

MARKET VALUE APPRAISAL
Of 22 Parcels Located on Prince of Wales Island,
Southeast Alaska



Clark Bay North Subdivision Waterfront Looking Northeast

YEAR 2008

APPRAISAL REPORT No. 3505

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

**A. SUMMARY OF APPRAISAL NO. 3505**

1. ADL NO(S): See table below
2. SIZE: Various, as noted in table
3. APPLICANT: N/A
4. LOCATION: Several locations on Prince of Wales Island in Southeast, Alaska
5. LEGAL DESCRIPTION(S): Various surveys and specific lot and block as noted in table
6. INTEREST APPRAISED: Fee Simple Title less Mineral Rights
7. PURPOSE OF THE APPRAISAL: Estimate Market Value
8. APPRAISED BY: Michael R. Ward
9. DATE of REPORT: November 31, 2008
10. DATE of VALUE(S): September 25, 2008
11. APPRAISED VALUE(S):

ADL#	LOCATION	SURVEY TYPE	LOT	BLOCK	PLAT	ACRES	VALUE
107412	PORT PROTECTION, POINT BAKER, AK	ASLS 2004-44	1	2	2005-27	1.68	\$37,000
107413	PORT PROTECTION, POINT BAKER, AK	ASLS 2004-44	2	2	2005-27	1.66	\$37,000
107414	PORT PROTECTION, POINT BAKER, AK	ASLS 2004-44	3	2	2005-27	1.64	\$37,000
107415	PORT PROTECTION, POINT BAKER, AK	ASLS 2004-44	4	2	2005-27	1.81	\$37,000
107416	PORT PROTECTION, POINT BAKER, AK	ASLS 2004-44	5	2	2005-27	1.69	\$37,000
107417	PORT PROTECTION, POINT BAKER, AK	ASLS 2004-44	6	2	2005-27	1.45	\$37,000
107418	PORT PROTECTION, POINT BAKER, AK	ASLS 2004-44	1	3	2005-27	1.39	\$40,700
107419	PORT PROTECTION, POINT BAKER, AK	ASLS 2004-44	2	3	2005-27	1.71	\$37,000
107260	NAUKATI BAY, AK	ASLS 2004-3	12	8	2005-14	3.28	\$62,000
107261	NAUKATI BAY, AK	ASLS 2004-3	13	8	2005-14	3.41	\$62,000
107761	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	1			2.90	\$50,000
107762	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	2			2.90	\$50,000
107763	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	3			2.50	\$50,000
107764	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	4			2.50	\$50,000
107765	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	5			2.50	\$50,000
107766	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	6			2.70	\$50,000
107767	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	7			2.85	\$50,000
107768	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	8			3.20	\$50,000
107769	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	9			3.08	\$50,000
107770	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	12			2.52	\$50,000

**B. SUMMARY OF REVIEW**

1. DATE of REVIEW: February 11, 2009
2. REVIEWER'S CLIENT: DNR Other: _____
3. INTENDED USERS of the REVIEW: DNR General Public Other: _____
4. INTENDED USE of the REVIEW: Establish minimum bid price for sealed bid auction
5. PURPOSE of REVIEW: Evaluate for Technical Compliance with DNR Instructions & USPAP
 Evaluate for Technical Compliance with UASFLA Develop Independent Estimate of Value
 Other: _____
6. SCOPE OF REVIEW: I Inspected the Subject on _____ I Did Not Inspect the Subject
 I Inspected the Comparable Sales on _____ I Did Not Inspect the Comparable Sales
 I Independently Verified the Comparable Sales in the Report Yes No
 Data and Information Considered in Addition to that Contained in the Report: None See Sections C thru F
 Extraordinary Assumptions, Hypothetical Conditions, & Other Limiting Conditions for this review:
 None See Section G Related appraisals reviewed: _____
 Proofread DNR data entry: Yes No
7. RESULTS OF REVIEW: Not Approved Approved Approved Value: As noted in previous table

C. COMPLETENESS OF APPRAISAL MATERIAL WITHIN SCOPE OF WORK APPLICABLE TO THE ASSIGNMENT/CONFORMANCE with APPRAISAL INSTRUCTIONS: Adequate.**D. ADEQUACY and RELEVANCE of APPRAISAL DATA and PROPRIETY OF ADJUSTMENTS: Adequate****E. APPROPRIATENESS OF APPRAISAL METHODS and TECHNIQUES: Adequate.****F. ANALYSES, OPINIONS, and CONCLUSIONS ARE APPROPRIATE and REASONABLE, except:****G. REVIEWER'S ASSUMPTIONS AND LIMITING CONDITIONS**

1. This review is based on data and information contained in the appraisal report as well as any additional data from other sources that is identified in this review.
2. The reviewer assumes that the data and information in the appraisal are factual and accurate.
3. The reviewer reserves the right to consider any additional data or information that may subsequently become available, and to revise an opinion or conclusion, if such data and information warrant a revision.
4. All assumptions and limiting conditions contained in the appraisal report are part of this review unless otherwise stated. Please note that the preliminary plat for ASLS 2006-73 (Clark Bay North) has not been approved. The values are predicated on final approval with no significant change to lot sizes.
5. A title report has not been provided to the appraiser and the reviewer. Unless specifically noted in the report or this review, it is assumed that the only easements and restrictions that affect the property are those shown on the preliminary plat.
6. The value of commercial timber, if any, is specifically excluded from the final conclusion of value.



REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO. 3505

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

- The facts and data reported by the reviewer and used in the review process are true and correct.
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this review.
- My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I did did not personally inspect the subject property of the report under review.
- No one provided significant professional assistance to the person signing this review report.

Reviewed by Kevin Hindmarch
Kevin Hindmarch, Review Appraiser

Date 2/11/09

cc: Jeffrey Bruno
Tony Wagner

MEMORANDUM**State of Alaska**

Department of Natural Resources

Tel (907) 269-8514

Fax (907) 269-8914

Michael.Ward1@alaska.gov

Division of Mining, Land and Water550 West 7th Avenue, Suite 650

Anchorage AK 99501-3576

DATE: November 31, 2008

TO: Kevin Hindmarch
Review Appraiser

FROM: Michael R. Ward, Appraiser II

SUBJECT: Appraisal of Twenty (20) Parcels of vacant land located on
Prince of Wales Island, 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 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.

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.

The final survey plat for the Clark Bay North subdivision is in the final stages of approval. According to the DNR Survey unit, the plat is substantially complete with minor revisions to be completed. A final mylar copy of the plat is expected by February 27, 2009. We reserve the right to amend this report should the final plat differ with the information utilized within.

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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 :

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107768	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	8			3.20	\$50,000
107769	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	9			3.08	\$50,000
107770	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	12			2.52	\$50,000



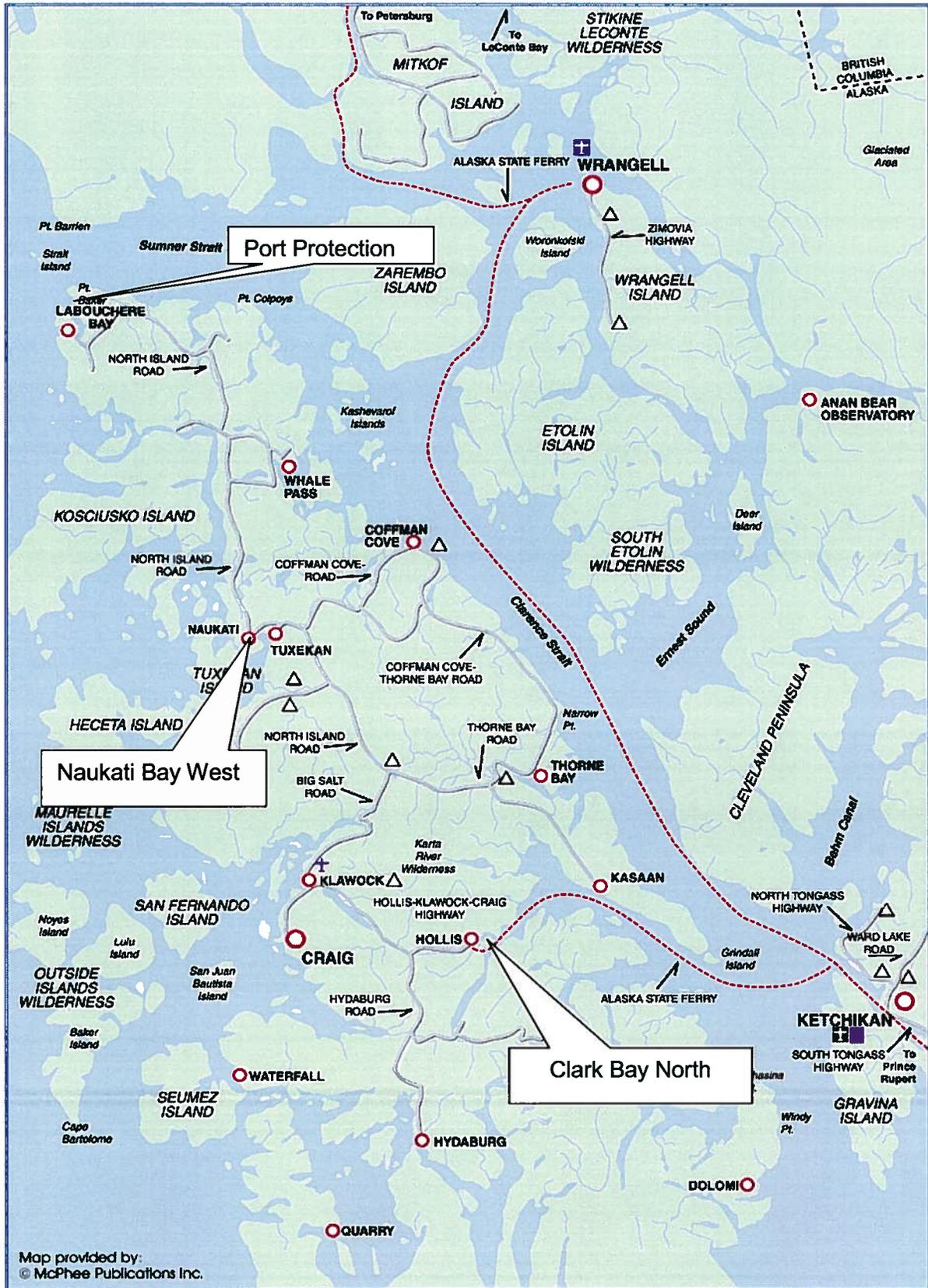
10-31-2008
Date

Appraiser

REPORT SUMMARY

Purpose	To estimate current market value
Function	Establish minimum bid for sealed bid auction
Authority	AS 38.05.055
Location	Port Protection, Naukati Bay West and Hollis Anchorage, Prince of Wales Island, Southeast Alaska
Type of Parcels	Oceanfront parcels
Size	1.39 to 3.20 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

SUBJECT SUBDIVISIONS



PRESENTATION OF DATA

PROPERTY IDENTIFICATION and LEGAL DESCRIPTION The parcels listed in the table below are located in various locations on Prince of Wales Island, Southeast Alaska.

