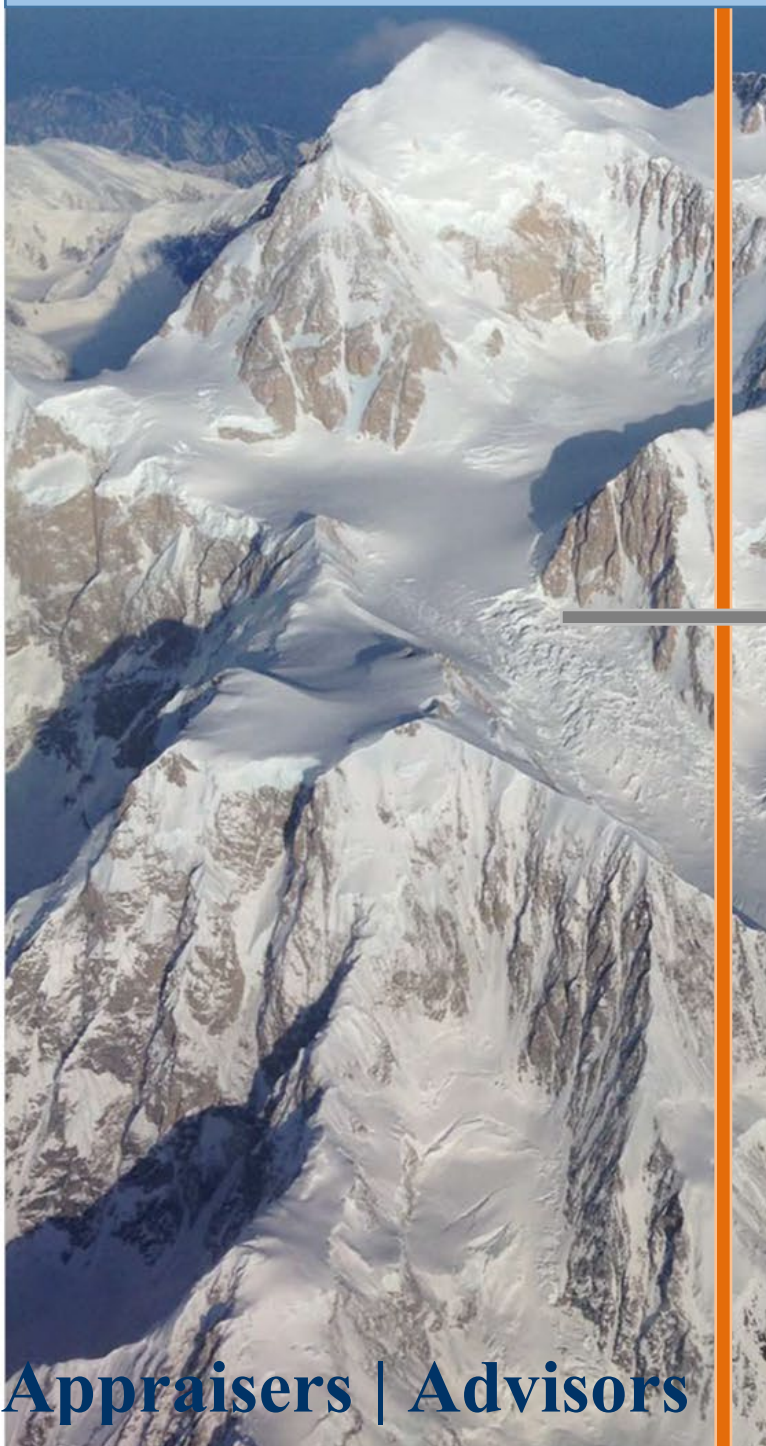


# RELIANT

LLC



**Appraisal Assignment of:**

**Petro Marine Bulk Plant**

**198 Terminal Way  
Skagway, AK 99840**

Latitude: 59.453448, Longitude: -135.325749

Reliant Reference Number: 23-0465

**As of: August 15, 2023**

**Prepared for:  
Municipality of Skagway Borough**

**Appraisers | Advisors**



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## Letter of Transmittal

August 15, 2023

Mr. Brad Ryan  
Borough Manager  
Municipality of Skagway Borough  
P.O. Box 415  
Skagway, AK 99840

RE: **Petro Marine Bulk Plant**  
198 Terminal Way  
Skagway, AK 99840

Dear Mr. Ryan:

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 as of August 15, 2023. The *Fee Simple* interest in the subject has been analyzed.

The client(s) of this assignment is the Municipality of Skagway Borough. The intended user(s) of the report is the Client, for the intended use of rental 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 2.19-acre property described as 'Lease Parcels 8 and 9 according to Appendix A, a portion of ATS #4'. The property is improved with a 5,294 sq ft shop/office building constructed in 1988 and 14 fuel tanks with appurtenant piping and loading apparatus. The fuel tanks total capacity is 116,220 barrels and they were built between 1942 and 1995, with an average age of 55 years. The tanks are under a constant inspection, repair and maintenance program and are within a lined spill containment area. A complete interior and exterior walk-through of the subject was made on January 27, 2023. 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: **Petro Marine Bulk Plant**

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

<b>FINAL MARKET RENTAL VALUE ESTIMATE</b>	
<b>Petro Marine Bulk Plant</b>	
<b>Property Rights</b>	<b>Fee Simple</b>
<b>Condition</b>	<b>As Is</b>
<b>Effective Date of Appraisal</b>	<b>August 15, 2023</b>
Final Market Rent Estimate	\$3,370,000
Market Rental Rate of Return	x 8.0%
<b>Current Market Rental Value - Annual Rent</b>	<b>\$269,600</b>

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

Respectfully submitted,

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

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

A handwritten signature in blue ink that reads 'Kim M. Wold'.

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

# Certification

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are their personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. They have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. They have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Engagement in this assignment was not contingent upon their developing or reporting predetermined results.
6. Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value/assignment result or direction in value/assignment result that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this assignment.
7. Analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. A personal walk-through of the subject property has been made by Mr. Bucklin on January 27, 2023 as part of a previous appraisal assignment.
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 provided a previous service regarding the subject within the three years prior to accepting this assignment, a report dated March 3, 2023 for the same client and purpose.
13. As of the date of this report, Greg Bucklin has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute, and for certified appraisers in the State of Alaska.

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

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

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# Assignment-Specific Premises & Special Risk Factors

## Overview

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

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

## Assignment-Specific Extraordinary Assumptions, Limiting Conditions

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

1. This appraisal considers the value of the real estate only and does not factor in specific tenant economic situations as to the affordability of the market rent conclusion.
2. The market rent conclusion is based on a rate of return on market value to arrive at a generalized rent, net of operating expenses. The market rent conclusion does not factor in specific lease terms which could affect the appropriate rent, such as term length, adjustment periods, community benefit factors, etc.
3. The appraisal assumes ownership of the property improvements reverts to the Municipality of Skagway Borough at the date of value.
4. The appraisal assumes that the physical condition of the subject property remains similar to the initial date of inspection, January 27, 2023.

### Assignment-Specific Hypothetical Conditions

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

This appraisal is not predicated on any hypothetical conditions.

### Special Risk Factors

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

1. The general consensus is the 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.
2. Due to residual impacts from COVID-19 there can be significant variance in construction costs and delays in project deliveries.
3. There is an extraordinary increase in Alaska construction costs. These increases are due to labor wage scale increases, labor shortages, material price increases, contractor unavailability, etc. These cost increases are far exceeding the rate of inflation. Construction costs are likely to remain elevated for 12 to 24 months unless the economy enters a recession or depression. Otherwise, property sales prices and rents will have to adjust higher to find equalization with the construction costs.

# Assignment Overview

## Identity of Property

<b>Name</b>	Petro Marine Bulk Plant
<b>Brief Description</b>	The subject property is a 2.19-acre property described as 'Lease Parcels 8 and 9 according to Appendix A, a portion of ATS #4'. The property is improved with a 5,294 sq ft shop/office building constructed in 1988 and 14 fuel tanks with appurtenant piping and loading apparatus. The fuel tanks total capacity is 116,220 barrels and they were built between 1942 and 1995, with an average age of 55 years. The tanks are under a constant inspection, repair and maintenance program and are within a lined spill containment area.
<b>Address</b>	198 Terminal Way Skagway, AK 99840
<b>Geo Coordinates</b>	Latitude: 59.453448, Longitude: -135.325749
<b>Physical Location</b>	South side of Terminal Way, south of airport terminal, north of ore terminal
<b>Assessor's Tax Parcel Number(s)<sup>1</sup></b>	2TOWN141050
<b>Abbreviated Legal Description</b>	<i>Lease Parcels 8 and 9 according to Appendix A, a portion of ATS #4, Skagway RD, State of Alaska (Per Owner)</i>
<b>Current Use</b>	Tank Farm
<b>Appraised Use</b>	Tank Farm
<b>Highest and Best Use</b>	
<b>AS VACANT</b>	May include development as Industrial or other unidentified use once feasibility has been ascertained.
<b>AS IMPROVED</b>	Highest and best use as improved is continued use of the existing improvements in their as is condition.

## Scope of Assignment

**Value Definition(s)** The following definition(s) of value is/are utilized in this report:

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

**MARKET RENT** The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

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

**MARKET VALUE (OCC)<sup>2</sup>** *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:*

- a. the buyer and seller are typically motivated;*
- b. both parties are well informed or well advised, and acting in what they consider their own best interests;*
- c. a reasonable time is allowed for exposure in the open market;*
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;*
- e. and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

<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 as of August 15, 2023.
<b>Intended Use</b>	The intended use of the assignment is for rental rate determination. It should not be relied upon for any other uses.
<b>Client(s)</b>	Municipality of Skagway Borough
<b>Intended User(s)</b>	Municipality of Skagway Borough (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

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

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<b>Report Presentation</b>	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary of the appraisal process, subject and market data, and valuation analyses. The level of detail and discussion presented varies with the significance of the information to the appraisal, within the context of the intended use and intended user(s).
<b>Walk-Through Date</b>	January 27, 2023
<b>Effective Date<sup>3</sup></b>	August 15, 2023
<b>Report Date</b>	August 15, 2023

### Scope of Work

---

<b>Overview</b>	Current USPAP requires the appraiser(s) to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem, intended user(s) and intended use.
<b>Limitations to Scope of Work</b>	USPAP permits limitations to the scope of work consistent with the appraisal problem, intended user and intended use. The scope of work has been limited by the General Assumptions & Limiting Conditions, Assignment-Specific Extraordinary Assumptions and Limiting Conditions, and Assignment-Specific Hypothetical Conditions discussed throughout this report and Addenda. The Scope of Work has also been limited based on the level of information / documentation available to the appraiser. Please reference the assignment-specific extraordinary assumptions, limiting conditions and hypothetical conditions presented in the prior chapter. There are no other major limitations to the scope of work for this assignment.
<b>Compliance</b>	<p>The analysis and reporting of this assignment are compliant with the following:</p> <ul style="list-style-type: none"> <li>• Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation.</li> <li>• The bylaws of the Appraisal Institute.</li> </ul>
<b>Subject Walk Through</b>	A complete interior and exterior walk-through of the subject was made on January 27, 2023.
<b>Division of Appraisal Responsibilities</b>	Mr. Greg Bucklin inspected the subject and prepared the appraisal report, including the determination of factual information and research. Mr. Kim Wold contributed to the analysis and concurs with its findings.

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<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.

**Market Analysis**

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

**Approaches to Value****COST APPROACH**

This approach was developed because it is necessary to develop a credible and reliable estimate of market value for this property type or it has been requested by the client.

**SALES COMPARISON APPROACH**

This approach was not developed because there is inadequate market data to develop a credible value estimate through this approach.

**INCOME CAPITALIZATION APPROACH**

This approach was 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

**Current Owner of Record** According to the Owner, the appraised interest in the subject is presently owned by Municipality of Skagway Borough.

**Three Year Transaction History** Disclosure and analysis of the subject's transaction history (sales, agreements of sale, options, and listings) within the prior three years is required by USPAP and, if applicable, is presented below.

**NO RECENT ACTIVITY** No transactions involving the subject within the prior three years are known or have been disclosed. A search of State of Alaska Department of Natural Resource records indicates that the subject has not changed ownership within the last three years.

### Competency of Appraiser

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



# Area Data

## Regional Area Data

Although elements of Alaska's economy are directly affected by certain national and international factors (e.g. interest rates, the value of the U.S. Dollar, etc.), its 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 central to the industrialized world by air, is remote relative to the rest of the U.S. One dramatic example of when Alaska's economy diverged from the Nation's was during the Great Recession (2007-2008) when Alaska employment continued to increase.

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 peak levels in the late 1980s. In recent years up to 10 billion barrels of additional reserves have been identified at three different fields, which could yield several hundred thousand barrels per day. 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. 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. Further impacting future production levels, President Biden and the Department of Interior suspended oil and gas leases in ANWR 1002. Despite this setback, Alaska still expects to add 400 jobs to the sector in 2023 as "activity at the North Slope has increased...and that combined with preparation for the Pikka and Willow projects will boost employment by about 400 this year."<sup>4</sup>

<sup>4</sup> Alaska's employment outlook for 2023. (Jan 2023). Alaska Economic Trends. <https://labor.alaska.gov/trends/jan23.pdf>

Since Russia's invasion of Ukraine in February 2022 oil prices have been volatile. After being relatively low the past couple years, prices soared in the summer of 2022 to a peak of \$128/bbl and then fell near the end of the year to \$70/bbl.

The State budget shortfall has been largely addressed by higher oil royalties and higher taxes in the form of taking or partially capping the State Permanent Fund dividend payment, which historically has paid out up to several thousand dollars per resident. Similar to market trends, in 2022 the State Permanent Fund Dividend went from \$81.9 billion to \$76.3 billion, \$16.1 billion of which is within the ERA and can be used to fund the State government by a simple majority vote of the Legislature.

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>5</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, currently approximately \$6,700 per resident. Near the end of 2023, Alaska expects to see \$2.6 billion for projects in the recently passed Infrastructure Investment and Jobs Act<sup>6</sup>.

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 COVID-19, but this loss was offset in 2021 when 900 jobs were added to aid in combating the outbreak. In 2022, healthcare contracted slightly but is forecast to return to growth in 2023<sup>7</sup>.

Tourism has also been a bright spot with record numbers of cruise ship berthings and visitors. However, because of COVID-19, nearly all cruise ship trips to Alaska were cancelled. In 2022, major cruise lines returned to Alaska with sailings primarily from Whittier, Seward, Vancouver and Seattle bringing in 1.15 million visitors to the state<sup>8</sup>. In 2023, 4,100 cruise ships are forecast to port in Alaska<sup>9</sup>. State economists forecast that the combination of a strong national economy and new cruise ship entrants to the Alaskan market will result in strong employment growth within the leisure and hospitality sector.

While seafood harvests, pricing and supply and demand conditions remain

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<sup>5</sup> Federal Spending in the States, 2005 to 2014. (Mar 2016). The PEW Charitable Trusts. [https://www.pewtrusts.org/~media/assets/2016/03/federal\\_spending\\_in\\_the\\_states\\_20052014.pdf,%20accessed%20Jan-2017](https://www.pewtrusts.org/~media/assets/2016/03/federal_spending_in_the_states_20052014.pdf,%20accessed%20Jan-2017)

<sup>6</sup> Rogerson, Riley (Nov 29, 2022). A year after it's passage, infrastructure bill sends over \$2.6 billion to Alaska. ADN. <https://www.adn.com/politics/2022/11/25/a-year-after-its-passage-infrastructure-bill-sends-over-26-billion-to-alaska/>

<sup>7</sup> Alaska's employment outlook for 2023. (Jan 2023). Alaska Economic Trends. <https://labor.alaska.gov/trends/jan23.pdf>

<sup>8</sup> Alaska Tourism Industry Research. (2023, Jan). Alaska Travel Industry Association. <https://www.alaskatourism.org/resources/research>

<sup>9</sup> 2023 Port Schedule. (2023). Cruise Lines International Association ALASKA. [https://akcruise.org/port-schedule/?port=0&ship=0&date\\_from&date\\_to&search\\_schedule=Get%20Port%20Schedules](https://akcruise.org/port-schedule/?port=0&ship=0&date_from&date_to&search_schedule=Get%20Port%20Schedules)

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 2022, while some fisheries continue experience record harvests, others have been declared federal disasters. Due to low stocks, for the first time since 1994 the Alaska Department of Fish and Game cancelled the crab fishery season<sup>10</sup>. On aggregate, the state labor department “forecast an additional 500 jobs in 2023, bringing the total jobs within 200 of 2019<sup>11</sup>.” On another positive note, Alaska arguably has one of the most successful long term fishery management track records.

Precious metals, including gold, continue to perform well and the mining industry is healthy at this time. Alaska Native Corporations are one of the major bright spots of the Alaska economy and continue to expand their Alaska, national and international businesses.

