

APPRAISAL OF
EIGHT LEASE TRACTS
ANCHORAGE INTERNATIONAL AIRPORT
ANCHORAGE, ALASKA

FOR
ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
THROUGH OVERLAND, PACIFIC & CUTLER

EFFECTIVE DATE OF APPRAISAL
JUNE 10, 2009

REF. NO. 1750

BY
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June 10, 2009

Faith A. Roland, SR/WA
Regional Director
Overland, Pacific & Cutler, Inc.
3240 Carillon Point
Kirkland, WA 98033-7308

Subject: Ted Stevens Anchorage International Airport – Eight Lease Tracts

Dear Ms. Roland:

As requested, I have prepared appraisals in a summary report of eight lease tracts located at Ted Stevens Anchorage International Airport in Anchorage. The purpose of each appraisal is to estimate current market rental value of the land, unencumbered by a current lease.

The following report sets forth the methods used in estimating the market rental values of the eight tracts and contains data that are considered to be applicable to the appraisals. The Certification page that follows is an integral part of both this letter and the appraisal report.

Based on the Assumptions and Limiting Conditions contained in this report and supported by market data, it is my opinion that the current market rental values of the subject tracts, as unimproved (no tenant-owned improvements) and “clean” properties, as of June 10, 2009, are:

Lot 1D, Block 27	\$0.80 Per Sq.Ft. Per Year	Lot 2A, Block 4	\$0.80 Per Sq.Ft. Per Year
Lot 1A, Block 26	\$0.68 Per Sq.Ft. Per Year	Lot 2, Block 3	\$0.76 Per Sq.Ft. Per Year
Lot 7, Block 4	\$0.72 Per Sq.Ft. Per Year	Lot 8A, Block 5	\$1.04 Per Sq.Ft. Per Year
Lot 12A, Block 6	\$0.88 Per Sq.Ft. Per Year	Lot 10C, Block 18	\$0.76 Per Sq.Ft. Per Year

If I can be of further assistance to you regarding these appraisals, please advise.

Sincerely,

Alan G. Olson, MAI

CERTIFICATION

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 properties that are the subjects of this report, and no personal interest with respect to the parties involved;

I have no bias with respect to the properties that are the subjects 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 predetermined values or direction in values that favor the cause of the owner, the amounts of the value opinions, the attainment of stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal;

no one provided significant professional assistance to the person signing this report;

the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the 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 review by its duly authorized representatives;

as of the date of this report I have completed the continuing education program of the Appraisal Institute;

I have personally inspected the properties that are the subjects of this report – Lot 1D, Block 27; Lot 1A, Block 26; Lot 7, Block 4; Lot 12A, Block 6; Lot 2A, Block 4; Lot 2, Block 3; Lot 8A, Block 5; and Lot 10C, Block 18; Ted Stevens Anchorage International Airport, Anchorage, Alaska;

market rental values of the subject tracts, as of June 10, 2009, as unimproved and “clean”, are summarized in the foregoing transmittal letter.


Alan G. Olson, MAI

June 10, 2009
Date

TRACTS SUMMARY – FACTS AND DATA

Appraisal Date: 6/10/09

Inspection Dates: 5/15&20/09

OWNER/LESSOR: Alaska Department of Transportation & Public Facilities

LEGAL DESCRIPTIONS: Lot 1D, Block 27; Lot 1A, Block 26; Lot 7, Block 4;
Lot 12A, Block 6; Lot 2A, Block 4; Lot 2, Block 3;
Lot 8A, Block 5; and Lot 10C, Block 18;
Ted Stevens Anchorage International Airport

LOCATIONS: Blocks 26 and 27 are in the North Airpark
Blocks 3-6 are in the East Airpark
Block 18 is in the South Airpark

SHAPES AND SIZES: Lot 1D, Block 27: Irregular, 1,222,400 sq.ft. (28.06 acres)
Lot 1A, Block 26: Rectangle, 426,728 sq.ft. (9.80 acres)
Lot 7, Block 4: Rectangle, 536,538 sq.ft. (12.32 acres)
Lot 12A, Block 6: Rectangle, 35,900 sq.ft. (0.82 acre)
Lot 2A, Block 4: Trapezoid, 198,284 sq.ft. (4.55 acres)
Lot 2, Block 3: Rectangle, 352,333.52 sq.ft. (8.09 acres)
Lot 8A, Block 5: Rectangle, 99,886.68 sq.ft. (2.29 acres)
Lot 10C, Block 18: Rectangle, 195,000 sq.ft. (4.48 acres)

ACCESS: North Airpark Tracts – Boeing Lane & Lockheed Ave.
East Airpark Tracts – Old International Airport Road &
West 50th Avenue
South Airpark Tract – South Airpark Place

TOPOGRAPHY: Level tracts; generally at street grade

SOILS CONDITIONS: Gravelly fill on all tracts

UTILITIES: Public water and sewer, electricity, telephone and
natural gas

ZONING: North and East Airpark Tracts – Transition
South Airpark Tract – Light Industrial

SITE IMPROVEMENTS: Asphalt paving on all tracts; concrete paving on
Lot 1D, Block 27, Lot 1A, Block 26 & Lot 7, Block 4

EASEMENTS: None known that adversely affect market rental values

TRACTS SUMMARY – FACTS AND DATA - Continued

CURRENT USES: Aviation uses; except Lot 12A, Block 6 & Lot 8A, Block 5, which are Auxiliary uses

IMPROVEMENTS VALUES Tenant-owned buildings and site improvements are not valued as parts of these appraisals

MARKET RENTAL VALUES:
(Land Only)

Lot 1D, Block 27:	\$0.80 per sq. ft. per year
Lot 1A, Block 26:	\$0.68 per sq. ft. per year
Lot 7, Block 4:	\$0.72 per sq. ft. per year
Lot 12A, Block 6:	\$0.88 per sq. ft. per year
Lot 2A, Block 4:	\$0.80 per sq. ft. per year
Lot 2, Block 3:	\$0.76 per sq. ft. per year
Lot 8A, Block 5:	\$1.04 per sq. ft. per year
Lot 10C, Block 18:	\$0.76 per sq. ft. per year

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NORTH AIRPARK

EAST AIRPARK

SOUTH AIRPARK

VICINITY MAP

BLOCK 27

BLOCK 27

BLOCK 26

BLOCK 20

BLOCK 22

BLOCK 21

BLOCK 34



ITEM 131
LOT T2
BLOCK 99

LOT 1D

LOT 5B

LOT 5C

LOT 6

LOT 5A

LOT 6

LOT 1A

LOT 1A

LOT 3C

LOT 4E

LOT 4F

LOT 2C

LOT 1A

R1E

R1E

LOT 8

LOT 3B

LOT 4B

LOT 2B

LOT 1B

LOT 3B

LOT 4B

LOT 5B

LOT 2A

LOT 3B

LOT 1A

LOT 2C

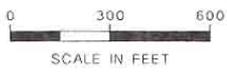
LOT 2C

LOT 1E

LOT 1D

LOT 4A

LOT 5C



STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES



Ted Stevens
Anchorage
International Airport

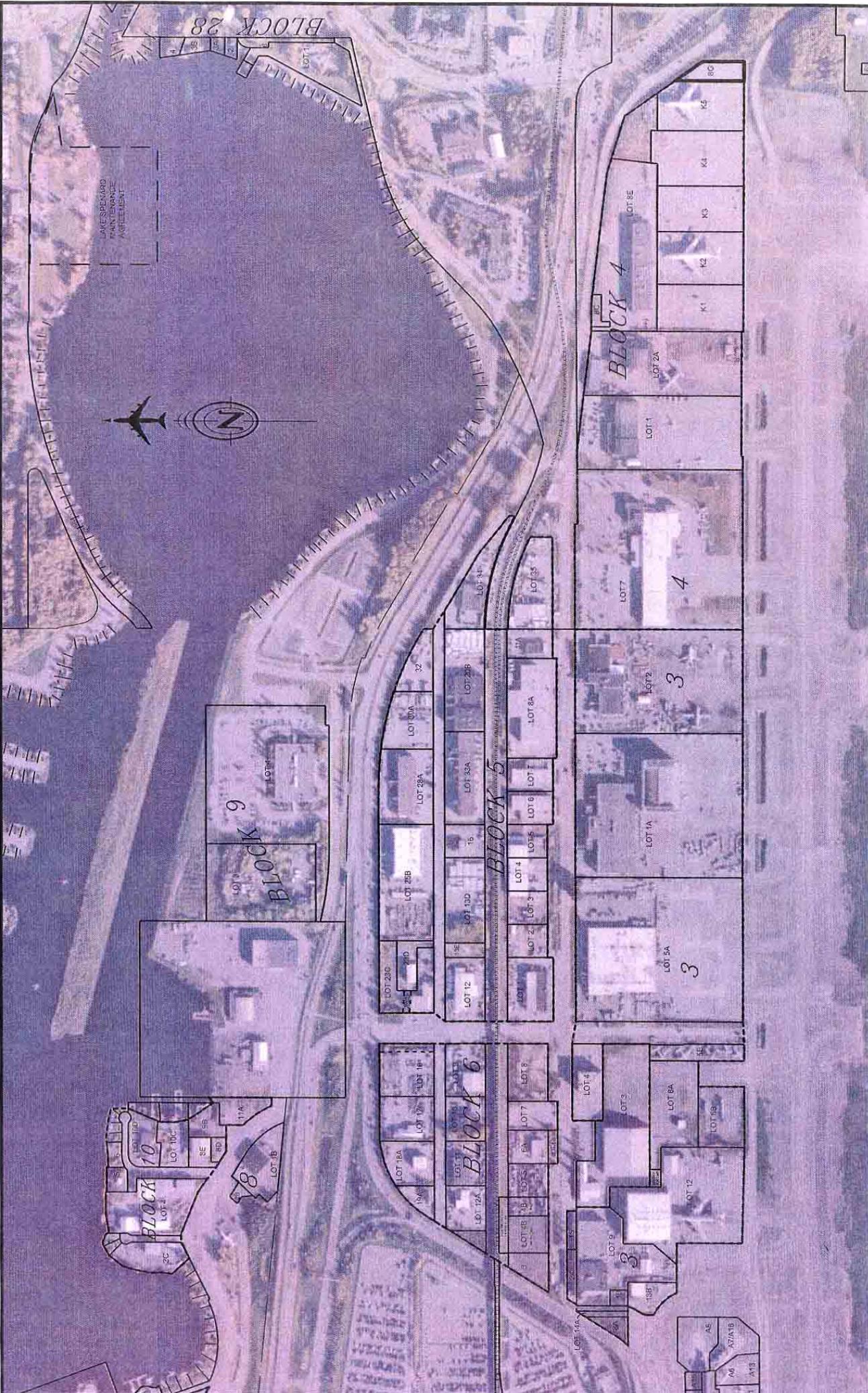
NORTH AIRPARK

AIRPORT LEASING

SHEET

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EAST AIRPARK

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

Ted Stevens
Anchorage
International Airport



AIRPORT LEASING



LOT 5
23

LOT 4

LOT 3

BLOCK 23

23

LOT 9C

18

LOT 10C

LOT 9B

BLOCK 23

LOT 10B

LOT 1

BLOCK 23

BLOCK 18

LOT 13E

LOT 17

LOT 16

LOT 14A

LOT 5C

18

LOT 6B

LOT 15

LOT 2

LOT 4

29

LOT 1



STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES



Ted Stevens
Anchorage
International Airport

SOUTH AIRPARK

AIRPORT LEASING

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ASSUMPTIONS AND LIMITING CONDITIONS

This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice* (USPAP) for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop my opinions of values. Supporting documentation concerning the data, reasoning, and analyses is retained in my file. The depth of discussion contained in this report is specific to the needs of the clients and for the intended use stated on page 3. I am not responsible for unauthorized use of this report.

Extraordinary Assumptions

1. Tenant-owned real property improvements are not valued in these appraisals.
2. The sites are valued on the basis of being “clean”; unaffected by any known or unknown environmental contaminants or any stigma associated with such contaminants.

Hypothetical Condition(s) - None

General Assumptions (Apply to each tract individually)

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title 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; and all assessments for taxes and water are paid to-date.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property or subsoil that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, consents, or 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 value estimate contained in this report is based.

10. It is assumed that the utilization of the land is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. While various approaches to value and various mathematical calculations may have been used in estimating value, these are only aides to the formulation of the value estimate expressed by the appraiser in this report. In these calculations certain mathematical figures are rounded off to the nearest significant amount.
12. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of potentially hazardous materials may affect the value of property. The appraiser's value estimate is predicated on the assumption that there are no such materials on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any adverse environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

Limiting Conditions

1. Possession of this report, or a copy thereof, does not carry with it the right of publication.
2. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
3. 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.
4. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
5. The date of value for the opinions expressed in this report is as stated in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect those opinions.
6. No opinion is intended to be expressed for legal matters or for opinions that require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

OSTENSIBLE OWNER

State of Alaska, Department of Transportation & Public Facilities

EXISTING LEASES

Specific leases data are included in the respective sections of the report for each tract.

HISTORY

There are no known sales, land only, of any of the subject properties during the past three years.

LOCATIONS

Specific locations of the subject properties are included in the respective sections of the report.

LEGAL DESCRIPTIONS

Specific legal descriptions of the subject properties are included in the respective sections of the report.

PROPERTY RIGHTS APPRAISED

Long-term lease rights of the fee simple title of the land; not including oil, gas and mineral rights

SCOPE OF WORK

The **Purpose of Appraisal** is to estimate the current market rental values of the subject properties; to assist the owner in establishing annual rent.

This appraisal report has been prepared for the **Clients/Intended Users**, Overland, Pacific & Cutler, Inc. and Alaska Department of Transportation & Public Facilities (AK DOT&PF). **Intended Use** of the appraisals is to establish annual rents for the next renewal period for the leases of the subject properties. The **Type of Opinion** for each tract is market rental value. Appraisal instructions were provided by the clients. The subject properties were inspected on May 15, 2009 (accompanied by James Iagulli, Airport Operations Superintendent) and May 20, 2009 (independently). I also met with Trudy Wassel and Katie Gage, Airport Administration representatives, at their office to discuss the subject properties and the pending appraisals. The **Effective Date of Opinion** is June 10, 2009. **Relevant Characteristics** about the subject properties are their locations on active taxiways for Ted Stevens Anchorage International Airport or located elsewhere on TSAIA property. **Extraordinary Conditions** that relate to the appraisals are: (1) tenant-owned real property improvements such as buildings, paving, fencing, etc. are not valued, effectively land only; and (2) the sites are valued on the basis of being “clean”, unaffected by any known or unknown environmental contaminants or any stigma associated with such contaminants. There are no **Hypothetical Conditions** relating to any of the subject lease tracts that are considered as part of these appraisals.

Market Rent is defined in The Dictionary of Real Estate Appraisal, Fourth Edition by the Appraisal Institute as . . . *The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:*

1. *Lessee and lessor are typically motivated.*
2. *Both parties are well informed or well advised, and acting in what they consider their best interests.*
3. *A reasonable time is allowed for exposure in the open market.*
4. *The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.*
5. *The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.*

The **Scope of Work** to solve the problem, and complete the research and analyses to produce credible results, includes the following items:

- On-the-ground inspections of the subject properties and comparable properties
- Property data and plats/maps were obtained from the client (AK DOT&PF), Municipality of Anchorage website, planning department, water and wastewater department, and assessor's office, Enstar Natural Gas Company, and my files.
- Area and neighborhood data were obtained from Municipality of Anchorage and Alaska Department of Commerce, Community and Economic Development (DCCED) websites, Alaska Geographic and Alaska Business Monthly magazines, Alaska Journal of Commerce and Anchorage Daily News newspapers, Anchorage Economic Development Corporation website, Internet (Google), and my files
- Market and other pertinent data were obtained and appropriately verified from sources that include persons who are actively selling, buying and developing properties that are similar to the subject properties, other appraisers, realtors, engineers, contractors, representatives of land management and land acquisition agencies in Anchorage, and my files

With the various activities relating to inspecting the subject properties, discussing the properties and pending appraisals with representatives of the clients, and research for appropriate and meaningful data, I have considered the effects of existing land use regulations, analyzed the various principles that contribute to value, estimated the highest and best use of each property, analyzed appropriate market data, and formed valuation conclusions that result in final conclusions of the market rental values of the subject properties as of the effective date of appraisal. In this report, I am reporting the factual data and valuation analyses in a summary report that conforms to the current version of the *Uniform Standards of Professional Appraisal Practice (USPAP)*. The subject properties are valued primarily as if vacant and unimproved; thus, the Cost and Income Capitalization Approaches to value are not applicable. The Sales Comparison Approach is the appropriate method for estimating land value. This approach applies the Principle of Substitution, wherein a well-informed buyer typically will pay no more for a property than what that person can buy a suitable substitute within a reasonable period of time.

DATES OF INSPECTION

May 15 & 20, 2009

EFFECTIVE DATE OF APPRAISAL

June 10, 2009

DATE OF REPORT

June 10, 2009

AREA AND NEIGHBORHOOD DATA

The Area for the subject properties includes what is locally referred to as the "Anchorage Bowl"; the developed portion of the Municipality of Anchorage lying generally west of the Chugach Mountains, not including the Eagle River/Chugiak area or Turnagain Arm communities. More than 80% of Anchorage's population of approximately 285,000 reside in this area, including six of the eight public high schools, most government and retail services, and virtually all industrial development. Anchorage, as Alaska's largest city, is the state's financial, transportation, communications, administrative, distribution, and commercial center. It is the headquarters for the North Slope oil industry as well as most federal and some state agencies, hub for statewide medical and educational facilities, home for two major military bases, and has the state's busiest airport (currently ranked 5th in the world for cargo landings – by weight) and seaport.

Being Alaska's commercial center provides a certain amount of stability that is not drastically affected by various "booms" or "busts" that occur regularly throughout the state; e.g. closing Green's Creek silver mine on Admiralty Island, curtailing production at the Red Dog Mine east of Kotzebue, mills closings in Sitka and Ketchikan, new oil finds on the North Slope and Cook Inlet, good or bad commercial fishing years, low or high oil prices, and the current world-wide economic crisis. Such stability was especially evident from statehood in the late 1950s through the mid-1980s; mostly steady to strong growth throughout these 25+ years. The collapse of world oil prices in 1986 did what no other events had done prior to that time - caused Anchorage's economy to go into a tail spin that didn't show significant signs of recovery until about 1989. How Anchorage reacts to the current national and world financial difficulties is only speculative at this time. Since 1989, various parts of the economy have either remained fairly static or exhibited modest increases. This holds true in real estate too, with portions holding steady and others reflecting some growth; especially office buildings, hotels and the new convention center. Other major projects include expansion of the Port of Anchorage, doubling the size of the Anchorage Fine Arts Museum, the regional retail and entertainment center (Tikahtnu Commons) being developed over five years by Cook Inlet Region, Incorporated (CIRI) and military construction (hundreds of millions of dollars projected during the next three years). Conversely, the current decline in international cargo shipping, exacerbated by the eruptions of Mt. Redoubt during recent months, has drastically affected the economic significance of Anchorage's international airport. Overall, the area economy is anticipated to remain relatively stable with some modest growth during the foreseeable future;

positive factors slightly outweighing negative. Any major project, similar to construction of the trans-Alaska oil pipeline during the mid-1970s, and military build-up will definitely boost the economy. An infusion of as much as \$415 million dollars in 2009 for various projects in Anchorage is anticipated as part of the federal government's economic stimulus package. Overall, values of vacant lots and small tracts will probably continue to experience some growth; less so for larger acreage tracts.

