

MARKET VALUE APPRAISAL
Of
Copper Center, Glennallen, Lake Louise & Kenny Lake
Area Parcels
For 2016 Auction

Appraisal Report No. 4259



STATE OF ALASKA

Department of Natural Resources
Division of Mining, Land and Water
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MEMORANDUM

State of Alaska

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DATE: December 7, 2015

TO: Kevin Hindmarch
Review Appraiser

FROM: Brandon Simpson 

SUBJECT: Appraisal of 34 parcels of land located near the communities of Copper Center, Glennallen, Lake Louise and Kenny Lake. 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 Appraisal Report is 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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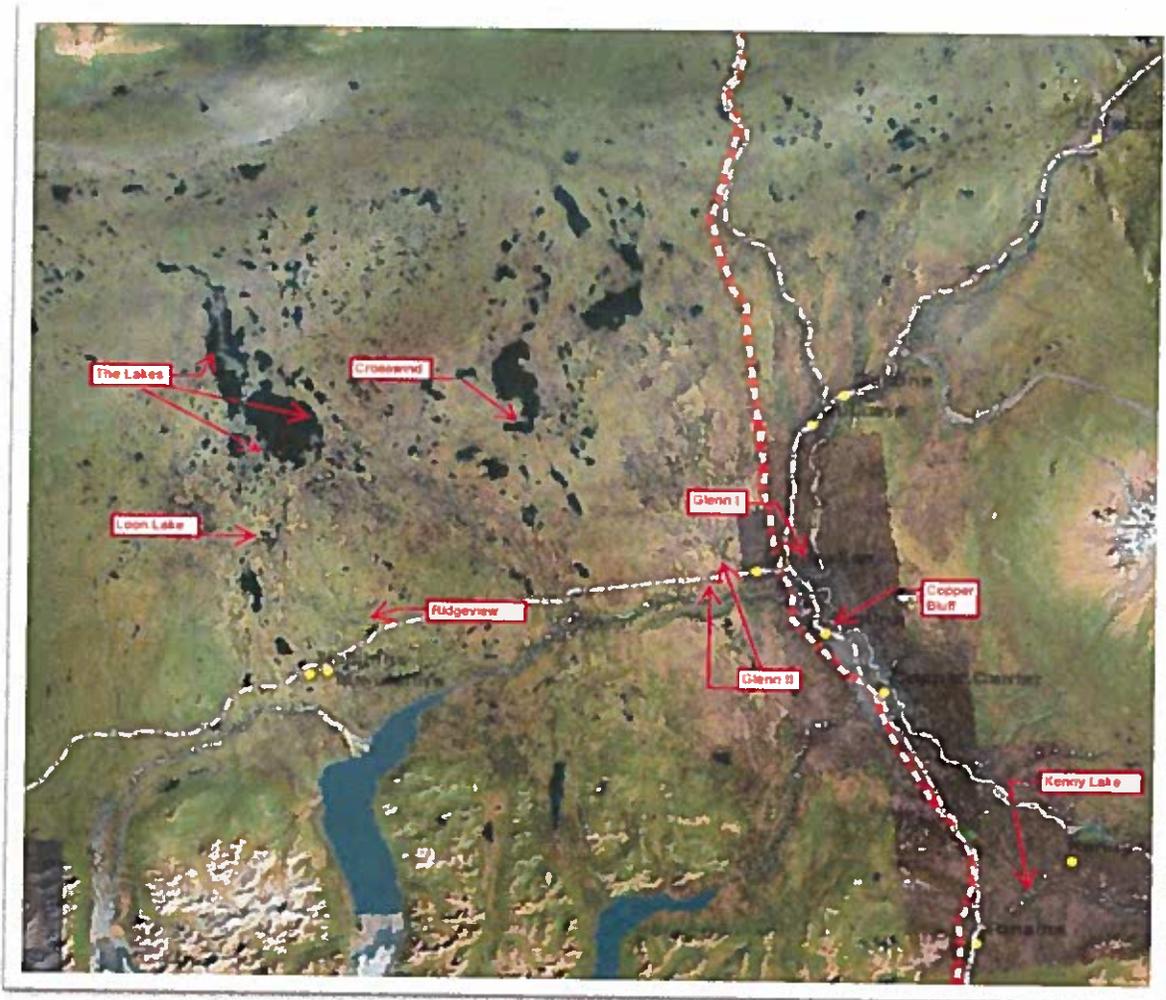
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Subject Parcels Survey	
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Comparable Sales Forms	
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APPRAISAL SUMMARY

Location		
Subdivision Name	Location	Lot Size (acres)
Copper Bluff	Located between the Richardson Highway and the Copper River about 6 miles south of Glennallen	1.11
Crosswind Lake	Located about 13 miles east of Lake Louise	9.87
Glennallen I	East of Glenn & Richardson Highway intersection	20.01
Glennallen II	Parcels are found north and south of Glenn Highway about 1 to 2 miles west of Glennallen	2.07 to 20.13
Kenny Lake	On Edgerton Highway about 4 1/2 miles east of the Richardson Highway	4.181
Lake Louise Small Lot	East side of Lake Louise	4.3
Loon Lake Remote	Unnamed lake just northwest of Loon Lake	5.62
Ridgeview Addition I	North of the Glenn Highway, a few miles east of Lake Louise Road	10.13
The Lakes	Dinty Lake. Found just southwest of Lake Louise	3.59 to 5.89
The Lakes	Susitna Lake. Various locations on lake.	3.3 to 4.99

Location Map



Value Summary

ADL	Subdivision	Lot / Tract	Block	Survey	Acres	Value (RND)
230584	Copper Bluff	3	2	ASLS 2006-61	1.11	\$26,600
229149	Crosswind Lake	13		ASLS 2005-25	9.87	\$29,500
203225	Glennallen Area I	71		ASLS 79-144	20.01	\$17,400
204760	Glennallen Area II	1		ASLS 79-249	20.13	\$17,500
204761	Glennallen Area II	2		ASLS 79-249	18.97	\$17,100
204762	Glennallen Area II	3		ASLS 79-249	5.46	\$8,200
204764	Glennallen Area II	5		ASLS 79-249	3.81	\$6,600
204774	Glennallen Area II	15		ASLS 79-249	2.53	\$5,200
204775	Glennallen Area II	16		ASLS 79-249	2.6	\$5,300
204776	Glennallen Area II	17		ASLS 79-249	2.27	\$4,800
204780	Glennallen Area II	1		ASLS 79-250	2.07	\$4,400
204819	Glennallen Area II	39		ASLS 79-251	2.49	\$14,200
206091	Glennallen Area II	22		ASLS 79-250	2.24	\$7,100
206097	Glennallen Area II	18		ASLS 79-251	2.86	\$5,000
229210	Glennallen Area II	21		ASLS 79-250	8.27	\$10,900
228466	Kenny Lake Subdivision	3	1	ASLS 81-193	4.181	\$17,600
228168	Lake Louise Small Lots	6		USS 3490	4.3	\$27,300
217817	Loon Lake Remote	A		ASLS 93-24	5.62	\$16,400
229958	Ridgeview Addition I	7	2	ASLS 2005-16	10.13	\$12,300
232051	The Lakes	3		USS 3494	3.59	\$24,600
232052	The Lakes	6		USS 3494	4.69	\$29,000
232053	The Lakes	8		USS 3494	5.89	\$33,900
232054	The Lakes	9		USS 3494	4.06	\$26,300
232077	The Lakes	1		USS 4582	4.88	\$29,600
232078	The Lakes	2		USS 4582	4.96	\$29,800
232079	The Lakes	7		USS 4582	4.44	\$30,500
232080	The Lakes	8		USS 4582	3.99	\$28,400
232081	The Lakes	9		USS 4582	4.22	\$33,500
232082	The Lakes	3		USS 4584	3.48	\$23,800
232083	The Lakes	4		USS 4584	4.4	\$27,500
232084	The Lakes	5		USS 4584	3.82	\$25,200
232085	The Lakes	7		USS 4584	4.99	\$29,900
232086	The Lakes	9		USS 4584	3.66	\$24,600
232087	The Lakes	10		USS 4584	3.3	\$23,400

PREMISES OF THE APPRAISAL

Type of Appraisal and Report

This appraisal is an 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 June 22nd and 23rd, 2015. The comparable sales that were not previously inspected were inspected over these days. The effective date of value is June 23, 2015.

