



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Commerce, Community,
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE
550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

MEMORANDUM

TO: Chair and Members of the Board DATE: June 2, 2016
FROM: Cynthia Franklin RE: Janiese Stevens, #10032
Director, Marijuana Control Board

This is an application for a new standard marijuana cultivation facility in the City of Kodiak by Janiese Stevens DBA Three Sisters Co-op.

Date Application Initiated: 02/24/2016
Date Fees Paid: 04/18/2016
Date Under Review: 04/25/2016
Incomplete Letter Date: 05/09/2016
Date Incompletion Corrected: 05/23/2016
Additional Incomplete Letter Sent: No
Date Final Documents Completed: 05/23/2016
Determined Complete/Notices Sent: 05/23/2016
Local Government Response/Date: No response yet; 60 day period runs 07/22/2016
DEC Response/Date: DEC responded "No permit needed"; 05/24/2016
Fire Marshal Response/Date: None yet
Objection(s) Received/Date: None
Staff questions for Board: Staff questions incineration of waste (see below)

MJ-01 pages 12-13 "will be incinerating waste at local dump." MJ-04 Describe the marijuana cultivation facility's waste disposal arrangements: "I WILL INCINERATE WASTE AT THE KODIAK ISLAND BOROUGH LANDFILL ONCE I HAVE HARVESTED A CROP"

AFFP

JANIESE L. STEVENS is applying

Affidavit of Publication

STATE OF ALASKA }
COUNTY OF KODIAK } SS
ISLAND BOROUGH }

JANIESE L. STEVENS is applying for a new Standard Marijuana Cultivation Facility License 3 AAC 306.400(1), doing business as THREE SISTERS CO-OP located at 2180 Mill Bay Road, Kodiak, AK, 99615, UNITED STATES.

Interested persons should submit written comment or objection to their local government, the applicant, and to the Alcohol & Marijuana Control Office at 550 W 7th Ave, Suite 1600, Anchorage, AK 99501.

Richard Harris, being duly sworn, says:

That he is Publisher of the Kodiak Daily Mirror, a daily newspaper of general circulation, printed and published in Kodiak, Kodiak Island Borough County, Alaska; that the publication, a copy of which is attached hereto, was published in the said newspaper on the following dates:

March 08, 2016, March 17, 2016, March 22, 2016

That said newspaper was regularly issued and circulated on those dates.

SIGNED:



Publisher

Subscribed to and sworn to me this 22nd day of March 2016.



Janet S. Baker, Notary Public, Kodiak Island Borough County, Alaska

My commission expires: March 17, 2017



00005705 00049328

Janiese Stevens
Wallstrum Stevens CPA
2705 Mill Bay Rd, #205
Kodiak, AK 99615

CLASS

Mobile Homes For Sale

Large 3 bedrm, 1.5 Bath Recently remodeled in Great condition \$42,000. Located at Cove Trailer Park #17 next to the Salvation Army Michael (831)246-4906.

Attention

JANIESE L. STEVENS is applying for a new Standard Marijuana Cultivation Facility License 3 AAC 306.400(1), doing business as THREE SISTERS CO-OP located at 2180 Mill Bay Road, Kodiak, AK, 99615, UNITED STATES.

Interested persons should submit written comment or objection to their local government, the applicant, and to the Alcohol & Marijuana Control Office at 550 W 7th Ave, Suite 1600, Anchorage, AK 99501.

Help Wanted

Administrative Assistant needed at Pacific Seafood. Duties include: data-entry, Process Fish Tickets, Edit and proofread documents to ensure accuracy, Manage incoming calls and email correspondence, Relay and resolve routine telephone or walk-up inquiries, Order and maintain supplies closet to ensure group has adequate office supplies, Answer phones, take accurate messages, Collaborate with staff, to ensure deadlines are met, Perform other duties, as assigned. Pay DOE, apply in person at the Pacific Seafood Office, 317 Shelikof Street.

Help Wanted

systems that control the air quality in many types of buildings in Kodiak, Alaska Visit our website at www.beringstraits.com for more details and to apply.

KODIAK DAILY MIRROR

Immediate paper route opening on the Coast Guard Base. Please call Janet at 486-3227 for more information.

Kodiak Island Medical Associates is seeking a dedicated, patient focused RN. This is a full time position 8am-5pm, Monday-Friday for a busy Family Practice and Internal Medicine clinic. Please call 907-486-6065 or apply at 1818 E. Rezanof Dr.

Shop Helper - Needs to have computer skills and lift heavy objects. Cleaning and working outside is part of the job description.

Sales Associate - Must have computer and phone skills, knowledge of tools. Must work well with the community. Pay is DOE. Please bring applications to Kodiak Rental Center. No phone calls.

Terminal Manager. Carlile Transportation, Alaska's premiere trucking company is seeking a manager to direct, organize, and coordinate drivers, equipment, and maintenance to ensure the safe, efficient operation of the Kodiak terminal.

Schools / Classes

Help Wanted

Advertising

The Kodiak Daily Mirror is seeking individuals to join our Advertising Department advertising team by working building relationships with p

We are looking for an upbeat person to think on their feet and outside the box. Applicant will possess excellent communication skills, have the ability to interact with clients in a professional manner. Superior attention to detail are required. This is a great opportunity for someone with Media or Marketing. Retail experience helpful, but willing

This position offers a competitive salary. Could lead to full-time employment. Please forward resume to

Kodiak Daily Mirror
1419 Selig St.
Kodiak, AK 99615
advertising@kodiakdailymirror.com

Schools / Classes

1-866-357-2687 or email: ants@mtaonline.net. We furnish all books and supplies and do the testing free.

Auction Sales

27' Glaciercraft Coho Off-shore. 90% complete. Online auction located in Anchorage. www.grubstakeauction.com or (907) 274-9269 for more details.

Boats

27' Glaciercraft Coho Off-shore. 90% complete. Online auction located in Anchorage. www.grubstakeauction.com or (907) 274-9269 for more details.

CLASSIFIED

Help Wanted

Advertising Assistant

The Kodiak Daily Mirror is seeking a Part-Time Assistant in our Advertising Department. This position supports the advertising team by working with existing customers and building relationships with prospective new clientele.

We are looking for an upbeat and positive person who can think on their feet and outside the box. A successful applicant will possess excellent communication skills and have the ability to interact with the public in a polite and professional manner. Superior organizational skills and attention to detail are required for this position. This is a great opportunity for someone looking to start a career in Media or Marketing. Retail sales or customer service experience helpful, but willing to train the right candidate.

This position offers a competitive base pay and commission. Could lead to full-time employment for the right candidate. Please forward resume and cover letter to:

Kodiak Daily Mirror
1419 Selig St.
Kodiak, AK 99615
advertising@kodiakdailymirror.com

Attention

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Interested persons should submit written comment or objection to their local government, the applicant, and to the Alcohol & Marijuana Control Office at 550 W 7th Ave, Suite 1600, Anchorage, AK 99501.

Thank you for all who attended the 5th Annual Outdoors and Firearms Show. Congratulations to Daniel Regehr who's name was drawn as the lucky winner of the door prize. Hope to see everyone there next year.

Apartments For Rent

Spacious 2 bedroom apartment to rent or sublet. \$1,650/month plus electric. All other utilities included. Comes with 50 free channels of cable. May accommodate a small pet. Call 251-232-7969 for more information.

House For Rent

3 bedroom house for rent. \$1800 a month includes W/S/G, lots of parking. Call 486-6259 Tamie or Fred.

Rentals

Studio apartment, quiet neighborhood, with carport, asking \$900.00 a month plus

Attention

Did you know the United States of America is a corporation? From its inception, it has been nothing but a service provider for the 19 enumerated powers or services in the Constitution. See article "The Grotesque Truth!" kodiakcompass.com and annavonreitz.com. Come to our monthly meetings at library. To sign up - email: kodiakoutpost@startmail.com or call 942-7026

EASTER BAKE SALE

St. Herman's Sisterhood. Saturday, March 26th, 11am-?? at the Orthodox Cathedral. 385 Kasher-varoff Circle. No early birds! Kulich, Pirok, Potato Salad, Tarts, Cakes, Pies, Breads

Help Wanted

Administrative Assistant needed at Pacific Seafood. Duties include: data-entry, Process Fish Tickets, Edit and proofread documents to ensure accuracy, Manage incoming calls and email correspondence, Relay and resolve routine telephone or walk-up inquiries, Order and maintain supplies closet to ensure group has adequate office supplies, Answer phones, take accurate messages, Collaborate with staff, to ensure deadlines are met, Perform other duties, as assigned. Pay DOE, apply in person at the Pacific Seafood, 217 St. Ignace

CLASS

Help Wanted

Kodiak Island Broadcasting Co. Inc. radio stations KVOK & HOT 101.1 has an opening for an Account Executive. Outside Sales, full time permanent starting in May, pay is salary plus commission. Please email your resume and cover letter to ellen@kvok.com or apply at 1315 Mill Bay Road.

Help Wanted

for a full-time display advertising layout position. The ideal candidate filling this position will use a Macintosh computer to create display advertisements for print and Web publications using the programs Adobe InDesign and Photoshop. Familiarity of the following programs would be helpful, but not required: Adobe Pagemaker, Acrobat, Illustrator, Word and Excell. The job requires accurate typing, Macintosh computer experience, creativity and the ability to meet deadlines in a fast-paced work environment. A graphic arts background is helpful but not required. To apply, submit resume and fill out an application form at the Kodiak Daily Mirror office, 1419 Selig St. or e-mail Jobs@kodiakdailymirror.com. Job description available at Job Services and at the Kodiak Daily Mirror.

Apartments For Rent

Apartment for rent: 4 bedroom, 2 bath, plus large rec room, lots of storage space, private washer/dryer. \$1850 plus utilities. 1 year lease. Call 307-399-0493.

Public Notices

1234

Help Wanted

Administrative Assistant needed at Pacific Seafood. Duties include: data-entry, Process Fish Tickets, Edit and proofread documents to ensure accuracy, Manage incoming calls and email correspondence, Relay and resolve routine telephone or walk-up inquiries, Order and maintain supplies closet to ensure group has adequate office supplies, Answer phones, take accurate messages, Collaborate with staff, to ensure deadlines are met, Perform other duties, as assigned. Pay DOE, apply in person at the Pacific Seafood Office, 317 Shelikof Street.

Rentals

Studio apartment, quiet neighborhood, with carport, asking \$900.00 a month plus electric. Leave message at 486-6860. Avail 4/1

Mobile Homes For Rent

Mobile home for rent. 2 bdrm, 1 bath w/d, toy heat \$1,100/mo. plus utilities. \$1,000 security deposit. Pets on approval. Call 512-7206 if interested.

Attention

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USCG MWR BOAT HOUSE CASHIER. Seasonal NTE 10/15/16 PT (20-29 hpw), \$11-\$14 PH DOE. Customer service, sales, stocking, cash register operation, bagging bait, and light cleaning. CGES/MWR Base privileges. Complete position descriptions available at Kodiak Job Services or <http://www.cg-exchange.net/ijobs.nsf> (Vacancy #2016.112)

Roofers Needed, Three (3)

Kodiak Support Services is seeking a HVAC Mechanic to perform maintenance work on heating, ventilation, cooling, and refrigeration systems that control the air quality in many types of buildings in Kodiak, Alaska. Visit our website at www.beringstraits.com for more details and to apply.

Kodiak Island Medical Associates is seeking a dedicated, patient focused RN. This is a full time position 8am-5pm, Monday-Friday for a busy Family Practice and Internal Medicine clinic. Please call 907-486-6065 or apply at 1818 E. Rezanof Dr.

Advertising Invoice

Kodiak Daily Mirror

1/1

1419 Selig Street
Kodiak AK 99615
www.KodiakDailyMirror.com

Phone: (907) 486-3227

Fax: (907) 486-3088

URL: <http://www.kodiakdailymirror.com>

Janiese Stevens
Wallstrum Stevens CPA
2705 Mill Bay Rd, #205
Kodiak, AK 99615

Acct. #: 00005742
Phone #: (907)512-2726
Post Date: 03/22/2016
Due Date: 04/27/2016
Invoice #: 300210976

Ad #	Pub.	Start	Stop	Description	Cols.	Inch	Days	Amount
00049328	K_01	03/08/2016	03/22/2016	JANIESE L. STEVENS is	1	2.69	3	67.20
	K_04	03/08/2016	03/22/2016	JANIESE L. STEVENS is	1	2.69	3	15.36
				Tax				5.78

Thank you for your business.

Please return a copy with payment

Total Due

88.34



Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Items that are submitted without this page will be returned in the manner in which they were received.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	JANIESE L STEVENS	License Number:	10032		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	THREE SISTERS CO-OP				
Physical Address:	2180 Mill Bay Road				
City:	Kodiak	State:	AK	Zip Code:	99615
Designated Owner:	Janiese Stevens				
Email Address:	jstevens@ak.net				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	<p>MJ-00 application certifications MJ-01 operating plan MJ-04 Cultivator supplemental MJ-07 public notice posting affidavit MJ-08 local government notice affidavit affidavit of publication MJ-09 Statement of financial interest proof of possession for proposed premises finger print cards MJ-02 premises diagram Commercial appraisal</p>
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OFFICE USE ONLY

Received Date:		Payment Submitted Y/N:		Transaction #:	
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Alaska Marijuana Control Board

Form MJ-00: Application Certifications**What is this form?**

This application certifications form is required for all marijuana establishment license applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306.

This form must be completed and submitted to AMCO's main office by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	JANIESE STEVENS	License Number:	10032		
License Type:	STANDARD MARIJUANA CULTIVATION FACILITY				
Doing Business As:	THREE SISTERS COOP				
Premises Address:	2180 MILL BAY ROAD				
City:	KODIAK	State:	ALASKA	ZIP:	99615

Section 2 – Individual Information

Enter information for the individual licensee or affiliate.

Name:	JANIESE STEVENS
Title:	CPA/OWNER

Section 3 – Other Licenses

Ownership and financial interest in other licenses:

Yes No

Do you currently have or plan to have an ownership interest in, or a direct or indirect financial interest in another marijuana establishment license?

☒☐

If "Yes", which license numbers (for existing licenses) and license types do you own or plan to own?

RETAIL MARIJUANA STORE, MARIJUANA CONCENTRATE MANUFACTURING FACILITY,
MARIJUANA PRODUCT MANUFACTURING FACILITY



Alaska Marijuana Control Board

Form MJ-00: Application Certifications

Alcohol and Marijuana Control Office

550 W 7th Avenue, Suite 1600

Anchorage, AK 99501

marijuana.licensing@alaska.gov

<https://www.commerce.alaska.gov/web/amco>

Phone: 907.269.0350

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that I have not been convicted of a felony in any state or the United States, including a suspended imposition of sentence, for which less than five years have elapsed from the time of the conviction to the date of this application.

JS

I certify that I am not currently on felony probation or felony parole.

JS

I certify that I have not been found guilty of selling alcohol without a license in violation of AS 04.11.010.

JS

I certify that I have not been found guilty of selling alcohol to an individual under 21 years of age in violation of 04.16.051 or AS 04.16.052.

JS

I certify that I have not been convicted of a misdemeanor crime involving a controlled substance, violence against a person, use of a weapon, or dishonesty within the five years preceding this application.

JS

I certify that I have not been convicted of a class A misdemeanor relating to selling, furnishing, or distributing marijuana or operating an establishment where marijuana is consumed within the two years preceding this application.

JS

I certify that my proposed premises is not within 500 feet of a school ground, recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility, as set forth in 3 AAC 306.010(a).

JS

I certify that my proposed premises is not located in a liquor licensed premises.

JS

I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the calendar year in which I am initiating this application.

JS

I certify that all proposed licensees (as defined in 3 AAC 306.020(b)(2)) and affiliates (as defined in 3 AAC 306.990(a)(1)) have been listed on my online marijuana establishment license application.

JS

I certify that all proposed licensees have been listed on my application with the Division of Corporations.

JS

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by AMCO is grounds for denial of my application.

JS



Alaska Marijuana Control Board

Form MJ-00: Application Certifications

Read each line below, and then sign your initials in the box to the right of only the applicable statement:

Initials

Only initial next to the following statement if this form is accompanying an application for a marijuana testing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility.

☐

Only initial next to the following statement if this form is accompanying an application for a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a marijuana testing facility license.

☒

All marijuana establishment license applicants:

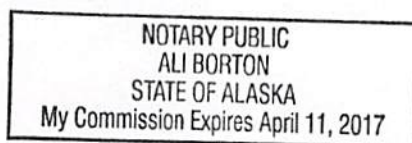
As an applicant for a marijuana establishment license, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that I have examined the online application and this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find them to be true, correct, and complete.

Signature of licensee

Subscribed and sworn to before me this 24 day of February, 20 16.

Notary Public in and for the State of Alaska.

My commission expires: 04/11/2017





Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

What is this form?

An operating plan is required for all marijuana establishment license applications. Applicants should review **Title 17.38 of Alaska Statutes** and **Chapter 306 of the Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of those statutes and regulations. If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020(c).

What must be covered in an operating plan?

Applicants must identify how the proposed premises will comply with applicable statutes and regulations regarding the following:

- Security
- Inventory tracking of all marijuana and marijuana product on the premises
- Employee qualification and training
- Waste disposal
- Transportation and delivery of marijuana and marijuana products
- Signage and advertising
- Control plan for persons under the age of 21

Applicants must also complete the corresponding operating plan supplemental forms (**Form MJ-03, Form MJ-04, Form MJ-05, or Form MJ-06**) to meet the additional operating plan requirements for each license type.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	JANIESE STEVENS	License Number:	10032		
License Type:	STANDARD MARIJUANA CULTIVATION FACILITY				
Doing Business As:	THREE SISTERS COOP				
Premises Address:	2180 MILL BAY ROAD				
City:	KODIAK	State:	ALASKA	ZIP:	99615

Mailing Address:	PO BOX 8593				
City:	KODIAK	State:	ALASKA	ZIP:	99615

Primary Contact:	JANIESE STEVENS				
Main Phone:	907-942-5618	Cell Phone:	907-942-5618		
Email:	JSTEVENS@AK.NET				



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Section 2 – Security

Review the requirements under 3 AAC 306.710 – 3 AAC 306.720 and 3 AAC 306.755, and identify how the proposed premises will meet the listed requirements.

Describe how the proposed premises will comply with each of the following:

Restricted Access Areas (3 AAC 306.710):

Describe how you will prevent unescorted members of the public from entering restricted access areas:

MY PREMISE IS A WAREHOUSE OWNED BY MY HUSBAND AND MYSELF. THE MIDDLE BAY IS WHERE I PLAN ON CULTIVATING MARIJUANA. THE DOOR ENTERING THE FIRST BAY IS ALREADY LOCKED AND THE ENTIRE PREMISE IS VIDEO MONITORED. I WILL INSTALL AN ADDITIONAL HANDPRINT OR FINGERPRINT DOOR LOCK ALLOWING ONLY MYSELF AND MY HUSBAND IN AS WELL AS MY SISTER AND HER HUSBAND WHO WILL BE MY LICENSED HANDLER AND CULTIVATOR. NO ONE ELSE WILL HAVE ACCESS TO THIS AREA.

Describe your processes for admitting visitors into and escorting them through restricted access areas:

NO VISITORS MAY ENTER WITHOUT ONE OF THE FOUR REFERENCED INDIVIDUALS ABOVE. JAMES AND JANIESE STEVENS AND LINDSEY AND JARED GAUGHAN. IF ANYONE WANTS TO VISIT THIS FACILITY IT WILL BE DONE AT MY DISCRETION AND WITH MY ESCORT. BESIDES THE AMCB I DO NOT FORSEE ALLOWING ANYONE FROM THE PUBLIC IN THIS FACILITY FOR SECURITY REASONS.



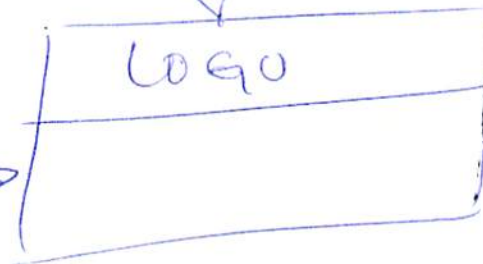
Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Describe your recordkeeping of visitors who are escorted into restricted access areas:

I WILL HAVE A "GUEST BOOK" WHERE VISITORS WILL SIGN IN AND A PHOTOCOPY OF THEIR IDENTIFICATION WILL BE STORED IN OUR ELECTRONIC RECORDS DATABASE.

Provide a copy of a sample identification badge to be displayed by each licensee, employee, or agent while on the premises:



JANIESE STEVENS THREE SISTERS COOP OWNER AND LICENSED MARIJUANA HANDLE



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Security Alarm Systems and Lock Standards (3 AAC 306.715):

Exterior lighting is required to facilitate surveillance. Describe how the exterior lighting will meet this requirement:

EXTERIOR LIGHTING AND EXTERIOR SURVEILLANCE IS ALREADY INSTALLED ON THE PREMISE. A COPY OF OUR MOST RECENT COMMERCIAL APPRAISAL IS ATTACHED FOR YOUR REFERENCE.

An alarm system is required for all license types. Describe the security alarm system for the proposed premises:

A TENANT AT THIS TIME HAS A SECURITY SYSTEM IN PLACE THAT NOTIFIES HIM VIA HIS SMART PHONE WHEN THE DOOR TO HIS PREMISE IS OPENED AND A CAMERA TURNS ON TO SEE WHO IT IS. THESE SYSTEMS ARE FAIRLY IN EXPENSIVE AND USER FRIENDLY. I PLAN ON IMPLEMENTING THIS IN ADDITION TO THE HAND PRINT OR FINGERPRINT LIMITED ENTRY AND THE EXTERIOR LIGHTING. I WILL ALSO INSTALL AN ADT INVASION ALARM THAT WILL GO OFF IN THE EVENT OF UNWANTED OR FORCED ENTRY.

The alarm system must be activated on all exterior doors and windows when the licensed premises is closed for business. Describe how the security alarm system meets this requirement:

THERE ARE NO WINDOWS TO THIS PREMISE. AN ALARM WILL BE SET AND I WILL BE NOTIFIED ON MY SMART PHONE WHEN JAMES OR LINDSEY LEAVES.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Describe your policies and procedures for preventing diversion of marijuana or marijuana product:

I PLAN ON USING THE STATES SEED TO SALE INVENTORY TRACKING SYSTEM. I ALSO PLAN ON APPLYING FOR A RETAIL MARIJUANA STORE LICENSE AS WELL. I AM A CPA AND AM FAMILIAR WITH TRACKING AND MONITORING INVENTORY. I CAN ALSO MATHMATECALLY GET MYSELF FROM PLANT TO HARVEST, TO CURE, TO SALE AND DOUBLE CHECK MY NUMBERS. MY SISTER IS ALSO A CPA AND I AM CONFIDENT OUR INTERNAL CONTROL PROCEDURES WILL BE ACCURATE AND REFLECTIVE OF OUR CULTIVATION BUSINESS. ANY WASTE WILL BE DESTROYED TIMELY AND ANY INCONSISTENCY IN INVENTORY NUMBERS WILL BE PURSUED AND DEALT WITH AS SOON AS NOTICED. IT WILL BE PACKAGED AND SOLD HOPEFULLY IN MY RETAIL STORE AND MY POINT OF SALE SYSTEM WILL AGAIN TRACK IT FROM LEAVING CULTIVATION TO RETAIL SALE WITH THESE NUMBERS CONSISTENTLY MONITORED FOR ACCURACY AND DILIGENT CONTROL OVER PRODUCT. THIS BUSINESS WILL BE LIMITED TO RESPONSIBLE ADULT RELATIVES WHO KNOW THE IMPORTANCE OF KEEPING CONTROL OF THIS INVENTORY.

Describe your policies and procedures for preventing loitering:

THIS LOCATION IS OFF THE MAIN ROAD AND NOT EASILY ACCESSIBLE UNLESS YOU ARE SPECIFICALLY GOING THERE. I WILL HAVE SIGNS INDICATING NO LOITERING ALLOWED AND IN THE EVENT AN UNWANTED VISITOR PERSISTS I WILL, OR MY SISTER WILL, CALL THE POLICE. THERE IS ALREADY A SIGN INDICATING THE PREMISIS IS VIDEO MONITORED.

Describe your policies and procedures regarding the use of any additional security device, such as a motion detector, pressure switch, and duress, panic, or hold-up alarm to enhance security of the proposed premises:

AS I DESCRIBED ABOVE I INTEND TO HAVE MOTION SENSORED CAMERAS THAT NOTIFY MY SMART PHONE WHEN ANYONE IS ENTERING THE DOOR TO THE CULTIVATION FACILITY. THIS IS A COMMERICAL WAREHOUSE SPACE AND THERE ARE NO WINDOWS IN THE MIDDLE BAY WHICH I INTEND TO USE. I HAVE AN OFFICE TO THE SIDE WHERE I WILL KEEP ALL COMPUTERS, ACCOUNTING SYSTEMS, LOGS OF VISITORS AND THEIR IDENTIFICATION, ETC. ACCESS IS ALREADY LIMITED BY THE WAY THE BUILDING IS STRUCTURED I FEEL HANDPRINT/FINGERPRINT ACCESS TO ONLY DOOR, ADT ALARM SYSTEM, AND MOTION SENSORED CAMERA TO MY SMARTPHONE IS SUFFICIENT SECURITY AT THIS TIME.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Describe your policies and procedures regarding the actions to be taken by a licensee, employee, or agent when any automatic or electronic notification system alerts a local law enforcement agency of an unauthorized breach of security:

IF UNAUTHORIZED BREACH OF SECURITY TAKES PLACE IT IS THREE SISTERS COOPS POLICY TO WORK WITH LOCAL LAW ENFORCEMENT IN DETERMINING THE ISSUE AND TAKING STEPS TO DETER IT FROM HAPPENING AGAIN BY PRESSING CHARGES AGAINST ANY INDIVIDUAL COMMITTING A CRIME OR IMPLEMENTING ADDITIONAL SECURITY MEASURES. I UNDERSTAND THIS WILL BE A HIGHLY REGULATED ENVIRONMENT AND HAVE THE BEST INTENTIONS OF ALLOWING LAW ENFORCEMENT AND THE AMCO TO MONITOR OUR ACTIVITY ANY TIME SEEN FIT.

Video Surveillance (3 AAC 306.720):

All licensed marijuana establishments must meet minimum standards for surveillance equipment. Applicants should be able to answer "Yes" to all items below.

Video surveillance and camera recording system covers the following areas of the premises:

Yes No

Each restricted access area and each entrance to a restricted access area

☒ ☐

Both the interior and exterior of each entrance to the facility

☒ ☐

Each point of sale area

☒ ☐

Each video surveillance recording:

Yes No

Is preserved for a minimum of 40 days, in a format that can be easily accessed for viewing

☒ ☐

Clearly and accurately displays the time and date

☒ ☐

Is archived in a format that does not permit alteration of the recorded image, so that the images can readily be authenticated

☒ ☐



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Describe how the video cameras will be placed to produce a clear view adequate to identify any individual inside the licensed premises, or within 20 feet of each entrance to the licensed premises:

THEY ARE ALREADY INSTALLED ON PREMISE POINTED AT LOCATIONS OF ENTRY.

Describe the locked and secure area where video surveillance recording equipment and records will be housed and stored and how you will ensure the area is accessible only to authorized personnel, law enforcement, or an agent of the board:

SEE ATTACHED COMMERCIAL APPRAISAL OF PROPERTY. VIDEO SURVEILLANCE RECORDING EQUIPMENT IS IN BACK OFFICE WHICH IS LOCKED AND ONLY ACCESSIBLE TO MY HUSBAND AND MYSELF. AGAIN, HOW THIS STRUCTURE IS BUILT THERE IS ONLY ONE DOOR OF ACCESS TO THIS AREA, I WILL ALSO EQUIP IT WITH FINGERPRINT/HANDPRINT ENTRY. DOORS ARE STRONG, THERE ARE NO WINDOWS, AND BUILDING IS STEEL. VIDEO SURVEILLANCE RECORDS ARE UPLOADED TO AN ONLINE STORAGE COMPANY. MY CPA FIRM ALSO HAS OFF SITE STORAGE REQUIREMENTS AND I AM FAMILIAR WITH HOW TO ACHIEVE THIS.

Location of Surveillance Equipment and Video Surveillance Records:

Yes No

Surveillance room or area is clearly defined on the premises diagram

☒ ☐

Surveillance recording equipment and video surveillance records are housed in a designated, locked, and secure area or in a lock box, cabinet, closet or other secure area

☒ ☐

Surveillance recording equipment access is limited to a marijuana establishment licensee or authorized employee, and to law enforcement personnel including an agent of the board

☒ ☐

Video surveillance records are stored off-site

☒ ☐



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan**Business Records (3 AAC 306.755):**

All licensed marijuana establishments must maintain, in a format that is readily understood by a reasonably prudent business person, certain business records. Applicants should be able to answer "Yes" to all items below.

Business Records Maintained and Kept on the Licensed Premises:

Yes No

All books and records necessary to fully account for each business transaction conducted under its license for the current year and three preceding calendar years; records for the last six months are maintained on the marijuana establishment's licensed premises; older records may be archived on or off-premises

☒ ☐

A current employee list setting out the full name and marijuana handler permit number of each licensee, employee, and agent who works at the marijuana establishment

☒ ☐

The business contact information for vendors that maintain video surveillance systems and security alarm systems for the licensed premises

☒ ☐

Records related to advertising and marketing

☒ ☐

A current diagram of the licensed premises including each restricted access area

☒ ☐

A log recording the name, and date and time of entry of each visitor permitted into a restricted access area

☒ ☐

All records normally retained for tax purposes

☒ ☐

Accurate and comprehensive inventory tracking records that account for all marijuana inventory activity from seed or immature plant stage until the retail marijuana or retail marijuana product is sold to a consumer, to another marijuana establishment, or destroyed

☒ ☐

Transportation records for marijuana and marijuana product as required under 3 AAC 306.750(f)

☒ ☐



Alcohol and Marijuana Control Office

550 W 7th Avenue, Suite 1600

Anchorage, AK 99501

marijuana.licensing@alaska.gov

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Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

A marijuana establishment is required to exercise due diligence in preserving and maintained all required records.

Describe how you will prevent records and data, including electronically maintained records, from being lost or destroyed:

MY SISTER AND I ARE BOTH CPA'S. WE ARE FAMILIAR WITH RECORD RETENTION AND
and what it entails. We will have laptops with
a network (secured) where accounting records
and electronic files are kept. We will also
back this data up to a local & offsite storage.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Section 3 – Inventory Tracking of All Marijuana and Marijuana Product

Review the requirements under 3 AAC 306.730, and identify how the proposed establishment will meet the listed requirements.

All licensed marijuana establishments must use a marijuana inventory tracking system capable of sharing information with the system the board implements to ensure all marijuana cultivated and sold in the state, and each marijuana product processed and sold in the state, is identified and tracked from the time the marijuana propagated from seed or cutting, through transfer to another licensed marijuana establishment, or use in manufacturing a product, to a completed sale of marijuana or marijuana product, or disposal of the harvest batch of marijuana or production lot of marijuana product.

Applicants should be able to answer "Yes" to all items below.

Marijuana Tracking and Weighing:

Yes No

A marijuana inventory tracking system, capable of sharing information with the system the board implements to ensure tracking for the reasons listed above, will be used

☒ ☐

All marijuana delivered to a marijuana establishment will be weighed on a scale certified in compliance with 3 AAC 306.745

☒ ☐

Describe the marijuana tracking system that you plan to use and how you will ensure that it is capable of sharing information with the system the board implements:

I WILL USE THE SEED TO SALE INVENTORY TRACKING SOFTWARE AND CONVERT INFORMATION TO A FILE THE BOARD CAN SEE. I AM EFFICIENT IN BOTH EXCEL AND QUICKBOOKS AND AM CONFIDENT I CAN TRACK AND MONITOR MY INVENTORY IN A MANNER THE BOARD CAN ACCESS AND UNDERSTAND. IT CAN BE STORED IN DROPBOX OR UPLOADED AT YOUR REQUEST.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Section 4 – Employee Qualification and Training

Review the requirements under 3 AAC 306.700, and identify how the proposed establishment will meet the listed requirements.

A marijuana establishment and each licensee, employee, or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or a marijuana product, or who checks the identification of a consumer or visitor, shall obtain a marijuana handler permit from the board before being licensed or beginning employment at a marijuana establishment.

Applicants should be able to answer "Yes" to all items below.

Marijuana Handler Permit:

Yes No

Each licensee, employee, or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or marijuana product, or who checks the identification of a consumer or visitor, shall obtain a marijuana handler permit from the board before being licensed or beginning employment at the marijuana establishment

☒☐

Each licensee, employee, or agent who is required to have a marijuana handler permit shall keep that person's marijuana handler permit card in that person's immediate possession (or a valid copy on file on the premises of a retail marijuana store, marijuana cultivation facility, or marijuana product manufacturing facility) when on the licensed premises

☒☐

Each licensee, employee, or agent who is required to have a marijuana handler permit shall ensure that that person's marijuana handler permit card is valid and has not expired

☒☐

Describe how your establishment will meet the requirements for employee qualifications and training:

THE ONLY EMPLOYEES TO START WILL BE MYSELF, MY HUSBAND, AND MY SISTER, AND HER HUSBAND. WE WILL ALL OBTAIN A MARIJUANA HANDLER PERMIT CARD AND KEEP IT ON OUR POSSESSION AT ALL TIMES WHEN IN THE CULTIVATION FACILITY.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Section 5 – Waste Disposal

Review the requirements under 3 AAC 306.740, and identify how the proposed establishment will meet the listed requirements.

Applicants should be able to answer "Yes" to the statement below.

Marijuana Waste Disposal:

Yes

No

The marijuana establishment shall give the board at least 3 days notice in the marijuana inventory tracking system required under 3 AAC 306.730 before making the waste unusable and disposing of it

☒☐

Describe how you will store, manage, and dispose of any solid or liquid waste, including wastewater generated during marijuana cultivation, production, process, testing, or retail sales, in compliance with applicable federal, state, and local laws and regulations:

I PLAN TO USE A HYDROPONIC SYSTEM TO CULTIVATE MARIJUANA. ONCE MARIJUANA IS TRIMED AND THERE IS WASTE IT WILL GROUND UP TO MAKE IT UN-USEABLE. I WOULD USE A SIMILAR GRINDER FISHING VESSELS USE TO GRIND FISH WASTE, ETC. MY MOTHER USED TO WORK FOR THE ALASKA STATE TROOPERS AND SHE WOULD DISPOSE OF DRUG EVIDENCE OUT AT THE LANDFILL. THEY WILL INCINERATE IT FOR YOU. ONCE IT IS GROUND I PLAN ON INCINERATING THE WASTE IN A TIMELY MANNER SO WASTE IS NOT LEFT ON SITE.

Describe what material or materials you will mix with the ground marijuana waste to make it unusable:

I WILL MAKE AN ESSENTIAL ELEMENT SPRAY OUT OF A CONCENTRATE LIKE OREGANO OR PEPPERMINT TO KILL AND MAKE THE MARIJUANA WASTE OBSOLETE UNTIL DESTROYED. I DON'T LIKE HARSH CHEMICALS BUT IF NECESSARY I CAN SPRAY THEM WITH A BLEACH SOLUTION. I PLAN ON INCINERATING WASTE IN A VERY TIMELY MANNER AT OUR LANDFILL, IT WILL NOT BE KEPT ON SITE FOR MORE THAN A DAY OR TWO.



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Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Marijuana waste must be rendered unusable for any purpose for which it was grown or produced before it leaves the marijuana establishment. Describe the process or processes that you will use to make the marijuana plant waste unusable:

SEE ABOVE. I WILL SPRAY IT WITH AN ESSENTIAL ELEMENT OR BLEACH SPRAY
after it is ground up & incinerate it at
our local dump.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Section 6 – Transportation and Delivery of Marijuana and Marijuana Products

Review the requirements under 3 AAC 306.750, and identify how the proposed establishment will meet the listed requirements.

Applicants should be able to answer "Yes" to all items below.

Marijuana Transportation:

Yes No

The marijuana establishment from which a shipment of marijuana or marijuana product originates will ensure that any individual transporting marijuana shall have a marijuana handler permit required under 3 AAC 306.700

☒ ☐

The marijuana establishment that originates the transport of any marijuana or marijuana product will use the marijuana inventory tracking system to record the type, amount, and weight of marijuana or marijuana product being transported, the name of the transporter, the time of departure and expected delivery, and the make, model, and license plate number of the transporting vehicle

☒ ☐

The marijuana establishment that originates the transport of any marijuana or marijuana product will ensure that a complete printed transport manifest on a form prescribed by the board must be kept with the marijuana or marijuana product at all times during transport

☒ ☐

During transport, any marijuana or marijuana product will be in a sealed package or container in a locked, safe, and secure storage compartment in the vehicle transporting the marijuana or marijuana product, and the sealed package will not be opened during transport

☒ ☐

Any vehicle transporting marijuana or marijuana product will travel directly from the shipping marijuana establishment to the receiving marijuana establishment, and will not make any unnecessary stops in between except to deliver or pick up marijuana or marijuana product at any other licensed marijuana establishment

☒ ☐

When the marijuana establishment receives marijuana or marijuana product from another licensed marijuana establishment, the recipient of the shipment will use the marijuana inventory tracking system to report the type, amount, and weight of marijuana or marijuana product received

☒ ☐

The marijuana establishment will refuse to accept any shipment of marijuana or marijuana product that is not accompanied by the transport manifest

☒ ☐



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Describe how marijuana or marijuana product will be prepared, packaged, and secured for shipment:

I WILL PACKAGE THE MARIJUANA ACCORDING TO THE REGULATIONS IMPOSED BY THE AMCB AND CREATE A SHIPPING MANIFEST WITH INVENTORY TRACKING INFORMATION ON IT. IT WILL BE SEALED AND CONTAIN A CLEAR TRACKING OF MY INVENTORY BEING SOLD AND ENTERING SOMEONE ELSE'S INVENTORY. IT WILL BE SEALED WITH INDUSTRIAL PLASTIC WRAP IN ADDITION TO REQUIRED PACKAGING SO IT WILL SHOW CLEAR SIGNS IF IT HAS BEEN TAMPERED WITH.

Describe the type of locked, safe, and secure storage compartments that will be used in any vehicles transporting marijuana or marijuana product:

I WILL TRANSPORT MARIJUANA FROM CULTIVATION FACILITY TO RETAIL FACILITY IN A 2006 TOYOTA SEQUOIA. IT AUTOMATICALLY LOCKS WHEN BEING DRIVEN. I WILL PURCHASE A PORTABLE SAFE FOR THE BACK COMPARTMENT TO LOCK MARIJUANA IN FOR THE TRANSPORTING OF IT TO A RETAIL LOCATION ON ISLAND OR SHIPPING FACILITY.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Section 7 – Signage and Advertising

Describe any signs that you intend to post on your establishment with your business name, including quantity and dimensions:

I WILL NOT POST ANY SIGNS ON THE BUILDING OF MY CULTIVATION FACILITY

If you are not applying for a retail marijuana store license, you do not need to complete the rest of Section 7, including Page 17.

Restriction on advertising of marijuana and marijuana products (3 AAC 306.360):

All licensed retail marijuana stores must meet minimum standards for signage and advertising.

Applicants should be able to answer "Agree" to all items below.

No advertisement for marijuana or marijuana product will contain any statement or illustration that:

Agree Disagree

Is false or misleading

<input checked="" type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------

Promotes excessive consumption

<input checked="" type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------

Represents that the use of marijuana has curative or therapeutic effects

<input checked="" type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------

Depicts a person under the age of 21 consuming marijuana

<input checked="" type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------

Includes an object or character, including a toy, a cartoon character, or any other depiction designed to appeal to a child or other person under the age of 21, that promotes consumption of marijuana

<input checked="" type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

No advertisement for marijuana or marijuana product will be placed:

Agree Disagree

Within one thousand feet of the perimeter of any child-centered facility, including a school, childcare facility, or other facility providing services to children, a playground or recreation center, a public park, a library, or a game arcade that is open to persons under the age of 21

☒ ☐

On or in a public transit vehicle or public transit shelter

☒ ☐

On or in a publicly owned or operated property

☒ ☐

Within 1000 feet of a substance abuse or treatment facility

☒ ☐

On a campus for post-secondary education

☒ ☐

Signage and Promotional Materials:

Agree Disagree

I understand and agree to follow the limitations for signs under 3 AAC 306.360(a)

☒ ☐

The retail marijuana store will not use giveaway coupons as promotional materials, or conduct promotional activities such as games or competitions to encourage sale of marijuana or marijuana products

☒ ☐

All advertising for marijuana or any marijuana product will contain the warnings required under 3 AAC 306.360(e)

☒ ☐



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

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Phone: 907.269.0350

Section 8 – Control Plan for Persons Under the Age of 21

Describe how the marijuana establishment will prevent persons under the age of 21 from gaining access to any portion of the licensed premises and marijuana items:

THIS IS A CULTIVATION FACILITY. I DO NOT INTEND TO ALLOW ANYONE ACCESS TO THIS AREA UNLESS THEY ARE AN EMPLOYEE AND HAVE A HANDLER'S PERMIT. ANY VISITORS WILL BE ESCORTED BY MY HUSBAND, SISTER, OR MYSELF AND A PHOTOCOPY OF THEIR IDENTIFICATION WILL BE STORED WITH GUEST SIGN IN MANIFEST.

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

[Signature]

Signature of licensee

Janiesse Stevens

Printed name

Subscribed and sworn to before me this 28 day of MARCH, 2016.

KRISTLE BLANCO
Notary Public, State of Alaska
Commission # 1305134
My Commission Expires
May 17, 2017

[Signature]

Notary Public in and for the State of Alaska.

My commission expires: 05/17/2017



Alaska Marijuana Control Board
**Operating Plan Supplemental
Form MJ-04: Marijuana Cultivation Facility**

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
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What is this form?

This operating plan supplemental form is required for all applicants seeking a marijuana cultivation facility license and must accompany the **Marijuana Establishment Operating Plan (Form MJ-01)**, per 3 AAC 306.020(b)(11). Applicants should review **Chapter 306: Article 4** of the **Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of those regulations. If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020 and 3 AAC 306.420(2).

What additional information is required for cultivation facilities?

Applicants must identify how the proposed establishment will comply with applicable regulations regarding the following:

- Prohibitions
- Cultivation plan
- Odor control
- Testing procedure and protocols
- Security

This form must be submitted to AMCO's main office before any marijuana cultivation facility license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	JANIESE STEVENS	License Number:	10032
License Type:	STANDARD MARIJUANA CULTIVATION FACILITY LICENSE		
Doing Business As:	THREE SISTERS COOP		
Premises Address:	2180 MILL BAY ROAD		
City:	KODIAK	State:	ALASKA
		ZIP:	99615



Alaska Marijuana Control Board
Operating Plan Supplemental
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Section 2 – Prohibitions

Applicants should review 3 AAC 306.405 – 3 AAC 306.410 and be able to answer “Agree” to all items below.

The marijuana cultivation facility will not:

Agree Disagree

Sell, distribute, or transfer any marijuana or marijuana product to a consumer, with or without compensation

☒ ☐

Allow any person, including a licensee, employee, or agent, to consume marijuana or marijuana product on its license premises or within 20 feet of the exterior of any building or outdoor cultivation facility

☒ ☐

Treat or otherwise adulterate marijuana with any organic or nonorganic chemical or compound to alter the color, appearance, weight, or odor of the marijuana

☒ ☐

Section 3 – Cultivation Plan

Review the requirements under 3 AAC 306.420, and identify how the proposed premises will meet the listed requirements.

Describe the size of the space(s) the marijuana cultivation facility intends to be under cultivation, including dimensions and overall square footage. Provide your calculations below:

THE MIDDLE BAY OF THE WAREHOUSE IS APROX 1500 SQUARE FEET. I INTEND TO USE A HYDROPONIC SYSTEM TO CULTIVATE. ON AVERAGE YOU CAN GET ONE PLANT PER SQUARE FOOT, I INTEND TO START AT 750 SQUARE FEET OF CULTIVATION SPACE AND PLANTS. THIS WILL GIVE ME ROOM TO WALK AROUND AND TEND TO THE SYSTEM. IF AFTER ONE YEAR IF I FEEL THE DEMAND IS PRESENT AND I CAN ADD MORE HYDROPONIC PLANTS TO THE SPACE I WILL.



Alaska Marijuana Control Board

Operating Plan Supplemental

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Describe the marijuana cultivation facility's growing medium(s) to be used:

I PLAN ON USING A CLOSED LOOP OR A DRIP HYDROPONIC CULTIVATION SYSTEM. I WILL USE A MIXTURE OF MEDIUMS SUCH AS EXPANDED CLAY AND PERLITE. I WILL BE TOURING WASHINGTON CULTIVATION FACILITIES THIS SUMMER AND COME UP WITH A SOLID SYSTEM ONCE I'M DONE. MY HUSBAND IS ALSO A COMMERCIAL FISHERMAN AND I HAVE LOTS OF OLD HALIBUT TOTES I CAN UTILIZE AS WELL FOR SOME TRADITIONAL DIRT CULTIVATION FOR MOTHER PLANTS OR EXPERIMENTAL HYBRIDS.

Describe the marijuana cultivation facility's fertilizers, chemicals, gases, and delivery systems, including carbon dioxide management, to be used:

I PLAN ON USING A HYDROPONIC SYSTEM AS DESCRIBED ABOVE.

I will mix my water with the following in the form of a hydroponic powder nutrient already combined:

nitrogen (N), phosphorus (P), potassium (K), calcium (Ca), magnesium (Mg) and sulfur (S). Those are the macroelements (the big ones) and the small elements known as microelements are iron (Fe), chlorine (Cl), manganese (Mn), boron (B), zinc (Zn), copper (Cu) and molybdenum (Mo).

I WILL USE CO2 IN THE AIR AND HAVE A REGULATOR THAT TESTS AIR QUALITY

Describe the marijuana cultivation facility's irrigation and waste water systems to be used:

SEE ATTACHED DIAGRAM



Alaska Marijuana Control Board

Operating Plan Supplemental Form MJ-04: Marijuana Cultivation Facility

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Describe the marijuana cultivation facility's growing medium(s) to be used:

Describe the marijuana cultivation facility's fertilizers, chemicals, gases, and delivery systems, including carbon dioxide management, to be used:

Describe the marijuana cultivation facility's irrigation and waste water systems to be used:



Alaska Marijuana Control Board
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Form MJ-04: Marijuana Cultivation Facility**

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Describe the marijuana cultivation facility's waste disposal arrangements:

I WILL INCINERATE WASTE AT THE KODIAK ISLAND BOROUGH LANDFILL ONCE I HAVE HARVESTED A CROP.

