

Proposed by:	Administration
Attorney Review:	01/10/2020
First Reading:	03/05/2020
Second Reading:	03/19/2020
Vote:	6 Aye 0 Nay 0 Absent

**MUNICIPALITY OF SKAGWAY, ALASKA
ORDINANCE NO. 20-07**

AN ORDINANCE OF THE MUNICIPALITY OF SKAGWAY, ALASKA AUTHORIZING THE MUNICIPALITY OF SKAGWAY TO LEASE WATERFRONT PROPERTY TO 4 SEASONS MARINE SERVICES.

WHEREAS, the Municipality received a request from 4 Seasons Marine Services, to lease 1,500 square-feet of waterfront property;

NOW, THEREFORE BE IT ORDAINED BY THE ASSEMBLY OF THE MUNICIPALITY OF SKAGWAY, ALASKA that the Municipality of Skagway shall lease to 4 Seasons Marine Services, 1,500 square-feet of waterfront property described as Tax Lot 5F, a portion of ATS 4, in the appraisal report dated December 13, 2019, by Horan & Company LLC (Exhibit A), for the period of April 1, 2020, through March 31, 2025; and

BE IT FURTHER ORDAINED that the lease is subject to the terms and conditions set forth in SMC 16.02.160, including any future amendments, changes or additions to SMC 16.02.160; and


BE IT FURTHER ORDAINED that 4 Season Marine Services shall be charged an annual rent of eight percent (8%) of the appraised value of \$22,800.00 according to Exhibit A, or \$1,824.00 annually plus applicable sales tax, prorated and paid in advance every calendar quarter; and

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

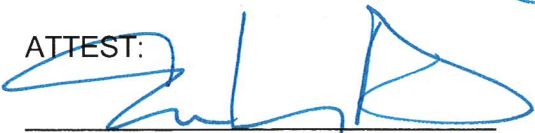
Section 1. Classification. This is a non-code ordinance.

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

PASSED AND APPROVED by a duly constituted quorum of the Borough Assembly of the Municipality of Skagway this 19th day of March, 2020.



Andrew Cremata, Mayor

ATTEST:


Emily Deach, Borough Clerk

(SEAL)



4 Seasons Marine Services
1310 Bertha Avenue
P.O. Box 5839
Bremerton, WA 98312
August 15, 2019

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

Dear Michelle,

Under the provisions of the Skagway Municipal Code 16.02.030, Four Seasons Marine Services, doing business in Skagway as Haines Skagway Fast Ferry, is, by this letter, applying for a lease of land in the boat storage area of the Skagway small boat harbor. The land we wish to lease is the 1500 square feet (30x50) the other have will be leased by Dan Lengsdorf.

We ask that the lease commence on March 1, 2020, continue for a period of five years, and that there be an option of renewal for additional terms.

The leased area will be used to provide maintenance and administrative support for our fleet of fast ferries. This use is similar to that of the present lessee, TMS, and is consistent with that of other lessees within the boat storage area, such as Ocean Raft Alaska.

The structures that will be installed upon the leased area will consist of ocean containers, also known as sea vans. Consequently, if need be, they could be re-located if or when the lease expires.

It would be greatly appreciated if this application could be addressed at your earliest possible convenience, so that our occupancy can be established at the end of the current tourist season. Doing so will allow us to commence work next year with a minimum of disruption.

It is our understanding that an appraisal will be conducted to determine the amount of the annual rent.

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Should you have any questions, please contact me at 206-446-1678 or at shane@4seasonsmarine.com

Sincerely,
Shane Huskey
Operations Manager

EXHIBIT A

APPRAISAL REPORT FOR A NEW LEASE OF PROPERTY 4 SEASONS MARINE SERVICES LEASE, CONTAINING 3,000 SF IN FEE SIMPLE INTEREST, KNOWN AS TAX LOT 5F SKAGWAY, ALASKA



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

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

Effective Date: October 10, 2019
Report Date: December 13, 2019
Our File Number: 19-115

EXHIBIT A

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

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

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835

PHONE NUMBER: (907)747-6666 FAX NUMBER (907)747-7417 commercial@horanappraisals.com

December 13, 2019

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

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

Re: Appraisal Report for a new Lease, Containing 3,000 SF in Fee Simple Interest,
Skagway City Storage Area in Skagway, Alaska. Our File #: 16-044.

Dear Ms. Gihl,

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

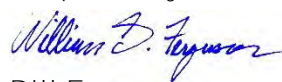
Based on my analysis of sales and leased properties in the area, as well as an understanding of current market conditions, it is my opinion that the subject property has a retrospective market value, as of October 10, 2019, in fee simple interest as follows:

ATS 4, Portion of Tax Lot 5F
3,000 SF @ \$15.20/SF = \$45,600

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

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

Respectfully submitted,



Bill Ferguson
APRG618
Horan & Company, LLC

EXHIBIT A

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ADDENDA

Comparable Sales Map

Lease Agreement

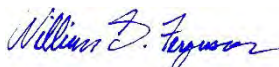
Appraiser Qualifications

EXHIBIT A

CERTIFICATION OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- I have not made an inspection of the property for this specific assignment, however, I am familiar with the property and have looked at it for other projects.
- No one provided significant real property appraisal assistance to the person signing this certification.
- Horan & Company are the contract assessors for the Municipality of Skagway and as such assess all properties for tax purposes once they are on the tax roll. This property is currently taxed based on possessory interest and I am part of that assessment team.



William Ferguson, Real Estate Appraiser
AA617

October 10, 2019
Effective Date

Horan & Company, LLC

Dec 13, 2019
Report Date

EXHIBIT A

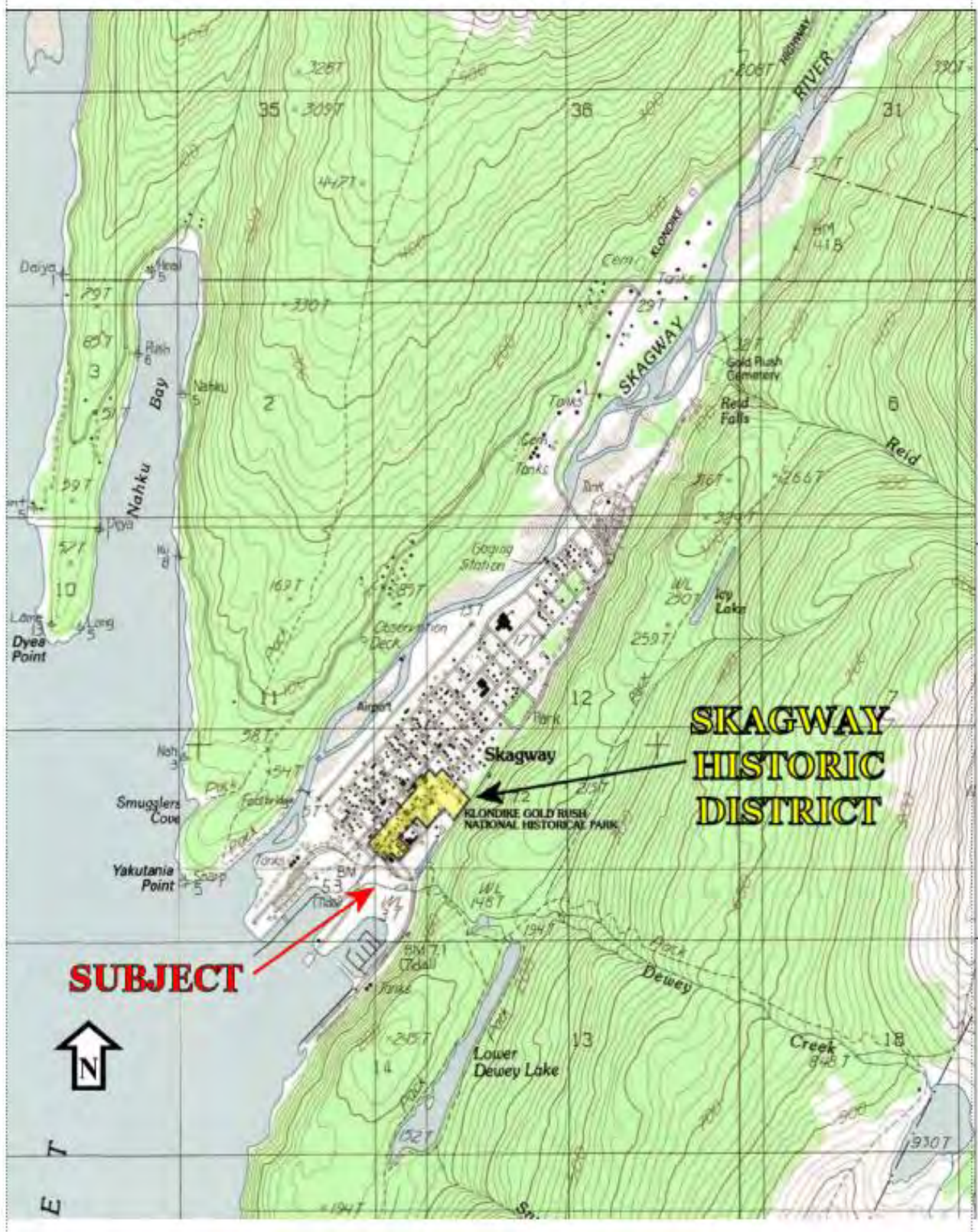


FIGURE 1.1 – Subject located on Skagway area map.

EXHIBIT A

1 INTRODUCTION

1.1 PROPERTY IDENTIFICATION

The subject property is referred to as the old Taiya Marine Services, LLC lease site in the small boat harbor uplands. It is located between the ferry terminal and the parking area and harbormaster's office. The subject property is leased land, owned by the City of Skagway, and is legally identified as a 3,000 SF portion of ATS 4. It is also known as Tax Lot 5F.

1.2 PROPERTY RIGHTS

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

1.3 INSPECTION AND EFFECTIVE DATE

At the request of the client, the subject property has not been inspected by the appraiser. The appraiser is familiar with the property from observations made in the course of other work. The effective date, October 10, 2019, is the date of the new lease.

1.4 INTENDED USE AND USER

The intended use of this appraisal is to estimate the fair market value of the subject property to be used as a basis for annual lease rates. The market value estimated is limited to the Assumptions and Limiting Conditions herein. The site is leased to Taiya Marine Services, LLC for marine repair and welding. The intended user is the Municipality of Skagway and the lessee. The client is the Municipality of Skagway.

1.5 THREE YEAR HISTORY AND OSTENSIBLE OWNER

The subject property is owned by the Municipality of Skagway and has been for some time. It has been leased to Taiya Marine, LLC for over three years. This lease was terminated on October 19, 2019.

1.6 SYNOPSIS OF MOST RECENT LEASE (TERMINATED OCTOBER 2019)

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

<i>Leased Premises:</i>	ATS 4, Ptn 5F, Skagway Recording District, First Judicial District, State of Alaska
<i>Lessor/Ostensible Owner:</i>	Municipality of Skagway, Municipal Manager
<i>Lessee:</i>	Taiya Marine Services, LLC, Roger W. Griffin & Helene M. Crouch
<i>Term of Lease:</i>	5 years
<i>Current Annual Lease Payment:</i>	\$3,120 per year
<i>Facility:</i>	Grounds or hypothetical portion of tax lot 5F, containing 3,000 SF, within ATS 4, Skagway City Storage Area.

