

**APPRAISAL REPORT MARKET RENT OF
TRUCANO BARGE LANDING, 1.43 AC,
ADL 36091, AND ADL 51488
3560 NORTH DOUGLAS HIGHWAY, LOCATED IN
GASTINEAU CHANNEL, JUNEAU, ALASKA**



(111720(145))

PREPARED FOR: City and Borough of Juneau Docks and Harbors
155 S. Seward Street
Juneau, Alaska 99801

PREPARED BY: Slater Ferguson
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EFFECTIVE DATES: April 16, 2024

REPORT DATE: May 1, 2024

OUR FILE NO.: 24-019

HORAN & COMPANY

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May 1, 2024

Carl Uchtyl, P.E., Port Director

City and Borough of Juneau Docks and Harbors

155 S. Seward Street

Juneau, Alaska 99801

VIA Email teenalarson@juneau.org

Re: Appraisal Report Market Rent of Trucano Barge Landing, ADL 36091 and ADL 51488, 1.43 Acres, Located in the Gastineau Channel, at 3560 North Douglas Highway, Juneau, Alaska; Our File: 24-019

Dear Mr. Uchtyl,

We have contacted the lessee, inspected the property and made a market analysis of the tidelands and waterfront real estate market to determine the market rent for the two separate tideland leases referenced above and identified in the following table. The effective dates are reflective of the inspection date, given that the existing leases are set to expire. The tidelands are valued in the condition in which they were leased. They are both partially filled. Based on our analysis, the estimated annual market rent value is as follows:

Subject Sites	Effective Date	Annual Market Rent	SF Area	Pre-Leased Condition
ADL 36091 -ATS 750	4/16/2024	\$11,267	18,469 SF	50% filled
ADL 51488- ATS 842 Tr A & B	4/16/2024	\$20,909	43,865 SF	33% filled

These market rental rates are based on 21¢/SF for unfilled tidelands and \$1.01/SF for the filled tidelands in their “as was” pre-leased condition.

Your attention is invited to the remainder of this report which sets forth the Assumptions and Limiting Conditions, Certification of Appraisal and the most pertinent data considered in estimating the market rent of the subject property. Some of this material is included in the addenda. This appraisal report is intended to comply with the rules and regulations as set forth by the Uniform Standards of Professional Appraisal Practice (USPAP) and the City and Borough of Juneau's Appraisal instructions.

Thank you for this opportunity to be of service. If you have any questions or comments, please feel free to contact us at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Slater Ferguson". The signature is written in a cursive style with a horizontal line underlining the last name.

Slater Ferguson, 133619
Horan & Company, LLC

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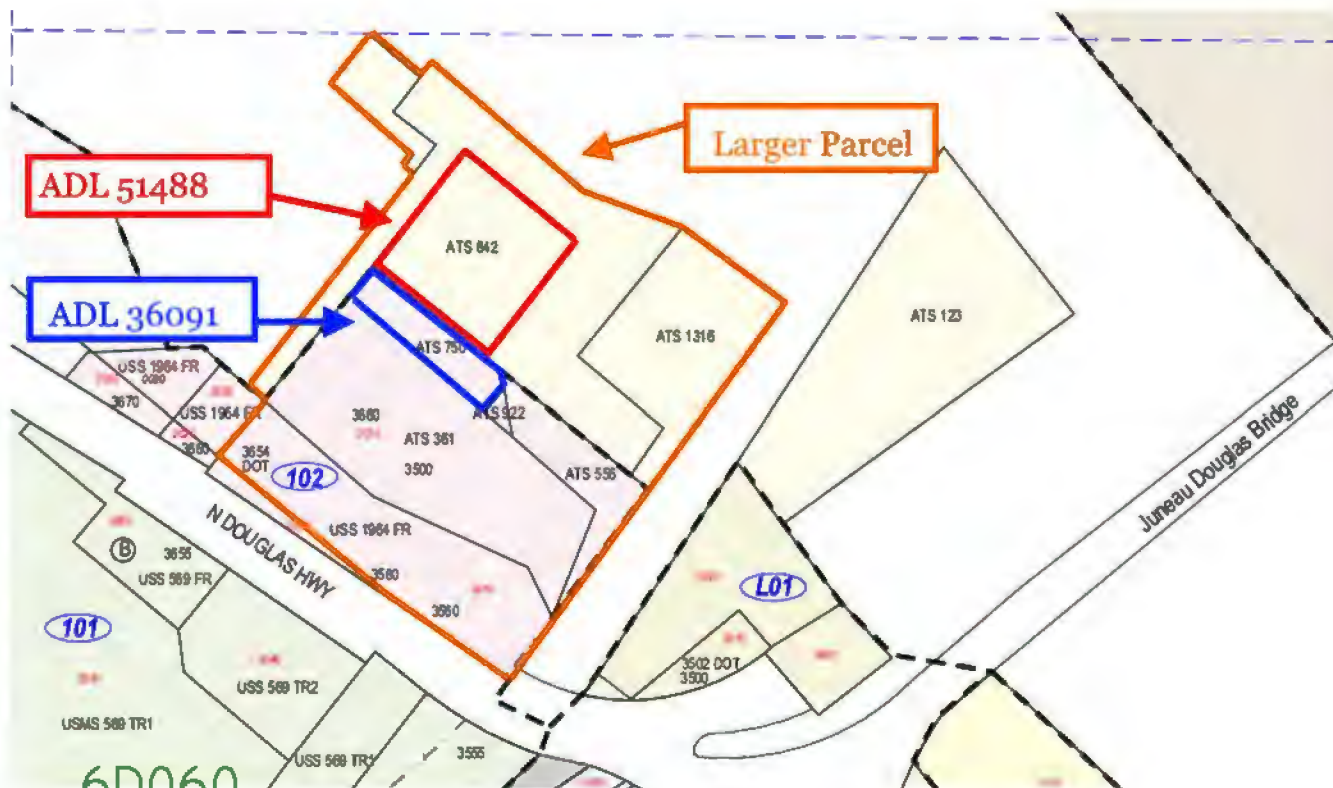


FIGURE 1.1 – The two subject leases; ADL36091, 51488 and the larger Trucano site of which they are part of.

The purpose of this appraisal is to estimate the current market rent of the subjects for the purpose of negotiating new leases for both properties. These leases are identified in the following table which includes their various renewal dates and other information. They are identified in Figure 1.1.

TABLE 1.1 – Lease Summaries			
Identification of Subject Sites	Lease End Date	SF Area	Comments on Pre-Leased Condition
ADL 36091 -ATS 750	6/29/2024	18,469 SF	50% filled
ADL 51488- ATS 842 Tracts A & B	8/18/2026	43,865 SF	~33% filled

The subject leases are portions of the Trucano barge landing construction company site which is just over 7 AC in total. The overall property address is 3560 North Douglas Highway, Juneau, Alaska.

This site has been developed in phases over time, extending seaward from the North Douglas Highway. As development occurred over time, tidelands were dredged and filled. Some of these lands were filled by successive owners with and without tideland leases. Some leases lapsed and were re-let as partially filled. Today, this site estimated at about 7.2 AC, is well-developed with a tank farm and marine fueling facility, a barge landing, a dock and dredged harbor. There

are offices and warehouse structures on the upland as well as filled yard area for equipment storage and fabrication. The subject tidelands are appraised for their market value rent, in their “as was” conditions at the time of the lease, as variously indicated in the table above.

The effective dates of the appraisals are reflective of the inspection date (04/16/2024). The effective dates do not correlate with a lease renewal date, as both leases are set to expire within the next couple years. (6/29/24 & 8/18/26)

The lease terms are summarized as followed below. Please see the addenda for a complete copy of the lease.

Synopsis of Lease ADL 36091

<i>Legal Description/Leased Premises:</i>	ADL 36091, ATS 750
<i>Lessor:</i>	City and Borough of Juneau, as successor to the State of Alaska
<i>Lessee:</i>	J.E. Trucano
<i>Original Lease Date:</i>	June 30, 1969
<i>Ending Lease Date:</i>	June 29, 2024
<i>Rental Adjustment Period:</i>	Every five years
<i>Last Lease Review Date:</i>	April 23, 2021,
<i>Last Annual Lease Payment</i>	\$11,082.00 plus sales tax
<i>Use:</i>	Barge Terminal
<i>Property Rights Included:</i>	Normal rights conveyed by lease.
<i>Property Rights Excluded:</i>	No mineral or timber rights are conveyed by lease.
<i>Other Terms of Lease:</i>	Typical fully net lease indemnifying lessee.
<i>Reversion of Improvements:</i>	Not specified but typically able to be retained by lessee or its successor if all obligations of lease have been fulfilled, and lease extended. Improvements must be removed if lease is terminated.
<i>Easements:</i>	None noted on Plat.
<i>Improvements Included:</i>	There are no building improvements however the site had been filled about 50% as leased and currently appraised. This site has since been completely filled however these additional improvements are not included in our appraisal.

Synopsis of Lease ADL 51488

<i>Legal Description/Leased Premises:</i>	ADL 51488, ATS 842, Tracts A and B
<i>Lessor:</i>	City and Borough of Juneau, as successor to the State of Alaska
<i>Lessee:</i>	Trucano Family Partnership
<i>Original Lease Date:</i>	August 19, 1971
<i>Ending Lease Date:</i>	August 18, 2026

<i>Rental Adjustment Period:</i>	Every five years
<i>Last Lease Review Date:</i>	April 23, 2024,
<i>Last Annual Lease Payment</i>	\$20,470 plus sales tax
<i>Use:</i>	Barge Terminal
<i>Property Rights Included:</i>	Normal rights conveyed by lease.
<i>Property Rights Excluded:</i>	No mineral or timber rights are conveyed by lease.
<i>Other Terms of Lease:</i>	Typical fully net lease indemnifying lessee.
<i>Reversion of Improvements:</i>	Not specified but typically able to be retained by lessee or its successor if all obligations of lease have been fulfilled, and lease extended. Improvements must be removed if lease is terminated.
<i>Easements:</i>	None noted on Plat.
<i>Improvements Included:</i>	There are no building improvements, however, the site had been filled about 1/3 as leased and currently appraised. This site has since been completely filled, however, these additional improvements are not included.

1.1 PURPOSE OF APPRAISAL, INTENDED USERS AND INTENDED USE

The purpose of this appraisal is to determine the annual market rent for the subjects. The market rent estimate is for the property in fee simple interest less mineral rights in their **Pre-Lease Condition**.

Intended Use: This valuation is to be used to set market rent for several tideland leases as administered by the City and Borough of Juneau.

Intended Users are the City and Borough of Juneau and Trucano Family Partnership, Doug Trucano, owner and lessee.

Please see the addenda for the summary of assumptions and conditions, certification of appraisal, definitions and other important information relative to the appraisal analysis.

1.2 PARTIES TO THE TRANSACTION

Client and Ostensible Owner

City and Borough of Juneau (CBJ) is the client and ostensible owner, successor to The State of Alaska which retains subsurface minerals, revert interest if CBJ dissolved, and a condition of title is that CBJ cannot sell the tidelands.

Lessee

Trucano Family Partnership, Doug Trucano, owner and lessee.

1.3 LESSEE CONTACT, INSPECTION & EFFECTIVE DATE

Slater Ferguson, appraiser inspected the property on April 16, 2024 and met with Jeff Trucano at the property. The effective date is reflective of the inspection date, April 16, 2024.

1.4 APPRAISAL METHODOLOGY

The most direct way to estimate market rent is by the Rent Comparison Approach. In this approach, the annual rent of similar properties is considered on a price per square foot basis. In some instances we allocated rents of industrial properties to the tideland and upland portions. We also considered sales of fee simple and leasehold commercial and industrial property and developed an indicated annual S.F. rent by applying a market rental percentage rate to the nominal square foot value.

We identify comparable information through interviews with knowledgeable participants in the real estate markets such as local appraisers, other lessors and lessees, discussions with municipal property assessment personnel, and others who are familiar with the real estate market in Southeast Alaska. Information was also collected from the Port of Juneau for comparable land leases. A search was performed of similarly used properties in the communities throughout Juneau, Alaska.

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 those connected. 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 Alaska by region and has done so for over 30 years.

1.5 ALASKA TIDELANDS VALUATION AND RENT MARKET

Estimating market value or market rents for tidelands has always been a challenge in the State of Alaska. In terms of the overall real estate market, transactions for tidelands alone are very infrequent. When Alaska became a state in 1959, the state acquired ownership of most navigable water-tidelands. Prior to that there had been a few patented tidelands sites and municipalities had some patented tidelands which they could lease or sell. The Constitution of the State of Alaska prohibits the state sale of tidelands. The state and most municipal governments view tidelands as a critical component for public access to the waterways and economic development. As a result they are generally leased to ensure continual productive use and public access.

When tidelands do sell, they are usually associated with waterfront uplands forming a functional property unit between the water and public roadways. This would be the case, for instance, where there is a dock or barge landing facility requiring tidelands for marine improvements and an upland staging area. Sometimes these combination sites sell where the uplands are owned in fee simple and the tidelands are leased. In these instances the

contributory value of the tidelands can be estimated as the residual of the allocated value of the uplands portion of the sales price. There are more market transactions to indicate the value of the uplands than tidelands. It has become a common practice over the years to value tidelands as a percentage of the unit value of their adjoining uplands.

Conclusion Tideland Value Ratios and Land Percentage Rent

Over time we have studied the relationship between upland and tidelands unit values observing that there are typical ratios indicating tidelands unit values of 5% to 50% or more of the adjacent upland values depending on the effective utility of the tidelands. Also, we have studied a percentage rent range that tideland owners are achieving as a percentage of the estimated tideland values. Commercial property generally rents as a percentage of the market value. These percentage rents have ranged from 6% to 12% over the last 20 years. In the last 10 years or so these rates have narrowed to a range of 7% to 10% and are predominately 8%. For most private commercial leases these rates have not changed in the past several years and are best described as stable. A market rate of 8% is well supported.

2 AREA ANALYSIS

2.1 JUNEAU AREA ANALYSIS

Please see the addenda for the expanded Juneau Area Analysis. The population and employment in Juneau have been declining over the last few years but it appears that the decline is diminishing. The population is aging. There is a housing shortage with prices rising due to supply and demand issues as well as inflationary pressure for materials. There have been no large-scale multifamily housing projects developed for the last several years. It appears that feasibility for new rental housing may be difficult. With the increase in values for condominiums and other forms of home ownership, there may be some more potential in the future for this type of feasible housing. It is beyond the scope of this report to make this determination at this time.



FIGURE 2.1 – Juneau subject map

Tourism has recovered significantly for the independent traveler and more recently, in 2022/2023, the cruise ship passenger. Actual passenger count for 2023 was approximately 1,650,000 or 130% of the previous high in 2019. The passenger count is projected to increase again in 2024. Tourism-related sales have also rebounded as seen in gross tax receipts. These totals have not been updated since 2021, however, they are expected to have been similar to, or have exceeded 2019 numbers in 2023. The independent travel market appears to be stronger based on bed tax receipts which in 2023 may have outpaced the 2019 season. Education, government, fishing, and other industries that have lagged in the last several years appear to be recovering if not to prior levels. State Government continues to shrink but may be leveling off.

The overall real estate market in Juneau is strong. The population has declined somewhat but income remains steady. Parts of the commercial service sector serving mining and construction remains strong. Housing also remains strong. Retail and tourist-oriented properties have rebounded since the pandemic and are benefiting from record high visitor totals. The outlook for the general real estate market in Juneau is positive with values expected to increase or stay steady.

2.2 INDUSTRIAL WATERFRONT LAND MARKET - NORTH DOUGLAS

The subject lands are part of the Trucano Industrial site on the Douglas side of the Juneau-Douglas Bridge. The immediate area is zoned waterfront industrial (WI) bisected by Kowee Creek as indicated on Figure 2.6. It is surrounded by residential property along the steep hillside to the southwest and Gastineau Channel to the northeast. This 7 AC industrial waterfront site has developed over the years. It originally had a smaller footprint with additional tidelands leases successively added, filled, dredged, and developed. The site presently hosts a tank farm and marine fueling facility, construction yard, storage and fabrication facilities, a dredged harbor barge landing and dock facility. Other than the tank farm and marine fueling operation, the property is primarily owner occupied by the businesses of Trucano Construction. The subject's three tideland leases are portions of this 7 AC+ site. The lease rental values are estimated for the land in its "As-was" condition prior to the lease and further development.

This site has good proximity to downtown Juneau being convenient for transfers of goods and services throughout the community. This marine fueling-tank farm facility is convenient for fuel distribution along the road system and marina access with close proximity to Harris and

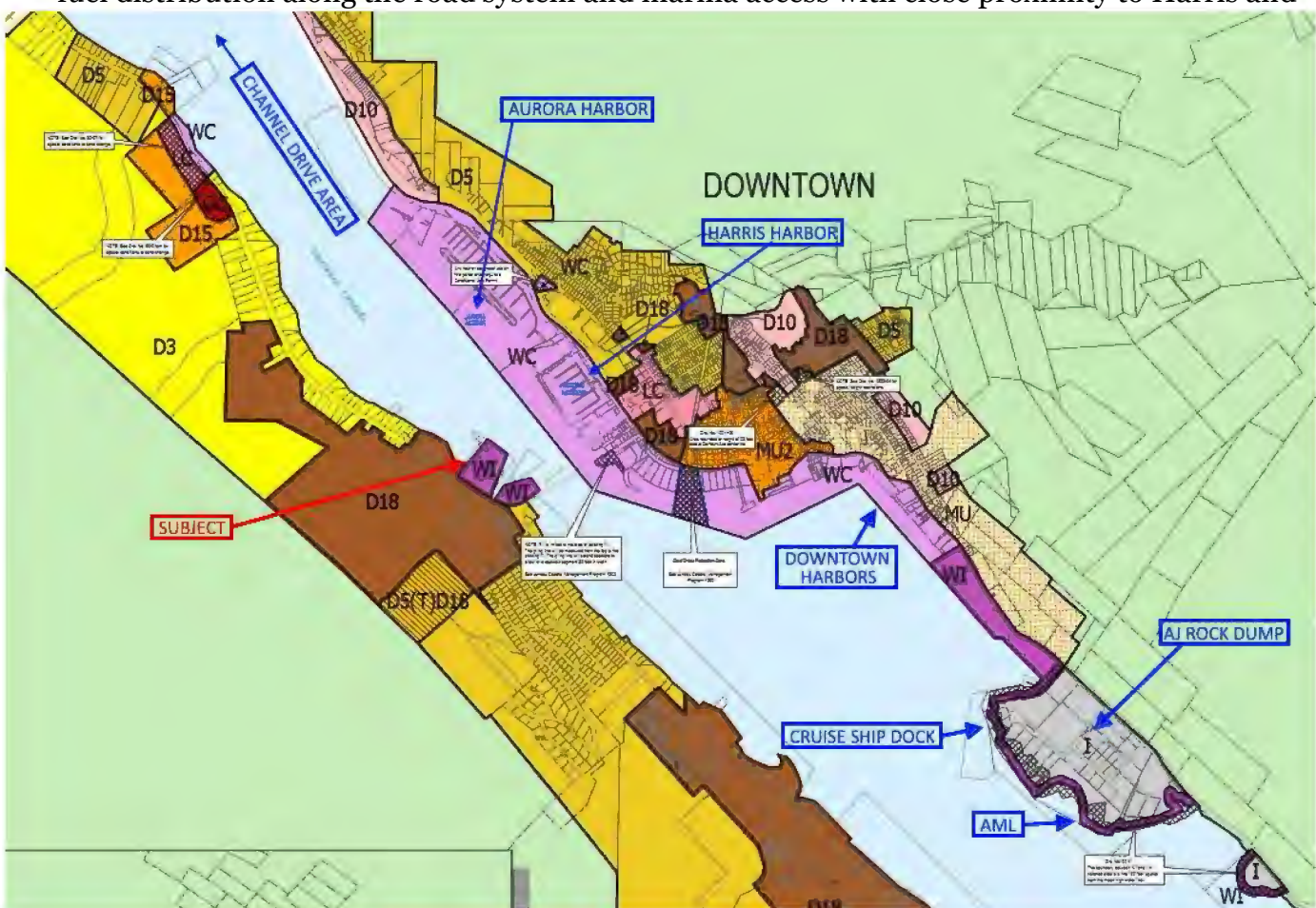


FIGURE 2.6 - Zoning map showing the location of the subject property and proximity to downtown Juneau and other commercial and industrial waterfront areas.

