MARKET VALUE APPRAISAL

Of 20 Parcels Located in South Thorne Bay,
Prince of Wales Island,
Southeast Alaska

Subject Subdivision on the right looking north.

YEAR 2008

APPRAISAL REPORT No. 3519

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. 3519

1. ADL NO(S): See table below
2. SIZE: Various, as noted in table
3. APPLICANT: N/A
4. LOCATION: South Thorne Bay on Prince of Wales Island in Southeast, Alaska
5. LEGAL DESCRIPTION(S): ASLS 2006-72, 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 30, 2008
10. DATE of VALUE(S): September 25, 2008
11. APPRAISED VALUE(S):

ADL#	LOCATION	SURVEY TYPE	LOT	BLOCK	PLAT	ACRES	VALUE
107741	THORNE BAY, AK	ASLS 2006-72	2	15	2006-72	1.96	**$10,600**
107742	THORNE BAY, AK	ASLS 2006-72	3	15	2006-72	2.01	**$10,600**
107743	THORNE BAY, AK	ASLS 2006-72	4	15	2006-72	1.85	**$10,600**
107744	THORNE BAY, AK	ASLS 2006-72	5	15	2006-72	2.52	**$10,600**
107745	THORNE BAY, AK	ASLS 2006-72	1	18	2006-72	1.77	**$20,000**
107746	THORNE BAY, AK	ASLS 2006-72	2	18	2006-72	1.91	**$20,000**
107747	THORNE BAY, AK	ASLS 2006-72	3	18	2006-72	1.59	**$19,000**
107748	THORNE BAY, AK	ASLS 2006-72	4	18	2006-72	1.66	**$16,200**
107749	THORNE BAY, AK	ASLS 2006-72	5	18	2006-72	1.88	**$16,200**
107750	THORNE BAY, AK	ASLS 2006-72	6	18	2006-72	1.77	**$19,000**
107751	THORNE BAY, AK	ASLS 2006-72	7	18	2006-72	1.84	**$19,000**
107752	THORNE BAY, AK	ASLS 2006-72	8	18	2006-72	2.01	**$15,400**
107753	THORNE BAY, AK	ASLS 2006-72	9	18	2006-72	1.87	**$15,400**
107754	THORNE BAY, AK	ASLS 2006-72	10	18	2006-72	1.93	**$19,000**
107755	THORNE BAY, AK	ASLS 2006-72	11	18	2006-72	1.93	**$19,000**
107756	THORNE BAY, AK	ASLS 2006-72	12	18	2006-72	1.78	**$15,400**
107757	THORNE BAY, AK	ASLS 2006-72	1	19	2006-72	2.52	**$10,000**
107758	THORNE BAY, AK	ASLS 2006-72	2	19	2006-72	2.91	**$10,600**
107759	THORNE BAY, AK	ASLS 2006-72	3	19	2006-72	2.91	**$10,600**
107760	THORNE BAY, AK	ASLS 2006-72	4	19	2006-72	2.08	**$10,000**

DEPARTMENT OF NATURAL RESOURCES

STATE OF ALASKA

APPRAISAL REVIEW
STATEMENT

B. SUMMARY OF REVIEW

1. DATE of REVIEW: February 13, 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.

DEPARTMENT OF NATURAL RESOURCES

STATE OF ALASKA

APPRAISAL REVIEW
STATEMENT

REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO. 3519

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 2/13/09

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 Water
550 West 7th Avenue, Suite 650
Anchorage AK 99501-3576

DATE: November 30, 2008

TO: Kevin Hindmarch
Review Appraiser

FROM: Michael R. Ward, Appraiser II

SUBJECT: Appraisal of Twenty (20) Parcels of vacant land located in South Thorne Bay, 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 complete, summary report based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses and reasoning leading to the opinions of value.

I have inspected the subject parcels (land and aerial) and the comparable sales (land) 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 survey plat for the South Thorne Bay Addition #1 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.

According to Jess Isaacs of Alaska Power and Telephone, an electrical extension will run along the gravel road that accesses the west side of Block 18. Mr. Isaacs stated that the line is to be completed by February 1, 2009. It is a **hypothetical condition** that the electrical line will be completed by February 1, 2009 and electrical service will be available. We reserve the right to amend this report should facts prove otherwise.