The subject neighborhood is centrally located relative to greater Anchorage with Ted Stevens Anchorage International Airport as the dominant development (one of Anchorage's biggest employers). Proximity to the downtown business district (10 minutes), Port of Anchorage (15 minutes) and south Anchorage industrial area (10 minutes) is significant with respect to airport-oriented industrial development. The presence of varying types and qualities of residential neighborhoods surrounding and relatively close to the airport reflects a significant demand, despite aircraft noise, partly due to airport employment opportunities. Significant off-airport commercial development that complements the airport (hotels, restaurants, vehicle rental businesses, etc.) continues along Spenard Road and International Airport Road, east of the Lake Hood-Lake Spenard float plane complex. The industrial areas surrounding Anchorage International Airport have been developing steadily during the past fifteen years. It is still too early to determine how many companies will locate in Anchorage to support the two world-class cargo operations, Federal Express and United Parcel Service. Although there is very little land available in the three established areas surrounding the airport (North, East and South Airparks) that is suitable for immediate development without extensive site work (excavation of unsuitable soils and backfilling with gravel), expansion of South Airpark, presently, and the pending relocation (2011±) of the Alaska Air National Guard facility to Elmendorf Air Force Base will provide for expansion when demand calls for such.

Briefly summarized, the subject neighborhood is expected to do as well in the foreseeable future, if not better due to airport influence, as the Anchorage area overall. Although slowed by the current economic conditions, industrial properties in the airport, mid-town and south Anchorage areas are anticipated to continue to be marketed and developed. Also, when Kulis Air National Guard Base is relocated to Elmendorf Air Force Base, significant land area and buildings will become available for airport industrial use. Additional data are included in the following websites:

<http://www.muni.org/homepage/index.cfm>
<http://www.dot.state.ak.us/anc/about/masterPlan.shtml>
http://www.commerce.state.ak.us/dca/commdb/CF_BLOCK.htm

ZONING

Subject properties in the North and East Airparks are zoned T – Transition District; properties in South Airpark are zoned I-1 – Light Industrial (northerly portion) and PLI – Public Lands and Institutions District (southerly portion). The T and PLI zones allow public (state-owned) lands to be developed and used for various industrial and commercial uses (as exist). If rezoned to recognize existing and anticipated uses, Light Industrial and Heavy Industrial zoning are considered to be reasonably probable designations. Light and heavy industrial zones include all of the uses found on the subject properties; as well as uses that are generally permitted in commercial districts.

HIGHEST AND BEST USE

Highest and Best Use is defined in The Dictionary of Real Estate Appraisal, Fourth Edition by the Appraisal Institute as . . . *The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.*

Each of the subject properties is considered *as if vacant and unimproved*; and is analyzed as to legal permissibility (controlled by zoning, covenants, easements, restrictions, etc.), physical possibility (primarily soils conditions; occasionally shape and/or topographical features), financial feasibility (relating to market demand), and maximum productivity (which financially feasible use is maximally productive). The conclusion of highest and best use for each property is included with their separate portion of the report following the Market Data and Analyses portion of the report.

MARKET DATA AND ANALYSES

Valuation of each of the subject properties is an analysis of land value that is accomplished best by the sales comparison approach. As effectively unimproved land for the purpose of these appraisals, the cost and income capitalization approaches are not applicable to valuation of the subject properties. Nonuse of these approaches is a condition of the market, not a limitation of the appraisal process as a departure from standards.

Market data that are considered relevant for valuation of the subject properties include sales and current listings of properties on which industrial development is permitted that are located in the similar neighborhoods in mid-town and south Anchorage, as follows:

SUMMARY OF COMPARABLES

<u>No.</u>	<u>Location Description</u>	<u>Date</u>	<u>Price</u>	<u>Acres</u>	<u>Price/SF</u>	<u>Zoning</u>
1	West side of Vanguard Drive 6/10, Independence Park	1/09	\$ 430,000	1.10	\$ 9.01	I-1
2	East side of Sandalwood Place 18/2, Grant No. 1	10/08	400,000	0.88	10.47	I-1
3	SWC Dowling Road & B Street 1A & 1B/3, C Street Industrial	6/08	285,000	0.58	11.35	I-1
4	N side 100 th Ave., 2 nd lot E of railroad 7, Mindora No. 1	10/08	400,000	0.79	11.58	I-1
5	N side of 63 rd Ave., 2 nd lot W of Tuttle 5/1 Dowling No. 4	10/08	698,700	1.00	16.00	I-1
6	S of 79 th Ave. btwn Hartzell & Ptrsbg. Units 1-4, Chambers Business Park	9/05	1,290,000	3.71	7.98	I-1
7	SWC King St. & 104 th Avenue 1/3, Maui Industrial Park	7/05	2,000,000	4.76	9.64	I-2
8	SEC C Street & 87 th Avenue Portion of Sec. 7, T12N, R3W, SM	6/09 <i>Listing</i>	2,000,000	4.68	9.80	I-1
9	8479 Toloff Street (east side) Tr. B-8, East Dimond Center	9/06	2,100,000	4.02	11.98	I-2
10	1131 E. Internat'l. Airport Rd. (N side) A-3-A, Phillips 1 st Addition	5/05	2,030,227	3.45	13.52	I-1
11	SEC Lore Road & Hartzell Road B-1, Seventh	9/08	3,550,000	8.57	9.51	I-1
12	9051 King Street (east side) 3BA/1, Dimond Industrial	6/09 <i>Listing</i>	4,600,000	9.18	11.50	I-1
13	SEC Peninsula Circle cul-de-sac 4, Calaska Industrial Park	6/09 <i>Listing</i>	5,000,000	9.32	12.32	I-2
14	S of E. Dimond Blvd. opp. Pbsg. St. Tr. B-5, East Dimond Center	4/05	2,530,815	11.62	5.00	I-2
15	8875 King Street (east side) 1A/1, Dimond Industrial	8/07	5,924,100	13.60	10.00	I-1
16	NWC Minnesota/O'Malley & C Street Por. Lot 4, Sec. 18, T12N, R3W, SM	3/06	8,951,930	19.84	10.36	I-2
17	SEC C Street & 100 th Avenue NE¼SW¼, Sec. 18, T12N, R3W, SM	4/07	16,915,000	35.88	10.82	I-2
18	SWC C Street & 100 th Avenue Por. Lot 3, Sec. 18, T12N, R3W, SM	6/09 <i>Listing</i>	14,000,000	27.26	11.79	I-2

There may be differences between the comparables and a subject property, such as: real property rights conveyed, financing terms, conditions of sale, market conditions (since date of sale), location, access, size, availability of utilities, physical characteristics (amount of site preparation, soils quality, etc.), and potential for development. It may be necessary to make adjustments to the actual price reflected by a comparable for whichever differences affect value to provide an indication of market value to the subject property.

Real property rights conveyed, financing terms (including discounting asking prices of current listings) and conditions of sale reflect somewhat esoteric situations that are generally non-typical for most sales of properties. If, however, any of these items are evident for a sale or listed property, a qualitative adjustment (+) or (-) is made when comparing the comparable to a subject property.

Industrial-type properties throughout Anchorage were experiencing increasing prices/values during the past several years, through late-2008; generally stabilized since then, possibly as a result of the current economic doldrums. Market data reviewed in preparation of this appraisal report include the following paired sales that are generally comparable for various attributes that affect price/value; primary differences mostly due to market conditions:

<u>Description</u>	<u>Acres</u>	<u>Date</u>	<u>\$/SF</u>	<u>Difference Per Year ⁽¹⁾</u>
6/2 C, Street Industrial	0.71	5/06	13.98	
5/1, Dowling #4 (Comp. 5)	1.00	10/08	16.00	+ 5.98%
17/2, Grant	0.88	12/05	8.51	
18/2, Grant (Comp. 2)	0.88	10/08	10.47	+ 8.13%
7/3, Westgate Park	0.38	4/05	10.08	
7/3, Westgate Park	0.38	10/07	12.50	+ 9.60%
B-1, Seventh	8.57	4/04	5.00	
B-1, Seventh (Comp. 11)	8.57	9/08	9.51	+20.42%
3BA/1, Dimond Industrial	9.18	4/04	4.75	
3BA/1, Dimond Ind. (Comp. 12)	9.18	6/09 (L)	11.50	+27.50%
1A/1, Dimond Industrial	13.60	1/06	5.47	
1A/1, Dimond Ind. (Comp. 15)	13.60	8/07	10.00	+52.30%

⁽¹⁾ Simple Interest

The differences for the above-listed paired sales, considered to be mostly related to market conditions, range between +5.98% per year and +52.30% per year. By comparison, assessed values of these same properties (not including the last set, which 2009 assessed value is as improved with fill) have increased at an average rate of +14.65% per year between 2007 and 2009. Assessed values of the subject properties in 2005 and 2009 reflect differences of: +19% per year for the two Auxiliary properties; +56% per year for Aviation property Lot 1D, Block 27; +31% per year for Aviation properties Lot 1A, Block 26, Lot 7, Block 4, Lot 2A, Block 4 and Lot 2, Block 3; and +38% per year for Aviation property Lot 10C, Block 18. The significantly higher difference of

assessed values for the subject properties probably reconciles what the assessor considered to be lower than appropriate assessed values in 2005 (catch-up). All of these data, paired sales analyses and differences between assessed values in 2005, 2007 and 2009, indicate that industrial land values have definitely increased during recent years. Further analysis of the six sets of paired sales reflects higher differences per year for the larger tracts (8.57-13.60 acres) of an average difference of +33% per year compared to the smaller lots (0.38-1.00 acre) which average difference is +8% per year; possibly indicating that the market was willing to pay significantly higher prices for larger tracts in 2007 and 2008 than in prior years. Based primarily on the paired sales analyses and awareness of differences of assessed values between 2005 and 2009, adjustments of +10% per year for smaller properties (Comparables 1-10) and +15% per year for larger properties (Comparables 11-18) are estimated for market conditions through mid-2008; none since.

Location of the subject properties close to Ted Stevens Anchorage International Airport provides the opportunity for movement of freight into and away from the Anchorage area by air, similar in many respects to properties having rail access in other parts of Anchorage. The market doesn't reflect significantly different values, higher or lower, for properties with either of these attributes when compared to properties that are accessed primarily by truck. With highest and best uses for commercial and or industrial use oriented to International Airport Road, West Northern Lights Boulevard and West Raspberry Road and relatively similar proximity to major access routes, downtown Anchorage and the port area, there are no significant locational differences between the subject properties and other primary industrial districts in the mid-town and south-Anchorage industrial neighborhoods. Thus, adjustments for location are not made when comparing mid-town and south-Anchorage properties to the subject properties.

Qualitative adjustments are made for whether a comparable is inferior (+) or superior (-) to a subject property for type and ease of access, such as direct arterial access, exposure to a major access route, multi-street access, dead-end street, etc.; also corner location and similar attributes.

The comparables are grouped based on generally similar sizes compared to a particular subject property analyzed with such comparables; e.g., Comparables 1-5, which range in size between 0.58 acre and 1.10 acres, are compared to 12A, Block 6, which contains 0.82 acre. If any of the comparables in a group are significantly different sizes than a subject property, a qualitative adjustment (+) or (-) is appropriate; based on typical market evidence wherein smaller properties usually sell for higher unit prices than larger properties, other attributes being generally similar.

Adjustments (+) or (-) are made for whether or not comparables have natural gas available, or close, when comparing to the subject properties. If a comparable does not have water and/or sewer utilities available, a qualitative adjustment (+) or (++) is appropriate when compared to the subject properties.

Typically, properties located in the south-Anchorage industrial area, especially west of the Alaska Railroad mainline track, require significant amounts of site preparation (typically removal of varying depths of peat overburden and backfilling with gravel) before constructing buildings or using the property for other industrial or commercial uses. The degree of site preparation is primarily related to the extent of clearing unnecessary vegetation, excavating and removing poor soils, and adding a sufficient amount of non-frost-susceptible gravel to provide building pads, parking areas, and areas for storage of materials, equipment, and or vehicles. To recognize differences between the comparables and subject properties, qualitative adjustments (+) or (-) are made on the basis of the degree of difference; minor, moderate, or significant.

Historic rental data for Ted Stevens Anchorage International Airport and Fairbanks International Airport have effectively established a ratio between generally unrestricted use “non-aviation” properties (auxiliary use) and properties restricted for “aviation use” of 12:9 (\$0.12 per sq. ft. to \$0.09 per sq. ft.); or -25%. This ratio is considered to be the best market evidence for such; thus properties designated for “aviation use” are adjusted -25% to reflect this limitation, compared to off-airport comparables that can be developed for any use allowed by zoning.

MARKET RENTAL RATE ANALYSIS

Following is a composite summary of mostly long-term rental rates from data I have compiled:

Lessor	Rate
<u>Public Lands</u>	
Alaska Department of Natural Resources.....	8-10%
Fort Knox Gold Mine Lease	8%
Alaska Mental Health Trust Land Office.....	10%
Alaska Railroad Corporation	8-10%
Bureau of Indian Affairs	8-12%
Bureau of Land Management - Alaska	8%
U.S. Fish and Wildlife Service.....	9%
City of Cordova	9%
City of Homer	8-9%
City of Kenai.....	6%
City of Kodiak	10%
City of Seward	8%
City of Sitka	9%
City of Skagway.....	8%
City of Valdez.....	10%
City/Borough of Juneau	7.8-10%
Fairbanks North Star Borough.....	8%
Kenai Peninsula Borough	8%
Matanuska-Susitna Borough.....	8-10%
Municipality of Anchorage	9-10%
University of Alaska	8-10%
<u>Private Lands</u>	
Bristol Bay Native Corporation	7-8%
Calais Company (Anchorage)	7-8%
Cook Inlet Region, Inc.	8-9%
Gana A`Yoo, Ltd. (Galena)	8%
Eklutna, Inc.	8%
Newcomb Family Trust	8.13%
Ounalashka Corporation	8-12%
Remote Lodge Sites (Southwest Alaska).....	8-13.46%

Recognizing the current economic conditions, which aren’t reflected in available market data (closed sales), and the general restrictions of airport leases relative to uses being oriented primarily to airport activities, for both aviation and auxiliary uses, a rental rate near the lower end of the basic range of rates indicated for long-term leases of 8% is estimated to be appropriate for leases of the subject properties.

This concludes the General Report. Following are the continued portions of the appraisals of each of the subject properties in separate sections, beginning with Lot 1D, Block 27.

ADA 30816
1,222,400 Sq. Ft.

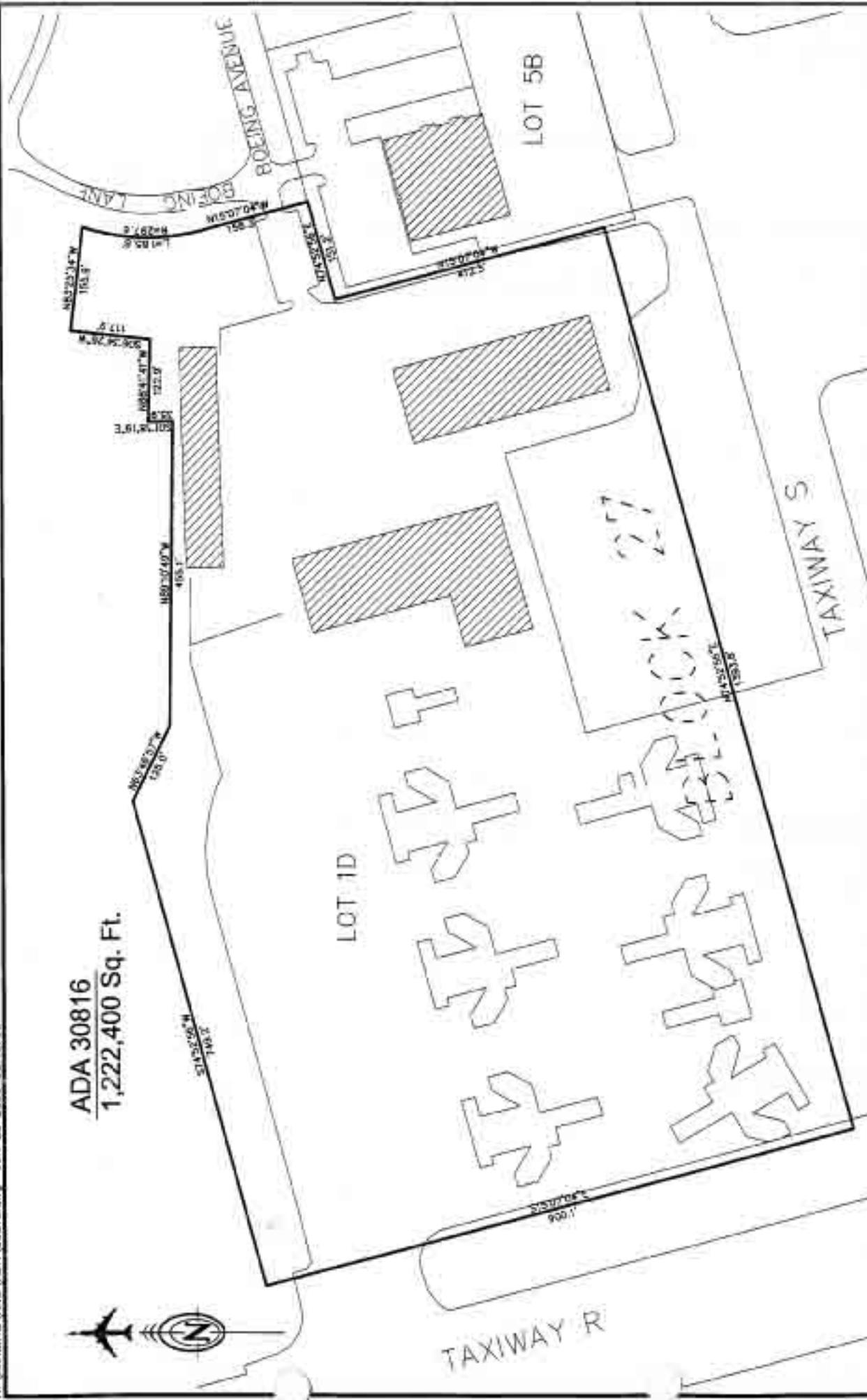
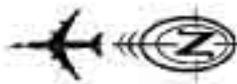


EXHIBIT A

ADA NO: 30816
EXHIBIT DATE: 5-22-2005

DRAFTED: _____ CHECKED: _____ APPROVED: _____

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES



AIRPORT LEASING

Lot 1D, Block 27 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Northerly along Taxiway R; subject lot on right



Easterly along taxiway extension; subject lot on left

Lot 1D, Block 27 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Northerly along Boeing Lane; subject lot on left



Westerly from the entrance off Boeing Lane

LOT 1D, BLOCK 27 – 6200 Boeing Lane

Shape, Size, and Area – Irregular shape; basic dimensions of the main portion of the tract are 1,394 feet in a general east-west direction and 900 feet in a general north-south direction; containing 1,222,400 sq. ft., or 28.06 acres (refer to the Property Plat for details)

Accessibility and Road Frontage – Unrestricted access for 342.1 feet along the west side of Boeing Lane (asphalt paving in fair condition), off Point Woronzof Drive; also direct access for 900 feet along Taxiway R on the westerly side and 1,394 feet on the southerly side

Topography, Soils Conditions, and Drainage – Level, at street and taxi-way grade; underlying soils are classified as Tuomi silt loam (originally 10-20% complex slopes), generally well-drained sandy subsoils with some gravel; most of the property has been leveled, improved with non-frost susceptible gravel and covered with asphalt paving surrounding concrete aircraft parking pads

Utilities – Water, sewer, natural gas, electricity and telephone services are available to the property.

