

# APPRAISAL REPORT



**HLB Parcels 3-078A-E**  
**Lots 13A&B Urbanek & Kerkove Subdivision (Plat 74-66), Lot 12 West ptn, Lot 12 East 50' ptn, and Lot 14 SEC 33 T13N R3W; Located in Anchorage, Alaska**

**FOR**  
Municipality of Anchorage  
Real Estate Department  
P.O. Box 196650  
Anchorage, Alaska 99519-6650  
Attn: Ms. Tawny Klebesadel

**Date of Report**  
December 28, 2020

**Date of Inspection and Valuation**  
December 16, 2020

**B-SBC FILE No. 20-094**

**BY**  
Brian Bethard, MAI  
General Real Estate Appraiser (Cert. #281)

Zack P. Rall, Appraiser

**BLACK-SMITH, BETHARD & CARLSON, LLC**  
1199 E. Dimond Blvd., Ste. 200  
Anchorage, Alaska 99515

## **PART I - INTRODUCTION**

# BLACK-SMITH, BETHARD & CARLSON,

December 28, 2020

Client: Municipality of Anchorage  
Real Estate Department  
P.O. Box 196650  
Anchorage, Alaska 99519-6650  
Attn: Ms. Tawny Klebesadel

RE: HLB Parcels 3-078A-E  
Lots 13A&B Urbanek & Kerkove Subdivision (Plat 74-66), Lot 12 West ptn, Lot  
12 East 50' ptn, and Lot 14 SEC 33 T13N R3W  
Located in Anchorage, Alaska

Ms. Klebesadel:

We are submitting an *appraisal report* estimating the market value of the fee simple interest in the property identified above. Our opinion of market value "as-is", as of December 16, 2020 (the date of the inspection) is:

**\$2,629,000**

The value opinion is stated in terms of cash. The market exposure period (looking backward) and the marketing time (looking forward) are both estimated at six months to one year.

The report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report (2012-2013). As such, it presents only summary discussions of the data, reasoning, and analyses that were used to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the client's intended use.

Sincerely,  
**BLACK-SMITH, BETHARD & CARLSON, LLC**



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Brian Z. Bethard, MAI  
General Real Estate Appraiser (Cert. # 281)



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Zack P. Rall, Appraiser

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**Addenda**

- Engagement Letter
- DEC Site Reports
- Permit
- Assumptions and Limiting Conditions
- Qualifications of Appraisers

**CERTIFICATION**

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.

We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

Zack P. Rall made a personal inspection of the property that is the subject of this report on December 16, 2020, Brian Z. Bethard, MAI has viewed the site on prior occasions. Zack Rall provided professional assistance. I limited his services to photography, basic research, general data gathering and the organization of report contents.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report I, Brian Bethard, MAI, have completed the continuing education program of the Appraisal Institute.

Brian Z. Bethard, MAI is currently certified by the State of Alaska as a General Real Estate Appraiser (Certificate No. 281).

Brian Z. Bethard and Zack P. Rall have the appropriate knowledge and experience necessary to complete this appraisal assignment competently.

We have not performed services as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Dated this 28<sup>th</sup> day of December 2020.



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Brian Z. Bethard, MAI  
General Real Estate Appraiser (Cert. # 281)



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Zack P. Rall, Appraiser



**Property Appraised**

The subject properties are identified in ascending order by their individual Tax ID #'S:

| Tax ID                 | Legal                                  | Plat  | Zoning | SF             | AC           |
|------------------------|--|-------|--------|----------------|--------------|
| 008-041-03             | Lot 14, SEC 33, T13N, R3W              | N/A   | B-3    | 43,725         | 1.004        |
| 008-041-04             | Lot 13B Urbanek & Kerkove Subdivision  | 74-66 | B-3    | 23,419         | 0.538        |
| 008-041-05             | Lot 13A Urbanek & Kerkove Subdivision  | 74-66 | B-3    | 34,970         | 0.803        |
| 008-041-06             | Lot 12 West Ptn, SEC 33, T13N, R3W     | N/A   | B-3    | 12,035         | 0.276        |
| 008-041-07             | Lot 12 East 50' Ptn, SEC 33, T13N, R3W | N/A   | B-3    | 5,750          | 0.132        |
| <b>Gross Total</b>     |  |       |        | <b>119,899</b> | <b>2.753</b> |
| <b>Net Usable Area</b> |  |       |        | <b>96,299</b>  | <b>2.211</b> |

Ownership of the parcel vests with the Municipality of Anchorage, Heritage Land Bank.

**Property Rights Appraised:** Fee Simple

**Date of Report:** December 28, 2020

**Date of Valuation (date of inspection):** December 16, 2020

**Highest & Best Use:** Assemblage; Commercial development

**Exposure Period:** 6 months to 1 year

**Estimate Market Value (As-Is):** **\$2,629,000**

**SUBJECT PHOTOGRAPHS – TAKEN 12-16-20 BY ZACK RALL**



Looking east between Lot 14 & 13B



Looking south towards Lot 14



Looking north from near SEC of Lot 13A



Looking northwest from near SEC of Lot 13A



Looking south from near NEC of Lot 13A



Looking S from NWC of Lot 13A along Lake Otis

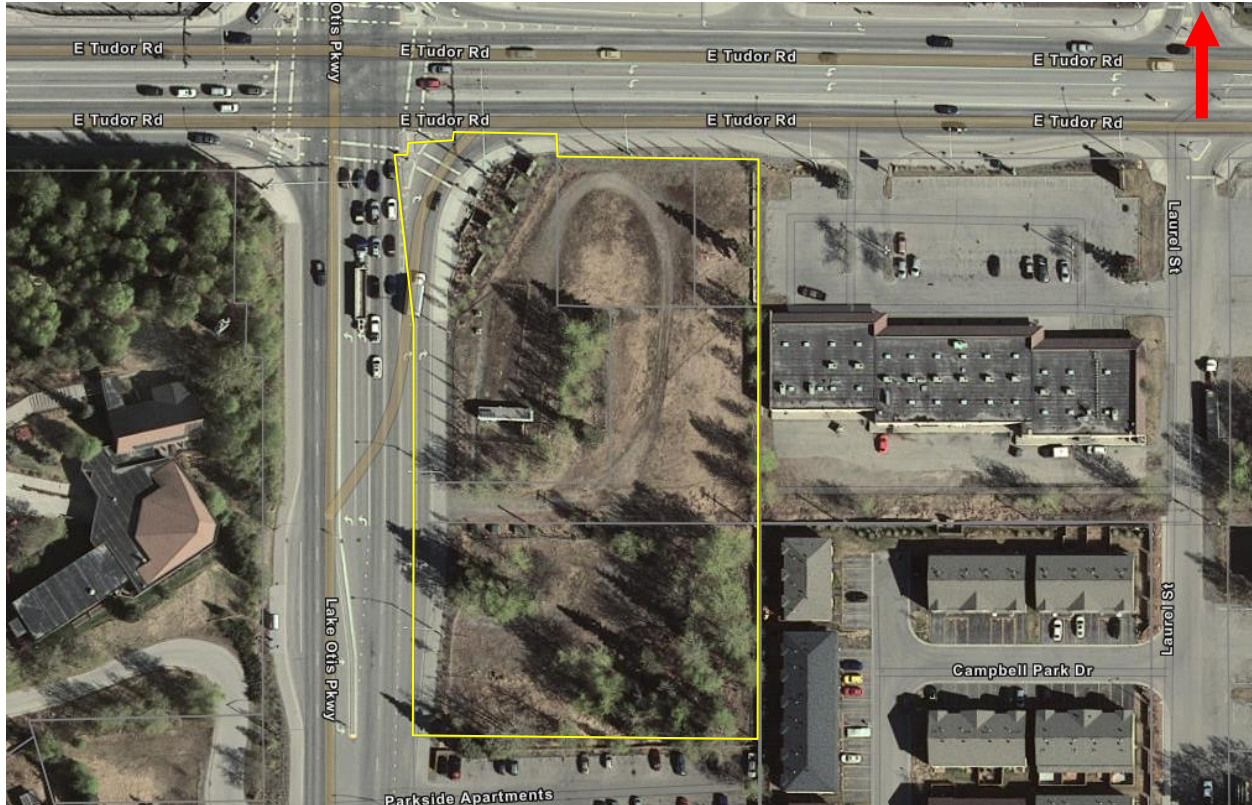
**PART II – PREMISES OF THE APPRAISAL**



## IDENTIFICATION OF THE PROPERTY

### DETERMINATION OF THE LARGER PARCEL

The subject parcels have individual legal descriptions and tax identification numbers, but the shape, size and access of several lots is less than optimal. Because the parcels share unity of ownership, zoning classifications, and are dependent on each other for value attributes (i.e. high frontage/visibility, corner characteristic “as assembled”), the subject would benefit (plottage<sup>1</sup>) from an assemblage. In summary, the subject parcels highest and best use “as vacant” is for assemblage as the larger parcel.



### Property Appraised

The assembled site is located at the SEC of the E. Tudor Road & Lake Otis Parkway intersection. The subject’s gross site area is ±119,899 SF (2.753 AC) and is zoned B-3, General Business District. The net usable area is 96,299 SF. (See “Site Description” for determination of the usable site area).

### Ownership

Municipality of Anchorage, Heritage Land Bank

### Property History

There have been no sales of any of the subject properties in the previous 3-years of this report.

