

APPRAISAL REPORT
Akhiok-Kaguyak Incorporated Lands
Kodiak Island Borough, Alaska
Contract #53-0109-3-00377
Task Order No. 377-06-B

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ADMINISTRATIVE RECORD

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Div. of Land & Water Mgmt.

PART I - INTRODUCTION



APPRAISAL REPORT

Akhiok-Kaguyak Incorporated Lands
Kodiak Island Borough, Alaska
Contract #53-0109-3-00377
Task Order No. 377-06-B

FOR

U. S. D. A. Forest Service
P. O. Box 21628
Juneau, Alaska 99802

Attn: Mr. Rich Goossens
Contracting Officer's Representative

Report Date

August 31, 1994

Date of Inspection and Valuation

June 29, 1994

FILE #9-94-0137

BY

Diane Black-Smith, MAI
Steven E. Carlson, Appraiser

BLACK-SMITH & RICHARDS, INC.

2602 Fairbanks Street
Anchorage, Alaska 99503

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BLACK-SMITH & RICHARDS, INC.

Appraisers
2602 Fairbanks
Anchorage, Alaska 99503
907-274-4654
Fax #907-274-0889



August 31, 1994

U. S. D. A. Forest Service
P. O. Box 21628
Juneau, Alaska 99802

Attn: Mr. Rich Goossens
Contracting Officer's Representative

Re: Akhiok-Kaguyak Incorporated Lands
Kodiak Island Borough, Alaska
Contract #53-0109-3-00377
Task Order No. 377-06B

Dear Mr. Goossens,

In response to your authorization, we have conducted the required investigation, gathered the necessary data, and made certain analyses that has enabled us to form opinions of the market values of the surface estate of the subject properties. As instructed, the properties are appraised both with and without a proposed subsistence easement and both subject to and not subject to Section 22 (g) of ANCSA.

Based on the inspection of the property and the investigation and analyses undertaken, subject to the assumptions and limiting conditions set forth in Addenda of this report, we have formed the following conclusions as of June 29, 1994:

Based on our investigation, we have concluded that Section 22 (g) does not impact the value of the subject property. Therefore, only the values with and without the subsistence reservation are reported.

EVOS Parcel #	Estimated Value w/o Subsistence Reservation	Estimated Value w/ Subsistence Reservation
AKI01	\$1,028,600	\$523,000
AKI02	\$795,600	\$401,200
AKI03	\$1,926,800	\$1,262,000
AKI04A	\$2,592,600	\$2,155,000
AKI04B	\$2,746,900	\$1,770,100
AKI05	\$1,748,700	\$825,500
AKI06A	\$1,927,800	\$904,200
AKI06B	\$1,147,100	\$507,500
AKI06C	\$1,451,200	\$578,100
AKI07A	\$935,700	\$547,700
AKI07B	\$1,742,300	\$947,900
AKI07 (A & B) *	\$2,678,000	\$1,495,600
AKI08	\$3,195,300	\$1,566,300

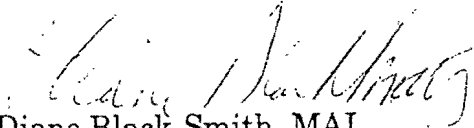
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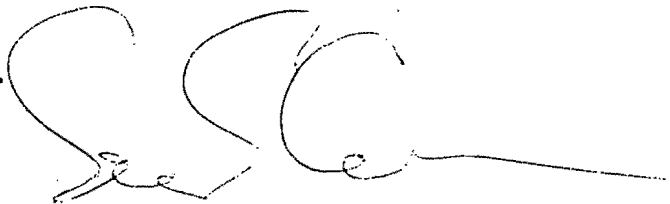
*As instructed, AKI07 was valued both as a single parcel and as two separate parcels (A & B). Therefore, a summation of the columns would result in a double-counting.

This narrative appraisal report conforms to the Uniform Standards of Professional Practice (USPAP), the Uniform Appraisal Standards for Federal Land Acquisitions, and the specifications of Contract #53-0109-3-00377 and the specific instructions of Task Order No. 377-06-B. The report sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable data, the results of the investigations and analyses, and the reasoning leading to the conclusions set forth.

Sincerely,

BLACK-SMITH AND RICHARDS, INC.


Diane Black-Smith, MAI


Steven E. Carlson, Appraiser

CERTIFICATION

We certify that, to the best of our knowledge and belief...

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.

We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

This appraisal assignment was not based on a requested minimum valuation or specific valuation or approval of a loan. Our employment was not conditioned upon the appraisal producing a specific value or a value within a given range.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report I, Diane Black-Smith, MAI, have completed the requirements under the continuing education program of the Appraisal Institute.

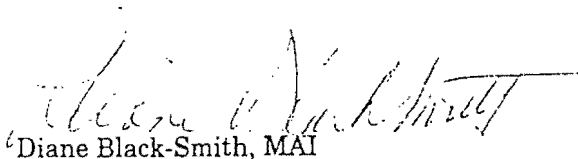
Diane Black-Smith, MAI is currently certified by the State of Alaska as a General Real Estate Appraiser (Certificate No. AA 31).

Steve Carlson and Diane Black-Smith have made personal inspections of the properties that are the subjects of this report.

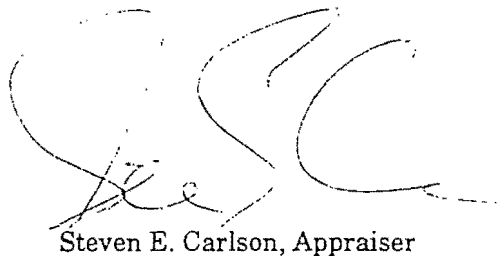
Devery Prince provided significant professional assistance to the persons signing this report.

Diane Black-Smith and Steven E. Carlson have the appropriate knowledge and experience necessary to complete this appraisal assignment competently.

Dated this 31st day of August, 1994.



Diane Black-Smith, MAI



Steven E. Carlson, Appraiser

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Appraised

Twelve tracts of remote unimproved acreage within the boundaries of the Kodiak Island Borough in the Gulf of Alaska. The properties have been targeted for possible acquisition by the Exxon Valdez Oil Spill Trustee Council.

Legal Description

For the purposes of our analysis, we have relied on the legal descriptions contained in the "Instructions to the Appraiser". The legal descriptions are lengthy and presented in the Addenda of the report. In our report, the properties will be referred to by the parcel identification numbers referenced in the "Working Document" prepared by the Exxon Valdez Oil Spill Restoration Team Habitat Protection Work Group¹ (and subsequent subdivision). The subject properties are identified in the following inventory.

EVOS Parcel #	Southwest Kodiak Island area reference	Conveyed Acreage	Selected Acreage	*Total
AKI01	west end Kaiugnak Bay	4,460	770	5,230
AKI02	surrounding Kiavak Bay	4,012	0	4,012
AKI03	Kaguyak & Jap Bays	12,620	0	12,620
AKI04A	Alitak & Portage Bays	17,521	4,029	21,550
AKI04B	east side Alitak Bay	16,346	1,355	17,701
AKI05	Portage & Sulua Bays	8,255	0	8,255
AKI06A	north and south Olga Bay	5,808	3,234	9,042
AKI06B	north Horse Marine Bay	5,075	0	5,075
AKI06C	Horse Marine Lagoon/Lake	5,674	107	5,781
AKI07A	west side Moser Bay	5,477	0	5,477
AKI07B	east side Moser Bay	9,479	0	9,479
AKI07 (A & B) **	both sides of Moser Bay	14,956	0	14,956
AKI08	southwest Olga Bay	15,663	0	15,663

**The selected areas are to be included and considered as part of the total acreage of the adjacent conveyed tracts.*

***AKI07 was valued both as a single parcel and as two separate parcels (A & B).*

1. *Comprehensive Habitat Protection Process: Large Parcel Evaluation & Ranking, Volumes 1. & 2. (November 30, 1993).*

Ostensible Owner

According to the July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company, title to the subject properties is vested in:

"AKHIOK-KAGUYAK, IN C.; KAGUYAK, INC.; NATIVES OF AKHIOK, IN C.; KONIAG, INC.; REGIONAL NATIVE CORPORATION; AS THEIR RESPECTIVE INTERESTS MAY APPEAR, AS TO PARCEL I; AND UNITED STATES OF AMERICA, AS TO PARCEL II"

Appraisal Purpose

The purpose of this appraisal is to estimate the market value of the surface estate* of the subject properties. The properties are to be appraised both with and without a "Subsistence Reservation" - and both subject-to and not subject-to, Section 22 (g) of ANCSA.

*The surface estate is defined as the fee simple estate less developable minerals. Developable minerals include sand and gravel (Chugach Natives Inc. v. Doyon Inc.) For the purposes of our analysis, we have assumed that the owner of the surface estate can penetrate the subsurface and utilize on-site sand and gravel for foundations and septic systems - incidental non-commercial extractions. THIS IS A SPECIAL ASSUMPTION OF THIS REPORT.

Report Date

August 31, 1994

Date of Inspection and Valuation

June 29, 1994

Highest and Best Use (unencumbered by "subsistence reservation")

Hold for speculation. In the interim, special-use permits/licensing is a practical source of revenue. Within the foreseeable future, private or commercial recreation and marine-commercial uses are probable for a limited number of select sites within the boundaries of the subject parcels.

Market Value Estimates

Based on our investigation, we have concluded that Section 22 (g) does not impact the value of the subject property. Therefore, only the values with and without the subsistence reservation are reported.

EVOS Parcel #	<i>Estimated Value w/o Subsistence Reservation</i>	<i>Estimated Value w/Subsistence Reservation</i>
AKI01	\$1,028,600	\$523,000
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AKI06A	\$1,927,800	\$904,200
AKI06B	\$1,147,100	\$507,500
AKI06C	\$1,451,200	\$578,100
AKI07A	\$935,700	\$547,700
AKI07B	\$1,742,300	\$947,900
AKI07 (A & B) *	\$2,678,000	\$1,495,600
AKI08	\$3,195,300	\$1,566,300

**AKI07 was valued both as a single parcel and as two separate parcels (A & B). Therefore, a summation of the columns would result in a double-counting.*

ASSUMPTIONS AND LIMITING CONDITIONS

General assumptions and limiting conditions are contained in the addenda of the report. Assumptions and limiting conditions specific to this report are summarized as follows:

We have assumed title to be marketable and have relied on the area estimates and legal descriptions provided with the appraisal instructions.

The surface estate is defined as the fee simple estate less developable minerals. Developable minerals include sand and gravel (Chugach Natives Inc. v. Doyon Inc.) For the purposes of our analysis, we have assumed that the owner of the surface estate can penetrate the subsurface and utilize on-site sand and gravel for foundations and septic systems - incidental non-commercial extractions.

As instructed, the subject properties are appraised as if "contaminant-free".

REFERENCES

SCOPE

As part of this appraisal, the appraisers made a number of independent investigations and analyses. The investigations undertaken and the major data sources used are summarized as follows:

Conference

Prior to proceeding with work on the appraisal report, Diane Black-Smith attended a meeting on June 14, 1994 at the Anchorage offices of the U. S. Fish and Wildlife Service. Those attending included:

Alex Swiderski	Department of Law (Alaska)	Asst. Attorney General
Rich Goossens	U. S. Forest Service	Contracting Officer
Maria Lisowski	U. S. Forest Service	Office of General Counsel
Diane Blacksmith, MAI	Black-Smith and Richards	Appraiser
Larry Shorett, MAI	Shorett & Riley	Appraiser
Dave Hansen	Arktos Associates	AKI land manager
Ralph Eluska	Akhiok-Kaguyak Inc.	President AKI
James Wilkens	Bliss & Wilkens	Attorney for AKI
Walt Ebell	Jamin, Ebell, Bolger, & Gentry	Attorney for OHI
Keith Goltz	DOI Office of the Solicitor	Alaska Region
Roy Jones (teleconference)	Birch, Horton, Bittner & Cherot	Attorney for OHI
Barry Roth (teleconference)	DOI Office of the Solicitor	Washington
Bob Putz (teleconference)	Conservation Fund	Director of Science

Regional Data, Market Overview and Neighborhood Analysis.

Various publications, reports, and surveys were reviewed and local industry experts were interviewed in order to identify significant trends and indicators that affect the area and the subject neighborhood. Publications/reports include: U. S. Bureau of Labor Statistics; *Alaska Economic Trends*; *Alaska Journal of Commerce*; *National Geographic* (November 1993); *Kodiak Alaska 1994 Visitors Guide*; as well as regular newspaper articles and commentaries by local industry experts. Area market data was provided Mr. Pat Carlson, Kodiak Island Borough Assessor; Ms. Bonnie Aulabaugh, Broker, Chelsea Realty & Development Inc.; Ms. Sharlene Sullivan, Broker, Associated Island Brokers, Inc.

Description and Analysis

We conducted an aerial inspection of the property on June 29, 1994. We were accompanied by Mr. Ralph Eluska, President of Akhiok-Kaguyak Incorporated, the owner of the subject properties. Aerial photos, topographical maps obtained by the U. S. Geological Service, and various maps provided by the land owner were reviewed. We also consulted a "Working Document" entitled *Comprehensive Habitat Protection Process: Large Parcel Evaluation & Ranking (Volumes 1. & 2.)* prepared by the Exxon Valdez Oil Spill Restoration Team Habitat Protection Work Group (November 30, 1993).

Market Data Program - Land

In order to obtain the most recent sales data, we researched the files of the Kodiak Island and Kenai Peninsula Boroughs and reviewed sales reports of the local Multiple Listing Service. Sales data compiled by the U. S. Fish and Wildlife Service, the State Department of Natural Resources, the Bureau of Land Management, and the Bureau of Indian Affairs was also reviewed and analyzed. In addition, we spoke with several real estate professionals including real estate broker's/agents and other appraiser's. Each of the properties were visually inspected. Data sheets with photos are contained in the addenda. Transactions were confirmed primarily by telephone interviews with knowledgeable parties - buyers, sellers, agents, assessors, appraisers, etc.

Availability of Information

All information requested was provided.

PART II - FACTUAL DATA

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the surface estate of the subject properties.

VALUE DEFINITION

The Uniform Appraisal Standards for Federal Land Acquisitions (1992) defines "fair market value" as;

"The amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would be sold by a knowledgeable owner willing but not obligated to sell to a knowledgeable purchaser who desired but is not obligated to buy."

Given the unique aspects of the subject property, characteristics of Alaskan real estate market(s), and the nature of this assignment - further discussion is necessary to express the significance of this value concept. The subject properties represent large remote tracts suitable for a limited number of uses. Recent sales of truly similar large parcels are extremely limited, due largely to two factors. First, until recently, only a small percentage of land in Alaska had been held in private ownership, thus, the supply of large tracts of acreage was limited. Second, except for timbered lands, market-driven demand is perceived to be non-existent. A limited market and the physical characteristics of the subjects combine to create a complex appraisal problem. "The special-purpose property, the unusual investment property, and the mixed-use property, unique by virtue of size, configurations, or utilization, present the most difficult cases in market value appraising because they are highly individuated and their markets tend to be thin if they exist at all."²

The simplest approach to this assignment would be to consider a handful of sales and exchanges of large remote Alaska tracts to represent a true "market". However, after a preliminary review of the data, the applicability of these sales is questionable. "Appraisers must consider with care both the market in which the property to be appraised will be traded and the markets in which any alleged 'comparable' transactions occurred."³ After a thorough investigation and

². Jared Shlaes, MAI, "The Market in Market Value, *The Appraisal Journal* (October 1984) 494-518.

³. Ibid.

analysis of the available data, the non-existence of a market for large tracts of remote acreage may be a supportable conclusion.

When qualified supporting data is not available, creative approaches often involve personal and/or non-economic value concepts. Given, the nature of the subject's current ownership (Native Corporation) and its wildlife and scenic resources, recognized subjective concepts such as Use Value and Investment Value, or theoretical subjective concepts such as Social Value or Public Interest Value, may be promoted as valid by advocates for special interests. A discussion as to the applicability of these concepts with regard to the specific instructions of our assignment is relevant.

Personal Value Concepts

Use Value is a recognized concept defined as "the value a specific property has for a specific use".⁴ The subject property represents the traditional homeland of area Natives supported largely by a subsistence-based economy. Arguably there is an intrinsic value to the owners. However, a measure is not supported by any economic use and the Use Value to the owners would not be recognized in the marketplace.

Investment Value is another recognized concept defined as "The specific value of an investment to a particular investor or class of investors based on individual investment requirements."⁵ We recognize that the 1971 Alaska Native Claims Settlement Act (ANCSA) created a somewhat unique class of property owners. Under the act, lands received from the Federal Government are not subject to federal, state, or borough taxation unless developed. In addition, so long as its lands are not developed, or leased, Corporation lands are protected from creditors, and enjoy protection in the event of a bankruptcy. Under the 1987 amendments to the act, common stock in the hands of Native shareholders also enjoys some protection.

These special provisions may create additional value to the owners so that their Investment Value is higher than market value. However, the immunities and

⁴. Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Third Addition (1993) 383.

⁵. Ibid. 191.

exemptions cannot be passed on with the conveyance of the property and therefore cannot contribute to market value.

Summary

Use Value and Investment Value are recognized concepts. However, they are personal in nature and clearly distinguished from market value - the objective of our report.

Public Interest Value

In a recent article, the author refers to the "emerging tendency on the part of some appraisers and nonappraisers to seek a 'public value' in real estate, and then to equate that value with market value. In some cases this has been called 'natural value' or 'option value' and it has been argued that such a value should be attached as a premium on certain kinds of properties in which the public has or might have an interest - making such properties more valuable than the traditional definition of market value would support."⁶

Public interest value is not defined by the *Dictionary of Real Estate Appraisal*, 3rd Addition (1993), nor the *Appraisal of Real Estate*, 10th Addition (1992). As a means of advocating higher values, the concept of public value is inappropriate. "Indeed, both government appraisal standards and the acquisition policies of natural land trusts specifically prohibit those organizations from paying a higher price for a property than would be supported by the property's highest and best use in the marketplace."⁷

In cases where a government agency has paid more than market value, negotiations were likely influenced by other considerations. A government agency is obviously in a different position than the typical prospective purchaser. As a public agency there is an implied obligation to appease the owner/seller. And, negotiations may be weighed by the potential for increased cost resulting from a protracted acquisition process - particularly if litigation may be a factor. Unfortunately, sales reflecting unusual circumstances and/or motivations, establish perpetuating precedents when promoted as representative of market

⁶. Richard J. Roddeq, MAI and Gary R. Papke, "Market Value and Public Value: An Exploratory Essay", *The Appraisal Journal* (January 1993) 52-62.

⁷. Ibid.

transactions. "Efforts to stretch the definition of market value to include public value threaten the definitional foundation on which real estate appraisal as a profession and a discipline is based; more significant, they threaten to create inequities and inefficiencies in real estate appraisal, in litigation, and in public policy".⁸

Public lands policies are influenced by a multitude of special interests and thereby contrary to the development of reliable methodologies for measuring value. The current debate over grazing rights on federal lands is an example. Where current fees reflect less than market value, ranchers are effectively subsidized. On one side, the current administration seeks to make everyone pay more for the land they use - a benefit to the tax-paying public at large. On the other side, legislators advocating regional interests are fighting to keep fees artificially low - a benefit to the economies of their constituencies. Predictably, the resolution of this issue will be determined by a political tug-of-war rather than the forces of a free and open market.

The role of politics in the development of public land policies cannot be overstated. An exchange of Koniag Inc.'s (Native-owned) entitlement to the oil and gas rights on 275,000 acres beneath two wildlife refuges on the Alaska Peninsula, is the subject of two bills - one sponsored by Representative Don Young (R), Alaska's lone representative in the House and another by Senator Frank Murkowski (R), one of Alaska's senators. Both bills authorize a trade for credits that could be used to bid on surplus federal property. Oil and gas deposits, if any, are believed to have little if any commercial value and it would be difficult for the government to justify an exchange. Murkowski's bill is opposed by the Clinton administration. Don Young's bill would designate as "wilderness", 2.6 million acres on the Alaska Peninsula even though Rep. Young is fundamentally opposed to the creation of additional "wilderness" in Alaska. The significance of the "wilderness" attachment is that to create new wilderness, the government must own oil and gas rights, as well as the surface rights.⁹ Young's bill, is supported by the Clinton administration - one that is heavily loaded with supporters of environmental causes.

8. Ibid.

9. "Young finds friends among foes" *Anchorage Daily News*, (Friday, October 29, 1993) D1 & 2.

Most Alaska residents, its governor Wally Hickel, and all three of its national legislators, including Mr. Young - oppose creating additional wilderness in Alaska. This transaction, if completed, represents only a politically engineered means to an end - not a market-supported transaction. The significance of this issue is that it illustrates the complex nature of public lands policy and the role of the political process. Unfortunately, previous practice suggests that some appraisers will probably use the transaction as a "comparable" in future assignments.

The 1984 U. S. Fish & Wildlife Service acquisition of wildlife habitat in the Pribilof Islands (Bering Sea off the west coast of Alaska) has been used by some appraisers as a "comparable". The property had not been exposed to the market - probably because the real-world prospects were extremely limited at best. Subsequent to the acquisition, a U. S. Fish & Wildlife Service appraisal concluded a value of only \$83 per acre.¹⁰ Yet, the purchase price, reported to have been established by a 1984 Congressional Act (PL 96-487), was approximately \$640 per acre. "The price authorized by Congress in that instance - eight times the market value - represented, not the workings of a market, but rather a political decision and a possible example of poor public policy judgment."¹¹

Ultimately, the "public" in public/social value concepts is somewhat of a misnomer. Public lands policies are not forged from the collective input of a majority of average American tax payers - each well informed and acting prudently in his/her own self-interest. In a recent election in the Municipality of Anchorage, voters were "informed" on four bond propositions for needed capital improvements. A brief paragraph alongside each proposition on the ballot expressed millions of dollars in terms of the anticipated increase in tax dollars for every \$100,000 of real property valuation. Had all four bond propositions passed, the additional taxes to an owner of a \$150,000 home would have been several hundred dollars annually. All four propositions failed. More recently (April 1994), an Anchorage bond proposition for a badly needed indoor ice facility

¹⁰. Victoria Adams and Bill Munday, MAI, "The Valuation of High-Amenity Natural Land", *The Appraisal Journal* (January 1991) 48-53.

¹¹. Richard J. Roddewig, MAI and Gary R. Papke, "Market Value and Public Value: An Exploratory Essay", *The Appraisal Journal* (January 1993) 52-62.

was defeated at the polls. On the ballot, voters were informed that the initial cost of the facility, projected to be self-supporting upon completion, would cost only \$1 per every \$100,000 of real property valuation.

Public lands policies too often reflect the agendas of powerful administrators and legislators, political back scratching, or the life's quest of special interest groups - in other words, undue stimulus from effective minorities. It is not surprising that reliable methodologies for measuring "public interest" value have not been developed.

A "public survey" is a novel method of attempting to measure the value of a property suitable for public use but unsuitable for any economic use. This informal methodology may also be referred to as "contingent valuation". However, like the concept of "public interest value", "contingent valuation" is not recognized by the *Dictionary of Real Estate Appraisal*, 3rd Addition (1993), nor the *Appraisal of Real Estate*, 10th Addition (1992). Even if the concept was recognized, the survey method would be a weak means of measuring market value. As with any survey, the potential for skewed results is enormous. Reliable interpretations depend in part on the applicability of the population sampled. For example, poll data indicates that greater concentrations of citizen's with an "above-average" or "high" concern about endangered species reside in eastern states.¹² It is likely the federal acquisition of public lands in Alaska would fall near the bottom of a prioritized list that includes deficit reduction, law enforcement, health care, housing, education, defense, etc.

The Direct Sales Comparison Approach (Market Approach) is not a reliable measure of Public Interest Value. The first two acquisitions by the Exxon Valdez Oil Spill Trustee Council represent recent transactions in which large tracts of remote Alaska acreage were acquired for the same purpose as that intended for the subject. Those acquisitions may be promoted by some as examples of Public Interest Value. However, indications of what the "public" will pay are inconsistent. The acquisition of 24,000 acres in the Kachemak Bay vicinity indicates the purchase price is only partially supported by an economic use. Reportedly, merchantable timber was a minority component of value

¹². LATITUDES AND ATTITUDES: An Atlas of American Tastes, Trends, Politics, and Passions, 1994 by Michael Weiss - Reported in *Time Magazine*, (December 13, 1993) 27.

(approximately 20%). This allocation left the residual component, consisting primarily of steep backlands, to support a per acre price of several hundred dollars. In contrast, the acquisition of nearly 42,000 acres on Afognak Island reflects a purchase price wholly supported by the economic value of natural resources - merchantable timber. In other words, the underlying land as a residual, is given little, if any, consideration as a component of value. Arguably, the oceanfront acreage in the Kachemak Bay area has more potential than the oceanfront acreage on Afognak Island. However, the difference is not sufficient enough to allow a meaningful correlation of these acquisitions to each other let alone the subjects.

When properties are acquired by a public agency, the circumstances influencing the negotiations are often a significant element. The appraiser correlates property data - not the nature of the acquisition processes. Appropriate elements of comparison include, financing terms, market conditions, property rights conveyed, conditions of sale, and numerous physical features and characteristics. When the "conditions of sale" indicate the seller or buyer was subject to undue stimulus or atypically motivated, the data is generally not considered to reflect market norms and given little, if any, weight.

Summary

Public Interest Value is a theoretical concept for which there is no known reliable measure. At most, the price paid to remove a property from a legitimate market, for preservation or public use, should only reflect the nominal incremental amount necessary to assure a successful bid in a competitive market - barely above what other market participants are willing to pay based on the economic highest and best use of the property. In a real estate auction, a practical example of a free, open, and competitive market, the winning bid is typically only marginally higher than the second-place losing bid. The contention that lands perceived as well-suited for public use or preservation command a substantial premium is simply not supportable - particularly when true market prospects for a property are slim to none.

Public Interest Value is a subjective concept clearly distinguished from the economic concept of Market Value. Value estimates based on subjective concepts

conceivably have no limitations or ceilings and are inappropriate for this assignment.

Conclusion

The economic concept of "Fair Market Value" is the objective of our report. Over the years, several definitions of market value have been formulated. Even more interpretations have been offered. As a result, the definition of market value has been periodically amended and revised in an on-going evolutionary process toward "... a universally accepted definition of market value that can be applied meaningfully and validly to all situations".¹³ Nevertheless, most value definitions are based on the same basic concepts. "Despite differing opinions on individual aspects of the market value definition, it is generally agreed that market value results from collective value judgments rather than isolated judgments".¹⁴

The Uniform Appraisal Standards for Federal Land Acquisitions (1992) defines "fair market value" as;

"The amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would be sold by a knowledgeable owner willing but not obligated to sell to a knowledgeable purchaser who desired but is not obligated to buy."

This definition is consistent with the definition agreed upon by agencies that regulate federal financial institutions in the United States.¹⁵

"The most probable price, which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

13. Peter F. Korpacz, MAI, and Richard Marchitelli, MAI, "Market Value: A Contemporary Perspective," *The Appraisal Journal* (October 1984) 485-493.

14. Appraisal Institute, *The Appraisal of Real Estate*, Tenth Addition (1992) 20.

15. Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.43 Definitions [f].

- 1) Buyer and seller are typically motivated;
- 2) Both parties are well informed or well advised, and both acting in what they consider their own best interest;
- 3) A reasonable time is allowed for exposure in the open market;
- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

“Critical to the understanding and application of the definition is the assumption that both buyers and sellers have alternative choices of which all parties are knowledgeable, so that a price of a transaction presumably optimizes the self-interest of both parties at that particular point in time. The premise that the parties have a choice of alternative sites underlies the principle of substitution - a cornerstone of appraisal methods.”¹⁶

The concept of market value presumes the existence of an adequate market. In a subsequent section (Data Analysis - Market Overview) the “market” and appropriate submarkets, are identified and defined in order to determine their adequacy for purposes of estimating market value.

16. Michael L. Robbins, The Valuation of Large Scale Natural Landscapes Using Contemporary Appraisal Theory”, *The Appraisal Journal* (April 1987) 225-244.

IDENTIFICATION OF THE PROPERTY

Property Appraised

Twelve tracts of remote unimproved acreage within the boundaries of the Kodiak Island Borough in the Gulf of Alaska. The properties have been targeted for possible acquisition by the Exxon Valdez Oil Spill Trustee Council.

Legal Description

For the purposes of our analysis, we have relied on the legal descriptions contained in the "Instructions to the Appraiser". The legal descriptions are lengthy and presented in the Addenda of the report. For the purposes of our report, the properties will be referred to by the parcel identification numbers referenced in the "Working Document" prepared by the Exxon Valdez Oil Spill Restoration Team Habitat Protection Work Group¹⁷ (and subsequent subdivisions). The subject properties are identified in the following inventory.

EVOS Parcel #	Southwest Kodiak Island area reference	Conveyed Acreage	Selected Acreage	*Total
AKI01	west end Kaiugnak Bay	4,460	770	5,230
AKI02	surrounding Kiavak Bay	4,012	0	4,012
AKI03	Kaguyak & Jap Bays	12,620	0	12,620
AKI04A	Alitak & Portage Bays	17,521	4,029	21,550
AKI04B	east side Alitak Bay	16,346	1,355	17,701
AKI05	Portage & Sulua Bays	8,255	0	8,255
AKI06A	north and south Olga Bay	5,808	3,234	9,042
AKI06B	north Horse Marine Bay	5,075	0	5,075
AKI06C	Horse Marine Lagoon/Lake	5,674	107	5,781
AKI07A	west side Moser Bay	5,477	0	5,477
AKI07B	east side Moser Bay	9,479	0	9,479
AKI07 (A & B) **	both sides of Moser Bay	14,956	0	14,956
AKI08	southwest Olga Bay	15,663	0	15,663

**The selected areas are to be included and considered as part of the total acreage of the adjacent conveyed tracts.*

***AKI07 is to be valued both as a single parcel and as two separate parcels (A & B).*

¹⁷. *Comprehensive Habitat Protection Process: Large Parcel Evaluation & Ranking, Volumes 1. & 2.* (November 30, 1993).

Ostensible Owner

According to the July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company, title to the subject properties is vested in:

"AKHIOK-KAGUYAK, IN C.; KAGUYAK, INC.; NATIVES OF AKHIOK, IN C.; KONIAG, INC.; REGIONAL NATIVE CORPORATION; AS THEIR RESPECTIVE INTERESTS MAY APPEAR, AS TO PARCEL I; AND UNITED STATES OF AMERICA, AS TO PARCEL II"

Property History

The subject properties consist of both "conveyed" lands and "selected remaining entitlement" pursuant to the Alaska Native Claims Settlement Act (ANCSA). For the purposes of our analysis, the "...the selected areas are to be included and considered as part of the total acreage of the adjacent conveyed tracts...". Selected lands are to be considered as having marketable title.

We are not aware of any sales of the subject properties during the past three years nor efforts to market the property. The subject properties have been identified for possible acquisition by the Exxon Valdez Oil Spill Trustee Council.

AREA AND LOCAL DATA

Alaska

State spending of the oil revenues has been the driving force behind economic growth in Alaska. It has been said that oil revenues fund 80% to 85% of the state's annual operating budget. Between 1980 and 1986, the state distributed \$26 billion for operations, capital projects, and permanent fund appropriations.

A subsequent dramatic decline in oil prices brought about a severe economic recession that impacted nearly every community in Alaska. The recession was characterized by substantial losses of population and construction activity virtually came to a halt. Personal and business bankruptcies were commonplace and several banks failed. Real estate markets for nearly every type of property were depressed.

The overall economy is generally considered to have stabilized by 1990 but remains dependent on the petroleum industry and vulnerable to unexpected changes in wellhead prices and the projected decline in Prudhoe Bay production.

General Neighborhood - Kodiak Island Borough

The general neighborhood is entirely contained within the boundaries of the Kodiak Island Borough. The City of Kodiak is located approximately 250 miles southwest of Anchorage - Alaska's largest city and the hub of the state's economic activity. Anchorage is the business, government, transportation, education and cultural core of Alaska.

The Kodiak Island Borough includes several islands in an archipelago that parallels the southeast coast of the Alaska Peninsula - separated from the Katmai National Park and Preserve by the Shelikof Strait. The northeast end of the archipelago is referenced by the Barren Islands and the southwest end by the Trinity Islands. Kodiak Island is the largest island and its largest city (Kodiak) is the seat of the Borough government.

The Borough boundaries encompass approximately 17,800 miles and the population as of July 1, 1993 was estimated at 15,245.¹⁸ The city of Kodiak is home to nearly one-half of the Borough's population. The populations of communities recognized as second class cities are reported in the following table. All are located on Kodiak Island.

Akhiok	78
Larsen Bay	144
Old Harbor	307
Ouzinkie	210
Port Lions	259

The area is further profiled by the State of Alaska Department of Community & Regional Affairs as follows:

"The Island culture is grounded in commercial and subsistence fishing activities and is primarily non-Native. 16% of the population are Natives. A Russian Orthodox Church seminary is based in Kodiak, one of the two existing seminaries of this kind in the U. S. The Coast Guard comprises a significant portion of the Borough."

"The Coast Guard, local, state, and other federal agencies provide employment opportunities. Fishing, fish processing and support services are the key employers; Kodiak is (the) second highest port in the nation for seafood volume. Subsistence activities are prevalent."

"Kodiak is accessible by air and sea. A paved state-run airport, gravel municipal airport, and float plane facility at Lily Lake serve air traffic. The Alaska Marine Highway System operates a ferry service from Seward and Homer. Two boat harbors serve commercial and transient vessels. Approximately 140 miles of state roads connect island communities on the east side of the island."

"January temperatures range from 14 to 46; July temperatures vary from 39 to 76. Average annual precipitation is 54.5 inches."

Most of the region is remote and undeveloped. The topography is diverse ranging from coastal wetlands to mountainous terrain. Much of uplands in the northern end of the archipelago are heavily forested with merchantable timber. Uplands in the southern end consist of grasslands and Alpine tundra punctuated by alder thickets.

18. "1994 Community/Borough Map", State of Alaska Department of Community and Regional Affairs.

Major land owners include the Federal and State governments and native corporations including Koniag Inc., the regional corporation. The Kodiak National Wildlife Refuge encompasses 1,865,000 acres¹⁹ - approximately two-thirds of Kodiak Island's 3,620 square-miles.²⁰ Except for land in and nearby established communities, the availability of private lands had been limited to a handful of patented parcels. More recently, an increasing supply in the face of limited demand suggests that no upward pressure on values should be anticipated for an extended term.

Historically, the area has been primarily used for subsistence related activities and commercial fishing. "Fishing drives the economy: The salmon harvest brings fishermen more than 40 million dollars a year, the deepwater trawlers' catch of pollock and cod nearly an equal amount in recent years."²¹ "The City of Kodiak is home to the nation's second largest commercial fishing port, as measured by quantity of fish caught."²²

Both private and commercial recreational use has been on the upswing. The area offers spectacular scenery and represents prime habitat for many species of land and sea mammals, birds, and both fresh and saltwater fishes. The islands boast world class salmon fishing, a large deer population, and world record class brown bear. In addition to being a frequent destination of sportfishermen and hunters, the archipelago has become increasingly popular with ocean-kayakers, hikers, and photographers. "Its a land of stark and spellbinding contrasts, ranging from coastal wetlands and meadows to glacial valleys, alpine lakes, and ice-sculpted 4,000-foot mountains. Fingers of the sea reach in, so that nowhere on Kodiak can you stand and be more than 15 miles from salt water".²³

19. Department of Interior, U. S. Fish and Wildlife Service

20. John L. Eliot, "KODIAK: Alaska's Island Refuge", *National Geographic* Vol. 184, No. 5 (Nov. 1993) 38.

21. Ibid. 46

22. Ibid. 45

23. Ibid. 38

Immediate Neighborhood

The subject properties are located in the southwestern region of the Kodiak archipelago in the general locale of Alitak Bay. The Village of Akhiok is situated on the west side of Alitak Bay. Akhiok was incorporated as a Second Class City in 1974. The population as of July 1993 is estimated at 78.²⁴ This portion of the island is truly remote (approximately 50 miles from the end of Kodiak's limited road system), accessible only by light plane or marine transport.

The area is characterized as a rugged coastal environment with a jagged shoreline punctuated by numerous bays, coves, and lagoons. Other significant geographic references include Moser Bay, Deadman Bay, Sulua Bay, Portage Bay, Kaiugnak Bay, Kiavak Bay, Kaguyak Bay, and Russian Harbor. Several locations offer protected moorages and gravel/sand beaches, however, much of the shoreline is rocky and/or exposed to open ocean. Elevations range from coastal lowlands to approximately 2,500 feet. The diverse terrain ranges from wetlands to rocky mountains. Vegetation consists primarily of alternating tundra, grasses and alder thicket. There are no stands of merchantable timber in the area. Select areas are sparsely wooded with cottonwoods.

Nearly all of the land in the area is owned by either the Federal Government (Kodiak National Wildlife Refuge) or Akhiok-Kaguyak Incorporated. Corporate lands lie within the boundaries of the Refuge. Privately-owned lands include a handful of native allotments, some of which have been sold to non-native owners. The only other source of privately-owned land is a few old U. S. Surveys utilized decades ago for commercial canneries, mining claims, etc.

Freshwater lakes and streams provide rearing habitat for anadromous species and the area is famous for world-class brown bears. A healthy population of transplanted Sitka Black-Tail deer support both subsistence and recreational hunting. Fur animals include river otters and fox. Marine mammals include seals, seal lions, sea otters, porpoises and whales. Other saltwater species include shrimp, crab, herring, cod, halibut, and rockfish. Bald eagles and several species of seabirds inhabit the area.

²⁴. State of Alaska Department of Community and Regional Affairs, "Community Borough Map" (1994).

As a destination, the area is generally perceived as "exotic" in terms of its remoteness and the relative quality/quantity of fish and wildlife resources. Increasing awareness of the area's recreational opportunities will likely result in increasing commercial opportunities. However, the remote characteristic and often-harsh weather conditions, contribute to costly and potentially unreliable transportation. Too many, these are limiting factors that tend to dilute the practicality of this destination.

Other potential limiting factors may stem from a section of the Alaska Native Claims Settlement Act (ANCSA) that affects the subject properties [§ 22 (g)]. Section 22 (g) states that "... the patent shall reserve to the United States the right of first refusal if the land is ever sold by the Village Corporation..." and that "... the lands remain subject to the laws and regulations governing use and development of such Refuge." Increasing public use of the Refuge has been documented and this trend is expected to continue. The direction of Refuge management is toward limiting access and development. The measurable impact on value, if any, of § 22 (g) provisions is an objective of this report.

PROPERTY DATA

All of the subject properties are in the southern region of the Kodiak Island Archipelago. The area is generally described in the previous discussion of the immediate neighborhood characteristics. The subject parcels and geographic references of their locales are inventoried in the following table. We have relied on the area estimates provided with the assignment instructions (see Addenda).

EVOS Parcel #	Southwest Kodiak Island area reference	Conveyed Acreage	Selected Acreage	*Total
AKI01	west end Kaiugnak Bay	4,460	770	5,230
AKI02	surrounding Kiavak Bay	4,012	0	4,012
AKI03	Kaguyak & Jap Bays	12,620	0	12,620
AKI04A	Alitak & Portage Bays	17,521	4,029	21,550
AKI04B	east side Alitak Bay	16,346	1,355	17,701
AKI05	Sulua & Portage Bays	8,255	0	8,255
AKI06A	north and south Olga Bay	5,808	3,234	9,042
AKI06B	north Horse Marine Bay	5,075	0	5,075
AKI06C	Horse Marine Lagoon/Lake	5,674	107	5,781
AKI07A	west side Moser Bay	5,477	0	5,477
AKI07B	east side Moser Bay	9,479	0	9,479
AKI07 (A & B) **	both sides of Moser Bay	14,956	0	14,956
AKI08	southwest Olga Bay	15,663	0	15,663

**The selected areas are to be included and considered as part of the total acreage of the adjacent conveyed tracts.*

***AKI07 is to be valued both as a single parcel and as two separate parcels (A & B).*

Note: The area estimates are assumed to reflect BLM determination standards - ownership extends to the mean high-water line and is net of navigable rivers/streams over "3 chains" in width and submerged lands in excess of 50 acres.

Given the size of the subject parcels, variations in physical features and characteristics can be expected. A general description of features and characteristics common to all of the parcels are summarized in the following paragraphs. Individual descriptions identifying unique features and characteristics are presented in the analysis section.

Access

There is no road access to/from the area. Access is by floatplane or marine transport. The marine route from the city of Kodiak is exposed to unprotected stretches of open ocean.

Utilities

There are no public utilities in the area.

Topography, Soils, and Vegetation

Diverse topography includes coastal lowlands, semi-wet tundra, moderately sloping uplands, and steep mountainous terrain. Soils generally consist of a thin layer of organics over a base of bedrock. There are no merchantible stands of timber on the subject properties. Vegetation consists of low brush, grasses and alder thickets.

Wildlife Resources

The subject properties and the surrounding lands and waters provide habitat to significant species of wildlife (see: "*Habitat Protection Parcel Analysis*" in the Addenda).

Natural Resources

There are no identifiable stands of merchantible timber on the subject properties.

The Kodiak National Wildlife Refuge was established prior to ANCSA. "The subsurface belongs to the United States, is closed to the operation of the Mining Law by the statutory withdrawal for the refuge, and is closed to oil and gas leasing by Secretarial Regulation."²⁵

Environmental Issues

Drifting slicks, resulting from the March 24, 1989 event known as the Exxon Valdez Oil Spill (EVOS), contacted some of Kodiak Island's shoreline. According to maps obtained from the State of Alaska Department of Natural Resources, the shorelines of the subject parcels were not contacted. The impact of the spill on

²⁵. Memo provided by U. S. Fish and Wildlife Service

non-oiled areas, more than five years after the spill, is the subject of on-going debates. The appraisers are not qualified to evaluate the arguments and arrive at a conclusion. No evidence of other environmental issues were noted during our aerial inspections. As instructed, the subject properties are appraised as if "contaminant-free".

Zoning

The subject parcels are zoned "C-Conservation District". The "...District is established for the purpose of maintaining open space areas while providing for single-family residential, and limited commercial land uses." Regulations permit most of the probable uses of the subject. In addition several possible uses "... may be allowed by obtaining a conditional use permit...". A listing of Permitted Uses and Restrictions is presented in the Addenda. The "C-Conservation District" classification is not considered to adversely impact the utilization of the subject parcel, nor select areas/sites within its boundaries, to its/their Highest and Best Use(s).

Covenants, Reservations, Restrictions

The parcels are contained within the boundaries of the Kodiak National Wildlife Refuge. As conveyed/selected lands pursuant to the Alaska Native Claims Settlement Act (ANCSA), the parcels are subject to the covenants, reservations, and restrictions of Section 22 (g). Section 22 (g) states that the lands "...remain subject to the laws and regulations governing use and development of such Refuge". Section 22 (g) also reserves for the United States "...the right of first refusal if the said portion of land in such Refuge, or any part thereof, is ever sold by the above named village corporation". The potential impact of § 22 (g) will be evaluated in a subsequent section of the report.

"Subsistence Reservation"

The owner of the property "wishes to reserve a subsistence easement on all the tracts"²⁶ The easement provides for "the right to enter upon and travel across the above-granted lands for the purposes of engaging in customary and traditional uses of wild, renewable resources for direct personal or family

²⁶. U. S. Fish and Wildlife Service Task Order (appraisal assignment)

consumption...". The potential impact of this easement will be evaluated in a subsequent section of the report.

Coastal Management Plan

In 1984, the State of Alaska approved the Kodiak Island Borough's coastal management program (plan). According to Linda Freed, the Borough's Planning Director, the "plan" is somewhat vague and currently in the process of a rewrite. The function of the plan is regulatory and the revision will be more specific with regard to performance standards and guidelines. However, the plan's purpose is "guidance" that is more likely to place conditions on a proposed project rather than result in denial.

The revised plan may or may not provide additional regulatory constraints for specific development projects - particularly those that require more than a local land use permit. Uses requiring the filling-in of wetlands, large-scale sanitary land fills, logging transfer stations, are examples of projects that would typically require a higher level of review. However, most probable uses of the subjects would require only a local land use permit. And, guidelines for several conditional uses are outlined in the zoning ordinance. Furthermore, per Ms. Freed, applications to rezone remote sites from C-Conservation District to RD-Rural Development Districts, have not been found to be inconsistent with the Coastal Management Plan. To date, these rezoning applications have not been denied.

In summary, the Coastal Management Plan is not considered to adversely impact the utilization of the subject properties, nor select sites within their boundaries, to their Highest and Best Uses.

Real Estate Taxes

The subject parcels lie within the boundaries of the Kodiak Island Borough. Ordinarily, the parcels would be subject to annual real estate taxes and state law requires that properties be assessed at 100% of market value. The 1994 mill rate applicable to the subject is 6.75. However, as per the 1971 Alaska Native Claims Settlement Act (ANCSA), Native Corporation lands received from the Federal Government are not subject to federal, state, or borough taxation unless developed.

Suitability of the Subjects

The subject parcels are large tracts consisting of varied terrain, features and characteristics. Physically possible uses that may be accommodated by various select areas include, rural residential/community, private recreation, commercial-recreation, public-recreation, marine commercial/industrial, and natural resource harvesting/extraction .

The subject parcels are rated in a "Working Document" prepared by the Exxon Valdez Oil Spill Restoration Team Habitat Protection Work Group (November 30, 1993) *Comprehensive Habitat Protection Process: Large Parcel Evaluation & Ranking (Volumes 1. & 2.)*. The "document" evaluates parcels identified within the oil spill area in terms of "CRITERIA FOR RATING BENEFIT OF PARCEL TO INJURED RESOURCES/SERVICES". Ratings of "high", "moderate", or "low" are assigned to the following injured resource/service:

Pink Salmon	Bald Eagle	Harlequin Duck	Recreation/Tourism
Sockeye Salmon	Black Oystercatcher	Inter/subtidal Biota	Wilderness
Cutthroat Trout	Common Murre	Harbor Seal	Cultural Resources
Dolly Varden	Marbled Murrelet	River Otter	Subsistence
Pacific Herring	Pigeon Guillemot	Sea Otter	

The resource and service ratings were weighed with other evaluation criteria to derive a "score" (see: "*Habitat Protection Parcel Analysis*" in the Addenda). Observed breaks in the distribution of scores translated into three "ranks" - "high"; "moderate"; "low". "This ranking represents the degree to which protection of a parcel will benefit the recovery of linked resources and services that occur on that parcel."

It should be noted that these rankings reflect only the relationships of the identified parcels to each other - based on a specific evaluation process in which non-economic "criteria" is given most weight. The rankings are not meaningful to other parcels outside the oil spill area, some of which may deserve even higher rankings in relation to the parcels identified. Furthermore, the rankings should not be construed as a reflection of the overall market position of the identified parcels in relation to each other. Only one of the 19 "resources and services" relates to an economic use - recreation/tourism.

It should be noted that the recreation/tourism ratings of the subjects are not consistent with the overall rankings (see following table).

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI01	Moderate	Low
AKI02	Low	Low
AKI03	Low	Low
AKI04	High	Low
AKI05	Moderate	Low
AKI06	High	High
AKI07	Low	Low
AKI08	High	Moderate

Based on our inspection and investigation, the recreation/tourism ratings are consistent with our own perceptions of the relative quality of these locales (in relation to each other). Understandably, acreage within an area rated as "high" (recreation/tourism) would have a market advantage and therefore command a premium over acreage situated within areas rated as "moderate" or "low".

Again, the subjects are large tracts consisting of varied terrain, features and characteristics. Although a single Highest and Best Use for an entire parcel may be a supportable conclusion, it is likely that more than one use can be accommodated within a parcel's boundaries. Typically, select areas/sites within the boundaries of a large tract, will be suitable for higher and better uses than that for the whole. In order to recognize the positive contribution of higher-value acreage to the value of the whole, an allocation of the subject parcel(s) into meaningful components is necessary. For the purposes of our analysis, we have allocated the acreage of each parcel into components descriptive of the physical features and characteristics that determine suitability and ultimately influence market value (see Valuation Premise). The components are identified as follows:

- Strategic Waterfront Sites
- Non-Strategic Waterfront Acreage Featuring Favorable Topography
- Non-Strategic Waterfront Acreage w/Unfavorable Topography
and Contiguous Backlands

PART III - ANALYSES AND CONCLUSIONS

DATA/TREND ANALYSIS - (MARKET OVERVIEW)

The purpose of the Market Overview is to identify the market(s) within which the subject would be traded and determine its/their adequacy. An "adequate" market for purposes of estimating market value is one characterized by numerous sellers exposing alternative choices to the market and numerous buyers driving values. The findings of the Market Overview become the basis for the Highest and Best Use Analysis, the cornerstone of the economic concept of market value.

The ownership of Alaska lands has changed dramatically in recent years. Historically, Alaska has had the smallest percentage of privately owned land of any state. Land trickled into private ownership in the form of mining claims (brought to patent), federal homestead programs and early Native allotments. In addition, some random squatters, lessees, and permit holders were given the opportunity to acquire fee title. After statehood (1959), several land disposal programs accounted for the transfer of additional acreage from state to private ownership. The largest transition from public to private ownership was effected by the 1971 Alaska Native Claims Settlement Act (ANCSA). The Act established regional and village corporations as the basis for land selections totaling approximately 44 million acres.

Recently, the flow of land from public to private ownership from two major sources has stopped. The federal homestead act was repealed in 1976. Other federal land disposal programs were terminated by 1986 and are not expected to be resumed. State land disposal programs were interrupted in 1991 by a moratorium resulting from on-going litigation in the complex matter of the Mental Health Trust. Nevertheless, as a result of these programs, settlements, etc., the amount of remote and rural land in private ownership has increased dramatically so that the supply of land in most areas exceeds demand. Routine turnover of existing patented parcels sufficiently re-supplies the inventory so that there are usually numerous alternatives available at any given time for the majority of prospective purchasers. This contention is supported by the market exposure periods reported for confirmed sales and a survey of available listings and their reported market exposure periods to date.

The supply of competing inventory can be expected to further increase in the foreseeable future. According to Mr. Dick Larson, an appraiser with the Bureau of Indian Affairs, native allotment selections yet to be patented potentially amount to several thousand acres in various Alaskan locales. Also, while many Native corporations have preferred to retain ownership of their land assets, they are potential sources of a large inventories of privately-owned land. Not all are on equal financial footing and some may realize the need to generate cash through land sales. Others may choose to distribute some of their land to shareholders. For example, in 1984, the Ninilchik Native Association conveyed approximately 8,000 acres in the form of 15 to 40 acre (approximately) parcels to 206 individual members. The lands are located approximately 13 miles east of Ninilchik in the uplands at the base of the Kenai Mountains. Oilwell Road accesses the general area. Kenai Peninsula Borough records indicate there have been a handful of resales in recent years.

The land trust established for the University of Alaska in 1915 and 1929, was formerly managed by the State. The Trust is now managed by the University of Alaska State Office of Land Management with the intent of maximizing the economic benefits of its assets in order to contribute to the cost of the university system. According to administrator Mr. Martin Epstein, the Trust holds fee simple title to 136,659 acres in random locations across the state. The trust also owns the surface rights on an additional 17,655 acres. In the region generally described as the Gulf of Alaska, the Trust owns the timber rights on 37,777 acres. Legislation is currently pending that would allow the Trust to select an additional 500,000 acres. Timberlands are reportedly preferred.

The issue of land claims by the Mental Health Lands Trust is expected to be resolved in the foreseeable future. The settlement will result in additional competing inventory in excess of one million acres. The State is expected to reinstate their land disposal programs once the issue of the Mental Health Lands Trust is resolved. Although not marketed, lands conveyed to borough and municipal governments represent yet another source. Borough governments have had several land auctions in recent years.

As a footnote, it is interesting to note that while the supply of land in private ownership increased, the amount of land designated for public use, preservation,

and conservation has also increased. "Alaska has 55 million acres of national parks. That is 70 percent of the entire national park system. We have 75 million acres of national wildlife refuges. That is 85 percent of the national wildlife refuge system. We have 58 million acres of wilderness lands in Alaska. That is 91 percent of all the wilderness in parks and 97 percent of all the wilderness in refuges."²⁷

In summary, based on this general overview, it is not unreasonable to conclude, that:

- the perception of Alaska as having an inadequate supply of land in private ownership is outdated;
- Alaska has a disproportionate amount of land in protected/preserved status.

The remainder of the Market Overview is devoted to identifying, defining, and qualifying appropriate markets.

Kodiak Island Archipelago is a limited access region of south-central Alaska. The Archipelago is prime habitat for many species of land and sea mammals, birds, and both fresh and saltwater fishes. Historically, the area has been primarily used for subsistence related activities. Other uses include both private and commercial recreation, and commercial-industrial uses such as fishing, cannery operation, livestock ranching, and timber harvesting. Given the diversification of these activities and the variety of topographical/physical features and characteristics typical of large scale tracts, it is likely that the different Highest and Best Uses will be appropriate for select areas within the boundaries of the subject tract(s). However, a single Highest and Best Use for the entire acreage may be a supportable conclusion.

For the purposes of our analysis, the overview of Alaskan markets for remote land is divided into two discussions. In the first, the market(s) for small parcels is analyzed. The second evaluates the market for large parcels.

²⁷. Senator Ted Stevens R-Alaska, speaking on the floor of the Senate on June 30, 1993 preceding the vote confirming George Frampton as assistant secretary of Interior for Fish, Wildlife and Parks. Excerpts from Stevens remarks were printed in an *Anchorage Daily News* article entitled "Frank words for newest Interior official" (7/6/93) B5.

An "adequate" market for purposes of estimating market value is one characterized by numerous sellers exposing alternative choices to the market and numerous buyers driving values. "The premise that the parties have a choice of alternative sites underlies the principle of substitution - a cornerstone of appraisal methods."²⁸ As part of the process of qualifying the adequacy of these markets, we will survey the market exposure periods of reported sales and listings (to date) where data is available. The market exposure period is defined as: "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."²⁹

The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. A marketing period of one year is not an unreasonable expectation for properties that are professionally marketed (reasonably consistent efforts) and priced to reflect current market conditions.

The marketing period that may be necessary to sell a property is an important consideration. For example, if a marketing period of more than one year is reasonably probable and no upward pressure on values is anticipated due to a large inventory of competing properties, the value conclusion would represent a future value that would have to be discounted to reflect a present value. Obviously, the reliability of the value estimates decreases with longer projections of marketing periods.

A characteristic of a free and open market (competing buyers and sellers), is that optimistic asking prices eventually must adjust to the market if a sale is to occur within a reasonable marketing period. It is interesting to note that the most common listing changes reported in the weekly bulletins of the Anchorage Multiple Listing Service are price reductions.

²⁸. Micheal Robbins, PhD, "The Valuation of Large Scale Natural Landscapes Using Contemporary Appraisal Theory," *The Appraisal Journal* (April 1987) 225-244.

²⁹. Appraisal Standards Board Statement 6 and Advisory Opinion G-7.

THE MARKET FOR SMALL PARCELS (≤640 acres - 1 section)

The market for small parcels includes several submarkets referenced by common land uses. Submarkets are identified and analyzed in the following subsections.

Private Recreation

General

The market is most active for sites featuring water frontage. The most common denominations of acreage range from one to ten acres. Per acre prices generally range from a few hundred to several thousand dollars. Subdividing is usually not a near-term disposition of small recreation sites and the sales are perhaps best evaluated by some other unit of comparison such as the price per site or the price-per-front foot (water frontage).

Not all properties are sold through real estate brokers and not all brokers in south-central Alaska belong to shared-listing services. However, the Anchorage Multiple Listing Service (MLS) is considered to provide a representative sample of the market exposure periods that precede the sale of remote waterfront properties. Anchorage residents represent one of the largest pools of prospective purchasers for remote recreational properties. The market exposure periods preceding several recent sales are indicated in the following table.

Waterfront	Acres	List \$	Sales \$	%	\$/Acre	Date	Mkt Exp.
Chandalar Lake	5.02	\$49,500	\$45,000	91%	\$8,964	4/10/91	148 days
Holitna River	40	\$50,000	\$50,000	100%	\$1,250	8/5/93	12 days
Holitna River	60	\$80,000	\$57,938	72%	\$966	9/7/93	131 days
Shungnak River	40	\$80,000	\$50,000	63%	\$1,250	4/21/93	525 days
Lake Iliamna	1	\$35,000	\$24,000	69%	\$24,000	8/26/91	71 days
Lake Iliamna	80	\$75,000	\$70,000	93%	\$875	7/23/91	241 days
Lake Iliamna	12.22	\$200,000	\$192,000	96%	\$15,712	7/24/91	8 days
Ugashik Lake,	40	\$220,000	\$60,000	27%	\$1,500	9/19/91	354 days
Naknek River	5	\$150,000	\$105,000	70%	\$21,000	2/6/92	647 days
Uyak Bay, Kodiak	8	\$45,000	\$41,000	91%	\$5,125	7/9/91	121 days

The average indicated market period for these 10 sales is 226 days. However, it should be noted that the data reflects sales over a period of nearly three years. Based on this observation and the current inventory of properties in the same locales (approximately 40), there is an excess supply of available inventory.

This contention is supported by the high ratio of listings that did not sell during this same time period. MLS Statistics compiled for the remote district 106 for 1991, 1992 and 1993 are summarized in the following table (includes both waterfront and non-waterfront properties).

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
Total Listings	203	100%	100	100%	87	100%
Sold	9	4%	3	3%	5	6%
Pending at Year's End	0	0%	2	2%	2	2%
Not Sold or Pending	194	96%	95	95%	80	92%
% of Listed Price	76%		71%		90%	

The data suggests that demand for remote recreational properties appears to be extremely limited and lengthy market times should be expected. Upward pressure on land values is unlikely in the foreseeable future. For the ten sales summarized, the selling prices averaged only 77% of the listed prices.

Specific "micro-markets" indicate that previously sold waterfront recreation sites routinely re-supply the inventory to the extent that supply continues to exceed demand. In late 1993, seven waterfront sites were available in the Keyes Point development on Lake Clark. Lake Clark is located on the west side of the Alaska Range and accessed only by airplane. Keyes Point was the most elaborate remote recreational subdivision ever undertaken in Alaska. The project is surrounded by the Lake Clark National Park and Preserve and features a good quality gravel airstrip and gravel roads. Approximately 260 2-to-2.5 acre lots were created in the mid 80's and initial sales activity was brisk. Approximately 72% of the lots were reportedly sold in less than four years. No re-sales of Keyes Point lots have been reported in the Anchorage MLS in 1991, 1992, or 1993. Individual listings of the seven lots all had expired by the end of March (1994) after market exposure periods ranging from approximately 200 to 1,300 days.

In Prince William Sound, a similar phenomenon is evidenced. A mining claim on Latouche Island in Prince William Sound was perceived by a developer as a rare subdivision opportunity. Privately owned land in the region was almost non-existent and the perception of scarcity piqued initial demand. When the Latouche Island lots were first offered in the late 1970s, sales were brisk. According to Laurie Shafer, one of the developers of Addition #1, approximately 100 of 187 lots were sold in the first 72 hours of an offering in April of 1979. At the time the Latouche Island project was undertaken, it represented the only source of private recreation lots in the Sound. However, purchases were speculative for the most part. Ms. Shafer reported that although some purchasers were generally familiar with the area, nearly every lot was selected from a plat and purchased site unseen. Only two year-round residences and four cabins are reported to have been constructed since the first phase of the project in 1976 - eighteen years ago. In a 1980 offering, sales were not nearly so rapid and substantial inventories remain. Forty-four remaining lots belonging to Ms. Shafer (mostly non-waterfront) have been marketed by Marston Real Estate (Anchorage/Wasilla) for over two years without a sale. During this time, previously sold lots have been offered by various other brokers, none of which reported any sales activity.

General characteristics of the private recreational site sub-market are summarized as follows:

- The most significant characteristic of remote recreational properties is "water frontage". Market prospects for lots removed from the waterfront are poor. The reasonableness of this observation is supported by historic/traditional land uses of Alaskan Natives. With rare exception, natives have selected their individual entitlements (allotments) on the ocean, a lake, or a river/stream.
- Market prospects become progressively more limited as distance from major population centers increases - particularly when formidable geographic obstacles and adverse weather conditions combine to complicate access by air and water.

- Typically, the best lots are the first to sell and when offered for resale, they tend to compete with the unsold inventory. The current supply/inventory of remote recreational sites throughout Alaska, generally exceeds demand to the point that little, if any, appreciation in values is anticipated. Such market conditions tend to negatively impact values of bulk acreage and deter developers.
- For many remote recreation subdivisions, little to no down payment installment sales are necessary to attract buyers and high default/foreclosure rates are the norm.

Kodiak

The subject property is located in the Kodiak Island Archipelago southwest of Anchorage. The Archipelago is a limited access coastal environment. Access to the City of Kodiak is by air or marine transport. Roads extend only a short distance from the city so that the majority of the Archipelago is remote.

The overwhelming majority of the Archipelago's acreage is owned by government entities and native corporations. Government land owners include the United States, the State of Alaska, and the Kodiak Island Borough. Corporate owners include the Koniag (Native) Regional Corporation and several village corporations including Akhiok-Kaguyak, and Old Harbor. For the most part, these corporations have retained ownership.

A limited supply of privately owned land has been available in the form of patented mining claims, cannery sites, homesteads, and Native Allotments. However, according to Mr. Pat Carlson, KIB Assessor, subdividing activity has been minimal in recent years. Only three remote parcels have been subdivided since 1987 - creating less than 25 lots generally ranging in size from 5 to 10 acres in size. The "Reed" homestead near the Village Islands on Uganik Bay was subdivided in two phases in 1987 and 1988. Twelve 10-acre parcels and one 40-acre parcel were created. A 20-acre "sailor" allotment at Port O'Brien on the Northeast Arm of Uganik Bay was subdivided into four 5-acre lots (approximately) in 1988. The KIB subdivided a parcel on Onion Bay in 1990. Five 5-acre lots (reported average) were sold in a sealed bid process to 4

individual purchasers. Per Mr. Carlson, three of the five lots were purchased by commercial "set-netters" and two were purchased for recreational use.

The apparent lack of activity may be partially attributed to a lack of available tracts in suitable locations. However, numerous Native Allotments (typically 160 acres +/-) have been in private ownership in random locations throughout the Archipelago - many in locations well suited for subdividing. Sales logged by the KIB Assessor suggest that demand for remote recreational sites is soft. Annual absorption of small parcels ranging in size from 5 to 20 acres is summarized as follows:

Year	# of Sales
1987	2
1988	13
1989	5
1990	4
1991	5
1992	7
1993	5
average annual absorption over the past seven years (small parcels ranging in size from approximately 5 to 20 acres)	6 (rd)
average annual absorption over the past five years (small parcels ranging in size from approximately 5 to 20 acres)	5 (rd)

We spoke with the area's two largest brokerage firms - Chelsea Realty & Development, Inc. and Associated Island Brokers Inc. As of May 1994, over 35 small parcels, ranging in size from approximately 5 to 20 acres, were offered for sale by two brokerages. Agents from both companies confirmed that the market for remote private recreational sites in the archipelago is characterized by limited demand and a more-than-adequate supply. In the mid-80s, the Larsen Bay Tribal Council distributed a large number of small parcels (10 acres +/-) in the general vicinity of Uyak Bay to individual shareholders. At any given time several are available and the general trend in recent years has been toward declining values. It should be noted that many of these parcels are unsurveyed and there is a question as to the clarity of their titles.

Both brokerages concurred that the Highest and Best Use for most remote sites is "recreation" but logistics are a limiting factor. As a result, it is somewhat isolated from a large pool of prospective purchasers - approximately 350,000 Southcentral Alaska residents served by the State highway system. For owners of light planes, over-the-water air routes and weather conditions that are often adverse, combine to discourage frequent visits. Remote private recreation sites in the Archipelago are likely to be perceived as "practical" to a relatively small pool of prospective buyers comprised mainly of island residents.

In conclusion, the market for small parcel recreational sites (5 to 20 acres) in the Archipelago is perceived to be limited but adequate for purposes of estimating market value. As parcel size increases, market activity decreases to the extent that the amount of data is insufficient and an expanded data search is necessary.

Commercial Recreation Sites

Commercial recreation uses include lodges, campgrounds and camper parks. There are no roads in the area surrounding the subject and as such no commercial opportunities that rely on vehicle access. In remote areas, lodge operations are the most probable commercial recreation use.

Lodge operations require a substantial investment in start-up costs and F F & E in addition to the site and improvements. Business failures are common and several lodges are usually for sale at any given time. However, the tourism industry in Alaska has experienced growth in recent years and the potential for further growth and increased opportunities is generally perceived as "good". In spite of the high failure rate of remote lodges, a few sites have recently been acquired for commercial recreation development.

Some lodge operations can be accommodated on sites containing five to ten acres. Larger parcels acquired for lodge operations range from 80 to 160 acres. The data suggests that an entrepreneur would likely budget for an adequate site on a cost per site basis rather than a cost per acre. Upper-end values generally range from \$100,000 to \$200,000.

On one hand, the supply of suitable lodge sites throughout Alaska may be perceived as more than adequate. Obviously, sites made strategic by

location/access and the abundance of wildlife resources were the most likely to be previously claimed, settled, or otherwise utilized and already in private ownership. Arguably, most of the best commercially viable sites have long been taken/occupied. On the other hand, trends in the visitor/recreation industry signal an emerging marketplace for non-consumptive formats such as sightseeing/photography, hiking, kayaking, etc., - and possible gambling operations.

However, based on a review of recent sales data and input from knowledgeable real estate professionals, demand for strategic commercial recreation sites appears to be limited and only those sites that are truly unique are likely to attract an entrepreneur within a reasonable marketing period. As with the Kodiak Archipelago market for small parcel recreational sites (5 to 20 acres), the local market for small sites suitable for commercial recreation is considered to be adequate for purposes of estimating market value. Again, as parcel size increases, market activity decreases to the extent that the amount of data is insufficient and an expanded data search is necessary.

Public Recreation Sites

Sites that are well-suited for a commercial operation or a recreational subdivision are often also well-suited for public recreation (i.e. campgrounds, waysides, boatlandings, etc.) use. Numerous waysides, campgrounds, RV parks and boat launching facilities, are located throughout Alaska.

The Federal government normally develops and maintains public recreation facilities on land it already owns - usually with a National Park, Refuge or Wilderness. Although the State of Alaska owns millions of acres, it is the most likely purchaser of strategic public recreation sites. We spoke with Mr. Wyn Menefee with the State Division of Parks regarding the process by which potential acquisitions are identified and funded. Per Mr. Menefee, a strategic parcel may be targeted by extreme public pressure. Also, land management plans may authorize acquisitions such as inholdings within State parks. During the oil boom years when the State coffers were flush with cash, acquisitions were routine. However, in recent years funding has not been available. Per Mr. Menefee, budgets are simply too tight to even prioritize a wish list. Mr. Dave Stevens, Chief of Policy and Planning for the Division of Parks, indicated that

returning strategic private lands to public ownership is no longer a priority due largely to the lack of funding but also due to the vast amounts of acreage in Alaska that are already reserved or under some form of protection.

An occasional funding source for a super-strategic site is the exception. For example, the State Department of Fish and Game, operating independently of the Division of Parks, acquired the site of the old Sportsman's Lodge on the Kenai River at its confluence with the Russian River. The site was purchased to create parking and a public boat launch facility. Nearly all of the funds were provided by a Federal program and the State's participatory contribution was minor. In summary, demand by public agencies is extremely limited and as a sub-market, it is inadequate for purposes of estimating market value.

Rural Residential

There is a limited market for relatively small parcels that have been created as the result of dividing a section into homestead size parcels of 160 acres and subsequently halving or quartering them. Forty acres is one of the most commonly observed sizes of semi-remote rural properties in the Matanuska-Susitna Valley and on the Kenai Peninsula. Although there have been several recent market transactions in these locales, there is a dramatic oversupply that is expected to continue to deter subdividers for an extended term.

Where lots are truly remote, demand for homesites is not measurable. Numerous remote recreational lots, both waterfront and non-waterfront, are available and would be suitable for rural residents. Ms. Laurie Shafer, a developer of 227 on Latouche Island in Prince William Sound (currently owns 44 unsold lots), reported that only two year-round residences have been constructed on the 227 lots since the mid-70s. One of those is vacant. In summary, the market for remote residential sites is extremely limited and values are most likely to be reflected by an analysis of remote private recreation sites.

Marine-Commercial

Only a handful of on-shore processing operations can be supported by the area's resources. In most locales, an adequate number has been secured for several years. Likewise, the number of small set-net sites is perceived to be adequate because there is a fixed number of permit holders. Pioneering efforts in oyster

farming suggest a mariculture industry is evolving. Although initial indicators are promising, the potential is speculative and the economic feasibility has not yet been determined. However, even if mariculture proves successful, on-shore sites are generally not required and increased demand is not anticipated at this time. In summary, demand for marine-commercial uses is extremely limited.

Summary

There is an active but limited market for small parcels in most Alaskan locales. Supply typically exceeds demand so that no upward pressures on values should be anticipated in the foreseeable future. The majority of the data reflects purchases of waterfront sites for recreation use. For small denominations of 5 to 20 acres, local markets like the Kodiak Archipelago may be adequate for purposes of estimating market value. However, the data indicates that market activity decreases as site/parcel size increases. According to KIB records, only four parcels in the Archipelago exceeding 100 acres in size have been sold in recent years (excluding the Seal Bay/Tonki Cape acquisition by the Trustee Council). One was acquired for a commercial-recreation operation, another was acquired by the U. S. Fish and Wildlife, and the other two were assembled for the establishment of a religious colony/community. For larger denominations, the local market is inadequate and an expanded data search is necessary.

THE MARKET FOR LARGE PARCELS (>640 acres - section)

The overwhelming majority of the State of Alaska is comprised of remote land to which access is limited. For the purposes of our report, wildlands, preservation and conservation lands, and wilderness will be collectively referred to as "natural lands". Generally speaking, the terms imply large scale tracts of acreage and we have focused on these in our discussion. Acquisitions of relatively small parcels for related uses will be considered in our analysis where appropriate.

"Government on all levels and even private individual donors are heavily involved in the purchase (often repurchase) of lands to add to the public domain, reclaiming the wilderness wherever it can be found."³⁰ There have been several such acquisitions in Alaska in recent years. However, because there are not numerous buyers for large tracts of natural lands and typically there are few, if any, alternative choices for the specific properties selected for acquisition, the adequacy of the "market" is suspect. "Adequacy" must be qualified in terms of supply, demand, and the adequacy of the existing data.