Easements – None known

Present Use – Most of the property is improved with a multi-tenant cargo transfer facility that includes warehouse and office space, parking and refueling spaces for wide-body jets, and sufficient outside storage space to support transition of cargo between air transport and ground transport; vice versa

Zoning – Transition District does not specify either permitted or prohibited uses, but tends to be rezoned eventually to accommodate obvious uses, which for the subject property are predominantly oriented to light and heavy industrial zoning (outlined in the zoning data in the Addenda); generally precluding residential development and school buildings.

Aviation Use – The subject property is designated by the State of Alaska as “Aviation Use”, which relates primarily to development that is oriented to properties having direct access to the airport runway via taxiways. Specific uses for the subject lot are listed in the AK DOT&PF Memorandum in the Addenda.

Environmental Issues – No significant evidence of hazardous materials or soils contamination was observed during the onsite inspection.

Flood and Earthquake Concerns – None of the subject property is located within a designated flood zone. Anchorage is located in an area of Alaska that is known to be seismically active.

Real Property Improvements – Three warehouse/office buildings, 17,800± sq. ft. of heavy-duty concrete for aircraft parking pads, approximately 900,000 sq. ft. (20.7± acres) of asphalt paving, security fencing (small area), and underground fuel lines that serve the six aircraft parking pads

Specialty Items/Fixtures – Underground fueling facilities

Assessed Value – The 2009 fee land value estimated by the assessor is \$10.00 per sq. ft. (Tax I.D. No. 010-471-01).

Highest and Best Use – Some type of commercial and/or light industrial use that takes advantage of its airport location, with direct taxiway access; limited, however to aviation use

Existing Lease

Lease No.: ADA-30816
 Lessee: Alaska CargoPort LLC
 Term: 35 years starting October 1, 1997
 Rent: \$110,016 per year, effective June 22, 2005 (Supplement No. 8); based on a lot size of 1,222,400 sq. ft. at the current aviation-use rate of \$0.09/SF/Yr.

Comparables Analyses

COMPARABLES ADJUSTMENT GRID – LOT 1D, BLOCK 27

<u>Comparable No.</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>
Sale Date	4/05	8/07	3/06	4/07	6/09
Size (Acres) ⁽¹⁾	11.62	13.60	19.84	35.88	27.26
Price/SF	\$5.00	\$10.00	\$10.36	\$10.82	\$11.79
Property Rights	-0-	-0-	-0-	-0-	-0-
Financing Terms	-0-	-0-	-0-	-0-	-1.77 ⁽²⁾
Conditions of Sale	-0-	-0-	-0-	-0-	-0-
Market Conditions	+2.44	+1.38	+3.63	+2.03	-0-
<i>Adjusted Price/SF</i>	<i>\$7.44</i>	<i>\$11.38</i>	<i>\$13.99</i>	<i>\$12.85</i>	<i>\$10.02</i>
Location	-0-	-0-	-0-	-0-	-0-
Access	-0-	-0-	(--)	(--)	(-)
Size	(-)	(-)	-0-	-0-	-0-
Utilities	-0-	-0-	(+++)	(+)	(+++)
Physical Characteristics	(+)	(++)	(+)	(++)	(++)
Aviation Use Designation	-1.86	-2.85	-3.50	-3.21	-2.51
<i>Value Indicated to Subject Property/SF</i>	<i>±\$5.58</i>	<i>>\$8.53</i>	<i>>\$10.49</i>	<i>>\$9.64</i>	<i>>\$7.51</i>

⁽¹⁾ Subject Property (platted area) – 1,222,400 Sq. Ft. (28.06 acres)

⁽²⁾ Listing is discounted an estimated 15%, considering current market conditions

Comparable 14, located on the south side of East Dimond Boulevard opposite Petersburg Street to the north of a Carrs-Safeway Store, contains 11.62 acres and sold in April 2005 for a price of \$5.00 per sq. ft. It has subsequently been subdivided; with the largest portion (Tract B-7) having been developed with a Home Depot Store and another tract (Comparable 9) having been developed with a garage condos complex. All utilities were available. Compared to Lot 1D, Block 27, Comparable 14 is adjusted for market conditions and size, somewhat inferior for physical characteristics (land quality), adjusted to reflect aviation use limitation for the subject property, and indicates a value that is close to \$5.58 per sq. ft.

Comparable 15, located on the east side of King Street between 88th and 90th Avenues, contains 13.60 acres and sold in August 2007 for a price of \$10.00 per sq. ft. It has subsequently been developed with two warehouse-manufacturing buildings, including extensive site preparation. All utilities were available. Compared to Lot 1D, Block 27, Comparable 15 is adjusted for market conditions and size, inferior for physical characteristics, adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$8.53 per sq. ft.

Comparable 16, located at the northwest corner of Minnesota Drive and C Street, contains 19.84 acres and sold in March 2006 for a price of \$10.36 per sq. ft. Subsequent to the sale, all of the property has been improved with an overlay of suitable material and gravel surface that appears suitable for buildings development. Such development, however, will be hindered by the lack of public water and sewer, and natural gas. Compared to Lot 1D, Block 27, Comparable 16 is adjusted for market conditions, superior for direct access on westbound Minnesota Drive and southbound C Street, inferior for availability of sewer, water and natural gas utilities, somewhat inferior for physical characteristics (land quality), adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$10.49 per sq. ft.

Comparable 17, located on the south side of 100th Avenue between C Street and King Street, contains 35.88 acres and sold in April 2007 for a price of \$10.82 per sq. ft. It has subsequently been subdivided; the largest portion being developed with a Target Store and other areas to be developed with other stores, shops and restaurants. All utilities were available; sewer lift facilities required, however. Substantial peat and wetlands have required extensive site preparation and installation of storm drains, culverts, and oil/water separators. Compared to Lot 1D, Block 27, Comparable 17 is adjusted for market conditions, superior for arterials access and potential for access on all four sides, inferior for the expense of developing sewer improvements and physical characteristics (extensive site preparation), adjusted to reflect aviation use limitation for the subject property, and indicates a value that is greater than \$9.64 per sq. ft.

Comparable 18, located at the southwest corner of C Street and 100th Avenue, contains 27.26 acres and is currently listed for a price of \$11.79 per sq. ft. A significant portion of the property is designated as Class-B Developable Wetlands, which will require extensive site development. The lack of sewer, water and natural gas utilities will also delay future development. With a break in the median in C Street at 100th Avenue, this property has access to both the southbound and northbound lanes of C Street. Compared to Lot 1D, Block 27, Comparable 18 is adjusted for its status as a listing, superior for access, inferior for availability of sewer, water and natural gas utilities, inferior for physical characteristics (land quality), adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$7.51 per sq. ft.

RECONCILIATION AND CONCLUSION OF LAND VALUE

The comparables, when compared to the subject property in the foregoing analyses and with adjustments applied for various differences, both qualitative and quantitative, indicate the following values:

<u>Comparable</u>	<u>Value Per Sq. Ft. Indicated to Lot 1D, Block 27</u>
14	Close to \$5.58
15	Higher than \$8.53
16	Higher than \$10.49
17	Higher than \$9.64
18	Higher than \$7.51

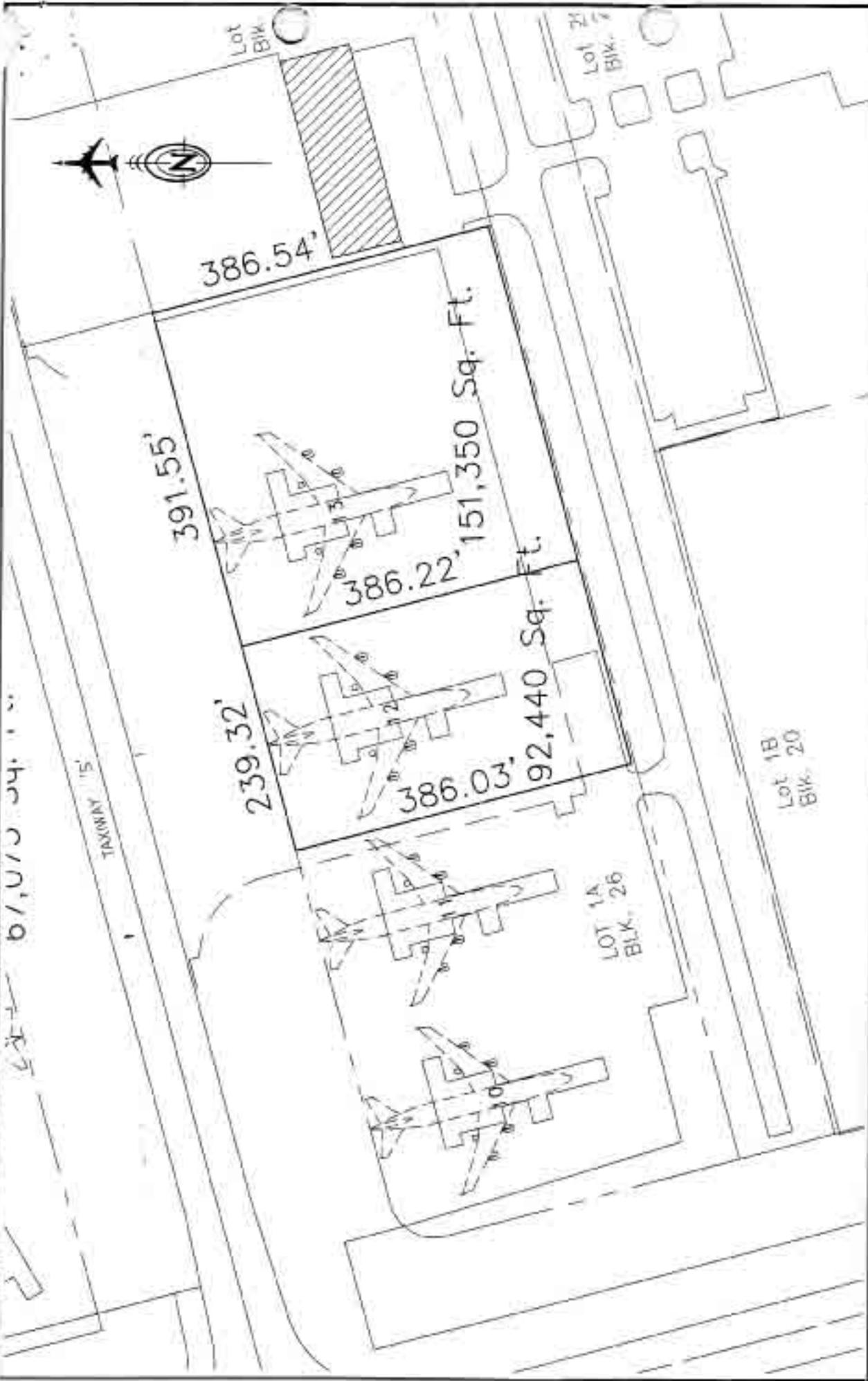
The five comparables indicate values to the subject property ranging between an amount that is close to \$5.58 per sq. ft. and an amount that is higher than \$10.49 per sq. ft.; a wide range. Considering that Comparable 14 occurred in 2005 and Comparable 18 is an untested listing, the range indicated by Comparables 15-17 narrows to amounts that are higher than \$8.53 per sq. ft. and \$10.49 per sq. ft. Of these three, Comparables 16 and 17 are most similar for size, indicating adjusted values of amounts that are higher than \$10.49 and \$9.64 per sq. ft., respectively. If the various (+) and (-) adjustments are assigned an arbitrary 10% factor in order to quantify the adjusted indicated values, Comparables 14-18 would indicate a range of values between \$5.58 per sq. ft. and \$12.69 per sq. ft.; with a mean indicated value of \$9.85 per sq. ft. and median of \$10.60 per sq. ft. With most emphasis on Comparables 15- 17, the current market value of Lot 1D, Block 27, not including tenant-owned buildings and site improvements, is estimated to be \$10.00 per sq. ft. Based on a market rental rate of 8%, **market rental value** is calculated to be **\$0.80 per sq. ft. per year**.

MARKET RENTAL VALUE OF PROPERTY

Market rental value of Lot 1D, Block 27 is calculated as follows:

Land Value: 1,222,400 Sq. Ft. @\$10.00 Per Sq. Ft.	\$12,224,000
State-owned Buildings and Site Improvements	<u>-0-</u>
Market Value of Property, As Vacant & Unimproved	\$12,224,000
Market Rental Rate (8%)	x <u>0.08</u>
Current Market Rental Value of Property	\$ 977,920

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SHEET
1 of 1

EXHIBIT D

ADA NO: 31043
EXHIBIT DATE: 7-30-2004

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES



DRAFTED: _____ CHECKED: _____ APPROVED: _____



AIRPORT ENGINEERING

Lot 1A, Block 26 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Southerly along Taxiway R; subject lot on left



Easterly of subject lot from a point near its northwesterly corner

Lot 1A, Block 26 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Easterly portion, from a point near its northeasterly corner; used for road vehicles parking



Westerly along Lockheed Ave. from a point near the southeasterly corner of the subject lot

LOT 1A, BLOCK 26 – West End of Lockheed Avenue

Shape, Size, and Area – Rectangular shape; basic dimensions are approximately 1,100 feet in a general east-west direction and 387 feet in a general north-south direction; containing 426,728 sq. ft., or 9.80 acres (refer to the Property Plat for details)

Accessibility and Road Frontage – Unrestricted access for approximately 330 feet along the north side of Lockheed Avenue, easterly of the security gate (asphalt paving in good condition), off Postmark Drive; also direct access for 387 feet along Taxiway R on the westerly side and 1,100± feet on the northerly side

Topography, Soils Conditions, and Drainage – Level, at taxi-way grade, several feet higher than street grade; underlying soils are classified as Tuomi silt loam (originally 10-20% complex slopes), generally well-drained sandy subsoils with some gravel; most of the property has been leveled, improved with non-frost susceptible gravel and covered with asphalt paving surrounding concrete aircraft parking pads

Utilities – Water, sewer, natural gas, electricity and telephone services are available to the property.

Easements – None known

Present Use – Most of the property is improved with parking and refueling spaces for wide-body jets to support transition of cargo between air transport and ground transport, vice versa; the easterly approximately 60,000 sq. ft. is used for road vehicles parking by others.

Zoning – Transition District does not specify either permitted or prohibited uses, but tends to be rezoned eventually to accommodate obvious uses, which for the subject property are predominantly oriented to light and heavy industrial zoning (outlined in the zoning data in the Addenda); generally precluding residential development and school buildings.

Aviation Use – The subject property is designated by the State of Alaska as “Aviation Use”, which relates primarily to development that is oriented to properties having direct access to the airport runway via taxiways. Specific uses for the subject lot are listed in the AK DOT&PF Memorandum in the Addenda.

Environmental Issues – No significant evidence of hazardous materials or soils contamination was observed during the onsite inspection.

Flood and Earthquake Concerns – None of the subject property is located within a designated flood zone. Anchorage is located in an area of Alaska that is known to be seismically active.

Real Property Improvements – Asphalt paving, heavy-duty concrete for aircraft parking pads, underground fuel lines that serve the four aircraft parking pads, and security fencing

Specialty Items/Fixtures – Underground fueling facilities

Assessed Value – The 2009 fee land value estimated by the assessor is \$10.00 per sq. ft. (Tax I.D. No. 010-461-03).

Highest and Best Use – Some type of commercial and/or light industrial use that takes advantage of its airport location, with direct taxiway access; limited, however to aviation use

Existing Lease

Lease No.: ADA-31043
 Lessee: Alaska CargoPort LLC
 Term: 35 years starting August 1, 2000
 Rent: \$38,405.52 per year, effective July 2003; based on a lot size of 426,728 sq. ft. at the current aviation-use rate of \$0.09/SF/Yr.

Comparables Analyses

COMPARABLES ADJUSTMENT GRID – LOT 1A, BLOCK 26

<u>Comparable No.</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>
Sale Date	9/08	6/09	6/09	4/05	8/07
Size (Acres) ⁽¹⁾	8.57	9.18	9.32	11.62	13.60
Price/SF	\$9.51	\$11.50	\$12.32	\$5.00	\$10.00
Property Rights	-0-	-0-	-0-	-0-	-0-
Financing Terms	-0-	-1.72 ⁽²⁾	-1.85 ⁽²⁾	-0-	-0-
Conditions of Sale	-0-	-0-	-0-	-0-	-0-
Market Conditions	-0-	-0-	-0-	+2.44	+1.38
<i>Adjusted Price/SF</i>	<i>\$9.51</i>	<i>\$9.78</i>	<i>\$10.47</i>	<i>\$7.44</i>	<i>\$11.38</i>
Location	-0-	-0-	-0-	-0-	-0-
Access	-0-	-0-	-0-	-0-	-0-
Size	-0-	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	(+)	-0-	-0-
Physical Characteristics	-0-	(++)	-0-	(+)	(++)
Aviation Use Designation	-2.38	-2.44	-2.62	-1.86	-2.85
<i>Value Indicated to Subject Property/SF</i>	<i>±\$7.13</i>	<i>>\$7.34</i>	<i>>\$7.85</i>	<i>>\$5.58</i>	<i>>\$8.53</i>

⁽¹⁾ Subject Property (platted area) – 426,728 Sq. Ft. (9.80 acres)

⁽²⁾ Listing is discounted an estimated 15%, considering current market conditions

Comparable 11, located on the east side of Hartzell Road between Lore Road and 79th Avenue, contains 8.57 acres and sold in September 2008 for a price of \$9.51 per sq. ft. It is currently used for vehicles storage. All utilities were available. Lore Road and Hartzell Road are both paved, with a sidewalk, street lighting and storm drains along Hartzell Road. Compared to Lot 1A, Block 26, Comparable 11 is generally similar for most attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is close to \$7.13 per sq. ft.

Comparable 12, located on the east side of King Street opposite 91st Avenue, contains 9.18 acres and is currently listed for a price of \$11.50 per sq. ft. It has been cleared and appears to be ready for removal of substantial peat overburden before improving with soils that are suitable for industrial development. All utilities are available. Compared to Lot 1A, Block 26, Comparable 12 is adjusted for its status as a listing, inferior for physical characteristics, adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$7.34 per sq. ft.