Section 4 – Odor Control

Review the requirements under 3 AAC 306.430, and identify how the proposed premises will meet the listed requirement.

Describe the odor control method(s) to be used and how the marijuana cultivation facility will ensure that any marijuana at the facility does not emit an odor that is detectable by the public from outside the facility:

I HAVE VENILATION IN PLACE AND AM NOT IMMEDIATELY NEAR ANY OTHER BUILDINGS. I HAVE CONTACTED A VENDOR IN TOWN WHO HAS INDICATED THEY WILL INSTALL ADDITIONAL VENILATION WITH CARBON FILTERS NEEDED FOR GROWTH AND ODOR ELIMINATION. I'VE INTERVIEWED OUR AUTO BODY SHOP IN TOWN AND DISCUSSED WITH THEM PROCEDURES USED TO REMOVE ODOR AND HAVE SPOKEN WITH INDIVIDUALS TO INSTALL A SYSTEM OF THIS NATURE ONCE PERMIT HAS BEEN GRANTED.



Alaska Marijuana Control Board
Operating Plan Supplemental
Form MJ-04: Marijuana Cultivation Facility

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Section 5 – Testing Procedure and Protocols

Review the requirements under 3 AAC 306.455 and 3 AAC 306.465, and identify how the proposed premises will meet the listed requirements.

Applicants should be able to answer "Agree" to the item below.

I understand and agree that:

Agree Disagree

The board will or the director shall from time to time require the marijuana cultivation facility to provide samples of the growing medium, soil amendments, fertilizers, crop production aids, pesticides, or water for random compliance checks

☒☐

Describe the testing procedure and protocols the marijuana cultivation facility will follow:

I WILL TAKE SAMPLES OF ALL STRAINS GROWN AND SEND THEM FOR TESTING AS REQUIRED BY AMCB AND COMPLY WITH ALL TESTING REQUESTS. I ALSO INTEND TO DO IN HOUSE TESTING ONCE MY FACILITY IS UP AND RUNNING.



Alaska Marijuana Control Board
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Form MJ-04: Marijuana Cultivation Facility

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Phone: 907.269.0350

Section 6 – Security

Review the requirements under 3 AAC 306.430 and 3 AAC 306.470 – 3 AAC 306.475, and identify how the proposed premises will meet the listed requirements.

Applicants should be able to answer "Agree" to the two items below.

Agree Disagree

The marijuana cultivation facility applicant has:

Read and understands and agrees to the packaging of marijuana requirements under 3 AAC 306.470

☒ ☐

Read and understands and agrees to the labeling of marijuana requirements under 3 AAC 306.475

☒ ☐

Restricted Access Area (3 AAC 306.430):

Yes No

Will the marijuana cultivation facility include outdoor production?

☐ ☒

If "Yes", describe the outdoor structure(s) or the expanse of open or clear ground fully enclosed by a physical barrier:



Alaska Marijuana Control Board
Operating Plan Supplemental
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Describe the method(s) used to ensure that any marijuana at the marijuana cultivation facility cannot be observed by the public from outside the facility:

IT IS INSIDE A WAREHOUSE WITH NO WINDOWS.

I certify that as a marijuana cultivation facility, I will submit monthly reports to the Department of Revenue and pay the excise tax required under AS 43.61.010 and 43.61.020 on all marijuana sold or provided as a sample to a marijuana establishment, as required under 3 AAC 306.480.

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

Steveno

Signature of licensee

Janese Stevens

Printed name

Subscribed and sworn to before me this 28 day of March, 2016.

KRISTLE BLANCO
Notary Public, State of Alaska
Commission # 1305134
My Commission Expires
May 17, 2017

Kristle Blanco

Notary Public in and for the State of Alaska.

My commission expires: 05/17/2017



Alaska Marijuana Control Board
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(Additional Space as Needed):



1



2



3



4



5

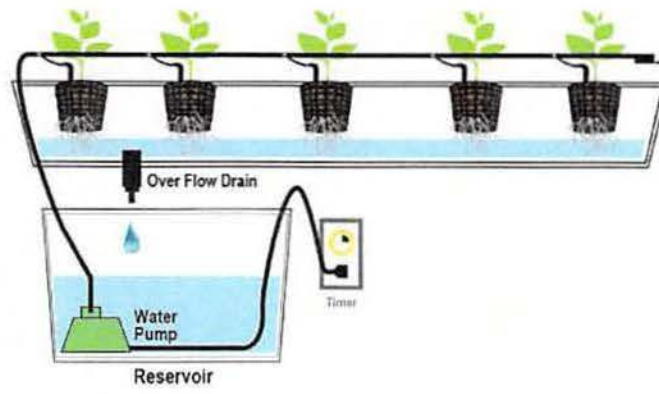


6



7

1. Rockwool
2. Oasis Cube
3. Expanded Clay
4. Coco Chips/ Fiber
5. Perlite
6. Vermiculite
7. Rock



Janiese Stevens
Box 8593
Kodiak, AK 99615
May 17th, 2016

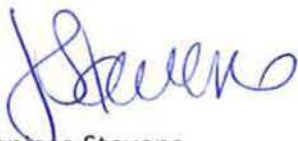
Cynthia Franklin
Director, Marijuana Licensing
Department of Commerce, Community and Economic Development
550 West 7th Ave, Suite 1600
Anchorage, AK 99501

Dear Cynthia Franklin:

Please find below included with this correspondence to requested additional information for the processing of Marijuana Cultivation Facility license application # 10032.

- MJ-02 - Premises Diagram. Please find accompanying diagrams.
- MJ -04 - Marijuana Cultivation Facility Supplemental. Please find accompanying document.
- MJ- 08 – Local Notice Affidavit. Please find accompanying document.

Sincerely,



Janiese Stevens

Enclosure

THREE SISTERS CO-OP

MARIJUANA CULTIVATION FACILITY

Re: MJ-04 response

1. Process Synopsis

The proposed Marijuana Cultivation Facility will utilize what is commonly referred to as a drip hydroponic system. This will utilize a soil-less grow medium consisting of 50% Coco coar and 50% perlite. A top-drip gravity fed irrigation system will be employed with the drip cycle controlled by solenoid valves ran by computer. The PH and moisture level of the growing medium will be monitored to control the drip irrigation for optimum moisture levels in the medium. The PH, temperature and EC level of the nutrient solution will be monitored and tracked by computer using "Growtronics" software. The Temperature, relative humidity, CO2 and O2 levels of the grow spaces will be monitored and tracked.

A sample harvesting calendar would follow as such:

- January 1 – Move rooted 12" to 18" tall clones to the growing rooms with an 18-24 hr light cycle.
- January 30 – Induce flowering by modification of light to a 12 hour light 12 hour darkness schedule.
- February 7 – Take cuttings from mother plants and start the next crop of clones with 18 to 24 hours of light.
- March 30 – harvest first crop.

2. Facility Layout – Utility space and Ground level

The facility will be have two floors with an 18" utility space beneath the ground floor. The purpose for this space is two-fold. The primary purpose is for utility access – air, Heat and AC ducting and plumbing with a collection tank for nutrient run off. The secondary purpose will be to provide insulation of the grow rooms from the cold concrete floor of the space.

Access to the facility will be through two entry doors into a Security space. Access from this space into the Restricted Access Areas of the grow facility will be through one door with bio-metric access control. Access by employees and any visitors will be in compliance with 3 AAC 306.710. The security space will have two cameras providing 100% visual view of the security space. Video surveillance throughout the facility will be in compliance with 3 AAC 306.720. The Security Alarm system and locks for the facility will be in compliance with 3 AAC 306.715.

Access to the grow facility will be through the Wash room/ Utility space. From this space access will go to the Harvesting / Workroom Space. The facility will be in compliance with Health and Safety Standards as spelled out in 3 AAC 306.735

In the center of the Harvesting / Workroom space will be the Drying Space.

From the middle of the Drying space there will be a door granting access to a utility corridor between the two grow spaces. This corridor will house air vents, electrical runs, nutrient plumbing and solenoids to the two adjacent grow rooms.

There will be two 12' X 24' grow rooms on each side of the utility corridor. Plants in their early vegetative state will be planted and grown through the remainder of their growth cycle in these two rooms. Plants will be planted in a multitude of independent units which we will call the "Grow Modules". Each of these units will be a constructed cart on wheels of 48" X 48" in dimension. Each grow module will be independently lit. Each grow module will be an independent zone, independently monitored and will independently receive nutrients through a drip irrigation system. A list of fertilizing agents will be included as an attachment.

Through Light cycle modification the plants will progress from an early vegetative growth stage through to a flowering stage to be eventually harvested. The harvesting, processing, drying, weighing, submission of samples for lab testing, labeling and packaging and transport will all be in compliance with pertinent regulations - 3 AAC 306.445 (required lab testing), 3 AAC 306.470 (Packaging), 3 AAC 360.475 (Labeling), 3 AAC 360.745 (weighing) and 3 AAC 306.750 (Transportation). Marijuana tracking software –Metrc by Franwell will be used from the beginning of cultivation and throughout the process in order to comply with 3 AAC 306.435.

Once ready for harvest each growth module will be wheeled out of the grow room into the Harvesting / Workroom where the plant will be harvested. All plant matter not harvested, including roots, stalks, stems and leaves will be ground and mulched and mixed to a 50% ratio with compostable materials in compliance with 3 AAC 360.740. A compost pile will be maintained on the property for final disposition. The grow rooms and grow modules will be cleaned and sanitized before resumption of the next harvest cycle.

3. Facility Layout – Second Floor

The second floor access is from a stairwell in the Utility /Washroom. The Second floor is comprised of three rooms and a haul way running the length of the space.

The Primary space is referred to as the “Mother / Vegetation” room. This room is where all initial plantings from seeds will take place as well as the cutting and planting of clones for further cultivation. A dumbwaiter will provide lift and lowering of potted clones to the Workroom space on the first floor for planting in the Grow Modules.

The second space will be for the Nutrient mix tanks as well as air handling and atmosphere modification gases – primarily CO₂. All air intake and exhaust will be filtered with high grade carbon filtration and HEPA filtration. The Nutrient tanks will feed via gravity to the grow modules in the two grow rooms on the first floor. Runoff from the grow modules will be collected via drain plumbing to a collection tank and then pumped as waste water discharge. Any run off water will be discharged in compliance with applicable State waste water discharge regulations.

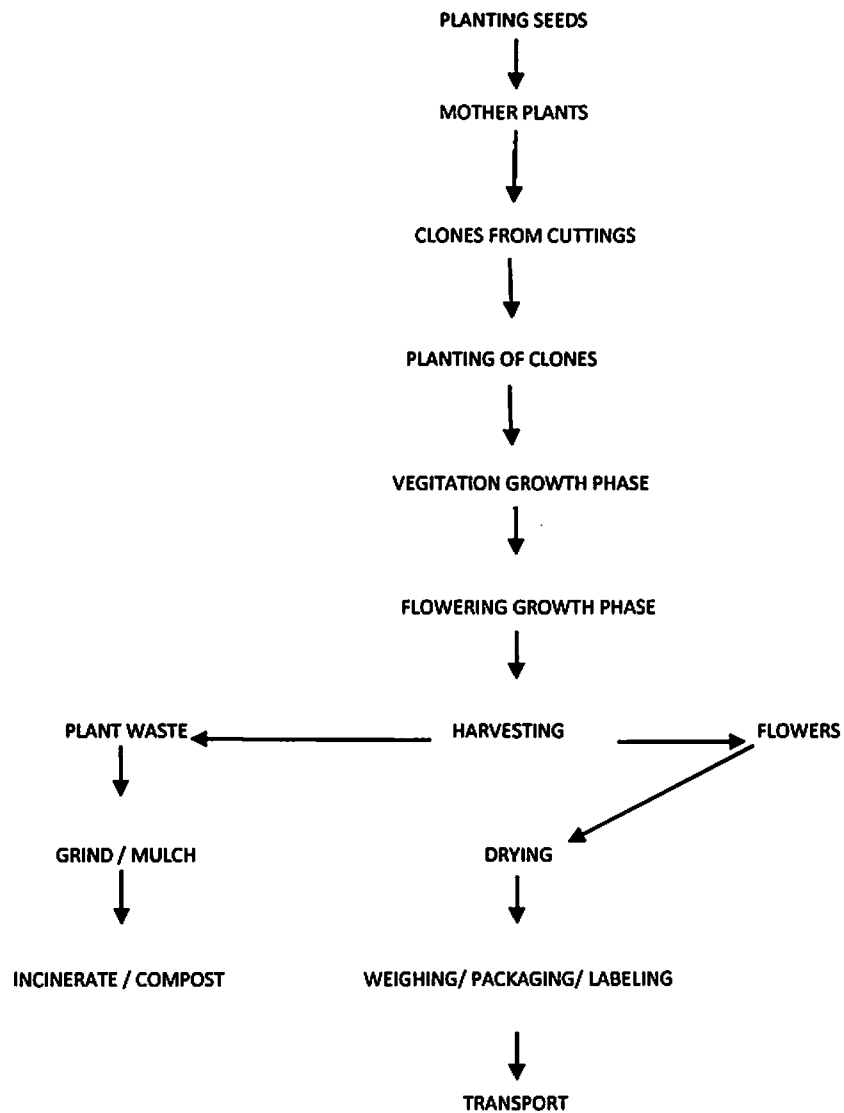
The Third Space will be for storage of potting materials, fertilizer and materials associated with the facility.

In summation. The concept for construction of the facility will be to utilize 6” SIP panels (Structurally Integrated Panels) for the complete construction of the proposed facility inside. The facility will be inside and structurally independent of the existing commercial steel building space. The Facility will be well insulated and clean. The grow rooms are intended to be hermetically sealed. All air and water into the facility will be thoroughly filtered. Included will be attachments showing a basic process flow diagram and a list of fertilizing agents.

Attachment A

PROCESS FLOW CHART

Marijuana Cultivation Facility



Attachment B

List of fertilizing agents

1. Calcium Nitrate
2. Grow- More's 5-11-26
3. Agsil Potassium Silicate
4. Magnesium Sulfate
5. Phosphoric Acid
6. BioAg Fulpower Fulvic acid
7. Mono-Potassium Phosphate



Material Safety Data Sheet

Potassium phosphate, monobasic, ACS

Section 1 - Chemical Product and Company Identification

MSDS Name:

Potassium phosphate, monobasic, ACS

Catalog Numbers:

LC20095

Synonyms:

Dihydrogen potassium phosphate; Monopotassium phosphate; Phosphoric acid, monopotassium salt; Potassium dihydrogen phosphate; Potassium dihydrogen orthophosphate.

Company Identification:LabChem, Inc.
200 William Pitt Way
Pittsburgh, PA 15238**Company Phone Number:**

(412) 826-5230

Emergency Phone Number:

(800) 424-9300

CHEMTREC Phone Number:

(800) 424-9300

Section 2 - Composition, Information on Ingredients

CAS#	Chemical Name:	Percent
7778-77-0	Potassium phosphate, monobasic	100%

Section 3 - Hazards Identification

Emergency Overview

Appearance: colorless to white crystals.**Caution!** May cause eye, skin, and respiratory tract irritation. Hygroscopic (absorbs moisture from the air).**Target Organs:** none.

Potential Health Effects

Eye:

Dust may cause mechanical irritation.

Skin:

May cause skin irritation. Low hazard for usual industrial handling.

Ingestion:

May cause irritation of the digestive tract. Low hazard for usual industrial handling.

Inhalation:

May cause respiratory tract irritation.

Chronic:

Ingestion of large doses may cause nausea, vomiting, and diarrhea. Chronic exposure to this product may cause calcium phosphate deposition in the kidneys.



Material Safety Data Sheet

Potassium phosphate, monobasic, ACS

Section 4 - First Aid Measures

Eyes:

Immediately flush eyes with plenty of water for at least 15 minutes, occasionally lifting the upper and lower eyelids. Get medical aid.

Skin:

Get medical aid. Flush skin with plenty of water for at least 15 minutes while removing contaminated clothing and shoes. Wash clothing before reuse.

Ingestion:

Never give anything by mouth to an unconscious person. Get medical aid. Do NOT induce vomiting. If conscious and alert, rinse mouth and drink 2-4 cupfuls of milk or water.

Inhalation:

Remove from exposure and move to fresh air immediately. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. Get medical aid.

Notes to Physician:

Persons with impaired kidney function may be more susceptible to the effects of this substance. Treat symptomatically and supportively.

Section 5 - Fire Fighting Measures

General Information:

As in any fire, wear a self-contained breathing apparatus in pressure-demand, MSHA/NIOSH (approved or equivalent), and full protective gear. During a fire, irritating and highly toxic gases may be generated by thermal decomposition or combustion.

Extinguishing Media:

Use water spray, dry chemical, carbon dioxide, or appropriate foam.

Autoignition Temperature:

No information found.

Flash Point:

No information found.

NFPA Rating:

Health-1; flammability-0; reactivity-0

Explosion Limits:

Lower: n/a Upper: n/a

Section 6 - Accidental Release Measures

General Information:

Use proper personal protective equipment as indicated in Section 8.

Spills/Leaks:

Vacuum or sweep up material and place into a suitable disposal container. Clean up spills immediately, observing precautions in the Protective Equipment section. Avoid generating dusty conditions. Provide ventilation.



Material Safety Data Sheet

Potassium phosphate, monobasic, ACS

Section 7 - Handling and Storage

Handling:

Use with adequate ventilation. Minimize dust generation and accumulation. Avoid contact with eyes, skin, and clothing. Keep container tightly closed. Avoid ingestion and inhalation. Use with adequate ventilation. Wash clothing before reuse.

Storage:

Keep container closed when not in use. Store in a tightly closed container. Store in a cool, dry, well-ventilated area away from incompatible substances. Store protected from moisture.

Section 8 - Exposure Controls, Personal Protection

Engineering Controls:

Facilities storing or utilizing this material should be equipped with an eyewash facility and a safety shower. Use adequate general or local exhaust ventilation to keep airborne concentrations below the permissible exposure limits.

Exposure Limits:

Chemical Name:	ACGIH	NIOSH	OSHA
Potassium phosphate, monobasic	none listed	none listed	none listed

OSHA Vacated PELs:

Potassium phosphate, monobasic: No OSHA Vacated PELs are listed.

Personal Protective Equipment**Eyes:**

Do not wear contact lenses when working with chemicals. An eye wash fountain should be available in the immediate work area. Wear appropriate protective eyeglasses or chemical safety goggles as described in 29 CFR 1910.133.

Skin:

Wear appropriate protective gloves to prevent skin exposure.

Clothing:

Wear appropriate protective clothing to prevent skin exposure.

Respirators:

Follow the OSHA respirator regulations found in 29 CFR 1910.134. Use a NIOSH/MSHA approved respirator if exposure limits are exceeded or if irritation or other symptoms are experienced.

Section 9 - Physical and Chemical Properties

Physical State: Crystals
Color: White
Odor: Odorless
pH: Not available
Vapor Pressure: Not available



Material Safety Data Sheet

Potassium phosphate, monobasic, ACS

Vapor Density:	Not available
Evaporation Rate:	Not available
Viscosity:	Not available
Boiling Point:	Not available
Freezing/Melting Point:	252.6°C
Decomposition Temperature:	> 253°C
Solubility in water:	Soluble
Specific Gravity/Density:	2.338 g/cm ³
Molecular Formula:	KH ₂ PO ₄
Molecular Weight:	136.09

Section 10 - Stability and Reactivity

Chemical Stability:

Stable under normal storage and handling conditions.

Conditions to Avoid:

Dust generation, moisture.

Incompatibilities with Other Materials:

No significant incompatibilities identified with common materials and contaminants.

Hazardous Decomposition Products:

Oxides of phosphorus, irritating and toxic fumes and gases.

Hazardous Polymerization:

Has not been reported.

Section 11 - Toxicological Information

RTECS:

CAS# 7778-77-0: TC66

LD50/LC50:

CAS# 7778-77-0:

Skin, rabbit: LD50 = >4640 mg/kg

Carcinogenicity:

CAS# 7778-77-0: Not listed by ACGIH, IARC, NTP, or CA Proposition 65.

Epidemiology:

No information available.

Teratogenicity:

No information available.

Reproductive:

No information available.

Mutagenicity:

No information available.

Neurotoxicity:

No information available.



Material Safety Data Sheet

Potassium phosphate, monobasic, ACS

Section 12 - Ecological Information

Other: When too many nutrients such as phosphorus are in the water, algae grows maniacally. Algae blooms are followed by a die-off, and as material decays, it consumes oxygen like a forest fire. No fish, plants or insects can live in oxygen-free zones.

Section 13 - Disposal Considerations

Dispose of in accordance with Federal, State, and local regulations.

Section 14 - Transport Information

US DOT

Shipping Name: Not regulated.

Hazard Class:

UN Number:

Packing Group:

Section 15 - Regulatory Information

US Federal

TSCA:

CAS# 7778-77-0 is listed on the TSCA inventory. Does not have a Significant New Use Rule.

SARA Reportable Quantities (RQ):

CAS# 7778-77-0 does not have an RQ.

CERCLA/SARA Section 313:

Not reportable under Section 313.

OSHA - Highly Hazardous:

Not considered highly hazardous by OSHA.

US State

State Right to Know:

CAS# 7778-77-0 is not listed on the following state right to know lists: California, Florida, Minnesota, New Jersey, Pennsylvania, and Massachusetts.

California Regulations:

Not listed.

European/International Regulations

Canadian DSL/NDSL:

CAS# 7778-77-0 is listed on Canada's DSL List.

Canada Ingredient Disclosure List:

CAS# 7778-77-0 is not listed on the Ingredient Disclosure List.



Material Safety Data Sheet
Potassium phosphate, monobasic, ACS

Section 16 - Other Information

MSDS Creation Date: August 7, 2006

Revision Date: None

Information in this MSDS is from available published sources and is believed to be accurate. No warranty, express or implied, is made and LabChem Inc. assumes no liability resulting from the use of this MSDS. The user must determine suitability of this information for his application.

Trade Name:
Date Prepared:

AgSil 25 Potassium Silicate Solution
April 4, 2012

Page: 1 of 5

1. CHEMICAL PRODUCT AND COMPANY IDENTIFICATION

Product name: AgSil 25 Potassium silicate solution
Product description: A 2.50 weight ratio potassium silicate, 29.1% solution in water
Product Use: Hydroponics use
Manufacturer: National Silicates
429 Kipling Ave, Etobicoke, ON M8Z 5C7
Phone number: 416-255-7771
Fax number: 416-201-4347
In case of emergency call: 1 416-255-7771

2. COMPOSITION/INFORMATION ON INGREDIENTS

Chemical and Common Name	CAS Registry Number	Wt. %	OSHA PEL	ACGIH TLV
Water	7732-18-5	70.9%	Not Established	Not Established
Silicic acid, potassium salt; Potassium silicate	1312-76-1	29.1%	Not Established	Not Established

3. HAZARDS IDENTIFICATION

Emergency Overview: Clear to hazy, colorless, odorless, thick liquid. Causes mild irritation, slight skin irritation, and digestive tract irritation. Spray mist causes irritation to respiratory tract. High pH is harmful to aquatic life. Noncombustible. Spills are slippery. Reacts with acids, ammonium salts, reactive metals and some organics.

Eye contact: Causes mild irritation to the eyes.

Skin contact: Causes slight irritation to the skin.

Inhalation: Spray mist irritating to respiratory tract.

Ingestion: May cause irritation to mouth, esophagus, and stomach.

Chronic hazards: No known chronic hazards. Not listed by NTP, IARC or OSHA as a carcinogen.

Physical hazards: Dries to form glass film which can easily cut skin. Spilled material is very slippery. Can etch glass if not promptly removed.



Trade Name:
Date Prepared:

AgSil 25 Potassium Silicate Solution

April 4, 2012

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4. FIRST AID MEASURES

Eye: In case of contact, immediately flush eyes with plenty of water for at least 15 minutes. Get medical attention.

Skin: In case of contact, immediately flush skin with plenty of water. Remove contaminated clothing and shoes. Get medical attention.

Inhalation: Remove to fresh air. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. Get medical attention.

Ingestion: If swallowed, DO NOT induce vomiting. Get medical attention immediately. If victim is fully conscious, give a cupful of water. Never give anything by mouth to an unconscious person.

5. FIRE FIGHTING MEASURES

Flammable limits: This material is noncombustible.

Extinguishing Media: This material is compatible with all extinguishing media

Hazards to fire-fighters: See Section 3 for information on hazards when this material is present in the area of a fire.

Fire-fighting equipment: The following protective equipment for fire fighters is recommended when this material is present in the area of a fire: chemical goggles, body-covering protective clothing, chemical resistant gloves, and rubber boots.

Hazardous Combustion Products: Not available

Explosion Data:

Sensitivity to mechanical impact and static discharge: Not available

6. ACCIDENTAL RELEASE MEASURES

Personal protection: Wear chemical goggles, body-covering protective clothing, chemical resistant gloves, and rubber boots. See section 8.

Environmental Hazards: Sinks and mixes with water. High pH of this material is harmful to aquatic life, see Section 12. Only water will evaporate from a spill of this material.

Small spill cleanup: Mop up and neutralize liquid, dispose in accordance with federal, provincial and local regulations or permits.

Large spill cleanup: Keep unnecessary people away; isolate hazard area and deny entry. Do not touch or walk through spilled material. Stop leak if you can do so without risk. Prevent runoff from entering into storm sewers and ditches which lead to natural waterways. Isolate, dike and store discharged material, if possible. Use sand or earth to contain spilled material. If containment is impossible, neutralize contaminated area and flush with large quantities of water.

CERCLA RQ (US): There is no CERCLA Reportable Quantity for this material. If a spill goes off site, notification of state and local authorities is recommended.



Trade Name:
Date Prepared:

AgSil 25 Potassium Silicate Solution

April 4, 2012

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7. HANDLING AND STORAGE

Handling: Avoid contact with eyes, skin and clothing. Avoid breathing spray mist. Keep container closed. Promptly clean residue from closures with cloth dampened with water. Promptly clean up spills.

Storage: Keep containers closed. Store in clean steel or plastic containers. Separate from acids, reactive metals, and ammonium salts. Storage temperature 0-95° C. Loading temperature 45-95 ° C. Do not store in aluminum, fiberglass, copper, brass, zinc or galvanized containers.

8. EXPOSURE CONTROLS/PERSONAL PROTECTION

Engineering controls: Use with adequate ventilation. Keep containers closed. Safety shower and eyewash fountain should be within direct access.

Respiratory protection: Use a NIOSH-approved dust and mist respirator where spray mist occurs. Observe Provincial regulations for respirator use.

Skin protection: Wear body-covering protective clothing and gloves.

Eye protection: Wear chemical goggles.

9. PHYSICAL AND CHEMICAL PROPERTIES

Appearance: Thick liquid.

Color: Clear to hazy white.

Odor: Odorless or musty odor.

Odor Threshold: Not available

pH: 11.3

Specific gravity: 1.26 g/cm₃ (20°C), 29.8° Bé, 10.50 lbs/gal

Solubility in water: Miscible.

Flashpoint: Not applicable

Auto-ignition Temperature: Not applicable

Vapor Pressure: Not applicable

Vapor Density: Not applicable

Evaporation Rate: Not applicable

Boiling Point: Not applicable

Freezing Point: Not applicable

Coefficient of water/oil

Distribution: Not applicable

10. STABILITY AND REACTIVITY

Stability: This material is stable under all conditions of use and storage.

Conditions to avoid: None.

Materials to avoid: Gels and generates heat when mixed with acid. May react with ammonium salts resulting in evolution of ammonia gas. Flammable hydrogen gas may be produced on contact with aluminum, tin, lead, and zinc.

Hazardous decomposition products: Hydrogen.



11. TOXICOLOGICAL INFORMATION

<i>Acute Data:</i>	When tested for primary irritation potential, this material caused moderate irritation to the eyes and slight irritation to the skin. Human experience indicates that irritation occurs when potassium silicates get on clothes at the collar, cuffs or other areas where abrasion may occur. The acute oral toxicity of this product has not been tested. When chemically similar sodium silicates were tested on a 100% solids basis, their single dose acute oral LD ₅₀ in rats ranged from 1500 mg/kg to 3200 mg/kg. The acute oral lethality resulted from nonspecific causes.
<i>Subchronic Data:</i>	The subchronic toxicity of this material has not been tested. In a study of rats fed chemically similar sodium silicate in drinking water for three months, at 200, 600 and 1800 ppm, changes were reported in the blood chemistry of some animals, but no specific changes to the organs of the animals due to potassium silicate administration were observed in any of the dosage groups. Another study reported adverse effects to the kidneys of dogs fed potassium silicate in their diet at 2.4g/kg/day for 4 weeks, whereas rats fed the same dosage did not develop any treatment-related effects. Decreased numbers of births and survival to weaning was reported for rats fed sodium silicate in their drinking water at 600 and 1200 ppm.
<i>Special Studies:</i>	<p>Frequent ingestion over extended periods of time of gram quantities of silicates is associated with the formation of kidney stones and other siliceous urinary calculi in humans.</p> <p>Mutagenicity: The mutagenic potential of this material has not been tested. Chemically similar sodium silicate was not mutagenic to the bacterium E. Coli when tested in a mutagenicity bioassay.</p> <p>Carcinogenicity: There are no known reports of carcinogenicity of potassium silicates. Potassium silicate is not listed by IARC, NTP or OSHA as a carcinogen.</p> <p>Sensitization to product: Not applicable</p> <p>Reproductive toxicity: Not applicable</p> <p>Teratogenicity: Not applicable</p> <p>Name of toxicologically synergistic products: Not applicable</p>

12. ECOLOGICAL INFORMATION

<i>Ecotoxicity:</i>	Several terrestrial toxicity assessments have been performed with potassium silicate solutions using Environment Canada test methods. The following data is reported: seed germination, seedling emergence, root elongation and earthworm survival LC50 / EC50, LC25 / EC25 > 100 - non-toxic. The following data is reported for chemically similar sodium silicates on a 100% solids basis: A 96 hour median tolerance for fish (<i>Gambusia affinis</i>) of 2320 ppm; a 96 hour median tolerance for water fleas (<i>Daphnia magna</i>) of 247 ppm; a 96 hour median tolerance for snail eggs (<i>Lymnaea</i>) of 632 ppm; and a 96 hour median tolerance for Amphipoda of 160 ppm. This product contains approximately 29.1% potassium silicate.
<i>Environmental Fate:</i>	This material is not persistent in aquatic systems, but its high pH when undiluted or unneutralized is acutely harmful to aquatic life. Diluted material rapidly depolymerizes to yield dissolved silica in a form that is indistinguishable from natural dissolved silica. It does not contribute to BOD. This material does not bioaccumulate except in species that use silica as a structural material such as diatoms and siliceous sponges. Where abnormally low natural silica concentrations exist (less than 0.1 ppm), dissolved silica may be a limiting nutrient for diatoms and a few other aquatic algal species. However, the addition of excess dissolved silica over the limiting concentration will not stimulate the growth of diatom populations; their growth rate is independent of silica concentration once the limiting concentration is exceeded. Neither silica nor potassium will appreciably bioconcentrate up the food chain.
<i>Physical/Chemical:</i>	Sinks and mixes with water. Only water will evaporate from this material.



Trade Name:
Date Prepared:

AgSil 25 Potassium Silicate Solution
April 4, 2012

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13. DISPOSAL CONSIDERATIONS

Disposal Method: **Dispose in accordance with federal, provincial and local regulations.**

14. TRANSPORT INFORMATION

TDG UN Status: **This material is not regulated hazardous material for transportation.**

15. REGULATORY INFORMATION

<i>WHMIS (Canada):</i>	Class D2B This product has been classified in accordance with the hazard criteria of the <i>Controlled Products Regulations</i> and the MSDS contains all the information required by the <i>Controlled Products Regulations</i>.
<i>DSL (Canada):</i>	All components of this formulation are listed on the CEPA-DSL
<i>CERCLA (US):</i>	No CERCLA Reportable Quantity has been established for this material.
<i>SARA TITLE III (US):</i>	Not an Extremely Hazardous Substance under §302. Not a Toxic Chemical under §313. Hazard Categories under §§311/312: Acute
<i>TSCA (US):</i>	All ingredients of this material are listed on the TSCA inventory.
<i>FDA:</i>	Potassium silicate is regarded as GRAS (Generally Recognized As Safe) as a corrosion preventative in potable water.

16. OTHER INFORMATION

Prepared by: **HSE Dept**
Supersedes revision of: **June 22, 2009**

THE INFORMATION ON THIS SAFETY DATA SHEET IS BELIEVED TO BE ACCURATE AND IT IS THE BEST INFORMATION AVAILABLE TO NATIONAL SILICATES THIS DOCUMENT IS INTENDED ONLY AS A GUIDE TO THE APPROPRIATE PRECAUTIONS FOR HANDLING A CHEMICAL BY A PERSON TRAINED IN CHEMICAL HANDLING. NATIONAL SILICATES MAKES NO WARRANTY OF MERCHANTABILITY OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED WITH RESPECT TO SUCH INFORMATION OR THE PRODUCT TO WHICH IT RELATES, AND WE ASSUME NO LIABILITY RESULTING FROM THE USE OR HANDLING OF THE PRODUCT TO WHICH THIS SAFETY DATA SHEET RELATES. USERS AND HANDLERS OF THIS PRODUCT SHOULD MAKE THEIR OWN INVESTIGATIONS TO DETERMINE THE SUITABILITY OF THE INFORMATION PROVIDED HEREIN FOR THEIR OWN PURPOSES.



MATERIAL SAFETY DATA SHEET

CALCIUM NITRATE SOLUTION

CHEMICAL PRODUCT AND COMPANY IDENTIFICATION

Formulator's Name:
Fertizona – Willcox, L.L.C.
PO Box 519
Willcox, AZ 85644-0519

EMERGENCY TELEPHONE NO.:
DAYS: (520) 384.2264
24 Hour Emergency HAZMAT Response: (928) 783.3803

PRODUCT NAME: Calcium Nitrate Solution, CALNITAF
CHEMICAL NAME: Calcium Nitrate $\text{Ca}(\text{NO}_3)_2$
CHEMICAL FAMILY: Inorganic Chemical Solution
EPA REG. NO.: Not applicable

MSDS Revisions: 05/25/2010 **Date Of Issue:** 10/15/2005

COMPOSITION, INFORMATION ON INGREDIENTS (Note: see product tag or label for specific ingredients)

Chemical Ingredients:	Percentage by Weight:	CAS No.
Calcium Nitrate $\text{Ca}(\text{NO}_3)_2$	48.0 to 54.0	Mixture
Water and inert ingredients	52.0 to 46.0	Mixture

HAZARDS IDENTIFICATION SUMMARY

CAUTION: KEEP OUT OF REACH OF CHILDREN. MAY BE HARMFUL IF SWALLOWED

This product is a clear to clear amber liquid. Primary routes of entry are Inhalation, eye contact and skin contact.

FIRST AID MEASURES

Eyes: Flush eyes with large amount of water for at least 15 minutes. Consult a physician if irritation persists.

Skin: Remove all contaminated clothing. Wash skin, hair, and fingernails thoroughly with soap and water. If irritation persists seek medical attention. Wash clothing before reuse.

Ingestion: If swallowed, do not induce vomiting or give anything by mouth to an unconscious person. Call a physician to get medical attention.

Inhalation: Move subject to fresh air. Give artificial respiration if breathing has stopped. If breathing is difficult, give oxygen. Get medical attention immediately.

FIRE FIGHTING MEASURES

FLAMMABILITY OF THE PRODUCT: May be combustible at high temperature

EXTINGUISHING MEDIA: Use medium appropriate to surrounding fire.

HAZARDOUS COMBUSTION PRODUCTS: May include but are not limited to oxides of nitrogen, and some metallic oxides.

SPECIAL FIRE FIGHTING PROCEDURES: Fire fighters should wear appropriate protective equipment and self-contained breathing apparatus and full protective gear.

HAZARDOUS THERMAL DECOMPOSITION: These products are nitrogen oxides (NO , NO_2 , etc)

ACCIDENTAL RELEASE MEASURES

STEPS TO BE TAKEN IF MATERIAL IS RELEASED OR SPILLED:

Avoid breathing vapors. Absorb and sweep up liquid spills immediately and transfer to suitable containers for possible land application according to label use or for disposal. Check local, state and federal regulations for proper disposal.

CAUTION: Keep spills and cleaning runoff out of municipal sewers and open bodies of water.

HANDLING AND STORAGE

HANDLING: Store in a cool dry place away from children, feed and food products, and seed.

OTHER PRECAUTIONS: Toxic to fish and other aquatic organisms. Do not contaminate water supplies by handling and storage of product. Drift or runoff may adversely affect aquatic invertebrates and non-target plants.

EXPOSURE CONTROLS / PERSONAL PROTECTION

ENGINEERING CONTROLS: Not normally required.

RESPIRATORY PROTECTION: Not normally required, if vapors or dusts exceed acceptable levels, wear a MSHA/NIOSH approved pesticide respirator.

EYE PROTECTION: Chemical goggles or shielded safety glasses.

SKIN PROTECTION: Wear protective clothing: long-sleeved shirts and pants, hat, rubber boots with socks. Wear rubber or Chemical-resistant gloves.

OSHA PEL 8 hr TWA ACGIH TLV-TWA

Not established Not Established

MATERIAL SAFETY DATA SHEET

CALCIUM NITRATE SOLUTION

PHYSICAL AND CHEMICAL PROPERTIES

APPEARANCE AND ODOR: Clear to clear amber liquid with no odor

SOLUBILITY: Soluble

BULK DENSITY: 11.68 to 12.52 lbs/gallon

VAPOR PRESSURE: Not established

PERCENT VOLATILE (by volume): Not established

SPECIFIC GRAVITY (Water= 1): 1.40 to 1.50 g/ml

pH: 5 to 7

BOILING POINT: Not established

EVAPORATION RATE: Not established

Note: These physical data are typical values based on material tested but may vary from sample to sample. Typical values should not be construed as a guaranteed analysis of any specific lot or as specification items.

STABILITY AND REACTIVITY

STABILITY: Stable

CONDITIONS TO AVOID: None known.

INCOMPATIBILITY: Reactive with combustible materials, acids, alkalis.

Hazardous Decomposition Products: These products are nitrogen oxides (NO, NO₂, etc)

TOXICOLOGICAL INFORMATION

Acute Oral LD₅₀ (rat): >2000 mg/kg

Acute Dermal LD₅₀ (rabbit): >5000 mg/kg

Eye Irritation (rabbit): May cause moderate irritation

Skin Irritation (rabbit): May cause slight irritation

Inhalation: May cause respiratory tract irritation.

Ingestion: May cause stomach distress, nausea or vomiting.

Carcinogenic Potential: None listed in OSHA, NTP, IARC or ACGIH

ECOLOGICAL INFORMATION

Drift or runoff may adversely affect non-target plants. Do not apply directly to water. Do not contaminate water when disposing of equipment wash water.

Do not apply when weather conditions favor drift from target area.

DISPOSAL CONSIDERATIONS

Do not reuse container. Plastic Jugs: Triple rinse (or equivalent), then offer for recycling at an ACRC site or by reconditioning, or puncture and dispose of in a sanitary landfill or by other procedures approved by local, state and federal regulations.

TRANSPORT INFORMATION

DOT Shipping Description: Not regulated by DOT by highway.

TDG Classification: Not regulated

REGULATORY INFORMATION

NFPA & HMIS Hazard Ratings: NFPA HMIS

1 Health 0 Least 1 Health

0 Flammability 1 Slight 0 Flammability

0 Instability 2 Moderate 0 Reactivity

3 High H PPE

4 Severe

SARA Hazard Notification/Reporting

SARA Title III Hazard Category: Immediate ☐Y☐ Fire ☐N☐ Sudden Release of Pressure ☐N☐

Delayed ☐N☐ Reactive ☐N☐

Reportable Quantity (RQ) under U.S. CERCLA: Not listed

SARA, Title III, Section 313: Not listed

RCRA Waste Code: Not listed

CA Proposition 65: Not listed

OTHER

MSDS STATUS: Revision made 05/25/2010

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MATERIAL SAFETY DATA SHEET

I. PRODUCT IDENTIFICATION

MANUFACTURER'S NAME made by:
The BIOAG Corporation
EMERGENCY TELE. NO. 503-838-2467
ADDRESS Carson City, Nevada

TRADE NAME **Ful-Power Fulvic acid Extract**

SYNONYMS Golden colored Fulvic acid liquid # 2702.10.0000

II. INGREDIENTS

MATERIAL OR COMPONENT DOT SHIPPING AND HAZARD CLASSIFICATION:
Extract of Ancient Humus deposits from fresh water cretaceous deposits.
Fulvic Acid Non-hazardous.

Ph 3.5 +- 0.5

III. PHYSICAL DATA

MELTING POINT= n/a

SPECIFIC GRAVITY VAPOR PRESSURE: n/a ND

VAPOR DENSITY (AIR=1)= lighter than air

SOLUBILITY IN H₂O= 100%

% VOLATILES BY VOL.= n/a

Specific Gravity= 1.10

APPEARANCE AND ODOR= Gold to orange liquid. No odor.

IV. FIRE AND EXPLOSION DATA

FLAMMABLE LIMITS IN AIR, % BY VOLUME: LOWER- n/a UPPER- n/a

EXTINGUISHING MEDIA= n/a

SPECIAL FIRE FIGHTING PROCEDURES none

UNUSUAL FIRE AND EXPLOSION HAZARDS none

V. HEALTH HAZARD INFORMATION

SYMPTOMS OF OVEREXPOSURE INHALATION: n/a

SKIN CONTACT: None known.

SKIN ABSORPTION: None known.

EYE CONTACT: Potential mild irritation.

INGESTION: None known. The LD₅₀ in acute oral toxicity studies is greater than 6,000 mg/kg (~400 gallons per 100 pounds of body weight. Large quantities can cause gastrointestinal irritation. While recommended Doses improve gastrointestinal functions.

EFFECTS OF OVEREXPOSURE: Expected toxicity hazard none.

ACUTE OVEREXPOSURE: Expected toxicity hazard none to slight.

CHRONIC OVEREXPOSURE: Expected toxicity hazard none to slight.

EMERGENCY AND FIRST AID PROCEDURES

EYE: Flush with water.

SKIN: Flush with water.

INHALATION: If discomfort ensues, seek medical attention.

INGESTION: Due to the presence of iron salts, call a physician if large quantities are ingested.

SUSPECTED CANCER AGENT?

X NO This product's ingredients are not found in the lists below.

YES ___Federal OSHA ___NTP ___IARC ___TX/OSHA

MEDICAL CONDITIONS AGGRAVATED BY EXPOSURE None known

VI. REACTIVITY DATA

STABILITY: Stable under normal warehouse conditions.

INCOMPATIBILITY (materials to avoid) none

HAZARDOUS DECOMPOSITION/COMBUSTION PRODUCTS None known

HAZARDOUS POLYMERIZATION Will not occur

VII. SPILL, LEAK AND DISPOSAL PROCEDURES

STEPS TO BE TAKEN IF MATERIAL IS RELEASED OR SPILLED

RELEASED OR SPILLED: Wash with water. Non-toxic. Non-corrosive.

NEUTRALIZATION CHEMICALS: alkaline materials

WASTE DISPOSAL METHODS: Follow all applicable federal, state and local regulations.

VIII. SPECIAL PROTECTION INFORMATION

VENTILATION REQUIREMENTS: n/a

SPECIFIC PERSONAL PROTECTIVE EQUIPMENT

RESPIRATORY (SPECIFY IN DETAIL): None required

EYE: Safety goggles

GLOVES: None required

OTHER CLOTHING AND EQUIPMENT: None required

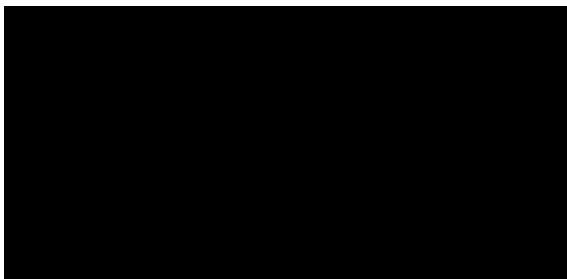
IX. SPECIAL PRECAUTIONS

PRECAUTIONARY STATEMENTS Avoid contact with eyes.

OTHER HANDLING AND STORAGE EQUIPMENT Store in a dry area out of light. Keep out of reach of children.

PREPARED BY FAUST BIO-AGRICULTURAL SERVICES, INC. Dr. Robert H. Faust
president.

ADDRESS 6080 Wigrich Rd.; Independence, Or. 97351
certified true by



DATE:6/3/1998

All information, recommendations and suggestions appearing herein concerning this product are based upon tests and data believed to be reliable. However, it is the user's responsibility to determine the safety, toxicity, and suitability for his own use of this product. Since the actual use by others is beyond our control, we make no guarantee, expressed or implied, as to the effects of such use, the results to be obtained, or the safety and toxicity of the product. This information is not to be construed as absolutely complete, since additional information may be necessary or desirable when exceptional conditions or circumstances exist or because of applicable laws or government regulations.



MATERIAL SAFETY DATA SHEET

M.S.D.S.

I - PRODUCT IDENTIFICATION

TRADE NAME (as labeled) : GROW MORE 5-11-26

MANUFACTURER'S NAME : GROW MORE, INC.
15600 New Century Drive
Gardena, CA 90248
Tel. (310) 515-1700
Fax (310) 515-4937

DATE PREPARED/REVISED : March 20, 2000

NAME OF PREPARER : H. Langheim

II - HAZARDOUS INGREDIENTS

Chemical Name	CAS No. & %	Exposure Limits in Air (give units)		
		ACGH TLV	OSHA PEL	OTHER (specify)
Sodium Molybdate	7439987	5 mg/m3	5 mg/m3	Oral LD50 Rat: 1750 mg/kg " " "
Manganese EDTA	7439965			
Copper EDTA	7440508			
Zinc EDTA	7440666			

III- PHYSICAL PROPERTIES

VAPOR DENSITY (AIR = 1) : N/A

SPECIFIC GRAVITY : Approx. 1.7 g/cc

SOLUBILITY IN WATER : 300 g/l or greater

VAPOR PRESSURE, mmHg AT 20°C : N/A

APPEARANCE AND ODOR : Fine crystals & powder

MELTING POINT OR RANGE, °F : Not established

BOILING POINT OR RANGE, °F : N/A

EVAPORATION RATE (BUTYLACETATE = 1) : 0

DECOMPOSITION TEMPERATURE: : 250 - 374°F

pH 1% SOLUTION : 4.5 - 5.5

MOLECULAR WEIGHT : 110 - 117

CHEMICAL NAME : Proprietary mixture containing Ammonium Phosphate, Potassium Phosphate, Potassium Nitrate, Potassium Sulfate, Ammonium Sulfate, Ammonium Nitrate, Urea and Micronutrients

IV – FIRE AND EXPLOSION

FLASH POINT, °F (Give Method) : Greater than 300°F
AUTO IGNITION TEMPERATURE °F : N/A
FLAMMABLE LIMITS IN AIR (Vol.%) : Non-Flammable Lower (LEL) : N/A
Upper (UEL) : N/A

FIRE EXTINGUISHING MATERIALS

_____ water spray _____ carbon dioxide _____ other
_____ foam _____ dry chemical

SPECIAL FIREFIGHTING PROCEDURE: Use abundant amount of water in early stages of fire.