<sup>1</sup> The increment of value that often occurs when two or more sites are combined to produce greater utility, resulting in a higher productivity or income than could be obtained from the individual smaller sites. Appraisal Institute, *Dictionary of Real Estate Appraisal*. 6<sup>th</sup> Edition

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Located in Anchorage, Alaska

**Purpose of the Appraisal and Property Rights Appraised**

The purpose of this appraisal is to estimate the *as-is market value*<sup>2</sup> of the *fee simple*<sup>3</sup> interest of the real estate as of December 16, 2020 (the date of the inspection).

**Effective Date of Value**

December 16, 2020

**Date of Report**

December 28, 2020

**Use of the Appraisal/Intended Users**

The intended use of the report is to assist the client in asset evaluation of the property identified. The intended users include the client and appropriate regulatory agencies.

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

- 1) Buyer and seller are typically motivated;
- 2) Both parties are well informed or well advised, and both acting in what they consider their own best interest;
- 3) A reasonable time is allowed for exposure in the open market;
- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Office of the Comptroller of the Currency under 12 CFR,  
Part 34, Subpart C-Appraisals, 34.43 Definitions [f].

3 Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. Appraisal Institute 1993; Dictionary of Real Estate Appraisal

**PROPERTY DATA**

Zack Rall inspected and photographed the subject on December 16, 2020, Brian Bethard, MAI has viewed the site on prior occasions. Plat grid maps and zoning maps/regulations were obtained from MOA. All requested information that was available was provided.

**AREA DATA**

In order to identify significant trends and indicators, we spoke with local property owners, real estate agents, and appraisers. We also reviewed various publications, reports, and surveys including the Alaska Daily News and Alaska Economic Trends.

**MARKET DATA**

Alaska is a non-disclosure state. The Multiple Listing Service (MLS) is the primary source of data. Secondary sources include property managers and other appraisers. Market data was confirmed with the property owners, managers, or agents.

**MARKET ANALYSIS**

The Appraisal Institute recognizes two categories of market analysis: *inferred* and *fundamental*. For conventional multi-use properties in a stable market, a lower level of analysis is appropriate. For the purposes of this appraisal, demand is inferred from general market conditions and the available data.

**APPRAISAL DEVELOPMENT**

Sales comparison is the most common technique for valuing land and it is the preferred method when comparable sales are available<sup>4</sup>. The market recognizes the sales price per square foot for larger residentially zoned parcels.

**APPRAISAL REPORTING**

The report is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice (2018-2019) for an *appraisal report*. It is consistent with USPAP (2012-2013) reporting requirements for a summary report. It presents summary discussions of the data, reasoning, and analyses that were used to develop the appraiser's opinion of value. Supporting documentation is retained in our work file. The depth of discussion contained in this report is specific to the client's intended use.

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<sup>4</sup> *The Appraisal of Real Estate*, 14th Edition, Appraisal Institute

## EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

General limiting conditions and assumptions are summarized in the addenda. *Extraordinary assumptions*,<sup>5</sup>*hypothetical conditions*,<sup>6</sup> and limiting conditions specific to this appraisal are identified below.

*Note: Reliance on extraordinary assumptions and/or hypothetical conditions could affect the assignment results.*

- The full extent of the contamination has not been clearly defined, however it appears the necessary remediation of Lots 13A & 14 are being performed in accordance to DEC requirements. The client reported the parcels are not clean, but they are at the point in which the DEC would sign off on certain development. Our value opinion is predicated on the *extraordinary assumption* that Chevron and the Municipality will remain the Responsible Parties.

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<sup>5</sup> "An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions." *Uniform Standards of Professional Practice*

<sup>6</sup> "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." *Uniform Standards of Professional Practice*

**PART III - PRESENTATION OF DATA**

**ALASKA**

**Population<sup>7</sup>**

Alaska’s population decreased 0.4 percent from July 2018 to July 2019, our new estimates show. The biggest drivers were a decline in the number of people moving to Alaska and fewer births. While this was the third straight year of overall population loss, the declines have been small. Over those three years, Alaska’s population fell by a total of 1.2 percent. The state’s 2019 population of 731,007 is about 8,600 below the peak of 739,649 people in 2016.

**Economic Outlook – January 2020**

While the economy has become more diversified, Alaska is heavily dependent on the oil industry and government spending.

After three years of job losses, Alaska is regaining a small amount of lost ground as some industries show signs of recovery. We forecast 0.3 percent growth in 2020, or about 1,100 new jobs. While most industries’ growth will be tepid, record anticipated numbers of cruise ships visitors and the first wave of new military personnel at Eielson Air Force Base in the interior will be bright spots in 2020.<sup>8</sup> Sectors devastated early in the recession are beginning to add jobs again. Oil industry employment stabilized in mid to late 2018, and increased activity on the North Slope signals resumed growth. Oil and gas will add jobs in 2020, although the sale of BP’s assets to Hillcorp will likely result in at least temporary job loss. The construction industry, hit especially hard during the recession’s first two years, began to add jobs in 2018 and picked up the pace in 2019, mainly through projects at Eielson Air Force Base in the Interior. Other sectors have stabilized and some, however state and local government will continue to lose jobs in 2020.<sup>9</sup>

**ANCHORAGE and the MATANUSKA-SUSITNA BOROUGH**

More than half of Alaska’s population resides in the adjoining south-central areas encompassed by the Municipality of Anchorage (MOA) and the Matanuska-Susitna Borough (MSB). Their population centers are physically separated by Joint Base Elmendorf Richardson (JBER) and the flats of the Matanuska & Knik Rivers.

**Anchorage**

Anchorage is Alaska’s largest city. It is a strategic hub for the state’s transportation industry and the center of commerce. Oil and gas industries, finance and real estate, communications, and government agencies are also headquartered in Anchorage.



<sup>7</sup> Alaska Economic Trends, February 2020; Alaska Department of Labor

<sup>8</sup> Karinne Wiebold, Alaska Economic Trends, January 2020

<sup>9</sup> Karinne Wiebold, Alaska Economic Trends January 2020

Job loss has been the headline for the last three years in Anchorage, and although the decline became smaller each year, this has been the longest recession in the city's history. The city will inch back into positive territory in 2020 with 0.1 percent forecasted growth, not through any major project or event but by small gains in a number of industries. Although some Anchorage industries will continue to lose jobs, improving consumer sentiment and growth in tourism, construction, air freight, health care, and military spending will likely offset any declines. Forecasts are based on what we know now, however, so a dramatic oil price decline, big state government cuts, a national recession, or another economic shock would change the outlook considerably.<sup>10</sup>

### **Matanuska-Susitna Borough**

The southern-most portion of the MSB is often described as a bedroom community to Anchorage, commonly referred to as the "Valley." While they have their own identities, the sister cities of Wasilla and Palmer are only 45 miles from Anchorage on the Glenn Highway, a multi-lane, paved expressway with modern interchanges.

Mat-Su has large tracts of undeveloped land, while urban Anchorage is mostly limited to infill sites that restrict growth and increase costs.<sup>11</sup> Most boroughs and census areas have sustained net migration losses in recent years, losing people to other places in the state as well as outside. The Matanuska-Susitna Borough stands out for its large net inflows, averaging more than 1,200 people per year, even in a decade when most of the state's net migration has been negative....By area, the Matanuska-Susitna Borough remains the fastest-growing in the state, adding 1,024 people over the year to reach 106,438 in 2019.<sup>12</sup>

### **December 2020**

Deteriorating economic conditions attributed to both the crash in oil prices and the COVID-19 pandemic can be expected to influence local real estate market conditions. However, at the time, there is no evidence of seller/lessor concessions.

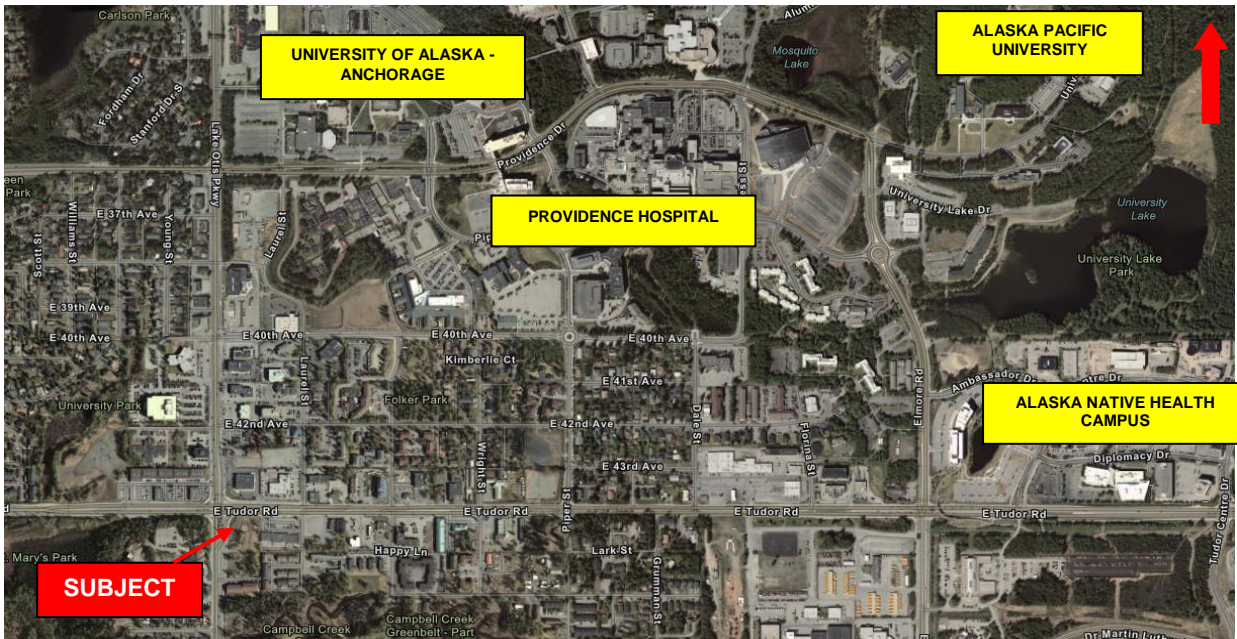
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<sup>10</sup> Neal Fried, Alaska Economic Trends, January 2020

