# MARKET VALUE APPRAISAL

**Of**

**Matanuska-Susitna Borough fly-in lots (Dinglishna Hill, Lake Creek Homestead, Lake Creek McDougal, Skwentna Station, Yenlo Hills Remote & Yentna II)**
**For 2009 Land Auction**

**APPRAISAL REPORT No. 3510**

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

**DEPARTMENT OF NATURAL RESOURCES**

**STATE OF ALASKA**

**APPRAISAL REVIEW**
# STATEMENT

## A. SUMMARY OF APPRAISAL NO. 3510

1. ADL NO(S): See table below
2. SIZE: Various, as noted in table
3. APPLICANT: N/A
4. LOCATION: Various locations in the Matanuska-Susitna Borough, 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: Brandon Simpson
9. DATE of REPORT: September 26, 2008
10. DATE of VALUE(S): June 10, 2008
11. APPRAISED VALUE(S):

| Subdivision | ADL | Lot/ Tract | Block | Survey | Size (acres) | Value (RND) |
|---|---|---|---|---|---|---|
| Dinglishna Hill | **213263** | 16&17 | 2 | ASLS 80-133 | 9.862 | **$8,500** |
| Lake Creek Homestead | **222786** | A | | ASLS 88-17 | 28.14 | **$15,600** |
| Lake Creek McDougal | **209570** | B | | ASLS 82-175 | 4.97 | **$23,400** |
| Skwentna Station | **205103** | 2 | 2 | ASLS 79-205 | 4.898 | **$24,200** |
| Skwentna Station | **205112** | 11,12&13 | 2 | ASLS 79-205 | 14.96 | **$11,200** |
| Skwentna Station | **205117** | 1,2&3 | 3 | ASLS 79-205 | 14.791 | **$11,100** |
| Skwentna Station | **205128** | 7,8,9 | 4 | ASLS 79-205 | 14.752 | **$11,100** |
| Skwentna Station | **206000** | 33 | 3 | ASLS 79-205 | 5 | **$5,700** |
| Skwentna Station | **206001** | 34 | 3 | ASLS 79-205 | 5.038 | **$5,700** |
| Skwentna Station | **206216** | 13,14&15 | 3 | ASLS 79-205 | 14.599 | **$10,900** |
| Skwentna Station | **206219** | 16&17 | 3 | ASLS 79-205 | 9.711 | **$8,400** |
| Skwentna Station | **206227** | 12,13&14 | 4 | ASLS 79-205 | 14.795 | **$11,100** |
| Yenlo Hills Remote | **216457** | | | ASLS 92-97 | 17.42 | **$24,800** |
| Yentna II | **220086** | | | ASLS 96-35 | 19.64 | **$19,900** |

**DEPARTMENT OF NATURAL RESOURCES**

**STATE OF ALASKA**

**APPRAISAL REVIEW**
# STATEMENT

## 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.
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.

**DEPARTMENT OF NATURAL RESOURCES**

**STATE OF ALASKA**

**APPRAISAL REVIEW**
# STATEMENT

**REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO. 3510**

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) 269-8513
Fax (907) 269-8914
brandon_simpson@alaska.gov

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

DATE: September 26, 2008

TO: Kevin Hindmarch
Review Appraiser

FROM: Brandon Simpson

SUBJECT: Appraisal of 14 parcels of land located in various remote areas of the Matanuska-Susitna Borough. The parcels are being appraised to establish minimum bid price for sale at auction.

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

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal foundation and in accordance with the General Appraisal Instructions, DNR. This is a Summary Appraisal 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 area and most of the comparable sales used in this report. Physical descriptions of the subject parcels are based on physical inspections, soil maps, aerial photography and topographic maps. Based on my observations and analysis of all available data, I have formed an opinion of market value as of the effective date of value.

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## APPRAISAL SUMMARY

**Location**

| Subdivision Name | ADL | Location | Legal Description |
|---|---|---|---|
| Dinglishna Hill | 213263 | About 7 miles southwest of Yentna & Susitna River confluence. East of Mt. Susitna between Alexander Creek & Susitna River. | Lot 16&17, Block 2, ASLS 80-133, Plat 81-281 |
| Lake Creek Homestead | 222786 | Between Lake Creek & Kahiltna River, just south of Quiet Lake. | Tract A, ASLS 88-17, Plat 89-15 |
| Lake Creek McDougal | 209570 | Fronts east side of Yentna River, about 3.5 miles southeast of Lake Creek & Yentna confluence. | Tract B, ASLS 82-175, Plat 84-58 |
| Skwentna Station | Various | Just north of Skwentna airport | Various |
| Yenlo Hills Remote | 216457 | Fronts east side of Yentna River, north of Skwentna & about 7 miles south of Youngstown Bend. | ASLS 92-97, Plat 93-66 |
| Yentna II | 220086 | Fronts unnamed lake about 2 miles southwest of Lockwood Lake | ASLS 96-35, Plat 97-15 |

**Value Summary**

| Subdivision | ADL | Lot/ Tract | Block | Survey | Size (acres) | Value (RND) |
|---|---|---|---|---|---|---|
| Dinglishna Hill | **213263** | 16&17 | 2 | ASLS 80-133 | 9.862 | **$8,500** |
| Lake Creek Homestead | **222786** | A | | ASLS 88-17 | 28.14 | **$15,600** |
| Lake Creek McDougal | **209570** | B | | ASLS 82-175 | 4.97 | **$23,400** |
| Skwentna Station | **205103** | 2 | 2 | ASLS 79-205 | 4.898 | **$24,200** |
| Skwentna Station | **205112** | 11,12&13 | 2 | ASLS 79-205 | 14.96 | **$11,200** |
| Skwentna Station | **205117** | 1,2&3 | 3 | ASLS 79-205 | 14.791 | **$11,100** |
| Skwentna Station | **205128** | 7,8,9 | 4 | ASLS 79-205 | 14.752 | **$11,100** |
| Skwentna Station | **206000** | 33 | 3 | ASLS 79-205 | 5 | **$5,700** |
| Skwentna Station | **206001** | 34 | 3 | ASLS 79-205 | 5.038 | **$5,700** |
| Skwentna Station | **206216** | 13,14&15 | 3 | ASLS 79-205 | 14.599 | **$10,900** |
| Skwentna Station | **206219** | 16&17 | 3 | ASLS 79-205 | 9.711 | **$8,400** |
| Skwentna Station | **206227** | 12,13&14 | 4 | ASLS 79-205 | 14.795 | **$11,100** |
| Yenlo Hills Remote | **216457** | | | ASLS 92-97 | 17.42 | **$24,800** |
| Yentna II | **220086** | | | ASLS 96-35 | 19.64 | **$19,900** |

## PREMISES OF THE APPRAISAL

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

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

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

**Intended Use of Appraisal**
The appraisal will be used by DNR to determine the minimum bid for parcels to be acquired during the auction sale program (AS 38.05.055) for the potential reoffer parcels. For the remaining parcels the appraisal will be used to establish purchase price for over the counter sales.

**Property Rights Appraised**
Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under **AS 38.05.125(a)**.
Fee simple estate is defined as[1]:
"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)** states[2]:
Reservation. (a) Each contract for the sale, lease or grant of state land...is subject to the following reservations: "[sic] the party of the first part, Alaska, hereby expressly saves, excepts and reserves... unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and with may be in or upon said land...[and the right] to occupy as much of said land as may be necessary or convenient... to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved."

**Definition of Market Value[3]**
"The most probable price, as of a specified date, in cash, or terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

**Effective Date of Value**
June 10, 2008

**Date of Report**
September 26, 2008

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[1] The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.69
[2] Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2002, pp. 590-591
[3] The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.22

**Exposure Time**
Exposure time is defined as[4]: "...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..."

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time.

The subject parcels are considered average to below average when compared with other available properties on the market. Based on exposure time for similar properties, the estimated values are based on an exposure time of up to two years.

**Sale History**
ADL 213263, Lot 16 & 17, Block 2, ASLS 80-133 (Dinglishna Hill) sold March 2006 and the contract was relinquished September 2006.

