

MARKET VALUE APPRAISAL
Of
Copper Center, Glennallen, & Lake Louise
Parcels
For 2013 Auction

Appraisal Report No. 3638



STATE OF ALASKA

Department of Natural Resources
Division of Mining, Land and Water
550 West 7th Avenue, Suite 650
Anchorage, AK 99501-3576

MEMORANDUM

State of Alaska

Department of Natural Resources

Tel (907) 269-8513
Fax (907) 269-8914
brandon.simpson@alaska.gov

Division of Mining, Land and Water

550 West 7th Avenue, Suite 650
Anchorage AK 99501-3576

DATE: January 14, 2013

TO: Kevin Hindmarch
Review Appraiser

FROM: Brandon Simpson *BS*

SUBJECT: Appraisal of 19 parcels of land located near the communities of Copper Center, Glennallen, and Lake Louise. The parcels are being appraised to establish minimum bid price for sale at auction.

As requested, I have completed an appraisal of the referenced parcels. I understand that this appraisal will be used to determine the minimum purchase price for the above referenced parcels. I am submitting this report for your review and approval.

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal foundation and in accordance with the Special Appraisal Instructions (DNR Land Disposal), DNR. This is a Summary Appraisal Report based on the General Assumptions and Limiting Conditions, Hypothetical Condition and Extraordinary Assumption (see Page 7) stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I have inspected the subject area and most of the comparable sales used in this report. Physical descriptions of the subject parcels are based on physical inspections, soil maps, aerial photography and topographic maps. Based on my observations and analysis of all available data, I have formed an opinion of market value as of the effective date of value.

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ADDENDA

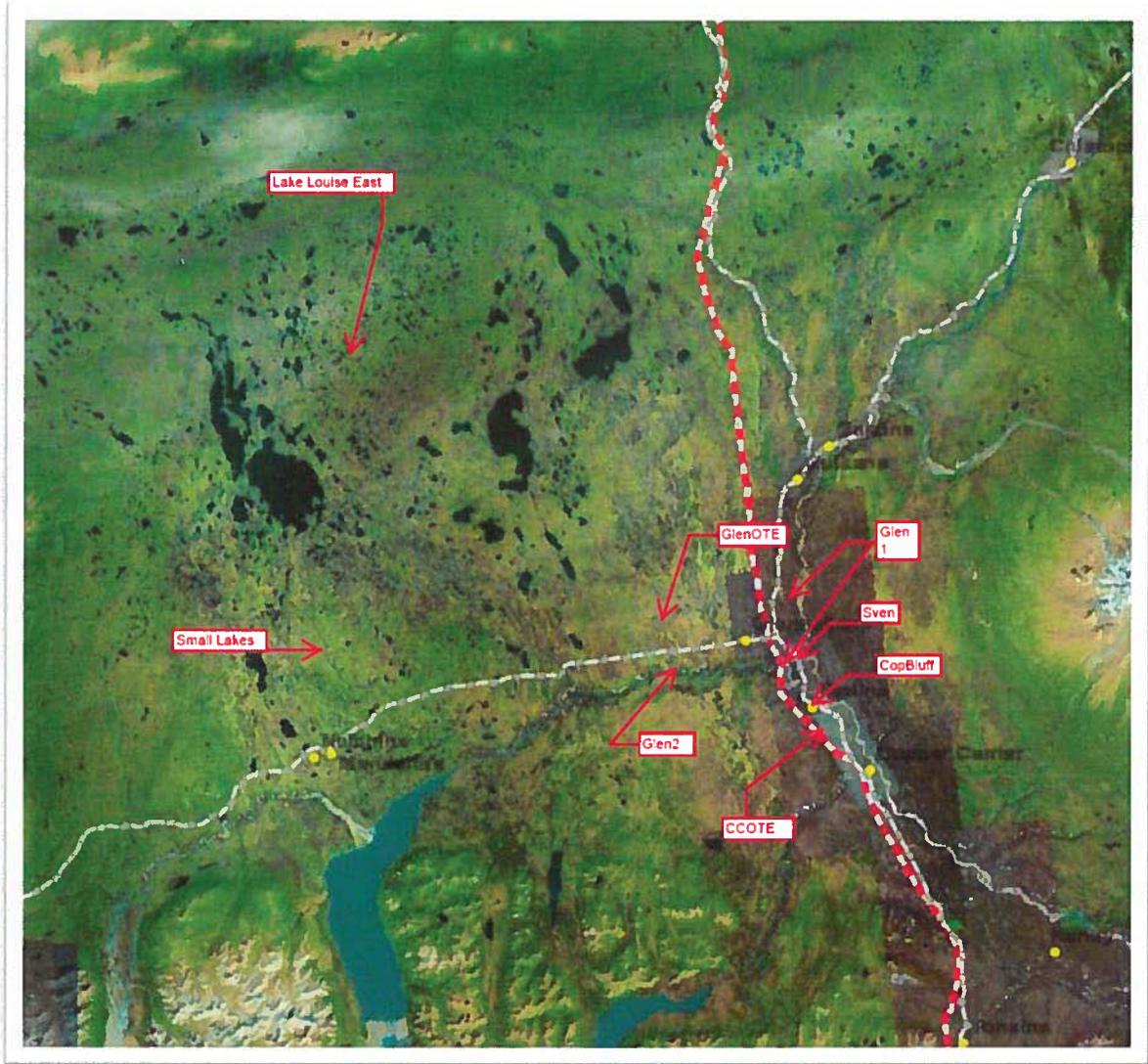
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APPRAISAL SUMMARY

Location

Subdivision Name	Location	Lot Size (acres)
Copper Bluff	About 4 miles north of Copper Center and 6 miles south of Glennallen. Subdivision is located between the Richardson Highway and the Copper River	1.04 to 2.25
Copper Center OTE	About ten miles southeast of Glennallen, between the Richardson Highway and the Trans-Alaska Pipeline.	2.67
Glennallen I	One of the Glennallen I parcels is found south of the Glenn and Richardson Highway intersection. The other Glennallen I lot is found northeast of the intersection.	2.50 and 20
Glennallen II	South of the Glenn Highway about 3 1/2 miles west of the Glenn and Richardson Highway intersection.	19.98
Glennallen OTE	North of the Glenn Highway about 5 miles west of the Glenn and Richardson Highway intersection.	17.9
Lake Louise East	The parcels are found 4 to 7 miles northeast of Lake Louise.	18.22 to 20
Small Lakes	About five miles northeast of the Lake Louise Road and Glenn Highway intersection.	20 to 39.99
Sven	Subdivision is found on the west side of the Richardson Highway at Milepost 114, approximately one mile south of the intersection with the Glenn Highway.	2