Aurora Harbors, as well as the downtown Juneau Harbors. Gastineau Channel marina access to the north is limited and truncated by shallow waters of Channel Drive about 3 miles northwest. Oceangoing vessels and marine traffic access to the Inside Passage is down Gastineau Channel to the southeast. The site is relatively well protected by the tidal flats and buttress of the Juneau-Douglas Bridge. It is also somewhat limited by the height of the bridge for oceangoing traffic to and from the southeast. This was recently affirmed by the purchasers of Crowley Taku Oil tank farm at the AJ Rock Dump by Petro Marine who will now be able to unload larger barges at that site south of the bridge. Petro Marine will still use the subject site for gasoline off loaded by smaller barges that can go under the bridge.



FIGURE 2.7 - Juneau road system map showing subject and competitive transfer sites. Note Juneau Ferry Terminal ferries carry containers with limited sailings. Alaska Marine Highway label shows the office location only. Samson Tug and Barge shows their warehouse facility but barges are off loaded at the AML site.

Competitive Barge Landing Sites

Over the last 10 years, Alaska Marine Lines has joined Lynden Transport as a sister company and they jointly use the barge landing facility at the AJ Rock Dump site off Thane Road. See their location on Figure 2.7. AML purchased Northland Services barge company and moved its business away from Channel Drive to the same facility. The only other remaining shipping/barge company in Juneau is Samson Tug and Barge which contracts AML to deliver its Juneau destination goods at its facility. Therefore, all the barge business is consolidated at

this time to AML's facility at the AJ Rock Dump. It is beyond the scope of this appraisal to determine the demand for barge landing facility capacity in Juneau, but it appears that the 23-acre AML site has satisfied the current demand.

Juneau, being the central commercial hub for Southeast Alaska, is the staging area for commerce in various communities and remote areas in the region. There are two major mines operating out of Juneau; Greens Creek and Kensington. These and other general construction projects create a steady demand for transfer sites along the Juneau Road system. A construction yard and barge landing facility use would be the most likely near-term use for the subject as it has been being used. There are several contractors who are seeking these types of transfer/barge landing sites confirming a persistent demand in this relatively small market. Also, it is noted industrial uplands at the AJ Rock Dump area and in the Mendenhall Valley have had persistently high demand level in part for contractor storage.

2.3 COMPETING NEIGHBORHOODS

The uses for the uplands or filled tidelands in this area would compete with other industrial neighborhoods. The most similar industrial upland neighborhoods to the Trucano Barge Landing area include the Salmon Creek/Channel Drive, Industrial Boulevard and Lemon Creek areas. Demand for non-waterfront commercial/industrial land in these areas has been relatively persistent. The most competitive waterfront areas include the Salmon Creek/Channel Drive waterfront, the AJ Rock Dump area and Auke Bay, which is split into two areas, one by the Statter Harbor Marina complex and the other by the ferry terminal.

Land along **Channel Drive** includes uplands and water frontage. It is zoned WI, Waterfront Industrial. The access road is paved and all utilities are present. All but two parcels are developed. Developed uses include a moving company, several barge landing sites, contractor yards, fish hatchery and fish processor, and a park. There are less than 12 sites along the waterfront.

The water frontage in this neighborhood is generally leased tidelands which range from an annual lease amount of \$0.16/SF to \$0.20/SF implying \$2.00/SF to \$2.50/SF fee simple at a rate of 8%¹, in their natural condition before fill.

Land values in the **Industrial Boulevard** area do not have water frontage and are zoned Industrial. Most of the neighborhood has been or is being developed with warehouses, mechanic shops, boat repair shops, wholesalers, boat condominiums, open contractor storage, and specialty services requiring that zoning. Most of the land is filled and leveled at street grade. All utilities are present. There are several dozen individual lots with the total neighborhood bounded by the Mendenhall River to the north, Gastineau Channel and Mendenhall Wetlands to the west and south and the Airport boundary to the southeast. On the

¹ \$0.10/SF / 8% = \$1.25, \$0.16/SF / 8% = \$2.00

north boundary is the Glacier Highway. Land in this neighborhood ranges from \$6/SF to a high of \$16/SF.

Lemon Creek commercial and industrial area is located between downtown and the Mendenhall Valley and has been steadily developing with owner-occupied service type structures. Mini warehouse units, storage buildings, some modified retail buildings, apartments, and larger tracts with large retail structures, and in the GC zone more retail type buildings, car lot, banks etc. From Anka St on the NW portion of the neighborhood to Commercial Blvd. is zoned Industrial, and land sales are in the \$15/SF to \$21.00/SF range for smaller fully prepared lots. That land is zoned Industrial and includes Concrete Way, location of the Police Station, and several small commercial buildings. Further to the west is the landfill, and associated uses, but also commercial uses. It has similar land values. There has been one known land sale that closed in October of 2021 for \$155,000 or \$17.30/SF. This property is an assemblage of two vacant lots which are approximately half filled and total 8,962 SF. It sold again in January of 2024 for \$184,000 or \$20.53/SF, indicating a ~19% increase in value over approximately 2 years.

The A.J. Rock Dump neighborhood is located about 1/2 mile east of downtown, along the water frontage. Many lots are inside the subdivision without water frontage. Many of those developed lots are used for commercial and industrial activity. AML barge lines moved here from a site closer to downtown. Now they have a large barge landing site, offices, and yard space. It may take up 1/3 of the area neighborhood. Bulk tank farms and storage structures fill the remaining lots. Finished lots along Mill Street held by one group of property owners sold a lot for \$20/SF in 2015. In 2017 they sold a lot for \$21/SF. Between April, 2019 and March 9, 2020 they sold six contiguous lots totaling 129,012 SF to five buyers for \$2,838,264, \$22/SF. The last of these lots closed days before the worldwide pandemic was declared in March of 2020. Most buyers were building tour bus repair and storage facilities or using the land as open storage taking advantage of proximity to their existing businesses within the subdivision and being close to the downtown and cruise ship docks. Three buyers were expanding use for existing locations in the area. Although some developments were stalled most owners continued on through the questionable pandemic years watching and waiting for recovery. In August of 2023 one of the lots resold (Lot 5A #12320) for nearly \$28.00/SF but the seller had put about four feet of fill he valued at \$100,000 on the lot to bring it to Mt. Roberts Street grade where it had previously been at Eastaugh Street grade. This value increase is predominantly due to this upgrade but also shows some strengthening in the market. Most of this area is developed and land values for the upland portion are over \$20/SF. Tidelands are developed with a cruise ship dock, moorage for private work boats, and marine improvements since the water depth offshore is sufficient for that use. The tidelands in this neighborhood are considered superior to the subject neighborhood given their deeper waters/moorage potential, and location outside of the Juneau Douglas Bridge.

The Auke Bay neighborhood is quite small, with five major developed sites, including the Glacier Seafoods dock and processing plant, the Alaska Marine Highway terminal, the Gitkov dock, the Delta Western fueling station & tank farm, and the Allen Marine transfer site. These uses require deeper water offshore for deep draft vessels. They share good access and all utilities. The waterfront sites are fully developed. Any expansion now will be seaward on leased tidelands. The water frontage in this neighborhood is generally leased tidelands which range from an annual lease amount of \$0.22/SF to \$0.24/SF implying \$2.75/SF to \$3.00/SF fee simple at a rate of 8%², in their natural condition before fill.

Tidelands on the Douglas side of the **J.D. Bridge** form a relatively small, somewhat competitive area. Again, there are very few transactions. Unfilled tidelands have been leased in this area ranging from \$.05/SF to \$0.20/SF depending on accessibility, land character and title encumbrance. Partially filled tidelands are leased at between \$0.40 and \$0.60/SF.

The competing neighborhoods are filling in with land at 75%-90% developed. In general, it appears that demand for industrial land (both waterfront and uplands) has remained strong, and values have increased somewhat since 2020.

² \$0.10/SF / 8% = \$1.25, \$0.16/SF / 8% = \$2.00

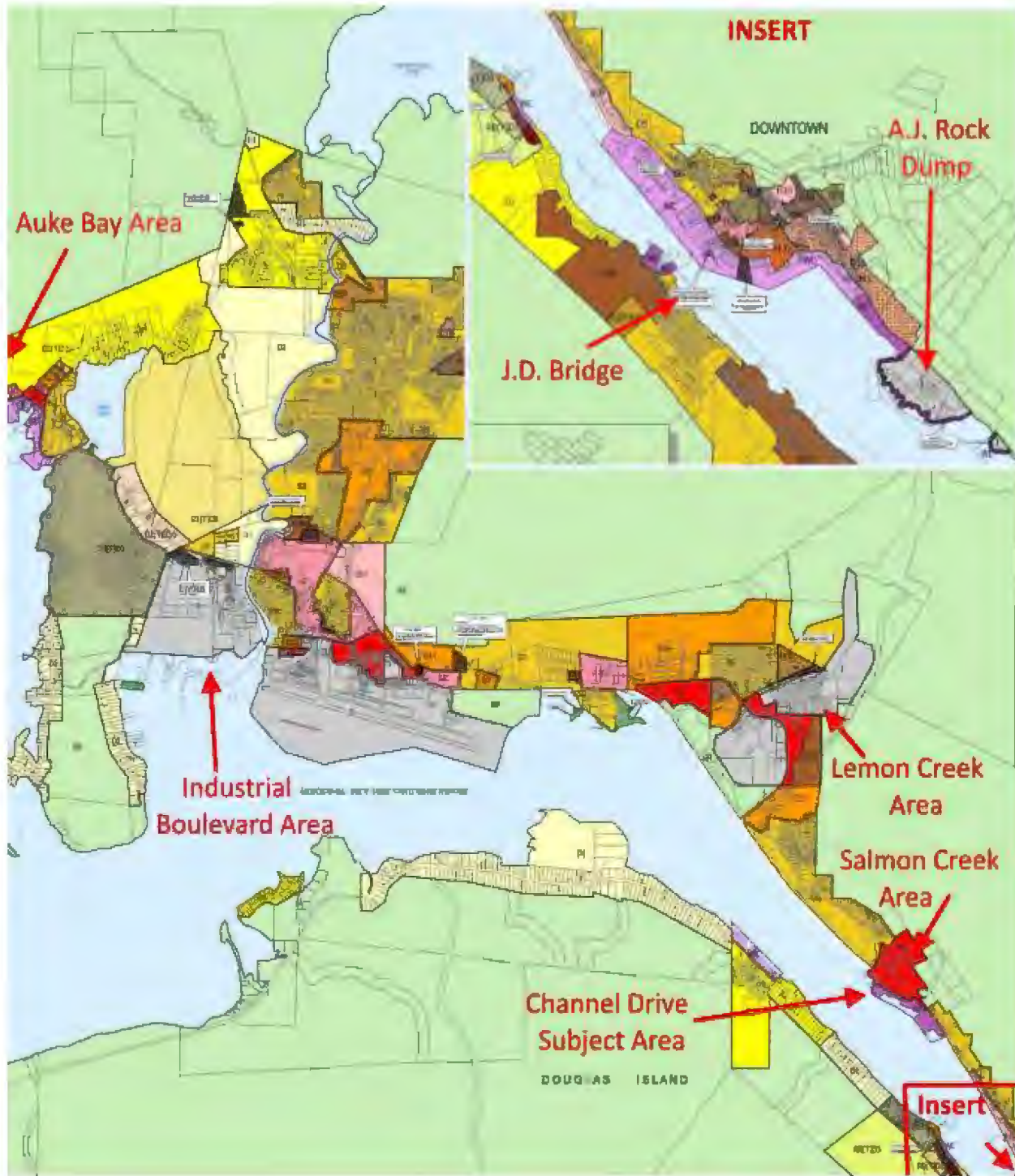


FIGURE 2.4 – COMPETING NEIGHBORHOOD LANDS

3 DESCRIPTION

3.1 OVERALL DESCRIPTION



FIGURE 3.1 – Subject properties ADL 51488 and 36091 outlined. ADL 105460 is not included in the analysis of this report.

The subject properties consist of three lease sites in the Trucano Construction Complex immediately north of the base of the Juneau Douglas Bridge on the Douglas side. The address of the complex is 3560 North Douglas Highway. These parcels, identified by their ADL numbers, are listed described below. Figure 3.1 shows the outline of these parcels on an aerial photo of the complex. Common elements, which all three leased parcels share, will be described next, followed by an individual description of each parcel.

Access

Both parcels as presently developed, have vehicular access via common ownership and control of adjacent parcels. Access via saltwater is via the Gastineau Channel. Water depth in their prelease condition was deep enough to moor barges for loading and unloading of materials although dredging and tides continue to be factors.

Utilities

All those available within the City and Borough of Juneau.

3.2 ZONING

The property is zoned Waterfront Industrial (WI). The WI district, is intended for industrial and port uses, which need or substantially benefit from a shoreline location. In addition, many of the uses that are allowed in the Waterfront Commercial (WC) district, are also allowed in the WI district. The WC district allows for both land and water space for commercial uses, which

are directly related to or dependent upon a marine environment. Such activities include private boating, commercial freight and passenger traffic, commercial fishing, floatplane operations, and retail services directly linked to a maritime clientele. Other uses may be permitted if water-dependent or water-oriented. It appears the subject's current use as a barge landing complies with the zoning. See Figure 2.6 for zoning map.

3.3 ASSESSED VALUATION AND TAXES

The two subject lease parcels each have their own Assessor Parcel Number (APN) however the assessed values associated with possessory interest are included under one master parcel number 6D0601020014-15 for the entire project.

3.4 FUNCTIONAL UTILITY OF SITE

These tidelands function well for the intended use as a marine fueling facility, barge landing, and marine construction staging area. The water depth is adequate for this use.

4 PROPERTY DESCRIPTION - ADL 36091

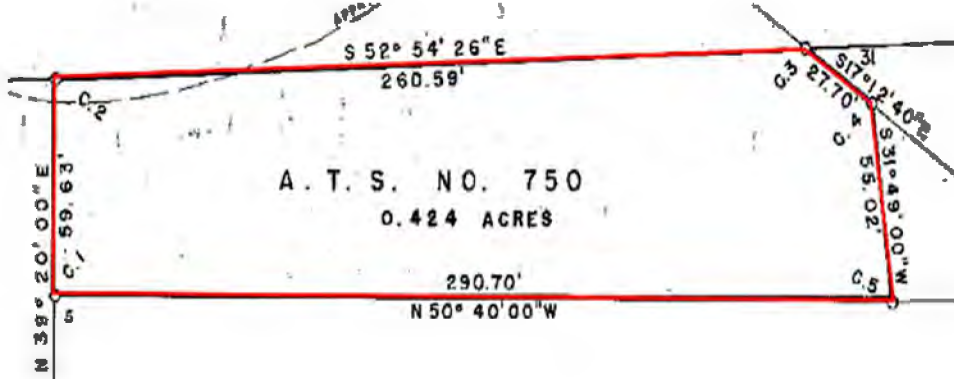


FIGURE 4.1 – ADL 36091 Excerpt from Plat Map 2001-11 with dimensions.

Legal Description: ATS 750, Juneau Recording District, First Judicial District, State of Alaska.

Assessor's Parcel Number: 6D0601020013

This property is 18,469 SF or 0.424 AC in size. It is currently filled and used as a staging area for the barge complex and tank farm. It was 1/2 filled in its pre-lease condition. It has a slightly irregular trapezoidal shape which is shown on Figure 4.1. This parcel lacks road frontage, but adjacent lands owned by the lessee have road frontage on N. Douglas Highway. The north lot line is 260.59' wide. The north south length of the east lot line is 82.72'. The southern property line yields an approximate frontage of 290.70'. The west lot line is 59.63'. Water depth in its prelease condition was deep enough to moor barges for loading and unloading of materials, although it goes dry at low tides.

Easements and Other Restrictions

We are unaware of any easements or restrictions. See Figure 4.2 for plat notes.

DESCRIPTION OF A.T.S. NO. 750

Beginning at Cor. No. 1, identical with Cor. No. 5, ATS No. 361. Thence, from Cor. No. 1, by metes and bounds, N. 39° 20' 00" E., 59.63 ft., to Cor. No. 2; S. 52° 54' 26" E., 260.59 ft., to Cor. No. 3; S. 17° 12' 40" E., 27.70 ft., to Cor. No. 4; S. 31° 49' 00" W., 55.02 ft., to Cor. No. 5; N. 50° 40' 00" W., 290.70 ft., to Cor. No. 1, the point of beginning, containing in all 0.424 acres, more or less.

Latitude 58° 18' N. Longitude 134° 26' W.

NOTE: The origin of bearings for this survey originated between Cor. No. 3 and Cor. No. 2, MCC., USS 1964, Tract A, officially reported as N. 89° 32' E.

FIGURE 4.2 – Plat notes from Plat map 2001-11.

4.1 SUBJECT PHOTOS



ADL 36091 Looking NW. (20240416_152450)



ADL 36091 – Looking SE with JD Bridge in background. (20240416_152241)

5 PROPERTY DESCRIPTION - ADL 51488

Legal Description: ATS 842, Tracts A & B, Juneau Recording District, First Judicial District, Alaska

Assessor's Parcel Number:

6D0601020014 & 6D0601020015

This lease is comprised of two tracts, Tract A, a larger "L" shaped lot, and Tract B a smaller, square shaped lot. Together, they form one nearly square shaped lease parcel totaling 43,865 SF or approximately one acre. The west lot line is 208.41'. The north lot line is 214.83' wide. The north south length of the east lot line is 200'. The southern property line yields an approximate frontage of 215'. This property was 1/3 filled in its prelease condition.

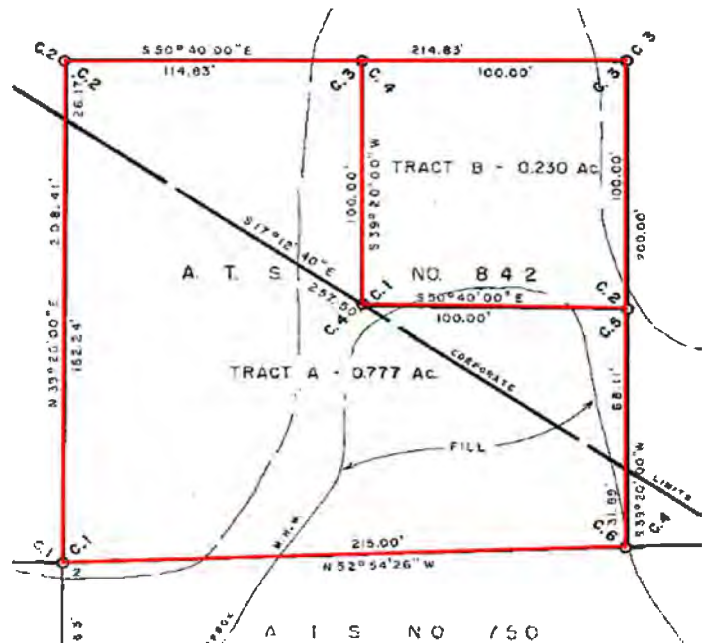


FIGURE 6.1 – ADL 51488 Excerpt from Plat Map 2001-10 with dimensions.

Easements and Other Restrictions

No easements or encroachments are noted on the plat. The appraiser is unaware of any easements or restrictions. The plat notes for Plat 2001-10 are included below.

DESCRIPTION OF ATS NO. 842

Beginning at Cor. No. 1, identical with Cor. No. 2, ATS 750. Thence, from Cor. No. 1, by metes and bounds, N 39° 20' 00" E, 208.41 ft. to Cor. No. 2; S 50° 40' 00" E, 214.83 ft. to Cor. No. 3; S 39° 20' 00" W, 200.00 ft. to Cor. No. 4; N 52° 54' 26" W, 215.00 ft. to Cor. No. 1, the point of beginning, containing in all 1.007 acres, more or less.