Key economic indicators are summarized on the following chart:

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<sup>10</sup> Hagen, Brian. (Oct 20, 2022). Alaska crab fishery canceled for the first time since 1994. National Fisherman. <https://www.nationalfisherman.com/alaska-s-crab-fishery-canceled-for-the-first-time-since-1994#:~:text=Low%20stocks%20have%20prompted%20the,the%20winter%202021%2D2022%20season>

<sup>11</sup> Alaska’s employment outlook for 2023. (Jan 2023). Alaska Economic Trends. <https://labor.alaska.gov/trends/jan23.pdf>

EXHIBIT B

Petro Marine Bulk Plant

Area Data

**Alaska: Key Economic Indicators**

Item	2015	2016	2017	2018	2019	2020	2021	2022
<b>Resources</b>								
Oil Price (Avg. \$/Barrel)	\$52.10	\$43.04	\$54.28	\$71.44	\$65.49	\$41.72	\$70.88	\$100.19
Avg. Daily Oil Production (000s Barrels)	519.3	531.1	540.5	550.0	547.7	544.8	437.0	483.0
Oil Value (Billions)	\$9.9	\$8.3	\$10.7	\$14.3	\$13.1	\$8.3	\$11.3	\$17.7
Gold Price (Avg. \$/Ounce)	\$1,061	\$1,152	\$1,303	\$1,283	\$1,517	\$1,734	\$1,829	\$1,814
GDP: Mining (Millions)	\$7,637	\$6,351	\$8,496	\$9,302	\$8,424	\$4,648	\$8,048	\$11,262
GDP: Agriculture, Forestry & Fishing (Millions)	\$461	\$405	\$391	\$407	\$409	\$331	\$416	\$348
Salmon & Herring Catch (000s lbs.)	1,163,639	639,519	1,102,192	652,434	916,685	538,383	843,841	---
Salmon & Herring Exvessel Value (Millions)	\$502	\$492	\$796	\$592	\$715	\$399	\$786	---
<b>Tourism</b>								
Cruise Ship Visitors (000s)	1,000	1,026	1,090	1,169	1,332	0	123	1150
Total Visitors (000s)	2,067	1,858	1,926	2,026	2,437	427	---	---
<b>Demographics</b>								
Population	741,123	752,680	744,733	750,876	755,517	760,206	752,044	752,044
Avg. Household Income	\$88,585	\$91,524	\$93,039	\$96,273	\$96,534	\$97,941	\$99,657	\$99,657
Per Capita Income	\$33,111	\$34,264	\$34,879	\$35,888	\$35,589	\$36,233	\$37,030	\$37,030
<b>Employment</b>								
Unemployment Rate (%)	6.5%	6.9%	7.0%	6.6%	6.3%	8.2%	6.2%	4.5%
Employment (% Chng.)	0.3%	-1.7%	-1.3%	-0.5%	0.5%	-3.9%	2.8%	0.4%
<b>Alaska Permanent Fund (PF)</b>								
PF Distribution (\$/Person)	\$2,072	\$1,022	\$1,100	\$1,600	\$1,606	\$992	\$1,114	\$ 2,622
PF Value (Billions)	\$52.8	\$52.8	\$59.8	\$64.9	\$66.3	\$65.3	\$81.90	\$ 76.3
<b>State Budget</b>								
State Budget (Millions)								
Revenue	\$9,259	\$7,063	\$6,553	\$6,972	\$10,557	\$9,925	\$9,074	\$11,439
Operating	\$11,610	\$8,520	\$8,078	\$8,039	\$8,748	\$8,504	\$8,868	\$9,402
Capital	\$1,943	\$1,478	\$1,551	\$1,414	\$1,447	\$1,276	\$1,167	\$1,963
Total Spending	\$13,553	\$9,998	\$9,629	\$9,453	\$10,195	\$9,780	\$10,035	\$11,365
Fiscal Gap	\$22,812	\$17,061	\$16,182	\$16,425	\$20,752	\$19,705	\$19,109	\$22,804
<b>Other</b>								
Mortgage Foreclosure & Delinquency Rates	0.8%	0.7%	0.7%	0.8%	0.7%	0.6%	0.4%	0.5%
Alaska Building Permits (Residential 1-5 Units)	2,446	2,198	2,178	1,897	1,886	1,669	1,719	1,390

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

## AK DOL Statewide Employment Forecast

	Monthly avg, 2021 <sup>1</sup>	Monthly avg, 2022 <sup>1</sup>	Change, 2021-22	Percent change	JOBS FORECAST		
					Monthly avg, 2023	Change, 2022-23	Percent change
<b>Total Nonfarm Employment<sup>2</sup></b>	<b>310,200</b>	<b>318,500</b>	<b>8,300</b>	<b>2.7%</b>	<b>323,800</b>	<b>5,300</b>	<b>1.7%</b>
Total Private	233,000	241,500	8,500	3.6%	246,400	4,900	2.0%
Mining and Logging	10,500	10,900	400	3.8%	11,500	600	5.5%
Oil and Gas	6,700	7,000	300	4.5%	7,400	400	5.7%
Construction	15,900	16,300	400	2.5%	16,800	500	3.1%
Manufacturing	12,200	12,400	200	1.6%	12,900	500	4.0%
Trade, Transportation, and Utilities	61,000	63,800	2,800	4.6%	64,800	1,000	1.6%
Wholesale Trade	6,200	6,200	0	0%	6,300	100	1.6%
Retail Trade	34,300	34,900	600	1.7%	35,300	400	1.1%
Transportation, Warehousing, and Utilities	20,500	22,700	2,200	10.7%	23,200	500	2.2%
Information	4,800	4,800	0	0%	4,800	0	0%
Financial Activities	10,800	11,000	200	1.9%	11,100	100	0.9%
Professional and Business Services	26,400	27,100	700	2.7%	27,600	500	1.8%
Educational (private) and Health Services	50,500	49,900	-600	-1.2%	50,200	300	0.6%
Health Care	38,900	38,700	-200	-0.5%	38,800	100	0.3%
Leisure and Hospitality	30,400	34,300	3,900	12.8%	35,700	1,400	4.1%
Other Services	10,400	10,900	500	4.8%	11,000	100	0.9%
Total Government	77,200	77,000	-200	-0.3%	77,400	400	0.5%
Federal, except military	15,100	14,900	-200	-1.3%	14,900	0	0%
State, incl. University of Alaska	22,600	22,000	-600	-2.7%	22,100	100	0.5%
Local and tribal, incl. public schools	39,500	40,100	600	1.5%	40,400	300	0.7%

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

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

Due to COVID-19, unemployment spiked to 13.7% in April 2020. By 2021, this had decreased to 6.2%. 2022 represented a year of recovery. The forecast is for Alaska employment to grow by 1.7% in 2023 and for leisure and hospitality employment to grow by 4.1%, which would make 2023 a return to growth. One economic concern is inflation and the Federal Reserve tightening monetary policy, which has resulted in mortgage rates increasing from their lows near 3% to roughly 6%. Higher interest rates in turn could have an adverse impact on all segments of the real estate market. Overall, the Alaska economy is stable and healthy and forecast to experience modest growth over the next year.

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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 – Skagway Village dba Skagway Traditional Council.

Downtown buildings have been colorfully restored to reflect the history of the gold rush that traversed through Chilkoot Pass to the Yukon. This is a major tourist draw and Broadway has become a high retail sales corridor.

The Municipality of Skagway had an estimated population of 1,146 as of July 2022 according to the Alaska Department of Labor and Workforce Development (DOLWD). The 2020 Census count in the area was 1,240, meaning 7.6% population loss over the past two years. The 2010 Census counted 968 which means the population is still 18.4% higher than 12 years ago. The recent volatility in population is directly related to the Covid-19 pandemic and its effects on the cruise tourism industry, a return to normalcy is expected over the next few years.

In 2021 the DOLWD projected a 2025 population for the Municipality of Skagway of 1,331 residents, up from 1,203, equating to a 10.6% increase over those four years, or 2.5% annually (the U.S. Census Bureau 2021 population estimate is lower, at 1,132). The projections has five year estimates out to 2050 with gradual continuous growth to reach 1,748 that year, averaging 1.1% from 2025 to 2050. This is in contrast to the shrinking trend projected for

greater Southeast Alaska. The population is subject to sizable expansion during the summer months due to the seasonal nature of tourism and extractive industries.

The 2021 U.S. Census Bureau's American Community Survey estimates July population at 1,132 and the number of households at 390 in Skagway. Median household income was \$75,000, compared to \$77,845 in the state and \$70,784 for all U.S. households. The local poverty rate was 4.8%, compared to 10.5% in the state. Taken together, the local area - although small and relatively remote - has generally favorable demographics.

The 2020 Census counted 760 housing units in Skagway, of which 531 were counted as occupied. The majority of the non-occupied units are used as employee housing during the cruise season or are second homes. Alaska Housing Finance Corporation data reports three new units were built in 2021, one in 2020, two in 2019 and six in 2018.

Statistics for Skagway reflect year-round residency, and do not take into account the seasonal fluctuations as workers move in around April to service the tourism economy that essentially runs from April and closes with the end of the cruise ship season in October. This annual influx of workers can add 2,000 temporary residents over the summer months, putting a strain on housing supply.

### Local Economy

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 tourism industry had reached record highs prior to the Covid-19 pandemic which cancelled the 2020 cruise season and greatly impacted 2021. 2022 saw a large rebound in cruise visitors and 2023 is expected to rival peak pre-pandemic 2019 numbers. The number of cruise ship passengers to Skagway neared 1,000,000 in 2019, receiving 78% of all cruise passengers in Southeast Alaska. The port had received over 700,000 cruise passengers every season since 2003.

No large cruise ships visited Alaska in 2020. 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. 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. The U.S. 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. This led to a very limited Southeast Alaska cruise season of 124,600 passengers in 2021.

In March 2022 the Canadian government announced measures to re-open cruise travel, requiring vaccination for crew and passengers and testing before boarding. According to CLIA, for the 2022 season ships were on average at 74% occupancy, but the 2022 season still resulted in 1,050,000 passengers.

The 2023 season is expected to have ships at 90% occupancy, leading to total visitor numbers at or above the record 2019 level, reflecting pent-up demand, another year of distance from peak-pandemic, increased ship and port capacity, and a longer cruise season. CLIA believes 2023 could see as many as 1.6 million cruise visitors in Southeast Alaska and various reports anticipate 1.0 to 1.2 million to hail in Skagway. Through July 2023 passenger counts have in some cases exceeded the 100% occupancy levels, meaning the upper end of the projection is likely for the full season.

Figures published by the Municipality of Skagway indicate the following cruise passenger counts the past several years.

#### Skagway Cruise Ship Passengers

Year	Actual Count	Projection	Actual Yr/Yr
2023		~1,000,000	
2022	704,289	997,296	
2021	69,390		
2020	0	1,135,000	
2019	983,917		8.1%
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%

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 69,390 calculates to 47% average occupancy. Some of the below-capacity sailing was due to cruise line restrictions.

The 2022 port schedule had 475 cruise ship visits with capacity for 1,173,289 passengers. The 2022 season was impacted by the rock slide above Railroad Dock, which was estimated to have cost 30 ship visits and around 100,000 passengers. Mitigation work has been underway since the slides occurred over summer 2022 and the results are reportedly positive and on track to allow for use of Railroad Dock by April 2023, transporting large ship passengers via bus from the aft berth and to liter passengers from the forward berth. Ships added capacity over the course of the season as the cruise lines adapted to operating realities after two years off. In May ships averaged 58% capacity, in June 63% and in July 75%. Subtracting the loss of passengers from the rock slide issues, the average 2022 occupancy was 68%.



Local seasonal retail operators calculate that 500,000 cruise visitors is a break-even scenario for their businesses over a full cruise season. The excitement over the return of large ships in 2022 was tempered by rock slide issues and difficulties in re-opening after a two year hiatus amid inflation and staffing issues. 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 record cruise seasons will resume in 2023. The 2023 season is projected to have about 1.3 million cruise passengers in Southeast Alaska, which should translate to about 1 million in Skagway, about the same as the record high of 2019. CLIA believes 2023 could see as many as 1.6 million cruise visitors in Southeast Alaska and various reports anticipate 1.0 to 1.2 million to hail in Skagway. Through July 2023 passenger counts have in some cases exceeded the 100% occupancy levels, meaning the upper end of the projection is likely for the full season.

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% 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.

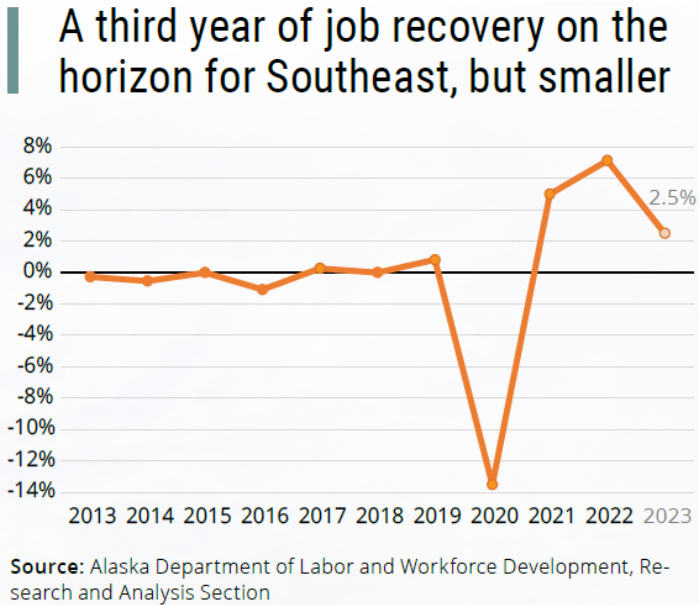
The White Pass and Yukon Route Company owns two deep draft docks for cargo loading and storage known as the Railroad Dock. The company has also leased the two city-owned docks known as the Broadway Dock and the Ore Dock since the 1960s, and arrangement that is set to expire in 2023 with the docks reverting to Municipality of Skagway ownership. 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.

### **Southeast Alaska Economy**

Although Juneau in particular has been fairly stable, Southeast Alaska as a region lost employment in four of the last ten years according to the Alaska Department of Labor and Workforce Development (DOLWD). Southeast began losing jobs in 2013, two years before the statewide recession began, but it resumed growing nominally in 2017. Prior to the coronavirus pandemic

2020 was projected to see another year of growth similar to 2019, but instead incurred a huge loss in jobs, of which 72% were in the leisure and hospitality sector. 2021 saw recovery of about one fifth of the 5,700 jobs lost in 2020, and in 2022 added back 2,400 jobs, 71% more than the 1,400 forecast by DOLWD. Through the first half of 2022, preliminary DOLWD numbers show Juneau employment up 6% over the same period of 2021, with government employment static and the private sector up 11%. Southeast Alaska DOLWD historic employment changes and 2023 forecast are presented in the following chart:



Southeast as a region is expected to see 2.5% job growth in 2023, primarily in construction, seafood processing, transportation, retail and leisure/hospitality. Local government is projected to add 100 jobs while federal and state jobs will be flat. Overall regional 2032 employment is forecast at 36,900 which is 99.7% of 2019 employment and up 17.9% from the 2020 pandemic year average. See the following table from Alaska Department of Labor’s January 2023 *Economic Trends* showing the historic and forecasted trends in employment.

EXHIBIT B

Petro Marine Bulk Plant

Area Data

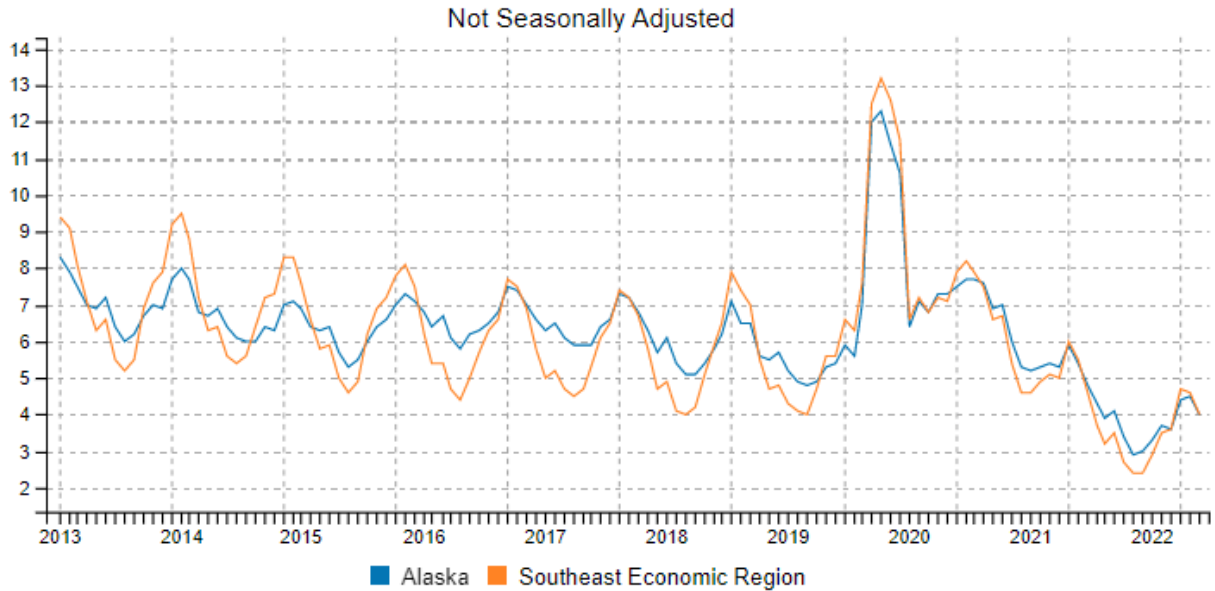
Southeast Region Jobs Outlook, by Industry