Comparable 13, located at the east end of Peninsula Circle in the southeast quadrant, contains 9.32 acres and is currently listed for a price of \$12.32 per sq. ft. The east property line fronts along Johns Road. It has perimeter fencing and is currently used for secure storage of vehicles and materials. All utilities, except public sewer, are available to the property; no plans by the Municipality of Anchorage to extend sewer to the property in the near future. Compared to Lot 1A, Block 26, Comparable 13 is adjusted for its status as a listing, inferior for availability of sewer, adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$7.85 per sq. ft.

Comparable 14, located on the south side of East Dimond Boulevard opposite Petersburg Street to the north of a Carrs-Safeway Store, contains 11.62 acres and sold in April 2005 for a price of \$5.00 per sq. ft. It has subsequently been subdivided; with the largest portion (Tract B-7) having been developed with a Home Depot Store and another tract (Comparable 9) having been developed with a garage condos complex. All utilities were available. Compared to Lot 1A, Block 26, Comparable 14 is adjusted for market conditions, somewhat inferior for physical characteristics (land quality), adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$5.58 per sq. ft.

Comparable 15, located on the east side of King Street between 88th and 90th Avenues, contains 13.60 acres and sold in August 2007 for a price of \$10.00 per sq. ft. It has subsequently been developed with two warehouse-manufacturing buildings, including extensive site preparation. All utilities were available. Compared to Lot 1A, Block 26, Comparable 15 is adjusted for market conditions, inferior for physical characteristics, adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$8.53 per sq. ft.

RECONCILIATION AND CONCLUSION OF LAND VALUE

The comparables, when compared to the subject property in the foregoing analyses and with adjustments applied for various differences, both qualitative and quantitative, indicate the following values:

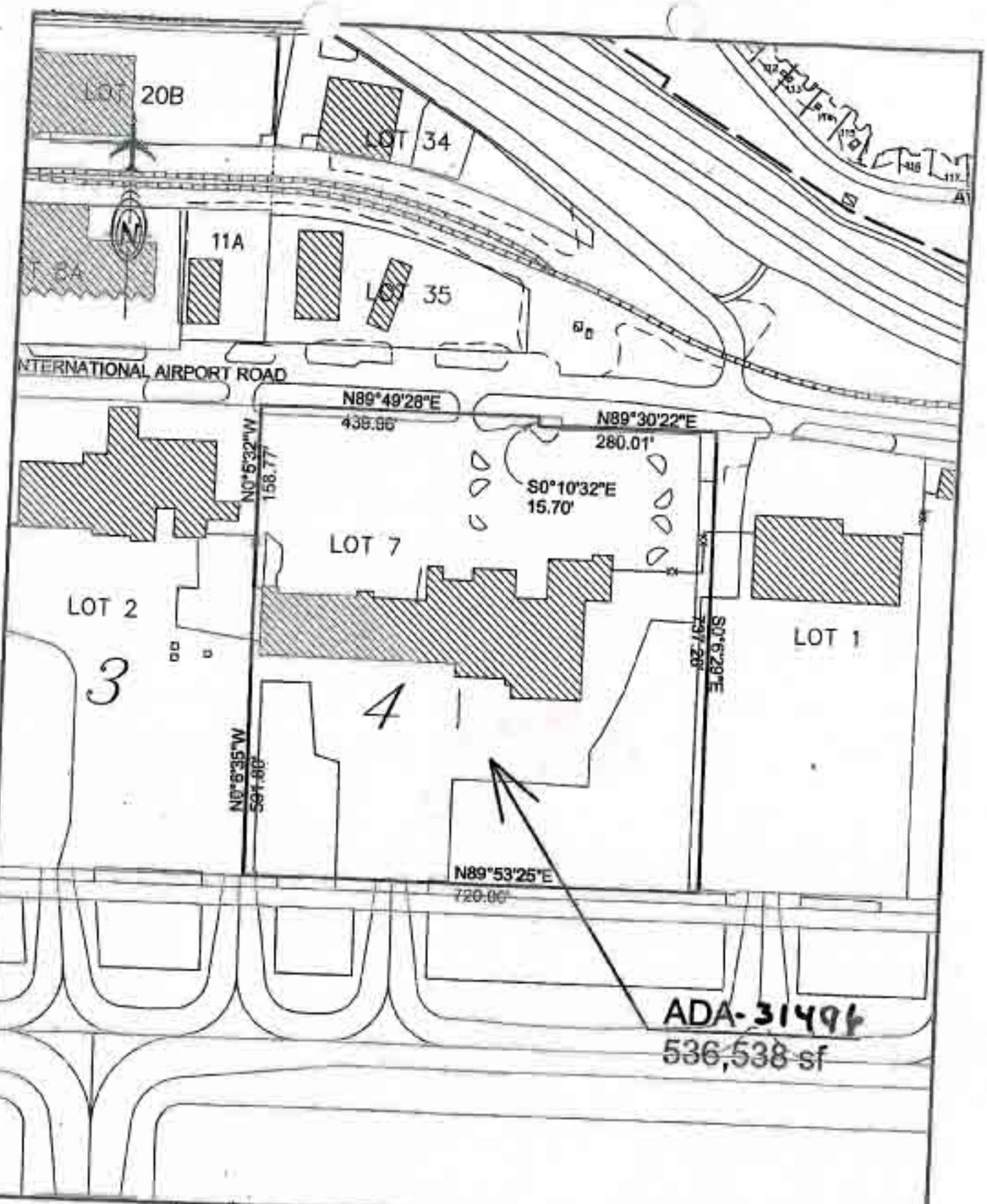
<u>Comparable</u>	<u>Value Per Sq. Ft. Indicated to Lot 1A, Block 26</u>
11	Close to \$7.13
12	Higher than \$7.34
13	Higher than \$7.85
14	Higher than \$5.58
15	Higher than \$8.53

The five comparables indicate values to the subject property ranging between an amount that is higher than \$5.58 per sq. ft. and an amount that is higher than \$8.53 per sq. ft.; a relatively narrow range. Considering that Comparable 14 occurred in 2005 and Comparables 12 and 13 are untested listings, the range indicated by Comparables 11 and 15 is narrower; amounts that are close to \$7.13 per sq. ft. and higher than \$8.53 per sq. ft., respectively. Despite being a listing, Comparable 13 has many attributes that are similar to the subject property. If the various (+) and (-) adjustments are assigned an arbitrary 10% factor in order to quantify the adjusted indicated values, Comparables 11-15 would indicate a range of values between \$7.13 per sq. ft. and \$10.32 per sq. ft.; with a mean indicated value of \$8.22 per sq. ft. and median of \$8.64 per sq. ft. With most emphasis on Comparables 11, 13 and 15, as adjusted, the current market value of Lot 1A, Block 26, not including tenant-owned site improvements, is estimated to be \$8.50 per sq. ft. Based on a market rental rate of 8%, **market rental value** is calculated to be **\$0.68 per sq. ft. per year**.

MARKET RENTAL VALUE OF PROPERTY

Market rental value of Lot 1A, Block 26 is calculated as follows:

Land Value: 426,728 Sq. Ft. @\$8.50 Per Sq. Ft.	\$3,627,188
State-owned Buildings and Site Improvements	<u>-0-</u>
Market Value of Property, As Vacant & Unimproved	\$3,627,188
Market Rental Rate (8%)	<u>x 0.08</u>
Current Market Rental Value of Property	\$ 290,175



DATE: 03/19/2007 13:19:22



AIRPORT LEASING

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES



EXHIBIT 'A'

ADA-31496
3/2/2007

SHEET

1
of
1

Lot 7, Block 4 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Westerly along Old International Airport Road; subject lot on left



Southerly of easterly portion of subject lot from Old International Airport Road

Lot 7, Block 4 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Easterly along North Tug Road; subject lot on left



Northerly from intersection of North Tug Road and Taxiway B

LOT 7, BLOCK 4 – 3830 Old International Airport Road

Shape, Size, and Area – Basically rectangular shape; basic dimensions are 750.57 feet along the west line and 720 feet along the south line; containing 536,538 sq. ft., or 12.32 acres (refer to the Property Plat for details)

Accessibility and Road Frontage – Unrestricted access for 720 feet along the south side of Old International Airport Road; also direct taxi-way and North Tug Road access for 720 feet on the south side of the lot

Topography, Soils Conditions, and Drainage – Level, at road and taxi-way grade; underlying soils are presumed to be well-drained sandy subsoils with some gravel (soils data not available); areas not occupied by buildings or paving are exposed sandy-gravelly soils, some areas have grassy vegetation and an area in the southeasterly portion has sapling-size trees

Utilities – Water, sewer, natural gas, electricity and telephone services are available to the property.

Easements – None known

Present Use – Warehousing and offices occupied by Japan Airlines Cargo and Delta Airlines; oriented to their Anchorage operations

Zoning – Transition District does not specify either permitted or prohibited uses, but tends to be rezoned eventually to accommodate obvious uses, which for the subject property are predominantly oriented to light and heavy industrial zoning (outlined in the zoning data in the Addenda); generally precluding residential development and school buildings.

Aviation Use – The subject property is designated by the State of Alaska as “Aviation Use”, which relates primarily to development that is oriented to properties having direct access to the airport runway via taxiways. Specific uses for the subject lot are listed in the AK DOT&PF Memorandum in the Addenda.

Environmental Issues – No significant evidence of hazardous materials or soils contamination was observed during the onsite inspection.

Flood and Earthquake Concerns – None of the subject property is located within a designated flood zone. Anchorage is located in an area of Alaska that is known to be seismically active.

Real Property Improvements – Distribution warehouse and offices building (86,499 sq. ft.), asphalt paving (191,000 sq. ft.), and security fencing (area data from M.O.A. records)

Specialty Items/Fixtures – None apparent

Assessed Value – The 2009 fee land value estimated by the assessor is \$10.00 per sq. ft. (Tax I.D. No. 010-371-04).

Highest and Best Use – Some type of commercial and/or light industrial use that takes advantage of its airport location, with direct taxiway access; limited, however to aviation use

Existing Lease

Lease No.: ADA-31496
 Lessee: Aero Anchorage, LLC
 Term: 28 years starting December 1, 2007
 Rent: \$48,288.42 per year, effective December 1, 2007; based on a lot size of 536,538 sq. ft. at the current aviation-use rate of \$0.09/SF/Yr.

Comparables Analyses

COMPARABLES ADJUSTMENT GRID – LOT 7, BLOCK 4

<i>Comparable No.</i>	<i>11</i>	<i>12</i>	<i>13</i>	<i>14</i>	<i>15</i>
Sale Date	9/08	6/09	6/09	4/05	8/07
Size (Acres) ⁽¹⁾	8.57	9.18	9.32	11.62	13.60
Price/SF	\$9.51	\$11.50	\$12.32	\$5.00	\$10.00
Property Rights	-0-	-0-	-0-	-0-	-0-
Financing Terms	-0-	-1.72 ⁽²⁾	-1.85 ⁽²⁾	-0-	-0-
Conditions of Sale	-0-	-0-	-0-	-0-	-0-
Market Conditions	-0-	-0-	-0-	+2.44	+1.38
<i>Adjusted Price/SF</i>	<i>\$9.51</i>	<i>\$9.78</i>	<i>\$10.47</i>	<i>\$7.44</i>	<i>\$11.38</i>
Location	-0-	-0-	-0-	-0-	-0-
Access	(+)	(+)	(+)	(+)	(+)
Size	-0-	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	(+)	-0-	-0-
Physical Characteristics	-0-	(++)	-0-	(+)	(++)
Aviation Use Designation	-2.38	-2.44	-2.62	-1.86	-2.85
<i>Value Indicated to Subject Property/SF</i>	<i>>\$7.13</i>	<i>>\$7.34</i>	<i>>\$7.85</i>	<i>>\$5.58</i>	<i>>\$8.53</i>

⁽¹⁾ Subject Property (platted area) – 536,538 Sq. Ft. (12.32 acres)

⁽²⁾ Listing is discounted an estimated 15%, considering current market conditions

Comparable 11, located on the east side of Hartzell Road between Lore Road and 79th Avenue, contains 8.57 acres and sold in September 2008 for a price of \$9.51 per sq. ft. It is currently used for vehicles storage. All utilities were available. Lore Road and Hartzell Road are both paved, with a sidewalk, street lighting and storm drains along Hartzell Road. Compared to Lot 7, Block 4, Comparable 11 is inferior for arterial access, generally similar for most other attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$7.13 per sq. ft.

Comparable 12, located on the east side of King Street opposite 91st Avenue, contains 9.18 acres and is currently listed for a price of \$11.50 per sq. ft. It has been cleared and appears to be ready for removal of substantial peat overburden before improving with soils that are suitable for industrial development. All utilities are currently available. Compared to Lot 7, Block 4, Comparable 12 is adjusted for its status as a listing, inferior for access and physical characteristics, adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$7.34 per sq. ft.

Comparable 13, located at the east end of Peninsula Circle in the southeast quadrant, contains 9.32 acres and is currently listed for a price of \$12.32 per sq. ft. The east property line fronts along Johns Road. It has perimeter fencing and is currently used for secure storage of vehicles and materials. All utilities, except public sewer, are available to the property; no plans by the Municipality of Anchorage to extend sewer to the property in the near future. Compared to Lot 7, Block 4, Comparable 13 is adjusted for its status as a listing, inferior for access and availability of sewer, adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$7.85 per sq. ft.

Comparable 14, located on the south side of East Dimond Boulevard opposite Petersburg Street to the north of a Carrs-Safeway Store, contains 11.62 acres and sold in April 2005 for a price of \$5.00 per sq. ft. It has subsequently been subdivided; with the largest portion (Tract B-7) having been developed with a Home Depot Store and another tract (Comparable 9) having been developed with a garage condos complex. All utilities were available. Compared to Lot 7, Block 4, Comparable 14 is adjusted for market conditions, inferior for access, somewhat inferior for physical characteristics (land quality), adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$5.58 per sq. ft.

Comparable 15, located on the east side of King Street between 88th and 90th Avenues, contains 13.60 acres and sold in August 2007 for a price of \$10.00 per sq. ft. It has subsequently been developed with two warehouse-manufacturing buildings, including extensive site preparation. All utilities were available. Compared to Lot 7, Block 4, Comparable 15 is adjusted for market conditions, inferior for access and physical characteristics, adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$8.53 per sq. ft.

RECONCILIATION AND CONCLUSION OF LAND VALUE

The comparables, when compared to the subject property in the foregoing analyses and with adjustments applied for various differences, both qualitative and quantitative, indicate the following values:

<u>Comparable</u>	<u>Value Per Sq. Ft. Indicated to Lot 7, Block 4</u>
11	Higher than \$7.13
12	Higher than \$7.34
13	Higher than \$7.85
14	Higher than \$5.58
15	Higher than \$8.53

The five comparables indicate values to the subject property ranging between an amount that is higher than \$5.58 per sq. ft. and an amount that is higher than \$8.53 per sq. ft.; a relatively narrow range. Considering that Comparable 14 occurred in 2005 and Comparables 12 and 13 are untested listings, the range indicated by Comparables 11 and 15 is narrower; amounts that are higher than \$7.13 and \$8.53 per sq. ft., respectively. Despite being a listing, Comparable 13 has many attributes that are similar to the subject property. All five comparables are considered to be inferior for road access compared to the subject property. If the various (+) and (-) adjustments are assigned an arbitrary 10% factor in order to quantify the adjusted indicated values, Comparables 11-15 would indicate a range of values between \$6.75 per sq. ft. and \$11.35 per sq. ft.; with a mean indicated value of \$9.04 per sq. ft. and median of \$9.50 per sq. ft. With most emphasis on Comparables 11, 13 and 15, as adjusted, the current market value of Lot 7, Block 4, not including tenant-owned site improvements, is estimated to be \$9.00 per sq. ft. Based on a market rental rate of 8%, **market rental value** is calculated to be **\$0.72 per sq. ft. per year**.

MARKET RENTAL VALUE OF PROPERTY

Market rental value of Lot 7, Block 4 is calculated as follows:

Land Value: 536,538 Sq. Ft. @\$9.00 Per Sq. Ft.	\$4,828,842
State-owned Buildings and Site Improvements	<u>-0-</u>
Market Value of Property, As Vacant & Unimproved	\$4,828,842
Market Rental Rate (8%)	x <u>0.08</u>
Current Market Rental Value of Property	\$ 386,307



LOT 12A BLK 6
35,900 Sq. Ft.

SHEET
1 of 1

EXHIBIT A

ADA NO: 01823
EXHIBIT DATE: 7-21-2003

DRAFTED: _____ CHECKED: _____ APPROVED: _____

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES



AIRPORT LEASING

Lot 12A, Block 6 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



East along West 50th Avenue; subject lot on right



Southerly of westerly portion of subject lot from West 50th Avenue (at dead-end)

Lot 12A, Block 6 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



East along rear lot line which abuts the Alaska Railroad right of way



Northeasterly from a point near the southwest corner of the subject lot;
egress road from Airport South Terminal visible at left

LOT 12A, BLOCK 6 – 4850 West 50th Avenue

Shape, Size, and Area – Basically rectangular shape; basic dimensions are 200 feet along the south line and 180 feet along the east line; containing 35,900 sq. ft., or 0.82 acre (refer to the Property Plat for details)

Accessibility and Road Frontage – Unrestricted access for 189.26 feet along the south side of West 50th Avenue; exposure from, but no access to, the exit lanes from the airport terminal facility along the west side; the south property line is at the base of a slope up to the airport rail spur track

Topography, Soils Conditions, and Drainage – Level, at road grade; underlying soils are presumed to be well-drained sandy subsoils with some gravel (soils data not available); a narrow strip along the east line is not paved and has grass and sapling-size trees

Utilities – Water, sewer, natural gas, electricity and telephone services are available to the property.

Easements – None known

Present Use – Service garage and storage lot for Budget Rent-A-Car business

Zoning – Transition District does not specify either permitted or prohibited uses, but tends to be rezoned eventually to accommodate obvious uses, which for the subject property are predominantly oriented to light and heavy industrial zoning (outlined in the zoning data in the Addenda); generally precluding residential development and school buildings.

Auxiliary Use – The subject property is designated by the State of Alaska as “Auxiliary Use”, which basically is a non-aviation land use category that is less restrictive than the Aviation Use category. Specific uses for the subject lot are listed in the AK DOT&PF Memorandum in the Addenda.

Environmental Issues – No significant evidence of hazardous materials or soils contamination was observed during the onsite inspection.

Flood and Earthquake Concerns – None of the subject property is located within a designated flood zone. Anchorage is located in an area of Alaska that is known to be seismically active.

Real Property Improvements – Auto service garage building (5,820 sq. ft.), asphalt paving (7,200 sq. ft.), and security fencing (data from M.O.A. records)

Specialty Items/Fixtures – None apparent

Assessed Value – The 2009 fee land value estimated by the assessor is \$8.00 per sq. ft. (Tax I.D. No. 010-291-16).

