

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING
DRAFT AGENDA
October 21, 2015
1:00 p.m. – 3:00 p.m.

Teleconference Information
Call in Number: (866) 469-3239
Meeting/Session Number: 800 992 019 #
Attendee Number: #

Call to Order (Chair Larry Norene)

Committee Members (Voting):

Laraine Derr
Paula Easley
Mary Jane Michael
Carlton Smith
Russ Webb, Ex Officio
John Morrison, Staff

Announcements

Approval of Agenda

Approval of Minutes

1. Consultation
 - a) Kenai Fuel Mitigation (Item A)
 - b) Ophir Competitive Mineral Lease Offering (Item B)
 - c) Assets Building Lease Renewal (Item C)

2. Approval
 - a) Cushman Street Building (Item 1)

3. Updates

4. Monthly Report Questions

5. Other

6. Adjourn

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE

August 5, 2015

9:30 a.m.

Taken at:

Alaska Mental Health Authority
3745 Community Park Loop, Suite 200
Anchorage, Alaska 99508

OFFICIAL MINUTES

Trustees present:

Larry Norene, Chair
Mary Jane Michael
Paula Easley
John McClellan (via Speakerphone)
Russ Webb
Laraine Derr
Carlton Smith

Trust staff present:

Jeff Jessee
Steve Williams
Miri Smith-Coolidge
Nancy Burke
Kevin Buckland
Mike Baldwin

TLO staff present:

John Morrison
Craig Driver
Sarah Morrison
Connor Michael
Mike Franger

PROCEEDINGS

CHAIR NORENE calls the Resource Management Committee meeting of August 6, 2015, to order. He asks for any announcements. There being none, he moves to the agenda and asks for any changes or additions. There being none, he moves to the minutes of April 16, 2015 and May 13, 2015.

TRUSTEE MICHAEL makes a motion to approve the minutes of April 16, 2015.

There being no objection, the motion is approved.

TRUSTEE DERR makes a motion to approve the minutes of May 13, 2015.

There being no objection, the motion is approved.

CHAIR NORENE moves to consultations and recognizes Mike Franger on the negotiated oil and gas lease.

CONSULTATIONS

MR. FRANGER states that this is a proposal to issue a negotiated oil and gas lease to Doyon, Limited, for about 9400 acres in the Nenana area. It would be a ten-year lease, 12-and-a-half percent production royalty on anything produced from the lease rentals which would start at \$3 an acre and escalate to \$5 an acre for the term of the lease. He continues that Doyon is committed to continue exploring in the area. He adds that there are no unusual concerns or costs associated with the proposal. He states that the recommendation would be to issue a negotiated lease with Doyon.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommend that the Trust Authority Board of Trustees concur with the negotiated lease of Trust land near Nenana with Doyon, Limited, for the exploration and development of oil and gas resources.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

FY17 TLO BUDGET REQUEST

MR. MORRISON states that in considering the TLO budget requests the following important questions need to be asked: What is the TLO's mission? What is the TLO? What challenges does the TLO face? What opportunities may the TLO pursue, and what is the cost? He continues that the TLO mission, as found in the regulations, is to maximize the long-term revenue from Trust land; protection of the corpus; protection and enhancement of the long-term productivity of the Trust land; incur diversity of the long-term use of Trust land; management of Trust land permanently, efficiently, and with accountability to the Trust and its Beneficiaries. He states that the TLO is a fixed-asset manager of a portfolio with a value in excess of a billion

dollars. Through the management of this portfolio, the TLO is actively involved in several diverse industries, and it has a meaningful impact on the state's economy, as a whole. He adds that the gross value of the products and services on Trust land average roughly 2 to 3 percent of the entire Alaskan economy, which is in the \$50 billion range. He moves on and talks about some of the current challenges faced. He then talks about the opportunities that are being pursued and others that need to be pursued, giving a few examples. He states that in FY15 the TLO is estimated to have made \$12,800,000 and only spent \$3,600,000, for a return on investment of 355 percent. The TLO is asking for continuing investment in the future of the Trust. He continues that the request asks for a budget increase of 1.75 percent, or a total of \$4,397,500. He goes through this increase in greater detail.

TRUSTEE EASLEY asks Mr. Morrison how he feels about the adequacy of the TLO staff at this time.

MR. MORRISON replies that the TLO has a wonderful staff and is very fortunate to have these people. He talks about the continued challenges about recruiting, and adds that it becomes harder and harder to entice people to come for similar wages and less benefits. He explains that there is a specific need to address a Long Term Non-Perm PCN for the TLO mapping specialist which expires in September 2016. A solution to the PCN problem would be a conversion of the PCN to a full-time position, and having that person also serve as both the information systems administrator and mapping specialist.

A discussion ensues on the aging legacy systems and the impact of these issues.

TRUSTEE WEBB asks if the proposed FY17 budget includes money for converting the long-term nonperm position to a permanent position.

MR. MORRISON replies no.

A discussion on the subject ensues.

TRUSTEE WEBB asks if the Trustees specifically need to add that money to the budget for that position separate from the opportunity coming.

The discussion continues.

TRUSTEE WEBB suggests, for clarity, to have that position planned in the budget. He states that the point is to make absolutely clear what the intention of the Trust is.

CHAIR NORENE asks for any other comments or questions. Hearing none, he entertains a motion.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends that the Trust Authority Board of Trustees approve the Trust Land operating budget for FY17 in the amount of \$4,397,500.

TRUSTEE EASLEY seconds.

There being no objection, the motion is approved.

CHAIR NORENE states that the next item is updates.

UPDATES

MR. MORRISON states that the fires across the state did affect Trust land. He continues that roughly 1,000 acres of surface estate burned, which included black spruce and swamp. The loss did not include any timber value. He states that the San Antonio acquisition is moving forward, and all of the due diligence passed. The hope is to close in August, but there is not a firm date. The Austin property loan closed in June, and a little over \$10,200,000 was returned to the Trust; partially in June and partially in July. He moves on to Chuitna, which holds a great possibility for the Trust. There are two processes that have to play out: a water rights issue, where the organization, PacRim Coal applied for a stream flow reservation; and the other application is to preserve water where it is without movement. He states that the Native American Rights Federation, NARF, has submitted a report that seeks to designate the entire Chuitna watershed as traditional cultural lands. If that is found to be the case, the next step would be that the land is unsuitable for mining and there will be no mine. He states that the recruiting for the Southeast manager position was unsuccessful, and we will try again. He states that Icy Bay is an area with heavy mineral sands and has a representative sample of the mineral potential for the entire area. He adds that it seems to be readily marketable as a real project. He goes through a few more quick updates and moves to the land exchange. He shares a very simplified schematic of what this land exchange is, explaining as he goes along.

A short discussion and explanation ensues.

MR. MORRISON concludes his update.

CHAIR NORENE asks for anything else to come before the committee. There being none, he asks for a motion to adjourn.

TRUSTEE DERR makes a motion to adjourn the meeting.

TRUSTEE WEBB seconds.

There being no objection, the meeting is adjourned.

(Resource Management Committee meeting adjourned at 10:30 a.m.)



To: Larry Norene, Chair
Resource Management Committee
From: Paul Slenkamp
Date: 10/21/2015
Re: Kenai Fuel Mitigation, MHT 9200641, Item A
Fiscal Year: 2016

Consultation

Proposed RMC Motion:

“The Resource Management Committee recommends that the Trust Authority board of trustees concur with the disposal of timber through negotiated sales on Trust land near Nikiski.”

Background:

Revenue Projections:	Principal	\$76,500
	Income	\$13,550

Transaction/Resource: Timber sale

Property Description/Acreage/MH Parcel(s): SM-7004; SM-7005; SM-7006; SM-7007; SM-7008

General Background: The intensity of catastrophic wildfires has increased on the Kenai Peninsula over the past several decades due to spruce bark beetle activity. Although beetle activity on the Kenai is not as prevalent as it was in the 1990's, the beetle is still active. The spruce bark beetle eats the cambium layer under the bark of trees which results in tree mortality. Wildland fires supported by these types of fuels are extremely difficult to contain. *This was demonstrated in the summer of 2015 when over 8,000 acres and several homes were consumed by wildfire in Kenai.* The proposed fuel mitigation project will occur on approximately 900 acres of Trust land in the form of a timber sale(s). The proposal is to perform fuel reduction through timber harvest. The harvest will be selective and remove only dead and dying spruce, blown down trees and mature trees over 10" in diameter. The timber sale will retain aspen, 75% of birch and live spruce less than 10" in diameter. The proposed fuel mitigation treatment occurred on adjacent lands owned by the Kenai Peninsula Borough and Department of Natural Resources as well as other Trust lands in the area in 2004.

Anticipated Revenues/Benefits: The total return to the Trust will be up to \$90,000 over eight years. The proposed timber sale will accomplish fuel reduction to reduce danger of catastrophic wildfire.

Anticipated Risks/Concerns: There is no anticipated concern over this harvest. The project is in the interest of public safety. The action is similar to treatments undergone by adjacent landowners. All timber harvested will be sold to local markets.

Project Costs: Costs will include staff time and sale oversight provided by a Reimbursable Service Agreement with the Division of Forestry, which is expected to be less than \$10,000 over the term of project.

Other Considerations: Fuel treatment on these Trust lands is similar to the actions taken by adjacent land owners. The TLO conducted similar fuel reduction treatments on adjacent lands in 2004.

Due Diligence: A site inspection was conducted by TLO staff, Division of Forestry personnel, and a potential operator. TLO staff has considerable experience in timber sales and fuel reduction projects throughout Alaska. Timber values have been estimated by the TLO and are consistent with adjacent fuel reduction timber sales.

Alternatives:

Do Nothing: This alternative would leave the area with current fuel buildup. Studies have shown that untreated lands in a wildfire burn hotter spread faster and are more difficult to contain.

Put entire 900 acre area in single contract: This alternative would be desirable to the TLO for administrative purposes. It is unlikely that the current proposer would have financial wherewithal for a contract of that proportion.

Split sale area into units of about 100 acres then sell: These smaller sale areas will take approximately 1 year to harvest. If additional local contractors are identified new sales can be negotiated. These sales would be administered by the Division of Forestry. This is the preferred alternative allowing work to go forward while reducing the risk of wildfire.

Consistency with the Resource Management Strategy: The proposal is consistent with the Resource Management Strategy for Trust land, which was adopted January 2015 in consultation with the Trust and provides for harvest of timber on parcels which prove to be profitable and the timber is considered to be decreasing in value.

Trust Land Office Recommendation: The TLO recommends that it is in the Trust's best interest to proceed with the Kenai Fuel Reduction project in the form of the proposed timber sale.

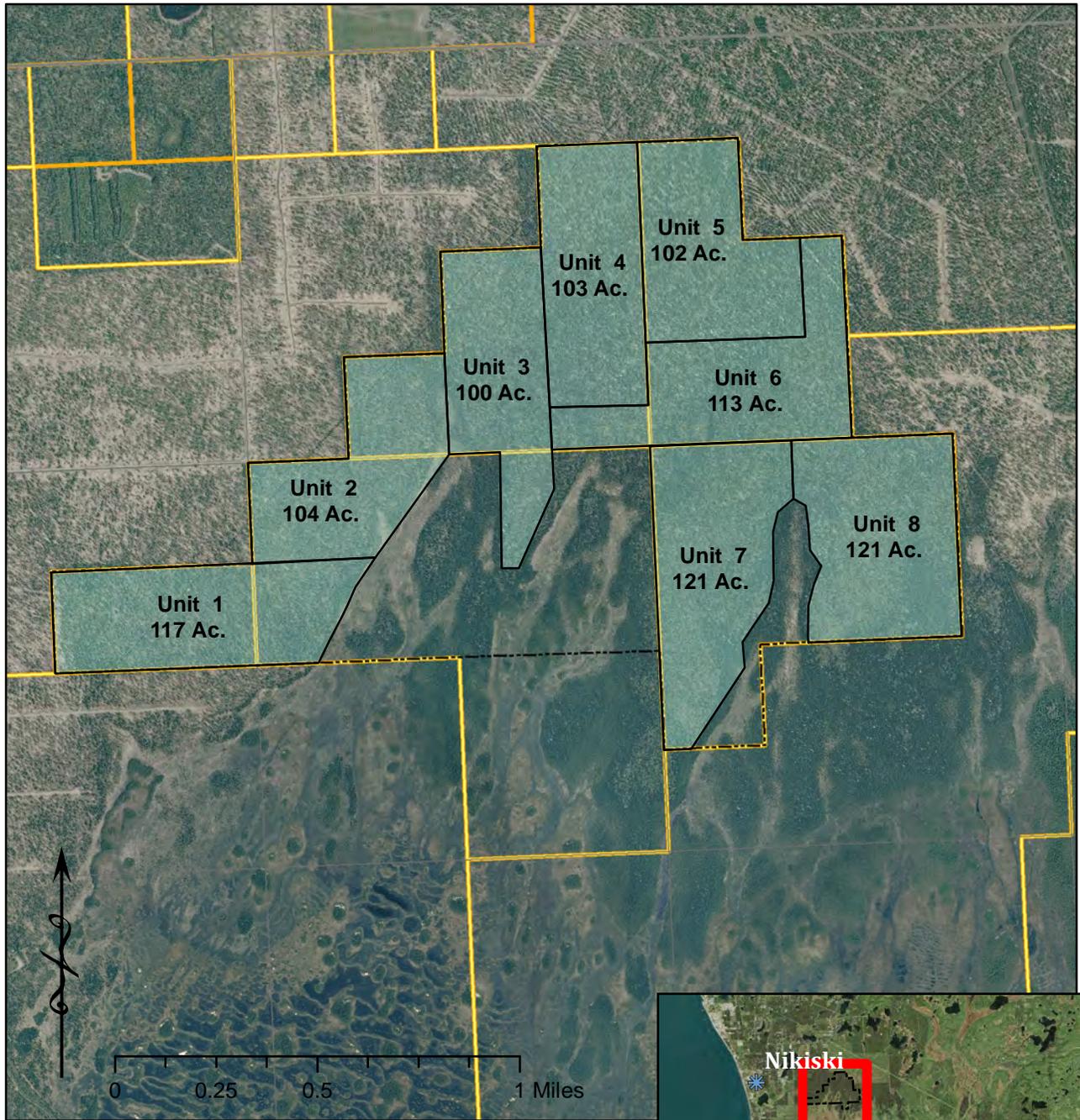
Applicable Authority: Alaska Statutes 37.14.009(a), and 11 AAC 99.

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust will be consulted regarding the changes.

Schedule of Actions:

Resource Management Committee Consultation:	10/21/2015
Trust Authority Consultation:	11/18/2015
Complete Best Interest Decision:	11/19/2015
Public Notice:	11/20/2015

Exhibit(s): Timber Sale Map



Kenai Fuel Mitigation Project

Project Will Be Sold in 8 Separate Units

- Mental Health Trust Land
- MHT 9200641
- Outline of Entire Timber Sale Area
- Approximate Sale Unit Boundaries

Source: Esri, DigitalGlobe, GeoEye, i-cubed, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community



To: Larry Norene, Chair
Resource Management Committee
From: Karsten Eden, Trust Land Office
Date: 10/21/2015
Re: Ophir Competitive Mineral Lease Offering, Item B
Fiscal Year: 2016

Consultation

Proposed RMC Motion:

“The Resource Management Committee recommends that the Trust Authority board of trustees concur with the competitive leasing of land at Ophir for mineral exploration and development.”

Background:

Revenue Projections:	Principal Income	(unknown) (\$23,824/year)
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Transaction/Resource: Competitive leasing of unencumbered Trust land for mineral exploration and development.

Property Description/Acreage/MH Parcel(s): All of MHT parcel no. K70185, described as the Ophir Block, and further described as all or portions of Sections 34 and 35, Township 27 South, Range 12 East, and Sections 1-4, 9-16, and 21-28, Township 28 South, Range 12 East, Kateel River Meridian, comprising 11,912 acres, more or less.

General Background: This block of Trust land is located in the Ophir area in the Mt. McKinley Mining District. It is situated along a mineralized trend called the Tintina Gold Belt that includes known mineral occurrences such as the Donlin Creek gold prospect, Nixon Fork, Fort Knox, and Pogo. The block has been leased twice in the past for lode deposit exploration. Parts of the block were also leased for placer mining. All leases are now terminated. Although these are challenging times in the mining industry, there is some indication that interest exists in the industry for intrusion related gold deposits that are located in safe jurisdictions, so this may be an opportune time to offer this property.

Anticipated Revenues/Benefits:

- The lease will be issued for a primary term of three years, and is renewable for two additional three year periods and then can be extended by production. Annual rental payments will be:
- \$2.00 per acre for years 1-3;
- \$4.00 per acre for years 4-6; and \$10.00 per acre thereafter.
- The lease will provide a Production Royalty of 3.0% NSR for the first sixty months of the lease, and 3.5% NSR thereafter.

The annual work requirement is:

- \$20 per acre for years 1-3;
- \$40 per acre for years 4-6, and
- \$60 per acre thereafter.

Anticipated Risks/Concerns: The block was offered competitively in January 2010 and April 2012 with an emphasis on hard rock gold exploration leading to lode gold extraction. No interest was received in those offerings.

Project Costs: No significant costs are anticipated other than for periodic site visits and normal lease administration.

Other Considerations: This land is located within a broad band of mineralization known as the Tintina Gold Province. Within the Tintina Gold Province, large gold deposits such as Donlin Creek, Fort Knox and Pogo clearly demonstrate the fertile characteristics of this geologic environment.

Due Diligence: TLO staff is familiar with the proposed lease area, having visited during past leasing activity. Land to be offered, the sale process, and significant lease terms have been determined as a result of lengthy internal staff analysis and review.

Alternatives: Do not lease land for mineral exploration.

Consistency with the Resource Management Strategy: The proposal is consistent with the "Resource Management Strategy for Trust land" (RMS), which was adopted January 2015 in consultation with the Trust and provides for the TLO to focus first on land or resources at the high end of their market values ("best markets"). Given the current market values of base and precious metals, the prospective mineral lands affected by this decision are in a "best market" situation and should be offered now rather than later. Further, the action is a step towards generating potentially significant revenues from Trust mineral resources, consistent with a key trust land management principle of encouraging a diversity of revenue generating uses of Trust land.

Trust Land Office Recommendation: Offer competitive lease of all of the Ophir Block mineral estate.

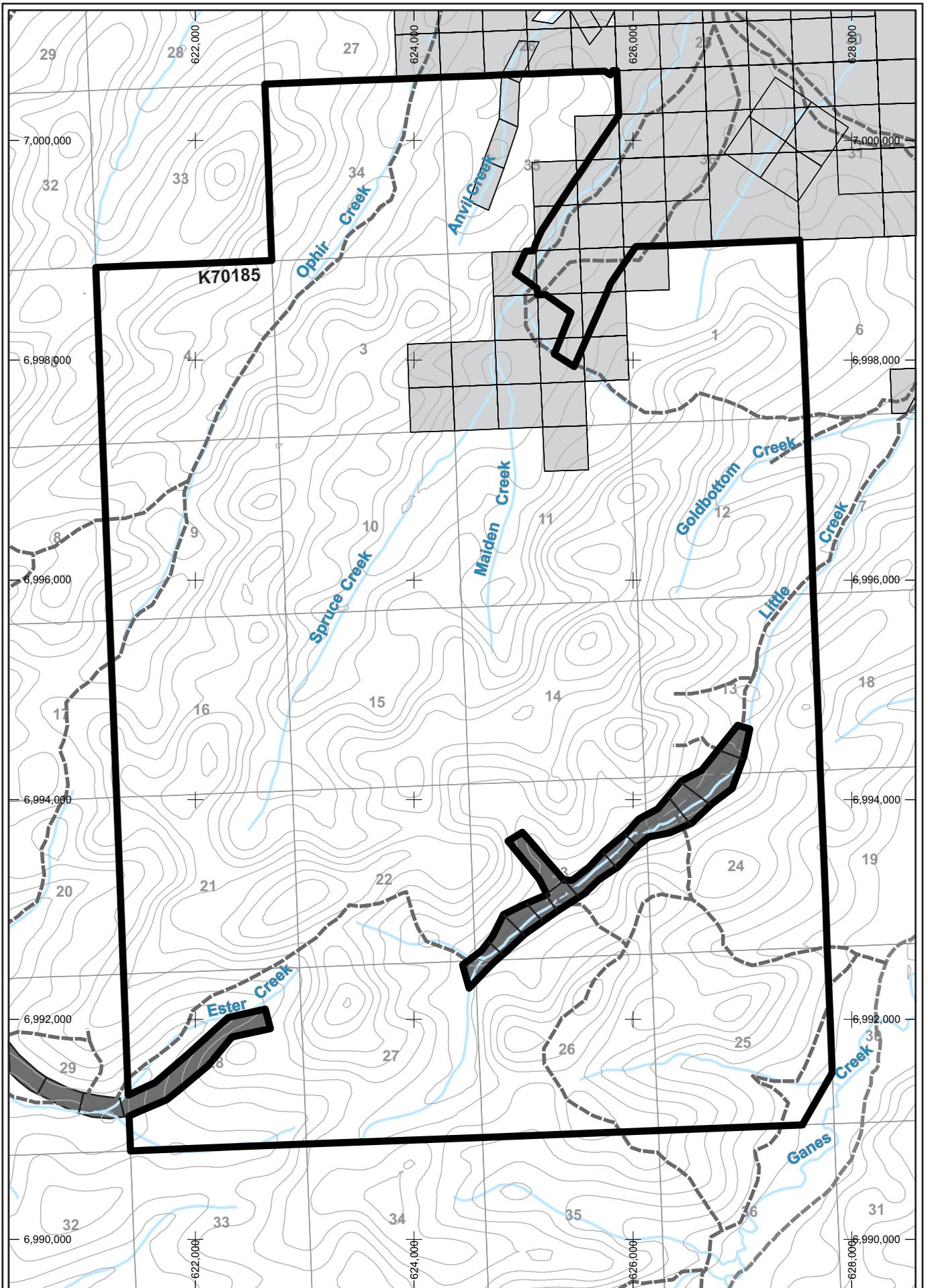
Applicable Authority: Alaska Statutes 37.14.09(a), 38.05.801, and 11 AAC 99.

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

Schedule of Actions:

Resource Management Committee Consultation:	October 21, 2015
Trust Authority Consultation:	November 18, 2015
Complete Best Interest Decision:	November 19, 2015
Public Notice:	November 20, 2015

Exhibit(s): Map attached



<p>Legend</p> <ul style="list-style-type: none"> Ophir Block, K70185 Alaska State mining claim Patented mining claim Elevation contour, 25m interval Creek Trail 		<p>Datum: NAD 83, Zone 4</p> 	<p style="text-align: center;">N</p>  <p style="text-align: center;">0 1.5</p>  <p style="text-align: center;">0 1</p>  <p style="text-align: center;">Miles</p>
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To: Larry Norene, Chair
Resource Management Committee
From: Nancy Burke, TAO
Craig Driver, TLO
Date: 10/21/2015
Re: Assets Building Lease Renewal – MHT 9200608 – Item C
Fiscal Year: 2016

Consultation

Proposed RMC Motion:

“The Resource Management Committee recommends that the Trust Authority board of trustees approve a 10 year lease with Assets, Inc. for the building and property, located at 2330 Nichols Street in Anchorage, Alaska. The starting rent shall be \$60,000 per year/\$5,000 per month. This beneficiary-related use of Trust lands is proposed at rents that are below fair market value, the increment between the established rent and fair market rent of \$345,444 is \$285,444 in year one. Over the 10 year lease it is estimated that the uncompensated use of Trust land will be approximately \$3,197,900.”

Background:

Revenue Projections:	Principal Income	N/A Approximately \$600,000 over the ten (10) year lease term, plus annual rent increases equal to the increase in the Consumer Price Index (“CPI”)
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Transaction/Resource: This proposal is for a Program Related Investment for the Assets Building located at 2330 Nichols Street in Anchorage. As the current lease for the tenant, Assets, Inc. (“Assets”), expires June 30, 2016, the board of trustees must determine the level of support to be given to Assets, Inc. as it relates to the market rent for the building and what Assets has indicated it can afford in rent. Assets has proposed a base rent of \$60,000.00 per year on a triple net (NNN) basis (see letter from Assets attached hereto as Exhibit “A”). Under this scenario Assets would cover the operating expenses on top of this base rent amount, with those operating expenses including utilities, maintenance, insurance, real estate taxes, janitorial, and grounds keeping, which would be further defined in the proposed lease document. The Trust would cover structural and mechanical components outside of routine maintenance related issues. The market rent and values for the building and land are estimated in a Broker Opinion of Value dated July 7, 2014 (performed by Mark Rowley of Pacific Tower Properties and attached hereto as Exhibit “B”) as follows:

Fee Simple Value of Land:	\$1,961,000 (\$15.00 psf)
Value of Building Separate from Land:	\$3,739,000

Value of Land and All Improvements:	\$5,700,000
Estimate of NNN Office Rent:	10,736 SF @ \$1.30 psf = \$13,957/month or \$167,484/year
Estimate of NNN Warehouse Rent:	14,830 SF @ \$1.00 psf = \$14,830/month or \$177,960/year
Estimate of NNN Rent for Entire Building:	\$28,787/month or \$345,444/year
Estimate of Ground Lease Rent, Building Excluded:	\$13,073/month or \$156,880/year

The above estimate of NNN rent for the entire building is the most relevant component of the analysis when determining market rent for the facility and its use. If desired, an updated Broker Opinion of Value could be obtained prior to entering into the final lease to establish an updated estimate of market rent applicable to this transaction.

Given that the Alaska Department of Health and Social Services (“DHSS”) relinquished its rights under ILMA (ADL 202797) on October 16, 2014 with the intent of facilitating long term occupancy of the facility by Assets, this proposal contemplates support from the board of trustees in the form of rent subsidies or monetary grants to make up the difference between Assets’ indicated base rent threshold and the estimated market rent.

This proposal requests a ten (10) year \$5,000.00 per month/\$60,000 per year lease on a NNN basis for lease year one, with annual increases to rent equal to the increase in the applicable Consumer Price Index (the “CPI”).

Property Description/Acreage/MH Parcel(s): Tract 5A according to the plat for Tracts 4B and 5A, Community Park Alaska Subdivision, recorded as plat 73-41 in the Anchorage Recording Office, 3rd Judicial District, State of Alaska, containing 3.0 acres, more or less, MH Parcel SM-1522.

Background - History of Assets Main Facility: In 1979 an organization known as the Association of Retarded Citizens of Anchorage, unable to meet their financial obligations, returned the building located at 2330 Nichols Street to the State of Alaska. A group of concerned parents organized and in July 1980 formed a new not-for-profit known then as Employment and Training Center of Alaska, ETCA.

The early years of the organization involved providing vocational or pre-vocational services to as many as 80 individuals in what today would be called a sheltered workshop and operating a small print shop. In 1984 the name was changed to Alaska Specialized Education and Training services (ASETS), later to be changed to Assets and eliminating the acronym.

1984 also saw the introduction to deinstitutionalization when seven individuals who experienced developmental disabilities along with a mental health diagnosis were successfully transitioned out of API into Assets services. Since that time Assets has utilized this building as its hub as a part of every major Alaskan effort to deinstitutionalize individuals and provide community based services and real life social roles.

Included in these efforts were:

- Participation in the Institutional Discharge program.
- Transition of individuals from institutionalization and the closing of Harborview, an institutional setting for people with developmental disabilities.
- The development and implementation of specialized services to safely support individuals with developmental disabilities and histories of inappropriate sexual behavior.
- The API 2000 project where Assets successfully transitioned eight of the longest institutionalized individuals from the Katmai unit of API to community homes.
- Recovery by Choice where in Assets chose to serve through another partnership, the individuals with the greatest frequency of API admissions.
- Alaska Youth Initiative, during the course of this successful program Assets served as many as 30 youth at a time experiencing Severe Emotional Disorders.

In 1985 Assets secured the first commercial contract to provide jobs to persons experiencing developmental disabilities. That contract was at the Anchorage International Airport. Today there are 13 different contracts providing employment to over 160 workers experiencing disabilities.

In the late 80s/early 90s the State modified their lease with Assets. While still providing the generous token rent, they discontinued providing maintenance for the building. Only in case of major equipment failure that would jeopardize operation of the building would they make repairs. This led Assets to be an even better steward of the building seeking other sources of funds (sometimes AMHTA funds) to make upgrades or to keep the building in fit shape. For example the entire domestic water supply was replaced in 2005 based on a grant from the Department of Community and Economic Development.

In 2012 and 2013, Assets partnered with the Trust on the Housing and Long Term Services and Supports focus area project, the HUB project. This was an influential project with a multi-agency collaboration focusing on people who were frequently cycling in and out of API and jail. Assets was a key partner in this program providing the coordination of the services for one year. This program allowed the Housing Focus area workgroup to demonstrate the effectiveness of intensive wrap around services in the community and helped advocate for the new Assertive Community Treatment program currently operating.

Assets currently partners with over 50 private employers of individuals with disabilities in the community. In 1996 the organization's name was changed to Assets, Inc. reflecting its belief that individuals with disabilities can be assets to their community. Assets currently provides services to approximately 230 individuals, 70 percent of whom have a developmental disability, nearly half that also experience brain trauma or mental illness.

Assets also employs approximately 80 additional individuals that experience disabilities that are not our clients, but rather quality coworkers. Combined with the individuals formally served and

employed, Assets is the largest employer of persons with disabilities in the State and approximately the 64th largest private employer in Alaska.

According to Assets, central to the history and legacy of this work has been the building at 2330 Nichols. It has been the heart of the organization despite the comings and goings of several good leaders and the changing of services needed by the community. It is a beacon to individuals with mental illness; many individuals with severe mental illness have found us by word of mouth and our consistent tenancy here.

Families of persons with developmental disabilities are familiar with us due to our cooperative relationship with the Whaley school next door, ACE (transition program through Anchorage School District) and programs through state Division of Vocational Rehabilitation.

Assets Mission: The Mission of Assets is to continuously improve the employment opportunities, home environments and community connections of individuals with developmental disabilities or mental illness in need of substantial support so that their independence and self-worth are enhanced and the community in which they live and work realizes the benefits of their citizenship.

Core values: Make a difference in the lives of people with disabilities
Treat each person with dignity and respect
Continuously improve - forever
Adapt, overcome, improvise

Anticipated Revenues/Benefits: Under this proposal base rent would be \$60,000/year with annual increases to be negotiated in the lease document. The total estimate of anticipated revenues is \$600,000.00 over the 10 year lease term.

Anticipated Risks/Concerns: There may be concerns from other non-profit organizations over the amount of subsidy received by Assets for the use of this facility. These concerns should be alleviated by the fact that the State of Alaska DHSS relinquished its rights, if any, in the facility for the benefit of Assets to continue its long-term occupancy at reduced occupancy costs to further Assets' efforts to provide crucial programs to the Alaska Mental Health Trust beneficiary groups.

Project Costs: The project costs consist of opportunity costs for potential rental income of \$285,000 per year as well as TLO staff time for asset management of the property.

Programmatic evaluation for Program Related Investment: Assets, Inc. has been a significant partner to the Trust over the years in our work to focus the service delivery system on deinstitutionalization and holds a unique history and service to beneficiaries. For many years, the Trust and Assets have discussed ways to allow the agency to improve the property to better serve the beneficiaries, but with the State owning the building, the agency has been limited in their ability to make modifications or updates to the facility when needed to adapt services for changing times.

In approximately 2012, then Governor Parnell allocated resources through the capital budget for improvements to the facility infrastructure of the state with the intent to relinquish any properties that could be moved out of state ownership. The Trust began the discussion about the Assets building with the Department of Health and Social Services at this time with the State's intent to have the building turned over to the Trust for the purpose of maintaining the non-profit's use of the facility and to provide a way for the non-profit to become eligible for other private sector funds to improve and maintain the building. In approximately February, 2014, the State of Alaska determined that the Assets building would be better maintained and served by the non-profit than by keeping the facility in state possession and the building was transferred to the Trust to maintain Assets' use of the building. The reason cited were the State's difficulty of keeping the building updated with major maintenance needs in competition with the many state owned facilities needing maintenance resources. Assets' building was typically at the bottom of the priority list for State facilities. The State also intended for Assets to continue on as tenant and operator of the agency services in this location and to be in a position to improve and maintain the facility.

Support for Program Related Investment Request: Trust Authority staff recommends lowering the lease amount in order to maintain the agency functioning at current levels based on the following programmatic factors:

- The programmatic value of this agency to the entire social service delivery system for Trust beneficiaries. This agency serves Trust beneficiaries in the areas of economic stability and disability/mental health supportive services. There is no other agency filling this niche of the service system.
- The long standing arrangement of very low rent payment to the state for the facility and the agency business plan with the facility costs subsidized over time.
- The state's intent for Assets to receive the building through the transfer of the facility to the Trust.

Alternatives: Alternatives to this proposal include:

- Leasing the facility at full market rent to a non-program related organization for the sole purpose of generating revenue; or
- Leasing the facility to another program related organization for the purpose of providing beneficiary programs; or
- Selling the facility to a non-program related organization for the sole purpose of generating revenue; or
- Selling the facility to a program related organization for the purpose of providing beneficiary programs.

Although alternatives to this proposal may make sense in the future, the proposed action contained herein fulfills the immediate and long-term program needs of Trust beneficiaries, extends the benefitting organization's ability to provide ongoing and proven programs to a broad spectrum of Trust beneficiaries, and utilizes a Trust owned facility for its intended purpose of providing beneficiary programs. Leasing the facility to an organization other than Assets would jeopardize the

delivery of beneficiary programs that have been provided at and through the facility for decades. The outright sale of the facility to either a program related or non-program related organization would not make strategic sense given the Trust’s footprint of developable land surrounding the facility.

Consistency with the Resource Management Strategy: The proposal is consistent with the “Resource Management Strategy for Trust land” (RMS), which was adopted January 2015 in consultation with the Trust and assures the real estate needs of mental health programs sponsored by the Alaska Mental Health Trust Authority are met as appropriate; Trust land is managed for the long-term preservation of the Trust’s land base while supporting and enhancing the Trust’s mission to promote a comprehensive integrated mental health program; and developing Trust land inventory and long-term management plans related to beneficiary programs. Where beneficiary-related uses of Trust lands are proposed at rents that are below fair market values, the increment between proposed rents and fair market rent will be considered an allocation of Trust revenue and must be approved by the board.

Trust Authority Recommendation: The Trust Authority concurs with the proposal and recommends approval of the motion as described herein.

Applicable Authority: AS 37.14.009 (a), AS 38.05.801, 20 AAC 40.710-720 and 11 AAC 99.

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

Schedule of Actions:

Resource Management Committee Consultation:	October 21, 2015
Trust Authority Consultation:	November 18, 2015
Complete Best Interest Decision:	November 19, 2015
Public Notice:	November 20, 2015

Exhibit(s):

- (A) Letter Proposal from Assets
- (B) Broker Opinion of Value
- (C) Historical Occupancy Costs Summary

Funds available for lease of 2330 Nichols Street

Assets has enjoyed its history in the Nichols street building and believes the community of persons with disabilities considers it a known and welcoming entity. We would very much like to expand our ability to serve more and with greater efficiency the individuals within our mission utilizing this building. To do so we are at the growth point that our commercial enterprises that employ persons with disabilities moves to a more suitable building. Our ability to financially sustain two buildings is a critical factor on determining the amount we could pay for rent on the Nichols property.

We currently pay \$88,500 in utilities and contracts for HVACs and alarm controls and 41, 000 for maintenance and janitorial for a total of \$129, 000. In a triple net lease it is assumed we would still be responsible for all these costs. Based on an annual budget with an optimistic \$300,000 in retained earnings for the FY 16 year we believe we could realistically afford \$5000 per month or \$60000 year for this property. Combined with utilities this is over \$200,000 and represents 2/3 of our available projected unrestricted funds using FY2016 as a base line.

It would be our intent once commercial operations, print shop, scanning and Contracts management personnel were operating in a new building, additional community based service teams to serve new clients along with, expanded group therapy and meeting rooms would be created with the space, at our expense in the Nichols Street building.

The addition of the new building allows us to continue to benefit from the long and successful experience we have had at the existing building while providing a normalized work setting for individuals in our commercial enterprises and the opportunity for new, more diversified job opportunities. The annual cost of the second building would be similar to the \$200, 000 we would pay annually to sustain Nichols Street. The combined \$400,000 a year will be a challenge but will improve our ability to fulfill the mission and allow us to remain where for 35 years people with intellectual and developmental disabilities and those with severe mental illness have known we are for their needs.

Matt Jones
Assets Inc. Executive Director



PACIFIC TOWER PROPERTIES

A CIRC COMPANY

1231 Gambell St., Suite 200, Anchorage, AK 99501 • P (907) 561-4010 • F (907) 562-6387 • www.pacifictower.com

July 7, 2014

John Morrison
AK Mental Health Trust Land office
2600 Cordova Street, Suite 100
Anchorage, AK 99503

Re: Broker Opinion of Value Letter
2330 Nichols Street
Anchorage, AK

Dear John,

You have contracted with my company to prepare a written opinion of Fair Market Fee Simple Value for real estate located at 2330 Nichols Street, and the adjoining parking lot in Anchorage Alaska. Please consider the following information:

The subject property consist of a single story concrete block and steel frame building that contains approximately 10,736 square feet of office space and 14,830 square feet of warehouse. The lot consists of 130,730 square feet. The Municipality of Anchorage identifies this properties by its Tax I.D. # 004-171-17-000. The building currently functions as a multiuse, office and warehouse/printing shop facility.

The assignment requires opinions on the five (5) following topics:

1. **Estimate The Fee Simple Value Of The Land:** I estimate the land value, with the current PL-I zoning, with soils, grade and civil improvements to be \$1,961,000.00 (\$15 per square foot). Note that PL-I zoning is restrictive and has a somewhat negative impact on value.

Comparable Active Listings

Street Address	Price Listed	Price per Square Foot	Comments
4245 Lake Otis Parkway	\$576,025	\$24.95	0.53 Acres, Zoned RO
5300 E Northern Lights Blvd	\$450,000	\$16.66	0.62 Acres, Zoned B3
1750 Bragaw Street	\$1,850,000	\$20.13	2.11 Acres, Zoned RO
L3 E Charter Circle Avenue	\$1,295,000	\$9.72	3.08 Acres, Zoned B3

Comparable Closed Listings

Street Address	Price Listed	Comments
10400 Old Seward Highway	\$1,500,000	\$16.63/psf sold September 20113
Tract A Old Seward Highway	\$1,500,000	\$13.73/psf sold March 2014

2. **Estimate The Value Of The Building Separate From Value Of Land:** (Cost Approach) The best approach to this is to estimate the replacement cost of the building and discount for age. Note that separating the building value from the land value is a difficult thing to accomplish when using a market approach to value. I estimate replacement cost for this structure and components to be about \$225 per square foot and then applying an age discount of 35%. I then estimate the cost approach to value of \$3,739,000.00. Please note that the cost approach, may not be the most appropriate or accurate approach to value.
3. **Estimate The Fee Simple Value Of The Land And All Improvements:** A cost approach to this estimate is the sum of the above \$1,961,000.00 plus \$3,739,000.00 = \$5,700,000 however, the market approach to this estimate may be more relevant. Attached is a comparable listing information for 301 Calista Court. This is a new listing, but I am aware of two others that have been submitted at the asking price. Using this comparable and others, I believe the fair market value is calculated by this cost approach. This is a realistic feature of such, I estimate the fair market value of this real property to be \$4,000,000.00. It is typical to see market values significantly less than cost.

Comparable Active Listings

Street Address	Price Listed	Price Per Square Foot
1410 Rudakof Circle	\$1,100,000	\$184.29
1406 W 33 rd Avenue	\$1,425,000	\$164.11
704 W 36 th Avenue	\$995,000	\$89.39
4263 Minnesota Drive	\$1,195,000	\$68.98
7500 Old Seward Highway	\$2,880,000	\$133.78
301 Calista Court	\$5,650,000	\$159.97

Recent Sold Listings

Street Address	Price Listed	Price Per Square Foot
4241 B Street	\$3,400,000	152.09 per square foot
4750 Gambell Street	\$949,000	\$68.18 per square foot
406 W Fireweed Lane	\$2,200,000	\$161.27 per square foot
110 W 38 th	\$6,350,000	\$165.42 per square foot

4. **Review The Market Rent For The Office Portion Of The Building:** I estimate the market rent for the office portion to be approximately \$1.30 per square foot on a NNN form lease or the equivalent of \$2.00 per square foot or a full service form of lease.

Comparable Active Listings

Street Address	Price Listed	Comments
1569 Bragaw Street #102	\$1.50	Landlord pays utilities
3701 E Tudor Road #107	\$1.75	Full Service
1840 S Bragaw Street #2	\$2.00	Landlord pays utilities
2900 Boniface Parkway #210	\$1.80	Landlord pays utilities
3935 Reka Drive	\$1.40	Tenant pays gas and electric

5. **Review The Market Rent For The Warehouse Portion Of The Building:** I estimate the market rent of the warehouse portion to be \$1.00 per square foot on a NNN form of lease. Total \$14,830 per month.

Comparable Active Listings

Street Address	Price Listed	Comments
3707 Woodland Drive #1	\$1.10	Tenant pays utilities
1406 W 33 rd Avenue #C-F	\$1.20	Tenant pays utilities
600 W 41 st Avenue #K	\$1.13	Tenant pays gas and electric
704 W 26 th Avenue	\$0.85	NNN
4305 Old International Airport Road	\$1.10	NNN
557 S Fireweed Lane	\$1.45	Tenant pays gas and electric
639 W International Airport Road	\$1.00	Unknown
330 E 76 th Avenue #A	\$0.90	Tenant pays gas and electric
7100 Old Seward Highway	\$0.92	NNN
6209 Mike Street	\$1.07	Tenant pays gas and electric
144 Potter Drive	\$1.35	Landlord pays utilities
1335 Gambell Street	\$1.25	NNN
5900 Artic Boulevard	\$1.14	NNN
501 W Potter Drive	\$1.12	Unknown

Comparable Closed Listings

Street Address	Price Listed	Comments
200 w 68 th Ave	\$1.20	NNN

6. **Estimate Market Rate For A Lease Of The Land:** Ground lease transactions are somewhat common in Anchorage, my experience is that the ground rent is typically calculated by

multiplying the current fair market value of the land by a rate of return. Typically I have seen 8% used, so $\$1,961,000.00 \times 8\% = \$156,880$ per year or $\$13,073.33$ per month. These leases are typically long term, and NNN in form. They also typically have a provision to allow for a recalculation of the land fair market value every 5-10 years.

Comparable Active Listings

Street Address	Price Listed
200 Calais Drive	$\$1,360,740 \times 8\% = \$108,859$ rent per year

Thank you for the opportunity to be of service. As you know, this letter is my opinion only. It is not to be considered an appraisal. I am not a licensed real estate appraiser. I have, however, been in the commercial property management and brokerage business in Anchorage for 27 years. If you have any questions, please do not hesitate to call.

