

**AN APPRAISAL OF  
26 PARCELS OF LAND  
LOCATED IN THE  
WASILLA AND TALKEETNA AREAS  
FOR THE 2006 LAND DISPOSAL**

**FOR**

Mr. Michael R. Ward, Appraiser II, Appraisal Unit  
State of Alaska Department of Natural Resources  
Division of Mining, Land and Water  
550 West Seventh Avenue, Suite 650  
Anchorage, AK 99501-3576

**VALUATION DATE**

December 13, 2005

**BY**

Brian W. Dunagan  
Real Estate Appraiser

**AFFILIATED APPRAISERS OF ALASKA**

501 W. NORTHERN LIGHTS BOULEVARD, SUITE 201  
ANCHORAGE, ALASKA 99503

**OUR FILE NO. BWD 05-363**

December 22, 2005

Mr. Michael R. Ward, Appraiser II

STATE OF ALASKA  
Department of Natural Resources  
Division of Mining, Land and Water  
550 West Seventh Avenue, Suite 650  
Anchorage, AK 99501-3576

RE: 2006 Land Disposal Over the Counter Updated  
ASPS 10-05-084  
DNR Contract No. 2005-06  
Our File No. BWD 05-363

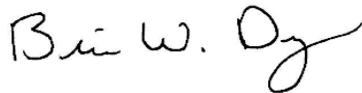
Dear Mr. Ward,

As requested, the above referenced lots and tracts of land have been inspected for the purpose of estimating their fee simple market values, less mineral rights reserved under AS 38.05.125(a).

Located within this report are descriptive information, valuation data, analyses and conclusions used in valuing these properties. Values are based on current market conditions and surveys. The values found herein are subject to the Contingent and Limiting Conditions found in the report.

I hope you find the details of these appraisals relevant to your decisions regarding the subject properties. If you have any questions, please call.

Sincerely,

A handwritten signature in cursive script that reads "Brian W. Dunagan".

Brian W. Dunagan  
Real Estate Appraiser  
AK-510

bwd

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**ADDENDA**

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## **APPRAISAL SUMMARY**

Purpose	To estimate current market value for “land disposal program”
Function	Establish market value for over-the-counter land disposal
Authority	AS 38.05.125(a)
Location	In the vicinity of Matanuska Susitna Borough, Alaska
Total Parcels	26 parcels
Size	1.10 – 40.05 acres
Legal Description	Please see pages: 16, 30, 35, 40, 46, & 51
Current Use	Vacant
Highest and Best Use	Recreational/Residential
Estimated Market Value	Please see pages 29, 34, 39, 45, 50 & 59

# STATE OF ALASKA MAP



MILES  
0 (approximate) 300

## **PART TWO -- PREMISES OF THE APPRAISAL**

### **TYPE OF APPRAISAL AND REPORT**

This is a complete, summary appraisal prepared in accordance with Standards Rules 1 and 2 of the Uniform Standards of Professional Appraisal Practice, Appraisal Foundation, and Special Appraisal Instructions DNR Land Disposal, Calendar Year 2006.

### **PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to estimate current market value of the properties described in this report.

### **INTENDED USE OF THE APPRAISAL**

This appraisal will be used to establish the market value for land disposal program.

### **CLIENT AND USER IDENTITY**

This appraisal is prepared for the State of Alaska, Department of Natural Resources-Division of Mining, Land, and Water. The State of Alaska employees and the public will use this appraisal.

### **PROPERTY RIGHTS APPRAISED**

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

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

AS 38.05.125(a) states:

"Reservation. (a) Each contract for the sale, lease or grant of state land... is subject to the following Reservations: "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 VALUE**

*The most probable price, as of 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 selfinterest, 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 typical financing for the property type as of the date of appraisal.

## **EFFECTIVE DATE OF VALUE ESTIMATE**

The effective date of value estimates for the parcels located in Bartlett Hills Alaska Subdivision is October 28, 2005. The effective dates of the remaining Parcels are December 13, 2005.

## **SCOPE OF THE APPRAISAL**

The subject properties were inspected in the field on October 28, 2005 and by air on December 13, 2005.

Physical features, accessibility, and utilities available to the lots were viewed and identified in the field. Topographic maps, status plats and aerial photographs were examined for further details.

The records of the State of Alaska, Department of Natural Resources were searched for recent sales of similar lots. Interviews with realtors, appraisers, and other individuals provided data about trends in values, supply and demand. Sellers and buyers were contacted to verify sale prices and other transaction details.