UNUSUAL FIRE & EXPLOSION HAZARDS: When large quantities are involved in fire, solids may fuse or melt. Noxious Fumes may form, Nitrogen Oxides. In such conditions application of water may result in scattering of molten materials.

V – HEALTH HAZARD INFORMATION

L.D. 50 : Not established.

SYMPTOMS OF OVEREXPOSURE FOR EACH POTENTIAL ROUTE OF EXPOSURE:

INHALED : Dust can irritate upper respiratory system.
CONTACT WITH SKIN OR EYES : Prolonged skin contact may cause Dermatitis. Dust may irritate eyes.
ABSORBED THROUGH SKIN : Not known adverse effects at this time.
SWALLOWED : Nausea, diarrhea, diuresis, muscular debility.

FIRST AID (EMERGENCY) PRODEDURES:

EYE CONTACT : Wash thoroughly with water for at least 15 minutes. Hold eyelids apart during flushing. Send patient immediately to physician.
SKIN CONTACT : Wash with soap and water.
INHALED : Remove from exposure. Treat symptomatically.
SWALLOWED : Rinse mouth. Drink 2-3 glasses of water and seek medical assistance. Do not induce vomiting or give anything by mouth to an unconscious person.

SUSPECTED CANCER AGENT?

☒ No This product's ingredients are not found in the list below.

☐ Yes FEDERAL OSHA _____ NTP _____ IARC _____

(California employers using CAL-OSHA regulated carcinogens must register with CAL-OSHA. The CAL-OSHA and Federal OSHA carcinogen lists are similar).

VI – REACTIVITY DATA

STABILITY : ☒ Stable ☐ Unstable

CONDITIONS TO AVOID : Heating with Sodium Phosphite; dissolving with Sodium Hyposulfite
long exposure to tin, solder, tin plate or stagnates.

INCOMPATIBILITY

Material to avoid) : Corrosive to Aluminum, Steel, Brass, Copper.

HAZARDOUS DECOMPOSITION PRODUCTS (INCLUDING COMBUSTION PRODUCTS): Nitrogen Oxides.

HAZARDOUS POLYMERIZATION: ☐ May occur ☒ Will not occur

CONDITIONS TO AVOID : Avoid fire.

VII – SPILL, LEAK & DISPOSAL PROCEDURES:

SPILL RESPONSE PROCEDURE (Include employee protection measures):

Sweep into breaker. Dilute with sufficient water. Add soda ash. Mix and neutralize with 6m HCL.
Drain into the sewer with abundant water.

PREPARINNG WASTES FOR DISPOSAL (Container types, neutralization, etc.):

Remove slowly into a large container of water. Add soda ash, slightly stirring. After 24 hours, decant or siphon into another container. Neutralize with 6m HCL and drain into the sewer with abundant water.

VIII – SPECIAL HANDLING INFORMATION

VENTILATION & ENGINEERING CONTROLS: Good mechanical ventilation as dust level is sufficiently high.

RESPIRATORY PROTECTION (TYPE): Wear dust mask if excessive airborne dust is present

EYE PROTECTION (TYPE): Safety glasses or goggles – wear it if dust levels causes discomfort.

GLOVES (SPECIFIC MATERIAL): Rubber or plastic – to prevent irritation

OTHER CLOTHING & EQUIPMENT: Wear protective work gown if desired.

WORK PRACTICES, HYGIENIC PRACTICES: Keep away from open flame. Avoid contact with organics. Put into a dry place

PROTECTIVE MEASURES DURING MAINTENANCE OF CONTAMINATED EQUIPMENT:
Wear a dust protector and eye wear.

Material Safety Data Sheet

Material Name: Magnesium Sulfate Heptahydrate (Epsom Salt)

ID: CL-126

*** Section 1 - Chemical Product and Company Identification ***

Chemical Name: Magnesium Sulfate Heptahydrate, Technical Standard & USP Grades

Product Use: For Commercial Use

Synonyms: Magnesium sulfate, 7-hydrate; Epsom Salt

Supplier Information

Chem One Ltd.

14140 Westfair East Drive

Houston, Texas 77041-1104

Phone: (713) 896-9966

Fax: (713) 896-7540

Emergency # (800) 424-9300 or (703) 527-3887

General Comments: FOR COMMERCIAL USE ONLY; NOT TO BE USED AS A PESTICIDE.

NOTE: Emergency telephone numbers are to be used only in the event of chemical emergencies involving a spill, leak, fire, exposure, or accident involving chemicals. All non-emergency questions should be directed to customer service.

*** Section 2 - Composition / Information on Ingredients ***

CAS #	Component	Percent
10034-99-8	Magnesium Sulfate Heptahydrate	100

Component Related Regulatory Information

This product may be regulated, have exposure limits or other information identified as the following: Magnesium sulfate (7487-88-9).

Component Information/Information on Non-Hazardous Components

This product is considered hazardous under 29 CFR 1910.1200 (Hazard Communication).

*** Section 3 - Hazards Identification ***

Emergency Overview

Magnesium Sulfate Heptahydrate is an odorless, colorless to white solid in crystalline form. Contact may cause irritation to eye, skin, and respiratory system. Magnesium Sulfate Heptahydrate is not flammable or reactive. Thermal decomposition of Magnesium Sulfate Heptahydrate produces irritating vapors and toxic gases (e.g. sulfur oxides). Emergency responders should wear proper personal protective equipment for the releases to which they are responding.

Hazard Statements

Caution! May cause irritation to eyes, skin, and respiratory system. Avoid contact with eyes and prolonged contact with skin. Avoid breathing dusts. Wash thoroughly after handling. Keep container closed. Use with adequate ventilation.

Potential Health Effects: Eyes

Exposure to particulates or solution of Magnesium Sulfate Heptahydrate may cause mild irritation of the eyes with symptoms such as stinging, tearing and redness.

Potential Health Effects: Skin

Magnesium Sulfate Heptahydrate can cause slight irritation of the skin, especially after prolonged exposures. Repeated skin contact may lead to dermatitis (red, cracked skin). Symptoms are generally alleviated when exposure ends.

Potential Health Effects: Ingestion

Ingestion of Magnesium Sulfate Heptahydrate (especially in large volumes) can cause symptoms which include vomiting, diarrhea, and nausea. If elimination is blocked by bowel blockage or other reasons, depression of the central nervous system, lack of reflexes and hypocalcemia can occur.

Potential Health Effects: Inhalation

Breathing dusts or particulates generated by Magnesium Sulfate Heptahydrate can lead to irritation of the nose, throat or respiratory system. Symptoms of such exposure could include coughing and sneezing. Symptoms are generally alleviated when exposure ends.

HMIS Ratings: Health Hazard: 1 Fire Hazard: 0 Physical Hazard: 0

Hazard Scale: 0 = Minimal 1 = Slight 2 = Moderate 3 = Serious 4 = Severe * = Chronic hazard

Material Safety Data Sheet

Material Name: Magnesium Sulfate Heptahydrate (Epsom Salt)

ID: CL-126

*** Section 4 - First Aid Measures ***

First Aid: Eyes

Immediately flush eyes with large amounts of room temperature water, occasionally lifting the lower and upper lids, for at least 15 minutes. If symptoms persist after 15 minutes of irrigation, seek medical attention.

First Aid: Skin

Remove all contaminated clothing. For skin contact, wash thoroughly with soap and water for at least 20 minutes. Seek immediate medical attention if irritation develops or persists.

First Aid: Ingestion

DO NOT INDUCE VOMITING, unless directed by medical personnel. Have victim rinse mouth thoroughly with water, if conscious. Never give anything by mouth to a victim who is unconscious or having convulsions. Contact a physician or poison control center immediately.

First Aid: Inhalation

Remove source of contamination or move victim to fresh air. Apply artificial respiration if victim is not breathing. Do not use mouth-to-mouth method if victim ingested or inhaled the substance; induce artificial respiration with the aid of a pocket mask equipped with a one-way valve or other proper respiratory medical device. Administer oxygen if breathing is difficult. Get immediate medical attention.

First Aid: Notes to Physician

There is no specific antidote. Care is symptomatic and supportive.

*** Section 5 - Fire Fighting Measures ***

Flash Point: Not applicable.

Method Used: Not applicable.

Upper Flammable Limit (UEL): Not applicable.

Lower Flammable Limit (LEL): Not applicable.

Auto Ignition: Not available.

Flammability Classification: Not applicable.

General Fire Hazards

Magnesium Sulfate Heptahydrate is not combustible, and does not contribute to the intensity of a fire. When involved in a fire, this material may decompose and produce irritating vapors, acrid smoke and toxic gases.

Hazardous Combustion Products

When heated to decomposition, this product may emit toxic fumes of sulfur oxides.

Extinguishing Media

Use methods for surrounding fire.

Fire Fighting Equipment/Instructions

Firefighters should wear full protective clothing including self-contained breathing apparatus.

NFPA Ratings: Health: 1 Fire: 0 Reactivity: 0 Other:

Hazard Scale: 0= Minimal 1 = Slight 2 = Moderate 3 = Serious 4 = Severe

*** Section 6 - Accidental Release Measures ***

Containment Procedures

Stop the flow of material, if this can be done without risk. Contain the discharged material. . If sweeping of a contaminated area is necessary use a dust suppressant agent, which does not react with product (see Section 10 for incompatibility information).

Keep spilled material dry and away from moisture.

Clean-Up Procedures

Wear appropriate protective equipment and clothing during clean-up. Shovel the material into waste container. Thoroughly wash the area after a spill or leak clean-up. Avoid contamination of soil, and prevent spill residue from running to groundwater or storm drains.

Evacuation Procedures

Evacuate the area promptly and keep upwind of the spilled material. Isolate the spill area to prevent people from entering. Keep materials that burn away from spilled material. In case of large spills, follow all facility emergency response procedures.

Special Procedures

Remove soiled clothing and launder before reuse. Avoid all skin contact with the spilled material. Have emergency equipment readily available.

Material Safety Data Sheet

Material Name: Magnesium Sulfate Heptahydrate (Epsom Salt)

ID: CL-126

*** Section 7 - Handling and Storage ***

Handling Procedures

All employees who handle Magnesium Sulfate Heptahydrate should be trained to handle it safely. Do not breathe dust. Avoid all contact with skin and eyes. Use this product only with adequate ventilation. Wash thoroughly after handling.

Storage Procedures

Keep container tightly closed when not in use. Store containers in a cool, dry location, away from direct sunlight, sources of intense heat, or where freezing is possible. Keep containers closed--material is hygroscopic. Material should be stored in secondary containers or in a diked area, as appropriate. Store containers away from incompatible chemicals (see Section 10, Stability and Reactivity). Storage areas should be made of fire-resistant materials. Post warning and "NO SMOKING" signs in storage and use areas, as appropriate. Use corrosion-resistant structural materials, lighting, and ventilation systems in the storage area. Floors should be sealed to prevent absorption of this material. Inspect all incoming containers before storage, to ensure containers are properly labeled and not damaged. Have appropriate extinguishing equipment in the storage area (i.e., sprinkler system, portable fire extinguishers).

Empty containers may contain residual particulates; therefore, empty containers should be handled with care. Never store food, feed, or drinking water in containers which held this product. Keep this material away from food, drink and animal feed. Do not store this material in open or unlabeled containers. Limit quantity of material stored. Wipe down area of use periodically to avoid the accumulation of dusts

*** Section 8 - Exposure Controls / Personal Protection ***

Exposure Guidelines

A: General Product Information

No exposure guidelines have been established.

B: Component Exposure Limits

The exposure limits given are for Particulates Not Otherwise Classified.

ACGIH: 10 mg/m³ TWA (Inhalable fraction)
3 mg/m³ TWA (Respirable fraction)

OSHA: 15 mg/m³ TWA (Total dust)
5 mg/m³ TWA (Respirable fraction)

DFG MAKs 4 mg/m³ TWA (Inhalable fraction)
1.5 mg/m³ TWA (Respirable fraction)

Engineering Controls

Use mechanical ventilation such as dilution and local exhaust. Use a corrosion-resistant ventilation system and exhaust directly to the outside. Supply ample air replacement. Provide dust collectors with explosion vents.

PERSONAL PROTECTIVE EQUIPMENT

The following information on appropriate Personal Protective Equipment is provided to assist employers in complying with OSHA regulations found in 29 CFR Subpart I (beginning at 1910.132). Please reference applicable regulations and standards for relevant details.

Personal Protective Equipment: Eyes/Face

Wear safety glasses with side shields (or goggles) and a face shield. If necessary, refer to U.S. OSHA 29 CFR 1910.133.

Personal Protective Equipment: Skin

Wear appropriate work gloves for type of operation. If necessary, refer to U.S. OSHA 29 CFR 1910.138.

Personal Protective Equipment: Respiratory

None required where adequate ventilation conditions exist. If airborne concentrations are above the applicable exposure limits, use NIOSH-approved respiratory protection. If respiratory protection is needed, use only protection authorized in the U.S. Federal OSHA Standard (29 CFR 1910.134), applicable U.S. State regulations. Oxygen levels below 19.5% are considered IDLH by OSHA. In such atmospheres, use of a full-facepiece pressure/demand SCBA or a full facepiece, supplied air respirator with auxiliary self-contained air supply is required under OSHA's Respiratory Protection Standard (1910.134-1998).

Personal Protective Equipment: General

Use good hygiene practices when handling this material including changing and laundering work clothing after use. Have a safety shower or eye-wash fountain available. Wash hands thoroughly after handling material. Do not eat, drink, or smoke in work areas.

Material Safety Data Sheet

Material Name: Magnesium Sulfate Heptahydrate (Epsom Salt)

ID: CL-126

*** Section 9 - Physical & Chemical Properties ***

Physical Properties: Additional Information

The data provided in this section are to be used for product safety handling purposes. Please refer to Product Data Sheets, Certificates of Conformity or Certificates of Analysis for chemical and physical data for determinations of quality and for formulation purposes.

Appearance:	Colorless to white crystals	Odor:	Odorless
Physical State:	Solid	pH:	7 (34% soln at 20 deg C)
Vapor Pressure:	8 mm Hg @ 68 deg F	Vapor Density:	Not applicable
Boiling Point:	Not Applicable	Freezing/Melting Point:	118.4 deg F (48.1 deg C)
Solubility (H2O):	34 g/mL at 20 deg c	Specific Gravity:	1.7 (H2O = 1)
Softening Point:	Not applicable	Particle Size:	Standard: 0.1-2mm, Fine crystals 0.8mm
		Bulk Density:	Standard: 0.95 g/cm3, Fine crystals: 0.92 g/cm3
Sublimation Point:	Not Applicable	Volatility:	Not Applicable
Molecular Weight:	246.48	Heat of Combustion:	Not Applicable
Octanol/H2O Coefficient:	Not Applicable	Evaporation Rate:	Not applicable
Saturated Vapor Concentration:	Not Applicable	Chemical Formula:	MgSO4 . 7H2O

*** Section 10 - Chemical Stability & Reactivity Information ***

Chemical Stability

Under normal conditions of temperature and pressure, Magnesium Sulfate Heptahydrate is stable. Loses some moisture on exposure to dry air at room temperature.

Chemical Stability: Conditions to Avoid

Avoid high temperatures, excessive heat, incompatible materials and air (material is hygroscopic).

Incompatibility

Ethoxy ethyl alcohols, arsenates, phosphates, tartrates, lead, barium, strontium and calcium, strong oxidizers.

Hazardous Decomposition

When heated to decomposition, this product may emit toxic sulfur oxides.

Hazardous Polymerization

Will not occur.

*** Section 11 - Toxicological Information ***

Acute Toxicity

A: General Product Information

Acute exposure may cause mild skin and eye irritation. Gastrointestinal absorption may cause acute magnesium poisoning. Symptoms include flushing, sweating, low blood pressure, depression of reflexes, flaccid paralysis, hypothermia, circulatory collapse, and depression of CNS and heart function. Excessive long-term ingestion of this product may cause also cause magnesium poisoning with symptoms described above.

B: Component Analysis - LD50/LC50

No information available.

B: Component Analysis - TDLo/LDLo

TDLo (Oral-Man) 183 mg/kg/4 hours-intermittent: Gastrointestinal: hypermotility, diarrhea; LDLo (Intraduodenal-Woman) 5344 mg/kg

Carcinogenicity

A: General Product Information

No information available.

B: Component Carcinogenicity

Magnesium Sulfate Heptahydrate is not listed by ACGIH, IARC, OSHA, NIOSH, or NTP.

Epidemiology

No information available.

Neurotoxicity

No information available.

Material Safety Data Sheet

Material Name: Magnesium Sulfate Heptahydrate (Epsom Salt)

ID: CL-126

*** Section 11 - Toxicological Information (Continued) ***

Mutagenicity

No information available.

Teratogenicity

No information available.

Other Toxicological Information

None.

*** Section 12 - Ecological Information ***

Ecotoxicity

No information available.

Environmental Fate

No potential for food chain concentration.

*** Section 13 - Disposal Considerations ***

US EPA Waste Number & Descriptions

A: General Product Information

As shipped, product is not considered a hazardous waste by the EPA. You must test your waste using methods described in 40 CFR Part 261 to determine if it meets applicable definitions of hazardous wastes.

B: Component Waste Numbers

No EPA Waste Numbers are applicable for wastes of Magnesium Sulfate Heptahydrate.

Disposal Instructions

Dispose of in accordance with all applicable Federal, State or provincial, and local regulations.

*** Section 14 - Transportation Information ***

NOTE: The shipping classification information in this section (Section 14) is meant as a guide to the overall classification of the product. However, transportation classifications may be subject to change with changes in package size. Consult shipper requirements under I.M.O., I.C.A.O. (I.A.T.A.) and 49 CFR to assure regulatory compliance.

US DOT Information

Shipping Name: Not Regulated

Hazard Class: Not Classified

UN/NA #: Not Classified

Packing Group: None

Required Label(s): None

50th Edition International Air Transport Association (IATA):

For Shipments by Air transport: This information applies to air shipments both within the U.S. and for shipments originating in the U.S., but being shipped to a different country.

UN/NA #: UN 3077

Proper Shipping Name: Environmentally Hazardous Substance, solid, n.o.s. (Magnesium Sulfate Heptahydrate)

Hazard Class: 9 (Miscellaneous Dangerous Goods)

Packing Group: III

Passenger & Cargo Aircraft Packing Instruction: 911

Passenger & Cargo Aircraft Maximum Net Quantity: 400 kg

Limited Quantity Packing Instruction (Passenger & Cargo Aircraft): Y911

Limited Quantity Maximum Net Quantity (Passenger & Cargo Aircraft): 30 kg G

Cargo Aircraft Only Packing Instruction: 911

Cargo Aircraft Only Maximum Net Quantity: 400 kg

Excepted Quantities: E1

Special Provisions: A97, A158

ERG Code: 9L

Material Safety Data Sheet

Material Name: Magnesium Sulfate Heptahydrate (Epsom Salt)

ID: CL-126

Limited Quantity Shipments: Shipments for air must be marked with the Proper Shipping Name Environmentally Hazardous Substance, solid, n.o.s. (Magnesium Sulfate Heptahydrate) and shall be marked with the UN Number (3077) preceded by the letters "UN", placed within a diamond. The width of the line forming the diamond shall be at least 2 mm; the number shall be at least 6 mm high. The total weight of each outer packaging cannot exceed 30 kg.

Excepted Quantities: The maximum quantity of this material per inner receptacle is limited to 30 g per receptacle and the aggregate quantity of this material per completed package does not exceed 1kg. The inner receptacles must be securely packed in an intermediate packaging with cushioning material to prevent movement in the inner receptacles and packed in a strong outer box with a gross mass not to exceed 29kg. The completed package must meet a drop test. The requirements are found in 2.7.6.1. The package must not be opened or otherwise altered until it is no longer in commerce. For air transportation no shipping paper is required. The package must be legibly marked with the following marking:



NOTE: The "*" must be replaced by the primary hazard class, or when assigned, the division of each of the hazardous materials contained in the package. The "****" must be replaced by the name of the shipper or consignee if not shown elsewhere on the package. The symbol shall be not less than 100 mm x 100 mm and must be durable and clearly visible.

International Maritime Organization (I.M.O.) Classification

Magnesium Sulfate Heptahydrate is not regulated under I.M.O.

*** Section 15 - Regulatory Information ***

US Federal Regulations

A: General Product Information

None.

B: Component Analysis

This material contains one or more of the following chemicals required to be identified under SARA Section 302 (40 CFR 355 Appendix A), SARA Section 313 (40 CFR 372.65) and/or CERCLA (40 CFR 302.4).

Magnesium Sulfate Heptahydrate (10034-99-8)

CERCLA: Final RQ = Not Applicable

SARA 302 (EHS TPQ) There are no specific Threshold Planning Quantities for Magnesium Sulfate Heptahydrate. The default Federal MSDS submission and inventory requirement filing threshold of 10,000 lbs. (4,540 kg) therefore applies, per 40 CFR 370.20.

C: Sara 311/312 Tier II Hazard Ratings:

Component	CAS #	Fire Hazard	Reactivity Hazard	Pressure Hazard	Immediate Health Hazard	Chronic Health Hazard
Magnesium Sulfate Heptahydrate	10034-99-8	No	No	No	Yes	No

State Regulations

A: General Product Information

Other state regulations may apply.

B: Component Analysis - State

The following components appear on one or more of the following state hazardous substance lists:

Component	CAS #	CA	FL	MA	MN	NJ	PA
Magnesium Sulfate Heptahydrate	10034-99-8	No	No	No	No	No	No

Other Regulations

A: General Product Information

Not determined.

B: Component Analysis - Inventory

Component	CAS #	TSCA	DSL	EINECS
Magnesium Sulfate Heptahydrate	10034-99-8	Yes	Yes	Yes

C: Component Analysis - WHMIS IDL

Magnesium Sulfate Heptahydrate is not identified under the Canadian Hazardous Products Act Ingredient Disclosure List.

Material Safety Data Sheet

Material Name: Magnesium Sulfate Heptahydrate (Epsom Salt)

ID: CL-126

Component	CAS #	Minimum Concentration
Magnesium Sulfate Heptahydrate	10034-99-8	No disclosure limit

ANSI Labeling (Z129.1):

CAUTION! MAY CAUSE RESPIRATORY SYSTEM, SKIN AND EYE IRRITATION. HARMFUL IF INGESTED OR INHALED OR BY PROLONGED OR REPEATED SKIN CONTACT. Avoid contact with skin, eyes, or clothing. Do not taste or swallow. Avoid breathing dusts and particulates. Use only with adequate ventilation. Wash thoroughly after handling. Wear gloves, goggles, faceshields, suitable body protection, and NIOSH/MSHA-approved respiratory protection, as appropriate. **FIRST-AID:** In case of contact, immediately flush skin or eyes with plenty of water for at least 15 minutes while removing contaminated clothing and shoes. If inhaled, remove to fresh air. If ingested, do not induce vomiting. Get medical attention. **IN CASE OF FIRE:** Use water fog, dry chemical, CO₂, or "alcohol" foam. **IN CASE OF SPILL:** Absorb spill with inert material. Place residue in suitable container. Consult Material Safety Data Sheet for additional information.

* * * Section 16 - Other Information * * *

Other Information

Chem One Ltd. ("Chem One") shall not be responsible for the use of any information, product, method, or apparatus herein presented ("Information"), and you must make your own determination as to its suitability and completeness for your own use, for the protection of the environment, and for health and safety purposes. You assume the entire risk of relying on this Information. In no event shall Chem One be responsible for damages of any nature whatsoever resulting from the use of this product or products, or reliance upon this Information. By providing this Information, Chem One neither can nor intends to control the method or manner by which you use, handle, store, or transport Chem One products. If any materials are mentioned that are not Chem One products, appropriate industrial hygiene and other safety precautions recommended by their manufacturers should be observed. Chem One makes no representations or warranties, either express or implied of merchantability, fitness for a particular purpose or of any other nature regarding this information, and nothing herein waives any of Chem One's conditions of sale. This information could include technical inaccuracies or typographical errors. Chem One may make improvements and/or changes in the product (s) and/or the program (s) described in this information at any time. If you have any questions, please contact us at Tel. 713-896-9966 or E-mail us at Safety@chemone.com.

Key/Legend

EPA = Environmental Protection Agency; TSCA = Toxic Substance Control Act; ACGIH = American Conference of Governmental Industrial Hygienists; IARC = International Agency for Research on Cancer; NIOSH = National Institute for Occupational Safety and Health; NTP = National Toxicology Program; OSHA = Occupational Safety and Health Administration; WHMIS = Workplace Hazardous Materials Information System

Contact: Sue Palmer-Koleman, PhD

Contact Phone: (713) 896-9966

Revision log

08/04/00 4:42 PM SEP Changed company name, Sect 1 and 16, from Corporation to Ltd; added "7H2O" to chemical formula in Sect 9.
05/14/01 9:31 AM HDF Checked exposure limits; made changes to Sect 9; overall review; add SARA 311/312 Haz Ratings.
08/20/01 1:35 PM CLJ Add Shipments by Air information to Section 14, Changed contact to Sue, non-800 Chemtrec Num.
06/07/03: 9:45 PM HDF General review and up-date of entire MSDS. Up-graded Section 8 to include PNOC exposure limits. Up-date of HMIS categories. Up-date of Section 8. Addition of toxicological data Section 11. Up-date of Section 14.
06/22/05 3:14 PM SEP Update IATA Section 14
10/18/07 4:10 PM SEP Updated IATA Section 14
10/15/08 8:49 AM DLY Changed Chem One Physical Address, Section 1
12/03/2010 4:01 PM SEP Update IATA

This is the end of MSDS # CL-126



Material Safety Data Sheet

Phosphoric acid, 85 wt% solution in water

Section 1 - Chemical Product and Company Identification

MSDS Name: Phosphoric acid, 85 wt% solution in water
Catalog Numbers: 20114-0000, 20114-0010, 20114-0025, 20114-0050, 20114-5000
Synonyms: Orthophosphoric acid

Company Identification: Acros Organics BVBA
Janssen Pharmaceuticaaan 3a
2440 Geel, Belgium

Company Identification: (USA) Acros Organics
One Reagent Lane
Fair Lawn, NJ 07410

For information in the US, call: 800-ACROS-01

For information in Europe, call: +32 14 57 52 11

Emergency Number, Europe: +32 14 57 52 99

Emergency Number US: 201-796-7100

CHEMTREC Phone Number, US: 800-424-9300

CHEMTREC Phone Number, Europe: 703-527-3887

Section 2 - Composition, Information on Ingredients

CAS#	Chemical Name:	%	EINECS#	Hazard Symbols:	Risk Phrases:
7664-38-2	Phosphoric acid	85%	231-633-2	C	34
7732-18-5	Water	<15%	231-791-2		

Text for R-phrases: see Section 16

Hazard Symbols: C



Risk Phrases: 34

Section 3 - Hazards Identification

EMERGENCY OVERVIEW

Causes burns. Hygroscopic (absorbs moisture from the air).

Potential Health Effects

Eye: May cause irreversible eye injury. Contact with liquid is corrosive to the eyes and

causes severe burns.

- Skin:** Contact with liquid is corrosive and causes severe burns and ulceration. Causes severe pain, nausea, vomiting, diarrhea, and shock. May cause hemorrhaging of the digestive tract. May cause corrosion and permanent tissue destruction of the esophagus and digestive tract.
- Ingestion:** Irritation may lead to chemical pneumonitis and pulmonary edema. Causes severe irritation of upper respiratory tract with coughing, burns, breathing difficulty, and possible coma.
- Inhalation:** Prolonged inhalation may cause respiratory tract inflammation and lung damage.
- Chronic:** Prolonged or repeated skin contact may cause dermatitis. Prolonged or repeated eye contact may cause conjunctivitis.

Section 4 - First Aid Measures

- Eyes:** Immediately flush eyes with plenty of water for at least 15 minutes, occasionally lifting the upper and lower eyelids. Get medical aid immediately.
- Skin:** Get medical aid immediately. Immediately flush skin with plenty of water for at least 15 minutes while removing contaminated clothing and shoes. Discard contaminated clothing in a manner which limits further exposure.
- Ingestion:** Do not induce vomiting. If victim is conscious and alert, give 2-4 cupfuls of milk or water. Get medical aid immediately.
- Inhalation:** Get medical aid immediately. Remove from exposure and move to fresh air immediately. If not breathing, give artificial respiration. If breathing is difficult, give oxygen.

Notes to
Physician:

Section 5 - Fire Fighting Measures

- General Information:** As in any fire, wear a self-contained breathing apparatus in pressure-demand, MSHA/NIOSH (approved or equivalent), and full protective gear. Wear appropriate protective clothing to prevent contact with skin and eyes. Wear a self-contained breathing apparatus (SCBA) to prevent contact with thermal decomposition products. Substance is noncombustible.
- Extinguishing Media:** For small fires, use water spray, dry chemical, carbon dioxide or chemical foam. Use water spray to cool fire-exposed containers. Use water spray, dry chemical, carbon dioxide, or chemical foam.

Section 6 - Accidental Release Measures

- General Information:** Use proper personal protective equipment as indicated in Section 8.
- Spills/Leaks:** Cover with sand, dry lime or soda ash and place in a closed container for disposal. Flush spill area with water.

Section 7 - Handling and Storage

- Handling:** Wash thoroughly after handling. Use only in a well-ventilated area. Do not breathe dust, vapor, mist, or gas. Do not get in eyes, on skin, or on clothing. Use only in a

chemical fume hood.

Storage: Store in a tightly closed container. Store in a cool, dry, well-ventilated area away from incompatible substances. Corrosives area.

Section 8 - Exposure Controls, Personal Protection

Engineering Controls:

Facilities storing or utilizing this material should be equipped with an eyewash facility and a safety shower. Use adequate ventilation to keep airborne concentrations low.

Exposure Limits

CAS# 7664-38-2:

United Kingdom, WEL - TWA: 1 mg/m³ TWA United Kingdom, WEL - STEL: 2 mg/m³ STEL

United States OSHA: 1 mg/m³ TWA

Belgium - TWA: 1 mg/m³ VLE Belgium - STEL: 2 mg/m³ VLE

France - VME: 0.2 ppm VME; 1 mg/m³ VME France - VLE: 0.5 ppm VLE; 2 mg/m³ VLE

Germany: 1 mg/m³ TWA

Japan: 1 mg/m³ OEL

Malaysia: 1 mg/m³ TWA

Netherlands: 0.5 ppm STEL; 2 mg/m³ STEL Netherlands: 0.2 ppm MAC; 1 mg/m³ MAC

Spain: 1 mg/m³ VLA-ED Spain: 2 mg/m³ VLA-EC

CAS# 7732-18-5:

Personal Protective Equipment

Eyes: Wear chemical splash goggles.

Skin: Wear appropriate protective gloves to prevent skin exposure.

Clothing: Wear appropriate protective clothing to prevent skin exposure.

Respirators: Follow the OSHA respirator regulations found in 29 CFR 1910.134 or European

Standard EN 149. Use a NIOSH/MSHA or European Standard EN 149 approved respirator if exposure limits are exceeded or if irritation or other symptoms are experienced.

Section 9 - Physical and Chemical Properties

Physical State: Viscous liquid

Color: APHA: 10 max - Clear

Odor: odorless

pH: Not available

Vapor Pressure: Not available

Viscosity: Not available

Boiling Point: 158 deg C @760mmHg (316.40°F)

Freezing/Melting Point: 21 deg C (69.80°F)

Autoignition Temperature: Not available

Flash Point: Not available

Explosion Limits: Lower: Not available

Explosion Limits: Upper: Not available

Decomposition Temperature:

Solubility in water: Miscible

Specific Gravity/Density: 1.680

Molecular Formula: H3O4P

Molecular Weight: 98

Section 10 - Stability and Reactivity

Chemical Stability: Stable under normal temperatures and pressures.

Conditions to Avoid: Incompatible materials, metals, excess heat, exposure to moist air or water.

Incompatibilities with Other Materials: Metals, bases, alcohols, amines, halogenated agents, organic peroxides, phenols, steel, alcohols and glycols (e.g. butyl alcohol, ethanol, methanol, ethylene glycol), aldehydes (e.g. acetaldehyde, acrolein, chloral, formaldehyde), amides, azo, diazo, and hydrazines (e.g. dimethyl hydrazine, hydrazine, methyl hydrazine), carbamates (e.g. carbanolate, carbofuran), caustics (e.g. ammonia, ammonium hydroxide, calcium hydroxide, potassium hydroxide, sodium hydroxide), cyanides (e.g. potassium cyanide, sodium cyanide), esters (e.g. butyl acetate, ethyl acetate, propyl formate), fluorides (inorganic, e.g. ammonium fluoride, calcium fluoride, cesium fluoride), halogenated organics (e.g. dibromoethane, hexachlorobenzene, methyl chloride, trichloroethylene), ketones (e.g. acetone, acetophenone, MEK, MIBK), mercaptans and other organic sulfides (e.g. butyl mercaptan, carbon disulfide, methanethiol), phenols and cresols, organophosphates,

phosphothioates (e.g. methylparathion, parathion, phorate, thionazin), sulfides (inorganic, e.g. ferric sulfide, lead sulfide, sodium sulfide), epoxides (e.g. butyl glycidyl ether), combustible and flammable materials (e.g. alkyl resins, asphalt, gasoline, grease, methyl acetone, polystyrene, polyurethane), explosives (e.g. ammonium nitrate, hydrazoic acid, sodium azide), nitromethane,

Hazardous
Decomposition
Products

Phosphine, oxides of phosphorus, hydrogen gas.

Hazardous
Polymerization

May occur.

Section 11 - Toxicological Information

RTECS#: CAS# 7664-38-2: TB6300000
CAS# 7732-18-5: ZC0110000

RTECS:

CAS# 7664-38-2: Draize test, rabbit, eye: 119 mg Severe;

Draize test, rabbit, skin: 595 mg/24H Severe;

Inhalation, mouse: LC50 = 25.5 mg/m³;

Inhalation, rat: LC50 = >850 mg/m³/1H;

Inhalation, rat: LC50 = 25.5 mg/m³;

Oral, mouse: LD50 = 1.25 gm/kg;

LD50/LC50: Oral, rat: LD50 = 1530 mg/kg;

Oral, rat: LD50 = 1.25 gm/kg;

Skin, rabbit: LD50 = 2740 mg/kg;

.

RTECS:

CAS# 7732-18-5: Oral, rat: LD50 = >90 mL/kg;

.

Carcinogenicity: Phosphoric acid - Not listed as a carcinogen by ACGIH, IARC, NTP, or CA Prop 65.
Water - Not listed as a carcinogen by ACGIH, IARC, NTP, or CA Prop 65.

Other: See actual entry in RTECS for complete information.

Section 12 - Ecological Information

Ecotoxicity: Not available

Section 13 - Disposal Considerations

Dispose of in a manner consistent with federal, state, and local regulations.

Section 14 - Transport Information

	IATA	IMO	RID/ADR
Shipping	PHOSPHORIC ACID,	PHOSPHORIC ACID	PHOSPHORIC ACID,

Name:	SOLUTION	SOLUTION	SOLUTION
Hazard Class:	8	8	8
UN Number:	1805	1805	1805
Packing Group:	III	III	III

USA RQ: CAS# 7664-38-2: 5000 lb final RQ; 2270 kg final RQ

Section 15 - Regulatory Information

European/International Regulations

European Labeling in Accordance with EC Directives

Hazard Symbols: C

Risk Phrases:

R 34 Causes burns.

Safety Phrases:

S 26 In case of contact with eyes, rinse immediately with plenty of water and seek medical advice.

S 45 In case of accident or if you feel unwell, seek medical advice immediately (show the label where possible).

WGK (Water Danger/Protection)

CAS# 7664-38-2: 1

CAS# 7732-18-5: Not available

Canada

CAS# 7664-38-2 is listed on Canada's DSL List

CAS# 7732-18-5 is listed on Canada's DSL List

</ TD>

US Federal

TSCA

CAS# 7664-38-2 is listed on the TSCA Inventory.

CAS# 7732-18-5 is listed on the TSCA Inventory.

Section 16 - Other Information

Text for R-phrases from Section 2

R 34 Causes burns.

MSDS Creation Date: 12/05/1996

Revision #1 Date 10/16/2003

Revisions were made in Sections: General revision.

The information above is believed to be accurate and represents the best information currently available to us. However, we make no warranty of merchantability or any other warranty, express or implied, with respect to such information, and we assume no liability resulting from its use. Users should make their own investigations to determine the suitability of the information for their particular purposes. In no event shall the company be liable for any claims, losses, or damages of any third party or for lost profits or any special, indirect, incidental, consequential, or exemplary damages howsoever arising, even if the company has been advised of the possibility of such damages.



Alaska Marijuana Control Board

Form MJ-07: Public Notice Posting Affidavit

What is this form?

A public notice posting affidavit is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(10). As soon as practical after initiating a new marijuana establishment license application, an applicant must give notice of the application to the public by posting a copy of the application (produced by the board's application website) for ten (10) days at the location of the proposed licensed premises and one other conspicuous location in the area of the proposed premises, per 3 AAC 306.025(b)(1).

This form must be submitted to AMCO's main office before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	JANIESE STEVENS	License Number:	10032		
License Type:	STANDARD MARIJUANA CULTIVATION FACILITY				
Doing Business As:	THREE SISTERS COOP				
Premises Address:	2180 MILL BAY ROAD				
City:	KODIAK	State:	ALASKA	ZIP:	99615

Section 2 – Certification

I certify that I have met the public notice requirement set forth under 3 AAC 306.025(b)(1) by posting a copy of my application for the following 10-day period at the location of the proposed licensed premises and at the following conspicuous location in the area of the proposed premises:

Start Date: 3/16/16 End Date: 3/26/16

Other conspicuous location: RC ENTERPRISE 2111 MILL BAY RD

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

[Signature]
Signature of licensee

Subscribed and sworn to before me this 28 day of March, 2016.

KRISTLE BLANCO
Notary Public, State of Alaska
Commission # 1305134
My Commission Expires
May 17, 2017

[Signature]
Notary Public in and for the State of Alaska.
My commission expires: 05/17/2017



Alaska Marijuana Control Board

Form MJ-08: Local Government Notice Affidavit

Alcohol and Marijuana Control Office

550 W 7th Avenue, Suite 1600

Anchorage, AK 99501

marijuana.licensing@alaska.gov

<https://www.commerce.alaska.gov/web/amco>

Phone: 907.269.0350

What is this form?

A local government notice affidavit is required for all marijuana establishment license applications with a proposed premises that is located within a local government, per 3 AAC 306.025(b)(3). As soon as practical after initiating a new marijuana establishment license application, an applicant must give notice of the application to the public by submitting a copy of the application (produced by the board's application website) to the local government and any community council in the area of the proposed licensed premises.

This form must be submitted to AMCO's main office before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	JANIESE STEVENS	License Number:	10032		
License Type:	STANDARD MARIJUANA CULTIVATION FACILITY				
Doing Business As:	THREE SISTERS COOP				
Premises Address:	2180 MILL BAY ROAD				
City:	KODIAK	State:	ALASKA	ZIP:	99615

Section 2 – Certification

I certify that I have met the local government notice requirement set forth under 3 AAC 306.025(b)(3) by submitting a copy of my application to the following local government and community council (if applicable):

Local Government: CITY OF KODIAK

Date Submitted: 3/31/16

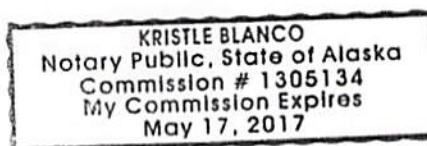
Community Council: _____
(Municipality of Anchorage and Matanuska-Susitna Borough only)

Date Submitted: _____

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

[Signature]
Signature of licensee

Subscribed and sworn to before me this 31 day of March, 2016



[Signature]
Notary Public in and for the State of Alaska.
My commission expires: 05/17/2017



Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

Form MJ-08: Local Government Notice Affidavit

What is this form?

A local government notice affidavit is required for all marijuana establishment license applications with a proposed premises that is located within a local government, per 3 AAC 306.025(b)(3). As soon as practical after initiating a new marijuana establishment license application, an applicant must give notice of the application to the public by submitting a copy of the application (produced by the board's application website) to the local government and any community council in the area of the proposed licensed premises.

This form must be submitted to AMCO's main office before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	JANIESE STEVENS	License Number:	10032		
License Type:	STANDARD MARIJUANA CULTIVATION FACILITY				
Doing Business As:	THREE SISTERS COOP				
Premises Address:	2180 MILL BAY ROAD				
City:	KODIAK	State:	ALASKA	ZIP:	99615

Section 2 – Certification

I certify that I have met the local government notice requirement set forth under 3 AAC 306.025(b)(3) by submitting a copy of my application to the following local government and community council (if applicable):

Local Government: CITY OF KODIAK

Date Submitted: 3/31/16

Community Council: _____
(Municipality of Anchorage and Matanuska-Susitna Borough only)

Date Submitted: _____

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

[Signature]
Signature of licensee

Subscribed and sworn to before me this 28 day of March, 2016.

KRISTLE BLANCO
Notary Public, State of Alaska
Commission # 1305134
My Commission Expires
May 17, 2017

[Signature]
Notary Public in and for the State of Alaska.

My commission expires: 05/17/2017



Alaska Marijuana Control Board

Form MJ-09: Statement of Financial Interest

What is this form?

A statement of financial interest completed by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) and affiliate (as defined in 3 AAC 306.990(a)(1)) is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(4). A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each proposed licensee or affiliate before any license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	JANIESE STEVENS	License Number:	10032		
License Type:	STANDARD MARIJUANA CULTIVATION FACILITY				
Doing Business As:	THREE SISTERS COOP				
Premises Address:	2180 MILL BAY ROAD				
City:	KODIAK	State:	ALASKA	ZIP:	99615

Section 2 – Individual Information

Enter information for the individual licensee or affiliate.

Name:	JANIESE STEVENS				
Title:	OWNER, CPA				
SSN:	[REDACTED]				



Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

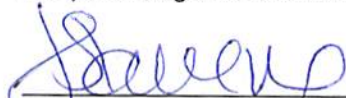
Form MJ-09: Statement of Financial Interest

Section 3 – Certifications

I certify that no person other than a proposed licensee listed on my marijuana establishment license application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which a marijuana establishment license is being applied for.

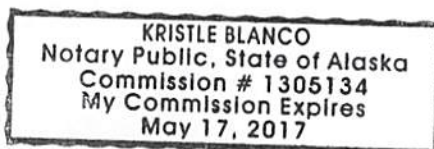
I further certify that any ownership change shall be reported to the board as required under 3 AAC 306.040.

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.



Signature of licensee/affiliate

Subscribed and sworn to before me this 28 day of MARCH, 2016.





Notary Public in and for the State of Alaska.
My commission expires: 05/17/2017

Alcohol & Marijuana Control Office

License Number: 10032

License Status: New

License Type: Standard Marijuana Cultivation Facility

Doing Business As: THREE SISTERS CO-OP

Business License Number: 1031368

Designated Owner: Janiese Stevens

Email Address: jstevens@ak.net

Latitude, Longitude: 57.805025, -152.371420

Physical Address: 2180 Mill Bay Road
Kodiak, AK 99615
UNITED STATES

Owner #1

Note: No affiliates entered for this license.

Owner Type: Individual

Name: JANIESE L STEVENS

SSN: [REDACTED]

Date of Birth: [REDACTED]

Phone Number: 907-942-5618

Email Address: jstevens@ak.net

Mailing Address: PO Box 8593
Kodiak, AK 99615
UNITED STATES

2016 NOTICE OF ASSESSED VALUE

Kodiak Island Borough Assessor
710 Mill Bay Road
Kodiak, AK 99615

(907) 486-9353

Property ID: 16287
GEO ID: R1448000230
DBA:
Legal: USS 3098 LT 23 MILL BAY RD
Legal Acres: 1.2500
Situs: 2180 MILL BAY RD KODIAK, AK 99615

DATE OF NOTICE: February 29, 2016



11*2*4002*****SCH 5-DIGIT 99559

STEVENS JAMES JANIESE

PO BOX 8593

KODIAK, AK 99615-8593

Make sure you keep this notice for your records.
If your mailing address is incorrect, please notify our office in writing.

Appraisal Information	Proposed - 2016
Structure & Improvement Market Allocation	417,300
Market Allocation of Non Farm Land	242,100
Market Allocation of Farm Land	
Market Value of Personal Property	
Total Market Value	659,400
Farm Land	
Assessed Value	659,400

Dear Property Owner,

This letter is an annual notice of the Assessor's fair market value determination for this property. If this estimate of value contains errors or omissions, you must contact the Assessor's Office for a review. If the error or omission is not adjusted satisfactorily, you have the right of appeal to the Board of Equalization. In order to appeal the Assessor's final valuation to the Board, a special BOE form available in the Assessor's Office must be filed with the Borough Clerk's office within thirty days from the mailing of this notice. By law the burden of proof is on the taxpayer, who must provide verifiable information to support the basis for appeal. Contact the Assessor's Office in the Borough Building, Room 228 at 710 Mill Bay Road, Kodiak, or call (907) 486-9353 with questions or for further assistance.

BOE Filing Deadline:	March 31, 2016
The first Board of Equalization meeting will be:	May 02, 2016 7:30 pm

Taxes are due when billed. Taxes may be paid by a single payment or in two equal installments and are due by the following dates:

Single Payment Due By:	October 17, 2016
1st Half Split Payment due by:	August 15, 2016
2nd Half Split Payment due by:	November 15, 2016

Kodiak Island Borough Assessor
710 Mill Bay Road
Kodiak, AK 99615

(907) 486-9353

Property ID: 21816
GEO ID: R7535050040
DBA:
Legal: MILLER PT 1ST BK 5 LT 4A
Legal Acres: .4500
Situs: 326 NEVA WAY KODIAK, AK 99615

DATE OF NOTICE: February 29, 2016



11*2*4003*****SCH 5-DIGIT 99559

STEVENS JAMES JANIESE
PO BOX 8593
KODIAK, AK 99615-8593

Make sure you keep this notice for your records.
If your mailing address is incorrect, please notify our office in writing.

