

MARKET VALUE APPRAISAL

of 27 PARCELS located in Petersburg, Hollis,
Vallenar Bay, Port Protection & Whale Pass
Southeast Alaska



YEAR 2005

BASE APPRAISAL REPORT No. 3395

STATE of ALASKA

Department of Natural Resources
Division of Mining Land & Water
550 West Seventh Avenue Suite 650
Anchorage AK 99501-3576

MEMORANDUM

State of Alaska

Department of Natural Resources

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Michael_Ward@dnr.state.ak.us**Division of Mining, Land and Water**550 West 7th Avenue, Suite 650

Anchorage AK 99501-3576

DATE: February 15, 2006

TO: Kevin Hindmarch
Review Appraiser

FROM: Michael R. Ward, Appraiser II

SUBJECT: Appraisal of Twenty Seven (27) Parcels of vacant land located in
Southeast, Alaska

As requested, I have completed an appraisal of the above referenced real properties according to your request. I understand that this appraisal will be used to determine the estimated market value 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 General Appraisal Instructions, DNR. This is a complete, summary report based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses and reasoning leading to the opinions of value.

The Petersburg site known as ASLS 87-111 was identified in November 2002 as containing diesel and residual range hydrocarbons. In May 2005, ADEC approved a site cleanup work plan submitted by DMC Technologies. DMC Technologies submitted a Final Clean-Up Report in August 2005. ADEC accepted the findings and issued a "No Further Remedial Action Planned" statement on September 2005. The site does however contain minimal trace amounts of contaminants that are below accepted levels and do not present a cumulative risk to human health. A deed notice with information pertaining to the location and estimated quantity of petroleum contaminated soil that remains onsite will be signed by a land manager. Pursuant to 18 AAC 75.370 (b), the Deed Notice informs prospective purchasers that if removal of soil from the areas of contaminant soil on the property becomes necessary, DEC must be notified in advance to ensure that final placement of the soil does not violate water quality or petroleum regulations. It is an extraordinary assumption that the site is clean and we reserve the right to amend this report should further investigation prove otherwise.

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

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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 of 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the properties that are the subject of this report.
- No one provided significant professional assistance to the person signing this report.
- I have the knowledge and experience to competently complete this assignment.
- My opinion of the market value of the fee simple title less mineral rights for the land only developed to its highest potential, described in the subsequent report are :

ADL#	LOCATION	SURVEY TYPE	LOT	BLOCK	PLAT	ACRES	VALUE
103287	PETERSBURG, AK	ASLS 87-111			89-15	2.208	\$46,700*
107398	HOLLIS ANCHORAGE, AK	ASLS 2004-30	1	1	2005-39	2.76	\$27,300
107399	HOLLIS ANCHORAGE, AK	ASLS 2004-30	2	1	2005-39	2.02	\$20,200
107400	HOLLIS ANCHORAGE, AK	ASLS 2004-30	3	1	2005-39	0.78	\$24,300
106639	VALLENAR BAY, GRAVINA ISLAND, AK	ASLS 85-86	6	2	86-35	1.80	\$5,000
106640	VALLENAR BAY, GRAVINA ISLAND, AK	ASLS 85-86	7	2	86-35	2.06	\$5,000
105483	VALLENAR BAY, GRAVINA ISLAND, AK	ASLS 85-86	11		86-35	1.40	\$27,500
107403	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	1	1	2005-27	2.30	\$34,500
107404	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	2	1	2005-27	1.85	\$27,800
107405	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	3	1	2005-27	1.77	\$23,900
107406	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	4	1	2005-27	2.33	\$31,500
107407	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	5	1	2005-27	1.73	\$23,400
107408	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	6	1	2005-27	1.62	\$21,900
107409	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	7	1	2005-27	2.37	\$14,200
107410	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	8	1	2005-27	2.38	\$15,700
107411	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	9	1	2005-27	2.51	\$16,600
106762	WHALE PASSAGE, AK	ASLS 2000-22	1	11	2000-18	8.30	\$47,500

106763	WHALE PASSAGE, AK	ASLS 2000-22	2	11	2000-18	6.87	\$42,300
106764	WHALE PASSAGE, AK	ASLS 2000-22	3	11	2000-18	1.50	\$16,500
106765	WHALE PASSAGE, AK	ASLS 2000-22	4	11	2000-18	1.50	\$16,500
106766	WHALE PASSAGE, AK	ASLS 2000-22	5	11	2000-18	3.91	\$21,500
106767	WHALE PASSAGE, AK	ASLS 2000-22	6	11	2000-18	5.15	\$22,100
106768	WHALE PASSAGE, AK	ASLS 2000-22	7	11	2000-18	6.82	\$26,300
106769	WHALE PASSAGE, AK	ASLS 2000-22	1	12	2000-18	1.50	\$16,500
106770	WHALE PASSAGE, AK	ASLS 2000-22	2	12	2000-18	1.51	\$16,600
106771	WHALE PASSAGE, AK	ASLS 2000-22	3	12	2000-18	1.52	\$16,700
106772	WHALE PASSAGE, AK	ASLS 2000-22	4	12	2000-18	7.28	\$44,000

*The Petersburg site known as ASLS 87-111 was identified in November 2002 as containing diesel and residual range hydrocarbons. In May 2005, ADEC approved a site cleanup work plan submitted by DMC Technologies. DMC Technologies submitted a Final Clean-Up Report in August 2005. ADEC accepted the findings and issued a "No Further Remedial Action Planned" statement on September 2005. The site does however contain minimal trace amounts of contaminants that are below accepted levels and do not present a cumulative risk to human health. A deed notice with information pertaining to the location and estimated quantity of petroleum contaminated soil that remains onsite will be signed by a land manager. Pursuant to 18 AAC 75.370 (b), the Deed Notice informs prospective purchasers that if removal of soil from the areas of contaminant soil on the property becomes necessary, DEC must be notified in advance to ensure that final placement of the soil does not violate water quality or petroleum regulations. It is an extraordinary assumption that the site is clean and we reserve the right to amend this report should further investigation prove otherwise.

The parcels located in Whale Passage are under an easement granted to the US Forest Service to use a majority of all the lots in Whale Passage as a log storage site. DNR & the USFS are currently close to completion of an agreement to vacate the easement. It is an extraordinary assumption of this report that the easement is removed and the lots can be offered for sale as unencumbered.



9-28-2005

Date

Appraiser

REPORT SUMMARY

Purpose	To estimate current market value
Function	Establish minimum bid for sealed bid auction
Authority	AS 38.05.055
Location	Southeast Alaska
Type of Parcels	Interior, oceanfront and residential parcels
Size	0.78 to 8.30 acres
Legal Descriptions	See page 6
Current Use	All vacant, no improvements
Highest and Best Use	Residential or recreational
Estimated Market Value	See page 4

PRESENTATION OF DATA

PROPERTY IDENTIFICATION and **LEGAL DESCRIPTION** The parcels listed in the table below are located in various locations in Southeast Alaska.

ADL#	LOCATION	SURVEY TYPE	LOT	BLOCK	PLAT	ACRES
103287	PETERSBURG, AK	ASLS 87-111			89-15	2.208
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107400	HOLLIS ANCHORAGE, AK	ASLS 2004-30	3	1	2005-39	0.78
106639	VALLENAR BAY,	ASLS 85-86	6	2	86-35	1.80
106640	VALLENAR BAY,	ASLS 85-86	7	2	86-35	2.06
105483	VALLENAR BAY,	ASLS 85-86	11	2	86-35	1.40
107403	PORT PROTECTION, AK	ASLS 2004-44	1	1	2005-27	2.30
107404	PORT PROTECTION, AK	ASLS 2004-44	2	1	2005-27	1.85
107405	PORT PROTECTION, AK	ASLS 2004-44	3	1	2005-27	1.77
107406	PORT PROTECTION, AK	ASLS 2004-44	4	1	2005-27	2.33
107407	PORT PROTECTION, AK	ASLS 2004-44	5	1	2005-27	1.73
107408	PORT PROTECTION, AK	ASLS 2004-44	6	1	2005-27	1.62
107409	PORT PROTECTION, AK	ASLS 2004-44	7	1	2005-27	2.37
107410	PORT PROTECTION, AK	ASLS 2004-44	8	1	2005-27	2.38
107411	PORT PROTECTION, AK	ASLS 2004-44	9	1	2005-27	2.51
106762	WHALE PASSAGE, AK	ASLS 2000-22	1	11	2000-18	8.30
106763	WHALE PASSAGE, AK	ASLS 2000-22	2	11	2000-18	6.87
106764	WHALE PASSAGE, AK	ASLS 2000-22	3	11	2000-18	1.50
106765	WHALE PASSAGE, AK	ASLS 2000-22	4	11	2000-18	1.50
106766	WHALE PASSAGE, AK	ASLS 2000-22	5	11	2000-18	3.91
106767	WHALE PASSAGE, AK	ASLS 2000-22	6	11	2000-18	5.15
106768	WHALE PASSAGE, AK	ASLS 2000-22	7	11	2000-18	6.82
106769	WHALE PASSAGE, AK	ASLS 2000-22	1	12	2000-18	1.50
106770	WHALE PASSAGE, AK	ASLS 2000-22	2	12	2000-18	1.51
106771	WHALE PASSAGE, AK	ASLS 2000-22	3	12	2000-18	1.52
106772	WHALE PASSAGE, AK	ASLS 2000-22	4	12	2000-18	7.28

PREMISES OF THE APPRAISAL

TYPE OF APPRAISAL AND REPORT

This is a complete, summary appraisal prepared in accordance with Standard Rules 1 and 2 of the Uniform Standards of Professional Appraisal Practice, Appraisal Foundation, and in accordance with General Appraisal Instructions, DNR, a copy of which is included in the Addenda.

PURPOSE AND FUNCTION OF THE APPRAISAL

The purpose of this appraisal is to estimate the current market values of the properties described in this report. The function of this appraisal is to establish minimum prices for a sealed bid auction pursuant to Alaska Statute AS 38.05.055.

INTENDED USE OF THE APPRAISAL

This appraisal will be used to determine the minimum purchase price for the parcels to be made available in a sealed bid auction.

CLIENT AND USER IDENTITY

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

PROPERTY RIGHTS APPRAISED

The rights appraised are the fee simple estate less the mineral rights reserved to the State of Alaska under AS 38.05.125(a). Fee simple estate is defined¹ as:

"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 which 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 in 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.

In accordance with instructions from the State of Alaska, market value for the appraised property is estimated in terms of seller financing typical for the property type as of the date of appraisal.

EFFECTIVE DATE OF VALUE ESTIMATE

The subject properties (Petersburg, Vallenar Bay & Hollis) were inspected on June 27-29, 2005. All comparable sales were inspected on June 27-29, 2005. Port Protection and Whale Pass were

¹ The Appraisal of Real Estate, 12th Edition, Appraisal Institute, 2001, p.69

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 1998, pp. 561-62

³ The Appraisal of Real Estate, 12th Edition, Appraisal Institute, 2001, p.22

inspected on September 28, 2005. The effective date of the value estimate is September 28, 2005.

PROPERTY HISTORY

Sale history of individual parcels will be discussed in the site description section for each parcel.

EXPOSURE TIME

Exposure time is "...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..."⁴

Exposure time varies with the type of property and changes with market conditions. The market for residential/recreational properties in Southeast Alaska has been weak for the last five to ten years. The market has been driven down by contraction within the logging and fishing industries. The subject parcels are located between Ketchikan and Petersburg, which are two of the communities hit hardest by the contractions.

Compared with competing parcels in the overall market for recreation parcels, the market appeal for the subject properties is average. Considering exposure times for similar properties, the appraised value for the subject properties are based on an exposure time of one to two years.

MARKETING TIME

"Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal."⁵

Considering current market conditions and foreseeable supply and demand as of the date of appraisal, appraised values for the subject parcels are based on an estimated marketing time of one to two years.

SCOPE OF THE APPRAISAL

Physical features and access were identified by the use of topographic maps, status plats, aerial photographs, physical inspections, DNR appraisal records and interviews with people who are familiar with the area.

Interviews were conducted with real estate agents, appraisers, and other individuals who provided data about trends in values, supply and demand. Sellers and buyers were contacted to verify sale prices and other transaction details. Also, DNR appraisal records were searched for recent sales of similar parcels.

After analysis of all available data, appropriate sales were selected for comparison with a key parcel of the subject properties being appraised. The market value estimate is based on the following assumptions and conditions.

⁴ op. cit. p. 83.

⁵ *Uniform Standards of Professional Appraisal Practice 2005, Appraisal Foundation, p. 139 (AO-7).*

ASSUMPTIONS AND LIMITING CONDITIONS

1. The properties are appraised "as is" at the time of inspection. ASLS 87-111 contains an older metal warehouse that will be valued. There are no other structural or site improvements of value which have been considered in the market value estimates.
2. Some parcels may contain saw timber but not necessarily in commercial quantities. The estimated market value does not include the value of commercial timber, if any.
3. The data and conclusions embodied in this report are a part of the whole valuation. Each part of this appraisal is only part of the evidence upon which final judgement is based. Therefore, no part should be used out of context and by itself alone.
4. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question, unless prior arrangement has been made and adequate time is provided to review the appraisal.
5. 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 near the property appraised.
6. In this valuation various mathematical calculations were used to formulate the opinion of value. These calculations are only aids for the formulation of the opinion of value by the appraiser. Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.
7. The information furnished by others is believed to be reliable but it is not warranted for its accuracy. Plats of lease areas in this report are included for illustration only and may not be to scale.
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 such conditions, or for arranging engineering studies to discover them.
9. Unless otherwise stated in this report, the appraiser does not know about the existence of hazardous materials or toxic substances, which may or may not be present on the property. The appraiser is not qualified to detect such substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them.
10. The Petersburg site known as ASLS 87-111 was identified in November 2002 as containing diesel and residual range hydrocarbons. In May 2005, ADEC approved a site cleanup work plan submitted by DMC Technologies. DMC Technologies submitted a Final Clean-Up Report in August 2005. ADEC accepted the findings and issued a "No Further Remedial Action Planned" statement on September 2005. The site does however contain minimal trace amounts of contaminants that are below accepted levels and do not present a cumulative risk to human health. A deed notice with information pertaining to the location and estimated quantity of petroleum contaminated soil that remains onsite will be signed by a land manager. Pursuant to 18 AAC 75.370 (b), the Deed Notice informs prospective purchasers that if removal of soil from the areas of contaminant soil on the property becomes necessary, DEC must be notified in advance to ensure that final placement of the soil does not violate water quality or petroleum regulations. It is an extraordinary assumption that the site is clean and we reserve the right to amend this report should further investigation prove otherwise

SOUTHEAST REGIONAL OVERVIEW

Southeast Alaska, also known as the Panhandle, extends 560 miles from Dixon Entrance near Ketchikan to Icy Bay northwest of Yakutat. It is the third most populated region in the State. The economy is based on timber, fisheries, mining, tourism and government services. Juneau is the largest city and the state capital.

The coast is deeply fjorded and very mountainous. Between the rocky and forested islands along this fjorded coast runs the Inside Passage. It stretches from Puget Sound and terminates over 1,000 miles to the north at Haines and Skagway. Each year, hundreds of thousands of tourists pass through the area on private boats, Alaska State Ferries and cruise ships. Glacier Bay National Park and Preserve near Gustavus, Misty Fjords National Monument and Admiralty Island are only a few of the major attractions of Southeast Alaska. Humpback, orca and minke whales use Glacier Bay and other areas for their summer feeding range. The world's largest population of brown bears and bald eagles are found here.

Warmed by ocean currents the Southeast has relatively mild climates with warm temperatures averaging around 60 degrees F in the summer. Winters are cool with alternate snow, rain and sunshine. January temperatures range between 20 and 40 degrees F. Subzero winter temperatures are uncommon. Annual rainfall ranges from a low of 26 inches per year at Skagway to a high of 270 inches at Port Alexander.

Heavy rainfall encourages a dense rain forest growth of western hemlock and Sitka spruce, interspersed with red cedar and Alaskan yellow cedar. Ground cover is a luxurious growth of devil's club, blueberries and shrubs up to 3,000 feet in elevation. Above this elevation the ground is mostly arctic tundra, barren ground or glacial ice fields.

Principal population centers include Juneau, (the State Capital), Ketchikan, and Sitka. Other settlements are Craig, Kake, Hoonah, Haines, Petersburg, Skagway, Wrangell, and Yakutat. Smaller communities of Angoon, Hydaburg, Klawock, and Metlakatla have their economies supplemented primarily by subsistence activities.

Most of Southeast Alaska is accessible only by boat or plane. The Alaska Marine Highway is a system of regularly scheduled modern ferries, which carry vehicles and passengers to most communities. Daily passenger service between principal southeast communities and to locations within the state and out-of-state is available by jet aircraft. Most all communities are served by charter or scheduled commuter air service. Transportation of freight is either by cargo planes or barges. Haines, Skagway and Hyder connect to the Canadian Highway system either through British Columbia or the Yukon.

The Southeast region is rich in natural resources, which have played important role in its economic development. Commercial fisheries, timber, mining, tourism, and government are the principal economic contributors to the regional economy.

Petersburg Area Overview

Current Population:	3,060 (2003 State Demographer est.)
Incorporation Type:	Home Rule City
Borough Located In:	Unorganized
Taxes:	Sales: 6%, Property: 10.17 mills, Special: 4% Accommodations Tax

Location and Climate

Petersburg is located on the northwest end of Mitkof Island, where the Wrangell Narrows meet Frederick Sound. It lies midway between Juneau and Ketchikan, about 120 miles from either community. It lies at approximately 56.8125° North Latitude and -132.95556° West Longitude. (Sec. 27, T058S, R079E, Copper River Meridian.) Petersburg is located in the Petersburg Recording District. The area encompasses 43.9 sq. miles of land and 2.2 sq. miles of water. Petersburg's climate is characterized by mild winters, cool summers and year-round rainfall. Average summer temperatures range from 40 to 56; winters average from 27 to 43. Annual precipitation averages 106.3 inches, including 97 inches of snow.

History, Culture and Demographics

Tlingit Indians from Kake utilized the north end of Mitkof Island as a summer fish camp. Some reportedly began living year-round at the site, including John Lot. Petersburg was named after Peter Buschmann, a Norwegian immigrant and a pioneer in the cannery business, who arrived in the late 1890s. He built the Icy Strait Packing Company cannery, a sawmill, and a dock by 1900. His family's homesteads grew into this community, populated largely by people of Scandinavian origin. In 1910, a City was formed, and by 1920, 600 people lived in Petersburg year-round. During this time, fresh salmon and halibut were packed in glacier ice for shipment. Alaska's first shrimp processor, Alaska Glacier Seafoods, was founded in 1916. A cold storage plant was built in 1926. The cannery has operated continuously, and is now known as Petersburg Fisheries, a subsidiary of Iccicle Seafoods, Inc. Across the narrows is the town of Kupreanof, which was once busy with fur farms, a boat repair yard and a sawmill. Petersburg has developed into one of Alaska's major fishing communities.

A federally recognized tribe is located in the community -- the Petersburg Indian Association. 12% of the population are Alaska Native or part Native. The community maintains a mixture of Tlingit and Scandinavian history. It is known as "Little Norway" for its history and annual Little Norway Festival during May. During the 2000 U.S. Census, there were 1,367 total housing units, and 127 were vacant. 25 of these vacant housing units are used only seasonally. 1,528 residents were employed. The unemployment rate at that time was 10.28%, although 36.44% of all adults were not in the work force. The median household income was \$49,028, per capita income was \$25,827, and 4.97% of residents were living below the poverty level.

Facilities, Utilities, Schools and Health Care

Water is supplied by Cabin Creek dam, a 50-million gallon water reservoir, then is treated, stored in a 600,000-gal. tank and distributed via pipes to 80% of households. A few homes use individual wells or water delivery. Nearly all homes are plumbed. Piped sewage receives primary treatment. The City is extending piped water to Scow Bay to replace individual wells. The City currently ships baled refuse to Washington State. A recycling and resource re-use facility, with a balefill and hazardous waste disposal, is under development. Petersburg Municipal Power & Light purchases electricity from the Tye Lake Hydro Facility, and also owns the Crystal Lake Hydro Facility and three diesel-fueled generators. Electricity is provided by Petersburg Municipal Power & Light. There are 3 schools located in the community, attended by 623 students. Local hospitals or health clinics include Petersburg Medical Center (772-4291); Petersburg Public Health Center (772-4611). The hospital is a qualified Acute Care and Long Term Care facility. Specialized Care: Petersburg Council on Alcoholism. Petersburg is classified as a large town/Regional Center, it is found in EMS Region 3A in the Southeast Region. Emergency Services have limited highway, marine, airport and floatplane access. Emergency service is provided by 911 Telephone Service and volunteers. Auxiliary health care is provided by Petersburg Volunteer Fire Dept.

Economy and Transportation

Since its beginning, Petersburg's economy has been based on commercial fishing and timber harvests. Petersburg currently is one of the top-ranking ports in the U.S. for the quality and value of fish landed. 469 residents hold commercial fishing permits. Several processors operate cold storage, canneries and custom packing services. The state runs the Crystal Lake Hatchery which contributes to the local salmon resource. Residents include salmon, halibut, shrimp and crab in their diet. Petersburg is the supply and service center for many area logging camps. Independent sportsmen and tourists utilize the local charter boats and lodges, but there is no deep water dock suitable for cruise ships.

Petersburg is accessed by air and water. It is on the mainline State ferry route. The State-owned James A. Johnson Airport and Lloyd R. Roundtree Seaplane Base (on the Wrangell Narrows) allow for scheduled jet and float plane services. The runway is 6,000' long by 150' wide asphalt. Harbor facilities include three docks, two petroleum wharves, two barge terminals, three boat harbors with moorage for 700 boats, a boat launch and boat haul-out. Freight arrives by barge, ferry or cargo plane. There is no deep water dock for large ships such as cruise ships; passengers are lightered to shore.

Hollis Community Overview

Current Population:	165 (2004 State Demographer est.)
Incorporation Type:	Unincorporated
Borough Located In:	Unorganized
School District:	Southeast Island Schools
Regional Native Corporation:	Not Applicable

Location:

Hollis is located on the east side of Prince of Wales Island, on Twelvemile Arm, 19 miles east of Craig by road, and 35 miles west of Ketchikan by water. It lies at approximately 55.483890° North Latitude and -132.6675° West Longitude. (Sec. 04, T074S, R084E, Copper River Meridian.) Hollis is located in the Ketchikan Recording District. The area encompasses 63.2 sq. miles of land and 1.4 sq. miles of water. Prince of Wales Island is dominated by a cool, moist, maritime climate. Average summer temperatures range from 49 to 63; winter temperatures vary from 29 to 39. Average annual precipitation is 145 inches.