ADL 209570, Tract B, ASLS 82-175 (Lake Creek McDougal) sold June 2006 and parcel was relinquished August 2006.

ADL 220086, ASLS 81-40 (Yentna II) sold June 2006 and parcel was relinquished September 2007.

[4] Uniform Standards of Professional Appraisal Practice 2004, Appraisal Foundation, p. 94.

## SCOPE OF WORK

**Property and Comparable Sales Inspection**
The subject parcels were inspected by fixed wing airplane June 10, 2008. Some of the comparable sales were also inspected at this time. The remaining comparable sales were inspected at an earlier date for other assignments.

**Research and Analysis Conducted**
Interviews were conducted with local real estate agents, appraisers, and other individuals familiar with the area who provided information about trends in values, supply and demand. DNR records were searched for recent comparable sales. The recorders office was also searched to identify any recent sales. Sellers and buyers were contacted to verify recent sale prices and other transaction details.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions. Individual lot values were derived by correlating the *Key Lot* value.

**Extraordinary Assumption**
The acreage used for lots in the Skwentna Station Subdivision, ASLS 80-133, Plat 80-129 is based on the appraisal request, acreage noted on the DNR case file, as well as older appraisals done on the subdivision. The font used on the survey makes reading the acreage for some of the parcels difficult. The appraiser reserves the right to adjust the value on any affected parcels if actual acreage is found to differ from the acreage used for this appraisal.

**Assumptions and Limiting Conditions**

1. The property is appraised as vacant land without structural or site improvements.

2. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.

3. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader in visualizing the properties.

4. Information furnished by others and included in the report is believed to be reliable but the appraiser does not warrant the accuracy of such information.

5. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.

6. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.

7. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.

8. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for any such conditions, or for arranging engineering studies to discover them.

9. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

10. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include that value of commercial timber, if any.

11. All of the appraised parcels were inspected from the air. Due to the lack of on-site inspections (aerial only) some physical features are assumed based on conversations with those knowledgeable about the area and interpretation of existing maps and aerials. The appraiser reserves the right to modify the value conclusions if an on-site inspection reveals a variation in site features from those assumed in this report.

## PRESENTATION OF DATA

**Property Identification**

| Subdivision | ADL | Lot/ Tract | Block | Survey | Size (acres) |
|---|---|---|---|---|---|
| Dinglishna Hill | **213263** | 16,17 | 2 | ASLS 80-133 | 9.862 |
| Lake Creek Homestead | **222786** | A | | ASLS 88-17 | 28.14 |
| Lake Creek McDougal | **209570** | B | | ASLS 82-175 | 4.97 |
| Skwentna Station | **205103** | 2 | 2 | ASLS 79-205 | 4.898 |
| Skwentna Station | **205112** | 11,12,13 | 2 | ASLS 79-205 | 14.96 |
| Skwentna Station | **205117** | 1,2,3 | 3 | ASLS 79-205 | 14.791 |
| Skwentna Station | **205128** | 7,8,9 | 4 | ASLS 79-205 | 14.752 |
| Skwentna Station | **206000** | 33 | 3 | ASLS 79-205 | 5 |
| Skwentna Station | **206001** | 34 | 3 | ASLS 79-205 | 5.038 |
| Skwentna Station | **206216** | 13,14,15 | 3 | ASLS 79-205 | 14.599 |
| Skwentna Station | **206219** | 16,17 | 3 | ASLS 79-205 | 9.711 |
| Skwentna Station | **206227** | 12,13,14 | 4 | ASLS 79-205 | 14.795 |
| Yenlo Hills Remote | **216457** | | | ASLS 92-97 | 17.42 |
| Yentna II | **220086** | | | ASLS 96-35 | 19.64 |

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

## MARKET AREA

The subject parcels are located in a remote area of the Matsu Borough located west of the Parks Highway, south of Denali National Park, east of the Alaska Range and north of Cook Inlet. More specifically, the Dinglishna Hill parcel is located about 7 miles southwest of the Yentna and Susitna River confluence. Yentna II is about 2 miles southwest of Lockwood Lake. The Lake Creek Homestead parcel is located just south of Quiet Lake, between Lake Creek and Kahiltna River. Lake Creek McDougal is south of this location, about 3 ½ miles southeast of Lake Creek and Yentna confluence with frontage on the Yentna River. The Skwentna Station parcels are farther north up the Yentna River, just north of the Skwentna airport. Yenlo Hills Remote is north from Skwentna, along the Yentna River about 7 miles south of the Youngstown Bend.

The area is characterized as valley lowlands. The topography is level to rolling for most of the area with a mixture of forest and muskeg. Numerous lakes, ponds, creeks and rivers are found throughout the area flowing into the Skwentna, Yentna and ultimately the Susitna Rivers.
The primary use is for recreation and rural homesteads. Fishing, hunting and winter recreation are the most common activities of area residents and cabin owners. Numerous salmon streams make for excellent fishing and contribute to the habitat that supports the areas big game including moose and bear. Thousands of parcels have been made available by the State of Alaska in the remote Matsu Borough vicinity. Most of these parcels lack developed access. Trails and seismic lines crisscross the area and provide access into the general area. Depending on the specific parcel and season the various access means include: fly-in (via wheeled, float or ski-plane), ATV (very dependent on the season and condition of the trails and water level), boat, & snow-machine (the most common and cheapest access means). Less common access means include dog sled, helicopter and non-motorized overland access by foot or cross-country ski. The largest community in the area is Skwentna.

**Skwentna**
Skwentna lies on the south bank of the Skwentna River at its junction with Eight Mile Creek, 70 air miles northwest of Anchorage in the Mat-Su Borough. It lies in the Yentna River valley. It lies at approximately 61.958610 North Latitude and -151.181110 West Longitude. (Sec. 29, T022N, R010W, Seward Meridian.) Skwentna is located in the Anchorage Recording District. The area encompasses 442.8 sq. miles of land and 6.9 sq. miles of water. January temperatures range from -30 to 33; July can vary from 42 to 83. Annual precipitation averages 28 inches, including 70 inches of snowfall.

Skwentna residents are scattered over a large area of land. It has a number of seasonal-use homes. There is a small local store, and area residents use snowmachines or aircraft to travel to the post office.

Employment is provided through local lodges, the post office and the airstrip.

A number of homes have individual water wells, but septic tanks are rare, consequently, very few homes are fully plumbed. Outhouses are the primary means of sewage disposal. There is no central electric system. Funds have been provided to purchase a community refuse incinerator, however, the community is undecided on a refuse solution. An unpermitted dump site near the airport is currently being used by several families, but most residents burn and bury their own refuse.

There is no road access from the George Parks Highway -- residents are dependent upon air travel and snowmachines or boat travel along the Yentna River. A State-owned 3,400' long by 75' widegravel airstrip is available. A private airstrip and float plane access are located at Alexander Lake.

## DATA ANALYSIS AND CONCLUSION

### Valuation Analysis
Three approaches are considered to determine the market value estimate.

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

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

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

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

### Explanation of Adjustments
DNR appraisal instructions state that the appraiser may develop and use quantitative or qualitative adjustments. Ideally, the value differences for any price adjustment is measured by comparing prices of paired sales that are very similar except for the feature of comparison to be measured. When market sales do not support quantifiable adjustments for differences and the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgment 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 that appraised property and requires a downward adjustment to indicate the value of the key parcel. An adjustment greater than 1.00 means that the sale feature is inferior to the subject, requiring an upward adjustment to indicate the value of the key parcel. An adjustment of 1.00 means the sale feature is similar to the key parcel, and no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the sale price to indicate the value of a key parcel.

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

The parcels to be appraised will be grouped by lot type. Lake Creek McDougal, Yenlo Hills Remote, and one of the Skwentna Station parcels have Yentna frontage and will be grouped together. The remaining Skwentna Station parcels, Dinglishna Hill, and Lake Creek Homestead are interior lots and will be grouped together. Yentna II is a lakefront lot and will be valued separately.