TABLE OF CONTENTS

INTRODUCTION

Title Page	
Letter of Transmittal	1
Table of Contents	2
Certification of Value	3
Appraisal Summary	5

PREMISE OF THE APPRAISAL

Type of Appraisal and Report	7
Purpose and Use of the Appraisal	7
Definition of Market Value	7
Client and User Identity	7
Property Identification	7
Property Rights Appraised	7
Definition of Market Value	7
Effective Date of Value Estimate	7
Exposure Time	8
Marketing Time	8
Scope of the Appraisal	8
Assumptions and Limiting Conditions	9

DATA ANALYSIS AND CONCLUSION

Southeast Area Analysis	10
Thorne Bay Area Analysis	11
Thorne Bay South ASLS 2006-72 Site Description & Highest and Best Use	13
Sales Comparison Approach - Thorne Bay South	18

ADDENDA

Appraisal Instructions
Comparable Sale Forms
Appraiser Qualifications
Generally Allowed Uses on State Land Fact Sheet

CERTIFICATION OF VALUE

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting of predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the ***Uniform Standards of Professional Appraisal Practice.***
- I have made a personal inspection of the properties that are the subject of this report.
- No one provided significant professional assistance to the person signing this report.
- I have the knowledge and experience to competently complete this assignment.
- My opinion of the market value of the fee simple title less mineral rights for the land only developed to its highest potential, described in the subsequent report are :

ADL#	LOCATION	SURVEY TYPE	LOT	BLOCK	PLAT	ACRES	VALUE
107741	THORNE BAY, AK	ASLS 2006-72	2	15	2006-72	1.96	**$10,600**
107742	THORNE BAY, AK	ASLS 2006-72	3	15	2006-72	2.01	**$10,600**
107743	THORNE BAY, AK	ASLS 2006-72	4	15	2006-72	1.85	**$10,600**
107744	THORNE BAY, AK	ASLS 2006-72	5	15	2006-72	2.52	**$10,600**
107745	THORNE BAY, AK	ASLS 2006-72	1	18	2006-72	1.77	**$20,000**
107746	THORNE BAY, AK	ASLS 2006-72	2	18	2006-72	1.91	**$20,000**
107747	THORNE BAY, AK	ASLS 2006-72	3	18	2006-72	1.59	**$19,000**
107748	THORNE BAY, AK	ASLS 2006-72	4	18	2006-72	1.66	**$16,200**
107749	THORNE BAY, AK	ASLS 2006-72	5	18	2006-72	1.88	**$16,200**
107750	THORNE BAY, AK	ASLS 2006-72	6	18	2006-72	1.77	**$19,000**
107751	THORNE BAY, AK	ASLS 2006-72	7	18	2006-72	1.84	**$19,000**
107752	THORNE BAY, AK	ASLS 2006-72	8	18	2006-72	2.01	**$15,400**
107753	THORNE BAY, AK	ASLS 2006-72	9	18	2006-72	1.87	**$15,400**
107754	THORNE BAY, AK	ASLS 2006-72	10	18	2006-72	1.93	**$19,000**
107755	THORNE BAY, AK	ASLS 2006-72	11	18	2006-72	1.93	**$19,000**
107756	THORNE BAY, AK	ASLS 2006-72	12	18	2006-72	1.78	**$15,400**
107757	THORNE BAY, AK	ASLS 2006-72	1	19	2006-72	2.52	**$10,000**
107758	THORNE BAY, AK	ASLS 2006-72	2	19	2006-72	2.91	**$10,600**
107759	THORNE BAY, AK	ASLS 2006-72	3	19	2006-72	2.91	**$10,600**
107760	THORNE BAY, AK	ASLS 2006-72	4	19	2006-72	2.08	**$10,000**

Date Appraiser

REPORT SUMMARY

Purpose	To estimate current market value
Function	Establish minimum bid for sealed bid auction
Authority	AS 38.05.055
Location	Thorne Bay, Prince of Wales Island, Southeast Alaska
Type of Parcels	Interior parcels
Size	1.59 to 2.91 acres
Legal Descriptions	See page 6
Current Use	All vacant, no improvements
Highest and Best Use	Residential or recreational
Estimated Market Value	See page 3

PRESENTATION OF DATA

PROPERTY IDENTIFICATION and **LEGAL DESCRIPTION** The parcels listed in the table below are located south of Thorne Bay, on Prince of Wales Island, Southeast Alaska.