History:

Hollis was a mining town with a population of over 1,000 around 1900. Gold and silver were mined until about 1915. In 1953, it became a logging camp when a long-term timber contract was enacted with Ketchikan Pulp Co. It served as the base for timber operations on Prince of Wales Island until 1962, when the camp was moved 45 miles north to Thorne Bay. The area was permanently settled in recent years through a State land disposal sale. Dock facilities at Hollis provide support for logging operations and state ferry services.

Culture:

Hollis is a non-Native community that provides logging operations support and State ferry services.

Economy:

Logging is prevalent on the Island, though it does not occur directly in Hollis. Support services for the logging industry, the U.S. Forest Service, and work for the Alaska Marine Highway provides most employment.

Facilities:

There are no central community facilities. Residents use rain catchment or surface water, and only 10% of occupied homes are fully plumbed. The school has its own well and septic system. Individual outhouses are the primary method of sewage disposal; a few individual septic systems are in use. Refuse is hauled to the Klawock landfill.

Transportation:

Hollis is the location of the State Ferry landing for Prince of Wales Island. A State-owned seaplane base, harbor, dock and boat ramp are available on Clark Bay. An airstrip is located at nearby Klawock. The Island has a system of logging roads which provide access to surrounding communities.

Climate:

Prince of Wales Island is dominated by a cool, moist, maritime climate. Average summer temperatures range from 49 to 63; winter temperatures vary from 29 to 39. Average annual precipitation is 145 inches.

Port Protection Community Overview

Current Population: 47 (2004 State Demographer est.)
Incorporation Type: Unincorporated
Borough Located In: Unorganized
School District: Southeast Island Schools
Regional Native Corporation: Not Applicable

Location:

Located on the northern tip of Prince of Wales Island, Port Protection is 145 miles south of Juneau and 50 miles west of Wrangell. It lies in the Tongass National Forest. It lies at approximately 56.321940° North Latitude and -133.60944° West Longitude. (Sec. 19, T064S, R076E, Copper River Meridian.) Port Protection is located in the Petersburg Recording District. The area encompasses 4.5 sq. miles of land and 0.1 sq. miles of water. Prince of Wales Island is dominated by a cool, moist, maritime climate. Average summer temperatures range from 49 to 63; winter temperatures average from 32 to 42. Average annual precipitation is 120 inches, including 40 inches of snow.

History:

"Wooden Wheel" Johnson became the first resident in the early 1900s. His store, fuel dock and fish-buying scow enabled trollers to stop for supplies and safe anchor on their trips north and south. In 1946, Laurel "Buckshot" Woolery opened the B.S. Trading Post and fish-buying station. In the 1950s a warehouse was built with the plan to eventually create a shrimp cannery. The cannery idea was never realized, and the building now stands empty. Woolery closed his trading post in 1973. State land disposal programs have enabled the area to be permanently settled.

Culture:

Port Protection is a small non-Native fishing community. Residents cherish the seclusion and serenity of their community. There are no roads, and most homes lie along the waterfront.

Economy:

Port Protection experiences a highly seasonal economy. Fourteen residents hold a commercial fishing permit. Some residents provide sport fishing charters. Local food sources include deer, salmon, halibut, shrimp and crab.

Facilities:

Spring water is available from a water tank maintained by the Port Protection Community Assoc. Homes are fully plumbed. Most residents use outdoor privies or outfall pipes for sewage disposal, although a few individual septic tanks exist. There is no central electric system; individual generators supply power.

Transportation:

The community is accessible by float plane and skiff. A State-owned seaplane base is available. Skiffs are used for local travel, and there is a boat harbor and launch ramp. Port Protection does not have direct access to the Prince of Wales road system, airport or ferry. Residents travel to Point Baker for mail. Freight arrives by chartered boat or floatplane.

Climate:

Prince of Wales Island is dominated by a cool, moist, maritime climate. Average summer temperatures range from 49 to 63; winter temperatures average from 32 to 42. Average annual precipitation is 120 inches, including 40 inches of snow.

GENERAL SITE DESCRIPTION ADL 103287 ASLS 87-111**Location**

The subject is located on the west coast of Mitkof Island, in Southeast Alaska, approximately ten miles south of Petersburg, Alaska.

Access

Primary access to the Petersburg area is by boat, float plane or via jet service. Access to the subject is by way of the paved, two lane, Mitkof Highway and then east one quarter mile along a gravel forest service road, known locally as Three Lakes Loop Road.

Size and Shape

The subject lot is regular in shape, and contains 2.208 acres.

Topography

The site is nearly level and at road grade.

Soils/Vegetation

The subject soils are unknown, but appear to be good given the slope and quality of vegetation. Tree cover consists of smaller, spruce, hemlock and cedar. Approximately 30,000 square feet is covered with average quality, gravel fill.

Utilities

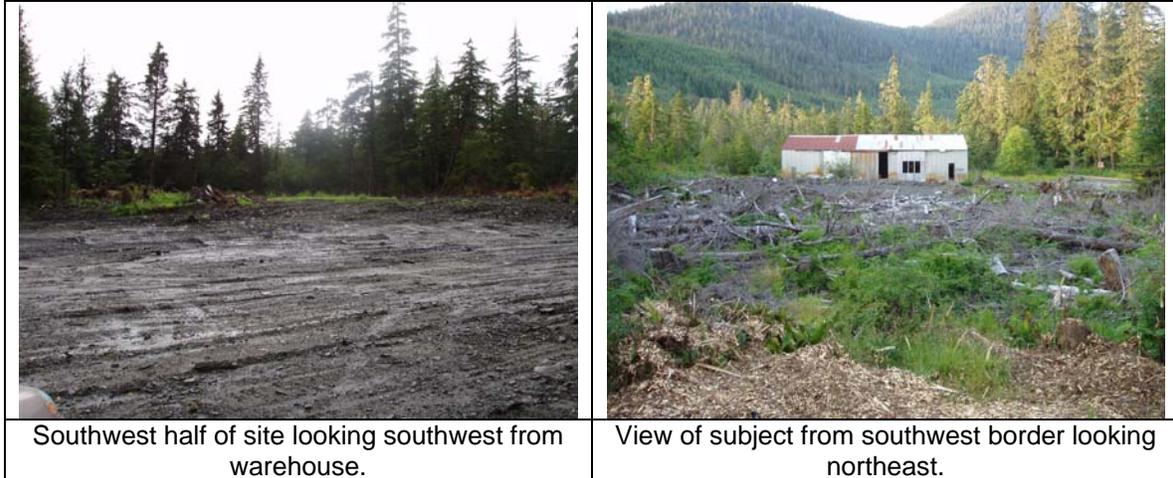
Electric and telephone service is available to the subject. Because there is no public water or sewer, on-site water wells and septic systems are needed for development within DEC standards.

Easements

A title report was not available to the appraiser, but according to the recorded plat, no easements impact the subject.

Environmental Hazards

None were observed.



Hazardous Waste and Toxic Materials

The Petersburg site known as ASLS 87-111 was identified in November 2002 as containing diesel and residual range hydrocarbons. In May 2005, ADEC approved a site cleanup work plan submitted by DMC Technologies. DMC Technologies submitted a Final Clean-Up Report in August 2005. ADEC accepted the findings and issued a "No Further Remedial Action Planned" statement on September 2005. The site does however contain minimal trace amounts of contaminants that are below accepted levels and do not present a cumulative risk to human health. A deed notice with information pertaining to the location and estimated quantity of petroleum contaminated soil that remains onsite will be signed by a land manager. Pursuant to 18 AAC 75.370 (b), the Deed Notice informs prospective purchasers that if removal of soil from the areas of contaminant soil on the property becomes necessary, DEC must be notified in advance to ensure that final placement of the soil does not violate water quality or petroleum regulations. It is an extraordinary assumption that the site is clean and we reserve the right to amend this report should further investigation prove otherwise.

Zoning Regulations

The subject is located outside the boundaries of the incorporated city of Petersburg. There are no zoning restrictions, assessed valuations or property taxes impacting the site.

Tax Assessments

Parcels owned by the State of Alaska are tax exempt. Once ownership is transferred from the State of Alaska, property taxes, if applicable are the responsibility of the buyer/grantee.

Ownership History

The State of Alaska DNR owns the property. The property was previously owned and sold by the Trust Land Office. It sold in the 2000 sealed bid auction for a total price of \$80,100 for the site and warehouse. The minimum bid was \$61,700. The parcel reverted back to the Trust Land Office once contamination was discovered and then to DNR for the clean up of the hazardous materials. DNR came into title to the property with a quitclaim deed on December 22, 2003. The parcel is in the final stages of remediation. It is an extraordinary assumption of this report that the site is clean and void of all contaminants. We reserve this report should facts prove other wise.

Improvements



Improvements

The site contains a fair quality metal warehouse that contains 3,200 square feet (40' x 80') that was previously used as a shop building that is in poor condition. This is a light metal structure with no insulation, heat or plumbing but does have electricity (non-operational at time of inspection). There are several holes throughout the siding and the exterior sliding doors were non-functioning. The interior contains a concrete slab, 480 SF of light loft storage and 480 SF of compartmentalized storage for auto parts. There are no other improvements. Approximately one third of the site has been filled with gravel, which is an area estimated at 150' by 200', or 30,000 square feet. The building has an effective age of 40 years and is in poor condition.

Highest and Best Use As Vacant

The Highest and Best Use is the reasonably probable and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. The site has been cleared and leveled, has gravel access with electricity available.

If the subject were vacant, the highest and best use would probably be for residential purposes, with no logging operations in the area. The general vicinity is developed with residential type uses. Other highest and best uses could include speculation or contractor storage yard.

HBU As Improved

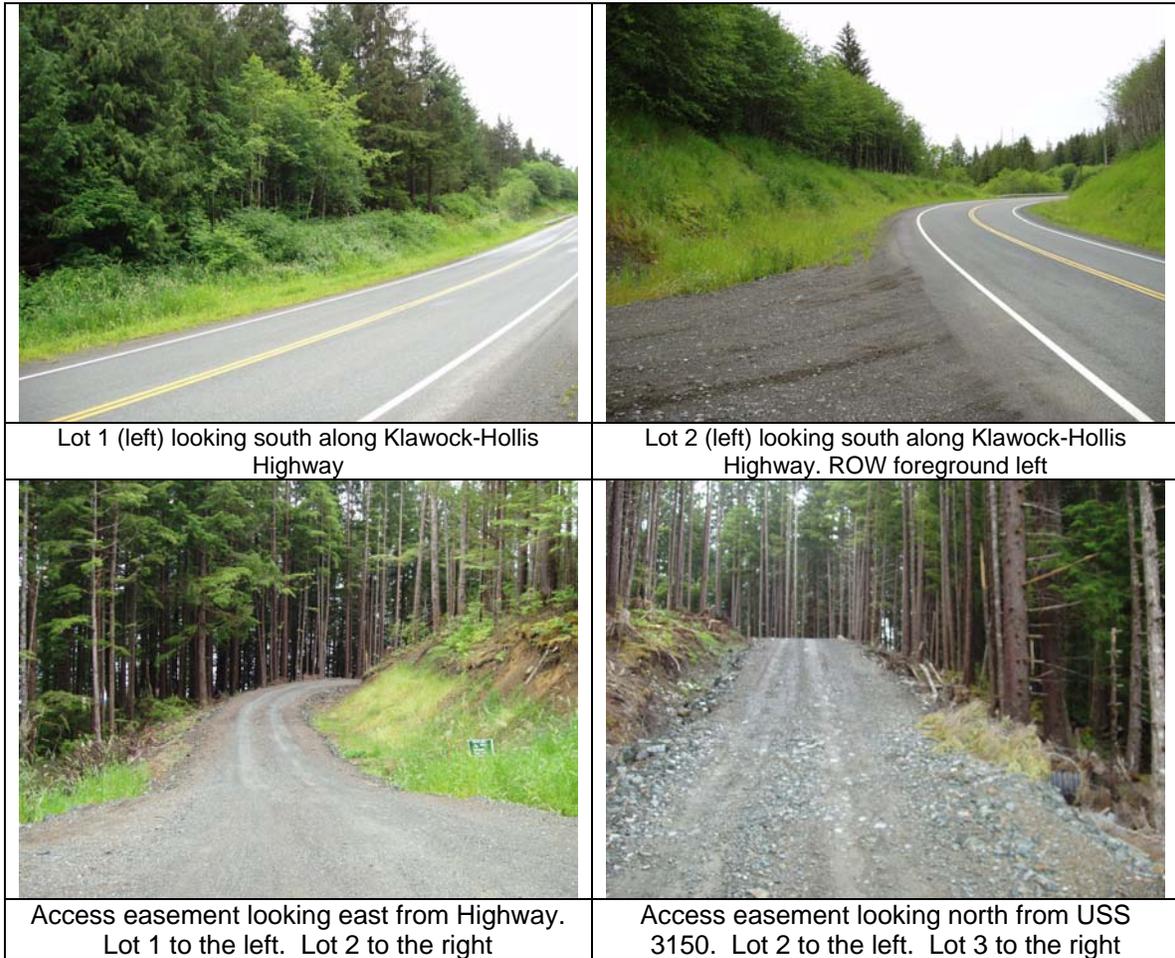
The Highest and Best Use is "as is", even though the improvements are quite dilapidated. The concrete slab and steel framing are in somewhat better condition than the siding and roof. The

building requires new siding at a minimum to prevent vandalism and animal damage. The roof appears to be rusted, but showed no signs of leaking as it was inspected during a typically rainy period in Southeast. The interior of the building contains equipment, tools and built-in benches. Since it was used as a shop, its continuation as a shop is likely, however, improvements would be required to the roof, siding and electrical system. The doors were non-operational and require maintenance, if not total replacement.

Its location is 10 miles south of Petersburg and does not lend itself to a viable shop space except for operation that may be offensive to some. It has been reported that one of the local native corporations plan to use fish waste and sawdust to create a fertilizer type product. The logging operation at this time is stagnant and there are no plans to restart any active logging in the area.

Overall, the highest and best use for the subject property as it is currently configured is to use the land for residential purposes and upgrade the building for storage of personal belongings.

**GENERAL SITE DESCRIPTION HOLLIS ANCHORAGE S/D ADDITION NO. 1
ASLS 2004-30 HOLLIS, ALASKA**



Location

The subject is located in Hollis, Alaska, which is approximately 40 miles northwest of Ketchikan, Alaska. The subdivision is accessible from the Klawock-Hollis Road, which is a paved road that runs a distance of approximately 20 miles from Klawock to Hollis.

Access

All lots are accessible from a new gravel road noted as ADL 106965, which is a 50' R-O-W that runs from the Hollis-Klawock Highway. While Lots 1 & 2 have frontage on the Klawock-Hollis Highway, they are not directly accessible from the highway. Lot 3 is accessible from Hollis Anchorage by boat.

ADL	Survey	Lot	Plat	Acres	Utilities	Shape	Topo	Waterfront
107398	ASLS 2004-30	1	2005-39	2.76	Electric, phone	Irregular	Level/Steep	None
107399	ASLS 2004-30	2	2005-39	2.02	Electric, phone	Regular	Steep	None
107400	ASLS 2004-30	3	2005-39	0.78	Electric, 125' away	Triangular	Steep	321'

Soils/Topography

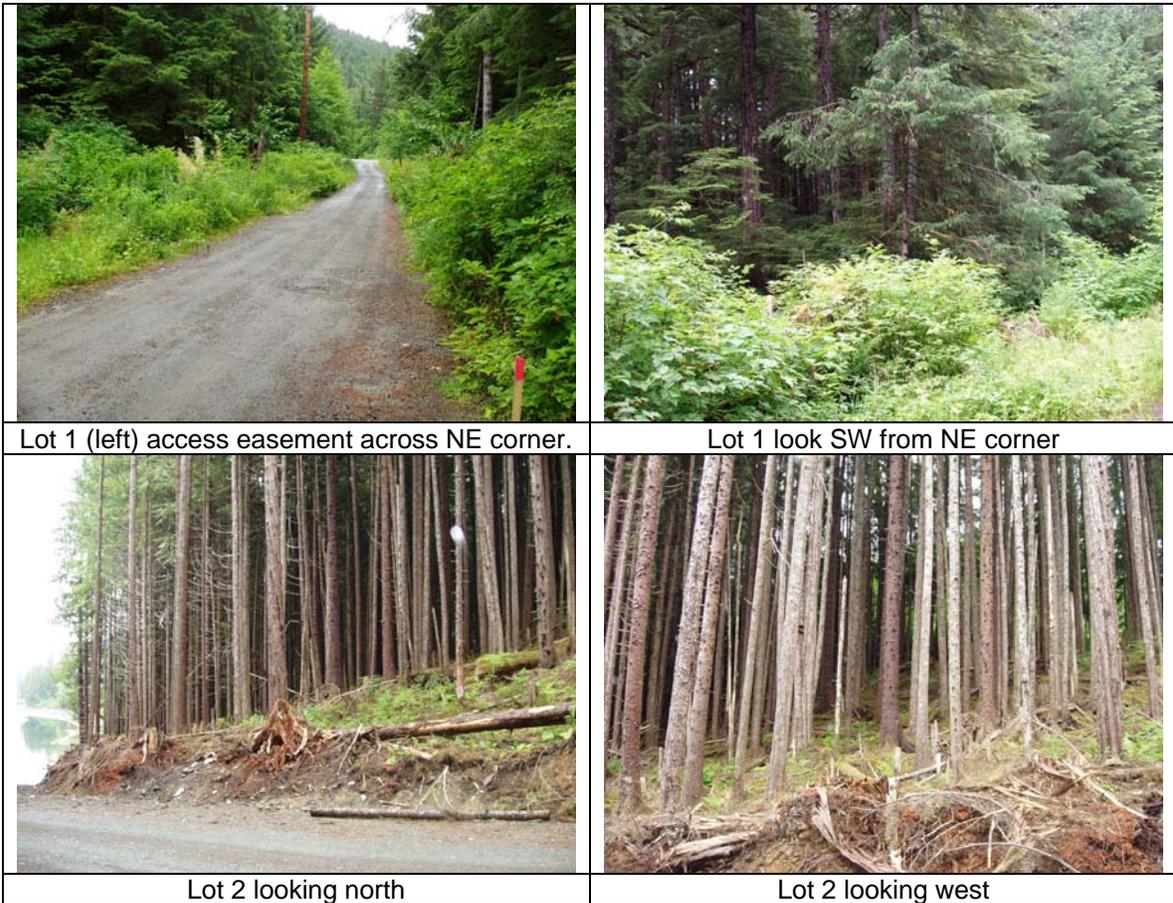
The subject soils are unknown, but appear to be good given the slope and quality of vegetation. There is a small amount of organic muskeg over a few areas of rock outcroppings. The site is heavily treed with a mix of old and second growth cedar, spruce and hemlock. Lots 2 & 3 are steeply sloped, while Lot 1 is steeply sloped with some level areas.

Utilities

Electric and telephone service are available to the subject Lots 1 and 2. Electric service is approximately 125 feet away from Lot 3. Because there is no public water or sewer, on-site water wells and septic systems are needed for development. The most likely sewage option for Lot 3 would be for a septic system with a salt water outfall, while Lots 1 and 2 are of sufficient size to accommodate a more standard design.

Easements

A title report was available to the appraiser and according to recorded documents, a 60 foot public access easement runs through the northeast corner of Lot 1, which provides access to USMS 1527-B.



Environmental Hazards

None were observed.

Hazardous Waste and Toxic Materials

None were observed.

Zoning Regulations

The subdivision is not located within an incorporated jurisdiction, and thus not subject to any zoning classifications.

Tax Assessments

All parcels owned by the State of Alaska are tax exempt. Once ownership is transferred from the State of Alaska, property taxes, if any are the responsibility of the buyer/grantee.

Ownership History

The property is owned by the State of Alaska DNR. It is a newly created subdivision and there have been no options, listings, or sales of the subject lots in the last three years.

	
<p>View of water from Lot 2</p>	<p>Looking north along access easement. Lot 3 to the right.</p>
	
<p>Lot 3 look north.</p>	<p>Lot 3 waterfront look northeast</p>

**Highest and Best Use**

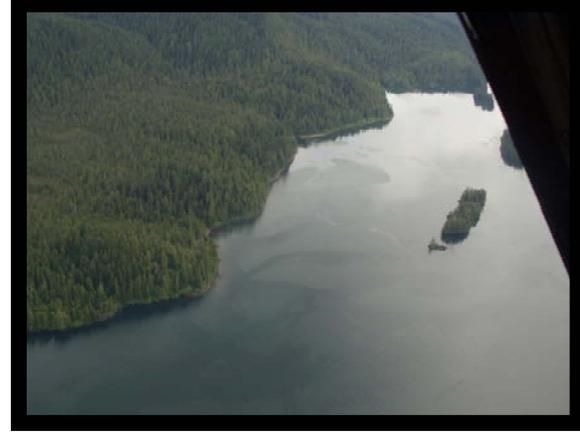
The Highest and Best Use is the reasonably probable and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value.

The primary development in the area is residential/recreational and therefore it is the appraiser's conclusion that residential/recreational use is the Highest and Best Use for these properties.



Approximate Outline of Block 1, Lots 1-9

GENERAL SITE DESCRIPTION ASLS 2004-44 Port Protection S/D

	
<p>Subject waterfront looking south</p>	<p>B1, Lots 1-4</p>
	
<p>B1, L6 SE corner of lot</p>	<p>B1, Lots 4-6</p>

Location

The subject is located approximately 65 miles northwest of Ketchikan and three miles south of Point Baker, on the northeast coast of Prince of Wales Island.

Access

Port Protection is accessible by air, boat and is located approximately two to three miles from the local road system on Prince of Wales Island. Direct access to the sites would be by boat, floatplane or over land on foot.

Topography

All lots are moderately to steeply sloped, with at least one adequate building site located on each lot, nearest the waterfront.

Soils

The subject soils are unknown, but appear to be good given the slope and quality of vegetation. Tree cover consists of smaller, second growth spruce, hemlock and cedar. It is unknown when the area was harvested.

Vegetation

Ground cover on site is mostly blueberry and huckleberry bushes, devil's club and ferns. The site is treed with medium sized Sitka spruce, western hemlock cedar and lodgepole pine.

