

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT, AT ANCHORAGE

ALASKA BUILDING, INC., an Alaska
corporation,
Plaintiff
vs.
716 WEST FOURTH AVENUE LLC, and
LEGISLATIVE AFFAIRS AGENCY,
Defendants.

COPY
Original Received
OCT 03 2015
Clerk of the Trial Courts

Case No. 3AN-15-05969CI

AFFIDAVIT OF LARRY NORENE

THIRD JUDICIAL DISTRICT)
STATE OF ALASKA)ss

LARRY NORENE, being first sworn under oath hereby deposes and states as follows:

1. I am a retired real estate appraiser and Alaska commercial real estate broker very familiar with the Anchorage commercial real estate market, including the core downtown area.

2. I have reviewed the so-called "Extension of Lease and Lease Amendment No. 3," dated September 19, 2013, by and between, 716 West Fourth Avenue LLC and the Alaska Legislative Affairs agency pertaining to the Legislative Affair Agency leasing 716 W. 4th Avenue, Anchorage, Alaska, for its Anchorage Legislative Information Office (LIO Lease).

3. I have also reviewed the Rental Value Appraisal Report, Anchorage Legislative Information Office, Prepared for Alaska Housing Finance Corporation, as of June 1, 2014, by Timothy R. Lowe pertaining to the LIO Lease (Lowe Appraisal) and offer my opinion of the maximum fair market rent as of that date.

4. This estimate is based on the high end of a possible range, using market comparison, using full floor net rentable area in accordance with the market, and using full service lease comparisons which require an adjustment to reflect the subject net net lease.

5. At that time, it is my opinion that the maximum rent attainable would be \$2.00/square foot/month for the basement, and \$3.25/square foot/month for the upper floors for a full service lease, as follows:

Market Rates	Square Feet	Monthly per sq/ft	Monthly	Annual	Over Lease Term
Basement	9,806	\$ 2.00	\$ 19,612	\$ 235,344	\$ 2,353,440
Upper Floors	45,194	\$ 3.25	\$ 146,881	\$ 1,762,566	\$17,625,660
Market Rent Totals			\$ 166,493	\$ 1,997,910	\$19,979,100

6. The LIO Lease is for a completely net lease, and deducting the operating costs as estimated in the Lowe Appraisal, estimated at \$10/square feet/year, the fair market rent for completely net lease is \$1,447,910/year, or \$120,659/month.

7. Then, taking 90% of that as being the maximum allowed under AS 36.30.083(a), the maximum allowable lease rate would be \$1,303,119 per year or \$108,593 per month.

8. Thus, the LIO Lease charges \$2,076,537 per year over what is allowed under AS 36.30.083(a), or \$2,076,537 per month over what is allowed under AS 36.30.083(a).

9. Putting all of these and over the lease term figures in a matrix is as follows:

Market Rates	Square Feet	Monthly			Over Lease Term
		per sq/ft	Monthly	Annual	
Basement	9,806	\$ 2.00	\$ 19,612	\$ 235,344	\$ 2,353,440
Upper Floors	45,194	\$ 3.25	\$ 146,881	\$ 1,762,566	\$17,625,660
Market Rent Totals			\$ 166,493	\$ 1,997,910	\$19,979,100
Deduct Operating Expenses for Triple Net			\$ (45,833)	\$ (550,000)	\$ (5,500,000)
Adjusted for Triple Net Lease			\$ 120,659	\$ 1,447,910	\$14,479,100
90% of Market Allowed By 36.30.083(a)			\$ 108,593	\$ 1,303,119	\$13,031,190
LIO Lease			\$ 281,638	\$ 3,379,656	\$33,796,560
Amount Over AS 36.30.083(a) Allowable			\$ 173,045	\$ 2,076,537	\$20,765,370


FURTHER YOUR AFFIANT SAYETH NAUGHT.

DATED this 2 day of Oct., 2015.


 Larry Norene

SUBSCRIBED AND SWORN TO before me this 2 day of OCTOBER

2015.


 Notary Public in and for Alaska
 My Commission Expires: 8-21-17