Location Map



Value Summary

Subdivision	ADL	Survey	Lot/ Tract	Block	Size (acres)	Value (RND)
Copper Bluff	230576	2006-61	1	1	2.25	\$13,100
Copper Bluff	230583	2006-61	2	2	1.04	\$22,500
Copper Bluff	230587	2006-61	6	2	1.30	\$26,000
Copper Bluff	230589	2006-61	8	2	1.21	\$25,700
Copper Bluff	230595	2006-61	14	2	1.07	\$22,900
Copper Center OTE	204608	79-42	8	8	2.67	\$5,100
Glennallen I	203200	79-144	45		20.00	\$16,700
Glennallen I	203336	79-144	94		2.50	\$5,000
Glennallen OTE	204741	79-36	5		17.90	\$16,100
Glennallen II	204797	79-251	1		19.98	\$17,600
Lake Louise East	230243	2007-23	1		19.25	\$34,700
Lake Louise East	230244	2007-23	7		20.00	\$33,200
Lake Louise East	230245	2007-23	6		18.70	\$33,700
Lake Louise East	230255	2007-23	4		18.22	\$32,800
Small Lakes	219190	Plat 83-23	B		20.00	\$16,700
Small Lakes	219191	Plat 83-23	C		20.00	\$17,600
Small Lakes	219220	Plat 83-23	H		39.99	\$25,100
Small Lakes	219227	Plat 83-23	S		39.99	\$25,100
Sven	230143	2004-43	9	2	2.00	\$11,600

PREMISES OF THE APPRAISAL

Type of Appraisal and Report

This appraisal is a Summary Appraisal Report prepared in accordance with Standards Rule 1 and 2 of the current edition of Uniform Standards of Professional Appraisal Practice (USPAP), and in accordance with DNR's Special Appraisal Instructions – DNR Land Disposal.

Purpose of Appraisal

The purpose of this appraisal is to estimate current market value.

User and Client Identity

This appraisal is prepared for the State of Alaska, Department of Natural Resources and the general public.

Intended Use of Appraisal

The appraisal will be used by DNR to establish the minimum price for a sealed bid auction and will be used by the general public for guidance in determining actual bid prices.

Property Rights Appraised

Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under **AS 38.05.125(a)**.

Fee simple estate is defined as¹:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

AS 38.05.125(a) states²:

Reservation. (a) Each contract for the sale, lease or grant of state land...is subject to the following reservations: "[sic] the party of the first part, Alaska, hereby expressly saves, excepts and reserves... unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and with may be in or upon said land...[and the right] to occupy as much of said land as may be necessary or convenient... to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved."

Definition of Market Value³

"The most probable price, as of a specified date, in cash, or terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

Effective Date of Value

The subject properties were inspected August 13th and 14th, 2012. The comparable sales that were not previously inspected were inspected over these days. The effective date of value is August 14, 2012

Date of Report

January 14, 2013

¹ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.112

² Alaska Statutes Title 38, Public Land Article 5, accessed 16 November 2012.

<Codes.lp.findlaw.com/akstatutes/38/38.05./05./38.05.125>

³ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.23

Exposure Time

Exposure time is defined as⁴:

"...the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal."

The parcels are recreational lots located near the communities of Copper Center, Glennallen and Lake Louise. The exposure time varies for the subject parcels. For the more desirable parcels, an exposure time of up to one year is reasonable. This group includes the Sven parcel which has gravel access, the Copper Bluff parcels that are located on the bluff and the Lake Louise East parcels. The remaining parcels have an exposure time of up to three years.

Sale History

Many of the subject parcels have previously been sold. The sales history is detailed here:

ADL 204608 (Copper Center OTE) – An application was received 6/21/10. The contract was terminated 12/23/11.

ADL 203336 (Glennallen I) – An application was received 6/4/07. The contract was terminated 9/16/11.

ADL 204741 (Glennallen OTE) – An application was received 8/06. The contract was terminated 4/22/11.

ADL 219190 (Small Lakes) – An application was received 10/07. The contract was terminated 11/11.

ADL 219191 (Small Lakes) – An application was received 10/07. The contract was terminated 11/11.

ADL 219220 (Small Lakes) – An application was received 1/06. The contract was terminated 2/12.

ADL 219227 (Small Lakes) – An application was received 1/06. The contract was terminated 2/12.

Prior Appraisal History

I have not previously appraised the subject parcels in the preceding three years.

⁴ Uniform Standards of Professional Appraisal Practice 2012-2013, Appraisal Foundation, accessed November 16, 2012
<www.uspap.org/24/>

SCOPE OF WORK

Property and Comparable Sales Inspection

I inspected the Copper Bluff and Sven parcels on the ground August 13, 2012. The remaining parcels were inspected by air on August 14, 2012. The comparable sales that have not previously been inspected were inspected over these two days.

Research and Analysis Conducted

Interviews were conducted with local real estate agents, appraisers, and other individuals familiar with the area who provided information about trends in values, supply and demand. DNR records were searched for recent comparable sales and information about parcels currently available. Previous appraisals of the subject parcels were utilized to help identify pertinent physical characteristics and neighborhood characteristics. Current listings were also searched. The recorder's office was searched to identify any recent sales. Sellers and buyers or other knowledgeable market participants were contacted to verify recent sale prices and other transaction details.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions.

Assumptions and Limiting Conditions

1. The property is appraised as vacant land without structural or site improvements.
2. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.
3. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader in visualizing the properties.
4. Information furnished by others and included in the report is believed to be reliable but the appraiser does not warrant the accuracy of such information.
5. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
6. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
7. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.
8. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for any such conditions, or for arranging engineering studies to discover them.
9. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
10. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include that value of commercial timber, if any.
11. Some of the appraised parcels were inspected from the air. Due to the lack of on-site inspections (aerial only) some physical features are assumed based on conversations with those knowledgeable about the area, photographs and parcel descriptions provided by the surveyors and interpretation of existing maps and aerials. The appraiser reserves the right to modify the value conclusions if an on-site inspection reveals a variation in site features from those assumed in this report.

