	\$188,700 \$18.87 /SF
<b>L-3</b>	8th Avenue Lot - 3699 445 8th Avenue Skagway	5,000 0.11	Average Bg, Business General	Average / 50'	Rectangular Generally Level	May-17 Closed Sale	\$101,700	\$91,700 \$18.34 /SF
<b>L-4</b>	Healy IL Site - 3717 NHN 8th Avenue Skagway	5,000 0.11	Average I1, Industrial Light	Average / 50'	Rectangular Generally Level	Sep-15 Closed Sale	\$65,000	\$65,000 \$13.00 /SF
<b>Subj.</b>	Ocean Raft Storage Yard Rent Small Boat Harbor Uplands Skagway	2,400 0.06	Assumed Good W, Waterfront	Average / 0'	Rectangular Level	Appraisal	---	\$75,600 \$31.50 /SF

(1) "Price" shown for analysis purposes may reflect adjustments for conditions of sale, soil conditions, utility extensions or other items. Please refer to the individual comparable's comments.



Map of Comparable Land Sales Exhibit





Description of Data

Sale No. L-1



This is the sale of land in Skagway. Public utilities are available to the site except for natural gas. Overall, this is an arm's-length transaction with no known motivations or influences.

Sale No. L-2



This is the August 2016 sale of two parcels of commercially zoned land for \$188,700 or \$18.87/sq ft of land. The site was cleared of vegetation at the time of sale. This vacant land site comprised of two parcels on the north corner of 1st Ave. and State St. The parcels have been combined into one Lot 11A according to Plat 2017-4. The buyers operate Chilkoot Charters, a bus tourism operation, and are constructing a two-story building with a high bay service garage ground floor and employee housing above.



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## Overview of Adjustments

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### Nature of Adjustments

Adjustments to the comparables are necessary to reflect advantages and disadvantages relative to the subject. Ideally, quantitative adjustments are determined through paired sale analysis or other definitive data. However, when quantitative adjustments cannot be reliably ascertained - as is typically the case in Alaskan markets due to data limitations – qualitative adjustments may be applied through a weighted analysis of each comparable based on its relative merits. These adjustments may be supported by available market data, discussions with local market participants, and/or supplementary information contained within the appraiser’s files.

Note that qualitative adjustments – based on the above as well as on appraiser judgment - are applied on a numeric (percentage) basis in this appraisal. Ultimately, the adjustment grid presented further in this chapter is not intended to imply that all of the adjustments were performed on a strictly quantitative basis. Rather, the adjustment grid is presented to more precisely communicate the appraiser’s opinion on the direction and degree of adjustment required to a given comparable. Moreover, it should be recognized that the elements of comparison shown in the adjustment grid are those considered most significant and relevant. While they help explain the appraiser’s reasoning and support for the reconciled value estimate, they are not the only elements of comparison considered. Other differences where adjustments have not been made explicitly are not deemed material and are therefore implicitly considered in the appraiser’s analysis of the comparables and the reconciled value estimate. Finally, certain adjustments to the transaction prices may have already been made and reflected in the initial “Analysis Prices” shown in the table, as described in the preceding comments for the individual comparables.

### Property Rights Conveyed

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

### Financing Terms

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

### Conditions of Sale

Adjustments for conditions of sale are intended to reflect the motivations of the buyer and the seller. Conditions of sale that are outside the definition of

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

<b>Market Conditions</b>	In the process of completing this assignment, or as part of previously completed assignments for similar properties in this segment, consideration was given to available paired sales, rent trends, assessment trends, MLS trends, economic studies, published articles and discussions with market participants. Based on the available data, market values have generally been increasing in recent years as the available supply of substitute properties has decreased and the number of buyers actively seeking properties has increased. A 2.0% annual adjustment is applied through April 26, 2022.
<b>Location</b>	Location is a broad term that includes non-property specific factors such as neighborhood and surrounding demographics and property specific factors such as surrounding streets, street frontage, access, exposure, number of corners, traffic counts, adjacent properties and other factors. Where appropriate adjustments for certain components of location may be performed individually.
<b>Access/Exposure</b>	The access adjustment is an aspect of location that is performed as a separate element of adjustment. Access is the convenience of vehicle ingress and egress. Surrounding streets, traffic patterns and available curb cuts are important elements. Exposure is the visibility of a site to surrounding traffic. Streets, traffic patterns, surrounding properties and presence of obstructions are important elements.
<b>Size</b>	<p>If an adequate supply of larger sites exists then generally smaller parcels tend to sell for higher prices per sq ft. If supply of larger parcels is limited then they occasionally sell for a premium.</p> <p>A review of data indicates that within the subject's market smaller parcels tend to sell for higher prices per sq ft than larger parcels. Larger parcels than the subject are adjusted upward while smaller parcels are adjusted downward.</p>
<b>Topography</b>	Topography refers to whether a site is level or sloping and at, above, or below the grade of surrounding streets. Adjustment is required to those comparables that have dissimilar topography relative to the subject. In certain cases, the slope of the topography is so severe that the impacted area is not usable and is therefore excluded from usable site area. In other cases, the sloping area is still usable but is not desirable because it increases development costs and requires mitigation prior to development.
<b>Facility</b>	The subject site is a small portion of the Skagway Small Boat Harbor Uplands and enjoys the benefit of being in the facility and adjacent to the marina with all of its amenities, management, maintenance, circulation area,



etc.

Access to the subject site and parking in front are not land areas included in the 2,400 sq ft leased premises but are a benefit to the leased area. Comparables not in a similar situation are adjusted upward as they would need to build their own amenities or use portions of their own land area for parking/circulation. The subject is estimated to benefit by 50% from being within the facility and having use of common areas.

**Zoning**

Site usability and development potential depends heavily on zoning requirements. Zoning determines how large a structure and for what type of use a site can be developed. Adjustments are required to comparables with zoning designations that provide a lower or higher level of overall functional utility relative to the subject's zoning.

## Adjustment Grid Exhibit

Land Analysis Grid		L-1	L-2	L-3	L-4				
Name	Ocean Raft Storage Yard Rent	Moe Estate Vacant Site - 3684	Chilkoot Charters Site - 3607	8th Avenue Lot - 3699	Healy IL Site - 3717				
City	Skagway	Skagway	Skagway	Skagway	Skagway				
Date	4/26/2022	2/27/2019	10/17/2016	5/9/2017	9/28/2015				
Price	Appraisal	\$400,000	\$188,700	\$91,700	\$65,000				
Land SF	2,400	20,038	10,000	5,000	5,000				
\$/Sq Ft	---	\$19.96	\$18.87	\$18.34	\$13.00				
<b>Transaction Adjustments</b>									
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Cash	0.0%	Conventional	0.0%
Conditions of Sale	Arms Length	Arms Length	0.0%	Arms Length	0.0%	0	0.0%	Arms Length	0.0%
<b>Adjusted Land SF Unit Price</b>		<b>\$19.96</b>	<b>\$18.87</b>	<b>\$18.34</b>	<b>\$13.00</b>				
Market Cond. Thru	4/26/22	2.0%	6.5%	11.6%	10.3%	13.9%			
<b>Adjusted Land SF Unit Price</b>		<b>\$21.25</b>	<b>\$21.05</b>	<b>\$20.24</b>	<b>\$14.81</b>				
Location									
% Adjustment		0%	0%	0%	0%				
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00				
Access / Exposure									
% Adjustment		0%	-10%	-5%	0%				
\$ Adjustment		\$0.00	-\$2.11	-\$1.01	\$0.00				
Land SF (Size)									
% Adjustment	2,400	20,038	10,000	5,000	5,000				
\$ Adjustment		\$3.19	\$2.11	\$1.01	\$0.74				
Topography									
Level	Level	Generally Level	Generally Level	Generally Level	Generally Level				
% Adjustment		0%	0%	0%	0%				
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00				
Facility									
% Adjustment		50%	50%	50%	50%				
\$ Adjustment		\$10.63	\$10.53	\$10.12	\$7.40				
Zoning									
W, Waterfront	W, Waterfront	Wd, Waterfront	Bg, Business General	Bg, Business General	Il, Industrial Light				
% Adjustment		0%	-5%	-5%	-5%				
\$ Adjustment		\$0.00	-\$1.05	-\$1.01	-\$0.74				
<b>Adjusted Land SF Unit Price</b>		<b>\$35.07</b>	<b>\$30.53</b>	<b>\$29.34</b>	<b>\$22.21</b>				
<b>Net Adjustments</b>		75.7%	61.8%	60.0%	70.9%				
<b>Gross Adjustments</b>		75.7%	95.2%	82.1%	82.3%				

**Land Value Conclusion**

The comparables bracket the physical and economic characteristics of the subject. They bracket the market value of the subject on an unadjusted basis, and inferior comparables were adjusted upward while superior comparables were adjusted downward. Comparables requiring a lower degree of gross adjustment are generally the most reliable indicators of value. Comparables requiring higher degrees of gross adjustment are generally less reliable indicators of value, but may still be meaningful and given weight if the adjustments made were strongly supported.