Appraisal Information	Proposed - 2016
Structure & Improvement Market Allocation	321,200
Market Allocation of Non Farm Land	89,700
Market Allocation of Farm Land	
Market Value of Personal Property	
Total Market Value	410,900
Farm Land	
Assessed Value	410,900

Dear Property Owner,

This letter is an annual notice of the Assessor's fair market value determination for this property. If this estimate of value contains errors or omissions, you must contact the Assessor's Office for a review. If the error or omission is not adjusted satisfactorily, you have the right of appeal to the Board of Equalization. In order to appeal the Assessor's final valuation to the Board, a special BOE form available in the Assessor's Office must be filed with the Borough Clerk's office within thirty days from the mailing of this notice. By law the burden of proof is on the taxpayer, who must provide verifiable information to support the basis for appeal. Contact the Assessor's Office in the Borough Building, Room 228 at 710 Mill Bay Road, Kodiak, or call (907) 486-9353 with questions or for further assistance.

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The first Board of Equalization meeting will be:	May 02, 2016 7:30 pm

Taxes are due when billed. Taxes may be paid by a single payment or in two equal installments and are due by the following dates:

Single Payment Due By:	October 17, 2016
1st Half Split Payment due by:	August 15, 2016
2nd Half Split Payment due by:	November 15, 2016



**SUMMARY STYLE APPRAISAL REPORT
OF THE EXISTING MIXED-USE WAREHOUSE BUILDING
LOCATED AT:
2180 MILL BAY ROAD
KODIAK, ALASKA 99615**

**FOR:
WELLS FARGO BANK – RETECHS DEPT.
BRETT SMITH
299 S. MAIN ST., 6TH FLOOR
SALT LAKE CITY, UTAH 84111**

**VALUATION DATE:
APRIL 29, 2015**

**FILE#15-559
RETECHS #: WF-SLC-15-010148**

**BY:

CLINT H. A. LENTFER, MBA
&
ADAM T. FITT
ALASKA APPRAISAL & CONSULTING GROUP, LLC
203 W. 15th AVENUE, SUITE 206
ANCHORAGE, ALASKA 99501
907.677.1133**



May 26, 2015

Wells Fargo Bank – RETECHS Dept.
ATTN: Brett Smith
299 S. Main St., 6th Floor
Salt Lake City, Utah 084111

Re: Market Value Appraisal Report – WF-SLC-15-010148
Existing Mixed-Use Warehouse Building located at:
2180 Mill Bay Road,
USS 3098, Lot 23
Kodiak, Alaska 99615

Dear Mr. Smith:

As requested, we have completed a market value appraisal of the referenced property located in Kodiak, Alaska. This is a narrative appraisal report presented in a summary style report format with the scope of the appraisal considering all necessary approaches to value.

The purpose of this appraisal report is to estimate the “**As Is**” market value of the Fee Simple Interest of the Subject property as of April 29, 2015, in accordance with the instructions provided by the client. The Subject consists of a one story, steel frame, 5,822 SF warehouse building with small office and an apartment area. The Subject building is located on a 1.25 acre site, Lot 23, USS 3098, commonly known as 2180 Mill Bay Rd. in Kodiak, Alaska. The “As-Is” & “At Stabilized Occupancy” values are concluded to be the same as the subject is an existing building, is owner occupied, and tenant occupied with good multi-tenant and owner/user characteristics, located in a stable economy.

We have gathered the necessary data, conducted the required investigation, and have made the analysis that has enabled us to form an opinion as to the market value of the subject property. The accompanying report sets forth the most pertinent data gathered, the techniques used, and the reasons leading to the opinion of value.



Based on our investigation and analysis, we have formed the opinion that, subject to the limiting conditions and assumptions contained herein, the “**AS IS**” market value of the Subject property, in the Fee Simple Interest, as of April 29, 2015, is:

EIGHT HUNDRED SEVENTY THOUSAND DOLLARS
(\$870,000)

There is no F, F, & E associated with the facility, and we are appraising the subject “As-Is”. We have personally inspected and measured the property and, to the best of our knowledge and belief, all information and estimates of value contained in this report are true and correct. No pertinent information is knowingly or willfully withheld. The certification and limiting conditions and assumptions contained herein are an integral part of this report. The retention or use of this appraisal signifies acceptance of all limiting conditions and assumptions as specified herein. The report is intended to meet the current Uniform Standards of Professional Appraisal Practice as formulated by the Appraisal Foundation, and conforms to the Appraisal Standards for Federally Related Transactions adopted by the Office of the Comptroller of the Currency (OCC).

I hope this appraisal proves relevant to your decisions regarding the property. If you have any questions, please contact us at this office.

Respectfully Submitted,
Alaska Appraisal & Consulting Group, LLC

A handwritten signature in blue ink, appearing to read "Clint H. A. Lentfer".

Clint H. A. Lentfer, AA-506

A handwritten signature in blue ink, appearing to read "Adam T. Fitt".

Adam T. Fitt AA-787

Certification

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

1. I have no present or prospective interest in the property that is the subject of this report. I have no personal interest or bias with respect to the parties involved with this assignment. I have no bias with respect to the property that is the subject of this report.
2. My engagement for completing this assignment is not contingent upon the development or reporting of a predetermined result. My compensation for completion of this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
3. The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased, professional analysis, opinions and conclusions.
4. Clint H.A. Lentfer & Adam T. Fitt have walked through the property that is the subject of this report.
5. The appraisal assignment is not based on a requested minimum valuation or specific valuation or the approval of a loan.
6. The statements of fact contained in this report are true and correct.
7. Unless otherwise stated, this is a summary appraisal report and all necessary approaches to value were completed. The appraisal contains all information necessary to enable the reader to understand the appraiser's opinion, logic, reasoning, judgment and analysis in arriving at a final conclusion of market value. This Report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the author) affecting the analysis, opinions and conclusions contained in this Report.
8. This Report conforms with and is subject to the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. My analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
10. The appraiser has the appropriate knowledge and experience required to complete the assignment competently.
11. The use of this Report is subject to the requirements of the Appraisal Institute relating to review by its authorized representatives.
12. No one provided significant professional assistance to the person signing this report, other than the undersigned, or those whose services are specifically acknowledged herein, prepared the analysis, conclusions, and opinions concerning the real estate that are set forth in this Appraisal Report.
13. Clint H. A. Lentfer and Adam T. Fitt are currently certified by the State of Alaska as General Real Estate Appraisers (Certificate No. AA-506 & AA-787 respectively).
14. The Appraisal Institute conducts a program of continuing education, and members who meet the minimum standards of this program are awarded periodic education certification. As of the date of this Report, Clint H.A. Lentfer and Adam T. Fitt have completed the requirements under the continuing education program of the Appraisal Institute.



Clint H. A. Lentfer, AA-506



Adam T. Fitt AA-787

Extraordinary Assumptions and Hypothetical Conditions

1. This Summary Style Appraisal Report is completed with a scope of work considering all applicable/necessary approaches to value. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No value was given to any personal property in this analysis. All furniture, fixtures, inventory, and equipment not associated with the real property are specifically excluded from the values concluded in this report.
3. We have valued the real property only; no income from business operations has been included in the analysis.
4. We assume the building has no contamination. It is beyond the scope of this report to locate contamination and no environmental inspections were provided for review. We assume that there is no negative impact as it is not feasible to determine the materials used and the condition of all of the items within the existing structure. No abnormal environmental issues were observed or are assumed to exist.

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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

<u>PROPERTY APPRAISED:</u>	Existing Mixed-Use Warehouse Building, located at: 2180 Mill Bay Road, Kodiak, Alaska 99615.
<u>LEGAL DESCRIPTION:</u>	USS 3098, Lot 23
<u>OWNER OF RECORD:</u>	James & Janiese Stevens P.O. Box 8593, Kodiak, Alaska 99615
<u>SALES HISTORY:</u>	The subject building was purchased by the current owner on 7/22/2014 for \$870,000. No other information was provided from this purchase and the subject was not marketed on MLS. No other sale or listing disclosed or discovered.
<u>SITE DATA:</u>	The improved site consists of a rectangular shaped lot measuring approximately 165' x 330', containing a total gross area of 1.25 Acres. The Subject site has approximately 165' of frontage along Mill Bay Road to the north, however it is located below street grade with no visibility off the street.
<u>ZONING:</u>	The subject site is zoned Business (B) by City of Kodiak. See addenda for full description.
<u>UTILITIES:</u>	Public electricity, telephone, water, and sewer are available to the site. A 1,000 gallon fuel oil tank is located along the north side of the building which provides fuel for heat – typical.
<u>IMPROVEMENTS:</u>	The site is improved with an above average quality, one-story, clear span metal warehouse/office/apartment building. The building measures 50' x 100', with a 50' x 10' office area, and a 50' x 18' second level apartment. The building was constructed in 2006, and contains a gross building area of 5,822 SF, with apartment unit and office areas.
<u>PROPERTY RIGHTS APPRAISED:</u>	Fee Simple Interest.
<u>FINAL VALUE ESTIMATE :</u>	\$870,000 – “As-Is”

APPRAISAL REPORT

GENERAL INFORMATION

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the "**AS IS**" market value of the Subject property, as of April 29, 2015.

INTENDED USER

The intended user of this report is Wells Fargo – RETECHS Dept. and their assigns. No other users may rely on the findings in the report.

INTENDED USE OF THE APPRAISAL

It is our understanding that this appraisal report will be used by our client, Wells Fargo – RETECHS Dept., in determining the market value of the subject which will be used as collateral for a loan.

DATE OF VALUE ESTIMATE AND DATE OF INSPECTION

The date of this valuation and inspection is April 29, 2015.

PROPERTY RIGHTS APPRAISED

The property rights appraised are the Fee Simple Interest.

SCOPE OF APPRAISAL

To develop an opinion of value, the appraiser considered all applicable approaches to value, and the most relevant approaches were completed. The necessary research and analyses were completed to prepare the report in accordance with its intended use and the specific appraisal instructions from the client. The Subject is appraised in consideration of its highest and best use. Our analysis is presented in a summary style report format.

As part of the appraisal process, we have made a number of independent investigations and analyses. We have relied on data retained in our office files that has been compiled over time and updated regularly. We have also relied on data obtained from other sources, such as local municipalities, realty professionals, and businessmen, to determine ownership and other regulations affecting the subject property. Comparable sales data, rental data, inventory levels, and absorption rates were obtained from interviews with local businessmen, real estate professionals, and property owners.

A physical inspection of the Subject property was made by Clint H. A. Lentfer & Adam Fitt on April 29, 2015. Additional property specifics were obtained from discussions with the owner during the site inspection. The size of the improvements were concluded by a physical measurement of the improvements, supported by documentation provided to the appraiser from the client, the Kodiak Island Borough – Assessors office, and lease data.

This appraisal has been prepared *considering* all three approaches to value. The indicated values are reconciled, and a final estimate of value is developed. Adequate market data was developed to enable the appraiser to complete the assignment in accordance with the appraisal instructions and in conformance with the FIRREA requirements. No pertinent data has been knowingly omitted. Supporting documentation is retained in the appraisers file.

DEFINITION OF VALUE AND PROPERTY RIGHTS

"MARKET VALUE" is defined in the *Appraisal of Real Estate* as follows:

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

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

The term "Fee Simple Estate" is defined in *The Dictionary of Real Estate Appraisal*, Fourth Edition, as "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

The term "Reasonable Exposure Time" is defined in the *Standards of Professional Appraisal Practice of the Appraisal Institute* as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. A

retrospective estimate based upon an analysis of past events assuming a competitive and open market.”

The “As Is” value of the property is based on its current physical condition and subject to the zoning in effect as of the date of the appraisal.

The “At Completion” value considers the alterations and improvements discussed completed in a workmanlike manner.

STATEMENT OF COMPETENCY

The appraisers, Clint H. A. Lentfer & Adam T. Fitt, have completed numerous appraisals of commercial properties throughout the State of Alaska, including a number of appraisal assignments of retail & mixed use commercial facilities in Kodiak, and competing Alaskan coastal communities; and are therefore, competent to prepare this appraisal.

LIMITING CONDITIONS AND ASSUMPTIONS: Please see additional limiting conditions and assumptions that apply to this appraisal report in the addenda.

SALES HISTORY: According to the owner, supported by data from the Kodiak Island Borough and Alaska Records Office, the owner has been in title to the property since 7/22/2014. We were not provided a copy of a purchase and sale agreement for this transaction; however the owner indicated they paid \$870,000. The subject property was not listed on MLS. No additional details were provided to the appraiser for review. No current listings of the subject have been discovered. This recent, historical arm’s-length sale of the subject provides good support of a value for the subject and has been considered in our analysis.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: In preparing this appraisal, the appraiser:

- Inspected the subject property.
- Reviewed available records, plans, plats, specs, land leases etc.
- Reviewed available cost, market and income information.
- Applied the best available approaches to arrive at an indication of value.

This summary style appraisal report is a brief recapitulation of the available data, analyses, and conclusions. Supporting data and additional records are located in the appraiser’s file.

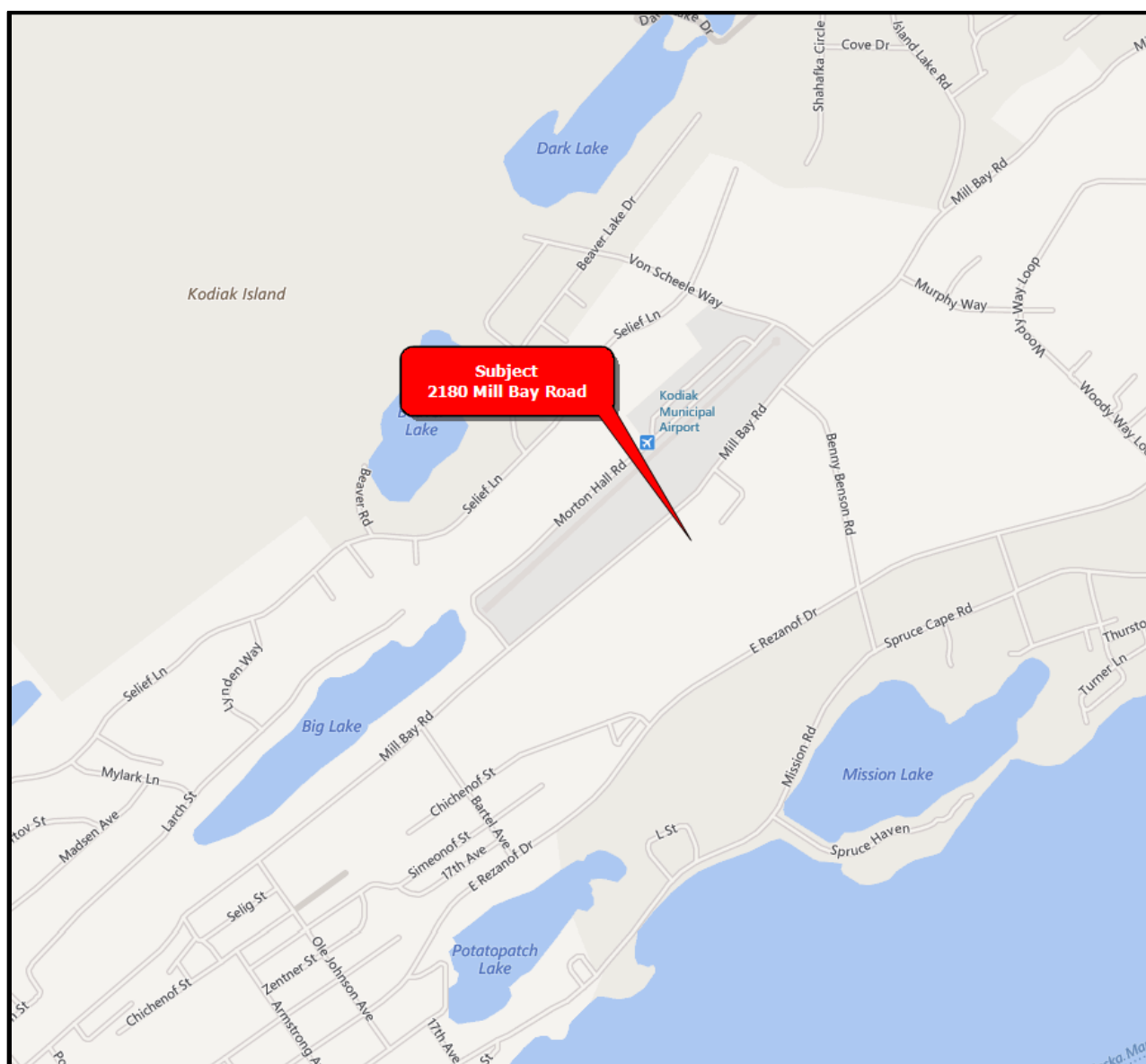
Regional / State Location Map



Location Map



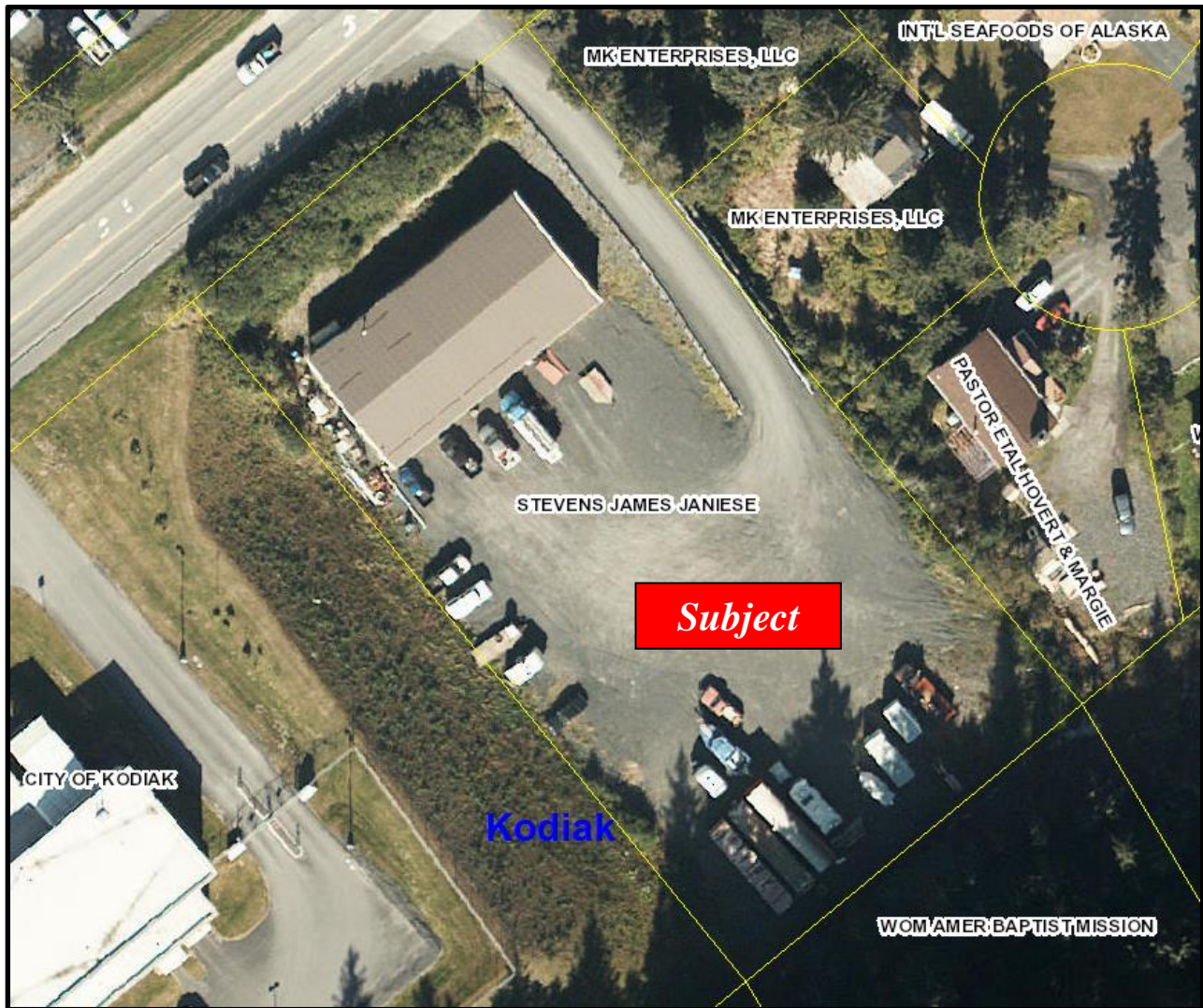
Neighborhood Location Map



Aerial 1



Aerial 2



SUMMARY OF PROPERTY APPRAISED

The property that is the subject of this report is situated along the south side of Mill Bay Road across the street from the Kodiak Municipal Airport, considered a favorable location for commercial warehouses in the Kodiak market due to its central location. The subject is northeast of downtown Kodiak and has direct access from Mill Bay Road, and is surrounded by similar style, type and utility commercial buildings along the arterials. The subject consists of a one-story steel frame, steel skin, three tenant, three bay warehouse building with (3) 14' x 16' overhead doors, a small office area, and second level, 822 SF apartment built in 2006. The foundation consists of a concrete slab floor with concrete footers, vinyl windows and metal core exterior doors. Unit 1 has approximately 1,620 SF, which includes a small office area, units 2 & 3 have approximately 1,500 SF each.

Individual heat to units 1 only via an individual oil fired forced air units, with a waste oil burner in unit 1. Units 2 & 3 are not heated. Unit 1 has a $\frac{3}{4}$ bath in the warehouse area, a $\frac{1}{2}$ bath in the office area, and a full bath in the upper level one bedroom apartment that is heated via hot water baseboard heat. The office area is approximately 380 SF and has two small office areas with laminate floors and sheetrock walls. The second level apartment is accessed via an interior stairwell next to the office entry to Unit 1. The apartment area totals approximately 822 SF and consists of a kitchen, small living area, full bath and bedroom, providing additional utility to the subject building. The overall quality and condition of the subject are considered to be above average / good for the Kodiak mixed-use warehouse / office / apartment market.

The improvements are physically located near the northern portion of the site, allowing the majority of the yard area to the south for storage and vehicle operation, with the access road off Mill Bay road down to the site along the eastern edge of the site. The total GBA is approximately 5,822 SF. The subject has multi-tenant characteristics, with a total of three rental bays and a two bedroom apartment located over the office area of the westernmost unit. All units have separate access and 14' x 16' manual, foam core overhead garage doors. The subject can be briefly summarized as follows:

Legal Description: USS 3098, Lot 23, Kodiak Recording District, State of Alaska.

Address: 2180 Mill Bay Road, Kodiak, Alaska 99615.

Owner: James and Janiese Stevens, P.O. Box 8593, Kodiak, Alaska 99615

Exposure Time: Exposure time is the estimated length of time the property being appraised would have been on the market and listed for sale *prior* to the effective date of the market value estimate. Considering existing economic conditions and current supply and demand factors, a reasonable exposure time would be between 6 to 9 months.

Marketing Period: The marketing period is the estimate of time it might take to sell the property at its market value immediately subsequent to the date of appraisal. In this case, the Subject is an above average quality, steel frame warehouse building located in a predominantly business oriented area northeast of downtown Kodiak, Alaska. The locational attributes are considered to be above average. In our opinion, the Subject is located in a market where the outlook for commercial properties should remain stable into the foreseeable future. Considering all factors, we believe that a reasonable marketing time for the Subject is 6 to 8 months.

Assessed Valuation and Taxes: The assessed valuation for the subject is as follows:

USS 3098, Lot 23 – ID # 16287 – 1.25 acre site

<u>Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Total Value</u>	<u>Taxes</u>
2012	\$188,300	\$353,300	\$541,600	\$6,905.41
2013	\$188,300	\$353,300	\$541,600	\$6,905.41
2014	\$188,300	\$353,300	\$541,600	\$6,905.40

The 2014 taxes are reportedly paid in full. 2015 tax assessments have not been released as of the date of the appraisal. No special assessments were noted or disclosed.

Easements: Neither an as-built survey nor a site plan was provided for review. No restrictions were noted or discovered by the appraiser at the time of inspection. According to USS 3098, there no easements or restrictions limiting development. The improvements are located towards the northern portion of the site, with gravel area along the south side. A title report was not provided with this assignment.

Environmental Issues: To our knowledge, there has been no historical use of the site involving hazardous materials, etc.; and none were observed at the time of inspection. We observed no potentially hazardous building materials. The site is generally level and has a significant amount of fill on site, with no wet areas observed. For purposes of this analysis, we assume the property is **not** contaminated. If any portion of the property is contaminated, the value concluded in this report would need to be adjusted to reflect the cost to cure. The parcel is not located in a wetlands area, or in an area classified as a flood hazard area.

Personal Property, Fixtures, and Intangible Items: The Subject is an existing warehouse / commercial building with a small office area, and an apartment. No personal property, fixtures, inventory or intangible items are included in this analysis. All furniture, fixtures, inventory, and equipment not associated with the real property, are specifically excluded from the values concluded in this report.

Handicap Access: The Americans with Disabilities Act (ADA) of 1990 places certain requirements on public and private buildings to provide accessibility to commercial facilities and various information about those facilities. The regulations for ADA Title III

do not require the removal of barriers to accessibility in existing commercial facilities, but they do require compliance in the event of alteration or new construction. In any event, it is beyond the scope of the appraiser's expertise, as well as the scope of this appraisal assignment, to evaluate the Subject's compliance with any applicable ADA requirements. Should the Subject require changes to satisfy the Act, the cost of those changes would be classified as curable functional obsolescence. We did not note any ADA handicap modifications during our inspection.

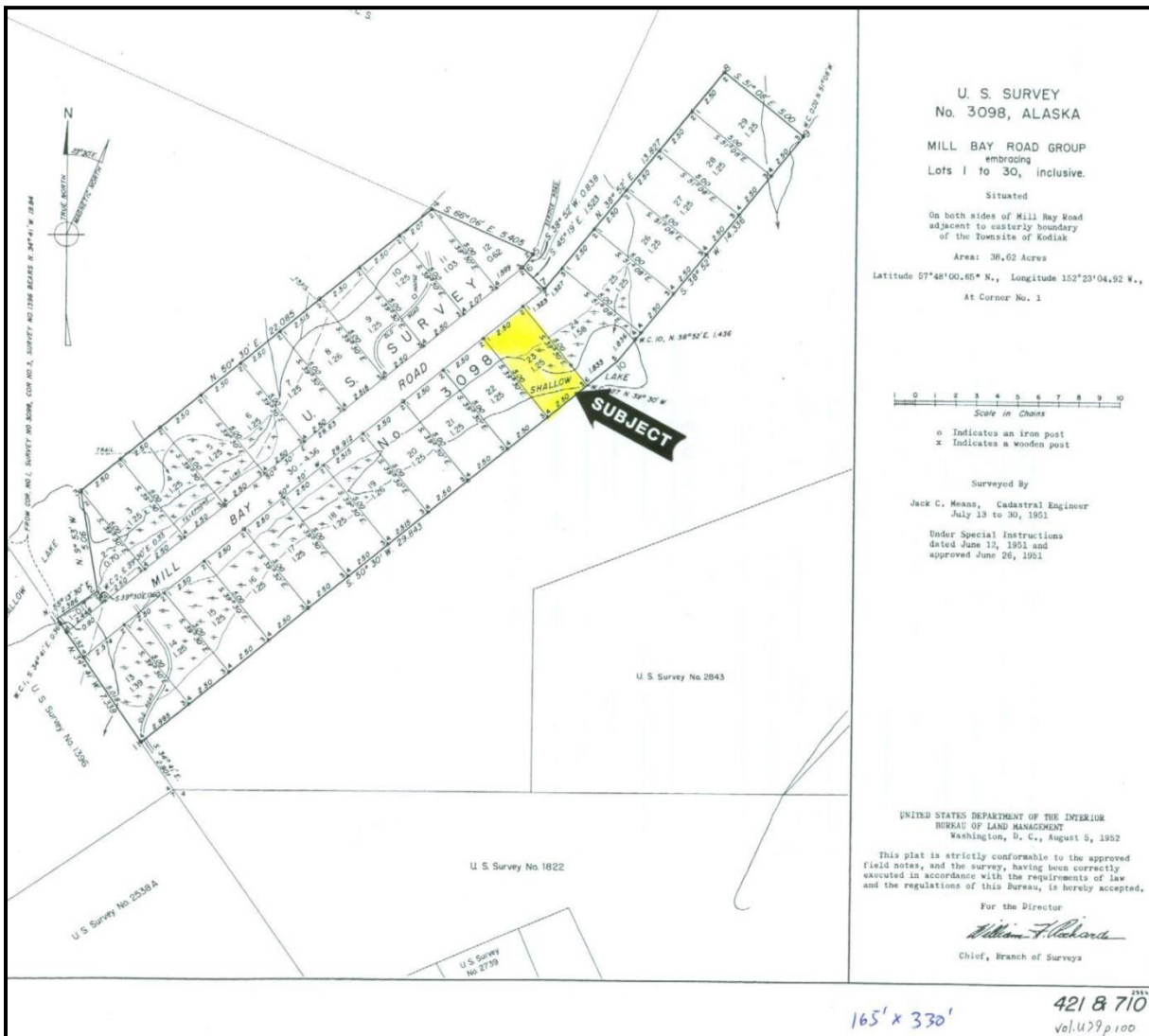
Current Leases: Unit 1 (1,620 SF) is owner occupied with a portion of the office area (240 SF) also owner occupied. The owner and Anderson Performance share a restroom within the office area. Unit 1 is the owner's warehouse area and includes a ¾ bathroom and the mechanical room. Unit 2, and about 140 SF of office area, and a portion of the subject's gravel site is leased by Anderson Performance for a total of \$2,300 per month plus electric (warehouse unit only) with a lease date from 3/1/2015 to 9/1/2015. Unit 3 is leased by the Kodiak Police Department for \$1,500 per month plus electric with a lease date from 10/1/2014 to 10/1/2015. The 822 SF one bedroom apartments is leased for \$1,450 per month with the owner covering all utilities. The apartment is currently leased month to month; however, a relative of the owner will occupy the apartment starting in June 2015 for \$1,450 per month and ending in November 2015. A southern portion of the site is leased for storage/parking for \$600 per month from 3/2015 to 9/2015. Please see the current lease table below. All of these leases are considered short term with no leasehold or leased fee interest concluded.

Unit #	Area (SF)	Tenant	Lease Start/End	Monthly Rent	\$/per SF
1 (¾ bathroom, mech. room)	1,620 sf	Owner	Owner	Owner	Owner
2	1,500 sf	Anderson Performance	3/2015 – 9/2015	\$1,500 + Electric	\$1/sf
3	1,500 sf	Police Department	10/2014 – 10/2015	\$1,500 + Electric	\$1/sf
Office (Northern office, shared restroom)	240 sf	Owner	Owner	Owner	Owner
Office (Southern office, shared restroom)	140 sf	Anderson Performance	3/2015 – 9/2015	\$300 Util. inc.	\$2.14/sf
Apartment	822 sf	Crew Member	Mo to Mo	\$1,450 Util. inc.	\$1.76
Site Storage /Parking	Gravel site area	Anderson Performance	3/2015 – 9/2015	\$500	N/A
Site Storage /Parking	Gravel site area	AIM	3/2015 – 9/2015	\$600	N/A
<i>Current Monthly Rental Income</i>				<i>\$5,850/month</i>	

Land / Site Description: The Subject site has an area of approximately 1.25 Acres (54,450 sf), according to USS 3098. The site is generally rectangular shaped, measuring 165' x 330', with approximately 165' of frontage along Mill Bay Road to the north. A site plan was not provided for review. Neither the size nor the shape limits development, however the physical characteristics of the site and its steep slope down from Mill Bay Road limit visibility and full development of the site. It is estimated that the lower portion of the site is approximately 50' below the level of the road, with a steeply sloping drive providing access towards the east side of the site. The site is currently improved with a 5,822 SF warehouse building located near the northern portion of the site, with a large gravel yard area towards the southern portion of the site.

The overall land to building ratio of the site is 9.35:1, with a total site coverage of 9%, which is considered good for a commercial warehouse building in Kodiak, allowing for adequate on-site parking / site storage-rental and adequate ingress/egress. The subject site is below Mill Bay Road grade and features a driveway that slopes to the south toward the subject site and warehouse limiting full development and visibility to the site. Neither the size nor the shape of the site is restrictive to development. See the maps on the following pages.

PLAT MAP



Detailed Improvement Description

The site is improved with a steel frame, steel skin, 5,000 SF (50' x 100') warehouse / office building with an 822 SF second level apartment. The building was built in 2006 and is in overall above average / good condition, with limited physical deterioration for a building of its age and quality of construction. The foundation is composed of a 4" to 6" concrete slab, at grade with the surrounding area, with a concrete walkway/sidewalk surrounding the south and west sides of the building. The exterior is composed of a Bison Steel frame building with a steel roof, steel siding, vinyl windows, and metal rain gutters, considered to be in above average to good condition. The building is demised into three bays in addition to a 10' x 38' main level office area along the western portion of the building, with an 822 SF one bedroom, one bath apartment located over the office area. Each bay has a 14' x 16' overhead door, with additional access via a man door. There is one ½ bath in the office area, and one ¾ bath in the southern bay, which is heated via an oil fired roof mount heater and a waste oil heater. Unit 2 & 3 are not heated. The second level apartment is 822 SF and comprised of a kitchen area, bathroom, bedroom and washer / dryer / utility area heated via a hot water baseboard system.

The individual warehouse spaces are clear span with 18' eaves. The building has insulated walls & ceilings and concrete floors with temporary wood partition walls separating the spaces. There are high-output fluorescent lights, metal man doors, foam-core/steel sandwich garage doors, with sufficient clear span interior room in each of the three 30' x 50' bays. Unit 1 features a 30' x 50' bay, a ¾ bathroom, the mechanical room and the adjacent office area. There is adequate on-site parking to the south of the subject building, with the extra yard area rented and used for equipment / trailer storage and vehicle parking.

The overall quality and condition is judged to be above average to good for the market. The utility of use appears to be good, with warehouse bays, an office area, and one bedroom apartment.

Functional Utility - The utility of use of the warehouse building and its layout on site is considered above average, with clear span, steel frame, steel skin warehouse area, office area, a one bedroom apartment, and three bays with individual overhead doors, allowing for multiple tenants, and considered a desirable attribute for the warehouse market in Kodiak. The quality and condition are considered above average to good, with the utility of use of the complex judged to be above average. These positive attributes are somewhat offset by the lack of heat for Units 2 & 3, and the steep driveway along the east side of the site, which put downward pressure on the marketability of the subject, however in the subjects market, owner / buyers are willing to forgo many of the conveniences of a built to suit facility for one that provides functional space in the Kodiak market. On-site parking/storage is consider good, with the southern 2/3's of the site generally level gravel area for ingress/egress and additional parking & storage.

Utilities: The public utilities currently connected to the subject site include telephone, electric, water, and sewer. There is an above ground 1,000 gallon fuel oil tank along

the north / rear side of the building. We assume the existing utilities (mechanical / plumbing / electrical systems) are adequate to support the subject building and its current use.

Neighborhood Characteristics & Data: The Subject property is located northeast of downtown Kodiak along Mill Bay Road, one of the main arterials through Kodiak. For the purposes of this analysis, the specific neighborhood boundaries will be defined as the entire city of Kodiak, as all commercial areas generally compete with one another.

Access to the neighborhood is considered above average with paved, state maintained roads providing access to the area. The neighborhood's predominant land use zoning is business zoning along the arterials, with mixed use residential zoning prevalent in the surrounding neighborhoods. All public utilities are generally available throughout the neighborhood including public water and sewer, telephone and electricity. Police protection is provided by the City of Kodiak in this area.

To summarize, the neighborhood is considered to be have a good location for business / commercial uses. There is a limited amount of vacant land available in the neighborhood for future development. As the demand for property increases, older structures are either being renovated to support commercial use or razed to make way for new developments. Overall, the neighborhood influences are positive for commercial / business development.

Zoning: The Subject property is zoned Business, and the current use is an allowed use. A full description of the Business Zoning is located in the addenda. The subjects use is a legal and permitted use in the neighborhood.

HIGHEST AND BEST USE: In common appraisal practice, the concept of highest and best use represents the premise upon which a value estimate is based. *The Dictionary of Real Estate Appraisal*, Third Edition, defines Highest and Best Use as follows:

"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 profitability."

There are four essential elements to consider in analyzing the Highest and Best Use:

- 1) Physical Possibility - Those uses that can physically be constructed on the site.
- 2) Legal Permissibility - Those uses of the site that are permitted by law, zoning, codes and ordinances, and deed restrictions.
- 3) Financial Feasibility - Those physical and legal uses that will produce a net positive return to the land.
- 4) Maximum Productivity - Among the feasible uses, the use that will produce the highest rate of return or the highest value.

The highest and best use of the land if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use but, nonetheless, it makes a contribution to the total property value in excess of the value of the land.

The appraiser is to decide what uses of the physically possible, legally permissible, and financially feasible would be most productive to the site and to produce the greatest return. Based on the zoning, access, visibility, overall potential utility of use attributes and the surrounding trends of land usage, commercial uses within the Subject's general area are most probable. Our analysis has shown that economic obsolescence exists in the market and construction of most improvements on the sites is not feasible at this time in that the cost of construction would exceed the improvements' market value.

Highest And Best Use – As Vacant

The subject site consists of a 1.25 acre parcel located in a Business zoned district northeast of downtown Kodiak, along Mill Bay Road. Considering the physical characteristics, size and topography most uses are probable. The subject site is approximately 50' below street grade, which limits visibility, access and full use of the site, requiring a steep driveway for access. Based on the current zoning, the Subject's limited visibility off Mill Bay Road, and the surrounding trends of land usage, general business uses not requiring good visibility are most probable, something other than retail / office uses that require this type of amenity. Our analysis has shown that

economic obsolescence exists in the market, and construction of most improvements is not feasible at this time in that the cost of construction would exceed the improvements' market value. Therefore, the highest and best use of the site at this time, **as if vacant and unimproved** would be to develop with a warehouse or a mixed use industrial / commercial building not needing high visibility or direct access to the main arterial, or alternately to hold the property as vacant and unimproved until such time that improved commercial property values increase to a level where market value exceeds replacement cost new.

Highest And Best Use – As Improved

The “**as improved**” highest and best use of the site must also be considered in terms of the four essential elements. The Subject improvements consist of a 5,822 SF multi-tenant warehouse / office / apartment building that is physically adaptive to the site, with adequate / excess parking to the south of the building. The site totals approximately 1.25 acres (54,250 SF), with an ensuing land-to-building ratio of 9.35:1, and a total site coverage of approximately 9%, which are considered good ratios for warehouse facilities, allowing for enough yard area to store and operate vehicles. The physical characteristics of the site, being approximately 50' below the grade of Mill Bay Rd is considered a negative attribute, limiting visibility of the building and making direct access to the building inferior to surrounding buildings in the market along major arterials. The building appears to be the appropriate size for the site, and is considered to have a functional layout, with adequate parking to the south. The building is considered to be in overall above average to good condition, has a majority of its economic life left, and appears to be economically productive. Therefore, our conclusion for the “**as improved**” highest and best use of the Subject is to continue the use of improvements as an existing multi-tenant warehouse building.

Appraisal Method

The appraisal process is the procedure in which comparable market data are gathered, classified, analyzed, and presented in an orderly manner along with a reconciliation and conclusion of value. First, the appraisal assignment must be defined; i.e., identification of the property, classification of the property rights appraised, the type of valuation sought, and the date of valuation. Regional and city demographics and economic data relevant to the Subject are collected and analyzed, then a neighborhood and site analysis is performed and the highest and best use of the Subject is developed. Once this has been accomplished, the appraiser considers the application of the three typical approaches to value and applies the approaches which are applicable to the Subject in estimating the value. The three typical approaches to value are the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach.

The Cost Approach is based on the assumption that a buyer will pay no more for a property than the cost to replace the property within a reasonable period of time. The value of the land is obtained generally by direct sales comparison. Replacement cost new for the improvement is calculated and then accrued depreciation from all sources is subtracted. The remainder is added to the land value for an indication of value by the Cost Approach.

The Sales Comparison Approach (Market Approach) involves a comparison of the Subject property with properties of a similar use, design, and utility that have sold in the recent past. The appraiser gathers data on sales of comparable properties and analyzes the nature and condition of each sale, making logical adjustments for dissimilar characteristics. Typically, a common denominator is found. In our area, this is usually either a price per acre or price per square foot for land value and a price per building unit or gross income multiplier for improved property. The Sales Comparison Approach gives a strong indication of value when sales of similar properties are available, which is not the case for the subject with few newer warehouse sales within the past three years in the local Kodiak market.

The Income Capitalization Approach is predicated on the assumption that there is a definite relationship between the amount of income a property will earn and its value. This approach is based on the principle that value is created by the expectation of benefits to be derived in the near future. In this approach, the anticipated annual net operating income of the Subject property is converted to an indication of value. Net operating income is the income generated before payment of any debt service. The process of converting net operating income into value is called capitalization, which involves dividing the net income by a capitalization rate. Factors such as risk, time, interest on the capital investment, and recapture of the depreciating asset are considered in the rate selection. The appropriateness of this rate is critical. There are a number of techniques by which a capitalization rate may be developed. The most reliable method is extraction from market transactions when there are sufficient amounts of reliable market data available which is the case for the subject; however,

many of the most comparable warehouses in Kodiak are owner/user occupied with no arm's length lease in place.

A final step in the appraisal process is the reconciliation of the value indications. In the reconciliation, the appraiser considers the relative applicability of each of the approaches used, examines the range between the value indications, and places major emphasis on the approach that appears to produce the most reliable solution to the specific appraisal problem. The purpose of the appraisal, the type of property, and the adequacy and reliability of the data are analyzed; these considerations influence the weight given to each of the approaches to value. The data used and conclusions drawn must be derived, as much as possible, from the current market and supported by the local economic factors inasmuch as the appraiser seeks to reflect the actions of buyers and sellers within the marketplace.

We have formatted our analyses in the following order: the Cost Approach, the Income Approach, and the Reconciliation and Final Value Estimate. We have omitted the Sales Comparison Approach due to the lack of recent sales of similar warehouse facilities in the Kodiak market. That being said, we have relied on the recent sale of the subject in July 2014, less than one year ago, which provides a strong indicator toward intentions of owner / operators in the market, representing an arm's length sale of the subject. There are some recent sales in other remote Alaskan communities; however, those sales outside the Kodiak area lead to a weak approach and the buildings were not as similar being older. The client requested the scope of the appraisal assignment consider the best approach(es) to value be utilized. The Cost Approach is concluded to provide a credible result for support of the value conclusion as there is sufficient warehouse cost data available and the subject was constructed in 2006. The subject is a multi-tenant building and income producing with available data in the market to form an income approach analysis. The most credible approaches to value will be presented in the following section.

Site Value

Land is customarily valued as though vacant and available for development to its highest and best use. The most reliable method of estimating the current land value in fee simple is through the Sales Comparison Approach. This approach is based on the Principle of Substitution, which postulates that a well-informed buyer will pay no more for a property than the amount for which he can buy a suitable substitute within a reasonable period of time.

Land may be valued by a number of measurements including, but not limited to, price per lot, price per square foot, price per acre, price per buildable unit, or price per front foot. Market research indicates that the unit of comparison typical of parcels of land in the Kodiak Area is the price per square foot or the price per site. In the subject's case, the analysis of the comparable land transactions will be based on the price per square foot, which is an accepted market measurement for parcels in Kodiak.

A search of the Kodiak area was conducted for properties having similar potential uses with overall similar site attributes and highest and best use to the Subject. There have been a few sales of vacant land that are similar in size with similar utility of use attributes (commercial zoning / use with average visibility) in the past three years, as the market has been in transition with many existing sites already having been developed or are being held for future development and/or speculation. The appraiser used the best available, most recent data available at the time of inspection.

A lack of sufficient current vacant land sales data in the neighborhood necessitated a larger geographical and time survey. Vacant land comparables having similar attributes to the subject in Kodiak range in price from about \$0.75/SF to \$4.50/SF, however they significant differences that affect the respective site values such as: overall sizes of the sites, superior/inferior locations, visibility off a main arterial, and access / parking attributes. A search of the Kodiak area was conducted for properties having similar potential commercial uses in business zoned areas near the central business districts, with overall similar site attributes to the Subject. The appraiser used the best available, most recent data available at the time of inspection. Due to the lack of recent sales data of directly competing business zoned vacant land in Kodiak, older sales and sales with differing attributes were analyzed, and are overall supportive of the recent sales data analyzed. Additionally, we have extrapolated land values from the sales of improved properties with similar locations and similar zoning that are near the end of their useful life and were purchased for the land, considering the building as an interim use, which provides an additional indicator.

The sales discovered include sales of 17,000 SF to 13 Acre business/industrial zoned parcels in Kodiak, all having similar potential highest and best use zoning for commercial uses / buildings. The prices range in price from \$82,000 to \$269,000 per site, or \$0.70 to \$4.80 SF, with an overall average of about \$2.75/SF. The higher per unit indicators are for the smaller sites, and those with superior overall attributes. We feel the subject is representative of a value near above the middle of the range, with the

lack of available vacant Business Zoned sites creating upward pressure on the price per SF, slightly offset by the subject's topographical characteristics / visibility (50+/-' below grade of Mill Bay Road), and considering its larger size (1.25 acres). The subject's positive site attributes include the level/graded area towards the southern portion of the site, allowing for additional storage and adequate ingress/egress with a favorable business location off Mill Bay Road, and good gravel soils. We have also considered the site value technique looking at the overall values of the individual comparables in considering a value for the subject, which puts some downward pressure on our final value due to the size. Additional discussions with the assessor provide more historical sales and we have considered the assessed value of the site of \$188,300 as well.

A reliable range for the subject is considered to be \$150,000 to \$210,000, when all attributes are considered, with a final value above the middle of the range, with the positive factors given more weight, while considering the negative site attributes, somewhat offsetting and not warranting a value at the upper end of the range. Considering all of the attributes, a final value of **\$185,000** is considered appropriate or about \$3.40/SF.