DESCRIPTION OF TRACT A

Beginning at Cor. No. 1, identical with Cor. No. 1 of ATS 842 described above. Thence, from Cor. No. 1, by metes and bounds, N 39° 20' 00" E, 208.41 ft. to Cor. No. 2; S 50° 40' 00" E, 114.83 ft. to Cor. No. 3; S 39° 20' 00" W, 100.00 ft. to Cor. No. 4; S 50° 40' 00" E, 100.00 ft. to Cor. No. 5; S 39° 20' 00" W, 100.00 ft. to Cor. No. 6; N 52° 54' 26" W, 215.00 ft. to Cor. No. 1, the point of beginning, containing in all 0.777 acres, more or less.

DESCRIPTION OF TRACT B

Beginning at Cor. No. 1, identical with Cor. No. 4, Tract B, ATS 842 described above. Thence, from Cor. No. 1, by metes and bounds, S 50° 40' 00" E, 100.00 ft. to Cor. No. 2; N 39° 20' 00" E, 100.00 ft. to Cor. No. 3; N 50° 40' 00" W, 100.00 ft. to Cor. No. 4; S 39° 20' 00" W, 100.00 ft. to Cor. No. 1, the point of beginning, containing in all 0.230 acres, more or less.

Latitude 58° 18' N. Longitude 134° 26' W.
at Cor. No. 1, ATS No. 842

FIGURE 6.2 – Plat notes from recorded Plat 2001-10.

5.1 SUBJECT PHOTOS – ATS 842



ADL 51488 looking SE at ATS 842 with JD Bridge and Gastineau Channel in background. (20240416_152238)



ADL 51488 looking SW down center of ATS 842 in its developed condition toward Douglas Island. (20240416_152631)

6 VALUATION

6.1 HIGHEST AND BEST USE

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

Marine-related industrial uses are the defining use for the subject parcels and are also the highest and best use. The subject's current use as a tank farm, barge landing site and staging area meets all four tests of highest & best use.

6.2 TIDELANDS LEASE VALUATION

The most direct way to value the subject's lease is on a rent per square foot basis. Most of the industrial and commercial tidelands along the Juneau road system are leased by the City & Borough of Juneau or the State of Alaska. In the Channel Drive area, we have six observations of CBJ rents to various industrial users ranging from 16¢/SF to 21¢/SF per year with most recent rent adjustment dates ranging from 2020 to 2023. The subject leases at the Trucano industrial facility just inside the bridge were established roughly five years ago based on 20¢/SF for the unfilled tidelands and \$1.00/SF for the allocated filled areas. Current market conditions suggest these rates are low.

The real estate market has improved in the last several years as both the Juneau and Southeast Alaska economies have strengthened since the pandemic. This is reflected in the commercial waterfront and upland industrial rents we have observed (See comps 1, 2, 4 & 5). It is also apparent in the upland industrial land market. Industrial subdivisions at the AJ Rock Dump had seen sales in the \$22.00/SF range for upland industrial sites in 2020. In 2023, the most recent lot sale sold for \$28.00/SF which is partially due to added fill. Lots in the new Honsinger Subdivision (Mendenhall Valley) sold in the \$22.00/SF to \$25.00/SF range. In 2024, a two-lot assemblage sold for \$20.53/SF in the Lemon Creek Industrial area. This property previously sold for \$17.30/SF in 2021, indicating an increase in value of nearly 20%. As land rents at 8% of fee simple value, this would suggest a range of \$1.60/SF to \$2.24/SF annually.

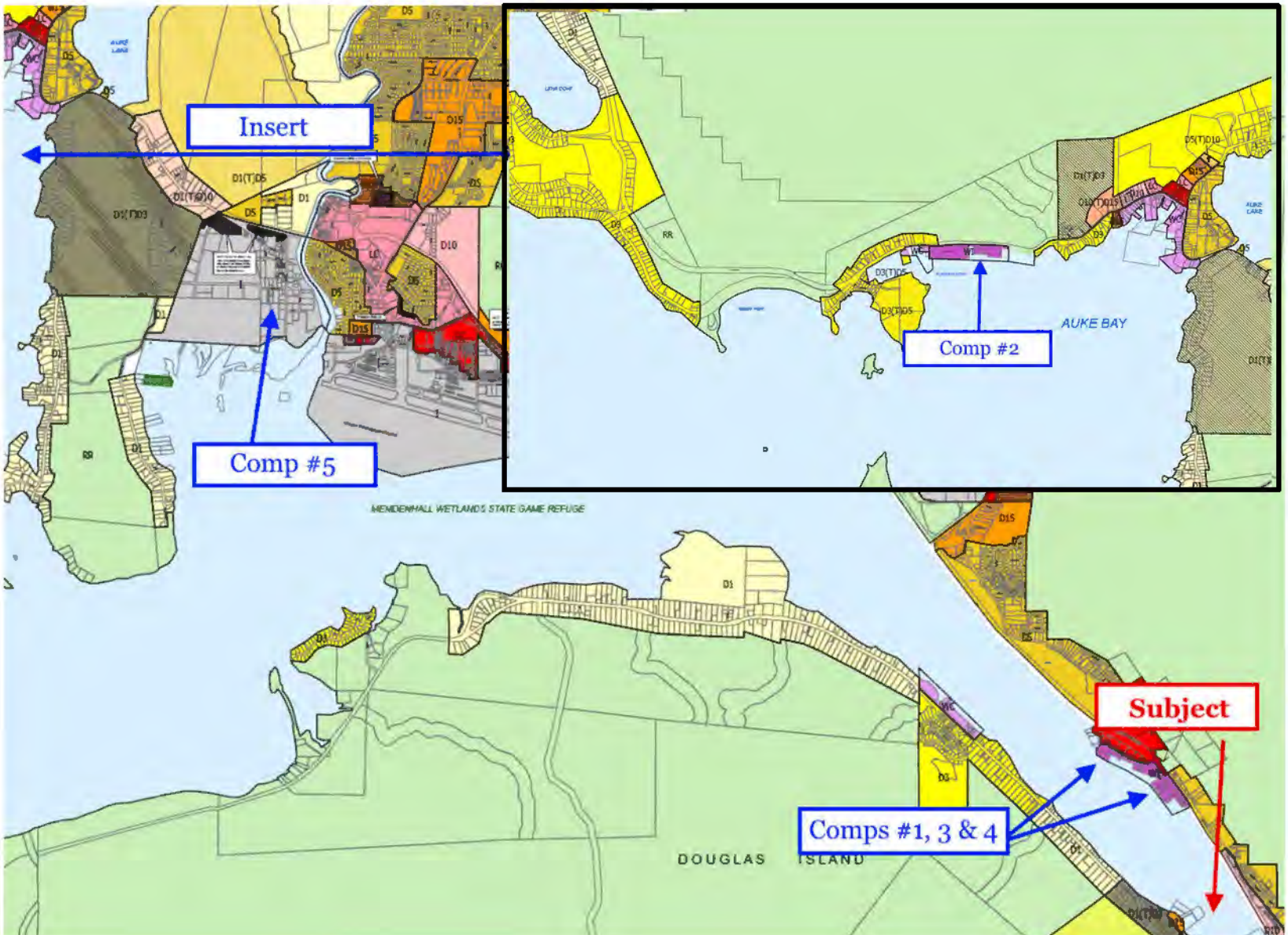
For comparison purposes we have considered some typical tideland lease rents (Comps 1 and 2) outlined in the following table together with an industrial waterfront rent (Comp 3), an allocated waterfront leasehold purchase (Comp 4), and industrial upland rent used for storage (Comp 5). The most helpful comps are summarized in the following table.

TABLE 6.1 - Summary of Most Comparable Rental Observations							
Comp & Rec # Use/Transaction		Location - Juneau Abbreviated Legal	Date	Annual Rent	SF Size	Rent/ SF Tideland	Rent /SF Uplands
Comp 1- (#2046) Unfilled tidelands rent		2681 Channel Dr ATS 1277	09/23	\$15,943	79,715	\$0.20	
Comp 2- (#12387) Unfilled tidelands rent		13395 Glacier Hwy Ptn of ATS 1170 & Trct B, ATS 1525	02/23	\$12,438	56,540	\$0.22	
Comp 3- (#9960) Barge facility rent		3155 Channel Dr ATS 1277 & ATS 877	04/24	\$149,460	158,306		\$0.94
				\$9,540	45,694	\$0.21	
Comp -4 (#11142) Leasehold purchase		2691 Channel Dr Lt 1 ATS 217, Lt 2 ATS7 & ATS 1503	04/17	\$85,280	85,989		\$0.99
				\$16,320	82,514*	\$0.20*	
Comp 5 – (#11923) Upland Industrial rent (Confidential)		Industrial Blvd Area	04/23	\$27,000	20,000 to 30,000 SF		\$1.02
Subject	ADL 36091	ATS 750	04/23	Solve	18,469	Solve	Solve
	ADL 51488	ATS 842	04/23		43,865		
*Leasehold & fee sale adjusted to fee simple with allocated tidelands at \$204,000 capitalized at 8%= \$16,320 annual rent, uplands value at \$1,066,000 at 8% indicates rent of \$85,280.							

Comps 1 and 2 are a sampling of the recent CBJ leases for discussion and analysis of the current market annual rent per square foot. **Comp 3** is the lease of the Salmon Creek Development barge landing facility at 3155 Channel Drive, and **Comp 4**, a purchase of the leasehold interest in the barge landing at 2691 Channel Drive in 2017. These two comps have been adjusted to indicate their price per square foot annual rent. **Comp 5** displays the nominal annual S.F. rent for an upland lot in the Industrial Blvd area of Mendenhall Valley, reflecting raw land rent used for open storage.

Please see addenda for details of these comparables. Note details of comp 5 have been omitted for confidentiality purposes.

FIGURE 6.1 – COMPARABLE RENT/SALES MAP - JUNEAU



Quantitative Adjustments

Comp 1 and 2 are straight tidelands rents and require no quantitative adjustments. Comp 1 is rated qualitatively inferior, while Comp 2 is rated superior. This will be further discussed in the following paragraphs.

Comp 3 requires quantitative adjustments since it is the rent of a fully developed barge landing facility. We have made a quantitative allocation of the tidelands, uplands and of improvements. The most recent annual rent \$288,000 is about \$1.41/SF for the land area used. The total area is adjusted for the loss of use for the cell tower (688 SF) land rent. This leaves a net site area of 204,000 SF. The \$1.41/SF land rent is adjusted downward 22¢ for expenses paid by the landlord for tax, insurance, dredging etc. and there are significant yard improvements, such as paving, an office building and a ramp that would require an additional adjustment of 35¢/SF per year capitalizing their depreciated cost. This leaves net rent to land only at \$0.84/SF per year for 204,000 SF for an adjusted annual rent of \$171,360. This rent is apportioned out with sloping tidelands contributing about 6% of the unit value as compared to the uplands. This analysis indicates the upland rent at \$148,808, (158,306 SF) or \$0.94/SF and the tidelands rent at \$9,540, (45,694 SF) at \$0.21/SF.

Comp 4 is the adjusted indicated fee simple value per SF of the sloping and tidelands based on our analysis of the purchase of leased tidelands that had been partially filled and fee simple uplands. The quantitatively adjusted price per SF, has been allocated to the tidelands is what is expressed in the table and will be used for analysis.

Comp 5 is the land rent of an industrial uplands lot located in the Industrial Boulevard area of the Mendenhall Valley. It is currently rented for use as open storage. It does not require quantitative adjustments.

Qualitative Ranking

Attributes of the sales that would influence value not readily quantifiable in the market are ranked qualitatively. A qualitative rating has been developed to weigh market differences between the subject and the comparables whereby, if a comparable attribute is superior to the 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 weigh 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.

The following Table 7.2 summarizes the salient characteristics of the subject and the comps and provides for a weighted rating of the comps to the subject.

In the subject instance the comps after adjustments are relatively homogeneous. They form a narrow range of annual square foot rent between 20¢/SF and 22¢/SF for the tidelands. They indicate an upland annual rents of \$0.94/SF to \$1.02/SF.

Market conditions for the comparable sales range from April of 2017 to April of 2024. One of the significant events which have occurred during this time is the Covid pandemic declared by the World Health Organization in March of 2020. The travel restrictions and social separation mandates put a cloud over many investments. The waterfront commercial and industrial properties, however, continue to have persistent high demand as indicated by sales before and after the onset of these restrictions. Comparable 4 sold prior to the Covid pandemic in 2017, before real estate values generally increased. It is rated inferior in market conditions. All other comparables are rated similar in this regard. Attributes such as **zoning, size, street access & utilities and the pre-developed conditions** are all rated similar in the subject instance as well.

One of the significant differing issues among the comps and the subject are the **conditions of the rent**. In two cases, Comps 3 and 4, the rents are developed as adjustments to open market transactions. In these cases, due to the adjustments, it is felt that they are superior or on the high side of what the subject indicated rents might be. They are rated superior -1 for **conditions of rent**. On the other hand, Comps 1 and 2 are the nominal SF rental values based on other CBJ leases. This circumstance in our opinion creates the possibility of an understatement of rent especially in light of the recent active market. Comps 1 and 2 are rated inferior +1 in this instance. Comp 5 is an unadjusted market rent and is considered similar on a price per squarefoot basis.

The **location** is rated similar among the subject and the Juneau Comps 1, 3 & 4 on the inside of the Juneau Douglas bridge. The location for comp 2 is in the Auke Bay area of Juneau. It is more accessible for larger ships, as it is not under the Juneau-Douglas Bridge within the Gastineau Channel. Comp 5 is also rated similar in location in the Mendenhall Valley within another industrial neighborhood.

The **waterfront quality** is influenced by the need for occasional dredging along the strip of waterfront on Channel Drive due to the outflow of the Salmon Creek and the uplift of the Gastineau Channel mud flats. This makes Comps 1, 3 and 4 inferior by +1. Comp 3, although in the same area, one condition of its rent is that the landlord provide dredging of the ship basin. This is however, somewhat negated due to the surrounding shallow tidelands that make access more difficult. It is rated slightly inferior by +1. Comp 5 is an uplands comp that is not considered applicable to this comparable element.

Public **street access and utilities** are available to the subject through its adjacent develop larger parcel and is similar to the case of Comps 1 through 5. All comparables are rated similar in this regard.

These ratings apply to both the allocated tideland rent/SF and the upland rent/SF. They are ranked and summarized in the following Table 7.2.

TABLE 6.2 – Qualitative Rating Grid											
Comparable Elements	Subject- 3560 N. Douglas Hwy	Comp 1 (#2046) 2681 Channel Dr		Comp 2 (#12387) 13395 Glacier Hwy.		Comp 3 (#9960) 3155 Channel Dr.		Comp 4 (#11142) 2691 Channel Dr.		Comp 5 (#11923) Industrial Blvd Area	
Annual Rent/SF	TIDELAND	\$0.20/SF		\$0.22/SF		\$0.21/SF		\$0.20/SF		N/A	
	UPLAND	N/A		N/A		\$0.94/SF		\$0.99/SF		\$1.02/SF	
Conditions of Rent	Typical	Inferior	+1	Inferior	+1	Superior	-1	Superior	-1	Similar	0
Market Conditions	4/24	09/23	0	02/23	0	04/24	0	04/17	+1	04/23	0
Location	Inside Bridge	Similar	0	Superior	-1	Similar	0	Similar	0	Similar	0
Zone	WI	WI	0	WI	0	WI	0	WI	0	I	0
Size of TL's	1.43 AC (62,334 SF)	1.83 AC	0	1.3 AC	0	4.7 AC	0	3.1 AC	0	~.5 AC	0
Waterfront Access Quality	Good Typical	Inferior	+1	Superior	-1	Inferior	+1	Inferior	+1	N/A	0
Street Access & Utilities	Paved/All	Similar	0	Similar	0	Similar	0	Similar	0	Similar	0
Pre-lease condition	Undeveloped	Similar	0	Similar	0	Similar	0	Similar	0	Similar	0
Overall Rating	Solve	Inferior	+2	Superior	-1	Similar	0	Inferior	+1	Similar	0
The indicated value of the subject TIDELAND market rent/SF is		More than \$0.20/SF		Less than \$0.22/SF		Similar to \$0.21/SF		More than \$0.20/SF			
The indicated value of the subject UPLAND market rent/SF is						Similar to \$0.94/SF		More than \$0.99/SF		Similar to \$1.02/SF	

If a comparison is **Superior**, a Minus rating of -1, -2, or -3 is given depending on severity.
If a comparison is **Inferior**, a Plus rating of +1, +2, or +3 is given depending on severity.

The comps essentially form a range for the tidelands portion of the subject between 20¢/SF and 22¢/SF. Given this generally tight range, the sloping/submerged tideland value is placed towards the middle. Their ranking suggests the subject would be worth approximately **21¢/SF**. The uplands portions of these sales suggest a range of \$0.94/SF to \$1.02/SF. This range is also relatively tight. Two of the three indicators suggest a rent of between \$0.99/SF and \$1.02/SF, while Comp 3 is a lower indicator at \$0.94/SF. Because Comp 3 involves allocating out the contributions of improvement income, it is given less weight. Considering the weighting of the data **\$1.01/SF** seems reasonable for the rent of the upland portions of the property. This is a slight increase from the previous rent at \$1.00/SF which is further justified in the market over the last 5 years, as is further discussed in Section 2 and the beginning of Section 6. Based on these conclusions the annual rent for each of the properties can be calculated based on their pre-developed characteristics as originally rented summarized in the following tables.

Table 6.3 parcel rent calculation					
Lease	Legal Description	SF Areas	Land Type	SF Rent	Annual Rent
ADL 36091 ATS 750		9,235	Tideland	\$0.21	\$1,939.35
		<u>9,235</u>	Upland	\$1.01	<u>\$9,327.35</u>
		18,469	Blended	\$0.61	\$11,266.70
ADL 51488 ATS 842 Tr A & B		29,243	Tideland	\$0.21	\$6,141.03
		<u>14,622</u>	Upland	\$1.01	<u>\$14,768.22</u>
		43,865	Blended	\$0.48	\$20,909.25

The annual rental adjustment value by lease is rounded and summarized in the following table by effective date of the rental adjustment.

Subject Sites	Effective Date	Annual Market Rent	SF Area	Pre-Leased Condition
ADL 36091 -ATS 750	4/16/2024	\$11,267	18,469 SF	50% filled
ADL 51488- ATS 842 Tr A & B	4/16/2024	\$20,909	43,865 SF	33% filled

ADDENDA

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 are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives.
- I made a personal inspection of the property that is the subject of this report on April 16, 2024. A representative of the lessee, Jeff Trucano, met me on site.
- No one else provided significant real property appraisal assistance to the persons signing this certification.
- I have not performed any services regarding the subject property, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.



April 16, 2024
Effective Date of Appraisal

May 1, 2024
Date of Report

ASSUMPTIONS AND LIMITING CONDITIONS

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

Hypothetical Conditions

HC 1 – This report is made under the hypothetical condition that the subject is in its unimproved prelease condition.

General Assumptions and Limiting Conditions

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

separate valuations for land, building, and chattel must not be used in conjunction with any other appraisal and is invalid if so used.

12. The appraisers 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.

TERMINOLOGY

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.

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; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

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

The use of hypothetical conditions or extraordinary assumptions may affect the assignment results.

Tidelands

All areas which are at or below mean high tide and coastal wetlands, mudflats, and similar areas that are contiguous or adjacent to coastal waters and are an integral part of the estuarine systems involved. Coastal wetlands include marshes, mudflats, and shallows and means those areas periodically inundated by saline waters.

Market Value is defined as:

“The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restriction of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.”

