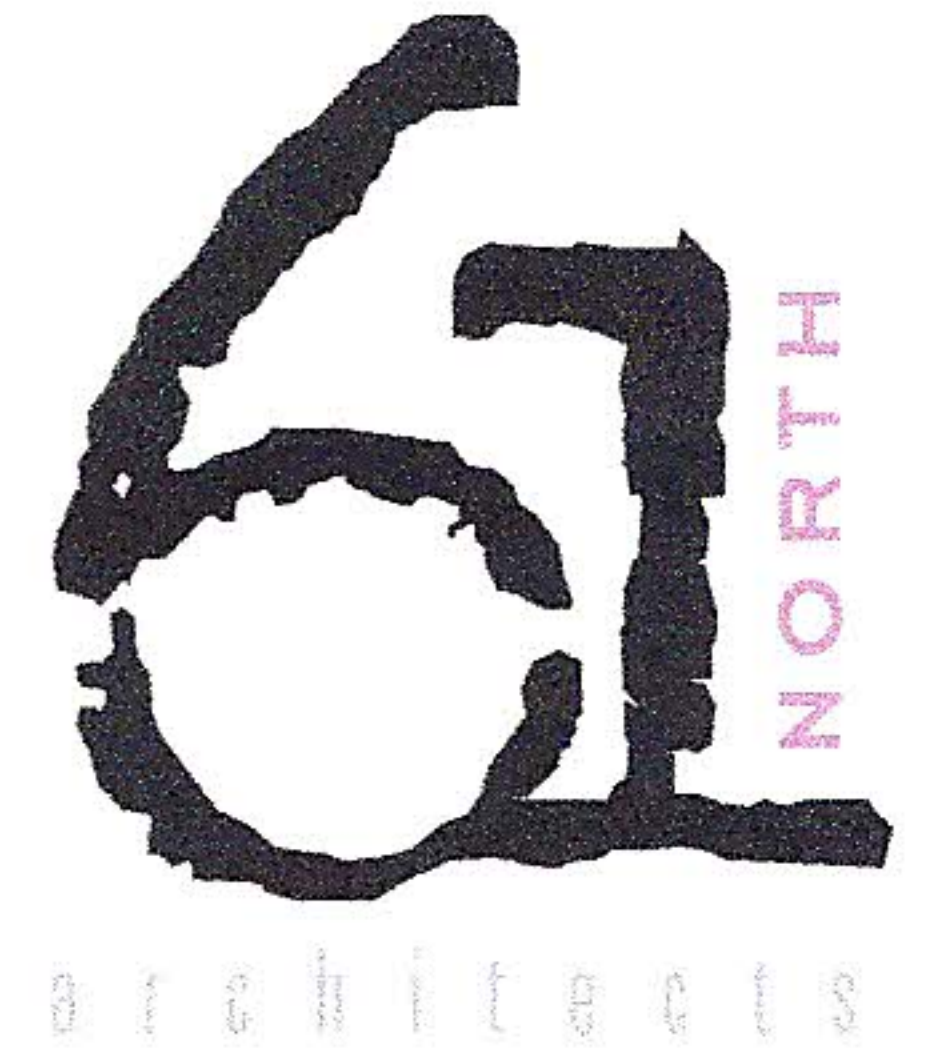


June 21, 2013

c/o MediCenter
Atten: Rosanne Louise Carlson, Ray Lynn Carlson
10543 Kenai Spur Hwy.
Kenai, AK 99611



Building Address:
100 Trading Bay Drive
Kenai, Alaska 99611

Re: MediCenter
61northarchitects Project No. 2K1337

Dear Mr. and Mrs. Carlson:

We were tasked to determine the "net present value" of the building as defined by AMA - Estimated Useful Lives of Depreciable Hospital Assets at 100 Trading Bay Drive for MediCenter. We did an inspection of the facility on Thursday, June 20, 2013 to verify it's current condition. We based our understanding of the building's "net present value" on the current building condition and how it relates to the lease. The building is understood to be constructed in 1967.

The building construction is as follows:

Exterior Walls:

The exterior walls are 8" and 12" concrete block with 2x_ wood furring, 1 1/2" batt. insulation and gypsum wall board. This is an R-value of about 8. The walls are in good condition but the R-value is low for current standards.

Windows and Doors:

The windows and doors at the entrances are a center-glazed aluminum storefront system. The storefront system is assumed to not be thermally broken. The windows are single-pane and the infill panels are painted masonite. This window and door system is inefficient for current standards.

Roof:

The roof construction is glu-lam beams on steel columns, 2x12 roof joists, plywood and then the roof system above. We did not core the roof system; however, we assume it to be a cap layer, over a cover board, over a small amount of insulation. The roof has drains but there was evidence that the roof was close to flat and did not slope to the drains. The ceiling in the space was removed, so we could not determine if the roof currently leaks, however, the framing showed signs of water-staining at the drains, between joints in the plywood deck, and at the building perimeter.

Floor:

The floor is a concrete slab and it is unknown if there is a vapor barrier under the slab.

Plumbing, Ventilation and Heating:

There are three boilers that run hot water, ceiling-mounted unit heaters. The boilers are 240,000 BTU's each. The plumbing is out-of-date and may not be built to current standards. There is no mechanical ventilation in the building. The entry doors are the only source of ventilation.

The bathrooms are currently not useful or code compliant and will require a full upgrade for ADA in any tenant improvement scenario.

Using the methodology of the AMA - Estimated Useful Lives of Depreciable Hospital Assets, the building would result in a zero valuation-as the building is 36 years old, of "Type V" (wood) construction, and given a zero year economic life per (2008) Estimated Useful Lives of Depreciable Hospital Assets, and therefore beyond its "economic lifespan". Our understanding of the building components as described above, confirms this conclusion.



Sincerely,
chris Cole Architect, AIA, NCARB, LEED

61northarchitects
3400 Spenard Road, suite 12
Anchorage, Alaska 99503
Ph (907)274-4446, Fax (907)274-4445
ccole@61northarchitects.com
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