Size and Shape

The subject lots are basically regular in shape and contain from 1.45 to 1.83 acres and are identified below:

ADL	SURVEY	TRACT	BLOCK	TOPOGRAPHY	FRONTAGE	ACRES	OTHER
107403	ASLS 2004-44	1	1	Moderately Steep / W	292'	2.30	None
107404	ASLS 2004-44	2	1	Moderately Steep / W	293'	1.85	None
107405	ASLS 2004-44	3	1	Very Steep / W	269'	1.77	None
107406	ASLS 2004-44	4	1	Very Steep / W	292'	2.33	None
107407	ASLS 2004-44	5	1	Very Steep / SW	429'	1.73	None
107408	ASLS 2004-44	6	1	Moderately Steep / SE	251'	1.62	Creek on east border
107409	ASLS 2004-44	7	1	Moderately Steep / E	none	2.37	none
107410	ASLS 2004-44	8	1	Moderately Steep / E	none	2.38	None
107411	ASLS 2004-44	9	1	Moderately Steep / E	none	2.51	None

Utilities

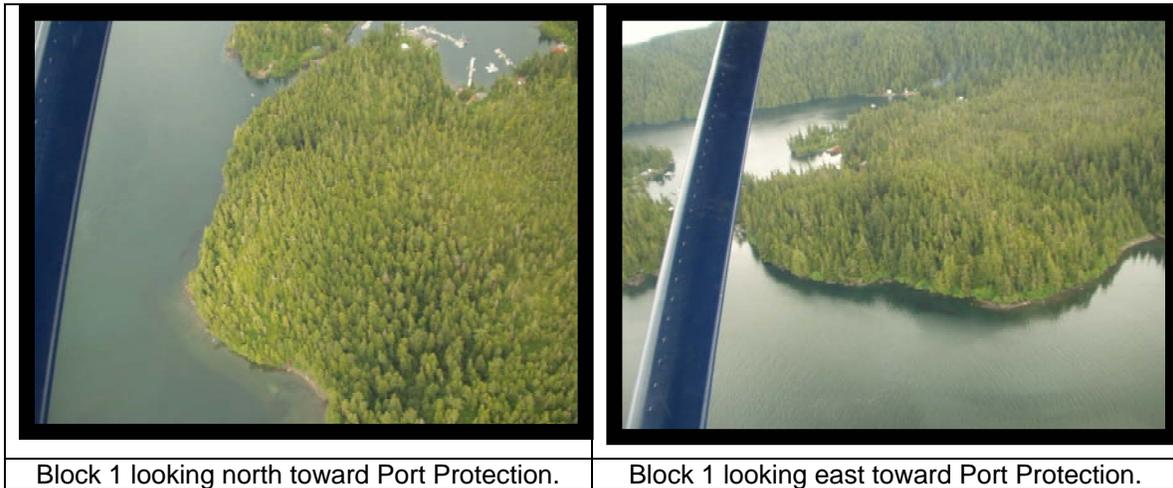
Electric and telephone service are not available to the subject lot. Because there is no public water or sewer, on-site water wells and septic systems are needed for development.

Beach Front Quality

The quality of waterfrontage is average, with a shallow run out at low tide. The subject lots face west to south and consists mostly of rocks at low tide. There is a small community dock nearby that allows for tie up for as many as four vessels. Overall, the waterfront quality is average.

Easements

A title report was available to the appraiser and according to preliminary designs, the six waterfront lots will have a 50 foot access easement from the mean high water mark (MHW). Other easements impacting portions of the other lots include 15' & 30' access and utility easements. No other easements will impact the subject lots. These are peripheral easements that do not adversely impact Highest and Best Use.



Block 1 looking north toward Port Protection.

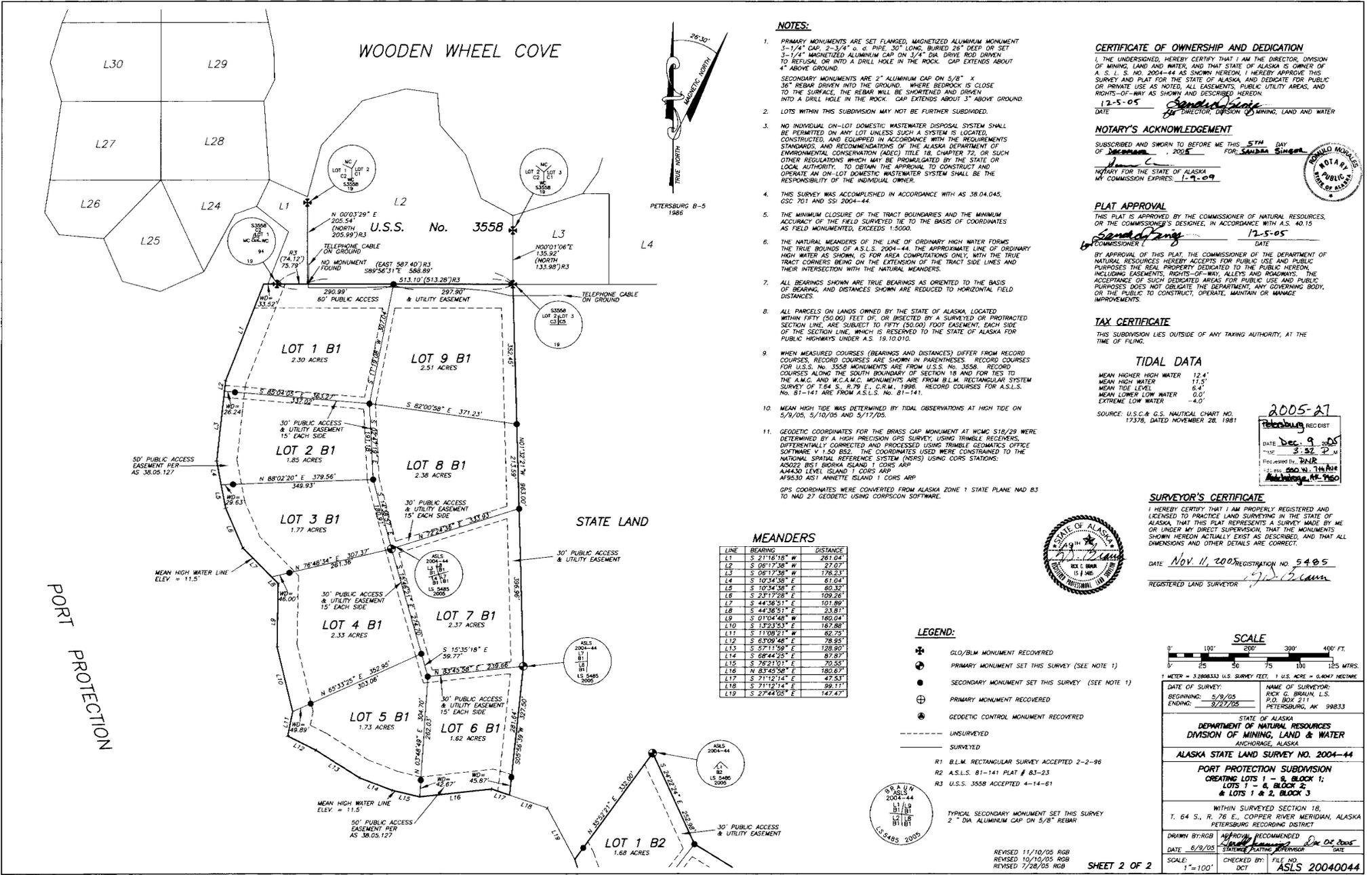
Block 1 looking east toward Port Protection.

Environmental Hazards

None were observed.

Hazardous Waste and Toxic Materials

None were observed.



WOODEN WHEEL COVE

U.S.S. No. 3558

PETERSBURG 8-5 1986



NOTES:

- PRIMARY MONUMENTS ARE SET FLANGED, MAGNETIZED ALUMINUM MONUMENT 1/4" CAP, 3/4" DIA. 3" PIPE 30" LONG, BURIED 24" DEEP OR SET 3/4" MAGNETIZED ALUMINUM CAP ON 3/4" DIA. DRIVE ROD DRIVEN TO REFUSAL OR INTO A DRILL HOLE IN THE ROCK. CAP EXTENDS ABOUT 4" ABOVE GROUND.
SECONDARY MONUMENTS ARE 2" ALUMINUM CAP ON 5/8" X 36" REBAR DRIVEN INTO THE GROUND, WHERE BEDROCK IS CLOSE TO THE SURFACE, THE REBAR WILL BE SHORTENED AND DRIVEN INTO A DRILL HOLE IN THE ROCK. CAP EXTENDS ABOUT 3" ABOVE GROUND.
- LOTS WITHIN THIS SUBDIVISION MAY NOT BE FURTHER SUBDIVIDED.
- NO INDIVIDUAL ON-LOT DOMESTIC WASTEWATER DISPOSAL SYSTEM SHALL BE PERMITTED ON ANY LOT UNLESS SUCH A SYSTEM IS LOCATED, CONSTRUCTED, AND EQUIPPED IN ACCORDANCE WITH THE REQUIREMENTS STANDARDS AND RECOMMENDATIONS OF THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION (ADEC) TITLE 18, CHAPTER 72, OR SUCH OTHER REGULATIONS WHICH MAY BE PROMULGATED BY THE STATE OR LOCAL AUTHORITY. TO OBTAIN THE APPROVAL TO CONSTRUCT AND OPERATE AN ON-LOT DOMESTIC WASTEWATER SYSTEM SHALL BE THE RESPONSIBILITY OF THE INDIVIDUAL OWNER.
- THIS SURVEY WAS ACCOMPLISHED IN ACCORDANCE WITH AS 38.04.045, GSC 701 AND SSI 2004-44.
- THE MINIMUM CLOSURE OF THE TRACT BOUNDARIES AND THE MINIMUM ACCURACY OF THE FIELD SURVEYED TO THE BASIS OF COORDINATES AS FIELD MONUMENTED, EXCEEDS 1:5000.
- THE NATURAL MEANDERS OF THE LINE OF ORDINARY HIGH WATER FORMS THE TRUE BOUNDS OF A.S.L.S. 2004-44. THE APPROXIMATE LINE OF ORDINARY HIGH WATER AS SHOWN, IS FOR AREA COMPUTATIONS ONLY, WITH THE TRUE TRACT BOUNDS BEING ON THE EXTENSION OF THE TRACT SIDE LINES AND THEIR INTERSECTION WITH THE NATURAL MEANDERS.
- ALL BEARINGS SHOWN ARE TRUE BEARINGS AS REDUCED TO THE BASIS OF BEARING, AND DISTANCES SHOWN ARE ORIENTED TO HORIZONTAL FIELD DISTANCES.
- ALL PARCELS ON LANDS OWNED BY THE STATE OF ALASKA, LOCATED WITHIN FIFTY (50.00) FEET OF, OR INTERSECTED BY A SURVEYED OR PROTRACTED SECTION LINE, ARE SUBJECT TO FIFTY (50.00) FOOT EASEMENT, EACH SIDE OF THE SECTION LINE, WHICH IS RESERVED TO THE STATE OF ALASKA FOR PUBLIC HIGHWAYS UNDER A.S. 18.10.010.
- WHEN MEASURED COURSES (BEARINGS AND DISTANCES) DIFFER FROM RECORD COURSES, RECORD COURSES ARE SHOWN IN PARENTHESES. RECORD COURSES FOR U.S.S. No. 3558 MONUMENTS ARE FROM U.S.S. No. 3558. RECORD COURSES ALONG THE SOUTH BOUNDARY OF SECTION 18 AND FOR TIES TO THE A.M.C. AND M.C.A.M.C. MONUMENTS ARE FROM B.L.M. RECTANGULAR SYSTEM SURVEY OF T.64 S., R.78 E., G.R.M., 1986. RECORD COURSES FOR A.S.L.S. No. 81-141 ARE FROM A.S.L.S. No. 81-141.
- MEAN HIGH TIDE WAS DETERMINED BY TIDAL OBSERVATIONS AT HIGH TIDE ON 5/9/05, 5/10/05 AND 5/17/05.
- GEODETIC COORDINATES FOR THE BRASS CAP MONUMENT AT WCMC S18/29 WERE DETERMINED BY A HIGH PRECISION GPS SURVEY, USING TRIMBLE RECEIVERS, DIFFERENTIALLY CORRECTED AND PROCESSED USING TRIMBLE GEOMATICS OFFICE SOFTWARE V 1.50 B52. THE COORDINATES USED WERE CONSTRAINED TO THE NATIONAL SPATIAL REFERENCE SYSTEM (NAD83) USING CORS STATIONS: AS022 BS1 BIORKA ISLAND 1 CORS ARP, AA430 LEVEL ISLAND 1 CORS ARP, WRS10 AS1 ANNETTE ISLAND 1 CORS ARP. GPS COORDINATES WERE CONVERTED FROM ALASKA ZONE 1 STATE PLANE NAD 83 TO NAD 27 GEODETIC USING CORPCORP SOFTWARE.

CERTIFICATE OF OWNERSHIP AND DEDICATION
 I, THE UNDERSIGNED, HEREBY CERTIFY THAT I AM THE DIRECTOR, DIVISION OF MINING, LAND AND WATER, AND THAT STATE OF ALASKA IS OWNER OF A. S. L. S. NO. 2004-44 AS SHOWN HEREON. I HEREBY APPROVE THIS SURVEY AND PLAT FOR THE STATE OF ALASKA, AND DEDICATE FOR PUBLIC OR PRIVATE USE AS NOTED, ALL EASEMENTS, PUBLIC UTILITY AREAS, AND RIGHTS-OF-WAY AS SHOWN AND DESCRIBED HEREON.
 12-5-05
 [Signature] DIRECTOR, DIVISION OF MINING, LAND AND WATER

NOTARY'S ACKNOWLEDGEMENT
 SUBSCRIBED AND SWORN TO BEFORE ME THIS 5TH DAY OF December, 2005 FOR: Sandra Singer
 NOTARY FOR THE STATE OF ALASKA
 MY COMMISSION EXPIRES: 1-9-09
 [Notary Seal]

PLAT APPROVAL
 THIS PLAT IS APPROVED BY THE COMMISSIONER OF NATURAL RESOURCES, OR THE COMMISSIONER'S DESIGNEE, IN ACCORDANCE WITH A.S. 40.15
 [Signature] 12-5-05
 COMMISSIONER

BY APPROVAL OF THIS PLAT, THE COMMISSIONER OF THE DEPARTMENT OF NATURAL RESOURCES HEREBY ACCEPTS FOR PUBLIC USE AND PUBLIC PURPOSES THE REAL PROPERTY DEDICATED TO THE PUBLIC HEREON, INCLUDING EASEMENTS, RIGHTS-OF-WAY, ALLEYS AND ROADWAYS. THE ACCEPTANCE OF SUCH DEDICATED AREAS FOR PUBLIC USE AND PUBLIC PURPOSES DOES NOT OBLIGATE THE DEPARTMENT, ANY GOVERNING BODY, OR THE PUBLIC TO CONSTRUCT, OPERATE, MAINTAIN OR MANAGE IMPROVEMENTS.

TAX CERTIFICATE
 THIS SUBDIVISION LIES OUTSIDE OF ANY TAXING AUTHORITY, AT THE TIME OF FILING.

TIDAL DATA
 MEAN HIGHER HIGH WATER 12.4'
 MEAN HIGH WATER 11.5'
 MEAN TIDE LEVEL 6.4'
 MEAN LOWER LOW WATER 0.0'
 EXTREME LOW WATER -4.0'
 SOURCE: U.S.C. & G.S. NAUTICAL CHART NO. 17378, DATED NOVEMBER 28, 1981

2005-27
 Petersburg RECDIST
 DATE Dec. 9 2005
 TIME 3:52 P.M.
 Prepared by: [Signature]
 [Signature] 12-9-05

MEANDERS

LINE	BEARING	DISTANCE
L1	S 21°16'18" W	261.04'
L2	S 08°17'58" W	27.07'
L3	S 08°17'58" W	176.23'
L4	S 10°34'38" E	61.04'
L5	S 10°34'38" E	60.32'
L6	S 23°17'28" E	109.26'
L7	S 44°38'51" E	101.89'
L8	S 44°38'51" E	23.57'
L9	S 01°04'48" W	160.04'
L10	S 13°23'53" E	167.88'
L11	S 11°08'21" W	62.75'
L12	S 63°04'40" E	78.95'
L13	S 57°11'59" E	128.90'
L14	S 08°44'25" E	67.67'
L15	S 78°21'01" E	70.55'
L16	N 83°45'58" E	180.67'
L17	S 71°12'14" E	47.53'
L18	S 71°12'14" E	59.11'
L19	S 27°44'05" E	147.47'

LEGEND:

- ⊕ GLO/BLM MONUMENT RECOVERED
- ⊙ PRIMARY MONUMENT SET THIS SURVEY (SEE NOTE 1)
- SECONDARY MONUMENT SET THIS SURVEY (SEE NOTE 1)
- ⊕ PRIMARY MONUMENT RECOVERED
- ⊙ GEODETIC CONTROL MONUMENT RECOVERED
- UNSURVEYED
- SURVEYED
- R1 B.L.M. RECTANGULAR SURVEY ACCEPTED 2-2-96
- R2 A.S.L.S. 81-141 PLAT # 83-23
- R3 U.S.S. 3558 ACCEPTED 4-14-61
- TYPICAL SECONDARY MONUMENT SET THIS SURVEY
2" DIA. ALUMINUM CAP ON 5/8" REBAR



SURVEYOR'S CERTIFICATE
 I HEREBY CERTIFY THAT I AM PROPERLY REGISTERED AND LICENSED TO PRACTICE LAND SURVEYING IN THE STATE OF ALASKA THAT THIS PLAT REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECT SUPERVISION, THAT THE MONUMENTS SHOWN HEREON ACTUALLY EXIST AS DESCRIBED, AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT.

DATE Nov. 11, 2005 REGISTRATION NO. 5485
 REGISTERED LAND SURVEYOR [Signature]

SCALE
 0' 100' 200' 300' 400' FT.
 0' 50' 100' 150' 200' METERS
 1" = 3,280.8333 U.S. FEET, 1 U.S. ACRE = 0.4047 HECTARE

DATE OF SURVEY: 8/9/05 NAME OF SURVEYOR: RICK G. BRAUN, L.S.
 BEGINNING: 8/9/05 P.O. BOX 211
 ENDING: 8/27/05 PETERSBURG, AK 99833

STATE OF ALASKA
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF MINING, LAND & WATER
 ANCHORAGE, ALASKA

ALASKA STATE LAND SURVEY NO. 2004-44
 PORT PROTECTION SUBDIVISION
 CREATING LOTS 1 - 8, BLOCK 1;
 LOTS 1 - 8, BLOCK 2;
 & LOTS 1 & 2, BLOCK 3

WITHIN SURVEYED SECTION 18,
 T. 64 S., R. 78 E., COPPER RIVER MERIDIAN, ALASKA
 PETERSBURG RECORDING DISTRICT

DRAWN BY: RSB APPROVAL RECOMMENDED: [Signature] DATE: 08/09/05
 DATE: 8/9/05 STATE PLATING SUPERVISOR: [Signature] DATE: [Signature]

SCALE: 1"=100' CHECKED BY: FILE NO. 2004-44
 067 ASLS 20040044

PORT PROTECTION

Zoning Regulations

This parcel is located outside the boundaries of an organized borough. There are no zoning restrictions, which would prevent development of the site to its highest and best use.

Tax Assessments

All parcels owned by the State of Alaska are tax exempt. Once ownership is transferred from the State of Alaska, property taxes, if applicable are the responsibility of the buyer/grantee.

Ownership History

The property is owned by the State of Alaska DNR. It is a newly created subdivision and there have been no options, listings, or sales of the subject lots in the last three years.

**Highest and Best Use**

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

The primary development in the area is residential/recreational and therefore it is the appraiser's conclusion that residential/recreational use is the Highest and Best Use for these properties.

SECTION LINE EASEMENT VACATION CERTIFICATE APPROVAL RECOMMENDATION

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

The vacation statement, as shown hereon, has been reviewed by the Southeast Regional Office and is hereby recommended for approval by the commissioner.

Recommended By: *[Signature]* Date: *10/27/20*
 TITLE: Regional Chief Rights-of-Way Agent

STATE OF ALASKA DIVISION OF MINING, LAND & WATER

The vacation statement, as shown hereon, has been reviewed by the Division of Mining, Land & Water and is hereby recommended for approval by the commissioner.

Recommended By: *[Signature]* Date: *October 23, 2020*
 TITLE: Director, Division of Mining, Land & Water

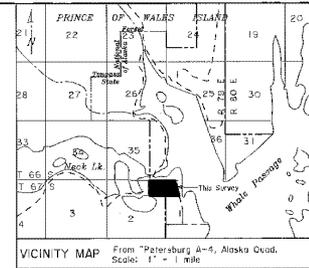
The State of Alaska, acting by and through the commissioner of the Department of Natural Resources and the commissioner of the Department of Transportation and Public Facilities, does hereby state and declare that the State of Alaska vacates and releases all rights and title to any and all portions of section line easements for the public highways reserved to it under A.S. 18.100.010 (Specific area delineated by diagonal hatching on this plat).

Date: *Oct 26, 2020* Approved: *[Signature]*
 Commissioner
 Department of Transportation and Public Facilities

Date: *Oct 23, 2020* Approved: *[Signature]*
 Commissioner
 Department of Natural Resources

NOTES:

- This survey was accomplished in accordance with USC 646 and GSI 2000-022.
- All bearings shown are true bearings as oriented to the BASIS OF BEARINGS and distances shown are reduced to horizontal field distances.
- The accuracy of this survey is greater than 1:5000.
- All parcels of land owned by the State of Alaska located within 60.00 feet of, or bisected by a surveyed or proposed section line, are subject to a 50 foot (50') easement, each side of the section line, which is reserved to the State of Alaska for public highways under AS 18.100.010.
- Diagonally hatched areas indicate portions of the Section Line and Section Line Easement being vacated within Sections 1 and 2, T. 67 S., R. 79 E., CRM. It is not the intent of this plat to vacate any other designated public rights-of-way or easements.
- The alternate access being the dedicated 60 foot Public Access Easement located along the interior east lot line of Lot 1, Block 11, and Rocky Bay Road serves as the replacement for the vacated section line easement.