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

## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. The properties are appraised "as is."
2. The data and conclusions embodied in this report are a part of the whole valuations. Any part of these appraisals used out of context, may not be accurate for basing value estimates.
3. The appraiser, by reason of these appraisals, 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 appraisals.

4. The estimates of values in this report are not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
5. In the process of these valuations various mathematical calculations were used in formulating the final estimates of value. Therefore, in the application of these calculations, certain arithmetical figures were rounded to the nearest significant amounts.
6. The information furnished by others is believed to be reliable but are not warranted for accuracy. The plot plans in this report are included for illustrative purposes for the reader to visualize the properties.
7. It is assumed that there are no hidden or apparent conditions of the properties, subsoils, or structures that render them more or less valuable. No responsibility is assumed for such conditions, or for arranging engineering studies to discover them.
8. Unless otherwise stated in this report, the appraiser does not know the existence of hazardous materials or toxic substances, which may or may not be present on the properties. The appraiser, however, is not qualified to detect such substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required in discovering them.

## PART THREE - PRESENTATION OF DATA

### PROPERTY IDENTIFICATION

The following table contains vacant properties located in the Matanuska Susitna Valley that are subjects of this appraisal section. These lots are located within subdivisions which have been recorded in the Matanuska-Susitna Borough.

No.	ADL	SUBDIVISION	SURVEY TYPE/NO.	LOT-BLOCK-TRACT	MTR	ACRES	PARCEL VALUE
1	205347	BARTLETT HILLS ALASKA	ASLS 79-143D	LOT 10, BLOCK 6, TRACT D	S024N004W24	5.00	\$8,000
2	205358	BARTLETT HILLS ALASKA	ASLS 79-143D	LOT 21, BLOCK 6, TRACT D	S024N004W24 , 25	5.00	\$8,000
3	205428	BARTLETT HILLS ALASKA	ASLS 79-143D	LOT 26, BLOCK 8, TRACT D	S024N004W25	5.00	\$7,900
4	205438	BARTLETT HILLS ALASKA	ASLS 79-143D	LOT 18, BLOCK 9, TRACT D	S024N004W24	4.605	\$7,000
5	206004	BARTLETT HILLS ALASKA	ASLS 79-143D	LOT 3, BLOCK 6, TRACT D	S024N004W13	5.00	\$8,000
6	205439	BARTLETT HILLS ALASKA	ASLS 79-143D	LOT 19, BLOCK 9, TRACT D	S024N004W24	4.676	\$7,300
7	214557	CHASE II	ASLS 79-149	LOTS 3, 4, 5, BLOCK 14	S027N004W35 , 36	15.00	\$12,000
8	218001	CHASE REMOTE ODD LOT	ASLS 84-130	TRACT B	S027N003W25	1.10	\$8,800
9	218016	CHASE REMOTE ODD LOT	ASLS 84-144		S027N003W25	1.53	\$11,000
10	210689	PETERS CREEK	ASLS 80-144	LOT 2, BLOCK 2	S026N008W23	5.00	\$10,000
11	210690	PETERS CREEK	ASLS 80-144	LOT 3, BLOCK 2	S026N008W23	5.00	\$10,000
12	210715	PETERS CREEK	ASLS 80-144	LOT 1, BLOCK 4	S026N008W23	5.00	\$8,500
13	210720	PETERS CREEK	ASLS 80-144	LOT 6, BLOCK 4	S026N008W23 , 24	5.00	\$10,000
14	210727	PETERS CREEK	ASLS 80-144	LOT 6, BLOCK 5	S026N008W23	5.00	\$10,000
15	210728	PETERS CREEK	ASLS 80-144	LOT 7, BLOCK 5	S026N008W23	5.00	\$9,500
16	210131	TALKEETNA BLUFFS	ASLS 80-94	LOT 4, BLOCK 6	S026N003W06	4.48	\$5,800
17	223425	TALKEETNA FOOTHILLS HOMESTEAD	ASLS 89-36	TRACT F	S025N003W28	19.97	\$13,000
18	223510	TALKEETNA FOOTHILLS HOMESTEAD	ASLS 89-36	TRACT C	S025N003W28	19.95	\$13,000

