

APPRAISAL REPORT

OF PERCEIVED IMPACT OF INSTALLATION OF
120' TALL TELECOMMUNICATIONS MONOPOLE
ON NEIGHBORING PROPERTY VALUES AT THE END OF NORTON COURT,
CHUGIAK, ALASKA



VIEW LOOKING TOWARD PROPOSED TOWER SITE FROM THE END OF NORTON COURT. TOWER WOULD BE BEHIND TREES AT PHOTO CENTER. SEE FIGURE 1 PHOTO SIMULATION.

Prepared For: Cindy Coughlin
GCI Network Services
2550 Denali Street Suite 1000
Anchorage, Alaska, 99503-2751

Prepared By: Jonathan Severson AK423
Randall, Hayes & Henderson
903 West Northern Lights Blvd. Suite 210
Anchorage, AK 99503

In Collaboration with: Charles E. Horan, AA41
Horan & Company, LLC
403 Lincoln Street, Suite 220
Sitka, AK 99835

Effective date: November 5, 2014
Report Date: November 17, 2014
Our File Number: 14091

RANDALL, HAYES & HENDERSON/ HORAN & COMPANY
REAL ESTATE APPRAISERS/CONSULTANTS

907 WEST NORTHERN LIGHTS BLVD. SUITE 210, ANCHORAGE, AK. 99503
PHONE NUMBER: (907)562-7503 FAX NUMBER (907)561-5077 jonathanseverson@gci.net

November 18, 2014

Attention: Cindy Coughlin
GCI Network Services
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

VIA email: cchoughlin@gci.com

Re: Appraisal Report of Perceived Impact of Installation of 120' Tall Telecommunications Monopole on Neighboring Property Values, Based on Interviews with Knowledgeable Market Observers, Chugiak, Alaska: Our File No. 140759-4

Dear Ms. Coughlin,

GCI is developing communication facilities in Chugiak that include a 120 foot tall steel monopole (Type 1), 6 panel antennas, associated ground equipment and an 8 foot tall fence at Anchorage Water and Wastewater Utility (AWWU) site located at 22533 Norton Court. In order for the lease to move forward the Chugiak Community Council has requested a study to determine the impact of the proposed facility on surrounding neighborhood property values. We have completed the requested study. We identified the valuation issues through discussions with local knowledgeable people involved in this issue, the property owner, local real estate appraisers, brokers and other market participants who would enable us to discern the market perception relative to this issue in the Chugiak market.

We have viewed the subject site, interviewed the property owners, site developers and reviewed the proposed site plans (supplied by the client GCI). It appears that the tower, a monopole, will be above the existing surrounding tree height. In our opinion, this would be similar to monopoles found in other similar wooded settings within the area. As planned, it would not cause serious view blight and would not provide noise, smell, or any other tactile interference to make it disharmonious with the neighborhood. Based on our interviews with eight Realtors, nine appraisers, two loan underwriters and our own experience in the market place, it does not appear that there would be any measurable decrease in value of the neighboring properties due to the proposed development.

In addition to interviewing knowledgeable market observers, we have collected anecdotal information which substantiated this finding. The only additional research that might be done to further probe the issue would be to identify recent sales in similar residential areas where there

are cell towers and do a one-on-one paired sales comparison to see how these sale prices compare to the sale values of other properties with a lesser presence of cell tower influence. Gathering data to do this type of study would require significant judgment and speculation. The results of this additional analytical effort would not differ from the conclusions found from interviewing local, knowledgeable market observers, who have years of experience and found no measurable value impact for this type of cell tower installation.

Your attention is invited to the attached report which describes the subject property, outlines our methodology, discerns the opinions of knowledgeable market observers and identifies areas of other towers in residential settings that might have comparisons to the subject. Also, we have outlined what locational impacts may result in substantial decrease in property values. The report contains other background information relative to our conclusions and summarizes Assumptions and Limiting Conditions, Definitions and Certification of this consultation.

If you have any questions or comments, please to not hesitate to call.

Respectfully,

A handwritten signature in blue ink that reads "Jonathan Severson". The signature is fluid and cursive.

Jonathan Severson, AK423
Randall Hayes and Henderson

A handwritten signature in blue ink that reads "Charles Horan". The signature is fluid and cursive.

Charles Horan, MAI
Horan & Company, LLC.

CERTIFICATION OF CONSULTATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- We have not performed any services regarding the subject property within the prior three years, as an appraiser or in any other capacity.
- As of the date of this report, we, Jonathan Severson and Charles Horan, have completed the continuing education program of the Appraisal Institute.