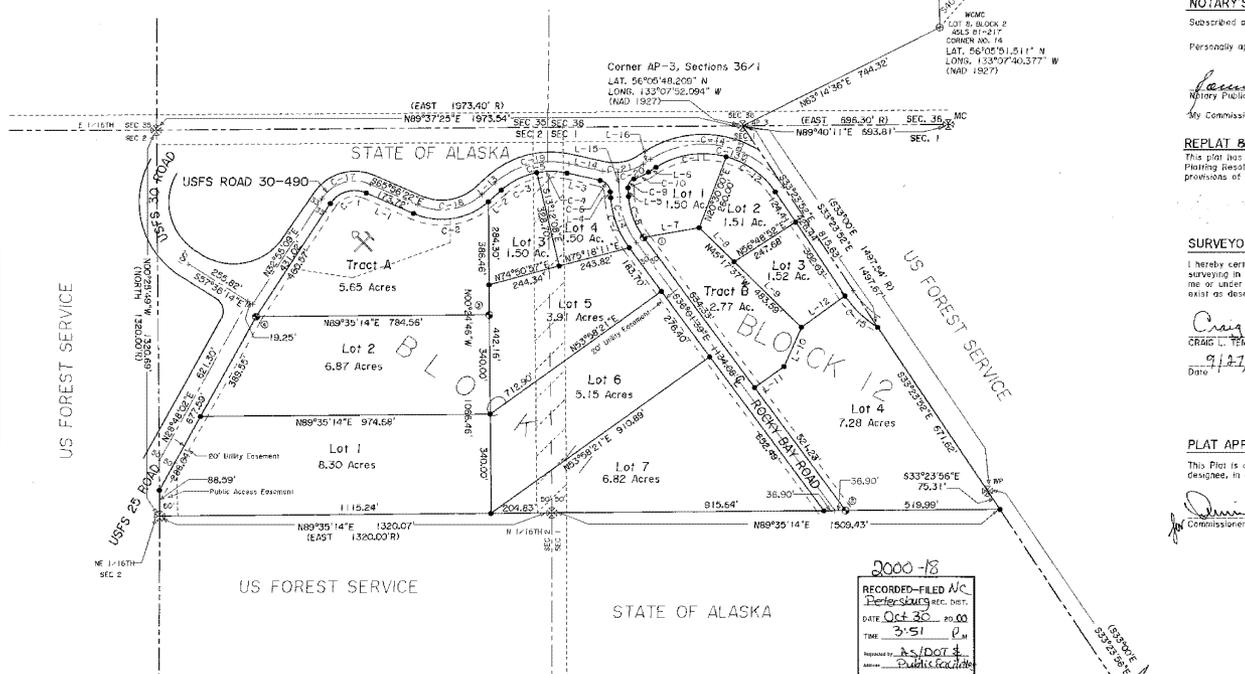


Source: Quad "Petersburg A-4" 1894 (Revised 1983)

BEARING TREE DATA				
MON	BT	DESCRIPTION	BEARING	DIST.
⊙	1	8" Pine	S87°05'E	38.8'
	3	6" Hemlock	S14°32'W	24.9'
⊙	2	8" Hemlock	N79°01'W	5.3'
	3	18" Cedar	S64°46'E	35.7'
⊙	2	8" Pine	S11°38'E	14.1'
	3	10" Pine	N85°08'E	25.8'
⊙	1	8" Cedar	S83°27'E	11.3'
	3	6" Hemlock	S18°17'E	11.5'
⊙	1	8" Cedar	S83°27'E	11.3'
	3	6" Hemlock	N76°42'W	15.3'

LINE TABLE		
COURSE	BEARING	DISTANCE
L-1	S65°56'22"E	173.72'
L-2	N47°41'21"E	59.08'
L-3	S77°12'38"E	114.57'
L-4	S03°00'22"E	18.68'
L-5	N03°50'21"W	30.03'
L-6	N8°11'11"E	29.6'
L-7	S80°00'05"W	190.07'
L-8	S45°17'37"E	160.54'
L-9	S48°41'37"E	218.00'
L-10	S23°44'15"W	146.32'
L-11	S03°58'21"W	122.10'
L-12	N5°10'00"E	182.31'
L-13	N47°41'21"E	59.08'
L-14	S77°12'38"E	114.57'
L-15	N03°00'22"E	18.68'
L-16	N57°11'16"E	28.81'

CURVE TABLE					
CURVE	RADIUS	LENGTH	DELTA	CHORD	CH.BEARING
C-1	97.00'	137.37'	81°08'35"	126.18'	N73°29'24"E
C-2	233.00'	269.92'	68°22'27"	255.09'	S80°26'29"W
C-3	247.00'	134.87'	31°18'32"	133.30'	N63°20'35"E
C-4	247.00'	102.80'	23°37'29"	101.63'	S80°09'22"E
C-5	247.00'	237.54'	55°08'01"	228.49'	N79°14'21"E
C-6	43.37'	55.53'	73°25'14"	51.82'	S40°31'20"E
C-7	330.00'	188.59'	32°11'17"	180.80'	N19°56'00"W
C-8	270.00'	101.68'	32°11'17"	149.70'	N19°56'00"W
C-9	30.54'	30.54'	75°42'18"	36.82'	N04°00'48"E
C-10	213.00'	54.57'	14°40'43"	54.42'	S64°31'35"W
C-11	882.00'	246.57'	48°22'50"	239.31'	N81°23'44"E
C-12	292.00'	208.11'	41°01'58"	204.67'	S53°54'33"E
C-13	292.00'	455.68'	89°24'45"	410.83'	S78°06'18"E
C-14	300.00'	186.84'	39°11'17"	186.33'	N19°58'00"W
C-15	266.00'	154.92'	24°47'38"	153.71'	N65°47'42"W
C-16	325.00'	507.18'	89°24'45"	457.28'	S78°06'18"E
C-17	130.00'	184.11'	61°08'25"	168.01'	N75°29'24"E
C-18	200.00'	231.89'	65°22'27"	218.90'	S80°26'29"W
C-19	280.00'	289.27'	55°06'01"	259.01'	N79°14'21"E
C-20	180.00'	143.27'	49°56'11"	139.01'	N79°14'21"E
C-21	180.00'	91.02'	24°38'25"	90.06'	S71°40'25"W



RECORDED-FILED
 PERMITS REC. DIST.
 DATE: *Oct 26, 2020*
 TIME: *2:51 PM*
 BY: *[Signature]*
 PUBLIC FACILITIES

- LEGEND:**
- ⊕ Found 3" Primary Monument
 - ⊗ Found 3" BLM Monument
 - ⊙ Record USGS Station Monument
 - Section Line
 - Surveyed Line
 - Unsurveyed Line
 - Set 2" Alcap on 5/8"x30" Rebar
 - Set 3" Alum Mon on 2"x30" Alum Pipe
 - (R) Record Data (BLM Plat dated July 16, 1995)
 - (R-1) Record Data (ASLS 81-217, Plat 81-14)

CERTIFICATE OF OWNERSHIP AND DEDICATION
 I, the undersigned, hereby certify that I am the Director, Division of Mining, Land and Water, and that the State of Alaska is the owner of ASLS 2000-0022, as shown and described hereon. I hereby approve this survey and plat for the State of Alaska, and dedicate for public or private use as noted, all easements, public utility areas, and rights-of-way as shown and described hereon.

170x100
 DATED: *October 23, 2020*
 DIRECTOR, DIVISION OF MINING, LAND AND WATER

NOTARY'S ACKNOWLEDGMENT
 Subscribed and sworn before me this *17th* day of *October*, 2020.
 Personally appeared *Dennis Daigger* and
[Signature]
 Notary Public for the State of Alaska
 My Commission Expires *12-10-20*

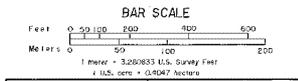
REPLAT & VACATION APPROVAL
 This plat has been reviewed and found to be in compliance with State Planning Resolution No. 2000-10 and EV-2-788 and the applicable provisions of law.

SURVEYOR'S CERTIFICATE
 I hereby certify that I am properly registered and licensed to practice land surveying in the State of Alaska, that this plat represents a survey made by me or under my direct supervision, and that the monuments shown hereon actually exist as described and that all dimensions and other details are correct.

Craig L. Templin
 CRAIG L. TEMPLIN AN RLS No. 3491
 9/12/100
 Date: *9/12/20*

PLAT APPROVAL
 This Plat is approved by the commissioner of natural resources, or the commissioner's designee, in accordance with AS 40.15.

[Signature]
 Commissioner
 Date: *11/02/20*



Date of Survey: *July 2020*
 Beginning: *September, 2000*
 Name of Surveyor: *Craig L. Templin, RLS*
 P.O. BOX 100-Whitely Pass
 KETCHIKAN, AK. 99950

STATE OF ALASKA
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF MINING, LAND AND WATER
 ANCHORAGE, ALASKA

ALASKA STATE LAND SURVEY NO. 2000-0022

WHOLE PASSAGE, ADDITION NO. 1,
 SECTION LINE EASEMENT VACATION & REPLAT
 WITHIN SURVEYED SECTIONS 1 AND 2,
 T. 67 S., R. 79 E., CRM, ALASKA

PETERSBURG RECORDING DISTRICT
 Drawn By: *[Signature]*
 Date: *9-27-20*
 Scale: 1" = 200'

ASLS 2000-0022
 EV-2-788

GENERAL SITE DESCRIPTION ASLS 2000-22 Whale Passage S/D



Location

The subject is located on the northeast coast of Prince of Wales Island, in Southeast Alaska, approximately 75 miles northwest of Ketchikan, Alaska.

Access

Primary access to the Whale Passage area is by boat, float plane or via the U. S. Forest Service logging road system connecting Thorne Bay, Craig, Klawock and the Alaska Marine Highway terminal at Hollis.

Size and Shape

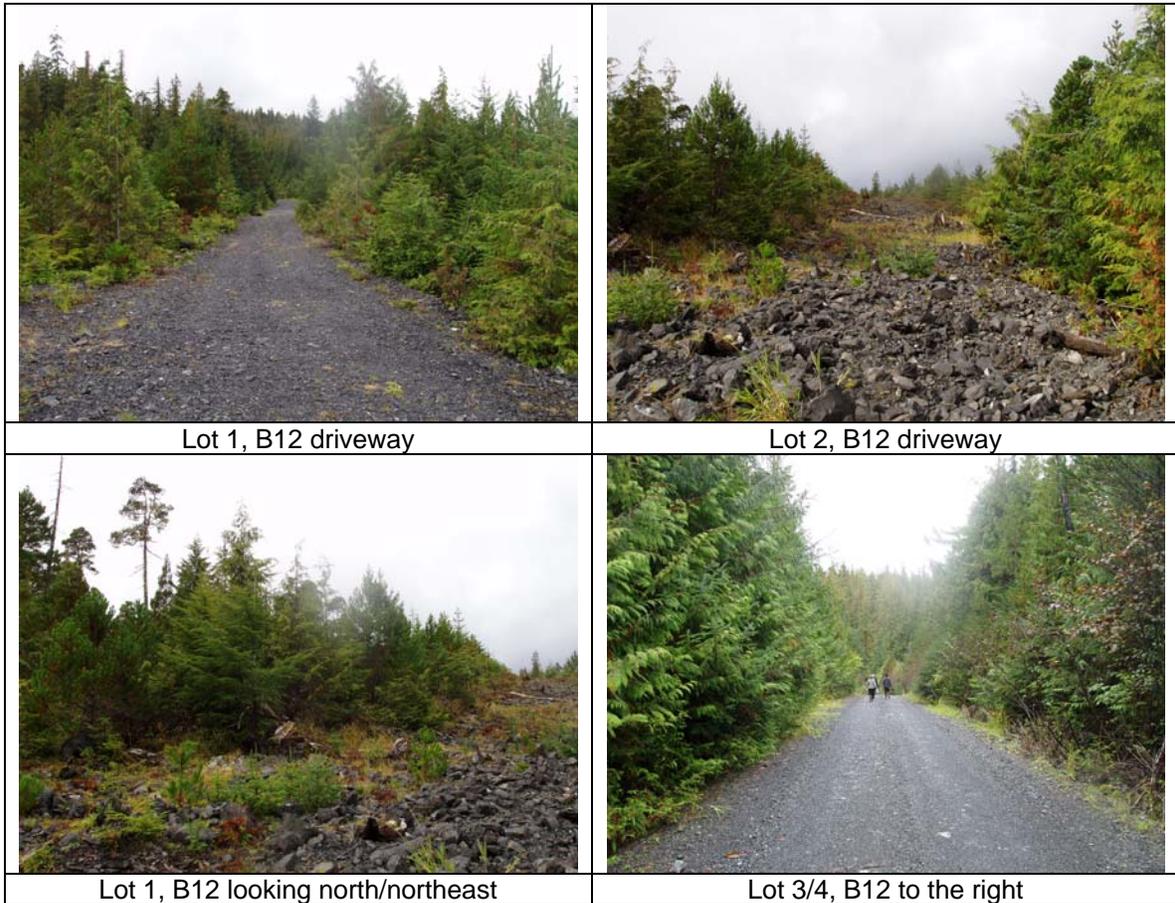
ADL	Survey	Lot	Block	Acres	Shape	Access	Topo
106762	ASLS 2000-22	1	11	8.30	Irregular	Gravel	Moderate
106763	ASLS 2000-22	2	11	6.87	Irregular	Gravel	Moderate
106764	ASLS 2000-22	3	11	1.50	Regular	Gravel	Moderate
106765	ASLS 2000-22	4	11	1.50	Regular	Gravel	Moderate
106766	ASLS 2000-22	5	11	3.91	Irregular	Platted, undeveloped	Steep
106767	ASLS 2000-22	6	11	5.15	Irregular	Platted, undeveloped	Steep
106768	ASLS 2000-22	7	11	6.82	Triangular	Platted, undeveloped	Steep
106769	ASLS 2000-22	1	12	1.50	Regular	Gravel	Moderate
106770	ASLS 2000-22	2	12	1.51	Regular	Gravel	Moderate
106771	ASLS 2000-22	3	12	1.52	Regular	Gravel	Moderate
106772	ASLS 2000-22	4	12	7.28	Irregular	Gravel	Moderate

Size, Shape Topography

Gentle to moderate slopes with elevations from 40 to 275 feet above sea level.

Soils

The subject soils are unknown, but appear to be good given the slope and quality of vegetation. There is a small amount of organic muskeg over a few areas of rock outcroppings. The site is heavily treed with a mix of old and second growth cedar, spruce and hemlock.



Utilities

Electric and telephone services are not available in the area. Because there is no public water or sewer, on-site water wells and septic systems are needed for development.

Easements

A title report was available to the appraiser and according to recorded documents; a 20 foot utility easement runs the road frontage of all lots. These peripheral easements do not adversely impact development of the parcels to their highest and best use. There is a blanket easement to the US Forest Service to use a majority of the site covered by these lots as a log storage area. DNR and the USFS are currently working to remove the easement. It is an extraordinary assumption in the valuation of these parcels that the removal of the easement will take place. We reserve the right to amend this report should the easement not be vacated.

Environmental Hazards

None were observed.

Hazardous Waste and Toxic Materials

None were observed.

Zoning Regulations

The subject is located outside the boundaries of an incorporated city.



Tax Assessments

All parcels owned by the State of Alaska are tax exempt. Once ownership is transferred from the State of Alaska, property taxes, if applicable are the responsibility of the buyer/grantee.

Ownership History

The property is owned by the State of Alaska DNR. It is a newly available subdivision and there have been no options, listings, or sales of the subject lots in the last three years.

Highest and Best Use

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

The primary development in the area is residential recreational and therefore it is the appraiser's conclusion that residential/recreational use is the Highest and Best Use for these properties.

**GENERAL SITE DESCRIPTION ASLS 85-86
ADL 106639 C075S089E10 Vallenar Bay B2, L6
ADL 106640 C075S089E10 Vallenar Bay B2, L7
ADL 105483 C075S089E10 Vallenar Bay B2, L11**



Location

The subdivision is located on the northwest coast of Gravina Island, approximately seven air miles and 12 boat miles northwest of Ketchikan, Alaska.

Access

Lot 11 is accessible from boat or floatplane. Lots 6 and 7 are further accessed across a surveyed tract of state land by foot, a distance of approximately 600 feet. The bay is exposed to northerly winds, which makes it unsuitable for moorage. There are old forest service roads on Gravina Island that extend partially to the subject subdivision from the center of the Island near the airport.

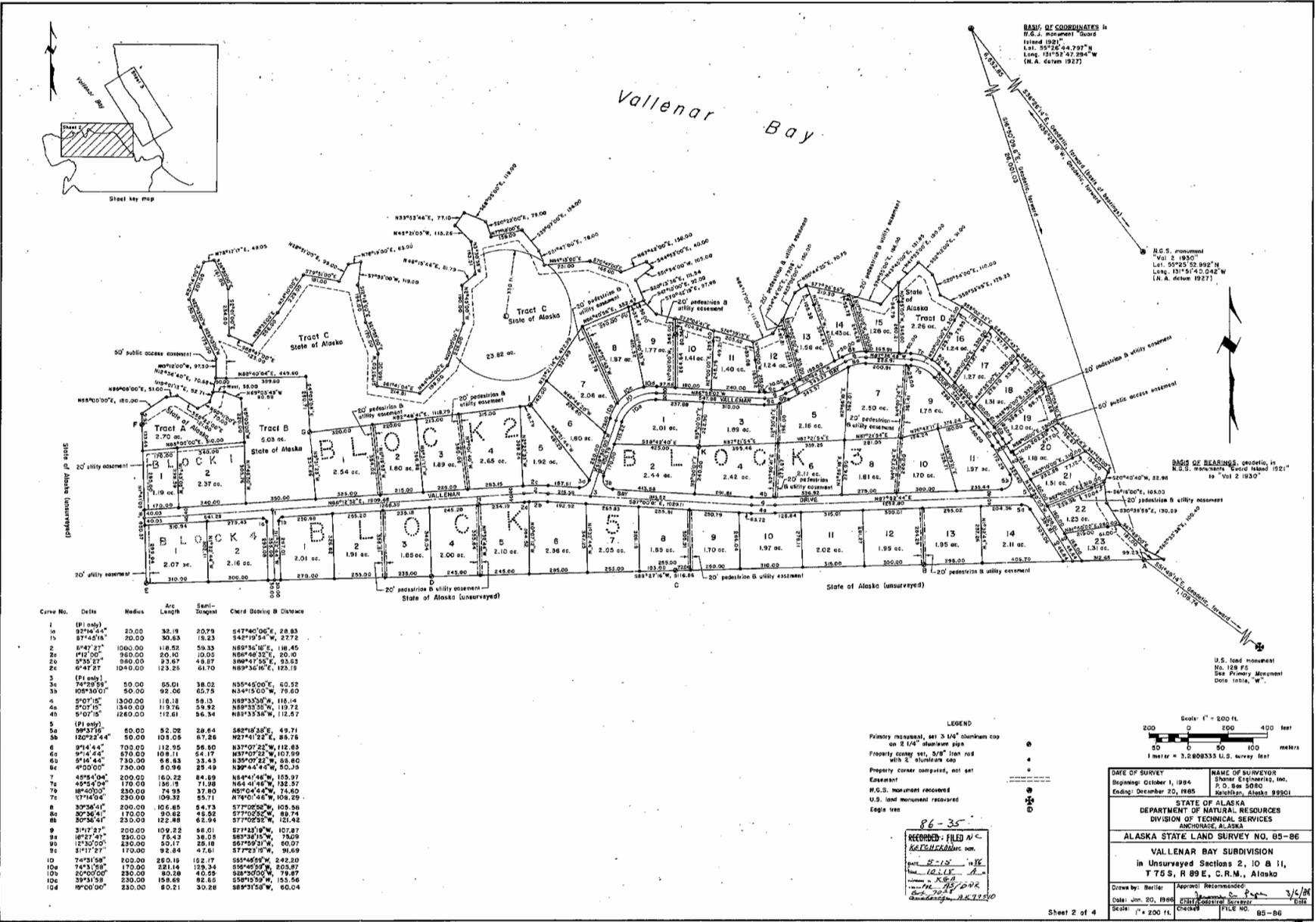
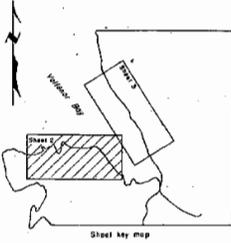
Size and Shape

The subject lots are regular in shape and are described as follows:

Parcel	ADL	Legal	Size	Water Frontage	Topography
1	106639	Blk 2 Lot 6	1.80 acres	No water frontage, 600' from water	Relatively level, under 10% slope
2	106640	Blk 2 Lot 7	2.06 acres	No water frontage, 330' from water	Relatively level, under 10% slope
3	105483	Blk 2 Lot 11	1.40 acres	Rocky water front, 206' frontage, North exposure	Relatively level, under 10% slope

Soils

The subject soils consist of a mineral mix. The Karta-Wadleigh complex which makes up the soils have more rounded stones and gravel in its matrix, are somewhat poor to moderately well drained, have a medium to moderately high erosion hazard and overlay compact till. Due to the



BASIS OF COORDINATES in
N.G.S. monument "Guard
Island 1927"
Lat. 55°25'44.797" N
Long. 131°51'42.042" W
C.M.A. datum 1927

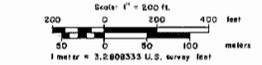
BASIS OF BEARINGS, specific to
N.G.S. monument "Guard Island 1927"
to "Vol 2 1930"

U.S. land monument
No. 128 85
See Primary Monument
Date table, "W"

Curve No.	Date	Radius	Arc Length	Semi-Tangent	Chord Bearing & Distance
1	(PI only)				
1a	87°44'54"	20.00	32.18	20.79	S47°46'00"E, 28.83
1b	87°44'54"	20.00	30.63	19.23	S42°19'54"W, 27.72
2	87°47'21"	100.00	118.52	59.33	N89°36'38"E, 118.45
2a	87°47'21"	100.00	20.10	13.05	N89°48'32"E, 30.40
2b	87°47'21"	100.00	93.67	49.87	S89°47'55"E, 93.63
2c	87°47'21"	100.00	123.25	61.70	N89°36'16"E, 123.19
3	(PI only)				
3a	74°29'59"	50.00	65.01	38.02	N55°45'00"E, 60.52
3b	109°30'07"	50.00	92.06	63.75	N34°15'00"W, 79.50
4	87°07'16"	1300.00	118.18	59.13	N89°33'39"W, 118.14
4a	87°07'16"	1340.00	119.76	59.92	N89°33'35"W, 119.72
4b	87°07'16"	1260.00	112.61	56.34	N89°33'58"W, 112.57
5	(PI only)				
5a	89°57'16"	60.00	52.02	29.64	S89°18'35"E, 49.71
5b	120°22'44"	60.00	103.08	67.26	N27°41'22"E, 69.78
6	87°44'44"	700.00	112.95	56.80	N37°07'22"W, 112.83
6a	87°44'44"	870.00	108.11	54.17	N37°07'22"W, 107.99
6b	87°44'44"	730.00	96.83	33.63	N39°07'21"W, 66.80
6c	87°44'44"	730.00	50.96	25.49	N39°44'44"W, 50.75
7	89°54'04"	200.00	160.22	84.89	N64°44'46"W, 155.97
7a	89°54'04"	170.00	136.18	71.98	N64°44'46"W, 132.57
7b	89°54'04"	230.00	74.93	37.80	N57°04'44"W, 74.80
7c	87°14'04"	230.00	106.32	55.71	N76°00'16"W, 106.59
8	30°56'41"	200.00	106.85	54.73	S77°02'58"W, 105.58
8a	30°56'41"	170.00	90.62	46.52	S77°02'52"W, 89.74
8b	30°56'41"	230.00	122.88	61.94	S77°02'52"W, 121.46
9	31°17'21"	200.00	109.22	56.01	S77°43'18"W, 107.87
9a	31°17'21"	230.00	78.43	38.08	N65°48'15"W, 75.28
9b	31°17'21"	170.00	50.17	26.18	S67°59'31"W, 60.07
9c	31°17'21"	170.00	92.84	47.61	S77°23'18"W, 91.69
10	74°31'58"	100.00	250.19	122.17	S55°45'56"W, 252.30
10a	74°31'58"	170.00	121.14	59.34	S55°45'56"W, 205.87
10b	74°31'58"	230.00	80.28	40.59	S68°30'00"W, 79.87
10c	39°11'58"	230.00	156.88	82.65	S55°51'52"W, 153.56
10d	89°00'00"	230.00	80.21	30.28	S89°31'58"W, 60.04

LEGEND
 Primary monument, set 3 1/4" aluminum cap on 2 1/4" aluminum pipe
 Property corner set, 3/8" iron rod with 2 aluminum caps
 Property corner computed, not set
 Easement
 U.S. land monument recovered
 U.S. land monument recovered
 Logis line

86-35
 RECORDED - FILED IN
 KETCHIKAN Subdiv. con.
 DATE 12-15-1985
 BY 62111 A
 NAME K.E.B.
 C.M.A. 10/2/85
 COUNTY KETCHIKAN, ALASKA



Scale: 1" = 200 ft.
 200 0 200 400 feet
 0 50 100 200 meters
 1 meter = 3.2808333 U.S. survey feet

DATE OF SURVEY: Beginning October 1, 1984
 Ending December 20, 1985

NAME OF SURVEYOR: Shorer Engineering, Inc.
 205 West 50th
 Anchorage, Alaska 99501

STATE OF ALASKA
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF TECHNICAL SERVICES
 ANCHORAGE, ALASKA

ALASKA STATE LAND SURVEY NO. 85-86

VALLENAR BAY SUBDIVISION
 in Unsurveyed Sections 2, 10 B & 11,
 T 75 S, R 89 E, C.R.M., Alaska

Drawn by: Bvilar Approved: [Signature] 3/6/86
 Date: Jan. 20, 1986
 Scale: 1" = 200 ft. Check: FILE NO. 85-86

large amounts of fallen trees, the interior portions of the lots covered with moss laden trees that are three to six feet above ground level. Clearing of these lots would be extremely difficult.