The Appraisal of Real Estate Appraisal Institute, 14th Edition, Page 447

2 AREA ANALYSIS

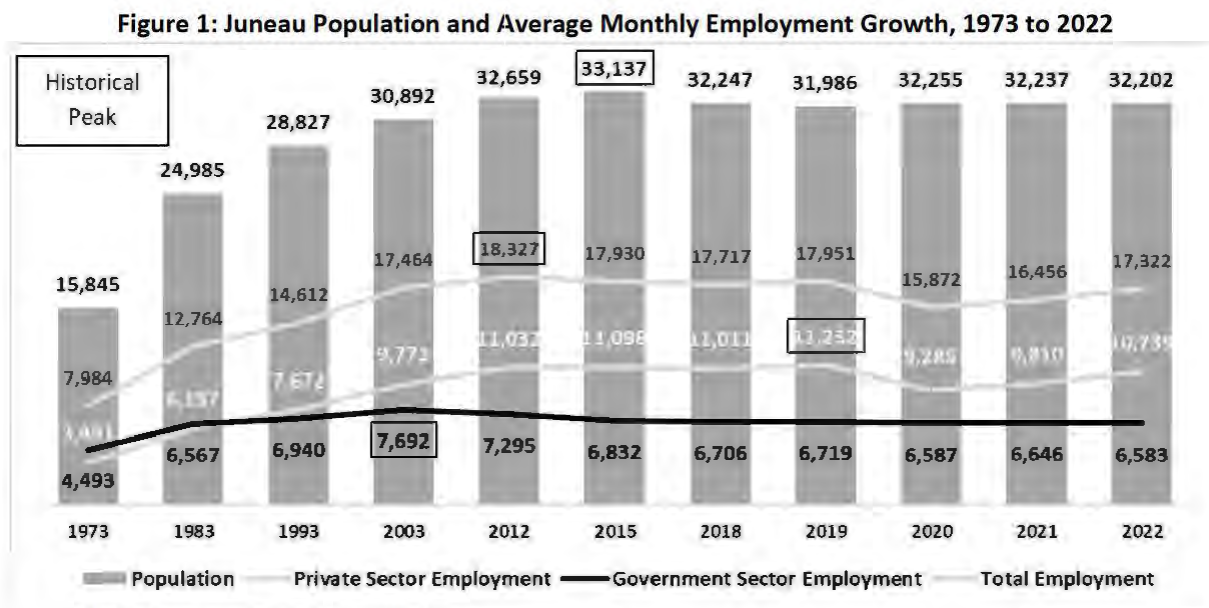
2.1 JUNEAU AREA ANALYSIS

Demand for real estate is generally driven by population, and the population is sustained by employment. The Juneau economy has historically been driven by state government which has been shrinking. Region wide state jobs have declined 25% between 2012 and 2023 as contrasted by state jobs outside the region which are down only 12%¹. This is an indication of the continued shrinkage in state employment in Juneau due to overall reduction in state government budget, moving of employee positions from Juneau to the Anchorage area, and the high percentage of funded, unfilled positions.

Jobs and Population

Juneau Economic Development Council's (JEDC's) October 2023 report of the 2022 data on Juneau employment and earnings indicated- "Juneau's average monthly employment increased by 866 jobs (+5.3%) in 2022 based on preliminary jobs numbers. This follows an increase of 573 jobs between 2020 and 2021. The private sector added 929 jobs (+9.5%) in 2022. Government jobs (Federal, State, and Local) decreased by 63 (-1.0%) from the previous year. Most of the decrease occurred within State Government, which lost 142 jobs (4.1%) from 2021 to 2022." ²

Figure 2.1, copied below, shows the population and employment trend.



Source: Alaska Department of Labor and Workforce Development, Quarterly Census of Employment and Wages

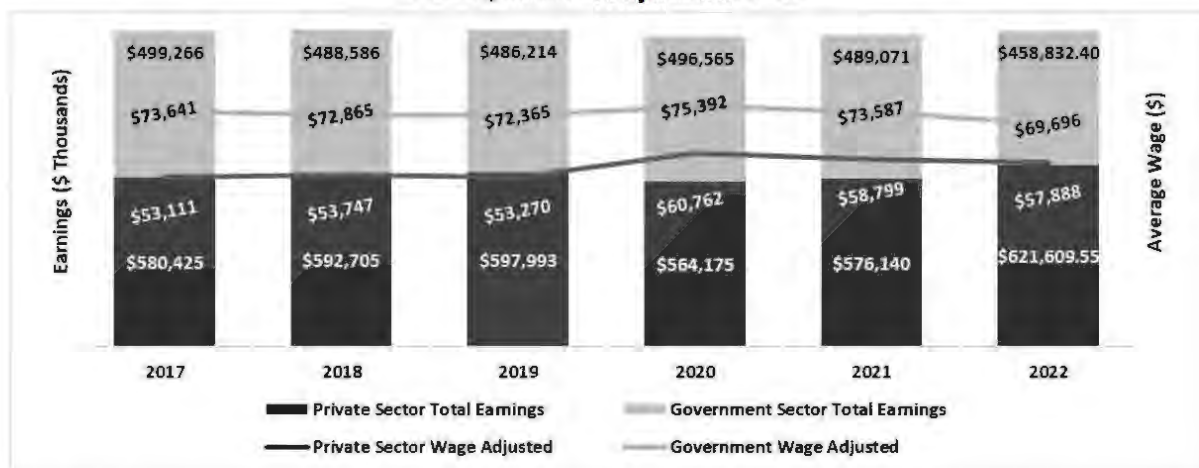
FIGURE 2.1 - Population And Employment Trends From JEDC December 2023.

¹ Publication; SE Alaska by the Numbers 2023, page 8, published by the Southeast Conference

² JEDC Dec 2023 Report page 6.

The report says, “Juneau's trade industries (like mining, tourism, and manufacturing – including seafood processing) bring revenue into the community from outside. Juneau's trade industries grew by 705 jobs (+20.3%) in 2022, a significant rebound since the loss of 1,411 traded jobs in 2020. The number of jobs in Juneau's trade industries is 310 jobs below what it was in 2019. Mining saw an increase of 82 jobs (+9.7%), a second consecutive year of increases. Manufacturing saw an additional 29 jobs (+7.8%) in 2022, bringing the number of jobs above 2019 numbers. Tourism added 213 jobs (+16.4%) in 2022, bringing the job count to 87.3% of what it was in 2019. Juneau's non-trade industries (goods and services consumed where they are produced) saw an overall increase of 235 jobs (+3.7%) in 2022. With this increase, the number of jobs in the non-trade sector is 189 below what it was in 2019.”

Figure 3: Juneau's Total Earnings (Thousands) and Average Annual Wages for Private and Government Sectors, Inflation Adjusted to 2022



Source: Alaska Department of Labor and Workforce Development, Quarterly Census of Employment and Wages. (Note: Earnings are for wage and salary jobs, including full and part-time, temporary or permanent, for all employers. Government sector earnings are exclusive of active-duty Coast Guard employment.)

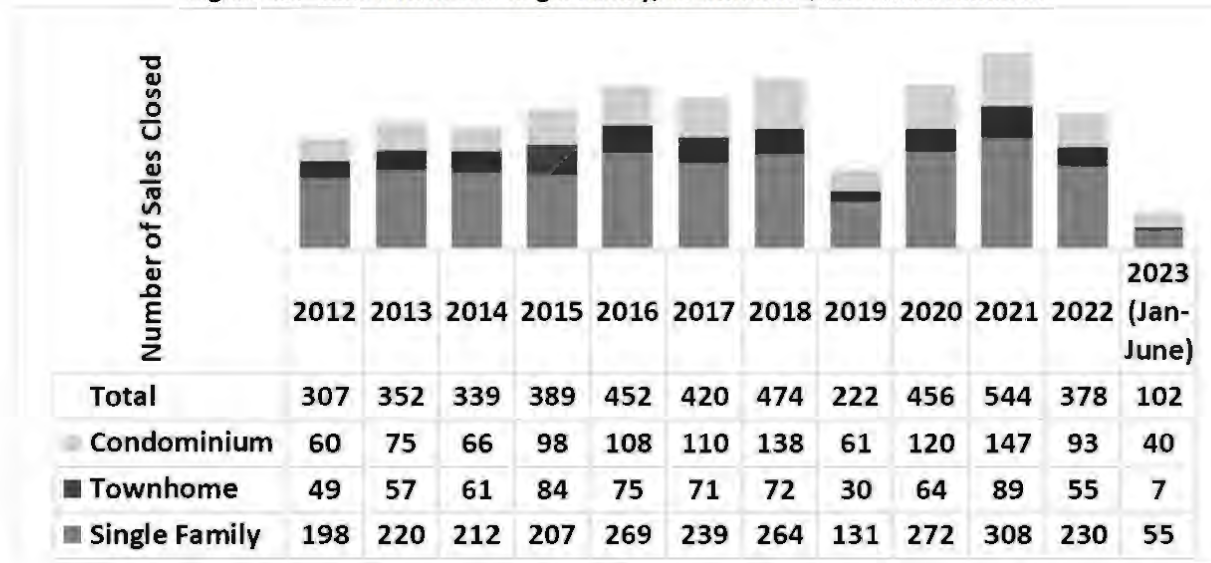
FIGURE 2.2 - JEDC Figure 3 from page 9 of the September 2023 Report

The report continues on page 10, “In 2022, Juneau continued to experience a decline in the number of State Government jobs. Average monthly state government employment decreased by 142 jobs (compared to losses of 48, 143, and 29 in preceding years). Local and Tribal Government employment increased by 85 jobs. Federal Government employment decreased by six jobs. The Health Care & Social Assistance, Financial & Real Estate, and Construction industries all experienced job losses, most significantly within the Health Care & Social Assistance industry, which saw a decrease of 79 jobs from 2021. Most other industries saw modest to significant increases for the second consecutive year, which is a good sign after the pandemic-induced job losses of 2020. The Travel & Hospitality industry continued to experience a rebound in employment, increasing by 159 jobs in 2021 and 213 in 2022 after losing 591 in 2020.”

Housing

Juneau has an apparent housing shortage as do many Alaska communities. The JEDC report continues on page 49, “Juneau’s home sale volume decreased in 2022 after reaching an all-time high for the decade across all home types in 2021. Total sales volume decreased 31% from 2021 to 2022. Single-family home sales decreased 25% from the previous year, condominiums decreased 37%, and townhomes 38%. If sales continue at the same pace as the first half of 2023, there will be a significant decrease in home sales volume in 2023. This trend lines up with the Federal Reserve beginning to institute interest rate hikes in March of 2022.”

Figure 42: Sales Volume of Single Family, Townhomes, and Condominiums



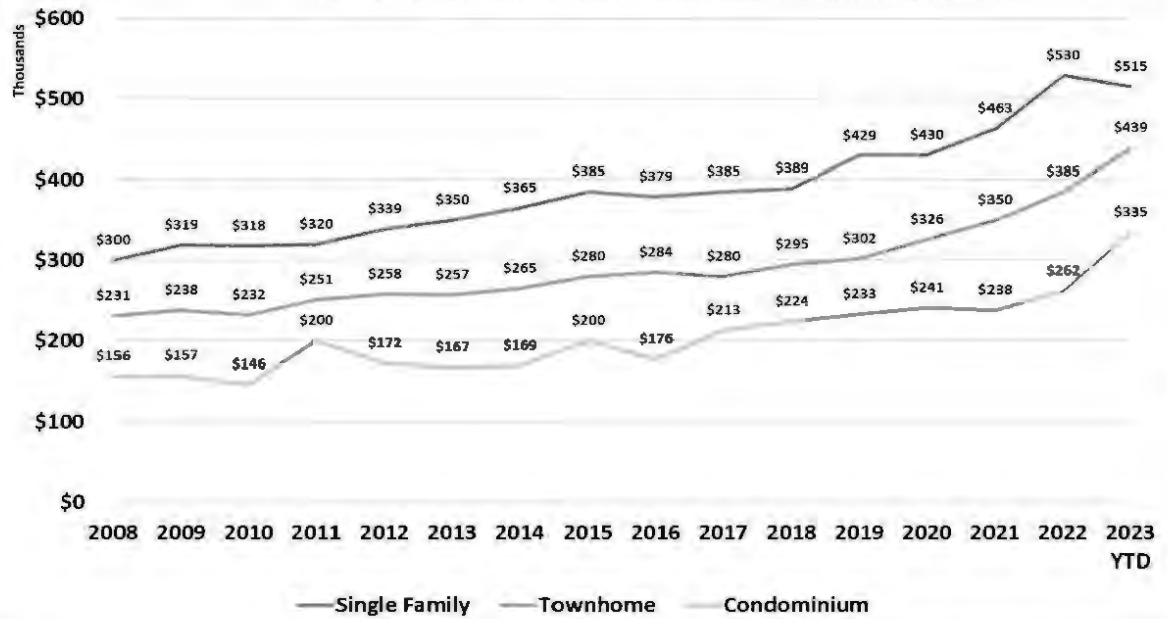
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, Alaska Housing Market Indicators, "Quarterly Survey of Lenders" Dataset. (Note: Single Family includes attached units; multi-family includes properties with two or more dwellings.)

Figure 2.3 JEDC 2023 Study Figure 42.

The average number of days on the market decreased dramatically over the last several years from the highs of 2016 to 2019 averaging from 28 to 18 days. It dropped to 8 days in 2020 and five days in 2021 and 2022. This confirms the continued increase in demand and limited supply for housing. The first six months of 2023 show a slight uptick averaging 6 days versus 5 days for the entire previous two years. While the housing shortage still persists, higher interest rates may dampen demand.

The following trend shows the steady increase in average house prices since 2008. The year-to-date numbers for 2023 for single families appear to have slightly declined.

Figure 44: Median Price of Single Family, Attached Homes and Condominiums, 2013 – 2023



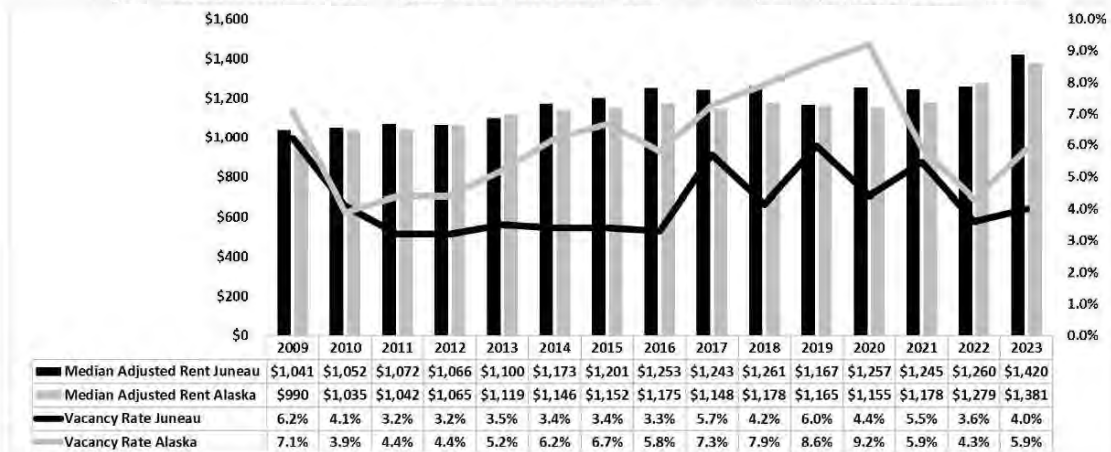
Sources: Southeast Alaska Multiple Listing Service.

Figure 2.4 JEDC 2023 Study Figure 44

The JEDC report comments on rentals, page 50; “Every March, the Alaska Department of Labor and Workforce Development surveys Alaska’s landlords for rental housing costs and vacancy rates for the Alaska Housing Finance Corporation. In March 2023, Juneau’s median rental price for all units increased by 12.7% to \$1,420, the biggest one-year increase on record. Vacancy rates in Alaska rose to 5.9% while those in Juneau increased to 4.0%. According to the Alaska Department of Labor and Workforce Development, the ideal vacancy rate for a community is between 6 and 7%. This is because more vacancies allow renters more choice on where to live, putting pressure on landlords to keep units in good repair and keep prices competitive.”

Juneau’s residential vacancy rates still remain relatively low even after a rise in rents as seen in the Rental and Vacancy Rate figure from JEDC below.

Figure 45: All Units Median Adjusted Rental Prices and Vacancy Rate, March 2009 – 2023



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and Alaska Housing Finance Corporation, 2021 Rental Market Survey (March). *(Note: Rental price is adjusted to include heat, light, hot water, water, garbage, sewer, and snow removal, if one or more of these utilities is not included in the rent.)*

Figure 2.5 JEDC 2023 Study Figure 45

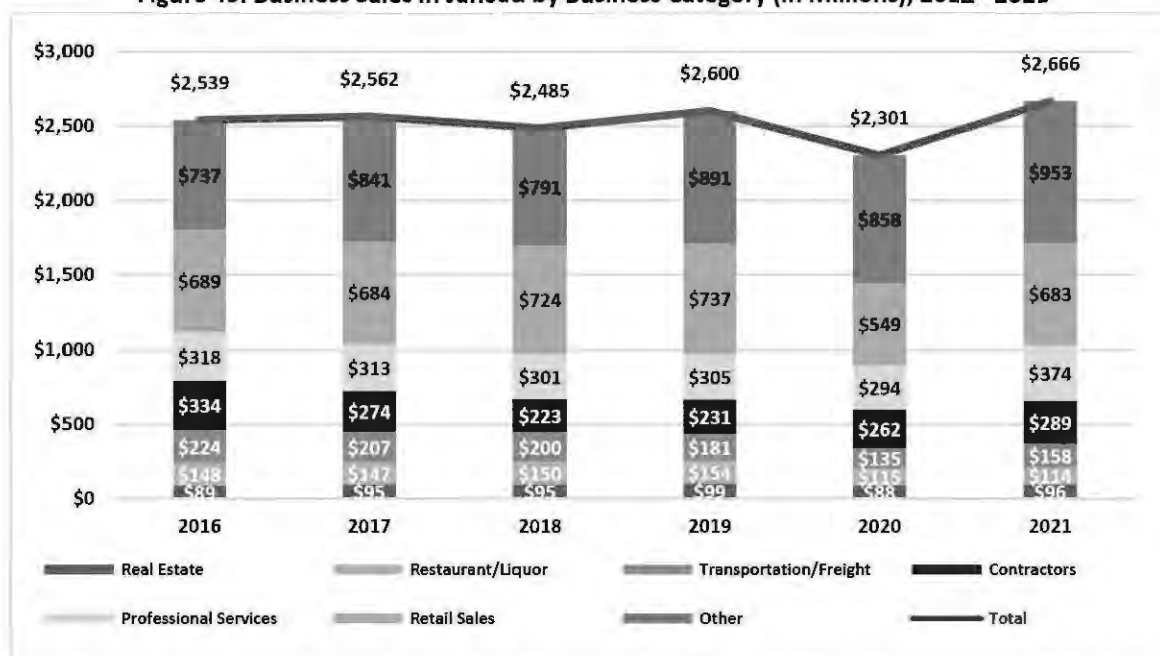
Business Activity

Gross business sales are a good sign of market activity and a latent demand for certain types of real estate. For instance, gross retail sales drive the ability of businesses to pay rents. Growth in the service sector impacts the demand for commercial rental space.

The 2023 JEDC report section on gross business sales indicates; “Total gross business sales in the City and Borough of Juneau rose by 16% in 2021, following a 14% decrease in 2020. The business categories of Contractors, Professional Services, and ‘Other’ all had higher sales in 2021 compared to 2019. All business categories saw an increase in sales in 2021 versus 2020 except the Restaurant/Liquor subgroup, which observed a small ~ 1% decrease in business sales compared to 2020. 2021 Retail Sales, while still down 7% compared to 2019, saw a 24% increase from 2020. Professional Services had even higher growth, increasing 27% from 2020 to 2021.”

See the following figure.