EXHIBIT A

<i>Utilities:</i>	30 amperes metered service.
<i>Lease Dates:</i>	April 1, 2016 to April 1, 2021 – terminated October 2019
<i>Rental Adjustment Period:</i>	Every 5 years.
<i>Use:</i>	Marine maintenance and administration. Proposed Lease will have similar use.
<i>Property Rights Included:</i>	Fee simple interest.
<i>Easements:</i>	None noted.
<i>Improvements:</i>	The Lessee recognizes that the Municipality may construct improvements to the premises during the term of this lease.

1.7 SCOPE OF APPRAISAL

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

The scope of this appraisal included an investigation of the real estate market in Skagway and Southeast Alaska. Comparable land sales or leases were analyzed to determine the market value of the subject land and depreciated costs of any improvements are added if necessary to arrive at a market value of the property.

The Direct Sales Comparison Approach was relied on for development of a market value opinion. In addition to the site familiarity, aerial photos, maps, and geographic surveys were used to determine the character of the site's attribute values.

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

1.8 ASSUMPTIONS AND LIMITING CONDITIONS

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

Hypothetical Condition

It is a hypothetical condition of this report that the subject property is a subdivided, legal marketable property in its own right.

General Assumptions

1. This is a retrospective appraisal assignment with an effective date of October 10, 2019.

EXHIBIT A

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

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1.9 TERMINOLOGY

Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- **Buyer and seller are typically motivated;**
- **Both parties are well informed or well advised,** and acting in what they consider their best interests;
- **A reasonable time is allowed for exposure in the open market;**
- **Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;** and
- **The price represents** the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

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

Exposure time is estimated at six to nine months for the subject. Exposure time precedes an appraisal and is based on estimated demand considering the supply and demand, availability of funds to purchase, overall economic well-being of the community, and the physical characteristics of the Juneau real estate market. The marketing time considers the subject value at the appraised value beginning at the effective date of the appraisal.

Fee Simple Interest

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

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

Market Rent

The most probable rent that a property should bring in a competitive and open market.

Rental Rate

The percentage of market value that a comparable class of private property would bring in the open market with the same conditions of lease as offered by the state.

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Hypothetical Condition

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. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.)

The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Page 113

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2 MARKET AREA ANALYSIS

2.1 SKAGWAY AREA ANALYSIS

Skagway is situated at the northern most point of the inside passage in Southeast Alaska. Historically, it has been a transportation point connecting these protected waterways to the interior of Alaska and the Yukon Territory. The coastal range rises dramatically 7,000' from sea level and only provides a few low 3,000' passages into the interior area. The native Tlingit of the region controlled this access for many years, prospering from the trade of the coastal and interior communities during the pre-European contact years. In the 1880s, the first settlers, notably John Moore, saw the potential of the area as a port of entry into the Alaskan and Canadian interiors. Its sleepy, slow growth exploded with the discovery of gold in the Klondike and the subsequent stampede over the trail of 1898, which began in Skagway. Skagway soon became the first incorporated city in Alaska. It has been an important port of entry into the interior since the earliest days. The relics and convivial life style reminiscent of this era have been an interest to tourists throughout the years and culminated in the dedication of downtown Skagway as part of the Klondike Gold Rush National Historic Park in 1976 by President Gerald Ford.

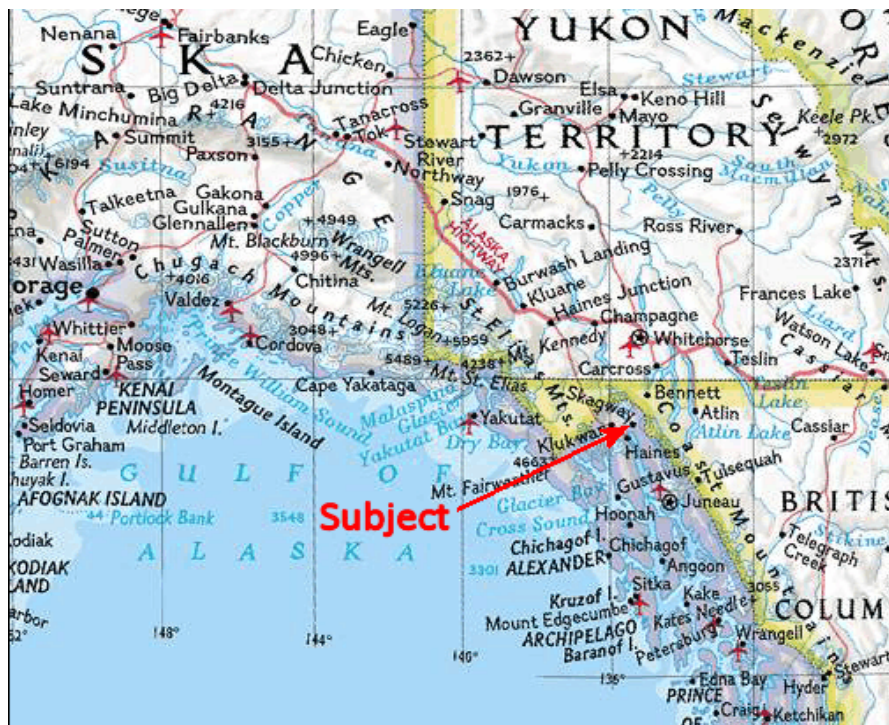


FIGURE 2.1 - Subject Area Location Map

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Skagway is about 90 miles northwest of the state capital of Juneau. It remains an important transportation hub with highway access into the Yukon Territory and interior of Alaska tied into the deep water port accessing Lynn Canal and points south. Historically, it has been used for the shipping of mining products or concentrates originating in the Yukon to points south for refining, which traveled by rail prior to the completion of the highway.

Population and Tourism

Skagway has also proven to be an important player in the tourism market of Southeast Alaska. The National Park Service presence, preserved historic character, White Pass Railroad, and the historic location of the community all serve to draw a large number of tourists on an annual basis. Tour ship visitation in this time period has grown tenfold, with total visitation (road, air, ship, ferry) increasing by over four fold. Along with this increase, demands for property and rental spaces have increased substantially through the years, especially after 2000. The tourism outlook overall is for gradual to strong growth after its slight decline from 2007 numbers. Similar numbers are projected for the 2019 Cruise Ship season.



FIGURE 2.2 – Skagway Cruise Ship Passengers

At the height of the gold rush, the boom town population was reportedly over 10,000. The population in modern times, however, has been fairly stable as evidenced by the U.S. Census Bureau statistics. The population in the mid-1970s was higher than 1980 due to road construction of the Klondike Highway to Canada and the impact of tourism with the

EXHIBIT A

opening of the Klondike Gold Rush National Historic Park. With the closure of the railroad in October 1982, the year round population declined; however, the population has been stable for some time, with year round population in the low to mid 900's since 2010. The

number of residents swells in the summer tourist season,

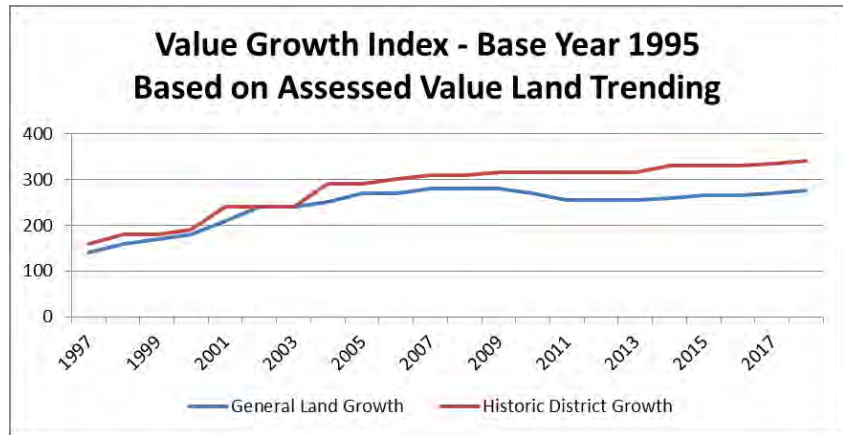


FIGURE 2.3 - Value Growth Index

easily doubling the town's population.

Real Estate Market Trends

This increased seasonal demand has caused significant appreciation in general real estate housing and commercial land. Statistics kept for assessment adjustments show that values have gone up over 200% since 1995 for real estate land in general, and over 300% for land in the central Historic Business District. The suburban Hillside District and Dyea area have not experienced the same level of overall appreciation, with assessment values increasing just 110% over the same time period. There was a 10% decline in 2010, and another 15% decline in 2011 in the assessment values for Skagway's core town land. This

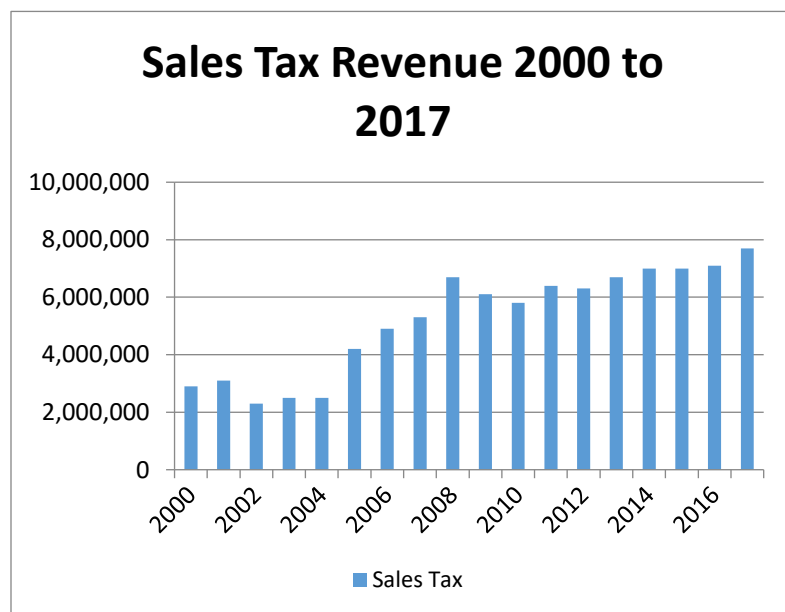


FIGURE 2.4 – Total Sales Tax Revenue

decline, established based on recent town core land sales and extractions from improved sales, is viewed as the market's reaction to the decline of tourism visitation discussed above, and the economic conditions discussed below. Assessed values have increased over the last two years (2017-2018). The chart of sales tax revenues 2000-2017 helps show the extraordinary growth of the retail segment in Skagway.

After the downturn in late 2008, significant discounting was noted in the pricing for the Alaskan cruise ship market for the 2009 season. As a result, passenger traffic for 2009 ended up slightly exceeding 2008. The passenger count for 2012 and 2013 shows an increase again, and sales tax revenues appear to have exceeded 2008 levels and grown modestly since then.

EXHIBIT A

The variation in sales tax is difficult to isolate due to variable costs of things like fuel, but it is very apparent the number of passengers, and sales are again moving up with larger cruise ships expected to continue landings in this port. Optimism is noted, with passenger numbers and sales gradually increasing. Renters are again willing to sign longer term leases and rents are slowly increasing, or at least staying stable, in comparison to previous years.

2.2 NEIGHBORHOOD ANALYSIS

The subject is located in a transitional zone between the waterfront areas including the harbor, industrial waterfront related storage and uses and the ferry terminal as well as cruise ship docks. It is between Congress Way and Broadway which are the main tourist corridors accessing downtown Skagway from the docks and harbor. There is a developed seawalk between the railroad dock and town.