<sup>11</sup> Alaska Economic Trends, April 2014; Alaska Department of Labor

<sup>12</sup> *Alaska Economic Trends*, February 2020; Alaska Department of Labor

**NEIGHBORHOOD ANALYSIS**



**General Neighborhood**

The subject is located near the fringe of the U-Med district, about 2.5 miles southeast of the Anchorage CBD. The neighborhood is bounded on the north by Providence Drive, on the east by Elmore Road, on the south by Tudor Road and on the west by Lake Otis Parkway. The area is anchored by Providence Hospital, the Alaska Native Medical Campus, University of Alaska-Anchorage and Alaska Pacific University. Commercial/retail is the predominant use fronting the Tudor Corridor.

**Access**

Access is good via a network of fully improved arterials.

**Utilities**

Natural gas, water, sewer, electricity and telephone.

**Services**

Police, fire protection and road maintenance are provided by the Municipality of Anchorage. Public transportation and refuse service is also available.

**Land Development**

±95% developed with a variety of general commercial uses that vary in terms of age, quality and condition; the new commercial and institutional developments are of good to excellent quality. In-fill residential is set-back from major arterials.

**Life Cycle**

Stable to slight growth; new construction and reinvestment in renovations is evident.

**Proximity**

The U-Med District has several significant anchors and the area will continue to attract investors.

**Suitability**

Properties in the area are generally suitable for both users and investors.





\*Lot lines approximate

**Location**

The assembled site is located at the SEC of the E. Tudor Road & Lake Otis Parkway intersection, on the fringe of the U-Med District. Commercial/retail is the predominant use fronting this section of the Tudor Corridor.

**Site Area/Frontage**

The gross site area contains ±119,899 SF (2.753 AC) per the MOA. The subject is a nearly rectangular corner lot with ±450' of frontage along Lake Otis Pkwy & ±275' of frontage along E. Tudor Road.

The net useable area has been reconstructed by the appraiser to exclude several easements and permits (see following pages “easements”) and is calculated to be 96,299 SF NUA, or 2.211 AC. The shape is irregular and less than optimal for a corner.

**Access**

Access is from E. Tudor Road and Lake Otis Parkway, fully improved multi-lane arterials improved with curbs and sidewalks. However, each is limited to a right-in/right-out pattern. Overall, access is considered adequate.

**Average Daily Traffic Count (ADT)**

E. Tudor Road – 31,976; Lake Otis Parkway – 21,970

**Utilities**

All public utilities are available to the site including electricity, natural gas, water and sewer.

### Topography

The topography is mostly cleared, with two distinct elevations. The NWC ( $\pm 25\%$ ) is fairly level at road grade with E. Tudor Road and Lake Otis Parkway, the balance of the site ( $\pm 75\%$ ) is sloping below road grades and fairly level.



### Soils and Flood Hazard

The subject soils appear to have developmental challenges due to active contamination (see “Environmental Issues”). However, soils in the area appear adequate based on existing improvements. The property is located in Flood Zone X, Areas of 0.2% annual chance of flood.<sup>13</sup>

<sup>13</sup> Panel 02000050762D, effective 9/25/2009

## Wetlands

The subject is located outside of designated wetlands.<sup>14</sup>

## Seismic Information

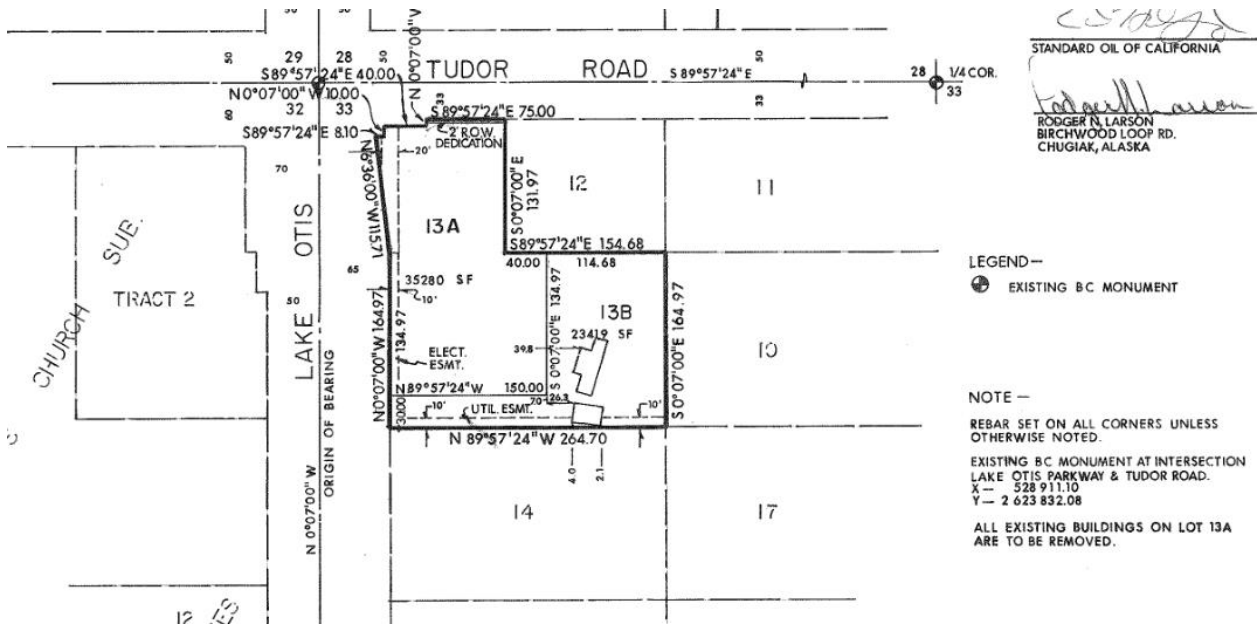
Most of south-central Alaska is classified in “seismic zone 4”. Permitting agencies typically recognize this zone in its application of the uniform building code.

## Zoning

The site is zoned B-3 (General-Business District). “The B-3 district is intended for primarily for general commercial uses in commercial centers and areas exposed to heavy traffic. These commercial uses are intended to be located on arterials, or within commercial centers of town, and to be provided with adequate public services and facilities. They are subject to the public view and should provide an attractive appearance with landscaping, sufficient parking, and controlled traffic movement. See **AMC 21.04.030D** for district specific standards.”

## Easements

We were not provided with title reports. The plat of Lots 13A & 13B (74-15) denotes typical easements that are contained to the perimeter of the site(s).



However, a review of the MOA grid maps “plat” depicts a much more complicated site plan including Intragovernmental Use Permits, Public Use easements, and numerous utility easements (see following page).

<sup>14</sup> MOA Wetland Mapping



\*Overlay created by the appraiser, not 100% to scale

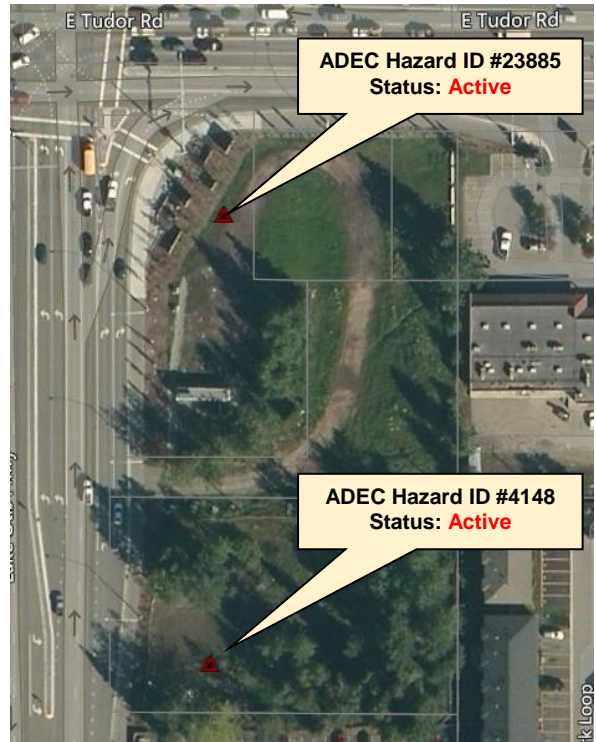
The easement along the southern border of Lots 13A & B bisects the assembled site and is less than optimal, but could be otherwise incorporated into a functional development plan. The highlighted space depicts reserved area for several easements/permits including the Intergovernmental Use Permit<sup>15</sup>, public use easements, and numerous utility easements. This area is deemed unusable and accounts for ±23,600 SF (source: MOA area measurement tool).

