

CONFIDENTIAL

August 14, 2013

Steven Kantor
Managing Director
First Southwest Company
250 W 57th Street
Suite 1420
New York, New York 10107

Re: Anchorage Legislative Office Building Project
Rental Value Appraisal

Dear Mr. Kantor:

This letter sets forth the agreement between First Southwest Company (the "Firm") and Waronzof Associates, Incorporated ("Waronzof"), effective as of this date, whereby Waronzof personnel will provide to the Firm the services described herein. We understand that such services are being requested by the Firm in connection with the Firm's services to Alaska Housing Finance Corporation ("AHFC" or "Your Client"). We agree that Timothy Lowe, Principal of Waronzof Associates, Inc. will be engaged as an Appraiser in this matter.

We understand that the work product and files of the Appraiser will be confidential through preparation of the analysis and report, after which we understand the report will become a public document, and part of the business records of Your Client. Accordingly, our records and materials will be maintained by us as confidential in accordance with the terms hereof. It is agreed that those materials and all other working papers and other documents prepared or received by us pursuant to this engagement will not be disclosed by us to third parties without the Firm's consent, except as may be required by law, regulation, or judicial or administrative process, in accordance with applicable professional standards, or in conjunction with litigation arising hereunder.

Waronzof will prepare a market value appraisal estimating the rental value of proposed office space to be utilized by the Alaska Legislative Council under the terms of a long term lease now under evaluation. The purpose of this appraisal will be to estimate rental value as of a specific date in conjunction with Your Client's efforts to evaluate the terms and conditions of the proposed lease. The intended users of the appraisal analysis and report include the Firm, Your Client and the Alaska Legislative Council, the ultimate tenant under the terms of the proposed lease. The specific procedures to be performed by Waronzof will be established based on discussions with you as the engagement progresses and additional information is obtained during the course of the engagement. Waronzof is also prepared to consider providing mutually agreeable assistance in any other areas that may be identified during the course of this engagement. Waronzof's work will be completed in a manner that is consistent with applicable professional standards.

The Firm agrees that it will advise Waronzof in a timely manner of any applicable legal requirements concerning the services to be provided by Waronzof, including, without limitation, the identification of any reports to be provided by Waronzof and the filing deadlines for such reports. Waronzof does not, in advance of obtaining sufficient relevant information and completing its analyses, provide any assurance that it will be able to support any position. The Firm and Your Client each agrees that any



written reports, schedules, other materials, or documents prepared or provided by Waronzof are to be used only for the purpose of the above-entitled matter and will not be disclosed, published, or used, in whole or in part, by the Firm or Your Client for any other purpose without Waronzof's prior written permission.

CONFLICTS

An internal search within Waronzof was performed for any potential client conflicts based on the names of the parties you have provided to us. No client conflicts within Waronzof were found with respect to any of the parties to the matter whose names were listed. The Firm agrees that it will inform Waronzof of additional parties to this matter or of name changes for those parties whose names were provided by the Firm. Should any potential conflict come to the attention of Waronzof we will advise you promptly. The Firm and Your Client herein acknowledge that Waronzof has, in years, past provided valuation and consulting services to entities owned or controlled by Mr. Mark Pfeffer, acting in this pending lease transaction, as an agent for, or principal of, the landlord.

ENGAGEMENT STAFFING AND FEES

Timothy Lowe will serve as the Appraiser and will be actively involved in the performance of the engagement and will use such other staff for assistance as deemed necessary. Technical support may also be provided by other professionals who will be identified during the course of the engagement. We bill on a time and expense basis, with our fees determined by the tasks required and the related time spent. We endeavor to use the least expensive staff appropriate for a particular task.

Our billing rates range from \$75 to \$350 an hour, based on our current estimate of staffing requirements, which could change as a result of the types of activities we will be asked to perform. The hourly rate for the designated Appraiser will be \$350 an hour. Our hourly rates are adjusted from time to time; we will advise you promptly if a rate adjustment is made by Waronzof. In addition to professional fees, our bills will include engagement-related expenses, such as charges for secretarial services, long distance telephone, data purchases, computer usage, travel, messengers, and photocopying. Consumable supplies such as telephone charges, engagement supplies and small items will be charged at 3.5% of our professional time charges. We intend to meet with you regularly to discuss our ongoing work and associated fee estimates. We will rely on you to communicate such estimates to your client. Your signatures below are your acknowledgments that payment of our fees and expenses are not contingent upon either (a) the results of any analyses we complete or opinions that we form or (b) the final resolution of the above-entitled matter. Waronzof anticipates a 30 to 40 hour workplan for this engagement, suggesting estimated professional fees of \$9,000 to \$12,000, plus additional expenses, including travel and per diem.

Invoices will be presented monthly and are due upon presentation. Invoices upon which payment is not received within 30 days of the invoice date will accrue a late charge of the lower of 1 & 1/2% per month or the highest rate allowable by law, in each case compounded monthly to the extent allowable by law. In addition to all other rights and remedies, we reserve the right to halt, or to terminate entirely, the provision of further services until payment is received on past-due invoices. If we should be requested to testify, you agree that we be paid in full for all work performed to date prior to our testimony.

Our normal practice is to obtain a retainer, and we are herewith requesting such a retainer of \$5,000.00. This is an "evergreen" retainer, and shall be held against the final invoice for this engagement; any unused retainer will, of course, be refunded. Please understand that Waronzof's services will not begin until we have received a fully executed engagement agreement and have received a retainer payment.