Generally, the subject neighborhood reflects other areas in the Skagway market, with relatively stable values.

Conclusion

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

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3 PROPERTY DESCRIPTION

3.1 SITE DESCRIPTION

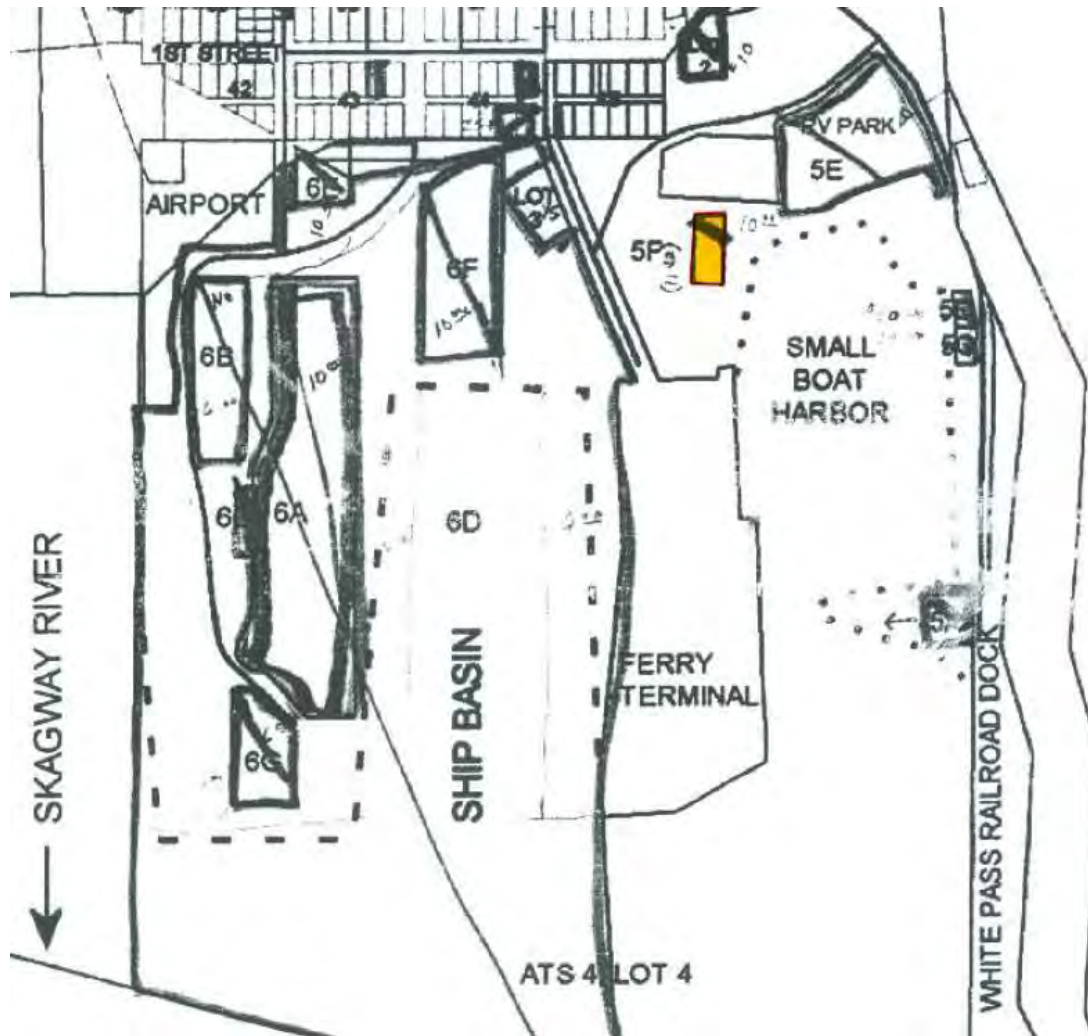


FIGURE 3.1 – Subject Location.

The subject site is a hypothetical 3,000 SF site within ATS #4 near the northwest corner of the small boat harbor. It is located near the intersection of Service Road and Broadway and can be accessed through other municipal lands from both Broadway (ferry access road) and Congress Way. It is generally level and relatively similar in elevation to nearby roads. It is in a good location to serve the boating community for storage and maintenance.

The subject is proposed to be used for marine maintenance and administration for the Haines Skagway Fast Ferry. The site will also serve for marine related storage.

EXHIBIT A

Topography, Utilities & Access

The subject is level and at grade with the surrounding lands. Electric power is available. The subject parcel is accessed across city owned and partially leased filled tidelands.

3.2 ZONING

The subject site is zoned Waterfront (W). This zoning is designed **to protect Skagway's** limited waterfront areas for those uses that are directly dependent upon or related to the water and/or a waterfront location. This zoning principally allows for public, private, and commercial moorage, warehousing and storage, marine fuel, water and sanitation facilities, research and educational facilities related to the water, port, and harbor facility, seafood processing, boat storage yard, fish and shell fish propagation, parks and open space, and water-related visitor services, as well as sales related to maritime activity that requires/benefits from a shoreline location.

3.3 EASEMENTS AND ENCROACHMENTS

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

3.4 ASSESSED VALUATION AND TAXES

The assessment parcel number is 2TOWN142053. The subject is taxed based on a possessory interest value of \$12,500. This possessory interest is based on a fee simple value of \$33,000.

3.5 FLOOD ZONE

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

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4 VALUATION

4.1 HIGHEST AND BEST USE

Highest and 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.

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

With the subject surrounded by marine related maintenance, storage and water access, and the requirements of W zoning, a commercial use related to the waterfront is the highest and best use. This would include boatyards, boat shops or seafood processing.

4.2 LAND VALUATION

The most applicable approach to land valuation is the Direct Sales Comparison Approach.

All of the comparables are in Skagway. These sales or capitalized leases were chosen based on comparable attributes such as size, zoning, location, and available utilities.

A qualitative rating is developed to weigh market differences between the subjects and their comparables whereby, if a comparable attribute is superior to a subject, a minus rating of -1, -2, or -3 is given, depending on its severity. Conversely, if a comparable attribute is inferior to the subject, a plus rating of +1, +2, or +3 is given, depending on its severity, to weight this with other attributes towards the subject. The gradation of weighting 1 to 3 is used since all qualitative attributes are not, in the appraisers' **opinion**, equally weighted within the market.

TABLE 4.1 - COMPARABLE SALES AND CAPITALIZED LEASES TABLE						
#	Location	Date	Price	SF	\$/SF	Comments
1	Portion ATS 4, Tax Lot 5A, Petro Lease (10434)	01/18	\$25,600*	1,600 SF	\$16.00/SF	Similar W zoning; near seawalk and harbor
2	Portion ATS 4, M&M (10750)	01/18	\$38,000***	2,000 SF	\$19.00/SF	Similar W zoning, near seawalk and Congress Way
3	Ptns Lot 5&6, Block 127, Skagway Townsite (11285)	08/19	\$155,000**	7,607 SF	\$20.38/SF	Zoned BG; small building
4	3 rd Ave. and Alaska St. (11293)	7/18	\$68,900*	4,533 SF	\$15.20/SF	Zoned Light Industrial
	Subject	10/19	Solve	3,000 SF	Solve	Zoned W

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

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Comparable 1 is the fee simple value based on a capitalized 2018 updated lease. It is smaller in size **and similar in zoning. It is similar to the subject's** location isolated from the major tourist traffic flow and more industrial in use. The smaller size and economies of scale would indicate that this comparable is superior in value based primarily on size. It is ranked as superior.



Comparable 2 is the fee simple value based on a capitalized 2018 lease. The analysis involves the land allocation only although the lease includes a small building. It is similar in waterfront zoning and slightly smaller in size. It is superior in its location near Congress Way and the seawalk which accounts for substantial tourist traffic. It is ranked superior overall.



Comparable 3 is the fee simple land allocation of the sale of a parcel of land with a small residence zoned BG or Business General and surrounded by a combination of residential and commercial uses. It is larger and superior in utilities. The BG zoning is also deemed superior as it allows for more flexibility in potential uses. It is a very recent transaction, having occurred in the summer of 2018. It is ranked superior after considering adjustments.



Comparable 4 is the fee simple value of a slightly larger parcel of land based on a capitalized lease. This parcel is zoned Light Industrial. It is superior in utilities. After adjustments, it is felt to indicate a similar unit value at \$15.20/SF.

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

EXHIBIT A

Characteristic	Subject	Comp #1 Tax Lot 5A		Comp #2 Tax Lot 5D		Comp #3 Ptns 5&6, Blk 127		Comp #4 3 rd Ave and Alaska	
Sales or Indicated Price	Solve	\$25,600*		\$38,000***		\$155,000**		\$68,900*	
Price/SF	Solve	\$16.00/SF		\$19.00/SF		\$20.38/SF		\$15.20	
Market Conditions (Time of Sale)	10/19	1/18	0	01/18	0	08/19	0	07/18	0
Conditions of Sale	N/A	Similar	0	Similar	0	Similar	0	Similar	0
SF Size	3,000 SF	1,600 SF	-1	2,000 SF	-1	7,607 SF	+1	4,533 SF	+1
Location/Access	Average	Similar	0	Superior	-1	Similar	0	Similar	0
Zoning	W	W	0	W	0	BG	-1	IL	0
Utilities	Electric	Similar	0	Similar	0	Superior	-1	Superior	-1
Overall Net Rating		Superior	-1	Superior	-2	Superior	-1	Similar	0

*Based on capitalized lease, ** Land allocation ***Land allocation fee simple @ 8% Lease Rate

EXHIBIT A

Comparable	Sales Date	Price/SF	Ranking
Comp 2	01/18	\$19.00	Superior -2
Comp 3	08/19	\$20.38	Superior -1
Comp 1	01/18	\$16.00	Superior -1
Subject	10/19	Solve	Similar
Comp 4	07/18	\$15.20	Similar

All of the comparables indicate a range between \$15.20/SF and \$20.00/SF. All are dated within 2018 or 2019. After ranking, a tighter range develops between \$15.00/SF and \$16.00/SF. The subject is estimated at \$15.20/SF with additional weight applied to Comp 4 due to its similar ranking.

In consideration of the data analyzed above, a unit value of \$15.20/SF is felt to be most substantiated. This valuation, with an effective date of October 10, 2019 can be summarized as follows:

$$3,000 \text{ SF @ } \$15.20/\text{SF} = \$45,600$$

ADDENDA

EXHIBIT A



EXHIBIT A



MUNICIPALITY OF SKAGWAY

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

**Municipality of Skagway
And
Taiya Marine Services LLC.
Lease Agreement
Small Boat Harbor Marine Services**

This Lease is entered into on this 16th day of June, 2016, by and between the Municipality of Skagway (hereinafter, Municipality) a municipal corporation, and Taiya Marine Services LLC. (hereinafter Lessee), for the purpose of leasing a lot in the small boat harbor uplands.

WITNESSETH:

WHEREAS the Municipality owns the small boat harbor property; and

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

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

1. DURATION:

This lease shall be in effect for a 5-year period, from April 1, 2016 to April 1, 2021.

2. FACILITIES:

- A. The leased premises subject to this lease shall be the grounds or portion of tax lot 5F, containing 3,000 SF in fee simple interest, within ATS 4, the Municipality of Skagway storage area as described in the Appraisal Report dated May 12, 2016, (Attachment A).
- B. The Lessee recognizes that the Municipality may construct improvements to the premises during the term of this lease. Adjustments to the lease amount, if any, due to such improvements shall be negotiated by the Municipality and Lessee, and approved in writing by both parties.

