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Acquisition: Kachemak Bay State Park (Seldovia Native Assoc)

Lead Agency: DNR

Document(s): Valuation of Seldovia Native Assoc. Inholdings
Kachemak Bay State Park, Alaska for
State of Alaska, Dept of Natural Resources
Attn: Dennis Lattery

Date - December 26, 1989

Richard H. Follett > Follett & Assoc.
Eric G. Follett

Ref. 89-124

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Other Notes:

APPROVED FOR RELEASE

per letter M. McCammon → N. Phillips 4/14/95
per letter C. Tillery → N. Phillips 5/19/95

VALUATION OF
SELDOVIA NATIVE ASSOCIATION INHOLDINGS
KACHEMAK BAY STATE PARK, ALASKA

FOR
State of Alaska, Department of Natural Resources
Division of Land and Water Management
Attention: Dennis L. Lattery, Project Manager
P. O. Box 107005
Anchorage, Alaska 99510-7005

DATE OF VALUATION
December 26, 1989

APPRAISERS
Richard H. Follett, MAI
Eric G. Follett, MAI

Ref. No. 89-124

FOLLETT & ASSOCIATES

FOLLETT & ASSOCIATES

4241 B Street, Suite 305, Anchorage, Alaska 99503 (907) 562-4279



Richard H. Follett, MAI
Eric G. Follett, MAI

December 26, 1989

Ref. No. 89-124

State of Alaska, Department of Natural Resources
Division of Land and Water Management
P. O. Box 107005
Anchorage, Alaska 99510-7005

Attention: Dennis L. Lattery, Project Manager

Regarding: Appraisal of Seldovia Native Association inholdings in the Kachemak Bay State Park, consisting of Parcel 1, containing 19,325.5 acres in "as is" condition, and Parcel 2, containing 4,435 acres as if logged, cutover land.

Dear Mr. Lattery:

As requested, we have made an inspection and appraisal of the above referenced property, located on the south side of Kachemak Bay, within Townships 7 and 8 South, Range 12 West. The property is generally located in the area of China Poot Bay, Neptune Bay, Sadie Cove, the Doroshin River and the mountainous region south of the Doroshin River between Sadie Cove and Hazelle Lake. The purpose of this appraisal is to estimate the current market value of the Subject property under two scenarios. Under both scenarios, Parcel 1 is appraised in "as is" condition. Also under both scenarios Parcel 2 is appraised as if it were logged off, cutover land. Scenario I appraises Parcel 1 is appraised assuming that Parcel II is not logged. Under the 2nd scenario Parcel 1 as if Parcel 2 has been logged.

The Subject property is vacant unimproved land. The accompanying report sets forth the most pertinent data gathered, the techniques used, and the reasoning leading to the opinion of value.

ACE 7326673

Based on the Limiting Conditions and Assumptions as contained in this report, it is our opinion that the market value of the Subject property, under Scenario I, as of December 26, 1989 is:

Parcel 1	\$9,435,000
Parcel 2	<u>\$3,140,000</u>
Total	\$12,575,000

Under Scenario II, it is our opinion that the market value of the Subject property as of December 26, 1989 is:

Parcel 1	\$8,810,000
Parcel 2	<u>\$3,140,000</u>
Total	\$11,950,000

If we can be of any further assistance to you regarding this appraisal, please let us know.

We acknowledge the assistance provided by Al Olsen in gathering comparable sales, inspecting the Subject property with the appraisers, and providing valuable insight and assistance in both developing the various methods used in valuing the Subject property, and analysis of comparable sales.

Sincerely yours,
FOLLETT & ASSOCIATES


Richard H. Follett, MAI


Eric G. Follett, MAI

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ADDENDA

Legal Description of the Subject Property
Park Estates Plat Map
Status Maps
Appraiser's Qualifications

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY APPRAISED: The Seldovia Native Association inholdings in Kachemak Bay State Park, totaling 23,760 acres.

LOCATION OF SUBJECT: The Subject property is located approximately 8 miles south of downtown Homer, 4 miles south of the end of Homer Spit, within the Kachemak Bay State Park. The property includes most of China Poot Bay, and extends southward approximately 7 miles, including parts of Neptune Bay and Sadie Cove.

LEGAL DESCRIPTION: The Subject property is located within Townships 7 and 8 South, Range 12 West, Seward Meridian. For a complete legal description, please see the section within this report with this heading.

PURPOSE OF APPRAISAL: The purpose of this appraisal is to estimate the current market value of the Subject property under 2 scenarios.

Scenario I: Parcel 1 appraised "as is" assuming Parcel 2 is not logged.
Parcel 2 appraised assuming it is logged-off, cutover land.

Scenario II: Parcel 1 appraised "as is" assuming Parcel 2 is logged-off, cutover land.
Parcel 2 appraised assuming it is logged-off, cutover land.

DATE OF VALUATION: December 26, 1989

SITE AREA:

Parcel 1:	19,325.5 acres
Parcel 2:	<u>4,435</u> acres
Total	23,760.5 acres

(Continued next page)

Summary of Salient Facts and Conclusion - (continued)

ZONING:

The Subject property is unzoned. The Kachemak Bay State Park Management Plan governs the uses permitted on the surrounding State Park lands, but the Subject property is considered an inholding, and the Management Plan does not restrict the use of SNA inholdings within the Park boundaries. Normal State and Federal restrictions apply to any uses involving tidelands.

IMPROVEMENTS:

The Subject property is undeveloped vacant land, except under the assumption that Parcel 2 is logged-off cutover land, there would be approximately 9 miles of mainline logging road located in the northern region of the property, within T7S, R12W, beginning in Section 20 on Neptune Bay. There is an electric transmission line running around China Poot Bay.

HIGHEST AND BEST USE:

The Highest and Best Use of the Subject property is for recreational use, and that the property be included in the Kachemak Bay State Park.

CONCLUSION OF VALUE:

Scenario I:	Parcel 1:	\$ 9,435,000	
	Parcel 2:	<u>\$ 3,140,000</u>	
	Total		\$12,575,000
Secnario II:	Parcel 1:	\$ 8,810,000	
	Parcel 2:	<u>3,140,000</u>	
	Total		\$11,950,000

SOURCES OF INFORMATION

The following sources of information are acknowledged in helping the appraisers obtain factual market data and related information regarding the valuation of the Subject property.

Ventis Plume, Chief Appraiser, Bureau of Indian Affairs

Dick Larsen, Appraiser, Bureau of Indian Affairs

Douglas Trosper, Chief Appraiser, Corps of Engineers, Alaska

Norman Lee, Chief Appraiser, National Park Service

Bob Rice, Chief Appraiser, U.S. Forest Service

Gary McWilliams, Chief Appraiser, Bureau of Land Management

Martin Epstein, Director of Land, University of Alaska

Dennis Lattery, Review Appraiser, Department of Natural Resources, State of Alaska.

Steve Starret, Appraiser, Dept. Nat. Resources, State of AK

Judy Robinson, Appraiser, Dept. Nat. Resources, State of AK

Charles Nash, Timber Trading Company, Anchorage

John Morris, Haida Corporation

Wayne Ash, U.S. Forest Service, Juneau, Alaska

Susan Ruddy, Nature Conservancy, Anchorage

Alan Meiners, Regional Manager, Alaska State Parks

Bob Dick, State Forester, Alaska Division of Forestry

David Derry, MAI, Homer, Alaska

Karl Sopp, MAI, Fairbanks, Alaska

Charles Horan, MAI, Sitka, Alaska

Craig Smith, MAI, Anchorage

Jim Corack, Appraiser, Sitka, Alaska

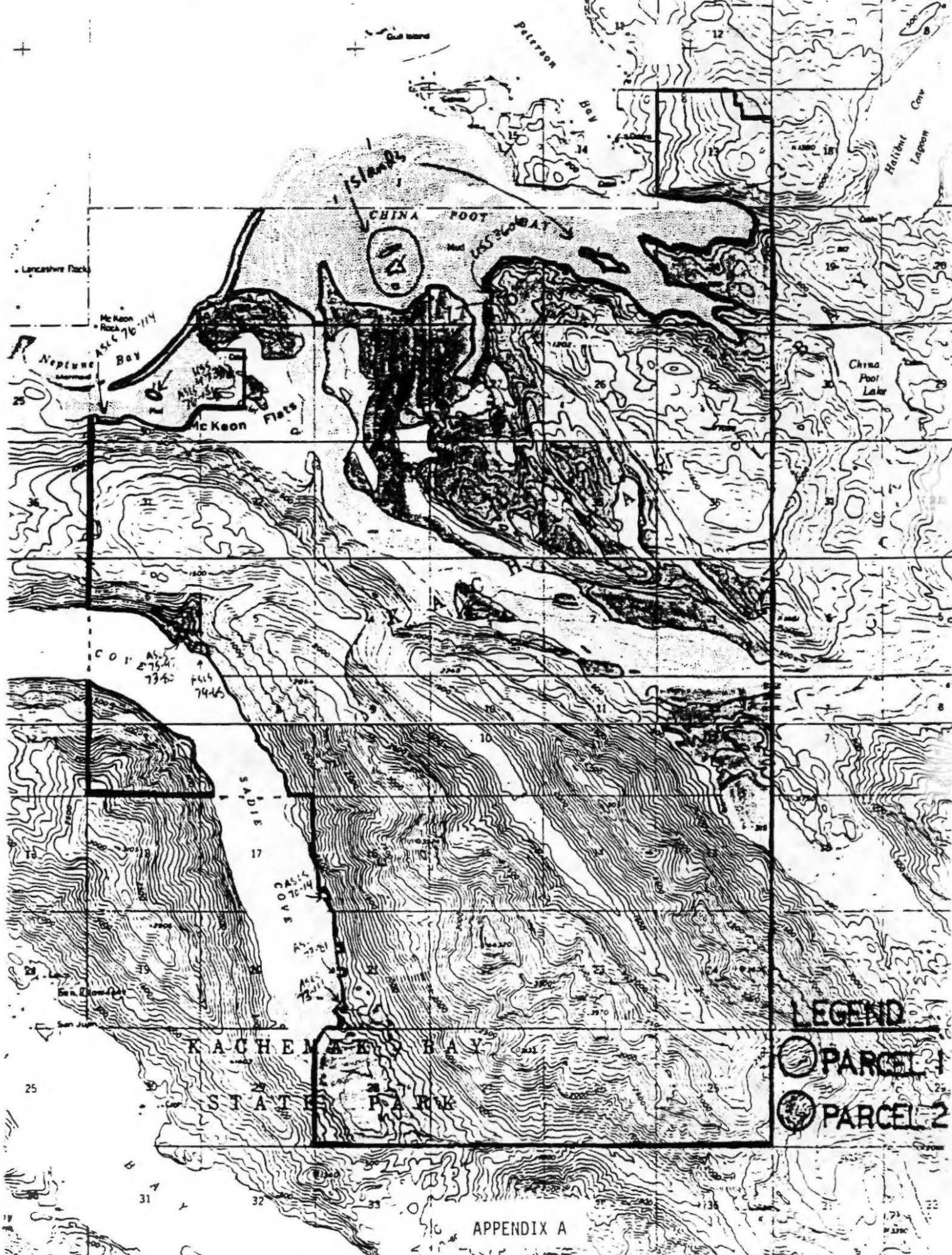
Warren Penny, Aeromap, U.S., Anchorage

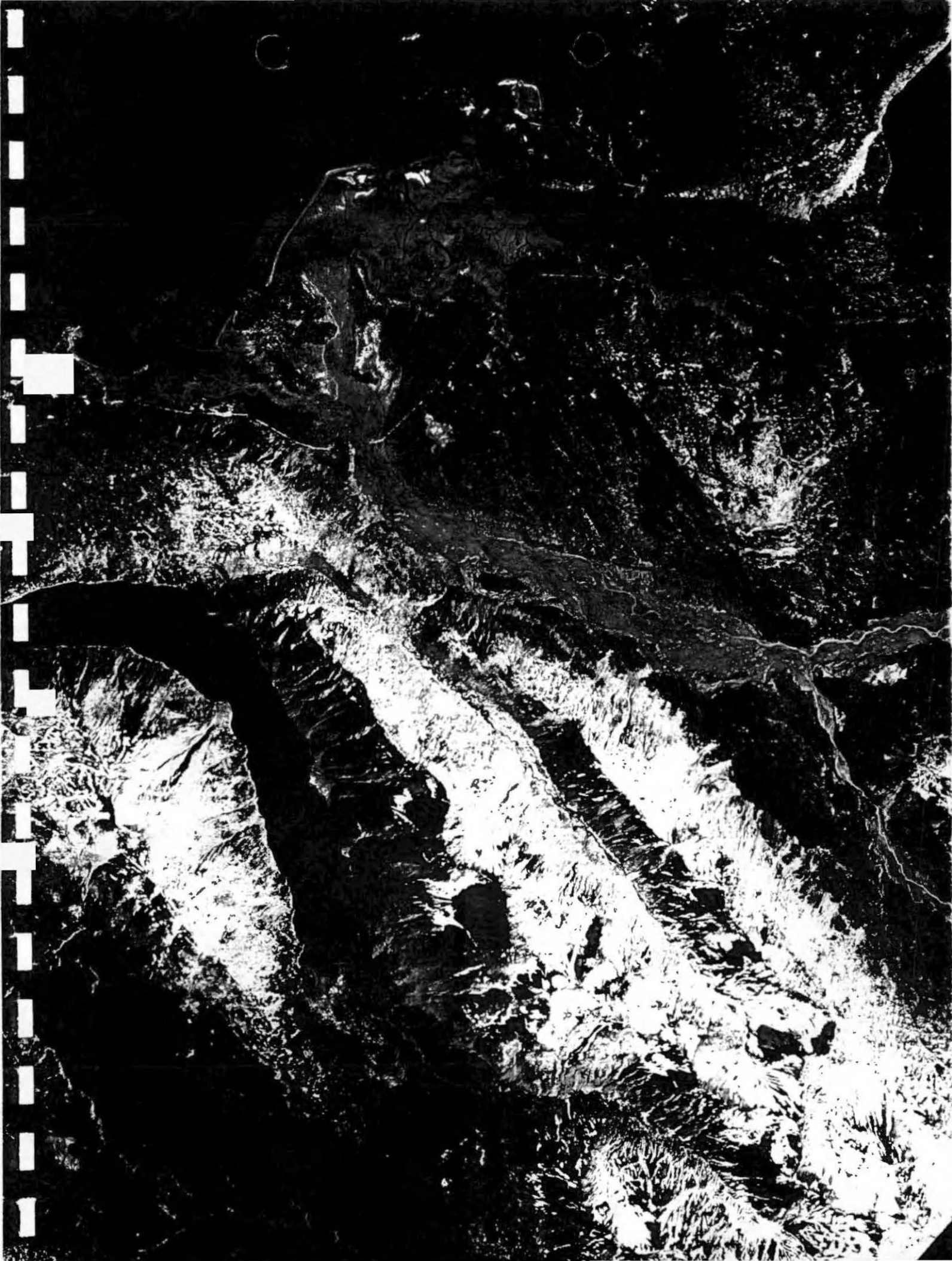
Michael Robbins, PhD, The Appraisal Journal, April 1987

Ralph Caldwell, Retired, Seattle

Subject









SUBJECT PROPERTY PHOTOS

Richard H. Follett, MAI
Eric G. Follett, MAI
December 26, 1989

#1 China Poot Bay
looking West. Homer
in background across
Kachemak Bay

ACE 7326684



#2 China Poot Bay
looking West from east
side of Subject

ACE 7326685



#3 East end of China
Poot Bay. Leisure Lake
in background.

ACE 7326686

SUBJECT PROPERTY PHOTOS

Richard H. Follett, MAI
Eric G. Follett, MAI
December 26, 1989

#4 China Poot Bay
Looking East

ACE 7326637

#5 China Poot Bay
Looking Southeast and
McKeon Flats

ACE 7326688

#6 Neptune Bay in the
foreground, McKeon Flats
and China Poot Bay in
the background.



SUBJECT PROPERTY PHOTOS

Richard H. Follett, MAI
Eric G. Follett, MAI
December 26, 1989

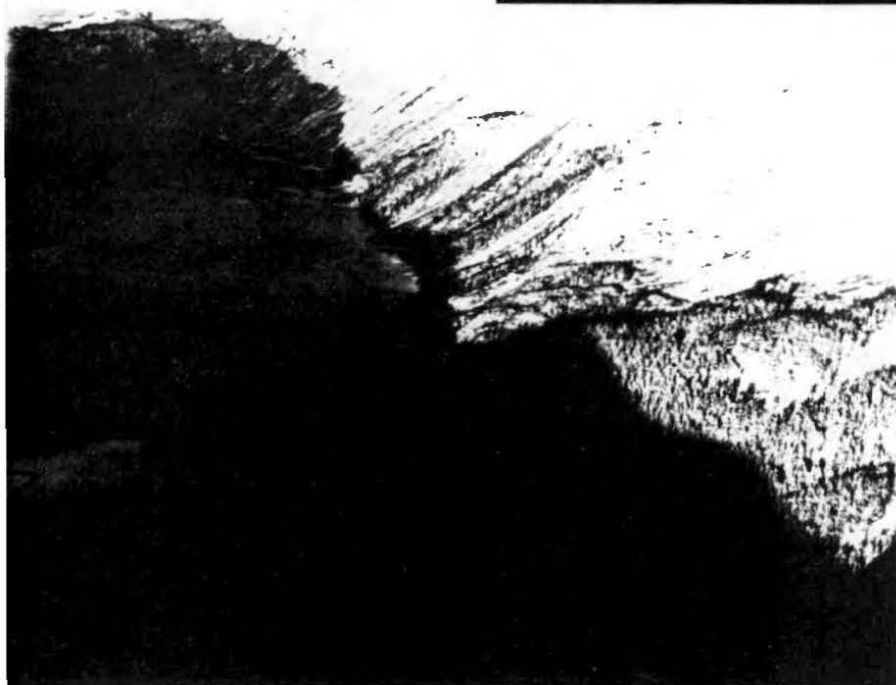
#7 Sadie Cove
Looking down the cove.

ACE 7326690



#8 East side of
Sadie Cove, looking
southeast.

ACE 7326691



#9 South end of Sadie
Cove, looking North.

ACE 7326692



SUBJECT PROPERTY PHOTOS

Richard H. Follett, MAI
Eric G. Follett, MAI
December 26, 1989

#10 Mouth of the
Doroshin River on
Neptune Bay and
McKeon Flats, looking
Southeast.

ACE 7326693

#11 Doroshin River and
McKeon Flats looking SE.

ACE 7326694



#12 Doroshin River
looking South, and
mouth of Hanging Creek
Valley.



SUBJECT PROPERTY PHOTOS

Richard H. Follett, MAI
Eric G. Follett, MAI
December 26, 1989



#13 Hills between
Doroshin River and
China Poot Bay,
looking Northwest

ACE 7326696



#14 Hills North of
Doroshin River,
looking Northeast

ACE 7326697

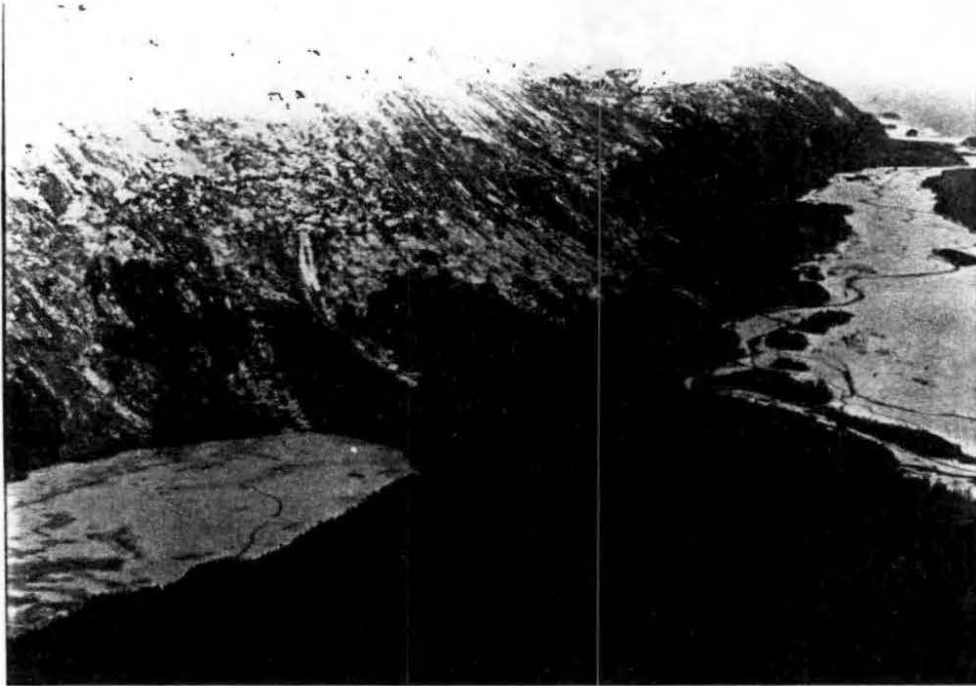


#15 Hills above Neptune
Bay, looking South

ACE 7326698

SUBJECT PROPERTY PHOTOS

Richard H. Follett, MAI
Eric G. Follett, MAI
December 26, 1989



ACE 7326699

#16 Hazelle Lake at left,
and Doroshin River at right, looking westerly



#17 Low lands and ridge near Hazelle Lake, left,
Doroshin River, right, looking Southwest

ACE 7326700

SUBJECT PROPERTY PHOTOS

Richard H. Follett, MAI
Eric G. Follett, MAI
December 26, 1989



#18 Mountain Ridges
south of Doroshin River
looking Southeast.

ACE 7325701

#19 Hanging Creek Valley
looking Southeast.



ACE 7325702



#20 Mountain ridges
above Doroshin River
looking Southwest.

ACE 7325703

SUBJECT PROPERTY PHOTOS

Richard H. Follett, MAI
Eric G. Follett, MAI
December 26, 1989

#21 Mountain Ridges
above Doroshin River
looking Southwest.

ACE 7326704

#22 Mountains at head
of Hanging Creek Valley,
looking Northwest.

ACE 7326705

#23 Mountains in south-
east corner of Subject,
looking Northwest.

ACE 7326706

SUBJECT PROPERTY PHOTOS

Summer Picutures
taken by Russell Winner
June 30, 1989

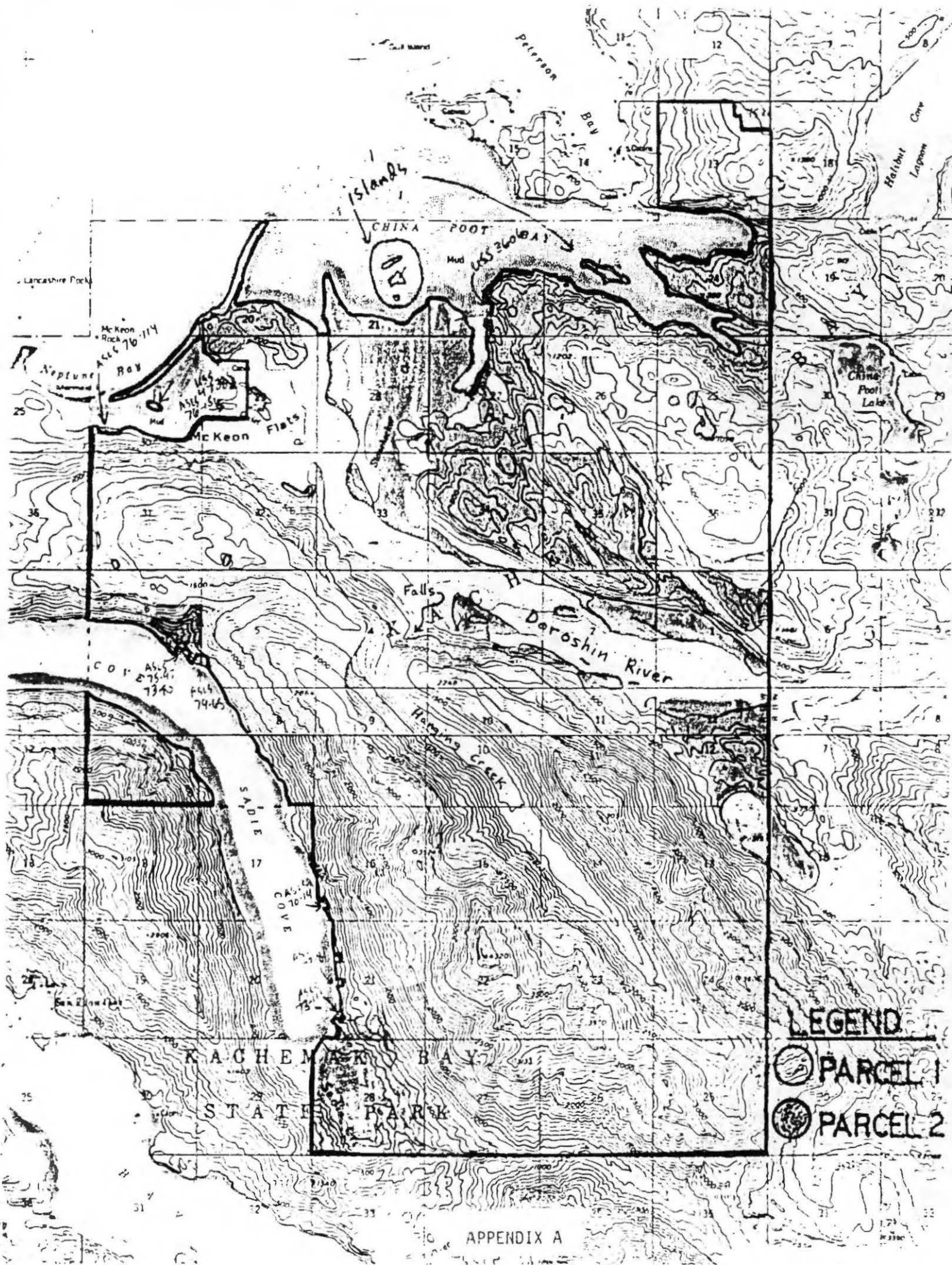
Hanging Creek Falls

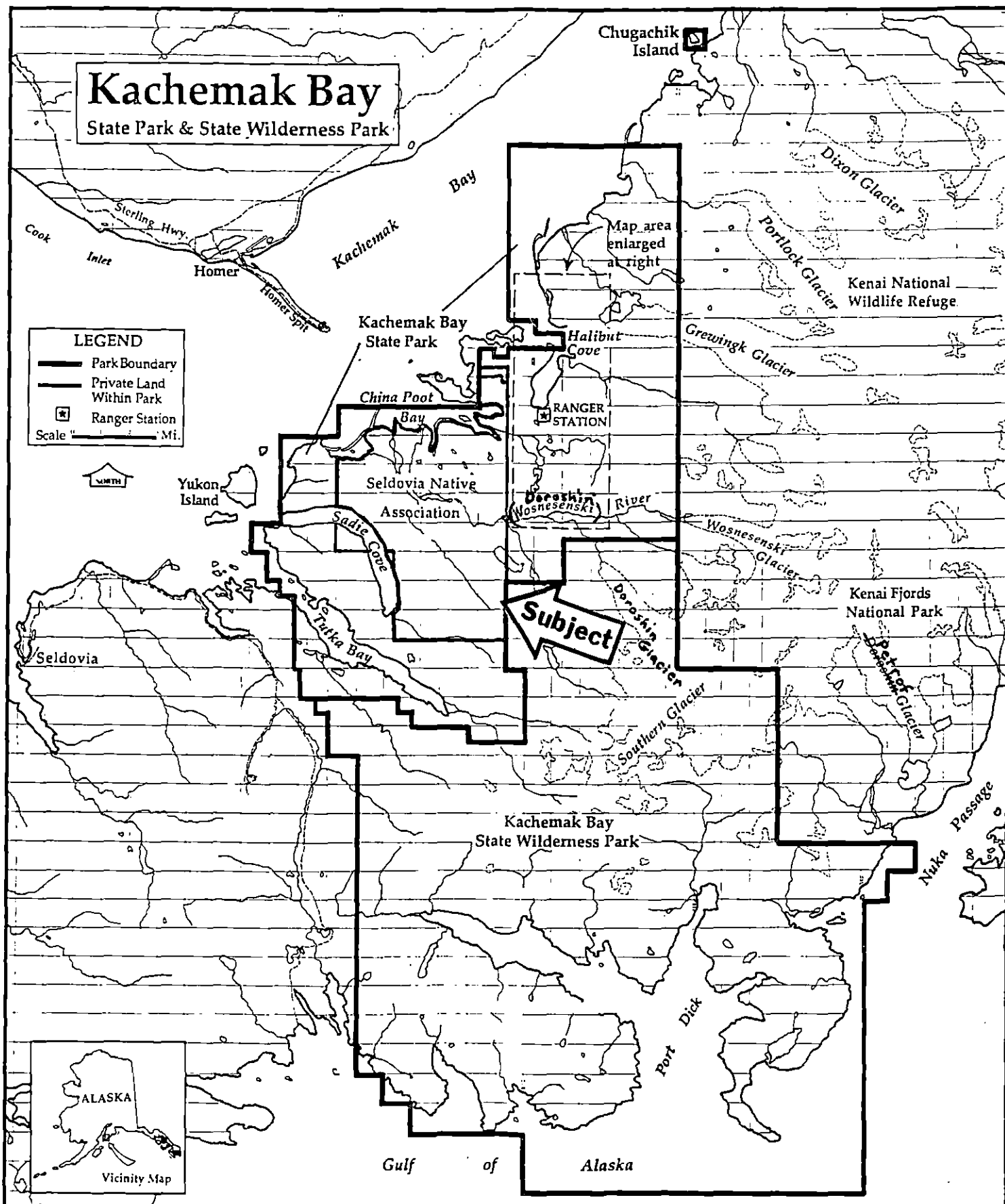
ACE 7326707

Looking Northeast from
Doroshin River near east
side of Subject

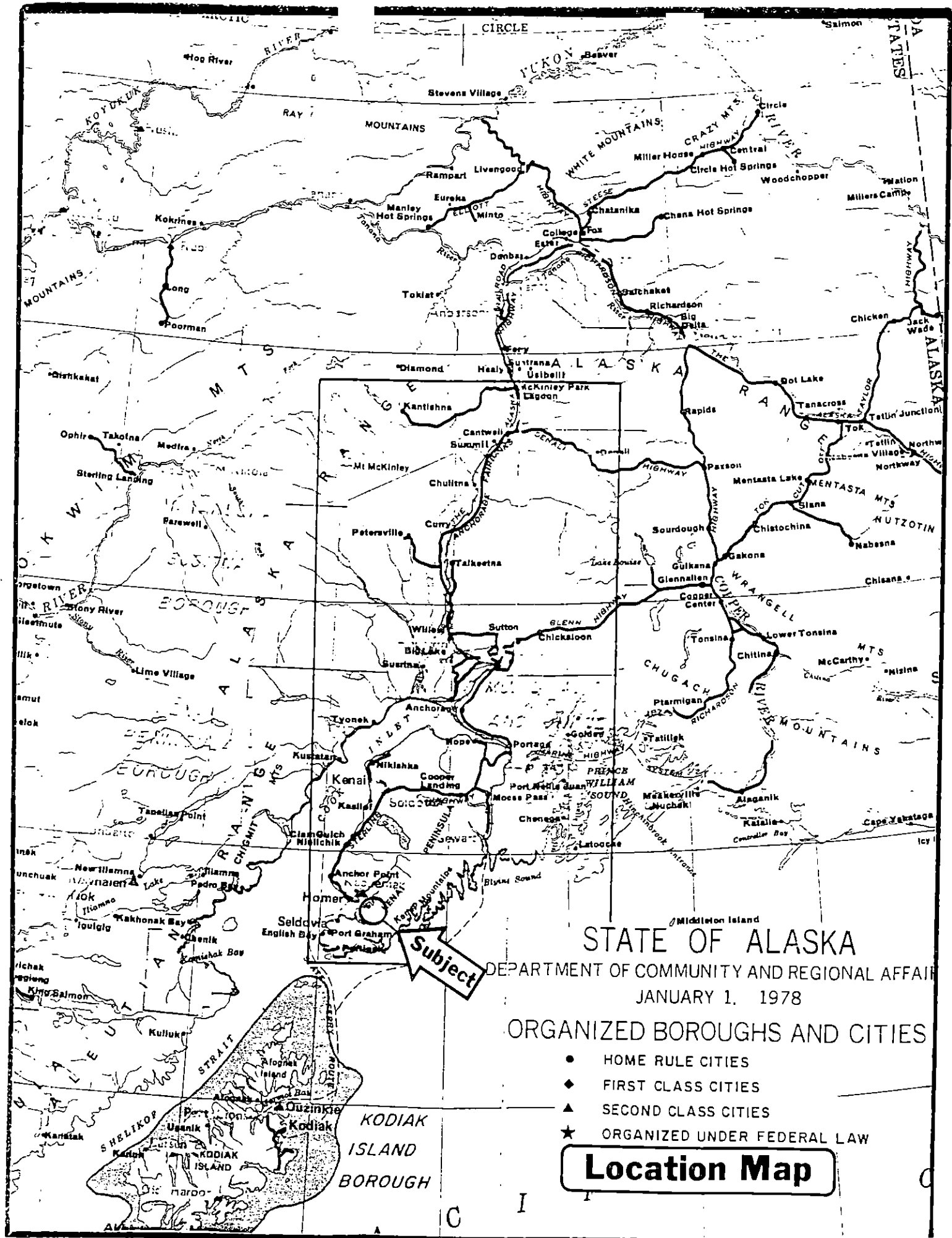
ACE 7326708

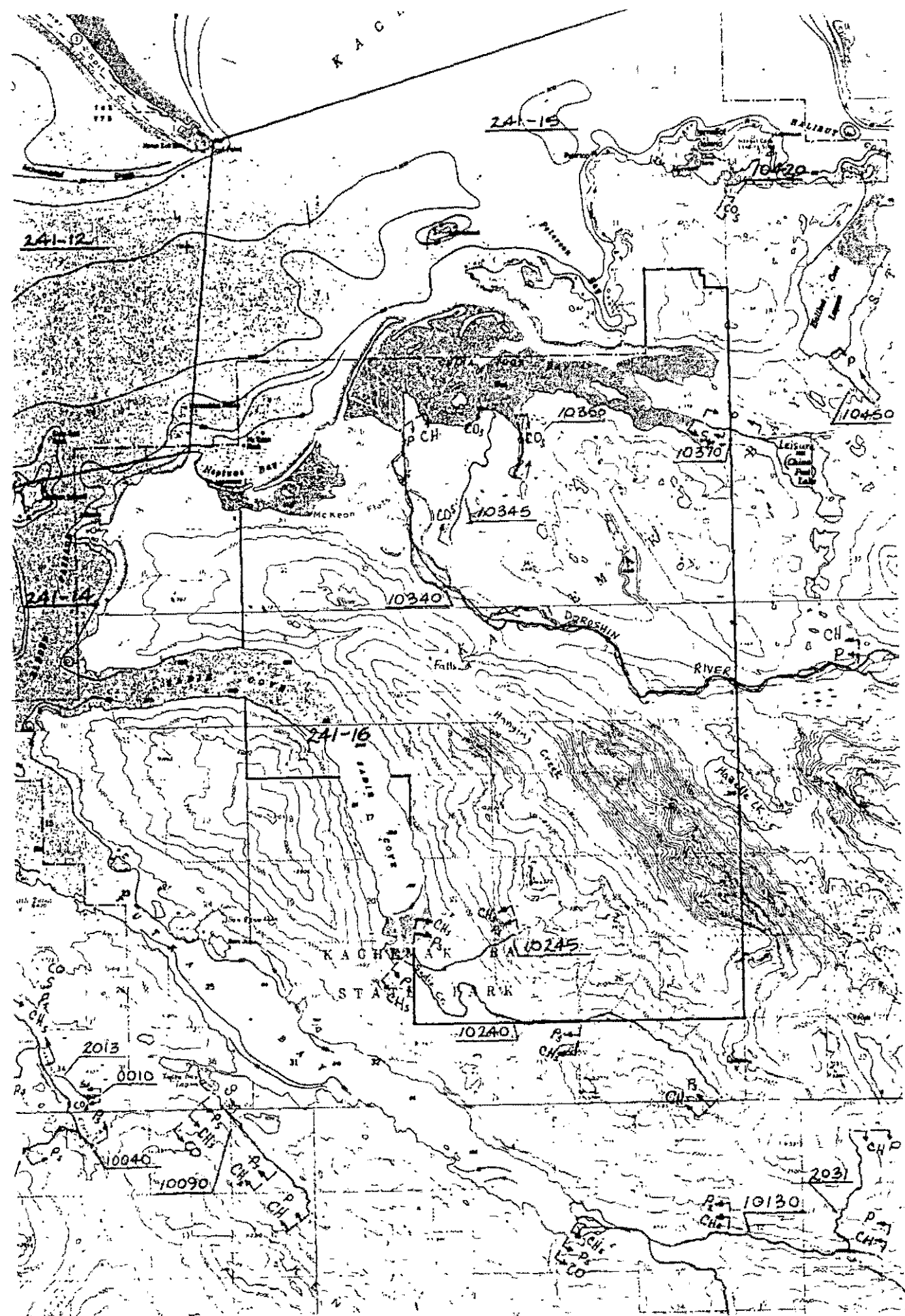
Looking South from
Doroshin River near
west side of Subject





Vicinity Map





LEGEND

S Sockeye Salmon
K King Salmon
CO Coho Salmon
P Pink Salmon

Subscript
1 - Known Spawning
R - Run

COMP.
DRAWN

DRC
CB
DRC



PROJ. TITLE

ANADROMOUS WATERS CATALOG

KEY: SPECIES/CROWN CLOSURE/VOLUME CLASS

LOGGING SYSTEM KEY

- HELICOPTER
- CABLE
- GROUND
- FEASIBLE ROADS

Lancashire Rocks

MAINLINE ROAD

McKeon

Rock

Neptune Bay

McKeon

NC

NC

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ACE 7326713

BACKGROUND INFORMATION

Kachemak Bay State Park was established by the Alaska Legislature in 1970. A year later, the United States Congress passed the Alaska Native Claims Settlement Act (ANCSA) which entitled Alaska Natives to receive land as settlement of aboriginal land claims, including land already transferred to the State. Seldovia Native Association (SNA) selected over 29,000 acres of its ANCSA entitlement from the lands within Kachemak Bay State Park. These selections included key coastline and other high public use areas.

In 1979, a Memorandum of Understanding aimed at resolving land disputes arising from ANCSA selections in the Kachemak Bay area was executed between the State, SNA, Kenai Peninsula Borough and Cook Inlet Region, Inc. (CIRI). Among the terms, the agreement committed the State and SNA to exchange Seldovia's inholdings in Kachemak Bay State Park for State land of equal value.

There have been four equal-value exchange attempts to date. Two small exchanges have been completed; two larger exchange attempts were unsuccessful. In 1983, the State acquired 3,578 acres of SNA land near Tutka Bay in exchange for 1,968 acres of State land elsewhere. In 1985, the State acquired 960 acres near China Poot Bay in exchange for 680 acres of State land elsewhere. Problems encountered with the exchanges include finding enough State land acceptable to SNA to equalize values within the park, deleting lands from the exchange due to competing public interests, and difficulties with the appraisal process.

Current Situation

Seldovia holds nearly 24,000 acres within the park, including most of the heavily used land surrounding China Poot Bay. SNA has sold timber cutting rights on 6,338 acres within the Park, as well as other nearby SNA land. Koncor Timber Company through its subsidiary Timber Trading Company (TTC), has a contract allowing them to cut SNA's timber during a 12-year period (from May 30, 1986 until April 30, 1999).

News of the SNA/TTC timber sale created renewed interest in a land exchange. As a result, on June 30, 1989, SNA, TTC, and the State entered into an exchange agreement. A pool of state land was identified and prioritized by SNA. This was to be appraised and the value used as the basis for an equal value exchange for the SNA lands within Kachemak Bay State Park. The State was to provide for the appraisal of these lands as well as an appraisal of various stands of state timber across Alaska. The state timber is to be traded for TTC's timber interest on SNA land in the Park. SNA was to provide for an appraisal of their land and TTC was to provide for an appraisal of their timber interest in the Park.

Appraisals of the SNA and State's and TTC's timber have been completed. It was the responsibility of each party to hire private professional appraisers to value their interest. Appraisals were to be completed as specified in the exchange agreement. The agreement provided for mutual review of all appraisals. It also provided for an opportunity to make comment to the other parties' appraisers, to present observed deficiencies in any appraisal. As a final resort the exchange agreement provided for enabling either party to conduct a new appraisal of any property, at their own expense, if they disagreed with an appraised value. The exchange agreement provides that the appraiser must be acceptable in writing to the other party.

Recent Action

With the exception of small portions of the State's timber appraisal effort, most appraisals for the proposed exchange have been completed. Both the SNA and the State have had an opportunity to review each others appraisals and render comment. On October 12, 1989, State and SNA representatives met, primarily to discuss concerns that State had with the appraisal of the SNA lands. Following that meeting it became evident that the State would elect to exercise its option to obtain a new appraisal of the SNA land. As a result, this appraisal was ordered by the State.

THE APPRAISAL PROBLEM - PARCEL 1 (19,325.5 Acres)

The appraisal problem is to determine the current market value of Parcel 1 under two scenarios. First, the parcel will be valued "as is", in its present condition and assuming the Parcel 2 is not logged. Under the second scenario, the appraiser will consider the affect on value, if any, as if adjoining Parcel 2 has been logged of its timber in accordance with applicable State and Federal laws and standards. The questions to be answered under the second scenario is whether or not there would be a change in the value of parcel I attributed to logging Parcel 2.

THE APPRAISAL PROBLEM - PARCEL 2 (4,435 Acres)

Parcel 2 is fragmented and virtually impossible to legally describe. Each fragment on the plat map represents an area which reportedly possesses "commercially viable timber" quantities. Rights to harvest timber on these lands have been sold by SNA to TTC.

The appraisal problem is to determine the current market value of the surface estate of this parcel, as logged of its timber, in accordance with applicable State and Federal laws and standards for its Highest and Best Use. "Surface estate" is defined as any legal use excluding locatable minerals, gravel, and fill resources.

The appraiser will assume that the size of this parcel, as configured in the map, equals 4,435 acres.

OSTENSIBLE OWNER

The Subject 23,760.5 acres are owned by the Seldovia Native Association as part of their entitlement under ANCSA. SNA's holdings represent the largest private ownership within the Park's boundaries. The Kenai area Division of Alaska State Parks Department estimates that there are approximately 100 additional private parcels within the Park's boundaries. Most are of 5 acres or less in size, and located along the coast. According to the Kachemak Bay State Park Management Plan (April 1988), most of these parcels predate the establishment of the Park, and were acquired through State and Federal disposal programs.

LOCATION OF SUBJECT PROPERTY

The Plat Map in the Preface of this report delineates the Subject property (SNA holdings), within the State Park boundaries that are proposed for exchange, and the Subject of this appraisal report. The boundary of the property is outlined. The green shaded areas within the boundary are Parcel 2 of the Subject property, which are appraised under the assumptions they are logged-off cutover land. The remaining area within the boundaries is Parcel 1, which is appraised "as is" under Scenario I and II. Parcel 2 of the Subject property is scattered acreage throughout the entire property, mostly of lowland areas along the waterfront.

LEGAL DESCRIPTION

The Subject property consists of 23,760.5 acres within Township 7 South, Range 12 West, and Township 8 South, Range 12 West, Seward Meridian. For a complete legal description, please see Appendix A in the Addenda, headed "SNA Lands to be acquired by State" - Legal Description. Also refer to the letter dated December 5, 1989 from Dennis L. Lattery from the Department of Natural Resources, Division of Land Management. The letter makes the following changes to the legal description for the Subject property. (1) US Survey 4738, containing approximately 78.5 acres in Section 29, T7S, R12W, SM is added to the Subject property legal description. (2) Sections 3, 10 and 15, T8S, R12W, SM each contain 640 acres for a total of 1,920 acres, rather than the 2,040 acres indicated on the legal description. Please refer to Attachment A, which was the legal description attached to the preliminary exchange agreement in 1985, from which the acreage areas were obtained for the current exchange legal description.

DATE OF APPRAISAL

December 26, 1989

PROPERTY RIGHTS APPRAISED

Fee Simple Interest "Surface Estate" as provided in the Alaska Native Claims Settlement Act (ANCSA).

THREE YEAR SALES HISTORY

The Subject property has not sold during the past 3 years. There have been ongoing negotiations with the State of Alaska for an exchange of this property for other state lands and timber since a Memorandum of understanding between the State, SNA, Kenai Peninsula Borough and Cook Inlet Region, Inc. was first executed in May 1979 as a means to resolve land disputes arising from Native selections in the Park area.

To date, two land exchanges totaling 4,538 acres of SNA lands also located within the Kachemak Bay State Park, and bordering the Subject property, located along portions of Sadie Cove and Tutka Bay, have been traded for other State lands. Two other exchanges have been attempted, but failed for various reasons. In 1987 SNA sold the timber on 12,400 acres of its inholdings to Timber Trading Company (a subsidiary of Koncor Timber Company) with a contract which allows the company to cut timber for a 12 year period beginning in May 1987. It was subsequently determined by Timber Trading Company (TTC) that 4,435 acres of the 12,400 acres have commercial potential on the Subject property.

Currently, there is an exchange agreement between all parties concerned, dated June 30, 1989, under which these lands and timber will be traded based on certain conditions being met. Please refer to the Preliminary Exchange Agreement for further details.

SPECIFIC ASSUMPTIONS

For the general Limiting Conditions and Assumptions that apply to this appraisal report, please refer to the two pages following this section.

Specific assumptions that apply to this property are as follows:

1. The appraiser has been instructed to appraise the Subject property as two parcels under two scenarios.

Scenario I: Parcel 1 is appraised "as is" assuming Parcel 2 is not logged.

Parcel 2 appraised assuming it is logged off cutover land, in accordance with applicable State and Federal laws and standards.

Scenario II: Parcel 1 is appraised "as is" in its present condition, assuming Parcel 2 has been logged of its timber in accordance with applicable State and Federal laws and standards.

Parcel 2 is appraised assuming it is has been logged in accordance with applicable State and Federal laws and standards.