PRESENTATION OF DATA

Property Identification

Subdivision	ADL	Survey	Lot/ Tract	Block	Size (acres)
Copper Bluff	230576	2006-61	1	1	2.25
Copper Bluff	230583	2006-61	2	2	1.04
Copper Bluff	230587	2006-61	6	2	1.30
Copper Bluff	230589	2006-61	8	2	1.21
Copper Bluff	230595	2006-61	14	2	1.07
Copper Center OTE	204608	79-42	8	8	2.67
Glennallen I	203200	79-144	45		20.00
Glennallen I	203336	79-144	94		2.50
Glennallen OTE	204741	79-36	5		17.90
Glennallen II	204797	79-251	1		19.98
Lake Louise East	230243	2007-23	1		19.25
Lake Louise East	230244	2007-23	7		20.00
Lake Louise East	230245	2007-23	6		18.70
Lake Louise East	230255	2007-23	4		18.22
Small Lakes	219190	Plat 83-23	B		20.00
Small Lakes	219191	Plat 83-23	C		20.00
Small Lakes	219220	Plat 83-23	H		39.99
Small Lakes	219227	Plat 83-23	S		39.99
Sven	230143	2004-43	9	2	2.00

Personal Property

There is no personal property involved with the appraisal of these properties.

MARKET AREA

The subject parcels are located near the communities of Copper Center, Glennallen and Lake Louise. The Glenn and Richardson Highways and Lake Louise Road provide road access to these communities. The subject parcels are recreational parcels that have various access means. Below is a description of the individual subdivisions and nearby communities.

Copper Bluff

Four of the parcels are located in the Copper Bluff Subdivision that is found north of Copper Center about six miles south of the Glenn and Richardson Highways intersection. The subdivision is located between the Richardson Highway and the Copper River. There is a developed apron off the highway that provides parking and allows access into the subdivision. The platted roads in the subdivision, Ravine Road and Wood Avenue, are cleared and partially improved. A 4-wheel drive vehicle, ATV or snowmachine are able to navigate the improved portion of these roads. Access during wet periods may be difficult.

Copper Center OTE

The Copper Center OTE parcel is located about ten miles southeast of the Glen and Richardson Highways intersection. The parcel is located between the Richardson Highway and Trans-Alaska Pipeline. Access into this subdivision is along section line easements. Walk-in, ATV and snowmachine are the primary access means.

Glennallen I

Two parcels are found in the Glennallen I Subdivision. This subdivision is a non-contiguous subdivision with one of the parcels found south of the Glen and Richardson Highway intersections. The remaining parcel is found northeast of the intersection. Access to the parcels is via section line easements.

Glennallen II

The Glennallen II parcel is found south of the Glenn Highway about 3 ½ miles west of the Glenn and Richardson Highway intersection. Access is via a section line easement.

Glennallen OTE

The Glennallen OTE parcel is located north of the Glen Highway, about five miles west of the Glenn and Richardson Highway intersection. Access is via section line easements.

Lake Louise East

Four parcels are found in the Lake Louise East staking area. All of these parcels have frontage on a floatplane accessible lake. It is also possible to access these parcels by snowmachine in the winter.

Small Lakes

There are four parcels located in the small lakes subdivision. These parcels are found northeast of the Glenn Highway and Lake Louise Road intersection. There are numerous trails in the area allowing for ATV or snowmachine access.

Sven

There is one parcel located in the Sven Subdivision. This subdivision is just south of the Glen and Richardson Highway intersection. The Sven parcel has gravel access.

Copper Center

Current Population:	322 (2011 Alaska Department of Labor Estimate)
Incorporation Type:	Unincorporated
Located In:	Valdez-Cordova Census Area
School District:	Copper River School District
Regional Native Corporation:	Ahtna, Incorporated

Copper Center is located between miles 101 and 105 of the Richardson Highway. It is on the west bank of the Copper River at the confluence of the Klutina River. It lies just west of the Wrangell-St. Elias National Park. It lies at approximately 61.955000 North Latitude and - 145.305280 West Longitude. (Sec. 18, T002N, R001E, Copper River Meridian.) Copper Center is located in the Chitina Recording District.

The economy is based on local services and businesses and highway-related tourism. The National Park Service's Wrangell-St. Elias Visitor Center was completed in 2002. The Copper River Princess Wilderness Lodge was also completed in 2002. Two RV Parks and three river boat charter services operate from Copper Center. Many Native residents depend on subsistence hunting, fishing, trapping, and gathering. In 2011, five residents held commercial fishing permits.

The 2006-2010 American Community Survey (ACS) estimated 153¹ residents as employed. The public sector employed 29.4%¹ of all workers. The local unemployment rate was 9.5%¹. The percentage of workers not in labor force was 29.9%¹. The ACS surveys established that average median household income (in 2010 inflation-adjusted dollars) was \$57,679 (MOE +/- \$15,477)¹. The per capita income (in 2010 inflation-adjusted dollars) was \$21,704 (MOE +/- \$6,487)¹. About 12.9%¹ of all residents had incomes below the poverty level.

The majority of homes use individual water wells and septic tanks. Others haul treated well water from a site operated by Copper Center Safe Water. A private Glennallen firm delivers water to home storage tanks for a fee. The school operates its own well-water system. 75% of homes are fully plumbed. Refuse collection services are available from Copper Basin Sanitation. There is a local landfill and an incinerator at mile 102 Richardson Highway. Copper Valley Electric purchases power from the state-owned Solomon Gulch Hydro Facility and owns diesel plants in Glennallen and Valdez.

Copper Center lies on the Richardson Highway. A state-owned 2,200' long by 55' wide gravel airstrip provides for chartered flights and general aviation.

Copper Center is located in the continental climate zone. Winters are long and cold, and summers are relatively warm. Temperature extremes have been recorded from a low of -74 to a high of 96 °F. Annual snowfall averages 39 inches, and total precipitation averages 9 inches per year.

