

Mayor Edna B. DeVries
Deputy Mayor Pete LaFrance
Council Member Julie Berberich
Council Member Steve Carrington
Council Member Linda Combs
Council Member Sabrena Combs
Council Member David Fuller

City Attorney Michael Gatti
City Clerk Norma I. Alley, MMC
City Manager Nathan Wallace

City of Palmer, Alaska
City Council Meeting
October 23, 2018, at 7 PM
City Council Chambers
231 W. Evergreen Avenue, Palmer
www.cityofpalmer.org

AGENDA

A. CALL TO ORDER

B. ROLL CALL

C. PLEDGE OF ALLEGIANCE

D. APPROVAL OF AGENDA

1. Approval of Consent Agenda
 - a. Introduction of **Ordinance No. 18-007-Z-1-SL**: Amending the Zoning Map to Revise the Zoning Designation of Tax Parcel D8 Located in Section 8, Township 17 North, Range 2 East, Seward Meridian, to Extend the I-Industrial Zoning Classification with Special Limitation..... Page 3
 - b. **Action Memorandum No. 18-081**: Authorizing the City Manager to Negotiate and Execute Two New Lease Agreements with CIG, LLC for Leases on Palmer Municipal Airport's Block 3, Lease Lot 12 and 13, for the Purpose of Constructing Two, Ten Unit T-Hangar Structures ... Page 239
 - c. **Action Memorandum No. 18-082**: Authorizing the City Manager to Extend the Contract for Banking Services with First National Bank Alaska for Two Additional Years Page 305
 - d. **Resolution No. 18-023**: Designating Authorized Signatures for Check Signing Affecting Any and All Disbursements of City Monies for the General Checking Account, the Palmer Construction Account and Designating City Representatives Who Are Authorized and Empowered to Execute and Deliver All Documentation and Instructions on City Investment Accounts..... Page 313
2. Approval of Minutes of Previous Meetings
 - a. September 25, 2018, Special Meeting Page 317
 - b. September 25, 2018, Regular Meeting Page 319

E. COMMUNICATIONS AND APPEARANCE REQUESTS

1. Presentation from Palmer Museum of History and Art Executive Director Sam Dinges Page 323

F. REPORTS

1. City Manager's Report
2. City Clerk's Report
3. Mayor's Report
4. City Attorney's Report

G. AUDIENCE PARTICIPATION

H. PUBLIC HEARING

1. **Resolution No. 18-024**: Renaming Sherrod Ball Field #1 as Noah Meyer Ball Field Page 339

I. ACTION MEMORANDA

1. **Action Memorandum No. 18-083:** Confirming the Mayor’s Nomination of Andrew Weaver and Liz Swearingin with Terms Ending October 31, 2021, and Richard Best with a Term Ending October 31, 2019, to the Airport Advisory Commission..... Page 343
2. **Action Memorandum No. 18-084:** Confirming the Mayor’s Nomination of Chris Chappel, Lorie Koppenberg, and Dusty Silva with Terms Ending October 31, 2021, to the Board of Economic Development..... Page 345
3. **Action Memorandum No. 18-085:** Confirming the Mayor’s Nomination of Jo Ehmann and Wesley Rath with Terms Ending October 31, 2021, to the Parks, Recreation and Cultural Resources Advisory Board Page 347
4. **Action Memorandum No. 18-086:** Confirming the Mayor’s Nomination of Andrew Corbin, David Petty, and Rhonda Wohlbach with Terms Ending October 31, 2021, to the Planning and Zoning Commission Page 349
5. **Action Memorandum No. 18-087:** Appointing a Council Member to Serve as an Ex-Officio Member on the Board of Economic Development for a Term Expiring October 8, 2019 Page 351
6. **Action Memorandum No. 18-088:** Authorizing the City Manager to Extend the Contract for Legal Services with Jermain, Dunnagan & Owens, P.C. for One Additional Year Page 353

J. RECORD OF ITEMS PLACED ON THE TABLE

K. AUDIENCE PARTICIPATION

L. COUNCIL MEMBER COMMENTS

M. ADJOURNMENT

Tentative 2018 Palmer City Council Meetings

| Meeting Date | Meeting Type | Time | Notes |
|-------------------|--------------|-----------------|--|
| Oct 30 | Special | 6 pm | Budget |
| Nov 6 | Special | 6 pm | Budget |
| Nov 13 | Regular | 7 pm | CANCELLED |
| Nov 20 | Special | 6 pm | Budget |
| Nov 27 | Special | 6 pm | Budget |
| Nov 27 | Regular | 7 pm | |
| Dec 4 | Special | 6 pm | Budget |
| Dec 11 | Special | 6 pm | Budget |
| Dec 11 | Regular | 7 pm | Budget Adoption (2 nd Public Hearing) |
| Dec 25 | Regular | 7 pm | CANCELLED Due to Holiday |
| Jan 8, '19 | Regular | 7 pm | |

**City of Palmer
Ordinance No. 18-007-Z-1-SL**

Subject: Amending the Zoning Map to Revise the Zoning Designation of Tax Parcel D8 Located in Section 8, Township 17 North, Range 2 East, Seward Meridian, to Extend the I-Industrial Zoning Classification with Special Limitation

Agenda of: October 23, 2018 – Introduction
November 27, 2018 – Public Hearing

Council Action: **Adopted** **Amended:** _____
 Defeated



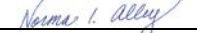
Originator Information:

Originator: City Manager

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|-----------|-----------------------|------------|-------|
| _____ | Community Development | _____ | _____ |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|---|----------|
| City Manager |  | _____ |
| City Attorney |  | _____ |
| City Clerk |  | _____ |

Certification of Funds:


Total amount of funds listed in this legislation: \$ 0

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ _____
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): _____
- Not budgeted

Director of Finance Signature: 

Attachment(s):

- Ordinance No. 18-007-Z-1-SL
- Planning and Zoning Commission Resolution No. 18-007 with Findings of Facts
- Planning and Zoning Commission Minutes for September 20, 2018 (Draft Copy)
- Public Notice and Vicinity Map for Commission Public Hearing of September 20, 2018
- Zoning Map Amendment Application with Market Analysis and Consultation Report

Summary Statement:

If approved, Ordinance No. 18-007-Z-1-SL will amend the Special Limitations to extend the I-Industrial Zoning Classification with Special Limitations for Tax Parcel D8 located in Section 8, Township 17 North, Range 2 East, Seward Meridian, Alaska for an additional five years.

Background:

Tax Parcel D8 is currently zoned I-Industrial with Special Limitations; this zoning designation will expire on January 28, 2024 and the parcel will revert back to its original zoning of R-1, Single-family Residential. The parcel in question is contiguous to the Fairgrounds District to the north and west, and residential uses and subdivisions, which are located outside city limits, to the south and east.

Prior to the time of annexation into the City in 2003, Tax Parcel D8 had been used for gravel extraction from 1963 to 2002 and was known as the Rebarchek gravel pit. The property was annexed into the City in 2003 and was automatically zoned R-1, causing it to become a legal nonconforming use.

On October 17, 2003 Alaska State Fair Inc. (owner of the parcel in 2003) requested this parcel be rezoned from R-1, Single-family Residential to I-Industrial. The request was denied by the Planning and Zoning Commission on November 4, 2003. Alaska State Fair Inc. submitted a written request that the Council consider the zoning amendment the Commission denied as permitted by PMC 17.80.061 Council action upon Commission denial.

On February 24, 2004, following a public hearing, City Council approved the request to rezone this parcel to I-Industrial with the following Special Limitations:

- A. The industrial use of the property is limited to only the reclamation of the property through the operation of an inert waste mono-fill and those activities incidental thereto that are necessary to reclaim the property in a manner consistent with the findings set forth above.
- B. No use of the property authorized by subparagraph A shall commence or continue except in conformance with a conditional use permit approved by the Palmer Planning Commission, consistent with the above findings.
- C. The Industrial zoning classification of this property shall terminate no later than 10 years after the effective date of this ordinance, unless terminated sooner pursuant to subparagraph D or by subsequent rezoning.
- D. If prior to ten years after the effective date of this ordinance the Palmer Planning Commission finds that the reclamation of the property has been completed, the Industrial zoning classification shall then terminate on the effective date thereof. Such a finding shall be made only after notice to the property owner and a public hearing.
- E. Upon the effective date of termination of the Industrial zoning classification pursuant to subparagraph C or D above, the property shall revert to the zoning classification in effect prior to the adoption of this ordinance (R-1, Single Family Residential), unless otherwise rezoned.

On February 24, 2004, the parcel was rezoned to Industrial with Special Limitations to allow the site through a conditional use permit to only be used as an inert waste mono-fill site for a period of 10 years to expire on February 24, 2014.

On January 28, 2014, the parcel's zoning designation of Industrial with Special Limitations was extended to continue to allow the site through a conditional use permit to only be used as an inert waste mono-fill site for an additional ten-year period.

The parcel's Industrial with Special Limitations zoning designation will expire on January 28, 2024 and will revert to R-1, Single-family Residential. The site has not been completely filled and will require an extension for an additional five years of the Industrial zoning with Special Limitations to allow for the completion of the reclamation of this property through a conditional use permit. On September 20, 2018 the Planning and Zoning Commission reviewed and amended recommended staff conditions and unanimously voted to approve modifications to Conditional Use Permit #14-001 for Alaska Demolition, LLC.

On September 20, 2018 the Planning and Zoning Commission voted unanimously to recommend City Council approve the request to extend the I-Industrial zoning classification with Special Limitations.

Administration's Recommendation:

Adopt Ordinance No. 18-007-Z-1-SL to extend the I-Industrial Zoning Classification with the following Special Limitations for Tax Parcel D8 located in Section 8, Township 17 North, Range 2 East, Seward Meridian, Alaska:

- A. The industrial use of the property is limited to the reclamation of the property through the operation of an inert waste mono-fill and those activities incidental thereto that are necessary to reclaim the property in a manner consistent with the findings set forth in Planning and Zoning Commission Resolution No. 18-007.
- B. No use of the property authorized by subparagraph A shall commence or continue except in conformance with a conditional use permit approved by the Palmer Planning Commission, consistent with the above findings.
- C. The Industrial zoning classification of this property shall terminate no later than February 1, 2029, unless terminated sooner pursuant to subparagraph D or by subsequent rezoning.
- D. If prior to February 1, 2029, the Palmer Planning Commission finds that the reclamation of the property has been completed, the Industrial zoning classification shall then terminate on the effective date thereof. Such a finding shall be made only after notice to the property owner and a public hearing.
- E. Upon the effective date of termination of the Industrial zoning classification pursuant to subparagraph C or D above, the property shall revert to the zoning classification of R-1, Single Family Residential, unless otherwise rezoned.

LEGISLATIVE HISTORY

Introduced by: City Manager Wallace
Date: October 23, 2018
Public Hearing: November 27, 2018
Action:
Vote:

| Yes: | No: |
|------|-----|
| | |

CITY OF PALMER, ALASKA

Ordinance No. 18-007-Z-1-SL

An Ordinance of the Palmer City Council Amending the Zoning Map to Revise the Zoning Designation of Tax Parcel D8, Located in Section 8, Township 17 North, Range 2 East, Seward Meridian, to Extend the I-Industrial Zoning Classification with Special Limitations

THE CITY OF PALMER, ALASKA, ORDAINS:

Section 1. Classification. This ordinance shall be permanent in nature and shall be incorporated into the Palmer Municipal Code.

Section 2. Severability. If any provisions of this ordinance or application thereof to any person or circumstances are held invalid, the remainder of this ordinance and the application to the other persons or circumstances shall not be affected thereby.

Section 3. Authority and legislative findings. Pursuant to Palmer Municipal Code §17.80.040, the City Council hereby adopts the following zoning map amendment in accordance with the legislative findings set below:

WHEREAS, Steve Agni of Development Managers, Inc. as authorized representative for Alaska Demolition, LLC has initiated a zoning map amendment application received July 20, 2018, to amend the Special Limitations to extend the I-Industrial zoning classification with Special Limitations; and

WHEREAS, the Commission duly gave required notices, held its required public hearing on September 20, 2018, made a written report of its decision as to such need, justification and effect to the extension of zoning change in Commission Resolution No. 18-007, and voted 5 in favor and 0 opposed to recommend that such amendment to the zoning map be approved; and

WHEREAS, the Commission adopted findings of fact in Commission Resolution No. 18-007 as to the need, justification and effect to the extension of zoning change on September 20, 2018; and

WHEREAS, the City Council duly gave required notices, held its required public hearing on this date, and has duly considered the request to extend the I-Industrial zoning with Special Limitations of the property, all evidence and testimony presented including any comments of the persons attending the public hearing, the findings of fact set forth in Planning and Zoning Commission Resolution No. 18-007, and the recommendation of the Commission.

Section 4. The City of Palmer Zoning Districts Map dated November 2017 is hereby amended to revise the zoning designation of Tax Parcel D8 located in Section 8, Township 17 North, Range 2 East, Seward Meridian, to extend the I-Industrial zoning classification with the following Special Limitations:

- A. The industrial use of the property is limited to the reclamation of the property through the operation of an inert waste mono-fill and those activities incidental thereto that are necessary to reclaim the property in a manner consistent with the findings set forth in Planning and Zoning Commission Resolution No. 18-007.
- B. No use of the property authorized by subparagraph A shall commence or continue except in conformance with a conditional use permit approved by the Palmer Planning Commission, consistent with the above findings.
- C. The Industrial zoning classification of this property shall terminate no later than February 1, 2029, unless terminated sooner pursuant to subparagraph D or by subsequent rezoning.
- D. If prior to February 1, 2029, the Palmer Planning Commission finds that the reclamation of the property has been completed, the Industrial zoning classification shall then terminate on the effective date thereof. Such a finding shall be made only after notice to the property owner and a public hearing.
- E. Upon the effective date of termination of the Industrial zoning classification pursuant to subparagraph C or D above, the property shall revert to the zoning classification of R-1, Single Family Residential, unless otherwise rezoned.

Section 5. Effective Date. Ordinance No. 18-007-Z-1-SL shall take effect upon adoption by the City of Palmer City Council.

Passed and approved this _____ day of _____, 2018.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk



Community Development Zone Change Application Staff Report to Commission

PART I. GENERAL INFORMATION

| | |
|--|--|
| Location: | Section 8, Township 17 North, Range 2 East, Tax Lot D8 |
| Site Address: | 550 East Rebarchek Avenue |
| Request: | Amend Special Limitations to extend term for five more years until 2029 (from 2024) |
| Applicant & Owner: | Stephen Agni, Development Managers, Inc., authorized representative for Alaska Demolition, LLC |
| Public Hearing Date: | September 20, 2018 |
| Notification Requirements: | In accordance with 17.80.030 |
| On September 4, 2018, 115 public hearing notices were mailed to property owners with 1,200' of the site. Notification of the public hearing was published in the Frontiersman on September 14, 2018. A total of 0 written comments were received in response, with 0 in favor of, 0 opposed and 0 no objection | |

PART II. BACKGROUND

Site Information:

Tax Parcel D8 was annexed into the City in 2003 and was automatically zoned R-1 upon annexation. Prior to annexation, this parcel was used for gravel extraction and as a fill area. On February 24, 2004, the zoning designation was changed to Industrial with Special Limitations for a 10-year period to allow the owner through a conditional use permit to solely utilize the site for reclamation of the property through the operation of an inert waste mono-fill. On January 28, 2014 Ordinance No. 14-001-Z-1 revised the zoning designation from R-1 Single Family Residential to I-Industrial with Special Limitations for a period of ten years from the effective date of the ordinance. This parcel has access from East Rebarchek Avenue.

Parcel Size:

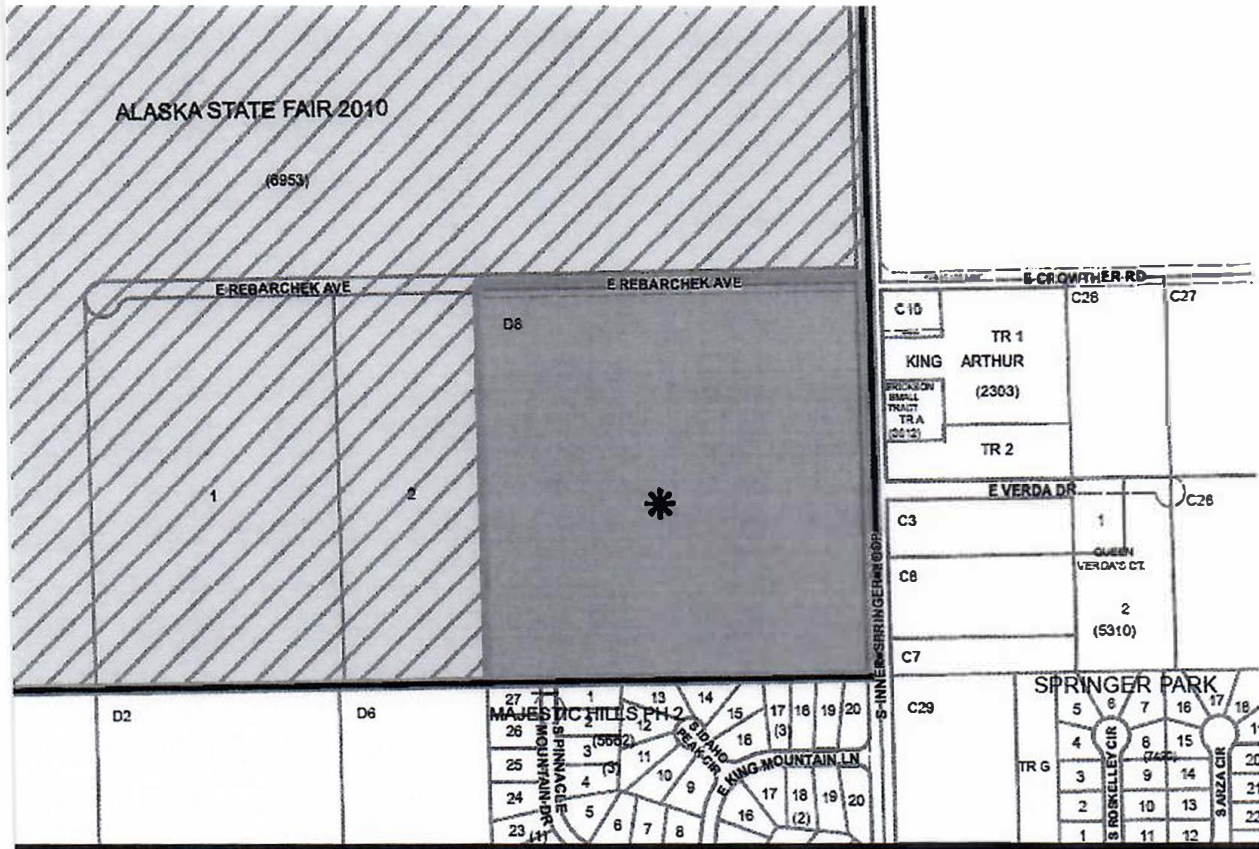
38.79 gross acres

Existing Zoning:

I-Industrial with Special Limitations (expiring January 28, 2024 and returning to R-1 Single-family Residential)

Surrounding Land Uses:

| | Zoning | Land Use for surrounding areas |
|-------|--------|--|
| North | F | Fairgrounds |
| South | ----- | Majestic Hills subdivision located outside city limits |
| East | ----- | Residential uses located outside city limits |
| West | F | Fairgrounds |



Considerations:

The **intent of the R-1 district** is to provide a zoning district in which the principal use of land is for single-family dwellings. This parcel has been and continues to be used as inert waste mono-fill site, which is not the intended principal use of the R-1 district. The **intent of the I-Industrial district** is to provide a zoning district to encourage the use of the land for heavy commercial or moderate industrial uses within a specific area away from residential areas.

- The parcel has been used as an excavation site and upon being annexed into the City in 2003 was automatically zoned R-1, Single-family Residential causing the site to become a legal nonconforming use. On February 24, 2004, the parcel was rezoned to Industrial with Special Limitations to allow the site through a conditional use permit to only be used as an inert waste mono-fill site for a period of 10 years to expire on February 24, 2014.
- On January 28, 2014, the parcel's zoning designation of Industrial with Special Limitations was extended to continue to allow the site through a conditional use permit to only be used as an inert waste mono-fill site for an additional ten-year period.
- The parcel's Industrial with Special Limitations zoning designation will expire on January 28, 2024 and will revert to R-1, Single-family Residential. The site has not been completely filled and will require an extension for an additional five years of the Industrial zoning with Special Limitations to allow for the completion of the reclamation of this property through a conditional use permit.

Code Requirements:

In the I-Industrial District, the required minimum lot width is 60 feet and the required minimum lot area is 7,200 square feet.

- Tax Parcel D8 is approximately 1,318 feet in width and lot area is approximately 1,689,692 square feet which exceeds the minimum requirements.

PART III. FINDINGS OF FACT

PMC 17.80.036.C The report of the Commission shall give consideration as to what effect the proposed change would have on public health, safety, welfare and convenience, and for a map amendment show whether:

Fact 1) *The proposed change is in accordance with the borough and city comprehensive plans;*

Applicant's response:

Yes. The extension of the term of the industrial zone with continued reclamation of land is in accord with applicable comprehensive plans.

Staff finds the following support in the Comprehensive Plan:

- Chapter 6, Land Use, Goal 1 from the 2006 Palmer Comprehensive Plan states, "Guide growth to make Palmer an increasingly attractive place to live, work, invest and visit."
- Chapter 6, Land Use, Goal 3, Objective B speaks to the support of continued industrial use, consistent with other plan goals and the associated jobs and tax revenues these uses generate.
- Chapter 4, Public Services, Facilities & Infrastructure, Goal 1, Objective G states, "Solid Waste – Provide adequate facilities to meet current and anticipated future demands for solid waste disposal in the City of Palmer."
- Chapter 3, Community Vision speaks of guiding community growth to encourage commercial growth that generates revenues needed to improve widely-desired services and facilities, from better sidewalks and roads, to improved cultural facilities.

Staff finds the following facts in support:

- a) The extension of the zoning designation to Industrial with Special Limitations continues to be in accordance with the Borough and City comprehensive plans. The prior history of this property shows the use was a commercial gravel pit. For the last 14 years, the property has been used as an inert waste mono-fill site for reclamation purposes. Extending the current zoning designation of Industrial with Special Limitations will allow the continuation of the reclamation process through a conditional use permit, if approved.
- b) Once the reclamation process is complete, the land can be used for more beneficial purposes which are compatible with surrounding properties and will contribute to making Palmer an attractive place to live as mentioned in Goal 1 of the 2006 Palmer Comprehensive Plan.
- c) Industrial activities generate jobs and tax revenues but should be located and managed so they are compatible with adjoining uses by requiring appropriate location and setbacks, retention of buffers on new residential subdivisions, use of vegetation as screening, managing ongoing operations and implementing performance standards regarding noise and

light. The modification of the existing CUP to allow gravel extraction activities will generate revenues while continuing to ensure the appropriate existing performance standards are maintained for compatibility with surrounding residential uses.

Fact 2) *The proposed change is compatible with surrounding zoning districts and the established land use pattern;*

Applicant's response:

The continued use of this industrial zone will not change established land patterns. The designation of this parcel as "State Fair" zoning upon completion of the term in 2029 affirms the land use in accord with "State Fair" activity already present.

Staff finds the following facts in support:

- a) In its present state, the land is not compatible with the surrounding areas; however, the extension of the Industrial zoning with Special Limitations designation will allow the continuation of the reclamation process if the conditional use permit is also extended so the land can be usable for future development. In the interim, extension of the Industrial zoning with Special Limitations will allow for employment opportunities for area residents.
- b) The land is surrounded on two sides by the Fairgrounds district and two sides by residential neighborhoods. For this property to be compatible with surrounding zoning districts and established land use pattern, it is necessary to allow the reclamation process of this property for future development. Once the reclamation process is complete, future development of the land could serve a variety of uses which would necessitate the return of the land to a more restrictive and compatible zoning district.

Fact 3) *Public facilities such as schools, utilities and streets are adequate to support the proposed change;*

Applicant's response:

This continued use imposes no additional or different burden on public infrastructure or change of conditions on surrounding property.

Staff finds the following facts in support:

- a) The public facilities such as schools and utilities have proved to be adequate over the past 14 years since this property was zoned Industrial with Special Limitations. Extension of the Industrial zoning with Special Limitations designation should not incur any change.
- b) To avoid local impacts from traffic on Inner Springer Loop, the access of Rebarchek Avenue is used for access to this property.

Fact 4) *Changed conditions affecting the subject parcel or the surrounding neighborhood support the proposed change;*

Applicant's response:

The usage and conditions of the parcel support the extension of the term to ensure completion of total reclamation on the parcel.

Staff finds the following facts in support:

- a) This parcel is adjacent to residential neighborhoods and uses which continue to grow and develop on the south and east sides. Changed conditions over the last 14 years to the subject parcel consists of the dangerous slopes having been re-graded and resolved, site is completely screened by berms or fencing and runoff water from the road has been redirected to a more suitable location on the property.
- b) Recommending the extension of the Industrial zoning with Special Limitations will allow the continuance of the reclamation process, through a conditional use permit if approved, for this site to remove the dangerous nuisance (extending about 20 acres in area and as much as 50 feet below surrounding grade) that has existed on this parcel and return it to a more useable and safe piece of land that will be compatible with the surrounding fairgrounds and residential properties.
- c) Existing conditions from the original CUP in 2004 and Best Management Practices conditions added to the extension of the CUP in 2014 ensure the operation of the inert waste mono-fill has been conducted in a manner that has the least minimal impact on the surrounding residential neighborhoods.

Fact 5) *The proposed change is consistent with the public welfare and does not grant a special privilege to the owner(s).*

Applicant's response:

The continuation of the zoning for five more years will ensure completion of all reclamation and support conversion to "State Fair" zoning and usage at the completion of the term.

Staff finds the following facts in support:

- a) The extension of the Industrial zoning with Special Limitations should be granted as the public welfare will be better served by allowing the continuation of the reclamation process through an approved conditional use permit, to remove the gravel pit area for the safety of the general public.
- b) The extension of the Industrial zoning with Special Limitations does not grant a special privilege to the owners as this 40-acre parcel is large enough to be its own "stand alone" zoning area.

PART III. STAFF RECOMMENDATION

Based on the information provided by the applicant, public comments received before publication of this report and staff analysis, staff finds this proposal to extend the Industrial zoning with Special Limitations for Tax Parcel D8, in Section 8, Township 17 North, Range 2 East, Seward Meridian, is consistent with and substantially in conformance with the Palmer Comprehensive Plan for the I-Industrial district.

If following the Public Hearing, Commission finds that the applicant's proposal conforms to the Palmer Comprehensive Plan and Zoning Code provisions, then staff recommends that the Commission approve this request for extension of the Industrial zoning with the following Special Limitations for Tax Parcel D8 and forward a recommendation for approval to the City Council:

- A. The industrial use of the property is limited to the reclamation of the property through the operation of an inert waste mono-fill and those activities incidental thereto that are necessary to reclaim the property in a manner consistent with the findings set forth in Planning and Zoning Commission Resolution 18-007.

- B. No use of the property authorized by subparagraph A shall commence or continue except in conformance with a conditional use permit approved by the Palmer Planning Commission, consistent with the above findings.
- C. The Industrial zoning classification of this property shall terminate no later than February 1, 2029, unless terminated sooner pursuant to subparagraph D or by subsequent rezoning.
- D. If prior to February 1, 2029 the Palmer Planning Commission finds that the reclamation of the property has been completed, the Industrial zoning classification shall then terminate on the effective date thereof. Such a finding shall be made only after notice to the property owner and a public hearing.
- E. Upon the effective date of termination of the Industrial zoning classification pursuant to subparagraph C or D above, the property shall revert to the zoning classification of R-1, Single Family Residential, unless otherwise rezoned.

If the final vote of the Commission is not to approve the rezone, the Commission's decision is final unless the initiating party or property owner files a written statement with the City Clerk within 20 days of the Commission's decision requesting that the zoning be considered by City Council.

PALMER PLANNING AND ZONING COMMISSION

RESOLUTION NO. 18-007

A RESOLUTION OF THE PALMER PLANNING AND ZONING COMMISSION RECOMMENDING CITY COUNCIL APPROVE A ZONING MAP AMENDMENT FOR TAX PARCEL D8, LOCATED IN SECTION 8, TOWNSHIP 17 NORTH, RANGE 2 EAST, SEWARD MERIDIAN, ALASKA, TO EXTEND THE INDUSTRIAL ZONING CLASSIFICATION WITH SPECIAL LIMITATIONS

WHEREAS, Steve Agni of Development Managers, Inc., authorized representative for Alaska Demolition, LLC has initiated a Zoning Map Amendment application to amend the Special Limitations to extend the Industrial zoning classification for five more years until 2029 for Tax Parcel D8 in Section 8, Township 17 North, Range 2 East;

WHEREAS, a request for a zoning map amendment must be reviewed by the Planning and Zoning Commission and a recommendation reflecting the findings of the Commission must be forwarded to the City Council; and

WHEREAS, on September 4, 2018, 115 public hearing notices were mailed to property owners within 1,200' of the site in accordance with 17.80.030. Notification of the public hearing was published in the Frontiersman on September 14, 2018. A total of 0 comments was received in response, with 0 in favor of, 0 opposed and 0 no objection; and

WHEREAS, Chapter 6, Land Use, Goal 1 from the 2006 Palmer Comprehensive Plan states, "Guide growth to make Palmer an increasingly attractive place to live, work, invest and visit"; and

WHEREAS, Chapter 6, Land Use, Goal 3, Objective B speaks to the support of continued industrial use, consistent with other plan goals and the associated jobs and tax revenues these uses generate; and

WHEREAS, Chapter 4, Public Services, Facilities & Infrastructure, Goal 1, Objective G states, "Solid Waste – Provide adequate facilities to meet current and anticipated future demands for solid waste disposal in the City of Palmer; and

WHEREAS, Chapter 3, Community Vision speaks of guiding community growth to encourage commercial growth that generates revenues needed to improve widely-desired services and facilities, from better sidewalks and roads, to improved cultural facilities; and

The following facts support a finding that this zone change is in accordance with the Zoning Code, Title 17, and the Comprehensive Plan:

Fact 1:

- a) The extension of the zoning designation to Industrial with Special Limitations continues to be in accordance with the Borough and City comprehensive plans. The prior history of this property shows the use was a commercial gravel pit. For the last 14 years, the property has been used as an inert waste mono-fill site for reclamation purposes. Extending the current

zoning designation of Industrial with Special Limitations will allow the continuation of the reclamation process through a conditional use permit, if approved.

- b) Once the reclamation process is complete, the land can be used for more beneficial purposes which are compatible with surrounding properties and will contribute to making Palmer an attractive place to live as mentioned in Goal 1 of the 2006 Palmer Comprehensive Plan.
- c) Industrial activities generate jobs and tax revenues but should be located and managed so they are compatible with adjoining uses by requiring appropriate location and setbacks, retention of buffers on new residential subdivisions, use of vegetation as screening, managing ongoing operations and implementing performance standards regarding noise and light. The modification of the existing CUP to allow gravel extraction activities will generate revenues while continuing to ensure the appropriate existing performance standards are maintained for compatibility with surrounding residential uses.

Fact 2:

- a) In its present state, the land is not compatible with the surrounding areas; however, the extension of the Industrial zoning with Special Limitations designation will allow the continuation of the reclamation process if the conditional use permit is also extended so the land can be usable for future development. In the interim, extension of the Industrial zoning with Special Limitations will allow for employment opportunities for area residents.
- b) The land is surrounded on two sides by the Fairgrounds district and two sides by residential neighborhoods. For this property to be compatible with surrounding zoning districts and established land use pattern, it is necessary to allow the reclamation process of this property for future development. Once the reclamation process is complete, future development of the land could serve a variety of uses which would necessitate the return of the land to a more restrictive and compatible zoning district.

Fact 3:

- a) The public facilities such as schools and utilities have proved to be adequate over the past 14 years since this property was zoned Industrial with Special Limitations. Extension of the Industrial zoning with Special Limitations designation should not incur any change.
- b) To avoid local impacts from traffic on Inner Springer Loop, the access of Rebarchek Avenue is used for access to this property.

Fact 4:

- a) This parcel is adjacent to residential neighborhoods and uses which continue to grow and develop on the south and east sides. Changed conditions over the last 14 years to the subject parcel consists of the dangerous slopes having been re-graded and resolved, site is completely screened by berms or fencing and runoff water from the road has been redirected to a more suitable location on the property.
- b) Recommending the extension of the Industrial zoning with Special Limitations will allow the continuance of the reclamation process, through a conditional use permit if approved, for this site to remove the dangerous nuisance (extending about 20 acres in area and as much as 50 feet below surrounding grade) that has existed on this parcel and return it to a more useable and safe piece of land that will be compatible with the surrounding fairgrounds and residential properties.
- c) Existing conditions from the original CUP in 2004 and Best Management Practices conditions added to the extension of the CUP in 2014 ensure the operation of the inert waste mono-fill

has been conducted in a manner that has the least minimal impact on the surrounding residential neighborhoods.

Fact 5:

- a) The extension of the Industrial zoning with Special Limitations should be granted as the public welfare will be better served by allowing the continuation of the reclamation process through an approved conditional use permit, to remove the gravel pit area for the safety of the general public.
- b) The extension of the Industrial zoning with Special Limitations does not grant a special privilege to the owners as this 40-acre parcel is large enough to be its own "stand alone" zoning area.

NOW, THEREFORE, BE IT RESOLVED that the Palmer Planning and Zoning Commission does hereby recommend the City Council approve the Zoning Map Amendment for Tax Parcel D8 in Section 8, Township 17 North, Range 2 East, to extend the Industrial zoning classification with the following Special Limitations:

- A. The industrial use of the property is limited to the reclamation of the property through the operation of an inert waste mono-fill and those activities incidental thereto that are necessary to reclaim the property in a manner consistent with the findings set forth in Planning and Zoning Commission Resolution 18-007.
- B. No use of the property authorized by subparagraph A shall commence or continue except in conformance with a conditional use permit approved by the Palmer Planning Commission, consistent with the above findings.
- C. The Industrial zoning classification of this property shall terminate no later than February 1, 2029, unless terminated sooner pursuant to subparagraph D or by subsequent rezoning.
- D. If prior to February 1, 2029 the Palmer Planning Commission finds that the reclamation of the property has been completed, the Industrial zoning classification shall then terminate on the effective date thereof. Such a finding shall be made only after notice to the property owner and a public hearing.
- E. Upon the effective date of termination of the Industrial zoning classification pursuant to subparagraph C or D above, the property shall revert to the zoning classification of R-1, Single Family Residential, unless otherwise rezoned.

Passed by the Planning and Zoning Commission of the City of Palmer, Alaska, this 20th day of September, 2018.



Dan Lucas, Chairman



Kimberly A. McClure
Planning & Code Compliance Technician

| | |
|-----------|---|
| In favor: | Corbin, Ornquist, Benedetto, Petty, Lucas |
| Opposed: | None |
| Absent: | Thom Bernier, Wohlbach |

Director Hanson stated for the record that this Commission action may be appealed pursuant to Chapter 17.98 Palmer Municipal Code, by any party including a City official. The right of appeal is forfeited unless a written appeal is delivered to the Clerk within 20 calendar days of the Commission decision.

[Chairman Lucas called a short break at 9:25 p.m.; the meeting resumed at 9:30 p.m.]



- b) **Resolution No. 18-007:** A Resolution of the Palmer Planning and Zoning Commission Recommending City Council Approve a Zoning Map Amendment for Tax Parcel D8, Located in Section 8, Township 17 North, Range 2 East, Seward Meridian, Alaska, To Extend the Industrial Zoning Classification with Special Limitations.

Chairman Lucas inquired of the Commission if there were any *ex parte* communications related to Resolution No. 18-007. None were disclosed.

Staff Report: Director Hanson (see written report, packet pp 89-94):

- Reported general and background information regarding the requested Zoning Map Amendment to amend Special Limitations extending the term for five more years to 2029; provided site information, parcel size, existing zoning and surrounding land uses;
 - Applicant is Stephen Agni, Development Managers, Inc., authorized representative for Alaska Demolition, LLC.
 - all public notice and publishing requirements pursuant to code have been met;
 - a total of 0 written comments were received in response prior to the publication of the packet, with 0 in favor, 0 opposed, 0 no objection.
 - parcel size is 38.79 acres and existing zoning is I-Industrial District with Special Limitations (expiring January 28, 2024 and returning to R-1 Single-family Residential)
- Outlined considerations for recommending the requested zoning map amendment (see written report, packet p. 90).

Findings of Fact: (Resolution 18-007)

Director Hanson, pursuant to PMC 17.80.036.C, presented proposed Findings of Fact that support the granting of the conditional use permit for the Commission's consideration:

Fact 1) *The proposed change is in accordance with the borough and city comprehensive plans.*

Staff finds the following support in the Comprehensive Plan:

- Chapter 6, Land Use, Goal 1 from the 2006 Palmer Comprehensive Plan states: "Guide growth to make Palmer an increasingly attractive place to live, work, invest and visit."
- Chapter 6, Land Use, Goal 3, Objective B speaks to the support of continued industrial use, consistent with other plan goals and the associated jobs and tax revenues these uses generate.

- Chapter 4, Public Services, Facilities & Infrastructure, Goal 1, Objective G, states: "Solid Waste – Provide adequate facilities to meet current and anticipated future demands for solid waste disposal in the City of Palmer."
- Chapter 3, Community Vision, speaks of guiding community growth to encourage commercial growth that generates revenues needed to improve widely-desired services and facilities from better sidewalks and roads to improved cultural facilities.

Staff finds the following facts in support:

- a) The extension of the zoning designation to Industrial with Special Limitations continues to be in accordance with the Borough and City comprehensive plans. The prior history of this property shows the use was a commercial gravel pit. For the last 14 years, the property has been used as an inert waste mono-fill site for reclamation purposes. Extending the current zoning designation of Industrial with Special Limitations will allow the continuation of the reclamation process through a conditional use permit, if approved.
- b) Once the reclamation process is complete, the land can be used for more beneficial purposes which are compatible with surrounding properties and will contribute to making Palmer an attractive place to live as mentioned in Goal 1 of the 2006 Palmer Comprehensive Plan.
- c) Industrial activities generate jobs and tax revenues but should be located and managed so they are compatible with adjoining uses by requiring appropriate location and setbacks, retention of buffers on new residential subdivisions, use of vegetation as screening, managing ongoing operations and implementing performance standards regarding noise and light. The modification of the existing CUP to allow gravel extraction activities will generate revenues while continuing to ensure the appropriate existing performance standards are maintained for compatibility with surrounding residential uses.

Fact 2) *The proposed change is compatible with surrounding zoning districts and the established land use pattern.*

Staff finds the following facts support:

- a) In its present state, the land is not compatible with the surrounding areas; however, the extension of the Industrial zoning with Special Limitations designation will allow the continuation of the reclamation process if the conditional use permit is also extended so the land can be usable for future development. In the interim, extension of the Industrial zoning with Special Limitations will allow for employment opportunities for area residents.
- b) The land is surrounded on two sides by the Fairgrounds district and two sides by residential neighborhoods. For this property to be compatible with surrounding zoning districts and established land use pattern, it is necessary to allow the reclamation process of this property for future development. Once the reclamation process is complete, future development of the land could serve a variety of uses which would necessitate the return of the land to a more restrictive and compatible zoning district.

Fact 3) *Public facilities such as schools, utilities and streets are adequate to support the proposed change.*

Staff finds the following facts in support:

- a) The public facilities such as schools and utilities have proved to be adequate over the past 14 years since the property was zoned Industrial with Special Limitations. Extension of the Industrial zoning with Special Limitations designation should not incur any change.
- b) To avoid local impacts from traffic on Inner Springer Loop, the access of Rebarchek Avenue is used for access to this property.

Fact 4) *Changed conditions affecting the subject parcel or the surrounding neighborhood support the proposed change.*

Staff finds the following facts in support:

- a) This parcel is adjacent to residential neighborhoods and uses which continue to grow and develop on the south and east sides. Changed conditions over the last 14 years to the subject parcel consists of the dangerous slopes having been re-graded and resolved, site is completely screened by berms or fencing and runoff water from the road has been redirected to a more suitable location on the property.
- b) Recommending the extension of the Industrial zoning with Special Limitations will allow the continuance of the reclamation process, through a conditional use permit if approved, for the site to remove the dangerous nuisance (extending about 20 acres in area and as much as 50 feet below surrounding grade) that has existed on this parcel and return it to a more useable and safe piece of land that will be compatible with the surrounding fairgrounds and residential properties.
- c) Existing conditions from the original CUP in 2004 and Best Management Practices conditions added to the extension of the CUP in 2014 ensure the operation of the inert waste mono-fill has been conducted in a manner that has the least minimal impact on the surrounding residential neighborhoods.

Fact 5) *The proposed change is consistent with the public welfare and does not grant a special privilege to the owner(s).*

Staff finds the following facts in support:

- a) The extension of the Industrial zoning with Special Limitations should be granted as the public welfare will be better served by allowing the continuation of the reclamation process through an approved conditional use permit, to remove the gravel pit area for the safety of the general public.
- b) The extension of the Industrial zoning with Special Limitations does not grant a special privilege to the owners as this 40-acre parcel is large enough to be its own "stand alone" zoning area.

Staff Recommendation: (Resolution 18-007)

Based on the information provided by the applicant, public comments received before

publication of this report and staff analysis, staff finds this proposal to extend the Industrial zoning with Special Limitations for Tax Parcel D8, in Section 8, Township 17 North, Range 2 East, Seward Meridian, is consistent with and substantially in conformance with the Palmer Comprehensive Plan for the I-Industrial district.

If following the Public Hearing, the Commission finds that the applicant's proposal conforms to the Palmer Comprehensive Plan and Zoning Code provisions, then staff recommends that the Commission approve this request for extension of the Industrial zoning with the following Special Limitations for Tax Parcel D8 and forward a recommendation for approval to the City Council.

- A. The industrial use of the property is limited to the reclamation of the property through the operation of an inert waste mono-fill and those activities incidental thereto that are necessary to reclaim the property in a manner consistent with the findings set forth in Planning and Zoning Commission Resolution 18-007.
- B. No use of the property authorized by subparagraph A shall commence or continue except in conformance with a conditional use permit approved the Palmer Planning Commission, consistent with the above findings.
- C. The Industrial zoning classification of this property shall terminate no later than February 1, 2029, unless terminated sooner pursuant to subparagraph D or by subsequent rezoning.
- D. If prior to February 1, 2029 the Palmer Planning Commission finds that the reclamation of the property has been completed, the Industrial zoning classification shall then terminate on the effective date thereof. Such a finding shall be made only after notice to the property owner and a public hearing.
- E. Upon the effective date of termination of the Industrial zoning classification pursuant to subparagraph C or D above, the property shall revert to the zoning classification of R-1, Single Family Residential, unless otherwise rezoned.

If the final vote of the Commission is not to approve the rezone, the Commission's decision is final unless the initiating party or property owner files a written statement with the City Clerk within 20 days of the Commission's decision requesting that the zoning be considered by City Council.

Public Hearing: (Resolution 18-007)

Chairman Lucas opened the public hearing at 9:40 p.m.

Applicant's Presentation:

Stephen Agni, authorized Representative of Owner, Alaska Demolition, LLC:

- Spoke in support of request for extension of the term for five more years from 2024 to 2029 as a good faith effort, recognizing many of the complaints voiced tonight regarding why it is taking so long;
- Realizing the extensive reclaim in front of them, they felt it was the best policy to be upfront and request the extension and asked for the Commission's concurrence.

Public Testimony:

Lorie Koppenberg:

- Commented no objection to the request; commented that she doesn't think returning to R-1 zoning would be the best use of the property when the reclamation is completed.

Director Hanson reported that there was no written testimony pertaining specifically to the requested zoning map amendment,

There being no others coming forward to testify, Chairman Lucas closed the public testimony portion of the hearing at 9:46 p.m. There were no objections.

Following brief discussion and questions of staff:

Main Motion: For approval of Resolution No. 18-007, including Staff's Recommended Findings, and move forward to City Council with a recommendation for adoption.

| | |
|--------------|--|
| Moved by: | Petty |
| Seconded by: | Benedetto |
| Action: | Motion Carried Unanimously by all members present. |
| In favor: | Corbin, Ornquist, Benedetto, Petty, Lucas |
| Opposed: | None |
| Absent: | Thom Bernier, Wohlbach |

Recommended Findings:

Commission Approval by roll call vote -- Finding 1:

| Lucas | Petty | Corbin | Wahlbach | Thom Bernier | Ornquist | Benedetto |
|--|-------|--------|----------|--------------|----------|-----------|
| 1. The proposed change is in accordance with the borough and city comprehensive plans. | | | | | | |
| Y | Y | Y | Absent | Absent | Y | Y |

Commission Approval by roll call vote – Finding 2:

| Lucas | Petty | Corbin | Wahlbach | Thom Bernier | Ornquist | Benedetto |
|--|-------|--------|----------|--------------|----------|-----------|
| 2. The proposed change is compatible with surrounding zoning districts and the established land use pattern. | | | | | | |
| Y | Y | Y | Absent | Absent | Y | Y |

Commission Approval by roll call vote – Finding 3:

| Lucas | Petty | Corbin | Wahlbach | Thom Bernier | Ornquist | Benedetto |
|--|-------|--------|----------|--------------|----------|-----------|
| 3. Public facilities such as schools, utilities and streets are adequate to support the proposed change. | | | | | | |
| Y | Y | Y | Absent | Absent | Y | Y |

Commission Approval by roll call vote – Finding 4:

| Lucas | Petty | Corbin | Wahlbach | Thom Bernier | Ornquist | Benedetto |
|---|-------|--------|----------|--------------|----------|-----------|
| 4. Changed conditions affecting the subject parcel or the surrounding neighborhood support the proposed change. | | | | | | |
| Y | Y | Y | Absent | Absent | Y | Y |

Commission Approval by roll call vote – Finding 5:

| Lucas | Petty | Corbin | Wahlbach | Thom Bernier | Ornquist | Benedetto |
|--|-------|--------|----------|--------------|----------|-----------|
| 5. The proposed change is consistent with the public welfare and does not grant a special privilege to the owner(s). | | | | | | |
| Y | Y | Y | Absent | Absent | Y | Y |

H. UNFINISHED BUSINESS:

1. Committee of the Whole to Continue Discussion of PMC 17.28 CL-Limited Commercial District and PMC 17.32 CG-General Commercial District (note: action may be taken by the Commission following the committee of the whole).

Main Motion: To postpone Unfinished Business item 1 until the next meeting.

| | |
|--------------|--|
| Moved by: | Benedetto |
| Seconded by: | Petty |
| Action: | Motion Carried Unanimously by all members present. |
| In favor: | Corbin, Ornquist, Benedetto, Petty, Lucas |
| Opposed: | None |
| Absent: | Thom Bernier, Wohlbach |

I. NEW BUSINESS: None.

J. PLAT REVIEWS: There were no plat reviews.

K. PUBLIC COMMENTS:

Lorie Koppenberg, Palmer business owner:

- Commented concerning the underground utilities currently under construction on Evergreen; noted people are not happy with the size and number of the unsightly boxes;
- Recommended for the future that the City consider zoning requirements for our utilities, how the boxes are placed, and think of ways to hide them.

Michael Rovito:

- Extended thank you for listening and weighing the testimony as the decision was made on the proposed asphalt plant and the other things that went along with it;
- He understands that these meetings can be long and arduous and wanted the Commission to know he appreciates their service.

L. STAFF REPORT: There was no further staff report.

M. COMMISSIONER COMMENTS:
There were no additional Commissioner Comments.

N. ADJOURNMENT:
There being no further business, the meeting adjourned at 10:01 p.m.



DEPARTMENT OF COMMUNITY DEVELOPMENT

Brad Hanson
Director

David Meneses
Building Inspector

Beth Skow
Library Director

September 4, 2018

Mail: 231 W. Evergreen Ave.
Location: 645 E. Cope Industrial Way
Palmer, AK 99645-6748
Phone: 907-745-3709
Fax: 907-745-5443
www.cityofpalmer.org

Dear Property Owner:

The Palmer Planning and Zoning Commission will consider a Zoning Map Amendment Application to extend the current Industrial with Special Limitations zoning designation on Tax Parcel D8 in Section 08, Township 17 North, Range 2 East, Seward Meridian, for an additional five-year period submitted by Steve Agni, Development Managers Inc., authorized representative for Alaska Demolition, LLC, owners. The street address for the site is 550 East Rebarchek Avenue, Palmer, Alaska. This property has been zoned I (Industrial) with Special Limitations since 2004 and the current zoning designation does not expire until 2024. The applicant is requesting an extension for an additional 5 years to begin in 2024 and end in 2029 for the current zoning designation of I (Industrial) with Special Limitations. The subject parcel was previously zoned R-1 (Single-family Residential) upon annexation into the City in 2003. In 2004, the subject parcel was re-zoned to I (Industrial) with Special Limitations by Ordinance No. 612-Z-57 (Substitute) for a period of 10 years and was extended to 2024 by Ordinance No. 14-001-Z-1 on January 28, 2014. The map on the reverse side of this notice indicates the location of the subject parcel.

For additional information on the Industrial District, please refer to Palmer Municipal Code Chapter 17.36 – Industrial District, located online at: www.cityofpalmer.org. To view a copy of the ordinances, please refer to City Council Ordinances located online at: www.cityofpalmer.org.

The Commission will hold a Public Hearing to consider this application and to allow for public comments as well. The meeting will be held on September 20, 2018 at 7:00 p.m., in the City Council Chambers located at 231 West Evergreen Avenue, Palmer, Alaska.

If you wish to comment on this issue, you may do so by attending the public hearing or by providing written comments to the Planning and Zoning Commission by September 19, 2018. Written comments may be mailed to Department of Community Development, 645 E. Cope Industrial Way, Palmer, Alaska, faxed to 745-5443 or emailed to: kmclure@palmerak.org.

Sincerely,

Kimberly McClure, Planning & Code Compliance Technician

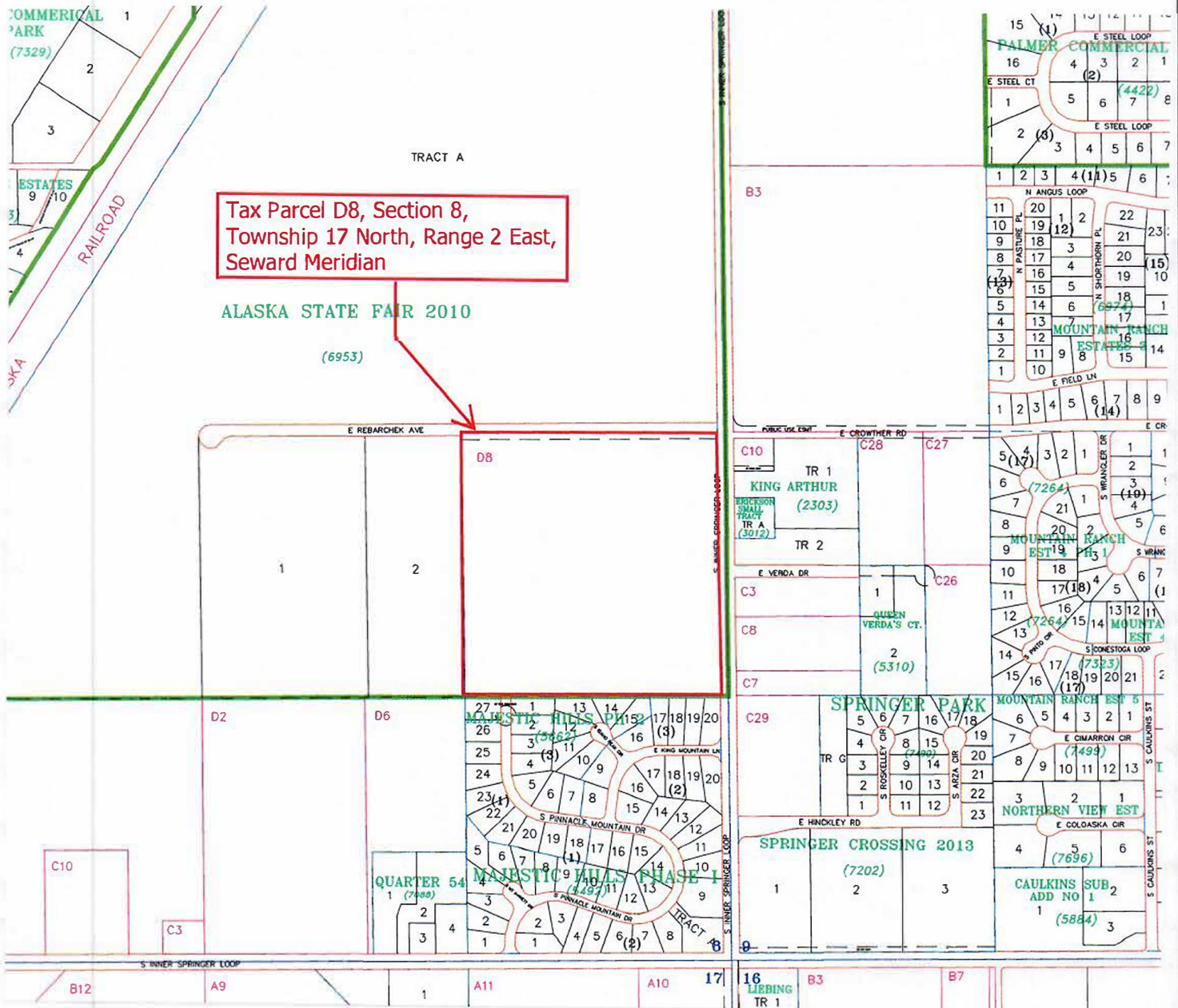


For the following reason, I am (please circle) (in favor of), (NOT in favor of), (have no objection to) the issuance of the proposed re-zone.

Name: _____

Address: _____

VICINITY MAP



Request for extension of the current Industrial with Special Limitations zoning designation for an additional five year period for Tax Parcel D8, in Section 08, Township 17 North, Range 2 East, Seward Meridian, in Palmer, Alaska.



Received
JUL 20 2018
City of Palmer

City of Palmer Department of Community Development

645 E. Cope Industrial Way, Palmer, Alaska 99645
Telephone: (907) 745-3709 * Fax: (907) 745-5443

Zoning Map Amendment Application

Applicant: ALASKA DEMOLITION LLC

Legal Description of Properties covered by this application (use additional sheets if necessary):

NE 1/4, SE 1/4 SECTION 8 T 17N Range 2 East Seward M.
ALSO Described as: TAX parcel 17 NO 2E 08 D 008
Address: 550 Reharched Ave Palmer AK.

Requested District Change (i.e., from - to): Amend exist industrial zone

Reason for request: Amend special limits to extend term for
Five (5) more years until 2029 (From 2024)

Please provide a written narrative explaining the following:

1. Is the proposed change in accordance with the borough and city comprehensive plan?
Yes. The extension of the term of the industrial zone with continued Reclamation of Land is in accord with applicable Comprehensive Plans.

2. How is the proposed change compatible with surrounding zoning districts and the established land use pattern?
The continued use of this industrial zone will not change established land patterns. The designation of this parcel as "State Fair" zoning upon completion of the term in 2029 affirms the land use in accord with "State Fair" activity already present.

3. Are public facilities such as schools, utilities and streets adequate to support the proposed change?

This continued use imposes no additional or different burden on public infrastructure or change of conditions on surrounding property

4. Do changed conditions affecting the subject parcel or the surrounding neighborhood support the proposed change?

The usage and conditions of the parcel support the extension of the term to ensure completion of total reclamation on the parcel

5. Is the proposed change consistent with public welfare and will it grant a special privilege to the owners?

The continuation of the zoning for five more years will ensure completion of all reclamation and support conversion to "State Fair" zoning and usage at the completion of the term

Date of application: July 16, 2018

\$250.00 Filing fee paid: _____

Stephan M. Agui

Signature of owner or owner's authorized representative

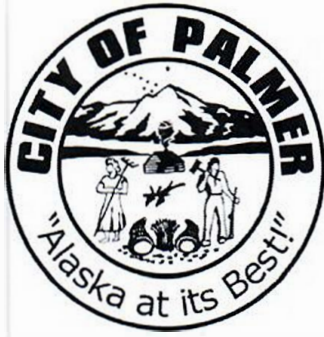
PO Box 210967 Anchorage AK 99521

Address

(Phone) 907-248-8303 (Fax) 907 248-8305

Phone/contact number

See also attached Narrative report accompanying this application




PALMER COMMUNITY DEVELOPMENT

ATTN: Joan E. Patterson
645 E. Cope Industrial Way
Palmer, AK 99645-6748
Phone: 907-745-3709 • Fax: 907-745-5443
www.cityofpalmer.org

Invoice No.: CD18-079

Invoice Date: 07/20/2018

Sold To: DEVELOPMENT MANAGERS, INC.
8301 BRIARWOOD ST., STE. 100
ANCHORAGE, AK 99518

| Qty | Description | Price |
|-----|---|----------|
| 1 | REQUEST FOR ZONING MAP AMENDMENT 550 E. Rebarchek Ave. T17N, R2E, S8, Tax Parcel D-8  | \$250.00 |

01-00-00-3427

TOTAL
\$250.00

This invoice must be paid within 30 DAYS or further collection procedures will be taken.

**Application for Review and Continuation of Conditional Use and
Amendment of Conditional Use**

Pertaining and Applicable to: Palmer Reclamation Site, (“PRS”) former Rebarchek Gravel Pit NE1/4 SE1/4 of Section 8, T17N R2E Seward Meridian. Tax parcel No. 17NO2E08D008

Introduction and Description of Conditional Use Application and Activity

A. Description of Conditional Use Application

This Conditional Use (CU) Review and Amendment Application seeks:

- 1) A five year review and approval for continued operation of the CU activity described in the 2014 CU authorization: Operation of Construction and Demolition Debris Mono-fill; And to extend the CU authorization an additional five years.
- 2) To authorize the use at PRS, of gravel screening and crushing and an asphalt batch plant during the active term of Glen Highway Phase II (GHPII) Project, (about 2/1/2019 - 7/31/2020).
- 3) To authorize extraction of gravel from within the PRS the former Rebarchek gravel pit, in an area not to exceed 6.7 acres;
- 4) To allow reclaimed land within PRS to be used as parking by the Alaska State Fair as per **Exhibit A** to this report: Plan for Reclamation and Use of the land within PRS.

A. History

The PRS is zoned industrial and is located next to the Alaska State Fair (ASF) land west of Inner Springer Loop Road. The surrounding area is of mixed use, hosting commercial recreation, commercial and industrial activity and residential development along the south boundary of the PRS. The PRS was first authorized by the Palmer Planning Commission in 2004 as a method to fill in and reclaim the open and hazardous void created by the spent Rebarchek gravel pit. In 2004 Alaska Demolition LLC the “Applicant” and the ASF applied for and were authorized to conduct a construction and demolition debris (C & D) mono-fill in compliance with Alaska Department of Environmental Conservation (DEC) regulations and to extract additional gravel from the site subject to certain conditions. Subsequently title to the property and the permit authorization was conveyed by the ASF to the Applicant, which has owned and operated the site ever since.

The CU activity has been conducted by the Applicant, Alaska Demolition in an exemplary manner. Alaska Demolition is subject to bi-annual State of Alaska DEC inspections. In 2015 Alaska Demolition received a 99.7% inspection grade, and last year, 2017 it received a 100% inspection grade on a 270 point inspection schedule! See **Exhibit B**. There have been no complaints that Applicant is aware of arising from its operations over the past fourteen years.

In 2014 the Palmer Planning Commission reviewed this Conditional Use permit and added the condition that no additional gravel was to be extracted from the site. This condition was imposed because the general downturn of new development activity had slowed the pace of material entering the site and therefore the amount of land reclaimed (filling the open void). An additional condition

was provided to review the Permit every five years. The Applicant has agreed to conduct the five year review earlier, within four years due to the important new circumstances now presented by the GHPII project. Presently over half of the PRS has been reclaimed.

B. Project Introduction

The State of Alaska DOT Glen Highway Phase II (GHPII) improvements call for the supply of up to 510,000 cubic yards of gravel¹ import to the project and the export of 563,000 cubic yards of unsuitable roadbed material to a disposal site. The opportunity to both supply the gravel and receive the unsuitable spoil material (silt, and non-structural mineral soils) presents economies of truck movement, a “round robin haul” that are a compelling reason for providing both the gravel supply and the unsuitable disposal from within the PRS. The unsuitable soils will be used to finish reclamation of 66.7% of the PRS area and provide parking area for the Alaska State Fair (ASF). The gravel extraction and spoil material import will take place during the active construction of the GHPII forecast to run from about March 1, 2019 through July 31, 2020.

B. GHPII Material Import and Gravel Export

The Applicant is seeking authorization to extract and supply gravel to the GHPII because a ready source of export material ideally suited for land reclaim is also being produced by the GHPII. See **Exhibit C: GHPII Bid Requirements**. A large portion of the project’s “export material” is not suitable for highway structural backfill but is ideal to fill in and reclaim land. This material will be used to reclaim excavated land within the PRS. Until actual excavation within the GHPII project commences it is not certain how much of the imported gravel will be needed and how much of the fill material will be exported from the GHPII. In fact a sizeable portion of the project export may be re-used in the GHPII project reducing the imported gravel needed. Any given volume of export that is re-used in the GHPII will supplant an equal the volume of gravel imported. Therefore the fill volume returning to the PRS will meet or exceed the gravel supplied to the Project from the PRS. *In any event and under all circumstances the PRS land area reclaimed with fill from the GHPII project will be greater than the land area excavated to provide gravel to the GHPII project.*

C. Reclaimed Lands at PRS

The land area to be reclaimed with the backfill generated by the GHP will finish reclamation of about 10 acres. The maximum land area that will excavated for gravel will be about 6.7 acres. Roughly 1.50 acres of land will be reclaimed for every one acre from which gravel is extracted. Table One below summarizes the land area to be excavated and the land area to be reclaimed. The land areas referenced in Table One are described and depicted in Exhibit A.

¹ A ton of Palmer gravel is generally estimated to equal .570 cubic yards. Therefore 890,000 tons of gravel equates to about 510,000 cubic yards of gravel volume.

Table One: Detail of Newly Reclaimed and Newly Active Areas

| Newly "Active" Area | | | | Net Active | | |
|---|-------------------------------|----------------|---------------------|-----------------------------|--------------|-----|
| | Area, sq.ft | % of Area | Description of Work | Ft. Sq. | Acres | |
| 1) | B-3 Area of Gravel Extraction | 289,800 | 100% | Add'l Gravel Excav Area | 290,628 | 6.7 |
| Subtotal | | | | 290,628 | 6.67 | |
| Area to be Reclaimed | | Percent | | Net Reclaimed | | |
| | Area, sq.ft | of Area | | Ft. Sq. | Acres | |
| 1) | B-1: AK Demo Operations. | 235,400 | 15% | Exist Yard to be filled | 35,310 | |
| 2) | A-1, 2019 State Fair Parking | 440,000 | 40% | parking Area requiring fill | 176,000 | |
| 3) | A-2 2020 State Fair Parking | 280,400 | 80% | parking Area requiring fill | 224,320 | |
| Subtotal | | | | 435,630 | 10.00 | |
| Ratio of New Reclaim to New Active | | | | | 1.50 | |

As detailed in Table One above, the net land area reclaimed in the PRS will exceed by far the new land excavated for gravel by a ratio of 1.5 to 1. The land area reclaimed exceeds the land area excavated because the depth of fill necessary to reclaim remaining lands is not as deep; with the result being that more surface area can be reclaimed than the surface area disturbed by excavation.

To date about half of the PRS has been reclaimed by placement of C & D and inert fills within the project area. The land area to be reclaimed with the backfill generated by the GHPII will finish reclamation of about 10 acres. The maximum land area that will excavated for gravel will be about 6.7 acres. As a result of receiving the backfill or export created by the GHPII about two thirds (66.7%) of the land area within the PRS will now be restored at or above original grade. A detailed take-off is provided here as Table Two describing total reclaimed land versus active, un-filled and area within PRS following the GHPII project.

Table Two: Summary of Reclaimed and Active use Area

| After GHPII Project | | | Description | Area Reclaimed | |
|--|-------------------------------|------------------------|--------------------------|-----------------------|--------------|
| A. | Reclaim land Area, ALL | | | Ft. sq. | Acres |
| 1) | B-1: AK Demo Operations. | Area = 428 x 550' | Shop Bldg & Yard | 235,400 | 5.4 |
| 2) | A-1, 2019 State Fair Parking | Area = 800 x 550' | Reclaim as of 8/1/19 | 440,000 | 10.1 |
| 3) | A-2 2020 State Fair Parking | Area = 400 x 700 | Reclaim as Of 8/1 2020 | 280,400 | 6.4 |
| 4) | South Setback | Area = 1318 X 50 | Exist, reclaimed | 65,900 | 1.5 |
| 5) | E, W Setback | Area = (1251 x 2) x 25 | Exist, reclaimed | 62,550 | 1.4 |
| 6) | Inner Springer Loop ROW | Area = 40 X 1322 | | 52,880 | 1.2 |
| 7) | Rebarcheck Right of Way | Area = 20 x 1278 | | 25,560 | 0.6 |
| SUBTOTAL, RECLAIMED | | | Percent of Total: | 66.73% | |
| | | | | 1,162,690 | 26.69 |
| Remaining Active Area for C & D | | | | Area Active | |
| 8) | B-2 Active C & D Disposal | Area = 828 x 350 | Current Active Area | 289,800 | 6.65 |
| 9) | B-3 Area of Gravel Extraction | Area = 828 x 350 | Add'l Gravel Excav Area | 289,800 | 6.65 |
| Subtotal, ACTIVE | | | Percent of Total: | 33.27% | |
| | | | | 579,600 | 13.31 |
| Total All | | | | 1,742,290 | 40.00 |

Note: The Survey Parcel Includes the rights of way for Inner Springer Loop Rd. & Rebarcheck Ave

Those areas are accounted for in this table to reconcile area within table to Survey of record with City

The reclaimed lands include the areas A-1, A-2 and B-1 and are shown on **Exhibit A**. Area A-1 and A-2 provide necessary parking for the ASF west of Inner Springer Loop Road. Area-B-1 provides a yard for the Applicant, Alaska Demolition which will be moving its headquarters and operations to the PRS and will occupy about 5.4 acres of land. The building to be occupied by Alaska Demolition has been moved to the PRS for permanent installment and further improvements there.

D. Gravel Screen Crushing and Asphalt Production for the GHPII Project

In support of the GHPII project the Applicant is seeking authority to allow the project prime contractor “Quality Asphalt” to temporarily set up and operate a gravel screening and crushing plant and an Asphalt batch plant within the PRS. These operations will be placed on the lowest elevation of the PRS about 50 feet below adjacent grade. Additionally this activity will be placed greater than four hundred feet from the property boundary which also presently enjoys extensive landscape screening berms. This placement will ensure that noise and dust will not impact the surrounding neighborhood. All truck movements will be conducted to the east along a newly constructed access on the ASF property where it abuts the GHPII. See **Exhibit D**: Truck Traffic Plan. No gravel or asphalt truck movements will be conducted along the Inner Springer Loop Road. The period of this activity will extend only to the active construction period of the GHPII project, or about one year within the two construction seasons from March 2019 through July of 2020.

E. Continued Construction and Demolition Debris Mono-fill Activity.

The Applicant is seeking authority to continue its Construction and Demolition Debris Mono-fill Activity (C & D Mono-fill) an additional five years (ten years total until 2029) subject to a five year review. As noted previously the reclaim period has taken longer than expected but has continued to make progress. More land within the Rebarchek gravel pit has been reclaimed every year. This fact is verified by the monitor surveys the Applicant provides to the Palmer Planning Department annually. The GHPII project is a once in thirty year project that provides an opportunity to accelerate the reclaim activity bringing the percent of reclaimed land within the PRS to 66.7% Following the GHPII project only 13.3 acres or 33 % of the PRS will continue in C&D operation.

The Applicant’s C & D Mono-fill activity will continue concurrently during the GHPII project and in the following years. During the course of the past fourteen years there have been absolutely no complaints to the City regarding its activities that the Applicant is aware of. The operating conditions and “Best Management Practices” set forth in the 2014 CU Permit have been strictly adhered to. Loaded truck traffic to the PRS is confined to the Glen Highway and over the State Fair Property to the east and no traffic is present on Inner Springer Loop Road. A locked gate now exists on the former Rebarchek Avenue which eliminates any reason to approach the PRS from Inner Springer Loop Road and the east. In the past several years the applicant has received inspections scores of 99% and 100% compliance from the Alaska DEC. The 2017 inspection awarded the company a 100% compliance score on a 270 point evaluation schedule. See **Exhibit B**. The Applicant has continuously reclaimed land within the former Rebarchek gravel pit and conducted its operations in an exemplary manner justifying extension of the C & D mono-fill activity.

Conditional Use Evaluation Criteria

1. The Conditional Use will preserve the value, spirit, character and integrity of the surrounding area.

A. Value

Since the authorization of the PRS in 2004 vacant land continues to develop and residential home values in the vicinity of the PRS have been stable and climbing. The subdivision to the south of PRS “Majestic Hills” commenced sales at about the time the PRS was authorized and is completely sold out. Property values of the residential property in the subdivision and along Inner Springer Loop Road have been increasing since the PRS was authorized. A review of home sales in the Majestic Hills subdivision demonstrates appreciation of values equal to or greater than other comparable home values.

The commercial and industrial development within and adjacent to the City of Palmer on lands surrounding PRS has been robust. The Palmer Industrial Park and the E Street Loop Project have all added new buildings and added employment since the commencement of the PRS. The extraction of gravel and related processing activity for the period of the GHPII followed by the final reclamation of land with the creation of reclaimed for the State Fair parking on the west side of Inner Springer Loop Road will reduce congestion on that road during fair times and providing further support to the values within the vicinity of the PRS.

Alaska Demolition is moving its headquarters and operations to the PRS. The completion of the land designated area B-1 on the Site Plan (**Exhibit A**) and the acquisition of the relocated shop building from the GHPII project, now moved to the PRS site provides an ideal efficient location for the company. Based on the prior ten years of operational history the number of full time equivalent employees working for Alaska Demolition has averaged 16 persons. These are good paying jobs that pay a living wage or greater compensation. The exemplary record of Alaska Demolition has contributed to the value of the surrounding area and will now provide an even greater contribution to the value of the surrounding area and the City of Palmer.

B. Spirit

The Spirit of the south Palmer area reflects the continued growth and health of the mixed uses within the surrounding area including the industrial uses within the nearby Palmer Industrial Park; the State Fair recreational activity and the mixed residential and agricultural usage to the south.

This area continues to draw new development in all forms including the newer subdivision to the south “Majestic Hills”. Majestic Hills commence development almost coincident with the approval of the initial CU in 2004. That project immediately developed and sold out in its entirety. The residences within that subdivision clearly reflect pride of ownership and are well maintained and landscaped. Clearly a robust “spirit” or enthusiasm for residing and doing business in this southern section of Palmer is manifest by the area’s continued growth; all of which has occurred during the presence and operation of the PRS. Clearly “Spirit” in the area has not been adversely affected by the presence and operation of the PRS.

C. Character

“Character” in the context of a land use analysis refers to the type of uses and the density and pattern of usage within the area surrounding a specific location or project. The land use pattern surrounding the PRS clearly features large lots or tracts with single story commercial and industrial buildings and facilities. The successful reclaim of a significant land areas within the PRS about 24 acres in total, contributes to this large lot land base. The devotion of these parcels to parking for existing State Fair activities and Alaska Demolitions operations continues this large lot mixed use activity. The C& D activity within the PRS has been assimilated into the mixed usage of the area for two simple reasons: 1) The Applicant has done an excellent job as demonstrated by its inspection scores; and 2) The PRS site is so effectively screened by landscape berms, the average person does not even know it exists. **See Exhibit E: Photos of Landscape Berms.** These tall and extensive landscape berms completely screen the PRS from adjoining property and rights of way.

D. Integrity

Integrity in the context of a land use refers to the maintenance of desirable conditions within the area surrounding a specific area or project. The integrity of any area may be improved by a conditional use or eroded by a conditional use. In the instant case the integrity of the area as been continuously improved by the restoration of land within the PRS. The maintenance of “integrity” can be objectively verified by analyzing land values surrounding the project. The Applicant has commissioned an Impact Appraisal attached here as **Appendix A²** which clearly verifies that the PRS project has had no adverse impact on real estate values in the surrounding area. *In fact the exhaustive analysis contained in **Appendix A** concludes that values of the homes adjoining the PRS have appreciated at the same rate as similar property in the area.*

The integrity of the area surrounding the PRS and the GHPII project will also be protected by the new access constructed for the construction trucks entering PRS during the GHPII project. That access shown on **Exhibit D** ensures that gravel trucks and other heavy haulers will not be traveling on the public roads. By approving the use of the PRS for gravel supply, temporary rock crushing and asphalt production the GHPII prime contractor will be able to keep its truck traffic hauling these materials onto the ASF and PRS property. This direction of traffic off public roads clearly will enhance public safety and convenience and minimize the dust and dirt that would otherwise end up on the public roads and speed the completion of the GHPII project.

The regular ongoing truck traffic using the PRS will continue to access the site from the west from the Glen Highway and over ASF lands. No regular truck traffic will use the Inner Springer Loop road or its intersection with the Glen Highway. Direct access to the site will be from the west over the former Rebarchek Avenue and is depicted on the attached **Exhibit F**.

2. The conditional Use fulfills all other requirements of Palmer Municipal code Section 17.72 pertaining to the conditional use in question.

² Report Dated June 13, 2018 Entitled: Market Analysis and Consultation Report Palmer Reclamation Site Impact Appendix A, pages 89-91. See also “Tract Sale Summary” pages 64-65.

The existing CU was approved with 22 Conditions and seven “Best Management Practices” that have been adhered to for the past fourteen years of operations. These Conditions and best Management practices adopted by the Planning Commission in 2014 and followed by the Applicant has ensured that the CU fulfills the requirements of Palmer Municipal Code. As noted previously, the operations of the applicant are State DEC inspected (showing excellent scores) and the progress of the Applicant is measured and reviewed by an annual topographic survey that is paid for by Applicant and submitted to the Palmer Planning Department. These conditions and monitoring of the reclamation process by survey verifies the land reclaim goals of the CU permit are being achieved in a fundamental and tangible manner. More Land is being reclaimed, put to productive use and enhanced for assessed valuation purposes. By all measures of productive land use analysis the PRS has been a successful endeavor that complies with the terms of the Palmer Municipal code and enhances the general welfare.

The drainage to and from the site will be maintained as originally approved in 2004. That drainage is depicted on the Attached **Exhibit F** and provides for drainage infiltration on-site. No drainage is directed from the property to any off-site locations.

3. Granting the Conditional Use will not be harmful to the public health, safety, convenience and comfort of the neighborhood.

In the fourteen years since the PRS has been operational there has not been a single violation of the CU terms or even a complaint to the City Planning Department. As noted previously the Alaska DEC performs annual inspections and has given the PRS extremely high marks (99% and 100% scores). See **Exhibit B**. These inspections document a history of compliance and excellent management by the Applicant. The temporary placement of the rock crusher and the asphalt plant on the floor or base of the PRS a full 50 feet below surrounding grade will prevent any loud noise from transferring to the surrounding neighborhood.

As explained prior, the authorization of this conditional use will enhance public health safety and convenience by keeping GHPII truck traffic on private lands and off public roads. The accelerated reclaim of land now devoted to ASF parking within the PRS on the west side of Inner Springer Loop Road clearly will enhance vehicle and pedestrian safety during busy ASF operations. ASF has requested this parking from the applicant because it allows the ASF to avoid any pedestrian traffic crossing Inner Springer Loop from the remote lot to the east. Furthermore the creation of the truck access depicted in **Exhibit D** will contribute to the ASF long term traffic improvement plans to route exiting traffic to the Glen Highway, thereby using the Inner Springer during annual peak operations for entering traffic only.

During the active construction off the GHPII project the transportation of gravel and waste materials by large construction vehicles will be across ASF lands to the PRS. This will enhance vehicular safety during the GHPII project by keeping the construction vehicles off public rights of way avoiding potential hazards from falling gravel impacting vehicles or outright vehicular collisions. The construction access road across the ASF lands will be maintained by the contractor to suppress dust and mud traveling from the access road to adjoining roads and lands.

Received

7

AUG 15 2018

City of Palmer

4. Sufficient setbacks, lot areas, buffers or other safeguards are being provided to meet the conditions

The entire Tract that contains the PRS is 39.8 acres excluding right of ways, (the original tract was a one fourth of a quarter section). The remaining area that will be active for fill and gravel extraction activities is a little over one third of that area or 13.4 acres. Over 67% of the area will now be devoted to light industrial or parking usages. A fifty foot buffer will continue to be maintained between the gravel and C&D operations area and the subdivision to the south. In 2004 the applicant constructed a landscape berm that averages 20 feet in height along the south boundary. See photos **Exhibit E**. No doubt the construction of this berm and the growth of landscape thereon has ensured the absence of any complaints from the southern neighbors. This berm and the landscape will be maintained throughout the remainder of operations at PRS.

The 5.4 acre area designated B-1 for Alaska Demolition Operations is essentially the area utilized now. The existing berms and buffers will remain around that property. This area includes the existing scales and scale house. The new operations building will be used for offices and vehicle maintenance and light repairs. All of the uses to be conducted by Alaska Demolition on B-1 are allowed within the existing Industrial Zone PMC 17.36 et. seq.

There does not appear to be any prohibition against off premises parking within PMC chapter 17 to prohibit or limit the ASF usage of areas A-1 and A-2 as parking. Additionally the State Fair parking lots (Areas A-1 and A-2) will maintain the setbacks and requirements of PMC 17. 64.et seq.

Presently there exist twenty foot high landscape berms on three sides, excepting the old Rebarchek Road right of way, the north boundary facing the vacant State Fair lands. The set back adjoining Inner Springer Loop Road is twenty five feet and the setback to the south is Fifty Feet. See **Exhibit A Site Plan**. These set backs and landscape berms effectively screen the property from the adjoining land uses and public rights of way and will be maintained.

5. This permit is not for public use or structure. These are private lands and no public structures are proposed

Conclusion

The applicant has requested:

- 1) A five year review and approval for continued operation of the CU activity described in the 2014 CU authorization: Operation of Construction and Demolition Debris Mono-fill; And to extend the CU authorization an additional five years.
- 2) To authorize the use at PRS, of a gravel screening and crushing and an asphalt batch plant during the active term of Glen Highway Phase II Project (2/1/2019 - 7/31/2020).
- 3) To authorize extraction of gravel from within the Palmer Reclamation Site (PRS) the former Rebarchek gravel pit in an area not to exceed 8.34 acres;
- 4) To require reclaimed land within PRS for parking by the Alaska State Fair as per Exhibit A to this report: Plan for Reclamation and Use of the land within PRS.

As explained in detail above the requests of the Applicant are amply supported and justified. As documented in the State of Alaska DEC inspection reports the Applicant has operated in an exemplary manner without any complaints from the neighborhood. The PRS has been

extensively reclaimed with over 50% of its area now reclaimed. The extraction of gravel for the GHPII project will be accompanied by the reclaim of additional lands so that over 67% of the site will be reclaimed. The gravel extraction requested is limited to the term of the GHPII Project. The land immediately reclaimed will be put to work by the ASF in a manner that improves parking, vehicular and pedestrian safety during ASF operations.

The documented superb performance of the Applicant has been measured by both the DEC inspections and in the market place. As clearly shown in the “Market Analysis and Consultation Report of Potential Impact” performed by Outlook Valuation Services (**Appendix A**) the operations of the PRS has had no negative impact on the values of residential real estate in the surrounding area. In fact the large tract land values surrounding the PRS have appreciated significantly.

The opportunity provided by the GHPII project presents an opportunity for the City of Palmer to enhance the traffic conditions during the annual Alaska State Fair season and further grow that Palmer based enterprise. The highway project has also created an opportunity for the Applicant to improve the PRS with a building that will facilitate the movements of its headquarter and operations to the PRS and Palmer thereby enhancing job opportunity for Palmer’s residents.

By working with the GHPII Contractor and the ASF the Applicant has produced a creative plan to keep construction traffic off the public roads enhancing the project and public safety and convenience. The Applicant’s Plan of Reclamation will immediately provide additional parking areas to the ASF greatly improving vehicular and pedestrian traffic safety during peak period ASF operations. The construction access to the PRS will contribute to the long term traffic control plan of the ASF to minimize impact to local roads surrounding the ASF.

The Applicants Request for continued operations under its Conditional Use and the specified amendments is a creative and responsible plan that harnesses the energy and ability of the private sector to create tangible public benefit. For this reason and as fully described above the Applicants request deserves to be granted.

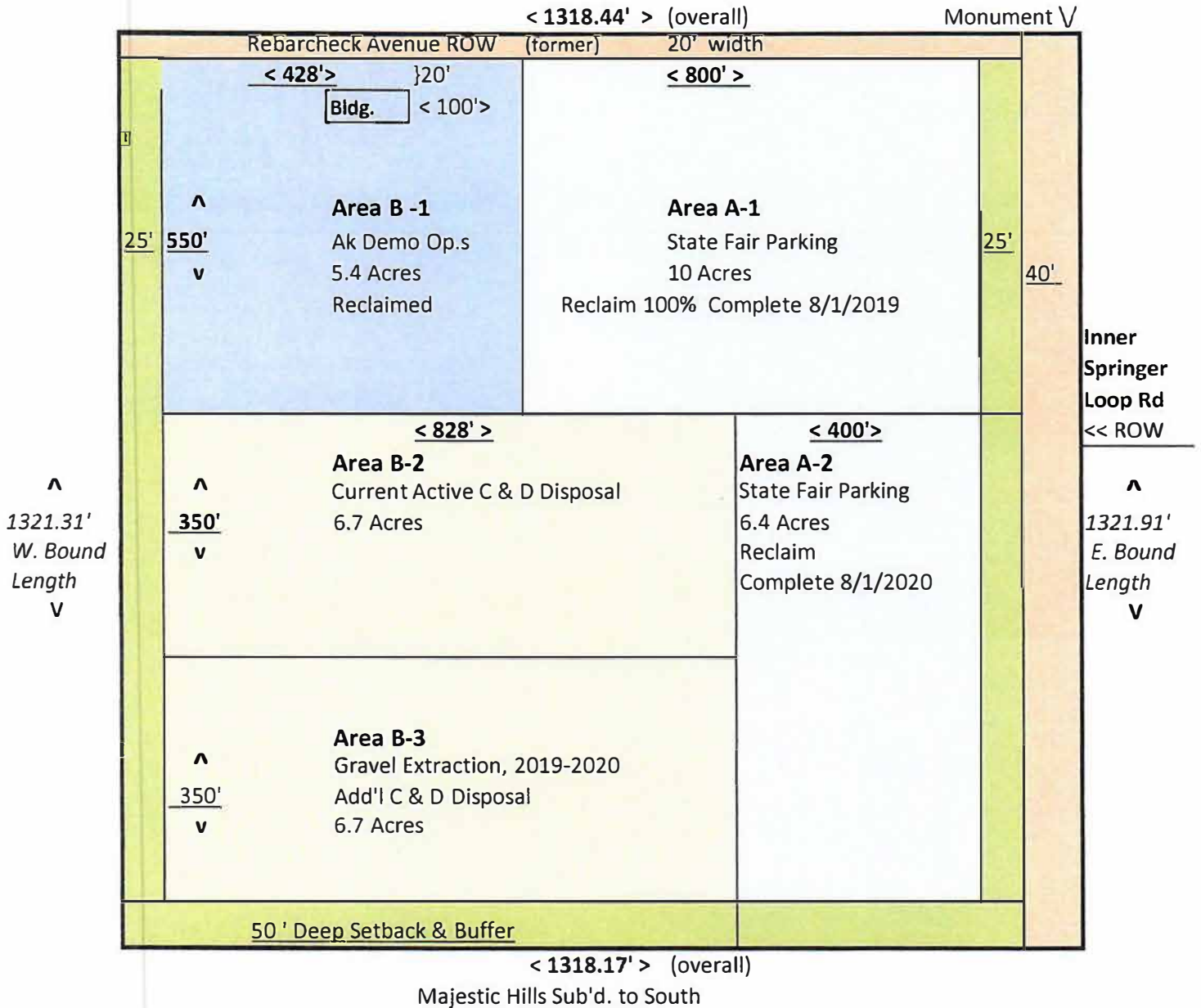
Respectfully Submitted,



Stephen M. Agni
Project Representative for:
Alaska Demolition LLC

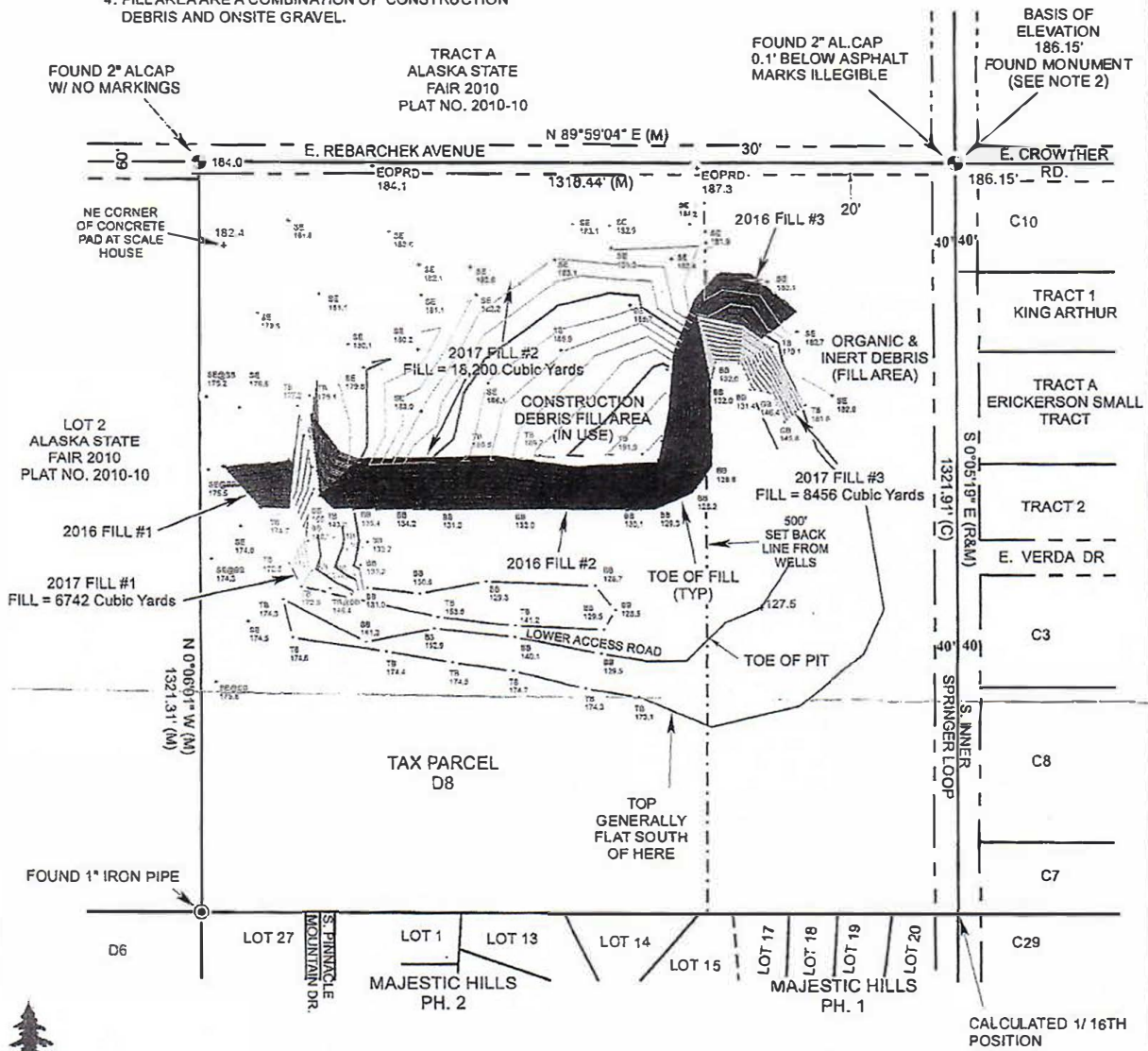
Exhibit A, Palmer Reclamation Site

Schematic Reclaim Plan, (All Exterior Dimensions per Survey)



All exterior Dimensions as Per Survey, Page 2 here

- NOTES:
1. THIS PARCEL MAY BE SUBJECT TO RESERVATIONS, EXCEPTIONS, EASEMENTS, RIGHT-OF-WAYS, AND OTHER MATTER, IF ANY, NO TITLE RESEARCH WAS CONDUCTED.
 2. ELEVATION AS SHOWN ON UPDATED SITE MAP BY SHANNON & WILSON, INC.
 3. (R) RECORD DATA FROM PLAT NO. 2005-5, (M) MEASURED DATA
 4. FILL AREA ARE A COMBINATION OF CONSTRUCTION DEBRIS AND ONSITE GRAVEL.



DENALI NORTH

230 E. Paulson Ave. Suite 68 Wasilla, Alaska 99654

I HEREBY CERTIFY THAT I HAVE SURVEYED THE FOLLOWING DESCR. BED PROPERTY: A PORTION OF THE NE 1/4 SE 1/4 SECTION 8, TOWNSHIP 17 NORTH, RANGE 2 EAST, SEWARD MERIDIAN, AK., A K.A. TAX PARCEL D8 PALMER RECORDING DISTRICT, AND THERE ARE NO ENCROACHMENTS VISIBLE AT THE TIME OF THIS SURVEY, EXCEPT AS INDICATED. DATED THIS 28TH DAY OF AUGUST, 2017, AT PALMER, ALASKA. IT IS THE RESPONSIBILITY OF THE OWNERS OR BUILDERS TO DETERMINE THE EXISTENCES OF ANY EASEMENTS, COVENANTS OR RESTRICTIONS WHICH DO NOT APPEAR ON THE RECORDED SUBDIVISION PLAT. UNDER NO CIRCUMSTANCES SHOULD ANY DATA HEREON BE USED FOR CONSTRUCTION OR ESTABLISHING BOUNDARY OR FENCE LINES. THIS IS NOT A LOT CORNER SURVEY.



ALASKA DEMOLITION
DISPOSAL SITE FILL MONITORING
2017

| | | | |
|--|-----------|--|------------------|
| JOB NO. 07214/2008/A-1, 2009/A-2, /2010/A-2, /2011/A-2, /2012/A-1, 13-167/2013, 14-213/2014, 16-385/2015, 16-328/2018, 17-375-2017 | | FIELD BOOK/PG(S). 253/8, 9, 10, 11, 14, 15, 18 | |
| SCALE 200 F/in | PLOT PLAN | AS BUILT X | DRAWN GL CKD. WW |

Monofill
Inspection Checklist



Alaska Department of
Environmental Conservation
Solid Waste Program

Landfill: Palmer Inert Waste Monofill

Weather Conditions:

Date of Inspection: 10/19/2017

ADEC Inspector: Reese Thieme

Participants: _____

Past Month Rainfall:

1.72 Inches

SCORING

Total Awarded Points: 270

Total Possible Points: 270

Final Score: 100%

ADEC Signature: _____

Printed Name: Reese Thieme

Title: Industrial Waste Specialist

Non-Municipal Landfill Inspection Checklist



Alaska Department of
Environmental Conservation
Division of Environmental Health
Solid Waste Program

Landfill: Palmer AK Demo
Inert Waste Monofill

Weather Conditions:

Date of Inspection: 10/14/15

Overcast, windy, light rain

ADEC Inspector: Reese Thieme

Participants: Loti Aldrich

Kaylie Holland

Past Month Rainfall: 4.09 Inches

Scoring

Total points awarded: 224

Total possible points: 225

Final Score (percent): 99.6%

ADEC Signature: 

Printed Name: Reese Thieme

Title: EPS II

| ADDENDUM TO THE CONTRACT DOCUMENTS | Page Number 1 | No. of Pages 1 |
|--|--|--------------------------|
| Addendum No. Three | Date Addendum Issued: May 17, 2018 | |
| Issuing Office Joel G. St. Aubin, P.E., Construction Engineer Central Region PO Box 196900, Anchorage, AK 99519-6900 Phone: 269-0400 Fax: 269-0425 | Previous Addenda Issued One, dated May 11, 2018 Two, dated May 15, 2018 | |
| Project: Glenn Hwy: S. Inner Springer Loop to W. Arctic Avenue; and Glenn Hwy: S. Inner Springer Loop to W. Arctic Avenue Pathway Project No.: 0A15036/CFHWY00317; and 0A15035/CFHWY00316 | Date and Hour of Bid Opening: May 24, 2018 before 2:00 p.m., prevailing Anchorage time. | |

NOTICE TO BIDDERS:

Bidders must acknowledge receipt of this addendum prior to the hour and date set for bid opening by one of the following methods:

- (a) By acknowledging receipt of this addendum on the bid submitted.
- (b) By telegram or telefacsimile which includes a reference to the project and addendum number.

The bid documents require acknowledgment individually of all addenda to the drawings and/or specifications. This is a mandatory requirement and any bid received without acknowledgment of receipt of addenda may be classified as not being a responsive bid. If, by virtue of this addendum it is desired to modify a bid already submitted, such modification may be made by telegram or telefacsimile provided such a telegram or telefacsimile makes reference to this addendum and is received prior to the opening hour and date specified above.

The Contract Documents for the above project are amended as follows (All other terms and conditions remain unchanged):

NOTICE TO BIDDERS

- 1) **QUANTITY COMPUTATIONS.** Revised quantity computations for earthwork summary dated May 2018 are now available on the Department's advertising website.

PLANS

- 2) **Volume 1.** Remove and replace sheets C1 and C3 with Attachment No. 1.
- 3) **Volume 4.** Remove and replace sheets UW3 and UW20 with Attachment No. 2.

PART 3 - FORMS

- 4) **BID SCHEDULE.** Remove and replace with Attachment No. 3.

PART 4 - CONTRACT PROVISIONS AND SPECIFICATIONS

- 5) **SECTION 626 SANITARY SEWER SYSTEMS.** Remove and replace pages 133 and 134 with Attachment No. 4.

END OF ADDENDUM

**Addendum No. 3
Attachment No. 3**

| | | |
|--|-------------------------|--|
| State of Alaska Department of Transportation & Public Facilities Central Region | BID SCHEDULE | Glenn Hwy: S. Inner Springer Loop to W. Arctic Avenue Glenn Hwy: S. Inner Springer Loop to W. Arctic Avenue Pathway AKSAS No. : Program No. : CFHWY00317/CFHWY00316 Federal No. : 0A15036/0A15035 |
|--|-------------------------|--|

Before preparing this bid schedule, read carefully, Section 102 of the applicable State of Alaska Standard Specifications for Highway Construction and the following: The Bidder shall insert, as called for, a unit price or a lump sum price in figures opposite each Pay Item for which an estimated quantity appears in the Bid Schedule. A unit price or lump sum price is not to be entered or tendered for any Pay Item not appearing in the Bid Schedule. The Estimated Quantity of work for payment on a lump sum basis will be "All Required" and as further specified in the Contract. Wherever a contingent sum is shown for any item in this Bid Schedule, such amount shall govern and be included in the Bid Total.

Conditioned or qualified bids will be considered Non-Responsive.

The DBE Utilization Goal for this project is 0.0% of the total contract award amount.
The bidder shall insert a unit bid price for each pay item listed below. Type or print legibly.

| Basic Bid | | | | | |
|-----------|--|-------------|------------|----------------|------------|
| Item No. | Item Description | Unit | Quantity | Unit Bid Price | Amount Bid |
| 201 (1A) | Clearing | Acre | 11 | | |
| 201 (2A) | Grubbing | Acre | 75 | | |
| 202 (1) | Removal of Structures and Obstructions | Lump Sum | All Req'd. | p S: | |
| 202 (2) | Removal of Pavement | Square Yard | 172,000 | | |
| 202 (3) | Removal of Sidewalk | Square Yard | 1,600 | | |
| 202 (4) | Removal of Culvert Pipe | Linear Foot | 7,050 | | |
| 202 (6) | Removal of Manhole | Each | 18 | | |
| 202 (8) | Removal of Inlet | Each | 26 | | |
| 202 (9) | Removal of Curb and Gutter | Linear Foot | 17,900 | | |
| 202 (11A) | Relocate Cluster Mailbox | Each | 3 | | |
| 202 (12) | Double Mail Box Installation | Each | 4 | | |
| 202 (13) | Removal of Fence | Linear Foot | 7,000 | | |
| 202 (16) | Removal of Gas Pipe | Linear Foot | 27,700 | | |
| 202 (18) | Removal of Storage Tanks | Each | 6 | | |
| 202 (23A) | Ground Water Well Decommissioning | Each | 5 | | |
| 203 (3) | Unclassified Excavation | Cubic Yard | 563,000 | | |

Bid Schedule: Glenn Hwy: S. Inner Springer Loop to W. Arctic Avenue
 Glenn Hwy: S. Inner Springer Loop to W. Arctic Avenue Pathway
 Federal/Program No.: 0A15036/0A15035 / CFHWY00317/CFHWY00316

| | | |
|--|-------------------------|--|
| State of Alaska Department of Transportation & Public Facilities Central Region | BID SCHEDULE | Glenn Hwy: S. Inner Springer Loop to W. Arctic Avenue Glenn Hwy: S. Inner Springer Loop to W. Arctic Avenue Pathway AKSAS No. : Program No. : CFHWY00317/CFHWY00316 Federal No. : 0A15036/0A15035 |
|--|-------------------------|--|

The bidder shall insert a unit bid price for each pay item listed below. Type or print legibly.

| Basic Bid | | | | | |
|-------------|---|----------------|------------|----------------|------------|
| Item No. | Item Description | Unit | Quantity | Unit Bid Price | Amount Bid |
| 203 (6) | Borrow | Ton | 893,000 | | |
| 203 (9) | Obliteration of Roadway | Square Yard | 20,200 | | |
| 203 (31) | Contaminated Material Testing and Special Handling | Contingent Sum | All Req'd. | | |
| 301 (1) | Aggregate Base Course, Grading D-1 | Ton | 43,200 | | |
| 306 (1) | ATB | Ton | 39,500 | | |
| 306 (2) | Asphalt Binder, Grade PG 64E-40 | Ton | 2,100 | | |
| 306 (15) | Asphalt Material Price Adjustment | Contingent Sum | All Req'd. | | |
| 401 (1A) | HMA, Type II; Class A | Ton | 11,200 | | |
| 401 (1AH) | HMA, Type II; Class AH | Ton | 18,200 | | |
| 401 (4) | Asphalt Binder, Grade PG 64E-40 | Ton | 1,600 | | |
| 401 (5) | HMA, Temporary, Type II; Class B | Ton | 850 | | |
| 401 (8A) | HMA Price Adjustment, Type II; Class A | Contingent Sum | All Req'd. | | |
| 401 (8AH) | HMA Price Adjustment, Type II; Class AH | Contingent Sum | All Req'd. | | |
| 402 (1) | STE-1 Asphalt for Tack Coat | Ton | 83 | | |
| 406 (4) | Rumble Strips - Shoulders | Mile | 5 | | |
| 406 (6) | Sweeping and Disposal of Millings - Shoulders | Lump Sum | All Req'd. | | |
| 601 (2) | Metal Flume Inlet | Each | 1 | | |
| 602 (2) | Structural Plate Pipe-Arch, 10'-10 1/2" Span, 9'-6" Rise, 12 Gage | Linear Foot | 35 | | |
| 603 (17-12) | 12 Inch Pipe | Linear Foot | 527 | | |
| 603 (17-15) | 15 Inch Pipe | Linear Foot | 128 | | |
| 603 (17-18) | 18 Inch Pipe | Linear Foot | 2,573 | | |
| 603 (17-24) | 24 Inch Pipe | Linear Foot | 3,254 | | |

Bid Schedule: Glenn Hwy: S. Inner Springer Loop to W. Arctic Avenue
Glenn Hwy: S. Inner Springer Loop to W. Arctic Avenue Pathway
Federal/Program No.: 0A15036/0A15035 / CFHWY00317/CFHWY00316

5/17/2018

Page 2 of 10

Bid Submitted By: _____

Exhibit D

Alaska State Fair Access Plan and Additional Parking Areas

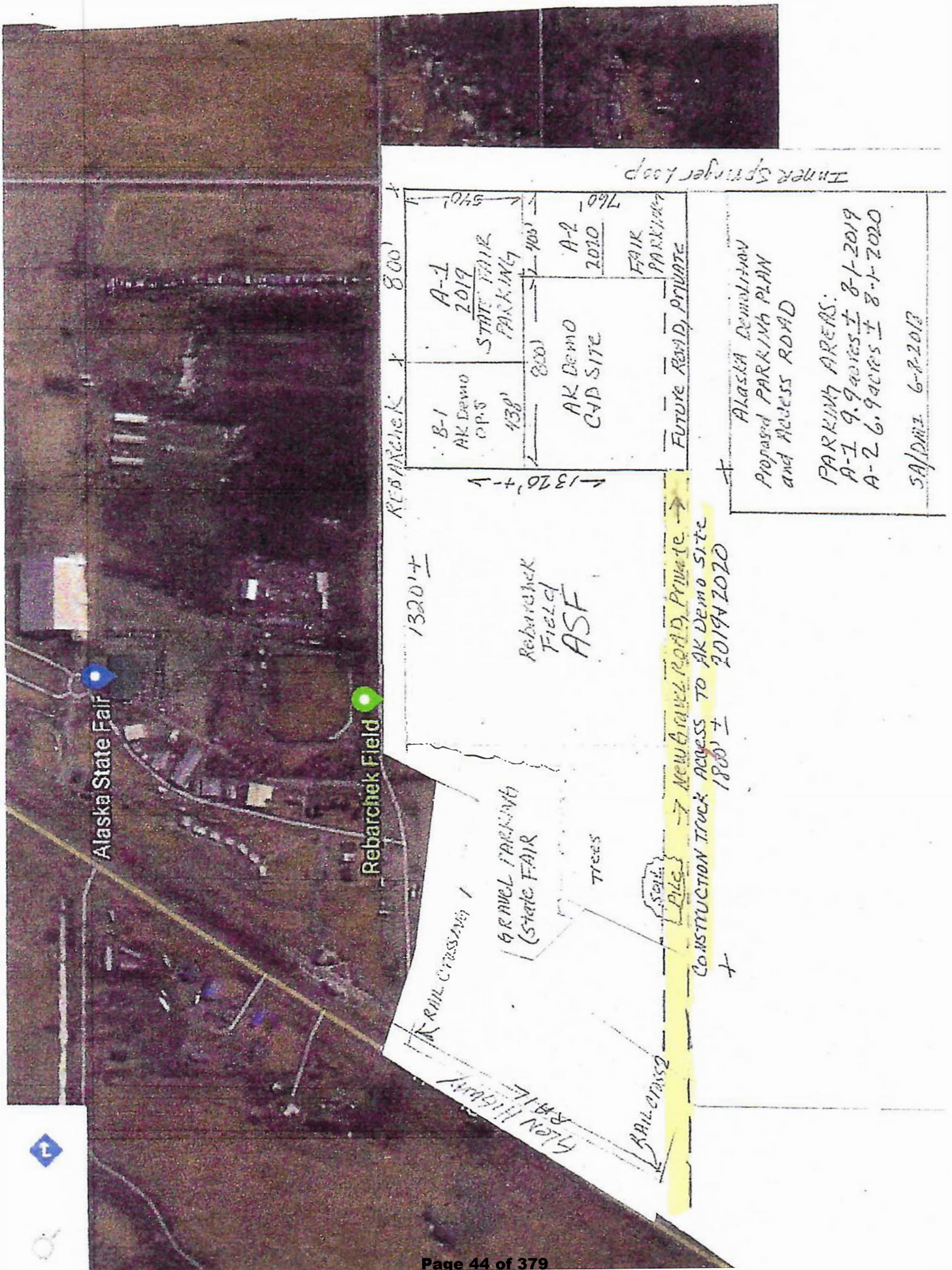


Exhibit E

Palmer Reclamation Site: Landscape Berm Photos



Corner of Rebarcheck and Inner Springer Viewed to South. Landscape Berm Right



Inner Springer Viewed to South. Landscape Berm Right



Dense Landscape at South Boundary Line. From Inner Springer Look looking West, along Boundary



Landscape Berm at South Boundary. Viewed from on- Site Looking South



Landscape on Side slope of Berm at Property Line looking West



Crest of South Landscape Berm: Looking West

OUTLOOK VALUATION SERVICES

3825 Lynn Drive
Anchorage, Alaska 99508

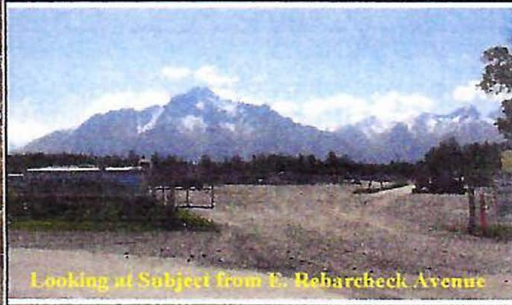
MARKET ANALYSIS AND CONSULTATION REPORT



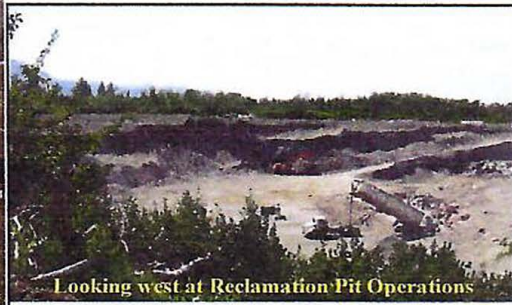
PALMER RECLAMATION SITE

*Southwest corner of East Rebarcheck Avenue and S. Inner Springer Loop
Palmer, Alaska*

*** MARKET ANALYSIS ***



Looking at Subject from E. Rebarcheck Avenue



Looking west at Reclamation Pit Operations

For

Mr. Steve Agni
Alaska Demolition LLC Representative
2817 Rampart Drive
Anchorage, Alaska 99501-3126

DATE OF MARKET ANALYSIS: JUNE 13, 2018

OUR FILE #18-25

By: **Jerry L. Smith, Appraiser**
Vince J. Coan, Appraiser

OUTLOOK VALUATION SERVICES

An Independent State Certified Real Estate Appraiser & Real Estate Consultant

3825 Lynn Drive
Anchorage, Alaska 99503

Telephone: (907) 441-2162 E-mail: resco@gci.net

July 20, 2018

Mr. Steve Agni
Alaska Demolition LLC Representative
2817 Rampart Drive
Anchorage, Alaska 99501-3126

Re: Market Analysis of the Palmer Reclamation Site's potential impact on values of properties located in proximity to the southwest corner of former East Rebarcheck Avenue and South Inner Springer Loop, in Palmer Alaska — OUR FILE #18-25

Dear Mr. Agni:

In accordance with your request, we have conducted a market analysis of properties located in proximity to Alaska Demolition's Inert Waste Mono-Fill site, which is also known as the Palmer Reclamation Site.

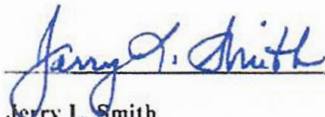
The purpose of this report is determine if residential property sale prices and/or values in Majestic Hills Subdivision are or has been adversely impacted because of their proximity to Alaska Demolition's Inert Waste Mono-Fill Site. Diminution in values, if applicable, would reflect market perceptions attributed to those economic conditions found outside of the property, i.e. proximity damages. In this instance, stigma or the property's undesirability would be known in the marketplace and thus reflect lower sale prices, extended marketing periods and atypical market growth rates. The objective of this report is to ascertain if any of these conditions exist.

As part of the market analysis process, single-family residential sales in Majestic Hills Subdivision, which is located adjacent and to the south, were research, analyzed and compared with the four phases of Mountain Ranch Estates, which is a larger, relatively homogenous single-family residential subdivision built-out by the same developer/builder.


Based on market analyses as presented in this report, it is concluded that the Palmer Reclamation Site does not create an adverse external economic impact on the surrounding properties. As a result, surrounding properties reflect typical market sale prices, and absorption trends. The following report summarizes our investigations, the analyses and techniques applied, and the analysis of data leading to our conclusions.

Mr. Vince Coan, with Statewide Appraisal Services provided professional assistance in the completion of this report and is also a signer of the report. Thank you for the opportunity to be of service and if you have any questions, please call.