2. In estimating the value of Parcel 2 as logged-off cutover land, the appraiser interviewed Charles Nash, Director of Timber Trading Company, for details concerning the logging operation, where roads would be built, type of roads, methods of logging, areas which would remain timbered, location of buffer strips and setbacks which would not be logged, details concerning location and type of loading operations, and other pertinent details concerning the logging of Parcel 2. It is assumed that Parcel 2 would be logged as indicated. In the Addenda of this report is a copy of the Logging Map prepared by TTC indicating the types, size and density of each cutting area, location of the main line logging roads, areas that would not be cut, and other pertinent information. The areas designated for cutting have the tree type, size and density information circled. Timber information not circled would not be cut in those areas; this is primarily the cottonwood stands along the Doroshin River.
3. The Subject property is unsurveyed land. The acreage areas of each Section and the total acreage area of Subject Parcel 1 and 2 were provided to the appraiser and are assumed to be correct.
4. The allocation of Subject Parcels 1 and 2 in each Section of the Subject property was based on available maps, interviews with Charles Nash of TTC and the appraiser's best estimates. The total is 4,435 acres as indicated in the Legal Description.

GENERAL LIMITING CONDITIONS AND ASSUMPTIONS

The following limiting conditions and assumptions, except where expressly stated to the contrary, are governing upon this appraisal.

1. This appraisal, or any information contained herein, shall not be used in a syndication or limited partnership.
2. Unless otherwise stated in this report, the property is appraised as though owned in fee simple estate. No legal questions such as titles, liens, etc. are considered.
3. All dimensions and legal descriptions are assumed to be correct as found through on-site inspection or through available records.
4. The information used in the data furnished is considered to be reliable. If any errors in this report are found, the right is reserved to modify the conclusions reached.
5. While various approaches to value and various mathematical calculations may have been used in estimating value, these are only aides to the formulation of the value estimate expressed by the appraiser in this report. In these calculations certain mathematical figures are rounded off to the nearest significant amount.
6. The data and conclusions contained in this report are a part of the whole valuation, and no part of this appraisal is to be used out of context. No individual part of this appraisal is necessarily correct, since it is only part of the evidence upon which the final valuation judgment is based.
7. Employment to make this appraisal does not require testimony in court unless mutual satisfactory arrangements are made in advance.
8. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards.
9. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the American Institute of Real Estate Appraisers or to the MAI or RM designation) shall be disseminated to the public through advertising media, public relations media, new media, sales media or any other public means of communication without the prior written consent and approval of the author.

10. The date of value for the opinions expressed in this report is the date of the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect those opinions.
11. No opinion is intended to be expressed for legal matters or for opinions that require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
12. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable. No encroachment of real property improvements is assumed to exist.
13. The maps, plats and exhibits included are for illustration only, as an aid in visualizing matters discussed in the report. They should not be considered as official surveys or relied upon for any other purpose.
14. No opinion is expressed as to the value of subsurface oil, gas or mineral rights. The property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.
15. Unless otherwise stated, no detailed soil studies covering the subject property were available to the appraiser. Therefore, assumptions as to soil qualities employed in this report are not conclusive but have been considered consistent with information available to the appraiser.
16. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
17. Acceptance and use of this report implies that the client has read and agrees with the facts, these conditions and conclusions. In the event of litigation, the client agrees to compensate the appraiser for the court preparation and testimony performed at his request; it is further agreed that FOLLETT & ASSOCIATES, and the individual appraiser's liability is limited to the amount of the appraisal fee.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the current market value of the Subject property, fee simple interest, "surface estate" as provided in the Alaska Native Claims Settlement Act (ANCSA). As instructed, the property is divided into two parcels and appraised under two scenarios.

Scenario I: Parcel 1, containing 19,320.5 acres is appraised "as is" assuming Parcel 2 is "as is" in its present condition. Parcel 2, containing 4,435 acres, is appraised as if it has been logged of its timber in accordance with applicable State and Federal laws and standards.

Scenario II: Parcel 1 is appraised "as is" in its present condition, assuming Parcel 2 has been logged of its timber in accordance with applicable State and Federal laws and standards. Parcel 2 is appraised assuming it has been logged of its timber according to applicable State and Federal laws and standards.

Market Value is defined as: "The most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

"Fundamental assumptions and conditions presumed in this definition are:

1. Buyer and seller are motivated by self-interest.
2. Buyer and seller are well informed and are acting prudently.
3. The property is exposed for a reasonable time on the open market.
4. Payment is made in cash, its equivalent, or in specified financing terms.
5. Specified financing, if any, may be the financing actually in place or on terms generally available for the property type in its locale on the effective appraisal date.
6. The effect, if any, on the amount of market value of atypical financing, services, or fees shall be clearly and precisely revealed in the appraisal report." *

* American Institute of Real Estate Appraisers, "The appraisal of Real Estate," 8th ed. (Chicago: AIREA, 1983), 33.

Many of the legal definitions of market value are based on the following:

"The highest price estimated in terms of money which the land would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable of being used."

* "Sacramento Southern R.R. Co. v. Heilbron" 156 Cal. 408, 104 P. 979(1909).

REGIONAL AND AREA DATA

The Kenai Peninsula is a wonderfully rich and varied region, known as a "playground" for the populous of Anchorage and South Central Alaska. Mountains and glaciers cover much of the Peninsula, but there are also extensive lowland forests and meadows. Abundant fish and wildlife populations contribute to the quality of life for many area residents and visitors. The major Kenai Peninsula communities are situated along the Peninsula's coast and rivers. The Kenai-Soldotna area has the region's largest population (1988 estimate = 10,276), and serves as its main government, retail and service center. Other major communities include Homer (population of 4,338) (the host community for Kachemak Bay State Park) and Seward (population of 3,463). The major economic basis for the region are oil and gas, commercial fishing and tourism.

The primary access point to Kachemak Bay State Park and the Subject property is from the city of Homer, located some 4 miles north of China Poot Bay across Kachemak Bay.

Homer was established around the turn of the century, but didn't have any significant growth until the Sterling Highway was extended to Homer in the early 1950's, connecting it with the rest of the Kenai Peninsula and Anchorage. Homer's population steadily grew during the 1970's and 1980's, from 1,083 in 1970 to 2,209 in 1980, and a present estimate as of July 1, 1988 of 4,338.

Fishing, tourism and government spending account for the largest sources of income to the Homer economy. It has a well developed harbor, highway access, airport with paved runway, and nearby lake with floatplane facilities.

Homer is the gateway city to Kachemak Bay State Park, and has numerous sight-seeing tour operators, charter fishing operators, air charter services, motels, Inns and restaurants to service the tourist industry. There is also regular ferry service to Halibut Cove, Seldovia, and tours of Gull Island.

The other significant town near the Subject property is Seldovia, located some 10 miles west of the Subject on Seldovia Bay. Seldovia is an incorporated city, located about 15 miles southwest of Homer on the south shore of Kachemak Bay. Commercial/industrial land uses in Seldovia include the American Salmon Company seafood processing plant at the north end of town, and the Seldovia Native offices at the south. The community includes a grocery store, variety of retail uses, 2 lodging facilities, restaurants, post office, etc. A small boat harbor is developed southwest of the city center. A dock is located near the northwest end of the city center, and serves the Alaska Marine Highway System. The Seldovia Airport is located east of the Seldovia slough with a 2,600' long gravel strip, adequate for the nonscheduled air taxis providing

service to and from Homer. The State Ferry Tustumena provides regular ferry service between Homer, Seldovia and Kodiak, except for early winter months of each year. Most of the residents live within the city limits; however, the town is expanding eastward along the Jakolof Bay Road to Barabara Point, McDonald Spit and Jakolof Bay. The population of Seldovia in 1980 was 479. The current estimate as of July 1, 1988 is 535 residents.

Description of Kachemak Bay State Park and Subject Lands

The following description of the Kachemak Bay State Park and lands within the Subject property have been extracted from the Kachemak Bay State Park Management Plan, dated April 1988.

Kachemak Bay State Park and Kachemak Bay State Wilderness Park encompass approximately 256,240 acres of land and water, with 143 miles of marine shoreline, that overlap the southern arm of the Kenai Peninsula. together they envelop, within their boundaries, the southern shore of Kachemak bay, coastal and alpine forests, expansive glaciers, lakes, the Kenai Mountains and the rock bays and water of the Gulf of Alaska. As one approaches the City of Homer along the Sterling Highway, these two state park areas provide the main focal point in the panoramic view of Kachemak Bay.

The parks were established in 1970 to be managed under two distinct definitions. The State Park was established as a "Scenic Park"; the Wilderness State Park was a "Wilderness park." For the purpose of this plan, both parks will be referred to as Kachemak Bay State Park.

In recent years, the parks have experienced an increase in use by recreationists from both in and outside the State. These parks offer a wide variety of recreational pursuits with include fishing, boating and kayaking along the coast, picnicking on alluvial beaches, clamming in sheltered bays and hiking in high alpine tundra. The parks are accessible only by boat or plane.

Existing uses of the park are primarily water-oriented. Fishing is by far the most popular activity. Private boats, water taxis, guided boat tours and rental boats commonly provide access to park lands and waters. The Homer harbor facility serves as their main departure point.

Other recreational activities center on the park's mountains, lakes, and glaciers. mountaineering, skiing and backpacking are largely unrelated to the marine activities. Though the marine activities are most popular, these other activities are being enjoyed by a growing number of recreationists.

Halibut Cove Lagoon, northeast of the Subject, attracts large numbers of sport fisherman during the king salmon season. The 1987 harvest of king salmon was estimated at 1,750 fish. The Grewingk Glacier Spit area, northeast of the Subject property, is known primarily for camping, hiking, clamming, sportfishing and beachcombing. Large numbers of people hike the area trails to view the toe of the glacier or hike up to the alpine country. The Humpy Creek trail provides access for anglers.

The northwest portion of the park, including part of the Subject property, runs from Neptune Bay to the park boundary at Tutka Bay. This area is far more rugged and wild than the northeast park area, with steep mountain slopes plunging directly into the ocean at Sadie Cove and Tutka Bay. There currently are few attractive overnight camping areas or hiking trails.

A major portion of the park's visitation is derived from the Department of Fish and Game's fish hatchery program at Tutka Bay Lagoon which attracts many anglers. Generally at least 8,000 pinks are caught annually by sports fishermen. Halibut fishing, crabbing and shrimping are all popular activities in Tutka Bay.

Between the northwest and northeast segments of the park is China Poot Bay, within the Subject property. The major recreational attraction in this area is the July run of sockeye salmon. The Department of Alaska Fish & Game records indicate a harvest of 20,000 fish in 1987 with the sport catch accounting for 5% of the total. This fishery is in the experimental phase, and numbers are expected to increase. The China Poot Bay estuary is also known as a major bird breeding and rearing area, and attracts many naturalists, photographers and wildlife students.

Activities and use patterns in Kachemak Bay State Wilderness Park are not well known. The overall number of visitors is believed to be small, with hunters, commercial fishermen and mountaineers making up the bulk of the area's visitation. Access to the wilderness park is severely limited.

Physiographic Features

Both glacial and dystrophic forces have been active in shaping the present features of the landscape of the Kachemak Bay area. Glacial valleys and outwash plains dominate most of the area. However, three significant fault zones have contributed heavily to the shaping of the area.

The Halibut Fault Zone and Doroshin Fault Zone have truncated the glacial valleys that extend seaward from Wosnesenski, Doroshin and several other smaller glaciers. These faults also form the landward boundaries of a wedge-shaped area of complex block faulting that includes China Poot Bay, Peterson Bay, Ismailof Island, Halibut Cove, Halibut Cove Lagoon, Leisure Lake and several unnamed lakes in the Halibut Cove Lagoon rift zone and in the block area itself.

The Kachemak area is a seismically active area. The severe Good Friday earthquake of March 27, 1964, markedly affected Homer. The primary effects were subsidence, earth flows, landslides and minor fissuring. Measurement taken along the south side of Kachemak Bay indicates that the total subsidence was from three feet near Halibut Cove to nearly six feet at Seldovia.

As a result of this very recent devastating earthquake, a major portion of the land forms of the Kachemak area are extremely "youthful." This is particularly true as related to coastal features and the mouth of the Doroshin River, which now opens principally to Neptune Cove, whereas, at the time of the last U.S. Geological mapping (1961 aerial photos), it entered China Poot Bay. It is noteworthy that there have been substantial tree kills as far inland as one mile along the Doroshin River and Fault Zone, and all along the pits and bars of China Poot Bay and the outwash plains of Grewingk and Partlock Glaciers.

Most of the Kachemak area has slopes in excess of 30%. The notable exceptions are the outwash plains of Grewingk and Portlock glaciers, the Doroshin River valley and several small isolated areas in the interior valleys.

It should also be noted that several parts of the region are subject to avalanches and landslides. Several avalanche scars exist on the peaks forming the south edge of Doroshin River valley, and Sadie Cove shows extensive avalanche scars along most of its length.

Soils

No soils maps have been prepared of the Kachemak area; however, it appears that five types of soils exist:

Tundra soils above approximately 2,500 feet of elevation.

Forest soils developed under the forest canopy with a high percentage of organics, very light, poor mechanical strength.

Marsh soil developed at the confluence of rivers and tidal flats or in bogs, are highly organic, fine percolated and retain moisture.

Alluvial soils developed along the course of streams, are granular and well-drained but relatively low in organic content.

Residual soils are poorly developed granular soils which have developed as parent material has been weathered through mechanical and/or chemical processes.

Economic Geology

Existing data does not show any mineral deposits within the park. Within the adjacent area, however, are lignite coal deposits, chormite, beach sands with placer gold, as well as limestone and copper. Chromite and ferrous metals are found in the outwash plain of Grewingk Glacier and it has been reported that placer gold has been found in the vicinity of Grewingk Glacier and the upper reaches of Sadie Cove and Tutka Bay.

Climate

Along both sides of Kachemak Bay annual precipitation amounts to nearly 25 inches. Although no data exists from the Kenai Mountains in the Park, an annual precipitation amount of over 60 inches has been estimated. Snowfall is estimated at 55 inches with up to 3 times that amount at the higher elevations. On north slopes in areas sheltered from winds, snow remains on the ground until well into the summer, especially at high elevations. Avalanches are a problem on steeper slopes, especially where ridges are subject to cornicing by the wind, as evidenced in much of Sadie Cove, portions of Tutka Bay and most of the higher mountains.

Temperature

The Homer Airport temperatures should be representative of the temperatures over most of the Kachemak area. Average summer maximum temperatures are only about 60°F, although a high of 80°F has been observed. With increases in elevation, the mean temperature will decrease about 3°C for each 1,000 feet of elevation. The coldest winter minimum temperatures occur in january when they average a little over 14°F. Temperatures to -21°F have been recorded. In low areas subject to cold air ponding, freezing temperatures may occur during the summer.

Winds

The area is well sheltered from strong winter winds although the open areas of Kachemak Bay, particularly at the mouths of Tutka Bay, Sadie Cove and Doroshin River, can expect stronger winds, especially during the winter. The winds along the Gulf coast side of the Park can be much more intense.

Daylight

Seasonal variation in the length of daylight at this latitude is great enough to affect recreational activities. About 19 hours of daylight can be expected in June, and about 6 hours in December.

Hydrology and Hydrography

The hydrologic setting in Kachemak Bay State Park consists of four primary zones: marine zone, freshwater lakes and bogs, glacial and freshwater streams, and glaciers.

Marine Zone: The marine zone is, perhaps, the most influential zone when considering the overall hydrologic features. The tides in Kachemak Bay State Park have a daily average range of 15.4 feet. The tidal extremes range from approximately 23.2 feet high tide to approximately -5.9 feet low tide.

Freshwater Lakes and Bogs: There are six lakes within the park area that have over 100 acres of surface area. There are also numerous small lakes throughout the entire park.

Glacial and Freshwater Streams: There are two main stream types in Kachemak Bay State Park: (1) the streams formed by glaciers, and (2) streams formed by the fault blocking of the local terrain.

Glaciers and Icefields: Grewingk Glacier, Portlock, Wosnesenski, Doroshin and Southern Glaciers and many small unnamed glaciers that flow from the Harding Ice Field in the Kenai Mountains contribute a significant portion of the total volume of water that flows through and from the park.

Water Quality: The water in Kachemak Bay State Park is of excellent quality. The only factor affecting the overall quality of water is the silt and glacial flour in those streams originating at glaciers.

Vegetation

Kachemak Bay has a very wide variety of vegetation ranging from the tidelands and coastal marshes with their unique grasses, through the coastal forest of spruce and hemlock and up the mountain slopes where the alder thickets give way to alpine tundra and meadows. This wide variety of vegetation makes Kachemak Bay State Park unique. It is not often that the recreationist can find such variety of vegetation in one park. Most of the lowland forested areas of the Subject property are included in Parcel 2 and are assumed to be logged in this appraisal.

Wildlife

Kachemak Bay, bordering the northwest side of the park, has a great variety of ocean birds, porpoises, whales, fish, seals and crustaceans. Mollusks, arthropods and shorebirds can be found on the beaches and in the tidal pools along the seashore. The forests are populated with many of the wildlife species common to Alaska, from the red squirrel to the moose. Above the forest, in the alpine zone, are found ptarmigan, mountain goat

and hoary marmot. This wide variety of wildlife is one of the greatest assets and attractions to the park.

Five major habitat types may be found in Kachemak Bay State Park. They are: marine, seashore and tidal marsh, forest, alpine and freshwater.

Marine Habitat: The marine habitat encompasses the saltwater areas within the park area. It was differentiated from the seashore and tidal marshes because of the continuous water coverage as opposed to the tidal fluctuations of the seashore and tidal marshes. Many of the species travel between the two and use both habitats for the life fluctuations. Ocean birds spend a considerable amount of time on the water, but come ashore for breeding and nesting. Seals are found in both habitats and spend a good part of the time on shore.

The most common seabirds observed along park waters are: common murre, black-legged kittiwakes, cormorants, glaucous-winged gulls and tufted puffins. Gull Island, lying just offshore between Peterson Bay and China Poot Bay, is an important rookery for these seabirds. This island is part of the Alaska Maritime National Wildlife Refuge. It is estimated that over 8,000 seabirds nest on Gull Island along the rocky shore, and line cliffs in and near the park.

Sea Otters are found both in Kachemak Bay and in the Gulf of Alaska.

Seashore and Tidal Marsh Habitat: The seashore/tidal marsh habitat can be described as a band between the marine and forest habitat. here can be found the largest variety of animal life of any of the habitats. Mollusks, arthropods, starfish and dozens of other forms of sea life are found in this zone. These seashore animals make up the diet of a large number of shorebirds that inhabit the area.

The marshes in this zone provide some nesting areas and resting stops for migratory waterfowl.

Forest Habitat: The forest habitat ranges from the tidelands up the mountain slopes until the vegetation is reduced to alpine grasses. This forested area provides cover and protection for most of the fur bearing animals in Kachemak Bay State Park.

Bald eagles frequent the shores of lakes, rivers and bays. Its food consists largely of fish and it very seldom nests any great distance from where this food can be obtained in abundance. A good population exists over most of the suitable habitat in Kachemak Bay State Park.

The coyote ranges over many habitats from sea level to well up into the mountains. These animals are present but sparse in the park.

The red fox prefers broken country, criss-crossed with hills and draws.

There is a good population of black bear in the open forest areas of the park. Semi-open forest areas composed primarily of fruit-bearing shrubs and herbs, lush grasses and succulent forms are particularly favored. Expansive open areas are generally avoided by black bears, but they can be found in all terrestrial habitat types within Kachemak Bay State Park.

Wolf activity is evident in some areas within Kachemak Bay State Park, although few actual sightings have been reported.

A small moose population exists within the park, with the best concentration in the lowlands and areas of glacial riparian disturbance.

The occurrence of brown bear is limited within the boundaries of the park. The park does contain good brown bear habitat, but there have been few actual sightings.

Other mammals found in this zone are ermine, river otter, mink, marten, wolverine, lynx, hoary marmot, red squirrel, porcupine, snowshoe hare, short tailed weasel, flying squirrel, spruce grouse and ptarmigan.

Alpine Habitat: Mountain goats are the major mammal in alpine areas. they normally summer in high alpine meadows. Most goats migrate from alpine summer ranges to winter at or below treeline. Recent surveys by Alaska Department of Fish and Game indicate healthy goat populations in most management units within Kachemak Bay State Park.

Fresh Water Habitat: All of the fresh water streams and lakes that support fish life were designated as fresh water habitats. Some of the streams in the park are spawning areas for salmon.

Dolly varden are found in all the bays and coves of Kachemak Bay, as well as in clear streams and lakes.

Pink salmon return to several spawning creeks on the Subject property, including Leisure Creek, Sadie Creek and clearwater streamlets of the Doroshin River.

King salmon, are found in the Tutka Bay area and in Halibut Cove Lagoon, where smolt have been planted by the Alaska Department of Fish and Game since 1973.

Silver salmon are seasonally found in Peterson Cove, China Poot Bay and at the head of Sadie Cove. Streams on the Subject property containing runs of Silver salmon include Stonehocker Creek and Silver Creek.

Chum salmon are found in Sadie Creek, and clearwater streamlets of the Doroshin River.

Sockeye salmon are found in Leisure Creek as they migrate to spawn in Leisure Lake (China Poot Lake).

Rainbow trout inhabit Leisure Lake (China Poot Lake).

Existing Facilities

Several campsites, trailheads, trails and associated facilities have been developed in the park. Sites such as Rusty's Lagoon, Halibut Cove Lagoon, Glacier Spit, Tutka Lagoon and China Poot Lake, have had some facility development. These developments include trailhead and trail signs, bulletin boards, pit latrines and fire grates.

China Poot (leisure) Lake is a popular destination for hikers and fly-in groups. Two private cabins exist on the lake. The Alaska Department of Fish and Game operates a small field camp during fishery enhancement projects. Two small campsites have been constructed at the mouth of the inlet stream where camping is popular.

Tutka Lagoon is the site of a large scale Department of Fish and Game fish hatchery. It is a popular sport and commercial fishing area. Several buildings for housing, research and storage have been constructed in the area.

Alaska Department of Fish and Game has an administrative cabin near Port Dick Creek, on the west arm of Port Dick.

On the north side of China Poot Bay, on the Isthmus between Peterson Bay and China Poot Bay, in Section 14, is located the Kachemak Bay Wilderness Lodge, operated by Mike McBride. It offers a wide variety of recreational and wildlife viewing opportunities.

There is also a commercial lodge on the north shore of Sadie Cove in Section 6, at the mouth of a small stream. The following 4 pages outline the Park Management Units, covering most of the Subject property. They are Unit II, covering the Sadie Cove/Tutka Bay area, and Unit IV, covering the China Poot Bay area.

PARK MANAGEMENT UNITS

UNIT II - SADIE COVE/TUTKA BAY

Characteristics

This unit contains most of the park lands and waters along the northwestern boundary of the park including Tutka Bay (except those portions in Unit I), the uplands between Tutka Bay and Sadie Cove (up to the 1,000 foot elevation), Sadie Cove and the state-owned land on the western shore of Sadie Cove (up to the 1,000 foot elevation) and park lands in Neptune Bay. This unit is characterized by two large glacier carved fjords that indent the mountains from Kachemak Bay. This unit contains tidelands, marshes, spruce/hemlock forests and some alpine vegetation zones.

Moose, black bear and mountain goats comprise the major mammals, though they are limited in population. Halibut and pink salmon are the major fish species. Bald eagles are common throughout this unit and are known to nest here. Marine life associated with Kachemak Bay include crab, clams, mussels, marine invertebrates, otters, seals, seabirds, Minke and Killer whales and porpoises.

This unit contains numerous private inholdings located mostly along the northeastern shoreline of Tutka Bay and Sadie Cove. ADF&G operates a large scale salmon hatchery complete with housing, warehouse, rearing pens and storage buildings in Tutka Lagoon. Sadie Cove rock quarry is a disrupted site located on the coastal point between Sadie Cove and Tutka Bay.

Use Patterns

Visitation to this unit is overwhelmingly water-oriented. Salmon fishing during July is very popular in Tutka Bay. Halibut fishing is also quite popular in Tutka Bay and Sadie Cove. The shoreline is dotted with many private inholdings, generally of five acres or less in size. Access is by boat or plane, except for a foot trail to Tutka Lagoon from the Rocky River road out of Seldovia. This unit is heavily used by both sport and commercial fishermen, kayakers and pleasure boaters. A commercial lodge operates in Sadie Cove.

Opportunities, Constraints

The steep terrain of this unit generally limits use to sites adjacent to saltwater. Fishing and boating are the primary focus of recreationists in this area. The dramatic vertical rise of the interior lands above the two fjords creates spectacular scenic vistas. The large number of private inholdings indicate that DPOR needs to monitor use of adjoining park lands and work cooperatively with the landowners in management of park lands. Access to the uplands is limited by the terrain and lack of trails.

Management Intent

This unit will be managed as a natural zone. The Sadie Cove rock quarry should be considered as a possible site for a campground with a dock facility. The feasibility of a trail leading from the rock quarry up the ridge line should be studied. It is recommended that an additional field ranger be stationed in this area. The division should enter into an agreement with ADF&G for temporary housing and support facilities at the Tutka Lagoon Hatchery until such time that a ranger station could be constructed. The Tutka/Jakolof trail should be upgraded, and a Memorandum of Understanding developed with Seldovia Native Association for maintenance of the trail section on their land.

Note: Portions of this unit lie within the boundaries of private land owned by the Seldovia Native Association. If a land trade is not completed to acquire this land from SNA then DPOR has two options: (1) remove these lands from this unit and not pursue any management intentions, or (2) negotiate a cooperative management agreement with SNA and manage accordingly.

PARK MANAGEMENT UNITS

UNIT V - CHINA POOT BAY*

Characteristics

This unit contains most of the lower Wosnesenski/Doroshin River drainage north and includes Neptune Bay, McKeon Flats and China Poot Bay. It is comprised mostly of lowland spruce forest, tide pools, mud flats and sand bars with China Poot Bay as the major ecological feature. It provides outstanding habitat for sea and shore birds, crab species, mussels, shrimp, seals, moose and black bear. Bald eagles nest in this unit and are frequently observed. The China Poot Bay area has seen a moderate amount of development by private landowners. The China Poot Bay Society, a non-profit organization developed for the study and conservation of this coastal environment, operates the Alaska Center for Coastal Studies in Peterson Bay.

Use Patterns

The primary user groups in China Poot Bay are involved in commercial fishing, sport fishing, guiding, sightseeing, photography and day hiking along the beaches and sand bars. The bay is also the site for outdoor educational/research activities of the Center for Coastal Studies. A rough, unmaintained trail exists from the bay to China Poot Lake. ADF&G fisheries enhancement projects attract large numbers of fishermen to the bay during red salmon season.

Kachemak Bay Wilderness Lodge, located near the park in China Poot Bay, provides lodging and opportunities for fishing, clamming, photography, hunting and hiking.

Opportunities, Constraints

Opportunities for recreational development of this unit focus on its outstanding natural and scenic values. The existing use patterns suggest that this unit should be managed for its wide range of recreational enjoyment of these natural and scenic values.

Most of this unit is currently owned by the Seldovia Native Association. The state still retains ownership of the tidelands and waters of China Poot Bay.

Management Intent

This unit will be managed as a Natural Zone.

Campsites, trailheads and trails to inland areas are recommended. The existing trail from China Poot (Leisure) Lake to the bay needs to be upgraded. As in the other "management intent" sections for natural zones in other management units all facility

development should stay within the legislative intent and protect the scenic and natural qualities of the park.

If a land trade is not consummated, then the Division of Parks and Outdoor Recreation and SNA should enter into a Cooperative Agreement that will allow for trail construction/maintenance and basic facilities.

* This unit to be removed if DNR efforts for a land trade with SNA are abandoned. The remaining park lands will be added to the other units - II and III, and will retain natural zone designation.

SUBJECT PROPERTY DESCRIPTION

Size and Area

The Subject whole property has a total area of 23,760.5 acres, as indicated by the legal description of the property, as modified by the additions and corrections indicated in the letter from Dennis L. Lattery, Division of Land and Water Management, dated December 5, 1989 (see Addenda). The Subject property encompasses most of the shoreline along the south side of China Poot Bay and Neptune Bay, extending southward some 7 miles, bordering the eastern side of Sadie Cove, with a non-contiguous parcel also located along the west side of Sadie Cove. Please refer to the Plat Map in the Preface and legal description of the Subject property for further clarification.

The Subject property has been divided into two parcels, since the logging rights for the timber in the lowland areas has been sold to Timber Trading Company. Parcel 1 contains no "commercially viable timber", and has a total area of 19,325.5 acres. Parcel 2 is appraised assuming the "commercially viable timber" has been logged off. This parcel contains a total of 4,435 acres, and is found in non-contiguous, scattered areas of the Subject property, mostly in the lowland areas along the marine waterfront, rivers, lakes and streams.

Physical Description

The Subject property has widely varying physical characteristics ranging from marsh tidelands along China Poot and Neptune Bay to the level McKeon Flats and Doroshin riverbottom areas, to moderately sloping and steeply rolling uplands located mostly north of the Doroshin River drainage, and steeply sloping mountainous regions with elevations up to 4,000 feet, located south of the Doroshin river drainage.

Due to the wide variety of physical land classifications within the Subject property, the appraisers have inventoried the physical characteristics on a Section by Section basis as follows:

TOWNSHIP 7 SOUTH, RANGE 12 WEST

Section 13, containing 575 acres, has marine access with about one mile frontage and protected moorage on China Poot Bay. It also has walk-in access from Peterson Bay. This Section is wooded with spruce trees, but will not be logged. Topography is moderately downsloping from east to west, and very steep along China Poot Bay. Numerous Eagle's nesting trees are found in this area. A power line runs through the southwest corner..

Section 19 contains 5 acres at the base on Neptune Bay Spit, with marine frontage on Kachemak Bay and marine moorage. It is partially wooded, but will not be logged. Topography is gently upsloping, with good soils conditions. This portion of the Subject property will be the terminus of the logging road, and off-loading site for the timber harvesting of Parcel 2.

Section 20 contains 375 acres with frontage on the mud flats of China Poot Bay, plus Kachemak Bay frontage and moorage on the west side. The north 2/3rds of the Section is mud flats. The uplands in the south third of the Section are gently upsloping. The uplands will be logged. An underground transmission line traverses this section from north to south.

Section 21 contains 145 acres. It has marine frontage on China Poot Bay across long mud flats at low tide. There is a small island in the mud flat. Moorage is questionable, and a long way from the mainland. All of the upland will be logged, providing interior road access. Topography is nearly level.

Section 22, containing 370 acres, is located on the south shore of China Poot Bay with marine frontage on mud flats. This Section will be logged, and logging roads will provide interior access. The eastern half of the section is moderately upsloping from the water to a level benchland. The west half of the Section is level and mostly low-lying grasslands with some timber along Stonehocker Creek, which has a salmon run. Timbered areas will be logged. A transmission line traverses the section from southwest to northeast.

Section 23 containing 315 acres includes a small point in China Poot Bay, and a 30 acre island. The property has extensive marine frontage on China Poot Bay with boat and floatplane access, and moorage in the north part of the bay across the mud flats. The Section will be logged, and logging roads will provide interior access. Topography of the island and point is moderately sloping, and the mainland is moderate to steeply sloping. There is a transmission line traversing the section.

Section 24 contains 420 acres, and consists of a point of land extending into China Poot Bay. It has marine access via floatplane and boat, with protected moorage. This Section will be logged. The topography is gently to moderately sloping. Leisure Creek borders the south side, and has excellent seasonal salmon fishing.

Section 25 contains 620 acres, and has the benefit of China Poot Bay frontage on the north side, plus frontage on Leisure Creek which has excellent salmon fishing. The mud flat has water only at high tide, limiting boat and floatplane access. Moorage is some half mile north in deeper water of China Poot Bay. The northeast 1/3 of this Section will be logged. The topography is gentle to moderately sloping, with a steep section running from

the northwest corner to the southeast corner. There are several small lakes ranging up to 40 acres in size, in the southwest quarter of the Section.

Section 26 contains 640 acres with no marine frontage. The Section is wooded with smaller spruce and natural vegetation, and will not be logged. There are two small lakes in the southwest quarter, providing recreational opportunities. Topography is moderate to steeply sloping.

Section 27 contains 640 acres, is just inland of China Poot Bay. Silver Creek, a small salmon stream flows through the Section. There is no usable marine frontage and no boat moorage. This Section will be logged, and logging roads will provide interior access. Topography is mostly level except the east third is moderately upsloping. There is a small 20 acre lake with mostly swampy frontage. An electrical transmission line traverses the northwest corner.

Section 28 contains 640 acres, and all of the upland will be logged, providing interior road access. This Section is mostly level. Doroshin River flows along the west side of the Section. There is a small lake in the southeast corner, and Stonehocker Creek flows through the east half of the Section. An electrical transmission line traverses the section from southwest to northeast.

Section 29 contains 488.5 acres. This section has marine access from Neptune Bay, with frontage on the bay over mud flats. The Doroshin River cuts through the center of the Section, and empties into Neptune Bay. A portion of the north half of this Section will be logged, which will provide interior access via logging roads. The topography is mostly level, and is known as the McKeon Flats. An underground transmission line traverses the section from north to south.

Section 30 contains 408 acres. There is about 160 acres in the south one-quarter which is uplands, and the rest of the Section is mud flats and Doroshin River Delta. Access is from Neptune Bay on which it has about one mile of waterfront. There is good moorage in the west portion of Neptune Bay near the inholding lots. This property will not be logged. The property slopes steeply upward from Neptune Bay. An electrical transmission line traverses the section from east to west.

Section 31 contains 629 acres. It has walk-in access from Neptune Bay. There is no waterfront. This property will not be logged, and will retain its native vegetation. The property slopes moderately upward to a high point of 1,900 feet.

Section 32 contains 640 acres. It has walk-in access from Neptune Bay. There is a small lake in the northeast quarter. Except for the northeast corner, the topography slopes upward steeply to a table with an elevation of 2,000 feet in the southwest quarter. This Section will not be logged.

Section 33 contains 640 acres. It has walk-in access and the uplands north of McKeon River will be logged, providing interior road access. Stonehocker Creek traverses the east half of the Section, and Doroshin River flows through the west and south half of the Section. The southwest corner slopes fairly steeply upward, and will not be logged. There is a view of hanging Creek Falls. There is an electric transmission line in the northwest corner.

Section 34 contains 640 acres. This section will be logged, and have logging road access. There is a small lake in the northeast quarter, and the southwest quarter is bisected by Stonehocker Creek. The southwest corner touches Doroshin River, a braided glacial river. The entire Section will be logged, providing interior road access. Topography is rolling with a fairly steep breakoff to the river. There are good views of Hanging Creek Falls.

Section 35, containing 640 acres, has a 100 acre lake and several small lakes. There is no marine frontage. This Section will be logged, and logging roads will provide interior access. Topography is gently to moderately sloping except for a steep slope in the northeast quarter.

Section 36, containing 640 acres, is generally located above 1,000 feet elevation, and includes a hilltop at 1,800 feet. Access is one mile walk-in from China Poot Bay, with logging road access in the southwest corner. There is no waterfront, and it will not be logged. Topography is gently to moderately sloping except for a steep portion in the southwest quarter.

TOWNSHIP 8 SOUTH, RANGE 12 WEST

Section 1 contains 640 acres. It has logging road access. The north half of the Section will be logged. The south half of the Section is mostly Doroshin River floodplain, a braided, glacial river. The north half of the Section is moderately steep topography, with the land sloping upward from Doroshin River to a high point of 1,400 feet.

Section 2, containing 640 acres, has access via logging roads in the northern part. The Doroshin River traverses the property from the southeast corner to the northwest corner, and takes up about half of the Section. The remaining land is steeply sloping upward on both sides of the river. There are patches of spruce in this Section that will be logged. The steep areas are in an avalanche zone.

Section 3, containing 640 acres, will have walk-in access from a logging road in the adjoining Section 34 to the north. The Doroshin River flows through the north half of the Section. The land slopes upward sharply from the riverbottom to a high point on the south line of the Section at 2,248 feet. Scattered spruce in the riverbottom will be logged. The mountainside is treeless avalanche area.

Section 4, containing 640 acres, has no access. The Doroshin River flows through the northeast corner of the Section. The topography then slopes upward sharply to a high point in the southwest corner at 2,864 feet. All above treeline, avalanche area. Hanging Creek Falls (150') is located in the east portion.

Section 5 contains 615 acres, and has 1,000 feet frontage on Sadie Cove. The land slopes up very steeply from the waterfront to a high point of 2,860 feet. The slopes are treeless avalanche areas.

Section 6 contains 300 acres. It has one mile of frontage on Sadie Cove. The lower slopes on the east side of this Section will be logged. A small creek flows across the east side of the Section. The land slopes up sharply from the waterfront to an elevation on the north Section line of about 1,600 feet. The higher elevations are above treeline.

Section 7 contains 480 acres. It has over one mile frontage on Sadie Cove. The land slopes up sharply from Sadie Cove to a high point in the southwest corner of 2,600 feet. It is treeless avalanche area.

Section 8 contains 275 acres. It has over one mile frontage on Sadie Cove. The land slopes up steeply from the waterfront to an elevation of 2,864 feet in the northeast corner. This Section is treeless avalanche area.

Section 9 contains 640 acres, and has steep walk-in access to the west Section line from Sadie Cove. This is very steep, treeless, mountainous avalanche country reaching a high point of 3,300 feet.

Section 10, containing 640 acres, has no access. This is very steep mountainous country with Hanging Creek flowing through the Section from the southeast corner to the northwest corner. There is no logging in this Section since it is above treeline.

Section 11, containing 640 acres, will have walk-in access across the Doroshin River from logging roads. The Doroshin River crosses the northeast corner. The land slopes very steeply upward to a high point of 2,900 feet, and is mostly treeless avalanche zone.

Section 12 contains 640 acres. Access to this Section is via floatplane to Hazelle Lake. The Doroshin River flows across the north Section Line. All except the southwest quarter will be logged. The land slopes upward rapidly to the high point in the southwest corner of 1,600 feet. This Section has about 1/2 mile frontage on Hazelle Lake in the southeast quarter. This is a floatplane size lake, over one mile long.

Section 13, containing 640 acres, has floatplane access. It has about 1/2 mile frontage on Hazelle Lake, a floatplane size lake. This Section will not be logged. From the lake, the land slopes very steeply upward to a high point of 2,500 feet, and is an avalanche zone..

Section 14 contains 640 acres. It has no access. This is very steep mountainous country that slopes upward to a ridge at an altitude of 3,050 feet. There are no trees in this section. Hanging Creek Valley is in the southwest portion of this Section.

Section 15, containing 640 acres, is very steep mountainous country with no access. A ridge runs through the Section to a high point of about 3,500 feet. No logging will occur in this Section, since it is above treeline.

Section 16 contains 615 acres. It has about 1/2 mile frontage on Sadie Cove. The land slopes upward very sharply from Sadie Cove to a high point on the east line of the Section at 3,524 feet. It is treeless avalanche area.

Section 21 contains 495 acres. It has one mile frontage on Sadie Cove, with protected moorage. Except for the south thousand feet on Sadie Cove, the land slopes up steeply from the waterfront to a high point on the east line of the Section at 2,300 feet. Most of the hillside is treeless avalanche area, but about 40 acres along the south line of the Section will be logged.

Section 22, containing 640 acres, is mountainous country with no access, no creeks or rivers, and very steep topography. It contains the high point on the Subject property of 4,320 feet. There is an exceptional view from this peak.

Section 23, containing 640 acres, has no access. This is mountainous land that slopes very steeply to a high point of 3,970 feet. There are no trees in this avalanche zone.

Section 24, containing 640 acres, has very steep walk-in access to the southeast corner from Hazelle Lake. The head of hanging Creek is in the southwest quarter. This is very steeply sloping mountainous terrain to an elevation of 3,606 feet, all above timberline, and part of an avalanche zone.

Section 25 contains 640 acres. It has no access. This Section has very steeply sloping, mountainous terrain, above timberline, and is all in an avalanche zone.

Section 26, containing 640 acres, has no access. This is steeply sloping mountainous land that slopes from the low point in the southwest corner at 900 feet, to a high point of 3,000 feet in the northeast corner of the Section. There is a small mountainous creek in the southwest quarter. It is mostly avalanche area above treeline.

Section 27, containing 640 acres, has steep walk-in access to the northwest corner of the Section from Sadie Cove. The Section has very steep topography, and slopes upward from a creek on the south Section line at 300 feet, to a high point of 3,133 feet in the southeast corner. It is mostly above treeline, avalanche area.

Section 28 contains 630 acres, and has protected moorage access on Sadie Cove. Sadie Creek flows thru the Section from the southeast corner to Sadie Cove. All of this Section will be logged, except for about 100 acres of steep slope in the NE quarter. The topography is mostly level to gently sloping, except for the steep slope in the northeast quarter.

ZONING

The Subject property is considered an inholding in the Kachemak Bay State Park, and therefore is not restricted in its use under the Kachemak Bay State Park Management Plan.

If the Subject property is included within the Kachemak Bay State Park, the majority of the Subject property has been classified as natural zone.

Natural zones are established to provide for moderate to low impact and dispersed forms of recreation, and to act as buffers between recreational development and wilderness areas.

These zones are relatively undeveloped and undisturbed, and are managed to maintain high scenic qualities and to provide visitors with opportunities for significant natural outdoor experiences. An area's natural landscape character is the dominant feature within this zone. Landscape modification may be allowed to enhance, maintain or protect the natural setting according to the Unit Management Plan.

Other State and Federal¹⁰⁰⁴ apply to the tideland areas of the Subject property, which belong to the State of Alaska.

HIGHEST AND BEST USE

Highest and Best Use may be defined as: . . . "That use of the land which may reasonably be expected to produce the greatest net return to the land over a given period of time, or that legal use which will yield to the land the highest present value, sometimes called optimum use."*

The definition above applies specifically to the Highest and Best Use of land. It is also recognized that in cases where a site has existing improvements on it, the Highest and Best Use may be different from the actual existing use. However, the existing use will probably continue, unless and until land value in its Highest and Best Use exceeds the total value of the property in its existing use.

The four considerations imposed upon a site in estimating Highest and Best Use are: (1) possible uses, (2) permissible uses under existing zoning or probable zoning change, (3) feasible uses which include all of the most probable uses of the site, and (4) the Highest and Best Use which is the use which gives the highest net return among the feasible uses.

The ground work for determining Highest and Best Use has been set in the previous sections of this report where Regional and Area Data were presented, and a thorough description of the Subject property, physical recreational attributes have been presented. These provide the context in which the property's Highest and Best Use is determined from the standpoint of most probable and profitable use. Since the appraiser has been instructed to appraise the Subject property under two scenarios, the affects on the property must be considered under each scenario in order to determine the Highest and Best Use. Under Scenario I, Parcel 1 will be valued "as is" and as if Parcel 2 were not logged. Parcel 2 of the Subject, on-the-other-hand, will be valued under the assumption that it has been logged. Under Scenario II, Parcel 1 is appraised "as is" with the assumption that Parcel 2 is logged. Parcel 2 is appraised under the assumption that it has been logged. Since these two scenarios have different affects on the uses of the Subject property, each will be considered separately to develop a Highest and Best Use determination under each scenario.

* Appraisal Terminology and Handbook, American Institute of Real Estate Appraisers, page 100.

Under either scenario, possible uses of the Subject property include: (1) timber harvesting of Parcel 2, (2) incorporate the Subject property into Kachemak Bay State Park, (3) recreational subdivision development, (4) commercial recreational development.

Each of these potential uses are summarized in respect to the 4 considerations outlined above.

Timber Harvest of Parcel 2

As discussed in earlier sections of this report, in 1987 SNA sold the timber on 12,400 acres of the Subject's total acreage. A subsequent timber cruise and appraisal, contracted by TTC, found 4,435 acres to have commercially viable timber resources for a total of 48,549 mbf.¹ The profit potential from logging of Parcel 2 has been estimated in the range of \$2,476,000 (State estimate), and \$7,423,000 (TTC estimate). On a per acre basis this equates to a range in value for the timber of \$558/acre to \$1,674/acre.

The acreage area involved in Parcel 2 is the land at lower elevations with terrain ranging from flat to moderately sloping. It is considered the most desirable portion of the Subject property, including the areas around the south side of China Poot Bay, McKeon Flats area along Stonehocker Creek, Silver Creek, lowlands along the Doroshin River, lowlands at the head of Sadie Cove along Sadie Creek, and wooded lowlands around several lakes, including the north end of Hazelle Lake.

Under the assumptions of either Scenario I or II in this appraisal report, Parcel 2 of the Subject property is appraised as if it were cutover logged-off land. Therefore, the question of whether logging of Parcel 2 is the Highest and Best Use of this portion of the Subject property is a moot point. Even so, it is our opinion after our investigation and analysis, that logging of Parcel 2 is not the Highest and Best Use of this portion of the Subject property, if the value of the timber is much less than the estimate provided by TTC. A timber value near the estimate provided by the State Division of Forestry would definitely preclude logging as the Highest and Best Use of Parcel 2.

The area involved in Parcel 2 is the most easy to develop and the most desirable recreational land within the whole Subject property. It has high value potential for private recreational development with cabins and homesites; commercial recreational development for lodges; and high public recreational value for inclusion in Kachemak Bay State Park.

1 Memorandum from Joe Wehrman, chief resource manager, Department of Natural Resources, Division of Forestry, dated December 17, 1989.

Under either appraisal scenario, it is assumed that Parcel 2 of the Subject property is logged, and it is appraised as cutover land. Even after logging this land, it still has good potential for recreational development, commercial recreational development, and inclusion in Kachemak Bay State Park. Initially, this land will be scarred by the timber cutting, and be less desirable for these type uses, but a new forest will grow, and off in the future the aesthetic qualities of this area will return to a more natural state, conducive for recreational activities. Parcel 2 contains the most desirable portions of the Subject property from the standpoint of marine frontage on China Poot Bay, Neptune Bay and Sadie Cove. It also has the more desirable topography and is nearest the waterfront providing the best access. After logging, the main line logging road will provide additional access to the interior portions, making them more accessible and thus more desirable for recreational use. Some of the lakes, streams and hiking areas within the Subject property are currently beyond reach by most boaters arriving along the coastline. The logging road would provide quicker and easier access to these recreational opportunities located in the interior of the property.

Parcel 1 of the Subject property does not contain commercially viable timber resources. It generally consists of treeless land at higher elevations (over 800'), steep mountainsides, avalanche areas, mud flats, or the floodplain of the Doroshin River. There are also some lowland portions wooded with cottonwood trees in the Doroshin River Valley which will not be logged according to Charles Nash of TTC.