Sincerely,



Mark W. Rowley
Pacific Tower Properties, Inc.
President/Broker

2330 Nichols Street
Actual Costs With Proposed Rent

Proposed Rent	\$60,000	
Utilities		
water/ trash	\$8,605	actual FY 2015
gas /Enstar	\$22,991	actual FY 2015
electric	\$52,327	actual FY 2015
HVAC contract	\$10,988	actual FY 2015
fire alarms contract	\$1,246	actual FY 2015
snow removal	<u>\$7,000</u>	actual FY 2015
subtotal	\$103,157	
Maintenance		
		Based on 1/2 of FY 15 actual (\$86,260), assuming part of maintenance is for tenant property repair (e.g. desks, cubicles etc.)
wages and benefits	<u>\$43,130</u>	
subtotal	\$43,130	
Janitorial		
		Based on 10% of actual (\$34,351), to only include common area cleaning
wages and benefits	<u>\$3,435</u>	
subtotal	\$3,435	
Insurance		
		Represents premium just for tenant improvements and personal property: July 2016 policy
	<u>\$8,985</u>	
subtotal	\$8,985	
TOTAL	\$218,707	Last year actual, does not represent increases in contracts, wages, benefits or utilities



To: Larry Norene, Chair
Resource Management Committee
From: Nancy Burke, TAO
Craig Driver, TLO
Date: 10/21/2015
Re: Cushman Street Building - TLO#2015-117 -
Item 1
Fiscal Year: 2016

Consultation/Approval

Proposed RMC Motion:

“The Resource Management Committee recommends that the Trust Authority board of trustees concur with the Trust Land Office to negotiate a purchase price with the bankruptcy trustee for the facility at 3830 South Cushman Street in Fairbanks, Alaska, on terms acceptable to the Executive Director of the TLO within the limits established by the board of trustees and facilitate the acquisition; and Authorize the Trust Land Office to negotiate and execute a lease or loan transaction with Fairbanks Community Mental Health Services, LLC on terms acceptable to the Executive Director of the TLO within the limits established by the board of trustees; and The Alaska Mental Health Trust board of trustees delegate to the Executive Director of the TLO the authority to determine if it is necessary to modify or cancel this transaction within the limits established by the board of trustees.”

Background:

Revenue Projections:

Repayment of Principal expended with nominal interest to be determined upon further evaluation

Transaction/Resource: This proposal contemplates the purchase of or investment on other terms by the Alaska Mental Health Trust Authority in the behavioral health facility described herein (Cushman Facility) followed by the transfer of the facility through sale, long term lease, or other terms at little or no gain.

Property Description/Acreage/MH Parcel(s): The property is not currently part of the Trust inventory and is held by a bankruptcy trustee. A summary of salient facts is provided below as stated in an appraisal dated April 6, 2015 by Northern Appraisers, Roger Nash, of Fairbanks, Alaska (attached hereto as Exhibit “A”):

Property Type: Class B-rated, two-story office building

Property Location: 3830 Cushman Street, Fairbanks, Alaska

Legal Description: Lot B-1-A, Fountainhead Industrial Park

Site Size: 304,920 square feet or 7.0 acres

Utilities: Electricity, telephone, water, sewer, natural gas

Improvements: The subject is a two-story, Class B-rated office building, built in 2005. Total gross floor area is 34,092 square feet; 21,726 on the main level, 12,366 on the second. Its footprint configuration is V-shaped with two separate office wings.

Construction is wood frame on a concrete perimeter foundation and slab-on-grad concrete floor. Exterior siding is lap vinyl; the roof is a gable style covered by composite shingles. Windows are fixed, multi-pane vinyl casement. The mechanical system includes a gas-fired hydronic boiler serving in-floor radiant heat on the main level with radiant fin tube heating on the second. A complete HVAC system provides air management.

Site improvements include extensive asphalt-paved parking for upwards of 150 spaces according to specs, headbolt plug-ins, and landscaping. Approximately 2 acres of the subject site is excess to building needs. The subject site can be re-platted, and this portion sold separately.

Zoning: GU-1 General Use District

Highest and Best Use:

As vacant – holding for future development

As improved – present use

Estate Appraised: Fee simple estate

Date of Value: April 3, 2015

Market Value Estimate:

As-Is: \$2,100,000

As-Stabilized: \$3,200,000 (based on hypothetical assumption of a 36 month exposure period to achieve stabilized occupancy)

General Background:

The historical community mental health center located at 3830 South Cushman Street in Fairbanks is currently an asset in the bankruptcy estate of Fairbanks Community Mental Health. This proposal is to assist in purchasing the building from bankruptcy estate with the intent of executing a capital lease with a purchase option to Fairbanks Community Mental Health Services, LLC (FCMHS), an affiliate of Anchorage Community Mental Health Services. The purpose is to secure this facility for the use for which it was constructed: as a long term resource for the delivery of community based behavioral healthcare services for Fairbanks and surrounding area. The Cushman facility was originally designed

and built to be the community mental health center for Fairbanks. In approximately 2009 the State of Alaska, Department of Health and Social Services collaborated with then Fairbanks Community Mental Health Center to construct an alcohol detox center adjacent to the new mental health services facility. The idea behind co-locating these two services was to incorporate a more comprehensive community behavioral health care model with both mental health services and alcohol detoxification and supporting services in one campus. This full vision for the programs has not been realized due to the struggles of the mental health center, eventually ending in bankruptcy and the lack of a coordinated approach to the service delivery. With the proposed project, there is an opportunity to revisit coordinated services and alignment and to secure these services for Trust beneficiaries.

FCMHS specializes in providing treatment and rehabilitation services for persons impacted by mental illness across the span of life. Services target children and adolescents with severe emotional disturbance (SED) and adults with serious mental illness (SMI). Many of the adults have co-occurring substance use disorders.

The expected outcomes are for residents of Fairbanks to be able to access comprehensive behavioral health services and have community tenure. Services include psychiatry, psychotherapy, case management, community living and integration skills as well as engagement in meaningful activities such as children being in school and adults going to work. Community tenure means people being able to live safely in the community and reducing involvement with acute psychiatric care as well as the criminal justice system.

The Cushman Facility offers an opportunity to stabilize and increase the mental health services offered to the community (see attached program description) and to streamline care delivery by having multiple service providers at one location. NAMI-Fairbanks is already co-located. Akeela, Inc. an outpatient alcohol services provider is pending co-location of substance abuse focused services. The facility is also designed to accommodate primary care with exam rooms equipped with a wash basin and a designated waiting area for patient privacy.

Anticipated Revenues/Benefits: Repayment of the principal amount expended, with nominal interest charges to be determined. The principal expenditure is unknown at this time, but proposed not to exceed the appraised value of \$3,200,000.00 stabilized value as stated in the appraisal described earlier in this document.

Anticipated Risks/Concerns: Concerns include investment in and ownership of a high quality, single-purpose facility in the depressed real estate market of Fairbanks; further exposure in a market where the Trust already owns the adjacent Detox facility and vacant commercial lots, along with two other programmatic facilities, the Fahrenkamp and Denardo Centers, located in west Fairbanks. Additional risk is due to the underutilization of the facility. Loss of principal and income revenue is a risk in the event the operator is not successful since replacement of the operator in the event of failure is not a foregone conclusion. For the same reason, another risk is the potential for a management intensive effort to re-lease or sell the facility in the event of failure by the operator. An economic report on the Fairbanks area is attached hereto as Exhibit "D".

Project Costs: The actual purchase price is in-determinable at this time. The most recent appraisal described earlier in this document, is for \$2,100,000 fee simple, as-is, or \$3,200,000 stabilized.

Other Considerations: The programmatic needs of beneficiaries are strong considerations in both the mission of the Trust and the merits of this proposal. This proposal requires a thorough discussion amongst the Trustees regarding the needs of the Fairbanks community and the desires of the board of trustees to facilitate providing services to meet those needs. The preparers of this proposal must defer to the desires of the Trustees, but are prepared to answer specific questions regarding this facility and the proposal itself to determine the best strategy for participation in the delivery of behavioral health services in the community of Fairbanks.

Due Diligence: Upon a favorable determination to move forward under this proposal, the TLO will facilitate following due diligence actions where applicable:

- Title Review – is performed early in the due diligence period by an attorney to ensure that the seller has the rights to the property they have presented.
- Phase 1 Environmental – is a review of the structures, grounds, and all the business processes performed therein. It is performed by an environmental engineer and provides information as to the possible presence of contaminants.
- ADA Inspection – ensures that the building is up to proper code with regard to the Americans with Disabilities Act.
- Structural Inspection – provides an analysis of the structure as a whole as to the suitability of its current use, and an estimate of useful life.
- Roof Inspection – provides a report on the condition and useful life of the roof. In addition it will recommend a maintenance schedule to maximize the useful life.
- HVAC Inspection – provides a report on the condition and useful life of the heating, ventilation, and air conditioning system. In addition, it will recommend a maintenance schedule to maximize the useful life.
- Capital Project Review – is an analysis of projects performed over the life of the building so that any of the other inspections may pay close attention to the subject area. It is also used as a part of the financial analysis to determine the capital budget.
- Development Feasibility - analysis for the excess land included with the property to determine the likelihood of future development and/or sale.

The TLO will amass and study all the information produced as well as make physical inspections of the property. The information will be taken as a whole to determine if the transaction will be completed. If a concern is uncovered during the process there are various ways to negotiate and mitigate the effects. If a concern is found that is unacceptable to the TLO, the transaction may be cancelled at any time.

Alternatives: The specific course of action could require additional deliberation from the Trustees as the nature of the assistance provided to FCMHS could take various forms including a direct loan, grant,

outright purchase of the property followed by the leasing of the facility to FCMHS, or the outright purchase of the property followed by a land sale contract similar to the land sale program.

Consistency with the Resource Management Strategy: The proposal is consistent with the “Resource Management Strategy for Trust Land” (RMS), which was adopted January 2015 in consultation with the Trust and assures the real estate needs of mental health programs sponsored by the Alaska Mental Health Trust Authority are met as appropriate; Trust land is managed for the long-term preservation of the Trust’s land base while supporting and enhancing the Trust’s mission to promote a comprehensive integrated mental health program; and developing Trust land inventory and long-term management plans related to beneficiary programs. Where beneficiary-related uses of Trust lands are proposed at rents that are below fair market values, the increment between proposed rents and estimated fair market rent will be considered an allocation of Trust revenue and must be approved by the board.

Trust Authority Office Recommendation: The Trust Authority concurs with the proposal and recommends approval of the motion as described herein.

Trust Land Office Recommendation: If the Trustees approve and support the programmatic aspects of the transaction; the TLO recommends granting the TLO Executive Director the authority as necessary to proceed with facilitating the transfer of the property from the bankruptcy estate to ACMH, while entrusting the TLO to protect the Trust’s financial interests to the extent possible.

Applicable Authority: AS 37.14.009 (a), AS 38.05.801, and 11 AAC 99.

Trust Authority Consultation: This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

Schedule of Actions:

Resource Management Committee Consultation:	October 21, 2015
Trust Authority Consultation:	October 21, 2015
Complete Best Interest Decision:	TBD
Public Notice:	TBD

Exhibit(s):

- (A) Property Appraisal
- (B) Trust Capital Project Questionnaire
- (C) Program Description for Cushman Facility Plan
- (D) Community Research Quarterly - Summer 2015 Issue – Fairbanks

**REAL ESTATE APPRAISAL
FAIRBANKS COMMUNITY MENTAL HEALTH
BEHAVIORAL HEALTH CLINIC
3830 CUSHMAN STREET
FAIRBANKS, ALASKA 99701**



**FOR
JON WATKINS, CFO
ANCHORAGE COMMUNITY MENTAL HEALTH SERVICES, LLC
4020 FOLKER STREET
ANCHORAGE, ALASKA 99508**

**VALUATION DATE
APRIL 3, 2015**

**BY
ROGER W. NASH
NORTHERN APPRAISERS
454 SLATER DRIVE
FAIRBANKS, ALASKA 99701**



454 SLATER DRIVE, FAIRBANKS, ALASKA 99701

907-451-8674

Email roger@northernappraisers.com

April 6, 2015

ANCHORAGE COMMUNITY MENTAL HEALTH SERVICES, LLC

4020 Folker Street
Anchorage, Alaska 99508

Attn: Jon Watkins, CFO

Re: Real Estate Appraisal
Fairbanks Community Mental Health Services, LLC
3830 Cushman Street
Fairbanks, Alaska 99701

Dear Sir:

I have completed an appraisal of the above-identified real estate conveyed in the following appraisal report. The purpose of the appraisal is to estimate the market value of the fee simple estate of the property "as is" and "as stabilized" as of April 3, 2015, the date of inspection.

Based on the assumptions and limiting conditions contained in this report and the appraisal analysis, the market value of the fee simple estate of the subject property "as is" as of the date of value is:

\$2,100,000

TWO MILLION ONE HUNDRED THOUSAND DOLLARS

The market value of the fee simple estate of the subject property, "as stabilized", based on the hypothetical assumption of a 36 month exposure period to achieve stabilized occupancy, as of the date of value is:

\$3,200,000

THREE MILLION TWO HUNDRED THOUSAND DOLLARS

Thank you for this opportunity to be of service. Should any questions arise regarding this appraisal, please contact me at this office.

Respectfully submitted,

NORTHERN APPRAISERS

Roger W. Nash
Certified General Real Estate Appraiser AA-43

SUMMARY OF SALIENT FACTS

PROPERTY TYPE: Class B-rated, two-story office building

PROPERTY LOCATION: 3830 Cushman Street, Fairbanks, Alaska

LEGAL DESCRIPTION: Lot B-1-A, Fountainhead Industrial Park

SITE SIZE: 304,920 square feet or 7.0 AC

UTILITIES: Electricity, telephone, water, sewer, natural gas

IMPROVEMENTS: The subject is a two-story, Class D-rated office building, built 2005. Total gross floor area is 34,092 square feet; 21,726 on the main level, 12,366 on the second. (per Architect's drawings). Its footprint configuration is V-shaped with two separate office wings.

Construction is wood frame on a concrete perimeter foundation and slab-on-grade concrete floor. Exterior siding is lap vinyl; the roof is a gable style covered by composite shingles. Windows are fixed, multi-pane vinyl casement.

The mechanical system includes a gas-fired hydronic boiler serving in-floor radiant heat on the main level with radiant fin tube heating on the second. A complete HVAC system provides air management.

Site improvements include extensive asphalt-paved parking for upwards of 150 spaces according to specs, headbolt plug-ins, and landscaping. Approximately 2 acres of the subject site is excess to building needs. The subject site can be re-platted, and this portion sold separately.

ZONING: GU-1 - General Use District

HIGHEST AND BEST USE: As vacant - Holding for future development
As improved – Present use

ESTATE APPRAISED: Fee simple estate

DATE OF VALUE: April 3, 2015

MARKET VALUE ESTIMATE:

“AS IS”:	\$2,100,000
“AS STABILIZED”:	\$3,200,000

APPRAISAL REPORT

General Property Profile



Identification of Real Estate Appraised

The subject property is the Fairbanks Community Mental Health Center at 3830 Cushman Street, Fairbanks, Alaska. This area is South Fairbanks, the heart of an industrial area three miles south of the Fairbanks city center. This neighborhood is north of the Tanana River, west of Easy Street, and south of the Mitchell Expressway.

The legal description is Lot B-1-A, Fountainhead Industrial Park, Fairbanks Meridian

Property Owner

Public records indicate the Fairbanks Community Mental Health Center is the owner of record.

Purpose of Appraisal and Date of Value

The purpose of this appraisal, according to the appraisal assignment, is to estimate the market value of this property both "as is" and "as stabilized" as of the date of inspection, April 3, 2015. According to the appraisal assignment, the intended use of the appraisal is for asset management decisions by the appraisal client.

Definition of Market Value

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

- a. buyer and seller are typically motivated;*
- b. both parties are well informed or well advised, and acting in what they consider to be their best interest;*
- c. a reasonable time is allowed for exposure in the open market;*
- d. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and, the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹*

Scope of Appraisal

The scope of this appraisal assignment is to provide an appraisal of the subject property, as of the date of the appraisal, in conformance with the standards outlined by the Appraisal Institute, and adhering to the Financial Institution (FIRREA), the Office of the Comptroller of Currency (OCC) requirements and the appraisal client.

This report focuses on the most appropriate methodologies to estimate market value. Descriptions of the characteristics of the site, improvements, and encumbrances are in sufficient detail to enable the reader to

¹ *Uniform Standards of Professional Appraisal Practice*, 1992 Edition. (Washington, DC: The Appraisal Foundation, 1992), p. 7.

clearly comprehend the property and the appraisal problem. The three approaches to value, the cost, sales comparison, and income capitalization, were considered in this appraisal. The sales comparison and income approaches were fully developed. Extensive interviews were conducted with real estate professionals to gather opinions as to the status/position of the subject in this market, comparability of market data, and overall marketability. Pertinent data from the appraiser's files, assessment, zoning and ownership data from the Fairbanks North Star Borough and data from other useful sources were compiled to assist in the valuation process.

Appraisal Client

The appraisal client is Jon Watkins, CFO, Anchorage Community Mental Health Services, LLC.

Sales History of Appraised Property

The subject was built for the Fairbanks Community Mental Health Center. The health center filed for bankruptcy in 2013. Prior to the bankruptcy filing, the operating entity penned a lease that transferred operational responsibility to the Anchorage Community Mental Health Center, now the occupant. The lease amount is sufficient only to cover debt payments. The lease specifies the operator/occupant is also responsible for operating expenses and maintenance. Fairbanks public records, as of the date of this report, indicate ownership remains vested in the Fairbanks Community Mental Health Center.

Assessment and Property Taxes

The Fairbanks North Star Borough Assessor's office is responsible for real estate tax assessments. The subject is owned by a non-profit organization and not subject to local real estate taxes and no assessed value has been recorded. The assessor's file number for reference is 0539929. The millage rate for this area of the city is 13.149 mils.

Property Rights Appraised

The fee simple estate of the subject property is valued in this report and is defined as:

Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation.²

Special Assessments

No special assessments are known to affect the subject property.

Estimated Marketing time & Exposure Period

Marketing time is defined as an opinion of the amount of time required to sell this property at the estimated market value immediately after the effective date of the appraisal. Based on data collected from comparable sales and opinions of local real estate professionals, and assuming no duress on the part of the seller, the estimated marketing time for the subject is 36 months.

Exposure period refers to sales activity from listing to close of the sale and is assumed to precede the effective appraisal date. The interpretation of the sales presented later in the report correlated with opinions of local Brokers, investors, and appraisers indicate a lengthy exposure period for this property. The subject's location in an industrial area was cited as the primary reason for pessimistic marketing outlook. A market with no demand for office properties and the lack of listings was also emphasized. Based on a preponderance of the available sales data and these interviews, the estimated exposure time for the subject property is estimated a 36 months.

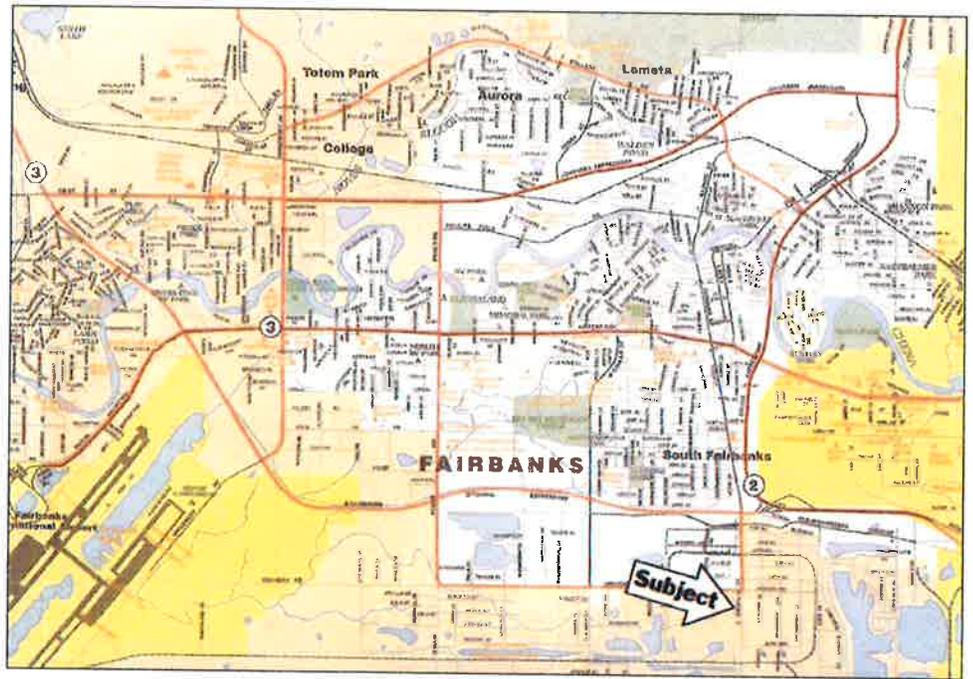
² *Appraisal of Real Estate*, 14th Edition, by the Appraisal Institute.

Fairbanks Area Analysis

Specific data regarding the state and local economies as of the latest available information is contained in the appraiser's files for perusal, if required. While the macro-economic picture is important, specific attention is focused on the subject's neighborhood characteristics and the local real estate market. Nuances as to the economic health of the State will be woven into this discussion.

Neighborhood and District Data

The subject property is in South Fairbanks, three miles south of the CBD along the Cushman Street corridor. This is an industrial area with physical features that define the area as being south of the Mitchell Expressway, east of Peger Road, west of Easy Street, and north of the Tanana River.



This is the industrial heart of the city that features commercial uses along the major street frontages and industrial development in the less accessible areas. There is a pocket of residential development at Peger Lake but this represents a small portion of the district. All utilities are in place and the dominate zoning is GU-1, or general use that permits most uses with limited restrictions. Access is good via major streets that bisect the area connecting with all the major transportation corridors in the city.

Portions of the subject neighborhood south of Van Horn Road are outside the city but most of the area is protected by city police and fire departments. The subject is outside city limits and relies upon the State Troopers for law enforcement. No fire protection is available. Off-frontage streets outside the city are maintained by service districts since city services are lacking. Public transportation is provided by the borough bus system. Connectivity to the area's street grid is good. The subject is at the southeast extreme of the neighborhood in a low trafficked area south of Van Horn Road.

Fairbanks Market Analysis

Fairbanks is diverse in its office development with office structures scattered around the city. Most of the Class A structures, with the exception of offices near the hospital, are located in the CBD. Key Bank, Denali State Bank, Tanana Chiefs Conference, Doyon, Ltd., the Fairbanks North Star Borough School District, the Huntington Building, and the Rabinowitz Court House comprise the extent of the Class A office space in the CBD. The 1919 Lathrop or Medical/Dental Arts Building near the hospital, the Fairbanks Clinic, and the Tanana Valley Clinic are outside the CBD.

There are innumerable Class B and C offices around the city as well as former residences converted to office uses. Although property managers report vacancies citywide at less than 10%, there is surprisingly limited demand for office space at any one time. The State and Federal governments have expanded their presence in the city, absorbing vacant offices in the CBD that have been vacant for years.

In 2005 several new office buildings built around the city. Alaska USA Federal Credit Union built a Class A, 55,000 square foot office building at 1292 Sadler Way; MAC Federal Credit Union built a 12,000 square foot office building on 11th Avenue near the CBD, and Alaska Medical Center was built at 1275 Sadler Way, Mt. McKinley bank built a 44,000 square foot office structure in the CBD. In addition, the federal government

contracted for two design-build office structures on the west side of town. The National Parks Service contracted to Airport Rentals for a 29,000 square foot office building on Geist Road and the FAA a 10,000 square foot office building at Fairbanks International Airport. In late 2006 there was a surge in medical office building construction with the Alaska Women's Health building, Mountain View Medical Center, Airport Way Medical were built between 2006 and 2012. Most of those properties are struggling with persistent vacancies.

Vacancies throughout all classes of the office market are estimated at around 7% of total inventory. Rental rates are stable and generally below levels to cause new construction. The bulk of the new construction was driven by owner-users.

Specific Property Data

Location

The physical location of the subject site is 3830 Cushman Street, Fairbanks, Alaska, the west side of Cushman Street, one block south of Van Horn Road and just outside the city limits.

Configuration and Size

The site is rectangular in shape and contains 304,920 square feet or 7.0 acres. A plat map on the next page indicates the site is 703.4 feet deep and 433.49 feet wide.

Arterial Exposure and Access

The site fronts the west side of Cushman Street and has good visual exposure and access. Cushman Street is a paved, major north-south corridor that connects the neighborhood to the CBD and northward through the heart of the city. Traffic counts at this location are very low relegated to industrial-related trips serving local businesses. There are no destination-type traffic generators at this location. Cushman Street north of Van Horn Road is dominated by Lithia Motors, Gene's Chrysler-Jeep, and GMC auto dealerships but traffic does not penetrate southward toward the subject. East of the subject in Leasure Subdivision is a concentration of 5,000 to 15,000 square foot, 1980's vintage warehouses and industrial properties.

Utility Service

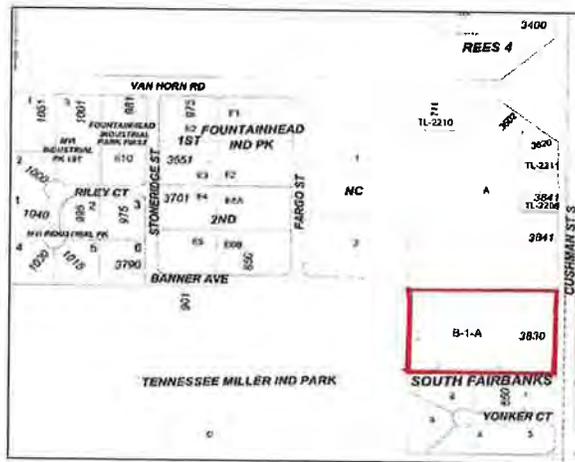
Water and sewer are available from Golden Heart Utilities, electricity from Golden Valley Electric Association, telephone from ACS/GCI and natural gas from Fairbanks Natural Gas. Utilities are available at sufficient levels to promote development of the subject site to its highest and best use.

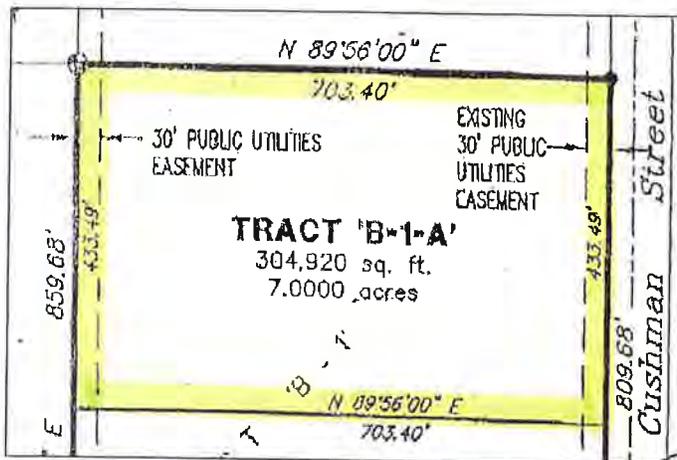
Soil and Subsurface Conditions

This site is level in topography and at grade with Cushman Street. Soil conditions are suitable for construction of major improvements. It is not in designated wetlands. It is within the 100 to 500 year zone of the Chena River. Panel No. 02090C4387G, dated 3-17-2014 indicates the majority of the subject is in Zone X. A portion may be in the AE-designated area. The Fairbanks area and the subject are in Seismic Zone 3 according to City of Fairbanks sources.

Easements and Encumbrances

The adjacent plat map shows 30 foot utility easements on the east and west boundaries. No other easements are known to have been established after this plat was approved. Undisclosed easements are assumed to be of no consequence to development.





Environmental Assessment

Since a soils report was not provided, there is no knowledge regarding the potential for hazardous substances, petroleum products, or buried tanks as they pertain to the subject. Should any portion of the parcel is found to be contaminated; the value concluded in this report would need to be adjusted to reflect the cost to cure.

Zoning and Platting Restrictions

According to the Fairbanks North Star Borough, Community Planning Department, the subject is zoned GU-1 – General Use District. This district is intended for a wide variety of uses. There are no front, rear,

and side yard setbacks. Minimum lot size is 40,000 square feet. Parking is not required. The site is sufficient in size to meet all stipulations in the zoning ordinance.

Improvement Description

The description and analysis that follows is based on a description of the improvements by the architect that designed the structure. Plans and specifications have been perused and referenced in this analysis. The building floor plan and site plan are in the addendum. The second level floor plan does not include the recently added kitchen and large meeting area.

This is an architect-designed, two-story, Class D-rated office building, built 2005. Total gross floor area is 34,092 square feet; 21,726 on the main level, 12,366 on the second. Its design is V-shaped with two separate office wings.

Construction is wood frame on a concrete perimeter foundation and slab-on-grade concrete floor. Exterior siding is lap vinyl; the roof is a gable style covered by composite shingles. Windows are fixed, multi-pane vinyl casement except for the storefront window wall at the entry.

The main entry is an open-ceiling foyer with reception desk and glass-enclosed waiting room. The main level of both wings has separate offices along the perimeter of the building with conference rooms, a kitchen, and storage areas in the center. The end of the north wing is a multi-purpose room presently used as a gymnasium. The end of the south wing is a warehouse/garage. The interior appointments include floors with a mix of vinyl tile and commercial carpet; taped and painted sheetrock walls, suspended acoustical ceiling tile with embedded fluorescent light fixtures. There is a single, two-stop elevator next to the reception area as well as staircases.

The mechanical system includes a gas-fired hydronic boiler serving in-floor radiant heat on both levels. A complete HVAC system provides air management. The air handler is capable of isolating groups of rooms together to allow for temperature control zones. Better said, portions of the structure could be adjusted to allow unused areas to consume less energy. A recent build-out of the main level of the south wing has been fire sprinklered. The remainder of the building is not sprinklered; therefore, sections were constructed with fire separations walls. The structure appears to be ADA compliant but conformance with this aspect of the structure is not the expertise of the appraiser to assess.

Site improvements include extensive asphalt-paved parking for upwards of 150 spaces according to specs, headbolt plug-ins, and lawn. The subject has been well maintained. It was built in 2005 and is therefore ten years of age. The effective is estimated at five years. Assuming regular maintenance, the remaining economic life exceeds 40 years.

Functional Utility/Adaptability

The building is occupied by one agency and significantly under-utilized (40% occupied according to the manager). The building configuration could be modified for multiple occupancy with modifications by the present occupant. Three of the office wings could be occupied by separate entities, assuming they could jointly utilize the common entry at the front of the building. The kitchen wing is somewhat of a mis-placed improvement but is capable of handling meetings and conferences.

This is a design-build structure intended for the specific needs of a grant-funded agency. Its design is functional for a single occupant but multi-tenancy would increase utilization of the premises with minimal expenditures. This is the best use scenario for the building as local leasing agents indicate there are no large office tenants in this market, existing or anticipated, that would rent or acquire this property without significant discounts relative to the market. Even with significant discounts, lease up or sale is estimated to require 3 years (36 months).



Excess Land

The subject building is positioned towards the front or east portion of the site. Based the position and size of the structure it utilizes the front 500 feet of the site, leaving the rear 200 feet or approximately 2 acres excess to building needs.

At present, it is part of the 7.0 acre larger parcel and will require a re-plat to establish legal access and utility easements to be suited for sale to a separate entity. The aerial photo indicates an access easement could be readily established along the south site boundary from the existing parking lot. Fairbanks North Star Borough Planning and Zoning personnel indicate the re-plat is feasible following procedural guidelines.



View of front or east side of building



View of south wing of building



View of north wing of building



View of interior of second level kitchen



View of rear or west side of building



Interior view of main level office wing



View of central entrance/reception area



Interior view of main level conference room



View of garage area



Looking north on Cushman Street – subject on left



View of multi-purpose room on main level



Looking south on Cushman Street – subject on right

Highest and Best Use Analysis

Highest and best use is a market driven concept rather than a subjective conclusion based on the appraiser's experience or property owner's wishes. An understanding of economic theory and its effect on market behavior is crucial in determining a property's highest and best use. 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 higher value.³

Following is an analysis of the highest and best use of the subject site as vacant and improved, following the steps in the above described analytical procedure beginning with the analysis of the subject's physical features.

Highest and Best Use As Though Vacant

Physical Possibility

The physical aspects of the site, such as size, shape, topography, soil conditions, location, and ease of access, are described in the "Site Description" section of the report. To summarize, the subject is of sufficient size and configuration to support development consistent with the neighborhood. Soil conditions are unreported but assumed consistent and buildable. The topography is level and utilities are readily available.

³ *Appraisal of Real Estate*, 14th Edition, by the Appraisal Institute.

Access and visual exposure are good. Overall, the physical aspects of the subject site pose no major barriers to development to its highest and best use.

Legal Permissibility

Legal restrictions, as they apply to the subject, consist of easements, private deed restrictions, building codes, environmental regulations, and zoning.

A plot plan indicates location of easements that include 30 foot utility easements along the east and west boundaries. No others are indicated. No private deed restrictions are reported but title documents have not been provided. Building codes are applicable as are State Fire Marshall requirements, designed to ensure safe and quality-built improvements. No adverse impact is expected by application of these regulations; likewise for environmental regulations. No major environmental hazards are known on the subject site. This is, however, an industrial dominated neighborhood where hazardous materials are in use.

Since the previous legal constraints appear benign, zoning has the most influence on the subject's development options. Zoning is flexible, permitting all types of development, with no major requirements except site size at 40,000 square feet.

Financial Feasibility

Essentially, there are no physical limitations to development of the subject site, and zoning encourages any type development. Financial feasibility, at present, points to a market with no demand for industrial land. The local economy is more or less standing still with a constantly changing atmosphere. On the one hand, Fairbanks is poised to benefit from the potential for lower heating fuel prices. It has taken 35 years to posturing to get natural gas to the interior but each plan has failed. No real confidence the present plans can deliver any time soon. Additionally, the Army recently announced a potential troop reduction at nearby Fort Wainwright that could be upwards of 5,900, which would take approximately \$150 million out of the local economy. The excuse is sequestration. There is optimism the area's strategic location near the Asian theatre will influence Army officials to pass on the troop reductions.

On the natgas side, a few big trucking firms eyed Fairbanks, intending to support a trucking plan to move natgas from Prudhoe to Fairbanks. That program has been stopped by the new governor and now natgas is proposed to be delivered by rail from Anchorage. The truckers kicked around a few properties but have backed away of late, waiting for whatever plan the State finally decides to back.

Also on the books is a plan to build a small diameter pipeline from Prudhoe Bay to tidewater, presumably at Nikiski, for export. That plan remains in planning but has been relegated to limbo status, again awaiting the State's decision on whether to go forward with the project.

That said, Fairbanks is in a holding pattern. The sporadic demand for industrial land in 2014 has subsided as the market treads water. At this point in time, the demand for industrial land is tepid and this will likely continue for the foreseeable future until strategic decisions are made regarding natgas and military troop levels. Weighing these issues and measuring the market dynamics, if vacant, the most financially feasible use of the subject is to place it on the market with expectations of up to three years market exposure to cause a sale.

Maximum Productivity

The most likely development scenario, and highest and best use for the subject, if vacant, is placing it on the market at the value estimated in this report with expectations of up to a three year exposure period.

Highest and Best Use - As Improved

The subject improvements comply with zoning regulations and are physically suited for the site. The financial viability of the facility creates an increment of value that exceeds the value of the vacant land and meets criteria for highest and best use. The subject's highest and best use, as improved, is its present use.

Approximately 2 acres of the subject land at the rear of the site is excess and could be sold, if subdivided. However, this land is off-frontage and would not bring a premium price. Nevertheless, this land is excess to the needs of the existing structure and could be sold or developed with an alternative use. Concluding, the highest and best use of the subject, as improved, its present use with 2 acres of excess land.

The Appraisal Process

The cost, sales comparison and income approaches to value have been examined in the valuation of the subject property. Sufficient market data is available to provide a well-supported estimate of value for the subject property utilizing portions of all three approaches. The steps involved in each approach will be briefly described below followed with the valuation section of the report concluding in an estimate of the subject's market value.

Cost Approach

The cost approach involves estimating the replacement cost new of the subject improvements, deducting depreciation, and adding the value of the subject site. The site value is estimated by a comparison analysis of similar land sales from the subject's immediate neighborhood. Certain data will be discussed in the cost approach but a final value will not be calculated as that number has limited implications as to value for the subject in today's market.

Sales Comparison Approach

The sales comparison approach involves a direct, face-to-face comparison of recent sales of similarly improved properties. There are no comparable building sales equal to the subject but there have been a number of office building sales and listings that will be analyzed. While the subject has a small portion dedicated to a medical use it is by no means a medical office building on the scale of most of the comparables. The best available market data will be analyzed to relate the subject to the local market.

Income Approach

The income approach is based on the assumption value is created through future benefits gained from property ownership. Therefore, the value of an income-producing property lies in the present worth of the future income stream the property can produce through leasing or owner-occupancy. The net operating income, after deducting operating expenses, can be calculated and capitalized into an indication of value. The net income is capitalized into an indication of value by either yield or direct capitalization using overall capitalization and discount rates developed from the market. In the case of the subject, direct capitalization will be used to convert the net operating income from rental of the subject property into a value estimate. The fee simple estate is valued in this section of the report.

Cost Approach to Value

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

The five steps of the cost approach are as follows:

- Estimate land value.
- Estimate replacement cost new of the existing or proposed improvements.
- Estimate current depreciation caused by physical, functional and economic obsolescence
- Deduction of depreciation from estimated replacement cost (new) to arrive at the depreciated value of the improvements.
- Add land value to the depreciated value of the improvements for a total value indication.

Following is a discussion of the cost approach as it applies to this valuation.

Land Valuation

The value of the subject site is estimated by analyzing recent land sales in the area. A brief discussion of the sales follows. The direct sales comparison is the preferred method to estimate land value and will be used in this analysis. The sales comparison method is based on the principle of substitution, the rationale being an informed buyer will pay no more for a given site than the cost of an alternative site offering the same utility. A basic assumption of this approach is the site is valued as vacant and development is to its highest and best use.

The land sales summarized in the table below are representative of the current market for vacant land in the vicinity of the subject. The sales are briefly described and compared to the subject, resulting in an estimate of the subject's market value.

<u>Sale #</u>	<u>Location</u>	<u>Date</u>	<u>Price</u>	<u>Size in SF</u>	<u>\$/SF</u>
1	South side of Van Horn Road, New NC site	11-07	\$2,113,387	635,028	\$3.33
2	345 Old Richardson Highway	7-12	\$413,000	222,591	\$1.86
3	3820 Braddock	7-14	\$230,000	174,240	\$1.32
	SUBJECT			304,920	

Comparable Land Sale No. 1 is on the south side of Van Horn Road across from Gene's Chrysler, a portion of the former Frontier Transportation site. This site backs up to the rear of the subject. NC Machinery bought 14.58 acres in November 2007 for \$2,113,387 or \$144,950 per acre (\$3.33/SF). It is level and has sewer available along the Van Horn Road frontage. It has good visual exposure to Van Horn Road but access is via a subdivision road off of Van Horn. Soils required major excavation to support construction.

Comparable Land Sale No. 2 is the site of the former Sunset Strip night club at 345 Old Richardson Highway. It is a 222,591 square foot site with extensive road frontage, unrestricted zoning, and all utilities available on site. A burned structure was removed by the seller prior this sale. The sales price in July 2012 was \$413,000 or \$1.86/SF.

Comparable Land Sale No. 3 is the sale of an assemblage of three adjacent lots located at the northwest corner of Braddock Street and Alta Way, one block east of the subject that sold in July 2014 for \$230,000 or \$1.32 per square foot. These lots are off frontage with minimal exposure and have no access to water and sewer.

Reconciliation

Not to put too fine a point on this issue, but, since 2012 there have been a total of 17 industrial land sales in South Fairbanks, only three of which were over 3 acres. There are presently 15 listings, all less than two acres in size. Lots toward the west end of the neighborhood and Peger Road have sold in the past two+ years for upwards of \$3.50 per square foot for frontage lots with utilities to \$2.85 for off frontage lots without water and sewer.

There are two pertinent listings in the subject's immediate neighborhood. First, is the list price for a 142,835 square foot site one lot north of the Old Richardson Highway and Easy Street listed at \$275,000 or \$1.86 per square foot. It is level, one lot off frontage of major arterial traffic with all utilities available that has been on the market for 269 days. Listing 2 is a 217,041 square foot site next to Sale 2 listed at \$414,000 or \$1.91 per square foot. It has extensive highway frontage, utilities available, with an old beater shop on site considered of no value. This property has been listed for 545 days with only 49 hits on the listing.

To conclude, there are portions of the South Fairbanks industrial area where land prices are supported by their exposure to arterial traffic and availability of utilities and priced from \$2.50 to \$3.50 per square foot. The subject does not fit this model. While it has Cushman Street frontage and utilities, DOT daily traffic counts at the subject are 1,556 vehicles per day, whereas counts at the Van Horn Road/Cushman intersection are 6,500 vehicles+/. Sales 2 & 3 plus the two listings pretty much tell the tale of land prices in this neighborhood and hover below \$2 per square foot. Sale 1 is nearby but has superior frontage, Sale 2 has superior exposure to traffic, and Sale 3 is off frontage without water and sewer.

After analysis of the most recent land transactions and listings, the estimated market value of the subject land is \$1.60 per square foot. Total site value is calculated as follows:

$$304,920 \text{ SF} \times \$1.60/\text{SF} = \$490,000(\text{rd})$$

COST ANALYSIS

Cost data is provided by the original bids submitted for the subject building in 2005, ranging from \$5,557,000 to \$6,798,000. The final cost, according to available information, was \$6,494,500 or \$191 per square foot in 2005 costs. Add 22% to account for Anchorage CPI increase since 2005 and the cost basis increases in 2015 dollars to about \$7,925,000 or \$232 per square foot. In addition, the commercial kitchen on the second level, the lab and medical office build-out in the south wing and a covered entry to the south wing were added after 2009, the latest cost accounting available to this appraiser. In 2009, a portion of the second level, totaling 6,000 square feet, was totally unfinished except for the building shell. Estimated replacement costs in 2015 dollars can only be guesstimated but it is reasonable to conclude a total replacement cost in the area of \$9,000,000 or at least \$265 per square foot.

As cost comparisons, in 2008, the Airport Way Medical Center, a 13,000 square foot, multi-level building cost an estimated \$310 per square foot, without equipment. In 2012, Mountain View Medical Center on Phillips Field Road, a 36,700 square foot, multi-story office building was built for \$185 per square foot, not including medical build-out.