Respectfully,



Jerry L. Smith
State Certified General Appraiser, APRG 48



Vince Coan, APRG 132
Certified General Real Estate Appraiser

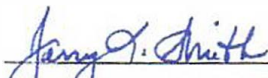
CERTIFICATION OF APPRAISAL

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

1. I have the appropriate knowledge and experience necessary to competently perform a market analysis that is the subject of this report.
2. The statements of fact contained in this report are true and correct.
3. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
4. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. I have not appraised nor performed any consulting work in regards to this property in the last three years.
7. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
8. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined analysis or direction in analyses that favors the cause of the client, market analyses opinions, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report. Additionally, the conclusions derived from my market analyses are not based on any requested conclusion, or mythologies.
9. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Appraisal Institute's Code of Professional Ethics and the Uniform Standards of Professional Appraisal Practice.
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Market Analysis of the Palmer Reclamation Site's influence on property values located in proximity to the southwest corner of East Rebarcheck Avenue and South Inner Springer Loop, in Palmer Alaska — OUR FILE #18-25

EFFECTIVE DATE OF THE MARKET ANALYSIS: June 13, 2018



Jerry L. Smith
State Certified General Appraiser, APRG 48



Vince Coan, APRG 132
Certified General Real Estate Appraiser

July 20, 2018

EXECUTIVE SUMMARY

The purpose of this market analysis report is to determine if properties located in Majestic Hills Subdivision and adjacent to the Palmer Reclamation Site have been adversely impacted by external market conditions resulting in a diminution in value.

Home prices of properties adjacent to the Palmer Reclamation Site were researched and compared with other further removed homes prices in the subdivision, as well as, with sales data found in Mountain Ranch Estates, which has comparable single-family home inventory.

Comparable sale prices were analyzed in accordance with residence use type, ranch, split-entry and 2-story homes. Homes that sold more than once were analyzed and compared with other paired sales of similar properties. From analysis it has been determined that home prices in Majestic Hills Subdivision grew at an annual average compounded rate of $\pm 2.4\%$ since it was developed in 2004. These price growth rates were compared with other similar properties and in the end were found to be equivalent, or in some cases, exceeded growth rates found in other comparable subdivisions.

Our analysis concludes that there is no noticeable price difference between homes located adjacent to Palmer Reclamation Site, to other comparable homes found in Mountain Ranch Estates Subdivision, or other Majestic Hills Subdivision homes located further from the PRS.

In conclusion, based on analyses undertaken within this report, there is no market evidence indicating that homes in this subdivision have been adversely impacted by external market conditions attributable to the Palmer Reclamation Site. In the end, it is concluded that the desirability of homes in Majestic Hills Subdivision is considered market typical.

Authors of the Report

Mr. Jerry L. Smith is a general appraiser that has appraised various types of commercial, industrial and residential properties throughout Alaska for the last 35 years. His experience includes Mass and Fee appraisal valuation techniques involving residential, industrial and commercial properties. He also has experience in the valuation of various contaminated properties throughout Alaska including Prudhoe Bay, Petersburg, and in Anchorage. His experience includes the valuation of properties involved in eminent dominate proceedings, as well as, performing expert witness testimony for the State of Alaska in master hearing and condemnation court proceedings. He is certified as an expert witness by the State of Alaska for both real estate and business valuations. Mr. Smith has also performed appraisal review services for financial institutions in the State of Alaska and Washington State.

Mr. Vince Coan is a 52-year Alaskan resident who is also certified as a General Appraiser by the State of Alaska, with 35 years appraisal experience. Mr. Coan has knowledge in both surveying and appraisal valuation techniques and he is also experienced in mass and fee appraisal valuation processes. Mr. Coan is also certified by the State of Alaska as an expert witness in the valuation of real estate. He is a former chairman of the State of Alaska Board of Certified Real Estate Appraisers, former board member of the State of Alaska Review Board and former board member of the Matanuska-Susitna Borough Board of Equalization.

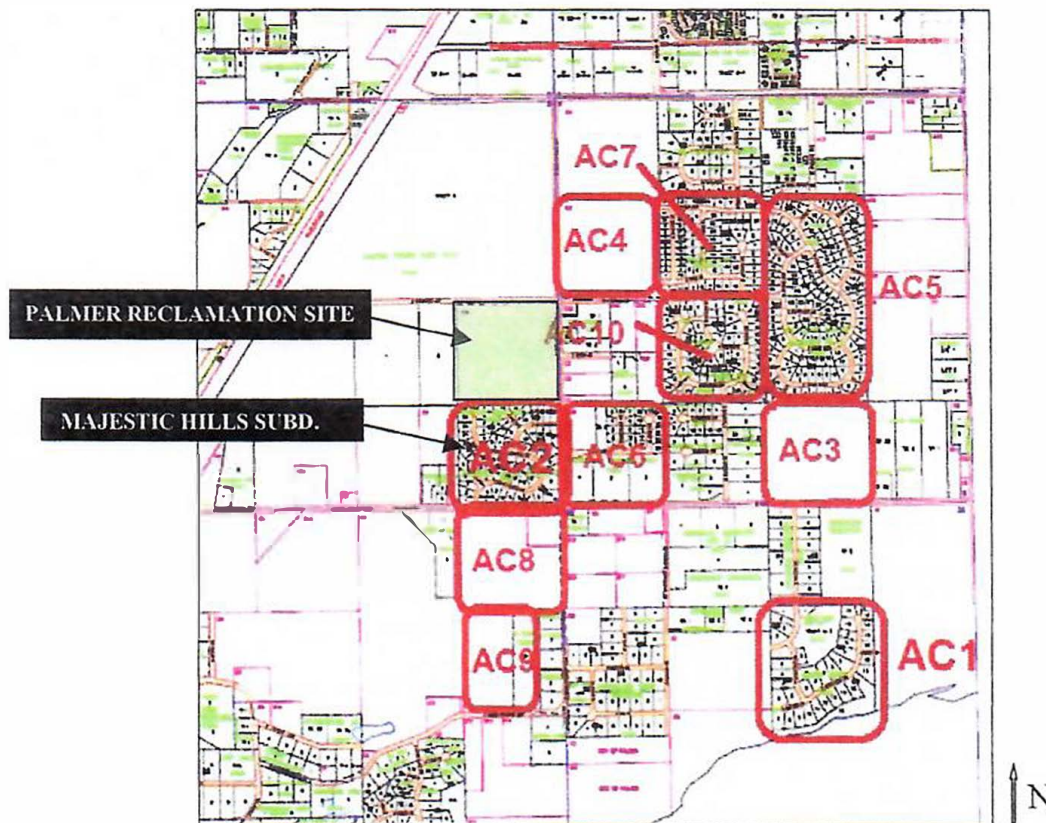
MARKET ANALYSIS

The Palmer Reclamation Site (PRS) and Majestic Hills Subdivision are located east of the Glenn Highway and south and west of the Alaska State Fair Grounds. The PRS was purchased from Alaska State Fair in 2004 about the same time when Majestic Hills Subdivision Phase I was being developed with 44 single-family residential home sites.

The Majestic Hills Subdivision tract was a former agricultural hayfield that was acquired by Mr. Jess Hall, the developer/builder in 2003. It is the first of several residential subdivisions developed east of the Glenn Highway and south of the City of Palmer. Most of the tracts in the area were used for agriculture and not listed on the market. Most transactions occurred by either the landowner contacting or being contacted by Mr. Hall. Sale prices were negotiated, and there was little recent sales data of similar size tracts in the immediate area.

Following is a location map of large tracts in the Subject's immediate neighborhood, defined as south of the Palmer Townsite, east of the Glenn Highway, accessed via the Springer Loop Road system. Included is the 2003 sale of the 40 AC +/- tract from which the Majestic Hills Subdivision was created (AC-2). On the following page is a summary of these sales.

ACREAGE SALES DATA LOCATION MAP (PA12)



Following is a summary of those tract sales found in close proximity to the Palmer Reclamation Site and adjacent Majestic Hills Subdivision.

ACREAGE DATA SUMMARY

| No. | Legal or Tax ID# | Date | Size (AC) | Price | \$/AC | Subsequent Use |
|---|-----------------------------|-------|-----------|-------------|----------|-----------------------|
| AC-1 | 17N02E16A008 | 8/02 | 40.00 | \$254,000 | \$6,350 | River Bend S/D |
| AC-2 | 17N02E08D004 | 4/03 | 40.00 | \$380,000 | \$9,500 | Majestic Hills S/D |
| AC-3 | 17N02E09D004 | 5/03 | 40.00 | \$500,000 | \$12,500 | Continued Sod Farm |
| AC-4 | 17N02E09B003 | 4/04 | 40.00 | \$680,000 | \$17,000 | Fair Overflow Parking |
| AC-5 | 17N02E09B005&D003 | 12/04 | 80.00 | \$1,224,000 | \$15,300 | Mtn. Ranch 1 & 2 |
| AC-6 | 17N02E09C005 | 2/05 | 40.00 | \$600,000 | \$15,000 | Comm. -Res. S/D |
| AC-7 | 17N02E09B004 | 5/05 | 40.00 | \$1,080,000 | \$27,000 | Mtn. Ranch 3 |
| AC-8 | 17N02E17A011 | 12/05 | 33.25 | \$565,250 | \$17,000 | Continued Hay Farm |
| AC-9 | Tr. A, Block 1, Liebing S/D | 3/08 | 29.00 | \$580,000 | \$20,000 | Veg. Farm Expansion |
| AC-10 | 17N02E09C001 | 3/13 | 40.00 | \$1,015,000 | \$25,375 | Mtn. Ranch 4 |
| Purchase price \$975k adj. + \$40k ag tax reimbursement; assumes 1950 residence offset by salvage | | | | | | |

Tract Summary: Again, none of the properties were exposed to the market through the local Multiple Listing Service. At the time the Subject area involved a "tight, word-of-mouth" market segment and two individuals were buyers of all seven tracts that were subdivided. It was also reported that some of the property/owner farmers approached these individuals to buy their tracts. These circumstances appear to have heavily influenced prices.

The changes in unit sales from the Majestic Hills tract purchase in 2003, to much higher unit prices from 2004 to 2013, does not indicate a time adjustment. Absorption of relatively homogenous houses in Majestic Hills and Mountain Ranch Subdivisions Phases 1 & 2 was on-going through the same general time-frame, reflecting "hyper-growth" during the early to mid-2000's. Noteworthy, utility availability was superior when comparing the subject tract to Mountain Ranch and Springer Park Subdivisions (AC-5, AC-6, AC-7, and AC-10). The above data reflects that proximity to the Palmer Reclamation Site was not a significant issue to residential development concerns.

Following is a summary of the above tract sales and the date each was platted for residential subdivision development. Also included are subdivision lot sizes, the availability of public utilities and how long each took to be absorbed in the marketplace. As noted in the following summary, all of the subdivisions, including Majestic Hills in absorbed fairly quickly, averaging from ±15 lots to over 30 lots per year.

SUMMARY OF TRACT SALES NEIGHBORHOOD RESIDENTIAL DEVELOPMENT PATTERNS

| Comp/SD | Plat No. | # Lots | Size Range (AC) | Water-Sewer | Absorption Summary | Avg. / Year |
|------------------------|---------------|--------|-----------------|---|--------------------------------|-------------|
| AC-1/River Bend | 2005-202 | 40 | .49 - 1.00 | S/D/on-site | Horizontal: 8 Yrs 05-12 | 5.0 |
| AC-2/Majestic Hills | 2004-382005-5 | 67 | .045 Avg. | S/D/on-site | Vertical: 2 Yrs 04-05 | 33.5 |
| AC-5/Mtn Ranch 1 | 2006-5 | 63 | .048 Avg. | Palmer/on-site | Vertical: 2 Yrs 06-07 | 31.5 |
| AC-5/Mtn. Ranch 2 | 2007-9 | 71 | 0.5 Avg | Palmer/on-site | Vertical: 4 Yrs 07-10 | 17.8 |
| AC-6/Springer Park | 2015-15 Resi | 23 | 0.35-0.47 | Palmer | Hor: 4 Mos.; Vert: 2 Yrs 16-17 | 11.5 |
| AC-8/Springer Crossing | 2013-51 Comm | 3 | 6 Avg | Palmer | Hor: 3 Com Lots 6 Mos. | 3.0 |
| AC-7/Mtn. Ranch 3 | 2010-33 | 76 | .025-.046 | Smaller Palmer Larger Palmer/on-site | Vertical: 5 Yrs 10-15 | 12.7 |
| AC-10/Mtn Ranch 4 Ph 1 | 2014-20 | 33 | 0.46 Avg | Palmer/on-site | Vertical: 4 Yrs 14-17 | 15.5 |
| AC-10/Mtn. Ranch 4Ph 2 | 2014-84 | 29 | 0.46 Avg | Palmer/or-site | Vertical: 4 Yrs 14-17 | |

Again, changes in average annual absorption appears to be influenced by market conditions, described as "hyper-growth" in the immediate neighborhood, from 2004-2008, as well as superior access to Palmer water and/or sewer services as well as the goodness of area wide soils and drainage

attributes. In the end, the immediate area was prime for residential development, and resulted in low lot costs. From 2008-2017, absorption appears to reflect patterns influenced by more "normal" market conditions. Clearly from the above data, Majestic Hills absorbed the quickest in the local marketplace. This could be expected because that subdivision was the first in the neighborhood to be developed and built-out (in approximately two years). In the end, there are no apparent or measurable impacts to development and absorption due to proximity to Alaska Demolition's disposal site, which is adjacent to the north of the subject subdivision.

Lot Absorption Summary: The following chart summarizes single-family residential lot absorption in proximity to the Subject's immediate neighborhood.

| Comp/SD | Absorption Summary | Avg. / Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------|--------------------------------|-------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| AC-1/River Bend | Horizontal: 8 Yrs 05-12 | 5.0 | | 11 | 7 | 8 | 8 | 1 | 2 | 1 | 2 | | | | | |
| AC-2/Majestic Hills | Vertical: 2 Yrs 04-05 | 33.5 | 28 | 37 | 2 | | | | | | | | | | | |
| AC-5/Mtn Rnch 1 | Vertical: 2 Yrs 06-07 | 31.5 | | | 49 | 14 | | | | | | | | | | |
| AC-5/Mtn Rnch 2 | Vertical: 4 Yrs 07-10 | 17.8 | | | | 20 | 27 | 14 | 10 | | | | | | | |
| AC-6/Springer Park | Hor: 4 Mos.; Vert: 2 Yrs 16-17 | 11.5 | | | | | | | | | | | | | 10 | 13 |
| AC-6/Springer Crossing | Hor: 3 Com Lots 6 Mos. | 3.0 | | | | | | | | | | | | | | |
| AC-7/Mtn Rnch 3 | Vertical: 5 Yrs 10-15 | 12.7 | | | | | | | 4 | 14 | 25 | 19 | 12 | 2 | | |
| AC-10/Mtn Rnch 4 Ph 1 | Vertical: 4 Yrs 14-17 | 15.5 | | | | | | | | | | | | 15 | 10 | 5 |
| AC-10/Mtn Rnch 4P h 2 | Vertical: 4 Yrs 14-17 | | | | | | | | | | | | | 2 | 18 | 4 |

This data reflects primarily vertical absorption of the subdivisions created from seven of the 10 tract sales previously presented. Rather than considering the Subject subdivision as more successful regarding absorption, the chart reflects "hyper-growth" impacting Majestic Hills, extending through 2005-2008 in the immediate neighborhood. This data indicates that there is no negative impact to absorption to Majestic Meadows from proximity to Alaska Demolition's adjacent site.

The following charts summarize overall residential built-sold data. Sales numbers are from the AK MLS; built numbers are the result of mining Mat-Su Borough Assessor data, sorting data utilizing their single-family residential code, and year-built. More reliance is placed on units sold (MLS), which does not include Internet activity.

| Houses Built (MSB) and Houses Sold (MLS) 2000-2016 | | | | | | | | | | |
|--|-------------|----------------------------|-------|-------|-------|-------|--------|--------|---------------------|---------|
| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2008 |
| Houses Built | 852 | 926 | 1,012 | 1,277 | 1,385 | 1,341 | 1,083 | 705 | | 625 |
| % Change | | 8.7% | 9.3% | 26.2% | 8.5% | -3.2% | -19.2% | -34.9% | | -11.3% |
| Houses Sold | 223 | 578 | 1,015 | 1,255 | 1,440 | 1,558 | 1,561 | 1,302 | | 1,112 |
| % Change | | 159.2% | 75.6% | 23.6% | 14.7% | 8.2% | 0.2% | -16.6% | | -14.6% |
| Peaks | | | | | | | | | | 17 Year |
| Year | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Totals: Annual Avg. | |
| Houses Built | 558 | 494 | 605 | 764 | 815 | 775 | 615 | 600 | 14,432 | 902 |
| % Change | -10.7% | -11.5% | 22.5% | 26.3% | 6.7% | -4.9% | -20.6% | -2.4% | | |
| Houses Sold | 1,037 | 1,048 | 1,129 | 1,102 | 1,362 | 1,591 | 1,777 | 1,694 | 20,784 | 1,299 |
| % Change | -6.7% | 1.1% | 7.7% | -2.4% | 23.6% | 16.8% | 11.7% | -4.7% | | |
| Historic Highs | My forecast | Most sales since 2005/2006 | | | | | | | | |

While numbers are undoubtedly incomplete, some degree of confidence is placed on the following indicated trends. Construction statistics for 2017 have not been analyzed; it is assumed that construction has slowed.

On the following page are summaries of annual house sales from Big Lake south to Knik to Palmer, including Wasilla; referred to in the chart as the MSB Core Area. Following this summary is historical house sales data for the Palmer market area.

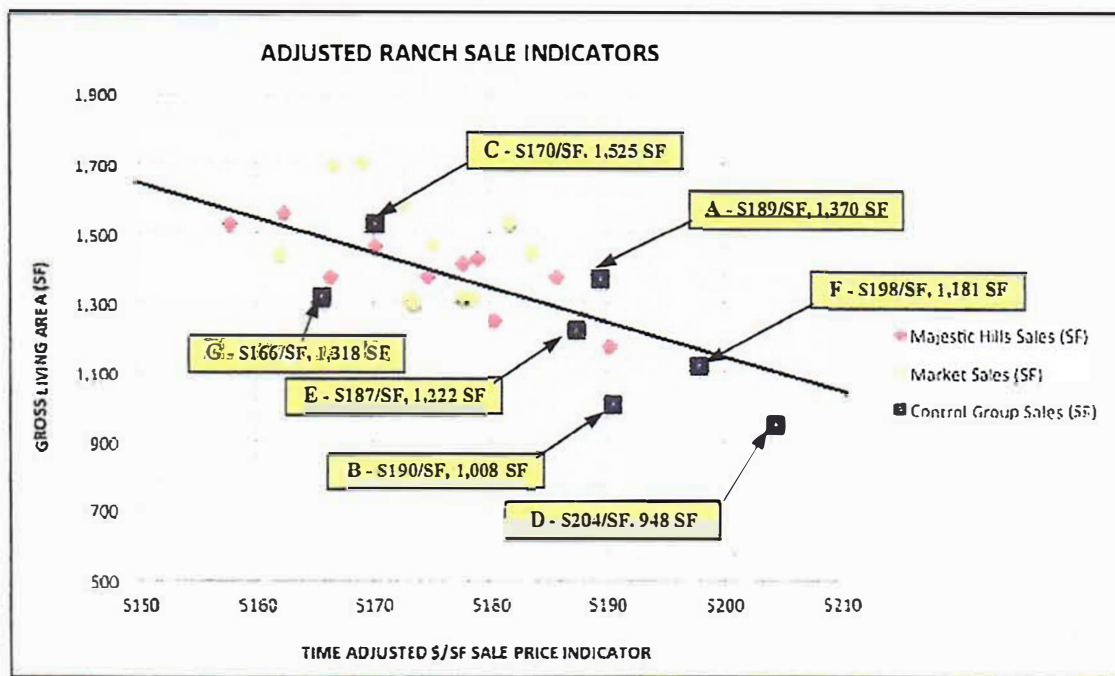
MARKET ANALYSIS CONCLUSIONS

Home prices in Majestic Hills Subdivision were analyzed over the last 15 years in an effort to identify if subdivision home prices have been adversely impacted by market conditions external to the property itself. Over this period, 102 sales were compared with market transactions found in Mountain Ranch Estates, which was developed and vertically built-up with similar type residences.

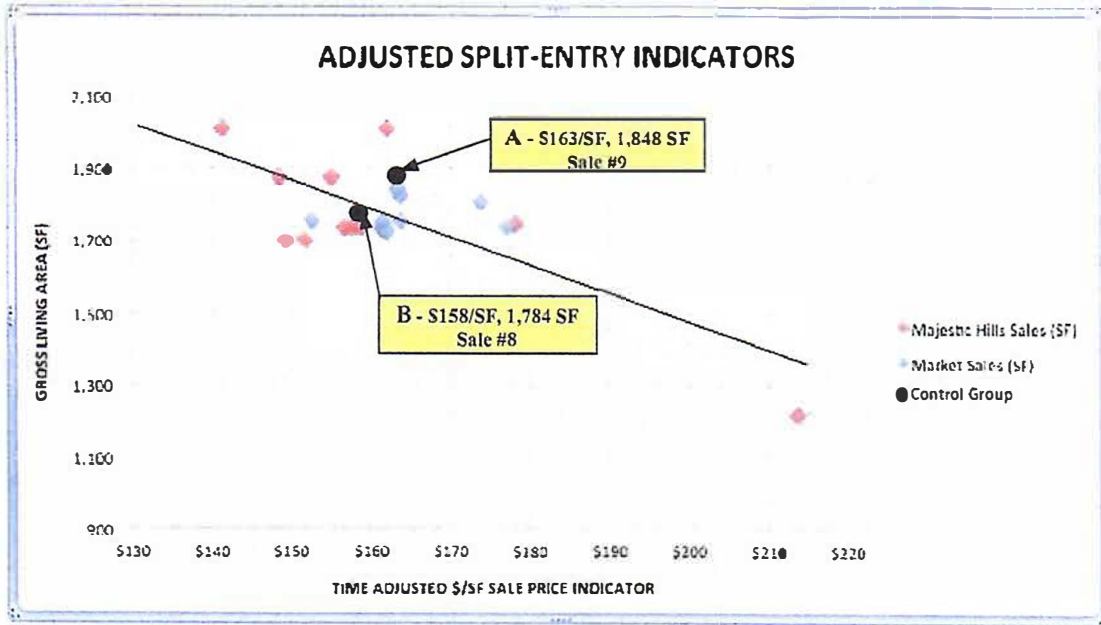
Properties located on the north end of Majestic Hills Subdivision in close proximity to the Palmer Reclamation Site were identified as Control Group Homes. Adjusted sale prices of homes located within this group were analyzed and compared with selected Comparable Market Sales, as well as, with similar use home sales located at the south end of the Majestic Hills Subdivision.

We identified that there were essentially three residential use types found in Majestic Hills Subdivision. They are ranch homes, split-entry or tri-level homes and finally 2-story residences. Each of these use types was compared separately with each similar type Control Group.

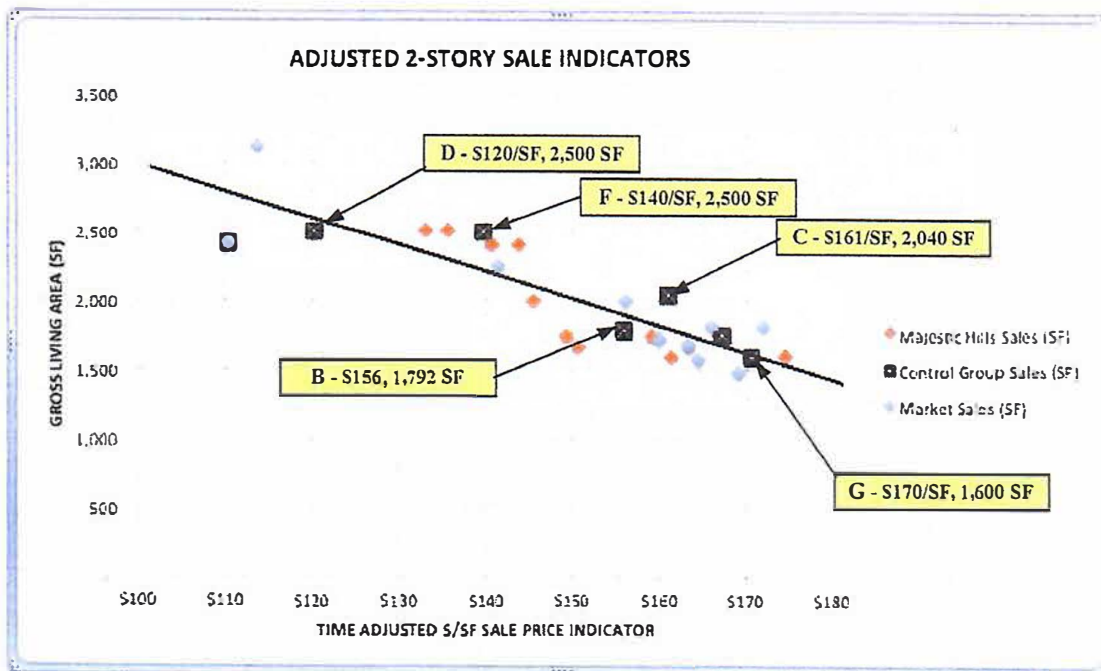
Following is a brief comparative summary of our control group use findings as they compare to the selected Comparable Market Sales and other similar use type sales located in Majestic Hills Subdivision.



The above chart provides a good illustration of how Market, Majestic Hills and Control Group sales data tend to compare after adjustment for changes in market conditions. As illustrated, Control Group Ranch Sales compares favorably to the Comparable Market Sales as well with other similar use sales found throughout Majestic Hills Subdivision. In the above chart, Control Group B and D low-end adjusted indicators fall below the mean linear line because both properties have only one-bath while the remaining control group homes have 2 baths. Control Group G is considered an outlier.



There were only two Split-Entry Sales located in the Majestic Hills Control Group. These sales were identified in the previous analysis as Comps #8 and #9. In the above chart they are also identified as Control Group Sales A and B. In comparison the Control Group Split-entry Sales compares favorably with the selected Comparable Market Sales data and with other similar use sales found in Majestic Hills Subdivision further to the south.



In the above illustration, Control Group 2-story sales were compared with selected Comparable Market Sales and other Majestic Hills 2-story sales after being adjusted for changes in market conditions. Based on comparative analyses undertaken, there is little variance between the selected sales groupings and as a result they are found to be very similar. The Control Group Sales do not appear to be adversely impacted by any external adverse market influences.

Based on these analyses and other empirical evidence, the adjusted sales of each use type clearly notes that the Palmer Reclamation Site does not create any adverse external market conditions and that home prices in Majestic Hills Subdivision are similar to those found in the marketplace.

OUTLOOK VALUATION SERVICES

3825 Lynn Drive
Anchorage, Alaska 99508

MARKET ANALYSIS AND CONSULTATION REPORT



PALMER RECLAMATION SITE

*Southwest corner of East Rebarcheck Avenue and S. Inner Springer Loop
Palmer, Alaska*

***** MARKET ANALYSIS *****



Looking at Subject from E. Rebarcheck Avenue



Looking west at Reclamation Pit Operations

For

Mr. Steve Agni
Alaska Demolition LLC Representative
2817 Rampart Drive
Anchorage, Alaska 99501-3126

DATE OF MARKET ANALYSIS: JUNE 13, 2018

OUR FILE #18-25

By: Jerry L. Smith, Appraiser
Vince J. Coan, Appraiser

OUTLOOK VALUATION SERVICES

An Independent State Certified Real Estate Appraiser & Real Estate Consultant

3825 Lynn Drive
Anchorage, Alaska 99503

Telephone: (907) 441-2162 E-mail: resco@gci.net

July 20, 2018

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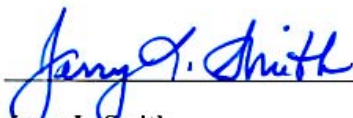
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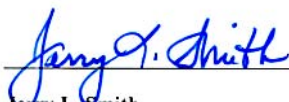
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Market Analysis of the Palmer Reclamation Site's influence on property values located in proximity to the southwest corner of East Rebarcheck Avenue and South Inner Springer Loop, in Palmer Alaska — OUR FILE #18-25

EFFECTIVE DATE OF THE MARKET ANALYSIS: June 13, 2018



Jerry L. Smith
State Certified General Appraiser, APRG 48



Vince Coan, APRG 132
Certified General Real Estate Appraiser



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ADDENDA

- 2004 and 2014 City of Palmer Conditional Use Permits
- DEC Inspection Reports 2015-2017
- 2017 Palmer Reclamation Site Survey
- Majestic Hills Subdivision Plats 2004-3 and 2005-05
- Comparable Data Photographs
- Appraiser’s Qualifications and Certification

SUMMARY OF SALIENT FACTS

The Subject involves Majestic Hills Subdivision, which is a built-out residential development located adjacent (south) of a 38.79-acre tract of land that is used as an inert waste mono-fill site by Alaska Demolition. The site operates under an Alaska Department of Conservation’s Solid Waste permit (#SWZA004-19a) that expires April 1, 2019. The fill site is located within the City limits of Palmer. In 2004, a 10-year conditional use permit was obtained from the City of Palmer’s Planning and Zoning Commission that approved a zoning designation change from R-1 (Residential) to I-Industrial with Special Limitations. The only allowable Industrial use of the property is as **“reclamation of the property through the operation of an inert waste mono-fill and those activities incidental thereto that are necessary to reclaim the property”**. In 2014, a revised Conditional Use Permit (#14-001) was approved subject to a list of permit terms, which are summarized later in the report. A copy of Alaska Demolitions 2004 and 2014 (#14-001) Condition Use Permits are located in the addenda. Also located in the addenda are annual site surveys for the periods of 2015, 2016 and 2017.

| | |
|--|---|
| PROPERTY NAME: | PALMER RECLAMATION SITE (Alaska Demolition’s Inert Waste Mono-fill Site) |
| PROPERTY LOCATION: | Southwest corner of former E. Rebadcheck Avenue and S. Inner Springer Loop, Palmer, Alaska 99645 |
| PROPERTY OWNER: <i>(According to Assessment Records)</i> Tax Id. No.: 17N02E08D008 | ALASKA DEMOLITION LLC 2817 Rampart Drive Anchorage, Alaska 99501-3126 |
| INTENDED USER/USE | Alaska Demolition - For project planning and permitting decisions. |
| LEGAL DESCRIPTION: | <i>Northeast one-quarter of the Southeast one-quarter (NE1/4SE1/4) of Section 8, Township 17 North, Range 2 East, Seward Meridian, located within the Palmer Recording District, Third Judicial District, State of Alaska</i> |
| NAME OF APPRAISERS: | Jerry L. Smith, State Certified General Real Estate Appraiser, APRG48 Vince Coan, State Certified General Real Estate Appraiser, APRG132 |
| DATE OF MARKET ANALYSIS: | June 13, 2018 |
| SITE SIZE and SHAPE: | 38.8 acres – Nearly Square (±1,312 feet x ±1,318 feet) |
| TOPOGRAPHY and SOIL CONDITIONS: | The Reclamation Tract is a former gravel pit that has been engaged in fill operations with inert waste debris since 2004. The boundaries of the tract are generally at grade with former East Rebadcheck Avenue that extends along the northern boundary and South Inner Springer Loop, which extends along the property’s eastern boundary. A 25-foot wide natural buffer extends around the east, west and north boundaries of the tract’s perimeter. A 50-foot natural buffer extends along the southern boundary of the property. This buffer separates the Subject tract from Majestic Hills Subdivision. The separation buffer consists of ±10-12 foot high berm. A chain link fence with two accessing double wide gates extends along the property’s northern boundary Located in the center of the tract, is the remnant of a gravel pit that is currently being filled. The pit, which lays ±60 feet below grade with the surrounding terrain, varies in dimensions (length and width) encumbers nearly 1/3 of the tract. This area, which is divided into debris cells, is currently being filled with construction and demolition (C&D) debris, exempt waste, and non-regulated asbestos containing material (non-RACM). |
| ZONING AND RESTRICTION: | I - Industrial with Special Limitations – Authorized Fill site that is monitored annually by the Alaska Department of Environmental Conservation (ADEC). |
| HIGHEST AND BEST USE: | Mix-Use Industrial and Residential |

PROPERTY NAME: MAJESTIC HILLS SUBDIVISION, PHASE I AND II

PROPERTY LOCATION: Northwest corner of E. Inner Springer Loop and S. Inner Springer Loop, Palmer, Alaska 99645 — The 67 lot residential subdivision is accessible from S. Pinnacle Mountain Drive, which extends a northerly direction from E. Inner Springer Loop and/or from the east by E. King Mountain Lane from S. Inner Springer Loop. The property is located east of the Glenn Highway and southwest of Palmer Airport.

PROPERTY INDENTIFICATION: Majestic Hills is a two-phase subdivision containing 67, ±½-acre residential lots, and two tracts. Phase I was platted in 2004 (Plat #2004-03). Tract A of Phase I is the location of the community well site that supports all lots in the subdivision and Tract B, which contained 11.9-acres, was platted in 2005 (Plat #2005-05) as Phase II. This phase, which contains 23 lots, is located at the northwest end of the subdivision.

The subdivision's 37.62-acre tract was purchased in April of 2003 by Mr. Jess Hall, a local developer/builder, for \$380,000 or \$10,101/acre. The subdivision, which was a former hay field tract, offers panoramic views of Pioneer Peak and the Chugach Mountains to the east and south.

SITE SIZE and SHAPE: The subdivision is rectangular in shape tract and contains a total of 37.62 acres. There are a total of 67, one-half acre, residential lots, and a 0.95-acre community well site located in the subdivision.

TOPOGRAPHY and SOIL CONDITIONS: The subdivision is level and at grade. Soils are gravel based with a rich layer of organic topsoils.

ZONING AND RESTRICTION: The property is located just south of Palmer's City Limits and is not zoned. Subdivision Covenants, Conditions and Restrictions were recorded in January 2004 (#2004-002520-0) and stipulate that all lots shall be used for single-family residential purposes only, except that professional or business activities may be conducted in a dwelling provided that the use is incidental to the use of the dwelling for residential purposes. No signs may indicate in any way nonresidential activity is being conducted. No Lot may be used for bed and breakfast, transient, hotel or motel purposes.

Dwellings, structures and improvements are subject to a minimum 860 SF and must have siding and at least one side of the structure must be finished with a type of siding material that is not T1-11. Each structure may have a shed, garage or both finished in a similar appearance. Fences, gates and retaining walls are permitted as well as greenhouse or garden tool shed, children's playhouse and doghouse and/or pen enclosure. Improvements must be maintained in a good workmanlike manner in substantially the same condition as when first constructed or placed on the Lot.

Lot driveways shall be paved or surfaced in D-1 rock or ¾ minus gravel. Yards must be landscaped. Trees over 20 feet in height must be trimmed of branches less than 6 feet from the ground as a fire prevention measure.

Lot owners may choose to form a Homeowners Association for the use and benefit of the individual Lot Owners, upon a vote or agreement of 60% of the Lot Owners.

Noteworthy is the CCRs acknowledgement in Section 8.01 – Proximity to Alaska State Fairgrounds. The Subdivision is located near the Alaska State Fairgrounds and annually for the approximately four week period that the Alaska State Fair is in operation, traffic is temporarily re-routed in and around the vicinity of Majestic Hills and increased traffic congestion occurs.

HIGHEST AND BEST USE: Single-family Residential Subdivision (67 single-family residential lots and one 0.95-acre community well site).

EXECUTIVE SUMMARY

The purpose of this market analysis report is to determine if properties located in Majestic Hills Subdivision and adjacent to the Palmer Reclamation Site have been adversely impacted by external market conditions resulting in a diminution in value.

Home prices of properties adjacent to the Palmer Reclamation Site were researched and compared with other further removed homes prices in the subdivision, as well as, with sales data found in Mountain Ranch Estates, which has comparable single-family home inventory.

Comparable sale prices were analyzed in accordance with residence use type, ranch, split-entry and 2-story homes. Homes that sold more than once were analyzed and compared with other paired sales of similar properties. From analysis it has been determined that home prices in Majestic Hills Subdivision grew at an annual average compounded rate of $\pm 2.4\%$ since it was developed in 2004. These price growth rates were compared with other similar properties and in the end were found to be equivalent, or in some cases, exceeded growth rates found in other comparable subdivisions.

Our analysis concludes that there is no noticeable price difference between homes located adjacent to Palmer Reclamation Site, to other comparable homes found in Mountain Ranch Estates Subdivision, or other Majestic Hills Subdivision homes located further from the PRS.

In conclusion, based on analyses undertaken within this report, there is no market evidence indicating that homes in this subdivision have been adversely impacted by external market conditions attributable to the Palmer Reclamation Site. In the end, it is concluded that the desirability of homes in Majestic Hills Subdivision is considered market typical.

Authors of the Report

Mr. Jerry L. Smith is a general appraiser that has appraised various types of commercial, industrial and residential properties throughout Alaska for the last 35 years. His experience includes Mass and Fee appraisal valuation techniques involving residential, industrial and commercial properties. He also has experience in the valuation of various contaminated properties throughout Alaska including Prudhoe Bay, Petersburg, and in Anchorage. His experience includes the valuation of properties involved in eminent dominate proceedings, as well as, performing expert witness testimony for the State of Alaska in master hearing and condemnation court proceedings. He is certified as an expert witness by the State of Alaska for both real estate and business valuations. Mr. Smith has also performed appraisal review services for financial institutions in the State of Alaska and Washington State.

Mr. Vince Coan is a 52-year Alaskan resident who is also certified as a General Appraiser by the State of Alaska, with 35 years appraisal experience. Mr. Coan has knowledge in both surveying and appraisal valuation techniques and he is also experienced in mass and fee appraisal valuation processes. Mr. Coan is also certified by the State of Alaska as an expert witness in the valuation of real estate. He is a former chairman of the State of Alaska Board of Certified Real Estate Appraisers, former board member of the State of Alaska Review Board and former board member of the Matanuska-Susitna Borough Board of Equalization.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The properties within this report are considered to be free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the properties that have been used in the determination of Market Condition adjustments.
6. It is assumed that there are no hidden or unapparent conditions of any 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.
7. It is assumed that all market area properties are in full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
8. It is assumed that all of the comparable data used within this report are compliant with zoning and use regulations and restrictions, unless nonconformity has been stated, defined and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements are within the boundaries or property lines of those properties described and that there are no encroachment or trespass unless noted in the report.

This Market Analysis has been made with the following general limiting conditions:

1. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on any property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in any comparable property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, or other potentially hazardous materials may

affect the value of any property. Comparative analyses performed are predicated on the assumption that there is no such material on or in any 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.

2. The distribution, if any, of the Market Analyses in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings, if noted, must not be used in conjunction with any other appraisal and are invalid if so used.
3. 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, and in any event only with proper written qualification and only in its entirety.
4. The appraiser herein by reason of this study is not required to give further consultation, testimony, or be in attendance in court with reference to the Subject properties (Palmer Reclamation Site and Majestic Hills Subdivision) in question unless arrangements have been previously made.
5. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

MARKET ANALYSIS REPORT

IDENTIFICATION OF THE PROPERTIES

The Subject of this report is all single-family residences located within Majestic Hills Subdivision Phase I and Phase II, Palmer, Alaska. Lots found in this subdivision are legally described as follows:

**Majestic Hills Subdivision Phase I, according to Plat #2004-03,
and Phase II, according to Plat #2005-05, Palmer Recording
District, Third Judicial District, State of Alaska**

According to Matanuska-Susitna Borough Assessment records properties located in Majestic Hills Subdivision Phase I, Blocks 1 through Block 3 are identified as tax parcel numbers 5492B01L001 through 5492B1L017 (17 lots), 5492B02L001 through 5492B02L0020 (20 Lots) and 5492B03L008 and 5492B03L009 and 5492B03L016 through 5492B03L20 (7 Lots). Phase II tax parcel numbers are identified as 5662B1L018 through 5662B1L27 (10 Lots) and 5662B3001 through 5662B3001 through 5662B3015 (13 Lots).

STATEMENT OF THE MARKET ANALYSIS PROBLEM

This Market Analysis Report is to identify the presence of if any negative market conditions found outside of the property that would have an adverse impact on residential property prices in Majestic Hills Subdivision. In this instance, does the subdivision's location adjacent to Alaska Demolition's Inert Waste Mono-fill Site (Palmer's Reclamation Site) result in a market perception that the property is undesirable and thus adversely impacts its' price in the marketplace? If this undesirability exists, then it would result in lower sale prices, and/or extend its marketing period and/or reflect atypical market growth rates. The objective of this report is to ascertain if any of these conditions exist.

As part of the market analysis process, single-family residential sales in Majestic Hills Subdivision were researched, analyzed and compared in an effort to determine if economic conditions outside of the property results in a diminution in value because of its proximity to the Palmer Reclamation Site. This data was then compared to sales found in similar single-family residential subdivisions, some of which were built-out by the same developer/builder. A comparative analysis based on sales prices, marketing periods and growth rates is performed and variances, if any, would be identified.

CLIENT AND INTENDED USER AND USE

The client and intended user of this report is Alaska Demolition for project purposes.

SCOPE OF THE MARKET ANALYSIS

The scope of the market analysis encompasses the necessary research and analysis to prepare a report in accordance with the intended use. The report was performed to be in compliance with the *Standards of Professional Practice of the Appraisal Institute*, and the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation. In preparing this report, the Palmer Reclamation Site was inspected on June 13, 2018, with Mr. Steve Agni, the property owner's representative and attorney and Mr. Vince Coan, appraiser with Statewide Appraisal Services who assisted with market research, analyses and opinions formulated within this report. During the inspection process the PRS tract was photographed.

Along with the inspection and analysis of the Palmer Reclamation Site, an inspection was also made of the Subject property (Majestic Hills Subdivision), as well as, the Subject's market area and immediate neighborhood, to identify market trends and other relevant factors. A local sales search was conducted for comparable market data, which was used in determining market conditions and pricing trends. Sources of comparable data included the multiple listing service, other appraisers, the assessor's office, real estate agents, buyers and sellers, public records, etc.

Per prior agreement with the client, this market analysis report was performed in a summary format and is only a brief recapitulation of the appraiser's data, analyses, and conclusions. Supporting documentation is retained in the appraiser's file. This assignment is intended to comply with the reporting requirements set forth in Uniform Standards of Professional Appraisal Practice.

The Sales Comparison or Market Approach was deemed the most appropriate method used to isolate market pricings, sales, market absorption and growth rates. This approach is based on the principal of substitution and relies on direct comparison of market data with properties located in and outside of Majestic Hills Subdivision.

Both appraisers are sufficiently knowledgeable and experienced in the appraisal of residential subdivisions, commercial and industrial properties, within the local market, as well as, throughout Alaska. The lead appraiser is also versed in Mass Appraisal techniques and has attended numerous mass appraisal classes (see resume located in the addenda). The appraiser is also experienced in the valuation of contaminated properties as well as those properties that suffer from proximity issues, such as airports and its' glide slopes.

EFFECTIVE DATE OF MARKET ANALYSIS

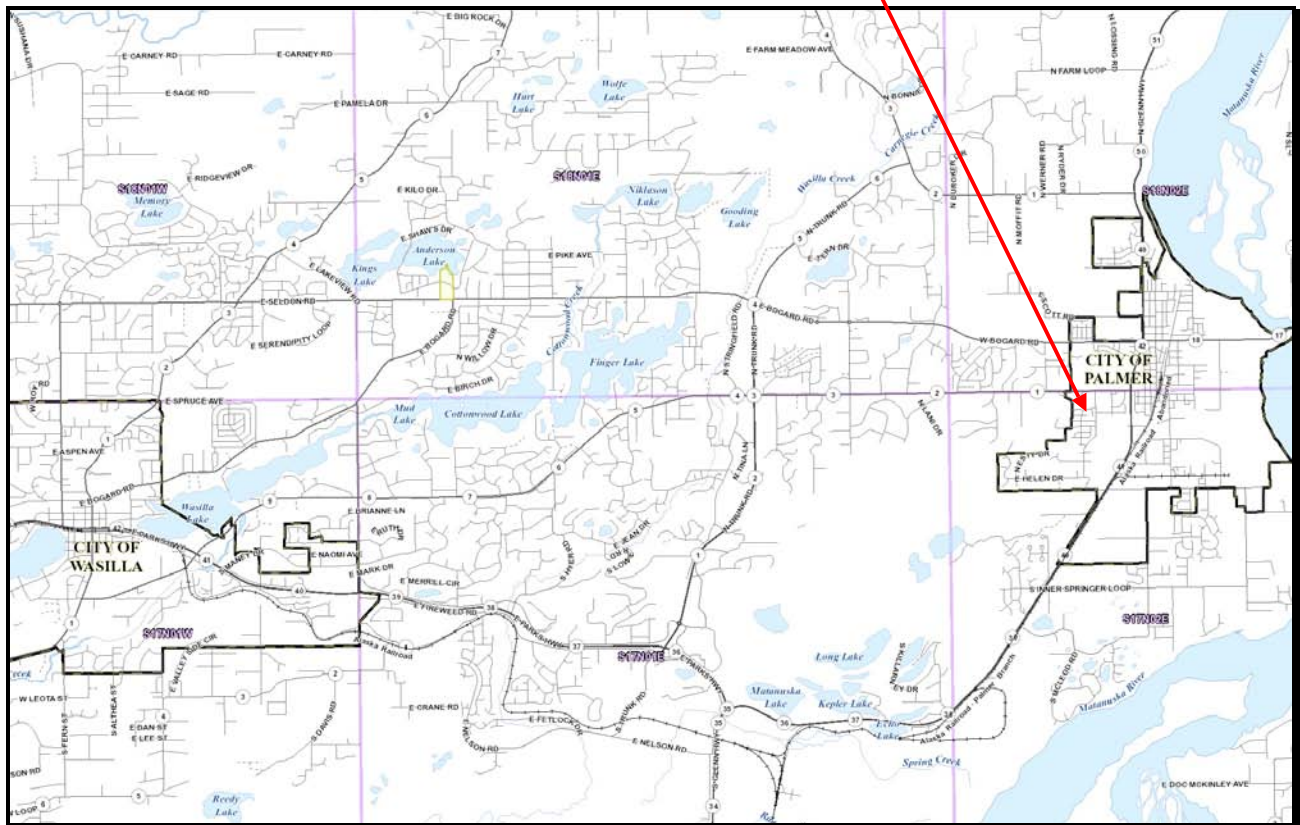
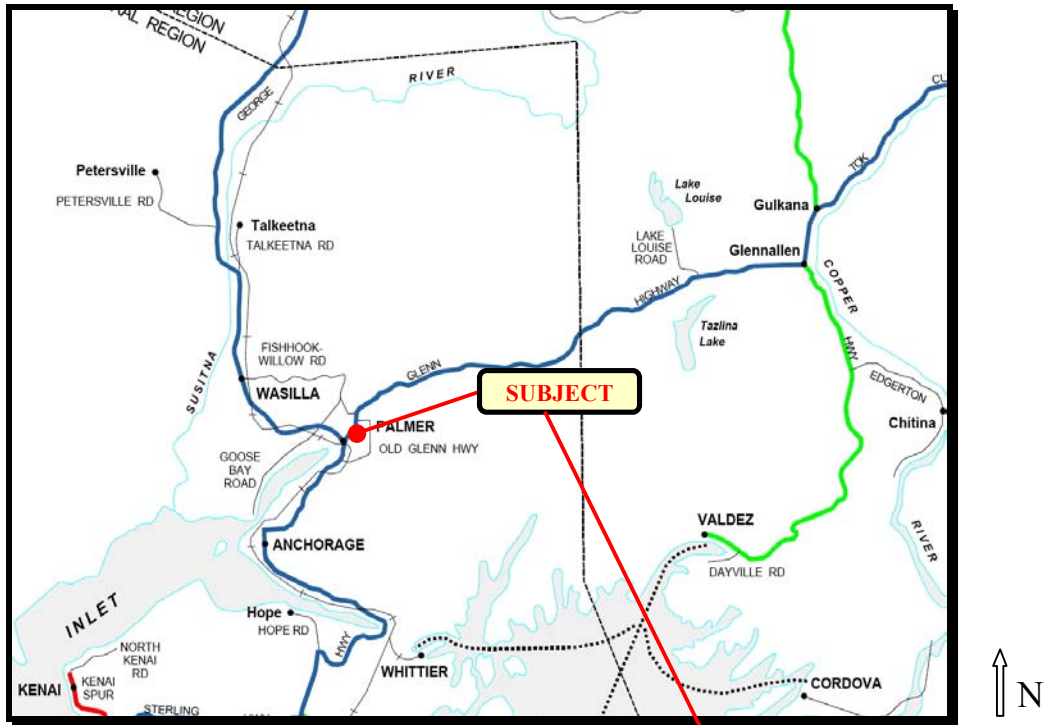
This report identifies market trends and conditions relevant to residential single-family properties located in Majestic Hills Subdivision since its 2004 development. The date of my inspection of the Palmer Reclamation Site is June 13, 2018. The date of this report is July 20, 2018.

SALES HISTORY

The 37.62-acre¹ tract that is now Majestic Hills Subdivision was purchased from Noel Woods Trust for \$380,000. This sale closed April 16, 2003 (Document #2003-009869-0). Sales found within Majestic Hills Subdivision are and identified discussed within the report.

¹ Reported as analyzed as a 40-acre tract in the market analysis section of this report.

PALMER RECLAMATION SITE LOCATION MAPS



AREA ECONOMIC DATA

Palmer Reclamation Site is located within the confines of the Matanuska-Susitna Borough at the southern most boundary of the City of Palmer. The Matanuska-Susitna Borough over the last 10 years has shown the largest population growth in the state. Between years 2004 and 2013 the population increased 54.6% (91,697 - pop.) while Anchorage's population increased only 13.8% (296,197 - pop.). During this period the city of Wasilla's population increased 46.5% (8,064- pop.) while the city of Palmer's population increased 29.4% (6,087- pop.).

Palmer and Wasilla markets are driven by Anchorage's economy as nearly one-third of their residents work within this regional hub. A brief description of Anchorage's current market conditions is relevant.

The following has been extracted from Anchorage Economic Development Corporation's (AEDC) economic report entitled *3-Year Outlook Report/2017*² and dated October 2017. Following is a summary of that report and a complete copy of this report is located in our files and is available on-line³.

"2017 Anchorage 3-Year Economic Outlook - Halfway through 2017 it is evident that Anchorage's economy, as measured by total employment, continues to retreat from its 2015 peak. The latest available estimates place Anchorage employment down about three percent over the past two years, with the Professional and Business Services, Oil & Gas, Construction, and State Government sectors continuing to bear the brunt of local job losses.

While the near-term employment picture remains troubling, there is little evidence of significant weakness in the real estate market, where communities often feel the most pain from recession. Housing prices are stable and the foreclosure rate is below national averages. In addition, while inching upward, unemployment rates in Anchorage remain at reasonable levels. The most recent labor force data sets actually show that more Anchorage residents are employed in 2017 than in 2016.

It is clear that Anchorage has experienced a significant economic downturn and further trouble probably lies ahead. There is evidence, however, that the worst may be over. Oil industry employment in Anchorage appears to have stabilized with no change over the first five months of 2017 compared to the same period in 2016. Additionally, the latest available data indicates year-over-year employment losses in other sectors are moderating.

In considering the condition of Anchorage's economy, a broad, long-term perspective is important. Reasonable observers have noted that the 2010 to 2015 run-up in employment was a bubble in the Anchorage economy driven largely by high oil prices and related capital spending. Now the economy is moving toward a new normal where oil money doesn't flow as freely and economic growth is driven by a more balanced set of engines.

² This report is compiled by the McDowell Group. The 2017 Economic Forecast examines recent economic trends, analysis of a wide range of economic and business activity indicators, interviews with representatives of businesses and organizations in various sectors and current events to gain an understanding of forces likely to be shaping business conditions affecting job growth in Anchorage in 2017. This report was co-sponsored by GCI, Coffman Engineers and Matson, Inc and compiled by the McDowell Group on behalf of AEDC.

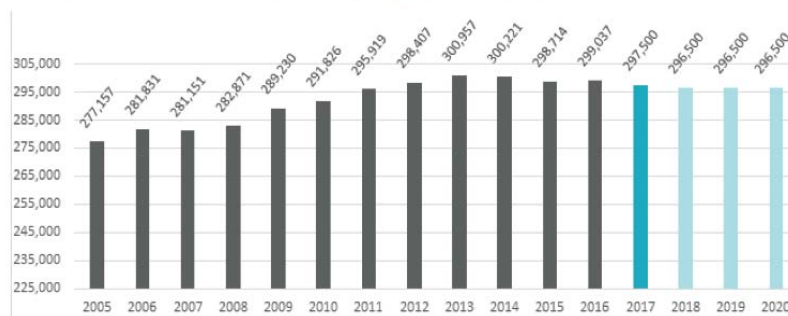
³ [www.AEDCweb.com](https://aedcweb.com/wp-content/uploads/2017/07/2017_3-Year_Outlook__Sponsored_by_Coffman-Engineers_GCI-Matson.pdf) https://aedcweb.com/wp-content/uploads/2017/07/2017_3-Year_Outlook__Sponsored_by_Coffman-Engineers_GCI-Matson.pdf

In the meantime, the importance of a long-term state fiscal plan along with consistent and competitive tax policy cannot be overstated. This is critical to oil industry investment and to other business development in Alaska as well. Uncertainty around what the future may hold for corporate and consumer taxes in Alaska is keeping investment dollars on the sidelines. With the right fiscal policy our 61 elected individuals at work in the capitol have the ability—to a large degree—to spur investor confidence and turn the economy around.

Each year the Anchorage Economic Development Corporation offers the community its near-term perspective on the Anchorage economy. Relying on a variety of data sources and interviews with key industry representatives, the outlook considers population, employment, personal income, air passenger and cargo volumes, Port of Anchorage volume, building permit values, single-family home prices, new housing units, bed tax, car/RV tax revenue, and oil prices.

POPULATION - AEDC anticipates Anchorage's population count for 2017 will come in at around 297,500. Some additional loss is anticipated for 2018 (down another 1,000 residents), before leveling off in 2019 and 2020, as the local economy finds a more solid footing.

ANCHORAGE POPULATION, 2005-2020

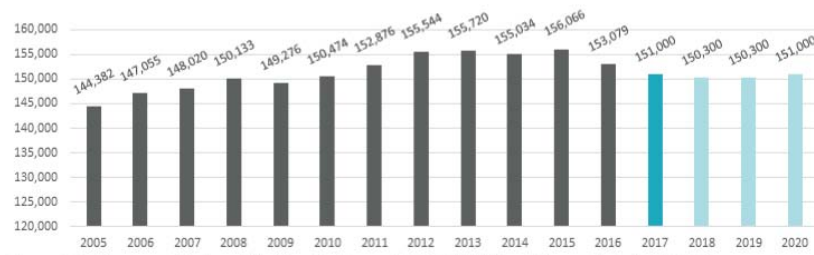


Source: Alaska Department of Labor and Workforce Development (2005-2016), McDowell Group estimates (2017-2020).

Declining total employment accompanied by an increase in the housing vacancy rate suggest some population decline can be expected in 2017. More generally, a relatively healthy national economy (with the U.S. unemployment rate at its lowest since 2001), coupled with recession in Alaska will result in some population decline in Anchorage.

EMPLOYMENT - In AEDC's 2017 Economic Forecast, continuing weakness is expected in the Construction, Professional Services, Oil & Gas, retail sectors and State Government. These declines will be partially offset by growth in the health care and leisure & sectors. Altogether, the Anchorage economy is expected to shed another 2,100 jobs in 2017, a 1.4 percent decline from 2016. Looking ahead, AEDC expects additional losses of 700 jobs (0.5 percent) in 2018, with employment stabilizing in 2019. A return to growth is anticipated in 2020 with a slight gain of 700 jobs (0.5 percent).

ANCHORAGE EMPLOYMENT, 2005-2020



Source: Alaska Department of Labor and Workforce Development (2005-2016), McDowell Group estimates (2017-2020).

In 2016, average wage and salary employment in Anchorage fell to 153,079, a loss of about 3,000 jobs (1.9 percent) from 2015.

Through the first five months of 2017, Anchorage employment is down 1.8 percent over the same period in 2016, indicating year-over-year losses are continuing into this year. However, AEDC expects the loss to moderate in the second half of the year.

The oil industry responded quickly to the precipitous oil price decline with job cuts. In 2016, Oil & Gas sector employment in Anchorage fell to an annual average of 2,900, a decline of 850 jobs (22 percent) from 2015. Preliminary data for the first half of 2017 indicate employment in this sector has stabilized.

Construction employment in 2016 averaged 7,400 jobs, approximately 900 fewer than 2015 (11 percent). Reduced residential construction, state capital projects, and oil & gas-related construction will hold down construction employment in the near-term. While federal defense and highway infrastructure funding is likely to remain stable or increase somewhat, it will not fully offset other losses in this sector. Data through the first half of 2017 show continued employment declines in this sector. AEDC expects construction employment to bottom in 2018.

Professional and Business Services accounted for about 18,200 jobs in 2016, 1,500 fewer (7.5 percent) than in 2015. This sector has given back much of the substantial oil revenue-generated gains experienced over the 2010 to 2015 period. Preliminary 2017 data show job losses are slowing, suggesting this sector may be approaching a more sustainable level of employment.

In 2016, **health care employment** in Anchorage averaged nearly 19,900, 800 more jobs (4.0 percent) than 2015. Data for the first half of 2017 showed growth in this sector is continuing. While changes to the Affordable Care Act, particularly in Medicaid funding, create uncertainty, AEDC expects this sector to remain a source of growth.

State government employment in Anchorage declined by 400 jobs (3.8 percent) in 2016 to about 10,200 jobs. Data for the first five months of 2017 indicate state employment continues to decline slowly, with operating budget cuts bringing further declines.

Anchorage's retail sector employment softened slightly in 2016, losing 300 jobs (1.4 percent) and ending the year with an average of 17,800 jobs. Preliminary 2017 data indicate further employment losses compared to the same period in 2016, as the sector continues to be challenged by reduced consumer spending. It is worth noting that some changes in Anchorage retail employment are the result of national retailers' shifting corporate strategies, and not connected with local business conditions. In any case, the higher-than-average median wages and household incomes in Anchorage

continue to attract the attention of national chains. Marshalls and Duluth Trading Company are expected to open stores in Anchorage in 2017.

The Leisure and Hospitality sector—including hotels, restaurants, and bars—averaged 17,400 jobs in 2016, up 200 (1.2 percent) from 2015. Strong visitor activity has sustained this sector, offsetting reduced business and government spending on travel. Preliminary data for the first half of 2017 indicate some continuing growth in the sector.

PERSONAL INCOME - In 2016 total Alaska personal income declined by about 1 percent, according to the Bureau of Economic Analysis. Though Anchorage specific data is not yet available, the city likely experienced a similar decline. Total Anchorage area wages fell 3.8 percent in 2016 versus 2015 and the 2016 Alaska Permanent Fund dividend that was about half the 2015 dividend. Some additional decline (0.5 percent) in personal income is expected in 2017, as total wages continue to trend down (though the 2017 PFD should be at about the 2016 level). Personal income in 2018 is expected show a similar decline as 2017, with slow growth (2 percent) returning in 2019 and 2020.

From 2005 to 2015, personal income of Anchorage residents increased by an annual average of 4.4 percent. Over the same period, total Alaska personal income growth averaged 4.9 percent and the national average was 3.9 percent.

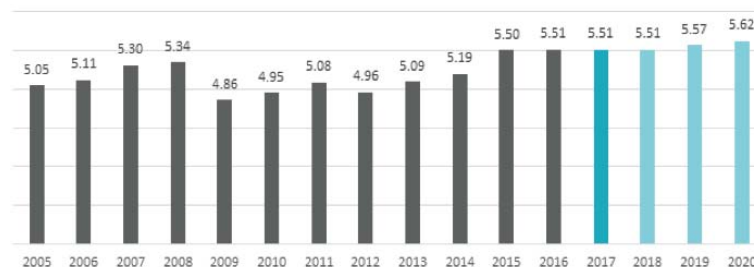
The annual Permanent Fund Dividend payment is typically one of the largest government transfers Anchorage residents receive each year. In 2016, the \$1,022 payment was worth nearly \$300 million to residents.

ANCHORAGE INTERNATIONAL AIRPORT - The Ted Stevens Anchorage International Airport is a critical component of the Anchorage economy. When last measured (in 2012) the airport was responsible for 16,000 Anchorage area jobs. Located less than 9.5 hours from most of the industrialized world, the airport is regularly in the top 10 global airports in terms of landed airfreight.

Each year millions of passengers move through the facility, departing to or arriving from international, domestic, and intrastate destinations. Airport operations support significant economic activity within Anchorage and are an important indicator of visitor industry activity and business and consumer confidence.

Air Passengers - AEDC anticipates 2017 passenger volumes to end the year at the same level to 2016. No change is anticipated for 2018, and slight growth (1.0 percent) is expected for 2019 and 2020. While a stable visitor industry will support passenger volumes, reduced oil & gas, state government, and resident leisure travel may limit growth.

AIR PASSENGER VOLUME, 2005-2020 (MILLIONS)



Source: State of Alaska Department of Transportation (2005-2016), McDowell Group estimates (2017-2020).

- A record-breaking 5.5 million passengers enplaned, deplaned, or transited ANC in 2016, a level slightly higher than 2015. Approximately 2.7 million passengers enplaned and deplaned and a small number (~23K) of passengers transited the airport.
- June, July, and August are the busiest months of the year for passenger volume, typically doubling the volume of February, the slowest month of the year.
- In the first five months of 2017, ConocoPhillips flight services flew 43,417 passengers from Anchorage to the North Slope, a decline of 11 percent over the same period in 2016.
- For the first five months of 2017, ANC observed passenger traffic of 1.9 million, an amount nearly identical to the same period in 2016.

Air Freight - A record-breaking 5.5 million passengers enplaned, deplaned, or transited ANC in 2016. Supported by a strong domestic and global economy, AEDC anticipates air-freight volumes in 2017 to be slightly greater (1.0 percent) than 2016. Absent significant global economic shocks, annual growth of 1.0 percent is anticipated through 2020.

- In 2016, ANC air freight (including enplaned, deplaned, and transit cargo) totaled 2.81 million tons, a 3.5 percent decline from 2015.
- Transited air cargo—the largest component of total tonnage—accounting for 2.12 million tons in 2016, or 75 percent of the total. Enplaned freight accounted for 360,000 tons (or 13 percent of the total) and deplaned freight contributed 335,000 tons (or 12 percent of the total).
- Data for the first five months of 2017 indicate total freight tonnage is up 5.0 percent over the same period in 2016. The transited category grew 6.6 percent and deplaned freight expanded 2.4 percent. Enplaned freight was down 1.5 percent.
- A strong domestic economy and improving global economic growth will support air cargo traffic through Anchorage. The World Bank is forecasting annual global economic growth of 2.7 percent for 2017 and 2.9 percent through 2019.

PORT OF ANCHORAGE - Due primarily to reduced consumer spending, AEDC anticipates a decline (3.5 percent) in freight volume moving through the Port of Anchorage in 2017, then leveling off in 2018. Slight growth (1.0 percent) is anticipated in 2019 and 2020 as the economy stabilizes and consumer confidence returns.

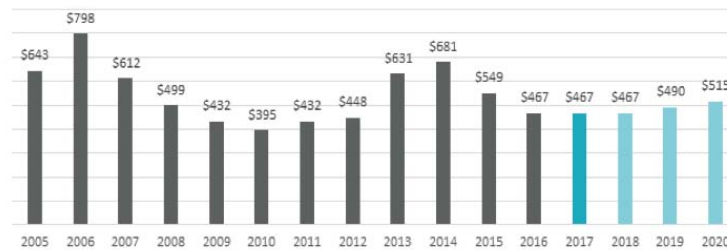
- In 2016, tonnage through the Port of Anchorage declined by 7.3 percent against 2015, from 3.78 million tons to 3.50 million tons. Vans, flats, and container volume fell 5.8 percent and petroleum volume slipped 9.0 percent.
- While declining year over year, petroleum volume in 2015 was an outlier, boosted by maintenance work at Tesoro's Kenai refinery, which shifted shipments to the port via barge instead of the Kenai-Anchorage pipeline.
- In 2016, petroleum comprised 51 percent of total tonnage. Vans, flats, and containers accounted for 45 percent and cement totaled three percent. All other cargo composed less than one percent.
- For the first half of 2017 total volume at the port was lower than the same period last year. Like 2016, 32 tankers and four cement vessels are expected to call on the port in 2017.
- Imported jet fuel has become a significant source of POA petroleum tonnage. Looking ahead, the demand for jet fuel will be a function of flight operations by the military and ANC, offset in part by use of more fuel-efficient planes. A decade ago, about 900 million gallons of jet fuel was used annually at ANC; approximately 600 million gallons were used in 2016.
- In late November, TOTE Maritime will take one of their two ships out of rotation for approximately eight weeks to convert the vessel to LNG power.
- Factors contributing to the decline in cargo volume include reduced construction activity, declining household spending, and a generally lower level of economic activity throughout the Railbelt region.

REAL ESTATE INDICATORS - Total building permit values in Anchorage have declined in each of the past two years. AEDC expects total values to be flat in 2017. Values should hold steady through 2018, with growth returning in 2019 and 2020, at about five percent annually, as investor confidence improves.

Compared to 2015, total Anchorage building permit values fell by 15 percent in 2016, from \$549 million to \$467 million. Building permit data is considered a proxy of near-term construction investment and activity; however, not all permitted projects are actually completed. In 2016:

- Commercial permit values accounted for \$276 million (59 percent of all permit values); this category lost \$13 million (4.5 percent) from 2015.
- Residential permit values totaled \$132 million (28 percent of all permits), a reduction of \$43 million (25 percent) compared to 2015.
- Government building permit values totaled \$59 million (13 percent of all permits), a reduction of \$26 million (31 percent) from 2015.

BUILDING PERMIT VALUES, 2005-2020 (\$ MILLIONS)

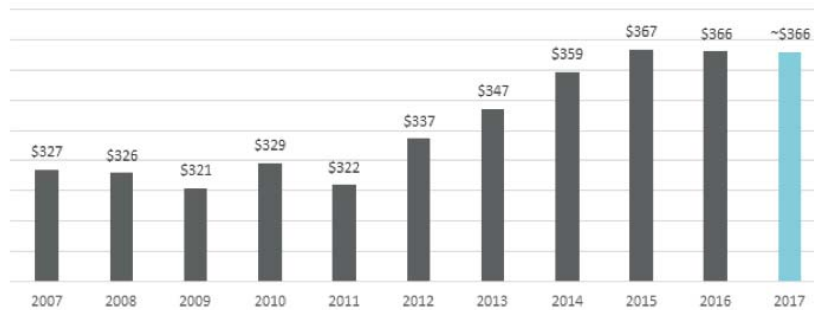


Source: Municipality of Anchorage (2005-2016), McDowell Group estimates (2017-2020).

Several large private sector projects are underway, including investments by Duluth Trading Company (\$0.8 million), Hyatt Place Hotel (\$16.0 million), ODOM Corporation (\$30.1 million), Alaska Airlines (\$11.9 million), Baxter Assisted Living (\$22.0 million), Eagle Eye Self Storage (\$2.6 million), and Dave and Busters (\$2.6 million). Public sector and utility projects include work underway at the Dempsey Ice Rink (\$5.4 million), West/Romig Library (\$8.1 million), and Eklutna Water Treatment Plant (\$0.7 million).

SINGLE-FAMILY HOMES - Data through the first half of 2017 indicate continued strength in the single-family home market. AEDC does not expect significant price declines in 2017.

AVERAGE SINGLE-FAMILY HOME SALES, 2007-2017 (\$'000)

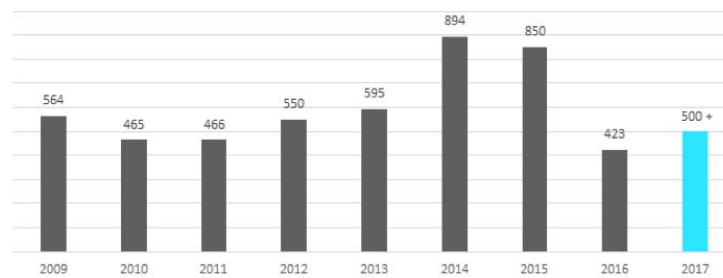


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Source: Alaska Multiple Listing Service (2007-2016), McDowell Group estimates (2017).

- Average single-family home sales have proven resilient, with very little change between 2015 and 2016 when the average single-family home sold for about \$366,000.
- Over the last decade (2007-2016), Anchorage single-family home values increased by an average of 1.3 percent annually.
- From 2008 to 2016, the number of single-family home sales in the first five months of the year averaged 911. For the same period in 2017, 968 homes were sold.
- Currently, approximately 0.3 percent of mortgages in Alaska are in foreclosure, a rate lower than the national average of 0.8 percent. In 2016, Anchorage saw 230 foreclosures; the five-year average was 300.

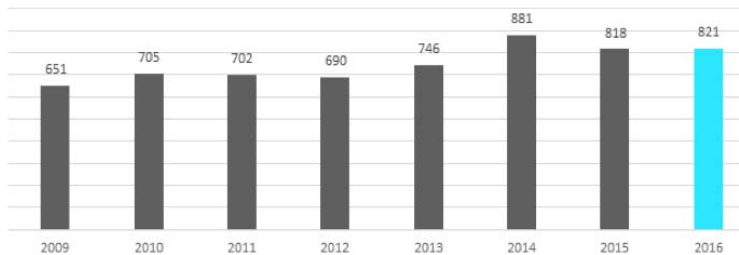
New Housing Units - AEDC anticipates total new housing units in Anchorage could top 500 in 2017.

ANCHORAGE NEW HOUSING UNITS, 2009-2017



- From 2009 through the first quarter of 2017, about 4,846 housing units were built, including 2,314 multi-family units (48 percent), 2,123 single-family homes (44 percent), and 409 mobile homes (8.4 percent). Over the same period, 6,014 units were added to the Matanuska-Susitna Borough housing stock.
- In 2016, 423 units were added to the Anchorage market; the Mat-Su borough added 821 units.
- Since 2009, for every four housing units added in Anchorage, five units were added in the Mat-Su borough.
- Anchorage residential building permit data for the first half of 2017 indicate construction activity is stronger than the same period in 2016. Same period Mat-Su housing units are shown below.

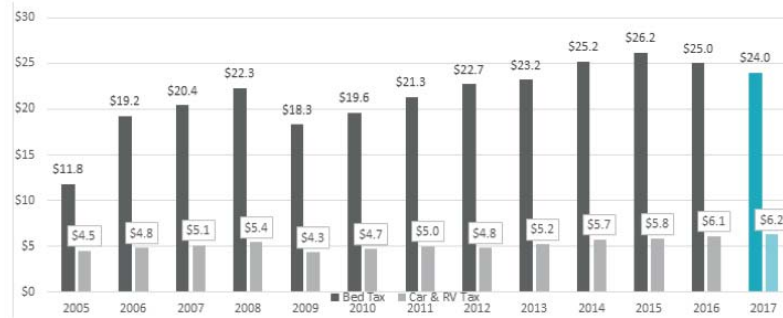
MAT-SU NEW HOUSING UNITS, 2009-2016



Source: Alaska Department of Labor and Workforce Development (2009-2016), McDowell Group estimates (2017).

VISITOR INDUSTRY - AEDC anticipates the 2017 visitor season to be on par with 2016. A strong non-resident vacation market will again be offset by weak business travel.

ANCHORAGE BED TAX & CAR/RV RENTAL TAX 2005-2017 (\$ MILLION)



Source: Municipality of Anchorage (2005-2016), McDowell Group estimates (2017).

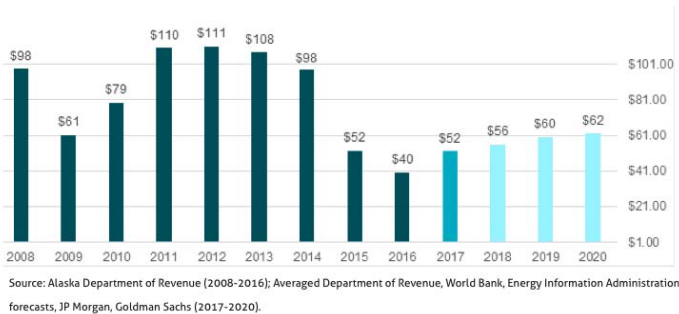
- Anchorage bed tax revenue declined 4.3 percent in 2016, from \$26.2 million in 2015 to \$25.0 million. First quarter 2017 bed tax revenue is down 3.2 percent from first quarter 2016. Much of the decline may be due to reduced room rates, a result of additional capacity and softer demand.
- Car and RV rental-tax revenue grew to nearly \$6.1 million in 2016, a 4.4 percent increase from 2015. The car component contributed \$4.7 million (78 percent), and the RV category accounted for \$1.3 million (22 percent). While car-related rental-tax revenue expanded 19 percent over the last five years, the RV component grew 54 percent. Data for the first quarter of 2017 indicate a 13 percent increase in car and RV rental tax revenue over the same quarter in 2016.
- In the summer of 2016, 1.86 million people visited Alaska, a 4.3 percent increase over 2015. Anchorage visitation totaled 896,000, 48 percent of the Alaska total.
- In the summer of 2016, about 321,000 visitors arrived in Southcentral Alaska via across-gulf cruise, a 2.5 percent decline from the previous year. Nearly all of these passengers come through Anchorage. Based on scheduled itineraries, cross-gulf passenger volume in 2017 is expected to be similar to 2016.
- In 2016, Anchorage hosted nearly 700 conferences, tradeshows, retreats, annual meetings, and other events in the city with estimated attendance of more than 100,000 people. For 2017, a similar level of activity is anticipated, including the Alaska Federation of Natives Convention (3,500 attendees), March Madness Basketball Tournament (1,700 attendees), Oceans North America (1,500 attendees), and First Alaskans Institute Elders/Youth Conference (1,400 attendees).
- There is significant concern that a sharp reduction in State of Alaska spending on marketing will affect visitation to Alaska, especially in the independent visitor market, the source of most of Anchorage's non-resident visitors.

OIL PRICES - Consistent with leading forecasts, AEDC anticipates oil prices will average \$52 per barrel in 2017. Slow price growth will support an average price of \$56 in 2018 and \$60 in 2019. An average price of \$62 per barrel is projected for 2020. While price growth is the near-term trend, global conflicts, the pace of economic growth, and supply levels can produce significant, short-term increases or decreases in the price of oil.

- Alaska North Slope oil prices averaged \$43 per barrel in 2016, a 17 percent decline from 2015. Prices through the first six months of 2017 have averaged \$52 per barrel.
- In 2017, the Trans Alaska Pipeline System is celebrating its 40th year in operation and nearly 18 billion barrels of total throughput. The pipeline averaged 518,000 barrels of throughput per day in 2016, a nearly two percent increase from 2015.
- For the first half of 2017, North Slope production averaged 546,000 barrels per day, a 3.6 percent increase over the same period in 2016.

- Though Alaska's oil industry has reduced employment, the sector continues to spend billions of dollars each year on operations, maintenance, and capital projects. Hilcorp Alaska is investing in Cook Inlet and North Slope fields, ConocoPhillips is developing Greater Moose's Tooth 1, and in 2016 BP's capital and operating budget totaled \$1.7 billion. Several of the nation's largest new oil fields have been identified in

ANS OIL PRICE PER BARREL AND TAPS THROUGHPUT, 2008-2020



- Alaska recently, a reminder that Alaska will maintain its role as a leading energy producing state.
- Forecasts from the State of Alaska, World Bank, Energy Information Administration, JP Morgan, and Goldman Sachs all anticipate prices to slowly trend up in the near-term. Prices above the mid-\$60 per barrel mark are unlikely due to domestic fracking-related production, which can be increased quickly to take advantage of a higher price.

**TAPS THROUGHPUT
(Thousands of Barrels Per Day 2007-2016)**

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------|------|------|------|------|------|------|------|------|------|
| 740 | 704 | 672 | 620 | 583 | 548 | 534 | 513 | 508 | 518 |

LOOKING AHEAD - The local economy is in uncharted territory, experiencing what is expected to be three consecutive years of employment decline after generally steady growth over the previous 20 years.

Most uncertain now is the intensity of downstream multiplier effects that could follow losses in sectors most directly affected by declining oil revenue (the oil & gas industry, professional services, construction, and state government). Consumer and investor confidence will have a lot to do with the degree and timing of secondary economic impacts. Yet another year without a fiscal plan for funding state government and critical related enterprises such as the University of Alaska will further weaken that confidence in the future. To the extent that economic recession in Alaska is prolonged by a crisis in confidence, the blame will lie squarely on the absence of long-term state fiscal plan and consistent and competitive tax policy. Investors in all sectors of the Alaska economy, not just the oil industry, need greater clarity on the tools the state will be using to balance its budget over the long term. Absent that, investment dollars will remain in the bank, or go elsewhere.

While the employment picture is not good, we can take solace in several positive aspects in the economy today:

- Residential and commercial real estate values are generally stable
- Less than one percent of loans extended to Alaska residents and businesses are nonperforming (meaning no payments for 90+ days). In late 1987, more than 17 percent of loans were nonperforming; after the 2008/2009 recession almost five percent of loans held this distinction
- In the real estate market, Anchorage has the opportunity to tap significant unmet housing demand by meeting the needs of young professional and seniors
- The visitor industry is healthy, with duly-noted concern about the state's sharp drop in funding for marketing programs critical to attracting more independent visitors to Alaska
- JBER force reductions are off the table, avoiding what may have been a very painful hit to the local economy

- The health care sector continues along its remarkable long-term growth trajectory
- The latest available employment data indicates a couple of the sectors hit hard by the oil-revenue related recession may be finding a bottom, with expectation of greater stability going forward
- Anchorage's economy today is more mature and diversified than ever; certainly more so than in the '80s when a drop in oil prices took a big bite out of the economy. Today, the city has:
 - An older population with greater financial wherewithal to ride out rough times
 - Fewer highly leveraged real estate assets
 - Stronger commercial and residential real estate markets, in general
 - A larger public sector, which is typically slower to reduce employment than private firms, acting as an economic shock absorber

These are challenging and uncertain economic times for Anchorage and the state overall. At AEDC we will do our best to foresee what lies ahead (with tools such as this 3-year outlook), manage those forces that we can influence, and plan for circumstances beyond our control.”⁴

2017 ECONOMIC RESULTS AND 2018 EXPECTATIONS

The following data has been extracted from Anchorage Economic Development Corporation's (AEDC) annual economic report entitled **Anchorage 2018 Economic Forecast**⁵ and dated January 31, 2018. Following is a summary of the that report along with several excerpts, including *Summary of AEDCs 2018 Economic Forecast for Anchorage*. A complete copy of this report is located in our files and is available on-line⁶.

EMPLOYMENT - Anchorage's employment dropped 1.4 percent in 2017, which was consistent with AEDC's January 2017 forecast. Total employment decreased by 2,100 jobs, similar to that experienced in 2016. The oil and gas, construction, professional services and state government sectors all experiencing job losses. On the positive side the health sector added 800 jobs, continuing a decade of uninterrupted growth pattern.

Consistent with AEDC's January 2017 forecast, Anchorage employment dipped 1.4 percent in 2017, a decline of about 2,100 jobs. In terms of employment, 2017 was a repeat performance of 2016, with oil and gas, construction, professional services, and state government all experiencing job loss. Once again, healthcare was the shining star, adding 800 jobs, continuing a decade of uninterrupted growth.

AEDC anticipates further employment decline in 2018, though fewer losses than experienced in 2016 and 2017. Overall, the economy is expected to shed another 1,000 jobs (0.7 percent) in 2018. Much of that decline will be in the support sector, as the multiplier effects of previous years' losses ripple through the economy. While job losses are anticipated in retail and in the leisure and hospitality sector, the oil and gas and construction industries are expected to show strength compared to 2016 and 2017. Healthcare sector growth will continue into 2018.

Beyond 2018 we predict a return to growth. Increasing natural resource values, a robust visitor industry, and other forces noted below bode well for Alaska. With Anchorage accounting for more

⁴ https://aedcweb.com/wp-content/uploads/2017/07/2017_3-Year_Outlook__Sponsored_by_Coffman-Engineers_GCI-Matson.pdf

⁵ This report is compiled by the McDowell Group. The 2018 Economic Forecast examines recent economic trends, analysis of a wide range of economic and business activity indicators, interviews with representatives of businesses and organizations in various sectors and current events to gain an understanding of forces likely to be shaping business conditions affecting job growth in Anchorage in 2018.

⁶ www.AEDCweb.com

than half of Alaska's total GDP of \$50 billion, what's good for Alaska is good for Anchorage, and vice versa.

While AEDC believes 2018 will mark the bottom of the recession, without a long-term solution to Alaska's budget deficit, full recovery may remain elusive. The absence of State budget and taxation certainty promises to unnecessarily sideline investment.

SECTOR CHANGES IN EMPLOYMENT (JOBS)

| | |
|--|-----------|
| OIL & GAS | NO CHANGE |
| HEALTH CARE | 600 |
| TRANSPORTATION | 100 |
| PROFESSIONAL & BUSINESS SERVICES | -200 |
| CONSTRUCTION | -200 |
| LEISURE & HOSPITALITY | -200 |
| RETAIL TRADE | -400 |
| FINANCIAL ACTIVITIES | -100 |
| GOVERNMENT | -200 |
| OTHER SECTORS OF THE ANCHORAGE ECONOMY | -400 |

POPULATION - In 2017, Anchorage's population averaged 297,483 residents, representing a loss of 1,454 residents (0.5 percent) from 2016. Following a peak population of 300,880 in 2013, Anchorage has experienced a loss of 3,397 residents, or 1.1 percent. While economic conditions are expected to improve slightly, AEDC anticipates population decline of another 0.5 percent, about 1,500 residents, in 2018. **By the end of the year, Anchorage's population is expected to approximate 2967,00 residents, a decline of 1,500 people.**

- The population change in 2017 included 4,273 births 1,768 deaths, and a net loss of 3,959 residents due to migration.
- A weak job market in Anchorage coupled with a strong national economy is likely a significant contributor to net out-migration. There is also some net loss to other areas of Alaska. In 2016, at least 5,600 residents from other Alaska communities moved to Anchorage and 5,800 Anchorage residents moved to other Alaska communities. This includes an estimated 3,200 Anchorage residents who moved to the Mat-Su Borough, and 1,900 Mat-Su Borough residents who moved to Anchorage.
- The Anchorage's population is getting older. In 1996, the average age was 31.5 years; in 2016 the average age was 33.7 years. The Alaska Department of Labor and Workforce Development projects that by 2026 the average age will be more than 36 years.

UNEMPLOYMENT - At 5.7 percent, the unemployment rate in Anchorage for 2017 was below the statewide rate of 6.9 percent but well above the national rate of 4.4 percent. Further, unemployment in Anchorage has trended upward as the national rate has trended downward. The national rate is at a 17-year low; Anchorage and Alaska are at 7 and 4-year highs, respectively.

- Between 2008 and 2014, Anchorage unemployment was lower than the U.S. when the national rate peaked at 9.6 percent in 2010, Anchorage experienced 6.6 percent unemployment.
- Historically, the Anchorage unemployment rate has been lower than the Alaska rate, averaging a 1.5 percent difference since 2006.
- The 2017 unemployment rate of 5.7 percent in Anchorage is just a few tenths of a percent

- above the 2016 rate (5.3 percent) and the average for the 2012 to 2016 period (5.2 percent).
- Anchorage's 2017 unemployment rate suggests there are approximately 9,000 individuals actively seeking employment.
 - While the Anchorage economy has lost about 5,000 jobs since 2015, the number of unemployed residents has only increased about 1,100. Out-migration of resident workers contributes to the relatively low number of currently unemployed residents. In addition, non-residents may have accounted for disproportionate share of the job losses. Finally, a number of workers likely retired rather than remain in the labor force after losing a job.

INFLATION RATE - Through the first half of 2017, Anchorage prices increased just 0.7 percent, a rate well below the ten-year average of 2.4 percent. AEDC anticipates inflation in 2018 to remain below historical averages.

- Inflation is measured with the Consumer Price Index (CPI), which tracks price changes over time for a selection of consumer goods and services. The Anchorage CPI is the only available measure of inflation for Alaska.
- Prices that increased in the first half of 2017 include energy (+6.3 percent), medical care (+1.3 percent), and food (+0.4 percent). Reductions to education and communication (-2.7 percent), apparel (-1.6 percent), and shelter (-0.7 percent) moderated the net change.
- Since 2015, the Anchorage inflation rate has been lower than the national rate, likely reflecting the divergent effects of economic recession in Alaska and growth in the national economy.

OIL & GAS – In 2017, Anchorage's oil and gas sector lost 300 jobs, down 11 percent from 2016. With total employment at 2,600 jobs, this sector has lost about 1,200 jobs since 2015 (a 30 percent decline) and settled back to the 2010 level. Statewide, the oil and gas industry has lost about 4,000 jobs since peaking at 14,800 in 2014.

The economic impact of the oil and gas industry in Anchorage goes well beyond the direct jobs described above. McDowell Group's 2016 study measured 28,000 jobs and \$1.9 billion in wages directly or indirectly connected with oil and gas industry activity in Alaska, not counting jobs and wages created by taxes and royalties paid by the industry.

With significant cuts already behind this sector, slowly increasing oil prices, and growing industry optimism, **AEDC anticipates employment will stabilize in 2018, remaining at about 2,600 jobs, unchanged from 2017.**

- The Trans-Alaska Pipeline System (TAPS) averaged throughput of 527,323 barrels per day in 2017, the second consecutive year of growth. This volume represents a 1.5 percent increase from 2016, and 3.7 percent over 2015.
- New development on the North Slope bodes well for increasing the volume of oil moving through the pipeline and for generating revenue for state government. It is important to note that production from federal land such as NPRA does not offer the same revenue benefits for Alaska as production on state-leased land.
- Oil and gas activity on the North Slope is anticipated to increase in 2018.
 - ConocoPhillips plans on first oil from Greater Mooses Tooth #1 in 2018, with additional near-term work planned on Greater Mooses Tooth #2, CD2, and CD5. ConocoPhillips plans

- to expand CD2 and CD5 with drilling starting in 2020. The company plans to drill five exploratory wells in 2018.
- Hilcorp is finishing construction at its Milne Point's Moose Pad project with first oil anticipated in 2018.
 - Longer-term projects include ConocoPhillips' Fiord West (20,000 barrels per day) and Willow (100,000 barrels per day) projects and Hilcorp's Liberty Project (65,000 barrels per day). Armstrong Energy's Nanushuk project in the Pikka Unit is expected to produce 120,000 barrels per day. Caelus' Smith Bay also offers long-term potential.
 - Eni is drilling in its Nikaitchuq North prospect with additional wells possible, and Glacier Oil and Gas is drilling an exploratory well at Badami. Brooks Range Petroleum, Alliance Exploration, Accumulate Energy Alaska, and other companies are also active planning, exploring, and developing on the North Slope.
- Activity in Cook Inlet is primarily focused on production of natural gas destined for local consumption.
 - Hilcorp plans to drill up to six wells in the Kenai Unit and restart production at Birch Hill Unit, in addition to other activity in the Seaview, Deep Creek, Nikolaevsk, and Ninilchik units. The company is also developing a \$73 million cross-inlet pipeline, with completion planned for late 2018.
 - BlueCrest Energy is planning a development well in the Cosmopolitan Unit, and AIX Energy is improving operations at the Kenai Loop field.
 - Adding to a decade of effort in the Nenana Basin, Doyon plans to drill the Totchaket #1 exploration well in the summer of 2018. Cook Inlet Regional Inc. (CIRI) is a partner on this \$20-\$30 million project.
 - The opening of the Arctic National Wildlife Refuge's 1002 area and potential for increased access to offshore leases offer the industry additional possibilities for long-term growth.
 - Through early 2018, oil is trading at three-year price highs. Short-term forecasts from the Energy Information Agency, Alaska Department of Revenue, and Goldman Sachs indicate oil prices will be higher in 2018 than 2017.

HEALTH CARE - In 2017, Anchorage's healthcare sector posted yet another year of growth, adding almost 800 jobs, a 3.8 percent increase. Healthcare accounted for an average of 20,700 jobs in 2017. Outpatient services such as dentists, imaging, and private physicians compose most of this sector, accounting for 53 percent of employment. Hospitals contributed 34 percent, and nursing and residential care services accounted for the remainder (13 percent).

Anchorage is the medical care center of Alaska, with 56 percent of the state's healthcare employment. Supported by an aging population with greater healthcare needs, expanding local healthcare capacity, workforce training efforts to reduce the need for non-resident nurses and other healthcare providers, and policies such as Medicaid expansion, **AEDC expects healthcare employment to expand again in 2018, adding another 600 jobs (2.9 percent)**. It is reasonable to question whether this long period of healthcare employment growth is sustainable or indicative of a bubble.

Activity in the local healthcare sector includes:

- Providence Alaska Medical Center expanded its emergency care facility to 50 rooms with the recent addition of 13 rooms.
- In 2017, the Anchorage Municipality entered into an innovative arrangement with Vera Whole Health, which will operate a health clinic in east Anchorage exclusively for City employees.

- Alaska Regional Hospital closed its new Mountain View primary care clinic in 2017 due to greater-than-expected financial losses.
- Increased service capacity (such as oncology and pediatric services) in Alaska Native health organizations continues to support recent growth in the healthcare sector.

An aging population will require more healthcare services. While Anchorage's population has declined an annual average of 0.1 percent in the last five years, the 65+ cohort has expanded by an average of 4.9 percent annually, totaling 31,272 residents in 2017.

Moving forward, the industry may be challenged by continued uncertainty surrounding federal healthcare policy, further deterioration of reimbursement yields (such as reduction in Medicaid rates), increasing prevalence of high-deductible plans shifting costs from employer to employee, anticipated diminished profit margins, further downward pressure on pricing, and increasing "healthcare tourism" that funnels patients and their dollars to Lower 48 providers.

TRANSPORTATION - Employment in Anchorage's transportation, warehouse, and utilities sector was flat in 2017, averaging approximately 11,000 positions. Historically one of Anchorage's most stable sectors, air transportation accounts for approximately 30 percent of the sector's total employment. Couriers such as UPS and FedEx account for about 20 percent, and truck transportation totals 12 percent. Scenic and sightseeing business, utilities, warehouses, and other establishments account for the remainder of 38 percent.

Supported by strong freight volumes at the Ted Stevens Anchorage International Airport (ANC), stabilized volumes at the Port of Alaska, continued growth of ecommerce, and increased visitor travel, **AEDC anticipates this sector will add 100 jobs (0.9 percent) in 2018, rising to an average of 11,100 positions.**

- Anchorage is the transportation hub for much of Alaska: a significant portion of consumer, industrial, and defense supplies moved by air, water, and truck throughout the state move through the city.
- Volume at the Port of Alaska totaled 3.5 million tons in 2017, the same as 2016. Petroleum shipments totaled 1.8 million tons, up 0.8 percent. Container volume increased for the first time since 2014, growing 0.6 percent to 1.6 million tons.
- Through the first 11 months of 2017, enplaned, deplaned, and transited air cargo volume at ANC was up 6.8 percent (to 2.7 million tons) from the same period in 2016.

PROFESSIONAL & BUSINESS SERVICES - Anchorage professional and business services employment averaged 17,600 jobs in 2017, a decline of about 600 jobs (3.2 percent) from 2016. Engineers, architects, lawyers, accountants, business managers, and other professionals account for 60 percent of this sector; administrative and waste management positions are the remainder. About two-thirds of Alaska's professional and business service employment is in Anchorage.

Local firms provide services for a wide variety of public and private projects and organizations throughout Alaska. While increased defense spending, steady federal highway funds, and recovering oil and gas investment offer the hope of stability for this sector, reduced State of Alaska capital budgets will continue to contribute to losses in 2018. **AEDC anticipates employment to average 17,400 jobs, a decline of 200 positions from 2017 (1.1 percent).**

- Following a peak of 20,190 jobs in 2013, employment in this sector has declined by 2,800 jobs

(14 percent). Employment losses over the last five years are primarily due to reduced oil and gas industry spending, sharply reduced state funding for “megaprojects” such as the Susitna-Watana Hydroelectric Project and Knik Arm Bridge Crossing, and a generally lower level of private investment due to slowing economic activity in Anchorage and Alaska.

- Engineering, design, and planning firms have been hardest hit by the decline in capital project spending in Alaska.
- The rise and fall of professional and business services employment over the past decade has followed the same trend as oil prices and revenues, which peaked in the 2012-2013 period.
- Sources of near and long term-opportunity for this sector include the Donlin and Pebble mining projects, which would require significant engineering, planning, and social science research. Expansion of Alaska’s missile defense infrastructure and preparation for the arrival of two F-35 squadrons at Eielson Air Force Base will support local firms, and an increase in oil and gas capital investment will contribute to stabilization of this sector. Federal highway construction spending will continue to be an important source of professional services activity.

CONSTRUCTION - In 2017, Anchorage’s construction industry lost jobs for the second year in a row, declining by 400 positions (5.6 percent) to an average of 7,000. Specialty trades account for 50 percent of employment in this sector. Building construction and heavy construction each compose about one quarter of the total.

Stabilized in part by federal defense spending and renewed oil and gas activity but still weakened by diminished State capital budgets – AEDC anticipates losses to moderate in this sector in 2018. **A decline of 200 jobs (2.9 percent) is expected.**

- Since 2015, employment in the construction sector has declined by 1,300 jobs, a decrease of 16 percent.
- State of Alaska capital budgets have fallen by more than \$2 billion since 2013, sharply impacting the construction sector. A capital budget typically takes 3-5 years to be spent, meaning impacts associated with large budgets of the past are nearing an end.
- Army Corps of Engineers spending in Alaska will total \$550 million in FY2018, similar to previous years. While most work will occur in the Interior, Anchorage businesses have been awarded several contracts associated with this spending.
- Anchorage building permit data provides an indicator of intended building projects. In 2017, total valuation for almost 2,600 permits was \$422 million, a 9.7 percent reduction from 2016. The residential component was up 5.7 percent to \$140 million while the commercial component was down 14 percent to \$236 million. Government permit valuation accounted for the remainder, down 22 percent to \$46 million.
- Projects currently under construction in Anchorage include King Street Brewery (\$6.5 million), West and Romig schools (\$4.9 million), Chugiak High School (\$1.1 million), Inuit Building (\$2.3 million), and Providence Medical (\$680,000), among others.
- Mixed-use development in Anchorage will contribute to increased construction activity including:
 - The Rail, an 11-acre project including a 35-unit condo development known as “Downtown Edge”.
 - A \$40 million development on 6th Avenue with a 120-room hotel, 39 apartments, and restaurant, among other amenities.
 - At East Tudor and Elmore, a \$180 million project including apartments and condos, new

offices for the City's Health Department, a hotel, grocery store, and other commercial enterprises.

- In the place of the City's existing health department offices, a 120-apartment senior housing complex with retail, café, and pharmacy.

These large, mixed-used commercial and housing projects suggest developers are looking to take advantage of reduced construction costs, brought about by the down-turn in Alaska's economy.

Looking ahead, projects such as AK LNG, Donlin, and Pebble have the potential to support thousands of construction jobs, offering the industry an optimistic long-term perspective.

LEISURE & HOSPITALITY - Roughly two-thirds of leisure and hospitality employment is in food service while accommodations account for 20 percent. The balance is provided by the arts and recreation sectors. In 2017, employment in this sector remained close to record levels at 17,300 positions, with only a slight loss (about 100 jobs, or 0.6 percent) from the previous year.

While accommodation employment is anticipated to increase slightly in 2018, gains will be offset by modest reductions in food service employment. **AEDC expects the leisure and hospitality sector to lose 200 jobs in 2018, a decline of 1.2 percent.** Several forces will shape the sector:

- Although the visitor industry is vital to this sector, resident spending (at restaurants, bars, and other attractions) is the primary driver. Until Anchorage area employment stabilizes, resident spending will be constrained.
- Resident business travel, also an important aspect of this sector, has declined in tandem with Alaska's economy. It too will remain weak until the economy shows more signs of recovery.
- Statewide, cruise passenger volume is projected to increase by 7.0 percent in 2018. Cross-gulf volume, however, is expected to increase by 25 percent.
- The Port of Anchorage anticipates 10 cruise ship calls in 2018, the same as 2017.
- Preliminary expectations for the 2018 convention market indicate a similar level of activity as 2017, including the Alaska Federation of Natives Annual Convention (3,500 participants), First Alaskans Institute Elders & Youth Conference (1,400), and the National Indian Child Welfare Association's annual conference (1,100 participants).

Other indicators of recent activity and trends in the leisure and hospitality sector include:

- Bed tax revenue through the first three quarters of 2017 totaled \$22.1 million, a 3.2 percent increase from the same period in 2016.
- Car and RV rental tax revenue for the first three quarters in 2017 increased 3.3 percent from 2016 to \$5.7 million.
- Enplanements at Ted Stevens Anchorage International Airport decreased slightly between 2016 and 2017 (through November), down 0.8 percent.
- Statewide cruise passenger volume increased by 6.2 percent between 2016 and 2017; however, cross-gulf volume (passengers embarking or disembarking at Whittier or Seward) decreased slightly, by 0.2 percent.
- Anchorage is the center of Alaska events and conferences. In 2017, the city hosted 441 meetings and conventions, 47 sporting events, and 47 trade shows.

RETAIL TRADE - Anchorage's retail sector accounted for 17,500 jobs in 2017, down 300 (1.7

percent) from 2016. The 2017 decline marks the second consecutive annual loss. General merchandise stores account for 27 percent of employment in this sector, the largest component. Auto dealers and motor parts businesses contribute 13 percent of employment, and food and beverage retail establishments total 12 percent. A wide variety of gasoline, clothing, health, electronics, and furniture retailers, among others, account for the remainder. The total number of retail establishments in Anchorage has trended down from a peak of 858 businesses in 2008 to 784 in 2016.

While most sectors in the Anchorage economy are expected to show signs of recovery in 2018, the retail sector is anticipated to lose more jobs in 2018 than in 2017. **AEDC expects a decline of about 400 jobs**, or 2.3 percent, largely due closure of some larger employers as well as further weakness in local consumer spending.

- Though largely unrelated to economic conditions in Anchorage, the closure of two Sam's Clubs and one Sears in Anchorage in 2018 will cost 350-450 jobs. Many displaced workers may find other positions, but these store closures will account for a 2 percent loss in retail sector employment.
- Opening in the spring of 2018, a Duluth Trading Company will be located near the Dimond Center Mall, with about 50 employees. Outdoor equipment retailer Black Diamond is opening a store in Anchorage, further off-setting some of the losses in other retail sectors.
- While Anchorage (and national) firms are struggling to compete with online shopping, local businesses face the additional challenge of maintaining operations during a recession.
- As Alaska's hub of retail enterprise, Anchorage benefits disproportionately from the annual PFD distribution. Worth more than \$600 million to Alaskans in 2017 – and likely about the same in 2018 – it is likely the majority of the PFD-related spending on consumer goods will occur in Anchorage.

FINANCIAL ACTIVITIES - In 2017 Anchorage's financial sector extended a trend of small annual losses, declining about 100 positions (1.0 percent). The sector employed an average 7,800 workers in 2017. Consumer banking and real estate services each contribute about 40 percent of employment to this sector. A mix of insurance, investment, and other financial services businesses compose the remainder.

AEDC expects this sector to lose about 100 positions in 2018, or about 1.3 percent, primarily a result of continued slow decline in real estate employment.

- The sharp drop in employment in the Financial Activities sector between 2011 and 2013 was the result of reclassifying Native corporation employment (which was moved into the Professional and Businesses Services sector).
- Banking has been a relatively steady source of employment over the past decade, at about 3,200 jobs. Insurance and real estate have experienced slow steady decline in employment.
- While home values in Anchorage have remained relatively stable, local mortgage lending activity has slowed. During the first three quarters of 2017, 2,387 single-family and condominium mortgages were closed, a 10 percent decline from the same period in 2016, according to a survey of local lenders. The value of these mortgages declined as well, falling 12 percent to about \$310 million. An increase in internet-based mortgages (which are not represented in this survey) may have contributed to the decline.

GOVERNMENT - In 2017, total government employment in Anchorage declined to 27,900 positions, a loss of 400 jobs or 1.4 percent. Federal, state, and local government each account for

roughly one-third of total employment in this sector. Government accounts for about one in five wage and salary jobs in Anchorage. Total government employment in Anchorage in 2017 was 8.6 percent lower (approximately 2,600 jobs) than the peak of 30,500 jobs in 2010.

In 2018, AEDC anticipates the loss of approximately 200 government positions (0.7 percent) as the State of Alaska continues to grapple with its budget deficit. Losses to federal government employment are possible, as the Trump administration initiates restructuring at the Interior Department and other agencies.

- Preliminary data indicate federal government employment in Anchorage totaled 8,400 jobs in 2017, a 1.2 percent decline from 2016. Since a peak of 9,800 jobs in 2010, employment in this sector has declined 14 percent.
- Totalling 10,000 positions in 2017, state government employment declined 2.0 percent from 2016, according to preliminary estimates. Employment in this sector has declined 7.4 percent (800 jobs) from a 2015 peak of 10,800 jobs. The University of Alaska Anchorage, with about 2,600 jobs, accounts for about a quarter of State employment in Anchorage. Total state government employment in Alaska is down about 10 percent (2,500 jobs) from its 2014 peak of about 26,000 jobs.
- Local government employment totaled 9,500 positions in 2017, a slight loss (1.0 percent) from 2016, and has declined 7.8 percent since a high of 10,300 positions in 2012. Anchorage School District employees account for about three out of four jobs in this category.
- Stemming from an AEDC Utilities Working Group recommendation, sale of the publicly-owned Municipal Light & Power (one of two Anchorage electricity utilities) has been proposed by Mayor Ethan Berkowitz and other community leaders. Sale of ML&P, which is subject to voter approval, would not result in lay-offs; workforce consolidation would occur through retirements and otherwise normal attrition.
- JBER's 13,000 active duty soldiers (with 20,000 dependents) and 1,000-position civilian workforce have a significant impact on the Anchorage economy. Defense-related activity at the Port of Alaska, contracts with Anchorage businesses, and about \$1 billion in annual payroll, among other activity, supports thousands of local jobs.

OTHER SECTORS - In addition to the nine primary sectors previously described, the Anchorage economy includes 21,600 jobs in the manufacturing, telecommunications, automotive repair, private education sectors, among others. Preliminary 2017 data indicate most sectors in this category experienced losses, including manufacturing (6.2 percent), information services (4.7 percent), and private education (1.7 percent). Challenged by generally lower levels of economic activity, **AEDC anticipates these sectors will lose an additional 400 positions (1.9 percent) in 2018.**

SUMMARY - While further jobs losses are expected in Anchorage, we can now see the first signs of recovery. The sector hit hardest by the down-turn in oil prices, oil and gas, is expected to hold its own in 2018, after losing 30 percent of its Anchorage workforce over the past three years. Professional and business services, and the construction sector, will likely shed a few more jobs this year, but nothing like the losses experienced in 2016 and 2017.

In the meantime, healthcare will continue its steady upward march, adding 600 jobs in 2018 if our forecast holds true. We also see growth in the transportation sector, in response to Alaska's growing visitor industry. Other ingredients for growth are on also the table. Oil prices are trending up and investment in Alaska's mining industry is on the up tick after suffering the effects of several years of low commodity prices. Though Anchorage may be hundreds of miles from where resource

development occurs, we reap the benefits from our role as Alaska's service, supply, and transportation hub.

Developers are showing confidence in Anchorage's future, another signal that we are nearing the bottom. With \$200+ million in proposed mixed-use commercial and residential development, investors are evidently looking to take advantage of favorable construction conditions.

Whether 2018 marks the bottom of the recession may depend on the state legislature. Budget and tax certainty could not only mitigate the lingering support sector effects of recession, but also set the stage for a return to full growth. The legislature can also spur investment in critical infrastructure in Alaska, including badly needed Port of Alaska upgrades.

Fully reigniting the economy will require more than State investment. Local, public, and private investment will be needed to take full advantage of opportunities and to address the city's challenges, such as housing and healthcare costs, crime, and other issues in our pursuit to make Anchorage the number one city to live, work, and play.

MATANUSKA-SUSITNA BOROUGH MARKET AREA DATA

The Subject property is located north east of the city of Wasilla, in the Matanuska-Susitna Borough. Following is a September 2017 **Alaska Economic Trend's** article that best summarizes Matanuska-Susitna Borough's (MSB) economy. The article is entitled "*The Mat-Su Economy - Second most populous borough has long led the state for growth*"⁷ and was written by Neal Fried, State of Alaska Economist.

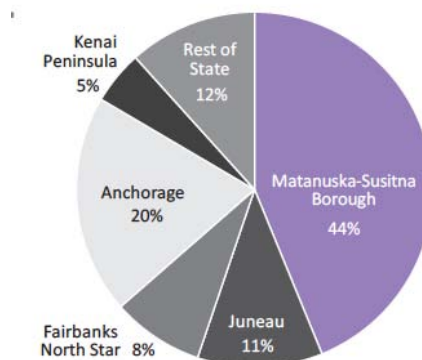
"For decades, the Matanuska-Susitna Borough has been the state's hot spot for growth. Between 2010 and 2016, its population grew by 15 percent while the state as a whole grew by 4 percent and nearby Anchorage by just 2 percent.

The borough has also long led the state for new home construction. In 2016, 44% of Alaska's new housing units were built in Mat-Su while 20% were constructed in Anchorage.

Even with the state in a recession, Mat-Su continued to add jobs in 2016 (+455), and its population grew by 3 percent while the state and Anchorage lagged at less than 1 percent.

Surpassed Fairbanks to become second most populated area - Mat-Su surpassed the Fairbanks North Star Borough in 2015 to become Alaska's second most populous borough and the only place besides Anchorage with a population of more than 100,000. Mat-Su's population reached 102,598 in 2016.

First for Building New Homes
PERCENT OF STATE'S NEW UNITS, 2016



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

⁷ <http://labor.alaska.gov/research/trends/sep17art1.pdf>

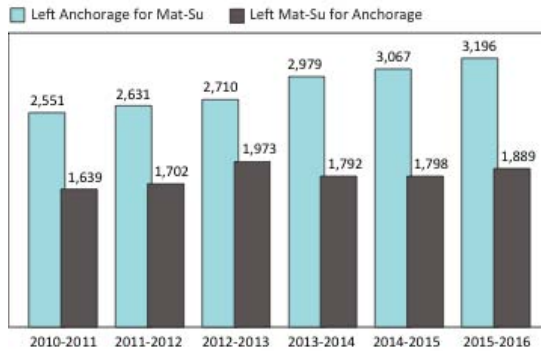
This long-term growth trend means the borough is now home to a little over a quarter of the Anchorage/Matanuska-Susitna Region's total population. As recently as 1990, Mat-Su represented just 14 percent of the region.

Mat-Su's three incorporated cities of Palmer, Wasilla, and Houston are home to 17 percent of its population, with the majority residing in the other 26 unincorporated communities. Nearly all of these places have grown in recent years, with Point MacKenzie, Knik-Fairview, Fishhook, and Gateway as the stand-outs. In 2016, the MBS's population was 102,598 person, a 15% growth from 2010. During the same period, Anchorage's 2016 population (299,037) increased 2% while the State's population grew 4% (739,828).

The only borough to gain residents through migration - Mat-Su's migration pattern has also defied the statewide trend, as it's one of the only areas in Alaska to have a net gain from migration in recent years.

Many Move from Anchorage

MAT-SU/ANCHORAGE MIGRATION, 2010 TO 2016



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Although the state grew overall between 2012 and 2016, more people left Alaska than moved in — meaning statewide growth came from natural increase, or births minus deaths. Net-migration for Anchorage, where Mat-Su gets its largest share of new residents, has been negative since 2010.

While some Mat-Su residents move to Anchorage, the reverse is much more common. Jobs pay more in Anchorage and housing is more affordable in Mat-Su, making the roughly 45-minute commute worthwhile for many. Forty-four percent of Mat-Su residents work outside the borough, with the largest

share commuting to Anchorage.

Home prices and average wages - Part of the Matanuska-Susitna Borough's economic advantage lies in its affordable housing market, with a price differential that's enticing to the region's workers as well as those who work elsewhere but want to live near an urban area. And while difficult to quantify, the area's scenery and more rural lifestyle likely attract homebuyers as well.

In the first quarter of 2017, the average single-family home in Mat-Su sold for \$283,156, nearly a third less than the average home in Anchorage. But housing affordability takes an area's average wages into account as well as its home prices, and because Mat-Su's average wages are also lower, a home is no more affordable in Mat-Su for a Mat-Su earner than for an Anchorage worker buying in Anchorage.

Mat-Su Homes Cost Less Than Average

AVERAGE HOUSE PRICE BY AREA, 1ST QUARTER 2017



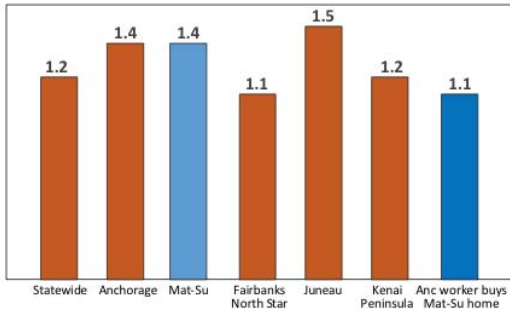
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

For both Mat-Su and Anchorage workers, it takes about 1.4 average paychecks to afford a home in

their respective areas. The equation changes considerably for those who buy a house in Mat-Su and commute to Anchorage.