ADL#	LOCATION	SURVEY TYPE	LOT	BLOCK	PLAT	ACRES
107412	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	1	2	2005-27	1.68
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107417	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	6	2	2005-27	1.45
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107419	PORT PROTECTION, POINT BAKER , AK	ASLS 2004-44	2	3	2005-27	1.71
107260	NAUKATI BAY, AK	ASLS 2004-3	12	8	2005-14	3.28
107261	NAUKATI BAY, AK	ASLS 2004-3	13	8	2005-14	3.41
107761	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	1	n/a	ASLS 2006-73	2.90
107762	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	2	n/a	ASLS 2006-73	2.90
107763	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	3	n/a	ASLS 2006-73	2.50
107764	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	4	n/a	ASLS 2006-73	2.50
107765	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	5	n/a	ASLS 2006-73	2.50
107766	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	6	n/a	ASLS 2006-73	2.70
107767	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	7	n/a	ASLS 2006-73	2.85
107768	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	8	n/a	ASLS 2006-73	3.20
107769	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	9	n/a	ASLS 2006-73	3.08
107772	CLARK BAY NORTH, HOLLIS, AK	ASLS 2006-73	12	n/a	ASLS 2006-73	2.52

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.

¹ The Appraisal of Real Estate, 13th Edition, Appraisal Institute, 2008, p.111

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2006, pp. 610

³ The Appraisal of Real Estate, 13th Edition, Appraisal Institute, 2008, p.23

EFFECTIVE DATE OF VALUE ESTIMATE

The subject properties were inspected on September 24-25, 2008. All comparable sales were inspected on September 24-25, 2008. The effective date of the value estimate is September 25, 2008.

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.

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 Uniform Standards of Professional Appraisal Practice (USPAP) 2006, p. 90.

ASSUMPTIONS AND LIMITING CONDITIONS

1. The properties are appraised "as vacant" at the time of inspection. 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 judgment 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 appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.
11. The survey plat (ASLS 2006-73) for the Clark Bay North subdivision is in the final stages of approval. According to the DNR Survey unit, the plat is substantially complete with minor revisions to be completed. A final mylar copy of the plat is expected by February 27, 2009. We reserve the right to amend this report should the final plat differ with the information utilized within.

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.

Port Protection Community Overview

Current Population: 56 (2007 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.

Hollis Community Overview

Current Population:	186 (2007 Estimated Population (not Certified))
Incorporation Type:	Unincorporated
Borough Located In:	Unorganized
Taxes:	No taxing authority

Location and Climate

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. The community lies at approximately 55.483890° North Latitude and -132.667500° (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, Culture & Demographics:

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.

The population of the community consists of 9.4% Alaska Native or part Native. Hollis is a non-Native community that provides logging operations support and State ferry services. During the 2000 U.S. Census, total housing units numbered 95, and vacant housing units numbered 40. Vacant housing units used only seasonally numbered 13. U.S. Census data for Year 2000 showed 63 residents as employed. The unemployment rate at that time was 3.08 percent, although 34.38 percent of all adults were not in the work force. The median household income was \$43,750, per capita income was \$17,278, and 9.29 percent of residents were living below the poverty level.

Facilities, Utilities, Schools and Health Care:

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. Electricity is provided by Alaska Power Company. There is one school located in the community, attended by 10 students. Local hospitals or health clinics include Craig Family Medical Clinic or Seaview Medical Center in Craig (826-3257); Alcia Roberts Medical Center in Klawock (755-4800). Hollis is classified as an isolated village, it is found in EMS Region 3A in the Southeast Region. Emergency Services have limited highway, marine, floatplane, and helicopter access, and are within 30 minutes of a higher-level satellite health care facility. Emergency service is provided by 911 Telephone Service and volunteers. Auxiliary health care is provided by Hollis Community Council Fire/EMS (826-2367); Prince of Wales Island Area EMS (826-2367/3330); Craig Family Medical Clinic or Klawock Clinic.

Economy and Transportation

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.

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.

Naukati Bay Area Overview

Current Population:	131 (2007 Estimate)
Incorporation Type:	Unincorporated
Borough Located In:	Unorganized
Taxes:	No taxing authority

Location and Climate

Naukati Bay is located on the west coast of Prince of Wales Island in Southeast Alaska. The community lies at approximately 55.880770° North Latitude and -133.195000° (West) Longitude. (Sec. 18, T069S, R080E, Copper River Meridian.) Naukati Bay is located in the Ketchikan Recording District. The area encompasses 4.8 sq. miles of land and 0.2 sq. miles of water. The area is dominated by a cool, maritime climate. Average temperatures in the summer range from 46 to 70; winter temperatures range from 32 to 42.