Date of Report

December 7, 2015

¹ The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, p.79

² Alaska Statutes Title 38, Public Land Article 5, accessed 02 December 2015,

<<http://www.touchngo.com/iglcnt/akstats/statutes/title38/chapter05/section125.htm>>

³ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.58

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, Lake Louise and Kenny Lake. 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 Copper Bluff parcel, lakefront parcels and the road accessible parcels. The remaining parcels have an exposure time of up to three years.

Sale History

ADL 228466, Lot 3, Block 1, ASLS 81-193, Kenny Lake, sold September 2013 for \$14,000 and was relinquished in August 2014. The remaining subject parcels have not sold in the last three years.

Prior Appraisal History

I previously appraised ADL 228466, Lot 3, Block 1, ASLS 81-193, Kenny Lake in February 2013 in Appraisal 3651-0. The appraised market value for the parcel was \$14,000. I have not appraised the remaining subject parcels in the last three years.

⁴ Uniform Standards of Professional Appraisal Practice 2014-2015, Appraisal Foundation, accessed January 8, 2014
<www.uspap.org/#/2/>

SCOPE OF WORK

Property and Comparable Sales Inspection

The Copper Bluff and Kenny Lake parcels were inspected on the ground June 22, 2015. The remaining parcels were inspected by air on June 23, 2015. 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

ADL	Subdivision	Lot / Tract	Block	Survey	Acres
230584	Copper Bluff	3	2	ASLS 2006-61	1.11
229149	Crosswind Lake	13		ASLS 2005-25	9.87
203225	Glennallen Area I	71		ASLS 79-144	20.01
204760	Glennallen Area II	1		ASLS 79-249	20.13
204761	Glennallen Area II	2		ASLS 79-249	18.97
204762	Glennallen Area II	3		ASLS 79-249	5.46
204764	Glennallen Area II	5		ASLS 79-249	3.81
204774	Glennallen Area II	15		ASLS 79-249	2.53
204775	Glennallen Area II	16		ASLS 79-249	2.6
204776	Glennallen Area II	17		ASLS 79-249	2.27
204780	Glennallen Area II	1		ASLS 79-250	2.07
204819	Glennallen Area II	39		ASLS 79-251	2.49
206091	Glennallen Area II	22		ASLS 79-250	2.24
206097	Glennallen Area II	18		ASLS 79-251	2.86
229210	Glennallen Area II	21		ASLS 79-250	8.27
228466	Kenny Lake Subdivision	3	1	ASLS 81-193	4.181
228168	Lake Louise Small Lots	6		USS 3490	4.3
217817	Loon Lake Remote	A		ASLS 93-24	5.62
229958	Ridgeview	7	2	ASLS 2005-16	10.13
232051	The Lakes	3		USS 3494	3.59
232052	The Lakes	6		USS 3494	4.69
232053	The Lakes	8		USS 3494	5.89
232054	The Lakes	9		USS 3494	4.06
232077	The Lakes	1		USS 4582	4.88
232078	The Lakes	2		USS 4582	4.96
232079	The Lakes	7		USS 4582	4.44
232080	The Lakes	8		USS 4582	3.99
232081	The Lakes	9		USS 4582	4.22
232082	The Lakes	3		USS 4584	3.48
232083	The Lakes	4		USS 4584	4.4
232084	The Lakes	5		USS 4584	3.82
232085	The Lakes	7		USS 4584	4.99
232086	The Lakes	9		USS 4584	3.66
232087	The Lakes	10		USS 4584	3.3

Personal Property

There is no personal property involved with the appraisal of most of these properties. ADL 206091, Glennallen II, has a dilapidated mobile home on the parcel. A discussion of the impact on value of the mobile home is included in the report on page 58.

MARKET AREA

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

Copper Bluff

The subdivision is located about 6 miles south of Glennallen and just north of Copper Center. The parcel sits on a bluff above the Copper River. There is an apron at the Richardson Highway and access has been extended partially into the subdivision, but not to the subject parcel. Electric service is located at the highway and in an adjacent subdivision but has not been extended into the Copper Bluff Subdivision.

Crosswind Lake

Crosswind Lake is a large lake located about 13 miles east of Lake Louise. The area is remote but can be accessed by snowmachine and possibly ATV depending on conditions. The lake is also accessible by floatplane. The subject parcel has frontage on Crosswind Lake.

Glennallen I

The parcel is located east of the Glenn and Richardson Highway intersection. Access is by trail along easements and right-of-ways.

Glennallen II

There are twelve Glennallen II parcels located on both sides of the Glenn Highway. Most of the parcels lack developed access but access exists to two parcels. One of the parcels has a dilapidated mobile home on the site.

Kenny Lake

The lot has frontage on the Edgerton Highway near the community of Kenny Lake. Electricity is available at the highway.

Lake Louise Small Lot

The lot has frontage on the east side of Lake Louise. There is a small island located in front of the lot.

Loon Lake Remote

The parcel has frontage on a floatplane accessible lake located near Loon Lake.

Ridgeview Addition I

The subject parcel is located north of the Glenn Highway, a few miles east of Lake Louise Road. The right-of-ways within the subdivisions have been brushed.

The Lakes

Fifteen parcels are lakefront parcels located on either Dinty Lake or Susitna Lake. The parcels are accessible by boat or floatplane in the summer, and ski-plane or snowmachine in the winter. It is possible to drive to Dinty Lake via Lake Louise Road.

Copper Center

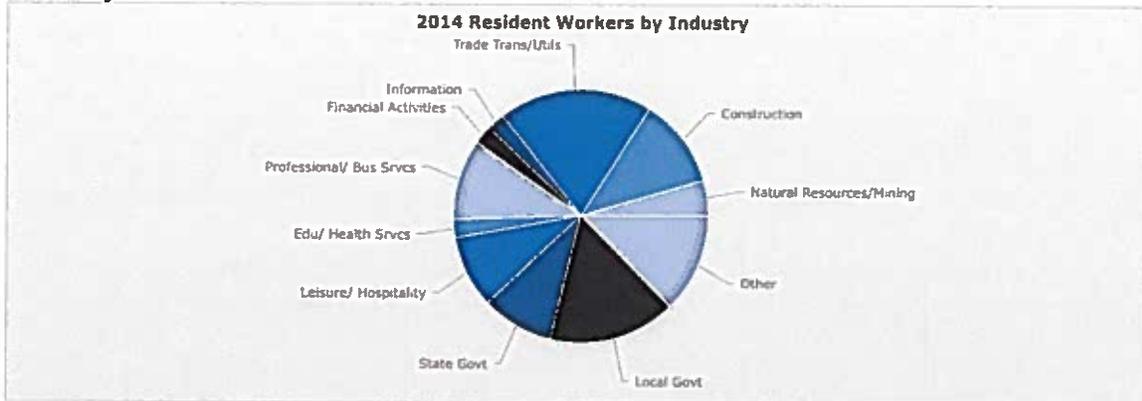
Current Population: 283 (2014 Alaska Department of Labor Estimate)
Incorporation Type: Unincorporated
Located In: Valdez-Cordova Census Area
School District: Copper River School District

Location 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.

Climate 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.

Transportation Copper Center lies on the Richardson Highway. A state-owned gravel airstrip provides for chartered flights and general aviation.