Laws governing logging operations also require setbacks from Salmon rearing streams, and buffers around Eagle nesting areas. Stream setbacks are 90 meters on either side. These would include Sadie Creek, Stonehocker Creek, Silver Creek, Leisure Creek and Clearwater streamlets flowing into the Doroshin River. There will also be buffer strips along the marine frontage areas.

Under Scenario I, Parcel 1 is valued "as is" in its present condition and assuming that Parcel 2 is not logged. Under Scenario II, Parcel 1 will be valued "as is" in its present condition assuming that Parcel 2 is cutover, logged-off land with buffers and setbacks remaining as indicated above. In the valuation section of this report, it will be shown that logging of Parcel 2 has a negative effect on the value of Parcel 1. Although logging increases access to Parcel 1, and in some cases opens up the view to marine areas, overall it has a detrimental impact on Parcel 1 due to decrease in naturalness, solitude potential, and visual qualities. Logging operations also leave behind evidence of their operation, resulting in somewhat less desirable recreational opportunities.

Incorporation into Kachemak Bay State Park

Under both scenarios of valuing the Subject property, Parcel 2 is assumed to be cutover, logged-off land. Although there will be stream setbacks, buffer strips and a few cottonwood stands left intact, a majority of the lowland marine frontage, lake frontage and stream frontage property will be devoid of natural vegetation and otherwise scarred by logging operations. This type activity is generally not compatible with State Parks and public recreational use. Logging operations and resulting destruction of natural flora and fauna has a severe negative impact on the value of the Subject property for inclusion in the State Park. It affects both the value of Parcel 2, which will be logged, and also negatively impacts Parcel 1, which will remain in its natural state.

Fortunately, the land will eventually recover from logging operations, and in 30 to 50 years many areas will become reforested. Thus, in the long term outlook for the Subject property, inclusion in the Kachemak Bay State Park remains a viable alternative for the Highest and Best Use of the property.

As discussed in the Subject property description section of this report, the Subject property has extensive marine shoreline frontage, a complete unique eco-system in China Poot Bay, outstanding scenic vistas, exceptional back country hiking opportunities, abundant wildlife viewing potential, and generally very desirable environmental quality attributes for public recreational use. Although logging of Parcel 2 severely impacts many of these recreational opportunities, it is considered a temporary condition from which nature recovers to its original environment, much like the recovery after a forest fire or other natural disaster. Logging of Parcel 2 has a near term negative economic impact on the value of the Subject for inclusion in the State Park, but the high scenic and recreational opportunities in abundance on the Subject property would still nominate it for inclusion in the Park.

Most of Subject Parcel 2 and some of the lowland areas of Parcel 1 have good potential for private recreational development, commercial recreational development and inclusion in the State Park; whereas much of the higher elevation land and steep mountainous areas of Parcel 1 have little potential for private or commercial or recreational development. Vast areas of Parcel 1 have high scenic, naturalness and solitude qualities, but are mostly inaccessible to the general public and have little potential for any type private or commercial development. Therefore, large areas of Parcel 1, consisting of steep mountainsides and snowcapped ridges, have the highest potential for inclusion in Kachemak Bay State Park and remaining in their natural state.

It is the inclusion of these areas of Parcel 1 which swing the balance in favor of placing the Subject property in State Park status as the Highest and Best Use of the whole property.

Recreational Subdivision Development

The Subject has a "paper plat" as Park Estates Units I & II (see Addenda), dividing the property generally into 40 acre parcels. This is only a "paper plat," and the lots have not been surveyed and staked, nor is there any platted or physical access to the lots. The plat is only a grid laid on the property which does not conform to the physical lay of the land. This "paper plat" does not contribute any value to the property, as is evident from sales of large tracts with and without paper plats in the Anchor Point area (see Sales #2, #116 and #117).

The areas of the Subject property most conducive to recreational subdivision development are located along the water frontage areas: marine, lake, river and stream. These are generally the lowland portions of the Subject property with relatively good topography. Unfortunately, the majority of this land is also included in Parcel 2, which is assumed to be cutover, logged-off land. This greatly reduces the appeal and potential for recreational subdivision development, especially along the river and stream areas. The marine frontage and lake frontage properties continue to have good potential for recreational subdivision development, although the value per acre is diminished due to the logging operation and general decline in recreational opportunities and appeal.

As a result, the areas of the Subject property with good potential for recreational subdivision development are diminished by logging of Parcel 2. The areas that remain most viable for recreational subdivision development in Township 7 South, include the south half of Section 13, the south half of Section 20, Sections 21, 22, 23, 24, the north half of Section 25, the north half of Section 27, Sections 28, 29, the south quarter of Section 30, and the east half of Section 35 around the lake. In Township 8 South it would include the Southeast quarter of Section 12 around Hazelle Lake, a small area in the southwest quarter of Section 21, and Section 28. Deducted from these areas are the lakes, marsh areas, riverbed, very steep terrain and other unusable areas.

The total acreage suitable for recreational development is estimated at 3,700 acres, of which 1,110 acres would be in its "as is" natural state, and the remaining 2,590 acres would be cutover, logged-off land. These allocations are based on the appraiser's best estimate of cutover lands, based on an interpretation of maps and plats provided by the State and Timber Trading Company.

Although the waterfront lands would sell at a premium, the value would be significantly reduced by the logging. The value of the backland properties would be significantly reduced by the logging. Overall, the prime recreational subdivision portion of the Subject property would have a value of less than \$2,000/acre

as raw acreage, based on an analysis of sales of similar logged-off land in Southeast Alaska. Please refer to Sales 153, 157, 163 and 164 on the table headed "Summary of Land Sales."

The remainder of the Subject property north of the Doroshin River would have some potential for large tract recreational development, but due to the fairly rugged terrain and reduced recreational opportunities after logging, it has little potential or value for recreational subdivision development. Parcel 1 of the Subject property has almost no potential for recreational subdivision development since it is mostly property above treeline, consisting of very steep mountain sides, mud flats or riverbottom floodplain.

If the approximately 3,700 acres of usable recreational subdivision land were sold, the remainder of the Subject property would have little appeal for inclusion in Kachemak Bay State Park. The developable recreational lands in the Subject property are considered the "heart" of the property; what gives it its appeal for inclusion in the State Park. The remainder property would be mountains like any other mountains in Alaska, and not necessarily in high demand for park aquisition.

Commercial Recreational Development

Another possible use of the Subject property would be for commercial recreational development. This would be in the form of lodges or other commercial development oriented towards tourism. There are several such lodges already located in or near the Subject property. The Kachemak Bay Wilderness Lodge is located on the north side of China Poot Bay, on the Isthmus between Peterson Bay and China Poot Bay. There is also a lodge located on the north side of Sadie Cove. Various other lodges are located in the Kachemak Bay area. By far the highest concentration of tourist facilities is located in Homer and on the Homer Spit some 4 miles north of the Subject property across Kachemak Bay. Homer is connected to the road system in Alaska, has a large protected boat harbor, airport with paved runway, and floatplane facilities. There are numerous lodges, hotels, air charter and boat charter operators.

Under the assumption that Parcel 2 of the Subject property is cutover, logged-off land, the desirability for commercial, recreational development would be severely diminished. Although some lowland marine areas might maintain enough scenic opportunities to develop such a lodge, the number of sites would be greatly diminished. Each lodge site would probably require 5 to 10 acres of land to develop the facilities, and at least 100 acres of undisturbed surrounding land for the exclusive use of the operator in order to maintain the wilderness setting for the commercial activity. A private hunting lodge may require in excess of 500 to 1,000 acres of exclusive use land in order to maintain a desirable lodge site.

This type development would only use a small portion of the Subject property and not create the Highest and Best Use for the land from an economic standpoint. The most likely areas for such a lodge would be the lowlands at the head of Sadie Cove, the area at the north end of Hazelle Lake, and at the mouth of Leisure Creek. This type development would not be the Highest and Best Use of the Subject whole property, although potentially it may be an alternate Highest and Best Use for the above mentioned smaller portions of the Subject property. This type commercial development in small areas of the Subject property are an alternate Highest and Best Use which may be compatible with the overall Highest and Best Use of including the Subject property into the Kachemak Bay State Park.

Conclusion

Based on our analysis, it is concluded that the Highest and Best Use of the Subject property is for inclusion in the Kachemak Bay State Park. The property has outstanding scenic vistas, extensive shoreline, abundant wildlife and a history of recreational use. The Subject property contains large areas (nearly 20,000 acres) of land which due to terrain features is not viable for normal private or commercial recreational development. As a whole property it has very desirable characteristics for inclusion in the State Park. Even though logging Parcel 2 of the Subject property has a severe negative impact on the most usable lands, the property will eventually recover and become reforested to nearly its former natural setting. Therefore, with a long term outlook toward the future, including the Subject property in Kachemak Bay State Park is considered the Highest and Best Use of the property under both Scenario I and Scenario II.

SALES RESEARCH FOR RELEVANT COMPARABLES

The appraisal problem is to appraise some 37 square miles of property, located on the south side of Kachemak Bay, an inholding within the Kachemak Bay State Park by the Seldovia Native Association. The appraisers began their search for relevant comparable sales in the Kachemak Bay area, looking for recent sales of large acreage tracts with similar physical characteristics as the Subject property. An extensive search in the Kachemak Bay region revealed only a few recent sales, mostly of small acreage tracts purchased for recreational use, and a few larger acreage sales, up to 160 acres. Because of the relatively few sales of comparable property in the Subject area, the appraisers expanded the search area to include many other parts of the State. Unfortunately, this also created a need for a location adjustment, as compared with the Subject Kachemak Bay location. Therefore, the sales search was generally limited to other parts of the State with similar recreational opportunities, types of access, physical property similarities, vegetation, proximity to population centers, and length of season.

Sales outside the State of Alaska were not considered, due to the large location adjustments that would be necessary, thus severely reducing the comparability of the sales.

In order to be considered a good comparable sale, the price must be based on a negotiated sale by knowledgeable parties, and money must change hands. A transaction based on a land trade was not considered a good comparable sale, since the valuation of the parcels traded may not represent a true market price. Both parties could agree to a trade if the properties involved were consistently over or undervalued. Therefore, the major comparable sales used in this report all involved transactions where money traded hands, or the property traded for was immediately sold for cash. This eliminated many transactions located in north Alaska in the Kotzebue area and North Slope region. Other large transactions which were eliminated as comparables sales include the St. Paul Islands purchase of 8,000 acres by the U.S. Department of Interior, and the Lake Clark purchase of 3,158 acres by the National Park Service. The latter sale involved the purchase of only the development rights on the property, and allowed the seller various exclusive traditional uses not available to the general public.

Areas of the State north of the Brooks Range were not considered comparable to the Subject property due mainly to differences in vegetation, proximity to populated areas, types of property and length of seasonal use.

Also generally excluded from comparable research was the Anchorage area, Matanuska-Susitna Valley and Fairbanks. These areas were deemed to be too close to the major population centers and did not have similar physical land characteristics as the Subject.

Areas that were considered comparable to the Subject property included the Kenai Peninsula, Southeast Alaska, Kodiak, and a few other scattered areas such as Prince William Sound.

The Kenai Peninsula was considered comparable since it adjoins the Kachemak Bay area to the north, thus limiting the amount of location adjustment necessary to compare with the Subject property.

Southeast Alaska properties were considered similar to the Subject since much of Southeast Alaska has the same physical characteristics, including marine frontage, protected moorages, forested uplands, and fish and wildlife habitat as found in the Subject lowland regions of Kachemak Bay. Also, a comparison of like properties in Kachemak Bay and Southeast Alaska developed similar price/acre patterns for similar properties, thus limiting the need for large location adjustments. These properties also have similar access and proximity to population areas.

Kodiak Island sales were considered comparable to the Subject due to physical characteristics similar to the Kachemak Bay area, including protected marine frontage properties, wooded lowland and treeless uplands, protected moorage, similar access and proximity to population areas. Kodiak also has similar wildlife and recreational opportunities.

The other scattered areas of the State from which comparable sales were analyzed included Prince William Sound, which has very similar physical characteristics as Kachemak Bay, oriented to marine recreational activities with very similar topography, vegetation and wildlife. It is somewhat more remote than Kachemak Bay, and thus requires an upward location adjustment for access, desirability and proximity to population.

Recent large tract sales in the Glennallen and Tok area were also analyzed since the size of these sales is somewhat similar to the Subject property, and these are very recent sales. Because these properties did not include all property rights, and the land is physically very different from the Subject property, they were not as comparable as some other sales found by the appraisers.

The appraisers also considered the recent trades between the State of Alaska and the Seldovia Native Association for property bordering the Subject property, with frontage along Sadie Cove and Tutka Bay. Since no money changed hands in these transactions, they are given less weight in estimating the value of the Subject property.

On the following pages are summarized in the comparable sales analyzed in estimating the market value of the Subject property. Many of these sales are not directly comparable to the Subject, but were included to develop various adjustments from the market for such things as differences in size, a time adjustment, and location adjustments. The sales are grouped into regions of the State where they are located. East sale is identified by an Id. Number. Details of these sales have been retained in our files. The most comparable sales are found in a subsequent section of this report as sales L-1 through L-18.

The abbreviations used in the table are as follows:

ABBREVIATION KEY

AREA	REGION	Wtf = WATERFRONT
KB = Kachemak Bay	KN = Kenai Peninsula	M = Marine
H/S = Homer/Seldotna	SE = Southeast Ak.	L = Lake
WCI = West Cook Inlet	KO = Kodiak Island	R = River
OTH = Other Areas	OR = Other Regions	C = Creek
R = Remote Marine		N = None
H = Haines		
J = Juneau	Acc = ACCESS	Veg = VEGETATION
NAK = North Alaska.	F = Float plane	T = Timber
EAK = East Alaska	R = Road	O = Other Trees
CAK = Central Alaska	A = Airplane	N = Native Srub/Grass
PWS = Prince William Sound	H = Highway	
	B = Boat	SOIL
	W = Walk-in	G = Good
		F = Fair
		P = Poor

SUMMARY OF LAND SALES

ID #	REGION	AREA	LOCATION	GRANTEE	DATE		SIZE (Acres)	Acc Wtf Veg Soil				PRICE*	PRICE/Ac.	
					Mo	Yr								
1	KN	KB	Tutka Bay	State of Alaska	3	83	3,578	F	M	T	G	\$3,303,500	\$923	trade
2	KN	H/S	Anchor Point	Peninsula Land	12	85	2,220	W	N	O	F	\$1,030,000 *	\$464	
3	KN	WCI	Ladd Landing	Tidewater Service	3	87	1,422	R	M	T	F	LEASE	\$1,169	
4	KN	KB	Seldovia	State of Alaska	4	85	959	W	N	T	G	\$899,500	\$938	trade
5	KN	KB	Tutka Bay	State of Alaska	3	83	630	F	M	T	G	\$704,000	\$1,117	trade
6	KN	WCI	North Forelands	Kodiak Lumber	9	74	352	A	M	O	G	LEASE	\$2,210	
7	KN	KB	Jakolof Bay	Seldovia Native	5	85	308	R	N	T	G	\$424,500	\$1,378	trade
8	KN	KB	Kachemak Bay	Seldovia Native	3	83	240	F	M	N	G	\$432,000	\$1,800	trade
9	KN	KB	Hesketh Island	M. Porter	6	88	166	F	M	O	G	\$360,000	\$2,162	
10	KN	H/S	East Road, Homer	Polushkin	4	84	160	W	N	O	G	\$360,000	\$2,250	
11	KN	KB	Fox River	Andreeff	4	80	160	W	R	N	G	\$400,000	\$2,500	
12	KN	WCI	Timberlost Lake	Williams	10	84	153	F	L	O	G	\$175,000	\$1,144	
13	KN	H/S	Kasilof	Udelhoven	6	84	140	H	C	N	F	\$175,000	\$1,250	
14	KN	OTH	Elizabeth Island	Hart	2	82	123	F	M	T	G	\$236,000	\$1,916	
15	KN	H/S	Crooked Creek	J. Andrews	10	83	120	R	C	O	G	\$126,720	\$1,056	
16	KN	H/S	Sterling Hwy, Mi 103	Bobich	7	85	113	H	N	O	G	\$215,000	\$1,911	
17	KN	H/S	Cohoe Loop	Wright	5	84	80	W	N	O	F	\$115,000	\$1,437	
18	KN	H/S	Cohoe Loop	Bobich	1	85	80	W	N	O	F	\$140,000	\$1,750	
19	KN	H/S	Clam Gulch	Wiley	3	88	80	W	N	O	F	\$50,000	\$625	
20	KN	H/S	Cohoe Loop	Bobich	5	85	80	R	N	O	G	\$175,000	\$2,187	
21	KN	H/S	Ninilchik	State of Alaska	12	86	79	R	R	O	F	\$182,000	\$2,309	
22	KN	OTH	Chrome Bay	Bloom	10	86	69	B	M	O	F	\$80,000	\$1,158	
23	KN	H/S	East Road, Homer	Kalugin	9	87	66	R	C	O	G	\$250,000	\$3,788	
24	KN	H/S	Sterling Hwy, Mi 98	Kime Brothers	7	84	60	H	N	O	G	\$180,000	\$3,000	
25	KN	H/S	Anchor Point	Seaside Dev.	11	84	54	H	N	O	G	\$140,000	\$2,592	
26	KN	H/S	Kasilof/Crk Creek	Beasley	5	84	51	R	R	O	G	\$350,000	\$6,886	
27	KN	H/S	Sevena Lake	Gerrier	7	85	44	W	L	N	P	\$60,000	\$1,370	
28	KN	H/S	Sterling Hwy, Mi 126.5	Schulte	8	85	44	H	M	N	G	\$47,500	\$2,500	usable=19ac
29	KN	KB	Jakolof Bay	Seldovia Native	5	85	42	R	M	T	G	\$130,000	\$3,095	trade
30	KN	H/S	Stariski Creek	Church	8	86	42	H	M	O	G	\$85,000	\$3,542	usable=24ac
31	KN	H/S	Kasilof	Kime	3	84	40	W	N	O	F	\$80,000	\$2,000	
32	KN	H/S	Tustumena Lake Road	Fraser	6	86	40	R	N	O	G	\$80,000	\$2,000	
33	KN	H/S	Tustumena Lake Road	Correia	11	86	40	W	N	O	F	\$60,000	\$1,500	
34	KN	H/S	Crooked Creek Road	Nelson	2	86	40	R	N	O	F	\$64,000	\$1,600	
35	KN	H/S	Kasilof	Witman	10	86	40	R	N	O	G	\$80,000	\$2,000	
36	KN	H/S	Anchor Point	Seaside Dev.	4	85	36	H	N	N	G	\$126,000	\$3,500	
37	KN	KB	Seldovia	Hopkins	2	84	32	R	C	O	G	\$87,500	\$2,734	
38	KN	H/S	Cohoe	M. Williams	10	87	35	A	C	N	P	\$45,600	\$1,300	
39	KN	H/S	Kasilof River	Dale Van Meter	4	85	34	R	R	O	G	\$89,000	\$2,585	
40	KN	WCI	Kalgin Island	Norman Chessik	12	81	31	B	M	O	G	\$37,300	\$1,200	
41	KN	H/S	Cook Inlet	Benjamin Talley	10	84	30	W	M	O	G	\$100,000	\$3,300	
42	KN	H/S	Lonesome Lake	Edward Peterson	9	87	24	R	L	O	G	\$45,000	\$1,882	
43	KN	KB	Kasitsna Bay	Cook Inlet Reg.	10	86	12	R	M	O	G	\$115,500	\$10,043	
44	KN	KB	Bear Island	Bob Pelkey	7	86	12	B	M	T	G	\$99,500	\$8,292	
45	KN	KB	Bradley River	AK Power Auth.	2	87	26	B	R	T	G	\$140,250	\$5,407	
46	KN	H/S	Sterling Hwy, Mi 119	Everette Kelley	3	87	28	H	M	O	G	\$85,000	\$3,035	
47	KN	H/S	Encelewski Lake	John F. Botens	7	86	29	W	L	O	F	\$55,000	\$1,894	
48	KN	KB	Tutka Bay	Arleen Kranich	10	86	10	F	M	T	G	\$138,000	\$13,842	
49	KN	H/S	Cohoe Loop Road	Jeff Beaudoin	9	86	5	R	N	O	G	\$25,000	\$5,330	
50	KN	KB	Bear Cove	State of Alaska	4	88	7	F	L	T	G	\$31,000	\$4,210	

* Cash Equivalent Price less Building Improvements

SUMMARY OF LAND SALES - Continued

ID #	REGION	AREA	LOCATION	GRANTEE	DATE		SIZE (Acres)	Soil				PRICE*	PRICE/Ac.
					Mo	Yr		Acc	Wtf	Veg	Soil		
51	KN	KB	Backer's Island	Risel Investment	5	85	7	B	M	T	G	\$290,000 *	\$40,446
52	KN	KB	Bear Cove	Hickey Rosi	8	86	7	W	C	T	G	\$25,500	\$3,880
53	KN	H/S	Cohoe Loop Road	Timothy Kechane	9	87	6	R	M	O	G	\$70,000	\$11,628
54	KN	KB	Bear Cove	Anthony Schaff	8	86	5	W	N	T	G	\$24,000	\$4,386
55	KN	H/S	Kasilof Riverfront	Craig M. Zoet	8	84	5	R	R	N	G	\$47,837	\$9,307
56	KN	KB	Loon Lake	Raymond Denzer	12	87	5	F	L	T	G	\$23,917	\$4,450
57	KN	KB	Barabara Point	Pisces Ventures	4	88	5	R	M	T	G	\$60,000	\$11,718
58	KN	H/S	Caribou Lake	Burr/Pease/Kurtz	8	88	5	F	L	T	F	\$20,500	\$4,100
59	KN	OTH	Tip of Kenai Peninsula	Teresa Mohn	11	88	5	W	N	O	G	\$7,116	\$1,512
60	KN	OTH	Tip of Kenai Peninsula	Betty J. Owens	9	84	5	W	N	O	G	\$5,300	\$1,096
61	KN	OTH	Tip of Kenai Peninsula	Jack V. Arnold	4	87	4	W	N	O	G	\$4,445	\$1,016
62	KN	OTH	Tip of Kenai Peninsula	Thomas W. Moore	6	87	3	F	L	O	G	\$10,407	\$3,285
63	KN	OTH	Tip of Kenai Peninsula	Brian J. Hickey	9	84	3	F	L	O	G	\$7,900	\$2,507
64	KN	H/S	Cohoe Loop Road	Eric Swearingen	4	86	4	R	N	O	G	\$29,000	\$7,967
65	KN	H/S	Sterling Hwy, Mi 102	Mike Lacava	3	88	3	H	N	L	G	\$22,000	\$7,333
66	KN	H/S	Kasilof Riverfront	Lisa L. Ladds	11	87	3	R	R	N	F	\$41,000	\$16,015
67	KN	H/S	Cohoe Loop Road	Bruce Miller	8	85	2	R	N	N	F	\$17,725	\$7,984
68	KN	H/S	Cohoe Loop Road	Delfin & Lopez	4	86	3	R	M	O	G	\$30,000	\$12,000
69	KN	H/S	Cohoe Loop Road	John Dickenson	2	88	3	R	M	O	G	\$35,000	\$14,000
70	KN	H/S	Kenai River	Michael Farr	3	85	2	B	R	T	G	\$35,000	\$14,111
71	KN	H/S	Cohoe Loop Road	William Deal	0	85	2	R	M	O	G	\$27,000	\$12,918
72	KN	H/S	Kasilof Riverfront	Rasta Fisheries	10	88	2	B	R	N	F	\$35,500	\$18,298
73	KN	H/S	Iustumena	P. McElroy	5	89	1	F	L	O	G	\$32,000	\$28,829
74	KN	H/S	Kenai Riverfront	W.J. Wellenstein	9	83	2	F	R	O	G	\$20,000	\$10,136
75	KN	H/S	Cook Inlet Bluff	Robert R. Osmar	6	88	2	W	M	O	G	\$28,000	\$15,469
76	KN	H/S	Cook Inlet Bluff	C. W. Gillespie	9	88	1	W	M	O	G	\$20,000	\$19,627
77	KN	H/S	Sterling Highway	Evan M. Macik	8	86	1	H	N	L	G	\$20,000	\$14,925
78	KN	H/S	Cohoe Loop Road	Gary C. Moore	11	88	1	R	N	O	G	\$10,000	\$7,627
79	KN	H/S	Kasilof Riverfront	J. Havard	11	84	2	R	R	T	G	\$38,000	\$23,602
80	KN	H/S	Cook Inlet Bluff	Robert Buckman	5	85	1	R	M	O	G	\$29,950	\$26,272
81	KN	H/S	Cohoe Loop Road	John R. Stanley	11	88	1	R	N	T	G	\$6,000	\$5,405
82	KN	H/S	Point Possession	Arman Spielman	5	82	160	A	M	O	G	\$175,000	\$1,094
84	KN	KB	Eldred Passage	Luther Paine	6	85	4	F	M	O	G	\$81,000	\$18,409
85	KN	KB	Neptune Bay	James Barker	4	88	5	B	M	T	G	\$16,500	\$3,367
86	KN	KB	Halibut Cove	G. McIntosh	3	87	5	B	M	T	G	\$220,000	\$44,444 prime spot
87	KN	WCI	Packer Creek Lake	Charles Tulin	4	82	5	F	L	N	P	\$12,500	\$2,510
88	KN	WCI	W. side Cook Inlet	Jack Sprague	7	87	5	B	M	O	G	\$30,000	\$6,000
89	KN	KB	Halibut Cove	William Empie	10	83	5	B	M	T	G	\$79,500	\$15,900
90	KN	WCI	West side Cook Inlet	Roland Everett	12	83	5	F	M	O	G	\$33,600	\$6,316
91	KN	KB	Aurora Lagoon	David S. Hamre	7	83	5	B	M	T	G	\$90,000	\$16,393
92	KN	KB	Aurora Lagoon	Michael Weiden	6	87	6	B	M	T	G	\$50,000	\$9,091 duress
93	KN	KB	Bear Cove	John Cooper	6	86	6	B	M	T	G	\$60,000	\$10,000
94	KN	H/S	Moose Point Sub.	Jim Holland	5	84	6	F	M	O	P	\$18,000	\$2,956
95	KN	H/S	Moose Point Sub.	John Fitzhugh	5	84	8	F	M	O	P	\$25,000	\$2,976
96	KN	H/S	Moose Point Sub.	Jeffery Sauer	5	84	8	F	M	O	P	\$29,500	\$3,491
97	KN	KB	Seldovia	Wallace Mills	7	78	9	B	M	T	G	\$110,000	\$12,791
98	KN	H/S	Moose Point Sub	John Kennedy	5	84	9	F	M	O	P	\$30,000	\$3,371
99	KN	WCI	W. side Cook Inlet	Mike Zagars	11	87	12	F	M	O	F	\$50,000	\$4,149
100	KN	WCI	W. side Cook Inlet	Paul Davis	11	87	17	F	M	O	F	\$55,000	\$3,226

* Cash Equivalent Price less Building Improvements

SUMMARY OF LAND SALES - Continued

ID #	REGION	AREA	LOCATION	GRANTEE	DATE		SIZE (Acres)	Acc Wtf Veg Soil				PRICE*	PRICE/AC.
					Mo	Yr							
101	KN	KB	Seldovia Point	Phillip Weidner	7	82	20	R	M	T	G	\$50,000	\$2,501
102	KN	KB	Seldovia	Reed	6	79	40	R	N	T	G	\$80,000	\$2,000
103	KN	KB	Anderson Bay, Seldovia	Ignaty Basargin	3	78	130	W	N	T	G	\$260,000	\$2,007
104	KN	WCI	Beluga	ARCO	1	89	8	R	N	O	G	\$33,000	\$4,193
105	KN	WCI	Trading Bay	Norman West	9	88	5	R	M	N	F	\$27,000	\$4,918
106	KN	WCI	Kalgin Island	N.T. Deland	4	87	5	F	M	N	F	\$18,000	\$3,681
107	KN	WCI	Kalgin Island	Robert Iseley	4	89	5	F	L	O	G	\$70,000	\$14,614
108	KN	H/S	Inlet View	J. Tyler	5	86	8	W	N	O	F	\$18,500	\$2,390
109	KN	H/S	Terrace View	D. Rickard	8	86	9	W	N	O	F	\$20,000	\$2,244
110	KN	H/S	Kachemak Bay, Ranchas	Erickson	12	84	9	W	N	O	F	\$18,000	\$2,000
111	KN	H/S	Kachemak Bay, Ranchas	C. Philpot	3	85	9	W	N	O	F	\$18,000	\$2,000
112	KN	H/S	Inlet View	D. Rankin	5	86	9	W	N	O	F	\$18,500	\$2,000
113	KN	H/S	Kings Acres	M. Deloach	6	82	10	W	N	O	F	\$14,500	\$1,518
114	KN	H/S	Inlet View	V. Heustis	5	86	16	W	N	O	F	\$25,000	\$1,551
115	KN	H/S	King Acres	C. Field	6	83	19	W	N	O	F	\$25,900	\$1,356
116	KN	H/S	Chakok	R. Poindexter	3	85	200	W	N	O	F	\$100,000	\$500
117	KN	H/S	Nikolaevsk	M. Tipton	10	85	640	W	N	O	F	\$320,000	\$500
151	SE	R	Goat Island	USA	5	88	4,762	B	M	T	G	\$9,000,000	\$1,890
152	SE	R	Southeast Islands	Trillium Corp.	9	85	3,210	B	M	L	G	\$1,800,000	\$560
153	SE	R	Prince of Wales Island	Pacific Western	10	85	611	R	M	L	G	\$980,000 *	\$1,603
154	SE	R	Prince of Wales Island	Ferguson Const.	12	84	341	F	M	T	G	\$370,000	\$1,085
155	SE	R	Icy Strait	Frank Kearns	6	87	333	R	M	N	G	\$1,868,400 *	\$5,611
156	SE	R	Prince of Wales Island	Noranda Expl.	8	84	239	F	M	T	G	\$250,000	\$1,044
157	SE	R	St. James Bay	Robert McMahon	9	79	201	F	M	L	G	\$224,000 *	\$1,116
158	SE	R	Admiralty Island	L. Youngquist	12	76	135	F	M	T	G	\$202,000	\$1,500
159	SE	R	Admiralty Island	Kootsnoowoo	1	81	133	F	M	O	F	\$458,500 *	\$3,456
160	SE	R	Koscuiko Island	Pacific Western	10	85	99	F	M	T	G	\$280,000 *	\$2,824
161	SE	R	Prince of Wales Island	Pacific Western	10	85	83	F	M	T	G	\$140,000 *	\$1,694
162	SE	H	Haines Highway	Edward Stewart	6	84	80	R	R	O	G	\$130,000	\$1,625
163	SE	H	Haines	Confidential	8	83	60	R	N	L	F	\$50,000	\$833
164	SE	H	Haines	Dennis Andrews	12	86	46	R	R	L	G	\$70,000	\$1,535
165	SE	R	Chichagof Island	Gross	9	83	40	F	M	T	G	\$240,000 *	\$6,000
166	SE	H	Haines Highway	E. Whiting	5	84	40	R	N	T	G	\$40,000	\$1,000
167	SE	R	Gustavus	Bernard Konda	7	85	40	R	N	N	F	\$90,000	\$2,250
168	SE	R	Gustavus	Shrank	7	81	40	W	N	O	G	\$86,000	\$2,150
169	SE	H	Haines	Montgomery	6	88	37	R	N	O	G	\$37,875	\$1,024
170	SE	R	Admiralty Island	Roger Browne	12	83	33	F	N	M	P	\$235,000 *	\$7,211
171	SE	H	Haines	Channel Landfill	12	86	32	W	R	L	G	\$8,180	\$258
172	SE	H	Haines Highway	Daniel Turner	12	86	31	R	N	T	G	\$24,500	\$781
173	SE	J	Glacier Hwy., Juneau	AK Fish & Game	12	87	31	H	C	O	G	\$187,179	\$6,032
174	SE	J	Juneau	Jan Dabney	4	81	29	R	R	T	G	\$197,000	\$6,730
175	SE	R	Prince of Wales Island	Richard Mathews	11	83	21	F	M	T	G	\$71,995	\$3,500
176	SE	R	Prince of Wales Island	Charles Mobley	1	86	21	F	M	T	G	\$97,600 *	\$4,745
177	SE	R	Prince of Wales Island	Richard Mathews	2	84	20	B	M	O	G	\$50,000	\$2,449
178	SE	H	Haines	Nancy DeCherney	1	86	15	R	N	T	G	\$25,000	\$1,667
179	SE	R	Admiralty Island	Alan Veys	1	87	11	F	M	N	F	\$147,000	\$13,255
180	SE	H	Haines	Tommy Schnabel	10	88	10	R	N	O	G	\$13,500 *	\$1,350

* Cash Equivalent Price less Building Improvements

SUMMARY OF LAND SALES - Continued

ID #	REGION AREA		LOCATION	GRANTEE	DATE		SIZE		Acc	Wtf	Veg	Soil	PRICE*	PRICE/Ac.	
					Mo	Yr	(Acres)								
181	SE	H	Haines	Tom McGuire	10	83	7		R	M	O	F	\$36,000	\$4,871	
182	SE	R	Baranof Island	Gruening	8	82	6		F	M	T	G	\$77,000 *	\$13,700	
183	SE	R	Tenakee Inlet	C. Chandler	3	86	5		F	M	T	G	\$72,000	\$13,241	
184	SE	R	Chichagof Island	Dick Phillips	4	83	5		F	M	T	G	\$100,000 *	\$21,000	
185	SE	R	Revillagigedo Island	Nancy Mitchell	7	86	3		F	M	T	G	\$34,724	\$11,385	
186	SE	R	Tenakee Inlet	Robert Dyer	7	87	3		F	M	T	G	\$38,500	\$13,899	
187	SE	R	Prince of Wales Island	Frank Ellis	9	86	3		F	M	T	G	\$58,000	\$19,685	
188	SE	R	Admiralty Island	Lester Howard	10	85	2		F	M	T	G	\$35,000	\$17,676	
189	SE	R	Revillagigedo Island	Barbara Wright	6	86	1		F	M	T	G	\$25,126	\$17,449	
201	KO		VARIOUS - SW KODIAK	Alagnak Assoc.	10	84	618		F	M	N	F	\$606,300	\$981	
202	KO		52 mi SW OF KODIAK	Roy Ecklund	2	82	319		F	M	N	F	\$90,000	\$1,130	25% interest
203	KO		AFOGNAK-Raspberry St	Aleneva Jnt Vnt	11	89	274		F	M	T	G	\$1,050,000 *	\$3,837	
204	KO		Marmot Is.	Reed Oswalt	2	84	40		F	M	T	G	\$80,000	\$2,000	
205	KO		Uganik Bay	Frank Abena	7	85	21		F	M	O	G	\$65,000	\$3,091	
206	KO		Deadman Bay	Jim Peterson	10	85	9		F	M	N	G	\$85,000	\$9,476	
208	KO		Olga Bay	Rick Metzger	9	85	4		F	M	N	G	\$35,000	\$8,197	
209	KO		Deadmans Bay	4 C's Corp.	8	85	3		F	M	N	G	\$32,000	\$10,847	
210	KO		Onion Bay, Rasp. Is.	Dennis Lattery	1	82	5		F	M	O	G	\$19,000 *	\$3,878	
211	KO		Ouzinkie Narrows	Unknown	8	86	5		F	M	O	G	\$25,000	\$5,000	
212	KO		Dry Spruce Bay	Tom Malmberg	6	83	5		F	M	O	G	\$30,000	\$6,000	
213	KO		Dry Spruce Bay	Victor Poitras	2	84	5		F	M	O	G	\$30,000	\$6,000	
214	KO		Head of Selief Bay	Walter Bagley	1	84	5		F	M	O	G	\$55,000 *	\$11,000	
215	KO		Sulua Bay	Rick Metzger	9	85	5		F	M	O	G	\$45,000	\$8,841	
216	KO		Cape Ugat	John Jaskoski	9	83	5		F	M	N	G	\$60,000 *	\$11,070	
217	KO		W side Shelikof Is.	Alan Austerman	9	86	6		B	N	O	G	\$45,000	\$7,745	
218	KO		NE arm Uganik Bay	Robin Heinrichs	2	88	6		F	M	N	G	\$29,900	\$5,085	
219	KO		Zacher Bay	Harold Schetzie	4	85	9		F	M	O	G	\$96,000	\$10,224	
220	KO		Onion Bay, Rasp. Is.	Delbert Star	5	85	10		F	M	T	G	\$50,000	\$5,000	
221	KO		Shearwater Bay	Helen Kelly	10	87	12		F	M	N	G	\$45,000	\$3,614	
222	KO		Sulua Bay	U.S. Fish & W.	8	89	18		F	M	N	G	\$73,400	\$4,000	
223	KO		Portage Bay	U.S. Fish & W.	8	89	7		F	M	N	G	\$36,950	\$5,000	
224	KO		Deadman's Bay	U.S. Fish & W.	8	89	6		F	M	N	G	\$35,200	\$5,500	
250	OR	NAK	Kotzebue	Nat. Park Serv.	1	85	60,000		F	M	N	P	(trade)	\$60	
251	OR	NAK	North Slope	BLM	10	86	37,972		F	N	N	P	(trade)	\$80	
252	OR	NAK	North Slope	Nat. Park Serv.	3	82	11,724		F	L	N	P	(trade)	\$95	
253	OR	EAK	St. Paul Islands	US Dept. Int.	11	84	8,000		A	M	N	P	\$7,200,000	\$900	
254	OR	EAK	Gulkana	US Air Force	11	88	5,620		H	N	N	P	\$2,470,000	\$440	
255	OR	CAK	Lake Clark	Nat. Park Serv.	10	88	3,150		F	L	N	G	\$1,346,000	\$427	conserv easmt
256	OR	EAK	Tok	US Air Force	11	88	2,935		H	R	N	F	\$1,500,000	\$511	
257	OR	EAK	Tok	US Air Force	11	88	2,901		H	R	N	F	\$1,380,000	\$476	
258	OR	NAK	Nome	Nome 2000	10	82	2,054		R	R	N	P	\$350,000	\$170	
259	OR	NAK	Nome	Global Resource	1	86	1,965		A	M	N	F	\$900,600	\$458	
260	OR	EAK	Delta Junction	John Theuringer	8	87	1,864		R	N	N	G	\$372,200 *	\$200	ag. rights
261	OR	CAK	Sheep Creek	Harman	12	84	480		W	N	N	G	\$141,300 *	\$294	
262	OR	PWS	LaTouche Island	Don Marino	3	79	316		A	M	N	G	\$200,000	\$633	
263	OR	PWS	LaTouche Island	Don Marino		81	315		F	M	N	G	\$300,000	\$951	
264	OR	PWS	Prince William Sound	Ellamar Prop.	10	82	203		F	M	N	F	\$365,000	\$1,798	
265	OR	NAK	Nome	M.T. Killion	7	86	160		H	C	N	P	\$112,000 *	\$700	

* Cash Equivalent Price less Building Improvements

SUMMARY OF LAND SALES - Continued

ID #	REGION	AREA	LOCATION	GRANTEE	DATE		SIZE (Acres)	Wtf Veg Soil				PRICE*	PRICE/Ac.
					Mo	Yr		Acc	Wtf	Veg	Soil		
266	OR	PWS	Prince William Sound	Paul Nangle	9	79	130	F	H	N	P	\$180,000	\$1,388
267	OR	CAK	Eagle River	Sun Valley Dev.	8	81	45	R	N	N	F	\$33,555	\$750 **
268	OR	CAK	Eagle River	Greg Vance	10	84	40	W	N	N	P	\$32,000	\$800
269	OR	EAK	Glennallen	Donald Granroth	7	85	4	R	N	O	G	\$11,300 *	\$2,825
270	OR	EAK	Glennallen	Faith Missions	7	83	4	R	N	O	G	\$10,000	\$2,315
271	OR	EAK	Tok	Allen Reed	4	87	9	R	N	O	G	\$15,800 *	\$1,775
272	OR	EAK	Glennallen	Gregory Boyd	8	82	10	R	N	O	G	\$14,400 *	\$1,440
273	OR	EAK	Mile 68, Tok Cutoff	James Ainsworth	4	83	20	R	N	O	G	\$28,600 *	\$1,430
274	OR	EAK	31 mi. S. Glennallen	Robert Emily	4	76	20	W	N	O	F	\$27,000 *	\$1,350
275	OR	EAK	Mile 67 Tok Cutoff	Gerald Ivey	11	83	60	R	R	N	P	\$50,400 *	\$840
276	OR	EAK	Mile 11, Edgerton Hwy.	Wayne Christy	7	83	60	R	N	O	F	\$48,700 *	\$812
277	OR	EAK	Glennallen	Unknown	5	88	80	R	N	O	P	\$60,000	\$750
278	OR	EAK	Mile 12 Edgerton Hwy.	Barry Schoenly	11	88	123	R	N	O	G	\$64,000 *	\$525
279	OR	EAK	Eureka	Kingery	9	83	160	R	N	N	F	\$80,000	\$500
280	OR	EAK	Mile 139 Glenn Hwy.	Young Yoon	9	88	160	R	N	O	F	\$69,000	\$431
281	OR	EAK	Edgerton Hwy.	Drew Holt	8	87	160	R	N	O	G	\$65,000	\$394
282	OR	PWS	Gulf of Alaska	SC Timber Co.	1	85	158	F	H	N	P	\$60,000	\$379
283	OR	EAK	Mile 164 Glenn Hwy	Paul White	4	83	126	R	N	O	G	\$80,000 *	\$634
286	OR	CAK	Wasilla	Nature Conserv.	12	89	525	W	H	N	P	\$51,000	\$97
287	OR	CAK	West side Cook Inlet	Roger Weber	3	88	40	B	C	N	P	\$12,000	\$300
288	OR	CAK	Wasilla (17 mi. SW)	Ethan Williams	2	82	250	R	C	N	P	\$75,000	\$300
289	OR	CAK	Wasilla	Rex Turner	4	83	685	R	C	N	P	\$157,500	\$230 **
290	OR	CAK	Palmer	Thomas Price	3	82	53	R	C	N	P	\$20,000	\$377

* Cash Equivalent Price less Building Improvements

** Allocation from part of a larger sale property

ABBREVIATION KEY

AREA
 KB = Kachemak Bay
 H/S = Homer/Seldotna
 WCI = West Cook Inlet
 OTH = Other Areas
 R = Remote Marine
 H = Haines
 J = Juneau
 NAK = North Alaska
 EAK = East Alaska
 CAK = Central Alaska
 PWS = Prince William Sound

REGION
 KN = Kenai Peninsula
 SE = Southeast Ak.
 KO = Kodiak Island
 OR = Other Regions

Acc = ACCESS
 F = Float plane
 R = Road
 A = Airplane
 H = Highway
 B = Boat
 W = Walk-in

Wtf = WATERFRONT
 M = Marine
 L = Lake
 R = River
 C = Creek
 N = None

Veg = VEGETATION
 T = Timber
 O = Other Trees
 N = Native Shrub/Grass

SOIL
 G = Good
 F = Fair
 P = Poor

SIZE ADJUSTMENT

Larger tracts of land typically have lower units values than smaller tracts, especially when comparing larger undeveloped acreage to smaller single use tracts. A survey was made in five regions of Alaska to develop a correlation between the size and price per acre. In each region, the sales indicated a lower value per acre as the size of the sale properties increased.

The five regions of the State surveyed for determining a size adjustment were: (I) remote, marine frontage properties in Southeast Alaska; (II) marine frontage properties in Kachemak Bay; (III) marine frontage properties on Kodiak Island; (IV) remote non-waterfront properties in the Anchor Point area on the Kenai Peninsula; (V) highway frontage tracts without waterfront in the Copper River Basin near Glennallen.

The indicated decline in value per acre as property size increases is graphically illustrated on the graph labeled "Size Adjustment Graph" on page 55. Sales data used to develop these graphs are all found on the pages headed "Summary of Land Sales."

The five regions represent a mix of property types ranging from Interior Alaska properties on the highway, Kenai Peninsula non-waterfront sales with limited or no access, to marine frontage remote properties located in Kachemak Bay, Kodiak and Southeast Alaska. In order to develop an "overall base line" size adjustment graph, the point values from each of the five area graphs are added together, divided by 5, and plotted as the "red" "overall base line" size adjustment graph.

The blue curve on the graph represents the average of the non-waterfront properties found in Area IV on the Kenai Peninsula and Area V in the Copper River Basin. The average of these two graphs are plotted as the "blue" "limited market" size adjustment graph. The market indicates using the red "overall base line" curve for typical properties with average to good marketability. The blue "limited market" size adjustment graph is used for properties with limited marketability, such as remote walk-in, mountainous or mud flat land.

The following section describes the sales used for each of the five size graphs. It is noted that the graph coordinates do not represent straight line increases. Rather, both the X (size) and Y (price/acre) axis values double at every inch increment. This allows all of the data to appear on one precise graph, from small acreage sales to large acreage sales, all at a meaningful scale on one graph.

The sales used to plot the points on the size adjustment graph are all identified by an Id. number on the table headed "Summary of Land Sales."

Graph I: Southeast Alaska Marine Frontage Graph

The criteria for selecting sales for this graph were marine frontage properties in Southeast Alaska, without road access, with similar, highest and best use and which sold in the 1980's. Points for which there were insufficient sales were extrapolated.

The 5-acre point on the Southeast Alaska curve is found by averaging sales No. 182, 183, 184, 185 and 186. These marine frontage properties sold at an average price of \$15,485/acre. The 20-acre point on the graph is the average of Sales 170, 175, 176 and 177. These marine frontage properties sold at an average of \$4,476/acre. The 40-acre point on the graph is represented by the average of Sales 165, 167 and 168, which had an average sales price of \$3,467/acre. The 80-acre point on the graph was derived from Sales 160 and 161 and indicates an average of \$2,225/acre. The 160-acre point on the graph is the average of Sales 157, 158 and 159, and indicate an average of \$2,024/acre. The 640 acre point on the graph is Sale 153 on Prince of Wales Island, which sold for \$1,603/acre. The 3,210-acre point on the graph represents Sale 152, which sold for \$560/acre. The graph was then extended to the Subject size based on the curve trend. Some of the smaller sales are from the larger tract sales, which gives the best correlation.

Graph II: Kachemak Bay Marine Frontage Graph

The criteria for selecting sales for this graph were waterfront, wooded properties with good soils conditions, with a sales date since June 1983, with similar highest and best use for recreational/residential development. Points for which there were insufficient sales were extrapolated.