## *INTERIOR LOTS*

Ten of the appraised parcels are interior lots. The interior *Key Lot* is ADL 206216, Lot 13, 14, & 15, Block 3, ASLS 79-205 a 14.599-acre parcel located in the Skwentna Station Subdivision. Surveys and pictures of the remaining Interior Lots are included in the addenda of this report.

| *Key Lot* | Lots | Block | ASLS | Size (acres) |
|---|---|---|---|---|
| ADL 206216 - Skwentna Station | 13,14 &15 | 3 | 79-205 | 14.599 |

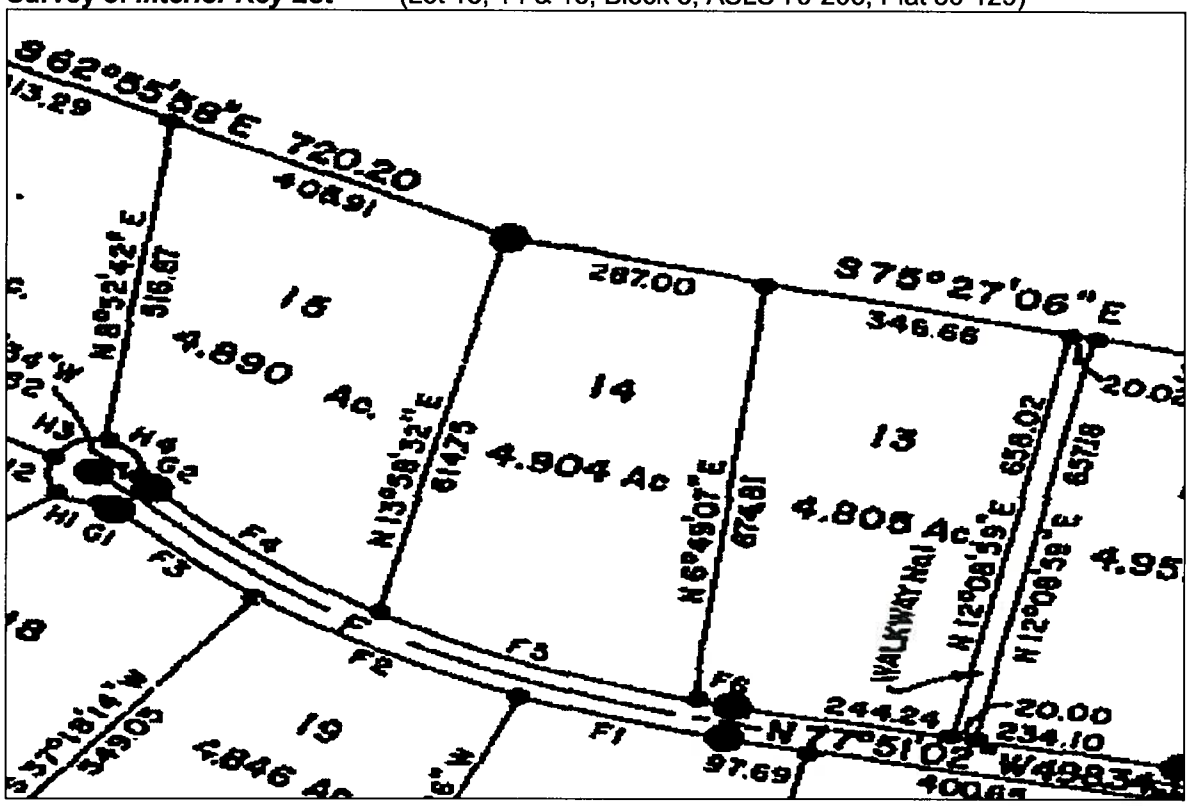
The remaining subject parcels included in this analysis are summarized below:

| Subdivision | Legal Description | Size (acres) |
|---|---|---|
| ADL 213263 - Dinglishna Hill | L16,17, B2, ASLS 80-133 | 9.862 |
| ADL 222786<br>Lake Creek Homestead | Tract A, ASLS 88-17 | 28.14 |
| ADL 205112 - Skwentna Station | L11,12,13, B2, ASLS 79-205 | 14.96 |
| ADL 205117 - Skwentna Station | L1,2,3, B3, ASLS 79-205 | 14.791 |
| ADL 205128 - Skwentna Station | L7,8,9, B4, ASLS 79-205 | 14.752 |
| ADL 206000 - Skwentna Station | L33, B3, ASLS 79-205 | 5.00 |
| ADL 206001 - Skwentna Station | L34, B3, ASLS 79-205 | 5.038 |
| ADL 206219 - Skwentna Station | L16&17, B3, ASLS 79-205 | 9.711 |
| ADL 206227 - Skwentna Station | L12,13,14, B4, ASLS 79-205 | 14.795 |

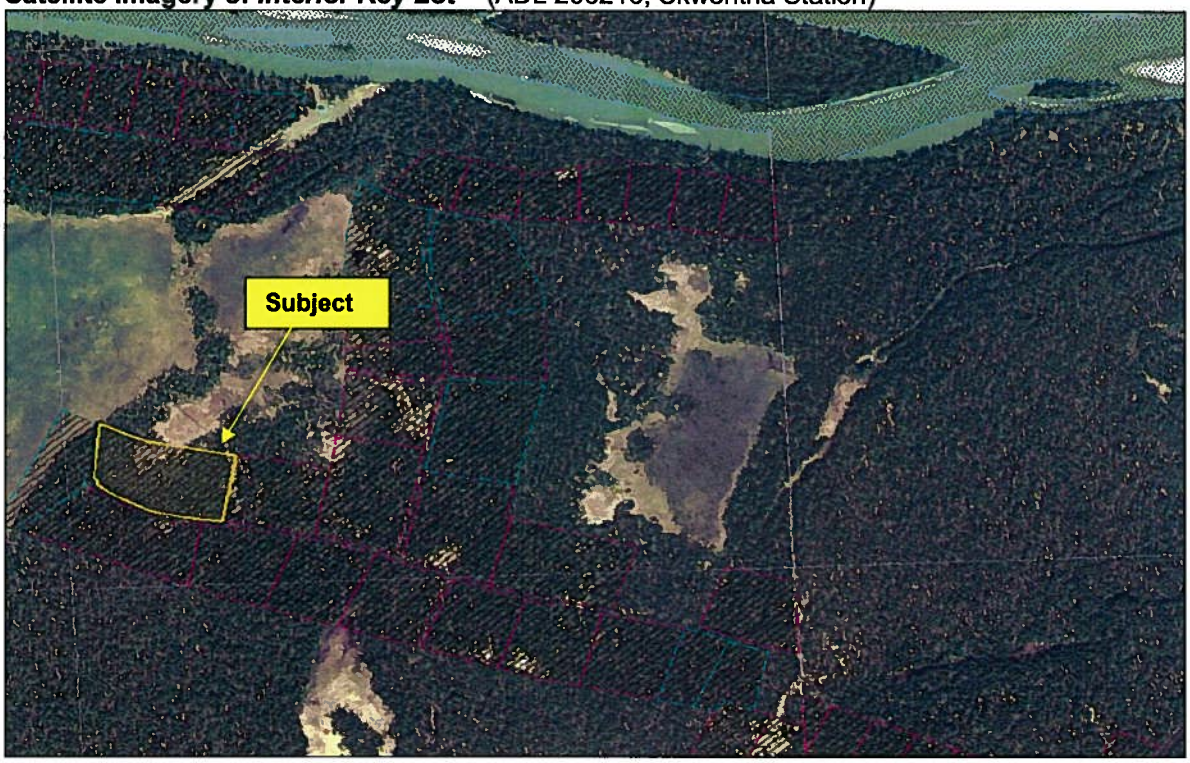
***Interior Key Lot*** (ADL 206216, Lot 13, 14, & 15, Block 3 ASLS 79-205)

| | |
|---|---|
| **Location** | Just north of Skwentna, between airport and Yentna River. |
| **Access** | Summer by airplane to nearby Skwentna airport or floatplane or boat along Yentna River, then overland to lot. Winter access via snowmachine. |
| **Size & Shape** | 14.599-acre, irregular shaped parcel |
| **Topography** | Mostly level parcel |
| **Soils** | Majority of parcel appears to be fair to well-drained. |
| **Vegetation** | Mostly birch with sporadic spruce |
| **Utilities** | None |
| **Water & Sewer** | None |
| **Easements** | None |
| **Environmental Hazards** | None observed |
| **Zoning Regulations** | Located in unregulated area of Matanuska-Susitna Borough |
| **Hazardous Waste & Toxic Materials** | None observed |
| **Tax Assessments** | Matanuska-Susitna Borough is the taxing authority. Parcels owned by the State of Alaska are tax-exempt. Once ownership is transferred from the State of Alaska, property taxes become the responsibility of the purchaser. |
| **Ownership History** | State of Alaska |
| **Adjacent Land Use** | Primarily recreational or undeveloped land with sporadic rural residential uses |