Prior to adjustment, the comparables range from \$13.00 to \$19.96/sq ft, with an average of \$17.54/sq ft. After adjustment, they range from \$22.21 to \$35.07/sq ft, with an average of \$29.29/sq ft.

After careful consideration, based on analysis of the data presented previously as well as data contained within the appraiser’s work file the market value of the subject is estimated at \$31.50/sq ft.

<b>RANGES &amp; RECONCILED VALUE</b>				
Number of Comparables:	<b>4</b>	<b>Before Adj.</b>	<b>After Adj.</b>	<b>% Δ</b>
<b>Low:</b>		\$13.00	\$22.21	71%
<b>High:</b>		\$19.96	\$35.07	76%
<b>Average:</b>		\$17.54	\$29.29	67%
<b>Median:</b>		\$18.61	\$29.93	61%
<b>Range:</b>		\$6.96	\$12.85	85%
<b>Reconciled Value/Unit Value:</b>			\$31.50	/ land sf
<b>Subject Size:</b>			2,400	
<b>Indicated Value:</b>			\$75,600	
<b>Reconciled Final Value:</b>			<b>\$75,600</b>	

## Market Rent Conclusion

### Overview

The market rental rate for the land is a function of the estimate of the fee simple market value of the land multiplied by the estimated market rental rate of return.

### Ground Rent Market Rate of Return Comaparables

The following information summarizes typical annual ground rental rates of return, as a percentage of fee simple land value.

#### STANDARD LAND LEASE RATES

Lessor	Type	Ann. Rent as % of F.S. Value		
		Low	High	Typical
Calais Ground Lease	Private	6.7%	9.0%	8.0%
White Pass Railroad	Private	-	-	8.0%
Tlingit/Haida Central Council	Private	-	-	8.0%
Ounalashka Corporation	Private	8.0%	11.0%	10.0%
Alaska Pacific University	Private	-	-	8.0%
Alaska Railroad (Standard)	Quasi Private	8.0%	10.0%	8.0%
Alaska Railroad (Water & Comm.)	Quasi Private	-	-	9.0%
Petersburg*	Local Gov't	10.0%	10.0%	10.0%
Sitka	Local Gov't	4.5%	4.5%	4.5%
Ketchikan (KGB & City)	Local Gov't	2.5%	2.5%	2.5%
Juneau	Local Gov't	8.0%	10.0%	9.0%
Craig	Local Gov't	-	-	8.0%
Haines	Local Gov't	-	-	8.0%
Klawock	Local Gov't	-	-	8.0%
Kenai	Local Gov't	-	-	8.0%
Seward	Local Gov't	-	-	8.0%
Wrangell	Local Gov't	6.0%	6.0%	6.0%
University of Alaska	State	-	-	10.0%
SOA - Dept. of Natural Resources	State	8.0%	10.0%	8.0%
State of Alaska	State	8.0%	9.0%	8.0%
Bureau of Land Management	Federal	-	-	8.0%
Low				2.5%
Average				7.9%
High				11.0%

\* Applied to assessed valuation, which is approximately 80% of market value.

### Market Rental Rate of Return

After careful consideration, the market rental rate of return for the subject (applied to fee simple land value) is estimated at 8.0%.



**Market Land Rent Conclusion**

The Market Rent for the subject fee simple subject land is calculated as follows:

<u>FINAL MARKET RENTAL VALUE ESTIMATE</u>	
<u>Ocean Raft Storage Yard Rent</u>	
<u>Property Rights</u>	<u>Fee Simple</u>
<u>Condition</u>	<u>As Is</u>
<u>Effective Date of Appraisal</u>	<u>April 26, 2022</u>
Final Market Value Estimate	\$75,600
Market Rental Rate of Return	x 8.0%
<b>Current Market Rental Value - Annual Rent</b>	<b>\$6,048</b>

**Market Rent Comparables**

**Skagway Small Boat Harbor Long-Term Storage Rents**

The subject’s concluded land value converts to an annual rent of \$6,048 using an 8.0% rental rate of return. That rent is equivalent to \$504 per month, which is \$0.21 per sq ft.

As of the new tariff in November 2021, the rental rate of Long-Term Storage at the Small Boat Harbor Uplands was \$0.21 per sq ft, meaning the subject’s rent as calculated above would be the same as the rental rate to other users. The long-time rental rate prior to 2021 was \$0.20 per sq ft.

**Storage Yard Comparable Rents**

We surveyed upland storage rates at several similar port facilities in Southeast Alaska, and some private mini-storage facilities that offer outdoor boat/RV storage. Haines rents space at \$0.20 per sq ft, Petersburg at \$0.26 per sq ft, Juneau at \$0.50 per sq ft. Wrangell has two rates, \$0.35 per sq ft for yard storage and \$0.57 per sq ft for work area, its rates double after one year of consecutive use. Sitka Self Storage charges between \$0.26 to \$0.33 for its secured outdoor storage, Bear Valley Mini Storage in Ketchikan has one outdoor space available at \$0.20 per sq ft.

The storage yard rental rate at the subject’s facility appears to be at the low end of the range regionally.

# Final Value Estimate

<b>FINAL MARKET RENTAL VALUE ESTIMATE</b>	
<b>Ocean Raft Storage Yard Rent</b>	
<b>Property Rights</b>	<b>Fee Simple</b>
<b>Condition</b>	<b>As Is</b>
<b>Effective Date of Appraisal</b>	<b>April 26, 2022</b>
Final Market Value Estimate	\$75,600
Market Rental Rate of Return	x 8.0%
<b>Current Market Rental Value - Annual Rent</b>	<b>\$6,048</b>

## Exposure Period / Time

DEFINITION<sup>11</sup> *1. The time a property remains on the market. 2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)*

Investor surveys indicate exposure periods for properties within the subject's market classification ranging from 3 to 12 months and averaging 7 months. Pre COVID-19, local sales comparable data indicated exposure periods ranging from 3 to 12 months, assuming appropriate pricing and marketing efforts. In particular, smaller, single-tenant properties have tended to sell more quickly in the face of strong demand and limited availability. At the reconciled market value, an exposure period of 12 months is concluded.

## Marketing Time

DEFINITION<sup>12</sup> *An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.)*

Therefore, for a property of this type and size, in this neighborhood, and given expected market conditions, the most probable marketing time would be up to 12 months. Note that it may be inappropriate for the Client to assume value remains stable during the estimated marketing period and that the marketing period may change over time.

<sup>11</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>12</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

# General Assumptions & Limiting Conditions

1. **Applicable to All Assignments:** Unless explicitly stated to the contrary, the following General Assumptions & Limiting Conditions apply to all assignments:
2. **Acceptance of Report/Limit of Liability:** Any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by Appraiser, constitutes acceptance of, and is subject to, all appraisal statements, limiting conditions and assumptions stated in the appraisal report. The client is responsible to become familiar with these statements, assumptions and limiting conditions.
3. **Responsibility of Client/Intended User to Accurately Communicate Appraisal Results:** If placed in the possession of anyone other than the client or intended user, they shall make such party aware of these assumptions and limiting conditions. The appraiser(s) assume no liability for the client or third party's lack of familiarization and comprehension of the same. The appraiser(s) has no responsibility or liability to correct any deficiencies of any type in the property, or any costs incurred to correct such deficiencies whether legal, physical, or financial.
4. **Post Appraisal Services:** The contract for appraisal, consultation, or other service is fulfilled upon completion of the assignment. The appraiser(s) or others assisting in this report will not be required to provide testimony in court or other hearing and will not participate in post appraisal services other than routine questions with the client or third parties so designated by the client without a separate engagement and for an additional fee. If testimony or deposition is required due to subpoena, the client shall become responsible for the incursion of fees and charges for any additional time, regardless of the party.
5. **Duplication and Dissemination of Report or Report Contents:** This appraisal has been completed for the client's specific use as well as any other intended user(s) specifically identified in the report. The appraiser(s) has no liability, accountability, or obligation to any other third party. The appraiser(s) retain ownership and copyright of the data, discussions, and conclusions contained herein. Possession of this report does not constitute the right of publication or dissemination either in whole or in part. The client may only disseminate complete final copies to third parties engaged in the course of underwriting and loan securitization, as well as to any other intended user(s) identified in the report, or in the case of litigation or negotiations, the other party, their counsel and any court, including master or arbitrator. Duplication and dissemination of selected sections of this report to third parties without express written consent of the signatories of the report are prohibited and may be misleading. This report in whole or in part may not be distributed to the general public by use of advertising media, public relations, new outlets, etc. without the written consent of the signatories. Exemptions from this restriction include duplication for the client's internal use, dissemination to accountants, attorneys, or advisors of the client. The exemption also extends to any court, governmental authority, or regulatory agency that has jurisdiction or subpoena power over the individuals or parties for whom the appraisal has been prepared or for ethics enforcement, provided that the report will not be published in whole or in part in any public document or medium. This report shall not be advertised to the public to make a "sale" or any "security" as defined by the Securities Act of 1933.
6. **Appraisal Institute Use Restrictions:** Disclosure of the contents of this appraisal report is governed by the By-Laws & Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the

firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus or registration without the prior written consent of the appraisers.