Total Site Value:

\$185,000

Cost Approach to Value

The Cost Approach to Value is based on the premise that a prudent buyer will not pay more for a property than the cost to reproduce it, provided it could not be reproduced without costly delay. This approach involves estimating the value of the Subject site as if vacant and available for development to its highest and best use. To this value is added the total cost of the proposed improvements, minus the total accrued depreciation from all sources that affect the property.

Theoretically, the Cost Approach implies "reproduction", meaning a duplicate or replica. In practice, "replacement", meaning equivalent, is commonly used. In this report, we will use "replacement cost", defined in *The Appraisal of Real Estate* as follows:

"Replacement cost is the estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout."

The five steps in this valuation method are as follows:

1. Estimate land value.
2. Estimate reproduction or replacement cost (new) of the existing or proposed improvements.
3. Estimate any accrued depreciation caused by:
 - a) Physical Deterioration
 - b) Functional Obsolescence
 - c) External Obsolescence
4. Deduct depreciation from estimated reproduction or replacement cost (new) to arrive at the depreciated value of improvements.
5. Add land value to the depreciated value of improvements for a total value indication.

The cost factors can be estimated by utilizing a national cost service manual for the Subject area, cost data extracted from recently completed and similar properties, consultations with contractors and professional cost estimators, and by the actual building costs of the Subject property provided by the owner to the appraiser. We have performed numerous appraisals for reputable builders of commercial projects in the Kodiak area, as well as other more rural communities off the road system in the South-central and Southwestern Alaska regions, providing us with good cost data of similar style and type mixed-use warehouse / office buildings. We have reviewed actual construction costs in the subject's market area, therefore the data used in the analysis is considered reliable and accurate.

These costs generally include all the direct costs of material, labor, contractor profit, and all indirect costs such as professional fees, financing costs, taxes, and all carrying costs during the construction phase and the market absorption period. Discussions with local area architects, construction managers, and builders indicate that cost of raw material have increased over the past twelve months. Additionally, these cost increases and raw materials scheduling have caused construction delays in a majority of projects throughout the country, especially in Alaska. In addition to the direct and indirect costs, a figure for entrepreneurial profit is added. Entrepreneurial profit is normally based on a percentage of the total of the other costs associated with the project.

In estimating the replacement cost (new) of the Subject property improvements, we have considered a national cost manual entitled *Marshall Valuation Service*. This national cost service company has cost data for all 50 states. Current cost multipliers are developed in the specific areas covered. This service is a complete authoritative guide for developing replacement costs, depreciating values, and insurable values of buildings and other improvements. It provides costs for a wide variety of construction classes and types of occupancies. Modifiers are included to make the cost applicable to any size building in any locality. Included in the per unit building cost is an allocation for average architect's and engineer's fees, normal interest and service charges for the construction financing, building permits, all material and labor costs, normal site preparation and excavation for the building footprint, utilities from the building to the lot line, and contractor's overhead and profit.

Additionally, we have analyzed cost data from similar projects of which we have knowledge, and have analyzed the recent costs provided to the appraiser regarding similar warehouse buildings under construction in the Kodiak Area and similar remote markets throughout Alaska. From these sources, a reliable hard cost estimate for the Subject building was developed. Budgets from past warehouse builds in the Kodiak area have been reviewed, including actual construction costs when the subject was built. We have reviewed data from discussions from the original owner/builder of the subject warehouse, and this data is overall supportive of the recent cost information we have discovered.

Building Cost Data Analysis – According to the owner/developers in the Kodiak area, the total development cost for warehouses dating back to 2009 have been between approximately \$120/SF to \$160/SF. We have appraised numerous new construction warehouse properties on the Kenai Peninsula and Mat-Su Valley, with new construction costs for similar style, 3,000 to 8,000 SF steel frame, steel skin insulated warehouses in the \$115/SF - \$135/SF range, having a similar warehouse to office ratio, however they included all on-site utilities therefore are slightly high indicators. This provides overall support for the subject's concluded \$/SF. We have also considered costs data on the numerous warehouse properties we have appraised in Anchorage, however due to the significant permitting cost, higher costs of labor and other factors, these indicators are higher. In conclusion, a value of **\$130/SF for the warehouse space** and **\$160 for the office/apartment area** are considered reliable and well supported by market data and are used in our analysis.

Entrepreneurial Profit - Entrepreneurial profit is the financial incentive and reward to the developer who assumes the risk and management of the development. Entrepreneurial profit is based on the premise that development does not occur without the consideration of financial incentive. This financial incentive is regulated by the market and can be extracted from the market when new development is prevalent. For this report, we have estimated entrepreneurial profit at 12% of the total cost of construction and site improvements, which is a reasonable amount and support by data from communities throughout Alaska where there is limited data.

Accrued Depreciation - Total accrued depreciation is the difference between the replacement cost of the improvements and the market value of the improvements. Depreciation is caused by deterioration and/or obsolescence in the property. There are three general categories of accrued depreciation: Physical Deterioration, Functional Obsolescence, and External Obsolescence. The various types of depreciation are considered and defined on the following page.

Physical Deterioration: This is the normal wear and tear and action of the elements upon the improvement, including aging of the structural components. Deterioration may be curable or incurable, depending on whether it is economically feasible to repair or replace. The subject is a warehouse facility with office area originally built in 2006, and is considered to be in above average overall condition, with limited deferred maintenance. Due to the nature of the building, which supports industrial uses, and good maintenance physical deterioration is estimated at 8%.

Functional Obsolescence - Functional obsolescence is defined as "that loss from cost new as of the date of the appraisal which is caused by a super-adequacy, inadequacy, unattractive style, poor or inefficient layout, or design." Functional obsolescence can be either curable or incurable; it is curable only when it is profitable to cure the item. Incurable functional obsolescence involves items of inutility, which would not be economically feasible to correct because the value would not increase as much as the cost of correction. In this case, the Subject building is laid out for its current use as a multi-tenant warehouse facility with office area, three overhead doors, a one bedroom 2nd floor apartment. The existing layout is considered its highest and best use, as the building is functional and operable, however two of the units do not have heat and other users may desire a different layout. Overall functional obsolescence is estimated at 8%, a nominal amount considering the subject's above average functional utility.

External Obsolescence - This is the diminished utility of a structure due to negative influences from outside the site and is incurable on the part of the owner. External obsolescence can be caused by a variety of factors such as neighborhood decline, environmental factors, or market conditions (economic obsolescence). To estimate external obsolescence, the appraiser capitalizes the income or rent loss attributable to the negative influence. In essence, external obsolescence results in the loss of productivity or income for a property versus the productivity or income potential for the property without the negative influences.

As discussed in the Highest and Best Use section of this report, the current net operating income potential for most types of commercial complexes is NOT sufficient to support the total cost of development plus developer profit. The exceptions are special-use facilities and/or facilities that fulfill the specific needs of the owner/tenant. In our opinion, the Subject does not fall within this category. External obsolescence is still present in that construction of the improvements is not financially feasible without external (or non-real estate) considerations.

External obsolescence is measured as the difference between the market value of the property and its depreciated replacement cost. External obsolescence can be calculated by a number of acceptable methods. In this case, the data indicate that construction is feasible if the developer profit incentive is deferred into the future. We see this deferment occurring more frequently as landowners and contractors look for ways to create development. To make the project work they are willing to defer their profit incentive into the future. External obsolescence is estimated at 12%, which is a market acceptable return on similar projects.

Summary of Cost Approach – Conclusion to Value

The summary of the Cost Approach, which follows, has been completed using estimated costs for reconstructing a similar building on site with similar overall attributes, tempered by current cost data from competing Alaskan communities, supported by data from the *Marshall Valuation Service*, a nationally recognized cost index manual. A summary of the Cost Approach follows:

Indicated Value by the Cost Approach

\$869,000

Cost Approach Summary

SUMMARY OF THE COST APPROACH									
Report 15-559									
2180 Mill Bay Road - Kodiak, Alaska									
Warehouse Area	4,620	SF x	\$130.00	SF =	\$600,600				
Office & Apartment Area	1,202	SF x	\$160.00	SF =	\$192,320				
	5,822	SF							
Add Site Improvements:									
Site Work/Landscaping/Utilities				=	\$40,000				
	Subtotal:							\$832,920	
Add:									
Entrepreneurial Profit			12.00%		\$99,950				
Total Replacement Cost (New):								\$932,870	
Less Depreciation:									
Physical Depreciation			8%		\$74,630				
Functional Obsolescence			8%		\$74,630				
External Obsolescence			12%		\$99,950				
Total Accrued Depreciation			28%					(\$249,210)	
Depreciated Improvement Cost:								\$683,661	
Add:	Fee Simple Land Value				\$185,000				
								\$868,661	
TOTAL INDICATED VALUE BY THE COST APPROACH									
								(RD)	\$869,000

Income Capitalization Approach to Value

In the Income Capitalization Approach to Value, the net operating income generated by the real estate is converted to an indication of value. *The Dictionary of Real Estate Appraisal*, Fourth Edition, defines the Income Capitalization Approach as:

“A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.”

The two techniques commonly used in this approach are the Direct Capitalization Method and the Yield Capitalization Method. *The Appraisal of Real Estate* defines the two methods as follows:

“Direct capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step -- either by dividing the income estimate by an appropriate income rate or by multiplying the income estimate by an appropriate factor.”

“Yield capitalization is a method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment's income pattern, value change, and yield rate.”

Both techniques are market oriented and the income, expense, vacancy, and rate data used should be derived from the market. The following steps are taken to implement the Income Approach:

- 1) Market rental rates for the Subject property are determined and a potential gross annual income is calculated.
- 2) Anticipated vacancy and collection loss percentages for the Subject are developed.
- 3) Operating expenses for the Subject are calculated based on the historical expense data of the Subject and of the market comparables.

- 4) The net operating income is developed by deducting anticipated vacancy and collection loss factors and total operating expenses
- 5) A capitalized and/or discount rate(s) is(are) developed from the market and applied to the net operating income for an indication of value.

The Subject property consists of a 5,822 SF warehouse with a small office area and a one bedroom apartment on the upper level, in overall above average to good overall condition with an above average location east of downtown Kodiak on Mill Bay Road, a major arterial through Kodiak. The site has good on-site parking/storage and adequate ingress/egress, however is located below the street level. In the Kodiak market, there are few variables that can affect its income stream, as the facility is completely occupied (owner & tenants). Additionally, the large site allows for additional site storage for tenants in the building or separate tenants requiring yard storage area. This is a positive attribute for the subject's ability to produce income.

Therefore, in this report, the Direct Capitalization Method was selected as the technique to be used in developing a value indication by the Income Approach. In this technique, a single year's income, vacancy and collection loss, and expense data are analyzed and a net operating income developed. A capitalization rate is developed from market transactions and supported by the mortgage equity technique. The net operating income is divided by the capitalization rate for a value indication.

In determining the market value for the Subject by the Income Approach, the highest and best use of the Subject as improved must be considered. In this case, the highest and best use of the Subject is as improved, i.e., a multi-tenant warehouse / office / apartment building.

"Market Rent" is defined in *The Dictionary of Real Estate Appraisal*, Fourth Edition, as "The rental income that a property would most probably command in the open market; indicated by the current rents paid and asked for comparable space as of the date of the appraisal."

Market rent for the Subject is governed by the existing and asking rental rates of the Subject, as well as those of similar properties in the Subject's area. In this case, the Subject is owner and tenant occupied mixed use building with numerous rental suites, with shorter term leases in place. There are numerous varying size and style competing facilities in the Kodiak market that could compete directly with the subject, many of which have differing levels of service, differing locations, and differing quality and condition that were examined in this analysis, however most of these are owner occupied, with very few arm's length leases in place. We were provided income and expense data from the subject, as two of the spaces are leased out to tenants; however, the current owners have only owned the building for less than a year with limited income and expense data, and no data prior to their purchase in 2014. We have estimated

some of the costs / expenses based on similar style and type facilities in the market, with support from similar size and type facilities expenses from competing coastal Alaskan communities.

Current Rates for the Subject / Lease Analysis

Unit #	Area (SF)	Tenant	Lease Start/End	Monthly Rent	\$/per SF
1 (¾ bathroom, mech. room)	1,620 sf	Owner	Owner	Owner	Owner
2	1,500 sf	Anderson Performance	3/2015 – 9/2015	\$1,500 + Electric	\$1.00/sf
3	1,500 sf	Police Department	10/2014 – 10/2015	\$1,500 + Electric	\$1.00/sf
Office (Northern office, shared restroom)	240 sf	Owner	Owner	Owner	Owner
Office (Southern office, shared restroom)	140 sf	Anderson Performance	3/2015 – 9/2015	\$300 Util. inc.	\$2.14/sf
Apartment	822 sf	Crew Member	Mo to Mo	\$1,450 Util. inc.	\$1.76
Site Storage /Parking	Gravel site area	Anderson Performance	3/2015 – 9/2015	\$500	N/A
Site Storage /Parking	Gravel site area	AIM	3/2015 – 9/2015	\$600	N/A
<i>Current Monthly Rental Income</i>				<i>\$5,850/month</i>	

Analysis of the Data and Conclusion of Market Rent

The market rental data analyzed includes competing facilities and various levels of warehouse / office / retail space in the Kodiak area that compete with the subject for similar type space as well as residential apartment rental data. We did discover & analyze seven rental comparables / rental listings with year-round tenant occupied facilities in the local market that are generally supportive of the current market rents concluded for the subject facility. Market data for these type of facilities is limited, as the majority of this type of warehouse / office space in the Kodiak market are owner occupied, with no arm's length lease in place, weakening the Income Approach.

We have concentrated our analysis on mixed-use warehouse facilities that have similar overall attributes to the subject, including location, visibility, size, utility and access to the downtown Kodiak business district with some of the comparable rentals having been converted from warehouse area to retail/shop area. Our research has discovered a few tenant occupied facilities in the Kodiak market that compete with the subject, having a similar layout and utility of use, which provide the best, most accurate indicators for the subjects type of space. The most similar facilities are summarized below, which provide us with support for a monthly rental rate based on a price per SF for the subject space.

The seven rental comparables analyzed are representative of the mixed use / warehouse market in the Kodiak area that have similar characteristics to the subject and provide the best cross-section of the rentals that could compete with the subject, and provide a reasonable range for the price per square foot. The comparables rental rates were adjusted to reflect utility costs.

The subject building consists of 4,620 SF of warehouse area, approximately 380 SF of office area, and an 822 SF apartment. The building is in above average to good overall condition with the site having good/level parking area, considered positive attributes. Rental rates for this type of warehouse space typically have the tenant paying for variable expenses (utilities), with the landlord paying all other expenses, and all rental rates have been adjusted to reflect the tenant covering electric, with adjusted rental rates ranging from \$0.80/SF to \$1.80/SF. The most similar space consists of smaller, single tenant buildings with varying degrees of quality, located outside of the core downtown area, with the most similar warehouse space in the \$1.25/SF to \$1.65/SF range. Unit 1 will have a mixed rental rate that includes 1,620 SF of warehouse area and 380 SF of office area for a total mixed area of 2,000 SF. Typically the office area attached to the warehouse is included within a warehouse rental unit, and justifies a higher rental rate. Unit 1 is superior to units 2 & 3 as it is heated, and features above average office area, a ½ bathroom, and a ¾ bathroom.

A search of 1 and 2 bedroom Kodiak residential apartment rentals was performed and the range of rental range is \$950 to \$2,200 and adjusted to reflect the owners only covering heat & water/sewer. The subject's 1 bedroom apartment is in above average condition with a kitchen, living room, laundry room, and a full bathroom, however has an inferior layout and is located on the upper level of a warehouse building. The current market **rental rate for the one bedroom apartment of \$1,450** with the owner covering all utilities is in line with the current residential apartment market within Kodiak and is concluded to be near market.

The subject also has a large 1.25 acre site has been leveled and graded, with the warehouse located along the northern portion of the site, allowing for maximum use of the level, graded area to the south, allowing the owner to lease out the extra land area not needed for the operation of the warehouse to be leased as additional yard storage area. There are currently two land leases that combine for \$1,100 per month, with enough room to lease another portion of the site for an additional \$600 per month. This equates to a land lease rate of about \$0.10/SF, which is in line with land lease rates in the Kodiak market supported by statewide land leases. The total potential land available for lease along the south side of the site does not affect the utility of use of the warehouse or any parking or access / egress necessary for its operation. We estimate approximately **16,000 SF of level, graded land available for lease**, which would equate to approximately **\$1,600 per month**.

Considering all of the subject warehouse / office buildings attributes, the concluded rental rate will fall above the middle of the range of the adjusted rental rate per \$/SF/Mo., primarily due to the age, condition, good central location, current demising of

the space with three separate rental units, and office / apartment areas. Additional weight given to the current rental rate of the leased space. A concluded rental rate for unit 1 is **\$1.75 SF/Mo.** with the owner covering all utilities. A concluded rental rate for units 2 & 3 is **\$1.35 SF/Mo.** with the tenant paying for electric. This rate is at the below Unit 1 as the units are not heated and do not have office areas or restrooms in the units. These rates are considered appropriate for the market and reflect the above average on-site parking, and overall above average to good condition & location and the physical attributes of the site being below the level of the street, which is not a necessity for a warehouse building not requiring good frontage or visibility, therefore not significantly affecting rents.

Concluded Market Rental Rate & Potential Annual Revenue

Area Description	SF	Market Rental Rate	Monthly Potential Income	Annual Potential Income
Warehouse/office Unit 1	2,000 SF	\$ 1.75 SF	\$ 3,500	\$ 42,000
Warehouse Unit 2	1,500 SF	\$ 1.35 SF	\$ 2,025	\$ 24,300
Warehouse Unit 3	1,500 SF	\$ 1.35 SF	\$ 2,025	\$ 24,300
1 B/R Apartment	822 SF	\$ 1,450/Mo.	\$ 1,450	\$ 17,400
Excess Site Area	16,000	\$ 0.10 SF	\$ 1,600	\$ 19,200

Potential Annual Gross Income

\$127,200

Income & Expense Analysis

The subject building is currently both owner and tenant occupied, with no formal lease agreements provided for review; however, according to the owner all leases are shorter term and expire at the end of 2015, therefore no leasehold or leased fee interest exists. We were provided with limited income and expense data from the last 10 months of income and expense data for the facility as the owner only recently purchased the facility July 2014, therefore limited historical data is available; therefore, we will use market rates and estimate expenses based on similar style and type buildings in the community in our analysis with additional weight given to the current rates and income/expense data. A summary of the expenses follows.

Expense Analysis

The next step in the Income Approach is to quantify and analyze the annual expenses affecting the Subject property. To convert rental income to value by the direct capitalization technique, the appraiser must determine the net operating income for the property.

The Dictionary of Real Estate Appraisal, Fourth Edition, defines Net Operating Income (NOI) as:

"The actual or anticipated net income that remains after all operating expenses have been deducted from effective gross income, but before mortgage debt service and book depreciation are deducted; may be calculated before or after deducting replacement reserves."

The first adjustment to the potential annual gross income is for vacancy or collection loss, which is defined in *The Appraisal of Real Estate*, Thirteenth Addition, as:

"An allowance for reductions in potential income attributable to vacancies, tenant turnover, and nonpayment of rent . . ."

Annual rent collections are typically less than the total potential gross income. This allowance is usually estimated as a percentage of potential gross income and the percentage is derived from the historical experience of the property, demand and supply factors of the neighborhood, local economic condition and trends, and the vacancy and collection loss being experienced by similar properties in the area.

After an allowance for vacancy and credit loss has been considered, the resulting total is called the Effective Gross Income (EGI), which is defined as:

"The anticipated income from all operations of the real property after an allowance for vacancy and collection losses. Effective gross income includes items constituting other income, i.e., income generated from the operation of the real property that is not derived from space rental (e.g., parking rental or income from vending machines)."

To arrive at the NOI, operating expenses are subtracted from the effective gross income. Operating expenses are defined as:

"The periodic expenditures necessary to maintain the real property and continue the production of the effective gross income, assuming prudent and competent management."

In the appraisal process, the operating expenses are typically broken into three classifications: fixed expenses, variable expenses, and replacement allowances.

Fixed expenses are operating expenses that generally do not vary with occupancy and have to be paid whether the property is occupied or vacant. Real estate taxes and building insurance costs are typically considered fixed expenses.

Variable expenses are all operating expenses that generally vary with the level of occupancy or the extent of services provided. Individual variable expense items may vary greatly from year to year, but specific types of property normally reflect a

reasonably consistent pattern of variable expenses in relation to gross income and/or size of the building. Typical variable expenses for commercial and industrial properties include the following categories: management, utilities, maintenance and repair, janitorial, leasing commissions, tenant improvements, and miscellaneous. It is typical in the Kodiak market for tenants to pay some of the utilities as they vary greatly depending on the type of business occupying the space. Unit 1 has the owner covering all utilities as the apartment area electric and heat is tied into Unit 1. This is a common occurrence for commercial buildings with apartments above.

The last expense classification is a replacement allowance which provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced periodically during the building's economic life. These components may include roofing, carpeting, painting, etc. The annual allowance for each component is usually estimated as the anticipated cost of its replacement prorated over its anticipated remaining economic life, provided this does not exceed the remaining economic life of the structure. Simple averaging is a permissible method. In the case of the Subject, the components of this replacement allowance are the roof, floor coverings, interior finish items, man doors, overhead doors etc.

After the total expense for each expense classification has been calculated, the sums are added together for a total operating expense. For comparison purposes, the total operating expense figure can be divided by the EGI to arrive at an expense ratio, or divided by the size of the building area to arrive at an expense cost per square foot. The total operating expense is subtracted from the effective gross income (EGI) to arrive at the net operating income (NOI). In the direct capitalization technique, the NOI is converted to value by dividing the NOI by an overall capitalization rate that has been derived from the market.

In estimating the variable expenses for the Subject, we have considered the age, quality, and condition of the facility, tempered with expense ratios that are typically experienced and reported by the operators of similar warehouses in the local Kodiak market and similar coastal communities.

Vacancy and Credit Loss Analysis

The typical vacancy rate for commercial mixed-use warehouse / office facilities in the Kodiak market ranges from 2% to 6%, however there is limited data available for analysis due to the heavy owner occupancy nature of the market. Based on the vacancy rate for similar facilities with similar mixed-use attributes in the downtown Kodiak market, we have used a **4%** vacancy factor.

Fixed Expenses

Real Estate Taxes – Total assessed value for the subject for 2014 is \$541,600, with a total tax amount for the subject of approximately \$6,905.

Insurance - The cost of physical damage, fire, extended coverage, and owner's liability insurance is considered a fixed operating expense. Typically, insurance rates are based on the replacement cost of the building. According to the owner, the current yearly insurance cost is \$2,220 and is in line with similar size and type facilities in the market.

Variable Expenses

Management and Administration - This is estimated at 5% of the effective gross income (EGI) for the whole building, which includes the management, accounting, supplies, and administration functions. There is no specific historical expense for this item as the building is owner occupied/operated with tenants. Either way, this expense is a part of any commercial building and prudent, competent management is assumed, and the figure utilized is consistent with smaller similar multi-tenant facilities in the local market, tempered by markets similar in size.

Utilities – It is common in the Kodiak warehouse market for the tenant to pay some of the utilities. The owner is set to cover all utilities for Unit 1 and the apartment. The tenants of Unit 2 & 3 cover electric with the owner covering all other utilities. The estimated utility expense reflects the historical costs associated with these expense allocations and is in line with similar buildings in the local market. According to the owner, electricity averages \$400 per month and Water, Sewer, Refuse is \$170 per month.

Janitorial - This expense is a tenant specific item not typically included in the rental rate, therefore, there is no expense forecast.

Maintenance/Repairs - This includes the on-going maintenance and repairs required to maintain the complex in a competitive physical condition. This expense category does not include costs associated with renovation or capital improvements or replacement reserves for short-lived tenants. The subject is a newer building that appears to have been well maintained, and we have based our estimated maintenance / repairs at the middle of the range at 4.0% of EGI, which is considered reasonable.

Yard / Parking – This expense category includes those items necessary to maintain the grounds in good condition. Due to the nature of the site and climate, this expense is toward the lower end of the range, however it is necessary to maintain access to the site year round and considering the steep access drive, snow plowing / sanding the drive and yard area warrants the 2% of EGI figure.

Miscellaneous - This category is for all miscellaneous costs associated with the operation of the building that are not covered in the above expense categories. We estimate this expense at 2% of the effective gross income, which is considered reasonable and in line with similar facilities.

Replacement Allowance - A reserve for the replacement of short-lived items is recognized in the market. A number of methods can be used to estimate this expense item. Reserves are a very important item in a mixed-use commercial building that is in above average overall condition, as most area in need of continual maintenance. It is extremely important to maintain the complex in as good a condition as possible, with industry data suggesting a reserve factor of 3% to 8% of the EGI. We have estimated the reserves at 5% of EGI, near the middle of the range.

Total Operating Expense - The total operating expenses are estimated at \$37,943 per year, which is approximately 31% of EGI, or \$6.52/SF. These expenses are in line when compared to actual expenses of similar warehouse / office complexes in the local market, and in line with those expenses reported by the owner.

Net Operating Income - The total operating expenses are subtracted from the effective gross income to arrive at the net operating income for the property. The NOI is calculated to be \$84,169. It is this NOI that is capitalized at an appropriate rate to derive an indicated value for the Subject by the Income Approach.

The discussion of the capitalization rate follows.

Rate Analysis

Capitalization Rate - A capitalization rate is any rate that is used to convert income to value. In this report, we have used an overall capitalization rate (RO) which is defined in *The Dictionary of Real Estate Appraisal*, Fourth Edition, as:

"An income rate for a total real property interest that reflects the relationship between a single year net operating income expectancy and the total property price or value; used to convert net operating income into an indication of overall property value."

Two methods of developing an overall capitalization rate are by the Mortgage Equity Analysis and Market Extraction.

The Mortgage Equity Analysis is based on the theory that first mortgage financing plays a major role in real property values and is defined as:

"Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property."

This method reflects the availability of possible first mortgage financing, an equity yield rate that would be sought by a prudent investor for this type of property, and the anticipated depreciation or appreciation of the property over the holding period.

The availability of financing is a very critical element in the Alaska real estate market. Discussions we have had with the real estate lenders active in the area indicate current

mortgage rates are in the 6.5% to 9.0% range, typically adjusted every three to five years based on the Treasury note index. Mortgage terms typically require a 25% cash down payment with 15-year to 25-year amortization. A 20-year to 25-year amortization is still available through agencies such as the Alaska Industrial Development and Export Authority (AIDEA) on selected properties.

Considering the type of property, the age of the complex, and the overall quality of construction and condition, at this time a mortgage should be available for the Subject property on the following basis:

7.5%	Effective Interest
75%	Loan to Value Ratio
25 Years	Term

The equity yield rate is the prime measure of investment performance for an investor. Typically, the investor requires a higher yield rate than the lender because the lender has a more secure position. The equity yield is a full measure of the performance of the investment, taking into consideration the equity invested and the future changes in equity income and equity value. This rate is influenced by market condition such as the rates available on alternative investments (i.e. mutual funds, stocks, bonds, etc.), rates on other real estate investments, quality of the specific project, risk associated with market conditions, and the liquidity of the investment.

Motivation for investment is driven, in part, by the belief that there will be substantial appreciation in values over the holding period to compensate for the risk. As indicated in our area analysis, and again in our land analysis, there has been only moderate appreciation of similar types of property values in the area over the past 7-10 years. All indications are that this trend will continue. Therefore, we are projecting a nominal appreciation of 5% over an eight-year holding period. These factors suggest that investor requirements and expectations to attract a capital investment would be as follows:

15%	Equity Yield Rate
8 Years	Projected Holding Period
5%	Appreciation Over Holding Period

Applying the foregoing factors to the Akerson Format for calculating a capitalization rate by Mortgage Equity results in a computed overall capitalization rate of 0.092208, rounded to 9.2%. The calculation is found below.

CAPITALIZATION : MORTGAGE-EQUITY AKERSON FORMAT				

M = MORTGAGE RATIO	=		0.75	
E = EQUITY RATIO	=		0.25	
I = MORTGAGE INTEREST RATE	=		7.50%	
T = MORTGAGE TERM	=		25	
Y = YIELD RATE	=		15.00%	
N = # PAYMENTS PER PERIOD	=		12	
K = MORTGAGE CONSTANT	=	0.088679		
HP = HOLDING PERIOD	=		8	
APP = % APPR OVER HP	=		5%	
SFF = SINKING FUND Fx	=	0.072850		
% PD = % MTG PD OFF OVER HP	=	0.149323		
=====				
0.75 M	x	0.088679	K =	0.066509
0.25 E	x	0.150000	Y =	0.037500

WEIGHTED RATE			=	0.104009
LESS: CREDIT FOR EQUITY BUILD-UP				
0.75 M	x	0.149323	% PD x	0.072850 SFF = 0.008159
LESS: APPRECIATION				
0.05 APP	x	0.072850	SFF =	0.003643
EQUALS: OVERALL RATE				0.092208
				=====

The second method of developing an overall capitalization rate is through Market Extraction. In this method, comparable sales are analyzed and the net operating income (NOI) generated by the property at the time of the sale is compared to the sale price. The overall capitalization rate is developed by dividing the NOI by the sale price. It is important that the NOI for each comparable is calculated and estimated in the same way that the income of the Subject property is estimated. Market expectation concerning changes in condition, holding periods, and financing terms must also be similar. The extraction method is considered most reliable when good market data are available.

Our summary of single tenant retail facilities both in Kodiak and statewide, indicate a range of market-derived overall capitalization rates ranging between 8.75% and 12.0%, with the average being about 10.5%. Complete income and expense data were not available in all of the sale transactions; therefore certain assumptions were necessary. The appraiser was required to make certain assumptions in the analysis regarding income and expense data, and the data is weakened. None of the comparables were physical duplicates of the Subject. The physical size of the improvements and the land to building ratios varied significantly. These factors reduce the reliability of rates as extracted from the comparable data and help to explain the wide variance in rate indications. The Subject has an overall above average location for the market, and is in above average to good condition, slightly offset by the site attributes and its location

below street grade however this is not a necessity for a mixed use warehouse in the local market. In conclusion, the subject is representative of a rate slightly below the middle of the Kodiak market for this type of facility. Based on these data, a market capitalization rate of 10.0% is concluded.

Direct Capitalization Analysis

To develop a value indication by the Direct Capitalization Method, the fair market rent for the Subject is concluded by analyzing the existing and asking rents for similar commercial properties. The total potential annual gross income for the Subject is calculated and a market-derived vacancy and credit loss factor is applied to arrive at the annual effective gross income. The total operating expenses attributable to the property (based on typical terms prevalent in the market and the existing expenses affecting the property) are subtracted from the effective gross income (EGI) to arrive at the net operating income (NOI) for the property. This NOI is divided by the appropriate capitalization rate as determined in the preceding Rate Analysis section, to provide a value indication by the Income Approach.

A summary of the Direct Capitalization Analysis follows.

Direct Capitalization Analysis

DIRECT CAPITALIZATION ANALYSIS									
Report 15-559 Kodiak, AK									
2180 Mill Bay Rd									
Potential Annual Gross Income									
Unit	Size	Rent \$/SF	Rent per Mo.						
1	2,000	\$1.75	\$3,500	x	12	=	\$42,000		
2	1,500	\$1.35	\$2,025	x	12	=	\$24,300		
3	1,500	\$1.35	\$2,025	x	12	=	\$24,300		
Apt	822 SF Apt.	\$1.76	\$1,450	x	12	=	\$17,400		
Site	Site Storage-16,000 SF	\$0.10	\$1,600	x	12	=	\$19,200		
			\$10,600						
Total Potential Gross Income Per Year							\$127,200		
Total Potential Annual Gross Income:									
									\$127,200
Less:									
Vacancy & Collection Loss:			4.0%				(\$5,088)		
Effective Gross Income (EGI):									
Total									\$122,112
Expenses:									
Fixed Expenses -									
Real Property Taxes			\$6,905						
Insurance			\$2,220						
Total Fixed Expenses:							\$9,125		
Variable Expenses -									
Management/Admin.		5.00% EGI	\$6,106						
Utilities - E,W,S,Refuse		5.60% EGI	\$6,838						
Janitorial		0.00% EGI	\$0						
Maintenance/Repairs		4.00% EGI	\$4,884						
Yard/Parking		2.00% EGI	\$2,442						
Miscellaneous		2.00% EGI	\$2,442						
Total Variable Expenses:			\$22,713				\$22,713		
Replacement Allowance:		5.00% EGI					\$6,106		
Total Operating Expenses									
31% EGI									(\$37,943)
							(\$6.52) SF		
Net Operating Income (NOI):									
									\$84,169
Capitalization Calculation - Value Indications:									
Mortgage Equity =									
9.20%									
\$84,169 divided by			0.0920	=			\$914,876		
							(RD)		\$915,000
Market Extraction =									
10.00%									
\$84,169 divided by			0.1000	=			\$841,686		
							(RD)		\$842,000

Reconciliation of the Income Approach

In the Direct Capitalization analysis, two methods were used to develop an overall capitalization rate. The market value range for the Subject using these two different methods is as follow:

	<u>Mortgage Equity</u>	<u>Market Extraction</u>
Indicated Values	\$915,000	\$842,000

In summary, in the Income Approach an indicated market value is developed based on the potential gross income the property can generate within the competitive market. Typical operating expenses for the property are subtracted from the PGI, including vacancy and collection loss, to arrive at a net operating income. The NOI is divided by a capitalization rate to arrive at a value indication. A capitalization rate was developed using two recognized techniques - Market Extraction and Mortgage Equity. The two methods are considered to be supportive of each other. The mortgage equity technique is more applicable to newer properties. In the local market real estate values are being influenced by the availability of favorable financing.

In our opinion, the market for a mixed-use, multi-tenant, warehouse building with an apartment in the City of Kodiak has been relatively stable for a number of years. The outlook in the near term is for conditions to remain stable over time and the Subject has maintained a good position in the market and should continue to do so into the foreseeable future. The market for this type of product favors owner occupancy; however, with the owner only having 10 months of income/expense data numerous assumptions and estimations were necessary, and the data analyzed is considered well supported. The income approach is not weighted as heavily as the Cost Approach due to the numerous assumptions and estimations.

Considering all factors, with the overall above average to good condition offset by its above average location in northeast of downtown Kodiak, we have given generally equal weight to the both techniques. Based on our analysis of the data gathered, we have concluded the current market value by the Income Approach to be:

Indicated Value by the Income Capitalization Approach	\$875,000
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Reconciliation and Final Value Estimate

The Value Indications by the two approaches to value are as follows:

Cost Approach	\$869,000
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Income Approach	\$875,000
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In the final analysis, slightly more weight in forming an estimate of value for the subject property was given to the Cost Approach, with both having strengths and weaknesses. The 2006 construction of the building provides good support for the cost approach, and similarly, the income approach was tempered with credible income data both providing accurate indicators and a relative tight spread of less than 1%. Due to the lack of additional sales of similar buildings in the market, the sales comparison approach was not performed; however, the subject's July 2014 sale has been given weight in the reconciliation. The subject was purchased for \$870,000 in July 2014 by the current owner. This provides a very good indicator, as the purchase was within the last year, was an arm-length sale, and the warehouse has not been altered since the purchase. The other two approaches are very supportive of the recent purchase price as well, all providing good support for the final value conclusion.

In the Cost Approach, the replacement cost of the improvements are calculated and adjusted for depreciation from all sources. The adjusted cost was added to the value of the site, as if vacant, to arrive at a value estimate for the Subject property. This approach is most reliable when the improvements are new or nearly new and represent the highest and best use of the site. Typically, this approach is used to test the feasibility of new construction and as a benchmark for comparing other approaches to value. The weakness of this approach is that precise cost figures and total depreciation from all sources are difficult to estimate, however in the subject's case, this approach was considered to provide a reasonable indication of value, as there is limited similar sales data available in the market, and the subject is newer construction, with good cost data available for analysis. This approach is considered reliable if accurate cost data is available, and reasonable depreciation is applied to the approach, which is the case for the subject, therefore the Cost Approach is given weight in the analysis.

The Income Capitalization Approach provides a slightly weaker indication of value, as the subject market has primarily owner / user characteristics and limited actual income and expense data are available as the owner has occupied the building for less than a year without a long operating history of income and expenses. This approach is more reliable when there are good historical figures for analysis. In this case, the subject is an owner and tenant occupied facility. The majority of buyers in this market do not consider the income stream of the property and are not investors, rather they are users looking for a facility that meets their specific needs, therefore this approach has been given less weight, however is overall supportive. The Capitalization Rate was estimated based on the market extraction technique and mortgage equity technique, which allows the appraisal of the property to be substantiated mathematically.

In the final analysis, most weight in forming an estimate of value for the subject properties was given to the historical sale of the subject tempered by the Cost Approach and Income Approach.

Based on our investigation and analysis, we have formed the opinion that, subject to the limiting conditions and assumptions contained herein, the “**AS IS**” market value of the Subject property, in the fee simple interest, as of April 29, 2015, is:

EIGHT HUNDRED SEVENTY THOUSAND DOLLARS
(\$870,000)

General Limiting Conditions and Assumptions

This Report is subject to the following general limiting conditions and assumptions:

1. This Appraisal Report sets forth all the limiting conditions affecting the analysis, opinions and conclusions contained in this Report.
2. Unless otherwise stated in this Report, the property is appraised as though owned in fee simple estate and the property is appraised free and clear of any or all liens and encumbrances. No responsibility is assumed for legal or title considerations.
3. All dimensions and legal descriptions are assumed to be correct as found through on-site inspections or available records. No engineering survey has been made by the appraiser(s). Except as specifically stated, data relative to size and area were taken from sources considered reliable. No encroachment of real property improvements is assumed to exist.
4. The information used and the data furnished in this Report is believed to be reliable, but no warranty is given or implied. If any errors in the data are found, the right is reserved to modify the conclusions reached.
5. Various approaches to value, various techniques, and various mathematical calculations may have been used in estimating value. These are only aids to the formulation of the final value estimate expressed by the appraiser(s).
6. The data and conclusions contained in this Report are a part of the whole valuation, and no part of this appraisal is to be used out of context. The allocation of total value to land, buildings, or any fractional part or interest as shown in this Report, is invalidated if used separately.
7. Disclosure of the contents of this Appraisal Report is governed by the By-Laws and Regulations of the Appraisal Institute. Possession of this Report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser(s) and, in any event, only with proper written qualification and only in its entirety.
8. Neither all nor any part of the contents of this Report (especially any conclusions as to value, the identity of the appraiser(s) or the firm with which he is connected, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising, public relations, news, sales, or any other public means of communication without the prior written consent of the author.
9. The date of value for the opinions expressed in this Report is the date of valuation as stated in the Report. The appraiser(s) assumes no responsibility for

economic or physical factors occurring at some later date which may affect those opinions.

10. No opinion is intended to be expressed for legal matters or matters that require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers.
11. The maps, plats and exhibits included are for illustration only, as an aid in visualizing matters discussed in the Report. They should not be considered as official surveys or relied on for any other purpose.
12. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights.
13. Unless otherwise stated, no detailed soil studies covering the subject property were available to the appraiser(s). It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
14. Employment to make this appraisal does not require testimony in court unless mutually satisfactory arrangements are made in advance. In the event of litigation, the client agrees to compensate the appraiser(s) for the court preparation, testimony and appearances.
15. This Appraisal, or any information contained herein, is not to be used in a syndication or limited partnership.
16. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this Report.
17. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this Report are based.
18. Unless otherwise stated in this Report, the Subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.
19. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

20. Responsible ownership and competent management are assumed unless otherwise stated in this Report.
21. Unless otherwise stated in this Report, the existence of hazardous materials (which may or may not be present on the property) was not observed by the appraiser(s). The appraiser(s) has no knowledge of the existence of such materials on or in the property. The appraiser(s), however, is not qualified to detect such substances. The presence of potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such hazardous material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
22. In general, property in Alaska is within a geographic area prone to earthquakes and other seismic disturbances. Except as specifically indicated in the report, no seismic or geologic studies have been provided to the appraiser(s) concerning the geologic and/or seismic condition of the property. The appraiser(s) assume no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.
23. It is understood and agreed that any controversy or claim arising out of or relating to this assignment, including but not limited to a claim based upon or arising from an alleged tort, will, at the request of any party, be determined by arbitration. The arbitration shall be conducted in accordance with the United States Arbitration Act (Title 9, U.S. Code, Section 1, et seq.), notwithstanding any governing law provision in this Agreement, and under the Commercial Rules of the American Arbitration Association. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party to submit the controversy or claim to arbitration.
24. Acceptance and use of this report implies that the client has read the Report and agrees with all the limiting conditions and assumptions. In the event of litigation, the client agrees to compensate the appraiser (s) for the court preparation, testimony and appearances

ADDENDUM



The information contained in this award, along with the information contained in the **General Appraisal Requirements, Specific Performance Standards, and the General Contractual Requirements** referenced in the RFP, as well as all other RFP information, serve as the contract for services to be rendered. If, within 12 months of this assignment date, the vendor is contacted to appraise the subject property by any other party than Wells Fargo RETECHS, vendor agrees to (1) notify Wells Fargo RETECHS in writing and (2) receive a written reply from RETECHS approving this request.

Unless specifically stated otherwise, information provided by the bank or borrower in conjunction with this assignment shall be considered confidential and may not be used except as necessary for the completion of this assignment. Additionally, such information may not be shared or provided to any individual or entity except as necessary for the completion of this assignment, or as required by law or as mandated by appropriate professional standards or organizations such as USPAP and the Appraisal Institute.

This Statement of Work and Award is entered into as of the date of the award by and between Wells Fargo Bank, N.A. (Wells Fargo) and the awarded contractor, pursuant to the Master Agreement for Real Estate Services, dated September 15, 2010; all terms of which are incorporated herein by reference.

Note: Failure to deliver is subject to penalties as defined in the Master Service Agreement. Immediately contact Brett Smith (SLC) 435-315-3066 for any holds, delays, or further required information.

1. Project Name: Stevens Commercial Building
2. Description of Services: As indicated in the RFP
3. Performance Period
 - Start Date: 4/28/2015
 - End Date (if known): 5/26/2015
4. Work Site: 2180 Mill Bay Rd, Kodiak, AK 99615
5. Total Costs and Fees: \$5,000
6. Wells Fargo Job Manager: Brett Smith (SLC)

Property Access and Contact Information:

James Stevens

907-486-1792

Please make contact immediately for access to the property

Include the following statement in the Letter of Transmittal and Intended Use section of the report:

Wells Fargo reserves the right to use the report for the purposes of syndication with other financial institutions or securitization.

Delivery Instructions:

(Unless otherwise specified in the attached addendum)

All valuation services requested, which include the report with signatures, all associated exhibits, and any other pertinent supporting documentation, shall be delivered online via RIMSCentral to Wells Fargo Bank-RETECHS, and (if appropriate) via a hard copy to the Wells Fargo Banker or representative. In no case, will any valuation services ever be **solely delivered to a Wells Fargo Banker or representative without written authorization** from RETECHS. In addition, upload the final invoice separately for payment. The following guidelines provide more specific instructions:

1. Upload to RIMSCentral, under the appropriate assignment, a PDF APPRAISAL REPORT to include:
 - The Recipient information [name, address, etc]
Wells Fargo Bank – RETECHS
Brett Smith (SLC)
299 S MAIN ST
Salt Lake City, UT 84111
WF-SLC-15-010148-01
 - Vendor digital signature
2. Upload to RIMSCentral a copy of the appraiser's state license / certification as an addendum to the appraisal report.
3. Upload to RIMSCentral any other property information used to complete the assignments as stated in the Request for Proposal (RFP)
4. Upload to RIMSCentral the Original Invoice addressed to:

Wells Fargo Bank RETECHS
Brett Smith (SLC)
299 S MAIN ST
Salt Lake City, UT 84111
435-315-3066

Note: If uploading the documents to RIMSCentral is **not feasible**, please contact RIMSCentral for upload assistance, or the RETECHS Job Manager, Brett Smith (SLC), for additional delivery instructions.

If hard copies were requested per the RFP, only upon authorization via e-mail from a RETECHS representative is the vendor to deliver hard copy or copies:

Deliver to: Jeff Sanford (RGBK)
K3229-011
202 MARINE WAY, 1st Floor
Kodiak, AK 99615
907-486-3126

Additional Requirements may be specified in an attached addendum.

ADDENDUM

The following contains additional specific information to be used in the assignment:

For questions regarding the subject property or problems with property access, please contact:

AO Name; <Account Officer>,
Phone; <AOs Phone number>
or by e-mail <AOs Email>

If you have any questions or concerns relative to the evaluation process or specific concerns relating to the subject real estate, please contact the RETECHS Job Manager at:

JM Name; <Job Manager>,
Phone; <JMs Phone number>
or by e-mail <JMs Email>

This letter serves as your approval to proceed with an evaluation of the referenced real estate. We have selected you to perform this evaluation based on your experience and expertise in the real estate industry. In completing your analysis, please keep in mind that we are not seeking a likely listing price; or the highest possible price of the real estate-we are interested in a value that reflects the likely market interaction of buyers and sellers that would set the real estates value.

While the format of your written evaluation is at your discretion, there are six requirements for completing an evaluation for Wells Fargo. The evaluation must, at a minimum:

1.=Include the preparers name, address, signature, and the effective date of evaluation.

2.=Describe the real estate collateral, its condition, its current use and, if applicable, its projected use.

Wells Fargo RETECHS department will endeavor to provide as much information as possible relative to the real estate. This will include such items as tax parcel numbers, site size, improvement size and description, occupancy, and additional information as available and applicable. As part of this evaluation, we ask that you mention any observed differences between the property information provided and the actual characteristics and condition of the real estate. Our goal is to assess the quality of the collateral as it impacts value.

3.=Describe the source(s) of information used in the analysis.

4.=Describe the analysis and supporting information.

The analysis presented in the evaluation report should include sufficient documentation to allow us to understand how you arrived at your value estimate. Description of the analysis and supporting information may, for example, be in a narrative format with a discussion of known sales, listings, or rent levels with a corresponding income analysis; alternatively, the analysis and supporting information may involve the inclusion of sale comparables either in a summary table or actual inclusion of MLS or similar data sheets.

5.=Provide an estimate of the real estates market value as of the effective date of evaluation.

Chapter 17.90
B - BUSINESS DISTRICT

Sections:

- 17.90.010 Description and intent.
- 17.90.020 Permitted uses.
- 17.90.030 Conditional uses.
- 17.90.040 Building height.
- 17.90.050 Performance standards.
- 17.90.060 Urban renewal plan compliance.