Highest and Best Use – Some type of commercial and/or light industrial use that takes advantage of its airport location; not limited to aviation use only

Existing Lease

Lease No.: ADA-01823
 Lessee: Corporate Sales and Leasing, Inc. (dba Budget Rent-A-Car)
 Term: 35 years starting July 1, 1974
 Rent: \$4,308.00 per year, effective July 1, 2003; based on a lot size of 35,900 sq. ft. at the current non-aviation rate of \$0.12/SF/Yr.

Comparables Analyses

COMPARABLES ADJUSTMENT GRID – LOT 12A, BLOCK 6

<i>Comparable No.</i>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Sale Date	1/09	10/08	6/08	10/08	10/08
Size (Acres) ⁽¹⁾	1.10	0.88	0.58	0.79	1.00
Price/SF	\$9.01	\$10.47	\$11.35	\$11.58	\$16.00
Property Rights	-0-	-0-	-0-	-0-	-0-
Financing Terms	-0-	-0-	-0-	-0-	-0-
Conditions of Sale	-0-	-0-	-0-	-0-	-0-
Market Conditions	-0-	-0-	+0.09	-0-	-0-
<i>Adjusted Price/SF</i>	<i>\$9.01</i>	<i>\$10.47</i>	<i>\$11.44</i>	<i>\$11.58</i>	<i>\$16.00</i>
Location	-0-	-0-	-0-	-0-	-0-
Access	(-)	-0-	-0-	(-)	(--)
Size	-0-	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-	-0-
Physical Characteristics	-0-	-0-	-0-	-0-	-0-
<i>Value Indicated to Subject Property/SF</i>	<i><\$9.01</i>	<i>±\$10.47</i>	<i>±\$11.44</i>	<i><\$11.58</i>	<i><\$16.00</i>

⁽¹⁾ Subject Property (platted area) – 35,900 Sq. Ft. (0.82 acres)

Comparable 1, located on the west side of Vanguard Drive south of Abbott Road near the intersection of Independence Drive, contains 1.10 acres and sold in January 2009 for a price of \$9.01 per sq. ft. It has been cleared and is suitable for development with a minimum of additional site preparation. All utilities were available. Independence Park Subdivision is a planned development that includes a mix of industrial, commercial and various types of residential uses. Compared to Lot 12A, Block 6, Comparable 1 is superior for access (not on a dead-end street), generally similar for most other attributes that relate to future development, and indicates a value that is less than \$9.01 per sq. ft.

Comparable 2, located on the east side of Sandalwood Place north of East Dimond Boulevard, contains 0.88 acre and sold in October 2008 for a price of \$10.47 per sq. ft. It has been cleared, improved with fill and is used for equipment storage, secured by a perimeter fence. All utilities were available. Sandalwood Place dead-ends one lot to the north. Compared to Lot 12A, Block 6, Comparable 2 is generally similar for most attributes that relate to future development, and indicates a value that is close to \$10.47 per sq. ft.

Comparable 3, located at the southwest corner of Dowling Road and B Street west of Old Seward Highway, contains 0.58 acre and sold in June 2008 for a price of \$11.35 per sq. ft. It has been cleared, improved with fill and is used for equipment storage, secured by a perimeter fence. All utilities were available. Dowling Road dead-ends near to the west along C Street right of way; exposure from, but no access to C Street. Compared to Lot 12A, Block 6, Comparable 3 is adjusted for time (only slightly for about one month), generally similar for most attributes that relate to future development, and indicates a value that is close to \$11.44 per sq. ft.

Comparable 4, located on the north side of 100th Avenue the second lot east of the Alaska Railroad mainline track through south Anchorage, contains 0.79 acre and sold in October 2008 for a price of \$11.58 per sq. ft. It has been cleared and is suitable for development with a minimum of additional site preparation; subdivided into smaller lots. All utilities were available. 100th Avenue, between Old Seward Highway and C Street (location of new Target store at the southeast corner of 100th Avenue and C Street), is a “hot” area of industrial and commercial development in recent years. Compared to Lot 12A, Block 6, Comparable 4 is superior for access (not on a dead-end street), generally similar for most other attributes that relate to future development, and indicates a value that is less than \$11.58 per sq. ft.

Comparable 5, located on the north side of 63rd Avenue on a loop that connects with Lake Otis Road to the east and Dowling Road to the north, contains 1.00 acre and sold in October 2008 for a price of \$16.00 per sq. ft. It has been cleared and is suitable for development with a minimum of additional site preparation. All utilities were available at the time of sale. This particular subdivision and others along Dowling Road have been developing steadily for industrial and commercial uses during the past 10-15 years. Compared to Lot 12A, Block 6, Comparable 5 is superior for access (not on a dead-end street), generally similar for most other attributes that relate to future development, and indicates a value that is less than \$16.00 per sq. ft.

RECONCILIATION AND CONCLUSION OF LAND VALUE

The comparables, when compared to the subject property in the foregoing analyses and with adjustments applied for various differences, both qualitative and quantitative, indicate the following values:

<u>Comparable</u>	<u>Value Per Sq. Ft. Indicated to Lot 12A, Block 6</u>
1	Less than \$9.01
2	Close to \$10.47
3	Close to \$11.44
4	Less than \$11.58
5	Less than \$16.00

The five comparables indicate values to the subject property ranging between an amount that is less than \$9.01 per sq. ft. and an amount that is less than \$16.00 per sq. ft.; a relatively wide range. Disregarding Comparable 5 for the moment for its significantly superior access and proximity to two major arterial roads, the range indicated by Comparables 1-4, between amounts that are less than \$9.01 per sq. ft. and less than \$11.58 per sq. ft., is much narrower. Comparables 2 and 3 are similar to the subject property for locations on dead-end streets; indicating values that are close to \$10.47 per sq. ft. and \$11.44 per sq. ft., respectively. If the various (+) and (-) adjustments are assigned an arbitrary 10% factor in order to quantify the adjusted indicated values, Comparables 1-5 would indicate a range of values between \$8.11 per sq. ft. and \$12.96 per sq. ft.; with a mean indicated value of \$10.68 per sq. ft. and median of \$10.47 per sq. ft. With emphasis on Comparables 2 and 3, which don't require any significant adjustments, and adequate support by the other three comparables, the current market value of Lot 12A, Block 6, not including tenant-owned site improvements, is estimated to be \$11.00 per sq. ft. Based on a market rental rate of 8%, **market rental value** is calculated to be **\$0.88 per sq. ft. per year**.

MARKET RENTAL VALUE OF PROPERTY

Market rental value of Lot 12A, Block 6 is calculated as follows:

Land Value: 35,900 Sq. Ft. @\$11.00 Per Sq. Ft.	\$394,900
State-owned Buildings and Site Improvements	<u>-0-</u>
Market Value of Property, As Vacant & Unimproved	\$394,900
Market Rental Rate (8%)	<u>x 0.08</u>
Current Market Rental Value of Property	\$ 31,592

Lot 2A, Block 4 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Westerly along Old International Airport Road; subject lot on left



Southwesterly of subject lot from Old International Airport Road

Lot 2A, Block 4 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Westerly along North Tug Road; subject lot on right



Northerly of subject lot from North Tug Road

LOT 2A, BLOCK 4 – 3488 Old International Airport Road

Shape, Size, and Area – Trapezoidal shape; basic dimensions are 288 feet along the south line, 706.65 feet along the west line and 670.34 feet along the east line; containing 198,284 sq. ft., or 4.55 acres (refer to the Property Plat for details)

Accessibility and Road Frontage – Unrestricted access for 290.04 feet along the south side of Old International Airport Road; also direct access along Taxiway K and North Tug Road for 288 feet on the south side of the lot

Topography, Soils Conditions, and Drainage – Level, at road and taxi-way grade; underlying soils are presumed to be well-drained sandy subsoils with some gravel (soils data not available); approximately 75% covered by buildings and pavement, 48,000± sq. ft. of gravel surface in southeast portion

Utilities – Water, sewer, natural gas, electricity and telephone services are available to the property.

Easements – None known

Present Use – Aircraft parking and servicing as part of Northern Air Cargo’s Anchorage operations

Zoning – Transition District does not specify either permitted or prohibited uses, but tends to be rezoned eventually to accommodate obvious uses, which for the subject property are predominantly oriented to light and heavy industrial zoning (outlined in the zoning data in the Addenda); generally precluding residential development and school buildings.

Aviation Use – The subject property is designated by the State of Alaska as “Aviation Use”, which relates primarily to development that is oriented to properties having direct access to the airport runway via taxiways. Specific uses for the subject lot are listed in the AK DOT&PF Memorandum in the Addenda.

Environmental Issues – No significant evidence of hazardous materials or soils contamination was observed during the onsite inspection.

Flood and Earthquake Concerns – None of the subject property is located within a designated flood zone. Anchorage is located in an area of Alaska that is known to be seismically active.

Real Property Improvements – Maintenance hanger/shop, warehouse/office buildings (41,961 sq. ft.), asphalt paving (100,000± sq. ft.), and security fencing (buildings data from M.O.A. records)

Specialty Items/Fixtures – None apparent

Assessed Value – The 2009 fee land value estimated by the assessor is \$10.00 per sq. ft. (Tax I.D. No. 010-371-14).

Highest and Best Use – Some type of commercial and/or light industrial use that takes advantage of its airport location, with direct taxiway access; limited, however to aviation use

Existing Lease

Lease No.: ADA-02293
 Lessee: Northern Air Cargo, Inc.
 Term: 55 years starting July 1, 1972
 Rent: \$17,845.56 per year, effective June 27, 2006; based on a lot size of 198,284 sq. ft. at the current aviation rate of \$0.09/SF/Yr.

Comparables Analyses

COMPARABLES ADJUSTMENT GRID – LOT 2A, BLOCK 4

<u>Comparable No.</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
Sale Date	9/05	7/05	6/09	9/06	5/05
Size (Acres) ⁽¹⁾	3.71	4.76	4.68	4.02	3.45
Price/SF	\$7.98	\$9.64	\$9.80	\$11.98	\$13.52
Property Rights	-0-	-0-	-0-	-0-	-0-
Financing Terms	-0-	-0-	-1.47 ⁽²⁾	-0-	-0-
Conditions of Sale	-0-	-0-	-0-	-0-	-0-
Market Conditions	+2.26	+2.89	-0-	+2.20	+4.28
<i>Adjusted Price/SF</i>	<i>\$10.24</i>	<i>\$12.53</i>	<i>\$8.33</i>	<i>\$14.18</i>	<i>\$17.80</i>
Location	-0-	-0-	-0-	-0-	-0-
Access	(+)	(+)	(+)	(+)	-0-
Size	-0-	-0-	-0-	-0-	-0-
Utilities	-0-	(+)	-0-	-0-	-0-
Physical Characteristics	-0-	(+)	-0-	-0-	(-)
Aviation Use Designation	-2.56	-3.13	-2.08	-3.54	-4.45
<i>Value Indicated to Subject Property/SF</i>	<i>>\$7.68</i>	<i>>\$9.40</i>	<i>>\$6.25</i>	<i>>\$10.64</i>	<i><\$13.35</i>

(1) Subject Property (platted area) – 198,284 Sq. Ft. (4.55 acres)

(2) Listing is discounted an estimated 15%, considering current market conditions

Comparable 6, located between Hartzell Road and Petersburg Street on the south side of undeveloped 79th Avenue, contains 3.71 acres and sold in September 2005 for a price of \$7.98 per sq. ft. It is currently used for heavy equipment storage. All utilities were available at the time of sale. Hartzell Road and Petersburg Street are both paved. Compared to Lot 2A, Block 4, Comparable 6 is adjusted for market conditions, inferior for arterial access, generally similar for most other attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$7.68 per sq. ft.

Comparable 7, located at the southwest corner of King Street and 104th Avenue, contains 4.76 acres and sold in July 2005 for a price of \$9.64 per sq. ft. Gravel surfaced King Street (south of 100th Avenue) dead-ends at 104th, which is an unfinished gravel trail to the west. It is currently used for equipment servicing and storage. Public sewer is not available. Compared to Lot 2A, Block 4, Comparable 7 is adjusted for market conditions, inferior for access, availability of sewer service and physical characteristics (required substantial site preparation), adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$9.40 per sq. ft.

Comparable 8, located at the southeast corner of C Street and 87th Avenue adjacent to the south of the Dimond Costco store, contains 4.68 acres and is currently listed for a price of \$9.80 per sq. ft. It is effectively vacant (assessed value of roof structure is \$20,000). All utilities are available. The property has exposure from C Street, but does not have direct access; 87th Avenue is an unimproved gravel trail from King Street. The site has been improved with fill and appears suitable for development with a minimum of additional site preparation. Compared to Lot 2A, Block 4, Comparable 8 is adjusted for its status as a listing, inferior for access, generally similar for most other attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$6.25 per sq. ft.

Comparable 9, located on the east side of Toloff Street between East Dimond Boulevard and East 88th Avenue, contains 4.02 acres and sold in September 2006 for a price of \$11.98 per sq. ft. It has been subsequently developed with condominium vehicle garages. All utilities were available at the time of sale. The immediate neighborhood that is oriented to Abbott Road and 88th Avenue is a “hot” area of industrial and commercial development in recent years; including Home Depot and Carrs/Safeway stores on the properties to the west across Toloff Street from Comparable 9. Compared to Lot 2A, Block 4, Comparable 9 is adjusted for market conditions, inferior for arterial access, generally similar for most other attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$10.64 per sq. ft.

Comparable 10, located on the north side of East International Airport Road the second property west of the southbound frontage road for New Seward Highway, contains 3.45 acres and sold in May 2005 for a price of \$13.52 per sq. ft. It has direct frontage along East International Airport Road and fronts along the Campbell Creek Greenbelt on its west and north boundaries. All utilities were available at the time of sale. The property has been developed with an office building for Aleutian Pribilof Islands Association. Nearby development includes office buildings, Alaska Wildberry Products main store and Sourdough Mining Company restaurant. Compared to Lot 2A, Block 4, Comparable 10 is adjusted for market conditions, superior for greenbelt frontage/access, generally similar for most other attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is less than \$13.35 per sq. ft.

RECONCILIATION AND CONCLUSION OF LAND VALUE

The comparables, when compared to the subject property in the foregoing analyses and with adjustments applied for various differences, both qualitative and quantitative, indicate the following values:

<u>Comparable</u>	<u>Value Per Sq. Ft. Indicated to Lot 2A, Block 4</u>
6	Higher than \$7.68
7	Higher than \$9.40
8	Higher than \$6.25
9	Higher than \$10.64
10	Less than \$13.35

The five comparables indicate values to the subject property ranging between an amount that is higher than \$6.25 per sq. ft. and an amount that is less than \$13.35 per sq. ft.; a relatively wide range. Disregarding Comparable 10 for the moment for its proximity to Campbell Creek Greenbelt, the range indicated by Comparables 6-9, between amounts that are higher than \$6.25 per sq. ft. and higher than \$10.64 per sq. ft., is narrower. Comparables 6 and 9 are similar to the subject property for potential for development; indicating values that are higher than \$7.68 per sq. ft. and \$10.64 per sq. ft., respectively. If the various (+) and (-) adjustments are assigned an arbitrary 10% factor in order to quantify the adjusted indicated values, Comparables 6-10 would indicate a range of values between \$6.88 per sq. ft. and \$12.51 per sq. ft.; with a mean indicated value of \$10.31 per sq. ft. and median of \$11.70 per sq. ft. With emphasis on Comparables 6 and 9, which don't require any significant adjustments, and adequate support by the other three comparables, the current market value of Lot 2A, Block 4, not including tenant-owned site improvements, is estimated to be \$10.00 per sq. ft. Based on a market rental rate of 8%, **market rental value** is calculated to be **\$0.80 per sq. ft. per year**.

MARKET RENTAL VALUE OF PROPERTY

Market rental value of Lot 2A, Block 4 is calculated as follows:

Land Value: 198,284 Sq. Ft. @\$10.00 Per Sq. Ft.	\$1,982,840
State-owned Buildings and Site Improvements	<u>-0-</u>
Market Value of Property, As Vacant & Unimproved	\$1,982,840
Market Rental Rate (8%)	<u>x 0.08</u>
Current Market Rental Value of Property	\$ 158,627

Lot 2, Block 3 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Westerly along Old International Airport Road; subject lot on left



Southwesterly of subject lot from Old International Airport Road

Lot 2, Block 3 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Westerly along North Tug Road; subject lot on right



Northwesterly of subject lot from intersection of North Tug Road and Taxiway B

LOT 2, BLOCK 3 – 3900 Old International Airport Road

Shape, Size, and Area – Rectangle shape; basic dimensions are 469.39 feet along the north and south lines, and 750.6 feet along the east and west lines; containing 352,333.52 sq. ft., or 8.09 acres (refer to the Property Plat for details)

Accessibility and Road Frontage – Unrestricted access for 469.39 feet along the south side of Old International Airport Road; also direct access along Taxiway K and North Tug Road for 469.39 feet on the south side of the lot

Topography, Soils Conditions, and Drainage – Level, at road and taxi-way grade; underlying soils are presumed to be well-drained sandy subsoils with some gravel (soils data not available); mostly covered by buildings and pavement

Utilities – Water, sewer, natural gas, electricity and telephone services are available to the property.

Easements – None known

Present Use – Aircraft parking and servicing as part of Northern Air Cargo’s Anchorage operations

Zoning – Transition District does not specify either permitted or prohibited uses, but tends to be rezoned eventually to accommodate obvious uses, which for the subject property are predominantly oriented to light and heavy industrial zoning (outlined in the zoning data in the Addenda); generally precluding residential development and school buildings.

Aviation Use – The subject property is designated by the State of Alaska as “Aviation Use”, which relates primarily to development that is oriented to properties having direct access to the airport runway via taxiways. Specific uses for the subject lot are listed in the AK DOT&PF Memorandum in the Addenda.

Environmental Issues – No significant evidence of hazardous materials or soils contamination was observed during the onsite inspection.

Flood and Earthquake Concerns – None of the subject property is located within a designated flood zone. Anchorage is located in an area of Alaska that is known to be seismically active.

Real Property Improvements – Maintenance hanger/shop, warehouse/office buildings (28,577 sq. ft.), 1,065± sq. ft. of heavy-duty concrete for aircraft parking pads, asphalt paving (150,000± sq. ft.), and security fencing (buildings and pavement data from M.O.A. records)

Specialty Items/Fixtures – None apparent

Assessed Value – The 2009 fee land value estimated by the assessor is \$10.00 per sq. ft. (Tax I.D. No. 010-381-26).

Highest and Best Use – Some type of commercial and/or light industrial use that takes advantage of its airport location, with direct taxiway access; limited, however to aviation use

Existing Lease

Lease No.: ADA-03971
 Lessee: Northern Air Cargo, Inc.
 Term: 55 years starting July 1, 1980
 Rent: \$31,710.00 per year, effective July 2003; based on a lot size of 352,333.52 sq. ft. at the current aviation-use rate of \$0.09/SF/Yr.