EXHIBIT A

Taiya Marine Services-Lease Agreement

3. **LEASE AMOUNT:**

Annual lease payment shall be in the amount of \$3,120.00 (Three-Thousand, One-Hundred and Twenty Dollars and No/100), plus any applicable municipal sales tax. This amount is payable in four (4) equal quarterly installments of \$780.00 (Seven-Hundred Eighty Dollars and No/100) plus applicable tax, due on or before the thirtieth day of, March, June, September, and December. Additionally, Lessee shall be responsible for cost of preparing the lease, including but not limited to survey and appraisal costs.

4. **OPERATIONS AND MAINTENANCE:**

A. Lessee shall promptly repair, rebuild or restore premises or facilities damaged or destroyed, except damage caused solely by the Municipality.

B. The Municipality may, at all reasonable times and with prior notice, enter upon and inspect the leased premises. If the Municipality determines the Lessee has failed to perform maintenance or repair work required under this lease, and if Lessee, after prior notice of the deficiencies, fails to correct the deficiencies or begin corrective action within a reasonable time, the Municipality may enter any part of the leased premises and perform the necessary work. Lessee shall reimburse the Municipality for all reasonable expenses incurred by this work within ten days of the Municipality providing the Lessee with an invoice for the work.

5. **INDEMNITY AND INSURANCE:**

A. Lessee shall indemnify, save harmless and defend the Municipality from any and all claims or actions for injuries or damage of any kind and any nature, including but not limited to physical injury and death, property damage, special damages, consequential damages, expenses, costs, and attorney fees, directly or indirectly arising out of, in connection with, related to, or incident to the operation of the leased premises by the Lessee and the lessees employees, agents, guests, representatives, and invitees.

B. Lessee shall provide to the Municipality of Skagway a certificate of insurance showing that the Lessee has obtained at least two million dollars (\$2,000,000.00) general liability insurance, which covers the Lessee's operations on the leased premises. Lessee shall provide the Certificate of Insurance, naming the Municipality as an additional insured, at the time of the effective date of the lease. Failure to maintain such insurance shall constitute a material breach of the terms and conditions of the lease. Lessee shall notify the municipality twenty (20) days before the policy is canceled or terminated and unless the Lessee provides a new Certificate of Insurance within 30 days of cancellation or termination, the Municipality may terminate this lease without further notice at its sole option.

EXHIBIT A

Taiya Marine Services-Lease Agreement

C. **HAZARDOUS WASTE RESPONSIBILITY.** Lessee represents and warrants that the leased Premises will never be used for the generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance. The term “Hazardous Waste or Substance” means hazardous or toxic substances, materials or wastes, including but not limited to any substance, material or waste which is (i) petroleum; (ii) asbestos; (iii) polychlorinated biphenyls (PCBs); (iv) toxic or hazardous substances as defined in Alaska Statute 18.60.105 or 46.03.826, and associated regulations; (v) designated as a “Hazardous Substance” pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. ' 9601, et. seq.; (vi) designated as a “Hazardous Waste” pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. ' 6901, et. seq.; (vii) designated as a “Hazardous Substance” under the Clean Water Act, 33 U.S.C. ' 1321, or listed pursuant to 33 U.S.C. § 11317; (viii) listed by the U.S. Department of Transportation at 49 C.F.R. Part 302; and (ix) any other substance, waste or material which is regulated as hazardous or dangerous by any Federal, State or local agency.

Lessee agrees to hold Lessor harmless and to indemnify and defend Lessor against any and all claims and losses resulting from Lessee' breach of this paragraph, including, but not limited to, any loss, damage, liability, cost, or expense, including reasonable actual attorneys' and consultants' fees and expert fees, and including without limitation (i) any claims of third parties for personal injury, property damage, or other harm, and (ii) any response costs, costs of remedial, restoration or clean-up actions, fines suffered or incurred by Lessor arising out of or related to the presence of Hazardous Materials in, on, or under the property, or out of any such use of the property, or due to the incorporation of such materials. This obligation to indemnify, defend and hold Lessor harmless shall survive the term of this lease and include any claim, cause of action or administrative regulatory enforcement action in which Lessee or Lessor are determined or alleged to be a potentially responsible party.

6. **DEFAULT:**

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

EXHIBIT A

Taiya Marine Services-Lease Agreement

7. TERMINATION

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

8. TERM AND CONDITIONS:

A. This Agreement specifically supersedes any prior written or oral agreements between parties relating to the Lease of the property as described in this agreement.

B. Unless otherwise provided for in this Lease, the provisions of Skagway Municipal Code Title 16.02.140, 16.02.150, and 16.02.160 shall govern this lease and are attached to and incorporated into the terms and conditions of this lease and the Lessee is obligated to fully comply with Skagway Municipal Code Title 16.02.140, 16.02.150, and 16.02.160.

9. NOTICE:

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

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

LESSEE: Taiya Marine Services LLC.
Roger W. Griffin
Helene M. Crouch
P.O. Box 423
Skagway, AK 99840
907-973-7817 983-2871 *WJG*

10. MISCELLANEOUS

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

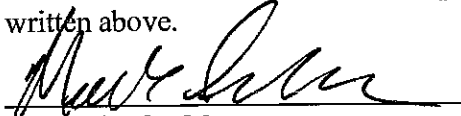
B. This Agreement is binding upon the heirs, successors and assign of the parties.

EXHIBIT A

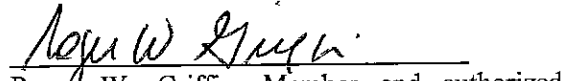
Taiya Marine Services-Lease Agreement

- C. This Agreement represents the entire Agreement of the parties and no other Agreement whether oral or written which is not specifically set forth in this Agreement or an addendum to this Agreement will have any force or effect upon the other party. Lessee specifically understands and agrees that no Municipal employee, Assembly member, or the Mayor has any authority to verbally modify this lease and any modifications must be in writing approved by the Assembly.
- D. The Municipality's waiver of any term or condition in this Agreement shall not constitute a waiver of any term or condition in this Agreement.
- E. If any term of this Agreement is held to be invalid, void or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall be valid and binding upon the parties.
- F. Titles and headings to sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.
- G. Lessee is not relying on any representations by a Municipal employee, officer, assembly member, consultant or attorneys. Lessee has had a full opportunity to consult with their own attorney before entering this Lease.
- H. This Lease shall not be assigned by the Lessee without the prior written consent of the Municipality. The Municipality will not approve an assignment to an LLC unless all the members of the LLC guarantee performance of the Lease.

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


 Mark Schaefer, Mayor

For the Municipality of Skagway


 Roger W. Griffin, Member and authorized representative for, Taiya Marine Services, LLC, Lessee

Date 6 28 16

Date June 24, 2016

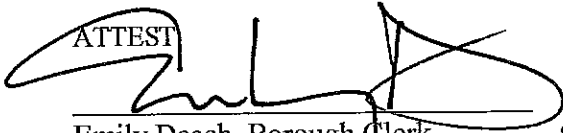
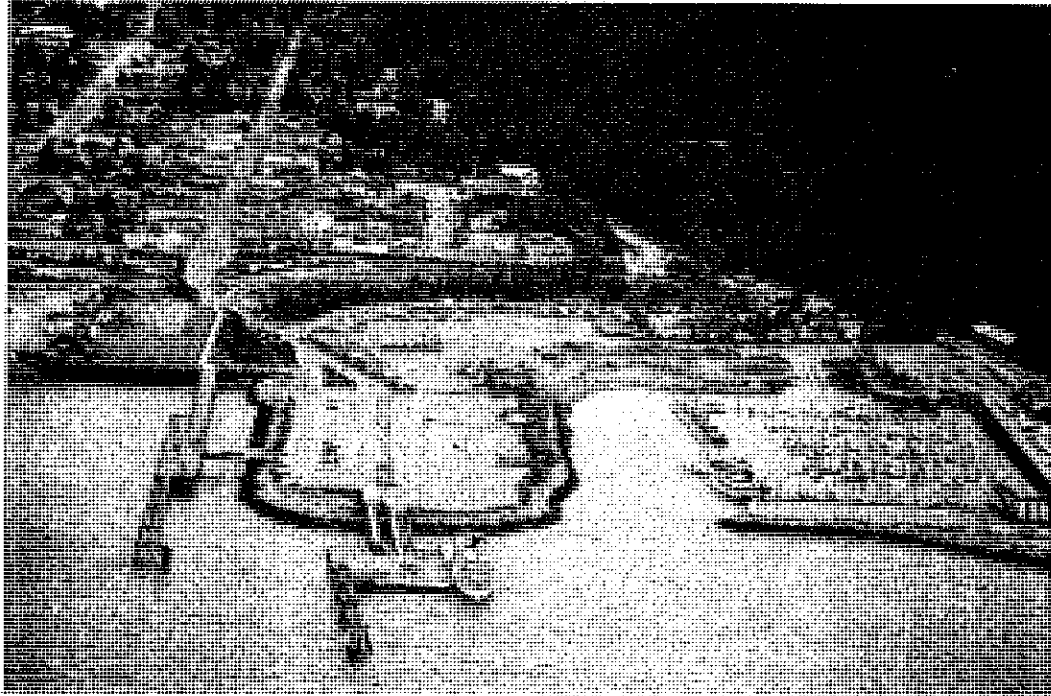
ATTEST

 Emily Deach, Borough Clerk



EXHIBIT A ATTACHMENT A

APPRAISAL REPORT TO UPDATE TAIYA MARINE SERVICES, LLC LEASE, CONTAINING 3,000 SF IN FEE SIMPLE INTEREST, KNOWN AS TAX LOT 5F SKAGWAY, ALASKA



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

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

Effective Date: April 1, 2016

Report Date: May 12, 2016

Our File Number: 16-044

EXHIBIT A

ATTACHMENT A

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS

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

403 LINCOLN STREET, SUITE 210, SITKA, ALASKA 99835 PHONE NUMBER: (907)747-6666 FAX NUMBER (907)747-7417 commercial@horanappraisals.com

May 12, 2016

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

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

Re: Appraisal Report to Update Taiya Marine Services, LLC Lease, Containing 3,000 SF in Fee Simple Interest, Skagway City Storage Area in Skagway, Alaska. Our File #: 16-044.

Dear Ms. Gihl,

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

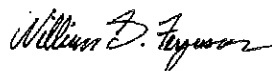
Based on my analysis of sales and leased properties in the area, as well as an understanding of current market conditions, it is my opinion that the subject property has a market value, as of April 1, 2016, in fee simple interest as follows:

ATS 4, Portion of Tax Lot 5F
3,000 SF @ \$13.00/SF = \$39,000/year

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

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

Respectfully submitted,



Bill Ferguson
APRG618
Horan & Company, LLC

EXHIBIT A ATTACHMENT A

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ADDENDA

Comparable Sales Map

Lease Agreement

Aerial Photo of Waterfront

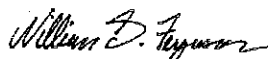
Appraiser Qualifications

EXHIBIT A ATTACHMENT A

CERTIFICATION OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- I have not made an inspection of the property for this specific assignment, however, I am familiar with the property and have looked at it for other projects.
- No one provided significant real property appraisal assistance to the person signing this certification.
- Horan & Company are the contract assessors for the Municipality of Skagway and as such assess all properties for tax purposes once they are on the tax roll. This property is currently taxed based on possessory interest and I am part of that assessment team.