The 5-acre point on the graph is found by averaging marine frontage Sales No. 57, 84, 89, 91 and 93. The average is \$14,484/acre. The 10-acre point on the graph is found by averaging Sales 43, 44, 48 and 97, all remote Kachemak Bay marine frontage properties. The average is \$11,242/acre. The 40-acre point on the graph represents Comparable 29 on Jakolof Bay at \$3,095/acre, and supported by non-waterfront Sale 32 at \$2,734/acre, and Sale 30 at \$3,542/acre. The 160-acre point on the graph represent Sale #9 for \$2,162/acre. This point is supported by Sale 103 at \$2,007/acre. The 240-acre point on the graph represents Comparable Sale #8 at \$1,800/acre. The 640-acre point on the graph represents Comparable Sale #5 at \$1,117 per acre. Two of the last 3 points on the graph are "soft points", since they represent land trades, rather than transactions where money changed hands. The values set forth in these type land trades may or may not represent full consideration for the property. The graph was then extended to the Subject size based on the curve trend.

Graph III: Kodiak Marine Frontage Graph

The criteria for the Kodiak Graph were remote marine frontage parcels on Kodiak Island, without road access, with similar highest and best use, good soils conditions, similar frontage to depth ratio and a sales date of 1984 or later.

The 5-acre point on the Kodiak graph represents the average of Sales 208, 209, 211, 213, 214, 215, 217 and 218. The average price paid was \$7,839/acre. The 10-acre point on the Kodiak graph represents Sales 206, 219, 220 and 221, which average \$6,279/acre. The 20-acre point on the graph is the average of Sales 205 and 222, which indicate an average of \$3,545/acre. The 40 acre point on the graph represents Sale 204 at \$2,000/acre, and the 640-acre point on the graph represents Sale 201 at \$981/acre. Intermediate points, where there were insufficient sales, were graphically extrapolated from known points. The graph was then extended to the Subject size based on the curve trend.

Graph IV: Copper River Basin Size Graph

Numerous sales were found in the Copper River Basin area, ranging in size from 5 acres to 5,620 acres. The largest sale sold in November 1988. The market indicates a substantial time adjustment for sales occurring prior to 1986, on the order of a 25% downward adjustment. Thus, the Copper River size graph is based on 1988 sales, and sales prior to 1986 are adjusted downward 25% for time, except sales in 1982 or prior require no time adjustment since an upward adjustment for time to 1985 is offset by a corresponding time adjustment downward since 1986.

The criteria for selecting sales for this graph were highway frontage properties not near any established communities, without water frontage, no merchantable timber, and generally sales dates in the 1980's, except sales prior to 1986 are adjusted for time as indicated above.

The 5-acre point on the Copper River Basin graph represents Sales 269 and 270, which average \$2,570/acre, but were adjusted downward 25% for time, indicating \$1,928/acre. The 10-acre point on the graph represents the average of Sales 271 and 272, representing an average of \$1,608/acre. The 20-acre point on the graph represents Sales 273 and 274 at \$1,390/acre. The 80-acre point on the graph represents the average of Sales 277 and 278, or \$637/acre. The 160-acre point on the graph represents the average of sales 280, 281 and 283. Sale 283 is adjusted downward 25% for time. The average is \$486/acre. The 5,120-acre point on the graph represents Sale 254 at \$440/acre.

Points on the graph for which there were no sales were extrapolated from the known points on the graph. The graph was then extended out to the size of the Subject property based on the trend line indicated by the graph.

Graph V: Anchor Point Remote Sales Graph

The criteria for selecting sales in this size versus price/acre graph was based on more remote acreage parcels on the Kenai Peninsula in the Anchor Point area, generally without road access, and without lake, river or marine frontage. Physical characteristics included relatively level or gently rolling terrain with mixed birch forest and muskeg land. Many of the smaller parcel sales are portions of the larger tract sales, which gives the best correlation for size versus price. No time adjustment was necessary since the sales were selected around 1985, and indicate no adjustment for time during this period.

The 10-acre point on the graph is the average of Sales 108, 109, 110, 111, 112 and 113. The average price for 10-acre parcels is \$2,025/acre. The 20-acre point on the graph is the average of Sales 114 and 115, indicating \$1,454/acre. The 160-acre point on the graph reflects Sale 116 at \$500/acre. The 640-acre point on the graph represents Sale 117 at \$500/acre. The 2,560-acre point on the graph represents Sale 2 at \$464/acre.

The other points along the graph, for which insufficient sales were found, were extrapolated from the trend line by connecting the known points. The graph was then extended out to the size of the Subject based on the size versus price trend indicated by the graph.

Overall Size Adjustment Summary

In order to develop an "Overall base line" size adjustment graph, the price per acre value at each increment point (i.e., 5 acres, 10 acres, 20 acres, etc.) from the five graphs were then added together and divided by 5 for an average price per acre for each size increment (i.e. the average of the five 5-acre points on the graph is \$8,547/acre). This average was calculated for each size increment on the graph, and the trend line extended to the Subject property size. (23,755.5 acres for Parcels I and II)

The "Overall Base Line" Size Adjustment Graph (plotted in red), indicates an average value for the Subject size of \$548/acre. The size adjustment for each of the size increments on the graph (i.e. 5, 10, 20, 40, 80, 160 . . . etc.) is then calculated by correlating the price/acre of the 20,480 acre point with the price/acre for each size increment on the graph. For example: The size adjustment needed to compare a 40-acre sale to the Subject size is calculated by subtracting \$548 from the \$2,087/acre average for 40-acre tracts, and then dividing by \$2,087. The calculation at each increment, with x representing the average price/acre for that size increment is as follows:

$$(x - \$548) \div x = y$$

$$y \times 100 = \text{the percent size adjustment.}$$

It should be noted that the average price per acre values from the 5 graphs does not represent the value of any particular property, rather just an average relationship between size and price per acre. The value of \$548 per acre indicated for a 20,480 acre parcel is only relevant for calculating a size adjustment from other points on the graph. It does not represent the value of the Subject property or any other property. It merely denotes an average relationship between size and price per acre.

On the following page is the size adjustment summary indicating the size adjustments used to adjust each comparable sale to the Subject. This summary shows price/acre declines dramatically as the size of a property increases, but also tends to flatten out as size increases. For tracts larger than 2,000 acres, the size adjustment becomes minimal.

OVERALL, SIZE ADJUSTMENT SUMMARY TABLE

Graph #	I <u>Southeast Alaska</u>	II <u>Kachemak Bay</u>	III <u>Kodiak</u>	IV <u>Copper River Basin</u>	V <u>Soldotna /Homer</u>	Total of <u>Graphs I - V</u>	Average <u>of I - V</u>	Indicated Size <u>Adjustment</u>
5 acres	\$15,485	\$14,484	\$7,839	\$1,928	(\$3,000)	\$42,735	\$8,547	-93%
10 acres	(8,200)	11,242	6,279	1,608	2,025	29,354	5,871	-90%
20 acres	4,476	(5,800)	3,545	1,390	1,454	16,665	3,333	-84%
40 acres	3,467	3,095	2,000	(900)	(975)	10,437	2,087	-74%
80 acres	2,255	(2,560)	(1,730)	637	(740)	7,922	1,584	-65%
160 acres	2,024	2,162	(1,460)	486	500	6,632	1,326	-58%
(240 acres =		1,800)						
320 acres	(1,775)	(1,550)	(1,200)	(458)	(500)	5,483	1,097	-50%
640 acres	1,603	1,117	981	(453)	500	4,654	931	-41%
1,280 acres	(975)	(900)	(860)	(449)	(475)	3,659	731	-25%
2,560 acres	(650)	(800)	(760)	(445)	464	3,119	624	-12%
(3,210 acres =	560)							
5,120 acres	(550)	(750)	(700)	440	(460)	2,900	580	- 5%
10,240 acres	(520)	(720)	(675)	(437)	(456)	2,808	562	- 2%
20,480 acres [Subject Size]	(490)	(700)	(660)	(435)	(453)	2,738	548	[Subject] [Size]
40,960 acres	(475)	(690)	(650)	(434)	(450)	2,699	540	

Note: Point values per acre in parenthesis () have been extrapolated from the graph, based on the points with sufficient sales. Each graph was then extended out to 40,960 acres, based on the plotted trend.

Special Case: Limited Market Property Size Adjustment

Graphs I, II and III, representing marine frontage properties in Southeast Alaska, Kachemak Bay and Kodiak are very desirable properties with good marketability and appeal. Graphs IV and V are of less desirable properties located in the Copper River Basin and remote lands located in the Soldotna/Homer area, generally without road access.

The "Overall Base Line" Graph, averaging Graphs I through V is used for making a size adjustment for typical properties with average to good appeal. Using this size adjustment relationship on low appeal properties with limited marketability did not yield good results. Properties in this category would include steep mountain properties, remote properties with only distant walk-in access and mud flats.

Properties with low appeal and limited marketability are more similar to sales on Graphs IV and V, representing Copper River Basin and Soldotna/Homer remote sales. Both increment points on these two graphs are averaged and summarized on the page headed "Limited Market Property Size Adjustment Summary Table." The graph is again extrapolated to the size of the Subject property, and the same formula is applied to indicate the size adjustment for the various increments on the graph. It is noted that for a 40-acre sale the size adjustment to the Subject is -53%, which is less than the -74% size adjustment indicated for typical properties.

On the following page is a summary of the size adjustments for limited market sales.

LIMITED MARKET PROPERTY SIZE ADJUSTMENT SUMMARY TABLE

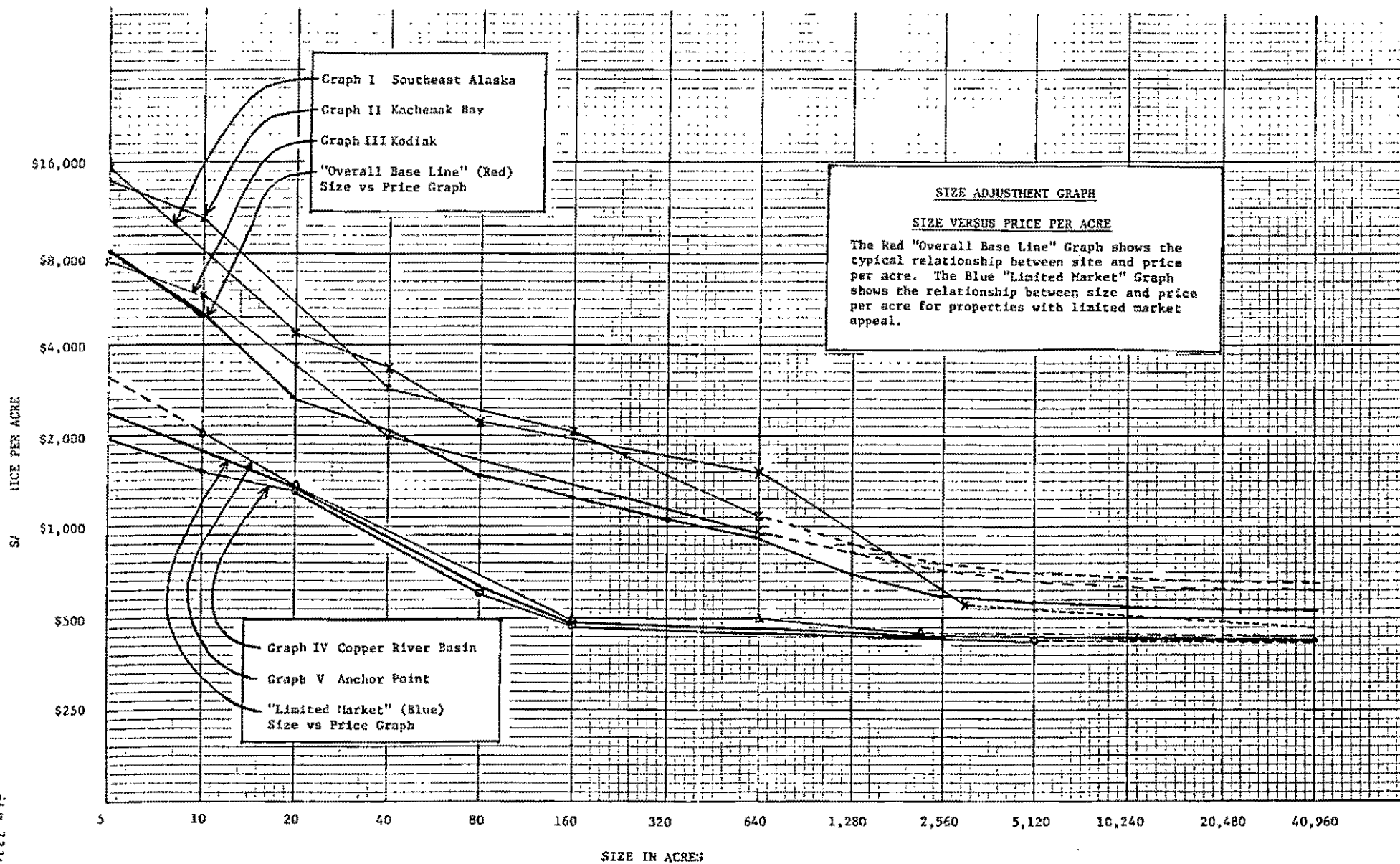
Graph #	IV Copper River Basin	V Soldotna /Homer	Average of IV - V	Indicated Size Adjustment
5 acres	\$1,928	(\$3,000)	\$2,464	-82%
10 acres	1,608	2,025	1,817	-75%
20 acres	1,390	1,454	1,422	-69%
40 acres	(900)	(975)	937	-53%
80 acres	637	(740)	688	-35%
160 acres	486	500	493	-10%
320 acres	(458)	(500)	479	- 7%
640 acres	(453)	500	477	- 7%
1,280 acres	(449)	(475)	462	- 4%
2,560 acres	(445)	464	455	- 2%
5,120 acres	440	(460)	450	- 1%
10,240 acres	(437)	(456)	447	0%
20,480 acres [Subject Size]	(435)	(453)	444	
40,960 acres	(434)	(450)	442	

Size Adjustment Graph

On the following page is the Size Adjustment Graph on which is plotted all 5 size adjustment curves. The "red" "Overall Base Line" Size Adjustment Graph represents the average of graphs I through V and is used to adjust most properties with average to good marketability.

The "blue" "Limited Market" Size Adjustment Graph is the average of Graphs IV and V. This graph is used to adjust sales for size with limited marketability and low appeal.

It is noted that the size coordinates on the graph are not straight line increases, rather the increment doubles at every inch along the x axis for size in acres, and also along the y axis for price/acre. This enables the information ranging from 5 acres to 25,000 acre properties, selling from \$400 to \$16,000/acre, to be represented on one graph and show a meaningful scale for both extremes.



TIME ADJUSTMENT

The comparable sales analyzed to reflect the value of the Subject property have been taken from various regions of the State of Alaska. The time adjustment indicated from the market from these regions varies widely. Generally, more populated areas near the larger communities experienced appreciating property values from the early 1980's through 1984. Prices increased from 5% to 15% annually. In 1985 prices leveled out, and then began a steep decline in 1986 due primarily to the crash in oil prices and the overbuilt market. In 1986 through 1988 prices declined from 10% to 20% annually. We reached the bottom in early 1989 and prices have leveled out. This scenario would apply to areas around Anchorage, the Matanuska-Susitna Valley, the Soldotna area, and Fairbanks.

Other regions in Alaska generally had lower appreciation of values during the early 1980's, and less decline in value since 1986.

Because different areas of the State experienced differing increases and decreases in land value during the 1980's, each area is analyzed separately, based on numerous sales in order to estimate a time adjustment reflecting present values.

Southeast Alaska

All of the comparable sales analyzed in Southeast Alaska are located in somewhat remote areas away from the larger communities. These type properties saw a gradual increase in value during the 1980's, with prices increasing approximately 20% from 1980 to 1985. Then, property values declined slightly, approximately 10% in 1986, and remained stable since then.

This is quite different than properties in Juneau, where significant construction activity and market conditions produced rapidly increasing property values followed by a more severe decline beginning in 1986.

In conclusion, sales since 1986 receive no adjustment for time. Sales from mid-1983 through 1985 are adjusted downward 10% for time. Sales from mid-1982 to mid-1983 have offsetting upward and downward time adjustments, netting a 0 time adjustment. Sales from 1980 through mid-1982 have a net upward 10% adjustment for time.

Kachemak Bay

A survey was made to identify changes in property value over time in the Kachemak Bay area. Initially it was believed that the market had declined along with other areas of the State beginning in 1986. After a thorough analysis, no adjustment was supported. The following analysis was made to identify the time adjustment.

Lot 3, Dunagan Subdivision, located on Kasitsna Bay, containing 1.02 acres, sold in April 1984 for \$35,000, after adding typical sales commission. The lot sold again in June 1989 for \$35,000. This indicates no net time adjustment from 1984 to 1989.

Lot 8, Block 3, Mariners Walk Subdivision, located on Loon Lake in the Bear Cove area, originally was purchased in August 1986 for \$25,000. In December 1987 it resold as Sale #56, for \$23,917, a decline in value of only 4%.

Lot 4, Canyon View Subdivision, located at the head of Kachemak Bay, containing 9.33 acres, sold in August 1979 for \$5,000 per acre. In March 1985 the same lot sold for \$6,000 per acre, an increase of 20% from 1979 to 1985.

Lot 3, Canyon View Subdivision, sold in February 1989 for \$6,530 per acre. Compared to neighboring Lot 4 in Canyon View Subdivision, which sold in March 1985 for \$6,000 per acre, indicates an upward time adjustment from 1985 to 1989 of 8.8%.

Lot 7, Dickson Subdivision in the Bear Cove area, containing 1.69 acres, sold in May 1983 for \$15,385/acre. Neighboring Lot 6 in Dickson Subdivision, containing 1.99 acres, is currently listed for \$16,332/acre, an increase of 6%.

Sale No. 86, located in Halibut Cove, containing 4.95 acres (ASLS 72-13) sold in October 1983 for \$15,900/acre. Another property in Halibut Cove (ASLS 79-57) containing 4.79 acres, sold in May 1989 for \$15,650/acre. These sales indicate no time adjustment from 1983 to 1989.

Sales 59, 60, 61, 62 and 63 are all located on the southeast tip of the Kenai Peninsula in Petrof View Subdivision, containing 3 to 5 acres. Dates of sale range from 1984 to 1988, and show no decline in value over time, rather they could support some upward time adjustment during this period.

Sale 51, in Seldovia, containing 7.17 acres, sold in May 1985 for \$40,446/acre. Sale 86, a similar type property located in Halibut Cove, containing 4.95 acres, sold in March 1987 for \$44,444/acre. These comparable sales indicate no time adjustment.

Sale 102, located approximately one mile southeast of Seldovia, with logging road access and no waterfront, containing 40 acres, sold in June 1979 for \$2,000/acre. Sale 37, located about one mile south of Seldovia, with road access and no waterfront, containing 32 acres, sold in March 1984 for \$2,734/acre, an increase of 37% from mid-1979 to 1984.

Based on the analysis of the above sales, it was concluded that sales in the Kachemak Bay area, selling in 1980, are adjusted upward 20% for time. Sales in 1984 through 1989 have no time adjustment.

Time Adjustment - Kenai Peninsula Sales - Soldotna/Homer Area

A paired sale analysis was made of several sales to determine an appropriate time adjustment. This comparison reflects changes in market conditions for outlying properties in the Homer to Soldotna area. In order to minimize changes in value attributed to size, location, etc., all elements of comparison except date of sale were kept as similar as possible in the analysis.

Sale #80, containing 1.14 acres, of which 79% is usable, sold in May 1985 for \$33,277 per usable acre. Sale #76, containing 1.019 acres, of which 75% is usable, sold in September 1988 for \$26,315 per usable acre. This indicates a downward time adjustment of 13%.

Sale #68, containing 2.512 acres, of which 64% is usable, sold in May 1986 for \$18,750 per usable acre. Sale #69, containing 2.5 acres of which 68% is usable, sold in February 1988 for \$20,588 per usable acre. This indicates a downward time adjustment of 17%.

Sale #80 is also compared to Sale #75, containing 1.81 acres of which 55% is usable, which sold in June 1988 for \$28,000 per usable acre. This indicates a downward time adjustment of 12%.

Tract 4, Parkinson Tracts, near Anchor Point, sold in August 1985 for \$73,500. The sale tract resold in March 1988 for \$60,000, indicating a downward time adjustment of 18%.

Lots on the Cook Inlet Bluff were also analyzed for a time adjustment. Lot 1, Kasilof West, containing 2.32 acres, sold in September 1984 for \$21,509/acre. Lot 6, Ness Johansen Subdivision, containing 2.56 acres, sold in September 1987 for \$16,015/acre, which is adjusted upward 10% for inferior access. Overall, these paired sales indicate a downward time adjustment from 1984 to 1987 of 18%.

Another pair of Cook Inlet Bluff lots is Lot 6, Kasilof West, containing 1.83 acres, sold in October 1984 for \$24,590 per acre, compared with Lot 1A, Holm Subdivision No. 2, containing 1.94 acres sold in December 1988 for \$18,299 per acre, but is adjusted upward 10% for terms of sale. This pair indicates a downward time adjustment of 18% from 1984 to 1988.

A pair of sales in the Coho Loop Road area are Sale #81, containing 1.11 acres which sold in November 1988 for \$5,405/acre, compared with Sale #67 containing 2.22 acres, which sold in August 1985 for \$7,984/acre. This pair of sales indicates a downward time adjustment of 32%.

Conclusion of Time Adjustment

The paired sale analysis above indicates downward time adjustments from 1985 to the present ranging from 12% to 32%. Discussions with local Realtors indicates a typical downward time adjustment around 20%. This is confirmed by most of the paired sales analyzed. Therefore, 1985 sales of more remote properties in the Homer to Soldotna area are adjusted downward 20% for time.

Other Area Time Adjustments

The 2 other areas from which comparable sales were analyzed with the Subject are a mountains, semi-remote parcel located near Eagle River, Alaska, and a wooded, very remote parcel located near Sheep Creek in the Susitna Basin. Both of these sales occurred in 1984 near the top of the real estate market. The appraisers have analyzed numerous land sales in these areas since the economic decline began in 1986. Residential and recreational land prices in the Eagle River/Anchorage area have declined about 40% since 1986, based on numerous sales and resales of residential lots.

The sale of 480 acres near Sheep Creek in the Susitna Drainage is a more remote property where prices of land experienced little appreciation during the market upswing in the early 1980's, and subsequently suffered less of a decline in the downturn since 1986. There have been no sales in this area to confirm the downward time adjustment, but it is the appraisers opinion that land values have fallen approximately 30% for this type remote property.

LOCATION ADJUSTMENT

Location is one of the most important considerations in valuing real estate. It is the only factor which cannot be changed. Aspects of location include access, exposure, appeal, surrounding development and market acceptance. Since location is so fundamentally important, those sales with the most similar location are given the most weight in valuing the Subject property. The Subject is a relatively remote tract of land, within the Kachemak Bay State Park, with high attribute qualities for recreational activities including boating, fishing, crabbing, clam digging, beach walking, hiking, hunting, wildlife viewing, camping, mountain climbing, etc.

In order to develop a meaningful location adjustment comparing sales in other regions of the State with the Subject property, the appraisers have analyzed sales of similar type properties in the two areas in order to develop a relationship.

Location Adjustment - Copper River Basin

Non-waterfront acreage sales in the Kachemak Bay area sell for about twice as much as Copper River Basin tracts in East Alaska. Therefore, sales in that area are adjusted upward 100% compared with the Subject. For example, Sale #37 near Seldovia, in Kachemak Bay, sold for \$2,734/acre, versus Sale #273 located on the Tok Cut-off at Mile 68, containing 20 acres, which sold for \$1,430 per acre.

Location Adjustment - Haines

Another location adjustment is indicated for sales in the Haines area versus Kachemak Bay. A similar analysis of non-waterfront properties near Haines, indicates an upward location adjustment of 60% versus Kachemak. For example, Sale No. 37, south of Seldovia, containing 32 acres, sold in February 1984 for \$2,734 per acre. Sale #162 on the Haines Highway, containing 80 acres, sold in June 1984 for \$1,625/acre, indicating an upward location adjustment of 67%. Sale #37 near Seldovia is also compared with Sale #164 in the Haines, which sold in December 1986, containing 46 acres, which sold for \$1,535/acre, and after adjusting upward 10% for time, indicates a location adjustment of 62%.

Location Adjustment - Southeast Alaska

The Size Adjustment Graph found previously in this report, plots Kachemak Bay marine frontage properties as Graph No. II, and Southeast marine frontage properties as Graph No. I. A review of the graph indicates that property sales track one another fairly consistently. First small Southeast sales were slightly higher; then larger Southeast were sales slightly lower, and switching positions as size increases. There is no apparent overall location adjustment for Southeast sales versus Kachemak Bay sales with similar marine frontage.

A few exceptions were noted in Southeast. Gustavus area land sales were considerably higher than sales of similar land located in other areas of Southeast Alaska. Based on sales of similar properties, Gustavus area sales are adjusted downward 35% compared to Kachemak Bay.

Another exception noted is Northern Prince of Wales Island, which is more remote than most Southeast Alaska areas. Although there were few sales, it is the appraiser's opinion that an upward 15% adjustment should be applied when comparing this type property with Kachemak Bay due to the superior access and proximity to population found in Kachemak Bay.

Location Adjustment - Kodiak

The size adjustment graph shown previously in this report, compares Kachemak Bay marine frontage properties as Graph No. II, with Kodiak marine frontage properties as Graph No. III. The two graphs indicate that Kodiak marine frontage properties consistently sell for less than Kachemak Bay marine frontage properties. Size adjustments range from a +30% for 320 acre parcels to +55% for 40 acre parcels. Sale L-1 (Id. #203) on Kodiak Island has a much superior location compared with the general marine frontage properties in Kodiak. It has a picturesque location, located on the Narrows of Raspberry Strait, with excellent anchorage and surrounded by National Forest lands. The location adjustment applied to this sale compared with the Subject property in Kachemak Bay is +10%.

Location Adjustment - Anchor Point

Sale L-2 (Id. #2) is located in the Anchor Point Area, and consists of several large tracts of "paper platted" land, generally with no road access, and soils ranging from marsh to birch forest on well drained land. Sales #108 through 117 in this area are compared with non-waterfront sales in the Kachemak Bay area such as Sales #11, 32, 52 and 54. Overall, it appears that an upward 25% adjustment is appropriate for Anchor Point area sales versus the Subject location in Kachemak Bay. This adjustment is applied to Sale L-2.

Location Adjustment - Prince William Sound

Sale L-13 (Id. #264) located at Ellamar, containing 203 acres, sold in October 1982 for \$1,798/acre. Sale 266 containing 130 acres, sold in September 1979 for \$1,388/acre. The most similar acreage sales in the Kachemak Bay area were purchased by the Russian Old Believers, represented by Sale #103, containing 130 acres which sold for \$2,000/acre in 1978, Sale #10, containing 160 acres, which sold in April 1984 for \$2,250/acre, and Sale #11 which sold in April 1980, containing 160 acres, for \$2,500/acre. These latter sales in the Kachemak Bay area do not have marine water frontage. Overall, the market indicates an upward 80% location adjustment should be applied to Prince William Sound Properties compared with Kachemak Bay properties.

Location Adjustment - Eagle River

Sale L-16 (Id. #268) is a mountainous parcel with walk-in access, located above Eagle River, Alaska. This property has a superior location near the metropolitan area of Eagle River and Anchorage. It is a popular hiking area, with good views of the surrounding valley and mountains. An analysis of acreage tracts of land without waterfront in the Eagle River area, compared to similar acreage tracts in the Kachemak Bay area, indicate a downward location adjustment of -15%.

Conclusion of Location Adjustments

A location adjustment is somewhat subjective. Although it is based on sales in the two locations, there are numerous variables which effect price. Therefore, sales with the least amount of location adjustment are given the most weight in estimating the value of the Subject property. Those sales requiring no location adjustment are located in the Kachemak Bay area, or Southeast Alaska. They are Sales L-3, L-4, L-6, L-8, L-9, L-10, L-11 and L-12.

Sale L-1 on Kodiak Island is adjusted upward 10% for location. Typical Kodiak Island properties would be adjusted upward significantly higher, but this particular sale has a very desirable location on Afognak Island, thus reducing the location adjustment.

Sale L-2, located in a remote area near Anchor Point, is adjusted upward 25% for location.

Sale L-5, on the northern portion of Prince of Wales Island, is more remote and less accessible than the typical Southeast Alaska property, and is adjusted upward +15% for location.

Gustavus, consistently reflects higher land values than other remote areas in Southeast Alaska, and higher than similar Kachemak Bay properties. Therefore, a downward -35% location adjustment is applied to Sale L-7.

Sale L-13 is located in Prince William Sound, and an analysis of the sales in the Sound, versus similar Kachemak Bay sales, indicates an upward +80% adjustment for location.

Sales L-14 and L-15 are located near Gulkana and Tok in eastern Alaska. Kachemak Bay properties sell for at least double similar tracts in that area, indicating an upward +100% location adjustment.

Sale L-16 is a mountain tract located near Eagle River, Alaska. This is a popular hiking area near a bedroom community of Anchorage. A downward -15% location adjustment is indicated.

Sale L-17 is located near Haines, Alaska. It is adjusted upward +60% for location, based on an analysis of similar properties in Haines and the Kachemak Bay area.

Sale L-18 is a mud flat property located south of Wasilla at the mouth of Cottonwood Creek on Knik Arm. The tidal flats in Kachemak Bay have a superior location, indicating an upward 10% location adjustment.

Method of Adjustment

In adjusting the comparables to the Subject property, differences for the 3 major categories of difference are made. These are a size adjustment, time adjustment and location adjustment. The adjustment for terms of sale has already been applied to each of the comparables, and is reflected in the Price/acre and Sales Price listed on the "Summary of Sales."

The adjustments indicated from the market for each of the 3 major categories (size, time and location), are converted to their decimal equivalent by adding 100% and multiplying the adjustments in order to develop a total decimal adjustment. This is the mathematically correct of applying adjustments to reflect the value of the Subject property. As an example:

A comparable property sells for \$500/acre, and differences with the Subject property indicates a size adjustment of -50%, a time adjustment of -20%, and a location adjustment of +10%. The decimal equivalent is a size adjustment of .5, a time adjustment of .8 and a location adjustment of 1.10. Multiplying these adjustments together indicates an overall decimal adjustment of .44, which is multiplied times the \$500/acre sales price, indicating an adjusted sales price of \$220 per acre.

It is noted that it does not matter in what order the adjustments are multiplied. the most comparable sales would usually be those with the least number of adjustments, disregarding whether it is a + adjustment or a - adjustment.

VALUATION BY DIRECT MARKET APPROACH

Land is customarily valued as though vacant and available for development to its Highest and Best Use. The best method to estimate the current market value is by the Market Data Approach. This approach applies the Principle of Substitution, where a well informed buyer will pay no more for a property than the amount for which he can buy a suitable substitute within a reasonable period of time.

A search was made in South Central Alaska, Southeast Alaska and Eastern Alaska for large land sales that could provide some indication of value for the Subject property using a face-to-face comparison of sale properties to the Subject.

In selecting comparable sales, it is not good enough to just find a bunch of sales because sales must be compared to the Subject using standard appraisal procedures. This means that all of the sales used as comparable sales must have characteristics that are common to both the Subject and sale properties. This is the time-proven method of appraising real estate.

The Direct Market Approach has many problems and severe restrictions in this appraisal because of (1) the size of the Subject property, containing 23,760 acres, (2) the widely diverse characteristics of the Subject property, ranging from highly desirable marine frontage with protected boat moorage to mountain peaks as high as 4,320 feet. It includes mud flats, a glacial river, a beautiful small waterfall, and a myriad of other characteristics.

The largest sale that was found was 5,620 acres, about 1/4 the size of the Subject property. Nevertheless, it was felt that it was worth the effort to make a valuation estimate based on the best comparable sale information available. Over 220 land sales were analyzed, and of those, 8 sales were finally selected as having sufficient comparable characteristics to call them comparable sales. The transactions summarized in the table on the following page are considered to be the most comparable, and were used to estimate the current market value of the Subject.

Please note that the details of each sale tabulated on the following page are included in the section of this report entitled "Valuation Using the Attribute Point Rating System."

LAND SALES SUMMARY - DIRECT MARKET APPROACH

Sale No.	Id. No.	Location	Sale Date	Acre Size	Price/Acre	Adjustments			Decimal Equivalent	Adjusted Sale Price	Physical Rating	Subject* Overall Value Indication
						Size	Time	Location				
L-1	203	Afognak Island	11/89	274	\$3,837	-50%	0%	+ 10%	.55	\$2,110	Much superior	<\$700/acre*
L-2	2	Anchor Point	12/85	2,220	464	- 2%	-20%	+ 25%	.98	455	Inferior	>\$450/acre
L-3	151	Goat Island	5/88	4,749	1,895	- 5%	0%	0%	.95	1,796	Much superior	<\$600/acre
L-5	153	Prince of Wales Island	10/85	611	1,603	-41%	-10%	+ 15%	.61	979	Superior	<\$650/acre
L-10	261	Sheep Creek	12/84	480	294	- 7%	-30%	0%	.65	191	Much inferior	>\$400/acre
L-13	264	Ellamar	10/82	203	1,798	-58%	0%	+ 80%	.76	1,359	Superior	<\$700/acre
L-14	254	Gulkana	11/88	5,620	440	- 5%	0%	+100%	1.90	836	Inferior	>\$850/acre
L-15	256	Tok	11/88	2,935	511	-12%	0%	+100%	1.76	900	Inferior	>\$900/acre
L-19	1	Tutka Bay	3/83	3,578	**							
L-20	4	Tutka Bay & Peterson Bay	4/85	959	**							

23,760.5 acres @ \$400/acre = (rounded) \$ 9,500,000

23,760.5 acres @ \$700/acre = (rounded) \$16,600,000

* < = Less than: <\$700/acre means less than \$700 per acre
 > = More than: >\$450/acre means more than \$450 per acre.

** Land Trades between Seldovia Native Association and the State of Alaska.

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COMPARISON OF THE SALES TO THE SUBJECT

The 8 sales were first compared and adjusted to the Subject for differences in (1) size, (2) time of sale, and (3) location. Please refer to the discussion of size adjustment, time adjustment and location adjustment in a previous section of this report..

The sales were then compared to the Subject for physical characteristics.

Comparable Sale L-1 (Id. No. 203) is a 273.65 acre tract of land located on the south end of Afognak Island, 30 miles northwest of Kodiak, Alaska. This property sold in November 1989 for \$1,194,375. The Cash Equivalent Price is \$1,080,000. The improvements on the property were valued at \$30,000. This develops an unadjusted land value of \$1,050,000, or \$3,837 per acre.

This is an excellent tract of gently to moderately rolling, well drained, marine waterfront land on "The Narrows" across from Little Raspberry Island. It has about 2 miles of protected waterfront, with protected anchorages and a small bay. The vegetation varies from open meadows to old growth spruce forest. The property includes a small house and 3 cabins, valued at \$30,000.

The sale was first adjusted for size. This sale contains 274 acres, as compared to the Subject property containing 23,760 acres. This required a size adjustment of -50%. (Please refer to the size adjustment section of this report.) No time adjustment was necessary, being a very recent sale, in November 1989. A location adjustment of +10% was made because the Subject property at China Poot Bay is superior to the location of the sale on Afognak Island.

Decimal Equivalent

The market develops percentage adjustments for each of the 3 major categories (size, time and location). In order to apply the percentage adjustments they are first converted to their decimal equivalent. This is done by adding the adjustment to 100% (i.e., a -50% adjustment: $100\% - 50\% = .50$). The decimal equivalent is then multiplied times the price per acre for the comparable. Adjustments are multiplied (not added) to be mathematically correct. For example: The comparable property sold for \$3,837/acre, and the differences with the Subject property indicates a size adjustment of -50%; a time adjustment is 0%, and a location adjustment of +10%. The Decimal Equivalent = $(1 - 50\%) \times (1 + 0\%) \times (1 + 10\%) = .55$.

The indicated adjusted sales price is calculated as follows:

$$\$3,837 \times .55 = \$2,110/\text{acre}$$

(continued next page)

In comparing the physical characteristics of the sale property to the Subject, the sale property is much superior with its 2 miles of protected marine waterfront, 148 acres of commercial timber, gently to moderately rolling, well-drained marine waterfront land. It is superior by a magnitude of 3.

Overall, the value indication for comparing this sale directly to the whole Subject property would be less than \$700 per acre for the Subject property.

COMPARABLE SALE L-2 (Id. No. 2)

This is the sale of 6 parcels of land totaling 2,220 acres located within 8 miles south and east of Anchor Point on the Kenai Peninsula. It sold as one unit in December 1985 for \$1,030,000 cash. The 6 parcels had been paper platted into 222 "paper plat" undeveloped 10-acre tracts. Only one of the 6 tracts had gravel road access. They have about 60% good soils, wooded with birch and spruce, and about 40% treeless muskeg. Total acreage included "paper-plat" road right-of-ways which could be vacated. This property sold at a price of \$464/acre.

The sale was first adjusted -2% for size, the sale contains 2,220 acres, compared to 23,760 acres in the Subject property (refer to the Size Adjustment section of this report). A +25% adjustment was made for the superior location of the Subject property on China Poot Bay. This property sold in December 1985, requiring a -20% adjustment for time.

The decimal equivalent is .98, developing an adjusted sales price of \$455/acre.

In comparing the physical characteristics of this sale to the Subject, the sale property is inferior in many respects. This property has no marine waterfront with protected bays, no pristine mountains, and is generally inferior in many ways, although it is mostly usable land for recreational development, superior to much of the steep terrain on the Subject property.

Overall, this sale indicates a value for the Subject property greater than \$450 per acre.

COMPARABLE SALE L-3 (Id. No. 151)

This is the sale of Goat Island and 41 other small islands, located one mile west of Hydaburg in Southeast Alaska. These islands, totaling 4,749 acres, sold in May 1988 for \$9,000,000 cash, or \$1,895/acre. Goat Island and the surrounding South Pass Islands (41 islands ranging from 1/4 to 173 acres) is a unique recreational area of pristine wilderness. It contains many protected coves and over 37 miles of coastline, ranging from rugged rocky to sandy beaches. It contains estuary and habitat areas for many species of animals and birds. The islands are ringed with Eagle nests, and there are several streams, including one medium size stream headed by a lake. Recreational opportunities include boating, camping, fishing, clam digging, deer and bear hunting, wildlife viewing, etc. The property is heavily wooded with old growth timber.

A size adjustment of -5% was made. The sale property has 4,749 acres compared to 23,760 acres for the Subject. No adjustment was made for location, because good marine properties in Southeast Alaska are considered to be about equal to good marine properties in the Kachemak Bay area. No time adjustment was considered necessary, the sale property being sold in May 1988.

The decimal equivalent is .95, developing an adjusted sale price of \$1,796/acre.

In comparing the physical characteristics of the sale property to the Subject, the sale property is much superior. All of the sale property is highly usable and accessible land. There are many unique characteristics making it clearly superior to the Subject. It is superior by a magnitude of 3.

Overall, this sale indicates a value for the Subject land of less than \$600/acre.

COMPARABLE SALE L-5 (Id. No. 153)

This is a sale of 611 acres of logged off land located west of Dry Pass, near El Capitan, on the northerly end of Prince of Wales Island in Southeast Alaska. This property sold in October 1985 for a cash equivalent price of 980,000, or \$1,603 per acre. The property consists of 2 parcels of land fronting on Shaken Straits and Dry Pass. There are logging roads which connect to the Prince of Wales Island road system. The property has gentle to moderate slopes. Some are steep. It has 19,200 feet of waterfront with protected anchorage in Dry Pass.

The sale requires a -41% size adjustment. It occurred in October 1985 for a -15% time adjustment. Because it is located in a fairly remote area in Southeast Alaska, an upward adjustment +15% adjustment was made to compare this location with the Subject.

Decimal equivalent is .61, developing an adjusted sales price of \$979/acre.

Compared to the Subject property, the physical characteristics of this sale is superior. This property has 19,200 feet of waterfront with protected moorage. All of the land is usable and accessible, with most of it having gentle to moderate slopes. Since it is logged, it is comparable to Parcel 2. This sale is superior to the Subject by a magnitude of 1.5.

Overall, this sale indicates a value for the Subject land of less than \$650/acre.

COMPARABLE SALE L-10 (Id. No. 261)

This is a 480 acre property located 50 miles north of Wasilla, 5 miles east of the Parks Highway. This property sold in December 1984 for a cash equivalent price of \$141,300, or \$294/acre. It is 4 miles from the nearest road, with walk-in access. It is covered with spruce and birch tree forest, and is moderately rolling with some potholes.

The size adjustment for this property is -7%. It sold in December 1984, requiring a -30% time adjustment. It is located in the Susitna River Valley requiring 0 adjustment for location.

The decimal equivalent is .65, developing an adjusted sale price of \$191/acre.

In comparing this sale to the Subject, the sale property is much inferior to the Subject. This property has only remote walk-in access and very few positive attributes, those being solitude and naturalness. The Subject is superior by a magnitude of 2.

Overall, this sale indicates a value greater than \$400 per acre for the Subject property.

COMPARABLE SALE L-13 (Id. No. 264)

This is a 203 acre property located at Ellamar, in Prince William Sound, about 20 air miles southwest of Valdez. This property sold in October 1982 for \$365,000 cash, or \$1,798/acre. The property has 5,000' of marine water frontage on Virgin Bay. Gladhaugh Creek runs through the property, and an unnamed creek runs through the southernmost end. The beach is easily accessible. Portions are wooded, and the balance is muskeg. Most of the land slopes down to sea level from average elevations of less than 100 feet. This property was subsequently subdivided into a 167 lot subdivision.

The size adjustment for this property is -58%. Properties in Prince William Sound have always sold for less than properties in Kachemak Bay, reflecting the fact that the location is not as good, requiring an upward adjustment of 80% for the superior location of the Subject property. No time adjustment was considered necessary because property values increased until 1986, and then went down after 1986, balancing out the time adjustment to 0%.

The decimal adjustment is .76, and the adjusted sales price is \$1,359/acre.

In comparing this sale to the Subject the physical attributes of the sale are superior. This property has 5,000 feet of water frontage on Virgin Bay. All of the sale is highly accessible and usable. It was subsequently subdivided into a 167 lot subdivision. This property is superior to the Subject by a magnitude of at least 2.

Overall, this sale indicates a value for the Subject property of less than \$700 per acre.

COMPARABLE SALE L-14 (Id. No. 254)

This is a 5,620 acre tract of land located just north of Gulkana, Alaska. This property sold in November 1988 for \$2,470,000 cash, or \$440/acre. It is part of the "Over the Horizon Back Scatter Radar Project" being developed by the U.S. Air Force. The Glenn Highway cuts through the northeast corner of the property. This is mostly permafrost country with black spruce, brush and muskeg vegetation. It is generally level.

This sale requires only a -5% size adjustment. On the other hand it requires a +100% adjustment for location because of the very superior location of the Subject property on Kachemak Bay. Being a recent sale, the time adjustment is 0%.

Decimal equivalent is 1.9; adjusted sales price is \$836/acre.

In comparing this sale to the Subject, the sale property is clearly inferior. The only positive attribute for the sale property is its level topography and highway access. This sale is difficult to compare to the Subject, but in general the Subject property is superior. The Air Force needed a very large tract of level land, surrounded by level land, with good highway access, in order to operate the radar system. The Subject property would not be suitable for this type use.

Overall, the sale indicates the Subject has a value greater than \$850 per acre.

COMPARABLE SALE L-15 (Id. No. 256)

This is a 2,935 acre tract of land located one mile east of Tok. This property sold in November 1988 for \$1,500,000 cash, or \$511/acre. This site was purchased as a receiver station for the "Back Scatter Radar Project" developed by the U.S. Air Force. It is located on the Alaska Highway, and consists of two parcels lying on both sides of the Alaska Highway. The land south of the highway is traversed by the Tok River and is generally level, partly wooded and wet permafrost land. The land north of the highway is generally level, wooded and well drained. Electricity is available.

This sale requires a -12% size adjustment. It requires a +100% adjustment for location because of the very superior location of the Subject property on Kachemak Bay. The property sold in November 1988, requiring no time adjustment.

The decimal equivalent is 1.76, and the adjusted sales price is \$900/acre.

In comparing this sale to the Subject, the physical characteristics of this sale are clearly inferior to the Subject. The only positive attribute that the sale property has is its level topography and access on the Alaska Highway. This sale is difficult to compare to the Subject, but in general the Subject property is superior. The Air Force needed a very large tract of level land, surrounded by level land, with good highway access, in order to operate the radar system. The Subject property would not be suitable for this type use.

Overall, the sale indicates the Subject has a value greater than \$900 per acre.

COMPARABLE SALE L-19 (Id. No. 1)

This is a land trade between the Seldovia Native Association and the State of Alaska which acquired 3,578 acres on Tutka Bay in March 1983. This was an equal value land exchange. There were 7 parcels of land, 5 of which front on Tutka Bay, one fronts on Sadie Cove, and one is an interior lot with no marine frontage. Access is via boat or floatplane. All parcels are moderately steep topography, and have a dense spruce forest on the lower slopes. Both Tutka Bay and Sadie Cove have protected moorage.

The equal value land exchange was based on appraiser's opinions of value, no money exchanged hands. The land was estimated by the appraisers to have a value of \$3,303,500, or \$923/acre.

Inasmuch as no money changed hands in this transaction, this can not be considered as being an "arms length" transaction. In order for a transaction to be considered "arms length" it must be sold in the market. Please refer to the definition of Market Value in the section of this report entitled "Purpose of the Appraisal."

Because this land trade does not meet the test of being a market value transaction, it cannot be considered in valuing the Subject property.

COMPARABLE SALE L-20 (Id. No. 4)

This is land trade between the Seldovia Native Association and the State of Alaska. 960 acres owned by the Seldovia Native Association was exchanged for equal value of State owned land. This exchange occurred in April 1985.

There were 3 parcels of steeply wooded tracts. One was located about 1/2 mile east of Tutka Bay. The second is located about 1/4 mile east of Peterson Bay. The third is located about 3/4 mile north of China Poot Bay. All the parcels have walk-in access only. There is no waterfront of any kind.

The value of the land was based on appraiser's opinions; no money changed hands. This exchange does not meet the test of being a market "arms length" transaction. Therefore it cannot be considered in the valuation of the Subject property.