7. **Unauthorized User:** The report has been prepared for the client and any other intended user(s) specifically identified in the report, for the stated intended use only. The appraiser(s) has no liability to any other third party. Any authorized user of this document who provides a copy of this document to, or permits reliance thereon by, any person or entity not authorized by Reliant, LLC in writing to use or rely thereon, hereby agrees to indemnify and hold Reliant, LLC, its affiliates and their respective shareholders, directors, officers, and employee's harmless from and against all damages, expenses, claims and costs, including attorney's fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the document by any such unauthorized person or entity. Such unauthorized distributor accepts all liability to the unauthorized user whom they distribute a copy of the report to. Any unauthorized distributor of this report is cautioned that they may incur liabilities to the unauthorized user that they are providing a copy of the report to as well as to Reliant LLC.
8. **Reliability of Information Used:** Through the course of this assignment the appraiser(s) collected data from numerous sources deemed reliable, but not guaranteed. No liability is assumed for the inaccuracies of data supplied by the various sources either public or private. Data relied upon in this report has been confirmed with primary or secondary sources considered reliable and/or reasonable, and appropriate for inclusion in the analysis. Although there were no reasons to doubt the general accuracy of such data, unimpeachable verification or affidavits of all data is an impractical and an uneconomic expenditure of time and resources and/or may involve legal or confidentiality issues.
9. **Right to Amend Report:** The appraiser(s) reserves the right to amend, modify, alter, or correct any and all statements, analyses, and conclusions of the value indications in the event that incorrect data was supplied, withheld, altered, or that any other pertinent data unknown, not disclosed, or revealed to the appraiser(s), whether intentionally or unintentionally, during the course of this assignment subsequently becomes available. Examples of such data that could impact the opinions of market value include but are not limited to: street addresses, Assessor's Parcel Numbers, site area, site dimensions, gross building area, net rentable area, usable area, common area, number of units, number of rooms, rent rolls, historical operating statements and budgets, sales data, etc.
10. **Purchase and Sale Agreement:** In the event of a pending sale, as of the report date, any purchase and sale agreement (PSA, EMA, etc.) provided has been represented as being the final agreed upon document reflecting the final price and terms negotiated between the parties. This information reflects the perspective of a buyer and seller, and so may have been given significant weight in the final conclusion of market value. In the event that the sale information provided subsequently turns out not to represent the final agreed upon price and/or terms, or in the event that the price and/or terms are amended post-delivery of this report, the market value estimate contained herein may be invalidated. The intended user(s) of this report is advised not to rely upon it in this situation until the appraiser is provided the final/amended sale information for their full consideration and possible amendment to the opinions and conclusions originally stated in this report.
11. **Obligation of User to Report Errors:** Any authorized intended user is required immediately contact the appraiser(s) and report errors, discrepancies, or alterations to determine the impact on the



opinion(s) of market value.

12. **Integrated Analysis.** The individual components of the analysis contained herein are highly interrelated and subject and assignment-specific. As such, individual items such as rent, vacancy allowance, expenses, and rate of return cannot be viewed individually without the context of the whole analysis. Moreover, conclusions or individual components from this specific analysis cannot and should not be extracted for application to other properties and/or situations.
13. **Market Dynamic and Valuation Fluctuations:** The opinions of market value expressed within the report are subject to change over time as a result of market dynamics. Market values are highly susceptible to both macro and micro economic forces that influence the property. Such forces include but are not limited to: exposure on the market, length of time, marketing efforts, motivations and preferences of market participants, productivity of the property, the property's market appeal, changes in investor requirements regarding income and yields, etc. The opinions of market value are made as of the report date and subject to fluctuations over time as a result of natural market forces.
14. **Date of Value, Dollar Values, and Purchasing Power:** The date of the report and the effective date of the market value opinions are stated in the letter of transmittal or with the appropriate sections of the report. All dollar amounts are based on the purchasing power of the United States Dollar (USD). The analyses and conclusions of the assignment are based upon the known market conditions as of the date of report and are valid as of that date but may not be representative of market value either before or after this date. Changes in market conditions or purchasing power may warrant a new appraisal assignment. The appraiser(s) is available for consultations regarding changes in the economic conditions.
15. **Fixtures, Furniture, and Equipment (FF&E) and Business Concerns:** Personal property, FF&E, intangibles, going concerns, etc., unless specifically stated as a component of the real estate, are excluded from the market value estimates.
16. **Walk Through May Not Include Non-Relevant Space(s):** In the case where a "complete" walk through has been performed, a physical observation has been performed to assist in identifying relevant property characteristics in a valuation service to identify features that may affect a property's value or marketability such as legal, economic or physical characteristics. The physical observation will be of all relevant space(s) required to arrive at a reliable and credible opinion of market value, but may not include certain space(s) that are not deemed relevant or material to the appraisal problem. If the lack of physical observation of certain space(s) does not impact the reliability or credibility of the appraisal, it may not be disclosed within the report. In the event that the lack of physical observation of certain space(s) may have an impact on the reliability or credibility of the opinion of market value it will be disclosed within the report.
17. **Non-Viewed Units/Spaces:** In certain instances, due to current occupancy or lack of access, portions of the subject's units/spaces are not available to be viewed during the walk through. Unless otherwise stated in the report, in these cases the person accompanying the appraiser on the walk through has represented that the condition and quality of these units/spaces are similar to that of the property (viewed areas) as a whole. It is a general assumption of this assignment that the units/spaces that were not viewed are commensurate condition and quality with those viewed by the appraiser during the walk through.
18. **Proposed Improvements, Renovations, and Repairs:** For the purposes of this analysis, the proposed improvements, renovations, and/or repairs are assumed to be completed in a workman-like

manner, and according to the detail, plans, and specifications supplied to the appraiser(s). The market value opinions for such construction, renovations, and repairs are subject to an onsite walk-through of the improvements to determine completion as per plans and specifications.

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

adversities. Specific questions regarding the title, including title insurance should be directed to a well qualified real estate title company. The legal description provided by title report, surveyor, government records, etc. is assumed to be correct.

28. **Subsurface Rights, Avigation Easements, and Transferable Development Rights (TDR's):** The market value opinion(s) specifically assume that there are no mineral deposit rights or other subsurface rights, avigation easements, or transferable development rights associated with the property unless explicitly stated within the report.
29. **Private Deed Restrictions:** The appraiser(s) makes the explicit assumption that there are no private deed restrictions that in any way limit the use of the subject property.
30. **Extent of Title Search:** Unless otherwise stated, the scope of work does not include a search of Department of Natural Resource recorded documents. Such a search should be performed by a qualified title specialist, such as a title insurance agency. It is the responsibility of the Client(s) and Intended User(s) to provide any documents or information related to title to Reliant LLC for consideration.
31. **Americans with Disabilities Act (ADA):** The ADA became effective on January 26, 1992. The appraiser(s) does not imply expertise in the interpretation of the ADA, nor has a compliance survey been completed. The potential exists that if a compliance survey is completed combined with a detailed analysis of the ADA requirements, deficiencies may be revealed that could adversely impact the market value conclusion(s). No specific information regarding any non-compliance issues have been provided to the appraiser(s) and the possibility of non-compliance was not considered in the developing the opinions of value contained herein. Specific compliance questions should be directed to the appropriate governing jurisdictional agency.
32. **Zoning Ordinances:** It is assumed that no changes to the current zoning code/ordinances or other regulations regarding the use of the property, density of development, construction components and/or quality of components, etc. are imminent or under consideration by the jurisdictional governing body, unless otherwise noted in the report. The property is appraised under the assumption that the improvements are approved, that certificates of occupancy or permits have been or will be issued, and that all other applicable national, state, local, or other administrative requirements have successfully been, or will be obtained or renewed for any use considered in the opinion(s) of market value.
33. **Adverse Governmental Controls:** Unless otherwise stated, the appraiser(s) is unaware of any governmental controls on the property, public initiative issues, rent or price controls, or any other adverse governmental or public controls contemplated regarding the legal use of the property.
34. **Property Compliance:** The appraiser(s) expresses no opinions or warranties that may require legal expertise or specialized investigations beyond the methods and investigations typically employed by real estate appraisers. Market value opinion(s) and conclusions contained within the report assume that the property is compliant with all environmental and government regulations such as building permits, fire department approvals, occupancy permits, building codes, licenses, etc. If the appraiser(s) has not been supplied with expert reports or documentation on inadequacies or non-compliance, no responsibility or representation is assumed for identification or costs to cure. The appraiser(s) assumes no responsibility for costs incurred to obtain flood hazard determination, flood hazard insurance, or consequences arising for failure to obtain flood hazard insurance. Although the appraiser(s) has searched publicly available FEMA maps, a flood certification should be obtained

from a qualified agent for the Federal Flood Insurance Program.