ADL#	LOCATION	SURVEY TYPE	LOT	BLOCK	PLAT	ACRES
107741	THORNE BAY, AK	ASLS 2006-72	2	15	2006-72	1.96
107742	THORNE BAY, AK	ASLS 2006-72	3	15	2006-72	2.01
107743	THORNE BAY, AK	ASLS 2006-72	4	15	2006-72	1.85
107744	THORNE BAY, AK	ASLS 2006-72	5	15	2006-72	2.52
107745	THORNE BAY, AK	ASLS 2006-72	1	18	2006-72	1.77
107746	THORNE BAY, AK	ASLS 2006-72	2	18	2006-72	1.91
107747	THORNE BAY, AK	ASLS 2006-72	3	18	2006-72	1.59
107748	THORNE BAY, AK	ASLS 2006-72	4	18	2006-72	1.66
107749	THORNE BAY, AK	ASLS 2006-72	5	18	2006-72	1.88
107750	THORNE BAY, AK	ASLS 2006-72	6	18	2006-72	1.77
107751	THORNE BAY, AK	ASLS 2006-72	7	18	2006-72	1.84
107752	THORNE BAY, AK	ASLS 2006-72	8	18	2006-72	2.01
107753	THORNE BAY, AK	ASLS 2006-72	9	18	2006-72	1.87
107754	THORNE BAY, AK	ASLS 2006-72	10	18	2006-72	1.93
107755	THORNE BAY, AK	ASLS 2006-72	11	18	2006-72	1.93
107756	THORNE BAY, AK	ASLS 2006-72	12	18	2006-72	1.78
107757	THORNE BAY, AK	ASLS 2006-72	1	19	2006-72	2.52
107758	THORNE BAY, AK	ASLS 2006-72	2	19	2006-72	2.91
107759	THORNE BAY, AK	ASLS 2006-72	3	19	2006-72	2.91
107760	THORNE BAY, AK	ASLS 2006-72	4	19	2006-72	2.08

PREMISES OF THE APPRAISAL

TYPE OF APPRAISAL AND REPORT

This is a 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 Special Appraisal Instructions for DNR Land Disposal.

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 defined[1] 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) 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 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[3]

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

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

EFFECTIVE DATE OF VALUE ESTIMATE

The subject properties 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.

DATE OF REPORT

November 30, 2008

---

[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

HYPOTHETICAL CONDITION...is defined as *"that which is contrary to what exists, but is supposed for the purpose of analysis."*

According to Jess Isaacs of Alaska Power and Telephone, an electrical extension will run along the gravel road that accesses the west side of Block 18. Mr. Isaacs stated that the line is to be completed by February 1, 2009. It is a **hypothetical condition** that the electrical line will be completed by February 1, 2009 and electrical service will be available. We reserve the right to amend this report should facts prove otherwise.

PROPERTY HISTORY
The subject lots are newly subdivided by the State of Alaska. There have been no previous sales, listings or offers to report.

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, but has seen an increase in tourism and recreational users from the Pacific Northwest.

Compared with competing parcels in the overall market for residential/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 or other knowledgeable market participants were contacted to verify relevant sale prices and other transaction details. Also, DNR appraisal records were searched for recent sales of similar parcels. 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 Edition, 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 judgement is based. Therefore, no part should be used out of context and by itself alone.

4. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question, unless prior arrangement has been made and adequate time is provided to review the appraisal.

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

6. In this valuation various mathematical calculations were used to formulate the opinion of value. These calculations are only aids for the formulation of the opinion of value by the appraiser. Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.

7. The information furnished by others is believed to be reliable but it is not warranted for its accuracy. Plats of lease areas in this report are included for illustration only and may not be to scale.

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

9. Unless otherwise stated in this report, the appraiser does not know about the existence of hazardous materials or toxic substances, which may or may not be present on the property. The appraiser is not qualified to detect such substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them.

10. The 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 for the South Thorne Bay Addition #1 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.

12. According to Jess Isaacs of Alaska Power and Telephone, an electrical extension will run along the gravel road that accesses the west side of Block 18. Mr. Isaacs stated that the line is to be completed by February 1, 2009. It is a **hypothetical condition** that the electrical line will be completed by February 1, 2009 and electrical service will be available. We reserve the right to amend this report should facts prove otherwise.

SOUTHEAST REGIONAL OVERVIEW

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

The coast is deeply fjorded and very mountainous. Between the rocky and forested islands along this fjorded coast runs the Inside Passage. It stretches from Puget Sound and terminates over 1,000 miles to the north at Haines and Skagway. Each year, hundreds of thousands of tourists pass though 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.