Glennallen

Current Population:	485 (2011 Alaska Department of Labor Estimate)
Incorporation Type:	Unincorporated
Located In:	Valdez-Cordova Census Area
School District:	Copper River School District
Regional Native Corporation:	Ahtna, Incorporated

The community of Glennallen lies along the Glenn Highway at its junction with the Richardson Highway, 189 road miles east of Anchorage. It is located just outside the western boundary of Wrangell-St. Elias National Park. It lies at approximately 62.109170 North Latitude and -

145.546390 West Longitude. (Sec. 23, T004N, R002W, Copper River Meridian.) Glennallen is located in the Chitina Recording District.

Glennallen is the supply hub of the Copper River region. Local businesses serve area residents and Glenn Highway traffic with supplies, services, schools, and medical care. State highway maintenance and federal offices are in Glennallen. RV parks, lodging, fuel, and other services cater to independent travelers. The National Park Service's Wrangell-St. Elias Visitor Center and the Copper River Princess Wilderness Lodge were completed in 2002 at Copper Center. Offices for the Bureau of Land Management, Alaska State Troopers, and the Department of Fish and Game are located here. There are several small farms in the area. In 2011, two residents held commercial fishing permits.

The 2006-2010 American Community Survey (ACS) estimated 283¹ residents as employed. The public sector employed 23.3%¹ of all workers. The percentage of workers not in labor force was 28.4%¹. The ACS surveys established that average median household income (in 2010 inflation-adjusted dollars) was \$49,000 (MOE +/- \$43,949)¹. The per capita income (in 2010 inflation-adjusted dollars) was \$26,858 (MOE +/- \$8,444)¹.

All year-round homes are fully plumbed. Although most residents have private wells in the Glennallen area, the water is often of very poor quality. Glennallen Heights utilizes two wells to serve a piped system, and a local private business delivers water by truck to fill home water tanks. The majority of downtown is connected to a piped sewage system operated by The Glennallen Improvement Corporation. The sewage system serves 52 homes and businesses. Most residences have individual septic tank systems, but permafrost and high water tables cause drainage failures. Refuse collection services and the Class 2 permitted landfill are operated by Copper Basin Sanitation in Glennallen. Copper Valley Electric purchases power from the state-owned Solomon Gulch Hydro Facility and owns diesel plants in Glennallen and Valdez.

The Glenn/Tok Cutoff and Richardson Highway provide year-round road access to other areas of the state. Brenwick's Airport provides public air access, and scheduled services are available. The 2,070' turf airstrip is owned and operated by Copper Basin District, Inc. The Gulkana Airport is located 4.3 miles northeast.

Glennallen is located in the continental climate zone, with long, cold winters and relatively warm summers. The mean temperature in January is -10 °F; in July, it is 56 °F. Annual snowfall averages 39 inches, with total precipitation of 9 inches per year.

Lake Louise

Current Population:	753 (2011 DCCED certified estimate)
Incorporation Type:	1 st Class City
Borough Located In:	Hoonah-Angoon Census Area
School District:	Hoonah City School District
Regional Native Corporation:	Sealaska Corporation

Lake Louise lies 32 miles northwest of Glennallen, on the western border of the Mat-Su Borough, north of the Glenn Highway. Lake Louise Road is 19.3 miles long, from mile 159.8 of the Glenn Highway. It lies at approximately 62.282180 North Latitude and -146.543850 West Longitude. (Sec. 20, T006N, R007W, Copper River Meridian.) Lake Louise is located in the Chitina Recording District.

Lake Louise Recreation Area is popular for boating and fishing. The majority of homes are used only seasonally. Students are home-schooled or attend Little Nelchina Lake School, at milepost

170 of the Glenn Highway.

Lake Louise is known for its lake trout; ice fishing is popular during winter months. Lodges provide year-round accommodations. Many residents are seasonally employed or retired.

The 2006-2010 American Community Survey (ACS) estimated zero¹ residents as employed.

Lodges in the area have individual wells and septic systems, but most of the seasonal homes haul water and use outhouses. Individual generators provide electricity. A borough-operated refuse transfer station is located at Denty's Bush Services, mile 15.5 Lake Louise Road.

A 700' long by 18' wide state-owned gravel airstrip and floatplane site is located at the south end of Lake Louise. There are two additional private strips. Lake Louise Road is accessible from the Glenn Highway.

The temperatures in January range from -9 to 34 °F and in July from 38 to 62 °F. Annual precipitation averages 16.5 inches, with over 50 inches of snowfall.⁵

⁵ Alaska DCCED 'Community Database Online', accessed 13 January 2013.
http://www.commerce.state.ak.us/dca/CF_BLOCK.htm.

DATA ANALYSIS AND CONCLUSION

Valuation Analysis

Three approaches are considered to determine the market value estimate.

Income Approach

The income approach for valuation is used primarily for income producing properties. It utilizes the capitalization process to discount future anticipated net income to a present value. It is not common to lease vacant land for a residential or recreational use; therefore, data that supports this approach is not available.

Cost Approach

The cost approach is based on the assumption that an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the subject property. This approach will separate the value of the land from the value of the improvements to determine the cost of reproducing the improvements. The cost approach is most effective for appraising properties that have newer improvements. The appraised parcels lack any improvements therefore; the cost approach will not be used.

Sales Comparison Approach

The sales comparison approach considers actual sales or prices asked for properties that have similar characteristics of the subject properties. Adjustments are made to the comparison properties so as to determine a price at which they would have sold if they had identical characteristics as the subject properties. This derived price then indicates a value for the subject properties. Some of the characteristics considered include general market conditions, sales terms, location, highest and best use and physical features. Only the sales comparison approach is applicable for valuation of the subject parcels.

Key Parcel Method

In appraising more than one similar parcel, it is an accepted practice to appraise a key parcel that is most representative of the other parcels being appraised. The key parcel may be a hypothetical parcel or an actual parcel. The value of the remaining parcels is then based on a comparison to the key parcel. This methodology replicates typical developer thinking.

Explanation of Adjustments

DNR appraisal instructions state that the appraiser may develop and use quantitative or qualitative adjustments. Ideally, the value differences for any price adjustment is measured by comparing prices of paired sales that are very similar except for the feature of comparison to be measured. When market sales do not support quantifiable adjustments for differences in the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgment in making adjustments. These qualitative adjustments indicate if the feature being adjusted for is superior, or inferior to the *Key Lot*. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

For quantitative adjustments, an adjustment of less than 1.00 means the sale feature is superior to that appraised property and requires a downward adjustment to indicate the value of the key parcel. An adjustment greater than 1.00 means that the sale feature is inferior to the subject, requiring an upward adjustment to indicate the value of the key parcel. An adjustment of 1.00 means the sale feature is similar to the key parcel, and no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the sale price to indicate the value of a key parcel.