Bill Ferguson, Real Estate Appraiser
AA617

April 1, 2016
Effective Date

Horan & Company, LLC

May 12, 2016
Report Date

EXHIBIT A ATTACHMENT A

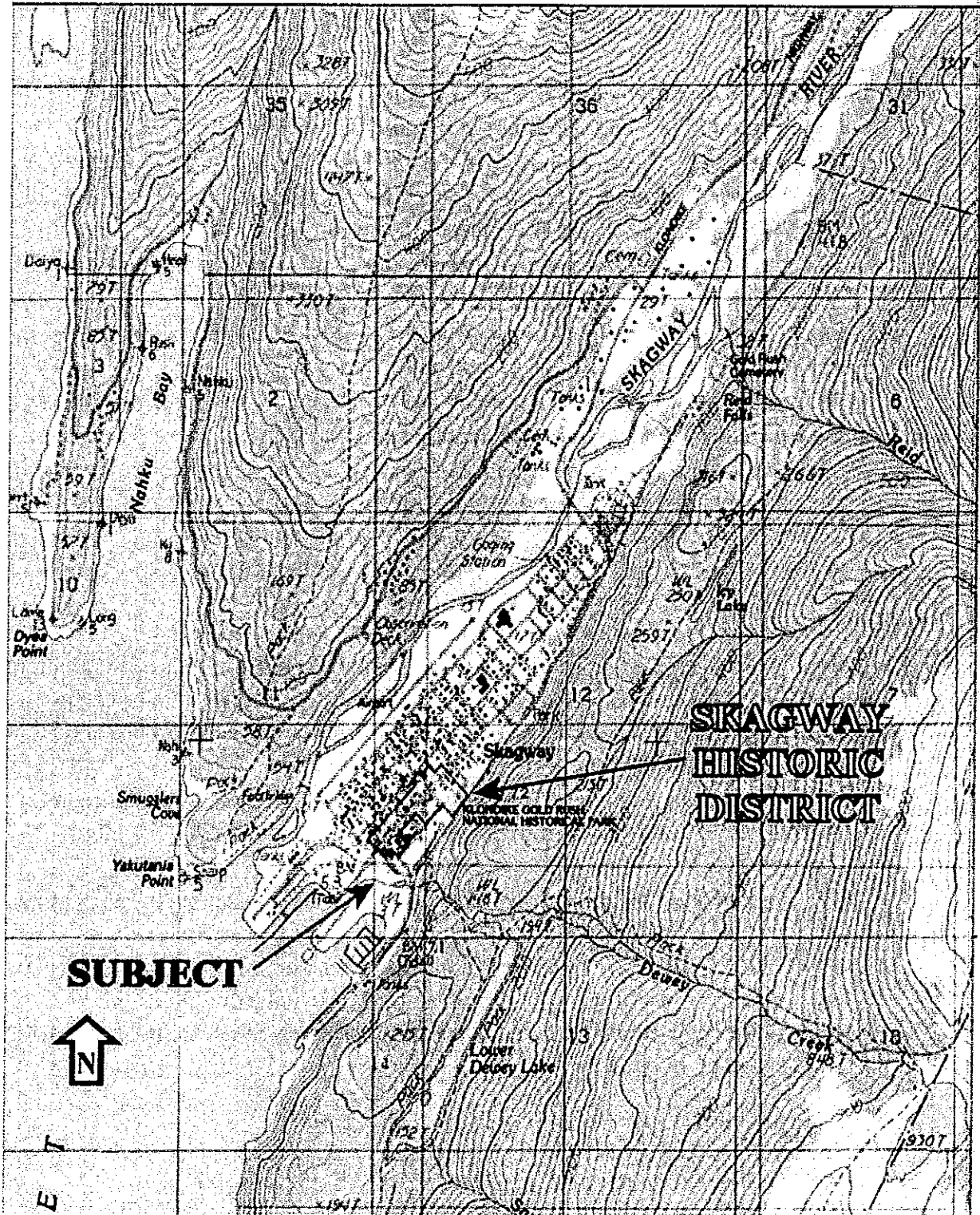


FIGURE 1.1 – SUBJECT LOCATED ON SKAGWAY AREA MAP.

EXHIBIT A ATTACHMENT A

1 INTRODUCTION

1.1 PROPERTY IDENTIFICATION

The subject property is referred to as the Taiya Marine Services, LLC lease site in the small boat harbor uplands. It is located between the ferry terminal and the parking area and harbormaster office. The subject property is leased land, owned by the City of Skagway, and is legally identified as a 3,000 SF portion of ATS 4. It is also known as Tax Lot 5F.

1.2 PROPERTY RIGHTS

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

1.3 INSPECTION AND EFFECTIVE DATE

At the request of the client, the subject property has not been inspected by the appraiser. The appraiser is familiar with the property from observations made in the course of other work. The effective date, April 1, 2016, is the date of the lease update.

1.4 INTENDED USE AND USER

The intended use of this appraisal is to estimate the fair market value of the subject property to be used as a basis for annual lease rates. The market value estimated is limited to the Assumptions and Limiting Conditions herein. The site is leased to Taiya Marine Services, LLC for marine repair and welding. The intended user is the Municipality of Skagway and the lessee. The client is the Municipality of Skagway.

1.5 THREE YEAR HISTORY AND OSTENSIBLE OWNER

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

1.6 SYNOPSIS OF LEASE

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

<i>Leased Premises:</i>	ATS 4, Ptn 5F, Skagway Recording District, First Judicial District, State of Alaska.
<i>Lessor/Ostensible Owner:</i>	Municipality of Skagway, Municipal Manager
<i>Lessee:</i>	Taiya Marine Services, LLC, Roger W. Griffin & Helene M. Crouch
<i>Term of Lease:</i>	5 years
<i>Current Annual Lease Payment:</i>	\$2,640 per year
<i>Facility:</i>	Grounds or hypothetical portion of tax lot 5F, containing 3,000 SF, within ATS 4, Skagway City Storage Area.
<i>Utilities:</i>	30 amperes metered service.
<i>Lease Dates:</i>	April 1, 2011 to April 1, 2016 – current lease

EXHIBIT A ATTACHMENT A

<i>Rental Adjustment Period:</i>	Every 5 years.
<i>Use:</i>	Marine repair and welding.
<i>Property Rights Included:</i>	Fee simple interest.
<i>Easements:</i>	None noted.
<i>Improvements:</i>	The Lessee recognizes that the Municipality may construct improvements to the premises during the term of this lease.

1.7 SCOPE OF APPRAISAL

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

The scope of this appraisal included an investigation of the real estate market in Skagway and Southeast Alaska. Comparable land sales or leases were analyzed to determine the market value of the subject land and depreciated costs of the improvements were added to arrive at a market value of the property.

The Direct Sales Comparison Approach was relied on for development of a market value opinion. In addition to the on-site inspection, aerial photos, maps, and geographic surveys were used to determine the character of the site's attribute values.

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

1.8 ASSUMPTIONS AND LIMITING CONDITIONS

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

Hypothetical Condition

It is a hypothetical condition of this report that the subject property is a subdivided, legal marketable property in its own right.

General Assumptions

1. This is a retrospective appraisal assignment with an effective date of April 1, 2016.
2. It is assumed the data; maps and descriptive data furnished by the client or his representative are accurate and correct. Photos, sketches, maps, and drawings in this appraisal report are for visualizing the property only and are not to be relied upon for any other use. They may not be to scale.

EXHIBIT A ATTACHMENT A

3. The valuation is based on information and data from sources believed reliable, correct and accurately reported. No responsibility is assumed for false data provided by others.
4. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property.
5. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraiser's estimate of the highest and best use.
6. It is assumed the title to the property is marketable. No investigation to this fact has been made by the appraiser.
7. No responsibility is assumed for matters of law or legal interpretation.

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

EXHIBIT A ATTACHMENT A

1.9 TERMINOLOGY

Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Pages 123

Exposure time is estimated at six to nine months for the subject. Exposure time precedes an appraisal and is based on estimated demand considering the supply and demand, availability of funds to purchase, overall economic well-being of the community, and the physical characteristics of the Juneau real estate market. The marketing time considers the subject value at the appraised value beginning at the effective date of the appraisal.

Fee Simple Interest

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

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 78

Market Rent

The most probable rent that a property should bring in a competitive and open market.

Rental Rate

The percentage of market value that a comparable class of private property would bring in the open market with the same conditions of lease as offered by the state.

EXHIBIT A ATTACHMENT A

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis.

Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

(USPAP, 2010-2011 ed.) The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 97

A hypothetical condition may be used in an assignment only if:

- I. Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
 - II. Use of the hypothetical condition results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.

EXHIBIT A ATTACHMENT A

2 MARKET AREA ANALYSIS

2.1 SKAGWAY AREA ANALYSIS

Skagway is situated at the northern most point of the inside passage in Southeast Alaska. It has historically been a transportation point connecting these protected waterways to the interior of Alaska and the Yukon Territory. The coastal range rises dramatically 7,000' from sea level and only provides a few low 3,000' passages into the interior area. The Tlingit natives of the region controlled this access for many years, prospering from the trade of the coastal and interior communities during the pre-European contact years. In the 1880's, the first settlers, notably John Moore, saw the potential of the area as a port of entry into the Alaskan and Canadian interiors. Its sleepy, slow growth exploded with the discovery of gold in the Klondike and the subsequent stampede over the trail of 1898 which began in Skagway. Skagway soon became the first incorporated city in Alaska. It has been an important port of entry into the interior since the earliest days. The relics and convivial lifestyle reminiscent of this era have been an interest to tourists throughout the years and culminated in the dedication of downtown Skagway as part of the Klondike Gold Rush National Historic Park in 1976 by President Gerald Ford.

Skagway is about 90 miles northwest of the state capital of Juneau. It remains an important transportation hub with highway access into the Yukon Territory and interior of Alaska tied into the deep water port accessing Lynn Canal and points south. Historically, it has been used for the shipping of mining products or concentrates originating in the Yukon to points south for refining, which traveled by rail prior to the completion of the highway. This has the strong potential for growth with increased mining activity in the Yukon.

Population and Tourism

Skagway has also proven to be an important player in the tourism market of Southeast Alaska. The National Park Service presence, preserved historic character, White Pass Railroad, and the historic location of the community all serve to draw a large number of tourists on an annual

basis. Tour ship visitation in this time period has grown tenfold, with total visitation (road, air, ship, ferry) increasing over four fold. Along with this increase, demands for

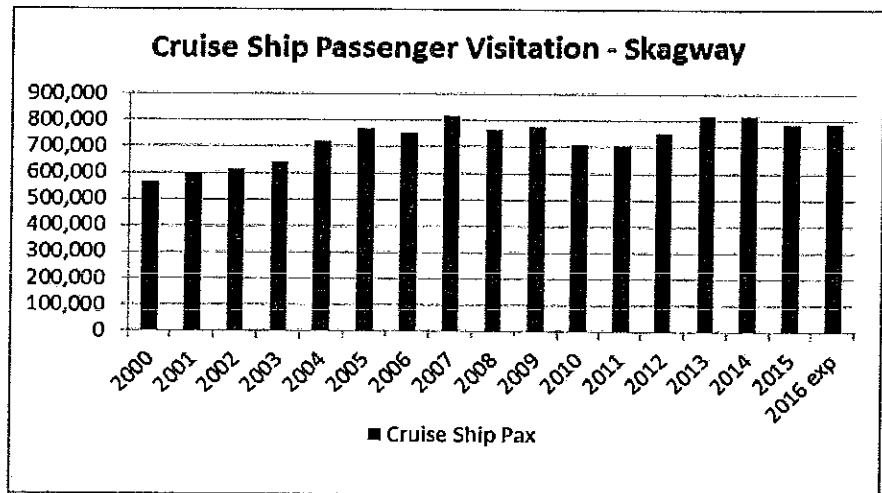


FIGURE 2.1 – CRUISE SHIP PASSENGER VISITATION - SKAGWAY

EXHIBIT A ATTACHMENT A

property and rental spaces have increased substantially through the years, especially after 2000. The tourism outlook overall is for gradual to strong growth after its slight decline from 2007 numbers.