35. **Structural Integrity and System Components:** No advice or warranty of any kind are expressed or implied regarding the condition or adequacy of the mechanical systems, structural integrity of the improvements, soils, settlements, drainage, or other factors regarding the integrity and adequacy of the component systems of the improvements. The appraiser(s) is not a qualified engineer, nor is expertise implied with respect to engineering matters. Client may desire to retain the services of a qualified licensed contractor, civil engineer, structural engineer, architect, or other expert in determining the quality, condition, and adequacy of the improvements prior to the disbursement of funds. It is assumed that the existing improvements are structurally sound and constructed to the applicable federal, state, and local building codes and ordinances. That assumption includes, but is not limited to: the superstructure, roofing, electrical, plumbing, mechanical, HVAC, elevator, etc. The opinion(s) of market value are based upon no hidden or unapparent adverse conditions of the improvements, the site, or the subsoil, which would cause a loss in value. No responsibility or liability is assumed for any adverse conditions or for the expertise and retention of experts in discovery, detection, and cost to cure. In the event that professional consultations or reports reveal negative factors that would create a loss in value, the appraiser(s) reserves the right to amend the opinion(s) of market value and other conclusions contained herein.
36. **Environmental Hazards:** Unless specifically stated, the appraiser(s) has no knowledge regarding the presence or absence of toxic materials including but not limited to: asbestos, urea-formaldehyde insulation, leaking underground storage tanks, contaminated groundwater, or other potentially hazardous materials and substances that would adversely affect the market value and marketability of the property. The appraiser(s) does not imply expertise and no liability is assumed for the detection or remediation of such materials or substances, whether above or below the ground surface. Although a perfunctory observation was made during the walk-through, the client is referred to an environmental expert for further details, if so desired. If environmental hazards are discovered, the market value opinion(s) may be negatively affected, requiring a re-appraisal of the property for an additional fee.
37. **Environmental Compliance:** Unless otherwise noted, the appraiser(s) makes the assumption that the property is in compliance with all applicable national, state, or local environmental regulations.
38. **Competent Property Management:** It is assumed that the subject property analyzed currently is, or will be under efficient and competent management and that said management is not, or will not be, inefficient or super-efficient.
39. **Ongoing Operations.** In the event that the subject is a special purpose property or going concern, ongoing business operations are assumed unless otherwise stated in the body of the report.
40. **Financial Documentation:** Historic income and expenses may have been provided by ownership, a lender, property manager, real estate agent or other third party. The financial information is assumed to reflect actual income and expenses at the subject using Generally Accepted Accounting Principles (GAAP). This information is assumed to be accurate and it has not been audited in any way.
41. **Cash Flow Projections:** The cash flow projections presented in this report are forecasts of future performance characteristics based upon the macro and micro economic data detailed in the analysis. The income, vacancy, expenses, and general economic conditions presented are not to be construed as predictions of the future, but rather reasonable expectations of future performance based on market modeling practices. Unless otherwise stated, the cash flow modeling is intended to reflect the



opinions and practices of market participants and is not the analyst's forecast of what will actually occur. Actual results will vary, and are affected by fluctuating economic conditions and efficiency of management. The appraiser makes no warranty, express or implied, that the forecasts will occur as outlined. Additionally, future economic projections may be adversely affected by unforeseen circumstances and economic repercussions beyond the realm of knowledge or control, such as the events of September 11, 2001.

42. **Asset Recommendations and Consultations:** No statements contained within the report shall constitute recommendations with regard to any decision by the client(s) or intended user(s) with respect to prospective underwriting, financing, acquisition, disposition, holding of the asset, or any other subsequent event, at the stated market value indication(s) or otherwise. If the client requests a recommendation with respect to such a decision, it should be requested in writing, be explicitly listed in the scope of work and explicitly addressed in the appraisal report. Such decisions warrant significant research and strategy, with specific investment questions requiring additional consultations and financial analysis. Any client or intended user should consider this document as only one factor together with its independent investment considerations and underwriting criteria, in its overall investment decision. The assignment is not intended to be either a positive or a negative indication, nor endorsement, of the soundness of an investment or underwriting decision.
43. **Agreement to Mediation and Binding Arbitration:** If a dispute arises out of or relates to this assignment and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable procedures. Any controversy or claim arising out of or relating to this assignment that cannot be resolved through said mediation shall be settled by binding arbitration administered by the American Arbitration Association under its applicable rules and binding judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.
44. **Property Specific Assumptions, Limiting Conditions and Hypothetical Conditions:** The user is directed to the Assignment Overview section of this report for a listing of Extraordinary Assumptions and Hypothetical Conditions specific to this assignment. The user is specifically cautioned to understand each of the items listed and their impact on the property and scope of this assignment.
45. **Dissemination to Assessor:** The user(s) of this report may not provide a copy of this appraisal to any assessment office or agency without the prior written consent of Reliant LLC, as redaction of certain market and/or property level information may be required prior to submission for confidentiality reasons.
46. **No Guarantee of Adoption by Taxing Agency:** In the event that Client utilizes or submits the report in connection with a tax return or other tax matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome of the tax matter. Client understands and acknowledges that the taxing authority (whether it is the Internal Revenue Service or any state or local tax authority) may disagree with or reject the appraisal(s) or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect from Client additional taxes, interest, penalties or fees. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees, and Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any taxes, interest, penalties or fees imposed on Client or

for any attorneys' fees, costs or other expenses relating to Client's tax matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.

47. **No Guarantee of Adoption by Court or Jury:** In the event that Client utilizes or submits the report to any Local, State or Federal Court in connection with a litigation matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome. Client understands and acknowledges that the Courts (whether Local, State or Federal) and/or Jury may disagree with or reject the appraisal(s) or otherwise disagree with Client's legal positions. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any Judgement or legal outcome. Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any Judgement imposed on Client for any value, taking, attorneys' fees, costs or other expenses relating to Client's litigation matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.
48. **Advanced Notification Required of Regulatory or Statutory Requirements:** In the event that the report is relied upon by a third party, such as the Internal Revenue Service, Assessor, Courts or anyone else other than the Client, it is the responsibility of the Client to advise Reliant LLC in writing and in advance of engagement as to any regulatory or statutory requirements imposed on the scope of assignment and scope of work by that third party. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for non-disclosed scope of work and scope of assignment requirements of the third party.
49. **Maximum Time Frame for Legal Action:** Unless the time frame is shorter under applicable law, any legal action or claim relating to the assignment or services performed shall be filed in court (or in the applicable arbitration tribunal, as applicable and noted above under Agreement to Mediation and Binding Arbitration) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all non-criminal claims or causes of action of any type.
50. **Duration (Term) of Assignment Reliance:** The period of time that an assignment remains applicable and appropriate for the Client and Intended User(s) intended use, including the factual conditions that form the premise of the assignment, the research, data, analysis and conclusions, are dependent on a variety of factors including the intended users, intended use, changes in market conditions, legal/regulatory/statutory requirements, property specific conditions and other factors. While the time period that an assignment may remain applicable and appropriate to the intended use may be significantly less than thirty-six (36) months, this assignment shall not be relied upon by the Client or intended user(s) after thirty-six (36) months from the earlier date of either A) assignment delivery, which is most commonly the date of report, or B) an invoice is submitted to the Client.
51. **No Assignment of Claims:** Legal claims or causes of action relating to the appraisal are not transferable or assignable to a third party, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services

but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.