The wild and scenic aspects of the subject property and its surroundings are truly spectacular. The appraisers recognize the compelling impulse to prefer that it remain in its natural state. However, such personal perceptions are subjective and unsupported by the Highest and Best Use analysis. Given the facts, the removed prudent observer would likely conclude that there is no need to acquire additional natural lands in Alaska for protection/conservation. There are vast expanses of natural lands in Alaska and by most measures, preservation or some form of protection is assured for a disproportionate amount. "Alaska has 55 million acres of national parks. That is 70 percent of the entire national park system. We have 75 million acres of national wildlife refuges. That is 85 percent of the national wildlife refuge system. We have 58 million acres of wilderness lands in Alaska. That is 91 percent of all the wilderness in parks and 97 percent of all the wilderness in refuges."³¹

³⁰. Kenneth L. Golub, MAI, "Appraising the Wilderness", *The Appraisal Journal* (July 1980) 361-365.

³¹. Senator Ted Stevens R-Alaska, speaking on the floor of the Senate on June 30, 1993 preceding the vote confirming George Frampton as assistant secretary of Interior for Fish, Wildlife and Parks. Excerpts from Stevens remarks were printed in an *Anchorage Daily News* article entitled "Frank words for newest Interior official" (7/6/93) B5.

For much of the rest of Alaska, remoteness, volatile markets for natural resources, and the regulations of various agencies such as U. S. Fish and Wildlife, Alaska Department of Fish and Game, etc., combine to effectively preserve unclassified natural lands. Mining and timber harvesting threaten to alter landscapes and disturb the sensitive environments of only a minute percentage of Alaska's natural lands. The riparian habitat along rivers and streams is protected by legislation that prohibits logging within buffer zones. Discharges by industry are regulated in an effort to maintain water quality. Some operations including select timber companies and the Usibelli coal mine at Healy voluntarily re-seed or otherwise restore the landscape.

The possibility that acquisitions intended to protect/preserve/conserve may represent unnecessary measures that only duplicate the effect of regulations already in effect, was recently illustrated by the debate over the protection of salmon rearing habitat in the Tongass National Forest in southeast Alaska and other areas of the Pacific Northwest.

"Dubbed 'Pacfish,' the plan called for sweeping restrictions on logging around rivers, streams lakes and wetlands. The intent of the plan was to protect these areas from logging while government scientists studied the effects of clearcut logging on salmon and steelhead trout."³² According to the Alaska Governor Wally Hickel and the state's all-Republican congressional delegation, the U. S. Forest Service plan " ... would prohibit, at least temporarily, logging on about half the available lands in the huge forest."..., ³³ Senator Stevens suggested that the plan would effectively turn into wilderness, areas that are currently open for logging. "The state argued that Tongass should be exempt because there was no evidence fish stocks in the forest were in trouble and that existing river-protection plans were adequate."³⁴ Senator Stevens was successful in achieving a compromise that prohibits implementation of the plan at least for a year. During that time the Forest Service can study whether river protection should be strengthened.

³². "Forest Service Gets Final Say", *Anchorage Daily News*, (11/12/93) D1-2.

³³. Ibid.

³⁴. Ibid.

In summary, the supply of natural lands reserved for public use and/or the assurance of habitat preservation is perceived to be more than adequate if not excessive. If legitimate demand for non-specific large tracts were to emerge, holdings of various native corporations, state and local governments, the University of Alaska and Mental Health Land Trusts, would comprise a substantial inventory of competing property.

The contention of excess supply of natural lands in Alaska is supported by an investigation of demand. The likely prospects for large tracts containing tens of thousands of acres include the state and federal governments, private preservation/conservation groups, and private individual donors. However, this already limited pool of purchasers is significantly reduced when the willingness and ability of each buyer is considered.

Private Conservation Groups

There are numerous private conservation groups and organizations that seek to protect and preserve natural environments. The Nature Conservancy and the Trust for Public Lands are two of the more well-known agencies and have been involved in Alaskan acquisitions in years past.

We spoke with the Seattle office of the Trust For Public Lands. The Trust is a 20 year-old non-profit organization that assists government agencies or citizen advocacy groups in locating money for the acquisition of land for outdoor recreation. Market value is the basis for their acquisitions. Mr. Peter Scholes, a director of the Trust's northwest region, indicated the Trust typically pursues "politically popular inholding acquisitions" and has been involved in three projects in Alaska. However, the Trust does not have the capability to hold and manage property over the long term. Rather, the Trust serves as more of a facilitator or broker. Currently, the Trust holds title to the oil and gas rights under 68,000 acres on the Alaska Peninsula. The oil and gas rights were previously owned by Koniag Inc. and are reported to have only a nominal speculative value. Ownership is expected to ultimately flow through to the U. S. Fish and Wildlife Service. Per Mr. Scholes, the Trust is not involved in any projects related to the Exxon Valdez Oil Spill.

The Nature Conservancy is a national non-profit organization that is dedicated to preserving habitat, particularly for endangered and threatened species. The Nature Conservancy has, at times, sought to acquire, hold, and manage habitat as an option to management by a government agency. However, according to Steve Planchon, the Conservancy's local director, with the exception of an occasional donation, there are no targeted acquisitions in Alaska at this time due to the vast amount of wildlife habitat already under some form of protection. In Alaska the Conservancy is active in several projects in which it serves primarily as a consultant providing technical expertise, or as a broker/facilitator. For example, the Conservancy took title and held for an interim period of approximately one year, the Seal Bay acquisition by the State of Alaska that was to be funded by Exxon Valdez Oil Spill settlement funds.

In late 1993, the Conservation Fund attempted to acquire a 575-acre site that straddles the mouth of the Ayakulik River on the west coast of Kodiak Island. To our knowledge, the site represents crucial habitat for only sockeye salmon and feeding brown bears - both closely monitored and regulated. The acquisition of the site is probably not necessary to maintain satisfactory populations. However, the site is unusually strategic in that it assures a degree of control over entry and use of contiguous backlands. Only similar "big-bang-for-the-buck" acquisitions are likely.

That Alaska already has substantial amounts of land in reserved or protected status is a recurring acknowledgment. This recognition undoubtedly prompts these organizations to direct their efforts where they are needed most - in select areas of the continental U. S. For example, although, Ducks Unlimited had previously undertaken projects in Alaska, all their efforts are now focused on areas outside of Alaska where wetland habitat is rapidly disappearing. Alaska has literally millions of acres of waterfowl breeding habitat. Of Alaska's 174 million acres of wetlands, approximately 115 million are owned by the Federal Government, 40 million by the State, and 19 million by Native corporations. Less than 200,000 (approximately 1/10th of one percent) are in private non-native ownership.³⁵ Obviously, the vast majority of these wetlands are not expected to be threatened for an extended term.

³⁵. "Navigable Waters And Wetlands", Spring Seminar sponsored by the Anchorage Sourdough Chapter 49 of the International Right of Way Association, Anch., Ak (4/21/94).

In summary, private conservation groups are not considered to be prospective purchasers of large tracts of Alaska's natural lands. In Alaska, they typically act as brokers or facilitators that serve as a conduit for stepped transfers of title that may be required by unique circumstances.

Individual Buyers/Donors

Individuals may be willing and able to commit personal resources to conservation. However, often the motive is more than good will and the purchase/donation is personally advantageous. For example, a party with the means could secure a large parcel to create a private retreat and subsequently receive favorable tax treatment for the donation of surplus land surrounding a core parcel retained for personal use.

Nevertheless, for whatever motive, "market" value must be the basis of the donation. Most of these transactions have occurred in the continental United States where market value is determined by a variety of economically supportable uses including timber and grazing, or approaching commercial and residential development. Again, Alaska is truly unique. With the exception of commercial stands of timber in select areas, most of Alaska's remote natural lands are not well-suited for uses that commonly represent the basis (Highest and Best Use) for land valuation in other regional markets.

If such donations continue to receive favorable treatment, an increasing pool of prospective buyers/donators may result. However, at this time any increase in demand for Alaska's natural lands from individuals is not evidenced by the data.

State of Alaska

The State of Alaska already owns vast amounts of natural lands but various agencies may be authorized to acquire certain types of properties. However, except for an occasional source of funding, the State does not have the ability to purchase small inholdings within state parks, let alone entire parks themselves.

In response to a bill that would create a 45,000 acre state park on Afognak Island, Sen. Robin Taylor, R-Wrangell added amendments that would remove approximately 60,000 acres from state parklands in the form of 15 small coastal

parks in southeast Alaska and Prince William Sound. "The problem is we can't even afford to empty the garbage cans in the parks we've got,". Earlier this year, the State announced plans to close 18 roadside park units because of a budget crunch.³⁶ By increasing the staff of seasonal volunteers, adopting a user fee system and a partial restoration of proposed budget reductions, these parks will be open for 1994.

Nevertheless, at the State level, economic reality has become a primary factor in the forging of public lands policy. A trend toward higher degrees of self-support through user fees, etc., is gaining momentum - suggesting that there will be increasing pressure to economically justify not only public land acquisitions but potentially the retainer of existing public lands.

In summary, the State is not considered to be a buyer for large tracts of remote natural lands. The Exxon Valdez Oil Spill Trustee Council, as a buyer, is considered in a subsequent discussion.

U. S. Government

At the Federal level, the acquisition of additional public lands in Alaska is probably not practical given the extent of the existing inventory and the shallow depth of the public's pocket. The U. S. Fish and Wildlife Service has been "Faced with continued expansion of the sprawling system of wildlife refuges it manages and an operating budget that has not kept pace...". Potentially, "... many long-standing public activities on wildlife refuges, such as boating, off-road vehicle use and rock climbing, may be stopped." "Refuges also may be closed during slow periods when there are few visitors, such as in the winter months, and some recently established refuges may not be managed at all."³⁷ "National Park Service Director Roger Kennedy told a House Natural Resources subcommittee there is a \$5 billion backlog of physical needs in the parks, and no way to pay for the projects in this era of deficit reduction. "The National Park Service must explore new means of enhancing revenues on its own".³⁸

³⁶. "GOP lawmakers want to cut out coastal parks" *Anchorage Daily News*, (4/2/94) D2.

³⁷. "Refuges go back to basics" *Anchorage Daily News*, (4/2/94).

³⁸. "Congress balks at park service fee proposal" *Anchorage Daily News*, (6/11/94) D6

Increasing the cost of using public lands is probably the preferred solution over increasing taxes. The current administration recognizes that grazing fees for federal lands are artificially low so that the taxpayer effectively subsidizes the cattle industry. Concerned that current mining laws effectively "give away taxpayers' assets...", Secretary of the Interior Bruce Babbitt indicates: "We're looking at moving toward business practices that are accepted in the private sector."³⁹

The public, as represented by one or another Federal agency, has acquired a handful of large tracts in Alaska in recent years. However, each of these represents a settlement, exchange or the need for a specific property for a specific purpose. None occurred in a market in which there was more than one identifiable purchaser. In most cases there were no other sellers offering suitable alternatives.

On some occasions public agencies of both the State and Federal Governments are known to have paid prices in excess of appraised values. Although no other buyers were on the horizon and a position of bargaining strength is presumed, the graciousness of public agencies is understandable. Public agencies have an implied responsibility to placate an owner that a private sector buyer normally does not.

To date, demand by the U. S. Government for large tracts of natural lands is not evidenced by the data. In our investigation, we could confirm only 11 transactions (excluding exchanges) reflecting the purchase of tracts exceeding 1 section (640 acres) in size since 1982. Of those 11, three reflect private sector purchases based on an economic use. Two of those three reflect the same property - sold once in 1985 and subsequently foreclosed and re-sold in 1990.

However, the most recent data, including this "pair of sales" suggests that values were dramatically affected by the onset of the oil related recession in 1986 and that only subsequent data is relevant. This contention is supported by a sub-market that likely represents as free and balanced a market as exists in Alaska - recreational/residential waterfront lots on the Kenai River. The Kenai River is

³⁹. Babbitt sees mining reform law in place by fall" *Anchorage Daily News*, (6/2/94) D4.

arguably the most popular outdoor recreation attraction in all of Alaska. Nearly every privately-owned parcel up and down both river banks has been subdivided to create the maximum number of lots permitted. Supply is adequate as evidenced by several available listings at any given time. Market exposure periods that typically average six months or less indicate that demand is strong. This submarket is sufficiently adequate (numerous buyers and sellers) to identify trends. The buyer of a lot on Upper Island reported that he paid top dollar (\$38,550) for a lot adjacent to a friend's lot but that he was aware they had sold in the early 1980s for \$5,000 to \$15,000 more. The seller of a lot on Dow Island reported a November 1992 sale at \$20,000 - \$5,000 less than the 1983 purchase price of \$25,000. Based on the data, sales occurring prior to 1986 have little relevance except to establish a decline in "market" values. "Market" values of remote and semi-remote recreational and rural residential properties crashed just as did virtually all property types located in and around the major communities.

Based on these observations, only 9 of the 11 large acreage sales are relevant in terms of market conditions. Only one reflects a private sector purchase based on an economic use (recreation subdivision). Another represents a targeted acquisition by a borough government of land for public use. Of the remaining 7 transactions, two represent recent acquisitions by the EVOS Trustee Council (Kachemak & Seal Bay) - only made possible by a onetime windfall of funds. The arithmetic leaves five large tracts that have been targeted and acquired by agencies of the federal government since 1986 (excluding exchanges). Of these five, three were acquired for a backscatter radar installation near Tok. Two of the three, secured by an option for an easement, were not utilized and the properties are slated for reversion back to the sellers.

In summary, agencies of the U. S. Government have purchased only two large tracts in recent years - a sea bird sanctuary on the Pribilof Islands and a conservation easement on a tract surrounding Tazimina Lake in the Lake Clark National Park and Preserve. A review of the data suggests that the abilities of the U. S. Government are limited and that acquisitions are more likely to be pursued using "land exchange" as the means. Clearly, demand for large tracts by various agencies of the U. S. Government is not measurable. The occasional pursuit of strategic acquisitions should not be construed as evidence of a viable market.

Exxon Valdez Oil Spill Trustee Council

The settlements of civil and criminal suits stemming from the 1989 Exxon Valdez Oil Spill have created super funds of cash. The most notable is the \$900 million fund that is overseen by the Exxon Valdez Oil Spill Trustee Council. Approximately 19 parcels have been targeted for acquisition to preserve habitat. To date, acquisitions in Kachemak Bay on the Kenai Peninsula and Seal Bay on Afognak Island have been completed. However, although the transactions should reflect arm's length negotiations based on appraisals, they do not reflect the workings of a free and open market.

First, there are not numerous sellers. The Council is not free to shop throughout the state for alternatives for which there may be a greater urgency. Rather, the Council is directed to a limited number of specific properties that meet certain criteria - most notably those affected by the oil spill.

Second, there are not numerous buyers. With the exception of limited demand for stands of timber, demand for large tracts of natural lands in Alaska is virtually non-existent. The funds represent a one-time windfall, after which, a reasonable probability of subsequent buyers for these targeted tracts is little to none - particularly for properties purchased at prices unsupported by any economic use. In other words, there is no sense of continuance. It would be difficult to support a contention that a transaction was representative of "market" if, immediately after closing, the realistic prospects for reselling or otherwise recovering the investment in the foreseeable future were zero.

In summary, this source of funds has created a "buyer" so to speak but does not establish an adequate market from which reliable indicators of "market" value can be derived. Of the data to date and the transactions that are likely to be successfully completed in the near future, the appraiser/analyst must consider:

- Were there suitable alternatives from which the purchaser could make a selection?
- Was there more than one prospective purchaser?
- Had the property been exposed to the market for a reasonable marketing period?

- Was there a reasonable probability of a sale to any other party within a market exposure period of one year? five years? ten years?
- If an appraisal influenced negotiations, was the value estimate supported by an economic use?

It is important to recognize that the "sellers" in the two acquisitions to date, are Native Corporations. As previously noted, undeveloped lands belonging to Native Corporations enjoy exemption from taxes, if any, and special protection from creditors. Understandably, the Use and/or Investment Value to a Native Corporation may be higher than "market" value. It is not unreasonable to conclude that the price at which a Native Corporation would be willing to sell - would likely be higher than the price at which a typical owner would sell. Therefore, sales prices reflected by transactions in which undeveloped Native Corporation property was conveyed may reflect only indicators of "personal value" - as opposed to the economic concept of market value.

Summary

To this point we have established that there is an adequate if not excessive supply of natural lands already reserved or under some form of protection and that there is no measurable demand for large tracts of Alaska's remote lands. Market exposure periods necessary to sell large tracts are too indefinite to project with any confidence. Acquisitions by various government agencies and the Exxon Valdez Oil Spill Trustee Council, do not establish a market in Alaska that is sufficiently adequate to draw reliable indicators of value for the subject tract(s) as a whole.

CONCLUSION - MARKET OVERVIEW

The observations and findings of the Market Overview distinguish the Alaskan market from other regional markets and illustrate the complexity of valuing large tracts of remote property in Alaska. The overwhelming majority of land in Alaska is remote and like the subject, has been primarily utilized for subsistence-related activities. Unlike most areas of the continental United States, common uses of large contiguous tracts, including agriculture, livestock production/grazing, etc., have proven to be marginally feasible for only an extremely small percentage of Alaska lands. However, the lack of any apparent economic use does not justify a conclusion of preservation/conservation as the Highest and Best Use - nor that subjective personal value concepts are appropriate.

Previous acquisitions of large tracts of Alaska land most often reflect prices unsupported by any economic use. Transactions influenced heavily by political considerations, the motivations of special interest groups, or the special purpose needs of a particular user, tend to establish perpetuating precedents when considered as "comparables".

For a transaction to be considered adequate in terms of a market value indicator, more is required than arm's-length negotiations between willing and knowledgeable buyers and sellers - even if the agreed upon price is based on an approved appraisal and the acquiring agency did not have the power to condemn. Neither buyer nor seller can be subject to undue stimulus and the transaction should have occurred in an "adequate" market after exposure to the market.

An "adequate" market for purposes of estimating market value is one characterized by numerous sellers exposing alternatives to the market and numerous buyers driving values. "Critical to the understanding and application of the definition (market value) is the assumption that **both** buyers and sellers have alternative choices of which all parties are knowledgeable, so that a price of a transaction presumably optimizes the self-interest of both parties at that particular point in time. The premise that the parties have a choice of

alternative sites underlies the principle of substitution - a cornerstone of appraisal methods."⁴⁰

"Despite differing opinions on individual aspects of the market value definition, it is generally agreed that market value results from collective value judgments rather than isolated judgments".⁴¹ When market activity is extremely limited or non-existent, there is no assurance of price optimization and virtually all weight may inadvertently be given to extreme deviations from a market norm that would be established by a sufficient quantity of data. The dilemma is illustrated by the acquisition of a 151 acre inholding in the Kodiak National Wildlife Refuge by the U. S. Fish and Wildlife Service (Comparable No. 9).

On one hand, the transaction has some elements of a free, open-market transaction. The property had been exposed to the market for an extended period. While the property was listed for \$1.8 million, the Service offered \$468,000. The offer was rejected and the asking price was later reduced to \$1 million. After a listing period of one year, the price was further reduced to \$550,000 - toward a price considered to be reasonable by the Service. The negotiated price was reportedly supported by a market value appraisal.

On the other hand, although the value estimate may have been well supported, the vast majority of available data suggests that land use economics will not support private sector commitments of nearly a half million dollars in cash for remote 160 acre tracts (+/-) without merchantable timber. Such transactions are simply not happening - at least not with the frequency that would be required to project a cash sale within any foreseeable marketing period as a reasonable probability. "A market in which nothing is happening is no market at all. There must be enough representative transactions to display a clear pattern."⁴²

The market history of this property represents a classic example of an overly optimistic price free-falling to a point that it becomes a feasible undertaking for someone - a common phenomenon in a free and open market. However, in this

40. Michael L. Robbins, The Valuation of Large Scale Natural Landscapes Using Contemporary Appraisal Theory", *The Appraisal Journal* (April 1987) 225-244.

41. Appraisal Institute, *The Appraisal of Real Estate*, Tenth Edition (1992) 20.

42. Ibid.

case, that point is established by the acquisition of an in-holding by a government agency with an atypical motivation. Although the procedures followed by the Service appear to have been by-the-book, the price free-fall, to a point that may have been established by a private sector buyer, was effectively interrupted.

These observations must be weighed when considering the relevance of the transaction. Often transactions that occur in inadequate markets reflect undue stimulus on the part of the buyer - a targeted acquisition for a special purpose/project for which there are no suitable alternatives. Such a transaction may provide only an indicator of "value in use" to the purchaser and the owner's willingness to sell given a knowledge of the stimulus motivating the buyer and often the presumption of "deep pockets". "Transactions that occur in inadequate or insufficiently congruent markets, or between incompetent or ill-informed parties, are not by themselves indicative of market value, which must be estimated on some other basis if it can be said to exist at all."⁴³

The uniqueness of the subject, the lack of an adequate market, and the extremely limited number of economic uses that remote Alaska lands can support - compound the difficulty in appraising the subject. "In many real estate markets there is too little activity for any legitimate value inferences to be made on the basis of the transactions noted."⁴⁴ Recognizing a complex appraisal problem, creative approaches may be necessary to "get at the answer". However, the methodology employed must meet a test of reasonableness in seeking the economic concept of market value.

⁴³ Jared Shlaes, MAI, "The Market in Market Value," *The Appraisal Journal* (10/84) 494-518.

⁴⁴ Jared Shlaes, MAI, "The Market in Market Value," *The Appraisal Journal* (October 1984) 494-518.

HIGHEST AND BEST USE

Not Subject to § 22 (g) or a Proposed Subsistence Easement

Highest and Best Use is defined in the Tenth Edition of the Appraisal of Real Estate, American Institute of Real Estate Appraisers, as:

"That reasonable and probable use that supports the highest present value, as defined, as of the date of the appraisal. Alternatively, highest and best use is the use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value.

PERMISSIBLE USES

Legal restrictions, as they apply to the subject tract, may include easements, zoning regulations, if any, and restrictions related to resource management of the Kodiak National Wildlife Refuge. Limitations and/or restrictions that may impact the utilization of the subject properties and ultimately market value, are discussed in the following sections.

Zoning

The subject parcels are zoned "C-Conservation District". The "...District is established for the purpose of maintaining open space areas while providing for single-family residential, and limited commercial land uses." Regulations permit most of the probable uses of the subject. Although, the capacity of commercial recreation lodges is limited, conditional use permits may allow higher capacity facilities. In summary, zoning does not adversely impact the utilization of the subject parcels to their Highest and Best Use.

Easements

We were provided with a preliminary title report and the easements affecting the subject property are inventoried in the individual descriptions. Not all of the reserved Section 17 (b) easements are specifically located or delineated by survey and many of these are merely proposed. The probability they would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails and camp sites is not permitted. The existing easements affect only a minute percentage of the acreage and their impact if any is discussed in the individual descriptions and analyses.

The reservation of a "subsistence easement" has been proposed. However, the initial value estimate and this discussion of Highest and Best Use is based on the premise that the property is not subject to this easement.

Resource Management

The subject acreage lies within the boundaries of the Kodiak National Wildlife Refuge. As per ANCSA, the parcels are subject to § 22 (g). Section 22 (g) states that the lands "...remain subject to the laws and regulations governing use and development of such Refuge". However, the initial value estimate and this discussion of Highest and Best Use is based on the premise that the property is not subject to § 22 (g).

POSSIBLE USES

The subject properties exhibit a variety of topographical features and physical characteristics. It is likely that several land uses could be physically accommodated at some location within its boundaries. Possible uses include:

rural residential homesites	private community/colony
private retreat	recreational cabin sites
commercial recreation	preservation/public use
military -scientific	agriculture-livestock
timber extraction	petro-chemical/mining
marine commercial	special-use permits/licensing

The probability of the possible uses listed are discussed in the following paragraphs.

Rural Residential Homesites

There is a limited market for rural home sites in Alaska. Given the limitations of access, the subject is not well-suited for rural residential uses. Although possible, rural residential uses are not probable.

Private Community/Colony

The subject represents the traditional homeland of local Natives. The community of Ahkiok is established on Ahkiok Bay near the southwest end of Kodiak Island. The surrounding lands and waters are utilized for subsistence activities. Continued use of the subjects "as-is" is probable. In November of

1989, a remote oceanfront property on Afognak Island in the Gulf of Alaska, was purchased by a Russian religious group formerly known as the Old Believers. However, it should be noted that the site was comprised of two tracts totaling only 274 acres and valuable timber was reported to be a major component of the purchase price. Recently, a nearby 60 acre parcel was purchased by a related group. However, such purchases are rare and the probability of acquisitions for similar uses in the subject's locale is perceived to be very low.

Private Retreat - Large Tracts

We are not aware of any purchases, for this purpose, of large tracts of several thousand acres. A 4,500 acre parcel on the northern tip of the Kenai Peninsula has been offered for sale for over two years at approximately \$1,000 per acre. The parcel, situated within the Kenai National Wildlife Refuge features 4.5 miles of bluff on Cook Inlet and 36 lakes with a total of over 20 miles of shoreline. The offering is promoted as "perfect for major tourist wilderness resort, private hunting club, executive retreat, or private park". Although the broker reports that there have been two offers, both were over a year ago and neither came close to closing. Alaska already has vast amounts of land in national parks and reserves, and national forests and designated wilderness areas. Much of this land is accessible by the public and permitted uses often include hunting and fishing. The pool of prospective private-use purchasers for large tracts of remote property in Alaska is perceived to be extremely small and the probability of such a use for the subject properties is low.

Recreational Cabin Sites

We spoke with the area's two largest brokerage firms - Chelsea Realty & Development, Inc. and Associated Island Brokers Inc. Both brokerages concurred that while the market is "soft" select locations would afford an opportunity. There are undoubtedly spectacular attractions in Kodiak Island Archipelago that would anchor a project. For example, an anadromous stream at the head of a scenic protected bay, or the confluence of two rivers/streams would likely attract a developer and ultimately purchasers of recreation sites.

Given the limitations of access and generally harsh climatic conditions, it is likely that subdivided private recreation sites would prove to be the Highest and Best Use for only a handful of select locations within the boundaries of the

subject properties. General market data suggests that the initial sales of the best waterfront lots should be brisk. Subsequently, lengthy marketing periods for unsold lots or resales should be anticipated. The marketing periods necessary to sell non-waterfront lots would likely be too lengthy to justify their creation.

Commercial Recreation

In remote areas, lodge operations are the most probable commercial recreation use. In spite of complicated access, it is likely that select locations offer a suitable combination of unique features and characteristics that would attract an entrepreneur within a reasonable market exposure period.

Bernie Vockner of OMB Realty is generally recognized as the most active broker of remote properties. Among his specialties are remote lodges and lodge sites. Mr. Vockner reported that there is typically, several existing commercial lodge operations for sale at any given time and a high failure rate is characteristic of this type of small business enterprise. Nevertheless, a few sites have recently been acquired for commercial lodges. However, for the most part, new facilities have not been constructed.

A lodge was reportedly proposed for a portion of a 75 acre tract in Chinitna Bay on the west side of Cook Inlet in Southcentral Alaska. Since its purchase in August of 1990, no lodge facilities have been constructed.

In July of 1991, a 12 acre site in the Kakonak Bay area of Lake Iliamna in western Alaska was purchased for a lodge site. The site was considered to be prime for a commercial lodge operation and commanded a premium. Per Mr. Vockner, two full years later, lodges facilities have not been developed.

In September of 1991, a lodge operator purchased five acres on the Naknek River in Western Alaska. The site was intended for a commercial guiding and lodge operation. The sale closed in January of 1992 and to date no buildings have been constructed.

In July of 1992, a 160 acre site on the Sturgeon River on the southwest side of Kodiak Island, was purchased for a commercial fishing lodge. To date, only a 12'

x 16' cabin is reported to have been constructed. In October of 1992, the same buyer negotiated the purchase of a 180 acre oceanfront site in Olga Bay on Kodiak Island. The transaction failed to close.

The sale of 110 acres on the Big Susitna River was negotiated in July of 1992. A Japanese-Hawaiian firm, planned to develop a destination resort/lodge exclusively for Japanese employees and clients. Activities would include fishing, boating, hiking, and horseback riding. Per Mr. Vockner, the purchasers could not obtain financing and the transaction failed to close.

In July of 1993, an 80 acre parcel at the confluence of the Nushagak and Iowithla Rivers (western Alaska) was purchased for a commercial fishing lodge. In the same month, a 120 acre parcel on the Nonvianuk River near Lake Iliamna was acquired for a commercial recreation operation. During the past year, no lodge facilities have been constructed on either site.

Although many sites may be perceived as suitable for a commercial lodge operation, few have actually been constructed during the past two to three years. The economic feasibility of most commercial lodge operations is marginal and many of those planned may never be developed. However, the data suggests there is a reasonable probability a handful of entrepreneurs would successfully complete a purchase regardless of speculative prospects. Trends in the visitor/recreation industry signal an emerging marketplace for non-consumptive formats such as sightseeing/photography, hiking, kayaking, etc., - and possible gambling operations. Eco-tourism is the new "buzz-word".

The Afognak Native Corporation plans to launch an archaeological tourism business during the 1994 summer season. The economic feasibility of such a use is unproven in Alaska. The cost of a 9-day session is reported to be \$1,950 - approximately \$217 per day.⁴⁵ In contrast, the Afognak Wilderness Lodge at Seal Bay charges \$350 to \$400 per day.⁴⁶ The comparison suggests that while an archaeological tourism business may be feasible and productive - speculative projections do not indicate that archaeological sites can command a market

45. Georgene Sink, Kodiak Daily Mirror, "For A Fee, You Can Explore Island's Past" - reprinted in Dispatch Alaska, a weekly feature in the *Anchorage Daily News*, (2/1/94) B3.

46. Fly-In Lodges, *Alaska Business Monthly*, (May 1993) 39-62.

premium over sites well-suited for more conventional commercial-recreation uses (hunting/fishing lodges), etc.).

Preservation/Public Use

Various groups or government agencies may identify and target a specific tract of property for preservation/conservation. Land uses resulting from public pressure include the reservation of natural lands for public use, the preservation of historical and/or archeological sites, or the preservation of fish and/or wildlife habitat.

The subject property and surrounding waters offer spectacular scenery and diverse species of wildlife. The subject as a whole, or select areas within its boundaries, is/are well-suited for public use. However, Alaska already has vast and disproportionate amounts of land reserved for public use, preservation and conservation - so much so, that it is not likely a prudent public could justify the acquisition of additional lands for such purposes. As a practical matter, public funds are generally not available. The efforts of preservation/conservation groups are, for most part, directed in higher priority areas outside of Alaska.

The probability of a preservation/conservation use would be relatively high for any select areas of the subject that may be identified as strategic or crucial habitat for threatened or endangered species, not sufficiently protected by existing fish and wildlife regulations, various restrictions such as streamside buffer zones in which logging is prohibited, or special legislation (i.e. Marine Mammals Protection Act, etc.).

The presence of endangered species can have a negative impact on value. "An endangered species' presence on a parcel of vacant land reduces the area available for sale or development, and can impose a financial cost upon the land's owner. In the final analysis, the value of the land will be less with the endangered species than without, even though the animals may provide aesthetic, economic, and ecological benefits."⁴⁷

⁴⁷. Krisandra A. Guidry, PhD, and A. Quang Do, PhD, "Appraisal Assignments Involving Endangered Species", *The Appraisal Journal* (January 1994) 98-102.

Most of the subject is fairly typical of the coastal regions of Southcentral Alaska and we are not aware of any threatened or endangered species, not sufficiently protected, for which the subject represents strategic or crucial habitat.

However, as a result of the Exxon Valdez Oil Spill, 19 "key" parcels (including Kachemak Bay and Seal Bay) within the general locales of Prince William Sound, Kodiak Island, and the Kenai Peninsula, have been identified as high-priority acquisitions by state and federal officials. The prioritization process included input from biologists, ecologists, archeologists and recreation specialists. "The parcels, which total more than 240,000 acres, could help species injured by the 1989 spill recover by providing them with habitat."⁴⁸

The key phrase in the previous quote is "could help". The acquisitions are probably not truly necessary as a function of recovery as the lands have been subject to minimal pressure. Most of the waterfront areas are remote and trespassing on native lands is typically allowed only by permit. Economic development is generally not feasible and the harvesting of fish and game is regulated by appropriate agencies. Furthermore, according to maps obtained from the State of Alaska Department of Natural Resources, the shorelines of the subject parcels were not contacted by drifting EVOS slicks.

It should be noted that a preservation/conservation or public use for some of the subject properties is only made reasonably probable by the existence of the oil-spill settlement funds, assuming that negotiations can reach a successful conclusion. "The Trustee Council cannot afford to buy all the parcels, cautioned John Sandor, a trustee and head of the State Department of Environmental Conservation."⁴⁹ For the remaining acreage, preservation/conservation or public use are not probable.

Military/Scientific

In late 1988 and early 1990, the U. S. Air Force purchased three tracts totaling approximately 11,245 acres of remote property in Alaska's interior for an "over-the-horizon backscatter" radar facility. These transactions represent a rare

⁴⁸. Natalie Phillips, "Trustees Write Shopping List", *Anchorage Daily News*, (12/1/93).

⁴⁹. Ibid.

occurrence and in fact, the project was never completed. Two of the three tracts are slated for reversion back to the seller.

"Downsizing" better describes the overall trend. In late 1981, the U. S. Government filed a notice of its intention to relinquish the Naval Arctic Research Laboratory near Barrow, Alaska. The facility was subsequently acquired by a Native corporation in an exchange. More recently, cutbacks in military installations are in evidence. Fort Richardson near Anchorage, has reduced its force 2,000 personnel which began in 1994. In summary, the subject is not believed to represent a strategic site for military purposes or scientific research. The probability that any of the subject properties would be acquired for such purposes is perceived as extremely low.

Agriculture-Livestock

Due to a short growing season and harsh environmental conditions, much of Alaska is not well-suited for farms, dairies, or livestock production. Recent state sponsored efforts including the Point MacKenzie dairy project and the Delta barley project have been failures for the most part. Cattle ranching on Kodiak Island has been on the decline for several years. The probability that farming and/or livestock production on the subject properties will be financially feasible in the near term is considered to be very low.

Timber

There are no merchantable stands of timber on the subject properties.

Petro-Chemical/Mining

There is no demand for surface sites related to subsurface extraction because the refuge is closed to oil and gas leasing by Secretarial Regulation.

Marine Commercial

The potential for an emerging mariculture industry, and possible demand for shore-based sites and facilities is speculative at this time. The feasibility of operations in this limited access region has yet to be established. Commercial set-netting for salmon is limited to a fixed number of permit holders. Demand for onshore sites by the commercial fishing industry is minimal.

Use Permits - Licensing

A single economically supportable use for large-scale tracts in Alaska would be extremely unusual. For remote parcels offering little commercial/industrial opportunity, special use permits and licensing to sportsmen, outdoor enthusiasts, or commercial guides, represents a possible use from which a fairly reliable income stream could be derived. If other opportunities are sufficiently limited, licensing represents a probable use, at least for an interim period until higher and better uses are supportable.

Conclusion (Possible Uses)

In the previous paragraphs, we have considered several possible uses and evaluated their probability based on the findings summarized in the Market Overview. Based on our observations and analyses, the most probable use scenario for the subject parcels is described in the following paragraph.

Select sites would likely support commercial lodge operations and attract subdividers/developers/of waterfront recreation subdivisions. Market conditions tend to limit such ventures and only a few lodge sites and waterfront subdivisions are perceived as likely dispositions within the foreseeable future. Special-use permits/licensing represents a probable use at least for an interim period until higher and better uses are supportable.

There is a reasonable probability that some the subject parcels will be acquired for habitat preservation purposes by the Exxon Valdez Oil Spill Trustee Council. However, non-economic conclusions of Highest and Best Use are inappropriate in an appraisal seeking "Market Value". From the scenario described in the following paragraph, several points can be illustrated.

A community or local government determines that three one-acre parcels should be acquired for development as public parks. Three sites, generally physically similar, are targeted for acquisition - one is zoned for residential use, one for industrial use, and one for commercial uses. The real estate markets are free and open - characterized by numerous sellers offering suitable alternatives and numerous buyers driving values. Supportable market values, based on their economically supportable Highest and Best Uses, are \$10,000 for the residential property, \$20,000 for the industrial site and \$30,000 for the commercial

property. Again, each property is one acre and all three are intended for public use.

- The fact that the intended use for all three sites is for "public use" does not mean that "public use" represents the Highest and Best Use. Economically supportable Highest and Best Uses are clearly different as established by zoning and "market values" correspond.
- The community, as a prudent, knowledgeable purchaser, acting in its own best interest, and under no undue stimulus - would not be obligated to pay any more to acquire these properties than the entrepreneur, investor, or developer would pay. With suitable alternatives available, the lot owners would not be in a position to command above-market values simply because the intended use is non-economic and the purchaser is a public entity, possibly with deep pockets. The three lots could be purchased for public use for a total of \$60,000.
- If the intended "public use" is considered to represent the Highest and Best Use of all three parcels - purchases of one acre commercially zoned sites at \$30,000, for the same public use, could be inappropriately considered to be directly comparable to all three lots. By this reasoning, the values of all three lots could be argued to be \$90,000 (\$30,000 each) - even though the market would support only lower values for the residential and industrial sites.

The example illustrates the tendency for conclusions of non-economic Highest and Best Uses, to establish a strata of values somewhat insulated from the realities of the marketplace.

The "preservation" of an archaeological site would be another example of an inappropriate conclusion of Highest and Best Use - with similar tendencies. The promotion of sales of archaeological sites as "comparables", solely on the basis of this common characteristic, would be misleading. The acquisition of an archaeological site in Arizona, for which the development of a shopping center is the Highest and Best Use - cannot be compared to a remote archaeological site in Alaska for which long-term speculation" is the economic Highest and Best Use.

In summary, non-economic conclusions of Highest and Best Use are inappropriate in an appraisal seeking "market" value. The sportsman, the naturalist, and the logger understandably have different perceptions as to the value of timberlands. However, economic feasibility and ultimately market

value is determined by a competitive logging industry. The cost of removing the land from production is established by what the logger can afford to pay.

FEASIBLE USES

It is not surprising that economically supportable uses for Alaska's remote lands are few and far between. A relatively harsh climate and a limited economic base combine to deter any significant in-migration of population. Alaska's size is equivalent to approximately 20% of that of the continental United States. Yet today, nearly 125 years after its acquisition from Russia, Alaska's population stands at only 600,000 (approximately). Outside of the major population centers, employment opportunities are limited. Substantial numbers of Alaska's rural native households receive some form of public assistance.

Generally inhospitable conditions, a severely limited infrastructure, and restrictive environmental constraints are obstacles to industry. In December of 1993, Mr. James Webb, president of Klukwan Iron Ore Corp., reported that 1,606 acres near the southeast Alaska Village of Klukwan will be donated to the Nature Conservancy. The site is reported to contain a "billion-ton deposit" but U. S. Steel, Kaiser Steel and Mitsubishi Heavy Industries have "passed up the chance to develop it". Per Mr. Webb; "There's lots of iron ore in the world, something like a 200-year supply, that's easier to get out than this stuff".⁵⁰ The economic realities are illustrated by the state's investment in various industries. "For each dollar the state spends related to the development of oil and gas, it receives \$5,200. Now compare that rate of return to that of other industries:

- Mining returns 35 cents of each dollar spent.
 - Fisheries return 75 cents of each dollar spent.
 - Wildlife returns 55 cents of each dollar spent.
 - Timber returns 10 cents of each dollar spent.
 - Lands return 35 cents of each dollar spent.
- All lose money".⁵¹

"Thirty-eight percent of the money driving the economy is oil-based, 14 percent is mining and 4 percent is tourism..."⁵² Alaska's wild and scenic resources are the

50. "Klukwon Iron Ore To Donate Land", *Anchorage Daily News*, (12/9/93).

51. Bill J. Allen, "Cold Hard Facts", *Anchorage Daily News*, (12/1/93).

52. "Strong private sector boosting state, Fuhs says", *Anchorage Daily News*, (5/26/94) D2.

primary draws of a growing tourism industry. However, "At 4 percent, even if you doubled or tripled the tourist dollars, it wouldn't sustain the economy".⁵³

Fish, wildlife and scenic resources are the primary attractions of the Kodiak Archipelago. Private and commercial recreational uses of the subject are the most probable for the foreseeable future. However, the ability of recreation to support even minimal values is limited. As a test, we have developed a hypothetical scenario in order estimate the number of users necessary to support a nominal land value for the Kodiak National Wildlife Refuge. The scenario is developed according to the most favorable of assumptions:

- a nominal land value of only \$100
- 100% of user fees contribute to Net Operating Income - in other words, no expenses
- required rate of return is only 6%

The calculations are summarized as follows:

Land Area in Acres (KNWR)		1,866,600
Nominal Per Acre Value	x	<u>\$100</u>
Total Value		\$186,660,000
Income Capitalization Rate	x	<u>6%</u>
NOI necessary to support total value		\$11,199,600
Required number of users (annually) @	\$100	111,996
Required number of users (annually) @	\$500	22,399
Required number of users (annually) @	\$1,000	11,200

Again, the calculations reflect the most favorable of circumstances in terms of the fiscal burden. Reality checks: Data provided by the Refuge indicates that 1993 "visits" by sports fishermen, hunters, and photo sightseers totaled less than 5,500. Examples of current user/permit fees for recreation activities are summarized in the following table. Fees do not include transportation, guide services, food or lodging.

⁵³. Ibid.

	Land Owner	Akhiok-Kaguyak	Old Harbor	Koniag
	General Location	SW Kodiak Isl.	SE Kodiak Isl.	West Kodiak Isl.
	Data Source	Dave Hansen	Alan Schmidt	John Merrick
<u>Activity</u>				
Non-Consumptive Uses			no fee schedule	\$75
General Recreation Use		\$50	"	
Sport Fishing			"	\$75
Resident Bear Hunting		\$100	"	
Resident Bear, Deer Hunting & Fishing			"	\$150
Non-Resident Deer Hunting & Fishing			"	\$250
Non-Resident Deer & Goat Hunting		\$500	"	
Non-Resident Bear Hunting		\$2,000	"	\$1,250
General Commercial Operator Permit			"	\$500
Commercial Fishing Guide Permit		\$10,000 (2 only)	"	

Permits or access licenses that command the highest fees are the most limited in number. An area will only sustain a handful of commercial guide operations. Bear hunting permits are awarded by lottery. In contrast, licenses and harvest tags for fishing and deer hunting are available to everyone.

Increasing numbers of visitors and more aggressive pricing schedules will enhance economic opportunities. However, the data suggests that while private and commercial recreation uses are the most probable, their ability to support even nominal land values under the most favorable of circumstances is extremely limited. We are not aware of any economically feasible use of the subject as a whole. Within the foreseeable future, only a limited number of sites are likely to be well-suited for private or commercial recreation and marine-commercial uses.

For the remainder of the acreage, special-use permits, licensing, and leasing, represent the most probable practical source of revenue.

CONCLUSION OF HIGHEST AND BEST USE

In our analysis, we have considered several possible uses and commented on their probability. When economically supportable uses are not apparent, a conclusion that the existing use represents the Highest and Best Use may be the most appropriate. For such cases it is important to understand the true nature of the existing use.

The area residents rely on their lands and surrounding waters for subsistence. However, subsistence represents a personal use and it is difficult to establish its economic impact given the changes that have occurred since rural populations were totally dependent on the environment. Alaska's rural native populations are typically subsidized heavily by various government agencies and dependency on subsistence-related activities has declined dramatically in recent years. Traditional clothing, tools, building materials, and modes of transportation have nearly disappeared in favor of commercial replacements.

Today's primary subsistence activities involve the harvesting/gathering of traditional foods - a personal use partially out of necessity, but also out of preference. However, total dependence on subsistence activities for foods is not practical today. Ultimately, availability depends on numerous factors including competent management, climatic conditions, natural cycles, etc. Harvests and quotas continue to be regulated by appropriate government agencies. Furthermore, a significant portion of food resources are derived from marine habitats surrounding the subject lands. The Sitka Black Tail Deer is the most significant meat animal in the area but competition for this food source does not necessitate a "Tier II Subsistence Permit".

In summary, on-shore subsistence activities do not represent a single "current" use of the subject property. Rather, subsistence activities represent only a partial use that can co-exist with the higher and better uses most likely to become economically feasible over the long-term.

To a significant degree, native corporations, state and borough governments, and other owners of large-scale tracts, are attempting to maximize the economic benefits of their assets. In many cases, natural and wildlife resources offer the most promise. However, where opportunities are hindered by logistics and/or

unfavorable market conditions, prospects are speculative and a long-term hold, taking advantage of various opportunities as they become economically feasible, is the most likely scenario. These characteristics fairly describe the subject. For such properties, "holding for speculation" represents the "current" use.

Although there is a reasonable probability that some of the subject parcels will be acquired for preservation/conservation, the intended use does not represent the Highest and Best Use. The acquisition of this acreage is only reasonably probable due to a one-time windfall of funds - without which the probability of such an acquisition would be little to none.

Based on our analyses and observations, it is our opinion, that as of June 29, 1994, the date of inspection and valuation, the Highest and Best Use of the subject property is to hold for speculation. In the interim, special-use permits/licensing is a practical source of revenue. Within the foreseeable future, private or commercial recreation and marine-commercial uses are probable for a limited number of select sites within the boundaries of the subject parcels.

ESTIMATE OF VALUE

Sales of Large Remote Tracts in Alaska

Several notable transactions used in other appraisals of large tracts of remote Alaska acreage have been considered by the appraisers but disqualified as adequate data for the analysis of the subject. Due to the nature of the subject and the assignment, the inclusion of many of these transactions as "comparables" is likely to be expected. These transactions are summarized in the following table and the reasoning leading to their disqualification as adequate data are summarized in subsequent paragraphs.

Location	Date	Seller	Buyer	Area
Various	various	various Native Regional Corporations	various agencies of the U. S. Govt.	large tracts
<u>National Parks</u>				
Wrangell- St. Elias	9-85	M. Walker	USNPS	160
Gates of the Arctic	6-88	F. Gagnon		160
Denali	3-89	L. Cook		121
<u>Tok area</u>				
Tetlin	11-88	Tetlin Corp.	U. S. A. F.	2,901
Tanacross	11-88	Tanacross Inc.	U. S. A. F.	2,935
Gulkana	1-89	AHTNA	U. S. A. F.	5,409
Kachemak Bay	3-83	Seldovia Native Ass.	Alaska DNR	3,578
	4-85	Seldovia Native Ass.	Alaska DNR	960
Pribilof Islands	1-84	St. George & St. Paul Corps.	USFWS	8,224
Hydaburg, Goat Isl.	5-88	Haida Corp.	USA	4,749
Tazimina Lake	7-91	Kijik	USNPS	9,444
Trading Bay	12-90	KPB	Marathon Oil	320
<u>EVOS Trustee Council</u>				
Kachemak	8-93	Seldovia Native Ass.	Alaska DNR	23,802
Afognak	11-93	Seal Bay Timber	Alaska DNR	41,549
Kodiak Island	10-91	Leisnoi Native Corp.	Kodiak Isl. Borough	660
Kodiak National Wildlife Refuge	pending	various Native Alotees	USFWS	small parcels
	8-94			

Various Alaska Locations

Vast amounts of acreage in Alaska have been the subject of several proposed and completed exchanges that have occurred over the past several years. Most are characterized by a sorting-out process in which various agencies of the U. S. Government desired to reacquire tracts of land that were selected by native corporations under ANCSA. The exchanges do not represent adequate data (evidence of free open-market activity). There were no other prospective purchasers and the transactions reflect only project-related acquisitions by government agencies. In some cases, values were assigned without benefit of appraisals. In summary, the data and ultimately the "market" in which the transactions occurred, is not sufficiently adequate to derive meaningful value indicators that can be reliably correlated to the subject. While the exchanges have been considered, the data has not been used in our analysis.

Inholding Acquisitions in Various National Parks in Alaska

Three transactions represent acquisitions by the Park Service of inholdings within the boundaries of a national park (Wrangell-St. Elias, Denali, Gates of the Arctic). All are reported as arm's length transactions and as a sub-market, the market for inholdings appears to be minimally adequate. Numerous inholdings resulting from the creation of parks, wilderness, and wildlife refuges are scattered throughout Alaska. Inholdings can be strategic as commercial sites and/or desirable for private recreation. The presumption of suitable alternatives and numerous purchasers is not unreasonable.

If the properties were exposed to the market for a reasonable period, the purchase price eventually negotiated by a private sector purchaser could provide evidence of market value. However, where a negotiated sale does not follow a reasonable marketing period, the relevance of the data is suspect - particularly if the purchaser is a government agency under undue stimulus in the form of potential private development that would be incompatible. Project-related acquisitions are generally inadequate as evidence of market activity - at best reflecting only the price the seller was willing to accept, given knowledge of the purchasers motivations and a supposition of "deep pockets".

Pribilof Islands - Bering Sea, Alaska (1-84)

This parcel was acquired to preserve bird and seal sanctuaries in a coastal marine environment. The transaction is inadequate as evidence of meaningful "market" activity. First, the purchase was project-related. Assuming the tracts represent bonafide strategic or crucial habitat, there could not be numerous sellers offering suitable substitutes. Second, there were not numerous purchasers for these parcels. Subsequent to closing, the reasonable probability of recovering the investment is perceived to be little to none. The purchase price, approximately \$640 per acre, was reported to have been established by a 1984 Congressional Act (PL 96-487).

Subsequently, a U. S. Fish & Wildlife Service appraisal, based on the economic Highest and Best use, concluded a value of only approximately \$83 per acre.⁵⁴ "The price authorized by Congress in that instance - eight times the market value - represented, not the workings of a market, but rather a political decision and a possible example of poor public policy judgment."⁵⁵ Finally, the sale occurred prior to the general crash in Alaska "market" values.

Kachemak Bay, (Tutka Bay), Kenai Peninsula, Southcentral Alaska (3-83)

The transaction represents a project-related re-acquisition of lands by the State of Alaska. The parcel, situated within the boundaries of Kachemak Bay State Park, had been selected by the Seldovia Native Corporation pursuant to ANCSA. The transaction (an exchange) occurred prior to the crash in real estate values in the mid-80s. Furthermore, with the exception of waterfront acreage, there were not numerous prospective buyers for the property in bulk - much of which consists of steep backlands. Nor were there numerous sellers offering suitable alternatives. The tract was a key component of the project.

Given these circumstances, the transaction is not evidence of meaningful "market" activity and its use in an appraisal seeking market value is inappropriate.

⁵⁴. Victoria Adams and Bill Mundy, MAI, "The Valuation of High-Amenity Natural Land", *The Appraisal Journal* (January 1991) 48-53.

⁵⁵. Richard J. Roddewig, MAI and Gary R. Papke, "Market Value and Public Value: An Exploratory Essay", *The Appraisal Journal* (January 1993) 52-62.

Kachemak Bay, (near Halibut Cove), Kenai Peninsula, Alaska (4-85)

This transaction also represents a project-related re-acquisition by the State of Alaska in the same area. For the same reasons summarized in the previous paragraph, use of this transaction is inappropriate.

Goat Island - Hydaburg, Southeast Alaska (5-88)

This transaction was reported as a complex 3-part transaction resulting from the Haida Land Exchange Act of 1986. The legislation engineered a major acquisition by the U. S Forest Service that effectively rescued the owner, the Haida (Native) Corporation, from bankruptcy. The final values were arbitrarily assigned without the benefit of an appraisal. The transaction represents only the workings of political processes rather than evidence of free and open market activity.

Tok - Interior Alaska (11-88)

The U. S. Air Force acquired three large tracts in the interior of Alaska in late 1988/early 1989. Any perception that the number of transactions (3) represent an active marketplace is misinterpreted. All three are located in the same general area and represent project-related acquisitions by the same government agency for the "back-scatter" over-the-horizon radar system. For Air Force accounting purposes, they are identified as the Tok and Gulkana acquisitions. The two sites are differentiated by the nature of the property rights conveyed. Ahtna conveyed the Gulkana site in fee simple. Tanacross and Tetlin conveyed only a perpetual easement to the Tok site.

According to Moira Dennis, a real estate specialist with the U. S. Air Force at Elmendorf Air Force Base, the Corps of Engineers normally serves as an agent for such acquisitions. Per Ms. Dennis, Ahtna was not willing to accept the appraised values. Condemnation was considered. Attorneys for the land owner (Ahtna) went to Washington and negotiated the transaction at a higher level - with the Deputy Secretary of the Air Force. Likewise, the land owners of the Tok sites (Tanacross and Tetlin) were not willing to accept the appraised values and the negotiation proceedings went to a higher administrative level.

Consideration of these transactions as evidence of market activity is inappropriate. There were not numerous buyers driving values and the

properties had not been exposed to the market. Market prospects for the properties were slim to none. Such market conditions suggest that negotiations would heavily favor the buyer. Yet, the net result suggests gun-to-the-head negotiations in which the purchaser was at the wrong end. Given the project's criteria with regard to location, elevation, etc., and the extreme pressure to keep the project on a time-line - suitable alternatives, if any, were not practical. The parcels were appraised just prior to the acquisitions by an MAI appraiser. The appraiser concluded the Highest and Best Use was speculation and the per acre value conclusions ranged from \$200 to \$300 (fee simple). Administratively negotiated prices reflect per acre indicators from \$476 to \$511 per acre.

It should be noted that the U. S. Air Force acquired only perpetual easements on the Tok site(s). The agreement provided for a reversion back to the land owner in the event the Air Force abandoned the site. Abandonment, in terms of time, is defined as one year. Due to a cut in project funding, the site was never utilized. As of February 1994, an "Environmental Close-Out" was pending in Washington and the site is expected to revert back to the land owners (Tanacross and Tetlin). The Air Force is not entitled to any refunds, rebates, or prorations. In effect, the U. S. Air Force bought an option on a perpetual easement to 5,836 acres - at a price nearly double the appraised value of the fee simple interest. In summary, these transactions cannot be construed as evidence of open market activity. Their use in an appraisal seeking "market value" is wholly inappropriate.

Tazimina Lake - Lake Clark, Western Alaska (7-91)

This acreage, "selected" under ANCSA, lies within the boundaries of Lake Clark National Park and Reserve. A conservation easement purchased by the U. S. National Park Service effectively re-acquired the property for public use and assured compatibility with the management of the park/preserve. As a project-related acquisition, the transaction is not considered to provide a reliable indicator of "market" value. With the exception of a handful of waterfront parcels, market prospects for the property would have been poor and the only probable purchaser of this large block of acreage was the purchaser - a government agency under undue stimulus - the prevention of incompatible development. The objectives of the Park Service are not market driven and use of the data in the valuation of the subject is not appropriate.

Trading Bay - West Cook Inlet, Southcentral Alaska (12-90)

Marathon Oil Company acquired a 320 acre parcel (\$923/acre) on the west side of Cook Inlet for use as a drilling mud disposal site. The acreage is set-back from the water and is accessible to/from the limited infrastructure of the area by a gravel road. While the sale represents an arm's length transaction, it does not provide a reliable indicator of value.

First, the price is not supported by the sales and listings of similar tracts on the eastside of the Inlet - a submarket characterized by numerous sellers and buyers. Parcels (40 to 160 acres) with paved road access, available gas and electricity, are generally available for less than \$1,000 per acre. An 80 acre parcel with similar topography, located on the east side of the Inlet near the waterfront, roads, and commercial dock facilities was offered for sale during a six-month listing period in 1992 for approximately \$600 per acre. According to the listing agents, interest was minimal and the listing expired without an offer.

Second, in the sub-market in which the transaction occurred, there were not numerous sellers and the purchaser had few practical alternatives given the nature of the intended use. According to a representative of the Kenai Peninsula Borough (owner), the purchaser already had a suitable site on the east side of Cook Inlet. However, because of objections from nearby rural residents, Marathon elected to acquire a more remote site. The Kenai Peninsula Borough was the only source.

An extremely limited pool of prospective purchasers for properties on the west side of the Inlet is insufficient to drive values and the contention that the negotiated price was justified by a scarce supply of available land is not valid. In fact, in relation to true market demand, a dramatic oversupply of land is available. Although not marketed, the extensive holdings of the Kenai Peninsula Borough are generally available for purchase, lease, etc. In summary, the data is not considered to provide a reliable indicator of value and has not been included in our analysis.

Acquisitions by the Exxon Valdez Oil Spill Trustee Council

The settlements of civil and criminal suits stemming from the 1989 Exxon Valdez Oil Spill created super-funds of cash. The most notable is the \$900 million fund that is overseen by the Exxon Valdez Oil Spill Trustee Council. Approximately 19 parcels have been targeted for acquisition to preserve habitat. To date, acquisitions in Kachemak Bay on the Kenai Peninsula and on Afognak Island have been completed.

Understandably, acquisitions by the EVOS Trustee Council should not be considered evidence of free open-market activity. First, there are not numerous sellers. The Council is not free to shop throughout the state for alternatives for which there may be a greater urgency. Rather, the Council is directed to a limited number of specific properties that meet certain criteria - habitat for species affected by the oil spill.

Second, except for viable timberlands, there are not numerous buyers. The funds represent a one-time windfall, afterwhich, a reasonable probability of subsequent buyers for these large tracts is little to none. In otherwords, there is no sense of continuance. It would be difficult to support a contention that a transaction was representative of "market", if, immediately after closing the realistic prospects for reselling or otherwise recovering the investment in the foreseeable future were little to none.

Nevertheless, we have analyzed the transactions in order to identify meaningful indicators, if any.

Kachemak Bay

The re-acquisition of approximately 24,000 acres within the boundaries of Kachemak State Park had been pursued for approximately 15 years. For the past several years, the project had been a dead issue until recently resurrected as a result of the Exxon Valdez Oil Spill and subsequent settlements. Appraisers for both parties indicated an unusually wide range of value (excluding timber) from approximately \$12 million to \$23 million.

The upper-end indicator was based on a Highest and Best Use stated as "...natural land to be preserved and managed for its scenic, wildlife, and

recreational resources"⁵⁶. This conclusion was inappropriate and nearly all of the comparables used in the analysis would not meet the test of a market transaction. The appraisal was flawed.

The lower-end indicator was based on a Highest and Best Use stated as "...for recreational use and that the property be included in the Kachemak Bay State Park"⁵⁷. This conclusion was inappropriate but the appraisers employed a creative mathematical "attribute point system" that was not without merit.

An appraisal review panel consisting of three independent appraisers could not concur with either value estimate and concluded a value of approximately \$18 million including timber. It should be noted that the appraisers on the review panel did not independently appraise the property. The panel had only one week to complete an assignment that was extremely limited in scope. The panel relied largely on the data and Highest and Best Use conclusions of the two appraisals. Value estimates by the panel, assuming timber was cut on a portion of the land, ranged from \$11.62 million to \$15.49 million. Direct negotiations with the state legislature resulted in a value of \$20,000,000 (including timber) - representing the upper-end of the range assuming timber was cut (\$15.49 million) plus the estimated value of the timber (\$4.5 million). An unsupported \$2,000,000 was added to the purchase price to reflect a consideration for subsurface rights.

This transaction is clearly inappropriate as a "comparable". First, the acquisition cannot be considered as a representation of the workings of a free and open market. Second, an inappropriate conclusion of Highest and Best Use (see Highest and Best Use Analysis) was a common thread throughout the valuation process.

Afognak Island (Seal Bay and Tonki Cape)

The acquisition of 41,549 acres on Afognak Island was completed after complex negotiations were forged into an agreement subject to appraisals. Appraisals indicated the negotiated purchase price was wholly supported by the 17,166 acres at Seal Bay. Yet, the owner/seller agreed to donate 24,384 additional acres (including timber rights) at Tonki Cape in order to facilitate the transaction.

⁵⁶. Seldovia Native Association appraisal, Mundy - Day- Bunn (9-89)

⁵⁷. Seldovia Native Association appraisal, Follett and Associates (12-89)

The nuts and bolts of the deal can be perceived according to two scenarios summarized in the following table. Scenario #1 most likely reflects the perception of the owner/seller - 17,166 acres at Seal Bay were sold for \$38,700,00 and the additional 24,384 acres at Tonki Cape were donated. The donation was likely to have favorable tax consequences for the grantor. Scenario #2 fairly reflects the perception of the purchaser - simply, 41,550 acres were purchased for \$38,700,00.

	Appraised Value Seal Bay	Appraised Value Tonki Cape	Appraised Values (aggregate)	<u>Scenario #1</u> Sale of Seal Bay Parcel (Tonki Cape donated)	<u>Scenario #2</u> Aggregate sale of both Seal Bay and Tonki Cape
Area	17,166 acres	24,384 acres	41,550 acres	17,166 acres	41,550 acres
Values/Price	\$41,000,000	\$11,000,000	\$52,000,000	\$38,700,000	\$38,700,000
Less: Appraised Timber Values	(\$36,500,000)	(\$3,700,000)	(\$40,200,000)	(\$36,500,000)	(\$40,200,000)
Ind. Residual Land Value	\$4,500,000	\$7,300,000	\$11,800,000	\$2,200,000	none
Ind. Per Acre Residual Value	\$262	\$299	\$284	\$128	none

If the entire purchase price was wholly supported by the 17,166 acres at Seal Bay, why would the owner/seller leave millions of dollars on the table? The motives of the owner/seller are unclear and the transaction invites conjecture. For example, it may not be unreasonable to theorize that the owner/seller was either subject to undue stimulus or was not knowledgeable and accepted a below-market price. On the other hand, it is entirely possible the owner/seller was more aware of true market prospects than the appraisers. The agreed upon purchase price, coupled with anticipated tax treatment of the donation, was probably recognized by the owner/seller as a preferable option to risky long term prospects dependent on a volatile timber industry. Sealaska Corporation reportedly "has enough timber for another decade of harvesting...". "Koncor Forest Products, a corporation formed by Native shareholders from Ouzinkie, Kodiak, Yakutat and Chenega...", "...has enough of its own stands of trees, primarily on Afognak and Montague Islands, to last through the next 25-30 years."⁵⁸

⁵⁸. "Timber markets are good, but supplies are short", *Alaska Journal of Commerce*, (5/30/94) 11

On the Kachemak lands, merchantable timber was identified only in pockets and the resource comprised a minority component of value. Based on the appraised values reported for the Seal Bay and Tonki Cape parcels, the timber resource represents the majority component of value. The transaction reflects arm's length negotiations. And, given that parcels were presumably suitable for an economic use (timber), it is not unreasonable to speculate that values would be driven by the supply and demand characteristics of the timber industry. Assuming other timberlands are available and more than one timber company competes in the industry - the value of viable timberlands should be optimized. However, without knowledge of the extent that favorable tax treatment on the donation might offset the \$13,300,000 left on the table (difference between the appraised values and the negotiated price), the willingness on the part of the owner/seller suggests that the appraised values are suspect.

Ultimately, the "donation" of the Tonki Bay tract dilutes the reliability of this transaction as evidence of free open-market activity. The trail of the negotiations suggests that the agreed-upon price of \$38,700,000 represents an approximation of a pre-determined objective of the owner/seller. If the owner/seller was not subject to duress or undue stimulus, the donation represents an acknowledgment on the part of the owner/seller of the real-world prospects for much of Alaska's remote acreage.

The transaction has some elements of a market transaction. And, it is important to recognize that the entire purchase price was supported by the economic value of the timber resource. The subjects have none. A property with a quantifiable timber resource cannot be considered "comparable" to one without simply because their "intended" uses are the same. If the transaction reflects any meaningful indicator - it is the indicated range of allocations for "cut-over" timber land - \$0 to \$128 per acre (see analyses in previous table). The allocations may fairly reflect an acknowledgment of the minimal per acre values that can be justified for large tracts of remote land for which long-term "speculation" is the Highest and Best Use.

Salonie Creek - Kodiak, Alaska (10-91)

This is a large tract of land acquired by the Borough for public use. It had been utilized as a military firing range. The property had not been exposed to the market but the market for this property type could be described as sufficiently active that the parties would be knowledgeable. However, the sale has little relevance to the value of the subject because it is not remote. The parcel is located near the City of Kodiak, has road access and electricity is available. It is zoned Rural Residential and subdivision into homesites was a probable use of usable portions.

Pending Small Parcel Acquisitions in the Kodiak NWR

We are aware that the U. S. Fish and Wildlife Service is currently pursuing the acquisitions of several Native Allotments on Kodiak Island within the boundaries of the Kodiak National Wildlife Refuge. As of the date of this report, the transactions have not been consummated and details are not available. The Federal portion of the EVOS settlement is believed to be the source of funds for these acquisitions. Even if details were available, it is unlikely the transactions would qualify as adequate data for valuation purposes. They represent project-related acquisitions by a government agency subject to undue stimulus - the prevention of development incompatible with the goals and objectives of the Refuge. The transactions cannot be considered evidence of free and open market activity.

Conclusion

The transactions analyzed are not appropriate for use in an appraisal seeking "market" value. Acquisitions by public agencies and the EVOS Trustee Council discussed previously do not qualify as adequate evidence of free open-market activity. Liberal acceptance of their intended uses (preservation/conservation) as their Highest and Best Use, and considering them as "comparables" would result in subsequent flawed appraisals - economically unsupportable value estimates. In other words, one flawed appraisal, "supported" by the consummation of the deal, spawns another so that the appraisal process begins to establish, rather than measure, value.

Valuation Premise

The "market" for large tracts of Alaska lands is inadequate for purposes of estimating the value of the subject. A sufficient quantity of data, qualifiable as adequate, is simply non-existent. Furthermore, within the foreseeable future, economic uses are likely to be supportable for select areas representing only a small percentage of the subject's total acreage.

The assignment is so unusual that a creative, yet reasonable, approach is necessary to "get-at-the-answer".

There is a relatively large body of data for parcels containing less than 640 acres (the equivalent of one section). The appraiser's task is to build a credible bridge from this data to the subject properties - each consisting of several thousand acres. Two acknowledgments are central to the correlation of this data.

First, select areas within the boundaries of the subject are suitable for higher and better uses than other areas. In order to recognize the positive contribution of higher-value acreage to the value of the whole, an allocation of the subject parcel(s) into meaningful components is necessary.

Second, an economic unit of acreage should be recognized - beyond which size adjustments are not supportable. Our valuation premise with regard to these acknowledgments is developed in the subsequent subsections.

Allocation

Various land uses tend to gravitate toward desirable physical features (geographic/topographic) and/or concentrations of fish and wildlife resources. However, most often, all of the water frontage on any given remote Alaskan waterbody is not in private ownership (excepting native corporations) or otherwise utilized. This characteristic is due to a combination of factors. First, the majority of Alaska's remote lands are owned by government agencies and native corporations. Second, rugged topographical features render much of the waterfront acreage unsuitable for any use. Finally, and perhaps most significant, distance and often harsh weather conditions combine to deny practical access to the majority of would-be users.

Understandably, individuals would probably select the sites that provided the greatest utility. For many locales, only an extremely limited amount of remote waterfront land can be expected to be utilized within the foreseeable future. Native village sites, individual Native Allotments, and private non-Native parcels in the southwest Kodiak Island region represent only a fraction of the total waterfront.

On a larger scale, Native Corporations selecting their entitlements pursuant to ANCSA, typically avoided unusable acreage as much as possible. Coastal lowlands, river valleys, and sloping uplands were obviously preferred to glacier-capped peaks.

Based on the typical land use patterns of most remote Alaska locales; our review of available data; our aerial inspection; the subject acreage is considered to consist of three components:

- "strategic" waterfront sites
- non-strategic waterfront acreage featuring favorable topography.
- non-strategic waterfront with unfavorable topography and contiguous backlands.

Note: The overall values will not be summations of stand-alone components. Where appropriate, the component values have been adjusted for size to reflect their inclusion into the whole.

VALUATION - STRATEGIC WATERFRONT SITES

Select locations within the boundaries of the subject parcels may be considered geographically and physically strategic to a developer or entrepreneur. A general description of the hypothetical strategic "key parcel" is summarized in the following paragraphs.

Location

The "key parcel" is remote with primary access by float plane. The locale is generally described "world class" with regard to the relative quality of recreational opportunities offered. For the purposes of our analysis, "world class" is synonymous with the Work Group's recreation/tourism rating of "high."

Size

We recognize that some commercial recreation and marine commercial uses can be accommodated by sites as small as five acres. However, the sales of small sites for which further subdividing is not probable, usually do not reflect meaningful per acre indicators as they tend to be evaluated by prospective purchasers on a "per site" basis. Larger units of comparison are more appropriate for our analysis because they are more similar to the subject with regard to possible uses - including further subdividing into more marketable parcels. There is a sufficient quantity of data for parcel sizes approximating 160 acres and we have used this unit of comparison in our analysis.

Shape

An optimum shape is generally described as featuring a water frontage-to-depth ratio that allows for further subdividing opportunities.

Strategic Feature

The geographic/physical feature most likely to attract a developer entrepreneur would be the confluence of two anadromous rivers/streams, the outlet of a lake, or the mouth of a river/stream. In the optimum configuration, the site would straddle the river/stream so that control of entry is maximized.

Topography/Soils

Favorable topography/soils is described as moderately sloping with a high percentage of usable uplands.

We have identified several comparables that can be considered "strategic waterfront sites". The data is summarized in the following table. Details of the properties summarized are presented in the addenda of the report.

SUMMARY OF COMPARABLE SALES
STRATEGIC WATERFRONT SITES

#	Region	Neighborhood	Date	Adj. CEV	Acres	\$/AC
1	Southeast	William Henry Bay	9-87	\$149,500	159.99	\$934
2	Southeast	Windham Bay	12-88	\$85,000	98.50	\$863
3	Western	Nushagak River	7-93	\$200,000	80.00	\$2,500
4	Western	Nonvianuk River/Lk	7-93	\$229,000	119.99	\$1,908
5	Kodiak	Horse Marine Bay	4-88	\$100,000	19.30	\$5,181
6	Kodiak	NW Olga Bay	6-88	\$105,000	32.35	\$3,246
7	Kodiak	Moser Bay	1-89	\$100,000	29.10	\$3,436
8	Kodiak	SW Olga Bay	3-89	\$100,000	19.61	\$5,099
9	Kodiak	Terror Bay	6-91	\$470,000	151.21	\$2,500
10	Kodiak	Ayakulik River	8-93	\$1,000,000	574.88	\$1,739

DESCRIPTION OF COMPARABLES

Comparable No. 1 - William Henry Bay, Southeastern Alaska (9/87)

This parcel was an old homestead (1917) located approximately equi-distant (35 miles) from Haines and Juneau at the head of a small bay off the Lynn Canal. The area is located within the boundaries of the Tongass National Forest. The parcel features only 1,799 feet of ocean frontage. However, the Beardslee River flows through the parcel so that water frontage is considered to be extensive. The river supports runs of Coho, Pink, and Chum salmon and Dolly Varden Trout. Merchantable timber, if any, was apparently not a factor and the oil and gas rights were not conveyed. A tidal flat restricts boat access at low tide. Approximately 60% to 70% of the site is fairly flat bottom land with the remainder fairly steep. The parcel was purchased for subdivision into 61 sites. Information regarding market exposure was not available.