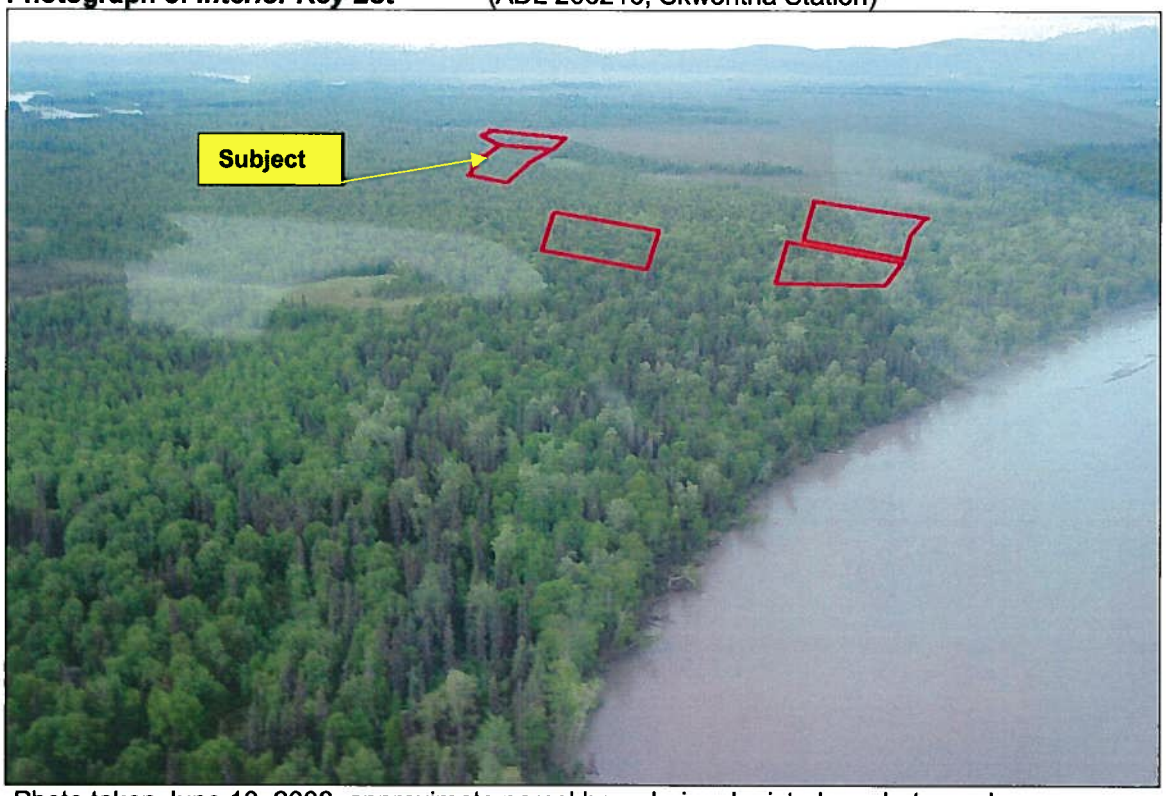
**Survey of *Interior Key Lot*** (Lot 13, 14 & 15, Block 3, ASLS 79-205, Plat 80-129)




**Satellite Imagery of *Interior Key Lot*** (ADL 206216, Skwentna Station)



**Photograph of *Interior Key Lot*** (ADL 206216, Skwentna Station)




-Photo taken June 10, 2008, approximate parcel boundaries depicted on photograph

## Highest and Best Use

Analysis of highest and best use for the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as[5]:

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

### Legally Permissible

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

[5] The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.306

The lakefront portion of the subject parcel will be valued based on a 5.00-acre *Key Lot* analysis.

ADL 220086, ASLS 96-35 is a 19.64-acre parcel and described as 'Yentna II'.

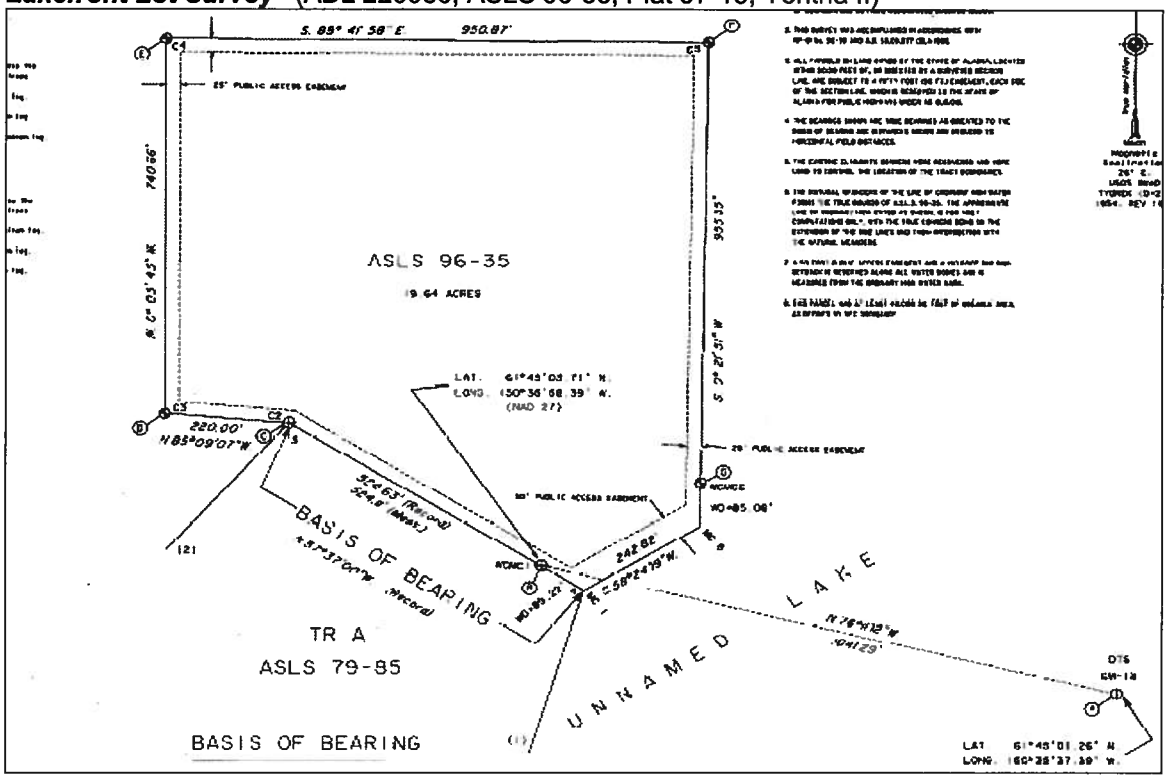
The subject parcel included in this analysis is summarized below:

| | ASLS | Size (acres) |
|---|---|---|
| Yentna II (ADL 220086) | 96-35 | 19.64 |