Similar numbers are projected for the 2016 Cruise Ship season.

At the height of the gold rush, the boom town population was reportedly over 10,000. The population in modern times, however, has been fairly stable as evidenced by the U.S. Census Bureau statistics. The population in the mid-1970s was higher than 1980 due to road construction of the Klondike Highway to Canada and the impact of tourism with the opening of the Klondike Gold Rush National Historic Park. With the closure of the railroad in October 1982, the year round population declined; however, the population has been stable for some time with year round population in the low to mid 900's since 2010. The number of residents swells in the summer tourist season, nearly doubling the town's size.

Real Estate Market Trends

This increased seasonal demand has caused significant appreciation in general real estate housing and commercial land. Statistics kept for assessment adjustments show that values have gone up about 160% since 1995 for real estate land in general and over 200% for land in the central Historic Business District. The suburban Hillside District and Dyea area has not experienced the same level of overall appreciation, with assessment values increasing just 110% in the same time period. There was a 10% decline in 2010 and another 15% decline in 2011 in the assessment values for Skagway's core town land, reflecting the market's reaction to the decline of tourism visitation. Tourism numbers have again been increasing and assessed values proved stable for 2012 and 2013 but increased for 2014 and 2015.

2.2 NEIGHBORHOOD ANALYSIS

The subject is located in a transitional zone between the waterfront areas including the harbor, industrial waterfront related storage and uses and the ferry terminal as well as cruise ship docks. It is between Congress Way and Broadway which are the main tourist corridors accessing downtown Skagway from the docks and harbor. There is a developed seawalk between the railroad dock and town.

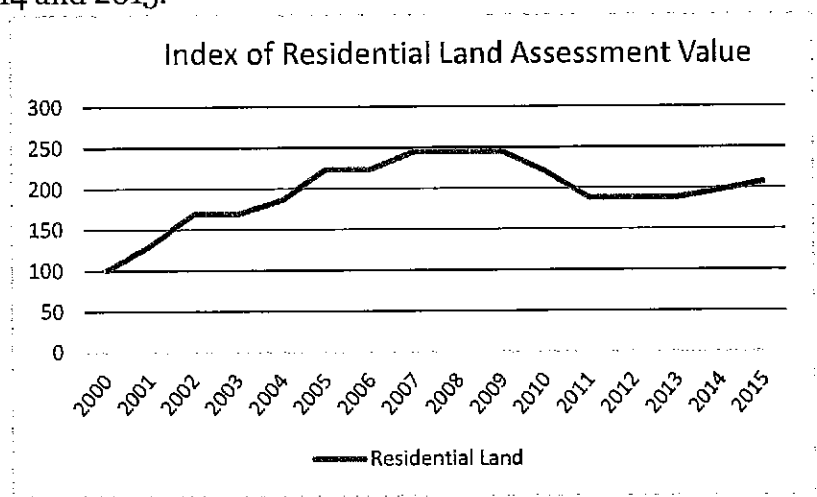


FIGURE 2.2 - VALUE GROWTH INDEX

EXHIBIT A ATTACHMENT A

Generally, the subject neighborhood reflects other areas in the Skagway market, with relatively stable values.

Although nationwide numbers have grown, occupancy rates for RV parks in the Skagway market have declined since 2006 according to local management. This may be due to ferry reliability, fuel costs or somewhat out of the way location.

Conclusion

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

EXHIBIT A ATTACHMENT A

3 PROPERTY DESCRIPTION

3.1 SITE DESCRIPTION

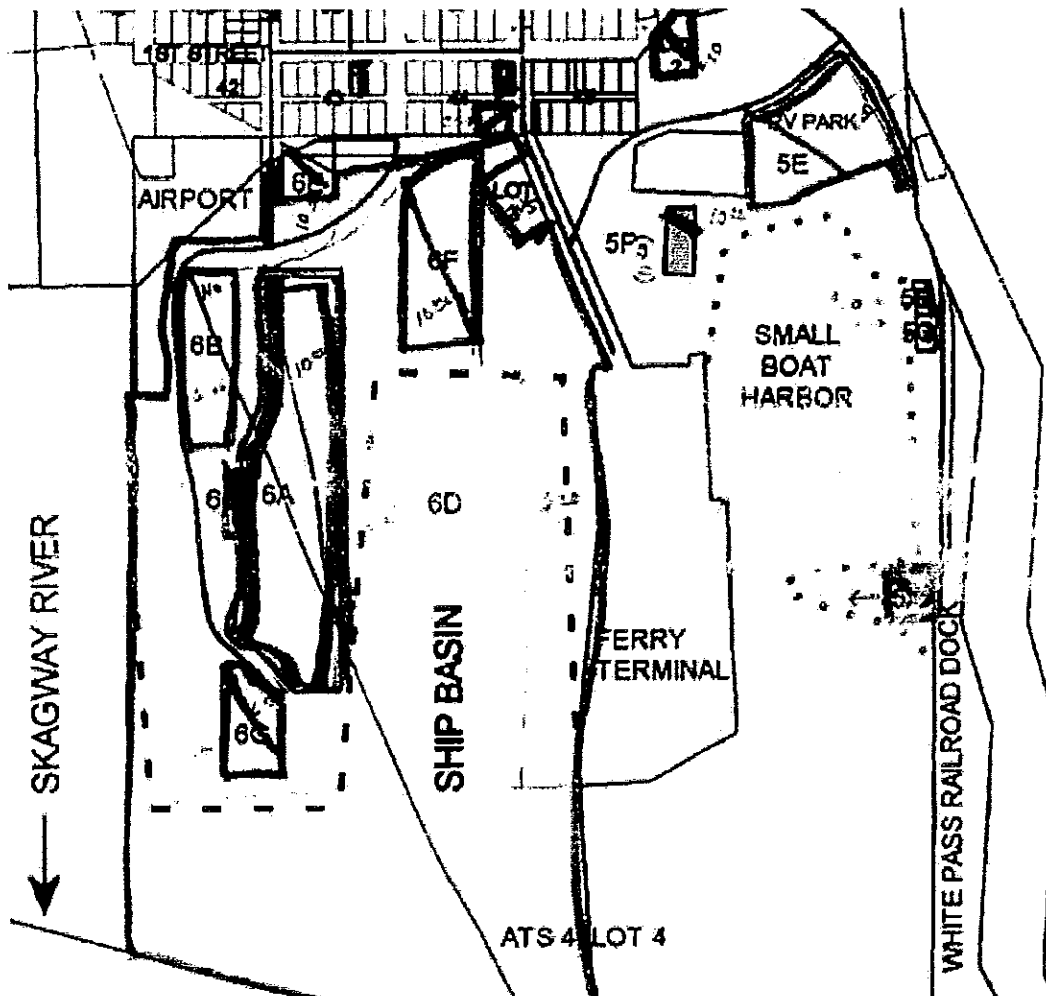


FIGURE 3.1 – SUBJECT LOCATION.

The subject site is a hypothetical 3,000 SF site within ATS #4 near the northwest corner of the small boat harbor. It is located near the intersection of Service Road and Broadway and can be accessed through other municipal lands from both Broadway (ferry access road) and Congress Way. It is generally level and relatively similar in elevation nearby roads. It is in a good location to serve the boating community for storage and maintenance.

The subject is used for miscellaneous boat maintenance and repair for both commercial and private vessels. The site also serves as the location for the shop truck, van storage and placement of vessels being serviced.

EXHIBIT A ATTACHMENT A

Topography, Utilities & Access

The subject is level and at grade with the surrounding lands. Electric power is available. The subject parcel is accessed across city owned and partially leased filled tidelands.

3.2 ZONING

The subject site is zoned Waterfront (W). This zoning is designed to protect Skagway's limited waterfront areas for those uses that are directly dependent upon or related to the water and/or a waterfront location. This zoning principally allows for public, private, and commercial moorage, warehousing and storage, marine fuel, water and sanitation facilities, research and educational facilities related to the water, port, and harbor facility, seafood processing, boat storage yard, fish and shell fish propagation, parks and open space, and water-related visitor services, as well as sales related to maritime activity that requires/benefits from a shoreline location.

3.3 EASEMENTS AND ENCROACHMENTS

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

3.4 ASSESSED VALUATION AND TAXES

The assessment parcel number is 2TOWN142053. The subject is taxed based on a possessory interest value of \$12,500. This possessory interest is based on a fee simple value of \$33,000.

3.5 FLOOD ZONE

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

EXHIBIT A ATTACHMENT A

4 VALUATION

4.1 HIGHEST AND BEST USE

Highest and best use is defined as "the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and 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. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Page 93

With the subject surrounded by marine related maintenance, storage and water access, and the requirements of W zoning, a commercial use related to the waterfront is the highest and best use. This would include boatyards, boat shops or seafood processing.

4.2 LAND VALUATION

The most applicable approach to land valuation is the Direct Sales Comparison Approach.

All of the comparables are in Skagway. These sales or capitalized leases were chosen based on comparable attributes such as zoning, size, location, and available utilities.

A qualitative rating is developed to weigh market differences between the subjects and their comparables whereby, if a comparable attribute is superior to a subject, a minus rating of -1, -2, or -3 is given, depending on its severity. Conversely, if a comparable attribute is inferior to the subject, a plus rating of +1, +2, or +3 is given, depending on its severity, to weight this with other attributes towards the subject. The gradation of weighting 1 to 3 is used since all qualitative attributes are not, in the appraisers' opinion, equally weighted within the market.

#	Location	Date	Price	SF	\$/SF	Comments
1	Portion ATS 4, Tax Lot 5A, Petro Lease	01/12	\$24,000*	1,600 SF	\$15.00/SF	Similar W zoning; near seawalk and harbor
2	Portion ATS 4, Tax Lot 5D, Stowaway	05/13	\$110,000*	5,500 SF	\$20.00/SF	Similar W zoning, adjacent seawalk and Congress Way
3	Lot 10, Block 21, Skagway Townsite	09/15	\$65,000	5,000 SF	\$13.00/SF	Zoned Light Industrial; vacant lot
4	S 331/3 Lots 11 and 12, Blk 39	12/13	\$55,000**	3,330 SF	\$16.52/SF	Zoned Light Industrial with older building
5	Lot 12, Block 60	01/15	\$65,000**	5,168 SF	\$12.58/SF	Zoned Light Industrial with house
	Subject	04/16	Solve	3,000 SF	Solve	Zoned W

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

EXHIBIT A ATTACHMENT A

Comparable 1 is the fee simple value based on a capitalized 2012 lease. It is smaller in size and similar in zoning. It is similar to the subject's location isolated from the major tourist traffic flow and more industrial in use. The smaller size and economies of scale would indicate that this comparable is superior in value based on size. It is ranked as **superior**

Comparable 2 is the fee simple value based on a capitalized 2013 lease. It is similar in waterfront zoning and larger in size. It is superior in its location between Congress Way and the seawalk which accounts for substantial tourist traffic. It also was superior in utilities. It is ranked **superior** overall.