Paychecks Needed to Afford a House

ALASKA, 2016



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation Quarterly Survey of Mortgage Lending Activity

Anchorage's average annual earnings run 33 percent higher than Mat-Su's, at \$55,668 and \$41,832 respectively in 2016. Anchorage is home to a larger number of higher-wage jobs in oil, government, and transportation whereas Mat-Su's jobs exist largely to provide services to the local population and tend to be in lower-wage industries.

The second most common work site for Mat-Su commuters is the North Slope Borough, whose average annual wage is a whopping \$96,276 due to its large oil industry.

The oil industry is a big slice of Mat-Su residents' earnings, even though the borough isn't home to a single oil industry job. Mat-Su residents earned \$281 million from the oil industry in 2015, the most recent year available, second only to Anchorage residents. For perspective, total payroll for all jobs within the borough that year was \$976 million.

Labor is its biggest export - The borough's economic vitality comes from an array of industries. Key sources of economic stimulus come from outside the borough, though, through its proximity to Anchorage and the large number of Mat-Su residents bringing in wages they earned elsewhere. In a sense, one of the borough's chief exports is its workforce.

In 2015, the most recent year available, nearly 30 percent of employed Mat-Su residents worked in Anchorage and 14 percent worked elsewhere in the state, earning higher wages on average than those employed locally. In turn, commuters return home and invest their earnings in housing, consumer goods, businesses, and services.

The percentage who commute hasn't changed much over the past decade, but their locations have shifted some, with a growing share working on the North Slope and fewer commuting to Anchorage. The percent working on the Slope doubled between 2010 and 2015, from 4 percent to 8 percent, while the share working in Anchorage decreased from 33 percent to 30 percent.

The Mat-Su Borough's large percentage of commuters makes it one of the few places in Alaska that bring in more income from outside the borough than they lose to other boroughs or outside Alaska. Most places in Alaska have more nonresident workers and workers from other boroughs than residents who work elsewhere and bring their earnings home.

The Bureau of Economic Analysis estimated that Mat-Su netted \$1.7 billion in personal income from outside the borough in 2015, which represented more than a third of the borough's total personal income.

It's important to note that these commuting numbers are likely understated because they exclude self-employed commuters and those who work for the federal government and the military.

Visitor industry continues to grow - Mat-Su's location fosters a strong local visitor industry. In addition to its proximity to Anchorage, the borough is home to Denali State Park, which serves as the

gateway to Denali tours and climbs and is a major fishing and hunting destination.

Mat-Su's tourism season continues in the winter as well, peaking with the start of the Iditarod Sled Dog Race that begins in Wasilla.

While most of Alaska's visitors come from outside the state, Mat-Su's visitor industry relies on a blend of Anchorage residents who own recreational property there and thousands of visitors from Southcentral and elsewhere in Alaska who spend vacations, holidays, and summer weekends in the area fishing, hunting, and hiking.

More visitor accommodations such as large hotels have popped up over the last two decades, making the area an increasingly popular destination for summer visitors making their way to the Upper Susitna Valley.

Farming plays a notable role - Another notable local industry is agriculture, which was once a dominant sector in Mat-Su but plays a smaller role today. But while this article's employment data doesn't include agricultural production, other data sources show the number of farmers is growing again.

The advent of farmers' markets, a growing interest in local meat and eggs, and an expanding peony industry are breathing new life into Mat-Su agriculture. And while marijuana cultivation is a new industry, there's little doubt that it's giving the area's agriculture a boost.

Is Mat-Su feeling the current recession? - The Matanuska-Susitna Borough continued to grow and add jobs in 2016, but whether the state's recession began to affect local employment and the housing market in 2017 is a big question.

Data suggest Mat-Su's economy began to slow in the first quarter of 2017, when employment grew by just half a percentage point compared to 2 percent the year before. March showed a slight decline from year-ago levels — the first in many years — but more quarters of data will be necessary to determine whether it's a real change in direction.

The borough's unemployment rate rose from 7.6 percent in 2015 to 8.1 percent in 2016 and has continued to rise gradually during the first seven months of 2017. The number of unemployment insurance claimants has actually de-creased, although not all unemployed workers qualify or apply for unemployment insurance benefits.

Another question that will take more time to answer is whether job losses in Anchorage and the Slope over the last two years have taken their toll on the borough, given that 44 percent of Mat-Su residents work elsewhere. Some of these lost jobs were surely held by Mat-Su residents, but we can't yet verify the extent of the losses.

Like the state as a whole, Anchorage began to lose jobs in the last quarter of 2015. Employment fell by 2,700 in 2016 and Anchorage has continued to lose jobs at a similar rate in 2017. And while data for 2016 and 2017 for the North Slope aren't yet available, the number of Mat-Su residents working on the Slope peaked in 2014 and fell slightly in 2015.

Total oil industry employment statewide peaked at 13,485 in 2015, then plummeted to 9,443 in late 2016 and continued to decline into 2017.

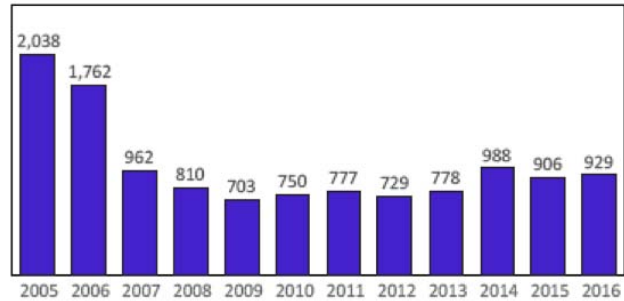
So far, the local housing market has shown few signs of recession-related decline. Home values have not fallen, new home construction has been fairly steady and foreclosures haven't increased.

Home sales fell moderately in 2016 but stayed above 2014 levels, and while they continued to decline in the first half of 2017, they still remain higher than in 2014.

The rental vacancy rate is an apparent soft spot, however, doubling from 3.6 percent in March 2016 to 7.6 percent in March of this year.

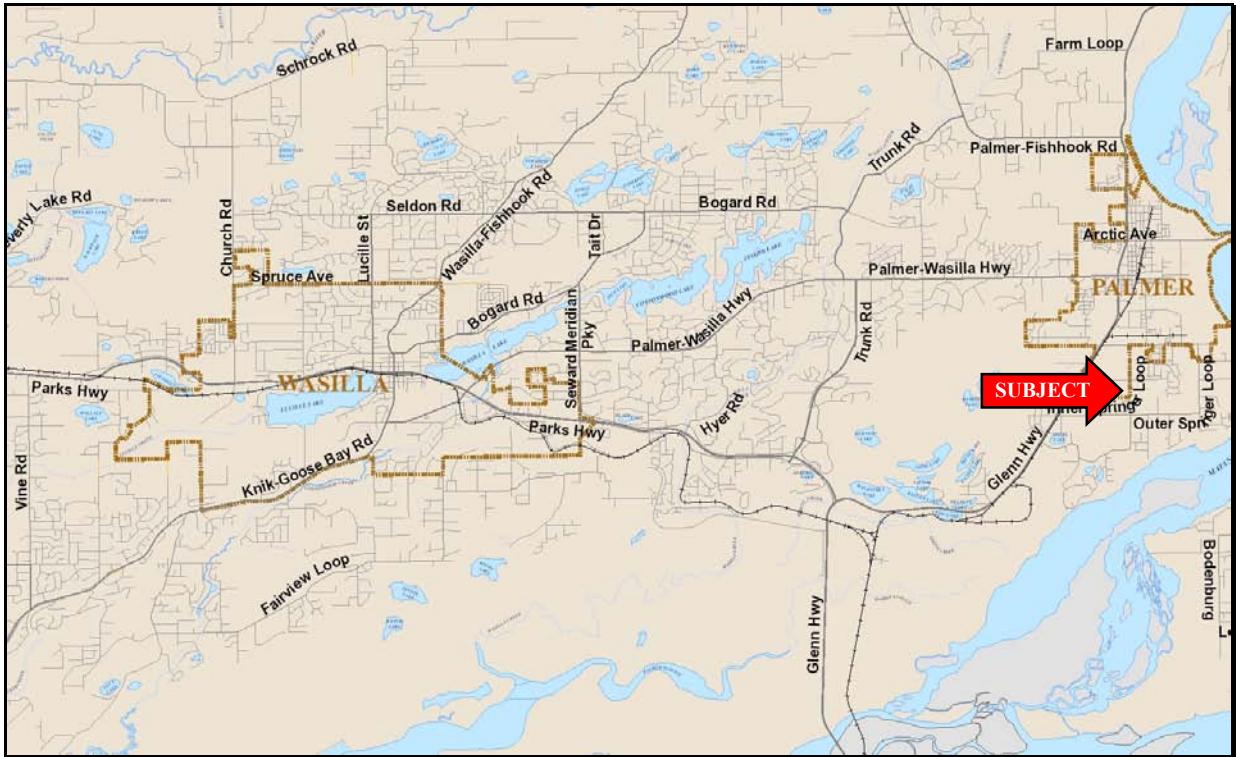
At this point, no other broad economic indicators point to a recession in the Mat-Su Borough, but more data for 2016 and 2017 will paint a clearer picture as they become available."

BUILDING PERMITS REMAIN STEADY
Mat-Su Residential, 2005-16

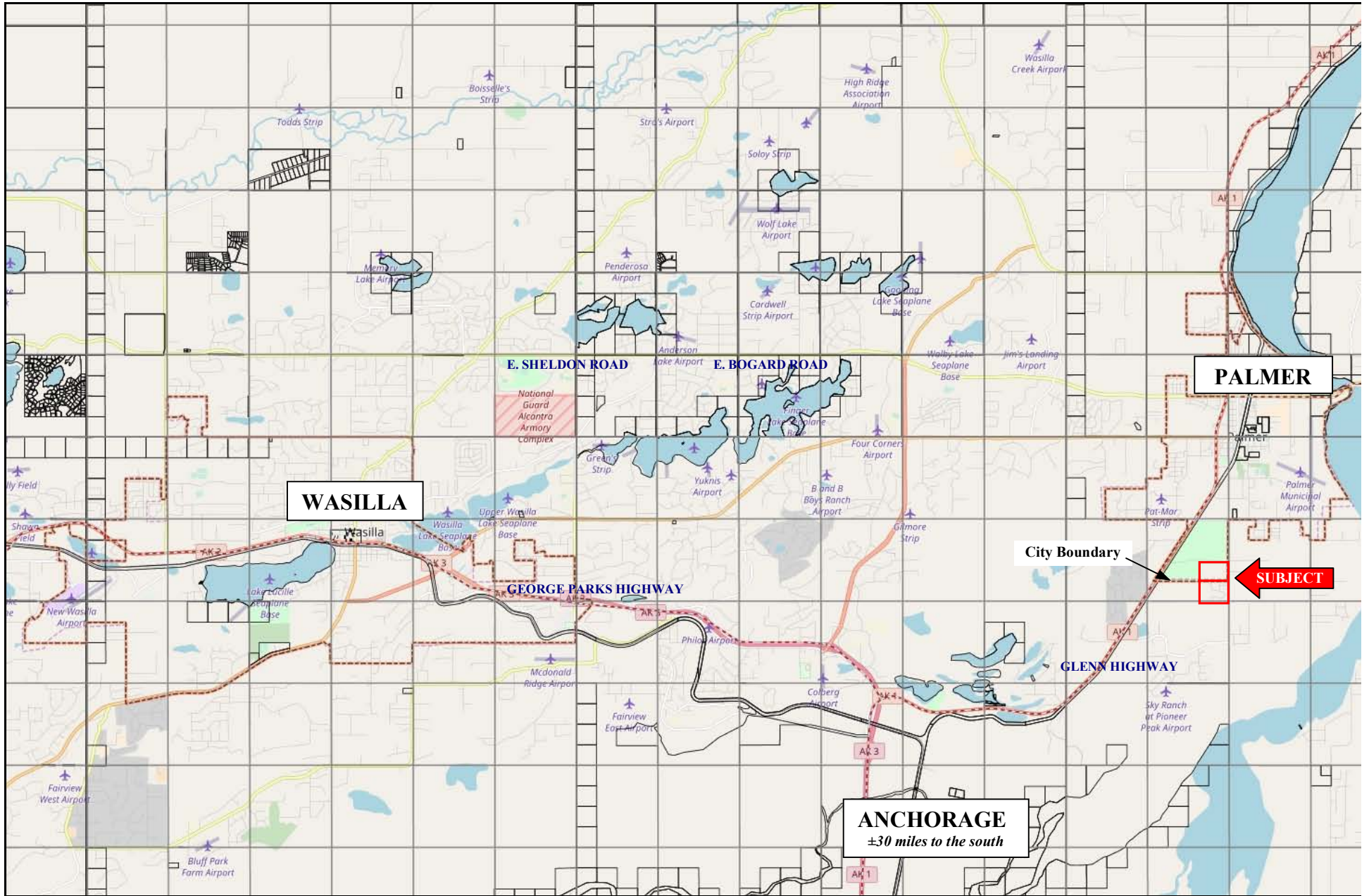


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

WASILLA/PALMER LOCATION MAP



PALMER RECLAMATION SITE AND MAJESTIC HILL SUBDIVISION LOCATION MAP



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MATANUSKA-SUSITNA BOROUGH - The Subject properties are located within the confines of the Matanuska-Susitna Borough. The Palmer Reclamation Site is located on the southern boundary of Palmer's city limits, while Majestic Hills Subdivision is located adjacent to the south and outside of the city limits. Both.

Matanuska-Susitna Borough is a Second Class Borough encompassing an area of 24,682 square miles of land and 578 square miles of water. The borough extends from its southern boundary of Anchorage to Lake Louise to the east, Denali Highway to the north and Yenta River Valley to the west.

History - The Matanuska-Susitna Borough over the last 10 years has shown the largest population growth in the state. Between years 2000 and 2011 the population increased 54.6% (91,697 - pop.) while Anchorage's population increased only 13.8% (296,197 - pop.). During this period the city of Palmer's population increased 50.3% (6,123- pop.) while the city of Wasilla's population increased a little less at 46.1% (8,039- pop.).

While these increases are significant, 44 percent of the labor force in the borough reportedly earned its wages outside of the area in 2010. In 2005, the Department of Labor noted that 33% of Mat-Su's employed residents worked in Anchorage with the balance being employed either on the North Slope, in mines in Delta Junction, fisheries in Bristol Bay or other jobs located throughout the state. The average annual earnings for a worker living in the MSB in 2010 were \$33,953 as compared to a worker living in Anchorage of \$46,366. (Median family income in 2010 however was about \$75,000, reflecting a more than one salary earner.)

Employment in the Mat-Su Borough in the last decade (2000-10) also led the state in growth with a 5.3% annual increase since 2000. Anchorage's growth during the same period was at a much slower rate. "The one area of the local economy that lost jobs over the last three years was construction industry." Although this sector between 2000 and 2005 was a big contributor to overall employment growth as a result of expanding residential and commercial markets, since 2005 the abundance of available homes it has slowed significantly. In 2007, there was a decrease of some 66% of residential subdivision hook-ups from 2005 to 2007. With residential construction growth slowing down in the Anchorage market, mostly duplex style complexes, residential new construction growth in the Palmer area can be expected to follow.

Average Household and Family Size, as reported by the US census in 2010 and according to 2015 Alaska Department of Labor estimates were:

| | 2010 | 2015 |
|------------------------|------|------|
| Average household size | 2.61 | 2.75 |
| Average family size | 3.28 | 3.23 |

Vacancy Rates in 2010 and 2015 were reported in as:

| | | |
|------------------------|------|------|
| Homeowner vacancy rate | 2.0% | 2.1% |
| Rental vacancy rate | 7.6% | 7.1% |

Not Preliminary Seasonally Adjusted
Unemployment Rate – August 2015

| | |
|----------------|------|
| U.S. | 5.2% |
| Alaska | 5.5% |
| Anchorage | 4.5% |
| Mat-Su Borough | 6.7% |

Present - According to Department of Labor and Workforce Development, the state of Alaska had a total population of 737,080 in 2017. The current population of the Borough is 104,166 (2017) and increase of 1.6% from the previous year (102,554).

Since 2010 the Mat-Su's population has increased 17% as compared to Anchorage's growth of 1.9%. Population growth over the same period for the City of Palmer was 6.0% (5,937 to 6,296) while Wasilla's jumped 12.3% (7,831 to 8,797). Interestingly in 2012 Palmers population decreased -0.3% from 6,063 to 6,044, rounding the following with a 0.1% growth rate to 6,051 in 2014. Wasilla's population showed a 2.3% population jump the same year Palmer's population declined. The following year in 2014 Wasilla's population declined -0.9%, rebounding in 2015 1.6% to 8,304. This may be attributed to population shifts to other areas (i.e. Pt. MacKenzie, Knik-Fairview and Meadow Lakes) and or because of employment losses in Anchorage.

Following is a summary of population characteristics over the last eight years for each location.

Population of Alaska by Economic Region, Borough and Census Designated Area (CDP), 2010 to 2017 [1]

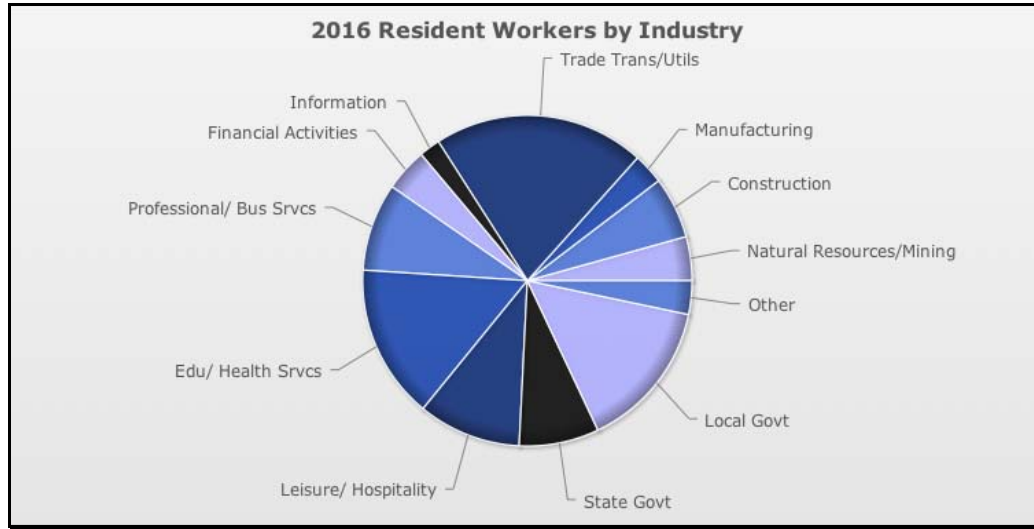
| Area Name | Census Total | Estimate Total | | | | | | | % of State Population | Average Annual Population Growth Rate* | Population Increase Since 2010 |
|------------------------|--------------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------------|--|--------------------------------|
| | April 2010 | July 2011 | July 2012 | July 2013 | July 2014 | July 2015 | July 2016 | July 2017 | | | |
| Alaska | 710,231 | 722,388 | 731,042 | 735,776 | 736,906 | 737,467 | 739,709 | 737,080 | 100.0% | 0.5% | 3.8% |
| | | 1.7% | 1.2% | 0.6% | 0.2% | 0.1% | 0.3% | -0.4% | | | |
| Anchorage Municipality | 291,826 | 295,719 | 298,334 | 300,880 | 300,197 | 298,799 | 298,937 | 297,483 | 40.4% | 0.3% | 1.9% |
| | | 1.3% | 0.9% | 0.9% | -0.2% | -0.5% | 0.0% | -0.5% | | | |
| Matanuska-Su Borough | 88,995 | 91,680 | 93,652 | 95,809 | 98,154 | 99,969 | 102,554 | 104,166 | 14.1% | 2.3% | 17.0% |
| | | 3.0% | 2.2% | 2.3% | 2.4% | 1.8% | 2.6% | 1.6% | | | |
| Palmer city | 5,937 | 6,064 | 6,063 | 6,044 | 6,051 | 6,129 | 6,267 | 6,296 | 0.9% | 0.8% | 6.0% |
| | | 2.1% | 0.0% | -0.3% | 0.1% | 1.3% | 2.3% | 0.5% | | | |
| Wasilla city | 7,831 | 8,030 | 8,165 | 8,377 | 8,304 | 8,441 | 8,693 | 8,797 | 1.2% | 1.7% | 12.3% |
| | | 2.5% | 1.7% | 2.6% | -0.9% | 1.6% | 3.0% | 1.2% | | | |

[1] Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

In summary, Mat-Su's Borough's growth continues to be tied to the state's economic engine, the City of Anchorage. While population increases are anticipated, with gas price decreases, commuter traffic could increase noticeably with population growth. Population increases resulting from the availability of land for development, which Anchorage lacks, will give the borough a competitive advantage and an impetus for more economic development in the area in the foreseeable future. Overall, the local market should continue to show upward movement in most economic sectors, especially population increases.

City of Palmer - Palmer is located about 42 miles northeast of Anchorage on the Glenn Highway. According to State of Alaska Department of Labor and Workforce Development, Palmer's population in 2016 was 6,268 persons increasing slightly from the previous year of 6,127 people.

In 2016, according to State labor statistics, the top occupations in Palmer are teachers, correctional officers and jailers, operating engineers and construction equipment operators, carpenters, registered nurses and electricians. Following is a chart that best illustrates city resident workforce by industry.



Number of Workers with Experience in Industry 2012-2016

| | | | |
|---|--------|---|--------|
| Accommodation and food services | 71,513 | Management of companies and enterprises | 5,259 |
| Administration and support and waste management | 43,697 | Manufacturing | 22,880 |
| Agriculture, forestry, fishing and hunting | 3,793 | Mining | 22,102 |
| Arts, entertainment and recreation | 18,344 | Professional, scientific and technical services | 29,792 |
| Construction | 42,194 | Real estate and rental and leasing | 17,061 |
| Educational services | 7,052 | State government | 39,095 |
| Finance and insurance | 12,321 | Trade | 99,215 |
| Health care and social assistance | 74,370 | Transportation and warehousing | 36,426 |
| Information | 12,651 | Utilities | 4,214 |

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section. Last updated on September 2016.

Building Permit Activity - On the following page is a Building Report Summary from the City of Palmer that shows construction activity in the City of Palmer between 2013 and 2017.

Single-family construction – In 2014 and 2015 single-family residential construction costs within Palmer’s city limits were reported to have been \$6,412,322 (\$213,774/home) for 30 new homes and \$3,339,515 (\$195,44/home) for 17 new homes. Prior and after this 2-year period, new residential construction typically averaged about 7 homes per year.

Commercial construction - The most significant commercial construction project over the last five years is the new Fred Meyers store in 2016. This store was built on the former Carr’s/Safeway site, who had built a new store across the street in 2011. Both facilities are located at the intersection of the Glenn Highway and Palmer-Wasilla Highway, and about one mile north of the Alaska State Fairgrounds.

The old Fred Meyers store, which is to the east of these developments, sold in 2017 for approximately \$6,000,000 after having been listed at \$6,500,000 for 10 months. The sale involved a 66,000 SF (2004) concrete block constructed box store and 6.97-acres that includes a 15,000 commercial pad site.

CITY OF PLAMER – BUILDING PERMIT REPORT (2013 – 2017)

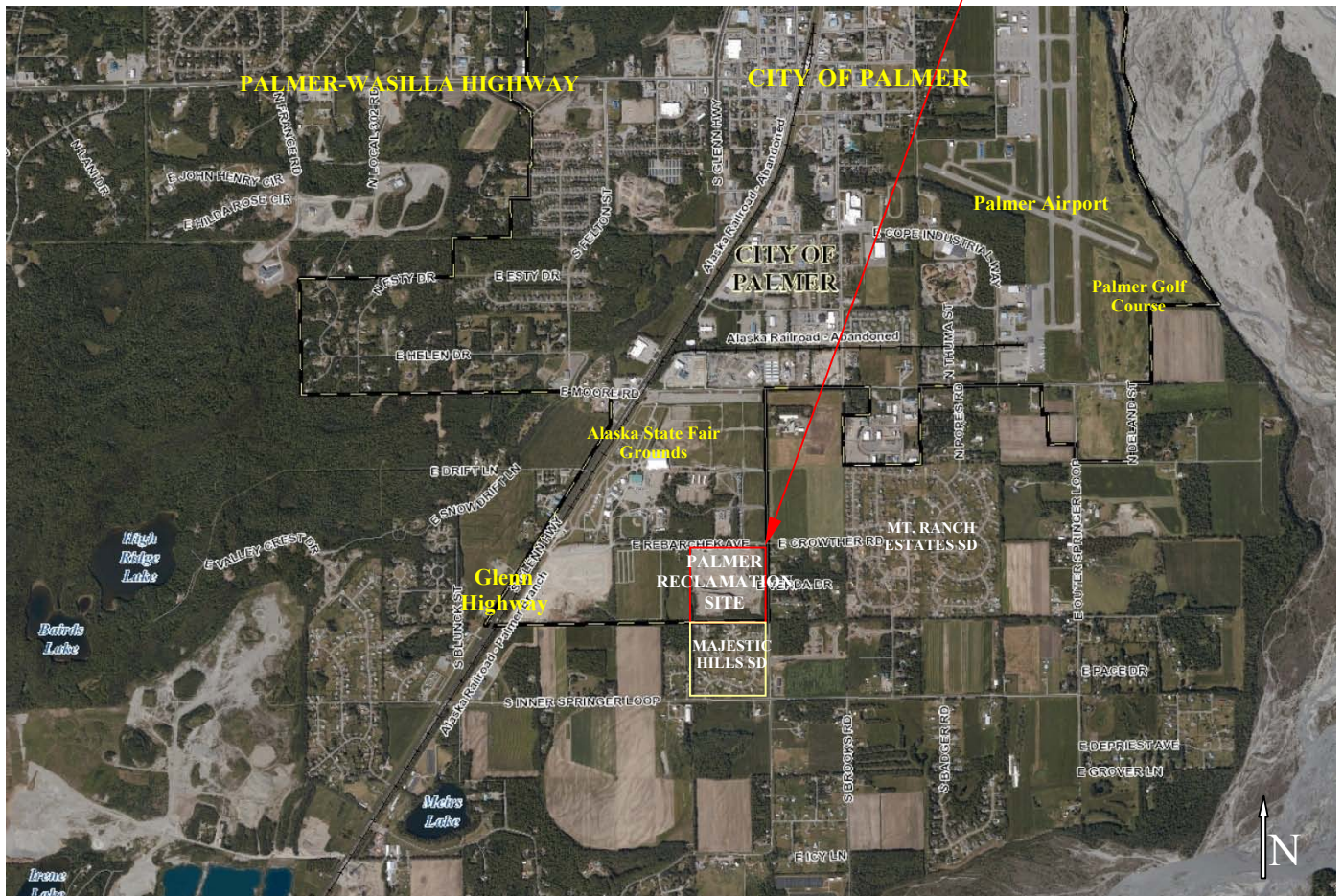
| Year | 2017 | | | 2016 | | | 2015 | | | 2014 | | | 2013 | | |
|----------------------------------|---------------|---------------|--------------------|---------------|---------------|---------------------|---------------|---------------|---------------------|---------------|---------------|---------------------|---------------|---------------|---------------------|
| | Bldg. Permits | Housing Units | Cost to Construct | Bldg. Permits | Housing Units | Cost to Construct | Bldg. Permits | Housing Units | Cost to Construct | Bldg. Permits | Housing Units | Cost to Construct | Bldg. Permits | Housing Units | Cost to Construct |
| One-Family Homes | 6 | 6 | \$1,107,835 | 7 | 7 | \$1,876,293 | 17 | 17 | \$3,145,125 | 30 | 30 | \$6,062,396 | 7 | 7 | \$1,469,512 |
| Multi-Family Homes | 3 | 6 | 723,166 | 3 | 6 | 702,416 | 1 | 2 | 194,400 | 1 | 2 | 349,926 | 1 | 2 | 386,320 |
| Total New Housing | 9 | 12 | \$1,831,001 | 10 | 13 | \$2,578,709 | 18 | 19 | \$3,339,525 | 31 | 32 | \$6,412,322 | 8 | 9 | \$1,855,832 |
| Residential Alterations | 29 | | \$176,523 | 29 | | \$354,499 | 31 | | \$260,325 | 27 | | \$139,227 | 32 | | \$505,684 |
| Commercial Alterations | 41 | | 1,534,410 | 31 | | 899,080 | 24 | | 1,128,535 | 25 | | 621,750 | 30 | | 1,392,169 |
| Public Alterations | 7 | | 466,097 | 10 | | 1,672,735 | 15 | | 3,728,026 | 9 | | 4,829,875 | 4 | | 1,588,500 |
| Total Additions | 77 | | \$2,177,030 | 70 | | \$2,926,314 | 70 | | \$5,116,886 | 61 | | \$5,590,852 | 66 | | \$3,486,353 |
| Residential Additions | 2 | | \$77,405 | 2 | | \$70,288 | 5 | | \$156,808 | 2 | | \$48,000 | 6 | | \$288,632 |
| Commercial Additions | 0 | | | 3 | | 674,550 | 1 | | 121,278 | 1 | | 176,018 | 2 | | 639,560 |
| Public Additions | 0 | | 0 | 0 | | 0 | 0 | | 0 | 1 | | 2,262,560 | 1 | | 1,490,000 |
| Total Additions | 2 | | \$77,405 | 5 | | \$744,838 | 6 | | \$278,086 | 4 | | \$2,486,578 | 9 | | \$2,418,192 |
| New Residential Buildings | | | | | | | | | | | | | 1 | | \$39,360 |
| New Commercial Buildings | 3 | | \$2,097,265 | 7 | | \$32,176,280 | 3 | | \$2,234,200 | 5 | | \$1,360,000 | 11 | | 4,759,319 |
| Miscellaneous | 0 | | | 0 | | 0 | 1 | [1] | 225,000 | 5 | | 476,500 | 2 | | 100,000 |
| New Public Buildings | 1 | | 15,000 | 0 | | 0 | 3 | | 233,000 | 1 | | 10,000 | 1 | | 12,000 |
| Total New Structures | 4 | | \$2,112,265 | 7 | | \$32,176,280 | 7 | | \$2,692,200 | 11 | | \$1,846,500 | 15 | | \$4,910,679 |
| Sign Permits | 22 | | \$51,890 | 38 | | \$138,761 | 29 | | \$65,076 | 35 | | \$89,207 | 26 | | \$18,155 |
| Residential Fence Permits | 17 | | 41,603 | 19 | | 40,300 | 13 | | 31,350 | 12 | | 25,874 | 19 | | 55,812 |
| TOTAL PERMITS & COSTS | 131 | | \$6,291,194 | 149 | | \$38,605,202 | 143 | | \$11,523,123 | 154 | | \$16,451,333 | 143 | | \$12,745,023 |

Following is a Building Report Summary for the City of Palmer from 2007 to 2017.

| Year | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---------------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|--------------------|---------------------|
| Bldg. Permits | 92 | 92 | 101 | 107 | 98 | 99 | 119 | 112 | 99 | 95 | 142 |
| Sign Permits | 22 | 38 | 29 | 35 | 26 | 34 | 27 | 44 | 18 | 33 | 35 |
| Fence Permits | 17 | 19 | 13 | 12 | 19 | 12 | 24 | 15 | 29 | 27 | 33 |
| Year To Date Valuation* | \$6,291,194 | \$38,605,202 | \$11,523,123 | \$16,451,333 | \$12,745,023 | \$21,458,419 | \$7,990,488 | \$22,726,781 | \$17,024,599 | \$6,132,804 | \$18,441,825 |
| % Change | -83.7% | 235.0% | -30.0% | 29.1% | -40.6% | 168.5% | -64.8% | 33.5% | 177.6% | -66.7% | -2.5% |
| Year To Date Bldg. Permit Fees | \$59,007 | \$206,020 | \$100,697 | \$122,226 | \$95,730 | \$139,598 | \$69,746 | \$126,287 | \$101,559 | \$55,645 | \$129,029 |
| % Change | -71.4% | 104.6% | -17.6% | 27.7% | -31.4% | 100.2% | -44.8% | 24.3% | 82.5% | -56.9% | -8.3% |

In summary, because of land price increases in area, mostly along both of the major arterials that provide access to the city (Palmer-Wasilla Highway and George Parks Highway), interior subdivision tracts, have been purchased and developed with residential uses. In many instances, historically larger tracts have been acquired and developed with smaller lot residential subdivisions. This is expected to continue over the foreseeable future, however at a lesser degree, given employment challenges in Anchorage, the economic hub for the area, as well as, throughout the state.

PALMER/WASILLA AND SUBJECT PROPERTY LOCATION MAP



NEIGHBORHOOD DESCRIPTION

Broad Neighborhood - The map on the previous page depicts the general broad neighborhood boundaries of the Subject market area. Within these confines lies the City of Wasilla (8,704 pop.) some 17 miles to the southwest and the City of Palmer (6,268 pop.) less than one-fifth of a mile to the south. The broad neighborhood boundaries are best defined by the major arterials that provide access to each of these communities. These include the Glenn Highway to the east, and the Palmer-Wasilla and George Parks Highways to the south.

Development along the Glenn Highway north of Palmer varies with most tracts consisting of older single-family residences built between the 1930's and 1950's. Recently however with urban expansion several tracts have been developed into small lot residential subdivisions in proximity to Palmer. Nevertheless, lands in proximity to the Subject remain mostly medium to large tracts with a mix of industrial and/or residential highest and best uses.

Palmer City limits extend to the Palmer Reclamation Site's southwest property corner. Palmer is located 42 miles northeast of Anchorage and has a land area of 3.8 square miles. Most residents work in the city of Anchorage. In 2016 Palmer's unemployment was 7.6% while it was 5.6% in Anchorage. Retail service industry generates the largest employment base locally, while top wage earners are teachers, engineers and those employed within the construction industry.

The Palmer-Wasilla Highway is an east/west, paved two-lane arterial that links the Cities of Wasilla and Palmer. In 2012, this road had an average daily traffic count that varied between 12,000-15,500 vehicles. In 2015, at the P-W Highway and N. Local 302 Road intersection, 14,110 vehicles traveled this highway on an average daily basis.

Much of the development in the area has occurred along this corridor. The Palmer-Wasilla Highway, is a mix-use corridor that has been built-up fairly rapidly with a variety of commercial businesses. Development along this arterial consists of a mix of varying age commercial and light industrial uses, most of which have been developed within the last twenty years. Interior lots are primarily residential, most being five acres or more in size. There are several interior smaller lot subdivisions that have been developed over the last 10 years, mostly by Anchorage Builders.

The Glenn Highway forms the westerly boundary of the Subject's immediate neighborhood. This road provides the singular link between the Cities of Palmer and Wasilla with Anchorage, which is located some 55 miles to the south. This road, which generally extends in a north/south direction, and varies in the number of paved lanes from 2-to-4. Development along this roadway is mostly concentrated around the aforementioned population bases. In 2015, average daily traffic ranged between 12,600-13,400 vehicles.

Immediate Neighborhood - The immediate neighborhood is best defined by the Glenn Highway to the west, E. Springer Loop to north the Matanuska River to the east and south. The Glenn Highway is a 2-lane, generally north/south arterial that links with the George Parks some 5 miles to the south. The Parks Highway provides major linkage between Anchorage the cities of Palmer and Wasilla.

Within the aforementioned geographic boundaries is a relatively narrow array of land uses varying from commercial around the major arterials and population centers, industrial uses along E. Inner Springer Loop, public uses to its south at the intersection of the Glenn Highway and the Palmer Airport and Palmer Golf Course at its east end. To its south is a mix of single-family subdivisions (most of which were developed in the last 15 years) and agricultural lands. The immediate neighborhood is considered to be in transition from agriculture, mostly hayfield farming use, to a residential use. Historically lands outside of Wasilla and Palmer city limits are not zoned and unregulated as to use. Lands fronting the major arterials tend to be oriented to a mix of commercial and industrial uses while interior lands are either developed large lot residential uses, with some industrial mixes, and or ½ acre subdivisions that are supported with community wells. The Subject's immediate neighborhood is best defined by this type of use orientation.

To the Subject's immediate west are two agriculture tracts (14.44-acres and 25.01 acres) owned by the Alaska State Fair and the 206.3-acre Alaska State Fair Grounds. The Alaska State Fair owns lands west and north of the Palmer Reclamation Site to E. Inner Springer Loop and west of S. Inner Springer Loop, which forms the Subject's eastern boundary. They also own a 37.8-acre tract located at the northeast corner of S. Inner Springer Loop and E. Crowther Road across from the Subject. This site is used for overflow parking when the State Fair is in operations (last week and first week in August and September) and was encumbered by a perpetual conservation easement in 2016, which removes the tract from available inventory for a future subdivision. E. Rebarcheck Avenue that bounds the Subject to the north was vacated and is now used for singular access to the Reclamation Site and state fair visitors parked in the overflow parking lot.

The 40-acre tract east of the Subject is divided into smaller acreage tracts that range in size from 1 acre to 5 acres and are used for a mix of single-family and agricultural uses. To east of this tract is the multi-phase single-family residential subdivision known as Mountain Ranch Estates, Phase I through IV. This acreage (±160-acres) was purchased by the same developer/builder of Majestic Hills, to the Subject's south, in 2004 and 2005.

In summary, development in proximity to the Subject consists of a mix of small lot residential subdivisions to the northeast and south, intermixed with large residential tracts to the east that are used for agricultural purposes and industrial tracts to the west. Overall the general area should experience continued growth over the foreseeable future.

IMMEDIATE NEIGHBORHOOD AERIAL



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AERIAL OF PALMER RECLAMATION SITE AND MAJESTIC HILLS SUBDIVISION



SUBJECT PHOTOGRAPHS



Looking south at Alaska Demolition's Palmer Reclamation Site from E. Rebarcheck Avenue (near its northwest corner).



Looking south at the Palmer Reclamation Site pit (From near the truck scales located near the northeast end of the property).

SUBJECT PHOTOGRAPHS



Looking southwest at the Palmer Reclamation Site and its east-end accessing gate that fronts E. Rebarcheck Avenue near its intersection with E. Inner Spring Loop.



Looking southwest from near its E. Rebarcheck Avenue east end gate at Palmer Reclamation Site's Construction Debris Fill Area (In Use)

SUBJECT PHOTOGRAPHS



Looking east at the separating berm that extends along property's eastern boundary (Fronts the west side of S. Inner Springer Loop).



Looking southwest at Reclamation Pit fill operations from near the east side of the property.

SUBJECT PHOTOGRAPHS



Looking towards the southeast corner of the property at the Organic & Inert Debris Fill Area.



Looking east from near the southwest corner of the property.

SUBJECT PHOTOGRAPHS



Looking south at berm that separates Palmer Reclamation Site from Majestic Hills Subdivision.



Looking north along western boundary from near property's southwest corner.

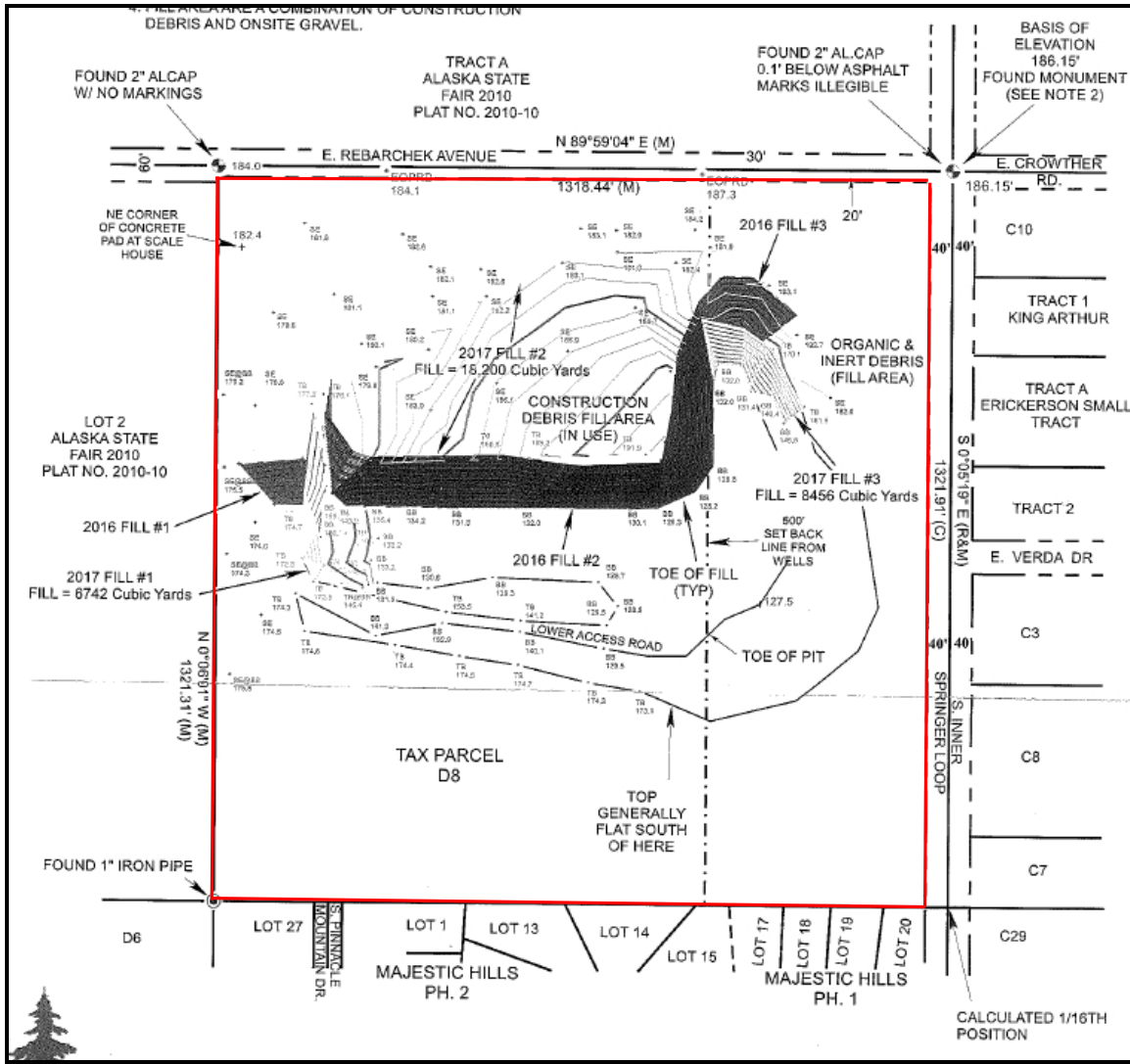
AERIAL OF PALMER RECLAMATION SITE



Dimensions were taken from a 2017 survey performed on the tract by Denali North, a copy of which is located in the addenda.

DESCRIPTION – PALMER RECLAMATION SITE

Size and Dimensions - The Palmer Reclamation Site is a rectangular shape, metes and bounds tract with approximate dimensions of 1,318 feet by 1,321 feet as shown in a 2017 Site Survey⁸, which is located below. The Matanuska-Susitna Borough's Assessor Office notes the tract size as 38.79 acres.



Access and Visibility - The Palmer Reclamation Site fronts the south side of E. Rebarcheck Avenue and the west side of S. Inner Springer Loop. Access is obtained by traveling east from the Glen Highway, through Alaska State Fair Lands to E. Rebarcheck Avenue, which is a former paved, two-lane, east/west oriented road that extends to S. Inner Springer Loop. E. Rebarcheck Avenue reportedly has been vacated for the operation of the reclamation site. A metal swing gate extends

⁸ The Site Survey was done by Denali North on August 17th, 2017. A full copy is located in the addenda.

across the former road near its intersection with S. Inner Springer Loop. East of this intersection the road becomes E. Crowther Road. Presently, the site does not have physical access from S. Inner Springer Loop. Overall, access is considered average.

Topography, Soils and Drainage - The Reclamation Tract is a former gravel pit that has been engaged in fills operations with inert waste debris since 2004. The tract is generally level and at grade with former East Rebarcheck Avenue, which extends along its northern boundary and South Inner Springer Loop, which extends along the property's eastern boundary. Soils are gravel with a layer of overburden.

Located in the center of the tract, is the remainder of a gravel pit that is currently being filled with construction and demolition (C&D) debris, exempt waste, and non-regulated asbestos containing material (non-RACM). The fill area is divided into debris cells, which are covered on a minimum weekly basis with a foot of gravel. The pit, which lays ± 60 feet below grade with the surrounding terrain, varies in dimensions (length and width) encumbers nearly 1/3 of the tract.

Floodplain, Earthquake and Seismic Conditions - According to the National Flood Insurance Program - Flood Insurance Rate Map (FIRM)⁹, Majestic Hills Subdivision is identified as being located in a low potential flood hazard area. The general area is classified as a Seismic Zone 3; this is considered to be a moderate-risk earthquake zone and in the local market, has no adverse value influence.

Utilities - Public utilities available to the site include electricity, natural gas, and telephone.

Easements and Restriction – A 25-foot wide natural buffer extends around the east, west and north boundaries of the tract's perimeter. A 50-foot natural buffer extends along the southern boundary of the property. This buffer separates the Subject tract from Majestic Hills Subdivision. The separation buffer consists of ± 10 -12 foot high berm. A chain link fence with two accessing double wide gates extends along the property's northern boundary. In 2004, a 10-year conditional use permit was obtained from the City of Palmer's Planning and Zoning Commission that approved a zoning designation change from R-1 (Residential) to I-Industrial with Special Limitations. The only allowable Industrial use of the property is as **“reclamation of the property through the operation of an inert waste mono-fill and those activities incidental thereto that are necessary to reclaim the property”**. In 2014, a revised Conditional Use Permit (#14-001) was approved subject to certain permit terms; some of which are summarized below.

- The permit term is 10 years with a review by the Planning and Zoning Commission every 5 years.
- Compliance with all local, state and federal ordinances, regulations and statutes.
- The owner shall provide copies of all permits issued by the state and federal agencies to the City of Palmer.
- The reclamation activity shall be conducted in a manner to minimize the impact on adjacent lands and residents and allow only those industrial activities necessary to reclaim the property to establish long range compatibility of the property with zoning districts in the neighboring area. (The Subject property is located at the southern most boundary of the City of Palmer.)
- Permitted Operation hours between 6:00 am and 10:00 pm, Monday through Sunday.
- To prevent accumulation of uncovered and exposed debris, the placement of construction and demolition debris shall be the construction of defined “cells” or active fill zones with average dimensions of sixty feet wide by 150 feet in length and ten feet in depth. Each cell shall be covered with clean material when fully constructed.

⁹ FIRM Community Panel Number 02170C8155E with an effective date of March 17, 2011.

- Any portion of the property from which gravel is extracted shall be brought back to original grade by the fill and placement of mineral soils, exempt fill and land clearing debris. Exempt fill consist of stumps, brush, peat and similar land clearing debris; clay, silt and other mineral soils.
- Depth of gravel extraction shall not exceed 130 feet above mean sea level. Gravel extraction on the eastern and southern portions of the property shall cease when the existing pit (Areas A and B) has been filled and brought back to the grade with the adjacent undistributed land. Complete landfill cover shall be graded to promote surface water runoff in compliance with 18AAC60.460. The new permit amended this the condition in December 2013 with a new condition that there shall be no gravel condition.

Other operational conditions included in approval of the 2014 application state:

- All disposals of exempt or Construction Demolition materials (C & D) in the Mono-fill area require written authorization to dispose by Management Site Representative (MSR).
- Mono-fill shall be gated and locked when no in operation or when not supervised by the MSR. All visitors must check in with the MSR prior to disposal of any materials.
- All C & D disposal loads must be secured and covered with a tarp or other containment and the loads manifested by MSR.
- All C & D disposal loads are placed in separate earthen cells contained by gravel backfills on the bottom of the cell and all four sides and then covered by not less than a foot of backfill.
- All cells capped and covered not less than weekly. Cells to covered daily if wind or other conditions require.
- Perimeter berm and drainage ditches are inspected not less than weekly or more seasonally, as required to ensure correct conditions.
- Annual topographic survey of the site to be conducted by Alaska Demolition and cubic volume of site disposal calculated by registered licensed surveyor quantifying disposal fills.
- The site shall be two-thirds complete within 5 years of the effective date of Conditional Use Permit #14-001.
- And the A reclamation bond shall be required in the amount sufficient to cover the total costs of reclamation.

A copy of Alaska Demolitions 2004 and 2014 (#14-001) Condition Use Permits are located in the addenda. Also located in the addenda are annual site surveys for the periods of 2015, 2016 and 2017.

Environmental Conditions - No contamination evidence was observed or discovered during my inspection. Nevertheless, it should be noted that the value estimates were made on an as if "clean" basis, i.e., lot and house prices are unaffected by environmental contaminants.

Functional Utility - Overall, the functional utility of the tract is to be considered below average. Once the tract has been filled, given its proximity to the Alaska State Fairgrounds, the Glenn Highway, it should be average. The tract is afforded panoramic views of Pioneer Peak and the Chugach Mountains to the south.

Zoning Regulations: The site is zoned I - Industrial with Special Limitations – Authorized Fill site that is monitored annually by the Alaska Department of Environmental Conservation (ADEC).

Real Estate Taxes and Assessments - The Palmer Reclamation Site is located in the Matanuska-Susitna Borough and within Palmer's city limits. The property is identified by the Matanuska-Susitna

Borough Assessor's Office as having tax id number 17N02E08D008. In 2018, the tract was assessed as having a value of \$504,300 or \$13,000/acre.

AERIAL OF MAJESTIC HILLS SUBDIVISION PHASE I & II



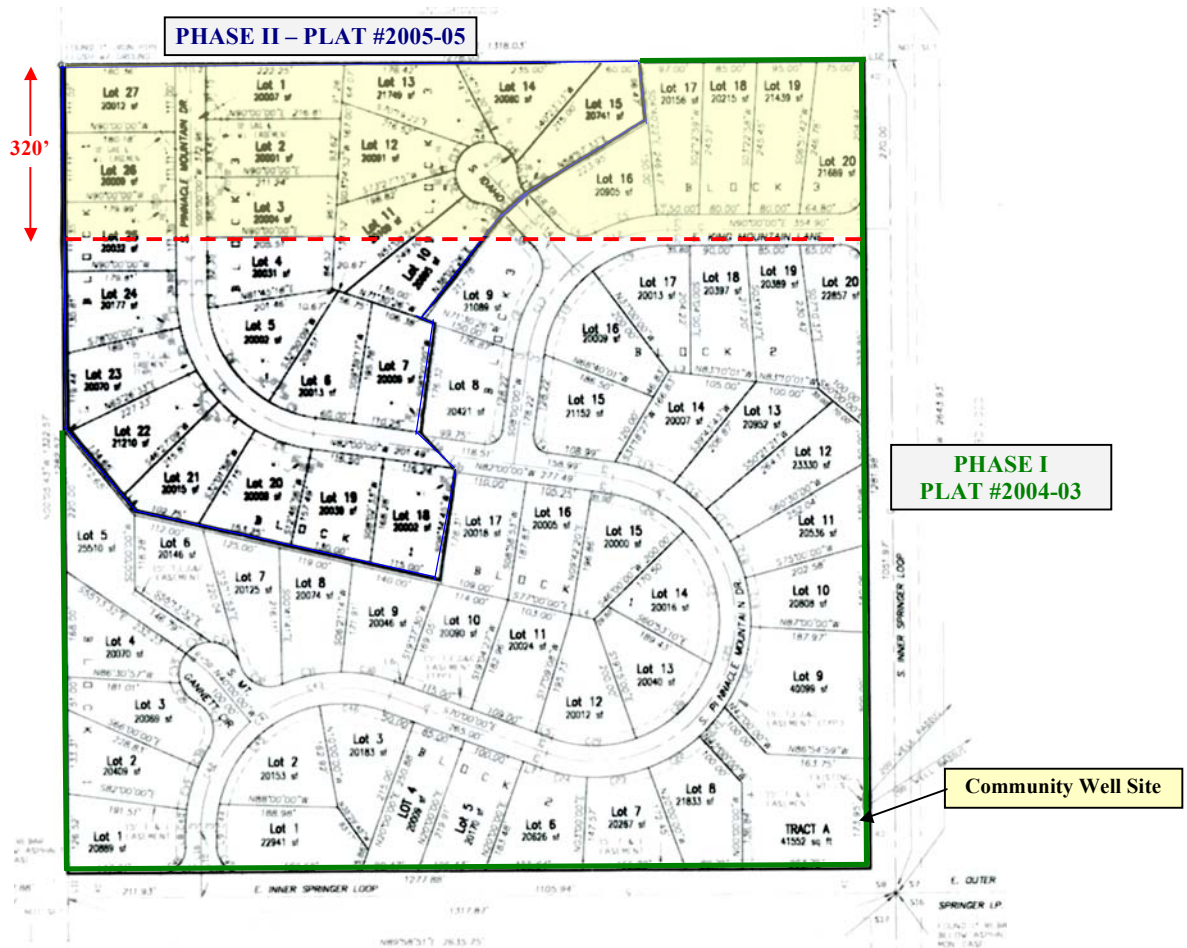
Majestic Hills Subdivision is a two-phase single-family subdivision that contains 67, ±1/2-acre residential lots and one tract, which is the location of the community well site.

PROPERTY LOCATION: The fill site is located east of the Glenn Highway at the northwest corner of E. Inner Springer Loop and S. Inner Springer Loop, in Palmer.

DESCRIPTION OF MAJESTIC HILLS SUBDIVISION

Size and Dimensions - Majestic Hills is a rectangular shape, 67-lot single-family residential subdivision that was developed from a 37.62-acre tract in 2004 and 2005. Lots average a little less ½-acre in size. The subdivision was developed in two phases with Phase I commencing in 2004. The following map shows the size and dimensions of each lot in Majestic Hills Subdivision. Plats #2004-03 and #2005-05 are located in the addenda.

The lots identified in yellow are located nearest to the Palmer Reclamation Site. These properties will be compared based on their residential type (ranch, split-entry, 2-story) with other similar properties located in Blocks 1 and 2 in the Subdivision. From comparative analyses, if significant value differences between the control group, identified in yellow, with the remaining properties in the subdivision is evident, then this difference would be attributed to proximity issues. That is, value differences between the control group and the remaining properties in the subdivision, if evident, would be attributed to their proximity to the Reclamation Site.



| MAJESTIC HILLS SUBDIVISION | | | | | | |
|---|-------------------------|------------------|---------------------|---------------|---------------|--------------|
| PHASES I & II (PLATS #2004-03 & #2005-05) | | | LOT RANGE SIZE (SF) | | | Acres (Avg.) |
| Block | No. of Lots | Block Size (SF) | Min | Max | Mean | |
| 1 | 27 | 549,117 | 20,000 | 25,510 | 20,338 | 0.47 |
| 2 | 20 | 436,751 | 20,007 | 40,099 | 21,838 | 0.50 |
| 3 | 20 | 409,446 | 20,001 | 21,749 | 20,472 | 0.47 |
| No. Lots | 67 | 1,395,314 | 20,000 | 40,099 | 20,826 | 0.48 |
| Tract A | Well Site | 41,522 | 0.95 | Acres | | |
| Roads | Phase I & II | 201,861 | 4.63 | Acres | | |
| Tract Size per Plat #2004-04 | | 1,638,697 | 37.62 | Acres | | |

Access and Visibility - Majestic Hills Subdivision is accessible by two interior two-way, paved arterials; S. Pinnacle Mountain Drive extends in a northerly direction from E. Inner Springer Loop while E. King Mountain Lane extends west off S. Inner Springer Loop. E. Inner Springer Loop intersects the Glenn Highway about 3/4 miles west of S. Pinnacle Mountain Drive. E. King Mountain Lane is located a little less than a 1/4 mile north of the E. Inner Springer Loop and S Inner Springer Loop intersection.

Access to the subdivision is impacted annually for 3-4 weeks by traffic visiting the Alaska State Fair. E. Inner Springer Loop and S. Inner Springer Loop are used temporarily during this period to re-route traffic and increased congestion occurs. State fairgrounds overflow parking lot is located at the northeast corner of S. Inner Springer Loop and E. Crowther Road, across from the Palmer Reclamation Site. Overall, access to the subdivision is considered average. Control group properties are located at the north end of the subdivision and are accessible by either E. King Mountain Lane, S. Idaho Peak Circle or S. Pinnacle Mountain Dr.

Topography, Soils and Drainage - The subdivision was developed from a former hayfield tract and as a result all of the lots are level and at grade. Lot soils are gravel based and have a rich layer of organic overburden. Subdivision drainage is good. Drainage ditches front all lots within the subdivision.

Floodplain, Earthquake and Seismic Conditions - According to the National Flood Insurance Program - Flood Insurance Rate Map (FIRM)¹⁰, Majestic Hills Subdivision is identified as being located in a low potential flood hazard area. The general area is classified as a Seismic Zone 3; this is considered to be a moderate-risk earthquake zone and in the local market, has no adverse value influence.

Utilities - Public utilities available to Majestic Hills include electricity, natural gas, and telephone. A community well, located at the southeast corner of the subdivision (Tract A), provides water. Each lot is supported with an on-site septic system that serves the improvements. The condition of the community well and on-site septic systems are unknown and it is an assumption of this report that they are adequate to support the existing improvements.

Easements and Restriction - A title report was not been provided. There are no known easements that would have a material or detrimental impact on the subdivision's highest and best use.

¹⁰ FIRM Community Panel Number 02170C8155E with an effective date of March 17, 2011.

Environmental Conditions - No contamination evidence was observed or discovered during my inspection. Nevertheless, it should be noted that the value estimates were made on an as if "clean" basis, *i.e.*, lot prices are unaffected by environmental contaminants.

Functional Utility - Overall, the functional utility each subdivision lot is to be considered above average. All lots are afforded panoramic views of Pioneer Peak and the Chugach Mountains to the south.

Zoning Regulations - The property is located just south of Palmer's City Limits and is not zoned. Subdivision lots are subject to Matanuska-Susitna Borough land use regulations¹¹. The following restrictions are pertinent to development.

| Minimum Distance | From |
|------------------|--|
| 25' | Right-of-way (including access easement)* |
| 10' | Side and rear lot lines |
| 75' | Lake, water body, or other watercourse (river, stream, creek, etc. |
| 100' | For sub-surface sewage disposal system. |

*Note: Wells, septic tanks and drain fields may not be located within a public right-of-way

The subdivision has Covenants, Conditions and Restrictions (CCRs), which were recorded in January 2004 (#2004-002520-0). The CCRs stipulate that all lots shall be used for single-family residential purposes only, except that professional or business activities may be conducted in a dwelling provided that the use is incidental to the use of the dwelling for residential purposes. No signs may indicate in any way nonresidential activity is being conducted. No Lot may be used for bed and breakfast, transient, hotel or motel purposes.

Dwellings, structures and improvements are subject to a minimum 860 SF and must have siding and at least one side of the structure must be finished with a type of siding material that is not T1-11. Each structure may have a shed, garage or both finished in a similar appearance. Fences, gates and retaining walls are permitted as well as greenhouse or garden tool shed, children's playhouse and doghouse and/or pen enclosure. Improvements must be maintained in a good workmanlike manner in substantially the same condition as when first constructed or placed on the Lot.

Lot driveways shall be paved or surfaced in D-1 rock or ¾ minus gravel. Yards must be landscaped. Trees over 20 feet in height must be trimmed of branches less than 6 feet from the ground as a fire prevention measure.

Lot owners may choose to form a Homeowners Association for the use and benefit of the individual Lot Owners, upon a vote or agreement of 60% of the Lot Owners.

Noteworthy is the subdivision's CCRs acknowledgement in Section 8.01 – Proximity to Alaska State Fairgrounds. The Subdivision is located near the Alaska State Fairgrounds and annually for the approximately four week period that the Alaska State Fair is in operation, traffic is temporarily re-routed in and around the vicinity of Majestic Hills and increased traffic congestion occurs. There are no other known restrictions that would prohibit the lots from being developed to their highest and best use.

¹¹ 17.01 MSB - Acknowledgment of Existing Land Use Regulations. [Repealed by Ordinance 06-192(AM), § 2, 2007]

Real Estate Taxes and Assessments - The Subject is located in the Matanuska-Susitna Borough outside of Palmer's city limits.

The assessor has allocated an assessment value of \$35,000 to each lot in the subdivision. When deducting this amount from the total assessed value, an allocated improvement only value is indicated. Dividing this amount by the assessor's building square footage, yields an allocated \$/SF for the improvements. Analysis of this data suggests that improvements in the subdivision tend to have a unit value based on residential type adjusted for size differences. That is a larger home, when every thing else is equal, would have a lower \$/SF unit value when compared to a smaller size home. Age does not appear to play an important part in the assessment valuation process. This appears reasonable given all of the residences were built within a period of ±24 months.

Based on the previous assessment analysis, residential properties located adjacent to the Palmer Reclamation Site are assessed on a \$/SF basis similar to other similar use type properties found in the subdivision. These properties do not reflect a lower assessment value because of their proximity to the Palmer Reclamation Site. This is considered reasonable given properties are valued in accordance with mass appraisal valuation techniques. Following is a tabular summary of current 2018 assessment values for each lot and corresponding tax identification number.

MAJESTIC HILLS SUBDIVISION ASSESSMENT DATA AVERAGES – By Residence Type

| RANGE | Residence Sq. Ft. | Overall \$/SF | \$/SF Improvements | 2003 | 2004 | 2005 |
|--------------------|--------------------------|----------------------|---------------------------|-----------------|-----------------|-----------------|
| Ranch | 1,347 | \$165.28 | \$138.96 | \$135.26 | \$138.73 | \$141.36 |
| Split-Entry | 1,716 | \$145.05 | \$124.39 | \$125.26 | \$124.56 | \$123.75 |
| 2-Story | 2,005 | \$139.54 | \$121.52 | \$118.82 | \$121.39 | \$122.25 |
| All Data | 1,658 | \$152.27 | \$130.02 | \$129.14 | \$129.74 | \$130.89 |

2018 Majestic Hills Subdivision Assessed Values

| Tax ID | ASSESED VALUE | MSB SF | Overall \$/SF | SF-Lot | MSB Residence Type | Year Built |
|---------------|----------------------|---------------|----------------------|---------------|---------------------------|-------------------|
| 5492B01L001 | \$206,300 | 1,248 | \$165.30 | 20,889 | Ranch | 2004 |
| 5492B01L002 | \$224,400 | 1,390 | \$161.44 | 20,409 | Ranch | 2005 |
| 5492B01L003 | \$218,900 | 1,378 | \$158.85 | 20,069 | Ranch | 2004 |
| 5492B01L004 | \$228,000 | 1,502 | \$151.80 | 20,070 | 2-story | 2004 |
| 5492B01L005 | \$242,100 | 1,663 | \$145.58 | 25,510 | 2-story | 2004 |
| 5492B01L006 | \$216,700 | 1,360 | \$159.34 | 20,146 | Ranch | 2004 |
| 5492B01L007 | \$279,100 | 2,044 | \$136.55 | 20,125 | 2-story | 2004 |
| 5492B01L008 | \$222,600 | 1,388 | \$160.37 | 20,074 | Ranch | 2004 |
| 5492B01L009 | \$264,300 | 1,969 | \$134.23 | 20,046 | Split-entry | 2005 |
| 5492B01L010 | \$227,200 | 1,321 | \$171.99 | 20,090 | Ranch | 2005 |
| 5492B01L011 | \$237,900 | 1,618 | \$147.03 | 20,024 | Split-entry | 2004 |
| 5492B01L012 | \$241,700 | 1,610 | \$150.12 | 20,012 | 2-story | 2004 |
| 5492B01L013 | \$234,800 | 1,665 | \$141.02 | 20,040 | 2-story | 2003 |
| 5492B01L014 | \$254,100 | 1,760 | \$144.38 | 20,016 | 2-story | 2004 |
| 5492B01L015 | \$312,300 | 2,516 | \$124.13 | 20,000 | 2-story | 2004 |
| 5492B01L016 | \$251,700 | 1,730 | \$145.49 | 20,005 | Split-entry | 2003 |
| 5492B01L017 | \$242,900 | 1,515 | \$160.33 | 20,018 | Ranch | 2004 |
| 5662B01L018 | \$244,500 | 1,600 | \$152.81 | 20,002 | 2-story | 2005 |

| 2018 Majestic Hills Subdivision Assessed Values | | | | | | |
|---|---------------|--------|---------------|--------|--------------------|------------|
| Tax ID | ASSESED VALUE | MSB SF | Overall \$/SF | SF-Lot | MSB Residence Type | Year Built |
| 5662B01L019 | \$318,400 | 2,511 | \$126.80 | 20,039 | 2-story | 2004 |
| 5662B01L020 | \$254,700 | 1,752 | \$145.38 | 20,008 | 2-story | 2005 |
| 5662B01L021 | \$236,400 | 1,525 | \$155.02 | 20,015 | Ranch | 2005 |
| 5662B01L022 | \$303,400 | 2,290 | \$132.49 | 21,210 | 2-story | 2004 |
| 5662B01L023 | \$233,100 | 1,395 | \$167.10 | 20,070 | Ranch | 2005 |
| 5662B01L024 | \$293,300 | 2,360 | \$124.28 | 20,177 | 2-story | 2005 |
| 5662B01L025 | \$264,200 | 1,820 | \$145.16 | 20,032 | Split-entry | 2005 |
| 5662B01L026 | \$330,900 | 2,394 | \$138.22 | 20,009 | 2-story | 2005 |
| 5492B01L027 | \$293,800 | 2,139 | \$137.35 | 20,012 | 2-story | 2005 |
| 5492B02L001 | \$247,300 | 1,682 | \$147.03 | 22,941 | 2-story | 2004 |
| 5492B02L002 | \$248,000 | 1,748 | \$141.88 | 20,153 | Split-entry | 2004 |
| 5492B02L003 | \$250,500 | 1,789 | \$140.02 | 20,183 | 2-story | 2004 |
| 5492B02L004 | \$221,500 | 1,376 | \$160.97 | 20,009 | Ranch | 2003 |
| 5492B02L005 | \$241,700 | 1,520 | \$159.01 | 20,170 | Ranch | 2004 |
| 5492B02L006 | \$228,000 | 1,364 | \$167.16 | 20,626 | Ranch | 2004 |
| 5492B02L007 | \$258,900 | 1,845 | \$140.33 | 20,287 | Split-entry | 2004 |
| 5492B02L008 | \$221,300 | 1,369 | \$161.65 | 21,833 | Ranch | 2004 |
| 5492B02L009 | \$315,200 | 2,382 | \$132.33 | 40,099 | 2-story | 2003 |
| 5492B02L010 | \$253,600 | 1,741 | \$145.66 | 20,808 | Split-entry | 2004 |
| 5492B02L011 | \$267,700 | 1,850 | \$144.70 | 20,536 | 2-story | 2004 |
| 5492B02L012 | \$255,200 | 1,662 | \$153.55 | 23,330 | 2-story | 2004 |
| 5492B02L013 | \$197,000 | 1,101 | \$178.93 | 20,952 | Ranch | 2004 |
| 5492B02L014 | \$217,400 | 1,362 | \$159.62 | 20,007 | Ranch | 2003 |
| 5492B02L015 | \$325,400 | 2,416 | \$134.69 | 21,152 | 2-story | 2004 |
| 5492B02L016 | \$231,500 | 1,469 | \$157.59 | 20,009 | Ranch | 2004 |
| 5492B02L017 | \$254,300 | 1,729 | \$147.08 | 20,013 | Split-entry | 2004 |
| 5492B02L018 | \$243,700 | 1,557 | \$156.52 | 20,397 | Ranch | 2004 |
| 5492B02L019 | \$239,200 | 1,469 | \$162.83 | 20,389 | Ranch | 2004 |
| 5492B02L020 | \$225,000 | 1,416 | \$158.90 | 22,857 | Ranch | 2004 |
| 5662B03L001 | \$211,600 | 1,282 | \$165.05 | 20,007 | Ranch | 2004 |
| 5662B03L002 | \$242,600 | 1,475 | \$164.47 | 20,001 | Ranch | 2005 |
| 5662B03L003 | \$248,700 | 1,691 | \$147.07 | 20,004 | Split-entry | 2004 |
| 5662B03L004 | \$221,400 | 1,303 | \$169.92 | 20,031 | Ranch | 2005 |
| 5662B03L005 | \$198,000 | 1,265 | \$156.52 | 20,002 | Split-entry | 2005 |
| 5662B03L006 | \$219,000 | 1,303 | \$168.07 | 20,013 | Ranch | 2005 |
| 5662B03L007 | \$281,100 | 1,936 | \$145.20 | 20,009 | 2-story | 2005 |
| 5492B03L008 | \$227,700 | 1,464 | \$155.53 | 20,421 | Ranch | 2003 |
| 5492B03L009 | \$225,000 | 1,426 | \$157.78 | 21,089 | Ranch | 2004 |
| 5662B03L010 | \$186,200 | 1,008 | \$184.72 | 20,695 | Ranch | 2005 |
| 5492B03L011 | \$283,100 | 2,058 | \$137.56 | 20,109 | 2-story | 2005 |
| 5492B03L012 | \$312,200 | 2,550 | \$122.43 | 20,091 | 2-story | 2004 |
| 5492B03L013 | \$257,200 | 1,762 | \$145.97 | 21,749 | 2-story | 2005 |
| 5492B03L014 | \$319,100 | 2,658 | \$120.05 | 20,080 | 2-story | 2005 |
| 5662B03L015 | \$229,000 | 1,370 | \$167.15 | 20,741 | Ranch | 2004 |
| 5492B03L016 | \$217,100 | 1,301 | \$166.87 | 20,905 | Ranch | 2003 |
| 5492B03L017 | \$207,400 | 1,243 | \$166.85 | 20,156 | Ranch | 2004 |
| 5492B03L018 | \$243,400 | 1,585 | \$153.56 | 20,215 | 2-story | 2005 |
| 5492B03L019 | \$182,700 | 948 | \$192.72 | 21,439 | Ranch | 2004 |
| 5492B03L020 | \$203,100 | 1,118 | \$181.66 | 21,689 | Ranch | 2004 |

On the following pages are summaries of each lots' assessed value as segregated by use type (ranch, split-entry, 2-story). From analysis, properties are valued based on \$/SF basis and then adjusted for size differences. That is, larger homes reflect a lower \$/SF assessed value when compared to a similar smaller size properties. This is reasonable and charts on the following pages, clearly illustrates the inverse relationship between home size and assessed value on a \$ per square foot basis.

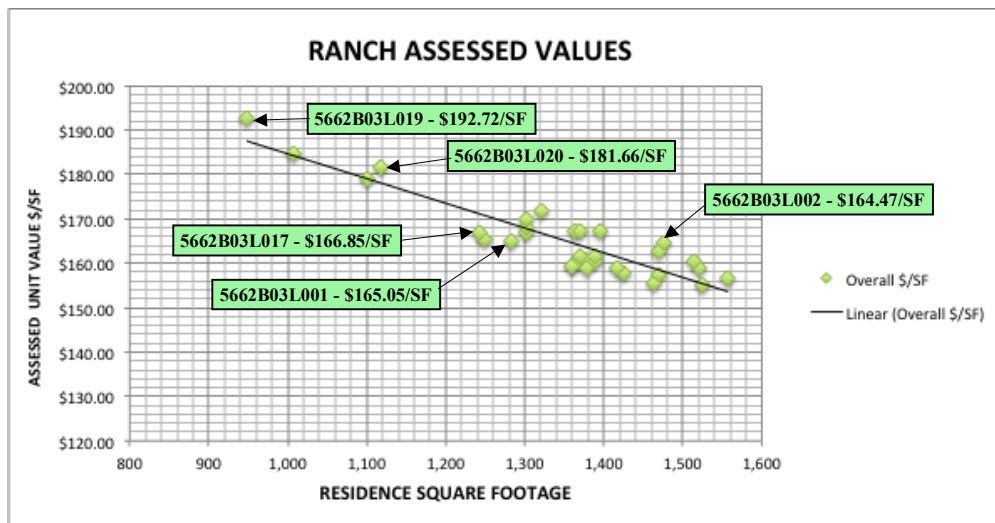
2018 ASSESSED RANCH HOME VALUES & INDICATORS

| 31 properties | | | | | | | |
|---------------|----------------------|-------------------|---------------|--------------|--------|------------|--------|
| Tax ID | 2018 Assessed Values | Residence Sq. Ft. | Overall \$/SF | IMPMTS \$/SF | SF-Lot | Year Built | SF-Gar |
| 5492B03L008 | \$227,700 | 1,464 | \$155.53 | \$131.63 | 20,421 | 2003 | 440 |
| 5492B02L014 | \$217,400 | 1,362 | \$159.62 | \$133.92 | 20,007 | 2003 | 440 |
| 5492B02L004 | \$221,500 | 1,376 | \$160.97 | \$135.54 | 20,009 | 2003 | 440 |
| 5492B03L016 | \$217,100 | 1,301 | \$166.87 | \$139.97 | 20,905 | 2003 | 440 |
| 5492B03L009 | \$225,000 | 1,426 | \$157.78 | \$133.24 | 21,089 | 2004 | 652 |
| 5492B01L003 | \$218,900 | 1,378 | \$158.85 | \$133.45 | 20,069 | 2004 | 440 |
| 5492B01L006 | \$216,700 | 1,360 | \$159.34 | \$133.60 | 20,146 | 2004 | 440 |
| 5492B02L016 | \$231,500 | 1,469 | \$157.59 | \$133.76 | 20,009 | 2004 | 462 |
| 5492B02L018 | \$243,700 | 1,557 | \$156.52 | \$134.04 | 20,397 | 2004 | 462 |
| 5492B02L020 | \$225,000 | 1,416 | \$158.90 | \$134.18 | 22,857 | 2004 | 440 |
| 5492B01L008 | \$222,600 | 1,388 | \$160.37 | \$135.16 | 20,074 | 2004 | 451 |
| 5492B02L005 | \$241,700 | 1,520 | \$159.01 | \$135.99 | 20,170 | 2004 | 440 |
| 5492B02L008 | \$221,300 | 1,369 | \$161.65 | \$136.08 | 21,833 | 2004 | 520 |
| 5492B01L017 | \$242,900 | 1,515 | \$160.33 | \$137.23 | 20,018 | 2004 | 616 |
| 5492B01L001 | \$206,300 | 1,248 | \$165.30 | \$137.26 | 20,889 | 2004 | 440 |
| 5662B03L001 | \$211,600 | 1,282 | \$165.05 | \$137.75 | 20,007 | 2004 | 440 |
| 5492B03L017 | \$207,400 | 1,243 | \$166.85 | \$138.70 | 20,156 | 2004 | 440 |
| 5492B02L019 | \$239,200 | 1,469 | \$162.83 | \$139.01 | 20,389 | 2004 | 462 |
| 5492B02L006 | \$228,000 | 1,364 | \$167.16 | \$141.50 | 20,626 | 2004 | 440 |
| 5662B03L015 | \$229,000 | 1,370 | \$167.15 | \$141.61 | 20,741 | 2004 | 462 |
| 5492B02L013 | \$197,000 | 1,101 | \$178.93 | \$147.14 | 20,952 | 2004 | 440 |
| 5492B03L020 | \$203,100 | 1,118 | \$181.66 | \$150.36 | 21,689 | 2004 | 440 |
| 5492B03L019 | \$182,700 | 948 | \$192.72 | \$155.80 | 21,439 | 2004 | 0 |
| 5662B01L021 | \$236,400 | 1,525 | \$155.02 | \$132.07 | 20,015 | 2005 | 426 |
| 5492B01L002 | \$224,400 | 1,390 | \$161.44 | \$136.26 | 20,409 | 2005 | 440 |
| 5662B03L002 | \$242,600 | 1,475 | \$164.47 | \$140.75 | 20,001 | 2005 | 440 |
| 5662B03L006 | \$219,000 | 1,303 | \$168.07 | \$141.21 | 20,013 | 2005 | 440 |
| 5662B01L023 | \$233,100 | 1,395 | \$167.10 | \$142.01 | 20,070 | 2005 | 440 |
| 5662B03L004 | \$221,400 | 1,303 | \$169.92 | \$143.05 | 20,031 | 2005 | 440 |
| 5492B01L010 | \$227,200 | 1,321 | \$171.99 | \$145.50 | 20,090 | 2005 | 440 |
| 5662B03L010 | \$186,200 | 1,008 | \$184.72 | \$150.00 | 20,695 | 2005 | 440 |

Assessed numbers colored green indicate properties that are located adjacent to or in close proximity to the Palmer Reclamation Site.

| 2018 ASSESSED PROPERTY INDICATORS RANCH HOMES | | | |
|--|-------------------|---------------|--------------------|
| RANGE | Residence Sq. Ft. | Overall \$/SF | \$/SF Improvements |
| Minimum | 948 | \$155.02 | \$131.63 |
| Maximum | 1,557 | \$192.72 | \$155.80 |
| Mean | 1,347 | \$165.28 | \$138.96 |

| ALLOCATED \$/SF IMPROVEMENTS BY YEAR | | |
|---|----------|----------|
| 2003 | 2004 | 2005 |
| \$131.63 | \$133.24 | \$132.07 |
| \$139.97 | \$155.80 | \$150.00 |
| \$135.26 | \$138.73 | \$141.36 |



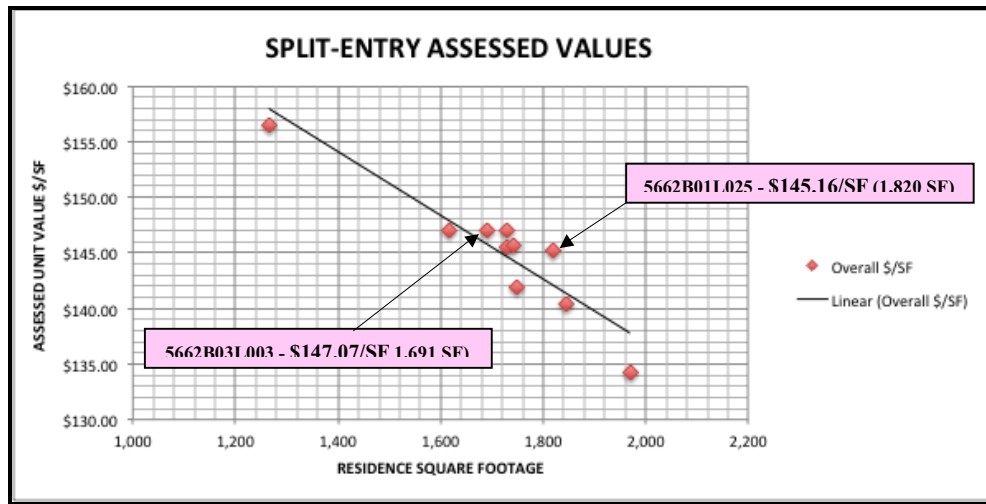
2018 ASSESSED SPLIT-ENTRY VALUES & INDICATORS
(Based on Borough Assessment Records)

| 10 properties | | | | | | | |
|--------------------|----------------------|-------------------|-----------------|-----------------|---------------|-------------|------------|
| Tax ID | 2018 Assessed Values | Residence Sq. Ft. | Overall \$/SF | IMPMTS \$/SF | SF-Lot | Year Built | SF-Gar |
| 5492B01L016 | \$251,700 | 1,730 | \$145.49 | \$125.26 | 20,005 | 2003 | 700 |
| 5492B02L002 | \$248,000 | 1,748 | \$141.88 | \$121.85 | 20,153 | 2004 | 440 |
| 5492B02L007 | \$258,900 | 1,845 | \$140.33 | \$121.36 | 20,287 | 2004 | 616 |
| 5492B01L011 | \$237,900 | 1,618 | \$147.03 | \$125.40 | 20,024 | 2004 | 440 |
| 5492B02L010 | \$253,600 | 1,741 | \$145.66 | \$125.56 | 20,808 | 2004 | 588 |
| 5662B03L003 | \$248,700 | 1,691 | \$147.07 | \$126.37 | 20,004 | 2004 | 720 |
| 5492B02L017 | \$254,300 | 1,729 | \$147.08 | \$126.84 | 20,013 | 2004 | 700 |
| 5492B01L009 | \$264,300 | 1,969 | \$134.23 | \$116.46 | 20,046 | 2005 | 644 |
| 5662B01L025 | \$264,200 | 1,820 | \$145.16 | \$125.93 | 20,032 | 2005 | 720 |
| 5662B03L005 | \$198,000 | 1,265 | \$156.52 | \$128.85 | 20,002 | 2005 | 440 |

Assessed numbers colored pink are properties located adjacent to or in close proximity to the Palmer Reclamation Site.

| 2018 ASSESSED PROPERTY INDICATORS SPLIT-ENTRY HOMES | | | |
|--|-------------------|---------------|--------------------|
| RANGE | Residence Sq. Ft. | Overall \$/SF | \$/SF Improvements |
| Minimum | 1,265 | \$134.23 | \$116.46 |
| Maximum | 1,969 | \$156.52 | \$128.85 |
| Mean | 1,716 | \$145.05 | \$124.39 |

| ALLOCATED \$/SF IMPROVEMENTS BY YEAR | | |
|---|----------|----------|
| 2003 | 2004 | 2005 |
| \$125.26 | \$121.36 | \$116.46 |
| \$125.26 | \$126.84 | \$128.85 |
| \$125.26 | \$124.56 | \$123.75 |



The previous split-entry assessed values for 2018 clearly reflect a linear relationship as the square footage of the residence decreases the price per square foot increases. As identified in the previous chart, the two closest split-entry homes to the Palmer Reclamation Site have \$/SF assessed unit values above the bisecting linear line. Both properties have assessed unit values (\$/SF) that are at the mean average assessed unit value for split-entry homes in the subdivision. This indicates that the assessor's office does not consider them to be adversely impacted because of their proximity to the Reclamation Site. Ranch and 2-story homes near the Palmer Reclamation Site also are assessed similarly to other homes located throughout the subdivision.

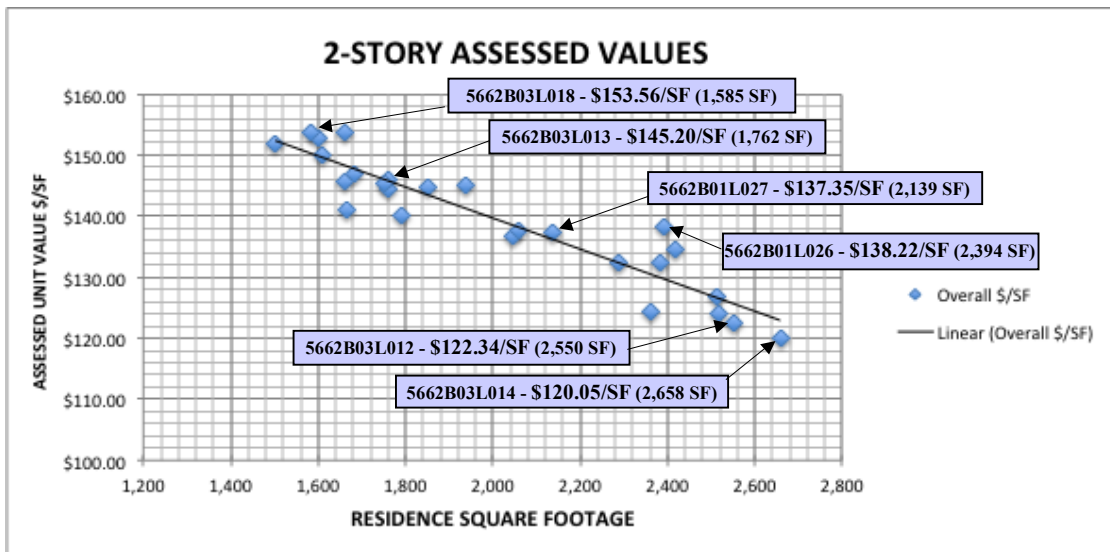
2018 ASSESSED VALUES & INDICATORS BY RESIDENCE TYPE
(Based on Borough Assessment Records)

| 2-STORY HOMES (26 properties) | | | | | | | |
|-------------------------------|----------------------|-------------------|-----------------|-----------------|---------------|-------------|-------------|
| Tax ID | 2018 Assessed Values | Residence Sq. Ft. | Overall \$/SF | IMPMTS \$/SF | SF-Lot | Year Built | SF-Gar |
| 5492B02L009 | \$315,200 | 2,382 | \$132.33 | \$117.63 | 40,099 | 2003 | 672 |
| 5492B01L013 | \$234,800 | 1,665 | \$141.02 | \$120.00 | 20,040 | 2003 | 500 |
| 5492B03L012 | \$312,200 | 2,550 | \$122.43 | \$108.71 | 20,091 | 2004 | 440 |
| 5492B01L015 | \$312,300 | 2,516 | \$124.13 | \$110.21 | 20,000 | 2004 | 440 |
| 5662B01L019 | \$318,400 | 2,511 | \$126.80 | \$112.86 | 20,039 | 2004 | 704 |
| 5662B01L022 | \$303,400 | 2,290 | \$132.49 | \$117.21 | 21,210 | 2004 | 480 |
| 5492B01L007 | \$279,100 | 2,044 | \$136.55 | \$119.42 | 20,125 | 2004 | 440 |
| 5492B02L015 | \$325,400 | 2,416 | \$134.69 | \$120.20 | 21,152 | 2004 | 928 |
| 5492B02L003 | \$250,500 | 1,789 | \$140.02 | \$120.46 | 20,183 | 2004 | 440 |
| 5492B01L014 | \$254,100 | 1,760 | \$144.38 | \$124.49 | 20,016 | 2004 | 451 |
| 5492B01L005 | \$242,100 | 1,663 | \$145.58 | \$124.53 | 25,510 | 2004 | 440 |
| 5492B02L011 | \$267,700 | 1,850 | \$144.70 | \$125.78 | 20,536 | 2004 | 440 |
| 5492B02L001 | \$247,300 | 1,682 | \$147.03 | \$126.22 | 22,941 | 2004 | 440 |
| 5492B01L012 | \$241,700 | 1,610 | \$150.12 | \$128.39 | 20,012 | 2004 | 616 |
| 5492B01L004 | \$228,000 | 1,502 | \$151.80 | \$128.50 | 20,070 | 2004 | 440 |
| 5492B02L012 | \$255,200 | 1,662 | \$153.55 | \$132.49 | 23,330 | 2004 | 440 |
| 5492B03L014 | \$319,100 | 2,658 | \$120.05 | \$106.88 | 20,080 | 2005 | 528 |
| 5662B01L024 | \$293,300 | 2,360 | \$124.28 | \$109.45 | 20,177 | 2005 | 440 |
| 5492B03L011 | \$283,100 | 2,058 | \$137.56 | \$120.55 | 20,109 | 2005 | 440 |
| 5492B01L027 | \$293,800 | 2,139 | \$137.35 | \$120.99 | 20,012 | 2005 | 440 |
| 5662B01L026 | \$330,900 | 2,394 | \$138.22 | \$123.60 | 20,009 | 2005 | 728 |
| 5662B01L020 | \$254,700 | 1,752 | \$145.38 | \$125.40 | 20,008 | 2005 | 652 |
| 5492B03L013 | \$257,200 | 1,762 | \$145.97 | \$126.11 | 21,749 | 2005 | 720 |
| 5662B03L007 | \$281,100 | 1,936 | \$145.20 | \$127.12 | 20,009 | 2005 | 650 |
| 5492B03L018 | \$243,400 | 1,585 | \$153.56 | \$131.48 | 20,215 | 2005 | 7539 |
| 5662B01L018 | \$244,500 | 1,600 | \$152.81 | \$130.94 | 20,002 | 2005 | 440 |

Assessed numbers colored blue indicate properties that are located adjacent to or in close proximity to the Palmer Reclamation Site.

| 2018 ASSESSED PROPERTY INDICATORS 2-STORY HOMES (25) | | | |
|---|-------------------|---------------|--------------------|
| RANGE | Residence Sq. Ft. | Overall \$/SF | \$/SF Improvements |
| Minimum | 1,502 | \$120.05 | \$106.88 |
| Maximum | 2,658 | \$153.56 | \$132.49 |
| Mean | 2,005 | \$139.54 | \$121.52 |

| ALLOCATED \$/SF IMPROVEMENTS BY YEAR | | |
|---|----------|----------|
| 2003 | 2004 | 2005 |
| \$117.63 | \$108.71 | \$106.88 |
| \$120.00 | \$132.49 | \$131.48 |
| \$118.82 | \$121.39 | \$122.25 |



PHOTOGRAPHS OF CONTROL GROUP HOMES



Lot 27, Block 1: 790 S. Pinnacle Mountain Dr.



Lot 1, Block 3: 789 S. Pinnacle Mountain Dr.



Lot 26, Block 1: 820 S. Pinnacle Mountain Dr.



Lot 2, Block 3: 811 S. Pinnacle Mountain Dr.



Lot 25, Block 1: 844 S. Pinnacle Mountain Dr.



Lot 3, Block 3: 831 S. Pinnacle Mountain Dr.



Lot 11, Block 3: 876 S. Idaho Peak Cir.



Lot 12, Block 3: 870 S. Idaho Peak Cir.

PHOTOGRAPHS OF CONTROL GROUP HOMES



Lot 13, Block 3: 875 S. Idaho Peak Cir.



Lot 14, Block 3: 881 S. Idaho Peak Cir.



Lot 15, Block 3: 889 S. Idaho Peak Cir.



Lot 16, Block 3: 915 S. Idaho Peak Cir.



Lot 17, Block 3: 13125 E. King Mountain Lane



Lot 18, Block 3: 13135 E. King Mountain Lane



Lot 19, Block 3: 13155 E. King Mountain Lane



Lot 20, Block 3: 13175 E. King Mountain Lane

MAJESTIC HILLS HOME IMPROVEMENT DESCRIPTIONS

Control Group Properties – On the previous pages is photos of the nearest 16 properties located at the north end of the subdivision and adjacent to the Palmer Reclamation Site. These properties have been selected as the control group. Property values within this group will be compared with similar use properties located further south in the subdivision, in an effort to identify if outside external economic conditions attributable to their proximity to the PRS exist that would have adverse impact on value. Following is a summary of the properties located within the control group.

CONTROL GROUP PROPERTIES – Nearest to PRS

| Tax ID | Street Name | Residential Type | Year Built | SF-Gar | MSB SF | SF-Lot |
|-------------|------------------------------|------------------|------------|--------|--------|--------|
| 5662B03L001 | 789 S. Pinnacle Mountain Dr. | Ranch | 2004 | 440 | 1,282 | 20,007 |
| 5662B03L002 | 811 S. Pinnacle Mountain Dr | Ranch | 2005 | 440 | 1,475 | 20,001 |
| 5662B03L010 | 884 S. Idaho Peak Circle | Ranch | 2005 | 440 | 1,008 | 20,695 |
| 5662B03L015 | 889 S. Idaho Peak Circle | Ranch | 2004 | 462 | 1,370 | 20,741 |
| 5492B03L016 | 915 S. Idaho Peak Circle | Ranch | 2003 | 440 | 1,301 | 20,905 |
| 5492B03L017 | 13125 E. King Mountain Lane | Ranch | 2004 | 440 | 1,243 | 20,156 |
| 5492B03L019 | 13155 E. King Mountain Lane | Ranch | 2004 | 0 | 948 | 21,439 |
| 5492B03L020 | 13175 E. King Mountain Lane | Ranch | 2004 | 440 | 1,118 | 21,689 |
| 5662B01L025 | 844 S. Pinnacle Mountain Dr | Split-entry | 2005 | 720 | 1,820 | 20,032 |
| 5662B03L003 | 831 S. Pinnacle Mountain Dr | Split-entry | 2004 | 720 | 1,691 | 20,004 |
| 5662B01L026 | 820 S. Pinnacle Mountain Dr | 2-story | 2005 | 728 | 2,394 | 20,009 |
| 5492B01L027 | 790 S. Pinnacle Mountain Dr | 2-story | 2005 | 440 | 2,139 | 20,012 |
| 5492B03L011 | 876 S. Idaho Peak Circle | 2-story | 2005 | 440 | 2,058 | 20,109 |
| 5492B03L012 | 870 S. Idaho Peak Circle | 2-story | 2004 | 440 | 2,550 | 20,091 |
| 5492B03L013 | 875 S. Idaho Peak Circle | 2-story | 2005 | 720 | 1,762 | 21,749 |
| 5492B03L014 | 881 S. Idaho Peak Circle | 2-story | 2005 | 528 | 2,658 | 20,080 |
| 5492B03L018 | 13135 E. King Mountain Lane | 2-story | 2005 | 539 | 1,585 | 20,215 |

There are three types of homes built in Majestic Hills Subdivision and they are identified as ranch, split-entry and/or 2-story. The subdivision was built out in two years between 2004 and 2005. All of the homes have a concrete block foundation system, are wood-frame 2" x 6" constructed, have a pitched, asphalt comp shingle roof with wood exterior finish. All homes have multiple roof lines; some have bay windows and/or dormers. Subdivision CCRs require the front of each home be sheathed with a non T-111 finish. Typically the homes have a wood lap front, although some have wood shake accents.

Ranch homes typically have 3 bedrooms and 2 baths, one of which is located in the master suite, and a laundry room. This type of home typically ranges between 1,100 SF to 1,560 SF and average ±1,350 SF. Most have attached, 2-car, garages that are heated and accessible by a paved driveway. Several homes have outbuildings that consist of storage sheds, greenhouse and other miscellaneous improvements (playhouse, rock patios, landscaped yards, raised flower beds, etc.).

Split-entry and 2-story homes are built similar to the ranch style home and these typically vary in size from 1,500 SF to 2,600 SF and average ± 2,000 SF. Homes have either a 2 or 3 car garage. Interiors are finished comparable to the ranch style home, although some have upgraded kitchens with stainless steel appliances with granite countertops.

Homes are 5-star rated and are heated by a forced-air exchange system. Interior finish includes taped, painted and textured sheetrock walls, with floor covering varying from wood laminate, carpet and tile to a mix of wood, carpet and sheet vinyl. There is a mix of ceiling mounted incandescent and

fluorescent fixtures. Most homes have wood decks or porches and fenced (wood or chain link), landscaped backyards. Some have gas fireplaces either in the living room or basement den. Living rooms typical have cathedral ceilings with fans, and kitchens have hard wood cabinetry and a double basin, ceramic or stainless steel sink. Appliances include a refrigerator, gas range/oven, with microwave with exhaust fan, and dishwasher.

Bathroom finish varies from tub/shower insert to a ceramic, jetted, Jacuzzi, tub and shower combination, some with multiple showerheads, with tile walls. Following are interior photographs of the homes found in Majestic Hills Subdivision. These photos are illustrative of typical floor plans and interior finish of homes found in the subdivision.

PHOTOGRAPHS OF TYPICAL HOME INTERIORS IN SUBDIVISION



Kitchen floor plan



Kitchen with stainless appliances



Dinning Area from Kitchen



Kitchen from dinning room.



Kitchen & Dinning Room floor plan



Looking at kitchen & living room from dinning.

PHOTOGRAPHS OF TYPICAL HOME INTERIORS IN SUBDIVISION



Kitchen & living room from kitchen



King at dining and kitchen from living room



Living room with fireplace



Split-entry living room.



One of several living room floor plans.



Living room with fireplace.



Living room floor plan.



Basement den in split-entry.

PHOTOGRAPHS OF TYPICAL HOME INTERIORS IN SUBDIVISION



Split-entry basement den floor plan.



Basement den in split-entry



Master bedroom floor plan.



Master floor plan.



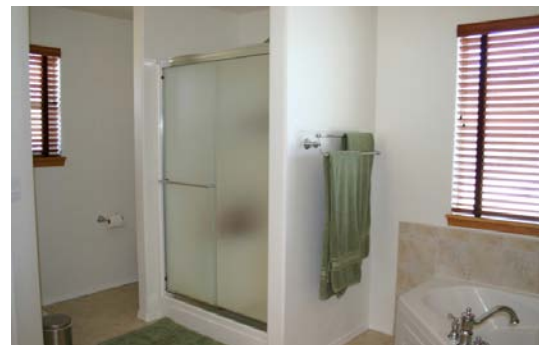
Master bedroom in 2-story.



Master bedroom in split-entry



Master bathroom with double sinks.



One of several master bathroom floor plans.

PHOTOGRAPHS OF TYPICAL HOME INTERIORS IN SUBDIVISION



Typical bathroom



Typical bathroom floor plan



Typical bathroom



Typical laundry room

HIGHEST AND BEST USE

In standard appraisal practice, the concept of *highest and best use* represents the premise upon which a value estimate is based. The determination of highest and best use is the result of the appraiser's judgment and analytical skill. The use determined from analysis represents an opinion, not a fact to be found. Highest and best use is defined as:

*The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.*¹²

Subject property consists of a rectangular shape tract that has been developed into a 67 lot single-family residential subdivision. All lots are served with public electricity, natural gas and telephone. Drainage, as well as, soils, is adequate to support the existing improvements. There are no known physical limitations that would have prevented the tract from being developed to its highest and best use.

¹² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 3rd ed. (Chicago: 1993), p. 171.

Subject lots are not zoned, as they are located outside of the Palmer city limits. They are however located in the Matanuska-Susitna Borough and must conform to typical site development requirements pertaining to well and septic system set back restrictions. Subdivision lots are approximately ½ acre in area and are supported with a community well system. Sewer is provided by individual on-site septic systems.

Existing land use patterns in the area consist of agriculture to the north, west and south. To the east is Springer Crossing, a small commercial development oriented to professional office and medical space and residential lands. Subdivided from this tract is also Springer Park, which includes 23 small lots connected to Palmer water and sewer. To the north is the Palmer Reclamation Site, which is a former gravel extraction pit that is currently being refilled with construction debris and non-hazardous fill. This site is regulated by the DEC and the City of Palmer.

Overall the Subject neighborhood appears to be in transition from agricultural farms to a mix of residential, office and light industrial uses. This type of mix use development is typically found throughout the area when tracts are developed with large lots greater than one-acre, which is needed to support on-site well and septic systems. However over the last 15 years many of the former hayfield tracts have been purchased and developed with ½ acre lot subdivisions featuring a community well.

Although a comprehensive market feasibility study would be needed to identify the optimum use of neighborhood transitional lands, which is beyond the scope of this report, it appears that the highest and best use is similar with existing uses in the immediate neighborhood; mixed-use commercial on the well-traveled arterials with ½ acre single-family residential lot subdivisions in the interior.

Highest and Best Use-As Improved — Majestic Hills Subdivision is a 67-lot single-family residential subdivision that is improved with a mix of ranch, split-entry and 2-story homes that were built in 2004 and 2005. Subdivision homes overall appear to have been well-maintained with good curb appeal. The economic life remaining of the homes in the subdivision is estimated to exceed 60 years or more.

Strengths and Weaknesses – The Subject' strength is its' favorable location and proximity to Palmer's employment centers. All lots in the subdivision have panoramic views of Pioneer Peak and the Chugach Mountains to the south and east. The subdivision is located about ¾ mile east of the Glenn Highway and has excellent access to both Anchorage and its bedroom communities to the south as well as to Matanuska-Susitna Valley Hospital and the City of Wasilla to the west. A minor weakness of subdivision lots is attributed to re-routed traffic congestion that occurs 3-4 weeks every summer when the nearby Alaska State Fair opens. This inconvenience however does not have a measurable, adverse impact on the subdivisions' overall marketability as other appealing attributes are considered more than offsetting.

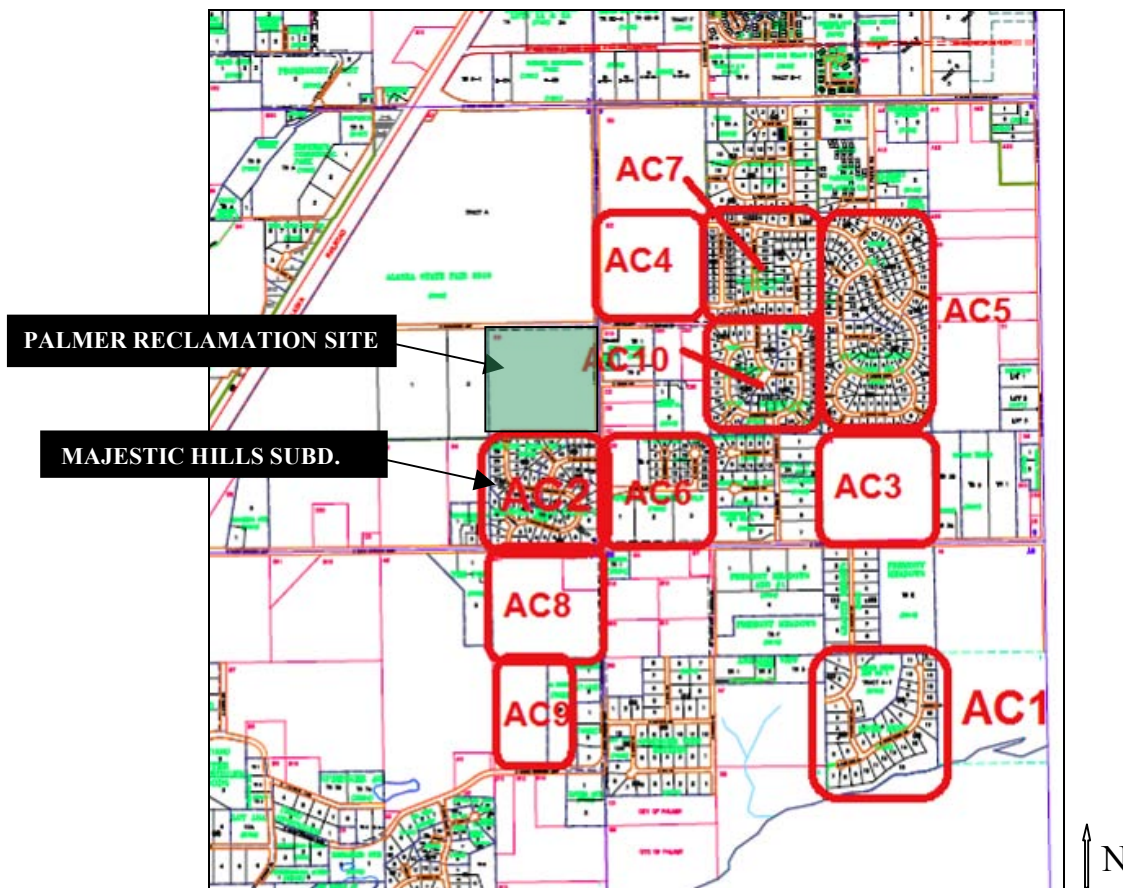
MARKET ANALYSIS

The Palmer Reclamation Site (PRS) and Majestic Hills Subdivision are located east of the Glenn Highway and south and west of the Alaska State Fair Grounds. The PRS was purchased from Alaska State Fair in 2004 about the same time when Majestic Hills Subdivision Phase I was being developed with 44 single-family residential home sites.

The Majestic Hills Subdivision tract was a former agricultural hayfield that was acquired by Mr. Jess Hall, the developer/builder in 2003. It is the first of several residential subdivisions developed east of the Glenn Highway and south of the City of Palmer. Most of the tracts in the area were used for agriculture and not listed on the market. Most transactions occurred by either the landowner contacting or being contacted by Mr. Hall. Sale prices were negotiated, and there was little recent sales data of similar size tracts in the immediate area.

Following is a location map of large tracts in the Subject's immediate neighborhood, defined as south of the Palmer Townsite, east of the Glenn Highway, accessed via the Springer Loop Road system. Included is the 2003 sale of the 40 AC +/- tract from which the Majestic Hills Subdivision was created (AC-2). On the following page is a summary of these sales.

ACREAGE SALES DATA LOCATION MAP (PA12)



Following is a summary of those tract sales found in close proximity to the Palmer Reclamation Site and adjacent Majestic Hills Subdivision.

ACREAGE DATA SUMMARY

| No. | Legal or Tax ID# | Date | Size (AC) | Price | \$/AC | Subsequent Use |
|---|-----------------------------|-------|-----------|-------------|----------|-----------------------|
| AC-1 | 17N02E16A008 | 8/02 | 40.00 | \$254,000 | \$6,350 | River Bend S/D |
| AC-2 | 17N02E08D004 | 4/03 | 40.00 | \$380,000 | \$9,500 | Majestic Hills S/D |
| AC-3 | 17N02E09D004 | 5/03 | 40.00 | \$500,000 | \$12,500 | Continued Sod Farm |
| AC-4 | 17N02E09B003 | 4/04 | 40.00 | \$680,000 | \$17,000 | Fair Overflow Parking |
| AC-5 | 17N02E09B005&D003 | 12/04 | 80.00 | \$1,224,000 | \$15,300 | Mtn. Ranch 1 & 2 |
| AC-6 | 17N02E09C005 | 2/05 | 40.00 | \$600,000 | \$15,000 | Comm.-Res. S/D |
| AC-7 | 17N02E09B004 | 5/05 | 40.00 | \$1,080,000 | \$27,000 | Mtn. Ranch 3 |
| AC-8 | 17N02E17A011 | 12/05 | 33.25 | \$565,250 | \$17,000 | Continued Hay Farm |
| AC-9 | Tr. A, Block 1, Liebing S/D | 3/08 | 29.00 | \$580,000 | \$20,000 | Veg. Farm Expansion |
| AC-10 | 17N02E09C001 | 3/13 | 40.00 | \$1,015,000 | \$25,375 | Mtn. Ranch 4 |
| Purchase price \$975k adj. + \$40k ag tax reimbursement; assumes 1950 residence offset by salvage | | | | | | |

Tract Summary: Again, none of the properties were exposed to the market through the local Multiple Listing Service. At the time the Subject area involved a "tight, word-of-mouth" market segment and two individuals were buyers of all seven tracts that were subdivided. It was also reported that some of the property/owner farmers approached these individuals to buy their tracts. These circumstances appear to have heavily influenced prices.

The changes in unit vales from the Majestic Hills tract purchase in 2003, to much higher unit prices from 2004 to 2013, does not indicate a time adjustment. Absorption of relatively homogenous houses in Majestic Hills and Mountain Ranch Subdivisions Phases 1 & 2 was on-going through the same general time-frame, reflecting "hyper-growth" during the early to mid-2000's. Noteworthy, utility availability was superior when comparing the subject tract to Mountain Ranch and Springer Park Subdivisions (AC-5, AC-6, AC-7, and AC-10). The above data reflects that proximity to the Palmer Reclamation Site was not a significant issue to residential development concerns.

Following is a summary of the above tract sales and the date each was platted for residential subdivision development. Also included are subdivision lot sizes, the availability of public utilities and how long each took to be absorbed in the marketplace. As noted in the following summary, all of the subdivisions, including Majestic Hills in absorbed fairly quickly, averaging from ±15 lots to over 30 lots per year.

SUMMARY OF TRACT SALES NEIGHBORHOOD RESIDENTIAL DEVELOPMENT PATTERNS

| Comp/SD | Plat No. | # Lots | Size Range (AC) | Water-Sewer | Absorption Summary | Avg. / Year |
|----------------------------|--------------------------|-----------|------------------|---|--------------------------------|-------------|
| AC-1/River Bend | 2005-202 | 40 | .49 - 1.00 | S/D/on-site | Horizontal: 8 Yrs 05-12 | 5.0 |
| AC-2/Majestic Hills | 2004-3&2005-5 | 67 | .045 Avg. | S/D/on-site | Vertical: 2 Yrs 04-05 | 33.5 |
| AC-5/Mtn Rnch 1 | 2006-5 | 63 | .048 Avg. | Palmer/on-site | Vertical: 2 Yrs 06-07 | 31.5 |
| AC-5/Mtn. Rnch 2 | 2007-9 | 71 | 0.5 Avg | Palmer/on-site | Vertical: 4 Yrs 07-10 | 17.8 |
| AC-6/Springer Park | 2015-15 Resi | 23 | 0.35-0.47 | Palmer | Hor: 4 Mos.; Vert: 2 Yrs 16-17 | 11.5 |
| AC-6/Springer Crossing | 2013-51 Comm | 3 | 6 Avg | Palmer | Hor: 3 Com Lots 6 Mos. | 3.0 |
| AC-7/Mtn. Rnch 3 | 2010-33 | 76 | .025-.046 | Smaller Palmer Larger Palmer/on-site | Vertical: 5 Yrs 10-15 | 12.7 |
| AC-10/Mtn Rnch 4 Ph 1 | 2014-20 | 33 | 0.46 Avg | Palmer/on-site | Vertical: 4 Yrs 14-17 | 15.5 |
| AC-10/Mtn. Rnch 4P h 2 | 2014-84 | 29 | 0.46 Avg | Palmer/on-site | Vertical: 4 Yrs 14-17 | |

Again, changes in average annual absorption appears to be influenced by market conditions, described as "hyper-growth" in the immediate neighborhood, from 2004-2008, as well as superior access to Palmer water and/or sewer services as well as the goodness of area wide soils and drainage

attributes. In the end, the immediate area was prime for residential development, and resulted in low lot costs. From 2008-2017, absorption appears to reflect patterns influenced by more "normal" market conditions. Clearly from the above data, Majestic Hills absorbed the quickest in the local marketplace. This could be expected because that subdivision was the first in the neighborhood to be developed and built-out (in approximately two years). In the end, there are no apparent or measurable impacts to development and absorption due to proximity to Alaska Demolition's disposal site, which is adjacent to the north of the subject subdivision.