Comparables Analyses

COMPARABLES ADJUSTMENT GRID – LOT 2, BLOCK 3

<u>Comparable No.</u>	<u>6</u>	<u>9</u>	<u>11</u>	<u>12</u>	<u>13</u>
Sale Date	9/05	9/06	9/08	6/09	6/09
Size (Acres) ⁽¹⁾	3.71	4.02	8.57	9.18	9.32
Price/SF	\$7.98	\$11.98	\$9.51	\$11.50	\$12.32
Property Rights	-0-	-0-	-0-	-0-	-0-
Financing Terms	-0-	-0-	-0-	-1.72 ⁽²⁾	-1.85 ⁽²⁾
Conditions of Sale	-0-	-0-	-0-	-0-	-0-
Market Conditions	+2.26	+2.20	-0-	-0-	-0-
<i>Adjusted Price/SF</i>	<i>\$10.24</i>	<i>\$14.18</i>	<i>\$9.51</i>	<i>\$9.78</i>	<i>\$10.47</i>
Location	-0-	-0-	-0-	-0-	-0-
Access	(+)	(+)	(+)	(+)	(+)
Size	(-)	(-)	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-	(+)
Physical Characteristics	-0-	-0-	-0-	(++)	-0-
Aviation Use Designation	-2.56	-3.54	-2.38	-2.44	-2.62
<i>Value Indicated to Subject Property/SF</i>	<i>±\$7.68</i>	<i>±\$10.64</i>	<i>>\$7.13</i>	<i>>\$7.34</i>	<i>>\$7.85</i>

⁽¹⁾ Subject Property (platted area) – 352,333.52 Sq. Ft. (8.09 acres)

⁽²⁾ Listing is discounted an estimated 15%, considering current market conditions

Comparable 6, located between Hartzell Road and Petersburg Street on the south side of undeveloped 79th Avenue, contains 3.71 acres and sold in September 2005 for a price of \$7.98 per sq. ft. It is currently used for heavy equipment storage. All utilities were available at the time of sale. Hartzell Road and Petersburg Street are both paved. Compared to Lot 2, Block 3, Comparable 6 is adjusted for market conditions and size, inferior for arterial access, generally similar for most other attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is close to \$7.68 per sq. ft.

Comparable 9, located on the east side of Toloff Street between East Dimond Boulevard and East 88th Avenue, contains 4.02 acres and sold in September 2006 for a price of \$11.98 per sq. ft. It has been subsequently developed with condominium vehicle garages. All utilities were available at the time of sale. The immediate neighborhood that is oriented to Abbott Road and 88th Avenue is a “hot” area of industrial and commercial development in recent years; including Home Depot and Carrs/Safeway stores on the properties to the west across Toloff Street from Comparable 9.

Compared to Lot 2, Block 3, Comparable 9 is adjusted for market conditions and size, inferior for arterial access, generally similar for most other attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is close to \$10.64 per sq. ft.

Comparable 11, located on the east side of Hartzell Road between Lore Road and 79th Avenue, contains 8.57 acres and sold in September 2008 for a price of \$9.51 per sq. ft. It is currently used for vehicles storage. All utilities were available. Lore Road and Hartzell Road are both paved, with a sidewalk, street lighting and storm drains along Hartzell Road. Compared to Lot 2, Block 3, Comparable 11 is inferior for arterial access, generally similar for most other attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$7.13 per sq. ft.

Comparable 12, located on the east side of King Street opposite 91st Avenue, contains 9.18 acres and is currently listed for a price of \$11.50 per sq. ft. It has been cleared and appears to be ready for removal of substantial peat overburden before improving with soils that are suitable for industrial development. All utilities are available. Compared to Lot 2, Block 3, Comparable 12 is adjusted for its status as a listing, inferior for access and physical characteristics, adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$7.34 per sq. ft.

Comparable 13, located at the east end of Peninsula Circle in the southeast quadrant, contains 9.32 acres and is currently listed for a price of \$12.32 per sq. ft. The east property line fronts along Johns Road. It has perimeter fencing and is currently used for secure storage of vehicles and materials. All utilities, except public sewer, are available to the property; no plans by the Municipality of Anchorage to extend sewer to the property in the near future. Compared to Lot 2, Block 3, Comparable 13 is adjusted for its status as a listing, inferior for access and availability of sewer, adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$7.85 per sq. ft.

RECONCILIATION AND CONCLUSION OF LAND VALUE

The comparables, when compared to the subject property in the foregoing analyses and with adjustments applied for various differences, both qualitative and quantitative, indicate the following values:

<u>Comparable</u>	<u>Value Per Sq. Ft. Indicated to Lot 2, Block 3</u>
6	Close to \$7.68
9	Close to \$10.64
11	Higher than \$7.13
12	Higher than \$7.34
13	Higher than \$7.85

The five comparables indicate values to the subject property ranging between an amount that is higher than \$7.13 per sq. ft. and an amount that is close to \$10.64 per sq. ft.; a moderately wide range. Adjusting Comparables 6 and 9 for size (close to 4 acres) compared to the subject property (8.09 acres) may not be appropriate (not sufficient market evidence to determine for sure); thus the indicated values for these two comparables might be somewhat higher. Less emphasis is given to Comparables 12 and 13 current listings with asking prices which tend to establish upper limits for such properties. Comparables 6 and 9 are similar to the subject property for potential for development; indicating values that are close to, or possibly higher than, \$7.68 per sq. ft. and \$10.64 per sq. ft., respectively. If the various (+) and (-) adjustments are assigned an arbitrary 10% factor in order to quantify the adjusted indicated values, Comparables 6, 9 and 11-13 would indicate a range of values between \$7.68 per sq. ft. and \$10.64 per sq. ft.; with a mean indicated value of \$9.09 per sq. ft. and median of \$9.50 per sq. ft. With emphasis on Comparables 6 and 9, which don't require any significant adjustments, and adequate support by the other three comparables, the current market value of Lot 2, Block 3, not including tenant-owned site improvements, is estimated to be \$9.50 per sq. ft.; somewhat less per sq. ft. than the value estimated for Lot 2A, Block 4 (\$10.00 per sq. ft.) due to size difference. Based on a market rental rate of 8%, **market rental value** is calculated to be **\$0.76 per sq. ft. per year**.

MARKET RENTAL VALUE OF PROPERTY

Market rental value of Lot 2, Block 3 is calculated as follows:

Land Value: 352,333.52 Sq. Ft. @\$9.50 Per Sq. Ft.	\$3,347,168
State-owned Buildings and Site Improvements	<u>-0-</u>
Market Value of Property, As Vacant & Unimproved	\$3,347,168
Market Rental Rate (8%)	<u>x</u> 0.08
Current Market Rental Value of Property	\$ 267,773

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468. TITLE	...
469. SCALE	...
470. PROJECT LOCATION	...
471. CLIENT	...
472. DESIGNER	...
473. CONTRACT NO.	...
474. PROJECT NO.	...
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503. PROJECT LOCATION	...
504. CLIENT	...
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506. CONTRACT NO.	...
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512. TITLE	...
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514. PROJECT LOCATION	...
515. CLIENT	...
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517. CONTRACT NO.	...
518. PROJECT NO.	...
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521. DRAWN BY	...
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523. TITLE	...
524. SCALE	...
525. PROJECT LOCATION	...
526. CLIENT	...
527. DESIGNER	...
528. CONTRACT NO.	...
529. PROJECT NO.	...
530. SHEET NO.	...
531. DATE	...
532. DRAWN BY	...
533. CHECKED BY	...
534. TITLE	...
535. SCALE	...
536. PROJECT LOCATION	...
537. CLIENT	...
538. DESIGNER	...
539. CONTRACT NO.	...
540. PROJECT NO.	...
541. SHEET NO.	...
542. DATE	...
543. DRAWN BY	...
544. CHECKED BY	...
545. TITLE	...
546. SCALE	...
547. PROJECT LOCATION	...
548. CLIENT	...
549. DESIGNER	...
550. CONTRACT NO.	...
551. PROJECT NO.	...
552. SHEET NO.	...
553. DATE	...
554. DRAWN BY	...
555. CHECKED BY	...
556. TITLE	...
557. SCALE	...
558. PROJECT LOCATION	...
559. CLIENT	...
560. DESIGNER	...
561. CONTRACT NO.	...
562. PROJECT NO.	...
563. SHEET NO.	...
564. DATE	...
565. DRAWN BY	...
566. CHECKED BY	...
567. TITLE	...
568. SCALE	...
569. PROJECT LOCATION	...
570. CLIENT	...
571. DESIGNER	...
572. CONTRACT NO.	...
573. PROJECT NO.	...
574. SHEET NO.	...
575. DATE	...
576. DRAWN BY	...
577. CHECKED BY	...
578. TITLE	...
579. SCALE	...
580. PROJECT LOCATION	...
581. CLIENT	...
582. DESIGNER	...
583. CONTRACT NO.	...
584. PROJECT NO.	...
585. SHEET NO.	...
586. DATE	...
587. DRAWN BY	...
588. CHECKED BY	...
589. TITLE	...
590. SCALE	...
591. PROJECT LOCATION	...
592. CLIENT	...
593. DESIGNER	...
594. CONTRACT NO.	...
595. PROJECT NO.</	

Lot 8A, Block 5 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



East along Old International Airport Road; subject lot on left



Northeasterly from a point near the southwest corner of the subject lot

Lot 8A, Block 5 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Northerly from Old International Airport Road of easterly portion of subject lot



Easterly along Alaska Railroad Airport Spur Line Track; subject lot on right

LOT 8A, BLOCK 5 – 4001 Old International Airport Road

Shape, Size, and Area – Basically rectangular shape; basic dimensions are 449.94 feet along the north and south lines and 222 feet along the east and west lines; containing 99,886.68 sq. ft., or 2.29 acres (refer to the Property Plat for details)

Accessibility and Road Frontage – Unrestricted access for 449.94 feet along the north side of Old International Airport Road; 449.94 feet frontage also along the south right of way line of the Alaska Railroad airport spur track, no direct rail access however

Topography, Soils Conditions, and Drainage – Level, at road grade; underlying soils are presumed to be well-drained sandy subsoils with some gravel (soils data not available); mostly covered by a building and pavement

Utilities – Water, sewer, natural gas, electricity and telephone services are available to the property.

Easements – None known

Present Use – International Freight Terminal; tenants include Air Land Transport (air freight forwarding business) and WPX (delivery business)

Zoning – Transition District does not specify either permitted or prohibited uses, but tends to be rezoned eventually to accommodate obvious uses, which for the subject property are predominantly oriented to light and heavy industrial zoning (outlined in the zoning data in the Addenda); generally precluding residential development and school buildings.

Auxiliary Use – The subject property is designated by the State of Alaska as “Auxiliary Use”, which basically is a non-aviation land use category that is less restrictive than the Aviation Use category. Specific uses for the subject lot are listed in the AK DOT&PF Memorandum in the Addenda.

Environmental Issues – No significant evidence of hazardous materials or soils contamination was observed during the onsite inspection.

Flood and Earthquake Concerns – None of the subject property is located within a designated flood zone. Anchorage is located in an area of Alaska that is known to be seismically active.

Real Property Improvements – Warehouse spaces/offices building (35,744 sq. ft.), asphalt paving (51,680 sq. ft.), and 4,645 sq. ft. of concrete paving (data from M.O.A. records)

Specialty Items/Fixtures – None apparent

Assessed Value – The 2009 fee land value estimated by the assessor is \$8.00 per sq. ft. (Tax I.D. No. 010-291-31).

Highest and Best Use – Some type of commercial and/or light industrial use that takes advantage of its airport location; not limited to aviation use only

Existing Lease

Lease No.: ADA-04906
 Lessee: International Freight Terminal, LLC
 Term: 40 years starting May 1, 1982
 Rent: \$20,165.92 per year, effective May 1, 1983; based on a sealed bid of \$19,554.00 for the original size of 92,237 sq. ft. (\$0.212/SF/Yr.) plus \$611.92 for an additional 7,648.98 sq. ft., at the 1983 non-aviation rate of \$0.08/SF/Yr.

Comparables Analyses

COMPARABLES ADJUSTMENT GRID – LOT 8A, BLOCK 5

<u>Comparable No.</u>	<u>1</u>	<u>5</u>	<u>6</u>	<u>9</u>	<u>10</u>
Sale Date	1/09	10/08	9/05	9/06	5/05
Size (Acres) ⁽¹⁾	1.10	1.00	3.71	4.02	3.45
Price/SF	\$9.01	\$16.00	\$7.98	\$11.98	\$13.52
Property Rights	-0-	-0-	-0-	-0-	-0-
Financing Terms	-0-	-0-	-0-	-0-	-0-
Conditions of Sale	-0-	-0-	-0-	-0-	-0-
Market Conditions	-0-	-0-	+2.26	+2.20	+4.28
<i>Adjusted Price/SF</i>	<i>\$9.01</i>	<i>\$16.00</i>	<i>\$10.24</i>	<i>\$14.18</i>	<i>\$17.80</i>
Location	-0-	-0-	-0-	-0-	-0-
Access	(+)	-0-	(+)	(+)	-0-
Size	(-)	(-)	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-	-0-
Physical Characteristics	-0-	-0-	-0-	-0-	(-)
<i>Value Indicated to Subject Property/SF</i>	<i>±\$9.01</i>	<i><\$16.00</i>	<i>>\$10.24</i>	<i>>\$14.18</i>	<i><\$17.80</i>

⁽¹⁾ Subject Property (platted area) – 99,886.68 Sq. Ft. (2.29 acres)

Comparable 1, located on the west side of Vanguard Drive south of Abbott Road near the intersection of Independence Drive, contains 1.10 acres and sold in January 2009 for a price of \$9.01 per sq. ft. It has been cleared and is suitable for development with a minimum of additional site preparation. All utilities were available at the time of sale. Independence Park Subdivision is a planned development that includes a mix of industrial, commercial and various types of residential uses. Compared to Lot 8A, Block 5, Comparable 1 is adjusted for size, inferior for arterial access, generally similar for most other attributes that relate to future development, and indicates a value that is close to \$9.01 per sq. ft.

Comparable 5, located on the north side of 63rd Avenue on a loop that connects with Lake Otis Road to the east and Dowling Road to the north, contains 1.00 acre and sold in October 2008 for a price of \$16.00 per sq. ft. It has been cleared and is suitable for development with a minimum of additional site preparation. All utilities were available at the time of sale. This particular subdivision and others along Dowling Road have been developing steadily for industrial and commercial uses during the past 10-15 years. Compared to Lot 8A, Block 5, Comparable 5 is adjusted for size, generally similar for most other attributes that relate to future development including access, and indicates a value that is less than \$16.00 per sq. ft.

Comparable 6, located between Hartzell Road and Petersburg Street on the south side of undeveloped 79th Avenue, contains 3.71 acres and sold in September 2005 for a price of \$7.98 per sq. ft. It is currently used for heavy equipment storage. All utilities were available at the time of sale. Hartzell Road and Petersburg Street are both paved. Compared to Lot 8A, Block 5, Comparable 6 is adjusted for market conditions, inferior for arterial access, generally similar for most other attributes that relate to future development, and indicates a value that is higher than \$10.24 per sq. ft.

Comparable 9, located on the east side of Toloff Street between East Dimond Boulevard and East 88th Avenue, contains 4.02 acres and sold in September 2006 for a price of \$11.98 per sq. ft. It has been subsequently developed with condominium vehicle garages. All utilities were available at the time of sale. The immediate neighborhood that is oriented to Abbott Road and 88th Avenue is a “hot” area of industrial and commercial development in recent years; including Home Depot and Carrs/Safeway stores on the properties to the west across Toloff Street from Comparable 9. Compared to Lot 8A, Block 5, Comparable 9 is adjusted for market conditions, inferior for arterial access, generally similar for most other attributes that relate to future development, and indicates a value that is higher than \$14.18 per sq. ft.

Comparable 10, located on the north side of East International Airport Road the second property west of the southbound frontage road for New Seward Highway, contains 3.45 acres and sold in May 2005 for a price of \$13.52 per sq. ft. It has direct frontage along East International Airport Road and fronts along the Campbell Creek Greenbelt on its west and north boundaries. All utilities were available at the time of sale. The property has been developed with an office building for Aleutian Pribilof Islands Association. Nearby development includes office buildings, Alaska Wildberry Products main store and Sourdough Mining Company restaurant. Compared to Lot 8A, Block 5, Comparable 10 is adjusted for market conditions, superior for greenbelt frontage/access, generally similar for most other attributes that relate to future development, and indicates a value that is less than \$17.80 per sq. ft.

RECONCILIATION AND CONCLUSION OF LAND VALUE

The comparables, when compared to the subject property in the foregoing analyses and with adjustments applied for various differences, both qualitative and quantitative, indicate the following values:

<u>Comparable</u>	<u>Value Per Sq. Ft. Indicated to Lot 8A, Block 5</u>
1	Close to \$9.01
5	Less than \$16.00
6	Higher than \$10.24
9	Higher than \$14.18
10	Less than \$17.80

The five comparables indicate values to the subject property ranging between an amount that is close to \$9.01 per sq. ft. and an amount that is less than \$17.80 per sq. ft.; a relatively wide range. Disregarding Comparable 5 for the moment for its proximity to Campbell Creek Greenbelt, the range indicated by Comparables 1-4, between amounts that are close to \$9.01 per sq. ft. and less than \$16.00 per sq. ft., is somewhat narrower. Comparables 6 and 9 are similar to the subject property for potential for development; indicating values that are higher than \$10.24 per sq. ft. and higher than \$14.18 per sq. ft., respectively. If the various (+) and (-) adjustments are assigned an arbitrary 10% factor in order to quantify the adjusted indicated values, Comparables 1, 5, 6, 9 and 10 would indicate a range of values between \$9.01 per sq. ft. and \$16.02 per sq. ft.; with a mean indicated value of \$13.26 per sq. ft. and median of \$14.40 per sq. ft. With emphasis on Comparables 6 and 9, and adequate support by the other three comparables, the current market value of Lot 8A, Block 5, not including tenant-owned site improvements, is estimated to be \$13.00 per sq. ft. With respect to consistency between values of other tracts along Old International Airport Road, adjusting the estimated values of Lot 2A, Block 4 (\$10.00 per sq. ft.) and Lot 2, Block 3 (\$9.50 per sq. ft.) by a factor of 1.33x (reciprocal of adjustment for aviation use only properties of -25%) results in comparative values of \$13.33 and \$12.67 per sq. ft., respectively. Based on a market rental rate of 8%, **market rental value** of Lot 8A, Block 5 is calculated to be **\$1.04 per sq. ft. per year**.