Jonathan Severson, Real Estate Appraiser
AK423

Effective Date: November 5, 2014



Charles E. Horan, M
AA41

Report Date: November 17, 2014

PLANS PREPARED FOR:



MARSHCREEK
2000 E. 88TH AVENUE
ANCHORAGE, AK 99507

PLANS PREPARED FOR:

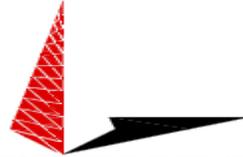


AWN
Alaska Wireless Network
6831 ARCTIC BLVD
ANCHORAGE, AK 99518

PROJECT INFORMATION:

NORTON COURT
22533 NORTON COURT
CHUGIAK, AK 99567
(ANCHORAGE BOROUGH)

PLANS PREPARED BY:



TOWER ENGINEERING PROFESSIONALS
326 TRYON ROAD
RALEIGH, NC 27603
OFFICE: (919) 661-6351
www.tepgroup.net



FIGURE 1- LOCATION AND SIMULATED STREET VIEW.

Proposed Project Site

GCI is negotiating a lease for a 40' x 40' site within a 1.96 Acre lot owned by MOA AWWU. It is located at 22533 Norton Court, Chugiak, Alaska described as Tract A, North Woods Subdivision, Plat 790245, Parcel Identification number 051-731-05-000 Anchorage Recording District. The lot is zoned R7, a low-density residential district. It is mostly level with the north and westerly portions having a downward slope.

The subject site is a large 1.96 acre tract that has a portion fenced and cleared.

The cleared portion previously had 2 large steel water tanks which, as of the date of this report, had been removed. The site borders residential homes on all sides with the exception of the north side which is a large green belt. The site is primarily, a wooded area with a mix of tall spruce, birch and cottonwood trees.

The site has dirt driveway access leading into a fenced and level graded area with a water well. The common lines between the subject and adjacent properties are generally up sloping on the easterly portions and down sloping to the west with thick bands of trees encompassing most of the site.

The area is zoned for residential use and has characteristics of a low-density residential development which are evident within the neighborhood. There is a recently developed residential subdivision to the north of the subject with homes in the mid to upper end of value range for the area. Immediately adjacent and north of the subject is a large, undeveloped tract designated as park land. The subject neighborhood boundaries are The Glen Highway to the south and east with the Knik Arm to the north and west. The Birchwood Airport and Rifle range are approximately 1 mile directly to the west.

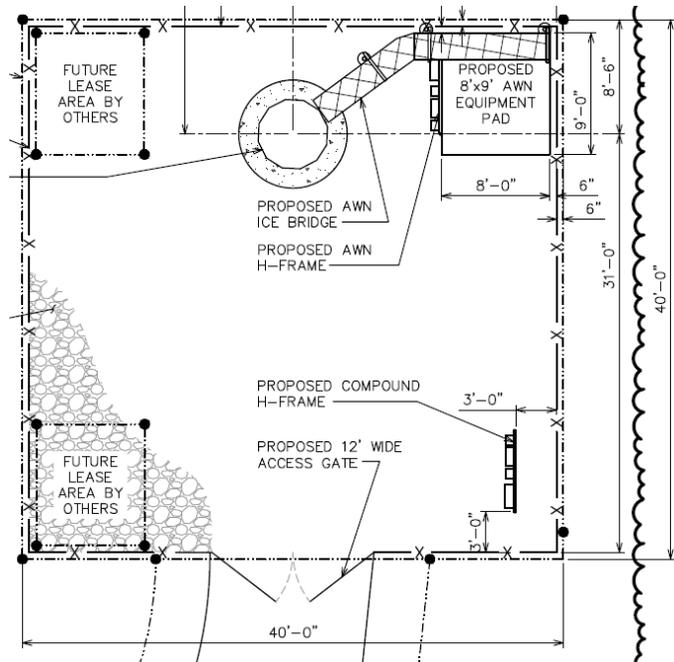


FIGURE 3 - PROPOSED LEASE SITE LAYOUT.