Economy



Glennallen

Current Population: 473 (2014 Alaska Department of Labor Estimate)
Incorporation Type: Unincorporated
Located In: Valdez-Cordova Census Area
School District: Copper River School District

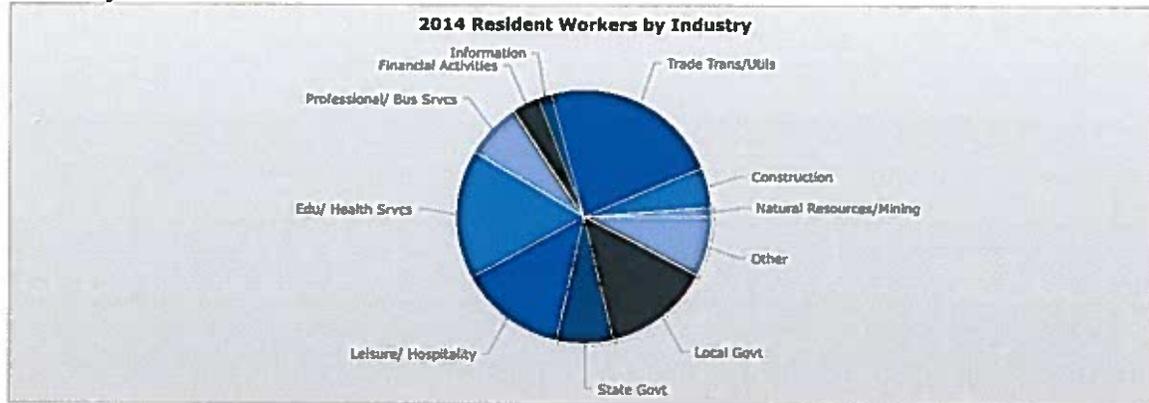
Location The community of Glennallen lies along the Glenn Highway at its junction with the Richardson Highway, 189 road miles east of Anchorage. It is located just outside the western boundary of Wrangell-St. Elias National Park.

Climate Glennallen lies in the continental climate zone, characterized by about 20 inches of average annual precipitation and an average temperature of about 22 °F. Temperature extremes are greater in the Continental zone than in the other climatic zones. The coldest month in 2013 was December, with a mean minimum temperature of -13.2 °F. The warmest month was June, with a mean maximum temperature of 74.2 °F.

Transportation Glennallen is located at milepost 187 on the Glenn Highway, northeast of Anchorage and just west of the junction with the Richardson Highway. It is the supply hub of the

Copper River region. The Gulkana Airport, five miles northeast of Glennallen, provides scheduled flights to Anchorage and McCarthy.

Economy



Lake Louise

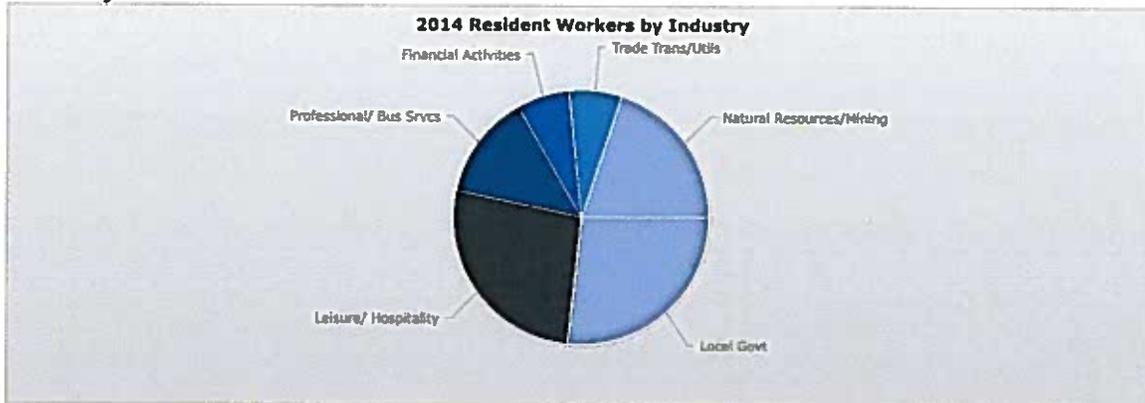
Current Population: 47 (2014 Alaska Department of Labor estimate)
Incorporation Type: Unincorporated
Borough Located In: Matanuska-Susitna Borough
School District: Matanuska-Susitna Borough School District

Location 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.

Climate 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.

Transportation A 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.

Economy



Kenny Lake

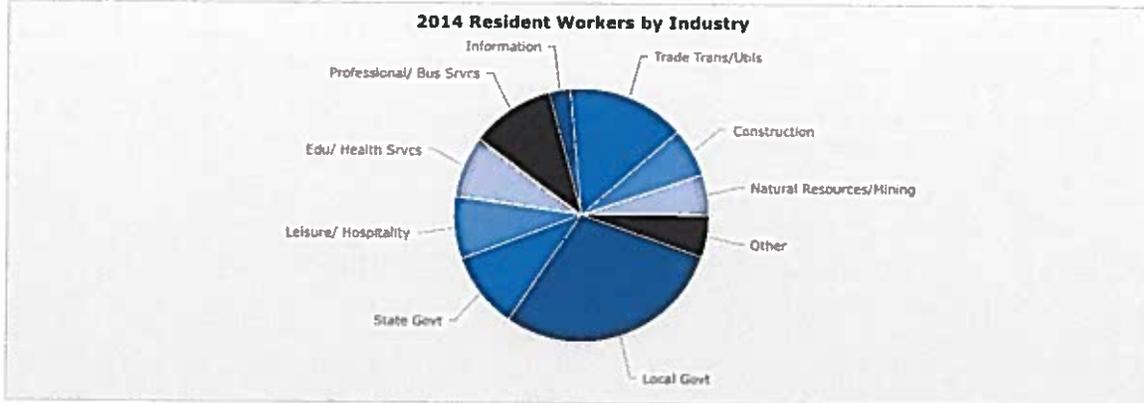
Current Population: 307 (2014 Alaska Department of Labor estimate)
Incorporation Type: Unincorporated
Borough Located In: Valdez-Cordova Census Area
School District: Copper River School District

Location Kenny Lake lies off of the Richardson Highway, between miles 1 and 22 on the Edgerton Highway and between miles 1 and 11 of the Old Edgerton Highway. It is along the preferred route into the Wrangell-St. Elias National Park.

Climate Kenny Lake falls within the transitional climate zone, characterized by a semi-arid atmosphere, long, cold winters, and mild summers.

Transportation The Edgerton Highway connects Kenny Lake to the entire state road system. Several landing strips are available nearby for small aircraft landings.⁵

Economy



⁵ Alaska DCCED 'Community Database Online', accessed 16 November 2015.
<https://www.commerce.alaska.gov/dcra/DCRAExternal/community>.

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 Lot
Kenny Lake Lot
Lakefront Lots
Remote Lots
Road Accessible Lots

COPPER BLUFF LOT

One of the parcels is located in the Copper Bluff Subdivision. The subdivision is situated between the Richardson Highway and the Copper River about six miles south of Glennallen. As the name indicates the subdivision sits on a bluff above the river. The subject parcel is a bluff lot that is separated from the river by a parcel of un-subdivided state land. Access is partially developed within the subdivision but ends before the appraised lot. Electric is available in the area but not at the lot.

The *Copper Bluff Lot* is ADL 230584, Copper Bluff, Lot 3, Block 2, ASLS 2006-61, a 1.11-acre parcel.

Copper Bluff Lot	Legal Description	Size (acres)
230584	Lot 3, Block 2, ASLS 2006-61, Plat 2008-12	1.11

Copper Bluff Lot

(ADL 230584, Lot 3, Block 2, ASLS 2006-61)

Location	The <i>Copper Bluff Lot</i> is located about 6 miles south of the Glenn and Richardson Highways intersection east of the Richardson Highway
Access	Platted Wood Avenue
Size & Shape	1.11-acres, rectangular shaped parcel
Topography	Mostly level
Soils	Appears adequate
Vegetation	Wooded
Utilities	None. Electric service is available at highway and in neighboring subdivision.
Water & Sewer	None
Easements	Typical. There is a 100 foot building setback from the parcel boundary near the bluff. This setback is standard for all lots within the subdivision that are located on the bluff.
Environmental Hazards	None noted
Zoning Regulations	None
Tax Assessments	None
Ownership History	State of Alaska
Adjacent Land Use	Mostly undeveloped
Amenities	Interior lot located on bluff above Copper River

Photograph of the *Copper Bluff Lot* (ADL 230584, Lot 3, Block 2, ASLS 2006-61)



Photograph taken June 22, 2015

Market Data Map

Note: A market data map was not necessary for the Copper Bluff Lot. Four of the five comparable sales are located in the Copper Bluff Subdivision. The remaining sale is located about 2 ½ miles north of the subject parcel.