View of waterfront, Lot 11

Vegetation

In poorly drained areas, sitka spruce, western red cedar and western hemlock are typical. On better-drained soils with steep gradients the overstory growth is primarily western hemlock, sitka spruce, mountain hemlock, western red cedar and Alaskan cedar.

Utilities

Electric and telephone service are not available. Water is available by catchment. Sewage is processed by septic systems according to DEC requirements.

Easements

A title report was available to the appraiser and according to recorded documents, a 20' pedestrian and utility easement impacts the eastern border of Lot 7. In addition, Lot 11 is impacted by a 50 foot, public use easement along the north, or water front border. These are typical, boundary easements that do not adversely impact utilization of the sites to their Highest & Best Use.

Environmental Hazards

None were observed.

Hazardous Waste and Toxic Materials

None were observed.

Zoning Regulations

The subject site is not zoned.

Tax Assessments

All parcels owned by the State of Alaska are tax exempt. Once ownership is transferred from the State of Alaska, property taxes due the Ketchikan Gateway Borough are the responsibility of the buyer/grantee.



Typical view of Lots 6 and 7.

Ownership History

The property is owned by the State of Alaska DNR. Lot 11 previously sold in Feb. 2002 for \$28,000, but has subsequently been returned. Lots 6 and 7 sold for \$5,000 each in 2001. These lots also were relinquished and returned to State ownership.

Highest and Best Use

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

The primary development in the area is residential/recreational and therefore it is the appraiser's conclusion that residential/recreational use is the Highest and Best Use for these properties.

SALES COMPARISON APPROACH

The Direct Sales Comparison Method

The Sales Comparison Approach analyzes actual prices paid or asked for similar properties. Price adjustments are made to the sales to indicate what they would have sold for if they were identical to the appraised property. Thus, a value for the appraised property is indicated. The primary features compared include time (general market conditions), sale terms and conditions, location, highest and best use, and physical features such as size, access and utilities.

The Direct Sales Comparison Approach is the preferred method for valuing land. This approach is very reliable when there is an active real estate market that provides sufficient quantities of similar sales data verified from authoritative sources. There is an active real estate market in the area with adequate sales for comparison.

Ideally, the value differences for any price adjustment is measured by comparing prices of paired sales, which are very similar except for the feature of comparison to be measured. When market sales do not reveal quantifiable adjustments for differences between the property appraised and comparable sales, the appraiser must use his or her knowledge of overall trends, opinion surveys, or personal judgements in making adjustments.

ADJUSTMENTS

DNR appraisal instructions state that the appraiser may develop and use quantitative and qualitative adjustments. Ideally, the value difference 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 between the property appraised and the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgement in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

An adjustment of less than 1.00 means the sale feature is superior to the appraised property and requires a downward price adjustment to indicate the value of the key parcel. An adjustment greater than 1.00 means that the sales 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.

UNITS OF COMPARISON

A site may be valued based on any one of a number of measurements. Price per lot, per square foot, per buildable unit, per acre and per front foot area are all typical measurements commonly referred to in the market. In this case, it appears that the market conducts most transactions on a per acre basis and thus the appraiser has also selected such a measurement base. Ideally, the value difference for any comparable price adjustment is measured by comparing prices of paired sales, which are very similar except for the feature of comparison to be measured. Overall trends, opinion surveys or the appraiser's judgment must be used when sales comparisons are not available. The conventional sequence of adjustments is terms and conditions of sale, time, location and physical features.

SUMMARY OF COMPARABLE LAND SALES

Numerous sales and listings were considered. The following list summarizes the sales that are most applicable to the appraised property. More detailed information about each sale can be found in the Addenda.

VALUATION PETERSBURG ASLS 87-111 ADL 103287



The following sales are the most recent transactions of parcels similar to the subject.

No.	Data ID	Date	Legal	Access	Site Development	Utilities	Acres	Price	\$/Acre
P-1	11926	8/92	USS 2462 Tr. G	Paved	None	Electric	4.55	\$40,000	\$8,791
P-2	10448	9/92	Victor Smith S/D L9, Lots A&B	Paved	Driveway 400'	Electric	4.63	\$25,800	\$5,572
P-3	11927	9/95	Gov't L15 Sec. 35, C59S79E	Paved	None	Electric	3.03	\$25,000	\$8,251
P-4	11928	6/96	Gov't L26 Sec. 35, C59S79E	Paved	None	Electric	3.182	\$35,000	\$10,999
P-5	14020	3/98	USS 2471 Gov't L 20	Paved	None	Electric	4.37	\$50,000	\$11,442
P-6	14021	7/04	USS 2468 Gov't L 11	Paved	None	Electric	3.79	\$30,000	\$7,916
P-7	14408	3/03	USS 2467 Gov't L 5	Paved	None	Electric	3.77	\$30,200	\$8,011
Sub			ASLS 87-111	Paved	50% Filled/Level	Electric	2.208		

Economic Characteristics

Rights Conveyed Fee simple estate 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. In some markets cash may command a discount compared with typical seller financing. The amount of the discount is usually proportional to the total price. Inexpensive parcels are seldom discounted for cash. Available sales do not offer reliable comparisons for measuring price differences due to terms. The trend is for cash sales to be at the lower end of the price range. Listed prices, which set the upper limit of value, were also considered in this analysis.

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) Analysis of real estate sales in the subject area indicates that prices of vacant land have been level in recent years. According to broker Leif Stenjofoord, there has been limited activity in the subject neighborhood. He noted that the current market overall appears to have softened in the last few years. He noted very little change to overall supply and demand indicators.

Relevant Adjustments**Physical Characteristics****Size**

The subject contains 2.2 acres, while the comparables range from 3.03 to 4.63 acres. Smaller parcels generally sell for a higher unit price than larger parcels. A size adjustment chart is included in the Addenda which was utilized to compensate for this difference. This chart was developed by DNR appraisers and indicates a 25% reduction in unit value as the parcel size doubles. An adjustment will be made once the size difference exceeds 1.00 acre.

Location/Access

The subject is located approximately ¼ mile from the paved Mitkof Highway, along Three Lakes Road, which is a maintained gravel road ten miles south of Petersburg. All of the comparables are located along the Mitkof Highway and are closer to town.

Utilities The subject and all the comparables have electric and telephone and no adjustment is necessary.

Topography The subject is a level parcel. All the comparables are located along the paved, Mitkof Highway, with steep to very steep topography. The comparables are all inferior to the subject for topography and would require a large upward adjustment.

View

The subject is a level site with no territorial views. All of the comparables are sloped with the upper portions having good views of the Tongass Narrows and the surrounding areas to the southwest, west and northwest.

Site Development The subject contains 2.208 acres, with approximately one third of the site having been cleared and filled with cleaned gravel. Only Comparable No. 2 has improvements, which in this case is a 400' driveway. An adjustment for this characteristic will be added at the conclusion.

Adjustment Grid

Attributes	Subject	1	2	3	4	5	6	7
\$/Acre	L54, B4	\$8,791	\$5,572	\$8,251	\$10,999	\$11,442	\$7,916	\$8,011
Property Rights	Fee Simple - Surface	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Quantitative								
Adjustments/ Acre		0	0	0	0	0	0	0
Financing		CEV	CEV	CEV	CEV	CEV	CEV	CEV
Adjustments		0	0	0	0	0	0	0
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Mental Health	State of Alaska	Mental Health
Adjustment/Acre		0	0	0	0	0	0	0
Market Conditions (Time Adjustment)		8/92	9/92	9/95	6/96	3/98	7/04	3/03
Adjustment/Acre		0	0	0	0	0	0	0
Adjusted \$/Acre		\$8,791	\$5,572	\$8,251	\$10,999	\$11,442	\$7,916	\$8,011
Size/Acres	2.208 Ac.	4.45 Ac Larger (1.33)	4.63 Ac Larger (1.33)	3.03 Ac Larger (1.14)	3.18 Ac Larger (1.14)	4.37 Ac Larger (1.33)	3.79 Ac Larger (1.25)	3.77 Ac Larger (1.25)
Adjusted \$/Acre		\$11,692	\$7,411	\$9,406	\$12,539	\$15,218	\$9,895	\$10,014
Qualitative								
Location	3 Lakes Loop Rd./ Mitkof Hwy. M10	Mitkof Hwy. M6 Superior	Mitkof Hwy. M7 Superior	Mitkof Hwy. M8.5 Superior	Mitkof Hwy. M8 Superior	Mitkof Hwy. M8.5 Superior	Mitkof Hwy. M7 Superior	Mitkof Hwy. M7 Superior
Access	Gravel	Paved, Superior	Paved, Superior	Paved, Superior	Paved, Superior	Paved, Superior	Paved, Superior	Paved, Superior
Utilities	E & T	E & T Equal	E & T Equal	E & T Equal	E & T Equal	E & T Equal	E & T Equal	E & T Equal
Topo., Soils & Drainage	Level	Steep Inferior	Steep Inferior	Steep Inferior	Steep Inferior	Steep Inferior	Steep Inferior	Steep Inferior
View	None	Avg. + Superior	Avg. + Superior	Avg. + Superior	Avg. + Superior	Avg. + Superior	Avg. + Superior	Avg. + Superior
Site Development	50% Cleared/ Level	None Inferior	400' driveway Inferior	None Inferior	None Inferior	None Inferior	None Inferior	None Inferior
Indicated \$/Acre		< \$11,692	< \$7,411	< \$9,406	< \$12,539	< \$15,218	< \$9,895	< \$10,014

Reconciliation and Conclusion

The subject is improved with an industrial building; however, the location is more residential. Once adjusted for size, the sales support an adjusted sales range from \$7,411 to \$15,218 per acre, with a mean indication of \$11,027 per acre. The upper end of the range is the March 1998 sale of a larger site located along the Mitkof Highway. The sales are superior in most physical features with the exception of topography. As noted the market has been flat in recent years. Given the limited data, it is most appropriate to give the most weight to the most recent sales (#6 & #7).

The subject is a level site, partially cleared and improved with electrical and telephone service. The site is located in an inferior location on Three Lakes Loop Road. The inferior location is offset by the superior topography, with the market value estimated toward the middle of the range or, \$10,000 per acre.

Site As Vacant

2.208 Acres x \$10,000/Acre = \$22,100 rounded.

Site Improvements

Approximately 30,000 square feet of the site has been filled with gravel. Data from DNR Appraisal (#2004-04) indicates that the "in-place" cost of gravel in the Petersburg area at \$1.35 per cubic yard. For the subject is would equate to \$0.15/SF. The delivered cost would include the cost to extract, load and transport the material, which could represent three to four times the cost of the material in place. In this instance, the cost in place is \$0.15/SF, with a delivered cost between \$0.45 and \$0.60 per square foot. The filled area with the gravel pad is estimated to be \$0.50/SF, or \$15,000.

Therefore, this lot can be valued as follows:

2.208 acres @ \$10,000/Acre	\$22,100
Gravel pad and driveway	<u>\$15,000</u>
Total Land Value, ASLS 87-111	\$37,100

Valuation of Improvements

Cost Approach

The Cost Approach on the warehouse is based on Marshall Valuation Services Guide for warehouse type structures. The subject is a low quality, metal warehouse with electrical service and a small storage loft. There is no plumbing in the building and electrical service is probably below current standards. The building has a gross building area of 3,200 square feet. The replacement cost new considers the loft area and built in storage and is estimated at \$30 per square foot. Depreciation is the loss of value from the replacement cost new due to wear and tear of the building, functional obsolescence and economic obsolescence. In the case of the subject, the effective age is estimated at 40 years. Most shops and warehouse depreciate at about 2% per year of effective age. The subject is approximately 40 years old, has been unused for five years and depreciation of 90% will be deducted. External obsolescence is not estimated in this report. The total physical and functional depreciation is 90%. The following is a brief summary of the Cost Approach.

Replacement Cost New	3,200 SF @ \$30/Sf =	\$96,000
Total Depreciation	90%	<u><\$86,400></u>
Depreciated Cost of the Improvements		\$ 9,600

Reconciliation

The subject is a fair quality, steel framed, light metal-sided warehouse that contains 3,200 square feet that was built in 1964. The structure has been unused for at least the last five years and suffers from incurable physical depreciation, as well as various items of deferred maintenance.

Total Land Value	\$37,100
Warehouse Value	<u>\$ 9,600</u>
Total	\$46,700

Extraordinary Assumption

This site was identified in November 2002 as containing diesel and residual range hydrocarbons. In May 2005, ADEC approved a site cleanup work plan submitted by DMC Technologies. DMC Technologies submitted a Final Clean-Up Report in August 2005. ADEC accepted the findings and issued a "No Further Remedial Action Planned" statement on September 2005. The site does however contain minimal trace amounts of contaminants that are below accepted levels and do not present a cumulative risk to human health. A deed notice with information pertaining to the location and estimated quantity of petroleum contaminated soil that remains onsite will be signed by a land manager. Pursuant to 18 AAC 75.370 (b), the Deed Notice informs prospective purchasers that if removal of soil from the areas of contaminant soil on the property becomes necessary, DEC must be notified in advance to ensure that final placement of the soil does not violate water quality or petroleum regulations. It is an extraordinary assumption that the site is clean and we reserve the right to amend this report should further investigation prove otherwise.

ASLS 2004-30 Hollis Anchorage #1 Valuation

KEY PARCEL METHOD

There are three parcels in the Hollis Anchorage Addition #1 subdivision that are the subject of this valuation section. In appraising a number of similar parcels, it is accepted appraisal practice to appraise a key parcel that is most representative of all the 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. The key lot will have frontage on the Klawock-Hollis Highway Road, with electric service available. There will be no direct access to the Klawock-Hollis Highway.

DESCRIPTION AND VALUATION OF KEY UPLAND PARCEL L2

Location	Hollis, Alaska
Size	2.02 acres
Access	Gravel road, ADL 106965
Topography	Sloping, above grade
Building Site	Ample, good ground and thick tree cover
Utilities	Electric & Telephone
Easements	Typical
Amenities	Water view

EXPLANATION of ADJUSTMENTS

DNR appraisal instructions state that the appraiser may develop and use quantitative and qualitative adjustments. Ideally, the value difference 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 between the property appraised and the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgement in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

UNITS OF COMPARISON

A site may be valued based on any one of a number of measurements. Price per lot, per square foot, per buildable unit, per acre and per front foot area are all typical measurements commonly referred to in the market. In this case, it appears that the market conducts most transactions on a per acre basis and thus the appraiser has also selected such a measurement base. Ideally, the value difference for any comparable price adjustment is measured by comparing prices of paired sales, which are very similar except for the feature of comparison to be measured. Overall trends, opinion surveys or the appraiser's judgment must be used when sales comparisons are not available. The conventional sequence of adjustments is terms and conditions of sale, time, location and physical features.

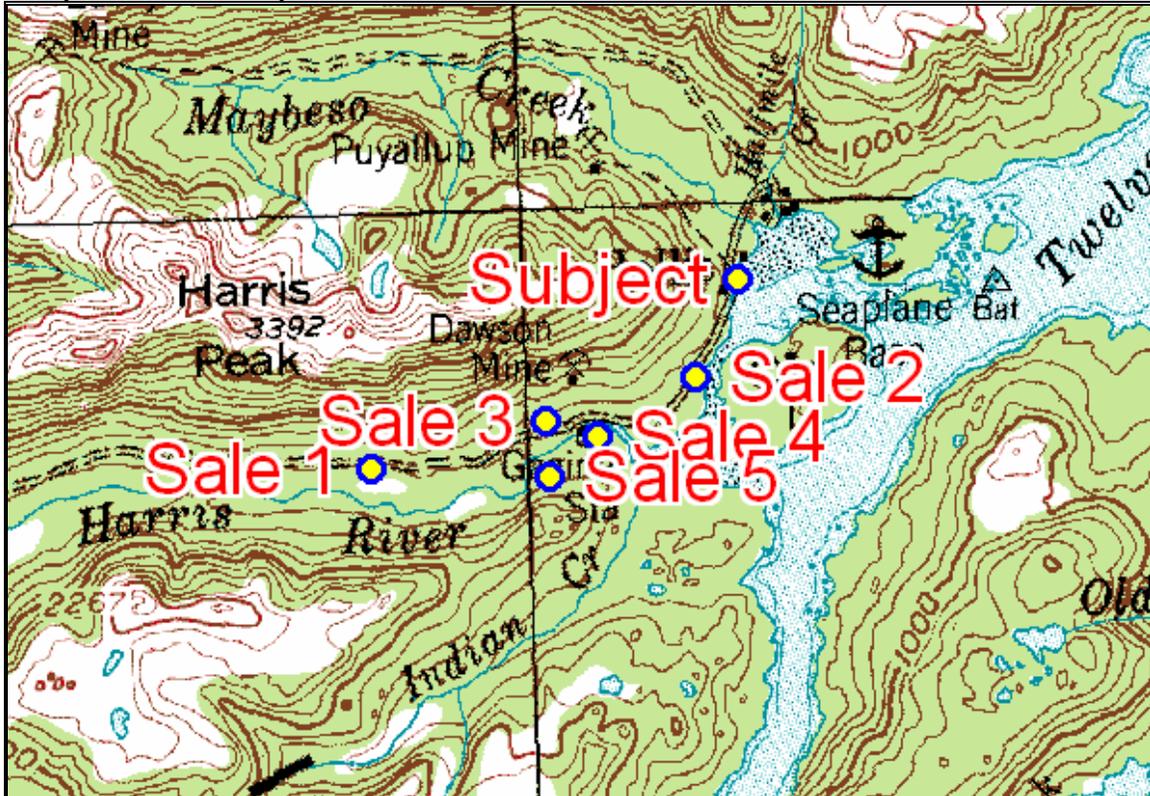
SUMMARY OF COMPARABLE LAND SALES

Numerous sales and listings were considered. The following list summarizes the sales that are most applicable to the appraised property. More detailed information about each sale can be found in the Addenda.

Comparable Sales

No.	Date	Location	Access	Legal	Utilities	Acres	Land \$\$	\$/Acre	
H-1	14588	7/04	Harris River S/D	Paved	L52	Electric	2.84	\$28,500	\$10,035
H-2	14608	2/03	Hollis Anchorage	Gravel	L2	Electric	3.80	\$22,000	\$5,789
H-3	14628	10/03	Harris River S/D	Gravel	L9-B	Electric	1.02	\$15,000	\$14,706
H-4	14629	12/23/02	Harris River S/D	Gravel	L7	Electric	1.74	\$17,400	\$10,000
H-5	14609	8/29/02	Harris River S/D	Gravel	L14	Electric	1.615	\$19,400	\$12,012
	Subject		Hollis Anch. #1	Gravel	L2	Electric	2.02		

Comparable Sales Map



Comparable Land Sales

Sales Comparables

Sale No. 1 sold in July 2004. This is a fairly level site, with some steep ground. The site has frontage and access from the Klawock-Hollis Highway, with a pioneer driveway. Very comparable to the subject.

Sale No. 2 sold in February 2003, and contains a small stream and maybe some merchantable cedar. Located on Canoe Pass Road, which is a dirt/gravel road, a quarter mile from the Klawock-Hollis Highway.

Sale No. 3 sold in October 2003, and is improved with a driveway, building pad, and a 192 SF shed with electric. Located on Spruce Circle, which is a dirt/gravel road, a half mile from the Klawock-Hollis Highway.

Sale No. 4 is a State of Alaska over the counter sale that sold in December 2002. Located on Spruce Circle, which is a dirt/gravel road, a half mile from the Klawock-Hollis Highway.

Sale No. 5 is a State of Alaska over the counter sale that sold in sold August 2002. this is a corner lot, located on Harris River Road, which is a dirt/gravel road, a half mile from the Klawock-Hollis Highway.

Economic Characteristics

Rights Conveyed Fee simple estate 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. In some markets cash may command a discount compared with typical seller financing. The amount of the discount is usually proportional to the total price. Inexpensive parcels are seldom discounted for cash. Available sales do not offer reliable comparisons for measuring price differences due to terms. The trend is for cash sales to be at the lower end of the price range. Listed prices, which set the upper limit of value, were also considered in this analysis.

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) Analysis of real estate sales in the subject area indicates that prices of vacant land have been level in recent years. According to broker Doc Waterman, there has been limited activity in the subject neighborhood. He noted that the current market overall appears to have softened in the last few years. He noted very little change to overall supply and demand indicators.

Physical Characteristics

Size

The subject contains 2.02 acres, while the comparables range from 1.02 to 3.80 acres. Smaller parcels generally sell for a higher unit price than larger parcels. A size adjustment chart is included in the Addenda which was utilized to compensate for this difference. This chart was developed by DNR appraisers and indicates a 25% reduction in unit value as the parcel size doubles. An adjustment will be made once the size difference exceeds 1.00 acre.