Conclusion of Value by Direct Approach

The best 6 sales indicated a value range for the Subject property greater than \$400 per acre and less than \$700 per acre.

The 2 sales acquired by the U.S. Air Force for the "Back Scatter" Project in eastern Alaska, near Gulkana and Tok both indicated values for the Subject property greater than \$850 per acre. These two sales however, have very few characteristics in common with the Subject property except size. Both sales are underlain by permafrost, and have a large amount of undesirable muskeg and stunted spruce vegetation, and both properties have highway access. The properties were purchased primarily for their level topography and highway access. Consequently, very little weight has been placed on the value indications by the "Back Scatter" Radar Project sales to the U.S. Air Force.

The sales indicate a property value for the Subject property as follows:

23,760.5 acres @ \$400/acre = (rounded) \$ 9,500,000

23,760.5 acres @ \$700/acre = (rounded) \$16,600,000

This is a very wide range in value, but it is about as close as can be estimated by the Direct Market Approach method. It is not acceptable appraisal procedure to merely average the two values. Additionally, there is no acceptable appraisal procedure to arrive at a single number by some statistical or mathematical method.

The Direct Market Approach is very helpful for estimating the general range in value indicated for the whole Subject property (Parcels 1 and 2) from the market sales. Parcel 2 of the Subject includes the more desirable land and would be valued toward the high end of the range. Parcel 1 includes the less desirable land and would be valued toward the low end of the range.

The Direct Market Approach does not provide sufficient information to answer the 2 questions on page 18 of the "Request for Proposals", whereby the appraisers were requested to value Parcel 1 under two scenarios: First the parcel will be valued "as is" in its present condition assuming Parcel 2 is not logged, and under the second scenario the appraiser will consider the effect on value, if any, if Parcel 2 is logged. Those questions cannot be answered by the Direct Market Approach.

VALUATION USING THE ATTRIBUTE POINT RATING SYSTEM

The major appraisal problem was to develop a Common Unit of Comparison to estimate the value of the Subject property, which possesses very diverse physical characteristics ranging from protected marine coves and glacier river-bottom land, to highland lakes and steep rugged snow-capped peaks. All of these various physical features of the Subject property can be called attributes. In order to estimate the effect various attributes have on market value, the appraisers made an extensive survey for sales, each representing one particular combination of attributes, as are found on the Subject property. Appraisers have always used common units of comparison to compare sales with subject properties. Examples of common units of comparison are: price per square foot, price per front foot, price per acre, price per room, etc. We developed a unit of comparison based on the price per acre, refined by adjusting to the Subject property for differences in size, date of sale and location, and further refined by separating the various constituents of value into Attribute Points.

The sales were all adjusted for size since it is difficult to compare very small sales, down to as few as 10 acres, with a property as large and as diverse and the Subject, containing 23,760 acres.

There are many characteristics or attributes that can be identified on properties such as the Subject, from which a common unit of comparison might be developed. Comparisons are based on attributes that are common to both the Subject and to the sale properties, from which a Common Unit of Comparison can be developed.

The attributes that were considered pertinent for this appraisal are listed below:

1. Access
2. Waterfront
3. Moorage
4. Recreational opportunities
5. Solitude
6. View
7. Scenic features
8. Topography
9. Naturalness
10. Unique features
11. Exposure to the sun
12. Environmental pests
13. Vegetation
14. Zoning
15. Adjacent property usage

16. Natural features
17. Diversity of interest to the public
18. Soil
19. Water orientation
20. Historical interest features
21. Length of season for use
22. Proximity to population centers
23. Environmental conservation of flora & fauna
24. Scenery
25. Lack of nearby inconsistent development
26. Development possibilities
27. Utilities
28. Opportunity for primitive recreational experience
29. Serenity
30. Archaeological significance

Attribute Rating System

A systematic data analysis procedure was developed by selecting those attributes that were common with the Subject and sale properties. Sales were analyzed to determine which attributes effected value, and the magnitude of each. Rating points were assigned to each attribute category, with the goal that each point would have a common value. The point values were then correlated back to the market sales, adjusting the ratings until the number of points was proportionate to the selling price per acre, after having made adjustments for size, location and time (date of sale).

Before the sales could be compared attribute by attribute to the Subject, they first had to be adjusted for (1) size, (2) time of sale, and (3) location as indicated in the previous section of this report. After making these three common adjustments, the next step was to select the attributes that were most important to compare the sales to the Subject.

The number one attribute is access. The importance of access cannot be overemphasized. If a property has limited or no access it is of very little use to the general public. There are many types of access, including highway, road, wheel plane, floatplane, boat, logging road and walk-in. Obviously a property on a highway is superior to one that has only walk-in access.

The second attribute high on the list for the Subject property is waterfront. Waterfront varies widely from property to property, some having none at all. The waterfront can be saltwater or marine, lake, river or creek. Marine frontage is clearly desirable and superior to other types of waterfront. Lake waterfront is good especially when the lake is large enough to provide access by floatplane. River and creek frontage are desirable for recreational opportunities such as fishing, wildlife viewing and water supply.

The third attribute is boat moorage, including protected moorage, partly protected moorage and no protection.

Number four on the list of attributes was recreational opportunities. There are many kinds of recreational opportunities; but the major ones the Subject property has are fishing, hunting, hiking, camping, boating and wildlife viewing.

The Subject property provides an opportunity for solitude. Some natural properties provide a much higher possibility for solitude than others. Those that are close to disturbing influences such as population centers, have a very low rating, as compared to properties 5 miles from the nearest road.

Naturalness is a significant feature for any property desirable for public use as a public park. The large majority of our population are urban dwellers, and many of them have a desire to "get back to nature."

Topography is also a significant attribute. People have to be able to use the land. Easily accessible topography is more desirable than very steeply sloping land. In Alaska, because of the permafrost, much level land is muskeg; so this feature must also be considered under topography because muskeg is usually swamp infested with mosquitoes.

Vegetative cover is very important and must be ranked according to the type of vegetation. Large mature trees are the best type of vegetative cover; they are beautiful, providing shade and solitude. Other types of vegetative cover include smaller trees, native bushes, grasses and wildflowers.

Overall appeal is a difficult attribute to pin down, but certainly a property with beautiful mountains has more appeal than a mud flat. The appraiser has to make a subjective call of the overall appeal of a property. Pristine snow covered, mountains in Alaska certainly have more appeal than barren sunburned mountains in Wyoming.

Visual quality includes views from the property and views to the property. Included in this are panoramic views and scenic views such as waterfalls, mountain views, lake views, marine views etc.

Another very important attribute of most properties suitable for large public parks are unique features such as the geysers of Yellowstone Park, The Grand Canyon, or active volcanoes. These are usually the centerpiece of a park. Other unique features include beautiful bays and marine reaches, steep rugged snow covered mountains, waterfalls, rivers and creeks. The Subject property possesses all of these latter features.

Attribute Ratings Guide

After enumerating and classifying the important attributes of the Subject property, a rating system was developed called the Attribute Rating Guide so that sales could be compared to the Subject.

Many sales were analyzed, and the sales showed the attributes that were important and those that were not. This showed up by prices people paid for certain characteristics or attributes. Furthermore, after considerable careful analysis the sales began to show patterns of value. It was apparent right from the start that access was a very desirable feature and one that commanded a high value in the market. Further analysis showed protected boat moorage was a feature for which a high price was paid. Thus, by using sales, the eleven major attributes and their sub-classifications emerged. A point score was developed reflecting the value placed on that attribute as shown in the market. Ultimately this investigation developed into the Attribute Rating Guide.

The Attribute Rating Guide made it possible to compare widely diverse comparable sales with the diverse physical characteristics found in the Subject. Each comparable sale was rated according to all eleven attributes. For example, if a property has floatplane access it was rated 1 point for that feature. If it has marine waterfront it received 3 points. If it has protected moorage it received 3 points. If the comparable sale provided fishing, hunting, camping and wildlife viewing it rated 4 points. So for every attribute the comparable was rated according to the Guide. A sale possessing many good features would rate a high number of points. On the other hand, a property possessing few desirable features would rate few points.

The objective of rating each of the 18 comparable sales used to appraise the Subject property was to develop a Common Unit of Comparison called the Price Per Attribute Point.

The Attribute Rating Guide Point System was revised many times. As different comparable sales were analyzed it became apparent that certain features clearly deserved more points than others. Some attributes were eliminated when it became apparent that they were not pertinent or merely muddled up the water. Eventually, eleven major attributes were selected as being the most important to appraise the Subject property.

An iteration process was pursued, where the Rating Guide Point System was applied to a wide diversity of sales in an attempt to produce a similar value per point from each sale. This was achieved by dividing the resulting attribute rating by the adjusted sales price/acre of the property. After many iterations it became apparent that there was an "overlapping point factor" that needed to be deducted from the rating of every sale in order to achieve a similar value per point from

the sales (see next section for explanation). After numerous adjustments, an attribute point value in the range of \$64 to \$76/point/acre was achieved for the 18 comparable sales representing the physical diversity found on the Subject property. This was within the necessary confidence level, and a weighted average of the most comparable sales produced a value of \$71 per attribute point per acre.

The same Rating Guide was then applied to the hundred or so various divisions of the Subject to determine the number of attribute points for each part. The same "overlap" factor was deducted and the number of attribute points for each part was multiplied by the number of acres and the indicated \$71/point per acre value. The value of every part was then added together, indicating the value of the whole property (Parcel 1 and 2).

ATTRIBUTE RATING GUIDE

	<u>Rating Points</u>	<u>Maximum Rating Points</u>
1. <u>Access</u>		5
Highway	5	
Road	3	
Wheelplane	2	
Floatplane	1	
Boat		
easy	2	
safe	1	
Logging Road	1	
Walk-in (1 mile or less)	1	
Inaccessible	-1	
2. <u>Waterfront</u>		3
Marine	3	
Lake	2	
Creek - Clear	1	
River - Glacial	1	
Small Lake	1	
3. <u>Moorage</u>		3
Protected	3	
Partly	1	
4. <u>Recreational Opportunities</u>		4
Fishing	1	
Hunting	1	
Camping/Hiking	1	
Wildlife Viewing	1	
5. <u>Solitude</u>	0 to 2	2
6. <u>Naturalness</u>	0 to 2	2
7. <u>Topography</u>		3
Good	3	
Fair	1	
Floodplain	0	
Muskeg/Permafrost	0	
Steep	0	
Extremely Steep	-1	
8. <u>Vegetation</u>		2
Timber	2	
Other Trees	1	
Native	1	
9. <u>Overall Appeal</u>	0 to 4	4
10. <u>Visual Quality</u>	0 to 3	3
11. <u>Unique Features</u>	0 to 4	4

Mudflats are rated only for Attributes 4, 6, 7, 8, 9 and 10

Overlap Point Factor

After analyzing a large number of sales, it became apparent that there was some type of overlap value for various attribute features that resulted in the price per Attribute Point varying widely from sale to sale. This phenomenon became most apparent in properties with low attribute scores. The low attribute properties were consistently receiving a proportionately higher attribute rating on a price per acre basis (thus, diluting the value per point) than properties with higher attribute ratings. Since the goal in the Attribute Rating System was to find a Common Unit of Comparison, the number of Attribute Points assigned to different property characteristics was continually altered to conform the Attribute Rating System to market evidence produced by the most comparable sales. It finally became apparent that either a certain rating value of a property was necessary before it could have any intrinsic value in the market, or some attributes of a property would be included in other attributes, causing an "overlap." For example, a property rating high in overall appeal could also rate high in naturalness and solitude. Numerous computer runs on this problem were made, and it was found that by deducting 4 points from the attribute rating, the Attribute Point Score was brought into its closest focus, and the indicated value per point brought into the tightest range in value (i.e., \$64 to \$76 per point). A larger or smaller overlap point number resulted in a less desirable attribute point value range.

A possible explanation for the apparent "overlap" in the rating system is that a property has to have a minimum attribute rating before the property has any intrinsic value. By deducting this minimal rating, or overlap of four points, the resulting number of Attribute Points could be directly related to the adjusted price/acre found in the market for properties with widely varying physical characteristics. All of the comparable sales were compared on a price per acre basis with adjustments first made for overall differences in: (1) size, (2) location and (3) the passage of time. The Attribute Rating System is only concerned with the physical characteristics of a property. It does not take into account adjustments for size, location or time.

Sales Information for the Attribute Point Rating System

From the "Summary of Land Sales" table, the appraisers selected the sales most comparable to various portions of the Subject property. These comparable sales represent all the different physical characteristics found in the Subject property. The sales are summarized on the following page with maps facing and following the table showing the locations of the sales. Following the maps are specific details of each sale along with photographs.

SALE DATA SUMMARY

<u>Sale No.</u>	<u>I.D. No.</u>	<u>Region</u>	<u>Location</u>	<u>Grantee</u>	<u>Sale Date</u>	<u>Acre Size</u>	<u>Access</u>	<u>Waterfront</u>	<u>Sale Price *</u>	<u>Price/Acre</u>	<u>Comments</u>
L-1	203	Kodiak Isl.	Afognak Isl.	Alenava Jnt. Vnt.	11/89	274	Boat	Marine	\$1,050,000	\$ 3,837	
L-2	2	Kenai	Anchor Point	Chapman, Kubick	12/85	2,220	Walk-in	None	1,030,000	464	
L-3	151	Southeast	Goat Island	U.S.A.	5/88	4,749	Boat	Marine	9,000,000	1,895	
L-4	37	Kachemak	Saldovia	Evelyn Hopkins	2/84	32	Road/Fly	Creek	87,500	2,734	
L-5	153	Southeast	Prince of Wales Island	Pacific Western Lines	10/85	611	Boat	Marine	1,400,000	1,603	Logged
L-6	159	Southeast	Admiralty Isl.	Kootsnocwo	1/81	133	Boat	Marine	458,500	3,456	
L-7	155	Southeast	Gustavus	Frank Kearns	6/87	333	Road/Fly	Marine	1,938,436	5,611	
L-8	11	Kachemak	Fox River	Ignaty Andreeff	4/80	160	Walk/Fly	River	400,000	2,500	
L-9	45	Kachemak	Bradley River	Alaska Power	2/87	26	Boat	River	140,250	5,407	
L-10	261	Susitna	Sheep Creek	Harman	12/84	480	Walk-in	None	141,300	294	Remote walk-in
L-11	170	Southeast	Admiralty	Roger Browne	12/83	33	Boat	Marine	235,000	7,211	
L-12	48	Kachemak	Tutka Bay	Arlene Kranich	10/86	10	Boat	Marine	138,000	13,842	
L-13	264	Prince William	Ellamar	Cliff Groh	10/82	203	Boat	Marine	365,000	1,798	
L-14	254	East Alaska	Gulkana	U.S. Air Force	11/88	5,620	Highway	River	2,470,000	440	
L-15	256	East Alaska	Tok	U.S. Air Force	11/88	2,935	Highway	River	1,500,000	511	
L-16	268	South Central	Eagle River	Greg Vance	10/84	40	Walk-in	None	32,000	800	Mountain top
L-17	164	Southeast	Haines	Dennis Andrew	12/86	46	Road	Creek	70,000	1,535	Logged
L-18	286	South Central	Wasilla	Nature Conservancy	12/89	525	Walk-in	Marine	51,000	97	Mad Flat

* Cash Equivalent Price, excluding building improvements.

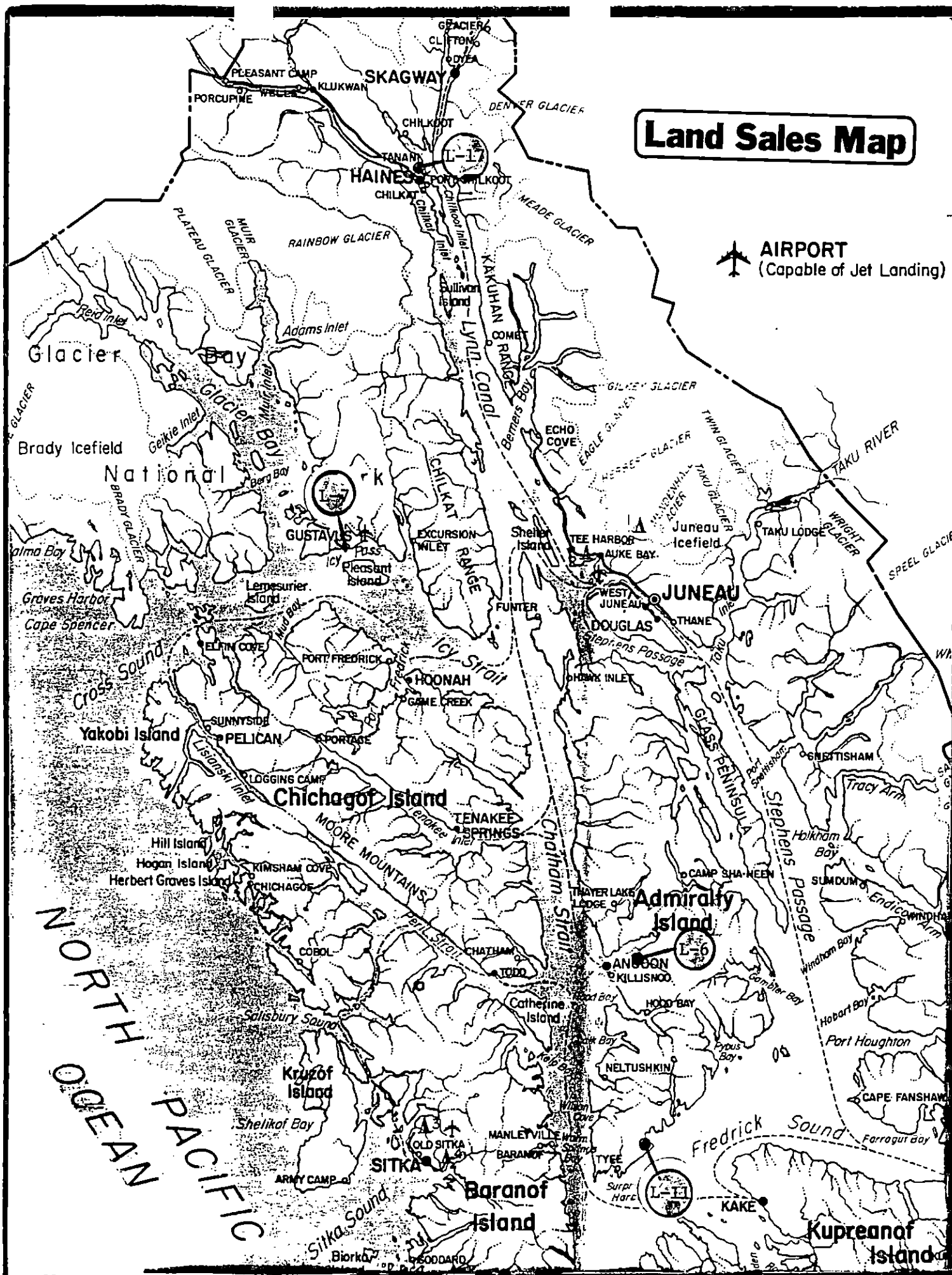
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Land Sales Map

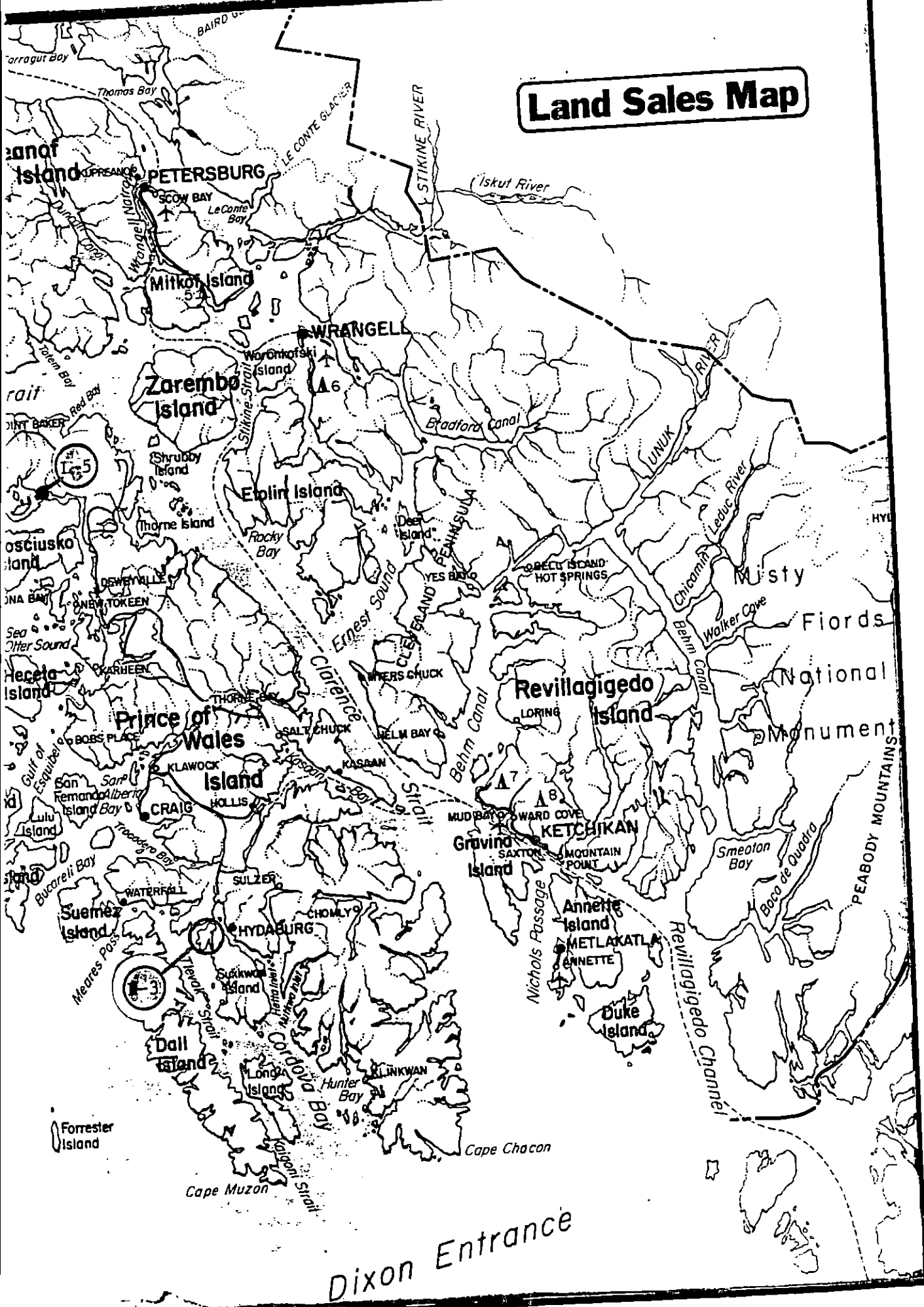


AIRPORT

(Capable of Jet Landing)



Land Sales Map



COMPARABLE NO. L-1 TYPE: Marine Frontage Land - Afognak #203

LOCATION: South end Afognak Island, north side of the Narrows on Raspberry Strait, 30 miles northwest of Kodiak, Alaska.

LEGAL DESCRIPTION:

Tracts A & B, Portion Section 17 & 20, T25S, R22W, S.M.
Plat 89-8-RS, Kodiak (Long legal in file)

<u>PRICE:</u>	\$1,194,375	<u>ZONING:</u>	Unzoned
<u>CASH EQUIVALENT:</u>	\$1,080,000	<u>H&B USE:</u>	Conservation*
<u>DATE:</u>	11/2/89	<u>ACCESS:</u>	Boat/Floatplane
<u>INSTR:</u>	Deed & Agreement Closed 11/22/89	<u>AREA:</u>	Tr A: 126.76 acres Tr B: <u>146.89</u> acres 273.65 acres
<u>TERMS:</u>	\$200,000 dn; 7% int. \$198,450/yr.; 7 year term		

GRANTOR: Enola & Mike Mullan

GRANTEE: Aleneva Joint Venture (Fred Reutov - Old Russians,
15 families)

VERIFIED: Sharlene Sullivan @ Associated Realty (486-3217);
Dick Larson @ BIA; and Documents (EGF, 11/89)

PROPERTY DETAILS:

An excellent tract of gently to moderately rolling, well-drained, marine waterfront land on "The Narrows" across from Little Raspberry Island. It has about 2 miles of protected marine waterfront with protected anchorages and a small bay with soft bottom. Vegetation varies from open meadows to spruce forest with about 148 acres having commercial timber according to a timber cruise made 4/88, which estimated a value for the timber at \$717,313 net (6,550 MBF) after deducting typical logging, transportation and camp set-up costs. The real estate agent said the buyers plan to live on the property, and have no intent of logging; a timber consulting company said the costs of logging and transportation would be much higher for this property, exceeding the value of the timber. Property includes a small house (672sf) and 3 cabins, plus miscellaneous sheds, all valued at \$30,000. This is an "arms length" negotiated sale.

<u>ANALYSIS:</u>	Land:	\$1,050,000 ÷ 273.65 acres = \$3,837/acre
	Improvements:	<u>30,000</u>
	Total	\$1,080,000

* Maintain open space for large tract residential or agriculture development.

SALE L-1 (continued)

CASH EQUIVALENT SUMMARY

SALES PRICE = \$1,194,375

THE TERMS OF SALE ARE DISCOUNTED ON WEIGHTED AVERAGE RATE OF 10.85%

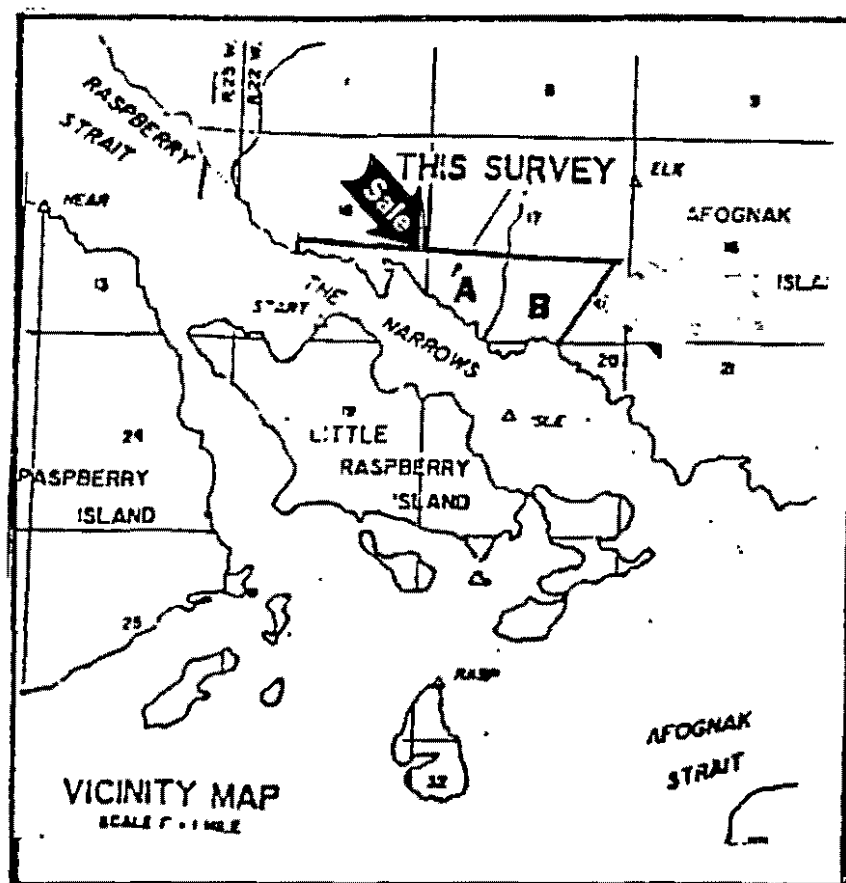
BASED ON A TYPICAL MARKET 75% LOAN AT 10.5% INTEREST RATE

AND THE BALANCE AT 14.0% EQUITY RATE.

TYPE	AMOUNT	PAYMENT	RATE	YRS. AMORT	YRS. DEFERD	PMNT YRS.	FACTOR	PRESENT VALUE
DOWN PMNT	\$200,000							\$200,000
1st D/T	\$994,375	\$198,450	7.00%	6.549	0	6	4.249	\$843,263
2nd D/T	\$0	\$0	0.00%	0	0	0	0.000	\$0
BALLOON 1	\$72,718					7	0.486	\$35,365
BALLOON 2	\$0					0	0.000	\$0

CASH EQUIVALENT VALUE

= \$1,078,628



FILE NO. L-2 TYI Vacant Land - Anchor Point #2

ON: Within 8 miles, north, south and east of Anchor Point on the Kenai Peninsula.

DESCRIPTION: 6 legal descriptions in appraiser's file.

\$1,030,000

ZONING: None

H&B USE: Recreational

12/85

ACCESS: Generally none, Inlet View has gravel road.

: W.D. (165/014)

SIZE: 222, 10-acre, paper-plat lots.

: Cash

AREA: 2,220 acres
(incl. Right-of-way)

OR: William J. & Jean A. Schmitt

EE: Peninsula Land Partners; Hulbert, Chapman & Kubick

IED: Jim Smith, First Federal Bank (Lender) (by: EGF, 5/88)

ERTY DETAILS:

The property is in six subdivisions, subdivided into 222 paper-plat, undeveloped 10-acre tracts; seller paid all closing costs but purchaser paid real estate commissions of \$50,000. About 60% good soils wooded with birch and spruce, and about 40% treeless muskeg, no utilities available, generally remote properties with no access. Area includes paper-plat road right-of-ways which could be vacated.

LYSIS: \$1,030,000 ÷ 2,220 acres = \$464/acre



COMPARABLE NO. L-3 TYPE: Land Sale - Hydaburg #151
LOCATION: One mile west of Hydaburg, Alaska
LEGAL DESCRIPTION: Goat Island & South Pass Islands within T77S,
R83E, C.R.M.

Follett & Associates

SALES DATA - Goat Island Sale L-3 (continued)

The Goat Island sale is one part of a 3-part transaction between the Haida Corporation and the U.S. Government (U.S. Forest Service).

The Goat Island portion of the transaction sold for \$9,000,000 cash. The 2nd part of the sale involved 667 acres of non-marine, landlocked timberland located on a hillside north of Eek Inlet about 4 miles southeast of Hydaburg. This property sold for \$2,000,000. The 3rd part of the transaction involved a land trade, where Hyda Corporation traded 4,222 acres of mostly forested uplands for 4,395 acres (consisting of 11 parcels) of considerably more valuable "Haida Traditional Use" timbered waterfront property. This part of the transaction was an attempt to correct an inequity in the original land selections settlement under the Native Claims Act.

Parts 2 and 3 of the transaction were not considered to be "arms length" market transactions by either parties.

The Goat Island portion of the transaction was considered a sale, negotiated between Haida Corporation and the U.S. Forest Service. Originally Haida Corporation wanted in excess of \$20,000,000 for the property but was turned down. Then they asked Congress (through Don Young) to legislate a sale asking \$18,000,000. The U.S. Forest Service made an "in-house" rough evaluation at \$6,000,000 for the property. After much debate and testimony in Congress, including the Chief of the U.S. Forest Service testifying before the House Interior Committee in Washington D.C. that \$9,000,000 was a fair price to pay for Goat Island, a sales price of \$9,000,000 was finally agreed upon. At the time of the sale, Haida Corporation was \$11,000,000 in debt, and foreclosure was threatened against the corporation's holdings. Since the Goat Island sale was insufficient to satisfy the debt, Part 2 of the transaction was mandated by Congress in order to satisfy the remaining debt obligation. In an interview with John Morris, manager of Haida Corporation, he said the stumpage value of the timber on the Goat Island and South Pass Islands totaled about \$13,000,000; however, this would be considerably reduced by the costs of logging scattered pockets of good timber, the numerous Eagle trees surrounding the islands, and buffer strips and setback requirements under current logging regulations. He said that Haida Corporation was satisfied with the price paid in this negotiated sale. It appears that the 4,749 acres of marine waterfront bare land including 41 small islands has a value in excess of \$5,000,000.

Wayne Ash, with the U.S. Forest Service in Juneau, said the Forest Service was not a willing buyer and felt the price paid for the Goat Island portion of the transaction was too high. However, the Chief of the U.S. Forest Service testified before Congress that \$9,000,000 was a fair price to pay for Goat Island and the South Pass Islands.

Therefore, based on our investigation of this sale, it appears reasonable that the value of the land plus the net value of the timber would be in the range of the price paid, or possibly more. It does not appear to us that the Forest Service overpaid for this property. Whereas the other 2 parts of the transaction were definitely not "arms length" and do not represent market transactions. Accordingly, there is misconception in the market that this entire transaction should be disregarded as a sale. Based on our investigation, we feel that the Goat Island portion of the transaction should be considered as being a sale representing reasonable property values.

3LE NO. L-4 TYF Vacant Land - Seldovia

#37

N: 1/4 mile south of Seldovia City Limits.

DESCRIPTION: NW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 6, T9S, R14W, excluding 4.62 \pm acre tract at northeast corner.

\$87,500

ZONING: None

EQUIVALENT:

H&B USE: Residential

2/14/84

ACCESS: Gravel Road

W.D. (26/704)

AREA: 32 \pm acres net
(less road)

\$40,000 down, D/T of \$47,500 @ 12% interest
\$838.50/month for 7 years.

OR: Robertson & Sons, Inc.

EE: Evelyn Hopkins, et. al.

IED: The Land Market, R. Shoultz (by: DD, 9/84)

RTY DETAILS:

Rolling topography, some cleared areas and some dense, mature spruce. A small stream intersects part of the property; a portion at the west is low and wet, estimated at 30%.

SIS: \$87,000 \div 32 acres = \$2,734/acre



COMPARABLE NO. L-5 ---3: Logged off Land - Prince of Wales #153

LOCATION: West of Dry Pass near El Capitan, Prince of Wales Island

LEGAL DESCRIPTION: USMS 542, 1050, 1051 and 1059

PRICE: \$1,400,000

ZONING: None

CASH EQUIVALENT: \$980,000

H&B USE: Speculation

DATE: 10/7/85

ACCESS: Island Road system,
water and air.

INSTR: Warranty Deed

SIZE: Irregular

TERMS: Trade, converted to cash

AREA: 611.31 acres

GRANTOR: Trillium Corporation

GRANTEE: Pacific Western Lines, Inc.

VERIFIED: Ken Hertz of Trillium Corp. (by: KMW, 10/85)

PROPERTY DETAILS:

Two parcels lying on the northerly end of Prince of Wales island, fronting Shaken Straits and Dry Pass. Portions have been logged and there is an infrastructure of logging roads which connect to the Prince of Wales Island road system. Gentle to moderate slopes; portions are steep. 19,200 feet of waterfront, no utilities. The property has extensive waterfrontage relative to its overall size, with protected anchorage available along the southerly shores of Dry Pass. The Trillium Corporation received property in trade which was simultaneously sold for cash. The cash consideration received was 30% less than the reported sales price. Therefore the cash equivalent sales price was calculated as follows:

ANALYSIS: \$1,400,000 less 30%, or \$420,000 = \$980,000

\$980,000 ÷ 611.31 acres = \$1,603/acre

COMPARABLE NO. L-7 TYPE: Land - Gustavus

#155

LOCATION: 1/2 mile southeast of Gustavus, on Icy Strait

LEGAL DESCRIPTION: Lot 2, Section 17, NE $\frac{1}{4}$ SE $\frac{1}{4}$; Lots 8 & 9, Section 18, T40S, R59E, Copper River Meridian, plus accreted land (about 170 acres)

PRICE: \$2,000,000 ZONING: None

CASH EQUIVALENT: \$1,938,436 H&B USE: Residential
Based on discount rate of 10.97% subdivision

DATE: June 12, 1987 ACCESS: Road and water

INSTR: E. M. AREA: 333 acres

TERMS: \$20,000 down;
\$495,000 due 12/31/88
Balance 10 years @ 10% WATERFRONT: 9,000'

GRANTOR: Charles & Dorothy Deboer

GRANTEE: Frank Kearns, an Arizona Corporation

VERIFIED: Donna Deboer (TPK, 6/87)

PROPERTY DETAILS:

About 9,000' water frontage on Icy Strait, 1 mile south of the Gustavus airfield; road access, nearly level, Salmon River about 1/4 mile west with a road access point. Buyers assigned a value of \$70,000 to a house on the property. Lots 2, 8 & 9, and NE $\frac{1}{4}$ SE $\frac{1}{4}$ containing 163 acres plus 170 acres of accreted land.

ANALYSIS:

Cash Equivalent: \$1,938,436
Less House: - 70,000
Land Value: \$1,868,436 \div 333 acres = \$5,611/acre



COMPARABLE NO. L-9 TYPE: Vacant Land - Kachemak Bay #45

LOCATION: Bradley River on Kachemak Bay

LEGAL DESCRIPTION: Lot 1, US Survey 2937

<u>PRICE:</u>	\$140,250	<u>ZONING:</u>	None
<u>CASH EQUIVALENT:</u>		<u>H&B USE:</u>	Recreational
<u>DATE:</u>	2/87	<u>ACCESS:</u>	Water; Kachemak Bay and Bradley River.
<u>INSTR:</u>	W.D. (174/983)	<u>AREA:</u>	25.94± acres
<u>TERMS:</u>	Cash		

GRANTOR: David Stinchcomb

GRANTEE: Alaska Power Authority

VERIFIED: Tom Arminski, Alaska Energy Authority (DD, 4/87)

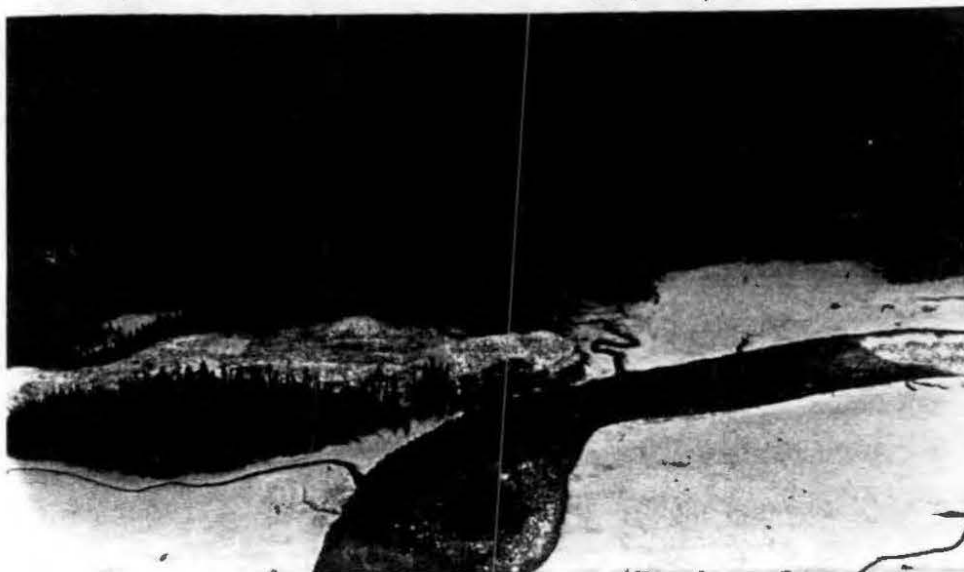
PROPERTY DETAILS:

The parcel fronts on the Bradley River along the entire west boundary. A small, unnamed creek intersects the site in a northwest/southeast direction. Rolling topography with steeper slopes. Some tidal marsh in the southwest corner. Dense, mature spruce trees. Improvements included a boathouse, cabin and old house; all in poor condition and assigned no value by Grantor or Grantee. No utilities available.

The Grantee acquired the property to build a transmission line diagonally over the property.

Limited use area, 10% tidal marsh and 10% steep slope.

ANALYSIS: \$140,250 ÷ 25.94 acres = \$5,407/acre.



COMPARABLE NO. L-10 TYPE: Vacant Land - Sheep Creek #261

LOCATION: Mile 94.5, 5 miles east of Parks Highway, 1/2 mile north of Sheep Creek, 50 miles north of Wasilla.

LEGAL DESCRIPTION: E½ E½, Section 7 and portion of Section 8, T24N, R3W, S.M.

PRICE: \$168,000 ZONING: None

CASH EQUIVALENT: \$141,300* H&B USE: Recreational

DATE: 12/84 ACCESS: Walk-in

INSTR: W.D. AREA: 480 acres

TERMS: 15% down;
balance @ 9% for 15 years

GRANTOR: Atwater

GRANTEE: Harman, et al

VERIFIED: Jim Albrich (broker) (10/85, CO/AK Val) (EGF, 5/88)

PROPERTY DETAILS:

No road access at present, nearest road across Sheep Creek and 4 miles southwest; tree cover is mostly spruce and birch mix; moderately rolling with some potholes.

ANALYSIS: \$141,300 ÷ 480 acres = \$294/acre

* Based on typical 75% loan @ 12%, and balance @ 14.5%



COMPARABLE NO. L-11 NAME: Vacant Land - Admiralty Island #170

LOCATION: Cannery Cove, south shore Pybus Bay, south end of Admiralty Island, 70 miles south of Juneau, 45 miles east of Sitka.

LEGAL DESCRIPTION: US Survey 1984, Section 4, T53S, R71E, CRM

PRICE: \$280,000

ZONING: None

CASH EQUIVALENT: \$235,000*

H&B USE: Recreational Sub.

DATE: 12/83

ACCESS: Boat or floatplane

INSTR: W.D. (229/967)

WATERFRONT: 2,178 feet

TERMS: \$51,000 down;
D/T \$229,000;
Assumed 10% @ 30 years

AREA: 32.6 acres

GRANTOR: Peter Pan Seafood, Inc.

GRANTEE: Roger Browne & Pat Barrett

VERIFIED: Pat Barrett (Duvernay, 5/84) (EGF, 6/87)

PROPERTY DETAILS:

Old cannery site, located on a point in Pybus Bay with narrow, rocky beach, moderately up-sloping to mostly level beach lands, no improvement value; no utilities; wooded along waterfront but the interior portion is gently rolling muskeg land with stunted trees. Developed as lodge site (1987); small creek nearby for water.

ANALYSIS: \$235,000 ÷ 32.6 acres = \$7,211/acre

* Based on average 12.8% discount rate



ACE 7320020

COMPARABLE NO. 5-12 TYPE: Vacant L: - Tutka Bay

#48

LOCATION: South shore of Tutka Bay, about one mile southeast of Little Tutka Bay.

LEGAL DESCRIPTION: Lots 1 & 2, U.S. Survey 4744

PRICE: \$138,000

ZONING: None

DATE: 10/86

H&B USE: Recreational

INSTR: W.D. (28/992)

ACCESS: Boat & Floatplane

TERMS: Cash

AREA: 9.97 acres

GRANTOR: Dalglish Estate

GRANTEE: Arleen Kranich 1/3; Ray Kranich & Eileen Wyth 1/3;
John & Donna Vaughan 1/3.

VERIFIED: Charles Bailey, Trustee, Security Pacific Bank (DD,9/89)

PROPERTY DETAILS:

This is a boot shaped peninsula. The isthmus is a low spit with sandy, gravelly beach on the south side, and rocky gravelly beach on the north. The south side provides good, sheltered boat moorage. The boot portion is similar to an island with steep slopes on all sides. Forested with mature spruce. It has a small creek.

There is a 120sf cabin in poor condition, assigned no value.

Since purchase the property has been subdivided into the Tutka Haven Subdivision: 6 lots ranging in size from 1 to 2.7 acres

ANALYSIS: \$138,000 ÷ 9.97 acres = \$13,842/acre



COMPARABLE NO. L-13 YPE: Vacant Land - Ell r #264

LOCATION: Prince William Sound, Ellamar, Alaska (about 20 air miles southwest of Valdez).

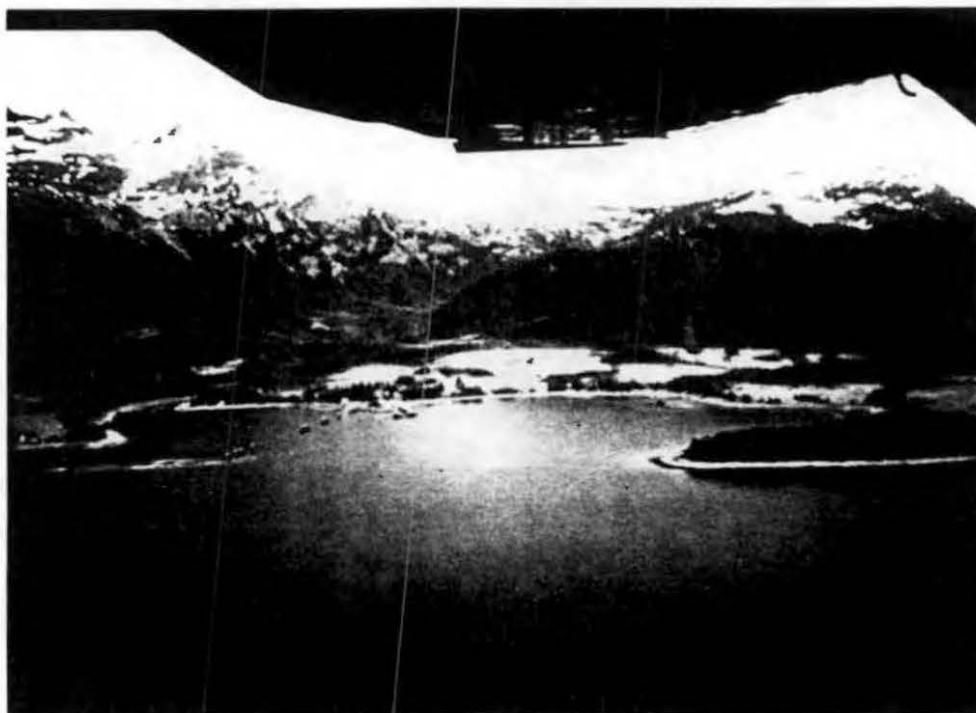
LEGAL DESCRIPTION: 14 patented lode mining claims in U.S. Mineral Survey No. 556A & B.