Figure 49: Business Sales in Juneau by Business Category (in Millions), 2012– 2021

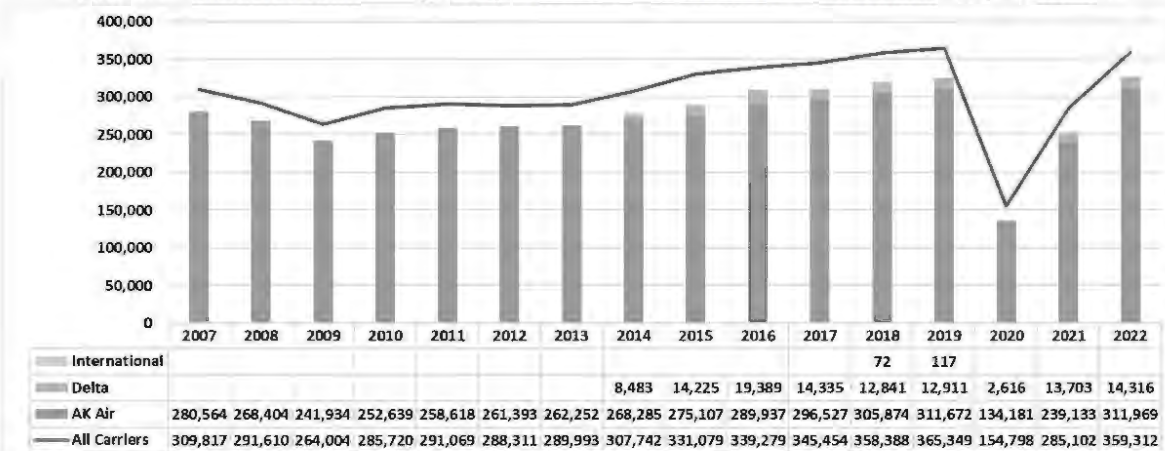


Source: City & Borough of Juneau Sales Tax Office and CBJ Comprehensive Annual Financial Report, Statistical Section. (Note: “Other” category includes mineral sales, wholesale equipment, food suppliers, and fuel companies.)

Figure 2.6 JEDC 2023 Study Figure 49

Tourism is a significant private sector economic driver as it brings in new dollars from outside the community. It has been hardest hit by the restrictions involved with the COVID Pandemic which shut down most travel in 2020. Independent travelers have recovered from the height of 2019 as indicated in the following air passenger trend which also includes business travel.

Figure 54: Scheduled Air Passenger Enplanements at Juneau International Airport, 2007-2022

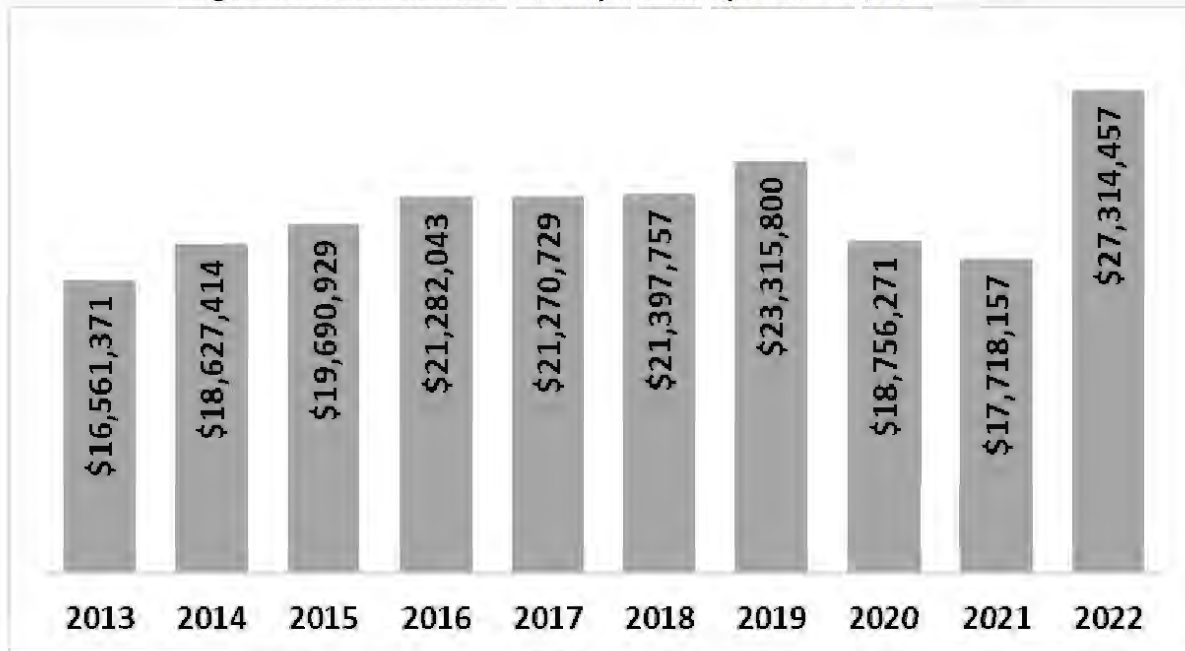


Source: Bureau of Transportation Statistics, T-100 Market Data, ACAIS

Figure 2.7 JEDC 2023 Study Figure 54

Independent travel was stronger during the pandemic and following years. The JEDC 2022 study shows the bed tax revenue from the independent tourism sector of the economy. Effective January 1st 2020 the bed tax was increased from 7% to 9%. The figures from the JEDC 2022 study show the drop in 2020 and 2021 was not as significant as reflected in other travel segments of the economy. The recovery of 2022 appears to be close to the prior levels signifying a significant recovery in this sector.

Figure 57: Juneau Revenue Taxed by Bed Tax by Fiscal Year, FY13 – FY22



Source: City and Bureau of Juneau Comprehensive Annual Financial Report, Statistical Section

Figure 2.8 JEDC 2023 Study Figure 57

Cruise ship visitation had been rising in general for some time and peaked in 2019 before it collapsed in 2020 due to the COVID pandemic. It has more than recovered during the 2023 season as indicated in the following figure. The high number has apparently strained the town's capacity to adequately handle this volume in a manner conforming to the community's quality of experience expectations. In April of 2023 CBJ signed a Memorandum of Agreement with Cruise Lines Agency International (CLIA) targeting the five ships per day limit for the 2024 season. As of February of 2024, the estimated volume for the 2024 season is projected to be similar to the 2023 season.

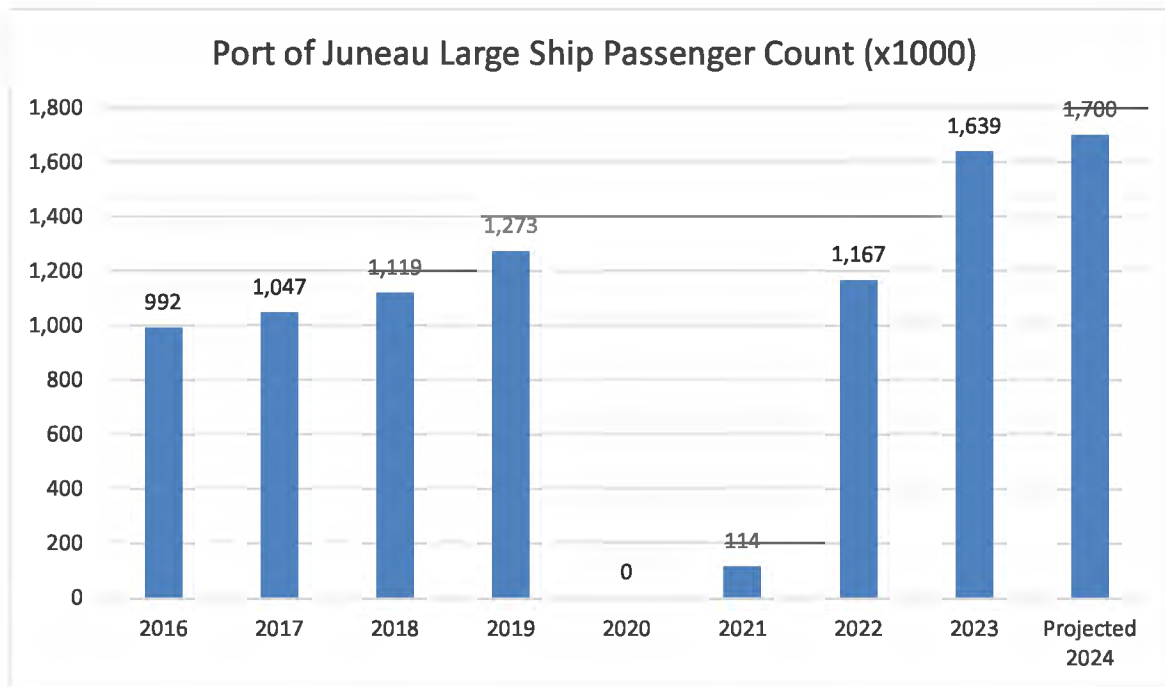


Figure 2.9 - Cruise ship passenger count provided by CBJ Docks and Harbor Department, and Cruise Line Agencies of Alaska.

Retail Sales- Tourism

The 2022 JEDC report continues on page 52, “Gross business sales from Juneau businesses involved in tourism saw a minor recovery in 2021, increasing by 69.0% from 2020. Gross business sales related to tourism were still down \$154 million (-46.7%) compared to 2019. Car Rentals (part of transportation) and hotel and motel gross sales saw the greatest recovery in 2021 while Tour Providers and Travel Agencies and Jewelry, Art, and Gift Shops were still down 74% and 80% from 2019, respectively. The strong recovery posted by Car Rentals and Hotels and Motels indicates a strong return of independent tourism in 2021.”



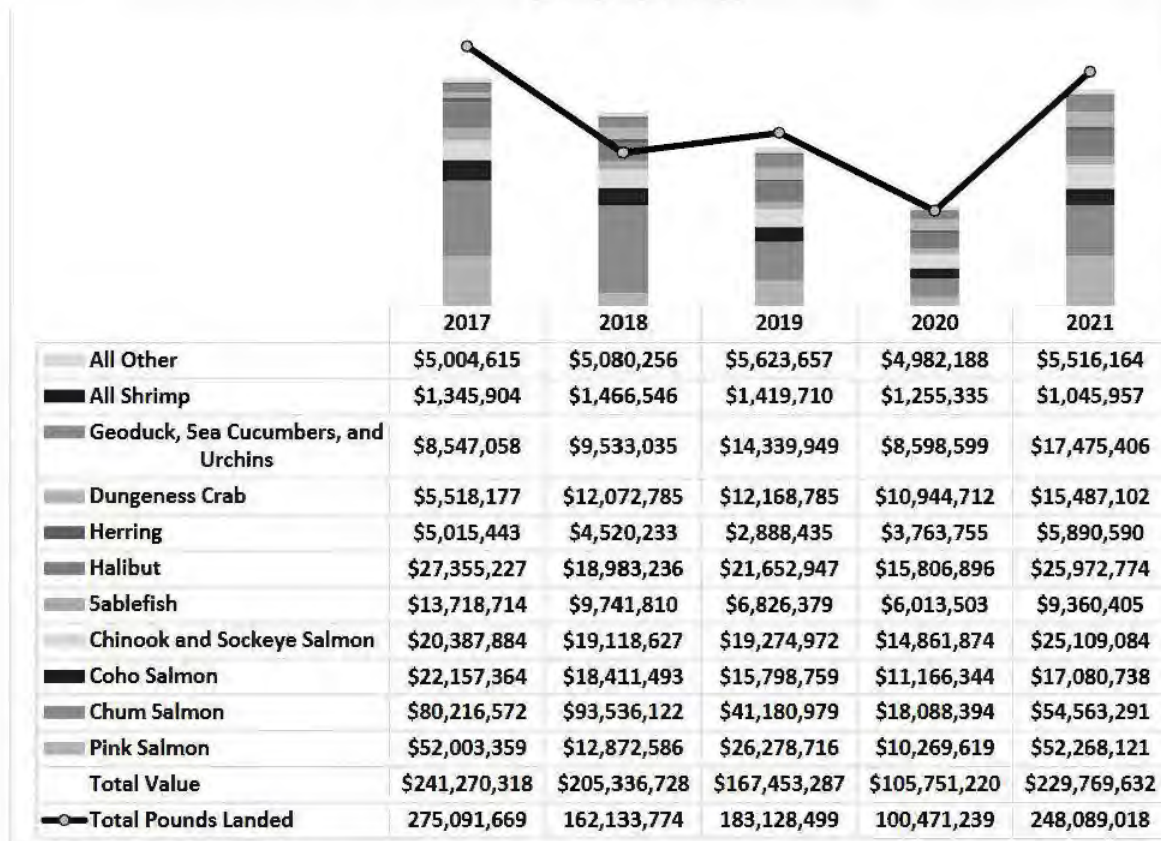
Source: City & Borough of Juneau Sales Tax Office and CBJ Comprehensive Annual Financial Report, Statistical Section. **Notes:** Data for 2021 was unaudited at the time of publication; Gross business sales related to tourism are determined by the type of business, not individual sales, and count sales at all times throughout the year. This data includes sales to locals.

Figure 2.10 2022 JEDC Study Figure 60.

Fishing

The fishing industry was also depressed as a result of the pandemic due to the drop in restaurant demand which reflected a decline in harvest value and volume in 2020. The value and the volume of fish landed at Juneau significantly dropped in 2020 but rose again in 2021. The value exceeded the 2019 value but the volume did not. The following figure from the JEDC study shows the southeast commercial seafood industry reflects this trend is region-wide.

Figure 75: Southeast Alaska Commercial Seafood Industry Ex-Vessel Value by Species and Pounds Landed, 2017 - 2021



Source: Alaska Department of Fish and Game personnel and "Commercial Operators Annual Report"

Figure 2.11 JEDC 2022 Study Figure 75.

Mining Industry

According to the Publication; SE Alaska by the Numbers 2023, page 6, published by the Southeast Conference; “The mining sector is growing steadily. Mining jobs and wages in Southeast Alaska were up by 12% in 2022, and has doubled since 2010.”

Two of the three major regional mines are in the Juneau area. The Hecla Greens Creek, just west of Juneau on Admiralty Island is one of the largest silver mines in the world. In August 2023, it had 506 full-time permanent employees, 32 more than in 2022. The Greens Creek is the largest private sector employer in Juneau as well as the highest taxpayer at \$2.4 million per year in property and sales taxes. The Coeur Alaska’s Kensington Mine, just north of the Juneau road system and Berners Bay, is exclusively a gold mine. It produced 109,000 ounces of gold in 2022. In 2023, Coeur Alaska Kensington had a full-time permanent staff of 383, down 20 from 2022.

A third mine, the Dawson Mine is a smaller gold and silver project on Prince of Wales Island. The Dawson Mine reported 54 full-time workers in 2022. Additional mining exploration projects are active in the region, including the Palmer Project in Haines, Herbert Gold in Juneau, Bokan Mountain, and Niblack, both on Prince of Wales.

Mining jobs in Southeast Alaska have increased by 3% in the first half of 2023. Metal prices continue to be strong as indicated in the charge from the SE Alaska by the Numbers 2023 report, page 6.

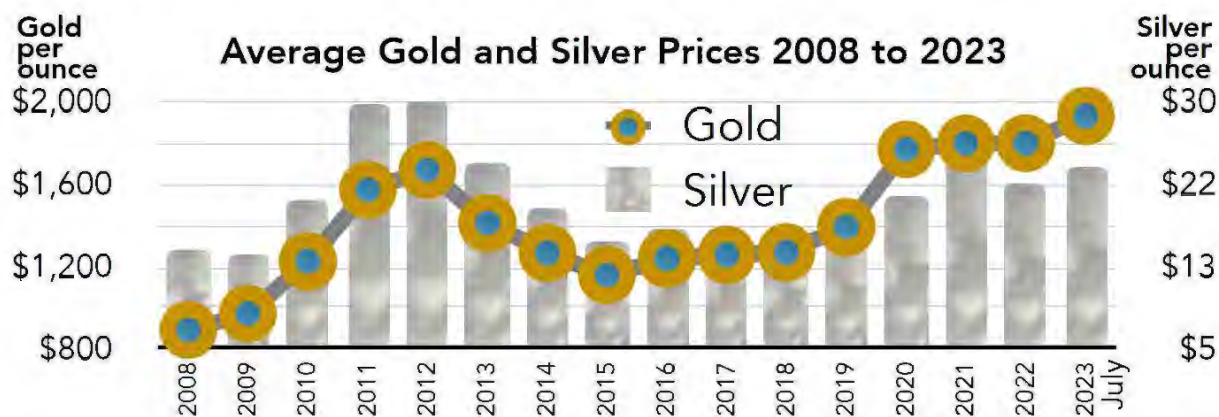


Figure 2.13 SE Alaska by the Numbers 2023, page 6, published by the Southeast Conference. Prepared

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

400 Willoughby Avenue, SUITE 400

JUNEAU, ALASKA 99801

PHONE: (907) 465-3400

FAX: (907) 586-2954

February 14, 2001

J.E. Trucano
P.O. Box 020870
Juneau, AK 99802

Re: Transfer of Tideland Leases No. ADL 36091 and 51488 to the City and Borough of Juneau

Dear Lessee:

This is to inform you that land management authority for the tidelands on which the above referenced lease is located has been conveyed to the City and Borough of Juneau. The management authority, effective 2/8/2001, includes all the State of Alaska's rights, title, and interest in, and to, the tidelands. A state tideland patent will be issued to CBJ, subject to the lease.

Accordingly, the above referenced lease has been transferred to the City and Borough of Juneau. The administration of the lease now resides with the City and Borough of Juneau and all correspondence and rental payments for this lease should be made to:

Attn: Joe Graham
Port of Juneau
City and Borough of Juneau
155 South Seward
Juneau, AK 99801
(907) 586-5255

If you have any questions about the lease transfer please call me at 465-3513.

Sincerely,



Doug Sanvik
Natural Resource Officer

cc: Joe Graham, City and Borough of Juneau

"Develop, Conserve and Enhance Natural Resources for Present and Future Alaskans"

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

TONY KNOWLES, GOVERNOR

*400 Willoughby Avenue, SUITE 400
JUNEAU, ALASKA 99801*

PHONE: (907) 465-3400

FAX: (907) 586-2954

November 3, 2000

J E Trucano
P.O. Box 020870
Juneau, Alaska 99802

Re: ADL 36091, ADL 51488

Dear Mr. Trucano:

The purpose of this letter is to provide notice pursuant to AS 38.05.945 of our preliminary decision to grant a tideland conveyance to the City and Borough of Juneau. ~~This conveyance will transfer approximately 265 acres of tide and submerged land to the city and borough. Your tideland leases, ADL 36091 & ADL 51488 will be part of this conveyance. This will not effect the terms of your existing lease. Juneau will become the land owner and the only changes will be that your annual use payments will be made to the City and Borough of Juneau and any future lease modifications will be administered by them.~~

A copy of the preliminary decision may be obtained from our office. The deadline for making comments on this preliminary decision will be December 3, 2000. Persons that do not submit written comment during the comment period will have no right to appeal the final finding.

If you have any questions please let me know.