Explanation of Adjustments

Unit of Comparison Generally, the buyers and sellers in the market place determine the unit of comparison, e.g. price per acre, square foot, site, front foot, etc. The price per/acre is the most commonly recognized unit of comparison in the subject market.

Rights Conveyed Fee simple less mineral rights as per Alaska Statute 38.05.125(a). Retention and exclusion of the mineral estate does not tend to affect property values, because most buyers are interested in the surface estate.

Financing Terms In accordance with DNR instructions, market value is estimated in terms of seller financing typical for the market. Cash transactions sometimes are afforded a discount from typical financing. Sales used in this analysis do not offer measurable differences in prices as a result of terms. In general, a cash transaction would tend to be at the lower end of the price range with listings usually setting the upper limit.

Conditions of Sale Unless otherwise noted, the market transactions used in this appraisal do not reflect any unusual seller-buyer motivations that affected value.

Market Conditions (Time) The sale prices for similar parcels has remained stable in recent years. The sales used are the most recent, relevant sales available.

Location The *Key Lot* and all of the comparable sales are located in a similar location. They are located within one mile of the Richardson Highway between Glennallen and Copper Center. No location adjustment is necessary.

Size The price per unit and size of a given unit tend to have an inverse relationship. As the size of a parcel increases, the price paid per acre decreases. A qualitative size adjustment has been utilized for the comparable sales.

Access The *Key Lot* and all of the comparable sales have similar access means. Access is along platted right-of-ways or section line easements. No access adjustment is necessary.

Utilities The *Key Lot* and all comparable sales lack utilities. Electric is available at the highway.

Site Quality Describes the physical attributes of the parcel. All of the comparable sales have similar physical characteristics to the *Key Lot*.

Amenities Exceptional features of a given parcel may increase value. Features such as type of water frontage, proximity to creeks and small ponds, and exceptional views are examples of amenities that may warrant an adjustment. The Copper Bluff lot and the sales located within the subdivision are located on a bluff above the Copper River. An un-subdivided parcel of state land separates these parcels from the bluff edge creating 1st tier bluff frontage. The market has

KENNY LAKE LOT

One of the appraised parcels is located in the Kenny Lake Subdivision. The parcel has near frontage on the Edgerton Highway. There is a tract of state land that separates the subject parcel from the highway. Currently, there is bike trail located on this tract. Platted access to the subject is shared between the subject parcel and the neighboring lot (Lot 4, Block 1, ASLS 81-193). Electric service is available at the highway. Lots that have been improved in the subdivision are developed as residential home sites with good quality homes present.

The *Kenny Lake Lot* is ADL 228466, Lot 3, Block 1, ASLS 81-193, a 4.181-acre parcel.

Key Lot	Legal Description	Size (acres)
228466	Lot 3, Block 1, ASLS 81-193, Plat 82-2	4.181

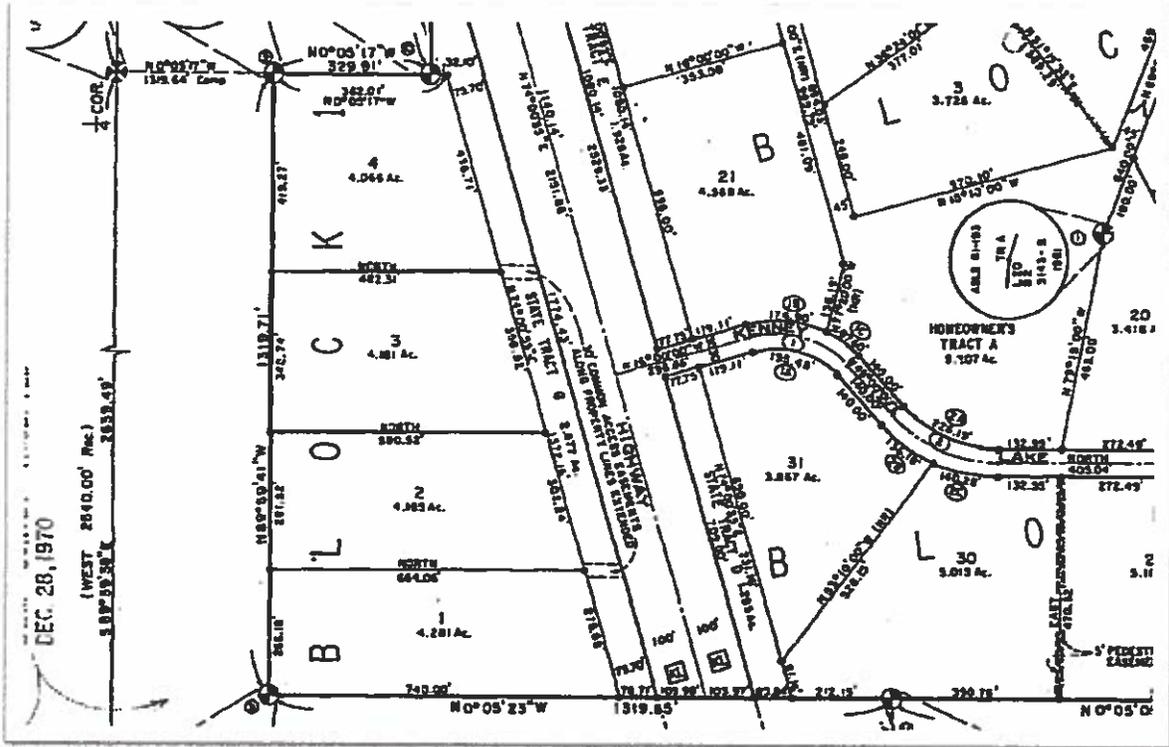
Kenny Lake Lot

(ADL 228466, Lot 3, Block 1, ASLS 81-193)

Location	The lot is found on the north side of the Edgerton Highway about three miles west of the community of Kenny Lake.
Access	Paved Edgerton Highway. Platted access from the highway is shared with Lot 4, Block 1, ASLS 81-193
Size & Shape	4.181-acres, irregular shaped parcel
Topography	Mostly level
Soils	Appears adequate with some low areas present
Vegetation	Wooded with spruce
Utilities	Electric and telephone service are available
Water & Sewer	None
Easements	30 foot common access easement shared with neighboring lot
Environmental Hazards	None noted
Zoning Regulations	None
Tax Assessments	None
Ownership History	State of Alaska
Adjacent Land Use	Residential or undeveloped
Amenities	Interior lot with frontage on Edgerton Highway