We are prepared to begin work promptly. During the next week, we will be actively reviewing documents and talking with you to develop an understanding of the issues and supporting materials that have been collected to date. During this time, and in a manner consistent with your direction, we will be

able to estimate the required work effort and associated fees for the initial phase of the engagement. The nature of our work will require that this estimate be flexible, but we will discuss in advance with you any substantial variances.

In addition to the services described above, you agree we will be compensated for any time and expenses (including, without limitation, reasonable legal fees and expenses) that we may incur in considering or responding to discovery requests or other requests for documents or information in conjunction with Waronzof's services in this engagement, or in participating as a witness or otherwise in any legal, regulatory, or other proceedings, including, without limitation, those other than the instant matter, as a result of Waronzof's performance of these services.

Our invoices shall be presented to the Firm, with copies sent simultaneously to Your Client. We understand that our invoices shall be paid by Your Client through the Firm. We acknowledge and agree that, in no event, is the Firm obligated to provide payment to Waronzof for any compensation or expenses incurred during the course of this engagement unless the Firm has received payment from Your Client for fees and expenses charged under this agreement.

We understand Your Client herein agrees to pay each invoice in a timely manner and not to withhold timely payment pending approval of the invoice by the Firm. Exhibit 1 to this engagement agreement describes our billing and invoicing procedures and identifies contact persons for billing and collection matters.

WORKPAPER RETENTION

The Firm and Your Client herein acknowledge Waronzof's workpaper and document retention practices, which require retention of Waronzof's workpapers and associated documents for a period of five years following the completion of Waronzof's services or disposition of the matter involving Waronzof's services, whichever is later.

LIMITATION ON LIABILITY

First Southwest Company and Alaska Housing Finance Corporation each agrees that Waronzof and its personnel will not be liable to First Southwest Company or Alaska Housing Finance Corporation for any claims, liabilities, or expenses relating to this engagement for an aggregate amount in excess of the fees paid by Alaska Housing Finance Corporation to Waronzof pursuant to this engagement, except to the extent finally judicially determined to have resulted from the bad faith or intentional misconduct of Waronzof. In no event will Waronzof or its personnel be liable for consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this engagement.

ENTIRE AGREEMENT; JURISDICTION

This engagement letter constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings among the parties, whether written or oral, with respect to the subject matter hereof. The Firm and Your Client herein agree that this agreement shall be interpreted under the laws of the State of Alaska.

TERMINATION OF OFFER TO PROVIDE SERVICES

Waronzof's agreement to provide the services described herein shall terminate if this engagement agreement is not executed by August 23, 2013.

Steven Kantor
August 14, 2013
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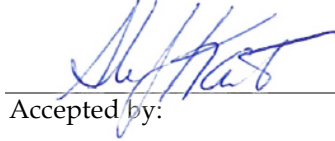
If the foregoing represents your agreement and has the concurrence of your client, please sign and have your client sign below in the space provided and return it to us. We appreciate the opportunity to serve you and look forward to your prompt response.

Very truly yours,

WARONZOF ASSOCIATES, INC.



By: Timothy R. Lowe, MAI, CRE, FRICS
Principal



Accepted by:

FIRST SOUTHWEST COMPANY

Accepted by:

ALASKA HOUSING FINANCE CORPORATION

By: Steven J. Kantor

Title: Managing Director

Date: 8/15/13

By: _____

Title: _____

Date: _____

EXHIBIT 1
WARONZOF BILLING AND INVOICE PRACTICES

For the convenience of the Firm and Your Client, Waronzof Associates, Inc. billing and invoicing practices are summarized below:

- Unless otherwise described by our engagement agreement, Waronzof bills on a time and expense basis, and maintains daily timekeeping records.
- Timekeeping records are organized by client and are summarized on our invoices providing information such as the name of the professional, date of the time incurred, the category of time allocation (e.g. "client meeting" or "document review"), additional descriptive information about the activity, the amount of time incurred and the charge arising from that professional time. Timekeeping records are kept in increments of not less than one-quarter hour.
- Reimbursable expenses are organized by client and by category, with descriptive information about the expenditure and its purpose. Copies of receipts (where applicable) are provided to the client with our invoice. Reimbursable expenses are not marked-up.
- Where our professional time charges or reimbursable expenses exceed any agreed-upon limit, all time and expenses will be shown on our invoice, as well as an adjustment to conform our billing to any agreed-upon limit.
- Invoices are issued biweekly and are payable with 20 days following the invoice date.
- Invoices may be issued electronically – via email – at Waronzof's sole discretion.
- A statement will be issued 20 days following the invoice date and biweekly thereafter.
- Our procedures assume that our invoices will be promptly reviewed and approved by the Firm and forwarded to Your Client for payment. Payment on invoices shall not be delayed due to failure of the attorney to approve the invoice.
- Invoices upon which payment is not received within 30 days of the invoice date will accrue a late charge of the lower of 1.5% per month or the highest rate allowable by law, in each case compounded monthly to the extent allowable by law.
- In addition to all other rights and remedies, we reserve the right to halt, or to terminate entirely, the provision of further services until payment is received on all past-due invoices.
- All outstanding invoices must be paid in full prior to trial, arbitration or hearing testimony.

Invoices to the Firm will be issued to:

Steven Kantor
Managing Director
First Southwest Company
250 W 57th Street
Suite 1420
New York, New York 10107
Phone: _____
steven.kantor@firstsw.com

Please contact Waronzof Associates, Inc. at (310) 322-7744 for questions or comments concerning our billing and invoicing procedures.