Other site easements are largely situated to the perimeter and can be incorporated into a functional site plan. The reconstructed net useable area of the subject is calculated to be 96,299 SF, or 2.211 AC and will be utilized in the sales comparison approach.

<sup>15</sup> (See Addenda) Document #2007-068875, Anchorage Recording District: "...a sole and exclusive permit to construct, reconstruct, maintain, operate and improve a public street, highway, walkway, trail, transit facility and/or electrical, telephone or telecommunications, gas, water, sewer, or other utility transmission or distribution facilities as shown on attached Exhibit A (see addenda), together with the right to license, permit, or otherwise agree to the exercise of these right by any other person, or entity through, across, over and under lands of the perimeter.."

## Environmental Issues

We were not provided with environmental reports. A review of the Alaska DEC Contaminated Sites reported known, active contamination issues to the subject. Hazard ID #23885 was a former Chevron site with contamination issues dating back to 1992. Remediation over the years includes excavation of contaminated soils, addition of groundwater monitoring wells, and a 2011 installation of an air sparge/soil vapor extraction system (AS/SVE) that is active today. The most recent (December 2018) groundwater monitoring report available reported a decreasing trend of petroleum hydrocarbon concentrations can be noted across the site and COPC concentrations are below ADEC Table "C" groundwater cleanup levels. Continued semi-annual groundwater monitoring and reporting is active. (Full "Site Chronology" located in the addenda.)



Hazard ID #4148 was a former dry cleaning facility acquired by the MOA in 1991. In September 2007 the limited site characterization sampling identified DRO (diesel range organics), BTEX (benzene, toluene, ethylbenzene, total xylenes), DCE (cis-1,2-Dichloroethylene), PCE (Tetrachlorobenzene) and TCE (Trichloroethylene) contamination in the soil and groundwater. Ongoing remediation includes (but not limited to) excavation of contaminated soils, soil sampling, monitoring wells, and soil gas/vapor probes. The most recent 2018 update reported future site work includes groundwater monitoring, investigation of the groundwater contamination with deeper or nested monitoring wells in the inferred down gradient location, release investigation to define the extent of the remaining soil and groundwater contamination, and corrective action. (Full "Site Chronology" located in the addenda.)

In summary, the review of both reports yields uncertainties and we are not experts in this field. The full extent of the contamination has not been clearly defined, however it appears the necessary remediation of both sites are being performed in accordance to DEC requirements. The client reported the parcels are not clean, but they are at the point in which the DEC would sign off on certain development. It should be assumed that Chevron and the Municipality will remain the Responsible Parties. Per the client, commercial uses and extensive capping of the soil would be the easiest with regard to securing DEC's approval.

\*Note – Our opinion of land value has been developed as clean. The effect of the contaminated soils will be considered in the reconciliation.

**Suitability**

The site is zoned for general commercial uses and benefits from good exposure, traffic count and corner characteristic. Based on improvements in the immediate area, the most probable use of the site (as vacant) would be for commercial/retail development.

## REAL ESTATE TAXES AND ASSESSMENTS

Outstanding taxes or assessments are liens. Verification and reporting is a function of preliminary title reports.

The current ownership is tax exempt. Regardless, a three-year history of the MOA assessor's assessed valuations are summarized in the following tables.

| ASSESSMENT HISTORY        |                    |            |                    |
|---------------------------|--------------------|------------|--------------------|
|                           | Land               | Building   | Total              |
| <b>Tax ID: 008-041-03</b> |                    |            |                    |
| Appraised Val 2018        | \$887,400          | ---        | \$887,400          |
| Appraised Val 2019        | \$887,400          | ---        | \$887,400          |
| Appraised Val 2020        | ---                | ---        | ---                |
| <b>Tax ID: 008-041-04</b> |                    |            |                    |
| Appraised Val 2018        | \$386,400          | ---        | \$386,400          |
| Appraised Val 2019        | \$386,400          | ---        | \$386,400          |
| Appraised Val 2020        | ---                | ---        | ---                |
| <b>Tax ID: 008-041-05</b> |                    |            |                    |
| Appraised Val 2018        | \$807,100          | ---        | \$807,100          |
| Appraised Val 2019        | \$807,100          | ---        | \$807,100          |
| Appraised Val 2020        | ---                | ---        | ---                |
| <b>Tax ID: 008-041-06</b> |                    |            |                    |
| Appraised Val 2018        | \$258,200          | ---        | \$258,200          |
| Appraised Val 2019        | \$258,200          | ---        | \$258,200          |
| Appraised Val 2020        | ---                | ---        | ---                |
| <b>Tax ID: 008-041-07</b> |                    |            |                    |
| Appraised Val 2018        | \$113,900          | ---        | \$113,900          |
| Appraised Val 2019        | \$113,900          | ---        | \$113,900          |
| Appraised Val 2020        | ---                | ---        | ---                |
| <b>Total Ass'd Value</b>  |                    |            |                    |
| <b>2018</b>               | <b>\$2,453,000</b> | <b>---</b> | <b>\$2,453,000</b> |
| <b>2019</b>               | <b>\$2,453,000</b> | <b>---</b> | <b>\$2,453,000</b> |

The property is appraised as free and clear.

**PART IV – ANALYSIS OF DATA AND CONCLUSIONS**



**MARKET ANALYSIS**

The Appraisal Institute recognizes two categories of market analysis: inferred and fundamental. Given the property type and stable market conditions, an *inferred demand* analysis is appropriate. Demand is inferred from general market conditions and the data selected for direct comparison.

**COMMERCIAL LAND**

Most of the activity is attributable to users. An expansion by regional and national chains continues to generate demand for strategic sites, both pad sites and stand-alone locations.<sup>16</sup> Numerous special purpose facilities have been completed, are currently under construction, or proposed. The available data indicates that:

- The market recognizes a price-per-square-foot unit of comparison;
- Anchored out-lots command a premium over stand-alone sites; and,
- Terms are typically cash and a market exposure period of one year is not unreasonable for properties that are properly priced and professionally marketed.
- Prices for sites exposed to traffic (excluding those in the CBD) generally range from \$15.00/SF to \$30.00/SF
- Prices trended upward through 2007 but have stabilized.

For properties professionally marketed and appropriately priced a market exposure period of less than one year is supported by the market. The value conclusion in this report is predicated on a market exposure period of ±six months to one year.

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<sup>16</sup> Big-box national retailers, convenience store chains, franchised restaurants, auto dealerships, specialty garages (mini-lubes, mufflers/brakes), and lodging facilities.

**HIGHEST AND BEST USE**

Highest and Best Use is defined in the 14<sup>th</sup> Edition of the *Appraisal of Real Estate*, Appraisal Institute, as “the reasonably probable use that results in the highest value.”

**AS VACANT****Physically Possible**

The subject is a major corner lot fronting a highly visible and trafficked Tudor Road and Lake Otis Pkwy. Access to the site is adequate and all public utilities are available. Given these characteristics, the subject could be developed with almost any use permitted under the B-3 zoning classification, subject to DEC approval.

**Legally Permissible**

Legal restrictions could include public restrictions (zoning), private restrictions (conditions, covenants, & restrictions [CCR's]), plat notes, and easements.

*Public Restrictions*

The site is zoned B-3 (General-Business District). “The B-3 district is intended for primarily for general commercial uses in commercial centers and area exposed to heavy traffic. These commercial uses are intended to be located on arterials, or within commercial centers of town, and to be provided with adequate public services and facilities. They are subject to the public view and should provide an attractive appearance with landscaping, sufficient parking, and controlled traffic movement. See **AMC 21.04.030D** for district specific standards.” The subject, as improved, is a legally permissible use of the site.

*Private Restrictions*

None noted.

*Easements*

We were not provided with title reports. There are multiple easements/permits that affect the subject and reduce the useable site area.

*Plat Notes*

Nothing atypical.

**Feasible Use**

The feasibility of commercial development is evidenced by an active market for lots and acreage and numerous projects recently completed, underway, and proposed.

**Maximally Productive Use – As Vacant**

Because needs and preferences are not universal and the inputs necessary to evaluate alternatives are not available, the maximally productive use cannot be determined. Given the neighborhood characteristics and property specifications, the highest and best use is for commercial development.