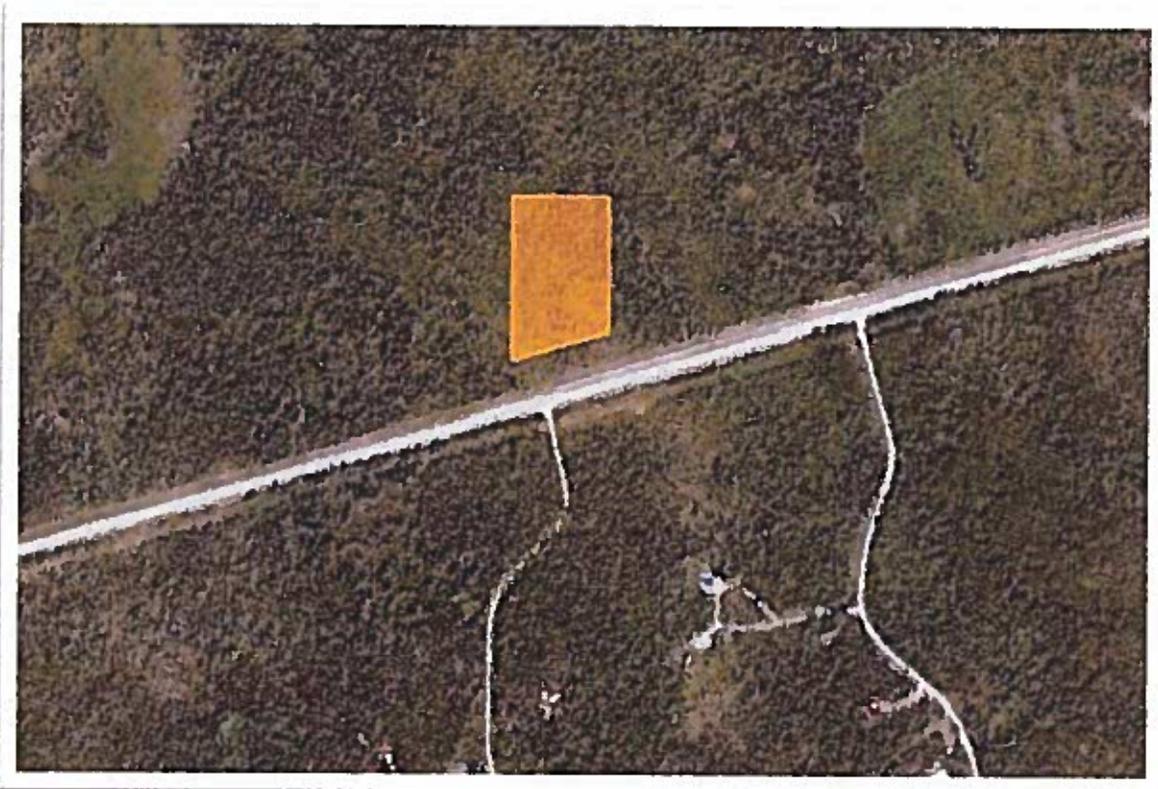
Survey of Kenny Lake Lot

(ADL 228466, Lot 3, Block 1, ASLS 81-193)



Satellite imagery of Kenny Lake Lot

(ADL 228466, Lot 3, Block 1, ASLS 81-193)



Photograph of *Kenny Lake Lot*

(ADL 228466, Lot 3, Block 1, ASLS 81-193)



Photograph taken June 22, 2015

Market Data Map

Note: A market data map was not necessary for the Kenny Lake Lot. Four of the five comparable sales are located in the Kenny Lake Subdivision. The remaining sale is located about 4 miles east of the subject parcel.

Explanation of Adjustments

Unit of Comparison Generally, the buyers and sellers in the market place determine the unit of comparison, e.g. price per acre, square foot, site, front foot, etc. The price per/acre is the most commonly recognized unit of comparison in the subject market.

Rights Conveyed Fee simple less mineral rights as per Alaska Statute 38.05.125(a). Retention and exclusion of the mineral estate does not tend to affect property values, because most buyers are interested in the surface estate.

Financing Terms In accordance with DNR instructions, market value is estimated in terms of seller financing typical for the market. Cash transactions sometimes are afforded a discount from typical financing. Sales used in this analysis do not offer measurable differences in prices as a result of terms. In general, a cash transaction would tend to be at the lower end of the price range with listings usually setting the upper limit.

Conditions of Sale Unless otherwise noted, the market transactions used in this appraisal do not reflect any unusual seller-buyer motivations that affected value.

Market Conditions (Time) The sale prices for similar parcels has remained stable in recent years. The sales used are the most recent, relevant sales available. No market conditions adjustment is necessary.

Location The subject parcel and all of the comparable sales are located in Kenny Lake. No location adjustment is necessary.

Size The price per unit and size of a given unit tend to have an inverse relationship. As the size of a parcel increases, the price paid per acre decreases. A qualitative size adjustment has been utilized for the comparable sale that differs significantly in size.

Access The *Kenny Lake Lot* and most of the comparable sales have similar access means. Access is either provided by the Edgerton Highway which is paved, or gravel subdivision roads. Past sales in the subdivision do not show a difference in sales price for the different access means. Comparable No. 5 has platted access requiring an access adjustment.

Utilities The *Kenny Lake Lot* and all of the comparable sales have electric service available nearby. The lots on the south side of the highway would be slightly less expensive to extend electric service to but the market has not shown a measurable difference in prices for this attribute. No utilities adjustment is required.

Site Quality Describes the physical attributes of the parcel. All of the comparable sales have similar physical characteristics to the *Key Lot*. Comparable No. 3 includes two surveyed lots that allows for combining into a larger homesite, or the possibility to sell off one of the lots at a later time. Both lots appear to be physically capable of supporting a residential highest and best use. As a result, a site quality adjustment is appropriate.

LAKEFRONT LOTS

Eighteen lots have frontage on fly-in lakes near the community of Lake Louise. Eleven of these lots are located on Susitna Lake. Susitna Lake is connected to Lake Louise via a shallow outlet allowing for boat access. Four lots are found on Dinty Lake. Dinty Lake is a smaller lake that is connected to Lake Louise but taking a boat between the lakes is not possible. There is a parking area that is accessible by Lake Louise Road that provides easy access to Dinty Lake.

The remaining three lots are found on Lake Louise, Crosswind Lake and an unnamed lake near Loon Lake. All of the lots are accessible by snowmachine via the well developed trail system found in the area. Boat access is possible to all of the lots except the Crosswind Lake and Loon Lake lot.

The *Lakefront Key Lot* is ADL 232078, Lot 2, USS 4582, a 4.96-acre parcel.

Key Lot	Legal Description	Size (acres)
232078	Lot 2, USS 4582	4.96

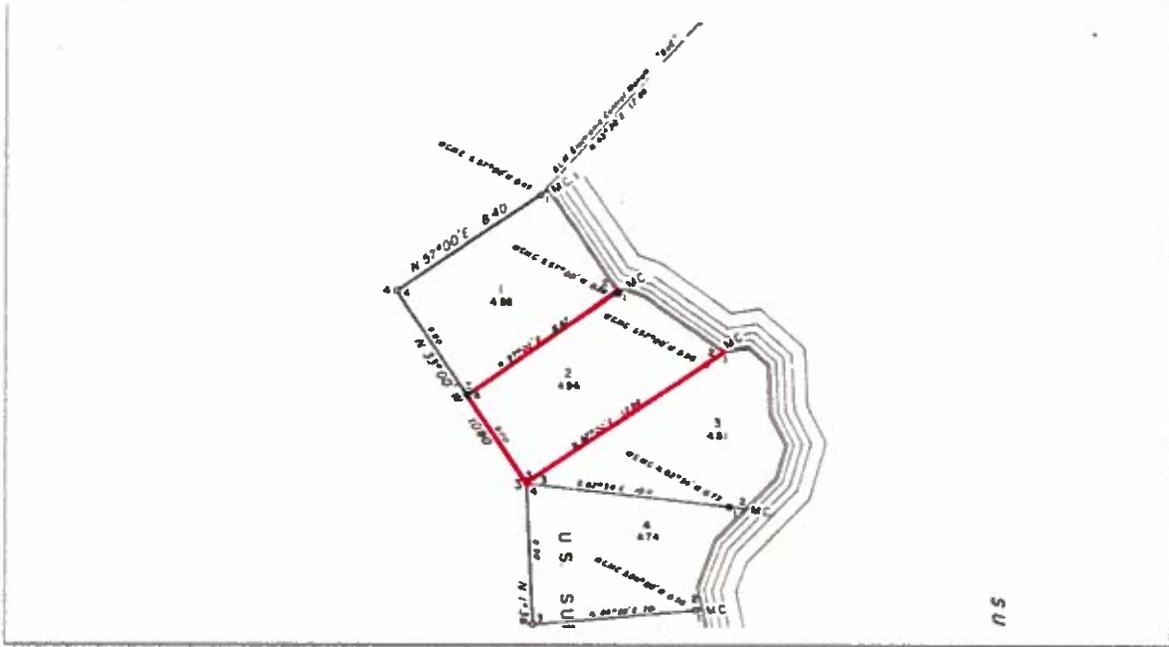
Lakefront Key Lot

(ADL 232078, Lot 2, USS 4582)

Location	Located on large island in the middle of Susitna Lake
Access	Boat, float or ski plane, and snowmachine
Size & Shape	4.96-acres, irregular shaped parcel
Topography	Mostly level parcel
Soils	Appears adequate
Vegetation	Wooded with spruce
Utilities	None
Water & Sewer	None
Easements & Setbacks	The parcel is subject to a 50 foot public access easement along the ordinary high water mark of Susitna Lake. The parcel is also subject to a 100 building setback along the ordinary high water mark of Susitna Lake and typical utility easements. The survey does not note these restrictions. See the Hypothetical Condition below for more information.
Environmental Hazards	None noted
Zoning Regulations	None
Tax Assessments	The <i>Key Lot</i> is currently owned by the State of Alaska and not subject to taxes. Once the lots have been transferred to private ownership the Matanuska-Susitna Borough is the taxing authority. The current assessment information is: Tax ID U04582000L02 2015 Assessed Value \$29,100
Ownership History	State of Alaska
Adjacent Land Use	Recreational or undeveloped
Amenities	Lakefront Susitna Lake. Amount of frontage is not shown on the survey.