Location/Access

The subject is located with frontage along the Klawock-Hollis highway, but no access. Access is possible from the gravel road recently completed. Comparable No. 1 has frontage and access from the Highway four miles to the west, while the other four comparables have gravel access at least 1,500 feet from the Highway.

Utilities The subject and all the comparables have electric and telephone and no adjustment is necessary.

Topography The subject is a heavily treed, sloping parcel, similar to Sale No. 1. Comparable Nos. 2, 3, 4 and 5 have a gentler slope and are slightly superior.

View

The subject is a sloping site with territorial views of Harris Bay and Twelve Mile Arm to the east and southeast and is superior to all of the comparables.

Adjustment Grid

Attributes	Subject	1	2	3	4	5
\$/Acre	Lot 2	\$10,035	\$5,789	\$14,706	\$10,000	\$12,012
Property Rights	Fee Simple - Surface	Similar	Similar	Similar	Similar	Similar
Adjustments/Acre		0	0	0	0	0
Financing		CEV	CEV	CEV	CEV	CEV
Adjustments		0	0	0	0	0
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	MHT
Adjustment/Acre		0	0	0	0	0
Market Conditions (Time Adjustment)		0	0	0	0	0
Adjustment/Acre		0	0	0	0	0
Adjusted \$/Acre		\$10,035	\$5,789	\$14,706	\$10,000	\$12,012
Size/Acres	2.02 Ac	2.84 Ac Equal	3.80 Ac. Larger 1.33	1.02 Ac Smaller 0.75	1.74 Ac Similar	1.615 Ac Similar
		\$10,035	\$7,700	\$11,030	\$10,000	\$12,012
Location	Hollis Anch. #1	Harris River Equal	Hollis Anch. Equal	Harris River Equal	Harris River Equal	Harris River Equal
Utilities	E & T	E & T Equal	E & T Equal	E & T Equal	E & T Equal	E & T Equal
Topo., Soils & Drainage	Steep	Similar	Level Superior	Level Superior	Level Superior	Level Superior
Access	Paved & Gravel	Paved, Slightly Superior	Gravel Inferior	Gravel Inferior	Gravel Inferior	Gravel Inferior
View	Average+ Water view	Inferior	Inferior	Inferior	Inferior	Inferior
Amenities	None	Short driveway Superior	Creek, some cedar Superior	Drive, pad and shed Superior	Similar	Similar
Indicated \$/Acre		= \$10,035	< \$7,700	< \$11,030	= \$10,000	= \$12,012

Reconciliation

The sales have a range from \$7,700 to \$12,012 per acre, with an average of \$10,155 per acre. Comparable Nos. 2 and 3 are markedly different in size and required an adjustment. Sale Nos. 4 and 5 are properties sold by the State of Alaska in over the counter sales. The subject Lot 2 has frontage on the paved, Klawock-Hollis Highway, which is similar to Sale No. 1, and good access from ADL 106965 (good gravel road). Lot 2 also has good water views to the south/southeast. The subject is best represented by Sale No. 1, which is a very similar lot located approximately two miles to the west. Market value for the subject is estimated to be \$10,000 per acre.

2.02 Acres @ \$10,000/Acre = \$20,200

SUBJECT PARCEL ANALYSIS

The value of the remaining parcels is then based on a comparison to the key parcel. An adjustment of less than 1.00 means the subject is inferior to the key lot value and requires a downward price adjustment to indicate the value of the subject. An adjustment greater than 1.00 means that the subject is superior to the key lot, requiring an upward adjustment to indicate the value of the subject parcel. An adjustment of 1.00 means the subject 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 key lot unit price to indicate the value of a subject parcel. The following factors will be considered when estimating value of the remaining lots based on the key lot value.

The key lot and the remaining parcels are located along the same stretch of the Klawock-Hollis Highway and are similar in most regards. Lot 3 is much smaller and has approximately 321 feet of water frontage and requires upward adjustments. Water front parcels generally are two to three times the value of second tier parcels, which are separated from the water by another parcel or an

unsurveyed tract of State land. Lot 3 is approximately one third the size of the key lot and will be adjusted upwards 54% for size based on a DNR study contained in the Addenda. Lot 3 also requires and 250% for waterfrontage and a downward 10% adjustment for inferior utilities.

Size

The key lot contains 2.02 acres, while the remaining parcels are 0.78 to 2.76. Lot 3 contains 0.78 acres and is nearly one third the size of the key lot. A size adjustment chart is included in the Addenda which was utilized to compensate for this difference. This chart was developed by DNR appraisers and indicates a 25% reduction in unit value as the parcel size doubles. An adjustment will be made once the size difference exceeds 1.00 acre.

Utilities The subject and Lot 2 have electric, while Lot 3 is located further away from this service that is available along the Highway. While market data is lacking for this adjustment, a nominal deduction of 10% reflects the inferiority of this parcel in relation to the key lot.

Topography The key lot and Lot 3 are primarily sloping parcels, while Lot 1 is basically level with some slope and thus superior. A nominal positive adjustment of 10% will be made to reflect a more level site, which is easier to develop.

Shape The key lot and Lot 2 are nearly regular shaped parcels, while Lot 3 is an irregular triangle shaped parcel. A nominal downward adjustment of 10% will be made to reflect an inferior shape which limits building options.

The adjusted values are shown on the grid below.

Hollis Anchorage Add. #1, ASLS 2004-30										EST. KEY		
LOT	Adjustments									VALUE PER ACRE	SIZE ACRE	CALC. VALUE,RD.
	Location	Size	Topo	Shape	Access	View	Util.	TOTAL				
KEY	1	1.00	1.00	1.10	1.00	1.00	0.90	1.00	0.99	\$10,000	2.76	\$27,300
	2	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	\$10,000	2.02	\$20,200
	3	1.00	1.54	1.00	0.90	2.50	1.00	0.90	3.12	\$10,000	0.78	\$24,300

VALUATION PORT PROTECTION SUBDIVISION ASLS 2004-44**METHODOLOGY - KEY LOT**

The methodology in the following analysis will use a "key lot" basis for the evaluation. A key lot will be selected within the subdivision which is representative of other subject lots. The analysis of the value of the key lot will be based on a review of the comparable sales with adjustments made to them for differences in time, location and physical characteristics as necessary. Upon determination of the value of the key lot value, the remaining subject lots will be valued in relation to the key lot after making appropriate adjustments for any physical differences that exist between them. This analysis will be applied to the remaining road accessible parcels located on Prince of Wales Island.

KEY LOT DESCRIPTION

Legal: Port Protection Subdivision, ASLS 2004-44, Block 1, Tract 2
Size: 1.85 acres
Access: Boat, foot
Utilities: None
Soils: Typical for area, appears adequate for building
Topography: Moderately Steep

EXPLANATION of ADJUSTMENTS

DNR appraisal instructions state that the appraiser may develop and use quantitative and qualitative adjustments. Ideally, the value difference 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 between the property appraised and the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgement in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

UNITS OF COMPARISON

A site may be valued based on any one of a number of measurements. Price per lot, per square foot, per buildable unit, per acre and per front foot area are all typical measurements commonly referred to in the market. In this case, it appears that the market conducts most transactions on a per acre basis and thus the appraiser has also selected such a measurement base. Ideally, the value difference for any comparable price adjustment is measured by comparing prices of paired sales, which are very similar except for the feature of comparison to be measured. Overall trends, opinion surveys or the appraiser's judgment must be used when sales comparisons are not available. The conventional sequence of adjustments is terms and conditions of sale, time, location and physical features.

SUMMARY OF COMPARABLE LAND SALES

Numerous sales and listings were considered. The following list summarizes the sales that are most applicable to the appraised property. More detailed information about each sale can be found in the Addenda.

The following sales are the most recent transactions of parcels similar to the subject.

No.	ID #	Date	Location	Access	Legal	Frontage	Acres	Land \$\$	\$/Acre
PP-1	13813	10/10/02	Thorne Bay	Boat	ASLS 80-121 B17, L4	163'	2.33	\$30,000	\$12,876
PP-2	13850	1/14/03	Moser Bay	Boat	Moser Bay #1, L15	200'	2.67	\$38,842	\$14,548
PP-3	13750	3/26/02	Middle Island	Boat	ASLS 87-129, B "I", L19	300'	2.67	\$40,000	\$14,987
PP-4	13746	1/10/02	Stephen's Passage	Boat	ASLS 85-256, B "C", L3	195'	1.57	\$31,111	\$19,841
PP-5	13993	1/1/04	Naukati Bay West	Boat	ASLS 85-317, B "8", L10	331'	1.87	\$36,500	\$19,519
Sub			Port Protection	Boat	B1, L2	293'	1.83		

Sales Comparables

Sale No. 1 sold in October 2002 and is located along the east side of Prince of Wales Island, approximately 20 miles northwest of Ketchikan. This is a fairly level site that slopes down toward the water with a marshy shoreline. No road access or utilities.

Sale No. 2 sold in January 2003 and is located in Moser Bay, approximately 10 miles northeast of Ketchikan. This is a fairly level site that has a rocky waterfront. No road access or utilities.

Sale No. 3 is the March 2002 sale of an ocean front parcel on Middle Island, near Sitka. This is a fairly level site that has a gravelly waterfront. No road access or utilities. Sold by the Mental Health Trust in a sealed bid auction.

Sale No. 4 is the January 2002 sale of an ocean front parcel on Horse Island, approximately ten miles from Juneau. This is a fairly level site that has a bluff on the waterfront. Access must be made along platted access easements. No road access or utilities. Sold by the Mental Health Trust in a sealed bid auction.

Sale No. 5 is the January 2004 sale of an ocean front parcel in Naukati Bay, located on the west side of Prince of Wales Island with a moderate slope. There are no utilities or access, but a gravel road is approximately $\frac{3}{4}$ mile away. No road access or utilities. Sold by the Mental Health Trust in a sealed bid auction.

Economic Characteristics

Rights Conveyed Fee simple estate 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. In some markets cash may command a discount compared with typical seller financing. The amount of the discount is usually proportional to the total price. Inexpensive parcels are seldom discounted for cash. Available sales do not offer reliable comparisons for measuring price differences due to terms. The trend is for cash sales to be at the lower end of the price range. Listed prices, which set the upper limit of value, were also considered in this analysis.

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) Analysis of real estate sales in the subject area indicates that prices of vacant land have been level in recent years. According to broker Doc Waterman, there has been limited activity in the subject neighborhood. He noted that the current market overall appears to have softened in the last few years. He noted very little change to overall supply and demand indicators. The sales utilized were transacted between January 2002 and January 2004. The market has exhibited similar characteristics and no adjustment is required.

Physical Characteristics

Size

The subject contains 1.83 acres, while the comparables range from 1.57 to 2.67 acres. Smaller parcels generally sell for a higher unit price than larger parcels. A size adjustment chart is included in the Addenda which was utilized to compensate for this difference. This chart was developed by DNR appraisers and indicates a 25% reduction in unit value as the parcel size doubles. An adjustment will be made once the size difference exceeds 1.00 acre.

Location/Access

The subject is located with ocean frontage near Point Baker, which is at the extreme northwest point of Prince of Wales Island. Sale Nos. 1 and 2 are located within 30 minutes north of Ketchikan, while Sale Nos. 3 and 4 are located close to Sitka and Juneau, respectively. Sale No. 5 is located on the western side of Prince of Wales Island, but is located close to gravel road access.

Utilities The subject and all the comparables have no electric or telephone service and no adjustment is necessary.

Topography The subject is a heavily treed, moderately steep parcel, similar to Sale Nos. 1 and 5. Comparable Nos. 2, 3 and 4 are close to being level and thus superior to the subject.

View

The subject is a sloping site with territorial views of Sumner Strait to the west, while all the comparables have similar territorial views. No adjustment is required.

Waterfront

The subject has a rocky coast with a relatively shallow run-out, similar to Sale Nos. 2, 3 and 5. Sale No. 4 has a high bluff and is inferior. Sale No. 1 has a marshy waterfront and is inferior. The subject has 293' of frontage similar to Sale Nos. 3 and 5. Sale Nos. 1, 2 and 4 have less than 200 feet of frontage and are inferior to the subject.

Adjustment Grid

Attributes	Subject	1	2	3	4	5
\$/Acre	L2, B1	\$12,876	\$14,548	\$14,987	\$19,841	\$19,519
Property Rights	Fee Simple - Surface	Similar	Similar	Similar	Similar	Similar
Financing		CEV	CEV	CEV	CEV	CEV
Adjustments		0	0	0	0	0
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjustment/Acre		0	0	0	0	0
Market Conditions (Time Adjustment)		10/02	1/03	3/02	1/02	1/04
Adjustment/Acre		0	0	0	0	0
Adjusted \$/Acre		\$12,876	\$14,548	\$14,987	\$19,841	\$19,519
Size/Acres	1.85 Ac	2.33 Ac Similar	2.67 Ac Similar	2.67 Ac Similar	1.57 Ac Similar	1.87 Ac Equal
		\$12,876	\$14,548	\$14,987	\$19,841	\$19,519
Location/Access	Port Protection	Thorne Bay/Ketchikan Superior	Moser Bay/Ketchikan Superior	Middle Island/Sitka Superior	Stephen's Passage/Juneau Superior	Naukatu Bay Superior
Topo., Soils & Drainage	Mod. Steep	Moderate Equal	Level Superior	Level Superior	Level Superior	Moderate Equal
Waterfrontage	293' Rocky	163' Marshy Inferior	200' Rocky Equal	300' Gravelly Superior	195' Bluff Inferior	331' Rocky Equal
Access	Boat, Walk-in	Boat, Walk-in Equal	Boat Equal	Boat, Walk-in Equal	Boat Equal	Boat, Walk-in Equal
View	Avg.	Similar	Similar	Similar	Similar	Similar
Indicated \$/Acre		< \$12,876	< \$14,548	< \$14,987	= \$19,841	< \$19,519

Reconciliation

The comparables provide an adequate amount of market data to estimate the subject's current market value. Sale No 4 represents the upper end of the range, which is a smaller site located just west of Juneau. The low end is represented by Sale 1, which is located at the far end of the Thorne Bay Subdivision with a marshy shoreline.

The adjusted sales range from \$12,876 to \$19,841 per acre, with an average of \$16,354 per acre. The subject is generally similar to all the comparables, except its location at the extreme northwest point of Prince of Wales island. Market value for the subject is estimated to be below the average and midpoint and is reconciled to be \$15,000 per acre.

Key Lot: Lot 2, Block 1 Port Protection Subdivision

1.85 Acres X \$15,000 per acre = \$27,800

Subject Parcel Analysis

The subject and all the parcels are located along the same stretch of water and are similar in most regards. Three lots are considered second tier lots, which are separated from the waterfront by

another surveyed parcel or a surveyed tract of state land. Typically, water front lots sell for two to three times the value of back lots.

The value of the remaining parcels is then based on a comparison to the key parcel. An adjustment of less than 1.00 means the subject is inferior to the key lot value and requires a downward price adjustment to indicate the value of the subject. An adjustment greater than 1.00 means that the subject is superior to the key lot, requiring an upward adjustment to indicate the value of the subject parcel. An adjustment of 1.00 means the subject 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 key lot unit price to indicate the value of a subject parcel. The following factors will be considered when estimating value of the remaining lots based on the key lot value.

Access In the previous analysis of the Hollis Anchorage S/D, the water front lot was adjusted upwards by 250%. Conversely, these back lots (L7,-9) will be adjusted downward by 60% to compensate for lack of water frontage.

Size

The key lot contains 1.85 acres, while the remainder of the subject lots range from 1.62 to 2.51 acres. All lots are of similar size and no adjustment will be applied.

Easements The key parcel is impacted by typical peripheral easements that do not adversely impact utilization of the site. All subject lots are equal and no adjustment is required.

Building Site/Topography Several factors such as drainage, soils, and topography may affect the location, size, and number of potential building sites. All parcels are large enough to support at least one site suitable for construction. Lots 3, 4, 5 and 6 have steep topography and inferior to the key lot and will be adjusted downwards 10%. Lots 8 and 9 have a moderate topography and are superior to the key lot and will be adjusted upwards 10%. These factors and their adjustments are noted as follows:

Site Characteristics	Site Quality Rating	Adjustment Multiplier
Severely steep, with wet ground, or unstable soil conditions, rock outcroppings	Poor	0.85 to 0.95
Moderately to steeply sloped	Average	1.00
Level to moderately sloped	Good	1.05 to 1.15

Lots 3, 4, 5 and 6 are more severely sloped and require a downward adjustment. Lots 8 and 9 are interior lots that contain flatter land. These two lots require an upward adjustment.

A chart showing the appraised parcels and their relationship to the key lot are opposite:

PORT PROTECTION PARCEL VALUATION

Port Protection, ASLS 2004-44										EST. KEY	SIZE	CALC.
TRACT	BLOCK	ADL	Adjustments			Util.	TOTAL	VALUE	PER ACRE	ACRE	VALUE, RD.	
		Location	Size	Topo	Access							
	1	1	107403	1.00	1.00	1.00	1.00	1.00	1.00	\$15,000	2.30	\$34,500
KEY	2	1	107404	1.00	1.00	1.00	1.00	1.00	1.00	\$15,000	1.85	\$27,800
	3	1	107405	1.00	1.00	0.90	1.00	1.00	0.90	\$15,000	1.77	\$23,900
	4	1	107406	1.00	1.00	0.90	1.00	1.00	0.90	\$15,000	2.33	\$31,500
	5	1	107407	1.00	1.00	0.90	1.00	1.00	0.90	\$15,000	1.73	\$23,400
	6	1	107408	1.00	1.00	0.90	1.00	1.00	0.90	\$15,000	1.62	\$21,900
	7	1	107409	1.00	1.00	1.00	0.40	1.00	0.40	\$15,000	2.37	\$14,200
	8	1	107410	1.00	1.00	1.10	0.40	1.00	0.44	\$15,000	2.38	\$15,700
	9	1	107411	1.00	1.00	1.10	0.40	1.00	0.44	\$15,000	2.51	\$16,600

Whale Passage Valuation ASLS 2000-22

KEY PARCEL METHOD

There are 11 parcels in the Whale Passage subdivision that are the subject of this valuation section. In appraising a number of similar parcels, it is accepted appraisal practice to appraise a key parcel that is most representative of all the 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. The key lot will have frontage on USFS 25 Road, with electric service available.

DESCRIPTION AND VALUATION OF KEY UPLAND PARCEL B11, L4

Location	USFS 25 Road, Whale Passage, Alaska
Size	1.50 acres
Access	Gravel road, Forest Service Road
Topography	Sloping, above grade
Building Site	Ample, some areas of muskeg and heavy tree cover
Utilities	None
Easements	Typical
Amenities	Typical area view

EXPLANATION of ADJUSTMENTS

DNR appraisal instructions state that the appraiser may develop and use quantitative and qualitative adjustments. Ideally, the value difference 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 between the property appraised and the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgement in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

UNITS OF COMPARISON

A site may be valued based on any one of a number of measurements. Price per lot, per square foot, per buildable unit, per acre and per front foot area are all typical measurements commonly referred to in the market. In this case, it appears that the market conducts most transactions on a per acre basis and thus the appraiser has also selected such a measurement base. Ideally, the value difference for any comparable price adjustment is measured by comparing prices of paired sales, which are very similar except for the feature of comparison to be measured. Overall trends, opinion surveys or the appraiser's judgment must be used when sales comparisons are not available. The conventional sequence of adjustments is terms and conditions of sale, time, location and physical features.

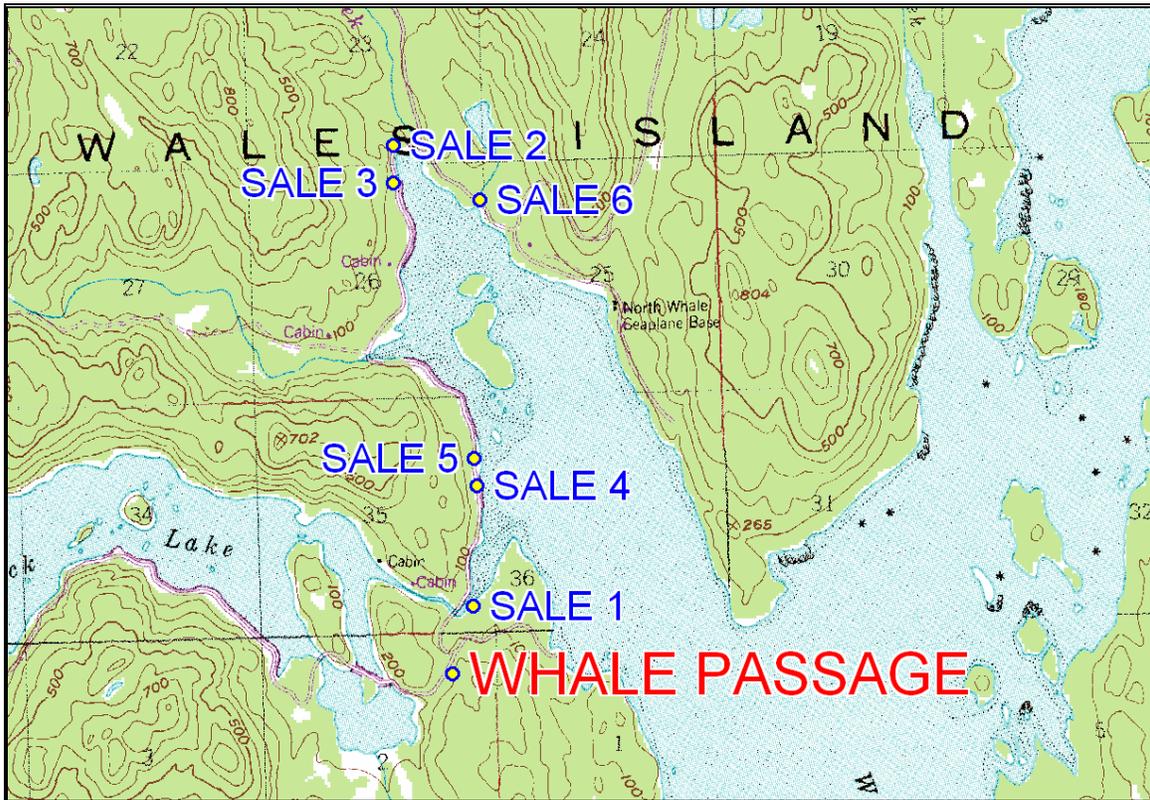
SUMMARY OF COMPARABLE LAND SALES

Numerous sales and listings were considered. The following list summarizes the sales that are most applicable to the appraised property. More detailed information about each sale can be found in the Addenda.