*Sales comparison* is the most common technique for valuing land and it is the preferred method when comparable sales are available. Elements of comparison include:<sup>17</sup>

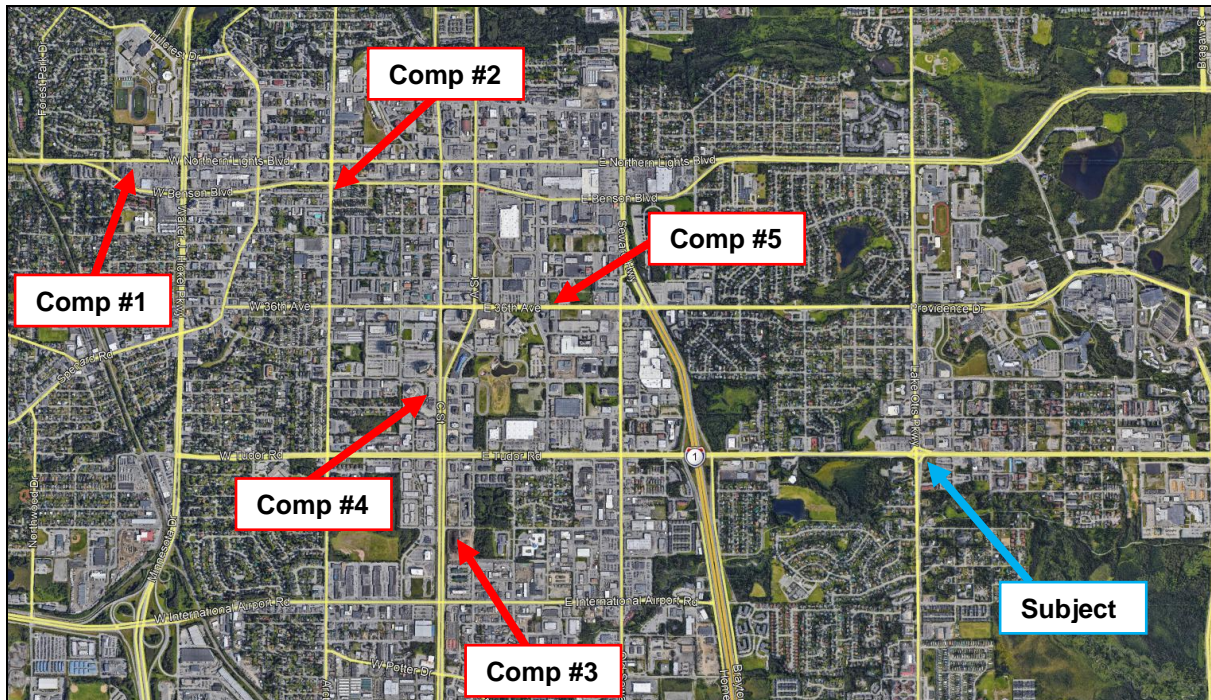
- Property rights
- Financing terms
- Conditions of sale (motivation)
- Expenditures immediately after purchase
- Market conditions (sale date)
- Physical characteristics
  - Zoning
  - Utility availability
  - Access
  - Location
  - Soils and topography
  - Size
  - Shape

The market recognizes a price-per-square-foot unit of comparison. Comparable sales and listings are identified in the following table and on the map.

| No.          | Address/Location                    | Status     | Date       | \$          | SF NUA        | \$/SF      | DOM▼       |
|--------------|-------------------------------------|------------|------------|-------------|---------------|------------|------------|
| <i>Subj.</i> | <i>SEC of Tudor &amp; Lake Otis</i> | <i>N/A</i> | <i>N/A</i> | <i>N/A</i>  | <b>96,299</b> | <i>N/A</i> | <i>N/A</i> |
| 1            | 1818 W. Northern Lights Blvd.       | Sold       | 9-14       | \$1,250,000 | 43,200        | \$28.94    | 586        |
| 2            | 710 W. Benson Blvd.                 | Sold       | 9-14       | \$600,000   | 17,893        | \$33.53    | 86         |
| 3            | Tract A, Alutiiq Subdivision        | Sold       | 8-19       | \$3,808,225 | 152,329       | \$25.00    | 204        |
| 4            | Portion of L2A, Yukon Industrial    | Sold       | 9-20       | \$3,465,000 | 103,389       | \$33.51    | NL*        |
| 5            | 521 E. 36 <sup>th</sup> Avenue      | Active     | Listing    | \$1,500,000 | 47,329        | \$31.69    | 100+       |

▼Days on market

\*Not listed



<sup>17</sup> The Appraisal of Real Estate, 14th Edition, Appraisal Institute.

## **DESCRIPTION OF THE COMPARABLES**

The comparables are identified in the previous table and on the map. The property characteristics are summarized in the following comparison grid. Details are retained in the appraiser's files.

## **CORRELATION (EXPLANATION OF THE ADJUSTMENTS)**

All of the comparables reflect arm's length sales/acquisitions of the fee simple interest (except where noted). Atypical motivations, if any, are recognized in the reconciliation. The indicated unit values are already adjusted to a cash equivalent value (if required) and for expenditures immediately after purchase (e.g. demolition or the cost-to-cure known defects/deficiencies).

### **Market Conditions**

Market conditions have been generally stable over the time period bracketed by the comparables and the date of valuation. I made no quantitative adjustment.

### **Physical Inequalities**

I correlated the comparables with qualitative adjustments (superior, inferior, approximately equal) according to the following criteria.

#### ***Location***

The qualitative adjustment recognizes:

- Neighborhood compatibility (externalities)
- Exposure to traffic

#### ***Size***

A large lot clearly has an advantage over a smaller site that is otherwise identical. In contrast, where the market recognizes a \$/SF unit of comparison; the data confirms the general trend - *unit price (\$/SF) decreases as parcel size increases*. In other words; in terms of *unit price*, a 20,000 SF parcel is generally superior to a 100,000 SF parcel - all other characteristics being equal.

#### ***Shape/Configuration***

The comparative analysis recognizes both the corner/interior lot characteristic as well as the shape (frontage to depth). In general, a corner lot is superior to an interior lot and parcels with high ratios of frontage-to-depth are superior to those that are comparatively narrow and deep.

#### ***Access, Topography, Soils, Utilities, Restrictions***

The qualitative adjustments for other inequalities are based on the observations summarized in the grid.

## **COMPARATIVE ANALYSIS**

I correlated the comparables in the following *relative comparison analysis* grid. An overall net adjustment (<, >, ±) is applied to develop value indicators on the bottom line.

| No.                         | Subject  | 1   | 2  | 3   | 4   | 5  |
|-----------------------------|--|---|--|---|---|--|
| <b>Status</b>               | ---  | Sold  | Sold   | Sold  | Sold  | Active   |
| <b>Address</b>              | SEC of Tudor Rd. and Lake Otis Pkwy.   | 1818 W Northern Lights Blvd.  | 710 W Benson Blvd.   | NSN C Street; Tract A Alutiig Subdivision                   | Portion of Lot 2A, Yukon Industrial Park*               | 521 E. 36 <sup>th</sup> Avenue   |
| <b>Sale Price</b>           | ---  | \$1,250,000   | \$600,000  | \$3,808,225   | \$3,465,000   | Ask; \$1,500,000   |
| <b>Date</b>                 | ---  | September 2014  | September 2014   | August 2019   | September 2020  | Listed September 2020  |
| <b>Size (NUA)</b>           | 2.211 AC<br>96,299 SF  | 0.992 AC<br>43,200 SF   | 0.411 AC<br>17,893 SF  | 3.497 AC<br>152,329 SF                                      | 2.37 AC<br>103,389 SF                                   | 1.09 AC<br>47,329 SF   |
| <b>Indicated \$/SF</b>      | ---  | <b>\$28.94/SF</b>   | <b>\$33.53/SF</b>  | <b>\$25.00/SF</b>   | <b>\$33.51/SF</b>                                       | <b>Ask; \$31.69/SF</b>   |
| <b>General Location</b>     | U-Med Fringe/Tudor   | Midtown mixed use business district anchored by Carr's-Safeway  | Midtown mixed use (business, commercial, retail) corridor                                    | Midtown SW periphery; mixed used business/hotel district    | Midtown; mixed used business/financial district         | W. fringe of Midtown; mixed used business/financial district   |
| <b>• Neighborhood</b>       | 31,976 – Tudor Road<br>21,970 – Lake Otis Pkwy.                              | 13,418 - Northern Lights  | 20,461 - Benson<br>9,309 - Arctic  | 25,122 - C Street   | 30,546 - C Street                                       | 14,735 – E. 36 <sup>th</sup> Avenue  |
| <b>• ADT (2019)</b>         |  | <i>inferior</i>   | <i>slightly superior</i>   | <i>inferior</i>   | <i>superior</i>   | <i>inferior</i>  |
| <b>Access</b>               | Adequate access from Tudor & Lake Otis; limited to right-in/right-out        | Adequate indirect shared driveway from W. Benson Boulevard & Northern Lights Boulevard<br><b>approx.=</b> | Adequate from W. Benson Boulevard and one way in-out via Arctic Boulevard<br><b>approx.=</b> | Adequate from W. 48 <sup>th</sup> Avenue<br><b>approx.=</b> | Adequate from Credit Union Drive<br><b>approx.=</b>     | Adequate from E. 36 <sup>th</sup> Avenue but limited to right in/right out<br><i>slightly inferior</i> |
| <b>Topography</b>           | Mostly cleared; fairly level at/near road grades to sloping and fairly level | Fairly level and cleared at/near street grade<br><i>superior</i>  | Cleared and level at/near road grade<br><i>superior</i>                                      | Cleared and level at/near road grade<br><i>superior</i>     | Cleared and level at/near road grade<br><i>superior</i> | Cleared and level at/near road grade<br><i>superior</i>  |
| <b>Soils</b>                | Adequate   | Appear to be adequate<br><b>approx.=</b>  | Appear to be adequate<br><b>approx.=</b>   | Appear to be adequate<br><b>approx.=</b>                    | Appear to be adequate<br><b>approx.=</b>                | Appear to be adequate<br><b>approx.=</b>   |
| <b>Utility Availability</b> | All available  | All available<br><b>approx.=</b>  | W in area, S & G adj., E on-site<br><i>inferior</i>  | All available<br><b>approx.=</b>                            | All available<br><b>approx.=</b>                        | All reportedly adj.<br><b>approx.=</b>   |
| <b>Size</b>                 | 2.211 AC<br>96,299 SF  | 0.992 AC<br>43,200 SF<br><i>superior</i>  | 0.411 AC<br>17,893 SF<br><i>far superior</i>   | 3.497 AC<br>152,329 SF<br><i>slightly inferior</i>          | 2.373 AC<br>103,389 SF<br><b>approx.=</b>               | 1.09 AC<br>47,329 SF<br><i>superior</i>  |
| <b>Shape:</b>               | Very irregular corner lot  | Rectangular interior lot  | Irregular corner lot   | Rectangular minor corner lot                                | Irregular interior lot                                  | Rectangular interior lot   |
| <b>• Corner/interior</b>    |  |   |  |   |   |  |
| <b>• Frontage to depth</b>  | High   | Narrow & deep; adequate frontage to depth<br><i>slightly inferior</i>                                     | Adequate<br><i>superior</i>  | Adequate<br><i>superior</i>                                 | Adequate<br><i>slightly inferior</i>                    | Adequate<br><i>slightly inferior</i>   |
| <b>Restrictions</b>         |  |   |  |   |   |  |
| <b>• Zoning</b>             | B-3  | R-O   | B-3  | I-1   | I-1   | B-3  |
| <b>• Other (plat/CCRs)</b>  | None reported  | Covenants restrict uses that would compete with Carr's-Safeway<br><i>inferior</i>                         | No significant restrictions<br><b>approx.=</b>   | No significant restrictions<br><b>approx.=</b>              | No significant restrictions<br><b>approx.=</b>          | No significant restrictions<br><b>approx.=</b>   |
| <b>Other</b>                | Some temporary perimeter fencing   | None noted<br><b>approx.=</b>   | None noted<br><b>approx.=</b>  | None noted<br><b>approx.=</b>                               | None noted<br><b>approx.=</b>                           | None noted<br><b>approx.=</b>  |
| <b>Indicated \$/SF</b>      | ---  | <b>± \$28.94/SF</b>   | <b>&lt; \$33.53/SF</b>   | <b>&gt; \$25.00/SF</b>                                      | <b>&lt; \$33.51/SF</b>                                  | <b>&lt; \$31.69/SF</b>   |