52. **Resolution of Violations & Deficiencies:** Any violations or deficiencies resolved under the terms of this agreement shall remain confidential between Reliant LLC and the Client, intended user(s) and reviewers. Except as provided under this agreement, the Client, Intended User(s) or reviewers agree not to submit the assignment to any applicable private or governmental body with jurisdiction over the matter. If any aspect of the assignment is determined by the Client, intended user(s) or their reviewers, to not meet the minimum standards of any applicable Local, State or Federal laws, including the Uniform Standards of Professional Appraisal Practice (USPAP) the Client or intended user(s) agree to not submit the assignment or individuals performing the assignment to any governing Local, State or Federal authorities or any private entity with jurisdiction without first 1) notifying Reliant LLC of the violations and 2) providing Reliant LLC an opportunity to correct and address any deficiencies that may exist. In the event that Reliant LLC fully addresses any deficiencies to the satisfaction of the Client, intended user(s) or their reviewers, these Parties agree that no further action shall be taken. If, however, the Client, intended user(s) or their reviewers do not believe that the issues have been fully resolved, Reliant LLC shall engage a third party expert of their choice to perform a professional review of the assignment. If that third party reviewer determines that the alleged issues have been resolved, the Client, intended user(s) or reviewers shall be responsible for the fee to that third party reviewer. If, however, the third party reviewer determines that the alleged issues have not been resolved, Reliant LLC shall have the opportunity to correct and address any deficiencies that may exist and is responsible for the fee to the third party reviewer. If, however, such issues are not fully addressed by Reliant LLC to the satisfaction of the third party reviewer, the Client, intended user(s) or their reviewers are released from the confidentiality requirement of this agreement and may submit the assignment to any applicable private or governmental body with jurisdiction over the matter.
53. **Unauthorized Third Party Liability to Reliant LLC for False Accusation:** The assignment is a private contract between Reliant LLC and the Client and intended user(s). Subject to the terms of this agreement, only the Client or intended user are permitted to submit this document to any applicable private or governmental body with jurisdiction over the matter without incurring any liability to Reliant LLC and the signatories of the assignment for false accusation, misrepresentation, slander or libel. In the event that the signatories of this assignment are found not to be in violation of any applicable governing regulations, any unauthorized third party that makes false accusations or submits this assignment to any applicable private or governmental body with jurisdiction over the matter accepts liability to Reliant LLC for attorney's fees incurred in their defense, lost income, damages to reputation of the signatories and firm and any and all other sources of economic damage that may result directly or indirectly from their said actions.
54. **Data Utilization:** The market and comparable data developed by the appraiser and presented in this report is being provided to the Client and Intended User(s) only within the context of this specific assignment. The Client and Intended User(s) are prohibited from distributing, disseminating, selling or otherwise profiting from this data outside the context of this assignment. The Client and Intended User(s) are, however, permitted to utilize this data strictly for their own internal purposes.
55. **Government Use:** This report contains sensitive information that may potentially cause harm to Reliant LLC if disseminated beyond the client(s) and intended user(s) described in the engagement documents and report. Therefore, subject to applicable law, any client(s) or intended user(s) that are

local, state or federal government entities agree to use their good faith efforts to maintain the confidentiality of the comparable data presented within the report. Notwithstanding other provisions of the engagement documents and report to the contrary, any client(s) or intended user(s) that are local, state or federal government entities may distribute this report as required or compelled to by law, but prior to release agree to redact all text, exhibits, photographs, maps or any other reference that identifies any comparable data used in the report where a party to the transaction (grantor, grantee, lessor or lessee) is not a government entity. The client(s) or intended user(s) and their agents are authorized to perform this redaction without consulting with, or obtaining any additional direction from Reliant LLC. The client(s) or intended user(s) may seek a written release from the above redaction requirement from Reliant LLC, who may provide such written release at its discretion. Furthermore, unless the client(s) or intended user(s) is expressly identified within the engagement documents and report as an assessment or taxation agency, and the intended use is to assist said agency in assessment or taxation matters, then unless otherwise required or compelled by law or court order to the contrary, any client(s) or intended user(s) that are local, state or federal government entities are not permitted to disseminate any contents of this report to any internal or affiliated assessment or taxation agency of the client(s) or intended user(s). If dissemination to such an assessment or taxation agency is required or compelled by law or court order, then the client(s) or intended user(s) agrees to perform the aforementioned redaction prior to distribution. Any internal or affiliated assessment or taxation agency that does obtain a copy of this report may not rely upon the report or disclose its contents. Release of this report to a local, state or federal government entity is not authorization to use the report or its contents for assessment or taxation purposes.

56. **Signatory Opinions Only:** The opinions and conclusions contained herein are developed and reported by the signatory(ies) and are exclusively those of the signatory(ies) only. This report does not necessarily reflect the opinions of Reliant LLC as a firm, or of any other Managing Members or employees.

## Terms & Definitions

<b>As Is Market Value<sup>13</sup></b>	<i>The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.</i>
<b>Prospective Opinion of Value<sup>14</sup></b>	<i>A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.</i>
<b>Retrospective Value Opinion<sup>15</sup></b>	<i>A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”</i>
<b>At Completion Value<sup>16</sup></b>	<i>The market value at the effective date construction is completed or the certificate of occupancy is issued.</i>
<b>At Stabilization Value<sup>17</sup></b>	<i>The concept of value at stabilization is based on stabilized occupancy. Stabilized occupancy is defined as occupancy at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property.</i>
<b>Aggregate of Retail Values / Sum of Retail Values<sup>18</sup></b>	<i>The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the</i>

<sup>13</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>14</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>15</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

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

<sup>17</sup> Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

<sup>18</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.



*prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the aggregate of the retail values or aggregate retail selling price.*

**Value in Use (Use Value)<sup>19</sup>**

*The value of a specific property for a specific use.*

**Use Value<sup>20</sup>**

*The value of a property based on a specific use, which may or may not be the property's highest and best use. If the specified use is the property's highest and best use, use value will be equivalent to market value. If the specified use is not the property's highest and best use, use value will be equivalent to the property's market value based on the hypothetical condition that the only possible use is the specified use.*

**Business Value<sup>21</sup>**

*The market value of a going concern, including real estate, personal property, and the intangible assets of the business.*

**Market Value of the Going Concern<sup>22</sup>**

*The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.*

**Client<sup>23</sup>**

*The party or parties (i.e. individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.*

**Intended Use<sup>24</sup>**

*The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.*

**Intended User<sup>25</sup>**

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

**Fee Simple Estate<sup>26</sup>**

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

**Leased Fee Interest<sup>27</sup>**

*The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.*

<sup>19</sup> Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].

<sup>20</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>21</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>22</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

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

<sup>24</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>25</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>26</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>27</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

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<b>Leasehold Interest (or Estate)<sup>28</sup></b>	<i>The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.</i>
<b>Real Estate<sup>29</sup></b>	<i>real estate. An identified parcel or tract of land, including improvements, if any. (USPAP, 2020-2021 ed.) See also real property.</i>
<b>Real Property<sup>30</sup></b>	<i>1. An interest or interests in real estate. 2. The interests, benefits, and rights inherent in the ownership of real estate. (USPAP, 2020-2021 ed.)</i>
<b>FF&amp;E<sup>31</sup></b>	<i>Business trade fixtures and personal property, exclusive of inventory.</i>
<b>Personal Property<sup>32</sup></b>	<i>1. Tangible or intangible objects that are considered personal, as opposed to real property. Examples of tangible personal property include furniture, vehicles, jewelry, collectibles, machinery and equipment, and computer hardware. Examples of intangible personal property include contracts, patents, licenses, computer software, and intellectual property. See also trade fixtures. 2. Any tangible or intangible article that is subject to ownership and classified as real property, including identifiable tangible objects that are considered by the general public as being “personal,” such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails, or designs for digital tokens. (USPAP, 2020-2021 ed.)</i>
<b>Fixture<sup>33</sup></b>	<i>An article that was once personal property but has since been installed or attached to the land or building in a rather permanent manner so that it is regarded in law as part of the real estate.</i>
<b>Trade Fixtures<sup>34</sup></b>	<i>Articles placed in or attached to rented buildings by a tenant to help carry out the trade or business of the tenant are generally regarded as trade fixtures. For example, a tenant’s shelves used to display merchandise are trade fixtures and retain the character of personal property, as opposed to all other fixtures that were, but are no longer, personal property when they are attached to and become part of the real estate. Despite the consensus on the concept of trade fixtures in general, applicable law and custom govern when a specific item is a trade fixture in a particular assignment. Also called chattel fixture.</i>
<b>Intangible Property<sup>35</sup></b>	<i>Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP,</i>

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<sup>28</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>29</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>30</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>31</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>32</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>33</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>34</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>35</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

2020-2021 ed.)