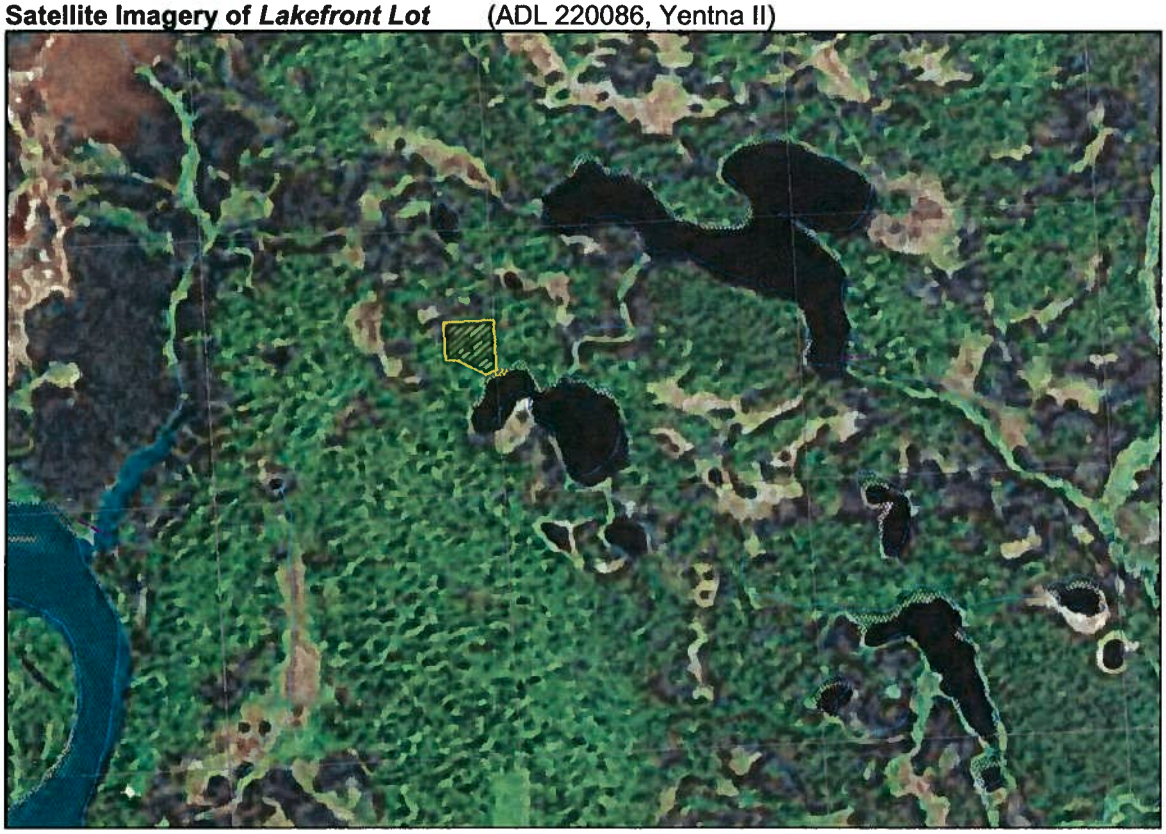
***Lakefront Lot*** (ADL 220086, ASLS 96-35, Plat 97-15, Yentna II)

| | |
|---|---|
| **Location** | Fronts unnamed lake about 2 miles southwest of Lockwood Lake |
| **Access** | Summer access by floatplane, winter by ski-plane or snowmachine |
| **Size & Shape** | 19.64-acre, irregular shaped parcel |
| **Topography** | Mostly level parcel |
| **Soils** | Majority of parcel appears to be fair to well-drained. |
| **Vegetation** | Mostly birch with sporadic spruce |
| **Utilities** | None |
| **Water & Sewer** | None |
| **Easements** | Typical |
| **Environmental Hazards** | None observed |
| **Zoning Regulations** | Located in unregulated area of Matanuska-Susitna Borough |
| **Hazardous Waste & Toxic Materials** | None observed |
| **Tax Assessments** | Matanuska-Susitna Borough is the taxing authority. Parcels owned by the State of Alaska are tax-exempt. Once ownership is transferred from the State of Alaska, property taxes become the responsibility of the purchaser. |
| **Ownership History** | State of Alaska |
| **Adjacent Land Use** | Recreational or undeveloped land |

***Lakefront Lot Survey*** (ADL 220086, ASLS 96-35, Plat 97-15, Yentna II)




**Satellite Imagery of *Lakefront Lot*** (ADL 220086, Yentna II)



**Photograph of *Lakefront Lot*** (ADL 220086, Yentna II)

-Photo taken June 10, 2008

**Highest and Best Use**

Analysis of highest and best use for the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as[8]:

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

**Legally Permissible**

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

**Physically Possible**

The subject parcel is 19.64-acres. The size and physical characteristics are adequate to support all reasonable and probable uses.

[8] The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.306

### *Yentna Frontage Lots*

Three of the appraised parcels are considered Yentna River frontage lots. Two of these lots, Lake Creek McDougal and Yenlo Hills Remote, have true frontage on the river. The remaining lot in the Skwentna Station Subdivision is considered 1st tier Yentna River frontage. This lot lacks true frontage as it is separated from the river by a sliver of unsubdivided state land. Although this lot lacks true frontage it enjoys riverfront amenities. The Yentna River frontage *Key Lot* is ADL 209570, Tract B, ASLS 82-175 a 4.97-acre parcel described as Lake Creek McDougal. Similar to the lakefront lot, one of the Yentna River frontage lots is significantly larger than a typical river frontage lot (Yenlo Hills Remote). This lot has enough frontage to potentially create two riverfront lots. Due to the remote location of the Yenlo Hills Remote parcel the survey costs are estimated at $13,500. Considering the additional cost to subdivide and sell an additional lot, the following sales comparison approach supports the conclusion that it is not economically feasible to subdivide the tract.

The Yenlo Hills Remote lot will be valued utilizing the same methodology previously used to value the lakefront lot (ADL 220086). Surveys and pictures of the remaining Yentna Frontage Lots are included in the addenda of this report.

| Key Lot | Tract | ASLS | Size (acres) |
|---|---|---|---|
| ADL 209570 - Lake Creek McDougal | B | 82-175 | 4.97 |

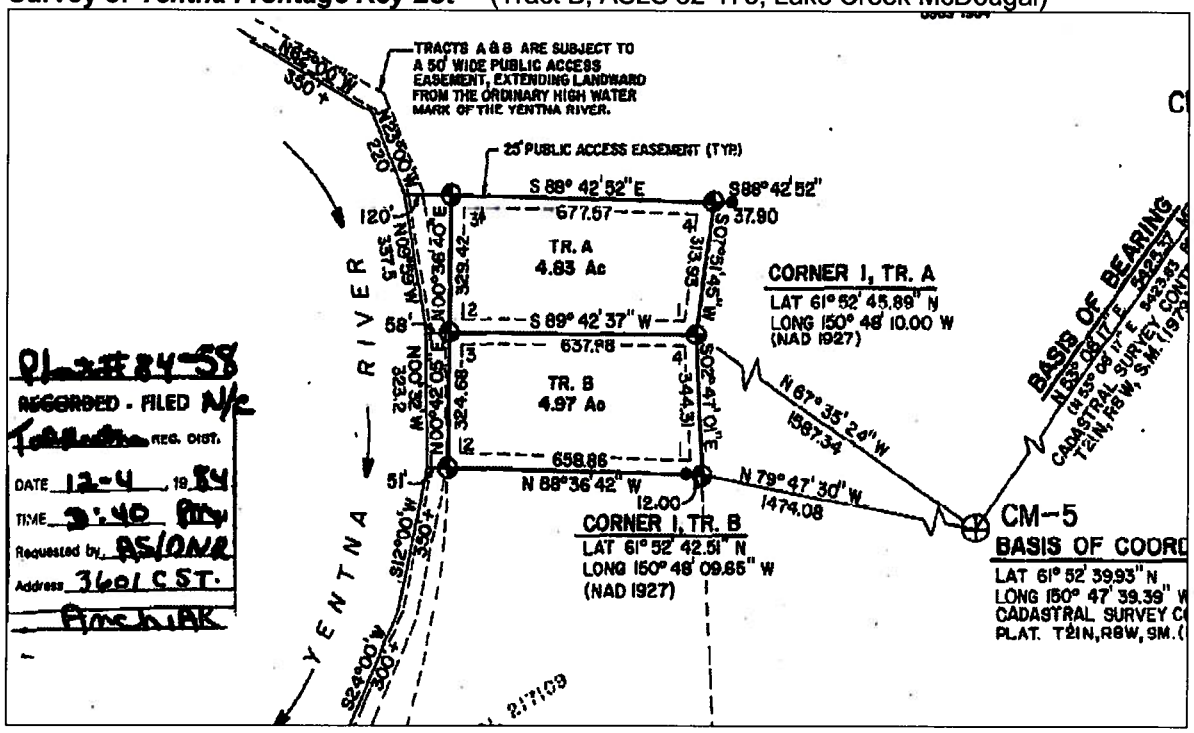
The remaining subject parcels included in this analysis are summarized below:

| Subdivision | Legal Description | Size (acres) |
|---|---|---|
| ADL 205103 – Skwentna Station | Lot 2, Block 2, ASLS 79-205 | 4.898 |
| ADL 216457 – Yenlo Hills Remote | ASLS 92-97 | 17.42 |