\*Portion of former Sea Galley site

## Reconciliation

The data generates a bracketing range of unit values from \$25.00 to \$33.53/SF. The relative market position of the subject is isolated in the following table.

| Comp. #        | \$/SF     | Reconciliation                                   |
|----------------|-----------|--|
| 2              | ▼ \$33.53 | Most weight given to superior size and location. |
| 4              | ▼ \$33.51 | Inferior size outweighed by location.            |
| 5              | ▼ \$31.69 | Slightly inferior but is an un-sold listing.     |
| <b>Subject</b> | ---       | ---  |
| 1              | ± \$28.94 | Off-setting characteristics.                     |
| 3              | ▲ \$25.00 | Inferior location and size.                      |

The relative comparison grid develops a narrower range of value from \$28.94/SF to \$31.69/SF. Comparable No. 5 is an unsold listing that has been on and off the market for several years. Buyer needs and preferences are not universal. In the end, the subject has a less than optimal shape is fairly represented towards the low end of the narrowed range and market value of the subject (as environmentally clean with adequate soils) is estimated at \$29.00/SF or **\$2,793,000**, rounded (96,299 SF x \$29.00/SF).

## VALUE CONCLUSION (AS-IS)

On-going monitoring costs and potential stigma that negatively impacts properties with environmental issues, such as the subject, should be accounted for. The impact of the subject's environmental stigma is difficult to quantify.

Data from our office files indicates a discount range from 20% to 63%.<sup>18</sup> As a test of reasonableness, land values with class "B" wetland designations – above normal costs for development – suggests a discount range from 60% to 86%, compared to a land value that is 100% developable (no wetland designation).<sup>19</sup> Unfortunately, there is no precise means of narrowing the range. An interview with a local broker<sup>20</sup> suggested a discount rate as low as 5-10% considering the DEC's willingness to sign off on certain development with capping of the soil.

In the end, we acknowledge the remediation performed over the years coupled with the assumption that the MOA and Chevron will remain responsible parties as monitoring continues. Considering these factors and accounting for site capping, we have discounted the active contamination area (±78,695 SF) towards the lower end at 10% to recognize the environmental stigma and additional site preparation required for development.

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<sup>18</sup> Based on an analysis of contaminated sites (old gas stations) and interviews with real estate agents / brokers (B-SBC File No. 09-92E).

<sup>19</sup> B-SBC No. 07-005.

<sup>20</sup> Mark Filipenko, CCIM, SIOR - Bond Filipenko Commercial Properties, LLC

The market value of the subject (as-is) is as follows:

| <u>Subject Site NUA</u> |           | <u>\$/SF</u>                           |  |
|-------------------------|-----------|--|--|
| Usable "clean" soils    | 39,804 SF | \$29.00/SF                             | \$1,154,316                            |
| "Contaminated" soils    | 56,495 SF | \$26.10/SF (\$28.00/SF discounted 10%) | \$1,474,520                            |
| <b>Total</b>            | 96,299 SF |  | <b>\$2,629,000</b><br><b>(rounded)</b> |

$$\$2,629,000 \div 96,299 = \$27.30/\text{SF}$$

The value estimate is stated in terms of cash with a market exposure period (looking backward) and the marketing time (looking forward) both estimated at one year.

**ADDENDA**





Municipality of Anchorage

Austin Quinn-Davidson, Acting Mayor

- Real Estate Department / Heritage Land Bank -

November 16, 2020

Brian Bethard, MAI  
Black-Smith, Bethard & Carlson, Inc.  
119 E. Dimond Blvd.; Suite 200  
Anchorage, AK 99515  
[bsr@ak.net](mailto:bsr@ak.net)

*Via email*

RE: HLB Parcels 3-078A-E  
Lots 13A & B Urbanek & Kerkove Subdivision (Plat 74-66), Lot 12 West ptn, Lot 12 East 50' ptn,  
and Lot 14 SEC 33 T13N R3W  
(PID 008-041-07; 008-041-06; 008-041-05; 008-041-04; 008-041-03)  
Appraisal Services Notice to Proceed, New SAP Contract 4400000224  
(Old PS Contract 2016RED097)

Dear Appraiser:

We have received your proposal to perform appraisal services for the above referenced project for a proposed cost of \$3,900 within a four (4) week delivery.

We find the cost to be acceptable. Therefore, Black-Smith, Bethard & Carlson, Inc. is authorized to begin work on the referenced projects as of the date of this notification.

We expect the information to be provided in accordance with our Request for Appraisal Services letter dated October 30, 2020 with a Summary Report completed and delivered to our office no later than December 15, 2020.

Please call me at 343-7534 or email [KlebesadelTM@muni.org](mailto:KlebesadelTM@muni.org) with any questions or concerns you may have concerning this notice or the project. Copies of pertinent information related to the project will be made available upon request.

Sincerely,

Tawny Klebesadel  
Office Manager

## SITE REPORT: FORMER CHEVRON - #7324

SITE NAME: Former Chevron - #7324

ADDRESS: 4417 Lake Otis Pkwy., Anchorage, AK 99507

FILE NUMBER: 2100.26.008

HAZARD ID: 23885

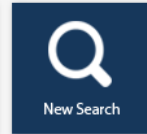
STATUS: Active

STAFF: Rebekah Reams, 9074512144 rebekah.reams@alaska.gov

LATITUDE: 61.180533

LONGITUDE: -149.837346

HORIZONTAL DATUM: WGS84



*We make every effort to ensure the data presented here is accurate based on the best available information currently on file with DEC. It is therefore subject to change as new information becomes available. We recommend contacting the assigned project staff prior to making decisions based on this information.*

Site Chronology

IC / Closure Details

Documents

### Problems/Comments

Waste oil tank failed tightness test and was removed in 1992. Some contaminated soil removed, but some could not because it was under building foundation at the time. Later gasoline tanks were removed and gasoline contamination was encountered. Remaining soil and ground water contamination being remediated and monitored. Contamination extends off property to the south and east and near the road to the north. Drinking water wells in the area were sampled. Property has been sold to Municipality of Anchorage for road widening project. Several of the monitoring wells have been abandoned, the tanks and piping have been removed (May 2004) and station building is to be removed in 2005. Additional gasoline contamination found during tank and piping removal in May 2004. In 2004 450 cubic yards of contaminated soil was removed and thermally treated. In 2005 additional contaminated soil was removed and treated. Up to 1.1 mg/kg benzene, 9.9 mg/kg toluene, and 0.038 mg/kg tetrachloroethene remain. In 2010 contamination was found at two areas in the northwest portion and northern edge of the property. 30 cubic yards of contaminated soil was excavated during ACS utility work, and later in 2010 stained soils were found under the former asphalt layer on the northwest portion of the property where 10 cubic yards of visibly stained soils with a fuel odor and field readings up to 410 ppm were excavated. The extent of the contamination in these areas has not been fully defined. In 2011 an air sparge/soil vapor extraction (AS/SVE) system was installed and has been operated in the summer since then.