Lot Absorption Summary: The following chart summarizes single-family residential lot absorption in proximity to the Subject's immediate neighborhood.

| Comp/SD | Absorption Summary | Avg. / Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------|--------------------------------|-------------|-----------|-----------|----------|------|------|------|------|------|------|------|------|------|------|------|
| AC-1/River Bend | Horizontal: 8 Yrs 05-12 | 5.0 | | 11 | 7 | 8 | 8 | 1 | 2 | 1 | 2 | | | | | |
| AC-2/Majestic Hills | Vertical: 2 Yrs 04-05 | 33.5 | 28 | 37 | 2 | | | | | | | | | | | |
| AC-5/Mtn Rnch 1 | Vertical: 2 Yrs 06-07 | 31.5 | | | 49 | 14 | | | | | | | | | | |
| AC-5Mtn. Rnch 2 | Vertical: 4 Yrs 07-10 | 17.8 | | | | 20 | 27 | 14 | 10 | | | | | | | |
| AC-6/Springer Park | Hor: 4 Mos.; Vert: 2 Yrs 16-17 | 11.5 | | | | | | | | | | | | | 10 | 13 |
| AC-6/Springer Crossing | Hor: 3 Com Lots 6 Mos. | 3.0 | | | | | | | | | | 3 | | | | |
| AC-7/Mtn. Rnch 3 | Vertical: 5 Yrs 10-15 | 12.7 | | | | | | | 4 | 14 | 25 | 19 | 12 | 2 | | |
| AC-10/Mtn Rnch 4 Ph 1 | Vertical: 4 Yrs 14-17 | 15.5 | | | | | | | | | | | 15 | 10 | 5 | 3 |
| AC-10/Mtn. Rnch 4P h 2 | Vertical: 4 Yrs 14-17 | | | | | | | | | | | | 2 | 18 | 4 | 5 |

This data reflects primarily vertical absorption of the subdivisions created from seven of the 10 tract sales previously presented. Rather than considering the Subject subdivision as more successful regarding absorption, the chart reflects "hyper-growth" impacting Majestic Hills, extending through 2005-2008 in the immediate neighborhood. This data indicates that there is no negative impact to absorption to Majestic Meadows from proximity to Alaska Demolition's adjacent site.

The following charts summarize overall residential built-sold data. Sales numbers are from the AK MLS; built numbers are the result of mining Mat-Su Borough Assessor data, sorting data utilizing their single-family residential code, and year-built. More reliance is placed on units sold (MLS), which does not include Internet activity.

| Houses Built (MSB) and Houses Sold (MLS) 2000-2016 | | | | | | | | | | |
|--|------------|----------------------------|-------|-------|-------|-------|--------|--------|---------|-------------|
| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Houses Built | 852 | 926 | 1,012 | 1,277 | 1,385 | 1,341 | 1,083 | 705 | 625 | |
| % Change | | 8.7% | 9.3% | 26.2% | 8.5% | -3.2% | -19.2% | -34.9% | -11.3% | |
| Houses Sold | 223 | 578 | 1,015 | 1,255 | 1,440 | 1,558 | 1,561 | 1,302 | 1,112 | |
| % Change | | 159.2% | 75.6% | 23.6% | 14.7% | 8.2% | 0.2% | -16.6% | -14.6% | |
| Peaks | | | | | | | | | | 17 Year |
| Year | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Totals: | Annual Avg. |
| Houses Built | 558 | 494 | 605 | 764 | 815 | 775 | 615 | 600 | 14,432 | 902 |
| % Change | -10.7% | -11.5% | 22.5% | 26.3% | 6.7% | -4.9% | -20.6% | -2.4% | | |
| Houses Sold | 1,037 | 1,048 | 1,129 | 1,102 | 1,362 | 1,591 | 1,777 | 1,694 | 20,784 | 1,299 |
| % Change | -6.7% | 1.1% | 7.7% | -2.4% | 23.6% | 16.8% | 11.7% | -4.7% | | |
| Historic Highs | Myforecast | Most sales since 2005/2006 | | | | | | | | |

While numbers are undoubtedly incomplete, some degree of confidence is placed on the following indicated trends. Construction statistics for 2017 have not been analyzed; it is assumed that construction has slowed.

On the following page are summaries of annual house sales from Big Lake south to Knik to Palmer, including Wasilla; referred to in the chart as the MSB Core Area. Following this summary is historical house sales data for the Palmer market area.

| Annual House Sales (MLS; core area) | | | | | | | | |
|-------------------------------------|-----------|------|-----------|-----|-----------|-----|----------------|---------------|
| Year | No. Units | % | Mean \$ | % | Median \$ | % | Avg. Mkt. Days | Avg. Units/Mo |
| 2000 | 223 | | \$147,700 | | \$140,200 | | 87 | 19 |
| 2001 | 578 | 159% | \$145,700 | -1% | \$141,300 | 1% | 67 | 48 |
| 2002 | 1,015 | 76% | \$155,300 | 7% | \$147,000 | 4% | 66 | 85 |
| 2003 | 1,255 | 24% | \$167,100 | 8% | \$159,400 | 8% | 57 | 105 |
| 2004 | 1,440 | 15% | \$184,800 | 11% | \$172,900 | 8% | 62 | 120 |
| 2005 | 1,558 | 8% | \$208,150 | 13% | \$195,800 | 13% | 63 | 130 |
| 2006 | 1,561 | 0% | \$223,300 | 7% | \$211,000 | 8% | 67 | 130 |
| 2007 | 1,302 | -17% | \$229,700 | 3% | \$215,000 | 2% | 78 | 109 |
| 2008 | 1,112 | -15% | \$232,400 | 1% | \$210,000 | -2% | 84 | 93 |
| 2009 | 1,037 | -7% | \$229,800 | -1% | \$209,000 | 0% | 85 | 86 |
| 2010 | 1,048 | 1% | \$225,800 | -2% | \$215,000 | 3% | 83 | 87 |
| 2011 | 1,129 | 8% | \$223,300 | -1% | \$211,000 | -2% | 91 | 94 |
| 2012 | 1,102 | -2% | \$230,400 | 3% | \$220,000 | 4% | 82 | 92 |
| 2013 | 1,362 | 24% | \$237,000 | 3% | \$224,000 | 2% | 74 | 114 |
| 2014 | 1,591 | 17% | \$245,400 | 4% | \$232,000 | 4% | 69 | 133 |
| 2015 | 1,777 | 12% | \$257,700 | 5% | \$244,000 | 5% | 57 | 148 |
| 2016 | 1,694 | -5% | \$265,300 | 3% | \$250,000 | 2% | 61 | 141 |
| 2017 | 1,549 | -9% | \$271,700 | 2% | \$255,000 | 2% | 67 | 129 |
| 2018 (6 mos.) | 770 | | \$282,300 | 4% | \$259,900 | 2% | 70 | 128 |

| Annual House Sales (MLS;Palmer) | | | | | | | | | |
|---------------------------------|-----------|------|-----------|-----|-----------|-----|-----------|----------|------|
| Year | No. Units | % | Mean\$ | % | Median\$ | % | Mkt. Days | Units/Mo | MKT% |
| 2000 | 97 | | \$157,186 | | \$147,840 | | 86 | 8 | 43% |
| 2001 | 209 | 115% | \$154,067 | -2% | \$150,100 | 2% | 64 | 17 | 36% |
| 2002 | 322 | 54% | \$164,060 | 6% | \$156,480 | 4% | 65 | 27 | 32% |
| 2003 | 383 | 19% | \$168,918 | 3% | \$166,000 | 6% | 52 | 32 | 31% |
| 2004 | 410 | 7% | \$193,781 | 15% | \$182,250 | 10% | 53 | 34 | 28% |
| 2005 | 428 | 4% | \$216,484 | 12% | \$202,250 | 11% | 64 | 36 | 27% |
| 2006 | 411 | -4% | \$227,003 | 5% | \$220,060 | 9% | 56 | 34 | 26% |
| 2007 | 329 | -20% | \$232,911 | 3% | \$217,000 | -1% | 75 | 27 | 25% |
| 2008 | 285 | -13% | \$234,127 | 1% | \$216,000 | 0% | 73 | 24 | 26% |
| 2009 | 265 | -7% | \$235,000 | 0% | \$220,000 | 2% | 95 | 22 | 26% |
| 2010 | 279 | 5% | \$231,000 | -2% | \$223,000 | 1% | 78 | 23 | 27% |
| 2011 | 298 | 7% | \$227,900 | -1% | \$213,400 | -4% | 87 | 25 | 26% |
| 2012 | 282 | -5% | \$235,800 | 3% | \$227,000 | 6% | 72 | 24 | 26% |
| 2013 | 356 | 26% | \$237,500 | 1% | \$224,000 | -1% | 66 | 30 | 26% |
| 2014 | 429 | 21% | \$248,600 | 5% | \$235,000 | 5% | 61 | 36 | 27% |
| 2015 | 491 | 14% | \$262,500 | 6% | \$251,100 | 7% | 47 | 41 | 28% |
| 2016 | 442 | -10% | \$283,100 | 8% | \$266,000 | 6% | 52 | 37 | 26% |
| 2017 | 406 | -8% | \$278,300 | -2% | \$265,000 | 0% | 47 | 34 | 26% |
| 2018 (6 mos.) | 200 | | \$282,800 | 2% | \$255,500 | -4% | 49 | 33 | 26% |

The previous data clearly show that the single-family home market in Palmer has experienced good growth patterns over the last 15 years, since Majestic Hills Subdivision was developed. Between 2001 and 2005, the number of homes built in the immediate area increased annually. By 2004, 28% of the homes constructed in the core area were built in Palmer. Also noteworthy is Palmer homes tend to sell more than 5% higher than the core area average (\$182,250 vs. \$172,900) with home sales in Majestic Hills averaging nearly \$182,600. In summary, the above data also suggests that the consistency of Palmer's pro-rata share of the overall residential market is directly influenced by the subdivisions created from the tracts sold in close proximity to the Subject. Overall the data clearly indicates that there was no negative impact to tract or lot absorption to Majestic Hills Subdivision because of its proximity to Alaska Demolition's Palmer Reclamation Site.

DESCRIPTION OF THE MARKET ANALYSIS PROCESS

The appraisal problem concerns a market comparative analysis of single-family residential sale prices in Majestic Hills Subdivision so as to determine if properties close or adjacent to the Palmer Reclamation Site have been adversely impacted in the market, that is a diminution in value. In appraisal parlance, the question is are there any known external market conditions that would have an adverse impact on its property price and/or value?

For example, in some instances, properties located adjacent to a known contaminated site may be adversely impacted price wise in the marketplace because of potential "cross-the-fence" leaching issue. This leaching potential would certainly be known in the market and have an adverse impact on the property's desirability and a detrimental impact on its marketability and price.

Another good example of properties that are adversely impacted by outside external force conditions, are properties close proximity to sound nuisances such as airports. Historically residential homes that suffer from airport related noise issues, such as takeoffs and landings decibels, receive a lower market price than a non-impacted property, when everything else is equal.

To address this issue, a search was conducted for single-family residential sales in Majestic Hills Subdivision and Mountain Ranch Subdivision, which has a very similar single-family inventory, and compared those properties located along Majestic Hills Subdivision's northern perimeter. These properties would have the highest potential to be adversely impacted by external conditions attributable to the Palmer Reclamation Site. If proximity issues existed then home sale prices should deviate from market norms and would reflect either lower sale prices, a longer than typical marketing period, and/or a shorter holding period. A noticeable difference in market prices should be clearly evident if conditions external to the property existed. Additionally, over a typical holding period, an adversely impacted home should also reflect a below normal market growth rate.

From the market search, a total of 102 property sales were identified as closing in Majestic Hills Subdivision since 2004. The Subdivision was built-out in 2004 and 2005 with a mix of ranch, split-entry and 2-story style homes and it sold out fairly quickly, in a little over ±24 months. Nearly one-half of the homes constructed and sold in the subdivision involved pre-sales and they were built from one of 3 floors plans: albeit with some modifications. Most of the remaining home sales involved spec homes that were under construction.

In the following analyses, Majestic Hills Subdivision properties have been divided into three different use types. They are ranch homes, split-entry or tri-level homes and finally 2-story residences. Homes located north of E. King Mountain Road or within 320 feet of the Palmer Reclamation Site have been selected as a control group. These properties will also be subdivided into residence use type and compared with other similar homes in Majestic Hills Subdivision to the south as well as similar homes found in Mt Ranch Estates Subdivision, which is located 1/2 mile to the east. Noteworthy is both subdivisions were developed and vertically built-up by the same builder. Sales of homes in both subdivisions were researched and compared and found to be quite similar in most attributes.

The listing Realtor for these properties, Ms. Vickie Hudson was also interviewed about her opinion about home comparability. She concurred that most homes in Mt. Ranch Estates were quite similar as to use type and buyers typically found them to be very comparable. She also noted properties located

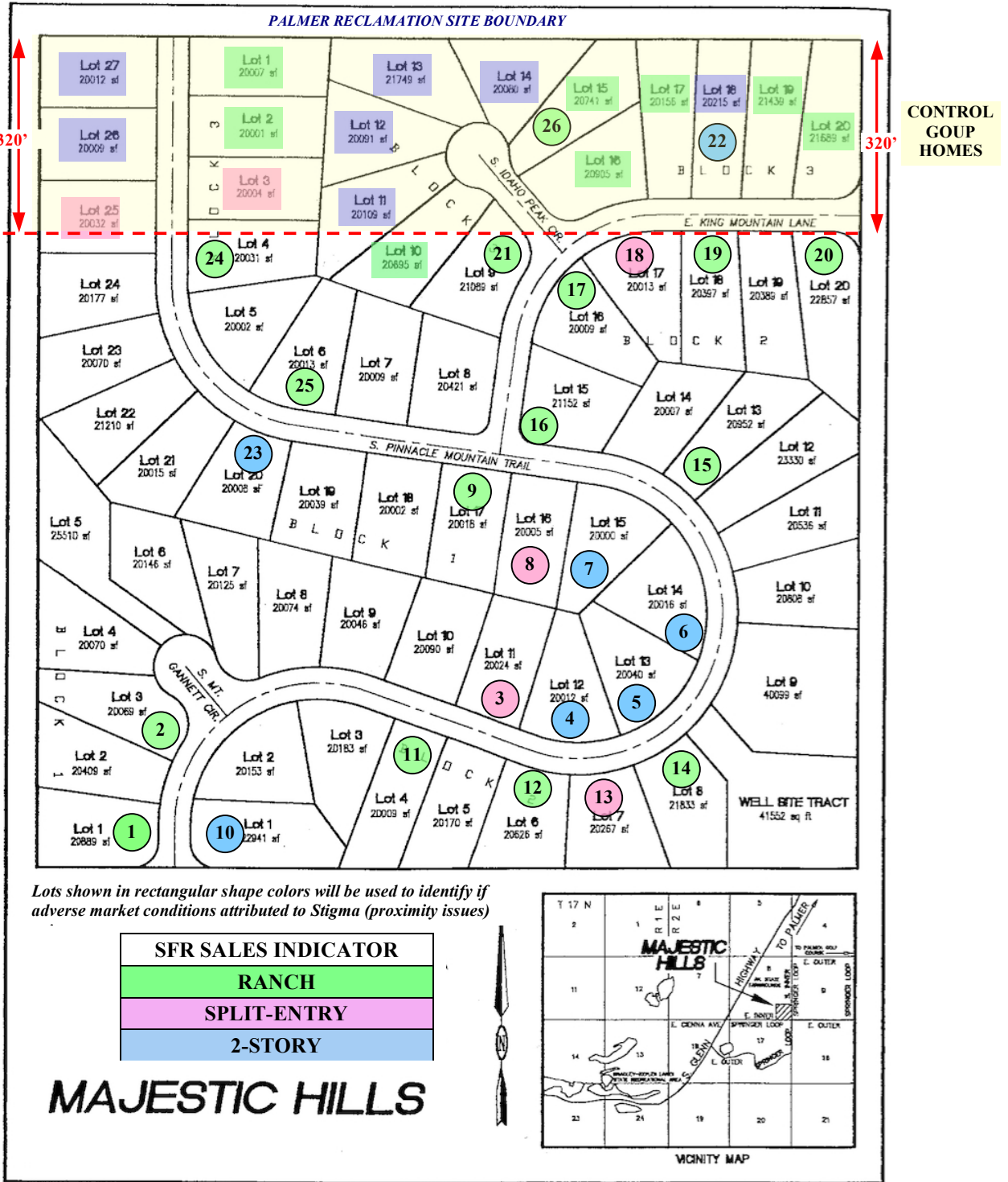
adjacent to an industrial park at the northeast end of the subdivision did not appear to be adversely impacted price wise. Our research tends to conclude with the same opinion.

In the following analyses, home sale prices in both subdivisions will be compared. Paired sales of homes that were purchased and then resold were analyzed in an effort to extract an adjustment for changes in market conditions. Once this market conditions adjustment has been extracted, all sales will be adjusted to the date of our inspection of the Palmer Reclamation Site, which is June 13, 2018.

The most recent sales of each property type, ranch, split-entry and 2-story will be analyzed on a price per square foot of gross living area basis. These sales will then be compared with similar use properties located in Majestic Hills Subdivision, as well as, with selected properties located in the control group. Sale prices will be compared on a low, high and average \$/SF basis in an effort to determine if external forces located outside of the subdivision has an adverse impact on control property prices. Noteworthy most price variances according to residential use type are typically attributable to size, finish quality and maintenance differences. When accounting for these differences, if significant price difference are noted, then external forces outside of the property may warrant further analyses.

On the following page is a location map and summary grid of paired residential property sales found in Majestic Hills Subdivision that have sold more than once. Based on these price comparisons, it appears evident that market prices have increased noticeably since 2004/2005. From analysis, we have determined that overall home prices have increased at an average compounded growth rate of \pm 2.4% annually.

**MAJESTIC HILLS SUBDIVISION
LOCATION MAP - PAIRED SINGLE-FAMILY HOME SALES**



**MAJESTIC HILLS SUBDIVISION
PAIR SALES – ALL TYPES OF RESIDENCES**

| No. | Address/ Legal Description - Tax ID. | Purchase Price & Sale Dates | | # Of Years Between Sale Dates | Annual Compounded Growth Rate | Residence Size (Sq. Ft.) | # Beds | # Baths | Garage # Of Cars Size |
|-----|--|--------------------------------|-----------|-------------------------------------|-------------------------------------|--------------------------------|--------|---------|-----------------------------|
| 1 | 1400 S Pinnacle Mountain Drive Majestic Hills L1 B1 - 5492B01L001 | \$165,400 | \$206,000 | 10.4 | 2.1% | 1,248 | 3 | 2 | 2 440 SF |
| | | May-04 | Sep-14 | | | | | | |
| 2 | 1170 S Mt Gannett Circle Majestic Hills L3 B1 - 5492B01L003 | \$207,608 | \$215,000 | 2.3 | 1.6% | 1,352 | 3 | 2 | 2 440 SF |
| | | Jun-04 | Sep-06 | | | | | | |
| 3 | 1250 S Pinnacle Mountain Drive Majestic Hills L11 B1 - 5492B01L011 | \$185,950 | \$223,000 | 6.9 | 2.7% | 1,702 | 4 | 3 | 2 440 SF |
| | | Apr-05 | Mar-12 | | | | | | |
| 4 | 1220 S Pinnacle Mountain Drive Majestic Hills L12 B1 - 5492B01L012 | \$195,300 | \$262,000 | 11.1 | 2.7% | 1,602 | 4 | 2.5 | 3 616 SF |
| | | May-04 | Jul-15 | | | | | | |
| 5 | 1180 S Pinnacle Mountain Drive Majestic Hills L13 B1 - 5492B01L013 | \$183,655 | \$247,500 | 13.3 | 2.3% | 1,673 | 3 | 2.5 | 2 500 SF |
| | | Apr-04 | Aug-17 | | | | | | |
| 6 | 1120 S Pinnacle Mountain Drive Majestic Hills Ph 1 L14 B1 - 5492B01L014 | \$194,750 | \$250,900 | 11.6 | 2.2% | 1,752 | 4 | 2.5 | 2 451 SF |
| | | Feb-05 | Sep-16 | | | | | | |
| 7 | 1070 S Pinnacle Mountain Drive Majestic Hills Ph 1 L15 B1 - 5492B01L015 | \$230,875 | \$275,000 | 5.7 | 3.1% | 2,500 | 4 | 3 | 2 440 SF |
| | | Jun-04 | Feb-10 | | | | | | |
| 8 | 1050 S Pinnacle Mountain Drive Majestic Hills Ph 1 L16 B1 - 5492B01L016 | \$194,085 | \$275,000 | 13.7 | 2.6% | 1,744 | 4 | 3 | 3 700 SF |
| | | Jan-04 | Sep-17 | | | | | | |
| 9 | 1020 S Pinnacle Mountain Drive Majestic Hills Ph 1 L17 B1 - 5492B01L017 | \$182,800 | \$275,000 | 13.9 | 3.0% | 1,500 | 3 | 2 | 3 616 SF |
| | | Feb-04 | Dec-17 | | | | | | |
| 10 | 1395 S Pinnacle Mountain Drive Majestic Hills #1 L1 B2 - 5492B02L001 | \$197,980 | \$255,000 | 10.1 | 2.5% | 1,634 | 4 | 2.5 | 2 440 SF |
| | | Mar-05 | Apr-15 | | | | | | |
| 11 | 1275 S Pinnacle Mountain Drive Majestic Hills Ph 1 L4 B2 - 5492B02L004 | \$211,900 | \$234,900 | 6.2 | 1.7% | 1,376 | 3 | 2 | 2 440 SF |
| | | Apr-11 | Jun-17 | | | | | | |
| 12 | 1235 S Pinnacle Mountain Drive Majestic Hills L6 B2 -5492B02L006 | \$174,290 | \$198,000 | 3.2 | 4.1% | 1,364 | 3 | 2 | 2 440 SF |
| | | Jun-04 | Sep-07 | | | | | | |
| 13 | 1215 S Pinnacle Mountain Drive Majestic Hills Ph 1 L7 B2 - 5492B02L007 | \$208,150 | \$234,000 | 6.7 | 1.8% | 1,826 | 3 | 2.5 | 3 616 SF |
| | | May-04 | Jan-11 | | | | | | |
| 14 | 1185 S Pinnacle Mountain Drive Majestic Hills L8 B2 - 5492B02L008 | \$160,970 | \$215,000 | 11.8 | 2.5% | 1,369 | 3 | 2 | 2 520 SF |
| | | Jan-04 | Nov-15 | | | | | | |
| 15 | 1095 S Pinnacle Mountain Drive Majestic Hills L13 B2 - 5492B02L013 | \$148,000 | \$213,000 | 12.1 | 3.1% | 1,101 | 3 | 2 | 2 440 SF |
| | | May-04 | May-15 | | | | | | |
| 16 | 1045 S Pinnacle Mountain Drive Majestic Hills L15 B2 -5492B02L015 | \$257,775 | \$274,000 | 3.5 | 1.8% | 1,290 | 4 | 2.5 | 2 440 SF |
| | | Mar-05 | Aug-08 | | | | | | |
| 17 | 13060 E King Mountain Lane Majestic Hills L16 B2 - 5492B02L016 | \$174,505 | \$222,400 | 9.5 | 2.6% | 1,459 | 3 | 2 | 2 462 SF |
| | | Apr-04 | Oct-13 | | | | | | |
| 18 | 13100 E King Mountain Lane Majestic Hills Ph 1 L17 B2 - 5492B02L017 | \$198,085 | \$280,000 | 14.2 | 2.6% | 1,744 | 4 | 3 | 3 700 SF |
| | | Jan-04 | Mar-14 | | | | | | |
| 19 | 13130 E King Mountain Lane Majestic Hills L18 B2 - 5492B02L018 | \$178,810 | \$229,000 | 9.9 | 2.5% | 1,459 | 3 | 2 | 2 462 SF |
| | | May-04 | Apr-14 | | | | | | |
| 20 | 13170 E King Mountain Lane Majestic Hills Ph 1 L20 B2 -5492B02L020 | \$167,100 | \$212,500 | 6.8 | 3.6% | 1,416 | 3 | 2 | 2 440 SF |
| | | Jul-04 | May-11 | | | | | | |
| 21 | 910 S Idaho Peak Circle Majestic Hills L9 B3 -5492B03L009 | \$177,845 | \$250,500 | 11.7 | 3.0% | 1,426 | 3 | 2.5 | 3 652 SF |
| | | Jan-06 | Sep-17 | | | | | | |
| 22 | 13135 E King Mountain Lane Majestic Hills L18 B3 -5492B03L018 | \$234,921 | \$265,000 | 4.1 | 3.0% | 1,600 | 3 | 2.5 | 2 539 SF |
| | | Feb-13 | Mar-17 | | | | | | |
| 23 | 930 S Pinnacle Mountain Drive Majestic Hills Ph 2 L20 B1 -5662B01L020 | \$245,000 | \$274,500 | 7.9 | 1.4% | 1,756 | 4 | 2.5 | 3 652 SF |
| | | Nov-09 | Oct-17 | | | | | | |
| 24 | 853 S Pinnacle Mountain Drive Majestic Hills Ph 2 L3 B3 -5662B03L004 | \$210,000 | \$225,000 | 10.1 | 0.7% | 1,308 | 3 | 2 | 2 440 SF |
| | | Mar-08 | Mar-18 | | | | | | |
| 25 | 935 S Pinnacle Mountain Drive Majestic Hills Ph 2 L6 B3 -5662B03L006 | \$206,000 | \$229,000 | 4.7 | 2.3% | 1,318 | 3 | 2 | 2 440 SF |
| | | Oct-12 | Jul-17 | | | | | | |
| 26 | 889 S Idaho Peak Circle Majestic Hills Ph 2 L15 B3 -5662B03L015 | \$211,500 | \$246,000 | 6.4 | 2.4% | 1,370 | 3 | 2 | 2 462 SF |
| | | Nov-09 | Mar-16 | | | | | | |

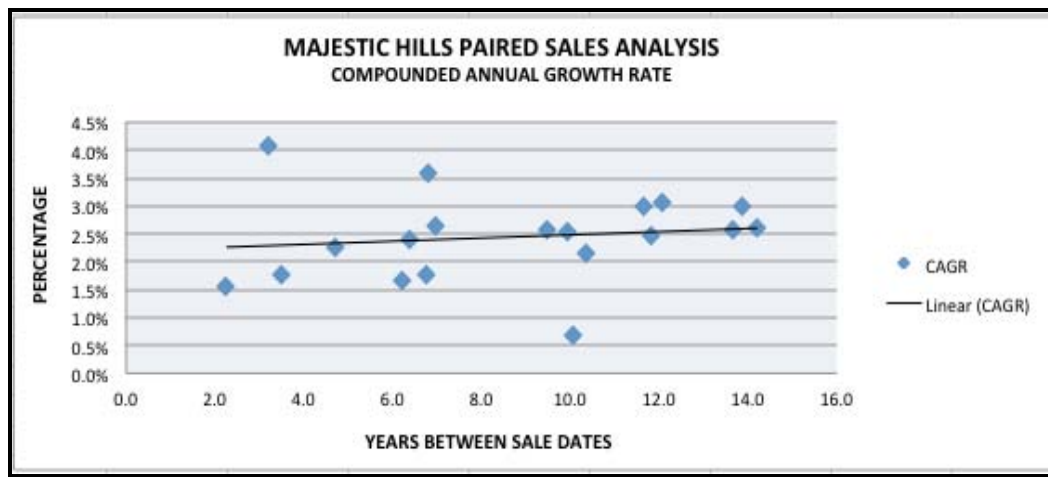
| PAIRED ANALYSIS - ALL SALES | | | | |
|-----------------------------|---------------------|--------------------|----------|-------------|
| RANGE | Years Between Sales | Annual Growth Rate | SFR (SF) | Garage (SF) |
| Minimum | 2.3 | 0.7% | 1,101 | 440 |
| Maximum | 14.2 | 4.1% | 2,500 | 700 |
| Mean | 8.8 | 2.4% | 1,534 | 509 |

From research, a total of 102 single-family residential home sales in Majestic Hills Subdivision since 2004 were discovered and analyzed. On the previous pages is a location map and summary grid of 26 residential properties located in Majestic Hills that have sold more than once. Each paired sale has been color coded in accordance with residence type, which is ranch sales are coded green, split-entry (triplex) homes are identified in pink and finally 2-story home sales are in blue.

From research, residences in Majestic Hills typically ranged in size from 1,100 SF to 2,500 SF, and averaged about 1,534 SF. Most homes in the subdivision contained 3 or 4 bedrooms, 2 to 3 bathrooms and included either a 2-car or 3-car garage. All homes had paved driveways, wood decks or covered porches, and most were landscaped and had fenced backyards. Several homes had other improvements such as sheds and patios.

Paired sales analyses indicated that overall prices increased, since 2004, at an average compounded growth rate of $\pm 2.4\%$ over a typical holding period of nearly 9 years. Of the 102 sales analyzed in Majestic Hills Subdivision, 64 sales involved re-sales, and several of these properties sold 3 or more times during the last 15 years. On average, the selected paired sales indicated an average compounded market growth rate between 2.3% and 2.5% since the subdivision was developed in 2004. When accounting for development cost escalations over the period, including land acquisition price growth, the rise in infrastructure installation costs (utilities) and product material prices, this growth rate seems reasonable. In the following analyses, and for simplicity, a compound annual growth rate of 2.4% will be used.

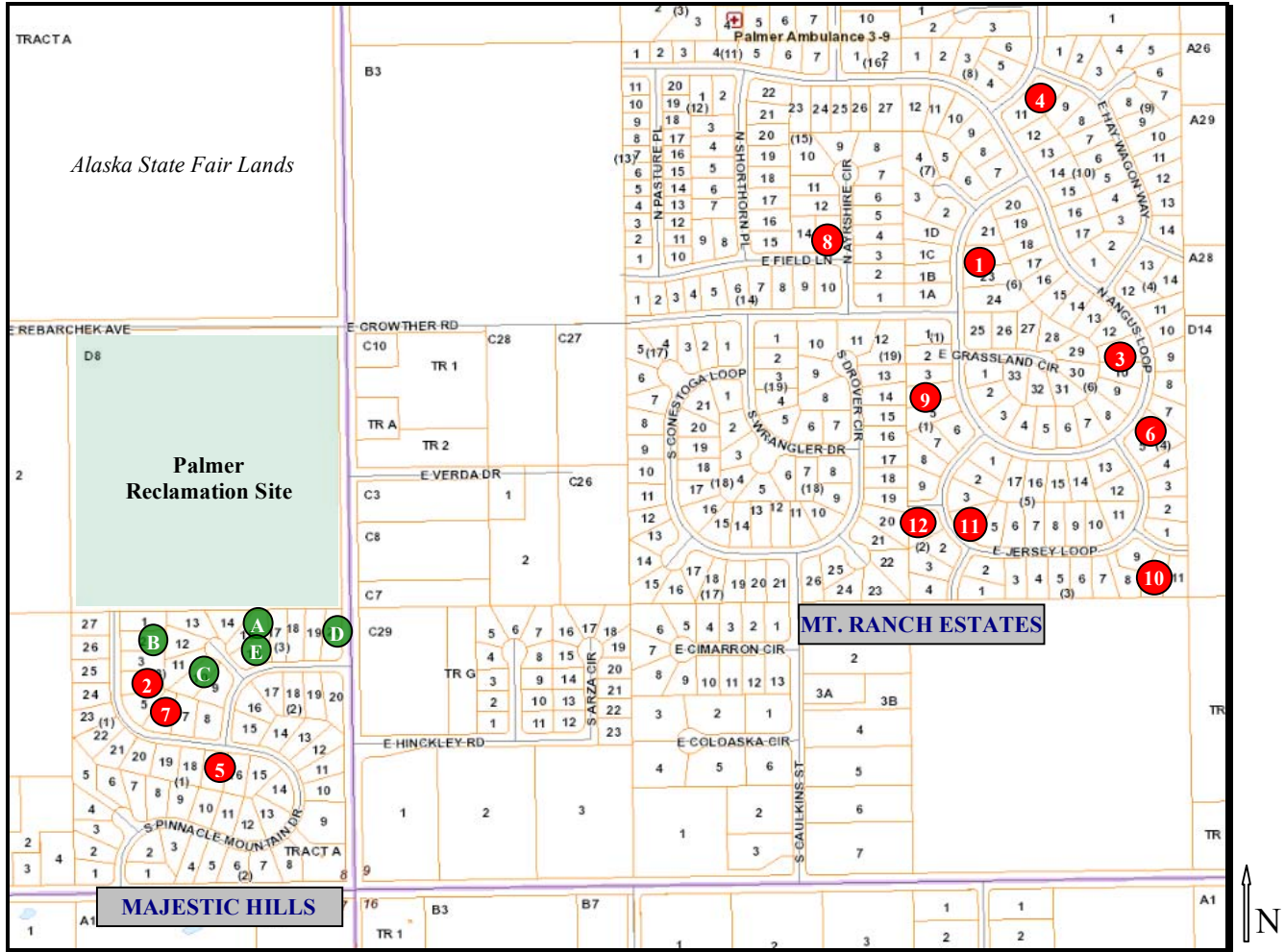
Based on paired sales analysis undertaken, home prices between 2004 and 2007 increased at a noticeable pace, slowing between 2008 and 2011 and then picking up thereafter. Nevertheless, for simplicity and based on the previous analyses undertaken an annual market appreciation rate of 2.4% will be applied to the selected sales data. The following chart shows the linear relationship of this growth rate.



From analyses, seven paired two-story home sales were identified. Four of these sales indicated a growth rate range of 2.2% to 2.7% over a period of 10 to 13 years since the properties were originally sold in 2004 and 2005. The remaining paired sales denoted a range of 1.7% to 3.1% for a shorter holding term of 4 year to nearly 8 years. Interestingly, the low-end of the growth range, involved a property that was purchased in 2009 and sold in 2017. Also noteworthy there appears to have been a lull in the residential single-family housing market between 2008 and 2011 and in some instances a correction.

COMPARATIVE ANALYSIS RANCH HOME SALES

Following is a location map of selected sales used to compare with the ranch homes that are located in the designated control group area. All of these properties have sold in the last 2 years.



The selected comparables involve ranch home sales in Mountain Ranch Estates and Majestic Hills Subdivision that sold between May 2016 and May 2018. Of the twelve selected sales, nine closed within the last year. All of the ranch homes were considered similar in that they involved 3 bedroom 2-bath residences with 2 car garages. Unit price differences typically account for age, size and or amenity differences, such as 3 car garages, fireplaces, Jacuzzi, interior finish quality (stainless steel appliances, sheds, decks, etc.).

The comparables indicate a price per gross living area range of \$141 to \$180 with a mean of \$168. After adjusting the sales for positive change in market conditions, they denoted a range of **\$143/SF to \$183/SF and a mean of \$171/SF**. The low-end and upper-end indicators involve outliers as the remaining sales typically fell within a range of \$165 to \$175/SF. When accounting for age (2008/2010 vs. 2004/2005) and size differences, home prices typically averaged about \pm \$170/SF. For the most part these sales compare favorability to the ranch homes located in Majestic Hills as well as in the control group. On the following page is a summary of these recent ranch home sales.

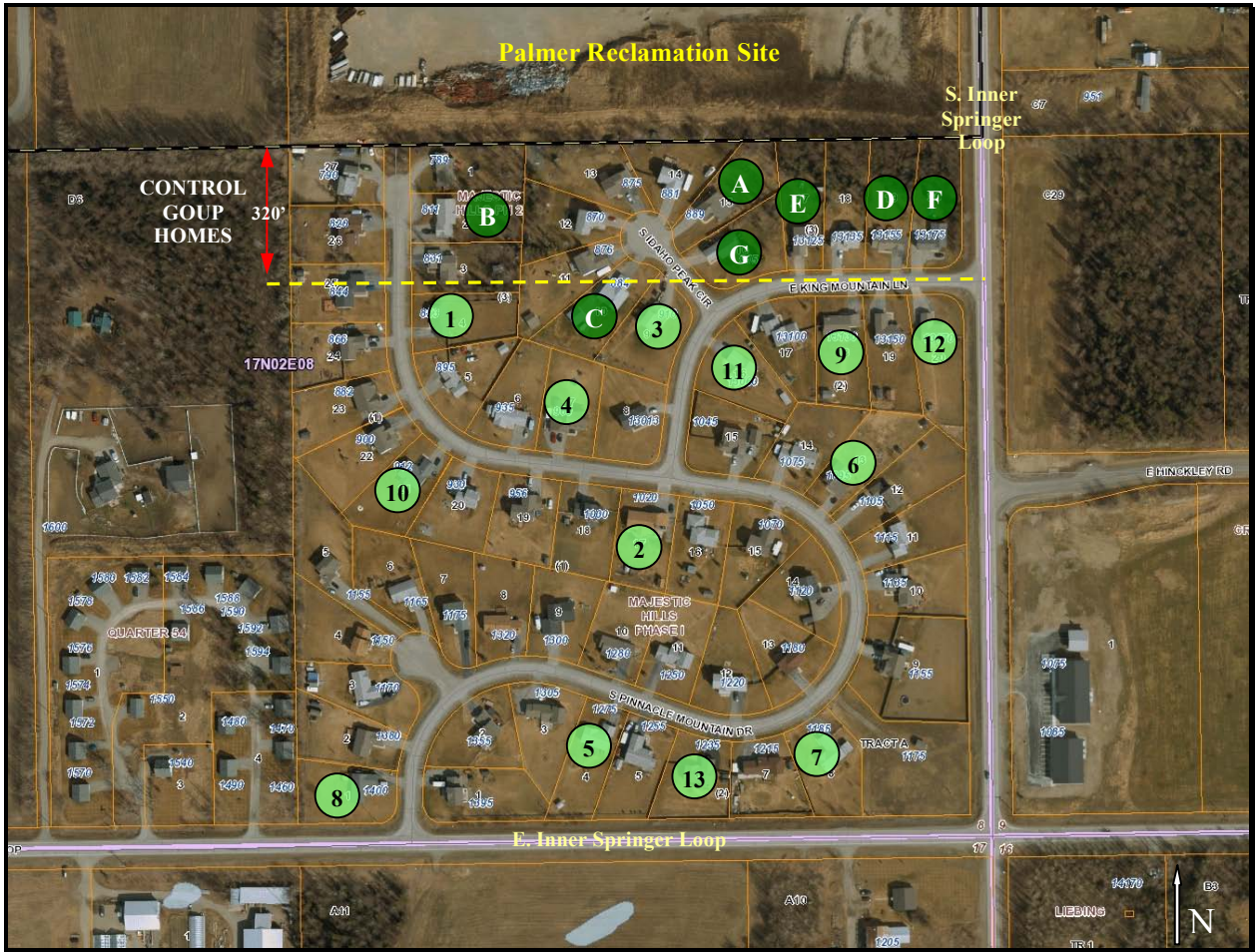
SUMMARY OF MARKET COMPARABLE RANCH HOME SALES
Adjusted for Changes in Market Conditions (Appreciation)

| No. | Address Legal Description Tax Id. # | Date of Sale | Sale Price | Sold Price \$/SF GLA | # Of Years from DOS | Time Adjusted Sale Price | Time Adjusted Sale Price \$/SF GLA | Residence GLA (SF) | Year Built/ Updated | Beds | Bath s | # Cars Garage Size (SF) | SF-Lot | SF-Lot | Days On Market |
|-----|--|-----------------|------------|-------------------------|------------------------|--------------------------------|---|-----------------------|---------------------------|------|-----------|----------------------------------|--------|--------|----------------------|
| 1 | 226 N. Angus Loop Mountain Ranch Estates Ph 1 L22 B6 | 5/7/18 | \$256,000 | \$174.62 | 0.1 | \$256,000 | \$175 | 1,466 | 2006 | 3 | 2 | 2 462 | 20,038 | 20,038 | 4 |
| 2 | 853 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L4 B3 | 3/29/18 | \$225,000 | \$172.68 | 0.2 | \$225,000 | \$174 | 1,303 | 2005 | 3 | 2 | 2 440 | 20,038 | 20,038 | 30 |
| 3 | 696 N. Angus Loop Mountain Ranch Estates Ph 2 L11 B6 6637B06L011 | 2/2/18 | \$231,400 | \$160.58 | 0.4 | \$231,400 | \$162 | 1,441 | 2008 | 3 | 2 | 2 504 | 20,038 | 20,038 | 2 |
| 4 | 13726 E. Hay Wagon Way Mountain Ranch Estates Ph 1 L10 B10 5830B10L010 | 1/24/18 | \$224,900 | \$141.27 | 0.4 | \$224,900 | \$143 | 1,592 | 2005 | 3 | 2 | 2 576 | 20,038 | 20,038 | 56 |
| 5 | 1020 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L17 B1 | 12/31/17 | \$275,000 | \$179.74 | 0.4 | \$275,000 | \$182 | 1,530 | 2004/16 | 3 | 2 | 3 440 | 20,018 | 20,018 | 58 |
| 6 | 607 N. Angus Loop Mountain Ranch Estates Ph 2 L6 B4 6637B04L006 | 11/27/17 | \$269,900 | \$170.39 | 0.5 | \$269,900 | \$173 | 1,584 | 2008 | 3 | 2 | 2 494 | 20,473 | 20,473 | 38 |
| 7 | 935 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L6 B3 | 7/5/17 | \$229,000 | \$173.75 | 0.9 | \$229,000 | \$178 | 1,318 | 2005 | 3 | 2 | 2 440 | 20,038 | 20,038 | 6 |
| 8 | 13715 E. Field Lane Mountain Ranch #3 L13 B15 6974B15L013 | 6/11/17 | \$229,000 | \$174.41 | 1.0 | \$229,000 | \$179 | 1,313 | 2010 | 3 | 2 | 2 440 | 20,473 | 20,473 | 20 |
| 9 | 357 N. Angus Loop Mountain Ranch Estates Ph 2 L4 B1 6637B01L004 | 6/1/17 | \$223,000 | \$168.94 | 1.0 | \$223,000 | \$173 | 1,320 | 2008 | 3 | 2 | 2 420 | 20,038 | 20,038 | 69 |
| 10 | 14024 E. Cabbage Patch Ave. Mountain Ranch Estates Ph 2 L10 B3 6637B03L010 | 4/27/17 | \$280,000 | \$164.71 | 1.1 | \$280,000 | \$169 | 1,700 | 2008 | 3 | 2 | 2 440 | 20,038 | 20,038 | 5 |
| 11 | 13773 E. Jersey Loop Mountain Ranch Estates Ph 2 L4 B5 6637B05L004 | 12/14/16 | \$272,000 | \$160.85 | 1.5 | \$272,000 | \$167 | 1,691 | 2009 | 3 | 2 | 2 440 | 21,344 | 21,344 | 2 |
| 12 | 13756 E. Jersey Loop Mountain Ranch Estate Ph 2 L1 B2 6637B02L001 | 5/28/16 | \$252,500 | \$174.74 | 2.0 | \$252,500 | \$183 | 1,445 | 2007 | 3 | 2 | 2 532 | 20,909 | 20,909 | 58 |

| Range | Unadjusted Sale Price | Unadjusted \$/SF GLA | Adjusted Sale Price | Adjusted \$/SF GLA | Gross Living Area (SF) | Garage Area (SF) | Lot Size (SF) | Days on Market |
|-------------|--------------------------|-------------------------|------------------------|-----------------------|---------------------------|---------------------|---------------|-------------------|
| Minimum | \$223,000 | \$141 | \$226,100 | \$143 | 1,303 | 420 | 20,018 | 2 |
| Maximum | \$280,000 | \$180 | \$287,600 | \$183 | 1,700 | 576 | 21,344 | 69 |
| Mean | \$247,308 | \$168 | \$252,167 | \$171 | 1,475 | 469 | 20,290 | 29 |

Following is a map identifying the location of 13 ranch home sales in Majestic Hills Subdivision that occurred between 2007 and 2018. The adjusted sale prices of these homes will be compared to the previous comparable homes sales, as well as, with the homes identified within the control group. The control group consists of seven ranch properties located north of E. King Mountain Lane and within 320 feet of the Palmer Reclamation Site. Four of the control group homes abut the subdivision's north boundary and are adjacent to the Palmer Reclamation Site.

MAJESTIC HILLS SUBDIVISION RANCH HOME SALES LOCATION MAP



On the following page is a summary of the Majestic Hills Subdivision single-family ranch home sales that have occurred since 2007. This data was again adjusted to reflect the positive changes in market conditions up until the inspection data of June 13, 2018. From analysis, the selected sales denote an adjusted gross living area price range of **\$158/SF to \$190/SF, and a mean of \$175/SF**. This range is slightly higher than that previously indicated by the most recent comparable ranch sales and this can probably be attributed to fact that between 2008 through early 2011, sales and price growth in the Valley single-family market slowed somewhat due to a downturn in local economic conditions. The number of home sales during this period also decreased. However, shortly thereafter market prices picked up and continued to grow at a healthy pace. (This growth rate was partially driven by a population shift and at Anchorage's expense.)

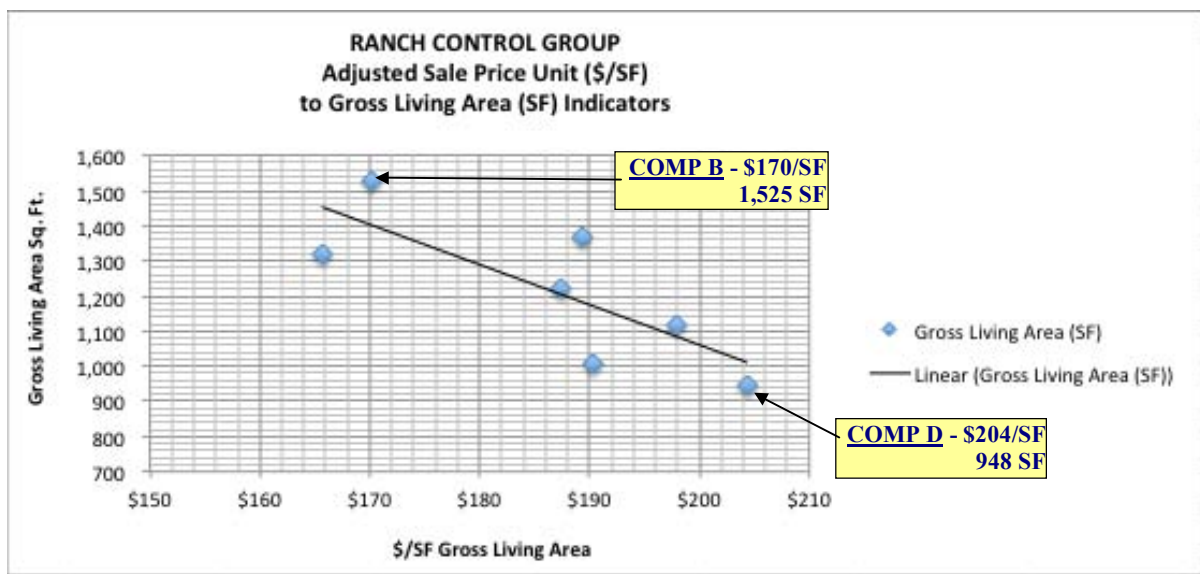
SUMMARY OF MAJESTIC HILLS SUBDIVISION RANCH HOME SALES
Adjusted for Changes in Market Conditions (Appreciation)

| No. | Address Legal Description | Date of Sale | Sale Price | Sold Price \$/SF GLA | # Of Years from DOS | Time Adjusted Sale Price (RD) | Time Adjusted Sale Price \$/SF GLA | Residence GLA (SF) | Year Built/ Updated | Beds | Baths | # Cars | Garage Size (SF) | SF-Lot | Days On Market |
|-----|---|-----------------|------------|-------------------------------|------------------------------|--|---|-----------------------|---------------------------|------|-------|-----------|------------------------|--------|----------------------|
| 1 | 853 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L3 B3 | 3/29/18 | \$225,000 | \$173 | 0.2 | \$226,100 | \$174 | 1,303 | 2005 | 3 | 2 | 2 | 440 | 20,038 | 30 |
| 2 | 1020 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L17 B1 | 12/31/17 | \$275,000 | \$180 | 0.4 | \$277,900 | \$182 | 1,530 | 2004/2016 | 3 | 2 | 3 | 616 | 20,018 | 58 |
| 3 | 910 S. Idaho Peak Circle Majestic Hills L9 B3 | 9/4/17 | \$250,500 | \$176 | 0.8 | \$255,100 | \$179 | 1,426 | 2004 | 3 | 2.5 | 3 | 652 | 20,909 | 102 |
| 4 | 935 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L6 B3 | 7/5/17 | \$229,000 | \$174 | 0.9 | \$234,200 | \$178 | 1,318 | 2005 | 3 | 2 | 2 | 440 | 20,038 | 6 |
| 5 | 1275 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L4 B2 | 6/22/17 | \$234,900 | \$171 | 1.0 | \$240,400 | \$175 | 1,376 | 2003 | 3 | 2 | 2 | 440 | 20,038 | 6 |
| 6 | 1095 S. Pinnacle Mountain Dr. Majestic Hills L13 B2 | 5/24/16 | \$213,000 | \$181 | 2.1 | \$223,600 | \$190 | 1,176 | 2004 | 3 | 2 | 2 | 440 | 20,909 | 39 |
| 7 | 1185 S. Pinnacle Mountain Dr. Majestic Hills L8 B2 | 11/10/15 | \$215,000 | \$156 | 2.6 | \$228,600 | \$166 | 1,374 | 2004 | 3 | 2 | 2 | 520 | 21,780 | 19 |
| 8 | 1400 S. Pinnacle Mountain Dr. Majestic Hills L1 B1 | 9/19/14 | \$206,000 | \$165 | 3.7 | \$225,100 | \$180 | 1,248 | 2004 | 3 | 2 | 2 | 440 | 20,909 | 23 |
| 9 | 13130 E. King Mountain Lane Majestic Hills L18 B2 | 4/6/14 | \$229,000 | \$147 | 4.2 | \$252,900 | \$162 | 1,557 | 2004 | 3 | 2 | 2 | 462 | 20,473 | 58 |
| 10 | 912 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L21 B1 | 11/25/13 | \$216,000 | \$142 | 4.6 | \$240,600 | \$158 | 1,525 | 2005 | 3 | 2 | 2 | 426 | 20,038 | 173 |
| 11 | 13060 E. King Mountain Lane Majestic Hills L16 B2 | 10/10/13 | \$222,400 | \$152 | 4.7 | \$248,500 | \$170 | 1,460 | 2004 | 3 | 2 | 2 | 462 | 20,038 | 45 |
| 12 | 13170 E. King Mountain Lane Majestic Hills Ph 1 L20 B2 | 5/7/11 | \$212,500 | \$150 | 7.1 | \$251,500 | \$178 | 1,416 | 2004 | 3 | 2 | 2 | 440 | 22,651 | 18 |
| 13 | 1235 S. Pinnacle Mountain Dr. Majestic Hills L6 B2 | 9/7/07 | \$198,000 | \$144 | 10.8 | \$255,600 | \$186 | 1,377 | 2004 | 3 | 2 | 2 | 440 | 20,473 | 25 |

MAJESTIC HILLS SUBDIVISION SINGLE-FAMILY RANCH SALES INDICATORS

| Range | Unadjusted Sale Price | Unadjusted \$/SF GLA | Adjusted Sale Price | Adjusted \$/SF GLA | Gross Living Area (SF) | Garage Area (SF) | Lot Size (SF) | Days on Market |
|-------------|--------------------------|-------------------------|------------------------|-----------------------|---------------------------|---------------------|---------------|-------------------|
| Min | \$198,000 | \$142 | \$223,600 | \$158 | 1,176 | 426 | 20,018 | 6 |
| Max | \$275,000 | \$181 | \$277,900 | \$190 | 1,557 | 652 | 22,651 | 173 |
| Mean | \$225,100 | \$162 | \$243,085 | \$175 | 1,391 | 478 | 20,639 | 46 |

On the following page is a summary of residential single-family homes located in the Ranch Control Group that have sold since 2004. These properties, which are located within 320 feet of the Palmer Reclamation Site, indicate an adjusted sales price per gross living area range of **\$166/SF to \$204/SF and a mean of \$186/SF**. The most significant difference in the \$/SF unit price range can be attributed to size differences. The upper-end indicator involves a small 948 SF, 2-bedroom, 1-bath ranch that sold for \$150/SF in 2005. When applying an annual growth rate of 2.4% to present value, this sale indicates an adjusted \$/SF indicator of \$204/SF. When compared to Ranch Control Group Comp A, which sold in 2016 and contains a size of 1,370 SF and an adjusted unit price of \$189/SF, a \$/SF unit difference of 8% is noted for the 45% size difference. Clearly size has an inverse relationship with price on a square foot basis (\$/SF). The following graph best illustrates this relationship with the comparison of Control Group Comparables B and D. Control Group Comp B's adjusted indicator of \$170/SF for 1,525 SF is $\pm 17\%$ less than Control Group Comp D's indicator of \$204/SF for 948 SF. Comp D is nearly 38% smaller in size.



When adjusting for size differences ($\pm 10\text{-}15\%$), the price indicators typically fall within the ranges indicated by the Comparable Market and Majestic Hill Sales analyses as shown below.

Summary of Adjusted Indicators

| | Adjusted Sale Price | Mean Adjusted \$/SF GLA | Average Gross Living Areas (SF) |
|-----------------------------|---------------------|-------------------------|---------------------------------|
| Market Sales | \$252,167 | \$171 | 1,475 |
| Majestic Hills Sales | \$243,085 | \$175 | 1,391 |
| Control Group Sales | \$227,680 | \$186 | 1,216 |

In the end, after consideration of size differences, there appears to be no recognizable difference between Ranch Control Group home prices when compared to other Majestic Hill Subdivision home prices or with Market Comparable Sale prices.

MAJESTIC HILLS SUBDIVISION CONTROL GROUP RANCH SALES

Adjusted for Changes in Market Conditions (Appreciation)

| No. | Address Legal Description Tax Id. # | Date of Sale | Sale Price | Sold Price \$/SF GLA | # Of Years from DOS | Time Adjusted Sale Price | Time Adjusted Sale Price \$/SF GLA | Residence GLA (SF) | Year Built/ Updated | Beds | Baths | # Cars Garage Size (SF) | SF- Lot | SF-Lot | Days On Market |
|-----|---|-----------------|------------|-------------------------------|------------------------------|--------------------------------|---|-----------------------|---------------------------|------|-------|----------------------------------|------------|--------|----------------------|
| A | 889 S. Idaho Peak Circle Majestic Hills Ph 2 L15 B3 | 3/15/16 | \$246,000 | \$180 | 2.2 | \$259,500 | \$189 | 1,370 | 2004 | 3 | 2 | 2 | 462 | 20,909 | 15 |
| B | 811 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L2 B3 | 4/12/14 | \$235,000 | \$154 | 4.2 | \$259,400 | \$170 | 1,525 | 2005 | 3 | 2 | 2 | 440 | 20,038 | 4 |
| C | 884 S. Idaho Peak Circle Majestic Hills Ph 2 L10 B3 | 2/27/12 | \$155,000 | \$154 | 6.3 | \$180,000 | \$179 | 1,008 | 2005 | 2 | 1 | 2 | 440 | 20,909 | 11 |
| D | 13155 E. King Mountain Lane Majestic Hills Ph 1 L19 B3 | 6/15/05 | \$142,320 | \$150 | 13.0 | \$193,700 | \$204 | 948 | 2004 | 2 | 1 | 2 | 0 | 21,439 | Pre-Sale |
| E | 13125 E. King Mountain Lane Majestic Hills Ph 1 L17 B3 | 1/5/05 | \$166,500 | \$136 | 13.4 | \$229,000 | \$187 | 1,222 | 2004 | 3 | 2 | 2 | 440 | 20,156 | Pre-Sale |
| D | 13175 E. King Mountain Lane Majestic Hills Ph 1 L20 B3 | 6/29/04 | \$158,850 | \$142 | 14.0 | \$221,200 | \$198 | 1,118 | 2004 | 3 | 2 | 3 | 440 | 21,688 | Pre-Sale |
| E | 915 S. Idaho Peak Circle Majestic Hills L16 B3 | 1/16/04 | \$155,100 | \$118 | 14.4 | \$218,300 | \$166 | 1,318 | 2004 | 3 | 2 | 2 | 440 | 20,908 | Pre-Sale |

CONTROL GROUP RANCH HOME SALE INDICATORS

| Range | Unadjusted Sale Price | Unadjusted \$/SF GLA | Adjusted Sale Price | Adjusted \$/SF GLA | Gross Living Area (SF) | Garage Area (SF) | Lot Size (SF) | Days on Market |
|-------------|--------------------------|-------------------------|------------------------|-----------------------|---------------------------|---------------------|---------------|-------------------|
| Minimum | \$142,320 | \$118 | \$191,900 | \$166 | 948 | 440 | 20,038 | 4 |
| Maximum | \$246,000 | \$180 | \$259,500 | \$204 | 1,525 | 462 | 21,688 | 15 |
| Mean | \$182,681 | \$150 | \$224,714 | \$186 | 1,216 | 444 | 20,833 | 6 |

MAJESTIC HILLS SUBDIVISION RANCH HOME SALE INDICATORS

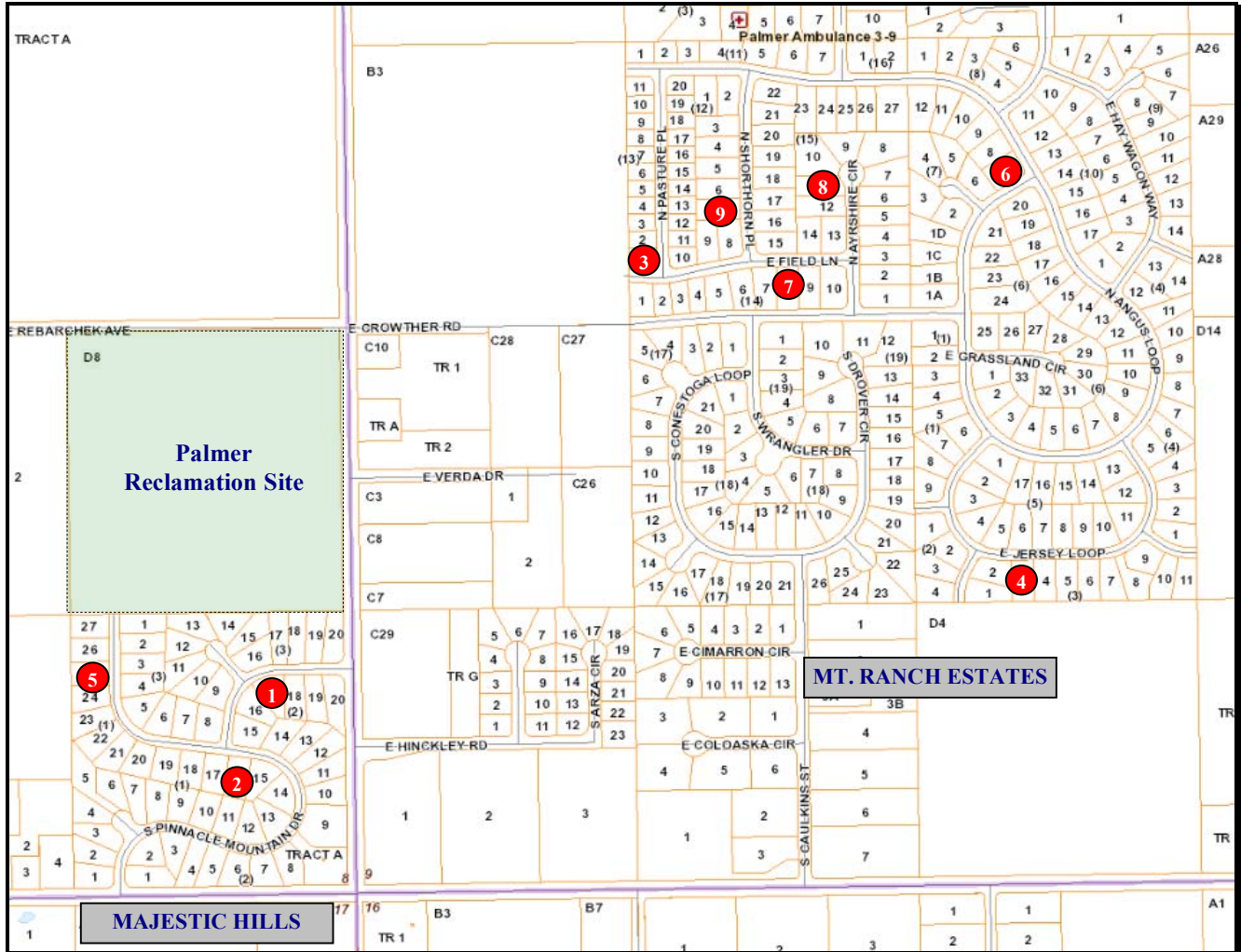
| | | | | | | | | |
|-------------|------------------|--------------|------------------|--------------|--------------|------------|---------------|-----------|
| Minimum | \$198,000 | \$142 | \$223,600 | \$158 | 1,176 | 426 | 20,018 | 6 |
| Maximum | \$275,000 | \$181 | \$277,900 | \$190 | 1,557 | 652 | 22,651 | 173 |
| Mean | \$225,100 | \$162 | \$243,085 | \$175 | 1,391 | 478 | 20,639 | 46 |

COMPARABLE MARKET RANCH HOME SALE INDICATORS

| | | | | | | | | |
|-------------|------------------|--------------|------------------|--------------|--------------|------------|---------------|-----------|
| Minimum | \$223,000 | \$141 | \$226,100 | \$143 | 1,303 | 420 | 20,018 | 2 |
| Maximum | \$280,000 | \$180 | \$287,600 | \$183 | 1,700 | 576 | 21,344 | 69 |
| Mean | \$247,308 | \$168 | \$252,167 | \$171 | 1,475 | 469 | 20,290 | 29 |

COMPARATIVE ANALYSIS SPLIT-ENTRY HOME SALES

Following is a location map of selected comparable split-entry home sale prices used to compare with Majestic Hills Subdivision Control Group home sales.



On the following page is a summary of the most recent split-entry home sales found in Mountain Ranch Estates and Majestic Hills Subdivisions.

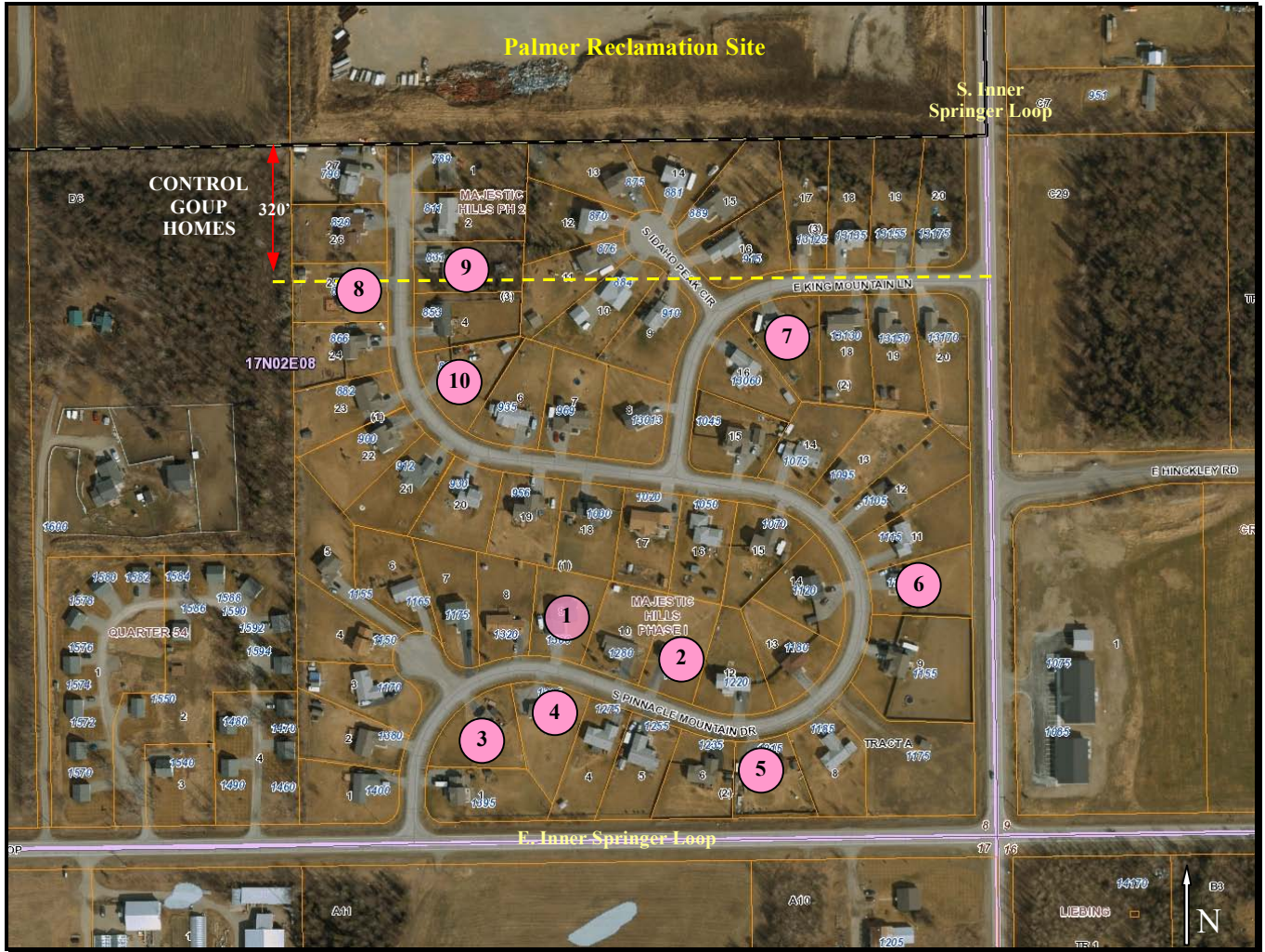
From comparative analysis undertaken, the selected split-entry sales data denotes an adjusted price per unit range of \$153/SF to \$177/SF and a mean of \$164/SF. When excluding the low and high-end indicators, the range tightens to **\$161/SF to \$174/SF**, an 8% split.

SUMMARY OF MARKET COMPARABLE SPLIT-ENTRY HOME SALES
Adjusted for Changes in Market Conditions (Appreciation)

| No. | Address Legal Description Tax Id. # | Date of Sale | Sale Price | Sold Price \$/SF GLA | # Of Years from DOS | Time Adjusted Sale Price (Rd) | Time Adjusted Sale Price \$/SF GLA | Residence GLA (SF) | Year Built/ Updated | Beds | Bath s | # Cars | Garage Size (SF) | SF-Lot | Days On Market |
|-----|---|-----------------|------------|-------------------------------|---------------------------|--|---|-----------------------|---------------------------|------|-----------|--------|------------------------|--------|----------------------|
| 1 | 226 N. Angus Loop Mountain Ranch Estates Ph 1 L22 B6 | 3/28/18 | \$280,000 | \$161 | 0.2 | \$281,400 | \$161 | 1,744 | 2003 | 4 | 3 | 3 | 660 | 20,038 | 22 |
| 2 | 853 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L4 B3 | 9/7/17 | \$275,000 | \$159 | 0.8 | \$280,000 | \$162 | 1,729 | 2004 | 4 | 3 | 3 | 660 | 20,038 | 62 |
| 3 | 696 N. Angus Loop Mountain Ranch Estates Ph 2 L11 B6 - 6637B06L011 | 1/19/17 | \$290,000 | \$158 | 1.4 | \$299,800 | \$164 | 1,832 | 2011 | 4 | 3 | 2 | 528 | 13,068 | 64 |
| 4 | 13726 E. Hay Wagon Way Mountain Ranch Estates Ph 1 L10 B10 -- 5830B10L010 | 5/16/16 | \$270,000 | \$154 | 2.1 | \$283,600 | \$161 | 1,758 | 2007 | 4 | 3 | 2 | ±500 | 21,780 | 11 |
| 5 | 1020 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L17 B1 | 1/6/16 | \$285,000 | \$154 | 2.4 | \$301,900 | \$163 | 1,848 | 2005/14 | 4 | 2.75 | 3 | 681 | 20,032 | 5 |
| 6 | 607 N. Angus Loop Mountain Ranch Estates Ph 2 L6 B4 - 6637B04L006 | 9/28/15 | \$252,000 | \$143 | 2.7 | \$268,700 | \$153 | 1,762 | 2006 | 4 | 3 | 2 | 483 | 20,909 | 62 |
| 7 | 935 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L6 B3 | 10/5/12 | \$275,322 | \$152 | 5.7 | \$315,100 | \$174 | 1,813 | 2012 | 4 | 3 | 3 | 660 | 20,038 | 1 |
| 8 | 13715 E. Field Lane Mountain Ranch #3 L13 B15 6974B15L013 | 7/20/12 | \$268,425 | \$154 | 5.9 | \$308,700 | \$177 | 1,744 | 2012 | 4 | 3 | 3 | 660 | 20,909 | 0 |
| 9 | 357 N. Angus Loop Mountain Ranch Estates Ph 2 L4 B1 - 6637B01L004 | 7/16/12 | \$250,700 | \$142 | 5.9 | \$288,400 | \$164 | 1,762 | 2011 | 4 | 3 | 2 | 506 | 20,038 | 264 |

| Range | Unadjusted Sale Price | Unadjusted \$/SF GLA | Adjusted Sale Price | Adjusted \$/SF GLA | Gross Living Area (SF) | Garage Area (SF) | Lot Size (SF) | Days on Market |
|-------------|--------------------------|-------------------------|------------------------|-----------------------|---------------------------|---------------------|---------------|-------------------|
| Minimum | \$250,700 | \$142 | \$268,700 | \$153 | 1,729 | 483 | 13,068 | - |
| Maximum | \$290,000 | \$161 | \$315,100 | \$177 | 1,848 | 681 | 21,780 | 264 |
| Mean | \$271,827 | \$153 | \$291,956 | \$164 | 1,777 | 550 | 19,650 | 55 |

MAJESTIC HILLS SUBDIVISION SPLIT-ENTRY HOME SALES



Above is a map that depicts the location of known split-entry (Tri-level) single-family residential sales that have occurred in Majestic Hills Subdivision since it was developed 2004. One the following page is a summary of these sales. Comparables #8 and #9 involved the only split-entry sales within the Control Group property. The adjusted market price of these properties as of June 13, 2018, was determined to have been **\$163/SF and \$158/SF**, respectively.

The selected comparable sales located south of the Control Group indicated an adjusted unit sale price range of **\$141/SF to \$214/SF and an average of \$161/SF**. When extracting the two low-end and high-end outliers, the remaining data denotes a much tighter range of **\$149/SF to \$163/SF and an average of \$158/SF**. This falls at the low-end of the range previously noted by the Comparable Market Sales data and this probably can be attributed to age differences as most of the properties located in Mt. Ranch Estates were built from 2007 through 2012. When accounting for this difference, Majestic Hill Split-entry Home and Control Group Sales tend to compare favorably to those selected within Mt. Ranch Estates.

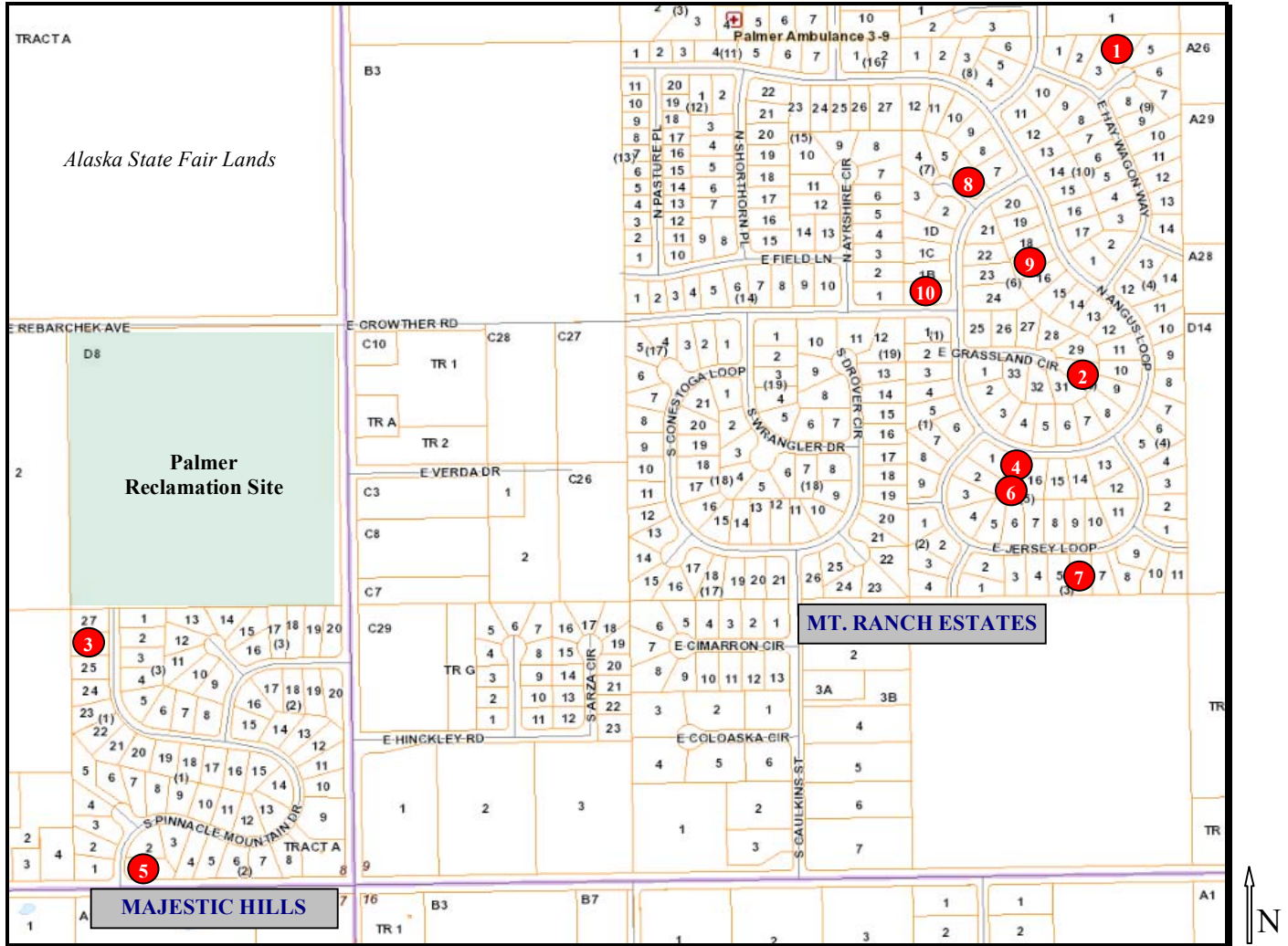
SUMMARY OF MAJESTIC HILLS SPLIT-ENTRY HOME SALES

| No. | ADDRESS LEGAL DESCRIPTION TAX ID. # | SALE PRICE | UNIT PRICE \$/SF | DATE OF SALE | # of Years Between DOS | Time Adj. Sale Price (rd) | Time Adjusted Sale Price \$/SF | Gross Living Area (SF) | Year Built/ Updated | # Beds # Baths | Garage # Cars (SF) | SF-Lot | Days on Market |
|-----|--|------------|---------------------|--------------|------------------------------|---------------------------------|---|------------------------------|------------------------|-------------------|--------------------------|--------|-------------------|
| 1 | 1300 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L9 B1 5492B01L009 | \$259,900 | \$129.05 | 8/23/14 | 3.8 | \$284,500 | \$141.26 | 2,014 | 2005 | 4/3 | 3 650 | 20,038 | 5 |
| | | \$238,030 | \$118.19 | 3/7/05 | 13.3 | \$326,100 | \$161.92 | | | | | | 7 |
| 2 | 1250 S. Pinnacle Mountain Dr. Majestic Hills L11 B1 5492B01L011 | \$223,000 | \$130.87 | 3/25/12 | 6.2 | \$258,500 | \$151.70 | 1,704 | 2005 | 4/3 | 2/ 440 | 20,024 | 181 |
| | | \$185,950 | \$109.13 | 4/18/05 | 13.2 | \$254,100 | \$149.12 | | | | | | 237 |
| 3 | 135 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L2 B2 5492B02L002 | \$195,585 | \$112.15 | 2/20/04 | 14.3 | \$274,700 | \$157.51 | 1,744 | 2004 | 4/3 | 2/ 440 | 20,152 | -4 |
| 4 | 1305 S. Pinnacle Mountain Dr. Majestic Hills L3 B2 5492B02L003 | \$245,000 | \$140.00 | 4/27/08 | 10.1 | \$311,600 | \$178.06 | 1,750 | 2005 | 4/3 | 3/ 650 | 20,038 | 24 |
| 5 | 1215 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L7 B2 5492B02L007 | \$234,000 | \$124.67 | 1/23/11 | 7.4 | \$278,800 | \$148.53 | | | | | | 74 |
| | | \$239,000 | \$127.33 | 1/19/08 | 10.4 | \$305,900 | \$162.97 | 1,877 | 2004 | 3/3 | 3/ 616 | 20,473 | 3 |
| | | \$208,150 | \$110.90 | 5/2/04 | 14.1 | \$291,000 | \$155.03 | | | | | | -13 |
| 6 | 1135 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L10 B2 5492B02L010 | \$197,905 | \$113.54 | 5/7/04 | 14.1 | \$276,600 | \$158.69 | 1,743 | 2004 | 4/3 | 3/ 588 | 20,999 | -20 |
| 7 | 13100 E King Mountain Lane Majestic Hills Ph 1 L17 B2 5492B02L017 | \$280,000 | \$160.55 | 3/28/18 | 0.2 | \$281,400 | \$161.35 | 1,744 | 2003 | 4/3 | 3/ 700 | 20,038 | 22 |
| | | \$194,085 | \$111.29 | 1/16/04 | 14.4 | \$273,200 | \$156.65 | | | | | | -2 |
| 8 | 844 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L25 B1 5662B01L025 | \$285,000 | \$154.22 | 1/6/16 | 2.4 | \$301,900 | \$163.37 | 1,848 | 2005/ 2014 | 4/2.75 | 3/ 681 | 20,032 | 5 |
| 9 | 831 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L3 B3 5662B03L003 | \$235,500 | \$132.01 | 10/26/10 | 7.6 | \$282,300 | \$158.24 | 1,784 | 2005 | 4/2.75 | 3/ 720 | 20,038 | 34 |
| 10 | 895 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L5 B3 5662B03L005 | \$199,400 | \$163.98 | 4/17/07 | 11.2 | \$259,800 | \$213.65 | 1,216 | 2005 | 3/2 | 2/ 440 | 20,037 | 161 |

| RANGE | SALE PRICE | UNIT PRICE \$/SF GLA | Adjusted Sale Price (RD) | Adjusted Unit Price \$/SF GLA | Gross Living Area (SF) | Garage Area (SF) | Lot Size (SF) | Days on Market |
|-------------|------------------|-------------------------|-----------------------------|----------------------------------|---------------------------|------------------|---------------|----------------|
| Minimum | \$185,950 | \$109 | \$254,100 | \$141 | 1,216 | 440 | 20,024 | Pre-Sale |
| Maximum | \$285,000 | \$164 | \$326,100 | \$214 | 2,014 | 720 | 22,999 | 237 |
| Mean | \$228,034 | \$129 | \$284,027 | \$161 | 1,776 | 596 | 20,421 | 48 |

COMPARATIVE ANALYSIS 2-STORY HOME SALES

Following is a location map of selected market comparable sales used to compare to 2-story home sales located in the designated Control Group. All of these properties have sold in the last 7 years.



Of the selected 10 market transactions, five closed within the last 3 years. All of the selected 2-story home transactions were considered similar in that they involved mostly 4 bedrooms, 2.5 to 3-bath residences, with 2 or 3 car garages. Unit price differences typical are for size, as previously noted, and or amenity differences, such as garage size, fireplaces, Jacuzzi, interior finish quality (stainless steel appliances, sheds, decks, etc.).

On the following page is a summary of the market sales. These comparables indicated a price per gross living area price range of \$101/SF to \$165/SF with a mean of \$140/SF. After adjusting the sales for positive change in market conditions, they denote a range of **\$110/SF to \$172/SF and a mean of \$152/SF.**

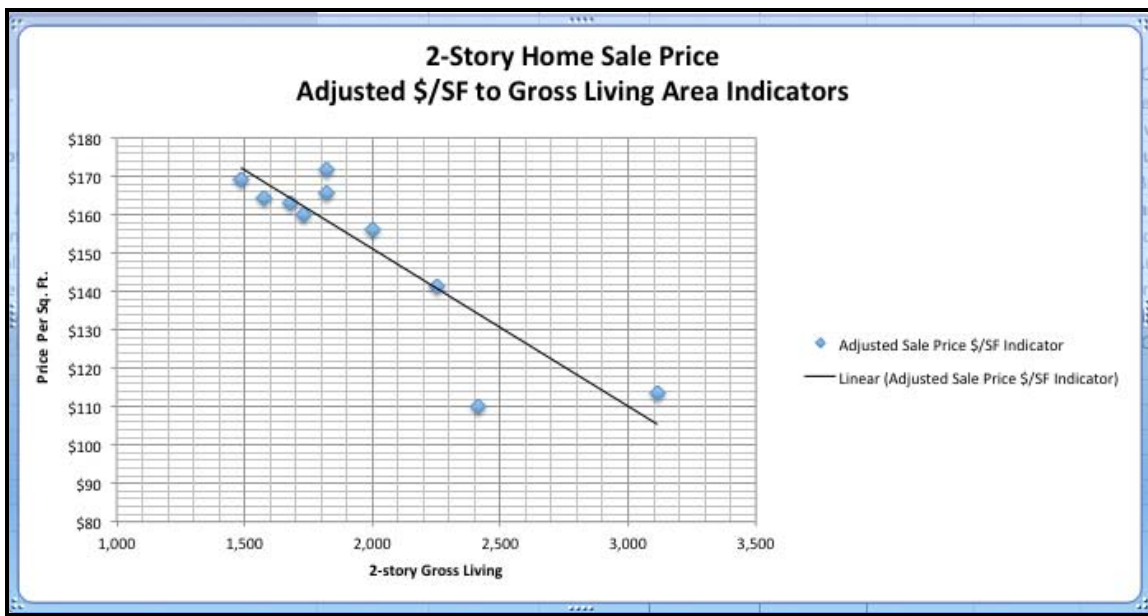
SUMMARY OF 2-STORY HOME COMPARABLE SALES
Adjusted for Changes in Market Conditions (Appreciation)

| No. | Address Legal Description Tax Id. # | Date of Sale | Sale Price | Sold Price \$/SF GLA | # of Years from DOS | Time Adjusted Sale Price (Rd) | Time Adjusted Sale Price \$/SF GLA | Residence GLA (SF) | Year Built/ Updated | Beds | Bath s | # Cars | Garage Size (SF) | SF-Lot | Days On Market |
|-----|---|-----------------|------------|-------------------------|------------------------|--|---|-----------------------|---------------------------|------|-----------|--------|------------------------|--------|----------------------|
| 1 | 272 N. Prairie Circle Mountain Ranch Estates Ph1 L4 B9 5830B09L004 | 4/2/18 | \$258,000 | \$164 | 0.2 | \$259,200 | \$164 | 1,576 | 2006 | 4 | 2.5 | 2 | 440 | 20,909 | 0.48 |
| 2 | 13699 E. Grassland Circle Mountain Ranch Ph 2 L30 B6 6637B06L030 | 5/16/17 | \$245,000 | \$165 | 1.1 | \$251,300 | \$169 | 1,486 | 2009 | 3 | 2.5 | 2 | 440 | 20,014 | 0.46 |
| 3 | 820 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L26 B1 5662B01L026 | 9/21/16 | \$255,599 | \$106 | 1.7 | \$266,300 | \$110 | 2,416 | 2005 | 6 | 3.5 | 3 | 600 | 20,009 | 0.46 |
| 4 | 459 N. Angus Loop Mountain Ranch Estates Ph 2 L17 B5 6637B05L017 | 7/10/16 | \$299,000 | \$164 | 1.9 | \$313,000 | \$172 | 1,820 | 2008 | 4 | 2.5 | 3 | 682 | 20,038 | 0.46 |
| 5 | 1395 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L1 B2 5492B02L001 | 4/26/15 | \$255,000 | \$152 | 3.1 | \$274,700 | \$163 | 1,682 | 2004 | 4 | 2.5 | 2 | 440 | 22,941 | 0.53 |
| 6 | 459 N. Angus Loop Mountain Ranch Est. Ph 2 L15 B5 6637B05L017 | 7/3/14 | \$275,000 | \$151 | 3.9 | \$302,000 | \$166 | 1,820 | 2008 | 4 | 2.5 | 3 | 682 | 20,038 | 0.46 |
| 7 | 13918 E. Jersey Loop Mountain Ranch Est. Ph 2 L6 B3 6637B03L006 | 8/28/13 | \$316,000 | \$101 | 4.8 | \$354,100 | \$114 | 3,115 | 2007 | 5 | 3 | 3 | 660 | 20,038 | 0.46 |
| 8 | 13885 Gingham Circle Mountain Ranch Ph 1 L6 B7 5830B07L006 | 10/10/12 | \$278,000 | \$124 | 5.7 | \$318,100 | \$141 | 2,251 | 2006 | 4 | 2.5 | 3 | 748 | 20,038 | 0.46 |
| 9 | 854 N. Angus Loop Mountain Ranch Est. Ph1 L17 B6 5830B06L017 | 1/8/12 | \$268,000 | \$134 | 6.4 | \$312,200 | \$156 | 2,000 | 2005 | 4 | 2.5 | 2 | 484 | 20,038 | 0.46 |
| 10 | 265 N. Angus Loop Mountain Ranch Est. Ph 1 L1 B7 5874B07L001A | 8/2/11 | \$234,900 | \$136 | 6.9 | \$276,500 | \$160 | 1,728 | 2006 | 4 | 2.5 | 2 | 440 | 23,958 | 0.55 |

| Range | Unadjusted Sale Price | Unadjusted \$/SF GLA | Adjusted Sale Price (Rd) | Adjusted \$/SF GLA | Gross Living Area (SF) | Garage Area (SF) | Lot Size (SF) | Days on Market |
|-------------|--------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|---------------------|---------------|-------------------|
| Minimum | \$234,900 | \$101 | \$251,300 | \$110 | 1,486 | 440 | 20,009 | 12 |
| Maximum | \$316,000 | \$165 | \$354,100 | \$172 | 3,115 | 748 | 23,958 | 102 |
| Mean | \$268,450 | \$140 | \$292,740 | \$152 | 1,989 | 562 | 20,802 | 41 |

The low-end of the adjusted Market Sales indicator range involved two larger than typical 2-story homes having respective gross living areas of 2,416 SF and 3,115 SF. These sales, which involve Comparables #3 and #7, reflected adjusted sale price indicators of \$110/SF and \$114/SF. The remaining smaller 2-story home sale on the other hand supported an adjusted range of \$141/SF to \$172/SF.

Based on comparative analysis, size appears to account for the significant difference between unit prices (\$/SF) within this range. That is as a 2-story home increases in size, its sale price unit indicator (\$/SF) decreases. This price per gross living area square foot disparity is clearly a function of market expectations. Additionally, up to a certain square footage, smaller 2-story homes tend to receive a higher \$/SF price when everything else is equal. The following chart best illustrates the previous analysis.



In the end, after comparative analysis, the adjusted market sales unit indicators (\$/SF) tend to compare favorably with other 2-story home transactions located in the Majestic Hills as well as those found in the Control Group.

Following this summary is a map identifying 2-story home sales located in Majestic Hills Subdivision and the Control Group homes.

ANALYSIS OF MAJESTIC HILLS SUBDIVISION 2-STORY HOME SALES

Following is a map identifying the location of 11 2-story home sales in Majestic Hills Subdivision that occurred between 2007 and 2018. North of E. King Mountain Lane and these sales are seven Control Group properties located adjacent to or very near the subdivision's north boundary and the Palmer Reclamation Site. Subdivision sales located 320 feet south of the control group homes will be compared with the previous selected Market Comparable Sales data as well as with the Control Group properties.

LOCATION MAP



Following is a summary of 11, single-family, 2-story home sales in Majestic Hills Subdivision that have sold since 2008. Four of these transactions have closed within the last two years. All of the sales were adjusted 2.4%/year to reflect positive changes in market conditions. These sales denote an adjusted gross living area price range of \$133/SF to \$174/SF, with a mean of \$151/SF. This range reflects a similar indicator range as that extracted from the Comparable Market Sales Analysis previously performed that also included similar 2-story home sales in Mt. Ranch Estates.

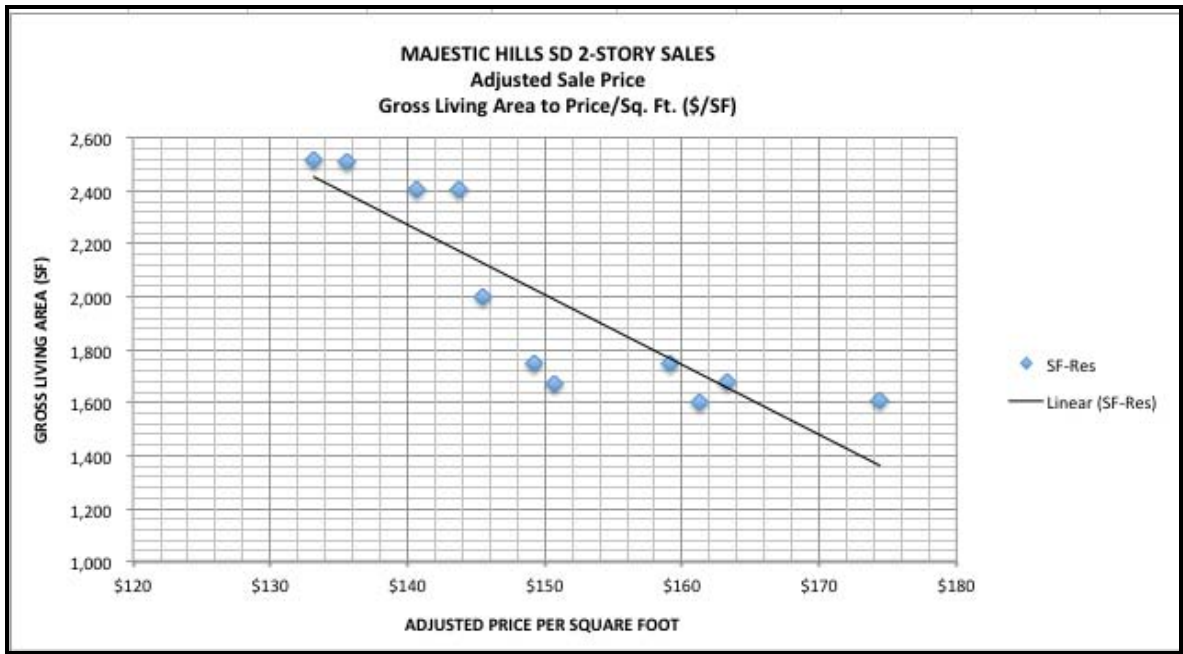
SUMMARY OF MAJESTIC HILLS SUBDIVISION 2-STORY HOME SALES
Adjusted for Changes in Market Conditions (Appreciation)

| No. | Address Legal Description | Date of Sale | Sale Price | Sold Price \$/SF GLA | # of Years from DOS | Time Adjusted Sale Price (RD) | Time Adjusted Sale Price \$/SF GLA | Residence GLA (SF) | Year Built/ Updated | Beds | Baths | # Cars | Garage Size (SF) | SF- Lot | Days On Market |
|-----|---|--------------|------------|-------------------------------|------------------------------|--|---|-----------------------|---------------------------|------|-------|-----------|------------------------|------------|----------------------|
| 1 | 930 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L20 B1 | 10/17/17 | \$274,500 | \$157 | 0.7 | \$278,800 | \$159 | 1,752 | 2005 | 4 | 2.5 | 3 | 652 | 20,038 | 5 |
| 2 | 1180 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L13 B1 | 8/16/17 | \$247,500 | \$148 | 0.8 | \$252,400 | \$151 | 1,675 | 2003 | 3 | 2 | 2 | 500 | 20,038 | 0 |
| 3 | 1120 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L14 B1 | 9/13/16 | \$250,900 | \$143 | 1.7 | \$261,500 | \$149 | 1,752 | 2004 | 4 | 2.5 | 2 | 451 | 20,014 | 32 |
| 4 | 1000 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L18 B1 | 4/1/16 | \$244,900 | \$153 | 2.2 | \$258,000 | \$161 | 1,600 | 2005 | 4 | 2.5 | 2 | 440 | 19,602 | 29 |
| 5 | 1220 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L12 B1 | 7/9/15 | \$262,000 | \$163 | 2.9 | \$280,900 | \$174 | 1,610 | 2004/12 | 4 | 2.5 | 3 | 616 | 20,038 | 14 |
| 6 | 1395 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L1 B2 | 4/26/15 | \$255,000 | \$152 | 3.1 | \$274,700 | \$163 | 1,682 | 2004 | 4 | 2.5 | 2 | 440 | 22,941 | 23 |
| 7 | 969 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L3 B7 | 9/20/13 | \$260,000 | \$130 | 4.7 | \$290,900 | \$145 | 2,000 | 2005 | 3 | 2.5 | 3 | 650 | 20,038 | 92 |
| 8 | 900 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L22 B1 | 5/26/12 | \$293,000 | \$122 | 6.1 | \$338,200 | \$141 | 2,405 | 2005 | 4 | 2.5 | 2 | 480 | 21,344 | 22 |
| 9 | 956 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L19 B1 | 2/10/11 | \$286,000 | \$114 | 7.3 | \$340,400 | \$136 | 2,511 | 2004 | 4 | 3 | 3 | 704 | 20,038 | 40 |
| 10 | 1070 S. Pinnacle Mountain Dr. Majestic Hills Ph 1 L15 B1 | 2/19/10 | \$275,000 | \$109 | 8.3 | \$335,000 | \$133 | 2,516 | 2004 | 4 | 3 | 2 | 440 | 20,038 | 29 |
| 11 | 1045 S. Pinnacle Mountain Dr. Majestic Hills L15 B2 | 8/21/08 | \$274,000 | \$114 | 9.8 | \$345,800 | \$144 | 2,405 | 2004 | 4 | 2.5 | 2 | 440 | 23,000 | 160 |

MAJESTIC HILLS SUBDIVISION 2-STORY HOME SALE INDICATORS

| Range | Unadjusted Sale Price | Unadjusted \$/SF GLA | Adjusted Sale Price | Adjusted \$/SF GLA | Gross Living Area (SF) | Garage Area (SF) | Lot Size (SF) | Days on Market |
|-------------|--------------------------|-------------------------|------------------------|-----------------------|---------------------------|---------------------|---------------|-------------------|
| Minimum | \$244,900 | \$109 | \$252,400 | \$133 | 1,600 | 440 | 19,602 | - |
| Maximum | \$293,000 | \$163 | \$345,800 | \$174 | 2,516 | 704 | 23,000 | 160 |
| Mean | \$265,709 | \$137 | \$296,055 | \$151 | 1,992 | 528 | 20,648 | 41 |

The following chart illustrates the linear relationship of Majestic Hill Subdivision 2-story home adjusted sales price per square foot of gross living area to total gross living area.



On the following page is a summary of 2-story control group home sale prices in Majestic Hills Subdivision. These properties, which are located within 320 feet of the Palmer Reclamation Site, indicate an adjusted sales price per gross living area square range of **\$110/SF to \$170/SF and a mean of \$146/SF**. The mean adjusted \$/SF GLA indicator is \$6/SF less than the average found in the previous analyses. This is attributed to the fact that one-half of the sales involve homes 500 SF or larger than the other sales, which ranged between 1,600 SF to 2,040 SF. As noted in the above chart, as the home size increases, the unit price (\$/SF) decreases. When accounting for this difference, control group indicators tend to reflect a similar set of adjusted indicators as the comparable sales and Majestic Hills sales data. Following is a summary of 2-story home sales analyses performed.

Summary of Adjusted Indicators

| ANALYSES | Adjusted Sale Price | Adjusted \$/SF GLA | Gross Living Area (SF) |
|----------------------|---------------------|--------------------|------------------------|
| Comparable Sales | \$292,740 | \$152 | 1,989 |
| Majestic Hills Sales | \$296,055 | \$151 | 1,992 |
| Control Group Sales | \$298,600 | \$146 | 2,086 |

The average control group home size is skewed somewhat because of the significance difference between the low-end size of 1,600 SF and the equally disparate upper-end of 2,500 SF. Note three of seven Control Group sales involved home sizes greater than 2,400 SF.

SUMMARY OF MAJESTIC HILL SUBDIVISION 2-STORY CONTROL GROUP SALES
Adjusted for Changes in Market Conditions (Appreciation)

| No. | Address Legal Description | Date of Sale | Sale Price | Sold Price \$/SF GLA | # of Years from DOS | Time Adjusted Sale Price | Time Adjusted Sale Price \$/SF GLA | Residence GLA (SF) | Year Built/ Updated | Beds | Baths | # Cars | Garage Size (SF) | SF-Lot | Days On Market |
|-----|--|-----------------|------------|-------------------------|------------------------|--------------------------------|---|-----------------------|---------------------------|------|-------|--------|------------------------|--------|----------------------|
| A | 820 S. Pinnacle Mountain Dr. Majestic Hills Ph 2 L26 B1 | 9/21/16 | \$255,599 | \$106 | 1.7 | \$266,279 | \$110 | 2,416 | 2005 | 6 | 3.5 | 3 | 600 | 20,009 | 70 |
| B | 790 S. Pinnacle Mountain Dr. Majestic Hills L27 B1 | 1/19/05 | \$203,310 | \$113 | 13.4 | \$279,405 | \$156 | 1,792 | 2005 | 3 | 2.5 | 2 | 440 | 20,012 | 0 |
| C | 876 S. Idaho Peak Circle Majestic Hills L11 B3 | 5/18/05 | \$240,680 | \$118 | 13.1 | \$328,215 | \$161 | 2,040 | 2005 | 4 | 2.5 | 2 | 440 | 20,109 | 1 |
| D | 870 S. Idaho Peak Circle Majestic Hills Ph 2 L12 B3 | 3/30/05 | \$219,760 | \$88 | 13.2 | \$300,642 | \$120 | 2,500 | 2005 | 5 | 3 | 2 | 440 | 20,091 | 0 |
| E | 875 S. Idaho Peak Circle Majestic Hills Ph 2 L13 B3 | 1/28/05 | \$213,750 | \$122 | 13.4 | \$293,581 | \$167 | 1,756 | 2005 | 4 | 2.5 | 3 | 720 | 21,749 | 0 |
| F | 881 S. Idaho Peak Circle Majestic Hills L14 B3 | 6/20/05 | \$256,680 | \$103 | 13.0 | \$349,284 | \$140 | 2,500 | 2005 | 4 | 3 | 2 | 528 | 2,080 | 0 |
| G | 13135 E. King Mountain Lane Majestic Hills L18 B3 | 3/24/17 | \$265,000 | \$166 | 1.2 | \$272,792 | \$170 | 1,600 | 2005 | 3 | 2.5 | 2 | 539 | 20,038 | 18 |

CONTROL GROUP 2-STORY HOME SALE INDICATORS

| Range | Unadjusted Sale Price | Unadjusted \$/SF GLA | Adjusted Sale Price | Adjusted \$/SF GLA | Gross Living Area (SF) | Garage Area (SF) | Lot Size (SF) | Days on Market |
|-------------|--------------------------|-------------------------|------------------------|-----------------------|---------------------------|---------------------|---------------|-------------------|
| Minimum | \$203,310 | \$88 | \$266,300 | \$110 | 1,600 | 440 | 2,080 | 0 |
| Maximum | \$265,000 | \$166 | \$349,300 | \$170 | 2,500 | 720 | 21,749 | 70 |
| Mean | \$236,397 | \$116 | \$298,600 | \$146 | 2,086 | 530 | 17,727 | 13 |

2-STORY HOME SALE INDICATORS - MAJESTIC HILLS SUBDIVISION

| | | | | | | | | |
|-------------|------------------|--------------|------------------|--------------|--------------|------------|---------------|-----------|
| Minimum | \$244,900 | \$109 | \$252,400 | \$133 | 1,600 | 440 | 19,602 | - |
| Maximum | \$293,000 | \$163 | \$345,800 | \$174 | 2,516 | 704 | 23,000 | 160 |
| Mean | \$265,709 | \$137 | \$296,055 | \$151 | 1,992 | 528 | 20,648 | 41 |

COMPARABLE 2-STORY HOME SALE INDICATORS

| | | | | | | | | |
|-------------|------------------|--------------|------------------|--------------|--------------|------------|---------------|-----------|
| Minimum | \$234,900 | \$101 | \$251,300 | \$110 | 1,486 | 440 | 20,909 | 12 |
| Maximum | \$316,000 | \$165 | \$354,100 | \$172 | 3,115 | 440 | 20,014 | 102 |
| Mean | \$268,450 | \$140 | \$292,740 | \$152 | 1,989 | 600 | 20,009 | 41 |

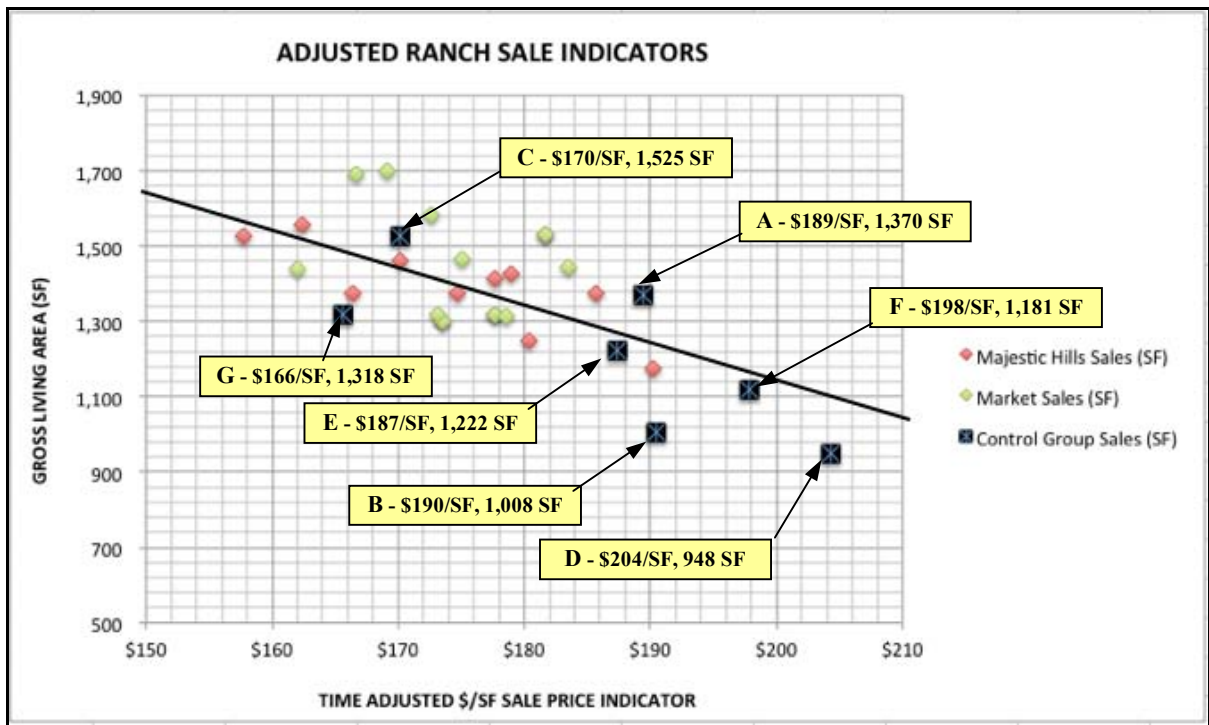
MARKET ANALYSIS CONCLUSIONS

Home prices in Majestic Hills Subdivision were analyzed over the last 15 years in an effort to identify if subdivision home prices have been adversely impacted by market conditions external to the property itself. Over this period, 102 sales were compared with market transactions found in Mountain Ranch Estates, which was developed and vertically built-up with similar type residences.

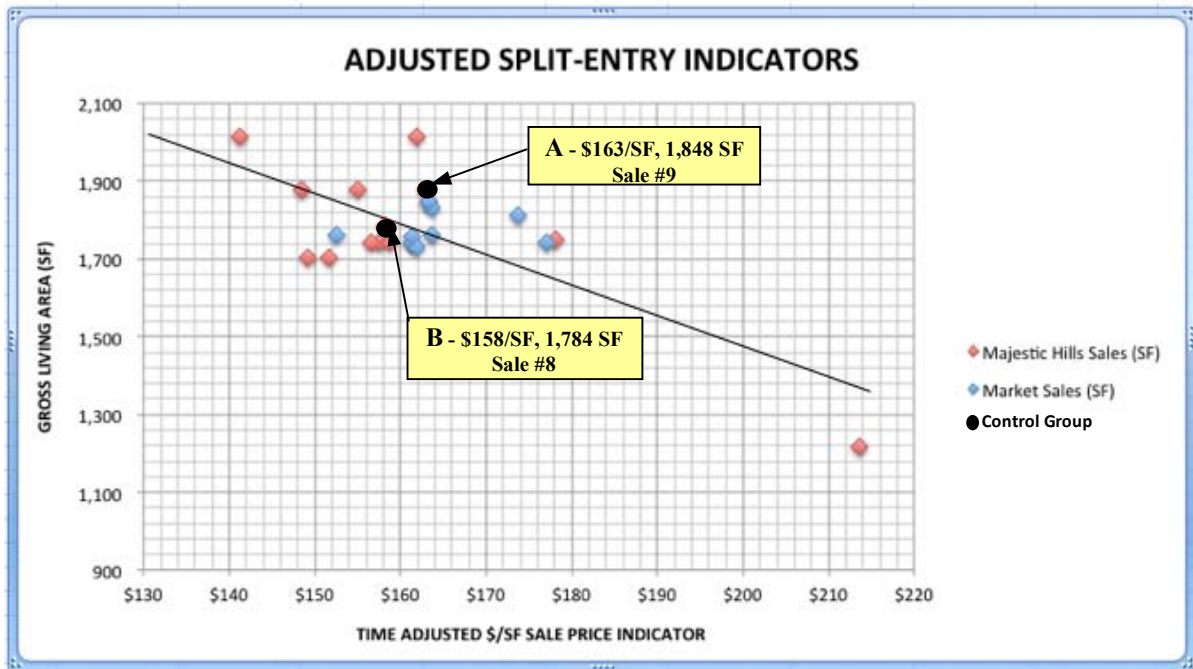
Properties located on the north end of Majestic Hills Subdivision in close proximity to the Palmer Reclamation Site were identified as Control Group Homes. Adjusted sale prices of homes located within this group were analyzed and compared with selected Comparable Market Sales, as well as, with similar use home sales located at the south end of the Majestic Hills Subdivision.

We identified that there were essentially three residential use types found in Majestic Hills Subdivision. They are ranch homes, split-entry or tri-level homes and finally 2-story residences. Each of these use types was compared separately with each similar type Control Group.

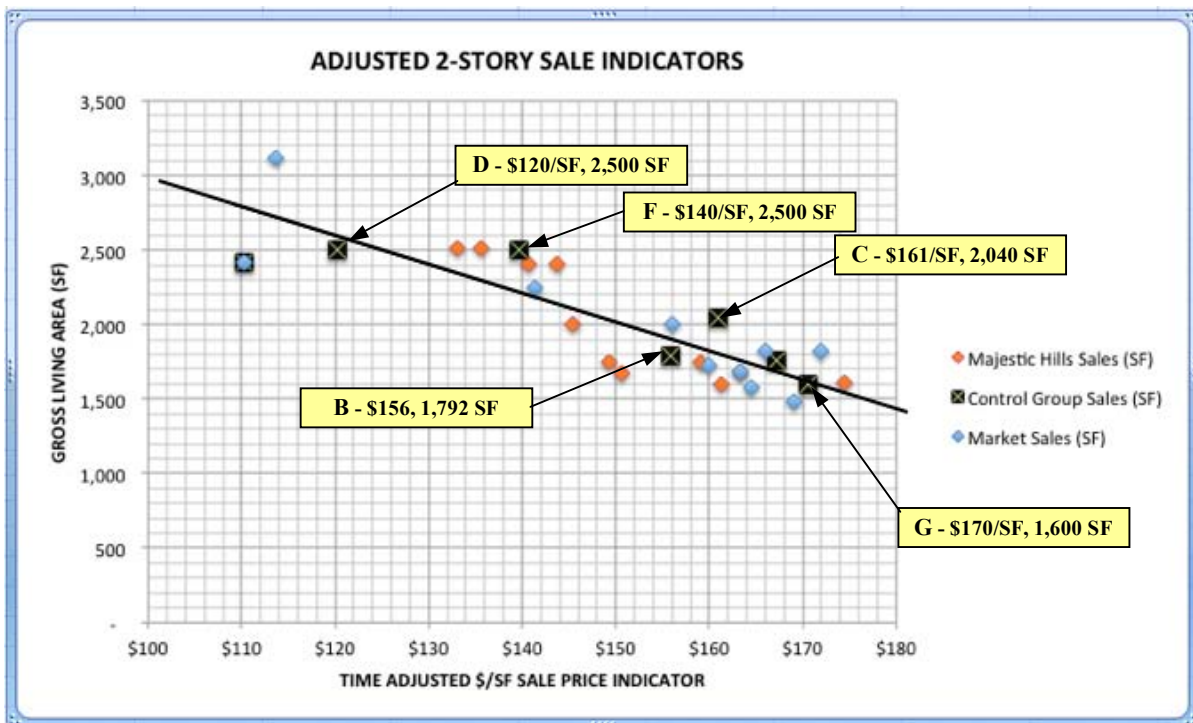
Following is a brief comparative summary of our control group use findings as they compare to the selected Comparable Market Sales and other similar use type sales located in Majestic Hills Subdivision.