Comparable No. 2 - Windham Bay, Southeastern Alaska (12/88)

Windham Bay is situated off Stephens Passage approximately 65 miles southeast of Juneau. The area is located within the boundaries of the Tongass National Forest. Located at the head of Windham Bay, this parcel consists of five contiguous mining claims dating to 1890. Several anadromous streams flow into the Bay. The parcel features only 1,330 feet of ocean frontage. However, Spruce Creek meanders through the parcel so that water frontage is considered to be extensive. A tidal flat restricts boat access to the creek's channel at low tide. The topo maps indicate a generally level site with moderate to steep slopes on either side of the creek. Although partially wooded, merchantable timber was apparently not a factor and the oil and gas rights were not conveyed. The acreage was reportedly purchased for recreational gold panning and as a possible future lodge site. The offering sold within a six month exposure period with a real estate broker.

Comparable No. 3 - Nushagak River, Southwestern Alaska (7-93)

Enroute to Bristol Bay, the Nushagak River collects several drainages including the upper Tikchik Lakes. The area is considered to be a "world class" trophy fishing and hunting area. The site is located approximately 26 miles east of Dillingham at the confluence of the Nushagak and Iowithla Rivers. The 80-acre site occupies only one corner of the intersection but features extensive river frontage and world class fishing opportunities. Access is by float plane or river boat. The topography is fairly level to rolling. There is no merchantable timber on the site and the oil and gas rights were not conveyed. The purchaser's intended use is for commercial recreation. The property was exposed to the market via the BIA process in which sealed bids are invited during an advertisement period of four weeks. If no bids are received, the property is listed for sale with BIA's realty department. The purchase price for this site represents the highest bid received during the initial offering.

Comparable No. 4- Nonvianuk River, Southwestern Alaska (7-93)

The Nonvianuk River flows from Nonvianuk Lake to its confluence with the Alagnak River, a tributary of the Kvichak River - the outlet of Lake Iliamna. The Alagnak is designated a "wild and scenic river" and the region is considered world class in terms of trophy fishing and hunting opportunities. The site is located approximately 100 miles east of Dillingham. It is strategic in that it

features approximately 2,500 feet of frontage on the Nonvianuk River and approximately 350 feet on Larson Lake, a small floatplane lake. The topography is fairly level to rolling. There is no merchantable timber on the site and the oil and gas rights were not conveyed. The purchasers intended use is for commercial recreation. The property was exposed to the market via the BIA process. No bids were received during the initial offering and the property was purchased during the subsequent listing period.

Comparable No. 5 - Horse Marine Bay/Lagoon, Kodiak, Alaska (4-88)

Horse Marine Bay is at the head of Moser Bay in the Olga Bay area of southwest Kodiak Island, approximately 75 miles from the City of Kodiak. Primary access is by float plane. A marine route from Kodiak would be in excess of 150 miles. This small site straddles a small creek at the entrance to Horse Marine Lagoon. An anadromous stream flows from Horse Marine Lake into the Lagoon. The "recreation/tourism" rating by the Work Group is "high" for the area. The topography is fairly level and the site features extensive frontage in relation to depth. There is no merchantable timber on the site but the subsurface rights were reportedly conveyed. The intended uses included a rural residence and commercial fishing and recreation operations. The property had been exposed to the market with a Kodiak real estate company.

Comparable No. 6 - Northwest Olga Bay, Kodiak, Alaska (6-88)

Olga Bay is located in the southwest region of Kodiak Island approximately 75 miles from the city of Kodiak. Primary access is by float plane. A marine route from Kodiak would be in excess of 150 miles. This small site straddles the mouth of an anadromous stream that drains from a small unnamed lake in the northwest part of the bay. The site is located westerly of a parcel rated as "high" (AKI06) by the Work Group. However, it is most similar yet inferior to a parcel located on the opposite shore (AKI08) rated as "moderate". Moorage is exposed to the Bay. The topography is fairly level and the site features extensive frontage in relation to depth. There is no merchantable timber on the site but the subsurface rights were reportedly conveyed. The purchaser's intended use is for commercial recreation. The property had been exposed to the market with a Kodiak real estate company.

Comparable No. 7 - Snug Cove, Moser Bay, Kodiak, Alaska (1-89)

Snug Cove is located on the west side of Moser Bay, the entrance to the Olga Bay region of southwest Kodiak Island approximately 75 miles from the city of Kodiak. Primary access is by float plane. A marine route from Kodiak would be in excess of 150 miles. The cove offers protected moorage and the site was formerly utilized by a cannery operation. A small stream flows across the site into the cove but sportfishing opportunities are minor. The Work Group's "recreation/tourism" rating for this area is "low". The topography ranges from lowlands to steep uplands and access can be complicated at low tide. Frontage in relation to depth is considered to be average (less than optimum). There is no merchantable timber on the site but the subsurface rights were reportedly conveyed. The intended use is for commercial fishing support. The property had been exposed to the market with a Kodiak real estate company.

Comparable No. 8 - Southwest Olga Bay, Kodiak, Alaska (3-89)

Olga Bay is located in the southwest region of Kodiak Island approximately 75 miles from the city of Kodiak. Primary access is by float plane. A marine route from Kodiak would be in excess of 150 miles. This small site is situated at the outlet of Olga Creek, an anadromous stream that drains the South Olga Lake system (upper and lower) into the southwest part of the bay. The "recreation/tourism" rating by the Work Group is "moderate" for the area. Moorage is exposed to the Bay. The topography is fairly level tundra and the site features extensive frontage in relation to depth. There is no merchantable timber on the site but the subsurface rights were reportedly conveyed. The purchaser's intended use was for a commercial fishing operation. The property had been exposed to the market with a Kodiak real estate company.

Comparable No. 9 - Uganik Passage, Kodiak Island, Alaska (6-91)

This former homestead is situated on Terror Bay in the Uganik Passage approximately 30 air miles southwest of the City of Kodiak. Primary access is by floatplane. A marine route from Kodiak would be approximately 95 miles. The site offers protected waters and features extensive ocean frontage at the outlet of a small anadromous stream. The locale is outside the areas rated by the Work Group but located between areas with recreation/tourism ratings of "high" (KON01) and "moderate" (AJV06). Topography ranges from moderate to steep slopes. The site features extensive frontage in relation to depth. No

merchantable timber is located on the site and only the surface estate was conveyed. The homestead was improved with an older house and miscellaneous outbuildings. The adjusted cash equivalent value reflects an allocation for the site (as vacant). The site lies within the boundaries of the Kodiak National Wildlife Refuge and was purchased by the U. S. Fish and Wildlife Service. The property had been exposed to the market for over one year.

Comparable No. 10 - Ayakulik River, Kodiak, Alaska (8-93)

The Ayakulik River is the collector for numerous drainages of western Kodiak Island including Red Lake. The river empties into the Pacific Ocean along a stretch of exposed coastline. The site is located approximately 90 air miles from the city of Kodiak. Primary access is by float plane. A marine route from Kodiak would be in excess of 150 miles. The locale is outside the areas rated by the Work Group but would be considered "world class" by most measures. The Ayakulik is perhaps second only to the Karluk River as a sportfishing destination on the Island. Topography is fairly level tundra above the river's bank. The configuration of the site is optimum in that it straddles the mouth so that control of entry is maximized. There is no merchantable timber on the site but the subsurface rights were to be conveyed. The intended use was preservation/conservation. The buyer (Conservation Fund) sought to limit access and prevent development. This site assures some degree of control over entry to and use of contiguous backlands. The data represents an offer only as opposed to a closed sale and the property had not been exposed to the market.

EXPLANATION OF ADJUSTMENT PROCESS

Financing Terms

The Adjusted Cash Equivalent Value reported in the table reflects previous considerations for terms of sale and allocations for improvements or non-realty components if any (see detailed "Comp Sheets" in addenda).

Market Conditions (sale date)

Sales occurring prior to 1986 have little relevance except to establish a decline in "market" values (see Market Overview). All of the transactions summarized and analyzed occurred from late 1987. The data reflects only spotty activity over a lengthy period of approximately 7 years. An adjustment for market conditions (time) during this period is not supported by the data and we have made no adjustment.

Conditions of Sale (motivation)

Undue stimulus and/or atypical influences, if any, are considered in the Reconciliation of Adjustments.

Real Property Rights Conveyed

The purpose of this appraisal is to estimate the market value of the fee simple interest - less oil, gas, and minerals, (surface estate). Most of the comparables reflect the conveyances of only the surface estate. If an allocation for the inclusion of subsurface rights can be determined by interviews with the buyers and sellers, downward adjustments will be made.

Zoning

The subject properties and those comparables located on Kodiak Island are subject to Borough zoning regulations. The regulations limit the capacities of commercial recreation uses that are probable for strategic sites. However, the minimum lot size in the Conservation District is 5 acres whereas the unit of comparison for our analysis is 160 acres. Furthermore, increased capacities are possible with a conditional use permit. And, the Borough has been in the process of rezoning several parcels to more permissive classifications. In summary, zoning is not likely to influence the value of these strategic sites and we have made no adjustment.

Physical Features and Characteristics

Physical features and characteristics include; location, access; soils and topography; size and shape. Although ten transactions have been analyzed, they reflect only spotty activity over a period of approximately seven years. Due to the limited amount of data, it is extremely difficult to identify and apply reliable adjustments for various physical features and characteristics. Therefore, we have correlated the comparables to the subject in a qualitative analysis described by the Appraisal of Real Estate Tenth Edition as a "Relative Comparison Analysis". In this analysis, various physical features and characteristics are perceived as comparable/equal, superior or inferior. This technique illustrates the relative market position of the subject. A Market Data Grid and Relative Comparison Analysis is presented on the following page.

5	6	7	8	9	10
\$5,181	\$3,246	\$3,436	\$5,099	\$2,500	\$1,739
4-88 (no adjust.)	6-88 (no adjust.)	1-89 (no adjust.)	3-89 (no adjust.)	6-91 (no adjust.)	8-93 (no adjust.)
no known undue stimulus or duress (no adjust.)	no known undue stimulus or duress (no adjust.)	no known undue stimulus or duress (no adjust.)	no known undue stimulus or duress (no adjust.)	see reconciliation	see reconciliation
Fee Simple incl. Subsurface not allocated	Fee Simple incl. Subsurface not allocated	Fee Simple incl. Subsurface not allocated	Fee Simple incl. Subsurface not allocated	Fee Simple Surface Estate (no adjust.)	Fee Simple incl. Subsurface not allocated
\$5,181	\$3,246	\$3,436	\$5,099	\$2,500	\$1,739
Horse Marine Bay, SW Kodiak Island <20,000 150 miles +/- most of route "high" (Work Group) (approx. =)	NW Olga Bay, SW Kodiak Isl. <20,000 150 miles +/- most of route "moderate" (appraiser) (inferior)	Snug Cove, Moser Bay, SW Kodiak <20,000 150 miles +/- most of route "low" (Work Group) (inferior)	SW Olga Bay, SW Kodiak Isl. <20,000 150 miles +/- most of route "high" (Work Group) (approx. =)	Uganik Passage Kodiak Isl. < 20,000 95 miles +/- most of route "moderate" (appraiser) (inferior)	Ayakulik River, SW Kodiak Isl. <20,000 150 miles +/- most of route "high" (appraiser) (approx. =)
19.30 acres (superior)	32.35 acres (superior)	29.10 acres (superior)	19.61 acres (superior)	151.21 acres (approx. =)	574.88 acres (inferior)
extensive waterfront suitable for subdividing (approx. =)	extensive waterfront suitable for subdividing (approx. =)	less than optimum for subdividing (inferior)	extensive waterfront suitable for subdividing (approx. =)	extensive waterfront suitable for subdividing (approx. =)	extensive waterfront suitable for subdividing (approx. =)
straddles creek @ mouth at entrance to lagoon (approx. =)	straddles creek @ mouth (approx. =)	straddles creek @ mouth (approx. =)	one side of mouth of Olga Creek (inferior)	ocean frontage @ mouth of creek (inferior)	straddles river @ mouth (approx. =)
fairly level low % of usable uplands adequate semi- protected (inferior)	fairly level low % of usable uplands adeq. semi- protected (inferior)	level to steep low % of usable uplands protected cove (inferior)	fairly level high % of usable lowlands adeq. semi- protected (inferior)	moderate & steep slopes moderate % of usable uplands adeq. semi- protected (inferior)	moderate slope high % of usable uplands unprotected (inferior)
multi-use incl. comm rec.	commercial recreation	commercial fishing	commercial fishing	habitat preservation	habitat preservation
Negative	Negative	Negative	Negative	Positive	Positive

Reconciliation of Adjustments

The sales price indicators and the indicated overall adjustments are summarized as follows:

No.	Location	Date	Acres	\$/AC	Net Adjust.
5	Horse Marine Bay, SW Kodiak Isl.	4-88	19.30	\$5,181	Negative
8	SW Olga Bay, SW Kodiak Isl.	3-89	19.61	\$5,099	Negative
7	Moser Bay, SW Kodiak Isl.	1-89	29.10	\$3,436	Negative
6	NW Olga Bay, SW Kodiak Isl.	6-88	32.35	\$3,246	Negative
key parcel	Southwest Kodiak Island	n/a	160.00	-----	-----
3	Nushagak River, Western Alaska	7-93	80.00	\$2,500	Approx. =
9	Uganik Passage, NW Kodiak Island	6-91	151.21	\$2,500	Positive
4	Nonvianuk River, Western Alaska	7-93	119.99	\$1,908	Positive
10	Ayakulik River, West Kodiak Island	8-93	574.88	\$1,739	Positive
1	Henry Bay, Southeast Alaska	9-87	159.99	\$934	Positive
2	Windham Bay, Southeast Alaska	12-88	98.5	\$863	Positive

The comparables analyzed reflect a wide range of per acre indicators within which the subject is fairly represented. The considerations given the most weight in the adjustment process are discussed in the following paragraphs.

Comparable Nos. 5, 6, 7, & 8 were included in our analysis because of their close proximity to the subject and the limited amount of data in the Kodiak area. And, three of the four feature extensive water frontage so that further subdividing to the Borough minimum of 5 acres is a possibility. The per acre indicators reflect a price-to-size relationship. However, the consistency of the sales prices (3 @ \$100,000 and 1 @ \$105,000) suggest the parcels were evaluated on a per site basis and that further subdivision opportunities were not a factor. Based on this observation, the relevance of per acre indicators to the valuation of larger parcels is seriously diluted - particularly recognizing that available listings of similar sized parcels in the same area have been marketed for approximately two years without favorable results (Comparable No. 20).

Furthermore, an expanded data search reveals relevant sales of similar sized-parcels outside the subject neighborhood. In summary, Comparable Nos. 5, 6, 7, & 8 can be given little if any weight in our analysis due to their small size in relation to the unit of comparison used our analysis (160 acres).

Comparable No. 9 was an inholding acquired by the United States Fish and Wildlife Service. Although purchased by a government agency, the transaction has some elements of a free, open-market transaction. The property had been exposed to the market for an extended period. While the property was listed for \$1.8 million, the Service offered \$468,000. The offer was rejected and the asking price was later reduced to \$1 million. After a listing period of one year, the price was further reduced to \$550,000 - toward a price considered to be reasonable by the Service. The negotiated price was reportedly supported by an appraisal.

The property is considered to be inferior to the subject "key parcel" and ordinarily an upward, or positive, adjustment would be appropriate. However, the transaction must be weighed with a reality check. Available data suggests that private sector purchasers cannot justify nearly a half million dollars in cash for a remote 160 acre tract (+/-) without merchantable timber. Such transactions are simply not occurring.

The market history of this property represents a classic example of an overly optimistic price free-falling to a point that it becomes a feasible undertaking for someone. In this case, that point is established by the acquisition of an inholding by a government agency. While the procedures followed by the Service appear to have been by-the-book - the price free-fall, to a point that may have been established by a private sector buyer, was effectively interrupted. Although the sale reflects some elements of a market transaction (market exposure, arm's length negotiations), it can be given little weight in our analysis due to the "conditions of sale". The transaction is a project-related acquisition by a government agency subject to undue stimulus - consolidation of Refuge lands and the prevention of incompatible development.

Comparable 10 is the recent offer to purchase a large strategic site at the mouth of the Ayakulik River, one of Kodiak's premier destinations for sport fishermen. The site would be considered "world class" by most measures and

virtually directly comparable to the hypothetical "key parcel" with the exception of size. Based on other recent sales of strategic sites in nearby "world class" areas (Comparable Nos. 3 and 4), the reported purchase price may have been supportable and an upward adjustment for size would be appropriate.

However, it would not be appropriate to give this reported transaction too much weight even if the transaction had been consummated. First, land use economics do not support acquisitions of remote tracts at a half million dollars let alone a million. Second, to our knowledge, the property was not offered for sale nor otherwise exposed to the market. If the probability of a sale within a foreseeable marketing period is little to none, the relevance of the data is suspect. The fact that the ownership entity did not agree to the sale should not be misconstrued as an indication that an even higher value may be supportable. The decision to sell reportedly required unanimity and there was one holdout.

The site was targeted for acquisition by a conservation group seeking to restrict access and development. The group intends to pursue the acquisition and has reportedly set aside the funds for that purpose rather than using it to further other goals and objectives. This direction suggests that the eventually negotiated price will not be optimized by the influence of suitable alternatives (Principal of Substitution) and other characteristics of a free and open market. The analyst cannot know if the acquisition price reflects an extreme value or fairly represents the market norm. While the value may be supportable, the appraiser must look to the supporting data rather than this transaction itself.

Comparable Nos. 1, 2, 3 and 4 indicate a range of values for strategic sites from \$863 to \$2,500 per acre. Giving most weight to the recreation/tourism ratings, Comparable Nos. 1 and 2 are inferior and upward adjustments are appropriate. Comparable Nos. 3 and 4 effectively narrow the value range to \$1,908 to \$2,500 per acre. Both are recent sales of strategic sites in areas offering "world class" outdoor recreation opportunities. Both were purchased for commercial recreation operations and considered to be the most comparable to sites within areas rated "high" for recreation/tourism by the Work Group.

Comparable No. 4 is strategic in that it has both river and lake frontage. However, the quality of this feature is considered to be inferior to the subject

"key parcel" and an upward adjustment is appropriate. Most weight is given to Comparable No. 3. The purchaser was a knowledgeable lodge operator and outdoor guide. He reportedly searched for three years before finding a site he considered to be optimum for his operation. Although the site is superior to the subject "key parcel" with regard to size, any downward adjustment is considered to be sufficiently offset by its occupation of only one corner at the confluence of two rivers. In contrast, the subject hypothetical "key parcel" represents an optimum configuration that straddles an intersecting creek/river so that control of entry is maximized.

In conclusion, it is our opinion that the value of the subject "key parcel" is fairly represented at \$2,500 per acre. Again, the subject "key parcel" is described as "world class" with regard to the relative quality of recreational opportunities offered. For the purposes of our analysis, "world class" is synonymous with the Work Group's recreation/tourism rating of "high".

Correlation of the Key Parcel

Some of the subject parcels are rated by the Work Group as "low" or "moderate" (recreation/tourism). Recognizing the topography of Comparable Nos. 1 and 2 is inferior to that of the subject "key parcel", their per acre indicators (\$863 & \$934) are considered to be below and outside an appropriate range for the subjects. Based on this observation, strategic waterfront sites in remote locales are considered to be fairly represented within a range of per acre values from \$1,000 to \$2,500. Correlating the Work Group's recreation/tourism ratings with this range, the following per acre values are indicated.

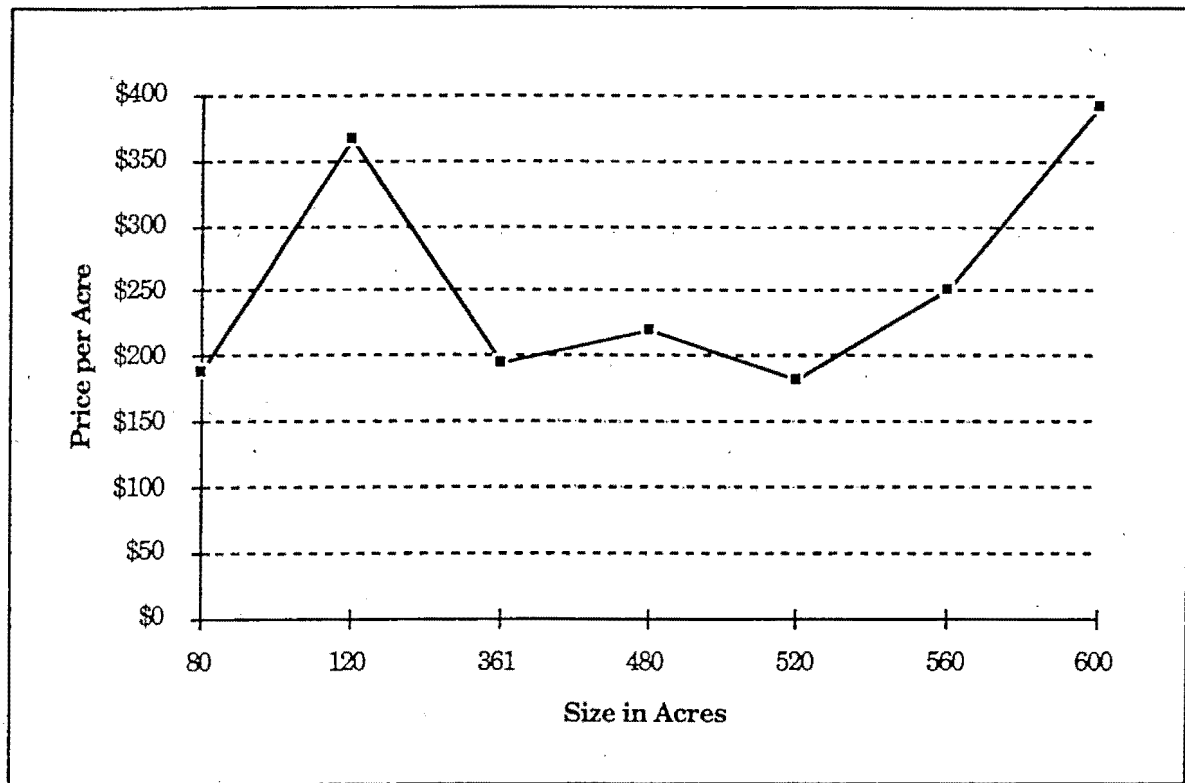
Work Group Recreation/Tourism Rating	Indicated \$/Acre
"High" (subject "key parcel")	\$2,500 per acre
"Moderate"	\$1,750 per acre
"Low"	\$1,000 per acre

Application to the Subject Parcels

Each strategic waterfront site identified within the boundaries of the subject will be allocated 160 acres - the unit of comparison used in the analysis. In the event that one side of the strategic river/stream confluence or mouth is not owned by the owner of the subject, 80 acres will be allocated. Recognizing that identifiable strategic sites are not subdivided stand-alone properties, it is necessary to adjust the indicated values for size to acknowledge their inclusion into the whole.

Most real estate markets recognize that per acre values decrease as parcel sizes increase. Market derived indicators of adjustments are preferred. However, indicated price-to-size relationships are often erratic - even after considering the relative quality of the properties. Likewise, indicators derived from a relatively large sample of recent data are also inconclusive. Seven sales on the lower Kenai Peninsula have occurred since December of 1991. All are set-back from the highway with no improved access. The transactions are briefly summarized in the following table. Price-to-size relationships are illustrated in a subsequent graph.

#	Area	\$/Acre	Date	Intended Use	Mkt. Exp.
25	80	\$188	Feb-92	n/a	listed 10 mos.
24	120	\$367	Dec-91	subdivision	not marketed
28	361	\$194	May-93	timber	listed 2 mos.
26	480	\$219	Oct-92	subdivision	not marketed
27	520	\$183	Apr-93	timber	listed
29	560	\$250	Aug-93	timber	not marketed
30	600	\$392	Aug-93	homestead	n/a



The indicators are erratic, however, three of the properties (Nos. 27, 28, & 29) were purchased for their timber resources. These transactions reflect a narrow range of indicators from \$183 to \$250 per acre for tracts ranging in size from 361 to 560 acres.

In contrast, a wider range of indicators is reflected by Comparable Nos. 24 and 26. Both were purchased for subdividing - an economic use for which absorption, holding costs, and development costs are primary considerations in the estimation of present value. These transactions provide a more reliable

indicator of the price-to-size relationships likely to be reflected by non-timberlands.

Although neither were exposed to the market, a knowledgeable broker/developer was involved in both purchases. The two properties are generally similar with regard to soils/topography and proximity to roads/electricity. The downward adjustment indicated by a comparison of these two properties is illustrated in the following analysis.

No.	Area	\$/Acre	Adj.
	120 acres	\$367	
	480 acres	<u>\$219</u>	
	Indicated Difference	\$148	
	Indicated Downward Adjustment		-40%

We are not aware of any other "pairs" of recent transactions that are sufficiently similar to yield reliable indicators. The "pair" analyzed reflects a 4 : 1 relationship (480 to 120 acres) - identical to the relationship of 640 acres (1 section) to 160 acres. We have tested the reasonableness of the indicated adjustment (-40%) with a mathematic model that simulates the subdivision and disposition of one section (640 acres). Assumptions are developed in the following paragraphs.

It is difficult for an appraiser to project absorption for a remote coastal area that has generally not been "open" for decades. The data analyzed reflects ten transactions (9 closed) over a seven year period. Their random locations define an unusually large region in relation to the subject's locale. Eliminating aged data, the six transactions that have occurred since 1989 reflect a total absorption of approximately 975 acres - approximately 195 acres per year. Four of those are located in the Kodiak Archipelago. Assuming Comparable No. 10 would have closed, the indicated absorption of 775 acres since 1989 reflects an average of approximately 155 acres per year. The two indicators bracket the unit of comparison used in our analysis (160 acres) and suggest such an average annual absorption is not an unreasonable projection. The subject lands, nor surrounding lands, have not been available in the market and a 160 acre

absorption is not an unreasonable assumption, considering the small percentage of land typically on the market in the Kodiak Archipelago. The absorption of 160 acres per year represents a disposition of 640 acres over a period of four years. As previously noted, 640 acres (1 section) is considered to be the point beyond which further size adjustments will not be applied.

At \$1,750 per acre (mean/median for strategic waterfront sites), annual gross sales are projected at \$280,000 (\$1,750 x 160 acres). No upward pressure on values is anticipated. Costs of sale are estimated at 10%. Survey and administrative costs can be expected to be fairly low and we have allocated \$25 per acre as a miscellaneous cost. Taxes are estimated based on the current mill rate (6.75) times the projected assessed valuation. The assessed valuation is estimated at 50% of the indicated average per acre value (\$1,750 per acre) in order to reflect a consideration for the large-parcel characteristic of the subjects. Net annual sales are discounted by a range of rates considered to be appropriate for low-cost remote recreational subdivisions.

Yr.	Ac.	Gross Sales	Taxes	Devel. Costs	Costs of Sale	Net Sales	PV Disc. @ 14%	PV Disc. @ 16%	PV Disc. @ 18%
1	160	\$280,000	(\$3,780)	(\$4,000)	(\$28,000)	\$244,220	\$214,228	\$210,534	\$206,966
2	160	\$280,000	(\$2,835)	(\$4,000)	(\$28,000)	\$245,165	\$188,647	\$182,198	\$176,074
3	160	\$280,000	(\$1,890)	(\$4,000)	(\$28,000)	\$246,110	\$166,117	\$157,672	\$149,790
4	160	\$280,000	(\$945)	(\$4,000)	(\$28,000)	\$247,055	\$146,276	\$136,446	\$127,428
\$1,120,000							\$715,268	\$686,851	\$660,258
Ind. Adj.							36.14%	38.67%	41.05%

The indicated adjustments range from approximately 36% to 41% and suggest that the adjustment indicated by the "pair" of sales (40%) analyzed is not unreasonable. However, recognizing that the extraction and disposition of strategic waterfront sites would require minimal additional upfront capital (no roads or utilities), the low-end adjustment based on the discount rate of 14% is considered to be more appropriate.

Using this model as a foundation (14% discount rate), size adjustments can be calculated to correspond with the amount of strategic waterfront acreage identified within the boundaries of each parcel. If a particular subject parcel has only one identifiable site (160 acres), a marketing period of one year would be reasonably probable and a relatively low size adjustment would be justified. Obviously, longer holding periods would be necessary to dispose of larger quantities of strategic acreage and higher size adjustments would be appropriate.

Size adjustments corresponding to holding periods determined by the amount of acreage are calculated in the following table:

Yr.	Ac.	Gross Sales	Taxes	Devel. Costs	Costs of Sale	Net Sales	PV Disc. @ 14%	Indicated Adjustment
1	160	\$280,000	(\$945)	(\$4,000)	(\$28,000)	\$247,055	\$216,715	
160	Ac.	\$280,000					\$216,715	-23% (rd)
1	160	\$280,000	(\$1,890)	(\$4,000)	(\$28,000)	\$246,110	\$215,886	
2	160	\$280,000	(\$945)	(\$4,000)	(\$28,000)	\$247,055	\$190,101	
320	Ac.	\$560,000					\$405,987	-27% (rd)
1	160	\$280,000	(\$2,835)	(\$4,000)	(\$28,000)	\$245,165	\$215,057	
2	160	\$280,000	(\$1,890)	(\$4,000)	(\$28,000)	\$246,110	\$189,374	
3	160	\$280,000	(\$945)	(\$4,000)	(\$28,000)	\$247,055	\$166,755	
480	Ac.	\$840,000					\$571,186	-32% (rd)
1	160	\$280,000	(\$3,780)	(\$4,000)	(\$28,000)	\$244,220	\$214,228	
2	160	\$280,000	(\$2,835)	(\$4,000)	(\$28,000)	\$245,165	\$188,647	
3	160	\$280,000	(\$1,890)	(\$4,000)	(\$28,000)	\$246,110	\$166,117	
4	160	\$280,000	(\$945)	(\$4,000)	(\$28,000)	\$247,055	\$146,276	
640	Ac.	\$1,120,000					\$715,268	-36% (rd)

Summary

Values will be assigned to the quantity of identified strategic acreage according to the Work Group Recreation Tourism Rating (see following table).

Work Group Recreation/Tourism Rating	Indicated \$/Acre
"High" (subject "key parcel")	\$2,500 per acre
"Moderate"	\$1,750 per acre
"Low"	\$1,000 per acre

In order to acknowledge the inclusion of this acreage into the whole, downward size adjustments will be applied according to the following schedule:

Quantity of Strategic Waterfront Acreage Identified	Indicated Adjustment
≤ 160 acres	-23%
> 160 but ≤ 320 acres	-27%
> 320 but ≤ 480 acres	-32%
> 480	-36%

VALUATION - NON-STRATEGIC WATERFRONT ACREAGE

This component is described as featuring favorable topography but without the strategic quality of a significant geographic/physical feature. This "second tier" acreage may be suitable for a variety of uses but would be at a disadvantage if "strategic" sites are available. A general description of the hypothetical "key parcel" is summarized in the following paragraphs.

Location

The "key parcel" is remote with primary access by float plane. The Work Group's recreation/tourism rating for the locale "high".

Size

Sales of small sites for which further subdividing is not probable, usually do not reflect meaningful per acre indicators as they tend to be evaluated by prospective purchasers on a "per site" basis. Larger units of comparison are more appropriate for our analysis because they are more similar to the subject with regard to possible uses - including further subdividing into more marketable parcels. There is a sufficient quantity of data for parcel sizes approximating 160 acres and we have used this unit of comparison in our analysis.

Shape

An optimum shape is generally described as having extensive water frontage in relation to depth so that further subdividing opportunities are a possibility.

Topography/Soils

Favorable topography/soils is described as moderately sloping with a high percentage of usable uplands. For the purposes of our analyses, topography is considered as favorable when the initial 100 foot contour illustrated on the United States Geological Survey (U. S. G. S) quadrangle maps, is set-back a notable distance from the waterfront so moderately sloping usable terrain is evident.

The data is summarized in the following table. Details of the properties summarized are presented in the addenda of the report.

SUMMARY OF COMPARABLE SALES
NON - STRATEGIC WATERFRONT ACREAGE

#	Region	Neighborhood	Date	Adj. CEV	Acres	\$/AC
11	Southeast	Haines	11-92	\$100,000	153.67	\$651
12	Kenai - lower	Chrome Bay	10-86	\$80,000	69.09	\$1,158
13	Cook Inlet - west	Chinitna Bay	8-90	\$85,101	74.96	\$1,135
14	SW AK	Eagle Bay, Iliamna	6-91	\$70,000	80.00	\$875
15	SW AK	Lake Clark	2-94	\$105,000	159.97	\$656
16	SW AK	Lake Aleknagik	7-93	\$90,000	79.95	\$1,126
17	Kodiak	Uganik Bay	6-86	\$85,500	78.42	\$1,090
18	Kodiak	Afognak Island	11-89	\$1,064,269	273.63	\$3,889
19	Kodiak	Sturgeon River	7-92	\$108,167	159.97	\$676
20	Kodiak	Olga Bay	10-92	\$310,000	180.00	\$1,722
21	Kodiak	Afognak Island	4-94	\$180,000	59.98	\$3,001
22	Kodiak	Uyak Bay USS 9434 listing		\$352,000	159.99	\$2,200

DESCRIPTION OF COMPARABLES

Comparable No. 11 - Chilkat Inlet, Southeastern Alaska (11-92)

This site is located approximately 10 miles south of Haines on the opposite side of the inlet. The site lies within the Haines State Forest and Resource Management Area approximately 1 mile east of the base of Davidson Glacier. Access by small boat is practical but the site lacks protected moorage. The site features a beachfront and fairly level, wooded topography. Merchantable timber, if any, was apparently not a factor and oil/gas rights were not conveyed. The property was purchased for speculation but the most probable use is recreation. However, water frontage in relation to depth is not favorable for extensive subdividing. The property had been listed with a Haines brokerage but the buyers reportedly negotiated directly with the seller.

Comparable No. 12 - Chrome Bay, Lower Kenai Peninsula, Alaska (10/86)

The parcel is located in the Port Chatham area of the Lower Kenai Peninsula. The "recreation/tourism" rating by the EVOS Restoration Team Habitat Protection Work Group for the general locale (ENB08) is "moderate". Access by boat is from Homer (Kachemak Bay) but the route is exposed to open-ocean.

The parcel features extensive water frontage and was purchased for subdivision into marketable recreation sites. The purchaser has reportedly sold eight lots since 1987. Merchantable timber, if any, was apparently not a factor. The topography is moderately sloping and a high percentage of the acreage is usable. The site had been previously utilized in a mining operation and the mineral rights were conveyed along with the surface estate. The buyer indicated that the acquisition of the subsurface estate effectively eliminated a potential nuisance but no portion of the purchase price was allocated (to the subsurface estate). The purchaser reportedly felt the price was below market and paid the seller's asking price. However, the offering was exposed to the market with an Anchorage brokerage for approximately six months.

Comparable No. 13 - Chinitna Bay, West Cook Inlet, Alaska (8-90)

Chinitna Bay is located on the west side of Cook Inlet, approximately 45 miles west of Anchor Point. Access by small boat is impractical much of the time due to the expanse of open water that must be crossed. The area (Iniskin Peninsula) is situated within the boundaries of the Kenai Peninsula Borough. The parcel features extensive water frontage and gently sloping wooded terrain. The site was reportedly purchased for a lodge site. Merchantible timber, if any, was apparently not a factor and only the surface rights were conveyed. The offering was advertised for four to six weeks.

Comparable No. 14 - Eagle Bay, Lake Iliamna, Western Alaska (6-91)

Lake Iliamna is a popular fly-in recreation area west of the Alaska Range. At approximately 75 miles in length, Lake Iliamna is the largest fresh-water lake in Alaska and represents the centerpiece of the premier outdoor region generally referred to as "southwestern" Alaska. The area is considered to be a "world class" trophy fishing and hunting area. The site is located at Eagle Bay, six miles east of the community of Iliamna and approximately eight miles east of the airport. The area is characterized by rolling tundra, some of which is semi-wet. However, the site features a good gravel beach and extensive water frontage. As such, it is well-suited for subdividing. There is no merchantible timber in the area and the oil and gas rights were not conveyed. The property had been exposed to the market with an Anchorage broker for approximately nine months.

Comparable No. 15 - North Side of Lake Clark, Western Alaska (2-94)

Lake Clark is located to the north of Lake Iliamna in the fly-recreation area west of the Alaska Range. The area is considered to be a "world class" trophy fishing and hunting area. The site is an inholding within the boundaries of the Lake Clark National Park and Preserve. The site features moderately sloping topography and a gravel beach. Frontage in relation to depth is considered to be average (less than optimum). There is no merchantible timber in the area and the oil and gas rights were not conveyed. The site was acquired for a personal use cabin/home site. The property had been exposed to the market with an Anchorage broker for 38 days.

Comparable No. 16 - Lake Aleknagik, Western Alaska (7-93)

Lake Aleknagik is the lower lake in the Wood River - Tikchik Lakes chain that drains into Bristol Bay at Dillingham in southwest Alaska. The area is considered to be a "world class" trophy fishing and hunting area. The site is situated on the north shore of the lake approximately six miles west of the community of Aleknagik. Access is by float-plane or riverboat. The site features undulating topography and a gravel beach along an extensive shoreline well-suited for subdividing. There is no merchantable timber in the area and the oil and gas rights were not conveyed. The site was acquired for a personal use cabin/home site. The property was exposed to the market via the BIA process. No bids were received during the initial offering and the property was purchased during the subsequent listing period.

Comparable No. 17 - Uganik Bay, Kodiak, Island Alaska (6-86)

Uganik Bay is located on the northwest side of Kodiak Island approximately 30 air miles southwest of the City of Kodiak. Primary access is by floatplane. A marine route from Kodiak would be approximately 95 miles. The locale is outside the areas rated by the Work Group but located between areas with recreation/tourism ratings of "high" (KON01) and "moderate" (AJV06). Topography is reported to be poor but the anchorage good. Water frontage in relation to depth is considered to be average (less than optimum). There is no merchantable timber on the site but the subsurface rights were reportedly conveyed. The purchasers intended use was for a personal residence and commercial fishing support base. The property was not exposed to the market. The transaction was negotiated between friends.

Comparable No. 18 - Raspberry Straights, Afognak Island, Alaska (11-89)

This sale represents an assemblage of two contiguous parcels (127 & 147 acres) fronting on Raspberry Straights approximately 25 air miles northwest of the City of Kodiak. The topography is moderately sloping and the assembled site features extensive water frontage. A small creek runs through the property but the site is not considered strategic. The waters are protected but access is poor at low tide. The estimated value of merchantable timber was reported to be the major component of the purchase price. Only the surface estate was conveyed.

The site was purchased by a Russian religious group formerly known as the Old Believers. The group intended to establish an isolated colony/community and had searched extensively for a site that offered a combination of physical and locational characteristics considered to be optimum. The purchase price was reportedly negotiated prior to any appraisals and the site had not been marketed.

Comparable No. 19 - Sturgeon River, Kodiak Island, Alaska (7-92)

This parcel is situated at the head of a tidal lagoon where the Sturgeon River empties into the Shelikof Strait. The area lies within the boundaries of the Kodiak National Wildlife Refuge on the west side of the Island approximately 90 air miles southwest of the City of Kodiak. The "recreation/tourism" rating by the EVOS Restoration Team Habitat Protection Work Group for the general locale (KON06) is "low". Access by small boat is not practical and float plane access is limited to high tides. The site occupies a bench above the lagoon/river and is suitable for an airstrip. The water frontage in relation to depth is not favorable for extensive subdividing. There is no merchantable timber in the area and only the surface estate was conveyed. The site was purchased for a guided fly-in sportfishing operation. The property had been actively marketed for nearly five years and the eventual purchase price reflected extremely favorable terms.

Comparable No. 20 - Olga Bay, Kodiak Island, Alaska (10-92)

This tract is located on Olga Bay within the boundaries of the Kodiak National Wildlife Refuge approximately 85 miles southwest of the City of Kodiak. The "recreation/tourism" rating by the EVOS Restoration Team Habitat Protection Work Group for the general locale (AKI06) is "high". The site offers extensive beachfront in a small semi-protected bay but access is complicated at low tide. Approximately 30% to 40% of the backlands are reported to be poorly drained. There is no merchantable timber in the area and only the surface estate was to be conveyed. The site was intended for a fishing lodge operation. The property had been exposed to the market with a Kodiak brokerage for approximately 5 weeks. The purchase terms required approximately one-third down (\$100,000). The buyer was not able to close and the transaction fell through.

Comparable No. 21 - Afognak Island, Alaska (4-94)

The site is located on the southeasterly shore of Afognak Island fronting on Kupreanof Strait approximately 25 air miles northwest of the city of Kodiak. The topography is fairly level and the site has no water frontage. The availability of legal access from the waterfront is in question as of the date of this report. The estimated value of merchantable timber was reported to be the major component of the purchase price. Only the surface estate was conveyed.

The site was purchased by a Russian family with ties to the Old Believer colony nearby (Comparable No. 18). In spite of the site's shortcomings, it was the most proximal of available alternatives at the time. The property had not been exposed to the market. The availability of the site was communicated by word of mouth.

Comparable No. 22 - Uyak Bay, Kodiak Island, Alaska (listing)

Uyak Bay is located on the northwest side of Kodiak Island. Primary access is by floatplane. A marine route from Kodiak would be in excess of 100 miles. The site is located within the boundaries of KON02, a parcel with a Work Group recreation/tourism rating of "high". Topography is moderately steep and the shoreline features a gravel beach and extensive frontage suitable for subdividing. A small cove offers protected moorage for floatplanes and/or small boats. The ratio of water frontage to depth is less than optimum but suitable for subdividing. There is no merchantable timber in the area and only the surface estate is offered. The property was exposed to the market via the BIA process. No bids were received during the initial offering and the property is currently listed for sale.

EXPLANATION OF ADJUSTMENT PROCESS

Financing Terms

The Adjusted Cash Equivalent Value reported in the table reflects previous considerations for terms of sale and allocations for improvements or non-realty components if any (see detailed "Comp Sheets" in addenda).

Market Conditions (sale date)

Sales occurring prior to 1986 have little relevance except to establish a decline in "market" values (see Market Overview). All of the transactions summarized and analyzed occurred since mid-1986. The data reflects only spotty activity over a lengthy period of approximately 8 years. An adjustment for market conditions (time) during this period is not supported by the data and we have made no adjustment.

Conditions of Sale (motivation)

Undue stimulus and/or atypical influences, if any, are considered in the Reconciliation of Adjustments.

Real Property Rights Conveyed

The purpose of this appraisal is to estimate the market value of the fee simple interest - less oil, gas, and minerals, (surface estate). Most of the comparables reflect the conveyances of only the surface estate. If an allocation for the inclusion of subsurface rights can be determined by interviews with the buyers and sellers, downward adjustments will be made.

Zoning

The subject properties and those comparables located on Kodiak Island are subject to Borough zoning regulations. However, the zoning regulations do not adversely impact probable utilizations and we have made no adjustment.

Physical Features and Characteristics

Physical features and characteristics include; location, access; soils and topography; size and shape. Although ten transactions have been analyzed, they reflect only spotty activity over a period of approximately seven years. Due to the limited amount of data, it is extremely difficult to identify and apply reliable adjustments for various physical features and characteristics. Therefore, we

Size

Most real estate markets recognize that per acre values decrease as parcel sizes increase. This is particularly true in counties, boroughs, and municipalities where the process of subdividing larger parcels into marketable denominations has become both time consuming and expensive.

Where adequate data is plentiful, reliable size adjustments can be extracted. As previously noted, sales of large tracts of remote Alaska lands that can be qualified as "market" sales, are almost non-existent. With the exception of timberlands in Southeast Alaska, we are aware of only two private-sector purchases of large tracts (> 1,000 acres) in Alaska within the past twelve years (2,053 acres in 1982 and 2,220 acres in 1990). The data suggests that market prospects are extremely limited for 1,000 acre parcels let alone tracts containing 10,000 to 100,000 acres.

In depressed or oversupplied markets, values typically free-fall to a point at which speculators, anticipating future benefits, will buy. There is surely a price at which large tracts of apparently limited utility remote acreage would sell. However, the price that would prove to be a sufficient incentive to attract a speculator or developer/entrepreneur to the subject as a whole, within a reasonable marketing period, is impossible to predict. Available market data indicates that the most marketable denominations of acreage are 160 or less. However, a sell-out of tens of thousands of acres in a subdivision approach is too speculative to be considered reasonably probable within any foreseeable time period.

In appraisals of large tracts of remote Alaska land, a consideration for size is likely to be the most significant source of disparity. As a practical matter, again, with the possible exception of timberlands, prospective private sector buyers cannot be identified for either 1,000 or 10,000 acre tracts. There is clearly no market-driven demand for large tracts in Alaska. As a result, a sufficient quantity of adequate data is not available to support size adjustments beyond what is reflected by the sales of relatively small parcels (< 1 section or 640 acres).

To reflect considerations for progressively larger tracts, an appraiser may develop adjustments based on a mathematical model. However, analyses of size-to-price relationships typically confirm that downward size adjustments do not increase in uniform increments corresponding to increases in parcel size. Rather, their magnitude tends to diminish toward a point (size) from which further adjustments are not supportable.

This is a significant acknowledgment. Identifying that "point" as a recognized unit in terms of acreage, would serve two primary purposes. First, the potential for unsupportable theoretical adjustments to skew the analysis would be avoided. Second and most important, the potential for serious inequities would be minimized. This "potential" is illustrated in the following example.

Two physically identical, adjacent tracts are owned by the same owner and differ only in size. One contains 3,200 acres (5 Sections) and the other is twice its size - 6,400 acres (10 Sections). Market prospects for both tracts (in bulk) are perceived to be little to none. By the application of non-market supported mechanical adjustments, a single Section (640 acres) contained within the boundaries of the 3,200 acre tract (5 Sections) would be valued higher than an identical adjacent section contained within the boundaries of the 6,400 acre tract (10 Sections).

The inequity results from a misinterpretation of the significance of the parcelization. Where contiguously owned tracts are identified separately, they may have been conveyed at different dates and/or from different grantors. It is our opinion that parcelizations based on previous conveyances or arbitrary allocations - do not create legal descriptions. Rather, the parcels represent informal assemblages of several sections and/or portions of sections that can presumably stand alone as legal descriptions. We are not aware of any entity in Alaska that would require a formal platting or subdivision procedure in order to recognize the conveyance of a single section (640 acres) from an arbitrary or informal assemblage.

Based on our observations, one section (640 acres) appears to be an appropriate benchmark for our analysis. One section (640 acres) is a recognizable, conveyable unit and its relationship to smaller parcels, in the form of size adjustments, can be established from available data. Furthermore, the disposition of 640 acres, either in bulk, or in more marketable denominations, is a reasonably foreseeable event. For the purpose of the assignment, we recognize one Section (640 acres) - as the point above which marketing probabilities, and ultimately further size adjustments, become philosophical.

Methodology

Twelve large parcels are the subjects of this assignment and each may include one or all three of the components identified. A master valuation of representative acreage and a correlation to the individual properties is considered to be an appropriate approach.

For the first two components, we have estimated the value of hypothetical premium "key parcels". Correlation to the subjects will be based on the recreation/tourism ratings of the EVOS Restoration Team Habitat Protection Work Group ("low", "moderate", and "high"). It is not unreasonable to conclude that properties rated "high" would have a market advantage over a similar property rated "low". Available market data confirms this relationship. The following table summarizes sales of properties within areas rated by the Work Group.

Comparable	Locale	Date	Area	\$/Ac.	EVOS Rec./Tour Rating
Comparable No. 19	EVOS # KON06	7-92	160	\$676	"Low"
Comparable No. 12	EVOS # ENB08	10-86	69	\$1,158	"Moderate"
Comparable No. 20	EVOS # AKI06	10-92	180	\$1,722	"High"

In summary, actual market activity lends validity to the relevance of the Work Group ratings and our methodology.

The utility of the third component is so limited that value is not likely to be sensitive to the Work Group ratings. In our analysis, one representative value estimate for this component will be universally applied.

VALUE ESTIMATE

There are a number of acceptable procedures that can be used when valuing land. "Sales comparison is the most common technique for valuing land and it is the preferred method when comparable sales are available".⁵⁹ The Direct Sales Comparison Approach involves the comparison of the subject to similar properties that have been recently sold. Sales of similar properties are correlated to the subject by adjusting for various inequalities on an item by item basis. Elements of comparison considered to be the most relevant to the valuation of the subject are summarized as follows:

- financing terms
- market conditions (sale date)
- real property rights conveyed
- conditions of sale (motivation)
- physical features and characteristic
 - location
 - access
 - soils and topography
 - size
 - shape

As previously noted, the subject acreage is considered to consist of three components:

- "strategic" waterfront sites
- non-strategic waterfront acreage featuring favorable topography.
- non-strategic waterfront with unfavorable topography and contiguous backlands.

Each component requires an individual analysis.

⁵⁹. Appraisal Institute, *The Appraisal of Real Estate*, Tenth Addition (1992) 302.

have correlated the comparables to the subject in a qualitative analysis described by the Appraisal of Real Estate Tenth Edition as a "Relative Comparison Analysis". In this analysis, various physical features and characteristics are perceived as comparable/equal, superior or inferior. This technique illustrates the relative market position of the subject. A Market Data Grid and Relative Comparison Analysis is presented on the following page.

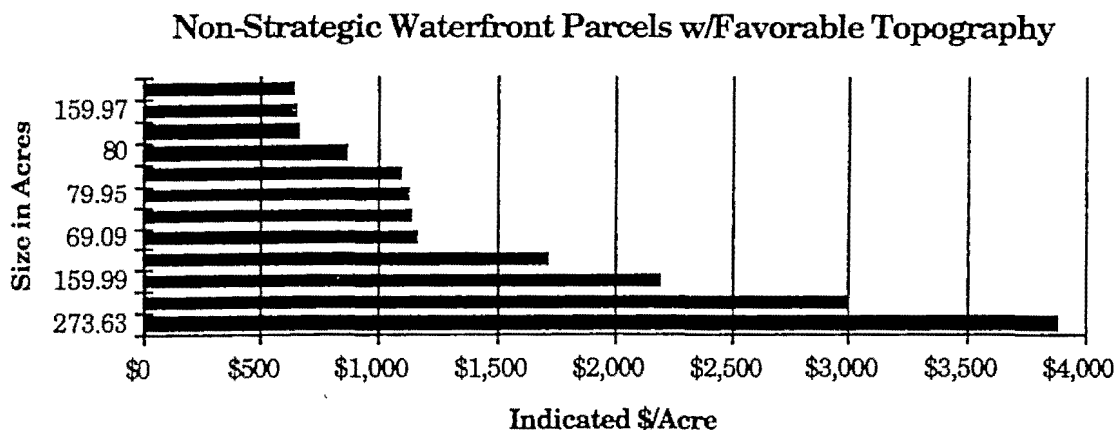
16	17	18	19	20	21	22
\$1,126	\$1,090	\$3,889	\$676	\$1,722	\$3,001	\$2,200
7-93	6-86	11-89	7-92	10-92 offer	4-94	avail. listing
(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)
no known undue stimulus or duress	no known undue stimulus or duress	see reconciliation	no known undue stimulus or duress	no known undue stimulus or duress	see reconciliation	no known undue stimulus or duress
(no adjust.)	(no adjust.)		(no adjust.)	(no adjust.)		(no adjust.)
Fee Simple Surface Estate	Fee Simple including subsurface	Fee Simple Surface Estate	Fee Simple Surface Estate	Fee Simple Surface Estate	Fee Simple Surface Estate	Fee Simple Surface Estate
(no adjust.)	(not allocated)	(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)
\$1,126	\$1,090	\$3,889	\$676	\$1,722	\$3,001	\$2,200
Lake Aleknagik, SW Alaska	Uganik Bay, Kodiak Isl.	Raspberry Straights, Afognak Isl.	Sturgeon River, Kodiak Isl. Alaska	Olga Bay, SW Kodiak Isl. Alaska	Kupreanof Straights, Afognak Isl.	Uyak Bay, Kodiak Isl. Alaska
< 10,000	< 20,000	< 20,000	< 20,000	< 20,000	< 20,000	< 20,000
25 miles +/-	95 miles +/-	50 miles +/-	120 miles +/-	150 miles +/-	50 miles +/-	100 miles +/-
none	much of route	much of route	most of route	most of route	much of route	much of route
"high" (appraiser)	"mod.-high" (appraiser)	"moderate" (appraiser)	"low" (Work Group)	"high" (Work Group)	"mod-high" (appraiser)	"high" (Work Group)
(approx. =)	(inferior)	(inferior)	(inferior)	(approx. =)	(inferior)	(approx. =)
79.95 acres	78.42 acres	273.63 acres assemblage	159.97 acres	180.00 acres	59.98 acres	159.99 acres
(superior)	superior	(equal)	(equal)	(approx. =)	(superior)	(equal)
optimum for subdividing	not favorable for subdividing	favorable for subdividing	not favorable for subdividing	favorable for subdividing	not favorable for subdividing	favorable for subdividing
(approx. =)	(inferior -)	(inferior)	(inferior) -	(inferior)	(inferior -)	(inferior)
moderate slope	steep slope	moderate slope	fairly level bench	fairly level	fairly level	steep slope
high% of usable uplands	low to moderate % of usable uplands	high% of usable uplands & timber	high % of usable uplands	moderate % of usable uplands	moderate % of usable uplands & timber	low to moderate % of usable uplands
protected lake shore	protected	protected	protected	semi-protected	unprotected	protected
(approx. =)	(inferior)	(superior)	approx. =)	(inferior)	(superior)	(inferior)
personal recreation	personal multi-use	colony	commercial recreation	commercial recreation	colony	n/a
Approx. =	Positive	Negative	Positive	Negative	Negative	Negative

Reconciliation of Adjustments

The sales price indicators and the indicated overall adjustments are summarized as follows:

No.	Location	Date	Acres	\$/AC	Net Adjust.
18	Raspberry Strait Narrows, Afognak	11-89	273.63	\$3,889	Negative
21	Kupreanof Strait, Afognak Island	4-94	59.98	\$3,001	Negative
22	Uyak Bay, Kodiak Island	avail.	159.99	\$2,200	Negative
20	Olga Bay, SW Kodiak Island	10-92	180.00	\$1,722	Negative
12	Chrome Bay, Lower Kenai Peninsula	10-86	69.09	\$1,158	Approx. =
13	Chinitna Bay, West Cook Inlet	8-90	74.96	\$1,135	Approx. =
16	Lake Aleknagik, SW Ak.	7-93	79.95	\$1,126	Approx. =
key parcel	Southwest Kodiak Island	n/a	160.00	-----	-----
17	Uganik Bay, NW Kodiak Island	6-86	78.42	\$1,090	Positive
14	Eagle Bay, Lake Iliamna, SW AK.	6-91	80.00	\$875	Positive
19	Sturgeon River, SW Kodiak Isl. Ak.	7-92	159.97	\$676	Positive
15	Lake Clark, SW AK.	2-94	159.97	\$656	Positive
11	Haines, SE AK.	9-92	153.67	\$651	Positive

The comparables analyzed reflect a wide range of per acre indicators - from \$649 to \$3,889. The spread is illustrated in the following graph.



Eight of the twelve comparables are fairly consistent, falling within a range from \$649 to \$1,158 per acre. Four of the comparables are sufficiently outside the range that the reliability of their indicators (\$1,722 to \$3,889) is suspect.

Comparable Nos. 18 and 21 represent the extreme deviations from any market "norms" indicated by the remainder of the data. Comparable No. 18 represents the upper-end indicator for a non-strategic waterfront site. While the site may have been well-suited for the intended use, the price is not supported by other data that qualifies as adequate for purposes of estimating market value. The negotiated price appears to have resulted from a combination of influencing factors.

First, there were reportedly few alternatives that were equally suitable for their intended use. However, the buyers' criteria was atypical. The presumption that "scarcity" justifies a premium cannot be applied to the valuation of thousands of acres.

Second, merchantable timber was reported to be the major component of price. While the buyers did not intend to log the site, the presence of this resource would clearly have an impact on negotiations. Even if the buyer did not intend a commercial harvest, the timber represented an on-site source of building materials, firewood, etc. Also, a knowledgeable seller would expect a premium above the market norms reflected by the sales of non-timbered lands.

Third, the buyer's knowledge of the market is suspect. The property was not exposed to the market. And, available market data indicates that only a nominal value, if any, can be justified for cutover timberland. While the BIA was not in a position to confirm the estimated timber value, reports by other appraisers have pegged the timber component at approximately \$717,000. Such an allocation would leave the cutover land component to justify a value of more than \$1,000 per acre - an indicator wholly unsupported in the marketplace.

Comparable No. 21 reflects the second highest per acre indicator yet it is not a waterfront site. Like Comparable No. 18, a stand of merchantable timber was a substantial component of the negotiated price and it would be meaningless to attempt to correlate the sale to the subject properties. Nevertheless, the property had not been exposed to the market and the purchase price appears to be above-market - particularly given the per acre prices indicated by the sales of waterfront parcels. Aside from the significance of the timber component, the site is dramatically inferior in terms of physical features and characteristics to

virtually all of the other comparables analyzed. The site did not have access to/from the waterfront and the legality of the negotiated access is currently in question. A location proximal to Comparable No. 18 was a primary motivator and the purchaser reportedly had few, if any, suitable alternatives from which to choose.

Although both of these transactions represent closed sales resulting from arm's length negotiations, neither are relevant to the valuation of the subject. First, as land with merchantable timber, they are not similar to the subjects. Second, further colonization by this group, if any, is likely to occur in the same area. In other words, the subject neighborhood is not likely to benefit from the emergence of this small market segment. Finally, without market exposure, there is no assurance of an optimization process toward the free and open market norms suggested by the other data. In summary, no weight can be given to these transactions in the final analysis of the subject "key parcel".

Comparable No. 22 represents an available listing. While the parcel has many desirable attributes, data from the previous analysis suggests that only geographically/physically strategic parcels can be expected to realize such a price after a reasonable exposure period. Negotiated prices are most often for less than the asking price and no weight can be given this comparable. The upper end of an appropriate range for the subject is suggested by the remaining data.

Comparable No. 20 was reported as an agreement to purchase that failed to close because the buyer could not perform. A price of \$310,000 (\$1,722/acre) was to be paid with a large down (\$100,000) and an amortized balance over 21 years (approx.) at 10%. Negotiations were arm's length and the offer followed a market exposure period. The buyer was knowledgeable and the site was to be acquired for an economic use. However, any consideration of the offer must be tempered by an acknowledgment the transaction failed to close and all of the other data reflects lower per acre indicators. Based on these observations, Comparable No. 20 can only represent the extreme upper-end of an appropriate range for the subject.

The remaining eight comparables reflect a range of per acre indicators from \$651 to \$1,158 and suggest two distinct stratas of value related to size. Five parcels

ranging in size from approximately 70 to 80 acres reflect a value range from \$875 to \$1,158 per acre. Three parcels ranging in size from approximately 154 to 160 acres reflect a value range from \$651 to \$676 per acre. The average per acre indicator of the three larger tracts is nearly 40% less than the average of the five smaller tracts. Based on these observations, it is not unreasonable to conclude that significant concessions are necessary to dispose of acreage in denominations of 160 acres. Non-strategic acreage, even with favorable topography, is less likely to attract large commitments of capital in relation to strategic sites that are suitable for the greatest number of alternative uses.

However, the significance of the indicated size-to-price relationship is diluted by further review of the data. The low-end of the range is represented by Comparable No. 11. The parcel is not well-suited for subdividing and the water frontage is exposed to open ocean - inferior characteristics. Comparable No. 15 reflects a similar low-end indicator. The water frontage to depth ratio is less than optimum for subdividing. Furthermore, the seller accepted an offer after only 38 days on the market. The broker confirmed the seller was somewhat motivated and a higher sales price would probably have been achievable with a longer marketing period. Although both of these parcels contained approximately 160 acres, their per acre indicators are below an appropriate range for the subject.

Comparable No. 19 is another 160 (+/-) parcel but located in the same general locale as the subject. It represents a recent acquisition by a developer/entrepreneur after the offering had been exposed to the market. The site is similar in size to the subject but inferior with regard to shape (not favorable for subdividing) and location (rated "low" by the Work Group). Based on these features and characteristics, the indicated per acre value of \$676 is considered to be below an appropriate range for the subject. A nominal upward adjustment of 10% to 20% for these deficiencies would indicate a per acre value range from \$744 to \$811 for a 160 parcel. Based on these observations, \$800 per acre is considered to be the low-end of an appropriate range within which the subject is fairly represented.

An appropriate upper-end indicator is represented within a narrow range established by Comparable Nos. 12, 13, and 16 - \$1,126 to \$1,158 per acre.

Although all are smaller than the 160 acre unit of comparison (key parcel), various inequalities tend to offset size considerations so that an upper-end value of \$1,150 per acre is supportable for a 160 acre parcel exhibiting a favorable combination of positive attributes (key parcel).

Correlation of the Key Parcel

Comparable Nos. 12, 13, 16, and 19 establish a tight range of value from \$800 to \$1,150 per acre for non-strategic 160 acre parcels featuring favorable topography. The indicated per acre values reflect the influence of numerous variables. As such, the isolation of reliable considerations for location, size, and other physical features and characteristics would be extremely difficult. In order to recognize the relationship of the various locales of the subjects to each other, we have correlated the Work Group's recreation/tourism ratings with the indicated range of values. The indicated values are summarized as follows:

Work Group Recreation/Tourism Rating	Indicated \$/Acre
"High" (subject "key parcel")	\$1,150 per acre
"Moderate"	\$975 per acre
"Low"	\$800 per acre

Application to the Subject Parcels

As previously noted, topography is considered as favorable when the initial 100 foot contour illustrated on the United States Geological Survey (U. S. G. S) quadrangle maps, is set-back a notable distance from the waterfront so moderately sloping usable terrain is evident.

Due to a shoreline punctuated by numerous coves and peninsulas, it is difficult to quantify the exact amount of this component. For the purposes of our analyses, we have estimated the acreage of this component as the distance of shoreline featuring favorable topography - times an average "depth" considered to be appropriate.

Distance of Shoreline

The distance of shoreline featuring favorable topography is estimated based on our aerial inspection and a review of the U. S. G. S quadrangle maps (topographical maps). One inch on the topo maps equals one mile - 5,280 feet.

Appropriate Depth

The sales used in our analysis reflect a general range of parcel sizes from 60 to 180 acres with a central tendency of 160 acres. This common denomination, a quarter of a section, had been a standard for BIA allotments and federal homestead programs. Variations are often the result of irregular topographical features (shoreline) or reflect U. S. Surveys, mining claims etc.

Commonly traded parcels in denominations of 40 and 80 acres often reflect typical and logical dispositions of 160-acre tracts. A 160-acre parcel with extensive frontage would be well-suited for subdividing into more marketable parcels. It is not unreasonable to conclude that values would be maximized if the water frontage-to-depth ratio allowed for further subdividing opportunities of smaller parcels. Where backlands are undesirable, steep or otherwise unusable - 1 mile of water frontage (5,280') at a depth of 1/4 mile (1,320') would represent an optimum configuration for 160 acres. In reality, shorelines are irregular and waterfront parcels would often reflect lesser or greater depths. In our analysis, 1,320 feet is considered to be an average depth - adequate for the most probable uses of remote waterfront acreage.

Based on these dimensions, one mile (5,280') of non-strategic water frontage featuring favorable topography, at an average depth of 1,320 feet, represents 160 acres. On the U. S. G. S quadrangle maps (topographical maps), one inch equals one mile. The subject's non-strategic water frontage featuring favorable topography is measured in 1/4, 1/2 and 1 inch increments. Our allocation of this component is based on a review of the topographical maps and an aerial inspection. According to the methodology developed for this allocation, the measurements translate into area estimates as follows:

Topo Map Measurement	Equivalent Distance in Miles	Acres per Mile @ Avg. Depth	Est. Waterfront Acreage Featuring Favorable Topography
1/4"	0.25 miles	x 160	40 acres
1/2"	0.50 miles	x 160	80 acres
3/4"	0.75 miles	x 160	120 acres
1"	1.00 miles	x 160	160 acres

The estimated quantity of non-strategic waterfront acreage does not represent stand alone properties. It is necessary to adjust the indicated values for size to acknowledge their inclusion into the whole. In the previous analysis, progressive size adjustments were developed depending on the quantities of component. The size adjustments were based on an analysis in which absorption is projected at 160 acres per year. However, three of the non-strategic comparables located in the Kodiak Archipelago (Nos. 18, 19, & 21) reflect an average annual absorption of only 100 acres (+/-) over the past five years. On the other hand, eight closed sales (Nos. 11, 13, 14, 15, 16, 18, 19, & 21) that have occurred during the past five years (including Kodiak transactions) indicate an average annual absorption of approximately 210 acres.

The indicators are inconclusive and we recognize that the data used in our analysis does not represent all of the acreage absorbed. Furthermore, absorption is sensitive to numerous variables including the availability of acreage in areas that have been essentially "closed" for decades. Nevertheless, it is not unreasonable to conclude that the absorption of non-strategic waterfront acreage would be slower than the absorption of strategic sites and downward adjustments of greater magnitude would be appropriate. For the purposes of our analysis, downward adjustments for size will be applied according to the following schedule:

Quantity of Non-Strategic Waterfront Acreage Identified	Indicated Adjustment
≤ 160 acres	-25%
> 160 but ≤ 320 acres	-30%
> 320 but ≤ 480 acres	-35%
> 480	-40%

**VALUE ESTIMATE -NON-STRATEGIC WATER FRONTAGE FEATURING
UNFAVORABLE TOPOGRAPHY & CONTIGUOUS BACKLANDS**

Traditional land use patterns in coastal environments reflect concentrations along the waterfront. Individual Native allotments in coastal areas have been selected along the waterfront with rare exception - most often in protected waters near reliable food resources. The sales histories of remote waterfront subdivisions in most Alaskan locales confirm that demand for non-waterfront sites/parcels is little to none. Based on these observations, it is not unreasonable to conclude that remote backlands have only a nominal value in relation to waterfront land. However, rugged topographical features render much of the waterfront acreage of no more utility than that of non-timbered backlands. This third component is described as "non-strategic water frontage featuring unfavorable topography and contiguous backlands".

Adequate market data for truly similar remote Alaska properties is nearly non-existent. As a result, a direct comparison of "comparables" is not practical and a narrative evaluation is necessary. In this narrative, we have used data from various submarkets to identify, and then narrow, ranges considered to be appropriate for the value of the subject.

The Lower Kenai Peninsula offers Alaska's best example of a free open market for sizable tracts of acreage. The sales summarized in the following table reflect an active market with numerous buyers and sellers. All are generally similar in that they have no improved access nor electricity. The properties were acquired for a variety of uses.

#	Location	Date	Adj. CEV	Acres	\$/AC	Intended Use
23	Anchor Point	8-90	\$450,000	2,220	\$203	recreation subdivision
24	Anchor Point	12-91	\$44,000	120	\$367	rural residential subdivision
25	Happy Valley	2-92	\$15,000	80	\$188	rural homesite
26	Anchor Point	10-92	\$105,000	480	\$219	recreation subdivision
27	Anchor Point	4-93	\$95,000	520	\$183	selective logging & subdivision
28	Anchor Point	5-93	\$70,000	361	\$194	selective logging & subdivision
29	Anchor Point	8-93	\$140,000	560	\$250	selective logging & subdivision
30	Homer	8-93	\$235,000	600	\$392	farm/ranch homestead

The properties are sufficiently different from the subject that a direct comparison of numerous physical features and characteristics is not practical nor necessary. However, the data is meaningful because it establishes a range of per acre indicators - for sizable tracts of land that are suitable for uses that assure a degree of marketability. The comparables reflect a range of per acre values from \$183 to \$392 per acre. Indicators reflected by these eight recent transactions are summarized in the following table:

Range	\$183 to \$392 per acre
Mid-Point of the Range	\$288 per acre
Mean	\$250 per acre
Median	\$211 per acre
6 of the 8 reflect indicators of	\$250 per acre or less
5 of the 8 fall within a narrow range from	\$183 to \$219 per acre

Comparable Nos. 23 through 30 are located in close proximity to the State highway system that serves nearly 300,000 residents of Southcentral Alaska. Electricity lines and community services are nearby. Given the unusable nature of the majority of the subject's acreage (steep terrain, remote), a general range of \$200 to \$400 must be considered to be above an appropriate range for the subject.

The overwhelming majority of the subject's non-strategic waterfront and contiguous backlands consists of terrain - generally unsuitable for any economic use. "Speculation" fairly describes the current Highest and Best Use of property types unsuitable for any other economic use - most wetlands, featureless tundra, mountains, and cut-over timberland. For such property types, economics dictate that only casual gambles of surplus capital can be justified for potential not likely to be realized in our lifetimes. The present value (investment) that can be justified for distant potential benefits is simply not measurable and only a nominal value may be supportable.

Cut-over timberland, not in the path of encroaching residential or commercial development, may not be productive until trees near maturity - more than 50

years from re-seeding. Yet cut-over timberland may offer the most promising speculative prospects. At least the resource should regenerate given time.

The data in the following table reflects the perceptions of buyers of Alaska timberlands. Interviews with the purchasers reflect a range of indicators typically allocated to cut-over land.