Survey of Lakefront Key Lot

(ADL 232078, Lot 2, USS 4582)



Satellite imagery of Lakefront Key Lot

(ADL 232078, Lot 2, USS 4582)



Photograph of Lakefront Key Lot

(ADL 232078, Lot 2, USS 4582)



Photograph taken June 23, 2015

Hypothetical Condition

All of the Lakes parcels that have a USS survey will be subject to a 50-foot public access easement along ordinary high water line and typical utility easements. These parcels will also be subject to a 100-foot building setback from the ordinary high water line. In addition, section line easements that impact any of the appraised parcels will be vacated prior to offering. For these parcels an additional public access easement may be required along parcel boundaries to insure public access through the area remains. The setback, easements and section line easement vacation are not currently noted on the USS survey for the subject parcels. These restrictions will be noted on either the easement vacation for impacted parcels, or on the contract for the eventual purchaser.

The remaining Lakefront Parcels included in this analysis are summarized below:

Note: The subject parcels are currently owned by the State of Alaska and not subject to taxes. Once the lots have been transferred to private ownership the Matanuska-Susitna Borough is the taxing authority for all parcels except ADL 217817 Loon Lake Remote.

					U04584000L03 2015 Assessed Value \$26,400
232084	The Lakes	5	US\$ 4584	3.82	Moderate slope away from Susitna Lake. Parcel is wooded with spruce trees and located on an island in the middle of the lake. Matanuska-Susitna Borough Tax ID U04584000L05 2015 Assessed Value \$24,200
232085	The Lakes	7	US\$ 4584	4.99	Moderate slope away from Susitna Lake. Parcel is wooded with spruce trees and located on an island in the middle of the lake. Matanuska-Susitna Borough Tax ID U04584000L07 2015 Assessed Value \$27,400
232086	The Lakes	9	US\$ 4584	3.66	Moderate slope away from Susitna Lake. Parcel is wooded with spruce trees and located on an island in the middle of the lake. Matanuska-Susitna Borough Tax ID U04584000L09 2015 Assessed Value \$22,700
232087	The Lakes	10	US\$ 4584	3.3	Moderate slope away from Susitna Lake. Parcel is wooded with spruce trees and located on an island in the middle of the lake. Matanuska-Susitna Borough Tax ID U04584000L10 2015 Assessed Value \$21,100

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 *Lakefront Parcels* are 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 *Lakefront Parcels* range in size from 3.30-acres to 5.89-acres. The size and physical characteristics are adequate to support all reasonable and probable uses.

Financially Feasible

Due to the lack of utilities and road access it would be cost prohibitive to develop the site for a residential use.

Maximally Productive

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease.

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

As discussed earlier, the ADL 217817 Loon Lake and ADL 229149 Crosswind Lake parcels lack boat access but will not be adjusted for this difference in access. The adjustment for amenities also captures the difference in access.

ADL 229149 Crosswind Lake is bisected by a protracted section line easement. The parcel has been adjusted based on a Section Line Easement Study prepared by DNR appraisers. A copy of the study is included in the addenda of this report.

ADL 232079 & ADL 232080 feature dual frontage on Susitna Lake. The market lacked sales with similar frontage to derive an adjustment. These parcels have been given a subjective adjustment to account for this superior frontage.

ADL 232081 is situated on a small peninsula and has significant frontage on Susitna Lake. Similar to the parcels described above, the market lacks sales to derive an adjustment for the superior frontage. The Matanuska-Susitna Borough assessment for this parcel is 76% above similar parcels that lack the significant frontage. The adjustment is subjective in nature but supported by the assessment for this parcel.

REMOTE LOTS

Twelve of the subject parcels are remote interior parcels. The parcels in this group are found in the Glennallen I, Glennallen II, and Ridgeview Subdivisions. Most of these parcels are located near the Glennallen Junction. The Ridgeview parcel is located north of the Glenn Highway, a few miles east of Lake Louise Road. Access to the lots is via platted right-of-ways or easements. Some of these have been partially cleared or brushed. Electric service is available at the highway but not to any of the parcels. There are sporadic cabins found in these areas, but most of the land is currently undeveloped.

The *Remote Key Lot* is ADL 204762, Lot 3, ASLS 79-249, a 5.46-acre parcel located in the Glennallen II Subdivision.

Key Lot	Legal Description	Size (acres)
204762	Lot 3, ASLS 79-249, Plat 80-9	5.46

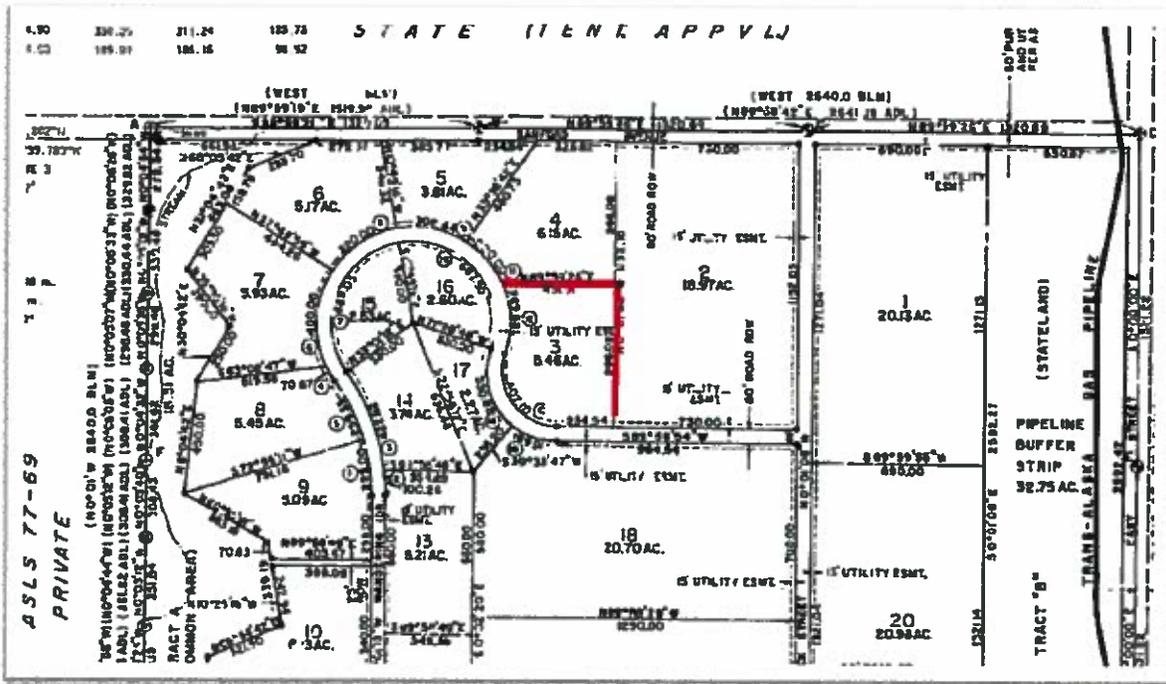
Remote Key Lot

(ADL 204762, Lot 3, ASLS 79-249)

Location	The <i>Key Lot</i> is located about a ½ mile north of the Glen Highway and a ¼ mile west of the pipeline. The location is in Glennallen.
Access	Access is via platted Sanford Avenue. Developed access appears to end about a ½ mile west of the subject parcel.
Size & Shape	5.46-acres, irregular shaped parcel
Topography	Mostly level
Soils	Appears adequate
Vegetation	Wooded
Utilities	None
Water & Sewer	None
Easements & Setbacks	Typical. Utility and road access easements along three parcel boundaries.
Environmental Hazards	None noted
Zoning Regulations	None
Tax Assessments	None
Ownership History	State of Alaska
Adjacent Land Use	Recreational or undeveloped
Amenities	Interior parcel with local view