<b>Extraordinary Assumption</b> <sup>36</sup>	<i>An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.</i>
<b>Hypothetical Condition</b> <sup>37</sup>	<i>A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.</i>
<b>Gross Building Area (GBA)</b> <sup>38</sup>	<i>1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2. Gross leasable area plus all common areas. 3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.</i>
<b>Rentable Area</b> <sup>39</sup>	<i>For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.</i>
<b>Usable Area</b> <sup>40</sup>	<i>1. For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of the corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. See also floor area. 2. The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.</i>
<b>Gross Leasable Area</b> <sup>41</sup>	<i>Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.</i>
<b>Tidelands</b>	<i>Lands that lie below the mean high watermark. These include lands that are awash by normal tidal flows and submerged lands below the mean low</i>

<sup>36</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>37</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>38</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>39</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>40</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>41</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

*watermark.*

<b>Upland</b> <sup>42</sup>	<i>A piece of land that abuts a parcel with riparian rights; describes an owner once removed from a water right by a riparian owner.</i>
<b>Special Purpose Property</b> <sup>43</sup>	<i>An improved property with a unique physical design, special construction materials, or a layout that particularly adapts its utility to the use for which it was built and may be costly to modify to another use; also called a special-design property.</i>
<b>Excess Land</b> <sup>44</sup>	<i>Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.</i>
<b>Surplus Land</b> <sup>45</sup>	<i>Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.</i>
<b>Depreciation</b> <sup>46</sup>	<i>1. In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. See also external obsolescence; functional obsolescence; physical deterioration. 2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques.</i>
<b>Entrepreneurial Profit (Developer's Margin)</b> <sup>47</sup>	<i>1. A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. 2. In economics, the actual return on successful management practices, often identified as coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.</i>

<sup>42</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>43</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>44</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>45</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>46</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>47</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<b>Market Rent<sup>48</sup></b>	<p><i>The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby • Lessee and lessor are typically motivated;</i></p> <ul style="list-style-type: none"> <li>• <i>Both parties are well informed or well advised, and acting in what they consider their best interests;</i></li> <li>• <i>Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and</i></li> <li>• <i>The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).</i></li> </ul>
<b>Exposure Time<sup>49</sup></b>	<p><i>1. The time a property remains on the market. 2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)</i></p>
<b>Marketing Time<sup>50</sup></b>	<p><i>An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.)</i></p>

<sup>48</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>49</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>50</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.



# Addendum: Land Sale Comparables

Addendum: Land Sale Comparables

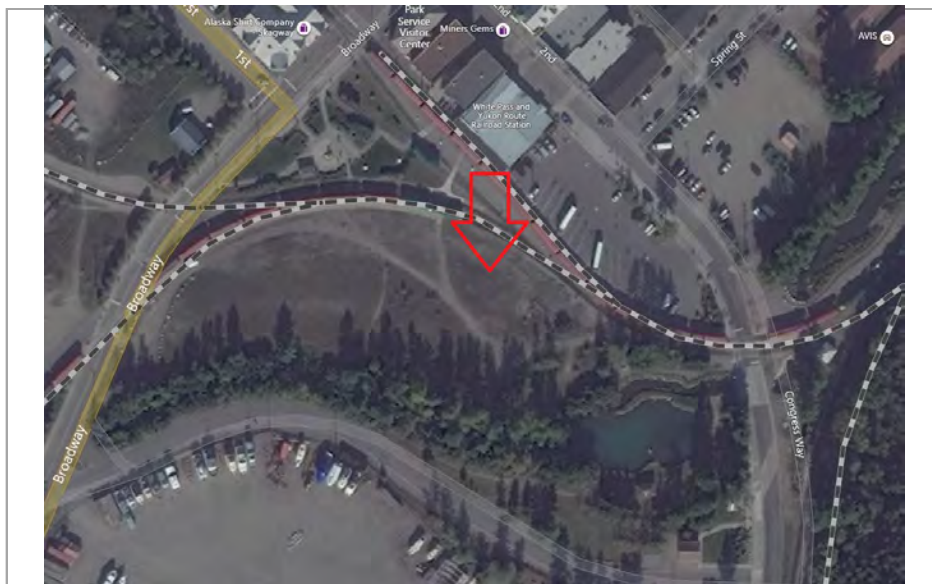
**LAND COMPARABLE L-1** **RELIANT COMP ID: 3684**

**Moe Estate Vacant Site -  
NHN Spring St.  
Skagway**

**Location Description**  
SS 1st St & SES Spring St.

**Tax ID**  
2TOWN142020

**Legal Description**  
Lt 2, ATS 4, Tidelands Addition to  
Skagway Townsite, Plat 64-8 & Lt 7,  
Blk B, Skagway Townsite



**Sale Information**

<b>Actual Price</b>	\$400,000	<b>Date</b>	2/27/2019
<b>Price</b>	\$400,000	<b>Transaction Type</b>	Closed Sale
<b>Price Per Land SF</b>	\$19.96	<b>Property Rights</b>	Fee Simple
<b>Price Per Usable Land SF</b>	---	<b>Financing</b>	Conventional
<b>Price Per Acre</b>	---	<b>Conditions of Sale</b>	Arms Length
<b>Grantor</b>	Malcom & Mary Ann Moe	<b>Days on Market</b>	---
<b>Grantee</b>	Pacific & Arctic Railway &	<b>Sale Verification Source</b>	Appraiser, Kim Wold
<b>Document No</b>	2019-000034	<b>Sale Verification Date</b>	11/19/19

**Site**

<b>Acres</b>	---	<b>Zoning</b>	WD, Waterfront District
<b>Land SF</b>	20,038	<b>Topography</b>	Generally Level
<b>Road Frontage</b>	---	<b>Soil Conditions</b>	Good
<b>Shape</b>	Rectangular	<b>Encumbrance or Easement</b>	Typical, perimeter
<b>Utilities</b>	Water, Sewer, Electric	<b>Environmental Issues</b>	None Noted

**Sale Comments**

This is the sale of land in Skagway. Public utilities are available to the site except for natural gas. Overall, this is an arm's-length transaction with no known motivations or influences.

**LAND COMPARABLE L-2** **RELIANT COMP ID: 3607**

**Chilkoot Charters Site -  
1st Ave. & State St.  
Skagway**

**Location Description**  
NC State St. & 1st Ave.

**Tax ID**  
2TOWN038110

**Legal Description**  
Lot 11A, Block 38, Skagway  
Townsite.



Transaction			
Actual Price	\$188,700	Date	10/17/2016
Price	\$188,700	Transaction Type	Closed Sale
Price Per Land SF	\$18.87	Property Rights	Fee Simple
Price Per Usable Land SF	- - -	Financing	Conventional
Price Per Acre	\$820,435.00	Conditions of Sale	Arms Length
Grantor	Phyllis O. Brown	Days on Market	- - -
Grantee	Roy & Stacy Gould dba Chilkoot	Sale Verification Source	Broker/Agent, Unknown
Document No	SWD2016-000180	Sale Verification Date	8/8/18

Site			
Acres	0.23	Zoning	BG, Business General
Land SF	10,000	Topography	Generally Level
Road Frontage	100	Soil Conditions	Average
Shape	Rectangular	Encumbrance or Easement	Typical, perimeter
Utilities	All Available	Environmental Issues	None Noted

**Sale Comments**  
This is the August 2016 sale of two parcels of commercially zoned land for \$188,700 or \$18.87/sq ft of land. The site was cleared of vegetation at the time of sale. This vacant land site comprised of two parcels on the north corner of 1st Ave. and State St. The parcels have been combined into one Lot 11A according to Plat 2017-4. The buyers operate Chilkoot Charters, a bus tourism operation, and are constructing a two-story building with a high bay service garage ground floor and employee housing above.

**LAND COMPARABLE L-3** **RELIANT COMP ID: 3699**

**8th Avenue Lot - 3699**  
**445 8th Avenue**  
**Skagway**

**Location Description**

S side 8th Avenue btwn State & Main Sts.

**Tax ID**

5030

**Legal Description**

Lot 3, Block 5, Skagway Townsite.