History, Culture and Demographics

Named "Naukatee Bay" in 1904 by the U.S. Coast & Geodetic Survey, who recorded it as the local Indian name. It was a logging camp at one time, but later was settled as a Department of Natural Resources land disposal site. The population of the community consists of 9.6% Alaska Native or part Native. Naukati residents are logging families and homesteaders. Two community non-profit associations have been organized for planning and local issue purposes. Sale of alcohol is restricted to the local package store. During the 2000 U.S. Census, total housing units numbered 78, and vacant housing units numbered 18. U.S. Census data for Year 2000 showed 39 residents as employed. The unemployment rate at that time was 29.09 percent, although 60.2 percent of all adults were not in the work force. The median household income was \$27,500, per capita income was \$15,949, and 9.45 percent of residents were living below the poverty level.

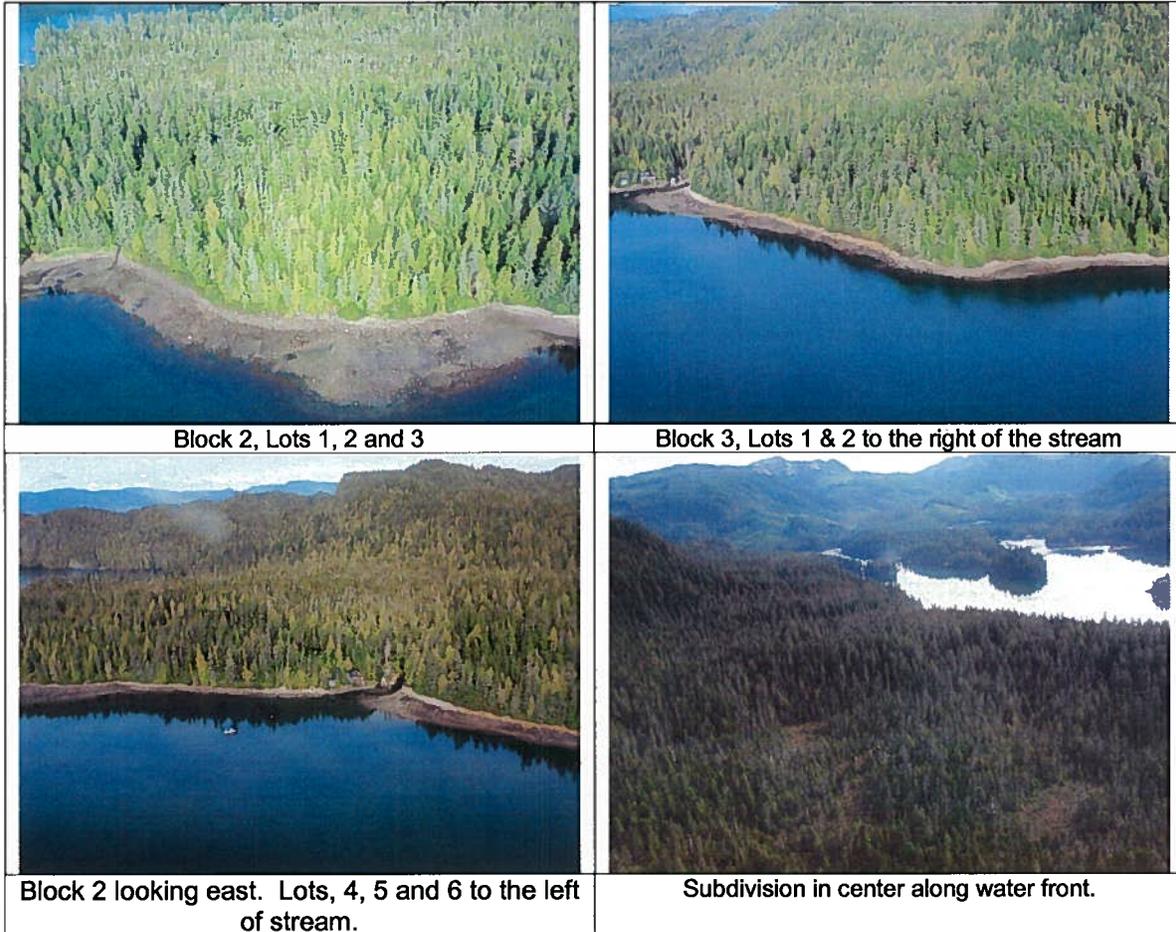
Facilities, Utilities, Schools and Health Care

Water is derived from rain catchment and several small streams. The 9 logging camp homes are connected to a piped water and sewer system with full plumbing. The 27 homesteaders collect rainwater or haul water and use outhouses. Funds have been requested to study alternatives for a treated community water source and sewage disposal system. The community burns its refuse and ships the ash to Thorne Bay's landfill. Electricity is provided by Alaska Power Company. There is one school located in the community, attended by 28 students. Auxiliary health care is provided by Naukati EMS (629-4234).

Economy and Transportation

Small sawmills and related logging and lumber services are the sole income sources. Employment is seasonal. Naukati is a log transfer site for several smaller camps on the Island. Homesteading families arrived in the 1990s. Naukati is accessed primarily by float plane or off of the North Island Road.