# SITE REPORT: PEACOCK CLEANERS (ANCHORAGE)

SITE NAME: Peacock Cleaners (Anchorage)

ADDRESS: 4501 Lake Otis Parkway, Anchorage, AK 99501

FILE NUMBER: 2100.38.511

HAZARD ID: 4148

STATUS: Active

STAFF: Rebekah Reams, 9074512144 rebekah.reams@alaska.gov

LATITUDE: 61.179598

LONGITUDE: -149.837404

HORIZONTAL DATUM: WGS84



*We make every effort to ensure the data presented here is accurate based on the best available information currently on file with DEC. It is therefore subject to change as new information becomes available. We recommend contacting the assigned project staff prior to making decisions based on this information.*

Site Chronology

IC / Closure Details

Documents

## Problems/Comments

The Peacock Cleaners property was originally owned by Mr. Richard Washington who purchased the land and the private residence in 1961. The dry cleaning facility was constructed in 1968 and operated until February 2008. Mr. Washington leased the property from the Municipality of Anchorage (MOA) which contained both the dry cleaning facility (on the southwestern portion) and a private residence (on the northeastern portion). Historical records indicated that the building has always been used as a dry cleaning/laundry facility. The MOA acquired the property in 1991 through foreclosure. The western portion (20 feet) of the property is proposed to be used as a public road right of way, including landscaping and buffer areas. It will potentially include trails, sidewalks and/or park areas. The remainder of the property is to be used as residential/commercial. The property is in a heavily used area, in close proximity to a public park and Campbell Creek. The property has been fenced to prevent public access to the site. In September 2007 the limited site characterization sampling identified DRO (diesel range organics), BTEX (benzene, toluene, ethylbenzene, total xylenes), DCE (cis-1,2-Dichloroethylene), PCE (Tetrachlorobenzene) and TCE (Trichloroethylene) contamination in the soil and groundwater. Off property monitoring wells (B6MW, B7MW, and B8MW) were constructed in 2007 to sample groundwater from the uppermost reported aquifer. Based on subsurface information from some on property nested wells, it appears that the deeper aquifers are also impacted. The full extent of the contamination has not been defined. Contaminated soil, groundwater, and sub surface contaminated vapors may extend off property. In December 2010 two solvent tanks (one stoddard solvent and one chlorinated solvent) and their associated piping were removed. Excavated soil was placed back in the excavation in the area that it was removed. In 2011 solvent and DRO contaminated soil was excavated a concrete injection well vault beneath the former drycleaner building and a log crib was would near the southeast corner of the excavation. Visibly contaminated soil with high field readings and a solvent odor were encountered at the log crib area. The buried drums were also located and removed. They removed the crib & vault, collect confirmation samples from those areas, and placed the excavated 1,190 cubic yards of contaminated soil in the on property chemical oxidation and in-situ passive vapor extraction treatment cell. In 2012 18 soil samples were collected from the on-property treatment cell to help check the progress of the soil treatment. Contamination remains above cleanup levels in the cell. Three monitoring wells (B9MW, B10MW, and B11MW) were also installed and sampled. In 2013 five soil borings were drilled to help evaluate the best depth to install the proposed soil gas probes. The depth to groundwater ranged between 3.1 to 6.7 feet below ground surface (bgs). Because of the shallow groundwater only one soil gas probe was installed at the northeast corner of the property. The soil gas sample collected on October 29, 2013 at that location was below screening levels and was non-detect for chlorinated solvents. The consultant recommends that the other vapor probes be installed and sampled when the groundwater is seasonally lower. In January 2015, October 2017, and February 2018 crawl space air samples were collected from the apartment building to the south of the Peacock cleaners property. Based on the results of the November 2017 and February 2018 sampling the consultant concluded that there does not presently appear to be an unacceptable risk to human health at the apartment building associated with the indoor air pathway. As recently as November 2017 groundwater samples were collected from the sites monitoring wells. Two of the monitoring wells are screened over the shallow groundwater zone (5 to 10' bgs), six are screened over at medium depth (8 to 18' bgs), and six over a deeper interval (21 to 40' bgs). On April 2018 seven air samples were collected from the passive vent piping for the in-situ treatment system located on the peacock cleaners property. VOCs were detected above screening levels. Future site work includes groundwater monitoring, investigation of the groundwater contamination with deeper or nested monitoring wells in the inferred down gradient location, release investigation to define the extent of the remaining soil and groundwater contamination, and corrective action.

**INTRAGOVERNMENTAL USE PERMIT**

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**2007-068875-0**

Recording Dist: 301 - Anchorage  
11/01/2007 01:53 PM Pages: 1 of 3



Please return to:  
Municipality of Anchorage/PM&E  
P.O. Box 196650  
Anchorage, AK 99519-6650  
Attn: Christine Neal

MOA/PM&E/File #C-01-07  
Tudor Road & Lake Otis Parkway Intersection Imp. Project  
#04-35, Tax #008-41-03  
MOA Parcel 7a  
Real Estate Services

CC

**INTRAGOVERNMENTAL USE PERMIT**

The Municipality of Anchorage, acting by and through the **Real Estate Services Division**, whose mailing address is P.O. Box 196650, Anchorage, Alaska 99519-6650, hereinafter called the PERMITTER, hereby grants authority to the **Department of Project Management and Engineering**, a Municipal agency, whose mailing address is P.O. Box 196650, Anchorage, AK 99519-6650 hereinafter called the PERMITTEE, and to its successors, assigns, licensees and permittees, a sole and exclusive permit to construct, reconstruct, maintain, operate and improve a public street, highway, walkway, trail, transit facility and/or electrical, telephone or telecommunications, gas, water, sewer, or other utility transmission or distribution facilities as shown on attached Exhibit A, together with the right to license, permit, or otherwise agree to the exercise of these rights by any other person, or entity through, across, over and under lands of the PERMITTER, situated in Anchorage Recording District, State of Alaska, and more particularly described as follows, to wit:

An Intragovernmental Use Permit over a portion of Lot 14, Section 33, Township 13 North, Range 3 West, Seward Meridian, Alaska.

The Basis of Bearings for the Tudor Road and Lake Otis Parkway Intersection Improvements (Project No. HPR-0001(359)/58890) is the monumented line between the West Quarter Corner of Section 28, and the Section Corner common to Sections 28, 29, 32 and 33, within Township 13 North, Range 3 West, Seward Meridian Alaska, having a bearing of S00°19'28"E, derived from the Anchorage Bowl 2000 Coordinate System.

A portion of Lot 14, Section 33, Township 13 North, Range 3 West, Seward Meridian, Alaska, Excepting therefrom the Westerly 65 feet of said land as taken by the State of Alaska, by Declaration of Taking, recorded May 27, 1966, in Book 126 at Page 328 in the Anchorage Recording District, Third Judicial District, State of Alaska, being more particularly described by metes and bounds as follows:

Commencing at the northeast corner of said Lot 14, thence on the north line thereof N 89°54'50" E 224.74 feet to the True Point of Beginning for this description; thence departing said north line S 06°40'37" W 166.14 feet to the south line of said Lot 14;

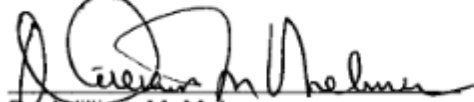
Tudor Road & Lake Otis Parkway Intersection Imp. Project  
#04-35, Tax #008-041-03  
MOA Parcel 7a  
Real Estate Services

thence on the south line thereof S 89°54'21" W 20.00 feet to the east line of the west 65 feet of said Lot 14; thence on said east line N 00°14'14" W 164.99 feet to the north line of said Lot 14; thence on said north line N 89°54'50" E 40.00 feet to the True Point of Beginning. Said easement embraces an area of 4,950 square feet, more or less as calculated from said courses and distances.

This permit is subject to existing electric easements.

and that only such rights to use in the land above described shall be acquired as shall be necessary for the construction, reconstruction, alteration, operation, maintenance, repair and removal of said improvements and appurtenances thereto, reserving unto the PERMITTER the right to use said property in any way and for any purpose not inconsistent with the rights of use hereby permitted; provided that the PERMITTEE shall have the right to enter upon the property for the purpose herein described as may from time to time be necessary or desirable for the use, occupation and enjoyment of said permit area, including the right of ingress and egress to said premises; provided further that such work shall be accomplished in such a manner that the allowable improvements of PERMITTER existing in said permit area shall not be disturbed or destroyed, they shall be replaced in as good a condition as they were in immediately before the property was entered upon by PERMITTEE and provided that PERMITTER shall not construct any permanent structures within the permit area without the written approval of PERMITTEE.

PERMITTER: REAL ESTATE SERVICES

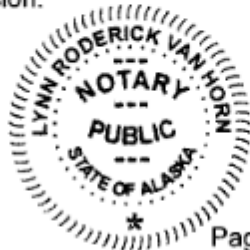


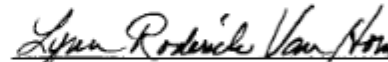
By: William M. Mehner  
Its: Executive Director

Date: 10/29/07

STATE OF ALASKA                    )  
  )ss.  
THIRD JUDICIAL DISTRICT        )