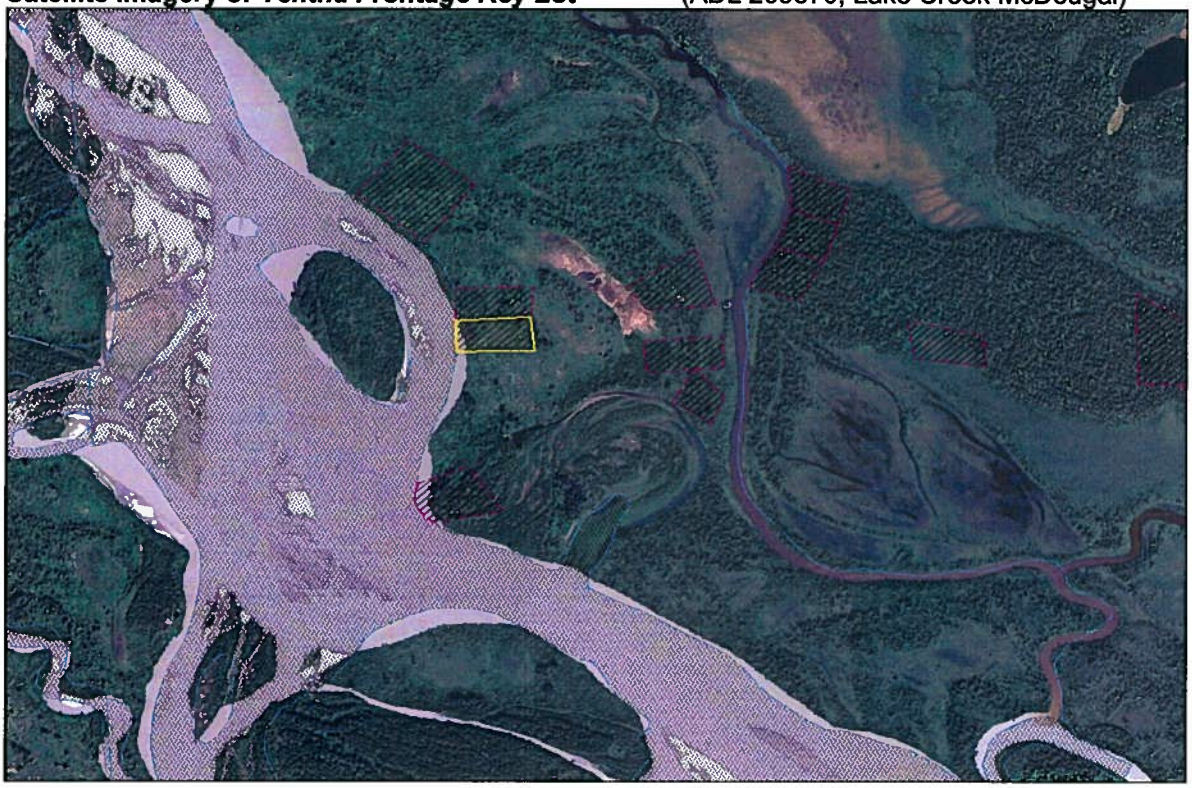
***Yentna Frontage Key Lot*** (ADL 209570, Tract B, ASLS 82-175, Plat 84-58, Lake Creek McDougal)

| | |
|---|---|
| **Location** | East side of Yentna River about 3 ½ miles southeast of Lake Creek and Yentna confluence. |
| **Access** | Summer access by boat or floatplane, winter by ski-plane or snowmachine |
| **Size & Shape** | 4.97-acre rectangular shaped parcel |
| **Topography** | Mostly level |
| **Soils** | Appears to have some low areas |
| **Vegetation** | Sporadic birch and spruce with underbrush |
| **Utilities** | None |
| **Water & Sewer** | None |
| **Easements** | 50' public access easement along Yentna River |
| **Environmental Hazards** | None observed |
| **Zoning Regulations** | Located in unregulated area of Matanuska-Susitna Borough |
| **Hazardous Waste & Toxic Materials** | None observed |
| **Tax Assessments** | Matanuska-Susitna Borough is the taxing authority. Parcels owned by the State of Alaska are tax-exempt. Once ownership is transferred from the State of Alaska, property taxes become the responsibility of the purchaser. |
| **Ownership History** | State of Alaska |
| **Adjacent Land Use** | Recreational or undeveloped land |

**Survey of *Yentna Frontage Key Lot*** (Tract B, ASLS 82-175, Lake Creek McDougal)




**Satellite Imagery of *Yentna Frontage Key Lot*** (ADL 209570, Lake Creek McDougal)



**Photograph of *Yentna Frontage Key Lot*** (ADL 209570, Lake Creek McDougal)

-Photo taken June 10, 2008

## Highest and Best Use

Analysis of highest and best use for the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as[9]:

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

**Legally Permissible**

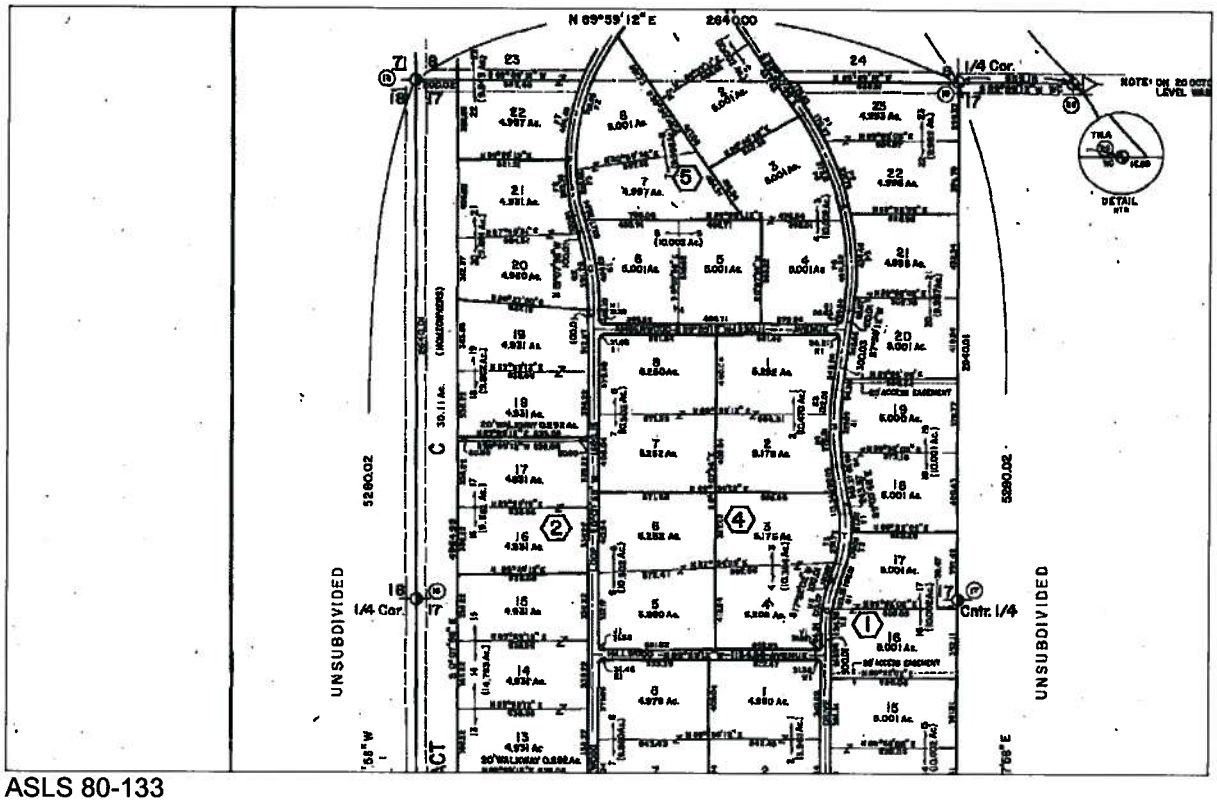
The *Key Lot* is not subject to any known zoning requirements that would be restrictive to potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Therefore, almost any legal use of the site would be possible.