17.90.010 Description and intent.

The B business zoning district is established for the purposes of protecting and encouraging the development of community business core areas that function efficiently as centers of retail business and retail service activities. For the business zoning district, in promoting the general purposes of this title, the specific intentions of this chapter are:

- A. To encourage the continued use and development of land for retail purposes;
- B. To discourage the use of business district lands for other than retail purposes;
- C. To prohibit the use of business district lands for manufacturing and industrial purposes; and
- D. To encourage the discontinuance of existing uses that are not permitted under the provisions of this chapter. [Ord. 82-40-O §1, 1982. Formerly §17.21.010].

17.90.020 Permitted uses.

The following land uses and activities are permitted in the business district:

- A. Accessory buildings;
- B. Assembly halls;
- C. Art galleries;
- D. Automobile repair garages and dealerships;

E. Banks;

F. Building material suppliers;

G. Dry-cleaning establishments;

H. Eating and drinking establishments;

I. Fraternal organizations and private clubs;

J. Funeral parlors;

K. Gasoline service stations;

L. Government offices;

M. Hotels;

N. Laundry establishments;

O. Libraries;

P. Machine shops;

Q. Marinas and boat moorage;

R. Mini-warehouses;

S. Motels;

T. Multiple-family dwellings;

U. Museums;

V. Offices;

W. Outdoor storage;

X. Printing shops;

Y. Professional offices and clinics;

Z. Public parks and open spaces;

AA. Recreational related uses;

BB. Retail stores and services;

CC. Single-family and two-family dwellings, if located within a structure containing a permitted business use, not exceeding 50 percent of the area of the structure, and not located on the street level of the structure except that an owner-occupied single-family dwelling may be allowed within a street level business structure, so long as the residential portion is predominantly located in the rear of the structure (away from the commercial building facade(s) for corner and multi-frontage lots), the use of the dwelling is subsidiary and incidental to the principal commercial use, and there is no indication, other than a separate entrance on the street level building facade, that a residential use is located within the structure;

DD. Theaters; and

EE. Radio stations. [Ord. 2001-07 §2, 2001; Ord. 94-24 §2, 1994; Ord. 88-33-O §2, 1988; Ord. 83-72-O §1, 1983; Ord. 83-5-O §§1 – 3, 1983; Ord. 82-40-O §1, 1982. Formerly §17.21.020].

17.90.030 Conditional uses.

The following land uses and activities may be allowed by obtaining a conditional use permit in accordance with the provisions of Chapter 17.200 KIBC:

A. Churches;

B. Hospitals;

C. Recreational vehicle parks; and

D. Warehouses. [Ord. 94-24 §2, 1994; Ord. 83-72-O §2, 1983; Ord. 83-5-O §4, 1983; Ord. 82-40-O §1, 1982. Formerly §17.21.030].

17.90.040 Building height.

The maximum building height allowed is 50 feet. [Ord. 82-40-O §1, 1982. Formerly §17.21.040].

17.90.050 Performance standards.

All permitted and conditional uses shall comply with the performance standards listed in this section.

A. Groundcover. All areas not devoted to buildings, structures, surfaced drives, walks, or parking areas shall be covered and maintained with grass, shrubbery, trees, rocks or gravel, or other suitable groundcover materials to minimize dust, erosion, and sedimentation.

B. Lighting. Any lighting used for advertising, display, or security purposes shall not produce glare on a public highway or neighboring residential property.

C. Screening. Where a business use is adjacent to a residential use or district, that business shall provide and maintain screening as approved by the commission. [Ord. 82-40-O §1, 1982. Formerly §17.21.050].

17.90.060 Urban renewal plan compliance.

All business district development located in the urban renewal plan downtown area, as defined in the November 1972 revision of said plan, shall also comply with the provisions of that plan, and where its requirements are different than those of this chapter, the stricter of the two shall apply. [Ord. 82-40-O §1, 1982. Formerly §17.21.060].

QUALIFICATIONS OF APPRAISER
CLINT H.A. LENTFER, MBA

EDUCATION:

University of Wyoming
University of Alaska Anchorage

- BA Business Management (1995)
- MBA Business Administration (2000)

EXPERIENCE:

1997 to
2010: Certified General Real Estate Appraiser / Consultant, Appraisal Company of Alaska

2010 to Present: Partner / Owner, Alaska Appraisal & Consulting Group, LLC

QUALIFICATIONS:

18 years' experience in real estate appraisal work for local and national mortgage lending institutions. Residential properties include single-family residences, multi-family income properties, remote properties. Commercial properties including: remote fishing & hunting lodges, apartment buildings, warehouses, large and small retail and office complexes, and commercially zoned vacant land. Qualified expert witness in State of Alaska Supreme Court. Board of Directors & Treasurer Alaska Chapter Appraisal Institute. Appointed Board Member of Certified Real Estate Appraisers for the State of Alaska. Commercial Contract tax assessment work for Various State of Alaska Municipalities.

ACCREDITATIONS, COURSES AND LICENSES:

- State of Alaska - Certified General Real Estate Appraiser Certificate, AA-506
- FHA/HUD Approved Appraiser
- Course 311 - Residential Modeling Concepts
- Course 101 - Fundamentals of Real Property Appraisal
- Course 151 - Standards of Practice and Professional Ethics
- Course 112 - Income Approach to Valuation II
- Course 520 – Highest & Best Use and Market Analysis
- Course 530 – Advanced Sales Comparison
- Course 540 – Narrative Report Writing & Valuation Analysis
- Course 550 – Advanced Applications
- FEMA Floodplain Management Workshop 2000
- The Technical Inspection of Real Estate, The Beckman Company
- Land Valuation Assignments, Adjustment & Procedures
- Effective Banker – Appraiser Communication
- Subdivision Valuation - Seminar
- Appraisal of Local Retail Properties – Seminar
- Advanced Income Capitalization

No. **506**

Effective: 06/26/2013

Expires: 06/30/2015

STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, & ECONOMIC DEVELOPMENT
Division of Corporations, Business and Professional Licensing
P.O. Box 110806, Juneau, Alaska 99811-0806

BOARD OF CERTIFIED REAL ESTATE APPRAISERS

Certifies that

CLINT HERMAN LENTFER

Is a Certified

GENERAL REAL ESTATE APPRAISER

Commissioner: Susan K. Bell

Wallet Card

No. 506		
State Of Alaska		
Department of Commerce, Community, and Economic Development		
Division of Corporations, Business and Professional Licensing		
This Certifies that		
CLINT HERMAN LENTFER		
Is a Certified		
GENERAL REAL ESTATE APPRAISER		
Effective 06/26/2013	Expiration 06/30/2015	Date of Birth 05/31/1971
Signature 		

YOU MUST NOTIFY THIS DIVISION IN WRITING OF ANY CHANGE OF ADDRESS.

TO VERIFY YOUR LICENSE TO ANOTHER AGENCY, SUBMIT \$20.00 MADE PAYABLE TO THE STATE OF ALASKA.

DIVISION WEBSITE: www.commerce.state.ak.us/occ

QUALIFICATIONS OF APPRAISER
ADAM T. FITT

EDUCATION:

University of Alaska Anchorage

- Bachelor of Business Administration - Management (2002 - 2006)

EXPERIENCE:

2006 to

2008: Real Estate Appraiser Trainee,
Appraisal Company of Alaska, AA-674

2008 to

Present: Certified Residential Real Estate Appraiser,
Appraisal Company of Alaska, AA-731

2009 to

2010: Certified General Real Estate Appraiser,
Appraisal Company of Alaska, AA-787

2010 to

Present: Certified General Real Estate Appraiser, AA-787
Partner / Owner, Alaska Appraisal & Consulting Group, LLC

ACCREDITATIONS, COURSES AND LICENSES:

- Basic Appraisal Principles
- Basic Appraisal Procedures
- National Uniform Standards of Professional Appraisal Practice (USPAP)
- Residential Market Analysis and Highest and Best Use
- Residential Site Valuation and Cost Approach
- Residential Sales Comparison and Income Approaches
- Residential Report Writing and Case Studies
- Real Estate Finance, Statistics, and Valuation Modeling
- Advanced Residential Applications and Case Studies Part 1
- Advanced Residential Applications and Case Studies Part 2
- General Market Analysis and Highest & Best Use
- General Appraiser Report Writing and Case Studies
- General Appraiser Sales Comparison Approach
- General Appraiser Site Evaluation and Cost Approach
- General Appraiser Income Approach Part 1 & Part 2
- Advanced Income Capitalization

No. 787

Effective: 06/07/2013

Expires: 06/30/2015

STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, & ECONOMIC DEVELOPMENT

Division of Corporations, Business and Professional Licensing

P.O. Box 110806, Juneau, Alaska 99811-0806

BOARD OF CERTIFIED REAL ESTATE APPRAISERS

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ADAM TYLER FITT

Is a Certified

GENERAL REAL ESTATE APPRAISER

Commissioner: Susan K. Bell



**SUMMARY STYLE APPRAISAL REPORT
OF THE EXISTING MIXED-USE WAREHOUSE BUILDING
LOCATED AT:
2180 MILL BAY ROAD
KODIAK, ALASKA 99615**

**FOR:
WELLS FARGO BANK – RETECHS DEPT.
BRETT SMITH
299 S. MAIN ST., 6TH FLOOR
SALT LAKE CITY, UTAH 84111**

**VALUATION DATE:
APRIL 29, 2015**

**FILE#15-559
RETECHS #: WF-SLC-15-010148**

**BY:

CLINT H. A. LENTFER, MBA
&
ADAM T. FITT
ALASKA APPRAISAL & CONSULTING GROUP, LLC
203 W. 15th AVENUE, SUITE 206
ANCHORAGE, ALASKA 99501
907.677.1133**



May 26, 2015

Wells Fargo Bank – RETECHS Dept.
ATTN: Brett Smith
299 S. Main St., 6th Floor
Salt Lake City, Utah 084111

Re: Market Value Appraisal Report – WF-SLC-15-010148
Existing Mixed-Use Warehouse Building located at:
2180 Mill Bay Road,
USS 3098, Lot 23
Kodiak, Alaska 99615

Dear Mr. Smith:

As requested, we have completed a market value appraisal of the referenced property located in Kodiak, Alaska. This is a narrative appraisal report presented in a summary style report format with the scope of the appraisal considering all necessary approaches to value.

The purpose of this appraisal report is to estimate the “**As Is**” market value of the Fee Simple Interest of the Subject property as of April 29, 2015, in accordance with the instructions provided by the client. The Subject consists of a one story, steel frame, 5,822 SF warehouse building with small office and an apartment area. The Subject building is located on a 1.25 acre site, Lot 23, USS 3098, commonly known as 2180 Mill Bay Rd. in Kodiak, Alaska. The “As-Is” & “At Stabilized Occupancy” values are concluded to be the same as the subject is an existing building, is owner occupied, and tenant occupied with good multi-tenant and owner/user characteristics, located in a stable economy.

We have gathered the necessary data, conducted the required investigation, and have made the analysis that has enabled us to form an opinion as to the market value of the subject property. The accompanying report sets forth the most pertinent data gathered, the techniques used, and the reasons leading to the opinion of value.



Based on our investigation and analysis, we have formed the opinion that, subject to the limiting conditions and assumptions contained herein, the “**AS IS**” market value of the Subject property, in the Fee Simple Interest, as of April 29, 2015, is:

EIGHT HUNDRED SEVENTY THOUSAND DOLLARS
(\$870,000)

There is no F, F, & E associated with the facility, and we are appraising the subject “As-Is”. We have personally inspected and measured the property and, to the best of our knowledge and belief, all information and estimates of value contained in this report are true and correct. No pertinent information is knowingly or willfully withheld. The certification and limiting conditions and assumptions contained herein are an integral part of this report. The retention or use of this appraisal signifies acceptance of all limiting conditions and assumptions as specified herein. The report is intended to meet the current Uniform Standards of Professional Appraisal Practice as formulated by the Appraisal Foundation, and conforms to the Appraisal Standards for Federally Related Transactions adopted by the Office of the Comptroller of the Currency (OCC).

I hope this appraisal proves relevant to your decisions regarding the property. If you have any questions, please contact us at this office.

Respectfully Submitted,
Alaska Appraisal & Consulting Group, LLC

A handwritten signature in blue ink, appearing to read "Clint H. A. Lentfer", written over a horizontal line.

Clint H. A. Lentfer, AA-506

A handwritten signature in blue ink, appearing to read "Adam T. Fitt", written over a horizontal line.

Adam T. Fitt AA-787

Certification

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

1. I have no present or prospective interest in the property that is the subject of this report. I have no personal interest or bias with respect to the parties involved with this assignment. I have no bias with respect to the property that is the subject of this report.
2. My engagement for completing this assignment is not contingent upon the development or reporting of a predetermined result. My compensation for completion of this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
3. The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased, professional analysis, opinions and conclusions.
4. Clint H.A. Lentfer & Adam T. Fitt have walked through the property that is the subject of this report.
5. The appraisal assignment is not based on a requested minimum valuation or specific valuation or the approval of a loan.
6. The statements of fact contained in this report are true and correct.
7. Unless otherwise stated, this is a summary appraisal report and all necessary approaches to value were completed. The appraisal contains all information necessary to enable the reader to understand the appraiser's opinion, logic, reasoning, judgment and analysis in arriving at a final conclusion of market value. This Report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the author) affecting the analysis, opinions and conclusions contained in this Report.
8. This Report conforms with and is subject to the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. My analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
10. The appraiser has the appropriate knowledge and experience required to complete the assignment competently.
11. The use of this Report is subject to the requirements of the Appraisal Institute relating to review by its authorized representatives.
12. No one provided significant professional assistance to the person signing this report, other than the undersigned, or those whose services are specifically acknowledged herein, prepared the analysis, conclusions, and opinions concerning the real estate that are set forth in this Appraisal Report.
13. Clint H. A. Lentfer and Adam T. Fitt are currently certified by the State of Alaska as General Real Estate Appraisers (Certificate No. AA-506 & AA-787 respectively).
14. The Appraisal Institute conducts a program of continuing education, and members who meet the minimum standards of this program are awarded periodic education certification. As of the date of this Report, Clint H.A. Lentfer and Adam T. Fitt have completed the requirements under the continuing education program of the Appraisal Institute.



Clint H. A. Lentfer, AA-506



Adam T. Fitt AA-787

Extraordinary Assumptions and Hypothetical Conditions

1. This Summary Style Appraisal Report is completed with a scope of work considering all applicable/necessary approaches to value. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No value was given to any personal property in this analysis. All furniture, fixtures, inventory, and equipment not associated with the real property are specifically excluded from the values concluded in this report.
3. We have valued the real property only; no income from business operations has been included in the analysis.
4. We assume the building has no contamination. It is beyond the scope of this report to locate contamination and no environmental inspections were provided for review. We assume that there is no negative impact as it is not feasible to determine the materials used and the condition of all of the items within the existing structure. No abnormal environmental issues were observed or are assumed to exist.

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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

<u>PROPERTY APPRAISED:</u>	Existing Mixed-Use Warehouse Building, located at: 2180 Mill Bay Road, Kodiak, Alaska 99615.
<u>LEGAL DESCRIPTION:</u>	USS 3098, Lot 23
<u>OWNER OF RECORD:</u>	James & Janiese Stevens P.O. Box 8593, Kodiak, Alaska 99615
<u>SALES HISTORY:</u>	The subject building was purchased by the current owner on 7/22/2014 for \$870,000. No other information was provided from this purchase and the subject was not marketed on MLS. No other sale or listing disclosed or discovered.
<u>SITE DATA:</u>	The improved site consists of a rectangular shaped lot measuring approximately 165' x 330', containing a total gross area of 1.25 Acres. The Subject site has approximately 165' of frontage along Mill Bay Road to the north, however it is located below street grade with no visibility off the street.
<u>ZONING:</u>	The subject site is zoned Business (B) by City of Kodiak. See addenda for full description.
<u>UTILITIES:</u>	Public electricity, telephone, water, and sewer are available to the site. A 1,000 gallon fuel oil tank is located along the north side of the building which provides fuel for heat – typical.
<u>IMPROVEMENTS:</u>	The site is improved with an above average quality, one-story, clear span metal warehouse/office/apartment building. The building measures 50' x 100', with a 50' x 10' office area, and a 50' x 18' second level apartment. The building was constructed in 2006, and contains a gross building area of 5,822 SF, with apartment unit and office areas.
<u>PROPERTY RIGHTS APPRAISED:</u>	Fee Simple Interest.
<u>FINAL VALUE ESTIMATE :</u>	\$870,000 – “As-Is”

APPRAISAL REPORT

GENERAL INFORMATION

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the "**AS IS**" market value of the Subject property, as of April 29, 2015.

INTENDED USER

The intended user of this report is Wells Fargo – RETECHS Dept. and their assigns. No other users may rely on the findings in the report.

INTENDED USE OF THE APPRAISAL

It is our understanding that this appraisal report will be used by our client, Wells Fargo – RETECHS Dept., in determining the market value of the subject which will be used as collateral for a loan.

DATE OF VALUE ESTIMATE AND DATE OF INSPECTION

The date of this valuation and inspection is April 29, 2015.

PROPERTY RIGHTS APPRAISED

The property rights appraised are the Fee Simple Interest.

SCOPE OF APPRAISAL

To develop an opinion of value, the appraiser considered all applicable approaches to value, and the most relevant approaches were completed. The necessary research and analyses were completed to prepare the report in accordance with its intended use and the specific appraisal instructions from the client. The Subject is appraised in consideration of its highest and best use. Our analysis is presented in a summary style report format.

As part of the appraisal process, we have made a number of independent investigations and analyses. We have relied on data retained in our office files that has been compiled over time and updated regularly. We have also relied on data obtained from other sources, such as local municipalities, realty professionals, and businessmen, to determine ownership and other regulations affecting the subject property. Comparable sales data, rental data, inventory levels, and absorption rates were obtained from interviews with local businessmen, real estate professionals, and property owners.

A physical inspection of the Subject property was made by Clint H. A. Lentfer & Adam Fitt on April 29, 2015. Additional property specifics were obtained from discussions with the owner during the site inspection. The size of the improvements were concluded by a physical measurement of the improvements, supported by documentation provided to the appraiser from the client, the Kodiak Island Borough – Assessors office, and lease data.

This appraisal has been prepared *considering* all three approaches to value. The indicated values are reconciled, and a final estimate of value is developed. Adequate market data was developed to enable the appraiser to complete the assignment in accordance with the appraisal instructions and in conformance with the FIRREA requirements. No pertinent data has been knowingly omitted. Supporting documentation is retained in the appraisers file.

DEFINITION OF VALUE AND PROPERTY RIGHTS

"MARKET VALUE" is defined in the *Appraisal of Real Estate* as follows:

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

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

The term "Fee Simple Estate" is defined in *The Dictionary of Real Estate Appraisal*, Fourth Edition, as "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

The term "Reasonable Exposure Time" is defined in the *Standards of Professional Appraisal Practice of the Appraisal Institute* as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. A

retrospective estimate based upon an analysis of past events assuming a competitive and open market.”

The “As Is” value of the property is based on its current physical condition and subject to the zoning in effect as of the date of the appraisal.

The “At Completion” value considers the alterations and improvements discussed completed in a workmanlike manner.

STATEMENT OF COMPETENCY

The appraisers, Clint H. A. Lentfer & Adam T. Fitt, have completed numerous appraisals of commercial properties throughout the State of Alaska, including a number of appraisal assignments of retail & mixed use commercial facilities in Kodiak, and competing Alaskan coastal communities; and are therefore, competent to prepare this appraisal.

LIMITING CONDITIONS AND ASSUMPTIONS: Please see additional limiting conditions and assumptions that apply to this appraisal report in the addenda.

SALES HISTORY: According to the owner, supported by data from the Kodiak Island Borough and Alaska Records Office, the owner has been in title to the property since 7/22/2014. We were not provided a copy of a purchase and sale agreement for this transaction; however the owner indicated they paid \$870,000. The subject property was not listed on MLS. No additional details were provided to the appraiser for review. No current listings of the subject have been discovered. This recent, historical arm’s-length sale of the subject provides good support of a value for the subject and has been considered in our analysis.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: In preparing this appraisal, the appraiser:

- Inspected the subject property.
- Reviewed available records, plans, plats, specs, land leases etc.
- Reviewed available cost, market and income information.
- Applied the best available approaches to arrive at an indication of value.

This summary style appraisal report is a brief recapitulation of the available data, analyses, and conclusions. Supporting data and additional records are located in the appraiser’s file.

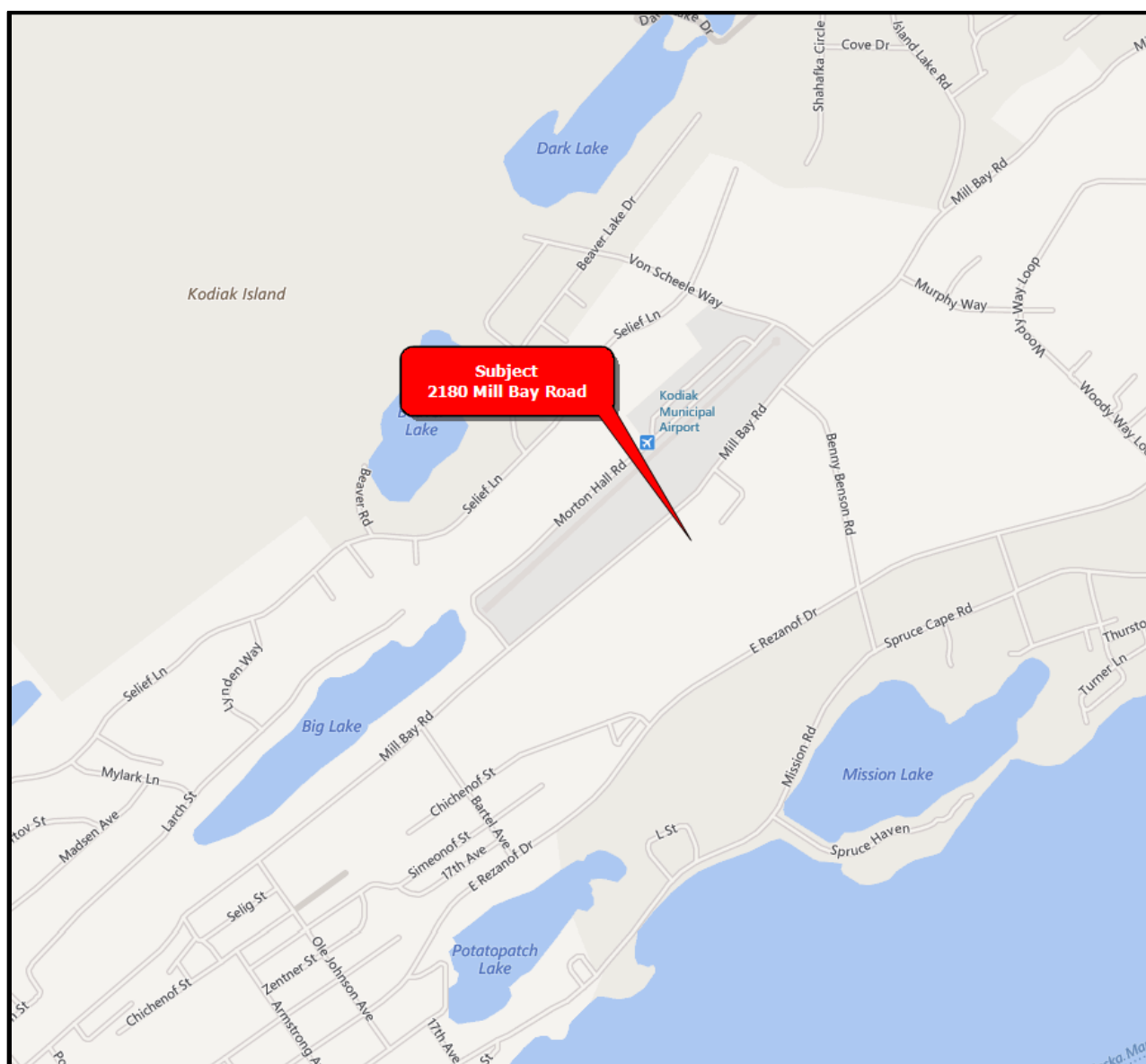
Regional / State Location Map



Location Map



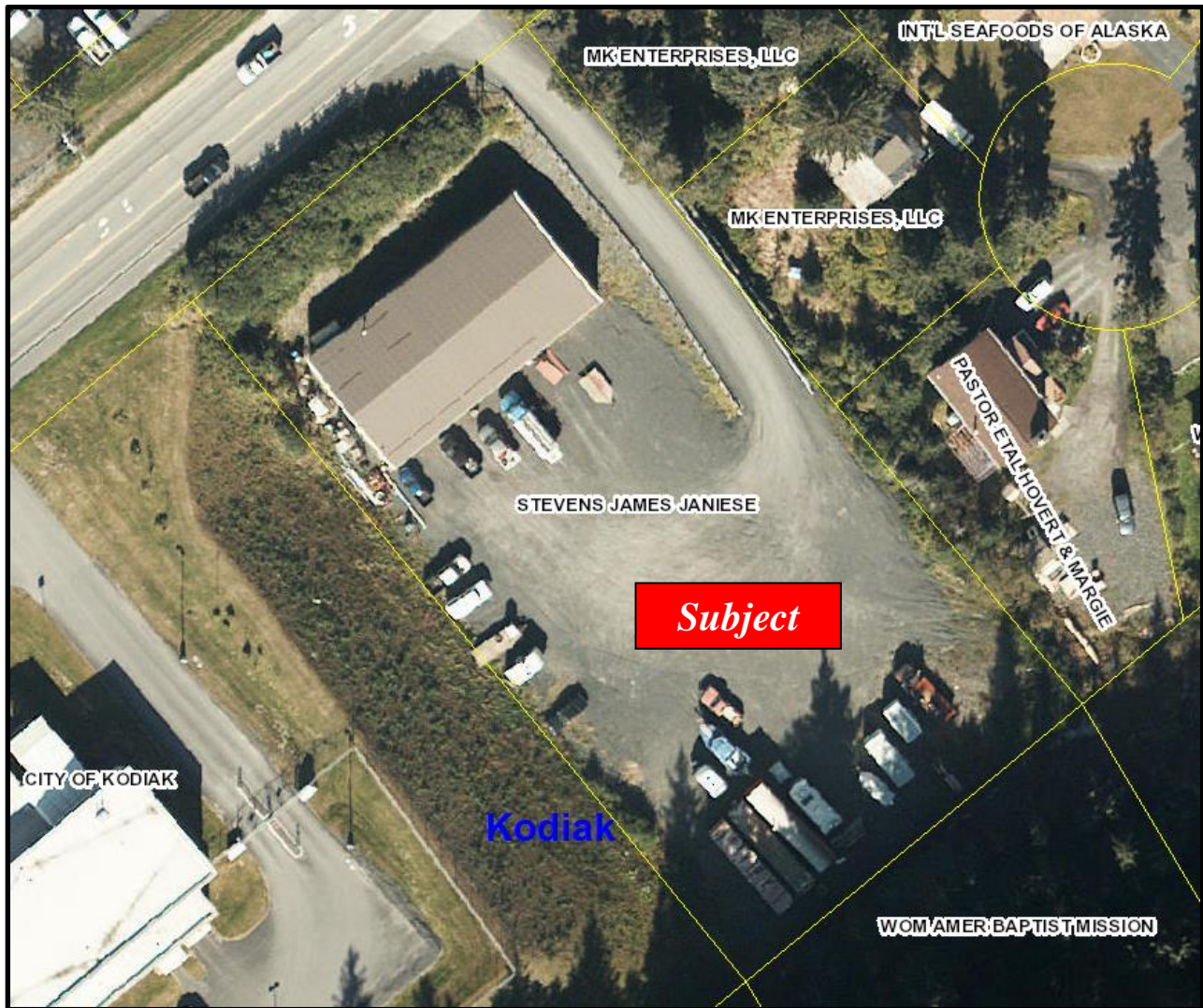
Neighborhood Location Map



Aerial 1



Aerial 2



SUMMARY OF PROPERTY APPRAISED

The property that is the subject of this report is situated along the south side of Mill Bay Road across the street from the Kodiak Municipal Airport, considered a favorable location for commercial warehouses in the Kodiak market due to its central location. The subject is northeast of downtown Kodiak and has direct access from Mill Bay Road, and is surrounded by similar style, type and utility commercial buildings along the arterials. The subject consists of a one-story steel frame, steel skin, three tenant, three bay warehouse building with (3) 14' x 16' overhead doors, a small office area, and second level, 822 SF apartment built in 2006. The foundation consists of a concrete slab floor with concrete footers, vinyl windows and metal core exterior doors. Unit 1 has approximately 1,620 SF, which includes a small office area, units 2 & 3 have approximately 1,500 SF each.

Individual heat to units 1 only via an individual oil fired forced air units, with a waste oil burner in unit 1. Units 2 & 3 are not heated. Unit 1 has a $\frac{3}{4}$ bath in the warehouse area, a $\frac{1}{2}$ bath in the office area, and a full bath in the upper level one bedroom apartment that is heated via hot water baseboard heat. The office area is approximately 380 SF and has two small office areas with laminate floors and sheetrock walls. The second level apartment is accessed via an interior stairwell next to the office entry to Unit 1. The apartment area totals approximately 822 SF and consists of a kitchen, small living area, full bath and bedroom, providing additional utility to the subject building. The overall quality and condition of the subject are considered to be above average / good for the Kodiak mixed-use warehouse / office / apartment market.

The improvements are physically located near the northern portion of the site, allowing the majority of the yard area to the south for storage and vehicle operation, with the access road off Mill Bay road down to the site along the eastern edge of the site. The total GBA is approximately 5,822 SF. The subject has multi-tenant characteristics, with a total of three rental bays and a two bedroom apartment located over the office area of the westernmost unit. All units have separate access and 14' x 16' manual, foam core overhead garage doors. The subject can be briefly summarized as follows:

Legal Description: USS 3098, Lot 23, Kodiak Recording District, State of Alaska.

Address: 2180 Mill Bay Road, Kodiak, Alaska 99615.

Owner: James and Janiese Stevens, P.O. Box 8593, Kodiak, Alaska 99615

Exposure Time: Exposure time is the estimated length of time the property being appraised would have been on the market and listed for sale *prior* to the effective date of the market value estimate. Considering existing economic conditions and current supply and demand factors, a reasonable exposure time would be between 6 to 9 months.

Marketing Period: The marketing period is the estimate of time it might take to sell the property at its market value immediately subsequent to the date of appraisal. In this case, the Subject is an above average quality, steel frame warehouse building located in a predominantly business oriented area northeast of downtown Kodiak, Alaska. The locational attributes are considered to be above average. In our opinion, the Subject is located in a market where the outlook for commercial properties should remain stable into the foreseeable future. Considering all factors, we believe that a reasonable marketing time for the Subject is 6 to 8 months.

Assessed Valuation and Taxes: The assessed valuation for the subject is as follows:

USS 3098, Lot 23 – ID # 16287 – 1.25 acre site

<u>Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Total Value</u>	<u>Taxes</u>
2012	\$188,300	\$353,300	\$541,600	\$6,905.41
2013	\$188,300	\$353,300	\$541,600	\$6,905.41
2014	\$188,300	\$353,300	\$541,600	\$6,905.40

The 2014 taxes are reportedly paid in full. 2015 tax assessments have not been released as of the date of the appraisal. No special assessments were noted or disclosed.

Easements: Neither an as-built survey nor a site plan was provided for review. No restrictions were noted or discovered by the appraiser at the time of inspection. According to USS 3098, there no easements or restrictions limiting development. The improvements are located towards the northern portion of the site, with gravel area along the south side. A title report was not provided with this assignment.

Environmental Issues: To our knowledge, there has been no historical use of the site involving hazardous materials, etc.; and none were observed at the time of inspection. We observed no potentially hazardous building materials. The site is generally level and has a significant amount of fill on site, with no wet areas observed. For purposes of this analysis, we assume the property is **not** contaminated. If any portion of the property is contaminated, the value concluded in this report would need to be adjusted to reflect the cost to cure. The parcel is not located in a wetlands area, or in an area classified as a flood hazard area.

Personal Property, Fixtures, and Intangible Items: The Subject is an existing warehouse / commercial building with a small office area, and an apartment. No personal property, fixtures, inventory or intangible items are included in this analysis. All furniture, fixtures, inventory, and equipment not associated with the real property, are specifically excluded from the values concluded in this report.

Handicap Access: The Americans with Disabilities Act (ADA) of 1990 places certain requirements on public and private buildings to provide accessibility to commercial facilities and various information about those facilities. The regulations for ADA Title III

do not require the removal of barriers to accessibility in existing commercial facilities, but they do require compliance in the event of alteration or new construction. In any event, it is beyond the scope of the appraiser's expertise, as well as the scope of this appraisal assignment, to evaluate the Subject's compliance with any applicable ADA requirements. Should the Subject require changes to satisfy the Act, the cost of those changes would be classified as curable functional obsolescence. We did not note any ADA handicap modifications during our inspection.

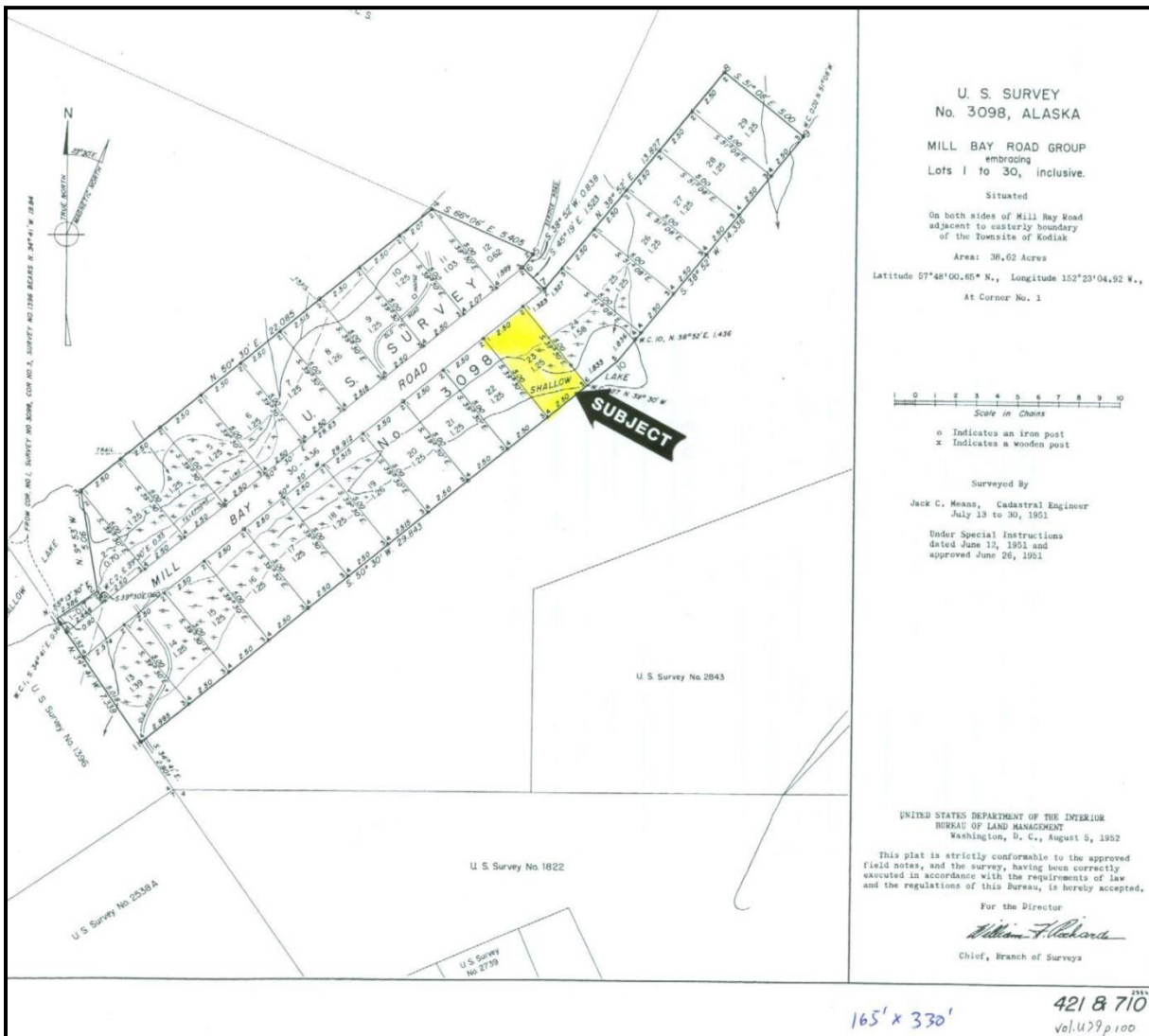
Current Leases: Unit 1 (1,620 SF) is owner occupied with a portion of the office area (240 SF) also owner occupied. The owner and Anderson Performance share a restroom within the office area. Unit 1 is the owner's warehouse area and includes a $\frac{3}{4}$ bathroom and the mechanical room. Unit 2, and about 140 SF of office area, and a portion of the subject's gravel site is leased by Anderson Performance for a total of \$2,300 per month plus electric (warehouse unit only) with a lease date from 3/1/2015 to 9/1/2015. Unit 3 is leased by the Kodiak Police Department for \$1,500 per month plus electric with a lease date from 10/1/2014 to 10/1/2015. The 822 SF one bedroom apartments is leased for \$1,450 per month with the owner covering all utilities. The apartment is currently leased month to month; however, a relative of the owner will occupy the apartment starting in June 2015 for \$1,450 per month and ending in November 2015. A southern portion of the site is leased for storage/parking for \$600 per month from 3/2015 to 9/2015. Please see the current lease table below. All of these leases are considered short term with no leasehold or leased fee interest concluded.

Unit #	Area (SF)	Tenant	Lease Start/End	Monthly Rent	\$/per SF
1 ($\frac{3}{4}$ bathroom, mech. room)	1,620 sf	Owner	Owner	Owner	Owner
2	1,500 sf	Anderson Performance	3/2015 – 9/2015	\$1,500 + Electric	\$1/sf
3	1,500 sf	Police Department	10/2014 – 10/2015	\$1,500 + Electric	\$1/sf
Office (Northern office, shared restroom)	240 sf	Owner	Owner	Owner	Owner
Office (Southern office, shared restroom)	140 sf	Anderson Performance	3/2015 – 9/2015	\$300 Util. inc.	\$2.14/sf
Apartment	822 sf	Crew Member	Mo to Mo	\$1,450 Util. inc.	\$1.76
Site Storage /Parking	Gravel site area	Anderson Performance	3/2015 – 9/2015	\$500	N/A
Site Storage /Parking	Gravel site area	AIM	3/2015 – 9/2015	\$600	N/A
<i>Current Monthly Rental Income</i>				<i>\$5,850/month</i>	

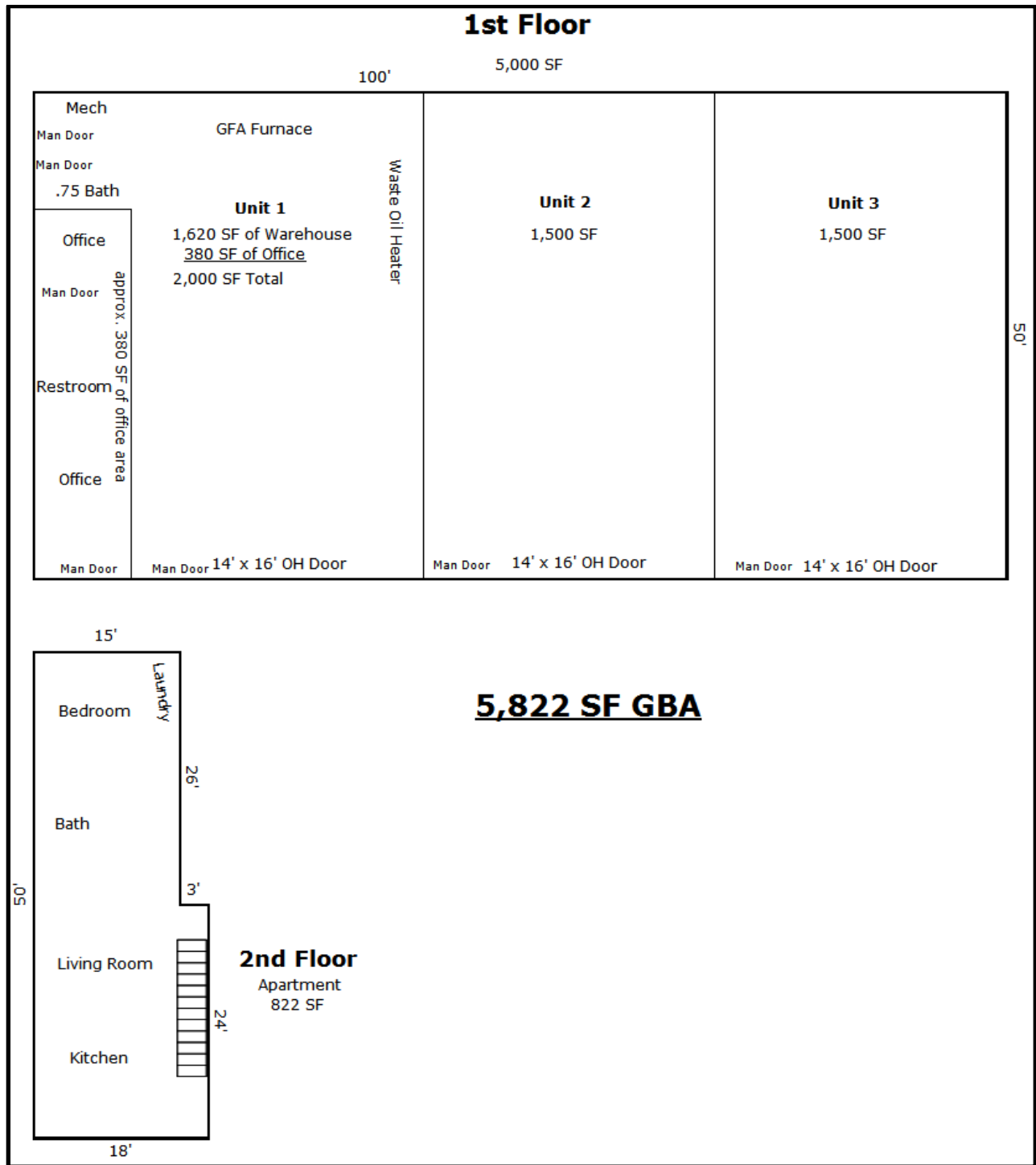
Land / Site Description: The Subject site has an area of approximately 1.25 Acres (54,450 sf), according to USS 3098. The site is generally rectangular shaped, measuring 165' x 330', with approximately 165' of frontage along Mill Bay Road to the north. A site plan was not provided for review. Neither the size nor the shape limits development, however the physical characteristics of the site and its steep slope down from Mill Bay Road limit visibility and full development of the site. It is estimated that the lower portion of the site is approximately 50' below the level of the road, with a steeply sloping drive providing access towards the east side of the site. The site is currently improved with a 5,822 SF warehouse building located near the northern portion of the site, with a large gravel yard area towards the southern portion of the site.

The overall land to building ratio of the site is 9.35:1, with a total site coverage of 9%, which is considered good for a commercial warehouse building in Kodiak, allowing for adequate on-site parking / site storage-rental and adequate ingress/egress. The subject site is below Mill Bay Road grade and features a driveway that slopes to the south toward the subject site and warehouse limiting full development and visibility to the site. Neither the size nor the shape of the site is restrictive to development. See the maps on the following pages.

PLAT MAP



Subject Building Sketch



Detailed Improvement Description

The site is improved with a steel frame, steel skin, 5,000 SF (50' x 100') warehouse / office building with an 822 SF second level apartment. The building was built in 2006 and is in overall above average / good condition, with limited physical deterioration for a building of its age and quality of construction. The foundation is composed of a 4" to 6" concrete slab, at grade with the surrounding area, with a concrete walkway/sidewalk surrounding the south and west sides of the building. The exterior is composed of a Bison Steel frame building with a steel roof, steel siding, vinyl windows, and metal rain gutters, considered to be in above average to good condition. The building is demised into three bays in addition to a 10' x 38' main level office area along the western portion of the building, with an 822 SF one bedroom, one bath apartment located over the office area. Each bay has a 14' x 16' overhead door, with additional access via a man door. There is one ½ bath in the office area, and one ¾ bath in the southern bay, which is heated via an oil fired roof mount heater and a waste oil heater. Unit 2 & 3 are not heated. The second level apartment is 822 SF and comprised of a kitchen area, bathroom, bedroom and washer / dryer / utility area heated via a hot water baseboard system.

The individual warehouse spaces are clear span with 18' eaves. The building has insulated walls & ceilings and concrete floors with temporary wood partition walls separating the spaces. There are high-output fluorescent lights, metal man doors, foam-core/steel sandwich garage doors, with sufficient clear span interior room in each of the three 30' x 50' bays. Unit 1 features a 30' x 50' bay, a ¾ bathroom, the mechanical room and the adjacent office area. There is adequate on-site parking to the south of the subject building, with the extra yard area rented and used for equipment / trailer storage and vehicle parking.

The overall quality and condition is judged to be above average to good for the market. The utility of use appears to be good, with warehouse bays, an office area, and one bedroom apartment.

Functional Utility - The utility of use of the warehouse building and its layout on site is considered above average, with clear span, steel frame, steel skin warehouse area, office area, a one bedroom apartment, and three bays with individual overhead doors, allowing for multiple tenants, and considered a desirable attribute for the warehouse market in Kodiak. The quality and condition are considered above average to good, with the utility of use of the complex judged to be above average. These positive attributes are somewhat offset by the lack of heat for Units 2 & 3, and the steep driveway along the east side of the site, which put downward pressure on the marketability of the subject, however in the subjects market, owner / buyers are willing to forgo many of the conveniences of a built to suit facility for one that provides functional space in the Kodiak market. On-site parking/storage is consider good, with the southern 2/3's of the site generally level gravel area for ingress/egress and additional parking & storage.

Utilities: The public utilities currently connected to the subject site include telephone, electric, water, and sewer. There is an above ground 1,000 gallon fuel oil tank along

the north / rear side of the building. We assume the existing utilities (mechanical / plumbing / electrical systems) are adequate to support the subject building and its current use.

Neighborhood Characteristics & Data: The Subject property is located northeast of downtown Kodiak along Mill Bay Road, one of the main arterials through Kodiak. For the purposes of this analysis, the specific neighborhood boundaries will be defined as the entire city of Kodiak, as all commercial areas generally compete with one another.