SUMMARY OF COMPARABLE SALES CUTOVER TIMBERLAND ALLOCATIONS

#	Location	Date	Adj. CEV	Perceived Value of Timber	Acres	Residual Allocated to Cut-over Land
31	Prince of Wales Isl. in SE AK	1-89	\$650,000	\$650,000	138.60	\$0
32	Wadleigh Isl. near Klawock in SE AK	7-89	\$1,000,000	\$1,000,000	623.43	\$0
33	Edna Bay near Wrangell in SE AK	7-89	\$400,000	\$400,000	512.00	\$0
34	Johnson Creek near Juneau in SE AK	5-91	\$125,000	\$125,000	229.10	\$0
35	Copper Harbor in SE AK	12-91	\$800,000	\$800,000	340.70	\$0
36	Fidalgo Bay near Valdez in PWS	4-92	\$92,000	\$52,000	264.18	\$50 to \$100
37	Gravina Island in SE AK	2-93	\$347,000	\$347,000	190.40	\$0 to \$100

The data reflects a range of indicators from \$0 to \$100 per acre for cut-over timber land - a range of nominal values for land not likely to be productive or otherwise provide utility for an extended term.

We recognize that low allocations of value to cut-over land serve to minimize holding costs (taxes) for cut-over land. However, the available data indicates that market prospects for cut-over land are extremely poor and it is not unreasonable for buyers of Alaska timberlands to expect a satisfactory return of,

and on, their investment - from the stumpage alone. The fact that the sellers did not retain ownership of the cut-over land supports the allocation.

Nevertheless, a zero value allocated to cut-over land is unrealistic. Remote speculative land in Alaska would have at least a novelty value. If nothing else, the future potential for cut-over land, however limited, represents a bonus or incentive that may cushion or minimize the risk of a volatile timber industry. It is not uncommon for timber volumes to prove less than original estimates.

Mr. Larry Blydenstein of MRGC Timberland (Comparable No. 37) indicated that \$100 per acre would represent the upper-end of a range of speculative values that could be attributed to remote cut-over land in Alaska. Mr. Rice, of Citigreen Inc. (Comparable No. 36) reported that his company usually assumes a residual value of between \$50 and \$100 per acres. Mr. Claire Doig, of Forest and Land Management Inc., (Seattle) is familiar with Comparable No. 36 and indicated that \$100 would represent the extreme high-end value that could be attributed to the cut-over land. The lengthy regeneration cycle typical of Alaska's timber and the lack of a market for cutover land (in Alaska) were cited as limiting factors.

The indicated range of \$50 to \$100 per acre is bracketed by the analysis of the recent acquisition of timberlands by the EVOS Trustee Council at Seal Bay and Tonki Cape on Afognak Island. The analysis reflects a range of values allocated to the cut-over timberland from \$0 to \$128 per acre depending on perspective. However, acknowledging the net result of the transaction, the upper-end of this range is not supportable.

In summary, it is not unreasonable to conclude that \$50 to \$100 per acre is an appropriate range of nominal values within which this third component is fairly represented. This range is supported by a recent lease of a large tract in the Matanuska-Susitna Borough (Southcentral Alaska) for a major ski resort. Comparable No. 38 is summarized in the following table.

#	Region	Neighborhood	Date	Adj. CEV	Acres	\$/AC
38	Southcentral	Hatcher Pass	1993	\$1,330,000	10,634	\$125

The transaction provides a meaningful indicator because the lessee is a private sector entrepreneur/developer. Furthermore, although not conventionally marketed, land in Hatcher Pass has generally been available for several years. Over the past twenty years, several projects have been proposed by various entrepreneur/developers. The lease provides a relevant indicator of a "base" value of land generally unsuitable for most economic uses. There is no merchantable timber on the property and much of the terrain consists of mountain slopes. The per acre indicator of \$125 per acre is illustrative of large-scale land-use economics in Alaska.

However, in a direct comparison with the subject, a downward adjustment would be appropriate. First, the location of the tract is dramatically superior to the subject. The area is already established as a popular outdoor recreation area that can be accessed by vehicle. The population base within a 50 mile radius exceeds 260,000. Secondary and peripheral opportunities will be plentiful if the resort is developed as proposed.

Second, the value indicator for the overall tract (10,634 acre) reflects the impact of strategic sites suitable for commercial and residential development. In this analysis, we are seeking only the value of the non-strategic acreage. Higher value components have been valued in previous sections.

Finally, although an agreement has been reached, the entrepreneur/developer has not been able to raise the capital necessary to undertake the proposed project. In summary, the indicator derived from the negotiated lease supports the lower range previously indicated - \$50 to \$100 per acre.

Summary

Based on our analyses and observations, it is our opinion that the value of the subject acreage is fairly represented within a range from \$50 to \$100 per acre.

We acknowledge that there is a nominal price that someone would pay, even for non-productive land not likely to be suitable for any economic use for an extended term (other than speculation). However, it is difficult to further narrow this range.

On one hand we recognize the limitations imposed by remoteness, rugged topography, and harsh climatic conditions. Based on these observations, the low-end of the range may be more realistic. On the other hand, the price level that might attract speculative, if not novelty, investments in large tracts of remote Alaska acreage (say, ≥ 640 acres - 1 section), generally unsuitable for most economic uses, has not been suggested by any market "test" that we are aware of. Marketed offerings of remote Alaska land in large denominations are extremely rare - let alone revealing cases where the property is allowed to remain on the market, at periodically reduced prices, until its purchase can be justified by a private sector buyer.

In conclusion, it is our opinion that \$100 per acre is an appropriate estimate of the nominal value of the subject's "non-strategic waterfront acreage featuring unfavorable topography and contiguous backlands".

Application to the Subject Parcels

Possible uses of this acreage are not reasonably probable within any foreseeable period and values are not likely to be sensitive to location or other physical inequalities. Therefore, the value estimate derived in the subsequent analysis will be universally applied to each of the subject properties. We have made no adjustment for size as the indicated nominal value was derived from Comparables reflecting a range of parcel sizes that included bulk acreage.

The allocation of this component is calculated as remainder of the total acreage of a given parcel after allocations to the first two components.

INDIVIDUAL PROPERTY DESCRIPTIONS AND VALUE ESTIMATES

Representative values and the size adjustments developed in the previous analyses are summarized in the following table.

<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/ Favorable Topography</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$1,150	≤ 160 acres	-25%
"Moderate"	\$975	> 160 ≤ 320	-30%
"Low"	\$800	> 320 ≤ 480	-35%
		> 480	-40%
<i>Non-Strategic Wtf w/ Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Applicability to the Subject Parcels

Each strategic waterfront site identified within the boundaries of the subject is allocated 160 acres - the unit of comparison used in valuation of the "key parcel". When one side of the strategic river/stream confluence or mouth is not owned by the owner of the subject or encumbered by an easement that has the potential to restrict entry/use, one-half of a strategic site will be recognized and allocated 80 acres.

Where "non-strategic water frontage featuring favorable topography" is recognized based on a review of the topographical maps and our aerial inspection - one mile (5,280') at an average depth of 1,320 feet represents 160 acres, the unit of comparison used in valuation of the "key parcel".

The remaining unallocated acreage comprises the component described as "non-strategic water frontage featuring unfavorable topography and contiguous backlands".

AKI01

Location

AKI01's location is referenced by the west end of Kaiugnak Bay. Kaiugnak Bay lies at the upper end of the Aliulik Peninsula near the south end of Kodiak Island. The parcel's acreage surrounds the upper end of the bay (see map).

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains 4,460 "conveyed" acres and 770 "selected" acres - a total of 5,230 acres.

Geography/Topography

The upper end of Kaiugnak Bay progressively narrows from its main body that extends westerly from the Sitkalidak Strait. Significant features include a protected cove that marks the northeast boundary of the parcel and a long narrow finger that extends westerly into the heart of the parcel.

The cove offers protected moorage, however, the most favorable sites are privately-owned Native Allotments. Lot 2, USS 9406 is a 160 acre parcel that includes most of a gravel beach at the mouth of an anadromous stream that meanders through valley lowlands. USS 9405 is a 120 acre parcel at the head of the cove where another anadromous stream empties. Both are excluded from the subject's acreage. The topography elsewhere around the cove rises abruptly to 1,000 feet within a quarter mile of the shoreline. Extreme elevations range from 2,000 to 2,400 feet.

The Bay's upper end is a long narrow finger that is partitioned by two isthmuses. Beyond the first, water depths appear to be relatively shallow so that access by boat, particularly at low tide, may not be practical. However, the water body is likely suitable for float plane operation. A braided anadromous stream forms a delta at the head of the bay. The shoreline is characterized by gravel beaches. Topography ranges from moderate to steep with extreme elevations of 2,000 to 2,200 feet set back approximately one mile from the waterfront. Along several stretches, the 100 foot contour line on the U. S. G. S. topographical map is set back a sufficient distance so that the topography would be considered favorable.

There are no merchantable stands of timber on the subject property. Vegetation consists of low brush, grasses and alder thickets. Soils generally consist of a thin layer of organics over a base of bedrock. Big game animals include brown bear and deer. Five documented anadromous streams provide habitat for pink and coho (silver) salmon. Dolly Varden trout are documented in three streams.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Interim Conveyance 934 (IC 934) and not released as of the date of valuation are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 1 D9 (IC 934)	proposed 25' trail easement	from Kaiugnak Bay, running north to public lands in Sec. 36, T. 35 S., R. 28 W., SM.	from a site in the northerly cove at east end of parcel
EIN 1a D1 (IC 934)	1 acre site easement	upland of the mean high tide line on Kaiugnak Bay in Sec. 1, T. 36 S., R. 28 W., SM.	a site at the northerly cove at east end of parcel
EIN 2 D9 (IC 934)	proposed 25' trail easement	from the western end of Kaiugnak Bay northwesterly to public lands in Sec. 18, T. 36 S., R. 28 W., SM.	from a site at outlet of creek at the head of the bay
EIN 2a D1 (IC 934)	1 acre site	upland of the mean high tide line on the western end of Kaiugnak Bay in Sec. 17, T. 36 S., R. 28 W., SM.	a site at outlet of creek at the head of the bay
EIN 3 C6 D9 (IC 934)	proposed 25' trail easement	from Kaiugnak Bay southerly to public lands in Sec. 22, T. 36 S., R. 28 W., SM.	from a site at the narrows that mark the midpoint of the Bay
EIN 3a D1 (IC 934)	1 acre site	upland of the mean high tide line on the southern shore of Kaiugnak Bay in Sec. 15, T. 36 S., R. 28 W., SM.	a site at the narrows that mark the midpoint of the Bay

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

The probability that the proposed easements would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails is not permitted.

EIN 2a D1 affects one side of the mouth of the creek at the head of the bay. The easement would render acreage at the mouth less than strategic for an entrepreneur/developer. For the purposes of our analysis, only one side (of the Creek's mouth) is considered to be strategic.

Leases

We are not aware of any leases affecting the subject property.

Permits and Licenses

Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

Other Rights, Title, Interest, Claims, etc.

A 14 (c) (1) claim not noted in the preliminary title report involves a 20,100 square foot site on the south side of Kaiugnak Bay. The site is utilized for a hunting guide operation. Acknowledging correspondence is contained in the Addenda. The site does not encroach on any strategic acreage and the amount of water frontage (<250') is too small to have any impact on our allocation of non-strategic water frontage featuring favorable topography.

Archeological Sites

The "*Habitat Protection Parcel Analysis*" (see Addenda) reports evidence of "cultural resources". Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI01	Moderate	Low

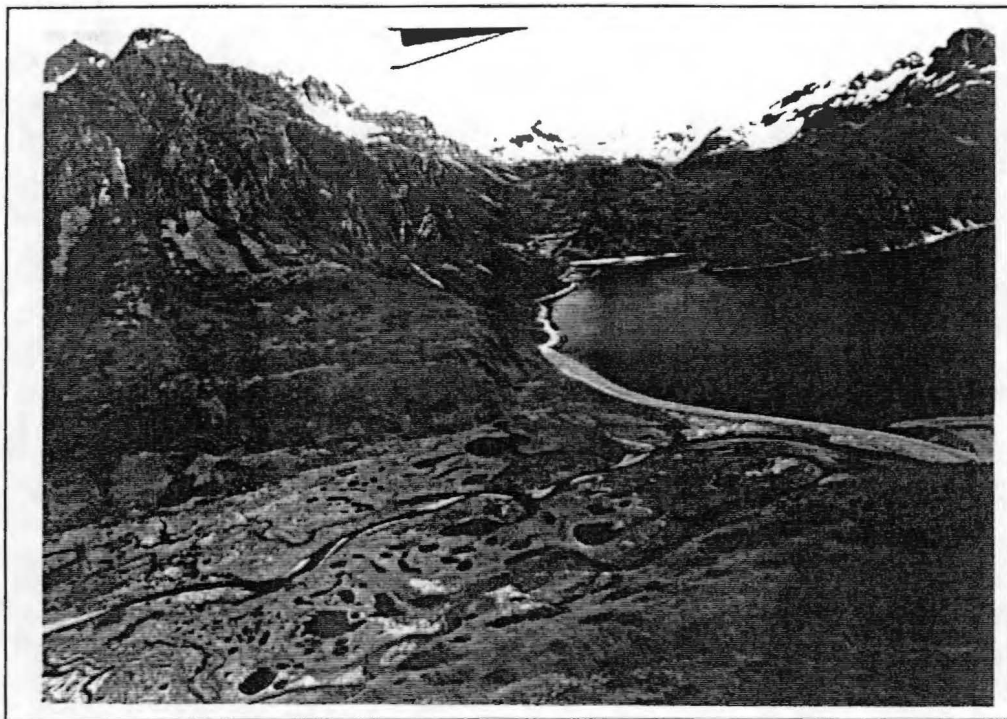


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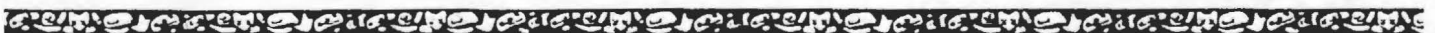
SUBJECT PHOTOGRAPHS



AKI01 - Looking westerly into Kaiugnak Bay



AKI01 - Looking into northern arm of Kaiugnak Bay. USS 9406 occupies outlet & beach in foreground. USS 9465 is the beach site in background





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SUBJECT PHOTOGRAPHS



AKI01 - Looking westerly toward head of Kaiugnak Bay



AKI01 - Looking southwesterly from upper Kaiugnak Bay



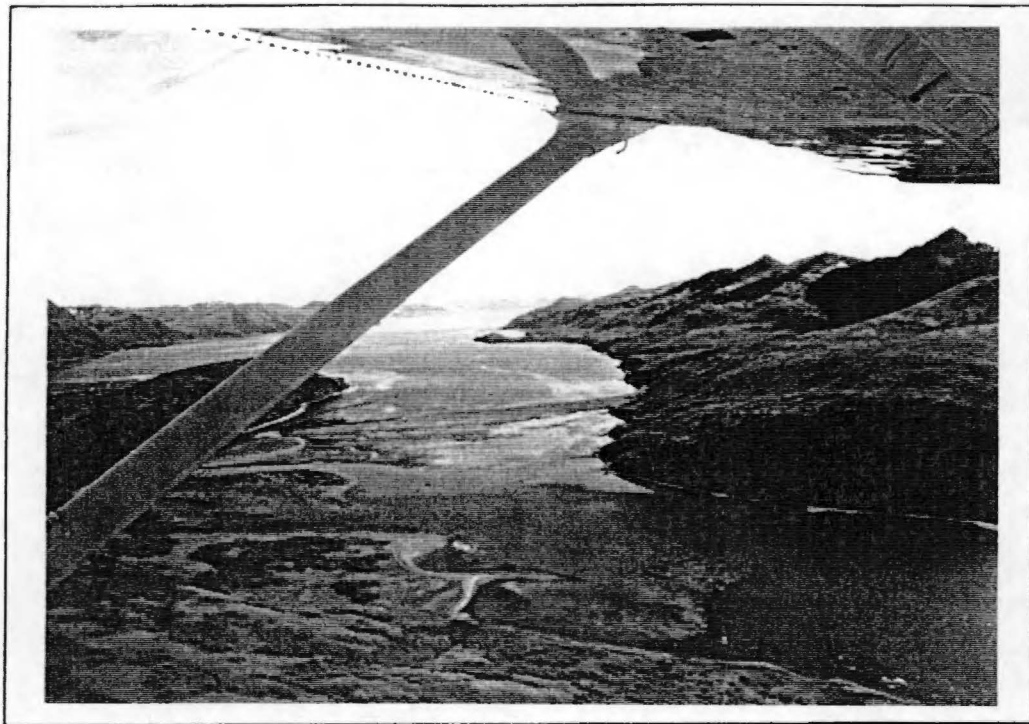


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SUBJECT PHOTOGRAPHS



AKI01 - Looking easterly out of Kaiugnak Bay



AKI01 - Looking southeasterly out of Kaiugnak Bay



Allocation of Acreage and Valuation Calculations

Parcel	AKI01		
Work Group Recreation/Tourism Rating	Low		
Total Acreage	5,230 ac.		
Allocation		Unit	Acres
Strategic Waterfront Acreage	2.00 sites	160	320
Non-Strategic Wtf w/Favorable Topography	5.00 miles	160	800
Non-Strategic Wtf w/Unfavorable Topo & Backlands			4,110

Valuation Key			
<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/Favorable Topography</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$1,150	≤ 160 acres	-25%
"Moderate"	\$975	> 160 ≤ 320	-30%
"Low"	\$800	> 320 ≤ 480	-35%
		> 480	-40%
<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Valuation Calculations

<i>Strategic Waterfront Acreage</i>	320 ac.
Indicated Price Per Acre	\$1,000
Indicated Value - Unadjusted for Size	\$320,000
Less: Size Adjustment	-27% (\$86,400)
Indicated Value - As part of the whole	\$233,600

<i>Non-Strategic Wtf w/Favorable Topography</i>	800 ac.
Indicated Price Per Acre	\$800
Indicated Value - Unadjusted for Size	\$640,000
Less: Size Adjustment	-40% (\$256,000)
Indicated Value - As part of the whole	\$384,000

<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	4,110 ac.
Indicated Nominal Price Per Acre	\$100
Indicated Value	\$411,000

Estimated Value	AKI01	\$1,028,600
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AKI02

Location

AKI02's location is referenced by Kiavak Bay. Kiavak Bay lies at the upper end of the Aliulik Peninsula near the south end of Kodiak Island. The parcel's acreage surrounds the entire bay (see map).

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains a total of 4,012 "conveyed" acres.

Geography/Topography

The upper end of Kiavak Bay progressively narrows from its main body that extends westerly from the Sitkalidak Strait. Significant features include a long narrow finger that extends westerly into the heart of the parcel. Where the bay starts to narrow there is a long narrow peninsula that extends almost entirely across the bay. At the end of the peninsula, water depths appear to be relatively shallow so that access by boat, particularly at low tide, may not be practical. However, the water body is likely suitable for float plane operation.

There are five privately owned Native Allotments located within this parcel, all of which are excluded from the subject's acreage. Three of the Allotments, USS 10835, USS 9301 Lots 1 and 2, have waterfront locations on the south side of the bay. USS 9119 is located about one-quarter mile from shore on the south side of the bay and has a meandering stream that bisects the parcel. USS 10834 is located about three-eighths mile from shore on the north side of the bay and is bisected by a stream. Although the aforementioned Allotments are located on some of the most favorable sites, there are other sites available that have a favorable beach front topography.

The shoreline is characterized by gravel beaches. Topography ranges from moderate to steep. The topography around approximately 90% of the bay rises to 500 feet within a quarter mile of the shoreline. Extreme elevations range from 900 to 1777 feet. Along several stretches, the 100 foot contour line on the U. S. G. S. topographical map is set back a sufficient distance so that the topography would be considered favorable for possible uses that would require a structure.

There are five unnamed streams that drain into Kiavak Bay. According to the Habitat Protection Parcel Analysis, the area includes habitat for pink and coho salmon. There are no merchantable stands of timber on the subject property. Vegetation consists of low brush, grasses and alder thickets. Soils generally consist of a thin layer of organics over a base of bedrock. Big game animals include brown bear and deer.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company.

"Section 17 (b)" easements reserved to the U. S. Government in Interim Conveyance 934 (IC 934) and not released as of the date of valuation are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 4D9 (IC 934)	proposed 25' trail easement	from Kiavak Bay, running northwesterly to public lands in Sec. 25, T. 36S., R. 28 W., SM.	from a site on one side of the mouth of stream near the mid- point of the bay
EIN 4a D9 (IC 934)	1 acre site easement	upland of the mean high tide line on north shore of Kiavak Bay in Sec. 30 T. 36 S., R. 27 W., SM.	a site on one side of the mouth of stream near the mid-point of the bay
EIN 5 D9 (IC 934)	proposed 25' trail easement	from the south shore of Kiavak Bay southerly to public lands in Sec. 6, T. 37 S., R. 27W., SM.	from a site just inside the isthmus at the entrance to the Bay
EIN 5a D1 (IC 934)	1 acre site	upland of the mean high tide line on the south shore of Kiavak Bay in Sec. 32, T. 36 S., R. 27 W., SM.	a site just inside the isthmus at the entrance to the Bay

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

The probability that the proposed easements would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails is not permitted. E1N 4a D9 affects one side of the mouth of the creek near the mid-point of the bay. The easement would render acreage at the mouth less than strategic for an entrepreneur/developer. For the purposes of our analysis, only one side (of the Creek's mouth) is considered to be strategic.

Leases

We are not aware of any leases affecting the subject property.

Permits and Licenses

Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

Other Rights, Title, Interest, Claims, etc.

A 14 (c) (1) claim not noted in the preliminary title report involves a 7,590 square foot site on the north side of Kiavak Bay. The site is utilized for a hunting guide operation. Acknowledging correspondence is contained in the Addenda. The site does not encroach on any strategic acreage and the amount of water frontage (60') is too small to have any impact on our allocation of non-strategic water frontage featuring favorable topography.

Archeological Sites

The "*Habitat Protection Parcel Analysis*" (see Addenda) reports evidence of five documented "cultural resources" sites. Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

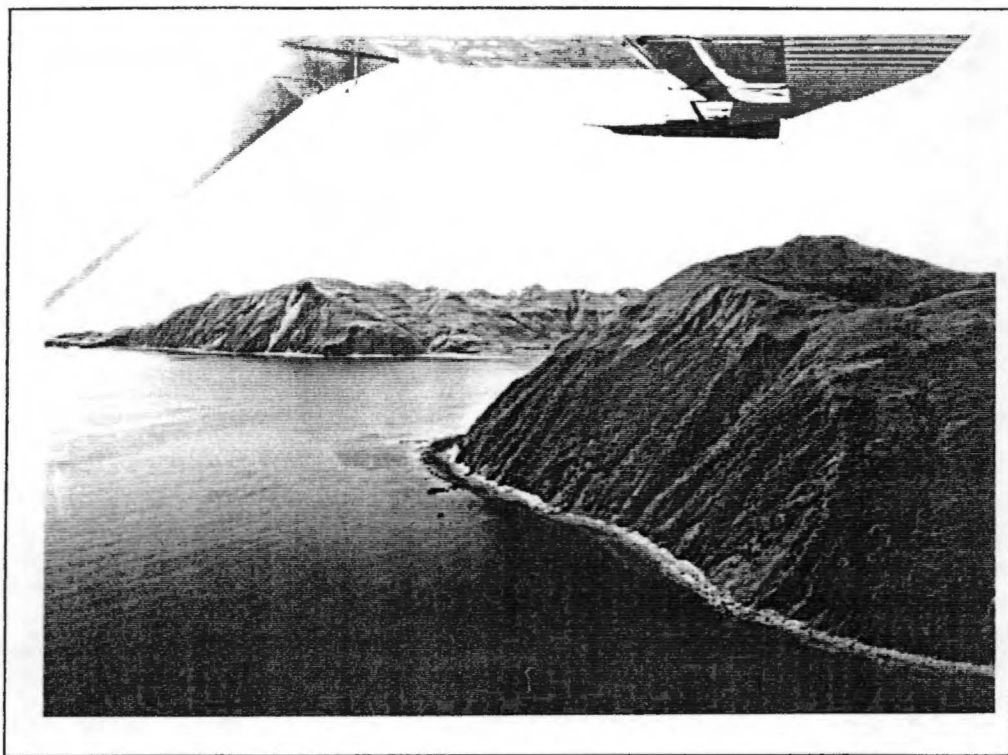
The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI02	Low	Low

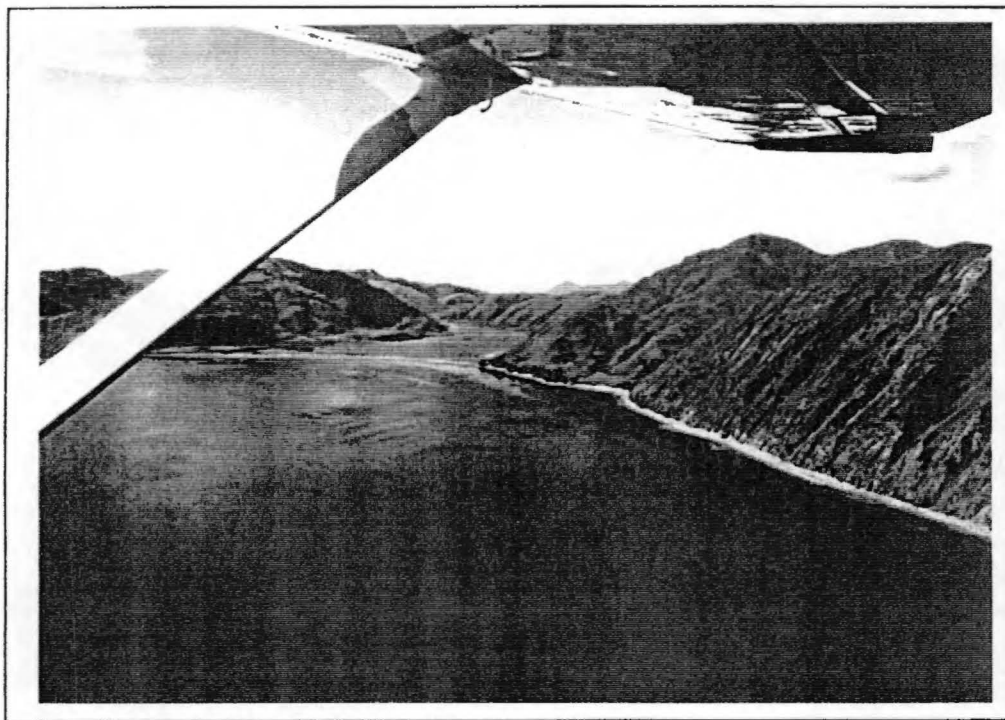


6-29-94 (SEC)

SUBJECT PHOTOGRAPHS



AKI02 - Looking southwesterly across entrance to Kiavak Bay.



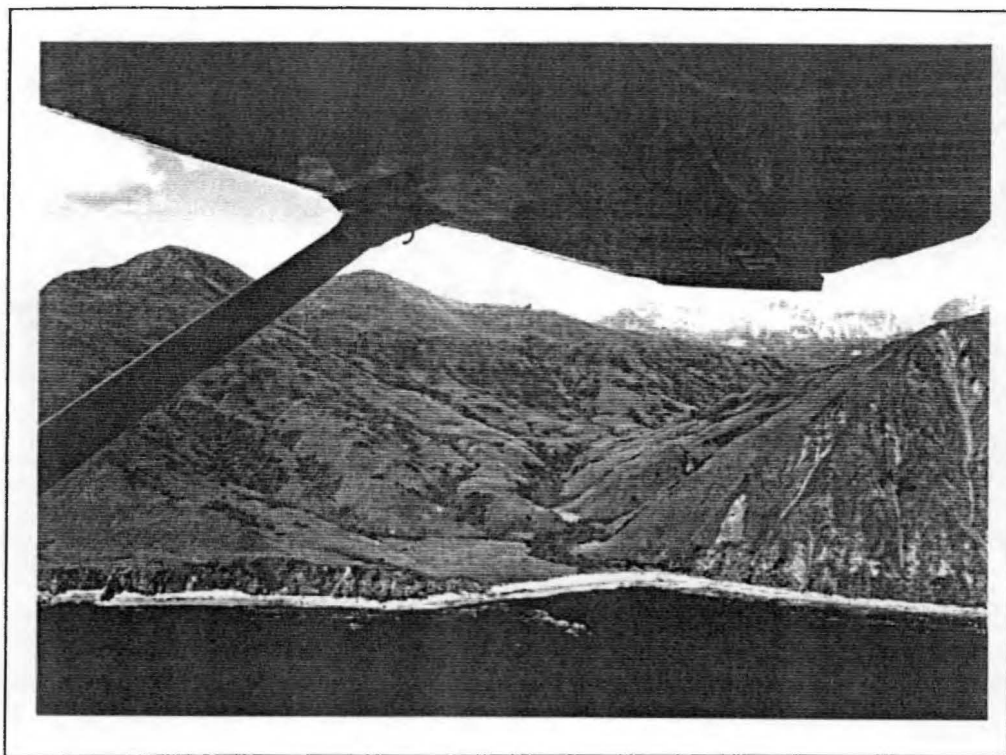
AKI02 - Looking westerly into entrance to Kiavak Bay.





6-29-94 (SEC)

SUBJECT PHOTOGRAPHS



AKI02 - Looking north just inside entrance to Kiavak Bay.



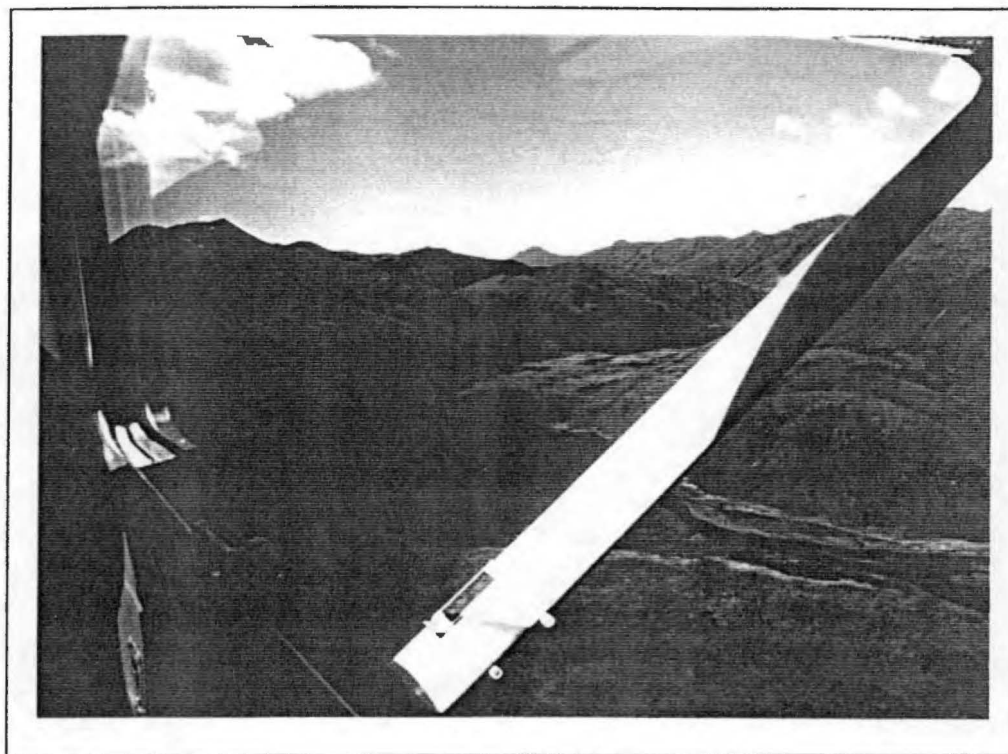
AKI02 - Looking north from approximate midpoint of Kiavak Bay.



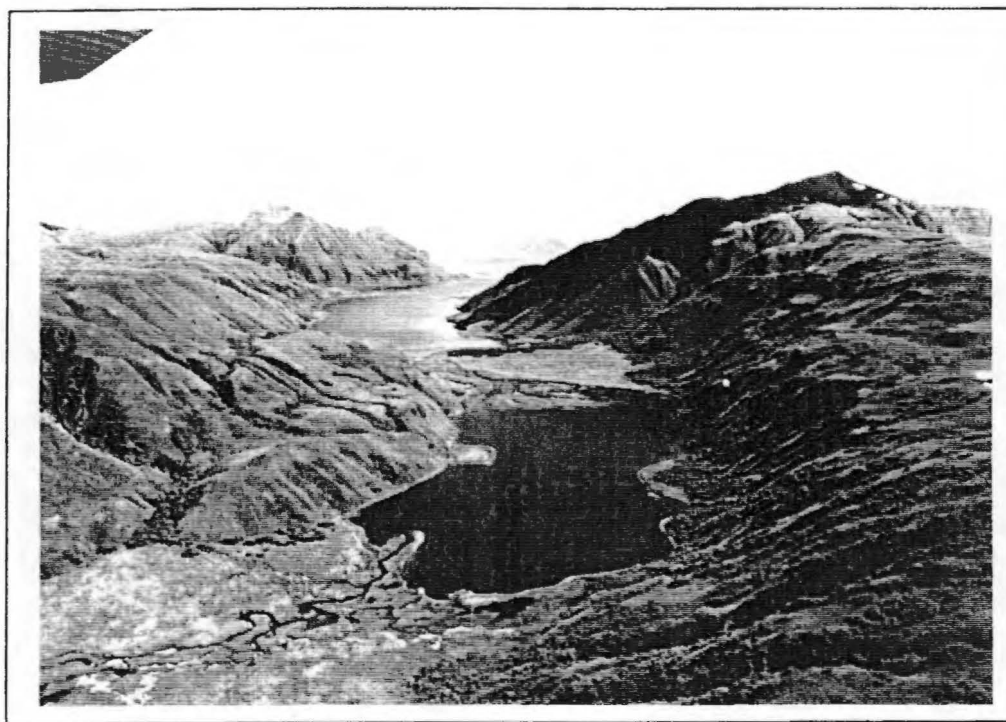


6-29-94 (SEC)

SUBJECT PHOTOGRAPHS



AKI02 - Looking westerly to head of upper Kiavak Bay.



AKI02 - Looking northeasterly from head of upper Kiavak Bay.



Allocation of Acreage and Valuation Calculations

Parcel	AKI02		
Work Group Recreation/Tourism Rating	Low		
Total Acreage	4,012 ac.		
Allocation		Unit	Acres
Strategic Waterfront Acreage	1.50 sites	160	240
Non-Strategic Wtf w/Favorable Topography	4.00 miles	160	640
Non-Strategic Wtf w/Unfavorable Topo & Backlands			3,132

Valuation Key			
<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/Favorable Topography</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$1,150	≤ 160 acres	-25%
"Moderate"	\$975	> 160 ≤ 320	-30%
"Low"	\$800	> 320 ≤ 480	-35%
		> 480	-40%
<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Valuation Calculations

<i>Strategic Waterfront Acreage</i>	240 ac.
Indicated Price Per Acre	\$1,000
Indicated Value - Unadjusted for Size	\$240,000
Less: Size Adjustment	-27% (\$64,800)
Indicated Value - As part of the whole	\$175,200

<i>Non-Strategic Wtf w/Favorable Topography</i>	640 ac.
Indicated Price Per Acre	\$800
Indicated Value - Unadjusted for Size	\$512,000
Less: Size Adjustment	-40% (\$204,800)
Indicated Value - As part of the whole	\$307,200

<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	3,132 ac.
Indicated Nominal Price Per Acre	\$100
Indicated Value	\$313,200

Estimated Value	AKI02	\$795,600
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AKI03

Location

AKI03 is located at the northeast corner of the Aliulik Peninsula. It contains the land fronting along both sides of Jap Bay and most of the area on both sides of Kaguyak Bay. About 2 miles of beach frontage along the west side of the head of Kaguyak Bay is not included with the parcel boundaries.

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains a total of 12,620 "conveyed" acres.

Geography/Topography

Jap Bay extends northerly from the Gulf of Alaska. Near the middle of Jap Bay is a long narrow peninsula that extends almost entirely across the bay. At the end of the peninsula, water depths appear to be adequate for boat access or float plane operation. There is one Native Allotment that has Jap Bay frontage; USS 9447. It is located north of the peninsula such that its ocean frontage is protected from the heavy Gulf of Alaska seas. The shoreline is characterized by gravel beaches. The topography around approximately 90% of the bay rises to 500 feet within a quarter mile of the shoreline. Extreme elevations range to 1,955 feet. There are several stretches at the head of Jap Bay where the 100 foot contour line is set back a sufficient distance so that the topography would be considered favorable for possible uses that would require a structure. Vegetation consists of low brush, grasses and alder thickets. There are four unnamed streams that drain into Jap Bay.

Kaguyak Bay extends westerly from the Gulf of Alaska. The water depth in Kaguyak Bay appears to be adequate for boat or float plane access. The physical features of Kaguyak Bay are diverse. On the north side of the bay, topography is generally steep with elevations that rise to 500 feet within a quarter mile of the shoreline. Extreme elevations range to 1,955 feet. The contiguous backlands consist of a valley with a large meandering stream that drains into the head of the bay. The shoreline on the north side of the bay is characterized by gravel beaches but utility is limited due to the steep topography. There is one Native Allotment, USS 10602 located on the north side of the bay.

The acreage on the south side of Kaguyak Bay and at its head, features a barren tundra-like topography barely above sea level. The shoreline ranges from gravel beaches to rocky bluffs. Acreage along the southern boundary of the parcel is exposed to the Gulf of Alaska. There are several Native Allotments and a vacant village site (excluded from subject) near the head of the bay.

According to the Habitat Protection Parcel Analysis, the subject features four anadromous streams. Populations of pink and coho salmon are documented. There are no merchantable stands of timber on the subject property. Soils generally consist of a thin layer of organics over a base of bedrock. Big game animals include dense brown bear populations and blacktail deer.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Interim Conveyance 934 (IC 934) and not released as of the date of valuation are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 10D9 (IC 934)	proposed 25' trail easement	from Jap Bay, running southwesterly to public lands in Sec. 17, T. 37S., R. 28 W., SM.	from a site west of the mouth of a creek at the head of the bay
EIN 10aD9 (IC 934)	1 acre site easement	upland of the mean high tide line on the west shore of Jap Bay in Sec. 15 T. 37 S., R. 28 W., SM.	a site west of the mouth of a creek at the head of the bay

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

The probability that the proposed easements would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails is not permitted.

Leases

We are not aware of any leases affecting the subject property.

Permits and Licenses

Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

Archeological Sites

The "Habitat Protection Parcel Analysis" (see Addenda) reports evidence of "cultural resources" onsite. Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

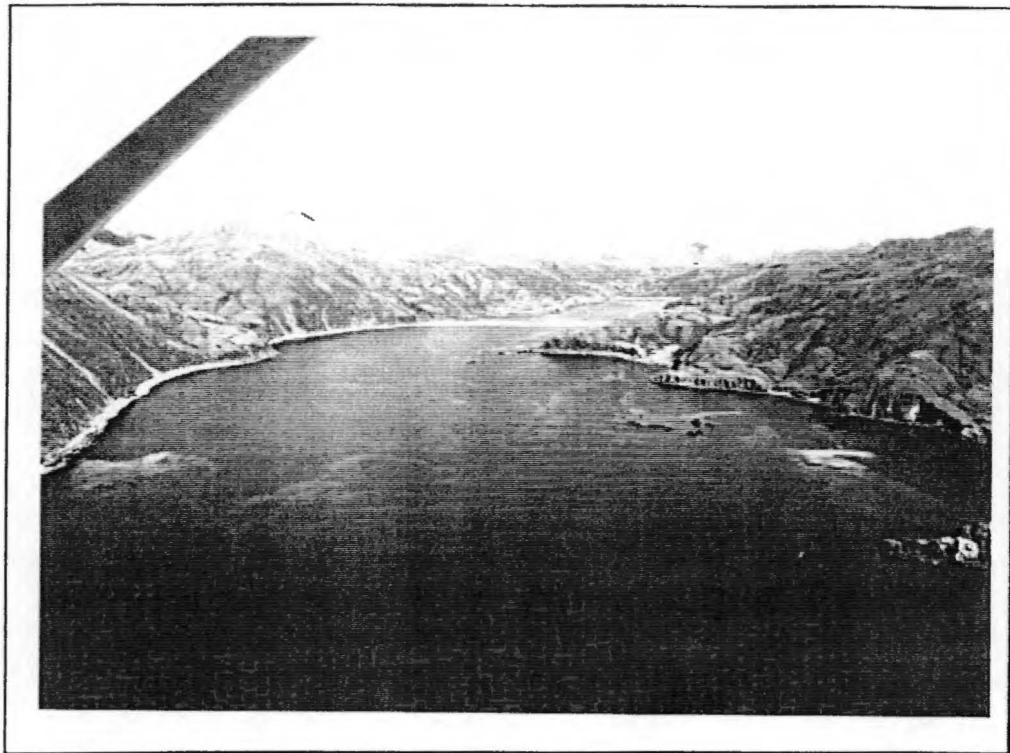
The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI03	Low	Low

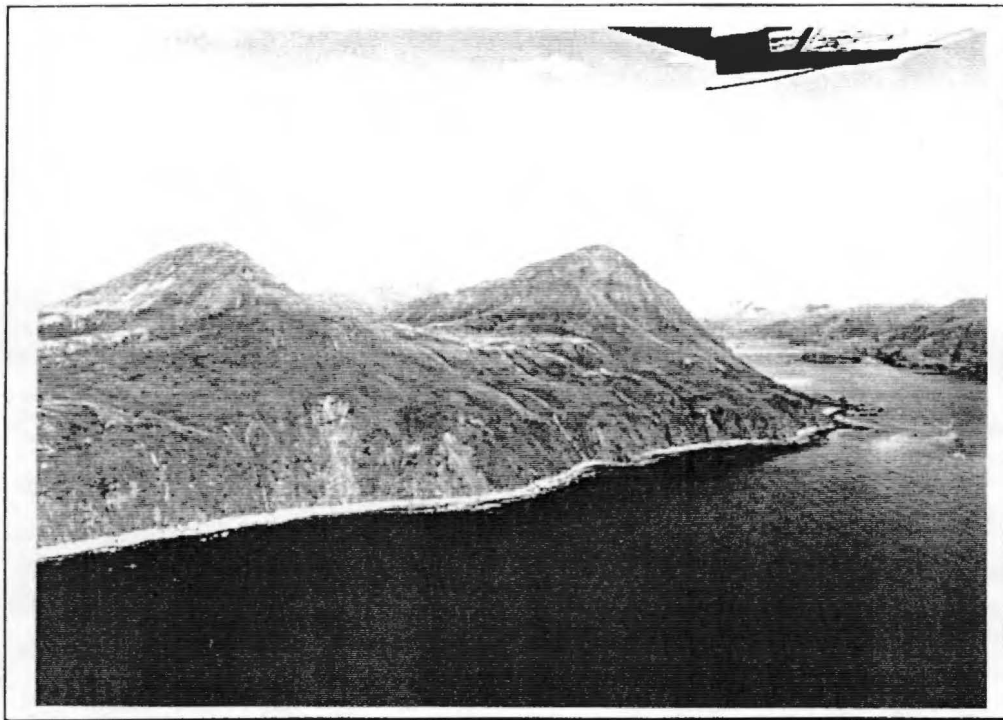


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SUBJECT PHOTOGRAPHS



AKI03 - Looking north into Jap Bay



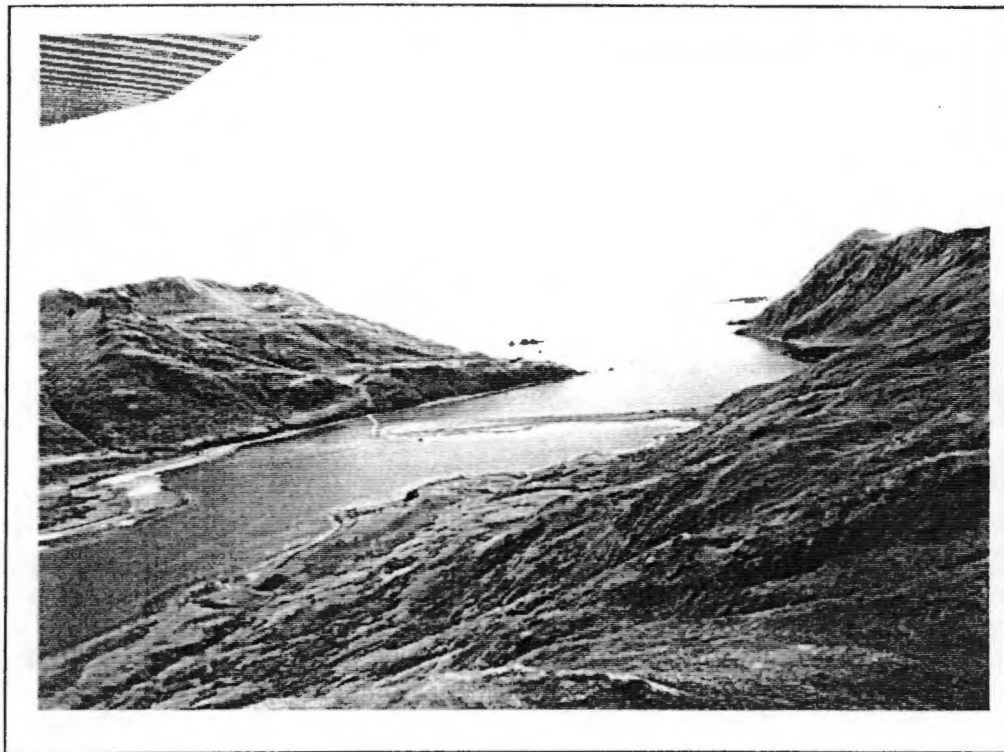
AKI03 - Looking north at portion of subject on the west side of Jap Bay



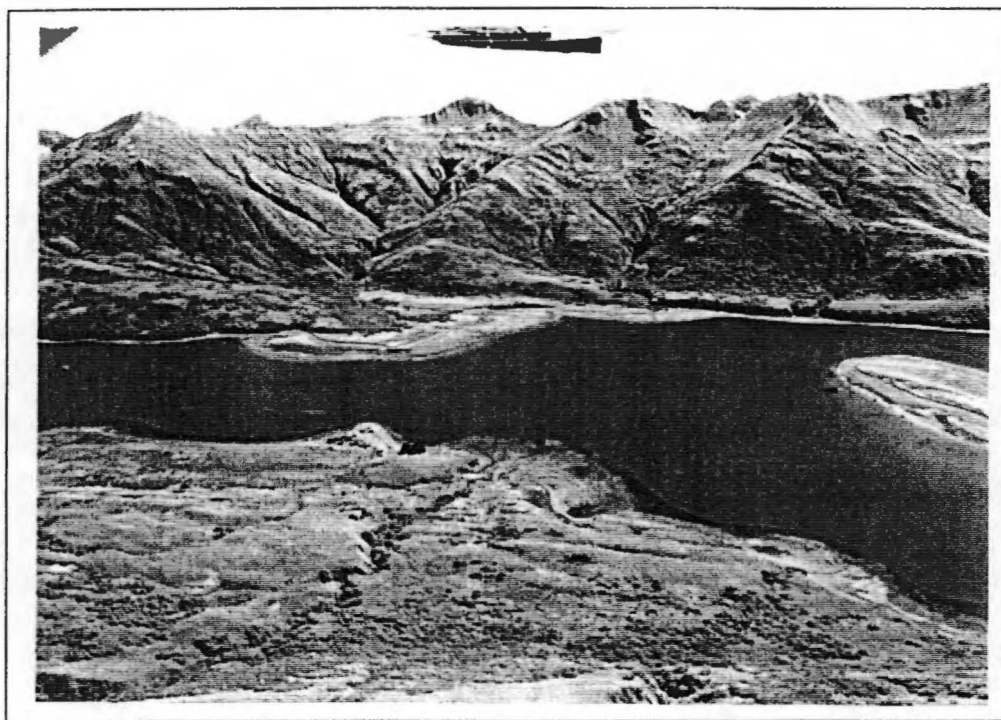


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SUBJECT PHOTOGRAPHS



AKI03 - Looking south out of Jap Bay. USS 9447 is in foreground from near shore to point

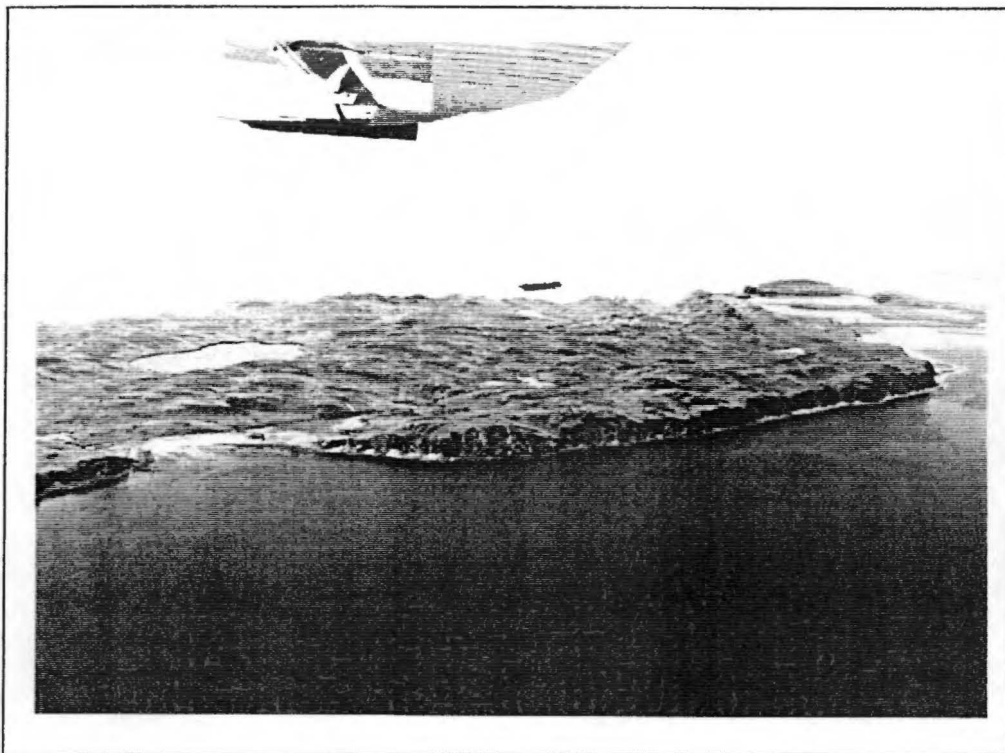


AKI03 - Looking east from west side of Jap Bay. USS 9447 occupies near shore center to left

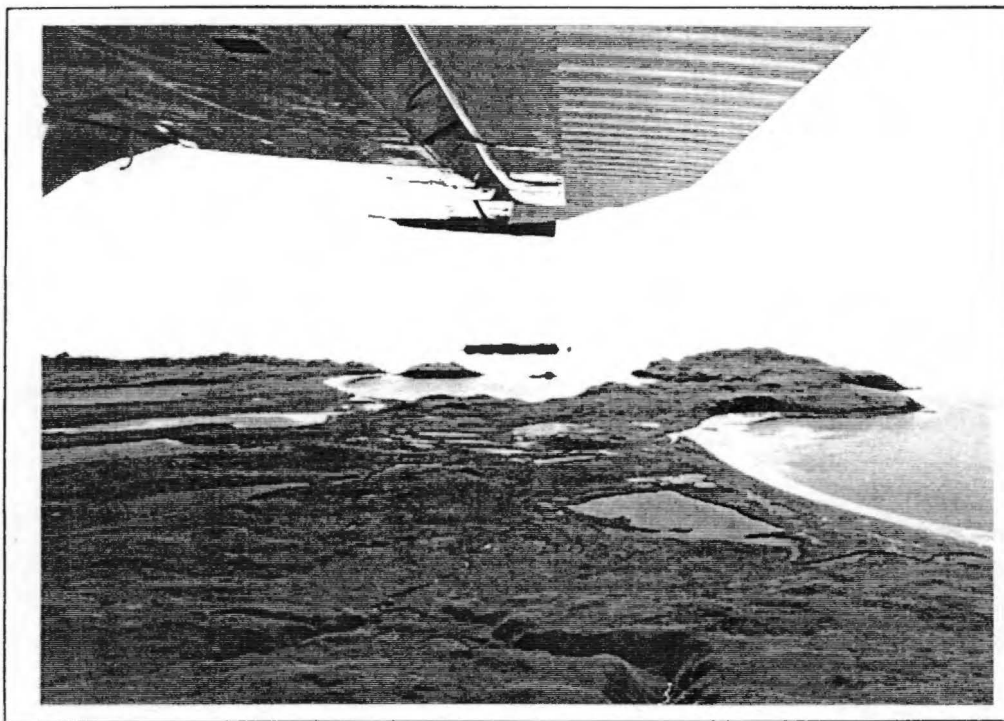


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SUBJECT PHOTOGRAPHS



AKI03 - Looking southwesterly from Kaguyak Bay at lower peninsula.



AKI03 - Looking south from Kaguyak Bay at lower peninsula. Old Kaguyak Bay in center.

Allocation of Acreage and Valuation Calculations

Parcel	AKI03
Work Group Recreation/Tourism Rating	Low
Total Acreage	12,620 ac.

Allocation		<u>Unit</u>	<u>Acres</u>
Strategic Waterfront Acreage	4.00 sites	160	640
Non-Strategic Wtf w/Favorable Topography	5.25 miles	160	840
Non-Strategic Wtf w/Unfavorable Topo & Backlands			11,140

Valuation Key			
<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/Favorable Topography</i>			
Work Group Recreation/Tourism Rating	\$/Acre	≤ 160 acres	-25%
"High"	\$1,150	> 160 ≤ 320	-30%
"Moderate"	\$975	> 320 ≤ 480	-35%
"Low"	\$800	> 480	-40%
<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Valuation Calculations

<i>Strategic Waterfront Acreage</i>	640 ac.
Indicated Price Per Acre	\$1,000
Indicated Value - Unadjusted for Size	\$640,000
Less: Size Adjustment	-36% (\$230,400)
Indicated Value - As part of the whole	\$409,600

<i>Non-Strategic Wtf w/Favorable Topography</i>	840 ac.
Indicated Price Per Acre	\$800
Indicated Value - Unadjusted for Size	\$672,000
Less: Size Adjustment	-40% (\$268,800)
Indicated Value - As part of the whole	\$403,200

<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	11,140 ac.
Indicated Nominal Price Per Acre	\$100
Indicated Value	\$1,114,000

Estimated Value	AKI03	\$1,926,800
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AKI04A

Location

AKI04A is on the south side of the Aliulik Peninsula near the south end of Kodiak Island. This parcel has about three miles of frontage on Portage Bay and seven± miles of ocean frontage along the south side of the Aliulik Peninsula (see map). Significant geographical locations include Shag Bluff and Geese Channel.

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains 17,521 "conveyed" acres and 4,029 "selected" acres - a total of 21,550 acres.

Geography/Topography

This parcel's Portage Bay frontage has generally favorable topography as there are extensive areas where the 100 foot contour line is set back a sufficient distance from the shoreline to provide utility. The water depth along this area is suitable for boat or float plane access. One stream drains into Portage Bay from the north side of this parcel. There is one Native Allotment, USS 2067, that has a cabin located just east of Shag Bluff. It is a long narrow parcel with approximately one-half mile of Portage Bay frontage.

The southern boundary of the parcel is the exposed shoreline on the Gulf of Alaska. The quality of the beachfront ranges from gravel to rocky bluffs. Boat access is possible but complicated by shallow depths and an unprotected shoreline. Four Native Allotments, USS 10582 Lots 1 and 2, USS 10627 and USS 6908, appear to occupy the most favorable shoreline locations.

The backlands of the western portion of the parcel consist of gently rolling terrain inundated with several small lakes and streams. Elevations rise to the east to nearly 1,900 feet.

There are no merchantible stands of timber on the subject property. Vegetation consists of low brush, grasses and alder thickets. Soils generally consist of a thin layer of organics over a base of bedrock.

Big game animals include dense brown bear populations and deer. Documented anadromous streams provide habitat for pink and coho and chum salmon. Dolly Varden trout streams are documented on this parcel.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company. Based on a review of the Interim Conveyances no "Section 17 (b)" easements affect this parcel.

Leases

We are not aware of any leases affecting the subject property.

Permits and Licenses

Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

Archeological Sites

The "*Habitat Protection Parcel Analysis*" (see Addenda) reports evidence of "cultural resources". Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

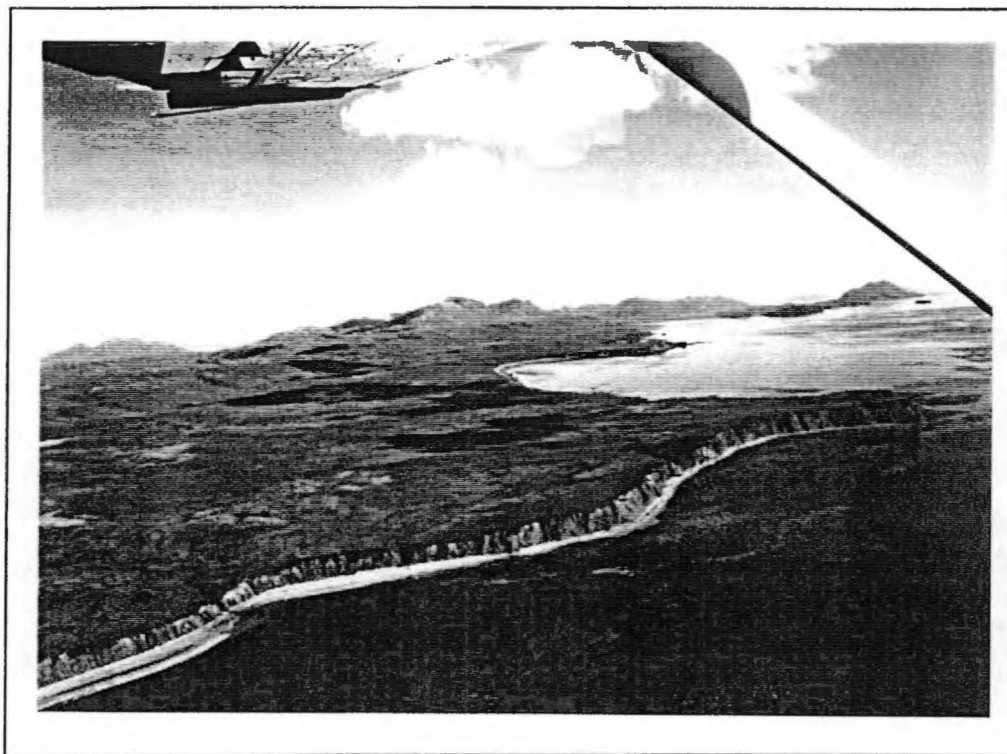
The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI04	High	Low

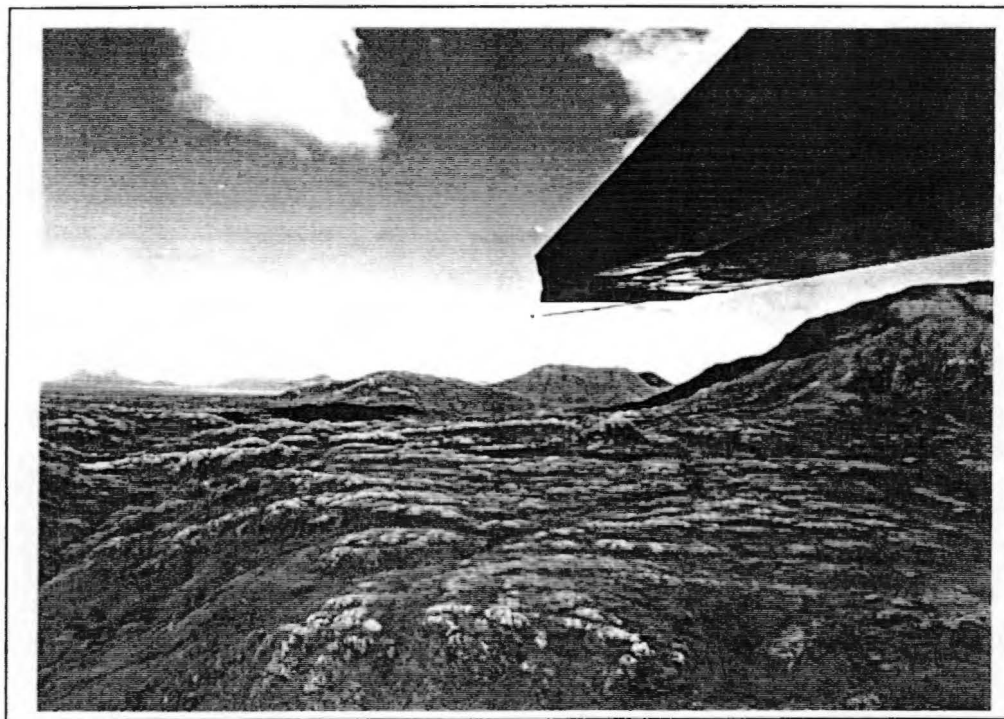


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SUBJECT PHOTOGRAPHS



AKI04A - Looking northeasterly along shore of Aliulik Peninsula



AKI04A - Looking northwesterly at backland from south shore of subject on Aliulik peninsula.

Allocation of Acreage and Valuation Calculations

Parcel

AKI04A

Work Group Recreation/Tourism Rating

Low

Total Acreage

21,550 ac.

Allocation

Strategic Waterfront Acreage

4.00 sites

Unit

160

Acres

640

Non-Strategic Wtf w/Favorable Topography

1.25 miles

160

200

Non-Strategic Wtf w/Unfavorable Topo & Backlands

20,710

Valuation Key

Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating

\$/Acre

Qty. (Acres)

Adj.

"High"

\$2,500

≤ 160 acres

-23%

"Moderate"

\$1,750

> 160 ≤ 320

-27%

"Low"

\$1,000

> 320 ≤ 480

-32%

> 480

-36%

Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating

\$/Acre

≤ 160 acres

-25%

"High"

\$1,150

> 160 ≤ 320

-30%

"Moderate"

\$975

> 320 ≤ 480

-35%

"Low"

\$800

> 480

-40%

Non-Strategic Wtf w/Unfavorable Topo & Backlands

\$100

n/a

n/a

Valuation Calculations

Strategic Waterfront Acreage

640 ac.

Indicated Price Per Acre

\$1,000

Indicated Value - Unadjusted for Size

\$640,000

Less: Size Adjustment

-36% (\$230,400)

Indicated Value - As part of the whole

\$409,600

Non-Strategic Wtf w/Favorable Topography

200 ac.

Indicated Price Per Acre

\$800

Indicated Value - Unadjusted for Size

\$160,000

Less: Size Adjustment

-30% (\$48,000)

Indicated Value - As part of the whole

\$112,000

Non-Strategic Wtf w/Unfavorable Topo & Backlands

20,710 ac.

Indicated Nominal Price Per Acre

\$100

Indicated Value

\$2,071,000

Estimated Value

AKI04A

\$2,592,600

AKI04B

Location

AKI04B is on the south side of the Aliulik Peninsula near the south end of Kodiak Island. This parcel has approximately nine miles of frontage on Alitak Bay and seven miles of frontage along Russian Harbor and Geese Channel (see map). Significant geographical locations include Cape Trinity, Hawk Bluff, Humpy Cove, Seaborg Bay, Russian Harbor and Geese Channel.

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains 16,346 "conveyed" acres and 1,355 "selected" acres - a total of 17,701 acres.

Geography/Topography

The subject's Alitak Bay frontage topography is generally rolling terrain. In many places along the Bay the 100 foot contour line on the U. S. G. S. topographical map is set back at least one quarter mile or more. Total elevation change on this portion of the parcel is about 200 feet. The southern portion of this parcel's Alitak Bay frontage features steep bluffs and shallow water. The northern portion of the Alitak Bay frontage has a more gradual beach front access and deeper water. There is one Native Allotment, USS 9462, that straddles the unnamed creek that drains into Humpy Cove.

There are no merchantable stands of timber on the subject property. Vegetation consists of low brush, grasses and alder thickets. Soils generally consist of a thin layer of organics over a base of bedrock.

The southern boundary is referenced by the area surrounding Russian Harbor and the Geese Channel. This area is characterized by generally level to rolling topography with elevation changes range of only 100 to 300 feet. The quality of the beachfront ranges from gravel to rocky bluffs. Boat access is possible but complicated by irregular depths and a largely unprotected shoreline. A long narrow lagoon extends from Russian Harbor into the heart of the parcel. The backlands feature rolling treeless tundra inundated with several pothole lakes and streams.

Big game animals include brown bear and blacktail deer. Documented anadromous streams provide habitat for pink, coho, and chum salmon and Dolly Varden trout. The Humpy River, Seaborg River and Russian Harbor are designated as highly productive pink salmon spawning areas.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Interim Conveyance 934 (IC 934) and not released as of the date of valuation are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 16L (IC 934)	proposed 25' trail easement	from Humpy Cove, running southeasterly to public lands in Sec. 35, T. 38S., R. 30 W., SM.	from a site east of the mouth at Humpy Cove
EIN 16a C5 D1 (IC 934)	1 acre site easement	upland of the mean high tide line on the shore of Humpy Cove in Sec. 28 T. 38 S., R. 30 W., SM.	a site east of the mouth at Humpy Cove
EIN 33 C5 D1 (IC 934)	proposed 25' trail easement	from east shore of unnamed lagoon, running easterly to public lands in Sec. 10, T. 39S., R. 30 W., SM.	from a site at the mouth of a small stream entering the Russian Harbor Lagoon
EIN 33a C5 D1 (IC 934)	1 acre site easement	upland of the mean high tide line in Sec. 9 T. 39 S., R. 30 W., SM.	a site at the mouth of a small stream entering the Russian Harbor Lagoon
EIN 34 D1 (IC 934)	proposed 25' trail easement	from the west shore of unnamed lagoon, running westerly to public lands in Sec. 18, T. 39S., R. 30 W., SM.	from a site on the west shore of the Russian Harbor Lagoon
EIN 34a D1 (IC 934)	1 acre site easement	upland of the mean high tide line in Sec. 17 T. 39 S., R. 30 W., SM.	a site on the west shore of the Russian Harbor Lagoon

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

The probability that the proposed easements would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails is not permitted.

EIN 33a C5 D1 affects one side of the mouth of the creek on the east shore of the Lagoon. The easement would render acreage at the mouth less than strategic for an entrepreneur/developer. For the purposes of our analysis, only one side (of the Creek's mouth) is considered to be strategic.

Leases

We are not aware of any leases affecting the subject property.

Permits and Licenses

Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

Archeological Sites

The "*Habitat Protection Parcel Analysis*" (see Addenda) reports evidence of "cultural resources". Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI04	High	Low

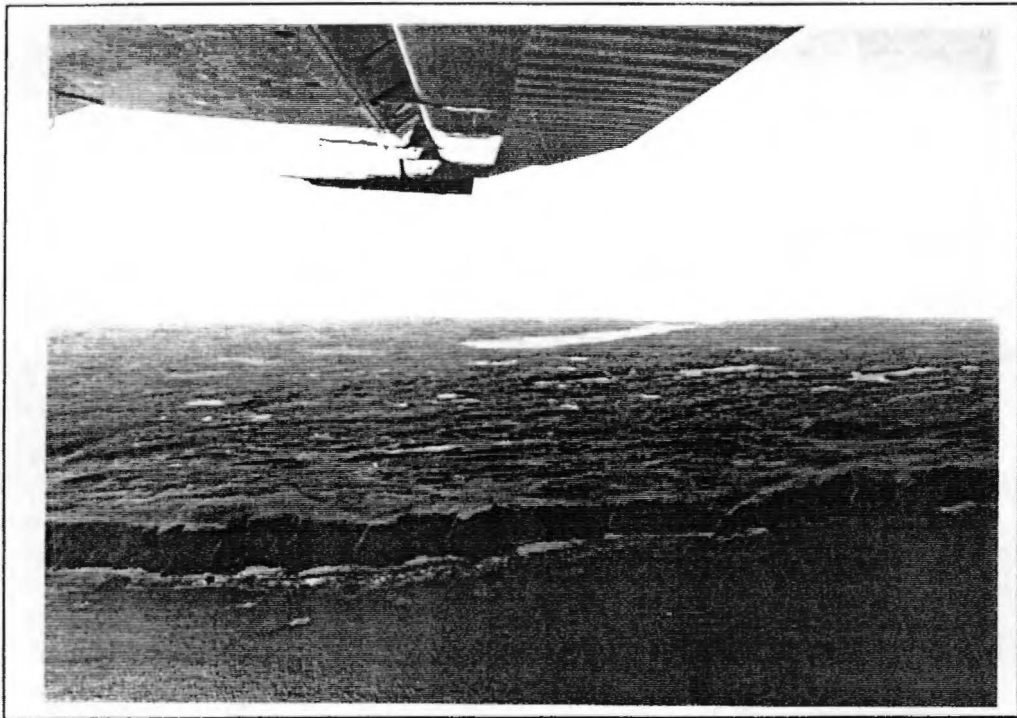


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SUBJECT PHOTOGRAPHS



AKI04B - Looking southeasterly at Humpy Cove. Russian Harbor in right background.