Sincerely,



Bob Palmer
Lands Officer

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS
344 Sixth Avenue
Anchorage, Alaska

DL-37a (Tidelands)
Revised December, 1961

Lease No. ADL 36091

LEASE AGREEMENT

THIS INDENTURE made and entered into this 30th day of June 19 69, by and between the STATE OF ALASKA, through the Director of the Division of Lands, with the consent and approval of the Commissioner of the Department of Natural Resources, acting for and on its behalf under and pursuant to Chapter 169, SLA 1959, as amended, and the regulations promulgated thereunder, as amended or hereafter amended, hereinafter referred to as the LESSOR; and J. E. TRUCANO of P. O. Box 870, Juneau, Alaska 99801 hereinafter referred to as the LESSEE:

WITNESSETH, that whereas the Lessor has classified the lands herein demised as: Commercial lands on October 3 19 68, pursuant to Chapter 169, SLA 1959, as amended; and

WHEREAS, the Lessor has caused the lands herein demised to be appraised and such appraisal was made and approved on or after June 6, 19 69; and

WHEREAS, the Lessor has caused a notice of intent to lease the lands herein demised to be published as required by law or caused notices of intent to lease to be posted as required by law; and

WHEREAS, an auction of the within demised property was held at the time and place designated by notice and said sale was approved by the Director of the Division of Lands, Department of Natural Resources, State of Alaska:

NOW THEREFOR, the Lessor has agreed to let and does hereby let and demise to the Lessee, and the Lessee has agreed to take and does hereby take from the Lessor all that lot, piece, or parcel of land more particularly bounded and described, as follows:

Known as ATS 750 - Beginning at Cor. No. 1, identical with Cor. No. 5, ATS No. 361, thence, from Cor. No. 1, by metes and bounds, N 39° 20' 00" E, 59.63 ft., to Cor. No. 2; S 52° 54' 26" E, 260.59 ft., to Cor. No. 3; S 17° 12' 40" E, 27.70 ft., to Cor. No. 4; S 31° 49' 00" W, 55.02 ft., to Cor. No. 5; N 50° 40' 00" W, 290.70 ft., to Cor. No. 1, the point of beginning, containing in all 0.424 acres, more or less. Latitude 58° 18' N. Longitude 134° 26' W.

361 9-5-69

9-5-69
ak

TO HAVE AND TO HOLD the said demised premises for a term of Fifty Five
(55) years commencing on the 30th day of June, 19 69 and ending
at 12 o'clock midnight on the 29th day of June, 2024, unless
sooner terminated as hereinafter provided.

The Lessee shall pay to the Lessor rental as follows: Equal Annual
payments, in advance, on or before the 30th day of June of every
year during said term at the rate of Seventy Five and No/100-----
----- Dollars (\$75.00-----) per annum, such payments to
be subject to adjustment at each five year interval from the effective date hereof, if the
lease term hereof exceeds five years, such adjustment to be based primarily upon a reappraised
annual rental value of land in a state of improvement similar to that of the land described
herein at the time this lease was entered into.

It is hereby mutually covenanted and agreed that this indenture is made upon the
foregoing, and upon the following agreements, conditions, covenants, and terms, VIZ:

1. The word "Lessor" as and wherever used in the lease, shall be construed to
include, and shall include, bind and inure to the benefit of, the State of Alaska, its
successor and assigns, at any time during the term of this lease or any renewal thereof;
and the word "Lessee" as and wherever used in this lease shall be construed to include and
shall include and bind and inure to the benefit of the Lessee, his successors and assigns.

2. It shall be the responsibility of the Lessee to properly locate himself and
his improvements within the confines of the property leased herein.

3. The Lessor, Alaska, hereby expressly saves, excepts and reserves out of the
grant hereby made unto itself, its lessees, successors, and assigns forever, all oils,
gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or
description, and which may be in or upon said lands above described, or any part thereof,
and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable
materials, and fossils, and it also hereby expressly saves and reserves out of the grant
hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter
by itself, its or their agents, attorneys, and servants upon said lands, or any part or
parts thereof, at any and all times, for the purpose of opening, developing, drilling and
working mines or wells on these or other lands and taking out and removing therefrom all
such oils, gases, coal, ores, minerals, fissionable materials and fossils, and to that
end it further expressly reserves out of the grant hereby made, unto itself, its lessees,
successors, and assigns forever, the right by its or their agents, servants and attorneys
at any and all times to erect, construct, maintain, and use all such buildings, machinery,
roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove
such soil, and to remain on said lands or any part thereof for the foregoing purposes and
to occupy as much of said lands as may be necessary or convenient for such purposes hereby
expressly reserving to itself, its lessees, successors, and assigns, as aforesaid,
generally all rights and power in, to and over said land, whether herein expressed or not,
reasonably necessary or convenient to render beneficial and efficient the complete enjoy-
ment of the property and rights hereby expressly reserved.

Provided, however, no rights shall be exercised by Alaska, its lessees, successors
or assigns, until provision has been made by Alaska, its lessees, successors or assigns,
to pay to the owner of the land, upon which the rights herein reserved to Alaska, its
lessees, successors, or assigns are sought to be exercised, full payment for all damages
sustained by said owner, by reason of entering upon said land; provided, that if said
owner for any cause whatever refuses or neglects to settle said damages, Alaska, its
lessees, successors or assigns or any applicant for a lease or contract from Alaska for

the purpose of prospecting for valuable minerals, or option contract or lease for mining coal or lease for extracting petroleum or natural gas, shall have the right, after posting a surety bond with the Director in a company qualified to do business in Alaska or in a form as determined by the Director, after due notice and opportunity to be heard, to be sufficient in amount and security to secure the said owner full payment for all such damages, to enter upon the land in the exercise of said reserved rights, and shall have the right to institute such legal proceedings in a court of competent jurisdiction wherein the land is situated, as may be necessary to determine the damages which the surface lessee of such lands may suffer.

4. The lands leased herein have been classified as shown on page 1 of this agreement and in accordance with the Classification Regulations, Title II, Division I, Chapter I, Subchapter I, and any use thereof which shall be in material conflict with said classification shall, if not remedied after due notice thereof has been served on the Lessee, constitute a breach of this lease and the Lessor may thereupon terminate same in accordance with provisions herein contained. The Lessor does not warrant that by such classification the land is ideally suited for the use authorized thereunder and the Lessor gives no guaranty, actual or implied, that the utilization under said classification will be profitable.

5. All coal, oil, gas and other minerals and all deposits of stone or gravel valuable for extraction and utilization and all materials subject to Title II, Division I, Chapters Four (4), Five (5) and Six (6), Alaska Administrative Code, as amended or as shall hereafter be amended are excepted from the operation of this lease. Viz: The Lessee shall not sell or remove for use elsewhere any timber, stone, gravel, peatmoss, or any other material valuable for building or commercial purposes; provided, however, that material required in the enjoyment of this lease may be used after a written permit therefor has been obtained from the Lessor.

6. The Lessor expressly reserves the right to grant easements or rights-of-way across the land herein leased if it is determined to be in the best interests of the State to do so; provided, however, that the Lessee shall be entitled to compensation for all improvements or crops which are damaged or destroyed as a direct result of such easement or right-of-way.

7. The Lessee shall not commit waste or injury upon the lands leased herein. Any violation of this agreement shall not only subject the offender to civil liability, but upon conviction thereof he may be fined in any sum not exceeding \$1000.00.

8. If the lands leased herein are classified and leased as grazing or agricultural lands the Lessee shall not prevent or deny the lawful pursuit or the hunting of game or the taking of fish; provided, however, the Director, upon request in writing, may allow the lands leased herein, or portions thereof, to be posted to prohibit hunting and fishing when it appears necessary in order to properly protect the Lessee and his property.

9. Should the lands herein leased lie within the jurisdiction of any authorized building or zoning authority they shall be utilized in accordance with the rules and regulations promulgated by said authority.

10. The Lessee shall take all reasonable precaution to prevent, and take all reasonable action to suppress grass, brush and forest fires on the land herein leased.

11. The Lessee shall allow the Lessor, through its duly authorized representative, to enter upon the leased premises, at any reasonable time, for the purpose of an inspection thereof.

12. When the Lessee shall use the lands leased herein to construct any form of hydraulic project or employ any equipment or engage in any activity which will use, divert, obstruct, pollute or change the natural flow or bed of any river, lake or stream or that will utilize any of the waters of the State or materials from any river, lake or stream beds, the Lessee shall, prior to the commencement of any such operations, procure the approval of the Commissioner of the Department of Fish and Game and the original or an image copy thereof shall be filed with the Lessor prior to the commencement of such activity.

13. The Lessee may assign the lands, or portion thereof, herein demised, provided, he first makes application to the Lessor for a permit and the Lessor, in his discretion, may issue such permit if he finds it to be in the best interest of Alaska. Upon an assignment being granted, the assignee thereunder shall become subject to and be governed by the provisions of this lease in the same manner as though he were the original Lessee.

14. This lease may not be modified orally or in any manner other than by an agreement in writing signed by all parties hereto or their respective successors in interest.

15. This lease may be cancelled, in whole or in part, under one or more of the following conditions:

- A. While in good standing by the mutual agreement in writing of the respective parties hereto.
- B. If issued in error with respect to material facts.
- C. If the leased premises are being used for an unlawful purpose.

16. If the Lessee should default in the performance of any of the terms, covenants or stipulations herein contained or of the regulations promulgated pursuant to Chapter 169, SLA 1959, as amended, and said default shall not be remedied within 30 days after written notice of such default has been served upon the Lessee by the Lessor, the Lessee shall be subjected to such legal action as the Lessor shall deem appropriate including but not limited to, the forfeiture of this lease. No improvements may be removed by the Lessee during any period in which this lease is in default. In the event that this lease shall be terminated because of a breach of any of the terms, covenants, or stipulations contained herein the annual rental payment last made by the Lessee shall be retained by the Lessor as liquidated damages.

17. Any notice or demand which must be given or made by the parties hereto shall be in writing, and shall be complete by sending such notice or demand by United States registered or certified mail to the address shown on the lease or to such other address as the parties shall designate in writing from time to time. A copy of any such notice shall be forwarded by the Lessor to any lienholder who has properly recorded his interest in the lease with the Lessor.

18. In the event that this lease is terminated as herein provided, by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by the Lessee during the term of this lease, the Lessor may immediately, or at any time thereafter, enter or re-enter and take possession of said lands, or any part thereof, and without liability for any damage therefor, remove all persons and property therefrom either by summary proceedings or by a suitable action or proceeding at law; provided, however, that the words "entry" and "re-entry" as used herein, are not restricted to their technical legal meaning. Any entry or re-entry, possession, repossession,

dispossess, and/or dispossession by the Lessor, whether had or taken by summary proceedings, or otherwise, shall not be deemed to absolve, relieve, release or discharge the Lessee, either in whole or in part, from any liability hereunder.

19. Upon the expiration, termination or cancellation of this lease, unless the same has been renewed, the Lessee shall quietly and peaceably leave, surrender, and yield up unto the Lessor all of the leased land on the last day of the term of the lease.

20. The receipt of rent by the Lessor, with or without knowledge of any breach of the lease by the Lessee or of any default on the part of the Lessee in observance or performance of any of the conditions or covenants of this lease, shall not be deemed to be a waiver of any provision of this lease. No failure on the part of the Lessor to enforce any covenant or provision herein contained, nor any waiver of any right hereunder by the Lessor, unless in writing, shall discharge or invalidate such terms or covenants or affect the right of the Lessor to enforce the same in the event of any subsequent breach or default. The receipt by the Lessor of rent or any other sum of money or the termination, in any manner, of the term therein demised, or after giving by the Lessor of any notice hereunder to affect such termination, shall not reinstate, continue, or extend the resultant term herein demised, or destroy, or in any manner impair the efficacy of any such notice of termination as may have been given hereunder by the Lessor to the Lessee prior to the receipt of any such sum of money or other consideration, unless expressed in writing and signed by the Lessor.

21. The Lessee, after written request therefor has been filed with the Lessor and prior to the commencement of such work, may receive credit toward current or future rentals, provided the contemplated work, to be accomplished on or off the area leased herein, in the discretion of the Lessor, shall result in increased valuation to other State owned lands. The Lessor's authorization to proceed with the work for rental credit, if granted, shall stipulate the type and extent of improvements, standards of construction to be followed and the maximum allowable rental credit therefor; provided further that no rental credit shall inure to the Lessee until the work has been completed and the Lessor has inspected same to determine compliance with the provisions of said authorization.

22. If, upon the expiration of this lease, the Lessee desires a renewal lease on the lands, properties or interests covered herein, he shall within 30 days before the expiration of this lease, make application to the Lessor on Form DL-74 entitled "Application for Renewal of Lease," in which he must certify under oath as to the character and value of all the improvements existing upon the land, the purpose for which he desires a renewal and such other information as the Director of the Division of Lands may require. Along with the application the applicant shall deposit a sum equal to 50% of the current annual rental, as provided herein, but in no event to exceed the sum of \$50.00. The Lessor may thereupon lease said lands in compliance with the provisions herein enumerated, Chapter 169, SLA 1959, as amended, and the rules and regulations promulgated thereunder, allowing a preference right to the Lessee herein.

23. The Lessee hereunder shall, upon the expiration of this lease or the prior termination thereof by mutual agreement, be allowed a preference right to re-lease the lands leased herein if all other pertinent factors are substantially equivalent. If the renewal lease does not require public auction the preference right holder shall exercise his right within 30 days before the expiration of this lease by written notice directed to the Lessor and failure to do so shall result in forfeiture and cancellation of such preference right. In the event that the lease is subject to and is offered at public auction the preference right holder shall, at the close of bidding, indicate his desire to exercise his preference right and meet the highest bid. In the event the preference right holder does not elect to exercise his right and fails to do so at this time his preference right shall be forfeited and forever lost.

24. Improvements owned by a Lessee on Alaska lands shall within 60 days after the termination of the lease be removed by him; provided, such removal will not cause injury or damage to the lands; and further provided, that the Lessor may extend the time for removing such improvements in cases where hardship is proven. The retiring Lessee or permittee may, with the consent of the Lessor, sell his improvements to the succeeding lessee or permittee.

If any improvements and/or chattels having an appraised value in excess of \$10,000.00 as determined by the Lessor are not removed within the time allowed, such improvements and/or chattels shall upon due notice to the Lessee, be sold at public sale under the direction of the Lessor. The proceeds of sale shall inure to the Lessee who placed such improvements and/or chattels on the lands after paying to Alaska all rents due and owing and expenses incurred in making such sale. In case there are no other bidders at any such sales, the Lessor is authorized to bid, in the name of Alaska, on such improvements and/or chattels. The bid money shall be taken from the fund to which said lands belong and the said fund shall receive all monies or other value subsequently derived from the sale or leasing of such improvements and/or chattels. Alaska shall acquire all the rights, both legal and equitable, that any other purchaser could acquire by reason of said purchase.

If any improvements and/or chattels having an appraised value of \$10,000.00 or less, as determined by the Lessor, are not removed within the time allowed, such improvements and/or chattels shall revert to and absolute title shall vest in Alaska.

25. If any clause, or provision, herein contained, shall be adjudged to be invalid, it shall not affect the validity of any other clause or provision, of this lease or constitute any cause of action in favor of either party as against the other.

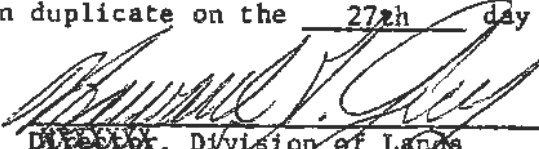
HERRING SPAWN COVENANT:

This lease is issued subject to Section 2, Chapter 34, SLA 1959, as thereafter amended.

It is agreed that the covenants, terms and agreements herein contained shall be binding upon the successors and assigns of the respective parties hereto.

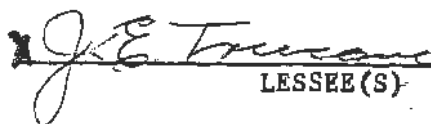
IN WITNESS WHEREOF, the State of Alaska, Lessor, acting through the Director of the Division of Lands of the Department of Natural Resources, lawfully authorized thereunto, has caused these presents to be executed at Anchorage, Alaska, in duplicate and the said Lessee has hereunto set his hand, agreeing to keep, observe and perform the rules and regulations promulgated under Chapter 169, SLA 1959, as amended, the terms, conditions and provisions herein contained, on the Lessee's part to be kept, observed and performed; and executed said instrument, in duplicate on the 27th day of August, 1969.

APPROVED:



Director, Division of Lands
Chief, Water Resources

COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES
STATE OF ALASKA



LESSEE(S)

UNITED STATES OF AMERICA)
State of Alaska) ss.

THIS IS TO CERTIFY that on the 27th day of August, 1969,
before me, the undersigned Notary Public, personally appeared Edward J. Gray
known to me and known by me to be the Director of the Division
of Lands of the Department of Natural Resources, and acknowledged to me that he executed
the foregoing lease for and on behalf of said State, freely and voluntarily and for the
use and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal,
the day and year in this certificate first above written.

Yvonne M. Allford
Notary Public in and for the State of Alaska
My commission expires 3-29-71

UNITED STATES OF AMERICA)
State of Alaska) ss.

THIS IS TO CERTIFY that on this 21st day of August, 1969,
before me, the undersigned, a Notary Public in and for Alaska duly commissioned and sworn,
personally appeared J. E. TRUCANO to me
personally known to be one of the persons described in and who executed the within instru-
ment and the said J. E. TRUCANO
acknowledged to me that he signed and executed the same freely and voluntarily for the
uses and purposes therein mentioned.

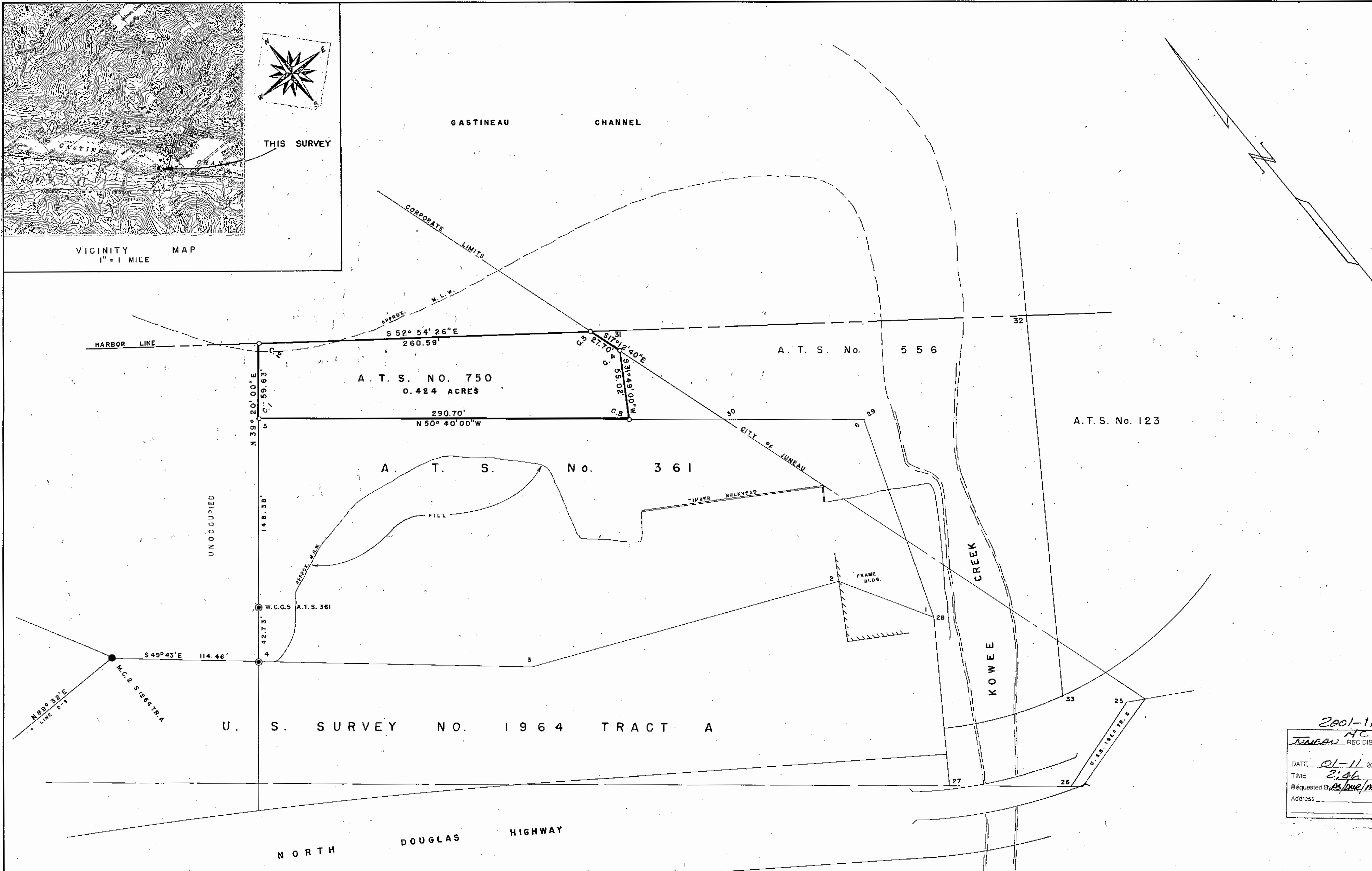
IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal,
the day and year in this certificate first above written.