<u>PRICE:</u>	\$365,000	<u>ZONING:</u>	Unzoned
<u>DATE:</u>	10/15/82	<u>H&B USE:</u>	Rural recreational homesites.
<u>INSTR:</u>	Real Property Agreement & Deed	<u>ACCESS:</u>	Boat or seaplane
<u>TERMS:</u>	Cash	<u>AREA:</u>	203 acres
<u>GRANTOR:</u>	Northwest Explorations		
<u>GRANTEE:</u>	Ellamar Properties, Inc., Cliff Groh		
<u>VERIFIED:</u>	Cliff Groh (JD, 6/27/87) (EGF, 5/84)		

PROPERTY DETAILS:

5,000 feet of discontinuous water frontage (Virgin Bay). Gladhaugh Creek runs through the property, and an unnamed creek runs near the southernmost end. Most of the land slopes down to sea level from average elevations of less than 100', and the beach appears easily accessible. Portions are wooded and the balance consists of muskeg. Subsequently subdivided into 167 lots, Plat 82-13.

ANALYSIS: \$365,000 ÷ 203 acres = \$1,798/acre



COMPARABLE NO. L-14

TYPE: Vacant Land - Gulkana

#254

LOCATION: Both sides of the Glenn Highway/Tok Cut-off Road, between Mile 11 and 12.5, just north of Gulkana, Alaska.

LEGAL DESCRIPTION: Long lengthy legal in T17 and 18N, R1 and 2E, C.R.M. (details retained in appraiser's file)

PRICE: \$2,470,000

ZONING: None

DATE: 11/88

H&B USE: Recreational/residential

INSTR: Land Sale Agree.

ACCESS: Glenn Highway

TERMS: Cash

AREA: 5,620 acres

GRANTOR: Ahtna, Inc.

GRANTEE: U.S. Air Force

VERIFIED: Doug Trosper, Corps of Engineers & Documents (EGF, 11/89)

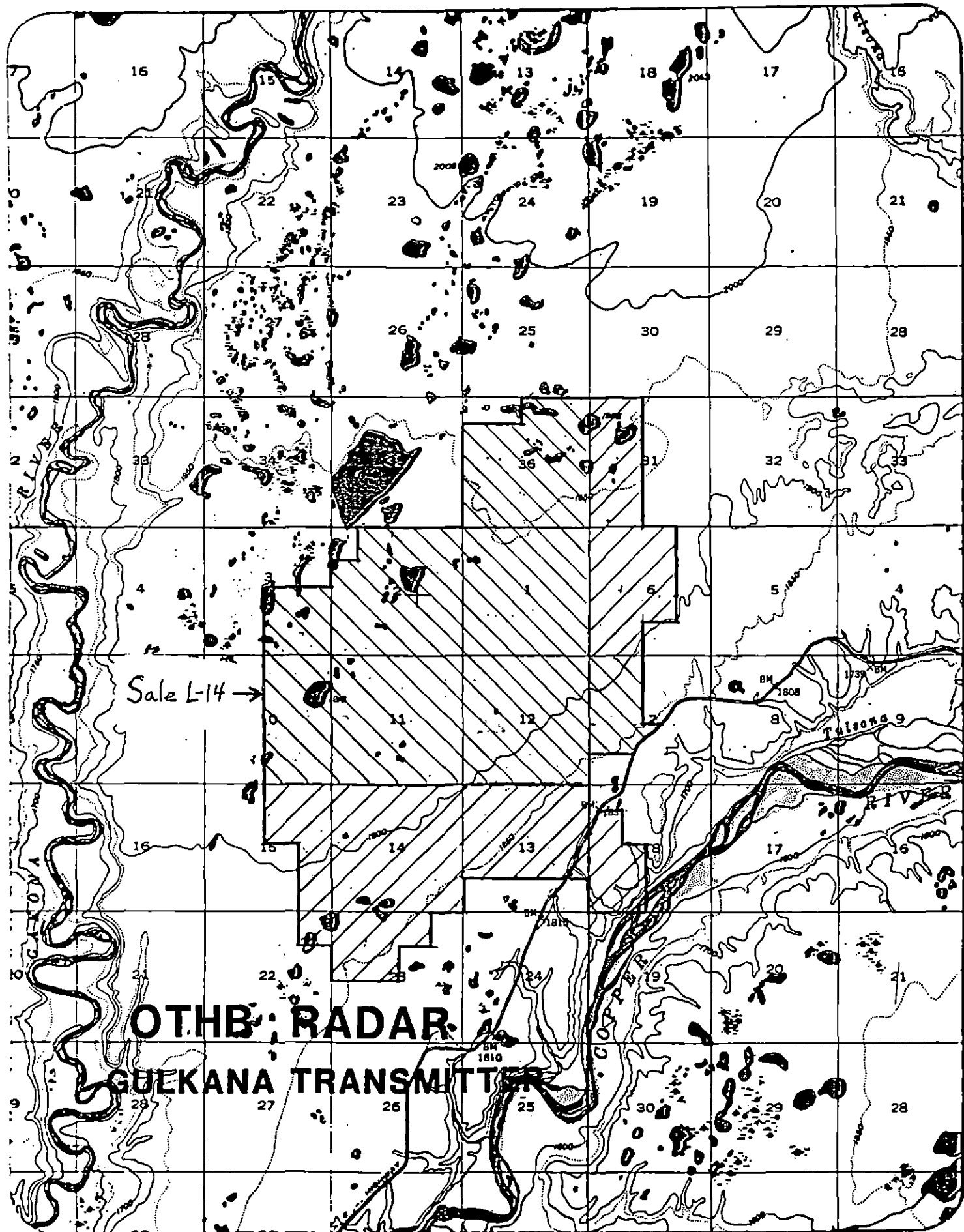
PROPERTY DETAILS:

A large, mostly level tract, consisting of over 10 square miles, located some 25 miles northeast of Glennallen, Alaska. The Tok Cut-off/Glenn Highway cuts through the southeast corner of the property, providing about one mile of highway frontage and access to the property. The small half section southeast of the highway has rolling and sloping terrain with about 1/4 mile frontage on the Copper River Bluffs. The remainder of the tract, located northwest of the highway, is generally level land with primarily silty, clay loam soils with scattered areas of peat bog. Vegetation consists of mostly black spruce and brush with muskeg type vegetation on the poorly drained areas encompassing about 10% to 15% of the property. There are several small ponds located on the tract, ranging up to 15 acres in size. The property slopes unperceptably upward from an elevation of 1,850' on the south side, to 1,950' on the north side. It appears most of the property has permafrost soils conditions.

The U.S. Air Force chose this as the transmitter site for the "Over the Horizon Back Scatter Radar Project" because of the level terrain and surrounding level topography needed for this type facility. It has good highway access. The property has few recreational opportunities, although hunting, trapping and wildlife viewing are available. This is a migratory route for waterfowl.

The sale involved purchasing a 25-year exclusive use easement for the property. This is something less than a fee purchase of the property, but only represents about an 8% discount. The property sold at a considerably higher price than the appraisal made, ordered by the U.S. Air Force. Final negotiations arrived at the higher sales price.

ANALYSIS: \$2,470,000 ÷ 5,619.55 acres = \$440/acre



#256

LOCATION: Both sides of Alaska Highway, one mile east of Tok, Alaska

LEGAL DESCRIPTION: Long lengthy legal in T18N, R13E, C.R.M.

ZONING: None

H&B USE: Speculative Investment
Recreational

ACCESS: None developed

SIZE: Irregular

AREA: 2,935.2 acres

GRANTEE: U.S. Air Force

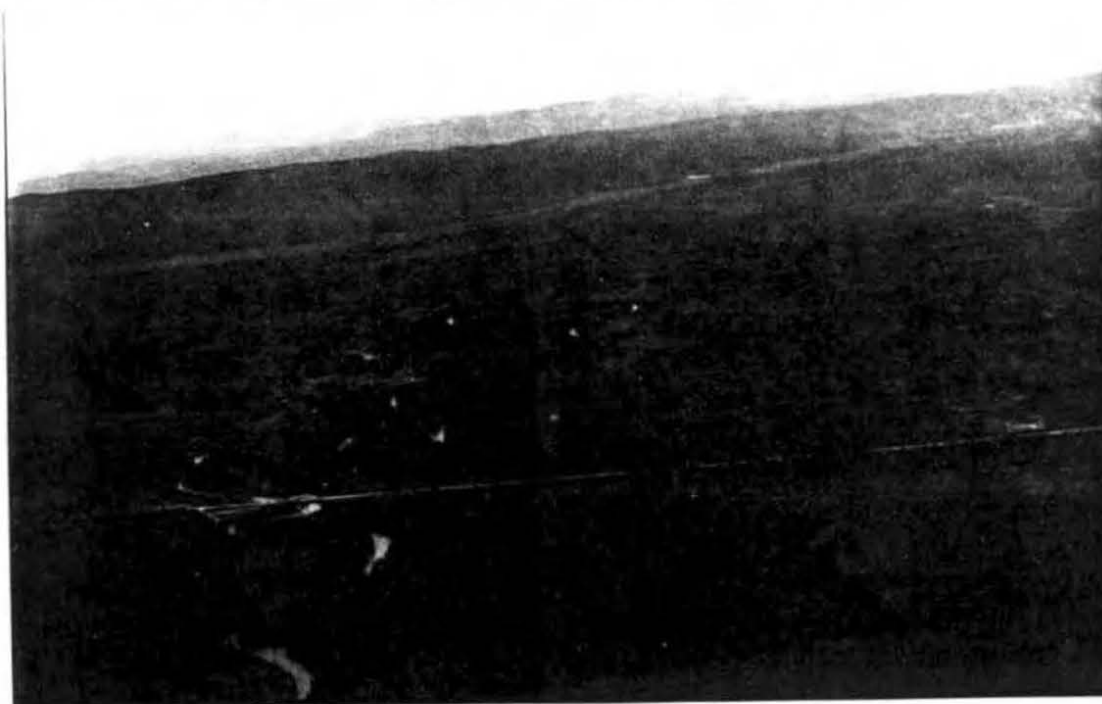
VERIFIED: Doug Trosper, Corp of Engineers & Documents (EGF, 6/89)

PROPERTY DETAILS:

Two vacant parcels located just off the Alaska Highway. Land north of highway is generally level, wooded and well drained. Land south of highway is traversed by the Tok River and is generally level, partially wooded and wet. Electricity is available.

Site purchased for receiver station for Backscatter Radar. Sale was for surface rights only on a 25 year exclusive use easement. For full explanation of property rights conveyed, please see excerpt from Land Use Agreement in our files.

ANALYSIS: \$1,500,000 ÷ 2,935.2 acres = \$511/acre



COMPARABLE NO. L-16

TYPE: Mountain Land

#268

LOCATION: On the top of Meadow Creek Mountain, off Eagle River Road,
Eagle River, Alaska.

LEGAL DESCRIPTION: SE½ NW¼, Section 9, T14N, R1W, SM

PRICE: \$32,000

ZONING: R-10

CASH EQUIVALENT:

H&B USE: Summer retreat

DATE: 10/84

ACCESS: Trail

INSTR: W.D. (1180/596)

SIZE: 1,320' x 1,320'

TERMS: 20% down; balance
amortized in 5 years
at 10%

AREA: 40 acres

GRANTOR: Lutheran Church, Missouri Synod Foundation

GRANTEE: Greg Vance

VERIFIED: Greg Vance

PROPERTY DETAILS:

The property is located at the top of Meadow Creek Mountain with only trail access up from Barkley Drive; it lies at the 2,400' contour and contains a peak at 2,600'; it is well above tree line and is considered undevelopable for any type of residential/recreational use except summer use cabin or retreat; outstanding view; soils are surface bedrock with little topsoil.

ANALYSIS: \$32,000 ÷ 40 acres = \$800/acre.



COMPARABLE NO. L-17 TYPE: Logged off Land - Haines #164

LOCATION: Mile 9, Lutak Road, Haines, Alaska.

LEGAL DESCRIPTION: Portion of U.S. survey No. 973, within Section 31, T29S, R59E, CRM.

<u>PRICE:</u>	\$70,000	<u>ZONING:</u>	None
<u>CASH EQUIVALENT:</u>		<u>H&B USE:</u>	Residential
<u>DATE:</u>	12/31/86	<u>ACCESS:</u>	Road
<u>INSTR:</u>	Quit Claim Deed	<u>RIVER FRONT:</u>	1,835'
<u>TERMS:</u>	Cash	<u>AREA:</u>	45.59 acres

GRANTOR: Alaska Resources Corporation

GRANTEE: Dennis Andrews

VERIFIED: Haines Borough (BIA - Trosper, 5/87) (EGF, 6/87)

PROPERTY DETAILS:

Cut-over timber, marine view of Lutak Inlet, purchased at auction, foreclosure, some duress. One or more streams flow through property, 1,835' frontage on the Lutak River (glacial), undulating/sloping terrain, well-drained soil.

ANALYSIS: \$70,000 ÷ 45.39 acres = \$1,535/acre

No Photo Available

COMPARABLE NO. - L-18

TYPE: Mud Flat

#286

LOCATION: Mouth of Cottonwood Creek, 7 miles southwest of Wasilla.

LEGAL DESCRIPTION: Government Lot 7, SE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 1; Government Lot 5, Section 2; Government Lots 1, 3, 4, 5 & 6 and N $\frac{1}{4}$ NE $\frac{1}{4}$ Section 11; and Government Lots 2 & 3 and N $\frac{1}{4}$ NW $\frac{1}{4}$ Section 12, T16N, R2W, S.M.

PRICE: \$51,000

ZONING: None

CASH EQUIVALENT:

H&B USE: Recreation

DATE: 12/89

ACCESS: Walk-in from the Hayfield Road

INSTR: W.D.

SIZE: Irregular

TERMS: Cash

AREA: 525 acres

GRANTOR: Mounir M'Karzel

GRANTEE: Nature Conservancy

VERIFIED: Susan Ruddy, Nature Conservancy (RHF, 12/13/89)

PROPERTY DETAILS:

Mudflats at the mouth of Cottonwood Creek, which is a muddy slough.

ANALYSIS: \$51,000 \div 525 acres = \$97/acre

No Photo Available

COMPARABLE NO. L-19

TYPE: Land - Tutka Bay

#1

LOCATION: Tutka Bay, Alaska

LEGAL DESCRIPTION: Portions of Sections 29, 30, 31, 32, 33 and 34,
T8S, R12W, SM; Sections 1, 2 and 11, T9S, R13W,
SM.

PRICE: Land Trade

ZONING: None

CASH EQUIVALENT: (see below)

H&B USE: Recreational

DATE: 3/83

ACCESS: Boat or floatplane

TERMS: Equal value
land exchange

SIZE: Irregular

AREA: 3,578 acres

GRANTOR: Seldovia Native Association

GRANTEE: State of Alaska

VERIFIED: State Records and Steve Starrett (EGF, 5/88)

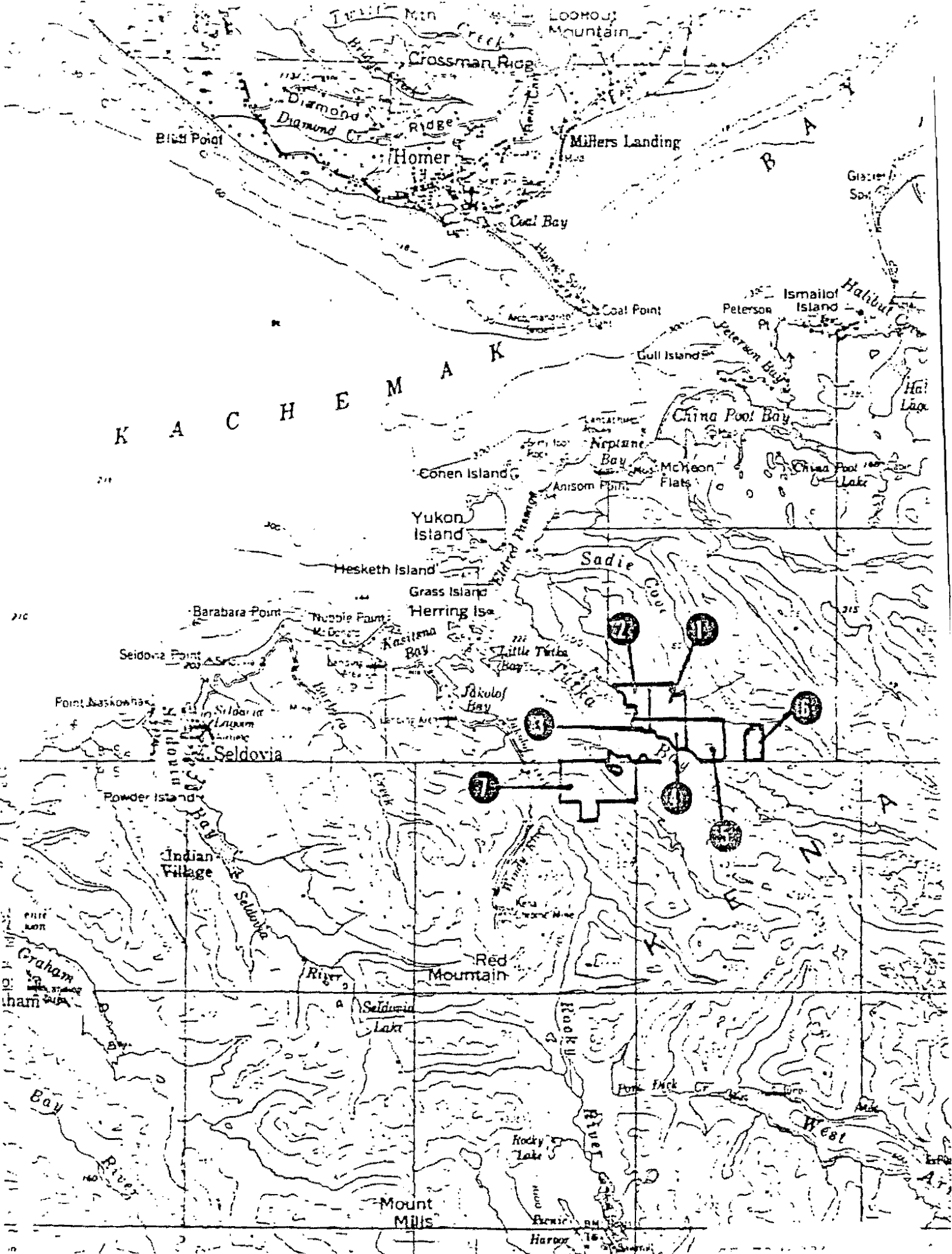
PROPERTY DETAILS:

Parcels 2 through 5 and Parcel 7 front on Tutka Bay. Parcel 1 fronts on Sadie Cove. Parcel 6 is an interior tract. All parcels are moderate to steep and wooded. Access is via boat or floatplane. Electricity within 1/2 mile.

Value for the exchange was determined by negotiation and appraisal.

ANALYSIS:

<u>Parcel Number</u>	<u>Legal Description</u>	<u>Trade Value</u>	<u>Acreage</u>	<u>Trade Value Per Acre</u>
1	Sec. 29, T8S, R12W, SM	\$ 590,000	590	\$1,000
2	Sec. 30, T8S, R12W, SM	408,000	340	1.200
3	Sec. 31, T8S, R12W, SM	36,000	30	1,200
4	Sec. 32, T8S, R12W, SM	260,000	260	1,000
5	Sec. 33, T8S, R12W, SM	580,000	580	1,000
6	Sec. 34, T8S, R12W, SM	85,500	285	300
7	Sec. 31 & 32, T8S, R12W	<u>\$1,344,000</u>	<u>1,493</u>	<u>900</u>
	Sec. 1 & 2, NE1/4, 11, T9S, R13W, SM			
	Totals	\$3,305,500	3,578	\$900/ac average



COMPARABLE NO L-20

TYPE: cont Land

#4

LOCATION: Near Tutka Bay and Anderson Bay.

LEGAL DESCRIPTION: Portions of Sections 12 & 13, T7S, R12W, SM, and
 Portions of Section 34, T8S, R12W, SM.

PRICE: Land Trade

ZONING: None

CASH EQUIVALENT:

H&B USE: Recreational

DATE: 4/9/85

ACCESS: Walk-in

INSTR: Exchange Agreement

AREA: 960 acres

TERMS: Equal Value Land Exchange

GRANTOR: Seldovia Native Association

GRANTEE: State of Alaska

VERIFIED: State Records, Steve Starrett (EGF, 5/88)

PROPERTY DETAILS:

These parcels are moderate to steep wooded tracts within one mile of the ocean. Walk-in access only to all three parcels. No waterfront of any kind.

The Trade value of \$899,500 was determined by State Appraisal No. 1760. The final exchange agreement included three parcels to be traded to the State.

ANALYSIS: \$899,500 ÷ 960 acres = \$937/acre



A IBUTE RATING GUIDE

	<u>Rating Points</u>	<u>Maximum Rating Points</u>
1. <u>Access</u>		5
Highway	5	
Road	3	
Wheelplane	2	
Floatplane	1	
Boat		
easy	2	
safe	1	
Logging Road	1	
Walk-in (1 mile or less)	1	
Inaccessible	-1	
2. <u>Waterfront</u>		3
Marine	3	
Lake	2	
Creek - Clear	1	
River - Glacial	1	
Small Lake	1	
3. <u>Moorage</u>		3
Protected	3	
Partly	1	
4. <u>Recreational Opportunities</u>		4
Fishing	1	
Hunting	1	
Camping/Hiking	1	
Wildlife Viewing	1	
5. <u>Solitude</u>	0 to 2	2
6. <u>Naturalness</u>	0 to 2	2
7. <u>Topography</u>		3
Good	3	
Fair	1	
Floodplain	0	
Muskeg/Permafrost	0	
Steep	0	
Extremely Steep	-1	
8. <u>Vegetation</u>		2
Timber	2	
Other Trees	1	
Native	1	
9. <u>Overall Appeal</u>	0 to 4	4
10. <u>Visual Quality</u>	0 to 3	3
11. <u>Unique Features</u>	0 to 4	4

Mudflats are rated only for Attributes 4, 6, 7, 8, 9 and 10

ANALYSIS OF COMPARABLE SALES by the ATTRIBUTE RATING GUIDE

COMPARABLE SALE L-1

Sale L-1 is a 273.65 acre tract of land located on the south end of Afognak Island, 30 miles northwest of Kodiak, Alaska. This property sold in November 1989 for \$1,194,375. The Cash Equivalent Price is \$1,080,000. The improvements on the property were valued at \$30,000. This develops an unadjusted land value of \$1,050,000, or \$3,837 per acre.

This is an excellent tract of gently to moderately rolling, well drained, marine waterfront land on "The Narrows" across from Little Raspberry Island. It has about 2 miles of protected waterfront, with protected anchorages and a small bay. The vegetation varies from open meadows to old growth spruce forest on about 148 acres. The property includes a small house and 3 cabins, all valued at \$30,000.

The sale was first adjusted for size. This sale contains 274 acres, as compared to the Subject property containing 23,760 acres. This required a size adjustment of -50%. (Please refer to the size adjustment section of this report.) No time adjustment was necessary, being a very recent sale, in November 1989. A location adjustment of +10% was made because the Subject property at China Poot Bay is superior to the location of the sale on Afognak Island.

Decimal Equivalent

The market develops percentage adjustments for each of the 3 major categories (size, time and location). In order to apply the percentage adjustments they are first converted to their decimal equivalent. This is done by adding the adjustment to 100% (i.e., a -50% adjustment: $100\% - 50\% = .50$). The decimal equivalent is then multiplied times the price per acre for the comparable. Adjustments are multiplied (not added) to be mathematically correct. For example: The comparable property sold for \$3,837/acre, and the differences with the Subject property indicates a size adjustment of -50%; a time adjustment is 0%, and a location adjustment of +10%. The Decimal Equivalent = $(1 - 50\%) \times (1 + 0\%) \times (1 + 10\%) = .55$.

The indicated adjusted sales price is calculated as follows:

$$\$3,837 \times .55 = \$2,110/\text{acre}$$

The Attribute Rating Guide is then applied to this sale.

Access: This sale has floatplane access and is rated 1 point, easy boat access for 2 points, totaling 3 points.

Waterfront: This sale has marine waterfront, rated a total of 3 points.

Moorage: The sale has protected moorage for a total of 3 points.

Recreational Opportunities on this sale include fishing, hunting, camping, hiking and wildlife viewing, each rated one point for a total of 4 points.

Solitude: This property, being remote and distant from population centers enjoys maximum solitude for a total of 2 points.

Naturalness ranks high, for a total of 2 points.

Topography on this property is gently to moderately rolling, and it is well drained land, which gives it a maximum topography rating of 3 points.

Vegetation: This property has 148 acres of old growth spruce forest which develops a maximum point score of 2 points.

Overall Appeal: This property has protected marine front moorage, old growth timber, high quality soil types, 2 miles of waterfront with protected anchorages and a small bay, which develops a maximum 4 points.

Visual Quality of this property is rated 3 points.

Unique Features includes 2 miles of marine waterfront with protected anchorages, 148 acres of old growth timber, and a location on the "Narrows" across from Little Raspberry Island. This sale develops a maximum point score of 4.

The Total Attribute Rating for this property is 33 points. Subtracting the overlap rating factor of 4 points, develops an Attribute Point Score for this property of 29 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$2,110 by the Attribute Point Score, which gives this property a Price per Attribute Point of \$73. ($\$2,110 \div 29 \text{ points} = \73)

COMPARABLE SALE L-2

Sale L-2 is a 2,220 acre property that sold in December 1985 for \$1,030,000 cash. The property is in 6 subdivisions within 8 miles south and east of Anchor Point on the Kenai Peninsula. These 6 subdivisions were subdivided into 222 "paper plat" undeveloped 10-acre tracts. Only one of the 6 tracts had gravel road access. They have about 60% good soils, wooded with birch and spruce, and about 40% treeless muskeg. Total acreage included "paper-plat" road right-of-ways which could be vacated. This property sold at a price of \$464/acre.

The sale was first adjusted -2% for size, the sale contains 2,220 acres, compared to 23,760 acres in the Subject property (refer to the Size Adjustment section of this report). A +25% adjustment was made for the superior location of the Subject property on China Poot Bay. This property sold in December 1985, requiring a -20% adjustment for time.

The decimal equivalent is .98, developing an adjusted sales price of \$455/acre.

The Attribute Rating Guide is then applied to this sale:

Access was rated 2 points. Five of the 6 parcels had walk-in access at the time of sale, and one parcel had road access. This develops a total of 2 points for access.

Waterfront: This sale has no waterfront, or 0 points.

Moorage: This sale has no moorage, or 0 points.

Recreational Opportunities on this property include hunting and wildlife viewing for a total of 2 points.

Solitude rating for this sale is 2 points. It is about 10 miles away from the nearest population center of Anchor Point.

Naturalness point count for this sale property is 1 point. It was in a natural state at the time of sale, but it is not very desirable.

Topography: This sale was rates 1 point for topography. The six parcels were gently rolling, with about 40% treeless muskeg.

Vegetation: About 60% of the 6 parcels had good soils, wooded with birch and spruce, and about 40% treeless muskeg, rating 1 point.

Overall Appeal for this sale property was rated 0 points. It has no outstanding features. Its only value is to subdivide the property into residential lots.

Visual Quality of this property was rated 1 point.

Unique Features: There are no unique features on this property, for a rating of 0 points.

The Total Attribute Rating for this property is 10 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 6 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$455/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$76. ($\$455 \div 6 \text{ points} = \76)

COMPARABLE SALE L-3

Sale L-3 is the sale of Goat Island and 41 other small islands, located one mile west of Hydaburg in Southeast Alaska. These islands, totaling 4,749 acres, sold in May 1988 for \$9,000,000 cash, or \$1,895/acre. Goat Island and the surrounding South Pass Islands (41 islands ranging from 1/4 to 173 acres) is a unique recreational area of pristine wilderness. It contains many protected coves and over 37 miles of coastline, ranging from rugged rocky to sandy beaches. It contains estuary and habitat areas for many species of animals and birds. The islands are ringed with Eagle nests, and there are several streams, including one medium size stream headed by a lake. Recreational opportunities include boating, camping, fishing, clam digging, deer hunting, wildlife viewing, etc. The property is heavily wooded with old growth timber.

A size adjustment of -5% was made. The sale property has 4,749 acres compared to 23,760 acres for the Subject. No adjustment was made for location, because good marine properties in Southeast Alaska are considered to be about equal to good marine properties in the Kachemak Bay area. No time adjustment was considered necessary, the sale property being sold in May 1988.

The decimal equivalent is .95, developing an adjusted sale price of \$1,796/acre.

The Attribute Rating Guide is then applied to this sale:

Access for the sale property is rated 3 points for its easy boat and floatplane access.

Waterfront: The sale property has marine waterfront for 3 points.

Moorage: The sale property has protected moorage for 3 points.

Recreational Opportunities include fishing, hunting, camping, boating, caking, clam digging, berry picking, wildlife viewing, etc., for a maximum of 4 points.

Solitude on this sale property is rated 2 points.

Naturalness: This pristine wilderness is rated 2 points.

Topography: The property has very good topography, for a rating of 3 points.

Vegetation: The property is heavily wooded with old growth timber, for 2 points.

Overall Appeal of this property is high, developing a rating of 3 points.

Visual Quality of this property is high, having many estuaries, habitat areas for many species of birds, numerous Eagle trees, etc., rated 3 points.

Unique Features on this sale property include 41 islands of pristine wilderness containing its own eco-system, rugged rocky coastlines and sandy beaches, many Eagle nests, a number of small clear streams, and a small lake, developing a point score of 3.

The Total Attribute Rating for this property is 31 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 27 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$1,769/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$67. ($\$1,769 \div 31 \text{ points} = \67)

COMPARABLE SALE L-4

Sale L-4 is a 32 acre property located 1/4 mile south of Seldovia. This property sold in February 1984 for \$87,500, or \$2,734/acre. It has rolling topography, some cleared area and some dense, mature spruce. A small stream intersects part of the property, and there is some low wet ground.

Size adjustment is -74% (refer to the size adjustment table). No adjustment was considered necessary for location. The sale occurred in February 1984, requiring a 0 time adjustment (refer to the "Time Adjustment" section of this report).

The decimal equivalent is .26, developing an adjusted sale price of \$711/acre.

The Attribute Rating Guide is then applied to this sale:

Access to this property is rated 4 points. It has gravel road access, and because it is within easy walking distance of Seldovia Bay it was rated 1 point for water access.

Waterfront: A small stream runs through the property, rating 1 point.

Moorage: There is no moorage, for 0 points.

Recreational Opportunities on this property include wildlife viewing and fishing, because of its near proximity to Seldovia Bay, for a total of 2 points.

Solitude and Naturalness: Because it is very close to Seldovia, it is rated only 1 point for solitude and 1 point for naturalness.

Topography: The property has rolling topography for a rating of 2 points.

Vegetation is rated 1 point. Some of the property is cleared, and some is swampy.

Overall Appeal is rated 0 points.

Visual Quality: Because it overlooks Seldovia Bay, it is given 2 points for visual quality.

Unique Features: This property has no unique features for 0 points.

The Total Attribute Rating for this property is 14 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 10 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$711/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$71. ($\$711 \div 10 \text{ points} = \71)

COMPARABLE SALE L-5

Sale L-5 is 611 acres of logged off land located west of Dry Pass, near El Capitan, on the northerly end of Prince of Wales Island in Southeast Alaska. This property sold in October 1985 for a cash equivalent price of 980,000, or \$1,603 per acre. The property consists of 2 parcels of land fronting on Shaken Straits and Dry Pass. There are logging roads which connect to the Prince of Wales Island road system. The property has gentle to moderate slopes. Some are steep. It has 19,200' of waterfront with protected anchorage on the shore of Dry Pass.

The sale requires a -41% size adjustment. It occurred in October 1985 for a -10% time adjustment. Because it is located in a fairly remote area in Southeast Alaska, an upward adjustment +15% adjustment was made to compare this location with the Subject.

Decimal equivalent is .61, developing an adjusted sales price of \$979/acre.

The Attribute Rating Guide is then applied to this sale:

Access: 1 point was rated for logging road access, and 1 point for floatplane access, for a total of 2 points.

Waterfront: The property has 19,200' of marine waterfront for 3 points.

Moorage: The property has protected moorage for 3 points.

Recreational Opportunities include fishing and hunting for 2 points.

Solitude and Naturalness: The property is logged-off land, so it is rated one point for solitude, but 0 points for naturalness.

Topography is gentle to moderate slopes with some steep portions, resulting in 2 points.

Vegetation: The property is logged-off land for 0 points.

Overall Appeal on this property is 1 point for its marine waterfront and protected moorage.

Visual Quality: This property has extensive waterfront for good marine views, giving it 2 points.

Unique Features: It has 19,200' waterfront with protected moorage which gives it one point for unique features.

The Total Attribute Rating for this property is 17 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 13 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$979/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$75. ($\$979 \div 13 \text{ points} = \75)

COMPARABLE SALE L-6

Sale L-6 is 132.67 acres located on the west side of Admiralty Island, on Kanalku Bay, 5 miles east of Angoon. This property sold in January 1981 for a cash equivalent price of \$458,500, or \$3,456/acre. It has 4,400' of marine waterfront with protected moorage and climax spruce forest.

A size adjustment of -58% was applied. An upward adjustment of 10% was made for time, and the location adjustment was 0.

The decimal equivalent is .46, developing an adjusted sales price of \$1,597/acre.

The Attribute Rating Guide is then applied to this sale:

Access: This property was rated 2 points for easy boat access.

Waterfront: It has 4,400' of marine waterfront, for a total of 3 points.

Moorage: The property has protected moorage for a total of 3 points.

Recreational Opportunities on this property include fishing, hunting, camping and wildlife viewing for a total of 4 points.

Solitude: This property rates 2 points for solitude.

Naturalness: The pristine wilderness of this property gives it 2 points.

Topography: The property is fairly steep sloping for a 1 point rating.

Vegetation: It has old growth timber for 2 points.

Overall Appeal rating is 3 for its protected moorage, extensive waterfront and old growth timber.

Visual Quality is ranked 3 points because of its good views on Kanalku Bay.

Unique Features: This property has fine protected anchorage on a small bay with gravel beaches and old growth timber, which develops 2 points.

The Total Attribute Rating for this property is 27 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 23 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$1,597/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$69. ($\$1,597 \div 23 \text{ points} = \69)

COMPARABLE SALE L-7

Sale L-7 is a 333 acre property located 1/2 mile southeast of Gustavus on Icy Strait in Southeast Alaska. It sold for a cash equivalent price of \$1,938,436 in June 1987. There is a house on the property valued at \$70,000; so the land value is \$1,868,436, or \$5,611/acre. The property has both road and water access with 9,000' water frontage on Icy Strait. It is one mile south of the Gustavus Airfield, with road access. It is nearly level. The vegetation is grass and very small trees and bushes. There is a good salmon stream 1/4 mile west of the property.

This property requires a -50% size adjustment. The property sold in June 1987, requiring 0% time adjustment. The property requires a -35% location adjustment due to its very good location near the Gustavus airfield with road access. The Highest and Best Use for this property would be residential subdivision.

The decimal equivalent is .33, developing an adjusted sale price of \$1,824/acre.

The Attribute Rating Guide is then applied to this sale:

Access 5 points were rated for access. This property has good road access, water access, and is one mile south of Gustavus Airfield.

Waterfront: The property has 9,000' of marine waterfront for 3 points.

Moorage: The property has partially protected moorage for 1 point.

Recreational Opportunities on this property include fishing, wildlife viewing, camping and hunting, for a total of 4 points.

Solitude and Naturalness: Even though this property is located only 1/2 mile southeast of Gustavus, it is rated 2 points for solitude, and 2 points for naturalness.

Topography: Level topography for 3 points.

Vegetation: This property has its native vegetation of grass and brush for 1 point.

Overall Appeal rates 3 points because of its 9,000' of waterfront, very good access, and 1/4 mile from a good salmon river.

Visual Quality is rated 3 points because it has good views of Icy Strait.

Unique Features on this property are 9,000' of waterfront on Icy Strait, 1/4 mile from the Gustavus Airfield for easy access, makes it very desirable for recreational and residential subdivision, rating 2 points.

The Total Attribute Rating for this property is 29 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 25 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$1,824/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$73. ($\$1,824 \div 25 \text{ points} = \73)

COMPARABLE SALE L-8

Sale L-8 is a 160 acre property located in the Fox River Valley at the head of Kachemak Bay. This property sold March 1980 for \$400,000, or \$2,500/acre. It is a nearly level tract bounded by a tributary of the Fox River. It is about 1/4 mile from a private airstrip; however, since the time of the sale the owners of the airstrip closed it for public use. Ground cover is spruce, alder and brush.

This sale requires a -58% size adjustment, a +20% time adjustment, and no adjustment for location.

The decimal equivalent is .50, developing an adjusted sales price of \$1,260/acre.

The Attribute Rating Guide is then applied to this sale:

Access: This sale rates 2 points for access, air and walk-in.

Waterfront: This sale has nearby glacier river waterfront for 1 point, and a small creek for an additional point.

Moorage: There is no moorage, 0 points.

Recreational Opportunities include hunting, camping and wildlife viewing for a total of 3 points.

Solitude: The property is in a remote location rating 2 points for solitude.

Naturalness: The property was vacant with no development, developing 2 points for naturalness.

Topography: Overall topography is nearly level, for 3 points.

Vegetation: The vegetation on the property consists of spruce, alder and native brush for 1 point.

Overall Appeal is rated 2 points because of the remote location and good topography and soils of this property.

Visual Quality: This sale property has good views of the surrounding mountains, and a portion of the property has a good view of the Fox River, rating 3 points.

Unique Features: Because of its location on the Fox River at the head of Kachemak Bay this property is rated 1 point.

The Total Attribute Rating for this property is 21 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 17 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$1,260/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$74. ($\$1,260 \div 17 \text{ points} = \74)

COMPARABLE SALE L-9

Sale L-9 is a 26 acre property located on Bradley River in Kachemak Bay. This property sold in February 1987 for \$140,250 cash. The property fronts on Bradley River along the entire west boundary, and a small unnamed creek flows through the property. It has rolling topography and some steeper slopes. There is tidal marsh in the southwest corner. It is covered with mature spruce trees.

This sale requires a -84% size adjustment. The property sold in February 1987, requiring no time adjustment, and there is no adjustment required for location.

The decimal equivalent is .16, developing an adjusted sales price of \$865/acre.

The Attribute Rating Guide is then applied to this sale:

Access is rated 2 points for the water access via Kachemak Bay and Bradley River.

Waterfront: The property fronts on Bradley River, along the entire west boundary, and a small creek flows through the property, for a total of 2 points.

Moorage: There is no moorage for 0 points.

Recreational Opportunities include fishing and hunting for 2 points.

Solitude: This property is located in a remote area, rating it 2 points for solitude.

Naturalness: The property is mostly in its natural state, giving it 2 points.

Topography: The property has rolling topography with some steeper slopes for 2 points.

Vegetation: The sale property has mature spruce trees for 2 points.

Overall Appeal is 1 point. Its best feature is the Bradley River.

Visual Quality qualities are rated 2 points for its location near Kachemak Bay.

Unique Features: There are no unique features.

The Total Attribute Rating for this property is 17 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 13 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$865/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$67. ($\$865 \div 13 \text{ points} = \67)

COMPARABLE SALE L-10

Sale L-10 is a 480 acre property located 50 miles north of Wasilla, 5 miles east of the Parks Highway. This property sold in December 1984 for a cash equivalent price of \$141,300, or \$294/acre. It is 4 miles from the nearest road, with walk-in access. It is covered with spruce and birch tree forest, and is moderately rolling with some potholes.

The size adjustment for this property is -7%. It sold in December 1984, requiring a -30% time adjustment. It is located in the Susitna River Valley requiring 0 adjustment for location.

The decimal equivalent is .65, developing an adjusted sale price of \$191/acre.

The Attribute Rating Guide is then applied to this sale:

Access: This property has walk-in access over four miles, so it is rated -1 point for access.

Waterfront: There is no waterfront for 0 points.

Moorage: There is no moorage for 0 points.

Recreational Opportunities are hunting only for 1 point.

Solitude: This property has magnificent solitude and rates 2 points.

Naturalness: This property is as natural as they come for 2 points.

Topography: The property is moderately rolling for 2 points.

Vegetation: Ground cover is native spruce and birch for 1 point.

Overall Appeal is 0 points. This type of property is dirt common.

Visual Quality: None for 0 points.

Unique Features: None for 0 points.

The Total Attribute Rating for this property is 7 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 3 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$191/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$64. ($\$191 \div 3 \text{ points} = \64)

COMPARABLE SALE L-11

Sale L-11 is a 33 acre property located near the south end of Admiralty Island, in Cannery Cove, on the south shore of Pybus Bay. It is an old "Peter Pan" seafood cannery site. The property sold for a cash equivalent price of \$235,000, or \$7,211/acre in December 1983. Access to the property is by boat or floatplane. It has 2,178' of waterfront, moderately upsloping topography, wooded along the waterfront, with the interior portion gently rolling muskeg with stunted trees. There is a small creek nearby for water.

This sale was adjusted -74% for size. Time adjustment was -10%, with 0% adjustment for location.

The decimal equivalent is .23, developing an adjusted sale price of \$1,687/acre.

The Attribute Rating Guide is then applied to this sale:

Access is rated 2 points for easy boat access.

Waterfront: The property has 2,178' waterfront on Pybus Bay for 3 points.

Moorage: It has protected moorage in Cannery Cove for 3 points.

Recreational Opportunities are fishing, hunting, camping and wildlife viewing for a total of 4 points.

Solitude is rated 2 points.

Naturalness is rated 2 points.

Topography: The topography on this property is moderately upsloping for 3 points.

Vegetation is rated 1 point. There is considerable muskeg.

Overall Appeal is 3 points. This is an old cannery site with protected moorage, a small creek for water, 2,178' of waterfront on Cannery Cove. Old canneries were usually built on the best sites in Southeast Alaska.

Visual Quality is rated 3 points because of its extensive frontage on Cannery Cove.

Unique Features is rated 2 points for its extensive waterfront, protected moorage and creek.

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The Total Attribute Rating for this property is 28 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 24 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$1,687/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$70. ($\$1,687 \div 24 \text{ points} = \70)

COMPARABLE SALE L-12

Sale L-12 is a 10-acre property located on the south shore of Tutka Bay, about one mile southeast of Little Tutka Bay. This property sold in October 1986 for \$138,000 cash, or \$13,842/acre. This is a boot-shaped peninsula, with sheltered boat moorage, sandy/gravelly beach, dense mature spruce on the boot, and a small creek.

This sale requires a -90% adjustment for size. It requires no time or location adjustment.

The decimal equivalent is .10, developing an adjusted sale price of \$1,384/acre.

The Attribute Rating Guide is then applied to this sale:

Access is rated 3 points for its easy boat and floatplane access.

Waterfront: This property has excellent marine waterfront for 3 points.

Moorage: It has protected boat moorage for 3 points.

Recreational Opportunities include fishing and wildlife viewing for 2 points.

Solitude: Because of its small size this property has practically no solitude. With nearby neighbors and boats pulling up on the beach, there isn't much solitude, rated 1 point.

Naturalness: The property is rated 2 points for its natural status.

Topography: The main part of the boot slopes rather steeply upward and is rated 1 point.

Vegetation: Part of the property has no trees; part of it is forested with dense spruce for 1 point.

Overall Appeal is given 3 points because it is a very unusual boot shaped peninsula in Tutka Bay.

Visual Quality is rated 3 points.

Unique Features: This is a unique property in many respects, and rates 3 points.

The Total Attribute Rating for this property is 25 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 21 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$1,384/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$66. ($\$1,384 \div 21 \text{ points} = \66)

COMPARABLE SALE L-13

Sale L-13 is a 203 acre property located at Ellamar, in Prince William Sound, about 20 air miles southwest of Valdez. This property sold in October 1982 for \$365,000 cash, or \$1,798/acre. The property has 5,000' of water frontage on Virgin Bay. Gladhaugh Creek runs through the property, and an unnamed creek runs through the southernmost end. The beach is easily accessible. Portions are wooded, and the balance is muskeg. Most of the land slopes down to sea level from average elevations of less than 100 feet. This property was subsequently subdivided into a 167 lot subdivision.

The size adjustment for this property is -58%. Properties in Prince William Sound have always sold for less than properties in Kachemak Bay, reflecting the fact that the location is not as good, requiring an upward adjustment of 80% for the superior location of the Subject property. No time adjustment was considered necessary because property values increased until 1986, and then went down after 1986, balancing out the time adjustment to 0%.

The decimal adjustment is .76, and the adjusted sales price is \$1,359/acre.

The Attribute Rating Guide is then applied to this sale:

Access is given 3 points for boat and floatplane access.

Waterfront is given 3 points on Virgin Bay.

Moorage: Protected moorage is given 3 points.

Recreational Opportunities include fishing, hunting, camping and wildlife viewing, for a total of 4 points.

Solitude is rated 2 points.

Naturalness is rated 2 points.

Topography is rated 1 point. This property is gently sloping, but a large part of the property is muskeg type land.

Vegetation is rated 1 points.

Overall Appeal is rated 2 points.

Visual Quality is rated 2 points.

Unique Features is rated 1 point.

The Total Attribute Rating for this property is 24 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 20 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$1,359/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$68. ($\$1,359 \div 20 \text{ points} = \68)

COMPARABLE SALE L-14

Sale L-14 is a 5,620 acre tract of land located just north of Gulkana, Alaska. This property sold in November 1988 for \$2,470,000 cash, or \$440/acre. It is part of the "Over the Horizon Back Scatter Radar Project" being developed by the U.S. Air Force. The Glenn Highway cuts through the northeast corner of the property. This is mostly permafrost country with black spruce, brush and muskeg vegetation. It is generally level.

This sale requires only a -5% size adjustment. On the other hand it requires a +100% adjustment for location because of the very superior location of the Subject property on Kachemak Bay. No time adjustment is needed.

Decimal equivalent is 1.9; adjusted sales price is \$836/acre.

The Attribute Rating Guide is then applied to this sale:

Access is rated 5 points for its access on the Glenn Highway.

Waterfront is given 1 point because it has about 1/4 mile frontage on the Copper River.

Moorage is 0 points.

Recreational Opportunities include hunting, trapping and wildlife viewing, for 2 points.

Solitude is rated 2 points.

Naturalness is rated 2 points.

Topography is rated 1 point; although it is nearly level, it is mostly permafrost ground with considerable muskeg.

Vegetation: Mostly stunted black spruce and muskeg for 1 point.

Overall Appeal is rated 0 points.

Visual Quality is rated 2 points because part of the property overlooks the Copper River.

Unique Features is rated 0 points.