The same adjustments and procedures are applied to the key parcel value to indicate the market value of a parcel being appraised, except the direction of adjustment is reversed when comparing appraised parcels to the key parcel. Superior features require a positive adjustment compared with the appraised parcel; inferior features require a negative adjustment. Detailed information about the comparable sales is contained in this report and Addenda. The parcels to be appraised will be grouped as follows:

Copper Bluff
Interior Lots
Lakefront Lots
Sven

COPPER BLUFF LOTS

Five of the subject parcels are located in the Copper Bluff Subdivision. The subdivision is located about four miles north of Copper Center and six miles south of Glennallen, between the Richardson Highway and the Copper River. The entire subdivision is located within a ½ mile of the Richardson Highway. There is an apron on the Richardson Highway at Ravine Drive that provides parking. Wood Avenue is developed as a gravel road from the adjoining Wood Subdivision but ends at the subdivision boundary. The platted roads within the subdivision, Ravine Road and Wood Avenue, are partly improved. From the apron Ravine Road is improved with a mix of rocks, gravel and dirt. Wood Avenue is improved as a rough dirt road to Block 2, Lot 8. Past that lot the platted right-of-way is cleared but not improved. At the time of inspection it was possible to drive along the improved portion in a 4-wheel drive vehicle. The entire subdivision can be accessed by ATV. Electric is available at the highway. As the name implies, the subdivision is located on a bluff above the Copper River. Accessing the Copper River from the bluff is not practical.

The *Copper Bluff Key Lot* is ADL 230587, Lot 6, Block 2, ASLS 2006-61, a 1.30-acre parcel.

Key Lot	Legal Description	Size (acres)
ADL 230587	Lot 6, Block 2, ASLS 2006-61, Plat 2008-12	1.30

The remaining interior parcels included in this analysis are summarized below:

Subdivision	ADL	Survey	Lot	Block	Size (acres)
Copper Bluff	230576	2006-61	1	1	2.250
Copper Bluff	230583	2006-61	2	2	1.040
Copper Bluff	230589	2006-61	8	2	1.210
Copper Bluff	230595	2006-61	14	2	1.070

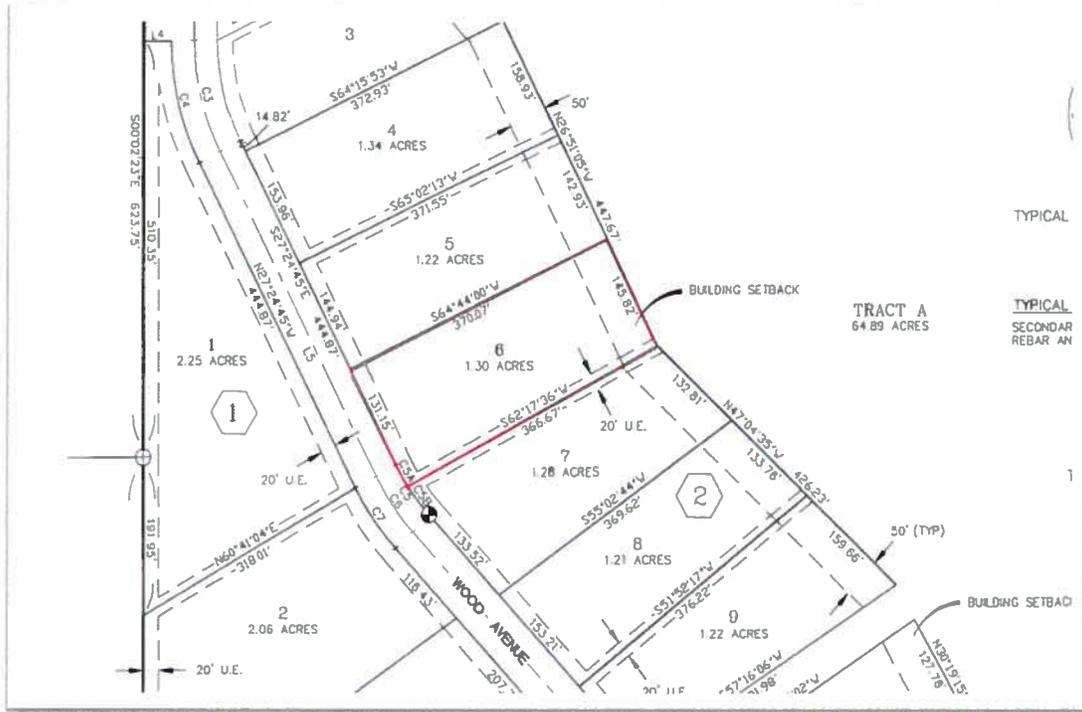
Copper Bluff Key Lot

(ADL 230587, Lot 6, Block 2, ASLS 2006-61)

Location	Copper Bluff Subdivision is located four miles north of Copper Center and six miles south of Glennallen.
Access	Access is partially developed along right-of-ways in subdivision, then along cleared but undeveloped right-of-way.
Size & Shape	1.30-acres, rectangular shaped parcel
Topography	Mostly level
Soils	Appears adequate
Vegetation	Wooded
Utilities	None, at highway
Water & Sewer	None
Easements	Typical
Environmental Hazards	None noted
Zoning Regulations	None
Tax Assessments	None
Ownership History	State of Alaska
Adjacent Land Use	Mostly undeveloped
Amenities	1 st tier bluff lot (separated from bluff by unsubdivided state land)

Survey of Copper Bluff Key Lot

(ADL 230587, Lot 6, Block 2, ASLS 2006-61)



Satellite imagery of Copper Bluff Key Lot

(ADL 230587, Lot 6, Block 2, ASLS 2006-61)





Photograph taken August 13, 2012 (Key Lot is on the right side of the right-of-way)

Highest and Best Use

Analysis of highest and best use for the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as⁶:

“The reasonably probable and legal use of vacant land or an improved property, that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value.”