Project Improvements

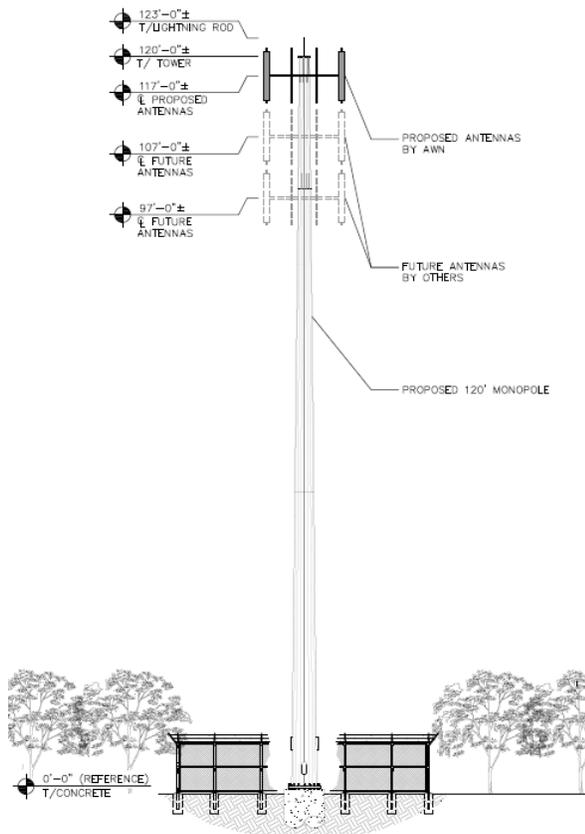


FIGURE 4

The project as proposed would be a 120 foot tall monopole with an additional 3 foot lightning rod. At about the 117 foot level there would be an antenna. The pole has capabilities of future antennas being installed at the 107 foot and 97 foot level. The 40' x 40' site is purposed to be fenced. There will be an equipment platform several equipment cabinets connected by ice bridges to the monopole tower. This power will be extended to the site by 20 foot easement extended to the roadway. The tower will be located about 250 feet off the Norton Court property line.

As proposed it is not expected that the facility will generate significant sound. The tower will be easily visible from adjacent properties over and thru the existing tree line. Cars approaching the site from The Table Lands Subdivision (due north), Norton Court and

Oberg Road may have screened views through the trees which are close to the road. Locations up to a mile or more away from vantages with higher elevations to the south and east where there is more traffic, say along the Glenn Highway and even as far as North Peters Creek Exit may have intermittent distant views of the subject. This would vary greatly on the elevation view points as the subject area topography is variable and rolling.

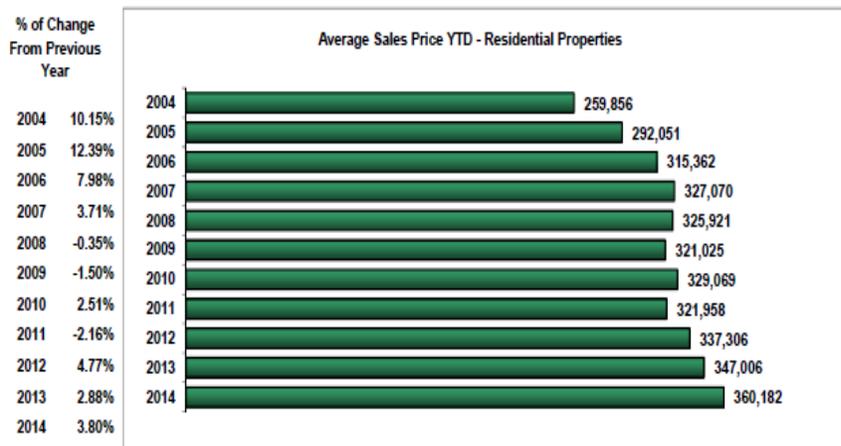
The antennas will distribute electromagnetic radio waves that contain some level of radiation. These radio frequency levels must be in compliance with FCC emissions. Health risks have been raised, but there was no evidence this influenced value for this type of installation. There is extensive public literature that indicates there is no convincing scientific evidence that weak radio frequency signals from base stations and wireless networks cause adverse health effects.¹ New research and information may

¹ See American Cancer Society web site under question Do Cellular Phone Towers Cause Cancer? <http://www.cancer.org/Cancer/CancerCauses/OtherCarcinogens/AtHome/cellular-phone-towers>

emerge over time and the arguments for and against the health concerns may change in the future. The only purpose of our study is to determine if there is a current negative market response to the presence of cell towers in the type of setting anticipated at the subject site as noted as of the effective date of this report.