**Transaction**

<b>Actual Price</b>	\$101,700	<b>Date</b>	5/9/2017
<b>Price</b>	\$91,700	<b>Transaction Type</b>	Closed Sale
<b>Price Per Land SF</b>	\$18.34	<b>Property Rights</b>	Fee Simple
<b>Price Per Usable Land SF</b>	- - -	<b>Financing</b>	Cash
<b>Price Per Acre</b>	\$833,636.36	<b>Conditions of Sale</b>	- - -
<b>Grantor</b>	STS Inc	<b>Days on Market</b>	- - -
<b>Grantee</b>	John & Jan Tronrud	<b>Sale Verification Source</b>	Appraiser, deed, Charles Horan
<b>Document No</b>	2017-000100	<b>Sale Verification Date</b>	- - -

**Site**

<b>Acres</b>	0.11	<b>Zoning</b>	BG, Business General
<b>Land SF</b>	5,000	<b>Topography</b>	Generally Level
<b>Road Frontage</b>	50	<b>Soil Conditions</b>	Average
<b>Shape</b>	Rectangular	<b>Encumbrance or Easement</b>	Typical, perimeter
<b>Utilities</b>	All Available	<b>Environmental Issues</b>	None Noted

**Sale Comments**

This is a May 2017 sale of a commercially zoned lot from the corporation that owns the White House Bed & Breakfast to a part of the partnership. The actual sale price is \$101,700; a foundation in place on the site was allocated at \$10,000 for a net land price of \$91,700 or \$18.34/sq ft of land. The site was cleared of vegetation at the time of sale. The buyers have since constructed a residential building on the site.

**LAND COMPARABLE L-4** **RELIANT COMP ID: 3717**

**Healy IL Site - 3717**  
**NHN 8th Avenue**  
**Skagway**

**Location Description**

N Side 8th Avenue btwn Broadway & Spring St.

**Tax ID**

2TOWN021100

**Legal Description**

Lot 10, Block 21, Skagway Townsite.



**Transaction**

<b>Actual Price</b>	\$65,000	<b>Date</b>	9/28/2015
<b>Price</b>	\$65,000	<b>Transaction Type</b>	Closed Sale
<b>Price Per Land SF</b>	\$13.00	<b>Property Rights</b>	Fee Simple
<b>Price Per Usable Land SF</b>	- - -	<b>Financing</b>	Conventional
<b>Price Per Acre</b>	\$590,909.00	<b>Conditions of Sale</b>	Arms Length
<b>Grantor</b>	Holland America Line - Westours,	<b>Days on Market</b>	- - -
<b>Grantee</b>	Michael Healy	<b>Sale Verification Source</b>	Appraiser
<b>Document No</b>	SWD2015-000149	<b>Sale Verification Date</b>	- - -

**Site**

<b>Acres</b>	0.11	<b>Zoning</b>	IL, Industrial Light
<b>Land SF</b>	5,000	<b>Topography</b>	Generally Level
<b>Road Frontage</b>	50	<b>Soil Conditions</b>	Average
<b>Shape</b>	Rectangular	<b>Encumbrance or Easement</b>	Typical, perimeter
<b>Utilities</b>	All Available	<b>Environmental Issues</b>	None Noted

**Sale Comments**

This is the September 2015 sale of one midblock lot of commercially zoned land for \$65,000 or \$13.00/sq ft of land. The site was cleared of vegetation at the time of sale. This site is located on the north side of 8th Avenue between Broadway and Spring Street and was formerly part of a larger assemblage used for tour bus staging. The buyer operates several restaurants in town, with additional employee housing.



# Addendum: Subject Data

Municipality of Skagway  
Property Lease or Sale Application

MUNICIPALITY OF SKAGWAY

Submit this completed application, with all necessary attachments and a one-hundred-dollar (\$100.00) application fee to: Borough Manager, Municipality of Skagway, P.O. Box 415, Skagway, Alaska 99840

Applicant or business name: Ocean Ratt Alaska LLC  
Address: Box 966  
Skagway AK 99840  
City State Zip Code  
Contact Person: Christian Racich  
Phone: (916) 712-8682

Applicant proposes to:  
 lease for a term of 5 years  
 purchase  
the following property owned by the City of Skagway:  
(Provide legal description or attach site plan or plat adequate to determine approximate property location and dimension)  
Please see letter and attachment

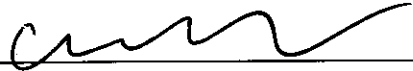
Development Plan  
Provide statements or plans describing the following:  
• the purpose of the proposed lease,  
• the use, value and nature of improvements to be constructed,  
• the type of construction,  
• dates construction is estimated to commence and be completed; and  
• whether the intended use complies with the zoning ordinance and comprehensive plan.

Additional information  
(Attach descriptions of any of the following additional requirements or conditions that may apply to the proposed land use. Provide location information if applicable.)  
• Access easements, rights-of-way or encroachments beyond property boundaries.  
• Utility easements, extensions or connections.  
• Dredge or fill activity.  
• Public use enhancements (Waterfront zone only).

I certify that I am familiar with the Municipality of Skagway's code sections pertaining to public lands (Title 16) and planning and zoning (Title 19) as they apply to this

ATTACHMENT A

application and proposed land use. I also certify that I am qualified as defined in Skagway Municipal Code section 16.02.030 to apply for lease or sale of municipal lands.

  
\_\_\_\_\_  
(Signed)

10 | 22 | 21  
\_\_\_\_\_  
(Date)

## ATTACHMENT A

October 22, 2021

Christian Racich

Ocean Raft Alaska LLC  
P.O. Box 966  
Skagway, AK 99840

Subject: Letter of intent for lease of municipal property in boat harbor dry storage area

To: Borough Manager, Municipality of Skagway

Ocean Raft Alaska, a Skagway based marine tourism company, proposes to lease approximately 2400 square feet (40' by 60') in the Skagway boat harbor uplands boat storage area, for a period of 5 years. This is intended to serve as a continuation of our existing lease in the same location, which expired in October of this year. The purpose of the lease is to provide storage, drying, staging, and workshop facilities for our tour company, which is based out of the boat harbor. Through discussion with Harbormaster Matthew O'Boyle, we've ascertained that the most suitable location would be along the rear portion of the property, as viewed from the entrance gate, and to the west side of the lot. Please see attachment 1 for further description. We have in place two 40' storage containers, with 14' of space between them, along the property line, in keeping with the orientation of other containers situated on the property. Additionally, there are two more storage containers to the left (south) side of the original two, stacked on top of each other. One container is used as a workshop and storage space for spare parts, consumables, and tools. The other container is used as a storage space and drying area for outerwear worn by guests during our tour. The two adjacent to those are used as a dry storage area and company office, with a flight of stairs on the south side accessing the upper container. All containers have power provided by a quick disconnect system connected to a service panel and utility pole behind the containers. The area between the two original containers is used for storage and maintenance of our boats. The value of the containers is estimated to be \$4,000 each, and improvements to them \$1,000 each. The placement of the containers and connection to electrical utilities commenced on May 1, 2013, prior to the start of the 2013 summer season. The additional containers were added in spring of 2016, at which time we modified our original lease area of 1200 square feet to accommodate the increased size of equipment. This lease we are proposing now incorporates a slight addition in size to this most recent lease in order to house our now expanded fleet of 3 boats and multiple vehicles during winter storage. The varied uses proposed fall within both permitted uses and conditional uses of municipal lands zoned Waterfront under Title 19.06.080, section A, parts 1 and 2. To our knowledge there are no easements or encroachments upon the proposed property, and no fill, grading, or other modifications to the site will be performed. We feel our proposed use of the property as described falls within the guidelines established for use of land within the waterfront zone, and would not hinder or encumber existing users of the harbor facilities.