Description	Monthly avg, 2019	Monthly avg, 2020	Monthly avg, 2021	Monthly avg, 2022	Change, 2021-22	Percent change	Forecast		
							Monthly avg, 2023	Change, 2022-23	Percent change
<b>Total Nonfarm Employment</b>	37,000	31,300	33,600	36,000	2,400	7.1%	36,900	900	2.5%
<b>Total Private</b>	24,500	19,400	21,600	24,000	2,400	11.1%	24,800	800	3.3%
Mining and Logging	1,100	1,000	1,000	1,100	100	10.0%	1,100	0	0.0%
Construction	1,300	1,300	1,400	1,500	100	7.0%	1,600	100	6.7%
Manufacturing	1,800	1,600	2,000	1,700	-300	-15.0%	1,800	100	5.9%
Seafood Processing	na	na	1,500	1,200	-300	-20.0%	1,300	100	8.3%
Trade, Transportation, and Utilities	7,500	5,200	6,000	7,300	1,300	21.7%	7,500	200	2.7%
Retail Trade	4,200	3,300	3,700	4,000	300	8.1%	4,100	100	2.5%
Transportation and Warehousing	na	na	2,000	2,800	800	40.0%	2,900	100	3.6%
Information	500	400	400	400	0	0.0%	400	0	0.0%
Financial Activities	1,000	1,000	900	1,000	100	11.0%	1,000	0	0.0%
Professional and Business Services	1,600	1,400	1,500	1,600	100	6.7%	1,700	100	6.3%
Educational (private) and Health Services	4,200	4,000	4,200	4,100	-100	-2.4%	4,100	0	0.0%
Health Care	na	na	2,800	2,700	-100	-3.6%	2,700	0	0.0%
Leisure and Hospitality	4,300	2,500	3,200	4,200	1,000	31.3%	4,500	300	7.1%
Other Services	1,200	1,000	1,000	1,100	100	10.0%	1,100	0	0.0%
<b>Total Government</b>	12,500	11,900	12,000	12,000	0	0.0%	12,100	100	1.0%
Federal, except military	1,400	1,400	1,400	1,400	0	0.0%	1,400	0	0.0%
State, incl. University of Alaska	4,700	4,400	4,400	4,300	-100	-2.3%	4,300	0	0.0%
Local and tribal, incl. public schools	6,400	6,100	6,200	6,300	100	1.6%	6,400	100	2.0%

Source: SOA DOLWD

Unemployment over the period 2000-2019 ranged from 5.0% to 7.8% annually, with an average of 6.2%. Southeast as a region had 5.3% unemployment in 2019, which swelled to 8.7% in 2020 during the pandemic and returned to an historically normal rate of 6.1% in 2021. In 2022 the labor market tightening increased, with average annual unemployment of just 3.6%; the lowest annual rate since 1990 was 5.0% in 2007. The first quarter of 2023 continued the trend, average unemployment was 4.4% compared the 5.4% for the same period the year prior. The very low unemployment rate is an indicator of staffing issues in many industries.

Unemployment Rates For  
Southeast Economic Region And Alaska 2013 - 2023



Source: U.S. Department of Labor, Bureau of Labor Statistics, 2023

**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.

**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>	Petro Marine Bulk Plant	
<b>Address</b>	198 Terminal Way Skagway, AK 99840	
<b>Geo Coordinates</b>	Latitude: 59.453448, Longitude: -135.325749	
<b>Physical Location</b>	South side of Terminal Way, south of airport terminal, north of ore terminal	
<b>Assessor's Tax Parcel Number(s)<sup>12</sup></b>	2TOWN141050	
<b>Abbreviated Legal Description</b>	<i>Lease Parcels 8 and 9 according to Appendix A, a portion of ATS #4, Skagway RD, State of Alaska (Per Owner)</i>	
<b>Proposed Premises Details</b>	Petro Marine has previously leased a premises of 86,205 sq ft described as "Lot 6B of ATS #4". The current lease proposal for "Lease Parcels 8 and 9 according to Appendix A, a portion of ATS #4" is a premises of 95,315 sq ft. This is a 10.5% increase in site area which appears to along the southeast boundary of the subject.	
<b>Gross Site Area</b>	Square Feet:	95,315
	Acres:	2.19
<b>SOURCE</b>	Owner	
	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.	
<b>Shape</b>	Irregular	
<b>Street Frontage</b>	The subject has approximately 700' of frontage on Terminal Way.	
<b>Access</b>	Access to and from the subject is considered good relative to competing properties.	
<b>Exposure</b>	Exposure of the subject is considered good relative to competing properties.	
<b>Adjacent Land Uses / Businesses</b>		

<sup>12</sup> Per Tax Assessor Records.

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<b>NORTH</b>	Airport
<b>SOUTH</b>	Ore terminal
<b>EAST</b>	Vacant land
<b>WEST</b>	Skagway River delta
<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. No soils report was provided, however, the subject has been improved for a number of years and there are no visible signs of settling. It is an ordinary assumption of this report that the soil conditions are sufficient quality to support the existing improvements including parking lot areas.
<b>Wetlands</b>	No surface water was noted during the walk-through and the subject does not appear to contain any wetlands.
<b>Drainage / Hydrology</b>	The adequacy of site drainage requires detailed information on rainfall, soil conditions, topography and wetlands and can only be fully ascertained by a professional engineer that specializes on hydrology. A hydrology study was not available to the appraiser. In absence of a formal hydrology study, the adequacy of drainage can only be ascertained by site observation over an extended period of time. For this reason, many drainage issues are not identified until the time of actual development. Drainage issues will also most commonly manifest during peak spring break up, when the combination of new moisture and snow melt maximize runoff. Absence of storm drain systems, low lying locations that are below grade the presence of water bodies and highways increase the risk of drainage issues. Any statement with respect to the adequacy of drainage is based on the perspective of a "typical" market participant and is not a formal conclusion that hydrology issues are not present, rather that they would not be apparent to a typical market participant. No obvious drainage issues were apparent during the site visit and no significant standing bodies of water were present. Given the previously described physical characteristics, a typical market participant with typical levels of market knowledge and expertise would most probably conclude that site drainage is typical of the market and adequate.
<b>Hazardous Conditions</b>	Until the 1950s, asbestos was used in the insulation of the majority of buildings, with the vast majority built between 1930 and 1950. In the 1970s, asbestos was found to be a carcinogen. In 1973, under the EPA's Clean Air Act, most spray-applied asbestos products were banned for fireproofing and insulating purposes. In July 1989, the EPA issued the Asbestos Ban and Phase-Out Rule (ABPR), which planned to impose a full ban on the manufacturing, importation, processing and sale of asbestos-containing materials (ACMs) and products. Theoretically, any improvements constructed before that time could potentially contain ACMs. That said, when present, most of these materials are non-friable and do not pose any

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health risk. The presence of ACMs can, however, can increase the costs of larger scope interior renovations as their removal prior to renovation is required. If removal is required, the market value of properties containing ACMs is reduced by the cost to cure and an entrepreneurial incentive (when present). In other cases, however, the ACMs may remain in place, do not require curing and do not typically result in a discount in market value. If the improvements were built prior to these dates, the intended user should carefully consider the potential for ACMs to be present and their impact on functional utility and market value.

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

### **Flood Zone**

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

#### **ZONE C / X (UNSHADED)**

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

### **Earthquake Zone**

Alaska is a seismically active region. In certain instances, lending institutions will require that earthquake insurance be obtained for properties located within high risk zones. FEMA puts the subject area in Seismic Design Category D0, the middle risk category. Other than the premium in the cost of obtaining earthquake insurance, data does not indicate any discount in value for properties located in higher risk areas. Most competing properties in the subject's area have similar levels of earthquake risk.

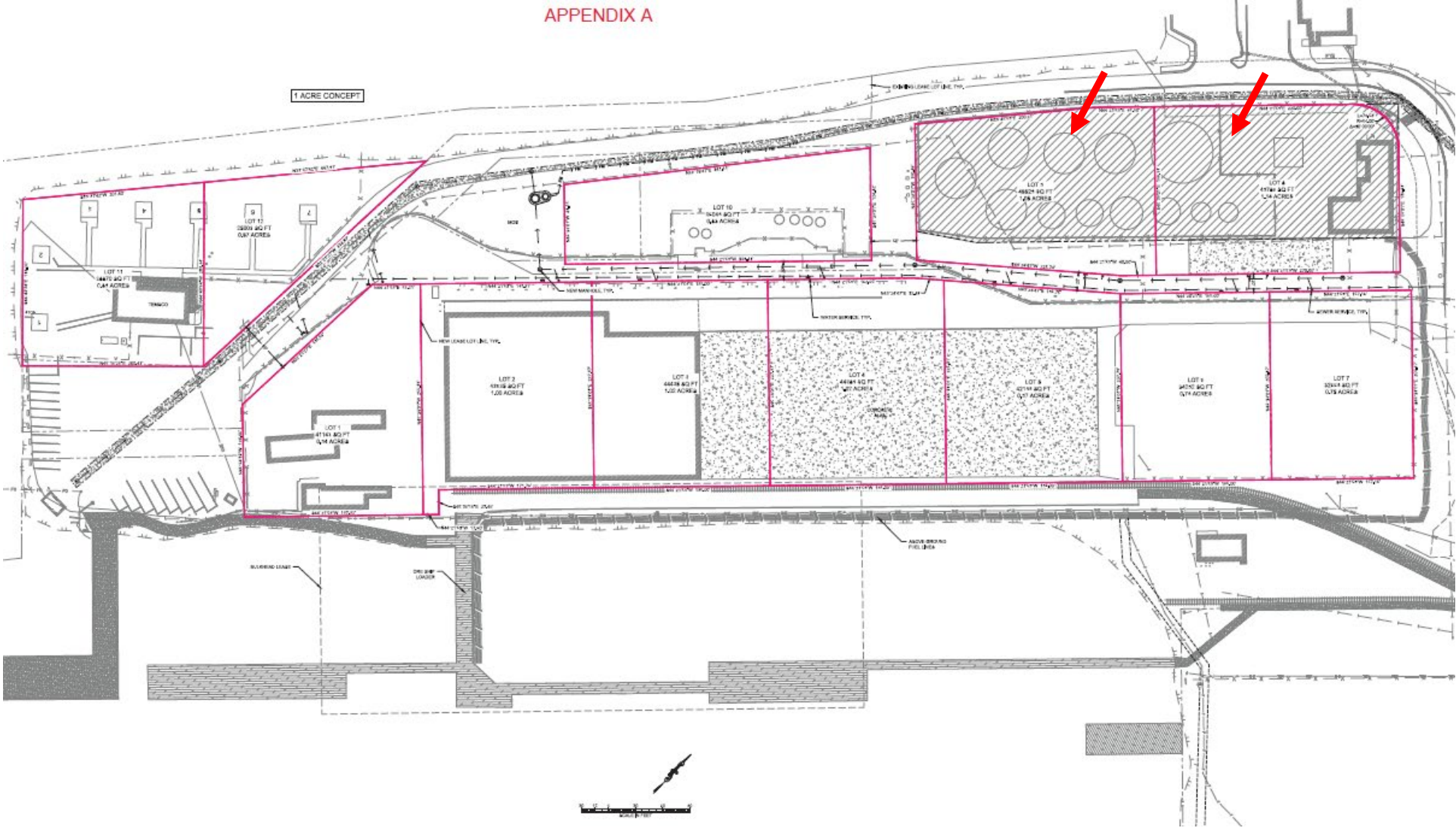
### **Utilities**

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

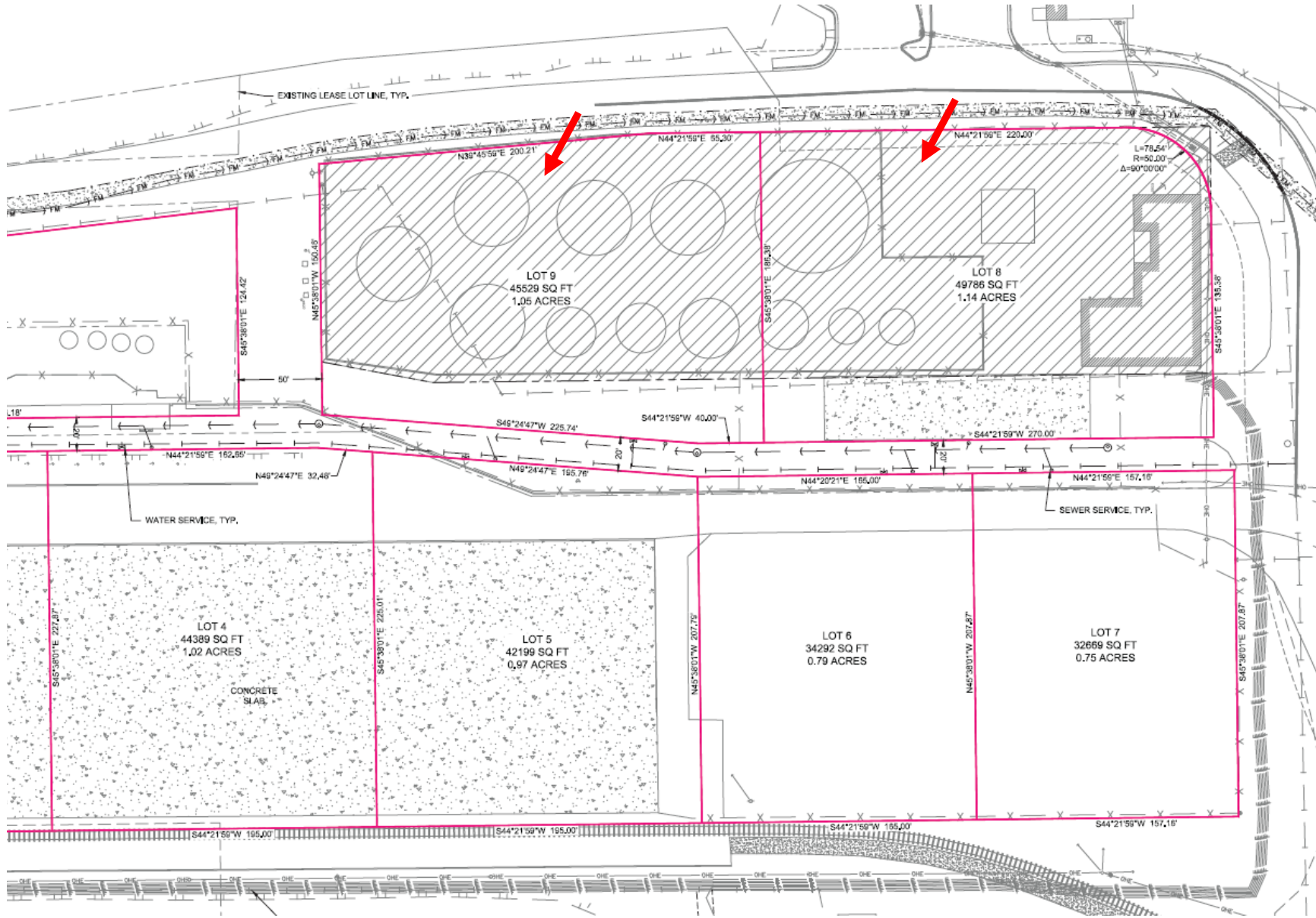
**Aerial Photograph Exhibit**



Appendix A Site Plan Overview



Appendix A Site Plan Detail



**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.

# Description of Improvements

**Overview**

The subject property is a 2.19-acre property described as 'Lease Parcels 8 and 9 according to Appendix A, a portion of ATS #4'. The property is improved with a 5,294 sq ft shop/office building constructed in 1988 and 14 fuel tanks with appurtenant piping and loading apparatus. The fuel tanks total capacity is 116,220 barrels and they were built between 1942 and 1995, with an average age of 55 years. The tanks are under a constant inspection, repair and maintenance program and are within a lined spill containment area.

## Warehouse Building

<b>Building Area</b>	GBA:	5,294 sq ft
	Rentable:	5,294 sq ft
	% Office:	20%

**Land-to-Building Ratio** 18.00 to 1: 1

**Site Coverage Ratio** 6%

**FAR (Floor Area Ratio)** 0.06

**Source** Owner

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

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

**Age Characteristics**

**YEAR BUILT** 1988

**YEAR RENOVATED** The history of renovation is unknown. However, it is clear, based on the condition of the improvements, that some upgrades and renovations have occurred periodically over time.

**ACTUAL AGE** 35 years

**EFFECTIVE AGE** The effective age of a property can be less than or more than its actual age, depending on renovations, upgrades, and the level of capital reinvestment. Based on the appraiser's walk-through of the subject, construction type, quality, current condition and economic performance, the effective age of the subject is estimated at approximately 20 years.

<b>ECONOMIC LIFE</b>	Marshall Valuation Service indicates properties similar to the subject’s construction type and quality have economic lives between 35 and 50 years. In practice, with ongoing capital expenditures and reinvestment the economic life of a building can be extended well beyond the indicated range. Within the Alaska market, the economic lives of improvements have typically been between 50 and 100 years. After careful consideration, an economic life of 40 years has been estimated.
<b>REMAINING ECONOMIC LIFE</b>	Based on the subject’s estimated effective age and economic life, the remaining economic life is estimated at 20 years.
<b>Floors / Stories</b>	1 stories.
<b>Layout</b>	Please refer to the assessor’s building sketch presented at the end of this section. The subject was designed for single-tenant occupancy, with a 30’ x 60’ steel shop/office building with its roof extending 21’ to cover a 60’ wide loading dock area. There is one truck door at the loading dock and one facing the yard. The north end of the building is built out as a 600 sq ft office space. Overall, the subject’s layout is typical for this type of property and market segment, and it appears to be an efficient design that provides average functional utility for the current use.
<b>Structural Systems</b>	The following is based on the appraiser’s walk-through, information provided by the owner, and information contained within the public record. The appraiser is not an engineer and building plans, an architect or engineer should be consulted for additional detail on structural systems.
<b>FOUNDATION</b>	Poured concrete slab
<b>STRUCTURAL SYSTEM</b>	Steel frame
<b>ROOF / DRAINAGE</b>	Gable roof. Metal covering.
<b>EXTERIOR FINISH</b>	Metal
<b>Mechanical Systems</b>	The appraiser is not qualified to make a determination on the condition or functionality of mechanical systems. It is understood that the current mechanical systems are in good working order without any outstanding items of deferred maintenance. Nonetheless, it is an assumption of this report that mechanical systems are typical of a property within the market segment that the subject competes and that systems are functional, in good working condition, without any outstanding items of deferred maintenance or repair.
<b>HEATING</b>	Electric
<b>PLUMBING</b>	Plumbing is assumed to be to code and typical for the subject’s property type, age and market classification / segment.