The above chart provides a good illustration of how Market, Majestic Hills and Control Group sales data tend to compare after adjustment for changes in market conditions. As illustrated, Control Group Ranch Sales compares favorably to the Comparable Market Sales as well with other similar use sales found throughout Majestic Hills Subdivision. In the above chart, Control Group B and D low-end adjusted indicators fall below the mean linear line because both properties have only one-bath while the remaining control group homes have 2 baths. Control Group G is considered an outlier.



There were only two Split-Entry Sales located in the Majestic Hills Control Group. These sales were identified in the previous analysis as Comps #8 and #9. In the above chart they are also identified as Control Group Sales A and B. In comparison the Control Group Split-entry Sales compares favorability with the selected Comparable Market Sales data and with other similar use sales found in Majestic Hills Subdivision further to the south.




In the above illustration, Control Group 2-story sales were compared with selected Comparable Market Sales and other Majestic Hills 2-story sales after being adjusted for changes in market conditions. Based on comparative analyses undertaken, there is little variance between the selected sales groupings and as a result they are found to be very similar. The Control Group Sales do not appear to be adversely impacted by any external adverse market influences.

Based on these analyses and other empirical evidence, the adjusted sales of each use type clearly notes that the Palmer Reclamation Site does not create any adverse external market conditions and that home prices in Majestic Hills Subdivision are similar to those found in the marketplace.

ADDENDA

ADDENDA

| | | |
|--|-------------------------|----------------|
| Post-It™ brand fax transmittal memo 7871 | | # of pages ▶ 5 |
| To <i>STEVE</i> | From <i>LAWTON</i> | |
| Co. <i>AK Develop.</i> | Co. <i>ASF</i> | |
| Dept. | Phone # <i>746-7150</i> | |
| Fax # <i>248-8305</i> | Fax # | |

JUSTIN

248-6065

of Palmer
 ... Evergreen Ave.
 Palmer AK 99645
 907-745-3271

PLANNING AND ZONING COMMISSION

**CONDITIONAL USE PERMIT
 Tax Parcel 17N02E08D008**

The City of Palmer Planning and Zoning Commission (Commission) upon consideration of an application for conditional use permit by Alaska State Fair, Inc. ("Owner"), hereby approves the use of tax parcel 17N02E08D008 for the use stated in this permit, subject to the conditions, controls, and safeguards stated in this permit. The purpose of this conditional use permit is to insure that the stated uses and appropriate future uses described in the attached reclamation plan will be compatible with the surrounding area and will not create a health or safety hazard to the public.

The Palmer City Council changed the zoning designation of this parcel at its regular meeting of February 24, 2004. The council passed ordinance No. 612-Z-57 (Substitute) (the "ordinance") which is attached and incorporated by reference into this conditional use permit as if fully stated in the permit. The conditions contained in the ordinance and in this permit, when accepted by the Owner's signature below, constitute an agreement between the Owner and the city, which may be enforced by the city pursuant to Palmer Municipal Code Chapter 17.04.

The only allowable Industrial use of the property is described in Section 3 of the ordinance as "reclamation of the property through the operation of an inert waste mono-fill and those activities incidental thereto that are necessary to reclaim the property," (the "Permitted Use") subject to a conditional use permit. Such Permitted Use is permitted on the property only pursuant to this permit under the following conditions:

Permit Term

1. This conditional use permit shall terminate no later than 10 years after the effective date of Ordinance No. 612-Z-57 (Substitute).
2. The Industrial zoning classification of this property shall terminate no later than 10 years after the effective date of Ordinance No. 612-Z-57 (Substitute), unless terminated sooner pursuant to conditions contained within the ordinance.

Other Permits

3. The owner shall comply with all local, state, and federal ordinances, regulations, and statutes applicable to the proposed activities.

4. The owner shall provide copies of all permits issued by state and federal agencies to the City of Palmer prior to commencement of the Permitted Use. The owner shall also provide to the City of Palmer a copy of every application for an amendment to any such permit at the time the application is filed with the permitting agency, and a copy of any amendment approved by the permitting agency shall be provided to the City within five days of issuance.

Other Conditions

The reclamation activity shall be conducted in a manner to minimize the impact on adjacent lands and residents and allow only those industrial activities necessary to reclaim the property to establish the long range compatibility of the property with zoning districts in the neighboring areas. The attached site plan identifies the property and areas within the property, as follows: Area A (general construction and demolition material disposal area), Area B (exempt construction and demolition material disposal area), Area C (gravel extraction and exempt material disposal area), and Area D (gravel extraction and exempt material disposal area).

5. The existing driveway on the Inner Springer Loop which provides access to the eastern edge of the property shall be used only until a new access driveway can be constructed on Rebarchek road, which shall be done as soon as practical and no later than September 5, 2005. Once the new access driveway is opened, the existing driveway on Inner Springer Loop shall be closed to truck traffic.
6. All traffic entering the property shall approach the property from the Glenn Highway, through lands owned by the Alaska State Fair, Inc. and access the property by using Rebarchek Road
7. Fencing shall be installed at the boundary of the property along Rebarchek Road and the Inner Springer Loop Road by June 1, 2004.
8. Gates with locks shall be placed at all entrances to the property. The gates must be locked at all times when supervisory personnel are not on site.
9. A fifty foot setback shall be maintained from all property boundaries in which no excavation of material shall occur.
10. A natural buffer of twenty five feet shall be maintained on the east, west and north boundaries of the property.
11. A natural buffer of fifty feet shall be maintained on the southern boundary of the property.
12. A stormwater plan which meets applicable state law shall be prepared and implemented as approved. Copies of the approved plan and amendments shall be provided to the City according to paragraph 4 of this permit.

13. The owner shall maintain and operate watering equipment on site to prevent and suppress the creation of wind blown dust and dirt.
14. The owner shall pick up and contain any and all paper, debris and other materials on and around the property.
15. All equipment shall be operated in a manner to minimize the disturbance of neighboring residents and shall conform with PMC 8.36.020 F (Nuisances, Specific Acts Designated – Noise) and PMC 8.36.025 (Certain Acts Requiring a Permit).
16. The owner shall conduct Permitted Use activities on the property only between the hours of 6:00 am to 10:00 pm, Monday through Sunday.
17. To prevent accumulation of uncovered and exposed debris, the placement of construction and demolition debris shall be executed by the construction of defined “cells” or active fill zones with average dimensions of sixty feet wide by 150 feet in length and ten feet in depth. Each cell shall be covered with clean material when fully constructed.
18. Any portion of the property from which gravel is extracted pursuant to this permit shall be brought back to original grade by the fill and placement of mineral soils, exempt fill and land clearing debris.
19. Except as provided in the following paragraph, exempt fill consists of stumps, brush, peat, and similar land clearing debris; clay, silt and other mineral soils; and other items as listed in 18 AAC 60.005.
20. For purposes of this permit, exempt fill specifically excludes the following material and other similar material:
 - a. domestic wastewater, nondomestic wastewater, and other wastes that are subject to a permit under AS 46.03, 18 AAC 72, or 33 U.S.C. 1342 (Federal Water Pollution Control Act, sec. 402), as amended through August 21, 1998;
 - b. sewage, septage and septic tank pumpings, regardless of the amount of solids and regardless of whether regulated under 18 AAC 72
21. The eastern and southern portions of the property (Areas B and C, respectively) used to accept exempt fill material and extract gravel shall be operated in a manner to minimize the total excavated area at any one time. As of July 31 of each year, the areas excavated pursuant to this permit shall be refilled to not less than eighty-five percent (85%) of the excavated volume with exempt materials.
22. For purposes of section 1.G. 4. iii. of the ordinance, the boundary of the area representing fifty percent of the southern portion of the property is shown on the attached map as a dashed line running parallel to and seven hundred (700) feet west of the east property boundary.

23. Excavation of all side slopes shall not exceed one and one half to one (1.5/1). Within 180 days after issuance of this permit, all existing side slopes shall be reduced to not exceed one and one half to one.
24. The depth of gravel extraction shall not exceed a depth of 130 feet above mean sea level, as indicated on the September 2003 "Site Map-Fig.2" prepared by Shannon and Wilson, Inc.
25. Gravel extraction on the eastern and southern portions of the property shall cease when the existing pit (Areas A and B) has been filled and brought back to the grade of adjacent undisturbed land.
26. The completed landfill cover shall be graded to promote surface water runoff and be in compliance with 18AAC60.460.
27. Every term and condition of this permit is binding upon the Owner, Owner's assigns and successors in interest, and every person occupying or operating on the property. The use of the term Owner in reference to the terms and condition of this permit shall be construed to include every person operating on the property by, through, or under the authority or consent of the Owner.

Any changes, alterations or deletions of the intended uses, unless permitted by ordinance, must receive prior approval of the Planning and Zoning Commission.

Dated this 8th day of MARCH, 2004, for the Palmer Planning and Zoning Commission

By: 

Detlef Wanke, Vice-Chairperson

ACCEPTANCE

The Owner hereby accepts and agrees to abide by the terms and conditions of this permit.

Dated this 5th day of March, 2004, for the owners, Alaska State Fair, Inc.

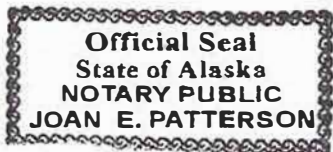
By: 

Joe Lawton, General Manager

STATE OF ALASKA)
) ss:
THIRD DISTRICT)

THIS IS TO CERTIFY that on this 8th day of March, 2004, before the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Detlef Wanke, Vice-Chairperson of the City of Palmer Planning and Zoning Commission and he acknowledged that he had signed the same freely and voluntarily for the uses and purposes therein stated.

WITNESS my hand and official seal the day and year in this certificate first written.



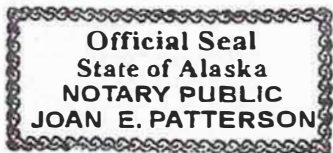
Joan E. Patterson
NOTARY PUBLIC FOR STATE OF ALASKA

My Commission Expires: 11/11/2005

STATE OF ALASKA)
) ss:
THIRD DISTRICT)

THIS IS TO CERTIFY that on this 5th day of March, 2004, before the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Joe Lawton, General Manager of Alaska State Fair, Inc., and he acknowledged that he had signed the same freely and voluntarily for the uses and purposes therein stated on behalf of the corporation.

WITNESS my hand and official seal the day and year in this certificate first written.



Joan E. Patterson
NOTARY PUBLIC FOR STATE OF ALASKA

My Commission Expires: 11/11/2005

City of Palmer
PLANNING AND ZONING COMMISSION

Conditional Use Permit #14-001
Tax Parcel ID #: 17N02E08D008

The City of Palmer Planning and Zoning Commission (Commission) upon consideration of an application for a conditional use permit by Alaska Demolition LLC ("Owner"), hereby approves the use of tax parcel 17N02E08D008 for the use stated in this permit subject to the conditions, controls, and safeguards stated in this permit. The purpose of this conditional use permit is to insure that the stated uses and appropriate future uses described in the reclamation plan attached to the 2004 CUP will be compatible with the surrounding area and will not create a health or safety hazard to the public.

The Palmer City Council approved the zoning designation of I-Industrial with Special Limitations for this parcel at its regular meeting of January 28, 2014. The City Council passed Ordinance 14-001-Z-1 which is attached and incorporated by reference into this conditional use permit as is fully stated in the permit. The conditions contained in the ordinance and in this permit, when accepted by the Owner's signature below, constitute an agreement between the Owner and the city, which may be enforced by the city pursuant to Palmer Municipal Code Chapter 17.04.

The only allowable Industrial use of the property is described in Section 3 of Ordinance No. 612-Z-57 (Substitute) as "reclamation of the property through the operation of an inert waste mono-fill and those activities incidental thereto that are necessary to reclaim the property," (the "Permitted Use") subject to a conditional use permit. Such Permitted Use is permitted on the property only pursuant to this permit under the following conditions:

Permit Term:

- 1) This conditional use permit shall become effective only upon the approval of Ordinance No. 14-001-Z-1, zone change from R-1 Single-family Residential to I-Industrial with Special Limitations, for a period of 10 years with a review by the Planning and Zoning Commission in 5 years.
- 2) The Industrial zoning classification of this property shall terminate no later than 10 years after the effective date of Ordinance No. 14-001-Z-1, unless terminated sooner pursuant to conditions contained within the ordinance.

Other Permits:

- 3) The owner shall comply with all local, state, and federal ordinances, regulations, and statutes applicable to the proposed activities.
- 4) The owner shall provide copies of all permits issued by state and federal agencies to the City of Palmer prior to commencement of the Permitted Use. The owner shall also provide to the City of Palmer a copy of every application for an amendment to any such permit at the time the application is filed with the permitting agency, and a copy of any amendment approved by the permitting agency shall be provided to the City within five days of issuance.

Other Conditions

The reclamation activity shall be conducted in a manner to minimize the impact on adjacent lands and residents and allow only those industrial activities necessary to reclaim the property to establish the long range compatibility of the property with zoning districts in the neighboring areas. The attached site plan identifies the property and areas within the property, as follows: Area A (general construction and demolition material disposal area), Area B (exempt construction and demolition material disposal area), Area C (gravel extraction and exempt material disposal area), and Area D (gravel extraction and exempt material disposal area).

- 5) The existing driveway on the Inner Springer Loop which provides access to the eastern edge of the property shall be used only until a new access driveway can be constructed on Rebarchek Road, which shall be done as soon as practical and no later than September 5, 2005. Once the new access driveway is opened, the existing driveway on Inner Springer Loop shall be closed to truck traffic. [Construction of access onto Rebarchek Road has been completed]
- 6) All traffic entering the property shall approach the property from the Glenn Highway, through lands owned by the Alaska State Fair, Inc. and access the property by using Rebarchek Road.
- 7) Fencing shall be installed at the boundary of the property along Rebarchek Road and the Inner Springer Loop Road by June 1, 2004. [This condition has been met.]
- 8) Gates with locks shall be placed at all entrances to the property. The gates must be locked at all times when supervisory personnel are not on site.
- 9) A fifty foot setback shall be maintained from all property boundaries in which no excavation of material shall occur.
- 10) A natural buffer of twenty five feet shall be maintained on the east, west and north boundaries of the property.
- 11) A natural buffer of fifty feet shall be maintained on the southern boundary of the property.
- 12) A stormwater plan which meets applicable state law shall be prepared and implemented as approved. Copies of the approved plan and amendments shall be provided to the City according to paragraph 4 of this permit. [A storm water plan dated November 8, 2005 by Shannon & Wilson, Inc. is on file in our office.]
- 13) The owner shall maintain and operate watering equipment on site to prevent and suppress the creation of windblown dust and dirt.
- 14) The owner shall pick up and contain any and all paper, debris and other materials on and around the property.
- 15) All equipment shall be operated in a manner to minimize the disturbance of neighboring residents and shall conform with PMC 8.36.020 F (Nuisances, Specific Acts Designated – Noise) and PMC 8.36.025 (Certain Acts Requiring a Permit).
- 16) The owner shall conduct Permitted Use activities on the property only between the hours of 6:00 am to 10:00 pm, Monday through Sunday.
- 17) To prevent accumulation of uncovered and exposed debris, the placement of construction and demolition debris shall be executed by the construction of defined "cells" or active fill zones with average dimensions of sixty feet wide by 150 feet in length and ten feet in depth. Each cell shall be covered with clean material when fully constructed.

- 18) Any portion of the property from which gravel is extracted pursuant to this permit shall be brought back to original grade by the fill and placement of mineral soils, exempt fill and land clearing debris. [Amended December 19, 2013; new condition listed as #37.]
- 19) Except as provided in the following paragraph, exempt fill consists of stumps, brush, peat, and similar land clearing debris; clay, silt and other mineral soils; and other items as listed in 18 AAC 60.005.
- 20) For purposes of this permit, exempt fill specifically excludes the following material and other similar material:
 - a. domestic wastewater, nondomestic wastewater, and other wastes that are subject to a permit under AS 46.03, 18 AAC 72, or 33 U.S.C. 1342 (Federal Water Pollution Control Act, sec. 402), as amended through August 21, 1998;
 - b. sewage, septage and septic tank pumpings, regardless of the amount of solids and regardless of whether regulated under 18 AAC 72
- 21) The eastern and southern portions of the property (Areas B and C, respectively) used to accept exempt fill material and extract gravel shall be operated in a manner to minimize the total excavated area at any one time. As of July 31 of each year, the areas excavated pursuant to this permit shall be refilled to not less than eighty-five percent (85%) of the excavated volume with exempt materials.
- 22) For purposes of section 1.G. 4. iii. of the ordinance, the boundary of the area representing fifty percent of the southern portion of the property is shown on the attached map as a dashed line running parallel to and seven hundred (700) feet west of the east property boundary.
- 23) Excavation of all side slopes shall not exceed one and one half to one (1.5/1). Within 180 days after issuance of this permit, all existing side slopes shall be reduced to not exceed one and one half to one. [This condition has been met.]
- 24) The depth of gravel extraction shall not exceed a depth of 130 feet above mean sea level, as indicated on the September 2003 "Site Map-Fig.2" prepared by Shannon and Wilson, Inc.
- 25) Gravel extraction on the eastern and southern portions of the property shall cease when the existing pit (Areas A and B) has been filled and brought back to the grade of adjacent undisturbed land. [Amended December 19, 2013; new condition listed as #37.]
- 26) The completed landfill cover shall be graded to promote surface water runoff and be in compliance with 18AAC60.460.

Best Management Practices

- 27) All disposals of exempt or Construction Demolition materials (C & D) in the Mono-fill area require written authorization to dispose by Management Site Representative (MSR).
- 28) Mono-fill shall be gated and locked when not in operation or when not supervised by MSR. All visitors to the Site must check in with MSR prior to disposal of any materials.
- 29) All C & D disposal loads entering the site must be secured and covered with a tarp or other containment and the loads manifested by MSR.
- 30) All C & D loads are placed into separate earthen cells contained by gravel backfills on the bottom of the cell and all four sides and then covered by not less than one foot of backfill.
- 31) All cells are capped and covered not less than weekly. Cells to be covered daily if wind or other conditions require.

- 32) Supervisory labor to be present on all operating days and Mono-fill area to be inspected daily for compliance.
- 33) Surrounding earthen berm and drainage ditches are inspected not less than weekly or more seasonally, as required to ensure correct conditions.
- 34) Annual topographic survey of the site to be conducted by Alaska Demolition and cubic volume of site disposal calculated by registered licensed surveyor quantifying disposal fills and gravel extractions if any during the annual period preceding the date of survey.

Additional Conditions:

- 35) The Conditional Use Permit #14-001 shall terminate no later than 10 years after the effective date of Ordinance No. 14-001-Z-1.
- 36) There shall be a mandatory review five years after the effective date of Conditional Use Permit #14-001 by the Planning and Zoning Commission.
- 37) There shall be no gravel extraction allowed.
- 38) The site shall be two-thirds complete within 5 years of the effective date of Conditional Use Permit #14-001.
- 39) A reclamation bond shall be required in an amount sufficient to cover the total costs of reclamation.

Any changes, alterations or deletions of the intended uses, must receive prior approval of the Planning and Zoning Commission.

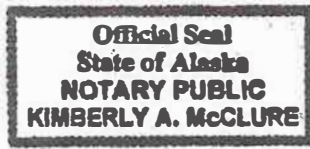
Every term and condition of this permit is binding upon the Owner, Owner's assigns and successors in interest, and every person occupying or operating on the property. The use of the term Owner in reference to the terms and conditions of this permit shall be construed to include every person operating on the property by, through, or under the authority or consent of the Owner.

Dated this 24 day of February, 2014 for the Palmer Planning and Zoning Commission.

By: Michael W. Madar
 Michael W. Madar, Chairman

THIS IS TO CERTIFY that on this 24 day of February, 2014, before the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared, Michael W. Madar, Chairman of the Palmer Planning and Zoning Commission and he acknowledged that he had signed the same freely and voluntarily for the uses and purposes therein stated.

WITNESS my hand and official seal the day and year in this certificate first written.



Kimberly A. McClure
 NOTARY PUBLIC FOR STATE OF ALASKA
 My Commission Expires: with office

Acceptance

The Owner, Justin Green, Owner of Alaska Demolition, LLC, hereby accepts and agrees to abide by the terms and conditions of this permit.

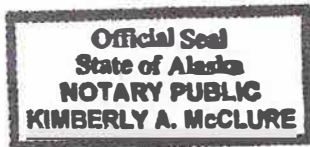
Dated this 24 day of February, 2014.

By: [Signature]
Its: Owner
(Owner or Designated Rep)

STATE OF ALASKA)
) ss:
THIRD DISTRICT)

THIS IS TO CERTIFY that on this 24 day of February, 2014, before the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared, Justin Green, Owner of Alaska Demolition, LLC, and he acknowledged that he had signed the same freely and voluntarily for the uses and purposes therein stated on behalf of the corporation.

WITNESS my hand and official seal the day and year in this certificate first written.



Kimberly A. McClure
NOTARY PUBLIC FOR STATE OF ALASKA
My Commission Expires: with office



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Environmental
Conservation

DIVISION OF ENVIRONMENTAL HEALTH
Solid Waste Program

555 Cordova Street
Anchorage, Alaska 99501
Main: 907.269.7802
Fax: 907.269.7600

Certified Mail #7008 1830 0003 5207 7874
Return Receipt Requested

April 29, 2014

Mr. Justin T.F. Green
Alaska Demolition, LLC
2817 Rampart Dr.
Anchorage, AK 99501

RE: Palmer AK Demo Inert Waste Monofill
Solid Waste Permit No. SWZA004-19

Dear Mr. Green:

The Alaska Department of Environmental Conservation (ADEC) has completed its evaluation of the Alaska Demolition, LLC (AK Demo) permit application for the Palmer Inert Waste Monofill. AK Demo did not submit the permit application in a timely fashion as required to allow for administrative continuance. The previous permit expired April 1, 2014, and this permit is issued retroactive to that date to provide for continuous permit coverage. Please review the conditions and stipulations in the permit and ensure that they are understood. This permit is being issued in accordance with Alaska Statute (AS) 46.03; Title 18, Chapter 15 of the Alaska Administrative Code (18 AAC 15); and the Solid Waste Regulations (18 AAC 60).

Any person who disagrees with this decision may request an adjudicatory hearing in accordance with 18 AAC 15.195 - 18 AAC 15.340 or an informal review by the Division Director in accordance with 18 AAC 15.185. **Informal review requests** must be delivered to the Division Director, Alaska Department of Environmental Conservation, 555 Cordova Street, Anchorage, AK 99501 within 15 days of the permit decision. **Adjudicatory hearing requests** must be delivered to the Commissioner of the Department of Environmental Conservation, 410 Willoughby Avenue, Suite 303, Juneau, Alaska 99801, within 30 days of the permit decision. If a hearing is not requested within 30 days, the right to appeal is waived. More information regarding submitting a request for an informal review or adjudicatory hearing may be found at www.dec.state.ak.us/comtmish/ReviewGuidance.htm. Even if an adjudicatory hearing has been requested and granted, all permit conditions remain in effect unless a stay has been granted.

Please contact Reese Thieme at (907) 269-7590 or by email at reese.thieme@alaska.gov if you have any questions, or require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to be "Lori Aldrich".

Lori Aldrich
Solid Waste Program Regional Manager

Enclosure: Permit #SWZA004-19, expiring on April 29, 2019.



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Environmental
Conservation**

DIVISION OF ENVIRONMENTAL HEALTH
Solid Waste Program

555 Cordova Street
Anchorage, AK 99501
Phone: 907.269.7802
Fax: 907.269.7600
www.dec.alaska.gov

March 13, 2017

Mr. Justin T.F. Green
Alaska Demolition, LLC
2817 Rampart Dr.
Anchorage, AK 99501

Certified Mail #7016 2070 0000 6898 9227
Return Receipt Requested

Subject: Palmer AK Demo Construction & Demolition Waste Monofill
Solid Waste Permit No. **SWZA004-19a**

Dear Mr. Green:

The Alaska Department of Environmental Conservation (ADEC) has completed its evaluation of the Alaska Demolition, LLC (AK Demo) request for modification of the Palmer Construction & Demolition (C&D) Waste Monofill permit, #SWZA004-19. The modification will include an expansion of operations into Cell 2, adjacent to the current monofill cell. The modification was public noticed in the Mat-Su Valley Frontiersman on November 27 and 29, 2015. ADEC hereby modifies the permit and reissues it as #SWZA004-19a. This permit is being modified in accordance with Alaska Statute (AS) 46.03; Title 18, Chapter 15 of the Alaska Administrative Code (18 AAC 15); and the Solid Waste Regulations (18 AAC 60). Please review the conditions and stipulations in the permit and ensure that they are understood.

Any person who disagrees with this decision may request an adjudicatory hearing in accordance with 18 AAC 15.195 - 18 AAC 15.340 or an informal review by the Division Director in accordance with 18 AAC 15.185. **Informal review requests** must be delivered to the Division Director, Alaska Department of Environmental Conservation, 555 Cordova Street, Anchorage, AK 99501 within 15 days of the permit decision. **Adjudicatory hearing requests** must be delivered to the Commissioner of the Department of Environmental Conservation, 410 Willoughby Avenue, Suite 303, Juneau, Alaska 99801, within 30 days of the permit decision. If a hearing is not requested within 30 days, the right to appeal is waived. More information regarding submitting a request for an informal review or adjudicatory hearing may be found at www.dec.state.ak.us/commish/ReviewGuidance.htm. Even if an adjudicatory hearing has been requested and granted, all permit conditions remain in effect unless a stay has been granted.

Please contact Reese Thieme at (907) 269-7590 or by email at reese.thieme@alaska.gov if you have any questions, or require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Aldrich", with a long horizontal line extending to the right.

Lori Aldrich
Solid Waste Regional Program Manager

Enclosure: Permit #SWZA004-19a, expiring on **April 1, 2019**.

STATE OF ALASKA
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
555 Cordova Street
Anchorage, AK 99501

SOLID WASTE DISPOSAL PERMIT

Permit No. SWZA004-19a

Date Effective: March 13, 2017

Date Expires: April 1, 2019

The Alaska Department of Environmental Conservation (ADEC), under authority of AS 46.03 and 18 AAC 60, issues a solid waste disposal permit to:

Alaska Demolition, LLC
2817 Rampart Dr.
Anchorage, AK 99501

Palmer AK Demo C&D Waste Monofill
a.k.a. **Palmer Reclamation Center**

and designated representatives for the management and operation of an inert solid waste landfill for the disposal of construction and demolition debris consisting of the existing waste cell and its expansion cell (Cell 2).

The landfill is located immediately southeast of the Alaska State Fairgrounds and is approximately 1.5 miles south of downtown Palmer Alaska, within the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$, of Section 8, Township 17 North, Range 2 East, Seward Meridian.

The permit holder shall manage and operate the facility in accordance with:

- 18 AAC 60;
- permit application materials dated April 17, 2014;
- permit modification request materials dated September 9, 2015 and February 28, 2017.

Waivers

Alaska Demolition, LLC requested a waiver for the requirement for design documents to be stamped and sealed by a registered engineer. Cell 1 of the monofill is constructed in an existing gravel pit with limited additional design features. ADEC approves the waiver for Cell 1 with the condition that the site is surveyed annually and the site plan updated to reflect the survey information. Cell 2 design documents were stamped and sealed by a registered engineer.

Specific Conditions

1. Install and maintain a clearly legible sign at the entrance to the treatment facility that identifies:
 - Facility Name
 - Owner/Operator Name
 - Hours of Operation
 - Emergency Phone Numbers
 - Prohibited waste including, but not limited to, liquid waste, food waste, oily waste, hazardous waste, and polychlorinated biphenyls

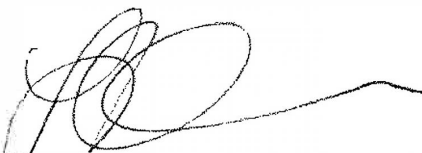
2. Maintain a minimum separation distance of 50 feet between the active placement of solid waste and the facility boundary.
3. Maintain a separation distance of 500 feet between active placement of solid waste and any drinking water well.
4. Prohibit the disposal of regulated asbestos containing material as defined under 18 AAC 60.990(108).
5. Handle non-RACM waste to prevent the release of asbestos fibers to the air or to surface water.
 - Place non-RACM waste directly at the working face of the landfill
 - Do not compact uncovered non-RACM waste
 - Cover non-RACM waste within 24 hours after placement.
6. Financial Assurance must be updated bi-annually, including:
 - Calculate the total present-day cost estimate for an independent contractor to close and perform post closure care of the facility; do not assume use of onsite materials or equipment. Submit the calculations to ADEC no later than January 15 of each year for review and approval.
 - Submit financial assurance documentation no later than April 1 of each year to reflect the closure/post-closure care costs.
7. Submit landfill survey documentation annually.

General Conditions

1. Access and inspection - The Permittee shall allow the Commissioner or his representative access to the permitted facilities at reasonable times to conduct scheduled or unscheduled inspections or tests to determine compliance with this permit, State laws, and regulations.
2. Information access - Except for information relating to confidential processes or methods of manufacture, all records and reports submitted in accordance with the terms of this permit shall be available for public inspection at the State of Alaska, Department of Environmental Conservation, 555 Cordova Street, Anchorage, AK 99501.
3. Civil and criminal liability - Nothing in this permit shall relieve the Permittee from civil or criminal penalties for noncompliance, whether or not such noncompliance is due to factors beyond his control, including, but not limited to, accidents, equipment breakdowns, or labor disputes.
4. Availability - The Permittee shall post or maintain a copy of this permit available to the public at the disposal facility.
5. Adverse impact - The Permittee shall take all necessary means to minimize any adverse impacts to the receiving waters or lands resulting from noncompliance with any limitation specified in this permit, including any additional monitoring needed to determine the nature and impact of the noncomplying activity. The Permittee shall clean up and restore all areas adversely impacted by the noncompliance.

6. Cultural or paleontological resources - Should cultural or paleontological resources be discovered as a result of this activity, work which would disturb such resources is to be stopped, and the State Historic Preservation Office, Division of Parks and Outdoor Recreation, Department of Natural Resources, is to be notified immediately (907-269-8721).
7. Applications for renewal - In accordance with 18 AAC 15.100(d), applications for renewal or amendment of this permit must be made no later than 30 days before the expiration date of the permit or the planned effective date of the amendment.
8. Other legal obligations - The requirements, duties, and obligations set forth in this permit are in addition to any requirements, duties, or obligations contained in any permit that the Alaska Department of Environmental Conservation or the U.S. Environmental Protection Agency has issued or may issue to the Permittee. This permit does not relieve the Permittee from the duty to obtain any and all necessary permits and to comply with the requirements contained in any such permit or with applicable state and federal laws and regulations. All activities conducted by the Permittee pursuant to the terms of this permit and all plans implemented by the Permittee pursuant to the terms of this permit shall comply with all applicable state and federal laws and regulations.
9. Pollution prevention - In order to prevent and minimize present and future pollution, when making management decisions that affect waste generation, the Permittee shall consider the following order of priority options: waste source reduction; recycling of waste; waste treatment; and waste disposal.

This permit expires on **April 1, 2019** and may be revoked or amended in accordance with 18 AAC 60.260. The permit can be renewed if the facility will operate beyond this date. To avoid expiration of this permit, a **renewal application must be submitted to ADEC at least 30 days before the expiration date**, as set forth in 18 AAC 15.110.



Lori Aldrich
Solid Waste Regional Program Manager



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Environmental
Conservation**

DIVISION OF ENVIRONMENTAL HEALTH
Solid Waste Program

555 Cordova Street
Anchorage, AK 99501
Phone: 907.269.7590
Fax: 907.269.7600
www.dec.alaska.gov

November 30, 2017

Mr. Justin Green
Alaska Demolition
2817 Rampart Drive
Anchorage, AK 99501

Certified Mail #7015 1660 0000 0543 0516
Return Receipt Requested

Subject: 2017 Alaska Demolition Inert Waste Monofill Inspection Report

Dear Mr. Green:

On October 19, 2017, I conducted an inspection of the Alaska Demolition (AK Demo) Inert Waste Monofill on behalf of the Alaska Department of Environmental Conservation (ADEC). The monofill is located on Rebarchek Road, immediately southeast of the Alaska State Fairgrounds in Palmer. It is operated under Solid Waste permit #SWZA004-19a, which expires April 1, 2019. The facility has been operating since 2004 and is authorized to accept and dispose of construction and demolition (C&D) debris, exempt waste, and non-regulated asbestos containing material (non-RACM).

Earlier in October, the Solid Waste Program received an anonymous report that potentially contaminated material had been delivered to AK Demo from SR Bales Construction, Inc. without appropriate testing. AK Demo segregated this material from the rest of the monofill and it was returned to its source for appropriate testing and was ultimately found to be clean. AK Demo was responsive and communicative throughout this process to ensure that the appropriate procedures were followed.

The facility has not had any other concerns or compliance issues recorded since the last inspection, and there were no outstanding problems from previous years. The site was as tidy and well-maintained as usual, with waste types appropriately segregated and no ponding water on site. A load of wood arrived for disposal while I was present and I observed as it was properly unloaded. I identified no litter, putrescible waste, or prohibited wastes within the monofill.

All of the required paperwork was available in hardcopy at the office on site, including the permit, permit application, and monthly visual monitoring reports. The annual site survey and waste totals were received shortly after the inspection. AK Demo scored 270 out of 270 points on this inspection, for a total of 100% for the second year in a row. A copy of the completed form has been included for your review.

Thank you for accommodating my schedule for this inspection. Please feel free to contact me at (907) 269-7590 or by email at reese.thieme@alaska.gov with any comments or questions.

Sincerely,

Handwritten signature of Reese Thieme.

Reese Thieme
Industrial Waste Specialist




Landfill: Palmer Inert Waste Monofill
Date of Inspection: 10/19/2017
ADEC Inspector: Reese Thieme
Participants: _____

Weather Conditions:

Past Month Rainfall:
1.72 Inches

SCORING

Total Awarded Points: 270
Total Possible Points: 270
Final Score: 100%

ADEC Signature: 
Printed Name: Reese Thieme
Title: Industrial Waste Specialist

**Monofill
Inspection Checklist**



Part One: ADEC Information Gathering

This section should be filled out completely, prior to the site visit. This section is not scored, but the information will be used during the site visit to determine compliance with requirements.

| # | Part One: ADEC Information Gathering | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|--|---|--|--|---------------------------------------|--|-------|--------------------------|----------------------------------|-------|--------------------------|--|-------|--------------------------|--|-------|--------------------------|------------------------------|-------|--------------------------|-------------------------------------|-------|--------------------------|
| 1 | <p>PERMIT AND OPERATING PLAN – Review permit and operating plan to familiarize yourself with the requirements and approved operations for this landfill.</p> <p>Does the facility have a current ADEC permit? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Permit Number <u>SWZA004-19a</u></p> <p>Expiration Date <u>4/29/2019</u></p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | <p>SITE/DEVELOPMENT PLANS – Review site plans and development plans to familiarize yourself with the approved layout of the landfill and the conditions at the site.</p> <p>Check if the landfill is located in or near wetlands, on permafrost, in a 100-year floodplain, within 5,000 feet of any airport, within 10,000 feet of an airport used by jet aircraft, and/or are there any drinking water wells within 500 feet of the landfill property boundary.</p> <p>If the site has an RD&D Permit, review the RD&D permit.</p> <p>Review current/up-to-date site map</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | <p>PREVIOUS INSPECTIONS – Review previous inspection forms.</p> <p>List any issues that may still be outstanding that should be investigated.</p> <p><u>No outstanding issues</u></p> <p>_____</p> <p>_____</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | <p>COMPLAINTS – If ADEC has received any complaints regarding the facility, list and describe them below:</p> <p>Received complaint 10/13/17 of facility accepting material from SR Bales that could be contaminated. SR Bales provided a site assessment confirming the potential for contamination, and chose to remove the material two days later rather than testing it on site.</p> <p>_____</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | <p>AUTHORIZED WASTE TYPES – <i>The landfill is required to have a permit that authorizes all types of waste disposed at the site.</i></p> <p>Check the types of waste that the facility is authorized to dispose:</p> <table style="width:100%;"> <tr> <td><input checked="" type="checkbox"/> Inert</td> <td><input type="checkbox"/> Sewage Solids</td> </tr> <tr> <td><input checked="" type="checkbox"/> C&D</td> <td><input type="checkbox"/> Woodwaste</td> </tr> <tr> <td><input type="checkbox"/> Regulated Asbestos-Containing Material (RACM)</td> <td><input type="checkbox"/> Other: _____</td> </tr> <tr> <td><input checked="" type="checkbox"/> non-RACM</td> <td>_____</td> </tr> </table> | <input checked="" type="checkbox"/> Inert | <input type="checkbox"/> Sewage Solids | <input checked="" type="checkbox"/> C&D | <input type="checkbox"/> Woodwaste | <input type="checkbox"/> Regulated Asbestos-Containing Material (RACM) | <input type="checkbox"/> Other: _____ | <input checked="" type="checkbox"/> non-RACM | _____ | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> Inert | <input type="checkbox"/> Sewage Solids | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> C&D | <input type="checkbox"/> Woodwaste | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Regulated Asbestos-Containing Material (RACM) | <input type="checkbox"/> Other: _____ | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> non-RACM | _____ | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | <p>MONITORING REQUIREMENTS – <i>A facility may be required to monitor groundwater, surface water, gas, or other parameters. Requirements are specified in the permit or approved monitoring plan. By regulation, monitoring reports must be submitted to ADEC for groundwater and surface water. If reports are required for other types of monitoring, it will be specified in the permit. This information will help you determine if the operating record is complete.</i></p> <p>Check the types of monitoring that the facility is required to conduct, note the required sampling frequency, and check if reports must be submitted to DEC</p> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align:left;"><input checked="" type="checkbox"/> Type</th> <th style="text-align:left;">Frequency</th> <th style="text-align:left;">ADEC Report</th> <th style="text-align:left;"><input checked="" type="checkbox"/> Type</th> <th style="text-align:left;">Frequency</th> <th style="text-align:left;">ADEC Report</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> Groundwater</td> <td>_____</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Thermal</td> <td>_____</td> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/> Surface Water</td> <td>_____</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Slope Stability</td> <td>_____</td> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/> Gas</td> <td>_____</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Piezometer</td> <td>_____</td> <td><input type="checkbox"/></td> </tr> </tbody> </table> <p>Take a map showing the monitoring locations at the site to assist you in the field inspection.</p> | <input checked="" type="checkbox"/> Type | Frequency | ADEC Report | <input checked="" type="checkbox"/> Type | Frequency | ADEC Report | <input type="checkbox"/> Groundwater | _____ | <input type="checkbox"/> | <input type="checkbox"/> Thermal | _____ | <input type="checkbox"/> | <input type="checkbox"/> Surface Water | _____ | <input type="checkbox"/> | <input type="checkbox"/> Slope Stability | _____ | <input type="checkbox"/> | <input type="checkbox"/> Gas | _____ | <input type="checkbox"/> | <input type="checkbox"/> Piezometer | _____ | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Type | Frequency | ADEC Report | <input checked="" type="checkbox"/> Type | Frequency | ADEC Report | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Groundwater | _____ | <input type="checkbox"/> | <input type="checkbox"/> Thermal | _____ | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Surface Water | _____ | <input type="checkbox"/> | <input type="checkbox"/> Slope Stability | _____ | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Gas | _____ | <input type="checkbox"/> | <input type="checkbox"/> Piezometer | _____ | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | |

Monofill Inspection Checklist



Alaska Department of
Environmental Conservation

| | |
|---|---|
| # | Part One: ADEC Information Gathering |
| 7 | <p>WAIVERS – The landfill may obtain waivers for requirements related to development or operation.</p> <p>List any ADEC-approved waivers</p> <p><u>Design plans do not require engineer stamp on the condition that the site is surveyed annually</u></p> |
| 8 | <p>ADDITIONAL PERMIT REQUIREMENTS</p> <p>List any Specific Conditions in the permit that are not addressed in the inspection checklist in Part Nine of the form.</p> <p>Submit landfill survey documentation annually</p> |
| 9 | <p>FINANCIAL ASSURANCE – The landfill must demonstrate financial assurance to cover closure and post closure costs. 18 AAC 60.235, 18 AAC 60.265</p> <p>The landfill must submit this information with their permit application, and then make appropriate updates to their operating record. They are not required to submit the updates to DEC. Review the financial assurance requirements before the inspection.</p> <p>What mechanism is used to demonstrate financial assurance? <u>letter of credit exp. 2019</u></p> <p>What is the date of the last update in the ADEC file? <u>2016, expansion application</u></p> |

Part Two: ADEC Records Review

This section should be completed and scored in the office, prior to conducting the site visit.

| # | Part Two: ADEC Records Review | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 1 | <p>FEES – The landfill is required to pay annual and other fees to ADEC. 18 AAC 60.700</p> <p>Is the facility current on payment of all fees? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> | 5 | 5 |
| 2 | <p>WATER MONITORING REPORTS – A facility may be required to monitor groundwater and/or surface water. Groundwater and surface water reports MUST be submitted to ADEC. 18 AAC 60.810, 18 AAC 60.830,</p> <p>Is the current water monitoring plan available? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the facility submit the required monitoring reports to ADEC? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are monitoring reports complete and contain required analyses? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>No monitoring required</u></p> | | 20 |

**Monofill
Inspection Checklist**



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Part Three: Landfill Records

This section, and all remaining sections, should be completed at the landfill facility during the site visit.

| # | Part Three: Landfill Records | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 1 | PERMIT – A copy of the permit application and current permit must be kept in the operating record. 18 AAC 60.235 | 10 | 10 |
| | Is a copy of the current permit in the operating record? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is a copy of the permit application in the operating record? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>Paperwork available at the office</u> | | |
| 2 | OPERATIONS PLAN – The operations plan should be used as a guide for day to day operation of the landfill. A copy must be kept in the operating record. 18 AAC 60.210, 18 AAC 60.235 | 10 | 10 |
| | Does the operating record contain a copy of the operations plan? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is a copy of the latest operations plan available to landfill staff? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>Paperwork available at the office, including permit application</u> | | |
| 3 | WASTE QUANTITY TRACKING – The facility must maintain records of amount of waste received. 18 AAC 60.210 | 5 | 5 |
| | How is waste tracked? <input type="checkbox"/> Weight <input checked="" type="checkbox"/> Volume Do records appear to be accurate and complete? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Record or attach previous year's total(s): <u>Dates: 08/2016 - 07/2017</u> <u>Amount: 33,398 cy</u> Comments: <u>Submitted annually with survey</u> | | |
| 4 | TRAINING – Landfill staff must receive training to recognize regulated hazardous waste and PCB waste. Records of training must be kept in the operating record. 18 AAC 60.235, 18 AAC 60.240 | 5 | 5 |
| | Does the landfill record show that operators have received annual training to recognize regulated hazardous waste and PCB waste in the past year (Hazwoper, internal trainings, MOLO, etc.)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>Asbestos, HW, PCB</u> | | |
| 5 | RANDOM INSPECTION RECORDS – The landfill must perform random inspections of incoming waste loads to identify any regulated hazardous waste or PCB waste. Records of the inspections must be available for review. 18 AAC 60.235, 18 AAC 60.240 | 5 | 5 |
| | Do the landfill operators perform and record random waste inspections? <input type="checkbox"/> Yes <input type="checkbox"/> No How often are random waste inspections performed and recorded? _____ Comments: <u>Incoming waste inspected daily</u> | | |

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| # | Part Three: Landfill Records | POINTS | |
|----|---|--------|----------|
| | | Score | Possible |
| 6 | <p>ASBESTOS RECORDS – <i>The landfill must maintain (1) at least two years of asbestos shipment records that, for each load of RACM, includes contact information for the generator and transporter, the amount (cy), and the date of receipt, and (2) an up-to-date map or site plan showing the boundaries of the asbestos cell including depth and the total volume. 18 AAC 60.450</i></p> <p>Does the landfill maintain complete asbestos shipment records for the previous 2 years for each load of RACM received? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the operating record contain an adequate, up-to-date map of the asbestos cell? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the operating record contain up-to-date information about the depth and total volume of RACM in the asbestos cell? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Comments: Non-RACM only</i></p> | | 10 |
| 7 | <p>GAS MONITORING – <i>If explosive gas is monitored, it must be measured in all facility structures and at the property boundary, and records maintained. Reports may or may not have to be submitted to ADEC. 18 AAC 60.470, Permit</i></p> <p>Is landfill gas monitored in the appropriate locations, and recorded as required? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are reports submitted to ADEC or the landfill file appropriately? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Comments: No gas monitoring required</i></p> | | 10 |
| 8 | <p>VISUAL MONITORING – <i>Visual monitoring must be performed at least monthly and recorded on a form approved by ADEC. Records must be maintained for at least 5 years. 18 AAC 60.800</i></p> <p>Is visual monitoring performed monthly and recorded on the approved form? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the operating record contain all monthly visual monitoring reports for the last 5 years? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Comments: All required visual monitoring reports present at office</i></p> | 10 | 10 |
| 9 | <p>COST ESTIMATES – <i>The landfill must update closure and post closure cost estimates annually to adjust for inflation. Documentation must be kept in the operating record. 18 AAC 60.235, 18 AAC 60.265</i></p> <p>Does the operating record contain appropriate and up-to-date (i.e. annual) closure and post-closure cost estimates? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What is the date of the most recent update to closure costs? <u>2016</u></p> <p><i>Comments: Updated in expansion application</i></p> | 5 | 5 |
| 10 | <p>FINANCIAL ASSURANCE – <i>The landfill must demonstrate financial assurance to cover closure and post closure costs. Documentation must be updated as necessary and kept in the operating record. 18 AAC 60.235, 18 AAC 60.265</i></p> <p>What is the date of the most recent update to FA in the file? <u>2016</u></p> <p><i>Comments: Updated in expansion application, letter of credit valid through March 2019</i></p> | 5 | 5 |

**Monofill
Inspection Checklist**



| # | Part Three: Landfill Records | POINTS | | | | | | | | | | | | | | | | |
|-------------------------------------|---|----------------------------|-----------|------|-------------------------------------|-------------------------------------|-------------------------|-------------------------------------|-------------------------------------|----------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--|---|---|
| | | Score | Possible | | | | | | | | | | | | | | | |
| 11 | OTHER OPERATING RECORD ITEMS – The facility is required to maintain many other items in the operating record. 18 AAC 60.235, 18 AAC 60.305, 18 AAC 60.310, 18 AAC 60.810, 18 AAC 60.830 Check each of the required items in the operating record: <table border="1"> <thead> <tr> <th>Required</th> <th>In Record</th> <th>Item</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td>ADEC Inspection Reports</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td>As-built (Record) Drawings</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> </tr> </tbody> </table> Comments: _____ | Required | In Record | Item | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | ADEC Inspection Reports | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | As-built (Record) Drawings | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> | | 5 | 5 |
| Required | In Record | Item | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | ADEC Inspection Reports | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | As-built (Record) Drawings | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | |

| Part Four: Landfill Development and Access | | | |
|--|---|--------|----------|
| # | Part Four: Landfill Development and Access | POINTS | |
| | | Score | Possible |
| 1 | LANDFILL DEVELOPMENT – The facility is required to follow the approved landfill site plans and development plans. If minor changes are made, they should not be detrimental to regular operations. Any major changes must be approved by ADEC. 18 AAC 60.210, permit Is the facility following the site and development plans? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, are the changes made minor, and do they maintain the integrity of the operations? <input type="checkbox"/> Yes <input type="checkbox"/> No Comments: _____ | 20 | 20 |
| 2 | PROPERTY BOUNDARY – The landfill owner or operator shall ensure that a minimum setback of 50 feet is kept between the waste management area and the property line of the facility. A new landfill or lateral expansion may not be constructed within 500 feet of a drinking water well. 18 AAC 60.233, 18 AAC 60.040 Is the waste disposal area at least 50 feet from the property boundary? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Has development of the landfill or surrounding area maintained the proper separation zone of 500 feet between the property boundary and any drinking water well? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: _____ | 10 | 10 |
| 3 | ACCESS – Access to the landfill facility must be limited by the use of fencing, berms, or natural barriers to control public access to the site. This should prevent unauthorized traffic or dumping. 18 AAC 60.220 Is access to and within the facility limited? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is there any evidence of unauthorized access or dumping? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Comments: _____ | 10 | 10 |

Monofill Inspection Checklist



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| # | Part Four: Landfill Development and Access | POINTS | |
|---|--|--------|----------|
| | | Score | Possible |
| 4 | <p>SIGNAGE – A clearly legible sign must be posted at the entrance to the landfill. The sign must prohibit disposal of regulated hazardous waste and polychlorinated biphenyl (PCB) waste. Most permits also require signage that identifies the owner or operator, hours of operation, and emergency contacts. 18 AAC 60.240, permit</p> <p>Are signs prohibiting hazardous, PCB, and other required waste posted and clearly legible? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If additional signage is required, is it posted and clearly legible? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 5 | 5 |

Part Five: Landfill Operations

| # | Part Five: Landfill Operations | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 1 | <p>AUTHORIZED WASTE TYPES – The landfill is required to have a permit that authorizes all types of waste disposed at the site. 18 AAC 60.200</p> <p>Are all wastes apparent or reported to be accepted for disposal at the facility allowed under the permit? (See answers in Part One, Question 5) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: C&D and non-RACM only</p> | 20 | 20 |
| 2 | <p>COVER - Waste must be covered by 6 inches of soil or an approved alternative cover as needed to control disease vectors, fire, odor, blowing litter, and scavenging.</p> <p>Does the cover appear to be at least 6 inches thick and sufficient to reduce litter and animal attraction? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Have there been any been cover-related complaints (i.e. litter, smell, exposed waste, etc.)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, have the landfill operators modified their cover operations to address the complaints?</p> <p>Comments: Appropriate daily cover, no compaction on non-RACM</p> | 20 | 20 |
| 5 | <p>LITTER - Litter must be controlled so that it does not become a nuisance or hazard. 18 AAC 60.233</p> <p>Is the landfill maintained with minimal litter within the landfill boundary? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the landfill maintained so no litter is evident outside the landfill boundary? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What measures are used to control litter at the landfill?</p> <p><input type="checkbox"/> Fencing <input type="checkbox"/> Berms <input type="checkbox"/> Collection</p> <p><input checked="" type="checkbox"/> Other berms</p> <p>Comments: No litter observed</p> | 10 | 10 |

**Monofill
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| # | Part Five: Landfill Operations | POINTS | |
|----|---|--------|----------|
| | | Score | Possible |
| 6 | DUST, ODOR, NOISE, ETC. - Dust, odor, noise, traffic, and other effects from the landfill must not become a nuisance or hazard to the public health, safety, or welfare. 18 AAC 60.233 Are dust, odor, noise, traffic or other effects controlled so they do not cause a nuisance to neighboring homes or businesses? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>No dust/odor/noise/traffic complaints in the past year</u> | 5 | 5 |
| | DISEASE VECTORS AND ANIMALS - Disease vectors, including wildlife and domestic animals, must be controlled so that the public health, safety, or welfare are not endangered by the spread of disease or contact with animals, and that the animals are not harmed by contact with the waste or become a nuisance. 18 AAC 60.230 Do reports/observations confirm that bear, fox, or other animals (prints, scat, digging) are not in contact with waste? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is the site maintained such that no harm to wildlife has been reported, and no conditions exist that are likely to harm wildlife? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>No evidence of wildlife observed</u> | | |
| 9 | INACTIVE AREAS - Areas that have not received or will not receive waste for more than 90 days, but have not yet reached the final capacity or elevation, must receive an intermediate cover within 7 days of the last waste placement. The area must be covered with 12 inches of soil and graded to prevent ponding and erosion. 18 AAC 60.243 Have inactive areas been appropriately covered and graded? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: _____ | 10 | 10 |
| | STABILITY - The landfill should be graded and shaped to preserve the integrity of the landfill. 18 AAC 60.410 Do the landfill slopes appear to be maintained so they are stable? (look for cracks, sloughing of soil or waste or liner slippage) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Are the slopes maintained so no erosion is evident? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Are the slopes maintained according to the design parameters? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: _____ | | |
| 11 | MAINTENANCE AND REPAIR - The landfill must maintain structures and components of the facility, and repair any structural changes or damage to the facility, including the liner, leachate system, buildings, other on-site structures, fence, and other components. 18 AAC 60.815 Is the facility maintained with no signs of damage to any component? (excluding monitoring devices - see Part 8) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: _____ | 10 | 10 |
| | LINER MAINTENANCE - The landfill must maintain structures and components of the facility, and repair any structural changes or damage to the facility, including the liner, leachate system, buildings, other on-site structures, fence, and other components. 18 AAC 60.815 Lined Facility - Is the liner properly maintained with no signs of tears, leachate escaping, or other damage? <input type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>Facility does not require a liner</u> | | |

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| # | Part Five: Landfill Operations INERT/C&D/ASBESTOS MONOFILL | POINTS | |
|---|--|--------|----------|
| | | Score | Possible |
| 3 | <p>BURNING – Burning areas, if allowed, must be contained and controlled and only burn brush overburden and clean untreated wood</p> <p>Is the landfill approved to burn brush, overburden, or clean wood? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Is burning limited to the approved materials? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>No burning permitted</u></p> | | 10 |
| 4 | <p>LANDFILL FIRES – Landfill fires have been occurring with increasing frequency in C&D landfills, and can be identified by smoke, or evidence of unusual heat at the surface. The owner or operator of an inert waste monofill who accepts combustible inert waste shall maintain fire control equipment and make it available to extinguish any fires that start. 18 AAC 60.460(d)</p> <p>Does the landfill have appropriate fire suppression equipment onsite (large extinguishers, water source, fine grain cover material)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Has the landfill operated without evidence of a fire since the previous inspection? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If a fire was identified, did the landfill respond appropriately to extinguish the fire? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 10 | 10 |
| 7 | <p>SALVAGING – Public salvaging, if allowed, must be limited to an area that does not hinder facility operation, create a safety hazard, or cause pollution. 18 AAC 60.220</p> <p>Is public salvaging restricted to a controlled area away from the working face? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the salvage area well managed with respect to safety and pollution control? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>Salvaging is not permitted</u></p> | | 5 |

Monofill
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Part Six: Special Waste

| # | Part Six: Special Waste INERT/C&D/ASBESTOS MONOFILL | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 1 | <p>RACM - If the facility accepts RACM, it must be disposed in a separate cell with restricted access and no visible emissions. RACM loads must be inspected to ensure that RACM is sealed in leak-proof containers, and deposited in the asbestos cell without damaging the containers. RACM must be covered by the end of the day with 6 inches of soil. 40 CFR 61.154, 18 AAC 60.450</p> <p>How is RACM identified when delivered to the landfill? _____</p> <p>How does the landfill ensure that other C&D loads do not contain RACM? (signed statement, building surveys, etc.) _____</p> <p>Is RACM disposed in a separate cell? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the waste managed so no exposed or broken bags are evident? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the waste managed so no visible emissions (dust) from the waste are evident? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is RACM waste covered at the end of each day? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the waste managed without compacting the material? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is public access to the cell clearly prevented? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>No RACM permitted or accepted</u></p> | | 20 |
| 2 | <p>NON-RACM HANDLING - Non-RACM waste must be handled so that it does not become friable. It must be covered within 24 hours using procedures that prevent the release of asbestos fibers. 18 AAC 60.450</p> <p>How is non-RACM identified when delivered to the landfill? <u>Manifest, visual inspection, disposed of in eastern area of landfill at separate face</u></p> <p>How does the landfill ensure that other C&D loads do not contain non-RACM? (signed statement, building surveys, etc.) <u>Inspection, building surveys, asbestos manifest, waste shipment records</u></p> <p>Where is non-RACM disposed? <input type="checkbox"/> RACM Cell <input type="checkbox"/> C&D Cell <input checked="" type="checkbox"/> Other _____</p> <p>How is non-RACM handled so that it does not become friable? <u>Cover prior to compaction</u></p> <p>Is non-RACM covered (but not compacted prior to cover) within 24 hours of placement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 10 | 10 |

**Monofill
Inspection Checklist**



| # | Part Six: Special Waste INERT/C&D/ASBESTOS MONOFILL | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 3 | VEHICLES - Vehicles may not be disposed at the landfill unless all fluids and batteries have been removed. If undrained vehicles, or the fluids and batteries removed from them, are stored at the landfill for later disposal or recycling, they must be managed to prevent release of fluids. 18 AAC 60.035, 18 AAC 60.010 | | 10 |
| | Are vehicles disposed at the landfill? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Are all fluids and batteries removed prior to disposal? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | How is this confirmed? _____ | | |
| | If vehicles are stored at the landfill, how do they ensure no fluids are released? _____ | | |
| | Are vehicles stored and/or disposed in a stable manner that does not create a safety hazard? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| Are the vehicles or heavy equipment stored/disposed so they do not create a visual nuisance? <input type="checkbox"/> Yes <input type="checkbox"/> No | | | |
| <i>Comments:</i> No vehicles accepted | | | |
| 4 | REMOVAL OF REFRIGERANTS - The landfill must ensure that refrigerants from vehicles and appliances (refrigerators, freezers, air conditioners) and not vented to the environment. All refrigerant must be removed by a certified removal technician. 40 CFR 82 | | 10 |
| | How does the landfill ensure that refrigerants are removed from vehicles or appliances prior to disposal or recycling? _____ | | |
| | If refrigerants are removed at the landfill, is the removal technician certified? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| <i>Comments:</i> Vehicles and appliances not accepted | | | |
| # | Part Six: Special Waste DRILLING WASTE MONOFILL | POINTS | |
| | | Score | Possible |
| 3 | LIQUID WASTE - Except for a Drilling Waste Facility, liquid waste may not be disposed at the landfill. 18 AAC 60.420 | | 10 |
| | What procedure are used to keep prohibited liquids out of the landfill? _____ | | |
| | Do observations confirm no liquids are disposed in the landfill? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| <i>Comments:</i> _____ | | | |
| # | Part Six: Special Waste SEWAGE SOLIDS MONOFILL | POINTS | |
| | | Score | Possible |
| 1 | SEWAGE SOLIDS QUALITY - Waste placed in a sewage solids monofill must be dewatered and contain at least 10 percent solids by weight and may not be a regulated hazardous waste or PCB waste (50 ppm) 18 AAC 60.470(b), 18 AAC 60.240(b)(1) | | 10 |
| | Do record indicate disposed sewage solids are greater than 10% solids? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Do records show that waste is tested for PCBs and toxicity (TCLP)? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| <i>Comments:</i> _____ | | | |

**Monofill
Inspection Checklist**



| # | Part Six: Special Waste SEWAGE SOLIDS MONOFILL | POINTS | |
|---|--|--------|----------|
| | | Score | Possible |
| 2 | <p>UNLINED MONOFILL – Waste placed in a unlined sewage solids monofill must be tested for Arsenic, Chromium, and Nickel (total) and contain concentrations below the required standard. 18 AAC 60.470(c)</p> <p>Do records indicate that sewage solids are tested at the appropriate intervals (Table G or Permit)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If any exceedances were noted, how were the sewage solids managed?</p> <p>Comments: _____</p> | | 10 |
| 3 | <p>EXPLOSIVE GASES – If a sewage solids monofill contains more than 2,500 cubic yards of solid waste, the owner must establish a continuous explosive gas monitoring program in any building closer than 500 feet from the disposal area. AAC 60.470(j)(3)</p> <p>Does the facility contain more than 2,500 cubic yards of solid waste? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, and a building is within 500 feet of the monofill, are continuous explosive gas monitors installed and operational? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | | 10 |
| 4 | <p>COVER REQUIREMENTS – When sewage solids are placed in a monofill they must be covered at the end of each operating day or must meet other Class A or Class B pathogen reduction requirements and vector attraction reduction requirements. AAC 60.470(l)</p> <p>Are sewage solids covered at the end of each day? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If not, which pathogen reduction method [40 CFR 503.32] and vector attraction reduction method [(40 CFR 503.33 (b)(1)-b(10))] are being applied?</p> <p>Pathogen reduction: _____</p> <p>Vector Attraction reduction: _____</p> <p>Is required testing properly performed (methods, interval, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | | 20 |
| # | Part Six: Special Waste WOODWASTE MONOFILL | POINTS | |
| | | Score | Possible |
| 1 | <p>WASTE SIZE/CHARACTER - A wood scrap larger than five cubic feet may not be placed in a wood waste monofill. A wood scrap larger than one cubic foot may not be placed in a wood waste monofill unless the volume of wood scraps is less than five percent of the volume of the fill. Butt ends and stumps may not be placed in a wood waste monofill. 18 AAC 60.480(b)</p> <p>Do observation confirm the wood waste meets size/character criteria? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | | 5 |
| 2 | <p>COMBUSTION - If combustion is discovered, the owner or operator shall attempt to extinguish the combustion within 30 days. If the combustion cannot be extinguished within 90 days, the wood waste monofill must be excavated, the combustion must be extinguished, and the monofill must be managed in a manner that prevents combustion. If there is credible evidence indicating that combustion is taking place within a wood waste monofill...the site shall conduct thermal monitoring. 18 AAC 60.480(d)</p> <p>Has the landfill operated with no evidence of combustion? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If no, waste the combustion extinguished within 90 days? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If no, has a thermal monitoring program been established? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | | 10 |

**Monofill
Inspection Checklist**



Alaska Department of
Environmental Conservation

| # | Part Six: Special Waste ALL | POINTS | |
|----|--|--------|----------|
| | | Score | Possible |
| 31 | LIQUID WASTE - Except for a Drilling Waste Facility, liquid waste may not be disposed at the landfill. 18 AAC 60.420 What procedure are used to keep prohibited liquids out of the landfill? <u>Each load is inspected</u> Do observation confirm that no liquids are disposed in the landfill? <input type="checkbox"/> Yes <input type="checkbox"/> No Comments: _____ | 10 | 10 |
| 5 | WASTE STORAGE - If the landfill collects and stores used oil, batteries, household hazardous waste, or other materials, they must be stored and managed to prevent release of fluids. 18 AAC 60.010(a) What materials are collected and stored at the landfill site? <input type="checkbox"/> Used Oil <input type="checkbox"/> Paint <input type="checkbox"/> Batteries <input type="checkbox"/> Other _____ Are materials stored and managed in a manner that prevents the release of fluids, keeping the storage area free of leaks and drips? <input type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>None of these are accepted</u> | | 10 |

Part Seven: Surface Water Controls & Impacts

| # | Part Seven: Surface Water Controls/Impacts | POINTS | |
|---|--|--------|----------|
| | | Score | Possible |
| 1 | RUN-ON/RUN-OFF - The landfill must have a control system to prevent run-on water from flowing in to the active cell. Run-off must also be controlled so that it does not impact nearby surface waters. 18 AAC 60.225, 18 AAC 60.815 Does the control system prevent run-on from flowing into the active cell? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Does the control system prevent run-off from the landfill from impacting nearby lands or waters? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Are pipes, culverts, ditches, swales, berms, dikes, straw bales, erosion control matting, riprap, and other stormwater structures well maintained? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>Berms control run-on/run-off</u> | 10 | 10 |
| 2 | SURFACE WATER AND PONDING - Waste may not be placed in surface water, including ponded rainwater. Landfill surfaces should be graded to prevent ponding, and all ponded water must be removed within 30 days. 18 AAC 60.225 Is waste managed so that no waste is in contact with surface water, including temporary ponding? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Has all ponded water been removed, as required, since the last significant rainfall? <input type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>No ponding was observed</u> | 10 | 10 |

**Monofill
Inspection Checklist**



**Alaska Department of
Environmental Conservation**

| # | Part Seven: Surface Water Controls/Impacts | POINTS | |
|---|--|--------|----------|
| | | Score | Possible |
| 3 | LEACHATE CONTROLS - <i>Leachate seeps must be prevented, or contained and controlled at the boundary of the waste management area. 18 AAC 60.225</i> | | 10 |
| | Is the site maintained with no visible evidence of leachate? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | If leachate is visible, is it contained within the landfill cell? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | What measures have been taken to contain and control any seeps? _____ | | |
| | Comments: <u>Not applicable</u> | | |
| 4 | LEACHATE COLLECTION SYSTEMS - <i>Leachate collection systems (LCS) must be designed and constructed to maintain less than a 12-inch head of leachate on the liner. 18 AAC 60.330(b)(2)</i> | | 10 |
| | If leachate head is measured, do records indicate that the LCS maintains less than a 12-inch head of leachate on the liner? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Do LCS systems and equipment appear in good condition and well maintained? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Comments: <u>Not applicable</u> | | |
| 5 | LEACHATE TREATMENT/DISPOSAL - <i>Leachate treatment and disposal methods should ensure no leachate causes a water quality violation of 18 AAC 70. 18 AAC 60.225</i> | | 10 |
| | How is leachate treated and/or disposed? _____ | | |
| | Do leachate treatment/disposal methods ensure no untreated leachate is released to the water or land? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Do leachate treatment methods comply with ADEC-approved leachate management plans? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Comments: <u>Not applicable</u> | | |
| 6 | PERMAFROST - <i>If the landfill is located on permafrost, it must be designed and operated so that the permafrost remains frozen. If the landfill settles and water is pooling, the operator must take corrective action. 18 AAC 60.227</i> | | 10 |
| | Is the site maintained with no indication of thawing permafrost evident? (pooled water, settlement, etc.) <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Comments: <u>No permafrost at this location</u> | | |
| 7 | WETLANDS - <i>If the landfill is located in or near a wetland, it may not cause or contribute to significant degradation of the wetlands. 18 AAC 60.470</i> | 10 | 10 |
| | Do the surrounding wetlands appear healthy, with no evidence of stress to plants, discolored water, or other evidence of wetland degradation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Comments: <u>All surrounding vegetation appeared healthy and free of discoloration</u> | | |



Part Eight: Monitoring Locations & Structures

| # | Part Eight: Monitoring Locations & Structures | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 1 | <p>WATER MONITORING LOCATIONS – <i>Monitoring must be conducted at approved locations. Surface water monitoring sites must be properly maintained. Groundwater monitoring wells must be properly maintained. 18 AAC 60.810, 18 AAC 60.825, permit</i></p> <p>Are water monitoring locations clearly identified and marked? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are water monitoring sites/wells located according to the approved plan? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are water monitoring wells in good condition and locked? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Comments: No water monitoring required</i></p> | | 10 |
| 2 | <p>THERMISTOR MONITORING - <i>If thermal monitoring is required it must be conducted at approved locations and in accordance with the thermal monitoring plan . 18 AAC 60.227, 18 AAC 60.228, 18 AAC 60.815,</i></p> <p>Are thermistors in good condition and locked? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are thermistors located according to the approved plan? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are thermistors monitored according to permit requirements? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Comments: No thermistor monitoring required</i></p> | | 10 |
| 3 | <p>GAS MONITORING LOCATIONS –<i>Where explosive gas monitoring is required it must meet regulatory and</i></p> <p>If gas monitoring structures are installed are they functional and well maintained? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are onsite buildings and structures adequately monitored for methane gas? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Comments: No gas monitoring required</i></p> | | 10 |

Part Nine: Additional Permit Requirements

ADDITIONAL PERMIT REQUIREMENTS- *Address any additional permit requirements, listed in Part One, Question 8, which are not already included in the inspection form. Each requirement should be valued at 5, 10, or 20 points relative the potential health or environmental impact of non-compliance. Please add a row below, including possible points assigned, for each additional requirement.*

| # | Part Nine: Additional Permit Requirements | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 1 | Submit an annual site survey | 5 | 5 |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |



THE STATE
of ALASKA
GOVERNOR BILL WALKER

Department of Environmental
Conservation

DIVISION OF ENVIRONMENTAL HEALTH
Solid Waste Program

555 Cordova Street
Anchorage, AK 99501
Phone: 907.269.7590
Fax: 907.269.7600
www.dec.alaska.gov

Certified Mail #7014 2120 0003 7941 1185
Return Receipt Requested

November 22, 2016

Mr. Justin Green
Alaska Demolition
2817 Rampart Drive
Anchorage, Alaska 99501

Subject: 2016 Alaska Demolition Inert Waste Monofill Inspection Report

Dear Mr. Green:

On September 29, 2016, I conducted an inspection of the Alaska Demolition (AK Demo) Inert Waste Monofill on behalf of the Alaska Department of Environmental Conservation (ADEC). The monofill is located on Rebarchek Road, immediately southeast of the Alaska State Fairgrounds in Palmer. It is operated under Solid Waste permit #SWZA004-19, which expires April 29, 2019. The facility has been operating since 2004 and is authorized to accept and dispose of construction and demolition (C&D) debris, exempt waste, and non-regulated asbestos containing material (non-RACM).

The facility has not had any compliance issues or complaints recorded since the last inspection and there were no outstanding problems from previous inspections. The site looked tidy and well maintained during my inspection. In the past, particularly following heavy rain, ponding water has been present, but during this year's inspection the site was dry. I identified no litter or putrescible waste, nor any prohibited wastes. Several loads had already been received that morning prior to my inspection, and each was inspected by the operator prior to disposal. Waste is covered the day it is deposited, and cover seemed to be sufficient while I was on site.

Hardcopies of all paperwork were kept at the office on site, including the permit, the permit application, and all visual inspection reports dating back more than five years. A copy of the annual site survey and the waste totals for the past year were received on time prior to the inspection.

The inspection form that was previously used has been updated and modified since last year's inspection. On this form, the monofill scored 270 out of 270 points, for a total of 100%, which is an improvement over last year's score of 99.6%. A copy of the completed form has been included for your review.

Thank you for accommodating my schedule for this inspection. Please feel free to contact me at (907) 269-7590 or by email at reese.thieme@alaska.gov with any comments or questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Reese Thieme".

Reese Thieme
Industrial Waste Specialist

Monofill
Inspection Checklist



Alaska Department of
Environmental Conservation
Solid Waste Program

Landfill: Palmer Inert Waste Monofill
Date of Inspection: 9/29/2016
ADEC Inspector: Reese Thieme
Participants: _____

Weather Conditions:

Past Month Rainfall:
2.08 Inches

SCORING

Total Awarded Points: 270
Total Possible Points: 270
Final Score: 100%

ADEC Signature: 
Printed Name: Reese Thieme
Title: Industrial Waste Specialist



Part One: ADEC Information Gathering

This section should be filled out completely, prior to the site visit. This section is not scored, but the information will be used during the site visit to determine compliance with requirements.

| # | Part One: ADEC Information Gathering | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|--|------------------------------|--|--|---------------------------------------|--|-------|--------------------------|----------------------------------|-------|--------------------------|--|-------|--------------------------|--|-------|--------------------------|------------------------------|-------|--------------------------|-------------------------------------|-------|--------------------------|
| 1 | <p>PERMIT AND OPERATING PLAN – Review permit and operating plan to familiarize yourself with the requirements and approved operations for this landfill.</p> <p>Does the facility have a current ADEC permit? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Permit Number <u>SWZA004-19</u></p> <p>Expiration Date <u>4/29/2019</u></p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | <p>SITE/DEVELOPMENT PLANS – Review site plans and development plans to familiarize yourself with the approved layout of the landfill and the conditions at the site.</p> <p>Check if the landfill is located in or near wetlands, on permafrost, in a 100-year floodplain, within 5,000 feet of any airport, within 10,000 feet of an airport used by jet aircraft, and/or are there any drinking water wells within 500 feet of the landfill property boundary.</p> <p>If the site has an RD&D Permit, review the RD&D permit.</p> <p>Review current/up-to-date site map</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | <p>PREVIOUS INSPECTIONS – Review previous inspection forms.</p> <p>List any issues that may still be outstanding that should be investigated.</p> <p style="text-align:center;"><u>No outstanding issues</u></p> <p>_____</p> <p>_____</p> <p>_____</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | <p>COMPLAINTS – If ADEC has received any complaints regarding the facility, list and describe them below:</p> <p style="text-align:center;"><u>No complaints since previous inspection</u></p> <p>_____</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | <p>AUTHORIZED WASTE TYPES – <i>The landfill is required to have a permit that authorizes all types of waste disposed at the site.</i></p> <p>Check the types of waste that the facility is authorized to dispose:</p> <table style="width:100%;"> <tr> <td><input checked="" type="checkbox"/> Inert</td> <td><input type="checkbox"/> Sewage Solids</td> </tr> <tr> <td><input type="checkbox"/> C&D</td> <td><input type="checkbox"/> Woodwaste</td> </tr> <tr> <td><input type="checkbox"/> Regulated Asbestos-Containing Material (RACM)</td> <td><input type="checkbox"/> Other: _____</td> </tr> <tr> <td><input checked="" type="checkbox"/> non-RACM</td> <td>_____</td> </tr> </table> | <input checked="" type="checkbox"/> Inert | <input type="checkbox"/> Sewage Solids | <input type="checkbox"/> C&D | <input type="checkbox"/> Woodwaste | <input type="checkbox"/> Regulated Asbestos-Containing Material (RACM) | <input type="checkbox"/> Other: _____ | <input checked="" type="checkbox"/> non-RACM | _____ | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> Inert | <input type="checkbox"/> Sewage Solids | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> C&D | <input type="checkbox"/> Woodwaste | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Regulated Asbestos-Containing Material (RACM) | <input type="checkbox"/> Other: _____ | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> non-RACM | _____ | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | <p>MONITORING REQUIREMENTS – <i>A facility may be required to monitor groundwater, surface water, gas, or other parameters. Requirements are specified in the permit or approved monitoring plan. By regulation, monitoring reports must be submitted to ADEC for groundwater and surface water. If reports are required for other types of monitoring, it will be specified in the permit. This information will help you determine if the operating record is complete.</i></p> <p>Check the types of monitoring that the facility is required to conduct, note the required sampling frequency, and check if reports must be submitted to DEC</p> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align:left;"><input checked="" type="checkbox"/> Type</th> <th style="text-align:left;">Frequency</th> <th style="text-align:left;">ADEC Report</th> <th style="text-align:left;"><input checked="" type="checkbox"/> Type</th> <th style="text-align:left;">Frequency</th> <th style="text-align:left;">ADEC Report</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> Groundwater</td> <td>_____</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Thermal</td> <td>_____</td> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/> Surface Water</td> <td>_____</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Slope Stability</td> <td>_____</td> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/> Gas</td> <td>_____</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/> Piezometer</td> <td>_____</td> <td><input type="checkbox"/></td> </tr> </tbody> </table> <p style="text-align:center;">Take a map showing the monitoring locations at the site to assist you in the field inspection.</p> | <input checked="" type="checkbox"/> Type | Frequency | ADEC Report | <input checked="" type="checkbox"/> Type | Frequency | ADEC Report | <input type="checkbox"/> Groundwater | _____ | <input type="checkbox"/> | <input type="checkbox"/> Thermal | _____ | <input type="checkbox"/> | <input type="checkbox"/> Surface Water | _____ | <input type="checkbox"/> | <input type="checkbox"/> Slope Stability | _____ | <input type="checkbox"/> | <input type="checkbox"/> Gas | _____ | <input type="checkbox"/> | <input type="checkbox"/> Piezometer | _____ | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Type | Frequency | ADEC Report | <input checked="" type="checkbox"/> Type | Frequency | ADEC Report | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Groundwater | _____ | <input type="checkbox"/> | <input type="checkbox"/> Thermal | _____ | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Surface Water | _____ | <input type="checkbox"/> | <input type="checkbox"/> Slope Stability | _____ | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Gas | _____ | <input type="checkbox"/> | <input type="checkbox"/> Piezometer | _____ | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | |

Monofill
Inspection Checklist



Alaska Department of
Environmental Conservation
Solid Waste Program

| | |
|---|--|
| # | Part One: ADEC Information Gathering |
| 7 | <p>WAIVERS – <i>The landfill may obtain waivers for requirements related to development or operation.</i></p> <p>List any ADEC-approved waivers</p> <p><u>Design plans do not require engineer stamp on the condition that the site is surveyed annually</u></p> |
| 8 | <p>ADDITIONAL PERMIT REQUIREMENTS</p> <p>List any Specific Conditions in the permit that are not addressed in the inspection checklist in Part Nine of the form.</p> <p>Submit landfill survey documentation annually</p> |
| 9 | <p>FINANCIAL ASSURANCE – <i>The landfill must demonstrate financial assurance to cover closure and post closure costs.</i> 18 AAC 60.235, 18 AAC 60.265</p> <p>The landfill must submit this information with their permit application, and then make appropriate updates to their operating record. They are not required to submit the updates to DEC. Review the financial assurance requirements before the inspection.</p> <p>What mechanism is used to demonstrate financial assurance? <u>letter of credit</u></p> <p>What is the date of the last update in the ADEC file? <u>2016, expansion application</u></p> |

| Part Two: ADEC Records Review | | | |
|--|--|--------|----------|
| This section should be completed and scored in the office, prior to conducting the site visit. | | | |
| # | Part Two: ADEC Records Review | POINTS | |
| | | Score | Possible |
| 1 | <p>FEES – <i>The landfill is required to pay annual and other fees to ADEC.</i> 18 AAC 60.700</p> <p>Is the facility current on payment of all fees? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> | 5 | 5 |
| 2 | <p>WATER MONITORING REPORTS – <i>A facility may be required to monitor groundwater and/or surface water. Groundwater and surface water reports MUST be submitted to ADEC.</i> 18 AAC 60.810, 18 AAC 60.830,</p> <p>Is the current water monitoring plan available? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the facility submit the required monitoring reports to ADEC? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are monitoring reports complete and contain required analyses? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>No monitoring required</u></p> | | 20 |



Part Three: Landfill Records

This section, and all remaining sections, should be completed at the landfill facility during the site visit.

| # | Part Three: Landfill Records | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 1 | PERMIT – A copy of the permit application and current permit must be kept in the operating record. 18 AAC 60.235 | 10 | 10 |
| | Is a copy of the current permit in the operating record? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is a copy of the permit application in the operating record? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: _____ | | |
| 2 | OPERATIONS PLAN – The operations plan should be used as a guide for day to day operation of the landfill. A copy must be kept in the operating record. 18 AAC 60.210, 18 AAC 60.235 | 10 | 10 |
| | Does the operating record contain a copy of the operations plan? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is a copy of the latest operations plan available to landfill staff? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: _____ | | |
| 3 | WASTE QUANTITY TRACKING – The facility must maintain records of amount of waste received. 18 AAC 60.210 | 5 | 5 |
| | How is waste tracked? <input type="checkbox"/> Weight <input checked="" type="checkbox"/> Volume Do records appear to be accurate and complete? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Record or attach previous year's total(s): _____ Dates: 10/2015 - 7/2016 Amount: 62,913 cy Comments: Submitted annually with survey | | |
| 4 | TRAINING – Landfill staff must receive training to recognize regulated hazardous waste and PCB waste. Records of training must be kept in the operating record. 18 AAC 60.235, 18 AAC 60.240 | 5 | 5 |
| | Does the landfill record show that operators have received annual training to recognize regulated hazardous waste and PCB waste in the past year (Hazwoper, internal trainings, MOLO, etc.)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: Asbestos, HW, PCB | | |
| 5 | RANDOM INSPECTION RECORDS – The landfill must perform random inspections of incoming waste loads to identify any regulated hazardous waste or PCB waste. Records of the inspections must be available for review. 18 AAC 60.235, 18 AAC 60.240 | 5 | 5 |
| | Do the landfill operators perform and record random waste inspections? <input type="checkbox"/> Yes <input type="checkbox"/> No How often are random waste inspections performed and recorded? _____ Comments: Incoming waste inspected daily | | |

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| # | Part Three: Landfill Records | POINTS | |
|----|---|--------|----------|
| | | Score | Possible |
| 6 | ASBESTOS RECORDS – The landfill must maintain (1) at least two years of asbestos shipment records that, for each load of RACM, includes contact information for the generator and transporter, the amount (cy), and the date of receipt, and (2) an up-to-date map or site plan showing the boundaries of the asbestos cell including depth and the total volume. 18 AAC 60.450 | | 10 |
| | Does the landfill maintain complete asbestos shipment records for the previous 2 years for each load of RACM received? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Does the operating record contain an adequate, up-to-date map of the asbestos cell? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Does the operating record contain up-to-date information about the depth and total volume of RACM in the asbestos cell? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Comments: Non-RACM only</i> | | |
| 7 | GAS MONITORING – If explosive gas is monitored, it must be measured in all facility structures and at the property boundary, and records maintained. Reports may or may not have to be submitted to ADEC. 18 AAC 60.470, Permit | | 10 |
| | Is landfill gas monitored in the appropriate locations, and recorded as required? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Are reports submitted to ADEC or the landfill file appropriately? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Comments: No gas monitoring required</i> | | |
| 8 | VISUAL MONITORING – Visual monitoring must be performed at least monthly and recorded on a form approved by ADEC. Records must be maintained for at least 5 years. 18 AAC 60.800 | 10 | 10 |
| | Is visual monitoring performed monthly and recorded on the approved form? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | |
| | Does the operating record contain all monthly visual monitoring reports for the last 5 years? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>Comments:</i> | | |
| 9 | COST ESTIMATES – The landfill must update closure and post closure cost estimates annually to adjust for inflation. Documentation must be kept in the operating record. 18 AAC 60.235, 18 AAC 60.265 | 5 | 5 |
| | Does the operating record contain appropriate and up-to-date (i.e. annual) closure and post-closure cost estimates? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No What is the date of the most recent update to closure costs? <u>2016</u> <i>Comments: Updated in expansion application; still need borough approval letter for gravel use on site in case of site closure</i> | | |
| 10 | FINANCIAL ASSURANCE – The landfill must demonstrate financial assurance to cover closure and post closure costs. Documentation must be updated as necessary and kept in the operating record. 18 AAC 60.235, 18 AAC 60.265 | 5 | 5 |
| | What is the date of the most recent update to FA in the file? <u>2016</u> <i>Comments: Updated in expansion application</i> | | |



| # | Part Three: Landfill Records | POINTS | | | | | | | | | | | | | | | | |
|-------------------------------------|--|----------------------------|-----------|------|-------------------------------------|-------------------------------------|-------------------------|-------------------------------------|-------------------------------------|----------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--|---|---|
| | | Score | Possible | | | | | | | | | | | | | | | |
| 11 | <p>OTHER OPERATING RECORD ITEMS – The facility is required to maintain many other items in the operating record. 18 AAC 60.235, 18 AAC 60.305, 18 AAC 60.310, 18 AAC 60.810, 18 AAC 60.830</p> <p>Check each of the required items in the operating record:</p> <table border="1"> <thead> <tr> <th>Required</th> <th>In Record</th> <th>Item</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td>ADEC Inspection Reports</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td>As-built (Record) Drawings</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> </tr> </tbody> </table> <p>Comments: _____</p> | Required | In Record | Item | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | ADEC Inspection Reports | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | As-built (Record) Drawings | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> | | 5 | 5 |
| Required | In Record | Item | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | ADEC Inspection Reports | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | As-built (Record) Drawings | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | |

| # | Part Four: Landfill Development and Access | POINTS | |
|---|--|--------|----------|
| | | Score | Possible |
| 1 | <p>LANDFILL DEVELOPMENT – The facility is required to follow the approved landfill site plans and development plans. If minor changes are made, they should not be detrimental to regular operations. Any major changes must be approved by ADEC. 18 AAC 60.210, permit</p> <p>Is the facility following the site and development plans? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If no, are the changes made minor, and do they maintain the integrity of the operations? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 20 | 20 |
| 2 | <p>PROPERTY BOUNDARY – The landfill owner or operator shall ensure that a minimum setback of 50 feet is kept between the waste management area and the property line of the facility. A new landfill or lateral expansion may not be constructed within 500 feet of a drinking water well. 18 AAC 60.233, 18 AAC 60.040</p> <p>Is the waste disposal area at least 50 feet from the property boundary? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Has development of the landfill or surrounding area maintained the proper separation zone of 500 feet between the property boundary and any drinking water well? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 10 | 10 |
| 3 | <p>ACCESS – Access to the landfill facility must be limited by the use of fencing, berms, or natural barriers to control public access to the site. This should prevent unauthorized traffic or dumping. 18 AAC 60.220</p> <p>Is access to and within the facility limited? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is there any evidence of unauthorized access or dumping? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Comments: _____</p> | 10 | 10 |

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| # | Part Four: Landfill Development and Access | POINTS | |
|---|--|--------|----------|
| | | Score | Possible |
| 4 | <p>SIGNAGE – A clearly legible sign must be posted at the entrance to the landfill. The sign must prohibit disposal of regulated hazardous waste and polychlorinated biphenyl (PCB) waste. Most permits also require signage that identifies the owner or operator, hours of operation, and emergency contacts. 18 AAC 60.240, permit</p> <p>Are signs prohibiting hazardous, PCB, and other required waste posted and clearly legible? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If additional signage is required, is it posted and clearly legible? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 5 | 5 |

| Part Five: Landfill Operations | | | |
|--------------------------------|---|--------|----------|
| # | Part Five: Landfill Operations | POINTS | |
| | | Score | Possible |
| 1 | <p>AUTHORIZED WASTE TYPES – The landfill is required to have a permit that authorizes all types of waste disposed at the site. 18 AAC 60.200</p> <p>Are all wastes apparent or reported to be accepted for disposal at the facility allowed under the permit? (See answers in Part One, Question 5) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: C&D and non-RACM only</p> | 20 | 20 |
| 2 | <p>COVER - Waste must be covered by 6 inches of soil or an approved alternative cover as needed to control disease vectors, fire, odor, blowing litter, and scavenging.</p> <p>Does the cover appear to be at least 6 inches thick and sufficient to reduce litter and animal attraction? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Have there been any been cover-related complaints (i.e. litter, smell, exposed waste, etc.)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, have the landfill operators modified their cover operations to address the complaints?</p> <p>Comments: Appropriate daily cover, no compaction on non-RACM</p> | 20 | 20 |
| 5 | <p>LITTER - Litter must be controlled so that it does not become a nuisance or hazard. 18 AAC 60.233</p> <p>Is the landfill maintained with minimal litter within the landfill boundary? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the landfill maintained so no litter is evident outside the landfill boundary? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What measures are used to control litter at the landfill?</p> <p><input type="checkbox"/> Fencing <input type="checkbox"/> Berms <input type="checkbox"/> Collection</p> <p><input checked="" type="checkbox"/> Other berms _____</p> <p>Comments: No litter observed</p> | 10 | 10 |

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| # | Part Five: Landfill Operations | POINTS | |
|----|--|--------|----------|
| | | Score | Possible |
| 6 | <p>DUST, ODOR, NOISE, ETC. - Dust, odor, noise, traffic, and other effects from the landfill must not become a nuisance or hazard to the public health, safety, or welfare. 18 AAC 60.233</p> <p>Are dust, odor, noise, traffic or other effects controlled so they do not cause a nuisance to neighboring homes or businesses? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>No complaints in the past year</u></p> | 5 | 5 |
| 8 | <p>DISEASE VECTORS AND ANIMALS – Disease vectors, including wildlife and domestic animals, must be controlled so that the public health, safety, or welfare are not endangered by the spread of disease or contact with animals, and that the animals are not harmed by contact with the waste or become a nuisance. 18 AAC 60.230</p> <p>Do reports/observations confirm that bear, fox, or other animals (prints, scat, digging) are not in contact with waste? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the site maintained such that no harm to wildlife has been reported, and no conditions exist that are likely to harm wildlife? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 10 | 10 |
| 9 | <p>INACTIVE AREAS – Areas that have not received or will not receive waste for more than 90 days, but have not yet reached the final capacity or elevation, must receive an intermediate cover within 7 days of the last waste placement. The area must be covered with 12 inches of soil and graded to prevent ponding and erosion. 18 AAC 60.243</p> <p>Have inactive areas been appropriately covered and graded? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 10 | 10 |
| 10 | <p>STABILITY – The landfill should be graded and shaped to preserve the integrity of the landfill. 18 AAC 60.410</p> <p>Do the landfill slopes appear to be maintained so they are stable? (look for cracks, sloughing of soil or waste or liner slippage) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are the slopes maintained so no erosion is evident? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are the slopes maintained according to the design parameters? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 10 | 10 |
| 11 | <p>MAINTENANCE AND REPAIR - The landfill must maintain structures and components of the facility, and repair any structural changes or damage to the facility, including the liner, leachate system, buildings, other on-site structures, fence, and other components. 18 AAC 60.815</p> <p>Is the facility maintained with no signs of damage to any component? (excluding monitoring devices - see Part 8) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 10 | 10 |
| 12 | <p>LINER MAINTENANCE - The landfill must maintain structures and components of the facility, and repair any structural changes or damage to the facility, including the liner, leachate system, buildings, other on-site structures, fence, and other components. 18 AAC 60.815</p> <p>Lined Facility – Is the liner properly maintained with no signs of tears, leachate escaping, or other damage? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>Facility is not lined</u></p> | | 10 |

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| # | Part Five: Landfill Operations INERT/C&D/ASBESTOS MONOFILL | POINTS | |
|---|--|--------|----------|
| | | Score | Possible |
| 3 | BURNING – <i>Burning areas, if allowed, must be contained and controlled and only burn brush overburden and clean untreated wood</i> | | 10 |
| | <p>Is the landfill approved to burn brush, overburden, or clean wood? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Is burning limited to the approved materials? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>No burning permitted</u></p> | | |
| 4 | LANDFILL FIRES – <i>Landfill fires have been occurring with increasing frequency in C&D landfills, and can be identified by smoke, or evidence of unusual heat at the surface. The owner or operator of an inert waste monofill who accepts combustible inert waste shall maintain fire control equipment and make it available to extinguish any fires that start. 18 AAC 60.460(d)</i> | 10 | 10 |
| | <p>Does the landfill have appropriate fire suppression equipment onsite (large extinguishers, water source, fine grain cover material)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Has the landfill operated without evidence of a fire since the previous inspection? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If a fire was identified, did the landfill respond appropriately to extinguish the fire? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | | |
| 7 | SALVAGING – <i>Public salvaging, if allowed, must be limited to an area that does not hinder facility operation, create a safety hazard, or cause pollution. 18 AAC 60.220</i> | | 5 |
| | <p>Is public salvaging restricted to a controlled area away from the working face? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the salvage area well managed with respect to safety and pollution control? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>Salvaging is not permitted</u></p> | | |



Part Six: Special Waste

| # | Part Six: Special Waste INERT/C&D/ASBESTOS MONOFILL | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 1 | <p>RACM - If the facility accepts RACM, it must be disposed in a separate cell with restricted access and no visible emissions. RACM loads must be inspected to ensure that RACM is sealed in leak-proof containers, and deposited in the asbestos cell without damaging the containers. RACM must be covered by the end of the day with 6 inches of soil. 40 CFR 61.154, 18 AAC 60.450</p> <p>How is RACM identified when delivered to the landfill? _____</p> <p>How does the landfill ensure that other C&D loads do not contain RACM? (signed statement, building surveys, etc.) _____</p> <p>Is RACM disposed in a separate cell? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the waste managed so no exposed or broken bags are evident? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the waste managed so no visible emissions (dust) from the waste are evident? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is RACM waste covered at the end of each day? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the waste managed without compacting the material? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is public access to the cell clearly prevented? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>No RACM permitted or accepted</u></p> | | 20 |
| 2 | <p>NON-RACM HANDLING - Non-RACM waste must be handled so that it does not become friable. It must be covered within 24 hours using procedures that prevent the release of asbestos fibers. 18 AAC 60.450</p> <p>How is non-RACM identified when delivered to the landfill? <u>Manifest, visual inspection, disposed of in eastern area of landfill at separate face</u></p> <p>How does the landfill ensure that other C&D loads do not contain non-RACM? (signed statement, building surveys, etc.) _____</p> <p>Where is non-RACM disposed? <input type="checkbox"/> RACM Cell <input type="checkbox"/> C&D Cell <input checked="" type="checkbox"/> Other _____</p> <p>How is non-RACM handled so that it does not become friable? <u>Cover prior to compaction</u></p> <p>Is non-RACM covered (but not compacted prior to cover) within 24 hours of placement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 10 | 10 |

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| # | Part Six: Special Waste INERT/C&D/ASBESTOS MONOFILL | POINTS | |
|---|---|--|----------|
| | | Score | Possible |
| 3 | <p>VEHICLES - Vehicles may not be disposed at the landfill unless all fluids and batteries have been removed. If undrained vehicles, or the fluids and batteries removed from them, are stored at the landfill for later disposal or recycling, they must be managed to prevent release of fluids. 18 AAC 60.035, 18 AAC 60.010</p> <p>Are vehicles disposed at the landfill? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are all fluids and batteries removed prior to disposal? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>How is this confirmed? _____</p> <p>If vehicles are stored at the landfill, how do they ensure no fluids are released? _____</p> <p>Are vehicles stored and/or disposed in a stable manner that does not create a safety hazard? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are the vehicles or heavy equipment stored/disposed so they do no create a visual nuisance? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>No vehicles accepted</u></p> | | 10 |
| | 4 | <p>REMOVAL OF REFRIGERANTS - The landfill must ensure that refrigerants from vehicles and appliances (refrigerators, freezers, air conditioners) and not vented to the environment. All refrigerant must be removed by a certified removal technician. 40 CFR 82</p> <p>How does the landfill ensure that refrigerants are removed from vehicles or appliances prior to disposal or recycling? _____</p> <p>If refrigerants are removed at the landfill, is the removal technician certified? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>Vehicles and appliances not accepted</u></p> | |
| # | Part Six: Special Waste DRILLING WASTE MONOFILL | POINTS | |
| | | Score | Possible |
| 3 | <p>LIQUID WASTE - Except for a Drilling Waste Facility, liquid waste may not be disposed at the landfill. 18 AAC 60.420</p> <p>What procedure are used to keep prohibited liquids out of the landfill? _____</p> <p>Do observations confirm no liquids are disposed in the landfill? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | | 10 |
| | # | Part Six: Special Waste SEWAGE SOLIDS MONOFILL | POINTS |
| | | Score | Possible |
| 1 | <p>SEWAGE SOLIDS QUALITY - Waste placed in a sewage solids monofill must be dewatered and contain at least 10 percent solids by weight and may not be a regulated hazardous waste or PCB waste (50 ppm) 18 AAC 60.470(b), 18 AAC 60.240(b)(1)</p> <p>Do record indicate disposed sewage solids are greater than 10% solids? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Do records show that waste is tested for PCBs and toxicity (TCLP)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | | 10 |

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| # | Part Six: Special Waste SEWAGE SOLIDS MONOFILL | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 2 | <p>UNLINED MONOFILL – Waste placed in a unlined sewage solids monofill must be tested for Arsenic, Chromium, and Nickel (total) and contain concentrations below the required standard. 18 AAC 60.470(c)</p> <p>Do records indicate that sewage solids are tested at the appropriate intervals (Table G or Permit)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If any exceedances were noted, how were the sewage solids managed?</p> <p>Comments: _____</p> | | 10 |
| 3 | <p>EXPLOSIVE GASES – If a sewage solids monofill contains more than 2,500 cubic yards of solid waste, the owner must establish a continuous explosive gas monitoring program in any building closer than 500 feet from the disposal area. AAC 60.470(i)(3)</p> <p>Does the facility contain more than 2,500 cubic yards of solid waste? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, and a building is within 500 feet of the monofill, are continuous explosive gas monitors installed and operational? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | | 10 |
| 4 | <p>COVER REQUIREMENTS – When sewage solids are placed in a monofill they must be covered at the end of each operating day or must meet other Class A or Class B pathogen reduction requirements and vector attraction reduction requirements. AAC 60.470(i)</p> <p>Are sewage solids covered at the end of each day? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If not, which pathogen reduction method [40 CFR 503.32] and vector attraction reduction method [(40 CFR 503.33 (b)(1)-b(10))] are being applied?</p> <p>Pathogen reduction: _____</p> <p>Vector Attraction reduction: _____</p> <p>Is required testing properly performed (methods, interval, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | | 20 |
| # | Part Six: Special Waste WOODWASTE MONOFILL | POINTS | |
| | | Score | Possible |
| 1 | <p>WASTE SIZE/CHARACTER - A wood scrap larger than five cubic feet may not be placed in a wood waste monofill. A wood scrap larger than one cubic foot may not be placed in a wood waste monofill unless the volume of wood scraps is less than five percent of the volume of the fill. Butt ends and stumps may not be placed in a wood waste monofill. 18 AAC 60.480(b)</p> <p>Do observation confirm the wood waste meets size/character criteria? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | | 5 |
| 2 | <p>COMBUSTION - If combustion is discovered, the owner or operator shall attempt to extinguish the combustion within 30 days. If the combustion cannot be extinguished within 90 days, the wood waste monofill must be excavated, the combustion must be extinguished, and the monofill must be managed in a manner that prevents combustion. If there is credible evidence indicating that combustion is taking place within a wood waste monofill... the site shall conduct thermal monitoring. 18 AAC 60.480(d)</p> <p>Has the landfill operated with no evidence of combustion? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If no, waste the combustion extinguished within 90 days? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If no, has a thermal monitoring program been established? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | | 10 |



| # | Part Six: Special Waste ALL | POINTS | |
|----|--|--------|----------|
| | | Score | Possible |
| 31 | LIQUID WASTE - Except for a Drilling Waste Facility, liquid waste may not be disposed at the landfill. 18 AAC 60.420 What procedure are used to keep prohibited liquids out of the landfill? <u>Each load is inspected</u> Do observation confirm that no liquids are disposed in the landfill? <input type="checkbox"/> Yes <input type="checkbox"/> No Comments: _____ | 10 | 10 |
| 5 | WASTE STORAGE - If the landfill collects and stores used oil, batteries, household hazardous waste, or other materials, they must be stored and managed to prevent release of fluids. 18 AAC 60.010(a) What materials are collected and stored at the landfill site? <input type="checkbox"/> Used Oil <input type="checkbox"/> Paint <input type="checkbox"/> Batteries <input type="checkbox"/> Other _____ Are materials stored and managed in a manner that prevents the release of fluids, keeping the storage area free of leaks and drips? <input type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>None of these are accepted</u> | | 10 |

| Part Seven: Surface Water Controls & Impacts | | | |
|--|--|--------|----------|
| # | Part Seven: Surface Water Controls/Impacts | POINTS | |
| | | Score | Possible |
| 1 | RUN-ON/RUN-OFF - The landfill must have a control system to prevent run-on water from flowing in to the active cell. Run-off must also be controlled so that it does not impact nearby surface waters. 18 AAC 60.225, 18 AAC 60.815 Does the control system prevent run-on from flowing into the active cell? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Does the control system prevent run-off from the landfill from impacting nearby lands or waters? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Are pipes, culverts, ditches, swales, berms, dikes, straw bales, erosion control matting, riprap, and other stormwater structures well maintained? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>Berms</u> | 10 | 10 |
| 2 | SURFACE WATER AND PONDING - Waste may not be placed in surface water, including ponded rainwater. Landfill surfaces should be graded to prevent ponding, and all ponded water must be removed within 30 days. 18 AAC 60.225 Is waste managed so that no waste is in contact with surface water, including temporary ponding? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Has all ponded water been removed, as required, since the last significant rainfall? <input type="checkbox"/> Yes <input type="checkbox"/> No Comments: <u>No ponding was observed</u> | 10 | 10 |

Monofill
Inspection Checklist



Alaska Department of
Environmental Conservation
Solid Waste Program

| # | Part Seven: Surface Water Controls/Impacts | POINTS | |
|---|--|--------|----------|
| | | Score | Possible |
| 3 | <p>LEACHATE CONTROLS - <i>Leachate seeps must be prevented, or contained and controlled at the boundary of the waste management area. 18 AAC 60.225</i></p> <p>Is the site maintained with no visible evidence of leachate? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If leachate is visible, is it contained within the landfill cell? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What measures have been taken to contain and control any seeps?</p> <p>_____</p> <p>Comments: <u>Not applicable</u></p> | | 10 |
| 4 | <p>LEACHATE COLLECTION SYSTEMS- <i>Leachate collection systems (LCS) must be designed and constructed to maintain less than a 12-inch head of leachate on the liner. 18 AAC 60.330(b)(2)</i></p> <p>If leachate head is measured, do records indicate that the LCS maintains less than a 12-inch head of leachate on the liner? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Do LCS systems and equipment appear in good condition and well maintained? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>Not applicable</u></p> | | 10 |
| 5 | <p>LEACHATE TREATMENT/DISPOSAL- <i>Leachate treatment and disposal methods should ensure no leachate causes a water quality violation of 18 AAC 70. 18 AAC 60.225</i></p> <p>How is leachate treated and/or disposed? _____</p> <p>Do leachate treatment/disposal methods ensure no untreated leachate is released to the water or land? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Do leachate treatment methods comply with ADEC-approved leachate management plans? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>Not applicable</u></p> | | 10 |
| 6 | <p>PERMAFROST - <i>If the landfill is located on permafrost, it must be designed and operated so that the permafrost remains frozen. If the landfill settles and water is pooling, the operator must take corrective action. 18 AAC 60.227</i></p> <p>Is the site maintained with no indication of thawing permafrost evident? (pooled water, settlement, etc.) <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>No permafrost at this location</u></p> | | 10 |
| 7 | <p>WETLANDS - <i>If the landfill is located in or near a wetland, it may not cause or contribute to significant degradation of the wetlands. 18 AAC 60.470</i></p> <p>Do the surrounding wetlands appear healthy, with no evidence of stress to plants, discolored water, or other evidence of wetland degradation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: <u>All vegetation appeared healthy and free of discoloration</u></p> | 10 | 10 |



Part Eight: Monitoring Locations & Structures

| # | Part Eight: Monitoring Locations & Structures | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 1 | <p>WATER MONITORING LOCATIONS – <i>Monitoring must be conducted at approved locations. Surface water monitoring sites must be properly maintained. Groundwater monitoring wells must be properly maintained. 18 AAC 60.810, 18 AAC 60.825, permit</i></p> <p>Are water monitoring locations clearly identified and marked? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are water monitoring sites/wells located according to the approved plan? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are water monitoring wells in good condition and locked? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Comments: No water monitoring required</i></p> | | 10 |
| 2 | <p>THERMISTOR MONITORING - <i>If thermal monitoring is required it must be conducted at approved locations and in accordance with the thermal monitoring plan . 18 AAC 60.227, 18 AAC 60.228, 18 AAC 60.815,</i></p> <p>Are thermistors in good condition and locked? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are thermistors located according to the approved plan? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are thermistors monitored according to permit requirements? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Comments: No thermistors monitoring required</i></p> | | 10 |
| 3 | <p>GAS MONITORING LOCATIONS – <i>Where explosive gas monitoring is required it must meet regulatory and</i></p> <p>If gas monitoring structures are installed are they functional and well maintained? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are onsite buildings and structures adequately monitored for methane gas? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Comments: No gas monitoring required</i></p> | | 10 |

Part Nine: Additional Permit Requirements

ADDITIONAL PERMIT REQUIREMENTS- *Address any additional permit requirements, listed in Part One, Question 8, which are not already included in the inspection form. Each requirement should be valued at 5, 10, or 20 points relative the potential health or environmental impact of non-compliance. Please add a row below, including possible points assigned, for each additional requirement.*

| # | Part Nine: Additional Permit Requirements | POINTS | |
|---|---|--------|----------|
| | | Score | Possible |
| 1 | Submit an annual site survey | 5 | 5 |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Environmental
Conservation**

DIVISION OF ENVIRONMENTAL HEALTH
Solid Waste Program

555 Cordova Street
Anchorage, AK 99501
Phone: 907.269.7590
Fax: 907.269.7600
www.dec.alaska.gov

Certified Mail #7012 3460 0002 9327 2330
Return Receipt Requested

November 25, 2015

Mr. Justin Green
Alaska Demolition
2817 Rampart Drive
Anchorage, Alaska 99501

Subject: 2015 Alaska Demolition Inert Waste Monofill Inspection Report

Dear Mr. Green:

On October 14, 2015, I conducted an inspection of the Alaska Demolition (AK Demo) Inert Waste Monofill with Lori Aldrich and Kaylie Holland on behalf of the Alaska Department of Environmental Conservation (ADEC). Mike Waddell and Ken Vantrease met us on site, escorted us, and detailed the operations of the monofill.

The Inert Waste Monofill is located on Rebarchek Road, southeast of the Alaska State Fairgrounds in Palmer. It is operated under Solid Waste permit #SWZA004-19, which expires April 29, 2019. The facility has been operating since 2004 and is authorized to accept and dispose of construction and demolition (C&D) debris, exempt waste, and non-regulated asbestos containing material (non-RACM).

The facility has not had any compliance issues or complaints recorded in the past year. It was in excellent condition at the time of inspection and there were no outstanding problems from previous inspections. No ponding of water was observed despite the recent wet weather, and the site was free of litter and putrescible waste. Two truckloads of waste had already arrived that morning prior to our arrival at 10:00am. All manifests were available in the office, along with a hardcopy of the permit and monthly visual inspection reports dating back to at least 2010. Each load received is inspected by the operator as it is disposed of at the working face to ensure that no prohibited waste is disposed. Waste is covered the day it is deposited, and cover appeared adequate while we were on site.

We have implemented a new inspection form this year to assess inert waste monofills, and a copy of the form for the AK Demo Inert Waste Monofill has been attached. The facility scored 224 out of 225 points, for a total of 99.6%.

Thank you for accommodating our schedule for this inspection. If you have any questions or concerns regarding this report, please feel free to contact me at (907) 269-7590 or by email at reese.thieme@alaska.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Reese Thieme".

Reese Thieme
Industrial Waste Specialist

Non-Municipal Landfill Inspection Checklist



Alaska Department of
Environmental Conservation
Division of Environmental Health
Solid Waste Program

Landfill: Palmer AK Demo
Inert Waste Monofill

Weather Conditions:

Date of Inspection: 10/14/15

Overcast, windy, light rain

ADEC Inspector: Reese Thieme

Participants: Lori Aldrich

Kaylie Holland

Past Month Rainfall: 4.09 Inches

Scoring

Total points awarded: 224

Total possible points: 225

Final Score (percent): 99.6%

ADEC Signature:

A handwritten signature in black ink, appearing to be "Reese Thieme", written over a horizontal line.