The subject building is in very good condition and well maintained and ten years of age. At its observed effective age of 5 years, physical depreciation is minimal, estimated at less than 10% of replacement cost. The differential between the values estimated in the sales comparison and income approaches can be totally attributed to the combination of functional and external obsolescence. The description of improvements indicated some functional issues but most of the depreciation attributed to the subject is external obsolescence. The market is not now and probably was not capable of supporting the improvements when built in 2005. Given this discussion, a final value by the cost approach will not be developed due to the inaccuracies inherent in estimating accrued depreciation. Owner-users, investors, or speculators interested in this property would place no emphasis on the cost approach and defer formulating buy/sell decisions to the other approaches to value.

Value by the Cost Approach

N/A

Excess Land

One element of the cost approach, the land value was fully developed, placing the market value of the subject's 7 acres at \$1.60 per square foot or \$490,000. It was also noted the rear 2 acres +/- of the subject land is excess to building needs and can be severed from the subject by a re-plat and sold. It would require a re-plat, establishing access and utility easements and approval by the borough. According to borough personnel, this can be achieved at minimal effort, following regulations.

The excess land presently lacks legal access and easements to meet borough requirements. A re-plat will cost an estimated \$10,000 according to Richard Heiren, a local surveyor. From a valuation aspect, the subject is somewhat akin to Land Sale 3 at \$1.32 per square foot, which is nearby and off frontage but has established access on two boundaries. It lacks water and sewer, equal to the subject's excess land that would require running utility lines at least 500 linear feet to connect. In reality, the prospective buyer for the excess land is the gravel pit operator on the west property boundary that could use the land to expand his operations.

Primarily based on Land Sale 3, the market value of the subject's excess land is estimated at \$1 per square foot. Assuming a two acre parcel, value of the excess land is calculated as follows:

$$2 \text{ AC} \times 43,560 \text{ SF/AC} \times \$1/\text{SF} = \$90,000(\text{rd})$$

Sales Comparison Approach

In the sales comparison approach, an opinion of market value is developed by analyzing similar properties that have recently sold, are listed for sale, or are under contract and comparing them with the subject property. A major premise of the sales comparison approach is that the market value of a property is related to the prices of comparable, competitive properties. The properties are typically evaluated in terms of a physical unit of comparison (e.g., "price per square foot", "price per unit") and correlated by adjusting for various inequalities. For this property type, the market recognizes a price-per-square-foot of gross building area (GBA).

The market was thoroughly researched for sales of large office properties but no 30,000 square foot building sales were located. Following is an analysis of the most pertinent office building sales.

Property	<u>Subject</u>	<u>Comp #1</u> 411 4 th Avenue	<u>Comp #2</u> 1317 Wembley Drive	<u>Sale 3/Listing</u> 1405 Kellum
Photo				
Sale Price	---	\$1,375,000	\$1,300,000	\$3,900,000
Date of Sale	---	6-09	1-14	Active List – 260 DOM
Market Cond Adj.	---	n/a	Seller motivated <i>Inferior +</i>	n/a
Adj. Sale Price	---	\$1,375,000	\$1,300,000	\$3,900,000
GBA	34,092 2-story	11,925 SF 3-story <i>Smaller -</i>	12,840 SF 2 –story <i>Smaller -</i>	14,320 SF 3-story <i>Smaller -</i>
Adjusted \$/SF	----	\$115	\$101	\$272
General Location	South Fairbanks	CBD <i>Superior -</i>	Wembley <i>Superior -</i>	Airport Way <i>Superior -</i>
Exposure/access	South Cushman	CBD <i>Superior -</i>	High <i>Superior -</i>	High <i>Superior -</i>
Quality/Type	Avg + wood frame	Avg/concrete <i>Approx =</i>	Avg + cc-steel <i>Superior -</i>	Good/stucco <i>Superior -</i>
Age/Condition	2005/good	1962/good	2005/ <i>pt finished</i> <i>Inferior +</i>	2009/good
Land to Building	8.94 to 1 Excess land	1.19 to 1 <i>Inferior +</i>	3.11 to 1 <i>Inferior +</i>	2.94 to 1 <i>Inferior +</i>
AC	Yes	Yes	Yes	Yes
Sprinkler	Yes	Yes	Yes	Yes
Other	Lawn, paved parking	None <i>Inferior</i>	Parking, walks <i>Approx. =</i>	Parking, walks
Adj. \$/SF/GBA	---	<\$115	<\$101	< \$272

Description of the Comparable Sales

Briefly, Sale 1 is an older, CBD office building that has been rehabbed and in very good condition at sale; Sale 2 is a Class B+ office building on a busy freeway that lingered on the market for 3 years; Sale 3 is the list price for a Class D medical office building first listed at \$4,600,000, now reduced to \$3,900,000. The following discussion contains the details regarding each property and compares them with the subject.

Physical Characteristics

Physical characteristics include location, access, quality, and effective age. However, the quantity of data is not sufficient to isolate reliable percentage or dollar adjustments. On that basis, other physical characteristics are correlated with qualitative adjustments (e.g., approximately equal, superior, or inferior).

Sale 1 is a renovated 1950's era CBD office building that sold June 2009 for \$1,375,000. It is concrete and steel construction with a partial basement included in the 11,925 square foot gross building area. Half the basement was storage. It has no on-site parking with the owners and tenants paying separately for off-street parking. There is no medical build-out in this structure but overall condition is rated average+. The part finished basement carries about the same weight as the subject's garage area.

Sale 2 is the former Fishtopia building on Wembley Drive at the Johansen Expressway that sold January 2014 for \$1,300,000. It had been on the market for over three years with a starting list price of \$3,100,000. It was acquired by MAC Federal Credit Union and remodeled into bank and office space. The entire second level of the building was unfinished and the main level contained a 500 square foot garage area. This was essentially a blank space awaiting build-out. This location is exposed to 15,000 to 20,000 VPD with good access via a frontage road.

Sale 3 is the list price of \$3,900,000 for Dr. Don Ives office building at 1405 Kellum Street. It was originally listed for \$4,600,000 in September 2014, reduced to \$3,900,000 in January 2015 (MLS# 125114). Dr. Ives shuttered his practice in 2013, vacating the entire third level. It is a wood frame, good quality Class D office building that contains 14,320 square feet of gross building area that benefits from very good exposure to 15,000+ vehicles on Airport Way. It was shown to a group of Anchorage-based doctors on 2-11-2015 by Alaska Commercial Properties. The only comment by the potential buyers was "a good property but the leases do not float the note". They estimated \$500,000 in costs to re-configure the structure for their use. The potential buyers have since elected to lease from the Tanana Valley Clinic.

There have been a number of recent "boutique medical office" transactions driven by the Fairbanks Memorial Hospital Foundation. The sales have involved not only prices paid for real estate but included equipment and patient lists (business value). Each requested appraisals but I advised each to ask the highest value they could justify since the hospital foundation was the only buyer and not too finicky about prices. These are 4,000 to 7,000 square foot, 1980's vintage buildings located within walking distance of the hospital campus that sold for prices ranging from \$150 to \$200 per square foot for the real estate. (extracted prices)

Sales 1 & 2 are the only transactions of any relevance in this market, indicating prices per square foot for the subject below \$115 per square foot after adjustment. Sale 3, the listing, has been exposed to the market for nearly a half year, and by the most recent suitors, is over-priced. All three sales are fee simple transactions based on a stabilized occupancy.

In the comparison analysis three factors that take center stage when comparing the two sales to the subject are size, functional utility, and location. The subject is three times larger than the sales, which has a definite but hard to define impact on prices per square foot. As observed in most markets, the larger the size; the lower the unit price, all other factors being equal. This is fairly well observed in the sales price differential between the comparable sales in the noted "boutique" medical office sales. Some of this differential is influenced by the hospital's intent to acquire these properties but the disparity is evident.

Functionality is also a component related to size whereby most office buildings are sized to meet the requirements of the occupant. From the beginning, the subject was deemed excessive relative to needs and

was only fully utilized for a short period. In its present configuration it is a one tenant property but with modifications it could easily be converted to accommodate three tenants, one for each wing. The kitchen area and meeting room is more of a common area suited to for large meetings or conventions and is considered excess to most office requirements. While the main level of the south wing has a lab and a few examination rooms, the subject is in no way considered on par with purpose-built medical office structures.

The three sales are appropriately located where office uses are common and supported by the market, benefiting from exposure to arterial traffic or downtown foot traffic. The subject, on the other hand, is in an industrial area three miles south of the CBD and one block south of any appreciable arterial traffic. While nearby industrial properties have interior office space, none, with the exception of one property, are solely office space and none are of the subject's proportions. The primary exception is the Fairbanks Native Association's Behavioral Health and Support Services building at 3100 Cushman Street. This is a 36,000 square foot facility built as an in-resident treatment center with attached offices. As funding for services dropped, a large portion of the living quarters were converted to offices by FNA, who relocated some of its offices to the facility. It remains fully, owner-occupied as of this date. The Doyon Properties offices a 700 Bidwell are the other.

To expand on the location factor, asking rents for Doyon Properties offices at 700 Bidwell, an 84,500 square foot office property located less than a mile north of the subject are at \$1.90 per square foot full service. The last tenant placed in this building over a year ago paid \$1.65 (word of mouth not confirmed with owner). Rents for similar quality offices in and around the CBD are \$2.25 to \$2.50 without parking included. Medical office rents range from \$2.50 to \$3.75. Given this observation, the location adjustment for the subject could be interpreted to range from 15% to 30%, depending upon how the subject space is classified. (general office vs. medical). In fact, Tom Roberts (Robert's Realty), Shawn Evans (Alaska Commercial Properties), Jim Desmond (Desmond Real Estate), and Gene DuVal (ReMax) expressed the opinion the subject is a significant over-improvement for the South Fairbanks neighborhood and Fairbanks as a whole. While the subject is a well built and maintained office structure it is viewed as misplaced in relation to the local market and much larger than local demand can justify or support. The combination of the subject's size and sub-par location place the per square foot value for the subject below the range developed from the comparable sales and is concluded at \$90 per square foot of gross building area. The following calculation is based on a hypothetical five acre site plus the building size. Value for the subject is calculated as follows:

$$34,092 \text{ SF} \times \$90/\text{SF} = \$3,070,000(\text{rd})$$

As noted in an earlier section of the report, the subject site has approximately 2 acres of excess land that can be subdivided and sold. Market value of the excess land is estimated at \$90,000, the total value of the subject property, "**as stabilized**" is calculated as follows:

34,092 SF x \$90/SF =	\$3,070,000
Plus Excess Land	<u>90,000</u>
Total Value	\$3,160,000

"As is" Valuation"

The "as stabilized" value is discounted In order to calculate its "as is" value to reflect the perception of value relative to its present and future utilization. The lease up period for the subject to achieve stabilized occupancy of 85% is projected at 36 months not until the beginning of the 4th year. There is no market evidence to calculate a discount rate to apply to the "as stabilized" value. An alternative method based primarily on opinions of local market players will be used to estimate the appropriate discount.

Local Realtors/brokers (Mick Killion, Pam Throop, Chad Roberts, & Jim Desmond) all recognize the subject's quality and condition but lament that its location is holding it back. While there is a dream of construction of a possible large diameter natgas line somewhere Fairbanks' future that could be a game changer, each indicates demand for office space at this location is not a likely result. Should a need arise, the Doyon

Properties offices just north of the subject on Bidwell will likely be the beneficiary as they will be fast to react to any hint of activity by heavily discounting rents to fill their vacant space (18,000 SF). All confirm it will take at least three years to reach a stabilized occupancy. While there is inherent value in the physical asset, holding costs incurred until stabilized occupancy is achieved are hard to absorb and weigh on the subject's present value. A range in discounts to the "as stabilized" value was offered from 40% to 70% of value to reflect its "as is" value. This would result in the following calculation of "as is" value:

$$\begin{aligned} & \$3,160,000 \times 1-.30 = \$2,210,000(\text{rd}) \\ & \qquad \qquad \qquad \text{to} \\ & \$3,160,000 \times 1-.60 = \$1,265,000(\text{rd}) \end{aligned}$$

While this opinion of value is based on perception of value by local market participants, it is a valid method of estimating the appropriate discount since one or more of these players could be tasked with presenting this property to the market should it become available. In this case the entire range is presented since there is insufficient market evidence to focus on a point value. Further analysis in the income approach will refine the discount process into an indication of value for the subject "as is".

Value by the Sales Comparison Approach

"as stabilized" \$3,160,000
 "as is" \$1,265,000 to \$2,210,000

Income Capitalization Approach

This approach to estimating value is based on the principle of anticipation, theorizing value is a function of future benefits accrued over a specified period. In other words, the value of an income-producing property is based upon the quality, duration, and frequency of income produced by the property coupled with an investor's criteria for profit. Typically, in this approach, a market analysis verifies the income the subject could be expected to generate if available for rental, estimates typical operating expenses, and applies the capitalization process to convert income into an indication of value.

Market Rent Comparables

Comparable market rents are estimated utilizing the comparable rental data in the following table:

#	Location	Lease Date	Year built	NRA	\$/SF	Tenant Exp	Adj. \$/SF
1	2301 Peger Road	6-02	2002	28,254 SF	\$1.72*	None	\$2.12
2	512 Second Avenue	10-12	1954	10,158 SF	\$2.63	None	\$2.63
3	700 Bidwell	Active	1975/98	18,000 SF	\$1.85	None	\$1.90
4	60 Hall Street	12-11	1975	4,500 SF	\$2.12	None	\$2.12

*Adjusted 3%/yr after Year 4 for increases in utilities per contract

Analysis of Market Rents

The market rents are correlated to the subject in the following analysis. Briefly, Rental 1 is the 2002 lease for the ADOT/PF offices on Peger Road that leased initially for \$1.72 per square foot. After upward adjustments over the years for increasing utilities, the present rent is at \$2.12, full service. While a mature lease, it is relevant in this market due to its large size and the rent adjustments have tracked the market fairly well. The landlord was allowed to pass a 3% increase in utilities every year after Year 4. This was a design-build project suited specifically to the State tenant.

Rental 2 is the Lathrop Building in the CBD that was leased by the State of Alaska Department of Law from Andy Bachner in 2012. The 10,158 square foot leased space was renovated to State specifications with parking provided in a nearby city-owned parking garage by the building owner.

Rental 3 is the asking rate for the Doyon Properties office building located north of the subject on Bidwell Street, fronting Cushman. This is a steel frame structure that contains a total of 84,500 square feet of offices. The original 42,000 square feet was built in 1976 with the remainder added between 1990 and 1998. At this juncture 18,000 square feet is vacant, offered at \$1.90 per square foot, full service. Numerous tenant enticements are offered including \$20/SF of build out and free month's rent for long term tenants. Like the subject, the space includes offices, a commercial kitchen, large meeting spaces and a gym. Quality of the newer addition is on par with the subject with the older section inferior. The last tenant placed in this building over a year ago reportedly paid \$1.65 per square foot. (word of mouth) This location is superior, exposed to higher traffic counts north of Van Horn Road.

Rental 4 is the rent for a 4,500 square foot office building at 60 Hall Street leased at the end of 2011 for \$2.00 per square foot. Escalators place the 2015 rent at \$2.12 per square foot. This building has on site parking and was completely renovated prior to leasing. It is next to the Tanana Chiefs Office building near the CBD.

The following grid graphically relates the comparables to the subject to estimate market rent.

Property	Subject	No. 1	No. 2	No. 3	No. 4
Address	3830 Cushman	2301 Peger Road	512 Second Avenue	700 Bidwell	60 Hall Street
Photo					
Date	n/a	6-02	10-12	Active	12-11
Rental Rate	n/a	\$1.72	\$2.63	\$1.90	\$2.12
Tenant Expenses	n/a	None	None	None	None
Adjusted Lease Rate	n/a	\$2.12	\$2.63	\$1.90	\$2.12
Configuration	2-story	1-story	3-story	2-story	2-story
Area	34,092 SF	28,254 SF	10,158 SF	18,000 SF +/-	4,500 SF
Measure	Gross	Rentable	Rentable	Rentable	Rentable
Yr. Built/Condition	2005/Good	2002/good <i>Approx =</i>	2009/good <i>Approx. =</i>	1976/Avg+ <i>Approx =</i>	1975/good <i>Approx =</i>
Bldg. construction	Woodl frame	Metal frame <i>Approx. =</i>	Conc/steel frame/stucco <i>Superior</i>	Metal frame <i>Approx. =</i>	Concrete & steel <i>Superior</i>
Quality	Class B	Class B <i>approx. =</i>	Class B <i>Approx =</i>	Class B <i>Approx. =</i>	Class B <i>Approx =</i>
Parking	Adequate	Adequate <i>Approx =</i>	Adequate <i>Approx =</i>	Adequate <i>Approx. =</i>	Adequate <i>Approx =</i>
Elevator	Yes	None No adjust	Yes No adjust	Yes No adjust	Yes No adjust
Location	Cushman Street	Peger Road <i>Superior</i>	Airport Way <i>Superior</i>	Cushman St Equal	Steese Hwy <i>Superior</i>
Adj.Rent		<\$2.12	<\$2.63	<\$1.90	<\$2.12

Conclusion – Market Rent

Note the comparable rentals are dated relative to the date of value. The lack of more current leases testifies to the present status of this market with no appreciable leasing activity. Owners, leasing agents/Realtors, and appraisers confirm the present office market situation is primarily due to lack of demand in an overall stagnant market.

To conclude, the market rent for the subject is below the lower end of the range developed from the comparable rentals, justified by its non-conventional location and a very large space with no apparent need in this market. The original rent for Rental 1 is somewhat indicative of this market but it was a one-off, design-build project for a State agency in a superior location. Rental 3 is more indicative of the subject's surrounds but is superior in access and visibility. The other two rentals are not directly comparable but illustrate rents garnered by better located office space. In conclusion, given the subject's location and large size, the single tenant, full service rent is estimated at \$1.50 per square foot. Potential Gross Annual Income for the subject improvements is calculated as follows;

$$34,092 \text{ SF} \times \$1.50/\text{SF} \times 12/\text{MO}/\text{YR} = \$613,656$$

Vacancy and Collection Loss

Vacancy and credit loss is typically estimated as a percentage of potential gross income. There are no definitive occupancy studies or analysts that survey the local office market on a regular basis. In general, the local office market is near full occupancy (7% vacancy) with the noted exceptions, especially in Rental 3, which has 18,000 square feet available. Most vacancies are small spaces (1,000 to 2,000 SF) scattered around town and do not relate to the subject.

The subject's present utilization is reported by the occupant at 40%; 60% vacant. Mr. Watkins freely indicates the agency has no capacity to expand into the unused space and will rely in the future on multi-tenancy to fill the building. They hope to pull any of several NPO agencies into the building to help defray expenses. Many smaller public service agencies are also struggling with declining revenues; therefore, this building could be attractive if they can get past the location. Mr. Watkins indicated he expected over one year to rent up the underutilized space in the building with numerous smaller tenants. (Likely an optimistic projection).

Based primarily due to the lease up issues with Rental 3, should the subject be made available at the estimated market rent, the estimated lease up period is three years. Given the present economic circumstances, no new tenants are projected for the first year at market rent. This location will always underperform the local market. Therefore, stabilized vacancies are anticipated at 15%.

Operating Expenses

Operating expenses deducted from the effective gross annual income usually fall into three categories: fixed expenses, variable expenses and replacement allowance for short-lived building components. The subject's manager provided operating expense data from one year for the subject.

Management/Administration

Rates for management fees range from 3% to 10%, depending on the size of the project, number of tenants and amount of work required. The subject is presently a large, single tenant property with minimal management expense. Five percent of effective gross income is reasonable.

Real Estate Taxes

The subject is owned by a tax exempt entity and not subject to real estate taxes. Note: Real estate taxes for a non-tax exempt owner are projected at \$42,630. (13.149 mils x \$3,160,000 from SCA).

Insurance

The building manager indicated the subject is insured for around \$7,000,000, which would result in annual insurance costs of approximately \$15,000.

Utilities

Total utility expenses for the last operating year were \$72,758 and include heating fuel, electricity, water, sewer and refuse. This figure is somewhat skewed as approximately 60% of the subject is unoccupied whereby utility requirements are lower than for a fully occupied structure. As an example, utility expenses in 2009 totaled \$94,000, when the last operating expense data was provided this appraiser. Adjusting slightly for slightly falling utility rates, utilities are estimated at \$80,000.

Janitorial

Janitorial expenses typically range from \$0.09 to \$.25/SF/month. Janitorial costs for the subject for the past year totaled \$60,600 or \$1.78 per square foot/year to \$.15/month.

Repairs and Maintenance (R & M)

Maintenance is difficult to estimate with any degree of precision as this expense varies widely from property to property and year to year. The subject's most recent R&M expenses included replacement of many long-lived items that do not fit this category. Annual R&M expenses are estimated at \$10,000.

Reserves for Replacements

According to the 4th Quarter 2014 Korpacz survey, replacement reserves for the Suburban office market range from \$0.10 to \$0.50/SF. The replacement reserve is near mid range at \$.30/SF or \$10,000.

Miscellaneous

This expense category is a catchall to include those unexpected expenses or not accounted for in the other categories such as supplies, snow removal, and the like. Miscellaneous expenses are estimated at \$7,500

Following is the reconstructed operating statement used to calculate the net operating income.

Reconstructed Operating Statement

Potential Gross Annual Income (Rental)		\$613,656
Less: Vacancy & Collection Losses (15%)		<u>- 92,048</u>
Effective Gross Annual Income		\$521,608
Less: Operating Expenses		
Management 5%	\$26,080	
Real Estate Taxes	-0-	
Insurance	15,000	
Utilities	80,000	
Janitorial	60,600	
Maintenance	10,000	
Reserves	10,000	
Miscellaneous	<u>7,500</u>	
Total (40%)	\$209,180	
Annual Net Operating Income		\$312,428

Income Capitalization

No overall capitalization rates (OAR's) were generated from the comparable sales primarily since they were either unoccupied at sale or owner-user acquired. The OAR extracted from the list price for Sale 3 is 8.5%, which will be adjusted once a sale is completed. This rate is unrealistic for the subject for many reasons including the subject's location and large size. The following table contains data from the *Korpacz Real Estate Investor Survey that will used to supplement local data and indicate* overall rates (OAR's) for the Office Market in the lower-48.

Period	Pacific Northwest Office Market Average
1 st Quarter 2014	8.03%
2 nd Quarter 2014	8.01%
3 rd Quarter 2014	8.01%
4 th Quarter 2014	8.00%

Regional indicators have decreased over the past year trending toward 8% for this category of the market. As noted, the local office market has not provided much relevant data due to lack of sales. Overall capitalization

rates for other local property types (retail & industrial) indicate rates are also trending lower but are slightly higher in the 8.8% to 9.0% range. Adjusting the NW regional data upwards to account for differences in market dynamics and the subject's relative market position, the capitalization rate selected for this analysis is 10%. Market value by the income approach "**as stabilized**" is calculated as follows:

$$\begin{aligned} \text{Net Operating Income} / \text{Overall Capitalization Rate} &= \text{Value} \\ \$312,428 / .10 &= \$3,125,000(\text{rd}) \end{aligned}$$

Add the market value of the excess land at \$90,000 and the total market value of the subject property as estimated in the income approach, "**as stabilized**" is \$3,215,000.

"As is" Valuation

Presently 40% of the subject is utilized and the remainder vacant. Market participants indicate it will require three years to achieve a stabilized occupancy of 85%. Each also predicts no absorption in the first year; therefore, lease up to achieve 85% occupancy is projected to occur in Years 2 & 3. Should potential office users emerge, the Doyon Properties on Bidwell just north of the subject will likely benefit before the subject since management will be quick to respond and beat the subject to the punch.

The subject's configuration is not particularly suited for multi-tenancy since it has long hallways in each wing that will require some modifications. The rentable area in the subject, based on the appraiser's estimate (no architectural data available) is 88%, which conforms to the norm for this market. Rentable area is estimated at 30,000 square feet (34,092 SF x .88 = 30,000 SF). Presently 40% of the rentable area or 12,000 square feet is utilized. No absorption is projected for Year 1; 5,000 square feet is projected to be absorbed in Year 2; and 8,500 square feet in Year 3, when a stabilized occupancy of 85% is achieved. Based primarily on the market outlook, no increase in rental rates are foreseen for the three year absorption period.

Rent loss during the three year lease up as well as operating expenses during the holding period, lease-up expenses and tenant improvements are deducted to equal total revenue loss that will result in an estimate of value.

Operating expenses are mostly fixed except for utilities. Utilities will change each year based on the percentage of the building leased per year. Utilities "as stabilized" are projected at \$80,000 annually. The building needs to be heated continually, although some at a lower temperature; water/sewer usage will increase with occupancy as will electricity. The \$80,000 utility projection "as stabilized" reflected expectations for a natgas line that would eventually stabilize utility expenses in the area by 2018. Minor fluctuations will occur but no change in the utility expense is forecast over the 3 year lease up period. Total operating expenses were \$209,000 and based on broker's opinions, are expected to remain stable over the period.

Leasing commissions are based on commissions of 4% of income over a 3-year lease term, fixed rent.

Tenant improvements are minor as expectations are the main entry will be used by all tenants and each wing will be leased to separate tenants. Tenant improvements are estimated at \$10 per square foot. No profit incentive is included as there is no market support for it. If vacant, the owner would just be happy to have the building rented without expectations of additional profit.

The calculation in the table on the following page shows the rent loss and expenses incurred over the three year projected lease up.

	Year 1	Year 2	Year 3
Rent Loss	18,000 SF x \$1.50/SF x 12 M/YR = \$324,000	13,000 SF x \$1.50/SF x 12 M/YR = \$234,000	8,500 SF x \$1.50/SF x 12 M/YR = \$153,000
Operating exp.	\$209,180 x .6 = \$125,500	\$209,180 x .43 = \$89,950	\$209,180 x .15 = \$31,380
Leasing costs	-0-	5,000 SF x \$1.50 x .04 x 36M = \$10,860	8,500 SF x \$1.50 x .04 x 36M = \$18,368
Tenant Impr.	-0-	5,000 SF x \$10/SF = \$50,000	8,500 SF x \$10/SF = \$85,000
Annual Total	\$449,500	\$384,810	\$287,748

No changes are justified in the capitalization process since there are no conditions in the market to alter the present situation. The total income loss over the projected lease up period to achieve stabilized occupancy of 85% is \$1,122,058. Estimated "as is" value is concluded at \$2,092,942. (\$3,215,000 - \$1,102,500)

Indicated Value by the Income Approach "as is" (rd) \$2,100,000

Reconciliation of Value Indicators

The culmination of the appraisal process is reconciling the various value indications to arrive at a final value estimate. Value estimates developed in this analysis are summarized below.

	COST APPROACH	N/A
	SALES COMPARISON APPROACH "AS IS"	\$1,265,000 to \$2,210,000
		"AS STABILIZED" \$3,160,000
	INCOME APPROACH	"AS IS" \$2,100,000
		"AS STABILIZED" \$3,215,000

The cost approach was not developed in this appraisal with the valuation deferred to the other approaches to value since they are more market oriented.

Two comparable building sales and one listing were analyzed in the sales comparison approach. At the present time, the office market in Fairbanks is thinly-traded with a limited number of transactions to analyze. Marketing times are extended, sometimes past one year and the market is dominated by owner-users, not investors. Given these conditions, the sales comparison approach best fits the owner user paradigm and provides a good indicator of recent market activity as it relates to the subject. Market value estimated by the sales comparison approach, "as stabilized" as of the date of value equals \$3,160,000. The "as is" value is calculated by applying a market-indicated discounting to the "as stabilized" value. A range in values is the result since market data is insufficient to provide a point estimate. The range in "as is" values is \$1,265,000 to \$2,210,000.

The income approach was based on an analysis of potential income that could be generated by rental of the subject property. Market rent, based on comparable rental data, was estimated and actual operating expenses deducted to calculate a net operating income that was capitalized into an indication of value. The subject has several variables that impact the income approach, to include its present vacancy rate and estimating stabilized occupancy; lower than normal utility expenses due to low occupancy; and relating its competitive position in the market. The subject's location is the most prominent concern as it is not expected to perform on par, either occupancy or rent-wise, with better located office properties. The net impact of these factors also impacts the selection of an OAR used to convert net income into an estimate of value. After analysis, the market value of the subject "as stabilized" by the income approach is estimated at \$3,215,000. Like the sales comparison approach, a discounting process was required to indicate the "as is" value. In this case, the cumulative total of the revenue loss and cost of operating expenses is deducted to arrive at the "as is" value estimate of \$2,100,000.

The culmination of the analysis is to recognize the subject is operating (income wise) at what I would guess is its lowest. In the future there is projected upside if the building is converted from single to multi-tenant occupancy. This value estimate, however, is based on present utilization and market conditions with limited speculation as to the future.

Both approaches chronicle the disadvantage of the subject's location that directly impact value. The sales comparison approach is constrained by a thinly traded market that lacks a large data base of sales suited for analysis. Nevertheless, the analysis of the available sales provided a glimpse into a market dominated by owner-users. The income approach generated a value that was relevantly congruent with sales data but is overall given most weight in reconciliation since buyers and sellers focus on this valuation methodology. The "as stabilized" market value of the fee simple estate of the subject, including excess land, is concluded at \$3,200,000.

The "as is" value of the subject is based primarily on a discounting process applied to the cumulative revenue loss and operating expenses incurred while awaiting stabilized occupancy of 85% to be achieved by the beginning of the 4th year. The range developed in the sales comparison approach supports the value estimated in the income approach and is concluded at \$2,100,000.

Finally, the market value of the fee simple estate of the subject property "as is", with excess land, as of March 30, 2015, is estimated at:

**TWO MILLION ONE HUNDRED THOUSAND DOLLARS
(\$2,100,000)**

The market value of the fee simple estate of the subject property, "as stabilized", with excess land as of the date of value is:

**THRE MILLION TWO HUNDRED THOUSAND DOLLARS
(\$3,200,000)**

The "as stabilized" value is based on the hypothetical assumption the vacant space in the subject property is leased at a market indicated rate of \$1.50/SF, full service. Should the vacant space rent below this rate, the "as stabilized" value estimated in this report will need to be re-evaluated based on actual rents.

CERTIFICATION

The appraiser hereby certifies that, except as otherwise noted in this appraisal report:

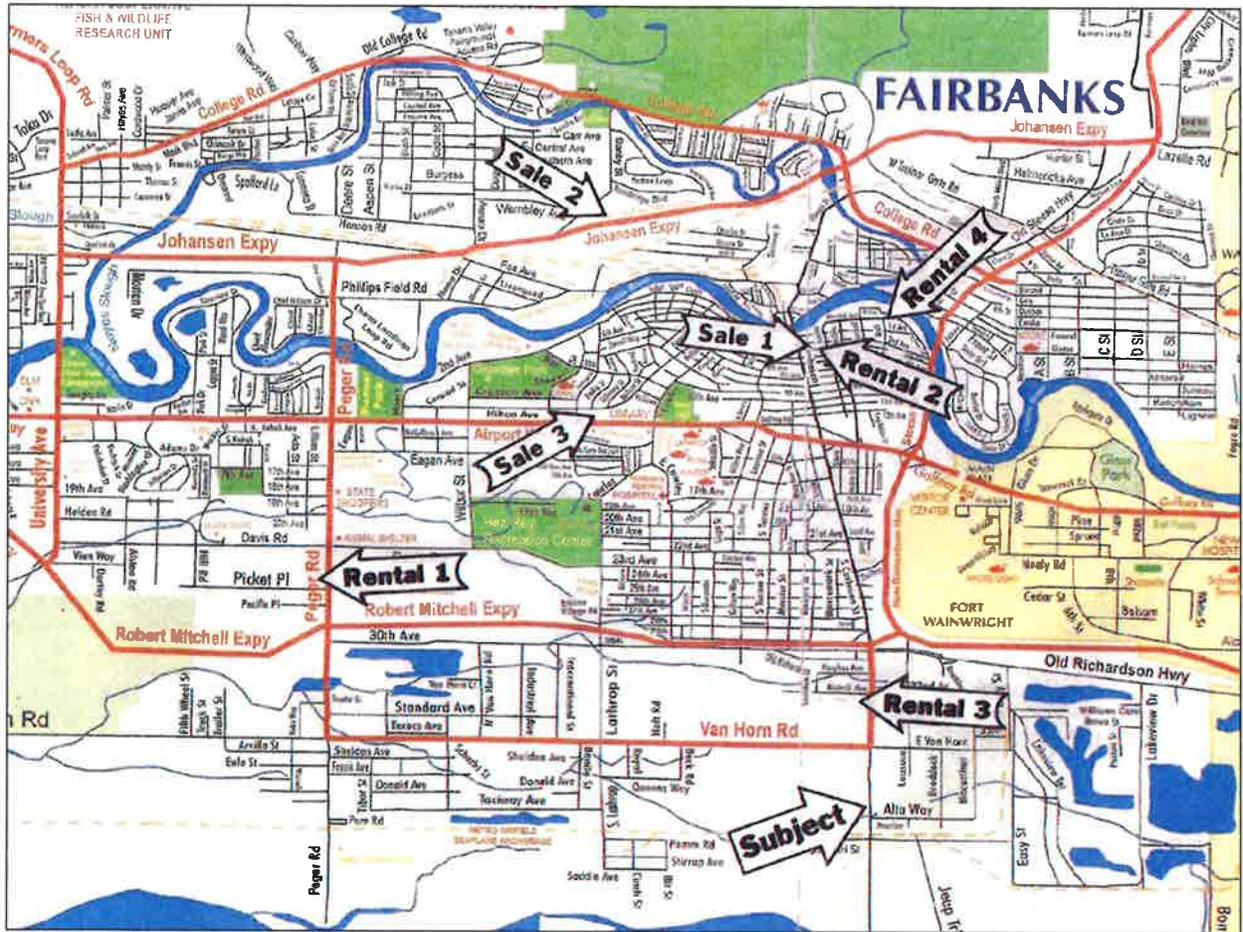
1. I have personally inspected the subject property.
2. I have no present or contemplated future interest in the real estate that is the subject of this appraisal. I have no personal interest or bias with respect to the subject matter of this appraisal report, or the parties involved, nor do I have any outside interests that would influence the estimate of value.
3. The appraisal assignment is not based on a requested minimum valuation or specific valuation or the approval of a loan. Neither the employment to make the appraisal, nor the compensation received is contingent upon the final value conclusion.
4. To the best of my knowledge, the statements of fact contained in this report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.
5. This is a compliant appraisal that contains sufficient information necessary to enable the reader to understand the appraiser's opinion, logic, reasoning, judgment, and analysis in arriving at a final conclusion of market value. This report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the author) affecting the analysis, opinion, and conclusions contained in this report.
6. The report was prepared in conformance with FIRREA and the Office of the Comptroller of Currency 12 CFR Part 34C - Appraisal Standards and the SPB Memorandum of Minimum Standards.
7. This report conforms with, and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.
8. This report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standard Board of the Appraisal Foundation, except that the Departure Provision of the USPAP shall not apply to federally regulated transactions.
9. The appraiser has the appropriate knowledge and experience required to complete the assignment competently.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its authorized representative.
11. No one other than the appraiser prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this appraisal report.



Roger W. Nash
Certified General Real Estate Appraiser

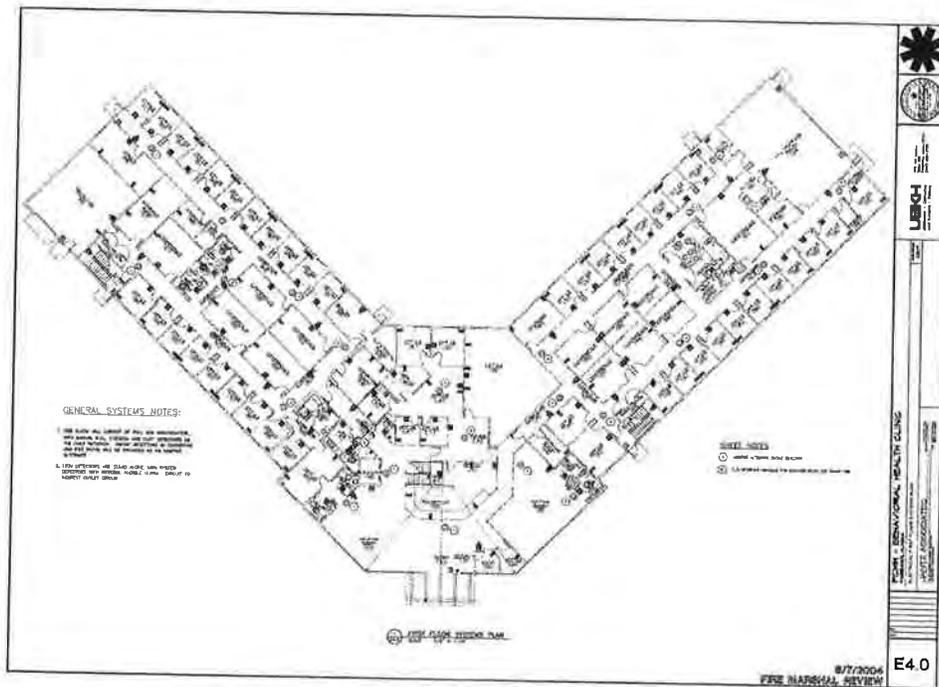
ADDENDUM

COMPARABLES MAP



BUILDING FLOOR PLAN

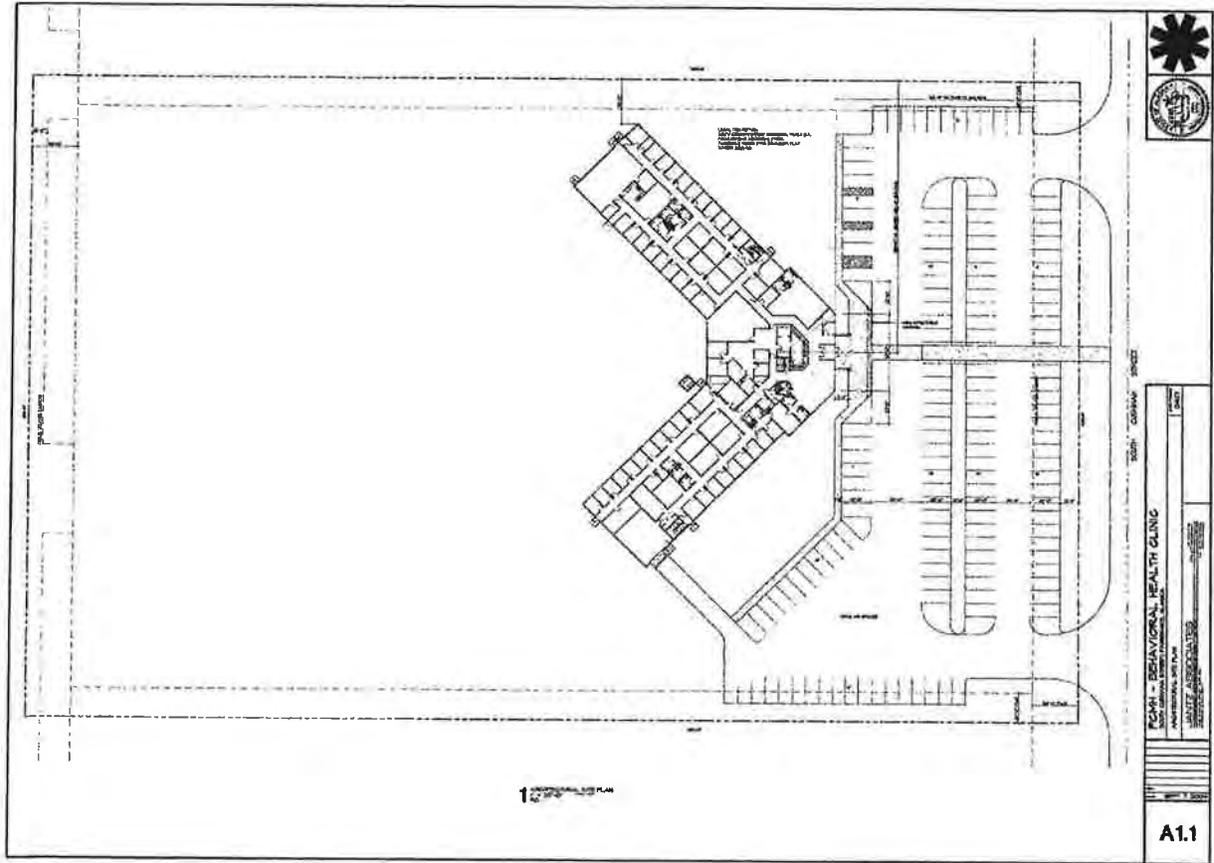
FIRST FLOOR



SECOND FLOOR



SITE PLAN





454 SLATER DRIVE, FAIRBANKS, ALASKA 99701
907-451-8674

Email: roger@northernappraisers.com

March 27, 2015

ANCHORAGE COMMUNITY MENTAL HEALTH SERVICES, LLC

4020 Folker Street
Anchorage, Alaska 99508

Attn: Jon Watkins, CFO

Re: Real Estate Appraisal
Fairbanks Community Mental Health Services, LLC
3830 Cushman Street
Fairbanks, Alaska 99701

Dear Sir:

Thank you for the request to provide appraisal services for the Fairbanks facility. I propose to provide an appraisal report to estimate the market value of the property, "as is", and "stabilized occupancy" as of the date of inspection. The "as is" value estimate reflects its present under utilization as it relates to the present market. The "stabilized occupancy" value estimate is based the exposure period to achieve a typical occupancy.

As you are aware, I recently completed an appraisal on the property for a financial institution that required differing definitions of value. An update of that report will be the foundation to meet our agreed scope of work.

The all-inclusive fee for the appraisal services is \$1,000. The time required to complete the appraisal will be ten working days after the opportunity to re-inspect the property. I would like to schedule the inspection date with Jami Teets, COO, early next week.

Thank you for this opportunity to be of service. Should questions arise, please contact me at this office.

Respectfully submitted,

NORTHERN APPRAISERS

Roger W. Nash
Certified General Real Estate Appraiser - AA43

Digitally signed by Jon Watkins
DN: cn=Jon Watkins, o=ACMHS,
ou=ACMHS,
email=jwatkins@acmhs.com,
c=US
Date: 2015.03.27 16:50:12 -08'00'

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

1. The title to the property is assumed to be marketable and free of all liens and encumbrances, except as noted in this report.
2. No responsibility is assumed for matters that are legal in nature, nor is any opinion rendered on the title of the land appraised.
3. All maps, areas, and other data furnished have been assumed to be correct. The information obtained from others is considered to be reliable, but no guarantee is made to the absolute correctness of this information.
4. No part of this appraisal should be used out of context. The value of the land and improvements when shown separately must not be used in conjunction with any other appraisal and are invalid if so used.
5. There shall be no obligation to appear or testify in court by reason of this appraisal, unless mutually satisfactory arrangements are made in advance.
6. Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute. Neither all, nor any part of, the contents of this report shall be disseminated to the public without the prior written consent and approval of the appraiser.
7. The appraisal is subject to your agreement that the liability of Northern Appraisers, as well as, the individual appraiser signing the report, due to professional negligent acts, errors or omissions of the appraisers, are limited to the amount of the appraisal fee. All persons utilizing and relying upon this report, in any manner, bind themselves to accept this limitation of liability.
8. The valuation assumes the appraised property is free and clear of hazardous contaminants, unless specifically noted. If the appraised property is suspected of contamination, then the client is urged to retain an engineer's report. The appraisers reserve the right to review value conclusions if documentation, including cost-to-cure estimates, is provided.