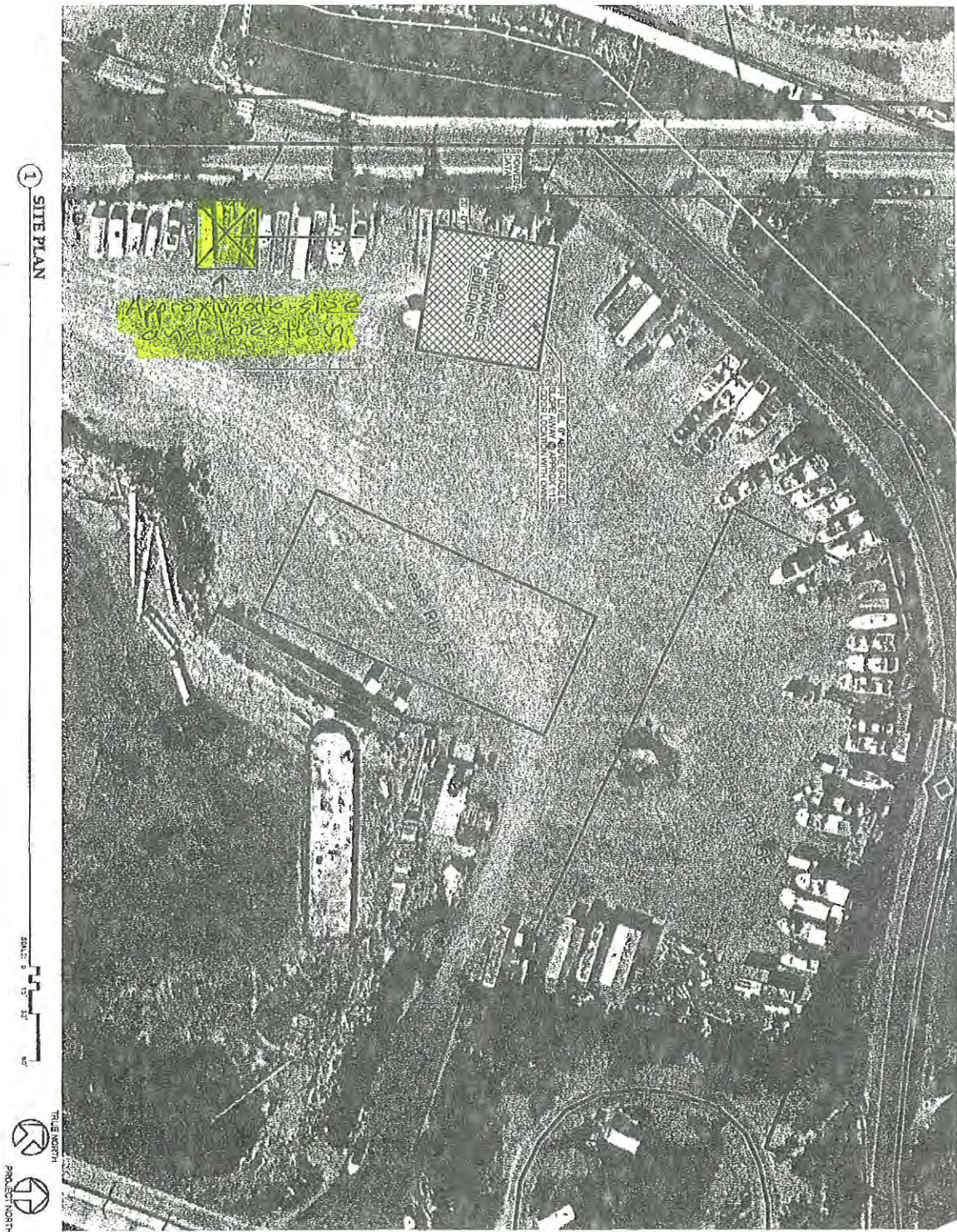
Please feel free to contact me with any questions you may have regarding this application.

Regards,



Christian Racich  
Owner, Ocean Raft Alaska





DATE: 10/18/2011  
 FILE: 1011  
**A101**

MUNICIPALITY OF SKAGWAY  
**BOAT MAINTENANCE  
 BUILDING - SHELL**  
 Skagway, Alaska

**Jensen  
 Yorba  
 Lott  
 Inc.**

1244 Hwy. 108, Skagway, Alaska 99841  
 Phone: 907.244.2770  
 Fax: 907.244.2923  
 www.jensenyorbatt.com



# Addendum: Experience Data



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# Kim M. Wold

## Background

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Mr. Wold's background includes over 40 years in the real estate appraisal sector. Mr. Wold has extensive experience in appraising properties such as single and multi-family residential, income-producing properties, special purpose properties (sawmills, fish processing plants, etc.), tidelands, logging camps, grocery stores, shopping centers, and aviation facilities. He also has extensive experience appraising urban and remote acreage of varying highest and best uses, such as residential, commercial, industrial, agricultural, forestry, mining claims, tidelands, recreational, etc. He has performed appraisals for mortgage underwriting, eminent domain, easement valuation, lease renewals, establishing market lease rates, and estate purposes. Several of Mr. Wold's remote acreage assignments have been of large tracts, totaling about 1,000 square miles.

Mr. Wold has appraised properties throughout Alaska, including Bristol Bay, Bethel, Anchorage, Haines, Hoonah, Juneau, Yakutat, Sitka, Wrangell, Petersburg, Craig, Klawock, Hydaburg, Metlakatla, Thorne Bay, Hollis, Ketchikan, Unalaska, Chignik, St. Paul Island, Kodiak Island, and numerous remote locations throughout Southeast Alaska.

## Education

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### Real Estate Education

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

- Law and Value; Communication Corridors, Tower Sites & Property Rights, 2001
- Attacking and Defending an Appraisal in Litigation, 2001
- Valuation of Detrimental Conditions in Real Estate, 2002
- Appraisal Litigation Practice & Courtroom Management, 2003
- The Road Less Traveled: Special Purpose Properties, 2004
- Hospitality Properties, 2004

- Condominiums, Co-Ops, and PUDs, 2006
- Current Issues and Misconceptions in the Appraisal Practice, 2007
- Business Practices and Ethics, 2009
- Highest and Best Use and Market Analysis, 2009
- Self-Storage: Emerging Core Asset, 2011
- Fundamentals of Separating Real Property, Personal Property, & Intangible Business Assets, 2012
- Litigation Appraising – Specialized Topics, 2014
- Forecasting Revenue, 2015
- Review Theory, 2015
- Uniform Standards of Professional Appraisal Practice, 2018
- The Appraiser as an Expert Witness: Preparation and Testimony, 2019

### Employment History

<b>Reliant, LLC</b>	Appraiser, March 2019 to Present
<b>Integra Realty Resources – Seattle</b>	Appraiser, April 2017 to March 2019
<b>Alaska Appraisal Associates, Inc.</b>	President and Chief Appraiser, October 1978 to April 2017
<b>Ketchikan Gateway Borough</b>	Appraiser, January 1976 to October 1978

### Designations, Certifications and Awards

- |   |   |
|---|---|
| <b>State License's / Certifications</b> | ▪ State of Alaska, Certified General Real Estate Appraiser, License No. 52 (expires June 30, 2023). |
|---|---|

### Organization Affiliations, Offices & Memberships

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

### Qualified Before Courts & Administrative Bodies

- US Bankruptcy Court
- Superior Court of the State of Alaska
- Superior Court of the State of Washington



- 
- Board of Equalization for Ketchikan Gateway Borough and the City of Craig
  - Testified in Internal Revenue Service tax appeal hearings

### Partial List of Clients

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**Clients include:**

Government Agencies (FDIC, State of Alaska, Federal, and Local)  
Financial Institutions  
Fisheries  
Forestry  
Native Corporations  
Tourism

A more detailed list of clients and professional references is available upon request.

License #: APRG52  
Effective: 5/31/2021  
Expires: 06/30/2023

# State of Alaska

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

## Board of Certified Real Estate Appraisers

Licensee: **KIM MICHAEL WOLD**

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

Status: **Active**

Commissioner: Julie Anderson

### Relationships

No relationships found.

### Designations

No designations found.

### Wallet Card

<b>State of Alaska</b> Department of Commerce, Community, and Economic Development Division of Corporations, Business, and Professional Licensing <b>Board of Certified Real Estate Appraisers</b>  KIM MICHAEL WOLD  As  Certified General Real Estate Appraiser		
<b>License</b> APRG52	<b>Effective</b> 5/31/2021	<b>Expires</b> 06/30/2023

KIM MICHAEL WOLD  
833 Schoenbar Rd  
KETCHIKAN, AK 99901



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# Gregory H. Bucklin, MAI

## Background

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

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

## Education

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### Real Estate Education

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

### College Education

B.A. Community & Environmental Planning,

B.A. Geography,

Minors in Architecture and in Urban Design & Planning

### Employment History

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

### Designations, Certifications and Awards

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

### Partial List of Clients

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<b>State License’s / Certifications</b>	Financial Institutions Government Sector (Local, State and Federal) Legal Sector Private Sector Alaska Native Corporations
	A more detailed list of clients and professional references is available upon request.

License #: 130374  
Effective: 6/2/2021  
Expires: 06/30/2023

# State of Alaska

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

## Board of Certified Real Estate Appraisers

Licensee: **Gregory Harold Bucklin**

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

Status: **Active**

Commissioner: Julie Anderson

### Relationships

No relationships found.

### Designations

No designations found.

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

### Wallet Card

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

### A Foundation to Build On:

- Vision
- Integrity
- Commitment
- Performance

### A Commitment to Client Service:

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

### Extensive Valuation & Consulting Services:

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

### Extensive Market Knowledge:

- Institutional
- Hotels
- Apartment & Condominiums
- Health Care / Medical
- Affordable Housing / LIHTC
- Senior Housing / Assisted Living
- Lumber & Sawmills
- Shipyards & Marinas
- Truck Stops & Travel Centers
- Seafood Processing Plants
- Right-of-Way / Condemnation
- Remote Properties
- Industrial
- Ground Leases
- Office
- Retail
- Athletic Clubs
- High-Tech
- Vacant Land
- Parking Garages
- Movie Theatres
- Wetland Banking/Mitigation
- Residential Litigation Support
- Multifamily



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