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



Location

The subject is located approximately 100 miles northwest of Ketchikan and three miles south of Point Baker, on the northwest 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 1.39 to 1.81 acres and are identified below:

ADL	SURVEY	LOT	BLOCK	TOPOGRAPHY	FRONTAGE	ACRES	OTHER
107412	ASLS 2004-44	1	2	Very Steep	243'	1.68	Creek on north border
107413	ASLS 2004-44	2	2	Very Steep	225'	1.66	None
107414	ASLS 2004-44	3	2	Very Steep	238'	1.64	None
107415	ASLS 2004-44	4	2	Very Steep	239'	1.81	None
107416	ASLS 2004-44	5	2	Moderately Steep	260'	1.69	None
107417	ASLS 2004-44	6	2	Moderately Steep	251'	1.45	None
107418	ASLS 2004-44	1	3	Very Steep	186'	1.39	Creek on north border
107419	ASLS 2004-44	2	3	Very Steep	187'	1.71	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 water frontage is average, with a shallow run out at low tide. The subject lots face southwest and consist 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 the plat, the waterfront lots have a 50 foot public access easement from the mean high water mark (MHW). Other easements impacting portions of the other lots include 15' & 30' access and utility easements. These are peripheral easements that do not adversely impact Highest and Best Use.

Environmental Hazards

None were observed.

Hazardous Waste and Toxic Materials

None were observed.

Zoning Regulations

The parcels are located outside the boundaries of an organized borough. There are no zoning restrictions, which would prevent development of the sites to their 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.

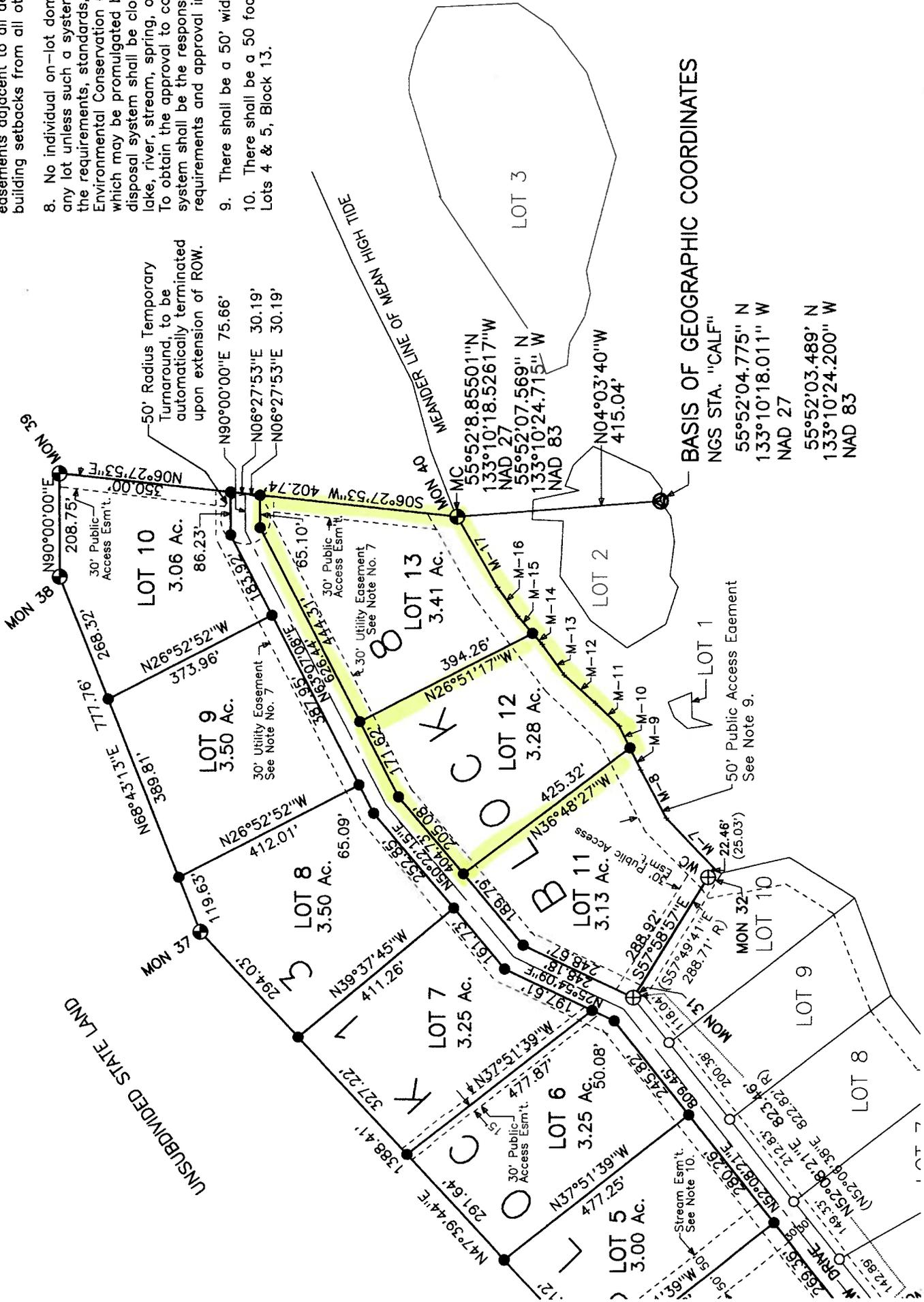
**Highest and Best Use**

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.

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6. Lots may not be subdivided further
7. There shall be 30-foot wide building easements adjacent to all dedicated road building setbacks from all other lot line
8. No individual on-lot domestic waste any lot unless such a system is located the requirements, standards, and recon Environmental Conservation (ADEC) Title which may be promulgated by the State disposal system shall be closer than 10 lake, river, stream, spring, or slough, or To obtain the approval to construct any system shall be the responsibility of the requirements and approval information.
9. There shall be a 50' wide Public Ac
10. There shall be a 50 foot wide, nor Lots 4 & 5, Block 13.