QUALIFICATIONS OF APPRAISER

ROGER W. NASH

EDUCATION:

Bachelor of Science in Agriculture, Ohio State University-1969

<u>Course or Seminar Title</u>	<u>Sponsor/Provider</u>	<u>Dates: Mo./Yr.</u>
Appraisal Review	Appraisal Institute	1-15
USPSP 2014 Update	Bill King, Assoc	1-14
Residential Report Writing	Appraisal Institute	4-13
Applications in Litigation	Appraisal Institute	3-13
USPAP 2012 Update	Appraisal Institute	2-12
Real Estate Finance, Statistics & Valuation Modeling	Appraisal Institute	5-11
USPAP 2010 Update	Appraisal Institute	4-10
Litigation: Specialized Topics	Appraisal Institute	2-10
General Appraiser Sales Comparison Approach	Appraisal Institute	5-09
Standards of Professional Practice - Update 2009	Appraisal Institute	3-09
Federal Land Acquisitions	US Dept. Interior	5-07
Federal Aid Highway Appraisal	USDOT	4-07
USPAP Update	Appraisal Institute	3-07
Highest and Best Use	Appraisal Institute	4-05
Appraisal of Land	Intl. Assoc. of Assessing Officers	11-02
Standards of Professional Practice - Part C	Appraisal Institute	1-00
Technical Inspection of RE	Beckman	5-00
Special Purpose Properties	Appraisal Institute	3-99
Appraisal of Non-Conforming Uses	Appraisal Institute	3-99
Appraisal of Local Retail Properties	Appraisal Institute	4-99
Supporting Sales Adjustments For Residential Properties	Appraisal Institute	4-99
Eminent Domain and Condemnation Appraising	Appraisal Institute	4-99
Dynamics of Office Buildings	Appraisal Institute	10-96
Dynamics of Retail Properties	Appraisal Institute	10-96

Standards of Professional Practice	Appraisal Institute	9-95
Litigation Practices	Appraisal Institute	5-95
Appraiser as an Expert Witness	Appraisal Institute	5-95
HUD/FHA Refresher	HUD/FHA Anchorage	5-95
Appraisal Reporting Options-Residential	Appraisal Institute	7-94
Appraisal Reporting Options-Commercial	Appraisal Institute	7-94
Advanced Income Cap.	Appraisal Institute	7-93
Standards of Professional Practice	Appraisal Institute	7-93
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Residential Seminar	FNMA	1-91
Standards of Professional Practice	American Institute of Real Estate Appraisers	11-87
Case Studies in Real Estate	American Institute of Real Estate Appraisers	4-85
Valuation Analysis & Report Writing	American Institute of Real Estate Appraisers	4-85
Investment Analysis	American Institute of Real Estate Appraisers	4-84
Capitalization Theory	American Institute of Real Estate Appraisers	11-83
Real Estate Appraisal Principles/Basic Valuation	American Institute of Real Estate Appraisers	11-82

BUSINESS EXPERIENCE

Fee Appraiser - Street King and Associates - 1978
 Fee Appraiser & Partner - Price and Associates - 1980-1985
 Appraiser/owner - Northern Appraisers - 1985 to Present

PROPERTIES APPRAISED

Urban & remote residential properties including single family, duplex, and multi-plex housing, and condos, remote homesites, and cabins. Commercial properties of all types including office buildings, apartment, industrial properties, retail malls and buildings, hotels, motels, convenience stores, car washes, service stations, bulk plants, recreational lodges, remote land, land leases. Appraisal locations including Anchorage, Barrow, Cantwell, Cordova, Craig, Delta Junction, Fairbanks, Galena, Glennallen, Healy, Homer, Juneau, Kenai, Ketchikan, King Salmon/Naknek, Kotzebue, Nenana, Nome, Palmer, Petersburg, Prudhoe Bay, Seward, Soldotna, Tok, Valdez, Wasilla.

State of Alaska - General Appraiser Certification No. AA-43 - Expires 6-30-15

Fairbanks Community Mental Health Services –
Program description for Cushman Facility Plan

Fairbanks Community Mental Services, LLC (FCMHS) has been operating out of the 3830 S. Cushman Street facility since the inception of the company in September 2013. In providing services to the North Star Borough communities, it has been a difficult road due to the fact that the available staffing and variety of services available at FCMHS has been much smaller in scope than the previous organization. However, the organization has grown in size and experience level over the past 21 months along with strengthening the corporate structure and processes with the parent organization - Anchorage Community Mental Health Services. Acquisition and permanence of FCMHS in the Cushman facility provides an opportunity for growth and collaboration all aimed to better serve the needs of Fairbanks and the Interior.

Growth has been deliberate since inception. The company started with 23.25 full time equivalent employees (FTE) replacing the former company which employed over 100 before its demise. The new company required orientation to a new way of doing business as well as new business supports. Significant investments were made in staff training and development. The investments continue as the staff matures clinically and administratively.

Clinically, the startup of FCMHS required all consumers to start afresh with FCMHS necessitating new intake assessments. The process took upwards to three hours to accomplish before actual treatment services can begin. By the end of the June 2014, 75 children/youth and 380 adults were in services. That growth continues. Staffing has likewise increased correspondingly.

Major clinical milestones include the implementation of tele-behavioral health in April 2014. This allowed Anchorage based psychiatric staff to serve Fairbanks residents thus increasing psychiatric access. Anchorage based providers traveled to Fairbanks and supplemented care with tele-behavioral health. Matter of fact, all psychiatric services for FCMHS have been provided by Alaska based providers. FCMHS now has a Fairbanks based Medical Director as well as a Fairbanks based Child and Adolescent Psychiatrist. Anchorage based providers continue to compliment care delivery both on site and via tele-behavioral health.

FCMHS has generated net practice income when added to current grants to cover expenses. This is expected to continue based on close scrutiny of revenues and expenses as well as diversification of income streams. Diversification is being pursued through grants, contracts as well as rental income and pursuit of new lines of business.

Future:

In the coming year, FCMHS plans to expand in several areas. The staffing plan for the new year is currently to add 5 additional positions (1 Clinician, 3 Clinical Associates and 1 Administrative Support position) pending state grant budget disposition. FCMHS began with 23.25 FTEs and increased to 32 FTE in the past year along with the support of ACMHS administrative services and contracted psychiatric providers. With the addition of the 5 planned positions, this will total a 60% increase in staffing compared to day one. Growth of services for the priority populations

is projected to continue to grow. Priority populations are children and adolescents with severe emotional disturbance (SED) and adults with serious mental illness (SMI). Many of the adults have co-occurring substance use disorders.

As FCMHS has been able to recruit and add staff, the number and level of services to individuals has increased but has not been able to meet the needs of the community. This makes it difficult to expand the services lines provided. In an effort to increase access to various services and supports for our service population at a single location as well as improve collaboration with community partners, offices in the building are currently leased to NAMI of Fairbanks with plans to add Akeela in the coming months. Akeela will be providing intensive outpatient services for substance abuse clients' post-incarceration, a direct compliment to services the FCMHS provides through DOC APIC funding to provide mental health services. With acquisition of the facility, FCMHS will expand partnerships through leasing additional office space in the South Wing and upstairs. Potential co-inhabitants include Department of Behavioral Health Fairbanks staff; Division of Vocational Rehabilitation staff; licensed independent clinicians able to take private insurance or provide a specialized treatment not available at FCMHS; Primary Care providers; and/or other community partner or coalition staff.

In addition to lease income, FCMHS will also be able to gain additional financial support through the provision of shared administrative services including central reception/scheduling services in the future. Use of the classroom space is currently provided for various trainings provided in the community and it is our intent to become a community training source. By collaborating with other organizations, providing the space and seeking additional funding to bring more training locally to Fairbanks, this will provide a cost savings to the local agencies and provide an opportunity for additional workforce development and specialization in the community.

FCMHS is currently developing capacity to provide vocational support and DVR contract services within the year. We have hired staff with background in vocational services and plan to add job skill development, job coaching and job carving. In recent months, traffic has increased on S. Cushman due to the addition of a recreational area along with a couple of recreational facilities. This additional traffic provides FCMHS with opportunities to utilize our location for potential peer run businesses in the next 3 years.

A special focus will be in developing services for transitional aged youth. The foci will be educational and job training support necessary to encourage self-sufficiency and independence in the community. A longer term goal for this population will be the development in Fairbanks something similar to the ACMHS Seeds of Change which will be growing vegetables hydroponically for sale to local grocers and the community.

Another potential use of the "clubhouse" area on the second floor is a future partnership with Stone's Throw, a new vocational program currently housed at Stone Soup. It is preparing individuals to work in the food service industry. It is currently supported through funding from the Mental Health Trust, DVR, DOC and other local partners. In the next 3-5 years as the program grows, there is potentially the need for use of a second commercial kitchen which could be provided in this facility.

If this program were to expand to the Cushman facility, it will provide an opportunity for FCMHS clients to participate as well staff to provide additional support services. This could also lead to reinstatement of a lunch program in the facility similar to that which had been provided previously.

While we have seen an increase in the amount of clients able to be served at FCMHS through the Seriously Mentally Ill (SMI), Severely Emotionally Disturbed (SED) and Psychiatric Emergency Services (PES) grant funded outpatient services, further expansion of services will be dependent upon the changes that occur in relation to Medicaid Expansion and Reform along with the revision of Medicaid rates. Within the next year, we can foresee immediate expansion in children's services. This population is already largely insured increasing the amount of staffing possible for increased services. FCMHS has seen a steady influx of families seeking services and the Fairbanks providers of children's services all have waiting lists. FCMHS, through additional support and training provided/supported through the Alaska Trauma Center at ACMHS, will continue to develop specialization with the early childhood population (0-5) with emphasis on complex trauma.

For adults, FCMHS staff is currently receiving specialized training dealing with the effects of complex trauma in the adult SMI population along with substance abuse/co-occurring disorders assessment and treatment. With FCMHS currently being the only Medicaid provider, there is a great need for additional staff and expertise to provide the amount and frequency of services needed in this community. If Alaska moves forward in adopting Medicaid expansion and Medicaid rates are covering the cost of doing business, there is potential for increasing service capacity by 100% or more in the next 3 years if staffing were at the level to allow for intake of new clients beyond hospital discharges and Department of Corrections releases based on previous numbers served in the past by the former company.

The Interior is also in need of a step down level of service from inpatient psychiatric units or incarceration. The Cushman facility has the ideal space to operate an intensive outpatient (IOP) service, along with vocational support services. FCMHS has been working in conjunction with many coalitions to increase supported housing options for our vulnerable populations and plan to increase wrap-around services such as day-treatment and housing supports within the next 3-5 years.

Year 1 Summary

1. Add 5 staff
2. Renew NAMI-Fairbanks Lease
3. Lease space to Akeela
4. Develop and implement employment services for Seriously Mentally Ill Adults
5. Trauma informed training implemented for all staff
6. Trauma treatment capable training targeting children, adolescents, transitional aged youth and adults
7. Priority Admissions: Youth leaving residential or acute psychiatric care; adults with serious mental illness being discharged from Fairbanks Memorial Hospital Acute Psychiatric Care unit or being released from Alaska Department of Corrections
8. Increase census to 550

Year 2 Summary

1. Add 7 staff (This is contingent upon Medicaid rate re-basing. Number will increase with Medicaid expansion.)
2. Lease space to private providers for specialized services and/or primary care.
3. Develop and implement transitional aged youth services
4. Expand employment services for Seriously Mentally Ill Adults
5. Expand Trauma treatment capable training targeting children, adolescents, transitional aged youth and adults
6. Priority Admissions: Youth leaving residential or acute psychiatric care; adults with serious mental illness being discharged from Fairbanks Memorial Hospital Acute Psychiatric Care unit or being released from Alaska Department of Corrections
7. Increase census to 650. Number will increase with Medicaid expansion.)
8. Prepare to implement Intensive Outpatient Program for SMI adults to assist in transition from either acute psychiatric care or Department of Corrections.
9. Research and define strategy for primary care integration.

Year 3 Summary

1. Add 7 staff (This is contingent upon Medicaid rate re-basing. Number will increase with Medicaid expansion.)
2. Lease space to private providers for specialized services and/or primary care. Implement ‘one stop shop’ to access behavioral health services and related social services.
3. Mature transitional aged youth services. Evaluate Seeds of Change for Fairbanks.
4. Mature employment services for Seriously Mentally Ill Adults.
5. Implement micro-enterprise supports for SMI adults.
6. Expand Trauma treatment capable training targeting children, adolescents, transitional aged youth and adults

7. Priority Admissions: Youth leaving residential or acute psychiatric care; adults with serious mental illness being discharged from Fairbanks Memorial Hospital Acute Psychiatric Care unit or being released from Alaska Department of Corrections
8. Increase census to 750. (Number will increase with Medicaid expansion.)
9. Prepare to implement Intensive Outpatient Program for SMI adults to assist in transition from either acute psychiatric care or Department of Corrections.
10. Implement strategy for primary care integration.

Years 4-5

1. Add 20 staff (This is contingent upon Medicaid rate re-basing. Number will increase with Medicaid expansion.)
2. Lease space to private providers for specialized services and/or primary care. Refine 'one stop shop' to access behavioral health services and related social services.
3. Mature transitional aged youth services. Evaluate Seeds of Change for Fairbanks.
4. Mature employment services for Seriously Mentally Ill Adults.
5. Refine micro-enterprise supports for SMI adults.
6. Expand and specialize Trauma treatment capable training targeting children, adolescents, transitional aged youth and adults. Focus on development of 0-5 early childhood services.
7. Priority Admissions: Youth leaving residential or acute psychiatric care; adults with serious mental illness being discharged from Fairbanks Memorial Hospital Acute Psychiatric Care unit or being released from Alaska Department of Corrections
8. Increase census to 950. (Number will increase with Medicaid expansion.)
9. Implement and refine Intensive Outpatient Program for SMI adults to assist in transition from either acute psychiatric care or Department of Corrections.
10. Offer continuums of behavioral health care in partnership with other providers. (young children; youth; transitional aged youth; adults; seniors)

Prepared by: Jami Teets, MA, Chief Operations Officer, Fairbanks Community Mental Health Services

Reviewed by: Jerry A. Jenkins, M.Ed., MAC, Chief Executive Officer, Anchorage Community Mental Health Services

Date: 29 June 2015



**Fairbanks
North
Star
Borough**

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COMMUNITY RESEARCH QUARTERLY

A Socio-Economic Review



Summer 2015

Volume XXXVIII, No. 2

Item 1
RMC 10-21-2015

Exhibit D - Cushman Street Building

COMMUNITY RESEARCH CENTER

The Community Research Center is located on the second floor
of the Borough Administration Building
at 809 Pioneer Road.



CITATION

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COVER PAGE

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FAIRBANKS NORTH STAR BOROUGH
COMMUNITY RESEARCH QUARTERLY
A Review of Socio-Economic Trends

Volume XXXVIII, Number 2
Summer 2015

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Luke Hopkins

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NOTE FROM THE EDITOR:

The Fairbanks North Star Borough has chosen to move the Community Research Quarterly to a digital format in order to help reduce paper use. A hard copy of the Community Research Quarterly can now be purchased for \$10 at the Fairbanks North Star Borough, Community Planning Department's front counter.

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A SPOTLIGHT
ON
COMMUNITY ECONOMIC TRENDS

Pipeline buildout buoys Interior opinion of gas project

By Elwood Brehmer, Alaska Journal of Commerce

NORTH POLE — There are construction projects all over the Fairbanks North Star Borough this summer: buildings are going up; roads are being repaved; and natural gas pipe is being buried in many parts of the area for the first time.

Upwards of 4,000 feet is being added to the Interior Gas Utility's infant distribution system each day, IGU engineer and project manager David Prusak said during a tour of the work June 25.

The 15 crews working for IGU have buried more than 1.5 miles of pipe about 42 inches deep during their best days, according to Prusak.

He said the goal is to complete Phase 1 of the distribution buildout in the center of North Pole by the end of September. To do that the crews have to trench about 315,000 feet of two-inch diameter polyethylene pipe, and roughly equal amounts of four-inch and eight-inch mainline pipe. Total installation needs to be about 400,000 feet — more than 75 miles — in about 100 days to stay on track this year, Prusak said. About 120,000 feet was finished in North Pole when work wrapped up June 27.

At the end of IGU's six-phase buildout, about 17,000 North Pole and Fairbanks homes and businesses currently reliant on fuel oil should have access to a cleaner and hopefully cheaper energy source, when combined with the Fairbanks Natural Gas Co. network expansion.

Early spring right-of-way clearing was met with skepticism from North Pole residents.

"They've been promised natural gas for a long time and they didn't believe it," Prusak said.

IGU received 10 to 15 complaints per day at first, he said, but now as word and information campaigns have spread, the mood of the community has turned positive. Recent callers just have questions about work.

Bob Shefchik, a former University of Alaska Fairbanks administrator, Interior Gas Utility chairman and the current Interior Energy Project manager, said in an interview that finally getting natural gas to the broader area would be a "dynamic change" to the future of the region.

"Fairbanks is kind of on the cusp of...are they going to shrink or succeed?" he said.

North Pole Mayor Bryce Ward also said in an interview that the construction happening this summer is helping to improve residents' opinion of the project.

"The proof is in the pudding, if you will. I think when gas is running down the lines is going to be really the true test, but I think people definitely want it and they're excited about it," Ward said. "Just when and what price it's going to be is still up in the air so there's some uncertainty there."

"First gas" will likely arrive in the summer of 2017 at the earliest, a departure from estimates of the fall of 2016, Shefchik said. That is primarily due to the reboot of the Interior Energy Project in January, when the Alaska Industrial Development and Export Authority, or AIDEA, parted ways with the engineering and consulting firm MWH, its former partner in a North Slope gas-trucking plan.

With the focus of the new iteration of the project shifted south to Cook Inlet, developing a gas supply chain and the necessary infrastructure will take time, he said.

"Folks in the construction industry would think the summer of 2017 is aggressive," he said.

The late 2016 goal for gas was the end of an ambitious timeline under the old Interior Energy Project.

Shefchik emphasized the role Southcentral natural gas utility Enstar Natural Gas Co. has played in developing the IGU distribution system. He said the company has been "incredibly cooperative" in offering technical expertise — some paid and some pro-bono work — to the startup utility.

Enstar Vice President of Business Development John Sims said the emphasis from Enstar's point of view is safely developing a gas distribution system.

Marketing, business, and gas conversion strategy input has followed.

"They have a couple of our individuals' phones on speed dial and they're welcome to call us anytime and we're happy to provide any assistance we can," Sims said.

When IGU's buildout is complete, utility leaders have said they would like to hire a private firm to handle operations. With AIDEA's purchase of Fairbanks Natural Gas approved June 18, its operations could be expanded when AIDEA turns the utility over to a local entity, or another party could take over that role for IGU.

The price of the natural gas or propane is more important than when it arrives, particularly in terms of cleaning up the region's winter air, according to Ward.

"People are driven to (burning wood) because of the economic freedom," he said. "Paying the high cost for fuel oil is very prohibitive, and people enjoy living here and they want to continue to live here so they're going to do the most economical thing, which at this point is burning wood."

Shefchik and AIDEA Infrastructure Development Officer Nick Szymoniak laid out the next six months for the project at the authority's June 25 board of directors meeting in Fairbanks.

First and foremost, Shefchik said this go-round of the Interior Energy Project would include the end users more.

"In addition to evaluating other options was making sure both utilities and the communities were more involved in both the process and the decisions as we move forward," Shefchik said.

Currently the IEP team is waiting for a 60-day request for proposal, or RFP, solicitation window to close Aug. 3.

In the interim, work is being done on liquefied natural gas storage and transportation options, work that would have been done earlier had House Bill 105, the authorizing legislation to allow AIDEA to use Interior Energy Project funds on a Cook Inlet-centric project, passed quicker, Shefchik said.

"(Getting HB 105 passed) took longer than expected and consumed more resources than expected," he said to the board. "Ultimately, it passed."

Developing LNG storage is starting from on-hold plans Fairbanks Natural Gas has to build a 5.25 million-gallon LNG tank in south Fairbanks. The utility suspended work when oil prices fell and the economics of expanding gas storage fell through, at least temporarily.

AIDEA took inquiries from about 30 groups interested in the project prior to letting the RFP, according to Shefchik.

The baseline for the RFP is a plan for a 6 billion cubic feet, or bcf, per year LNG plant located somewhere in Southcentral, without a gas supply, Szymoniak said.

However, AIDEA is entertaining all offers, including "all-in-one" plans that include a gas supply, liquefaction and transportation to the Interior utilities, he said. Small diameter pipeline and propane proposals will also be investigated.

If a serious North Slope plan reemerges, Szymoniak said AIDEA is prepared to donate the gravel pad it constructed on the Slope for an LNG plant as well as Interior electric utility Golden Valley Electric Association's long-term wholesale natural gas contract with BP.

"AIDEA is simply, from this RFP process, facilitating a commercial deal between the private developers and the utilities. AIDEA will probably enter into a potential agreement to provide financing, but it's not actually going to be signing up to buy capacity at the plant," Szymoniak said.

"This is going to be a deal between the private developers and the utilities."

If a deal is struck the authority would then likely provide low-interest financing for capital development through the Sustainable Energy Transmission Supply, or SETS, fund loan and bond authority it has for the project.

Expanding the small, 1 bcf per year LNG plant used by Fairbanks Natural Gas to more than 6 bcf could cost as little as \$60 million, according to company leadership. That would be less than a third of the estimated cost of building a similar plant on the North Slope.

The AIDEA board approved additional project expenditures from the SETS account and its economic development funds during the meeting. Another \$500,000 in SETS funds and \$200,000 in economic development fund money was given to the IEP team, doubling the SETS total to \$1 million and the economic development expenditure to \$400,000.

Shefchik said the \$148,000 spent from the original \$200,000 development fund appropriation within AIDEA was used primarily for staff resources in Juneau dedicated to getting HB 105 passed. The SETS money will be used to hire expert help during proposal evaluations.

“As we winnow down the proposals from the universe to four, and four to one, we expect to hire contractors to do technical evaluations,” Shefchik said.

COMMUNITY RESEARCH QUARTERLY

of the

FAIRBANKS NORTH STAR BOROUGH

ECONOMY AT-A-GLANCE

Fairbanks North Star Borough

Economic Indicator	Current Data Period	One Period Ago	One Year Ago
Reporting Period	2nd Qtr '15	% Change from 1st Qtr. '15	% Change from 2nd Qtr. '14
BANKING			
Total Bank Deposits (millions of \$)	\$1,131.5	4.4%	6.3%
Total Bank Loans (millions of \$)	\$687.2	1.1%	4.5%
BANKRUPTCIES			
Business	1	100.0%	100.0%
Non-Business	12	100.0%	-14.3%
TRANSPORTATION			
Fairbanks International Airport			
Incoming Freight (thousands of lbs.)	2,162	81.7%	22.1%
Outgoing Freight (thousands of lbs.)	14,319	168.9%	57.3%
Transit Freight (thousands of lbs.)	36	-85.5%	-87.6%
Revenue Landings	6,146	20.8%	1.1%
Incoming Passengers	138,407	22.8%	6.2%
Outgoing Passengers	132,412	22.7%	5.8%
Alaska Highway (statewide)			
Entering Passengers	39,042	371.5%	15.0%
Exiting Passengers	21,539	270.9%	3.9%
EMPLOYMENT			
Total Nonfarm Employment	39,400	5.9%	0.0%
Mining and Logging	1,500	15.4%	-6.3%
Construction	3,000	42.9%	15.4%
Manufacturing	600	20.0%	0.0%
Trade/Transportation/Utilities.	8,300	7.8%	-1.2%
Information	500	0.0%	0.0%
Financial Activities	1,200	0.0%	-7.7%
Professional & Business Services	2,400	4.3%	14.3%
Education & Health Services	5,300	1.9%	-1.9%
Leisure & Hospitality	4,300	19.4%	2.4%
Other Services	1,200	0.0%	0.0%
Government	11,200	-3.4%	-2.6%

NOTE: Employment numbers rounded to nearest 100.

Fairbanks Economy at-a-Glance

(continued)
Fairbanks North Star Borough

Economic Indicator	Current Data Period	One Period Ago	One Year Ago
Reporting Period (annual/by qtr.)			
CONSTRUCTION	Annual		
New Structures Annual Report (2014)	245	-	-1.6%
Reporting Period (annual/by qtr.)	2nd Qtr. '15	1st Qtr. '15	2nd Qtr. '14
REAL ESTATE			
Single Family Houses			
Number Sold	342	104.8%	31.5%
Average Price	\$221,664	9.4%	0.7%
RENTALS			
Residential Rentals			
Rental Units Advertised	342	-40.9%	-47.1%
Average Rent (2 bdrm. apartment)	\$1,099	-1.3%	-8.5%
POPULATION			
FNSB (Census annual)**	99,357	-	-1.1%
City of Fairbanks** (annual)	32,469	-	0.4%
City of North Pole** (annual)	2,178	-	-1.6%
FNSB (DCCED annual)	97,972	-	-1.7%
FNSB (ADOL annual)**	97,972	-	-1.7%
City of Fairbanks** (annual)	32,469	-	-1.5%
City of North Pole** (annual)	2,178	-	-0.5%

SOURCE: (1) U.S. Census Bureau, Population Division, July 1st estimates. 2013 Population Estimates. PEPANNRES Table: *Annual Estimates of the Resident Population for Counties of Alaska: April 1, 2010 to July 1, 2014*, also Table: *Annual Estimates of the Resident Population in Alaska: now known as Intercensal Estimates of the Resident Population for Incorporated Places and Minor Civil Divisions: April 1, 2010 to July 1, 2014*, May 2015. Geographic change notes defined at: <http://www.census.gov>.

(2) Alaska Department of Labor and Workforce Development, Research and Analysis Section; and US Census Bureau. *Alaska Population Estimates by Borough, Census Area, City and Census Designated Place (CDP), 2010-2014*, Vintage 2014, and *Alaska Population Estimates by Borough, Census Area, City and Census Designated Place (CDP), 2010-2014*, Vintage 2014. All numbers are based on 2010 Census geography. ADOL website: <http://laborstats.alaska.gov>, February 2015.

(3) Alaska Department of Commerce, Community and Economic Development (DCCED), Division of Community and Regional Affairs, 2014 Commissioner Certified Estimates, January 15, 2014. DCCED Certified numbers may vary from ADOL population estimates as a result of the Population Estimate Appeal process available to incorporated communities on a yearly basis, as well as annual revisions by ADOL. Once certified, DCCED numbers may be applied for two consecutive calendar years. DCCED website: http://www.commerce.state.ak.us/dca/commdb/CF_COMDB.htm.

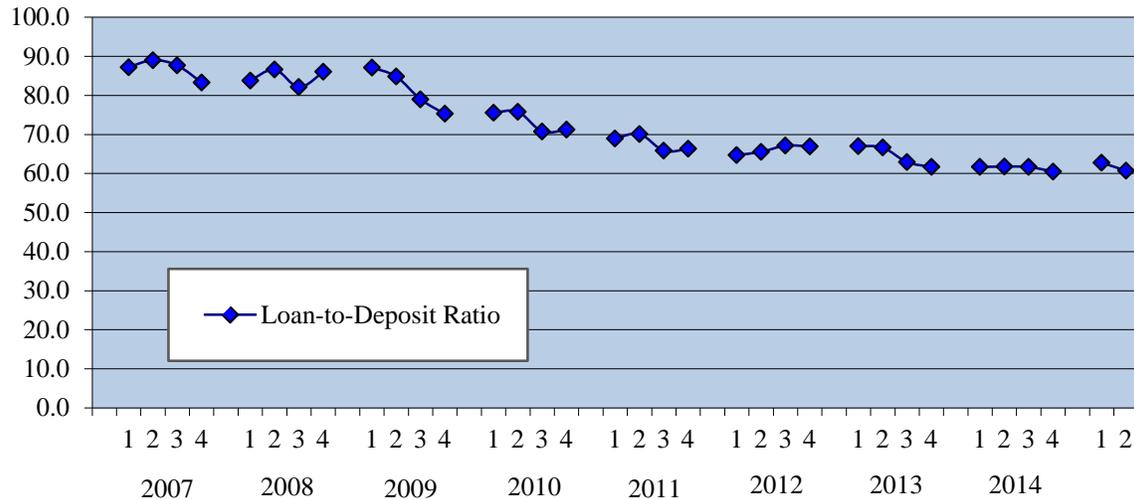
NOTE: The FNSB numbers include population for all communities within the Borough plus Fort Wainwright Army Base and Eielson Air Force Base.

** U.S. Census and ADOL estimated numbers may be revised annually.

ECONOMIC INDICATORS

BANK DEPOSIT & LOAN SUMMARY

Fairbanks North Star Borough
2007-2015, End of Quarter[^]



BANK DEPOSIT & LOAN SUMMARY

Fairbanks North Star Borough
2008-2015

	2008*	2009	2010	2011	2012	2013	2014	2015
Deposits	-----Millions of Dollars-----							
March 31	\$751.1	\$786.9	\$873.8	\$938.3	\$957.0	\$1,007.8	\$1,063.7	\$1,083.7
June 30	\$754.6	\$826.9	\$889.4	\$929.3	\$983.6	\$1,023.2	\$1,064.6	\$1,131.5
Sept. 30	\$807.4	\$847.0	\$927.1	\$966.3	\$1,021.4	\$1,064.8	\$1,075.3	
Dec. 31	\$782.3	\$887.0	\$949.2	\$960.3	\$1,014.6	\$1,073.7	\$1,105.7	
Loans	-----Millions of Dollars-----							
March 31	\$629.1	\$685.4	\$660.0	\$646.9	\$619.5	\$675.3	\$655.9	\$680.1
June 30	\$653.7	\$701.4	\$674.4	\$651.6	\$644.7	\$681.8	\$657.7	\$687.2
Sept. 30	\$662.9	\$669.0	\$656.0	\$636.1	\$685.6	\$669.8	\$663.1	
Dec. 31	\$673.0	\$667.6	\$676.0	\$636.7	\$679.1	\$662.8	\$668.9	

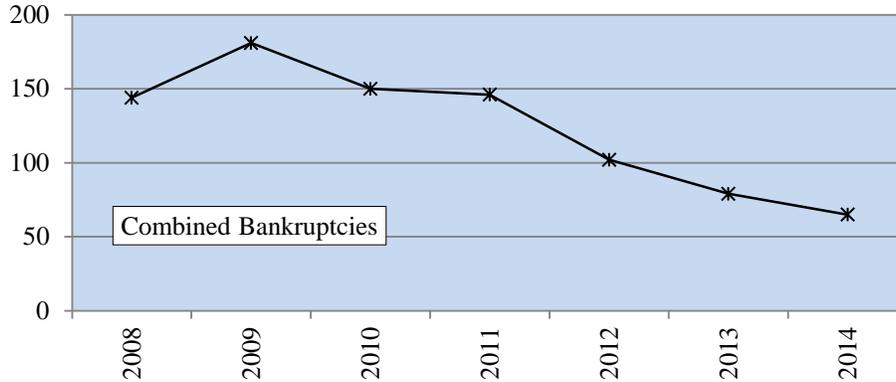
SOURCE: Denali State Bank, First National Bank of Alaska, Mt. McKinley Bank, Northrim Bank, Wells Fargo Bank Alaska, N.A. (local branches), personal communications 2008-2015.

* Adjustment made to data entered March-June 2008 in October 2008.

Economic Indicators

TOTAL BANKRUPTCIES FILED

Alaska Fourth Judicial District, Fairbanks Office
2008-2014



BANKRUPTCIES FILED

Alaska Fourth Judicial District, Fairbanks Office
2008-2015

	2008	2009	2010*	2011*	2012*	2013*^	2014*	2015*
Nonbusiness								
1st Quarter	20	31	38	40	24	28	14	6
2nd Quarter	22	54	39	37	26	26	14	12
3rd Quarter	41	42	38	35	31	13	20	
4th Quarter	40	48	33	33	20	8	12	
Total	123	175	148	145	101	75	60	
% Change from Previous Year	37%	42%	-15%	-2%	-30%	-26%	-20%	
Business								
1st Quarter	6	0	1	0	0	0	2	0
2nd Quarter	6	2	1	1	0	0	0	1
3rd Quarter	7	2	0	0	0	2	1	
4th Quarter	2	2	0	0	1	2	2	
Total	21	6	2	1	1	4	5	
% Change from Previous Year	24%	-71%	-67%	-50%	0%	300%	25%	
Combined Annual Total	144	181	150	146	102	79	65	

SOURCE: U.S. Courts website: <http://www.akb.uscourts.gov>, and personal communications with FNSB Treasury & Budget Division, 2008-2015.

NOTE: Revised formulas and chart, November 18, 2013.

Beginning in January 2009 the U.S. Bankruptcy Court changed the way they report bankruptcy cases. Due to staffing changes the information is no longer individually entered. They now use the nationwide formatting which does not sort business and non-business categories. FNSB will research the cases reported in effort to separate the two categories.

* Beginning First Quarter 2010 bankruptcy records reflect refined research documenting through FNSB Treasury & Budget Division who utilizes PACER (Public Access To Court Electronic Records).

^ 3rd Quarter 2013 numbers were changed to remove count of bankruptcy appeal case and correct a miscount in business cases.

Economic Indicators

NOTICES OF DEFAULT

Fairbanks Recording District*
2009-2015

	2009	2010	2011	2012	2013	2014	2015	% Change 2014-15
January	20	20	14	8	30	29	9	-69%
February	32	26	33	20	20	18	20	11%
March	26	15	27	25	13	12	11	-8%
April	21	21	22	14	16	17	17	0%
May	18	25	15	26	18	17	12	-29%
June	18	30	18	24	16	29	13	-55%
July	34	22	13	23	25	15		
August	26	23	25	22	24	15		
September	20	26	21	27	17	18		
October	16	19	12	21	19	19		
November	16	11	14	12	19	15		
December	24	14	20	12	33	22		
Total	271	252	234	234	250	226		

SOURCE: Recorder's Office, Alaska Department of Natural Resources website: <http://www.dnr.alaska.gov>, 2009-2015.

NOTE: Notices of default indicate the terms of a Deed of Trust or Mortgage have been breached, i.e. delinquency of payments. The notices need not result in foreclosures because deficiencies can be corrected. There can be multiple notices if a default is corrected but the Deed of Trust or Mortgage terms are breached again in the future. A single notice can be for more than one parcel. Notices are tabulated by date of initiation.

Current data supersedes previous figures reported. The data presented only reflects the number of notice of defaults that have been recorded and does not reflect any effect of amendments, modifications or terminations of notice of defaults.

* Fairbanks Recording District includes (*bolded communities may reside in the FNSB*) **A.G.M.(Camp)**; **Alaska Lodge**; Alatna; **Alder Creek**; **Alder Creek Camp**; Alexanders Village; Allakaket; **Amy Creek**; Arctic City (Aband); **Aurora Lodge**; Barlett; **P.O. (Ester)**; Bear Paw; Bearman Cabin; Beaver; Beaver Cr. Yukon; Bend S.C.; Berry; Berry Camp; Bettles; Bettles Field (Evansville); Biedermans Camp; Big Delta; Big Horn; Big Lake; Birch Creek; Black Jack Cabin; Bonanza; Bonanza Bar; Boundary; Burnt Paw; **Cache**; Canyon Creek Camp; Canyon Vil; Caribou; Caribou Bar; Caro; Cathedral Bluffs; Cathedral Rapids; Central; Chalkyitsik; Chandalar; Chapman; **Chatanika**; **Chena**; **Chena Hot Springs**; Chicken; Chisana; Christian; Circle; Circle Hot Springs; **Cleary Summit**; Coal Creek; Cold Foot; **College**; Crooked Creek; Dahten; Dall; Dalton; Delta Junction; Demarcation Pt; Diamond; Dome; Dome Creek; Donnelly; Doran; Dot Lake; Eagle; Eagle Creek; Eagle Village; **Eielson Air Force Base**; **Ester (Bartlett; P.O.)**; Evansville (Bettles Field); **Fairbanks**; **Fairbanks Creek Camp**; **Fiftysix Mile Cabin**; Fish Camp; Fishook; Flume Creek; Fort Greely; Fort Hamlin; **Fort Wainwright**; Fort Yukon; Forty-Mile R.H. (Tetlin Junction); Fortysix Mile Cabin; Fossil Cr. S.C.; **Fox**; Franklin; Glacier; Glacier (Mine); Gold Bench; **Goldstream**; **Graehl**; Healy Lake; Heinie Creek; Henshaw Cabin; Horsfeld ; Jack Wade; Joe Ward Camp; John Herbert Village; Johnnie Frog Cabin; Johnson River; Joseph; Kantishna; Kochumstuk; **Lake Harding Store**; Lake Minchumina; Larson Cabin; Liberty; Lilywig Creek; Livengood; Log Cabin Inn; Mansfield Village; **Martin**; McCallum; Miller House; Millers Camp (Aband); Millers R.H.; Montana Creek Camp; **Moose Creek**; Mudbank Cabin; **Murphy Dome**; Muskeg; Myrtle Creek; Nabesna; Nabesna Village; Nation (Aband); Ninemile Cabin; Nineteen Mile; Nolan; **North Pole**; North Slope; Northway; Northway Junction; Old Camp; Old Rampart; **Old Saulich**; **Olnes**; Oscars Cabin; Poker Creek; Yukon Post & Scoby; Richardson; **Riverside**; **Roosevelt**; **Salcha**; **Salchakat**; Salmon; Salmon River; Sam Creek; **Saulich**; Scottie Creek; Seventeen mile; Shaw Creek Lodge; Shuman House; **Silver Fox R.H.**; Sixtymile (Glacier P.O.) Yukon; Sourdough Camp; **South Fork**; Standard; **Steele Creek**; Stephens (Stevens); Swede Boys Camp; Tanacross; Ten Mile; Tenderfoot; Tetlin; Tetlin Jct; Thirtysix Mile; Cabin Tok (Junction); Toklat; Tolovana; Tramway Bar; Tsukon Cabin; Twentyfour Mile Cabin; Twentytwo Mile Village; **Two Rivers**; United States Camp; Venetie; Venetie Landing; Wallen; **West Fork (Aband)**; White Eye; Wild Lake; Willow House; Wiseman; Woodchopper (Aband); Woodchopper Creek.

Economic Indicators

FORECLOSURES
Fairbanks Recording District*
2009-2015

	2009	2010	2011	2012	2013	2014	2015	% Change 2014-15
January	12	15	11	14	19	21	17	-19%
February	20	12	10	11	9	6	9	50%
March	16	13	10	18	7	24	20	-17%
April	14	14	14	9	22	13	8	-38%
May	12	13	7	18	14	13	15	15%
June	13	10	15	10	6	19	17	-11%
July	20	13	12	17	22	20		
August	10	16	12	12	25	16		
September	14	21	11	8	13	18		
October	20	13	9	9	27	15		
November	15	10	19	18	16	16		
December	15	15	14	18	13	15		
Total	181	165	144	162	193	196		

SOURCE: Recorder's Office, Alaska Department of Natural Resources website: <http://www.dnr.alaska.gov>, 2009-2015

NOTE: Foreclosures in this table indicate the loss of property by a borrower as a result of an Affidavit of Foreclosure, Deed in Lieu of Foreclosure, Relinquishment, Trustee Deed, or Judicial Deed of Foreclosure. More than a single parcel may be affected by the foreclosure. Current data supersedes previous figures reported.

* Fairbanks Recording District includes (*bolded communities may reside in the FNSB*) **A.G.M.(Camp); Alaska Lodge;** Alatna; **Alder Creek; Alder Creek Camp;** Alexanders Village; Allakaket; **Amy Creek;** Arctic City (Aband); **Aurora Lodge;** Barlett; **P.O. (Ester);** Bear Paw; Bearman Cabin; Beaver; Beaver Cr. Yukon; Bend S.C.; Berry; Berry Camp; Bettles; Bettles Field (Evansville); Biedermans Camp; Big Delta; Big Horn; Big Lake; Birch Creek; Black Jack Cabin; Bonanza; Bonanza Bar; Boundary; Burnt Paw; **Cache;** Canyon Creek Camp; Canyon Vil; Caribou; Caribou Bar; Caro; Cathedral Bluffs; Cathedral Rapids; Central; Chalkyitsik; Chandalar; Chapman; **Chatanika;** **Chena; Chena Hot Springs;** Chicken; Chisana; Christian; Circle; Circle Hot Springs; **Cleary Summit;** Coal Creek; Cold Foot; **College;** Crooked Creek; Dahten; Dall; Dalton; Delta Junction; Demarcation Pt; Diamond; Dome; Dome Creek; Donnelly; Doran; Dot Lake; Eagle; Eagle Creek; Eagle Village; **Eielson Air Force Base; Ester (Bartlett; P.O.);** Evansville (Bettles Field); **Fairbanks;** **Fairbanks Creek Camp; Fiftysix Mile Cabin;** Fish Camp; Fishhook; Flume Creek; Fort Greely; Fort Hamlin; **Fort Wainwright;** Fort Yukon; Forty-Mile R.H. (Tetlin Junction); Fortysix Mile Cabin; Fossil Cr. S.C.; **Fox;** Franklin; Glacier; Glacier (Mine); Gold Bench; **Goldstream; Graehl;** Healy Lake; Heinie Creek; Henshaw Cabin; Horsfeld ; Jack Wade; Joe Ward Camp; John Herbert Village; Johnnie Frog Cabin; Johnson River; Joseph; Kantishna; Kochumstuk; **Lake Harding Store;** Lake Minchumina; Larson Cabin; Liberty; Lilywig Creek; Livengood; Log Cabin Inn; Mansfield Village; **Martin;** McCallum; Miller House; Millers Camp (Aband); Millers R.H.; Montana Creek Camp; **Moose Creek;** Mudbank Cabin; **Murphy Dome;** Muskeg; Myrtle Creek; Nabesna; Nabesna Village; Nation (Aband); Ninemile Cabin; Nineteen Mile; Nolan; **North Pole;** North Slope; Northway; Northway Junction; Old Camp; Old Rampart; **Old Saulich;** **Olmes;** Oscars Cabin; Poker Creek; Yukon Post & Scoby; Richardson; **Riverside; Roosevelt; Salcha; Salchakat;** Salmon; Salmon River; Sam Creek; **Saulich;** Scottie Creek; Seventeen mile; Shaw Creek Lodge; Shuman House; **Silver Fox R.H.;** Sixtymile (Glacier P.O.) Yukon; Sourdough Camp; **South Fork;** Standard; **Steele Creek;** Stephens (Stevens); Swede Boys Camp; Tanacross; Ten Mile; Tenderfoot; Tetlin; Tetlin Jct; Thirty-six Mile; Cabin Tok (Junction); Toklat; Tolovana; Tramway Bar; Tsukon Cabin; Twentyfour Mile Cabin; Twentytwo Mile Village; **Two Rivers;** United States Camp; Venetie; Venetie Landing; Wallen; **West Fork (Aband);** White Eye; Wild Lake; Willow House; Wiseman; Woodchopper (Aband); Woodchopper Creek.