## EXHIBIT B

### Petro Marine Bulk Plant

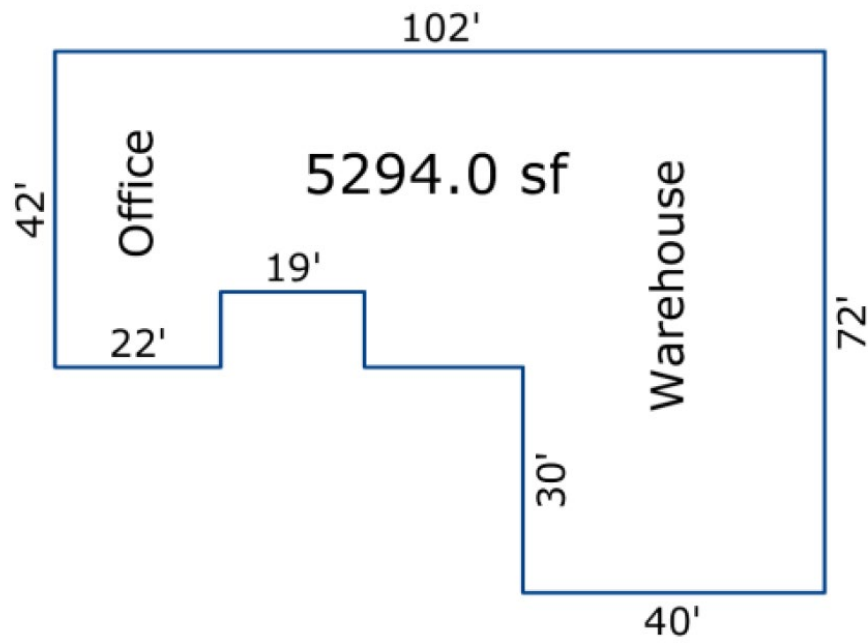
### Description of Improvements

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<b>ELECTRICAL &amp; WIRING</b>	Electrical is assumed to be to code and typical for the subject's property type, age and market classification / segment.
<b>LIFE / SAFETY SYSTEMS</b>	The building is sprinklered. Fire alarms and extinguishers, as applicable, are assumed to meet current fire safety codes.
<b>Truck Doors</b>	The subject has 2 dock-high truck doors that provide access to the warehouse area, which is considered typical of the market.
<b>Clear Height</b>	Approximately 14' clear height in the shop area.
<b>Interior Finish</b>	The interior finish is typical of competitive properties within the market segment that the subject competes. Overall, the interior finish is average quality in average condition. Please refer to the subject photographs presented in a following section for additional detail on the interior finish.
<b>ADA Compliance</b>	A specific survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the Americans with Disabilities Act (ADA) has not been conducted. The subject was built after ADA requirements were put into place and conformance is likely required. The market value estimate assumes the property is in ADA compliance, if applicable.
<b>Deferred Maintenance</b>	The detection of deferred maintenance in structural, roof, electrical, plumbing and other mechanical systems is beyond the scope of expertise of the appraiser. No deferred maintenance was reported to the appraiser. The walk through identified normal wear and tear but did not identify any obvious signs of deferred maintenance. The current condition of the improvements was considered in the depreciation applied in the Cost Approach to valuation in this appraisal.
<b>Landscaping, Surface Covering &amp; Lighting</b>	Minimal landscaping. Parking surface covering is asphalt. Exterior lighting is typical for a property of this type.
<b>Parking</b>	The subject does not have marked parking stalls but has ample space for vehicle parking and meets zoning requirements.
<b>Functional Utility</b>	There are no known physical or economic characteristics that limit the improvements level of functional utility. The subject is generally physically and economically similar to other improvements within the market segment that it competes. Overall, the improvements are concluded to provide average functional utility for the intended use.



Assessor Building Sketch



## Tank Farm Improvements

The subject tank farm consists of fourteen steel tanks with a total capacity of 116,220 barrels, within a secondary containment area measuring approximately 50,700 sq ft. The containment area was expanded in 2000 to increase capacity to 27,931 barrels, less the tank bottoms, in order to be able to hold 11% more than the entire contents of the largest tank. The containment area has a steel-reinforced concrete perimeter wall and an impermeable geotextile fabric liner.

There are two Tank Truck Loading Racks (TTLR) at the property. The domestic rack, a single truck unit located northwest of the tank farm that is for local use. The other is the bonded rack, a two-truck unit on the east boundary of the property that loads trucks for export to Canada.

Petro Marine reports that about 25.5 million gallons of refined petroleum products run through the facility annually, about 1.1 million, or 4.3%, sold domestically, and the remainder sold to sister company North 60 Petro and exported to Canada. Thus, the facility is grossly overbuilt for local demand, and relies upon proprietary international sales business for its volumes, which is essentially unique to Petro Marine as an occupant. Petro Marine purchased the subject property in 1995 from PARN with its sister company North 60 Petro purchasing PARN's Canadian assets (infrastructure and government approvals).

Tank farm operation at the subject site dates back to as early as 1937, and tank number 8 is still in operation from that year. Thirteen more tanks have been added since then, the most recent two in 1995. Weighted by volume, the 14 tanks are on average 55 years old. They are meticulously inspected under federal guidelines and repaired and maintained on a schedule. For example, the tanks are repainted every seven years at a cost of \$500,000 and are due for this service in 2023. The following table details the tanks.

### Oil Tank Summary

Tank No.	Dia. Feet	Height Feet	Base sq ft	Gallons Volume	Barrel Volume	Year Built	Age	Foundation	Year Lined/ Repaired	Year New Floor
1	67	40	3,526	1,054,872	25,116	1965	58	gravel	2006	
2	42	40	1,385	414,540	9,870	1970	53	gravel	1997	
3	42	40	1,385	414,540	9,870	1965	58	gravel	1998/2008	1981
4	30	30	707	158,634	3,777	1947	76	gravel	1998/2010	
5	30	30	707	158,634	3,777	1947	76	gravel	2000	
6	36	30	1,018	228,438	5,439	1947	76	gravel	1997	
7	32	30	804	180,474	4,297	1947	76	gravel	1997	1997
8	24	29	452	98,154	2,337	1937	86	gravel	1997/2010	
9	20	30	314	70,518	1,679	1942	81	gravel	1997/2013	1994
10	11	30	95	21,336	508	1956	67	concrete	2009	
11	11	30	95	21,336	508	1965	58	concrete	2006	
12	50	48	1,963	705,012	16,786	1995	28	concrete	1995/2005	
13	50	48	1,963	705,012	16,786	1995	28	concrete		2005
14	48	48	1,810	649,740	15,470	1950	73	concrete	2010	2002
Total/Avg			16,226	4,881,240	116,220		55			

Tank Farm Site Plan

**Figure 1.8-3 Tank Farm Site Map**

**Bulk Plant**  
**Petro 49, Inc.**  
 10 Terminal Road  
 Skagway, Alaska 99840  
 Within: Secs. 11 and 14, T. 28 S., R. 59 E.,  
 Copper River Meridian, Alaska.  
 Tank Farm: 59 27.174' N 135 19.589' W  
 USGS 63K Quad: Skagway B-1  
 NOAA Chart: Skagway and Nahku Bay  
 Coordinate System:  
 NAD 1983 Alaska Albers

- Drain
- Sump
- Oil-Water Separator
- Hydrant
- Aboveground Pipeline
- Belowground Pipeline
- Strip Drain
- Drain Pipe
- First Valve
- Electric Shutoff
- Tank
- Valve
- Office
- Pump House
- Tank Truck Loading Rack
- Warehouse
- Fire Extinguisher
- Tank Farm
- Bulk Plant Secondary Containment Area



 Current to: 8/4/2022  
 Author: Integrity Environmental LLC  
<http://www.integrity-env.com>

# 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 current assessed value reflects existing Lot 6B which is 9,110 fewer sq ft than the proposed subject premises. The current assessed land value also reflects the possessory leasehold interest of the tenant's temporary rights to use the land, and is discounted 62.1% from a base assessed land value of \$6.00/sq ft.

The following table presents 2022 subject assessed values and real estate taxes in three scenarios: the proposed subject premises with base land value, the existing premises with base land value, and the existing premises with possessory interest land value which is how the taxes have actually been applied under the White Pass sublease.

**Property Assessment & Tax Summary Exhibit**

**2022 PROPERTY ASSESSMENT & TAXES**

**Proposed Subject 2.19-Acre Site, Base Land Value**

Tax Parcel Number	Assessment			Mill Rate	Taxes
	Land	Improvements	Total		
2TOWN141050	\$571,890	\$5,510,600	\$6,082,490	\$5.775	\$35,126

**Existing 1.98-Acre Site, Base Land Value**

Tax Parcel Number	Assessment			Mill Rate	Taxes
	Land	Improvements	Total		
2TOWN141050	\$517,230	\$5,510,600	\$6,027,830	\$5.775	\$34,811

**Existing 1.98-Acre Site, Possessory Interest Land Value**

Tax Parcel Number	Assessment			Mill Rate	Taxes
	Land	Improvements	Total		
2TOWN141050	\$196,100	\$5,510,600	\$5,706,700	\$5.775	\$32,956

# Subject Photographs

View of Subject approaching from east along Terminal Way



Warehouse/office from west



Subject Photographs

Gated entry and tank farm from north



Middle of tank farm along Terminal Way



South end of tank farm



Tank farm from southwest





Warehouse/Office  
looking east



Office



Warehouse



Bonded double TTLR  
along west side of  
subject



Bonded TTLR



Domestic TTLR



Valves and piping at north end of containment area



Looking southwest at northeast corner of containment area, tanks 5-11



Looking northeast from southeast corner of containment area, tank 13 at center



Looking west along south end of containment area, tank 14



Fence, wall, pump and membrane detail southwest of tank 14



View north along center of tank farm



Tank 1 at northwest corner of containment area



Alarm area outside containment wall perimeter, north end



# 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>13</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>13</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.

### As Improved

---

**As Is**

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

**Maximally Productive**

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

### Probable Buyer

---

The subject is currently owner-occupied and would be available for owner-occupancy by a theoretical buyer. Similar properties within the subject's market are typically owner-occupied and it is likely that an owner-user would pay the highest price for the subject. Therefore, the most probable buyer is an owner-user.

# Land Valuation

## Introduction

### Methodology

Land is customarily valued as though unimproved and available for development to the use, which would justify the highest price and the greatest net return. Sales of unimproved land most similar to the subject are investigated and the most appropriate transactions are analyzed. The land value estimate traditionally reflects the fee simple value of raw land with good soils, available access, available utilities, minimal site work completed with no site improvements.

### Units of Comparison

Units of comparison, components into which properties may be divided for purposes of comparison, are derived from comparable sales data. Brokers, developers and other market participants indicated a common unit of comparison for properties in this market is the price per sq ft of land area.

## Comparable Data

### Sources of Data

The following transactions were obtained from various sources including web sites, brokers, assessors, appraisers, other individuals and most notably the Reliant, LLC internal database.

### Availability of Data

The availability of comparable data is a function of the subject's location, property type, property size, market size and market activity. There are a limited number of properties with similar physical and economic characteristics to the subject, and these are traded infrequently. Market research identified an adequate number of transactions involving properties that bracket the subject and provide a good basis for comparison.

The comparable search emphasized using local Skagway sales rather than going out of town. Similar sales in Juneau, Sitka and Ketchikan were considered but ultimately not used as it was judged important to stay as local as possible.

The subject site is fairly rare in that it is a larger industrial site located at the port; all such properties are publicly owned thus there have not been any directly comparable sales. This led to use of two types of comps: large industrial sites on Klondike Highway and smaller commercial sites in town. The former captures the size and use of the subject site while the latter reflects the locational characteristics of the subject being close-in and near the waterfront.

### Presentation of Data

The most relevant data for these transactions is presented on the following summary table. The following map highlights the location of the comparables relative to the subject. Detailed sheets containing additional documentation on the physical and economic characteristics of the transactions are presented in the Addenda.

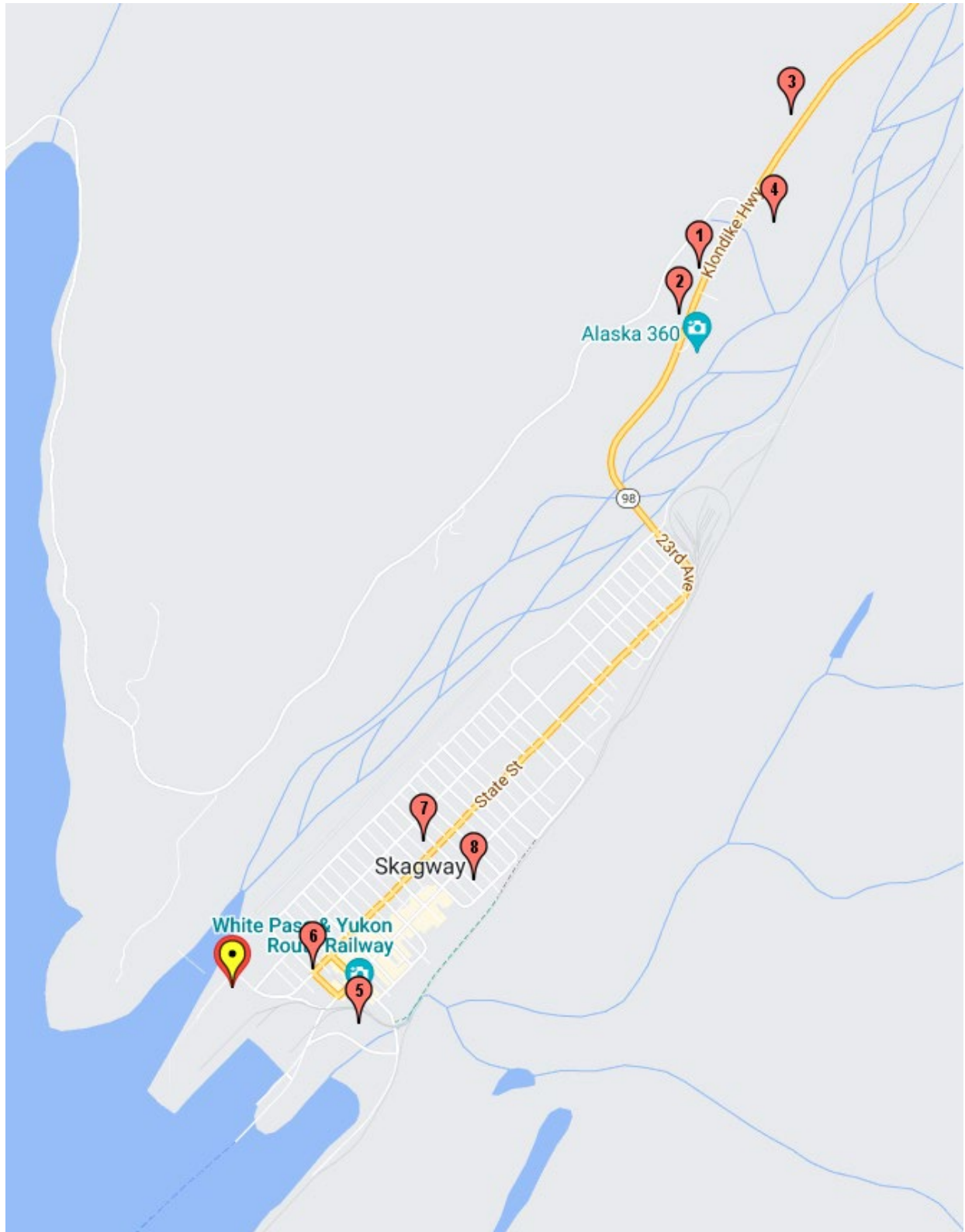
EXHIBIT B

Summary of Comparable Land Sales Exhibit

No.	Name	Land SF	Utilities	Soil Conditions	Access / Exposure	Shape	Date	Price
	Legal Description	Acres		Zoning	Road Frontage	Topography	Transaction Type	
L-1	Lazy Daisy Farm Site - 10653 Lot 4, Klondike Park No. 2 SD, Plat 2012-2, Skagway Skagway	40,143 0.92	Private Well, Electricity/Internet At Road	Good I, Industrial	Average 260'	Irregular Level	Jul-14 Closed Sale	\$85,000 \$2.12 /SF
L-2	Alaska Power & Telephone Site - 3716 Lot 6 Klondike Park No. 2 Subdiv, Plat 2012-2 Skagway	52,253 1.20	Electric, Private Well, Septic	Average I, Industrial	Average / 289'	Irregular Generally Level	Jul-12 Closed Sale	\$100,000 \$1.91 /SF
L-3	Alaska DOT Site - 3715 Lot 2 Dyea North Subdiv, Plat 2010-3, Skagway RD, Skagway	123,710 2.84	Electric, Private Well, Septic	Average I, Industrial	Average / 843'	Irregular Level To Steep	Mar-11 Closed Sale	\$513,412 \$4.15 /SF
L-4	Municipal Facility Site - 3711 Lot 1, Plat 2014-2 Skagway Commercial SD, Skagway Skagway	653,400 15.00	Electric, Private Well, Septic	Average I, Industrial	Average / 767'	Irregular Generally Level	Jun-14 Closed Sale	\$1,647,648 \$2.52 /SF
L-5	Moe Estate Vacant Site - 3684 Lt 2, ATS 4, Tidelands Addition to Skagway Skagway	20,038 0.46	Water, Sewer, Electric	Good Wd, Waterfront District	Below Average / 0'	Rectangular Generally Level	Feb-19 Closed Sale	\$400,000 \$19.96 /SF
L-6	Chilkoot Charters Site - 3607 Lot 11A, Block 38, Skagway Townsite. Skagway	10,000 0.23	All Available	Average Bg, Business General	Average / 100'	Rectangular Generally Level	Oct-16 Closed Sale	\$188,700 \$18.87 /SF
L-7	8th Avenue Lot - 3699 Lot 3, Block 5, Skagway Townsite. Skagway	5,000 0.11	All Available	Average Bg, Business General	Average / 50'	Rectangular Generally Level	May-17 Closed Sale	\$91,700 \$18.34 /SF
L-8	Healy IL Site - 3717 Lot 10, Block 21, Skagway Townsite. Skagway	5,000 0.11	All Available	Average II, Industrial Light	Average / 50'	Rectangular Generally Level	Sep-15 Closed Sale	\$65,000 \$13.00 /SF
Subj.	Petro Marine Bulk Plant Lease Parcels 8 and 9 according to Appendix A, a Skagway	95,315 2.19	All Available	Assumed Good W, Waterfront	Good / Good 700'	Irregular Level	Appraisal	\$1,430,000 \$15.00 /SF