SITE DESCRIPTION NAUKATI WATERFRONT PARCELS



Water frontage looking northeast, Block 8, Lots 12 & 13

Location

The subject lots are located approximately one mile east of the townsite of Naukati, Alaska. Naukati is located on the west coast of Prince of Wales Island, in Southeast Alaska, approximately 75 miles northwest of Ketchikan, Alaska.

ADL#	LOCATION	ACCESS	LOT	BLOCK	PROPERTY TYPE	UTILITIES	ACRES
107260	NAUKATI BAY WEST, AK	Boat, trail 4,000' from gravel road	12	8	Waterfront, 309'	None	3.28
107261	NAUKATI BAY WEST, AK	Boat, trail 4,400' from gravel road	13	8	Waterfront, 283'	None	3.41

Access

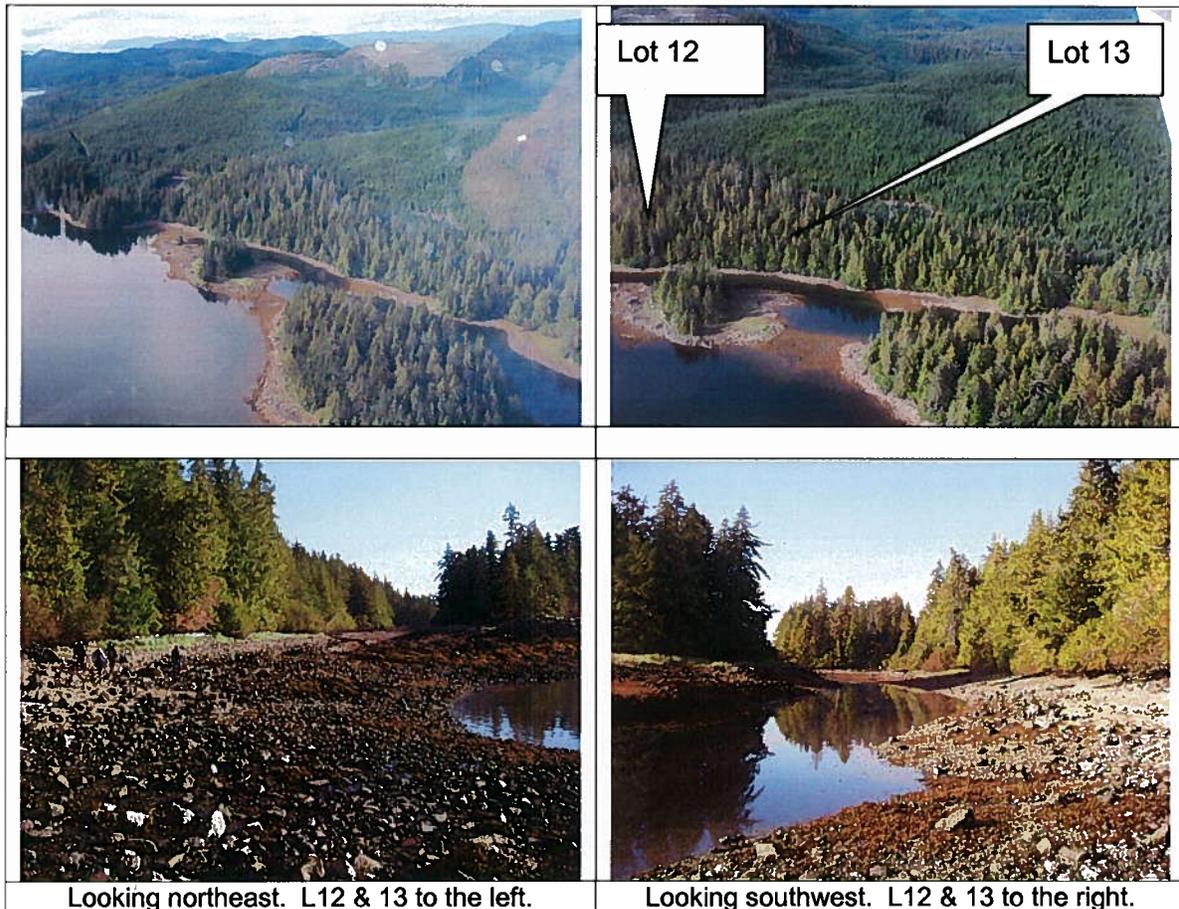
Principal access to Lots 12 and 13 of Block 8 is water. Access over land is also possible from a brushed right of way along the back lot line from town, approximately 1.0 mile to the southwest.

Size and Shape

The water front lots are nearly regular in shape, and contain between 3.28 to 3.41 acres.

Topography

The water front portions of the parcels are level, with the lots rising steeply as the distance from the water increases.



Soils

The subject soils are unknown, but appear to be good given the slope and quality of vegetation. Tree cover consists of larger second growth spruce, hemlock and cedar.

Water Frontage

Both lots have a rocky shore, and are located on a small slough that is inaccessible during low tides. Two small islands are located just off shore, which provide a buffer to wind and wave action.

Utilities

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

Easements

A title report was not available to the appraiser, but according to ASLS 2004-03, a 50' access easement runs upland of the mean high tide mark. A 30 foot public access easement runs along the eastern lot line of Lot 13, Block 8. The north boundaries are subject to a 30' building setback and utility easement. All other lot lines are subject to a 10 foot wide building setback.