Economic Indicators

FAIRBANKS INTERNATIONAL AIRPORT FREIGHT

2009-2015

	2009	2010	2011	2012	2013	2014	2015	% Change 2014-15
Incoming	-----Thousands of Pounds-----							
January	616	477	1,007	307	449	418	369	-12%
February	647	482	459	500	425	467	366	-22%
March	6,189	637	1,120	587	470	554	455	-18%
April	627	739	597	557	618	604	485	-20%
May	657	1,752	652	680	622	649	521	-20%
June	633	1,810	615	663	600	517	1,156	124%
July	658	709	678	698	728	841		
August	673	754	716	759	814	759		
September	706	857	803	707	750	715		
October	947	611	637	699	635	700		
November	529	574	524	574	460	483		
December	529	501	539	599	425	580		
Total	13,411	9,903	8,347	7,330	6,996	7,287		
Outgoing	-----Thousands of Pounds-----							
January	1,806	2,189	2,883	2,666	1,871	2,205	1,464	-34%
February	2,257	2,760	1,539	2,590	2,365	2,561	1,721	-33%
March	5,667	3,191	2,776	2,721	1,394	2,578	2,140	-17%
April	3,216	2,929	2,482	2,670	2,781	2,711	7,369	172%
May	2,836	1,863	2,587	4,112	3,162	3,421	3,747	10%
June	3,188	2,511	3,340	3,574	3,740	2,973	3,203	8%
July	3,624	3,600	3,017	3,830	3,658	3,268		
August	3,513	3,402	3,650	3,956	3,619	3,057		
September	3,202	3,652	3,233	4,143	3,003	3,130		
October	2,951	3,023	2,660	2,857	3,043	2,782		
November	2,595	2,254	2,623	2,310	1,982	2,091		
December	2,017	2,542	2,775	2,725	2,203	1,812		
Total	36,872	33,916	33,565	38,154	32,821	32,589		

SOURCE: Alaska Department of Transportation and Public Facilities, Fairbanks International Airport, "Fairbanks International Airport Statistical Report", 2009-2015.

NOTE: UPS made a sizeable stop in March 2009. Everts Air Fuel notable stop in May-June 2010. Sizeable stop by a domestic carrier in January 2011. Kalitta Air stopped at FAI March 2011. Frontier Flying Service, Lynden Air Cargo, and Tatonduk Outfitters boosted numbers in May 2012. In 2013 Alaska Airlines changed airplanes used in flights between Fairbanks and Anchorage to the Q400 planes, which are much smaller and do not have the capacity to carry large amounts of cargo. April 2015 Everts Air Fuel & Lynden Air Cargo experienced a large increase due to the Dalton Hwy closure. June 2015 AK Airlines, Empire Airlines & Kalitta Air had a large increase due to the unusually high wildfire season.

This data is preliminary and may be subject to revision.

Economic Indicators

FAIRBANKS INTERNATIONAL AIRPORT TRANSIT FREIGHT
2009-2015

	2009	2010	2011	2012	2013	2014	2015	% Change 2014-15
-----Thousands of Pounds-----								
January	463	572	886	276	631	313	8	-97%
February	298	1,543	235	282	270	219	15	-93%
March	14,296	1,118	258	361	670	664	226	-66%
April	302	296	297	750	276	86	8	-91%
May	245	342	344	326	291	107	9	-92%
June	361	1,574	342	370	109	97	19	-80%
July	359	327	341	397	250	295		
August	350	593	321	350	215	16		
September	292	8,508	305	926	40	21		
October	268	451	309	348	151	83		
November	748	993	293	211	469	67		
December	940	364	350	301	323	4		
Total	18,922	16,681	4,281	4,898	3,695	1,972		

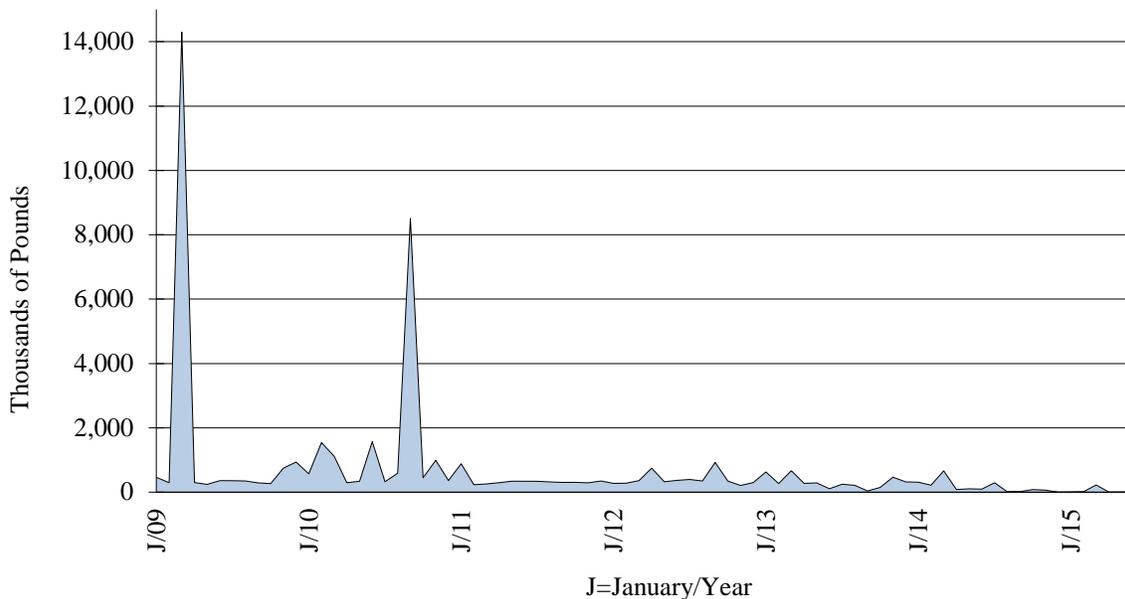
SOURCE: Alaska Department of Transportation and Public Facilities, Fairbanks International Airport, "Fairbanks International Airport Statistical Report", 2009-2015.

NOTE: On average FAI should see between 70-100 operations from *Volga-Dnepr Airlines* per year. Ukraine-based *Antonov Design Bureau*, made transit landings Feb-Mar 2010.

UPS made a sizeable stop in March 2009. Asiana, Cathay Pacific, China Air, Nippon Cargo, Atlas Air, China Cargo, and Evergreen International plus domestic carriers Fed Ex and UPS had transit landings in September and November 2010. Cathay Pacific and Nippon Cargo boosted numbers reported in Apr 2012, Jan and Mar 2013. Cathay Pacific, Nippon Cargo and China Air increase values in Sept 2012. Number of transit stops in Fairbanks may be dependant on weather in Anchorage. If Anchorage runways are snowed in flights are diverted to Fairbanks. Also in 2013 Alaska Airlines changed airplanes used in flights between Fairbanks and Anchorage to the Q400 planes, which are much smaller and do not have the capacity to carry large amounts of cargo. China Cargo Airlines, Eva Airways, and Air China Cargo increased numbers reported in Jan. and Feb 2014.

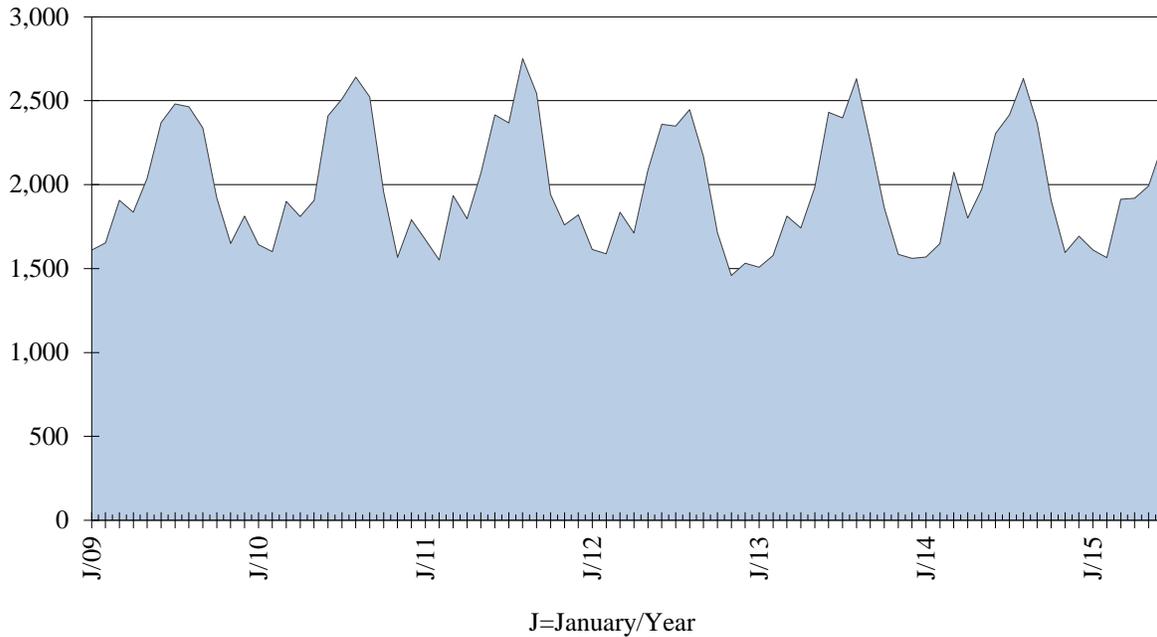
This data is preliminary and may be subject to revision.

FAIRBANKS INTERNATIONAL AIRPORT TRANSIT FREIGHT
2009-2015



Economic Indicators

FAIRBANKS INTERNATIONAL AIRPORT REVENUE LANDINGS
2009-2015



FAIRBANKS INTERNATIONAL AIRPORT REVENUE LANDINGS
2009-2015

	2009	2010	2011	2012	2013	2014	2015	% Change 2014-15
January	1,610	1,643	1,673	1,614	1,508	1,569	1,611	3%
February	1,653	1,601	1,551	1,588	1,578	1,649	1,565	-5%
March	1,907	1,900	1,935	1,836	1,813	2,074	1,913	-8%
April	1,836	1,810	1,797	1,712	1,742	1,801	1,919	7%
May	2,039	1,906	2,070	2,085	1,983	1,973	1,992	1%
June	2,370	2,410	2,416	2,360	2,431	2,305	2,235	-3%
July	2,481	2,510	2,368	2,349	2,398	2,416		
August	2,464	2,641	2,751	2,447	2,631	2,632		
September	2,338	2,523	2,544	2,167	2,258	2,365		
October	1,922	1,957	1,942	1,715	1,862	1,904		
November	1,650	1,567	1,760	1,459	1,585	1,596		
December	1,813	1,791	1,820	1,532	1,561	1,693		
Total	24,083	24,259	24,627	22,864	23,350	23,977		

SOURCE: Alaska Department of Transportation and Public Facilities, Fairbanks International Airport, "Fairbanks International Airport Statistical Report", 2009-2015.

This data is preliminary and may be subject to revision.

Economic Indicators

FAIRBANKS INTERNATIONAL AIRPORT PASSENGERS

2009-2015

	2009	2010	2011	2012	2013	2014	2015	% Change 2014-15
Incoming								
January	32,118	32,275	33,897	33,555	34,474	34,000	36,438	7%
February	29,051	29,677	30,763	31,566	31,104	32,849	31,848	-3%
March	33,266	34,689	39,085	37,380	38,735	43,295	44,445	3%
April	28,065	29,191	30,449	30,156	29,853	31,459	32,234	2%
May	40,536	40,531	41,461	42,888	41,734	42,797	47,161	10%
June	51,532	51,352	51,949	56,506	53,673	56,100	59,012	5%
July	54,055	56,896	55,490	57,927	59,516	61,957		
August	54,191	57,370	57,039	58,021	57,174	60,925		
September	37,907	37,040	38,298	39,404	38,093	39,852		
October	47,049	35,120	32,048	31,710	33,781	33,536		
November	31,077	29,939	30,024	30,085	29,534	30,834		
December	31,855	32,823	31,408	31,250	33,512	34,859		
Total	470,702	466,903	471,911	480,448	481,183	502,463		
Outgoing								
January	29,763	28,908	30,157	29,447	30,946	30,299	32,576	8%
February	28,742	28,955	29,911	31,231	30,457	32,386	31,770	-2%
March	32,379	34,426	38,609	37,143	38,519	44,297	43,609	-2%
April	27,517	29,076	29,943	29,746	29,952	31,562	32,052	2%
May	35,530	36,495	37,776	40,461	38,411	38,924	42,898	10%
June	48,923	47,899	48,027	50,765	49,715	54,636	57,462	5%
July	52,252	54,198	52,019	55,564	56,807	59,333		
August	50,500	53,742	53,832	56,668	56,543	59,422		
September	43,105	44,985	45,230	45,283	45,978	45,950		
October	35,654	36,204	33,996	33,915	35,712	36,223		
November	31,291	30,499	30,905	30,909	30,748	31,816		
December	36,778	36,844	35,921	36,169	37,428	38,780		
Total	452,434	462,231	466,326	477,301	481,216	503,628		

SOURCE: Alaska Department of Transportation & Public Facilities, Fairbanks International Airport, "Fairbanks International Airport Statistical Report", 2009-2015.

NOTE: Numbers do not include passengers in transit.
This data is preliminary and may be subject to revision.

Economic Indicators

ALASKA HIGHWAY STATEWIDE ENTERING PASSENGERS

Via the Yukon Territory
2009-2015

	2009	2010	2011	2012	2013	2014	2015	% Change 2014-15
January	2,388	2,216	2,213	1,868	1,888	2,171	2,090	-4%
February	2,419	2,139	2,350	2,037	1,970	1,905	2,720	43%
March	3,958	3,434	3,992	3,688	3,358	3,172	3,471	9%
April	4,899	5,662	5,068	4,611	4,592	4,697	5,650	20%
May	12,447	11,989	11,732	10,430	10,290	10,051	12,316	23%
June	22,929	23,610	22,411	21,800	22,299	19,213	21,076	10%
July	24,187	21,002	22,964	24,446	23,400	21,105		
August	18,311	16,553	20,063	18,903	18,272	15,080		
September	7,954	5,829	7,901	7,409	7,661	5,536		
October	3,803	3,949	3,512	3,489	3,296	3,317		
November	2,783	2,547	2,424	2,426	2,467	2,495		
December	2,237	2,334	2,016	1,854	2,132	1,210		
Total	108,315	101,264	106,646	102,961	101,625	89,952		

SOURCE: U.S. Department of Justice, Immigration and Naturalization Service, District 32, (Tok) personal communications, 2009-2015.

NOTE: This entry point includes statewide travel for automobiles on the Alaska Highway and the Taylor Highway (Poker Creek) during the summer.

Current year figures subject to revisions.

ALASKA HIGHWAY STATEWIDE EXITING PASSENGERS

Via the Yukon Territory
2009-2015

	2009	2010	2011	2012	2013	2014	2015	% Change 2014-15
January	1,491	1,688	1,483	1,485	1,640	1,597	1,699	6%
February	2,018	1,643	1,657	1,553	1,376	1,457	1,728	19%
March	2,380	2,542	2,297	2,617	2,142	2,275	2,381	5%
April	2,884	3,155	2,615	2,719	2,962	2,425	2,844	17%
May	7,057	7,358	6,771	6,171	6,092	5,332	5,900	11%
June	13,932	14,771	15,473	14,116	15,021	12,977	12,795	-1%
July	20,196	24,479	22,377	20,212	19,144	19,136		
August	20,089	11,766	20,734	20,268	20,783	18,180		
September	10,522	11,196	10,341	9,859	10,157	10,216		
October	4,145	4,673	4,470	3,485	4,135	4,282		
November	2,781	2,070	2,213	2,074	3,035	2,346		
December	1,998	1,613	1,867	1,942	1,582	1,833		
Total	89,493	86,954	92,298	86,501	88,069	82,056		

SOURCE: Canadian Customs Border Services, Area Ports, Yukon Government, 2009-2015.

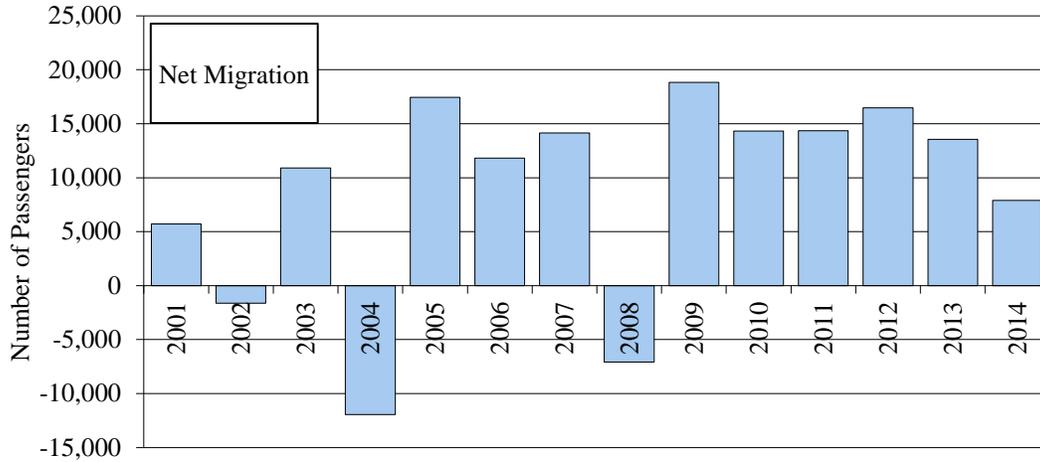
NOTE: This exit point includes statewide travel for automobiles on the Alaska Highway (Beaver Creek) and the Taylor Highway (Little Gold) during the summer through September 15th.

Current year figures subject to revisions.

Economic Indicators

ALASKA HIGHWAY STATEWIDE NET ANNUAL MIGRATION TRENDS

Via the Yukon Territory
2001-2014



SOURCE: U.S. Department of Justice, Immigration and Naturalization Service, District 32, and Customs Border Services, Area Ports, Yukon Government, Canada, personal communications 2001-2014.

ALASKA HIGHWAY STATEWIDE NET MONTHLY MIGRATION

Via the Yukon Territory
2009-2015

	2009	2010	2011	2012	2013	2014	2015
January	897	528	730	383	248	574	391
February	401	496	693	484	594	448	992
March	1,578	892	1,695	1,071	1,216	897	1,090
April	2,015	2,507	2,453	1,892	1,630	2,272	2,806
May	5,390	4,631	4,961	4,259	4,198	4,719	6,416
June	8,997	8,839	6,938	7,684	7,278	6,236	8,281
July	3,991	-3,477	587	4,234	4,256	1,969	
August	-1,778	4,787	-671	-1,365	-2,511	-3,100	
September	-2,568	-5,367	-2,440	-2,450	-2,496	-4,680	
October	-342	-724	-958	4	-839	-965	
November	2	477	211	352	-568	149	
December	239	721	149	-88	550	-623	
Net	18,822	14,310	14,348	16,460	13,556	7,896	

SOURCE: U.S. Department of Justice, Immigration and Naturalization Service, District 32, and Customs Border Services, Area Ports, Yukon Government, Canada, personal communications 2009-2015.

NOTE: Numbers denote the difference between the number of passengers entering and exiting statewide Alaska on the Alaska Highway and the Taylor Highway (summer only through September 15th). Current year figures subject to revisions.

Economic Indicators

HOTEL/MOTEL ROOM RECEIPTS

Fairbanks North Star Borough
2010-2015

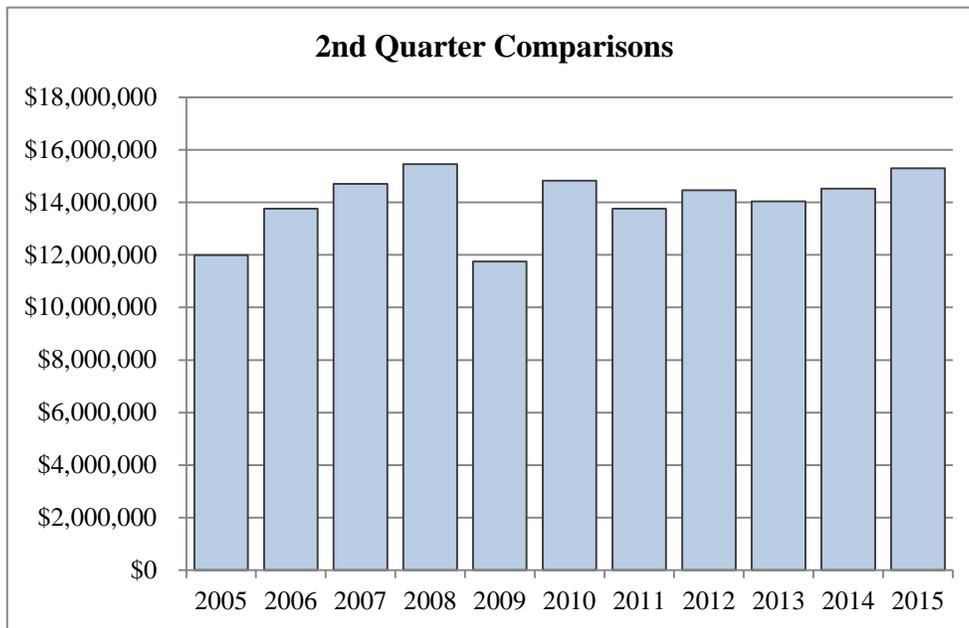
Quarter	2010	2011	2012	2013	2014	2015	% Change 2014-15
1st	\$5,549,520	\$6,317,082	\$6,603,066	\$7,170,000	\$8,202,072	\$7,895,695	-3.7%
2nd	\$14,817,922	\$13,757,533	\$14,464,988	\$14,031,111	\$14,523,111	\$15,293,135	5.3%
3rd	\$27,183,699	\$26,099,065	\$28,737,266	\$25,686,646	\$25,687,167		
4th	\$6,887,983	\$7,429,594	\$8,886,940	\$10,909,172	\$8,430,551		
Total	\$54,439,124	\$53,603,274	\$58,692,260	\$57,796,929	\$56,842,901		

SOURCE: City of Fairbanks, Finance Dept.; City of North Pole, Finance Dept.; FNSB, Financial Services, personal communications, 2009-2015.

NOTE: Room receipt figures are based on hotel/motel bed tax which is 8%. Receipts are calculated on taxes paid. Due to accrual adjustments the current data will supersede previous figures reported.

QUARTERLY HOTEL/MOTEL ROOM RECEIPTS

Fairbanks North Star Borough
2005-2015



Economic Indicators

ANNUAL HOTEL/MOTEL ROOM RECEIPTS

Fairbanks North Star Borough
2004-2014

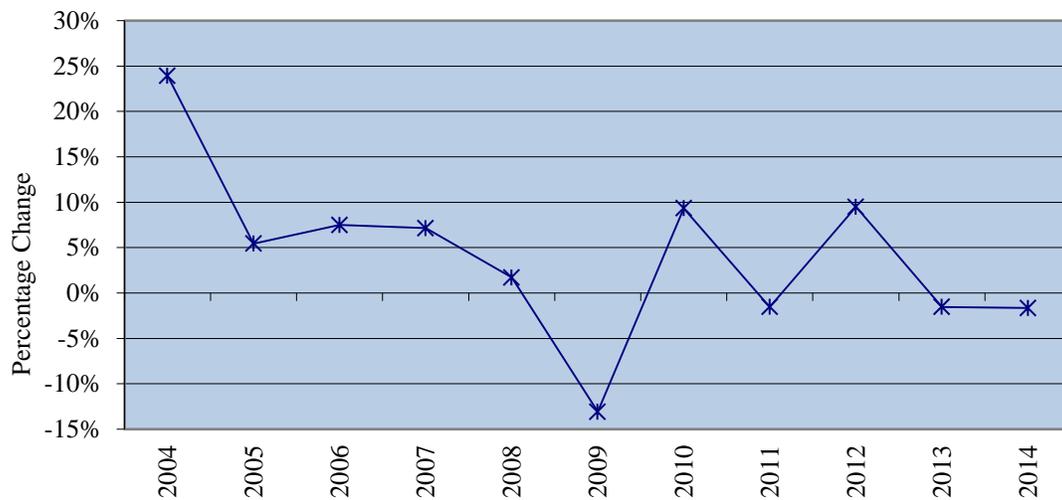
Year	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Annual Total	% Change from Prev Yr
2004	\$4,282,186	\$11,444,548	\$24,397,446	\$6,245,425	\$46,369,605	23.9%
2005	\$4,341,420	\$11,991,395	\$26,148,408	\$6,416,203	\$48,897,426	5.5%
2006	\$4,396,630	\$13,755,407	\$27,784,543	\$6,628,268	\$52,564,848	7.5%
2007	\$5,253,550	\$14,703,344	\$29,164,266	\$7,198,573	\$56,319,733	7.1%
2008	\$4,928,353	\$15,450,099	\$29,652,248	\$7,251,731	\$57,282,431	1.7%
2009	\$5,554,495	\$11,750,227	\$25,311,523	\$7,176,965	\$49,793,210	-13.1%
2010	\$5,549,520	\$14,817,922	\$27,183,699	\$6,887,983	\$54,439,124	9.3%
2011	\$6,317,082	\$13,757,533	\$26,099,065	\$7,429,594	\$53,603,274	-1.5%
2012	\$6,603,066	\$14,464,988	\$28,737,266	\$8,886,940	\$58,692,260	9.5%
2013	\$7,170,000	\$14,031,111	\$25,686,646	\$10,909,172	\$57,796,929	-1.5%
2014	\$8,202,072	\$14,523,111	\$25,687,167	\$8,430,551	\$56,842,901	-1.7%

SOURCE: Fairbanks North Star Borough, City of Fairbanks, and City of North Pole, Finance Departments, personal communications 2004-2014.

NOTE: Room receipt figures are based on hotel/motel bed tax which is 8%. Receipts are calculated on taxes paid City of North Pole was added beginning second quarter 2009.
Due to accrual adjustments the current figure supersedes previous figures.

ANNUAL HOTEL/MOTEL ROOM RECEIPTS

Fairbanks North Star Borough
2004-2014



Economic Indicators

UNIVERSITY OF ALASKA MUSEUM OF THE NORTH VISITORS

Fairbanks, Alaska
2010-2015

	2010	2011	2012	2013*	2014*	2015	% Change 2014-15
January	1,647	1,705	2,235	3,170	4,697	4,406	-6%
February	4,465	3,199	3,969	3,705	6,201	3,651	-41%
March	3,725	4,230	5,934	6,871	9,634	6,810	-29%
April	2,272	2,525	2,911	2,664	4,657	3,255	-30%
May	5,367	4,303	5,100	4,859	4,721	5,820	23%
June	14,051	12,517	11,236	10,956	12,070	12,870	7%
July	16,587	14,169	13,668	14,746	14,876		
August	14,193	12,851	12,536	12,993	13,336		
September	7,698	6,743	7,137	8,163	6,489		
October	4,207	2,841	3,534	6,116	5,525		
November	2,567	2,124	1,718	4,206	4,350		
December	3,785	2,588	3,662	6,013	5,572		
Total	80,564	69,795	73,640	84,462	92,128		

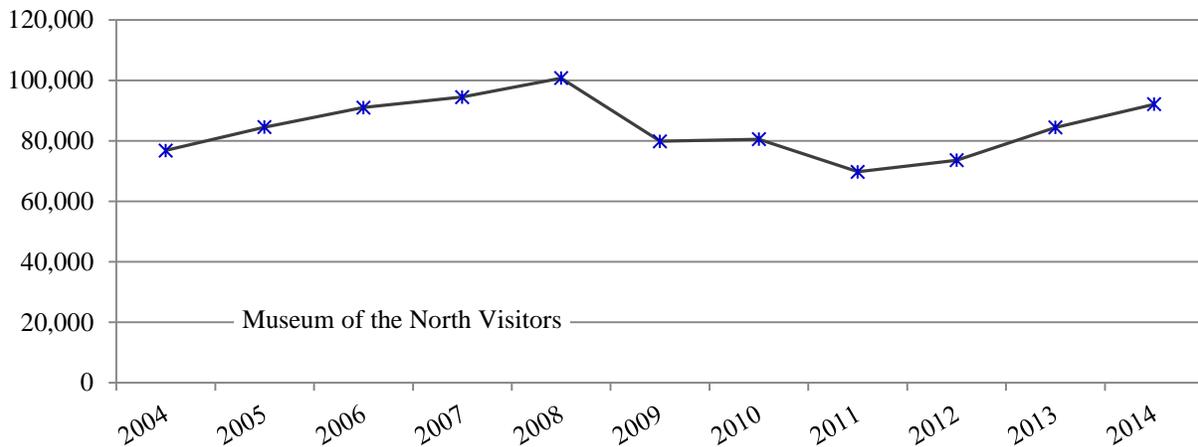
SOURCE: University of Alaska Museum of the North, University of Alaska, Fairbanks, personal communications 2010-2015.

NOTE: Numbers are preliminary and may be subject to revision. Arctic Winter Games took place March 2014. Beginning January 2014 and continuing throughout 2014, a Wells Fargo sponsorship paid entrance fees for active-duty military families. Numbers are low in 2015 due to the Fairbanks Children's Museum moving to their own space and fewer Japan Air Lines Tours.

* Fairbanks Children's Museum opened within University of Alaska Museum of the North October 2013 and moved out April 2014.

UNIVERSITY OF ALASKA MUSEUM OF THE NORTH VISITORS

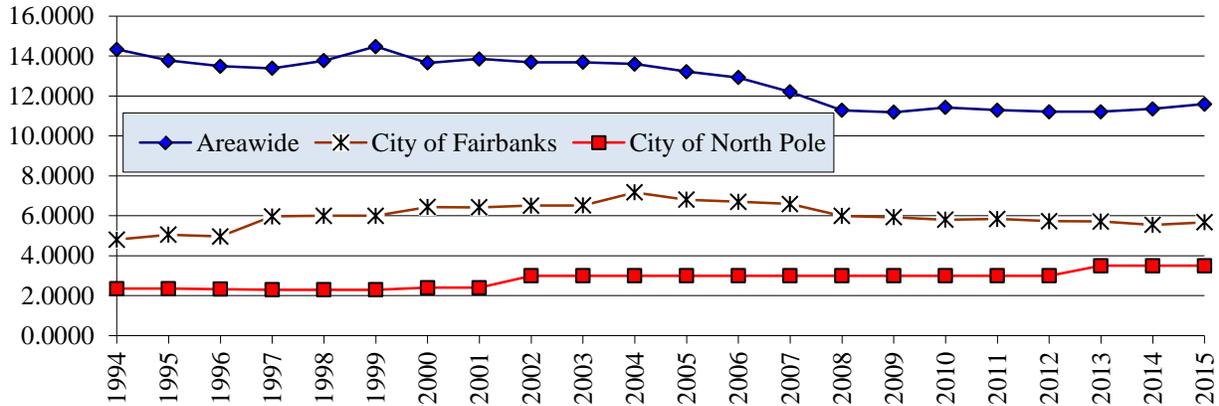
Fairbanks, Alaska
2004-2014



Economic Indicators

PROPERTY TAX MILL RATES

Fairbanks North Star Borough, Fairbanks, and North Pole
Fiscal Years 1994-2015



PROPERTY TAX MILL RATES

Fairbanks North Star Borough, Fairbanks, and North Pole
Fiscal Years 1994-2015

Fiscal Year Ending June 30th	-----Fairbanks North Star Borough-----				-----Fairbanks-----		-----North Pole -----	
	Non- Areawide	Areawide	Solid Waste District	Total Outside Cities	City of Fairbanks	City of Fairbanks + Areawide	City of North Pole	City of NP + Areawide + Solid Waste
1994	0.6200	14.3400	1.1450	16.1050	4.8030	19.1430	2.3500	17.8350
1995	0.5940	13.7770	1.1580	15.5290	5.0550	18.8320	2.3500	17.2850
1996	0.5430	13.4950	1.1360	15.1740	4.9640	18.4590	2.3300	16.9610
1997	0.5520	13.3900	1.1590	15.1010	5.9660	19.3560	2.3000	16.8490
1998	0.5110	13.7750	1.1660	15.4520	5.9990	19.7740	2.3000	17.2410
1999	0.5160	14.4800	1.1880	16.1840	6.0000	20.4800	2.3000	17.9680
2000	0.5220	13.6620	1.1590	15.3430	6.4420	20.1040	2.4000	17.2210
2001	0.5210	13.8600	1.1620	15.5430	6.4260	20.2860	2.4000	17.4220
2002	0.5250	13.6930	1.1870	15.4050	6.5110	20.2040	3.0000	17.8800
2003	0.5230	13.6930	1.1870	15.4030	6.5160	20.2090	3.0000	17.8800
2004	0.4350	13.6060	1.1830	15.2240	7.1710	20.7770	3.0000	17.7890
2005	0.4250	13.2190	1.1670	14.8110	6.8040	20.0230	3.0000	17.3860
2006	0.4180	12.9230	1.1500	14.4910	6.7000	19.6230	3.0000	17.0730
2007	0.4090	12.2090	1.1260	13.7440	6.5940	18.8030	3.0000	16.3350
2008	0.4000	11.2870	1.1030	12.7900	5.9910	17.2780	3.0000	15.3900
2009	0.3930	11.1860	1.1210	12.7000	5.9270	17.1130	3.0000	15.3070
2010	0.4000	11.4320	1.1410	12.9730	5.8030	17.2350	3.0000	15.5730
2011	0.5110	11.2940	1.1940	12.9990	5.8430	17.1370	3.0000	15.4880
2012	0.5250	11.2160	1.2290	12.9700	5.7340	16.9500	3.0000	15.4450
2013	0.5230	11.2160	1.2320	12.9710	5.7160	16.9320	3.5000	15.9480
2014	0.4930	11.3560	1.3000	13.1490	5.5490	16.9050	3.5000	16.1560
2015	0.5070	11.5990	1.3500	13.4560	5.6780	17.2770	3.5000	16.4490
% Change 2014-15	2.84%	2.14%	3.85%	2.33%	2.32%	2.20%	0.00%	1.81%

SOURCE: Fairbanks North Star Borough, Assessing Office, Fairbanks, Alaska, personal communications, 1994-2015.

NOTE: Mill rates represent dollars paid per \$1,000 of assessed value on taxable property. The Borough runs on a Fiscal Year from July 1st through June 30th. The Cities of Fairbanks and North Pole run on a calendar year from January 1st through December 31st.

Economic Indicators

ASSESSED VALUE OF PROPERTY

City of Fairbanks, City of North Pole, and the Fairbanks North Star Borough
1995-2015

Year	City of Fairbanks	FNSB Only (in City)	City of North Pole	Balance of Borough		Pipeline Related	Total FNSB
				FNSB	Major Mining		
----- (Millions of Dollars) -----							
1995	\$1,025.1	-	\$158.5	\$1,589.5	-	\$317.7	\$3,090.8
1996	\$1,055.0	-	\$159.3	\$1,761.9	-	\$306.6	\$3,282.8
1997	\$1,084.4	-	\$171.4	\$1,721.3	\$261.3	\$300.0	\$3,538.4
1998	\$1,136.2	-	\$189.9	\$1,853.5	\$254.3	\$286.6	\$3,720.5
1999	\$1,180.0	-	\$246.8	\$2,036.2	\$251.8	\$303.6	\$4,018.4
2000	\$1,253.3	-	\$248.1	\$2,181.1	\$243.7	\$258.2	\$4,184.4
2001	\$1,283.3	-	\$249.0	\$2,288.4	\$242.5	\$277.6	\$4,340.8
2002	\$1,361.9	-	\$255.4	\$2,456.7	\$231.1	\$263.4	\$4,568.5
2003	\$1,449.8	-	\$265.7	\$2,637.4	\$231.1	\$270.8	\$4,854.8
2004	\$1,583.9	-	\$273.7	\$2,879.6	\$231.1	\$271.2	\$5,239.5
2005	\$1,746.4	-	\$259.0	\$3,227.8	\$231.3	\$275.3	\$5,739.7
2006	\$1,938.8	-	\$276.4	\$3,599.9	\$224.6	\$377.8	\$6,417.5
2007	\$2,101.4	-	\$299.9	\$4,051.6	\$221.0	\$369.5	\$7,043.4
2008	\$2,243.3	-	\$314.0	\$4,310.4	\$220.0	\$508.8	\$7,596.5
2009	\$2,340.5	-	\$325.5	\$4,402.1	\$220.0	\$694.1	\$7,982.2
2010	\$2,457.3	-	\$318.9	\$4,441.5	\$359.4	\$739.6	\$8,316.7
2011*	\$2,596.8	-	\$333.5	\$4,580.0	\$391.0	\$652.1	\$8,553.4
2012*	\$2,629.5	\$1.6	\$332.6	\$4,710.1	\$403.4	\$669.2	\$8,746.4
2013	\$2,646.7	\$1.6	\$306.9	\$4,742.0	\$403.4	\$947.5	\$9,048.1
2014	\$2,700.3	\$1.6	\$301.1	\$4,964.4	\$525.0	\$869.7	\$9,362.1
2015	\$2,834.6	\$1.6	\$254.0	\$5,069.5	\$560.5	\$832.7	\$9,552.9
% Change 2014-15	5.0%	0.0%	-15.6%	2.1%	6.8%	-4.3%	2.0%

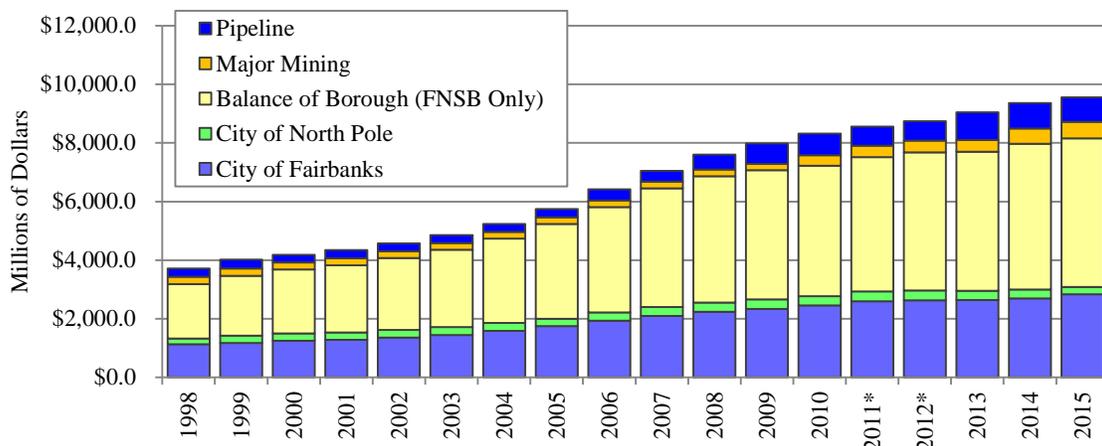
SOURCE: Fairbanks North Star Borough, Assessing Dept., personal communications, 1995-2015.

Note: Includes assessed values for City of Fairbanks, City of North Pole, FNSB, FNSB (in City), and Pipeline related as reported in the certified FNSB official assessment roll type I, and Major Mining operations as calculated for this report. Introduced major mining category beginning with 1997 numbers.

* Revised FNSB only 2011-2012.

ASSESSED VALUE OF PROPERTY

City of Fairbanks, City of North Pole, and the Fairbanks North Star Borough
1998-2015



Economic Indicators

ASSESSED VALUE OF PIPELINE RELATED PROPERTY

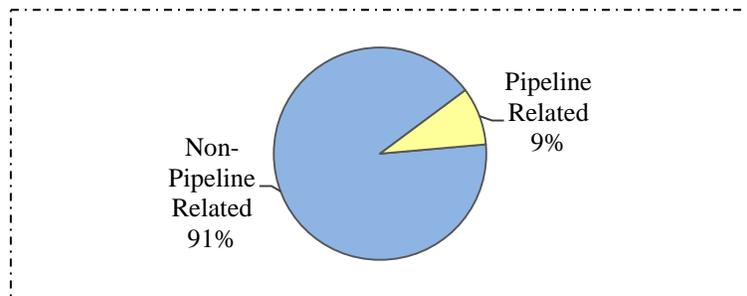
Fairbanks North Star Borough
1994-2015

Year	Non-Pipeline Related	Pipeline Related	% Chg Pipeline	FNSB Total	% Chg FNSB
	----- (Millions of Dollars) -----		-	(Millions of Dollars)	-
1994	\$2,617.1	\$359.1	-12.1%	\$2,976.2	2.4%
1995	\$2,773.1	\$317.7	-11.5%	\$3,090.8	3.9%
1996	\$2,976.2	\$306.6	-3.5%	\$3,282.8	6.2%
1997	\$3,238.3	\$300.0	-2.2%	\$3,538.3	7.8%
1998	\$3,433.8	\$286.6	-4.5%	\$3,720.4	5.1%
1999	\$3,714.8	\$303.6	5.9%	\$4,018.4	8.0%
2000	\$3,926.3	\$258.2	-15.0%	\$4,184.5	4.1%
2001	\$4,063.2	\$277.6	7.5%	\$4,340.8	3.7%
2002	\$4,305.1	\$263.4	-5.1%	\$4,568.5	5.2%
2003	\$4,583.9	\$270.8	2.8%	\$4,854.7	6.3%
2004	\$4,968.2	\$271.2	0.1%	\$5,239.4	7.9%
2005	\$5,464.3	\$275.3	1.5%	\$5,739.6	9.5%
2006	\$6,039.7	\$377.8	37.2%	\$6,417.5	11.8%
2007	\$6,674.0	\$369.5	-2.2%	\$7,043.5	9.8%
2008	\$7,087.6	\$508.8	37.7%	\$7,596.4	7.8%
2009	\$7,288.1	\$694.1	36.4%	\$7,982.2	5.1%
2010	\$7,577.2	\$739.6	6.6%	\$8,316.8	4.2%
2011	\$7,901.3	\$652.1	-11.8%	\$8,553.4	2.8%
2012	\$8,077.2	\$669.2	2.6%	\$8,746.4	2.3%
2013	\$8,100.6	\$947.5	41.6%	\$9,048.1	3.4%
2014	\$8,490.8	\$869.7	-8.2%	\$9,360.5	3.5%
2015	\$8,627.6	\$832.7	-4.3%	\$9,460.3	1.1%
% Chg 2014-15	1.6%	-4.3%	-	1.1%	-

SOURCE: Fairbanks North Star Borough, Assessing Dept., personal communications 1994-2015.