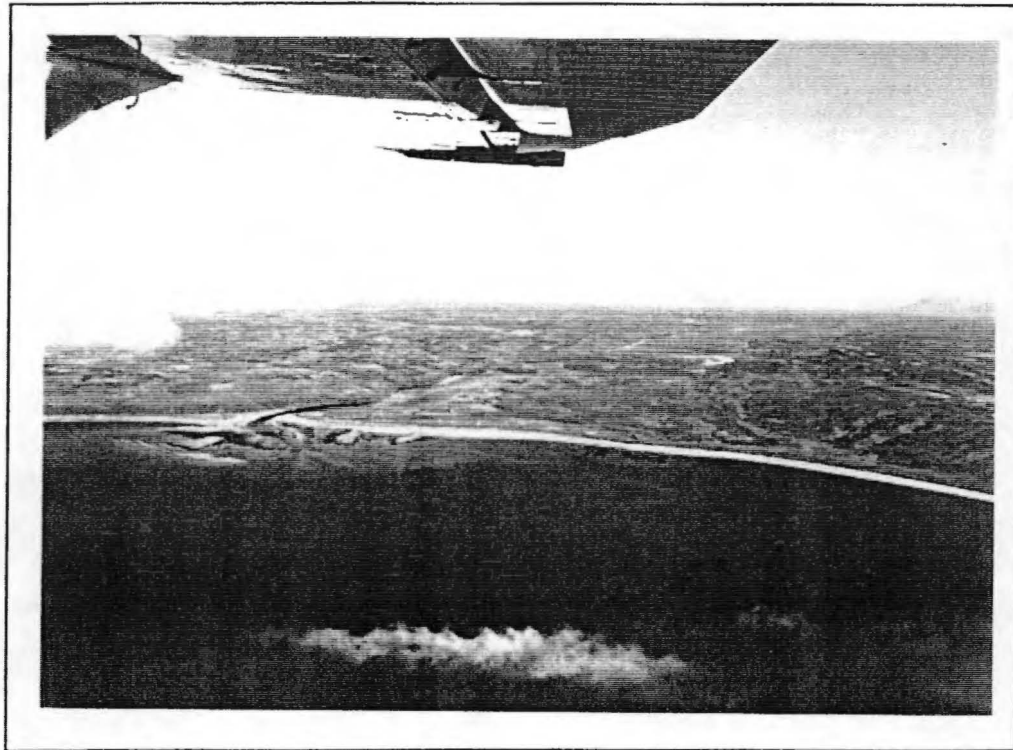
AKI04B - Looking southeasterly at Russian Harbor from Alitak Bay



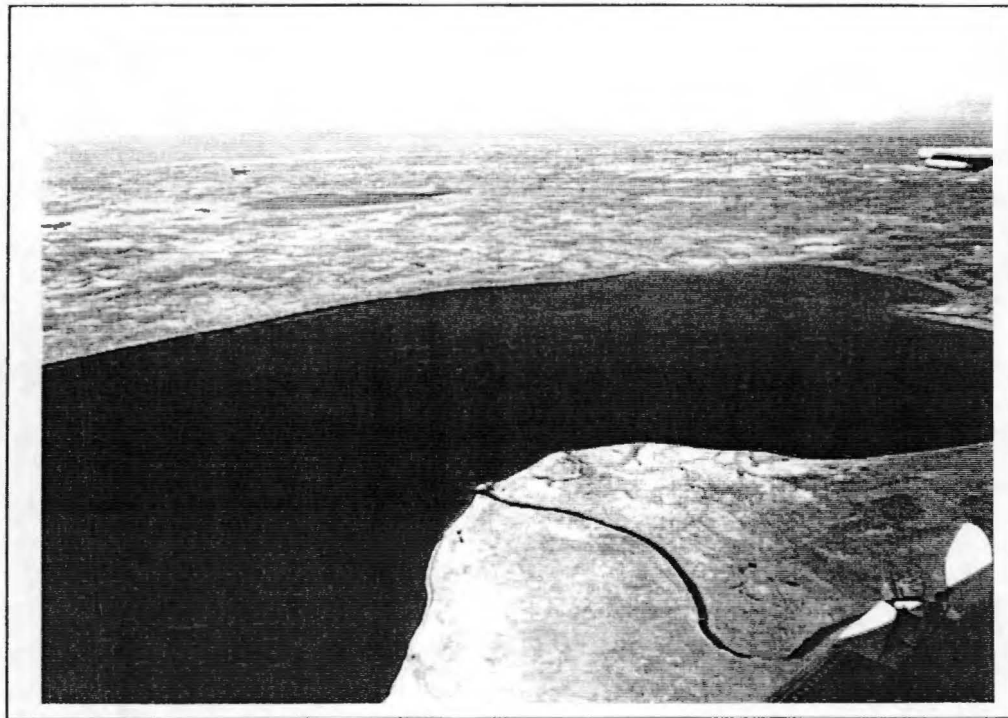


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SUBJECT PHOTOGRAPHS



AKI04B - Looking northeasterly at Russian Harbor. Alitak Bay in background.



AKI04B - Looking northwesterly at inland lagoon to Russian Harbor. Alitak Bay in background.



Allocation of Acreage and Valuation Calculations

Parcel	AKI04B
Work Group Recreation/Tourism Rating	Low
Total Acreage	17,701 ac.

Allocation		Unit	Acres
Strategic Waterfront Acreage	5.50 sites	160	880
Non-Strategic Wtf w/Favorable Topography	8.25 miles	160	1,320
Non-Strategic Wtf w/Unfavorable Topo & Backlands			15,501

Valuation Key			
<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/Favorable Topography</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$1,150	≤ 160 acres	-25%
"Moderate"	\$975	> 160 ≤ 320	-30%
"Low"	\$800	> 320 ≤ 480	-35%
		> 480	-40%
<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Valuation Calculations

<i>Strategic Waterfront Acreage</i>	880 ac.
Indicated Price Per Acre	\$1,000
Indicated Value - Unadjusted for Size	\$880,000
Less: Size Adjustment	-36% (\$316,800)
Indicated Value - As part of the whole	\$563,200

<i>Non-Strategic Wtf w/Favorable Topography</i>	1,320 ac.
Indicated Price Per Acre	\$800
Indicated Value - Unadjusted for Size	\$1,056,000
Less: Size Adjustment	-40% (\$422,400)
Indicated Value - As part of the whole	\$633,600

<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	15,501 ac.
Indicated Nominal Price Per Acre	\$100
Indicated Value	\$1,550,100

Estimated Value	AKI04B	\$2,746,900
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AKI05

Location

AKI05 is located on both the north side of the Aliulik Peninsula and the east side of the Hepburn Peninsula near the south end of Kodiak Island. This parcel has about nine miles of water frontage on both sides of Portage Bay and six miles of water frontage along the east side and at the head of Sulua Bay (see map).

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains 8,255 "conveyed" acres.

Geography/Topography

Along the east side and at the head of Portage Bay, the topography is rolling with the 100 foot contour line on the U. S. G. S. topographical map set back one half mile or more in many areas. The west side of Portage Bay is characterized as steeply sloping topography with the 100 foot contour line within a quarter mile of shore. Total elevation changes range from around 300 feet on the east side of the bay to 1,500 feet on the west side of Portage Bay. The shoreline features a gravel beach and water depths will accommodate boat and float plane access. There is one Native Allotment, USS 1998, on the east side of the Bay near the southern boundary of this parcel.

The area that fronts along Sulua Bay has a steeply sloping topography that ranges from sea level to 1,500 feet. The shoreline features gravel beaches with a generally favorable topography and deep water access. The area at the head of the bay is generally flat with some rolling terrain near the parcel boundaries. One Native Allotment, USS 2056, is located near the head of Sulua Bay.

There are no merchantable stands of timber on the subject property. Vegetation consists of low brush, grasses and alder thickets. Soils generally consist of a thin layer of organics over a base of bedrock. Big game animals include moderate density brown bear populations and blacktail deer. Northern sea lion are known to be in area, and this is a winter area for emperor geese. There are seven documented anadromous pink salmon streams of moderate productivity. These streams also support populations of chum and coho salmon.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Interim Conveyance 934 (IC 934) and not released as of the date of valuation are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 6b D9 (IC 934)	proposed 25' trail easement	from east shore of Sulua Bay, northeasterly to public lands in Sec. 31, T. 36S., R. 28 W., SM.	from a site on the south side of the mouth of a small stream entering the northeast side fo the bay
EIN 6c D1 (IC 934)	1 acre site easement	upland of the mean high tide line on the east shore of Sulua Bay in Sec. 36 T. 36 S., R. 29 W., SM.	a site on the south side of the mouth of a small stream entering the northeast side fo the bay
EIN 7 C6 (IC 934)	proposed 25' trail easement	from the east shore of Portage Bay, northeasterly to public lands in Sec. 5, T. 37S., R. 28W., SM.	from a site on one side of the mouth of a creek at the head of the Bay
EIN 7a D1 (IC 934)	1 acre site easement	upland of the mean high tide line on the east shore of Portage Bay in Sec. 6 T. 37 S., R. 28 W., SM.	a site on one side of the mouth of a creek at the head of the Bay
EIN 12 D9 (IC 934)	proposed 25' trail easement	from the southeast shore of Portage Bay, easterly to public lands in Sec. 26, T. 37S., R. 29W., SM.	from a site on the north side of a lagoon near the entrance to Portage Bay
EIN 12a C5 D9 (IC 934)	1 acre site easement	upland of the mean high tide line in Sec. 27 T. 37 S., R. 29 W., SM.	a site on the north side of a lagoon near the entrance to Portage Bay

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

The probability that the proposed easements would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails is not permitted.

EIN 6c D1 affects one side of the mouth of the creek entering the northeast side of the Bay and EIN 7a D1 affects one side of the mouth of the creek at the head of the Bay. The easements would render acreage at these locations less than strategic for an entrepreneur/developer. For the purposes of our analysis, only one side (of the mouths) are considered to be strategic.

Leases

We are not aware of any leases affecting the subject property.

Permits and Licenses

Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

Archeological Sites

The "*Habitat Protection Parcel Analysis*" (see Addenda) reports evidence of "cultural resources". Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI05	Moderate	Low

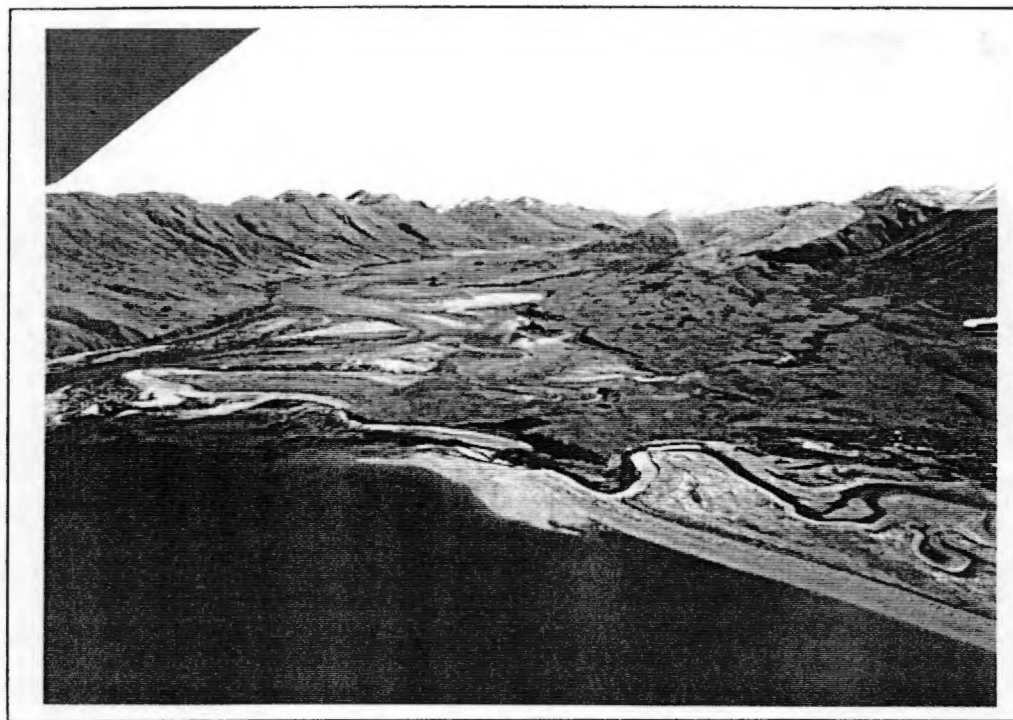


6-29-94 (SEC)

SUBJECT PHOTOGRAPHS



AKI05 - Looking northeasterly at Bert Point separating Portage (right) and Sulua (left) Bays



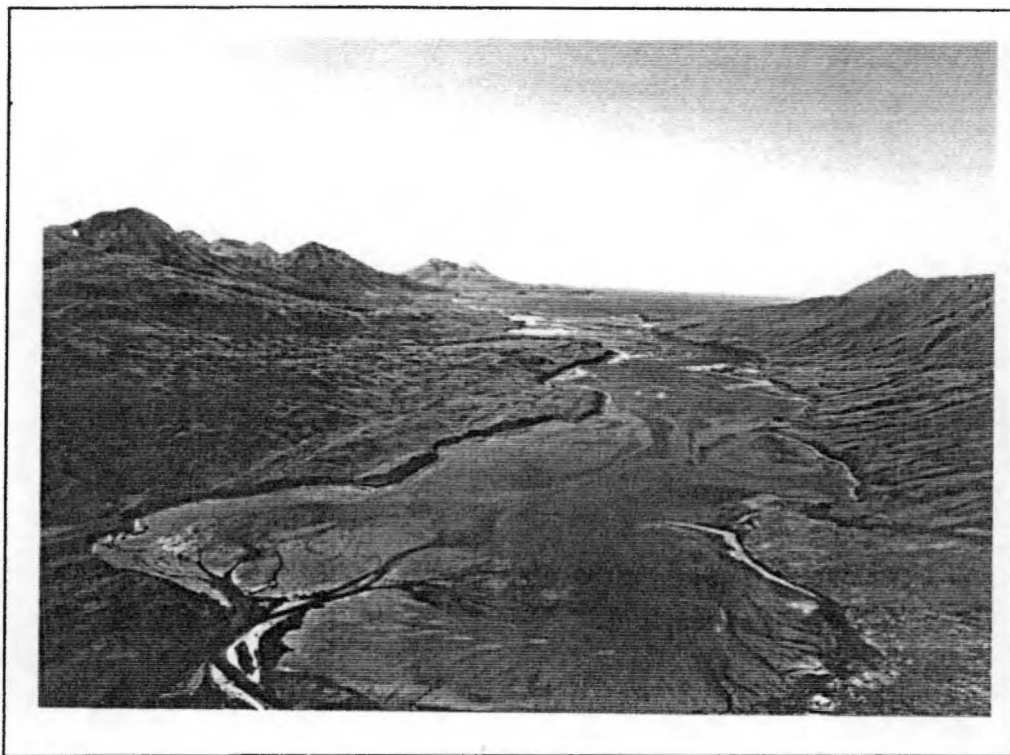
AKI05 - Looking northeasterly into Portage Bay



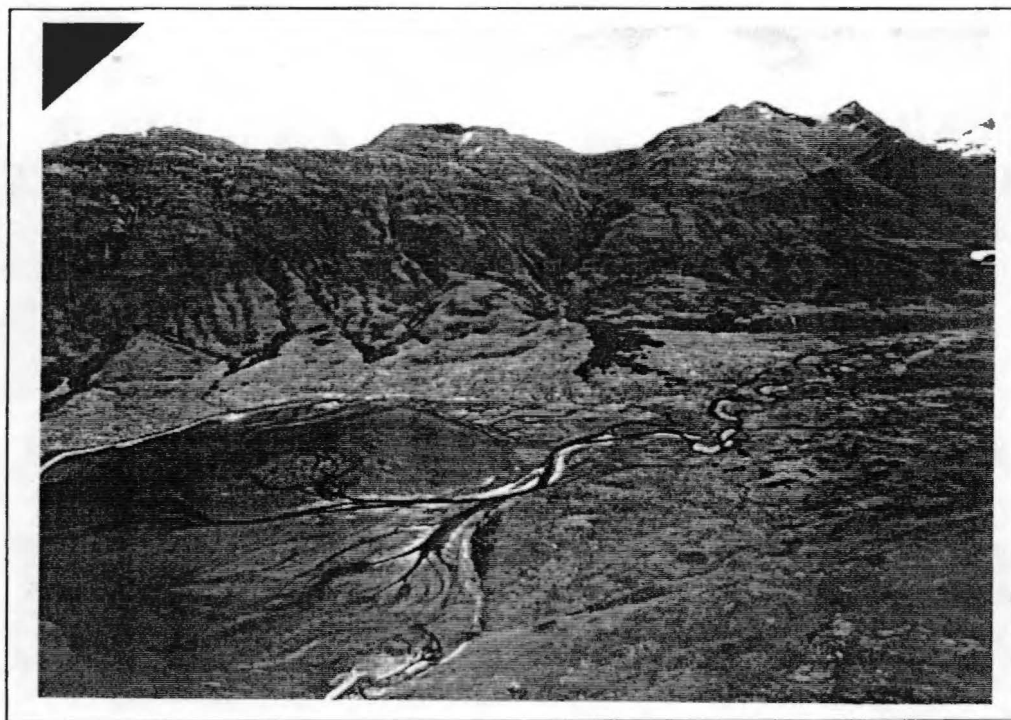


6-29-94 (SEC)

SUBJECT PHOTOGRAPHS



AKI05 - Looking southwesterly from head of Portage Bay



AKI05 - Looking north across head of Portage Bay



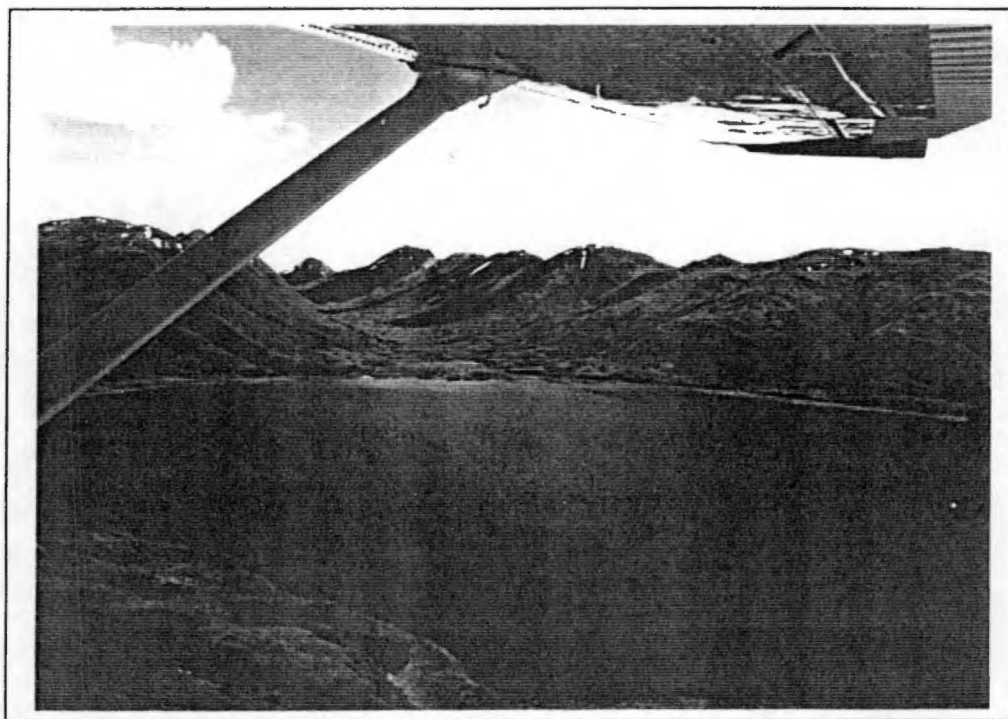


6-29-94 (SEC)

SUBJECT PHOTOGRAPHS



AKI05 - Looking north across Bert Point at Sulua Bay from entrance to Portage Bay



AKI05 - Looking northwesterly across upper Sulua Bay from west side





6-29-94 (SEC)

SUBJECT PHOTOGRAPHS



AKI05 - Looking north from head of Sulua Bay



AKI05 - Looking south from head of Sulua Bay



Allocation of Acreage and Valuation Calculations

Parcel	AKI05
Work Group Recreation/Tourism Rating	Low
Total Acreage	8,255 ac.

Allocation		Unit	Acres
Strategic Waterfront Acreage	4.00 sites	160	640
Non-Strategic Wtf w/Favorable Topography	9.50 miles	160	1,520
Non-Strategic Wtf w/Unfavorable Topo & Backlands			6,095

Valuation Key			
<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/Favorable Topography</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$1,150	≤ 160 acres	-25%
"Moderate"	\$975	> 160 ≤ 320	-30%
"Low"	\$800	> 320 ≤ 480	-35%
		> 480	-40%
<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Valuation Calculations

<i>Strategic Waterfront Acreage</i>	640 ac.
Indicated Price Per Acre	\$1,000
Indicated Value - Unadjusted for Size	\$640,000
Less: Size Adjustment	-36% (\$230,400)
Indicated Value - As part of the whole	\$409,600

<i>Non-Strategic Wtf w/Favorable Topography</i>	1,520 ac.
Indicated Price Per Acre	\$800
Indicated Value - Unadjusted for Size	\$1,216,000
Less: Size Adjustment	-40% (\$486,400)
Indicated Value - As part of the whole	\$729,600

<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	6,095 ac.
Indicated Nominal Price Per Acre	\$100
Indicated Value	\$609,500

Estimated Value	AKI05	\$1,748,700
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AKI06A

Location

AKI06A is located on the north and south side of Olga Bay near the south end of Kodiak Island. The parcel has about nine miles of water frontage on the north side of Olga Bay generally ranging from two miles east of Cannery Cove easterly to an area opposite Stockholm Point. The southern portion of the parcel has about 10 miles of water frontage on the south side of Olga Bay from the area known as Stintz Bluffs almost to Splitrock Point (see map). Significant geographical features include Akalura Lake and Akalura Creek.

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains 5,808 "conveyed" acres and 3,234 "selected" acres - a total of 9,042 acres.

Geography/Topography

The portion of the subject located on the northern side of Olga Bay is characterized by steep terrain. Along much of the shoreline, the 500 foot contour line on the U. S. G. S. topographical map occurs within one quarter mile. An exception is the lowlands through which Akalura Creek drains the lake into Cannery Cove. This strategic location is the primary attraction of the parcel but the most of the acreage surrounding the mouth is excluded from the subject (USS 45, 325, 299, 1577, 1580, & 10187).

The shoreline features a gravel beach and the water depth is adequate for boat or float plane access. This northern portion of the parcel also has approximately 1 mile of frontage on Akalura Lake. The portion of the subject located on the southern side of Olga Bay is similarly steep except for the eastern end referenced by Anchor Cove and Stockholm Point. Here, an intricate shoreline offers protected moorage, gravel beach and rolling topography at low elevations. The water depth is adequate for boat or float plane access.

On both sides of the Bay, there are no merchantable stands of timber. Vegetation consists of low brush, grasses and alder thickets. Soils generally consist of a thin layer of organics over a base of bedrock.

Big game animals include high density brown bear habitat and blacktail deer. There are several documented anadromous streams that support all five species of pacific salmon and steelhead trout.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Interim Conveyance 1544 (IC 1544) and not released as of the date of valuation are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 3 D9 (IC 1544)	1 acre site easement	upland of the mean high tide line on the west shore of Cannery Cove in Sec. 8 and 9, T. 35 S., R. 31 W., SM.	on the west shore of Cannery Cove at the mouth of Akalura Creek
EIN 5 C6 (IC 1544)	existing 25' access trail	from the west shore of Cannery Cove, northerly to public lands in Sec. 33, T. 34S., R. 31W., SM.	Along the left bank of Akalura Creek to Akalura Lake
EIN 5a C6 (IC 1544)	proposed 25' trail easement	from EIN 5 C6 westerly to public lands in Sec. 4, T. 35S., R. 31W., SM.	from the left bank at the outlet of Akalura Lake westerly paralleling the lake shore
EIN 57 C6 (IC 1544)	proposed 25' trail easement	from EIN 58 C6 northerly to public lands in Sec. 12, T. 35S., R. 31W., SM.	from a site on the east side of the mouth of a small creek entering Olga Bay between Dog Salmon & Akalura Creeks
EIN 58 C6 (IC 1544)	1 acre site easement	upland of the mean high tide line on the north shore of Olga Bay in Sec. 13 T. 35 S., R. 31 W., SM.	a site on the east side of the mouth of a small creek entering Olga Bay between Dog Salmon Creek & Akalura Creek

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

The probability that the "proposed" easements would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails is not permitted.

EIN 5a C6 affects the left bank of Akalura Creek from a site on the west shore of Cannery Cove to Akalura Lake. The easement would render acreage at the outlet of the stream less than strategic for an entrepreneur/developer. For the purposes of our analysis, only the east side (of the Creek's outlet) is considered to be strategic. At the mouth, where the Creek empties into Cannery Cove, the easement does not negatively impact the subject acreage because it is not considered to be "strategic" Most of the acreage surrounding the mouth is excluded from the subject (USS 45, 325, 299, 1577, 1580, & 10187).

EIN 58 C6 affects the east side of the outlet of the creek between Akalura Creek and Dog Salmon Creek. Likewise, only one side (of the Creek's outlet) is considered to be strategic.

Leases

A small site within the subject's boundaries is subject to the following lease agreement. A copy of the lease is included in the preliminary title report.

Lessee	Property	Term	Rent	Remarks
Department of Fish and Game Weir Sites	1 acre, at the outlet of Akalura Lake located within NW1/4, NW 1/4, Section 9, R31W, T35S, SM	3 years starting in May 1994	\$2,550 annually	3-year renewal by mutual agreement

The utilization of this small monitoring/research site for this "short" term is not considered to negatively impact value.

Permits and Licenses

Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

Archeological Sites

The "*Habitat Protection Parcel Analysis*" (see Addenda) reports evidence of "cultural resources". Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

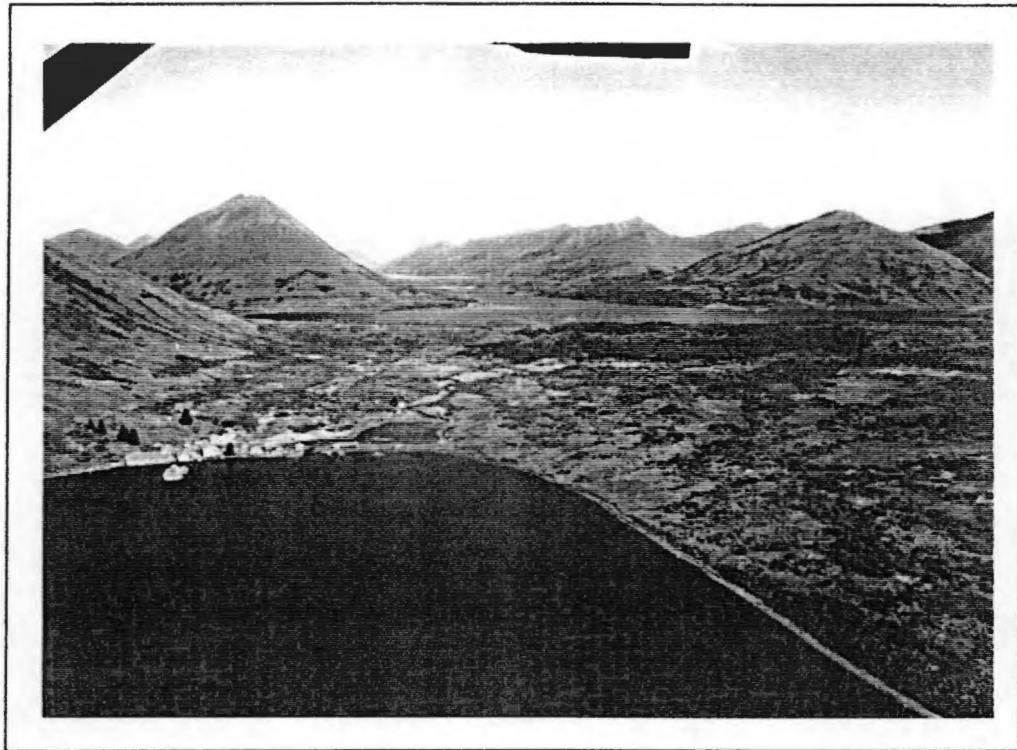
The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI06	High	High

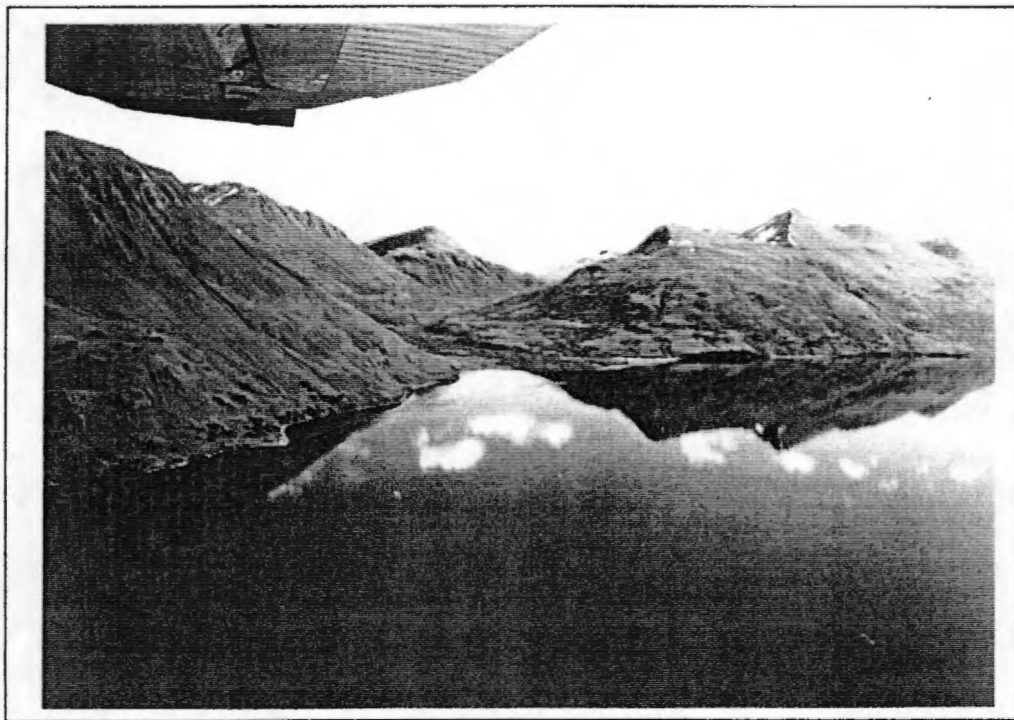


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SUBJECT PHOTOGRAPHS



AKI06A - Looking north at outlet of Akalura Creek/Lake from Olga Bay.

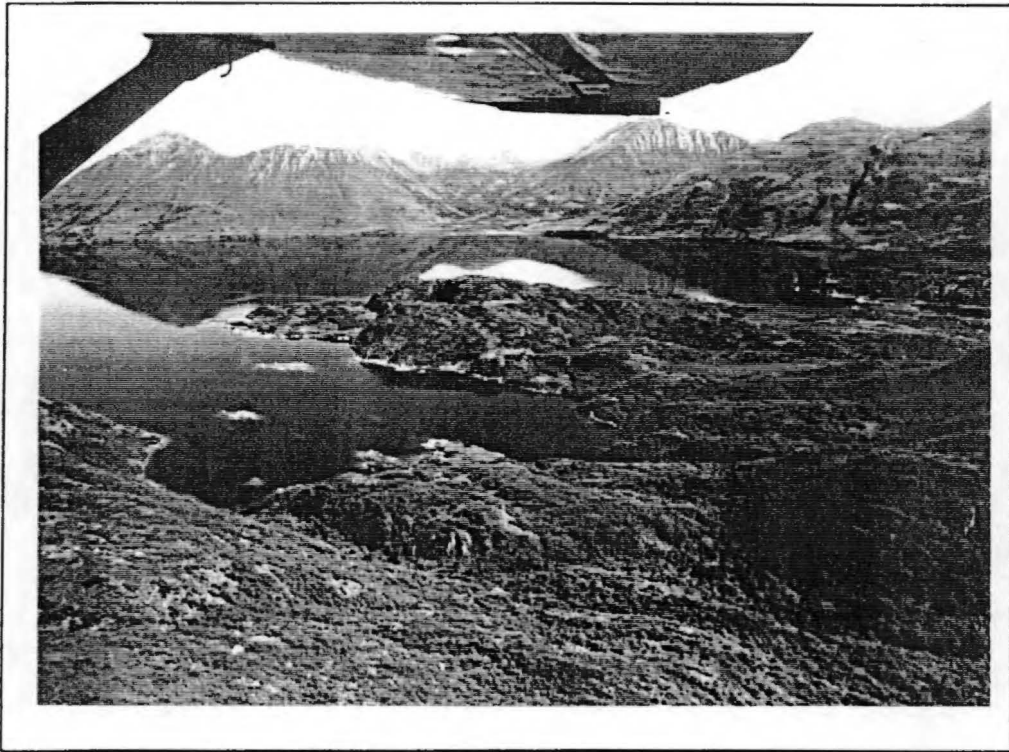


AKI06A - Looking easterly along north shore of Olga Bay.

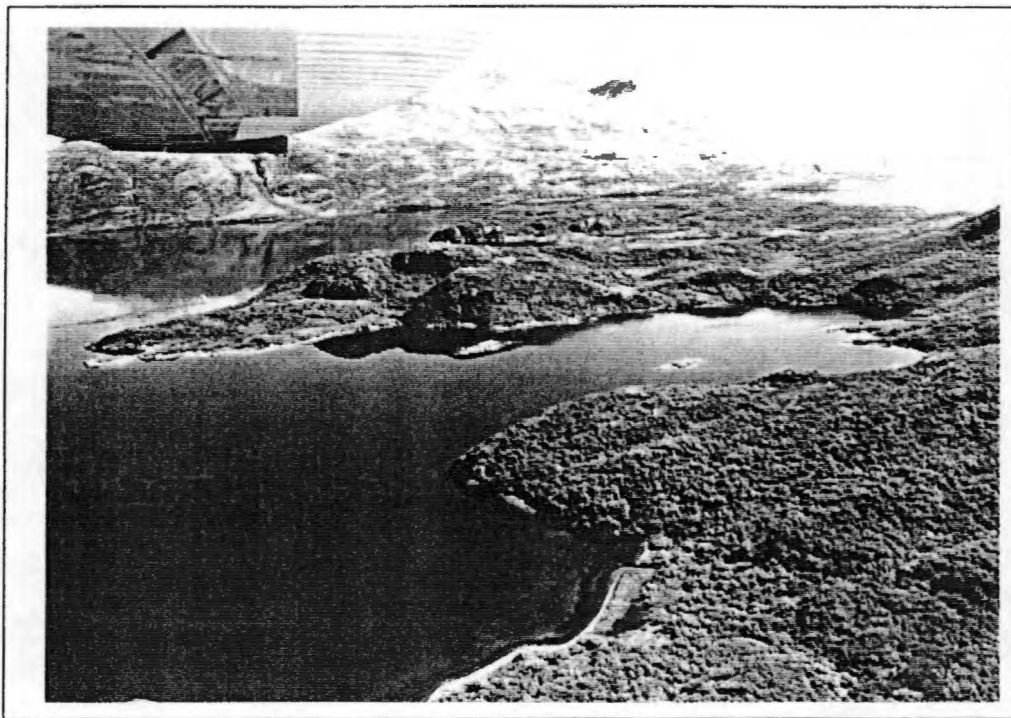


6-29-94 (SEC)

SUBJECT PHOTOGRAPHS



AKI06A - Looking north across Olga Bay from south shore at Anchor Cove on Stockholm Point



AKI06A - Looking east at AKI06B from south shore of Olga Bay at Anchor Cove

Allocation of Acreage and Valuation Calculations

Parcel	AKI06A
Work Group Recreation/Tourism Rating	High
Total Acreage	9,042 ac.

Allocation		Unit	Acres
Strategic Waterfront Acreage	1.00 sites	160	160
Non-Strategic Wtf w/Favorable Topography	7.75 miles	160	1,240
Non-Strategic Wtf w/Unfavorable Topo & Backlands			7,642

Valuation Key			
<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/Favorable Topography</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$1,150	≤ 160 acres	-25%
"Moderate"	\$975	> 160 ≤ 320	-30%
"Low"	\$800	> 320 ≤ 480	-35%
		> 480	-40%
<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Valuation Calculations

<i>Strategic Waterfront Acreage</i>	160 ac.
Indicated Price Per Acre	\$2,500
Indicated Value - Unadjusted for Size	\$400,000
Less: Size Adjustment	-23% (\$92,000)
Indicated Value - As part of the whole	\$308,000

<i>Non-Strategic Wtf w/Favorable Topography</i>	1,240 ac.
Indicated Price Per Acre	\$1,150
Indicated Value - Unadjusted for Size	\$1,426,000
Less: Size Adjustment	-40% (\$570,400)
Indicated Value - As part of the whole	\$855,600

<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	7,642 ac.
Indicated Nominal Price Per Acre	\$100
Indicated Value	\$764,200

Estimated Value	AKI06A	\$1,927,800
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AKI06B

Location

AKI06B is located on the north side of Olga Bay near the south end of Kodiak Island. The parcel has 3.5 miles of frontage along both sides of Dog Salmon Creek. (see map). Significant geographical locations include Dog Salmon Flats and Dog Salmon Creek.

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains 5,075 "conveyed" acres.

Geography/Topography

Dog Salmon Creek bisects the subject connecting Frazier Lake to Olga Bay. The system is rated as highly productive salmon habitat. There are several documented anadromous streams in the area and Dog Salmon Creek is a primary attraction, however, large boulders are obstacles to navigation.

The portion of the subject located on the west side of Dog Salmon Creek features gently sloping topography for about one-third of a mile before rising abruptly to an elevation of between 1,100 and 1,500 feet. The area east of the creek is characterized by rolling topography with typical elevation changes of 200 to 300 feet. The subject's shoreline along Olga Bay features generally favorable topography.

There are no merchantible stands of timber. Vegetation consists of some cottonwood stands, low brush, grasses and alder thickets. Soils generally consist of a thin layer of organics over a base of bedrock. The area represents high-density habitat for brown bear and blacktail deer.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Interim Conveyance 135 (IC 135) and not released as of the date of valuation are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 6 C6, D9 L (IC 135)	existing 50' trail easement	paralleling the left bank of Dog Salmon Creek northerly to Frazier Lake.	Document differs from MTP. We have relied on the document (IC)
EIN 6a C6, D9 L (IC 135)	1 acre site easement	upland of the mean high tide line in Sec. 22, T. 35 S., R. 30 W., SM.	a site located east of the mouth of Dog Salmon Creek
EIN 6b C6, D9 L (IC 135)	proposed 25' trail easement	from EIN 6 C6, D9 L near the southern border of Sec. 22, T. 35 S., R. 30 W., SM. easterly to public lands and westerly to Dog Salmon Creek.	from an existing 50' trail easement

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

The probability that the "proposed" easements would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails is not permitted.

EIN 6 C6, D9 L affects the left bank of Dog Salmon Creek from a site on Olga Bay to Frazer Lake. The easement would render acreage at the mouth of the Creek less than strategic for an entrepreneur/developer. For the purposes of our analysis, only the west side (of the Creek's western channel) is not considered to be a strategic site.

Leases

A small site within the subject's boundaries is subject to the following lease agreement. A copy of the lease is included in the preliminary title report.

Lessee	Property	Term	Rent	Remarks
Department of Fish and Game Weir Sites	2± acres, at the NW1/4 and NE 1/4, Section 22, R30W, T35S, SM	3 years starting in May 1994	\$5,100 annually	3-year renewal by mutual agreement

The utilization of this small monitoring/research site for this “short” term is not considered to negatively impact the strategic quality of the mouth of Dog Salmon Creek.

Permits and Licenses

Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

Archeological Sites

The “*Habitat Protection Parcel Analysis*” (see Addenda) reports evidence of “cultural resources”. Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

The EVOS Restoration Team Habitat Protection Work Group’s rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI06	High	High



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SUBJECT PHOTOGRAPHS



AKI06B - Looking northeasterly at outlet of Dog Salmon Creek from Olga Bay

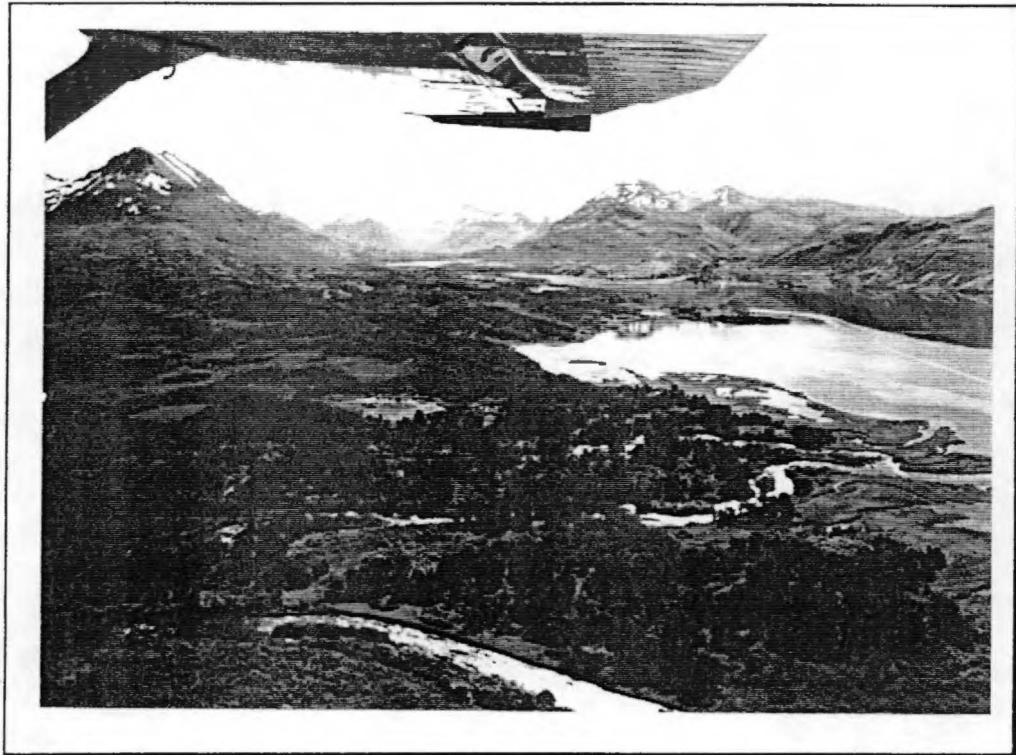


AKI06B - Looking southwest along Dog Salmon Creek to Olga Bay

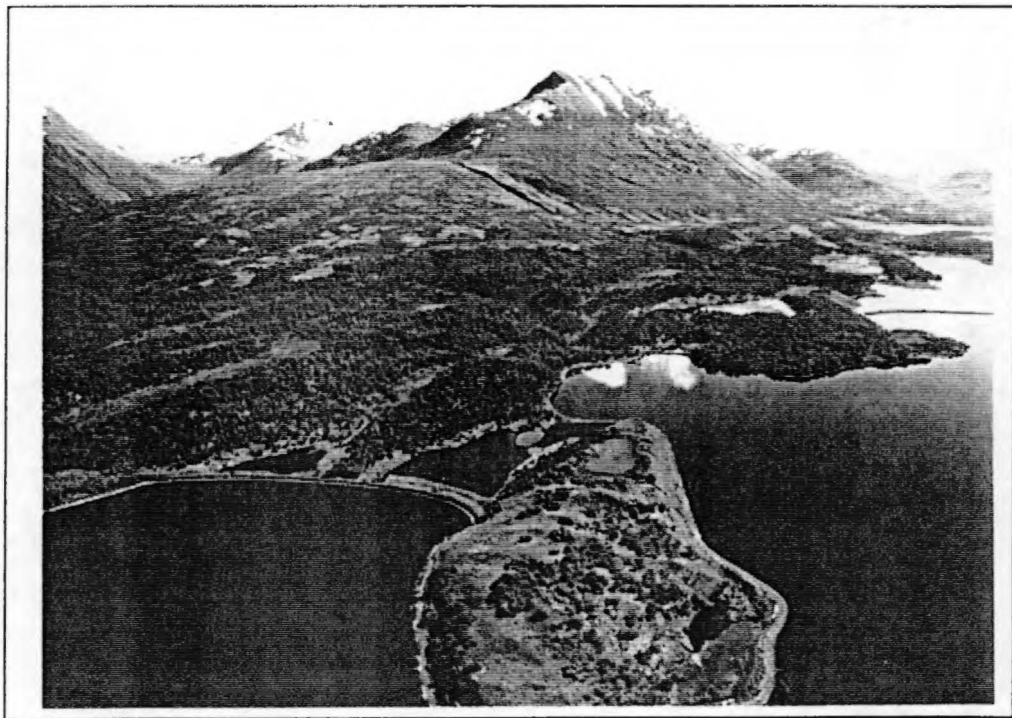


6-29-94 (SEC)

SUBJECT PHOTOGRAPHS



AKI06B - Looking easterly from outlet of Dog Salmon Creek



AKI06B - Looking easterly toward AKI06C. Peninsula in foreground is east end of AKI06B



Allocation of Acreage and Valuation Calculations

Parcel	AKI06B
Work Group Recreation/Tourism Rating	High
Total Acreage	5,075 ac.

Allocation		Unit	Acres
Strategic Waterfront Acreage	1.50 sites	160	240
Non-Strategic Wtf w/Favorable Topography	2.00 miles	160	320
Non-Strategic Wtf w/Unfavorable Topo & Backlands			4,515

Valuation Key			
<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/Favorable Topography</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$1,150	≤ 160 acres	-25%
"Moderate"	\$975	> 160 ≤ 320	-30%
"Low"	\$800	> 320 ≤ 480	-35%
		> 480	-40%
<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Valuation Calculations

<i>Strategic Waterfront Acreage</i>	240 ac.
Indicated Price Per Acre	\$2,500
Indicated Value - Unadjusted for Size	\$600,000
Less: Size Adjustment	-27% (\$162,000)
Indicated Value - As part of the whole	\$438,000

<i>Non-Strategic Wtf w/Favorable Topography</i>	320 ac.
Indicated Price Per Acre	\$1,150
Indicated Value - Unadjusted for Size	\$368,000
Less: Size Adjustment	-30% (\$110,400)
Indicated Value - As part of the whole	\$257,600

<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	4,515 ac.
Indicated Nominal Price Per Acre	\$100
Indicated Value	\$451,500

Estimated Value	AKI06B	\$1,147,100
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AKI06C

Location

AKI06C is referenced by the Horse Marine Lake/Stream system. The parcel extends from the Olga Bay to Deadman bay across the north end of the Moser Peninsula (southwest Kodiak Island).

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains 5,674 "conveyed" acres and 107 "selected" acres - a total of 5,781 acres.

Geography/Topography

The west end of the subject has frontage on both the north and south side of Olga Bay and Horse Marine Lagoon, both of which provide protective moorage. The topography along the shoreline is moderately sloped and is favorable for possible uses that would require a structure. Total elevation change from shoreline to mountain top on the west end of the parcel is 1,300 feet. The shoreline is characterized by gravel beaches. A Native Allotment, USS 1889, is situated just to the south of the entrance to the lagoon. The Horse Marine system provides habitat for anadromous species.

The east end of this parcel features similar topography. Privately owned small parcels along the subject's Deadman Bay frontage (USS 2076 1858, & 1855) occupy some of the best locations, however, other sites with favorable topography are evident. The two bays, representing the two ends of the parcel, are connected by long valley with moderately sloping terrain with elevations of less than 500 feet.

There are no merchantible stands of timber on the subject property. Vegetation consists of low brush, grasses and alder thickets. Soils generally consist of a thin layer of organics over a base of bedrock. Big game animals include brown bear and blacktail deer. There are several documented anadromous streams in the area.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Interim Conveyance 1544 (IC 1544) and Interim Conveyance 135 (IC 135) and not released as of the date of valuation are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 70a M C5 (IC 1544)	proposed 25' trail easement	from site easement EIN 70 M C5, northerly to public lands in Sec. 27, T. 35 S., R. 29 W., SM.	EIN 70 M C5 is located on Deadman Bay outside the subject's boundaries
EIN 44a B (IC 135)	proposed 25' trail easement	from Olga Bay across the southwest corner of Sec. 25 T. 35 S., R. 30 W., SM.	south of Horse Marine Lagoon

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

The probability that the reserved would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails is not permitted.

Leases

According to David Hanson of Arktos Associates, a small site within the subject's boundaries is subject to the following lease agreement. A copy of the agreement is presented in the Addenda.

Lessee	Property	Term	Conditions	Remarks
Bernie P. Burkholder Set Net Support Sites	8,000 square feet, 250 west of USS 1889.	3 years beginning 1993	\$2,500 annually	3-year renewal by mutual agreement

The utilization of this small site for this "short" term is not considered to negatively impact the subject's Highest and Best Use.

Permits and Licenses

Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

Archeological Sites

The "*Habitat Protection Parcel Analysis*" (see Addenda) reports evidence of "cultural resources". Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

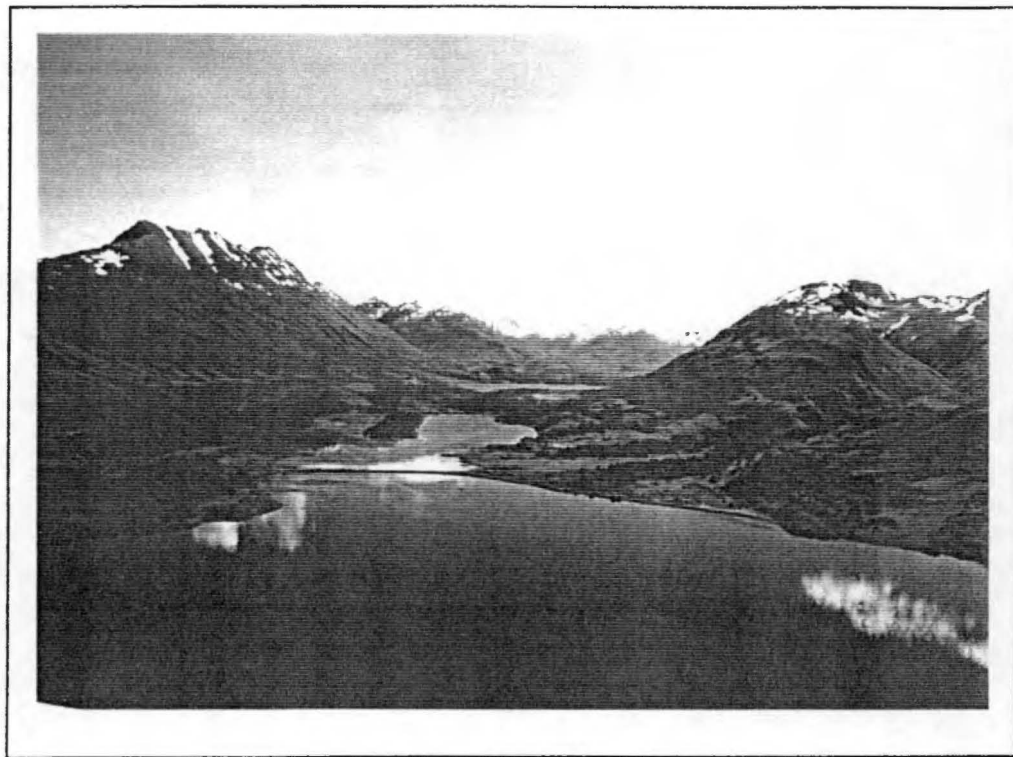
The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI06	High	High



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SUBJECT PHOTOGRAPHS



AKI06C - Looking east at Horse Marine Lagoon, & Lake from Olga Bay



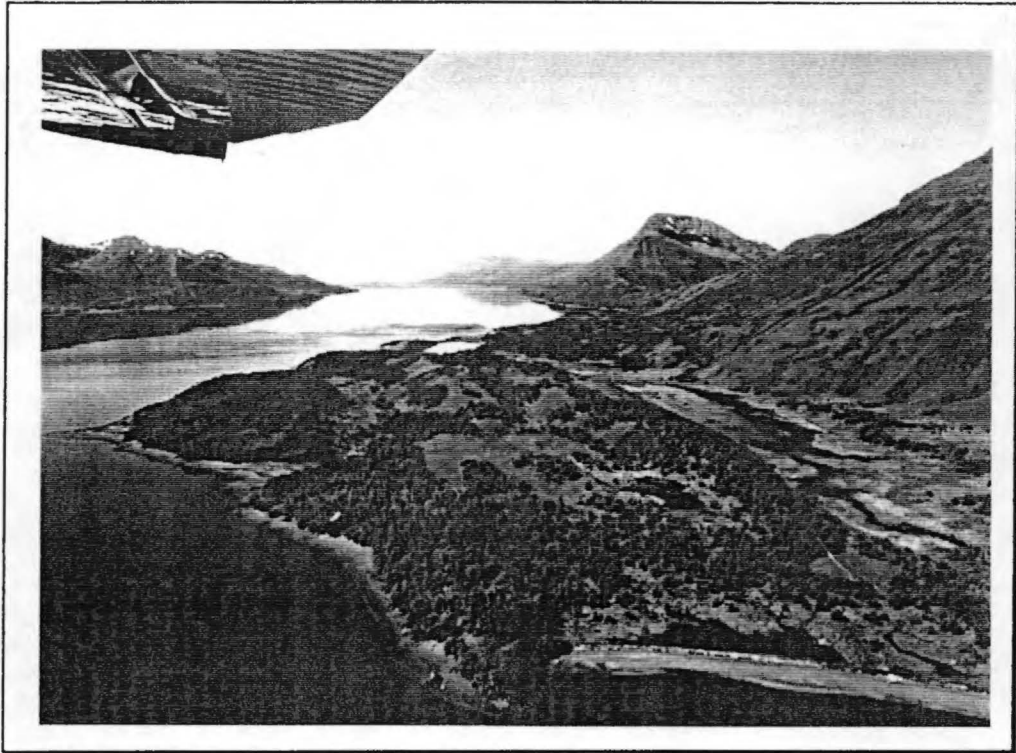
AKI06C - Looking southwest at Horse Marine Lagoon to Olga Bay from Lake.



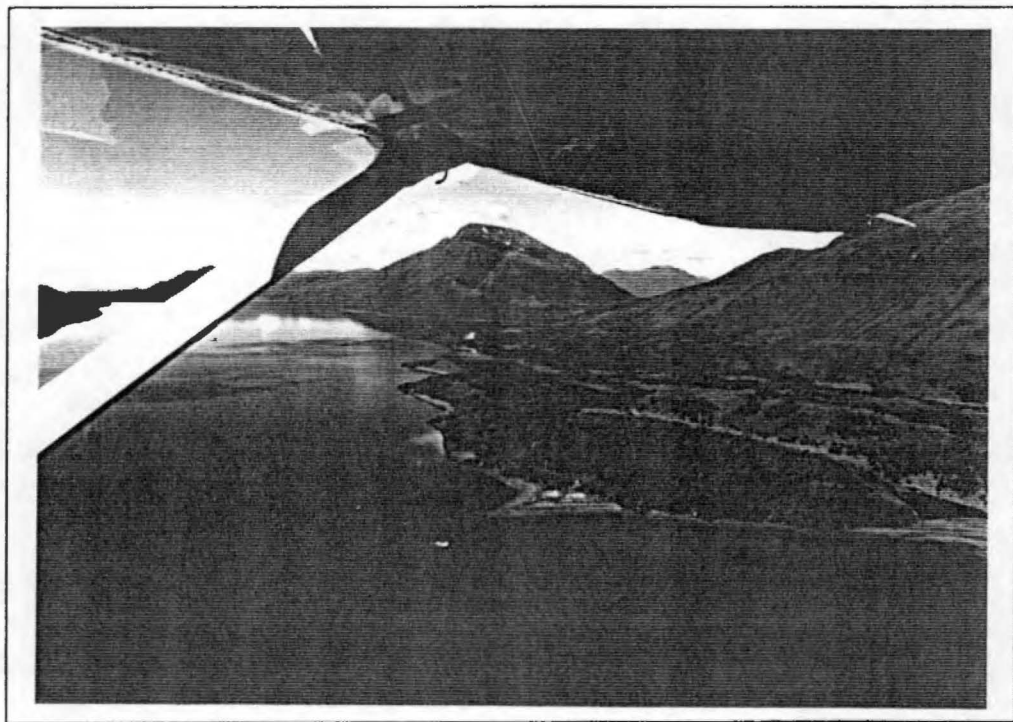


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SUBJECT PHOTOGRAPHS



AKI06C - Looking southwesterly along west side of upper Deadman Bay



AKI06C - Looking southwesterly along west side of upper Deadman Bay



Allocation of Acreage and Valuation Calculations

Parcel	AKI06C
Work Group Recreation/Tourism Rating	High
Total Acreage	5,781 ac.

Allocation		Unit	Acres
Strategic Waterfront Acreage	2.50 sites	160	400
Non-Strategic Wtf w/Favorable Topography	2.25 miles	160	360
Non-Strategic Wtf w/Unfavorable Topo & Backlands			5,021

Valuation Key			
<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/Favorable Topography</i>			
Work Group Recreation/Tourism Rating	\$/Acre	≤ 160 acres	-25%
"High"	\$1,150	> 160 ≤ 320	-30%
"Moderate"	\$975	> 320 ≤ 480	-35%
"Low"	\$800	> 480	-40%
<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Valuation Calculations

<i>Strategic Waterfront Acreage</i>	400 ac.
Indicated Price Per Acre	\$2,500
Indicated Value - Unadjusted for Size	\$1,000,000
Less: Size Adjustment	-32% (\$320,000)
Indicated Value - As part of the whole	\$680,000

<i>Non-Strategic Wtf w/Favorable Topography</i>	360 ac.
Indicated Price Per Acre	\$1,150
Indicated Value - Unadjusted for Size	\$414,000
Less: Size Adjustment	-35% (\$144,900)
Indicated Value - As part of the whole	\$269,100

<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	5,021 ac.
Indicated Nominal Price Per Acre	\$100
Indicated Value	\$502,100

Estimated Value	AKI06C	\$1,451,200
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AKI07A

Location

AKI07A is located on the southern end of Kodiak Island with approximately six miles of frontage along the west side of Moser Bay from Splitrock Point to approximately one quarter mile north of Trap Point. This water body is the access corridor to Olga Bay. Significant geographical locations include Olga Narrows and Chip Cove.

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains 5,477 "conveyed" acres.

Geography/Topography

Topography along the shoreline ranges from level to steep slopes. Extreme elevations range from 1,500 to 2,000 feet, however, much of the shoreline features favorable topography with the 100 foot contour line on the U. S. G. S. topographical map is set back from one-quarter to one-half mile along select stretches. Privately owned parcels within the subject's boundaries (USS 1890, 9460, 2372, & 2508) occupy some of the best locations, however, other sites with favorable topography are evident.

There are no merchantable stands of timber on the subject property. Vegetation consists of low brush, grasses and alder thickets. Soils generally consist of a thin layer of organics over a base of bedrock. Big game animals include brown bear and blacktail deer. The shoreline is characterized by gravel beaches and high tidal flows reportedly produce local enrichments for mussel beds. The most significant anadromous stream flows into Chip Cove from an inland lake system.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Interim Conveyance 135 (IC 135) and Interim Conveyance 192 (IC 192) not released as of the date of valuation are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 42a C5, C6, D1, D9 (IC 135)	25,000 SF site easement	a 25 foot by 1,000 foot easement site located in Sec. 23 and 26, T. 36S., R. 31W., SM.	along creek approximately 1 mile inland from Chip Cove
Right-of-Way A-053899	water line ROW	Sec. 23 and 26, T. 36S., R. 31W., SM.	Exact location not delineated on MTP

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

The probability that the proposed easements would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails is not permitted.

Private ownership of USS 2371 immediately to the south of the mouth of a stream at Chip Cove renders the acreage less than strategic for an entrepreneur/developer. For the purposes of our analysis, we have considered only one side of the outlet to be strategic.

Leases

We are not aware of any leases affecting the subject property.

Permits and Licenses

Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

Other Rights, Title, Interest, Claims, etc.

A Section 14 (c) claim located north of Snug Cove on the west side of Moser Bay accounts for approximately 1/2 mile of non-strategic waterfront featuring favorable topography. This claim has been excluded from our allocation of this component.

Archeological Sites

The "*Habitat Protection Parcel Analysis*" (see Addenda) reports evidence of "cultural resources". Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

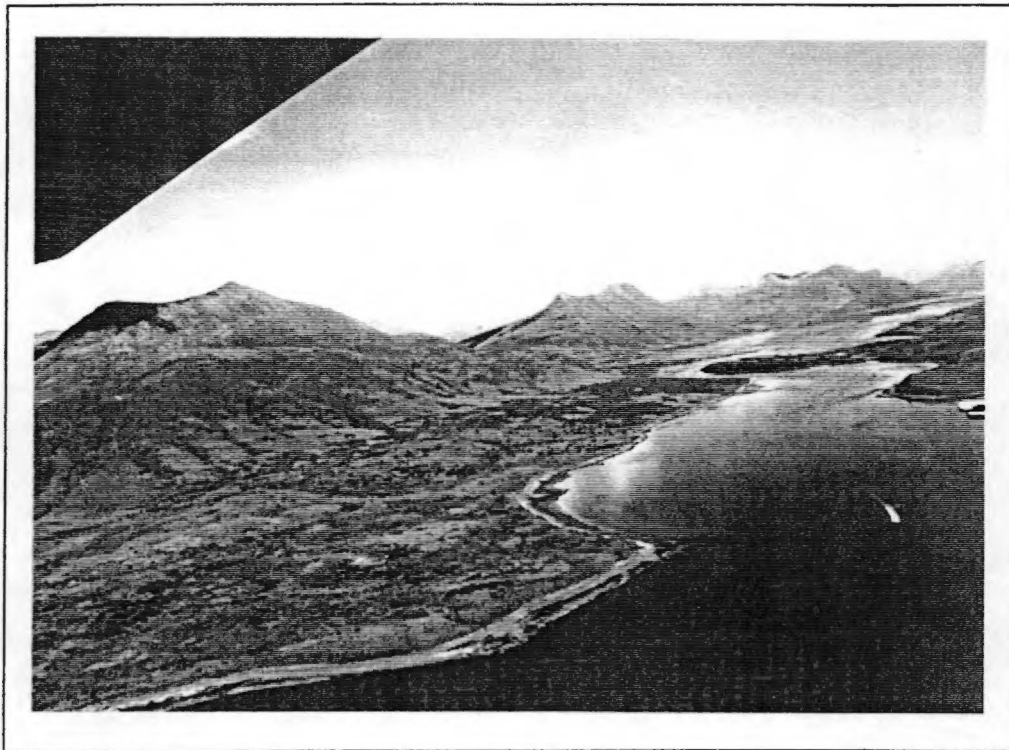
The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI07	Low	Low

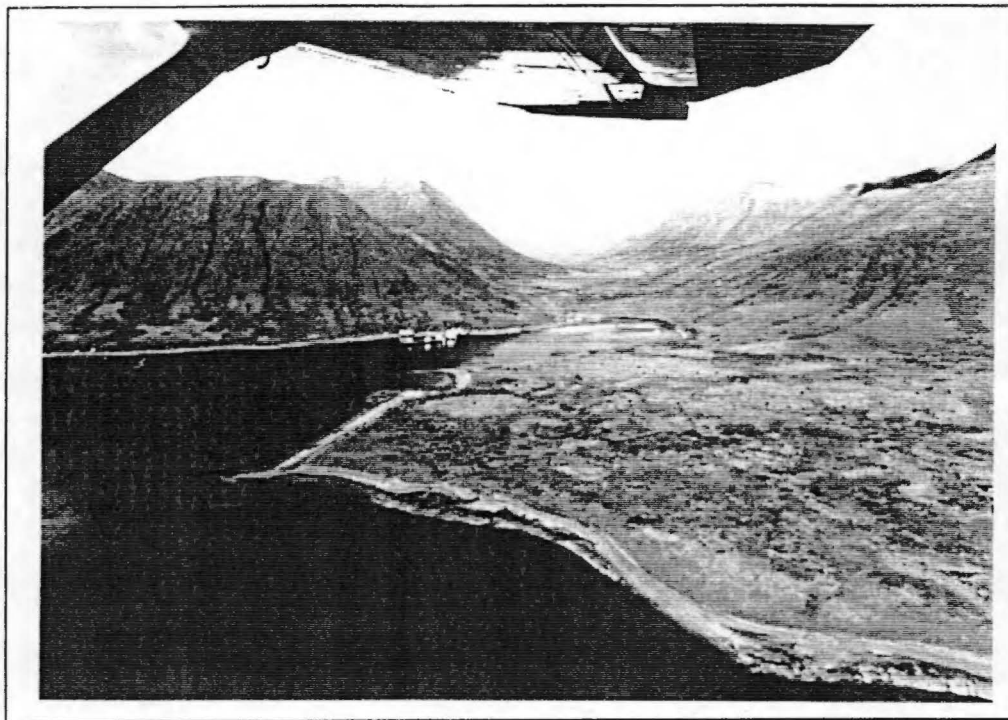


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SUBJECT PHOTOGRAPHS



AKI07A - Looking north up Moser Bay from Chip Cove



AKI07A - Looking southwest into Chip Cove from Moser Bay

Allocation of Acreage and Valuation Calculations

Parcel	AKI07A		
Work Group Recreation/Tourism Rating	Low		
Total Acreage	5,477 ac.		
Allocation		Unit	Acres
Strategic Waterfront Acreage	0.50 sites	160	80
Non-Strategic Wtf w/Favorable Topography	5.50 miles	160	880
Non-Strategic Wtf w/Unfavorable Topo & Backlands			4,517

Valuation Key			
<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/Favorable Topography</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$1,150	≤ 160 acres	-25%
"Moderate"	\$975	> 160 ≤ 320	-30%
"Low"	\$800	> 320 ≤ 480	-35%
		> 480	-40%
<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Valuation Calculations

<i>Strategic Waterfront Acreage</i>	80 ac.
Indicated Price Per Acre	\$1,000
Indicated Value - Unadjusted for Size	\$80,000
Less: Size Adjustment	-23% (\$18,400)
Indicated Value - As part of the whole	\$61,600

<i>Non-Strategic Wtf w/Favorable Topography</i>	880 ac.
Indicated Price Per Acre	\$800
Indicated Value - Unadjusted for Size	\$704,000
Less: Size Adjustment	-40% (\$281,600)
Indicated Value - As part of the whole	\$422,400

<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	4,517 ac.
Indicated Nominal Price Per Acre	\$100
Indicated Value	\$451,700

Estimated Value	AKI07A	\$935,700
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AKI07B

Location

AKI07B is located on the west side of the Moser Peninsula with about 13 miles of frontage along Moser Bay to Alitak Bay. Moser Bay is the access corridor to Olga Bay. Significant geographical locations include Olga Narrows and Chip Cove.

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains 9,479 "conveyed" acres.

Geography/Topography

Topography along the shoreline ranges from level to steep slopes. Extreme elevations range to 1,500 feet, however, much of the shoreline features favorable topography with the 100 foot contour line on the U. S. G. S. topographical map is set back from one-eighth to one-third mile along select stretches. Privately owned parcels within the subject's boundaries (USS 94659, 9392, 22073, & 1845) occupy some of the best locations, however, other sites with favorable topography are evident.

There are no merchantable stands of timber on the subject property. Vegetation consists of low brush, grasses and alder thickets. Soils generally consist of a thin layer of organics over a base of bedrock. Big game animals include brown bear and blacktail deer. The shoreline is characterized by gravel beaches and high tidal flows reportedly produce local enrichments for mussel beds. Anadromous streams support pink and coho salmon.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Interim Conveyance 135 (IC 135) and not released as of the date of valuation are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 29a D9 (IC 135)	1 acre site easement	upland of the mean high tide line in Sec. 17, T. 36 S., R. 30 W., SM.	a site at the mouth of a small stream entering the east side of Moser Bay above the Olga Narrows
EIN 29 D9 (IC 135)	proposed 25' trail easement	from the Olga Narrows, easterly to isolated public lands.	from a site at the mouth of a small stream entering the east side of Moser Bay above the Olga Narrows
EIN 37 C4 (IC 135)	proposed 25' trail easement	from Moser Bay and EIN 37a C4 paralleling an unnamed creek easterly to public lands.	from a site at the mouth of a small stream entering the east side of Moser Bay below the Olga Narrows
EIN 37a C4	1 acre site easement	upland of the mean high tide line in Sec. 29, T. 36 S., R. 30 W., S.M., at the head of trail EIN 37 C4 on the east side of Moser Bay.	a site at the mouth of a small stream entering the east side of Moser Bay below the Olga Narrows

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

The probability that the proposed easements would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails is not permitted.

EIN 29a D9 and EIN 37a C4 affects the mouths creeks on the east side of Moser Bay above and below the Olga Narrows. The easements would render acreage at these locations less than strategic for an entrepreneur/developer. For the purposes of our analysis, only one side of the stream mouths are considered to be strategic.

Leases

According to David Hanson of Arktos Associates, this parcel is subject to the following lease. A copy is presented in the Addenda.

Lessee	Property	Term	Rent	Remarks
Moser Bay Seafoods Set Net Fish Sites	8,000 square feet, adjacent to USS 2073.	3 years beginning 1993	\$2,500 annually	3-year renewal by mutual agreement

The utilization of this small monitoring/research site for this "short" term is not considered to negatively impact value.

Permits and Licenses

Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

Other Rights, Title, Interest, Claims, etc.

Three contiguous Section 14 (c) claims (Burkholder) are located on the east side of Moser Bay near the north end of the subject parcel (in Secs. 34 & 35). The claims do not appear to occupy or encroach on any strategic sites so the total area (24,180 SF) is considered to be. The amount of water frontage (390') is too small to have any impact on our allocation of non-strategic water frontage featuring favorable topography.