**Physically Possible**

The *Key Lot* is 4.97-acres. The size and physical characteristics are adequate to support all reasonable and probable uses.

[9] The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.306

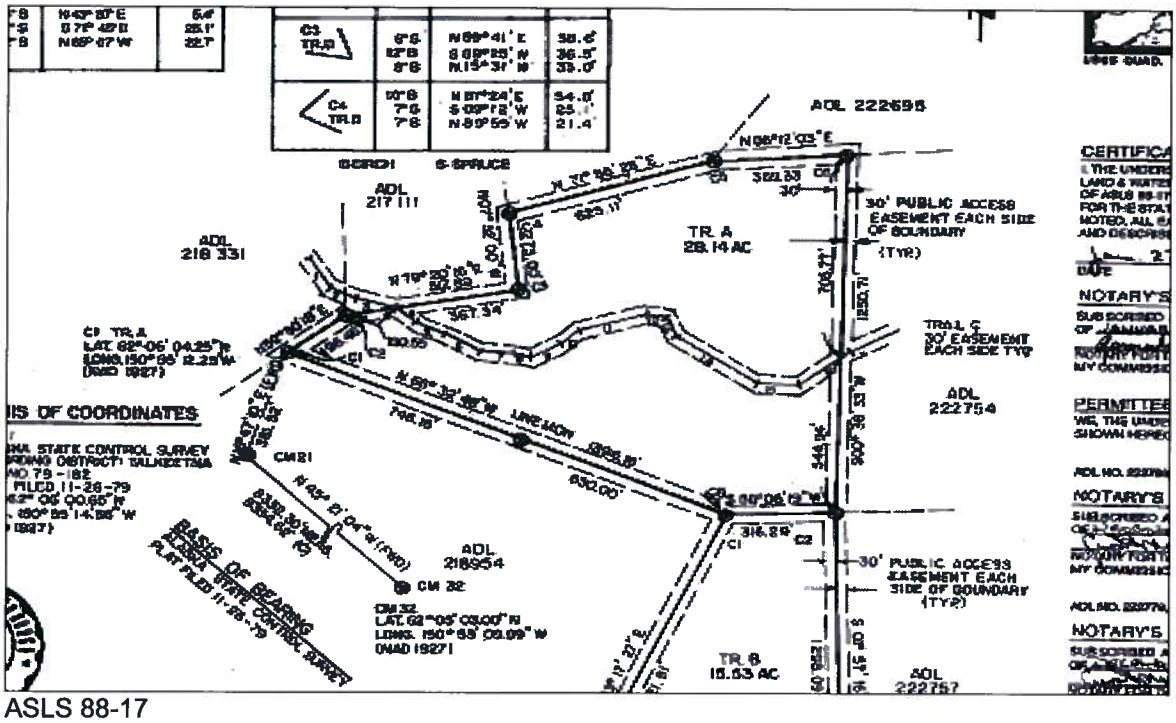
## DINGLISHNA HILL




ASLS 80-133

June 10, 2008

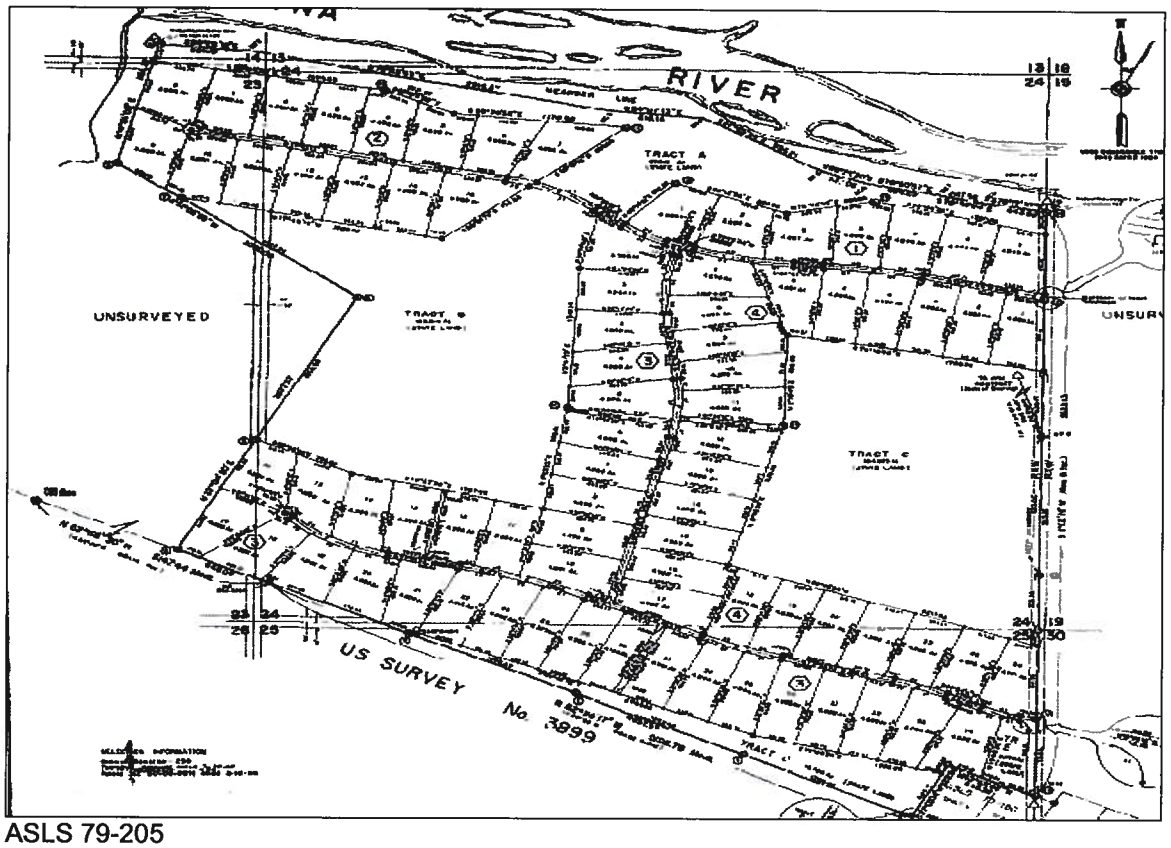
## LAKE CREEK HOMESTEAD



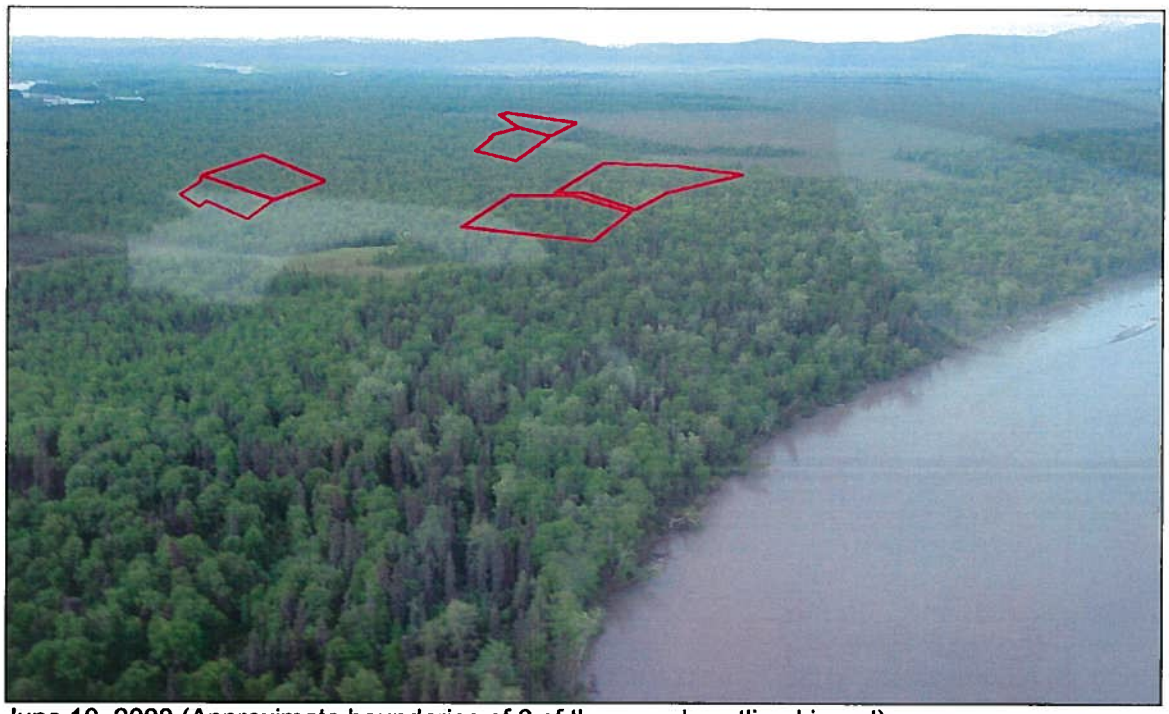