ASSESSED VALUE OF PIPELINE RELATED PROPERTY

Fairbanks North Star Borough
2015



Economic Indicators

ALCOHOLIC BEVERAGE TAX REVENUE

City of Fairbanks, City of North Pole, Fairbanks North Star Borough
2010-2015

	Qtr.	City of Fairbanks	City of North Pole	FNSB	Combined Values Total
2010	1st	\$242,798	\$26,195	\$307,943	\$576,936
	2nd	\$418,561	\$48,548	\$203,843	\$670,951
	3rd	\$508,506	\$56,360	\$201,308	\$766,174
	4th	\$749,922	\$75,485	\$240,692	\$1,066,099
2011	1st	\$458,347	\$19,083	\$210,403	\$687,833
	2nd	\$533,710	\$50,210	\$239,561	\$823,481
	3rd	\$562,560	\$44,169	\$305,945	\$912,674
	4th	\$562,848	\$79,704	\$251,701	\$894,253
2012	1st	\$442,691	\$25,324	\$219,470	\$687,485
	2nd	\$541,692	\$48,898	\$262,432	\$853,022
	3rd	\$565,447	\$60,969	\$328,351	\$954,767
	4th	\$576,864	\$72,324	\$266,220	\$915,409
2013	1st	\$476,934	\$27,949	\$228,965	\$733,847
	2nd	\$529,514	\$52,641	\$264,725	\$846,880
	3rd	\$555,052	\$58,883	\$328,550	\$942,485
	4th	\$590,282	\$76,606	\$266,466	\$933,353
2014	1st	\$493,646	\$28,317	\$212,296	\$734,259
	2nd	\$555,857	\$51,110	\$246,474	\$853,441
	3rd	\$578,343	\$59,504	\$292,694	\$930,541
	4th	\$614,866	\$51,376	\$232,609	\$898,851
2015	1st	\$495,073	\$58,520	\$219,249	\$772,842
	2nd	\$579,124	\$64,602	\$245,099	\$888,825

SOURCE: Fairbanks North Star Borough, Collections Dept., City of Fairbanks Finance Dept., City of North Pole Finance Dept., personal communications, 2010-2015.

NOTE: City of Fairbanks began collecting Alcoholic Beverage tax at (5%) according to Reenacting Ordinance 4470, September 9, 1985; an ordinance to amend FGC Chapter 5, Taxation, by repealing Article II, Sales Tax, and reenacting the same to levy a sales tax on Alcoholic Beverages; and setting an effective stay date of September 28, 1985.

City of North Pole began collecting Alcoholic Beverage tax at (5%) according to Ordinance 09-01, February 2, 2009, effective 5 p.m., February 28, 2009.

FNSB Code of Ordinance, Title 3 Finance and Revenue, Chapter 3.59, Alcoholic Beverage Tax (5%), adopted March 25, 2004; effective: Sec.2 at 5:00 p.m. on June 30, 2004; Sec. 3-4 at 5:00 p.m. on first borough business day following adoption.

Current numbers supercedes previous figures reported.

ANNUAL ALCOHOLIC BEVERAGE TAX REVENUE

City of Fairbanks, City of North Pole, Fairbanks North Star Borough
2010-2014

	City of Fairbanks	City of North Pole	FNSB
2010	\$1,919,787	\$206,588	\$953,785
2011	\$2,117,464	\$193,166	\$1,007,610
2012	\$2,126,694	\$207,515	\$1,076,474
2013	\$2,151,781	\$216,078	\$1,088,705
2014	\$2,242,712	\$190,308	\$984,072
% Change 2013-14	4.2%	-11.9%	-9.6%

Economic Indicators

TOBACCO EXCISE TAX REVENUE

City of Fairbanks, City of North Pole, Fairbanks North Star Borough
2010-2015

	Qtr.	City of Fairbanks	City of North Pole	FNSB	Combine Values Total
2010	1st	\$195,880	-	\$313,742	\$509,622
	2nd	\$242,931	-	\$368,152	\$611,084
	3rd [^]	\$329,449	-	\$702,661	\$1,032,110
	4th	\$224,137	-	\$378,080	\$602,218
2011	1st	\$196,488	\$9,988	\$342,554	\$549,030
	2nd	\$249,445	\$31,206	\$370,239	\$650,890
	3rd	\$251,546	\$46,628	\$433,952	\$732,126
	4th	\$239,651	\$38,735	\$380,399	\$658,784
2012	1st	\$201,975	\$10,388	\$330,553	\$542,916
	2nd	\$257,012	\$33,251	\$386,105	\$676,368
	3rd	\$239,274	\$33,977	\$422,526	\$695,776
	4th	\$289,438	\$40,155	\$363,085	\$692,678
2013	1st	\$211,641	\$19,701	\$327,448	\$558,790
	2nd	\$239,274	\$26,499	\$344,664	\$610,437
	3rd	\$255,486	\$37,356	\$411,075	\$703,917
	4th	\$223,978	\$40,507	\$365,605	\$630,090
2014	1st	\$196,394	\$19,653	\$310,208	\$526,255
	2nd	\$225,636	\$31,079	\$339,224	\$595,939
	3rd	\$264,760	\$36,144	\$410,641	\$711,545
	4th	\$224,596	\$32,740	\$339,113	\$596,449
2015	1st	\$207,064	\$34,956	\$341,669	\$583,689
	2nd	\$250,810	\$40,552	\$357,769	\$649,131

SOURCE: Fairbanks North Star Borough, Collections Dept., City of Fairbanks Finance Dept., City of North Pole Finance Dept., personal communications, 2010-2015.

NOTE: *City of Fairbanks* began collecting Tobacco Product Distribution Sales Tax at (8%) according Ordinance 5074, November 23, 1992; an ordinance to amend FGC Chapter 5, Taxation, by enacting Article V, to establish a distribution sales tax on tobacco products; and setting an effective date of January 16, 1993. *City of North Pole* began collecting (8%) Tobacco Product Distribution Sales tax in January 2011. *FNSB* Code of Ordinance, Title 3 Finance and Revenue, Chapter 3.57, Tobacco Distribution Excise Tax (8%), adopted April 22, 2004; effective: July 1, 2004.

Current data supercede previous figures reported.

[^] 3rd Quarter of 2010 is inflated due to receipt of large payment from a business that had not paid for an extended amount of time.

TOBACCO EXCISE TAX ANNUAL REVENUE

Fairbanks, North Pole & the Fairbanks North Star Borough
2010-2014

	City of Fairbanks (8%)	City of North Pole (8%)	FNSB (8%)
2010	\$992,398	-	\$1,762,635
2011	\$937,129	\$126,556	\$1,527,144
2012	\$987,700	\$117,771	\$1,502,268
2013	\$930,379	\$124,062	\$1,448,792
2014	\$911,386	\$119,616	\$1,399,186
% Change 2013-14	-2.0%	-3.6%	-3.4%

A SPOTLIGHT
ON
MINING IN ALASKA

***SPOTLIGHT SOURCE:** *ALASKA'S MINERAL INDUSTRY*, By J.E. Athey, L.A. Harpo, P.S. Lasley and L.K. Freeman, *Special Report 69*, 2013. Report 69 is presented by the State of Alaska, Department of Natural Resources, Division of Geological & Geophysical Surveys (DGGS) publications are available for free at <http://www.dggs.alaska.gov>

Alaska's Mineral Industry 2013

Special Report 69

by
J.E. Athey, L.K. Freeman, L.A. Harbo, and P.S. Lasley

DEPARTMENT OF NATURAL RESOURCES
Division of Geological & Geophysical Surveys

in cooperation with

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
Division of Economic Development



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EXECUTIVE SUMMARY

Alaska's Mineral Industry 2013 is the 33rd annual report produced by the Division of Geological & Geophysical Surveys (of the Department of Natural Resources) and the Division of Economic Development (of the Department of Commerce, Community, and Economic Development). Published for one-third of a century in this format, the annual report endeavors to provide a consistent, factual snapshot of mineral industry activity in Alaska and also serves as the authoritative, historical record of mining in the state.

The total reported value of Alaska's mineral industry decreased in 2013 to \$3,953.0 million, almost 4 percent lower than its \$4,113.6 million value in 2012. The total value is a composite of the year's expenditures on exploration and development plus the estimated first market value of the commodities produced. Alaska's mineral production and development sectors remained strong despite the limited funding available for exploration projects. Mineral exploration expenditures decreased dramatically in 2013 to \$175.5 million, down almost 48 percent from the 2012 level of \$335.1 million. Exploration expenditures in this range were last seen in 2006 and 2009 at \$178.9 million and \$180.0 million, respectively. The drop in exploration expenditures reflects a worldwide decrease in exploration expenditures as well as the transition of the Donlin Gold project from exploration to development.

Development expenditures in Alaska in 2013 increased by almost 5 percent, to approximately \$358.8 million, from \$342.4 million in 2012. This was the tenth consecutive year that the amount of funds spent on mineral development exceeded \$200 million. Mineral production values remained steady in 2013, decreasing by less than one percent from the 2012 value. The estimated gross wholesale (first market) value of mineral production in 2013 decreased slightly to \$3,418.7 million, from \$3,436.1 million in 2012.

Mineral industry employment declined in 2013 to 4,051 full-time-equivalent jobs, a decrease of 315 jobs (7 percent) from the 2012 total of 4,366. Production jobs increased by less than one percent from 3,283 in 2012 to 3,308 in 2013. Development jobs decreased from 535 in 2012 to 358 in 2013, although under-reporting accounts for a large portion of the 33 percent difference. Exploration jobs decreased from about 548 jobs in 2012 to 385 in 2013, an almost 30 percent decrease and loss of 163 jobs. As reported by the Alaska Miners Association, the Alaska mineral industry also created an estimated 4,600 indirect jobs in 2013.

A longer-term view of employment and wages from Department of Labor and Workforce Development data shows that the mineral industry is a high-growth sector for Alaska. In the ten-year period from 2004 through 2013, non-oil-and-gas mining employment grew by 1,522 positions or 112 percent, and contributed 4.5 percent of the total private-sector wage growth, equating to almost \$200 million in wage growth. In the same time period, average annual wages in the industry have grown by more than 17 percent, which is the highest increase compared to any other major industry in Alaska.

Estimated revenues in 2013 to the State of Alaska and municipalities from mineral-industry-specific fees, rent, sales, royalties, and taxes amounted to more than 142.5 million.

Mineral exploration expenditures in Alaska during 2013 were at least \$175.5 million. Exploration was distributed across Alaska, but almost \$74 million (or 42 percent of the exploration funds) was spent in southwestern Alaska and \$47 million was spent in the eastern interior region. Twenty projects reported exploration expenditures of \$1 million or more and 21 additional projects expended at least \$100,000.

Exploration was conducted in Alaska during 2013 for a wide variety of metals and mineralization styles; however, exploration expenditures for all commodities and deposit types except industrial minerals declined from 2012 to 2013. As a portion of all mineral exploration expenditures in Alaska, gold exploration declined about 10 percent, from 45 percent of total exploration in 2012 to 35 percent in 2013. Conversely, a mixed group of metals (polymetallic, including copper-gold porphyry systems) accounted for almost 59 percent of total exploration expenditures in 2013. Its share of Alaska's exploration increased significantly from 45 percent of all mineral exploration in 2012. Copper-gold-molybdenum porphyry systems continued as the major exploration target in 2013, with more than \$77 million in expenditures. Exploration expenditures at the Pebble project accounted for more than 86 percent of all exploration conducted on porphyry deposits. More than

\$33 million was spent on base-metal-rich, polymetallic massive-sulfide projects, almost \$24.7 million was spent on granite/intrusion-related gold exploration, and \$20.2 million was spent on various gold-quartz vein projects. More than \$20 million was also spent on exploration for PGE-nickel-copper, tin-polymetallic, rare-earth-element, coal, placer gold, magnetite beach placer, and graphite deposits.

Seven hundred seventy-nine placer operations reported exploration expenditures totaling \$16 million in 2013, an increase of 62 percent from \$9.9 million in 2012. The highest number of placer operations reported exploration in the interior Alaska region; however, placer exploration expenditures and employment were highest in the western region due to two large marine placer operations, each with exploration expenditures of about \$5 million.

Mining claims and prospecting sites covered approximately 3.9 million acres of Alaska in 2013, with 6,916 active Federal and 42,230 active State mining claims. New mining claims staked during 2013 included 3,777 new State claims, 28 new State prospecting sites, and 289 Federal claims. State 40- and 160-acre claimstaking decreased by 26 percent in 2013, while staking of State prospecting sites decreased by 86 percent. Nearly 55 percent fewer Federal claims were staked in 2013.

The State's Airborne Geophysical/Geological Mineral Inventory (AGGMI) Program celebrated its 20th year, with geophysical surveys covering a cumulative total of 17,985 square miles of Alaska (3.15 percent of Alaska's land). As part of AGGMI and the Strategic and Critical Minerals Assessment project, a State-funded capital-improvement project to evaluate Alaska's potential for strategic and critical minerals, the Alaska Division of Geological & Geophysical Surveys (DGGS) conducted geologic mapping and minerals-related studies in the Styx River area and Wrangellia geologic belt in southwestern and central Alaska, and also contracted helicopter-borne geophysical surveys for portions of those areas. In late 2013, DGGS released airborne-geophysical data for three surveys centered around Flat, Alaska, and the Middle Styx and Dalzell Creek surveys in southwestern Alaska.

Reported and estimated development expenditures in 2013 totaled approximately \$358.8 million, up almost 5 percent from \$342.4 million in 2012. Development expenditures were reported for 53 projects in 2013. Significant development outlays (more than \$5 million) were noted at Fort Knox Mine, Greens Creek Mine, Pogo Mine, Donlin Gold project, Kensington Mine, and the Nome offshore placer fields. Based on reported expenditures, Fort Knox Mine had the largest ongoing development project in Alaska. Ongoing capital maintenance and development expenditures continued at Nixon Fork, Fort Knox, Greens Creek, Red Dog, and Kensington mines. The Donlin Gold project made the transition from exploration to development with the initiation of the Preliminary Draft EIS (Environmental Impact Statement) process. Placer mines and sand and gravel operations also reported development expenditures.

The total value of minerals produced in Alaska during 2013 is estimated at \$3.42 billion, down slightly from the 2012 estimated value of \$3.44 billion. The 2013 estimate represents a decrease in value of approximately \$17.6 million, or one-half of one percent, from the 2012 estimate. Metals (gold, silver, copper, lead, and zinc) account for \$3,276 million (almost 96 percent of the total); industrial minerals for \$85 million (2.5 percent of the total); coal for \$56 million (1.6 percent of the total); and gemstones valued at \$1.9 million.

Gold leads all mineral product values, with more than 45 percent of the total, followed by zinc at 33.9 percent, silver at 9.4 percent, lead at 7.2 percent, and appreciable copper. The decreased mineral production value in 2013 compared with 2012 resulted primarily from lower prices for gold, zinc, silver, and copper in 2013. The average 2013 price for gold dropped 15.4 percent from the previous year's average. The price of lead rose 4.3 percent.

Alaska currently has six large lode mines. Teck Resources Ltd.-NANA's Red Dog Mine produced 607,704 tons of zinc, 106,594 tons of lead, and an estimated 6.1 million ounces of silver. Coeur Alaska Inc.'s Kensington underground gold mine complex near Juneau produced 114,821 ounces of gold in 2013. Hecla Mining Co.'s Greens Creek Mine near Juneau produced more than 7.4 million ounces of silver in 2013, along with 57,457 ounces of gold, 57,614 tons of zinc, and 20,114 tons of lead. Kinross Gold's Fort Knox Mine near Fairbanks produced 428,822 ounces of gold, and Sumitomo's Pogo Mine produced 337,393 ounces of gold. Usibelli Coal Mine produced 1.6 million tons of coal. Placer gold production, from an estimated 295 operators statewide, was reported and estimated at 82,591 ounces.

EMPLOYMENT

CIVILIAN LABOR FORCE UNEMPLOYMENT RATES

Fairbanks MSA, Alaska and the United States
2009-2015

		2009	2010	2011	2012	2013	2014	2015
F	January	7.7	8.5	7.9	7.5	7.2	6.6	6.2
A	February	7.6	8.3	7.6	7.4	6.7	6.6	6.5
I	March	7.5	8.1	7.3	7.1	6.2	6.2	6.1
R	April	6.8	7.2	6.7	6.5	5.9	5.8	5.6
B	May	6.9	6.5	6.3	6.0	5.6	5.7	5.3
A	June	7.6	6.7	6.9	6.6	6.4	6.2	6.0
N	July	6.7	6.2	6.2	6.1	5.5	5.5	
K	August	6.3	6.0	6.1	5.5	5.2	5.1	
S	September	6.6	6.0	5.9	5.1	5.0	5.1	
	October	6.9	6.2	6.0	5.1	5.2	5.3	
M	November	7.0	6.8	6.4	5.6	5.4	5.6	
S	December	7.3	7.0	6.8	6.2	5.4	5.5	
A	Average	7.1	6.9	6.7	6.2	5.8	5.8	
	January	8.0	9.2	8.8	8.1	7.8	7.7	7.1
	February	8.3	9.3	8.6	8.0	7.4	7.9	7.6
	March	8.2	9.1	8.3	7.8	7.0	7.6	7.5
A	April	7.7	8.4	7.8	7.2	6.6	7.1	7.0
L	May	7.5	7.6	7.3	6.8	6.3	6.8	6.6
A	June	8.0	7.8	7.7	7.3	6.9	7.0	6.9
S	July	7.2	7.1	6.9	6.6	6.0	6.1	
K	August	7.0	6.9	6.7	6.2	5.8	6.0	
A	September	7.3	7.0	6.8	5.9	5.8	6.2	
	October	7.7	7.2	6.9	6.0	6.2	6.2	
	November	7.8	7.8	7.3	6.4	6.3	6.4	
	December	8.2	8.1	7.7	7.0	6.5	6.4	
	Average	7.7	8.0	7.6	6.9	6.5	6.8	
U	January	8.5	10.6	9.8	8.8	8.5	7.0	6.1
N	February	8.9	10.4	9.5	8.7	8.1	7.0	5.8
I	March	9.0	10.2	9.2	8.4	7.6	6.8	5.6
T	April	8.6	9.5	8.7	7.7	7.1	5.9	5.1
E	May	9.1	9.3	8.7	7.9	7.3	6.1	5.3
D	June	9.7	9.6	9.3	8.4	7.8	6.3	5.5
	July	9.7	9.7	9.3	8.6	7.7	6.5	
S	August	9.6	9.5	9.1	8.2	7.3	6.3	
T	September	9.5	9.2	8.8	7.6	7.0	5.7	
A	October	9.5	9.0	8.5	7.5	7.0	5.5	
T	November	9.4	9.3	8.2	7.4	6.6	5.5	
E	December	9.7	9.1	8.3	7.6	6.5	5.4	
S	Average	9.3	9.6	8.9	8.1	7.4	6.2	

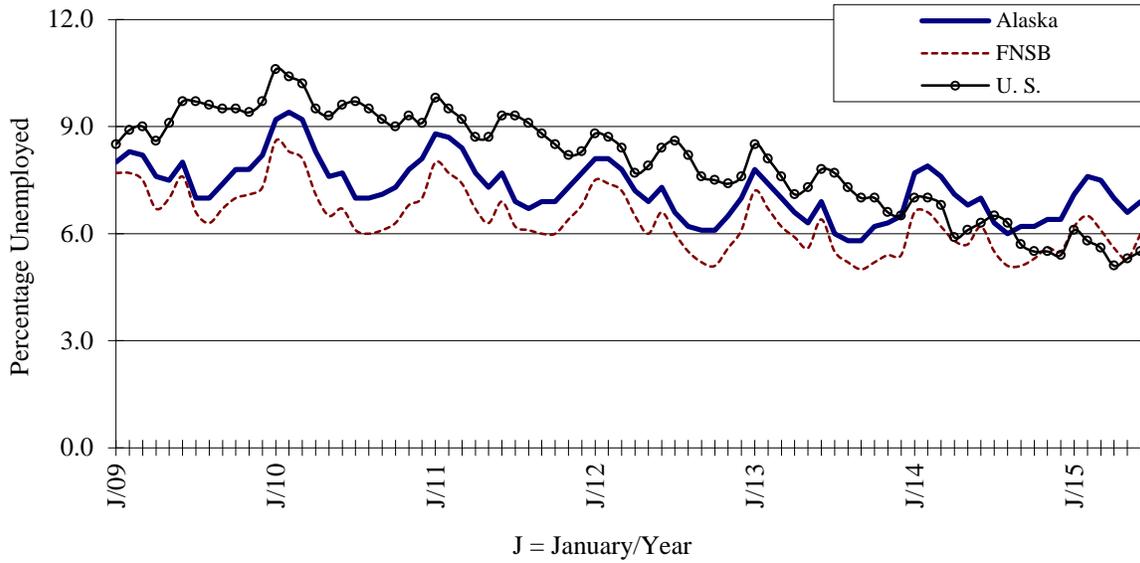
SOURCES: Alaska Department of Labor, Research and Analysis Section, website: <http://www.laborstats.alaska.gov>, and personal communications 2009-2015. U.S. Department of Labor, Bureau of Labor Statistics, *Current Population Survey*, and website: <http://www.bls.gov>, 2009-2015.

NOTE: Rates presented are "not seasonally adjusted".
MSA (Metropolitan Statistical Area)
Data provided is subject to revision.

Employment

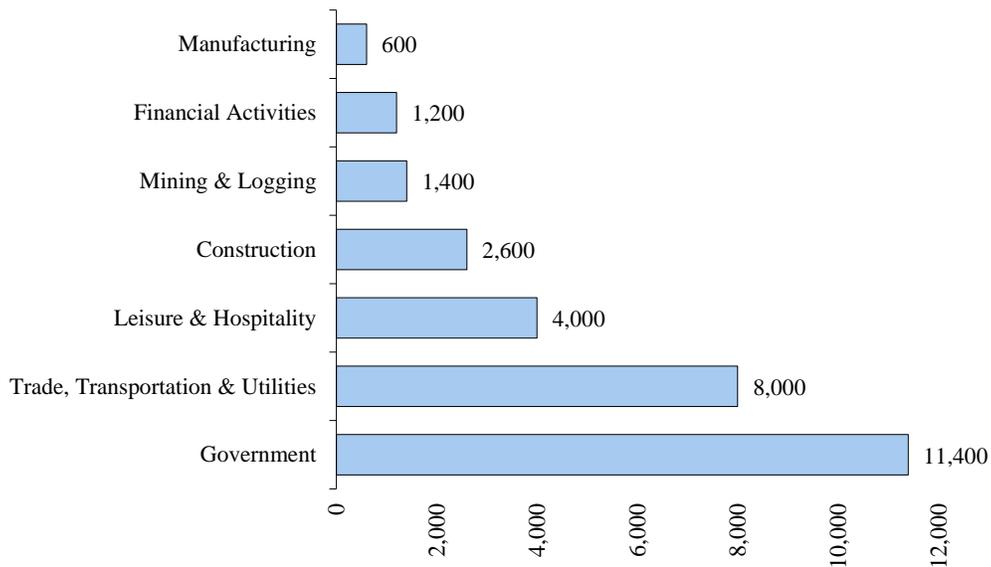
CIVILIAN LABOR FORCE UNEMPLOYMENT RATES

State of Alaska, FNSB, the United States
2009-2015



AVERAGE MONTHLY EMPLOYMENT ESTIMATES BY SECTOR

Fairbanks North Star Borough
Second Quarter Average 2015



Employment

AVERAGE MONTHLY EMPLOYMENT ESTIMATES BY INDUSTRY

Fairbanks North Star Borough (MSA)

2015

Industry	2015		Year-to-Date Average		% Change 2014-15
	1st	2nd	2015	2014	
	Qtr	Qtr	Jan-Jun	Jan-Jun	Jan-Jun
Mining and Logging	1,300	1,500	1,400	1,500	-6.7%
Construction	2,100	3,000	2,600	2,200	18.2%
Manufacturing	500	600	600	600	0.0%
Trade, Transportation, Utilities	7,700	8,300	8,000	8,100	-1.2%
<i>Wholesale Trade</i>	800	800	800	700	14.3%
<i>Retail Trade</i>	4,600	4,800	4,700	4,700	0.0%
<i>Trans/Warehouse/Utilities</i>	2,300	2,700	2,500	2,600	-3.8%
Information	500	500	500	500	0.0%
Financial Activities	1,200	1,200	1,200	1,300	-7.7%
Professional & Business Svcs	2,300	2,400	2,400	2,100	14.3%
Educational & Health Services	5,200	5,300	5,300	5,400	-1.9%
<i>Health Care</i>	4,000	4,100	4,100	3,900	5.1%
Leisure & Hospitality	3,600	4,300	4,000	4,000	0.0%
Other Services	1,200	1,200	1,200	1,200	0.0%
Government	11,600	11,200	11,400	11,600	-1.7%
<i>Federal Government</i>	2,800	2,900	2,900	2,800	3.6%
<i>State Government</i>	5,400	5,300	5,400	5,500	-1.8%
<i>Local Government</i>	3,400	3,000	3,200	3,300	-3.0%
Total Nonfarm	37,200	39,400	38,300	38,500	-0.5%

SOURCE: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics. State website: <http://labor.alaska.gov/research/ces/ces.htm>, 2015.

NOTE: Data provided is subject to change.

Please note that rounding is to nearest 100.

Excludes self-employed workers, fishers, domestics, and unpaid family workers.

Government includes employees of public school systems and the University of Alaska.

MSA (Metropolitan Statistical Area)

Employment

ANNUAL AVERAGE MONTHLY EMPLOYMENT BY INDUSTRY

Fairbanks North Star Borough
2011-2014

Industry	2011	2012	2013	2014	% Change 2013-14
Natural Resources & Mining	1,330	1,517	1,489	1,468	-1.4%
<i>Agriculture, Forestry, Fishing, Hunting</i>	48	49	48	40	-16.7%
<i>Mining</i>	1,282	1,468	1,441	1,429	-0.8%
Construction	2,596	2,618	2,431	2,557	5.2%
<i>Construction of Buildings</i>	771	806	654	648	-0.9%
<i>Heavy Construction</i>	404	331	426	506	18.8%
<i>Specialty Trade Contractors</i>	1,421	1,482	1,351	1,403	3.8%
Manufacturing	575	556	616	602	-2.3%
Trade, Transportation & Utilities	7,760	7,910	7,789	7,760	-0.4%
<i>Wholesale Trade</i>	661	705	735	745	1.4%
<i>Retail Trade</i>	4,659	4,734	4,643	4,678	0.8%
<i>Food & Beverage</i>	463	480	461	479	3.9%
<i>General Merchandise</i>	1,338	1,352	1,299	1,261	-2.9%
<i>Transportation & Warehousing</i>	2,016	2,077	2,018	1,947	-3.5%
<i>Air Transportation</i>	593	595	538	506	-5.9%
<i>Transit & Ground Passenger</i>	295	303	305	286	-6.2%
Information	549	548	485	456	-6.0%
<i>Telecommunication</i>	293	297	243	229	-5.8%
Financial Activities	1,445	1,427	1,416	1,308	-7.6%
<i>Finance & Insurance</i>	799	805	784	688	-12.2%
<i>Credit Intermediation, etc.</i>	510	513	513	511	-0.4%
<i>Real Estate, Renting & Leasing</i>	647	622	632	621	-1.7%
<i>Real Estate</i>	404	387	406	408	0.5%
Professional & Business Services	2,511	2,517	2,402	2,252	-6.2%
<i>Professional, Scientific, Technical Services</i>	1,539	1,494	1,472	1,319	-10.4%
<i>Management of Companies & Enterprises</i>	120	118	122	123	0.8%
<i>Administrative & Waste Services</i>	852	905	808	811	0.4%
Educational & Health Services	4,951	5,155	5,229	5,158	-1.4%
<i>Health Care & Social Assistance</i>	4,720	4,910	5,012	4,953	-1.2%
Leisure & Hospitality	4,129	4,189	4,180	4,212	0.8%
<i>Accommodation</i>	1,029	1,074	1,089	1,095	0.6%
<i>Food Services & Drinking Places</i>	2,691	2,672	2,636	2,649	0.5%
Other Services	1,132	1,183	1,151	1,130	-1.8%
<i>Membership Organizations, etc.</i>	509	500	408	467	14.5%
<i>Repair & Maintenance</i>	403	421	496	431	-13.1%
Government	12,010	11,677	11,641	11,419	-1.9%
<i>Federal Government</i>	3,434	3,264	3,026	2,865	-5.3%
<i>State Government</i>	5,461	5,445	5,472	5,426	-0.8%
<i>Local Government</i>	3,115	2,968	3,143	3,128	-0.5%
Unclassified Establishments	29	27	33	49	48.5%
Total Industries	39,018	39,323	38,859	38,371	-1.3%

SOURCE: Alaska Department of Labor and Workforce Development, Research and Analysis Section; *Quarterly Census of Employment & Wages-Annual Review 2014*.

Note: Data is preliminary and subject to revision

Employment

ANNUAL AVERAGE MONTHLY WAGE BY INDUSTRY

Fairbanks North Star Borough
2011-2014

Industry	2011	2012	2013	2014	% Change 2013-14
Natural Resources & Mining	\$7,311	\$7,559	\$7,455	\$7,694	3.2%
<i>Agriculture, Forestry, Fishing, Hunting</i>	\$1,506	\$1,513	\$1,509	\$1,634	8.3%
<i>Mining</i>	\$7,530	\$7,761	\$7,654	\$7,859	2.7%
Construction	\$5,881	\$6,146	\$6,306	\$6,669	5.8%
<i>Construction of Buildings</i>	\$5,406	\$5,222	\$5,363	\$5,677	5.9%
<i>Heavy Construction</i>	\$6,809	\$7,863	\$7,958	\$8,740	9.8%
<i>Specialty Trade Contractors</i>	\$5,874	\$6,261	\$6,241	\$6,381	2.2%
Manufacturing	\$4,618	\$4,664	\$4,436	\$4,491	1.2%
Trade, Transportation & Utilities	\$3,274	\$3,307	\$3,376	\$3,414	1.1%
<i>Wholesale Trade</i>	\$4,223	\$4,345	\$4,540	\$4,560	0.4%
<i>Retail Trade</i>	\$2,563	\$2,603	\$2,604	\$2,633	1.1%
<i>Food & Beverage</i>	\$2,417	\$2,402	\$2,259	\$2,289	1.3%
<i>General Merchandise</i>	\$2,340	\$2,328	\$2,377	\$2,488	4.7%
<i>Transportation & Warehousing</i>	\$3,858	\$3,808	\$3,966	\$4,106	3.5%
<i>Air Transportation</i>	\$3,552	\$3,389	\$3,905	\$3,941	0.9%
<i>Transit & Ground Passenger</i>	\$2,307	\$2,419	\$2,390	\$2,607	9.1%
Information	\$4,123	\$4,096	\$4,468	\$4,793	7.3%
<i>Telecommunication</i>	\$5,407	\$5,262	\$6,288	\$6,393	1.7%
Financial Activities	\$3,847	\$3,907	\$4,011	\$3,951	-1.5%
<i>Finance & Insurance</i>	\$4,086	\$4,166	\$4,285	\$4,044	-5.6%
<i>Credit Intermediation, etc.</i>	\$3,997	\$4,113	\$4,070	\$4,126	1.4%
<i>Real Estate, Renting & Leasing</i>	\$3,552	\$3,572	\$3,673	\$3,841	4.6%
<i>Real Estate</i>	\$3,269	\$3,343	\$3,433	\$3,470	1.1%
Professional & Business Services	\$3,891	\$4,137	\$4,256	\$4,188	-1.6%
<i>Professional, Scientific, Technical Services</i>	\$4,199	\$4,443	\$4,608	\$4,548	-1.3%
<i>Management of Companies & Enterprises</i>	\$6,321	\$7,241	\$7,294	\$7,623	4.5%
<i>Administrative & Waste Services</i>	\$2,990	\$3,227	\$3,157	\$3,077	-2.5%
Educational & Health Services	\$3,642	\$3,684	\$3,777	\$3,883	2.8%
<i>Health Care & Social Assistance</i>	\$3,691	\$3,737	\$3,842	\$3,949	2.8%
Leisure & Hospitality	\$1,531	\$1,550	\$1,617	\$1,701	5.2%
<i>Accommodation</i>	\$2,189	\$2,159	\$2,241	\$2,403	7.2%
<i>Food Services & Drinking Places</i>	\$1,303	\$1,327	\$1,387	\$1,439	3.7%
Other Services	\$2,483	\$2,394	\$2,378	\$2,538	6.7%
<i>Membership Organizations, etc.</i>	\$1,949	\$1,916	\$1,907	\$1,885	-1.2%
<i>Repair & Maintenance</i>	\$3,625	\$3,497	\$3,472	\$3,718	7.1%
Government	\$4,423	\$4,549	\$4,510	\$4,613	2.3%
<i>Federal Government</i>	\$5,469	\$5,585	\$5,565	\$5,847	5.1%
<i>State Government</i>	\$4,077	\$4,172	\$4,226	\$4,277	1.2%
<i>Local Government</i>	\$3,877	\$4,101	\$3,989	\$4,065	1.9%
Unclassified Establishments	\$1,641	\$1,451	\$1,872	\$2,661	42.1%
Total Industries	\$3,870	\$3,968	\$3,997	\$4,097	2.5%

SOURCE: Alaska Department of Labor and Workforce Development, Research and Analysis Section; *Quarterly Census of Employment & Wages - Annual Review 2014*.

Note: Data is preliminary and subject to revision

Employment

QUARTERLY CENSUS OF EMPLOYMENT AND WAGES BY INDUSTRY

Fairbanks North Star Borough

By Quarter

Industry	--3Q 2014 Avg Mo--		--4Q 2014 Avg Mo--		% Chg from prev Qtr	
	Employmt	Wage	Employmt	Wage	Employmt	Wage
Natural Resources & Mining	1,682	\$7,804	1,468	\$7,694	-12.7%	-1.4%
<i>Agriculture, Forestry, Fishing, Hunting</i>	44	\$1,718	40	\$1,634	-9.1%	-4.9%
<i>Mining</i>	1,638	\$7,968	1,429	\$7,859	-12.8%	-1.4%
Construction	3,166	\$7,126	2,557	\$6,669	-19.2%	-6.4%
<i>Construction of Buildings</i>	752	\$5,912	648	\$5,677	-13.8%	-4.0%
<i>Heavy Construction</i>	612	\$9,051	506	\$8,740	-17.3%	-3.4%
<i>Specialty Trade Contractors</i>	1,803	\$6,975	1,403	\$6,381	-22.2%	-8.5%
Manufacturing	645	\$4,173	602	\$4,491	-6.7%	7.6%
Trade, Transportation & Utilities	8,063	\$3,390	7,760	\$3,414	-3.8%	0.7%
<i>Wholesale Trade</i>	765	\$4,546	745	\$4,560	-2.6%	0.3%
<i>Retail Trade</i>	4,743	\$2,596	4,678	\$2,633	-1.4%	1.4%
<i>Food & Beverage</i>	483	\$2,536	479	\$2,289	-0.8%	-9.7%
<i>General Merchandise Stores</i>	1,280	\$2,559	1,261	\$2,488	-1.5%	-2.8%
<i>Transportation & Warehousing</i>	2,140	\$4,046	1,947	\$4,106	-9.0%	1.5%
<i>Air Transportation</i>	510	\$4,037	506	\$3,941	-0.8%	-2.4%
<i>Transit & Ground Passenger</i>	258	\$2,123	286	\$2,607	10.9%	22.8%
Information	462	\$4,881	456	\$4,793	-1.3%	-1.8%
<i>Telecommunication</i>	233	\$6,247	229	\$6,393	-1.7%	2.3%
Financial Activities	1,346	\$3,772	1,308	\$3,951	-2.8%	4.7%
<i>Finance & Insurance</i>	695	\$3,830	688	\$4,044	-1.0%	5.6%
<i>Credit Intermediation, etc.</i>	520	\$3,890	511	\$4,126	-1.7%	6.1%
<i>Real Estate, Renting & Leasing</i>	650	\$3,716	621	\$3,841	-4.5%	3.4%
<i>Real Estate</i>	424	\$3,346	408	\$3,470	-3.8%	3.7%
Professional & Business Services	2,334	\$3,992	2,252	\$4,188	-3.5%	4.9%
<i>Professional, Scientific, Technical Services</i>	1,304	\$4,345	1,319	\$4,548	1.2%	4.7%
<i>Management of Companies & Enterprises</i>	125	\$5,673	123	\$7,623	-1.6%	34.4%
<i>Administrative & Waste Services</i>	904	\$3,254	811	\$3,077	-10.3%	-5.4%
Educational & Health Services	5,159	\$3,818	5,158	\$3,883	0.0%	1.7%
<i>Health Care & Social Assistance</i>	4,954	\$3,883	4,953	\$3,949	0.0%	1.7%
Leisure & Hospitality	4,726	\$1,738	4,212	\$1,701	-10.9%	-2.1%
<i>Accommodation</i>	1,432	\$2,229	1,095	\$2,403	-23.5%	7.8%
<i>Food Services & Drinking Places</i>	2,739	\$1,521	2,649	\$1,439	-3.3%	-5.4%
Other Services	1,160	\$2,694	1,130	\$2,538	-2.6%	-5.8%
<i>Repair & Maintenance</i>	444	\$4,103	431	\$3,718	-2.9%	-9.4%
<i>Membership Organizations, etc.</i>	485	\$1,889	467	\$1,885	-3.7%	-0.2%
Government	10,771	\$4,639	11,419	\$4,613	6.0%	-0.6%
<i>Federal Government</i>	2,925	\$6,194	2,865	\$5,847	-2.1%	-5.6%
<i>State Government</i>	5,167	\$4,316	5,426	\$4,277	5.0%	-0.9%
<i>Local Government</i>	2,679	\$3,564	3,128	\$4,065	16.8%	14.1%
Unclassified Establishments	70	\$2,453	49	\$2,661	-30.0%	8.5%
Total Industries	39,584	\$4,131	38,371	\$4,097	-3.1%	-0.8%

SOURCE: Alaska Department of Labor and Workforce Development, Research and Analysis Section: *Quarterly Census of Employment & Wages (QCEW)* fka *Employment & Earnings Summary*, State of Alaska website: <http://almls.labor.state.ak.us> and personal communications, 3rd Qtr. 2014.

Note: All numbers are preliminary and subject to revision.

There is an approximate 6 month lag in data release.

HOUSING

APARTMENT / MULTI-PLEX VACANCY RATES Fairbanks North Star Borough 2011-2015

	2011 [^]	2012	2013	2014	2015
	-----Percent Vacant-----				
March	8.8	8.7	9.5	15.0	15.2
June	10.2	2.1	8.3	15.8	6.8
September	13.3	6.1	12.7	15.3	
December	15.5	9.6	14.7	17.7	

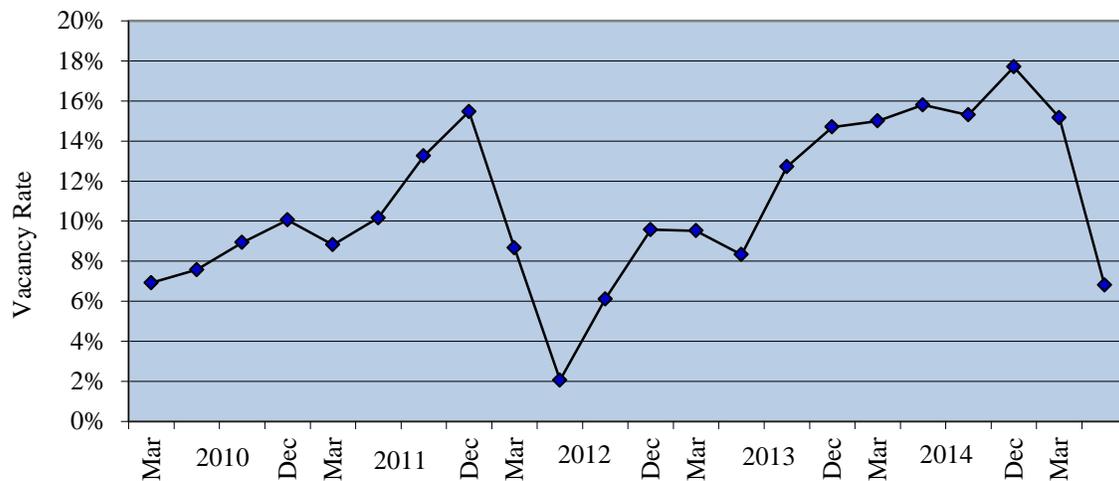
SOURCE: FNSB Community Research Center Rental Survey, 2011-2015.

NOTE: Vacancy rates are based on a sample of 2,000 to 3,000 rental units and include data for apartments, duplexes, tri-plexes and larger multi-plex rental properties. They do not include single-family houses, mobile homes or cabins. Changes in seasonal apartment availability may also factor into the Fall and Winter figures.

Vacancy influences: The Ft. Wainwright Army 172nd Stryker Brigade was deployed to Iraq in Spring-Summer 2011-12, and the Military Police in Fall-Winter 2013-2014. Ft. Wainwright base housing privatized and contracted management to New Haven Communities in May 2009 with additional new construction through 2013. Weeks Field Estates has replaced Fairview Manor with 130 affordable housing units in 2009-2011. Walden Estates, once off-base military housing, privatized and placed 150 units; 3-5 bdrms., on the market for sale or rent (27:duplexes; 23:4-plexes; 4:houses) in June 2010 (PHI). The Ft. Wainwright Army 1st Battalion, 52nd Aviation Regiment, approximately 360 soldiers, deployed for nine-month tour beginning March 2014. The 6th Squadron, 17th Cavalry Regiment, U.S. Army Alaska Aviation Task Force, approximately 400 soldiers, deployed for a nine-month tour beginning May 2014.

[^] Correction made to March 2011 data on June 24, 2011.

