



January 8, 2015

✓G-Hill, LLC

Attn.: Stephen M. Adams, Sr., President  
1118 E. 70<sup>th</sup> Avenue, Suite 200  
Anchorage, AK 99518

Certified Mail 7013 0600 0001 1662 4081

Subway Real Estate, LLC

Attn.: Ernest A. Oliver, Jr.  
325 Bic Drive  
Milford, CT 06461

Certified Mail 7013 0600 0001 1662 4098

Re: **FINAL LETTER of INTENT**  
Knik Arm Crossing  
Project No. AC-HPRL-0001(431)/53735  
Parcel No. 80

Dear Messrs. Adams and Oliver:

On April 15, 2013 and again on August 13, 2013 the Knik Arm Bridge and Toll Authority, an agency of the State of Alaska Department of Transportation and Public Facilities (DOT&PF), offered the appraised fair market value of \$529,200 to acquire the leasehold estate of the above-referenced parcel, known as Parcel No. 80, for the Knik Arm Crossing (KAC) project. The fair market value offer for G-Hill, LLC's leasehold interest in the property includes Subway's sub-lessee interest. The amount of \$529,200 was offered based on the Black-Smith, Bethard & Carlson, LLC appraisal report dated December 19, 2012 and the Review Appraiser's Determination of Just Compensation approved January 29, 2013.

The property was examined by qualified appraisers and a review appraiser, who have considered all of the elements that contribute to the fair market value of the leasehold interests of G-Hill, LLC (G-Hill), in Lease Contract No. 9407 with the Alaska Rail Corporation (ARRC), and Subway Real Estate, LLC (Subway), Sub-Lessee to G-Hill.

HDR staff has made numerous attempts to contact you in an effort to further discuss the project, along with discussing the compensation and relocation benefits being offered by DOT&PF. However there has been no substantive response from you or your representatives regarding this offer. In order to ensure the project's established schedule, we must now move forward with obtaining possession of the requisite land rights being sought through DOT&PF's power of eminent domain.

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**FINAL OFFER LETTER**

Knik Arm Crossing; Project No. AC-HPRL-0001(431)/53735

Parcel No. 80, G-Hill and Subway

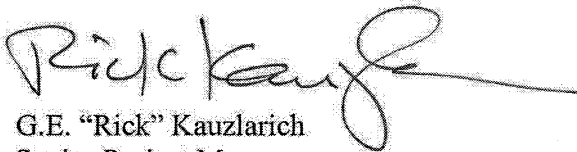
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In the event that you do not wish to sell for the price stated above and the conditions set forth in the Memorandum of Agreement previously sent to you, this Final Letter of Intent is to serve notice that DOT&PF will begin the process to acquire the leasehold and sub-lessee interests through eminent domain procedures. In such proceedings DOT&PF will deposit the just compensation with the Clerk of the Superior Court so that the project can be completed while the courts settle this matter.

I am instructed to inform you that if you do not respond to this letter and if there is not some form of mutual agreement reached between the parties within 14 days of your receipt of this letter, the property acquisition file will be turned over to the State of Alaska, Department of Law, Attorney General's Office.

Sincerely,  
HDR



G.E. "Rick" Kauzlarich  
Senior Project Manager  
Real Estate Services

cc: Judy J. Dougherty, P.E., State of Alaska, DOT&PF, Director, Knik Arm Crossing Project  
Jeffrey P. Stark, Chief Assistant Attorney General, Transportation Section, State of Alaska, Office of the Attorney General  
Patricia Thayer, SR/WA, Sr. Real Property Specialist, HDR  
Dan K. Coffey, Esq., Attorney