Printed Name: Reese Thieme

Title: EPS II

Non-Municipal Landfill Inspection Checklist



Alaska Department of
Environmental Conservation
Division of Environmental Health
Solid Waste Program

Part One: ADEC Information Gathering

This section should be filled out completely, prior to the site visit. This section is not scored, but the information will be used during the site visit to determine compliance with requirements.

| # | Part One: ADEC Information Gathering |
|---|---|
| 1 | <p>PERMIT AND OPERATING PLAN – Review permit and operating plan to familiarize yourself with the requirements and approved operations for this landfill.</p> <p>Does the facility have a current ADEC permit? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Permit Number: <u>SWZA004-19</u></p> <p>Expiration Date: <u>4/29/2019</u></p> |
| 2 | <p>SITE/DEVELOPMENT PLANS – Review site plans and development plans to familiarize yourself with the approved layout of the landfill and the conditions at the site.</p> <p>Check if the landfill is located in or near wetlands, on permafrost, in a 100-year floodplain, within 5,000 feet of any airport, within 10,000 feet of an airport used by jet aircraft, and/or are there any drinking water wells within 500 feet of the landfill property boundary.</p> <p>If the site has an RD&D Permit, review the RD&D permit.</p> <p>Review current/up-to-date site map</p> |
| 3 | <p>PREVIOUS INSPECTIONS – Review previous inspection forms. List any issues that may still be outstanding that should be investigated.</p> <ul style="list-style-type: none"> • None |
| 4 | <p>COMPLAINTS – If ADEC has received any complaints regarding the facility, list and describe them below:</p> <ul style="list-style-type: none"> • Occasional odor or smoke complaints from decomposing material; none since last inspection |
| 5 | <p>AUTHORIZED WASTE TYPES – <i>The landfill is required to have a permit that authorizes all types of waste disposed at the site.</i></p> <p>Check the types of waste that the facility is authorized to dispose:</p> <p><input checked="" type="checkbox"/> Inert or C&D Waste</p> <p><input type="checkbox"/> Regulated Asbestos Containing Material (RACM) (<i>Must be disposed in separate cell</i>)</p> <p><input checked="" type="checkbox"/> Non-RACM</p> <p><input type="checkbox"/> Sewage Solids or Biosolids</p> <p><input type="checkbox"/> Other (list) _____</p> <p>_____</p> <p>_____</p> |
| 6 | <p>WAIVERS – <i>The landfill may obtain waivers for requirements related to development or operation.</i></p> <p>List any ADEC-approved waivers:</p> <ul style="list-style-type: none"> • Design plans do not require engineer stamp on the condition that the site is surveyed annually |

Non-Municipal Landfill Inspection Checklist



Alaska Department of
Environmental Conservation
Division of Environmental Health
Solid Waste Program

| # | Part One: ADEC Information Gathering | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|---|--------------------------|--|--------------------------|----------------|--------------------------|-------------|-------------------------------------|-------------------------------------|--|---------------|--|--|--|-----|--|--|--|---------|--|--|--|-----------------|--|--|--|------------|--|--|--|-------|--|--|
| 7 | <p>MONITORING REQUIREMENTS – <i>A facility may be required to monitor groundwater, surface water, gas, or other parameters. Requirements are specified in the permit or approved monitoring plan. By regulation, monitoring reports must be submitted to ADEC for groundwater and surface water. If reports are required for other types of monitoring, it will be specified in the permit. This information will help you determine if the operating record is complete.</i></p> <p>Check the types of monitoring that the facility is required to conduct, note the required sampling frequency, and check if reports must be submitted to DEC:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="width: 30px; text-align: center;">x</th> <th style="text-align: left;">Type</th> <th style="text-align: left;">Sampling frequency</th> <th style="text-align: left;">Report to DEC?</th> </tr> </thead> <tbody> <tr><td></td><td>Groundwater</td><td></td><td></td></tr> <tr><td></td><td>Surface Water</td><td></td><td></td></tr> <tr><td></td><td>Gas</td><td></td><td></td></tr> <tr><td></td><td>Thermal</td><td></td><td></td></tr> <tr><td></td><td>Slope Stability</td><td></td><td></td></tr> <tr><td></td><td>Piezometer</td><td></td><td></td></tr> <tr><td></td><td>Other</td><td></td><td></td></tr> </tbody> </table> <p>Take a map showing the monitoring locations at the site you to assist in the field inspection.</p> | x | Type | Sampling frequency | Report to DEC? | | Groundwater | | | | Surface Water | | | | Gas | | | | Thermal | | | | Slope Stability | | | | Piezometer | | | | Other | | |
| x | Type | Sampling frequency | Report to DEC? | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Groundwater | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Surface Water | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Gas | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Thermal | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Slope Stability | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Piezometer | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | <p>ADDITIONAL PERMIT REQUIREMENTS</p> <p>List any Specific Conditions in the permit that are not addressed in the inspection checklist.</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | <p>FINANCIAL ASSURANCE – <i>The landfill must demonstrate financial assurance to cover closure and post closure costs. The local government financial test is the most commonly used mechanism. Some financial assurance mechanisms require an annual update. 18 AAC 60.235, 18 AAC 60.265, 18 AAC 60.398, 40 CFR 258, Subpart G</i></p> <p>The landfill must submit this information with their permit application, and then make annual updates to their operating record. They are not required to submit the updates to DEC. Review the financial assurance requirements before the inspection.</p> <p>Check the type of financial assurance used :</p> <table style="margin-left: 20px;"> <tr><td><input type="checkbox"/></td><td>Local government financial test (requires annual update)</td></tr> <tr><td><input type="checkbox"/></td><td>Bond</td></tr> <tr><td><input type="checkbox"/></td><td>Insurance</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Other Mechanism Letter of credit</td></tr> </table> | <input type="checkbox"/> | Local government financial test (requires annual update) | <input type="checkbox"/> | Bond | <input type="checkbox"/> | Insurance | <input checked="" type="checkbox"/> | Other Mechanism Letter of credit | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Local government financial test (requires annual update) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Bond | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Insurance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | Other Mechanism Letter of credit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Non-Municipal Landfill Inspection Checklist



Alaska Department of
Environmental Conservation
Division of Environmental Health
Solid Waste Program

Part Two: ADEC Records Review

This section should be completed and scored in the office, prior to conducting the site visit.

| # | Part Two: ADEC Records Review | POINTS | |
|---|--|----------|-------|
| | | Possible | Score |
| 1 | FEES – The landfill is required to pay annual and other fees to ADEC. 18 AAC 60.700 Is the facility current on payment of all fees? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 5 | 5 |
| 2 | WATER MONITORING REPORTS – A facility may be required to monitor groundwater and/or surface water. Groundwater and surface water reports MUST be submitted to ADEC. 18 AAC 60.810, 18 AAC 60.830, permit condition Is the current water monitoring plan available? <input type="checkbox"/> Yes <input type="checkbox"/> No Does the facility submit the required monitoring reports to ADEC? <input type="checkbox"/> Yes <input type="checkbox"/> No Do monitoring reports address all required types of monitoring? <input type="checkbox"/> Yes <input type="checkbox"/> No Are monitoring reports complete and contain required analyses? <input type="checkbox"/> Yes <input type="checkbox"/> No Comments: | 20 | N/A |

Part Three: Landfill Records

This section, and all remaining sections, should be completed at the landfill facility during the site visit.

| # | Part Three: Landfill Records | POINTS | |
|---|---|----------|-------|
| | | Possible | Score |
| 1 | PERMIT – A copy of the permit application and current permit must be kept in the operating record. 18 AAC 60.235 Is a copy of the current permit in the operating record? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is a copy of the permit application in the operating record? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: | 10 | 10 |
| 2 | OPERATIONS PLAN – The operations plan should be used as a guide for day to day operation of the landfill. A copy must be kept in the operating record. 18 AAC 60.210, 18 AAC 60.235 Does the operating record contain a copy of the operations plan? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is a copy of the latest operations plan available to landfill staff? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Comments: | 10 | 10 |

Non-Municipal Landfill Inspection Checklist



Alaska Department of
Environmental Conservation
Division of Environmental Health
Solid Waste Program

| # | Part Three: Landfill Records | POINTS | |
|---|---|----------|-------|
| | | Possible | Score |
| 3 | <p>WASTE QUANTITY TRACKING – <i>The facility must maintain records of amount of waste received. 18 AAC 60.210</i></p> <p>How is waste tracked? <input checked="" type="checkbox"/> Weight <input type="checkbox"/> Volume (Bales)</p> <p>Do records appear to be accurate and complete? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Record or attach previous year's total(s):</p> <p>Dates: 4/16/2014</p> <p>Amount: 30,000-50,000 T estimated</p> <p>Comments:</p> | 5 | 5 |
| 4 | <p>TRAINING – <i>Landfill staff must receive training to recognize regulated hazardous waste and PCB waste. Records of training must be kept in the operating record. 18 AAC 60.235, 18 AAC 60.240</i></p> <p>Does the landfill have a record showing that operators have received annual training to recognize regulated hazardous waste and PCB waste (Hazwoper, internal trainings, MOLO, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: Asbestos, HW, PCB.</p> | 5 | 5 |
| 5 | <p>RANDOM INSPECTION RECORDS – <i>The landfill must perform random inspections of incoming waste loads to identify any regulated hazardous waste or PCB waste. Records of the inspections must be available for review. 18 AAC 60.235, 18 AAC 60.240</i></p> <p>How often are random waste inspections performed and recorded properly? <u>Incoming waste inspected daily</u></p> <p>Comments:</p> | 5 | 5 |
| 6 | <p>ASBESTOS RECORDS – <i>The landfill must maintain: asbestos shipment records from the prior 2 years for each load of RACM including contact information for the generator and transporter, the amount (cy), and the date of receipt; and an up-to-date map or site plan showing the boundaries of the asbestos cell including depth and the total volume. 18 AAC 60.450</i></p> <p>Does the landfill maintain complete asbestos shipment records for the previous 2 years for each load of RACM received? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the operating record contain an adequate, up-to-date map of the asbestos cell? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the operating record contain up-to-date information about the depth and total volume of RACM in the asbestos cell? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: Non-RACM only</p> | 10 | N/A |
| 7 | <p>GAS MONITORING – <i>If explosive gas is monitored, it must be measured in all facility structures and at the property boundary, and records maintained. Reports may or may not have to be submitted to ADEC. 18 AAC 60.470, Permit</i></p> <p>Is landfill gas monitored in the appropriate locations, and recorded as required? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are reports submitted to ADEC or the landfill file appropriately? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> | 10 | N/A |

Non-Municipal Landfill Inspection Checklist



Alaska Department of
Environmental Conservation
Division of Environmental Health
Solid Waste Program

| # | Part Three: Landfill Records | POINTS | | | | | | | | | | |
|-----------|--|-------------------------|------------|------|---|---|-------------------------|---|---|-------------------|---|---|
| | | Possible | Score | | | | | | | | | |
| | <p>If exceedances have been detected, were they properly reported? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | | | | | | | | | | | |
| 8 | <p>VISUAL MONITORING – Visual monitoring must be performed at least monthly and recorded on a form approved by ADEC. Records must be maintained for at least 5 years. 18 AAC 60.800</p> <p>Is visual monitoring performed monthly and recorded on the approved form? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the operating record contain all <u>monthly</u> visual monitoring reports for the last 5 years? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 10 | 10 | | | | | | | | | |
| 9 | <p>COST ESTIMATES – The landfill must update closure and post closure cost estimates annually to adjust for inflation. Documentation must be kept in the operating record. 18 AAC 60.235, 18 AAC 60.265</p> <p>Does the operating record contain appropriate and up-to-date (i.e. annual) closure and post-closure cost estimates? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What is the date of the most recent update to closure costs? 2014 for financial assurance</p> <p>Comments: Cost estimates not updated fully since 2003, although financial assurance was updated since. Will need to be updated for permitting new expansion. -1</p> | 5 | 4 | | | | | | | | | |
| 10 | <p>FINANCIAL ASSURANCE – The landfill must demonstrate financial assurance to cover closure and post closure costs. Documentation must be kept in the operating record. The local government financial test is the most common mechanism, and requires an annual update. 18 AAC 60.235, 18 AAC 60.265</p> <p>What is the date of the most recent update to the financial assurance? 3/12/2014</p> <p>Comments:</p> | 5 | 5 | | | | | | | | | |
| 11 | <p>OTHER OPERATING RECORD ITEMS – The facility is required to maintain many other items in the operating record. 18 AAC 60.235, 18 AAC 60.305, 18 AAC 60.310, 18 AAC 60.810, 18 AAC 60.830</p> <p>Check each of the required items in the operating record:</p> <table border="1"> <thead> <tr> <th>Required?</th> <th>In Record?</th> <th>Item</th> </tr> </thead> <tbody> <tr> <td>X</td> <td>X</td> <td>ADEC Inspection records</td> </tr> <tr> <td>X</td> <td>X</td> <td>As-built drawings</td> </tr> </tbody> </table> | Required? | In Record? | Item | X | X | ADEC Inspection records | X | X | As-built drawings | 5 | 5 |
| Required? | In Record? | Item | | | | | | | | | | |
| X | X | ADEC Inspection records | | | | | | | | | | |
| X | X | As-built drawings | | | | | | | | | | |

Part Four: Landfill Development and Access

| # | Part Four: Landfill Development and Access | POINTS | |
|---|---|----------|-------|
| | | Possible | Score |
| 1 | <p>LANDFILL DEVELOPMENT – The facility is required to follow the approved landfill site plans and development plans. If minor changes are made, they should not be detrimental to regular operations. Any major changes must be approved by ADEC. 18 AAC 60.210, permit</p> <p>Is the facility following the site and development plans? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> | 20 | 20 |

Non-Municipal Landfill Inspection Checklist



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Environmental Conservation
Division of Environmental Health
Solid Waste Program

| # | Part Four: Landfill Development and Access | POINTS | |
|---|--|----------|-------|
| | | Possible | Score |
| | <p>If any minor changes have been made, are they detrimental to operations? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Comments:</p> | | |
| 2 | <p>PROPERTY BOUNDARY – The landfill owner or operator shall ensure that a minimum setback of 50 feet is kept between the waste management area and the property line of the facility. A new landfill or lateral expansion may not be constructed within 500 feet of a drinking water well. 18 AAC 60.233, 18 AAC 60.040</p> <p>Is the waste disposal area at least 50 feet from the property boundary? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Has development of the landfill or surrounding area maintained the proper separation zone of 500 feet between the property boundary and a drinking water well? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 10 | 10 |
| 3 | <p>SIGNAGE – A clearly legible sign must be posted at the entrance to the landfill. The sign must prohibit disposal of regulated hazardous waste and polychlorinated biphenyl (PCB) waste. Most permits also require signage that identifies the owner or operator, hours of operation, and emergency contacts. 18 AAC 60.240, permit</p> <p>Are signs prohibiting hazardous, PCB, and other required waste posted and clearly legible? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If additional signage is required, is it posted and clearly legible? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 5 | 5 |

Part Five: Landfill Operations

| # | Part Five: Operations | POINTS | |
|---|--|----------|-------|
| | | Possible | Score |
| 1 | <p>AUTHORIZED WASTE TYPES – The landfill is required to have a permit that authorizes all types of waste disposed at the site. 18 AAC 60.200</p> <p>Are all wastes apparent or reported to be accepted at the facility allowed under the permit? (See answers in Part One, Question 6) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: C&D and Non-RACM only</p> | 20 | 20 |
| 2 | <p>COVER - Waste must be covered by 6 inches of soil or an approved alternative cover as needed to control disease vectors, fire, odor, blowing litter, and scavenging.</p> <p>Does the cover appear to be at least 6 inches thick and sufficient to reduce litter and animal attraction? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If there has been cover-related complaints (i.e. litter, smell, exposed waste, etc.), have the landfill operators modified their cover operations to address the complaints? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: Appropriate daily cover, no compaction on non-RACM</p> | 20 | 20 |

Non-Municipal Landfill Inspection Checklist



Alaska Department of
Environmental Conservation
Division of Environmental Health
Solid Waste Program

| # | Part Five: Operations | POINTS | |
|---|---|----------|-------|
| | | Possible | Score |
| 3 | <p>BURNING – Burning areas, if allowed, must be contained and controlled and only burn brush overburden and clean wood.</p> <p>Is the landfill approved to burn brush, overburden, or clean wood? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Is burning limited to the approved materials? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 5 | N/A |
| 4 | <p>LITTER - Litter must be controlled so that it does not become a nuisance or hazard. 18 AAC 60.233, 18 AAC 60.233</p> <p>Is the landfill maintained with minimal litter within the landfill boundary? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the landfill maintained so no litter is evident outside the landfill boundary? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What measures are used to control litter at the landfill?</p> <p><input type="checkbox"/> Litter fencing</p> <p><input type="checkbox"/> Litter collection</p> <p><input checked="" type="checkbox"/> Other <u>Berms</u></p> <p>Comments: No litter observed from the waste at the landfill.</p> | 10 | 10 |
| 5 | <p>DUST, ODOR, NOISE, ETC. - Dust, odor, noise, traffic, and other effects from the landfill must not become a nuisance or hazard to the public health, safety, or welfare. 18 AAC 60.233</p> <p>Are dust, odor, noise, traffic or other effects controlled so they do not cause a nuisance to neighboring homes or businesses? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: No odor complaints in the past year</p> | 5 | 5 |
| 6 | <p>SALVAGING - Public salvaging, if allowed, must be limited to an area that does not hinder facility operation, create a safety hazard, or cause pollution. 18 AAC 60.220</p> <p>Is public salvaging restricted to a controlled area away from the working face? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the salvage area well managed with respect to safety and pollution control? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 5 | N/A |
| 7 | <p>DISEASE VECTORS AND ANIMALS - Disease vectors, including wildlife and domestic animals, must be controlled so that the public health, safety, or welfare are not endangered by the spread of disease or contact with animals, and that the animals are not harmed by contact with the waste or become a nuisance. 18 AAC 60.230</p> <p>Is the site maintained with no evidence (prints, scat, digging, etc.) of bear, fox, or other animals around the waste? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> | 5 | 5 |

Non-Municipal Landfill Inspection Checklist



Alaska Department of
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Solid Waste Program

| # | Part Five: Operations | POINTS | |
|----|---|----------|-------|
| | | Possible | Score |
| | <p>Is the site maintained such that no harm to wildlife has been reported, and no conditions exist that are likely to harm wildlife? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | | |
| 8 | <p>INACTIVE AREAS - Areas that have not received or will not receive waste for more than 90 days, but have not yet reached the final capacity or elevation, must receive an intermediate cover within 7 days of the last waste placement. The area must be covered with 12 inches of soil and graded to prevent ponding and erosion. 18 AAC 60.243</p> <p>Have inactive areas been appropriately covered and graded? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 10 | 10 |
| 9 | <p>STABILITY – The landfill should be graded and shaped to preserve the integrity of the landfill. 18 AAC 60.410</p> <p>Do the landfill slopes appear to be maintained so they are stable? (look for cracks, sloughing of soil or waste or liner slippage)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are the slopes maintained so no erosion is occurring? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are the slopes maintained according to the design parameters? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 10 | 10 |
| 10 | <p>MAINTENANCE AND REPAIR - The landfill must maintain structures and components of the facility, and repair any structural changes or damage to the facility, including the liner, leachate system, buildings, other on-site structures, fence, and other components. 18 AAC 60.815</p> <p>Is the facility maintained with no signs of damage to any component of (excluding monitoring devices)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Lined Facility – Is the liner properly maintained with no signs of tears, leachate escaping, or other damage? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 10 | 10 |

Part Six: Special Waste

| # | Part Six: Special Waste | POINTS | |
|---|--|----------|-------|
| | | Possible | Score |
| 1 | <p>RACM - If the facility accepts RACM, it must be disposed in a separate cell with restricted access and no visible emissions. RACM loads must be inspected to ensure that RACM is sealed in leak-proof containers, and deposited in the asbestos cell without damaging the containers. RACM must be covered by the end of the day with 6 inches of soil. 40 CFR 61.154, 18 AAC 60.450</p> <p>How is RACM identified when delivered to the landfill, and how does the landfill ensure that other C&D loads do not contain RACM? (signed statement, building surveys, etc.)</p> | 20 | N/A |

Non-Municipal Landfill Inspection Checklist



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| # | Part Six: Special Waste | POINTS | |
|---|--|----------|-------|
| | | Possible | Score |
| | <p>Is RACM disposed in a separate cell? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the waste managed so no exposed or broken bags are evident? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the waste managed so visible emissions (dust) from the waste are evident? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Have 6 inches of cover been applied to the waste? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is the waste managed without compacting the material? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What measures are used to prevent public access to the asbestos disposal area? _____</p> <p>Comments: _____</p> | | |
| 2 | <p>NON-RACM HANDLING - Non-RACM waste must be handled so that it does not become friable. It must be covered within 24 hours using procedures that prevent the release of asbestos fibers. 18 AAC 60.450</p> <p>How is non-RACM identified when delivered to the landfill, and how does the landfill ensure that other C&D loads do not contain non-RACM? (signed statement, building surveys, etc.) _____ Manifest, visual inspection, disposed of in eastern area of landfill at separate face</p> <p>Where is non-RACM disposed? <input type="checkbox"/> RACM Cell <input type="checkbox"/> C&D Cell <input checked="" type="checkbox"/> Other</p> <p>How is non-RACM handled so that it does not become friable? _____ Cover prior compaction</p> <p>Is non-RACM covered (but not compacted prior to cover) within 24 hours of placement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: _____</p> | 10 | 10 |
| 3 | <p>LIQUID WASTE - Liquid waste may not be disposed at the landfill, with the exception of small quantities (one gallon or less) of containerized household waste. This prohibition includes leachate and baler squeezings, unless recirculation has been approved under an RD&D permit. 18 AAC 60.420</p> <p>How is the landfill keeping prohibited liquids out of the landfill? _____ Inspect each load</p> <p>Comments: Landfill does not accept liquid waste</p> | 5 | 5 |
| 4 | <p>VEHICLES - Vehicles may not be disposed at the landfill unless all fluids and batteries have been removed. If undrained vehicles, or the fluids and batteries removed from them, are stored at the landfill for later disposal or recycling, they must be managed to prevent release of fluids. 18 AAC 60.035, 18 AAC 60.010</p> <p>Are vehicles disposed at the landfill? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> | 10 | N/A |

Non-Municipal Landfill Inspection Checklist



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| # | Part Six: Special Waste | POINTS | |
|---|--|----------|-------|
| | | Possible | Score |
| | <p>Are all fluids and batteries removed prior to disposal? <input type="checkbox"/> Yes <input type="checkbox"/> No.</p> <p>How is this confirmed? _____</p> <p>If vehicles, fluids, or batteries are stored at the landfill, how do they ensure no fluids are released? _____</p> <p>Are vehicles stored and/or disposed in a stable manner that does not create a safety hazard? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are the vehicles or heavy equipment stored/dispose so they do no create a visual nuisance? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | | |
| 5 | <p>WASTE STORAGE – <i>If the landfill collects and stores used oil, batteries, household hazardous waste, or other materials, they must be stored and managed to prevent release of fluids. 18 AAC 60.010(a)</i></p> <p>Check the materials that are collected and stored at the landfill:</p> <p><input type="checkbox"/> Used oil</p> <p><input type="checkbox"/> Batteries</p> <p><input type="checkbox"/> Paint</p> <p><input type="checkbox"/> Other (list): _____</p> <p>_____</p> <p>Are the materials stored and managed in a manner that will prevent the release of fluids, keeping the storage area free of leaks and drips? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 10 | N/A |
| 6 | <p>REMOVAL OF REFRIGERANTS – <i>The landfill must ensure that refrigerants from vehicles and appliances (refrigerators, freezers, air conditioners) do not vent to the environment. All refrigerant must be removed by a certified removal technician. 40 CFR 82</i></p> <p>How does the landfill ensure that refrigerants are removed from vehicles or appliances prior to disposal or recycling? <u>Landfill does not accept vehicles or appliances</u></p> <p>If refrigerants are removed at the landfill, is the removal technician certified? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 5 | N/A |

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Part Seven: Surface Water Controls/Impacts

| # | Part Seven: Surface Water Controls/Impacts | POINTS | |
|---|---|----------|-------|
| | | Possible | Score |
| 1 | <p>RUN-ON/RUN-OFF - The landfill must have a control system to prevent run-on water from flowing in to the active cell. Run-off must also be controlled so that it does not impact nearby surface waters. 18 AAC 60.225, 18 AAC 60.815</p> <p>Does the control system prevent run-on from flowing into the active cell? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the control system prevent run-off from the landfill from impacting nearby lands or waters? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are pipes, culverts, ditches, swales, berms, dikes, straw bales, erosion control matting, riprap, and other stormwater structures well maintained? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: Berms are used to prevent run-on water, run off is directed to drainage</p> | 10 | 10 |
| 2 | <p>SURFACE WATER AND PONDING - Waste may not be placed in surface water, including ponded rainwater. Landfill surfaces should be graded to prevent ponding, and all ponded water must be removed within 30 days. 18 AAC 60.225</p> <p>Is waste managed so that no waste is in contact with surface water, including temporary ponding? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Has all ponding been removed if it has been more than 30 days since the last significant rainfall? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: No ponding water observed</p> | 10 | 10 |
| 3 | <p>LEACHATE CONTROLS - Leachate seeps must be prevented, or contained and controlled at the boundary of the waste management area. 18 AAC 60.225</p> <p>If leachate is visible, is it contained within the landfill cell? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What measures have been taken to contain and control the seeps?</p> <p>Comments:</p> | 10 | N/A |
| 4 | <p>LEACHATE COLLECTION SYSTEMS- Leachate collection systems (LCS) must be designed and constructed to maintain less than a 12-inch head of leachate on the liner. 18 AAC 60.330(b)(2)</p> <p>If leachate head is measured, do record indicate that the LCS maintains less than a 12-inch head of leachate on the liner? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Do LCS systems and equipment appear in good condition and well maintained? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 10 | N/A |
| 5 | <p>LEACHATE TREATMENT/DISPOSAL- Leachate treatment and disposal methods should ensure no leachate causes a water quality violation of 18 AAC 70. 18 AAC 60.225</p> <p>How is leachate treated and/or disposed? _____</p> <p>Do leachate treatment methods ensure no untreated leachate is released to the water or land? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> | 10 | N/A |

Non-Municipal Landfill Inspection Checklist



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| # | Part Seven: Surface Water Controls/Impacts | POINTS | |
|---|--|----------|-------|
| | | Possible | Score |
| | <p>Do leachate treatment methods comply with ADEC approved leachate management plans? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | | |
| 6 | <p>PERMAFROST - If the landfill is located on permafrost, it must be designed and operated so that the permafrost remains frozen. If the landfill settles and water is pooling, the operator must take corrective action. 18 AAC 60.227</p> <p>Are there any indications that permafrost is thawing (pooled water or settlement)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: No permafrost present</p> | 10 | N/A |
| 7 | <p>WETLANDS - If the landfill is located in or near a wetland, it may not cause or contribute to significant degradation of the wetlands. 18 AAC 60.470</p> <p>Do the surrounding wetlands appear healthy, with no evidence of stress to plants, discolored water, other evidence of wetland degradation? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments: No nearby wetlands</p> | 10 | N/A |

Part Eight: Monitoring Locations

| # | Part Eight: Monitoring Locations | POINTS | |
|---|--|----------|-------|
| | | Possible | Score |
| 1 | <p>WATER MONITORING LOCATIONS – Monitoring must be conducted at approved locations. Surface water monitoring sites must be properly maintained. Groundwater monitoring wells must be properly maintained. 18 AAC 60.810, 18 AAC 60.825, permit</p> <p>Are surface water monitoring sites clearly identified and marked? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are surface water monitoring sites located according to the approved plan? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are water monitoring wells in good condition and locked? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are other water monitoring devices well-maintained and located as required? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Comments:</p> | 10 | N/A |
| 2 | <p>THERMISTOR MONITORING LOCATIONS - If thermal monitoring is required it must be conducted at approved locations and in accordance with the thermal monitoring plan. 18 AAC 60.227, 18 AAC 60.228, 18 AAC 60.815, permit</p> <p>Are thermal monitoring wells in good condition and locked? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are thermal monitoring wells located according to the approved plan? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are thermal monitoring wells and devices installed and monitored according to permit requirements? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> | 10 | N/A |

Non-Municipal Landfill Inspection Checklist

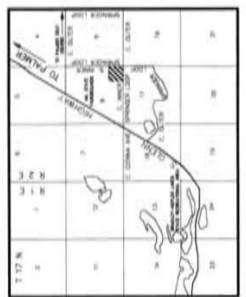


Alaska Department of
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| # | Part Eight: Monitoring Locations | POINTS | |
|---|---|----------|-------|
| | | Possible | Score |
| | Comments: | | |
| 3 | GAS MONITORING LOCATIONS –Where explosive gas monitoring is required it must meet regulatory and permit requirements. 18 AAC 60.470, Permit If gas monitoring structures are installed are they functional and well maintained? <input type="checkbox"/> Yes <input type="checkbox"/> No Are onsite buildings and structures adequately monitored for methane gas? <input type="checkbox"/> Yes <input type="checkbox"/> No Comments: | 10 | N/A |

Part Nine: Additional Permit Requirements

| # | Part Nine: Additional Permit Requirements | POINTS | |
|---|--|----------|-------|
| | | Possible | Score |
| | ADDITIONAL PERMIT REQUIREMENTS- Address any additional permit requirements, listed in Part One, Question 8, which are not already included in the inspection form. Each requirement should be valued at 5-10 points relative the potential health or environmental impact of non-compliance. Please add a row below, including possible points assigned, for each additional requirement. | | |
| 1 | | | |



SCALE 1" = 1 MILE
NEIGHBORHOOD MAP

NOTES

1. THERE MAY BE FEDERAL, STATE AND LOCAL REGULATIONS CONCERNING LAND USE. IT IS THE RESPONSIBILITY OF THE APPLICANT TO OBTAIN A DETERMINATION WHETHER SUCH REGULATIONS APPLY TO THE DEVELOPMENT OF PARCELS SHOWN HEREON.
2. THIS PROJECT IS SUBJECT TO THE REGULATIONS OF THE SEWARD JUNIOR HIGH SCHOOL DISTRICT.
3. THIS PROJECT IS SUBJECT TO THE REGULATIONS OF THE SEWARD JUNIOR HIGH SCHOOL DISTRICT.
4. NO INDIVIDUAL SEWAGE DISPOSAL SYSTEM SHALL BE PERMITTED ON ANY LOT UNLESS SUCH SYSTEM IS LOCATED WITHIN THE LOT LINES AND IS APPROVED BY THE STATE OF ALASKA, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, WHICH COVERS THESE SYSTEMS.
5. NO DIRECT ACCESS FROM ANY LOT IS ALLOWED TO LOOP SPRINGER LOOP OR S. INNER SPRINGER LOOP.
6. THIS PROJECT IS SUBJECT TO THE REGULATIONS OF THE SEWARD JUNIOR HIGH SCHOOL DISTRICT.
7. NO INDIVIDUAL WELLS ARE ALLOWED.

PLAT APPROVAL

PLANNING & LAND USE DIRECTOR
DATE: 12/22/03
PLANNING CLERK: [Signature]

CERTIFICATE OF PAYMENT OF TAXES

PROPERTY TAXES HAVE BEEN PAID TO THE SEWARD JUNIOR HIGH SCHOOL DISTRICT AS OF 12/22/03.

MAJESTIC HILLS PHASE 1
SEWARD JUNIOR HIGH SCHOOL DISTRICT
PALMER RECREATING DISTRICT
STATE OF ALASKA
CONTAINING 97 ACRES MORE OR LESS

KEYSTONE SURVEYING
CARY J. KEYSER, SURVEYOR
1000 W. 10TH AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501
PHONE: 273-1111
FAX: 273-1112

OWNER'S & DEVELOPER'S CERTIFICATE
I HEREBY CERTIFY THAT THE BOUNDARIES OF THE PROPERTY SHOWN AND DESCRIBED AND THAT I HEREBY ADOPT THIS PLAN OF SUBDIVISION AND THE INFORMATION CONTAINED THEREIN TO BE TRUE AND CORRECT AND THAT I AGREE TO BE BOUND BY THE MAP AND TO DEFEND AND GRANT ALL EASEMENTS TO THE USE SHOWN.

LESSOR: [Signature]
DATE: 12-22-03

INDENTURED AGENT: [Signature]
DATE: 12-22-03

LEGEND

- FOUND 1" AL CAP MONUMENT
- FOUND 1" IRON PIPE
- FOUND 1" REBAR
- LEGAL EASEMENT - EGRESS, GAS & CABLE EASEMENT
- 1.8 E. EASEMENT - RECOMMENDATIONS AND EGRESS EASEMENT

LINE TABLE

| LINE | LENGTH | BEARING |
|------|--------|-------------|
| 1 | 53.20 | S89°52'00"W |
| 2 | 10.00 | S00°00'00"W |
| 3 | 10.00 | S00°00'00"W |
| 4 | 10.00 | S00°00'00"W |
| 5 | 10.00 | S00°00'00"W |
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| 19 | 10.00 | S00°00'00"W |
| 20 | 10.00 | S00°00'00"W |

SURVEYOR'S CERTIFICATE
I, CARY J. KEYSER, A LICENSED SURVEYOR IN THE STATE OF ALASKA, HAVE EXAMINED THE PLAT AND THE FIELD NOTES AND HAVE FOUND THEM TO BE TRUE AND CORRECT AND THAT ALL EASEMENTS AND OTHER INFORMATION SHOWN THEREON ARE CORRECT AND THAT ALL INFORMATION IS THE BEST OF MY KNOWLEDGE.

CARY J. KEYSER, SURVEYOR
1000 W. 10TH AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501
PHONE: 273-1111
FAX: 273-1112

OWNER'S & DEVELOPER'S CERTIFICATE
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DATE: 12-22-03

INDENTURED AGENT: [Signature]
DATE: 12-22-03

LEGEND

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CARY J. KEYSER, SURVEYOR
1000 W. 10TH AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501
PHONE: 273-1111
FAX: 273-1112



JOINERSHIP & REDUCTION CERTIFICATE
I HEREBY CERTIFY THAT I AM THE OWNER OF THE PROPERTY SHOWN HEREON AND THAT I HAVE ADEQUATELY SUBDIVIDED THE SAME INTO LOTS AND BLOCKS AS SHOWN BY THIS PLAN. I HEREBY CERTIFY THAT THE LOTS, BLOCKS AND DISTRICTS SHOWN ON THIS PLAN COMPLY WITH THE REQUIREMENTS OF THE SUBDIVISION ACT AND THE CITY OF PALMER, ALASKA. I HEREBY CERTIFY THAT THE LOTS, BLOCKS AND DISTRICTS SHOWN ON THIS PLAN COMPLY WITH THE REQUIREMENTS OF THE SUBDIVISION ACT AND THE CITY OF PALMER, ALASKA. I HEREBY CERTIFY THAT THE LOTS, BLOCKS AND DISTRICTS SHOWN ON THIS PLAN COMPLY WITH THE REQUIREMENTS OF THE SUBDIVISION ACT AND THE CITY OF PALMER, ALASKA.

NOTARY'S ACKNOWLEDGMENT
I, the undersigned, Notary Public for the State of Alaska, do hereby certify that the foregoing is a true and correct copy of the original as the same appears to me. Witness my hand and the seal of my office at Palmer, Alaska, this 27th day of January, 2005.

[Signature]
Notary Public
Palmer, Alaska

LEGEND
● FOUND 2" AL. CAP MONUMENT
○ FOUND 1" IRON PIPE
● FOUND 1" REBAR
+ LEGAL EASEMENT
- GAS & CABLE EASEMENT
--- W.L. = WATER LINE EASEMENT

RESTRICTIVE COVENANTS
RECORDED JAN. 26, 2004 AT SEVAL. RECORD NO. 2004-5
PALMER RECORDING DISTRICT.

CLIQUE TABLE
[Table with columns: CLIQUE, AREA, PERCENT, etc.]

CLIQUE TABLE
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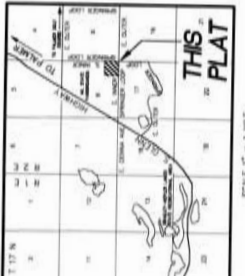
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CLIQUE TABLE
[Table with columns: CLIQUE, AREA, PERCENT, etc.]

CLIQUE TABLE
[Table with columns: CLIQUE, AREA, PERCENT, etc.]



NOTES
1. THERE MAY BE FEDERAL, STATE AND LOCAL REGULATIONS GOVERNING LAND USE. IT IS THE RESPONSIBILITY OF THE APPLICANT TO OBTAIN A DETERMINATION WHETHER SUCH REGULATIONS APPLY TO THE DEVELOPMENT OF PARCELS SHOWN HEREON.
2. THERE IS A 30' WIDE EASEMENT FOR THE SINK SPINNER LOOP.
3. 2" AL. CAP MONUMENT WITH SELF-IDENTIFYING PLASTIC CAP SET AT ALL LOT CORNERS, P.A.'S, P.I.'S AND AT ALL POINTS OF INTEREST.
4. NO INDIVIDUAL SERVICE CONNECTIONS SHALL BE PERMITTED ON ANY LOT UNLESS SUCH SYSTEM IS LOCATED, DESIGNED AND EQUIPPED IN ACCORDANCE WITH THE REQUIREMENTS OF THE CITY OF PALMER, ALASKA, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, WHICH GOVERN THOSE SYSTEMS.
5. NO DIRECT ACCESS FROM ANY LOT IS ALLOWED TO THE SINK SPINNER LOOP OR SINK SPINNER LOOP.
6. THESE LOTS ARE SERVED BY A COMMUNITY WATER SYSTEM.
7. NO INDIVIDUAL WELLS ARE ALLOWED.
8. A PERMIT MUST BE OBTAINED FROM THE PALMER SINK SPINNER LOOP PUBLIC WORKS DEPARTMENT PRIOR TO THE CONSTRUCTION OF ANY WELLS WITHIN THE TEMPORARY DRAINAGE SHOWN HEREON.

PLAT APPROVAL
I, the undersigned, Director of the Division of Geological and Geophysical Survey and Mapping, do hereby certify that this plan complies with the requirements of the Subdivision Act and the City of Palmer, Alaska. I hereby certify that all current taxes and special assessments through 12/31/04 have been paid and that the plan complies with the requirements of the Subdivision Act and the City of Palmer, Alaska.
DATE: 1/27/05
ATTY: [Signature]
PLANNING & LAND USE DIRECTOR
DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEY AND MAPPING
STATE OF ALASKA

CERTIFICATE OF PAYMENT OF TAXES
I HEREBY CERTIFY THAT ALL CURRENT TAXES AND SPECIAL ASSESSMENTS THROUGH 12/31/04 HAVE BEEN PAID AND THAT THE PLAN COMPLIES WITH THE REQUIREMENTS OF THE SUBDIVISION ACT AND THE CITY OF PALMER, ALASKA.
DATE: 1/27/05
ATTY: [Signature]
PLANNING & LAND USE DIRECTOR
DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEY AND MAPPING
STATE OF ALASKA

MAJESTIC HILLS PHASE 2
A SUBDIVISION OF
BLUETT 3, MAJESTIC HILLS PHASE 1, PLAT 80004-3
SECTION 8, T. 17 N., R. 2 E.,
PALMER RECORDING DISTRICT,
PALMER, ALASKA
COUNTY OF PALMER, STATE OF ALASKA
KEYSTONE SURVEYING
CARY LO BLUETT, PROFESSIONAL LAND SURVEYOR
1500 2ND AVENUE, PALMER, ALASKA
DATE: 1/27/05
SCALE: 1" = 100 FEET

SEAL
CARY LO BLUETT
PROFESSIONAL LAND SURVEYOR
NO. 1416
STATE OF ALASKA

SEAL
CARY LO BLUETT
PROFESSIONAL LAND SURVEYOR
NO. 1416
STATE OF ALASKA

SEAL
CARY LO BLUETT
PROFESSIONAL LAND SURVEYOR
NO. 1416
STATE OF ALASKA



SEAL
CARY LO BLUETT
PROFESSIONAL LAND SURVEYOR
NO. 1416
STATE OF ALASKA

PHOTOGRAPHS OF COMPARABLE RANCH HOME SALES



COMP 1: 226 N. Angus Loop



COMP 2: 853 S. Pinnacle Mountain Dr.



COMP 3: 696 N. Angus Loop



COMP 4: 13726 E. Hay Wagon Way



COMP 5: 1020 S. Pinnacle Mountain Dr.



COMP 6: 607 N. Angus Way



COMP 7: 935 S. Pinnacle Mountain Dr.



COMP 8: 13715 E. Field Lane

PHOTOGRAPHS OF COMPARABLE RANCH HOME SALES



COMP 9: 357 N. Angus Loop



COMP 10: 14024 E. Cabbage Patch Ave.



COMP 11: 13773 E. Jersey Loop



COMP 12: 13756 E. Jersey Loop

PHOTOGRAPHS OF MAJESTIC HILLS RANCH HOME SALES



COMP 1: 853 S. Pinnacle Mountain Dr.



COMP 2: 1020 S. Pinnacle Mountain Dr.



COMP 3: 910 S. Idaho Peak Circle



COMP 4: 935 S. Pinnacle Mountain Dr

PHOTOGRAPHS OF MAJESTIC HILLS RANCH HOME SALES



COMP 5: 1275 S. Pinnacle Mountain Dr.



COMP 6: 1095 S. Pinnacle Mountain Dr



COMP 7: 1185 S. Pinnacle Mountain Dr.



COMP 8: 1400 S. Pinnacle Mountain Dr



COMP 9: 13130 E. King Mountain Lane



COMP 10: 912 S. Pinnacle Mountain Dr.



COMP 11: 13060 E. King Mountain Lane



COMP 12: 13170 E. King Mountain Lane



COMP 13: 1235 S. Pinnacle Mountain Dr.

PHOTOGRAPHS OF COMPARABLE SPLIT-ENTRY HOME SALES



COMP 1: 13100 E. King Mountain Lane



COMP 2: 1050 S. Pinnacle Mountain Dr.



COMP 3: 152 N. Pasture Place



COMP 4: 13848 E. Jersey Loop



COMP 5: 844 S. Pinnacle Mountain Dr.



COMP 6: 135 N. Angus Way

PHOTOGRAPHS OF COMPARABLE SPLIT-ENTRY HOME SALES



COMP 7: 13670 E. Field Lane



COMP 8: 236 N Ayrshire Circle



COMP 9: 206 N. Shorthorn Place

PHOTOGRAPHS OF MAJESTIC HILLS SPLIT-ENTRY HOME SALES



COMP 1: 1300 S. Pinnacle Mountain Dr.



COMP 2: 1250 S. Pinnacle Mountain Dr.



COMP 3: 1355 S. Pinnacle Mountain Dr.



COMP 4: 1305 S. Pinnacle Mountain Dr.

PHOTOGRAPHS OF MAJESTIC HILLS SPLIT-ENTRY HOME SALES



COMP 5: 1215 S. Pinnacle Mountain Dr.



COMP 6: 1135 S. Pinnacle Mountain Dr



COMP 7: 13100 S. Pinnacle Mountain Dr.



COMP 8: 844 S. Pinnacle Mountain Dr.



COMP 9: 831 S. Pinnacle Mountain Dr.



COMP 10: 895 S. Pinnacle Mountain Dr.



COMP 1: 272 N. Prairie Circle



COMP 2: 13699 E. Grassland Circle

PHOTOGRAPHS OF COMPARABLE 2-STORY HOME SALES



COMP 3: 820 S. Pinnacle Mountain Dr.



COMP 4 & 6: 459 N. Angus Loop



COMP 5: 1395 S. Pinnacle Mountain Dr.



COMP 7: 13918 E. Jersey Loop



COMP 8: 13885 Gingham Circle



COMP 9: 854 N. Angus Loop



COMP 10: 265 N. Angus Loop

PHOTOGRAPHS OF MAJESTIC HILLS 2-STORY HOME SALES



COMP 1: 930 S. Pinnacle Mountain Dr.



COMP 2: 1180 S. Pinnacle Mountain Dr.



COMP 3: 1120 S. Pinnacle Mountain Dr.



COMP 4: 1000 S. Pinnacle Mountain Dr



COMP 5: 1220 S. Pinnacle Mountain Dr.



COMP 6: 1395 S. Pinnacle Mountain Dr



COMP 7: 969 S. Pinnacle Mountain Dr.



COMP 8: 900 S. Pinnacle Mountain Dr.

PHOTOGRAPHS OF MAJESTIC HILLS 2-STORY HOME SALES



COMP 9: 956 S. Pinnacle Mountain Dr.



COMP 10: 1070 S. Pinnacle Mountain Dr.



COMP 11: 1045 S. Pinnacle Mountain Dr.

PROFESSIONAL QUALIFICATIONS

of

JERRY L. SMITH

**Certified General Real Estate Appraiser, State of Alaska
Certificate No. AA48**

EDUCATION

Virginia Polytechnic Institute and State University (1972-1974)

Washington State University, B.B.A. (1981-1984)

Marshal Real Estate School (March 1984)

Successfully completed the following International Association of Assessing Officers (IAAO) courses:

Course 1 - Fundamentals of Real Property Appraisal - 1987

Course 2 - Income Approach to Valuation - 1986

Course 201 - Appraisal of Land - 1987

Course 301 - Mass Appraisal of Residential Property - 1986

Course 302 - Mass Appraisal of Income-Producing Properties - 1990

Course 303 - Computer-Assisted Assessment Systems - 1987

Other IAA Program Courses Successfully Completed: Site Analysis and Evaluation, An Introduction to the Cost Approach to Value, An Introduction to the Market Data Approach to Value, An Introduction to the Income Approach to Value, Mass Appraisal of Residential Property.

Successfully completed the following courses sponsored by the Appraisal Institute:

Standards of Professional Practice Parts A & B – 1991

15-Hour National USPAP Course – March 2011

Course 2-2 - Report Writing & Valuation Analysis – May 1992

Course 833 – Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets – 2013

Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications – 2013

Attended American Institute of Real Estate Appraisers (AIERA) courses and seminars included:

Seminar "Highest and Best Use" - 1989

Office of Thrift Supervision Seminar "Real Estate Appraisal Reform" - The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) - August 1990.

Course 400 – National Uniform Standards of Professional Appraisal Practice (USPAP Update Course) – February 2005/April 2007/June 2009/February 2013/March 2015/August 2017

Course 410 – 15-hour National USPAP Course – February 2011

Rates and Ratios; Making Sense of GIMs, OARs, and DCF - February 2005

Course 434 - Subdivision Analysis – June 2005

Course 530 - Advance Sales and Cost Approaches – March 2003

Course 550 - Advance Applications - March 2001

Course 700GRE – The Appraiser as an Expert Witness: Preparation & Testimony – June 2009

Successfully completed the following courses sponsored by the International Right of Way Association:

Course 401 - The Appraisal of Partial Acquisitions - May 1994

Course 402 - Introduction to the Income Capitalization Approach - February 1999

Course 403 - Easement Valuation -

Course 801 - Land Titles - April 1999

Course 803 - Eminent Domain - Law Basics for Right of Way Professionals - April 1999

Other Classes

The Beckman Company's - The Technical Inspection Of Real Estate – May 2006

National Highway Institute – NHI 141043: Appraisal for Federal-Aid Highway Programs – March 2007

National Highway Institute – NHI 141043: Appraisal Review for Federal-Aid Highway Programs – March 2007

Appraisal Institute Online Marshall & Swift Commercial Cost Training – April 2009

Appraisal Institute Online Appraisal of Nursing Facilities – May 2009

Loss Prevention Program for Real Estate Appraisers – March 2011

Land and Site Valuation – June 2011

Residential Applications Part 2: Using Microsoft Excel to Analyze and Support Appraisal Assignments – April 2015

Appraisal of Land Subject to Ground Leases – May 2015

Appraisal of Fast Food Facilities – June 2015

Appraisal of Owner-Occupied Commercial Properties – January 2017

PROFESSIONAL QUALIFICATIONS

JERRY L. SMITH, Appraiser

page 2

EXPERIENCE

Constructed single-family residences with J. L. General Contractors, Auburn, Washington, 1979.
Senior Appraiser with Municipality of Anchorage 1984-1987.
Appraiser and Consultant with Erickson and Associates 1987-1989.
RESCO - Real Estate Service Corporation, Appraiser - 1989/1993.
ACCUVAL/RESCO Appraisal Services Corporation, Owner & Chief Executive Officer - 1994/2003
Outlook Valuation Services, Appraiser - 1993/Current.

I have appraised and/or provided investment counseling on a variety of property types throughout the State of Alaska including:

| | | |
|-------------------------|--|--------------------------------------|
| Apartments | Restaurants | Tidelands |
| Condominiums | Warehouses | Mining Claims |
| Hotels & Motels | Service Stations | In-Holdings |
| Office Buildings | Subdivisions | Oil-Field Camps |
| Shopping Centers | Recreational Properties | Lodges |
| Retail Stores | Mobil Home Parks | Public Facilities |
| Airports | Auto Dealerships | Nursing & Assisted Living Facilities |
| Contaminated Properties | Special Use & Going Concern Valuations | |
| Corridor Valuations | | |

Appraisal and counseling services have been performed for a variety of purposes and functions such as financing, buy/sell decisions, leasing, insurability, ad valorem taxation, etc.

Certified: General Real Estate Appraiser State of Alaska No. 48

Certified as Expert Witness by the State of Alaska regarding the valuation of Commercial, Industrial and Residential Properties.

CLIENTELE

| | |
|--|----------------------------------|
| Alaska Railroad Corporation | Small Business Administration |
| Bank of America | Rural Economic Development Corp. |
| Bank of California | Federal Aviation Administration |
| Farmers Home Administration | First Interstate Bank of Oregon |
| Federal Deposit Insurance Corporation | Prudential/Jack White Company |
| Alaska USA Federal Credit Union | Klukwan Iron Ore Corporation |
| Key Bank of Alaska | Municipality of Anchorage |
| McDonald's Corporation | Northrim Bank |
| Wells Fargo Bank | City Commerce Corporation |
| Pacific First Bank of Seattle | Bureau of Land Management |
| Denali Federal Credit Union | Skagit State Bank - Washington |
| State of Alaska | Conoco/Phillips |
| Department of Natural Resources | British Petroleum |
| Department of Transportation & Public Facilities | Federal Express Corporation |

License #: APRG48
Effective: 05/09/2017
Expires: 06/30/2019

STATE OF ALASKA

Department of Commerce, Community, and Economic Development

Division of Corporations, Business, and Professional Licensing

Real Estate Appraisers

Licensee: **JERRY LEE SMITH**

License Type: **Certified General Real Estate Appraiser**

Status: **Active**



Commissioner: Chris Hladick

APPRAISER QUALIFICATIONS AND ALASKA CERTIFICATION: VINCE COAN

EDUCATION

Chugiak High School, Chugiak, Alaska
BBA Degree, University of Alaska (Major-Real Estate)

REAL ESTATE AND APPRAISAL EDUCATION

University of Alaska:
(Real Estate Appraisal, Law, Investment Analysis, Statistics, Finance, Brokerage, Property Management, Urban Theory)

Income Capitalization Workshop, AIREA
Computer Assisted Appraisal Systems, IAAO
Capitalization Theory Part A, AIREA
Capitalization Theory Part B, AIREA
Standards of Professional Practice, AIREA
Case Studies in Real Estate Valuation, AIREA
Narrative Report Writing, AIREA
Report Writing and Review, National Highway Institute
Appraisal of Partial Acquisitions, International Right-of-Way Association
Valuation Litigation, Appraisal Institute
Appraisal of Contaminated Properties, International Right-of-Way Assoc.
Alternative Appraisal Reporting Forms, Appraisal Institute
Small Income Properties, Appraisal Institute
The Appraisal of Complex Properties in the Northwest, Appraisal Institute
The Appraisal of Special Purpose Properties in the Northwest, Appraisal Institute
Easement Valuation, International Right-of-Way Association
Retail Property Appraisal, Appraisal Institute
Partial Interest Valuation – Undivided, Appraisal Institute
Partial Interest Valuation – Divided, Appraisal Institute
Standards of Professional Practice, Parts A & B, Appraisal Institute
Real Estate Econometrics/Trend Analysis, Appraisal Institute
Land Valuation Adjustment Procedures, Appraisal Institute
Land Valuation Assignments Workshop, Appraisal Institute
Standards of Professional Practice, Part C, Appraisal Institute
Appraisal of Conservation Easements, Appraisal Institute and ASFMRA
Standards and Ethics of the Appraisal Institute for Associate Members
Uniform Appraisal Standards for Federal Land Acquisitions, Appraisal Institute
Advanced Income Capitalization, Appraisal Institute

EMPLOYMENT HISTORY

Statewide Appraisal Services, Owner (Since 1992)
Valley Appraisal and Analysis, Inc., Commercial Appraiser (1990-92)
Alaska Valuation Service, Inc., Commercial Appraiser (1989-90)
Erickson and Associates, Commercial Appraiser (1986-89)
Municipality of Anchorage, Senior Appraiser (1984-86)
State of Alaska, Land Manager
Alaska State Legislature, House Finance Committee Aide
Alaska Land Development Services, Surveyor
Various Surveying and Construction Work

PROFESSIONAL AFFILIATIONS AND COMMUNITY SERVICE

Certified General Real Estate Appraiser (State of Alaska No. APRG132)
Appraisal Institute, Associate Member
Contract Review Appraiser, State Division of Occupational Licensing (past)
State of Alaska Board of Certified Real Estate Appraisers 2000-2003 (Chairman)
State Assessment Review Board 2002 (Board Member)
International Right-of Way Association, Regular Member
Matanuska-Susitna Borough Board of Equalization 1992-2002
Valley Board of Realtors
Vice President, Matanuska-Susitna Youth Football Association (past)
Little League Baseball (Coach/Manager; past)

APPRAISAL EXPERIENCE: Multifamily properties; commercial and residential condominiums; small to large office buildings; farms and agricultural parcels; warehouses and industrial properties; small to large retail properties, convenience stores with and without fuel sales; community and neighborhood shopping centers; vacant residential/commercial/industrial lots and subdivisions; fly-in lodges; seafood processing plants, hotels, motels, and restaurants; aircraft hangars; car washes; various private and governmental leaseholds, in holdings, partial interests, easements, right-of-way, and condemnation appraisals. Appraisal experience includes a variety of commercial, industrial, multifamily, agricultural, special-use properties, subdivisions and vacant land, appraised throughout Alaska, including the following areas:

- | | |
|---------------------|------------|
| Anchorage | Kotzebue |
| Eagle River/Chugiak | Naknek |
| Fairbanks | Palmer |
| Glennallen | Sand Point |
| Homer | Seward |
| Iliamna | Sitka |
| Juneau | Skagway |
| Kake | Soldotna |
| Kenai | Talkeetna |
| Ketchikan | Valdez |
| King Salmon | Wasilla |
| Kodiak | Wrangell |

Qualified as Master and expert witness for Masters Hearings, and expert witness in Superior Court, and Bankruptcy Court.



**City of Palmer
Action Memorandum No. 18-081**

Subject: Authorizing the City Manager to Negotiate and Execute Two New Lease Agreements with CIG, LLC for Leases on Block 3, Lease Lot 12 and 13, Palmer Municipal Airport for the Purpose of Constructing Two, Ten Unit T-Hangar Structures


Agenda of: October 23, 2018

Council Action: **Approved** **Amended:** _____
 Defeated


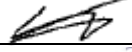

Originator Information:

Originator: City Manager

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|-----------|-----------------------|--|---------|
| _____ | Community Development | _____ | _____ |
| X | Finance |  | 9/03/18 |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|---|----------|
| City Manager |  | _____ |
| City Attorney |  | _____ |
| City Clerk |  | _____ |

Certification of Funds:


Total amount of funds listed in this legislation: \$ 3,120.00 and \$3,511.00

This legislation (√):

| | | |
|-------------------------------------|---------------------------------------|-----------------------------------|
| <input checked="" type="checkbox"/> | Creates revenue in the amount of: | \$ <u>3,120.00 and \$3,511.00</u> |
| <input type="checkbox"/> | Creates expenditure in the amount of: | \$ _____ |
| <input type="checkbox"/> | Creates a saving in the amount of: | \$ _____ |
| <input type="checkbox"/> | Has no fiscal impact | |

Funds are (√):

| | | |
|-------------------------------------|--------------|----------------------|
| <input type="checkbox"/> | Budgeted | Line item(s): _____ |
| <input checked="" type="checkbox"/> | Not budgeted | <u>03-00-00-3431</u> |

Director of Finance Signature: 

Attachment(s):

- Draft Lease Agreement 18-003 & (Exhibit A)
- Plot Plan PMA LL 12
- Draft Lease Agreement 18-004 & (Exhibit A)
- Plot Plan PMA LL 13

Summary Statement/Background:

CIG, LLC (Cruz Investment Group) wishes to construct two (2) ten (10) unit T-hangar buildings on PMA Lease lots 12 and 13 respectively. Once the future T-Hangar Associations are created and filed with the State of Alaska by CIG, LLC with the assistance of their legal counsel Sean Parnell, the individual T-hangar units will be listed for sale and sold to the prospective buyers. Airport Administration and First National Bank Alaska will provide any needed technical assistance in the creation of the T-Hanger Association to help insure that the individual units are available for any and all retail financing if needed to perspective buyers.

Once the T-Hangar Association is created with sufficient units sold and new membership (owners of individual units) is achieved, these leases will need to be assigned to those respective T-Hangar Associations by CIG, LLC and the City of Palmer.

CIG, LLC will again contract with Mark LaCrosse of LaCrosse and Associates, Inc. to be their general contractor on the projects. Mr. LaCrosse is a very experienced and well respected general contractor whose previous work includes the Cruz hangar at PAQ and numerous other Cruz projects.

This fall, LaCrosse and Associates will remove and re-arrange top soil from Lease Lot 12 and import the gravel base for the spring time construction of the respective pre-engineered metal building (T-Hangars). Construction of the first ten (10) unit building will conclude by next October and then the same sequence will occur on Lease Lot 13. This staggered start approach is captured in the leasing language of PMA Lease Agreement No. 18-004.

Administration's Recommendation:

To approve Action Memorandum No. 18-081 Authorizing the City Manager to Negotiate and Execute two New Lease Agreements with CIG, LLC for leases on Block 3, Lease Lot 12 and 13, Palmer Municipal Airport for the purpose of constructing two (2), ten (10) unit T-Hangar developments.



City of Palmer
231 West Evergreen Avenue
Palmer, AK 99645
907-745-3271

**PALMER MUNICIPAL AIRPORT
LEASE AGREEMENT No. 18-003**

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DRAFT



City of Palmer

**231 West Evergreen Avenue
Palmer, AK 99645
907-745-3271**

**PALMER MUNICIPAL AIRPORT
LEASE AGREEMENT No. 18-003**

This LEASE AGREEMENT is made and entered into this _____ (date), by and between the City of Palmer, a municipal corporation organized and existing under its charter and the laws of the State of Alaska, hereinafter referred to as the "Lessor", and **CIG, LLC**, hereinafter referred to as the "Lessee".

This lease agreement is not effective unless it is accompanied by signed and attached Exhibit A providing specific information for the following sections: 1., 1A, 1.1B, 1.2A, 1.2B, 1.3A, 2.1, 2.2, 2.7 and 2.8.

In consideration of the mutual covenants and promises contained herein, the parties agree as follows:

ARTICLE I - PREMISES, TERM AND RENTALS

Section 1.1 Premises and Purpose

- A. Lessor does hereby lease, demise and let unto Lessee, and Lessee does hereby lease from Lessor, real property more particularly described as a parcel of land located within Tract B, Palmer Municipal Airport recorded as Plat No. 2006-15 in the Palmer Recording District, Third Judicial District, State of Alaska and further described as follows:

**Palmer Municipal Airport, Block 3, Lease Lot 12
Containing 1.10 acres or 48,000 square feet, more or less
A.K.A. 780 East Yukon Street, Palmer, AK. 99645
See Attached "Exhibit A"**

Parcel may be subject to additional easements and/or encumbrances not shown or depicted hereon.

- B. Lessee shall **use the Premises for the following Aeronautical uses only, and for no other: T-Hangar Aircraft Storage & Maintenance.**
- C. Any use of the premises for Non-Aeronautical activity is strictly prohibited, unless an approved amendment to this lease is adopted and fair market value rates for Non-aeronautical areas are applied.

Section 1.2 Term and Renewal

- A. The term of the lease shall be for a period of **25 years**, commencing on the **25th day of October 2018 (the "Commencement Date")** and ending on the **30th day of October of 2043**, subject to the terms of provisions hereof.
- B. Provided Lessee fully and faithfully performs all of the covenants and conditions contained herein for the term of the Lease, Lessor may approve an **additional period of 20 years** at

the expiration of this Lease so that the total number of years available to Lessee is 45 years. As with the initial term at the start of and continuing through the renewal period,

1. The rental rate will continue to be subject to changes as provided in Section 1.4 "Rent Adjustment,";
 2. The renewal insurance provision as provided in Section 4.3 will apply along with any other changes made in accordance with Section 4.3;
 3. The Lease will be subject to such other and further changes as are deemed necessary by Lessor for the reasonable protection of Lessor;
 4. In addition, if this Lease is renewed, it shall be subject to all provisions of the Palmer Municipal Code and to the City's Regulations that pertain to the Airport in effect at the time of the renewal or amended thereafter. Including but not limited to the current airport regulations.
- C. To renew this Lease, Lessee must comply strictly with the following:
1. Not more than 24 months nor less than 12 months before the end of the term of this Lease, the Lessee must indicate in a signed writing delivered to the Palmer City Manager, the Lessee's request to exercise the option to renew this Lease.
 2. If Lessee fails to notify Lessor within said time period, this Lease shall be deemed terminated at the scheduled expiration date.

Section 1.3 Rent

- A. Lessee shall pay to the Lessor as rent during the term hereof the sum \$3,120.00 per year, payable annually in advance without demand, beginning July 1, 2019 and continuing on the same day of each and every year thereafter during the term of the lease at the office of the Lessor set forth in Section 7.8 or at such other place as the Lessor may designate in writing. (Rent is derived as follows: (48,000 square feet X \$0.065 cents per square foot)
1. In addition, Lessee shall pay the prorated amount from execution of lease to June 30, 2019 for \$1,628.92 ($\8.55×249 days), Less the \$500.00 lease application fee received on September 26, 2018 to be applied to the prorated portion. ($\$2,128.92 - \$500.00 = 1,628.92$)
 2. Failure to pay rent by the thirtieth day after the due date shall obligate the Lessee to pay a late charge of \$100.00, which sum is agreed to a reasonable estimate of the Lessor's damages for late rental payments and shall not be construed as a penalty or a limitation on Lessor's remedies.
 3. This late charge is in addition to a 12 percent daily interest rate.
($0.12\% / 365 = .00033 \times \$3,120.00 = \$1.03$ dollars and cents per day)
- B. All rent shall be payable in current legal tender of the United States. Payment may be tendered by check, but payment shall not be made in fact until such check has been honored by the drawee bank. The tender of payment by check within the time provided shall be deemed sufficient to meet any due date only if the check is subsequently honored by the drawee bank and the Lessor subsequently receives the legal tender required by this Lease. Any subsequent dishonor and non-receipt of rent payment shall constitute a default of this Lease.
- C. The extension of time for the payment of any installment of rent, or the acceptance by the Lessor of any money other than of the kind herein specified, shall not be a waiver of the right Lessor to insist on all other payments of rent to be made in the manner and at the time herein specified. The acceptance by the Lessor of a past due installment payment shall not waive the Lessor's right as to any other default or breach of the Lease.

- D. The rent herein specified shall be net to the Lessor and such payment shall not be subject to any abatement, deduction or off set (except as otherwise provided in this Lease).
- E. All taxes, charges, costs, expenses, utilities and assessments which the Lessee is required to pay hereunder, and all damages, costs and expenses which the Lessor may incur by reason of any default of the Lessee or failure on the Lessee's part to comply with the terms of the Lease, shall be deemed to be additional rent and in the event of nonpayment by the Lessee, the Lessor shall have all the rights and remedies with respect thereto that the Lessor has for the nonpayment of the basic rent.

Section 1.4 Rent Adjustment

- A. It is the intent of the parties that the Palmer Municipal Airport be a self-sustaining facility and operate without any support from the general fund of the Lessor.
- B. The rent shall be subject to adjustment at five (5) year intervals to achieve fair market rent, the first adjustment date is five (5) years following the annual payment. The rent shall be adjusted as follows:
 - 1. Six (6) months prior to the termination of the initial five (5) year period and any subsequent five (5) year period, Lessor shall propose the rent for the next five (5) year period of the lease term and the parties hereto may, by mutual agreement, set the rent for the five (5) year period. The basis of the initial proposed new rent for the next five (5) year term will be the accumulated increase or decrease in the Consumer Price Index for All Urban Consumers (CPI-U): Selected areas, semiannual averages, all items index for the Anchorage, AK. Local area, based upon 2015 as a base year. Additional factors for the basis of the initial proposed new rent will include, but are not limited to; the comparative leasing rate of similar airports in the Alaskan market place, as well as local and state economic conditions and the airports' vacancy rates.
 - a. If an agreement is not reached ninety (90) days prior to the end of the current five (5) year period, the fair market rental value of the premises shall be determined by an appraiser selected by the lessor who shall (a) be a member of The American Institute of Real Estate Appraisers, and (b) have experiencing in appraising properties similar to the premises. (The "Qualified Appraiser"). The cost of the initial appraisal shall be born equally between Lessor and Lessee. If either the Lessor or Lessee or both shall disapprove of the fair market rental of the premises as thus determined, the dissatisfied party(s) may then designate another Qualified Appraiser who shall conduct a second (or additional) independent appraisal(s) of the premises and the fair market rental of the premises shall be determined to be the average of the two appraisals. The cost of the additional appraisal shall be borne by the dissatisfied party. In the event that both the Lessor and the Lessee are both dissatisfied with the original appraisal than the cost of, the second appraisal shall be borne equally between the Lessor and Lessee.
 - 2. Lessor's failure to timely start this rent adjustment procedure does not affect the rent adjustment, other than that the rent shall not be adjusted for the period before Lessor starts the procedure for each five-year period.
 - a. If, for example, Lessor starts the rent-adjustment procedure for the first time on the first day of the seventh year of the lease term, then the rent shall remain unchanged for the previous six years.

- b. Any adjustment in Section 1.4 would start as of the first day of the seventh year and remain in effect through year ten when Lessor could again start the rent-adjustment procedure.
- C. During the pendency of any determination of fair market rent, Lessee shall pay the rent last in effect for the Premises until such determination has been made. Any deficiency between the rent so paid and the adjusted rent retroactive to the beginning of the period for which it is due shall be paid within thirty (30) days of being billed to Lessee with interest from the original due date of such rent at the rate highest rate allowed by law for debts under \$25,000 or twelve percent (12%) per annum, whichever rate is lower.

Section 1.5 Determination of Fair Market Rent

- A. The fair market rent of the premises shall be based on the Consumer Price Index for the Municipality of Anchorage from the United States Department of Labor statistics as outlined in Section 1.4.
- B. Fair market rent shall not include any return on improvements placed on the Premises by the Lessee or its predecessors in interest, but shall include a return for improvements placed on the Premises by the Lessor or otherwise belonging to Lessor.
- C. The parties acknowledge that certain property at Palmer Municipal Airport may not currently and may not in the future be leased for a fair market rent.
- D. The returns received by Lessor from other aviation Leases at Palmer Municipal Airport, therefore, shall not be used exclusively by the appraiser to determine a fair market rent.
- E. Any appraisal of the Premises shall consider any limitation or restriction on use imposed under this Lease or pursuant to any patent, deed, lease or grant from or agreement with the United States to the Lessor, including but not limited to aviation restricted use.
- F. Lessor shall send written notice to Lessee of the amount determined to be the fair market rent together with a copy of the appraisal.

ARTICLE II - IMPROVEMENTS

Section 2.1 Improvements

- A. Promptly after the execution and delivery of this Lease, and as hereinafter more particularly provided, the Lessee at its own cost and expense shall cause plans and specifications to be prepared for the construction of the following building, structures and improvements to be placed on the leased Premises, hereinafter referred to as "Improvements".
 - 1. Improvements consist of: 51' x 231'-8" Pre-Engineered Metal Building containing 10 Aircraft T-Hangar Units
 - 2. Approximately 18,000 square foot of paved apron
 - 3. Utilities of: Water, Sewer, Electric, Natural Gas
- B. Failure to timely complete the improvements shall constitute a condition of default.
- C. The improvements shall fully comply with all applicable federal, state, and municipal laws and regulations, including but not limited to federal, state, and municipal building, fire, construction and safety codes and zoning regulations and requirements.

Section 2.2 Plans and Specifications

- A. The Lessee at its own cost and expense shall have prepared conceptual plans for improvements and shall prepare and submit them to the Department of Community Development and the Airport Manager on or before February 15, 2019. The conceptual

plans shall have a site plan, building floor plan, all four building elevations and the improvements to be constructed.

- B. The Lessee shall submit the conceptual plans required (as outlined by this section) within the time specified, or the Lessor shall have the right and privilege to terminate this Lease on ten (10) days written notice and if such notice is given this Lease shall terminate and shall be of no further force and effect at the expiration of such ten-day period.

Section 2.3 Conceptual Plans

- A. The Department of Community Development shall examine the conceptual plans and within thirty (30) days after submission, the Airport Manager shall inform the Lessee in writing of any objections to the conceptual plans.
 - 1. In event of objections, the Lessee shall have thirty (30) days to propose any corrective amendments which the Airport Manager shall accept or reject within the next twenty (20) days.
 - 2. Failure of the Airport Manager to inform the Lessee in writing of his or her objections within twenty (20) days shall constitute the Airport Manager's and the Department of Community Development's approval.
- B. The Airport Manager's and Department of Community Development's approval of the conceptual plans submitted by Lessee shall not constitute the assumption of any liability of Lessor for their compliance or conformity with applicable building codes, zoning regulations, and/or city, borough, state and federal laws, ordinances and/or regulations, or for their accuracy.
 - 1. Lessee shall be solely responsible for such plans.
 - 2. The Airport Manager's and Department of Community Development approval of such plans shall not constitute a waiver of Lessor's right to thereafter require Lessee to amend the same to provide for any corrections or omissions needed to comply with applicable building codes, zoning regulations, city, borough, state or federal laws, ordinances or regulations.
 - 3. The review and approval required by this section is in addition to any other review and approval needed for any required building permits or similar authorization.

Section 2.4 Final Plans

After the Airport Manager has notified the Lessee of his or her approval of the conceptual plans and specifications, the Lessee shall promptly apply to the appropriate municipal department for a building permit for any construction or building required to be erected by Lessee pursuant to this Article.

- A. The Lessee shall submit to the Airport Manager any plans and detailed drawings including copies which may be required for the permit before submitting the plans and drawings for a permit.
- B. Thereafter the Lessee at the Lessee's own expense shall proceed promptly with preparation of complete and final plans and complete detailed specifications (such plans and specification hereafter termed "final plans") for the Improvements and shall submit to the Airport Manager for the Airport Manager's approval the final plans as soon as practicable.
- C. The failure of the Lessee to proceed promptly with the preparation of final plans or to submit final plans as required by this section shall constitute a default and breach of this Lease and shall enable the Lessor to terminate this Lease on ten days written notice.

Section 2.5 Airport Manager's Approval

The Airport Manager shall not unreasonably withhold his or her approval to any conceptual plans, specifications, any plans and detailed drawings, or any final plans or complete detailed specifications.

Section 2.6 Compliance with part 77 FAR

Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations and any similar requirement prior to the construction of the Improvements and prior to the construction of any further structure or building upon the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

Section 2.7 Commencement of Construction

If the Lessee has not commenced construction of the Improvements by, on or before June 15, 2019, the Lessor shall have the right at Lessor's option to terminate this Lease on thirty (30) days written notice.

Section 2.8 Completion of Construction

- A. The Lessee shall have completed construction of the Improvements by, on or before October 30, 2019.
- B. The construction shall be completed when the Improvements have been substantially completed and are capable of the use for which they were intended.
- C. If the Lessee has not completed the construction by the scheduled completion date the Lessor shall have the right, at Lessor's option, to terminate the Lease on ten days written notice.

Section 2.9 Liens

- A. Lessee hereby warrants to Lessor that the Premises and all such other Improvements, shall be free and clear of all liens, claims and encumbrances and agrees to indemnify, defend and hold Lessor harmless from and against any and all losses, damages and costs, including reasonable attorney's fees and appellate attorneys' fees, with respect thereto.
- B. If any lien or notice of lien on account of the alleged debt of Lessee or lien or notice of lien by any party engaged by Lessee or Lessee's contractor to work on the Premises shall be filed against the Premises or Improvements, Lessee shall cause the same to be discharged of record by payment, deposit, bond, order of court or competent jurisdiction or otherwise.

Section 2.11 Performance Guarantee

- A. The work, of \$100,000, as described in this lease document shall not begin until the Lessee or Lessee's contractor has provided to the Lessor a performance guarantee in the form of a performance bond, escrow, an irrevocable letter of credit, or deed of trust in an amount equal to 110% of the estimated cost of the Improvements to be accomplished, which guarantees the completion of the work by Lessee or Lessee's contractor in accordance with the plans and specifications approved by Lessor and guarantees the payment by Lessee or Lessee's contractor of all subcontractors' charges and all other persons and firms supplying services, labor, materials or supplies in connection with the work.
- B. The work, if funded by an Alaskan Financial Institution on behalf of the Lessee of \$100,000, as described in this lease document shall not begin until the Lessee's Financial

Institution has provided to the Lessor a "Letter of Guarantee" in an amount equal to 100% of the cost of improvements in a "Construction Escrow Account" and guarantees the payment by Lessee, Lessee's Contactor or Lessee's Financial Institution of all subcontractors' charges and all other persons and firms supplying services, labor, materials or supplies in connection with the work, in a form approved by the City.

- C. Bonds shall be a performance bond from a company qualified by law to act as a surety in the State of Alaska. The bond shall be in a form approved by the City. The bond shall name the City as the sole obligee and the Lessee as the principal. The surety must be rated by A.M. Best as an A or B surety.
- D. The Lessee may deposit cash in an escrow with a bank qualified by law to do business in the State of Alaska. The disbursement of the escrowed funds shall be governed by an escrow agreement in a form approved by the City.
- E. The Lessee may provide to the City, an irrevocable letter of credit or loan commitment by a bank qualified by law to do business in the State of Alaska naming the City as beneficiary. The letter of credit or loan commitment agreement shall be in a form approved by the City.
- F. The Lessee may grant the City a first deed of trust on real property located in the Matanuska-Susitna Borough to secure the estimated cost of all improvements. The City will accept the first deed of trust if:
 - 1. The Matanuska- Susitna Borough's assessed value for the tax purposes equals or exceeds the amount to be secured by the deed of trust; and
 - 2. The City obtains at the Lessee's expense, a policy of title insurance from a recognized Title Company doing business in the Matanuska Susitna Borough naming the City as the insured beneficiary of the first deed of trust in the amount of the estimated cost of all improvements.

Section 2.12 Inspection

During construction, the Lessor shall have the right, from time to time, to inspect the Improvements and in the event that during the construction or at any time prior to the issuance of a final certificate of occupancy, the Lessor determines that the Improvements are not being constructed in accordance with the plans and specifications specified in this lease, Lessor may give notice in writing to the Lessee specifying in detail the particular deficiency, omission or other respect in which the Lessor claims construction does not meet the plans and specifications. Upon receipt of any such notice the Lessee shall take steps necessary to correct any deficiencies, omissions or otherwise.

Section 2.13 Non-Responsibility

The Lessor may at the time enter upon the Premises for the purpose of posting notices of non-responsibility for any work, labor or materials supplied or furnished to these Premises and the Lessee shall notify, in writing, and in advance of any construction, the Lessor of any construction in order that the Lessor may post such notices of non-responsibility. It is the understanding of the parties hereto that any such work, labor, or materials are supplied only to further the purposes of the Lessee and that work, labor and materials have been contracted for solely by the Lessee for Lessee's own benefit and not as agent of Lessor.

Section 2.14 As Built Plans

Within sixty (60) days after the project's completion date, the Lessee shall deliver to the Lessor a surveyed plot plan of the leased Premises showing the completed Improvements as built in relation to the property lines of the leased Premises.

Section 2.15 Improvements Subject to Reversion or Removal

All alterations, buildings, structures or other Improvements placed on the Premises by Lessee shall be subject to Section 7.6 of this Lease.

Section 2.16 Alterations and Other Improvements

The Lessee shall have the right, from time to time, to make such alterations and improvements and decoration to the Premises. Any alterations, improvements and decorations shall be reasonably necessary or appropriate in the Lessor's judgment for the conduct Lessee's business. Lessee shall obtain Lessor's written approval before any such alterations are made. Approval shall not be reasonably withheld as long as Lessee complies with provisions of this article.

Section 2.17 Pavement/Utility Services

Any pavement or utility services to be constructed by the Lessee shall be constructed in accordance with design and specifications approved by the Lessor and the construction shall be subject to inspection by the Lessor. Such improvements shall not be constructed without the prior consent of the Lessor in writing.

ARTICLE III - USE OF THE LEASED PREMISES

Section 3.1 Airport Purposes

- A. Lessee shall have the right to conduct on the premises those activities stated in Section 1.1 B only, and Lessee shall not use the Premises for any other purpose or activity without first obtaining the written consent of the Airport Manager to do so.
- B. In addition, Lessees' activities are to be aeronautical related activities as defined in the Federal Aviation Administration's (FAA's) Airport Compliance Handbook, FAA order 5190.6B and the FAA Revenue Diversion Policy and all planned development shall be consistent with the Palmer Municipal Airport Layout Plan and Master Plan.
- C. It is the purpose of this Lease to foster and abet air commerce at Palmer Municipal Airport and it is not the intent of this Lease to provide premises for uses which do not promote the development and use of Palmer Municipal Airport.
- D. All uses normally incidental to an airport such as car rental agencies, limousine service, restaurants, insurance sales, and other such incidental services not directly related to the maintenance and operation of aircraft are prohibited except when the Airport and the FAA have established that a specific facility is not currently needed for aeronautical purposes.
- E. Any non-aeronautical use must be limited and incidental.
- F. Any non-aeronautical use must be approved by the Airport Manager and the FAA in writing prior to its commencement.
- G. Any approved non-aeronautical use will be allowed only on an interim basis and will be phased out if aeronautical demand increases.
- H. If a non-aeronautical use is approved, the rent provided in section 1.3 shall be increased to reflect the fair market value of the portion of the Premises used for non-aeronautical uses.
- I. Requests for non-aeronautical uses will be made first to the Airport Manager and if approved by the Airport Manager and FAA, the non-aeronautical use and the conditions associated therewith will be detailed in an addendum to this Lease.
- J. Lessee shall not use or permit any part of the Premises to be used for any unlawful purpose of or for any purpose or use that may constitute a nuisance or hazard to health, safety, or property.

- K. Lessee shall not use or allow the Premises or any part thereof to be used or occupied for any purpose in violation of any law, lawful order, or rule or regulation concerning the operation or use of Palmer Municipal Airport.

Section 3.2 Compliance with Laws

Lessee shall comply with all laws now or hereinafter in effect affecting the Premises or Lessee's use or occupancy thereof, including but not limited to Palmer Municipal Airport Regulations; PMC 12.08; and PMC 17 all as may be amended from time to time.

Section 3.3 Hazardous Materials

- A. Neither Lessee nor Lessee's agents shall cause or permit any Hazardous Materials or Substances to be brought upon, generated, stored, disposed of, or used in or about the Premises by Lessee, its agents, employees, contractors, or invitees without the prior written consent of Lessor.
- B. Lessee shall demonstrate to Lessor's reasonable satisfaction that such Hazardous Materials or Substances are necessary to Lessee's business and will be used, generated, disposed of, and stored in a manner that complies with all laws regulating any such Hazardous Materials or Substance so brought upon, generated, stored, disposed of or used in or about the Premises.
- C. Lessor may, at its option require Lessee to provide annual reports, submitted with the annual rent payment.
- D. The Lessee will report the kinds and quantities of Hazardous Materials or Substance on the Premises and how the Lessee complies with applicable laws regarding disposal.
- E. If Hazardous Material or Substances have been used, generated, disposed of or stored in or about the Premises during the term of this Lease, Lessor may, at its election, have any environmental assessment performed of the Premises, at the Lessee's expense, at the termination of this Lease or termination of Lessee's right to possession under this Lease.
- F. If any of the following occur;
 - 1. Lessee breaches the obligations in this section;
 - 2. The presence of Hazardous Material or Substance on the Premises caused or permitted by Lessee results in contamination of the Premises or contamination of any other property at the Palmer Municipal Airport; or
 - 3. Contamination of the Premises or any other property at Palmer Municipal Airport by Hazardous Material or Substance otherwise occurs for which Lessee is legally liable to Lessor for damage resulting therefrom;
 - a. Then Lessee shall indemnify, defend, and hold Lessor harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space, sums paid in settlement of claims, attorneys' fees, appellate attorney's fees, consultant fees, expert fees, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material or substance present in the soil or groundwater on or under the Premises which arise during or after the Lease term as a result of such contamination.

- G. Without Limiting the foregoing, if the presence of any Hazardous Material or Substance on the Premises caused or permitted by Lessee results in any contamination of the Premises or any other property at the Palmer Municipal Airport, Lessee shall promptly take all actions at its sole expense as are necessary to return the Premises and/or other property to the condition existing prior to the introduction of any such Hazardous Material or Substance; provided that Lessor's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises or other property.
- H. As used herein, the term "Hazardous Material or Substance" shall be interpreted broadly to include, but not limited to, substances designated as hazardous under the Resource Conservation and Recovery Act, 42 USC Section 6901 et seq., the Federal Water Pollution Control Act, 33 USC Section 1257 et seq. the Clean Air Act, 42 USC Section 2001 et seq the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC Section 9601 et seq., Title 46 of the Alaska Statutes, or by any applicable federal, state, or local statute, regulation or ordinance now or hereafter in effect and as they may be amended or interpreted from time to time.
- I. The provisions of this Section 3.3 shall survive any termination of Lessee's right to possession of the Premises and/or termination of this Lease.

Section 3.4 Americans with Disabilities Act

Lessor and Lessee agree that as allowed by 28 C. F. R. S. 36.201(b), Lessee shall be responsible for all compliance responsibility under the Americans with Disabilities Act (42 U.S.C. S 12101 et. Seq.) related to Lessee's use and occupancy of the Premises. Lessee agrees to defend, indemnify and hold Lessee harmless from any claim, demand, or action, either by a private person or a governmental entity, under said Act due to failure to comply with the terms of said Act. The provisions of this Section 3.4 shall survive termination of Lessee's right to possession of the Premises and/or termination of this Lease.

Section 3.5 Reservations and Exceptions

This Lease is made by the Lessor and accepted by the Lessee conditioned upon and subject to any conditions, reservations, limitations, provisions or terms imposed upon the Premises of Palmer Municipal Airport, as contained in any grant (including any monetary grant or loan), lease, permit, patent, deed, or any other conveyance to the Lessor of the Premises, or of Palmer Municipal Airport, from the United States, or the State of Alaska, including their agencies. In the event that any such condition, reservation, limitation, provision or term shall prevent, without fault of the Lessor, this Lease from continuing in full force and effect, the Lessor shall have the option to terminate this Lease immediately (and at any time) without liability to the Lessee therefor.

Section 3.6 Subordination of Lease to Requirements of the Federal Aviation Administration

- A. This Lease shall be subordinated to the provisions of any existing or future agreements between the Lessor and the United States, relative to the operation or maintenance of Palmer Municipal Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development or operation of Palmer Municipal Airport.
- B. In connection therewith, the Lessor has undertaken and may in the future undertake certain obligations respecting its operation of Palmer Municipal Airport and activities of its

contractors, Lessees and permitted thereon. The performance by Lessee of the covenants, promises and obligations contained in this Lease is therefore a special consideration and inducement to this Lease. Lessee further covenants and agrees that if the administrator of the Federal Aviation Administration, or any other governmental official or body having jurisdiction over the enforcement and the obligations of the City in connection with the Federal or State aid, shall make any orders, recommendations or suggestions respecting the performances by Lessee of its obligations under this Lease, Lessee shall promptly comply therewith, at the time or times when and to the extent that the Lessor may direct.

Section 3.7 Aircraft on Premises

The Lessee shall provide the Airport Manager a list showing all aircraft on the Premises for any purpose, together with the aircraft type, model and number, the name and address of the owner, the purpose of the aircraft being on the Premises, and such other information concerning its identification thereof as the Airport Manager shall deem necessary.

Section 3.8 Discriminatory Acts Prohibited

- A. The Lessee shall furnish any service to be rendered by the Lessee in connection with or upon the Premises on a fair, equal and not unjustly discriminatory basis to all users thereof. In performing such services Lessee shall charge fair, reasonable and not unjustly discriminatory prices or rates for each unit of service furnished, provided the Lessee may take reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume users or purchasers.
- B. The Lessee, in its use and occupancy of the Premises, shall not discriminate against any person or class of persons by reason of race, color, creed or national origin, or by reason of any other basis that is illegal or becomes illegal during the term of this Lease, any extension, or any holdover period.
- C. The Lessor upon ten (10) days' notice to the Lessee of any violation of this section shall request that the Lessee either correct or justify any practice or charge alleged as a violation.
- D. In any proceeding whatsoever the burden of justification shall be on the Lessee to show that the practice or charge does comply with the requirements of this section. The Lessee, within ten (10) days after receipt of the notice, shall comply with the request or submit to the Lessor its justification in writing. The Lessor shall submit its findings and decision as to any alleged violation within fifteen (15) days after the receipt of the Lessee's justification, and such findings and decision of the Lessor shall be final. Unless the Lessee shall notify in writing the Lessor within ten (10) days of its objections to any request for compliance or to any adverse findings and decision, the Lessee shall waive any defense that the alleged violation is justified.
- E. The Lessor, at its option, may forthwith terminate this Lease without any liability to Lessee thereunder for failure by Lessee without justification to comply with Lessor's request for compliance within the time set forth in the request or the findings and decision to correct the alleged violation.

Section 3.9 Affirmative Action

- A. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of

any program or activity covered in this subpart. The Lessee assures that it will require that its covered sub-organizations provide assurances to the Lessor that any similarity will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

- B. The Lessor upon ten (10) days' notice to the Lessee of any violation of subsection A shall request that the Lessee either correct or justify any practice or charge alleged as a violation. In any proceeding whatsoever, the burden of justification requirement of subsection A. The Lessee within ten (10) days after receipt of the notice, shall comply with the request or submit to the Lessor its justification in writing. The Lessor shall submit its findings and decision as to any alleged violation within fifteen (15) days after receipt of the Lessee's justification, and such findings and decision of the days of its objections to any request for compliance or to any adverse findings and decision, the Lessee shall waive any defense that the alleged violation is justified.
- C. The Lessor, at its option, may forthwith terminate this Lease without any liability to Lessee thereunder for any failure by Lessee without justification to comply with Lessor's request for compliance within the time set forth in the request of the findings and decision to correct the alleged violation.

Section 3.10 Maintenance of Premises

- A. Lessee shall repair and maintain the Improvements in good order and repair and keep the Premises in a neat, safe, clean and orderly condition. Such obligation shall include, but not be limited to, the prevention of the accumulation of any refuse or waste materials which might be or constitute a fire hazard or a public or private nuisance.
- B. In the event that Lessee does not properly repair and/or maintain the Improvements or Premises, the Airport Manager shall notify the Lessee in writing of those areas that are not being properly repaired and/or maintained.
- C. If, however, after 60 days, Lessee fails to make such repair and/or maintenance, Lessor may cause to have such repair and maintenance made and invoice the Lessee for the repair and maintenance completed.
- D. If said costs are not paid promptly by Lessee, the lease shall be deemed to be in default, and Lessor shall be entitled to all legal remedies provided hereunder.
- E. Lessee shall neither cause nor allow any waste of the Premises or Improvements. In addition, Lessee shall be strictly liable for any waste of the Premises or Improvements and for any damage to reversion.

Section 3.11 Signs

- A. Lessee shall not, without Lessor's written consent, place or erect any sign of any nature on any part of the Premises, but such consent shall not be unreasonably withheld to one flat sign of reasonable size bearing the Lessee's trade name, providing such sign meets all city zoning and sign requirements.
- B. At the termination of this Lease, any such sign shall be removed by Lessee at Lessee's own expense.
- C. Lessee shall apply for a sign permit from the Department of Community Development and shall comply with Palmer Municipal Code.

Section 3.12 Improvements and Alterations

After the initial improvements set forth in Article II have been completed, and if the Lessee desires to construct further improvements:

- A. Prior to commencing construction, renovation, enlargement, demolition, or modification of leasehold improvements now or hereafter existing on the Premises, Lessee shall submit to the Airport Manager plans and specifications for such work (including plans for landscaping and irrigation, if any) and Timeline for various phases of work.
- B. The Airport Manager shall approve or disapprove such plans and specifications and accompanying Timeline at his or her sole discretion.
- C. Upon Lessee's receipt of the Airport Manager's written approval of such plans and specifications, Lessee agrees to construct the proposed leasehold improvements in strict accordance with such plans and specifications and Timeline.
- D. The Airport Manager's approval of submitted plans and specifications shall not constitute the assumption of any liability by Lessor for their compliance or conformity with applicable building codes, zoning regulations, and city borough, state and federal laws, ordinances and regulations, or for their accuracy, and Lessee shall be solely responsible for such plans and specifications.
- E. The Airport Manager's approval of plans and specifications shall not constitute a waiver of Lessor's right to therefore require Lessee to amend the same to provide for any corrections or omissions needed to comply with applicable building codes, zoning regulations, city, borough, state or federal laws, ordinances or regulations.
- F. The review and approval required by Section 3.12 is in addition to any other review and approval needed for any required building permits or similar authorizations.
- G. Lessee shall obtain all necessary licenses and permits to accomplish any of the work described in Section 3.12. Nothing in this Lease is intended to limit or restrict the City of Palmer in the exercise of its police power, authority to enforce building, fire and other safety codes, laws, ordinances, or regulations.
- H. Lessee agrees to comply with the notification and review requirements covered in part 77 of the Federal Aviation Regulations prior to the construction of the Improvements and prior to the construction of any future building or structure situated on the Premises.
- I. Any contract or agreement for labor, services, materials or supplies furnished in connection with construction or alteration of any improvement to the Premises shall provide that no lien, claim or other encumbrance shall thereby be created, or arise, or be filed by anyone thereunder upon or against the Premises or the improvements.
- J. Before the commencement of any such work, Lessee shall deliver to Lessor either an executed duplicate original of such contract or a written waiver by the architect, engineer, contractor, material man, mechanic, person or corporation named in such contract of all right of lien which he or it might otherwise have upon or against the Premises, or the improvements to be constructed or altered, or the interest of Lessor therein.
- K. Lessee hereby warrants to Lessor that the Premises and all such other improvements thereto, shall be free and clear of all liens, claims and encumbrances and agrees to indemnify, defend and hold Lessor harmless from and against any and all losses, damages and costs, including reasonable attorneys' fees and appellate attorneys' fees, with respect thereto.
- L. If any lien or notice of lien on account of the alleged debt of Lessee or lien or notice of lien by any party engaged by Lessee or Lessee's contractor to work on the Premises shall be filed against the Premises or improvements, Lessee shall cause the same to be discharged of record by payment, deposit, bond, order of court or competent jurisdiction or otherwise.
- M. The work, in excess of \$100,000, as described in this lease document shall not begin until the Lessee or Lessee's contractor has provided to the Lessor a performance guarantee in the form of a performance bond, escrow, an irrevocable letter of credit, or deed of trust

in an amount equal to 100% of the estimated cost of the Improvements greater than \$100,000 to be accomplished, which guarantees the completion of the work by Lessee or Lessee's contractor in accordance with the plans and specifications approved by Lessor and guarantees the payment by Lessee or Lessee's contractor of all subcontractors' charges and all other persons and firms supplying services, labor, materials or supplies in connection with the work.

- N. All alterations, buildings, structures or other improvements placed on the Premises by Lessee shall be subject to section 7.6 of this Lease.

Section 3.13 Quiet Possession

The Lessee, upon paying rent and observing the conditions and terms of this Lease, shall and may have at all times during the term of this Lease peaceful and quiet enjoyment and possession of the Premises, except as otherwise set forth in this Lease.

Section 3.14 Lessee's option to Terminate

- A. Should any government body, agency, or official, other than Lessor, prohibit or otherwise prevent the use of Palmer Municipal Airport in its present condition as a public airport for one year or more, or should the continued use of Palmer Municipal Airport as an airport become impossible or unlawful without the fault of the Lessee, the Lessee shall have the option to terminate this Lease on thirty (30) days written notice to the Lessor.
- B. Upon such termination, this Lease shall be at an end, and neither party shall have any liability for such termination.
- C. The Lessor shall notify the Lessee in writing, of the prohibition, or intended prohibition, and the failure of the Lessee to exercise the option to terminate within thirty (30) days shall extinguish the Lessee's option to terminate.

Section 3.15 Lessor's Option to Terminate

- A. Lessee hereby grants to Lessor should it require the Premises in connection with the future expansion and/or operation of the Airport prior to the expiration or termination of the Lease, Lessor may, upon ninety (90) days written notice, cancel this Lease.
- B. In the event that this Lease is canceled under the provisions of this Section, Lessor shall pay to Lessee the fair market value of Lessee's remaining leasehold interest and the fair market value of Lessee owned buildings, structures, alterations and/or improvements placed by Lessee upon the Premises during the term of this Lease.
- C. The fair market value shall be determined by following the appraisal procedure set forth determination of the fair market rental of the Premises in Section 1.4 of this Lease.
- D. After payment therefore as provided herein, all buildings, structures, alterations and/or improvements shall be subject to the provisions of section 7.6 of this Lease.

Section 3.16 Right of Entry and Access

- A. Lessee hereby grants to Lessor, its contractors, employees, agents and assigns, the irrevocable right, permission and authority to enter into and upon all or part of the Premises for the purpose of:
 - 1. Inspecting the Premises;
 - 2. Cleaning, repairing, maintaining, altering or improving the Premises as Lessor may deem necessary;
 - 3. Abating any nuisance or hazardous condition on the Premises, and/or
 - 4. Preserving and/or protecting the Premises.

- B. It is understood and agreed that the entry and access may affect the use of the Premises from time to time. Lessor shall use reasonable efforts to coordinate any anticipated access or utility or other interruptions with Lessee in an attempt to reasonably reduce the effect of any disruption of Lessee's enjoyment and use of the Premises.
- C. The right of access and entry reserved herein does not impose, nor does Lessor assume by reason thereof, any responsibility for the care, maintenance or supervision of the Premises. Lessee shall not be entitled to any abatement or reduction in rent by reason of Lessors access and/or entry nor shall such access or entry be deemed an actual or constructive eviction.

Section 3.17 Lessor's Improvements

- A. Lessor shall have a permanent right of access over, under, around and across the Premises for the purposes of maintaining, servicing, upgrading, replacing or removing any Lessor-installed improvements including, but not limited to, light poles, utilities, and fencing.
- B. This section does not require Lessor to provide any improvements.
- C. Lessor's maintenance shall not include paving, aircraft tie downs, snow removal or sanding.
- D. All improvements constructed by the Lessor shall at all times remain the property of Lessor and may be maintained, upgraded, serviced or removed at Lessor's convenience and discretion.
- E. Lessor agrees to use reasonable efforts to notify of any upgrading, replacing or repair work with Lessee and to reasonably reduce disrupting Lessee's use of the Premises when practicable.
- F. In the event of abandonment or default, any Lessee improvement will become the property of the Lessor.

Section 3.18 Aviation Easement

Lessee's right to use the Premises for the purposes as set forth in this Lease shall be secondary to and subordinate to the operation of the airport. Lessor specifically reserves for itself, other Palmer Municipal Airport leaseholders, and for the public, an easement for the passage of aircraft in the air space above the surface of the described property together with the right to cause in said air space or on adjacent property such noise as may be inherent in the present or future operation of aircraft. Without in any way limiting Lessor's rights under Section 3.12, Lessee shall not construct any building or facility to a height which in Lessor's discretion will interfere with the operations of the airport.

Section 3.19 Right-of-Way and Easement

Lessor shall have the right to designate or grant rights-of-way or utility easements across the Premises without compensation to Lessee, provided that Lessee shall be entitled to compensation for the taking or destruction of any of Lessee's improvements and provided further that Lessee may terminate the Lease or demand a rental adjustment to reflect any reduction in value of the Premises.

ARTICLE IV - TAXES, INDEMNIFICATION, AND INSURANCE

Section 4.1 Taxes, Assessments, and Utilities

- A. Lessee, in addition to the rentals provided for herein, shall pay when due (and before delinquency) all taxes, utility fees, assessments, and charges upon the Premises, the

leasehold interest, and upon buildings, improvements and property thereon, which are assessed or charged at any time during the term.

- B. The Lessee shall furnish to the Lessor for Lessor's inspection within thirty (30) days after the date any amount payable by the Lessee as required by this section, official receipts from the appropriate taxing authorities or other proof satisfactory to the Lessor evidencing payment.
- C. The Lessee shall have the right at all times to protest any assessment of taxes or other assessments or charges, but the Lessor may require the Lessee to deposit with the Lessor any sums in dispute to insure payment in the event that any contest is unsuccessful.
- D. Lessee shall pay and be responsible for all charges for gas, electricity, water, light, heat, power, garbage, solid waste, and other utility service used in or about or supplied to the Premises.
- E. Lessee shall timely pay all sales tax on the rent on the lease, utilities, sales, service, rents, etc., and shall comply with City and Borough sales tax laws.

Section 4.2 Indemnification

Lessee shall indemnify, defend and hold Lessor harmless from all liability or loss (including, but not limited to reasonable attorneys' fees and appellate attorneys' fees) arising from any injury to any person or persons (including without limitation Lessee, its agents or employees) or property of any kind whatsoever while in, upon, or in any way connected with the Premises during the term of this Lease, or any use or occupancy hereunder, however occurring, including any acts, negligent or otherwise, and any omissions (negligent or otherwise), by Lessee, its agents, independent contractors, or employees, unless caused by or resulting from the sole negligence of the Lessor or any of Lessor's agents or employees.

Section 4.3 Insurance

- A. Lessee, at its own expense, shall secure and maintain in full force at all times during the term of this Lease:
 - 1. Commercial general liability. Commercial general liability insurance with a single occurrence liability limit of \$1,000,000 and an aggregate of \$2,000,000 insuring against liability of Lessee, its officers, contractors, licensees, agents, employees, guests, invites and authorized representatives, arising out of and/or in connection with Lessee's use or occupancy of the Premises; or
 - 2. Airport premises liability. Airport premises liability insurance on an occurrence basis with a single combined liability limit of not less than \$1,000,000 occurrence and \$2,000,000 aggregate limit for bodily injury and property damage.
 - 3. If applicable, third-party aircraft liability insurance with a single combined liability limit of not less than \$1,000,000 per occurrence;
 - 4. Commercial property insurance in the amount of replacement costs.
 - 5. The Lessor reserves the right to require Lessee to provide pollution insurance as warranted by the proposed use of the Premises.
- B. This insurance required under this Section shall:
 - 1. Name the Lessor as an "additional insured"
 - 2. Contain a clause that the insurer will not cancel or change the insurance without first giving the Lessor thirty (30) days prior written notice;
 - 3. Be with an insurance company qualified to do business in the State of Alaska with a financial rating of at least "A" as rated in current Best's Insurance Reports;
 - 4. Include a waiver of subrogation clause by which the insurer waives all rights of subrogation against the Lessor for payments made under the policy; and

5. Not contain a damage deductible for each and every loss that exceeds \$10,000.
- C. Lessee shall provide Lessor with proof of insurance coverage in the form of a certificate of insurance, and if requested by the Lessor, Lessee shall provide Lessor with a copy of the policy(ies). Failure to maintain such insurance in effect shall constitute grounds for immediate termination of this lease. Lessor may at its option purchase said insurance and charge the expense thereof to Lessee, which expense Lessee shall assume and pay.
 - D. To reasonably protect itself, Lessor may adjust these minimum insurance requirements and add types of insurance or both by giving Lessee written notice of such adjustment ninety (90) days prior to the expiration of each five (5) year interval of the term of this Lease. Lessor may also adjust these minimum insurance requirements at any time if Lessee's use of the Premises changes, and in such event, Lessor shall give Lessee thirty (30) days written notice of such adjustment.
 - E. The requirements of insurance coverage do not relieve Lessee from any other obligation under this Lease.

ARTICLE V - ASSIGNMENT AND SECURITY INTERESTS

Section 5.1 Assignment and Subletting

- A. Lessee shall not voluntarily assign or encumber its interest in this Lease or in the Premises or sublease all or any part of the Premises, or allow any other person or entity to occupy or use all or any part of the Premises without first obtaining Lessor's prior written consent. Lessor will not unreasonably withhold its consent; provided, however, if Lessor does unreasonably withhold its consent, Lessor shall not be liable for any damages, costs or attorney's fees arising therefrom.
 - 1. Lessor may condition its consent upon such terms as are in its best interest, including but not limited to matters regarding laws, insurance, risks, Lessee's defaults or past practices, risks attributable to assignee, etc., but Lessor may not condition its consent upon raising the rent other than as already allowed under this Lease.
 - 2. Any assignment, encumbrance or sublease without Lessor's consent shall be voidable and, at Lessor's election, shall constitute a default.
 - 3. No consent to any assignment, encumbrance or sublease shall constitute a further waiver of the provisions of this section.
- B. If Lessee is a partnership or limited liability company, a withdrawal or change, voluntary, involuntary or by operation of law, of any partner or partners, member or members owning twenty-five percent (25%) or more of the partnership or LLC in one or more transactions, or the dissolution of the partnership or LLC, shall be deemed a voluntary assignment.
- C. If Lessee is a corporation any dissolution, merger, consolidation or other reorganization of Lessee, or the sale or other transfer of a controlling percentage of the capital stock of Lessee in one or more transactions, or the sale of twenty-five percent (25%) of the value of the assets of Lessee in one or more transactions without immediate replacement with assets of equal or greater worth, shall be deemed a voluntary assignment.
- D. Lessee hereby irrevocably assigns to Lessor, as security for Lessee's obligations under this Lease, all rent from any subletting of all or a part of the Premises, and Lessor, as assignee and attorney-in-fact for Lease, may collect such rent and apply it toward Lessee's obligations under this Lease, except that, until the occurrence of an act of default by Lessee, Lessee shall have the right to collect such rent as it becomes due, one payment period at a time, which payment period may never exceed one year.

- E. Lessee may not charge a sub-lessee a rent rate that changes from year to year, other than changes that result directly from changes made by Lessor, and Lessee shall never have the right to collect or receive rent in advance of when it is due. If the sub-lessee pays Lessee in advance and Lessor collects rent hereunder, then the sub-lessee must pay the advanced rent to Lessor and sub lessee may retrieve the advanced rent from Lessee. Neither this section nor collection of any such rent by Lessor shall be deemed to be Lessor's approval of any such sublease.
- F. If, as a result of an assignment or sublease, the Premises will be used for purposes other than as set forth in section 3.1 herein. The consent of the Palmer City Council and the FAA, if applicable, must be obtained. It is the policy of the city council to discourage non-aviation related uses. Additionally, if incremental revenues over and above the Lessee's Lease payments will be realized from the sublease or assignment pertaining to non-aeronautical uses, Lessor may raise Lessee's existing rent to fair market value at the time of the approval of the sublease.
- G. All assignment instruments shall include language whereby Assignee expressly assumes and agrees to pay the obligations of Lessee under this Lease.
 - 1. No assignment shall release or diminish the obligations of any Lessee or any Guarantor for performance of Lessee's obligations hereunder and Lessee shall remain liable as if no assignment were made.
 - 2. Lessee and Assignee will be jointly and severally liable for such obligations.
 - 3. Neither this section nor any payment of rent by such Assignee shall be deemed to be Lessor's approval of any such assignment.
- H. All sublease instruments shall provide that the sublease is subject to all of the terms, covenants and conditions of this Lease.
- I. Lessee agrees to pay to Lessor \$500 for any request by Lessee for Lessor to consent to any assignment or subletting by Lessee.

Section 5.2 Mortgage and Encumbrances

- A. Lessee shall not mortgage or otherwise encumber this Lease (including Lessee's leasehold estate in the improvements thereon) without the prior written consent of Lessor.
- B. The Lessor's consent to the mortgage or encumbrance shall not be unreasonably withheld, provided the mortgage or beneficiary shall agree to the attached form of Assignment of Lease for Security Purposes and Consent to Assignment of Lease attached hereto as Exhibit C.
- C. Lessee shall furnish the Lessor with a copy of any security transaction mortgaging or encumbering the Premises for the Lessor's approval prior to any mortgaging or encumbering of the Premises, and shall further furnish a copy to the Lessor of any such executed security transactions.

ARTICLE VI - DEFAULT AND ENFORCEMENT

Section 6.1 Default Defined

The occurrence of one or more of the following shall be deemed a default by the Lessee and a breach of this Lease:

- A. Failure to pay the rent provided herein, or any part thereof, or other charge due hereunder, for a period of ten (10) days after written notice of such failure is given by Lessor to Lessee;
- B. Failure to perform the obligations set forth in Sections 3.8, 3.9, and 3.10 hereof, after any notice required by those sections;

- C. Failure to provide and maintain in effect **insurance** in compliance with Section 4.3 hereof **(for which failure there is no notice time requirement)**;
- D. Failure to do, observe, keep and perform any other terms, covenants, conditions, agreements and provisions contained in this Lease for a period of thirty (30) days after written notice of such failure is given by Lessor to Lessee, or, in the case of a default not reasonably susceptible of being cured within thirty (30) days (which does not include any default which may be cured by the payment of money), failure to commence promptly and proceed diligently and in good faith to cure such default within the initial thirty (30) days and complete such cure within a total of sixty (60) days after the sending of the notice;
- E. The abandonment of the premises by the Lessee, the making by the Lessee of a general assignment for the benefit of creditors, or the appointment of a permanent or temporary receiver for the Lessee's property, which is not vacated or set aside within thirty (30) days of sending of written notice of such event by Lessor; or
- F. The issuance of three (3) written notices for defaults or breaches within any consecutive twelve-month period, regardless of whether or not the default or breach was cured within the applicable time period.

Section 6.2 Lessor Remedies on Default

Upon the occurrence of any default of Lessee as described in Section 6.1 or elsewhere in this Lease, Lessor shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

- A. Lessor may, at its election, terminate this Lease or terminate Lessee's right to possession only, without terminating this Lease.
- B. Upon termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Lessee's right to possession without termination of this Lease, Lessee shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Lessor, and Lessee hereby grants to Lessor full and free license to enter into and upon the Premises in such event with or without process of law and to repossess Lessor of the Premises and to expel or remove Lessee and any others who may occupy or be within the Premises and to remove all property therefrom, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, Lessee hereby waiving any right to claim damage for such re-entry and expulsion and without relinquishing Lessors right to rent or any other right given to Lessor hereunder or by operation of law.
- C. Upon any termination of this Lease, whether by lapse of time or otherwise, Lessor shall be entitled to recover:
 1. The worth at the time of the award of the unpaid rent (including any amounts treated as additional rent) that had been earned at the time of termination;
 2. The worth at the time of the award of the amount by which the unpaid rent (including any amounts treated as additional rent) that would have been earned after the date of termination until the time of award exceeds the amount of the loss of rent for the same period that Lessee proves could have been reasonably avoided;
 3. The worth at the time of the award of the amount by which the unpaid rent (including a reasonable estimate of additional rent) for the balance of the term exceeds the amount of the loss of rent for the same period that Lessee proves could have been reasonably avoided; and

4. Any other amount, full reasonable attorney's fees and court costs, necessary to compensate Lessor for all detriment proximately caused by Lessee's default.
- D. "The worth at the time of the award," used in this section, is to be computed by allowing interest as determined by the current bond rating from State of Alaska Municipal Bond Bank plus 5%. The "time of the award" is the date the Lessee is notified of the termination of the lease by the Lessor. Such notification shall be done by certified mail.
 - E. Upon any termination of Lessee's right to possession only without termination of this Lease, Lessor may, at the Lessor's option enter into the Premises, remove Lessee's signs and other evidences of tenancy, and take and hold possession thereof as provided in this section, without such entry and possession terminating this Lease or releasing Lessee, in whole or in part, from any obligation, including Lessee's obligation to pay the rent, including any amounts treated as additional rent hereunder, for the full term.
 - F. Upon termination of Lessee's right to possession, Lessor may, but need not, relet the Premises or any part thereof for such rent and upon such terms as Lessor in its sole discretion shall determine (including, but not limited to, the right to relet the Premises for a greater or lesser term than that remaining under this Lease, the right to relet the Premises as a part of a larger area, and the right to change the character or use made of the Premises) and Lessor shall not be required to accept any tenant offered by Lessee or to observe any instructions given by Lessee about such reletting.
 - a. In any such case, Lessor may make repairs, alterations and additions in or to the, Premises, and Lessee shall, upon demand, pay the cost thereof, together with Lessor's expenses of reletting.
 - b. If the consideration collected by Lessor upon any such reletting plus any sums previously collected from Lessee are not sufficient to pay the full amount of all rent, including any amounts treated as additional rent here under and other sums reserved in this Lease for the remaining term hereof, together with the costs of repairs, alterations, additions, and Lessor's expenses of reletting and the collection of the rent accruing therefrom (including attorneys' fees), Lessee shall pay to Lessor the amount of such deficiency upon demand and Lessee agrees that Lessor may file suit to recover any sums falling due under this subpart from time to time.
 - E. Lessor may, at Lessor's option, enter into and upon the Premises, with or without process of law, if Lessor determines in its sole discretion that Lessee is not acting within a commercially reasonable time to maintain repair or replace anything for which Lessee is responsible hereunder and correct the same, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage resulting therefrom and Lessee agrees to reimburse Lessor, on demand, as additional rent, for any expenses which Lessor may incur in thus effecting compliance with Lessee's obligations under this Lease.
 - F. Any and all property which may be removed from the Premises by Lessor pursuant to the authority of this Lease or of law or in equity, to which Lessee is or may be entitled, may be handled, removed and stored, as the case may be, by or in the direction of Lessor at the risk, cost and expense of Lessee, and Lessor shall in no event be responsible for the value, preservation or safekeeping thereof.
 1. Lessee shall pay to Lessor, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Lessor's possession or under Lessors control.
 2. Any such property of Lessee not retaken by Lessee from storage within thirty (30) days after removal from the Premises shall conclusively be presumed to have been conveyed by Lessee to Lessor under this Lease as a bill of sale without further

payment or credit by Lessor to Lessee; provided, however, Lessor may disclaim as to any item or items and the effect of such disclaimer will be that the item or items never became the property of Lessor.

- G. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law or equity (all such remedies being cumulative), nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent, additional rent or other sum due to Lessor, hereunder or of any damages accruing to Lessor by reason of the terms, provisions and covenants herein contained.
- H. No act or thing done by Lessor or its agents during the term hereby granted shall be deemed a termination of this Lease or an acceptance of the surrender of the Premises, and no agreement to terminate this Lease or an acceptance of the surrender of the Premises shall be valid unless in writing signed by Lessor.
- I. No judicial action shall be necessary to terminate this Lease.
- J. No waiver by Lessor of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained.
- K. Lessors acceptance of the payment of rental, including any amount treated as additional rental, or other sums hereunder after the occurrence of an event of default shall not be construed as a waiver of such default, unless Lessor so notifies Lessee in writing.
- L. Forbearance by Lessor to be deemed or construed to constitute a waiver of such default or of Lessor's right to enforce any such remedies with respect to such default or any subsequent default.
- M. If, on account of any breach or default by Lessee in Lessee's obligations under the terms and conditions of this lease, it shall become necessary or appropriate for Lessor to employ or consult with an attorney concerning this Lease or enforce or defend any of Lessor's rights or remedies hereunder, Lessee agrees to pay any attorneys' fees and appellate attorneys' fees so incurred.
- N. Lessor shall not be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due upon such reletting.