The Total Attribute Rating for this property is 16 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 12 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$836/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$70. ($\$836 \div 12 \text{ points} = \70)

COMPARABLE SALE L-15

Sale L-15 is a 2,935 acre tract of land located one mile east of Tok. This property sold in November 1988 for \$1,500,000 cash, or \$511/acre. This site was purchased as a receiver station for the "Back Scatter Radar Project" developed by the U.S. Air Force. It is located on the Alaska Highway, and consists of two parcels lying either side of the Alaska Highway. The land south of the highway is traversed by the Tok River and is generally level, partly wooded and wet. The land north of the highway is generally level, wooded and well drained. Electricity is available.

This sale requires a -12% size adjustment. It requires a +100% adjustment for location because of the superior location of the Subject property on Kachemak Bay. The property sold in November 1988, requiring no time adjustment. The decimal adjustment is 1.76, and the adjusted sales price is \$899/acre.

The Attribute Rating Guide is then applied to this sale:

Access is rated 5 points with access from the Alaska Highway.

Waterfront is rated 1 point with waterfront on the Tok River.

Moorage is rated 0 points.

Recreational Opportunities is rated 2 points for hunting and wildlife viewing.

Solitude is rated 2 points.

Naturalness is rated 2 points.

Topography is rated 1 point. The property is generally level, but the south half is wooded, wet, muskeg, permafrost land.

Vegetation is rated 1 point for stunted black spruce and muskeg.

Overall Appeal is rated 0 points.

Visual Quality is rated 2 points.

Unique Features is rated 0 points.

The Total Attribute Rating for this property is 16 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 12 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$899/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$75. ($\$899 \div 12 \text{ points} = \75)

COMPARABLE SALE L-16

Sale L-16 is a 40 acre tract located on the top of Meadow Creek Mountain, above Eagle River, Alaska. This property sold in October 1984 for \$32,000, or \$800/acre. The property has only trail access from Barkley Road. It lies above the 2,400' contour and has a peak at 2,600 feet elevation, and is all well above tree-line. It is considered undevelopable for any type of residential or recreational use except summer cabin or retreat. It has outstanding views.

This property required a -53% size adjustment. Because it is located close to Eagle River, a -15% adjustment was made for the better location near Eagle River, a suburb of Anchorage. The time adjustment is -40%.

The Decimal equivalent is .24, developing an adjusted sale price of \$192/acre.

The Attribute Rating Guide is then applied to this sale:

Access is rated 1 point. This property has only walk-in access by trail from Barkley Road in Eagle River.

Waterfront is 0 points.

Moorage is 0 points.

Recreational Opportunities is hiking only, for 1 point.

Solitude is rated 2 points.

Naturalness is rated 2 points.

Topography is rated -1 point because it has very steep topography.

Vegetation is rated 1 point.

Overall Appeal is rated 0 points.

Visual Quality is given 1 point for its outstanding views.

Unique Features is rated 0 points.

The Total Attribute Rating for this property is 7 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 3 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$192/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$64. ($\$192 \div 3 \text{ points} = \64)

COMPARABLE SALE L-17

Sale L-17 is a 46 acre tract of logged off land, located at Mile 9 on the Lutak Road near Haines, in Southeast Alaska. The property sold in December 1986 for \$70,000 cash, or \$1,535 per acre. The property has marine view of Lutak Inlet, and one or more streams flow through the property. It has 1,835' frontage on the Lutak River (glacial), and has undulating/sloping terrain with well-drained soil.

This sale requires a -74% size adjustment. The Subject property on Kachemak Bay has a superior location requiring an upward adjustment of 60%. No time adjustment was necessary.

The decimal equivalent is .43; adjusted sales price \$639/acre.

The Attribute Rating Guide is then applied to this sale:

Access: This sale is located on a borough-maintained, gravel road, for 3 points.

Waterfront is 1 point. It has 1,835' frontage on the Lutak River.

Moorage is 0 points.

Recreational Opportunities is rated 2 points for hunting and wildlife viewing.

Solitude is rated 1 point. This property is located on a gravel road just 9 miles out of Haines, and has been logged.

Naturalness is rated 0 points; property has been logged.

Topography is rated 2 points. The property has undulating, sloping terrain with well-drained soils.

Vegetation is rated 0 points. The property has been logged.

Overall Appeal is rated 1 point.

Visual Quality is rated 3 points because the property has marine views of Lutak Inlet, and 1,835' frontage on Lutak River.

Unique Features are 0 points.

The Total Attribute Rating for this property is 13 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 9 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$639/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$71. ($\$639 \div 9 \text{ points} = \71)

COMPARABLE SALE L-18

Sale L-18 is 525 acres of mud flat, located at the mouth of Cottonwood Creek (which is a muddy slough), located 7 miles southwest of Wasilla, Alaska. This property sold to Nature Conservancy in December 1989 for \$51,000 cash, or \$97/acre. This is mud flat with walk-in access from the Hayfield Road.

The property requires a -7% size adjustment, and a +10% location adjustment. No time adjustment is necessary, being a very recent sale.

The decimal equivalent is 1.02, developing an adjusted sales price of \$99/acre

The Attribute Rating Guide is then applied to this sale:

Access, Waterfront & Moorage: This is mud flat land, so the ratings for access, waterfront and moorage do not apply.

Recreational Opportunities are rated 2.5 points. Mud flats are desirable for hunting waterfowl and wildlife viewing for 2 points. This site rates 1/2 point for marginal fishing at the mouth of Cottonwood Creek.

Solitude: This rating does not apply because the mud flats are generally undesirable places to be and at times can be dangerous.

Naturalness: Mud flats are natural and rated 2 point.

Topography is rated 0 points. The property is in the floodplain.

Vegetation is rated 0 points because it is mud flat.

Overall Appeal is rated 0 points.

Visual Quality is rated 1 points.

Unique Features is rated 0 points.

The Total Attribute Rating for this property is 5.5 points. Subtracting the overlap rating factor of 4 points develops an Attribute Point Score for this property of 1.5 points.

Price Per Attribute Point

Price per Attribute Point for this property is calculated by dividing the adjusted sales price of \$99/acre by the Attribute Point Score, which gives this property a Price per Attribute Point of \$66. ($\$99 \div 1.5 \text{ points} = \66)

Summary and Conclusion of Price Per Attribute Point

The 18 sales of very diverse properties developed a Price per Attribute Point from \$64 per point to \$76 per point. This is a very narrow range for such diverse properties. The sales ranged from very high quality marine front properties with protected moorage, to mud flats.

The overall average per attribute point is \$69.89 per point.

The weighted average is \$70.72 per point. The weighted average was calculated by: (1) doubling the price per point of the first 5 sales because they were considered to be the most comparable sales, (2) giving equal value for the next 5 sales, and (3) half value for the remaining 8 sales because they were considered the least comparable. This method developed a weighted average of \$70.72 per point.

Conclusion

The Attribute Rating Guide System is a method of developing a Common Unit of Comparison for comparing highly diverse sale properties to the Subject.

The 18 sales sold at an average of \$71 per Attribute Point.

APPLYING THE ATTRIBUTE RATING GUIDE TO THE SUBJECT PROPERTY

The Subject property is a very large and diverse property with many different physical attributes including protected marine waterfront, lakefront, rivers, creeks and small lakes. Topographically it varies from mud flats to mountain tops at elevations to 4,320 feet.

Parcel 1 is 19,325.5 acres. Under Scenario I it will be valued as is, in its present condition and assuming Parcel 2 is not logged. Under Scenario II, Parcel 1 is to be appraised as if adjoining Parcel 2 has been logged.

Parcel 2, containing 4,435 acres, is to be appraised as though the land has been logged.

Additionally, the Department of Natural Resources required answers to two questions: (1) whether or not there would be a change in the value of Parcel 1 attributed to logging Parcel 2, and (2) if there would be a change in value what would that change be?

To accomplish all of the foregoing appraisal requirements, and to accommodate all of the many and varied physical characteristics of the Subject property, a methodology was developed by dividing the entire property into smaller parcels. In all, the Subject property was divided into 102 parcels.

In most cases it was expedient to appraise the Subject property by using quarter sections, and develop an Attribute Point Score for each quarter section. However, in some sections with homogenous attributes the entire Section was appraised as a unit. For example, Section 22, Township 8 South, Range 11 West is all mountains, so it was not considered necessary to subdivide that Section into quarter sections.

Using the same Attribute Rating Guide that was used to rate each comparable sale, each of the 102 parcels of the Subject property was rated and valued according to the following scenarios:

1. Scenario I: Parcel 1 is appraised, as is, in its present condition assuming Parcel 2 is not logged.
2. Scenario II: Parcel 1 is appraised as if adjoining Parcel 2 has been logged.
3. All of Parcel 2 has been logged.

The goal was to develop an Attribute Point Score for each of the 102 parcels under each scenario. The Attribute Point is the Common Unit of Comparison developed from the comparable sales.

ATTRIBUTE RATING ANALYSIS OF SALES

SALE NO.	L-1	L-2	L-3	L-4	L-5	L-6	L-7	L-8	L-9	L-10	L-11	L-12	L-13	L-14	L-15	L-16	L-17	L-18
DATE	11/89	12/85	5/88	2/84	10/85	1/81	6/87	4/80	2/87	12/84	12/83	10/86	10/82	11/88	11/88	10/84	12/86	12/89
ACRES	274	2,220	4,749	32	611	133	333	160	26	480	33	10	203	5,620	2,935	40	46	325
PRICE/ACRE *	\$3,837	\$464	\$1,890	\$2,734	\$1,603	\$3,456	\$5,611	\$2,500	\$5,407	\$294	\$7,211	\$13,842	\$1,798	\$440	\$511	\$800	\$1,535	\$97
SIZE ADJUSTMENT	-50%	-2%	-5%	-74%	-41%	-58%	-50%	-58%	-84%	-7%	-74%	-90%	-58%	-5%	-12%	-53%	-74%	-7%
TIME ADJUSTMENT	0%	-20%	0%	0%	-10%	10%	0%	20%	0%	-30%	-10%	0%	0%	0%	0%	-40%	0%	0%
LOCATION ADJUSTMENT	10%	25%	0%	0%	15%	0%	-35%	0%	0%	0%	0%	0%	80%	100%	100%	-15%	60%	10%
DECIMAL EQUIVALENT	0.55	0.98	0.95	0.26	0.61	0.46	0.33	0.50	0.16	0.65	0.23	0.10	0.76	1.90	1.76	0.24	0.42	1.02
ADJUSTED SALE PRICE	\$2,110	\$455	\$1,796	\$711	\$979	\$1,597	\$1,824	\$1,260	\$865	\$191	\$1,687	\$1,384	\$1,359	\$836	\$899	\$192	\$639	\$99
ATTRIBUTE RATING SUMMARY																		
ACCESS	3	2	3	4	2	2	5	2	2	-1	2	3	3	5	5	1	3	-
WATERFRONT	3	0	3	1	3	3	3	2	2	0	3	3	3	1	1	0	1	-
MOORAGE	3	0	3	0	3	3	1	0	0	0	3	3	3	0	0	0	0	-
RECREATION	4	2	4	2	2	4	4	3	2	1	4	2	4	2	2	1	2	2.5
SOLITUDE	2	2	2	1	1	2	2	2	2	2	2	1	2	2	2	2	1	-
TURALNESS	2	1	2	1	0	2	2	2	2	2	2	2	2	2	2	2	0	2
POGRAPHY	3	1	3	2	2	1	3	3	2	2	3	1	1	1	1	-1	2	0
VEGETATION	2	1	2	1	0	2	1	1	2	1	1	1	1	1	1	1	0	0
OVERALL APPEAL	4	0	3	0	1	3	3	2	1	0	3	3	2	0	0	0	1	0
VISUAL QUALITY	3	1	3	2	2	3	3	3	2	0	3	3	2	2	2	1	3	1
UNIQUE FEATURES	4	0	3	0	1	2	2	1	0	0	2	3	1	0	0	0	0	0
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TOTAL ATTRIBUTE RATING	33	10	31	14	17	27	29	21	17	7	28	25	24	16	16	7	13	5.5
LESS: OVERLAP FACTOR	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4
ATTRIBUTE POINT SCORE	29	6	27	10	13	23	25	17	13	3	24	21	20	12	12	3	9	1.5
ADJUSTED SALES PRICE (from above)	\$2,110	\$455	\$1,796	\$711	\$979	\$1,597	\$1,824	\$1,260	\$865	\$191	\$1,687	\$1,384	\$1,359	\$836	\$899	\$192	\$639	\$99
VALUE/ATTRIBUTE POINT	\$73	\$76	\$67	\$71	\$75	\$69	\$73	\$74	\$67	\$64	\$70	\$66	\$68	\$70	\$75	\$64	\$71	\$66
WEIGHTED AVERAGE	\$70.72 per Attribute Point																	
OVERALL AVERAGE	\$69.89 per Attribute Point																	

*Cash Equivalent Land Value Only

After the Attribute Rating for each parcel was found, the next step was to subtract the Overlap Rating Factor of 4 points which developed in the Attribute Point Score for each parcel.

The Attribute Point Score was then multiplied by the Price per Attribute Point, developed from the 18 comparable sales and found to have a value of \$71 per point.

On the following pages, five examples from the Subject's 102 portions are narratively discussed, scored and valued using the Attribute Rating Guide.

All of the 102 portions of the Subject property were rated and valued in a similar manner, under both Scenarios. These valuations are summarized on the pages headed "Summary of Attribute Points and Valuation" following the five examples.

SUBJECT PROPERTY, EXAMPLE 1

Attribute Point Score: S½ Section 13, T7S, R12W - Scenario I

Under Scenario I, this Parcel 1 land is valued as though Parcel 2 is not logged.

The South half of Section 13 fronts on China Poot Bay. The topography for the south half is moderately sloping except for the steep bluff along the Bay, and it is not logged; therefore, the SE½ and the SW½ have been combined into the S½ to score this 300 acre parcel. The Attribute Point Score for this parcel is developed as follows:

Access: Easy boat, 2 points; Floatplane, 1 point; for a total of 3 points.

Waterfront: Marine, 3 points.

Moorage: Protected, 3 points.

Recreational Opportunities: Fishing 1, hunting 1, wildlife viewing 1, for a total of 3 points.

Solitude: This parcel is a long way from civilization, 2 points.

Naturalness: Everything about this parcel is natural, 2 points.

Topography: Part extremely steep (-1) and part fair (+1). There is a steep cliff at the water's edge.

Vegetation: Not logged timber, 2 points.

Overall Appeal: China Poot frontage, not logged, eagle's nests and views, for 3 points..

Visual Quality: Terrific views from the top of the cliff overlooking China Poot Bay, 3 points.

Unique Features: China Poot Bay frontage and scenic views, for 2 points.

The Total Attribute Rating is 26 points.

Subtracting the Overlap Rating Factor of 4 points develops an Attribute Point Score of 22 points.

The value per Attribute Point derived from 18 sales was \$71/point.

Example 1 - (continued)

The value for this 300 acre parcel is calculated as follows:

Attribute Point Score = 22 points x \$71/point = \$1,562 per acre.

300 acres x \$1,562/acre = \$468,000 for the S $\frac{1}{2}$ of Section 13 under Scenario I.

Attribute Point Score: S $\frac{1}{2}$, Section 13, T7S, R12W - Scenario II

Under Scenario II, Parcel 2 is logged.

The logging affects only the Visual Quality and the Total Attribute Point Rating is reduced 1 point to 25 points.

Subtracting the Overlap Rating Factor of 4 points develops an Attribute Point Score of 21 points.

Attribute Point Score = 21 points x \$71/point = \$1,491 per acre.

300 acres x \$1,491/acre = \$447,300 for the S $\frac{1}{2}$ of Section 13 under Scenario II.

SUBJECT PROPERTY, EXAMPLE 2

Attribute Point Score: N $\frac{1}{4}$, Section 13, T7S, R12N - Scenario I

The north half of this section is homogeneous; therefore it was not divided into quarter sections. The north half contains 275 acres. The Attribute Point Score for this parcel is developed as follows:

Access: The access is less than 1 mile walk-in from Peterson Bay, rated 1 point.

Waterfront: The property has no waterfront, rated 0 points.

Moorage: No moorage, 0 points.

Recreational Opportunities include hunting, camping and wildlife viewing, for 3 points.

Solitude: This half section is a long way from everything, rated 2 points.

Naturalness: This half section is in its natural state, rated 2 points.

Topography is fair, sloping from 1,100' on the east line, down to 300' on the west property line. The rating is 1 point.

Vegetation: Not logged, timber, for a rating of 2 points.

Overall Appeal: Good views and near China Poot and Peterson Bays, not logged, 2 points.

Visual Quality is rated 2 points.

Unique Features: There are no unique features for this property, rated 0 points.

The Total Attribute Rating for this parcel is 15 points.

Subtracting the Overall Rating Factor of 4 points develops an Attribute Point Score of 11 points.

The value per Attribute Point derived from the 18 sales was \$71/point. The value for this 275 acre parcel is calculated as follows:

Attribute Point Score = 11 points x \$71/point = \$781 per acre.

275 acres x \$781/acre = \$214,775 for the N $\frac{1}{4}$ of Section 13 under Scenario I

Example 2 - (continued)

Attribute Point Score: N½, Section 13, T7S, R12N - Scenario II

Under Scenario II, Parcel 2 is logged.

The logging does not affect this parcel; therefore, the Attribute Point Score is the same as it is under Scenario I, or 11 points.

Attribute Point Score = 11 points x \$71/point = \$781 per acre.

275 acres x \$781/acre = \$214,775 for the N½ of Section 13 under Scenario II.

SUBJECT PROPERTY, EXAMPLE 3

Attribute Point Score: NE¼, Section 33, T7S, R12N - Scenario I

There are 60 acres in this quarter section that is Parcel 1, not logged land. It consists of an open area adjoining a small lake. Under Scenario I, this 60 acres of Parcel 1 land is valued as though Parcel 2 land is not logged.

The Attribute Point Score is developed as follows:

Access: There are no logging roads, and the property has no other walk-in access of less than one mile. The rating is 0.

Waterfront: It has waterfront on Stonehocker Creek runs through the parcel, 1 point.

Moorage: There is no moorage, 0 points.

Recreational Opportunities include hunting, camping/hiking and wildlife viewing for a total of 3 points.

Solitude is rated 2 points. Parcel 1 is not logged.

Naturalness is rated 2 points. Parcel 1 is not logged.

Topography Nearly level, rated 3 points.

Vegetation is rated 1 point. Parcel 1 land does not have merchantable timber.

Overall Appeal is rated 2 points. It is an open area near a small lake.

Visual Quality is rated 2 points, with views of a small lake and Hanging Creek Falls.

Unique Features: There are no unique features for this parcel, rated 0 points.

The Total Attribute Rating is 16 points. Deducting the Overlap Rating Factor of 4 points produces an Attribute Point Score of 12 points.

12 points x \$71/point = \$852 per acre

\$852/acre x 60 acres = \$51,120 for this 60 acre parcel in the NE¼ of Section 33 under Scenario I.

Example 3 - (continued)

Attribute Point Score: NE¼, Section 33, T7S, R12N - Scenario II

Under Scenario II, this 60 acres of Parcel 1 land is valued as though Parcel 2 is logged.

The Attribute Point Score is developed as follows:

Access: This quarter section has a short walk-in distance from the proposed logging road, so it is rated 1 point.

Waterfront: Stonehocker Creek runs through this parcel, 1 point.

Moorage: There is no moorage, 0 points.

Recreational Opportunities: Hunting, and wildlife viewing, 2 points. Logging in Parcel 2 eliminates camping and hiking. Total rating is 2 points.

Solitude is rated 1 point. Adjoining land is logged.

Naturalness is rated 1 point. Adjoining land is logged.

Topography: Nearly level topography, rated 3 points.

Vegetation: Rated 1 point. No timber.

Overall Appeal is rated 1 point because adjoining land is logged.

Visual Quality rated 1 point. View of falls over logged area.

Unique Features: No unique features in this parcel, rated 0 points.

The Total Attribute Rating is 12 points. Subtracting the Overlap Rating Factor of 4 points develops an Attribute Point Score for this parcel of 8 points.

8 points x \$71/point = \$568 per acre.

60 acres x \$568/acre = \$34,080 for this 60 acre parcel in the NE¼ of Section 33 under Scenario II.

SUBJECT PROPERTY, EXAMPLE 4

Attribute Point Score: NE $\frac{1}{4}$, Section 33, T7S, R12N - Parcel 2

There are 100 acres of this quarter section that is Parcel 2, logged off land. The Attribute Point Score for the 100 acres is developed as follows:

Access: This quarter section has a short walk-in distance from the proposed logging roads, so it is rated 1 point.

Waterfront: Stonehocker Creek runs through the parcel, 1 point.

Moorage: There is no moorage, 0 points.

Recreational Opportunities include fishing in Stonehocker Creek, hunting and wildlife viewing, for 3 points.

Solitude: The parcel is logged, rated 1 point.

Naturalness: The parcel is logged, 0 points

Topography is rated 3 points.

Vegetation: The property is logged off, 0 points.

Overall Appeal is rated 2 points for Stonehocker Creek and view of Hanging Creek Falls.

Visual Quality is rated 1 point (logged off).

Unique Features is rated 0 points.

The Total Attribute Rating is 12 points. Subtracting the Overlap Rating Factor of 4 points produces an Attribute Rating Score of 8 points.

8 points x \$71/point = \$568 per acre

\$568/acre x 100 acres = \$56,800 for this 100 acres of Parcel 2 logged off land in the NE $\frac{1}{4}$ of Section 33.

SUBJECT PROPERTY, EXAMPLE 5

Attribute Point Score: Section 23, T2S, R12W - Scenario I & II

This section has 640 acres and is all mountains. It is nearly homogenous and was not divided into quarter sections. There is no logging in this Section, and it is distant enough from the logging operation so as not to be affected. The Attribute Point Score is developed for both Scenario I and II are as follows:

Access: This Section has no access; it is miles distant from any type of access point. The rating is -1 point.

Waterfront is rated 0 points.

Moorage is rated 0 points.

Recreational Opportunities are hiking for 1 point.

Solitude: There is hardly any place that has more solitude; rating is 2 points.

Naturalness is rated 2 points.

Topography is extremely steep; rated -1 point.

Vegetation is rated 1 point.

Overall Appeal is rated 1 point.

Visual Quality is rated 1 point. Although this ridge is high, a mountaineer would be climbing to the high point on the ridge in adjoining Section 22.

Unique Features: There are no unique features for this parcel, rated 0 points.

The Total Attribute Rating is 6 points. Subtracting the Overlap Rating Factor of 4 points produces an Attribute Point Score of 2 points.

This Section is valued as follows:

2 points x \$71/point = \$142 per acre

\$142/acre x 640 acres = \$90,880 for Section 23 under both Scenario I and Scenario II.

Summary

The foregoing discussion are examples of how all of the 102 parcels were valued by the Attribute Point Rating System. The tables on the following pages show the Attribute Point Score Valuation for all of the 102 portions of the Subject.

First, Parcel 1 is valued under Scenario I, assuming parcel 2 is not logged. The total value is \$9,433,309, rounded to \$9,435,000. The value of Parcel 2 which is \$3,139,975, rounded to \$3,140,000 is then added to obtain the total property value under Scenario I of \$12,575,000.

Second, Parcel 1 is valued in Scenario II, assuming Parcel 2 is logged. The total value is \$8,808,047, rounded to \$8,810,000. The value of Parcel 2, which is \$3,139,975, rounded to \$3,140,000 is then added to show a total property value under Scenario II of \$11,950,000.

These values are tabulated on the following page.

SUMMARY OF ATTRIBUTE POINTS AND VALUATION

Value per Attribute Point = \$71

Overlap Adjustment Factor = 4 points

SCENARIO 1: PARCEL 1
(Assuming Parcel 2 NOT Logged)

Section	Portion	Size (Acres)	Logged	Access	Waterfront	Moorage	Recreation	Solitude	Naturalness	Topography	Vegetation	Appeal	Visual Quality	Uniqueness	Total Rating	Value Per Acre	
SEC	PT	SIZE	LOG	ACC	WTF	MRG	REC	SLT	NAT	TDP	VEG	APL	VIS	UNQ	TOT	VAL/Ac	PORTION VALUE
T7S, R12W, S.M.																	
13	S	300	NO	3	3	3	3	2	2	0	2	3	3	2	26	\$1,562	\$468,600
13	N	275	NO	1	0	0	3	2	2	1	2	2	2	0	15	\$781	\$214,775
19	ALL	5	NO	4	3	2	4	2	2	3	1	4	3	2	30	\$1,846	\$9,230
20	S	40	NO	2	3	2	3	2	2	0	1	2	2	2	21	\$1,207	\$48,280
20	N	175	NO	-	-	-	2	-	2	0	0	0	2	0	6	\$142	\$24,850
21	ALL	80	NO	2	2	2	4	2	2	3	1	2	3	2	25	\$1,491	\$119,280
22	E	20	NO	2	3	2	3	2	2	1	1	2	2	2	22	\$1,278	\$25,560
22	W	140	NO	2	3	2	4	2	2	3	1	3	3	2	27	\$1,633	\$228,620
23	S	125	NO	1	0	0	3	2	2	0	1	2	2	1	14	\$710	\$88,750
25	N	220	NO	1	0	0	3	2	2	-1	1	2	2	2	14	\$710	\$156,200
25	S	320	NO	1	2	0	3	2	2	2	1	2	2	1	18	\$994	\$318,080
26	SW	160	NO	1	2	0	3	2	2	1	2	2	2	0	17	\$923	\$147,680
26	R	480	NO	1	0	0	3	2	2	1	2	2	2	0	15	\$781	\$374,880
27	ALL	140	NO	1	1	0	3	2	2	3	1	2	1	0	16	\$852	\$119,280
28	W	320	NO	1	0	0	3	2	2	2	1	2	1	0	14	\$710	\$227,200
28	E	40	NO	1	1	0	3	2	2	3	1	2	2	0	17	\$923	\$36,920
29	N	104.5	NO	2	2	1	3	2	2	3	1	2	2	1	21	\$1,207	\$126,132
29	S	244	NO	2	2	0	3	2	2	1	1	2	1	0	16	\$852	\$207,888
30	R	248	NO	-	-	-	2	-	2	0	0	0	2	0	6	\$142	\$35,216
30	S4	160	NO	3	2	2	4	2	2	1	2	3	3	1	25	\$1,491	\$238,560
31	ALL	629	NO	1	0	0	2	2	2	0	1	1	2	0	11	\$497	\$312,613
32	NE	160	NO	1	2	0	2	2	2	3	2	1	1	0	16	\$852	\$136,320
32	R	480	NO	1	0	0	2	2	2	-1	1	1	2	0	10	\$426	\$204,480
33	SE	160	NO	0	1	0	2	2	2	1	1	2	1	0	12	\$568	\$90,880
33	NE	60	NO	0	1	0	3	2	2	3	1	2	2	0	16	\$852	\$51,120
33	SW	160	NO	0	1	0	2	2	2	-1	1	1	1	0	9	\$355	\$56,800
33	NW	160	NO	0	2	0	3	2	2	1	1	2	1	0	14	\$710	\$113,600
34	NE	20	NO	0	1	0	3	2	2	2	1	2	2	1	16	\$852	\$17,040
34	SW	160	NO	0	1	0	2	2	2	2	1	2	2	0	14	\$710	\$113,600
34	SE	60	NO	0	0	0	2	2	2	1	1	2	1	0	11	\$497	\$29,820
35	E	120	NO	1	2	0	4	2	2	1	1	4	3	2	22	\$1,278	\$153,360
35	W	80	NO	1	0	0	2	2	2	1	1	2	1	0	12	\$568	\$45,440
36	ALL	640	NO	1	0	0	2	2	2	0	1	2	3	0	13	\$639	\$408,960

SCENARIO 1: PARCEL 1 (continued)

Section	Portion	Size (Acres)	Logged	Access	Waterfront	Moorage	Recreation	Solitude	Naturalness	Topography	Vegetation	Appeal	Visual Quality	Uniqueness	Total Rating	Value Per Acre	
SEC	PT	SIZE	LOG	ACC	WTF	MRG	REC	SLT	NAT	TOP	VEG	APL	VIS	UNQ	TOT	VAL/AC	PORTION VALUE
T8S, R12W, S.H.																	
1	N	80	NO	0	0	0	1	2	2	0	1	2	1	0	9	\$355	\$28,400
1	S	320	NO	0	1	0	2	2	2	0	1	2	1	0	11	\$497	\$159,040
2	NW	140	NO	0	1	0	2	2	2	0	1	2	1	0	11	\$497	\$69,580
2	SE	140	NO	0	1	0	2	2	2	0	1	2	1	0	11	\$497	\$69,580
2	NE	90	NO	1	1	0	1	2	2	0	1	2	1	0	11	\$497	\$44,730
2	SW	120	NO	0	1	0	2	2	2	0	1	2	1	0	11	\$497	\$59,640
3	S	300	NO	-1	1	0	2	2	2	-1	1	2	1	0	9	\$355	\$106,500
3	N	260	NO	0	1	0	2	2	2	0	1	2	2	0	12	\$568	\$147,680
4	NE	160	NO	0	1	0	2	2	2	-1	1	2	2	3	14	\$710	\$113,600
4	R	480	NO	-1	1	0	2	2	2	0	1	1	1	0	9	\$355	\$170,400
5	R	480	NO	0	0	0	1	2	2	-1	1	1	2	0	8	\$284	\$136,320
5	SW	135	NO	3	3	0	3	2	2	-1	1	2	2	1	18	\$994	\$134,190
6	ALL	220	NO	3	3	0	2	2	2	-1	1	2	2	1	17	\$923	\$203,060
7	SW	160	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$22,720
7	R	320	NO	3	3	0	2	2	2	-1	1	2	2	1	17	\$923	\$295,360
8	ALL	275	NO	3	3	0	2	2	2	-1	1	2	2	1	17	\$923	\$253,825
9	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
10	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
11	ALL	640	NO	1	0	0	1	2	2	-1	1	1	1	0	8	\$284	\$181,760
12	SW	160	NO	1	0	0	2	2	2	-1	1	2	2	0	11	\$497	\$79,520
12	N	120	NO	1	1	0	2	2	2	0	0	2	1	0	11	\$497	\$59,640
12	SE	50	NO	2	2	0	3	2	2	2	1	4	3	3	24	\$1,420	\$71,000
13	NE	160	NO	2	2	0	3	2	2	0	1	3	3	3	21	\$1,207	\$193,120
13	R	480	NO	1	0	0	1	2	2	-1	1	2	2	0	10	\$426	\$204,480
14	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
15	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
16	SW	135	NO	3	3	0	2	2	2	-1	1	2	2	1	17	\$923	\$124,605
16	R	480	NO	0	0	0	1	2	2	-1	1	0	2	0	7	\$213	\$102,240
21	E	320	NO	0	0	0	1	2	2	-1	1	1	2	0	8	\$284	\$90,880
21	W	135	NO	3	3	3	2	2	2	0	1	2	2	1	21	\$1,207	\$162,945
22	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	2	1	8	\$284	\$181,760
23	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
24	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	2	0	7	\$213	\$136,320
25	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
26	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
27	SW	160	NO	1	0	0	2	2	2	1	2	2	1	0	13	\$639	\$102,240
27	R	480	NO	0	0	0	1	2	2	-1	1	1	1	0	7	\$213	\$102,240
28	NE	80	NO	1	0	0	2	2	2	0	1	2	1	0	11	\$497	\$39,760

PARCEL 1 TOTAL VALUE \$9,433,309

AVERAGE VALUE PER ACRE \$488

TOTAL ACRES 19,325.5 ACRES

SCENARIO 1: PARCEL 2
(Assuming Parcel 2 Logged)

(Assuming Parcel 2 Logged)																	
Section	Portion	Size (Acres	Logged	Access	Waterfront	Moorage	Recreation	Solitude	Naturalness	Topography	Vegetation	Appeal	Visual Quality	Uniqueness	Total Rating	Value Per Acre	
SEC	PT	SIZE	LOG	ACC	WTF	MRG	REC	SLT	NAT	TOP	VEG	APL	VIS	UNQ	TOT	VAL/Ac	PORTION VALUE

T7S, R12W, S.M.

20	S	160	YES	4	3	2	4	1	0	2	0	2	2	2	22	\$1,278	\$204,480
21	ALL	65	YES	2	2	1	3	1	0	3	0	2	2	1	17	\$923	\$59,995
22	E	190	YES	4	3	2	3	1	0	1	0	2	2	2	20	\$1,136	\$215,840
22	W	20	YES	3	3	2	3	0	0	3	0	1	2	1	18	\$994	\$19,880
23	N	30	YES	3	3	3	4	1	1	1	0	4	3	2	25	\$1,491	\$44,730
23	S	160	YES	3	3	2	3	1	0	1	1	2	2	1	19	\$1,065	\$170,400
24	ALL	420	YES	3	3	3	4	1	1	1	1	3	2	2	24	\$1,420	\$596,400
25	N	80	YES	3	2	2	4	1	1	1	1	3	2	2	22	\$1,278	\$102,240
27	ALL	500	YES	2	1	0	3	0	0	3	0	1	1	0	11	\$497	\$248,500
28	E	280	YES	2	1	0	3	1	0	3	0	2	1	0	13	\$639	\$178,920
29	N	140	YES	4	2	1	3	1	0	3	1	2	1	1	19	\$1,065	\$149,100
33	NE	100	YES	1	1	0	3	1	0	3	0	2	1	0	12	\$568	\$56,800
34	NE	140	YES	1	2	0	3	1	0	1	0	1	1	0	10	\$426	\$59,640
34	SE	100	YES	1	0	0	2	1	0	1	0	1	2	0	8	\$284	\$28,400
34	NW	160	YES	1	0	0	2	1	0	1	0	1	1	0	7	\$213	\$34,080
35	W	240	YES	2	0	0	2	1	0	1	0	1	1	0	8	\$284	\$68,160
35	E	200	YES	2	2	0	3	1	0	1	0	2	2	1	14	\$710	\$142,000

T8S, R12W, S.M.

1	N	240	YES	1	0	0	2	1	0	1	0	1	1	0	7	\$213	\$51,120
2	NW	20	YES	1	1	0	2	1	0	0	0	1	1	0	7	\$213	\$4,260
2	SE	20	YES	1	1	0	2	1	0	0	0	1	1	0	7	\$213	\$4,260
2	NE	70	YES	2	1	0	2	1	0	2	0	1	1	0	10	\$426	\$29,820
2	SW	40	YES	1	1	0	2	1	0	1	0	1	1	0	8	\$284	\$11,360
3	N	60	YES	1	1	0	2	1	0	2	0	1	2	0	10	\$426	\$25,560
3	S	20	YES	1	1	0	2	1	0	2	0	1	1	0	9	\$355	\$7,100
6	ALL	80	YES	3	3	3	4	1	0	0	0	2	2	1	19	\$1,065	\$85,200
12	N	200	YES	2	1	0	2	1	0	1	0	1	1	0	9	\$355	\$71,000
12	SE	110	YES	2	2	0	3	1	0	3	0	2	2	2	17	\$923	\$101,530
21	W	40	YES	3	3	3	4	1	0	1	0	2	2	1	20	\$1,136	\$45,440
28	NE	80	YES	1	0	0	2	1	0	1	0	1	1	0	7	\$213	\$17,040
28	S	320	YES	1	1	0	3	1	0	2	0	1	1	0	10	\$426	\$136,320
28	NW	150	YES	3	3	3	4	1	0	3	0	1	1	1	20	\$1,136	\$170,400

PARCEL 2 TOTAL VALUE \$3,139,975
AVERAGE VALUE PER ACRE \$708
TOTAL ACRES 4,435.0 ACRES

SUMMARY OF PARCELS 1 AND 2

GRAND TOTAL \$12,573,284
AVERAGE VALUE PER ACRE \$529
TOTAL ACRES 23,760.5 ACRES

SUMMARY OF ATTRIBUTE POINTS AND VALUATION

Value per Attribute Point = \$71
 Overlap Adjustment Factor = 4 points

SCENARIO II: PARCEL 1
 (Assuming Parcel 2 Logged)

Section	Portion	Size (Acres)	Logged	Access	Waterfront	Moorage	Recreation	Solitude	Naturalness	Topography	Vegetation	Appeal	Visual Quality	Uniqueness	Total Rating	Value Per Acre	
SEC	PT	SIZE	LOG	ACC	WTF	MRG	REC	SLT	NAT	TOP	VEG	APL	VIS	UNQ	TOT	VAL/AC	PORTION VALUE
T7S, R12W, S.H.																	
13	S	300	NO	3	3	3	3	2	2	0	2	3	2	2	25	\$1,491	\$447,300
13	N	275	NO	1	0	0	3	2	2	1	2	2	2	0	15	\$781	\$214,775
19	ALL	5	NO	4	3	2	4	1	1	3	1	3	3	2	27	\$1,633	\$8,165
20	S	40	NO	4	3	2	3	1	1	0	1	2	2	2	21	\$1,207	\$48,280
20	N	175	NO	-	-	-	2	-	1	0	0	0	2	0	5	\$71	\$12,425
21	ALL	80	NO	4	2	2	4	2	2	3	1	2	3	2	27	\$1,633	\$130,640
22	E	20	NO	4	3	2	3	1	0	1	1	2	2	2	21	\$1,207	\$24,140
22	W	140	NO	4	3	2	4	2	2	3	1	3	3	2	29	\$1,775	\$248,500
23	S	125	NO	3	0	0	3	1	1	0	1	2	3	1	15	\$781	\$97,625
25	N	220	NO	1	0	0	3	1	1	-1	1	2	2	2	12	\$568	\$124,960
25	S	320	NO	1	2	0	3	2	2	2	1	2	2	1	18	\$994	\$318,080
26	SW	160	NO	2	2	0	3	2	2	1	2	2	2	0	18	\$994	\$159,040
26	R	480	NO	2	0	0	3	2	2	1	2	1	2	0	15	\$781	\$374,880
27	ALL	140	NO	2	1	0	3	1	0	3	1	1	1	0	13	\$639	\$89,460
28	W	320	NO	2	0	0	3	2	2	2	1	1	1	0	14	\$710	\$227,200
28	E	40	NO	2	1	0	3	1	2	3	1	2	2	0	17	\$923	\$36,920
29	N	104.5	NO	4	2	1	3	1	1	3	1	2	1	1	20	\$1,136	\$118,712
29	S	244	NO	2	2	0	3	2	2	1	1	1	1	0	15	\$781	\$190,564
30	R	248	NO	-	-	-	2	-	1	0	0	0	2	0	5	\$71	\$17,608
30	S4	160	NO	3	2	2	4	2	2	1	2	3	3	1	25	\$1,491	\$238,560
31	ALL	629	NO	1	0	0	2	2	2	0	1	1	2	0	11	\$497	\$312,613
32	NE	160	NO	1	2	0	2	2	2	3	2	1	1	0	16	\$852	\$136,320
32	R	480	NO	1	0	0	2	2	2	-1	1	1	2	0	10	\$426	\$204,480
33	SE	160	NO	1	1	0	2	2	2	1	1	1	2	0	13	\$639	\$102,240
33	NE	60	NO	1	1	0	2	1	1	3	1	1	1	0	12	\$568	\$34,080
33	SW	160	NO	1	1	0	2	2	2	-1	1	1	1	0	10	\$426	\$68,160
33	NW	160	NO	1	2	0	3	2	2	1	1	2	1	0	15	\$781	\$124,960
34	NE	20	NO	1	1	0	3	1	1	2	1	1	2	1	14	\$710	\$14,200
34	SW	160	NO	1	1	0	2	2	2	2	1	1	2	0	14	\$710	\$113,600
34	SE	60	NO	1	0	0	2	1	0	1	1	1	1	0	8	\$284	\$17,040
35	E	120	NO	2	2	0	4	1	1	1	1	2	2	2	18	\$994	\$119,280
35	W	80	NO	1	0	0	2	1	0	1	1	1	1	0	8	\$284	\$22,720
36	ALL	640	NO	1	0	0	2	2	2	0	1	1	3	0	12	\$568	\$363,520

SCENARIO II: PARCEL 1 (continued)

Section	Portion	Size (Acres)	Logged	Access	Waterfront	Moorage	Recreation	Solitude	Naturalness	Topography	Vegetation	Appeal	Visual Quality	Uniqueness	Total Rating	Value Per Acre	
SEC	PT	SIZE	LOG	ACC	WTF	MRG	REC	SLT	NAT	TOP	VEG	APL	VIS	UNQ	TOT	VAL/Ac	PORTION VALUE
T8S, R12W, S.M.																	
1	N	80	NO	1	0	0	1	1	1	0	1	1	1	0	7	\$213	\$17,040
1	S	320	NO	1	1	0	2	1	1	0	1	1	1	0	9	\$355	\$113,600
2	NW	140	NO	1	1	0	2	1	1	0	1	1	1	0	9	\$355	\$49,700
2	SE	140	NO	1	1	0	2	1	1	0	1	1	1	0	9	\$355	\$49,700
2	NE	90	NO	1	1	0	1	1	1	0	1	1	1	0	8	\$284	\$25,560
2	SW	120	NO	1	1	0	2	1	1	0	1	1	1	0	9	\$355	\$42,600
3	S	300	NO	0	1	0	2	2	2	-1	1	1	1	0	9	\$355	\$106,500
3	N	260	NO	1	1	0	2	1	1	0	1	1	2	0	10	\$426	\$110,760
4	NE	160	NO	1	1	0	2	2	2	-1	1	2	2	3	15	\$781	\$124,960
4	R	480	NO	0	1	0	2	2	2	0	1	1	1	0	10	\$426	\$204,480
5	R	480	NO	0	0	0	1	2	2	-1	1	1	1	0	7	\$213	\$102,240
5	SW	135	NO	3	3	0	2	2	2	-1	1	2	2	1	17	\$923	\$124,605
6	ALL	220	NO	3	3	0	2	2	2	-1	1	2	2	1	17	\$923	\$203,060
7	SW	160	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$22,720
7	R	320	NO	3	3	0	2	2	2	-1	1	2	2	1	17	\$923	\$295,360
8	ALL	275	NO	3	3	0	2	2	2	-1	1	2	2	1	17	\$923	\$253,825
9	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
10	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
11	ALL	640	NO	1	0	0	1	2	2	-1	1	1	1	0	8	\$284	\$181,760
12	SW	160	NO	1	0	0	1	2	1	-1	1	1	1	0	7	\$213	\$34,080
12	N	120	NO	1	1	0	2	1	1	0	0	1	1	0	8	\$284	\$34,080
12	SE	50	NO	2	2	0	2	2	1	2	1	2	2	2	18	\$994	\$49,700
13	NE	160	NO	2	2	0	2	2	2	0	1	2	2	1	16	\$852	\$136,320
13	R	480	NO	1	0	0	1	2	2	-1	1	1	1	0	8	\$284	\$136,320
14	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
15	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
16	SW	135	NO	3	3	0	2	2	2	-1	1	2	2	1	17	\$923	\$124,605
16	R	480	NO	0	0	0	1	2	2	-1	1	0	2	0	7	\$213	\$102,240
21	E	320	NO	0	0	0	1	2	2	-1	1	0	2	0	7	\$213	\$68,160
21	W	135	NO	3	3	3	2	2	2	0	1	2	2	1	21	\$1,207	\$162,945
22	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	2	1	8	\$284	\$181,760
23	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
24	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	2	0	7	\$213	\$136,320
25	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
26	ALL	640	NO	-1	0	0	1	2	2	-1	1	1	1	0	6	\$142	\$90,880
27	SW	160	NO	1	0	0	2	2	2	1	2	1	1	0	12	\$568	\$90,880
27	R	480	NO	0	0	0	1	2	2	-1	1	1	1	0	7	\$213	\$102,240
28	NE	80	NO	1	0	0	2	1	1	0	1	1	1	0	8	\$284	\$22,720

PARCEL 1 TOTAL VALUE

\$8,808,047

AVERAGE VALUE PER ACRE

\$456

TOTAL ACRES

19,325.5 ACRES

SCENARIO 1 ARCEL 2
(Assuming Parcel 2 Logged)

Section	Portion	Size (Acres)	Logged	Access	Waterfront	Moorage	Recreation	Solitude	Naturalness	Topography	Vegetation	Appeal	Visual Quality	Uniqueness	Total Rating	Value Per Acre	
SEC	PT	SIZE	LOG	ACC	WTF	MRG	REC	SLT	NAT	TOP	VEG	APL	VIS	UNQ	TOT	VAL/Ac	PORTION VALUE
T7S, R12W, S.M.																	
20	S	160	YES	4	3	2	4	1	0	2	0	2	2	2	22	\$1,278	\$204,480
21	ALL	65	YES	2	2	1	3	1	0	3	0	2	2	1	17	\$923	\$59,995
22	E	190	YES	4	3	2	3	1	0	1	0	2	2	2	20	\$1,136	\$215,840
22	W	20	YES	3	3	2	3	0	0	3	0	1	2	1	18	\$994	\$19,880
23	N	30	YES	3	3	3	4	1	1	1	0	4	3	2	25	\$1,491	\$44,730
23	S	160	YES	3	3	2	3	1	0	1	1	2	2	1	19	\$1,065	\$170,400
24	ALL	420	YES	3	3	3	4	1	1	1	1	3	2	2	24	\$1,420	\$596,400
25	N	80	YES	3	2	2	4	1	1	1	1	3	2	2	22	\$1,278	\$102,240
27	ALL	500	YES	2	1	0	3	0	0	3	0	1	1	0	11	\$497	\$248,500
28	E	280	YES	2	1	0	3	1	0	3	0	2	1	0	13	\$639	\$178,920
29	N	140	YES	4	2	1	3	1	0	3	1	2	1	1	19	\$1,065	\$149,100
33	NE	100	YES	1	1	0	3	1	0	3	0	2	1	0	12	\$568	\$56,800
34	NE	140	YES	1	2	0	3	1	0	1	0	1	1	0	10	\$426	\$59,640
34	SE	100	YES	1	0	0	2	1	0	1	0	1	2	0	8	\$284	\$28,400
34	NW	160	YES	1	0	0	2	1	0	1	0	1	1	0	7	\$213	\$34,080
35	W	240	YES	2	0	0	2	1	0	1	0	1	1	0	8	\$284	\$68,160
35	E	200	YES	2	2	0	3	1	0	1	0	2	2	1	14	\$710	\$142,000

T8S, R12W, S.M.