Survey of Remote Key Lot

(ADL 204762, Lot 3, ASLS 79-249)



Satellite imagery of Remote Key Lot

(ADL 204762, Lot 3, ASLS 79-249)



Photograph of Remote Key Lot

(ADL 204762, Lot 3, ASLS 79-249)



Photograph taken June 22, 2015

The remaining Remote Parcels included in this analysis are summarized below:

ADL	Subdivision	Lot	Block	Survey	Size (acres)	Description
03225	Glennallen Area I	71		ASLS 79-144	20.01	Mostly level and wooded with platted access. Parcel is located east of the Glen and Richardson Highway intersections.
04760	Glennallen Area II	1		ASLS 79-249	20.13	Mostly level and wooded with platted access. Parcel is located north of the Glenn Highway a few miles west of the Glen and Richardson Highway intersection.
04761	Glennallen Area II	2		ASLS 79-249	18.97	Mostly level and wooded with platted access. Parcel is located north of the Glenn Highway a few miles west of the Glen and Richardson Highway intersection.
04764	Glennallen Area II	5		ASLS 79-249	3.81	Mostly level and wooded with platted access. Parcel is located north of the Glenn Highway a few miles west of the Glen and Richardson Highway intersection.
204774	Glennallen Area II	15		ASLS 79-249	2.53	Mostly level and wooded with platted access. Parcel is located north of the Glenn Highway a few miles west of the Glen and Richardson Highway intersection.

204775	Glennallen Area II	16		ASLS 79-249	2.6	Mostly level and wooded with platted access. Parcel is located north of the Glenn Highway a few miles west of the Glen and Richardson Highway intersection.
204776	Glennallen Area II	17		ASLS 79-249	2.27	Mostly level and wooded with platted access. Parcel is located north of the Glenn Highway a few miles west of the Glen and Richardson Highway intersection.
204780	Glennallen Area II	1		ASLS 79-250	2.07	Mostly level and wooded with platted access. Parcel is located north of the Glenn Highway a few miles west of the Glen and Richardson Highway intersection.
206097	Glennallen Area II	18		ASLS 79-251	2.86	Mostly level and wooded with platted access. Parcel is located south of the Glenn Highway a few miles west of the Glen and Richardson Highway intersection.
229210	Glennallen Area II	21		ASLS 79-250	8.27	Mostly level and wooded with platted access. Parcel is located north of the Glenn Highway a few miles west of the Glen and Richardson Highway intersection. Developed access is 1 lot from the parcel.
229958	Ridgeview Addition I	7	2	ASLS 2005-16	10.13	Mostly level parcel with creek frontage located north of the Glen Highway a few miles east of Lake Louise Road. Parcel has wet areas.

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:

"The reasonably probable use that produces the most benefits and highest land value at any given time."

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 *Remote Parcels* are 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 *Remote Parcels* range in size from 2.07-acres to 20.13-acres. The size and physical characteristics are adequate to support all reasonable and probable uses.

⁹ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.333

ROAD ACCESSIBLE LOTS

Two parcels located in the Glennallen area are road accessible. Both parcels are accessible by gravel roads and have electric service available. Both parcels are located in areas with residential developments of varying quality. ADL 206091, Glennallen II, has a dilapidated trailer on the site. The impact on value for the trailer will be discussed following this section.

The *Road Accessible Key Lot* is ADL 204819, Lot 39, ASLS 79-251, a 2.49-acre parcel located in Glennallen II Subdivision.

Key Lot	Legal Description	Size (acres)
204819	Lot 39, ASLS 79-251, Plat 80-13	2.49

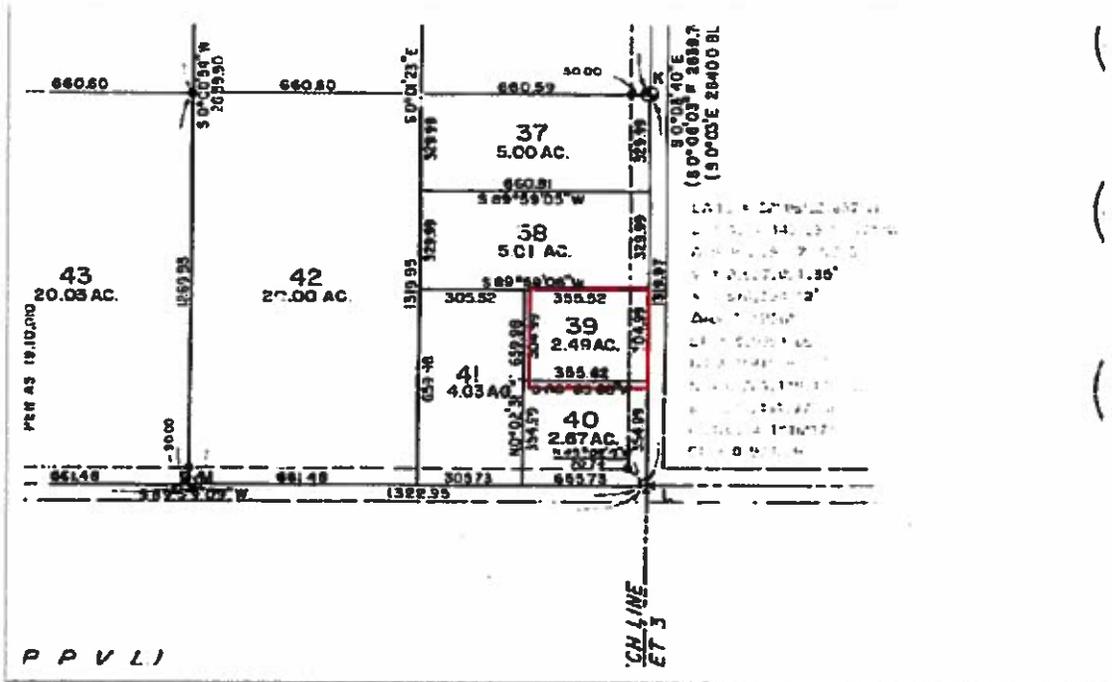
Road Accessible Key Lot

(ADL 204819, Lot 39, ASLS 79-251)

Location	The <i>Key Lot</i> is located about 2 miles south of the Glenn Highway and 2 ½ miles southwest of the Glenn and Richardson Highways intersection.
Access	Gravel access to lot
Size & Shape	2.49-acres, square shaped parcel
Topography	Mostly level
Soils	Appears adequate
Vegetation	Wooded with tall spruce and aspen
Utilities	Electric and telephone available
Water & Sewer	None
Easements & Setbacks	Typical
Environmental Hazards	None noted
Zoning Regulations	None
Tax Assessments	None
Ownership History	State of Alaska
Adjacent Land Use	Residential or undeveloped
Amenities	Interior lot

Survey of Road Accessible Key Lot

(ADL 204819, Lot 39, ASLS 79-251)