Section 6.3 Lessor's Failure to Enforce and Nonwaiver

- A. Failure by the Lessor to insist the strict performance of any term, condition or covenant of this Lease or to exercise any right or remedy available on a breach thereof, and acceptance of full or partial rentals during the continuance of any such breach shall not constitute a waiver of any such breach or any such term, condition or covenant.
- B. Terms, conditions or covenants of this Lease required to be performed by the Lessee, and breach thereof, shall not be waived, altered or modified, except by written instrument executed by the Lessor.
- C. Waiver of any breach shall not affect or alter any term, condition or covenant of this Lease, and each such term, condition or covenant shall continue in full force and effect with respect to any other then existing or subsequent default or breach thereof, and any other or subsequent default or breach may be enforced by the Lessor as provided in this Lease.

ARTICLE VII - GENERAL COVENANTS

Section 7.1 Condition and Status of Premises

- A. Lessee acknowledges that Lessee has examined the Premises and accepts same in its present condition without any representation or warranty, express or implied in fact or by

law, by the Lessor as to the title, nature, condition or usability of the Premises for the purposes set forth in this Lease, all of said warranties being hereby expressly property **as-is** in its present condition, together with all faults.

- B. Lessee agrees to provide written notice to Lessor immediately upon Lessee becoming aware or having a reasonable belief:
1. That the Premises or any adjacent property is being, may be, or has been contaminated with any Hazardous Materials, or
 2. Of the existence of any Hazardous Materials in, within, on or near the Premises or adjacent property.

Section 7.2 Risk of Loss

Destruction or damage to any building or improvement on the Premises by fire, rain, ice, snow, windstorm, earthquake, aircraft accident, or any other casualty or action of the elements shall not entitle the Lessee to surrender possession of the Premises, to terminate this Lease, to violate any of its provisions, or to cause any rebate or abatement in rent when due or thereafter becoming due under the terms hereof.

Section 7.3 Repair or Rebuilding

- A. Upon the destruction or damage to any building or structure by fire or other casualty covered by insurance or that is supposed to be covered by Lessee's insurance, Lessee may, with Lessor's consent rebuild the building or structure.
- B. Upon the destruction or damage to any building or structure by casualty that is not covered by insurance and is not supposed to be covered by insurance, Lessee shall have the right to repair, restore or rebuild the building or structure within one (1) year after the date of such occurrence or as per written agreement with the Airport Manager.

Section 7.4 Condemnation

- A. If all the Premises, or any part thereof required for the reasonable use of the Premises, is taken by eminent domain, this Lease shall expire on the date when the Lessee is required to vacate the Premises, and the rent shall be apportioned as of that date.
- B. If there is a taking of a part of the Premises not required for the reasonable use of the Premises, then this Lease shall continue in full force and effect and the rent shall be equitably reduced, based on the proportion by which the Premises is reduce, such rent reduction to be effective as of the date possession of such portion is delivered to the condemning authority.
- C. Except for improvements constructed and paid for by Lessee, Lessor reserves all rights to damages to the Premises for any taking by eminent domain and Lessee hereby assigns to Lessor any right Lessee may have to such damages or award.
- D. Lessee shall make no claim against Lessor for damages for termination of the leasehold interest or interference with Lessee's business. Lessee shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Lessee may be put for Lessee's moving expenses and for the interruption of or damages to Lessee's business, provided that such damages may be claimed only if they are awarded separately in the eminent domain proceeding and not as part of the damages recoverable by Lessor.

Section 7.5 Surrender of Premises

At the expiration of any Lease term, upon termination of this Lease, upon reentry by Lessor or otherwise, the Lessee shall peacefully and quietly surrender the Premises in as good a condition

as it was at the beginning of the initial term, reasonable use and wear and damages by the elements excepted.

Section 7.6 Reversion or Removal of Buildings and Improvements

- A. Any and all buildings, structures, alterations or improvements placed by the Lessee upon the Premises shall, at the option of the Lessor, revert to and become the property of the Lessor at and upon the expiration or termination of this Lease and/or the termination of Lessee's right to possession of the Premises.
- B. Lessor, in its sole discretion, may require Lessee to remove part or all of said buildings, structures, alterations and/or improvements including, but not limited to, fuel tanks and lines, and partially or completely restore the Premises to the condition of the Premises at the inception of this Lease by sending written notice requesting such removal and restoration within sixty (60) days after such expiration or termination.
- C. Lessee shall then at its own expense complete such removal and restoration within ninety (90) days of the sending of such notice.
- D. At the conclusion of the current lease and extension period(s) the existing Lessee shall be given preference in executing a new lease on the same premises, provided that the proposed land use is compatible with the current Airport Layout Plan and the Lessee is otherwise in good standing with the City of Palmer and in substantial compliance with the existing lease.
- E. Section(s) 7.5 and 7.6 do not necessarily preclude a lessee from recovering value from Lessee's leasehold improvements by selling to a third party at any time during the lease term, provided that all other conditions of the active lease have been met. At such time, the buying third party would request a new lease or an assignment of the existing lease, and such request would not be reasonably withheld.

Section 7.7 Holdover

- A. In the event the Lessee shall hold over after the expiration or termination of this Lease for any cause whatsoever, Lessee shall pay Lessor monthly rent at double the annual rental rate divided by twelve for the entire time Lessee remains in possession, and in addition thereto, Lessee shall hold Lessor harmless from all damages resulting from Lessee's failure to surrender the Premises, including, without limitation, claims made by a succeeding tenant resulting from Lessee's failure to surrender the Premises.
- B. If Lessee remains in possession of the Premises after expiration of the term of the Lease, or after the date in any notice given by Lessor to Lease termination this Lease, such possession by Lessee shall be deemed to be a month-to-month tenancy terminable on thirty (30) days' notice given at any time by either party.
- C. The provisions of this section do not exclude Lessor's rights of re-entry or any other right under this Lease.

Section 7.8 Notices

Any notices required to be sent in accordance with the terms of this Lease, including legal process, shall be sent in writing by registered or certified mail, to the parties at the following addresses unless otherwise notified in writing and deemed to be received when so sent:

Lessor's address: City Manager, City of Palmer
 231W. Evergreen Ave.
 Palmer, AK 99645

Lessee's address: CIG, LLC
3852 N. Clark Wolverine Rd.
Palmer, AK. 99645

Section 7.9 Rights or Remedies

No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive or any other right or remedy, but is intended to be in addition to any right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 7.10 Successors in Interest

This Lease shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of the parties hereto.

Section 7.11 Applicable Law and Forum

This Lease and the respective rights and obligations of the parties shall be construed and interpreted in accordance with the laws of the State of Alaska. Any civil action concerning this Lease shall be brought in Alaska District or Superior Court in Palmer, Alaska, only.

Section 7.12 Recordation of Lease

The parties prefer to record a memorandum of this Lease rather than the Lease itself and contemporaneously with the execution hereof they have executed a memorandum of Lease in the form of Attachment A which is attached hereto and may be recorded by either party. In the event it should be so require by any title company insuring title for Lessee, or by any lending institution from which Lessee proposed to make a loan, then Lessee may cause this Lease to be placed of record.

Section 7.13 Severability

The invalidity or unenforceability of any particular provision of this Lease shall not affect any remaining provisions hereof, and, in any such event this Lease shall be construed and interpreted in all respects as if such invalid or unenforceable provision were omitted.

Section 7.14 Construction

Lessee and Guarantor have been advised to have this Lease and the Guaranty reviewed by their own attorney. The parties agree that this Lease and Guaranty shall not be construed more strictly against one party than the other nor shall this lease be construed against the lessor.

7.15 Gender and Plurality

Unless the context of this Lease clearly requires a different interpretation of construction, all references to masculine, feminine or neuter genders shall be construed to refer to all such genders; and all references to the singular shall also include the plural, and vice versa.

Section 7.16 Joint and Several Liability

The obligations of each Lessee are joint and several.

Section 7.17 Entire Agreement

This written Lease constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior or contemporaneous agreements, oral or written, between the parties not included herein. No modifications, amendments, deletions, additions or alterations of this Lease shall be effective unless in writing and signed by all of the

NOTARY

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

This is to certify that on the _____ day of _____, 2018, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared, Dana M. Cruz, Manager of the limited liability company named in the forgoing instruments, acknowledged to me that he/she had, in his/her official capacity is authorized by the limited liability company to execute the foregoing instruments as the free act and deed of the said limited liability company for the uses and purposes therein stated.

WITNESS my hand and official seal the date and year first above written.

Notary public in and for Alaska

My commission expires: _____

NOTARY

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

This is to certify that on the _____ day of _____, 2018, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared, David C. Cruz, Manager of the limited liability company named in the forgoing instruments, acknowledged to me that he/she had, in his/her official capacity is authorized by the limited liability company to execute the foregoing instruments as the free act and deed of the said limited liability company for the uses and purposes therein stated.

WITNESS my hand and official seal the date and year first above written.

Notary public in and for Alaska

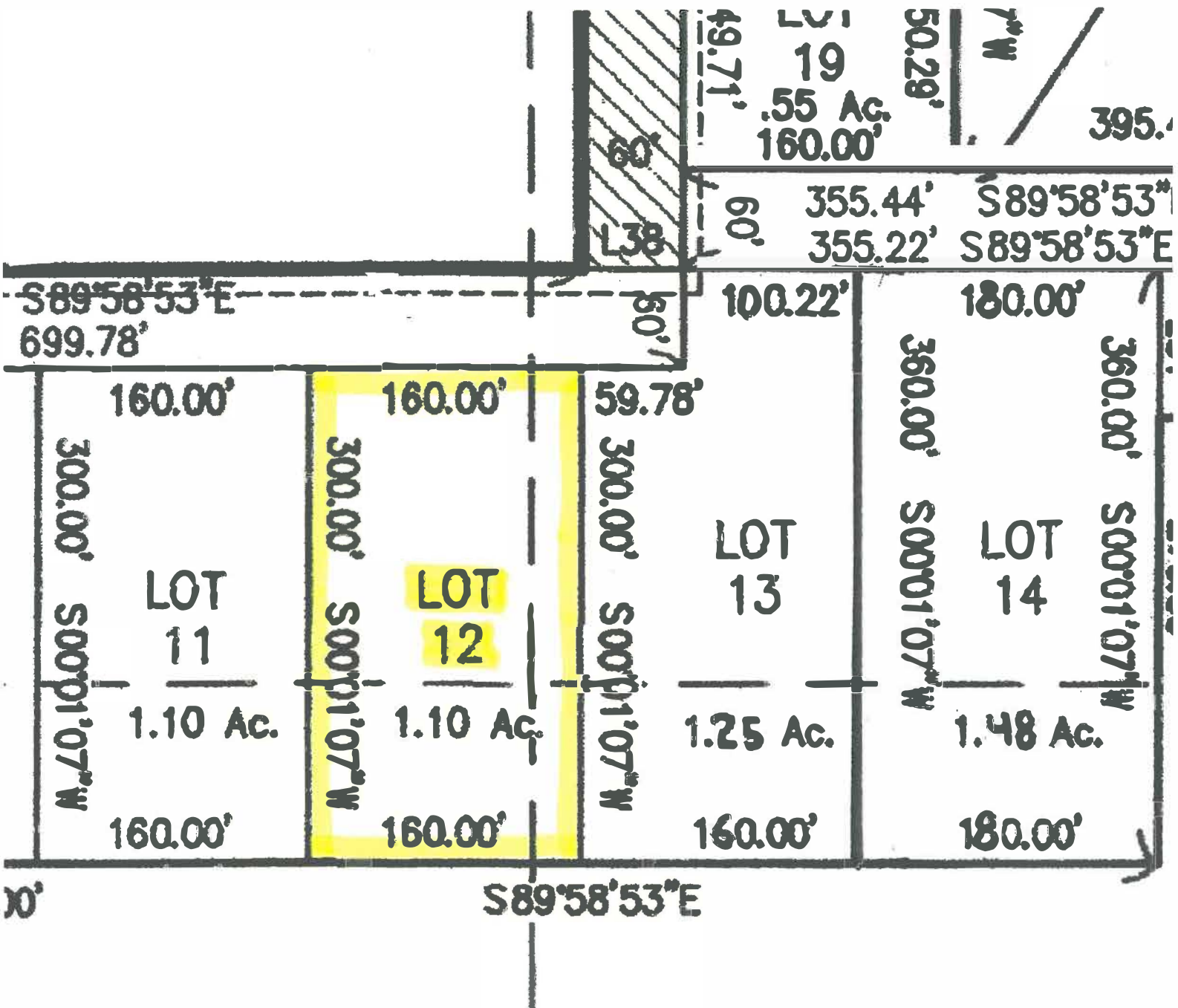
My commission expires: _____

EXHIBIT "A"

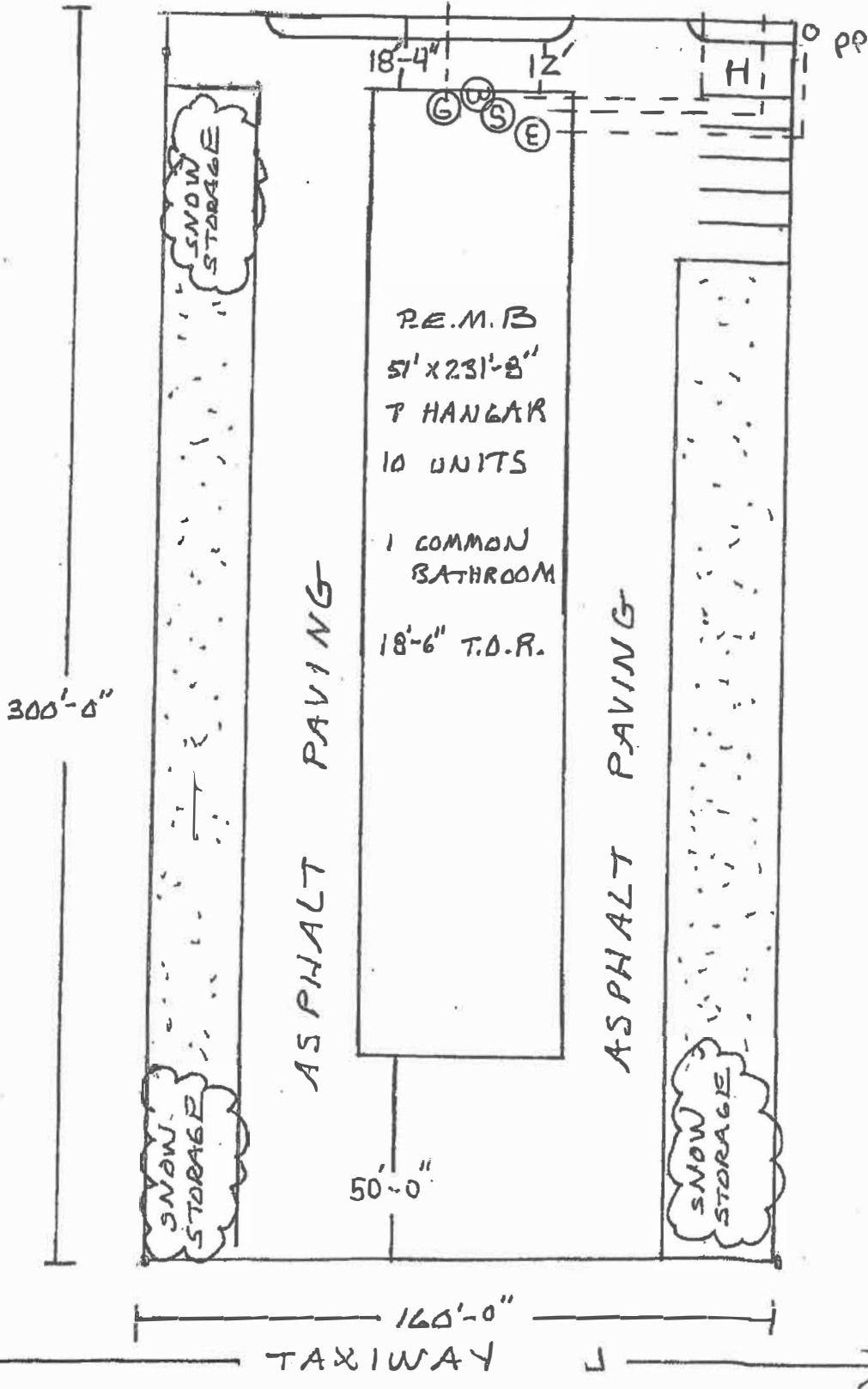
PMA LEASE NO. 18-003

PALMER MUNICIPAL AIRPORT: BLOCK 3, LEASE LOT 12

A.K.A. 780 East Yukon Street, Palmer, AK. 99645



E YUKON STREET



LEASE LOT 12 PALMER MUNICIPAL AIRPORT



City of Palmer
231 West Evergreen Avenue
Palmer, AK 99645
907-745-3271

**PALMER MUNICIPAL AIRPORT
LEASE AGREEMENT No. 18-004**

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DRAFT



City of Palmer

**231 West Evergreen Avenue
Palmer, AK 99645
907-745-3271**

**PALMER MUNICIPAL AIRPORT
LEASE AGREEMENT No. 18-004**

This LEASE AGREEMENT is made and entered into this _____ (date), by and between the City of Palmer, a municipal corporation organized and existing under its charter and the laws of the State of Alaska, hereinafter referred to as the "Lessor", and **CIG, LLC**, hereinafter referred to as the "Lessee".

This lease agreement is not effective unless it is accompanied by signed and attached Exhibit A providing specific information for the following sections: 1., 1A, 1.1B, 1.2A, 1.2B, 1.3A, 2.1, 2.2, 2.7 and 2.8.

In consideration of the mutual covenants and promises contained herein, the parties agree as follows:

ARTICLE I - PREMISES, TERM AND RENTALS

Section 1.1 Premises and Purpose

- A. Lessor does hereby lease, demise and let unto Lessee, and Lessee does hereby lease from Lessor, real property more particularly described as a parcel of land located within Tract B, Palmer Municipal Airport recorded as Plat No. 2006-15 in the Palmer Recording District, Third Judicial District, State of Alaska and further described as follows:

**Palmer Municipal Airport, Block 3, Lease Lot 13
Containing 1.25 acres or 54,013 square feet, more or less
A.K.A. 800 East Yukon Street, Palmer, AK. 99645
See Attached "Exhibit A"**

Parcel may be subject to additional easements and/or encumbrances not shown or depicted hereon.

- B. Lessee shall use the Premises for the following Aeronautical uses only, and for no other: **T-Hangar Aircraft Storage & Maintenance.**
- C. Any use of the premises for Non-Aeronautical activity is strictly prohibited, unless an approved amendment to this lease is adopted and fair market value rates for Non-aeronautical areas are applied.

Section 1.2 Term and Renewal

- A. The term of the lease shall be for a period of **25 years**, commencing on the **25th day of October 2018 (the "Commencement Date")** and ending on the **30th day of October of 2043**, subject to the terms of provisions hereof.
- B. Provided Lessee fully and faithfully performs all of the covenants and conditions contained herein for the term of the Lease, Lessor may approve an **additional period of 20 years** at

the expiration of this Lease so that the total number of years available to Lessee is 45 years. As with the initial term at the start of and continuing through the renewal period,

1. The rental rate will continue to be subject to changes as provided in Section 1.4 "Rent Adjustment,";
 2. The renewal insurance provision as provided in Section 4.3 will apply along with any other changes made in accordance with Section 4.3;
 3. The Lease will be subject to such other and further changes as are deemed necessary by Lessor for the reasonable protection of Lessor;
 4. In addition, if this Lease is renewed, it shall be subject to all provisions of the Palmer Municipal Code and to the City's Regulations that pertain to the Airport in effect at the time of the renewal or amended thereafter. Including but not limited to the current airport regulations.
- C. To renew this Lease, Lessee must comply strictly with the following:
1. Not more than 24 months nor less than 12 months before the end of the term of this Lease, the Lessee must indicate in a signed writing delivered to the Palmer City Manager, the Lessee's request to exercise the option to renew this Lease.
 2. If Lessee fails to notify Lessor within said time period, this Lease shall be deemed terminated at the scheduled expiration date.

Section 1.3 Rent

- A. Lessee shall pay to the Lessor as rent during the term hereof the sum \$3,511.00 per year, payable annually in advance without demand, beginning July 1, 2019 and continuing on the same day of each and every year thereafter during the term of the lease at the office of the Lessor set forth in Section 7.8 or at such other place as the Lessor may designate in writing. (Rent is derived as follows: (54,013 square feet X \$0.065 cents per square foot)
1. In addition, Lessee shall pay the prorated amount from execution of lease to June 30, 2019 for \$1,895.38 ($\9.62×249 days), Less the \$500.00 lease application fee received on September 26, 2018 to be applied to the prorated portion. ($\$2,395.38 - \$500.00 = 1,895.38$)
 2. Failure to pay rent by the thirtieth day after the due date shall obligate the Lessee to pay a late charge of \$100.00, which sum is agreed to a reasonable estimate of the Lessor's damages for late rental payments and shall not be construed as a penalty or a limitation on Lessor's remedies.
 3. This late charge is in addition to a 12 percent daily interest rate.
($0.12\% / 365 = .00033 \times \$3,511.00 = \$1.16$ dollars and cents per day)
- B. All rent shall be payable in current legal tender of the United States. Payment may be tendered by check, but payment shall not be made in fact until such check has been honored by the drawee bank. The tender of payment by check within the time provided shall be deemed sufficient to meet any due date only if the check is subsequently honored by the drawee bank and the Lessor subsequently receives the legal tender required by this Lease. Any subsequent dishonor and non-receipt of rent payment shall constitute a default of this Lease.
- C. The extension of time for the payment of any installment of rent, or the acceptance by the Lessor of any money other than of the kind herein specified, shall not be a waiver of the right Lessor to insist on all other payments of rent to be made in the manner and at the time herein specified. The acceptance by the Lessor of a past due installment payment shall not waive the Lessor's right as to any other default or breach of the Lease.

- D. The rent herein specified shall be net to the Lessor and such payment shall not be subject to any abatement, deduction or off set (except as otherwise provided in this Lease).
- E. All taxes, charges, costs, expenses, utilities and assessments which the Lessee is required to pay hereunder, and all damages, costs and expenses which the Lessor may incur by reason of any default of the Lessee or failure on the Lessee's part to comply with the terms of the Lease, shall be deemed to be additional rent and in the event of nonpayment by the Lessee, the Lessor shall have all the rights and remedies with respect thereto that the Lessor has for the nonpayment of the basic rent.

Section 1.4 Rent Adjustment

- A. It is the intent of the parties that the Palmer Municipal Airport be a self-sustaining facility and operate without any support from the general fund of the Lessor.
- B. The rent shall be subject to adjustment at five (5) year intervals to achieve fair market rent, the first adjustment date is five (5) years following the annual payment. The rent shall be adjusted as follows:
 - 1. Six (6) months prior to the termination of the initial five (5) year period and any subsequent five (5) year period, Lessor shall propose the rent for the next five (5) year period of the lease term and the parties hereto may, by mutual agreement, set the rent for the five (5) year period. The basis of the initial proposed new rent for the next five (5) year term will be the accumulated increase or decrease in the Consumer Price Index for All Urban Consumers (CPI-U): Selected areas, semiannual averages, all items index for the Anchorage, AK. Local area, based upon 2015 as a base year. Additional factors for the basis of the initial proposed new rent will include, but are not limited to; the comparative leasing rate of similar airports in the Alaskan market place, as well as local and state economic conditions and the airports' vacancy rates.
 - a. If an agreement is not reached ninety (90) days prior to the end of the current five (5) year period, the fair market rental value of the premises shall be determined by an appraiser selected by the lessor who shall (a) be a member of The American Institute of Real Estate Appraisers, and (b) have experiencing in appraising properties similar to the premises. (The "Qualified Appraiser"). The cost of the initial appraisal shall be born equally between Lessor and Lessee. If either the Lessor or Lessee or both shall disapprove of the fair market rental of the premises as thus determined, the dissatisfied party(s) may then designate another Qualified Appraiser who shall conduct a second (or additional) independent appraisal(s) of the premises and the fair market rental of the premises shall be determined to be the average of the two appraisals. The cost of the additional appraisal shall be borne by the dissatisfied party. In the event that both the Lessor and the Lessee are both dissatisfied with the original appraisal than the cost of, the second appraisal shall be borne equally between the Lessor and Lessee.
 - 2. Lessor's failure to timely start this rent adjustment procedure does not affect the rent adjustment, other than that the rent shall not be adjusted for the period before Lessor starts the procedure for each five-year period.
 - a. If, for example, Lessor starts the rent-adjustment procedure for the first time on the first day of the seventh year of the lease term, then the rent shall remain unchanged for the previous six years.

- b. Any adjustment in Section 1.4 would start as of the first day of the seventh year and remain in effect through year ten when Lessor could again start the rent-adjustment procedure.
- C. During the pendency of any determination of fair market rent, Lessee shall pay the rent last in effect for the Premises until such determination has been made. Any deficiency between the rent so paid and the adjusted rent retroactive to the beginning of the period for which it is due shall be paid within thirty (30) days of being billed to Lessee with interest from the original due date of such rent at the rate highest rate allowed by law for debts under \$25,000 or twelve percent (12%) per annum, whichever rate is lower.

Section 1.5 Determination of Fair Market Rent

- A. The fair market rent of the premises shall be based on the Consumer Price Index for the Municipality of Anchorage from the United States Department of Labor statistics as outlined in Section 1.4.
- B. Fair market rent shall not include any return on improvements placed on the Premises by the Lessee or its predecessors in interest, but shall include a return for improvements placed on the Premises by the Lessor or otherwise belonging to Lessor.
- C. The parties acknowledge that certain property at Palmer Municipal Airport may not currently and may not in the future be leased for a fair market rent.
- D. The returns received by Lessor from other aviation Leases at Palmer Municipal Airport, therefore, shall not be used exclusively by the appraiser to determine a fair market rent.
- E. Any appraisal of the Premises shall consider any limitation or restriction on use imposed under this Lease or pursuant to any patent, deed, lease or grant from or agreement with the United States to the Lessor, including but not limited to aviation restricted use.
- F. Lessor shall send written notice to Lessee of the amount determined to be the fair market rent together with a copy of the appraisal.

ARTICLE II - IMPROVEMENTS

Section 2.1 Improvements

- A. Promptly after the execution and delivery of this Lease, and as hereinafter more particularly provided, the Lessee at its own cost and expense shall cause plans and specifications to be prepared for the construction of the following building, structures and improvements to be placed on the leased Premises, hereinafter referred to as "Improvements".
 1. Improvements consist of: 51' x 231'-8" Pre-Engineered Metal Building containing Aircraft Hangar Units
 2. Approximately 18,000 square foot of paved apron
 3. Utilities of: Water, Sewer, Electric, Natural Gas
- B. Failure to timely complete the improvements shall constitute a condition of default.
- C. The improvements shall fully comply with all applicable federal, state, and municipal laws and regulations, including but not limited to federal, state, and municipal building, fire, construction and safety codes and zoning regulations and requirements.

Section 2.2 Plans and Specifications

- A. The Lessee at its own cost and expense shall have prepared conceptual plans for improvements and shall prepare and submit them to the Department of Community Development and the Airport Manager on or before February 15, 2020. The conceptual

plans shall have a site plan, building floor plan, all four building elevations and the improvements to be constructed.

- B. The Lessee shall submit the conceptual plans required (as outlined by this section) within the time specified, or the Lessor shall have the right and privilege to terminate this Lease on ten (10) days written notice and if such notice is given this Lease shall terminate and shall be of no further force and effect at the expiration of such ten-day period.

Section 2.3 Conceptual Plans

- A. The Department of Community Development shall examine the conceptual plans and within thirty (30) days after submission, the Airport Manager shall inform the Lessee in writing of any objections to the conceptual plans.
 - 1. In event of objections, the Lessee shall have thirty (30) days to propose any corrective amendments which the Airport Manager shall accept or reject within the next twenty (20) days.
 - 2. Failure of the Airport Manager to inform the Lessee in writing of his or her objections within twenty (20) days shall constitute the Airport Manager's and the Department of Community Development's approval.
- B. The Airport Manager's and Department of Community Development's approval of the conceptual plans submitted by Lessee shall not constitute the assumption of any liability of Lessor for their compliance or conformity with applicable building codes, zoning regulations, and/or city, borough, state and federal laws, ordinances and/or regulations, or for their accuracy.
 - 1. Lessee shall be solely responsible for such plans.
 - 2. The Airport Manager's and Department of Community Development approval of such plans shall not constitute a waiver of Lessor's right to thereafter require Lessee to amend the same to provide for any corrections or omissions needed to comply with applicable building codes, zoning regulations, city, borough, state or federal laws, ordinances or regulations.
 - 3. The review and approval required by this section is in addition to any other review and approval needed for any required building permits or similar authorization.

Section 2.4 Final Plans

After the Airport Manager has notified the Lessee of his or her approval of the conceptual plans and specifications, the Lessee shall promptly apply to the appropriate municipal department for a building permit for any construction or building required to be erected by Lessee pursuant to this Article.

- A. The Lessee shall submit to the Airport Manager any plans and detailed drawings including copies which may be required for the permit before submitting the plans and drawings for a permit.
- B. Thereafter the Lessee at the Lessee's own expense shall proceed promptly with preparation of complete and final plans and complete detailed specifications (such plans and specification hereafter termed "final plans") for the Improvements and shall submit to the Airport Manager for the Airport Manager's approval the final plans as soon as practicable.
- C. The failure of the Lessee to proceed promptly with the preparation of final plans or to submit final plans as required by this section shall constitute a default and breach of this Lease and shall enable the Lessor to terminate this Lease on ten days written notice.

Section 2.5 Airport Manager's Approval

The Airport Manager shall not unreasonably withhold his or her approval to any conceptual plans, specifications, any plans and detailed drawings, or any final plans or complete detailed specifications.

Section 2.6 Compliance with part 77 FAR

Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations and any similar requirement prior to the construction of the Improvements and prior to the construction of any further structure or building upon the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

Section 2.7 Commencement of Construction

If the Lessee has not commenced construction of the Improvements by, on or before October 15, 2019, the Lessor shall have the right at Lessor's option to terminate this Lease on thirty (30) days written notice, unless Lessee in advance of October 15, 2019 applies for a one-time construction start extension option. Said extension option will begin October 15, 2019 and end June 15, 2020 with a non-refundable extension fee of \$800.00 collected at the time the extension is granted and will be in addition to the normal the normal rent payment outlined in section 1.3 Rent.

Section 2.8 Completion of Construction

- A. The Lessee shall have completed construction of the Improvements by, on or before October 30, 2020 or with the exercised extension option in Section 2.7 by, on or before June 15, 2021.
- B. The construction shall be completed when the Improvements have been substantially completed and are capable of the use for which they were intended.
- C. If the Lessee has not completed the construction by the scheduled completion date the Lessor shall have the right, at Lessor's option, to terminate the Lease on ten days written notice.

Section 2.9 Liens

- A. Lessee hereby warrants to Lessor that the Premises and all such other Improvements, shall be free and clear of all liens, claims and encumbrances and agrees to indemnify, defend and hold Lessor harmless from and against any and all losses, damages and costs, including reasonable attorney's fees and appellate attorneys' fees, with respect thereto.
- B. If any lien or notice of lien on account of the alleged debt of Lessee or lien or notice of lien by any party engaged by Lessee or Lessee's contractor to work on the Premises shall be filed against the Premises or Improvements, Lessee shall cause the same to be discharged of record by payment, deposit, bond, order of court or competent jurisdiction or otherwise.

Section 2.11 Performance Guarantee

- A. The work, of \$100,000, as described in this lease document shall not begin until the Lessee or Lessee's contractor has provided to the Lessor a performance guarantee in the form of a performance bond, escrow, an irrevocable letter of credit, or deed of trust in an amount equal to 110% of the estimated cost of the Improvements to be accomplished, which guarantees the completion of the work by Lessee or Lessee's contractor in accordance with the plans and specifications approved by Lessor and guarantees the

payment by Lessee or Lessee's contactor of all subcontractors' charges and all other persons and firms supplying services, labor, materials or supplies in connection with the work.

- B. The work, if funded by an Alaskan Financial Institution on behalf of the Lessee of \$100,000, as described in this lease document shall not begin until the Lessee's Financial Institution has provided to the Lessor a "Letter of Guarantee" in an amount equal to 100% of the cost of improvements in a "Construction Escrow Account" and guarantees the payment by Lessee, Lessee's Contactor or Lessee's Financial Institution of all subcontractors' charges and all other persons and firms supplying services, labor, materials or supplies in connection with the work, in a form approved by the City.
- C. Bonds shall be a performance bond from a company qualified by law to act as a surety in the State of Alaska. The bond shall be in a form approved by the City. The bond shall name the City as the sole obligee and the Lessee as the principal. The surety must be rated by A.M. Best as an A or B surety.
- D. The Lessee may deposit cash in an escrow with a bank qualified by law to do business in the State of Alaska. The disbursement of the escrowed funds shall be governed by an escrow agreement in a form approved by the City.
- E. The Lessee may provide to the City, an irrevocable letter of credit or loan commitment by a bank qualified by law to do business in the State of Alaska naming the City as beneficiary. The letter of credit or loan commitment agreement shall be in a form approved by the City.
- F. The Lessee may grant the City a first deed of trust on real property located in the Matanuska-Susitna Borough to secure the estimated cost of all improvements. The City will accept the first deed of trust if:
 - 1. The Matanuska- Susitna Borough's assessed value for the tax purposes equals or exceeds the amount to be secured by the deed of trust; and
 - 2. The City obtains at the Lessee's expense, a policy of title insurance from a recognized Title Company doing business in the Matanuska Susitna Borough naming the City as the insured beneficiary of the first deed of trust in the amount of the estimated cost of all improvements.

Section 2.12 Inspection

During construction, the Lessor shall have the right, from time to time, to inspect the Improvements and in the event that during the construction or at any time prior to the issuance of a final certificate of occupancy, the Lessor determines that the Improvements are not being constructed in accordance with the plans and specifications specified in this lease, Lessor may give notice in writing to the Lessee specifying in detail the particular deficiency, omission or other respect in which the Lessor claims construction does not meet the plans and specifications. Upon receipt of any such notice the Lessee shall take steps necessary to correct any deficiencies, omissions or otherwise.

Section 2.13 Non-Responsibility

The Lessor may at the time enter upon the Premises for the purpose of posting notices of non-responsibility for any work, labor or materials supplied or furnished to these Premises and the Lessee shall notify, in writing, and in advance of any construction, the Lessor of any construction in order that the Lessor may post such notices of non-responsibility. It is the understanding of the parties hereto that any such work, labor, or materials are supplied only to further the purposes of the Lessee and that work, labor and materials have been contracted for solely by the Lessee for Lessee's own benefit and not as agent of Lessor.

Section 2.14 As Built Plans

Within sixty (60) days after the project's completion date, the Lessee shall deliver to the Lessor a surveyed plot plan of the leased Premises showing the completed Improvements as built in relation to the property lines of the leased Premises.

Section 2.15 Improvements Subject to Reversion or Removal

All alterations, buildings, structures or other Improvements placed on the Premises by Lessee shall be subject to Section 7.6 of this Lease.

Section 2.16 Alterations and Other Improvements

The Lessee shall have the right, from time to time, to make such alterations and improvements and decoration to the Premises. Any alterations, improvements and decorations shall be reasonably necessary or appropriate in the Lessor's judgment for the conduct Lessee's business. Lessee shall obtain Lessor's written approval before any such alterations are made. Approval shall not be reasonably withheld as long as Lessee complies with provisions of this article.

Section 2.17 Pavement/Utility Services

Any pavement or utility services to be constructed by the Lessee shall be constructed in accordance with design and specifications approved by the Lessor and the construction shall be subject to inspection by the Lessor. Such improvements shall not be constructed without the prior consent of the Lessor in writing.

ARTICLE III - USE OF THE LEASED PREMISES

Section 3.1 Airport Purposes

- A. Lessee shall have the right to conduct on the premises those activities stated in Section 1.1 B only, and Lessee shall not use the Premises for any other purpose or activity without first obtaining the written consent of the Airport Manager to do so.
- B. In addition, Lessees' activities are to be aeronautical related activities as defined in the Federal Aviation Administration's (FAA's) Airport Compliance Handbook, FAA order 5190.6B and the FAA Revenue Diversion Policy and all planned development shall be consistent with the Palmer Municipal Airport Layout Plan and Master Plan.
- C. It is the purpose of this Lease to foster and abet air commerce at Palmer Municipal Airport and it is not the intent of this Lease to provide premises for uses which do not promote the development and use of Palmer Municipal Airport.
- D. All uses normally incidental to an airport such as car rental agencies, limousine service, restaurants, insurance sales, and other such incidental services not directly related to the maintenance and operation of aircraft are prohibited except when the Airport and the FAA have established that a specific facility is not currently needed for aeronautical purposes.
- E. Any non-aeronautical use must be limited and incidental.
- F. Any non-aeronautical use must be approved by the Airport Manager and the FAA in writing prior to its commencement.
- G. Any approved non-aeronautical use will be allowed only on an interim basis and will be phased out if aeronautical demand increases.
- H. If a non-aeronautical use is approved, the rent provided in section 1.3 shall be increased to reflect the fair market value of the portion of the Premises used for non-aeronautical uses.

- I. Requests for non-aeronautical uses will be made first to the Airport Manager and if approved by the Airport Manager and FAA, the non-aeronautical use and the conditions associated therewith will be detailed in an addendum to this Lease.
- J. Lessee shall not use or permit any part of the Premises to be used for any unlawful purpose of or for any purpose or use that may constitute a nuisance or hazard to health, safety, or property.
- K. Lessee shall not use or allow the Premises or any part thereof to be used or occupied for any purpose in violation of any law, lawful order, or rule or regulation concerning the operation or use of Palmer Municipal Airport.

Section 3.2 Compliance with Laws

Lessee shall comply with all laws now or hereinafter in effect affecting the Premises or Lessee's use or occupancy thereof, including but not limited to Palmer Municipal Airport Regulations; PMC 12.08; and PMC 17 all as may be amended from time to time.

Section 3.3 Hazardous Materials

- A. Neither Lessee nor Lessee's agents shall cause or permit any Hazardous Materials or Substances to be brought upon, generated, stored, disposed of, or used in or about the Premises by Lessee, its agents, employees, contractors, or invitees without the prior written consent of Lessor.
- B. Lessee shall demonstrate to Lessor's reasonable satisfaction that such Hazardous Materials or Substances are necessary to Lessee's business and will be used, generated, disposed of, and stored in a manner that complies with all laws regulating any such Hazardous Materials or Substance so brought upon, generated, stored, disposed of or used in or about the Premises.
- C. Lessor may, at its option require Lessee to provide annual reports, submitted with the annual rent payment.
- D. The Lessee will report the kinds and quantities of Hazardous Materials or Substance on the Premises and how the Lessee complies with applicable laws regarding disposal.
- E. If Hazardous Material or Substances have been used, generated, disposed of or stored in or about the Premises during the term of this Lease, Lessor may, at its election, have any environmental assessment performed of the Premises, at the Lessee's expense, at the termination of this Lease or termination of Lessee's right to possession under this Lease.
- F. If any of the following occur;
 - 1. Lessee breaches the obligations in this section;
 - 2. The presence of Hazardous Material or Substance on the Premises caused or permitted by Lessee results in contamination of the Premises or contamination of any other property at the Palmer Municipal Airport; or
 - 3. Contamination of the Premises or any other property at Palmer Municipal Airport by Hazardous Material or Substance otherwise occurs for which Lessee is legally liable to Lessor for damage resulting therefrom;
 - a. Then Lessee shall indemnify, defend, and hold Lessor harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space, sums paid in settlement of claims, attorneys' fees, appellate attorney's fees, consultant fees, expert fees, costs incurred in connection with any investigation of site conditions or any clean-up,

remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material or substance present in the soil or groundwater on or under the Premises which arise during or after the Lease term as a result of such contamination.

- G. Without Limiting the foregoing, if the presence of any Hazardous Material or Substance on the Premises caused or permitted by Lessee results in any contamination of the Premises or any other property at the Palmer Municipal Airport, Lessee shall promptly take all actions at its sole expense as are necessary to return the Premises and/or other property to the condition existing prior to the introduction of any such Hazardous Material or Substance; provided that Lessor's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises or other property.
- H. As used herein, the term "Hazardous Material or Substance" shall be interpreted broadly to include, but not limited to, substances designated as hazardous under the Resource Conservation and Recovery Act, 42 USC Section 6901 et seq., the Federal Water Pollution Control Act, 33 USC Section 1257 et seq. the Clean Air Act, 42 USC Section 2001 et seq the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC Section 9601 et seq., Title 46 of the Alaska Statutes, or by any applicable federal, state, or local statute, regulation or ordinance now or hereafter in effect and as they may be amended or interpreted from time to time.
- I. The provisions of this Section 3.3 shall survive any termination of Lessee's right to possession of the Premises and/or termination of this Lease.

Section 3.4 Americans with Disabilities Act

Lessor and Lessee agree that as allowed by 28 C. F. R. S. 36.201(b), Lessee shall be responsible for all compliance responsibility under the Americans with Disabilities Act (42 U.S.C. S 12101 et. Seq.) related to Lessee's use and occupancy of the Premises. Lessee agrees to defend, indemnify and hold Lessee harmless from any claim, demand, or action, either by a private person or a governmental entity, under said Act due to failure to comply with the terms of said Act. The provisions of this Section 3.4 shall survive termination of Lessee's right to possession of the Premises and/or termination of this Lease.

Section 3.5 Reservations and Exceptions

This Lease is made by the Lessor and accepted by the Lessee conditioned upon and subject to any conditions, reservations, limitations, provisions or terms imposed upon the Premises of Palmer Municipal Airport, as contained in any grant (including any monetary grant or loan), lease, permit, patent, deed, or any other conveyance to the Lessor of the Premises, or of Palmer Municipal Airport, from the United States, or the State of Alaska, including their agencies. In the event that any such condition, reservation, limitation, provision or term shall prevent, without fault of the Lessor, this Lease from continuing in full force and effect, the Lessor shall have the option to terminate this Lease immediately (and at any time) without liability to the Lessee therefor.

Section 3.6 Subordination of Lease to Requirements of the Federal Aviation Administration

- A. This Lease shall be subordinated to the provisions of any existing or future agreements between the Lessor and the United States, relative to the operation or maintenance of

Palmer Municipal Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development or operation of Palmer Municipal Airport.

- B. In connection therewith, the Lessor has undertaken and may in the future undertake certain obligations respecting its operation of Palmer Municipal Airport and activities of its contractors, Lessees and permitted thereon. The performance by Lessee of the covenants, promises and obligations contained in this Lease is therefore a special consideration and inducement to this Lease. Lessee further covenants and agrees that if the administrator of the Federal Aviation Administration, or any other governmental official or body having jurisdiction over the enforcement and the obligations of the City in connection with the Federal or State aid, shall make any orders, recommendations or suggestions respecting the performances by Lessee of its obligations under this Lease, Lessee shall promptly comply therewith, at the time or times when and to the extent that the Lessor may direct.

Section 3.7 Aircraft on Premises

The Lessee shall provide the Airport Manager a list showing all aircraft on the Premises for any purpose, together with the aircraft type, model and number, the name and address of the owner, the purpose of the aircraft being on the Premises, and such other information concerning its identification thereof as the Airport Manager shall deem necessary.

Section 3.8 Discriminatory Acts Prohibited

- A. The Lessee shall furnish any service to be rendered by the Lessee in connection with or upon the Premises on a fair, equal and not unjustly discriminatory basis to all users thereof. In performing such services Lessee shall charge fair, reasonable and not unjustly discriminatory prices or rates for each unit of service furnished, provided the Lessee may take reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume users or purchasers.
- B. The Lessee, in its use and occupancy of the Premises, shall not discriminate against any person or class of persons by reason of race, color, creed or national origin, or by reason of any other basis that is illegal or becomes illegal during the term of this Lease, any extension, or any holdover period.
- C. The Lessor upon ten (10) days' notice to the Lessee of any violation of this section shall request that the Lessee either correct or justify any practice or charge alleged as a violation.
- D. In any proceeding whatsoever the burden of justification shall be on the Lessee to show that the practice or charge does comply with the requirements of this section. The Lessee, within ten (10) days after receipt of the notice, shall comply with the request or submit to the Lessor its justification in writing. The Lessor shall submit its findings and decision as to any alleged violation within fifteen (15) days after the receipt of the Lessee's justification, and such findings and decision of the Lessor shall be final. Unless the Lessee shall notify in writing the Lessor within ten (10) days of its objections to any request for compliance or to any adverse findings and decision, the Lessee shall waive any defense that the alleged violation is justified.
- E. The Lessor, at its option, may forthwith terminate this Lease without any liability to Lessee thereunder for failure by Lessee without justification to comply with Lessor's request for compliance within the time set forth in the request or the findings and decision to correct the alleged violation.

Section 3.9 Affirmative Action

- A. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered in this subpart. The Lessee assures that it will require that its covered sub-organizations provide assurances to the Lessor that any similarity will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.
- B. The Lessor upon ten (10) days' notice to the Lessee of any violation of subsection A shall request that the Lessee either correct or justify any practice or charge alleged as a violation. In any proceeding whatsoever, the burden of justification requirement of subsection A. The Lessee within ten (10) days after receipt of the notice, shall comply with the request or submit to the Lessor its justification in writing. The Lessor shall submit its findings and decision as to any alleged violation within fifteen (15) days after receipt of the Lessee's justification, and such findings and decision of the days of its objections to any request for compliance or to any adverse findings and decision, the Lessee shall waive any defense that the alleged violation is justified.
- C. The Lessor, at its option, may forthwith terminate this Lease without any liability to Lessee thereunder for any failure by Lessee without justification to comply with Lessor's request for compliance within the time set forth in the request of the findings and decision to correct the alleged violation.

Section 3.10 Maintenance of Premises

- A. Lessee shall repair and maintain the Improvements in good order and repair and keep the Premises in a neat, safe, clean and orderly condition. Such obligation shall include, but not be limited to, the prevention of the accumulation of any refuse or waste materials which might be or constitute a fire hazard or a public or private nuisance.
- B. In the event that Lessee does not properly repair and/or maintain the Improvements or Premises, the Airport Manager shall notify the Lessee in writing of those areas that are not being properly repaired and/or maintained.
- C. If, however, after 60 days, Lessee fails to make such repair and/or maintenance, Lessor may cause to have such repair and maintenance made and invoice the Lessee for the repair and maintenance completed.
- D. If said costs are not paid promptly by Lessee, the lease shall be deemed to be in default, and Lessor shall be entitled to all legal remedies provided hereunder.
- E. Lessee shall neither cause nor allow any waste of the Premises or Improvements. In addition, Lessee shall be strictly liable for any waste of the Premises or Improvements and for any damage to reversion.

Section 3.11 Signs

- A. Lessee shall not, without Lessor's written consent, place or erect any sign of any nature on any part of the Premises, but such consent shall not be unreasonably withheld to one flat sign of reasonable size bearing the Lessee's trade name, providing such sign meets all city zoning and sign requirements.
- B. At the termination of this Lease, any such sign shall be removed by Lessee at Lessee's own expense.

- C. Lessee shall apply for a sign permit from the Department of Community Development and shall comply with Palmer Municipal Code.

Section 3.12 Improvements and Alterations

After the initial improvements set forth in Article II have been completed, and if the Lessee desires to construct further improvements:

- A. Prior to commencing construction, renovation, enlargement, demolition, or modification of leasehold improvements now or hereafter existing on the Premises, Lessee shall submit to the Airport Manager plans and specifications for such work (including plans for landscaping and irrigation, if any) and Timeline for various phases of work.
- B. The Airport Manager shall approve or disapprove such plans and specifications and accompanying Timeline at his or her sole discretion.
- C. Upon Lessee's receipt of the Airport Manager's written approval of such plans and specifications, Lessee agrees to construct the proposed leasehold improvements in strict accordance with such plans and specifications and Timeline.
- D. The Airport Manager's approval of submitted plans and specifications shall not constitute the assumption of any liability by Lessor for their compliance or conformity with applicable building codes, zoning regulations, and city borough, state and federal laws, ordinances and regulations, or for their accuracy, and Lessee shall be solely responsible for such plans and specifications.
- E. The Airport Manager's approval of plans and specifications shall not constitute a waiver of Lessor's right to therefore require Lessee to amend the same to provide for any corrections or omissions needed to comply with applicable building codes, zoning regulations, city, borough, state or federal laws, ordinances or regulations.
- F. The review and approval required by Section 3.12 is in addition to any other review and approval needed for any required building permits or similar authorizations.
- G. Lessee shall obtain all necessary licenses and permits to accomplish any of the work described in Section 3.12. Nothing in this Lease is intended to limit or restrict the City of Palmer in the exercise of its police power, authority to enforce building, fire and other safety codes, laws, ordinances, or regulations.
- H. Lessee agrees to comply with the notification and review requirements covered in part 77 of the Federal Aviation Regulations prior to the construction of the Improvements and prior to the construction of any future building or structure situated on the Premises.
- I. Any contract or agreement for labor, services, materials or supplies furnished in connection with construction or alteration of any improvement to the Premises shall provide that no lien, claim or other encumbrance shall thereby be created, or arise, or be filed by anyone thereunder upon or against the Premises or the improvements.
- J. Before the commencement of any such work, Lessee shall deliver to Lessor either an executed duplicate original of such contract or a written waiver by the architect, engineer, contractor, material man, mechanic, person or corporation named in such contract of all right of lien which he or it might otherwise have upon or against the Premises, or the improvements to be constructed or altered, or the interest of Lessor therein.
- K. Lessee hereby warrants to Lessor that the Premises and all such other improvements thereto, shall be free and clear of all liens, claims and encumbrances and agrees to indemnify, defend and hold Lessor harmless from and against any and all losses, damages and costs, including reasonable attorneys' fees and appellate attorneys' fees, with respect thereto.
- L. If any lien or notice of lien on account of the alleged debt of Lessee or lien or notice of lien by any party engaged by Lessee or Lessee's contractor to work on the Premises shall

be filed against the Premises or improvements, Lessee shall cause the same to be discharged of record by payment, deposit, bond, order of court or competent jurisdiction or otherwise.

- M. The work, in excess of \$100,000, as described in this lease document shall not begin until the Lessee or Lessee's contractor has provided to the Lessor a performance guarantee in the form of a performance bond, escrow, an irrevocable letter of credit, or deed of trust in an amount equal to 100% of the estimated cost of the Improvements greater than \$100,000 to be accomplished, which guarantees the completion of the work by Lessee or Lessee's contractor in accordance with the plans and specifications approved by Lessor and guarantees the payment by Lessee or Lessee's contractor of all subcontractors' charges and all other persons and firms supplying services, labor, materials or supplies in connection with the work.
- N. All alterations, buildings, structures or other improvements placed on the Premises by Lessee shall be subject to section 7.6 of this Lease.

Section 3.13 Quiet Possession

The Lessee, upon paying rent and observing the conditions and terms of this Lease, shall and may have at all times during the term of this Lease peaceful and quiet enjoyment and possession of the Premises, except as otherwise set forth in this Lease.

Section 3.14 Lessee's option to Terminate

- A. Should any government body, agency, or official, other than Lessor, prohibit or otherwise prevent the use of Palmer Municipal Airport in its present condition as a public airport for one year or more, or should the continued use of Palmer Municipal Airport as an airport become impossible or unlawful without the fault of the Lessee, the Lessee shall have the option to terminate this Lease on thirty (30) days written notice to the Lessor.
- B. Upon such termination, this Lease shall be at an end, and neither party shall have any liability for such termination.
- C. The Lessor shall notify the Lessee in writing, of the prohibition, or intended prohibition, and the failure of the Lessee to exercise the option to terminate within thirty (30) days shall extinguish the Lessee's option to terminate.

Section 3.15 Lessor's Option to Terminate

- A. Lessee hereby grants to Lessor should it require the Premises in connection with the future expansion and/or operation of the Airport prior to the expiration or termination of the Lease, Lessor may, upon ninety (90) days written notice, cancel this Lease.
- B. In the event that this Lease is canceled under the provisions of this Section, Lessor shall pay to Lessee the fair market value of Lessee's remaining leasehold interest and the fair market value of Lessee owned buildings, structures, alterations and/or improvements placed by Lessee upon the Premises during the term of this Lease.
- C. The fair market value shall be determined by following the appraisal procedure set forth determination of the fair market rental of the Premises in Section 1.4 of this Lease.
- D. After payment therefore as provided herein, all buildings, structures, alterations and/or improvements shall be subject to the provisions of section 7.6 of this Lease.

Section 3.16 Right of Entry and Access

- A. Lessee hereby grants to Lessor, its contractors, employees, agents and assigns, the irrevocable right, permission and authority to enter into and upon all or part of the Premises for the purpose of:

1. Inspecting the Premises;
 2. Cleaning, repairing, maintaining, altering or improving the Premises as Lessor may deem necessary;
 3. Abating any nuisance or hazardous condition on the Premises, and/or
 4. Preserving and/or protecting the Premises.
- B. It is understood and agreed that the entry and access may affect the use of the Premises from time to time. Lessor shall use reasonable efforts to coordinate any anticipated access or utility or other interruptions with Lessee in an attempt to reasonably reduce the effect of any disruption of Lessee's enjoyment and use of the Premises.
- C. The right of access and entry reserved herein does not impose, nor does Lessor assume by reason thereof, any responsibility for the care, maintenance or supervision of the Premises. Lessee shall not be entitled to any abatement or reduction in rent by reason of Lessors access and/or entry nor shall such access or entry be deemed an actual or constructive eviction.

Section 3.17 Lessor's Improvements

- A. Lessor shall have a permanent right of access over, under, around and across the Premises for the purposes of maintaining, servicing, upgrading, replacing or removing any Lessor-installed improvements including, but not limited to, light poles, utilities, and fencing.
- B. This section does not require Lessor to provide any improvements.
- C. Lessor's maintenance shall not include paving, aircraft tie downs, snow removal or sanding.
- D. All improvements constructed by the Lessor shall at all times remain the property of Lessor and may be maintained, upgraded, serviced or removed at Lessor's convenience and discretion.
- E. Lessor agrees to use reasonable efforts to notify of any upgrading, replacing or repair work with Lessee and to reasonably reduce disrupting Lessee's use of the Premises when practicable.
- F. In the event of abandonment or default, any Lessee improvement will become the property of the Lessor.

Section 3.18 Aviation Easement

Lessee's right to use the Premises for the purposes as set forth in this Lease shall be secondary to and subordinate to the operation of the airport. Lessor specifically reserves for itself, other Palmer Municipal Airport leaseholders, and for the public, an easement for the passage of aircraft in the air space above the surface of the described property together with the right to cause in said air space or on adjacent property such noise as may be inherent in the present or future operation of aircraft. Without in any way limiting Lessor's rights under Section 3.12, Lessee shall not construct any building or facility to a height which in Lessor's discretion will interfere with the operations of the airport.

Section 3.19 Right-of-Way and Easement

Lessor shall have the right to designate or grant rights-of-way or utility easements across the Premises without compensation to Lessee, provided that Lessee shall be entitled to compensation for the taking or destruction of any of Lessee's improvements and provided further that Lessee may terminate the Lease or demand a rental adjustment to reflect any reduction in value of the Premises.

ARTICLE IV - TAXES, INDEMNIFICATION, AND INSURANCE

Section 4.1 Taxes, Assessments, and Utilities

- A. Lessee, in addition to the rentals provided for herein, shall pay when due (and before delinquency) all taxes, utility fees, assessments, and charges upon the Premises, the leasehold interest, and upon buildings, improvements and property thereon, which are assessed or charged at any time during the term.
- B. The Lessee shall furnish to the Lessor for Lessor's inspection within thirty (30) days after the date any amount payable by the Lessee as required by this section, official receipts from the appropriate taxing authorities or other proof satisfactory to the Lessor evidencing payment.
- C. The Lessee shall have the right at all times to protest any assessment of taxes or other assessments or charges, but the Lessor may require the Lessee to deposit with the Lessor any sums in dispute to insure payment in the event that any contest is unsuccessful.
- D. Lessee shall pay and be responsible for all charges for gas, electricity, water, light, heat, power, garbage, solid waste, and other utility service used in or about or supplied to the Premises.
- E. Lessee shall timely pay all sales tax on the rent on the lease, utilities, sales, service, rents, etc., and shall comply with City and Borough sales tax laws.

Section 4.2 Indemnification

Lessee shall indemnify, defend and hold Lessor harmless from all liability or loss (including, but not limited to reasonable attorneys' fees and appellate attorneys' fees) arising from any injury to any person or persons (including without limitation Lessee, its agents or employees) or property of any kind whatsoever while in, upon, or in any way connected with the Premises during the term of this Lease, or any use or occupancy hereunder, however occurring, including any acts, negligent or otherwise, and any omissions (negligent or otherwise), by Lessee, its agents, independent contractors, or employees, unless caused by or resulting from the sole negligence of the Lessor or any of Lessor's agents or employees.

Section 4.3 Insurance

- A. Lessee, at its own expense, shall secure and maintain in full force at all times during the term of this Lease:
 - 1. Commercial general liability. Commercial general liability insurance with a single occurrence liability limit of \$1,000,000 and an aggregate of \$2,000,000 insuring against liability of Lessee, its officers, contractors, licensees, agents, employees, guests, invites and authorized representatives, arising out of and/or in connection with Lessee's use or occupancy of the Premises; or
 - 2. Airport premises liability. Airport premises liability insurance on an occurrence basis with a single combined liability limit of not less than \$1,000,000 occurrence and \$2,000,000 aggregate limit for bodily injury and property damage.
 - 3. If applicable, third-party aircraft liability insurance with a single combined liability limit of not less than \$1,000,000 per occurrence;
 - 4. Commercial property insurance in the amount of replacement costs.
 - 5. The Lessor reserves the right to require Lessee to provide pollution insurance as warranted by the proposed use of the Premises.
- B. This insurance required under this Section shall:
 - 1. Name the Lessor as an "additional insured"

2. Contain a clause that the insurer will not cancel or change the insurance without first giving the Lessor thirty (30) days prior written notice;
 3. Be with an insurance company qualified to do business in the State of Alaska with a financial rating of at least "A" as rated in current Best's Insurance Reports;
 4. Include a waiver of subrogation clause by which the insurer waives all rights of subrogation against the Lessor for payments made under the policy; and
 5. Not contain a damage deductible for each and every loss that exceeds \$10,000.
- C. Lessee shall provide Lessor with proof of insurance coverage in the form of a certificate of insurance, and if requested by the Lessor, Lessee shall provide Lessor with a copy of the policy(ies). Failure to maintain such insurance in effect shall constitute grounds for immediate termination of this lease. Lessor may at its option purchase said insurance and charge the expense thereof to Lessee, which expense Lessee shall assume and pay.
- D. To reasonably protect itself, Lessor may adjust these minimum insurance requirements and add types of insurance or both by giving Lessee written notice of such adjustment ninety (90) days prior to the expiration of each five (5) year interval of the term of this Lease. Lessor may also adjust these minimum insurance requirements at any time if Lessee's use of the Premises changes, and in such event, Lessor shall give Lessee thirty (30) days written notice of such adjustment.
- E. The requirements of insurance coverage do not relieve Lessee from any other obligation under this Lease.

ARTICLE V - ASSIGNMENT AND SECURITY INTERESTS

Section 5.1 Assignment and Subletting

- A. Lessee shall not voluntarily assign or encumber its interest in this Lease or in the Premises or sublease all or any part of the Premises, or allow any other person or entity to occupy or use all or any part of the Premises without first obtaining Lessor's prior written consent. Lessor will not unreasonably withhold its consent; provided, however, if Lessor does unreasonably withhold its consent, Lessor shall not be liable for any damages, costs or attorney's fees arising therefrom.
1. Lessor may condition its consent upon such terms as are in its best interest, including but not limited to matters regarding laws, insurance, risks, Lessee's defaults or past practices, risks attributable to assignee, etc., but Lessor may not condition its consent upon raising the rent other than as already allowed under this Lease.
 2. Any assignment, encumbrance or sublease without Lessor's consent shall be voidable and, at Lessor's election, shall constitute a default.
 3. No consent to any assignment, encumbrance or sublease shall constitute a further waiver of the provisions of this section.
- B. If Lessee is a partnership or limited liability company, a withdrawal or change, voluntary, involuntary or by operation of law, of any partner or partners, member or members owning twenty-five percent (25%) or more of the partnership or LLC in one or more transactions, or the dissolution of the partnership or LLC, shall be deemed a voluntary assignment.
- C. If Lessee is a corporation any dissolution, merger, consolidation or other reorganization of Lessee, or the sale or other transfer of a controlling percentage of the capital stock of Lessee in one or more transactions, or the sale of twenty-five percent (25%) of the value of the assets of Lessee in one or more transactions without immediate replacement with assets of equal or greater worth, shall be deemed a voluntary assignment.

- D. Lessee hereby irrevocably assigns to Lessor, as security for Lessee's obligations under this Lease, all rent from any subletting of all or a part of the Premises, and Lessor, as assignee and attorney-in-fact for Lease, may collect such rent and apply it toward Lessee's obligations under this Lease, except that, until the occurrence of an act of default by Lessee, Lessee shall have the right to collect such rent as it becomes due, one payment period at a time, which payment period may never exceed one year.
- E. Lessee may not charge a sub-lessee a rent rate that changes from year to year, other than changes that result directly from changes made by Lessor, and Lessee shall never have the right to collect or receive rent in advance of when it is due. If the sub-lessee pays Lessee in advance and Lessor collects rent hereunder, then the sub-lessee must pay the advanced rent to Lessor and sub lessee may retrieve the advanced rent from Lessee. Neither this section nor collection of any such rent by Lessor shall be deemed to be Lessor's approval of any such sublease.
- F. If, as a result of an assignment or sublease, the Premises will be used for purposes other than as set forth in section 3.1 herein. The consent of the Palmer City Council and the FAA, if applicable, must be obtained. It is the policy of the city council to discourage non-aviation related uses. Additionally, if incremental revenues over and above the Lessee's Lease payments will be realized from the sublease or assignment pertaining to non-aeronautical uses, Lessor may raise Lessee's existing rent to fair market value at the time of the approval of the sublease.
- G. All assignment instruments shall include language whereby Assignee expressly assumes and agrees to pay the obligations of Lessee under this Lease.
 - 1. No assignment shall release or diminish the obligations of any Lessee or any Guarantor for performance of Lessee's obligations hereunder and Lessee shall remain liable as if no assignment were made.
 - 2. Lessee and Assignee will be jointly and severally liable for such obligations.
 - 3. Neither this section nor any payment of rent by such Assignee shall be deemed to be Lessor's approval of any such assignment.
- H. All sublease instruments shall provide that the sublease is subject to all of the terms, covenants and conditions of this Lease.
- I. Lessee agrees to pay to Lessor \$500 for any request by Lessee for Lessor to consent to any assignment or subletting by Lessee.

Section 5.2 Mortgage and Encumbrances

- A. Lessee shall not mortgage or otherwise encumber this Lease (including Lessee's leasehold estate in the improvements thereon) without the prior written consent of Lessor.
- B. The Lessor's consent to the mortgage or encumbrance shall not be unreasonably withheld, provided the mortgage or beneficiary shall agree to the attached form of Assignment of Lease for Security Purposes and Consent to Assignment of Lease attached hereto as Exhibit C.
- C. Lessee shall furnish the Lessor with a copy of any security transaction mortgaging or encumbering the Premises for the Lessor's approval prior to any mortgaging or encumbering of the Premises, and shall further furnish a copy to the Lessor of any such executed security transactions.

ARTICLE VI - DEFAULT AND ENFORCEMENT

Section 6.1 Default Defined

The occurrence of one or more of the following shall be deemed a default by the Lessee and a breach of this Lease:

- A. Failure to pay the rent provided herein, or any part thereof, or other charge due hereunder, for a period of ten (10) days after written notice of such failure is given by Lessor to Lessee;
- B. Failure to perform the obligations set forth in Sections 3.8, 3.9, and 3.10 hereof, after any notice required by those sections;
- C. Failure to provide and maintain in effect **insurance** in compliance with Section 4.3 hereof **(for which failure there is no notice time requirement)**;
- D. Failure to do, observe, keep and perform any other terms, covenants, conditions, agreements and provisions contained in this Lease for a period of thirty (30) days after written notice of such failure is given by Lessor to Lessee, or, in the case of a default not reasonably susceptible of being cured within thirty (30) days (which does not include any default which may be cured by the payment of money), failure to commence promptly and proceed diligently and in good faith to cure such default within the initial thirty (30) days and complete such cure within a total of sixty (60) days after the sending of the notice;
- E. The abandonment of the premises by the Lessee, the making by the Lessee of a general assignment for the benefit of creditors, or the appointment of a permanent or temporary receiver for the Lessee's property, which is not vacated or set aside within thirty (30) days of sending of written notice of such event by Lessor; or
- F. The issuance of three (3) written notices for defaults or breaches within any consecutive twelve-month period, regardless of whether or not the default or breach was cured within the applicable time period.

Section 6.2 Lessor Remedies on Default

Upon the occurrence of any default of Lessee as described in Section 6.1 or elsewhere in this Lease, Lessor shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

- A. Lessor may, at its election, terminate this Lease or terminate Lessee's right to possession only, without terminating this Lease.
- B. Upon termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Lessee's right to possession without termination of this Lease, Lessee shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Lessor, and Lessee hereby grants to Lessor full and free license to enter into and upon the Premises in such event with or without process of law and to repossess Lessor of the Premises and to expel or remove Lessee and any others who may occupy or be within the Premises and to remove and all property therefrom, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, Lessee hereby waiving any right to claim damage for such re-entry and expulsion and without relinquishing Lessors right to rent or any other right given to Lessor hereunder or by operation of law.
- C. Upon any termination of this Lease, whether by lapse of time or otherwise, Lessor shall be entitled to recover:
 - 1. The worth at the time of the award of the unpaid rent (including any amounts treated as additional rent) that had been earned at the time of termination;

2. The worth at the time of the award of the amount by which the unpaid rent (including any amounts treated as additional rent) that would have been earned after the date of termination until the time of award exceeds the amount of the loss of rent for the same period that Lessee proves could have been reasonably avoided;
 3. The worth at the time of the award of the amount by which the unpaid rent (including a reasonable estimate of additional rent) for the balance of the term exceeds the amount of the loss of rent for the same period that Lessee proves could have been reasonably avoided; and
 4. Any other amount, full reasonable attorney's fees and court costs, necessary to compensate Lessor for all detriment proximately caused by Lessee's default.
- D. "The worth at the time of the award," used in this section, is to be computed by allowing interest as determined by the current bond rating from State of Alaska Municipal Bond Bank plus 5%. The "time of the award" is the date the Lessee is notified of the termination of the lease by the Lessor. Such notification shall be done by certified mail.
- E. Upon any termination of Lessee's right to possession only without termination of this Lease, Lessor may, at the Lessor's option enter into the Premises, remove Lessee's signs and other evidences of tenancy, and take and hold possession thereof as provided in this section, without such entry and possession terminating this Lease or releasing Lessee, in whole or in part, from any obligation, including Lessee's obligation to pay the rent, including any amounts treated as additional rent hereunder, for the full term.
- F. Upon termination of Lessee's right to possession, Lessor may, but need not, relet the Premises or any part thereof for such rent and upon such terms as Lessor in its sole discretion shall determine (including, but not limited to, the right to relet the Premises for a greater or lesser term than that remaining under this Lease, the right to relet the Premises as a part of a larger area, and the right to change the character or use made of the Premises) and Lessor shall not be required to accept any tenant offered by Lessee or to observe any instructions given by Lessee about such reletting.
- a. In any such case, Lessor may make repairs, alterations and additions in or to the, Premises, and Lessee shall, upon demand, pay the cost thereof, together with Lessor's expenses of reletting.
 - b. If the consideration collected by Lessor upon any such reletting plus any sums previously collected from Lessee are not sufficient to pay the full amount of all rent, including any amounts treated as additional rent here under and other sums reserved in this Lease for the remaining term hereof, together with the costs of repairs, alterations, additions, and Lessor's expenses of reletting and the collection of the rent accruing therefrom (including attorneys' fees), Lessee shall pay to Lessor the amount of such deficiency upon demand and Lessee agrees that Lessor may file suit to recover any sums falling due under this subpart from time to time.
- E. Lessor may, at Lessor's option, enter into and upon the Premises, with or without process of law, if Lessor determines in its sole discretion that Lessee is not acting within a commercially reasonable time to maintain repair or replace anything for which Lessee is responsible hereunder and correct the same, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage resulting therefrom and Lessee agrees to reimburse Lessor, on demand, as additional rent, for any expenses which Lessor may incur in thus effecting compliance with Lessee's obligations under this Lease.
- F. Any and all property which may be removed from the Premises by Lessor pursuant to the authority of this Lease or of law or in equity, to which Lessee is or may be entitled, may

be handled, removed and stored, as the case may be, by or in the direction of Lessor at the risk, cost and expense of Lessee, and Lessor shall in no event be responsible for the value, preservation or safekeeping thereof.

1. Lessee shall pay to Lessor, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Lessor's possession or under Lessors control.
 2. Any such property of Lessee not retaken by Lessee from storage within thirty (30) days after removal from the Premises shall conclusively be presumed to have been conveyed by Lessee to Lessor under this Lease as a bill of sale without further payment or credit by Lessor to Lessee; provided, however, Lessor may disclaim as to any item or items and the effect of such disclaimer will be that the item or items never became the property of Lessor.
- G. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law or equity (all such remedies being cumulative), nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent, additional rent or other sum due to Lessor, hereunder or of any damages accruing to Lessor by reason of the terms, provisions and covenants herein contained.
- H. No act or thing done by Lessor or its agents during the term hereby granted shall be deemed a termination of this Lease or an acceptance of the surrender of the Premises, and no agreement to terminate this Lease or an acceptance of the surrender of the Premises shall be valid unless in writing signed by Lessor.
- I. No judicial action shall be necessary to terminate this Lease.
- J. No waiver by Lessor of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained.
- K. Lessors acceptance of the payment of rental, including any amount treated as additional rental, or other sums hereunder after the occurrence of an event of default shall not be construed as a waiver of such default, unless Lessor so notifies Lessee in writing.
- L. Forbearance by Lessor to be deemed or construed to constitute a waiver of such default or of Lessor's right to enforce any such remedies with respect to such default or any subsequent default.
- M. If, on account of any breach or default by Lessee in Lessee's obligations under the terms and conditions of this lease, it shall become necessary or appropriate for Lessor to employ or consult with an attorney concerning this Lease or enforce or defend any of Lessor's rights or remedies hereunder, Lessee agrees to pay any attorneys' fees and appellate attorneys' fees so incurred.
- N. Lessor shall not be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due upon such reletting.

Section 6.3 Lessor's Failure to Enforce and Nonwaiver

- A. Failure by the Lessor to insist the strict performance of any term, condition or covenant of this Lease or to exercise any right or remedy available on a breach thereof, and acceptance of full or partial rentals during the continuance of any such breach shall not constitute a waiver of any such breach or any such term, condition or covenant.
- B. Terms, conditions or covenants of this Lease required to be performed by the Lessee, and breach thereof, shall not be waived, altered or modified, except by written instrument executed by the Lessor.

- C. Waiver of any breach shall not affect or alter any term, condition or covenant of this Lease, and each such term, condition or covenant shall continue in full force and effect with respect to any other then existing or subsequent default or breach thereof, and any other or subsequent default or breach may be enforced by the Lessor as provided in this Lease.

ARTICLE VII - GENERAL COVENANTS

Section 7.1 Condition and Status of Premises

- A. Lessee acknowledges that Lessee has examined the Premises and accepts same in its present condition without any representation or warranty, express or implied in fact or by law, by the Lessor as to the title, nature, condition or usability of the Premises for the purposes set forth in this Lease, all of said warranties being hereby expressly property **as-is** in its present condition, together with all faults.
- B. Lessee agrees to provide written notice to Lessor immediately upon Lessee becoming aware or having a reasonable belief:
1. That the Premises or any adjacent property is being, may be, or has been contaminated with any Hazardous Materials, or
 2. Of the existence of any Hazardous Materials in, within, on or near the Premises or adjacent property.

Section 7.2 Risk of Loss

Destruction or damage to any building or improvement on the Premises by fire, rain, ice, snow, windstorm, earthquake, aircraft accident, or any other casualty or action of the elements shall not entitle the Lessee to surrender possession of the Premises, to terminate this Lease, to violate any of its provisions, or to cause any rebate or abatement in rent when due or thereafter becoming due under the terms hereof.

Section 7.3 Repair or Rebuilding

- A. Upon the destruction or damage to any building or structure by fire or other casualty covered by insurance or that is supposed to be covered by Lessee's insurance, Lessee may, with Lessor's consent rebuild the building or structure.
- B. Upon the destruction or damage to any building or structure by casualty that is not covered by insurance and is not supposed to be covered by insurance, Lessee shall have the right to repair, restore or rebuild the building or structure within one (1) year after the date of such occurrence or as per written agreement with the Airport Manager.

Section 7.4 Condemnation

- A. If all the Premises, or any part thereof required for the reasonable use of the Premises, is taken by eminent domain, this Lease shall expire on the date when the Lessee is required to vacate the Premises, and the rent shall be apportioned as of that date.
- B. If there is a taking of a part of the Premises not required for the reasonable use of the Premises, then this Lease shall continue in full force and effect and the rent shall be equitably reduced, based on the proportion by which the Premises is reduce, such rent reduction to be effective as of the date possession of such portion is delivered to the condemning authority.
- C. Except for improvements constructed and paid for by Lessee, Lessor reserves all rights to damages to the Premises for any taking by eminent domain and Lessee hereby assigns to Lessor any right Lessee may have to such damages or award.

- D. Lessee shall make no claim against Lessor for damages for termination of the leasehold interest or interference with Lessee's business. Lessee shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Lessee may be put for Lessee's moving expenses and for the interruption of or damages to Lessee's business, provided that such damages may be claimed only if they are awarded separately in the eminent domain proceeding and not as part of the damages recoverable by Lessor.

Section 7.5 Surrender of Premises

At the expiration of any Lease term, upon termination of this Lease, upon reentry by Lessor or otherwise, the Lessee shall peacefully and quietly surrender the Premises in as good a condition as it was at the beginning of the initial term, reasonable use and wear and damages by the elements excepted.

Section 7.6 Reversion or Removal of Buildings and Improvements

- A. Any and all buildings, structures, alterations or improvements placed by the Lessee upon the Premises shall, at the option of the Lessor, revert to and become the property of the Lessor at and upon the expiration or termination of this Lease and/or the termination of Lessee's right to possession of the Premises.
- B. Lessor, in its sole discretion, may require Lessee to remove part or all of said buildings, structures, alterations and/or improvements including, but not limited to, fuel tanks and lines, and partially or completely restore the Premises to the condition of the Premises at the inception of this Lease by sending written notice requesting such removal and restoration within sixty (60) days after such expiration or termination.
- C. Lessee shall then at its own expense complete such removal and restoration within ninety (90) days of the sending of such notice.
- D. At the conclusion of the current lease and extension period(s) the existing Lessee shall be given preference in executing a new lease on the same premises, provided that the proposed land use is compatible with the current Airport Layout Plan and the Lessee is otherwise in good standing with the City of Palmer and in substantial compliance with the existing lease.
- E. Section(s) 7.5 and 7.6 do not necessarily preclude a lessee from recovering value from Lessee's leasehold improvements by selling to a third party at any time during the lease term, provided that all other conditions of the active lease have been met. At such time, the buying third party would request a new lease or an assignment of the existing lease, and such request would not be reasonably withheld.

Section 7.7 Holdover

- A. In the event the Lessee shall hold over after the expiration or termination of this Lease for any cause whatsoever, Lessee shall pay Lessor monthly rent at double the annual rental rate divided by twelve for the entire time Lessee remains in possession, and in addition thereto, Lessee shall hold Lessor harmless from all damages resulting from Lessee's failure to surrender the Premises, including, without limitation, claims made by a succeeding tenant resulting from Lessee's failure to surrender the Premises.
- B. If Lessee remains in possession of the Premises after expiration of the term of the Lease, or after the date in any notice given by Lessor to Lease termination this Lease, such possession by Lessee shall be deemed to be a month-to-moth tenancy terminable on thirty (30) days' notice given at any time by either party.

- C. The provisions of this section do not exclude Lessor's rights of re-entry or any other right under this Lease.

Section 7.8 Notices

Any notices required to be sent in accordance with the terms of this Lease, including legal process, shall be sent in writing by registered or certified mail, to the parties at the following addresses unless otherwise notified in writing and deemed to be received when so sent:

Lessor's address: City Manager, City of Palmer
231W. Evergreen Ave.
Palmer, AK 99645

Lessee's address: CIG, LLC
3852 N. Clark Wolverine Rd.
Palmer, AK. 99645

Section 7.9 Rights or Remedies

No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive or any other right or remedy, but is intended to be in addition to any right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 7.10 Successors in Interest

This Lease shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of the parties hereto.

Section 7.11 Applicable Law and Forum

This Lease and the respective rights and obligations of the parties shall be construed and interpreted in accordance with the laws of the State of Alaska. Any civil action concerning this Lease shall be brought in Alaska District or Superior Court in Palmer, Alaska, only.

Section 7.12 Recordation of Lease

The parties prefer to record a memorandum of this Lease rather than the Lease itself and contemporaneously with the execution hereof they have executed a memorandum of Lease in the form of Attachment A which is attached hereto and may be recorded by either party. In the event it should be so require by any title company insuring title for Lessee, or by any lending institution from which Lessee proposed to make a loan, then Lessee may cause this Lease to be placed of record.

Section 7.13 Severability

The invalidity or unenforceability of any particular provision of this Lease shall not affect any remaining provisions hereof, and, in any such event this Lease shall be construed and interpreted in all respects as if such invalid or unenforceable provision were omitted.

Section 7.14 Construction

Lessee and Guarantor have been advised to have this Lease and the Guaranty reviewed by their own attorney. The parties agree that this Lease and Guaranty shall not be construed more strictly against one party than the other nor shall this lease be construed against the lessor.

LESSEE: CIG, LLC

By: _____
Dana M. Cruz, Manager

Date: _____

By: _____
David C. Cruz, Manager

Date: _____

NOTARY

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

This is to certify that on the _____ day of _____, 2018, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared, Dana M. Cruz, Manager of the limited liability company named in the forgoing instruments, acknowledged to me that he/she had, in his/her official capacity is authorized by the limited liability company to execute the foregoing instruments as the free act and deed of the said limited liability company for the uses and purposes therein stated.

WITNESS my hand and official seal the date and year first above written.

Notary public in and for Alaska

My commission expires: _____

NOTARY

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

This is to certify that on the _____ day of _____, 2018, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared, David C. Cruz, Manager of the limited liability company named in the forgoing instruments, acknowledged to me that he/she had, in his/her official capacity is authorized by the limited liability company to execute the foregoing instruments as the free act and deed of the said limited liability company for the uses and purposes therein stated.

WITNESS my hand and official seal the date and year first above written.

Notary public in and for Alaska

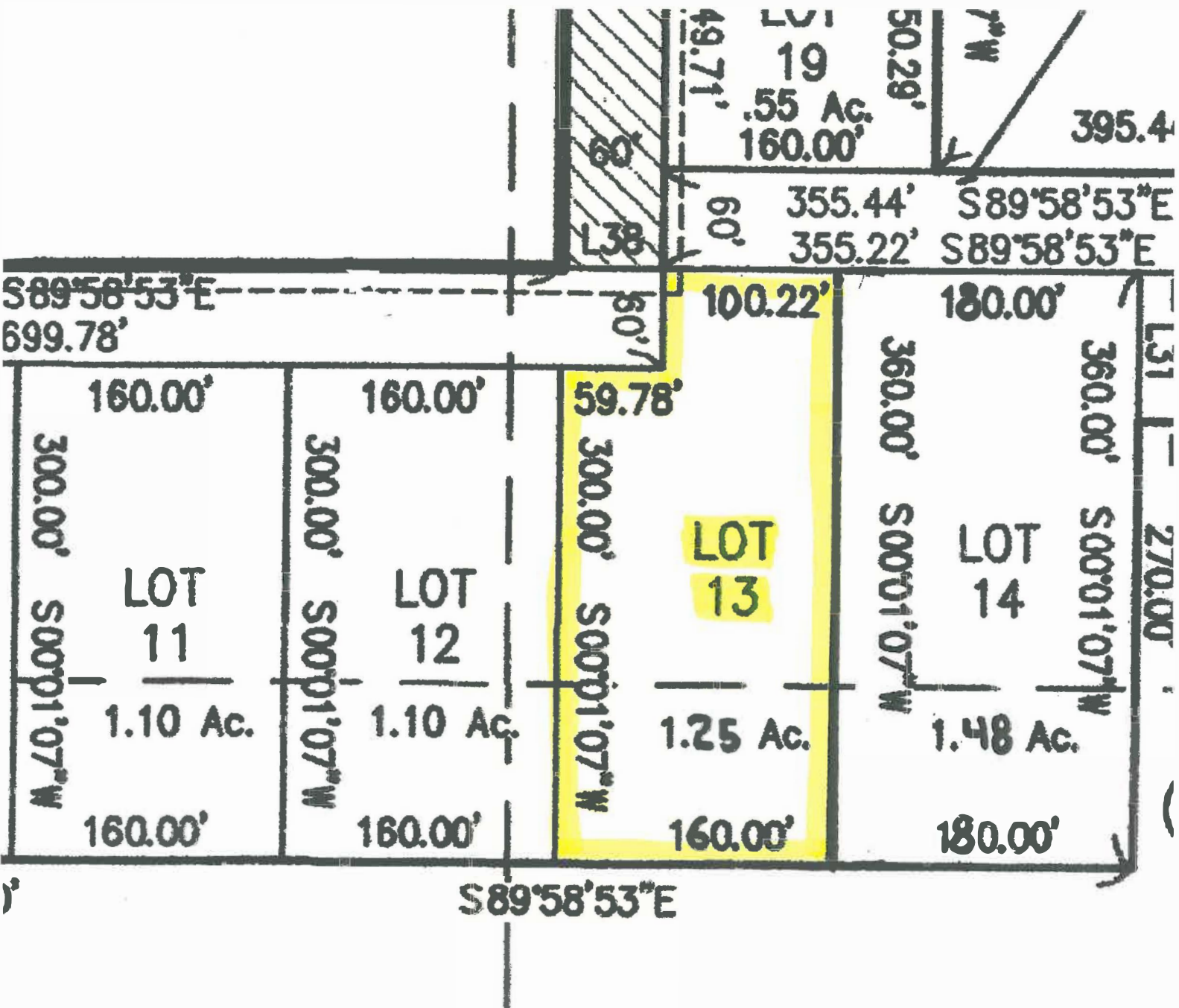
My commission expires: _____

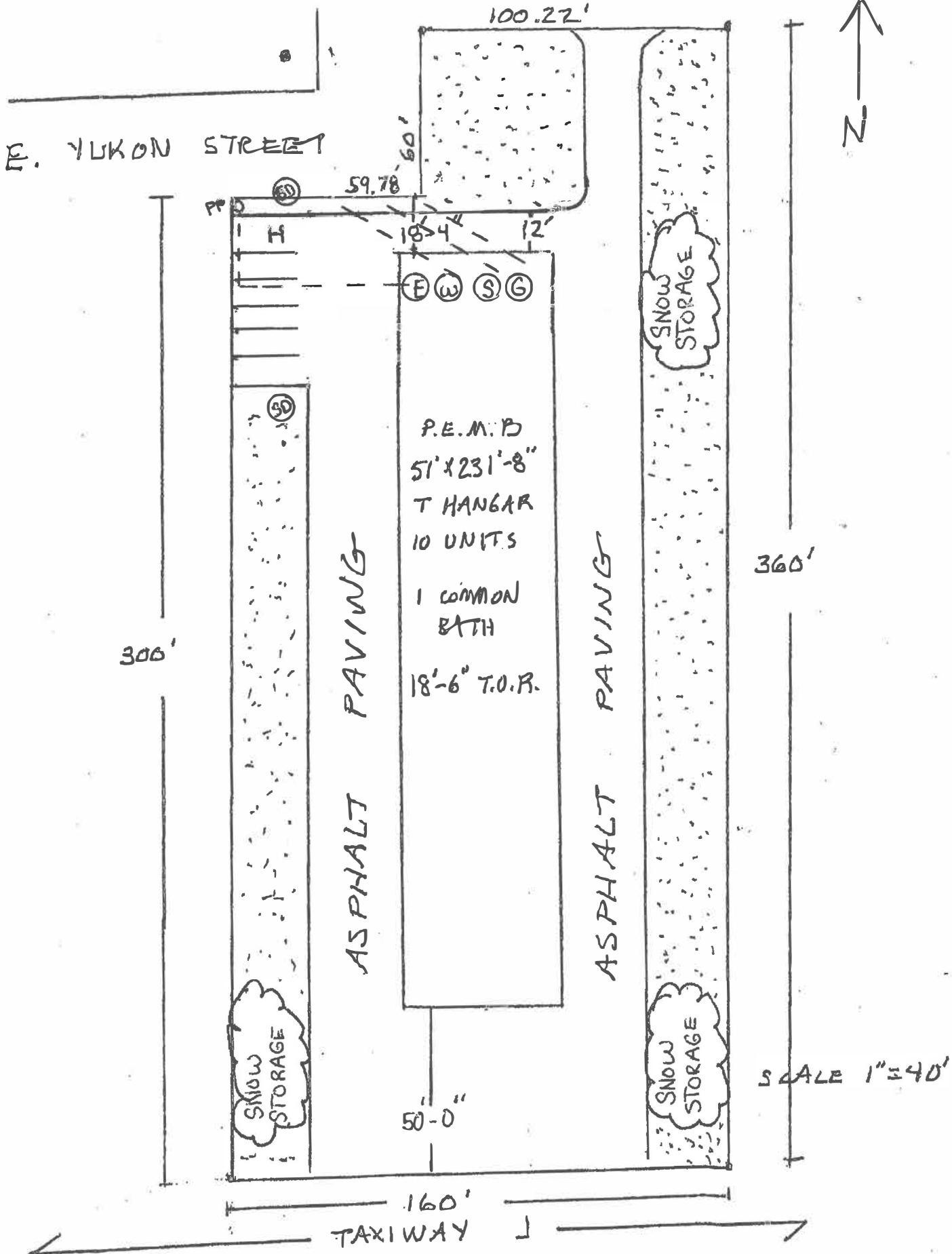
EXHIBIT "A"

PMA LEASE NO. 18-004

PALMER MUNICIPAL AIRPORT: BLOCK 3, LEASE LOT 13

A.K.A. 800 East Yukon Street, Palmer, AK. 99645





**City of Palmer
Action Memorandum No. 18-082**

Subject: Authorizing the City Manager to Extend the Contract for Banking Services with First National Bank Alaska for Two Additional Years

Agenda of: October 23, 2018

Council Action: **Approved** **Amended:** _____
 Denied

Originator Information:

Originator: Gina Davis, Finance Director

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|------------------|-----------------------------|--------------------------|-------------------|
| _____ | Community Development | _____ | _____ |
| <u> √ </u> | Finance | <u><i>Gina Davis</i></u> | <u>10/02/2018</u> |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|------------------------------|-----------------|
| City Manager | <u><i>JM Miller</i></u> | _____ |
| City Attorney | <u><i>[Signature]</i></u> | _____ |
| City Clerk | <u><i>Norma L. Alvey</i></u> | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ Variable dependent on fees and balance

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ variable
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 01-01-10-6029
- Not budgeted _____

Director of Finance Signature: *Gina Davis*

Attachment(s):

- Banking Services Contract
- AM No. 15-088

Summary Statement:

On September 22, 2015, council approved AM No. 15-088, a three-year contract for banking services with First National Bank Alaska for the period starting November 1, 2015 and expiring October 31, 2018. Included in the Banking RFP, was the option for a mutual extension of the contract for banking services for an additional two years.

First National Bank Alaska is in agreement to extend the current contract an additional two years expiring on October 31, 2020. All remaining terms and conditions of the original agreement shall remain in full force and effect.

Administration's Recommendation:

Authorize Action Memorandum No. 18-082.

**CITY OF PALMER
BANKING SERVICES CONTRACT**

THE PARTIES AGREE AS FOLLOWS:

Section 1. DEFINITIONS As used herein:

- A. "City" means the City of Palmer, its departments and divisions.
- B. "Bank" means the First National Bank Alaska.

Section 2. TERM This contract is effective from November 1, 2015 to October 31, 2018. This contract may, upon approval of both parties, be renewed for up to two (2) additional one-year terms.

Section 3. BANK'S OBLIGATIONS

- A. The City has established 2 non-interest bearing checking accounts with Bank. A Concentration Account # 18800292 and Zero Balance Account # 18800300.
- B. The Bank shall deposit funds received from the City to the checking account(s) designated by the City. To receive same day credit, a deposit must be presented to the Bank prior to the posted cut-off hour of the branch facility accepting the deposit. Checks shall be charged against the accounts on which they are drawn as they are presented for payment.
- C. Deposits that are not insured by the Federal Deposit Insurance Corporation shall be secured pursuant to the "Pledge Agreement" of the parties (Attachment A), and the collateral covered by the Pledge Agreement will be held by the Custodian pursuant to the "Account Control Agreement" (Attachment B).
- D. The Bank shall furnish a monthly account statement respecting the City's bank accounts by the seventh business day following the calendar month end showing deposits to the account, intra and inter-bank transfers with appropriate summary statements covering all aspects of activity in the account. Bank statements shall include a sequential listing showing check number, date paid and amount paid for each canceled check.
- E. The Bank will provide checks and deposit slips printed to your specifications.

Section 4. INDEPENDENT CONTRACTOR

It is understood and agreed by the parties that the Bank shall be an independent contractor, and while the City may, at reasonable times during working hours, inspect, review, and evaluate the performance of the Bank to assure itself that the Bank is in compliance with the terms herein, the Bank shall not receive direct supervision or instruction with regard to the manner in which the Bank performs duties.

Section 5. CITY'S OBLIGATIONS

- A. City shall pay standard Account Analysis fees in accordance with the Commercial Fee Schedule published by Bank (Attachment C), which may be amended from time to time on thirty (30) days prior written notice. Our cost analysis of each account and a group analysis summary will be made available to you within ten (10) business days following the calendar month end. The analysis will identify the cost of services provided according to the rate schedule, offset by credit for non-interest bearing collected balances maintained on deposit. Bank shall charge City's account# 18800300 for such fee.

- B. The City shall not be obligated to provide the Bank with any additional monies, goods, services or other things of value in connection with performance of this agreement beyond those specifically enumerated herein.
- C. The City agrees to make its executive and technical personnel available to the Bank for consultation on any matter relating to performance of this Contract.

Section 6. NONDISCRIMINATION

The parties agree that in the performance of their respective duties, neither shall discriminate against any person on the basis of race, creed, color, national origin, mental or physical impairment/disability, sex or age.

Section 7. ASSIGNMENT

Except where expressly permitted under the terms of this contract, any assignment by the Bank of its interest in any part of the contract or any delegation of duties under this contract shall be void, and an attempt by the Bank to assign any part of its interest or delegate duties under this contract shall give the City the exclusive option to terminate this contract without any liability.

Section 8. LIABILITY

- A. The Bank shall save, hold harmless and indemnify the City from any claims, lawsuits or judgments arising from any loss, damage to property, or injury to persons, for which the City may be held responsible arising out of or connected in any way with any act or omission of the Bank that is negligent or wrongful. This subsection shall not apply to acts or omissions of the Bank undertaken in strict compliance with specific written orders or instructions of the City. --
- B. The City shall save, hold harmless and indemnify the Bank from any claims, lawsuits or judgments arising from loss, damage to property or injury to persons for which the Bank may be held responsible on account of negligent or otherwise wrongful conduct of the City.

Section 9. NO ADDITIONAL WORK

No claim for additional services not specifically herein provided, done or furnished by the Bank shall be allowed by the City; provided, however, that the Bank may at its own expense provide such other services as it may deem appropriate and consistent with the purpose and terms of this contract.

Section 10. NONWAIVER

The failure of the City to insist on strict compliance of any terms of this contract shall not constitute a waiver by the City of its rights with respect to performance rendered thereafter or to insist upon full and strict compliance with the exact terms of this contract.

Section 11. COMPLIANCE WITH LAWS

The Bank shall comply with all Federal, State and local statutes or ordinances and shall be responsible for the obtaining of all permits or licenses required by Federal, State or local agencies for the performance of duties under this contract.

Section 12. NOTICES

Written notice provided herein shall be given in writing and transmitted by personal delivery or prepaid first class certified mail addressed as follows:

City: Gina Davis, Finance Director
City of Palmer
231 W. Evergreen Ave.
Palmer, AK 99645

Bank: Diana Morlan, Assistant Vice President
First National Bank Alaska
1751 Gambell Street
PO Box 100720
Anchorage, AK 99510-0720

Or to other such persons or addresses which the City or the Bank may from time to time designate in writing.

Section 13. OTHER BANKING SERVICES

The City may request additional services and compensate the Bank in accordance with the Bank's published rates for the services provided.

Whenever the City is required by law or agreement to maintain any demand account separate from the accounts set forth in this Contract, the City reserves the right to place such account with the Bank or any other institution.

Section 14. AMENDMENTS

This contract may be amended at any time by written consent of the parties. All amendments shall be attached as appendices to this contract.

Section 15. JURISDICTION

All civil actions brought by any party under this contract shall be commenced and maintained in the District or Superior Court, Third Judicial District, Palmer, Alaska, under the laws of the State of Alaska.

Section 16. INVALID PROVISIONS

If any provisions, covenants or conditions of this contract are held to be invalid in any respect by a court of competent jurisdiction, such invalidity shall in no way affect any other provisions, covenants, or conditions contained therein.

Section 17. INTEGRATION

This document and its appendices set forth all of the terms, conditions and agreements of the parties relative to this contract and supersedes all prior terms, conditions or agreements which are hereby declared terminated and are of no further force and effect.

Section 18. TERMINATION

Termination of this contract may occur by mutual consent or for cause, where the other party fails in any material way to perform its obligations under this contract. In addition, either party may terminate this contract for its convenience upon giving the other party written notice via certified mail at least forty-five (45) days before the effective date of termination.

IN WITNESS WHEREOF, the undersigned have duly executed the agreement by their duly authorized officers:

CITY OF PALMER:

By:

Name

Title

Date

By:

Name

Title

Date

FIRST NATIONAL BANK ALASKA:

Name

Title

Date

**City of Palmer
Action Memorandum No. 15-088**

Subject: Authorize the City Manager to Negotiate and Execute a Three-Year Contract with First National Bank Alaska to Provide Banking Services

Agenda of: September 22, 2015

Council Action: Authorized _____

Originator Information:

Originator: Esther Greene, Finance Director
Date: 9/2/2015 **Requested agenda date:** 9/22/2015

Department Information:

| Route to: | Department Director: | Signature: | Date: |
|-----------|-----------------------|----------------------|---------------|
| _____ | Community Development | _____ | _____ |
| <u>X</u> | Finance | <i>Esther Greene</i> | <u>9/2/15</u> |
| _____ | Public Safety | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for presentation by:

| | Signature: | Remarks: |
|---------------|--------------------|----------|
| City Manager | <i>[Signature]</i> | _____ |
| City Attorney | <i>[Signature]</i> | _____ |
| City Clerk | <i>[Signature]</i> | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ Variable dependant on fees and balance

This legislation (√):

| | | | |
|-------------------------------------|----------------------|--------------------------|--|
| <input type="checkbox"/> | Has no fiscal impact | <input type="checkbox"/> | Creates a positive impact in the amount of: \$ _____ |
| <input checked="" type="checkbox"/> | | √ | Negative impact in the amount of: \$ _____ |

Funds are (√):

| | | |
|-------------------------------------|--------------|------------------------------------|
| <input checked="" type="checkbox"/> | Budgeted | Line item(s): <u>01-01-10-6029</u> |
| <input type="checkbox"/> | Not budgeted | Affected line item(s): _____ |

General fund assigned balance (after requested budget modification): \$ _____

Enterprise unrestricted net position (after requested budget modification): \$ _____

Director of Finance Signature: *Esther Greene*

Attachment(s):

- Banking Services RFP 15-01F

Summary statement: Pursuant to Section 3.21.170 of the City Code, a Request for Proposals for banking services was issued on June 28, 2015. The proposal required banking institutions to provide working bank depository and related banking services.

The City received two responses by the admission deadline of July 22, 2015 at 10:00 A.M. The respondents were First National Bank Alaska (current banking service provider) and Key Bank. The City's current banking services contract expires on October 31, 2015.

The evaluation committee consisted of the Finance Director, the Controller and the Human Resources Specialist. The evaluation was based on the ability to provide the type and quality of services requested in the proposal, prior experience serving local governments, cost of banking services, and required compensating balance, investment earning rate and the closing time of transactions. Also, per Palmer Municipal Code 3.34, the City requires collateralization by a third party custodian evidenced by safekeeping receipts and statements.

Both banking institutions are authorized to do business in Alaska. Each banking institution had locations within the City of Palmer and accepted deposits on a daily basis. They also each had experience serving local governments and providing third party collateralization.

The determining factors came down to the cost of banking services and the required compensating balance. A proposal quotation form was provided in the RFP of current monthly banking transactions with each banking institution providing monthly cost with corresponding compensating balance requirements. The total monthly cost and the total compensating balance per banking institution are shown below.

| <u>Banking Institution</u> | <u>Monthly Banking Services</u> | <u>Compensating Balance</u> |
|----------------------------|---------------------------------|-----------------------------|
| First National Bank Alaska | \$576.65 | \$1,753,977 |
| Key Bank | \$585.29 | \$2,787,106 |

The City of Palmer had an average balance of \$1,760,062 a month for the first five months of 2015. This balance varies during the summer construction season and with the delay of grant reimbursements. In the best interest of the City, the evaluation committee recommends authorizing the City Manager to renew the banking services contract with First National Bank Alaska for another three years.

Administration recommendation: Authorize action memorandum 15-088.

**City of Palmer
Resolution No. 18-023**

Subject: Designating Authorized Signatures for Check Signing Affecting Any and All Disbursements of City Monies for the General Checking Account, the Palmer Construction Account and Designating City Representatives Who Are Authorized and Empowered to Execute and Deliver All Documentation and Instructions on City Investment Accounts


Agenda of: October 23, 2018

Council Action: **Approved** **Amended:** _____
 Defeated



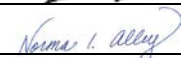
Originator Information:

Originator: Gina Davis, Finance Director

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|-----------|-----------------------|--|------------|
| _____ | Community Development | _____ | _____ |
| X | Finance |  | 10/09/2018 |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|---|----------|
| City Manager |  | _____ |
| City Attorney |  | _____ |
| City Clerk |  | _____ |

Certification of Funds:


Total amount of funds listed in this legislation: \$ _____

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ _____
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): _____
- Not budgeted

Director of Finance Signature: 

Attachment(s):

- Resolution No. 18-023

Summary Statement/Background:

The City of Palmer is designating authorized signatures for check signing and authorized representatives to manage City investments and transfer City monies to maximize City investment earnings while maintaining safety and liquidity in accordance with the City's Investment Policy.

Administration's Recommendation:

Approve Resolution No. 18-023 Designating Authorized Signatures for Check Signing Affecting Any and All Disbursements of City Monies.

LEGISLATIVE HISTORY

Introduced by: City Manager
Date: October 23, 2018
Action:
Vote:

| Yes: | No: |
|------|-----|
| | |

CITY OF PALMER, ALASKA

Resolution No. 18-023

A Resolution of the Palmer City Council Designating Authorized Signatures for Check Signing Affecting Any and All Disbursements of the City Monies and Designating City Representatives Who Are Authorized and Empowered to Execute and Deliver All Documentation and Instruction on City Investment Accounts

WHEREAS, Edna B. DeVries was elected as Mayor of the City of Palmer on October 4, 2016; and

WHEREAS, Nathan E. Wallace was appointed by the council to serve as City Manager on October 12, 2016; and

WHEREAS, Gina Davis was hired as the City of Palmer Finance Director on April 24, 2017; and

WHEREAS, Michele Tefft was hired as the City of Palmer Finance Manager on July 17, 2017.

NOW, THEREFORE, BE IT RESOLVED the Palmer City Council hereby makes effective October 23, 2018, two of the following signatures will be placed on each check and the following individuals are authorized and empowered to execute and deliver all documentation and instruction on City Investment Accounts:

1. Edna B. Devries
2. Nathan E. Wallace
3. Gina Davis
4. Michele Tefft

Approved by the Palmer City Council this 23rd day of October, 2018.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

A. CALL TO ORDER

A Special meeting of the Palmer City Council was held on September 25, 2018, at 6:00 p.m. in the Council Chambers, Palmer, Alaska. Mayor DeVries called the meeting to order at 6:00 p.m.

B. ROLL CALL

Comprising a quorum of the Council, the following were present:

| | |
|---------------------|-------------------------------|
| Edna DeVries, Mayor | Richard W. Best, Deputy Mayor |
| Steve Carrington | Sabrena Combs |
| David Fuller | Linda Combs |
| Pete LaFrance | |

Staff in attendance were the following:

| | |
|------------------------------|-----------------------------------|
| Nathan Wallace, City Manager | Norma I. Alley, MMC, City Clerk |
| Michael Gatti, City Attorney | Angie Anderson, Deputy City Clerk |

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

D. APPROVAL OF AGENDA

Main Motion: To Approve Agenda

| | |
|--------------|---|
| Moved by: | Fuller |
| Seconded by: | Carrington |
| In favor: | Best, Carrington, L. Combs, S. Combs, DeVries, Fuller, LaFrance |
| Opposed: | None |
| Action: | Motion Carried |

E. AUDIENCE PARTICIPATION

None.

F. NEW BUSINESS

1. Committee of the Whole: Presentation of the Audit on the 2017 Budget (note: action may be taken by the council following the committee of the whole)

Main Motion: To enter into Committee of the Whole

| | |
|--------------|---|
| Moved by: | L. Combs |
| Seconded by: | Best |
| In favor: | Best, Carrington, L. Combs, S. Combs, DeVries, Fuller, LaFrance |
| Opposed: | None |
| Action: | Motion Carried |

The Council entered into a Committee of the Whole at 6:03 p.m.

Ms. Lia Patton, representing the BDO auditors:

- Highlighted the written audit and noted findings;
- Noted the Compliance Audit did not identify any deficiencies in internal control over compliance that were material weaknesses; and
- Fielded questions from the Council.

The Council adjourned from Committee of the Whole at 6:43 p.m. and reconvened the Regular Meeting.

G. RECORD OF ITEMS PLACED ON THE TABLE

None.

H. AUDIENCE PARTICIPATION

None.

I. COUNCIL MEMBER COMMENTS

Council Member L. Combs thanked Ms. Patton and stated she was impressed with the finance department's handling of the findings.

Deputy Mayor Best thanked Ms. Patton and staff for the report.

Mayor DeVries recommended staff look into municipal finance awards.

J. ADJOURNMENT

With no further business before the Council, the meeting adjourned at 6:45 p.m.

Approved this ____ day of _____, 2018.

Norma I. Alley, MMC, City Clerk

Edna B. DeVries, Mayor

A. CALL TO ORDER

A regular meeting of the Palmer City Council was held on September 25, 2018, at 7:00 p.m. in the Council Chambers, Palmer, Alaska. Mayor DeVries called the meeting to order at 7:00 p.m.

B. ROLL CALL

Comprising a quorum of the Council, the following were present:

| | |
|---------------------|-------------------------------|
| Edna DeVries, Mayor | Richard W. Best, Deputy Mayor |
| Steve Carrington | Sabrina Combs |
| David Fuller | Linda Combs |
| Pete LaFrance | |

Staff in attendance were the following:

| | |
|------------------------------|-----------------------------------|
| Nathan Wallace, City Manager | Norma I. Alley, MMC, City Clerk |
| Michael Gatti, City Attorney | Angie Anderson, Deputy City Clerk |

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

D. APPROVAL OF AGENDA

1. Approval of Minutes of Previous Meetings
 - a. August 28, 2018, Regular Meeting

Main Motion: To Approve Agenda and Minutes

| | |
|--------------|---|
| Moved by: | L. Combs |
| Seconded by: | Fuller |
| In favor: | Best, Carrington, L. Combs, S. Combs, DeVries, Fuller, LaFrance |
| Opposed: | None |
| Action: | Motion Carried |

E. COMMUNICATIONS AND APPEARANCE REQUESTS

1. Presentation from George Collum Regarding the Palmer Golf Course

Mr. George Collum highlighted his written report and stated the Palmer Golf Course was one of the best courses in the nation, had a successful kids program, and offered the unique opportunity to fly in and golf.

F. REPORTS

1. City Manager's Report

City Manager Wallace highlighted his written report and stated he provided a copy of the settlement agreement from a recent litigation.

2. City Clerk's Report

City Clerk Alley highlighted her written report and announced early voting started, stated there were openings on all boards and commissions, and reminded the City Council that weekly budget meetings were starting in a few weeks.

3. Mayor's Report

Mayor DeVries highlighted her written report.

4. City Attorney's Report

None.

G. AUDIENCE PARTICIPATION

Mrs. Dorrell Coytay asked for City Council to consider options for North Alaska Street as she felt it was not safe due to the amount of traffic and speed of cars.

Mr. Tom Roberson asked for City Council support for an emergency stand pipe in the Palmer pool to provide water in the event of a catastrophe or emergency.

Mr. Mike Chmielewski stated he was a member of the emergency preparedness committee and requested the City Council review the Emergency Operations Plan for Palmer. City Manager Wallace stated he and department directors recently attended an emergency preparedness planning meeting and reassured that staff was forward thinking in emergency preparedness.

H. PUBLIC HEARING

1. **Ordinance No. 18-006:** Amending Palmer Municipal Code Title 17 by Repealing Chapter 17.88 and Section 17.08.038 Bed and Breakfast and Enacting Chapter 17.89 Short Term Rentals

Mayor DeVries opened the public hearing on Ordinance No. 18-006.

Mr. Mike Chmielewski stated he was very grateful for the time that was spent on the review of short term rentals and suggested the city provide a handout to future business owners which would outline the requirements and details of short term rentals.

Hearing no objection from the Council, the public hearing was closed.

Council Member S. Combs declared she owned a rental property inside the City and stated she did not see a substantial financial gain from the adoption of Ordinance No. 18-006. Discussion ensued regarding City Council's desires for her abstention.

Vote: For S. Combs to Recuse Herself and Abstain From Voting

| | |
|------------|--|
| Action: | Motion Failed |
| In favor: | Best, DeVries |
| Opposed: | Carrington, L. Combs, Fuller, LaFrance |
| Abstained: | S. Combs |

City Manager Wallace summarized his staff report and provided explanation for staff recommended amendments as provided in a handout.

Main Motion: To Adopt Ordinance No. 18-006, as Amended

| | |
|--------------|---|
| Moved by: | L. Combs |
| Seconded by: | Carrington |
| Action: | Motion Carried |
| In favor: | Best, Carrington, L. Combs, S. Combs, DeVries, Fuller, LaFrance |
| Opposed: | None |

Primary Amendment #1: To Adopt Staff Recommended Amendments

| | |
|--------------|---|
| Moved by: | Carrington |
| Seconded by: | LaFrance |
| Action: | Motion Carried |
| In favor: | Best, Carrington, L. Combs, S. Combs, DeVries, Fuller, LaFrance |
| Opposed: | None |

Primary Amendment #2: To Strike CUP from R-1 Type 1 Under 17.89.070(F)

| | |
|--------------|---|
| Moved by: | Best |
| Seconded by: | L. Combs |
| Action: | Motion Failed for Lack of Majority |
| In favor: | Best, L. Combs, DeVries, |
| Opposed: | Carrington, S. Combs, Fuller, LaFrance. |

Primary Amendment #3: To Add R-1E to 17.89.060(E)

| | |
|--------------|---|
| Moved by: | S. Combs |
| Seconded by: | L. Combs |
| Action: | Motion Carried |
| In favor: | Best, Carrington, L. Combs, S. Combs, DeVries, Fuller, LaFrance |
| Opposed: | None |

Primary Amendment #4: To Add the Definition for Bed and Breakfast Homestay and Bed and Breakfast Inn Under 17.89.020

| | |
|--------------|---|
| Moved by: | S. Combs |
| Seconded by: | L. Combs |
| Action: | Motion Carried |
| In favor: | Best, Carrington, L. Combs, S. Combs, DeVries, Fuller, LaFrance |
| Opposed: | None |

Mayor DeVries called a recess from 9:27 p.m. to 9:37 p.m.