The land to be valued is considered vacant and thus valued with the highest and best potential use for the property. Value for improvements (when present on the site) is then based on their contribution to this use.

Legally Permissible

The *Key Lot* is not subject to any known zoning requirements that would be restrictive to potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Therefore, almost any legal use of the site would be possible.

Physically Possible

The *Key Lot* is 1.30-acres. The size and physical characteristics are adequate to support all reasonable and probable uses.

⁶ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.278

INTERIOR LOTS

Nine of the subject parcels are interior recreational lots. The lots are accessible by platted right-of-ways or section line easements. In most cases, the access route is at least brushed. Four of the parcels are located in the vicinity of Glennallen, one is near Copper Center and the remaining lots are located off Lake Louise Road.

The *Interior Key Lot* is ADL 204741, Glennallen OTE, Lot 5, ASLS 79-36, a 17.90-acre parcel.

Key Lot	Legal Description	Size (acres)
ADL 204741	Lot 5, ASLS 79-36, Plat 79-5	17.90

The remaining interior parcels included in this analysis are summarized below:

Subdivision	ADL	Survey	Lot/Tract	Block	Size (acres)
Copper Center OTE	204608	79-42	8	8	2.67
Glennallen I	203200	79-144	45		20.00
Glennallen I	203336	79-144	94		2.50
Glennallen II	204797	79-251	1		19.98
Small Lakes	219190	Plat 83-23	B		20.00
Small Lakes	219191	Plat 83-23	C		20.00
Small Lakes	219220	Plat 83-23	H		39.99
Small Lakes	219227	Plat 83-23	S		39.99

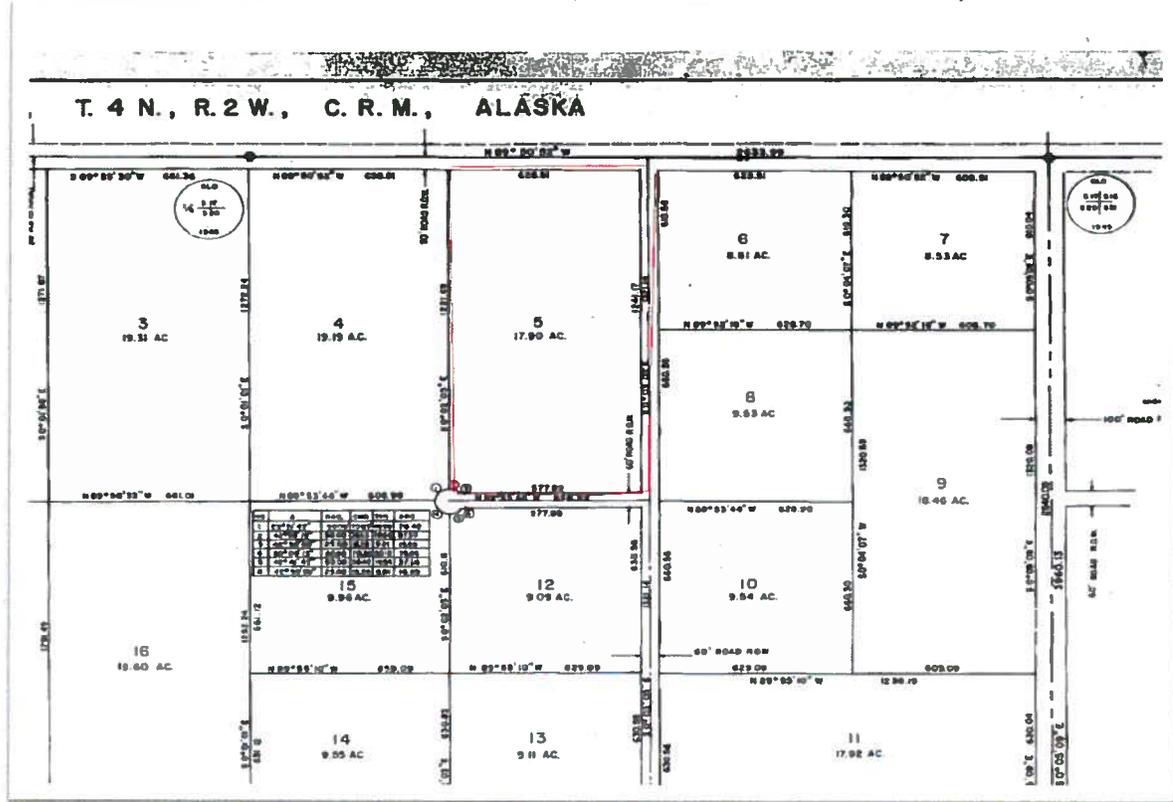
Interior Key Lot

(ADL 204741, Lot 5, ASLS 79-36)

Location	The Glennallen OTE parcel is located about five miles west of Glennallen, and north of the Glenn Highway.
Access	Section line easements and platted right-of-ways.
Size & Shape	17.90-acres, rectangular shaped parcel
Topography	Mostly level
Soils	Appears adequate
Vegetation	Wooded
Utilities	None
Water & Sewer	None
Easements	Typical
Environmental Hazards	None noted
Zoning Regulations	None
Tax Assessments	None
Ownership History	State of Alaska
Adjacent Land Use	Mostly undeveloped
Amenities	Interior lot

Survey of Interior Key Lot

(ADL 204741, Lot 5, ASLS 79-36)



Satellite imagery of Interior Key Lot

(ADL 204741, Lot 5, ASLS 79-36)



Photograph of Interior Key Lot

(ADL 204741, Lot 5, ASLS 79-36)



Photograph taken August 14, 2012

Highest and Best Use

Analysis of highest and best use for the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as⁷:

“The reasonably probable and legal use of vacant land or an improved property, that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value.”

The land to be valued is considered vacant and thus valued with the highest and best potential use for the property. Value for improvements (when present on the site) is then based on their contribution to this use.

Legally Permissible

The *Key Lot* is not subject to any known zoning requirements that would be restrictive to potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Therefore, almost any legal use of the site would be possible.

Physically Possible

The *Key Lot* is 17.90-acres. The size and physical characteristics are adequate to support all reasonable and probable uses.

