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April 12, 2004

Mr. James K. Barnett, General Manager  
Passage Canal Development LLC  
Whittier Marina Condominium Assn., Inc.  
10050 Prospect Drive  
Anchorage, AK 99507

Subject: Wave Analysis Within Phase One Whittier Marina

Dear Jim:

As a result of your initial owners meeting last week, you have asked for an analysis of the wave conditions within the "phase one" Whittier Marina. Please share the following with marina purchasers. In summary, we conclude that the wave conditions within this phase of the new marina are well within the norms established for Alaska harbors, and that you may proceed with project construction and purchasers may be confident in the final product.

In designing this marina, we have carefully studied weather conditions in Passage Canal for years, and particularly waves that occur during the very rare storm days. We have found that area wind conditions are predictable, given the presence of very large mountains surrounding Whittier, and that they arise either from the west or east. If winds come from the west, out of Portage Pass, there is inadequate distance for the waves to build to cause significant wave action within the harbor. However, waves originating from the east, within Prince William Sound, have the ability to build to as high as four feet in a storm that might appear every five years, which is the period of storm activity that we consider in designing marinas like this.

We have prepared the attached map of this phase of the marina, showing the deflection of waves coming from the east as they enter the marina during such a rare storm event. Our analysis demonstrates that, after the cruise dock is in place, the marina is generally placid even during a significant storm. We predict maximum, four-second waves of 2 feet will affect vessels moored on the east side of M Float, which is the design tolerance for the kind of large craft docking at

such floats. Further, given the formidable float construction provided by Shoreside Marinas, the floats themselves will provide significant added protection to vessels moored in such stormy days. We therefore conclude that wave impacts on vessels in the marina on heavy storm days are less significant than during normal vessel operations while at sea.

In the event of westerly winds and waves, common in clear winter days, we have designed a fifth float (N Float), which will be placed in the intended location for use when the second phase of the marina is completed. Because westerly waves are choppy, short period waves, we are confident this float will deflect the wave conditions arising from the west and minimize impacts on any vessel in the marina.

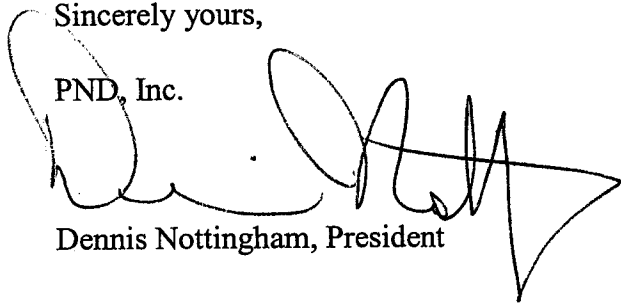
In summary, we conclude that, if properly moored, vessels docked within this marina will be quite safe and not encounter any more rigorous conditions within the marina in a heavy storm than the conditions encountered at sea during a normal summer day. Further, we consider the wave conditions within the new marina to be less substantial than many existing harbors operating successfully in Alaska and on the West Coast today.

I will be glad to discuss this matter with interested boaters, and provide information on mooring techniques for storms, such as spring lines.

Sincerely yours,

PND, Inc.

Dennis Nottingham, President

A handwritten signature in black ink, appearing to read 'Dennis Nottingham', written over the typed name.