No.	ADL	SUBDIVISION	SURVEY TYPE/NO.	LOT-BLOCK-TRACT	MTR	ACRES	PARCEL VALUE
19	223511	TALKEETNA FOOTHILLS HOMESTEAD	ASLS 89-36	TRACT E	S025N003W21	19.97	\$13,000
20	223349	TALKEETNA FOOTHILLS HOMESTEAD	ASLS 89-46	TRACT L	S025N003W32	40.05	\$19,500
21	223443	TALKEETNA FOOTHILLS HOMESTEAD	ASLS 89-46	TRACT M	S025N003W33	20.04	\$13,000
22	223516	TALKEETNA FOOTHILLS HOMESTEAD	ASLS 89-46	TRACT K	S025N003W32	20.01	\$13,000
23	223695	TALKEETNA FOOTHILLS HOMESTEAD	ASLS 89-46	TRACT N	S025N003W33	20.04	\$13,000
24	223728	TALKEETNA FOOTHILLS HOMESTEAD	ASLS 89-46	TRACT H	S025N003W32	20.02	\$13,000
25	224931	TALKEETNA FOOTHILLS HOMESTEAD	ASLS 89-46	TRACT I	S025N003W32	20.03	\$13,000
26	223438	TALKEETNA FOOTHILLS HOMESTEAD	ASLS 90-168	TRACT C	S025N003W02	18.78	\$13,400
		Totals				300.25	\$278,700

### **INSPECTIONS**

Brian Dunagan of our Affiliation inspected the subject properties in Bartlett Hills Subdivision by foot on October 28, 2005 and the remaining subdivisions by air on December 13, 2005. He took notes as to each property's characteristics and neighborhood characteristics.

### **PERSONAL PROPERTIES**

There are no personal properties of any positive values involved with the appraisals of these properties.

## **MATANUSKA AREA NEIGHBORHOOD PROFILE:**

The following is from the Matanuska-Susitna Borough community database.

### **Community Overview**

**Current Population:** 70,148 (2004 est. by State Demographer, DOL/WD)

**Incorporation Type:** 2nd Class Borough

**Borough Located In:** Matanuska-Susitna Borough

**School District:** Matanuska-Susitna Schools

**Regional Native Corporation:** Not Applicable

### **Location:**

The Borough is comprised of the lush farmlands of the Matanuska and Susitna Valleys, approximately 42 miles northeast of Anchorage. It lies at approximately 61d 36m N Latitude, 149d 06m W Longitude. Matanuska-Susitna Borough is located in the Palmer, Anchorage, Talkeetna Recording District. The area encompasses 24,681.5 sq. miles of land and 578.3 sq. miles of water.

### **History:**

By 1920, gold, coal mining, and construction of the Alaska railroad sustained the local population. Homesteaders who led an agricultural lifestyle in the 1930s settled the Matanuska Valley. Construction of the statewide road system and the rich farmlands fueled population growth. Today, Borough residents enjoy a more rural lifestyle close to metropolitan Anchorage.

### **Economy:**

The economy is diverse, and residents are employed in a variety of retail and other professional services, as well as city, borough, state and federal occupations. Many residents commute to Anchorage for employment. Anchorage residents in the valley own some recreational-use homes. 244 borough residents hold commercial fishing permits.

### **Facilities:**

This information is available on a community basis. Communities located within the Borough include: Big Lake, Buffalo Soapstone, Butte, Chase, Chickaloon, Farm Loop, Fishhook, Gateway, Glacier View, Houston, Knik River, Knik-Fairview, Lake Louise, Lakes, Lazy Mountain, Meadow Lakes, Palmer, Petersville, Point Mackenzie, Skwentna, Susitna, Sutton-Alpine, Talkeetna, Tanaina, Trapper Creek, Wasilla, Willow and Yentna.

### **Transportation:**

The area accesses both the Glenn and George Parks Highways. Commercial airlines serve the nearby Anchorage International Airport, but a local municipal airport supports private and chartered services. The Alaska Railroad provides for delivery of ocean freight.