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 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.

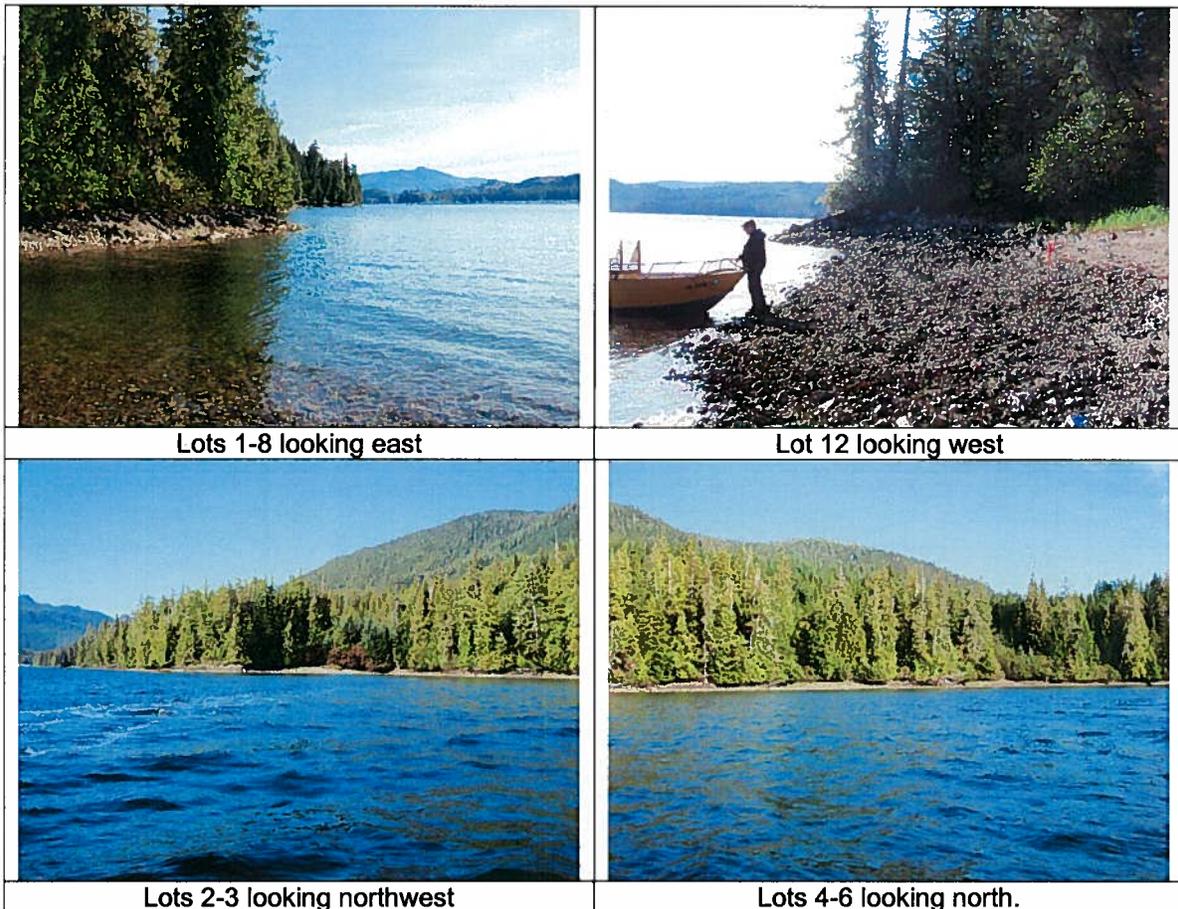
Improvements

No improvements were observed.

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 2006-73 Clark Bay North S/D**Location**

The subject is located approximately 40 miles northwest of Ketchikan and 18 miles east of Klawock, in central Prince of Wales Island.

Access

Hollis is accessible by floatplane, boat and auto. The subject lots are located one to two miles north of the end of the road system in Hollis, Alaska. Direct access to the sites would be by boat, floatplane or over land on foot along a brushed right of way.