Comparable 3 is the fee simple sale of a parcel of land zoned for light industrial use and surrounded by a combination of residential and commercial uses. It is slightly larger and superior in utilities. It is a very recent transaction, having occurred in late 2015. It is ranked **similar** after considering adjustments.

Comparable 4 is the allocated land value from the sale of a light industrial property with a small fair condition building on it. It is most similar in size, but superior in utilities. It ends up a **superior** indicator of unit value at \$16.52/SF.

Comparable 5 is the land allocation of a property zoned light industrial with a small house on it. This comparable was a larger parcel of land with superior utilities and mostly surrounded by residential uses. This is also a recent transaction, having occurred in early 2015. This is considered due to its zoning but is given less weight with its residential use. It is ranked **similar**.

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

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EXHIBIT A

TABLE 4.2 - QUALITATIVE ADJUSTMENT GRID

Characteristic	Subject	Comp #1 Tax Lot 5A	Comp #2 Tax Lot 5D	Comp #3 Lot 10, Block 21	Comp #4 S 33 1/3 Lots 11&12, Block 39	Comp #5 Lot 12, Block 60
Sales or Indicated Price	Solve	\$24,000*	\$110,000*	\$65,000	\$55,000**	\$65,000**
Price/SF	Solve	\$15.00/SF	\$20.00/SF	\$13.00/SF	\$16.52	\$12.58
Market Conditions (Time of Sale)	04/16	1/12	05/13	09/15	12/13	01/15
Conditions of Sale	N/A	Similar	Similar	Similar	Similar	Similar
SF Size	3,000 SF	1,600 SF	5,500 SF	5,000 SF	3,330 SF	5,168 SF
Location/Access	Average	Similar	Superior	Similar	Similar	Similar
Zoning	W	W	W	IL	IL	IL
Utilities	Electric	Similar	Superior	Superior	Superior	Superior
Overall Net Rating		Superior	Superior	Similar	Superior	Similar

*Based on capitalized lease, ** Land allocation

EXHIBIT A ATTACHMENT A

Comparable	Sales Date	Price/SF	Ranking
Comp 2	05/13	\$20.00	Superior -2
Comp 4	12/13	\$16.52	Superior -1
Comp 1	01/12	\$15.00	Superior -1
Comp 3	09/15	\$13.00	Similar
Subject	04/16	Solve	Similar
Comp 5	01/15	\$12.58	Similar

All of the comparables indicate a range between \$12.58/SF and \$20.00/SF. After ranking, a tighter range develops between \$12.58/SF and \$13.00/SF. The subject is estimated at \$13.00/SF with slightly less weight applied to Comp 5 due to its residential use and surroundings.

In consideration of the data analyzed above, a unit value of \$13.00/SF is felt to be most substantiated. This valuation, with an effective date of April 1, 2016 can be summarized as follows:

$$3,000 \text{ SF @ } \$13.00/\text{SF} = \$39,000$$

ATTACHMENT A

EXHIBIT A

ADDENDA

EXHIBIT A
ATTACHMENT A

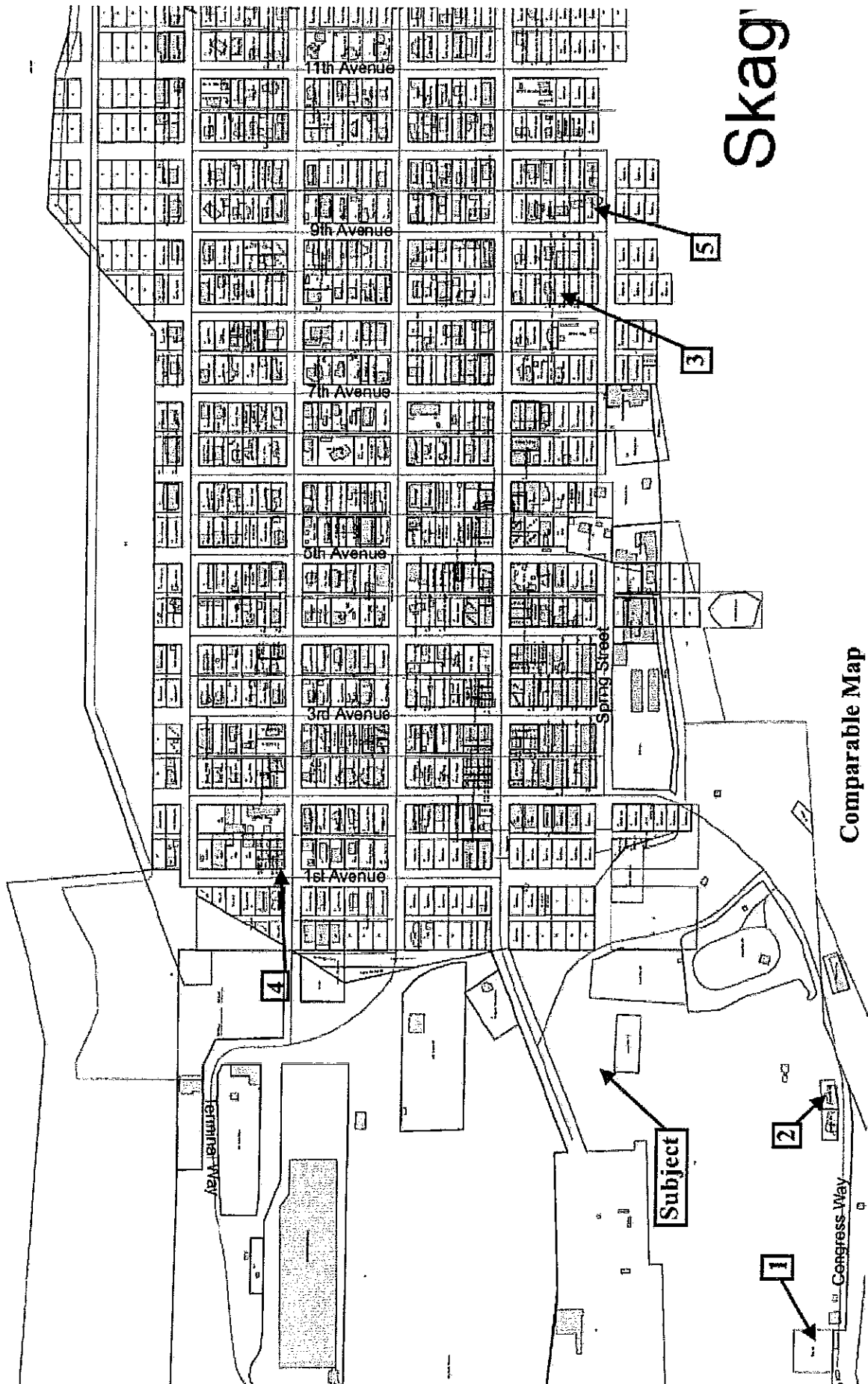


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ATTACHMENT A



MUNICIPALITY OF SKAGWAY

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

**Municipality of Skagway
And
Taiya Marine Services LLC.
Lease Agreement
Small Boat Harbor Marine Services**

This Lease is entered into on this 21st Day of March, 2011, by and between the Municipality of Skagway (hereinafter, Municipality) a municipal corporation, and Taiya Marine Services LLC. (hereinafter Lessee), for the purpose of leasing a lot in the small boat harbor uplands.

WITNESSETH:

WHEREAS the Municipality owns the small boat harbor property; and

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

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

1. DURATION:

This lease shall be in effect for a 5-year period, from April 1, 2011 to April 1, 2016.

2. FACILITIES:

- A. The leased premises subject to this lease shall be the grounds or hypothetical portion of tax lot 5F, containing 3,000 SF in fee simple interest, within ATS 4, Skagway city storage area as described in the Appraisal Report dated January 13 2011.
- B. The Lessee recognizes that the Municipality may construct improvements to the premises during the term of this lease. Adjustments to the lease amount, if any, due to such improvements shall be negotiated by the Municipality and Lessee, and approved in writing by both parties.
- C. The Municipality will drop an electric pole to the area with 30 amperes metered service.

EXHIBIT A ATTACHMENT A

Taiya Marine Services-Lease Agreement

3. LEASE AMOUNT:

Annual lease payment shall be in the amount of \$2,640.00 (Two Thousand, Six Hundred and Forty Dollars and No/100), plus any applicable municipal sales tax. This amount is payable in four (4) equal quarterly installments of \$660.00(Six Hundred and Sixty Dollars and No/100) plus applicable tax, due on or before the thirtieth day of, March, June, September, and December. Additionally, Lessee shall be responsible for cost of preparing said lease, including, but not limited to survey and appraisal costs.

4. OPERATIONS AND MAINTENANCE:

- A. Lessee shall promptly repair, rebuild or restore premises or facilities damaged or destroyed, except damage caused solely by the Municipality.
- B. The Municipality may, at all reasonable times and with prior notice, enter upon and inspect the leased premises. If the Municipality demonstrates that the Lessee has failed to perform maintenance or repair work required under this lease, and if Lessee, after prior notice of the deficiencies, fails to correct the deficiencies or begin corrective action within a reasonable time, the Municipality may enter any part of the leased premises and perform the necessary work. Lessee shall reimburse the Municipality for all reasonable expenses incurred by this work within ten days of the Municipality providing the Lessee with an invoice for the work.

5. INDEMNITY AND INSURANCE:

- A. INDEMNIFICATION OF LESSOR. Lessee agrees to indemnify, defend and save Lessor harmless against and from any and all claims by or on behalf of any person, firm or corporation, arising from the conduct or management of or from any work or thing whatsoever done in or about the leased Premises, beginning from March 19, 1968, regardless of when such claims may have occurred, arose or accrued, which in any way relate to the leased premises, including, without limitation, in connection with Hazardous Materials. Lessee also agrees to indemnify, defend and save Lessor harmless against and from any and all claims arising during the lease term from any condition of the leased property. Lessee also agrees to indemnify, defend and save harmless Lessor from any and all claims, including but not limited to physical injury, property damage, special damages, consequential damages, expenses, costs, and attorneys fees, directly or indirectly arising out of, in connection with, or incident to the operation of the leased premises or arising from any breach or default on the part of Lessee in the performance of any covenant or agreement on the part of Lessee to be performed, pursuant to the terms of this lease, or arising from Lessee's failure to comply with any law, ordinance or regulation of any governmental body, or arising from any negligent act or omission of Lessee or any of its agents, contractors, servants, employees, licensees, guests and sublessees and any agents, contractors, servants, employees, licenses and guess of its sublessees. Lessee' obligation to defend, indemnify and save Lessor harmless shall include Lessee's payments of reasonable actual legal fees,
- B. INSURANCE: Lessee shall provide to the Municipality of Skagway a certificate of insurance showing that the Lessee has obtained at least one million dollars (\$1,000,000.00) general liability insurance, which covers the Lessee's operations on the leased premises. Lessee shall provide the Certificate of Insurance, naming the Municipality as an additional insured, at the time of the effective date of the lease. Failure to maintain such insurance shall constitute a material breach of the terms and conditions of the lease. Lessee shall notify the

EXHIBIT A ATTACHMENT A

Taiya Marine Services-Lease Agreement

municipality twenty (20) days before the policy is canceled or terminated and unless the Lessee provides a new Certificate of Insurance within 30 days of cancellation or termination, the Municipality may terminate this lease without further notice at its sole option.