Archeological Sites

The "*Habitat Protection Parcel Analysis*" (see Addenda) reports evidence of "cultural resources". Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

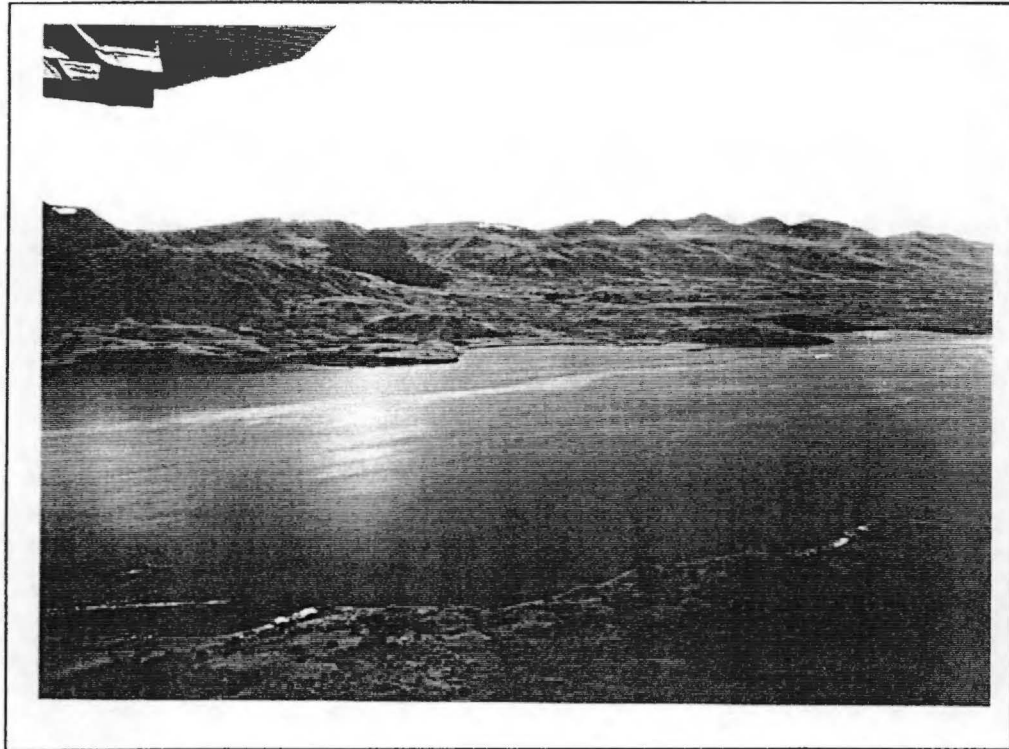
The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI07	Low	Low

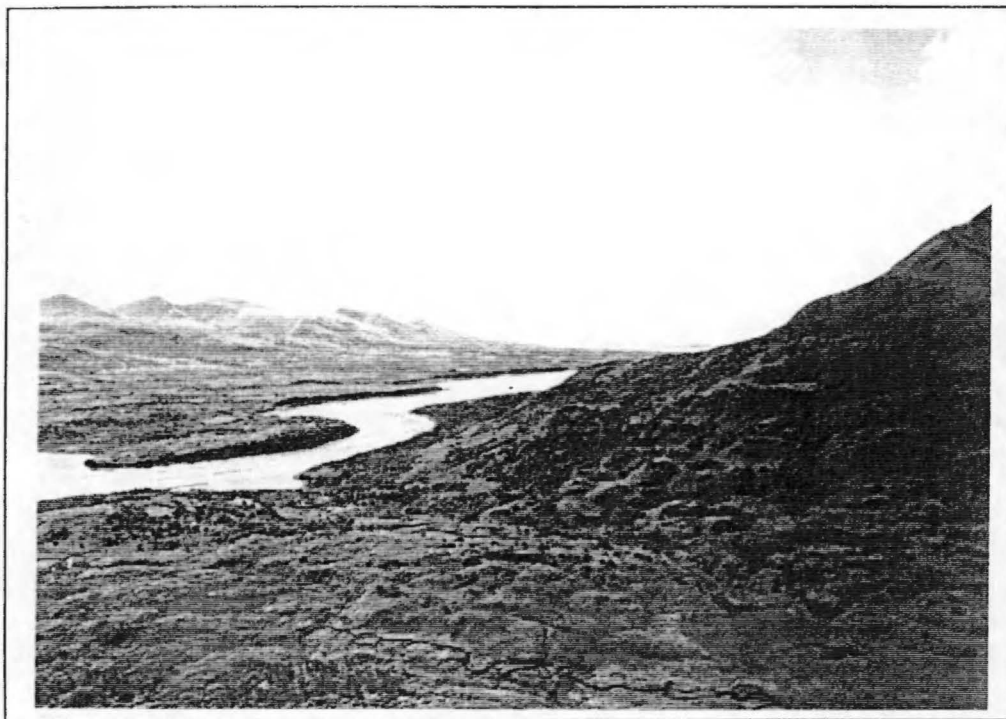


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SUBJECT PHOTOGRAPHS



AKI07B - Looking southeasterly across Moser Bay at subject from AKI07A



AKI07B - Looking south across Olga Narrows at subject from AKI07A



Allocation of Acreage and Valuation Calculations

Parcel	AKI07B
Work Group Recreation/Tourism Rating	Low
Total Acreage	9,479 ac.

Allocation		Unit	Acres
Strategic Waterfront Acreage	2.50 sites	160	400
Non-Strategic Wtf w/Favorable Topography	9.25 miles	160	1,480
Non-Strategic Wtf w/Unfavorable Topo & Backlands			7,599

Valuation Key			
<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/Favorable Topography</i>			
Work Group Recreation/Tourism Rating	\$/Acre	≤ 160 acres	-25%
"High"	\$1,150	> 160 ≤ 320	-30%
"Moderate"	\$975	> 320 ≤ 480	-35%
"Low"	\$800	> 480	-40%
<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Valuation Calculations

<i>Strategic Waterfront Acreage</i>	400 ac.
Indicated Price Per Acre	\$1,000
Indicated Value - Unadjusted for Size	\$400,000
Less: Size Adjustment	-32% (\$128,000)
Indicated Value - As part of the whole	\$272,000

<i>Non-Strategic Wtf w/Favorable Topography</i>	1,480 ac.
Indicated Price Per Acre	\$800
Indicated Value - Unadjusted for Size	\$1,184,000
Less: Size Adjustment	-40% (\$473,600)
Indicated Value - As part of the whole	\$710,400

<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	7,599 ac.
Indicated Nominal Price Per Acre	\$100
Indicated Value	\$759,900

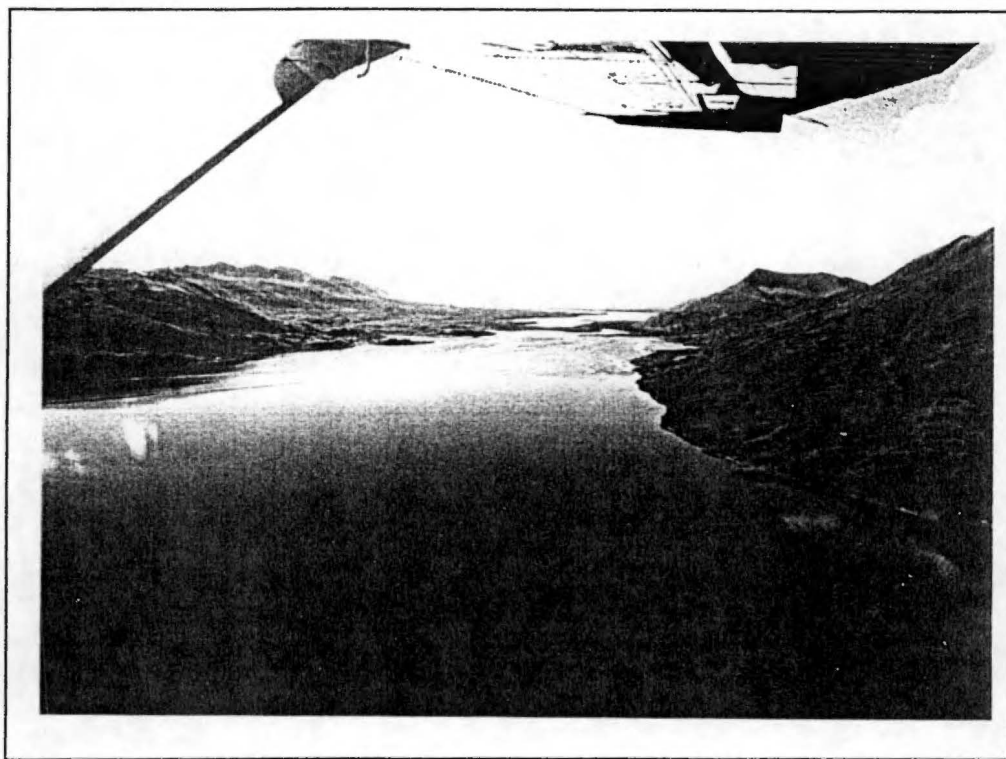
Estimated Value	AKI07B	\$1,742,300
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AKI07



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SUBJECT PHOTOGRAPHS



AKI07 - Looking south out Moser Bay. AKI07A (right) * AKI07B (left)

This parcel is AKI07A and AKI07B combined. Analyses of size-to-price relationships typically confirm that downward size adjustments do not increase in uniform increments corresponding to increases in parcel size. Rather, their magnitude tends to diminish toward a point (size) from which further adjustments are not supportable. In order minimize the potential for inequities, we have recognized one Section (640 acres) as the point above which marketing probabilities, and ultimately further size adjustments, become philosophical. The acreages of both AKI07A and AKI07B dramatically exceed this "unit" and therefore, the value of AKI07 is simply expressed as the sum of the two individual values.

Parcel	Estimated Value
AKI07A	\$935,700
AKI07B	\$1,742,300
AKI07 (AKI07A + AKI07B)	\$2,678,000

AKI08

AKI08 is referenced by the west end of Olga Bay in the southwestern region of Kodiak Island. The west end of the parcel has about six miles of frontage along the south end of the head of Olga Bay. The parcel has frontage on both sides of Upper and Lower South Olga Lakes and Olga Creek.

Area

Legal descriptions provided with the assignment instructions (see Addenda) indicate the parcel contains 15,663 "conveyed" acres.

Geography/Topography

The topography rises from rolling semi-wet tundra along the Bay to Alpine tundra in mountains that reach extreme elevations ranging from 1,500 to 1,900 feet. The shoreline is characterized by gravel beaches and deep water but moorage is exposed to the Bay. Three privately-owned sites occupy some of the most strategic acreage at the mouth of Olga Creek.

The interior of the parcel can best be described as valley bottom that contains both Upper and Lower South Olga Lakes and Olga Creek. There are several stretches of lake/creek frontage where the 100 foot contour line on the U. S. G. S. topographical map is set back a sufficient distance so that the topography would be considered favorable. Boat access into the lakes does not appear to be practical but both are well suited for float plane operation.

There are no merchantable stands of timber on the subject property. Vegetation consists of low brush, grasses and alder thickets. Soils generally consist of a thin layer of organics over a base of bedrock. Big game animals include brown bear and blacktail deer. The South Olga Lakes system is the primary attraction of this parcel. It is one the four highest producing sockeye salmon habitats in the Archipelago and also supports a population of Dolly Varden.

Easements

We were provided with a July 25, 1994 "commitment for title insurance" prepared by Transalaska Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Interim Conveyance 135 (IC 135) and not released as of the date of valuation are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 20 D9, C6, L (IC 135)	2.5 acre fish manag. and public use easement and 25' creek bed easement	in Sec. 14, T. 36 S., R. 32 W., SM. on the right side of Olga Creek near the outlet of Lower South Olga Lake	north side of outlet
EIN 22 D9, C6, L (IC 135)	2.5 acre fish manag. and public use easement and 25' creek bed easement	in Sec. 14, T. 36 S., R. 32 W., SM. on the left side of Olga Creek near the outlet of Lower South Olga Lake	south side of outlet
EIN 23 D9 (IC 135)	proposed 25' trail easement	from EIN 24 D9 northerly and southerly to public lands.	from a site that straddles the mouth of Olga Creek at its outlet on Lower South Olga Lake
EIN 23a D9 (IC 135)	proposed 25' trail easement	from Upper South Olga Lake paralleling an unnamed stream northwesterly to public lands.	from the north shore of Upper South Olga Lake
EIN 24 D9 (IC 135)	1 acre site easement with lake bed easement	in Secs. 18 and/or 19, T. 36 S., R. 31 W., SM. at the mouth on Lower South Olga Lake.	a site that straddles the mouth of Olga Creek on Lower South Olga Lake
EIN 26 C6, D9, L (IC 135)	1 acre site easement with lake bed easement	upland of the mean high tide line in Sec. 29, T. 36 S., R. 31 W., S.M., on the outlet of Upper South Olga Lake.	appears to occupy the south side of the outlet
EIN 27 D9	proposed 25' trail easement	from EIN 26 C6, D9, L northerly and southeasterly to isolated public lands.	from a site on the south side of the outlet of upper South Olga Lake

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

The probability that the "proposed" easements would be detrimental is considered to be low because the direction of Refuge management is to restrict access and development. The construction of new trails is not permitted. EIN 20 D9, C6, L and EIN 22 D9, C6, L encumber acreage on both sides of Olga Creek at the outlet of Lower (west) South Olga Lake. EIN 24 D9 straddles both sides of the creek's mouth at on Lower South Olga Lake. The easements render these locations less than strategic for an entrepreneur/developer. EIN 26, C6, D9 encumbers one side of Olga Creek at its outlet on Upper (east) South Olga. In our analysis, we have considered only one side of the creek at these locations to be strategic.

Leases

We are not aware of any leases affecting the subject property.

Permits and Licenses

The use of an unsurveyed one-acre site in Section 15 on the south shore of Upper (east) South Olga Lake is permitted by license for an eight year term through July 24, 2000. A copy of the license is presented in the Addenda. The licensee is permitted to construct a 12' x 14' cabin for use in a commercial hunting guide operation. The site does not encroach on any sites/acreage considered to be strategic. In summary, the license does not negatively impact Highest and Best Use nor value.

Archeological Sites

The "*Habitat Protection Parcel Analysis*" (see Addenda) reports evidence of "cultural resources". Specific sites have not been identified to the appraisers. The significance of these sites with regard to market value is discussed in the Highest and Best Use Analysis.

Suitability of the Subject

The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
AKI08	High	Moderate

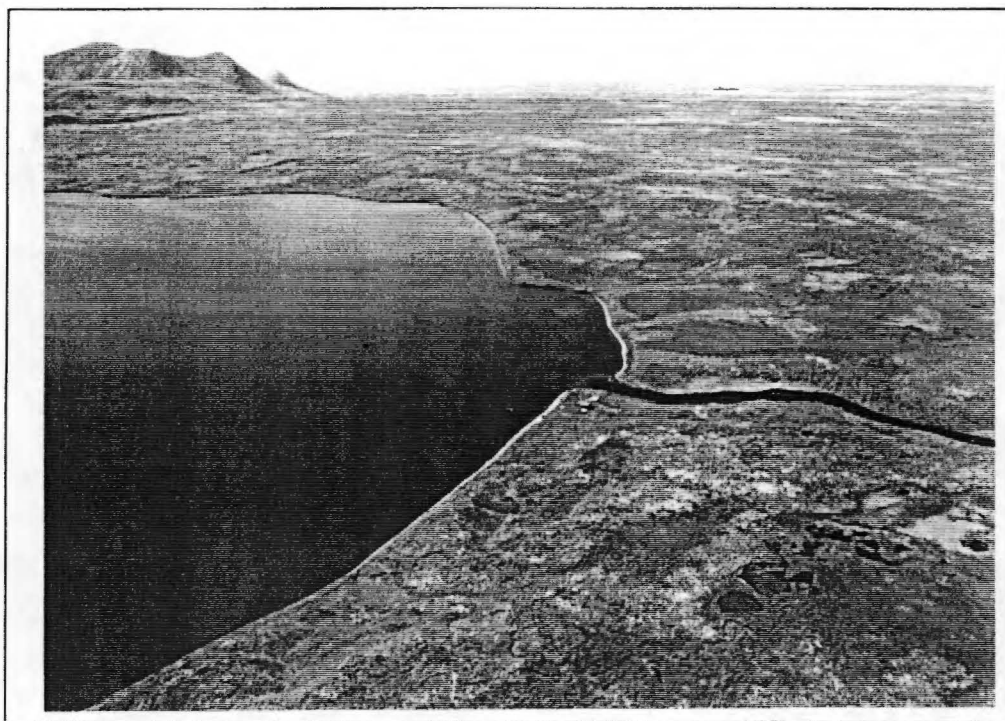


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SUBJECT PHOTOGRAPHS



AKI08 - Looking east from Olga Bay toward South Olga Lakes



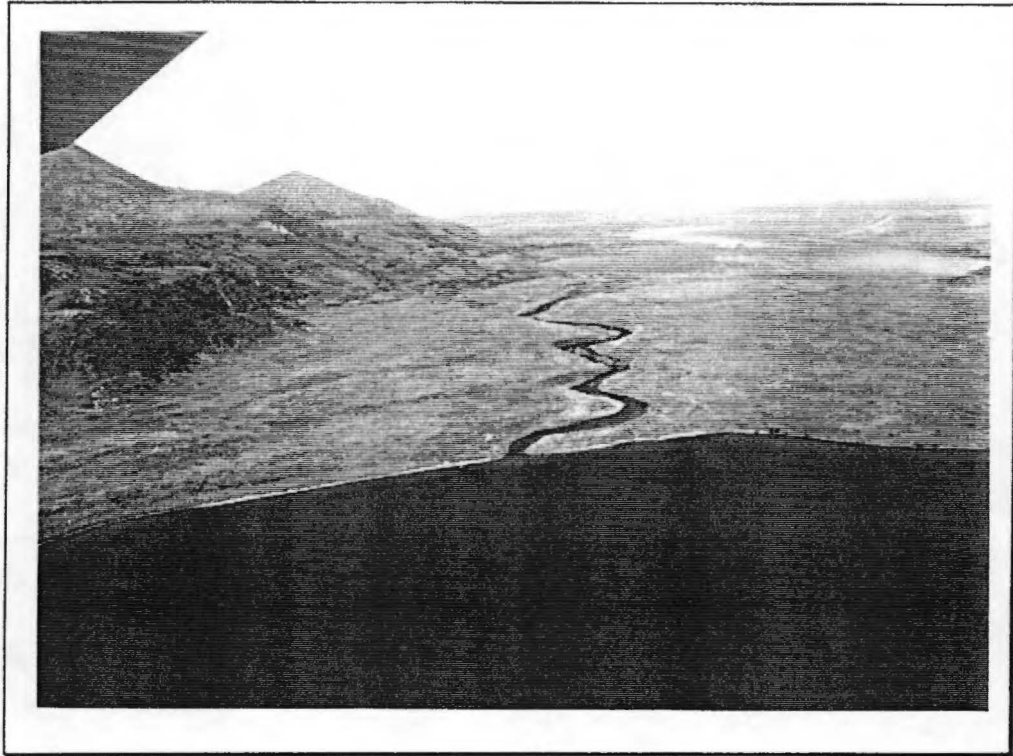
AKI08 - Looking southwesterly at outlet of lower South Olga Lake



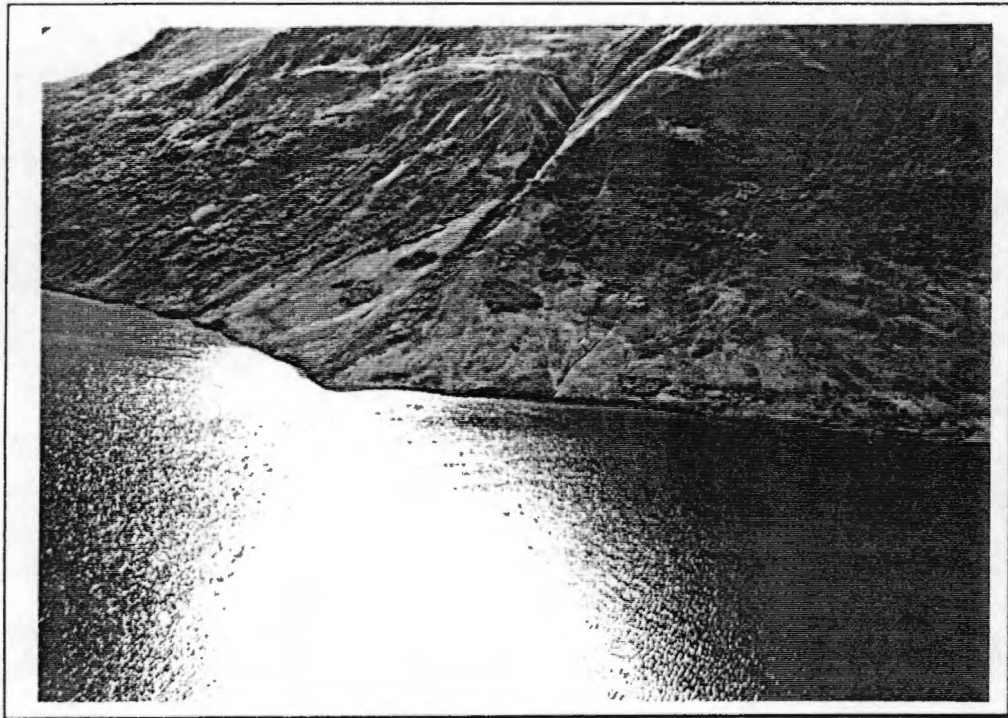


6-29-94 (SEC)

SUBJECT PHOTOGRAPHS



AKI08 - Looking west from South Olga Lakes toward Olga Bay



AKI08 - Looking southeasterly over upper South Olga Lake. Small guide's cabin in center



Allocation of Acreage and Valuation Calculations

Parcel	AKI08
Work Group Recreation/Tourism Rating	Moderate
Total Acreage	15,663 ac.

Allocation		<u>Unit</u>	<u>Acres</u>
Strategic Waterfront Acreage	3.00 site	160	480
Non-Strategic Wtf w/Favorable Topography	14.25 miles	160	2,280
Non-Strategic Wtf w/Unfavorable Topo & Backlands			12,903

Valuation Key			
<i>Strategic Waterfront Acreage</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>Qty. (Acres)</u>	<u>Adj.</u>
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-27%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%
<i>Non-Strategic Wtf w/Favorable Topography</i>			
Work Group Recreation/Tourism Rating	<u>\$/Acre</u>	<u>≤ 160 acres</u>	<u>-25%</u>
"High"	\$1,150	> 160 ≤ 320	-30%
"Moderate"	\$975	> 320 ≤ 480	-35%
"Low"	\$800	> 480	-40%
<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	\$100	n/a	n/a

Valuation Calculations

<i>Strategic Waterfront Acreage</i>	480 ac.
Indicated Price Per Acre	\$1,750
Indicated Value - Unadjusted for Size	\$840,000
Less: Size Adjustment	-32% (\$268,800)
Indicated Value - As part of the whole	\$571,200

<i>Non-Strategic Wtf w/Favorable Topography</i>	2,280 ac.
Indicated Price Per Acre	\$975
Indicated Value - Unadjusted for Size	\$2,223,000
Less: Size Adjustment	-40% (\$889,200)
Indicated Value - As part of the whole	\$1,333,800

<i>Non-Strategic Wtf w/Unfavorable Topo & Backlands</i>	12,903 ac.
Indicated Nominal Price Per Acre	\$100
Indicated Value	\$1,290,300

Estimated Value	AKI08	\$3,195,300
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SUMMARY OF INDIVIDUAL VALUES

(unencumbered by Section 22 (g) nor the proposed subsistence easement)

The individual value estimates are summarized in the following table. It should be noted that AKI07 was valued both as a single parcel and as two separate parcels (A & B). Therefore, a summation of the columns would result in a double-counting.

<i>EVOS Parcel #</i>	<i>Acreage</i>	<i>Estimated Value w/o Subsistence Reservation</i>
AKI01	5,230	\$1,028,600
AKI02	4,012	\$795,600
AKI03	12,620	\$1,926,800
AKI04A	21,550	\$2,592,600
AKI04B	17,701	\$2,746,900
AKI05	8,255	\$1,748,700
AKI06A	9,042	\$1,927,800
AKI06B	5,075	\$1,147,100
AKI06C	5,781	\$1,451,200
AKI07A	5,477	\$935,700
AKI07B	9,479	\$1,742,300
AKI07 (A & B) *	14,956	\$2,678,000
AKI08	15,663	\$3,195,300

In our investigation and analysis we recognized that select sites/parcels within the boundaries of the subjects are suitable for higher and better uses than the tracts as a whole. In order to recognize the positive contribution of higher value acreage, we allocated acreage into components that reflected typical land use patterns in remote Alaskan locales. However, the overall value estimates do not represent summations of stand-alone components. Where appropriate, the component values have been adjusted for size to reflect their inclusion into the whole. In other words, the value estimates reflect the bulk acreage aspect of the subjects.

SECTION 22 (g)

The subject parcels are contained within the boundaries of the Kodiak National Wildlife Refuge. As conveyed/selected lands pursuant to the Alaska Native Claims Settlement Act (ANCSA), the parcels are subject to the covenants, reservations, and restrictions of Section 22 (g). Section 22 (g) reserves to the United States "...the right of first refusal if the said portion of land in such Refuge, or any part thereof, is ever sold by the above named village corporation". Section 22 (g) also provides that the lands "...remain subject to the laws and regulations governing use and development of such Refuge".

The restriction and reservation will be evaluated in the following discussions.

Reservation - First Right of Refusal

The position of the U. S. Fish and Wildlife Service is that it has 120 days to respond when there is a bona fide offer to purchase. We spoke with two local brokers regarding the significance of this reservation on market transactions - Sharlene Sullivan, Broker of Associated Island Brokers and Bonnie Aulabaugh, Broker of Chelsea Realty and Development. Both concurred that the reservation can be an obstacle to closing a transaction. Timely closings minimize the opportunity for "buyer's remorse" and unforeseen circumstances to "kill" a deal. However, agents are generally sensitive to seasonal confinements and the 120-day time frame provided by regulations. Notifying the Service has become merely a necessary procedure in that market segment. Both brokers reported that the reservation has had no significant impact on market value.

It is our understanding that in some instances the Service has waived its right - either because funds are not available and/or the property is not critical to its goals and objectives. Also, the Service acknowledges; "If the bona fide offer exceeds our appraised value, our right of first refusal will be ineffective."

Based on these observations, it is our opinion that the "first right of refusal" reservation of 22 (g) has no significant impact on market value.

Restriction - Subject to Laws and Regulations of the Refuge

The concern that § 22 (g) can limit land use alternatives is founded in the National Wildlife Refuge System Administration Act of 1966. The Act establishes the standard of "compatibility". The Secretary is authorized to permit any use of an area in the refuge system provided "...such use is compatible with the major purposes for which such area was established."⁶⁰

Section 103. (c) of ANILCA states:

Only those lands within the boundaries of any conservation system unit which are public lands (as such term is defined in this Act) shall be deemed to be included as a portion of such unit. No lands which, before, on, or after the date of enactment of this Act, are conveyed to the State, to any Native Corporation, or to any private party shall be subject to the regulations applicable solely to public lands within such units. If the State, a Native Corporation, or other owner desires to convey any such lands, the Secretary may acquire such lands in accordance with applicable law (including this Act), and any such lands shall become part of the unit, and be administered accordingly.

In a May 1991 memorandum to "All Refuge Managers", Walt Stieglitz, the Regional Director of the United States Department of the Interior, acknowledges § 103(c) of ANILCA and § 25.11 of Title 50 of the Code of Federal Regulations - and concludes:

"The terms of the regulations themselves restrict their applicability solely to public lands. Federal law prohibits application of those regulations to the privately owned 22 (g) lands. Written and oral legal advice throughout the years since 1973 has been that regulations specific to the 22 (g) lands must be promulgated to implement the second sentence of Section 22 (g). Such regulations have not been issued and are not currently under development."

It is important to distinguish between Refuge-specific regulations and Section 22 (g) regulations. Refuge-specific regulations are not synonymous with Section 22 (g) regulations (as yet undeveloped). The Memorandum indicates the position of the Service:

"Regulations to implement Section 22 (g) have not been issued. However, the statute is clear that there are restrictions on how that private land can be used and developed."

⁶⁰. Kodiak National Wildlife Refuge, Public Use Management Plan (October 1993) 4

The apparent issue is whether 22 (g) has any teeth as a regulatory power without regulations? According to the memorandum, while letters of non-objection have been issued for specific community-type projects, a recreational subdivision and a commercial recreational development have been opposed (locations and other specifics are undisclosed). These uses are among the most probable for select locations within the boundaries of the subjects.

- That 22 (g) is restrictive enough to negatively impact value is the apparent perception of some landowners with holdings inside the Kodiak Refuge. Mr. Ralph Eluska, President of Ahkiok-Kaguyak stated: "We have this land, and what can we do with it? Nothing. And now we're almost broke."⁶¹

In a 1984 civil suit, the judge ruled in favor of plaintiffs "motion for preliminary injunction" that sought to prevent an exchange that would have resulted in the development of an oil support base on wetlands on St. Matthew Island.⁶² A non-development easement on a tract of land within the boundaries of the Yukon Delta National Wildlife Refuge was offered in exchange for the St. Matthew Island site. The Yukon Delta acreage was subject to § 22 (g). "Although compatibility is not expressly defined in either the National Wildlife Refuge System Administration Act or ANILCA, implementing regulations for the administration of § 22 (g) covenant state that compatibility means that proposed uses must not 'materially impair' the values for which the refuge was established."

The non-development easement would have prohibited the construction of "docking facilities, roads, canals, airstrips, utilities, transmission lines, pipelines, tank facilities and other structures not used for subsistence purposes, or excavating or making other topographic changes". Although such development was not perceived as probable, "...there would seem to be considerable doubt as to whether docking facilities, roads, canals, airstrips, utilities, pipelines, and the like would be compatible uses of the Kokechik Bay lands". The judge agreed with the plaintiff's (Audubon) "...claim that the protections acquired under the

61. John L. Eliot, "KODIAK: Alaska's Island Refuge", *National Geographic* Vol. 184, No. 5 (Nov. 1993) 55.

62. *National Audubon Society, et al. v. Cook Inlet Region, Inc., et al.*, No. A 84-401 Civil

easement were largely 'redundant' of the environmental safeguards obtained through the § 22 (g) covenants. The land exchange was declared "invalid".

Nevertheless, the extent to which § 22 (g) might restrict land use and ultimately impact market value is unclear. "To the extent this matter is considered at all, the Ascertainment Report acknowledges that while the compatibility test of § 22 (g) could be expected to preclude several types of development activities on the Kokechik lands, a number of other types of development activities could probably be found to be compatible if carefully managed."⁶³

Within the boundaries of the Kodiak National Wildlife Refuge, the government's authority and resolve has been challenged. A cabin has been built on 22 (g) lands belonging to Koniag Inc., and another on land belonging to Akhiok-Kaguyak (AKI). Mr. Jay Bellinger, the Refuge manager, conducted "compatibility evaluations" and determined the small projects were generally not compatible. However, no affirmative action has resulted and new cabins are planned. According to Linda Freed, the Borough's Planning Director, permits for additional cabins have recently been issued to both of these corporations. Mr. Paul Taylor, a Public Use Planner with the Refuge confirmed that Koniag had recently "informed" management that three new cabins are to be constructed. Mr. Taylor indicated the letter did not to seek permission or input. Mr. Bellinger suggested that 22 (g) has done nothing for the Refuge.

In summary, the signals are mixed and there appears to be a wide chasm between the uses that would go unchallenged and those that would be determined incompatible by any test of reasonableness. Recognizing the potential for § 22 (g) to limit land use alternatives and the direction of Refuge management, it is not unreasonable to conclude that if not now, properties subject to 22 (g) may be at a significant market disadvantage compared to properties not so encumbered.

Increasing public and commercial use of the Refuge has been documented and indicators suggest the trend will continue. The Refuge recognizes an increasing inventory of privately-owned parcels that are situated adjacent to or within the

⁶³. Ibid 29

Refuge - but not subject to 22 (g). Many of these parcels are well-suited for economic opportunities likely to be considered incompatible with the goals and objectives of the Refuge. If these trends continue, the concept of "compatibility" may take on new dimensions.

A Public Use Management Plan for the Refuge was adopted on June 9, 1994. Four alternatives, including the "current situation", were evaluated. The preferred alternative ("C"), adopted with minor revisions, is reported to be more restrictive than the "current situation". Although Refuge regulations are not applicable to Native Corporation lands within the Refuge boundaries, the overall tone of the "Plan" may have ominous implications to a § 22 (g) landowner or prospective purchaser. The "current situation" with regard to "inholdings" is simply to "identify critical inholdings; monitor development and use". Under Alternative "C", the Refuge will "pursue acquisition *or other means of protecting these lands*".⁶⁴

Given the uncertainties, it is not unreasonable to conclude that the acquisition of a § 22 (g) site/parcel is a gamble for which the severity of risk depends on the intended use. As the stakes increase so will the odds. For potentially high-impact uses, it is not likely that a knowledgeable prudent purchaser would gamble on a property encumbered with this complex unresolved issue - given an increasing supply of suitable sites not so encumbered. In order to determine the impact on value, the appraiser must be able to determine the extent to which § 22 (g) limits Highest and Best Use or extract indicators of appropriate adjustments from paired sales.

⁶⁴. Ibid 52-53

Valuation - Subject to § 22 (g)

As per the assignment instructions, the appraiser is to estimate value according to two scenarios/assumptions:

- not subject to § 22 (g)
- subject to § 22 (g)

As § 22 (g) has not been an issue in nearly all of the transactions that qualify as adequate data, our Highest and Best Use analysis and initial market value estimates are based on the assumption that the properties are not subject to § 22 (g).

The foundation of a reliable value estimate “subject to § 22 (g)” is an appropriate conclusion of Highest and Best Use. If uses likely to be incompatible are not probable for the subject, the appraiser may conclude that § 22 (g) would have no impact. Based on our investigation to this point, it is apparent § 22 (g) has the potential to limit land use alternatives. As previously noted, there appears to be a wide chasm between the uses that would go unchallenged and those that would be determined incompatible by any test of reasonableness.

Potentially, the compatibility issue would favor the Refuge at some level of activity that might be probable for select sites within the boundaries of the subject parcels. The dilemma for a prospective purchaser is exemplified by a probable use permitted by the “Conservation District” zoning regulations of the Kodiak Island Borough. Structures related to commercial guiding and/or outfitting activities (lodges) are restricted to capacities of six clients. Higher capacity facilities may be permitted by a “conditional use permit”. The price an entrepreneur could pay for a suitable lodge site could vary dramatically depending on the probability of obtaining a “conditional use permit”.

In summary, “compatibility” is a broad brush test and the appraiser cannot determine which probable uses would or would not “materially impair the values for which the refuge was established”. What are those values? Does Refuge management seek to limit pressure on bear habitat so that a healthy population can be maintained for harvest by sporthunters? Conclusions of Highest and Best

Use will continue to be speculative assumptions until regulations are implemented and/or challenges to § 22 (g) are litigated.

"Pairs of sales", properties sufficiently similar in all aspects except § 22 (g), may provide indicators of percentage or dollar adjustments. However, meaningful data is limited for two reasons. First, in recent years, market activity for remote Native Corporation lands and private Native Allotments has been minimal. And, the majority of these lands throughout the state do not lie within the boundaries of a National Wildlife Refuge. As a result, we are not aware of a sufficient quantity of paired sales to isolate reliable adjustments.

Second, where pairs of sales have occurred in the subject's general neighborhood, the parcels are relatively small and meaningful indicators, if any, may not be applicable to large tracts. Furthermore, the data from this market segment is tainted by a number of complex issues that combine to "muddy the water". On the west side of Kodiak Island in the general vicinity of Uyak Bay, a small-parcel market has emerged. Dozens of 10 +/- acre parcels were conveyed from the Larsen Bay Tribal Council (LBTC) to individual shareholders. Over the past five years, values have generally declined due in part to increased awareness of a substantial inventory and limited demand. However, inconsistency can be attributed to several unusual considerations. Some of the properties are subject to § 22 (g) while others are not. The parcels were not surveyed and there is a "cloud on the title" in the form a reversionary clause in favor of Koniag should the village corporation dissolve.

We spoke with the local brokers previously mentioned (Ms. Sullivan; Ms. Aulabaugh) regarding the relative significance of these issues. Both reported that in addition to supply/demand characteristics, the question of title has had a major impact on values. The lack of surveys has been a secondary concern. The § 22 (g) restriction has been a concern but its significance depends on the purchaser's intended use. Both brokers felt that a consideration for the § 22 (g) restriction could not be isolated from market activity. Ms. Aulabaugh indicated that all of these issues combine to increase risk and ultimately deter buyers. Prices have been in the process of adjusting downward toward levels that will justify hedged bets. Ironically, parcels not subject to § 22 (g) (on Amook Island) reflect indicators near both extremes of the value range.

Unfortunately, the market will not reveal reliable indicators until the dust settles in the shakeout process likely to occur after § 22 (g) regulations are implemented, if ever, and/or challenges to § 22 (g) are litigated and resolved.

Conclusion

It is not unreasonable to conclude that a property subject to § 22 (g) could be at a disadvantage compared to a similar property not so encumbered. However, available market data does not support an adjustment and the appraiser can only speculate as to the compatibility of various probable land uses.

In the absence of § 22 (g) regulations, its significance is ambiguous - perhaps nothing more than a title defect that may eventually be resolved in favor of the land owner. This perspective is supported by the fact the subject properties are targeted acquisitions for inclusion into the Refuge. It is our opinion the significance of the § 22 (g) restriction is discoverable in a consideration of the motives of the prospective purchaser.

On one hand, the 1984 St. Matthew Island case previously referred to suggests the § 22 (g) restriction provides ample protection against land uses that could be reasonably determined to "materially impair the values for which the refuge was established". Based on this interpretation, the acquisition of the subject properties for preservation/conservation would be a colossal waste of millions of dollars.

On the other hand, the acquisition of the subject properties appears to be an acknowledgment on the part of the U. S. Government that without regulations the § 22 (g) restriction is "toothless" and acquisition is preferable to litigation as a means of assuring the Refuge's perception of compatibility prevails.

Giving most weight to the premise that the acquisition of the subject properties is a responsible use of EVOS settlement funds, we can only conclude that the § 22 (g) restriction cannot sufficiently limit land use alternatives to the extent the Refuge can further its goals and objectives. In other words, it is our opinion that the § 22 (g) restriction does not restrict probable uses of the subject properties and therefore has no impact on market value.

SUBSISTENCE RESERVATION

The owner of the property "wishes to reserve a subsistence easement on all the tracts"⁶⁵ The easement provides for "the right to enter upon and travel across the above-granted lands for the purposes of engaging in customary and traditional uses of wild, renewable resources for direct personal or family consumption...". In addition, while acknowledging the Secretary's (Dept. of Interior) responsibilities with regard to management and conservation of healthy fish and wildlife populations, the easement infers a subsistence preference. "...the Secretary shall not limit or preclude such uses of fish and wildlife on the above granted lands by the residents for purposes of public safety or administration unless the Secretary has taken all other reasonable actions necessary to remedy the conditions giving rise to the proposed limitations or preclusions, including, but not limited to, the termination of all other activities, consumptive or non-consumptive, on such lands that contribute to such conditions." The entire text of the easement is presented in the Addenda of the report.

The proposed "subsistence easement" echoes statutory provisions of Title VIII of the Alaska National Interest Lands Act (ANILCA). Section 811 provides rural residents engaged in subsistence uses with "reasonable access to subsistence resources on public lands". Section 804 establishes "...the taking on public lands of fish and wildlife for nonwasteful subsistence uses..." as a priority over "... the taking on public lands of fish and wildlife for other purposes."

We have not been provided with a legal opinion and we are not qualified to render one. However, the apparent purpose of the duplicity is to assure perpetuity by formalizing the statutory rights as real property rights. While the proposed easement may not be inconsistent with the intended use of the subjects (inclusion into refuge), it may have a significant impact on market value. Two primary issues are the subject of the following discussions:

- access to subsistence activities and the activities themselves
- subsistence preference

⁶⁵. U. S. Fish and Wildlife Service Task Order (appraisal assignment)

Access to Subsistence Activities and the Activities Themselves

Title VIII of ANILCA provides for subsistence activities on public lands. And, Section 303(5)(b) of the Alaska Lands Act lists as a primary purpose of Kodiak Refuge:

- (iii) to provide, in a manner consistent with purposes set forth in subparagraphs (i) and (ii) the opportunity for continued subsistence use by local residents⁶⁶

This was a "standard" used as a guideline for the establishment of the following public use objective:

- 3. To maintain access to and existing uses of the refuge for subsistence users, recreational users, and commercial operators to the maximum extent possible consistent with refuge purposes.⁶⁷

The proposed easement is obviously consistent with the goals and objectives of the Refuge. For the intended use of the subjects (inclusion into the Refuge), the easement has no apparent impact. However, the easement is blanket in nature. Blanket easements often limit or restrict land use alternatives - ultimately impacting market value. And, it is important to recognize that the easement provides for more than just access. It also provides for the subsistence activities themselves - the taking of fish and wildlife.

Real estate ownership is often described as a "bundle of rights". "The outright ownership of real estate in a free society carries with it three fundamental legal rights."⁶⁸

- right of exclusive possession
- right of quiet enjoyment
- right of disposition

The blanket nature of the proposed easement is perceived as an infringement of the *right of exclusive possession* - characterized by the legal right to control entry to the property and to collect damages in case of trespass. Obviously, the lack of this ability would be a serious obstacle to the utilization of a site/parcel to its economic Highest and Best Use. For example, select sites/parcels that could

66. Kodiak National Wildlife Refuge, Public Use Management Plan (October 1993) 8

67. Ibid. 21

68. Halbert C. Smith & John B. Corgel, Real Estate Perspectives, (Irwin 1987) 19.

accommodate recreational subdivisions and commercial recreation cabin/lodge sites would likely be rendered unsuitable. Given the increasing supply of privately owned sites/parcels that are not subject to Refuge management, it is not likely a developer/entrepreneur could justify an undertaking on land encumbered with the proposed easement.

That a blanket easement would be objectionable to a prospective property owner is supported by the disposition of § 17 (b) easements reserved to the U. S. in various Interim Conveyances (IC) pursuant to ANCSA. ICs typically included:

- easements for cadastral, geodetic, or other survey purposes
- "continuous linear easements" along the mean high tide line
- "streamside easements" (including stream bed)
- easements for proposed trails and campsites
- easements for existing trails and campsites

The easements for "cadastral, geodetic, or other survey purposes" were effectively blanket easements that have been released in most, if not all cases.

"The right of the United States to enter upon the lands hereinabove granted for cadastral, geodetic, or other survey purposes is reserved, together with the right to do all things necessary in connection therewith."

The second group of easements typically released are the waterfront easements described as "continuous linear easements" and "streamside easements". Some land owners have insisted that proposed trails and campsites be specified or released. Existing easements have been relocated or redefined on occasion. Via an "easement conformance process", numerous existing and proposed easements may be narrowed to a handful.

The net result is that blanket-type easements are virtually eliminated and efforts to "conform" the easements to the land owners' satisfaction effectively confines access/use to specific points, thereby assuring the land owner control of entry - a fundamental element of the *right of exclusive possession*

Subsistence Preference

Section 804 (ANILCA Title VIII) establishes "...the taking on public lands of fish and wildlife for nonwasteful subsistence uses..." as a priority over "... the taking on public lands of fish and wildlife for other purposes." The "preference" component of the easement is consistent with the intended use of the subjects (inclusion into the Refuge) and would have no apparent impact.

However, "...the state Supreme Court declared unconstitutional a law granting a rural subsistence preference".⁶⁹ Subsequently, the federal government took over subsistence management on all federal lands in the state. An overview of this issue is summarized as follows:

"Under federal law, for the state to have management authority on federal lands and navigable waters, it must provide rural residents, in times of shortages, first crack at fish and game for subsistence uses. However, the state Constitution, as interpreted by the Alaska Supreme Court, disallows such a preference.

An amendment to the Constitution, therefore, is necessary if the state is to be in compliance with the federal law and stop federal regulators from eventually managing hunting and fishing across most of Alaska."⁷⁰

The Alaska Supreme Court recognized that the rural preference provision "effectively created a class of people with special rights".⁷¹ Some will argue that for those same reasons, a rural preference "most likely violates the United States Constitution."⁷² The issues are complex and possible outcomes include:

- U. S. Supreme Court affirms the decision of the Alaska Supreme Court
- State of Alaska amends the Constitution to allow the preference
- compromise

At any rate, a lengthy tug-of-war is predictable. Until the issue is resolved, the subsistence preference component of the easement is potentially a cloud on the title - an infringement on the *right of quiet enjoyment* - "...the legal right to hold possession without disturbances resulting from defects in the title".⁷³

69. David Whitney, "Hensley named to board that oversees subsistence rules", *Anchorage Daily News*, (6/9/94) B7

70. Bill J. Allen, "Subsistence Snags", *Anchorage Daily News*, (12/1/93) B7

71. Cliff Crabtree, "Rural subsistence preference would create special class, not good public policy", *Anchorage Daily News*, (12/14/93)

72. Ibid.

73. Halbert C. Smith & John B. Corgel, *Real Estate Perspectives*, (Irwin 1987) 19.

Summary

Based on our investigation, it is our opinion that ownership of the subject property encumbered with the proposed easement would be incomplete - minus one, potentially two, of three fundamental legal rights. The form of the easement is perceived as a deterrent to investment - particularly if other sites/parcels are available that are not so encumbered.

The substance of the easement limits the utilization of select sites/parcels to their economic Highest and Best Use. Increased use of the Refuge is documented and the trend is expected to continue. A corresponding increase in economic opportunities is predictable. Refuge visitation trends from 1984 to 1990 are summarized in the following table.⁷⁴

Activity Use	Number of Visits						
	1984	1985	1986	1987	1988	1989	1990
Deer Hunting	1,386	1,363	1,375	1,523	1,661	1,493	1,246
Bear Hunting	220	338	322	335	364	350	380
Sport Fishing	1,445	1,675	2,430	2,740	1,970	2,045	2,500
Photography	225	316	400	509	595	585	640
Visitor Center	2,217	6,707	7,719	9,748	8,681	8,989	8,229

Percentage increases of non-consumptive activities (photography and sightseeing) are expected to outpace percentage increases of other activities. However, sports fisherman and hunters continue to comprise the largest group of visitors. This is a significant acknowledgment because the number of visitors is tied to the availability/supply of the resource. The "...number of bear hunters will remain fairly stable (due to the fixed number of permits issued)...". "Deer hunting levels have decreased since 1988 as a result of a reduced population due to heavy winterkills, but they are expected to rebound when the deer population increases." Use by "recreational river users", primarily sport fishermen, is forecasted to "increase at a rate of up to 10 percent annually."⁷⁵ Fluctuations in salmon runs generally do not dampen the enthusiasm of anglers. Nevertheless, in many areas of the state, competition for this resource is intense. When

⁷⁴. Kodiak National Wildlife Refuge, Public Use Management Plan (October 1993) 12

⁷⁵. Ibid. 19

populations crash, the implementation of emergency regulations/closures can be both an economic and cultural disaster. The issue of allocation between subsistence harvesters, commercial fishermen and sport fishermen is the subject of ongoing debate and even litigation.

Ultimately, the availability of fish and wildlife resources is directly related to the Highest and Best Use of most remote sites/parcels including the subjects. A blanket easement for access to, and the preferential taking of these resources would likely have a dramatic negative impact - particularly on waterfront acreage suitable for private and commercial recreation uses and marine-commercial uses.

Valuation - Subject to Subsistence Reservation

As per the assignment instructions, the appraiser is to estimate value according to two scenarios/assumptions:

- not subject to the subsistence reservation
- subject to the subsistence reservation

As similar reservations have not been an issue in all of the transactions that qualify as adequate data, our Highest and Best Use analysis and initial market value estimates are based on the assumption that the properties are not subject to the subsistence reservation.

We are not aware of any "pairs" of sales from which an adjustment for this encumbrance can be extracted and applied to the initial value estimates. Therefore, value estimates "subject to" the subsistence reservation requires an appropriate conclusion of Highest and Best Use.

The subsistence reservation would have a significant impact on the first two components identified in our analysis - waterfront acreage suitable for probable uses that would support the highest possible values. In contrast, the reservation would have little if any impact on the third component identified in our analysis "non-strategic waterfront acreage featuring favorable topography and contiguous backlands".

It is impossible to identify the extent to which the utility of the first two components is diminished. However, probable uses would likely be precluded by the easement. Prospective buyers for this acreage are most likely to be attracted by the availability of the area's fish and wildlife resources. And, control of entry is likely to be a fundamental requirement of related uses.

It should be noted that we have not been provided with a legal opinion and our observations and opinions are based on our interpretations of the document. It is our perception that with the subsistence reservation, the seller would retain the majority of legal rights while potentially benefiting from shifting the burden of management/administration to the Refuge. The buyer would acquire only the right to trade in ("right of disposition") acreage of diminished utility.

In conclusion, it is our opinion the easement would infringe upon the rights of an owner to the extent that the utility of the first two components (usable water frontage) is effectively reduced to that of the third component. The third component is not suitable for any apparent economic use except long-term speculation with special-use permits/licensing as a practical interim use.

Based on our observations and analysis, we have concluded that the easement would effectively reduce the value of first two components to the lowest common denominator - the nominal value estimated for the third component (\$100 per acre). The supply of unencumbered sites/parcels is simply too large in the face of limited demand to conclude otherwise. The estimated values of the subject parcels are calculated as follows:

<i>EVOS Parcel #</i>	<i>Acreage</i>	<i>Est. \$/Ac.</i>	<i>Est. Value w/ Subsistence Reservation</i>
AKI01	5,230	x \$100/ac.	\$523,000
AKI02	4,012	x \$100/ac.	\$401,200
AKI03	12,620	x \$100/ac.	\$1,262,000
AKI04A	21,550	x \$100/ac.	\$2,155,000
AKI04B	17,701	x \$100/ac.	\$1,770,100
AKI05	8,255	x \$100/ac.	\$825,500
AKI06A	9,042	x \$100/ac.	\$904,200
AKI06B	5,075	x \$100/ac.	\$507,500
AKI06C	5,781	x \$100/ac.	\$578,100
AKI07A	5,477	x \$100/ac.	\$547,700
AKI07B	9,479	x \$100/ac.	\$947,900
AKI07 (A & B) *	14,956	x \$100/ac.	\$1,495,600
AKI08	15,663	x \$100/ac.	\$1,566,300

15216
COMPARABLE LAND SALE NO. 1

DATE OF SALE: 9-25-87 **SIZE (ACRE):** 159.99 **PRICE/ACRE:** \$934 **RECORD NO.:** 1

STATE: Alaska **RECORDING DISTRICT:** Haines **USGS QUAD MAP NO.:** Juneau C-4, C-5
REGION: Southeastern **SUB-REGION:** Haines
COMMUNITY/NEIGHBORHOOD: William Henry Bay
LOCATION: William Henry Bay, West side of Lynn Canal, about 35 miles north of the Juneau Airport and 35 miles south of Haines, Alaska
LEGAL DESCRIPTION: USS 1212

RIGHTS CONVEYED: Fee simple except for oil and gas
GRANTOR: Forest Fuhr
GRANTEE: William Henry Bay Corporation
TAX ID: B-WHB-USS1212 **INSTRUMENT:** Land Contract **BOOK/PAGE:** 292/0889 **RECD'G DATE:** 10-21-87

SALES PRICE: \$149,500 **TERMS:** \$135,500 D/T, \$2,000 per month, 10% interest, balance 9-15-94

CEV/ADJ. PRICE: \$149,500 **BASIS FOR ADJUSTMENT:** None - short term note.

CONFIRMED WITH: Dan Turner, Haines Assessor
Charles Horan, MAI Comparable Data Sheet

BY/ DATE: DLP/1-94
DLP/2-94

PRESENT USE: Vacant **INTENDED USE:** Recreation Subdivision/Lodge

IMPROVEMENTS: None **HIGHEST & BEST USE:** Recreation

LEGAL ACCESS: Yes **TOPOGRAPHY:** Hilly

PHYSICAL ACCESS: Boat, float plane **SITE SHAPE:** Irregular

ROAD IMPROVEMENTS: None **SOILS:** Good, well draining gravels and sand

UTILITIES: None **EASEMENTS:** Normal

ZONING: None **WATERFRONT:** Ocean-1,799', Beardslee R.-5,000'

VEGETATION: Forested, 60-70% flat river bottom rising steeply on east, west and south.

MARKET EXPOSURE: Unknown

SUPPLY & DEMAND CHARACTERISTICS: There is a limited market for large acreage tracts of land similar to the subject in the Haines area.

BASIS FOR PURCHASE PRICE: Unknown believed to have been negotiated.

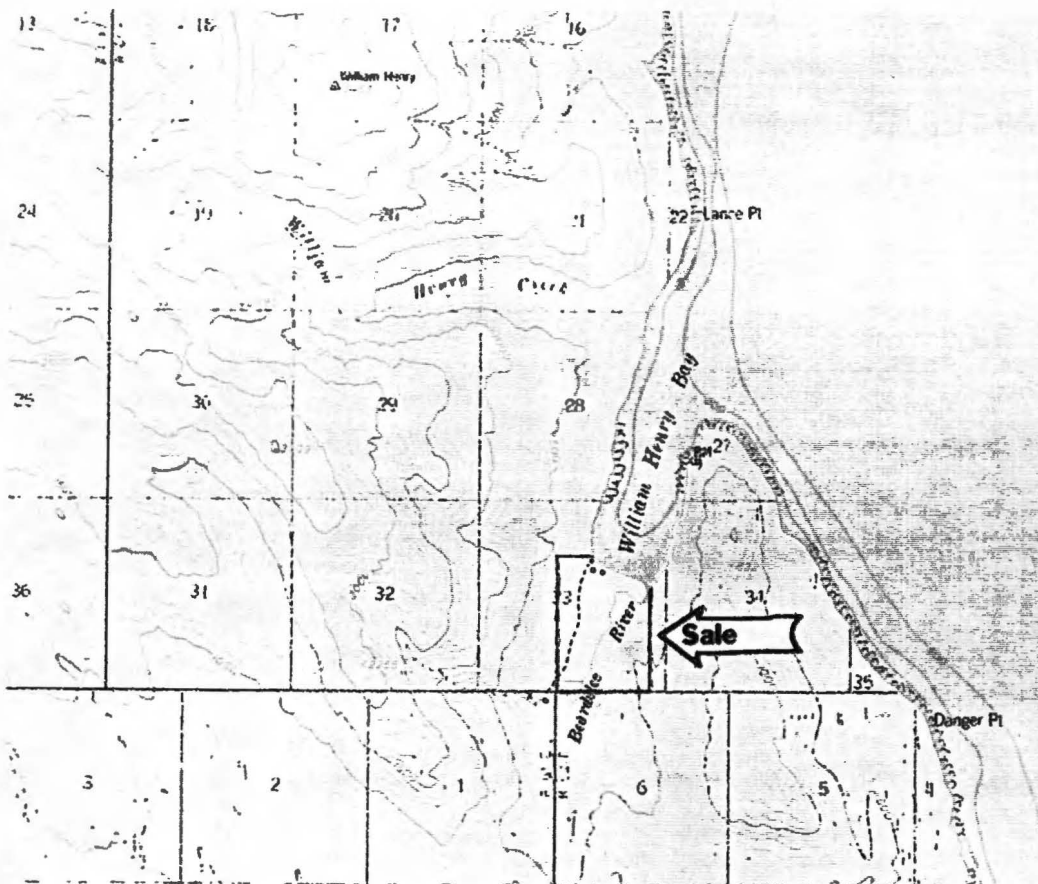
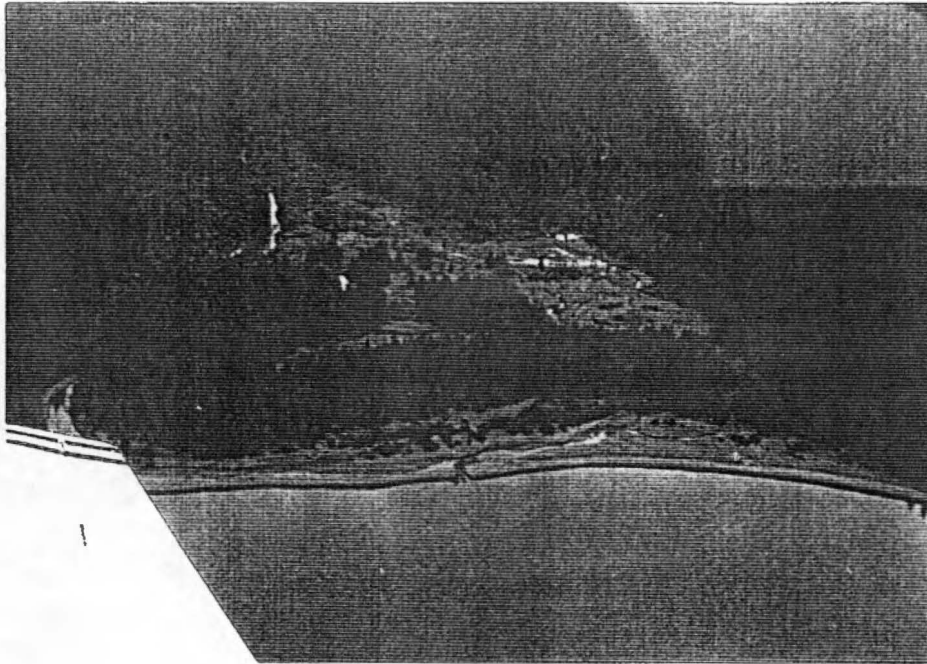
BUYER/SELLER MOTIVATION: Buyer intended to develop site for recreation with lodges and cabins. Seller was probably getting ready to retire.

COMMENTS:

Unable to locate buyer or seller through tax records or information. All information was confirmed by the Haines assessor, Dan Turner, who had received information from the seller just after the sale, and Charles Horan, MAI, (Comparable Data Sheet). Mr. Horan indicates that there is a very small market for large acreage tracts similar to the subject. Site was subdivided into 61 rural homesites.

Large tidal flat obscures boat access at low tides. The flats have wet grassy lands, beaver ponds, and patches of Hemlock and Spruce.

COMPARABLE NO. 1



10217
COMPARABLE LAND SALE NO. 2

DATE OF SALE: 12-19-88 **SIZE (ACRE):** 98.5 **PRICE/ACRE:** \$863 **RECORD NO.:** 2

STATE: Alaska **RECORDING DISTRICT:** Sitka

USGS QUAD MAP NO.: Sumdum C-4,5

REGION: Southeastern

SUB-REGION: Juneau

COMMUNITY/NEIGHBORHOOD: Windham Bay

LOCATION: Windham Bay, Windham, Alaska

LEGAL DESCRIPTION: USMS 37, 38,39, 40, and 41, and the unpatented claim Pauline, Sitka Land District

RIGHTS CONVEYED: Fee simple except for oil and gas

GRANTOR: Cliff Slater, Denali Charters

GRANTEE: Laura and Scott Rideout, et al

TAX ID: Not taxed

INSTRUMENT: WD

BOOK/PAGE: 310/991

RECD'G DATE: 1-18-89

SALES PRICE: \$85,000

TERMS: Cash

CEV/ADJ. PRICE: \$85,000

BASIS FOR ADJUSTMENT: None

CONFIRMED Cliff Slater 767-5575

WITH: Laura and Scott Rideout, et al 568-2263

BY/ DLP/1-94

DATE: DLP/1-94

PRESENT USE: Vacant, mining claims

INTENDED USE: Potential lodge with some panning activity.

IMPROVEMENTS: Old Post Office

HIGHEST & BEST USE: Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Generally level w/slight slope

PHYSICAL ACCESS: Boat, plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: Partially drained

UTILITIES: None

EASEMENTS: Normal

ZONING: None

WATERFRONT: Streams and Ocean

VEGETATION: Forested - sparse

MARKET EXPOSURE: Buyer advertised it on his own for several years. It sold within six months of listing it with a broker.

SUPPLY & DEMAND CHARACTERISTICS: Small market but fairly active with numerous buyers and sellers.

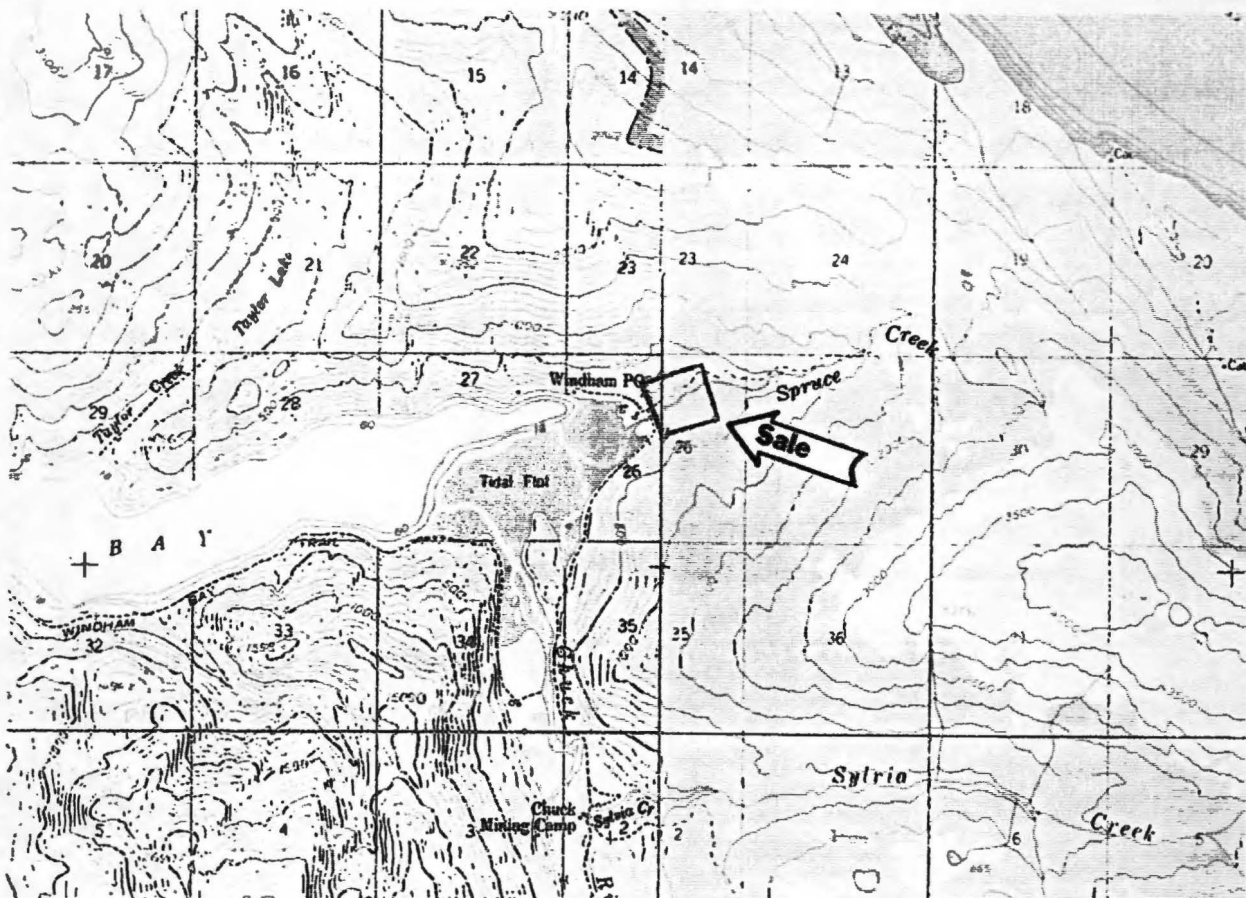
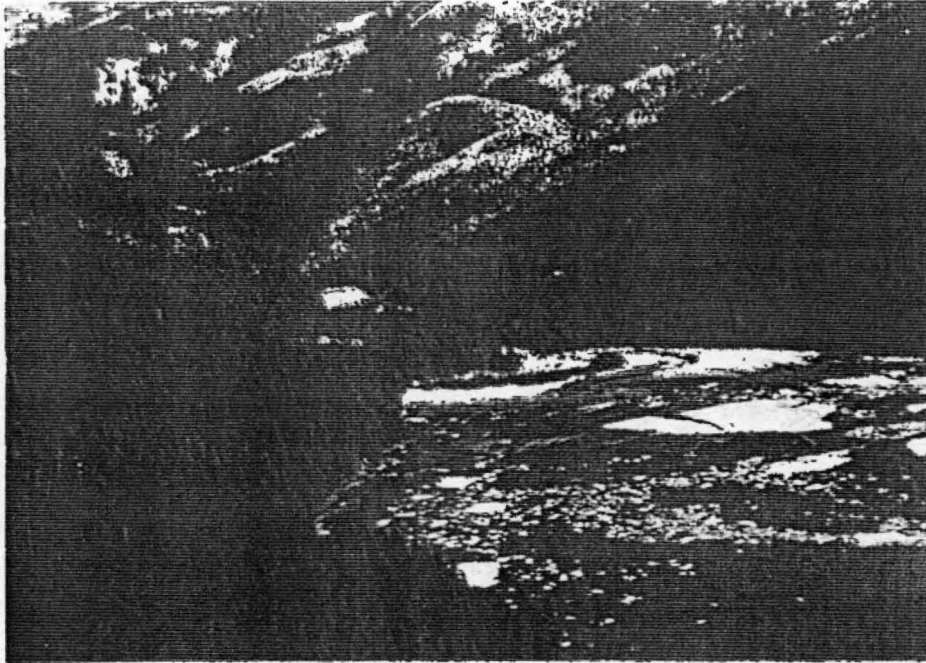
BASIS FOR PURCHASE PRICE: Negotiation. Both buyer and seller felt it represented market.

BUYER/SELLER MOTIVATION: Seller's partners moved out of state. Buyer and partners considered it a piece of recreational property.

COMMENTS:

This is an irregularly configured site located at the head of Windham Bay. The site has extensive frontage due to the accumulation of mining tailings that line the beach front. There is a stream that runs through the middle of the property with several drainage courses. Soil conditions are alluvial. The site has generally level topography, except to the rear and side property lines. There is some tree covering of hemlock and spruce. There is about 1,957 feet of stream frontage. Seller was a partner with several relatives. He sold the site when they moved out of state because he did not feel that he could work the sites alone. Seller indicates that the site yields good gold quantities for recreational miners. Buyers acquired site for different reasons. One is a recreational gold panner who works the site for fun. Two of the other buyers thought they may someday wish to put a lodge on the site. So far no lodge has been constructed. This was the former site of a village and Post Office building that operated in the 1920's. The building is still on site but was allocated no value by the buyers or seller. The minerals value from gold panning was not allocated a specific value, but rather was considered to be an amenity of the site.

COMPARABLE NO. 2



10723
COMPARABLE LAND SALE NO. 3

DATE OF SALE: 7-22-93 **SIZE (ACRE):** 80 **PRICE/ACRE:** \$2,500 **RECORD NO.:** 3

STATE: Alaska **RECORDING DISTRICT:** Kvichak **USGS QUAD MAP NO.:** Dillingham A-5
REGION: Western Alaska **SUB-REGION:** Dillingham

COMMUNITY/NEIGHBORHOOD: Nushagak River

LOCATION: Southwest corner of the confluence of the Nushagak and Iowithla Rivers, approximately 26 miles east of Dillingham, Alaska

LEGAL DESCRIPTION: U.S. Survey No. 7729, Section 31, T12S, R50W, SM and Section 3, T13S, R50W, SM

RIGHTS CONVEYED: Fee simple surface estate only

GRANTOR: Esther Ladd

GRANTEE: Burt Bomhoff

AX ID: **INSTRUMENT:** MOA **BOOK/PAGE:** 42/52 **RECD'G DATE:** 4-12-94

SALES PRICE: \$200,000 **TERMS:** \$100,000 down, 9% interest and five year term.

DEV/ADJ. PRICE: \$200,000 **BASIS FOR ADJUSTMENT:** None - large down with short term.

CONFIRMED BY: Dick Larson, BIA
WITNESSES: Burt Bomhoff

BY: DLP/8-94
DATE: DLP/8-94

PRESENT USE: Old cabin, no value

INTENDED USE: Commercial recreation

IMPROVEMENTS: Old cabin

HIGHEST & BEST USE: Recreational

LEGAL ACCESS: Yes

TOPOGRAPHY: Rolling

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Flag

ROAD IMPROVEMENTS: Unimproved

SOILS: Predominately well drained, 15% wet

UTILITIES: None

EASEMENTS: Normal

ZONING: None

WATERFRONT: 1,848' on Nushagak, 200' on the Iowithla

VEGETATION: Wooded with spruce birch and brush.

MARKET EXPOSURE: BIA auction properties are typically advertised for four weeks prior to bid deadline.

SUPPLY & DEMAND CHARACTERISTICS: Burt Bomhoff indicated this is a one of a kind lodge site. World class sites are limited.

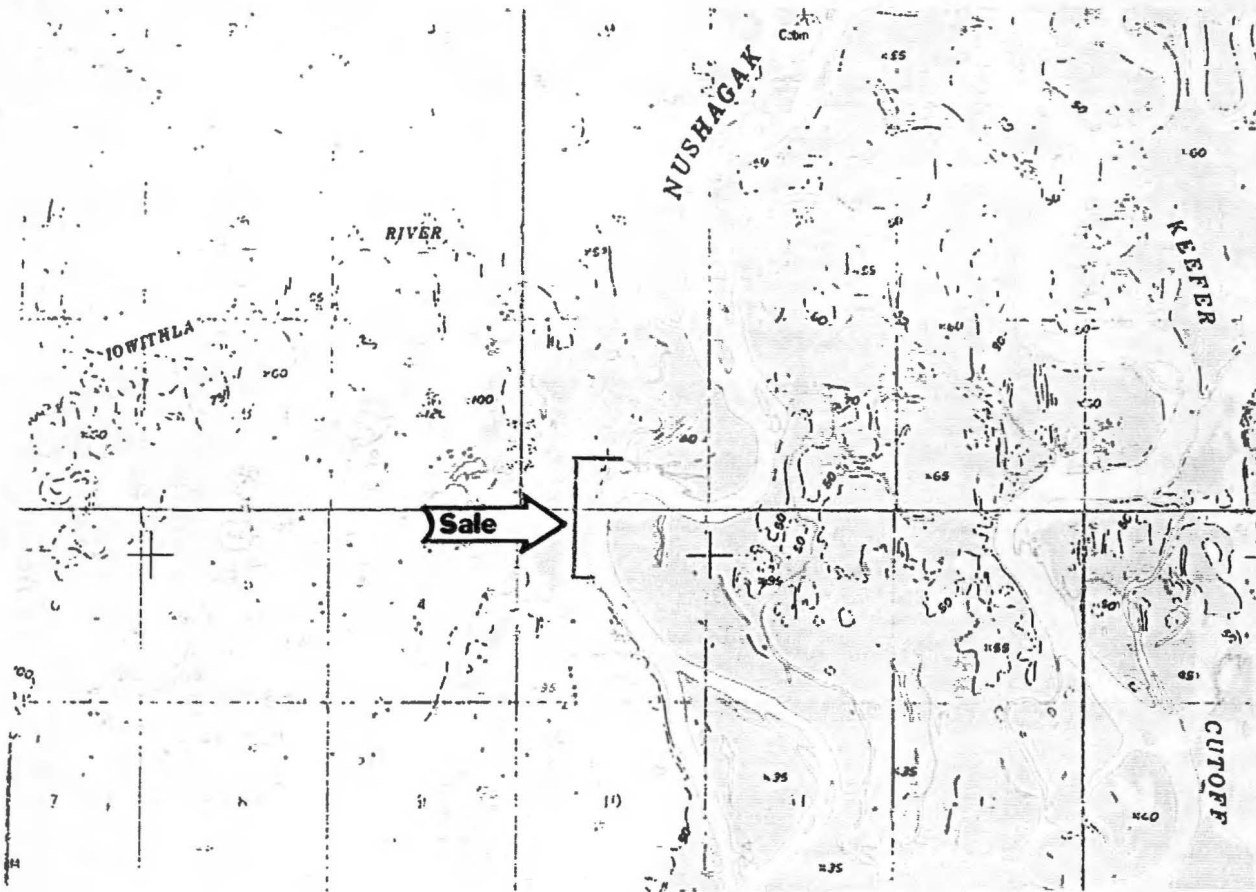
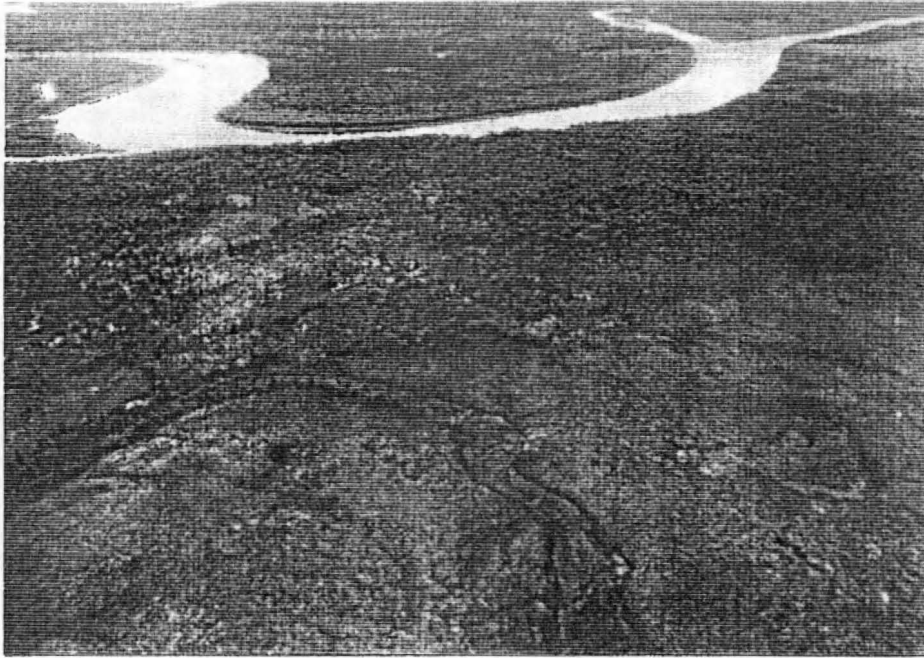
BASIS FOR PURCHASE PRICE: Highest bid received at BIA auction. Sold for significantly more than appraised value.