Primary Amendment #5: To Change CUP to N in R-1 Type 1 Under 17.89.070(F)

| | |
|--------------|-------------------------------------|
| Moved by: | L. Combs |
| Seconded by: | Best |
| Action: | Motion Carried |
| In favor: | Best, Carrington, L. Combs, DeVries |
| Opposed: | S. Combs, Fuller, LaFrance |

Primary Amendment #6: To Change R-1 Type 2 From N to CUP Under 17.89.070(F)

| | |
|--------------|-------------------------------------|
| Moved by: | Fuller |
| Seconded by: | LaFrance |
| Action: | Motion Failed for Lack of Majority |
| In favor: | S. Combs, Fuller, LaFrance |
| Opposed: | Best, Carrington, L. Combs, DeVries |

I. RECORD OF ITEMS PLACED ON THE TABLE

City Clerk Alley reported the Settlement Agreement discussed in the Managers' Report was the Item Placed on the Table.

J. AUDIENCE PARTICIPATION

None.

K. COUNCIL MEMBER COMMENTS

Council Member Fuller stated he was glad some progress was made on short term rentals and recommended there be a handout for new owners with guidelines and easy to read information.

Council Member L. Combs thanked City Clerk Alley for her hard work on elections, reminded all to vote, and agreed with citizens' concerns of enforcing speed and traffic flow as streets are busier and dangerous.

Deputy Mayor Best stated it had been an honor to serve, glad to have been here for so many years, and thanked all who believed in him.

Mayor DeVries requested support for Alaska Street concerns and suggested speed signs and speed bumps be installed.

L. ADJOURNMENT

With no further business before the Council, the meeting adjourned at 9:49 p.m.

Approved this ____ day of _____, 2018.

Norma I. Alley, MMC, City Clerk

Edna B. DeVries, Mayor

Palmer Museum of History and Art
Profit & Loss Budget Overview
 January through December 2018

| | COP- Museum | COP-VIC |
|--|---------------------|---------------------|
| | (Restricted) | (Restricted) |
| | Jan - Dec 18 | Jan - Dec 18 |
| Ordinary Income/Expense | | |
| Income | | |
| 4000 - Revenue from Direct Contrib. | | |
| 4016 - Membership | | |
| 4018 - Sponsorship | | |
| Total 4000 - Revenue from Direct Contrib. | | |
| 4200 - Restricted Revenue | | |
| 4230 - Foundation/Trust Grants | | |
| 4231 - Rasmuson Foundation | | |
| 4233 - Museums Alaska | | |
| Total 4230 - Foundation/Trust Grants | | |
| Total 4200 - Restricted Revenue | | |
| 4400 - Fundraising Events | | |
| 4402 - Wine Walk | | |
| 4400 - Fundraising Events - Other | | |
| Total 4400 - Fundraising Events | | |
| 4500 - Revenue from Govt Grants | | |
| 4540 - Local Govt Grants | | |
| 4541 - City of Palmer | 46,200.00 | 70,115.00 |
| Total 4540 - Local Govt Grants | 46,200.00 | 70,115.00 |
| Total 4500 - Revenue from Govt Grants | 46,200.00 | 70,115.00 |
| 5 - Earned Revenues | | |
| 5100 - Program-Related sales & fees | | |
| 5150 - Rental (Rack Cards, VG Space) | | |
| 5160 - Booth Space-PMGAF | | |
| 5180 - Merchandise Sales | | |
| 5190 - Tours | | |
| Total 5100 - Program-Related sales & fees | | |
| Total 5 - Earned Revenues | | |
| Total Income | 46,200.00 | 70,115.00 |
| Cost of Goods Sold | | |
| 5200 - Cost of Goods | | 10,000.00 |
| 5201 - Fundraising Costs | | |
| Total COGS | | 10,000.00 |
| Gross Profit | 46,200.00 | 60,115.00 |
| Expense | | |
| 7200 - Salaries & related expenses | | |
| 7210 - Officers & Directors Salaries | 27,595.00 | 4,405.00 |
| 7220 - Salaries & Wages-other | 12,700.00 | 36,375.00 |
| 7250 - Payroll taxes | 4,400.00 | 6,000.00 |

| | COP- Museum (Restricted) | COP-VIC (Restricted) |
|---|-------------------------------------|---------------------------------|
| | Jan - Dec 18 | Jan - Dec 18 |
| 7251 · Payroll Expenses | 150.00 | 240.00 |
| Total 7200 · Salaries & related expenses | 44,845.00 | 47,020.00 |
| 7500 · Contract Services | | |
| 7520 · Accounting Fees | | |
| 7500 · Contract Services - Other | | 1,184.00 |
| Total 7500 · Contract Services | | 1,184.00 |
| 8100 · Program Support- Events/Exhibit | | |
| 8112 · Hospitality | | |
| 8115 · Performers | | |
| 8114 · Events/Openings- 8126/8112/8571 | | |
| 8118 · Annual Meeting | | |
| 8119 · Colony / Colony Christmas | | |
| Total 8114 · Events/Openings- 8126/8112/8571 | | |
| 8126 · Exhibit/Conservation Supplies | | |
| 8134 · Backstage Pass Rental | 5,030.00 | |
| 8126 · Exhibit/Conservation Supplies - Other | 1,000.00 | |
| Total 8126 · Exhibit/Conservation Supplies | 6,030.00 | |
| Total 8100 · Program Support- Events/Exhibit | 6,030.00 | |
| 8300 · Office Expenses -Administrative | | |
| 8310 · Office Supplies & Equipment | | |
| 8320 · Telephone/Internet | | |
| 8330 · Postage & Shipping | | |
| 8340 · Ref, Sub and Staff Development | | |
| Total 8300 · Office Expenses -Administrative | 0.00 | |
| 8360 · Meeting & Conferences | | |
| 8240 · Insurance General Liability | | |
| 8365 · Dues, Memberships & Fees | | |
| 8341 · IT - Computer/Software | | |
| 8391 · Credit Card & Bank Fee | | |
| 8200 · Occupancy | | |
| 8220 · Utilities | | |
| 8260 · Janitorial and Maintenance | | |
| Total 8200 · Occupancy | | |
| 8500 · Marketing & Advertising | | |
| 8560 · Web Design Fees | | |
| 8570 · Printing and Copying | | |
| 8571 · Advertising Expenses | | 11,400.00 |
| 8590 · In-house publications | | |
| Total 8500 · Marketing & Advertising | | 11,400.00 |
| Total Expense | 50,875.00 | 59,604.00 |
| Net Ordinary Income | -4,675.00 | 511.00 |
| Net Income | -4,675.00 | 511.00 |

Palmer Museum of History and Art
Profit & Loss Budget Overview
 January through December 2018

| | Grants | PMGAF |
|--|---------------------|---------------------|
| | (Restricted) | (Restricted) |
| | Jan - Dec 18 | Jan - Dec 18 |
| Ordinary Income/Expense | | |
| Income | | |
| 4000 - Revenue from Direct Contrib. | | |
| 4016 - Membership | | |
| 4018 - Sponsorship | | 7,700.00 |
| Total 4000 - Revenue from Direct Contrib. | | 7,700.00 |
| 4200 - Restricted Revenue | | |
| 4230 - Foundation/Trust Grants | | |
| 4231 - Rasmuson Foundation | 12,500.00 | |
| 4233 - Museums Alaska | 30,000.00 | |
| Total 4230 - Foundation/Trust Grants | 42,500.00 | |
| Total 4200 - Restricted Revenue | 42,500.00 | |
| 4400 - Fundraising Events | | |
| 4402 - Wine Walk | | |
| 4400 - Fundraising Events - Other | | |
| Total 4400 - Fundraising Events | | |
| 4500 - Revenue from Govt Grants | | |
| 4540 - Local Govt Grants | | |
| 4541 - City of Palmer | | |
| Total 4540 - Local Govt Grants | | |
| Total 4500 - Revenue from Govt Grants | | |
| 5 - Earned Revenues | | |
| 5100 - Program-Related sales & fees | | |
| 5150 - Rental (Rack Cards, VG Space) | | |
| 5160 - Booth Space-PMGAF | | 4,250.00 |
| 5180 - Merchandise Sales | | |
| 5190 - Tours | | |
| Total 5100 - Program-Related sales & fees | | 4,250.00 |
| Total 5 - Earned Revenues | | 4,250.00 |
| Total Income | 42,500.00 | 11,950.00 |
| Cost of Goods Sold | | |
| 5200 - Cost of Goods | | |
| 5201 - Fundraising Costs | | |
| Total COGS | | |
| Gross Profit | 42,500.00 | 11,950.00 |
| Expense | | |
| 7200 - Salaries & related expenses | | |
| 7210 - Officers & Directors Salaries | | |
| 7220 - Salaries & Wages-other | | |
| 7250 - Payroll taxes | | |

| | Grants | PMGAF |
|--|-----------------------------|-----------------------------|
| | (Restricted) | (Restricted) |
| | Jan - Dec 18 | Jan - Dec 18 |
| | <u> </u> | <u> </u> |
| 7251 · Payroll Expenses | | |
| Total 7200 · Salaries & related expenses | | |
| 7500 · Contract Services | | |
| 7520 · Accounting Fees | | |
| 7500 · Contract Services - Other | 27,500.00 | |
| Total 7500 · Contract Services | <u>27,500.00</u> | |
| 8100 · Program Support- Events/Exhibit | | |
| 8112 · Hospitality | | |
| 8115 · Performers | | 4,250.00 |
| 8114 · Events/Openings- 8126/8112/8571 | | |
| 8118 · Annual Meeting | | |
| 8119 · Colony / Colony Christmas | | |
| Total 8114 · Events/Openings- 8126/8112/8571 | | |
| 8126 · Exhibit/Conservation Supplies | | |
| 8134 · Backstage Pass Rental | | |
| 8126 · Exhibit/Conservation Supplies - Other | | |
| Total 8126 · Exhibit/Conservation Supplies | | |
| Total 8100 · Program Support- Events/Exhibit | | <u>4,250.00</u> |
| 8300 · Office Expenses -Administrative | | |
| 8310 · Office Supplies & Equipment | | 3,300.00 |
| 8320 · Telephone/Internet | | |
| 8330 · Postage & Shipping | | |
| 8340 · Ref, Sub and Staff Development | | |
| Total 8300 · Office Expenses -Administrative | | <u>3,300.00</u> |
| 8360 · Meeting & Conferences | | |
| 8240 · Insurance General Liability | | |
| 8365 · Dues, Memberships & Fees | | |
| 8341 · IT - Computer/Software | | |
| 8391 · Credit Card & Bank Fee | | |
| 8200 · Occupancy | | |
| 8220 · Utilities | | |
| 8260 · Janitorial and Maintenance | | |
| Total 8200 · Occupancy | | |
| 8500 · Marketing & Advertising | | |
| 8560 · Web Design Fees | | 300.00 |
| 8570 · Printing and Copying | | 2,450.00 |
| 8571 · Advertising Expenses | | 6,050.00 |
| 8590 · In-house publications | | |
| Total 8500 · Marketing & Advertising | | <u>8,800.00</u> |
| Total Expense | <u>27,500.00</u> | <u>16,350.00</u> |
| Net Ordinary Income | <u>15,000.00</u> | <u>-4,400.00</u> |
| Net Income | <u><u>15,000.00</u></u> | <u><u>-4,400.00</u></u> |

Palmer Museum of History and Art
Profit & Loss Budget Overview
 January through December 2018

| | Total Restricted | Operating Palmer (Unrestricted) |
|--|-------------------------|--|
| | Jan - Dec 18 | Jan - Dec 18 |
| Ordinary Income/Expense | | |
| Income | | |
| 4000 - Revenue from Direct Contrib. | | |
| 4016 - Membership | | 3,600.00 |
| 4018 - Sponsorship | 7,700.00 | |
| Total 4000 - Revenue from Direct Contrib. | 7,700.00 | 3,600.00 |
| 4200 - Restricted Revenue | | |
| 4230 - Foundation/Trust Grants | | |
| 4231 - Rasmuson Foundation | 12,500.00 | |
| 4233 - Museums Alaska | 30,000.00 | |
| Total 4230 - Foundation/Trust Grants | 42,500.00 | |
| Total 4200 - Restricted Revenue | 42,500.00 | |
| 4400 - Fundraising Events | | |
| 4402 - Wine Walk | | |
| 4400 - Fundraising Events - Other | | |
| Total 4400 - Fundraising Events | | |
| 4500 - Revenue from Govt Grants | | |
| 4540 - Local Govt Grants | | |
| 4541 - City of Palmer | 116,315.00 | 1,500.00 |
| Total 4540 - Local Govt Grants | 116,315.00 | 1,500.00 |
| Total 4500 - Revenue from Govt Grants | 116,315.00 | 1,500.00 |
| 5 - Earned Revenues | | |
| 5100 - Program-Related sales & fees | | |
| 5150 - Rental (Rack Cards, VG Space) | | 5,500.00 |
| 5160 - Booth Space-PMGAF | 4,250.00 | |
| 5180 - Merchandise Sales | | 47,400.00 |
| 5190 - Tours | | 14,890.00 |
| Total 5100 - Program-Related sales & fees | 4,250.00 | 67,790.00 |
| Total 5 - Earned Revenues | 4,250.00 | 67,790.00 |
| Total Income | 170,765.00 | 72,890.00 |
| Cost of Goods Sold | | |
| 5200 - Cost of Goods | 10,000.00 | 15,000.00 |
| 5201 - Fundraising Costs | | |
| Total COGS | 10,000.00 | 15,000.00 |
| Gross Profit | 160,765.00 | 57,890.00 |
| Expense | | |
| 7200 - Salaries & related expenses | | |
| 7210 - Officers & Directors Salaries | 32,000.00 | 5,500.00 |
| 7220 - Salaries & Wages-other | 49,075.00 | |
| 7250 - Payroll taxes | 10,400.00 | |

| | <u>Total Restricted</u> | <u>Operating Palmer (Unrestricted)</u> |
|---|-------------------------|--|
| | <u>Jan - Dec 18</u> | <u>Jan - Dec 18</u> |
| 7251 · Payroll Expenses | 390.00 | |
| Total 7200 · Salaries & related expenses | 91,865.00 | 5,500.00 |
| 7500 · Contract Services | | |
| 7520 · Accounting Fees | | 2,880.00 |
| 7500 · Contract Services - Other | 28,684.00 | |
| Total 7500 · Contract Services | 28,684.00 | 2,880.00 |
| 8100 · Program Support- Events/Exhibit | | |
| 8112 · Hospitality | | 2,000.00 |
| 8115 · Performers | 4,250.00 | 1,250.00 |
| 8114 · Events/Openings- 8126/8112/8571 | | |
| 8118 · Annual Meeting | | 750.00 |
| 8119 · Colony / Colony Christmas | | 1,400.00 |
| Total 8114 · Events/Openings- 8126/8112/8571 | | 2,150.00 |
| 8126 · Exhibit/Conservation Supplies | | |
| 8134 · Backstage Pass Rental | 5,030.00 | |
| 8126 · Exhibit/Conservation Supplies - Other | 1,000.00 | 1,000.00 |
| Total 8126 · Exhibit/Conservation Supplies | 6,030.00 | 1,000.00 |
| Total 8100 · Program Support- Events/Exhibit | 10,280.00 | 6,400.00 |
| 8300 · Office Expenses -Administrative | | |
| 8310 · Office Supplies & Equipment | 3,300.00 | 5,000.00 |
| 8320 · Telephone/Internet | | 3,000.00 |
| 8330 · Postage & Shipping | 0.00 | 1,745.00 |
| 8340 · Ref, Sub and Staff Development | | 675.00 |
| Total 8300 · Office Expenses -Administrative | 3,300.00 | 10,420.00 |
| 8360 · Meeting & Conferences | | 1,500.00 |
| 8240 · Insurance General Liability | | 2,550.00 |
| 8365 · Dues, Memberships & Fees | | 2,000.00 |
| 8341 · IT - Computer/Software | | 1,000.00 |
| 8391 · Credit Card & Bank Fee | | 2,400.00 |
| 8200 · Occupancy | | |
| 8220 · Utilities | | 500.00 |
| 8260 · Janitorial and Maintenance | | 1,000.00 |
| Total 8200 · Occupancy | | 1,500.00 |
| 8500 · Marketing & Advertising | | |
| 8560 · Web Design Fees | 300.00 | |
| 8570 · Printing and Copying | 2,450.00 | 1,900.00 |
| 8571 · Advertising Expenses | 17,450.00 | 3,000.00 |
| 8590 · In-house publications | | 200.00 |
| Total 8500 · Marketing & Advertising | 20,200.00 | 5,100.00 |
| Total Expense | 154,329.00 | 41,250.00 |
| Net Ordinary Income | 6,436.00 | 16,640.00 |
| Net Income | 6,436.00 | 16,640.00 |

Palmer Museum of History and Art
Profit & Loss Budget Overview
 January through December 2018

| | Wine Walk | Total Unrestricted |
|--|-----------------------|---------------------------|
| | (Unrestricted) | Jan - Dec 18 |
| | Jan - Dec 18 | Jan - Dec 18 |
| Ordinary Income/Expense | | |
| Income | | |
| 4000 - Revenue from Direct Contrib. | | |
| 4016 - Membership | | 3,600.00 |
| 4018 - Sponsorship | | |
| Total 4000 - Revenue from Direct Contrib. | | 3,600.00 |
| 4200 - Restricted Revenue | | |
| 4230 - Foundation/Trust Grants | | |
| 4231 - Rasmuson Foundation | | |
| 4233 - Museums Alaska | | |
| Total 4230 - Foundation/Trust Grants | | |
| Total 4200 - Restricted Revenue | | |
| 4400 - Fundraising Events | | |
| 4402 - Wine Walk | 13,500.00 | 13,500.00 |
| 4400 - Fundraising Events - Other | 0.00 | 0.00 |
| Total 4400 - Fundraising Events | 13,500.00 | 13,500.00 |
| 4500 - Revenue from Govt Grants | | |
| 4540 - Local Govt Grants | | |
| 4541 - City of Palmer | | 1,500.00 |
| Total 4540 - Local Govt Grants | | 1,500.00 |
| Total 4500 - Revenue from Govt Grants | | 1,500.00 |
| 5 - Earned Revenues | | |
| 5100 - Program-Related sales & fees | | |
| 5150 - Rental (Rack Cards, VG Space) | | 5,500.00 |
| 5160 - Booth Space-PMGAF | | |
| 5180 - Merchandise Sales | | 47,400.00 |
| 5190 - Tours | | 14,890.00 |
| Total 5100 - Program-Related sales & fees | | 67,790.00 |
| Total 5 - Earned Revenues | | 67,790.00 |
| Total Income | 13,500.00 | 86,390.00 |
| Cost of Goods Sold | | |
| 5200 - Cost of Goods | | 15,000.00 |
| 5201 - Fundraising Costs | 5,500.00 | 5,500.00 |
| Total COGS | 5,500.00 | 20,500.00 |
| Gross Profit | 8,000.00 | 65,890.00 |
| Expense | | |
| 7200 - Salaries & related expenses | | |
| 7210 - Officers & Directors Salaries | | 5,500.00 |
| 7220 - Salaries & Wages-other | | |
| 7250 - Payroll taxes | | |

| | Wine Walk (Unrestricted) | Total Unrestricted |
|--|-----------------------------|--------------------|
| | Jan - Dec 18 | Jan - Dec 18 |
| 7251 · Payroll Expenses | | |
| Total 7200 · Salaries & related expenses | | 5,500.00 |
| 7500 · Contract Services | | |
| 7520 · Accounting Fees | | 2,880.00 |
| 7500 · Contract Services - Other | | |
| Total 7500 · Contract Services | | 2,880.00 |
| 8100 · Program Support- Events/Exhibit | | |
| 8112 · Hospitality | | 2,000.00 |
| 8115 · Performers | | 1,250.00 |
| 8114 · Events/Openings- 8126/8112/8571 | | |
| 8118 · Annual Meeting | | 750.00 |
| 8119 · Colony / Colony Christmas | | 1,400.00 |
| Total 8114 · Events/Openings- 8126/8112/8571 | | 2,150.00 |
| 8126 · Exhibit/Conservation Supplies | | |
| 8134 · Backstage Pass Rental | | |
| 8126 · Exhibit/Conservation Supplies - Other | | 1,000.00 |
| Total 8126 · Exhibit/Conservation Supplies | | 1,000.00 |
| Total 8100 · Program Support- Events/Exhibit | | 6,400.00 |
| 8300 · Office Expenses -Administrative | | |
| 8310 · Office Supplies & Equipment | | 5,000.00 |
| 8320 · Telephone/Internet | | 3,000.00 |
| 8330 · Postage & Shipping | | 1,745.00 |
| 8340 · Ref, Sub and Staff Development | | 675.00 |
| Total 8300 · Office Expenses -Administrative | | 10,420.00 |
| 8360 · Meeting & Conferences | | 1,500.00 |
| 8240 · Insurance General Liability | | 2,550.00 |
| 8365 · Dues, Memberships & Fees | | 2,000.00 |
| 8341 · IT - Computer/Software | | 1,000.00 |
| 8391 · Credit Card & Bank Fee | | 2,400.00 |
| 8200 · Occupancy | | |
| 8220 · Utilities | | 500.00 |
| 8260 · Janitorial and Maintenance | | 1,000.00 |
| Total 8200 · Occupancy | | 1,500.00 |
| 8500 · Marketing & Advertising | | |
| 8560 · Web Design Fees | | |
| 8570 · Printing and Copying | | 1,900.00 |
| 8571 · Advertising Expenses | | 3,000.00 |
| 8590 · In-house publications | | 200.00 |
| Total 8500 · Marketing & Advertising | | 5,100.00 |
| Total Expense | | 41,250.00 |
| Net Ordinary Income | 8,000.00 | 24,640.00 |
| Net Income | <u>8,000.00</u> | <u>24,640.00</u> |

Palmer Museum of History and Art
Profit & Loss Budget Overview
 January through December 2018

3:25 PM
 03/01/2018
 Accrual Basis

| | TOTAL |
|--|---------------------|
| | Jan - Dec 18 |
| Ordinary Income/Expense | |
| Income | |
| 4000 - Revenue from Direct Contrib. | |
| 4016 - Membership | 3,600.00 |
| 4018 - Sponsorship | 7,700.00 |
| Total 4000 - Revenue from Direct Contrib. | <u>11,300.00</u> |
| 4200 - Restricted Revenue | |
| 4230 - Foundation/Trust Grants | |
| 4231 - Rasmuson Foundation | 12,500.00 |
| 4233 - Museums Alaska | 30,000.00 |
| Total 4230 - Foundation/Trust Grants | <u>42,500.00</u> |
| Total 4200 - Restricted Revenue | <u>42,500.00</u> |
| 4400 - Fundraising Events | |
| 4402 - Wine Walk | 13,500.00 |
| 4400 - Fundraising Events - Other | 0.00 |
| Total 4400 - Fundraising Events | <u>13,500.00</u> |
| 4500 - Revenue from Govt Grants | |
| 4540 - Local Govt Grants | |
| 4541 - City of Palmer | 117,815.00 |
| Total 4540 - Local Govt Grants | <u>117,815.00</u> |
| Total 4500 - Revenue from Govt Grants | <u>117,815.00</u> |
| 5 - Earned Revenues | |
| 5100 - Program-Related sales & fees | |
| 5150 - Rental (Rack Cards, VG Space) | 5,500.00 |
| 5160 - Booth Space-PMGAF | 4,250.00 |
| 5180 - Merchandise Sales | 47,400.00 |
| 5190 - Tours | 14,890.00 |
| Total 5100 - Program-Related sales & fees | <u>72,040.00</u> |
| Total 5 - Earned Revenues | <u>72,040.00</u> |
| Total Income | <u>257,155.00</u> |
| Cost of Goods Sold | |
| 5200 - Cost of Goods | 25,000.00 |
| 5201 - Fundraising Costs | 5,500.00 |
| Total COGS | <u>30,500.00</u> |
| Gross Profit | <u>226,655.00</u> |
| Expense | |
| 7200 - Salaries & related expenses | |
| 7210 - Officers & Directors Salaries | 37,500.00 |
| 7220 - Salaries & Wages-other | 49,075.00 |
| 7250 - Payroll taxes | 10,400.00 |

| | TOTAL |
|---|---------------------|
| | Jan - Dec 18 |
| 7251 · Payroll Expenses | 390.00 |
| Total 7200 · Salaries & related expenses | 97,365.00 |
| 7500 · Contract Services | |
| 7520 · Accounting Fees | 2,880.00 |
| 7500 · Contract Services - Other | 28,684.00 |
| Total 7500 · Contract Services | 31,564.00 |
| 8100 · Program Support- Events/Exhibit | |
| 8112 · Hospitality | 2,000.00 |
| 8115 · Performers | 5,500.00 |
| 8114 · Events/Openings- 8126/8112/8571 | |
| 8118 · Annual Meeting | 750.00 |
| 8119 · Colony / Colony Christmas | 1,400.00 |
| Total 8114 · Events/Openings- 8126/8112/8571 | 2,150.00 |
| 8126 · Exhibit/Conservation Supplies | |
| 8134 · Backstage Pass Rental | 5,030.00 |
| 8126 · Exhibit/Conservation Supplies - Other | 2,000.00 |
| Total 8126 · Exhibit/Conservation Supplies | 7,030.00 |
| Total 8100 · Program Support- Events/Exhibit | 16,680.00 |
| 8300 · Office Expenses -Administrative | |
| 8310 · Office Supplies & Equipment | 8,300.00 |
| 8320 · Telephone/Internet | 3,000.00 |
| 8330 · Postage & Shipping | 1,745.00 |
| 8340 · Ref, Sub and Staff Development | 675.00 |
| Total 8300 · Office Expenses -Administrative | 13,720.00 |
| 8360 · Meeting & Conferences | 1,500.00 |
| 8240 · Insurance General Liability | 2,550.00 |
| 8365 · Dues, Memberships & Fees | 2,000.00 |
| 8341 · IT - Computer/Software | 1,000.00 |
| 8391 · Credit Card & Bank Fee | 2,400.00 |
| 8200 · Occupancy | |
| 8220 · Utilities | 500.00 |
| 8260 · Janitorial and Maintenance | 1,000.00 |
| Total 8200 · Occupancy | 1,500.00 |
| 8500 · Marketing & Advertising | |
| 8560 · Web Design Fees | 300.00 |
| 8570 · Printing and Copying | 4,350.00 |
| 8571 · Advertising Expenses | 20,450.00 |
| 8590 · In-house publications | 200.00 |
| Total 8500 · Marketing & Advertising | 25,300.00 |
| Total Expense | 195,579.00 |
| Net Ordinary Income | 31,076.00 |
| Net Income | 31,076.00 |

Palmer Museum of History and Art
Profit & Loss Budget vs. Actual
 January through August 2018

2:15 PM
 09/26/2018
 Accrual Basis

| | <u>Jan - Aug 18</u> | <u>Budget</u> | <u>\$ Over Budget</u> |
|--|---------------------|-------------------|-----------------------|
| Ordinary Income/Expense | | | |
| Income | | | |
| 4000 - Revenue from Direct Contrib. | | | |
| 4010 - Individ, Business Contributions | 3,839.26 | | |
| 4015 - Board Giving | 2,500.00 | | |
| 4016 - Membership | 2,115.91 | 3,600.00 | -1,484.09 |
| 4018 - Sponsorship | 8,300.00 | 7,700.00 | 600.00 |
| Total 4000 - Revenue from Direct Contrib. | <u>16,755.17</u> | <u>11,300.00</u> | <u>5,455.17</u> |
| 4200 - Restricted Revenue | | | |
| 4230 - Foundation/Trust Grants | | | |
| 4231 - Rasmuson Foundation | 12,500.00 | 12,500.00 | 0.00 |
| 4233 - Museums Alaska | 30,000.00 | 30,000.00 | 0.00 |
| Total 4230 - Foundation/Trust Grants | <u>42,500.00</u> | <u>42,500.00</u> | <u>0.00</u> |
| Total 4200 - Restricted Revenue | <u>42,500.00</u> | <u>42,500.00</u> | <u>0.00</u> |
| 4400 - Fundraising Events | | | |
| 4402 - Wine Walk | 15,142.55 | 13,500.00 | 1,642.55 |
| 4400 - Fundraising Events - Other | 4,982.47 | 0.00 | 4,982.47 |
| Total 4400 - Fundraising Events | <u>20,125.02</u> | <u>13,500.00</u> | <u>6,625.02</u> |
| 4500 - Revenue from Govt Grants | | | |
| 4540 - Local Govt Grants / Contract | | | |
| 4541 - City of Palmer | 111,023.32 | 117,815.00 | -6,791.68 |
| 4540 - Local Govt Grants / Contract - Other | 10,000.00 | | |
| Total 4540 - Local Govt Grants / Contract | <u>121,023.32</u> | <u>117,815.00</u> | <u>3,208.32</u> |
| Total 4500 - Revenue from Govt Grants | <u>121,023.32</u> | <u>117,815.00</u> | <u>3,208.32</u> |
| 5 - Earned Revenues | | | |
| 5100 - Program-Related sales & fees | | | |
| 5155 - Misc. Fees | 305.83 | | |
| 5150 - Rental (Rack Cards, VG Space) | 9,738.28 | 5,500.00 | 4,238.28 |
| 5160 - Booth Space-PMGAF | 5,306.00 | 4,250.00 | 1,056.00 |
| 5180 - Merchandise Sales | 49,667.83 | 47,400.00 | 2,267.83 |
| 5190 - Tours | 2,036.61 | 14,890.00 | -12,853.39 |
| Total 5100 - Program-Related sales & fees | <u>67,054.55</u> | <u>72,040.00</u> | <u>-4,985.45</u> |
| Interest | 17.03 | | |
| Over/ Under | -21.04 | | |
| Total 5 - Earned Revenues | <u>67,050.54</u> | <u>72,040.00</u> | <u>-4,989.46</u> |
| Total Income | <u>267,454.05</u> | <u>257,155.00</u> | <u>10,299.05</u> |
| Cost of Goods Sold | | | |
| 5200 - Cost of Goods | 29,947.29 | 25,000.00 | 4,947.29 |
| 5201 - Fundraising Costs | 5,073.25 | 3,000.00 | 2,073.25 |
| Total COGS | <u>35,020.54</u> | <u>28,000.00</u> | <u>7,020.54</u> |
| Gross Profit | <u>232,433.51</u> | <u>229,155.00</u> | <u>3,278.51</u> |

| | <u>Jan - Aug 18</u> | <u>Budget</u> | <u>\$ Over Budget</u> |
|---|---------------------|------------------|-----------------------|
| Expense | | | |
| 7200 · Salaries & related expenses | | | |
| 7252 · Workers Comp | 561.00 | | |
| 7210 · Officers & Directors Salaries | 18,576.39 | 37,500.00 | -18,923.61 |
| 7220 · Salaries & Wages-other | 40,407.28 | 49,075.00 | -8,667.72 |
| 7250 · Payroll taxes | 5,166.98 | 10,400.00 | -5,233.02 |
| 7251 · Payroll Expenses | 1.26 | 390.00 | -388.74 |
| Total 7200 · Salaries & related expenses | 64,712.91 | 97,365.00 | -32,652.09 |
| 7500 · Contract Services | | | |
| 7520 · Accounting Fees | 1,247.62 | 2,880.00 | -1,632.38 |
| 7550 · Program Related | 15,400.00 | | |
| 7500 · Contract Services - Other | 775.00 | 28,684.00 | -27,909.00 |
| Total 7500 · Contract Services | 17,422.62 | 31,564.00 | -14,141.38 |
| 8100 · Program Support- Events/Exhibit | | | |
| 8112 · Hospitality | 81.65 | 2,000.00 | -1,918.35 |
| 8115 · Performers | 4,500.00 | 5,500.00 | -1,000.00 |
| 8114 · Events/Openings- 8126/8112/8571 | | | |
| 8118 · Annual Meeting | 200.00 | 750.00 | -550.00 |
| 8119 · Colony / Colony Christmas | 0.00 | 1,400.00 | -1,400.00 |
| Total 8114 · Events/Openings- 8126/8112/8571 | 200.00 | 2,150.00 | -1,950.00 |
| 8126 · Exhibit/Conservation Supplies | | | |
| 8134 · Backstage Pass Rental | 1,332.53 | 3,675.00 | -2,342.47 |
| 8126 · Exhibit/Conservation Supplies - Other | 32,549.47 | 2,000.00 | 30,549.47 |
| Total 8126 · Exhibit/Conservation Supplies | 33,882.00 | 5,675.00 | 28,207.00 |
| Total 8100 · Program Support- Events/Exhibit | 38,663.65 | 15,325.00 | 23,338.65 |
| 8300 · Office Expenses -Administrative | | | |
| 8310 · Office Supplies & Equipment | 5,403.81 | 8,300.00 | -2,896.19 |
| 8320 · Telephone/Internet | 1,716.76 | 3,000.00 | -1,283.24 |
| 8330 · Postage & Shipping | 699.95 | 3,100.00 | -2,400.05 |
| 8340 · Ref, Sub and Staff Development | 287.89 | 675.00 | -387.11 |
| 8350 · Printing & Copying | 35.28 | | |
| 8390 · Bank fees | 85.91 | | |
| Total 8300 · Office Expenses -Administrative | 8,229.60 | 15,075.00 | -6,845.40 |
| 8360 · Meeting & Conferences | 230.00 | 1,500.00 | -1,270.00 |
| 8240 · Insurance General Liability | 1,552.00 | 2,550.00 | -998.00 |
| 8365 · Dues, Memberships & Fees | 2,245.00 | 2,000.00 | 245.00 |
| 8341 · IT - Computer/Software | 1,088.91 | 1,000.00 | 88.91 |
| 8391 · Credit Card & Bank Fee | 2,571.84 | 2,400.00 | 171.84 |
| 8200 · Occupancy | | | |
| 8220 · Utilities | 300.00 | 500.00 | -200.00 |
| 8260 · Janitorial and Maintenance | 437.56 | 1,000.00 | -562.44 |
| Total 8200 · Occupancy | 737.56 | 1,500.00 | -762.44 |
| 8500 · Marketing & Advertising | | | |
| 8560 · Web Design Fees | 153.00 | 300.00 | -147.00 |

| | Jan - Aug 18 | Budget | \$ Over Budget |
|---|---------------------|-------------------|-----------------------|
| 8570 · Printing and Copying | 995.31 | 4,350.00 | -3,354.69 |
| 8571 · Advertising Expenses | 28,447.40 | 20,450.00 | 7,997.40 |
| 8590 · In-house publications | 0.00 | 200.00 | -200.00 |
| 8500 · Marketing & Advertising - Other | 168.00 | | |
| Total 8500 · Marketing & Advertising | 29,763.71 | 25,300.00 | 4,463.71 |
| Total Expense | 167,217.80 | 195,579.00 | -28,361.20 |
| Net Ordinary Income | 65,215.71 | 33,576.00 | 31,639.71 |
| Other Income/Expense | | | |
| Other Income | | | |
| In Kind Donation | 67.75 | | |
| 5400 · Other Income | 533.17 | | |
| Total Other Income | 600.92 | | |
| Other Expense | | | |
| In Kind Expense | 67.75 | | |
| 8600 · Other Expenses | 533.17 | | |
| Total Other Expense | 600.92 | | |
| Net Other Income | 0.00 | | |
| Net Income | 65,215.71 | 33,576.00 | 31,639.71 |

Palmer Museum of History and Art Profit & Loss Budget Overview

January through December 2017

01/25/2017

Accrual Basis

| | <u>Art Walk</u> | <u>COP- Palmer</u> | <u>COP-VIC</u> | <u>Mus AK</u> | <u>Op Palmer</u> | <u>Op VIC</u> | <u>Backstage Pass</u> | <u>PMGAF</u> | <u>TOTAL</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
| | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> |
| Ordinary Income/Expense | | | | | | | | | |
| Income | | | | | | | | | |
| 4000 - Revenue from Direct Contrib. | | | | | | | | | |
| 4010 - Individ, Business Contributions | | | | | 5,950.00 | 6,100.00 | | | 12,050.00 |
| 4011 - Rental | | | | | 0.00 | | | | 0.00 |
| 4015 - Board Giving | | | | | 1,400.00 | | | | 1,400.00 |
| 4016 - Membership | | | | | 3,600.00 | | | | 3,600.00 |
| 4018 - Sponsorship | 3,000.00 | | | | | | | 11,200.00 | 14,200.00 |
| 4019 - Monthly Donations | | | | | | 1,300.00 | | | 1,300.00 |
| 4020 - Corporate Contributions | | | | | 2,900.00 | 1,875.00 | 8,500.00 | | 13,275.00 |
| Total 4000 - Revenue from Direct Contrib. | <u>3,000.00</u> | | | | <u>13,850.00</u> | <u>9,275.00</u> | <u>8,500.00</u> | <u>11,200.00</u> | <u>45,825.00</u> |
| 4200 - Restricted Revenue | | | | | | | | | |
| 4230 - Foundation/Trust Grants | | | | | | | | | |
| 4400 - Fundraising | | | | | 10,000.00 | | | | 10,000.00 |
| 4233 - Museums Alaska | | | | 6,147.59 | | | | | 6,147.59 |
| 4235 - AKSCA(workshops) | | | | | 0.00 | | | | 0.00 |
| 4230 - Foundation/Trust Grants - Other | | | | 8,840.00 | 1,450.00 | | | | 10,290.00 |
| Total 4230 - Foundation/Trust Grants | | | | <u>14,987.59</u> | <u>11,450.00</u> | | <u>0.00</u> | | <u>26,437.59</u> |
| Total 4200 - Restricted Revenue | | | | 14,987.59 | 11,450.00 | | 0.00 | | 26,437.59 |
| 4500 - Revenue from Govt Grants | | | | | | | | | |
| 4540 - Local Govt Grants | | | | | | | | | |
| 4541 - City of Palmer | | 46,200.00 | 70,115.00 | | | | | | 116,315.00 |
| Total 4540 - Local Govt Grants | | <u>46,200.00</u> | <u>70,115.00</u> | | | | | | <u>116,315.00</u> |
| Total 4500 - Revenue from Govt Grants | | 46,200.00 | 70,115.00 | | | | | | 116,315.00 |
| 5 - Earned Revenues | | | | | | | | | |
| 5100 - Program-Related sales & fees | | | | | | | | | |
| 5160 - Booth Space-PMGAF | | | | | | | | 4,250.00 | 4,250.00 |
| 5110 - Art Walk | 1,000.00 | | | | | | | | 1,000.00 |
| 5180 - Merchandise Sales | | | | | 37,000.00 | | | | 37,000.00 |
| Total 5100 - Program-Related sales & fees | <u>1,000.00</u> | | | | <u>37,000.00</u> | | | <u>4,250.00</u> | <u>42,250.00</u> |
| Total 5 - Earned Revenues | <u>1,000.00</u> | | | | <u>37,000.00</u> | | | <u>4,250.00</u> | <u>42,250.00</u> |
| Total Income | 4,000.00 | 46,200.00 | 70,115.00 | 14,987.59 | 62,300.00 | 9,275.00 | 8,500.00 | 15,450.00 | 230,827.59 |
| Cost of Goods Sold | | | | | | | | | |

| | <u>Art Walk</u> | <u>COP- Palmer</u> | <u>COP-VIC</u> | <u>Mus AK</u> | <u>Op Palmer</u> | <u>Op VIC</u> | <u>Backstage Pass</u> | <u>PMGAF</u> | <u>TOTAL</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
| | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> |
| 5200 · Cost of Goods | | | | | 27,000.00 | | | | 27,000.00 |
| Total COGS | | | | | <u>27,000.00</u> | | | <u>0.00</u> | <u>27,000.00</u> |
| Gross Profit | 4,000.00 | 46,200.00 | 70,115.00 | 14,987.59 | 35,300.00 | 9,275.00 | 8,500.00 | 15,450.00 | 203,827.59 |
| Expense | | | | | | | | | |
| 7 · Expenses-personnel related | | | | | | | | | |
| 7200 · Salaries & related expenses | | | | | | | | | |
| 7210 · Officers & Directors Salaries | | 22,500.00 | 15,000.00 | | | | | | 37,500.00 |
| 7220 · Salaries & Wages-other | | 18,000.00 | 36,375.00 | | | | | | 54,375.00 |
| 7250 · Payroll taxes | | 4,400.00 | 6,000.00 | | | | | | 10,400.00 |
| 7251 · Payroll Expenses | | 150.00 | 240.00 | | | | | | 390.00 |
| Total 7200 · Salaries & related expenses | | <u>45,050.00</u> | <u>57,615.00</u> | | | | | | <u>102,665.00</u> |
| Total 7 · Expenses-personnel related | | 45,050.00 | 57,615.00 | | | | | | 102,665.00 |
| 7500 · Contract Services | | | | 8,840.00 | | | | | 0.00 |
| 7520 · Accounting Fees | | | | | 2,330.00 | 550.00 | | | 2,880.00 |
| Total 7500 · Contract Services | <u>0.00</u> | | | <u>8,840.00</u> | <u>2,330.00</u> | <u>550.00</u> | <u>0.00</u> | <u>0.00</u> | <u>11,720.00</u> |
| 8 · Non Personnel Related | | | | | | | | | |
| 8100 · Program Suuport | | | | | | | | | |
| 8110 · Supplies | | | | | | 0.00 | | | |
| 8112 · Hospitality | | | 750.00 | | 1,200.00 | 0.00 | | | 1,950.00 |
| 8111 · Art Walk | 1,000.00 | | | | | | | | 1,000.00 |
| 8110 · Supplies - Other | | | | | 1,200.00 | 0.00 | | | 1,200.00 |
| Total 8110 · Supplies | <u>1,000.00</u> | | <u>750.00</u> | | <u>2,400.00</u> | <u>0.00</u> | | | <u>4,150.00</u> |
| 8115 · Events and Openings | | | | | | | S | | |
| 8117 · PMGAF | | | | | | | | | 0.00 |
| 8118 · Annual Meeting | | | | | 750.00 | | | | 750.00 |
| 8119 · Colony / Colony Christmas | | | | | 1,400.00 | | | | 1,400.00 |
| 8115 · Performers | 1,000.00 | | | | 1,250.00 | | 1,000.00 | 4,250.00 | 7,500.00 |
| Total 8115 · Events and Openings | | | | | <u>3,400.00</u> | <u>0.00</u> | <u>1,000.00</u> | <u>4,250.00</u> | <u>8,650.00</u> |
| 8126 · Exhibit/Conservation Supplies | | | | 5,622.59 | | | | | |
| 8127 · Demo Days | | | | | | | | | 0.00 |
| 8126 · Exhibit/Conservation Supplies - Other | | | | | 4,750.00 | | 4,900.00 | | 9,650.00 |
| Total 8126 · Exhibit/Conservation Supplies | | | | | <u>4,750.00</u> | <u>0.00</u> | <u>4,900.00</u> | | <u>9,650.00</u> |
| Total 8100 · Program Suuport | 1,000.00 | | 750.00 | 5,622.59 | 10,550.00 | 0.00 | 5,900.00 | 4,250.00 | 28,072.59 |

| | <u>Art Walk</u> | <u>COP- Palmer</u> | <u>COP-VIC</u> | <u>Mus AK</u> | <u>Op Palmer</u> | <u>Op VIC</u> | <u>Backstage Pass</u> | <u>PMGAF</u> | <u>TOTAL</u> |
|---|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|------------------------|------------------------|
| | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> | <u>Jan - Dec 17</u> |
| 8300 - Administrative | | | | | | | | | |
| 8310 - Office Supplies & Equipment | | | | | 3,400.00 | 3,000.00 | | 3,850.00 | 10,250.00 |
| 8320 - Telephone/Internet | | | 1,800.00 | | 1,200.00 | | | | 3,000.00 |
| 8330 - Postage & Shipping | | | 750.00 | 525.00 | 470.00 | | 2,000.00 | | 3,745.00 |
| 8340 - Ref, Sub and Staff Development | | | 175.00 | | 800.00 | | | | 975.00 |
| 8341 - Computer/Software | | | | | 2,000.00 | | | | 2,000.00 |
| 8360 •Meetings and Conferences | 0.00 | | | | 1,500.00 | | | | 1,500.00 |
| 8365 •Dues, Memberships and Fees | | | | | 1,500.00 | 1,500.00 | | | 3,000.00 |
| 8370 - Travel | | | 1,475.00 | | 5,000.00 | 2,825.00 | | | 9,300.00 |
| 8391 - Credit Card & Bank Fee | | | | | 1,000.00 | 1,400.00 | | | 2,400.00 |
| Total 8300 - Administrative | <u>0.00</u> | | <u>4,200.00</u> | <u>525.00</u> | <u>16,870.00</u> | <u>8,725.00</u> | <u>2,000.00</u> | | <u>32,320.00</u> |
| Total 8 - Non Personnel Related | 1,000.00 | | 4,950.00 | 6,147.59 | 27,420.00 | 8,725.00 | 7,900.00 | 4,250.00 | 60,392.59 |
| 8200 - Occupancy | | | | | | | | | |
| 8220 - Utilities | | | | | 500.00 | | | | 500.00 |
| 8240 - Insurance General Liability | | 1,150.00 | 1,400.00 | | 0.00 | 0.00 | | | 2,550.00 |
| 8260 - Janitorial and Maintenance | | | 800.00 | | 700.00 | 0.00 | | | 1,500.00 |
| Total 8200 - Occupancy | | 1,150.00 | <u>2,200.00</u> | | <u>1,200.00</u> | <u>0.00</u> | | <u>0.00</u> | <u>4,550.00</u> |
| 8500 - Marketing & Advertising | | | | | | | | | |
| 8560 - Web Design Fees | | | | | | | 300.00 | | 300.00 |
| 8570 - Printing and Copying | | | 750.00 | | 1,150.00 | 0.00 | 1,250.00 | | 3,150.00 |
| 8571 - Advertising Expenses | | | | | | | | | |
| 8573 - PMGAF | | | | | | | 5,800.00 | | 5,800.00 |
| 8571 - Advertising Expenses - Other | 2,000.00 | | 4,600.00 | | 3,000.00 | 0.00 | 600.00 | | 10,200.00 |
| Total 8571 - Advertising Expenses | <u>2,000.00</u> | | <u>4,600.00</u> | | <u>3,000.00</u> | <u>0.00</u> | <u>600.00</u> | <u>5,800.00</u> | <u>16,000.00</u> |
| 8590 - In-house publications | | | | | 200.00 | | | | 200.00 |
| Total 8500 - Marketing & Advertising | <u>2,000.00</u> | | <u>5,350.00</u> | | <u>4,350.00</u> | <u>0.00</u> | <u>600.00</u> | <u>7,350.00</u> | <u>19,650.00</u> |
| Total Expense | <u>3,000.00</u> | <u>46,200.00</u> | <u>70,115.00</u> | <u>14,987.59</u> | <u>35,300.00</u> | <u>9,275.00</u> | <u>8,500.00</u> | <u>11,600.00</u> | <u>198,977.59</u> |
| Net Ordinary Income | <u>1,000.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>3,850.00</u> | <u>4,850.00</u> |
| Net Income | <u><u>1,000.00</u></u> | <u><u>0.00</u></u> | <u><u>0.00</u></u> | <u><u>0.00</u></u> | <u><u>0.00</u></u> | <u><u>0.00</u></u> | <u><u>0.00</u></u> | <u><u>3,850.00</u></u> | <u><u>4,850.00</u></u> |

**City of Palmer
Resolution No. 18-024**

Subject: Renaming Sherrod Ball Field #1 In Honor of Noah Meyer

Agenda of: October 23, 2018

Council Action: **Approved** **Amended:** _____
 Defeated



Originator Information:

Originator: City Manager

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|------------------|-----------------------------|-------------------|--------------|
| _____ | Community Development | _____ | _____ |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|--|-----------------|
| City Manager | <u></u> | _____ |
| City Attorney | _____ | _____ |
| City Clerk | <u></u> | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ 0

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ _____
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): _____
- Not budgeted _____

Director of Finance Signature: _____

Attachment(s):

- Resolution No. 18-024

Summary Statement/Background:

The Sherrod ball field complex managed by the city of Palmer has 4 un-named baseball fields. The Palmer Little League has requested that ball field #1 be renamed to honor Noah Meyer who was killed in an auto accident in 2017.

Noah was an avid baseball player and an inspiration to other players on his team and the little league organization as a whole.

The Palmer Little League has obtained the materials and support to erect a sign to mark the renaming of field #1.

Administration's Recommendation:

Approve Resolution No. 18-024 Renaming Sherrod Ball Field #1 in honor of Noah Meyer.

LEGISLATIVE HISTORY

Introduced by: City Manager
Public Hearing: October 23, 2018
Action:
Vote:

| Yes: | No: |
|------|-----|
| | |

CITY OF PALMER, ALASKA

Resolution No. 18-024

A Resolution of the Palmer City Council Renaming Sherrod Ball Field #1 as Noah Meyer Ball Field

WHEREAS, Noah Meyer was raised in and was a lifelong resident of the city of Palmer;
and

WHEREAS, Noah Meyer participated to his fullest in the youth baseball programs throughout his young growing up years; and

WHEREAS, Noah Meyer made this sport a priority throughout his life, along with his family, in their volunteer efforts with Palmer Little League; and

WHEREAS, Noah Meyer lost his life in 2017 in a tragic car accident and is remembered so fondly by his teammates and community for his positive attitude and love for the sport of baseball; and

WHEREAS, the Sherrod Ball Field Complex has four un-named ballfields.

NOW, THEREFORE, BE IT RESOLVED the Palmer City Council declares the Sherrod Ball Field #1 be named the Noah Meyer Ball Field, in honor of same, with the appropriate sign, which is to be provided by the Palmer Little League.

Approved by the Palmer City Council this ____ day of _____, 2018.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

**City of Palmer
Action Memorandum No. 18-083**

Subject: Confirming the Mayor's Nomination of Andrew Weaver and Liz Swearingin with Terms Ending October 31, 2021, and Richard Best with a Term Ending October 31, 2019, to the Airport Advisory Commission

Agenda of: October 23, 2018

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: Mayor DeVries

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|------------------|-----------------------------|-------------------|--------------|
| _____ | Community Development | _____ | _____ |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|-------------------|-----------------|
| City Manager | _____ | _____ |
| City Attorney | _____ | _____ |
| City Clerk | _____ | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ 600.00

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 600.00/year
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 03-01-10-6059
- Not budgeted

Director of Finance Signature: _____

Attachment(s):

- None

Summary Statement/Background:

The Airport Advisory Commission (AAC) is a seven-member board with two seats expiring October 31, 2018, and one seat expiring October 31, 2019.

Public notice of this recruitment was posted on the City's website, published in The Frontiersman, posted on the City Hall bulletin board, advertised in the Chamber's weekly e-newsletter, and posted on the City of Palmer Facebook page.

Three applications were received, as noted below. Three applications were received prior to the final deadline of 4:30 p.m., Friday, September 28, and one was received after deadline. As advertised the Mayor reserved the right to extend the deadlines or accept late applications.

Applicants were:

1. Andrew Weaver (currently serving)
2. Megan Matthieu
3. Elizabeth Swearingin
4. Richard Best (received 10/12)

All applications met code requirements and were considered. After review, Andrew Weaver, Liz Swearingin, and Richard Best are nominated to fill the seats.

Original applications are retained in the City Clerk's Office. Please call (907) 761-1301 to request a copy.

Mayor's Recommendation:

To approve Action Memorandum No. 18-083.

**City of Palmer
Action Memorandum No. 18-084**

Subject: Confirming the Mayor's Nomination of Chris Chappel, Lorie Koppenberg, and Dusty Silva with Terms Ending October 31, 2021, to the Board of Economic Development

Agenda of: October 23, 2018

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: Mayor DeVries

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|------------------|-----------------------------|-------------------|--------------|
| _____ | Community Development | _____ | _____ |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|-------------------|-----------------|
| City Manager | _____ | _____ |
| City Attorney | _____ | _____ |
| City Clerk | _____ | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ 600.00

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 600.00/year
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 01-01-05-6059
- Not budgeted

Director of Finance Signature: _____

Attachment(s):

- None

Summary Statement/Background:

The Board of Economic Development (BED) is a seven-member board with three seats expiring October 31, 2018.

Public notice of this recruitment was posted on the City's website, published in The Frontiersman, posted on the City Hall bulletin board, advertised in the Chamber's weekly e-newsletter, and posted on the City of Palmer Facebook page.

Seven applications were received, as noted below. All applications were received prior to the final deadline of 4:30 p.m., Friday, September 28.

Applicants were:

1. Lorie Koppenberg (currently serving)
2. Chris Chappel (currently serving)
3. Dusty Silva (currently serving)
4. Megan Matthieu
5. Dr. Alex Hills
6. Elizabeth Swearingin
7. Ronalee Moses

All applications met code requirements and were considered. After review, Lorie Koppenberg, Chris Chappel, and Dusty Silva are nominated to fill the seats.

Original applications are retained in the City Clerk's Office. Please call (907) 761-1301 to request a copy.

Mayor's Recommendation:

To approve Action Memorandum No. 18-084

**City of Palmer
Action Memorandum No. 18-085**

Subject: Confirming the Mayor's Nomination of Jo Ehmann and Wesley Rath with Terms Ending October 31, 2021, to the Parks, Recreation and Cultural Resources Advisory Board

Agenda of: October 23, 2018

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: Mayor DeVries

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|------------------|-----------------------------|-------------------|--------------|
| _____ | Community Development | _____ | _____ |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|-------------------|-----------------|
| City Manager | _____ | _____ |
| City Attorney | _____ | _____ |
| City Clerk | _____ | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ 600.00

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 600.00/year
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 01-19-90-6059
- Not budgeted

Director of Finance Signature: _____

Attachment(s):

- None

Summary Statement/Background:

The Parks, Recreation and Cultural Resources Advisory Board (PRCRAB) is a seven-member board with two positions expiring October 31, 2018.

Public notice of this recruitment was posted on the City's website, published in The Frontiersman, posted on the City Hall bulletin board, advertised in the Chamber's weekly e-newsletter, and posted on the City of Palmer Facebook page.

Two applications were received, as noted below. One application was received prior to the final deadline of 4:30 p.m., Friday, September 28, and one was received after deadline. As advertised the Mayor reserved the right to extend the deadlines or accept late applications.

Applicants were:

1. Jo Ehmann (currently serving)
2. Wesley Rath (received on 9/29)

All applications met code requirements and were considered. After review, Jo Ehmann and Wesley Rath are nominated to fill the seats.

Original applications are retained in the City Clerk's Office. Please call (907) 761-1301 to request a copy.

Mayor's Recommendation:

To approve Action Memorandum No. 18-085

**City of Palmer
Action Memorandum No. 18-086**

Subject: Confirming the Mayor's Nomination of Andrew Corbin, David Petty, and Rhonda Wohlbach with Terms Ending October 31, 2021, to the Planning and Zoning Commission

Agenda of: October 23, 2018

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: Mayor DeVries

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|------------------|-----------------------------|-------------------|--------------|
| _____ | Community Development | _____ | _____ |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|-------------------|-----------------|
| City Manager | _____ | _____ |
| City Attorney | _____ | _____ |
| City Clerk | _____ | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ **600.00**

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 600.00/year
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 01-01-12-6059
- Not budgeted

Director of Finance Signature: _____

Attachment(s):

- None

Summary Statement/Background:

The Planning & Zoning Commission (PZC) is a seven-member board with three seats expiring October 31, 2018.

Public notice of this recruitment was posted on the City's website, published in The Frontiersman, posted on the City Hall bulletin board, advertised in the Chamber's weekly e-newsletter, and posted on the City of Palmer Facebook page.

Three applications were received, as noted below. All applications were received prior to the final deadline of 4:30 p.m., Friday, September 28.

Applicants were:

1. David Petty (currently serving)
2. Rhonda Wohlbach (currently serving)
3. Andrew Corbin (currently serving)

All applications met code requirements and were considered. After review, Andrew Corbin, David Petty, and Rhonda Wohlbach are nominated to fill the seats.

Original applications are retained in the City Clerk's Office. Please call (907) 761-1301 to request a copy.

Mayor's Recommendation:

To approve Action Memorandum No. 18-086

**City of Palmer
Action Memorandum No. 18-087**

Subject: Appointing a Council Member to Serve as an Ex-Officio Member on the Board of Economic Development for a Term Expiring October 8, 2019

Agenda of: October 23, 2018

Council Action: **Approved** **Amended:** _____
 Denied

Originator Information:

Originator: Mayor DeVries via City Clerk

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|------------------|-----------------------------|-------------------|--------------|
| _____ | Community Development | _____ | _____ |
| _____ | Finance | _____ | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|-------------------|-----------------|
| City Manager | _____ | _____ |
| City Attorney | _____ | _____ |
| City Clerk | _____ | _____ |

Certification of Funds:

Total amount of funds listed in this legislation: \$ 600.00

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 600.00/year
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 01-01-05-6059
- Not budgeted

Director of Finance Signature: _____

Attachment(s):

- None

Summary Statement:

Per Palmer Municipal Code 2.30.010(D), there shall be a member of the City Council to serve as an ex-officio member on the Board of Economic Development (BED).

The City Council needs to appoint this member from amongst its membership for a one-year term.

**City of Palmer
Action Memorandum No. 18-088**

Subject: Authorizing the City Manager to Extend the Contract for Legal Services with Jermain, Dunnagan & Owens, P.C. for One Additional Year


Agenda of: October 23, 2018

Council Action: **Approved** **Amended:** _____
 Denied



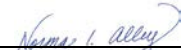
Originator Information:

Originator: Mayor DeVries via City Clerk

Department Review:

| Route to: | Department Director: | Signature: | Date: |
|-------------------------------------|-----------------------|--|-------|
| _____ | Community Development | _____ | _____ |
| <input checked="" type="checkbox"/> | Finance |  | _____ |
| _____ | Fire | _____ | _____ |
| _____ | Police | _____ | _____ |
| _____ | Public Works | _____ | _____ |

Approved for Presentation By:

| | Signature: | Remarks: |
|---------------|---|----------|
| City Manager |  | _____ |
| City Attorney |  | _____ |
| City Clerk |  | _____ |

Certification of Funds:


Total amount of funds listed in this legislation: \$ Variable dependent on hourly work

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ Variable
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): Multiple lines across all departments
- Not budgeted

Director of Finance Signature: 

Attachment(s):

- Legal Services Contract
- AM No. 16-092

Summary Statement:

On December 13, 2016, council approved AM 16-092, a two-year contract for legal services with Jermain, Dunnagan & Owens, P.C. for the period starting January 1, 2017 and expiring December 31, 2018. Included in the Legal Services RFP, was the option for a unilateral extension of the contract for legal services for an additional three one-year terms.

The first of the optional extensions would be effective January 1, 2019 through December 31, 2019. All remaining terms and conditions of the original agreement shall remain in full force and effect.

Administration's Recommendation:

Authorize Action Memorandum No. 18-088

PROFESSIONAL SERVICES AGREEMENT

THIS Agreement made and entered into this 14th day of December, 2016, by and between the City of Palmer, an Alaska municipal corporation (the City), and Jermain, Dunnagan & Owens, P.C. (Attorney).

Section 1. Engaged Employment of Attorney

The City hereby agrees to engage the Attorney and the Attorney hereby agrees to perform the services hereafter set forth.

Section 2. Attorney's Representations and Warranties, and Manner of Performance

- (A) Attorney hereby represents and warrants to the City, and the City relies upon said representations and warranties, that Attorney is a professional in the subject area in which services are to be provided and that Attorney has more than adequate experience, skill, knowledge, and competence to perform the services set forth in this Agreement.
- (B) Attorney accepts the relationship of trust and confidence between it and the City. Attorney covenants to perform its services under this Agreement with due diligence, due care, and in a good and professional manner.

Section 3. Scope of Services

- (A) Serve as the legal advisor of and be responsible to the City Council, and advise the City Manager, and City Clerk concerning matters affecting City administration, as well as perform other duties as may be prescribed by the City Council.
- (B) Prepare legal documents such as ordinances, resolutions, contracts, conveyances, etc., and legal opinions as needed. Provide limited representation in court, negotiate on the City's behalf and handle other legal matters that may arise.
- (C) Be readily available for consultation by the City Council, City Manager, City Clerk, and City staff.
- (D) Draft opinion letters regarding, among other subjects, the interpretation of the Palmer Municipal Code and Charter, state and federal laws, and policies.
- (E) Perform other such duties as may be prescribed for the City Attorney by ordinance or by direction of the City Council and/or City Manager.
- (F) Must work effectively with the City Council, City Manager, City staff, and also with other public agencies with which the City has legal relations.
- (G) The City Attorney, or designee, is required to attend scheduled city council meetings; unless excused by City Council, Mayor or Manager.

Section 4. Time of Performance

The services of the Attorney shall commence on January 1, 2017, for a term of two years, with three one-year extension options unilaterally available to the City. The period of performance may be extended for additional

periods beyond five years only by the mutual written agreement of the parties. The agreement may be terminated at the convenience of the City at any time.

Section 5. Compensation

- (A) Subject to the provisions of this Agreement, the City shall pay the Attorney a total sum for all legal services, all non-secretarial paralegal services, approved third-party expenses, and all allowed travel time for the term of this Agreement in accordance with the following provisions:
 - (1) Hourly cost for services to be provided:
 - Shareholder/Of Counsel Attorneys: \$205.00/Hour
 - Associate Attorneys: \$185.00/Hour
 - Paralegals: \$100.00/Hour
 - (2) No travel time shall be charged to and from Palmer for council meetings. Travel time for other business to and from Palmer may not exceed two hours total. Subject to the prior limitations, travel time may be charged at Attorney's normal travel time rate.
- (B) Attorney may increase its hourly fee \$5.00 per year for each one-year extension the City chooses to exercise.
- (C) Except as otherwise provided in this Agreement, the City shall not provide any additional compensation, payment, use of facilities, service or other thing of value to the Attorney in connection with performance of Attorney's duties under this Agreement. The parties understand and agree that, except as otherwise provided in this section, administrative overhead and other indirect or direct costs the Attorney may incur in the performance of its obligations under this Agreement have already been included in computation of the Attorney's fee and may not be charged to the City.

Section 6. Method and Time of Payment

- (A) The City will compensate the Attorney in accordance with Section 5, which compensation shall constitute the full and complete compensation for the Attorney's services and performance under this Agreement. Payments will be made on receipt of monthly billing.
- (B) No payment will be disbursed until approved by the City. The City Manager shall review Attorney's billings in a timely manner, and to request from the Attorney necessary explanations or additional documentation within fifteen (15) days of receipt of billing by the City. The City expects to pay within thirty-one (31) days of receipt of billing or receipt of requested explanations or documentation acceptable to the City, whichever is later.

Section 7. Termination of Agreement for Cause

If, through any cause, the Attorney shall fail to fulfill in a timely and proper manner its obligations under this Agreement, or if the Attorney shall violate any of the covenants, agreements, or stipulations of this Agreement, the City shall thereupon have the right to terminate this Agreement by giving written notice to the Attorney of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. All finished or unfinished documents, data, studies, surveys and reports or other material (to include without limitation data and information kept on computer, disk, video, tape, etc.) prepared by the Attorney arising out of or connected with this Agreement are the property of the City and shall be delivered to the City by or upon the effective date of termination or upon request. The Attorney shall be entitled to

receive compensation in accordance with the payment provisions of Section 5 of this Agreement only for work completed to the City's satisfaction in accordance with Section 5 of this Agreement and the other terms of this Agreement.

Section 8. Termination for Convenience of City

The City may terminate this Agreement at any time by giving written notice to the Attorney of such termination and specifying the effective date of such termination. All finished or unfinished documents and other materials as described in Section 7 are the property of the City and shall be delivered to the City by or upon the effective date of execution of this section. The Attorney shall be entitled to receive compensation in accordance with the payment provisions of Section 5 of this Agreement only for work completed to the City's satisfaction in accordance with Section 5 of this Agreement and the other terms of this Agreement. If this Agreement is terminated due to the fault of the Attorney, Section 7 of this Agreement shall govern the rights and liabilities of the parties.

Section 9. Causes Beyond Control

In the event the Attorney is prevented by a cause or causes beyond control of the Attorney from performing any obligation of this Agreement, non-performance resulting from such cause or causes shall not be deemed to be a breach of this Agreement, which will render the Attorney liable for damages or give rights to the cancellation of the Agreement for cause, provided that Attorney duly and timely notifies the City in writing of the cause or causes, which writing must be titled "Cause or Causes Beyond Control of Attorney." However, if and when such cause or causes cease to prevent performance, the Attorney shall exercise all reasonable diligence to resume and complete performance of the obligation with the least possible delay. The phrase "cause or causes beyond control," as used in this section, means any one or more of the following causes which are not attributable to the fault or negligence of the Attorney and which prevent the performance of the Attorney: fire, explosions, acts of God, war, orders or law of duly constituted public authorities, and other major uncontrollable and unavoidable events, all of the foregoing which must actually prevent the Attorney from performing the terms of the Agreement as set forth herein. Events which are peculiar to the Attorney and would not prevent another Attorney from performing, including, but not limited to financial difficulties, are not causes beyond the control of the Attorney. Based on Attorney's "Cause or Causes Beyond Control of Attorney," the City will determine whether the event preventing the Attorney from performing is a cause beyond the Attorney's control.

Section 10. Modifications

- (A) The parties may mutually agree to modify the terms of the Agreement only by means of an agreement in writing signed by both parties. Modifications to the Agreement shall be incorporated into the Agreement by written amendments.
- (B) It is expressly understood that the City may require changes in the scope of services and an unreasonable refusal by the Attorney to agree to modification in the scope of services will be the basis for termination of the Agreement for cause.

Section 11. Equal Employment Opportunity

The Attorney will not discriminate against any employee or applicant for employment in violation of law, to include without limitation, because of race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam era. The Attorney shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam

era. Such actions shall include, but not be limited to the following: employment, upgrading, demotions, or transfers; recruitment or recruitment advertising; layoffs or terminations; rates of pay or other forms of compensation; selection for training, including apprenticeship; and participation in recreational and educational activities. The Attorney agrees to post in conspicuous places in its office available for employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause. The Attorney will, in all solicitations or advertisements for employees placed by or on behalf of the Attorney; state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam era. The Attorney will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement.

Section 12. Interest of Members of City and Others

No officer, member or employee of the City and no member of its governing body, and no other public official of the governing body shall participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested or having any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.

Section 13. Non-Assignability

- (A) The Attorney shall not assign any interest in this Agreement and shall not transfer any interest in the same (whether by assignment or novation) without the prior written consent of the City, thereto; provided, however that claims for money due or to become due to the Attorney from the City under this Agreement may be assigned by court order or to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City, or the Attorney shall be responsible to the City for any moneys due the assignee of this Agreement which are paid directly to the Attorney.
- (B) The Attorney shall not delegate duties or otherwise subcontract work or services under this Agreement without the prior written approval of the City.

Section 14. Interest of Attorney

The Attorney covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The Attorney further covenants that in the performance of this Agreement it shall not knowingly employ any person having any such interest and that it shall reasonably inquire of all its employees to determine that they have no such interest.

Section 15. Findings Confidential

Except as required by law, including court orders directing disclosure, any reports, information, data, etc., given to or prepared or assembled by the Attorney under this Agreement which the City requests to be kept confidential shall not be made available to any individual or organization by the Attorney without the prior written approval of the City.

Section 16. Officials Not to Benefit

No members of the Congress of the United States and no resident commissioner shall be admitted to any share or part thereof or to any benefit to arise from this Agreement. No member of the legislature or officer of the

state of Alaska or the City shall be admitted to any share or part hereof or to any benefit to arise from this Agreement.

Section 17. Publication, Reproduction and Use of Materials

No material produced, in whole or in part, under this Agreement shall be subject to copyright in the United States or in any other country. The City shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports, data or other materials prepared under this Agreement.

Section 18. Audits and Inspections of Records

- (A) At any time during normal business hours and as often as the City may deem necessary, there shall be made available for examination all of Attorney's records with respect to all matters covered by this Agreement and Attorney will permit representatives of the City to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this Agreement. Except in case of emergency, Attorney must make such records available upon five (5) days notice. In case of emergency, Attorney must make such records available immediately upon request. In performing such audits and investigations, the City and its representatives shall not unduly interfere with the ability of Attorney to perform his duties under this Agreement.
- (B) Attorney files will be retained in accordance to City's Records Retention Schedule. Attorney will provide the City Clerk with a report and obtain written authorization prior to destruction of any records.
- (C) Upon termination of this agreement, all Attorney's records will be turned over to the City Clerk as described in Section 7.

Section 19. Jurisdiction; Choice of Law

Any civil action arising from this Agreement shall be brought in the superior court for the third judicial district of the state of Alaska at Palmer. The law of the state of Alaska shall govern the rights and obligations of the parties.

Section 20. Non-Waiver

The failure of the City at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provisions, nor in any way affect the validity of this Agreement or any part thereof, or the right of the City thereafter to enforce each and every provision hereof.

Section 21. Permits, Laws and Taxes

The Attorney shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to the performance under this Agreement. In performing its obligations under this Agreement, Attorney shall comply with all applicable statutes, ordinances, rules and regulations. The Attorney shall pay all taxes pertaining to its performance under this Agreement.

Section 22. Relationship of the Parties

The Attorney shall perform its obligations hereunder as an independent contractor of the City. The City may administer this Agreement and monitor the Attorney's compliance with this Agreement but shall not supervise or otherwise direct the Attorney except to provide recommendations and to provide approvals pursuant to this Agreement.

Section 23. Administration of this Agreement

- (A) The City Manager or designee will be the representative of the City administering this Agreement.
- (B) The services to be furnished by the Attorney shall be administered by the City Manager. In the event that Attorney is unable to serve for any reason to perform his obligations under this Agreement, the Attorney shall appoint a successor in interest but such appointment will be subject to a written approval of the City.

Section 24. Integration

This instrument and all appendices and amendments hereto embody the entire agreement of the parties. There are no promises, terms, conditions or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the parties. To the extent they are not inconsistent with the terms of this Agreement; the following documents are incorporated by reference into this Agreement as if fully set forth herein:

Section 25. City Held Harmless

- (A) The Attorney shall indemnify, defend, save and hold the City harmless from any lawsuit, action, claim or liability, including reasonable attorney's fees and costs, arising out of or related to any wrongful or negligent act, error or omission of the Attorney or any sub-Attorney as a result of the Attorney's or any sub-Attorney's performance pursuant to this Agreement.
- (B) The Attorney shall not indemnify, defend, save and hold the City harmless from any lawsuit, action, claim or liability, including reasonable attorney's fees and costs, arising out of wrongful or negligent acts, errors or omissions solely of the City occurring during the course of or as a result of the performance of this Agreement.
- (C) Where lawsuits, actions, claims or liability, including reasonable attorney's fees and costs, arise out of wrongful or negligent acts of both the Attorney and the City occurring as a result of the performance of this Agreement, the Attorney shall indemnify, defend, save and hold the City harmless from only that portion of the lawsuit, action, claim or liability, including reasonable attorney's fees and costs, arising out of or related to any wrongful or negligent act, error or omission of the Attorney or any sub-Attorney as a result of the Attorney's or any sub-Attorney's performance pursuant to this Agreement.

Section 26. Interpretation and Enforcement

This Agreement is being executed by the parties following negotiations between them. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The titles of sections in this Agreement are not to be construed as limitations or definitions but are for identification purposes only.

Section 27. Attorney Insurance

- (A) The Attorney will maintain during the course of the contract attorney's errors and omissions insurance in the amount of at least \$1,000,000 per claim and \$2,000,000 aggregate, with a deductible no greater than \$25,000. In addition, if the policy is a claims-made policy; the Attorney must maintain such policy of insurance after the termination of the contract for a period of six years or alternatively obtain an extended reporting endorsement (tail coverage) for six years after the termination providing the same coverage, or a combination of the two. Attorney shall annually provide the City with a certificate of insurance for errors and omissions insurance from attorney's insurance company showing the then-current coverage limits (including extended reporting endorsement, if applicable).
- (B) The Attorney will, at its own expense, secure and maintain and file a certificate of insurance with the City with acceptable insurance coverage, including defense and indemnification of the City. The insurance policies will be secured with insurance companies that are admitted carriers to State of Alaska or an approved Surplus Lines carrier in State of Alaska with an AM Best rating of A- or better.
- (1) Comprehensive General Liability or Commercial General Liability Coverage: Limit \$1,000,000 per claim and \$2,000,000 aggregate Bodily Injury and Property Damage, combined Single Limit. Coverage to include:
- Premises Operation
 - Products/Completed Operations
 - Independent Contractors
 - Blanket Contractual
 - Broad Form Property Damage
- (2) Worker's Compensation Insurance in compliance with the laws of the State of Alaska, AS 23.30, et. seq., and federal jurisdiction where the work is being performed, covering all employees engaged in the performance of the work specified in this Agreement. Employer's liability limits shall be: \$100,000 each accident; \$500,000 disease--policy limit; and \$100,000 disease--each employee.
- (3) Comprehensive Automobile Liability: Limit \$1,000,000 Bodily Injury and Property Damage, Combined Single Limit. Coverage to include all owned or rented/leased vehicles driven by employees engaged in the performance of the work specified in this Agreement.
- (4) Unemployment Insurance by payment of employment security taxes for all employees hired by the Attorney to work on this project. In the event of the Attorney's failure to pay such taxes, the City will withhold an amount sufficient to pay such taxes from any payments owed to the Attorney by the City. The City also reserves the right to contact the Alaska State Department of Labor, in order to determine whether unemployment security taxes have been paid by the Attorney. The City further reserves the right to withhold that portion of employment security taxes owed to any employees pending notification of the Attorney's unemployment security tax clearance from the Alaska State Department of Labor.
- (5) Cyber Liability: Limit \$1,000,000 endorsed to include third party coverage for the City of Palmer.

- (C) A lapse in insurance coverage is a material breach of this Agreement, which may result in immediate termination of the Agreement, pursuant to Section 7 for Cause.
- (D) Each policy of insurance required by this section shall provide for no less than 30 days' advance notice to the City prior to cancellation. Each policy (other than for worker's compensation and Errors and Omissions) shall name the City as an additional insured. Each policy shall be endorsed to waive all rights of subrogation against the City by reason of any payment made for claims under the above coverage. Attorney's insurance coverage shall be primary to any coverage carried by the City, which covers the work specified in this Agreement.

Section 28. Understanding

The Attorney acknowledges that the Attorney has read and understands the terms of this Agreement, has had the opportunity to review the same with counsel of its choice, and is executing this Agreement of his own free will.

Section 29. Severability

If any section or clause of this Agreement is held invalid by a court of competent jurisdiction, or is otherwise invalid under the law, the remainder of this Agreement shall remain in full force and effect.

Section 30. Compliance with Law

Attorney shall comply with all applicable Federal, State of Alaska and City laws, regulations, and ordinances in performing his duties hereunder.

Section 31. Notices

Any notice required pertaining to the subject matter of the Agreement shall be personally delivered or mailed by prepaid first-class, registered or certified mail to the following address:

City: City Manager
 City of Palmer
 231 W. Evergreen Ave.
 Palmer, AK 99645


Attorney: Jermain, Dunnagan & Owens, P.C.
 3000 A Street, Suite 300
 Anchorage, AK 99503


CITY OF PALMER:

ATTORNEY:



 Nathan E. Wallace, City Manager



 Michael R. Gatti, Shareholder Attorney


**City of Palmer
Action Memorandum No. 16-092**

Subject: Authorize the City Manager to Negotiate and Execute a Contract with Jermain, Dunnagan & Owens, P.C. for Legal Services for the City of Palmer from the Request for Proposal #16-01CC

Agenda of: December 13, 2016

Council Action: APPROVED



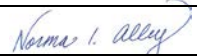
Originator Information:

Originator: City Manager
Date: December 1, 2016 **Requested agenda date:** December 13, 2016

Department Information \checkmark :

| Route to: | Department Director: | Signature: | Date: |
|-----------|-----------------------|--|---------|
| | Community Development | | |
| X | Finance |  | 12/2/16 |
| | Fire Department | | |
| | Police Department | | |
| | Public Works | | |

Approved for presentation by:

| | Signature: | Remarks: |
|---------------|---|----------|
| City Manager |  | |
| City Attorney |  | |
| City Clerk |  | |

Certification of Funds:


Total amount of funds listed in this legislation: \$ 160,000.00

This legislation (\checkmark):

- Has no fiscal impact Creates a positive impact in the amount of: \$ _____
 Creates a negative impact in the amount of: \$ 160,000.00

Funds are (\checkmark):

- Budgeted Line item(s): Various
 Not budgeted Affected line item(s): _____

Director of Finance Signature: 

Attachment(s):

- RFP #16-01CC (without draft contract or questions)
- Draft Contract

Summary Statement: Based upon proposal evaluation, city council interviews, and direction provided upon identification of a successful proposer and notification of intent to award a contract on December 7th, the selected law firm will provide services as outlined in the submitted proposal and the contract as negotiated by the City Manager.

Administration Recommendation: Authorize Action Memorandum No. 16-092.



CITY OF PALMER

231 West Evergreen Avenue Palmer,
Alaska 99645
Phone (907) 745-3271 • Fax (907) 745-0930
www.cityofpalmer.org

REQUEST FOR PROPOSALS

**The City of Palmer is soliciting proposals
for General Counsel Legal Services.**

RELEASE DATE:
SEPTEMBER 28, 2016

DEADLINE FOR SUBMISSION AND OPENING DATE AND TIME:
OCTOBER 25, 2016, 2:00 pm

Use this page as the first page of the proposal.

Response By:

Attorney/Firm Name: _____ Contact Person: _____

Address _____

Telephone () _____ Fax () _____

E-mail Address _____

I have read, understand, and agree to all terms and conditions herein.

Signed _____ Date: _____

Print Name and Title _____

I. OVERVIEW OF REQUESTED SERVICES

The City of Palmer (**city**), a first-class, home-rule municipality, population approximately 6,100, is seeking proposals for general counsel legal services. It is the intention of the city through this solicitation to enter into a contract with a general counsel that will serve the city council, city manager, city clerk, and city staff in various capacities. The city reserves the right to enter into contracts with attorneys other than the general counsel should the council so choose from time to time. Proposals are invited from any qualified State of Alaska licensed attorney-at-law or law firm. Attorneys/Firms (**proposers**) must be qualified to represent the city in all State of Alaska Courts and the U.S. District Court for the District of Alaska.

II. SCOPE OF SERVICES, TERM, AND QUALIFICATIONS

It is the intention of the city to enter into an agreement under which a qualified proposer will provide general counsel legal services on behalf of the city at a fixed hourly rate. The FY 2016 budgeted amount for legal services for the city was approximately \$160,000.00. This includes amounts for general counsel services and also for other legal services.

A. SCOPE OF SERVICES. Proposer is expected to provide the city with general counsel legal services, to include the following:

1. Serve as the legal advisor of and be responsible to the city council, and advise the city manager and city clerk concerning matters affecting city administration, as well as perform other duties as may be prescribed by the city council.
2. Prepare legal documents such as ordinances, resolutions, contracts, conveyances, etc., and legal opinions as needed. Provide limited representation in court, negotiate on the city's behalf and handle other legal matters that may arise.
3. Be readily available for consultation by the city council, city manager, city clerk, and city staff.
4. Draft opinion letters regarding, among other subjects, the interpretation of the city code and charter, state and federal laws, and policies.
5. Perform other such duties as may be prescribed for the city attorney by ordinance or by direction of the city council, city manager, and/or city clerk.
6. Must work effectively with the city council, city manager, city clerk, and city staff, and also with other public agencies with which the city has legal relations.
7. The city attorney or designee is required to attend scheduled city council meetings; unless excused by city council.

B. TERM. The term of the professional services agreement is two years, with three one-year options unilaterally available to the city. The agreement may be terminated at the convenience of the city at any time.

C. QUALIFICATIONS

1. The proposer (or primary attorney for the city in a firm—see III.B.1. below) must be a member in good standing of the State of Alaska Bar Association and be qualified to represent the city in all State of Alaska Courts and the U.S. District Court for the District of Alaska.
2. The proposer (or primary attorney for the city in a firm) should have at least five years of professional experience as legal counsel for an entity such as an Alaska city, municipality, or borough.
3. The proposer (or primary attorney for the city in a firm) should be experienced and proficient in legal matters affecting the city, to include without limitation, Alaska municipal law including AS 29, city charter and code, Matanuska-Susitna Borough Code, other applicable State of Alaska law and federal law.

III. RESPONSE TO RFP.

To achieve a uniform review process and obtain a reasonable degree of comparability, a proposer should submit a Response to RFP following the below contents, which must not exceed fifteen (15) pages in length, double spaced, including Page 1 of this RFP and the Letter of Transmittal. In page 1 of this RFP, provide the name, address, phone number, fax number, website URL of the proposer, together with the name of the person who the city clerk may contact in regard to the RFP. Detail each of the following points in your Proposal:

- A. Letter of Transmittal (limited to one page).
 - 1. Briefly state proposer's understanding of the services to be performed and make a positive commitment to provide the services as specified.
 - 2. Statement confirming the primary attorney expects to be available to perform legal services for the City for five years.
 - 3. Give the name(s) of the person(s) who are authorized to make representations for proposer, their titles and telephone numbers.
 - 4. **The letter must be signed by an individual who has the authority to bind the proposer.**

- B. Statement of Qualifications.
 - 1. Statement of Qualifications of the attorney who will be the primary attorney for the city and who will attend council meetings.
 - 2. Statement of Qualifications of other attorneys, if any, who will support the primary attorney. These attorneys may be in the same firm or available under other arrangement.

The Statement of Qualifications should address the municipal experience, other applicable legal experience, and education of the attorney(s) in III.B.1. and III.B.2. List municipal law cases handled by the primary attorney and supporting attorneys and whether the attorney's clients were the prevailing party or not. In particular, identify and describe the experience over the last five years and the level of expertise in the following areas:

- a. Attendance at council/assembly meetings and related legal issues;
- b. Issues facing the city;
- c. Ordinance drafting;
- d. Zoning and land use regulation;
- e. Ordinance enforcement;
- f. Municipal sales tax law and enforcement;
- g. Public employment labor law;
- h. Municipal purchasing and contracts;
- i. Police liability;
- j. Acquisition and disposition of public property; and
- k. Intergovernmental issues with State and Federal agencies.

- C. Conflicts. List all matters and/or cases where the proposer currently represents an individual or entity with interests potentially adverse to the city, to include without limitation, the Matanuska-Susitna Borough, City of Wasilla, Matanuska-Susitna Borough School District, State of Alaska, University of Alaska, Mat-Su Regional Medical Center, and Alaska Railroad Corporation, etc. Describe the scope of the representation and nature of the conflict.

- D. Availability. Specify how available the primary attorney will be to the city. State whether the city will be primary attorney's main client or one of several or one of many. State the current workload of the primary attorney and how that attorney intends to accommodate the city's work. State the location of the office from which the primary attorney will serve the city.

- E. Disclosure. Disclose any alleged significant prior or ongoing contract failures, contract breaches, any civil or criminal litigation or Bar Association investigation which involve the proposer as a party or in

which the proposer has been judged guilty or liable or sanctioned. This is a mandatory disclosure.

F. Cost. Proposals must state the following cost information:

1. An hourly cost for services to be provided.
2. Travel time cost, if any, including:
 - (a) Cost per hour of travel.
 - (b) Round trip travel time for one meeting located at Palmer City Hall, 231 W. Evergreen Avenue, Palmer, Alaska.
3. Total annual cost to the city for 600 hours of legal services plus attendance at twenty-four four-hour council meetings and ten two-hour consultation meetings at City Hall. This cost is for purposes of comparison and is not a representation of actual legal services to be provided.

Attorney Fees:

| Hourly Fee | Description | Total Fee |
|------------|-----------------------------------|-----------|
| | 600 Hours of Legal Services | \$ |
| | 24 Four-Hour Council Meetings | \$ |
| | 10 Two-Hour Consultations at City | \$ |
| | 10 Travel Time To and From City | \$ |
| | 50 Hours of Paralegal Services | \$ |
| | Grand Total: | \$ |

See Section 5(A) of the Agreement that limits travel time fees.

- G. Municipal experience. List all municipalities for which the proposer has performed legal services in the last five years. Provide a short description of the services, the date performed, and the municipal contact person.
- H. References. Provide a minimum of five (5) references from similar clients, to include local government, state and/or private clients, for whom the proposer has performed legal services within the last three years. **Proposers are required to provide Attachment B, Reference Questionnaire, to the references they list. The references must submit the Reference Form directly to the Palmer city clerk by October 25, 2016.** It is the proposer’s responsibility to ensure that the completed forms are received by the city clerk on or before the proposal submission deadline for inclusion in the evaluation process. References that are not received, or are not complete, may affect the proposer’s evaluation score. The city may contact any or all references for validation of information submitted and other information.
- I. Local Preference. Does the primary attorney have a law office in the City (please provide a City Business License Number), live in the City, or within five (5) miles of City limits. Please provide proof of residency.

IV. PROPOSAL EVALUATION AND AWARD PROCESS

A. Proposals will be evaluated and scored on a 100 point scale based upon the following criteria.

- | | | |
|-------------------------------------|----|--|
| Qualifications of Primary Attorney: | 30 | Based on criteria in III.B., better qualifications--higher score |
| Qualifications of Other Attorneys: | 5 | Based on criteria in III.B., better qualifications--higher score |
| Conflicts (may exclude proposer): | 7 | Based on III.C., more/greater conflicts—lower score |
| Availability: | 7 | Based on III.D., more available—higher score |

| | | |
|------------------------------------|-----------|---|
| Disclosure (may exclude proposer): | 7 | Based on III.E., negative disclosures—lower score |
| Cost: | 20 | Based on III.F., lower cost--higher score |
| Local Preference: | 4 | Based on III.I, full points awarded if local |
| Subtotal for initial selection: | 80 | |
| Council interview | <u>20</u> | Better demonstration of qualifications and ease of understanding for Council—higher score |

Grand Total: 100

Proposals will be kept confidential until a contract is awarded, subject to law.

- B. The city may contact the references provided by the proposer; contact any proposer to clarify a response; contact current and/or prior clients; solicit information from any available source concerning any aspect of a proposal; and see and review any other information deemed pertinent to the evaluation process.
- C. After the proposals are received a panel of three (3) people will initially evaluate and score the proposals, select the top two to five proposals, and submit them to the council for review and interviews. The council will then review selected proposals and interview the selected proposers, provided the council may also review any or all non-selected proposals and interview any or all non-selected proposers. The council may re-evaluate and re-score any or all of the proposals.
- D. At the conclusion of proposal evaluations and interviews, the city council will determine its choice of the highest rated proposer. Any award is contingent upon the successful negotiation of final contract terms and upon approval by the city council. Negotiations shall be confidential and not subject to disclosure to competing proposers unless and until an agreement is reached. If contract negotiations cannot be concluded successfully, the city upon written notice to all selected proposers may negotiate a contract with the next highest scoring proposer or proposers or withdraw the RFP.

V. SUBMITTAL INSTRUCTIONS

A. RFP TIMELINE

| TASK | DATE/TIME |
|---|------------------------------|
| Deadline for submission and opening of proposals | 10/25/16 at 2:00 p.m. |
| Initial evaluation period | 10/25/16 to 10/28/16 |
| Selection for interview with City Council | 10/31/16 |
| Council interview of selected proposers | 11/2/16 to 11/22/16 |
| Selection of attorney/firm | 11/22/16 or later |
| Commencement of services | 1/1/2017 |

NOTE: These dates represent a tentative schedule of events. The city reserves the right to modify these

dates at any time, with appropriate notice to applicable proposers.

- B. Proposers shall submit one (1) original proposal marked "MASTER" and twelve (12) identical copies to: Norma I. Alley, City Clerk, City of Palmer, 231 W. Evergreen Avenue, Palmer, AK 99645.
- C. Proposals shall be clearly labeled in a sealed envelope or box as follows:

REQUEST FOR PROPOSAL: Legal Counsel Services
Proposal opening date: October 25, 2016
- D. Proposals must be received at the above-reference address no later than 2:00 pm on October 25, 2016. Proposals that do not arrive by proposal opening time and date WILL NOT BE ACCEPTED. Proposers may submit their proposal at any time prior to the above stated deadline. Facsimile, email or telephone proposals will NOT be considered.
- E. Proposals may be modified by facsimile, email or written notice, provided such notice is received prior to the opening of the proposals. Proposers may transmit proposal modifications by facsimile or email at their own risk. Only changes in cost information (reduce or increase fee by \$X; reduce or increase total annual cost by \$Y) may be submitted by facsimile or email; do not send actual cost data via facsimile or email. The city will not be responsible for any error or failure in facsimile or email transmission or receipt.
- F. For ease of evaluation, the proposal should be presented in a format that corresponds to and references sections outlined in this RFP, and should be presented in the same order. Responses to each section and subsection should be labeled so as to indicate which item is being addressed.
- G. Proposals should be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP. Expensive bindings, colored displays, promotional materials, etc. are not necessary or desired. Emphasis should concentrate on conformance to the RFP instructions, responsiveness to the RFP requirements, and on complete and clear content.
- H. The proposal must be signed by the individual legally authorized to bind the proposer.

VI. GENERAL TERMS, CONDITIONS AND EXCEPTIONS

- A. Performance of the proposer may be rated semi-annually for the first year following contract award and then annually for the term of the contract by the city council.
- B. The city reserves the right to alter, amend, or modify any provisions of this RFP, or to withdraw this RFP, at any time prior to the award of a contract pursuant hereto, if it is in the best interest of the city to do so.
- C. The city reserves the right to waive informalities and minor irregularities in proposals received.
- D. The city reserves the right to reject any or all proposals received prior to contract award.
- E. The city shall not be obligated to accept the lowest priced proposal, but may make an award in the best interests of the city after all factors have been evaluated.
- F. Alterations, modifications or variations to a proposal may not be considered unless authorized by the RFP or by addendum or amendment.

- G. Proposals may be withdrawn by written or facsimile notice received prior to the proposal opening time. Withdrawals received after the proposal opening time will not be considered. Proposers transmit proposal withdrawals by facsimile at their own risk. The city will not be responsible for any error or failure in facsimile transmission or receipt.
- H. Prices offered by proposers in their proposals are an irrevocable offer for the term of the contract, provided that the proposer may increase its hourly fee \$5 per year for each one-year extension the city chooses to exercise. The awarded proposer agrees to provide the services at the costs, rates and fees as set forth in its proposal in response to this RFP (plus any applicable \$5 per year increase noted above). No other costs, rates or fees shall be payable to the awarded proposer for implementation of their proposal.
- I. The city will not be liable for any costs incurred by a proposer to prepare its proposal. Costs to develop the proposals and any other such expenses incurred by the proposer in responding to the RFP are entirely the responsibility of the proposer and shall not be reimbursed in any manner by the city.
- J. All proposals submitted become the property of the city and will be returned only at the city's option and at the proposer's request and expense. The master copy of each proposal shall be retained for official files and will become public record after the award of the contract.
- K. The city will not be liable for federal, state or local excise taxes.
- L. Proposer's response to this RFP shall constitute an agreement to all terms and conditions specified in the RFP, including, without limitation, the Attachment A professional-services- agreement form and all terms and conditions therein, except such terms and conditions that the proposer expressly excludes, which must be written in ***bold, italicized, and underscored font***. Exceptions will be taken into consideration as part of the evaluation process.
- M. The city reserves the right to negotiate final contract terms with any proposer selected. The contract between the parties will consist of the RFP, including the professional services agreement form, together with any modifications thereto, and the awarded proposer's proposal, together with any modifications and clarifications thereto that are submitted at the request of the city during the evaluation and negotiation process.
- N. Proposer understands and acknowledges that the representations above are material and important, and will be relied on by the city in evaluation of the proposal. Any proposer misrepresentation may be treated as fraudulent concealment from the city of the true facts relating to the proposal.
- O. The city reserves the right to conduct a background inquiry of each proposer that may include collection of appropriate criminal history information, contractual and business associations and practices, Bar sanctions and reprimands, employment histories and reputation in the legal and business communities. By submitting a proposal to the city, the proposer consents to such an inquiry.
- P. All interested and qualified proposers will be considered, but not every proposer need be interviewed.
- Q. The city is an equal opportunity employer and complies with Title I of the American with Disabilities Act. Proposers who need accommodation to respond to this RFP may call the city clerk at 907-761-1301.

Attachment A: City of Palmer professional services agreement form.

Attachment B: Reference Questionnaire.

(End of RFP)

PROFESSIONAL SERVICES AGREEMENT

THIS Agreement made and entered into this 14th day of December, 2016, by and between the City of Palmer, an Alaska municipal corporation (the City), and Jermain, Dunnagan & Owens, P.C. (Attorney).

Section 1. Engaged Employment of Attorney

The City hereby agrees to engage the Attorney and the Attorney hereby agrees to perform the services hereafter set forth.

Section 2. Attorney's Representations and Warranties, and Manner of Performance

- (A) Attorney hereby represents and warrants to the City, and the City relies upon said representations and warranties, that Attorney is a professional in the subject area in which services are to be provided and that Attorney has more than adequate experience, skill, knowledge, and competence to perform the services set forth in this Agreement.
- (B) Attorney accepts the relationship of trust and confidence between it and the City. Attorney covenants to perform its services under this Agreement with due diligence, due care, and in a good and professional manner.

Section 3. Scope of Services

- (A) Serve as the legal advisor of and be responsible to the City Council, and advise the City Manager, and City Clerk concerning matters affecting City administration, as well as perform other duties as may be prescribed by the City Council.
- (B) Prepare legal documents such as ordinances, resolutions, contracts, conveyances, etc., and legal opinions as needed. Provide limited representation in court, negotiate on the City's behalf and handle other legal matters that may arise.
- (C) Be readily available for consultation by the City Council, City Manager, City Clerk, and City staff.
- (D) Draft opinion letters regarding, among other subjects, the interpretation of the Palmer Municipal Code and Charter, state and federal laws, and policies.
- (E) Perform other such duties as may be prescribed for the City Attorney by ordinance or by direction of the City Council and/or City Manager.
- (F) Must work effectively with the City Council, City Manager, City staff, and also with other public agencies with which the City has legal relations.
- (G) The City Attorney, or designee, is required to attend scheduled city council meetings; unless excused by City Council, Mayor or Manager.

Section 4. Time of Performance

The services of the Attorney shall commence on January 1, 2017, for a term of two years, with three one-year extension options unilaterally available to the City. The period of performance may be extended for additional

periods beyond five years only by the mutual written agreement of the parties. The agreement may be terminated at the convenience of the City at any time.

Section 5. Compensation

- (A) Subject to the provisions of this Agreement, the City shall pay the Attorney a total sum for all legal services, all non-secretarial paralegal services, approved third-party expenses, and all allowed travel time for the term of this Agreement in accordance with the following provisions:
 - (1) Hourly cost for services to be provided:
 - Shareholder/Of Counsel Attorneys: \$205.00/Hour
 - Associate Attorneys: \$185.00/Hour
 - Paralegals: \$100.00/Hour
 - (2) No travel time shall be charged to and from Palmer for council meetings. Travel time for other business to and from Palmer may not exceed two hours total. Subject to the prior limitations, travel time may be charged at Attorney's normal travel time rate.
- (B) Attorney may increase its hourly fee \$5.00 per year for each one-year extension the City chooses to exercise.
- (C) Except as otherwise provided in this Agreement, the City shall not provide any additional compensation, payment, use of facilities, service or other thing of value to the Attorney in connection with performance of Attorney's duties under this Agreement. The parties understand and agree that, except as otherwise provided in this section, administrative overhead and other indirect or direct costs the Attorney may incur in the performance of its obligations under this Agreement have already been included in computation of the Attorney's fee and may not be charged to the City.

Section 6. Method and Time of Payment

- (A) The City will compensate the Attorney in accordance with Section 5, which compensation shall constitute the full and complete compensation for the Attorney's services and performance under this Agreement. Payments will be made on receipt of monthly billing.
- (B) No payment will be disbursed until approved by the City. The City Manager shall review Attorney's billings in a timely manner, and to request from the Attorney necessary explanations or additional documentation within fifteen (15) days of receipt of billing by the City. The City expects to pay within thirty-one (31) days of receipt of billing or receipt of requested explanations or documentation acceptable to the City, whichever is later.

Section 7. Termination of Agreement for Cause

If, through any cause, the Attorney shall fail to fulfill in a timely and proper manner its obligations under this Agreement, or if the Attorney shall violate any of the covenants, agreements, or stipulations of this Agreement, the City shall thereupon have the right to terminate this Agreement by giving written notice to the Attorney of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. All finished or unfinished documents, data, studies, surveys and reports or other material (to include without limitation data and information kept on computer, disk, video, tape, etc.) prepared by the Attorney arising out of or connected with this Agreement are the property of the City and shall be delivered to the City by or upon the effective date of termination or upon request. The Attorney shall be entitled to

receive compensation in accordance with the payment provisions of Section 5 of this Agreement only for work completed to the City's satisfaction in accordance with Section 5 of this Agreement and the other terms of this Agreement.

Section 8. Termination for Convenience of City

The City may terminate this Agreement at any time by giving written notice to the Attorney of such termination and specifying the effective date of such termination. All finished or unfinished documents and other materials as described in Section 7 are the property of the City and shall be delivered to the City by or upon the effective date of execution of this section. The Attorney shall be entitled to receive compensation in accordance with the payment provisions of Section 5 of this Agreement only for work completed to the City's satisfaction in accordance with Section 5 of this Agreement and the other terms of this Agreement. If this Agreement is terminated due to the fault of the Attorney, Section 7 of this Agreement shall govern the rights and liabilities of the parties.

Section 9. Causes Beyond Control

In the event the Attorney is prevented by a cause or causes beyond control of the Attorney from performing any obligation of this Agreement, non-performance resulting from such cause or causes shall not be deemed to be a breach of this Agreement, which will render the Attorney liable for damages or give rights to the cancellation of the Agreement for cause, provided that Attorney duly and timely notifies the City in writing of the cause or causes, which writing must be titled "Cause or Causes Beyond Control of Attorney." However, if and when such cause or causes cease to prevent performance, the Attorney shall exercise all reasonable diligence to resume and complete performance of the obligation with the least possible delay. The phrase "cause or causes beyond control," as used in this section, means any one or more of the following causes which are not attributable to the fault or negligence of the Attorney and which prevent the performance of the Attorney: fire, explosions, acts of God, war, orders or law of duly constituted public authorities, and other major uncontrollable and unavoidable events, all of the foregoing which must actually prevent the Attorney from performing the terms of the Agreement as set forth herein. Events which are peculiar to the Attorney and would not prevent another Attorney from performing, including, but not limited to financial difficulties, are not causes beyond the control of the Attorney. Based on Attorney's "Cause or Causes Beyond Control of Attorney," the City will determine whether the event preventing the Attorney from performing is a cause beyond the Attorney's control.

Section 10. Modifications

- (A) The parties may mutually agree to modify the terms of the Agreement only by means of an agreement in writing signed by both parties. Modifications to the Agreement shall be incorporated into the Agreement by written amendments.
- (B) It is expressly understood that the City may require changes in the scope of services and an unreasonable refusal by the Attorney to agree to modification in the scope of services will be the basis for termination of the Agreement for cause.

Section 11. Equal Employment Opportunity

The Attorney will not discriminate against any employee or applicant for employment in violation of law, to include without limitation, because of race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam era. The Attorney shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam

era. Such actions shall include, but not be limited to the following: employment, upgrading, demotions, or transfers; recruitment or recruitment advertising; layoffs or terminations; rates of pay or other forms of compensation; selection for training, including apprenticeship; and participation in recreational and educational activities. The Attorney agrees to post in conspicuous places in its office available for employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause. The Attorney will, in all solicitations or advertisements for employees placed by or on behalf of the Attorney; state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam era. The Attorney will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement.

Section 12. Interest of Members of City and Others

No officer, member or employee of the City and no member of its governing body, and no other public official of the governing body shall participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested or having any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.

Section 13. Non-Assignability

- (A) The Attorney shall not assign any interest in this Agreement and shall not transfer any interest in the same (whether by assignment or novation) without the prior written consent of the City, thereto; provided, however that claims for money due or to become due to the Attorney from the City under this Agreement may be assigned by court order or to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City, or the Attorney shall be responsible to the City for any moneys due the assignee of this Agreement which are paid directly to the Attorney.
- (B) The Attorney shall not delegate duties or otherwise subcontract work or services under this Agreement without the prior written approval of the City.

Section 14. Interest of Attorney

The Attorney covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The Attorney further covenants that in the performance of this Agreement it shall not knowingly employ any person having any such interest and that it shall reasonably inquire of all its employees to determine that they have no such interest.

Section 15. Findings Confidential

Except as required by law, including court orders directing disclosure, any reports, information, data, etc., given to or prepared or assembled by the Attorney under this Agreement which the City requests to be kept confidential shall not be made available to any individual or organization by the Attorney without the prior written approval of the City.

Section 16. Officials Not to Benefit

No members of the Congress of the United States and no resident commissioner shall be admitted to any share or part thereof or to any benefit to arise from this Agreement. No member of the legislature or officer of the

state of Alaska or the City shall be admitted to any share or part hereof or to any benefit to arise from this Agreement.

Section 17. Publication, Reproduction and Use of Materials

No material produced, in whole or in part, under this Agreement shall be subject to copyright in the United States or in any other country. The City shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports, data or other materials prepared under this Agreement.

Section 18. Audits and Inspections of Records

- (A) At any time during normal business hours and as often as the City may deem necessary, there shall be made available for examination all of Attorney's records with respect to all matters covered by this Agreement and Attorney will permit representatives of the City to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this Agreement. Except in case of emergency, Attorney must make such records available upon five (5) days notice. In case of emergency, Attorney must make such records available immediately upon request. In performing such audits and investigations, the City and its representatives shall not unduly interfere with the ability of Attorney to perform his duties under this Agreement.
- (B) Attorney files will be retained in accordance to City's Records Retention Schedule. Attorney will provide the City Clerk with a report and obtain written authorization prior to destruction of any records.
- (C) Upon termination of this agreement, all Attorney's records will be turned over to the City Clerk as described in Section 7.

Section 19. Jurisdiction; Choice of Law

Any civil action arising from this Agreement shall be brought in the superior court for the third judicial district of the state of Alaska at Palmer. The law of the state of Alaska shall govern the rights and obligations of the parties.

Section 20. Non-Waiver

The failure of the City at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provisions, nor in any way affect the validity of this Agreement or any part thereof, or the right of the City thereafter to enforce each and every provision hereof.

Section 21. Permits, Laws and Taxes

The Attorney shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to the performance under this Agreement. In performing its obligations under this Agreement, Attorney shall comply with all applicable statutes, ordinances, rules and regulations. The Attorney shall pay all taxes pertaining to its performance under this Agreement.

Section 22. Relationship of the Parties

The Attorney shall perform its obligations hereunder as an independent contractor of the City. The City may administer this Agreement and monitor the Attorney's compliance with this Agreement but shall not supervise or otherwise direct the Attorney except to provide recommendations and to provide approvals pursuant to this Agreement.

Section 23. Administration of this Agreement

- (A) The City Manager or designee will be the representative of the City administering this Agreement.
- (B) The services to be furnished by the Attorney shall be administered by the City Manager. In the event that Attorney is unable to serve for any reason to perform his obligations under this Agreement, the Attorney shall appoint a successor in interest but such appointment will be subject to a written approval of the City.

Section 24. Integration

This instrument and all appendices and amendments hereto embody the entire agreement of the parties. There are no promises, terms, conditions or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the parties. To the extent they are not inconsistent with the terms of this Agreement; the following documents are incorporated by reference into this Agreement as if fully set forth herein:

Section 25. City Held Harmless

- (A) The Attorney shall indemnify, defend, save and hold the City harmless from any lawsuit, action, claim or liability, including reasonable attorney's fees and costs, arising out of or related to any wrongful or negligent act, error or omission of the Attorney or any sub-Attorney as a result of the Attorney's or any sub-Attorney's performance pursuant to this Agreement.
- (B) The Attorney shall not indemnify, defend, save and hold the City harmless from any lawsuit, action, claim or liability, including reasonable attorney's fees and costs, arising out of wrongful or negligent acts, errors or omissions solely of the City occurring during the course of or as a result of the performance of this Agreement.
- (C) Where lawsuits, actions, claims or liability, including reasonable attorney's fees and costs, arise out of wrongful or negligent acts of both the Attorney and the City occurring as a result of the performance of this Agreement, the Attorney shall indemnify, defend, save and hold the City harmless from only that portion of the lawsuit, action, claim or liability, including reasonable attorney's fees and costs, arising out of or related to any wrongful or negligent act, error or omission of the Attorney or any sub-Attorney as a result of the Attorney's or any sub-Attorney's performance pursuant to this Agreement.

Section 26. Interpretation and Enforcement

This Agreement is being executed by the parties following negotiations between them. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The titles of sections in this Agreement are not to be construed as limitations or definitions but are for identification purposes only.

Section 27. Attorney Insurance

- (A) The Attorney will maintain during the course of the contract attorney's errors and omissions insurance in the amount of at least \$1,000,000 per claim and \$2,000,000 aggregate, with a deductible no greater than \$25,000. In addition, if the policy is a claims-made policy; the Attorney must maintain such policy of insurance after the termination of the contract for a period of six years or alternatively obtain an extended reporting endorsement (tail coverage) for six years after the termination providing the same coverage, or a combination of the two. Attorney shall annually provide the City with a certificate of insurance for errors and omissions insurance from attorney's insurance company showing the then-current coverage limits (including extended reporting endorsement, if applicable).
- (B) The Attorney will, at its own expense, secure and maintain and file a certificate of insurance with the City with acceptable insurance coverage, including defense and indemnification of the City. The insurance policies will be secured with insurance companies that are admitted carriers to State of Alaska or an approved Surplus Lines carrier in State of Alaska with an AM Best rating of A+7 or better.
- (1) Crime Insurance Coverage: Limit \$1,000,000 endorsed to include third party coverage for the City of Palmer.
 - (2) Comprehensive General Liability or Commercial General Liability Coverage: Limit \$1,000,000 per claim and \$2,000,000 aggregate Bodily Injury and Property Damage, combined Single Limit. Coverage to include:
 - Premises Operation
 - Products/Completed Operations
 - Independent Contractors
 - Blanket Contractual
 - Broad Form Property Damage
 - Personal Injury with Exclusion "C" deleted
 - (3) Worker's Compensation Insurance in compliance with the laws of the State of Alaska, AS 23.30, et. seq., and federal jurisdiction where the work is being performed, covering all employees engaged in the performance of the work specified in this Agreement. Employer's liability limits shall be: \$100,000 each accident; \$500,000 disease--policy limit; and \$100,000 disease--each employee.
 - (4) Comprehensive Automobile Liability: Limit \$1,000,000 Bodily Injury and Property Damage, Combined Single Limit. Coverage to include all owned or rented/leased vehicles driven by employees engaged in the performance of the work specified in this Agreement.
 - (5) Unemployment Insurance by payment of employment security taxes for all employees hired by the Attorney to work on this project. In the event of the Attorney's failure to pay such taxes, the City will withhold an amount sufficient to pay such taxes from any payments owed to the Attorney by the City. The City also reserves the right to contact the Alaska State Department of Labor, in order to determine whether unemployment security taxes have been paid by the Attorney. The City further reserves the right to withhold that portion of employment security taxes owed to any employees pending notification of the Attorney's unemployment security tax clearance from the Alaska State Department of Labor.

- (6) Cyber Liability: Limit \$1,000,000 endorsed to include third party coverage for the City of Palmer.
- (C) A lapse in insurance coverage is a material breach of this Agreement, which may result in immediate termination of the Agreement, pursuant to Section 7 for Cause.
- (D) Each policy of insurance required by this section shall provide for no less than 30 days' advance notice to the City prior to cancellation. Each policy (other than for worker's compensation and Errors and Omissions) shall name the City as an additional insured. Each policy shall be endorsed to waive all rights of subrogation against the City by reason of any payment made for claims under the above coverage. Attorney's insurance coverage shall be primary to any coverage carried by the City, which covers the work specified in this Agreement.

Section 28. Understanding

The Attorney acknowledges that the Attorney has read and understands the terms of this Agreement, has had the opportunity to review the same with counsel of its choice, and is executing this Agreement of his own free will.

Section 29. Severability

If any section or clause of this Agreement is held invalid by a court of competent jurisdiction, or is otherwise invalid under the law, the remainder of this Agreement shall remain in full force and effect.

Section 30. Compliance with Law

Attorney shall comply with all applicable Federal, State of Alaska and City laws, regulations, and ordinances in performing his duties hereunder.

Section 31. Notices

Any notice required pertaining to the subject matter of the Agreement shall be personally delivered or mailed by prepaid first-class, registered or certified mail to the following address:

City: City Manager
City of Palmer
231 W. Evergreen Ave.
Palmer, AK 99645

Attorney: Jermain, Dunnagan & Owens, P.C.
3000 A Street, Suite 300
Anchorage, AK 99503

CITY OF PALMER

ATTORNEY:

Nathan E. Wallace, City Manager

Michael R. Gatti, Shareholder Attorney