Thorne Bay Community Overview

Current Population: 467 (2007 DCCED Certified Population.)
Incorporation Type: 2nd Class City
Borough Located In: Unorganized
School District: Southeast Island Schools
Coastal Management District: Thorne Bay

Location

Thorne Bay is 47 air miles northwest of Ketchikan on the east coast of Prince of Wales Island. On the Island road system, it lies 60 miles from Hollis and 36 miles east of the Klawock Junction. The community lies at approximately 55.687780° North Latitude and -132.522220° (West) Longitude. (Sec. 12, T071S, R084E, Copper River Meridian.) Thorne Bay is located in the Ketchikan Recording District. The area encompasses 25.5 sq. miles of land and 4.8 sq. miles of water. Prince of Wales Island is dominated by a cool, moist, maritime climate. Summer temperatures range from 49 to 63; winter temperatures from 32 to 42. Average annual precipitation is 120 inches, including 40 inches of snow.

History, Culture and Demographics

The Bay was named after Frank Manley Thorn, superintendent of the U.S. Coast & Geodetic Survey from 1885 through 1889. The name was misspelled when published. The first major settlement was built around the logging operation of Wes Davidson. Thorne Bay developed as a result of a long-term timber sales contract between the U.S. Forest Service and the Ketchikan Pulp Company. In 1960, a floating logging camp was built in Thorne Bay. In 1962, Ketchikan Pulp moved its main logging camp from Hollis to Thorne Bay. A shop, barge terminal, log sort yard and camp were built to replace facilities at Hollis. Roads were then constructed to connect Thorne Bay with Hollis, Craig and Klawock. During this time, it was considered the largest logging camp in North America. Thorne Bay evolved from a company-owned logging camp to an incorporated city by 1982, due in part to the land selection program provided for in the Alaska Statehood Act.
The population of the community consists of 4.8% Alaska Native or part Native. Evolving from a work camp, Thorne Bay has become a year-round home to many logging employees. During the 2000 U.S. Census, total housing units numbered 327, and vacant housing units numbered 108. Vacant housing units used only seasonally numbered 43. U.S. Census data for Year 2000 showed 269 residents as employed. The unemployment rate at that time was 14.6 percent, although 41.14 percent of all adults were not in the work force. The median household income was $45,625, per capita income was $20,836, and 7.81 percent of residents were living below the poverty level.