## GENERAL PROPERTY DESCRIPTIONS

<b>Location</b>	26 individual parcels in 6 subdivisions within the Mat-Su Borough
<b>Access</b>	The parcels located in the Bartlett Hills Alaska Subdivision can be accessed by road. All other parcels are remote and can be accessed by plane, possibly ATV or snowmobile in the winter months.
<b>Size and Shape</b>	1.10 to 40.05 acres, all are irregular to rectangular shaped.
<b>Topography</b>	The parcels range from nearly level to steep.
<b>Soils</b>	Soils throughout widely vary from marshy muskeg swamp to well drained gravelly based suitable for forestry and construction.
<b>Vegetation</b>	Varies from spruce, birch, and alder to open grassy swamp areas.
<b>Utilities</b>	None of the subject properties have electric or phone in the area.
<b>Water and Sewer</b>	No public water or sewer systems available.
<b>Easements</b>	No adverse easements are known to exist. Most are typical utility and section line easements.
<b>Environmental Hazards</b>	There were no environmental hazards noted on the properties.
<b>Zoning Regulations</b>	There is no zoning.
<b>Hazardous Waste &amp; Toxic Materials</b>	There were no environmental hazards noted on the properties.
<b>Tax Assessments</b>	Mat-Su Borough
<b>Ownership History</b>	Current records indicate that the parcels are owned by the State of Alaska. Some may have been purchased at public auctions but have since been relinquished.
<b>Adjacent Land Use</b>	Vacant to seasonal, recreational to year round homesites.

## DETAILED SITE DESCRIPTIONS

Descriptions of individual parcels are summarized in the valuation section of this report by subdivisions.

## PART FOUR - DATA ANALYSIS and CONCLUSION

Analysis of market behavior is essential to the concept of highest and best use. As market forces create market value, the analysis of the interaction between market forces and highest and best use is very important. When the purpose of an appraisal is to estimate market value, the highest and best use analysis identifies the most profitable and competitive use to which the property can be developed. Therefore, the best use is a market driven concept that is fundamental to the valuation of a property.

### HIGHEST AND BEST USE AS VACANT

The highest and best use is defined as:

*The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value.*

The highest and best use of a site must meet a test of four criteria. The highest and best use of a property must be:

Legally permissible,  
Physically possible,  
Financially feasible, and  
Maximally productive

**Legally Permissible** There are no local zoning laws limiting the development of these parcels for almost any financially feasible uses. Development of these sites require well and septic systems that must comply with requirements of the Department of Environmental Conservation. Therefore, almost any legal use of the sites would be possible.

**Physically Possible** The subject tracts have adequate size and physical characteristics to support all reasonable and probable uses. Surrounding land use is primarily for residential or recreational development. Most of the remote subdivisions in the Matanuska-Susitna Borough area are accessible by plane, snowmobile, ATV or boat. Electric power and telephone lines would not be feasible to extend to these properties.

**Financially Feasible** Under current market conditions, the sites with road access would be most attractive for rural residential development. Remote sites would most likely be attractive for recreational development or anticipation of future road access.

**Maximally Productive** Maximum return to the owner would be realized from the proceeds of a sale. Based on the foregoing analysis, the highest and best use of the land appraised as vacant would be for development to residential or recreational uses.

### HIGHEST AND BEST USE OF LAND AS IMPROVED

None of the lots are improved.

## PETERS CREEK SUBDIVISION

The subject neighborhood is located approximately 80 miles northwest of Anchorage, 13 miles west of the Parks Highway and 2.5 miles south of Petersville Road.

Access to this neighborhood can be by 4 wheel drive or ATV in the summer by taking Petersville Road to Shulin Lake Trail. Wintertime access is by snowmobile or ATV.

The subject areas are generally level with some areas of rolling hills and swampy areas.

Vegetation in the higher areas consists of paper birch and white spruce, birch and underbrush. The lower swampy areas have muskeg, low shrubs and black spruce.

All of the lots in this neighborhood are inland lots with potential views of Mt. McKinley.

Winter recreational activities are popular in this area with snowmobile and dog mushing trails common throughout.

### Legal Descriptions

The legal descriptions of the lots being appraised are as follows:

<u>ADL</u>	<u>Subdivision</u>	<u>MTRS</u>	<u>Survey</u>	<u>Lot/Block</u>	<u>Acres</u>
210689	Peters Creek Subdivision	S026N008W23	ASLS 80-144	2/2	5.00
210690	Peters Creek Subdivision	S026N008W23	ASLS 80-144	3/2	5.00
210715	Peters Creek Subdivision	S026N008W23	ASLS 80-144	1/4	5.00
210720	Peters Creek Subdivision	S026N008W23, 24	ASLS 80-144	6/4	5.00
210727	Peters Creek Subdivision	S026N008W23	ASLS 80-144	6/5	5.00
210728	Peters Creek Subdivision	S026N008W23	ASLS 80-144	7/5	5.00