[Signature]
Notary Public in and for the State of Alaska
My commission expires 5-25-70

Approved as to Form:

Ralph E. Moody
Attorney General

By Richard A. Bradley
Title Assistant Attorney General



Professional Engineer Seal for E.A. Kordell, State of Texas, No. 7775, Registered Professional Engineer.

2001-11
TINEAU REC DIS
DATE 01-11 20
TIME 2:46
Requested By AS/bue/m
Address

LEGEND

- Existing brass cap monument set for A.T.S. No. 361
- Existing G.L.O. cross on rock.
- No monument set or existing.

Drawn By: G. M.	Approved: <i>[Signature]</i> Acting Chief Cadastral Engineer
Date Approved:	Approved: <i>[Signature]</i> Acting Director of Lands
Scale: 1" = 40'	Checked: File No. ATS 750

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS
323 E. 4th Avenue
Anchorage, Alaska

DL-37a
Revised 9/70

Lease No ADL 51488

LEASE AGREEMENT

THIS INDENTURE made and entered into this 19th day of August 19 71, by and between the STATE OF ALASKA, through the Director of the Division of Lands, with the consent and approval of the Commissioner of the Department of Natural Resources, acting for and on its behalf under and pursuant to Chapter 169, SLA 1959, as amended, and the regulations promulgated thereunder, as amended or hereafter amended, hereinafter referred to as the LESSOR; and J. E. Trucano of P. O. Box 870, Juneau, Alaska 99801 hereinafter referred to as the LESSEE:

WITNESSETH, that whereas the Lessor has classified the lands herein demised as: Industrial lands on July 7 19 71, pursuant to Chapter 169, SLA 1959, as amended; and

WHEREAS, the Lessor has caused the lands herein demised to be appraised and such appraisal was made and approved on or after July 8, 19 71; and

WHEREAS, the Lessor has caused a notice of intent to lease the lands herein demised to be published as required by law or caused notices of intent to lease to be posted as required by law; and

WHEREAS, an auction of the within demised property was held at the time and place designated by notice and said sale was approved by the Director of the Division of Lands, Department of Natural Resources, State of Alaska:

NOW THEREFOR, the Lessor has agreed to let and does hereby let and demise to the Lessee, and the Lessee has agreed to take and does hereby take from the Lessor all that lot, piece, or parcel of land more particularly bounded and described, as follows:

Known as ATS No. 842: Beginning at Cor. No. 1, identical with Cor. No. 2, ATS 750. Thence, from Cor. No. 1, by metes and bounds, N 39° 20' 00" E, 208.41 ft. to Cor. No. 2; S 50° 40' 00" E, 214.83 ft. to Cor. No. 3; S 39° 20' 00" W., 200.00 ft. to Cor. No. 4; N 52° 54' 26" W., 215.00 ft. to Cor. No. 1, the point of beginning, containing in all 1.007 acres, more or less in two tracts (A/0.777 acres, E/0.230 acres). Latitude 58° 18' N., Longitude 134° 26' W., at Cor. No. 1, ATS No. 842.

Handwritten notes:
11-4-71
10-4
11-11-71
2-71



TO HAVE AND TO HOLD the said demised premises for a term of fifty-five years years commencing on the 10th day of August, 1971 and ending midnight on the 18th day of August, 2026, unless sooner terminated as hereinafter provided.

The Lessee shall pay to the Lessor rental as follows: Equal annual payments in advance, on or before the 19th day of August of every year during said term at the rate of Four hundred and no/100 Dollars (\$400.00) per annum, such payments to be subject to adjustment at each five year interval from the effective date hereof, if the lease term hereof exceeds five years, such adjustment to be based primarily upon a reappraised annual rental value of land in a state of improvement similar to that of the land described herein at the time this lease was entered into.

It is hereby mutually covenanted and agreed that this indenture is made upon the foregoing, and upon the following agreements, conditions, covenants, and terms, VIZ:

1. The word "Lessor" as and wherever used in the lease, shall be construed to include, and shall include, bind and inure to the benefit of, the State of Alaska, its successor and assigns, at any time during the term of this lease or any renewal thereof; and the word "Lessee" as and wherever used in this lease shall be construed to include and shall include and bind and inure to the benefit of the Lessee, his successors and assigns.

2. It shall be the responsibility of the Lessee to properly locate himself and his improvements within the confines of the property leased herein.

3. The Lessor, Alaska, hereby expressly saves, excepts and reserves out of the grant hereby made unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, and fossils, and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing, drilling and working mines or wells on these or other lands and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

Provided, however, no rights shall be exercised by Alaska, its lessees, successors or assigns, until provision has been made by Alaska, its lessees, successors or assigns, to pay to the owner of the land, upon which the rights herein reserved to Alaska, its lessees, successors, or assigns are sought to be exercised, full payment for all damages sustained by said owner, by reason of entering upon said land; provided, that if said owner for any cause whatever refuses or neglects to settle said damages, Alaska, its lessees, successors or assigns or any applicant for a lease or contract from Alaska for

the purpose of prospecting for valuable minerals, or option contract or lease for mining coal or lease for extracting petroleum or natural gas, shall have the right, after posting a surety bond with the Director in a company qualified to do business in Alaska or in a form as determined by the Director, after due notice and opportunity to be heard, to be sufficient in amount and security to secure the said owner full payment for all such damages, to enter upon the land in the exercise of said reserved rights, and shall have the right to institute such legal proceedings in a court of competent jurisdiction wherein the land is situated, as may be necessary to determine the damages which the surface lessee of such lands may suffer.

4. The lands leased herein have been classified as shown on page 1 of this agreement and in accordance with the Classification Regulations, Title II, Division I, Chapter I, Subchapter I, and any use thereof which shall be in material conflict with said classification shall, if not remedied after due notice thereof has been served on the Lessee, constitute a breach of this lease and the Lessor may thereupon terminate same in accordance with provisions herein contained. The Lessor does not warrant that by such classification the land is ideally suited for the use authorized thereunder and the Lessor gives no guaranty, actual or implied, that the utilization under said classification will be profitable.

5. All coal, oil, gas and other minerals and all deposits of stone or gravel valuable for extraction and utilization and all materials subject to Title II, Division I, Chapters Four (4), Five (5) and Six (6), Alaska Administrative Code, as amended or as shall hereafter be amended are excepted from the operation of this lease. Viz: The Lessee shall not sell or remove for use elsewhere any timber, stone, gravel, peatmoss, or any other material valuable for building or commercial purposes; provided, however, that material required in the enjoyment of this lease may be used after a written permit therefor has been obtained from the Lessor.

6. The Lessor expressly reserves the right to grant easements or rights-of-way across the land herein leased if it is determined to be in the best interests of the State to do so; provided, however, that the Lessee shall be entitled to compensation for all improvements or crops which are damaged or destroyed as a direct result of such easement or right-of-way.

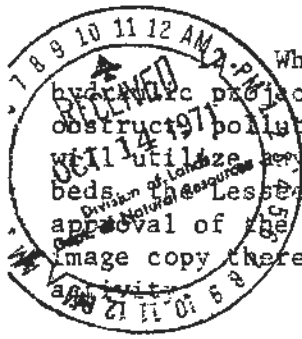
7. The Lessee shall not commit waste or injury upon the lands leased herein. Any violation of this agreement shall not only subject the offender to civil liability, but upon conviction thereof he may be fined in any sum not exceeding \$1000.00.

8. If the lands leased herein are classified and leased as grazing or agricultural lands the Lessee shall not prevent or deny the lawful pursuit or the hunting of game or the taking of fish; provided, however, the Director, upon request in writing, may allow the lands leased herein, or portions thereof, to be posted to prohibit hunting and fishing when it appears necessary in order to properly protect the Lessee and his property.

9. Should the lands herein leased lie within the jurisdiction of any authorized building or zoning authority they shall be utilized in accordance with the rules and regulations promulgated by said authority.

10. The Lessee shall take all reasonable precaution to prevent, and take all reasonable action to suppress grass, brush and forest fires on the land herein leased.

11. The Lessee shall allow the Lessor, through its duly authorized representative, to enter upon the leased premises, at any reasonable time, for the purpose of an inspection thereof.



When the Lessee shall use the lands leased herein to construct any form of hydraulic project or employ any equipment or engage in any activity which will use, divert, obstruct, pollute or change the natural flow or bed of any river, lake or stream or that will utilize any of the waters of the State or materials from any river, lake or stream beds, the Lessee shall, prior to the commencement of any such operations, procure the approval of the Commissioner of the Department of Fish and Game and the original or an image copy thereof shall be filed with the Lessor prior to the commencement of such activity.

13. The Lessee may assign the lands, or portion thereof, herein demised, provided, he first makes application to the Lessor for a permit and the Lessor, in his discretion, may issue such permit if he finds it to be in the best interest of Alaska. Upon an assignment being granted, the assignee thereunder shall become subject to and be governed by the provisions of this lease in the same manner as though he were the original Lessee.

14. This lease may not be modified orally or in any manner other than by an agreement in writing signed by all parties hereto or their respective successors in interest.

15. This lease may be cancelled, in whole or in part, under one or more of the following conditions:

- A. While in good standing by the mutual agreement in writing of the respective parties hereto.
- B. If issued in error with respect to material facts.
- C. If the leased premises are being used for an unlawful purpose.

16. If the Lessee should default in the performance of any of the terms, covenants or stipulations herein contained or of the regulations promulgated pursuant to Chapter 169, SLA 1959, as amended, and said default shall not be remedied within 30 days after written notice of such default has been served upon the Lessee by the Lessor, the Lessee shall be subjected to such legal action as the Lessor shall deem appropriate including but not limited to, the forfeiture of this lease. No improvements may be removed by the Lessee during any period in which this lease is in default. In the event that this lease shall be terminated because of a breach of any of the terms, covenants, or stipulations contained herein the annual rental payment last made by the Lessee shall be retained by the Lessor as liquidated damages.

17. Any notice or demand which must be given or made by the parties hereto shall be in writing, and shall be complete by sending such notice or demand by United States registered or certified mail to the address shown on the lease or to such other address as the parties shall designate in writing from time to time. A copy of any such notice shall be forwarded by the Lessor to any lienholder who has properly recorded his interest in the lease with the Lessor.

18. In the event that this lease is terminated as herein provided, by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by the Lessee during the term of this lease, the Lessor may immediately, or at any time thereafter, enter or re-enter and take possession of said lands, or any part thereof, and without liability for any damage therefor, remove all persons and property therefrom either by summary proceedings or by a suitable action or proceeding at law; provided, however, that the words "entry" and "re-entry" as used herein, are not restricted to their technical legal meaning. Any entry or re-entry, possession, repossession,

dispossess, and/or dispossession by the Lessor, whether had or taken by summary proceedings, or otherwise, shall not be deemed to absolve, relieve, release or discharge the Lessee, either in whole or in part, from any liability hereunder.

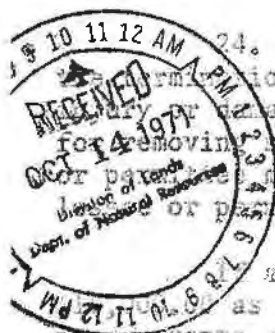
19. Upon the expiration, termination or cancellation of this lease, unless the same has been renewed, the Lessee shall quietly and peaceably leave, surrender, and yield up unto the Lessor all of the leased land on the last day of the term of the lease.

20. The receipt of rent by the Lessor, with or without knowledge of any breach of the lease by the Lessee or of any default on the part of the Lessee in observance or performance of any of the conditions or covenants of this lease, shall not be deemed to be a waiver of any provision of this lease. No failure on the part of the Lessor to enforce any covenant or provision herein contained, nor any waiver of any right hereunder by the Lessor, unless in writing, shall discharge or invalidate such terms or covenants or affect the right of the Lessor to enforce the same in the event of any subsequent breach or default. The receipt by the Lessor of rent or any other sum of money or the termination, in any manner, of the term therein demised, or after giving by the Lessor of any notice hereunder to affect such termination, shall not reinstate, continue, or extend the resultant term herein demised, or destroy, or in any manner impair the efficacy of any such notice of termination as may have been given hereunder by the Lessor to the Lessee prior to the receipt of any such sum of money or other consideration, unless expressed in writing and signed by the Lessor.

21. The Lessee, after written request therefor has been filed with the Lessor and prior to the commencement of such work, may receive credit toward current or future rentals, provided the contemplated work, to be accomplished on or off the area leased herein, in the discretion of the Lessor, shall result in increased valuation to other State owned lands. The Lessor's authorization to proceed with the work for rental credit, if granted, shall stipulate the type and extent of improvements, standards of construction to be followed and the maximum allowable rental credit therefor; provided further that no rental credit shall inure to the Lessee until the work has been completed and the Lessor has inspected same to determine compliance with the provisions of said authorization.

22. If, upon the expiration of this lease, the Lessee desires a renewal lease on the lands, properties or interests covered herein, he shall within 30 days before the expiration of this lease, make application to the Lessor on Form DL-74 entitled "Application for Renewal of Lease," in which he must certify under oath as to the character and value of all the improvements existing upon the land, the purpose for which he desires a renewal and such other information as the Director of the Division of Lands may require. Along with the application the applicant shall deposit a sum equal to 50% of the current annual rental, as provided herein, but in no event to exceed the sum of \$50.00. The Lessor may thereupon lease said lands in compliance with the provisions herein enumerated, Chapter 169, SLA 1959, as amended, and the rules and regulations promulgated thereunder, allowing a preference right to the Lessee herein.

23. The Lessee hereunder shall, upon the expiration of this lease or the prior termination thereof by mutual agreement, be allowed a preference right to re-lease the lands leased herein if all other pertinent factors are substantially equivalent. If the renewal lease does not require public auction the preference right holder shall exercise his right within 30 days before the expiration of this lease by written notice directed to the Lessor and failure to do so shall result in forfeiture and cancellation of such preference right. In the event that the lease is subject to and is offered at public auction the preference right holder shall, at the close of bidding, indicate his desire to exercise his preference right and meet the highest bid. In the event the preference right holder does not elect to exercise his right and fails to do so at this time his preference right shall be forfeited and forever lost.



24. Improvements owned by a Lessee on Alaska lands shall within 60 days after termination of the lease be removed by him; provided, such removal will not cause damage to the lands; and further provided, that the Lessor may extend the time for removing such improvements in cases where hardship is proven. The retiring Lessee may, with the consent of the Lessor, sell his improvements to the succeeding owner or permittee.

any improvements and/or chattels having an appraised value in excess of as determined by the Lessor are not removed within the time allowed, such improvements and/or chattels shall upon due notice to the Lessee, be sold at public sale under the direction of the Lessor. The proceeds of sale shall inure to the Lessee who placed such improvements and/or chattels on the lands after paying to Alaska all rents due and owing and expenses incurred in making such sale. In case there are no other bidders at any such sales, the Lessor is authorized to bid, in the name of Alaska, on such improvements and/or chattels. The bid money shall be taken from the fund to which said lands belong and the said fund shall receive all monies or other value subsequently derived from the sale or leasing of such improvements and/or chattels. Alaska shall acquire all the rights, both legal and equitable, that any other purchaser could acquire by reason of said purchase.

If any improvements and/or chattels having an appraised value of \$10,000.00 or less, as determined by the Lessor, are not removed within the time allowed, such improvements and/or chattels shall revert to and absolute title shall vest in Alaska.

25. If any clause, or provision, herein contained, shall be adjudged to be invalid, it shall not affect the validity of any other clause or provision, of this lease or constitute any cause of action in favor of either party as against the other.

26. Special provisions Page 'A' attached hereto and made a part hereof.

HERRING SPAWN COVENANT:

This lease is issued subject to Section 2, Chapter 34, SLA 1959, as thereafter amended.

It is agreed that the covenants, terms and agreements herein contained shall be binding upon the successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the State of Alaska, Lessor, acting through the Director of the Division of Lands, Department of Natural Resources, lawfully authorized thereunto, has caused these presents to be executed at Anchorage, Alaska, in duplicate and the said Lessee has hereunto set his hand, agreeing to keep, observe and perform the rules and regulations promulgated under Chapter 169, SLA 1959, as amended, the terms, conditions and provisions herein contained, on the Lessee's part to be kept, observed and performed; and executed said instrument on the day and year first above written.

APPROVED:

Wear J. Natun
Chief, Water Resources Section
Division of Lands

Commissioner, Department of Natural Resources

~~SPECIAL STIPULATION: Upon removal of the contract entitlement, the purchaser shall cause the removal area to be left in neat, orderly condition, a satisfactory condition for this purpose defined as that condition deemed satisfactory by an authorized representative of the Division of Lands.~~

J. E. Tamm
LESSEE(S)

Deleted by Division of Lands

8/77 10/20/71

UNITED STATES OF AMERICA)
State of Alaska) ss.

THIS IS TO CERTIFY that on the 4th day of October, 1971, before me, the undersigned Notary Public, personally appeared William S. Norton known to me and known by me to be the Chief, Water Resources Section, Division of Lands, Department of Natural Resources, and acknowledged to me that he executed the foregoing lease for and on behalf of said State, freely and voluntarily for the use and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

William S. Norton
Notary Public in and for the State of
Alaska
My commission expires May 25, 1975

UNITED STATES OF AMERICA)
State of Alaska) ss.