Facilities, Utilities, Schools and Health Care

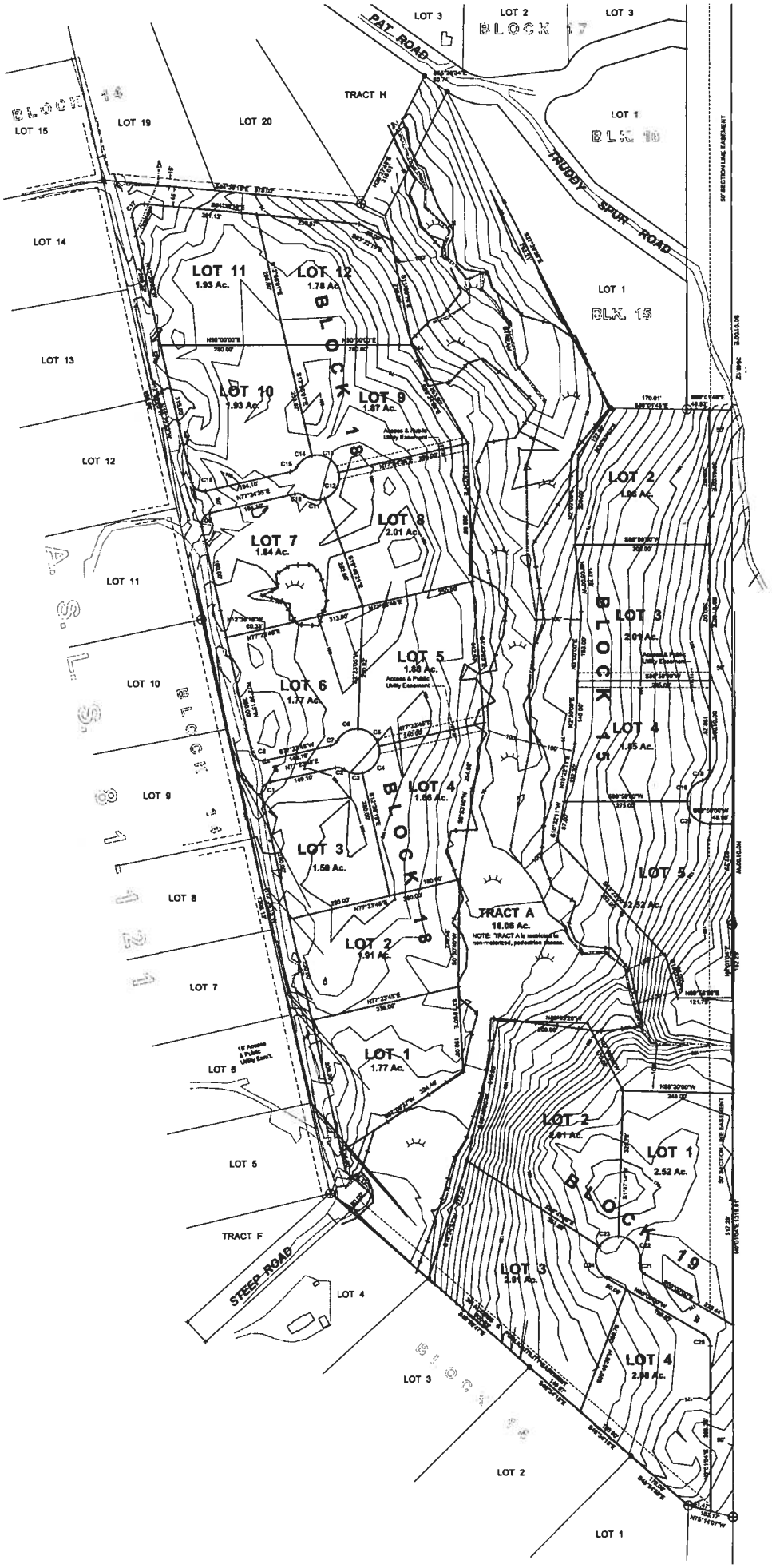
Water Lake, north of Thorne Bay, supplies water, which is treated and stored in a tank before piped distribution. The gravity sewage system includes secondary treatment before discharge into the Bay. Approximately 75% of households are connected to the piped systems and are fully plumbed. Residents on the south side of the community use rain catchment, streams or springs, and a central water source is being designed for this area. Funds have not been secured to construct it. The City provides refuse collection services, a regional baler, a recycling facility and landfill, and participates in annual hazardous waste disposal events. Construction is underway to connect Thorne Bay and Kasaan to the Black Bear Lake Hydroelectric facility. Electricity is provided by Alaska Power Company. There is one school located in the community, attended by 75 students. Local hospitals or health clinics include Thorne Bay Health Center (907-828-8848). Thorne Bay is classified as an isolated town/Sub-Regional Center, it is found in EMS Region 3A in the Southeast Region. Emergency Services have limited highway, coastal, floatplane and helicopter access. Emergency service is provided by volunteers Auxiliary health care is provided by Thorne Bay Volunteer Rescue Squad/EMS (907-828-3380); Prince of Wales Island Area EMS (907-826-2367/3330).

Economy and Transportation

Employment is primarily in small sawmills and U.S. Forest Service management of the Tongass, with some commercial fishing, tourism and government employment. Thorne Bay is one of the log

transfer sites on the Island. To supplement incomes, residents fish and trap. Deer, salmon, halibut, shrimp and crab are popular food sources. 22 residents hold commercial fishing permits. Locals prefer to purchase goods from Craig and Ketchikan.

Thorne Bay is accessed by float plane, the airport at Klawock, and the State Ferry at Hollis. A breakwater, dock, small boat harbor and grid, boat launch and State-owned seaplane base are available on the Bay. Freight arrives by cargo plane, barge, ship and truck. The logging road provides access to other Prince of Wales Island communities.



CURVE	RADIUS	ARC
C1	25.00'	38.27'
C2	25.00'	21.02'
C3	50.00'	42.06'
C4	50.00'	79.64'
C5	50.00'	65.45'
C6	50.00'	54.12'
C7	25.00'	21.02'
C8	25.00'	38.27'
C9	25.00'	39.27'
C10	25.00'	21.02'
C11	50.00'	48.38'
C12	50.00'	72.24'
C13	50.00'	78.52'
C14	50.00'	41.77'
C15	25.00'	21.02'
C16	25.00'	39.27'
C17	25.00'	47.12'
C18	25.00'	39.27'
C19	50.00'	51.68'
C20	50.00'	75.64'
C21	25.00'	39.27'
C22	50.00'	86.17'
C23	50.00'	51.12'
C24	50.00'	51.34'
C25	30.00'	31.42'

100' 0 100' 200'

SOUTH THORNE BAY SUBDIVISION - ADD. NO.