MARKET RENTAL VALUE OF PROPERTY

Market rental value of Lot 8A, Block 5 is calculated as follows:

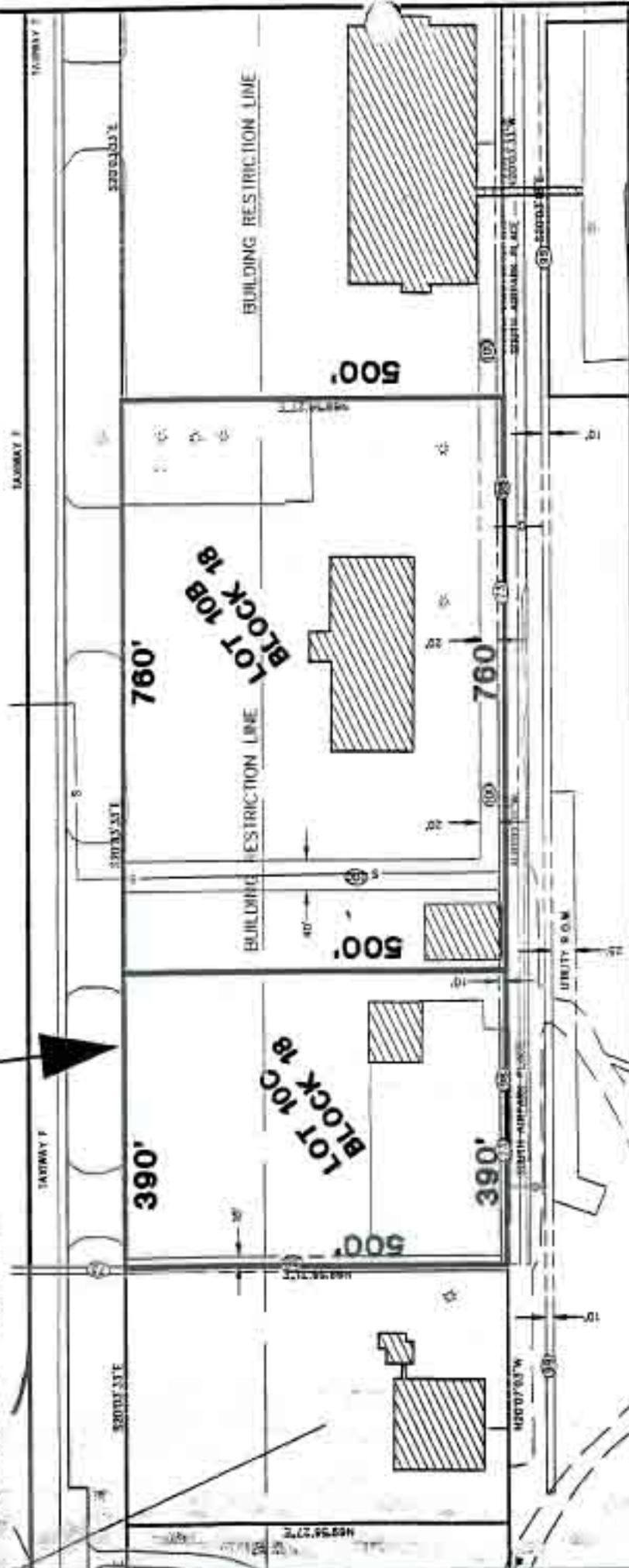
Land Value: 99,886.68 Sq. Ft. @\$13.00 Per Sq. Ft.	\$1,298,527
State-owned Buildings and Site Improvements	<u>-0-</u>
Market Value of Property, As Vacant & Unimproved	\$1,298,527
Market Rental Rate (8%)	<u>x</u> 0.08
Current Market Rental Value of Property	\$ 103,882

NOTE:

BOUNDARIES ARE APPROXIMATE WITH RESPECT TO HORIZONTAL POSITIONING. THIS HAS NO HORIZONTAL SURVEY CONTROL CURRENTLY AND IS BEING PRESENTED AS AN APPROXIMATE REPRESENTATION ONLY. THE AREA IS CORRECT WITH REGARDS TO IT'S AREA AND BOUNDARY LINE DIMENSIONS ONLY. WHEN SURVEY CONTROL DATA IS OBTAINED THIS WILL BE CORRECTED TO REFLECT SUCH ADDITIONAL DATA.
ALBERT L. SWANK JR. 4-1-1996

ADA 30804

195,000 Sq. Ft.



	 SCALE IN FEET 0 100 200	STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  Anchorage International Airport	EXHIBIT A ADA NO: 30804 EXHIBIT DATE: 9-16-1996	SHEET 1 of 1
				DRAFTED: <i>[Signature]</i> CHECKED: <i>[Signature]</i> APPROVED: <i>[Signature]</i>

Lot 10C, Block 18 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Northerly along South Airpark Place; subject lot on right



Easterly of southerly portion of subject lot

Lot 10C, Block 18 – Ted Stevens Anchorage International Airport
By Alan G. Olson – May 20, 2009



Northerly along Taxiway F; subject lot on left



Westerly of subject lot from Taxiway F

LOT 10C, BLOCK 18 – 6231 South Airpark Place

Shape, Size, and Area – Rectangle shape; dimensions are 390 feet along the west and east lines and 500 feet along the north and south lines; containing 195,000 sq. ft., or 4.48 acres (refer to the Property Plat for details)

Accessibility and Road Frontage – Unrestricted access for 390 feet along the east side of South Airpark Place; also direct access for 390 feet along Taxiway F along the east side of the lot

Topography, Soils Conditions, and Drainage – Level, at road and taxi-way grade; underlying soils are presumed to be well-drained sandy subsoils with some gravel (soils data not available); the lot is mostly covered by buildings and pavement; a very small unpaved area is located in the southwest portion

Utilities – Water, sewer, natural gas, electricity and telephone services are available to the property.

Easements – None known

Present Use – Aircraft parking and servicing as one of Signature Flight Support’s Anchorage operations

Zoning – Light Industrial District is intended primarily for urban and suburban light manufacturing, processing, storage, wholesaling and distribution operations, but also permits limited commercial uses (outlined in the zoning data in the Addenda); generally precluding residential development and school buildings.

Aviation Use – The subject property is designated by the State of Alaska as “Aviation Use”, which relates primarily to development that is oriented to properties having direct access to the airport runway via taxiways. Specific uses for the subject lot are listed in the AK DOT&PF Memorandum in the Addenda.

Environmental Issues – No significant evidence of hazardous materials or soils contamination was observed during the onsite inspection.

Flood and Earthquake Concerns – None of the subject property is located within a designated flood zone. Anchorage is located in an area of Alaska that is known to be seismically active.

Real Property Improvements – Maintenance hanger/shop, warehouse/office building (33,100 sq. ft.), asphalt paving (35,000 sq. ft.), concrete paving (699 sq. ft.), underground fuel storage, and security fencing (data from M.O.A. records)

Specialty Items/Fixtures – Underground fuel storage

Assessed Value – The 2009 fee land value estimated by the assessor is \$10.00 per sq. ft. (Tax I.D. No. 011-041-18).

Highest and Best Use – Some type of commercial and/or light industrial use that takes advantage of its airport location, with direct taxiway access; limited, however to aviation use

Existing Lease

Lease No.: ADA-30804
 Lessee: Signature Flight Support Corporation
 Term: 55 years starting December 1, 1980
 Rent: \$17,550.00 per year, effective July 2003; based on a lot size of 195,000 sq. ft. at the current aviation rate of \$0.09/SF/Yr.

Comparables Analyses

COMPARABLES ADJUSTMENT GRID – LOT 10C, BLOCK 18

<u>Comparable No.</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
Sale Date	9/05	7/05	6/09	9/06	5/05
Size (Acres) ⁽¹⁾	3.71	4.76	4.68	4.02	3.45
Price/SF	\$7.98	\$9.64	\$9.80	\$11.98	\$13.52
Property Rights	-0-	-0-	-0-	-0-	-0-
Financing Terms	-0-	-0-	-1.47 ⁽²⁾	-0-	-0-
Conditions of Sale	-0-	-0-	-0-	-0-	-0-
Market Conditions	+2.26	+2.89	-0-	+2.20	+4.28
<i>Adjusted Price/SF</i>	<i>\$10.24</i>	<i>\$12.53</i>	<i>\$8.33</i>	<i>\$14.18</i>	<i>\$17.80</i>
Location	-0-	-0-	-0-	-0-	-0-
Access	-0-	(+)	(+)	-0-	(-)
Size	-0-	-0-	-0-	-0-	-0-
Utilities	-0-	(+)	-0-	-0-	-0-
Physical Characteristics	-0-	(+)	-0-	-0-	(-)
Aviation Use Designation	-2.56	-3.13	-2.08	-3.54	-4.45
<i>Value Indicated to Subject Property/SF</i>	<i>±\$7.68</i>	<i>>\$9.40</i>	<i>>\$6.25</i>	<i>±\$10.64</i>	<i><\$13.35</i>

⁽¹⁾ Subject Property (platted area) – 195,000 Sq. Ft. (4.48 acres)

⁽²⁾ Listing is discounted an estimated 15%, considering current market conditions

Comparable 6, located between Hartzell Road and Petersburg Street on the south side of undeveloped 79th Avenue, contains 3.71 acres and sold in September 2005 for a price of \$7.98 per sq. ft. It is currently used for heavy equipment storage. All utilities were available at the time of sale. Hartzell Road and Petersburg Street are both paved. Compared to Lot 10C, Block 18, Comparable 6 is adjusted for market conditions, generally similar for most attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is close to \$7.68 per sq. ft.

Comparable 7, located at the southwest corner of King Street and 104th Avenue, contains 4.76 acres and sold in July 2005 for a price of \$9.64 per sq. ft. Gravel surfaced King Street (south of 100th Avenue) dead-ends at 104th, which is an unfinished gravel trail to the west. It is currently used for equipment servicing and storage. Public sewer is not available. Compared to Lot 10C, Block 18, Comparable 7 is adjusted for market conditions, inferior for quality of access, availability of sewer service and physical characteristics (substantial site preparation), adjusted to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$9.40 per sq. ft.

Comparable 8, located at the southeast corner of C Street and 87th Avenue adjacent to the south of the Dimond Costco store, contains 4.68 acres and is currently listed for a price of \$9.80 per sq. ft. It is effectively vacant (assessed value of roof structure is \$20,000). All utilities are available. The property has exposure from C Street, but does not have direct access; 87th Avenue is an unimproved gravel trail from King Street. The site has been improved with fill and appears suitable for development with a minimum of additional site preparation. Compared to Lot 10C, Block 18, Comparable 8 is adjusted for its status as a listing, inferior for quality of access, generally similar for most attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is higher than \$6.25 per sq. ft.

Comparable 9, located on the east side of Toloff Street between East Dimond Boulevard and East 88th Avenue, contains 4.02 acres and sold in September 2006 for a price of \$11.98 per sq. ft. It has been subsequently developed with condominium vehicle garages. All utilities were available at the time of sale. The immediate neighborhood that is oriented to Abbott Road and 88th Avenue is a “hot” area of industrial and commercial development in recent years; including Home Depot and Carrs/Safeway stores on the properties to the west across Toloff Street from Comparable 9. Compared to Lot 10C, Block 18, Comparable 9 is adjusted for market conditions, generally similar for most attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is close to \$10.64 per sq. ft.

Comparable 10, located on the north side of East International Airport Road the second property west of the southbound frontage road for New Seward Highway, contains 3.45 acres and sold in May 2005 for a price of \$13.52 per sq. ft. It has direct frontage along East International Airport Road and fronts along the Campbell Creek Greenbelt on its west and north boundaries. All utilities were available at the time of sale. The property has been developed with an office building for Aleutian Pribilof Islands Association. Nearby development includes office buildings, Alaska Wildberry Products main store and Sourdough Mining Company restaurant. Compared to Lot 10C, Block 18, Comparable 10 is adjusted for market conditions, superior for arterial road access and greenbelt frontage/access, generally similar for most other attributes that relate to future development other than an adjustment to reflect aviation use limitation for the subject property, and indicates a value that is less than \$13.35 per sq. ft.

RECONCILIATION AND CONCLUSION OF LAND VALUE

The comparables, when compared to the subject property in the foregoing analyses and with adjustments applied for various differences, both qualitative and quantitative, indicate the following values:

<u>Comparable</u>	<u>Value Per Sq. Ft. Indicated to Lot 10C, Block 18</u>
6	Close to \$7.68
7	Higher than \$9.40
8	Higher than \$6.25
9	Close to \$10.64
10	Less than \$13.35

The five comparables indicate values to the subject property ranging between an amount that is higher than \$6.25 per sq. ft. and an amount that is less than \$13.35 per sq. ft.; a relatively wide range. Disregarding Comparable 10 for the moment for its proximity to Campbell Creek greenbelt, the range indicated by Comparables 6-9, between amounts that are higher than \$6.25 per sq. ft. and close to \$10.64 per sq. ft., is narrower. Comparables 6 and 9 are similar to the subject property for potential for development; indicating values that are close to \$7.68 per sq. ft. and \$10.64 per sq. ft., respectively. If the various (+) and (-) adjustments are assigned an arbitrary 10% factor in order to quantify the adjusted indicated values, Comparables 6-10 would indicate a range of values between \$6.88 per sq. ft. and \$12.51 per sq. ft.; with a mean indicated value of \$9.70 per sq. ft. and median of \$10.64 per sq. ft. With emphasis on Comparables 6 and 9, which don't require any significant adjustments, and adequate support by the other three comparables, the current market value of Lot 10C, Block 18, not including tenant-owned site improvements, is estimated to be \$9.50 per sq. ft.; somewhat less than estimated for Lot 2A, Block 4 (\$10.00 per sq. ft.) due to the difference of access. Based on a market rental rate of 8%, **market rental value** is calculated to be **\$0.76 per sq. ft. per year**.

MARKET RENTAL VALUE OF PROPERTY

Market rental value of Lot 10C, Block 18 is calculated as follows:

Land Value: 195,000 Sq. Ft. @\$9.50 Per Sq. Ft.	\$1,852,500
State-owned Buildings and Site Improvements	<u>-0-</u>
Market Value of Property, As Vacant & Unimproved	\$1,852,500
Market Rental Rate (8%)	<u>x 0.08</u>
Current Market Rental Value of Property	\$ 148,200

ADDENDA

**SUMMARY OF COMPARABLES
TED STEVENS ANCHORAGE INTERNATIONAL AIRPORT**

NO.	LOCATION/STREET ADDRESS	LEGAL DESCRIPTION	TAX I.D. NO.	DATE	GRANTOR/ADDRESS	GRANTEE/ADDRESS	REC. DOC.	ZONING	UTILITIES	ARTERIAL FR	SQ. FT.	\$/SQ. FT.	REMARKS
1	West side of Vanguard Drive 9580 Vanguard Drive	Lot 6, Block 10, Independence Park Sub.(82-231)	016-252-08	1/09	Colony Builders, Inc. Anchorage	SSB, LLC Anchorage	2009-001037	I-1	S/W/E/T/NG	No	47,733	9.01	Level, at street grade, suitable for development with minimum site preparation; adjacent lot listed at \$14.00 per sq.ft.
2	East side of Sandalwood Place 7847 Sandalwood Place	Lot 18, Block 2, Grant Subdivision No. 1 (97-160)	014-192-19	10/08	Patricia Ann Baker Anchorage	Brian T. Harten Anchorage	2008-095556	I-1	S/W/E/T/NG	No	38,220	10.47	Level, at street grade, soils surcharged with unknown fill material; subsequently fenced for equipment storage
3	SWC Dowling Road & B Street 6050 B Street	Lots 1A & 1B, Block 3, C St. Industrial (72-224)	012-013-03&04	6/08	Muriel L. King Anchorage	Patrick E. Mulcahy Anchorage	2008-034024	I-1	S/W/E/T/NG	No	25,112	11.35	West end of Dowling, close to C Street, but not connected; lots were partially fenced when sold, used for storage
4	North side of 100th Ave; 2nd lot east of railroad 711 East 100th Avenue	Lot 7, Mindora Subdivision (73-19)	016-221-13	10/08	James & Dorothy Meyers Yakima, WA	Curtis R. Nielsen Anchorage	2008-056438	I-1	S/W/E/T/NG	No	34,535	11.58	Level, at street grade, gravel fill surface; fully fenced when sold; suitable for development with minimum of site preparation
5	North side of East 63rd Ave., 2nd lot west of Tuttle Pl. 2205 East 63rd Avenue	Lot 5, Block 1, Dowling Subdivision No. 4 (81-206)	014-022-15	10/08	George & Kathryn Janssen Anchorage	William & Janice Laxson Anchorage	2008-056678	I-1	S/W/E/T/NG	No	43,869	16.00	Level, at street grade, gravel fill surface; suitable for development with minimum of site preparation
6	South of 79th Ave. b/w/n. Hartzell Rd. & Petersburg St. 1930 East 79th Avenue	Units 1-4, Chambers Business Park (2005-134) Originally Tract B-2, Seventh Subd. (80-201)	014-182-05	9/05	Seven C Investments, Inc. Anchorage	Peak Oilfield Services Anchorage	2005-064827	I-1	S/W/E/T/NG	No	161,648	7.98	Level, near streets grade, pad work completed, ready to build
7	SWC of King Street & 104th Avenue 126 West 104th Avenue	Lot 1, Block 3, Maui Industrial Park (72-177)	016-042-21	7/05	Justin Green (Alaska Demolition) Anchorage	Udelhoven Oilfield System Services Anchorage	2005-052686	I-2	W/E/T/NG	No	207,508	9.64	Peat overburden; 30-40 feet high pile of debris on site Site leveled for a price of \$300,000 per grantor; gravel access
8	SEC C Street & 87th Avenue 200 West 87th Avenue	Por. of SW-NE-SW, Section 7, T12N, R3W, SM	012-311-38	6/09 Listing	Harpoon Construction Group, Inc. Anchorage			I-1	S/W/E/T/NG	Yes Exposure	203,978	9.80	Generally level, near street grade (87th Ave.); exposure from C St., but no access; adjacent to south of Dimond Costco store
9	East side of Toloff Street, east of Carrs & Home Depot 8479 Toloff Street	Tract B-8, East Dimond Center Subd.(2005-47)	014-263-54	9/06	Neeser Construction, Inc. Anchorage	Spinell Homes, Inc. Anchorage	2006-063245	I-2	S/W/E/T/NG	No	175,303	11.98	Gradual slope, cleared, gravel pad, irregular shape; subsequently developed with condo garage units
10	N side International Airport Road btwn. Seward Hwys. 1131 East International Airport Road	Tr. D-1, Campbell Creek Commercial Park (79-55)	009-201-05	5/05	Creekfront Development, LLC Anchorage	Aleutian Pribilof Islands Assoc., Inc. Anchorage	2005-031710	I-1	S/W/E/T/NG	Yes	150,166	13.52	Slopes down from IAR to Campbell Creek Greenbelt frontage; close to New Seward Highway southbound frontage road
11	SEC Lore Road & Hartzell Road 1900 East Lore Road	Tract B-1, Seventh Subdivision (80-201) (adjacent to the north of Comparable 6)	014-182-04	9/08	Rwandell Prop. & Lore Road LLC Anchorage	SKS, Commercial, LLC Anchorage	2008-053250	I-1	S/W/E/T/NG	No	373,309	9.51	L-shape, at street grade, gravel pad, improved with fence and lighting for commercial vehicles storage
12	East side of King Street btwn. 90th & 91st Avenues 9051 King Street	Lot 38A, Block 1, Dimond Industrial (2003-125)	013-121-16	6/09 Listing	Pacific AK Leasing & David Faulk Anchorage			I-1	S/W/E/T/NG	Yes	399,968	11.50	Vacant, unimproved, substantial peat overburden; seller has a fill permit
13	SEC Peninsula Circle cul-de-sac 176 Peninsula Circle	Lot 4, Calaska Industrial Park (84-147)	016-081-29	6/09 Listing	Kaada LLC & GMB Family Partners Anchorage			I-2	W/E/T/NG	No	405,791	12.32	Level, street grade, gravel pad, perimeter fencing, mostly paved fencing and paving assessed value for 2009 is \$354,800
14	South side E. Dimond Blvd. opposite Petersburg St. East 88th Avenue	Tract B-5, East Dimond Center (2002-99)	4/05		Randall's Food & Drugs LP Pleasanton, CA	Neeser Construction, Inc. Anchorage	2005-024436	I-2	S/W/E/T/NG	Yes Exposure	506,164	5.00	Gravel soils, suitable for development with minimum of site prep.; subsequently divided into Tracts B-7, B-8 (Comp. 9) & B-9A
15	East side of King Street btwn. 88th & 90th Avenues 8875 King Street	Lot 1A, Block 1, Dimond Industrial (2003-125)	013-121-15	8/07	Odex Properties, LLC Houston, TX	Unique Machine, LLC Bellevue, WA	2007-056098	I-1	S/W/E/T/NG	Yes	592,416	10.00	Generally level, street grade, substantial peat overburden; subsequently improved with two large warehouse complexes
16	NWC C Street & Minnesota/O'Malley W-bound access West 104th Avenue	Portion of Lot 4, Section 18, T12N, R3W, SM	016-042-39	3/06	Jaguar Development Group, LLC Anchorage	CIRI Land Development Co. Anchorage	2006-016123	I-2	E/T	Yes (2)	864,086	10.36	Mostly level, cleared, no wetlands; gravel fill added since sale; access limited to west bound Minnesota & south bound C Street
17	SEC C Street & 100th Avenue 150 West 100th Avenue	Por. NE1/4SW1/4, Section 18, T12N, R3W, SM	016-042-02	4/07	Norcon, Inc. Anchorage	Target Corporation Minneapolis, MN	2007-023323	I-2	S/W/E/T/NG	Yes (2)	1,563,107	10.82	Cleared, above streets grade, substantial peat overburden; wetland pond will be enhanced for surrounding development;
18	SWC C Street & 100th Avenue 10100 C Street	Portion of Lot 3, Section 18, T12N, R3W, SM	016-042-40	6/09 Listing	Wallace Martens Anchorage			I-2	E/T	Yes	1,187,663	11.79	Generally level, partial tree cover, area of substantial peat desig. as Class B. Developable wetlands; across C St. from Comp.17