COMPARABLE SALES

No.	Date	Location	Access	Legal	Utilities	Acres	Land \$\$	\$/Acre
WP-1	8/2004	Saltery Cir. Near Neck Lake Outlet	Gravel	Whale Pass B1 L4	None	2.23	\$23,500	\$10,538
WP-2	9/2002	USFS 30 Rd.	Gravel	Add #3 B5 L11	None	2.85	\$25,400	\$8,912
WP-3	5/2002	USFS 30 Rd.	Gravel	Add #3 B5 L13	None	3.32	\$27,900	\$8,404
WP-4	8/2003	USFS 30 Rd.	Gravel	Add #2 B13 L3	None	3.62	\$30,800	\$8,508
WP-5	8/2003	USFS 30 Rd.	Gravel	Add #2 B13 L4	None	3.85	\$32,700	\$8,494
WP-6	6/2005	USFS 30 Rd.	Gravel	Whale Pass B6 L6	None	2.73	\$35,000	\$12,821
Sub		USFS 25 Rd.	Gravel	B 11, L 2	None	6.87		

COMPARABLE SALES MAP



Economic Characteristics

Rights Conveyed Fee simple estate 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. In some markets cash may command a discount compared with typical seller financing. The amount of the discount is usually proportional to the total price. Inexpensive parcels are seldom discounted for cash. Available sales do not offer reliable comparisons for measuring price differences due to terms. The trend is for cash sales to be at the lower end of the price range. Listed prices, which set the upper limit of value, were also considered in this analysis.

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) Analysis of real estate sales in the subject area indicates that prices of vacant land have been level in recent years. According to broker Doc Waterman, there has been limited activity in the subject neighborhood. He noted that the current market overall appears to have softened in the last few years. He noted very little change to overall supply and demand indicators. The sales utilized were transacted between May 2002 and June 2005. The market has exhibited similar characteristics and no adjustment is required.

Physical Characteristics**Size**

The subject contains 1.50 acres, while the comparables range from 2.23 to 3.85 acres. Smaller parcels generally sell for a higher unit price than larger parcels. A size adjustment chart is included in the Addenda which was utilized to compensate for this difference. This chart was developed by DNR appraisers and indicates a 25% reduction in unit value as the parcel size doubles. An adjustment will be made once the size difference exceeds 1.00 acre.

Location/Access

The subject is located along the Forest Service Road in Whale Passage, which is similar to all comparables. No adjustment for location or access is required.

Utilities

The subject and all the comparables have no electric or telephone service and no adjustment is necessary.

Topography

The subject is a heavily treed, moderately steep parcel, similar to all the sales.

View

The subject is a sloping site with territorial views of Whale Pass to the east, while all the comparables have similar territorial views. No adjustment is required.

Adjustment Grid

Attributes	Subject	1	2	3	4	5	6
\$/Acre	L4, B11	\$10,538	\$8,912	\$8,404	\$8,508	\$8,494	\$12,821
Property Rights	Fee Simple - Surface	Similar	Similar	Similar	Similar	Similar	Similar
Adjustments/Acre		0	0	0	0	0	0
Financing		CEV	CEV	CEV	CEV	CEV	CEV
Adjustments		0	0	0	0	0	0
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	MHT	MHT	SOA
Adjustment/Acre		0	0	0	0	0	0
Market Conditions (Time Adjustment)		8/2004	9/2002	5/2002	8/2003	8/2003	6/2005
Adjustment/Acre		0	0	0	0	0	0
Adjusted \$/Acre		\$10,538	\$8,912	\$8,404	\$8,508	\$8,494	\$12,821
Size/Acres	1.50 Ac	2.23 Ac Equal	2.85 Ac Larger 1.30	3.32 Ac Larger 1.35	3.62 Ac larger 1.44	3.85 Ac Larger 1.51	2.73 Ac Larger 1.27
		\$10,538	\$11,586	\$11,345	\$12,252	\$12,826	\$16,283
Location	Whale Passage	Whale Pass Equal	Whale Pass Equal	Whale Pass Equal	Whale Pass Equal	Whale Pass Equal	Whale Pass Equal
Topo., Soils & Drainage	Sloped	Similar	Similar	Similar	Similar	Similar	Similar
Access	Gravel	Similar	Similar	Similar	Similar	Similar	Similar
View	None	Similar	Similar	Similar	Similar	Similar	Similar
Indicated \$/Acre		\$10,538	\$11,586	\$11,345	\$12,252	\$12,826	\$16,283

Reconciliation

The comparables provide an adequate amount of market data to estimate the subject's current market value. Sale No. 6 represents the upper end of the range and is the most recent sale. The low end is represented by Sale 1, which is located just north of the subject. All six sales are from the immediate area and required minimal adjustments.

Excluding Sale No. 6, the adjusted sales range from \$10,538 to \$12,826 per acre, with an average of \$11,709 per acre. Market value for the subject is estimated to be \$11,000 per acre.

Key Lot: Lot 4, Block 1 Whale Passage Subdivision

1.50 Acres X \$11,000 per acre = \$16,500

Subject Parcel Analysis

The value of the remaining parcels is then based on a comparison to the key parcel. An adjustment of less than 1.00 means the subject is inferior to the key lot value and requires a downward price adjustment to indicate the value of the subject. An adjustment greater than 1.00 means that the subject is superior to the key lot, requiring an upward adjustment to indicate the value of the subject parcel. An adjustment of 1.00 means the subject 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 key lot unit price to indicate the value of a subject parcel. The following factors will be considered when estimating value of the remaining lots based on the key lot value.

Access The key lot and eight of the eleven lots have gravel access. Lots 5, 6, and 7 of Block 12 have no improved access and will be adjusted downward from 20% to 30% to reflect the distance from developed access.

Size

The key lot contains 1.50 acres, while the remainder of the subject lots range from 1.50 to 8.30 acres. A size adjustment chart is included in the Addenda which was utilized to compensate for this difference. This chart was developed by DNR appraisers and indicates a 25% reduction in unit value as the parcel size doubles. An adjustment will be made once the size difference exceeds 1.00 acre.

Easements The key parcel is impacted by typical peripheral easements that do not adversely impact utilization of the site. All subject lots are equal and no adjustment is required.

Building Site/Topography Several factors such as drainage, soils, and topography may affect the location, size, and number of potential building sites. All parcels are large enough to support at least one site suitable for construction. These factors and their adjustments are noted as follows:

Site Characteristics	Site Quality Rating	Adjustment Multiplier
Severely steep, with wet ground, or unstable soil conditions, rock outcroppings	Poor	0.85 to 0.95
Moderately to steeply sloped	Average	1.00
Level to moderately sloped	Good	1.05 to 1.15

The key lot is moderately sloped, as are eight of the eleven parcels. Lots 5, 6, and 7 of Block 12 are steeply sloped and will be adjusted downward 10%.

A chart showing the appraised parcels and their relationship to the key lot are opposite:

WHALE PASSAGE PARCEL VALUATION

Whale Passage, ASLS 2000-22										EST. KEY			
LOT	BLOCK	ADL	Adjustments							TOTAL	VALUE PER ACRE	SIZE ACRE	CALC. VALUE,RD.
			Location	Size	Topo	Access	Util.						
KEY	1	11	106762	1.00	0.52	1.00	1.00	1.00	0.52	\$11,000	8.30	\$47,500	
	2	11	106763	1.00	0.56	1.00	1.00	1.00	0.56	\$11,000	6.87	\$42,300	
	3	11	106764	1.00	1.00	1.00	1.00	1.00	1.00	\$11,000	1.50	\$16,500	
	4	11	106765	1.00	1.00	1.00	1.00	1.00	1.00	\$11,000	1.50	\$16,500	
	5	11	106766	1.00	0.70	0.90	0.80	1.00	0.50	\$11,000	3.91	\$21,500	
	6	11	106767	1.00	0.58	0.90	0.75	1.00	0.39	\$11,000	5.15	\$22,100	
	7	11	106768	1.00	0.56	0.90	0.70	1.00	0.35	\$11,000	6.82	\$26,300	
	1	12	106769	1.00	1.00	1.00	1.00	1.00	1.00	\$11,000	1.50	\$16,500	
	2	12	106770	1.00	1.00	1.00	1.00	1.00	1.00	\$11,000	1.51	\$16,600	
	3	12	106771	1.00	1.00	1.00	1.00	1.00	1.00	\$11,000	1.52	\$16,700	
	4	12	106772	1.00	0.55	1.00	1.00	1.00	0.55	\$11,000	7.28	\$44,000	

Vallenar Bay Valuation ASLS 85-86

KEY PARCEL METHOD

There are three parcels in the Vallenar Bay subdivision that are the subject of this valuation section. In appraising a number of similar parcels, it is accepted appraisal practice to appraise a key parcel that is most representative of all the 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.

DESCRIPTION AND VALUATION OF KEY UPLAND PARCEL B11, L2

Location	Vallenar Bay, Gravina Island, Alaska
Size	1.40 acres
Access	Water, boat, floatplane
Topography	Level
Building Site	Ample, many areas of muskeg and heavy tree cover
Utilities	None
Easements	Typical
Amenities	Typical area view

EXPLANATION of ADJUSTMENTS

DNR appraisal instructions state that the appraiser may develop and use quantitative and qualitative adjustments. Ideally, the value difference 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 between the property appraised and the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgement in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

UNITS OF COMPARISON

A site may be valued based on any one of a number of measurements. Price per lot, per square foot, per buildable unit, per acre and per front foot area are all typical measurements commonly referred to in the market. In this case, it appears that the market conducts most transactions on a per acre basis and thus the appraiser has also selected such a measurement base. Ideally, the value difference for any comparable price adjustment is measured by comparing prices of paired sales, which are very similar except for the feature of comparison to be measured. Overall trends, opinion surveys or the appraiser's judgment must be used when sales comparisons are not available. The conventional sequence of adjustments is terms and conditions of sale, time, location and physical features.

SUMMARY OF COMPARABLE LAND SALES

Numerous sales and listings were considered. The following list summarizes the sales that are most applicable to the appraised property. More detailed information about each sale can be found in the Addenda.

The following sales are the most recent transactions of parcels similar to the subject.

No.	ID #	Date	Location	Access	Legal	Frontage	Acres	Land \$\$	\$/Acre
PP-1	13813	10/10/02	Thorne Bay	Boat	ASLS 80-121 B17, L4	163'	2.33	\$30,000	\$12,876
PP-2	13850	1/14/03	Moser Bay	Boat	Moser Bay #1, L15	200'	2.67	\$38,842	\$14,548
PP-3	13750	3/26/02	Middle Island	Boat	ASLS 87-129, B "I", L19	300'	2.67	\$40,000	\$14,987
PP-4	13746	1/1=02	Stephen's Passage	Boat	ASLS 85-256, B "C", L3	195'	1.57	\$31,111	\$19,841
PP-5	13993	1/1/04	Naukati Bay West	Boat	ASLS 85-317, B "8", L10	331'	1.87	\$36,500	\$19,519
Sub			Vallenar Bay	Boat	B2, L11	206'	1.40		

Sales Comparables

Sale No. 1 sold in October 2002 and is located along the east side of Prince of Wales Island, approximately 20 miles northwest of Ketchikan. This is a fairly level site that slopes down toward the water with a marshy shoreline. No road access or utilities.

Sale No. 2 sold in January 2003 and is located in Moser Bay, approximately 10 miles northeast of Ketchikan. This is a fairly level site that has a rocky waterfront. No road access or utilities.

Sale No. 3 is the March 2002 sale of an ocean front parcel on Middle Island, near Sitka. This is a fairly level site that has a gravelly waterfront. No road access or utilities. Sold by the Mental Health Trust in a sealed bid auction.

Sale No. 4 is the January 2002 sale of an ocean front parcel on Horse Island, approximately ten miles from Juneau. This is a fairly level site that has a bluff on the waterfront. Access must be made along platted access easements No road access or utilities. Sold by the Mental Health Trust in a sealed bid auction.

Sale No. 5 is the January 2004 sale of an ocean front parcel in Naukati Bay, located on the west side of Prince of Wales Island with a moderate slope. There are no utilities or access, but a gravel road is approximately $\frac{3}{4}$ mile away No road access or utilities. Sold by the Mental Health Trust in a sealed bid auction.

Economic Characteristics

Rights Conveyed Fee simple estate 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. In some markets cash may command a discount compared with typical seller financing. The amount of the discount is usually proportional to the total price. Inexpensive parcels are seldom discounted for cash. Available sales do not offer reliable comparisons for measuring price differences due to terms. The trend is for cash sales to be at the lower end of the price range. Listed prices, which set the upper limit of value, were also considered in this analysis.

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) Analysis of real estate sales in the subject area indicates that prices of vacant land have been level in recent years. According to broker Doc Waterman, there has

been limited activity in the subject neighborhood. He noted that the current market overall appears to have softened in the last few years. He noted very little change to overall supply and demand indicators. The sales utilized were transacted between January 2002 and January 2004. The market has exhibited similar characteristics and no adjustment is required.

Physical Characteristics

Size

The subject contains 1.40 acres, while the comparables range from 1.57 to 2.67 acres. Smaller parcels generally sell for a higher unit price than larger parcels. A size adjustment chart is included in the Addenda which was utilized to compensate for this difference. This chart was developed by DNR appraisers and indicates a 25% reduction in unit value as the parcel size doubles. An adjustment will be made once the size difference exceeds 1.00 acre.

Location/Access

The subject is located with ocean frontage in Vallenar Bay, which is at the northwest point of Gravina Island. Sale Nos. 1 and 2 are located within 30 minutes north of Ketchikan, while Sale Nos. 3 and 4 are located close to Sitka and Juneau, respectively. Sale No. 5 is located on the western side of Prince of Wales Island, but is located close to gravel road access.

Utilities The subject and all the comparables have no electric or telephone service and no adjustment is necessary.

Topography The subject is a heavily treed, level parcel, Sale Nos. 1 and 5 are moderately sloped and inferior to the subject. Comparable Nos. 2, 3 and 4 are close to being level and thus similar to the subject.

Waterfront

B2, L11 has approximately 206 feet of water frontage and faces directly north and is totally exposed to wind and water action. Moorage at this location would only be possible during the best weather conditions. Sale Nos. 1, 2 and 4 have less than 200 feet of frontage and are similar to the subject. Sale No. 4 has a high bluff and is inferior. Sale No. 1 has a marshy waterfront.

Adjustment Grid

Attributes	Subject	1	2	3	4	5
\$/Acre	L11, B2	\$12,876	\$14,548	\$14,987	\$19,841	\$19,519
Property Rights	Fee Simple - Surface	Similar	Similar	Similar	Similar	Similar
Financing		CEV	CEV	CEV	CEV	CEV
Adjustments		0	0	0	0	0
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjustment/Acre		0	0	0	0	0
Market Conditions (Time Adjustment)		10/02	1/03	3/02	1/02	1/04
Adjustment/Acre		0	0	0	0	0
Adjusted \$/Acre		\$12,876	\$14,548	\$14,987	\$19,841	\$19,519
Size/Acres	1.40 Ac	2.33 Ac Similar	2.67 Ac Inferior 1.29	2.67 Ac Inferior 1.29	1.57 Ac Equal	1.87 Ac Equal
		\$12,876	\$18,772	\$19,333	\$19,841	\$19,519
Location/Access	Vallenar Bay	Thorne Bay/Ketchikan Equal	Moser Bay/ Ketchikan Equal	Middle Island/Sitka Superior	Stephen's Passage/ Juneau Superior	Naukatu Bay Inferior
Topo., Soils & Drainage	Level	Moderate Inferior	Level Equal	Level Equal	Level Equal	Moderate Equal
Waterfrontage	206' Rocky	163' Marshy Inferior	200' Rocky Equal	300' Gravelly Superior	195' Bluff Inferior	331' Rocky Equal
Access	Boat, Walk-in	Boat, Walk-in Equal	Boat Equal	Boat, Walk-in Equal	Boat Equal	Boat, Walk-in Equal
View	Avg.	Similar	Similar	Similar	Similar	Similar
Indicated \$/Acre		<\$12,876	<18,772	<\$19,333	=\$19,841	=\$19,519

Reconciliation

The comparables provide an adequate amount of market data to estimate the subject's current market value. Sale No 4 represents the upper end of the range, which is a smaller site located just west of Juneau. The low end is represented by Sale 1, which is located at the far end of the Thorne Bay Subdivision with a marshy shoreline.

The adjusted sales range from \$12,876 to \$19,841 per acre, with an average of \$18,068 per acre. The subject is generally similar to all the comparables, except its location is exposed to northern winds and waves that make moorage extremely difficult. Market value for the subject is estimated to be below the average and is reconciled to be \$15,000 per acre.

$$1.40 \text{ Acres @ } \$15,000/\text{acre} = \$27,500, \text{ rounded}$$

Subject Parcel Analysis

In appraising a number of similar parcels, it is accepted appraisal practice to appraise a key parcel that is most representative of all the 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.

The following factors will be considered when estimating value of the remaining lots based on the key lot value.

Access The key lot is located on the waterfront, while Lots 6 and 7 are 600 feet from the water through virgin forest covered with multiple levels of moss covered downed trees.

Size

The key lot contains 1.40 acres, while the remainder of the subject lots range from 1.80 to 2.06 acres. A size adjustment chart is included in the Addenda which was utilized to compensate for this difference. This chart was developed by DNR appraisers and indicates a 25% reduction in unit value as the parcel size doubles. An adjustment will be made once the size difference exceeds 1.00 acre. In this case, a size adjustment is not required.

Easements The key parcel is impacted by typical peripheral easements that do not adversely impact utilization of the site. All subject lots are equal and no adjustment is required.

Building Site/Topography Several factors such as drainage, soils, and topography may affect the location, size, and number of potential building sites. All parcels are large enough to support at least one site suitable for construction. These factors and their adjustments are noted as follows:

Site Characteristics	Site Quality Rating	Adjustment Multiplier
Severely steep, with wet ground, or unstable soil conditions, rock outcroppings	Poor	0.85 to 0.95
Moderately to steeply sloped	Average	1.00
Level to moderately sloped	Good	1.05 to 1.15

The key lot is level, as are the two parcels. No adjustment is required.

The two interior Vallenar Bay parcels are accessible from boat or float plane and then a difficult 600 foot walk through virgin rain forests. There have been 28 sales in the subdivisions that have sold since January 2001 for \$5,000 each. All of these lots are interior lots, similar to Lots 6 and 7. Applying a downward adjustment of 60% yields an indicator of \$6,000 per acre ($\$15,000 \times 0.40 = \$6,000$). Twenty eight interior lots have sold for \$5,000 each, or \$2,000 to \$2,941 per acre. These sales were between April 2001 and February 2003 and cover a variety of terrain and soil conditions, but most of them generally similar to Lots 6 and 7. Giving greatest weight to the recent sales from within the subdivision, Lots 6 and 7 have a market value of \$5,000 each.

Addenda

ID: 11927	PHOTOGRAPH/MAP:
REGION: SOUTHEASTERN AREA: SOUTHEASTERN NEIGHBORHOOD: PETERSBURG LOCATION: 753 MITKOF HIGHWAY FRONTAGE NAME: MITKOF HIGHWAY SUBDIVISION:	TAKEN BY: _____ DATE: _____ SOURCE OF INFORMATION/DATE: ASSESSOR BY W. FERGUSON 5/12/99
GRANTOR: BROWN, DARLENE GRANTEE: WEAVER, MARK	
DATE OF SALE: 9/30/1995 SALE PRICE: \$25,000.00 ACRES: 3.030 REC DIST: 110 - PETERSBURG BOOK/PAGE/SER. # INSTRU: TERMS: CASH CONDITION:	

LEGAL DESCRIPTION: GOV. LOT 15, SECTION 35, T59S, R79E, CRM TAX ID:	USGS MAP: PETERSBURG C-3 QUAD: PETERSBURG LATITUDE: N564305 LONGITUDE: W1325545 MTRS: C059S079E35
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SLOPE: MODERATE VEGETATION: WOODED SOILS: OVERBURDEN SHORE: UNUSUAL FEATURES: SITE DESCRIPTION: PURCHASED FOR POSSIBLE ROCK AND GRAVEL EXTRACTION. TOPOGRAPHY SLOPES UP FROM ROAD AND IS MORE LEVEL ON SOUTH SIDE. STATUS PLAT SHOWS THE ACREAGE AS 3.75. REPORT 3026, COMP M2.	FRONTAGE: <input type="checkbox"/> LakeFrontage <input checked="" type="checkbox"/> HwyFrontage <input type="checkbox"/> OceanFrontage <input type="checkbox"/> CreekFrontage <input type="checkbox"/> PondFrontage <input type="checkbox"/> RiverFrontage ELECTRICITY: Y TELEPHONE: Y WATER: N SEWER: N NATURAL GAS: _____ ACCESS: PAVED ROAD
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ZONING: RURAL RESIDENTIAL	TITLE INTEREST: FEE	PARCEL TYPE: UPLAND
EASEMENTS/RESTRICTIONS:		

HIGHEST / BEST USE: COMM/INDUSTRIAL
MARKET EXPOSURE:
SUPPLY/DEMAND:
BUYER/SELLER MOTIVATION:

SALE PRICE:	\$25,000.00
VALUE OF IMPROVEMENTS:	\$0.00 IMPROVEMENTS:
LAND VALUE:	\$25,000.00

# OF SITES:	\$/SITE:	ACRES:	\$/ACRE:	SQUARE FEET:	\$/SQFT:	FRONT FEET:	\$/FF:	RENTAL RATE:
1	\$25,000	3.03	\$8,251	0	\$0.00	0	\$0.00	0.000 %

GENERAL APPRAISAL REQUIREMENTS

STATE of ALASKA
DEPARTMENT of NATURAL RESOURCES



1. **Client:** DNR is the sole client for all appraisal assignments, regardless of who contracts for or pays for the appraisal.
2. **Appraiser Contact With DNR:** Any appraiser preparing a report for use by DNR is required to contact the DNR Review Appraiser before beginning work, even if he or she is generally pre-qualified on DNR's list of appraisers. (See #3, Appraiser Qualifications below.) This contact is required so that DNR may approve the appraiser's training and experience for the specific assignment and so that DNR may issue any supplemental appraisal requirements specific to the assignment. DNR must pre-approve any appraiser who will make a significant contribution to the appraisal in terms of inspection, research, and analyses. Pre-approval of an appraiser does not guarantee that DNR will accept the appraisal, but means that the appraiser appears to be qualified for the assignment in terms of training and experience.
3. **Appraiser Qualifications:** DNR maintains and periodically updates a list of qualified appraisers. The list is available upon request and is available at <http://www.dnr.state.ak.us/land/appraisal.htm>. The list does not constitute a recommendation by DNR, but means an appraiser appears to be qualified to appraise state land, based on DNR's review of the appraiser's resume. An appraiser who is not on the list shall submit a resume for DNR approval before beginning work. Only a General Real Estate Appraiser, certified by the Alaska Board of Real Estate Appraisers, can appraise leases and other partial interests in land. For special projects, DNR may require special training and experience.
4. **When to Begin the Appraisal:** DNR recommends that the Final Finding be complete and the survey be substantially complete before the appraisal process begins. Otherwise, the applicant risks having to pay for amendments to the appraisal or having the appraisal becoming outdated. A survey is substantially complete when the DNR survey unit has reviewed the draft plat and only minor technical corrections are needed for DNR approval of the survey. DNR will not review the appraisal until the Final Finding is complete and the survey is substantially complete.
5. **Appraisal Standards:** All appraisals must be prepared in accordance with these requirements and all applicable Standards in the current edition of Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation. For special projects, DNR may require pre-work conferences and may issue supplemental instructions.