Topography

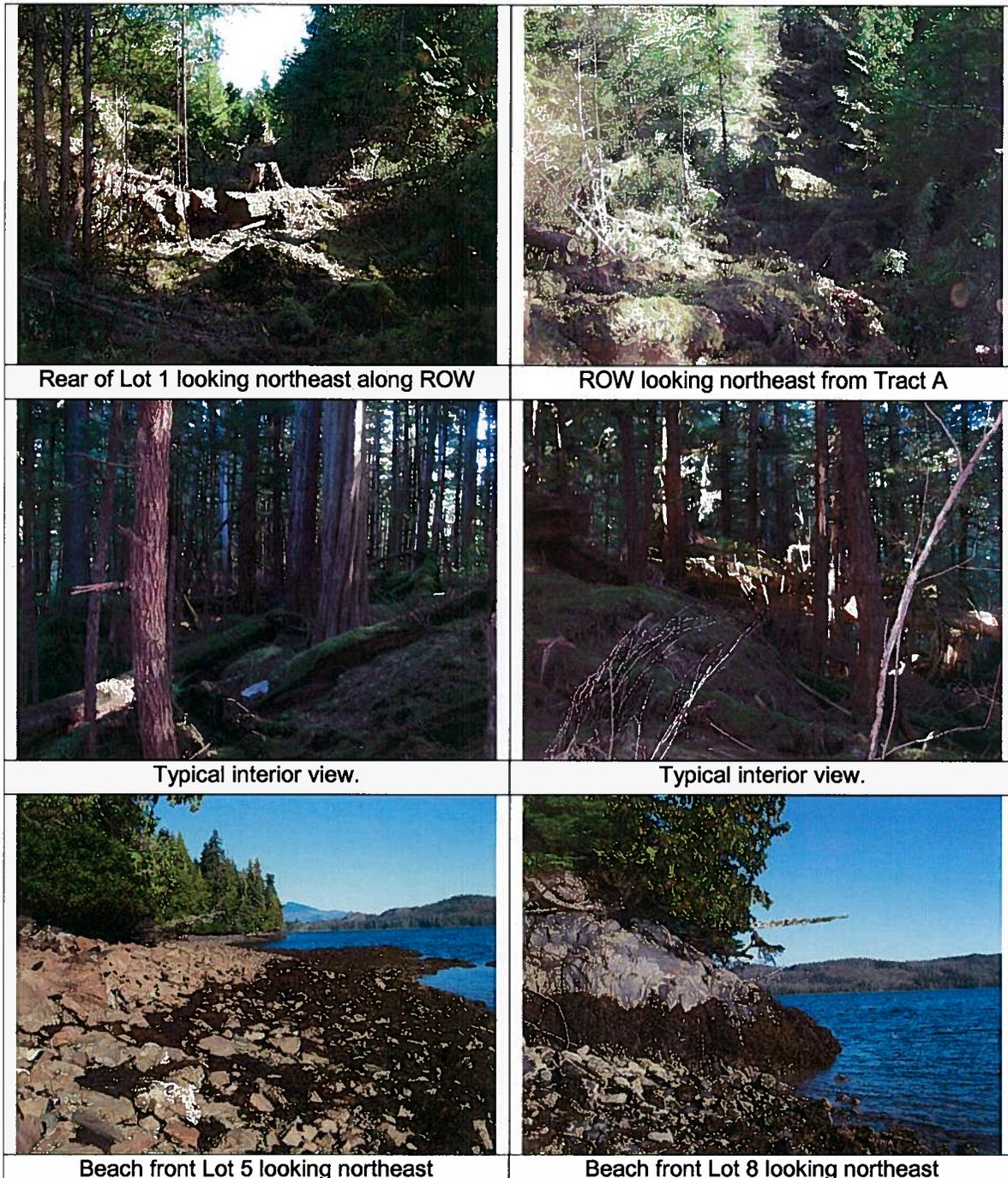
All lots are gently to moderately steeply sloped, with at least one adequate building site located on each lot.

Soils

The subject soils are unknown, but appear to be good given the slope and quality of vegetation.

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.



Utilities

Electric and telephone service are not available to the subject lots. 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 south/southeast and consist mostly of rocks at low tide. Overall, the waterfront quality is average.

Size and Shape

The subject lots are basically regular in shape and contain from 2.50 to 3.43 acres and are identified below:

ADL	SURVEY	LOT	BLOCK	TOPOGRAPHY	FRONTAGE	ACRES	OTHER
107761	ASLS 2006-73	1	1	Moderate Slope downward	440'	2.90	None
107762	ASLS 2006-73	2	1	Moderate Slope downward	500'	2.90	Sm. creek
107763	ASLS 2006-73	3	1	Gentle Slope downward	289'	2.50	Sm. creek
107764	ASLS 2006-73	4	1	Gentle Slope downward	300'	2.50	None
107765	ASLS 2006-73	5	1	Moderate Slope downward	266'	2.50	None
107766	ASLS 2006-73	6	1	Moderate Slope downward	230'	2.70	None
107767	ASLS 2006-73	7	1	Moderate Slope downward	242'	2.85	None
107768	ASLS 2006-73	8	1	Moderate Slope downward	310'	3.20	None
107769	ASLS 2006-73	9	1	Moderate Slope downward	273'	3.08	None
107770	ASLS 2006-73	12	1	Moderate Slope downward	250'	2.52	None

Environmental Hazards

None were observed.

Hazardous Waste and Toxic Materials

None were observed.

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.

Easements

A title report was available to the appraiser and according to preliminary designs, the lots have a 50 foot public access easement from the mean high water mark (MHW). A 30' utility and access easement runs along the back line of all lots, as well along one of the side borders. No other easements impact the subject lots. These are peripheral easements that do not adversely impact 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.

VALUATION PORT PROTECTION SUBDIVISION ASLS 2004-44**COST APPROACH**

The cost approach is based on the assumption that an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the subject property. This approach will separate the value of the land from the value of the improvements to determine the cost of reproducing the improvements. The cost approach is most effective for appraising properties that have newer improvements. The subject parcel is considered vacant for this analysis. As such, this approach will not be used for this appraisal.

INCOME APPROACH

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

SALES COMPARISON APPROACH

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

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 water front parcels located on Prince of Wales Island.

KEY LOT DESCRIPTION

Legal:	Port Protection Subdivision, ASLS 2004-44, Block 2, Lot 6
Size:	1.45 acres
Access:	Boat, foot, float plane
Utilities:	None
Soils:	Typical for area, appears adequate for building
Topography:	Moderately Steep
Waterfrontage:	251 Feet

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.

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

In Anchorage

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

In Fairbanks

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

In Juneau

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