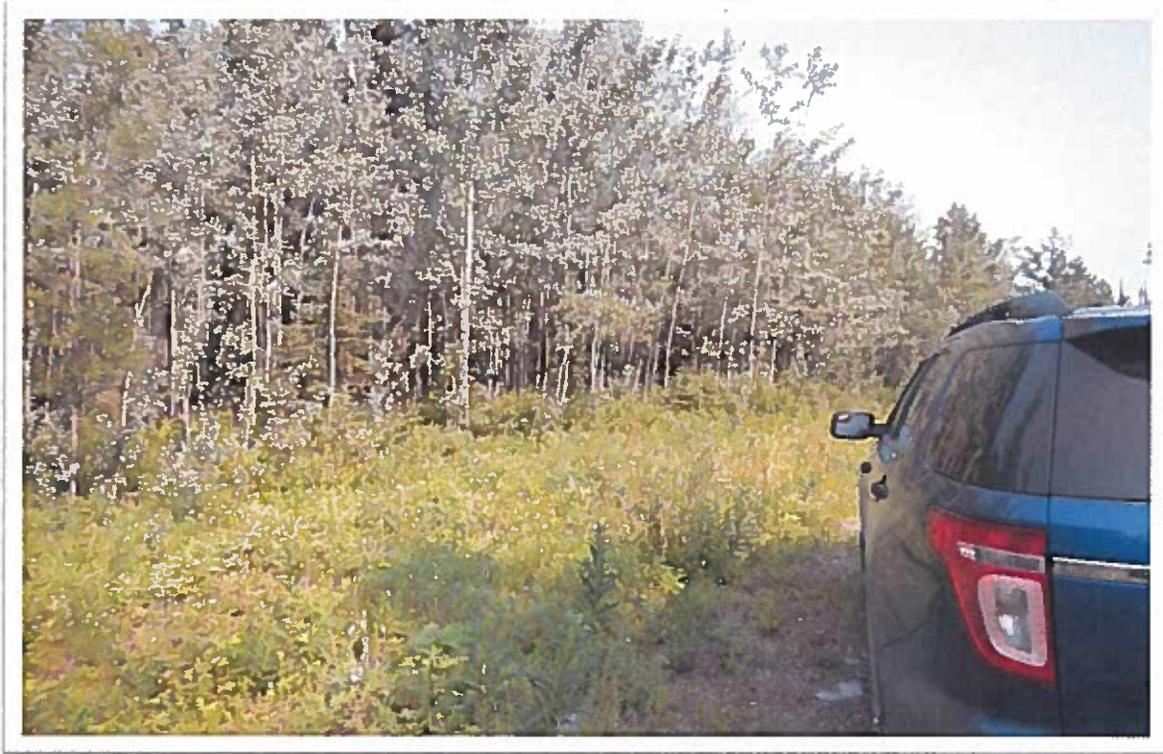
Satellite imagery of Road Accessible Key Lot

(ADL 204819, Lot 39, ASLS 79-251)



Photograph of Road Accessible Key Lot

(ADL 204819, Lot 39, ASLS 79-251)



Photograph taken June 23, 2015

The remaining road accessible parcel included in this analysis is summarized below:

ADL	Subdivision	Lot	Survey	Size (acres)	Description
206091	Glennallen II	22	ASLS 79-205	2.24	Gravel access with electric and telephone service available. The parcel is mostly level and wooded with spruce. Some low areas are present on the parcel. A dilapidated trailer is currently found on the lot.

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 as¹⁰:

“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.”

¹⁰ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.278

Personal Property on ADL 206091 – Glennallen Area II

An old mobile home in very poor condition, a stack of pallets, some debris and an old rusted tank are present on the property. It is an extraordinary assumption that there are no hazardous materials present on the site.

The mobile home is currently sitting on blocks and is missing several sections of wall. A picture of the mobile home is shown below:

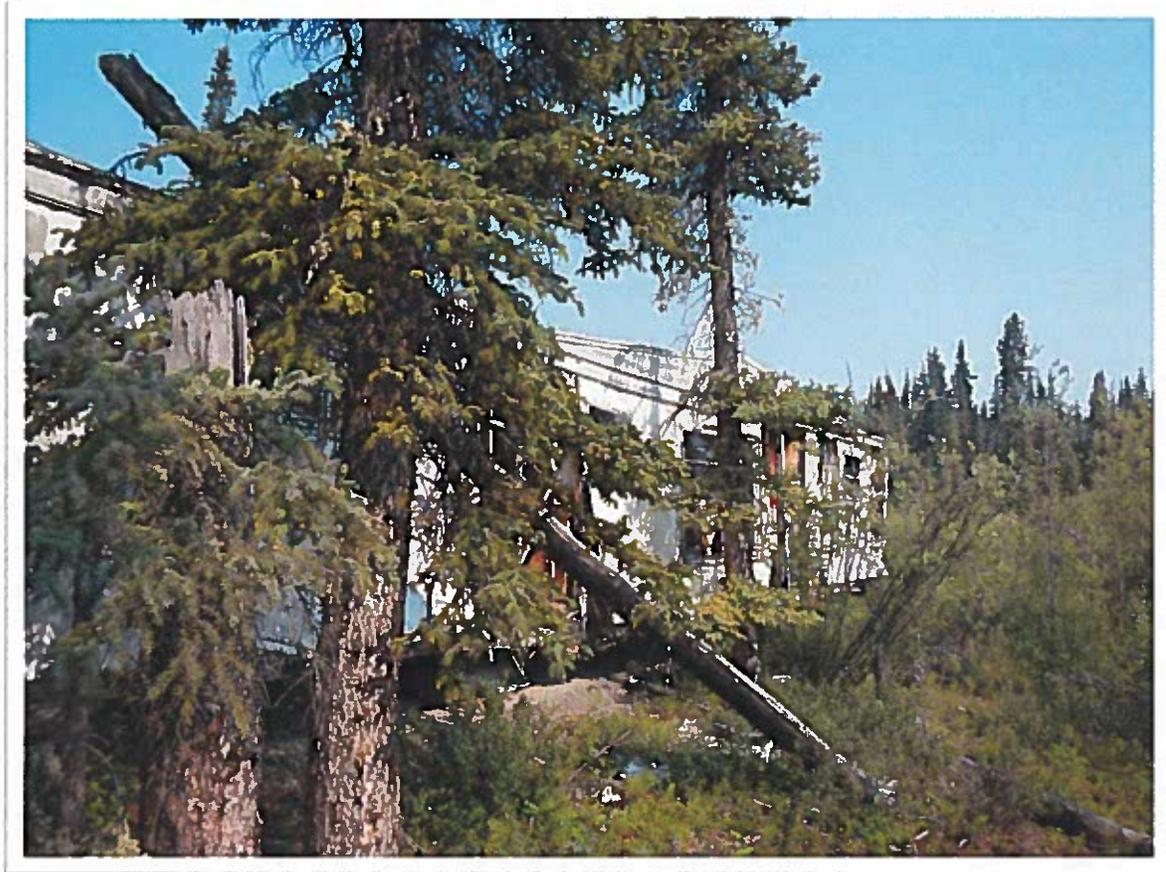


Photo taken June 23, 2015

Copper Basin Sanitation operates the local landfill in Glennallen. They will not accept any debris that will not fit in the back of a pick-up truck. In order to remove and dispose of the mobile home it would need to first be disassembled and broken down to parts that could fit into the back of a pick-up truck. The debris would need to then be hauled to the landfill and disposed of. Copper Basin Sanitation charges \$35 per cubic yard for disposal. Attempts to contact a local trash hauler or contractor were unsuccessful. The subject parcel was previously appraised in Appraisal 3234-0. Estimates for these services provided in Appraisal 3234-0 will be relied on for this analysis.

Labor to disassemble mobile home, load and unload truck	\$1,000
Cost to haul mobile home	\$1,000
50 cubic yards of debris @ \$35 per	<u>\$1,750</u>
Total	\$3,750
Add: Entrepreneurial Incentive (25%) ¹¹	<u>\$ 938</u>
Total	\$4,688
	\$4,700 Rounded

ADL 206091, Glennallen II Value Estimate	\$11,800
Less cost to remove mobile home	<u>\$ 4,700</u>
	\$7,100

¹¹ Represents the return a purchaser would require to compensate for the time required to coordinate the removal of the mobile home.

Due to the confidentiality of sales information in the State of Alaska, the valuation section of the report is unavailable online. The entire report can be reviewed at the DNR Public Information Center:

In Anchorage

(in the Atwood Building)
550 W. 7th Ave. Suite 1200, Anchorage AK, 99501
Phone (907) 269-8400
Fax (907) 269-8901
TDD for hearing impaired (907) 269-8411
e-mail: dnr.pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

In Fairbanks

(Corner of University & Airport Way)
3700 Airport Way, Fairbanks, AK 99709
Phone (907) 451-2705
Fax (907) 451-2706
TDD for hearing impaired (907) 451-2770
e-mail: fbx-pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

In Juneau

(Southeast Div. of Land)
400 Willoughby Ave., 4th Floor, Juneau AK 99801
Phone (907) 465-3400
Fax (907) 586-2954
e-mail: southeast_land@dnr.state.ak.us
Business hours 10:00 am to 5:00 pm M-F.