⁷ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.278

LAKEFRONT LOTS

Four of the parcels are located in the Lake Louise East staking area. These parcels are found 4 to 7 miles northeast of Lake Louise. Numerous trails crisscross the area making snowmachine access possible in the winter. ATV access in the area is very difficult due to the condition of these trails in the summer. Primary access means is fly-in. All of the parcels have frontage on a floatplane accessible lake.

The *Lakefront Key Lot* is ADL 230245, Tract 6, ASLS 2007-23, an 18.70-acre parcel.

Key Lot	Legal Description	Size (acres)
ADL 230245	Tract 6, ASLS 2007-23, Plat 2011-1	18.70

The remaining oceanfront parcels included in this analysis are summarized below:

Subdivision	ADL	Survey	Tract	Size (acres)	Site
Lake Louise East	230243	2007-23	1	19.25	25% steep, 15% wet, small pond frontage
Lake Louise East	230244	2007-23	7	20.00	65% steep, 20% wet
Lake Louise East	230255	2007-23	4	18.22	20% steep, 20% wet, small pond frontage

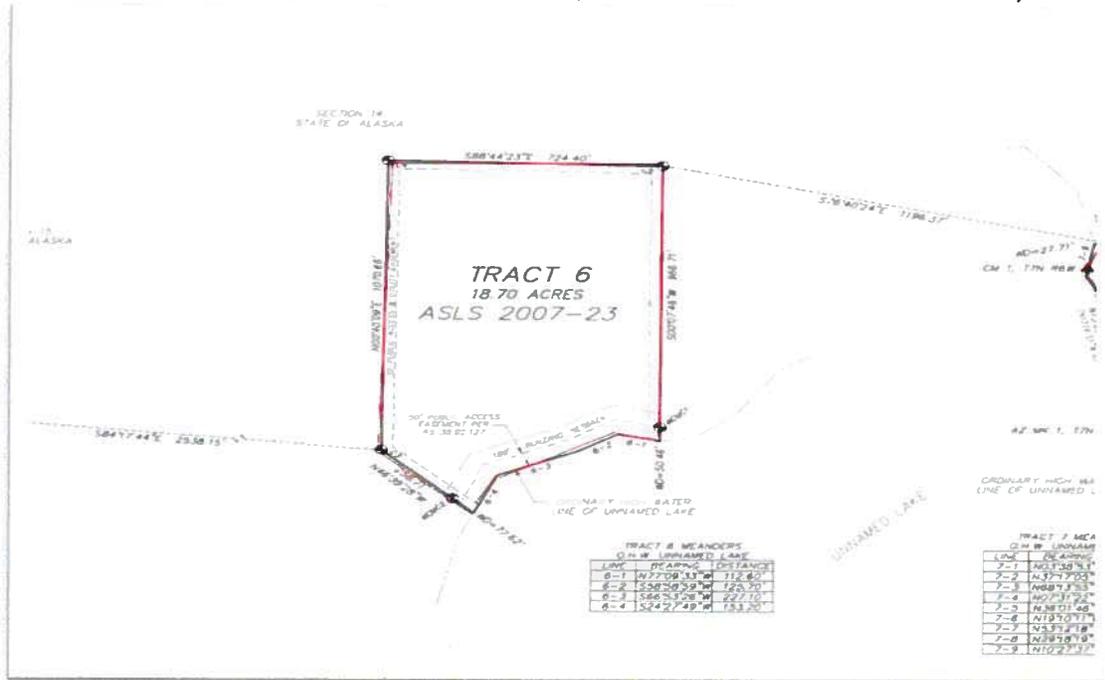
Lakefront Key Lot

(ADL 230245, Tract 6, ASLS 2007-23)

Location	About 6 ½ miles northeast of Lake Louise
Access	Fly-in or snowmachine
Size & Shape	18.70-acres, irregular shaped parcel
Topography	About 45% of parcel is considered steep and 15% wet
Soils	Adequate drainage
Vegetation	Wooded
Utilities	None
Water & Sewer	None
Easements	60 foot building setback along water frontage
Environmental Hazards	None noted
Zoning Regulations	None
Tax Assessments	None
Ownership History	State of Alaska
Adjacent Land Use	Mostly undeveloped
Amenities	Fly-in lake, also has small pond frontage

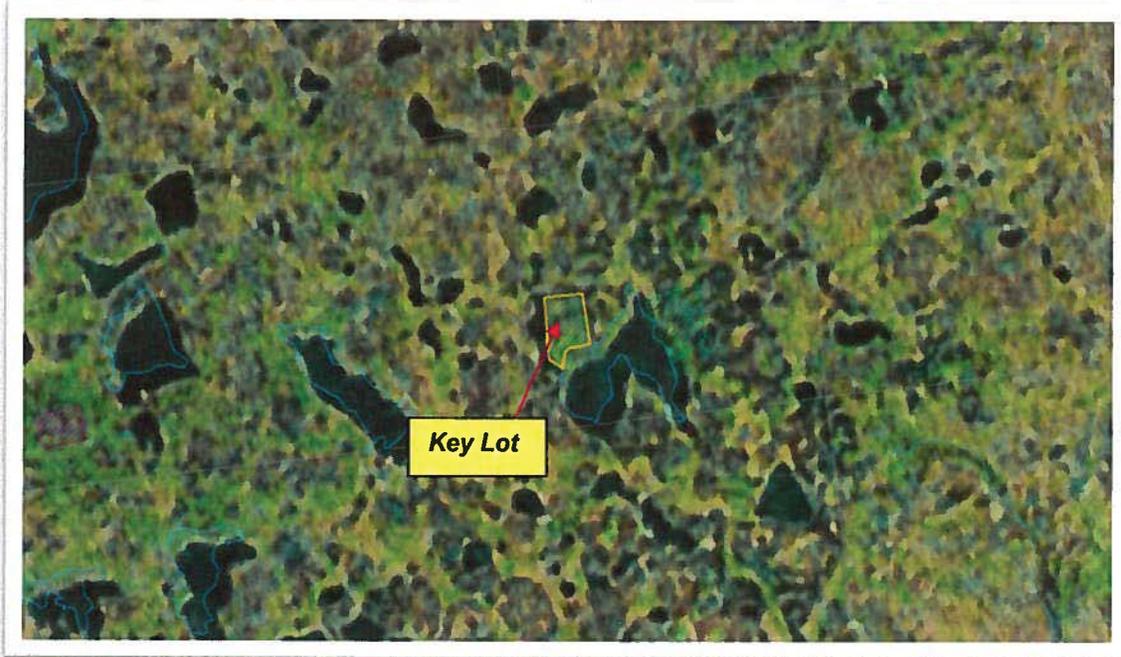
Survey of Lakefront Key Lot

(ADL 230245, Tract 6, ASLS 2007-23)



Satellite imagery of Lakefront Key Lot

(ADL 230245, Tract 6, ASLS 2007-23)





Photograph taken August 14, 2012

Highest and Best Use

Analysis of highest and best use for the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as⁸:

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The land to be valued is considered vacant and thus valued with the highest and best potential use for the property. Value for improvements (when present on the site) is then based on their contribution to this use.