1.1 MUNICIPALITY OF ANCHORAGE REAL ESTATE MARKET

A market is a place where buyers and sellers meet to determine a price. The market in Chugiak is relatively well developed with most transactions being handled by Realtors. There is an active Multiple Listing Service (MLS) that gives reasonable exposure for the bulk of the sales. As an indicator of the volume and pricing trends in this market, Figure 5 from the MLS shows average selling price of a single-family residence from the first quarter of January 2004 through the third quarter of 2014. The market has remained strong throughout the year. There is some discernible appreciation in the market place.



% Increase/Decrease from Previous Year is YTD Current Year Compared Against EOY Previous Year Average Sales Price.

Publication Date: 11/10/2014
 This representation is based in whole or in part on data supplied by, and to the Subscribers of Alaska Multiple Listing Service, Inc. (AK MLS). AK MLS does not guarantee nor is it in any way responsible for its accuracy. Data maintained by AK MLS is for its own use and may not reflect all real estate activity in the market.

FIGURE 2

This trend covers a period when housing prices had run up, which generally follows the national trend, peaking in 2007 and then cooling in the following years based on the national recession and the uncertainty in the real estate market.

The Anchorage and surrounding market has remained strong over the past three years with a persistent employment and population base. Further, the influence of the local economy on the Municipality of Anchorage and surrounding area markets has remained positive. This is largely due to the local military bases, strong tourism industry and persistent high oil prices. In this environment, demand is good, sales brisk and the market would be characterized as in balance.

The Anchorage and surrounding market

At the same time, the demand for cell phone usage has increased significantly. The increased demand has been filled mostly by AT&T, GCI and ACS within the subjects

area. They or their contractors have developed cell towers within the community in an attempt to get as complete coverage as possible. The Municipality of Anchorage and its surrounding areas has seen the development of a significant number of towers and some permitting of towers that have not been built. It is reported that within the subject area itself, reception is spotty for some carriers. The subject tower is proposed by GCI but the area has also been of interest to other local contractors for Verizon, which, as of this past fall, introduced a new cell carrier in the Anchorage and surrounding area market. Residents and business owners in the area have indicated that reception had been spotty and there is some desire from neighbors in the area to have better cell reception.

1.2 VALUE IMPACT AND HARMONY OF CELL TOWER PRESENCE

This study specifically addresses the scope of work which is to answer the question “Will the proposed development decrease the value of nearby or adjacent property values” The term “decrease the value” would mean there would be a measurable negative influence. In the subject instance, this would come from the visual impact of the tower and the market’s perceived health and safety risks that would be substantial enough to be discernible through sales activity reflecting a measurable downward pricing trend discernible in the market.

We studied the local market (as well as incorporating Mr. Horan’s experience with similar studies in the Juneau area) including specific sales research and interviews with knowledgeable market observers to discern what types of negative uses or situations may result in an impact on property values. Some of these impacts may be substantial or measurable to pricing in the market. Some impacts are more subtle and not considered to have a measurable impact on property values relative to comparable properties in areas without the particular disharmonious use. Some examples of situations that, in the extreme, may impact property values or, if more subtle, would not impact property values include the following:

- A home with poor access, located close to a busy road or high traffic area;
- Properties next to high voltage power lines or power poles, with view obstruction;
- Properties with significant view obstructions such as, commercial and industrial or degraded uses within view;
- Properties next to noxious odors or noises such as sewage treatment plants or airport noise;
- Properties within steep sites, poor drainage or excessive easements;

- Properties that are located in areas with mixed uses or build up.

In order to determine the impact of these types of negative attributes, we have considered a variety of methods including matched-paired sales studies and interviews with local knowledgeable market observers. The matched-paired sales method would include identifying recent sales of properties near cell towers that are similarly situated to the proposed situation. Developing clear comparisons would be subject to significant judgment and, due to the subtle nature of the presence of the cell tower, conclusions would likely be highly speculative. In situations where cell towers are large, of noticeable contrasting colors, and provide extreme nearby view obstructions in residential settings, it would be an easier hypothesis to test. In the subject's case, where the cell tower would be more subtle, it would be difficult or even impossible to discern the differences in values. We noted in settings such as the subject's, cell towers are often next to or in parks, greenbelts, public spaces or on larger less developed lots. Oftentimes they are viewed in the distance from lots, which have a beneficial view amenity.