March 19, 2009

RE: Term Agreement for Right of Way Appraisal,
Acquisition, and Relocation Services
PSA 0258202

Ray Armstrong, Contract Manager
Overland, Pacific & Cutler, Inc.
rArmstrong@opcservices.com

Dear Mr. Armstrong:

The Department of Transportation, requires appraisal services for the Ted Stevens Anchorage International Airport and the Fairbanks International Airport.

SCOPE: Lease Appraisal for 9 parcels as depicted on attachment A.

All of Appendix B, Statement of Services of the contract applies.

SCHEDULE: Deliver the final transmittal files no later than May 1, 2009.

SUBMITTAL REQUIREMENTS, DEADLINE & LOCATION: Submit a proposal in accordance with Appendix F, Innovative Rotation Methodology, paragraph 2,3, no later than 4:00 pm, March 25, 2009, to Emily K. Nelson, PSA Unit Supervisor at 4111 Aviation Avenue, Anchorage, Alaska, 99502. Also submit a copy of your proposal via email to Trudy Wassel (trudy_wassel@dot.state.ak.us).

Proposals may be hand delivered, mailed or faxed to (907) 269-0402. If mailing proposal, ensure that it arrives prior to the submittal deadline.

If you cannot perform this work, you must submit a written justification for refusal or unavailability to accept a project assignment, prior to the deadline shown above.

If you have any questions, please feel free to call me at (907) 266-2545
Thank you for your attention and response to this request.

Sincerely,

A handwritten signature in blue ink that reads "Trudy K. Wassel".

Trudy K. Wassel
Administration

Attachment(s):

cc: Emily K. Nelson, PSA Unit Supervisor
cc: Teresa Victor, Right of Way Agent



ATTACHMENT A

FAIRBANKS INTERNATIONAL AIRPORT

Aviation Use

Block 4, Lot 5 – West Side

(see attached Land Occupancy Exhibit Sheet 9 of 23)

1. Actual size of Block 4, Lot 5 is 174,671 square feet, approximately 4.01 acres.
2. Paved and unrestricted road access.
3. Public sewer and water are available.
4. Raw land undeveloped with 3' – 5' overburden and soils typical of the area being alluvial gravely sands and sandy gravel.
5. Aviation use described as: any business, service, or other function that directly involves, or is necessary for, the normal operation of aircraft that use an airport; including the following:
 - a. Aircraft loading, unloading, tiedown, parking, storage, sales, service, rental, maintenance, or repair;
 - b. Sale or storage of aviation fuel and aviation petroleum products;
 - c. Pilot training;
 - d. Air charter or air taxi service;
 - e. Airport terminal building;
 - f. Air carrier operations;
 - g. Aircraft ground handling
 - h. Aircraft parts sales;
 - i. Air traffic control tower, air navigation aid, and aviation weather instrumentation.
6. Direct access to taxiway and runway.

Block 100, Lot 6A – East Side

(see attached Land Occupancy Exhibit Sheet 14 of 23)

1. Actual size of Block 100, Lot 6 is 78,000 square feet, approximately 1.79 acres.
2. Paved and unrestricted road access.
3. Public sewer and water are available at University Avenue.
4. Raw land undeveloped with 3' – 5' overburden and soils typical of the area being alluvial gravely sands and sandy gravel.
5. Aviation use described as: any business, service, or other function that directly involves, or is necessary for, the normal operation of aircraft that use an airport; including the following:
 - a. Aircraft loading, unloading, tiedown, parking, storage, sales, service, rental, maintenance, or repair;
 - b. Sale or storage of aviation fuel and aviation petroleum products;
 - c. Pilot training;
 - d. Air charter or air taxi service;
 - e. Airport terminal building;
 - f. Air carrier operations;
 - g. Aircraft ground handling
 - h. Aircraft parts sales;
 - i. Air traffic control tower, air navigation aid, and aviation weather instrumentation.
6. Direct access to taxiway and runway.



FAIRBANKS INTERNATIONAL AIRPORT (continued)

Auxiliary Use

Block 3, Lots 14/16 – West Side – north of Terminal – Old Airport Industrial Road
(see attached Land Occupancy Exhibit Sheet 8 of 23)

1. Actual size of Block 3, Lots 14 & 16 is 24,600 square feet, approximately .56 acres.
2. Paved and unrestricted road access.
3. Public sewer and water are available.
4. Lots 14 and 16 are combined under a single lease with tenant constructed improvements including gravel fill and parking lot with a 30' x 40' structure serving as a rental car wash/maintenance facility.
5. Location of auxiliary lease lot is west of Airport Industrial Road.
6. Auxiliary uses as stated in existing lease: Construction of office and maintenance facilities for repairing, maintaining and servicing rental automobiles owned, leased or operated for lessee's car rental operations only; non-exclusive right to operate a valet parking service on the airport; right to provide security parking for customer motor vehicles on the leased premises in connection with the operations of said valet parking service, plus auxiliary uses described as: any business, service, or other function that is neither an aviation use nor a non-aviation use and is located and carried out on an airport for the convenience of the air traveling public, aviation businesses on the airport, or the employees necessary to the maintenance and operation of an airport; including the following:
 - a. Air freight forwarding;
 - b. Ground transportation services not operated by the department, such as a taxicab service, an airport limousine or shuttle service, a rental car agency, or a vehicle parking business;
 - c. In-flight catering;
 - d. Hotel accommodation;
 - e. Restaurant service;
 - f. In-terminal concessions.
7. No direct access to taxiway or runway.

ANCHORAGE INTERNATIONAL AIRPORT

North Side:

Land Lease Number:	ADA-30816	ADA-31043
Lessee:	Alaska CargoPort	Alaska CargoPort
Land Use Classification:	Aviation	Aviation
Legal Description:	Block 27, Lot 1D	Block 26, Lot 1A
Lot Size:	1,199,600 square feet	426,728 square feet
Lot Access:	Paved and unrestricted road access. Direct access to taxiway and runway.	
Public Utilities:	Public sewer and water are available.	
Authorized Uses:	Construction and operation of an air cargo facility; air cargo transfer, short term air freight build-up and break down, and aircraft parking and maintenance associated with these uses; sale and dispense of aviation fuel and lubricants on the premises, ground handling and support maintenance and associated equipment storage, aircraft de-icing, and office support.	



ANCHORAGE INTERNATIONAL AIRPORT (continued)

East Side:

Land Lease Number: **ADA-31496**
 Lessee: **Aero Anchorage**
 Land Use Classification: Aviation
 Legal Description: Block 4, Lot 7
 Lot Size: 536,538 square feet
 Lot Access: Paved and unrestricted road access. Direct access to taxiway and runway.
 Public Utilities: Public sewer and water are available.
 Authorized Uses: Cargo, Reservation maintenance, General offices, Flight kitchen to other air carriers located on AIA and Sale of aviation fuel.

Land Lease Number: **ADA-01823**
 Lessee: **Corporate Sales & Leasing (d/b/a: Budget Rent A Car)**
 Land Use Classification: Auxiliary
 Legal Description: Block 6, Lot 12A
 Lot Size: 35,900 square feet
 Lot Access: Paved and unrestricted road access.
 Public Utilities: Public sewer and water are available.
 Authorized Uses: Operation and maintenance of a facility for servicing and maintaining only lessee owned and leased vehicles which are rented to the general public. Such maintenance services will not be offered to other firms or to public vehicles by the lessee. The lessee is authorized to sell vehicles from its rental fleet by means of signs placed in the windshields of said vehicles only. Said signs will not exceed four square feet in area displayed.

Land Lease Number:	ADA-02293	ADA-03971
Lessee:	Northern Air Cargo	Northern Air Cargo
Land Use Classification:	Aviation	Aviation
Legal Description:	Block 4, Lot 2A	Block 3, Lot 2
Lot Size:	198,284 square feet	352,333.52 square feet
Lot Access:	Paved and unrestricted road access. Direct access to taxiway and runway.	
Public Utilities:	Public sewer and water are available.	
Authorized Uses:	Operation of an air cargo business.	

Land Lease Number: **ADA-04906**
 Lessee: **International Freight Terminal**
 Land Use Classification: Auxiliary
 Legal Description: Block 5, Lot 8A
 Lot Size: 99,888.68 square feet
 Lot Access: Paved and unrestricted road access.
 Public Utilities: Public sewer and water are available.



ANCHORAGE INTERNATIONAL AIRPORT (continued)

Authorized Uses: Construction, operation and maintenance of an air cargo/air freight forwarding terminal; Subleasing for air cargo/air freight forwarding purposes; Truck and vehicle parking for lessee and lessee's tenants; Overhaul and short term storage of specialized aircraft components for air cargo fleets.

South Side:

Land Lease Number: ADA-30804
Lessee: Signature Flight Support
Land Use Classification: Aviation
Legal Description: Block 18, Lot 10C
Lot Size: 195,000 square feet
Lot Access: Paved and unrestricted road access. Direct access to taxiway and runway.
Public Utilities: Public sewer and water are available.
Authorized Uses: Construction, operation and maintenance of a hangar. Short term cold storage for product shipped by air, operation office, sales office and flight briefing rooms, operation of an air cargo business; Staging of air cargo: maintenance, parking, loading and unloading of aircraft rental of aircraft tie-downs and storage of aircraft in hangars; Sale and dispense aviation fuel and lubricants on the premises.

LAND USE CLASSIFICATION DESCRIPTIONS:

Aviation Use: Any business, service, or other function that directly involves, or is necessary for, the normal operation of aircraft that use an airport. Includes the following: Aircraft loading, unloading, tiedown, parking, storage, sales, service, rental, maintenance or repair; Sale or storage of aviation fuel and aviation petroleum products; Pilot training; Air charter or air taxi service; Airport terminal building; Air carrier operations; Aircraft ground handling; Aircraft parts sales; Air traffic control tower, Air navigation weather instrumentation.

Auxiliary Use: Any business, service, or other function that is neither an aviation use nor a non-aviation use and is located and carried out on an airport for the convenience of the air traveling public, aviation businesses on the airport, or the employees necessary to the maintenance and operation of an airport. Includes the following: Air freight forwarding; Ground transportation services not operated by the department, such as a taxicab service, an airport limousine or shuttle service, a rental car agency, or a vehicle parking business; In-flight catering; Hotel accommodations; Restaurant service; In-terminal concessions.

T -- transition district

This district includes suburban and rural areas that, because of location in relationship to other development, topography or soil conditions, are not developing and are not expected to develop in the immediate future along definitive land use lines. This district is governed by section **21.40.240** of the municipal code.

Lot Requirements			Yard Requirements			Building Height	Driveway Surface	Landscaping Required
Area	Width	Coverage	Front	Side	Rear			
7,000 square feet	50 feet	100%	None	None	None	Unrestricted ¹	2	None

¹ Except by [Airport Height Zone](#) regulations.

² Paved if the density is more than one dwelling unit per 8,400 square feet, otherwise gravel.

I-1 -- light industrial district

The I-1 district is intended primarily for urban and suburban light manufacturing, processing, storage, wholesaling and distribution operations, but also permits limited commercial uses. This district is governed by section **21.40.200** of the municipal code.

I-2 -- heavy industrial district

The I-2 district is intended for heavy manufacturing, storage, major shipping terminals and other related uses. Also permitted are uses generally permitted in commercial districts. This district is governed by section **21.40.210** of the municipal code.

I-3 -- rural industrial district

The I-3 district is intended for certain rural areas which, because of their topography, soil condition or location, or any combination of these factors, are better suited for industrial rather than residential or commercial development. This district is governed by section **21.40.220** of the municipal code.

Zoning District	Dwelling Units	Lot Requirements			Yard Requirements			Building Height	Driveway Surface	Landscaping Required
		Area	Width	Coverage	Front	Side	Rear			
I-1	Nonresidential ¹	6,000 square feet	50 feet	100%	10 feet	None ²	None ³	Unrestricted ⁴	Paved	5
I-2	Nonresidential ¹	6,000 square feet	50 feet	100%	10 feet	None ²	None ³	Unrestricted ⁴	Paved	5
I-3	Nonresidential ¹	87,120 square feet	100 feet	100%	10 feet	None ²	None ³	Unrestricted ⁴	Paved	5

¹ One dwelling unit is permitted as an [accessory use](#) in the same building as the principal use.

² If a side yard is provided, it must be at least 5 feet wide. If the property adjoins a residential district, the minimum side yard requirement is equal to that of the adjoining district.

³ If a rear yard is provided, it must be at least 5 feet wide. If the property adjoins a residential district, the minimum rear yard requirement is equal to that of the adjoining district.

⁴ Except by [Airport Height Zone](#) regulations.

⁵ Buffer landscaping is required along lot lines abutting residential districts. All areas not devoted to buildings, structures, drives, walks, off-street parking facilities or other authorized installations must be planted with Visual Enhancement landscaping. See also the parking lot landscaping requirements of AMC 21.45.080.W 10.

QUALIFICATIONS OF THE APPRAISER

ALAN G. OLSON, MAI

(Alaska General Real Estate Appraiser License No. AA19; valid through 6/30/11)

EDUCATION

AI 410, 420 & 400, Standards of Professional Practice A, B & C, Anchorage, 2006 & 2007 (Part C)
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book), Seattle, Washington, 2007
AI 520, Highest & Best Use and Market Analysis, Seattle, Washington, 2000
AIREA 1, Appraisal Principals, University of Chicago, 1969
AIREA 1BA & 1BB, Capitalization Theory & Technique, Anchorage, 1988
AIREA 2, Income Properties, Seattle Pacific University, 1971
AIREA 2-1 & 2-2, Case Studies & Report Writing, Portland, Oregon, 1990
AIREA 4, Condemnation, University of Alaska, Fairbanks, 1971
AIREA 8, Residential Properties, Alaska Methodist University, Anchorage, 1970
SREA 101, Appraisal Principals, Reciprocal Credit, 1972
SREA 201, Income Properties, Anchorage, 1973
SREA 301, Investment Analysis, Makaha, Hawaii, 1976
Various seminars conducted by AI, AIREA, SREA & IR/WA, On-going
Principals of Regional Planning, University of Wisconsin, 1973
B.S. Degree (Forest Management), Michigan College of Mining & Technology, 1959

BUSINESS EXPERIENCE

Alan G. Olson, Real Estate Appraiser, 1972-Present
Follett & Associates, Real Estate Appraisers & Consultants, 1975-78
State of Alaska, Division of Lands, Chief-Planning & Classification, 1974-75
State of Alaska, Division of Lands, Review & Supervising Appraiser, 1970-74
State of Alaska, Division of Lands, Staff Appraiser, 1967-69
State of Alaska, Department of Highways, Right of Way Agent, 1960-66

TYPICAL CLIENTS

State of Alaska	City of Bethel
Division of Agriculture	City of St. George
Division of Mining, Land and Water	Cook Inlet Region, Inc.
Division of Parks	Eklutna, Inc.
Department of Transportation and Public Facilities	Shee Atika, Inc.
Attorney General's Office	The Kuskokwim Corporation
U.S. Government	Ounalashka Corporation
Bureau of Indian Affairs & OST/OAS	St. George Tanaq Corporation
Bureau of Land Management	Municipality of Anchorage
Farm Service Agency	Wells Fargo Bank (National Bank of Alaska)
Fish and Wildlife Service	1st National Bank of Alaska
Government Services Administration	Alyeska Pipeline Service Company
National Park Service	ConocoPhillips Alaska, Inc.
Natural Resources Conservation Service	Cook Inlet Tug & Barge
Alaska Industrial Development & Export Authority	Chugach Electric Association, Inc.
Alaska Mental Health Trust Land Office	Delta Western Fuels
Alaska Railroad Corporation	Land Field Services, Inc.
University of Alaska	Matanuska Electric Association, Inc.
Aleutians East Borough	McDowell Group, Economists
Fairbanks North Star Borough	Peratovich, Nottingham, Drage-Engineers.
Kenai Peninsula Borough	R & M Consultants, Inc.
Kodiak Island Borough	Sea Catch, Inc.
Matanuska-Susitna Borough	Service Oil and Gas, Inc.
Association of Village Council Presidents	Sheldon Jackson College
Yukon-Kuskokwim Health Corporation	Spenard Builders Supply, Inc.
Afognak Native Corporation	Trident Seafoods Corporation
Ahtna, Inc.	Attorneys - James Gottstein, Stephen Hutchings,
The Aleut Corporation	Thomas Meacham, James Reeves, William Satterberg,
	Robert J. Sato, Richard Weinig (deceased), David Wolf

PROFESSIONAL AFFILIATION

Appraisal Institute - Member (Certification valid through 12/31/12)
International Right of Way Association - Member