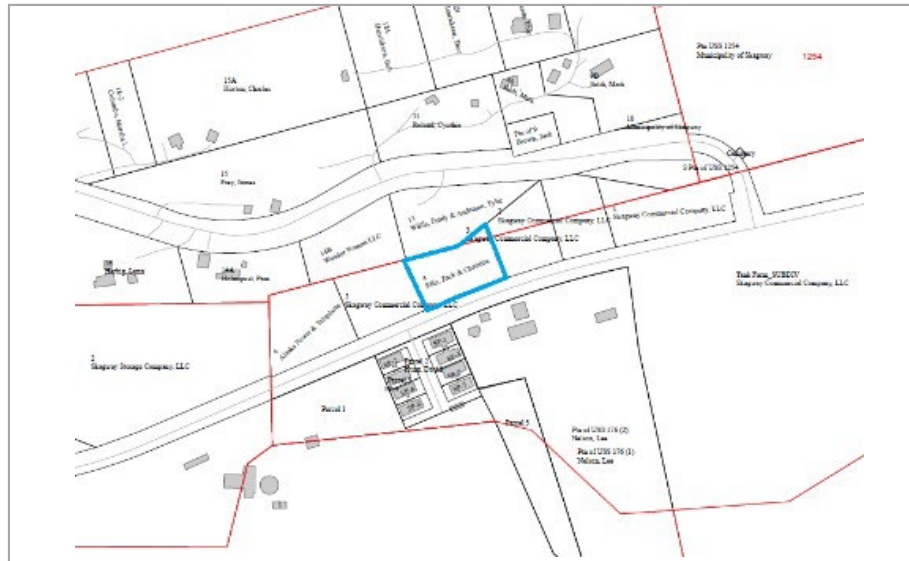
(1) "Price" shown for analysis purposes may reflect adjustments for conditions of sale, soil conditions, utility extensions or other items. Please refer to the individual comparable's comments.

Map of Comparable Land Sales Exhibit



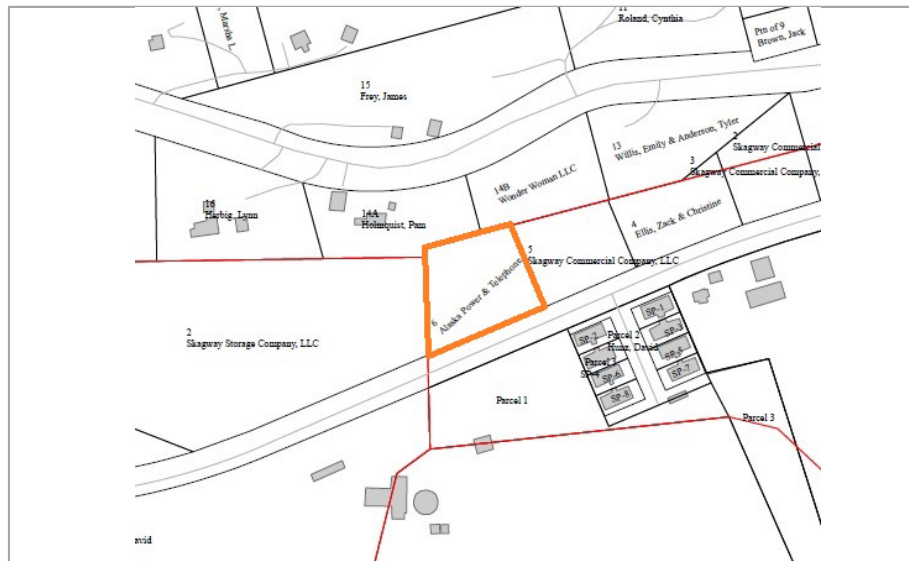
Description of Data

Sale No. L-1



At sale this was a vacant, unimproved industrial-zoned land parcel with a well drilled in 2008, part of a subdivision of a newly remediated former tank farm property on Klondike Highway just outside of town. The property has since been improved as a micro-farm with approximately \$157,000 in real property improvements including landscaping, fencing, a barn, well house and pump system, greenhouse and installation of electric and phone/wifi service. Another \$43,000 was spent on personal property associated with the farm operation including two refrigerated conexes, a fifth wheel, tools/equipment and supplies.

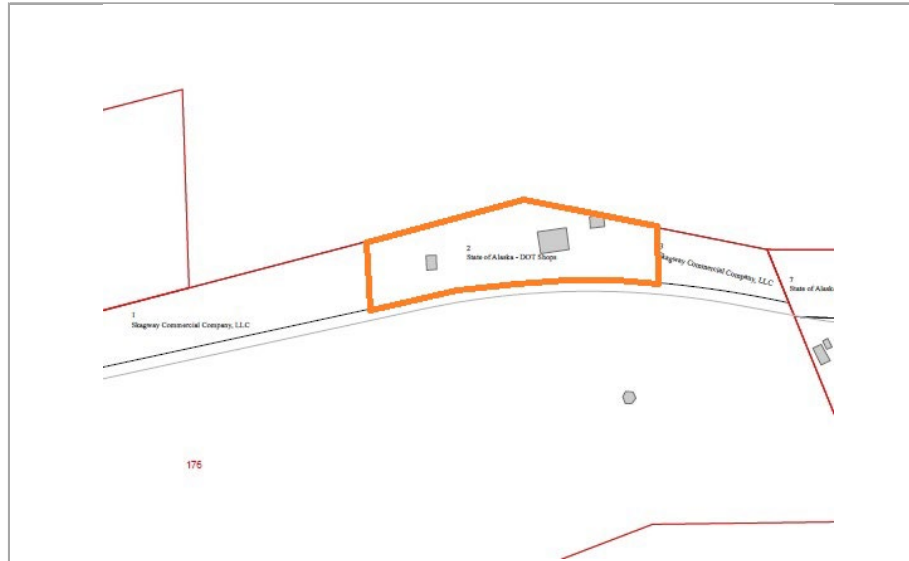
Sale No. L-2



This is a 1.2-acre site located on the west side of the highway at about milepost 1.7, across from the Alaska 360 property. The buyer, Alaska

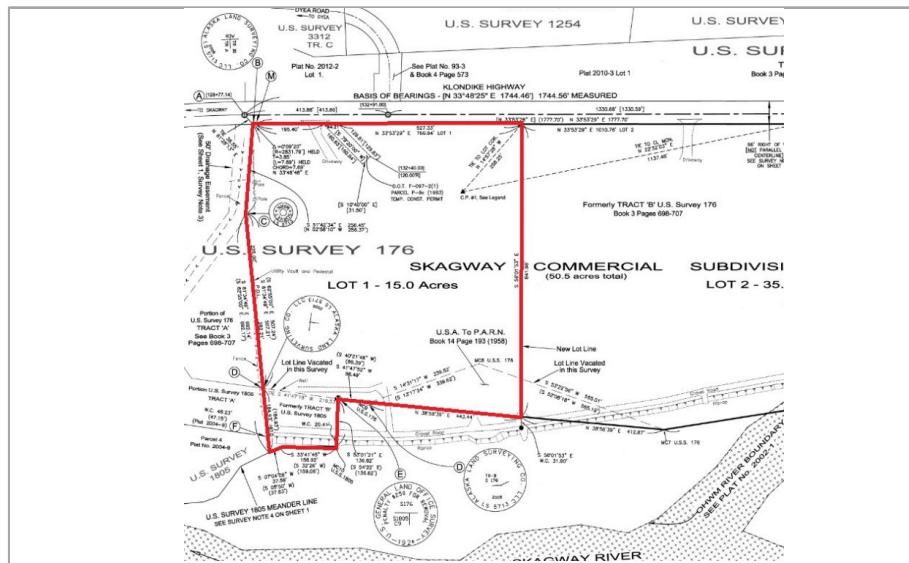
Power & Telephone, is using the property as a storage yard.

Sale No. L-3



This is a 3.82-acre gross site with some steep bluffs making the net usable site area 2.84 acres. The property is located on the west side of the highway at about milepost 2.2. The property is relatively long and narrow, with 840 feet of highway frontage. The buyer, Alaska DOT, is using the property as part of its maintenance facility.

Sale No. L-4



This is the Municipality of Skagway's June 2014 purchase of 15 acres of industrial land just outside of the townsite across from the Dyea Road intersection. The seller was Skagway Commercial Co./Hamilton Construction, a large land holder in area. Skagway intends to use the property as a waste transfer and public works facility, and possibly as an RV Park replacement for Garden City which the municipality bought out in town

at 15th and State. At the southeast corner of the site the property boundary reaches the Skagway River meander line. The sale price is inclusive of seller-allocated \$96,437 infrastructure costs and \$51,291 in survey/geotechnical costs.

**Sale No. L-5**



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-6**



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.

Sale No. L-7



This 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.

Sale No. L-8



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.

## Overview of Adjustments

<b>Nature of Adjustments</b>	<p>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.</p> <p>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.</p>
<b>Usable Land Area</b>	<p>Non-usable areas due to topography, wetlands, overhead utilities or other issues are subtracted from gross site area.</p>
<b>Property Rights Conveyed</b>	<p>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.</p>
<b>Financing Terms</b>	<p>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,</p>

those sales with financing not typically available for the property at the time of sale must be converted to typical terms and cash equivalency.

**Conditions of Sale**

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

**Market Conditions**

In the process of completing this assignment, or as part of previously completed assignments for similar properties in this segment, consideration was given to available paired sales, rent trends, assessment trends, MLS trends, economic studies, published articles and discussions with market participants. Based on the available data, market values have generally been increasing in recent years as the available supply of substitute properties has decreased and the number of buyers actively seeking properties has increased. A 0.0% adjustment is made through June 30, 2012; and finally a 2.0% subsequent adjustment is applied through August 14, 2023.

**Location**

Location is a broad term that includes non-property specific factors such as neighborhood and surrounding demographics and property specific factors such as surrounding streets, street frontage, access, exposure, number of corners, traffic counts, adjacent properties and other factors. Where appropriate adjustments for certain components of location may be performed individually.

**Access/Exposure**

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.

**Size**

If an adequate supply of larger sites exists then generally smaller parcels tend to sell for higher prices per sq ft. If supply of larger parcels is limited then they occasionally sell for a premium.

A review of data indicates that within the subject's market 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.

**Topography**

Topography refers to whether a site is level or sloping and at, above, or below the grade of surrounding streets. Adjustment is required to those comparables that have dissimilar topography relative to the subject. In certain cases, the slope of the topography is so severe that the impacted area is not usable and is therefore excluded from usable site area. In other cases,

the sloping area is still usable but is not desirable because it increases development costs and requires mitigation prior to development.

**Shape**

An irregularly shaped parcel is likely to have less utility than a square or rectangular parcel, and would be adjusted downward in comparison..

**Utilities**

The existing presence of utilities is preferable as it saves the cost of extending utilities to the property.

**Zoning**

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

**Water Frontage**

Water frontage allows for access, recreation, views and other intangible benefits to a property. The amount of frontage to overall acreage is a telling ratio in the per unit price paid for a property.

EXHIBIT B

Adjustment Grid Exhibit

Land Analysis Grid		L-1	L-2	L-3	L-4	L-5	L-6	L-7	L-8								
Name	Petro Marine Bulk Plant	Lazy Daisy Farm Site -	Alaska Power &	Alaska DOT Site - 3715	Municipal Facility Site -	Moe Estate Vacant	Chilkoot Charters Site -	8th Avenue Lot - 3699	Healy IL Site - 3717								
City	Skagway	Skagway	Skagway	Skagway	Skagway	Skagway	Skagway	Skagway	Skagway								
Date	8/15/2023	7/1/2014	7/16/2012	3/2/2011	6/20/2014	2/27/2019	10/17/2016	5/9/2017	9/28/2015								
Price	Appraisal	\$85,000	\$100,000	\$513,412	\$1,647,648	\$400,000	\$188,700	\$91,700	\$65,000								
Land SF	95,315	40,143	52,253	123,710	653,400	20,038	10,000	5,000	5,000								
\$/Sq Ft	---	\$2.12	\$1.91	\$4.15	\$2.52	\$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%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Cash	0.0%	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	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%	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%
<b>Adjusted Land SF Unit Price</b>		<b>\$2.12</b>	<b>\$1.91</b>	<b>\$4.15</b>	<b>\$2.52</b>	<b>\$19.96</b>	<b>\$18.87</b>	<b>\$18.34</b>	<b>\$13.00</b>								
Market Cond. Thru	6/30/12	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								
<b>Adjusted Land SF Unit Price</b>		<b>\$2.12</b>	<b>\$1.91</b>	<b>\$4.15</b>	<b>\$2.52</b>	<b>\$19.96</b>	<b>\$18.87</b>	<b>\$18.34</b>	<b>\$13.00</b>								
Market Cond. Thru	8/14/23	2.0%	19.8%	24.5%	24.7%	19.9%	9.2%	14.5%	13.2%	16.9%							
<b>Adjusted Land SF Unit Price</b>		<b>\$2.54</b>	<b>\$2.38</b>	<b>\$5.17</b>	<b>\$3.02</b>	<b>\$21.81</b>	<b>\$21.60</b>	<b>\$20.76</b>	<b>\$15.20</b>								
Location																	
% Adjustment		20%	20%	20%	20%	0%	0%	0%	0%								
\$ Adjustment		\$0.51	\$0.48	\$1.03	\$0.60	\$0.00	\$0.00	\$0.00	\$0.00								
Access / Exposure																	
% Adjustment		10%	10%	10%	10%	-5%	-10%	0%	10%								
\$ Adjustment		\$0.25	\$0.24	\$0.52	\$0.30	-\$1.09	-\$2.16	\$0.00	\$1.52								
Land SF (Size)	95,315	40,143	52,253	123,710	653,400	20,038	10,000	5,000	5,000								
% Adjustment		-5%	-5%	10%	20%	-10%	-10%	-10%	-10%								
\$ Adjustment		-\$0.13	-\$0.12	\$0.52	\$0.60	-\$2.18	-\$2.16	-\$2.08	-\$1.52								
Topography	Level	Level	Generally Level	Level To Steep	Generally Level	Generally Level	Generally Level	Generally Level	Generally Level								
% Adjustment		0%	0%	5%	0%	0%	0%	0%	0%								
\$ Adjustment		\$0.00	\$0.00	\$0.26	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00								
Shape																	
% Adjustment		0%	0%	0%	0%	0%	0%	0%	0%								
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00								
Utilities																	
% Adjustment		5%	5%	5%	5%	0%	0%	0%	0%								
\$ Adjustment		\$0.13	\$0.12	\$0.26	\$0.15	\$0.00	\$0.00	\$0.00	\$0.00								
Zoning	W, Waterfront	I, Industrial	I, Industrial	I, Industrial	I, Industrial	Wd, Waterfront	Bg, Business General	Bg, Business General	II, Industrial Light								
% Adjustment		5%	5%	5%	5%	0%	0%	0%	5%								
\$ Adjustment		\$0.13	\$0.12	\$0.26	\$0.15	\$0.00	\$0.00	\$0.00	\$0.76								
Water Frontage	0	0	0	0	197	0	0	0	0								
% Adjustment		0%	0%	0%	-5%	0%	0%	0%	0%								
\$ Adjustment		\$0.00	\$0.00	\$0.00	-\$0.15	\$0.00	\$0.00	\$0.00	\$0.00								
<b>Adjusted Land SF Unit Price</b>		<b>\$3.42</b>	<b>\$3.22</b>	<b>\$8.02</b>	<b>\$4.69</b>	<b>\$18.54</b>	<b>\$17.28</b>	<b>\$18.69</b>	<b>\$15.96</b>								
<b>Net Adjustments</b>		61.7%	68.1%	93.2%	85.8%	-7.1%	-8.4%	1.9%	22.7%								
<b>Gross Adjustments</b>		73.7%	80.6%	93.2%	97.8%	25.6%	37.4%	24.5%	46.1%								

## 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. Prior to adjustments, the sale prices fall within a wide range, with the highway acreage sales ranging from \$1.91 to \$4.15 per sq ft and the in-town sites ranging from \$13.00 to \$19.96 per sq ft.