- C. **HAZARDOUS WASTE RESPONSIBILITY.** Lessee represent and warrant that the leased Premises will never be used for the generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance. The term "Hazardous Waste or Substance" means hazardous or toxic substances, materials or wastes, including but not limited to any substance, material or waste which is (i) petroleum; (ii) asbestos; (iii) polychlorinated biphenyls (PCBs); (iv) toxic or hazardous substances as defined in Alaska Statute 18.60.105 or 46.03.826, and associated regulations; (v) designated as a "Hazardous Substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. ' 9601, *et. seq.*; (vi) designated as a "Hazardous Waste" pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. ' 6901, *et. seq.*; (vii) designated as a "Hazardous Substance" under the Clean Water Act, 33 U.S.C. ' 1321, or listed pursuant to 33 U.S.C. § 11317; (viii) listed by the U.S. Department of Transportation at 49 C.F.R. Part 302; and (ix) any other substance, waste or material which is regulated as hazardous or dangerous by any Federal, State or local agency.

Lessee agrees to hold Lessor harmless and to indemnify and defend Lessor against any and all claims and losses resulting from Lessee' breach of this paragraph, including, but not limited to, any loss, damage, liability, cost, or expense, including reasonable actual attorneys' and consultants' fees and expert fees, and including without limitation (i) any claims of third parties for personal injury, property damage, or other harm, and (ii) any response costs, costs of remedial, restoration or clean-up actions, fines suffered or incurred by Lessor arising out of or related to the presence of Hazardous Materials in, on, or under the property, or out of any such use of the property, or due to the incorporation of such materials. This obligation to indemnify, defend and hold Lessor harmless shall survive the term of this lease and include any claim, cause of action or administrative regulatory enforcement action in which Lessee or Lessor are determined or alleged to be a potentially responsible party.

6. **DEFAULT:**

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

7. **TERMINATION**

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

8. **TERM AND CONDITIONS:**

~~EXHIBIT A~~
ATTACHMENT A

Taiya Marine Services-Lease Agreement

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

9. NOTICE:

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

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

LESSEE: Taiya Marine Services LLC.
Roger W. Griffin
Helene M. Crouch
P.O. Box 423
Skagway, AK 99840
907-973-7817

10. MISCELLANEOUS

- A. Any civil action arising from this Agreement shall be brought in the Superior Court for the First Judicial District for the State of Alaska at Juneau, Alaska. Venue for trial in any action shall be in Skagway, Alaska. The law of the State of Alaska shall govern the rights and obligations of the parties.
- B. This Agreement is binding upon the heirs, successors and assign of the parties.
- C. This Agreement represents the entire Agreement of the parties and no other Agreement whether oral or written which is not specifically set forth in this Agreement or an addendum to this Agreement will have any force or effect upon the other party. Lessee specifically understands and agrees that no Municipal employee, Assembly member, or the Mayor has any authority to verbally modify this lease and any modifications must be in writing approved by the Assembly.
- D. The Municipality's waiver of any term or condition in this Agreement shall not constitute a waiver of any term or condition in this Agreement.
- E. If any term of this Agreement is held to be invalid, void or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall be valid and binding upon the parties.
- F. Titles and headings to sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

~~EXHIBIT A~~
ATTACHMENT A

Taiya Marine Services-Lease Agreement

G. Lessee is not relying on any representations by a Municipal employee, officer, assembly member, consultant or attorneys. Lessee has had a full opportunity to consult with their own attorney before entering this Lease.

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

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

Thomas D Cochran
Thomas D Cochran, Mayor
For the Municipality of Skagway

Roger W Griffin
Roger W. Griffin for, Taiya Marine Services,
LLC, Lessee

Date 05 APR 11

Date MARCH 26, 2011

ATTEST:
Emily Deach
Emily Deach, Municipal Clerk

(SEAL)





① SITE PLAN

AERIAL PHOTO OF WATERFRONT

ATTACHMENT A

QUALIFICATIONS OF WILLIAM G. FERGUSON

Education:

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

Employment:

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

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

Appraiser, Pontier, Duvernay & Horan, 1986-1987

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

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

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

Certification:

State of Alaska, General Real Estate Appraiser, 618

Appraisal Education:

AIREA Residential Valuation, May 1989, Portland, Oregon

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

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

FNMA Appraisal Guidelines Seminar, July, 1987

FNMA Appraisal Guidelines Seminar, July, 1988

Veterans Administration Guidelines Seminar, February, 1988

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

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

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

Appraising the Tough Ones, Alaska Chapter, November 1992

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

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

New URAR Seminar, Anchorage, Alaska, December 1993

Valuation of Leasehold Interests, Anchorage, Alaska, December 1993

Understanding Limited Appraisals, Anchorage, Alaska, July 1994

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

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

HighTech Appraisal Office, May 1996, Seattle, Washington

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

Appraisal of Retail Properties, October 1996, Anchorage, Alaska

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

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

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

FHA Training Seminar, October 1999, Seattle, Washington

FHA Seminar, August 2000, Anchorage, Alaska

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

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

ATTACHMENT A

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

Types of Property Appraised:

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

Types of Property Assessed for Taxation:

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

Planning Experience:

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

Approvals:

Alaska Pacific Bank, ALPS Federal Credit Union, Bureau of Indian Affairs, First Bank of Ketchikan,
First National Bank, Alaska, Wells Fargo, Northrim Bank, Norwest Mortgage, PHH Mortgage Services,
Lenders Service Inc., Bank of America, Dept. of Housing and Urban Development (FHA/HUD)
Approval No. 2040, Veteran's Administration

Rev. 02/15

EXHIBIT A

Proposed by:	Administration
Attorney Review:	05/12/2016
First Reading:	06/02/2016
Second Reading:	06/16/2016
Vote:	6 Aye 0 Nay 0 Absent

MUNICIPALITY OF SKAGWAY, ALASKA ORDINANCE NO. 16-13

AN ORDINANCE OF THE MUNICIPALITY OF SKAGWAY, ALASKA AUTHORIZING THE MUNICIPALITY OF SKAGWAY TO LEASE WATERFRONT PROPERTY TO TAIYA MARINE SERVICES.

WHEREAS, the Municipality received a request from Helen M. Crouch and Roger W. Griffin, DBA Taiya Marine Services, LLC. to lease 3,000 square-feet of waterfront property;

NOW, THEREFORE BE IT ORDAINED BY THE ASSEMBLY OF THE MUNICIPALITY OF SKAGWAY, ALASKA that the Municipality of Skagway shall lease to Taiya Marine Services, LLC. 3,000 square-feet of waterfront property described as Tax Lot 5F, a portion of ATS 4, in the appraisal report dated May 12, 2016, by Horan & Company LLC, for the period of April 1, 2016, through April 1, 2021, as detailed in the attached lease agreement (Exhibit A); and

BE IT FURTHER ORDAINED that the lease is subject to the terms and conditions set forth in SMC 16.02.140, 16.02.150 and 16.02.160; and


BE IT FURTHER ORDAINED that Taiya Marine Services shall be charged an annual rent of eight percent (8%) of the appraised value of \$39,000, or \$3,120.00 annually plus applicable sales tax, prorated and paid in advance every calendar quarter; and

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

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

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

PASSED AND APPROVED by a duly constituted quorum of the Borough Assembly of the Municipality of Skagway this 16th day of June, 2016.


Mark Schaefer, Mayor

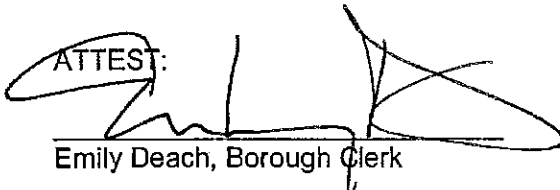
ATTEST:

Emily Deach, Borough Clerk
(SEAL)



EXHIBIT A

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QUALIFICATIONS OF WILLIAM G. FERGUSON

Education:

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

Employment:

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

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

Appraiser, Pomtier, Duvernay & Horan, 1986-1987

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

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

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

Certification:

State of Alaska, General Real Estate Appraiser, APRG618

Appraisal Education:

AIREA Residential Valuation, May 1989, Portland, Oregon

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

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

FNMA Appraisal Guidelines Seminar, July, 1987

FNMA Appraisal Guidelines Seminar, July, 1988

Veterans Administration Guidelines Seminar, February, 1988

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

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

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

Appraising the Tough Ones, Alaska Chapter, November 1992

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

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

New URAR Seminar, Anchorage, Alaska, December 1993

Valuation of Leasehold Interests, Anchorage, Alaska, December 1993

Understanding Limited Appraisals, Anchorage, Alaska, July 1994

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

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

HighTech Appraisal Office, May 1996, Seattle, Washington

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

Appraisal of Retail Properties, October 1996, Anchorage, Alaska

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

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

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

FHA Training Seminar, October 1999, Seattle, Washington

FHA Seminar, August 2000, Anchorage, Alaska

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

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

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

EXHIBIT A

Code of Professional Ethics/Scope of Work, April 2003, Anchorage, Alaska
Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), Jan 2004, Philadelphia, PA
Rates and Ratios: Making Sense of GIMs, OARs and DCF, Feb 2005, Anchorage, AK
USPAP Update; Uniform Standards of Professional Appraisal Practice, Feb 2005, Anchorage, AK
USPAP 15 Hr; Uniform Standards of Professional Appraisal Practice, April 2006, Sacramento, CA
Basic Income Capitalization 310, July 2006, San Diego, CA
General Applications 320, July 2006, San Diego, CA
Subdivision Valuation, February 2008, Anchorage, AK
Appraisal of Local Retail Properties, February 2008, Anchorage, AK
USPAP 7 hr Update; Uniform Standards of Professional Appraisal Practice, June 2009, Juneau, AK
Home Valuation Code of Conduct & 1004 Market Conditions Form Seminar, June 2009, Juneau, AK
Business Practices and Ethics, November 2009, Online
Real Estate Appraisal Operations, February 2010, Online
USPAP 7 hr Update; Uniform Standards of Professional Appraisal Practice, February 2010, Kent, WA
Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), Dec 2010, Sacramento, CA
Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets, April 2012, Portland, OR
Appraising the Appraisal - Appraisal Review - General, September 2012, Reno, NV
USPAP 7 hr Update; Uniform Standards of Professional Appraisal Practice, February 2013, Pittsburgh, PA
USPAP 7 hr Update; Uniform Standards of Professional Appraisal Practice, April 2014, Juneau, AK
Real Estate Finance Statistics and Valuation Modeling; February 2015, Las Vegas, NV
Supervisory Appraiser/Trainee Appraiser Course; April, 2015 Anchorage, AK
USPAP 7 hr Update; Uniform Standards of Professional Appraisal Practice, January 2017, Online
Analyzing Operating Expenses, February 2017, Online
Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), May 2017, Seattle, WA
Using Spreadsheet Programs in Real Estate Appraisals – The Basics, December, 2017 Online
USPAP 7 hr Update; Uniform Standards of Professional Appraisal Practice, December 2018, Online
Solving Land Valuation Puzzles; February 2019, Pittsburgh, PA
Rural Valuation Basics; April 2019; Portland, OR

Types of Property Appraised:

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

Types of Property Assessed for Taxation:

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

Planning Experience:

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