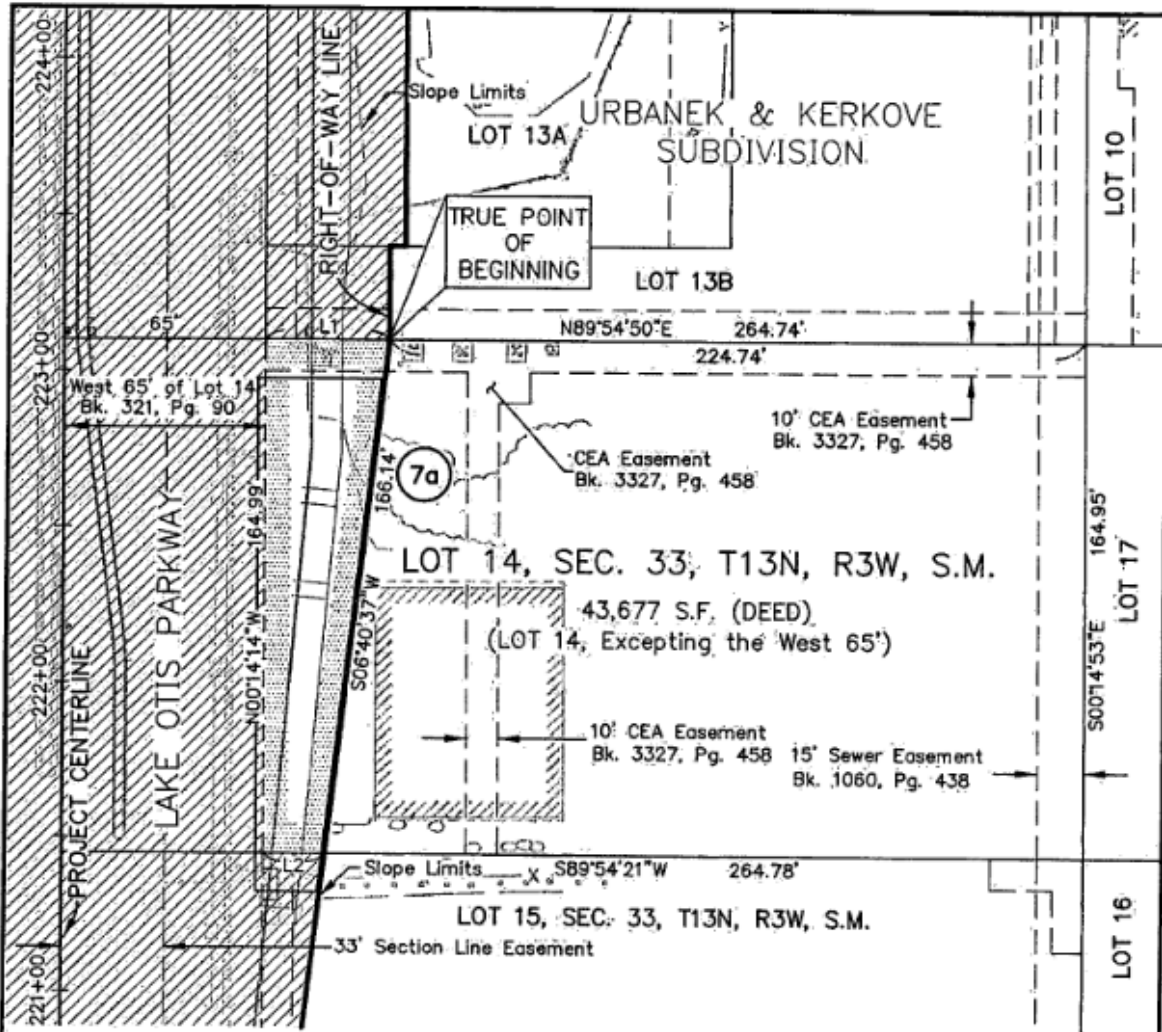
The foregoing instrument was acknowledged before me this 29<sup>th</sup> day of October, 2007, by William M. Mehner, Executive Director of the Real Estate Services Division.



  
Notary Public in and for Alaska  
My Commission Expires: 12/01/09

Page 2 of 3





| LINE TABLE |             |        |
|------------|-------------|--------|
| LINE       | BEARING     | LENGTH |
| L1         | N89°54'50"E | 40.00  |
| L2         | S89°54'21"W | 20.00  |

- RIGHT OF WAY
- INTRAGOVERNMENTAL USE PERMIT (IGP)



3 of 3  
2007-068875-0



PROJECT: D59H7 DRAWING: SPM-TLO.DWG

PROJECT MANAGEMENT AND ENGINEERING  
DEPARTMENT OFFICE OF THE MUNICIPAL ENGINEER

TUDOR ROAD & LAKE OTIS PARKWAY  
INTERSECTION IMPROVEMENTS  
HPRL-0001 (359)/58890

OWNER'S INITIAL: [Signature]  
EXHIBIT: \_\_\_\_\_  
PAGE 3 OF 3 DATED 10/29/07

DRAWN BY: BRM  
SCALE: 1"=50'  
DATE: 10/4/07

LARGER PARCEL: ± 43,677 S.F.  
GROSS TAKE: ± 4,950 S.F.  
NET TAKE: ± 4,950 S.F.  
REMAINDER PARCEL: ± 43,677 S.F.  
Sheet 1 of 1 Parcel No. 7a

## GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

### **This appraisal report has been made with the following general assumptions:**

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies (if any) are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated 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 such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

**This appraisal report has been made with the following general limiting conditions:**

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

**Additional Assumptions and Limiting Conditions:**

1. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.
2. The client agency provided the area estimates for the larger parcel, area of the acquisition, and the remainder. Design changes, if any, that result in changes to those area estimates will require a modification of the appraisal.
3. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
4. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance surveyor analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.



## QUALIFICATIONS OF BRIAN Z. BETHARD, MAI

### State Certification No. 281

#### General Education

Service High School, Anchorage, Alaska - Graduate 1989  
The Colorado College, Colorado Springs, CO - Bachelor of Arts, Economics 1993  
University of Alaska, Anchorage, Anchorage, AK - MBA 1996

#### Employment History

Black-Smith, Bethard & Carlson, LLC - Managing Member – 2005 +  
Black-Smith and Richards, Inc. - Fee Appraiser -1995 to 2005  
Randall, Hayes, and Henderson, Inc. - Fee Appraiser -1993 to 1995

#### Appraisal Courses/Seminars Taken

Residential Case Study - University of Alaska Anchorage - 1994  
Uniform Residential Appraisal Report - Appraisal Institute - 1993  
Standards of Professional Practice, Part A & B - Appraisal Institute - 1996  
Advanced Sales Comparison & Cost Approaches - Appraisal Institute - 1997  
Appraisal Principles & Procedures - Appraisal Institute - 1998  
Highest and Best Use Market Analysis - Appraisal Institute - 1998  
Advanced Applications and Market Analysis - Appraisal Institute - 1998  
Report Writing and Valuation Analysis - Appraisal Institute, 1998  
Advanced Income Capitalization, Course 510 - Appraisal Institute - 2000  
Intro to Statistics & Supporting Adjustments - Appraisal Institute - 2002  
Market Studies for Affordable Housing - NH&RA - 2002  
Standards of Professional Practice - Appraisal Institute – 2002/03/04/05/07/09  
Subdivision Analysis - Appraisal Institute – 2004  
Rates & Ratios – Appraisal Institute – 2005  
Principles of Real Estate Law – IRWA – 2005  
Skills of Expert Testimony – IRWA – 2006  
Analyzing Distressed Real Estate – AI – 2006  
Condemnation Appraising – AI – 2007  
Appraisal Challenges in Declining Markets – AI, 2009  
Forecasting Revenue – AI, 2009

#### Certifications

Alaska State Certification: General Real Estate Appraiser #281

#### Affiliations

Member Appraisal Institute (Member No. 11857)  
President: Alaska Chapter Appraisal Institute – 2005 & 2006  
Vice Pres: Alaska Chapter Appraisal Institute - 2004

### **Typical Clients**

Cook Inlet Housing Authority  
Northrim Bank  
Alaska Housing Finance Corp.  
HDR Engineering  
The Municipality of Anchorage  
The City of Valdez  
Alaska Industrial Development & Export Authority  
Wells Fargo Bank  
Key Bank  
State of Alaska Department of Natural Resources  
First National Bank Alaska  
Alaska First Bank  
Denali Alaska Credit Union  
Department of Justice

### **Appraisal Assignments**

Various Multifamily, Land and Special Purpose  
Attwood Building Rent Study, Anch., AK  
Kenai Senior Housing Market Study, Kenai, AK  
Highlands Luxury Apartments, Anch., AK  
The Veco Building, Anch., AK  
City of Valdez Assessment, Valdez, AK  
Charter North Hospital, Anch., AK  
McKay Building, Anch., AK  
Alaska DOT Building, Juneau, AK  
Alyeska Pipeline Appraisal, Prudhoe - Valdez  
15<sup>th</sup> Avenue Extension ROW Project, Anch., AK  
Saint Paul Health Clinic, St. Paul, AK  
Residential Mortgage Building, Anch., AK  
Sprucewood Housing; 300 Units Eielson AFB



**Zack P. Rall**  
**Appraiser**

**General Education**

University of Alaska Anchorage, Business Administration, Business Management, Graduate 2017

University of Alaska Anchorage Real Estate Specific Courses:

- Leasing in Property Management
- Real Estate Principles
- Maintenance in Property Management
- Real Estate Investment Finance
- Real Estate Operations Management
- Real Estate Appraisal
- Real Estate Law

South Anchorage High School, Anchorage, Alaska – Graduate 2010

**Business Experience**

Black-Smith, Bethard and Carlson, LLC, Appraiser, 2013 +

**Appraisal Courses Taken**

Basic Appraisal Principles, Appraisal Institute, September 2014

Basic Appraisal Procedures, Appraisal Institute, August 2015

General Appraiser Income Approach/Part 1, June 2020

General Appraiser Income Approach/Part 2, October 2020

General Appraiser Site Valuation and Cost Approach, December 2020

**APPRAISAL EXPERIENCE**

Typical assignments include the appraisals of commercial retail and office properties, industrial properties, medical and professional buildings, apartment buildings, remote properties, vacant land, and subdivisions.