The appraisal must be a **complete appraisal**. Under special conditions, DNR may allow a **limited appraisal**. A **self-contained appraisal** is preferred. A **summary appraisal** is acceptable if the report contains sufficient information for the reviewer to find that the analyses and conclusions are supported and reasonable. Regardless of the type of report, the **scope of work** must be clearly described. A **restricted report** (letter of opinion) is not acceptable. (See USPAP for a definition of the terms cited in bold.)
6. **Purpose of the Appraisal:** In most cases, the purpose of the appraisal is to estimate the market value of the land, and, in some cases, to estimate annual market rent based on the market rental rate for the land. Contact the DNR Review Appraiser for this information, which is specific to each assignment.
7. **Intended Use and Intended Users of the Appraisal:** DNR will use the appraisal to establish the purchase price or annual rent for state lands. A rent adjustment appraisal may be used to establish the purchase price for a parcel if DNR

approves a preference right purchase application subsequent to completion of the appraisal and if the DNR Review Appraiser determines that the appraised value is consistent with market conditions as of the date the preference right purchase is approved. Contact the DNR Review Appraiser for this information, which is specific to each assignment.

8. Definitions:

State land is defined in AS 38.05.965 (20) as "all land, including shore, tide, and submerged land, or resources belonging to or acquired by the state."

Appraisals must use the following definition of market value.

The most probable price, as of a specified date, in cash, or in 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.¹

For the reasons explained below, appraisals using other definitions will be returned for correction.

Market rent is defined as:

The most probable rent that a property should bring in a competitive and open market.

Rental rate is defined as:

The percentage of market value that a comparable class of private property would bring in the open market with the same conditions of lease as offered by the state.

9. **Terms of Sale:** Market value must be estimated in terms of seller financing typical for the market. If applicable, specify the terms of typical seller financing for the market in which the subject property is located. DNR will not accept appraisals that apply a downward adjustment to comparable prices with typical seller financing in order to indicate a cash value. DNR offers seller financing, and discounts for cash are prohibited by AS 38.05.065. This is the reason for the market value definition used above, to provide a value based on "precisely revealed terms."

10. **Property Rights Appraised:** For fee simple purchases, appraise the fee simple estate less mineral rights reserved under AS 38.05.125(a). Appraisals that do not cite this definition will be returned for correction.

For the appraisal of partial interests, land exchanges, and preference right purchases, the appraiser shall obtain a copy of DNR's proposed conveyance document, the Preliminary Decision, and the Final Finding statements. These items contain information that affect the rights to be appraised and must be included in the report addenda.

11. **Date of Valuation:** The appraiser shall confirm this date with the DNR Review Appraiser.

12. **Inspection:** The appraiser must make an onsite inspection of each appraised property and comparable. Fly-over inspections are acceptable for remote properties. However, if a valuation error results due to lack of adequate inspection, the appraiser will be required to do an onsite inspection at his or her own expense. DNR may allow exceptions to these inspection requirements, if special conditions warrant. Any exceptions must be authorized in writing by the DNR review appraiser before work begins.

¹ The Appraisal of Real Estate, Eleventh Edition, Appraisal Institute, 1996, page 22

13. **Photographs:** Reports must contain onsite photographs of all appraised properties and comparables that were inspected. Photographs must clearly illustrate the character and quality of the properties and must clearly approximate property corners and boundaries with marks on the photographs or explanatory captions. Low altitude photographs are acceptable if they meet the above criteria. Digital photographs must be on photo-quality paper such as "laser paper" recommended by printer manufacturers.
14. **Plat or Survey Maps:** The report must contain legible and clearly readable copies, showing the size and dimensions of each parcel appraised. Legible plat notes must also be included.
15. **Key Parcel:** When appraising similar parcels within the same subdivision or neighborhood, a typical or "Key Parcel(s)" valuation method should be used. The key parcel must be identified by legal description and other pertinent factors; its specific site characteristics must be stated, including size, access, utilities, soil conditions, and amenities.
16. **Comparable Sale Data:** Comparable Sale Forms or data sheets are required for all reports, including form reports. Each data sheet must be similar in content to the attached sample with a complete legal description and recording information. If the data on the form is found to be insufficient or inaccurate upon initial technical review, DNR will not review the report until comparable data forms are found to be complete and accurate.

The photograph of the comparable must be attached to the data sheet or facing page and must meet the above standards for photographs. A comparable sale location map is required, showing the location of the comparable in relation to the appraised properties and other comparables. A plat, survey map, and/or topographical map for each data sheet are desirable but not required. If a digital photograph is printed on the comparable sale or comparable lease form, the paper must be photo-quality.

Whenever possible, all transactions will be verified with a knowledgeable party (grantor, grantee, or broker), either by the appraiser conducting the subject appraisal or by an appraiser who verified the information for another report. Failed efforts to reach knowledgeable parties shall be stated on the Comparable Sale Form.

17. **Data Analysis:** Adjustments made in relating comparable transactions to the subject property must be fully discussed in the narrative and presented in an adjustment table. Adjustments may be quantitative (dollar amounts or percentages) or qualitative (plus/minus, inferior/superior). As the amount of the adjustment increases, the need for factual evidence (e.g. paired sales, data arrays, opinion surveys) increases. If qualitative adjustments are used, the relative weight for each adjustment must be described and supported. The final reconciliation must clearly state which indicators of value are the most reliable and explain how each indicator affects the appraiser's final conclusion of value. Estimates based solely on the appraiser's opinion without explanation will be rejected. Estimates based solely on regression analysis or other statistical methods may also be rejected. DNR recommends the appraiser read *Base Adjusting in the Sales Comparison Approach* by Thomas P. Williams, MAI on page 160 of the Appraisal Journal, spring 2004.
18. **Leases:** The appraiser shall summarize and fully discuss the subject lease terms and rent adjustment method. For direct rent comparisons, the appraiser must include a comparable lease form, similar in content to a comparable sale form, stating lessor/lessee, location, use, type of lease, rate, rent adjustment method, date of transaction, date of last rent adjustment, special terms and conditions, and physical features. For lease reappraisals, the appraiser shall contact the lessee and give him or her an opportunity to discuss the appraisal and inspect the property with the appraiser. Contact with the lessee must be briefly described in the report.

19. **Conditions of Sale:** DNR recognizes that the appraisal assignment may involve a limited market. To the extent possible, the appraiser shall use only private transactions for comparables. Valuations based entirely or mostly on DNR transactions are not acceptable, unless there are no other reasonable alternatives. The appraiser must research DNR sales to ensure that they do not include a veteran's discount. Use of DNR sales that include a veteran's discount is not acceptable. If it is necessary to use transactions that involve a government agency, use of such transactions is subject to the requirements of Section D-9 of the Uniform Appraisal Standards for Federal Land Acquisitions for the year 2000.

20. **Hazardous Materials:** Unless otherwise directed in writing by DNR, it is an extraordinary assumption that the land is free and clear from hazardous materials.

21. **Report Format: Letters of opinion** are not acceptable. The **narrative report** may follow the outline published by the Appraisal Institute.² The **form appraisal** may be used only if all of the following guidelines are met:

Guidelines for Form Appraisal

a	the title interest appraised is fee simple less mineral rights;	d	the only applicable approach to value is the direct sale comparison approach, with a minimum of 3 sales that can be directly compared to the subject;
b	structural improvements and site improvements are <u>excluded</u>	e	there are no complex appraisal problems such as hazardous materials and soil contamination, unusual easements and restrictions, or significant natural hazards; and
c	the estimated market value is less than \$50,000;	f	the appraisal does not involve a land exchange.

The form appraisal must be presented as outlined below. All pages must measure 8½ by 11 inches.

Item	Form Appraisal Outline		Land Valuation Form ³
1	Letter of Transmittal	7	Explanation of Adjustments
2	Location Map	8	Comparable Sale Forms
3	Subject Photographs	9	Scope of the Appraisal
4	Plat or Survey Map	10	Certification of Value
5	Highest and Best Use Narrative (optional)	11	Assumptions and Limiting Conditions
6	Comparable Sales Map	12	Qualifications of Appraiser

18. **Required Number of Copies:** The appraiser should confirm this number with the DNR Review Appraiser.

19. **Disclosure:** By law, appraisal reports are public documents that must be made available to the public upon request. Appraisals shall not contain any language that restricts public use. If the report contains use-restricting language, the language will not apply.

20. **Review and Approval:** The DNR review appraiser will review all appraisals for compliance with USPAP and DNR instructions. If an applicant is required to provide the appraisal, he or she should review the report and work out any differences with the appraiser before submitting the report for DNR review. Once the appraisal is submitted, the DNR review appraiser will work directly with the appraiser to obtain any needed clarifications and corrections.

21. How to Contact the DNR Review Appraiser:

DNR Review Appraiser	Phone: 907-269-8512
Division of Mining, Land & Water	FAX: 907-269-8914
550 W. 7 th Ave., Suite 650	E-mail: appraisals @dnr.state.ak.us
Anchorage, AK 99501-3576	Hours: 8AM-4PM

² The Appraisal of Real Estate, Eleventh Edition, Appraisal Institute, 1996, page 620

³ FNMA Form 1004B JUL 86 or a form similar in content



**COMPARABLE DATA FORM -
EXAMPLE ONLY**

**STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES**

Documentation of market data for sales comparison ^{1, 2}

Grantor	Sale Price
Grantee	Terms
Sale Date	Size - Ac or SF
Instrument	Improvement Value
Rec. Distr. Bk. & Pg.	Analysis (Price per Ac, SF, FF. Include calculations for cash equivalency adjustment, if needed), etc.
Legal Description	Property Rights Transferred
Easements & Restrictions	(Fee simple, mineral rights, agricultural rights, etc.)
Physical description of site	

Location	Neighborhood
Access	Zoning
Shape	H & B Use
Topography	Intended Use
Soils	Utilities
Vegetation	Frontage
Site Improvements	Amenities
Improvements	
Additional Details (Unusual conditions of sale (duress), water front characteristics, etc.)	

Data Source	Verified by	Date
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Space for map, plat, or photograph.

The above information may be arranged in any order the appraiser prefers to use so long as the required information is provided. See DNR General Appraisal Instructions for additional requirements for the presentation of market data. DNR maintains an extensive database of comparable information. The database is available to fee appraisers. It would be helpful to have Township and Range and/or Latitude and Longitude included with the above information. We could then search by those fields and create ties to additional geographic areas for expanded search options.

¹ The Appraisal of Real Estate, Eleventh Ed., Appraisal Institute, pp. 400-414

² Standards Rule 2-2(a) (vi) USPAP, Appraisal Foundation, 1997

DNR SIZE ADJUSTMENT METHOD
DEVELOPED BY STEVE STARRETT

ACRES	VALUE RATIO
2.50	1.33
3.00	1.22
3.50	1.14
4.00	1.08
4.50	1.04
5.00	1.00
6.00	0.95
7.00	0.90
8.00	0.85
9.00	0.80
10.00	0.75
11.00	0.73
12.00	0.71
13.00	0.69
14.00	0.67
15.00	0.65
16.00	0.64
17.00	0.62
18.00	0.60
19.00	0.58
20.00	0.56
21.00	0.55
22.00	0.55
23.00	0.54
24.00	0.53
25.00	0.53
26.00	0.52
27.00	0.51
28.00	0.50
29.00	0.50
30.00	0.49
31.00	0.48
32.00	0.48
33.00	0.47
34.00	0.46
35.00	0.46
36.00	0.45
37.00	0.44
38.00	0.43
39.00	0.43
40.00	0.42

The above graph represents a general market trend in the size-price behaviour for remote parcels.

For parcels over 5 acres in size, the price per acre decreases by 75 percent or a multiplier of .75 when parcel size doubles.

In order to adjust for parcel sizes in size increments smaller than a doubling of size (e.g. a 16-acre parcel which fits between the 10 to 20 acres size category) the value ratios are interpolated.

For parcels over 5 acres in size, the interpolation is made on a straight line basis, because larger parcels tend to sell on a price per acre basis.

For parcels under 5 acres in size, the interpolation between size categories is exponential, because the concept of building site value is more important than the number of acres.

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION DIVISION OF SPILL PREVENTION AND RESPONSE CONTAMINATED SITES PROGRAM

410 Willoughby Ave., Suite 302
Juneau, AK 99801-1795

PHONE: (907) 465-5210

FAX: (907) 465-5218

<http://www.state.ak.us/dec/>

File: 1521.38.001

September 27, 2005

Via Electronic and Regular Mail

Ted Deats
Division of Land, Mining and Water
Department of Natural Resources
400 Willoughby
Juneau, AK 99801

Re: No Further Remedial Action Planned Decision
Three Lakes Road Parcel,
Contaminated Sites Database #2002120106701

DEPT OF ENVIRONMENTAL CONSERVATION
DIVISION OF SPILL PREVENTION AND RESPONSE
CONTAMINATED SITES PROGRAM
05 OCT -3 AM 10:34
STATE OF ALASKA
JUNEAU OFFICE

The Department of Environmental Conservation (DEC) Juneau Office has recently completed a review of the file associated with the referenced site also known as the Falls Creek Parcel, 60 S., R. 79 E., Section 11, CRM, ASLS 87-111, 2.2 acres. The property is located on Three Lakes Loop Road that intersects at 10 Mile Mitkof Highway south of Petersburg, Alaska. Based on our review of the project file, DEC finds that the referenced site does not pose a significant threat to human health or safety, or the environment.

Site Background History

The 2.2 acre parcel was offered for sale in the Mental Health Trust Land Office (TLO) 2000 land sale and was sold to Robert and Kelly Padgett through a TLO 20-year purchase contract. The sale contract ended in default in 2003. TLO had a basic Phase I Site Assessment completed in November 2002 that identified petroleum odor and sheen adjacent to an above ground fuel storage tank and surface drainage behind the shop building.

The follow-up Phase II Site Characterization for TLO was completed in August 2003 by consultant Carson Dorn, Inc. (CDI) with on-site observation, comment and approval by DEC. Metals detected in soil were in concentrations comparable to natural conditions for the area. Chemical specific parameters of benzene, toluene, ethylbenzene, total xylenes and polyaromatic hydrocarbons as well as volatile aromatic hydrocarbons were consistently non-detect in the DEC approved Site Characterization data. DEC determined that laboratory analyses in the Site Cleanup Plan would be limited to diesel range hydrocarbons (DRO) and residual range hydrocarbons (RRO). The property was subsequently transferred to the Department of Natural Resources (DNR) Lands Program.

Site Cleanup Workplan

The DEC Contaminated Sites Program approved the Site Characterization and Cleanup Plan with Method Three alternative cleanup levels by letter in May, 2004. The alternative cleanup levels

for soil calculated using site specific fractional organic carbon (Foc) data are 1,360 milligrams per kilogram mg/kg for diesel range hydrocarbons (DRO) and 8,300 mg/kg for residual range hydrocarbons (RRO). The alternative soil cleanup levels were requested by the responsible party with full knowledge that after the site cleanup was completed, minor restrictions on the property would be necessary.

Site Excavation and Cleanup

In May 2005, DEC reviewed and approved a site cleanup workplan submitted by DMC Technologies, Inc., a qualified environmental consultant contracted to excavate soil from the property and conduct on-site active remediation of the petroleum contamination. Excavated clean material was segregated from oily soil by a combination of observation and field instrument testing known as field screening. Material with petroleum was immediately transferred to a bioremediation cell on the property directly adjacent to the cleanup site. Removal began at the former fuel storage area southwest of the shop building, continued across the rear of the shop building until clean soil was consistently found, then resumed again at the north edge of the property line where non-hazardous buried solid waste was recovered and transported off-site to the City of Petersburg Landfill. An estimated volume of 730 cubic yards of shot rock and native peat material was placed in the remediation biocell. The excavation was left open and bermed while remedial treatment of the contaminated soil was conducted.

Soil Remediation and Backfill

Final confirmation analytical samples of undisturbed soil in the excavation were collected at 15 discrete locations at the limits of the excavation. The sample locations were selected based on headspace method field screening results and spatial representation. The laboratory analysis of these samples document that the horizontal and vertical limits of hydrocarbon contamination are reached in the excavation for compliance with DEC approved soil cleanup concentrations. After DEC review and approval of the sample data, it is determined that the maximum concentration that remained in subsurface soil in the excavation was DRO at 1,170 milligrams per kilogram (mg/kg) and RRO at 2,530 mg/kg.

The biochemical treatment cell (biocell) soil received a nutrient and bacterial addition to promote accelerated chemical and biological breakdown of hydrocarbons bound in the soil particles and was tilled to promote aeration. Final confirmation soil sample locations in the biocell were selected randomly and collected immediately after boring 18 inches below the surface.

Following DEC review of the data, the approved sample set was accepted at 15. The maximum DRO concentration in the biocell soil was 1,110 mg/kg and the statistically derived average was just under 650 mg/kg. The maximum RRO concentration in the biocell soil was 5,110 mg/kg and the average was just over 3,225 mg/kg. DMC Technologies, Inc. submitted *Final Cleanup Report, Petersburg Falls Creek Property* in August 2005 (DMC 2005).

Assured that the confirmation sample analysis results were below the approved cleanup DRO concentration of 1,360 milligrams per kilogram mg/kg and RRO of 8,300 mg/kg, DEC approved backfilling the excavation with the biochemically activated soil from the treatment cell. The approved DRO cleanup concentrations are determined to be protective of the migration to groundwater pathway based on the site specific physical parameters of the property and the area.

Remaining On-Site Soil Contamination

The portion of the property where soil was excavated, biochemically treated and tilled on-site, and then backfilled is located on the rear half of the northwest corner of the 2.2 acre property. The area begins at the former fuel storage area southwest of the shop building, continues behind

the building to the north side where a stretch of clean soil was found, and then resumed for a short distance north of the shop near the north property line where buried solid waste was recovered.

The DEC is confident that concentrations of DRO in soil on the property are protective of the ingestion, inhalation and migration to groundwater exposure risk pathways. Natural attenuation will eventually reduce DRO concentrations in soil below default most conservative Method Two Table B2 migration to groundwater cleanup concentrations that allow unrestricted placement of soil that has been impacted by oil. The biochemical breakdown of hydrocarbons is expected to continue in the biocell soil used to backfill the excavations on the property. The influence on soil surrounding the excavation is likely to enhance natural attenuation of petroleum that remains bound to soil in low concentrations.

Ecological Receptors

Ecological receptors are not present at the site. Migration pathways are not present to transport contaminants in concentrations that will have deleterious effects to off-site ecological receptors.

Cumulative Risk

Pursuant to 18 AAC 75.325 (g), when detectable contamination remains on-site following a cleanup, a cumulative risk determination must be calculated. With data currently available, the DEC has determined that petroleum compounds remaining at the referenced site following cleanup are in concentrations that do not present a cumulative risk to human health.

Determination

The investigation and cleanup of petroleum contamination of soil at the Three Lakes Road Parcel, also known as the Falls Creek Shop, has met all requirements specified in 18 Alaska Administrative Code (AAC) 75 Article 3 - Discharge, Reporting, Cleanup, and Disposal of Oil and Other Hazardous Substances. Based on the information provided by your consultant regarding the condition of contaminated subsurface material, groundwater use at the site and in the area, and human health and ecological risks, DEC has determined that an issuance of **No Further Remedial Action Planned** (NFRAP) is appropriate for this site. This determination is subject to the following Institutional Control.

Institutional Controls

The condition specified below and the total volume of contaminated soil remaining on-site will be noted on DEC's Contaminated Sites Program Database until such time that petroleum concentrations in soil within the cleanup area have reached a DRO concentration of 230 mg/kg, the most stringent soil cleanup criteria. The Database record is accessible to the public by site name using the internet Contaminated Sites Database web page search engine.

A deed notice with information pertaining to the location and estimated quantity of petroleum contaminated soil that remains onsite will be signed by a land manager representative and recorded. Pursuant to 18 AAC 75.370 (b), the Deed Notice informs prospective purchasers that if removal of soil from the areas of contaminant soil on the property becomes necessary, DEC must be notified in advance to ensure that final placement of the soil does not violate water quality or petroleum regulations.

This Institutional Control was verbally reviewed with the current property owner representative Ted Deats, Thursday, September 1, 2005. Mr. Deats agrees with the controls and was advised that the deed notice on the property can be superseded by the DEC given adequate soil confirmation sampling data results.

Closure

In accordance with 18 AAC 75.380(d)(1) and 18 AAC 78.276, additional investigation and cleanup may be required if new information is discovered which leads the DEC to make a determination that the cleanup described in this decision is not protective of human health, safety, and welfare or the environment.

Persons who disagree with this decision may request an adjudicatory hearing in accordance with 18 AAC 15.195 - .340 or an informal review by the Division Director in accordance with 18 AAC 15.185. **Informal review requests** must be delivered to the Division Director, 410 Willoughby Avenue, Suite 302, Juneau, Alaska 99801, within 15 days of the decision.

Adjudicatory hearing requests must be delivered to the Commissioner of the Department of Environmental Conservation, 410 Willoughby Avenue, Suite 301, Juneau, Alaska 99801, within 30 days of this decision letter. If a hearing is not requested within 30 days, the right to appeal is waived.

If you have questions regarding this letter or concerns please contact me by telephone at 907-465-5210 or email at Bruce.Wanstall@dec.state.ak.us.



Bruce Wanstall
Project Manager

cc: Dan McNair, DNC Technologies, Inc.

References:

2.2 acre parcel, ASLS 87-111, T60S, R79E, Sec 11, CRM, Mitkof Island, Near Petersburg Alaska Environmental Site Assessment Phase I Report, James Claire P.E., November 2002 (Claire 2002)

Petersburg Three Lakes Loop Road Parcel Remediation; Characterization Report and Cleanup Action Plan, Carson Dorn, Inc., September 2003. (CDI 2003)

Final Cleanup Report, Petersburg Falls Creek Property, DMC Technologies, Inc., August 2005 (DMC 2005)

G:\SPAR\Spar-Contaminated Sites\38 Case Files (Contaminated Sites)\1521 Petersburg\1521.38.001 Three Lakes Road Parcel