BUYER/SELLER MOTIVATION: Buyer is considering developing the site with a lodge. Site was excess to sellers needs.

COMMENTS:

The buyer indicated that he owned and operated the Goldenhorn Lodge for 15± years. Reportedly this lodge was one of the premier luxury lodges in western Alaska. Buyer had established a small cabin on the subject site for fly fisherman clients. Buyer claimed this site is world class with one of the best places in the region, as fly fisherman can catch King Salmon from shore. Buyer sold his existing lodge operation in 1990 and immediately began an extensive search for a new lodge site. After three years, intensive aerial searches, and title searches from government records, the buyer heard that this site was going to BIA auction. Buyer was aware of that his bid was significantly greater than appraised value, but felt the site was a one of a kind for a lodge operation. He felt that because he had successfully operated a lodge for 15± years, he knew what he could command to pay for the site.

COMPARABLE NO. 3



BLACK-SMITH & RICHARDS, INC

COMPARABLE LAND SALE NO. 4

10221

DATE OF SALE: 7-15-93 SIZE (ACRE): 119.99 PRICE/ACRE: \$1,908 RECORD NO.: 4

STATE: Alaska RECORDING DISTRICT: Kvichak USGS QUAD MAP NO.: Iliamna A-
REGION: Western Alaska SUB-REGION: Iliamna

COMMUNITY/NEIGHBORHOOD: Lake Nonvianuk

LOCATION: North bank Nonvianuk River, 1.5 miles west of Lake Nonvianuk, Alaska

LEGAL DESCRIPTION: U.S. Survey No. 8146

RIGHTS CONVEYED: Fee simple surface estate only.

GRANTOR: Edwin Peterson

GRANTEE: T Corporation (Chris Branham)

AX ID: INSTRUMENT: MOA BOOK/PAGE: 29/202 RECD'G DATE: 2-14-94

SALES PRICE: \$229,000 TERMS: \$150,000 down, 8% interest, six year term.

REV/ADJ. PRICE: \$229,000 BASIS FOR ADJUSTMENT: None - large down with short term.

CONFIRMED Dick Larson, BIA
WITH: Vicky Kirby, BBNABY/ DLP/8-94
DATE: DLP/8-94

PRESENT USE: Vacant

INTENDED USE: Commercial recreation

IMPROVEMENTS: None

HIGHEST & BEST USE: Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Rolling

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Flag

ROAD IMPROVEMENTS: Unimproved

SOILS: Predominately well drained, 15% wet

UTILITIES: None

EASEMENTS: Normal

ZONING: None

WATERFRONT: 300-400' Lake and 2,500' River

VEGETATION: Wooded with spruce birch and brush

MARKET EXPOSURE: Previously advertised with no response. Remained on BBNA Realty's offering list until this offer.

SUPPLY & DEMAND CHARACTERISTICS: Close to Iliamna, many recreational uses, fairly active market with intermittent demand and competing sites.

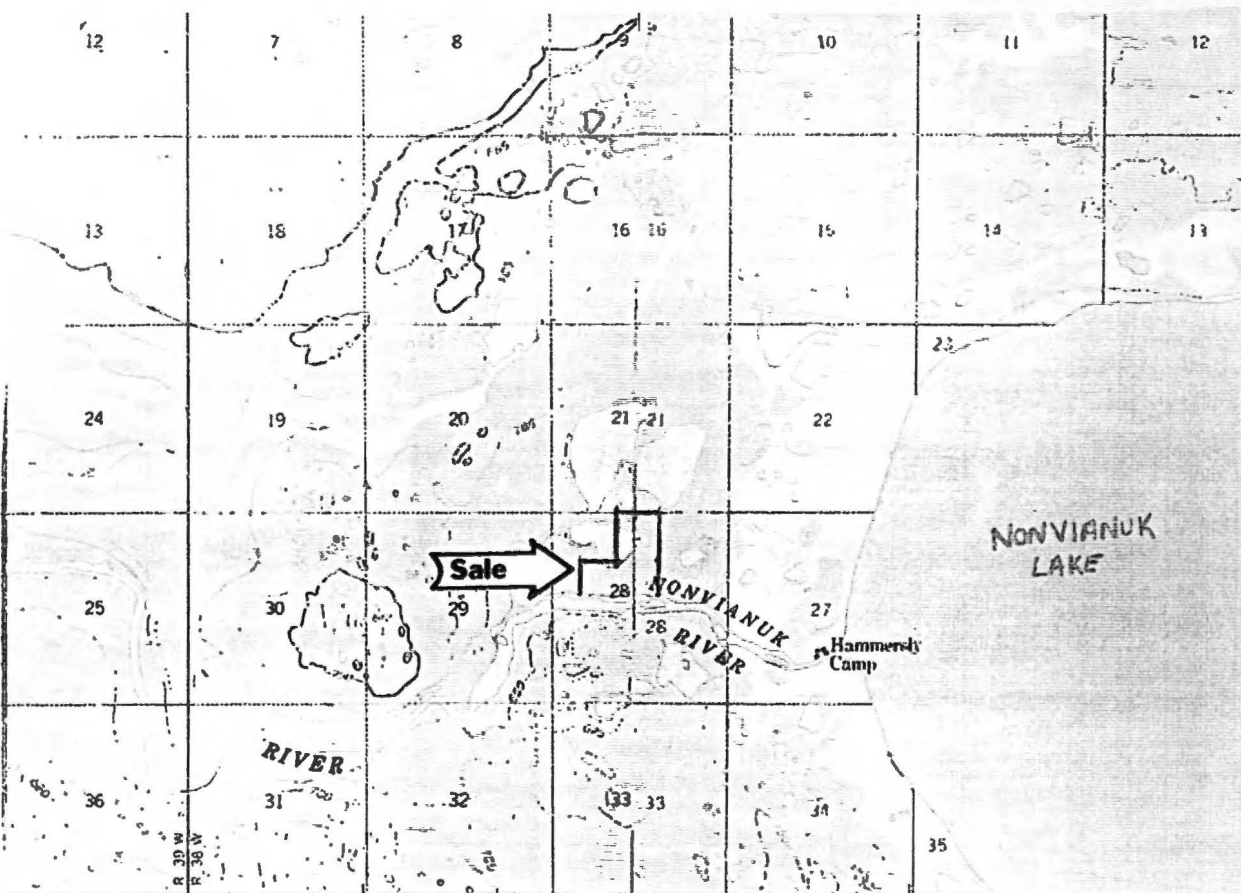
BASIS FOR PURCHASE PRICE: Negotiated, considered arms-length.

BUYER/SELLER MOTIVATION: Buyer is considering developing the site with a lodge.

COMMENTS:

This parcel is 1.5 miles west of Nonvianuk Lake. It has good access by float plane on Larson Lake and and boat access along Nonvianuk River. A tributary of the Alagnak River, which is designated a wild and scenic river. The Alagnak River is a tributary of the Kvichak, which is the outlet of Lake Iliamna. The Nonvianuk River is known for its world class sport fishing for trout and salmon. This area has good hunting, fishing, boating and rafting. The site has numerous sites adequate for permanent structure development.

COMPARABLE NO. 4



BLACK-SMITH & RICHARDS, INC

10222
COMPARABLE LAND SALE NO. 5

DATE OF SALE: 4-88 **SIZE (ACRE):** 19.3 **PRICE/ACRE:** \$5,181 **RECORD NO.:** 5

STATE: Alaska **RECORDING DISTRICT:** Kodiak **USGS QUAD MAP NO.:** Kodiak A-6
REGION: Southcentral **SUB-REGION:** Kodiak Island
COMMUNITY/NEIGHBORHOOD: Olga Bay
LOCATION: Olga Bay near Horse Marine Lagoon, Kodiak Island, Alaska

LEGAL DESCRIPTION: USS 1889

RIGHTS CONVEYED: Fee simple estate including subsurface

GRANTOR: Ayakulik Associates

GRANTEE: B & M Burkholder

AX ID: **INSTRUMENT:** QCD **BOOK/PAGE:** 91/37 **RECD'G DATE:** 4-18-88

SALES PRICE: \$100,000 **TERMS:** 20% down, 10% interest, five year balloon

DEED/ADJ. PRICE: \$100,000 **BASIS FOR ADJUSTMENT:** None - terms are considered to be cash equivalent.

UNCONFIRMED Grantor, KIB Questionnaire
WITH: Pat Carlson, KIB Assessor who confirmed for court testimony.
Reed Stoores, Grantor Rep.

BY/ WH/5-27-88
DATE: DLP/8-94
DLP/8-94

PRESENT USE: Vacant

INTENDED USE: Commercial Set Net and Commercial Recreation

IMPROVEMENTS: None

HIGHEST & BEST USE: Recreation

EQUAL ACCESS: Yes

TOPOGRAPHY: Visual

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Irregular, high front to depth ratio

ROAD IMPROVEMENTS: None

SOILS: Visual

UTILITIES: None

EASEMENTS: Typical

ZONING: Conservation

WATERFRONT: Extensive Olga Bay frontage

VEGETATION: Some cottonwood stands, low brush, grasses and alder thickets.

MARKET EXPOSURE: Formally listed with Kodiak Island Realty firm. Unable to confirm length of marketing time.

SUPPLY & DEMAND CHARACTERISTICS: Although limited, there is some demand for strategic sites like this parcel.

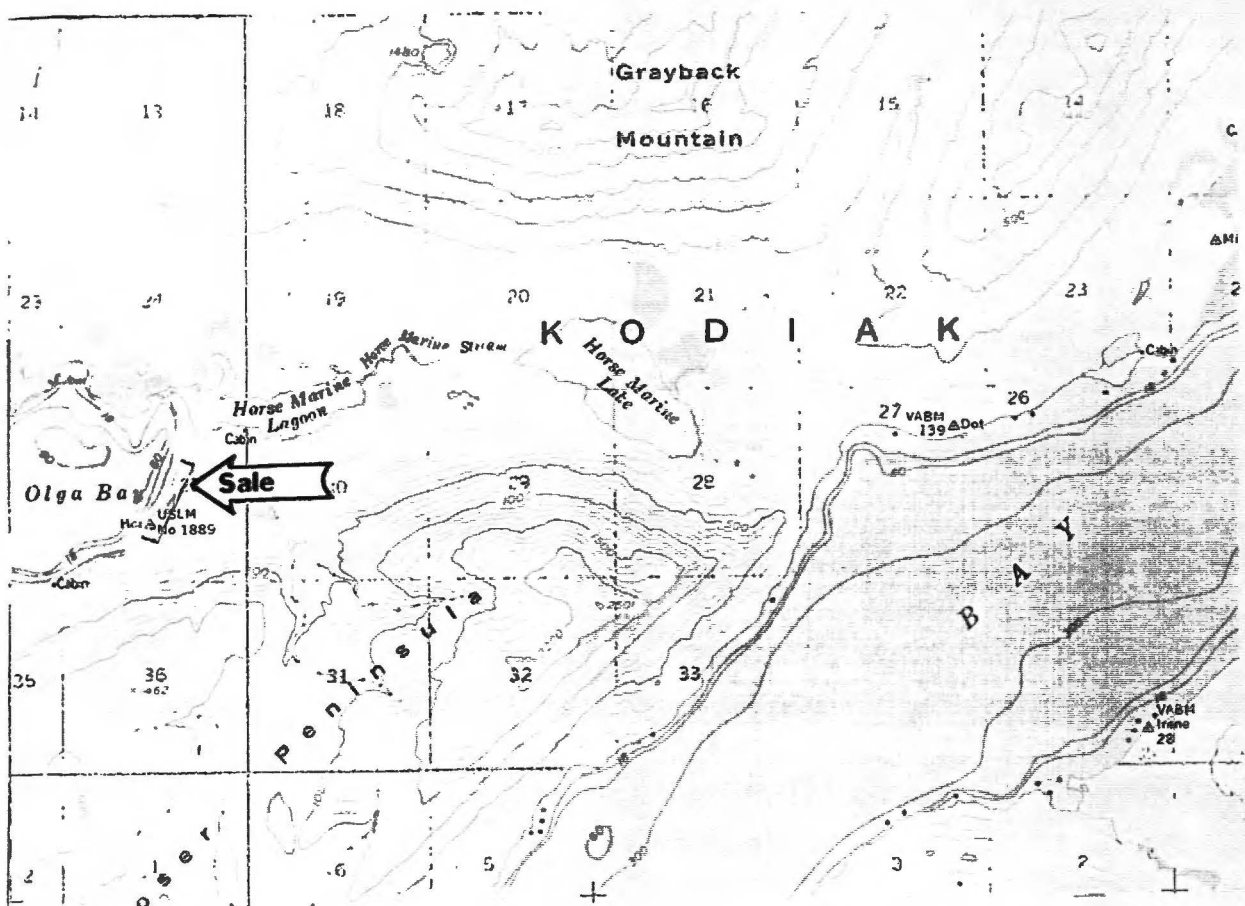
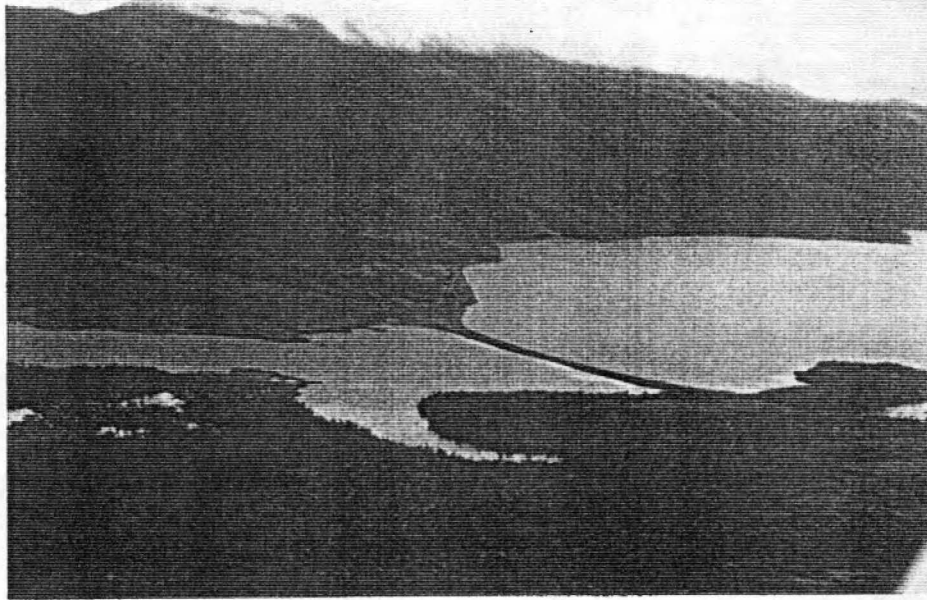
BASIS FOR PURCHASE PRICE: Negotiated

BUYER/SELLER MOTIVATION: Seller acquired site as part of larger real estate transaction. Liquidated site as it was surplus to their needs. Buyer wanted to develop hunting and fishing lodge.

COMMENTS:

Site is located on the east end of Olga Bay near the head of Horse Marine Lagoon. Site has a very favorable frontage to depth ratio. The owners have constructed a residence to support their commercial fishing operation. On another portion of the site a guide has developed a seasonal fishing guide operation. According to Reed Stoores, there is no known mineral deposits on this site. He felt that it was extremely unlikely that the buyers located more than a nominal value for the subsurface estate.

COMPARABLE NO. 5



BLACK-SMITH & RICHARDS, INC

COMPARABLE LAND SALE NO. 8

DATE OF SALE: 6-88 SIZE (ACRE): 32.35 PRICE/ACRE: \$3,246 RECORD NO.: 6

STATE: Alaska RECORDING DISTRICT: Kodiak USGS QUAD MAP NO.: Karluk A-1
REGION: Southcentral SUB-REGION: Kodiak Island
COMMUNITY/NEIGHBORHOOD: Olga Bay
LOCATION: Northwest portion of Olga Bay, Kodiak Island, Alaska

LEGAL DESCRIPTION: USS 1886

RIGHTS CONVEYED: Fee simple estate including subsurface

GRANTOR: Ayakulik Associates

GRANTEE: DJ King (486-3962) and TA MacDonald

TAX ID: INSTRUMENT: QCD BOOK/PAGE: 91/705 RECD'G DATE: 6-21-88

SALES PRICE: \$105,000 TERMS: \$21,000 down, 10% interest, five year balloon

CEV/ADJ. PRICE: \$105,000 BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

CONFIRMED Grantee, KIB Questionnaire
WITH: Pat Carlson, KIB Assessor who confirmed for court testimony.
Reed Stoores, Grantor Rep.

BY/ WH/TC/2-93
DATE: DLP/8-94
DLP/8-94

PRESENT USE: Vacant

INTENDED USE: Commercial recreation

IMPROVEMENTS: None

HIGHEST & BEST USE: Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Rolling Hills

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Irregular, high front to depth ratio

ROAD IMPROVEMENTS: None

SOILS: Low marshy with some building areas

UTILITIES: None

EASEMENTS: Typical

ZONING: Conservation

WATERFRONT: 2,574' Olga Bay frontage, small creek and pond

VEGETATION: Some cottonwood stands, low brush, grasses and alder thickets.

MARKET EXPOSURE: Formally listed with Kodiak Island Realty firm. Unable to confirm length of marketing time.

SUPPLY & DEMAND CHARACTERISTICS: Although limited, there is some demand for strategic sites like this parcel.

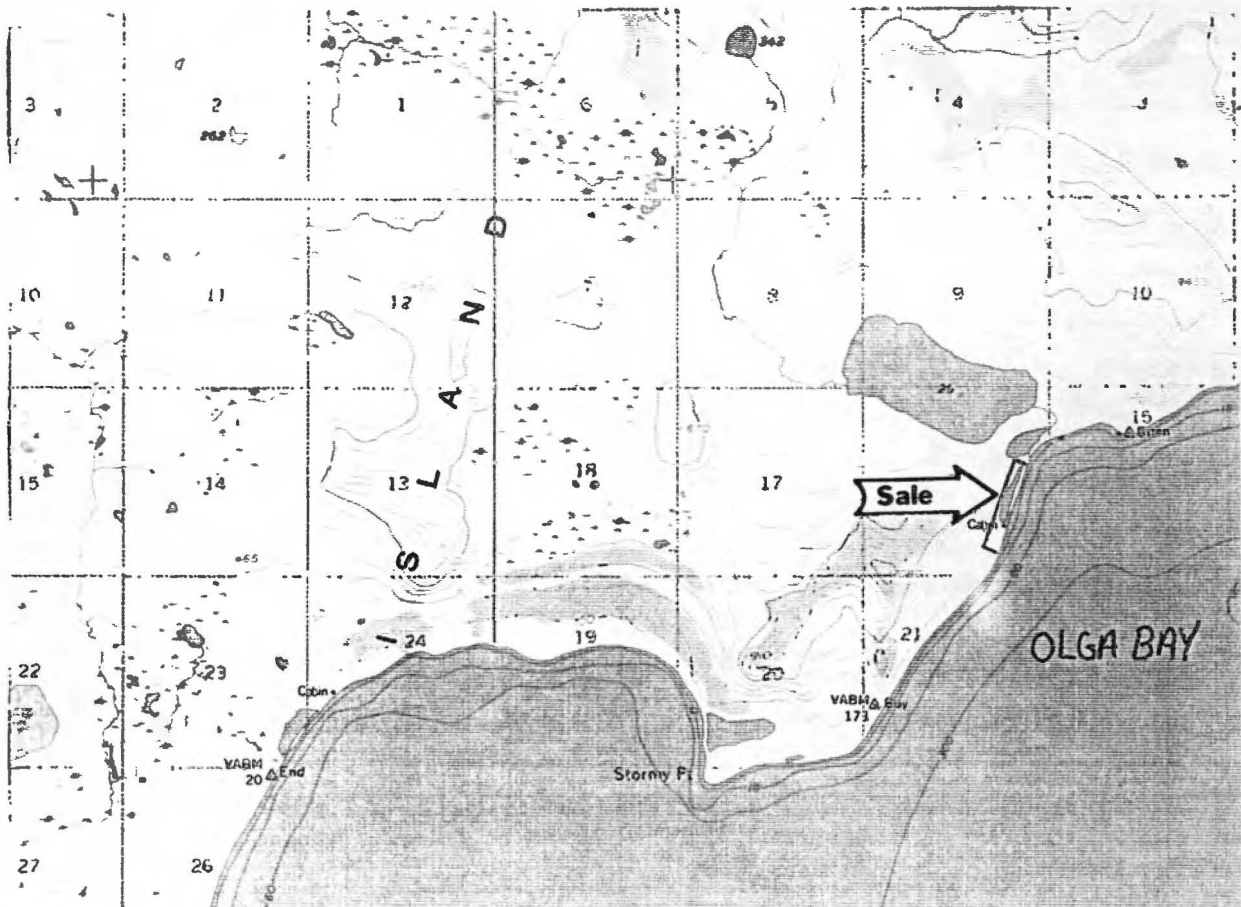
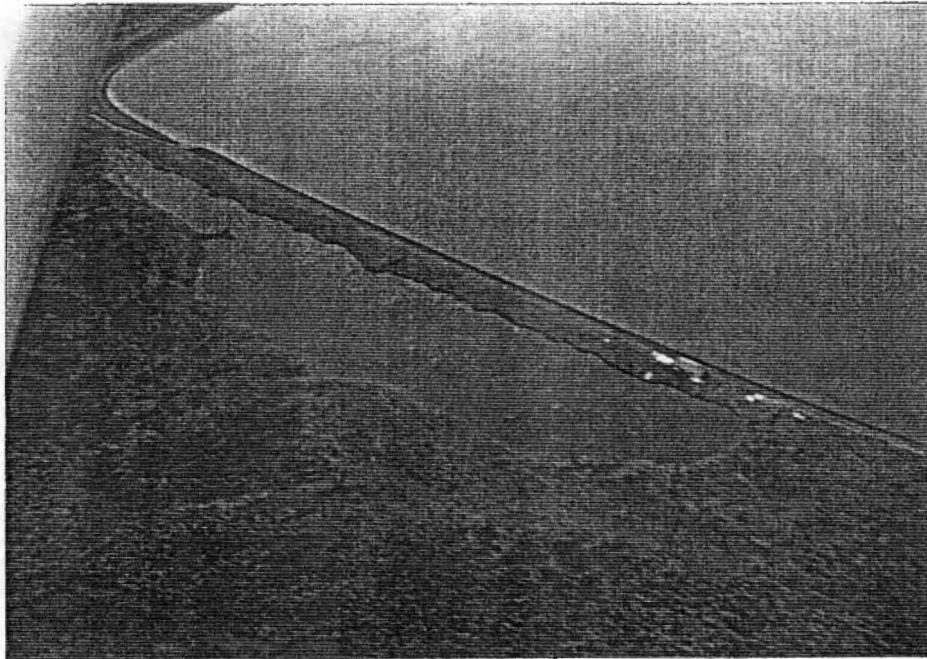
BASIS FOR PURCHASE PRICE: Negotiated

BUYER/SELLER MOTIVATION: Seller acquired site as part of larger real estate transaction, Liquidated site as it was surplus to their needs.
Buyers wanted it to support their fishing sites.

COMMENTS:

This site is located at the northwest corner of Olga Bay. The site offers substantial Olga Bay frontage. There is a large pond and creek on the parcel. Beach access is good with long gravel beach. Since purchase the owners have constructed a small hunting and fishing lodge. The property borders the Kodiak National Wildlife Refuge, noted for both Kodiak Brown Bear and Sitka Blacktail Deer. The general area is rolling hills with brush overgrowth and many low marshy areas. According to Reed Stoores, there is no known mineral deposits on this site. He felt that it was extremely unlikely that the buyers allocated more than a nominal value for the subsurface estate.

COMPARABLE NO. 6



COMPARABLE LAND SALE NO. 7

DATE OF SALE: 1-89 **SIZE (ACRE):** 29.1 **PRICE/ACRE:** \$3,436 **RECORD NO.:** 7

STATE: Alaska **RECORDING DISTRICT:** Kodiak **USGS QUAD MAP NO.:** Trinity Islands D-1
REGION: Southcentral **SUB-REGION:** Kodiak Island

COMMUNITY/NEIGHBORHOOD: Moser Bay
LOCATION: Snug cove in Moser Bay, Kodiak Island, Alaska

LEGAL DESCRIPTION: USS 50

RIGHTS CONVEYED: Fee simple estate including subsurface

GRANTOR: Ayakulik Associates

GRANTEE: R. Ellingson, (487-2603), J Masneri, C. Slater

TAX ID: **INSTRUMENT:** QCD **BOOK/PAGE:** 94/667 **RECD'G DATE:** 1-24-89

SALES PRICE: \$100,000 **TERMS:** 10% interest with yearly payments, ten year term.

CEV/ADJ. PRICE: \$100,000 **BASIS FOR ADJUSTMENT:** None - terms are considered to be cash equivalent.

CONFIRMED WITH: Grantor
 Pat Carlson, KIB Assessor who confirmed for court testimony.
 Reed Stoores, Grantor Rep.

BY/ KIB/3-89
DATE: DLP/8-94
 DLP/8-94

PRESENT USE: Vacant

INTENDED USE: Set Net Fishing Operations

IMPROVEMENTS: None

HIGHEST & BEST USE: Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Undulating

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: Varies from developable to very wet and marshy

UTILITIES: None

EASEMENTS: Typical

ZONING: Conservation

WATERFRONT: 1,155' Moser Bay frontage, small creek and pond

VEGETATION: Low brush, grasses and alder thickets.

MARKET EXPOSURE: Formally listed with Kodiak Island Realty firm. Unable to confirm length of marketing time.

SUPPLY & DEMAND CHARACTERISTICS: Although limited, there is some demand for strategic sites like this parcel.

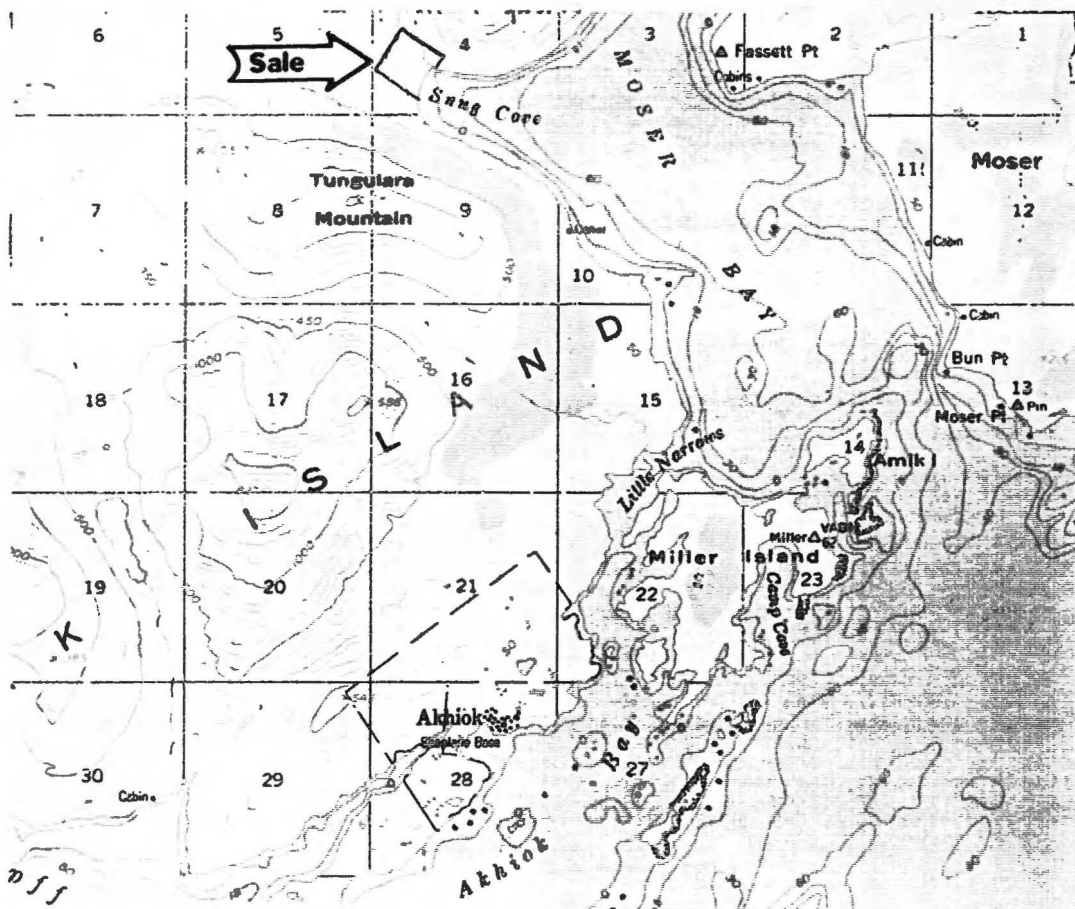
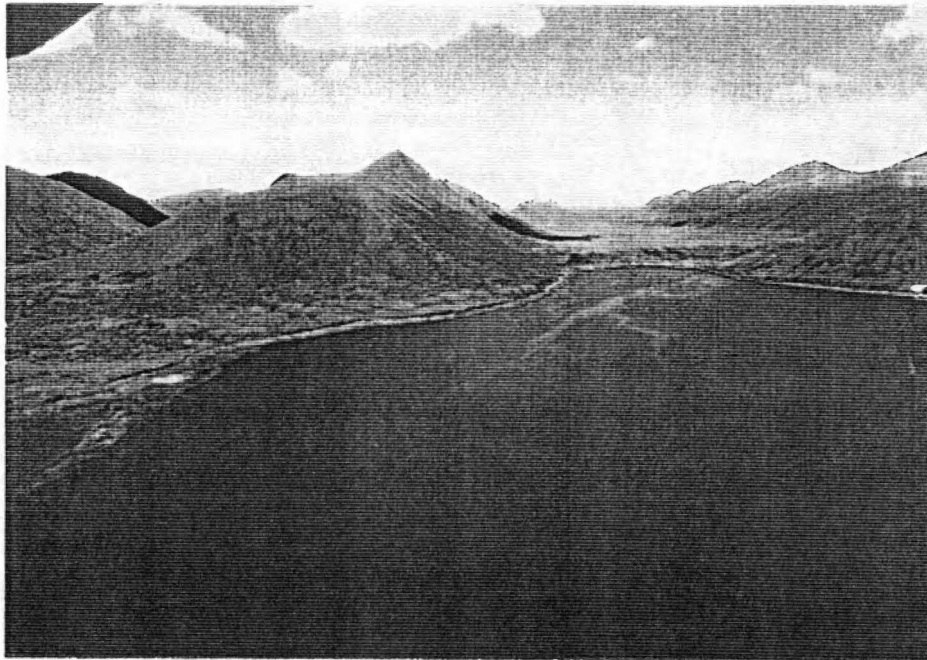
BASIS FOR PURCHASE PRICE: Negotiated

BUYER/SELLER MOTIVATION: Seller acquired site as part of larger real estate transaction. Liquidated site as it was surplus to their needs. Buyer used it support his fishing operations.

COMMENTS:

This parcel is a former cannery site and was purchased by a group of fisherman who operate set net sites in the immediate area and plan to use the site in support of their fishing operations. The topography of the site is poor due to a large wetland in the center of the parcel and steep bluffs on the rear and side property lines. Although the anchorage is fair to good, access to the beach is impeded by the shallow depths at the head of the cove. The parcel has a pond and a stream running across the property. According to Reed Stoores, there is no known mineral deposits on this site. He felt that it was extremely unlikely that the buyers allocated more than a nominal value for the subsurface estate.

COMPARABLE NO. 7



7583

COMPARABLE LAND SALE NO. 8

DATE OF SALE: 3-89 **SIZE (ACRE):** 19.61 **PRICE/ACRE:** \$5,099 **RECORD NO.:** 8

STATE: Alaska **RECORDING DISTRICT:** Kodiak **USGS QUAD MAP NO.:** Karluk A-2
REGION: Southcentral **SUB-REGION:** Kodiak Island
COMMUNITY/NEIGHBORHOOD: Olga Bay
LOCATION: Southwest end of Olga Bay near Olga Creek, Kodiak Island, Alaska

LEGAL DESCRIPTION: USS 174

RIGHTS CONVEYED: Fee simple estate including subsurface

GRANTOR: Ayakulik Associates

GRANTEE: S&D Omlid, (486-5633), O&C Omlid

TAX ID: **INSTRUMENT:** QCD **BOOK/PAGE:** 94/228 **RECD'G DATE:** 3-9-89

SALES PRICE: \$100,000 **TERMS:** \$5,000 down, 10% interest, 5 year balloon

CEV/ADJ. PRICE: \$100,000 **BASIS FOR ADJUSTMENT:** None - terms are considered to be cash equivalent.

CONFIRMED WITH: Grantor
Pat Carlson, KIB Assessor who reconfirmed for court testimony
Reed Stoores, Grantor Rep.

BY/ DATE: PSC/4-4-89
DLP/8-94
DLP/8-94

PRESENT USE: Vacant

INTENDED USE: Set Net Fishing Operations

IMPROVEMENTS: None

HIGHEST & BEST USE: Residential/Recreational

LEGAL ACCESS: Yes

TOPOGRAPHY: Fairly level

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: Varies

UTILITIES: None

EASEMENTS: Typical

ZONING: Conservation

WATERFRONT: 1,326 Olga Bay frontage

VEGETATION: Low brush, grasses and alder thickets.

MARKET EXPOSURE: Formally listed with Kodiak Island Realty firm. Unable to confirm length of marketing time.

SUPPLY & DEMAND CHARACTERISTICS: Although limited, there is some demand for strategic sites like this parcel.

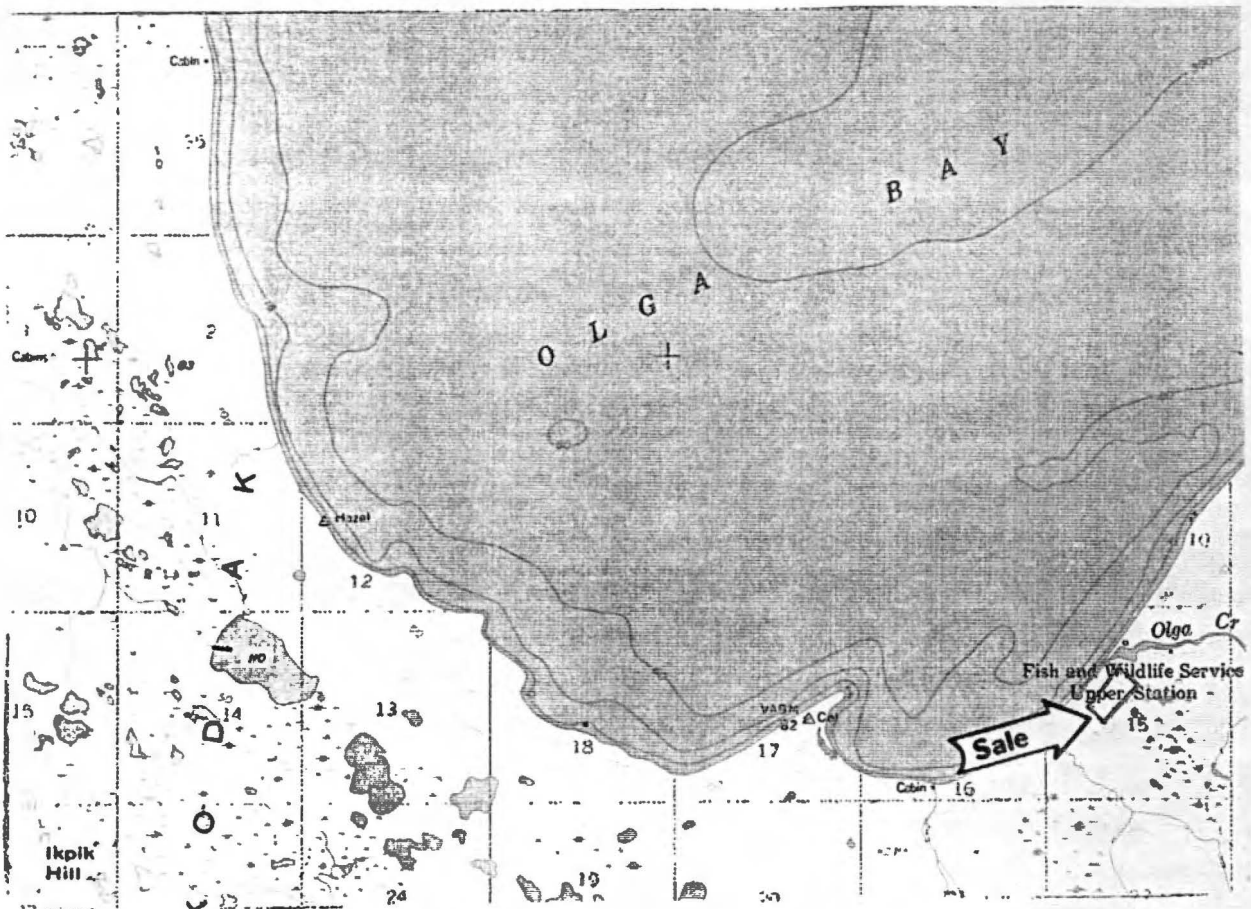
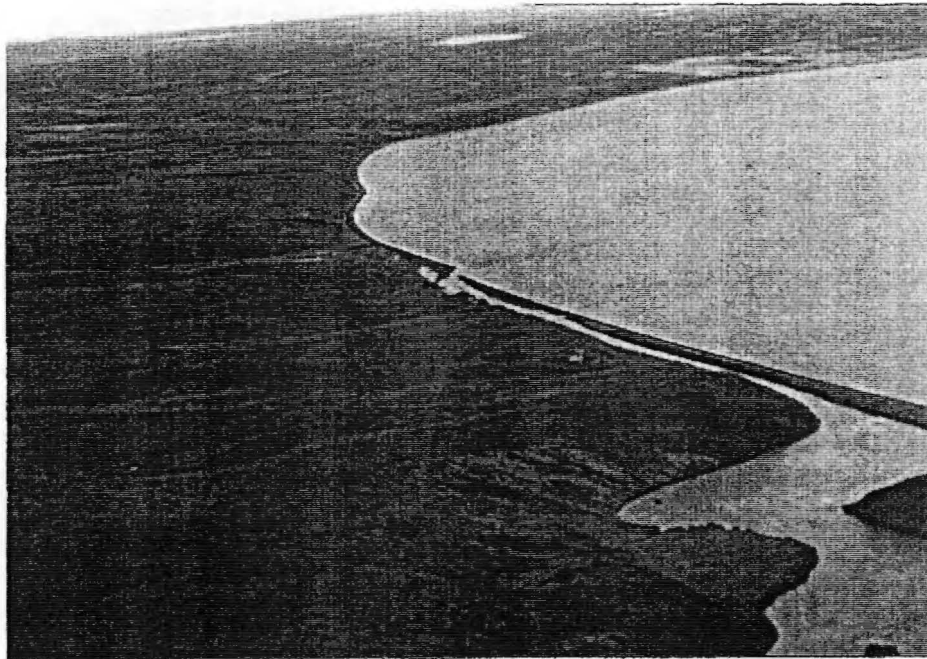
BASIS FOR PURCHASE PRICE: Negotiated

BUYER/SELLER MOTIVATION: Seller acquired site as part of larger real estate transaction, Liquidated site as it was surplus to their needs. Buyer used it support his fishing operations.

COMMENTS:

This parcel fronts Olga Bay and a creek along the front. It was bought as a support center for fishing operations. A large shop and two cabins have been built. The site is fairly level and offers good access, but the anchorage is poor in times of wind. According to Reed Stoores, there is no known mineral deposits on this site. He felt that it was extremely unlikely that the buyers allocated more than a nominal value for the subsurface estate.

COMPARABLE NO. 8



BLACK-SMITH & RICHARDS, INC

COMPARABLE LAND SALE NO. 9

DATE OF SALE: 06-01-91 **SIZE (ACRE):** 151.21 **PRICE/ACRE:** \$2,500 **RECORD NO.:** 9

STATE: Alaska **RECORDING DISTRICT:** Kodiak **USGS QUAD MAP NO.:** Kodiak D-4
REGION: Southcentral **SUB-REGION:** Kodiak Island
COMMUNITY/NEIGHBORHOOD: Uganik Passage near Terror Bay
LOCATION: East shore of Uganik Passage, Kodiak Island, Alaska
LEGAL DESCRIPTION: U.S. Survey 7886

RIGHTS CONVEYED: Fee simple surface estate only

GRANTOR: Clara Helgason

GRANTEE: U.S. Fish & Wildlife

TAX ID: R520004110 **INSTRUMENT:** WD **BOOK/PAGE:** 108/320 **RECD'G DATE:** 8-6-91

SALES PRICE: \$470,000 **TERMS:** Cash

CEV/ADJ. PRICE: \$378,025 **BASIS FOR ADJUSTMENT:** Reduction of personal property items and house and outbuildings.

CONFIRMED WITH: Dick Larson, BIA Appraiser
 Bob Rice, U.S. Fish & Wildlife
 Duke Bertke, Selling Agent
 John Merrick, Koniag

BY/ SDD/11-91
DATE: DLP/01-94
 DLP/01-94
 DLP/03-94

PRESENT USE: Bear hunting lodge

INTENDED USE: Inclusion into KNWR

IMPROVEMENTS: SFR, outbuildings

HIGHEST & BEST USE: Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Sloping

PHYSICAL ACCESS: Boat

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Unimproved

SOILS: Average

UTILITIES: None

EASEMENTS: Normal

ZONING: Conservation

WATERFRONT: Ocean

VEGETATION: Cottonwoods, scrub alder and grass.

MARKET EXPOSURE: Initially listed for \$1.8M. It was slowly lowered to about \$1M over the first year. Relisted at \$550,000 prior to sale. See comments section.

SUPPLY & DEMAND CHARACTERISTICS: There is a limited market for large sites in the Kodiak and Afognak area.

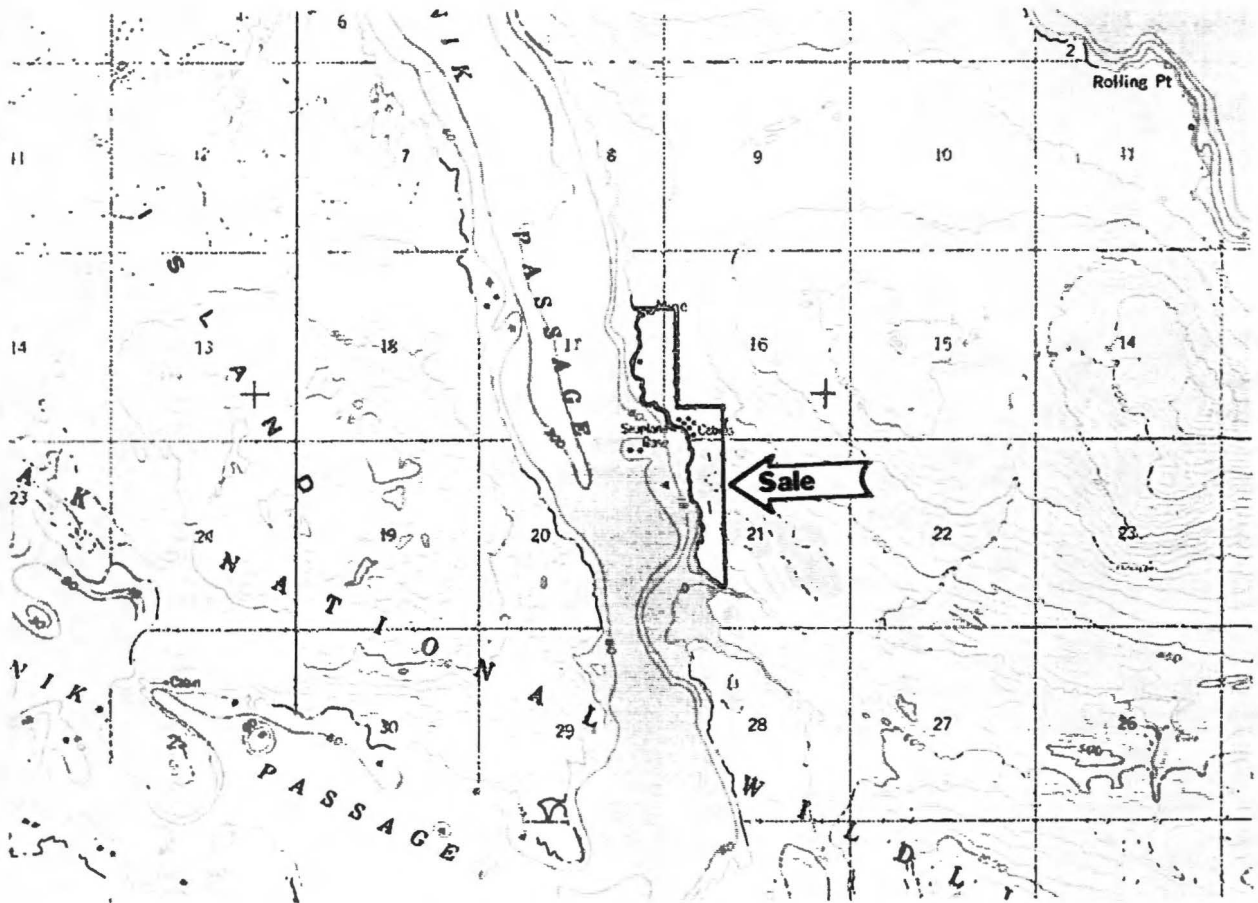
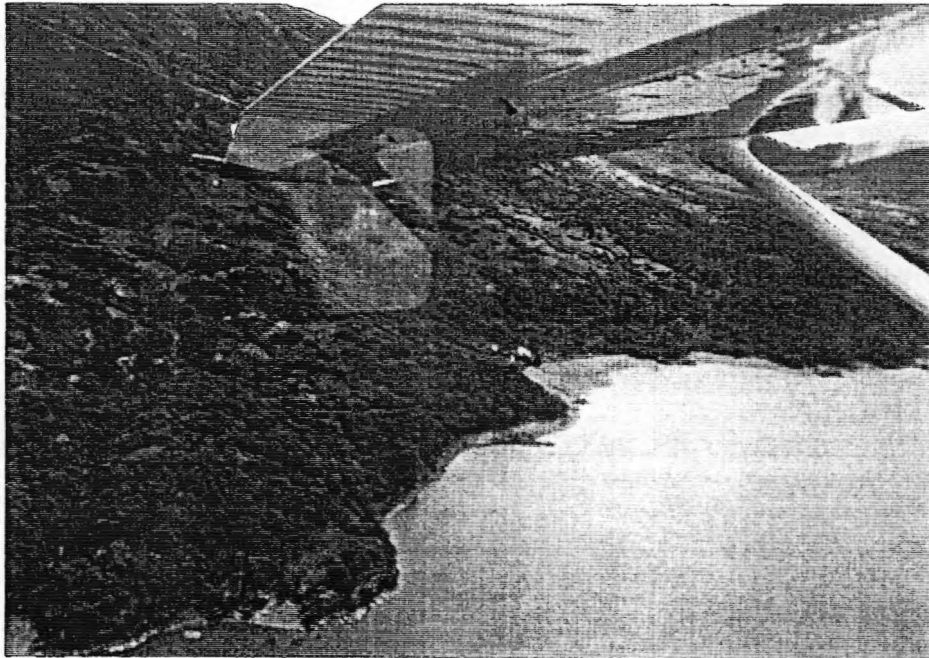
BASIS FOR PURCHASE PRICE: Appraisal.

BUYER/SELLER MOTIVATION: Seller was elderly and son needed a hip replacement. Bob Rice indicated that the buyer is limited by law to pay no more or less than market value.

COMMENTS:

This is the sale of the surface estate of the Helgason homestead, an inholding in the Kodiak National Wildlife Refuge, to U.S. Fish and Wildlife for \$470,000. The subsurface estate is owned by Koniag. Improvements consist of an older one-story, 1,055 square foot, two-bedroom, one-bath home plus outbuildings and personal property valued at \$91,975, rounded. The land was valued at \$378,025 or \$2,500 per acre. The terrain varies from moderate to steeply sloping. Vegetation consists of cottonwoods, scrub alder and grass. There is good deer and bear hunting in the area. Moored boats would be exposed to some northwesterly winds, but most of the area is generally protected. There is almost one mile of beach frontage. The northern half of the site has poor beaches with steep rocky bluffs along the waterfront and lots of boulders. Waterfront elevation varies from sea level to almost 40 feet. The southern portion of the site has much better access off the water and superior beaches. The USF&W Service did not acquire this site for the improvements. The improvements are an additional cost of acquiring the site. They will utilize the improvements as a place to bunk down USF&WS officials closer to the refuge. USF&WS offered \$468,000 when the property was initially listed at \$1.8M. After the price was reduced to \$550,000 USF&WS again approached the seller who agreed to the price after several weeks of contemplation. The federal government pays for all transaction and closing costs, except for real estate commissions when they acquire property. Mr. Rice estimates the transaction costs of this acquisition was roughly \$30,000. The listing agent is quite ill and was not able to be interviewed regarding marketing strategy and market exposure. Based on conversations with the selling agent and buyer, it is reasonable to conclude that the site had adequate market exposure with a term between one and two years.

COMPARABLE NO. 9



COMPARABLE LAND SALE NO. 10

10229

DATE OF SALE: 8-93 SIZE (ACRE): 574.88 PRICE/ACRE: \$1,739 RECORD NO.: 10

STATE: Alaska RECORDING DISTRICT: Kodiak USGS QUAD MAP NO.: Kodiak A-2
REGION: Southcentral SUB-REGION: Kodiak Island
COMMUNITY/NEIGHBORHOOD: Ayakulik River
LOCATION: Ayakulik River, south end of Kodiak Island, Alaska
LEGAL DESCRIPTION: Portions of Sections 27, 28, 33, 34 T34S, R33W, SM

RIGHTS CONVEYED: Fee simple estate including subsurface estate

GRANTOR: Offeree: Ayakulik, Inc.

GRANTEE: Offeror: Conservation Fund

TAX ID: INSTRUMENT: N/A BOOK/PAGE: N/A RECD'G DATE: N/A

SALES PRICE: \$1,000,000 TERMS: Cash offer

CEV/ADJ. PRICE: \$1,000,000 BASIS FOR ADJUSTMENT: None

CONFIRMED Ken Hertz Ayakulik, Inc.
WITH: Bob Putz, Conservation Fund 304 876-2815

BY/ DLP/08-94
DATE: DLP/08-94

PRESENT USE: Fish weir and cabin

INTENDED USE: Preservation/Refuge Addition

IMPROVEMENTS: None

HIGHEST & BEST USE: Multi-use recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Rolling

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Unimproved

SOILS: Unconfirmed

UTILITIES: None

EASEMENTS: Normal

ZONING: Conservation

WATERFRONT: Ayakulik River and ocean frontage Kodiak A-2

VEGETATION: Low land brush and non-merchantable timber

MARKET EXPOSURE: Not marketed, buyer approached seller

SUPPLY & DEMAND CHARACTERISTICS: Although limited, there is some demand for strategic sites like this parcel.

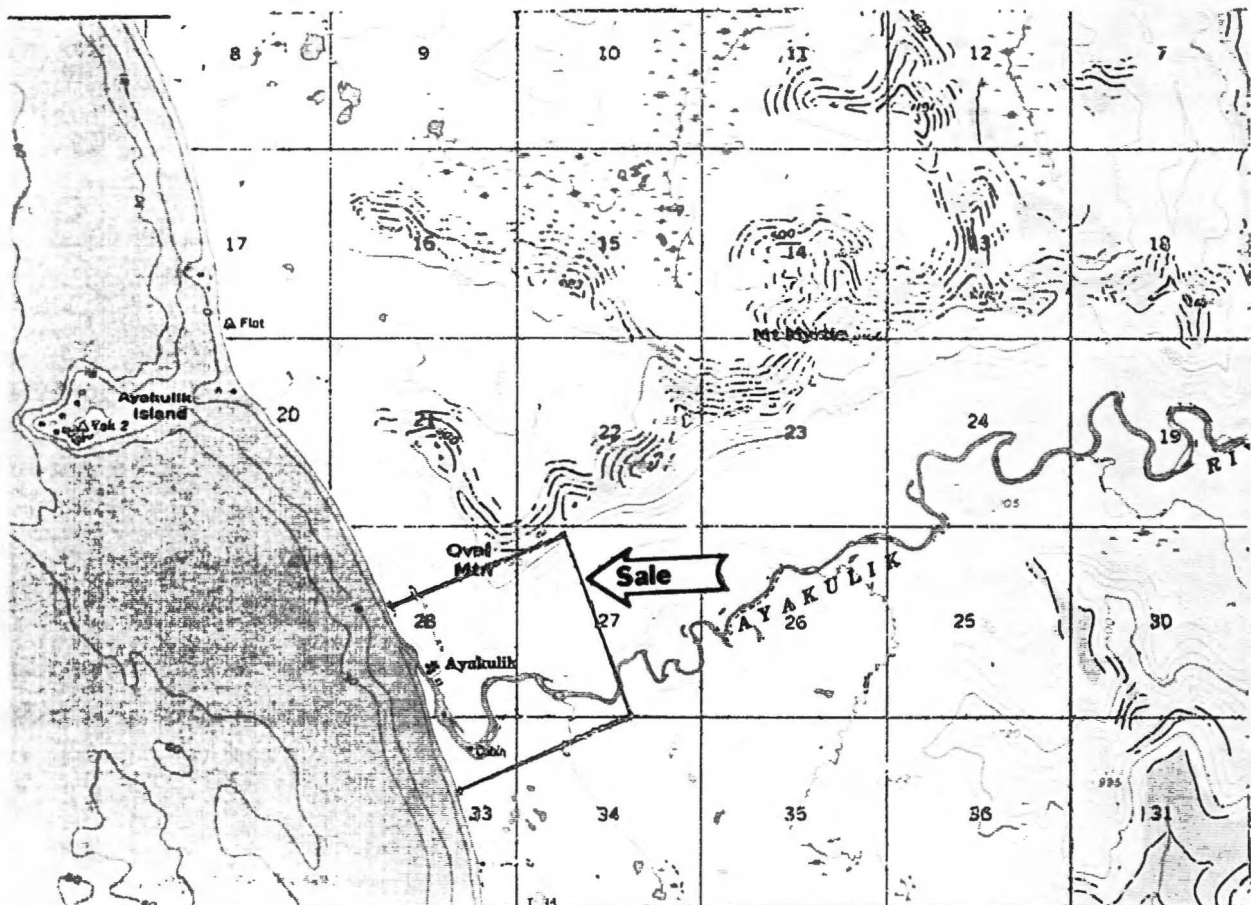
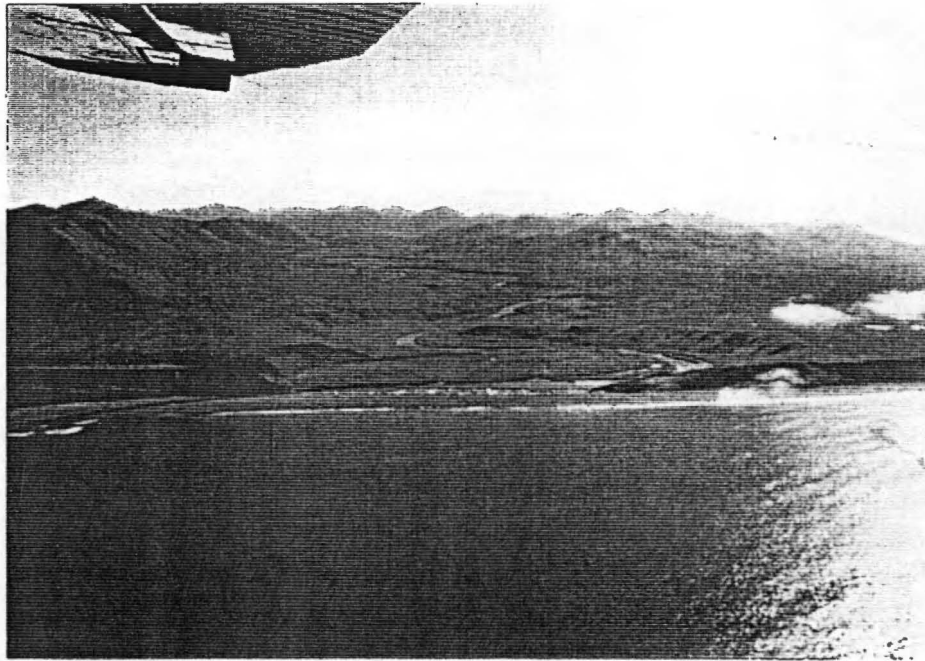
BASIS FOR PURCHASE PRICE: Negotiated. Reportedly Board of Directors approved transaction but one shareholder objected as he thought they should hold out for \$1.5 Million.

BUYER/SELLER MOTIVATION: Buyer desired to limit access to valley located behind this parcel. Land is considered excess to sellers needs.

COMMENTS:

This offer to purchase was turned down by the sellers. This parcel is very desirable as a lodge location, because it is at the mouth of the Ayakulik River, a world class salmon fishing stream. The topography is rolling with the river bisecting the site, and sufficient room for an airstrip. There is a fish and game cabin and weir on the site. Bob Putz indicated that the Conservation Fund desired to effectively block access to the valley located behind this parcel. They also did not want to see the river frontage subdivided into numerous 10 acre tracts with subsequent hunting and guide operations. Mr. Putz indicated that they would not pay more than \$1 Million as they had alternate sites they were trying to preserve. However, the site was appraised for \$1 Million and Mr. Putz indicated they had escrowed the \$1 Million in anticipation of the sale finally consummating. The Conservation Fund will donate the site to the Park Service for inclusion into KNWR. The site is not subject to 22G restrictions.

COMPARABLE NO. 10



COMPARABLE LAND SALE NO. 11

DATE OF SALE: 7-7-92 SIZE (ACRE): 153.67 PRICE/ACRE: \$651 RECORD NO.: 11

STATE: Alaska RECORDING DISTRICT: Haines

USGS QUAD MAP NO.: Skagway A-2, A-3

REGION: Southeastern

SUB-REGION: Haines

COMMUNITY/NEIGHBORHOOD: Glacier Point at Chilkat Inlet

LOCATION: Ten miles south of Haines at Glacier Point, Alaska

LEGAL DESCRIPTION: Lot 3, Section 18, and Lot 3, Section 19, T32S, R60E, CRM, and Lot 5, Section 13, and Lot 7, Section 24, T32S, R59E, CRM, Haines, Alaska

RIGHTS CONVEYED: Fee simple except for oil and gas

GRANTOR: Glacier Point Properties, Ltd., Bernard Poirier

GRANTEE: Robert Durett, et al

TAX ID: B-GLP-00-0300

INSTRUMENT: SWD

BOOK/PAGE: 21/991

RECD'G DATE: 8-10-92

SALES PRICE: \$100,000

TERMS: Cash

CEV/ADJ. PRICE: \$100,000

BASIS FOR ADJUSTMENT: None

CONFIRMED Cory Durett, Grantee
WITH:

BY/ DLP/1-94
DATE:

PRESENT USE: Subd. for recreational

INTENDED USE: Speculation

IMPROVEMENTS: None

HIGHEST & BEST USE: Recreational

LEGAL ACCESS: Yes

TOPOGRAPHY: Level

PHYSICAL ACCESS: Boat, plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: Good, with alluvial sand and gravel

UTILITIES: None

EASEMENTS: Normal

ZONING: None

WATERFRONT: Ocean - 2,600 feet

VEGETATION: Spruce and cottonwoods

MARKET EXPOSURE: Grantee indicates site was listed with Haines realtor, but that they directly negotiated with seller. Unable to confirm sale with grantor.

SUPPLY & DEMAND CHARACTERISTICS: Limited market for large acreage tracts in the Haines area.

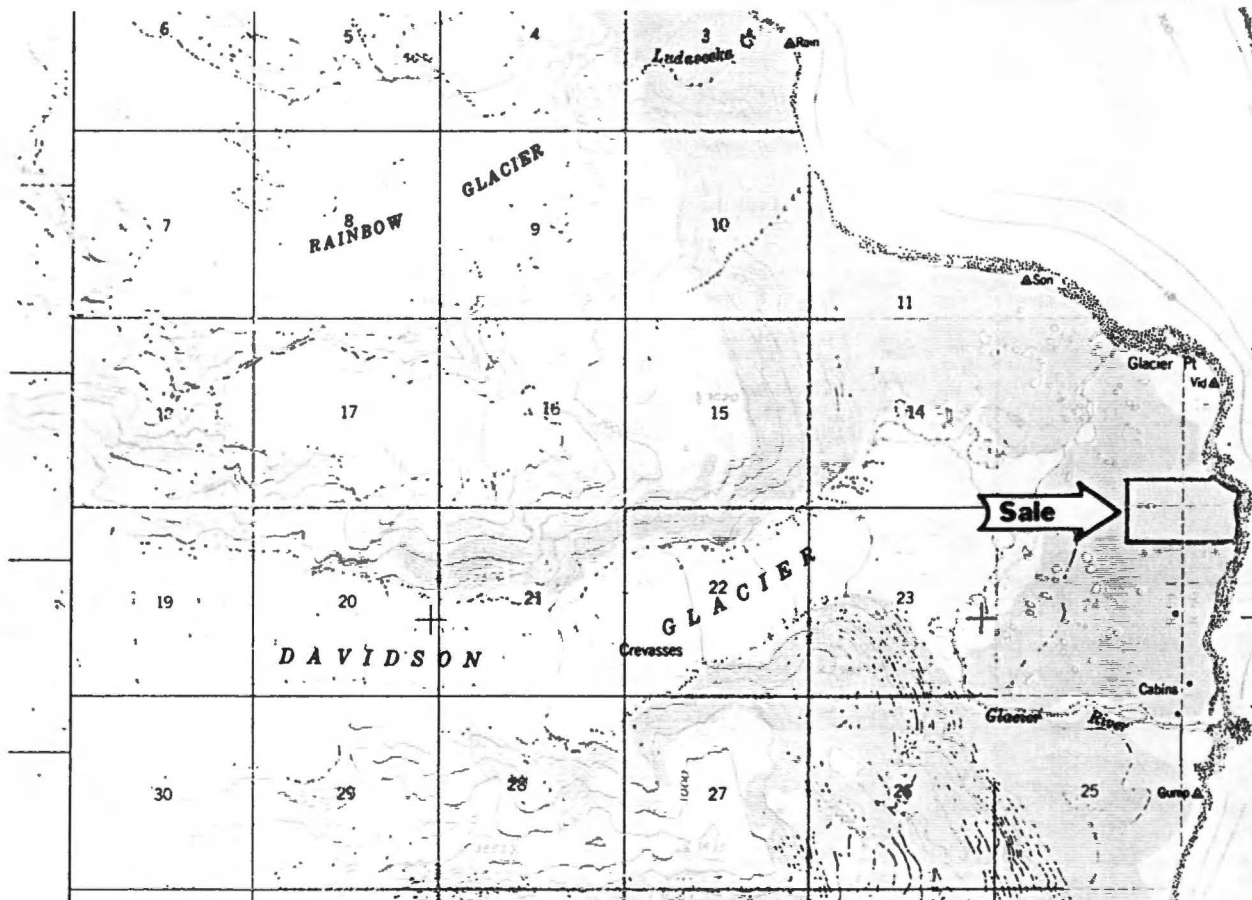
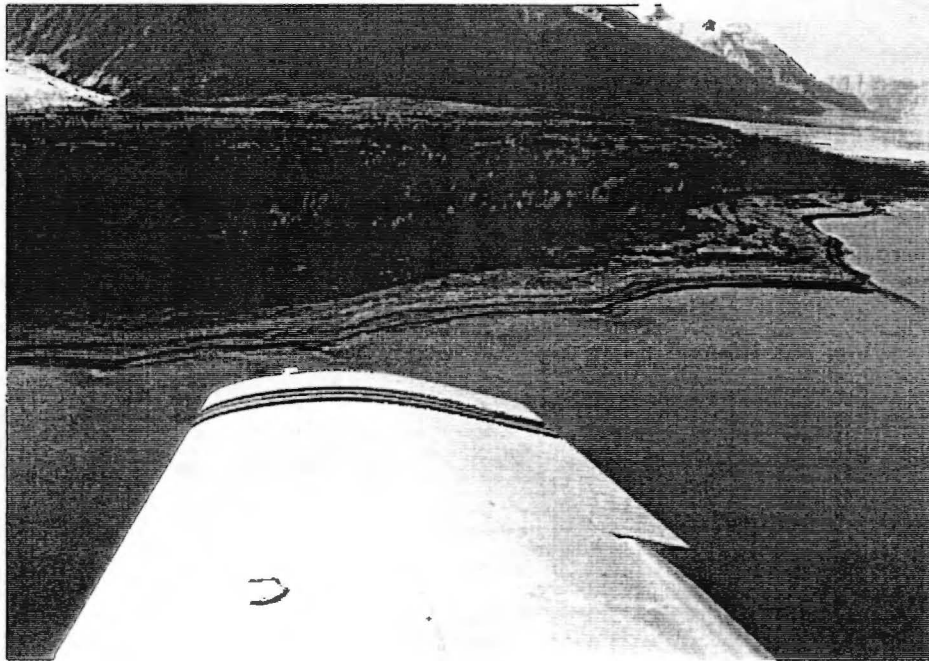
BASIS FOR PURCHASE PRICE: Negotiated. Buyer feels it was fair market value of site.

BUYER/SELLER MOTIVATION: Buyer unsure how they will utilize the site. Buyer reports that the seller was having cash flow problems.

COMMENTS:

Located on the west side of Chilkat Inlet, on the delta immediately below the Davidson Glacier. Site was previously subdivided for recreational cabin sites. There is a small airstrip along the beach. A portion of this airstrip encroaches on the adjoining property. However, according to the grantee there is enough runway on the subject site to accommodate small aircraft. This site had previously sold for \$76,000 or \$495 per acre in July 1989. Terms were undisclosed. Seller foreclosed on the site and sold it to Durett, et al.