After adjustments the ranges are narrowed substantially, with the highway acreage sales ranging from \$3.22 to \$7.93 per sq ft and the in-town sites ranging from \$15.78 to \$18.69 per sq ft, supporting the overall reasonableness of the adjustments made. Comparables requiring a lower degree of gross adjustment are generally the most reliable indicators of value. Comparables requiring higher degrees of gross adjustment are generally less reliable indicators of value, but may still be meaningful and given weight if the adjustments made were strongly supported.

The subject property value would be expected to fall in between the two comp groups, which average \$4.78/sq ft for the highway acreage sales and \$17.43 for the in-town sites. Ultimately, the subject property's location more closely aligns it with the in-town sales. 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 \$15.00/sq ft.

<b>RANGES &amp; RECONCILED VALUE</b>				
<b>Number of Comparables:</b>	<b>8</b>	<b>Before Adj.</b>	<b>After Adj.</b>	<b>% Δ</b>
<b>Low:</b>		\$1.91	\$3.22	68%
<b>High:</b>		\$19.96	\$18.69	-6%
<b>Average:</b>		\$10.11	\$11.23	11%
<b>Median:</b>		\$8.58	\$11.99	40%
<b>Range:</b>		\$18.05	\$15.47	-14%
<b>Reconciled Value/Unit Value:</b>			\$15.00	/ land sf
<b>Subject Size:</b>			95,315	
<b>Indicated Value:</b>			\$1,429,725	
<b>Reconciled Final Value:</b>			<b>\$1,430,000</b>	

# Cost Approach

## Introduction

### Methodology

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

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

## Replacement Cost - Marshall Valuation Service

### Inflationary Trends

Construction cost inflation results from two primary sources: short-term supply chain disruptions due to COVID-19 and mid-to-longer-term inflation resulting from a combination of government spending levels and Federal Reserve monetary policy. Due to COVID-19 a shortage of labor and subcontractors is reported, which has led to increases in sub costs and delays in project delivery. The U.S. M2 Money Supply indicates that since 2004, the money supply has gone up nearly 500%. During COVID-19, however, it increased sharply - from \$15,000 billion to nearly \$22,000 billion. Most market participants, including the Federal Reserve itself, are now anticipating a period of inflation and higher interest rates to combat it.

Regardless of the causes, inflation has had a significant influence on replacement costs and general contractors and subcontractors are carefully factoring in anticipated cost increases into their bids. Due to market inefficiencies, it is not possible to say for certain what recent construction specific inflation trends have been, but it has been reported by market participants that projects have experienced increasing costs ranging from as little as 10% to as much as 50%.

If an “as proposed” value has been requested, the client should carefully consider the durability of the cost estimate that has been provided and the reasonableness of the projected project delivery date, which due to construction delays have often been double the original estimate. Replacement cost estimates are as of the effective date based primarily on MVS cost trending as this is the most reliable and comprehensive indicator of changes in construction costs.

**Overview of  
Marshall Valuation  
Service**

The following cost estimate is based on a cost per sq ft method. This method estimates the replacement cost of the improvements, including contractor's profit and overhead, and indirect cost. The price per sq ft costs for the subject were obtained from the cost estimating service of Marshall Valuation Service (MVS) Commercial Estimator software, an appraiser's guide to current construction costs. The program automatically makes appropriate adjustments to reflect the current local costs for the area, building occupancy (type of building), class (type of construction), quality of construction, perimeter/shape, story height, mechanical equipment, elevators, and other factors. The adjusted base cost has been applied to the building area.

The MVS replacement cost estimates include architectural and engineering fees (including plans, plan check, building permits and survey to establish building lines and grades), normal interest on only the actual building funds during period of construction (including processing fee and service charges), local, state and federal sales taxes, GST taxes on material and labor costs, normal site preparation (including finish, grading and excavation for foundation and backfill for the structure only), utilities from the structure to the lot line for a typical setback, and contractors overhead and profit, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities and security.

The MVS replacement cost estimates exclude developer's margin or profit, cost premiums for pilings or hillside foundations, costs associated with land development and planning, real estate taxes and other holding costs during construction, discounts or bonuses paid for financing, yard improvements (including signs, landscaping, paving, walls and yard lighting), offsite costs (including roads, utilities, parking fees, jurisdictional hookup, tap-in, impact or entitlement fees, etc.), furnishings and fixtures (usually not found in the general contract) and absorption costs (including rent loss, marketing, tenant improvements, leasing commissions, and other costs to bring the property to a stabilized condition).

The MVS Summary sheet(s) follow this analysis.

**MARSHALL  
VALUATION  
SERVICE  
LOCATION  
MULTIPLIERS**

Marshall Valuation Service (MVS) reports cost multipliers by building class in Section 99 of its cost manual. The multipliers represent the cost adjustment relative to the average of all nationwide cost data. MVS cost multipliers for Alaska and various Alaska communities are presented below.

CLASS	A	B	C	D	S
<b>ALASKA</b>	1.34	1.35	1.35	1.33	1.35
Anchorage	1.25	1.29	1.28	1.28	1.29
Fairbanks	1.26	1.27	1.28	1.28	1.29
Juneau	1.37	1.37	1.41	1.34	1.35
Kenai Peninsula	1.25	1.27	1.27	1.27	1.28
Ketchikan	1.37	1.37	1.36	1.32	1.34
Kodiak	1.41	1.43	1.40	1.38	1.43
Mat-Su Valley	1.21	1.23	1.23	1.21	1.24
Sitka	1.40	1.38	1.38	1.36	1.39 }

The MVS program automatically incorporates the applicable cost multiplier for Alaska, Anchorage, Fairbanks, Juneau, Kenai Peninsula, Ketchikan, Kodiak, Mat-Su Valley and Sitka. If the subject is not located in one of these communities, the default multiplier would be one the software would determine is the closest city for where the materials would come from. MVS has indicated to us that “If the city is not listed in the book you should use the nearest city where materials would come from to use as guides to interpolate the multiplier to use. It will be up to users to determine the between figure and multiplier. Our software will do this interpolation automatically but the book does not.”

**Occupancy Type** Based on the subject’s configuration and type of improvements the following MVS occupancies have been selected.

**407 DISTRIBUTION WAREHOUSE** These buildings are designed with large areas to accommodate the breakdown and shipment of small lots of materials and goods. They have more plumbing and lighting than storage warehouses in order to service the large personnel load. Costs include heating and ventilation sufficient to protect goods from freezing or other forms of spoilage.

**Building Class** Based on the subject’s construction type, the following MVS building class has been selected for the subject.

**CLASS S: METAL FRAME AND WALLS** Class S buildings are characterized by incombustible construction and prefabricated structural members. They are not fire-resistant buildings. The exterior walls may be steel studs or an open-steel-skeleton frame with exterior coverings of prefabricated panels or sheet siding. Upper floors and roof are supported on steel joists or beams. Ground floors are typically concrete slabs. Included in this class are Uniform and Standard Building Code construction, Type IV (noncombustible), Basic Code Type V and ISO Class 3 buildings. This class is also referred to as Noncombustible and can be One-hour Type II construction.

**Quality Rank** The cost rank, or quality of construction, determines the level of the calculated costs. MVS rank system considers exterior walls, interior finish, mechanicals and HVAC systems. A cost rank is estimated for each occupancy and can range from 0.5 up to 5.0. The four basic cost ranks are:

**LOW (RANK 1)** These tend to be very plain buildings that conform to minimum building code requirements. Interiors are plain with little attention given to detail or



finish. Typically, there are minimum mechanical and low-cost finishes throughout.

- AVERAGE (RANK 2)** These buildings are the most commonly found and meet building code requirements. There is some ornamentation on the exterior with interiors having some trim items. Lighting and plumbing are adequate to service the occupants of the building.
- GOOD (RANK 3)** These are generally well-designed buildings. Exterior walls usually have a mix of ornamental finishes. Interior walls are nicely finished and there are good quality floor covers. Lighting and plumbing include better quality fixtures.
- EXCELLENT (RANK 4 TO 5)** Usually, these buildings are specially designed, have high-cost materials and exhibit excellent workmanship. Both exteriors and interiors have custom and ornamental features. Lighting and plumbing include high-cost fixtures.

### Story Height

The story height is the average story height for each occupancy. In a one-story building, story height is measured from the floor surface to the roof eave. Parapets (extensions of the wall above the roof line) are not included in story height. For building with multiple stories, the average story height can be computed by dividing the total building height by the number of stories or by entering the story heights in separately for each floor.

### Perimeter / Shape

The shape of a building also impacts its cost of construction and is best measured by the perimeter of the building. Perimeter is the total linear feet of wall that encloses the floor area, based on exterior dimensions. Where perimeter measurements are not available, the shape of the building can be indicated by a numerical reference where:

- 1=Square
- 2=Rectangular or Slightly Irregular
- 3=Irregular
- 4=Very Irregular

### Base Cost

Based on the inputs into MVS, the cost comparisons contained in its database, and adjustment to the subject's specifications, the base costs for the subject improvements are indicated.

### Other Costs

#### SITE IMPROVEMENTS

Normal site preparation under the building improvements (including finish, grading and excavation for foundation and backfill for the structure only) is included in MVS. Non building improvement related site improvements include grading, filling and soils work, sub base gravel, paving, lighting, fencing, gates and landscaping or other improvements to the site that are real property. Depending on a property's size, shape, type, amount of parking versus landscaping and other factors, site improvements are typically \$1.50/sq ft up to \$7.00/sq ft of total usable site area less the building footprint. Generally, site improvements for larger areas with gravel parking

that require minimal landscaping are towards the low end of the range (an industrial building with a high land-to-building ratio for example), while site improvements for smaller areas with paved parking that require extensive landscaping are towards the high end of the range (a stand-alone bank, restaurant or other retail use with a low land-to-building ratio for example).

**PERMANENT  
LOAN FEES**

It is appropriate to add the cost of attaining permanent loan fees for a property upon completion of construction. While fees vary depending on the structure of the financing, a typical fee of 2.0% of 75% of the total hard and soft MVS base costs has been used.

**HOLDING COSTS  
DURING  
CONSTRUCTION**

Holding costs during construction result from real estate taxes and in some cases actual operating costs while the property is encumbered by the planning and construction process. Holding costs are estimated at 0.5% of the total hard and soft MVS base costs.

**MISCELLANEOU  
S COSTS**

Miscellaneous costs are added to reflect non-specific costs incurred during construction not typically recognized above. Miscellaneous costs are estimated at 0.5% of the total hard and soft MVS base costs.

**MVS Summary Report Exhibit**

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**CoreLogic - SwiftEstimator  
Commercial Estimator - Detailed Report**

**General Information**

<b>Estimate ID:</b>	23-0465 Petro Bulk Plant	<b>Date Created:</b>	02-19-2023
<b>Property Owner:</b>		<b>Date Updated:</b>	02-19-2023
<b>Property Address:</b>	Skagway, AK 99840	<b>Date Calculated:</b>	08-12-2023
<b>Local Multiplier:</b>	1.29	<b>Cost Data As Of:</b>	08-2023
<b>Architects Fee:</b>		<b>Report Date:</b>	using default

**Warehouse**

<b>Area</b>	5294	<b>Overall Depreciation %</b>	
<b>Stories In Section</b>	1	<b>Physical Depreciation %</b>	
<b>Stories In Building</b>		<b>Functional Depreciation %</b>	
<b>Shape</b>	rectangular	<b>External Depreciation %</b>	
<b>Perimeter</b>	(auto-calc)		
<b>Effective Age</b>	0		

**Occupancy Details**

Occupancy	%	Class	Height	Quality
407 Distribution Warehouse	100	5	14	3.0
<b>Occupancy Total Percentage</b>	<b>100</b>			

**System : Sprinklers**

	%/Units	Quality	Depr%	Other
683 Sprinklers : Wet Sprinklers	100	Occ.		
<b>Total Percent for Sprinklers:</b>	<b>100</b>			

**Addition Details**

Addition	Units	Cost	Depr%	LM	Base Date
Basic 14 Fuel Tanks	1	\$5,673,310		Y	
Basic Piping	1	\$1,557,167		Y	
Basic Containment Area	1	\$539,340		Y	
Basic Loading Racks	1	\$691,405		Y	
Basic Loading Arms	1	\$401,403		Y	

	Units	Unit Cost	Total Cost New	Less Depreciation	Total Cost Depreciated
<b>Basic Structure</b>					
Base Cost	5,294	\$103.80	\$549,517		\$549,517
Exterior Walls	5,294	\$22.58	\$119,539		\$119,539
Heating & Cooling	5,294	\$14.49	\$76,710		\$76,710
Sprinklers	5,294	\$7.43	\$39,334		\$39,334
14 Fuel Tanks	1	\$7,318,569.68	\$7,318,570		\$7,318,570
Piping	1	\$2,008,745.37	\$2,008,745		\$2,008,745
Containment Area	1	\$695,748.58	\$695,749		\$695,749
Loading Racks	1	\$891,912.42	\$891,912		\$891,912
Loading Arms	1	\$517,809.85	\$517,810		\$517,810
<b>Basic Structure Cost</b>	<b>5,294</b>	<b>\$2,307.87</b>	<b>\$12,217,886</b>	<b>\$0</b>	<b>\$12,217,886</b>

Cost data by CoreLogic, Inc.

## Developer's Margin

<b>Market Properties</b>	For properties with numerous potential users developer's margin can be obtained through either speculative or build-to-suit construction. For investors a developer's margin must be achievable for construction to be financially feasible. While a developer's margin may be attained by users, its presence is not necessary for construction to occur since even though it is not financially feasible from a real estate perspective it may be financially feasible from a business perspective. The presence of developer's margin is highly specific to an individual property. For market properties similar to the subject developer's margins currently range from a low of 5% up to a high of 20%.
<b>Special Purpose or Owner-Occupied Properties<sup>14</sup></b>	Special purpose properties generally have limited conversion potential and are constructed expressly for a particular user with a designated special use in mind. They are developed to fulfill a business need, not to attain a profit on the real estate and when profit is present it accrues to the business rather than the real estate.
<b>Conclusion</b>	Under its existing use as is, the subject has physical and economic characteristics consistent with an owner-user property. Therefore, we have not included a developer's profit margin.

## Depreciation

<b>Introduction</b>	Depreciation is a loss in value from the reproduction (or replacement) cost of improvements due to any cause as of the date of appraisal. The value difference may emanate from physical deterioration, functional depreciation, external depreciation, or any combination of these sources. A description of the various sources of depreciation follows.
<b>PHYSICAL DEPRECIATION</b>	Physical deterioration is evidenced by wear and tear, decay, cracks, incrustations, or structural defects. Physical deterioration can be either curable or incurable. Incurable physical deterioration applies to both short-lived items (roof, plumbing, HVAC, etc.) and long-lived items (structural).
<b>FUNCTIONAL DEPRECIATION</b>	Functional depreciation can be either curable or incurable and is caused by a flaw in or a deficiency or super-adequacy in the structure, material or design.
<b>EXTERNAL DEPRECIATION</b>	External depreciation is incurable and caused by negative influences in property values outside of the owners control such as market conditions, property uses, zoning, financing, or legal influences.
<b>Effective Age</b>	Effective age is estimated by the appraiser by weighing the actual age of a property against its current condition. In certain cases, the effective age is equal to the actual age, while in other cases it may be more or less than the actual age. The concept of effective age acknowledges that properties rarely depreciate on a linear basis. Construction type and quality play important

<sup>14</sup> Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

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	<p>roles, as does ongoing maintenance and capital infusion. The subject's effective age was estimated in the Description of Improvements chapter.</p>
<b>Economic Life</b>	<p>As discussed in the Description of Improvements chapter, economic life is estimated using MVS information based on actual economic lives for properties of similar construction type, occupancy and quality.</p>
<b>Effective Age / Economic Life Method</b>	<p>The effective age and economic life expectancy of a structure are the primary concepts used by an appraiser in measuring depreciation with age-life relationships. Under this method, total depreciation is estimated by calculating the ratio of the effective age of a property to its economic life expectancy and applying this ratio to the property's total cost new. Note that this method does not typically reflect abnormal, property specific depreciation or external depreciation.</p>
<b>Property Specific Depreciation</b>	<p>The analysis presented above assumes that the subject exhibits normal depreciation typical of similar properties in the market. Any property specific depreciation not typical of the market must be separately considered. The subject is of modern design, has a functional layout, and was recently built. No property specific depreciation is noted.</p>
<b>External Depreciation</b>	<p>The preceding methods do not fully account for external depreciation. An external depreciation factor is applied to reflect the specific owner-occupant usage of the property and the limited number of other potential occupants within the market that would have the same usage needs.</p>
<b>Reconciled Depreciation Estimate</b>	<p>The methods for estimating depreciation fall within a fairly narrow range. After careful consideration all methods of measuring depreciation are concluded to be reliable and given equal weight.</p>