ASLS 88-17

June 10, 2008

## SKWENTNA STATION



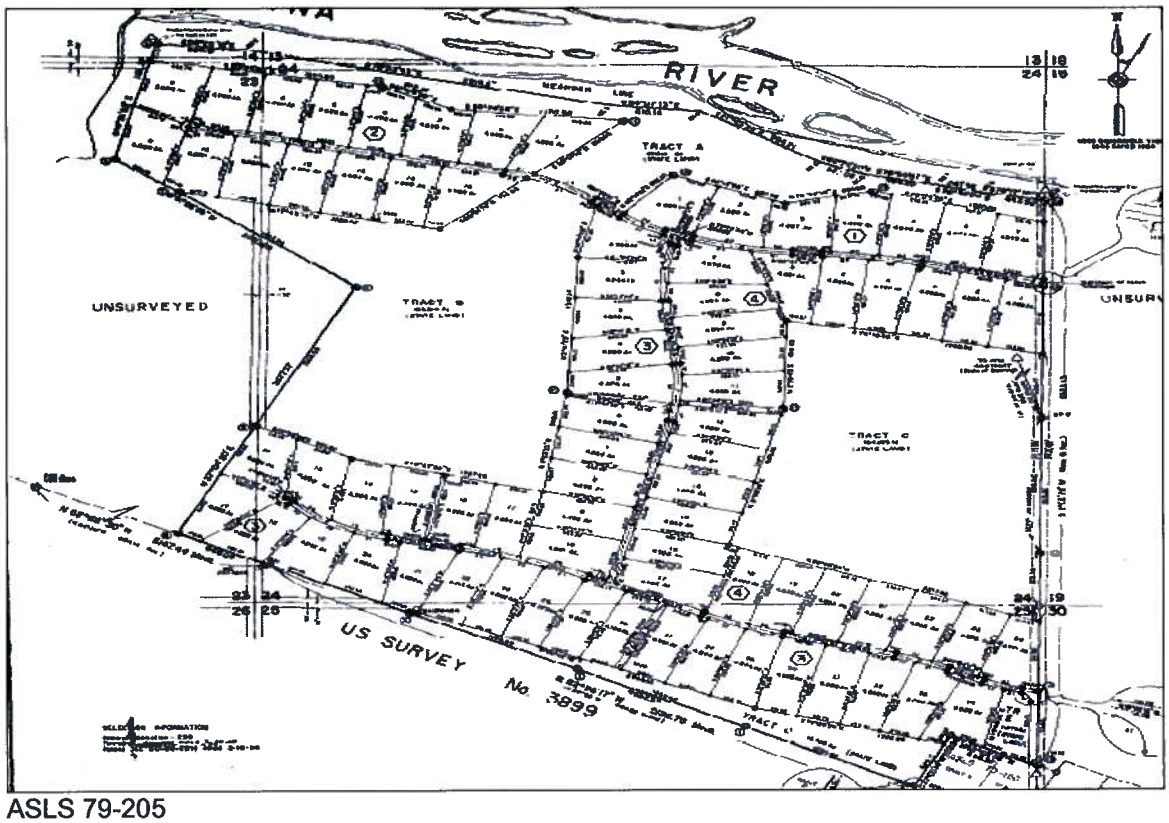

ASLS 79-205



June 10, 2008 (Approximate boundaries of 6 of the parcels outlined in red)

**REMAINING YENTNA FRONTAGE LOTS**
**Surveys and Photographs**

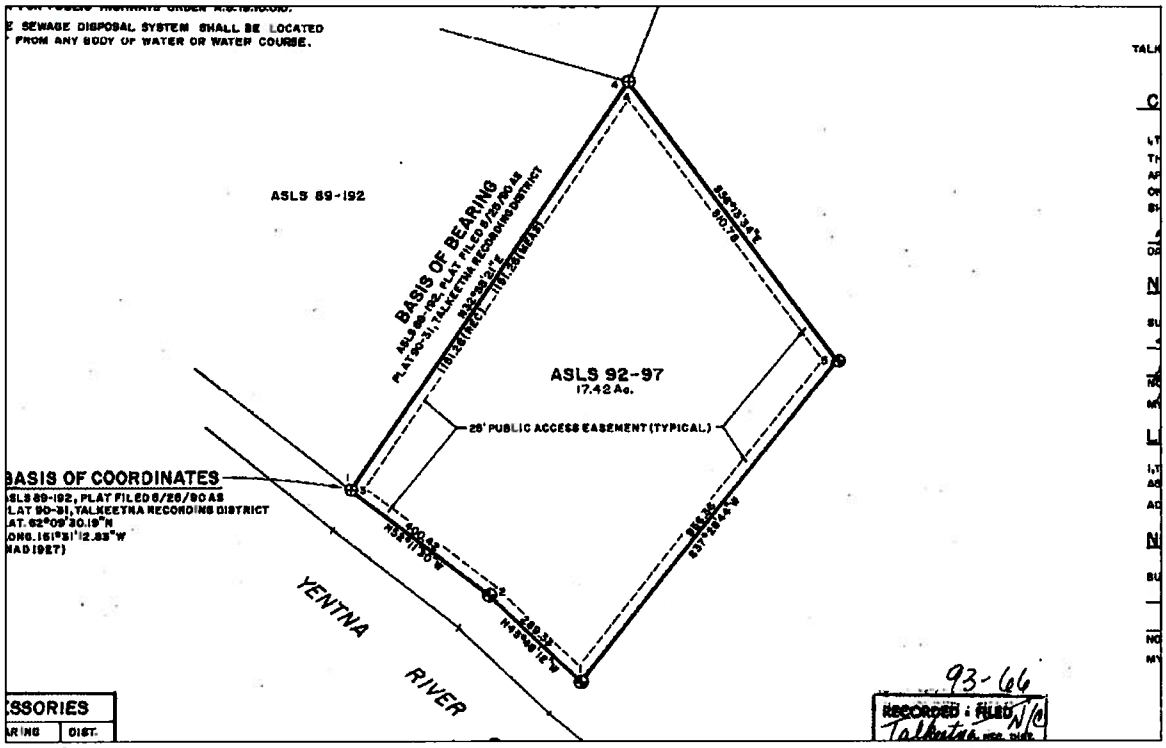
## SKWENTNA STATION




ASLS 79-205

June 10, 2008 parcel near river

## YENLO HILLS REMOTE




ASLS 92-97

June 10, 2008