APARTMENT / MULTI-PLEX VACANCY RATES Fairbanks North Star Borough 2010-2015



Housing

RENTAL HOUSING UNITS AVAILABLE

Fairbanks North Star Borough
2011-2015

	----- Apartments -----				----- Houses -----				Mobile Homes	Cabins	Total Rentals
	Eff.	1-BR	2-BR	3+BR	1-BR	2-BR	3-BR	4+BR			
2011											
March ^	41	146	120	66	5	11	8	15	1	12	425
June	40	170	180	116	4	16	45	7	3	30	611
September	84	199	239	100	9	25	45	12	3	35	751
December	64	242	214	134	9	17	19	22	3	26	750
2012											
March	30	159	121	41	1	4	15	9	4	21	405
June	10	35	57	18	0	8	9	5	3	29	174
September	29	65	103	114	3	9	38	16	1	28	406
December	24	114	128	141	1	4	12	13	-	22	459
2013											
March	20	114	124	147	2	7	18	10	2	11	455
June	22	72	128	119	4	9	19	11	2	18	404
September	30	100	166	163	5	23	48	23	3	32	593
December	23	182	236	118	8	19	80	17	7	32	722
2014											
March	25	154	271	137	8	12	39	14	10	20	690
June	38	155	261	114	5	9	15	18	5	27	647
September	48	190	286	142	4	12	28	12	1	24	747
December	38	241	280	146	2	15	10	6	-	25	763
2015											
March	28	155	275	60	3	3	11	15	-	29	579
June	22	72	150	54	-	7	6	5	1	25	342
% Change											
2014-15	-42%	-54%	-43%	-53%	-	-22%	-60%	-72%	-80%	-7%	-47%
June											

SOURCE: Community Research Center rental surveys, 2011-2015, including most major apartment complexes, *Fairbanks Daily News-Miner* advertisements, and <http://www.craigslist.com> during the week surrounding the 19th of March, June, September and March.

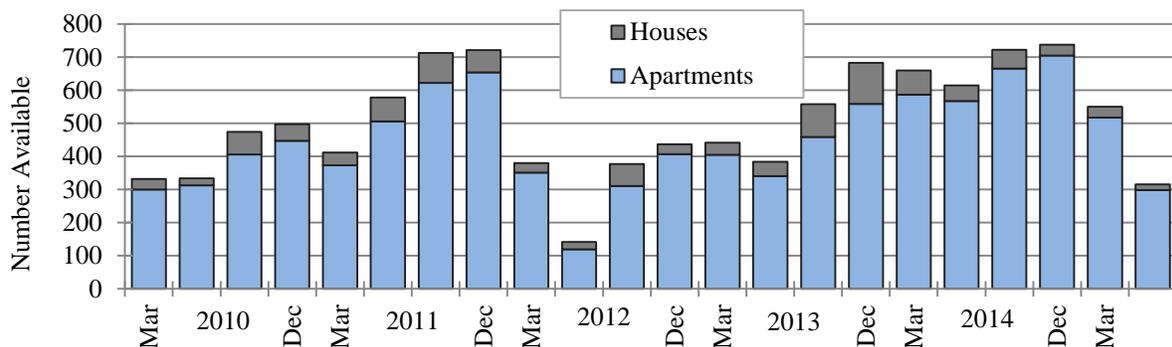
NOTE: B&B's come off survey in May & back on in September. Aging Fairview Manor demolished the last units in the fall 2011. Weeks Field Estates has replaced them with 130 affordable housing units in 2009-2011. See *Vacancy Rates* footer for military deployments

^ Correction made to March 2011 data on June 24, 2011.

* Correction made to chart below (September and December 2014 data) on May 15, 2015.

RENTAL HOUSING UNITS AVAILABLE *

Fairbanks North Star Borough
2011-2015



Housing

AVERAGE MONTHLY RENTS FOR AVAILABLE HOUSING UNITS

Fairbanks North Star Borough
2011-2015

	----- Apartments -----				----- Houses -----				Mobile Homes	Cabins
	Eff.	1-BR	2-BR	3+ BR	1-BR	2-BR	3-BR	4+ BR		
2011										
March ^	\$644	\$904	\$1,143	\$1,571	\$990	\$1,350	\$1,481	\$2,245	\$850	\$570
June	\$723	\$901	\$1,136	\$1,642	\$1,137	\$1,318	\$1,632	\$2,187	\$800	\$628
September	\$833	\$906	\$1,073	\$1,629	\$969	\$1,248	\$1,647	\$2,233	\$750	\$657
December	\$770	\$897	\$1,100	\$1,693	\$863	\$1,141	\$1,728	\$2,217	\$866	\$599
2012										
March	\$722	\$926	\$1,163	\$1,454	\$850	\$1,100	\$1,586	\$2,104	\$725	\$557
June	\$600	\$885	\$1,133	\$1,462	NA	\$1,268	\$1,664	\$1,720	\$881	\$595
September	\$951	\$908	\$1,185	\$1,901	\$950	\$1,433	\$1,775	\$2,140	\$1,000	\$661
December	\$905	\$927	\$1,155	\$1,861	\$900	\$1,381	\$1,650	\$2,107	-	\$571
2013										
March	\$656	\$920	\$1,190	\$1,720	\$912	\$1,185	\$1,787	\$2,215	\$1,200	\$570
June	\$645	\$920	\$1,181	\$1,797	\$981	\$1,369	\$1,664	\$2,437	\$625	\$520
September	\$959	\$919	\$1,215	\$1,698	\$1,035	\$1,390	\$1,661	\$2,185	\$858	\$635
December	\$768	\$1,047	\$1,234	\$1,698	\$1,011	\$1,243	\$1,820	\$1,951	\$900	\$615
2014										
March	\$700	\$1,036	\$1,215	\$1,609	\$1,015	\$1,291	\$1,523	\$2,217	\$1,022	\$611
June	\$717	\$935	\$1,201	\$1,577	\$970	\$1,278	\$1,856	\$2,155	\$770	\$664
September	\$847	\$933	\$1,197	\$1,586	\$912	\$1,241	\$1,762	\$1,912	\$850	\$682
December	\$700	\$939	\$1,195	\$1,505	\$1,087	\$1,335	\$1,699	\$1,845	-	\$697
2015										
March	\$658	\$910	\$1,113	\$1,574	\$1,341	\$1,283	\$1,719	\$2,222	-	\$764
June	\$641	\$892	\$1,099	\$1,678	-	\$1,207	\$1,650	\$2,118	\$700	\$556
% Change										
2014-15	-11%	-5%	-8%	6%	-	-6%	-11%	-2%	-9%	-16%
March										

SOURCE: Community Research Center rental surveys, 2011-2015, including most major apartment complexes, *Fairbanks Daily News-Miner* advertisements, and <http://www.craigslist.com> during the week surrounding the 19th of March, June, September and December.

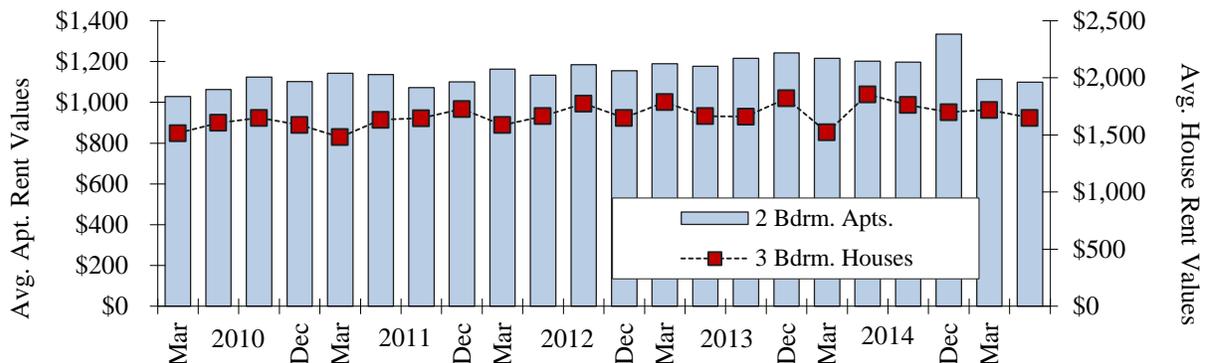
NOTE: B&B's com off survey in May & back on in September. Aging Fairview Manor demolished the last units in the fall 2011. Weeks Field Estates has replaced them with 130 affordable housing units in 2009-2011. See *Vacancy Rates* footer for military deployments.

^ Correction made to March 2011 data on June 24, 2011.

- No mobile homes appeared in the survey.

AVERAGE MONTHLY RENTS FOR AVAILABLE HOUSING UNITS

Fairbanks North Star Borough
2010-2015



Housing

RESIDENTIAL HOUSING SALES*

Fairbanks North Star Borough
2013-2015**

Quarter	1 Bedroom		2 Bedroom		3 Bedroom		4 Bedroom		5+ Bedroom		Total # Sold **	Avg.Price
	#	Price										
2013												
1st Qtr.	12	\$116,741	22	\$179,311	88	\$222,038	30	\$277,129	6	\$286,066	158	\$220,983
2nd Qtr.	9	\$81,666	26	\$167,436	93	\$229,575	34	\$301,022	9	\$252,544	171	\$227,757
3rd Qtr.	14	\$118,369	45	\$152,495	145	\$231,950	51	\$299,159	17	\$297,294	272	\$229,644
4th Qtr.	9	\$114,611	22	\$137,713	73	\$201,386	23	\$270,673	10	\$248,432	137	\$200,527
2013 Total	44	\$109,649	115	\$158,175	399	\$223,618	138	\$290,081	42	\$274,467	738	\$221,947
2014												
1st Qtr.	10	\$89,520	15	\$144,251	68	\$189,023	24	\$256,482	8	\$241,243	125	\$191,984
2nd Qtr.	12	\$92,285	48	\$170,202	129	\$221,507	60	\$266,812	11	\$309,090	260	\$220,232
3rd Qtr.	15	\$85,053	51	\$163,222	146	\$224,622	64	\$285,853	11	\$354,118	287	\$225,034
4th Qtr.	11	\$131,159	26	\$145,239	122	\$214,885	59	\$255,171	16	\$326,931	234	\$221,030
2014 Total	48	\$98,358	140	\$160,243	465	\$215,997	207	\$268,183	46	\$314,264	906	\$218,062
2015												
1st Qtr.	8	\$118,650	31	\$150,122	88	\$207,553	32	\$249,320	6	\$315,300	167	\$202,645
2nd Qtr.	14	\$101,175	50	\$157,537	181	\$221,344	78	\$273,348	14	\$345,928	342	\$221,664
2015 Total	22	\$107,530	81	\$154,699	269	\$216,832	110	\$266,358	20	\$336,740	509	\$215,424
% Chg. 2nd Qtr. 2014-15	17%	10%	4%	-7%	40%	0%	30%	2%	27%	12%	32%	1%
% Chg. ANNUAL 2013-14	9%	-10%	22%	1%	17%	-3%	50%	-8%	10%	14%	23%	-2%

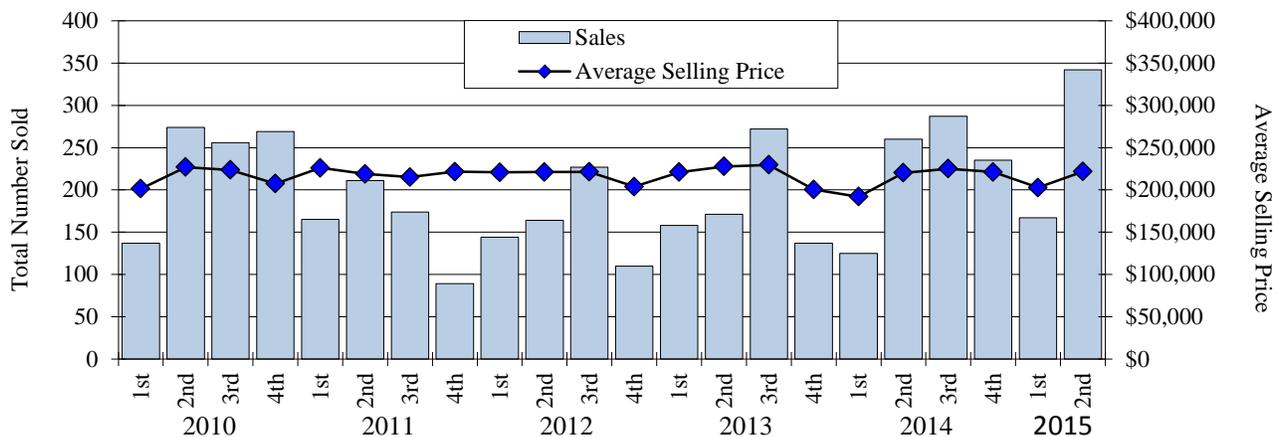
SOURCE: Greater Fairbanks Board of Realtors and Alaska/Multiple Listing Service, Inc., personal and computer printout communications 2013-2015. Fairbanks Area MLS District data maintained by the Board or its MLS may not reflect all real estate activity in the market, and neither the Board nor its MLS guarantees or is in any way responsible for accuracy of the data.

* Does not include houses without bedrooms or sales of housing with zero lot lines.

** The Year-End Total number of sales includes the calculated average price of sales.

RESIDENTIAL HOUSING SALES

Fairbanks North Star Borough
2010-2015, Quarterly Data



Housing

ANNUAL AVERAGE RESIDENTIAL HOUSING SALES*

Fairbanks North Star Borough
2000-2014

Year	1 Bedroom		2 Bedroom		3 Bedroom		4 Bedroom		5+ Bedroom		Total # Sold**	Avg. Selling Price	% Chg fr prev yr	
	#	Price	#	Price	#	Price	#	Price	#	Price			Total # Sold	Avg. Price
2000	59	\$53,824	180	\$92,473	396	\$140,714	140	\$173,130	41	\$187,028	816	\$131,679	11.3%	2.7%
2001	61	\$63,591	233	\$94,299	432	\$150,035	162	\$176,423	47	\$188,765	935	\$137,025	14.6%	4.1%
2002	43	\$68,595	175	\$100,499	295	\$158,241	130	\$213,208	50	\$201,706	693	\$151,545	-25.9%	10.6%
2003	59	\$74,127	204	\$107,667	410	\$170,379	173	\$204,159	47	\$237,134	893	\$159,751	28.9%	5.4%
2004	65	\$93,531	164	\$120,336	441	\$178,733	147	\$214,663	39	\$240,959	856	\$170,080	-4.1%	6.5%
2005	55	\$95,452	160	\$135,749	439	\$207,847	163	\$244,873	38	\$266,373	855	\$196,785	-0.1%	15.7%
2006	64	\$107,793	158	\$148,952	554	\$220,860	194	\$262,791	46	\$288,256	1016	\$213,613	18.8%	8.6%
2007	58	\$107,211	176	\$170,842	541	\$228,359	194	\$271,421	41	\$288,301	1010	\$222,084	-0.6%	4.0%
2008	59	\$107,872	135	\$155,583	493	\$218,826	159	\$277,801	19	\$306,389	865	\$214,151	-14.4%	-3.6%
2009	46	\$109,055	154	\$161,362	465	\$224,245	171	\$264,285	40	\$287,474	876	\$217,845	1.3%	1.7%
2010	59	\$115,540	139	\$147,941	493	\$223,043	198	\$266,623	47	\$269,378	936	\$216,659	6.8%	-0.5%
2011	26	\$109,868	104	\$165,225	332	\$222,347	142	\$265,592	35	\$281,853	639	\$221,939	-31.7%	2.4%
2012	44	\$109,099	108	\$157,211	343	\$227,744	126	\$271,471	24	\$275,062	645	\$218,143	0.9%	-1.7%
2013	44	\$109,647	115	\$158,175	399	\$223,618	138	\$290,081	42	\$274,467	738	\$221,947	14.4%	1.7%
2014	48	\$98,358	140	\$160,243	465	\$215,997	207	\$268,183	46	\$314,264	906	\$218,062	22.8%	-1.8%
Annual Average 2000-14	53	\$94,904	156	\$138,437	433	\$200,733	163	\$244,314	40	\$260,494	845	\$194,087		

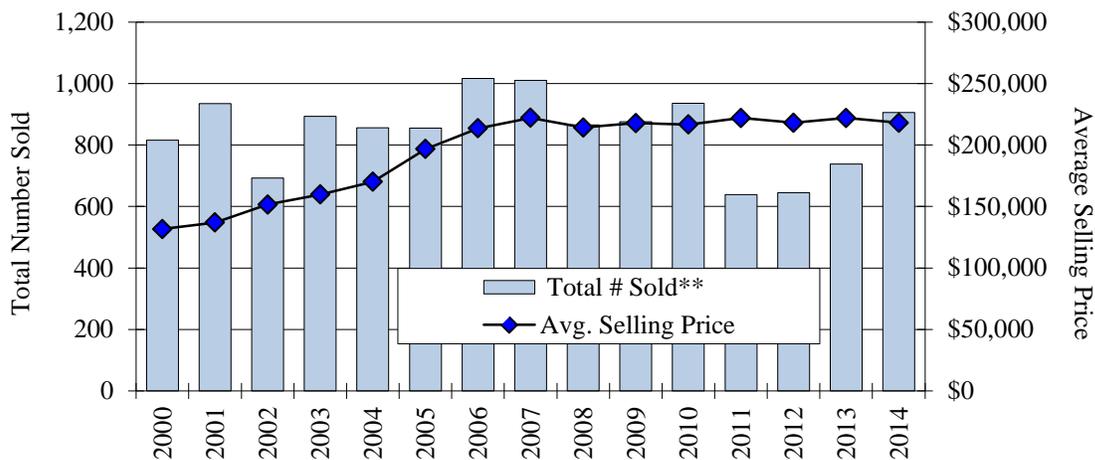
SOURCE: Greater Fairbanks Board of Realtors and Alaska/Multiple Listing Service, Inc., personal and computer printout communications 2000-2014. Fairbanks Area MLS District data maintained by the Board or its MLS may not reflect all real estate activity in the market, and neither the Board nor its MLS guarantees or is in any way responsible for accuracy of the data.

* Does not include houses without bedrooms or housing with zero lot lines.

** The Year-End Total number of sales includes the calculated average price of sales.

ANNUAL RESIDENTIAL HOUSING SALES*

Fairbanks North Star Borough
2000-2014



Housing

NEW STRUCTURES BY UNIT ANNUAL REPORT

Fairbanks North Star Borough
2001-2015

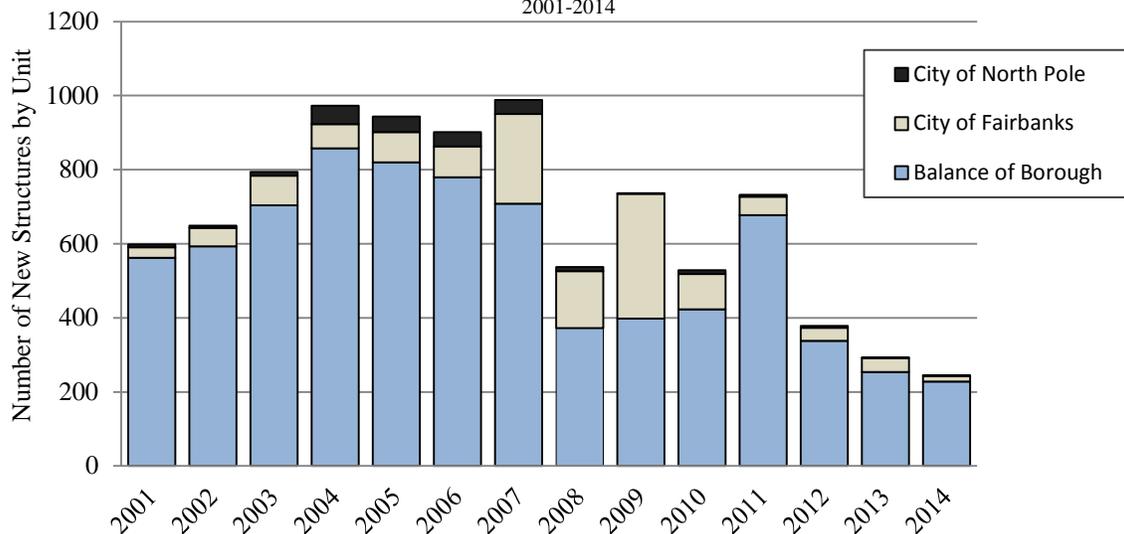
Year Built	City of Fairbanks	City of North Pole	Balance of Borough	New Construction (ALL)
2001	29	7	562	598
2002	50	6	593	649
2003	80	10	704	794
2004	65	50	858	973
2005	82	42	820	944
2006	83	39	780	902
2007	243	37	708	988
2008	154	11	372	537
2009	337	2	398	737
2010	95	11	423	529
2011	50	5	677	732
2012	35	5	338	378
2013	38	1	254	293
2014	15	2	228	245
2015	2	0	6	8

SOURCE: Fairbanks North Star Borough Assessing Department, personal communications, 2006-2015.

NOTE: Assessing figures are collected and updated daily but stabilize one quarter after calendar year close and prior to May certification date. The term Multi-family is indicative of structures having more than one residential unit, such as a duplex, triplex, 4-plex, etc. Structures with Mother-in-law apartments are not usually regarded as multi-family. Single Family Residential (SFR) abbreviated above. SFR includes condominiums, and townhouses. In some instances, cabins and mobile homes are viewed as SFR (however, cabins are not necessarily year-round residential units, and mobile homes are not always located on a lot with a foundation). The mobile home classification is typically considered transient stock (because they can easily be relocated). The *by Structure* count was replaced with a *"by unit"* count beginning February, 2010. Current data supersedes previous figures reported and current year is YTD (year to date) data.

NEW STRUCTURES BY UNIT

Fairbanks North Star Borough
2001-2014



COST OF LIVING

C2ER COST OF LIVING INDEX*

For Selected Cities
Second Quarter 2015

City	Composite Index 100%	Grocery Items 13.96%	Housing 27.80%	Utilities 10.23%	Trans- portation 12.12%	Health Care 4.41%	Msc. Goods & Services 31.48%
West:							
Fairbanks, AK	134.1	117.9	119.6	240.1	124.5	150.5	120.9
Anchorage, AK	132.4	123.1	166.3	103.4	113.8	141.6	121.8
Kodiak, AK	135.2	136.8	152.3	140.9	144.6	140.4	113.3
Juneau, AK	130.4	129.5	150.1	137.6	121.9	150.7	111.6
Phoenix, AZ	95.7	97.4	96.2	97.9	97.4	96.9	93.1
San Diego, CA	143.7	108.1	231.5	122.9	124.6	110.9	100.7
Denver, CO	109.4	97.4	129.5	95.6	94.8	110.3	106.9
Boise, ID	91.4	79.1	79.0	84.5	111.4	103.2	100.7
Bozeman, MT	102.0	101.4	112.7	84.6	100.3	104.6	98.9
Cedar City, UT	88.6	91.8	76.4	88.1	101.9	84.6	93.7
Seattle, WA	140.3	127.1	179.4	107.0	122.1	120.3	132.4
Pierre, SD	101.8	102.9	117.4	90.5	93.5	96.7	95.1
South:							
Miami, FL	112.6	109.1	127.8	100.8	110.4	105.4	106.4
Atlanta, GA	98.5	100.2	95.4	91.4	102.6	100.2	101.1
Lafayette, LA	94.7	105.0	83.2	104.4	100.0	82.6	96.8
Springfield, MO	87.6	93.4	70.6	102.0	92.7	94.6	92.3
Tulsa, OK	85.9	96.2	64.8	100.8	92.2	94.4	91.6
Memphis, TN	84.9	89.2	67.8	95.6	87.2	89.3	93.1
Dallas, TX	94.4	100.6	73.4	97.0	103.7	101.3	104.9
North Central:							
Indianapolis, IN	90.1	92.4	80.5	90.2	91.8	100.2	95.6
Grand Rapids, MI	91.7	93.0	80.7	88.7	96.3	96.8	99.3
Madison, WI	103.1	101.7	109.7	91.4	102.5	120.8	99.6
Northeast:							
New York, NY	219.7	134.6	433.3	128.2	126.0	117.4	148.9
Philadelphia, PA	119.3	114.6	136.7	123.2	108.0	101.3	111.6
Boston, MA	143.8	105.4	195.9	148.1	105.8	131.3	129.7
Raleigh, NC	89.8	103.0	71.4	97.9	86.6	99.7	97.5
Richmond, VA	93.7	91.5	86.1	104.9	92.8	101.8	96.9

SOURCE: Council for Community and Economic Research (C2ER), *Cost of Living Index, Comparative Data for 271 Urban Areas*, Second Quarter 2015, August 2015.

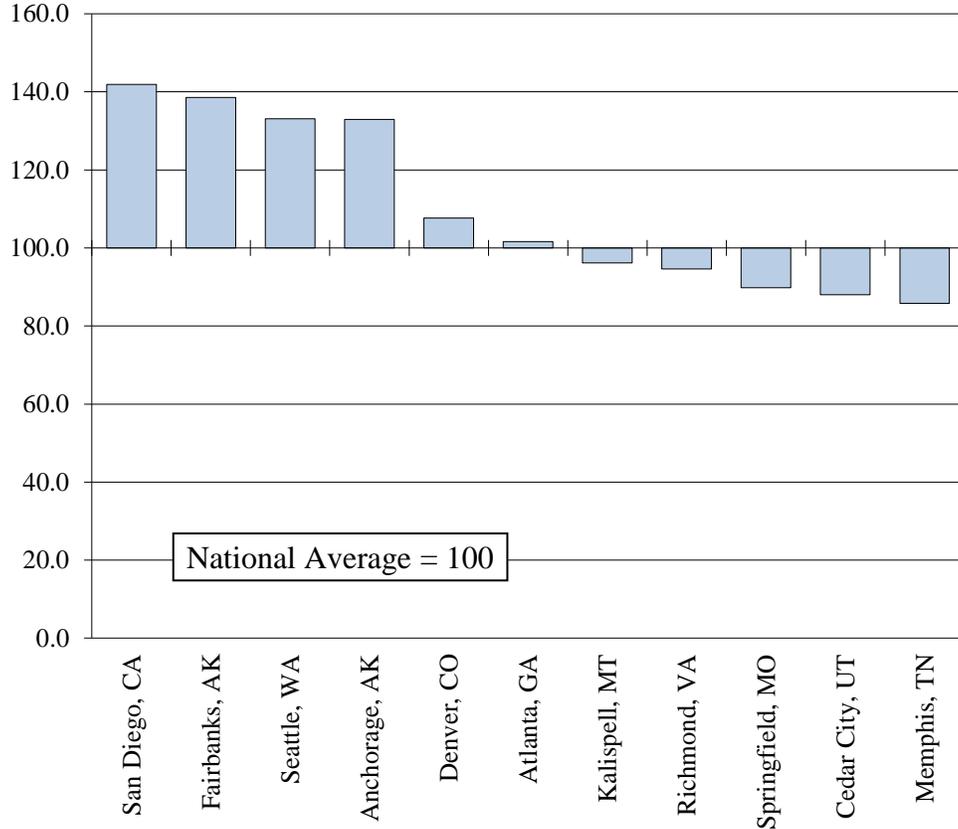
NOTE: This Cost of Living Index **does not measure inflation** (price change over time). Because each quarterly report is a separate comparison of prices at a single point in time, and because both the number and the mix of participants changes from one quarter to the next, **Index data from different quarters cannot be compared.** **The Index reflects cost differentials for professional and executive households in the top income quintile.** For inflation data contact the US Bureau of Labor Statistics (BLS) at www.bls.gov.

* Item percentages change so please watch for current percentages.

Cost of Living

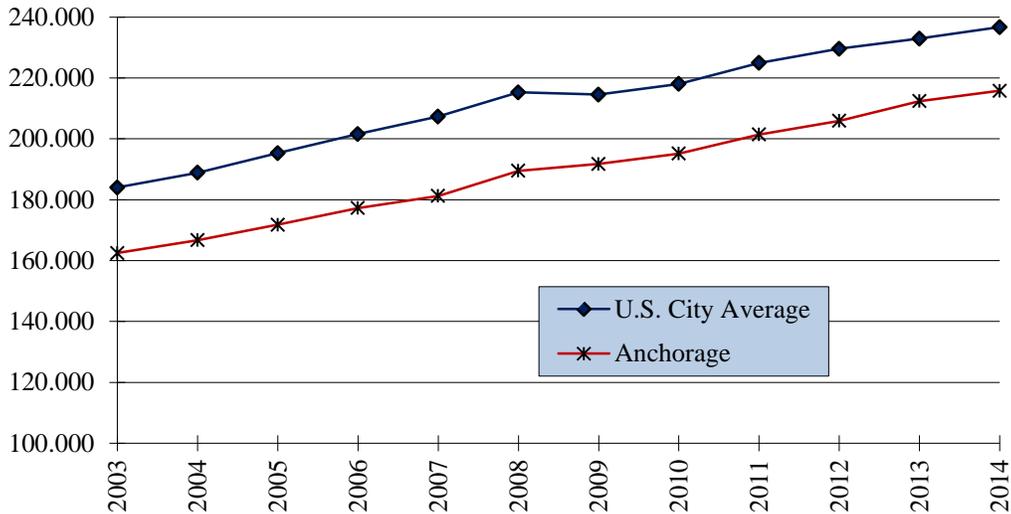
C2ER COST OF LIVING INDEX

For Selected Cities
First Quarter 2015



CONSUMER PRICE INDEX-U FOR ALL ITEMS

Anchorage & U.S. City Annual Average
2003-2014



Cost of Living

CONSUMER PRICE INDEX-U FOR ALL URBAN CONSUMERS^

Anchorage, Alaska
2010-2015

	2010	2011	2012	2013	2014	2015	% Change 2014-15
Jan. - June Average	194.834	200.278	205.215	210.853	214.777	217.111	1.1%
July - Dec. Average	195.455	202.576	206.617	213.910	216.833		
Annual Average	195.144	201.427	205.916	212.381	215.805		
% Change from Previous Year	1.8%	3.2%	2.2%	3.1%	1.6%		

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, *Consumer Price Indexes Pacific Cities and U.S. City Average*, not seasonally adjusted, 2010-2015.

NOTE: 1982-1984 = 100

^ Consumer Price Index not available for the Fairbanks area.

CONSUMER PRICE INDEX-U FOR ALL URBAN CONSUMERS, FOR ALL ITEMS

U.S. City Average
2010-2015

	2010	2011	2012	2013	2014	2015	% Change 2014-15
January	216.687	220.223	226.665	230.280	233.916	233.707	-0.1%
February	216.741	221.309	227.663	232.166	234.781	234.722	0.0%
March	217.631	223.467	229.392	232.773	236.293	236.119	-0.1%
April	218.009	224.906	230.085	232.531	237.072	236.599	-0.2%
May	218.178	225.964	229.815	232.945	237.900	237.805	0.0%
June	217.965	225.722	229.478	233.504	238.343	238.638	0.1%
July	218.011	225.922	229.104	233.596	238.250		
August	218.312	226.545	230.379	233.877	237.852		
September	218.439	226.889	231.407	234.149	238.031		
October	218.711	226.421	231.317	233.546	237.433		
November	218.803	226.230	230.221	233.069	236.151		
December	219.179	225.672	229.601	233.049	234.812		
Annual Average	218.056	224.939	229.594	232.957	236.736		
% Change from Previous Year	1.3%	3.2%	2.1%	1.5%	1.6%		

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, *Consumer Price Indexes Pacific Cities and U.S. City Average*, not seasonally adjusted, 2010-2015.

NOTE: 1982-1984=100; All items. 3rd Qtr. 2013 - federal government shutdown pushed back the release dates for data.

Cost of Living

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS

Anchorage, Alaska
2011-2014

Index Item	Relative Importance (Percent of All Items) Dec. 2014	-----Indexes-----				% Change 2011-14	% Change 2013-14
		2011	2012	2013	2014		
Food & Beverage	15.754	198.3	203.090	203.901	206.629	4.2%	1.3%
<i>Food</i>	14.730	202.8	208.590	209.419	212.230	4.7%	1.3%
<i>Food at Home</i>	9.082	205.6	210.532	211.026	213.370	3.8%	1.1%
<i>Food away from home</i>	5.648	198.3	204.939	205.727	209.189	5.5%	1.7%
<i>Alcoholic beverages</i>	1.024	151.5	147.538	148.161	150.011	-1.0%	1.2%
Housing	41.180	180.4	185.222	190.906	196.150	8.7%	2.7%
<i>Shelter</i>	32.101	182.2	188.072	194.446	199.907	9.7%	2.8%
<i>Rent of primary residence</i> ⁶	6.354	178.2	184.050	191.331	197.339	10.8%	3.1%
<i>Owners' equivalent rent of primary residence</i> ^{6,7}	23.011	182.9	189.232	195.593	201.496	10.1%	3.0%
<i>Fuels and utilities</i>	4.994	256.2	257.464	260.916	277.153	8.2%	6.2%
<i>Household Energy</i>	4.090	264.4	262.016	263.447	286.966	8.5%	8.9%
<i>Household furnishings and operations</i>	4.085	126.2	126.595	129.058	127.260	0.9%	-1.4%
Apparel	4.751	142.8	149.049	156.144	158.525	11.0%	1.5%
Transportation	16.038	207.9	212.114	226.960	225.686	8.6%	-0.6%
<i>Private transportation</i>	14.394	207.3	210.992	229.470	228.690	10.3%	-0.3%
<i>Motor fuel</i>	3.929	318.3	325.765	310.181	304.115	-4.5%	-2.0%
Medical Care	6.679	442.0	461.269	476.050	491.320	11.1%	3.2%
Education and communication ¹⁰	5.765	111.0	110.062	112.998	116.078	4.6%	2.7%
Recreation ¹⁰	6.744	120.8	119.845	120.217	119.809	-0.8%	-0.3%
Other Goods & Services	3.090	320.1	326.360	328.125	331.404	3.5%	1.0%
All Items	100.000	201.4	205.916	212.381	215.805	7.1%	1.6%
All Items Less Shelter	67.899	209.2	212.802	219.166	221.435	5.9%	1.0%

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics (BLS), *CPI Detailed Report*, BLS website: <http://www.bls.gov>, 2015.

NOTE: (1982-84=100, unless otherwise noted).

⁶ This index series was calculated using Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.

⁷ Indexes are on a November 1982=100 base in Anchorage.

¹⁰ Indexes on a December 1997=100 base.

Cost of Living

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS

United States City Average
2011-2014

Index Item	Relative Importance (Percent of All Items) Dec. 2014	-----Indexes-----				% Change 2011-14	% Change 2013-14
		2011	2012	2013	2014		
Food & Beverage	15.272	227.866	233.670	236.966	242.449	6.4%	2.3%
<i>Food</i>	14.257	227.842	233.777	237.037	242.725	6.5%	2.4%
<i>Food at Home</i>	8.427	226.201	231.774	233.869	239.456	5.9%	2.4%
<i>Food away from home</i>	5.830	231.401	237.986	243.068	248.981	7.6%	2.4%
<i>Alcoholic beverages</i>	1.015	226.685	230.800	234.623	237.305	4.7%	1.1%
Housing	42.173	219.102	222.715	227.351	233.215	6.4%	2.6%
<i>Shelter</i>	32.711	251.646	257.083	263.056	270.513	7.5%	2.8%
<i>Rent of primary residence²</i>	7.159	253.638	260.367	267.725	276.162	8.9%	3.2%
<i>Owners' equivalent rent of primary residence^{2 3}</i>	22.918	259.553	264.838	270.661	277.808	7.0%	2.6%
<i>Fuels and utilities</i>	5.273	220.367	218.986	225.207	234.589	6.5%	4.2%
<i>Household Energy</i>	4.051	193.648	189.308	193.840	202.192	4.4%	4.3%
<i>Household furnishings and operations</i>	4.189	124.943	125.749	124.765	123.147	-1.4%	-1.3%
Apparel	3.343	122.111	126.265	127.411	127.514	4.4%	0.1%
Transportation	15.289	212.366	217.337	217.412	215.939	1.7%	-0.7%
<i>Private transportation</i>	14.167	207.641	212.752	212.399	210.994	1.6%	-0.7%
<i>Motor fuel</i>	3.979	302.619	312.660	303.850	292.435	-3.4%	-3.8%
<i>Public Transportation</i>	1.122	269.403	271.351	278.851	276.394	2.6%	-0.9%
Medical Care	7.716	400.258	414.924	425.134	435.292	8.8%	2.4%
Education and communication¹	7.062	131.466	133.844	135.866	137.518	4.6%	1.2%
Recreation¹	5.750	113.357	114.703	115.266	115.543	1.9%	0.2%
Other Goods & Services	3.394	387.224	394.395	401.002	408.097	5.4%	1.8%
All Items	100.000	224.939	229.594	232.957	236.736	5.2%	1.6%
All Items Less Shelter	67.289	217.048	221.446	223.820	226.192	4.2%	1.1%

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics (BLS). *CPI Detailed Report*, BLS website: <http://www.bls.gov>, 2015.

NOTE: (1982-84=100, unless otherwise noted). The relative importances for the US city average was reported on December 2014.

¹ Indexes on a December 1997=100 base.

² This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.

³ Indexes on a December 1982=100 bases.

Cost of Living

COST OF FOOD AT HOME FOR A WEEK

Selected Alaskan Communities
June 2015

	Anchorage	Cordova	Delta	Fairbanks	Kenai	Matsu	Sitka
Family of 2							
19-50 years	\$107.62	\$154.30	\$130.60	\$104.56	\$119.53	\$107.44	\$162.68
51-70 years	\$101.97	\$146.21	\$123.75	\$99.08	\$113.26	\$101.80	\$154.15
Family of 4 with:							
Children, 2-5 years	\$156.62	\$224.56	\$190.07	\$152.18	\$173.95	\$156.36	\$236.76
Children, 6-11 years	\$179.80	\$257.80	\$218.20	\$174.70	\$199.70	\$179.50	\$271.80
Individuals							
Children:							
1 years	\$26.18	\$37.54	\$31.78	\$25.44	\$29.08	\$26.14	\$39.58
2-3 years	\$28.71	\$41.16	\$34.84	\$27.89	\$31.88	\$28.66	\$43.39
4-5 years	\$30.15	\$43.23	\$36.59	\$29.29	\$33.48	\$30.10	\$45.57
6-8 years	\$38.67	\$55.45	\$46.93	\$37.58	\$42.95	\$38.61	\$58.46
9-11 years	\$43.36	\$62.17	\$52.62	\$42.13	\$48.16	\$43.29	\$65.54
Males:							
12-13 years	\$46.72	\$66.99	\$56.70	\$45.40	\$51.89	\$46.64	\$70.63
14-18 years	\$48.16	\$69.06	\$58.45	\$46.80	\$53.49	\$48.08	\$72.81
19-50 years	\$51.89	\$74.40	\$62.97	\$50.41	\$57.63	\$51.80	\$78.44
51-70 years	\$47.32	\$67.85	\$57.43	\$45.98	\$52.56	\$47.24	\$71.54
71+ years	\$47.68	\$68.37	\$57.87	\$46.33	\$52.96	\$47.60	\$72.08
Females:							
12-13 years	\$46.84	\$67.16	\$56.85	\$45.51	\$52.03	\$46.76	\$70.81
14-18 years	\$45.88	\$65.78	\$55.68	\$44.58	\$50.96	\$45.80	\$69.36
19-50 years	\$45.88	\$65.78	\$55.68	\$44.58	\$50.96	\$45.80	\$69.36
51-70 years	\$45.40	\$65.10	\$55.10	\$44.11	\$50.43	\$45.32	\$68.63
71+ years	\$44.20	\$63.37	\$53.64	\$42.95	\$49.09	\$44.13	\$66.82

SOURCE: Alaska Cooperative Extension Service, UAF, "Cost of Food at Home for a Week," June 2015.

NOTE: The data sets in this table are interpolated data.

COST OF FOOD AT HOME FOR A WEEK

FAMILY OF 4

Selected Alaskan Communities
June 2015



Cost of Living

AVERAGE SELF-SERVICE UNLEADED GASOLINE PRICES

Fairbanks North Star Borough
2010-2015

	2010	2011	2012	2013	2014	2015	% Change 2014-15
January	\$3.279	\$3.629	\$3.919	\$3.779	\$3.649	\$2.989	-18.1%
February	\$3.349	\$3.699	\$3.999	\$3.939	\$3.679	\$2.869	-22.0%
March	\$3.349	\$3.919	\$4.309	\$4.179	\$3.799	\$3.029	-20.3%
April	\$3.499	\$4.109	\$4.449	\$4.169	\$3.919	\$3.149	-19.6%
May	\$3.499	\$4.229	\$4.579	\$4.169	\$3.999	\$3.359	-16.0%
June	\$3.499	\$4.179	\$4.369	\$4.189	\$4.179	\$3.599	-13.9%
July	\$3.529	\$4.039	\$4.049	\$4.159	\$4.299		
August	\$3.529	\$3.919	\$3.989	\$4.069	\$4.229		
September	\$3.529	\$3.919	\$4.069	\$3.999	\$4.079		
October	\$3.529	\$4.019	\$4.209	\$3.889	\$3.919		
November	\$3.559	\$4.059	\$4.019	\$3.769	\$3.739		
December	\$3.559	\$3.979	\$3.829	\$3.719	\$3.429		
Annual Average	\$3.476	\$3.975	\$4.149	\$4.002	\$3.910		

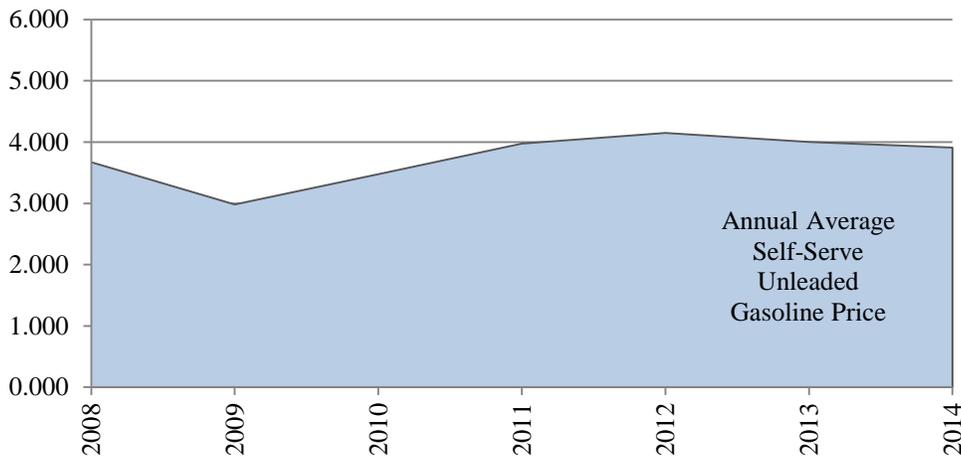
SOURCE: Community Research Center gasoline price survey and personal communications with Totem Chevron on Gaffney Road in Fairbanks, Alaska, 2010-2015.

NOTE: Figures reflect prices at the self-serve pump for unleaded gasoline. Price is a monthly average of full months business. Only national gasoline retail chain outlets are surveyed.

Factors that may influence the price fluctuations include seasonality in the demand for gasoline, changes in the cost of crude oil, product supply/demand imbalances, proximity of supply, supply disruptions, competition in the local market, environmental programs, operating costs, and World oil supply/demand. Recent examples include some major pipelines impacted by either shutdowns or reduced operating rates. The Deep Water Horizon Oil Spill in the Gulf of Mexico (April 2010). Other factors are political unrest such as the riots in the Middle East including Egypt, and Libya (January-April 2011). It is known that retail prices are likely to remain elevated as long as some refineries remain shut down and the U.S. gasoline market continues to stretch supplies to their limit.