## Summary of Cost Approach Exhibit

Valuation Component		Petro Marine Bulk Plant Bulk Fuel Terminal
Gross Building Area		5,294
Pro Rata Share		100%
<b>REPLACEMENT COST NEW</b>		
<b>MVS Commercial Estimator</b>		
Warehouse Building		\$785,100
Fuel Tanks		\$7,318,570
Piping		\$2,008,745
Containment Area		\$695,749
Loading Racks		\$891,912
Loading Arms		<u>\$517,810</u>
Total Base Cost		\$12,217,886
Site Improvements		
Usable Site Area	95,315	
Building Footprint	5,294	
Containment Area	<u>50,700</u>	
Site Imp. Area	39,321	
Cost Per Sq Ft	\$7.00	\$275,247
Permanent Loan Fees	1.5%	\$183,268
Holding Costs During Construction	0.5%	\$61,089
Miscellaneous Costs	0.5%	\$61,089
Total Replacement Cost		\$12,798,580
<b>Reconciled Replacement Cost (Excl. Profit)</b>		<b>\$12,798,580</b>
Plus: Developer's Margin	0%	<u>\$0</u>
<b>Replacement Cost New (Incl. Profit)</b>		<b>\$12,798,580</b>
<b>LESS: DEPRECIATION</b>		
<b>Effective Age / Economic Life Method</b>		
Year Built		1988
Actual Age		35 Yrs.
Effective Age / Actual Age Ratio		<u>57.1%</u>
Effective Age		20 Yrs.
Economic Life		40 Yrs.
Percent Depreciated (Eff. Age / Economic Life)		50.0%
<b>Reconciled Physical &amp; Functional Depreciation</b>		<b>54.9%</b>
<b>Property Specific Depreciation</b>		<b>0.0%</b>
<b>External Depreciation</b>		<b><u>30.0%</u></b>
<b>Total Percent Depreciation</b>		<b>84.9%</b>
<b>Total Depreciation</b>		<b>(\$10,862,155)</b>
<b>DEPRECIATED BUILDING VALUE</b>		<b>\$1,936,425</b>
<b>PLUS: LAND VALUE</b>		<b><u>\$1,430,000</u></b>
<b>MARKET VALUE ESTIMATE (ROUNDED)</b>		<b>\$3,370,000</b>

## Cost Approach Conclusion

### COST APPROACH CONCLUSION

<u>Description</u>	<u>Cost Estimate</u>	<u>% of Total</u>
Land Value	\$1,430,000	42%
Depreciated Improvements Cost	\$1,936,425	57%
Final Replacement Cost Estimate	\$3,370,000	

### Recent Sale Comparison as a Check on Value

In late 2021 the Skagway Commercial Company sold its shop and yard property at 535 Klondike Highway. The 4.4-acre site has 1,137' of highway frontage and is improved with a 6,000 sq ft shop/office building with four truck doors and 1,200 sq ft of office in the fifth bay, plus a 5,000 sq ft covered parking structure. The improvements were constructed in 2015 and were in good condition at sale. The property came on the market in September 2021 asking \$1.7 million and went under contract three weeks later, eventually selling in December for \$2,050,000 to Alaska Power & Telephone. Allocating the land portion of the price at \$2.50/sq ft, or \$475,000 leaves \$1,575,000 to the improvements, which is \$263/sq ft dividing by the 6,000 sq ft shop/office.

### Tank Farm Real Estate Sale Comparisons as a Check on Value

We reviewed four sales of tank farm operations in Alaska which had the real estate price broken out as an allocation. These transactions occurred over the course of 15 years and the properties had different locations and levels of improvement. While not useful in a traditional sales comparison approach to value, the transactions do provide a range that we would expect the subject's real estate market value to fall within. On a \$ per gallon of capacity basis, the sales ranged from \$0.50 to \$1.71, averaging \$1.07. The subject falls within the lower end of this range at \$0.69/gallon capacity, largely due to its age and that 96% of sales are international, sold to sister company North 60 Petro operating in the Yukon.



# Market Rent Based on Value

## Methodology

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

## Rate of Return

**Ground Rent Market Rate of Return Comparables** 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 market value) is estimated at 8.0%.

**Market Rent Conclusion**

The Market Rent for the subject is calculated as follows:

<b>FINAL MARKET RENTAL VALUE ESTIMATE</b>	
<b>Petro Marine Bulk Plant</b>	
<b>Property Rights Condition</b>	<b>Fee Simple As Is</b>
<b>Effective Date of Appraisal</b>	<b>August 15, 2023</b>
Final Market Rent Estimate	\$3,370,000
Market Rental Rate of Return	x 8.0%
<b>Current Market Rental Value - Annual Rent</b>	<b>\$269,600</b>

# Reconciliation & Final Value Estimate

## Summary of Value Estimates

The approaches to value utilized in this report have indicated the following values for the subject:

<b>VALUATION SUMMARY</b>	
<b>Petro Marine Bulk Plant</b>	
<b>Property Rights</b>	<b>Fee Simple</b>
<b>Condition</b>	<b>As Is</b>
<b>Effective Date of Appraisal</b>	<b>August 15, 2023</b>
Cost Approach	\$3,370,000
Sales Comparison Approach	Not Performed
Income Capitalization Approach	Not Performed
<b>Final Market Value Estimate</b>	<b>\$3,370,000</b>

## Reconciliation

### Overview

Reconciliation is the final phase in the assignment and is where two or more value indications derived from market data are resolved into a final value estimate. USPAP requires that the appraiser reconcile the quality and quantity of data available and analyzed within the approaches used. Furthermore, the applicability and relevance of the approaches, methods and techniques must also be reconciled. A discussion of the applicability of the various approaches is presented below.

### Cost Approach

This approach is normally a strong indicator of value when there is reliable data from which to estimate replacement cost and accrued depreciation. This approach is highly applicable for special purpose properties, new construction and when there are limited sales or rental activity (resulting in less reliable value indications by sales comparison and income capitalization). It is less applicable for older properties that exhibit significant amounts of depreciation. For non-special purpose properties, this approach is often considered by market participants but not given primary weight. Investors primarily use this approach to determine the feasibility of a proposed development. Owner-users often consider this approach when making decisions on whether to buy an existing building or pursue new construction.

### Sales Comparison Approach

This approach is normally a strong indicator of value when adequate current sales data are available. Like the Income Capitalization Approach, this approach responds quickly to changes in the marketplace. In user markets, the Sales Comparison Approach is given primary weight. Investors use this approach primarily as an indicator of current rates of return and subsequently give this approach secondary weight.

**EXCLUSION** The Sales Comparison was not performed for the following reasons.

- The subject is an owner-occupied and/or special-use property that is rarely transacted.
- There has been limited sales activity within the subject's market that is directly comparable to the subject.
- The other approach(es) resulted in a reliable value estimate for the subject.

**Income  
Capitalization  
Approach**

The Income Capitalization Approach is generally considered a strong indicator of value for income-producing properties. The primary strength of the Income Capitalization Approach is income and operating levels respond quickly, if not immediately, to conditions in the market and changes in the property. This approach is given primary weight by investors and secondary weight by owner-users. Direct capitalization is the most common method of income capitalization used within the market and is highly applicable when a property is physically or economically stabilized. Discounted cash flow analysis is used by market participants for investment grade properties and is highly applicable when there are changing market conditions, a property is not physically or economically stabilized, the timing of cash flows is irregular, or the income pattern is different than what is typical of the market.

**EXCLUSION** The Income Capitalization Approach was not performed for the following reasons.

- The subject is an owner-occupied property and exists within a primarily owner-user market. While certain buyers may consider the income capitalization approach, it is not given significant weight by the vast majority of owner-users.
- There has been limited leasing activity within the subject's market that is directly comparable to the subject.
- There is inadequate market data available in this case to credibly conclude an appropriate capitalization rate for the subject.
- Performance of the income capitalization approach does not increase the reliability of the current value estimate.
- The other approach(es) resulted in a reliable value estimate for the subject.

## Final Value Estimate

The subject is an owner-occupant, special purpose property and the Cost Approach is the only applicable approach to value. The final value and market rent estimate for the subject are as follows:

<b>FINAL MARKET RENTAL VALUE ESTIMATE</b>	
<b>Petro Marine Bulk Plant</b>	
<b>Property Rights</b>	<b>Fee Simple</b>
<b>Condition</b>	<b>As Is</b>
<b>Effective Date of Appraisal</b>	<b>August 15, 2023</b>
Final Market Rent Estimate	\$3,370,000
Market Rental Rate of Return	x 8.0%
<b>Current Market Rental Value - Annual Rent</b>	<b>\$269,600</b>

## Exposure Period / Time

**DEFINITION<sup>15</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. 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>16</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.)*

Implicit within the concept of market value is that the property is fully exposed to the market. Within the Alaska market this includes retaining a knowledgeable and qualified commercial broker that prepares a marketing package, lists the property on Alaska Multiple Listing Service as well as

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

<sup>16</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

other local and national web sites used to market real estate. In the event that a knowledgeable and qualified broker is not retained, the property is not receiving full exposure to the market and the price that a seller will be able to attain may be impacted.

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

# General Assumptions & Limiting Conditions

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

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

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



opinion(s) of market value.

12. **Integrated Analysis.** The individual components of the analysis contained herein are highly interrelated and subject and assignment-specific. As such, individual items such as rent, vacancy allowance, expenses, and rate of return cannot be viewed individually without the context of the whole analysis. Moreover, conclusions or individual components from this specific analysis cannot and should not be extracted for application to other properties and/or situations.
13. **Market Dynamic and Valuation Fluctuations:** The opinions of market value expressed within the report are subject to change over time as a result of market dynamics. Market values are highly susceptible to both macro and micro economic forces that influence the property. Such forces include but are not limited to: exposure on the market, length of time, marketing efforts, motivations and preferences of market participants, productivity of the property, the property's market appeal, changes in investor requirements regarding income and yields, etc. The opinions of market value are made as of the report date and subject to fluctuations over time as a result of natural market forces.
14. **Date of Value, Dollar Values, and Purchasing Power:** The date of the report and the effective date of the market value opinions are stated in the letter of transmittal or with the appropriate sections of the report. All dollar amounts are based on the purchasing power of the United States Dollar (USD). The analyses and conclusions of the 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>17</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>18</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>19</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>20</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>21</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>22</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>17</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

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

<sup>19</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>20</sup> Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

<sup>21</sup> Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

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

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	<i>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.</i>
<b>Value in Use (Use Value)<sup>23</sup></b>	<i>The value of a specific property for a specific use.</i>
<b>Use Value<sup>24</sup></b>	<i>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.</i>
<b>Business Value<sup>25</sup></b>	<i>The market value of a going concern, including real estate, personal property, and the intangible assets of the business.</i>
<b>Market Value of the Going Concern<sup>26</sup></b>	<i>The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.</i>
<b>Client<sup>27</sup></b>	<i>The party or parties (i.e. individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.</i>
<b>Intended Use<sup>28</sup></b>	<i>The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.</i>
<b>Intended User<sup>29</sup></b>	<i>The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.</i>
<b>Fee Simple Estate<sup>30</sup></b>	<i>Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.</i>
<b>Leased Fee Interest<sup>31</sup></b>	<i>The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.</i>

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<sup>23</sup> Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].

<sup>24</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>25</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

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

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

<sup>28</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>29</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<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.

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<b>Leasehold Interest (or Estate)<sup>32</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>33</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>34</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>35</sup></b>	<i>Business trade fixtures and personal property, exclusive of inventory.</i>
<b>Personal Property<sup>36</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>37</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>38</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>39</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>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.

<sup>36</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>37</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<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.

2020-2021 ed.)

<b>Extraordinary Assumption</b> <sup>40</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>41</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>42</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>43</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>44</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>45</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>40</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>41</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<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.

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	<i>watermark.</i>
<b>Upland</b> <sup>46</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>47</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>48</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>49</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>50</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>51</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>

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<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.

<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.

<sup>51</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<b>Market Rent</b> <sup>52</sup>	<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</b> <sup>53</sup>	<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</b> <sup>54</sup>	<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>52</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>53</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>54</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

# Addendum: Land Sale Comparables

**LAND COMPARABLE L-1** **RELIANT COMP ID: 10653**

**Lazy Daisy Farm Site -  
Mile 2.3 Klondike Hwy  
Skagway**

**Location Description**

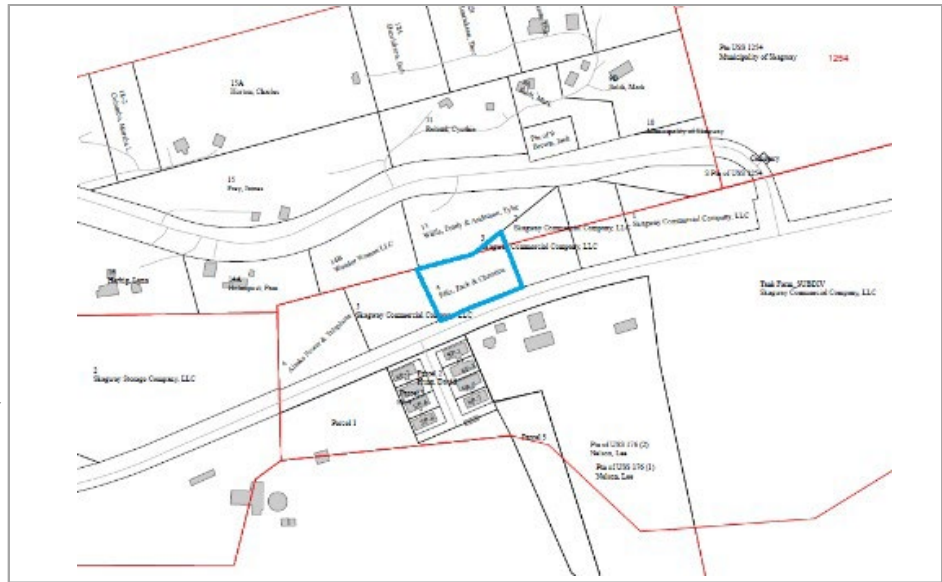
West side Klondike Highway at Mile 2.3

**Tax ID**

3KDHY202054

**Legal Description**

Lot 4, Klondike Park No. 2 SD, Plat 2012-2, Skagway RD, State of Alaska



**Sale Information**

<b>Actual Price</b>	\$85,000	<b>Date</b>	7/1/2014
<b>Price</b>	\$85,000	<b>Transaction Type</b>	Closed Sale
<b>Price Per Land SF</b>	\$2.12	<b>Property Rights</b>	Fee Simple
<b>Price Per Usable Land SF</b>	\$2.12	<b>Financing</b>	Cash
<b>Price Per Acre</b>	\$92,234.91	<b>Conditions of Sale</b>	Arms Length
<b>Grantor</b>	Skagway Commercial Company,	<b>Days on Market</b>	---
<b>Grantee</b>	Mike & Christine Ellis	<b>Sale Verification Source</b>	Buyer
<b>Document No</b>	---	<b>Sale Verification Date</b>	---

**Site**

<b>Acres</b>	0.92	<b>Zoning</b>	I, Industrial
<b>Land SF</b>	40,143	<b>Topography</b>	Level
<b>Road Frontage</b>	260	<b>Soil Conditions</b>	Good
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	---
<b>Utilities</b>	Private well, electricity/internet at	<b>Environmental Issues</b>	---

**Sale Comments**

At sale this was a vacant, unimproved industrial-zoned land parcel with a well drilled in 2008, part of a subdivision of a newly remediated former tank farm property on Klondike Highway just outside of town. The property has since been improved as a micro-farm with approximately \$157,000 in real property improvements including landscaping, fencing, a barn, well house and pump system, greenhouse and installation of electric and phone/wifi service. Another \$43,000 was spent on personal property associated with the farm operation including two refrigerated conexes, a fifth wheel, tools/equipment and supplies.