Access to the neighborhood is considered above average with paved, state maintained roads providing access to the area. The neighborhood's predominant land use zoning is business zoning along the arterials, with mixed use residential zoning prevalent in the surrounding neighborhoods. All public utilities are generally available throughout the neighborhood including public water and sewer, telephone and electricity. Police protection is provided by the City of Kodiak in this area.

To summarize, the neighborhood is considered to be have a good location for business / commercial uses. There is a limited amount of vacant land available in the neighborhood for future development. As the demand for property increases, older structures are either being renovated to support commercial use or razed to make way for new developments. Overall, the neighborhood influences are positive for commercial / business development.

Zoning: The Subject property is zoned Business, and the current use is an allowed use. A full description of the Business Zoning is located in the addenda. The subjects use is a legal and permitted use in the neighborhood.

HIGHEST AND BEST USE: In common appraisal practice, the concept of highest and best use represents the premise upon which a value estimate is based. *The Dictionary of Real Estate Appraisal*, Third Edition, defines Highest and Best Use as follows:

"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 profitability."

There are four essential elements to consider in analyzing the Highest and Best Use:

- 1) Physical Possibility - Those uses that can physically be constructed on the site.
- 2) Legal Permissibility - Those uses of the site that are permitted by law, zoning, codes and ordinances, and deed restrictions.
- 3) Financial Feasibility - Those physical and legal uses that will produce a net positive return to the land.
- 4) Maximum Productivity - Among the feasible uses, the use that will produce the highest rate of return or the highest value.

The highest and best use of the land if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use but, nonetheless, it makes a contribution to the total property value in excess of the value of the land.

The appraiser is to decide what uses of the physically possible, legally permissible, and financially feasible would be most productive to the site and to produce the greatest return. Based on the zoning, access, visibility, overall potential utility of use attributes and the surrounding trends of land usage, commercial uses within the Subject's general area are most probable. Our analysis has shown that economic obsolescence exists in the market and construction of most improvements on the sites is not feasible at this time in that the cost of construction would exceed the improvements' market value.

Highest And Best Use – As Vacant

The subject site consists of a 1.25 acre parcel located in a Business zoned district northeast of downtown Kodiak, along Mill Bay Road. Considering the physical characteristics, size and topography most uses are probable. The subject site is approximately 50' below street grade, which limits visibility, access and full use of the site, requiring a steep driveway for access. Based on the current zoning, the Subject's limited visibility off Mill Bay Road, and the surrounding trends of land usage, general business uses not requiring good visibility are most probable, something other than retail / office uses that require this type of amenity. Our analysis has shown that

economic obsolescence exists in the market, and construction of most improvements is not feasible at this time in that the cost of construction would exceed the improvements' market value. Therefore, the highest and best use of the site at this time, **as if vacant and unimproved** would be to develop with a warehouse or a mixed use industrial / commercial building not needing high visibility or direct access to the main arterial, or alternately to hold the property as vacant and unimproved until such time that improved commercial property values increase to a level where market value exceeds replacement cost new.

Highest And Best Use – As Improved

The “**as improved**” highest and best use of the site must also be considered in terms of the four essential elements. The Subject improvements consist of a 5,822 SF multi-tenant warehouse / office / apartment building that is physically adaptive to the site, with adequate / excess parking to the south of the building. The site totals approximately 1.25 acres (54,250 SF), with an ensuing land-to-building ratio of 9.35:1, and a total site coverage of approximately 9%, which are considered good ratios for warehouse facilities, allowing for enough yard area to store and operate vehicles. The physical characteristics of the site, being approximately 50' below the grade of Mill Bay Rd is considered a negative attribute, limiting visibility of the building and making direct access to the building inferior to surrounding buildings in the market along major arterials. The building appears to be the appropriate size for the site, and is considered to have a functional layout, with adequate parking to the south. The building is considered to be in overall above average to good condition, has a majority of its economic life left, and appears to be economically productive. Therefore, our conclusion for the “**as improved**” highest and best use of the Subject is to continue the use of improvements as an existing multi-tenant warehouse building.

Appraisal Method

The appraisal process is the procedure in which comparable market data are gathered, classified, analyzed, and presented in an orderly manner along with a reconciliation and conclusion of value. First, the appraisal assignment must be defined; i.e., identification of the property, classification of the property rights appraised, the type of valuation sought, and the date of valuation. Regional and city demographics and economic data relevant to the Subject are collected and analyzed, then a neighborhood and site analysis is performed and the highest and best use of the Subject is developed. Once this has been accomplished, the appraiser considers the application of the three typical approaches to value and applies the approaches which are applicable to the Subject in estimating the value. The three typical approaches to value are the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach.

The Cost Approach is based on the assumption that a buyer will pay no more for a property than the cost to replace the property within a reasonable period of time. The value of the land is obtained generally by direct sales comparison. Replacement cost new for the improvement is calculated and then accrued depreciation from all sources is subtracted. The remainder is added to the land value for an indication of value by the Cost Approach.

The Sales Comparison Approach (Market Approach) involves a comparison of the Subject property with properties of a similar use, design, and utility that have sold in the recent past. The appraiser gathers data on sales of comparable properties and analyzes the nature and condition of each sale, making logical adjustments for dissimilar characteristics. Typically, a common denominator is found. In our area, this is usually either a price per acre or price per square foot for land value and a price per building unit or gross income multiplier for improved property. The Sales Comparison Approach gives a strong indication of value when sales of similar properties are available, which is not the case for the subject with few newer warehouse sales within the past three years in the local Kodiak market.

The Income Capitalization Approach is predicated on the assumption that there is a definite relationship between the amount of income a property will earn and its value. This approach is based on the principle that value is created by the expectation of benefits to be derived in the near future. In this approach, the anticipated annual net operating income of the Subject property is converted to an indication of value. Net operating income is the income generated before payment of any debt service. The process of converting net operating income into value is called capitalization, which involves dividing the net income by a capitalization rate. Factors such as risk, time, interest on the capital investment, and recapture of the depreciating asset are considered in the rate selection. The appropriateness of this rate is critical. There are a number of techniques by which a capitalization rate may be developed. The most reliable method is extraction from market transactions when there are sufficient amounts of reliable market data available which is the case for the subject; however,

many of the most comparable warehouses in Kodiak are owner/user occupied with no arm's length lease in place.

A final step in the appraisal process is the reconciliation of the value indications. In the reconciliation, the appraiser considers the relative applicability of each of the approaches used, examines the range between the value indications, and places major emphasis on the approach that appears to produce the most reliable solution to the specific appraisal problem. The purpose of the appraisal, the type of property, and the adequacy and reliability of the data are analyzed; these considerations influence the weight given to each of the approaches to value. The data used and conclusions drawn must be derived, as much as possible, from the current market and supported by the local economic factors inasmuch as the appraiser seeks to reflect the actions of buyers and sellers within the marketplace.

We have formatted our analyses in the following order: the Cost Approach, the Income Approach, and the Reconciliation and Final Value Estimate. We have omitted the Sales Comparison Approach due to the lack of recent sales of similar warehouse facilities in the Kodiak market. That being said, we have relied on the recent sale of the subject in July 2014, less than one year ago, which provides a strong indicator toward intentions of owner / operators in the market, representing an arm's length sale of the subject. There are some recent sales in other remote Alaskan communities; however, those sales outside the Kodiak area lead to a weak approach and the buildings were not as similar being older. The client requested the scope of the appraisal assignment consider the best approach(es) to value be utilized. The Cost Approach is concluded to provide a credible result for support of the value conclusion as there is sufficient warehouse cost data available and the subject was constructed in 2006. The subject is a multi-tenant building and income producing with available data in the market to form an income approach analysis. The most credible approaches to value will be presented in the following section.

Site Value

Land is customarily valued as though vacant and available for development to its highest and best use. The most reliable method of estimating the current land value in fee simple is through the Sales Comparison Approach. This approach is based on the Principle of Substitution, which postulates that a well-informed buyer will pay no more for a property than the amount for which he can buy a suitable substitute within a reasonable period of time.

Land may be valued by a number of measurements including, but not limited to, price per lot, price per square foot, price per acre, price per buildable unit, or price per front foot. Market research indicates that the unit of comparison typical of parcels of land in the Kodiak Area is the price per square foot or the price per site. In the subject's case, the analysis of the comparable land transactions will be based on the price per square foot, which is an accepted market measurement for parcels in Kodiak.

A search of the Kodiak area was conducted for properties having similar potential uses with overall similar site attributes and highest and best use to the Subject. There have been a few sales of vacant land that are similar in size with similar utility of use attributes (commercial zoning / use with average visibility) in the past three years, as the market has been in transition with many existing sites already having been developed or are being held for future development and/or speculation. The appraiser used the best available, most recent data available at the time of inspection.

A lack of sufficient current vacant land sales data in the neighborhood necessitated a larger geographical and time survey. Vacant land comparables having similar attributes to the subject in Kodiak range in price from about \$0.75/SF to \$4.50/SF, however they significant differences that affect the respective site values such as: overall sizes of the sites, superior/inferior locations, visibility off a main arterial, and access / parking attributes. A search of the Kodiak area was conducted for properties having similar potential commercial uses in business zoned areas near the central business districts, with overall similar site attributes to the Subject. The appraiser used the best available, most recent data available at the time of inspection. Due to the lack of recent sales data of directly competing business zoned vacant land in Kodiak, older sales and sales with differing attributes were analyzed, and are overall supportive of the recent sales data analyzed. Additionally, we have extrapolated land values from the sales of improved properties with similar locations and similar zoning that are near the end of their useful life and were purchased for the land, considering the building as an interim use, which provides an additional indicator.

The sales discovered include sales of 17,000 SF to 13 Acre business/industrial zoned parcels in Kodiak, all having similar potential highest and best use zoning for commercial uses / buildings. The prices range in price from \$82,000 to \$269,000 per site, or \$0.70 to \$4.80 SF, with an overall average of about \$2.75/SF. The higher per unit indicators are for the smaller sites, and those with superior overall attributes. We feel the subject is representative of a value near above the middle of the range, with the

lack of available vacant Business Zoned sites creating upward pressure on the price per SF, slightly offset by the subject's topographical characteristics / visibility (50+/-' below grade of Mill Bay Road), and considering its larger size (1.25 acres). The subject's positive site attributes include the level/graded area towards the southern portion of the site, allowing for additional storage and adequate ingress/egress with a favorable business location off Mill Bay Road, and good gravel soils. We have also considered the site value technique looking at the overall values of the individual comparables in considering a value for the subject, which puts some downward pressure on our final value due to the size. Additional discussions with the assessor provide more historical sales and we have considered the assessed value of the site of \$188,300 as well.

A reliable range for the subject is considered to be \$150,000 to \$210,000, when all attributes are considered, with a final value above the middle of the range, with the positive factors given more weight, while considering the negative site attributes, somewhat offsetting and not warranting a value at the upper end of the range. Considering all of the attributes, a final value of **\$185,000** is considered appropriate or about \$3.40/SF.

Total Site Value:

\$185,000

Cost Approach to Value

The Cost Approach to Value is based on the premise that a prudent buyer will not pay more for a property than the cost to reproduce it, provided it could not be reproduced without costly delay. This approach involves estimating the value of the Subject site as if vacant and available for development to its highest and best use. To this value is added the total cost of the proposed improvements, minus the total accrued depreciation from all sources that affect the property.

Theoretically, the Cost Approach implies "reproduction", meaning a duplicate or replica. In practice, "replacement", meaning equivalent, is commonly used. In this report, we will use "replacement cost", defined in *The Appraisal of Real Estate* as follows:

"Replacement cost is the estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout."

The five steps in this valuation method are as follows:

1. Estimate land value.
2. Estimate reproduction or replacement cost (new) of the existing or proposed improvements.
3. Estimate any accrued depreciation caused by:
 - a) Physical Deterioration
 - b) Functional Obsolescence
 - c) External Obsolescence
4. Deduct depreciation from estimated reproduction or replacement cost (new) to arrive at the depreciated value of improvements.
5. Add land value to the depreciated value of improvements for a total value indication.

The cost factors can be estimated by utilizing a national cost service manual for the Subject area, cost data extracted from recently completed and similar properties, consultations with contractors and professional cost estimators, and by the actual building costs of the Subject property provided by the owner to the appraiser. We have performed numerous appraisals for reputable builders of commercial projects in the Kodiak area, as well as other more rural communities off the road system in the South-central and Southwestern Alaska regions, providing us with good cost data of similar style and type mixed-use warehouse / office buildings. We have reviewed actual construction costs in the subject's market area, therefore the data used in the analysis is considered reliable and accurate.

These costs generally include all the direct costs of material, labor, contractor profit, and all indirect costs such as professional fees, financing costs, taxes, and all carrying costs during the construction phase and the market absorption period. Discussions with local area architects, construction managers, and builders indicate that cost of raw material have increased over the past twelve months. Additionally, these cost increases and raw materials scheduling have caused construction delays in a majority of projects throughout the country, especially in Alaska. In addition to the direct and indirect costs, a figure for entrepreneurial profit is added. Entrepreneurial profit is normally based on a percentage of the total of the other costs associated with the project.

In estimating the replacement cost (new) of the Subject property improvements, we have considered a national cost manual entitled *Marshall Valuation Service*. This national cost service company has cost data for all 50 states. Current cost multipliers are developed in the specific areas covered. This service is a complete authoritative guide for developing replacement costs, depreciating values, and insurable values of buildings and other improvements. It provides costs for a wide variety of construction classes and types of occupancies. Modifiers are included to make the cost applicable to any size building in any locality. Included in the per unit building cost is an allocation for average architect's and engineer's fees, normal interest and service charges for the construction financing, building permits, all material and labor costs, normal site preparation and excavation for the building footprint, utilities from the building to the lot line, and contractor's overhead and profit.

Additionally, we have analyzed cost data from similar projects of which we have knowledge, and have analyzed the recent costs provided to the appraiser regarding similar warehouse buildings under construction in the Kodiak Area and similar remote markets throughout Alaska. From these sources, a reliable hard cost estimate for the Subject building was developed. Budgets from past warehouse builds in the Kodiak area have been reviewed, including actual construction costs when the subject was built. We have reviewed data from discussions from the original owner/builder of the subject warehouse, and this data is overall supportive of the recent cost information we have discovered.

Building Cost Data Analysis – According to the owner/developers in the Kodiak area, the total development cost for warehouses dating back to 2009 have been between approximately \$120/SF to \$160/SF. We have appraised numerous new construction warehouse properties on the Kenai Peninsula and Mat-Su Valley, with new construction costs for similar style, 3,000 to 8,000 SF steel frame, steel skin insulated warehouses in the \$115/SF - \$135/SF range, having a similar warehouse to office ratio, however they included all on-site utilities therefore are slightly high indicators. This provides overall support for the subject's concluded \$/SF. We have also considered costs data on the numerous warehouse properties we have appraised in Anchorage, however due to the significant permitting cost, higher costs of labor and other factors, these indicators are higher. In conclusion, a value of **\$130/SF for the warehouse space** and **\$160 for the office/apartment area** are considered reliable and well supported by market data and are used in our analysis.

Entrepreneurial Profit - Entrepreneurial profit is the financial incentive and reward to the developer who assumes the risk and management of the development. Entrepreneurial profit is based on the premise that development does not occur without the consideration of financial incentive. This financial incentive is regulated by the market and can be extracted from the market when new development is prevalent. For this report, we have estimated entrepreneurial profit at 12% of the total cost of construction and site improvements, which is a reasonable amount and support by data from communities throughout Alaska where there is limited data.

Accrued Depreciation - Total accrued depreciation is the difference between the replacement cost of the improvements and the market value of the improvements. Depreciation is caused by deterioration and/or obsolescence in the property. There are three general categories of accrued depreciation: Physical Deterioration, Functional Obsolescence, and External Obsolescence. The various types of depreciation are considered and defined on the following page.

Physical Deterioration: This is the normal wear and tear and action of the elements upon the improvement, including aging of the structural components. Deterioration may be curable or incurable, depending on whether it is economically feasible to repair or replace. The subject is a warehouse facility with office area originally built in 2006, and is considered to be in above average overall condition, with limited deferred maintenance. Due to the nature of the building, which supports industrial uses, and good maintenance physical deterioration is estimated at 8%.

Functional Obsolescence - Functional obsolescence is defined as "that loss from cost new as of the date of the appraisal which is caused by a super-adequacy, inadequacy, unattractive style, poor or inefficient layout, or design." Functional obsolescence can be either curable or incurable; it is curable only when it is profitable to cure the item. Incurable functional obsolescence involves items of inutility, which would not be economically feasible to correct because the value would not increase as much as the cost of correction. In this case, the Subject building is laid out for its current use as a multi-tenant warehouse facility with office area, three overhead doors, a one bedroom 2nd floor apartment. The existing layout is considered its highest and best use, as the building is functional and operable, however two of the units do not have heat and other users may desire a different layout. Overall functional obsolescence is estimated at 8%, a nominal amount considering the subject's above average functional utility.

External Obsolescence - This is the diminished utility of a structure due to negative influences from outside the site and is incurable on the part of the owner. External obsolescence can be caused by a variety of factors such as neighborhood decline, environmental factors, or market conditions (economic obsolescence). To estimate external obsolescence, the appraiser capitalizes the income or rent loss attributable to the negative influence. In essence, external obsolescence results in the loss of productivity or income for a property versus the productivity or income potential for the property without the negative influences.

As discussed in the Highest and Best Use section of this report, the current net operating income potential for most types of commercial complexes is NOT sufficient to support the total cost of development plus developer profit. The exceptions are special-use facilities and/or facilities that fulfill the specific needs of the owner/tenant. In our opinion, the Subject does not fall within this category. External obsolescence is still present in that construction of the improvements is not financially feasible without external (or non-real estate) considerations.

External obsolescence is measured as the difference between the market value of the property and its depreciated replacement cost. External obsolescence can be calculated by a number of acceptable methods. In this case, the data indicate that construction is feasible if the developer profit incentive is deferred into the future. We see this deferment occurring more frequently as landowners and contractors look for ways to create development. To make the project work they are willing to defer their profit incentive into the future. External obsolescence is estimated at 12%, which is a market acceptable return on similar projects.

Summary of Cost Approach – Conclusion to Value

The summary of the Cost Approach, which follows, has been completed using estimated costs for reconstructing a similar building on site with similar overall attributes, tempered by current cost data from competing Alaskan communities, supported by data from the *Marshall Valuation Service*, a nationally recognized cost index manual. A summary of the Cost Approach follows:

Indicated Value by the Cost Approach

\$869,000

Cost Approach Summary

SUMMARY OF THE COST APPROACH									
Report 15-559									
2180 Mill Bay Road - Kodiak, Alaska									
Warehouse Area	4,620	SF x	\$130.00	SF =	\$600,600				
Office & Apartment Area	1,202	SF x	\$160.00	SF =	\$192,320				
	5,822	SF							
Add Site Improvements:									
Site Work/Landscaping/Utilities				=	\$40,000				
	Subtotal:							\$832,920	
Add:									
Entrepreneurial Profit			12.00%		\$99,950				
Total Replacement Cost (New):								\$932,870	
Less Depreciation:									
Physical Depreciation			8%		\$74,630				
Functional Obsolescence			8%		\$74,630				
External Obsolescence			12%		\$99,950				
Total Accrued Depreciation			28%					(\$249,210)	
Depreciated Improvement Cost:								\$683,661	
Add:	Fee Simple Land Value				\$185,000				
								\$868,661	
TOTAL INDICATED VALUE BY THE COST APPROACH									
								(RD)	\$869,000

Income Capitalization Approach to Value

In the Income Capitalization Approach to Value, the net operating income generated by the real estate is converted to an indication of value. *The Dictionary of Real Estate Appraisal*, Fourth Edition, defines the Income Capitalization Approach as:

“A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.”

The two techniques commonly used in this approach are the Direct Capitalization Method and the Yield Capitalization Method. *The Appraisal of Real Estate* defines the two methods as follows:

“Direct capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step -- either by dividing the income estimate by an appropriate income rate or by multiplying the income estimate by an appropriate factor.”

“Yield capitalization is a method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment's income pattern, value change, and yield rate.”

Both techniques are market oriented and the income, expense, vacancy, and rate data used should be derived from the market. The following steps are taken to implement the Income Approach:

- 1) Market rental rates for the Subject property are determined and a potential gross annual income is calculated.
- 2) Anticipated vacancy and collection loss percentages for the Subject are developed.
- 3) Operating expenses for the Subject are calculated based on the historical expense data of the Subject and of the market comparables.

- 4) The net operating income is developed by deducting anticipated vacancy and collection loss factors and total operating expenses
- 5) A capitalized and/or discount rate(s) is(are) developed from the market and applied to the net operating income for an indication of value.

The Subject property consists of a 5,822 SF warehouse with a small office area and a one bedroom apartment on the upper level, in overall above average to good overall condition with an above average location east of downtown Kodiak on Mill Bay Road, a major arterial through Kodiak. The site has good on-site parking/storage and adequate ingress/egress, however is located below the street level. In the Kodiak market, there are few variables that can affect its income stream, as the facility is completely occupied (owner & tenants). Additionally, the large site allows for additional site storage for tenants in the building or separate tenants requiring yard storage area. This is a positive attribute for the subject's ability to produce income.

Therefore, in this report, the Direct Capitalization Method was selected as the technique to be used in developing a value indication by the Income Approach. In this technique, a single year's income, vacancy and collection loss, and expense data are analyzed and a net operating income developed. A capitalization rate is developed from market transactions and supported by the mortgage equity technique. The net operating income is divided by the capitalization rate for a value indication.

In determining the market value for the Subject by the Income Approach, the highest and best use of the Subject as improved must be considered. In this case, the highest and best use of the Subject is as improved, i.e., a multi-tenant warehouse / office / apartment building.

"Market Rent" is defined in *The Dictionary of Real Estate Appraisal*, Fourth Edition, as "The rental income that a property would most probably command in the open market; indicated by the current rents paid and asked for comparable space as of the date of the appraisal."

Market rent for the Subject is governed by the existing and asking rental rates of the Subject, as well as those of similar properties in the Subject's area. In this case, the Subject is owner and tenant occupied mixed use building with numerous rental suites, with shorter term leases in place. There are numerous varying size and style competing facilities in the Kodiak market that could compete directly with the subject, many of which have differing levels of service, differing locations, and differing quality and condition that were examined in this analysis, however most of these are owner occupied, with very few arm's length leases in place. We were provided income and expense data from the subject, as two of the spaces are leased out to tenants; however, the current owners have only owned the building for less than a year with limited income and expense data, and no data prior to their purchase in 2014. We have estimated

some of the costs / expenses based on similar style and type facilities in the market, with support from similar size and type facilities expenses from competing coastal Alaskan communities.

Current Rates for the Subject / Lease Analysis

Unit #	Area (SF)	Tenant	Lease Start/End	Monthly Rent	\$/per SF
1 (¾ bathroom, mech. room)	1,620 sf	Owner	Owner	Owner	Owner
2	1,500 sf	Anderson Performance	3/2015 – 9/2015	\$1,500 + Electric	\$1.00/sf
3	1,500 sf	Police Department	10/2014 – 10/2015	\$1,500 + Electric	\$1.00/sf
Office (Northern office, shared restroom)	240 sf	Owner	Owner	Owner	Owner
Office (Southern office, shared restroom)	140 sf	Anderson Performance	3/2015 – 9/2015	\$300 Util. inc.	\$2.14/sf
Apartment	822 sf	Crew Member	Mo to Mo	\$1,450 Util. inc.	\$1.76
Site Storage /Parking	Gravel site area	Anderson Performance	3/2015 – 9/2015	\$500	N/A
Site Storage /Parking	Gravel site area	AIM	3/2015 – 9/2015	\$600	N/A
<i>Current Monthly Rental Income</i>				<i>\$5,850/month</i>	

Analysis of the Data and Conclusion of Market Rent

The market rental data analyzed includes competing facilities and various levels of warehouse / office / retail space in the Kodiak area that compete with the subject for similar type space as well as residential apartment rental data. We did discover & analyze seven rental comparables / rental listings with year-round tenant occupied facilities in the local market that are generally supportive of the current market rents concluded for the subject facility. Market data for these type of facilities is limited, as the majority of this type of warehouse / office space in the Kodiak market are owner occupied, with no arm's length lease in place, weakening the Income Approach.

We have concentrated our analysis on mixed-use warehouse facilities that have similar overall attributes to the subject, including location, visibility, size, utility and access to the downtown Kodiak business district with some of the comparable rentals having been converted from warehouse area to retail/shop area. Our research has discovered a few tenant occupied facilities in the Kodiak market that compete with the subject, having a similar layout and utility of use, which provide the best, most accurate indicators for the subjects type of space. The most similar facilities are summarized below, which provide us with support for a monthly rental rate based on a price per SF for the subject space.

The seven rental comparables analyzed are representative of the mixed use / warehouse market in the Kodiak area that have similar characteristics to the subject and provide the best cross-section of the rentals that could compete with the subject, and provide a reasonable range for the price per square foot. The comparables rental rates were adjusted to reflect utility costs.

The subject building consists of 4,620 SF of warehouse area, approximately 380 SF of office area, and an 822 SF apartment. The building is in above average to good overall condition with the site having good/level parking area, considered positive attributes. Rental rates for this type of warehouse space typically have the tenant paying for variable expenses (utilities), with the landlord paying all other expenses, and all rental rates have been adjusted to reflect the tenant covering electric, with adjusted rental rates ranging from \$0.80/SF to \$1.80/SF. The most similar space consists of smaller, single tenant buildings with varying degrees of quality, located outside of the core downtown area, with the most similar warehouse space in the \$1.25/SF to \$1.65/SF range. Unit 1 will have a mixed rental rate that includes 1,620 SF of warehouse area and 380 SF of office area for a total mixed area of 2,000 SF. Typically the office area attached to the warehouse is included within a warehouse rental unit, and justifies a higher rental rate. Unit 1 is superior to units 2 & 3 as it is heated, and features above average office area, a ½ bathroom, and a ¾ bathroom.

A search of 1 and 2 bedroom Kodiak residential apartment rentals was performed and the range of rental range is \$950 to \$2,200 and adjusted to reflect the owners only covering heat & water/sewer. The subject's 1 bedroom apartment is in above average condition with a kitchen, living room, laundry room, and a full bathroom, however has an inferior layout and is located on the upper level of a warehouse building. The current market **rental rate for the one bedroom apartment of \$1,450** with the owner covering all utilities is in line with the current residential apartment market within Kodiak and is concluded to be near market.

The subject also has a large 1.25 acre site has been leveled and graded, with the warehouse located along the northern portion of the site, allowing for maximum use of the level, graded area to the south, allowing the owner to lease out the extra land area not needed for the operation of the warehouse to be leased as additional yard storage area. There are currently two land leases that combine for \$1,100 per month, with enough room to lease another portion of the site for an additional \$600 per month. This equates to a land lease rate of about \$0.10/SF, which is in line with land lease rates in the Kodiak market supported by statewide land leases. The total potential land available for lease along the south side of the site does not affect the utility of use of the warehouse or any parking or access / egress necessary for its operation. We estimate approximately **16,000 SF of level, graded land available for lease**, which would equate to approximately **\$1,600 per month**.

Considering all of the subject warehouse / office buildings attributes, the concluded rental rate will fall above the middle of the range of the adjusted rental rate per \$/SF/Mo., primarily due to the age, condition, good central location, current demising of

the space with three separate rental units, and office / apartment areas. Additional weight given to the current rental rate of the leased space. A concluded rental rate for unit 1 is **\$1.75 SF/Mo.** with the owner covering all utilities. A concluded rental rate for units 2 & 3 is **\$1.35 SF/Mo.** with the tenant paying for electric. This rate is at the below Unit 1 as the units are not heated and do not have office areas or restrooms in the units. These rates are considered appropriate for the market and reflect the above average on-site parking, and overall above average to good condition & location and the physical attributes of the site being below the level of the street, which is not a necessity for a warehouse building not requiring good frontage or visibility, therefore not significantly affecting rents.

Concluded Market Rental Rate & Potential Annual Revenue

Area Description	SF	Market Rental Rate	Monthly Potential Income	Annual Potential Income
Warehouse/office Unit 1	2,000 SF	\$ 1.75 SF	\$ 3,500	\$ 42,000
Warehouse Unit 2	1,500 SF	\$ 1.35 SF	\$ 2,025	\$ 24,300
Warehouse Unit 3	1,500 SF	\$ 1.35 SF	\$ 2,025	\$ 24,300
1 B/R Apartment	822 SF	\$ 1,450/Mo.	\$ 1,450	\$ 17,400
Excess Site Area	16,000	\$ 0.10 SF	\$ 1,600	\$ 19,200

Potential Annual Gross Income

\$127,200

Income & Expense Analysis

The subject building is currently both owner and tenant occupied, with no formal lease agreements provided for review; however, according to the owner all leases are shorter term and expire at the end of 2015, therefore no leasehold or leased fee interest exists. We were provided with limited income and expense data from the last 10 months of income and expense data for the facility as the owner only recently purchased the facility July 2014, therefore limited historical data is available; therefore, we will use market rates and estimate expenses based on similar style and type buildings in the community in our analysis with additional weight given to the current rates and income/expense data. A summary of the expenses follows.

Expense Analysis

The next step in the Income Approach is to quantify and analyze the annual expenses affecting the Subject property. To convert rental income to value by the direct capitalization technique, the appraiser must determine the net operating income for the property.

The Dictionary of Real Estate Appraisal, Fourth Edition, defines Net Operating Income (NOI) as:

"The actual or anticipated net income that remains after all operating expenses have been deducted from effective gross income, but before mortgage debt service and book depreciation are deducted; may be calculated before or after deducting replacement reserves."

The first adjustment to the potential annual gross income is for vacancy or collection loss, which is defined in *The Appraisal of Real Estate*, Thirteenth Addition, as:

"An allowance for reductions in potential income attributable to vacancies, tenant turnover, and nonpayment of rent . . ."

Annual rent collections are typically less than the total potential gross income. This allowance is usually estimated as a percentage of potential gross income and the percentage is derived from the historical experience of the property, demand and supply factors of the neighborhood, local economic condition and trends, and the vacancy and collection loss being experienced by similar properties in the area.

After an allowance for vacancy and credit loss has been considered, the resulting total is called the Effective Gross Income (EGI), which is defined as:

"The anticipated income from all operations of the real property after an allowance for vacancy and collection losses. Effective gross income includes items constituting other income, i.e., income generated from the operation of the real property that is not derived from space rental (e.g., parking rental or income from vending machines)."

To arrive at the NOI, operating expenses are subtracted from the effective gross income. Operating expenses are defined as:

"The periodic expenditures necessary to maintain the real property and continue the production of the effective gross income, assuming prudent and competent management."

In the appraisal process, the operating expenses are typically broken into three classifications: fixed expenses, variable expenses, and replacement allowances.

Fixed expenses are operating expenses that generally do not vary with occupancy and have to be paid whether the property is occupied or vacant. Real estate taxes and building insurance costs are typically considered fixed expenses.

Variable expenses are all operating expenses that generally vary with the level of occupancy or the extent of services provided. Individual variable expense items may vary greatly from year to year, but specific types of property normally reflect a

reasonably consistent pattern of variable expenses in relation to gross income and/or size of the building. Typical variable expenses for commercial and industrial properties include the following categories: management, utilities, maintenance and repair, janitorial, leasing commissions, tenant improvements, and miscellaneous. It is typical in the Kodiak market for tenants to pay some of the utilities as they vary greatly depending on the type of business occupying the space. Unit 1 has the owner covering all utilities as the apartment area electric and heat is tied into Unit 1. This is a common occurrence for commercial buildings with apartments above.

The last expense classification is a replacement allowance which provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced periodically during the building's economic life. These components may include roofing, carpeting, painting, etc. The annual allowance for each component is usually estimated as the anticipated cost of its replacement prorated over its anticipated remaining economic life, provided this does not exceed the remaining economic life of the structure. Simple averaging is a permissible method. In the case of the Subject, the components of this replacement allowance are the roof, floor coverings, interior finish items, man doors, overhead doors etc.

After the total expense for each expense classification has been calculated, the sums are added together for a total operating expense. For comparison purposes, the total operating expense figure can be divided by the EGI to arrive at an expense ratio, or divided by the size of the building area to arrive at an expense cost per square foot. The total operating expense is subtracted from the effective gross income (EGI) to arrive at the net operating income (NOI). In the direct capitalization technique, the NOI is converted to value by dividing the NOI by an overall capitalization rate that has been derived from the market.

In estimating the variable expenses for the Subject, we have considered the age, quality, and condition of the facility, tempered with expense ratios that are typically experienced and reported by the operators of similar warehouses in the local Kodiak market and similar coastal communities.

Vacancy and Credit Loss Analysis

The typical vacancy rate for commercial mixed-use warehouse / office facilities in the Kodiak market ranges from 2% to 6%, however there is limited data available for analysis due to the heavy owner occupancy nature of the market. Based on the vacancy rate for similar facilities with similar mixed-use attributes in the downtown Kodiak market, we have used a **4%** vacancy factor.

Fixed Expenses

Real Estate Taxes – Total assessed value for the subject for 2014 is \$541,600, with a total tax amount for the subject of approximately \$6,905.

Insurance - The cost of physical damage, fire, extended coverage, and owner's liability insurance is considered a fixed operating expense. Typically, insurance rates are based on the replacement cost of the building. According to the owner, the current yearly insurance cost is \$2,220 and is in line with similar size and type facilities in the market.

Variable Expenses

Management and Administration - This is estimated at 5% of the effective gross income (EGI) for the whole building, which includes the management, accounting, supplies, and administration functions. There is no specific historical expense for this item as the building is owner occupied/operated with tenants. Either way, this expense is a part of any commercial building and prudent, competent management is assumed, and the figure utilized is consistent with smaller similar multi-tenant facilities in the local market, tempered by markets similar in size.

Utilities – It is common in the Kodiak warehouse market for the tenant to pay some of the utilities. The owner is set to cover all utilities for Unit 1 and the apartment. The tenants of Unit 2 & 3 cover electric with the owner covering all other utilities. The estimated utility expense reflects the historical costs associated with these expense allocations and is in line with similar buildings in the local market. According to the owner, electricity averages \$400 per month and Water, Sewer, Refuse is \$170 per month.

Janitorial - This expense is a tenant specific item not typically included in the rental rate, therefore, there is no expense forecast.

Maintenance/Repairs - This includes the on-going maintenance and repairs required to maintain the complex in a competitive physical condition. This expense category does not include costs associated with renovation or capital improvements or replacement reserves for short-lived tenants. The subject is a newer building that appears to have been well maintained, and we have based our estimated maintenance / repairs at the middle of the range at 4.0% of EGI, which is considered reasonable.

Yard / Parking – This expense category includes those items necessary to maintain the grounds in good condition. Due to the nature of the site and climate, this expense is toward the lower end of the range, however it is necessary to maintain access to the site year round and considering the steep access drive, snow plowing / sanding the drive and yard area warrants the 2% of EGI figure.

Miscellaneous - This category is for all miscellaneous costs associated with the operation of the building that are not covered in the above expense categories. We estimate this expense at 2% of the effective gross income, which is considered reasonable and in line with similar facilities.

Replacement Allowance - A reserve for the replacement of short-lived items is recognized in the market. A number of methods can be used to estimate this expense item. Reserves are a very important item in a mixed-use commercial building that is in above average overall condition, as most area in need of continual maintenance. It is extremely important to maintain the complex in as good a condition as possible, with industry data suggesting a reserve factor of 3% to 8% of the EGI. We have estimated the reserves at 5% of EGI, near the middle of the range.

Total Operating Expense - The total operating expenses are estimated at \$37,943 per year, which is approximately 31% of EGI, or \$6.52/SF. These expenses are in line when compared to actual expenses of similar warehouse / office complexes in the local market, and in line with those expenses reported by the owner.

Net Operating Income - The total operating expenses are subtracted from the effective gross income to arrive at the net operating income for the property. The NOI is calculated to be \$84,169. It is this NOI that is capitalized at an appropriate rate to derive an indicated value for the Subject by the Income Approach.

The discussion of the capitalization rate follows.

Rate Analysis

Capitalization Rate - A capitalization rate is any rate that is used to convert income to value. In this report, we have used an overall capitalization rate (RO) which is defined in *The Dictionary of Real Estate Appraisal*, Fourth Edition, as:

"An income rate for a total real property interest that reflects the relationship between a single year net operating income expectancy and the total property price or value; used to convert net operating income into an indication of overall property value."

Two methods of developing an overall capitalization rate are by the Mortgage Equity Analysis and Market Extraction.

The Mortgage Equity Analysis is based on the theory that first mortgage financing plays a major role in real property values and is defined as:

"Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property."

This method reflects the availability of possible first mortgage financing, an equity yield rate that would be sought by a prudent investor for this type of property, and the anticipated depreciation or appreciation of the property over the holding period.

The availability of financing is a very critical element in the Alaska real estate market. Discussions we have had with the real estate lenders active in the area indicate current

mortgage rates are in the 6.5% to 9.0% range, typically adjusted every three to five years based on the Treasury note index. Mortgage terms typically require a 25% cash down payment with 15-year to 25-year amortization. A 20-year to 25-year amortization is still available through agencies such as the Alaska Industrial Development and Export Authority (AIDEA) on selected properties.

Considering the type of property, the age of the complex, and the overall quality of construction and condition, at this time a mortgage should be available for the Subject property on the following basis:

7.5%	Effective Interest
75%	Loan to Value Ratio
25 Years	Term

The equity yield rate is the prime measure of investment performance for an investor. Typically, the investor requires a higher yield rate than the lender because the lender has a more secure position. The equity yield is a full measure of the performance of the investment, taking into consideration the equity invested and the future changes in equity income and equity value. This rate is influenced by market condition such as the rates available on alternative investments (i.e. mutual funds, stocks, bonds, etc.), rates on other real estate investments, quality of the specific project, risk associated with market conditions, and the liquidity of the investment.

Motivation for investment is driven, in part, by the belief that there will be substantial appreciation in values over the holding period to compensate for the risk. As indicated in our area analysis, and again in our land analysis, there has been only moderate appreciation of similar types of property values in the area over the past 7-10 years. All indications are that this trend will continue. Therefore, we are projecting a nominal appreciation of 5% over an eight-year holding period. These factors suggest that investor requirements and expectations to attract a capital investment would be as follows:

15%	Equity Yield Rate
8 Years	Projected Holding Period
5%	Appreciation Over Holding Period

Applying the foregoing factors to the Akerson Format for calculating a capitalization rate by Mortgage Equity results in a computed overall capitalization rate of 0.092208, rounded to 9.2%. The calculation is found below.

CAPITALIZATION : MORTGAGE-EQUITY AKERSON FORMAT				

M = MORTGAGE RATIO	=		0.75	
E = EQUITY RATIO	=		0.25	
I = MORTGAGE INTEREST RATE	=		7.50%	
T = MORTGAGE TERM	=		25	
Y = YIELD RATE	=		15.00%	
N = # PAYMENTS PER PERIOD	=		12	
K = MORTGAGE CONSTANT	=	0.088679		
HP = HOLDING PERIOD	=		8	
APP = % APPR OVER HP	=		5%	
SFF = SINKING FUND Fx	=	0.072850		
% PD = % MTG PD OFF OVER HP	=	0.149323		
=====				
0.75 M	x	0.088679	K =	0.066509
0.25 E	x	0.150000	Y =	0.037500

WEIGHTED RATE			=	0.104009
LESS: CREDIT FOR EQUITY BUILD-UP				
0.75 M	x	0.149323	% PD x	0.072850 SFF = 0.008159
LESS: APPRECIATION				
0.05 APP	x	0.072850	SFF =	0.003643
EQUALS: OVERALL RATE				0.092208
				=====

The second method of developing an overall capitalization rate is through Market Extraction. In this method, comparable sales are analyzed and the net operating income (NOI) generated by the property at the time of the sale is compared to the sale price. The overall capitalization rate is developed by dividing the NOI by the sale price. It is important that the NOI for each comparable is calculated and estimated in the same way that the income of the Subject property is estimated. Market expectation concerning changes in condition, holding periods, and financing terms must also be similar. The extraction method is considered most reliable when good market data are available.

Our summary of single tenant retail facilities both in Kodiak and statewide, indicate a range of market-derived overall capitalization rates ranging between 8.75% and 12.0%, with the average being about 10.5%. Complete income and expense data were not available in all of the sale transactions; therefore certain assumptions were necessary. The appraiser was required to make certain assumptions in the analysis regarding income and expense data, and the data is weakened. None of the comparables were physical duplicates of the Subject. The physical size of the improvements and the land to building ratios varied significantly. These factors reduce the reliability of rates as extracted from the comparable data and help to explain the wide variance in rate indications. The Subject has an overall above average location for the market, and is in above average to good condition, slightly offset by the site attributes and its location

below street grade however this is not a necessity for a mixed use warehouse in the local market. In conclusion, the subject is representative of a rate slightly below the middle of the Kodiak market for this type of facility. Based on these data, a market capitalization rate of 10.0% is concluded.

Direct Capitalization Analysis

To develop a value indication by the Direct Capitalization Method, the fair market rent for the Subject is concluded by analyzing the existing and asking rents for similar commercial properties. The total potential annual gross income for the Subject is calculated and a market-derived vacancy and credit loss factor is applied to arrive at the annual effective gross income. The total operating expenses attributable to the property (based on typical terms prevalent in the market and the existing expenses affecting the property) are subtracted from the effective gross income (EGI) to arrive at the net operating income (NOI) for the property. This NOI is divided by the appropriate capitalization rate as determined in the preceding Rate Analysis section, to provide a value indication by the Income Approach.

A summary of the Direct Capitalization Analysis follows.

Direct Capitalization Analysis

DIRECT CAPITALIZATION ANALYSIS									
Report 15-559 Kodiak, AK									
2180 Mill Bay Rd									
Potential Annual Gross Income									
Unit	Size	Rent \$/SF	Rent per Mo.						
1	2,000	\$1.75	\$3,500	x	12	=	\$42,000		
2	1,500	\$1.35	\$2,025	x	12	=	\$24,300		
3	1,500	\$1.35	\$2,025	x	12	=	\$24,300		
Apt	822 SF Apt.	\$1.76	\$1,450	x	12	=	\$17,400		
Site	Site Storage-16,000 SF	\$0.10	\$1,600	x	12	=	\$19,200		
			\$10,600						
Total Potential Gross Income Per Year							\$127,200		
Total Potential Annual Gross Income:									
									\$127,200
Less:									
Vacancy & Collection Loss:			4.0%				(\$5,088)		
Effective Gross Income (EGI):									
Total									\$122,112
Expenses:									
Fixed Expenses -									
Real Property Taxes			\$6,905						
Insurance			\$2,220						
Total Fixed Expenses:							\$9,125		
Variable Expenses -									
Management/Admin.		5.00% EGI	\$6,106						
Utilities - E,W,S,Refuse		5.60% EGI	\$6,838						
Janitorial		0.00% EGI	\$0						
Maintenance/Repairs		4.00% EGI	\$4,884						
Yard/Parking		2.00% EGI	\$2,442						
Miscellaneous		2.00% EGI	\$2,442						
Total Variable Expenses:			\$22,713				\$22,713		
Replacement Allowance:		5.00% EGI					\$6,106		
Total Operating Expenses									
31% EGI									(\$37,943)
			(\$6.52)	SF					
Net Operating Income (NOI):									
									\$84,169
Capitalization Calculation - Value Indications:									
Mortgage Equity =									
		9.20%							
\$84,169		divided by	0.0920	=			\$914,876		
							(RD)		\$915,000
Market Extraction =									
		10.00%							
\$84,169		divided by	0.1000	=			\$841,686		
							(RD)		\$842,000

Reconciliation of the Income Approach

In the Direct Capitalization analysis, two methods were used to develop an overall capitalization rate. The market value range for the Subject using these two different methods is as follow:

	<u>Mortgage Equity</u>	<u>Market Extraction</u>
Indicated Values	\$915,000	\$842,000

In summary, in the Income Approach an indicated market value is developed based on the potential gross income the property can generate within the competitive market. Typical operating expenses for the property are subtracted from the PGI, including vacancy and collection loss, to arrive at a net operating income. The NOI is divided by a capitalization rate to arrive at a value indication. A capitalization rate was developed using two recognized techniques - Market Extraction and Mortgage Equity. The two methods are considered to be supportive of each other. The mortgage equity technique is more applicable to newer properties. In the local market real estate values are being influenced by the availability of favorable financing.

In our opinion, the market for a mixed-use, multi-tenant, warehouse building with an apartment in the City of Kodiak has been relatively stable for a number of years. The outlook in the near term is for conditions to remain stable over time and the Subject has maintained a good position in the market and should continue to do so into the foreseeable future. The market for this type of product favors owner occupancy; however, with the owner only having 10 months of income/expense data numerous assumptions and estimations were necessary, and the data analyzed is considered well supported. The income approach is not weighted as heavily as the Cost Approach due to the numerous assumptions and estimations.

Considering all factors, with the overall above average to good condition offset by its above average location in northeast of downtown Kodiak, we have given generally equal weight to the both techniques. Based on our analysis of the data gathered, we have concluded the current market value by the Income Approach to be:

Indicated Value by the Income Capitalization Approach	\$875,000
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Reconciliation and Final Value Estimate

The Value Indications by the two approaches to value are as follows:

Cost Approach	\$869,000
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Income Approach	\$875,000
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In the final analysis, slightly more weight in forming an estimate of value for the subject property was given to the Cost Approach, with both having strengths and weaknesses. The 2006 construction of the building provides good support for the cost approach, and similarly, the income approach was tempered with credible income data both providing accurate indicators and a relative tight spread of less than 1%. Due to the lack of additional sales of similar buildings in the market, the sales comparison approach was not performed; however, the subject's July 2014 sale has been given weight in the reconciliation. The subject was purchased for \$870,000 in July 2014 by the current owner. This provides a very good indicator, as the purchase was within the last year, was an arm-length sale, and the warehouse has not been altered since the purchase. The other two approaches are very supportive of the recent purchase price as well, all providing good support for the final value conclusion.

In the Cost Approach, the replacement cost of the improvements are calculated and adjusted for depreciation from all sources. The adjusted cost was added to the value of the site, as if vacant, to arrive at a value estimate for the Subject property. This approach is most reliable when the improvements are new or nearly new and represent the highest and best use of the site. Typically, this approach is used to test the feasibility of new construction and as a benchmark for comparing other approaches to value. The weakness of this approach is that precise cost figures and total depreciation from all sources are difficult to estimate, however in the subject's case, this approach was considered to provide a reasonable indication of value, as there is limited similar sales data available in the market, and the subject is newer construction, with good cost data available for analysis. This approach is considered reliable if accurate cost data is available, and reasonable depreciation is applied to the approach, which is the case for the subject, therefore the Cost Approach is given weight in the analysis.