1	N	240	YES	1	0	0	2	1	0	1	0	1	1	0	7	\$213	\$51,120
2	NW	20	YES	1	1	0	2	1	0	0	0	1	1	0	7	\$213	\$4,260
2	SE	20	YES	1	1	0	2	1	0	0	0	1	1	0	7	\$213	\$4,260
2	NE	70	YES	2	1	0	2	1	0	2	0	1	1	0	10	\$426	\$29,820
2	SW	40	YES	1	1	0	2	1	0	1	0	1	1	0	8	\$284	\$11,360
3	N	60	YES	1	1	0	2	1	0	2	0	1	2	0	10	\$426	\$25,560
3	S	20	YES	1	1	0	2	1	0	2	0	1	1	0	9	\$355	\$7,100
6	ALL	80	YES	3	3	3	4	1	0	0	0	2	2	1	19	\$1,065	\$85,200
12	N	200	YES	2	1	0	2	1	0	1	0	1	1	0	9	\$355	\$71,000
12	SE	110	YES	2	2	0	3	1	0	3	0	2	2	2	17	\$923	\$101,530
21	W	40	YES	3	3	3	4	1	0	1	0	2	2	1	20	\$1,136	\$45,440
28	NE	80	YES	1	0	0	2	1	0	1	0	1	1	0	7	\$213	\$17,040
28	S	320	YES	1	1	0	3	1	0	2	0	1	1	0	10	\$426	\$136,320
28	NW	150	YES	3	3	3	4	1	0	3	0	1	1	1	20	\$1,136	\$170,400

PARCEL 2 TOTAL VALUE \$3,139,975
AVERAGE VALUE PER ACRE \$708
TOTAL ACRES 4,435.0 ACRES

SUMMARY OF PARCELS 1 AND 2

GRAND TOTAL \$11,948,022
AVERAGE VALUE PER ACRE \$503
TOTAL ACRES 23,760.5 ACRES

Final Valuation Summary by the Attribute Point System

Scenario I - (Assuming Parcel 2 is not Logged)

<u>Parcel</u>	<u>Acres</u>	<u>Value</u>
1	19,325.5	\$9,435,000
2	<u>4,435.0</u>	<u>3,140,000</u>
Totals	23,760.5	\$12,575,000

Scenario II - (Assuming Parcel 2 is Logged)

1	19,325.5	\$8,810,000
2	<u>4,435.0</u>	<u>3,140,000</u>
Totals	23,760.5	<u>\$11,950,000</u>

Change in Value due to logging Parcel 2 -\$625,000

The appraiser was asked 2 questions:

1. Whether or not there would be a change in the value of Parcel 1 attributed to logging Parcel 2.
2. If there would be a change in value, what would that change be?

In answer to question 1, if Parcel 2 were logged, Parcel 1 would lose a value of \$625,000.

In answer to question 2, the loss in value would be due to lower Attribute Rating Points for recreational opportunities, solitude, naturalness, overall appeal, and visual quality. On the other hand, Parcel 1 would gain Attribute Rating Points for access because of the logging roads that would be built.

MARKET APPROACH - DIRECT SECTION-BY-SECTION ANALYSIS

Check of Attribute Rating System

The third Approach used to estimate the value of the Subject property is to analyze the physical characteristics of different sections of the Subject property, and compare with sales having similar characteristics for an indication of value for that particular section of the Subject property. For example: Sale L-5 is logged marine frontage land in Southeast Alaska, having good topography and extensive marine frontage. It sold for \$1,603 per acre. As indicated in previous sections of this report, the sale is adjusted downward 41% for size compared to the Subject whole property, downward 10% for time since the date of sale, and upward 15% for the Subject's superior Kachemak Bay location. The sale indicates an adjusted value of \$979 per acre, prior to making any adjustment for physical characteristics. This sale is similar to the logged off portions of Sections 21, 22 and the non-island portion of 23 in Township 7. These portions of the Subject property all have extensive frontage on China Poot Bay, and are logged off portions of Parcel 2. Sale L-5 indicates a value of around \$1,000 per acre for this portion of the Subject property. The Attribute Rating Method indicates a value for these portions of the Subject property as follows: Section 21, \$923/acre; Section 22, \$994 to \$1,136/acre; Section 23 South half, \$1,065/acre.

Thus, the Direct Market Section-by-Section Approach is used as a check on the Attribute Rating System method in order to relate the indicated values for portions of the Subject property back to the market sales.

Unfortunately, there were not sufficient good market sales representing every property type found on the Subject property. Otherwise this Direct Section-by-Section method is a very good procedure for valuing this type property. This section-by-section comparison method is a good validity check for the value indications from the Attribute Rating System method.

Comparative Check of Attribute Rating System Method

The purpose of this analysis is a check of the Attribute Rating System, to make sure the value indications conform with the market sales. Each of the 18 comparable sales identified previously in this report (L-1 through L-18) are compared with various sections of the Subject property in order to check the value indications by the Attribute Rating System. Other sales from the "Summary of Land Sales" table were also compared.

Sale L-1 is the 274 acre sale on Afognak Island with extensive timbered shoreline, with protected marine front moorage. After adjusting for size, time and location, it indicates a value of \$2,110/acre. It is much superior to any portions of the Subject property, since most areas of the Subject property that even approach these physical characteristics are in Subject Parcel 2 and are assumed to be logged. Thus this sale sets the uppermost limit for any section of the Subject property with marine frontage.

Sale L-2 is a 2,220 acre sale in the Anchor Point area, generally with walk-in access and gently rolling terrain, with property type ranging from level muskeg to gently rolling birch forest. After adjusting for size, time and location, it indicates \$455/acre. Physically, this sale is not very comparable to any portions of the Subject property, since generally the sale has little view and limited recreational opportunities. It is somewhat similar to the lowland areas along the Doroshin River with mixed vegetation ranging from grasses to cottonwood forest which will not be logged. In Township 8 South, Sections 1, 2 and 3 are somewhat similar, with values from the Attribute Rating System generally ranging from \$350 to \$568/acre. The low end reflects steep areas and the high end has a view of the Hanging Creek Falls.

Sale L-3 is the Goat Island sale in Southeast Alaska, containing 4,749 acres. After adjusting for size, time and location, it indicates \$1,796/acre. This sale is fully timbered, island property with excellent recreational opportunities, visual appeal and good topography. This would be most similar to the marine frontage areas of the Subject property, except they are generally located in Parcel 2 and assumed to be logged. Thus, this sale only helps set the upper limit of value for the marine frontage areas of the Subject property. A review of the indicated value per acre for the Subject property by the Attribute Rating System indicates that all the portions of the Subject property are valued at less than the adjusted value from this sale, except the not logged area of Section 19, T7S, under Scenario I, valued at \$1,846/acre.

Sale L-4 is an inland, 32 acre parcel south of Seldovia, which after adjusting for size, time and location indicates a value for similar portions of the Subject property of \$711/acre. It is similar to the not logged areas of Parcel 1. Under Parcel 1, the south half of Section 23 is valued at \$710/acre, the north half of Section 25 is valued at \$710/acre, all but the southwest portion of Section 26 is valued at \$781/acre, the west half of Section 28 is valued at \$710 per acre. These values are supported by Sale L-4.

Sale L-5 is the 611 acre sale on Prince of Wales Island in Southeast Alaska, used as the first example in this method discussed on the previous page. It indicates an adjusted price of \$979/acre, and supports the value of the logged off areas of Sections 20, 21 and 22 in Township 7 South.

Sale L-6 is a 133 acre sale on Admiralty Island in Southeast Alaska. It is heavily wooded rolling property with marine frontage. Adjusting for size, time and location indicates a value of \$1,597/acre. The sale is generally superior to all sections of the Subject property, since the most comparable areas of the Subject are logged. Parcel 1, Section 21 (not logged), and Section 13, S $\frac{1}{2}$, are probably the most similar. The Attribute Rating System indicates a value of \$1,491/acre and \$1,562/acre respectively under Scenario I.

Sale L-7 is a 333 acre sale at Gustavus in Southeast Alaska. After adjusting for size, time and location it indicates \$1,824/acre. It is superior to all portions of the Subject property, since the most comparable areas are logged in Parcel 2.

Sale L-8 is a 160 acre sale near Fox River at the head of Kachemak Bay. The property is wooded and is generally level. Adjusting for size, time and location indicates a value of \$1,260/acre. It has a good view, and at the time of sale had access via a nearby airstrip. It is difficult to compare with portions of the Subject property, but is similar to the east half of Section 28, the northern half of Section 29, and the northeast quarter of Section 34. The Attribute Rating System indicated a value ranging from \$936/acre to \$1,224/acre for these portions of the Subject property.

Sale L-9 is a 26 acre parcel located on Bradley River. After adjusting for size, time and location, it indicates a value of \$865/acre. It is similar to non-logged areas in the lowlands along the Doroshin River. It would be similar to portions of Section 32, 33 and 34, with values indicated by the Attribute Rating System ranging from \$710 to \$852. Portions with lower values reflect areas in the Doroshin River floodplain, or steep hillsides.

Sale L-10 is a 480 acre sale of distant walk-in property near Sheep Creek in the Susitna River drainage. After adjusting for size, time and location, it indicates a value of \$191/acre for this remote property. It is superior to the mountainous areas in Township 8 South, helping to set an upper limit of value. The Attribute Rating System indicated a value of \$142/acre for these remote mountainous areas.

Sale L-11 is a 33 acre sale on Admiralty Island in Southeast Alaska. After adjusting for size, time and location, it indicates a value of \$1,687/acre. This property is wooded, with marine frontage, and is superior to all sections of the Subject property, since similar areas on the Subject are logged.

Sale L-12 is a 10 acre sale on Tutka Bay. This property is wooded, with extensive marine frontage, almost an island except for a sandspit connecting it to the mainland. It sold for an adjusted price, compared with the Subject, of \$1,359/acre. Any portions of the Subject property with similar physical characteristics will be logged, and therefore this sale helps set an upper limit of value for any portions of the Subject. It is probably most comparable to the island portion of the Subject in the north part of Section 23, in Parcel 2, valued at \$1,491/acre under the Attribute Rating System.

Sale L-13 is a 203 acre parcel at Ellamar in Prince William Sound. The property has gently rolling topography and vegetation ranging from muskeg to forest. It indicates a value of \$1,359/acre after adjusting for size, time and location. The non-logged area of Parcel 1 around China Poot Bay are generally comparable to this sale, and support the values indicated by the Attribute Rating System for these portions of the Subject property.

Sale L-14 and L-15 are large acreage tracts located in eastern Alaska near Gulkana and Tok. They contain 5,620 acres and 2,935 acres respectively. Adjusting for size, time and location, they indicate a value of \$836 to \$899/acre. These sales are not very comparable to the Subject, but help set an upper limit of value for interior portions of the Subject property with generally good topography.

Sale L-16 is a 40 acre sale of a mountainous property near Eagle River, Alaska. After adjusting for size, time and location, it indicates a value of \$192/acre. This sale helps set an upper limit of value for the steep mountainous portions of the Subject property in Township 8 South. The Attribute Rating System indicated a value for mountainous parcels of \$142/acre to \$284/acre in Sections 9, 10, 14, 15, 22, 23, 24, 25 and 26.

Sale L-17 is a 46 acre sale near Haines, Alaska of logged-off property along a glacial river. Adjusting for size, time and location indicates a value of \$639/acre. It is similar to portions of Parcel 2, logged off areas along the Doroshin River. Examples would be logged off areas of Section 27, 28 and the northeast quarter of Section 33 in Parcel 2. The values indicated by the Attribute Rating System ranged from \$497/acre to \$639/acre. The lower values reflect areas within the Doroshin River floodplain.

Sale L-18 is a 525 acre sale of mud flat land at the mouth of Cottonwood Creek near Wasilla, Alaska. Adjusting for size, time and location indicates a value of \$99/acre. This sale is most similar mud flat areas in Township 7 South, Sections 20 and 30. The Attribute Rating System indicates a value of \$142/acre, which is supported by this sale.

Conclusion

This Direct Section-by-Section Comparison of values derived by the Attribute Rating System, with the most comparable market sales, indicates a good correlation. The Direct Section-by-Section method supports the values indicated by the Attribute Rating System.

FINAL CONCLUSION OF VALUE

The first method of valuing the Subject property was the "Direct Overall Market Approach", a face-to-face comparison of comparable sales with the whole Subject property. This analysis was hampered by lack of sufficient large sales with similar physical characteristics. The sales analyzed were adjusted for differences in size, date of sale and location compared with the Subject property. A subjective adjustment was then made for overall physical characteristics which differed between the sale and the Subject. This method helped bracket the value of the Subject property since sales were found which were both superior and inferior to the overall Subject. Thus, the method indicates a valid range in value for the Subject whole property between \$400 and \$700 per acre. Parcel 1 of the Subject property is generally the less desirable portion, containing the mountainous areas, lowland floodplains and other less desirable nontimbered areas of the Subject property. The low end of the range is indicated for Subject Parcel 1 under both scenarios.

Indicated Value Range:	\$9,500,000 to \$16,600,000
Subject Parcels 1 & 2	

Subject Parcel 2 generally contains the more desirable, lowland waterfront portions of the Subject property where the timber is located. The assumption of Parcel 2 is that it is logged off, cutover land. The market indicates a value for Subject Parcel 2 near the upper end of the range.

This approach produced a rather wide range in value, but it is very useful for setting the upper and lower limit of value for the Subject property. The Attribute Rating System was applied to the Subject property in order to produce a more concise evaluation of the Subject property.

The Attribute Rating System of valuing the Subject property under Scenario I and Scenario II indicated the following values:

Scenario I:	Parcel 1	\$9,435,000	
	Parcel 2	<u>\$3,140,000</u>	
	Total		\$12,575,000
Scenario II:	Parcel 1	\$8,810,000	
	Parcel 2	<u>\$3,140,000</u>	
	Total		\$11,950,000

This method is supported by actual market sales and based on a common unit of comparison between the sales and the Subject property, namely Attribute Point. The method was continually cross checked with market evidence and the results were checked using the Direct Section-by-Section Analysis used in the third approach in this appraisal. This appraisal technique takes into account all the physical characteristics of the Subject property, the natural and scenic qualities and recreational opportunities. This approach was given the most weight in estimating the final value for the Subject property.

The third approach used in this appraisal is the Direct Section-by-section Analysis, comparing various portions of the Subject property with market sales having similar physical characteristics. This approach was used as a check on the values indicated by the Attribute Rating method. The results of this analysis indicated the Attribute Rating method had good correlation with market sales for similar type property. It supports the value indicated by the Attribute Rating method.

In conclusion, it is our opinion that the market value of the Subject property, under the Assumptions and Limiting Conditions contained in this report, as of December 26, 1989 are as follows:

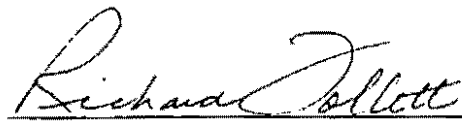
Scenario I:	Parcel 1	\$9,435,000	
	Parcel 2	<u>\$3,140,000</u>	
	Total		\$12,575,000
Scenario II:	Parcel 1	\$8,810,000	
	Parcel 2	<u>\$3,140,000</u>	
	Total		\$11,950,000

CERTIFICATION

I hereby certify that, except as otherwise noted in this report, to the best of my knowledge and belief, . . .

- the statements of fact contained in this report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
- the analyses, opinions, and conclusions herein are limited only by the assumptions and limiting conditions as contained in this 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.
- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- my analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS.
- the use of this report is subject to the requirements of the AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS relating to review by its duly authorized representatives.
- no one provided significant professional assistance to the person signing this report.
- I am currently certified under the voluntary continuing education program of the AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS.
- We hereby certify that we have personally inspected the property that is the subject of this report, and based on our analysis, the market value of the Subject property, as of December 26, 1989 is:

Scenario I:	Parcel 1	\$9,435,000	
	Parcel 2	<u>\$3,140,000</u>	
	Total		\$12,575,000
Scenario II:	Parcel 1	\$8,810,000	
	Parcel 2	<u>\$3,140,000</u>	
	Total		\$11,950,000


Richard H. Follett, MAI 12/26/89


Eric G. Follett, MAI 12/26/89

SNA LANDS TO BE ACQUIRED BY STATE

* All land described below is within Seward Meridian and is identified in BLM Interim Conveyances 139, 304, 372

Legal Description	Approximate Acreage
<u>Township 7 South, Range 12 West</u>	575
Sec. 13 (fractional): W $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$	
Sections 22 (fractional): excluding Lot 1 of USS 3606	370
Section 29: excluding USS 4738, ADL 41084-41085 located in NW $\frac{1}{4}$ SW $\frac{1}{4}$	410
Section 30: excluding USS 3912, USS 3977 Tracts A, C, D, ASLS 76-114, ADL 41704, located in SW $\frac{1}{4}$ SW $\frac{1}{4}$	408
Sections 19 (fractional), 20 (fractional), 21 (fractional), 23 (fractional), 24 (fractional), 25 (fractional), 26, 27, 28, 31, 32, 33, 34, 35, 36: All	7,629
<u>Township 8 South, Range 12 West</u>	
Sections 1, 2, 3, 4, 7, (fractional), 8 (fractional) 9, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 27, 28: All	12,385
Section 5 (fractional): excluding ADL 49431 located in the W $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$	615
Section 6 (fractional): excluding ADL 48787 and ADL 49431 located in the E $\frac{1}{2}$ SW $\frac{1}{4}$; ADL 46149, ADL 46150, ADL 46151, ADL 46152, ADL 46153, and ADL 46650 located in the N $\frac{1}{2}$ SE $\frac{1}{4}$; and ADL 41043 located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and NW $\frac{1}{4}$ SE $\frac{1}{4}$	300

SNA LANDS TO BE ACQUIRED BY STATE

*All land described below is within Seward Meridian and is identified in BLM Interim Conveyances 139, 304, 372

<u>Parcel</u>	<u>Legal Description</u>	<u>Approximate Acreage</u>
	Section 16 (fractional): excluding ADL 46773 located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$	615
	Section 21 (fractional): excluding ADL 47665 located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$, ADL 41036 located in the N $\frac{1}{4}$ SW $\frac{1}{4}$, ADL 41300 located in the S $\frac{1}{4}$ SW $\frac{1}{4}$	495
	Cumulative Total	23,802

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND AND WATER MANAGEMENT

3601 C STREET
P.O. BOX 107005
ANCHORAGE, ALASKA 99510-7005
PHONE: (907) 561-2020

December 5, 1989

Mr. Eric Follett, MAI
Follett & Associates
4241 "B" Street, Suite 305
Anchorage, Alaska 99503

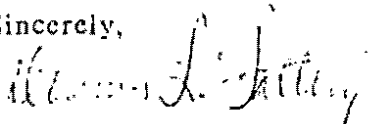
Dear Mr. Follett:

This letter will document your recent conversations with the land appraisal staff concerning the Seldovia Native Association Land Valuation Project. The following information should help to clarify discrepancies in the land descriptions contained in the request for proposal issued October 24, 1989.

- 1) Approximately 78.5 acres within U.S. Survey 4738 is to be appraised (SNA received this land in Interim Conveyance No. 304 on March 14, 1980. The land appears to be located entirely within Sec. 29, T. 7 S., R. 12 W., S.M.).
- 2) Sections 3, 10, and 15, T. 8 S., R. 12 W., S.M. contain 640 acres each, according to the exterior boundary plat accepted by the United States Department of the Interior, Bureau of Land Management on August 30, 1977.

I've attached copies of the plats for your reference. If you have additional questions please feel free to contact me.

Sincerely,



Dennis L. Lattery
Review Appraiser

Attachments: USS 4738 (T. 8 S., R. 12 W., S.M.)
BLM Plats

cc: Roger Burnside, Land and Resources

DLL/pmr

ATTACHMENT A

SNA LANDS TO BE ACQUIRED BY STATE

*All land described below is within Seward Meridian and is identified in BLM Interim Conveyances 139, 304, 372

Parcel	Legal Description	Approximate Acreage
Tier 5	<u>Township 7 South, Range 12 West</u> Sections 20 & 32: All	1,015
	Section 29: excluding USS 4738, Native Allotment AA-7602, ADL 41084-41085 located in NW $\frac{1}{4}$ SW $\frac{1}{4}$	250
	<u>Township 8 South, Range 12 West</u> Section 5(fractional): excluding ADL 49431 located in the W $\frac{1}{4}$ W $\frac{1}{4}$ SW $\frac{1}{4}$	615
	Section 6 (fractional): excluding ADL 48787 and ADL 49431 located in the E $\frac{1}{4}$ SW $\frac{1}{4}$; ADL 46149, ADL 46150, ADL 46151, ADL 46152, ADL 46153, and ADL 46650 located in the N $\frac{1}{4}$ SE $\frac{1}{4}$; and ADL 41043 located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and NW $\frac{1}{4}$ SE $\frac{1}{4}$	300
Tier 6	<u>Township 7 South, Range 12 West</u> Sections 19, 31: All	634
	Section 30: excluding USS 3912, USS 3977 Tracts A, C, D, ASLS 76-114, ADL 41704, located in SW $\frac{1}{4}$ SW $\frac{1}{4}$	408
	Page total	3,222
	Cumulative Total	23,642

ACE 7326898

KACHEMAK BAY STATE PARK

PLAT APPROVAL

This plat was approved by the Kenai Peninsula Borough Planning Commission at the meeting of June 8, 1985

KENAI PENINSULA BOROUGH

By John J. Harty
AUTHORIZED OFFICIAL

OWNERSHIP CERTIFICATE

I hereby certify that I am the owner of the property shown and described herein and that I hereby adopt this plan of subdivision, and dedicate all rights-of-way to public use and grant all easements to the use shown

John J. Harty
Seldovia Native Assn. Inc.

NOTARY'S ACKNOWLEDGEMENT

Subscribed and sworn before me this 8 day of June, 1985, for

John J. Harty
NOTARY PUBLIC FOR ALASKA
My Commission Expires 1-5-88

NOTES

- All wastewater disposal systems shall comply with existing applicable laws at time of construction
- The State of Alaska requires that all wastewater disposal systems be a minimum of 100' from any water source

PARK ESTATES UNIT 2

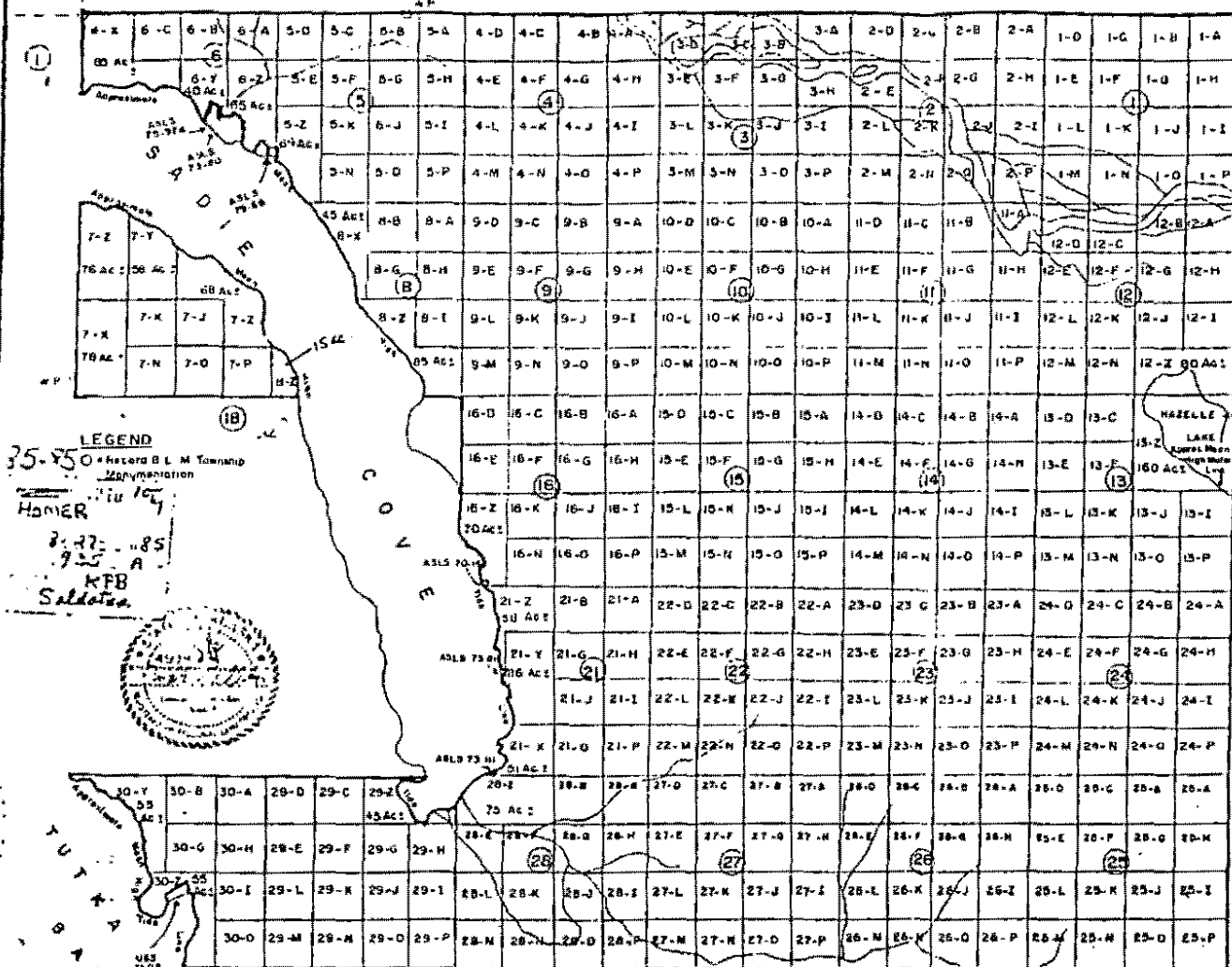
Located in Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, T8S, R12W, S.M., Kenai Peninsula Borough, Third Judicial District, Alaska

Containing 15,357.1 Acres

SURVEYED BY
MULLIKIN SURVEYS
DONALD E. MULLIKIN, R.L.S.
P.O. Box 780
Harbor, AK 99603

SURVEYED FOR
SELDOVIA NATIVE ASSN.
P.O. Drawer 1
Seldovia, AK 99863

Date JUNE 1985 Scale: 1" = 2200' Drawn By: JM
Field Book No. 85-238



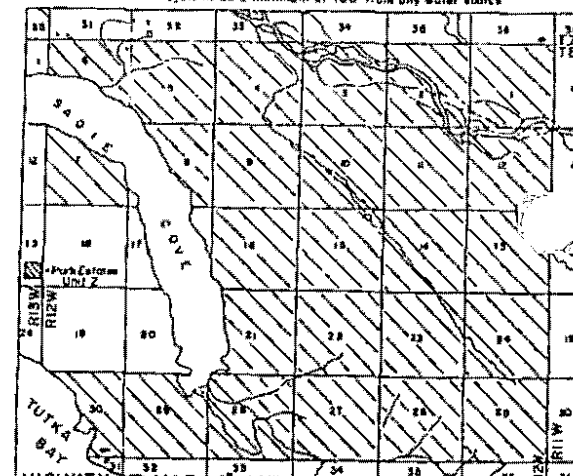
35-850
Hartner
8-27-85
7-25-85
KPB
Seldovia



- NOTES (CONT'D)**
- A setback of 20' is required from all street right-of-ways unless a lesser standard is approved by resolution of the appropriate Planning Commission.
 - The general purpose of this plat is to aid the transfer of property between the Seldovia Native Association and the State of Alaska.
 - No conveyance to private parties is allowed until the usual standards of KPB Title 20 are met.
 - No monuments were recovered nor was a field survey done for this plat.

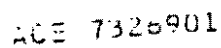
- Acres shown are from B.L.M. status plate or interim conveyance documents.
- Each lot is approximately 1320' x 1320' and 40 acres in size unless otherwise noted.
- There are various easements described in the following documents in the Seldovia Recording District: Book 22, P. 618, Sh. 24, P. 229, Sh. 113, R. 15.
- There is a 20' foot trail easement as defined in Interim Conveyance 372, from the north section line of section 29, easterly to public lands.

CERTIFICATE OF APPROVAL BY THE ALASKA
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
This subdivision has been determined to conform with
the Alaska Department of Environmental Conservation
standards and is approved subject to any local restrictions.
John J. Harty 6/8/85
DATE



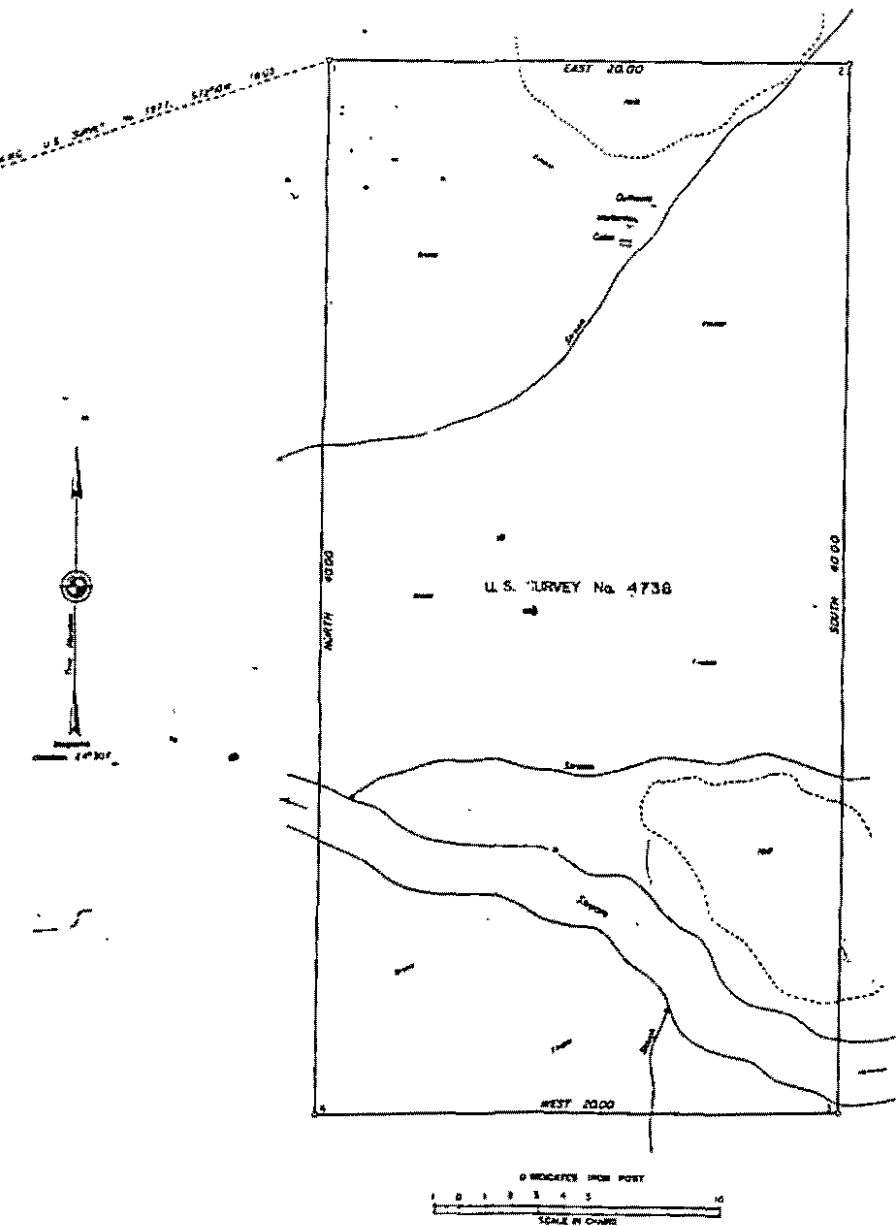
ACE 7322900

STATL



5-17-85

ORIGINAL



U. S. SURVEY
No. 4738, ALASKA

SECTION
ON NORTH PLAIN
ON THE SOUTHERLY SIDE
OF KACHEMAK BAY

APPROXIMATE GEOGRAPHIC POSITION
OF TOWN NO. 1
LATITUDE 59° 13' N., LONGITUDE 151° 21' W.

AREA: 30.00 ACRES

SURVEYED BY:
JIM E. TYER, SUPERVISOR CADASTRAL SURVEY
JULY 21 TO 25, 1964

Under Special Instructions
Issued and Approved
March 27, 1964

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Washington, D. C. July 21, 1964

This plat is strictly conformable to the approved field notes, and the survey, having been correctly executed in accordance with the requirements of law and the regulations of this Bureau, is hereby accepted.

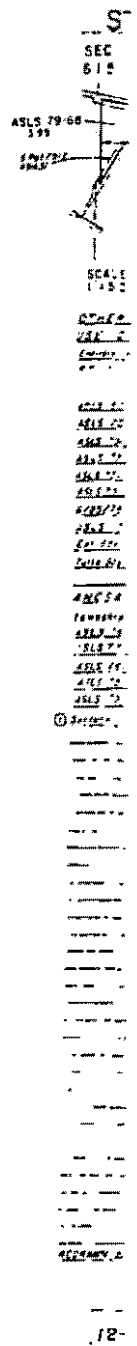
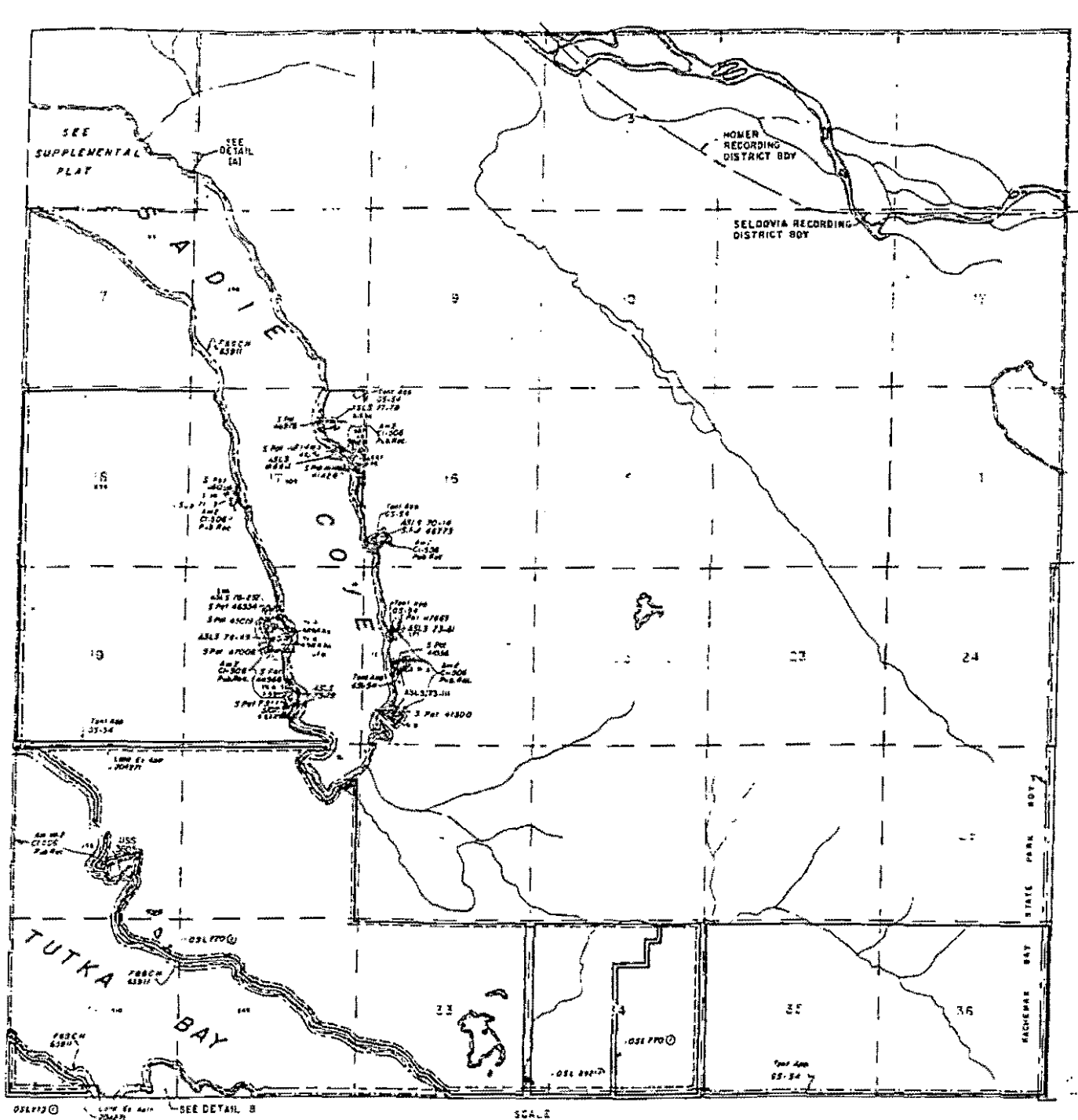
For the Director

[Signature]
Chief, Division of Engineering

Soldiers (C-1)
3-11-68

202-7320902

TOWNSHIP 8 S RANGE 12 W OF THE SEWARD MERIDIAN, ALASKA



ATTACHMENT A

SNA LANDS TO BE ACQUIRED BY STATE

* All land described below is within Seward Meridian and is identified in BLW Interim Conveyances 139, 304, 372

Source:
Attachment:
Preliminary Ex
Azt. executed
between SNA
State in 1985

Parcel	Legal Description	Approximate Acreage
Tier 1	<u>Township 7 South, Range 12 West</u> Sec. 13 (fractional): W $\frac{1}{2}$ NE $\frac{1}{2}$ NW $\frac{1}{2}$ NE $\frac{1}{2}$, W $\frac{1}{2}$ NW $\frac{1}{2}$ NE $\frac{1}{2}$, S $\frac{1}{2}$ NE $\frac{1}{2}$, NW $\frac{1}{2}$, S $\frac{1}{2}$	575
	Secs. 24 (fractional), 25, & 36: All	1,680
	<u>Township 8 South, Range 12 West</u> Sections 1, 12, 13, 24, 25, 26, 27, & 28: All	5,110
Tier 2	<u>Township 7 South, Range 12 West</u> Sections 23 (fractional), 26, & 35: All	1,595
	<u>Township 8 South, Range 12 West</u> Secs. 2, 11, 14, 22, & 23 : All	3,200
	Sec. 21 (fractional): excluding ADL 47665 located in the SW $\frac{1}{2}$ NW $\frac{1}{2}$, ADL 41036 located in the N $\frac{1}{2}$ SW $\frac{1}{2}$, ADL 41300 located in S $\frac{1}{2}$ SW $\frac{1}{2}$	495
Tier 3	<u>Township 7 South, Range 12 West</u> Sections 22 (fractional): excluding Lot 1 of USS 3606	370
	Secs. 27, & 34: All	1,280
	<u>Township 8 South, Range 12 West</u> Secs. 3, 10, & 15: All	2,040
	Sec. 16 (fractional): excluding ADL 46773 located in the SW $\frac{1}{2}$ SW $\frac{1}{2}$	615
Tier 4	<u>Township 7 South, Range 12 West</u> Secs. 21 (fractional): All	145
	Secs. 28 & 33: All	1,280
	<u>Township 8 South, Range 12 West</u> Sections 4, & 9: All	1,280
	Section 7: All	480
	Section 8: All	275

Page Total 20,420
Cumulative Total 20,420

1
202 1526897

SD 16

APPRAISER'S QUALIFICATION IS
Richard H. Follett, ----
American Institute of Real Estate Appraiser:
MAI Certificate #4750 Presented May 8, 1972

Sent 1/26
Foss built there.
File orig letter
Foss and 10-73

EDUCATION

College: B.S. Degree, Ohio State University, 1949
M.S. Degree, Ohio State University, 1951

SREA Appraisal Course P & T, University of Puget Sound, 1962
AIREA Appraisal Course I, University of Washington, 1966
AIREA Appraisal Course II, Portland State University, 1967
AIREA Appraisal Course VIII, Seattle, 1969
AIREA Appraisal Course III, Chicago, 1972
AIREA Appraisal Course VI, University of Colorado, 1973
SREA Appraisal Course 301, Makaha, Hawaii, 1976
SREA Appraisal Course 201, University of Colorado, 1982
AIREA Litigation Valuation, University of San Diego, 1982
AIREA Real Estate Investment Analysis, Indiana University, 1985
AIREA Standards of Professional Practice, 1987
AIREA Appraisal Course 1BA, University of Portland, 1989
Appraisal Seminars, annually

BUSINESS EXPERIENCE

FOLLETT & ASSOCIATES,

Real Estate Appraisers & Consultants, 1974 to present
Fenton, Conger & Assoc., Seattle, Real Estate Appraisers, 1968-72
Security State Bank, Loan Officer & Appraiser, 1960-68
Farmers Home Admin., County Supervisor & Appraiser, 1952-60
31 years appraisal experience of commercial, industrial, residential,
and farm properties in Alaska, Washington and Oregon.

COURT EXPERIENCE

Qualified expert witness - Superior Courts, Washington & Alaska
Federal District Court, Fairbanks and Tacoma
United States Tax Court, Los Angeles
Substantial experience representing both property owners and
governmental agencies in condemnation actions.

TYPICAL CLIENTELE

Carr-Gottstein Properties
Corps of Engineers, Alaska District
National Bank of Alaska
Alaska Airlines
Longview Fiber Corporation
General Service Administration
Municipality of Anchorage
U. S. Department of Agriculture
Alaska Housing Authority
Alaska News Agency
Rogers Electric Corporation
National Bank of Commerce, Seattle
Seattle First National Bank
First National Bank of Anchorage
Baugh Construction Company
Fed. Savings & Loan Insurance Corp.
Federal Deposit Insurance Corp.
Alaska State Dept. of Transportation

Bureau of Land Management
Laser Link Corporation
Weyerhaeuser Company
Alascom
Cook Inlet Region, Inc.
U. S. Navy
City of Fairbanks
Air West
Pacific Northwest Bell
Alaska Brick Co., Inc.
Foss Launch and Tug
Brown Jug, Inc.
Unit Company
Security State Bank
Alaska Pacific University
First Federal Bank
McDonalds Corporation

APPRAISER'S QUALIFICATIONS
Eric G. Follett, MAI
American Institute of Real Estate Appraisers
MAI Certificate #6403 Presented 1/13/82



EDUCATION

College: B.S. in Mathematics, University of Washington, 1973

Courses - American Institute of Real Estate Appraisers:

AIREA Course 1A Seattle Pacific, 1974
AIREA Course 1B University of Portland, 1977
AIREA Course II University of Colorado, 1978
AIREA Course IV Litigation - U. of Portland, 1980
AIREA Course Income Capitalization Workshop, 1979
AIREA Course Standards of Professional Practice, 1983
AIREA Course Real Estate Lending & Income Properties, 1983
AIREA Course Condominiums in Today's Market, 1983
AIREA Course Computer Applications, 1984
AIREA Course Investment Analysis, 1985
AIREA Seminar R41b, 1985
AIREA Seminar Distressed Real Estate, 1986
CCIM Seminar Tax Concepts for Investment Real Estate
AIREA Seminar R41c, 1987
AIREA Course Standards of Professional Practice, 1987

BUSINESS EXPERIENCE

Appraiser - FOLLETT & ASSOCIATES, Anchorage, AK, 1/77 to present

Appraiser - ERICKSON & ASSOCIATES, Anchorage, AK, 4/75 TO 7/81

Programmer/Analyst - SAFECO INSURANCE CO, Seattle, WN, 3/73 - 4/75

SCOPE OF ASSIGNMENTS

Appraisals of commercial property, shopping centers, office buildings, medical buildings, industrial buildings, special use properties, bowling centers, day-care centers, restaurants, residential, and vacant land. Feasibility studies, and consulting. Qualified as an expert witness in both State and Federal Court. Assignments located in Municipality of Anchorage, Matanuska-Susitna Borough, Kenai Borough, Fairbanks, Valdez, Cordova, Seward, Kodiak, Bethel, Dutch Harbor, Juneau, Haines, Sitka, and numerous "Bush Communities." Senior Appraiser on University of Alaska Lands Settlement with State of Alaska involving over 700 parcels.

TYPICAL CLIENTELE

Federal Deposit Ins. Corp.
All major Banks in Alaska
Carr-Gottstein Properties
Jack White Company
Area Realtors
Bureau of Land Management
Hines Investments
Professional contractors
Paul Nangle
Pletcher & Slaybaugh
Leroy Barker

University of Alaska
U.S. Department of Housing
Alaska State Housing Authority
Calista Native Corporation
Kuskokwim Management Corp.
Army Corps of Engineers
Union Oil Company
State of Alaska Division of Parks
U.S. Postal Service
Western Enterprises
Bogel & Gates

Appraiser's Qualifications - (continued)
Eric G. Follett, MAI

MAJOR ASSIGNMENTS (over \$1,000,000)

Shopping Centers

Gold & Diamond Shopping Center
Z Plaza Shopping Center, Minnesota Drive, Anchorage
Country Village Mall, Anchorage
Eastgate Shopping Center, Boniface Parkway, Anchorage
Carrs Huffman Shopping Center, Anchorage
Pioneer Square Shopping Center, palmer
Carrs Shopping Center, Northern Lights Blvd., Anchorage
Retail Center, Eagle River
Muldoon Mall, Muldoon Road, Anchorage
Fire Lake Plaza, Glenn Highway, Eagle River
Inter Plaza, International Airport Road, Anchorage
Carrs Jewel Lake Shopping Center, Anchorage
Aurora Village Shopping Center, Anchorage
Jewel Lake Shopping Center & Bowling Alley, Anchorage

Office Buildings

Alaska Hospital & Professional Buildings, Debarr Rd., Anchorage
Resolution Tower Office Building, 1031 East 4th Avenue, Anchorage
"Alyeska" Office Building complex, Bragaw Street, Anchorage
Plaza 201 Building, Anchorage
Palmer Courthouse, Palmer
Office Building, 4510 W. International, Anchorage
Lake View Professional Building, Wasilla
Office Building, 406 Fireweed Lane, Anchorage
Medical Office Building, Debarr Road, Anchorage

Industrial

Freight Terminal, Anchorage International Airport
Budget Building Supply, Wasilla
NBI Warehouse, Anchorage
(Numerous warehouses in the \$200,000 to \$1,000,000 range.)

Other

Sitka Benchland Subdivision - 149 lots & 16 tracts.
Viewpoint Subdivision - 128 Lots
Vagabond Mobile Home Park, Anchorage
Park Lanes bowling Center, Anchorage
Hollywood Vista Apartments, Anchorage
Sunshine Day-care Center, Anchorage
Anchorage International airport Noise Litigation
Parkland Estates Subdivision, Wasilla
Bowling Center/Cocktail Lounge, Wasilla
University of Alaska - Anchorage Properties