The most direct way to address the problem is to interview knowledgeable market observers. Ultimately, real estate is local. Prices paid and the factors influencing those prices are based on local preferences and market knowledge. Trends observed in other areas may not be immediately applicable to the local market. Professionals who have observed their local market, especially Realtors and appraisers who are familiar with hundreds or thousands of transactions in the local market, would be the best to first discern what the expected impact of cellular phone towers would be on price or market value. The definition of market value is:

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, Pages 123

The critical element here is the knowledge of the buyers and sellers. In order to determine the buyer and seller knowledge base, we have interviewed appraisers, Realtors and others who are knowledgeable within the market place, having observed buyer and seller response to prices for various positive and negative aspects of residential real estate transactions within the Municipality of Anchorage.

1.3 INTERVIEWS WITH MARKET PARTICIPANTS

Anchorage Residential and General Real Estate Appraisers' Feedback

We've interviewed a significant number of brokers and residential real estate appraisers who work within the Municipality of Anchorage market and regularly communicate with buyers and sellers. Nine appraisers with almost 300 years of experience and the completion of over 80,000 appraisals were asked if they had ever used a discount or adjustment for a property's locational influence relative to cell towers in the residential settings similar to the subject. The answer was no.

Further inquiry was made as to what types of negative neighborhood influences might require consideration of market adjustments. Examples included proximity to a busy streets or highways with heavy traffic, garbage dumps, substation views and noise, residential views of industrial areas and old mobile home parks. In order for these influences to impact value they would have to be extreme and in most cases impact a limited number of adjacent properties. It is important to note that many of these negative influences are relative to comparables taken from other areas and are not necessarily negative for comparables from the similarly situated area.

Municipality of Anchorage Local Residential Realtors' Feedback

Similar to the question proposed to appraisers, Realtors were interviewed to ascertain if they had detected any influence of cell towers in their experience with buyers and sellers. Eight Realtors interviewed represented involvement of approximately 16,400 transactions, with over 160 years of experience within the local market. Their responses were generally that there was no significant influence and, oftentimes, if cell towers were disguised, they were overlooked. There was an acknowledgment that if cell towers interfered significantly with the view shed, such as a large, direct, obstruction, which obstructed an otherwise scenic view, it may be an issue. However, there were no specific situations noted in this regard. One realtor commented that if there were a large tower developed immediately adjacent to the property it might have some influence, but it depended on the degree and how well screened the tower would be. In several cases, Realtors commented that they were never discussed, or, not known to have existed in areas where they were present.

The Realtors were asked what kind of negative influences in the market they would consider substantial or measurable due to locational elements. Examples included busy roads, close to large power poles, home in areas with a mixed build up, neighbors with poor upkeep/ maintenance, located near horse stables and areas with airport noise were

all mentioned. Properties that had persistent noise or heavy traffic and significant view obstruction may be considered significant within the market. When queried about less significant negative influences that may not be substantial, the indication was that if the degree of influences were moderate or subtle, they would not be significant market determinacies.

1.4 ANECDOTAL DATA

The presence of cell towers in many instances is unnoticed. There are comments from Realtors who sold houses adjacent to cell towers that they were not even aware the cell towers were there. One realtor noted that a lack of cell coverage in the Highland area of Eagle River was a deterrent to potent buyers in the area.

There seems to be an acknowledgment in the market that a large tower immediately blocking a scenic view could have an influence on value but this would be a rare case. This is not the same cell tower within a view shed which is common in many neighborhood settings. There was no anecdotal data related to Chugiak/ Peters Creek residential areas that would indicate well-situated, disguised cell towers would have a negative impact on surrounding property values.

The appraiser has reviewed various cell tower locations in the area. The most competitive towers would be those located in the areas between north Eagle River and Eklutna as noted in Figure 6.



FIGURE6- ANTENNA AND TOWER LOCATIONS FROM NORTH EAGLE RIVER TO EKLUTNA

Based on the research done so far and the interviews with knowledgeable market observers, it does not appear likely that the most competitive similarly situated cell towers would produce a negative influence on market values discernible by a paired sales technique. We could further study these various neighborhoods but believe the conclusions reached over many years of appraisal and sales experience within them would not yield a different conclusion.

1.5 CONCLUSION

We have reviewed competing potentially similar neighborhood areas. We have found a lack of documented discounts or negative market reactions towards the presence of cell towers in these residential settings. This is confirmed by interviews with local knowledgeable market observers. It is therefore our opinion there would be no substantial decrease in value due to the presence of the proposed cell tower to the surrounding neighboring properties. It is further our opinion that if a more in-depth study was completed through market price comparisons, it is highly probable it would not change this conclusion.