The Income Capitalization Approach provides a slightly weaker indication of value, as the subject market has primarily owner / user characteristics and limited actual income and expense data are available as the owner has occupied the building for less than a year without a long operating history of income and expenses. This approach is more reliable when there are good historical figures for analysis. In this case, the subject is an owner and tenant occupied facility. The majority of buyers in this market do not consider the income stream of the property and are not investors, rather they are users looking for a facility that meets their specific needs, therefore this approach has been given less weight, however is overall supportive. The Capitalization Rate was estimated based on the market extraction technique and mortgage equity technique, which allows the appraisal of the property to be substantiated mathematically.

In the final analysis, most weight in forming an estimate of value for the subject properties was given to the historical sale of the subject tempered by the Cost Approach and Income Approach.

Based on our investigation and analysis, we have formed the opinion that, subject to the limiting conditions and assumptions contained herein, the “**AS IS**” market value of the Subject property, in the fee simple interest, as of April 29, 2015, is:

EIGHT HUNDRED SEVENTY THOUSAND DOLLARS
(\$870,000)

General Limiting Conditions and Assumptions

This Report is subject to the following general limiting conditions and assumptions:

1. This Appraisal Report sets forth all the limiting conditions affecting the analysis, opinions and conclusions contained in this Report.
2. Unless otherwise stated in this Report, the property is appraised as though owned in fee simple estate and the property is appraised free and clear of any or all liens and encumbrances. No responsibility is assumed for legal or title considerations.
3. All dimensions and legal descriptions are assumed to be correct as found through on-site inspections or available records. No engineering survey has been made by the appraiser(s). Except as specifically stated, data relative to size and area were taken from sources considered reliable. No encroachment of real property improvements is assumed to exist.
4. The information used and the data furnished in this Report is believed to be reliable, but no warranty is given or implied. If any errors in the data are found, the right is reserved to modify the conclusions reached.
5. Various approaches to value, various techniques, and various mathematical calculations may have been used in estimating value. These are only aids to the formulation of the final value estimate expressed by the appraiser(s).
6. The data and conclusions contained in this Report are a part of the whole valuation, and no part of this appraisal is to be used out of context. The allocation of total value to land, buildings, or any fractional part or interest as shown in this Report, is invalidated if used separately.
7. Disclosure of the contents of this Appraisal Report is governed by the By-Laws and Regulations of the Appraisal Institute. Possession of this Report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser(s) and, in any event, only with proper written qualification and only in its entirety.
8. Neither all nor any part of the contents of this Report (especially any conclusions as to value, the identity of the appraiser(s) or the firm with which he is connected, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising, public relations, news, sales, or any other public means of communication without the prior written consent of the author.
9. The date of value for the opinions expressed in this Report is the date of valuation as stated in the Report. The appraiser(s) assumes no responsibility for

economic or physical factors occurring at some later date which may affect those opinions.

10. No opinion is intended to be expressed for legal matters or matters that require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers.
11. The maps, plats and exhibits included are for illustration only, as an aid in visualizing matters discussed in the Report. They should not be considered as official surveys or relied on for any other purpose.
12. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights.
13. Unless otherwise stated, no detailed soil studies covering the subject property were available to the appraiser(s). It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
14. Employment to make this appraisal does not require testimony in court unless mutually satisfactory arrangements are made in advance. In the event of litigation, the client agrees to compensate the appraiser(s) for the court preparation, testimony and appearances.
15. This Appraisal, or any information contained herein, is not to be used in a syndication or limited partnership.
16. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this Report.
17. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this Report are based.
18. Unless otherwise stated in this Report, the Subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.
19. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

20. Responsible ownership and competent management are assumed unless otherwise stated in this Report.
21. Unless otherwise stated in this Report, the existence of hazardous materials (which may or may not be present on the property) was not observed by the appraiser(s). The appraiser(s) has no knowledge of the existence of such materials on or in the property. The appraiser(s), however, is not qualified to detect such substances. The presence of potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such hazardous material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
22. In general, property in Alaska is within a geographic area prone to earthquakes and other seismic disturbances. Except as specifically indicated in the report, no seismic or geologic studies have been provided to the appraiser(s) concerning the geologic and/or seismic condition of the property. The appraiser(s) assume no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.
23. It is understood and agreed that any controversy or claim arising out of or relating to this assignment, including but not limited to a claim based upon or arising from an alleged tort, will, at the request of any party, be determined by arbitration. The arbitration shall be conducted in accordance with the United States Arbitration Act (Title 9, U.S. Code, Section 1, et seq.), notwithstanding any governing law provision in this Agreement, and under the Commercial Rules of the American Arbitration Association. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party to submit the controversy or claim to arbitration.
24. Acceptance and use of this report implies that the client has read the Report and agrees with all the limiting conditions and assumptions. In the event of litigation, the client agrees to compensate the appraiser (s) for the court preparation, testimony and appearances

ADDENDUM



The information contained in this award, along with the information contained in the **General Appraisal Requirements, Specific Performance Standards, and the General Contractual Requirements** referenced in the RFP, as well as all other RFP information, serve as the contract for services to be rendered. If, within 12 months of this assignment date, the vendor is contacted to appraise the subject property by any other party than Wells Fargo RETECHS, vendor agrees to (1) notify Wells Fargo RETECHS in writing and (2) receive a written reply from RETECHS approving this request.

Unless specifically stated otherwise, information provided by the bank or borrower in conjunction with this assignment shall be considered confidential and may not be used except as necessary for the completion of this assignment. Additionally, such information may not be shared or provided to any individual or entity except as necessary for the completion of this assignment, or as required by law or as mandated by appropriate professional standards or organizations such as USPAP and the Appraisal Institute.

This Statement of Work and Award is entered into as of the date of the award by and between Wells Fargo Bank, N.A. (Wells Fargo) and the awarded contractor, pursuant to the Master Agreement for Real Estate Services, dated September 15, 2010; all terms of which are incorporated herein by reference.

Note: Failure to deliver is subject to penalties as defined in the Master Service Agreement. Immediately contact Brett Smith (SLC) 435-315-3066 for any holds, delays, or further required information.

1. Project Name: Stevens Commercial Building
2. Description of Services: As indicated in the RFP
3. Performance Period
 - Start Date: 4/28/2015
 - End Date (if known): 5/26/2015
4. Work Site: 2180 Mill Bay Rd, Kodiak, AK 99615
5. Total Costs and Fees: \$5,000
6. Wells Fargo Job Manager: Brett Smith (SLC)

Property Access and Contact Information:

James Stevens

907-486-1792

Please make contact immediately for access to the property

Include the following statement in the Letter of Transmittal and Intended Use section of the report:

Wells Fargo reserves the right to use the report for the purposes of syndication with other financial institutions or securitization.

Delivery Instructions:

(Unless otherwise specified in the attached addendum)

All valuation services requested, which include the report with signatures, all associated exhibits, and any other pertinent supporting documentation, shall be delivered online via RIMSCentral to Wells Fargo Bank-RETECHS, and (if appropriate) via a hard copy to the Wells Fargo Banker or representative. In no case, will any valuation services ever be **solely delivered to a Wells Fargo Banker or representative without written authorization** from RETECHS. In addition, upload the final invoice separately for payment. The following guidelines provide more specific instructions:

1. Upload to RIMSCentral, under the appropriate assignment, a PDF APPRAISAL REPORT to include:
 - The Recipient information [name, address, etc]
Wells Fargo Bank – RETECHS
Brett Smith (SLC)
299 S MAIN ST
Salt Lake City, UT 84111
WF-SLC-15-010148-01
 - Vendor digital signature
2. Upload to RIMSCentral a copy of the appraiser's state license / certification as an addendum to the appraisal report.
3. Upload to RIMSCentral any other property information used to complete the assignments as stated in the Request for Proposal (RFP)
4. Upload to RIMSCentral the Original Invoice addressed to:

Wells Fargo Bank RETECHS
Brett Smith (SLC)
299 S MAIN ST
Salt Lake City, UT 84111
435-315-3066

Note: If uploading the documents to RIMSCentral is **not feasible**, please contact RIMSCentral for upload assistance, or the RETECHS Job Manager, Brett Smith (SLC), for additional delivery instructions.

If hard copies were requested per the RFP, only upon authorization via e-mail from a RETECHS representative is the vendor to deliver hard copy or copies:

Deliver to: Jeff Sanford (RGBK)
K3229-011
202 MARINE WAY, 1st Floor
Kodiak, AK 99615
907-486-3126

Additional Requirements may be specified in an attached addendum.

ADDENDUM

The following contains additional specific information to be used in the assignment:

For questions regarding the subject property or problems with property access, please contact:

AO Name; <Account Officer>,
Phone; <AOs Phone number>
or by e-mail <AOs Email>

If you have any questions or concerns relative to the evaluation process or specific concerns relating to the subject real estate, please contact the RETECHS Job Manager at:

JM Name; <Job Manager>,
Phone; <JMs Phone number>
or by e-mail <JMs Email>

This letter serves as your approval to proceed with an evaluation of the referenced real estate. We have selected you to perform this evaluation based on your experience and expertise in the real estate industry. In completing your analysis, please keep in mind that we are not seeking a likely listing price; or the highest possible price of the real estate-we are interested in a value that reflects the likely market interaction of buyers and sellers that would set the real estates value.

While the format of your written evaluation is at your discretion, there are six requirements for completing an evaluation for Wells Fargo. The evaluation must, at a minimum:

1.=Include the preparers name, address, signature, and the effective date of evaluation.

2.=Describe the real estate collateral, its condition, its current use and, if applicable, its projected use.

Wells Fargo RETECHS department will endeavor to provide as much information as possible relative to the real estate. This will include such items as tax parcel numbers, site size, improvement size and description, occupancy, and additional information as available and applicable. As part of this evaluation, we ask that you mention any observed differences between the property information provided and the actual characteristics and condition of the real estate. Our goal is to assess the quality of the collateral as it impacts value.

3.=Describe the source(s) of information used in the analysis.

4.=Describe the analysis and supporting information.

The analysis presented in the evaluation report should include sufficient documentation to allow us to understand how you arrived at your value estimate. Description of the analysis and supporting information may, for example, be in a narrative format with a discussion of known sales, listings, or rent levels with a corresponding income analysis; alternatively, the analysis and supporting information may involve the inclusion of sale comparables either in a summary table or actual inclusion of MLS or similar data sheets.

5.=Provide an estimate of the real estates market value as of the effective date of evaluation.

Chapter 17.90
B - BUSINESS DISTRICT

Sections:

- 17.90.010 Description and intent.
- 17.90.020 Permitted uses.
- 17.90.030 Conditional uses.
- 17.90.040 Building height.
- 17.90.050 Performance standards.
- 17.90.060 Urban renewal plan compliance.

17.90.010 Description and intent.

The B business zoning district is established for the purposes of protecting and encouraging the development of community business core areas that function efficiently as centers of retail business and retail service activities. For the business zoning district, in promoting the general purposes of this title, the specific intentions of this chapter are:

- A. To encourage the continued use and development of land for retail purposes;
- B. To discourage the use of business district lands for other than retail purposes;
- C. To prohibit the use of business district lands for manufacturing and industrial purposes; and
- D. To encourage the discontinuance of existing uses that are not permitted under the provisions of this chapter. [Ord. 82-40-O §1, 1982. Formerly §17.21.010].

17.90.020 Permitted uses.

The following land uses and activities are permitted in the business district:

- A. Accessory buildings;
- B. Assembly halls;
- C. Art galleries;
- D. Automobile repair garages and dealerships;

E. Banks;

F. Building material suppliers;

G. Dry-cleaning establishments;

H. Eating and drinking establishments;

I. Fraternal organizations and private clubs;

J. Funeral parlors;

K. Gasoline service stations;

L. Government offices;

M. Hotels;

N. Laundry establishments;

O. Libraries;

P. Machine shops;

Q. Marinas and boat moorage;

R. Mini-warehouses;

S. Motels;

T. Multiple-family dwellings;

U. Museums;

V. Offices;

W. Outdoor storage;

X. Printing shops;

Y. Professional offices and clinics;

Z. Public parks and open spaces;

AA. Recreational related uses;

BB. Retail stores and services;

CC. Single-family and two-family dwellings, if located within a structure containing a permitted business use, not exceeding 50 percent of the area of the structure, and not located on the street level of the structure except that an owner-occupied single-family dwelling may be allowed within a street level business structure, so long as the residential portion is predominantly located in the rear of the structure (away from the commercial building facade(s) for corner and multi-frontage lots), the use of the dwelling is subsidiary and incidental to the principal commercial use, and there is no indication, other than a separate entrance on the street level building facade, that a residential use is located within the structure;

DD. Theaters; and

EE. Radio stations. [Ord. 2001-07 §2, 2001; Ord. 94-24 §2, 1994; Ord. 88-33-O §2, 1988; Ord. 83-72-O §1, 1983; Ord. 83-5-O §§1 – 3, 1983; Ord. 82-40-O §1, 1982. Formerly §17.21.020].

17.90.030 Conditional uses.

The following land uses and activities may be allowed by obtaining a conditional use permit in accordance with the provisions of Chapter 17.200 KIBC:

A. Churches;

B. Hospitals;

C. Recreational vehicle parks; and

D. Warehouses. [Ord. 94-24 §2, 1994; Ord. 83-72-O §2, 1983; Ord. 83-5-O §4, 1983; Ord. 82-40-O §1, 1982. Formerly §17.21.030].

17.90.040 Building height.

The maximum building height allowed is 50 feet. [Ord. 82-40-O §1, 1982. Formerly §17.21.040].

17.90.050 Performance standards.

All permitted and conditional uses shall comply with the performance standards listed in this section.

A. Groundcover. All areas not devoted to buildings, structures, surfaced drives, walks, or parking areas shall be covered and maintained with grass, shrubbery, trees, rocks or gravel, or other suitable groundcover materials to minimize dust, erosion, and sedimentation.

B. Lighting. Any lighting used for advertising, display, or security purposes shall not produce glare on a public highway or neighboring residential property.

C. Screening. Where a business use is adjacent to a residential use or district, that business shall provide and maintain screening as approved by the commission. [Ord. 82-40-O §1, 1982. Formerly §17.21.050].

17.90.060 Urban renewal plan compliance.

All business district development located in the urban renewal plan downtown area, as defined in the November 1972 revision of said plan, shall also comply with the provisions of that plan, and where its requirements are different than those of this chapter, the stricter of the two shall apply. [Ord. 82-40-O §1, 1982. Formerly §17.21.060].

QUALIFICATIONS OF APPRAISER
CLINT H.A. LENTFER, MBA

EDUCATION:

University of Wyoming
University of Alaska Anchorage

- BA Business Management (1995)
- MBA Business Administration (2000)

EXPERIENCE:

1997 to
2010: Certified General Real Estate Appraiser / Consultant, Appraisal Company of Alaska

2010 to Present: Partner / Owner, Alaska Appraisal & Consulting Group, LLC

QUALIFICATIONS:

18 years' experience in real estate appraisal work for local and national mortgage lending institutions. Residential properties include single-family residences, multi-family income properties, remote properties. Commercial properties including: remote fishing & hunting lodges, apartment buildings, warehouses, large and small retail and office complexes, and commercially zoned vacant land. Qualified expert witness in State of Alaska Supreme Court. Board of Directors & Treasurer Alaska Chapter Appraisal Institute. Appointed Board Member of Certified Real Estate Appraisers for the State of Alaska. Commercial Contract tax assessment work for Various State of Alaska Municipalities.

ACCREDITATIONS, COURSES AND LICENSES:

- State of Alaska - Certified General Real Estate Appraiser Certificate, AA-506
- FHA/HUD Approved Appraiser
- Course 311 - Residential Modeling Concepts
- Course 101 - Fundamentals of Real Property Appraisal
- Course 151 - Standards of Practice and Professional Ethics
- Course 112 - Income Approach to Valuation II
- Course 520 – Highest & Best Use and Market Analysis
- Course 530 – Advanced Sales Comparison
- Course 540 – Narrative Report Writing & Valuation Analysis
- Course 550 – Advanced Applications
- FEMA Floodplain Management Workshop 2000
- The Technical Inspection of Real Estate, The Beckman Company
- Land Valuation Assignments, Adjustment & Procedures
- Effective Banker – Appraiser Communication
- Subdivision Valuation - Seminar
- Appraisal of Local Retail Properties – Seminar
- Advanced Income Capitalization

No. **506**

Effective: 06/26/2013

Expires: 06/30/2015

STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, & ECONOMIC DEVELOPMENT
Division of Corporations, Business and Professional Licensing
P.O. Box 110806, Juneau, Alaska 99811-0806

BOARD OF CERTIFIED REAL ESTATE APPRAISERS

Certifies that

CLINT HERMAN LENTFER

Is a Certified

GENERAL REAL ESTATE APPRAISER

Commissioner: Susan K. Bell

Wallet Card

No. 506		
State Of Alaska		
Department of Commerce, Community, and Economic Development		
Division of Corporations, Business and Professional Licensing		
This Certifies that		
CLINT HERMAN LENTFER		
Is a Certified		
GENERAL REAL ESTATE APPRAISER		
Effective 06/26/2013	Expiration 06/30/2015	Date of Birth 05/31/1971
Signature 		

YOU MUST NOTIFY THIS DIVISION IN WRITING OF ANY CHANGE OF ADDRESS.

TO VERIFY YOUR LICENSE TO ANOTHER AGENCY, SUBMIT \$20.00 MADE PAYABLE TO THE STATE OF ALASKA.

DIVISION WEBSITE: www.commerce.state.ak.us/occ

QUALIFICATIONS OF APPRAISER
ADAM T. FITT

EDUCATION:

University of Alaska Anchorage

- Bachelor of Business Administration - Management (2002 - 2006)

EXPERIENCE:

2006 to

2008: Real Estate Appraiser Trainee,
Appraisal Company of Alaska, AA-674

2008 to

Present: Certified Residential Real Estate Appraiser,
Appraisal Company of Alaska, AA-731

2009 to

2010: Certified General Real Estate Appraiser,
Appraisal Company of Alaska, AA-787

2010 to

Present: Certified General Real Estate Appraiser, AA-787
Partner / Owner, Alaska Appraisal & Consulting Group, LLC

ACCREDITATIONS, COURSES AND LICENSES:

- Basic Appraisal Principles
- Basic Appraisal Procedures
- National Uniform Standards of Professional Appraisal Practice (USPAP)
- Residential Market Analysis and Highest and Best Use
- Residential Site Valuation and Cost Approach
- Residential Sales Comparison and Income Approaches
- Residential Report Writing and Case Studies
- Real Estate Finance, Statistics, and Valuation Modeling
- Advanced Residential Applications and Case Studies Part 1
- Advanced Residential Applications and Case Studies Part 2
- General Market Analysis and Highest & Best Use
- General Appraiser Report Writing and Case Studies
- General Appraiser Sales Comparison Approach
- General Appraiser Site Evaluation and Cost Approach
- General Appraiser Income Approach Part 1 & Part 2
- Advanced Income Capitalization

No. 787

Effective: 06/07/2013

Expires: 06/30/2015

STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, & ECONOMIC DEVELOPMENT

Division of Corporations, Business and Professional Licensing

P.O. Box 110806, Juneau, Alaska 99811-0806

BOARD OF CERTIFIED REAL ESTATE APPRAISERS

Certifies that

ADAM TYLER FITT

Is a Certified

GENERAL REAL ESTATE APPRAISER

Commissioner: Susan K. Bell

2016 NOTICE OF ASSESSED VALUE

Do Not Pay From
This Notice

Kodiak Island Borough Assessor
710 Mill Bay Road
Kodiak, AK 99615

(907) 486-9353

Property ID: 16287
GEO ID: R1448000230
DBA:
Legal: USS 3098 LT 23 MILL BAY RD
Legal Acres: 1.2500
Situs: 2180 MILL BAY RD KODIAK, AK 99615

DATE OF NOTICE: February 29, 2016



11*2*4002*****SCH 5-DIGIT 99559

STEVENS JAMES JANIESE

PO BOX 8593

KODIAK, AK 99615-8593

Make sure you keep this notice for your records.
If your mailing address is incorrect, please notify our office in writing.

Appraisal Information	Proposed - 2016
Structure & Improvement Market Allocation	417,300
Market Allocation of Non Farm Land	242,100
Market Allocation of Farm Land	
Market Value of Personal Property	
Total Market Value	659,400
Farm Land	
Assessed Value	659,400

Dear Property Owner,

This letter is an annual notice of the Assessor's fair market value determination for this property. If this estimate of value contains errors or omissions, you must contact the Assessor's Office for a review. If the error or omission is not adjusted satisfactorily, you have the right of appeal to the Board of Equalization. In order to appeal the Assessor's final valuation to the Board, a special BOE form available in the Assessor's Office must be filed with the Borough Clerk's office within thirty days from the mailing of this notice. By law the burden of proof is on the taxpayer, who must provide verifiable information to support the basis for appeal. Contact the Assessor's Office in the Borough Building, Room 228 at 710 Mill Bay Road, Kodiak, or call (907) 486-9353 with questions or for further assistance.

BOE Filing Deadline:	March 31, 2016
The first Board of Equalization meeting will be:	May 02, 2016 7:30 pm

Taxes are due when billed. Taxes may be paid by a single payment or in two equal installments and are due by the following dates:

Single Payment Due By:	October 17, 2016
1st Half Split Payment due by:	August 15, 2016
2nd Half Split Payment due by:	November 15, 2016

2016 NOTICE OF ASSESSED VALUE

Kodiak Island Borough Assessor
710 Mill Bay Road
Kodiak, AK 99615

(907) 486-9353

Property ID: 21816
GEO ID: R7535050040
DBA:
Legal: MILLER PT 1ST BK 5 LT 4A
Legal Acres: .4500
Situs: 326 NEVA WAY KODIAK, AK 99615

DATE OF NOTICE: February 29, 2016



11*2*4003*****SCH 5-DIGIT 99559
STEVENS JAMES JANIESE
PO BOX 8593
KODIAK, AK 99615-8593

Make sure you keep this notice for your records.
If your mailing address is incorrect, please notify our office in writing.

Appraisal Information	Proposed - 2016
Structure & Improvement Market Allocation	321,200
Market Allocation of Non Farm Land	89,700
Market Allocation of Farm Land	
Market Value of Personal Property	
Total Market Value	410,900
Farm Land	
Assessed Value	410,900

Dear Property Owner,

This letter is an annual notice of the Assessor's fair market value determination for this property. If this estimate of value contains errors or omissions, you must contact the Assessor's Office for a review. If the error or omission is not adjusted satisfactorily, you have the right of appeal to the Board of Equalization. In order to appeal the Assessor's final valuation to the Board, a special BOE form available in the Assessor's Office must be filed with the Borough Clerk's office within thirty days from the mailing of this notice. By law the burden of proof is on the taxpayer, who must provide verifiable information to support the basis for appeal. Contact the Assessor's Office in the Borough Building, Room 228 at 710 Mill Bay Road, Kodiak, or call (907) 486-9353 with questions or for further assistance.

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Single Payment Due By:	October 17, 2016
1st Half Split Payment due by:	August 15, 2016
2nd Half Split Payment due by:	November 15, 2016



Alaska Marijuana Control Board

Operating Plan Supplemental Form MJ-04: Marijuana Cultivation Facility

What is this form?

This operating plan supplemental form is required for all applicants seeking a marijuana cultivation facility license and must accompany the **Marijuana Establishment Operating Plan (Form MJ-01)**, per 3 AAC 306.020(b)(11). Applicants should review **Chapter 306: Article 4** of the **Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of those regulations. If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020 and 3 AAC 306.420(2).

What additional information is required for cultivation facilities?

Applicants must identify how the proposed establishment will comply with applicable regulations regarding the following:

- Prohibitions
- Cultivation plan
- Odor control
- Testing procedure and protocols
- Security

This form must be submitted to AMCO's main office before any marijuana cultivation facility license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:		License Number:	
License Type:			
Doing Business As:			
Premises Address:			
City:		State:	
		ZIP:	



Alaska Marijuana Control Board

**Operating Plan Supplemental
Form MJ-04: Marijuana Cultivation Facility**

Section 2 – Prohibitions

Applicants should review 3 AAC 306.405 – 3 AAC 306.410 and be able to answer “Agree” to all items below.

The marijuana cultivation facility will not:

Agree Disagree

Sell, distribute, or transfer any marijuana or marijuana product to a consumer, with or without compensation

☐ ☐

Allow any person, including a licensee, employee, or agent, to consume marijuana or marijuana product on its licensee premises or within 20 feet of the exterior of any building or outdoor cultivation facility

☐ ☐

Treat or otherwise adulterate marijuana with any organic or nonorganic chemical or compound to alter the color, appearance, weight, or odor of the marijuana

☐ ☐

Section 3 – Cultivation Plan

Review the requirements under 3 AAC 306.420, and identify how the proposed premises will meet the listed requirements.

Describe the size of the space(s) the marijuana cultivation facility intends to be under cultivation, including dimensions and overall square footage. Provide your calculations below:



Alaska Marijuana Control Board

Operating Plan Supplemental Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600

Anchorage, AK 99501

marijuana.licensing@alaska.gov

<https://www.commerce.alaska.gov/web/amco>

Phone: 907.269.0350

Describe the marijuana cultivation facility's growing medium(s) to be used:

Describe the marijuana cultivation facility's fertilizers, chemicals, gases, and delivery systems, including carbon dioxide management, to be used:

Describe the marijuana cultivation facility's irrigation and waste water systems to be used:



Alaska Marijuana Control Board Operating Plan Supplemental Form MJ-04: Marijuana Cultivation Facility

Describe the marijuana cultivation facility's waste disposal arrangements:

Section 4 – Odor Control

Review the requirements under 3 AAC 306.430, and identify how the proposed premises will meet the listed requirement.

Describe the odor control method(s) to be used and how the marijuana cultivation facility will ensure that any marijuana at the facility does not emit an odor that is detectable by the public from outside the facility:



Alaska Marijuana Control Board

Operating Plan Supplemental Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600

Anchorage, AK 99501

marijuana.licensing@alaska.gov

<https://www.commerce.alaska.gov/web/amco>

Phone: 907.269.0350

Section 5 – Testing Procedure and Protocols

Review the requirements under 3 AAC 306.455 and 3 AAC 306.465, and identify how the proposed premises will meet the listed requirements.

Applicants should be able to answer “Agree” to the item below.

I understand and agree that:

Agree Disagree

The board will or the director shall from time to time require the marijuana cultivation facility to provide samples of the growing medium, soil amendments, fertilizers, crop production aids, pesticides, or water for random compliance checks

☐☐

Describe the testing procedure and protocols the marijuana cultivation facility will follow:



Alaska Marijuana Control Board

Operating Plan Supplemental Form MJ-04: Marijuana Cultivation Facility

Section 6 – Security

Review the requirements under 3 AAC 306.430 and 3 AAC 306.470 – 3 AAC 306.475, and identify how the proposed premises will meet the listed requirements.

Applicants should be able to answer “Agree” to the two items below.

The marijuana cultivation facility applicant has:

Agree Disagree

Read and understands and agrees to the packaging of marijuana requirements under 3 AAC 306.470

☐ ☐

Read and understands and agrees to the labeling of marijuana requirements under 3 AAC 306.475

☐ ☐

Restricted Access Area (3 AAC 306.430):

Yes No

Will the marijuana cultivation facility include outdoor production?

☐ ☐

If “Yes”, describe the outdoor structure(s) or the expanse of open or clear ground fully enclosed by a physical barrier:



Alaska Marijuana Control Board

Operating Plan Supplemental Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501

marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Describe the method(s) used to ensure that any marijuana at the marijuana cultivation facility cannot be observed by the public from outside the facility:

I certify that as a marijuana cultivation facility, I will submit monthly reports to the Department of Revenue and pay the excise tax required under AS 43.61.010 and 43.61.020 on all marijuana sold or provided as a sample to a marijuana establishment, as required under 3 AAC 306.480.

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

Signature of licensee

Printed name

Subscribed and sworn to before me this ____ day of _____, 20____.

Notary Public in and for the State of Alaska.

My commission expires: _____



Alaska Marijuana Control Board

Operating Plan Supplemental Form MJ-04: Marijuana Cultivation Facility

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501

marijuana.licensing@alaska.gov

<https://www.commerce.alaska.gov/web/amco>

Phone: 907.269.0350

(Additional Space as Needed):



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Commerce, Community,
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE
550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

May 9, 2016

Janiese L Stevens
DBA Three Sisters Co-Op
Via email: jstevens@ak.net

Re: Standard Marijuana Cultivation Facility license application #10032

Dear applicant,

The AMCO Office is reviewing the documents submitted for the proposed marijuana establishment license referenced above. The following items need to be corrected and/or resubmitted.

- MJ-02 Premises Diagram
 - On your diagram labeled Subject Building Sketch please clearly delineate the proposed licensed premises with a different color marker. For example, you are saying that the middle bay will be your licensed premises. It is important for our enforcement section to be able to look at diagrams and immediately know what your licensed premises is.
 - In this same diagram please clearly indicate the interior layout of the proposed licensed premises. Clearly identify all entrances, walls partitions, counters, windows (if any), areas of ingress and egress, restricted access areas, and storage areas. Include dimensions in your drawing.
 -
- MJ-04 Marijuana Cultivation Facility Supplemental
 - Page 3, third box; Please provide a written description of the marijuana cultivation facility's irrigation and waste water systems to be used.
- MJ-08 Local Government Notice Affidavit
 - The date you submitted the notice to the City of Kodiak is after you signed the affidavit in front of a notary. A person cannot certify that something happened before it even happened. If this is a mistake please correct and initial, or fill out a new Local Government Notice Affidavit and sign in front of a notary.

Please return the incomplete items within two weeks of the date of this letter. Receipt of the items within two weeks will keep your application at the top of our worklist. If we do not receive all of the completed items within two weeks, your application will be moved to the back of the "Under Review" worklist. If we do not receive your completions within 90 days, per 3 AAC 306.025(f), you must file a new application and pay a new fee.

Sincerely,

Cynthia Franklin, Director

marijuana.licensing@alaska.gov

From: [Marijuana Licensing \(CED sponsored\)](#)
To: ["jstevens@ak.net"](#)
Cc: [Marijuana Licensing \(CED sponsored\)](#)
Subject: Three Sisters Co-Op license #10032 Standard Marijuana Cultivation DEADLINES 5/23/16 & 8/7/16
Date: Monday, May 09, 2016 9:13:00 AM
Attachments: [10032 Incomplete Application Letter .pdf](#)

Good morning;

Your application is now under review. Please read the attached letter regarding information/documents/corrections needed.

Thank you

AMCO Staff



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May 9, 2016

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Via email: jstevens@ak.net

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Sincerely,

Cynthia Franklin, Director

marijuana.licensing@alaska.gov

From: [Marijuana Licensing \(CED sponsored\)](#)
To: ["jstevens@ak.net"](mailto:jstevens@ak.net)
Cc: [Marijuana Licensing \(CED sponsored\)](#)
Subject: Three Sisters Co-Op license #10032
Date: Monday, May 23, 2016 2:07:00 PM
Attachments: [10032 Complete Letter.pdf](#)

Good afternoon,

Please see attached correspondence regarding your marijuana establishment license.

Thank you

AMCO Staff



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ALCOHOL & MARIJUANA CONTROL OFFICE
550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

May 23, 2016

Janiese Stevens
DBA Three Sisters Co-Op
VIA email: jstevens@ak.net

Re: Application Status for License #10032

Dear Applicant:

I have received your application for a Standard Marijuana Cultivation Facility license. Our staff has reviewed your application after receiving your application and required fees. Your application documents appear to be in order, and I have determined that your application is complete for purposes of 3 AAC 306.025(d).

Your application is now considered complete and will be sent electronically, in its entirety, to your local government, your community council if your proposed premises is in Anchorage or certain locations in the Mat-Su Borough, and to any non-profit agencies who have requested notification of applications. The local government will have 60 days to protest the issuance of your license or waive protest.

If you have not yet received all necessary approvals, such as a local license, conditional use permit, site plan review, Fire Marshal approval, or Department of Environmental Conservation approval, you should continue to work with those local or state agencies to get the requirements completed. At this time, at the direction of the Marijuana Control Board, I am determining your application to be complete without sending your fingerprint card(s) to the Department of Public Safety (DPS) for independent verification of your lack of a disqualifying criminal history. The fingerprint card(s) will be forwarded on an as yet undetermined date when DPS and the FBI are ready to receive and process it. Your application status in the application database will be changed to "Complete" today.

Your application may be considered by the board while some approvals are still pending. However, your license will not be finally issued and ready to operate until all necessary approvals are received and a preliminary inspection of your premises by AMCO enforcement staff is completed.

Your application will be scheduled for the June 9th board meeting for Marijuana Control Board consideration. Because June 9th, 2016 is less than 60 days from today, the board will not grant or deny your application before July 1st, 2016 unless your local government waives its right to protest per 3 AAC 306.075(a)(1). Please feel free to contact us through the marijuana.licensing@alaska.gov email address if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Franklin".

Cynthia Franklin
Director, Marijuana Control Board

From: [Marijuana Licensing \(CED sponsored\)](#)
To: [decfsspermit \(DEC sponsored\)](#)
Subject: Three Sisters Co-Op license #10032 DEC Notice
Date: Monday, May 23, 2016 2:05:00 PM
Attachments: [10032 MJ-02 Premises Diagram.pdf](#)
[10032 Online Application Redacted.pdf](#)
[10032 DEC Notice.pdf](#)

Good afternoon;

Please see attached correspondence regarding a marijuana establishment license.

Please direct all correspondence to marijuana.licensing@alaska.gov

Thank you

AMCO Staff

AMCO Staff



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Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE
550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

May 23rd, 2016

Department of Environmental Conservation
Attn: Permitting Division

VIA email: DEC.FSSPermit@alaska.gov

License Number:	10032
License Type:	Standard Marijuana Cultivation Facility
Licensee:	JANIESE L STEVENS
Doing Business As:	THREE SISTERS CO-OP
Physical Address:	2180 Mill Bay Road
Designated	JANIESE L STEVENS
Phone Number:	907-942-5618
Email Address:	jstevens@ak.net

3 AAC 306.300(a)(2)(B), 3 AAC 306.400(b)(2)(B), 3 AAC 306.500(b)(2)(B), and 3 AAC 306.605(b)(2)(B) require that an applicant for a marijuana establishment license operate in compliance with each applicable public health, fire, safety, and tax code and ordinance of the state and the local government in which the applicant's proposed licensed premises are located.

This letter serves to provide written notice and request for compliance status from the above referenced entities regarding the above application (see attached application documents for more information). **Please complete and return this form to the AMCO office at the email below.**

REVIEWER: _____ ☐ DEC ☐ Fire Marshal

DATE: _____ PHONE: _____

☐ Compliant ☐ Non-compliant

COMMENTS: _____

If you have any questions, please send them to the email address below.

Sincerely,

Janiese L Stevens DBA Three Sisters Co-Op

May 23rd, 2016

Page 2

A handwritten signature in blue ink, appearing to read 'C. Franklin', is positioned above the printed name.

Cynthia Franklin, Director

marijuana.licensing@alaska.gov

From: [AMCO Local Government Only \(CED sponsored\)](#)
To: [Marlar, Debra \(dmarlar@city.kodiak.ak.us\)](#)
Subject: Three Sisters Co-Op license #10032 LG Notice
Date: Monday, May 23, 2016 2:00:00 PM
Attachments: [10032 LG Notice.pdf](#)

Dear local government officials,

Please find the attached correspondence for a new marijuana establishment license.

Direct all responses to amco.localgovernmentonly@alaska.gov

The application and all supporting documentation will be sent to each of you via the State of Alaska Drop Box called ZendTo.

Using the ZendTo drop box. You will receive an email that looks like this

This is an automated message sent to you by the Alaska ZendTo service.
Naomi Johnston (naomi.johnston@alaska.gov) has dropped-off 55 files for you.

IF YOU TRUST THE SENDER, and are expecting to receive a file from them,
you may choose to retrieve the drop-off by clicking the following link (or copying
and pasting it into your web browser):

<https://drop.state.ak.us/drop/pickup.php?claimID=GvUTVMNQMb2yJsvp&claimPasscode=bHA9fU6g89H2uK6f&emailAddr=calderjp%40gmail.com>

You have 4 days to retrieve the drop-off; after that the link above will expire. If
you wish to contact the sender, just reply to this email.

Full information about the drop-off:

Claim ID: GvUTVMNQMb2yJsvp
Claim Passcode: bHA9fU6g89H2uK6f
Date of Drop-Off: 2016-04-22 12:17:49-0400

-- Sender --
Name: Naomi Johnston
Organisation: AMCO
Email Address: naomi.johnston@alaska.gov
IP Address: 10.3.202.35 (10.3.202.35)

Click the link that is circled in red in the image above. You should be redirected to a page with something similar to this:

Please prove you are a person

To confirm that you are a *real* person (and not a computer), please play the quick game below then click "Pickup Files":



Pickup Files

Type the text that is displayed in the image and hit enter. In this example you would type "1200" into the field that says "type the text".

Your Files should appear:

Drop-Off Summary

Click on a filename or icon to download that file.

Filename	Type	Size	Description
 ABCAgenda .pdf	application/pdf	472.3 KB	
 Tab1 .pdf	application/pdf	416.6 KB	
 Tab10 .pdf	application/pdf	259.1 KB	
 Tab11 .pdf	application/pdf	1.9 MB	
 Tab12 .pdf	application/pdf	1.7 MB	
 Tab13 .pdf	application/pdf	10.0 MB	
 Tab14 .pdf	application/pdf	3.5 MB	
 Tab15 .pdf	application/pdf	1.4 MB	
 Tab16 .pdf	application/pdf	513.9 KB	
 Tab17 .pdf	application/pdf	812.2 KB	

Click the blue link for each tab. You can download and save them however you wish.

Thank you

AMCO Staff

amco.localgovernmentonly@alaska.gov



THE STATE
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Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7th Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

May 23, 2016

City of Kodiak

Attn: Debra Marlar

VIA Email: dmarlar@city.kodiak.ak.us

License Number:	10032
License Type:	Standard Marijuana Cultivation Facility
Licensee:	JANIESE L STEVENS
Doing Business As:	THREE SISTERS CO-OP
Physical Address:	2180 Mill Bay Road Kodiak, AK 99615
Designated Licensee:	JANIESE L STEVENS
Phone Number:	907-942-5618
Email Address:	jstevens@ak.net

- ☒ **New Application** ☐ **Transfer of Ownership Application** ☐ **Renewal Application**
☐ **Onsite Consumption Endorsement**

We have received a completed application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under 3 AAC 306.025(d)(2).

A local government may protest the approval of an application(s) pursuant to 3 AAC 306.060 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice. If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable. To protest the application referenced above, please submit your protest within 60 days and show proof of service upon the applicant.

3 AAC 306.010, 3 AAC 306.080, and 3 AAC 306.250 provide that the board will deny an application for a new license if the board finds that the license is prohibited under AS 17.38 as a result of an ordinance or election conducted under AS 17.38 and 3 AAC 306.200.

3 AAC 306.010(c) provides that the board will not issue a license when a local government protests an application on the grounds that the applicant's proposed licensed premises are located in a place within the local government where a local zoning ordinance prohibits the marijuana establishment, unless the local government has approved a variance from the local ordinance.

May 23, 2016

Page 2

At this time, the fingerprints submitted by the applicant cannot be submitted for a criminal history report until a date to be determined by the Department of Public Safety and the Federal Bureau of Investigation based upon the effective date of the act containing enabling statutory language for such criminal history report. On April 27, 2016, the Marijuana Control Board directed me to determine applications complete based solely upon the representations made by the applicant in Form MJ-00.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Franklin", is positioned above the typed name.

Cynthia Franklin, Director

amco.localgovernmentonly@alaska.gov



THE STATE
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**Department of Commerce, Community,
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE
550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

May 23, 2016

Janiese Stevens
DBA Three Sisters Co-Op
VIA email: jstevens@ak.net

Re: Application Status for License #10032

Dear Applicant:

I have received your application for a Standard Marijuana Cultivation Facility license. Our staff has reviewed your application after receiving your application and required fees. Your application documents appear to be in order, and I have determined that your application is complete for purposes of 3 AAC 306.025(d).

Your application is now considered complete and will be sent electronically, in its entirety, to your local government, your community council if your proposed premises is in Anchorage or certain locations in the Mat-Su Borough, and to any non-profit agencies who have requested notification of applications. The local government will have 60 days to protest the issuance of your license or waive protest.

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Your application will be scheduled for the June 9th board meeting for Marijuana Control Board consideration. Because June 9th, 2016 is less than 60 days from today, the board will not grant or deny your application before July 1st, 2016 unless your local government waives its right to protest per 3 AAC 306.075(a)(1). Please feel free to contact us through the marijuana.licensing@alaska.gov email address if you have any questions.

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Cynthia Franklin
Director, Marijuana Control Board



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ALCOHOL & MARIJUANA CONTROL OFFICE
550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

May 23rd, 2016

Department of Environmental Conservation
Attn: Permitting Division

VIA email: DEC.FSSPermit@alaska.gov

License Number:	10032
License Type:	Standard Marijuana Cultivation Facility
Licensee:	JANIESE L STEVENS
Doing Business As:	THREE SISTERS CO-OP
Physical Address:	2180 Mill Bay Road
Designated	JANIESE L STEVENS
Phone Number:	907-942-5618
Email Address:	jstevens@ak.net

3 AAC 306.300(a)(2)(B), 3 AAC 306.400(b)(2)(B), 3 AAC 306.500(b)(2)(B), and 3 AAC 306.605(b)(2)(B) require that an applicant for a marijuana establishment license operate in compliance with each applicable public health, fire, safety, and tax code and ordinance of the state and the local government in which the applicant's proposed licensed premises are located.

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REVIEWER: _____ ☐ DEC ☐ Fire Marshal

DATE: _____ PHONE: _____

☐ Compliant ☐ Non-compliant

COMMENTS: _____

If you have any questions, please send them to the email address below.

Sincerely,

Janiese L. Stevens DBA Three Sisters Co-Op

May 23rd, 2016

Page 2

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Cynthia Franklin, Director

marijuana.licensing@alaska.gov



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and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE
550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

May 23, 2016

City of Kodiak
Attn: Debra Marlar
VIA Email: dmarlar@city.kodiak.ak.us

License Number:	10032
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Phone Number:	907-942-5618
Email Address:	jstevens@ak.net

☒ New Application ☐ Transfer of Ownership Application ☐ Renewal Application
☐ Onsite Consumption Endorsement

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3 AAC 306.010(c) provides that the board will not issue a license when a local government protests an application on the grounds that the applicant's proposed licensed premises are located in a place within the local government where a local zoning ordinance prohibits the marijuana establishment, unless the local government has approved a variance from the local ordinance.

May 23, 2016

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Cynthia Franklin, Director

amco.localgovernmentonly@alaska.gov



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May 23rd, 2016

Department of Environmental Conservation
Attn: Permitting Division

VIA email: DEC.FSSPermit@alaska.gov

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This letter serves to provide written notice and request for compliance status from the above referenced entities regarding the above application (see attached application documents for more information). **Please complete and return this form to the AMCO office at the email below.**

REVIEWER: *McLanahan* ☒ DEC ☐ Fire Marshal

DATE: 5/24/2016 PHONE: (907) 269-6289

☒ Compliant ☐ Non-compliant

COMMENTS: No permit from DEC is needed for this facility.

If you have any questions, please send them to the email address below.

Sincerely,

Janiese L Stevens DBA Three Sisters Co-Op
May 23rd, 2016
Page 2

A handwritten signature in black ink, appearing to read 'C. Franklin', written in a cursive style.

Cynthia Franklin, Director
marijuana.licensing@alaska.gov

From: [Marijuana Licensing \(CED sponsored\)](#)
To: [Johnston, Naomi A \(CED\)](#); [Samaniego, Joe P \(CED\)](#)
Subject: FW: Application for Marijuana Establishment License number 10032
Date: Monday, May 09, 2016 2:29:00 PM

Perfected objection

-Jane

From: Janiese Stevens [mailto:jstevens@ak.net]
Sent: Monday, May 09, 2016 11:28 AM
To: Jonathan Strong
Cc: Marijuana Licensing (CED sponsored); Debra Marlar; Javier, Nova (GOV sponsored)
Subject: Re: Application for Marijuana Establishment License number 10032

When I measured it door to door I got over 500 feet.

Janiese

Sent from my iPhone

On May 9, 2016, at 11:15 AM, Jonathan Strong <jonjstrong@ymail.com> wrote:

Dear Alcohol & Marijuana Control Office, Applicant, City of Kodiak and the Kodiak Island Borough,

With regards to the Application for Marijuana Establishment License number 10032, standard marijuana cultivation facility doing business as Three Sisters Co-Op with the physical address of 2180 Mill Bay Rd. Kodiak, AK 99615, as a resident of the Kodiak Island community I object to this license application for the following reasons.

1. This address is within 500 feet of the Kodiak Island Jail, 2160 Mill Bay Rd., which is a correctional facility.

3 AAC 306.010. License restrictions. (a) The board will not issue a marijuana establishment license if the licensed premises will be located within 500 feet of a school ground, a recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility. The distance specified in this subsection must be measured by the shortest pedestrian route from the public entrance of the building in which the licensed premises would be located to the outer boundaries of the school ground, the outer boundaries of the recreation or youth center, the main public entrance of the building in which religious

services are regularly
conducted, or the main public entrance of the correctional facility

2. This address location is within the City of Kodiak and the City of Kodiak Council is still in the process of investigating and establishing local marijuana regulations and still has the option to use the local option to prohibit marijuana businesses.

3 AAC 306.200. Local options. (a) If a majority of the persons voting on the question

vote to approve the option, or if a local government's assembly or city council passes an

ordinance to the same effect, the local government shall adopt a local option to prohibit

(1) the sale or importation for sale of marijuana and any marijuana product;

(2) the operation of any marijuana establishment, including one or more of the

following license types:

(A) a retail marijuana store;

(B) a marijuana cultivation facility;

(C) a marijuana product manufacturing facility;

(D) a marijuana testing facility.

Sincerely,

Jonathan Strong

Strong Solutions
PO BOX 1024
Kodiak, AK 99615
(907) 654-5546