ANNUAL AVERAGE SELF-SERVICE UNLEADED GASOLINE PRICES

Fairbanks North Star Borough
2008-2014



POPULATION & SOCIAL CONDITIONS

POPULATION COUNTS & ESTIMATES Fairbanks, North Pole and the Fairbanks North Star Borough 2004-2014, Selected Years

		U.S. Census Bureau (1)	Ak. Department of Labor (2)	Ak. Dept of Commerce (3)
F	2004	30,839	30,402	30,402
	2005	30,946	31,478	31,478
	2006	30,636	30,580	30,580
	2007	31,184	32,266	32,266
	2008	31,212	31,694	31,694
	2009	31,083	32,346	32,346
	2010	31,535	31,535	31,535
	2011	32,012	30,599	30,621
	2012	32,254	32,007	32,033
	2013	32,324	32,185	32,204
	2014	32,469	31,721	31,721
N	2004	1,796	1,548	1,548
	2005	1,848	1,624	1,624
	2006	1,873	1,675	1,675
	2007	1,967	2,013	2,013
	2008	2,008	2,233	2,233
	2009	2,045	2,199	2,199
	2010	2,117	2,117	2,117
	2011	2,172	2,102	2,104
	2012	2,205	2,156	2,158
	2013	2,214	2,206	2,209
	2014	2,178	2,198	2,198
F	2004	89,043	87,555	87,608
	2005	90,431	90,381	96,888
	2006	90,545	90,953	96,888
	2007	93,545	95,354	97,970
	2008	94,552	96,423	98,660
	2009	95,238	96,631	97,581
	2010	98,190	97,581	97,581
	2011	99,276	97,828	97,909
	2012	100,141	100,243	100,320
	2013	100,436	99,549	99,632
	2014	99,357	97,972	97,972

SOURCE: (1) U.S. Census Bureau, Population Division, July 1st estimates. 2013 Population Estimates. PEPANNRES Table: *Annual Estimates of the Resident Population for Counties of Alaska: April 1, 2010 to July 1, 2014*, also Table: *Annual Estimates of the Resident Population in Alaska: now known as Intercensal Estimates of the Resident Population for Incorporated Places and Minor Civil Divisions: April 1, 2010 to July 1, 2014*, collect May 2015. Geographic change notes defined at: <http://www.census.gov>.

(2) Alaska Department of Labor and Workforce Development, Research and Analysis Section; and US Census Bureau. *Alaska Population Estimates by Borough, Census Area, City and Census Designated Place (CDP), 2010-2014*, Vintage 2014, and *Alaska Population Estimates by Borough, Census Area, City and Census Designated Place (CDP), 2010-2014*, Vintage 2014. All numbers are based on 2010 Census geography. ADOL website: <http://laborstats.alaska.gov>, February 2015.

(3) Alaska Department of Commerce, Community and Economic Development (DCCED), Division of Community and Regional Affairs, 2014 Commissioner Certified Estimates, January 15, 2014. DCCED Certified numbers may vary from ADOL population estimates as a result of the Population Estimate Appeal process available to incorporated communities on a yearly basis, as well as annual revisions by ADOL. Once certified, DCCED numbers may be applied for two consecutive calendar years. DCCED website: http://www.commerce.state.ak.us/dca/comddb/CF_COMDB.htm.

NOTE: The FNSB numbers include population for all communities within the Borough plus Fort Wainwright Army Base and Eielson Air Force Base.

U.S. Census and ADOL estimated numbers may be revised annually.

Population and Social Conditions

MILITARY POPULATION

Ft. Wainwright Army Base
By Federal Fiscal Year Quarter: 2012-2015

Ft. Wainwright Army Base	FFY Qtr.	FFY Months	Military Active Duty Personnel	Military Families	Total	% Change from previous quarter
2012	1	Oct-Dec	7,453	9,097	16,550	-1.7%
	2	Jan-Mar	7,278	9,009	16,287	-1.6%
	3	Apr-Jun	6,379	10,152	16,531	1.5%
	4	Jul-Sept	6,441	9,998	16,439	-0.6%
2013	1	Oct-Dec	6,132	9,157	15,289	-7.0%
	2	Jan-Mar	6,164	8,863	15,027	-1.7%
	3	Apr-Jun	6,568	9,082	15,650	4.1%
	4	Jul-Sept	6,475	9,038	15,513	-0.9%
2014	1	Oct-Dec	6,142	8,628	14,770	-4.8%
	2	Jan-Mar	5,895	8,299	14,194	-3.9%
	3	Apr-Jun	5,905	8,354	14,259	0.5%
	4	Jul-Sept	5,880	8,369	14,249	-0.1%
2015	1	Oct-Dec	6,109	8,706	14,815	4.0%
	2	Jan-Mar	6,259	9,030	15,289	3.2%

SOURCE: Fort Wainwright Army Base (FWA), Plans, Analysis and Integration Office (PAIO), and ALCOM, Alaskan Command, 2012-2015.

NOTE: Using Federal Fiscal Year (FFY) reporting periods: FFY1Q: Oct-Dec; FFY2Q: Jan-Mar; FFY3Q: Apr-Jun; FFY4Q: Jul-Sept. 4th Qtr. 2014 - data was not available at time of publication.
This data does not include contract civilian positions or BLM.

MILITARY POPULATION

Eielson Air Force Base
By Federal Fiscal Year Quarter: 2012-2015

Eielson Air Force Base	FFY Qtr.	FFY Months	Military Active Duty Personnel	Military Families	Total	% Change from previous quarter
2012	1	Oct-Dec	1,893	2,953	4,846	0.1%
	2	Jan-Mar	1,893	2,953	4,846	0.0%
	3	Apr-Jun	1,918	2,939	4,857	0.2%
	4	Jul-Sept	1,931	2,866	4,797	-1.2%
2013	1	Oct-Dec	1,900	2,846	4,746	-1.1%
	2	Jan-Mar	1,873	2,832	4,705	-0.9%
	3	Apr-Jun	1,883	2,900	4,783	1.7%
	4	Jul-Sept	1,866	2,840	4,706	-1.6%
2014	1	Oct-Dec	1,862	2,815	4,677	-0.6%
	2	Jan-Mar	1,876	2,799	4,675	0.0%
	3	Apr-Jun	1,874	2,830	4,704	0.6%
	4	Jul-Sept	1,825	2,670	4,495	-4.4%
2015	1	Oct-Dec	1,821	2,724	4,545	1.1%
	2	Jan-Mar	1,796	2,682	4,478	-1.5%

SOURCE: ALCOM, Alaskan Command, 2012-2015.

NOTE: Using Federal Fiscal Year (FFY) reporting periods: FFY1Q: Oct-Dec; FFY2Q: Jan-Mar; FFY3Q: Apr-Jun; FFY4Q: Jul-Sept. 4th Qtr. 2014 - data was not available at time of publication.
This data does not include contract civilian positions or BLM.

Population and Social Conditions

MILITARY RETIREE & GREY AREA RESERVIST/RETIREE POPULATION

Fairbanks North Star Borough
Annual Reporting in June
2009-2014

Branch	2009	2010	2011	2012	2013	2014	% Chg. 2013-14
-----Retiree-----							
Air Force	925	990	985	970	966	955	-1.1%
Army	739	818	822	843	943	939	-0.4%
Coast Guard	12	11	13	14	12	12	0.0%
Marine Corps	19	19	20	20	23	24	4.3%
Navy	60	61	64	61	62	58	-6.5%
Subtotal	1,755	1,899	1,904	1,908	2,006	1,988	-0.9%
-----Grey Area Reservist/Retiree-----							
Air Force	94	107	113	115	123	122	-0.8%
Army	52	52	54	56	65	59	-9.2%
Coast Guard	0	0	0	0	0	0	-
Marine Corps	1	1	1	1	1	1	0.0%
Navy	3	3	3	2	1	1	0.0%
Subtotal	150	163	171	174	190	183	-3.7%
TOTAL	1,905	2,062	2,075	2,082	2,196	2,171	-1.1%

SOURCE: US Army Transition Services Manager, Retirement Services Officer, Ft. Wainwright Army Base, 2015.

NOTE: The data is researched by the FNSB zipcodes and reported collectively by the military branch.

Military Retiree: Any military individual who is retired from military service for length of service (20 or more years) or an individual who is retired due to a medical disability and who is receiving military retired pay.

Grey Area Reservist/Retiree: An individual retired from a Guard or Reserve unit but is not yet receiving military retired pay, will not receive pay until age 60.

This data is preliminary and subject to revision.

MILITARY SURVIVOR/ANNUITANT POPULATION

Fairbanks North Star Borough
Annual Reporting in June
2009-2014

Branch	2009	2010	2011	2012	2013	2014	% Chg. 2013-14
Survivor/Annuitant	79	89	91	107	105	115	9.5%
Survivor/Non-Annuitant	-	-	-	-	138	136	-1.4%

SOURCE: US Army Transition Services Manager, Retirement Services Officer, Ft. Wainwright Army Base, 2015.

NOTE: The data is researched by the FNSB zipcodes and reported collectively by the military branch.

Survivor/Annuitant: A surviving family member of a deceased active duty individual or a retiree, who is receiving annuity payments based on the military members retired pay. Survivor/Annuitant are not broken down by branch of service.

Survivor/Non-Annuitant: A surviving family member of a deceased active duty individual or a retiree, who is not receiving annuity payments based on the military members retired pay. Survivor/Non-Annuitant are not broken down by branch of service.

This data is preliminary and subject to revision.

Population and Social Conditions

REGULATED CHILD CARE

Fairbanks North Star Borough
Child Care Available
Month of March: 2007-2014

Month of March/Year	Licensed						Total Available	
	Homes		Group Homes		Centers		by Year	
	Facilities	Capacity	Facilities	Capacity	Facilities	Capacity	Facilities	Capacity
2007	60	429	22	262	30	1,834	112	2,525
2008	43	322	31	366	26	1,453	100	2,141
2009	36	272	33	392	26	1,427	95	2,091
2010	28	214	31	368	30	1,465	89	2,047
2011	27	216	29	344	28	1,359	84	1,919
2012	24	192	23	288	29	1,372	76	1,852
2013	29	160	31	367	29	1,682	89	2,209
2014	21	168	32	379	30	1,692	83	2,239

SOURCE: Licensed Facilities data compiled by the State of Alaska, Dept. of Health and Social Services, Child Care Licensing, Northern Regional Office, and "thread" Resource and Referral Family Services, 2015.

NOTES: Table does not include child care facilities on military bases.

Facility Type:

Licensed:

- Home - Usually in a private residence, can care for up to 8 children at any one time.
- Group Home - Can be in a private residence or other facility, can care for 9 to 12 children at any one time.
- Center - A facility where care is provided to 13 or more children at any one time.

EDUCATION

Fairbanks North Star Borough School District
Fiscal Year 08-09 to 13-14

By Grade	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	% Chg Previous FY
GENERAL (Public Schools)							
Number of Public Schools	34	35	35	35	35	35	0.0%
Average daily membership	14,148	14,553	14,238	14,277	14,308	13,746	-3.9%
Student/Teacher ratio	17.6	16.7	17.6	17.7	17.2	17.2	0.0%
Attendance rate	89.6	92.5	92.8	92.1	92.3	93.0	0.7%
Number of dropouts (7-12)	383	300	252	276	244	322	32.0%
% of student dropouts (7-12)	5.9%	4.7%	4.1%	4.4%	3.9%	5.3%	34.5%
# of high school graduates	876	889	836	788	817	817	0.0%
Graduation rate	70.1%	70.2%	71.2%	70.2%	74.0%	73.3%	-0.9%

SOURCE: United Way of the Tanana Valley, COMPASS II Project, Community Needs Assessment 2008, <http://www.unitedwaytv.com>; and Fairbanks North Star Borough School District, <http://www.k12northstar.org/departments/research/public-reports>, 2013 and Alaska Department of Education and Early Development, State Report Cards: Statistics & Reports, <http://www.eed.state.ak.us/stats/>.

NOTE: The Dropout Rate is computed by dividing the number of dropouts in the current school year by the number of students enrolled in grades 7-12 on October 1 of the current school year. School year is defined as the 12-month period beginning with July 1 and ending June 30. A Dropout is defined as a student who was enrolled in the district at some time during the school year and whose enrollment terminated. This does not include an individual who: graduated from high school or completed a state or district approved education program, as evidenced by receipt of formal recognition from school authorities; transferred to another public school, private school or state or district approved education program; is temporarily absent due to suspension; is absent due to illness or medical condition; or died. ADM is average daily membership (student headcount). This data may be subject to revision.

Population and Social Conditions

CRIMINAL OFFENSE SUMMARY

Fairbanks and North Pole Police Departments and Detachment D of the Alaska State Troopers
2009-2013

Yr	Category	Criminal Homicide	Forcible Rape	Assault*	Robbery	Burglary	Motor Vehicle Theft	Larceny
2009	Ak. State Troopers	5	30	692	9	289	182	699
	Fairbanks Airport Police	0	0	13	0	0	4	17
	Fairbanks Police	0	62	895	47	194	92	1,126
	North Pole Police	0	2	67	1	14	8	79
	UAF Police Dept	0	2	12	0	5	4	83
	Total 2009	5	96	1,679	57	502	290	2,004
2010	Ak. State Troopers	4	22	763	13	287	144	667
	Fairbanks Airport Police	0	0	8	0	1	0	7
	Fairbanks Police	1	70	1,085	33	149	101	1,117
	North Pole Police	0	2	57	1	12	7	78
	UAF Police Dept	0	2	24	0	7	0	74
	Total 2010	5	96	1,937	47	456	252	1,943
2011	Ak. State Troopers	1	31	702	7	376	160	772
	Fairbanks Airport Police	0	0	13	0	0	2	11
	Fairbanks Police	2	17	738	33	130	76	1,026
	North Pole Police	0	0	31	3	9	2	69
	UAF Police Dept	0	0	17	0	4	3	64
	Total 2011	3	48	1,501	43	519	243	1,942
2012	Ak. State Troopers	1	8	432	10	257	70	523
	Fairbanks Airport Police	0	0	3	0	0	1	14
	Fairbanks Police	4	29	644	37	130	112	1,137
	North Pole Police	0	0	24	0	15	5	53
	UAF Police Dept	0	0	17	0	3	0	79
	Total 2012	5	37	1,120	47	405	188	1,806
2013	Ak. State Troopers	1	9	383	4	193	51	513
	Fairbanks Airport Police	0	0	3	0	0	2	6
	Fairbanks Police	0	34	683	37	116	103	1,050
	North Pole Police	0	1	48	1	6	6	67
	UAF Police Dept	0	0	16	0	3	3	67
	Total 2013	1	44	1,133	42	318	165	1,703
	% Change 2012-2013	-80.0%	18.9%	1.2%	-10.6%	-21.5%	-12.2%	-5.7%

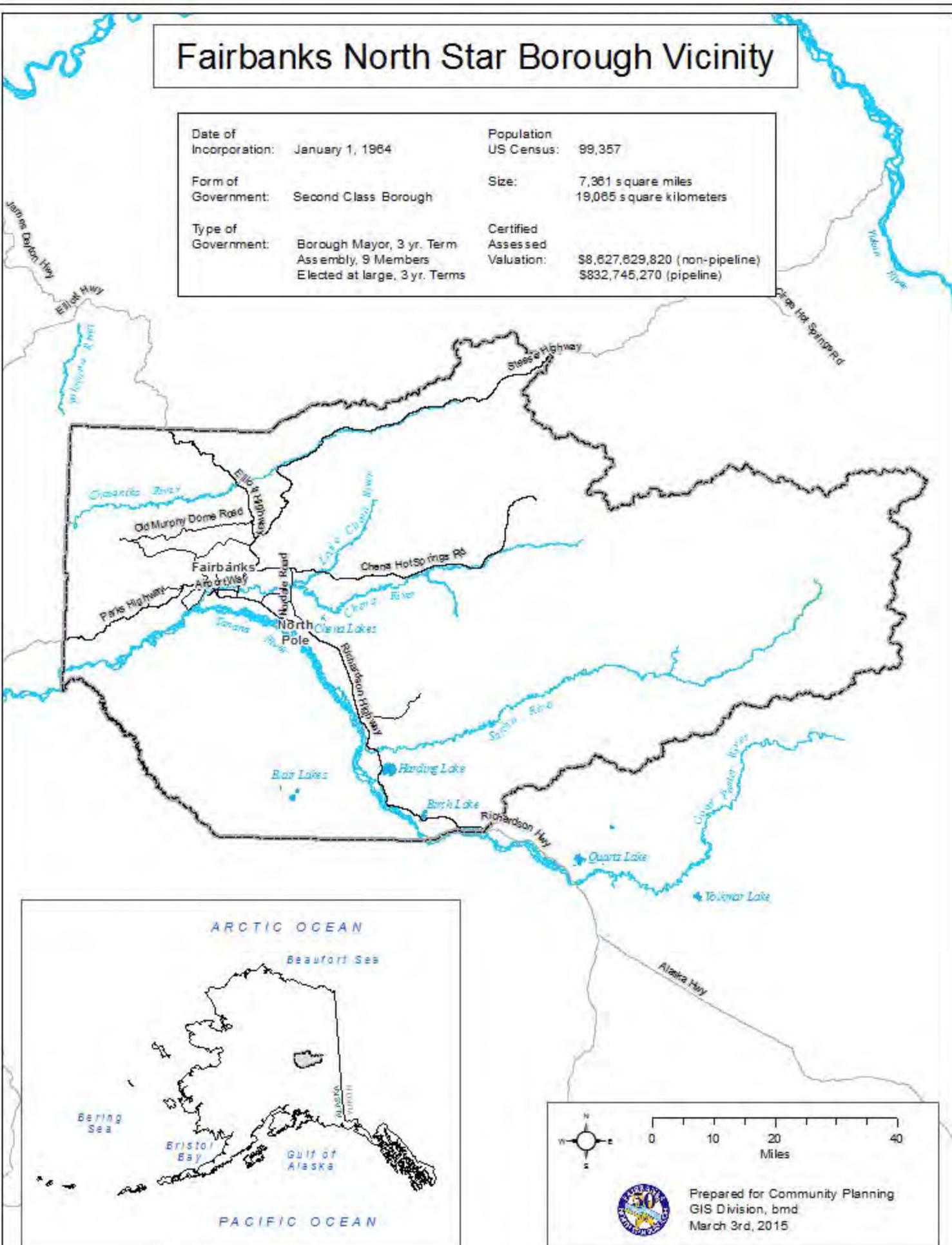
SOURCE: Alaska State Troopers, D Detachment, personal communications, 2009-2013; State of Alaska, Department of Public Safety, Division of Administrative Services, Information Systems 2000 to include their publication "Crime Reported in Alaska, 2013 Uniform Crime Reporting", <http://www.dps.state.ak.us/Statewide/UCR.aspx>, 2013.

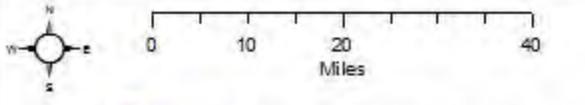
NOTE: There is a two year lag in data availability. 2013 numbers are preliminary and may be subject to revision.

* Includes simple and aggravated assault.

Fairbanks North Star Borough Vicinity

Date of Incorporation:	January 1, 1964	Population US Census:	99,357
Form of Government:	Second Class Borough	Size:	7,361 square miles 19,065 square kilometers
Type of Government:	Borough Mayor, 3 yr. Term Assembly, 9 Members Elected at large, 3 yr. Terms	Certified Assessed Valuation:	\$8,627,829,820 (non-pipeline) \$832,745,270 (pipeline)






 Prepared for Community Planning
 GIS Division, bmd
 March 3rd, 2015

Fairbanks North Star Borough
Community Research Center
PO Box 71267
Fairbanks, AK 99707-1267

TO:



Trust
Land Office

TLO Activities through August 31, 2015
16% of the Fiscal Year



Stream in Chuitna watershed

*Protecting and enhancing the value of Alaska Mental Health Trust Lands
while maximizing revenues from those lands over time*

Highlights

- The 2015 Fall Land Sale went live August 3rd. Bidding started August 10th and will be accepted until October 23rd. Bids will be opened October 28th. The TLO is offering 43 properties with a total minimum bid value of \$1,938,500.
- TLO staff provided testimony at a public hearing held by the Division of Mining, Land, and Water regarding instream flow reservations filed by a third party for a stream within the PacRim Coal lease area. If the reservations are retained, permitting and development of the lease area will be difficult.
- TLO staff went on a site visit, with representatives from PacRim, of the lease area at Chuitna.
- An inspection was conducted of the Alaska Rainforest Sanctuary's (the Sanctuary) use of 5.37 acres of Trust land located in Herring Cove, Ketchikan. The Sanctuary provides zip-line activity, bear viewing, historical logging and cultural educational programs catering to the cruise ship market. Improvements to the bear viewing bridges are being made in 2015/2016 to make the area ADA compliant and provide a greater market opportunity to cruise passengers. The Sanctuary is the largest land lease in Southeast.
- The intensity of wildfires have increased on the Kenai Peninsula over the past few decades due to spruce beetle infestation and resulting tree death. This causes a significant increase in wildfire fuel which can cause catastrophic forest fires that are difficult to contain. Trust land near Nikiski was inspected in preparation for a proposed wildfire fuel mitigation project with the Division of Forestry. Approximately 1,000 acres of Trust land would be included in the project.
- The public notice process has been initiated for a proposed oil and gas lease near Nenena for Doyon Limited.
- A consultant has been retained for analysis of heavy placer mineral sand concentrate samples from Icy Cape. The objective is to obtain data that provides critical economic geologic characteristics to better understand the resource potential and attract industry to the Icy Cape area.
- Staff met with the Ketchikan Gateway Borough (KGB) to better understand goals and areas of concern around the Coast Guard Beach and Mountain Point parcels.
- A log sort yard in Wrangell that had produced contamination from unauthorized activity has significantly improved. Unauthorized activities on Trust land have ceased. The Department of Environmental Conservation will continue to monitor until the case is closed.

August Financial Notes

- Year-to-Date revenue as of August 31, 2015 is \$486,450 ahead of budget.
 - Principal: \$471,101
 - Income: \$1,272,712
 - Total: \$1,743,813
- Payroll has processed in AKPAY (state legacy system), but has not yet been able to interface with IRIS. The expenditure data in this report uses payroll data from AKPAY to obtain expenditure data that does not yet appear in IRIS.
- Revenue is ahead of projections for Coal, Oil and Gas, Minerals, and Real Estate due to deferrals from FY15.
- REMP distributions for FY16 are less than expected. Cash is being held until final costs for capital improvement projects are known. Distributions will resume to normal levels in September.

General Performance Measurements August 31, 2015

1. Revenue Analysis:

Principal						
	FY15 YTD	FY16 YTD	FY16 YTD Goal	(Under)/Over	FY16 Annual Goal	% of FY16 Annual Goal
Coal	-	-	-	-	-	-
Oil & Gas	3,609	306,220	308,000	(1,780)	1,848,000	17%
Minerals	-	-	-	-	2,000,000	0%
Materials	5,211	4,000	4,000	-	309,000	1%
Timber	1,198	2,485	1,700	785	255,000	1%
Land	68,322	158,395	70,000	88,395	1,200,000	13%
REMP	-	-	-	-	-	-
Real Estate	-	-	-	-	-	-
Total	\$ 78,340	\$ 471,101	\$ 383,700	\$ 87,401	\$ 5,612,000	8%

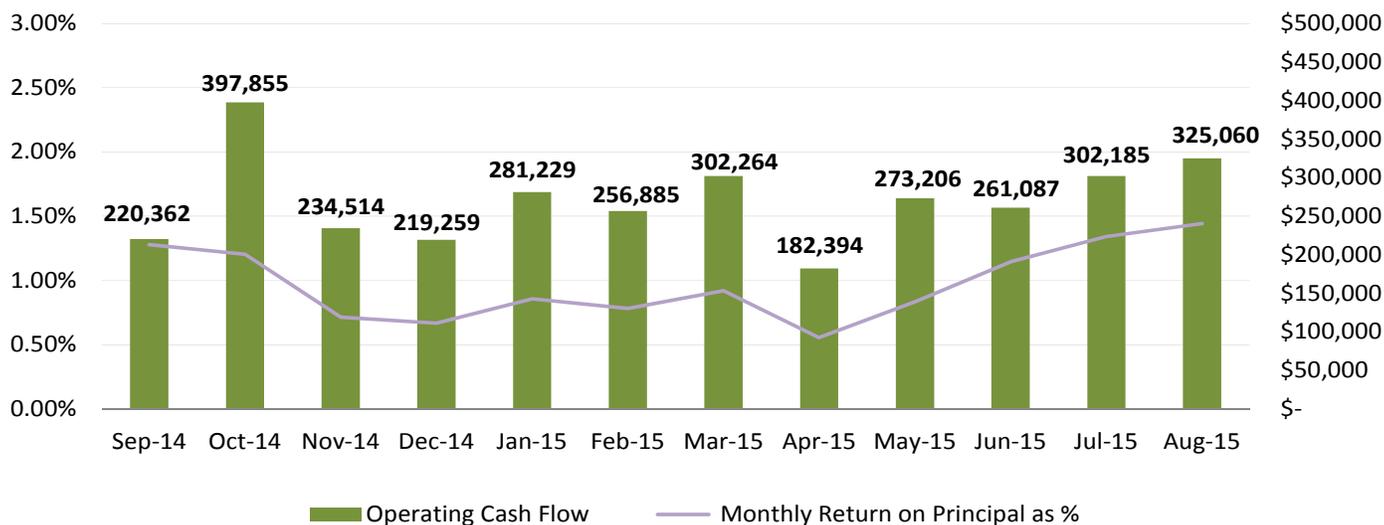
Income						
	FY15 YTD	FY16 YTD	FY16 YTD Goal	(Under)/Over	FY16 Annual Goal	% of FY16 Annual Goal
Coal	75,570	97,438	228,360	(130,922)	264,000	37%
Oil & Gas	533,708	188,617	5,637	182,980	416,300	45%
Minerals	376,946	407,769	55,000	352,769	535,900	76%
Materials	-	-	-	-	-	-
Timber*	211	27,131	300	26,831	45,000	60%
Land	267,948	163,703	256,400	(92,697)	900,500	18%
REMP	15,000	50,000	233,333	(183,333)	1,400,000	4%
Real Estate	362,127	388,054	94,633	293,421	567,800	68%
Total	\$ 1,631,510	\$ 1,322,712	\$ 873,663	\$ 449,049	\$ 4,129,500	32%

Total						
	FY15 YTD	FY16 YTD	FY16 YTD Goal	(Under)/Over	FY16 Annual Goal	% of FY16 Annual Goal
Coal	75,570	97,438	228,360	(130,922)	264,000	37%
Oil & Gas	537,317	494,838	313,637	181,201	2,264,300	22%
Minerals	376,946	407,769	55,000	352,769	2,535,900	16%
Materials	5,211	4,000	4,000	-	309,000	1%
Timber*	1,409	29,617	2,000	27,617	300,000	10%
Land	336,270	322,098	326,400	(4,302)	2,100,500	15%
REMP	15,000	50,000	233,333	(183,333)	1,400,000	4%
Real Estate	362,127	388,054	94,633	293,421	567,800	68%
Total	\$ 1,709,850	\$ 1,793,813	\$ 1,257,363	\$ 536,450	\$ 9,741,500	18%

*Timber Income includes receipts from a log sort yard use agreement with Sealaska Timber Corporation. The Trust is paid based on the amount of timber to pass through the facility. This income is not derived from the harvesting of timber from Trust land and is 100% Income as opposed to the 85/15 split that is typical from harvest-based revenue.

Real Estate Management Plan Monthly Report

Cash Flow by Month - Real Estate Investment Portfolio

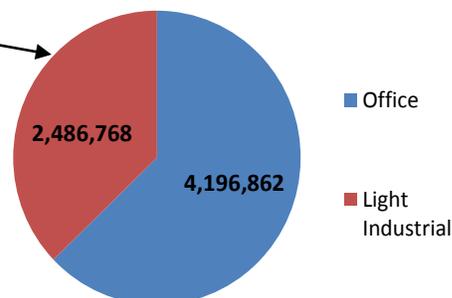


Portfolio Performance by Month

Month	Trust Principal Investment	Operating Cash Flow	Monthly Return on Principal as %	12 Month Trailing Return
Sep-14	17,248,744	220,362	1.28%	10.98%
Oct-14	33,048,844	397,855 ¹	1.20% ¹	11.41%
Nov-14	32,805,383	234,515 ²	0.71%	11.68%
Dec-15	32,805,383	219,259 ³	0.67%	10.92%
Jan-15	32,805,383	281,229 ³	0.86%	11.35%
Feb-15	32,805,383	256,885	0.78%	11.85%
Mar-15	32,805,383	302,264	0.92%	11.47%
Apr-15	32,805,383	182,394 ⁴	0.56%	11.50%
May-15	32,805,383	273,206	0.83%	10.93%
Jun-15	22,805,383 ⁵	261,087	1.14%	11.17%
Jul-15	22,518,745	302,185	1.34%	11.94%
Aug-15	22,518,745	325,060	1.44%	11.73%
12-Month Average		\$ 271,358		
12-Month Total		\$ 3,256,301		
Inception to Date		\$ 6,683,630		

- 1) The return on Principal and cash flow has been restated for October. Financial statements were revised to reflect pre-paid rents collected at closing (\$277,645) and property taxes were paid for the Parks Building (~\$90,000).
- 2) Cash flow is lower in November due to the annual property tax payment for the IRS Building (~\$70,000).
- 3) A portion of December rents (\$50,000) were paid in January. December cash flow was lower and January cash flow was higher.
- 4) Cash flow is lower in April due to a \$92,000 real estate tax payment for 1111 Israel Road.
- 5) Trust Principal investment is lower in June due to the financing of the Promontory Point buildings.

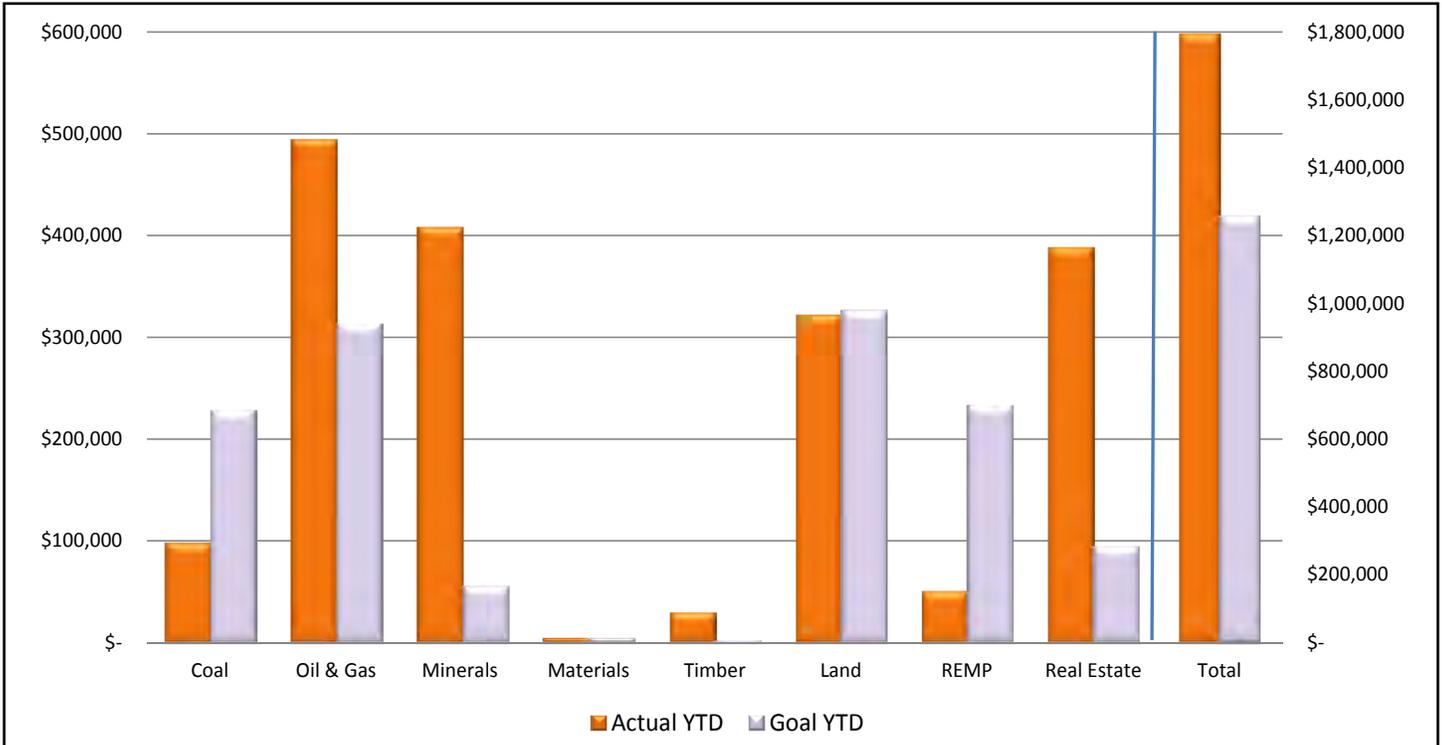
Cash Flow by Property Type Inception to Date



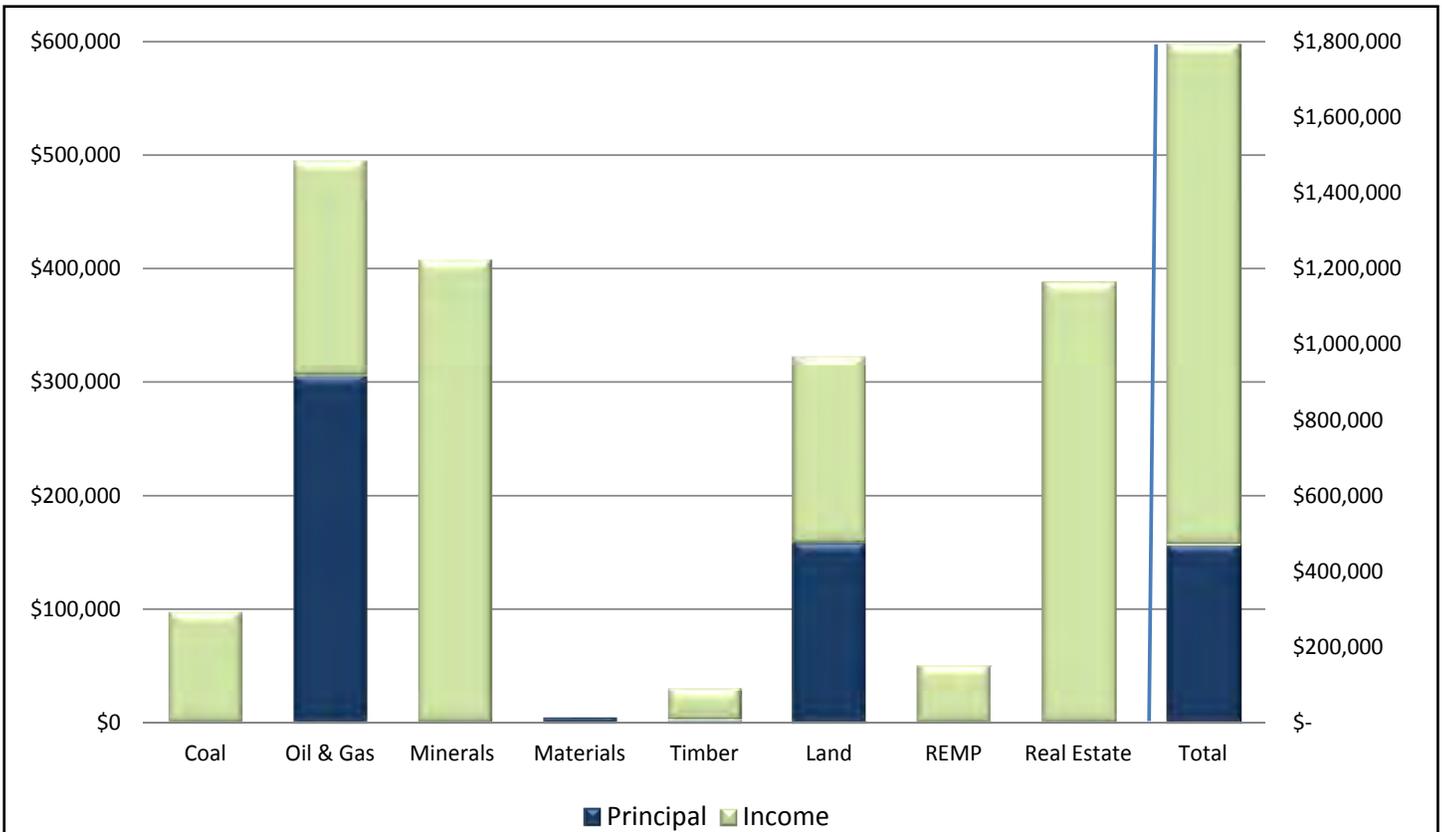
Portfolio Value

Asset Basis	53,195,485	
Asset Appreciation/(Depreciation)	321,736	
Current Asset Value	53,517,221	
Equity	24,687,551	46.13%
Debt	28,829,670	53.87%

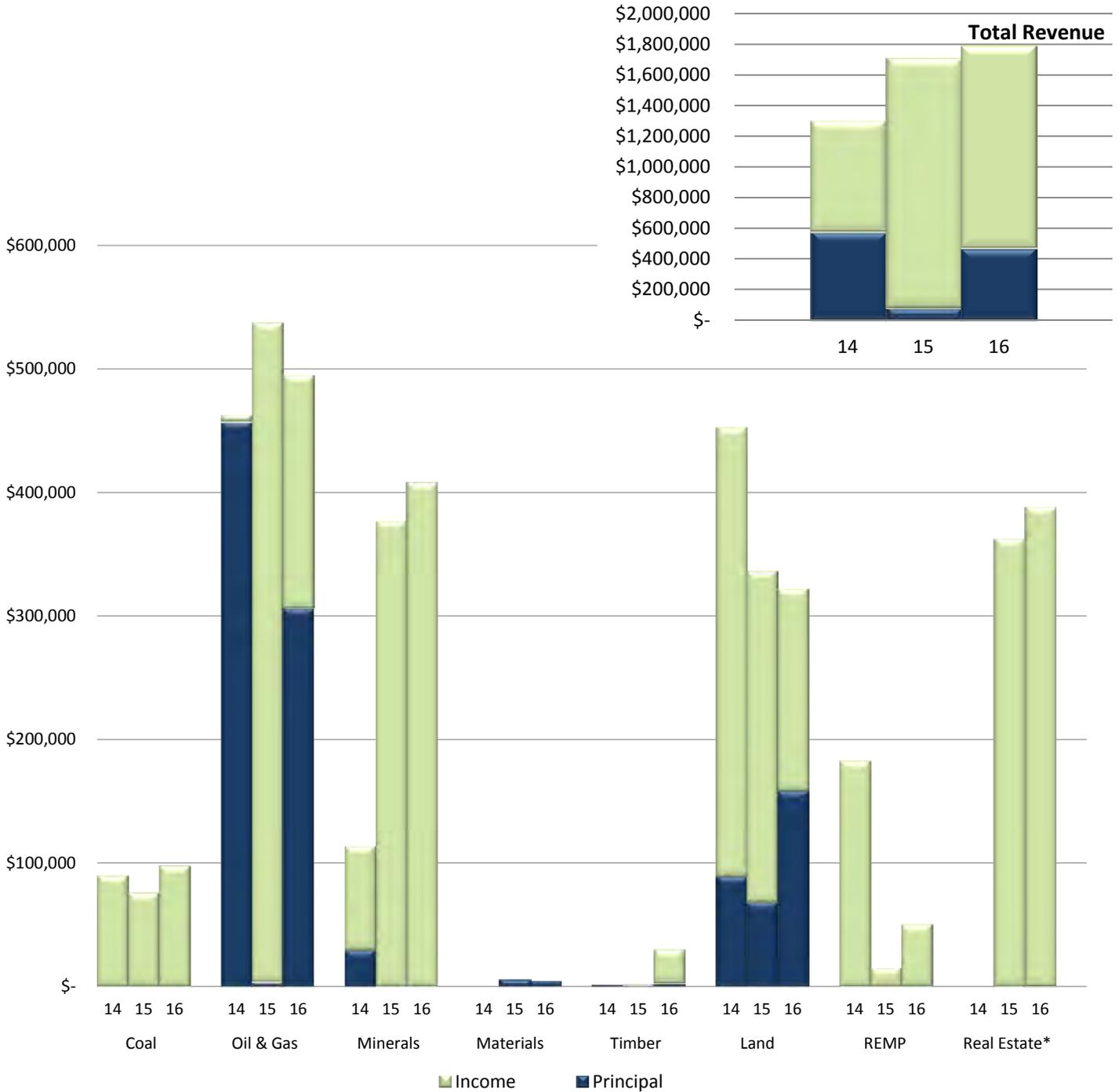
FY16 YTD Revenue vs. FY15 Revenue Goal As of August 31, 2015



FY16 YTD Revenue - Principal and Income As of August 31, 2015



Revenue as of August 2015 Fiscal Year to Date – Principal and Income FY2014 - FY2016



*Real Estate was not tracked separately in in FY14. Real Estate revenue was included with Land.

General Performance Measurements As of August 31, 2015

2. Operating Budget:

AR 37169*	Original Appropriation	Line Item Transfer	Current Appropriation	Expended	Balance	% Expended
Personnel	2,735,300	(30,200)	2,705,100	393,908	2,311,192	15%
Travel	143,700	-	143,700	1,324	142,376	1%
Services	1,386,900	30,200	1,417,100	110,695	1,306,405	8%
Commodities	56,000	-	56,000	2,218	53,782	4%
Capital Outlay**	-	-	-	425,000	(425,000)	NA
Total	\$ 4,321,900	-	\$ 4,321,900	\$ 933,144	\$ 3,388,756	22%

*Personnel expenditures are taken from AKPAY payroll reports. Not all pay periods have interfaced with IRIS. Travel, Services, and Commodities are not an accurate reflection of expenditures to date due to issues clearing expenses in IRIS.

**Escrow payment for the acquisition in San Antonio. This expenditure will be abated in September.

3. Capital Funds

	Budget	% Complete	Encumbered	Expended	Unobligated Balance	% Expended
Trust Land Exchange FY14-15	2,250,000	25%	141,289	38,367	2,070,344	2%
C2 Utility Extension	600,000	25%	49,070	20,327	530,603	3%
Yosemite Utility Extension*	900,000	2%	37,261	-	862,739	0%
Total	\$ 3,750,000		\$ 227,620	\$ 58,694	\$ 3,463,686	2%

*Current data in IRIS for this project does not appear to have posted correctly. This report reflects information for FY15 available in AKSAS. A reconciliation of this project will occur in September.