THIS IS TO CERTIFY THAT on the 5th day of Oct., 1971, before me, the undersigned, a Notary Public in and for Alaska duly commissioned and sworn, personally appeared X E. Trueano to me personally known to be one of the persons described in and who executed the within instrument and the said X E. Trueano acknowledged to me that he signed and executed the same freely and voluntarily for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

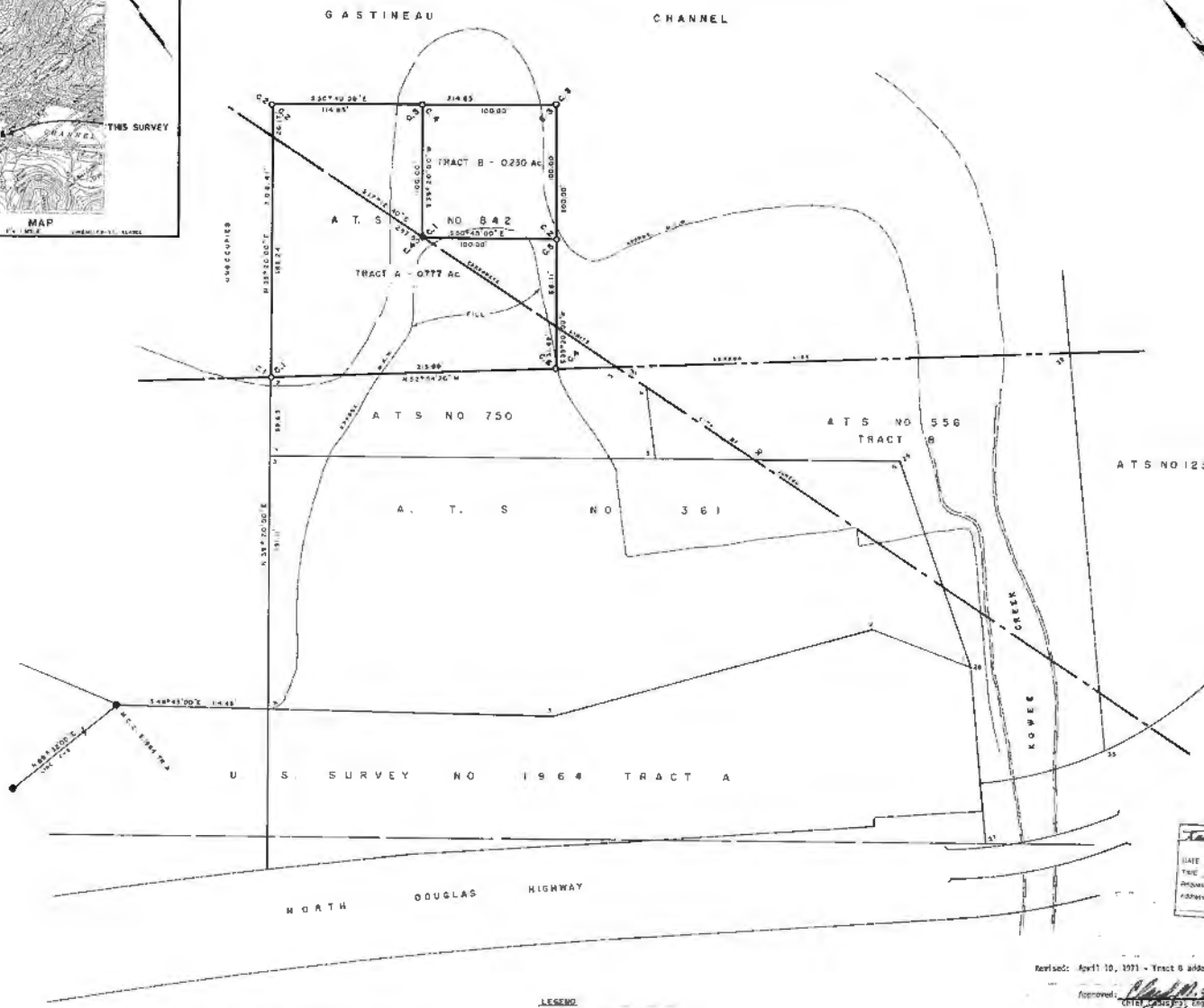
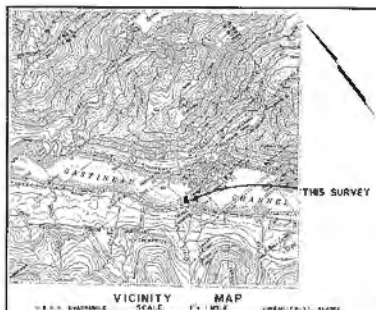
X E. Trueano
Notary Public in and for the State of
Alaska
My commission expires May 29, 1974 X



SPECIAL STIPULATIONS:

The lessee shall dress or cover all areas of fill with appropriate materials i.e. sand and gravel in such a manner that car bodies or other waste matter will not be visible. Upon completion of the fill construction phase the lessee shall notify the lessor so that an inspection of fill area may be conducted to determine acceptability. Acceptability in this instance shall be determined by an authorized representative of the Division of Lands.





DESCRIPTION OF A.T.S. NO. 842

Beginning at Cor. No. 1, identical with Cor. No. 2, A.T.S. 750, Thence, from Cor. No. 1, by meter and compass, N 29° 32' 00" E, 200.41 ft. to Cor. No. 2; S 30° 40' 00" E, 214.82 ft. to Cor. No. 3; S 30° 20' 00" N, 205.00 ft. to Cor. No. 4; S 29° 32' 00" W, 215.00 ft. to Cor. No. 1, the point of beginning, containing in all 1.007 acres, more or less.

DESCRIPTION OF TRACT A

Beginning at Cor. No. 1, identical with Cor. No. 1 of A.T.S. 842 described above, Thence, from Cor. No. 1, by meter and compass, N 29° 32' 00" E, 200.41 ft. to Cor. No. 2; S 30° 40' 00" E, 214.82 ft. to Cor. No. 3; S 30° 20' 00" N, 205.00 ft. to Cor. No. 4; S 29° 32' 00" W, 215.00 ft. to Cor. No. 1, the point of beginning, containing in all 0.777 acres, more or less.

DESCRIPTION OF TRACT B

Beginning at Cor. No. 1, identical with Cor. No. 4, Tract B, A.T.S. 842 described above, Thence, from Cor. No. 1, by meter and compass, S 29° 40' 00" E, 100.00 ft. to Cor. No. 2; S 30° 20' 00" N, 100.00 ft. to Cor. No. 3; S 30° 20' 00" W, 100.00 ft. to Cor. No. 4; S 29° 32' 00" W, 100.00 ft. to Cor. No. 1, the point of beginning, containing in all 0.230 acres, more or less.

Latitude 59° 18' N. Longitude 154° 26' W.
at Cor. No. 1, A.T.S. No. 842

LEASE APPLICANT

J. C. Truone
216 Highland Drive
Juneau, Alaska 99801

CERTIFICATE OF REGISTERED LAND SURVEYOR

I hereby certify that I am a registered land surveyor, and that this plat represents the survey made by me or under my direct supervision, and that all dimensions and other details are correct to the best of my knowledge.

1970



FILE: PREPARED MAP 27, 1970

ADL 51488

DATE OF SURVEY Beginning: May 8, 1970 Ending: May 8, 1970		TONE & NORLING REGISTERED ENGINEERS JUNEAU, ALASKA	
ALASKA DIVISION OF LANDS STATE OF ALASKA ANCHORAGE, ALASKA			
ALASKA TIDELANDS SURVEY NO. 842 (T41S, R67E, C.R.M.)			
Drawn By R. R. M.	Approved [Signature]	[Signature]	
Date Approved 12-28-70	Approved [Signature]	[Signature]	
Scale 1" = 40'	Checked [Signature]	File No. ATS 842	

Revised: April 10, 1971 - Tract B added.

Approved: [Signature]
Director of Lands

THIS PLAT IS BEING FILED UNDER AS 40.1060 • JUNEAU RECORDING DISTRICT

HORAN & COMPANY, LLC**LAND COMPARABLE NUMBER 1**

12 CBJ - Salmon Creek

Recording District Juneau**Address:** 2685 Channel DR**City:** Juneau**State:** AK**Zip:** 99801**Location:** Channel Drive**Legal:** ATS 1503; Plat 96-62; originally ADL 106124

; Parcel Number: 7B0901010050

Instrument: Lease **Serial:** 2011-002493-0**Annual Rent:** \$7,700**Trans.Type:** Land Rent**Trans. Date:** September 1, 2023**Rights:** Lease Fee less Minerals, Easements (See**Grantor:** CBJ**Terms:** Annual rent**Grantee:** Gastineau Landing, Kris Hart**Size (AC):** 0.8800**Utilities:** None**Frontage:** 150' on Gastineau Channel**Access:** Boat, See Comments**Zone:** WI**Improvements:** None included in lease**Topography:** Submerged**Land Class:** Waterfront, Commercial, Tidelands**Vegetation:** Typical**Soil:** Alluvial**Present Use:** Barge landing**Intended Use:** Barge Landing**Highest and Best Use:** Commercial**Comments:**

Lessee owns adjacent leases and uplands. The water depth is sufficient for barge landing operations. Piling noted on site are not part of lease, lease is for unimproved pre-lease condition. No 50' pedestrian easement per the plat.

Analysis:

As of 2024 - Rent increased to \$7,700 (\$0.20/SF)

\$ 6,900 ÷ 38,333 SF = \$0.18/SF

Marketing Info: Most recent appraisal adjustment was effective 9/1/23 at \$7,700/year. Market appraised 5 year rental adjustment effective 5/21/2018. (20-095). Last rent had been 9/1/2013 \$5749.95. This is a 35-year lease, beginning on 5/21/2008 and expiring on 5/22/2043.

Confirmed with: Teena Scovill CBJ Ports Teena Larson, CBJ

Confirmed date: 04/27/2015 10-6/2021

Confirmed by: J.Horan C.Horan

Revision Date: 4/23/2022

Record Number: 2046



Looking across subject tidelands in a southerly direction from its northerly corner, 11/17/20



FIGURE 2.6 - Channel Drive subject location map showing significant properties.

HORAN & COMPANY, LLC**UNDEFINED WORKSHEET TYPE 2**

03 CBJ - Auke Bay

Recording District Juneau**Address:** 13395 Glacier Highway**City:** Juneau**State:** AK**Zip:** 99801**Location:** Gitkov Dock (near State Ferry Terminal) , Auke Bay**Legal:** Part of ATS 1170, ADL 101598, 34,576.96 SF and Part of Tract B, ATS 1525, 21,963.32 SF ;**Instrument:** Tidelands **Serial:****Annual Rent:** \$12,439**Trans.Type:** Land Rent**Trans. Date:** February 1, 2023**Rights:** Lease**Grantor:** CBJ Docks & Harbors**Terms:****Grantee:** Delta Western, LLC**Size (AC):** 1.2980**Utilities:** All**Frontage:****Access:** Road, paved**Zone:** WI**Improvements:** None Included**Topography:** Submerged, Steep**Land Class:** Tidelands, Waterfront, Commercial**Vegetation:** None**Soil:** Tidelands**Present Use:** Had about 1000 SF fill per seller, a floating dock (old barge) and ramp not included in CBJ land rent**Intended Use:** Build a tank farm, opened in July/August 2020.**Highest and Best Use:** Water related commercial**Comments:****Analysis:**

\$12,438.80 / 56,540.28 = \$0.22/SF

Marketing Info: Negotiated sale of lease hold. Seller said price confidential but no additional value assigned to tideland area rented. It was excess to his needs and he was happy to reduce his rent. Seller still retained TL for its Greens Creek employee transfer facility.

Confirmed with: Teena Larson CBJ

Confirmed date: 1/24/24

Confirmed by: Slater

Revision Date:

Record Number: 12387



HORAN & COMPANY, LLC**LAND COMPARABLE NUMBER 3**

12 CBJ - Salmon Creek

Recording District Juneau**Address:** 3155 CHANNEL DR**City:** Juneau**State:** AK**Zip:** 99801**Location:** 3 miles north of downtown Juneau**Legal:** ATS 1277 (Plat 83-210) and ATS 877 Lot B2 within Portion of Section 9, T41S, R67E, ADL 102934 Parcel number: 7B090130101&0100 (File 20-101); Parcel Number: 7B0901300101**Instrument:** Lease **Serial:****Annual Rent:** \$288,000**Trans.Type:** Land Rent**Trans. Date:** April 1, 2024**Rights:** Lease**Grantor:** Salmon Creek Development LLC**Terms:** 6 year lease directly to Secon. Year 4-6, Annual increases scheduled of \$500/mo or \$6,000/yr.**Grantee:** COLASKA DBA Secon Inc**Size (AC):** 4.6985**Utilities:** Water, Sewer, Electric**Frontage:** 422 Water Front**Access:** Road, gravel**Zone:** WI**Improvements:** None**Topography:** Level, Submerged**Land Class:** Tidelands, Waterfront, Vacant, Commercial**Vegetation:** Cleared**Soil:** Gravel**Present Use:** Vacant- As leased**Intended Use:** Marina- Barge landing**Highest and Best Use:** Marine related Commercial/Industrial**Comments:**

The most recent annual rent \$288,000 is about \$1.42/SF of the land areas adjusted to use compensate for the loss of use for the cell tower (688 SF) for a net site area of 204,000 SF. The \$1.41/SF land rent is adjusted downward 22¢ for expenses paid by the landlord tax insurance dredging etc. and there are significant yard improvements paving office building and ramp that would require an additional 42¢/SF per year capitalizing the depreciated cost. This leaves net rent to land only at \$0.78/SF per year for 204,000 SF for an annual and rent of \$159,000. This rent is apportioned out to sloping and tidelands contributing about 20% of the unit value as compared to the uplands. This analysis indicates the upland rent at \$149,460, (158,306 SF) or \$0.94/SF and the tidelands rent at \$9,540, (45,694 SF) at \$0.21/SF.

According to Mr. Smith, the adjacent channel/tidelands was dredged in 2023. 20,000 yards of material was removed, at a cost of approximately \$400,000. AML is no longer involved. Salmon Creek Dev leases directly to Secon.

Analysis:

The annual rent is applied to 204,000 SF net of the cell tower land lease area. After deducting for the landlord expense and the capitalized value of the improvements the income to land is estimated at \$170,428 apportioned to 158,306 SF of uplands. See comments for break down.

Marketing Info: As of 4/1/24 - Secon leases directly from Salmon Creek Dev. 6 year lease. Went up to \$288,000 on April 1st. See terms above.

Previous Terms -5 year sublease \$21,494/month. Increase 1.5% each year April 1st. Rent the same May 2023 ~ \$25,000 per month including 5% Sales Tax. Per Joe Smith (907-321-2330) current 10/18/21 rent is \$24,000/mo. Assume it starts 4/1/202.

4/1/2020 Last year of lease rent adjustment \$277,428. 3/31/2016 Rent \$257,928.

Original negotiated lease escalates annually (Gasteneau Construction-Smith to AML) and then sublet to AML. Re-sublet to Secon of Juneau at slightly adjusted rent mid 2015.

Confirmed with: City document

Joe Smith

Confirmed date: 09/02/16

2/1/2021

Confirmed by: C.Horan

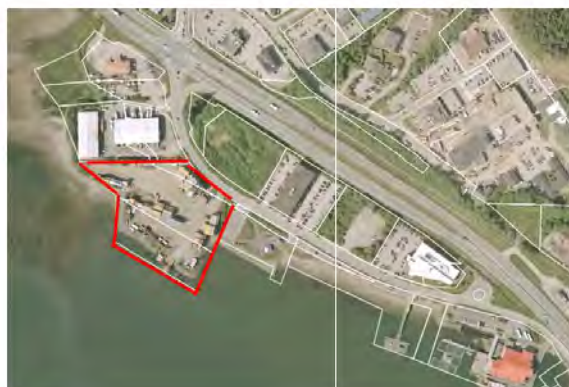
C.Horan

Revision Date: 4/23/2022

Record Number: 9960



PHOTO 4 - VIEW LOOKING SOUTH ACROSS BUREAU; (10114_02528)



HORAN & COMPANY, LLC

LAND COMPARABLE NUMBER 3

HORAN & COMPANY, LLC**LAND COMPARABLE NUMBER 4**

12 CBJ - Salmon Creek

Recording District Juneau**Address:** 2691 Channel Dr**City:** Juneau**State:** AK**Zip:** 99802**Location:** Adjacent to Hatchery on Channel Dr**Legal:** Lot 1, ATS 217; Lot 1, ATS 7; and Leasehold interest in adjacent tidelands, ATS 1067 & ATS 7 Lot 2 (ADL 80526) and an Assignment of lease for ATS 1503, dated March 13, 2017, Doc # 2017-001090-1, JRD; Parcel Number: Multiple**Instrument:** SWD - **Serial:** 2017-001528-0**Sale:** \$1,100,000**Trans.Type:** Sale**Trans. Date:** April 6, 2017**Rights:** Fee Simple, Leasehold**Grantor:** Channel Construction, Inc. (William Tonsgard Jr.)**Terms:** Assume cash**Grantee:** Gastineau landings, LLC (Western Marine)**Size (AC):** 3.0763**Utilities:** All**Frontage:** 484.21' Water Front**Access:** Road, paved, Boat**Zone:** WI**Improvements:** Block retaining structures and gate**Topography:** Submerged, Level**Land Class:** Tidelands, Waterfront, Commercial**Vegetation:** Cleared**Soil:** Buildable**Present Use:** Industrial, construction yard, contoured barge landing**Intended Use:** Barge landing, added a barge ramp and more fill area**Highest and Best Use:** Barge Landing/Marine Construction**Comments:**

This sale consists of a combination of filled, fee simple owned uplands and leasehold tidelands which are filled and submerged. The area breakdown is as follows: Fee owned uplands: 38,041 SF, Leasehold filled tidelands: 47,948 SF, Leasehold submerged tidelands: 82,514 SF. An access easement on the subject's southeastern border which in turn connects to an access easement (30'x120') benefitting the subject, across ATS 13. This easement provides access to the barge landing on ATS 1503, the lease assignment of which is part of this transaction.

Analysis:

Land Value = \$1.1 million minus \$70,000 site improvements (Concrete blocks gate) = \$1,030,000 indicated fee simple & lease hold land value.

Add lease fee interest (cap land rent) \$244,736 for capitalized tidelands leases = \$1,270,000(Rnd)/168,503 SF = \$7.57/SF

Tidelands Value \$204,000/ 82,514 SF = \$2.48/SF

Uplands \$1,066,000/85,989 SF = \$12.39/SF

Marketing Info: Negotiated sale. Buyer had been using it and owner was in risk of default so sold it to buyer/user who felt it was market. Buyer wanted to keep control of the land. Price was based on debt owed to the lender plus an unknown percentage. Buyer knowledgeable of the market. Sale included easement (30'x120') over ATS 13.

Seller also gave first right of refusal on adjacent 2681 Channel Dr. ATS 13, fee owned land improved with house and shop.

Confirmed with: Kriss Hart

Kriss Hart

Confirmed date: 12/31/2020

4-13-2021

Confirmed by: C.Horan

C.Horan

Revision Date: 4/14/2022

Record Number: 11142



111720 (134)



QUALIFICATIONS OF SLATER M. FERGUSON

Education:

2008 - Graduated from Sitka High School, Sitka, Alaska

2012 - Graduated with a BS in Geography from Western Oregon University, Monmouth, Oregon

Real Estate Appraisal Experience:

November 2018 to Present – Certified General Real Estate Appraiser – Horan & Company, LLC

June 2014 to November 2018 - Real Estate Appraiser Trainee - Horan & Company, LLC

- In-depth assistance of Commercial/Residential Appraisal Development and Market Data Research
- Leadership role in the 2015 Mass Appraisal/Revaluation for the City of Craig, AK

Oct 2012 to June 2014 – Office Admin/Appraiser Assistant – Horan & Company, LLC

Certification & Approvals:

Certified General Real Estate Appraiser, State of Alaska License #133619

VA approved, January 2020

FHA approved, January 2019

Appraisal Education:

7 Hour Hotel/Motel Valuation Course, June 2023

14 Hour UASFLA Course, May 2023

7 Hour USPAP Update Course, February 2023

Rural Area Appraisals: Freddie Mac Guidelines and Property Eligibility Requirements, May 2021

The Cost Approach: Unnecessary or Vital to a Healthy Practice, April 2021

7 Hour USPAP Update Course, June 2021

Cool Tools: New technology for Real Estate Appraisers, Jan 2021

General Appraiser Market Analysis with Highest and Best Use, Aurora, CO, August 2018

2016-2017 7-Hour Equivalent USPAP Update Course, Online, June 2017

Residential Sales Comparison and Income Approaches, Louisville, KY, October 2017

General Appraiser Report Writing and Case Studies, Woburn, MA, November 2017

General Appraiser Income Approach/Part 1, Houston, TX, September 2016

General Appraiser Income Approach/Part 2, Houston, TX, September 2016

Real Estate Finance Statistics and Valuation Modeling, Las Vegas, NV, February 2015

General Appraiser Site Valuation & Cost Approach, Chicago, IL, October 2015

Appraisal Procedures, Appraisal Institute, Online Course, April 2014

General Appraiser Sales Comparison Approach, Chicago, IL, October 2014

Appraisal Principles; Appraisal Institute, Online Course, October 2013

15-Hour USPAP, Tigard, OR, November 2013

Types of Property Assessed for Taxation:

City of Craig real property assessment roll; single-family, multi-family and mobile homes

City of Skagway real property assessment roll, single-family, multi-family and mobile homes

Types and Location of Properties Appraised:

Residential – Single/multi-family homes, condos, mobile homes, island properties and vacant lands in Sitka, AK

Commercial – Warehouses, office buildings, retail buildings, mini-storage facilities, lodges/apartment buildings and vacant lands in Sitka, AK; Mixed-use commercial buildings, tidelands, and vacant lands in Juneau, AK; A Lodge in Haines, AK; vacant lands in Gustavus, AK; vacant lands in Petersburg, AK; vacant lands on Prince of Wales Island and Admiralty Island.

Slater Ferguson has also aided other appraisers in the appraisal process of numerous properties located throughout Southeast Alaska. These properties include a variety of commercial buildings (office, retail, warehouse/shops, apartments, etc.) and vacant lands.

Rev. 6/2023