EXHIBIT B

Petro Marine Bulk Plant

Addendum: Land Sale Comparables

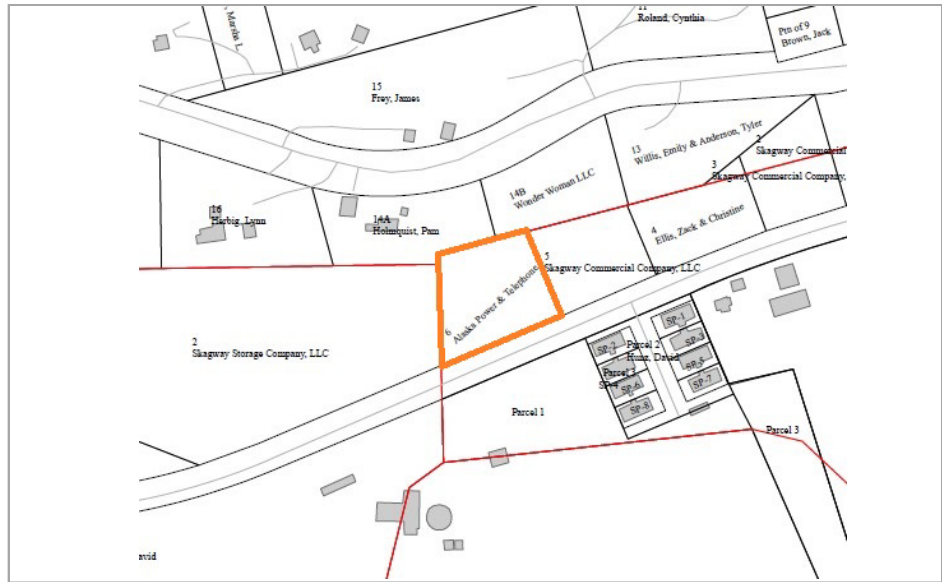
LAND COMPARABLE L-2 RELIANT COMP ID: 3716

**Alaska Power & Telephone Co.  
Mi. 1.7 Klondike Hwy.  
Skagway**

**Location Description**  
W side Hwy MP 1.7

**Tax ID**  
3KDHY202056

**Legal Description**  
Lot 6 Klondike Park No. 2 Subdiv,  
Plat 2012-2



**Transaction**

<b>Actual Price</b>	\$100,000	<b>Date</b>	7/16/2012
<b>Price</b>	\$100,000	<b>Transaction Type</b>	Closed Sale
<b>Price Per Land SF</b>	\$1.91	<b>Property Rights</b>	Fee Simple
<b>Price Per Usable Land SF</b>	- - -	<b>Financing</b>	Conventional
<b>Price Per Acre</b>	\$83,333.00	<b>Conditions of Sale</b>	Arms Length
<b>Grantor</b>	Skagway Commercial Co.	<b>Days on Market</b>	- - -
<b>Grantee</b>	Alaska Power & Telephone Co.	<b>Sale Verification Source</b>	Appraiser, Kim Wold
<b>Document No</b>	2012-000144	<b>Sale Verification Date</b>	- - -

**Site**

<b>Acres</b>	1.20	<b>Zoning</b>	I, Industrial
<b>Land SF</b>	52,253	<b>Topography</b>	Generally Level
<b>Road Frontage</b>	289	<b>Soil Conditions</b>	Average
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	Typical, perimeter
<b>Utilities</b>	Electric, Private Well, Septic	<b>Environmental Issues</b>	None Noted

**Sale Comments**

This is a 1.2-acre site located on the west side of the highway at about milepost 1.7, across from the Alaska 360 property. The buyer, Alaska Power & Telephone, is using the property as a storage yard.

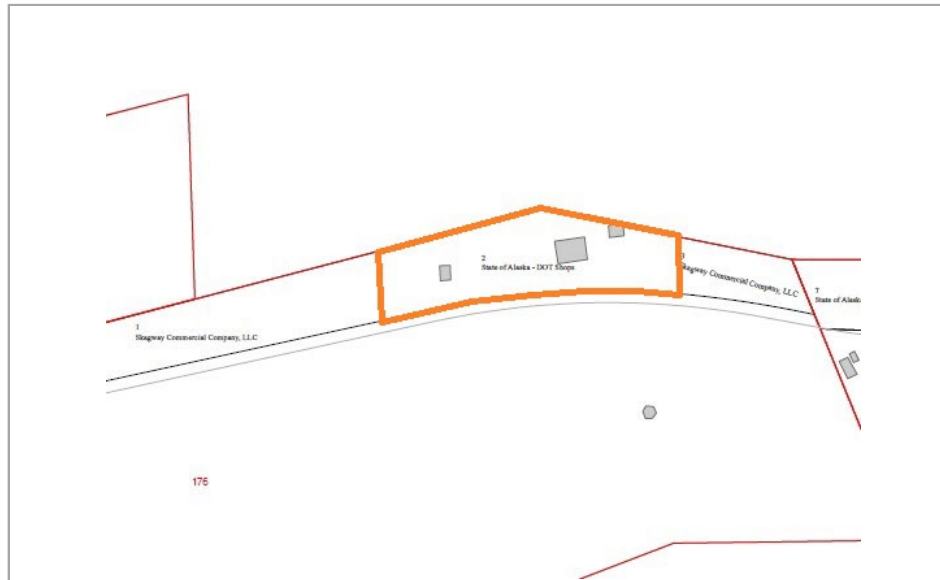
**LAND COMPARABLE L-3** **RELIANT COMP ID: 3715**

**Alaska DOT Site - 3715  
Mi. 2.2 Klondike Hwy.  
Skagway**

**Location Description**  
W side Hwy MP 2.2

**Tax ID**  
3KDHY202070

**Legal Description**  
Lot 2 Dyea North Subdiv, Plat 2010-3, Skagway RD, State of Alaska



**Transaction**

<b>Actual Price</b>	\$513,412	<b>Date</b>	3/2/2011
<b>Price</b>	\$513,412	<b>Transaction Type</b>	Closed Sale
<b>Price Per Land SF</b>	\$4.15	<b>Property Rights</b>	Fee Simple
<b>Price Per Usable Land SF</b>	---	<b>Financing</b>	Conventional
<b>Price Per Acre</b>	\$180,778.87	<b>Conditions of Sale</b>	Arms Length
<b>Grantor</b>	Skagway Commercial Co.	<b>Days on Market</b>	---
<b>Grantee</b>	State of Alaska DOT	<b>Sale Verification Source</b>	Appraiser, Kim Wold
<b>Document No</b>	2011-000021	<b>Sale Verification Date</b>	---

**Site**

<b>Acres</b>	2.84	<b>Zoning</b>	I, Industrial
<b>Land SF</b>	123,710	<b>Topography</b>	Level to Steep
<b>Road Frontage</b>	843	<b>Soil Conditions</b>	Average
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	Typical, perimeter
<b>Utilities</b>	Electric, Private Well, Septic	<b>Environmental Issues</b>	None Noted

**Sale Comments**

This is a 3.82-acre gross site with some steep bluffs making the net usable site area 2.84 acres. The property is located on the west side of the highway at about milepost 2.2. The property is relatively long and narrow, with 840 feet of highway frontage. The buyer, Alaska DOT, is using the property as part of its maintenance facility.

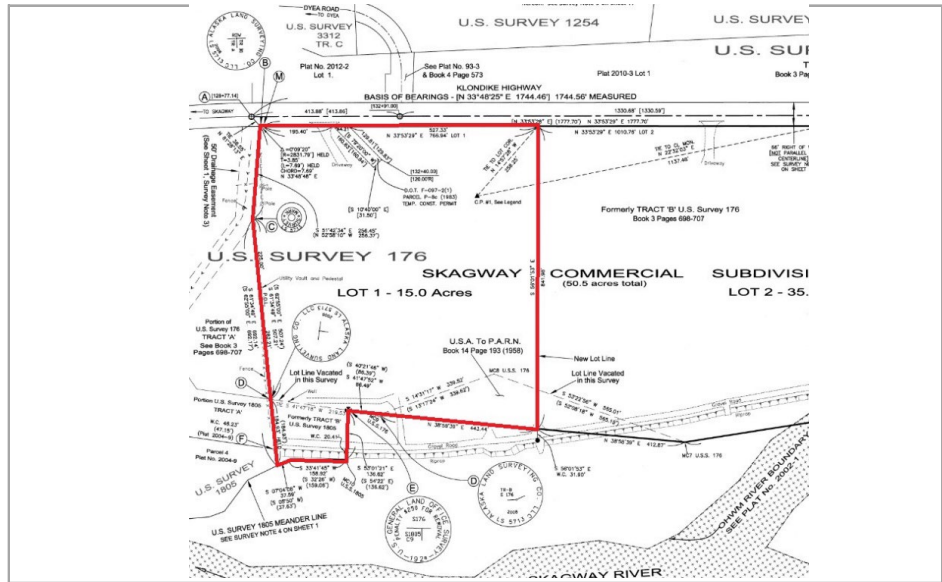
LAND COMPARABLE L-4 RELIANT COMP ID: 3711

**Municipal Facility Site -  
Mi. 2.0 Klondike Hwy.  
Skagway**

**Location Description**  
E side Hwy across from Dyea Rd

**Tax ID**  
3KDHY204013

**Legal Description**  
Lot 1, Plat 2014-2 Skagway  
Commercial SD, Skagway RD, State  
of Alaska



**Transaction**

<b>Actual Price</b>	\$1,647,648	<b>Date</b>	6/20/2014
<b>Price</b>	\$1,647,648	<b>Transaction Type</b>	Closed Sale
<b>Price Per Land SF</b>	\$2.52	<b>Property Rights</b>	Fee Simple
<b>Price Per Usable Land SF</b>	\$2.52	<b>Financing</b>	Conventional
<b>Price Per Acre</b>	\$109,843.20	<b>Conditions of Sale</b>	Arms Length
<b>Grantor</b>	Skagway Commercial Co.	<b>Days on Market</b>	---
<b>Grantee</b>	Municipality of Skagway	<b>Sale Verification Source</b>	Owner
<b>Document No</b>	2014-000082	<b>Sale Verification Date</b>	---

**Site**

<b>Acres</b>	15.00	<b>Zoning</b>	I, Industrial
<b>Land SF</b>	653,400	<b>Topography</b>	Generally Level
<b>Road Frontage</b>	767	<b>Soil Conditions</b>	Average
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	Typical, perimeter
<b>Utilities</b>	Electric, Private Well, Septic	<b>Environmental Issues</b>	None Noted

**Sale Comments**

This is the Municipality of Skagway's June 2014 purchase of 15 acres of industrial land just outside of the townsite across from the Dyea Road intersection. The seller was Skagway Commercial Co./Hamilton Construction, a large land holder in area. Skagway intends to use the property as a waste transfer and public works facility, and possibly as an RV Park replacement for Garden City which the municipality bought out in town at 15th and State. At the southeast corner of the site the property boundary reaches the Skagway River meander line. The sale price is inclusive of seller-allocated \$96,437 infrastructure costs and \$51,291 in survey/geotechnical costs.

LAND COMPARABLE L-5 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, ATS4, Tidelands Addition to  
Skagway Townsite, Plat 64-8 & Lt 7,  
Blk B, Skagway Townsite



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

Site			
Acres	---	Zoning	WD, Waterfront District
Land SF	20,038	Topography	Generally Level
Road Frontage	---	Soil Conditions	Good
Shape	Rectangular	Encumbrance or Easement	Typical, perimeter
Utilities	Water, Sewer, Electric	Environmental Issues	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 arms-length transaction with no known motivations or influences.

EXHIBIT B

Petro Marine Bulk Plant

Addendum: Land Sale Comparables

LAND COMPARABLE L-6

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-7 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			
Actual Price	\$101,700	Date	5/9/2017
Price	\$91,700	Transaction Type	Closed Sale
Price Per Land SF	\$18.34	Property Rights	Fee Simple
Price Per Usable Land SF	- - -	Financing	Cash
Price Per Acre	\$833,636.36	Conditions of Sale	- - -
Grantor	STS Inc	Days on Market	- - -
Grantee	John & Jan Tronrud	Sale Verification Source	Appraiser, deed, Charles Horan
Document No	2017-000100	Sale Verification Date	- - -

Site			
Acres	0.11	Zoning	BG, Business General
Land SF	5,000	Topography	Generally Level
Road Frontage	50	Soil Conditions	Average
Shape	Rectangular	Encumbrance or Easement	Typical, perimeter
Utilities	All Available	Environmental Issues	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.

EXHIBIT B

Petro Marine Bulk Plant

Addendum: Land Sale Comparables

LAND COMPARABLE L-8 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



Parcel Number  
 EXHIBIT B  
 Property Type  
 Customer ID

2TOWN141050  
 I - Industrial  
 -3

GIS Link ID  
 City\*



**Legal** Bulk Plant, 6B  
**Plat** [ ] **Lot** 50 **Block** 141  
**Location** [ ]  
**Waterfront** [ ]  
**View** [ ]  
**Lot Size** 86205  
**Zoning** WF

**Design** [ ]  
**Quality** [ ]  
**Year Blt** [ ]  
**Eff Age** [ ]  
**Condition** [ ]  
**Rooms** [ ]  
**GLA** [ ]  
**Basement** [ ]  
**Fin Bsmt** [ ]  
**Functional** [ ]  
**Heating** [ ]  
**Energy Efficient** [ ]  
**Garage** [ ]  
**Garage Size** [ ]  
**EP** [ ]  
**CP** [ ]  
**Dk** [ ]  
**Fireplace** [ ]  
**Misc** [ ]  
**Roof** [ ]  
**Siding** [ ]  
**Foundation** [ ]

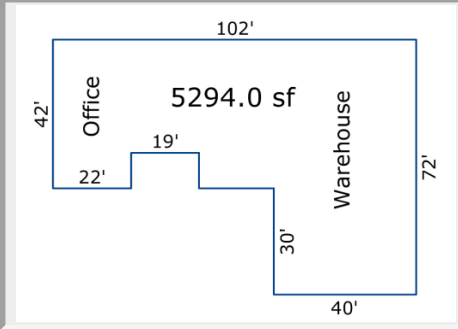
**Owner** Skagway Terminal Co.  
**Street** P.O. Box 435  
**City/State** Skagway, Alaska 99840

**Sales Date** [ ]  
**Sales Price** [ ]  
**DOT** [ ]

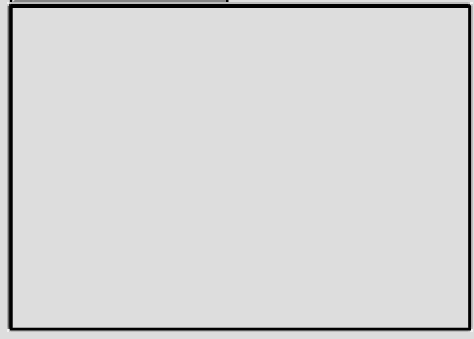
Current Year	2022	2021	2020	2019	2018
<b>Land</b>	\$196,100	\$196,100	\$196,100	\$196,100	\$196,100
<b>Buildings</b>	\$5,510,600	\$5,510,600	\$5,510,600	\$5,510,600	\$5,510,600
<b>Total</b>	\$5,706,700	\$5,706,700	\$5,706,700	\$5,706,700	\$5,706,700

**Previous Owner** [ ]  
**Prior Sales Date** [ ] **Prior Sales Price** [ ]  
**Exempt Type** [ ] **Exempt Amount** [ ]

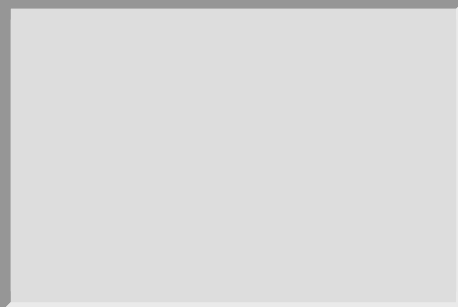
**Enlarge Sketch**



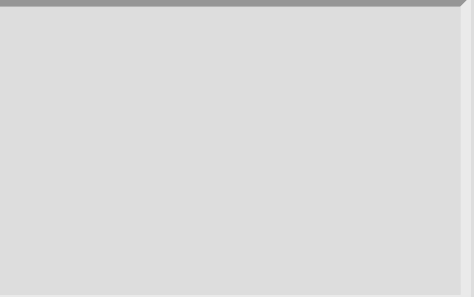
**Enlarge Plat**



**Scan Folder**



**Recorded Deed**



**Assessment History**

**Cost Approach**

2107000 Detailed Report Page: 1

Business District: 2  
 Edition: 2018/01/01

Section 1

Class	Single	Block
0000 - Vacant Land	0.00	0.00
1000 - Single-Family Detached	0.00	0.00
2000 - Multi-Family Detached	0.00	0.00
3000 - Commercial	0.00	0.00
4000 - Industrial	0.00	0.00
5000 - Public Use	0.00	0.00
6000 - Other	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

Components

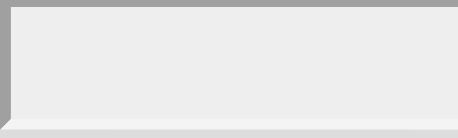
Component	Value	Area	Volume
Base Structure	1,200,000	10,000	10,000
Roof Cost	100,000	10,000	10,000
Interior Fin	200,000	10,000	10,000
Exterior Fin	100,000	10,000	10,000
Site Work	500,000	10,000	10,000
Land	1,000,000	10,000	10,000
<b>Total</b>	<b>2,000,000</b>	<b>10,000</b>	<b>10,000</b>

**Appeal Information**

APPEAL# [ ]

**Sales Letter**

**Notes**



**Photo's**

**Tax Info**

# 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, 2025). |
|---|---|

### 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: 6/19/2023  
Expires: 06/30/2025

# 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 Sande

### Relationships

No relationships found.

### Designations

No designations found.

KIM MICHAEL WOLD  
400 JUSTICE VALLEY ST  
KNOXVILLE, TN 37934

### Wallet Card

<b>State of Alaska</b> Department of Commerce, Community, and Economic Development Division of Corporations, Business, and Professional Licensing Board of Certified Real Estate Appraisers		
KIM MICHAEL WOLD As Certified General Real Estate Appraiser		
License APRG52	Effective 6/19/2023	Expires 06/30/2025

# Gregory H. Bucklin, MAI

## Background

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

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

## Education

### Real Estate Education

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

### College Education

B.A. Community & Environmental Planning,

B.A. Geography,

Minors in Architecture and in Urban Design & Planning

### Employment History

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

### Designations, Certifications and Awards

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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, 2027.
<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, 2025)</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: 6/10/2023  
Expires: 06/30/2025

# 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 Sande

### Relationships

No relationships found.

### Designations

No designations found.

Gregory Harold Bucklin  
321 10th Avenue S  
APT 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		
License 130374	Effective 6/10/2023	Expires 06/30/2025

### A Foundation to Build On:

- Vision
- Integrity
- Commitment
- Performance

### A Commitment to Client Service:

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

### Extensive Valuation & Consulting Services:

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

### Extensive Market Knowledge:

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



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