### DESCRIPTION OF TRACTS

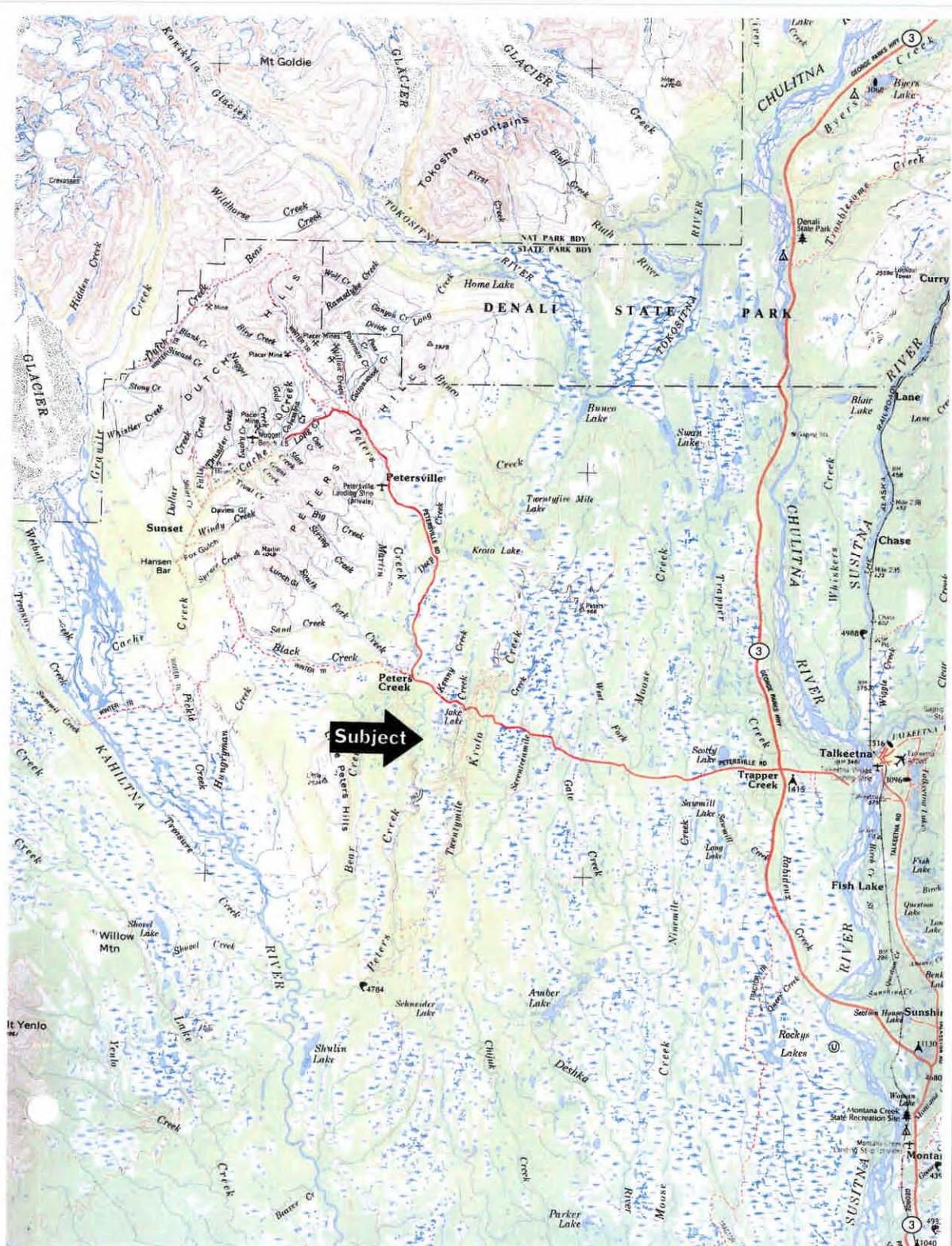
All of the subject parcels are 5 acres. From the air the parcels appeared to be generally level with some low lying areas.

For accurate as possible inspections the subject tracts were first marked on USGS maps and then a GPS was used to locate the approximate boundary areas. From there a fly-over inspection was done.

Ground cover: Undeveloped site consisting of cottonwood, white spruce, and birch with dense patches of tall brush.

Utilities available: None in the area.

# Location Map





**PHOTOGRAPHIC SHEET**

**TAKEN BY:** B.W. Dunagan

**DATE TAKEN:** December 13, 2005



View northerly towards Peters Creek Subdivision.



View northeasterly.