TOPOGRAPHY, WETLANDS AND PRELIMINARY LAYOUT

5-1-2006

GENERAL SITE DESCRIPTION ASLS 2006-72 South Thorne Bay Addition #1 S/D

Main road look north. L1, 2 & 3 to the right.

Main road look south. L1, 2 & 3 to the left.

Main road look north near Lot 4 to the right.

Main road look north near Lot 5 to the right.

Survey - ASLS 2006-72
The survey plat for the South Thorne Bay Addition #1 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.

Location
The subject is located approximately 4.0 miles southeast of Thorne Bay and approximately 40 miles northwest of Kecthikan, on the east side of Prince of Wales Island.

Access
Prince of Wales Island is accessible by regularly scheduled air service, ferry and boat, with direct access to the subject from the local road system. Direct access to Block 18 is along a gravel road, with five of the lots (L4, 5, 8, 9 & 12) accessed by way of undeveloped rights of way. Access to Blocks 15 & 19 are along an undeveloped section line easement from the south, off an old logging road.

Topography
All the lots on the west side of the subdivision are level to rolling, with an ample number of building sites on each lot. Lots in the eastern two blocks are moderately steep, with at least one adequate building site per lot.

Soils
The subject soils are unknown, but appear to be good given the slope and quality of 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, or cedar. It is unknown when the area was harvested.

Utilities
According to Jess Isaacs of Alaska Power and Telephone, an electrical extension will run along the gravel road that accesses the west side of Block 18. Mr. Isaacs stated that the line is to be completed by February 1, 2009. It is a **hypothetical condition** that the electrical line will be completed by February 1, 2009 and electrical service will be available. We reserve the right to amend this report should facts prove otherwise. Because there is no public water or sewer, on-site water wells and septic systems are needed for development that conform to ADEC regulations.

Size and Shape
The subject lots are basically regular in shape and contain from 1.59 to 2.91 acres and are identified below:

ADL	LOT	BLOCK	ACCESS	TOPOGRAPHY	CREEK FRONTAGE	ACRES	OTHER
107741	2	15	Undeveloped ROW	Moderately Steep	327'	1.96	Creek on west border
107742	3	15	Undeveloped ROW	Moderately Steep	301'	2.01	Creek on west border
107743	4	15	Undeveloped ROW	Moderately Steep	272'	1.85	Creek on west border
107744	5	15	Undeveloped ROW	Moderately Steep	658'	2.52	Creek on west border
107745	1	18	Gravel road	Level/Rolling	190'	1.77	Creek on east side
107746	2	18	Gravel road	Level/Rolling	236'	1.91	Creek on east side
107747	3	18	Gravel road	Level/Rolling	None	1.59	None
107748	4	18	Undeveloped ROW	Level/Rolling	355'	1.66	Creek on east side
107749	5	18	Undeveloped ROW	Level/Rolling	313'	1.88	Creek on east side
107750	6	18	Gravel road	Level/Rolling	None	1.77	None
107751	7	18	Gravel road	Level/Rolling	None	1.84	None
107752	8	18	Undeveloped ROW	Level/Rolling	306'	2.01	Creek on east side
107753	9	18	Undeveloped ROW	Level/Rolling	254'	1.87	Creek on east side
107754	10	18	Gravel road	Level/Rolling	None	1.93	None
107755	11	18	Gravel road	Level/Rolling	None	1.93	None
107756	12	18	Undeveloped ROW	Level/Rolling	236'	1.78	Creek on east side
107757	1	19	Undeveloped ROW	Level/Rolling	None	2.52	None
107758	2	19	Undeveloped ROW	Moderately Steep	318'	2.91	Creek on west border
107759	3	19	Undeveloped ROW	Moderately Steep	277"	2.91	Creek on west border
107760	4	19	Undeveloped ROW	Level/Rolling	None	2.08	None

Creek Front Quality
The quality of waterfrontage is average, with a small creek flowing past the rear of more than half of the lots.

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.

Typical vegetation.

Typical vegetation.