Legally Permissible

The *Key Lot* is not subject to any known zoning requirements that would be restrictive to potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Therefore, almost any legal use of the site would be possible.

Physically Possible

The *Key Lot* is 18.70-acres. The size and physical characteristics are adequate to support all reasonable and probable uses.

⁸ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.278

SVEN LOT

One of the parcels is located in the Sven Alaska Subdivision. The subdivision is found on the west side of the Richardson Highway at Milepost 114. Gravel access is developed from the highway to the parcel. Electric is available at the highway.

The *Sven Lot* is ADL 230143, Lot 9, Block 2, ASLS 2004-43, a 2.00-acre parcel.

Key Lot	Legal Description	Size (acres)
ADL 230143	Lot 9, Block 2, ASLS 2004-43, Plat 2007-4	2.00

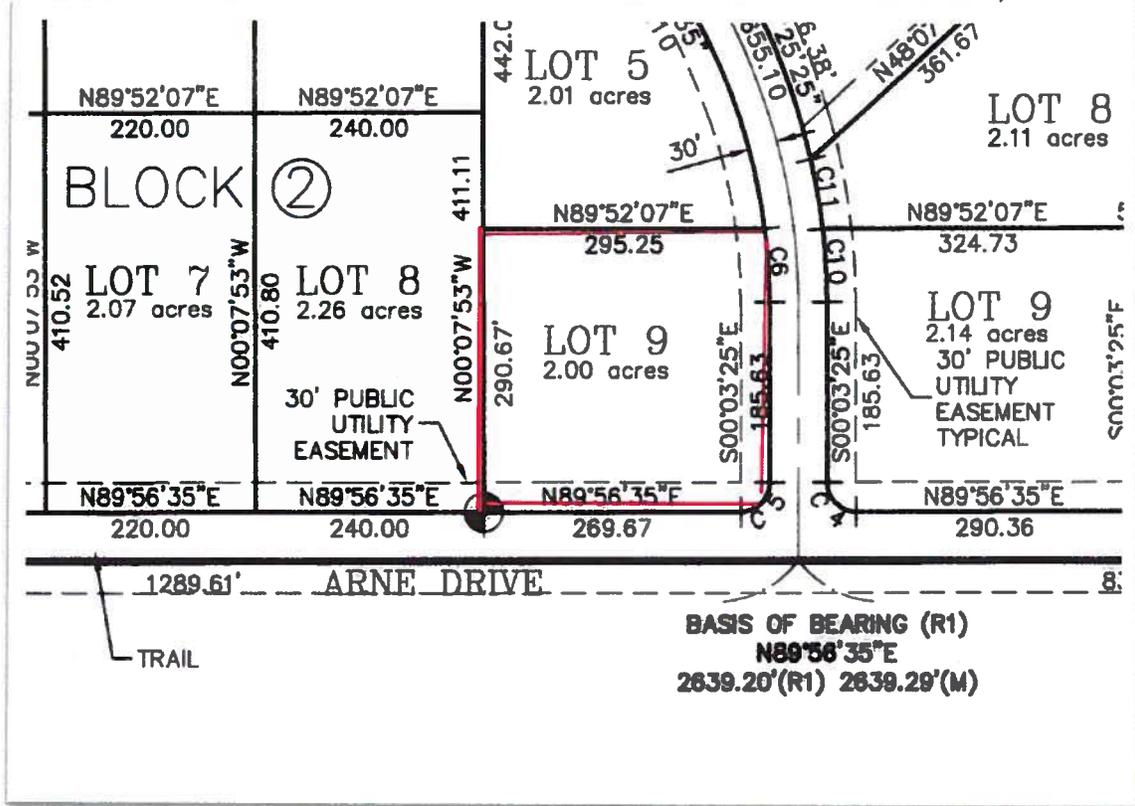
Sven Lot

(ADL 230143, Lot 9, Block 2, ASLS 2004-43)

Location	About one mile south of the Glenn and Richardson Highway intersections, on the west side of the Richardson Highway.
Access	Gravel road
Size & Shape	2.00-acres, square shaped parcel
Topography	Mostly level
Soils	Adequate drainage, small drainage runs along lot line and Arne Drive
Vegetation	Wooded with black spruce primarily
Utilities	None
Water & Sewer	None
Easements	Typical
Environmental Hazards	None noted
Zoning Regulations	None
Tax Assessments	None
Ownership History	State of Alaska
Adjacent Land Use	Mostly undeveloped or recreational cabin site. Sporadic residential development near highway.
Amenities	Interior lot

Survey of Sven Lot

(ADL 230143, Lot 9, Block 2, ASLS 2004-43)



Satellite imagery of Sven Lot

(ADL 230143, Lot 9, Block 2, ASLS 2004-43)



Note: lot shown in yellow. Lot lines are slightly off in image.

Photograph of Sven Lot

(ADL 230143, Lot 9, Block 2, ASLS 2004-43)



Photograph taken August 13, 2012

Highest and Best Use

Analysis of highest and best use for the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as⁹:

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Legally Permissible

The *Key Lot* is not subject to any known zoning requirements that would be restrictive to potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Therefore, almost any legal use of the site would be possible.

Physically Possible

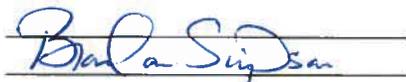
The *Key Lot* is 2.00-acres. The size and physical characteristics are adequate to support all reasonable and probable uses.

⁹ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.278

CERTIFICATION OF VALUE

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have not previously appraised the subject parcels in the past three years.
- No one provided significant real property appraisal assistance to the person signing this certification.



Signature

1/14/13

Date