Main road look south near Lot 11 to the left.

Main road look north near Lot 6 to the right.

Easements

A title report was available to the appraiser and according to preliminary designs, all lots have a 20 foot utility easement along their front borders. Some lots have additional 30 foot public access and utility easements along side borders. Other easements impacting portions of the other lots in Blocks 15 and 19 include a 50' section line and utility easement along the east borders of B15, L5 and B19, L1. No other easements impact the subject lots. These are peripheral easements that do not adversely impact Highest and Best Use.

Typical vegetation.

Typical vegetation.

Environmental Hazards

None were observed.

Hazardous Waste and Toxic Materials
None were observed.

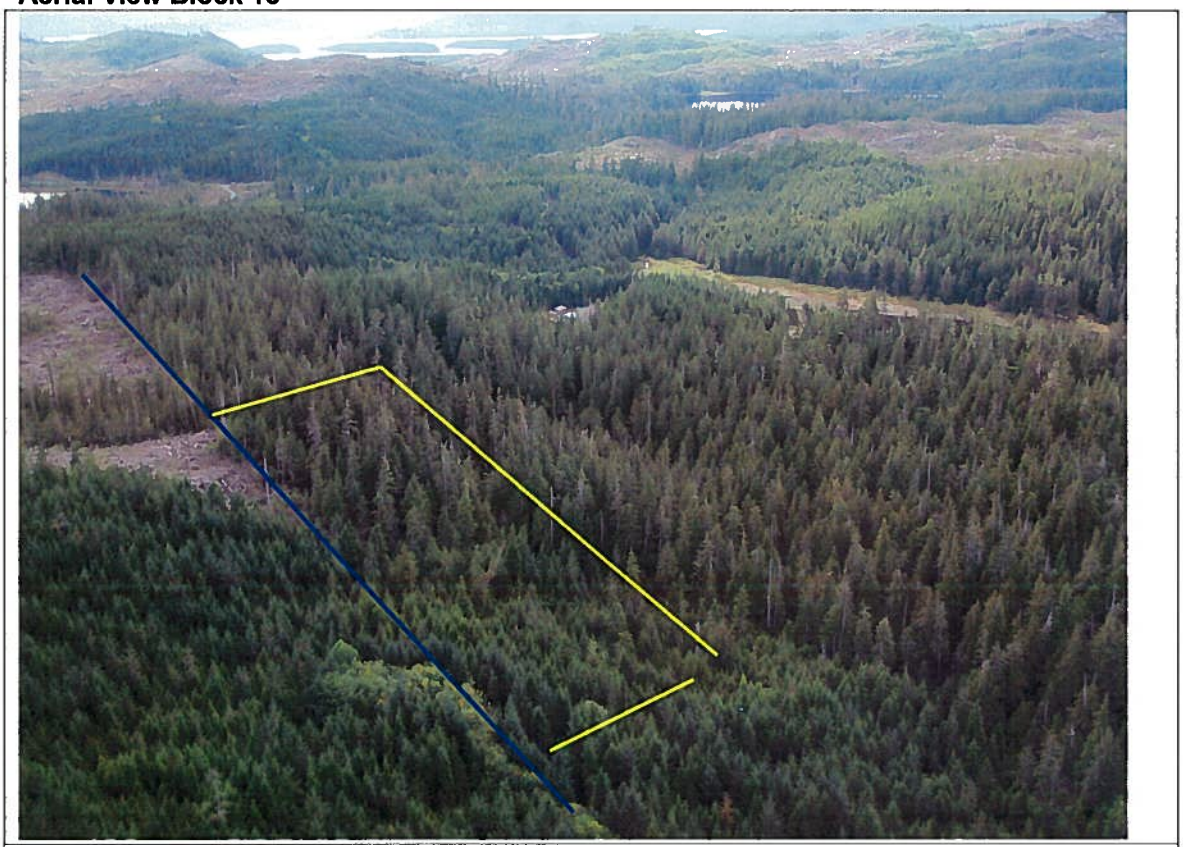
Tax Assessments
All parcels owned by the State of Alaska are tax exempt. Once ownership is transferred from the State of Alaska, property taxes, if applicable are the responsibility of the buyer/grantee.

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.

Typical vegetation.

Typical vegetation.

Aerial View Block 15



Yellow Line -Approximate location Block 15. Blue line Section line Easement.

Yellow Line -Approximate location Block 19. Blue line Section line Easement.

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.