COMPARABLE NO. 11



BLACK-SMITH & RICHARDS, INC

COMPARABLE LAND SALE NO. 12

7511

DATE OF SALE: 10-86	SIZE (ACRE): 69.09	PRICE/ACRE: \$1,158	RECORD NO.: 12
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STATE: Alaska	RECORDING DISTRICT: Seldovia	USGS QUAD MAP NO.: Seldovia A-5
REGION: Southcentral	SUB-REGION: Kachemak	
COMMUNITY/NEIGHBORHOOD: Chrome Bay		
LOCATION: Chrome Point, Port Chatham, Lower Kachemak Bay, Alaska		

LEGAL DESCRIPTION: USMS 1422, 2154-A, 2165-A in Section 21, T11S, R15W, SM

RIGHTS CONVEYED: Fee simple, both surface and subsurface			
GRANTOR: UMETCO Minerals Corporation (Union Carbide)			
GRANTEE: Kenton Bloom, David S. Seaman, et al			
TAX ID: 191-060-03	INSTRUMENT: Deed	BOOK/PAGE: 28/912	RECD'G DATE: 10-86

SALES PRICE: \$80,000	TERMS: Cash
CEV/ADJ. PRICE: \$80,000	BASIS FOR ADJUSTMENT: None

CONFIRMED WITH: Kenton Bloom, Grantee, 235-4247	BY/ DATE: DLP/1-94
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PRESENT USE: Defunct chrome mine	INTENDED USE: Recreational subdivision
IMPROVEMENTS: No value	HIGHEST & BEST USE: Recreation or commercial recreation
LEGAL ACCESS: Yes	TOPOGRAPHY: Varies, moderate to steep
PHYSICAL ACCESS: Boat, Sea plane	SITE SHAPE: Irregular
ROAD IMPROVEMENTS: None	SOILS: Good
UTILITIES: None	EASEMENTS: Normal
ZONING: Unzoned	WATERFRONT: Ocean
VEGETATION: Wooded, mod. density spruce	

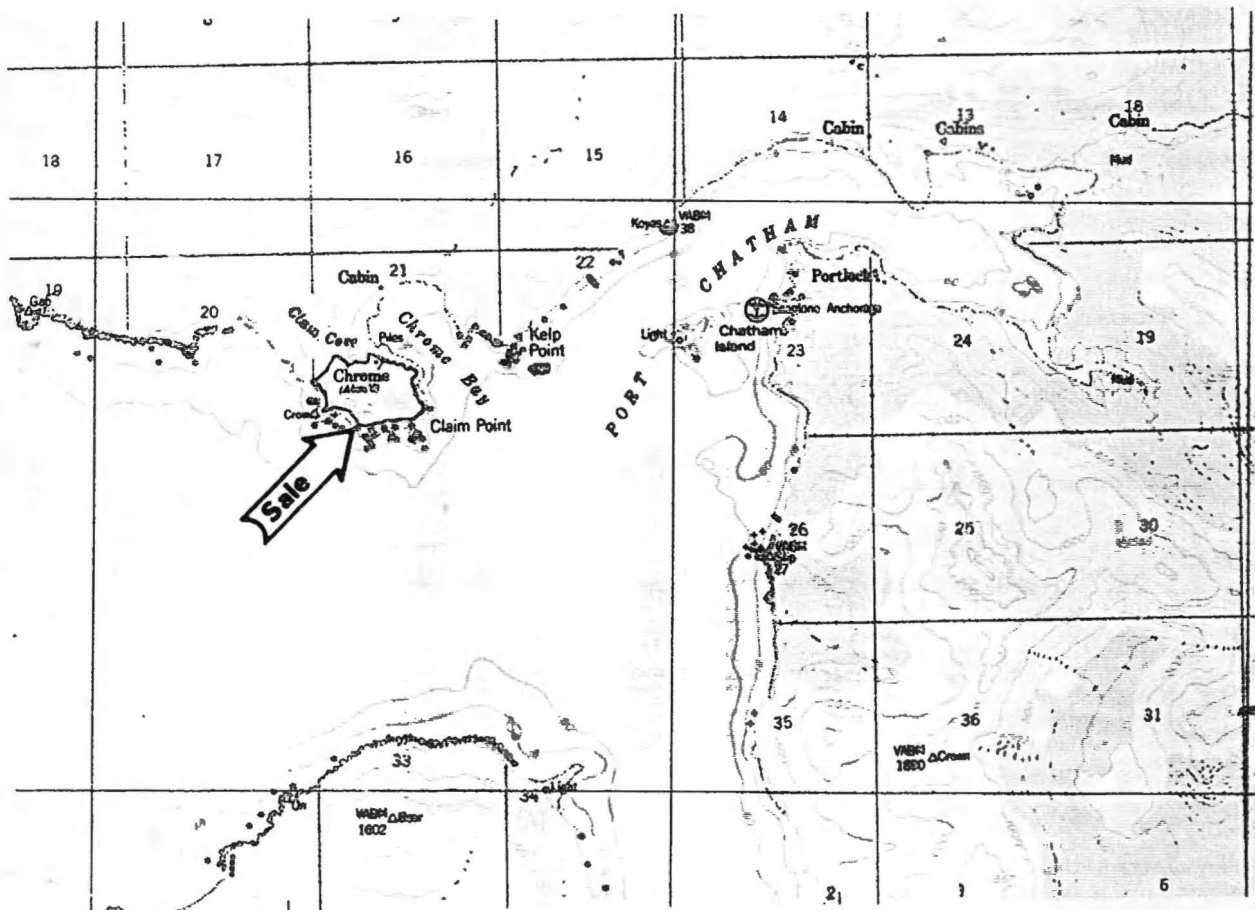
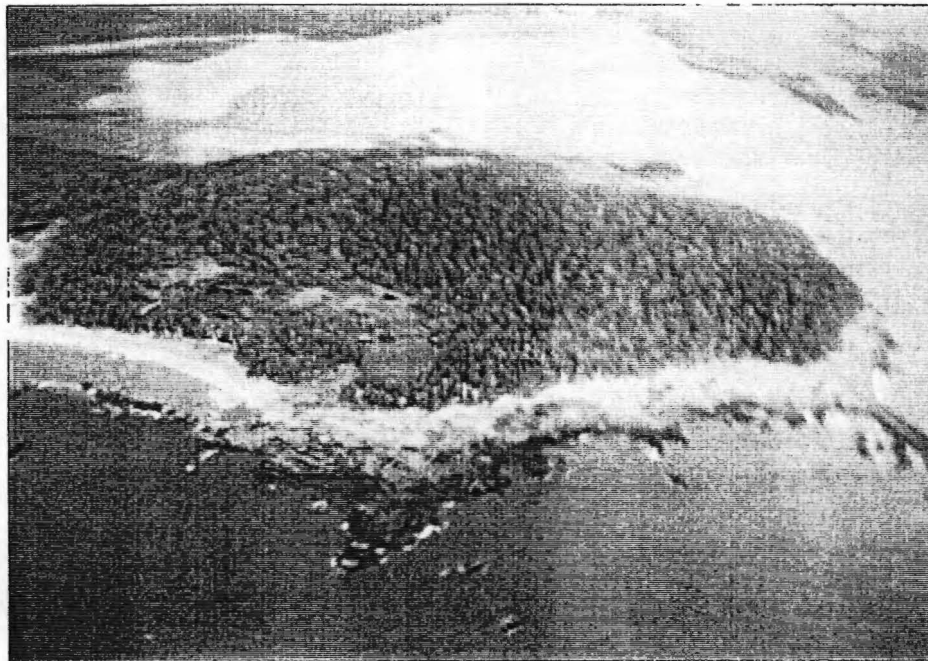
MARKET EXPOSURE: Listed for six months with an Anchorage broker.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers for properties of this size.

BASIS FOR PURCHASE PRICE: Seller firm, sold for asking price.

BUYER/SELLER MOTIVATION: Seller restructuring assets. Buyer subdivided into recreational subdivision. Buyer felt price was below market.

COMMENTS:
 The buyer subdivided the site and has sold eight lots since 1987. Two of the original sites are listed for resale. Buyer acquired both surface and subsurface in order to ensure the site would never be mined again. Buyer did not allocate a specific value to the subsurface estate. He did however indicate that he would not have acquired the site unless he received both the surface and subsurface estates. Buyer felt seller was divesting a site that was economically unfeasible to develop. There is approximately 3,657 feet of frontage in Port Chatham Bay. Frontage elevation varies from 0 to 250 feet. Access to this site is somewhat difficult because the route is unprotected from the severe Gulf of Alaska winter storms.

COMPARABLE NO. 12

BLACK-SMITH & RICHARDS, INC.

10084
COMPARABLE LAND SALE NO. 13

DATE OF SALE: 08-13-90 **SIZE (ACRE):** 74.96 **PRICE/ACRE:** \$1,135 **RECORD NO.:** 13

STATE: Alaska **RECORDING DISTRICT:** Homer **USGS QUAD MAP NO.:** Iliamna D-1
REGION: Southcentral **SUB-REGION:** West Cook Inlet
COMMUNITY/NEIGHBORHOOD: Chinitna Bay
LOCATION: South shore of Chinitna Bay, west side of Cook Inlet, Alaska

LEGAL DESCRIPTION: Lot 7, USS 8355 within Section 15, Township 4 South, Range 22 West, Seward Meridian

RIGHTS CONVEYED: Fee simple surface estate

GRANTOR: Raymond J. Juliussen

GRANTEE: Les D. Vandevere

TAX ID: 231-110-15 **INSTRUMENT:** WD **BOOK/PAGE:** 18/960 **RECD'G DATE:** 08-01-90

SALES PRICE: \$85,101

TERMS: Cash

SEV/ADJ. PRICE: \$85,101

BASIS FOR ADJUSTMENT: None

CONFIRMED WITH: Gary Fandel, KPB Assessor
Gary Fandel, KPB Assessor
Rose Brady and Pearl Chanar, BIA Realty

BY/ TRD/10-90 & 04-91
DATE: DLP/01-94
DLP/01-94

PRESENT USE: Vacant

INTENDED USE: Commercial recreation (future lodge)

IMPROVEMENTS: None

HIGHEST & BEST USE: Rural Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Sloping

PHYSICAL ACCESS: Boat or float/wheel plane

SITE SHAPE: Trapezoidal

ROAD IMPROVEMENTS: Unimproved

SOILS: Good

UTILITIES: None

EASEMENTS: None

ZONING: Unzoned

WATERFRONT: Ocean

VEGETATION: Wooded

MARKET EXPOSURE: Advertised four to six weeks.

SUPPLY & DEMAND CHARACTERISTICS: Market has several buyers and sellers at any given time.

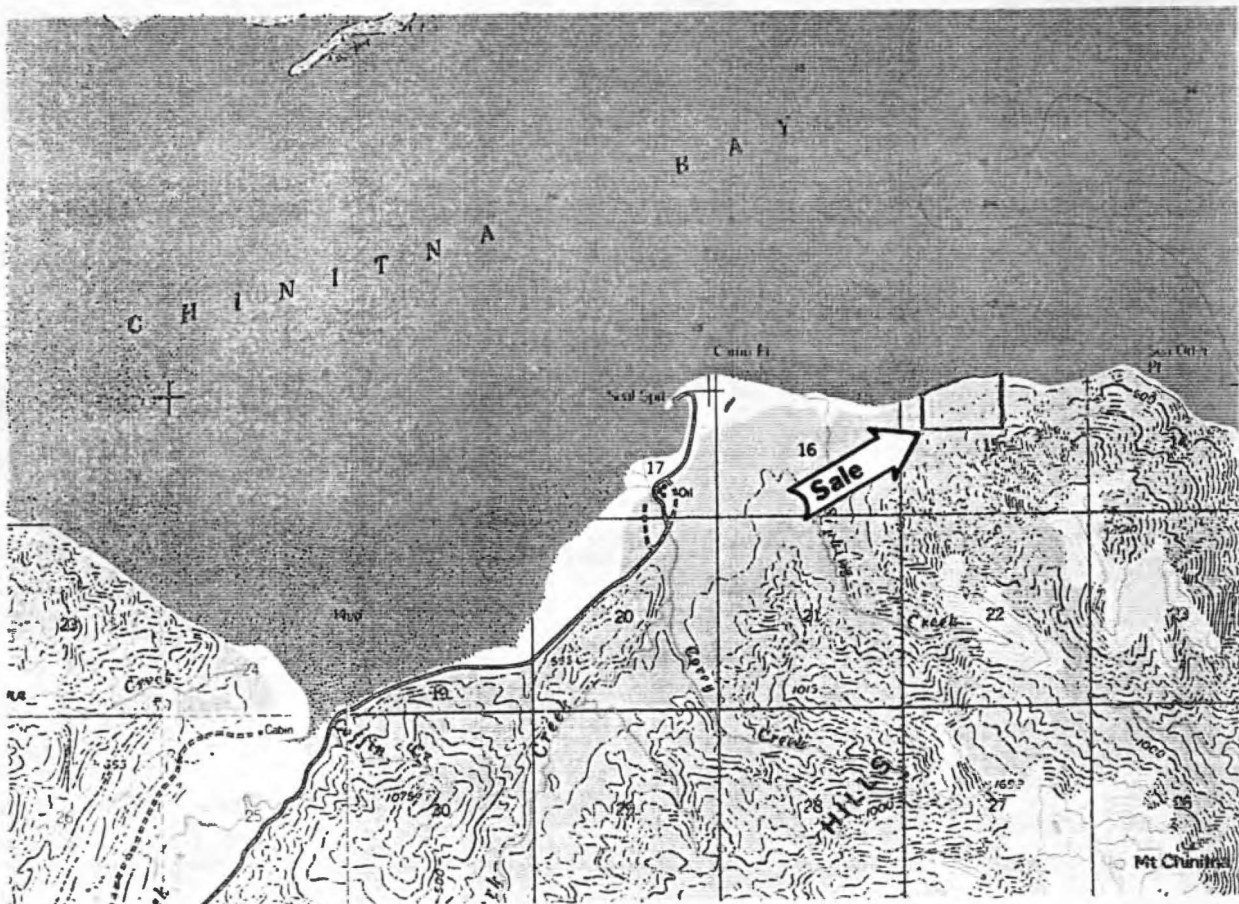
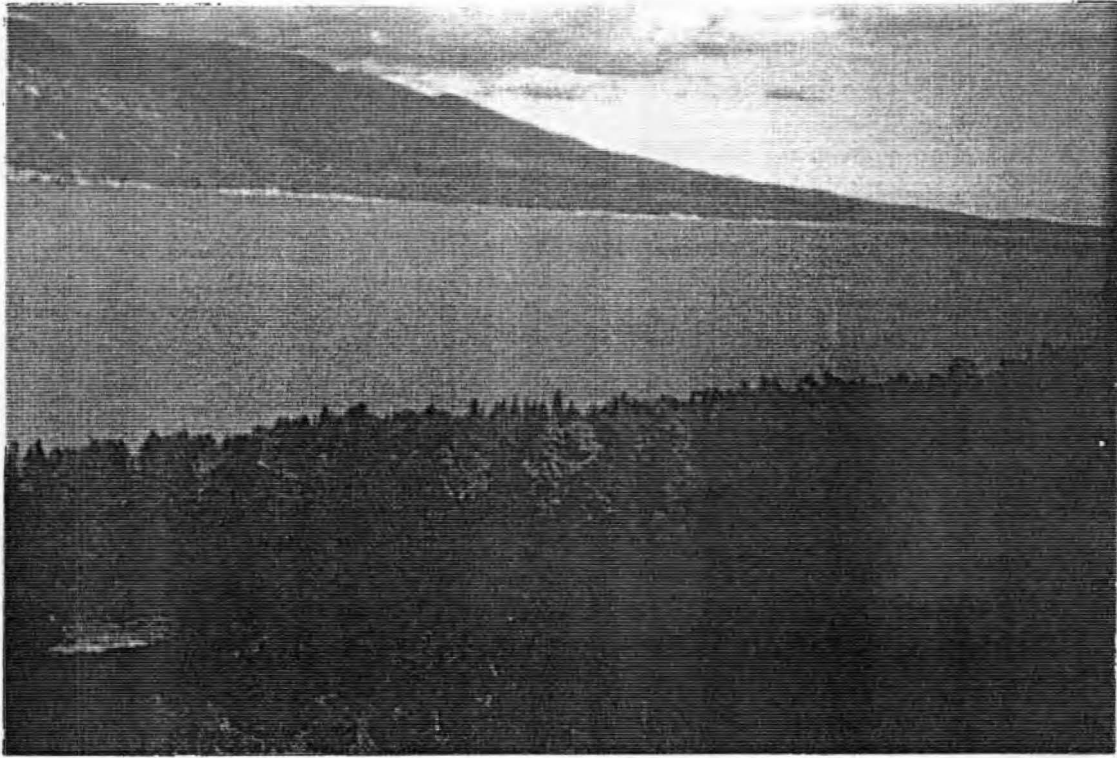
BASIS FOR PURCHASE PRICE: Fair market value as established by BIA appraisal.

BUYER/SELLER MOTIVATION: It is believed seller lived out of area and land was surplus to his needs. Buyer indicated intent to develop lodge on the site.

COMMENTS:

This wooded site slopes gently towards Chinitna Bay. It is about 50 miles west of Homer and has extensive frontage in relation to depth. Beach is gravel type. Access is by boat or plane. Property was native allotment. Unable to confirm with grantor and grantee. This site may have several potential uses given its water frontage and back land. A portion of this site is suitable for a lodge. However, most of the development in the area is remote single-family. Almost three and one-half years later no lodge has been developed on the site.

COMPARABLE NO. 13



BLACK-SMITH & RICHARDS, INC.

1551
COMPARABLE LAND SALE NO. 14

DATE OF SALE: 6-14-91 **SIZE (ACRE):** 80 **PRICE/ACRE:** \$875 **RECORD NO.:** 14

STATE: Alaska **RECORDING DISTRICT:** Iliamna **USGS QUAD MAP NO.:** Iliamna D-5
REGION: Western Alaska **SUB-REGION:** Lake Iliamna

COMMUNITY/NEIGHBORHOOD: Eagle Bay

LOCATION: Eagle Bay, northern shore of Lake Iliamna, Alaska

LEGAL DESCRIPTION: Lot 1, U.S. Survey No. 7127, Section 2 and 11, T5S, R32W, Seward Meridian

RIGHTS CONVEYED: Fee simple estate except for oil and gas.

GRANTOR: Alexan S. Paisely

GRANTEE: Joe Hess

AX ID: Not taxed

INSTRUMENT: WD

BOOK/PAGE: 18/809

RECD'G DATE: 7-23-91

SALES PRICE: \$70,000

TERMS: Cash

EV/ADJ. PRICE: \$70,000

BASIS FOR ADJUSTMENT: None

CONFIRMED John Cress, BIA

WITH: Kim Paisley, JKP Realty, Listing Agent

Bernie Vockner, OMB Remote Properties, Selling Agent

BY/ KRH/12-91

DATE: DLP/01-94

DLP/01-94

PRESENT USE: Vacant

INTENDED USE: Recreational Subdivision

IMPROVEMENTS: None

HIGHEST & BEST USE: Recreational

EQUAL ACCESS: Yes

TOPOGRAPHY: Flat to rolling

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Unimproved

SOILS: Poor to fair

UTILITIES: None

EASEMENTS: Normal

ZONING: None

WATERFRONT: Lake

VEGETATION: Mostly tundra, some willow and scrub brush.

MARKET EXPOSURE: Listed for sale for over nine months.

APPLY & DEMAND CHARACTERISTICS: Close to Iliamna, many recreational uses, fairly active market with intermittent demand and competing sites.

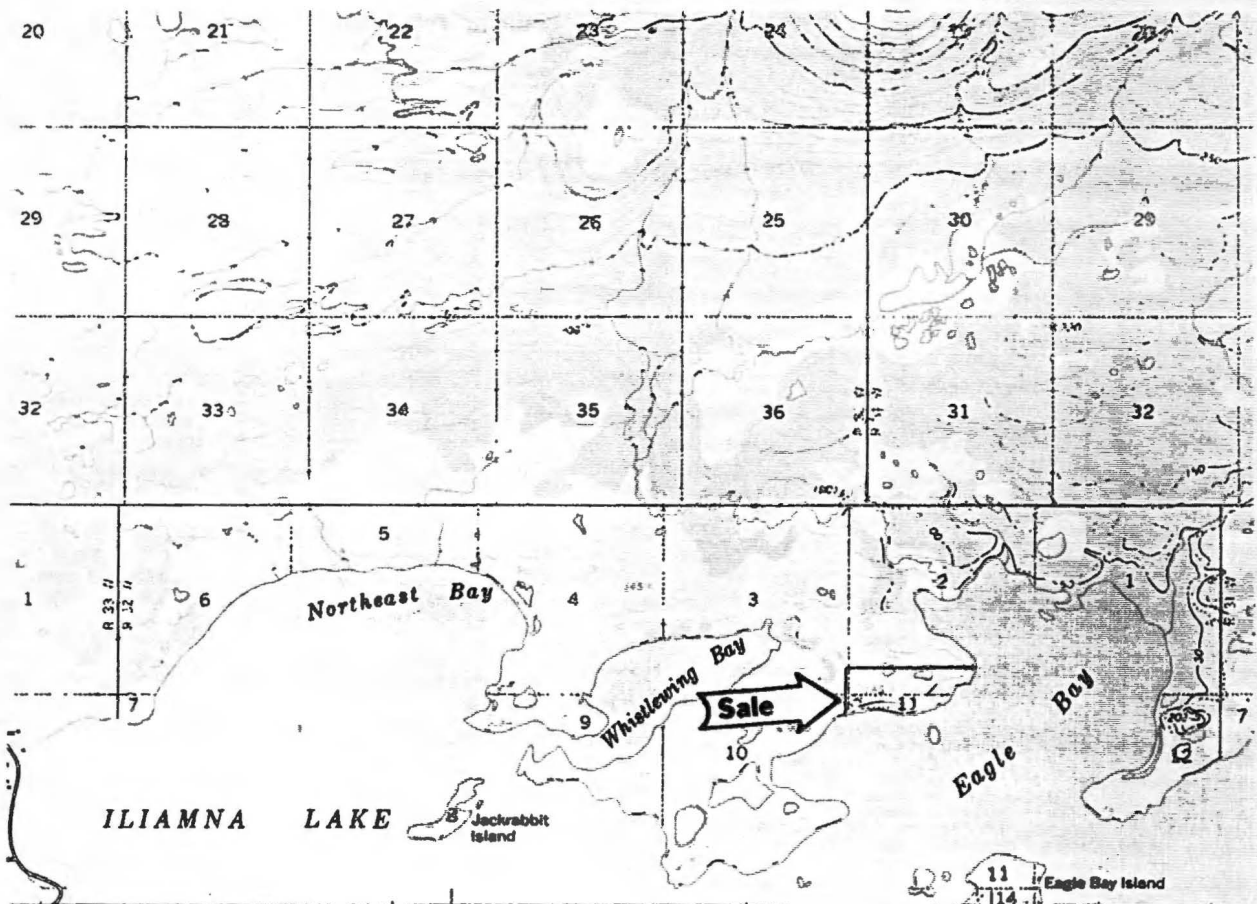
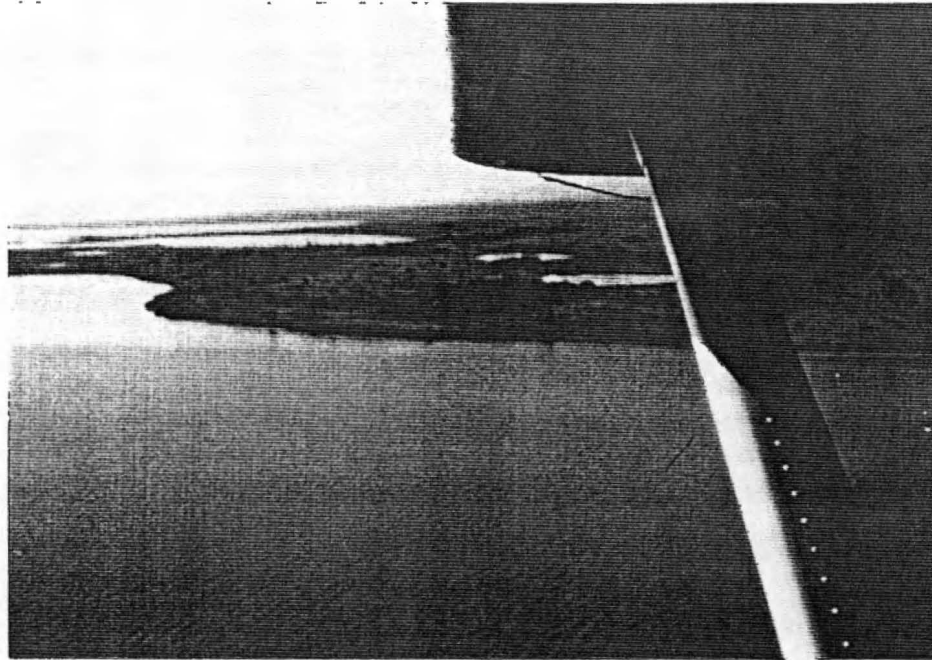
BASIS FOR PURCHASE PRICE: Negotiated, considered arms-length.

BUYER/SELLER MOTIVATION: Seller owned several parcels. Buyer intended to subdivide and sell recreational lots.

COMMENTS:

The seller immediately subdivided the site and listed it with Bernie Vockner. Mr. Vockner indicated that there has been no sales after more than one year on the market. Mr. Vockner had heard rumors that the owner may have sold two or three of the sites himself. The site was part of a native allotment.

COMPARABLE NO. 14



COMPARABLE LAND SALE NO. 15

DATE OF SALE: 2-22-94 SIZE (ACRE): 159.97 PRICE/ACRE: \$656 RECORD NO.: 15

STATE: Alaska RECORDING DISTRICT: Iliamna USGS QUAD MAP NO.: Lake Clark B-4
REGION: Western Alaska SUB-REGION: Lake Clark
COMMUNITY/NEIGHBORHOOD: Lake Clark
LOCATION: North side of Lake Clark near Kijik Lake, Alaska
LEGAL DESCRIPTION: U.S. Survey No. 7952, Lot 2

RIGHTS CONVEYED: Fee simple surface estate only.

GRANTOR: Phillip Balluta

GRANTEE: Tawnja Powers

TAX ID: INSTRUMENT: MOA BOOK/PAGE: 21/836 RECD'G DATE: 5-23-94

SALES PRICE: \$105,000 TERMS: \$55,000 down, 8% interest and five year term.

CEV/ADJ. PRICE: \$105,000 BASIS FOR ADJUSTMENT: None - large down with short term.

CONFIRMED WITH: Recorded Documents
Bernie Vockner, Listing Agent

BY/ DATE: DLP/8-94
DLP/8-94

PRESENT USE: Vacant INTENDED USE: Private recreation

IMPROVEMENTS: None HIGHEST & BEST USE: Recreational

LEGAL ACCESS: Yes TOPOGRAPHY: Rolling

PHYSICAL ACCESS: Boat or float plane SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Unimproved SOILS: Unconfirmed

UTILITIES: None EASEMENTS: Normal

ZONING: None WATERFRONT: One-half mile Lake Clark frontage

VEGETATION: Unconfirmed

MARKET EXPOSURE: Very short marketing time of 38 days.

SUPPLY & DEMAND CHARACTERISTICS: Many recreational uses, fairly active market with intermittent demand and competing sites.

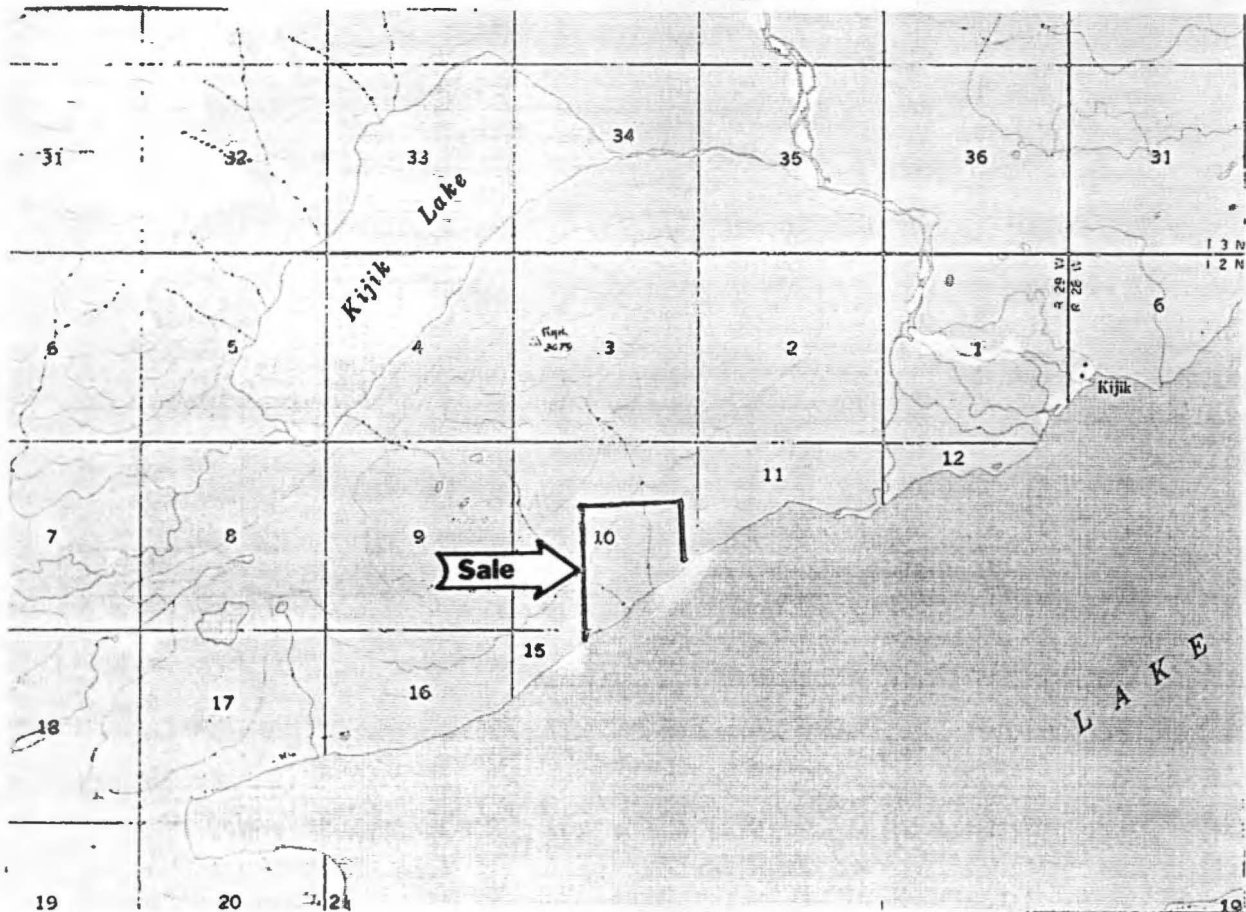
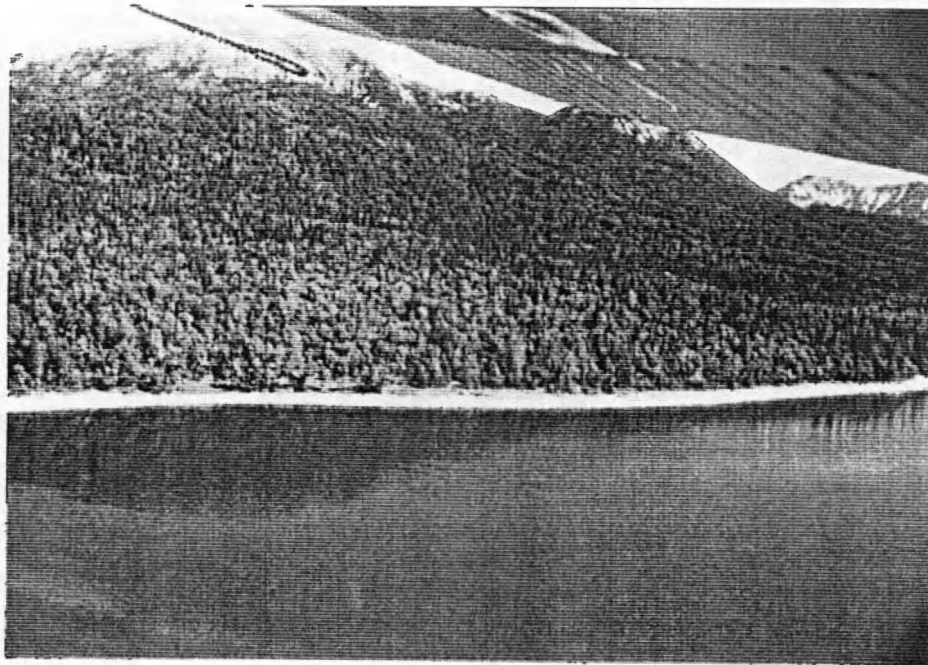
BASIS FOR PURCHASE PRICE: Negotiated

BUYER/SELLER MOTIVATION: Seller was living in tar paper shack in South Naknek. Buyer plans to construct a summer home.

COMMENTS:

Purchase price and financing terms were confirmed from the recorded sales agreement documents. Unable to locate either buyer or seller. Other details of sale were confirmed by Bernie Vockner, Listing Agent in a letter he wrote to Steve Carlson.

COMPARABLE NO. 15



10/98
COMPARABLE LAND SALE NO. 16

DATE OF SALE: 7-15-93 **SIZE (ACRE):** 79.95 **PRICE/ACRE:** \$1,126 **RECORD NO.:** 16

STATE: Alaska **RECORDING DISTRICT:** Bristol Bay **USGS QUAD MAP NO.:** Dillingham A-5
REGION: Southcentral **SUB-REGION:** Bristol Bay
COMMUNITY/NEIGHBORHOOD: Aleknagik
LOCATION: North bank of Lake Aleknagik, six miles west of the community of Aleknagik.
LEGAL DESCRIPTION: U.S. Survey No. 9288, Lot 1

RIGHTS CONVEYED: Fee simple surface estate only.

GRANTOR: Elsie Chythlook

GRANTEE: Mark A. Vingoe et al

TAX ID: **INSTRUMENT:** WD **BOOK/PAGE:** 40/884 **RECD'G DATE:** 9-03-93

SALES PRICE: \$90,000 **TERMS:** Cash

CEV/ADJ. PRICE: \$90,000 **BASIS FOR ADJUSTMENT:** None

CONFIRMED WITH: J. Richard Larson, BIA Files
Vicky Kirby and Allan Backford, BBNA Realty
Carol Boquard, Grantee

BY/ DLP/8-94
DATE: DLP/8-94
DLP/8-94

PRESENT USE: Vacant

INTENDED USE: Personal recreation and possible subdivision

IMPROVEMENTS: None

HIGHEST & BEST USE: Recreation/Rural Residential

LEGAL ACCESS: Yes

TOPOGRAPHY: Undulating

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Unimproved

SOILS: Predominately good with 10-15% wet

UTILITIES: None

EASEMENTS: Normal

ZONING: None

WATERFRONT: Estimated to have three miles of lake frontage

VEGETATION: Dense spruce and birch

MARKET EXPOSURE: Advertised four weeks prior to BIA auction where no bids were received, Site was then advertised locally until sale one year later.

SUPPLY & DEMAND CHARACTERISTICS: Many recreational uses, limited market activity with intermittent demand and competing sites.

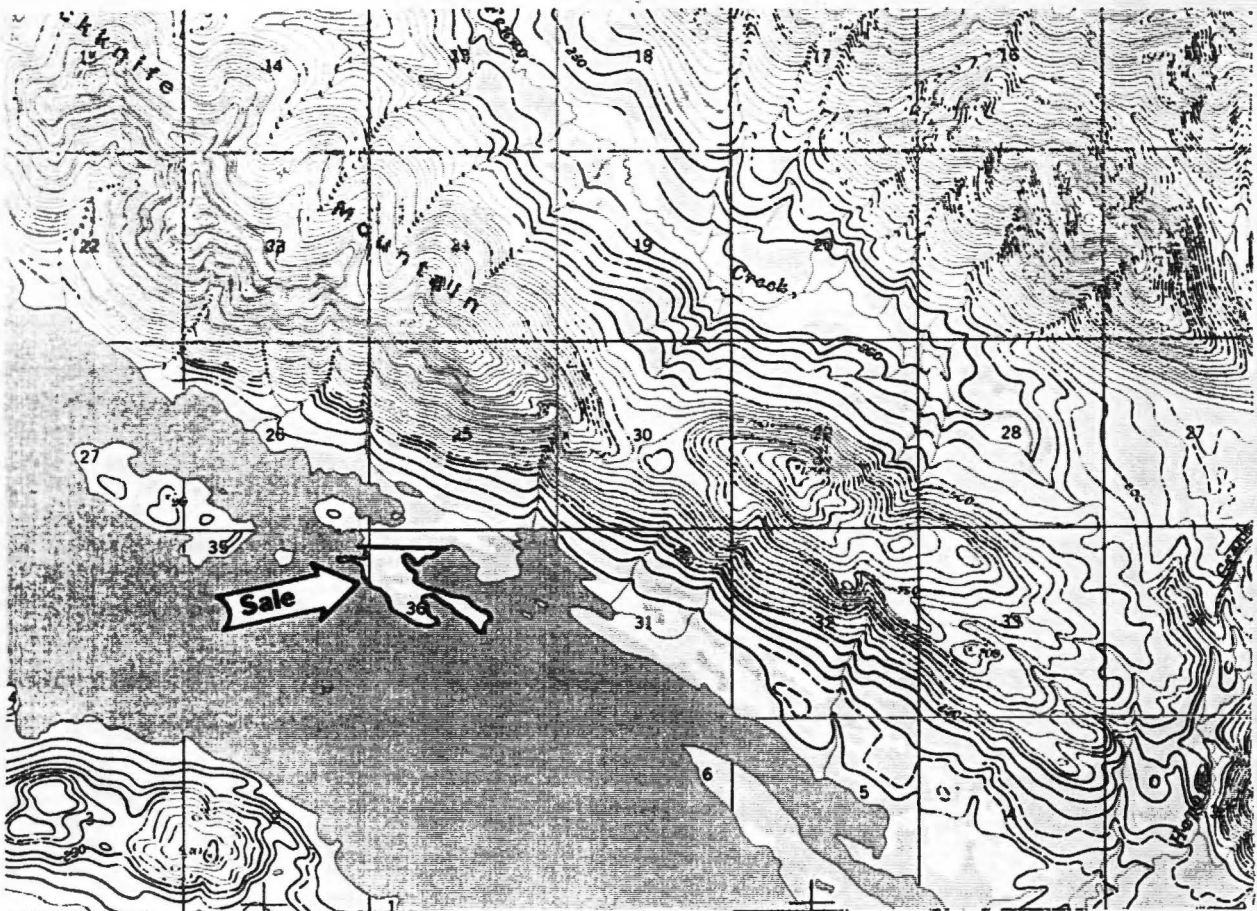
BASIS FOR PURCHASE PRICE: Native allotments cannot by law sell below appraised value.

BUYER/SELLER MOTIVATION: Seller desired to finance sons education. Buyers constructing a personal cabin and are considering subdividing the site to sell recreational lots.

COMMENTS:

This parcel has excellent subdivision potential because of the numerous fingers provided by the jogging shoreline. Amenities include good views, hunting and fishing characteristics. There is a youth camp approximately one mile away that limits it's desirability as a lodge site. Grantee indicates that there are numerous bears on the parcel that keep tearing up the grantees campsites.

COMPARABLE NO. 16



COMPARABLE LAND SALE NO. 17

DATE OF SALE: 6-86 SIZE (ACRE): 78.42 PRICE/ACRE: \$1,090 RECORD NO.: 17

STATE: Alaska RECORDING DISTRICT: Kodiak

USGS QUAD MAP NO.: Kodiak C-5

REGION: Southcentral

SUB-REGION: Kodiak Island

COMMUNITY/NEIGHBORHOOD: Uganik Bay

LOCATION: Uganik Bay, north end of Kodiak Island

LEGAL DESCRIPTION: USS 3879, Portions A & D

RIGHTS CONVEYED: Fee simple estate including subsurface.

GRANTOR: D. Reed (486-3709)

GRANTEE: Herman Fox, et al

TAX ID: INSTRUMENT: QCD BOOK/PAGE: 81/518 RECD'G DATE: 8-86

SALES PRICE: \$90,500 TERMS: 50% down balance was owner financed.

DEV/ADJ. PRICE: \$85,500 BASIS FOR ADJUSTMENT: Adjusted down \$5,000 for contributory value of old buildings on the site.

CONFIRMED WITH: Grantor and Grantee, KIB Questionnaire
Pat Carlson, KIB Assessor who confirmed for court testimony.BY: WH/11-86
DATE: DLP/8-94

PRESENT USE: One-half of Reed Homestead

INTENDED USE: Residential/Fish Site

IMPROVEMENTS: Old buildings \$5,000 value

HIGHEST & BEST USE: Rural Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: poor

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: Unconfirmed

UTILITIES: None

EASEMENTS: Typical

ZONING: Conservation

WATERFRONT: Uganik Bay water frontage, small creek

VEGETATION: Cottonwood and brush

MARKET EXPOSURE: No market exposure. One friend sold to another.

SUPPLY & DEMAND CHARACTERISTICS: There is limited demand for sites similar to this parcel.

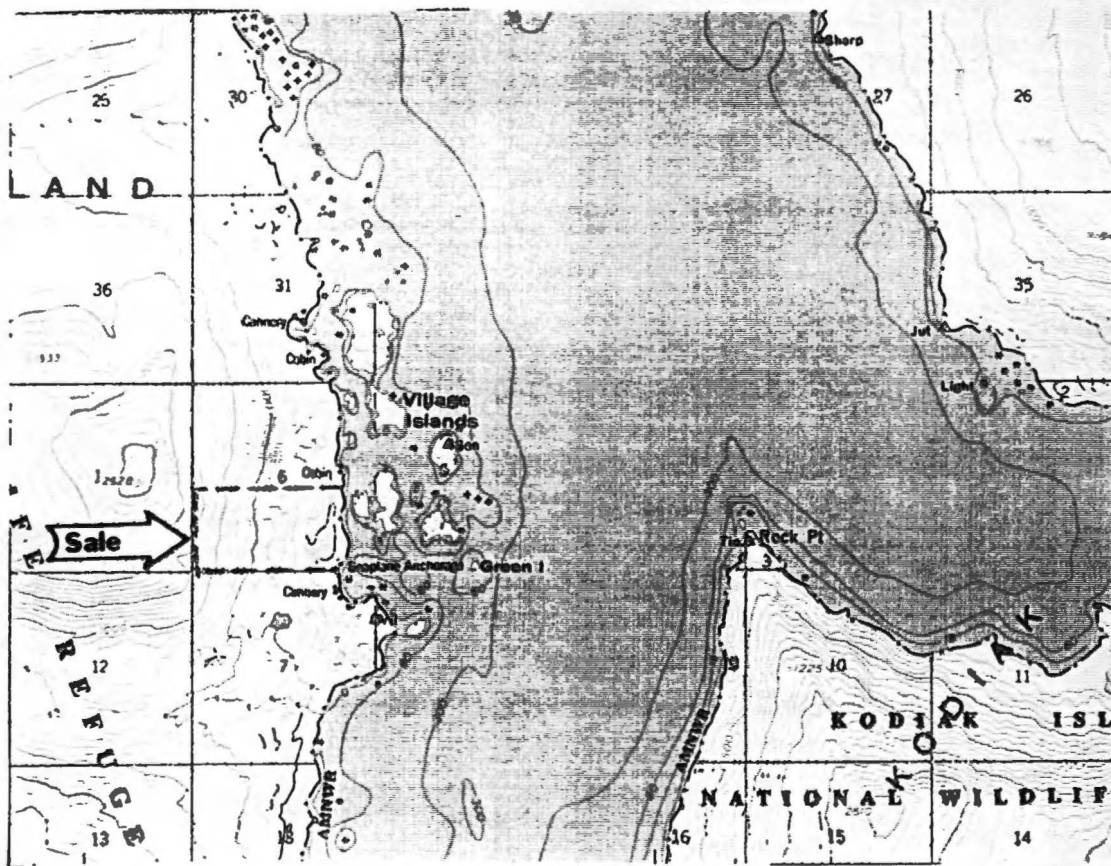
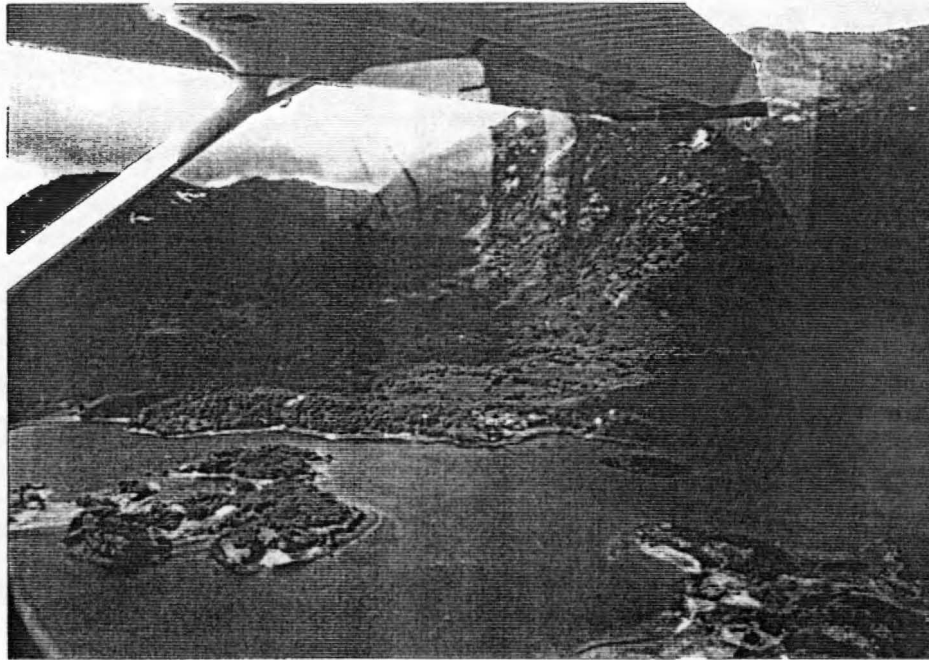
BASIS FOR PURCHASE PRICE: Negotiated

BUYER/SELLER MOTIVATION: Unable to confirm buyer or seller motivations.

COMMENTS:

This is half of the Reed homestead, the topography is poor and the anchorage is good. The sale included numerous old buildings valued at \$5,000. There is a non-anadromous creek on the property. Vegetation is cottonwood and brush.

COMPARABLE NO. 17



COMPARABLE LAND SALE NO. 18

10053

DATE OF SALE: 11-06-89 **SIZE (ACRE):** 273.63 **PRICE/ACRE:** \$3,889 **RECORD NO.:** 18

STATE: Alaska **RECORDING DISTRICT:** Kodiak **USGS QUAD MAP NO.:** Afognak A-4
REGION: Southcentral **SUB-REGION:** Kodiak Island

COMMUNITY/NEIGHBORHOOD: Afognak Island
LOCATION: Southwest side of Afognak Island facing Raspberry Straits, Alaska

LEGAL DESCRIPTION: Tracts A & B, Sheet No. 2 of 2, Plat 89-8-RS, Sections 17 and 20, Township 25 South, Range 22 West, Seward Meridian, Kodiak Rec. Dist.

RIGHTS CONVEYED: Fee simple surface only

GRANTOR: Enola Mullan and Mike Mullan

GRANTEE: Aleneva Joint Ventures

TAX ID: R5425220002/3 **INSTRUMENT:** MOA **BOOK/PAGE:** 977/66 **RECD'G DATE:** 11-06-89

SALES PRICE: \$1,194,375 **TERMS:** \$200,000 down, 7% interest, \$198,450 per year till paid in full.

CEV/ADJ. PRICE: \$1,064,269 **BASIS FOR ADJUSTMENT:** The note is discounted at 10% which indicates a CEV of \$1,098,269 less \$34,000 for the cabin.

CONFIRMED WITH: Dick Larson, Bureau of Indian Affairs
 Sharlene Sullivan, Selling Agent, Associated Island Brokers, Inc. **BY/ DATE:** DLP/1-94

PRESENT USE: Vacant	INTENDED USE: Religious community
IMPROVEMENTS: Cabin, \$34,000 value	HIGHEST & BEST USE: Rural Residential/Recreation
LEGAL ACCESS: Yes	TOPOGRAPHY: Gently rolling
PHYSICAL ACCESS: Boat, float plane	SITE SHAPE: Irregular
ROAD IMPROVEMENTS: None	SOILS: Good
UTILITIES: None	EASEMENTS: Normal
ZONING: Conservation/5 acre	WATERFRONT: Ocean
VEGETATION: Densely wooded forest	

MARKET EXPOSURE: Not advertised, buyer approached seller who asked Ms. Sullivan to assist in the sale. The transaction took over two years to finalize.

SUPPLY & DEMAND CHARACTERISTICS: Ms. Sullivan does not believe there is any other parcel that would have satisfied the purchaser. See comments.

BASIS FOR PURCHASE PRICE: Negotiation. Price was negotiated prior to any appraisal. Ms. Sullivan indicated both parties believed this was market value.

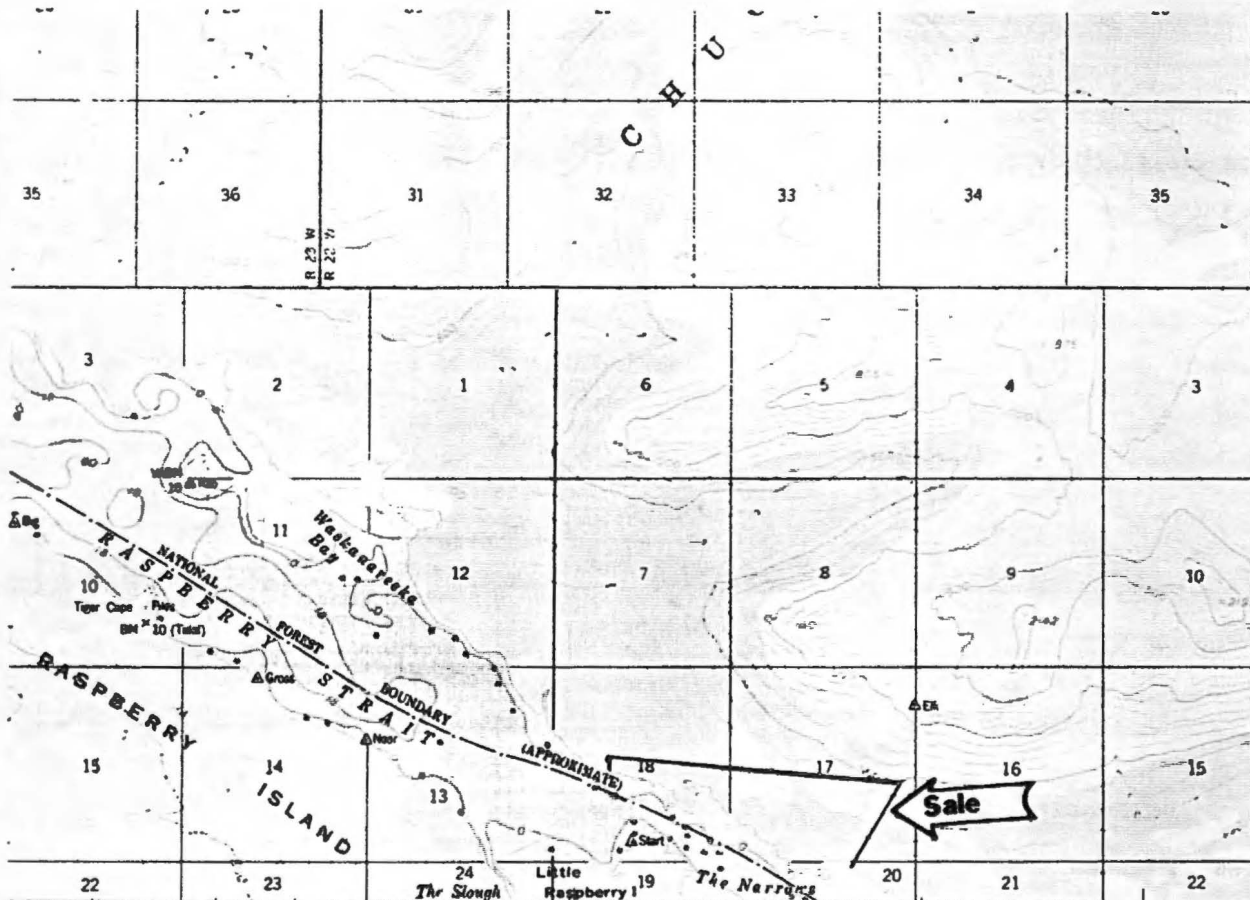
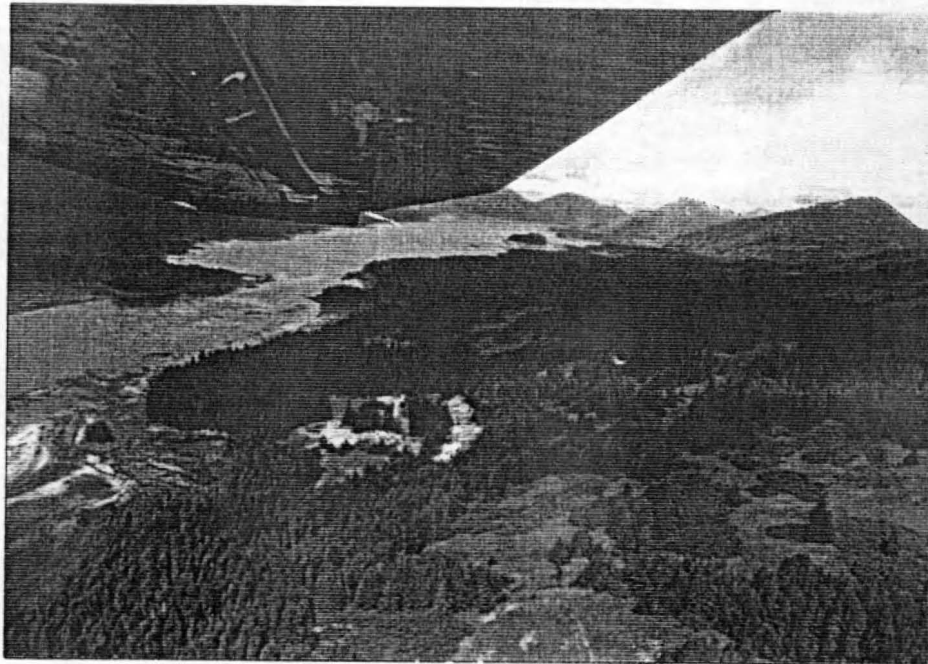
BUYER/SELLER MOTIVATION: The seller's are both elderly and would prefer living closer to medical facilities. Buyer motivation listed in comments section.

COMMENTS:

Supply & Demand Characteristics (Con't): The buyer had approached many private individuals and native corporations about acquiring a large site similar to this parcel. Until finding this comparable they were unable to locate a parcel that satisfied all of their needs. The purchaser desired a remote site that was large enough to satisfy their future needs and would isolate them from other people. It must have extensive ocean frontage and protected coves for their fishing fleet. The beaches had to be easily accessible and not too steep. Finally they were looking for an area that had good fishing and hunting to satisfy their subsistence lifestyle. Ms. Sullivan indicated that they had found no other site that offered all of these amenities.

The site is irregularly shaped, has approximately one and one-half miles of waterfront and has marketable timber. The timber resource was a significant portion of value, although the exact amount cannot be released. However subsequent market analysis conducted by Koncor indicates that the cost to harvest the timber at the date of purchase was greater than the value of the timber because helicopters would be required for logging to occur. Ms. Sullivan does not believe the buyers intend to commercially harvest the timber as that is not compatible with their subsistence and isolation needs. Timber value was not a motivation for the purchase. The site goes completely dry at low tide and there is no deep water access to the uplands. The limited access to the uplands was part of the reason the logging was economically unfeasible. The property is in a fairly well protected area fronting Raspberry Strait Narrows. It is well drained with rolling hillside and in close proximity to good fishing. The property was purchased by a Russian religious group formerly known as the Old Believers for the establishment of a new community.

COMPARABLE NO. 18



10001
COMPARABLE LAND SALE NO. 19

DATE OF SALE: 7-92 **SIZE (ACRE):** 159.97 **PRICE/ACRE:** \$676 **RECORD NO.:** 19

STATE: Alaska **RECORDING DISTRICT:** Kodiak **USGS QUAD MAP NO.:** Karluk C-2
REGION: Southcentral **SUB-REGION:** Kodiak Island

COMMUNITY/NEIGHBORHOOD: Karluk/Sturgeon River

LOCATION: Approximately 2.5 miles up the Sturgeon River from Shelikoff Strait on the southwest side of Kodiak Island. Approximately 5 miles south of Karluk.

LEGAL DESCRIPTION: USS 6724 in Section 12, T31S, R33W, SM

RIGHTS CONVEYED: Fee simple surface estate

GRANTOR: Estate of David W. Waeslie

GRANTEE: Mike Cusak, Jr., Alaska Outdoor Experiences (277-3033)

X ID: R5612000001 **INSTRUMENT:** MOA **BOOK/PAGE:** 115/18 **RECD'G DATE:** 8-27-92

SELLER PRICE: \$126,000 **TERMS:** \$16,345 down (13%), balance carried by seller at 8% for 30 years.

REV/ADJ. PRICE: \$108,167 **BASIS FOR ADJUSTMENT:** The note was discounted at 10%, indicating a present value of the interest savings of \$17,833.

CONFIRMED BY: Dick Larson, BIA
WITNESSES: Bob Brody, Listing Agent, Affiliated Island Brokers
Mike Cusak, Jr.

DATE: DLP/1-94
DLP/1-94

PRESENT USE: Vacant

INTENDED USE: Fishing Lodge

IMPROVEMENTS: None

HIGHEST & BEST USE: Commercial - Fish/Hunting Lodge

LEGAL ACCESS: Yes

TOPOGRAPHY: Level to rolling hillsides

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Square

ROAD IMPROVEMENTS: None

SOILS: Glacial till, sand, marsh, permafrost

UTILITIES: None

EASEMENTS: Normal

ZONING: Conservation

WATERFRONT: River - 3,000 feet

VEGETATION: Typical of area with grasses, ferns, willow and alder thickets.

MARKET EXPOSURE: Actively marketed with Associated Island Brokers beginning 1987 until sale in 1992. This included publication in their Remote Properties pamphlet.

SUPPLY & DEMAND CHARACTERISTICS: Adequate number of alternative sites and potential buyers.

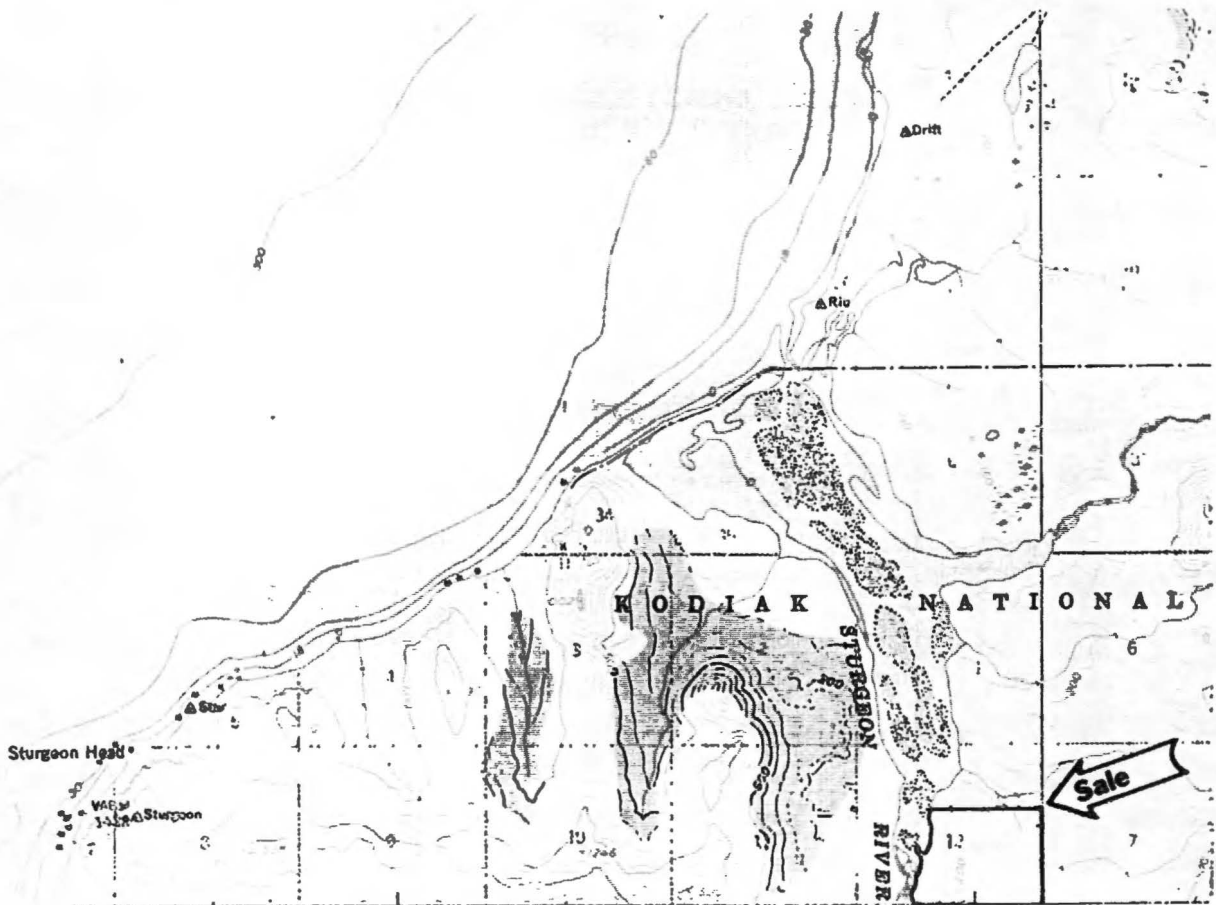
BASIS FOR PURCHASE PRICE: Based on 1987 BIA appraisal performed by Dick Larson. Subsequent appraised value was less but sales price remained at 1987 appraised value.

BUYER/SELLER MOTIVATION: Buyer desired site for its excellent hunting and fishing characteristics. Sellers had inherited site and didn't need it.

COMMENTS:

fronts on Sturgeon River with good cabin sites along the river and interior acreage. Located within Kodiak National Wildlife Refuge but is not subject to 22G limitations. Purchased for fishing lodge. Fishing and hunting is excellent in this area. As of January 1993 no lodge has been constructed, however there is a cabin constructed on the site. According to Mr. Brody the grantee desired to expand his guiding area beyond his intensive Iliamna guiding operation. Boat access is difficult at low tides. Supposedly the hunting and fishing is excellent because the access is so difficult. Airstrip has been dug down two feet and buyer is not sure when he will complete it. Until the airstrip is operable, the best means of access are by boat and float plane at high tide. There is a lagoon on this portion of the Sturgeon River that the buyer utilizes for float plane access. There are commercial flights that service Karluk. From there the property is a short hop by plane or about 30 minutes by skiff. Buyer indicated that he felt the sales price was below market value, although the site was marketed for five years.

COMPARABLE NO. 19



BLACK-SMITH & RICHARDS, INC.

COMPARABLE LAND SALE NO. 20

10228

DATE OF SALE: 10-92 SIZE (ACRE): 180 PRICE/ACRE: \$1,722 RECORD NO.: 20

STATE: Alaska RECORDING DISTRICT: Kodiak

USGS QUAD MAP NO.: Karluk B-2

REGION: Southcentral

SUB-REGION: Kodiak Island

COMMUNITY/NEIGHBORHOOD: Olga Bay

LOCATION: East of Dog Salmon River, within Olga Bay, south end of Kodiak Island, Alaska

LEGAL DESCRIPTION: West 1/2 Section 23, T35S, R30W, SM

RIGHTS CONVEYED: Fee simple surface estate only

GRANTOR: Jack Wichers and Duane Stuckle

GRANTEE: Mike Cusak, Jr., Alaska Outdoor Experiences (277-3033)

TAX ID: R5353002303/4/5

INSTRUMENT: DFT

BOOK/PAGE: N/A

RECD'G DATE: DFT

SALES PRICE: \$310,000

TERMS: \$100,000 down, seller offered terms of 10% interest with payments of \$2,000.

DEV/ADJ. PRICE: \$310,000

BASIS FOR ADJUSTMENT: None, seller offered terms

CONFIRMED WITH: Jack Wichers, Grantor, (303) 290-9555

BY/ DATE: DLP/8-94

PRESENT USE: Vacant

INTENDED USE: Commercial recreational

IMPROVEMENTS: None

HIGHEST & BEST USE: Multi-use recreational

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies, 140 acres of 1/2 section is underwater.

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: 60% to 70% is well drained, remainder is poorly drained.

UTILITIES: None

EASEMENTS: Typical

ZONING: Conservation

WATERFRONT: 3,250' ocean frontage

VEGETATION: Large cottonwoods on front of parcel.

MARKET EXPOSURE: Site was marketed with Associated Island Brokers for 5 weeks at \$450,000 prior to the sale.

SUPPLY & DEMAND CHARACTERISTICS: There is a very small market for large parcels similar to this site in the Kodiak area.

BASIS FOR PURCHASE PRICE: Price was negotiated. Seller offered terms, deal fell through when the buyer could not make the down payment.

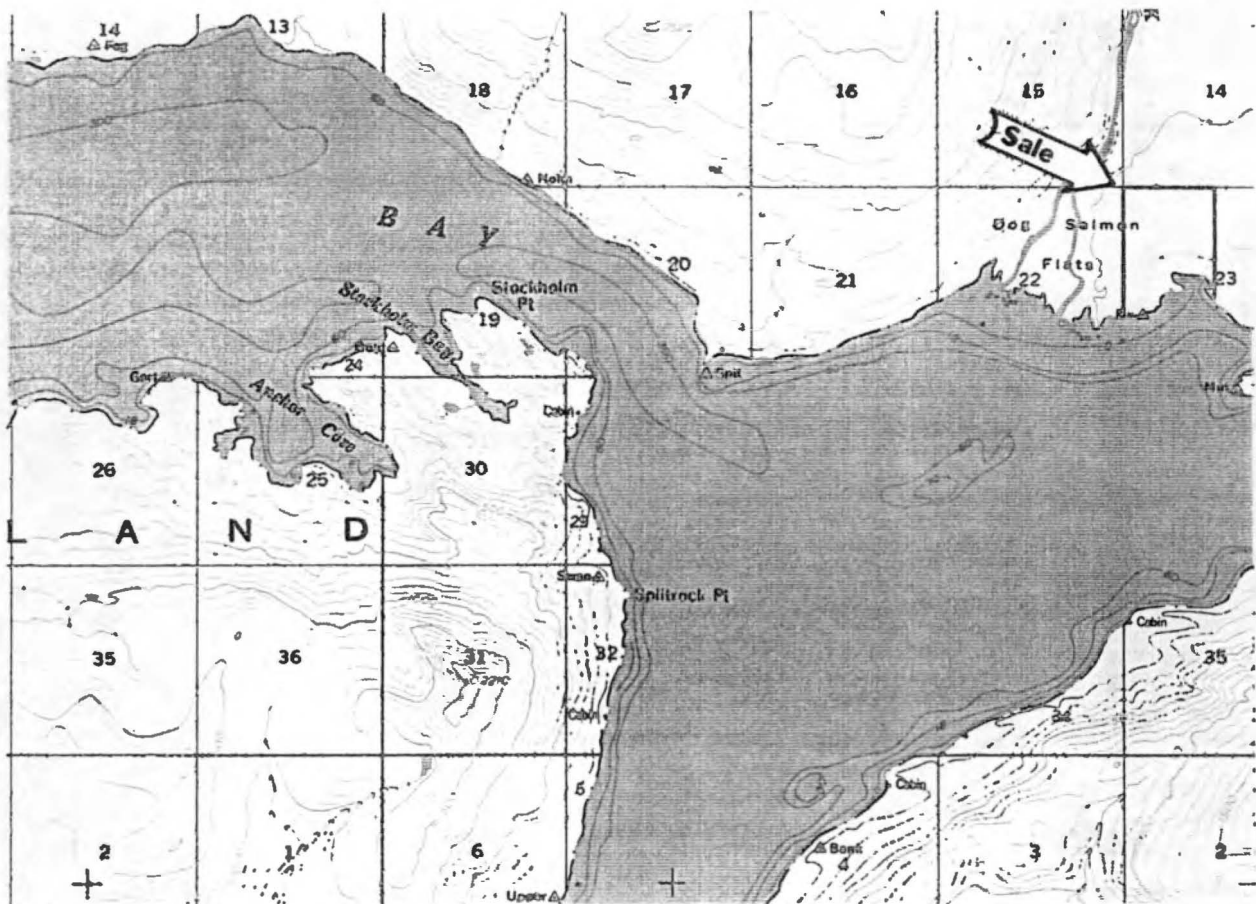
BUYER/SELLER MOTIVATION: Buyer desired site for its excellent hunting and fishing characteristics. Sellers was under no duress to sell this site.

COMMENTS:

This site has extensive frontage on Olga Bay, with good beaches and a small semi-protected bay. This area is renowned for its supreme fishing and hunting. The Dog Salmon River is located 1/4 mile to the west and supports Kodiak Island's largest sockeye salmon run. About 30% to 40% of the site has poorly drained soils with several beaver ponds and small creeks.

The deal fell through when the buyer could not make the original down payment. The site remained list for sale at \$450,000 until April 1993. At that time it was subdivided into four parcels ranging in size from 30 acres to 52 acres. The combined asking price of the smaller parcels is \$450,000, or \$2,500 per acre. No offers have been accepted since the Cusak deal fell through. The seller indicates that the Fish and Wildlife Service has expressed an interest in acquiring the entire parcel. USF&WS had the site appraised in early 1994. The seller felt their offer was significantly below market value. The seller is aware that the Fish and Wildlife Service had paid \$2,500 per acre for the 151 acres located on Uganik Passage.

COMPARABLE NO. 20



BLACK-SMITH & RICHARDS, INC.

10227

COMPARABLE LAND SALE NO. 21

DATE OF SALE: 4-18-94 **SIZE (ACRE):** 59.98 **PRICE/ACRE:** \$3,001 **RECORD NO.:** 21

STATE: Alaska **RECORDING DISTRICT:** Kodiak

USGS QUAD MAP NO.: Kodiak D-2

REGION: Southcentral

SUB-REGION: Kodiak Island

COMMUNITY/NEIGHBORHOOD: Afognak Island

LOCATION: Southeasterly shore of Afognak Island between mouth of Afognak Bay and Afognak Strait, Alaska

LEGAL DESCRIPTION: U.S. Survey No. 5698, Lot 20, T25S, R22W, SM

RIGHTS CONVEYED: Fee simple surface estate only.

GRANTOR: Jacob Lukin 454-2262

GRANTEE: Alex Kalugin et al 235-5109

TAX ID: **INSTRUMENT:** MOA **BOOK/PAGE:** 977/568 **RECD'G DATE:** 4-18-94

SALES PRICE: \$180,000 **TERMS:** \$36,000 down, 10% interest and eight year term.

JEV/ADJ. PRICE: \$180,000 **BASIS FOR ADJUSTMENT:** None - terms are considered to be cash equivalent.

CONFIRMED WITH: Alex Kalugin, Grantee 235-5109

BY/ DATE: DLP/8-94

PRESENT USE: Former village site

INTENDED USE: Russian family acquired to subdivide as personal homesites. Desired to be close to Old Believers located three miles away.

IMPROVEMENTS: Old cabin, no value

HIGHEST & BEST USE: Rural Residential/Recreation

LEGAL ACCESS: May not have legal access

TOPOGRAPHY: Flat

PHYSICAL ACCESS: Through adjacent waterfront lot

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Unimproved

SOILS: Little overburden

UTILITIES: None

EASEMENTS: Normal

ZONING: Conservation

WATERFRONT: None

VEGETATION: Sitka spruce and bushes

MARKET EXPOSURE: Buyer was informed of availability by the Old Believers colony members who live three miles away.

SUPPLY & DEMAND CHARACTERISTICS: Buyer indicates this was the closest available site to the Old Believers colony. Other sites are available but not proximal.

BASIS FOR PURCHASE PRICE: Negotiated

BUYER/SELLER MOTIVATION: Buyers desired to establish residences near the Old Believers religious colony. According to buyer the seller was elderly and needed money.

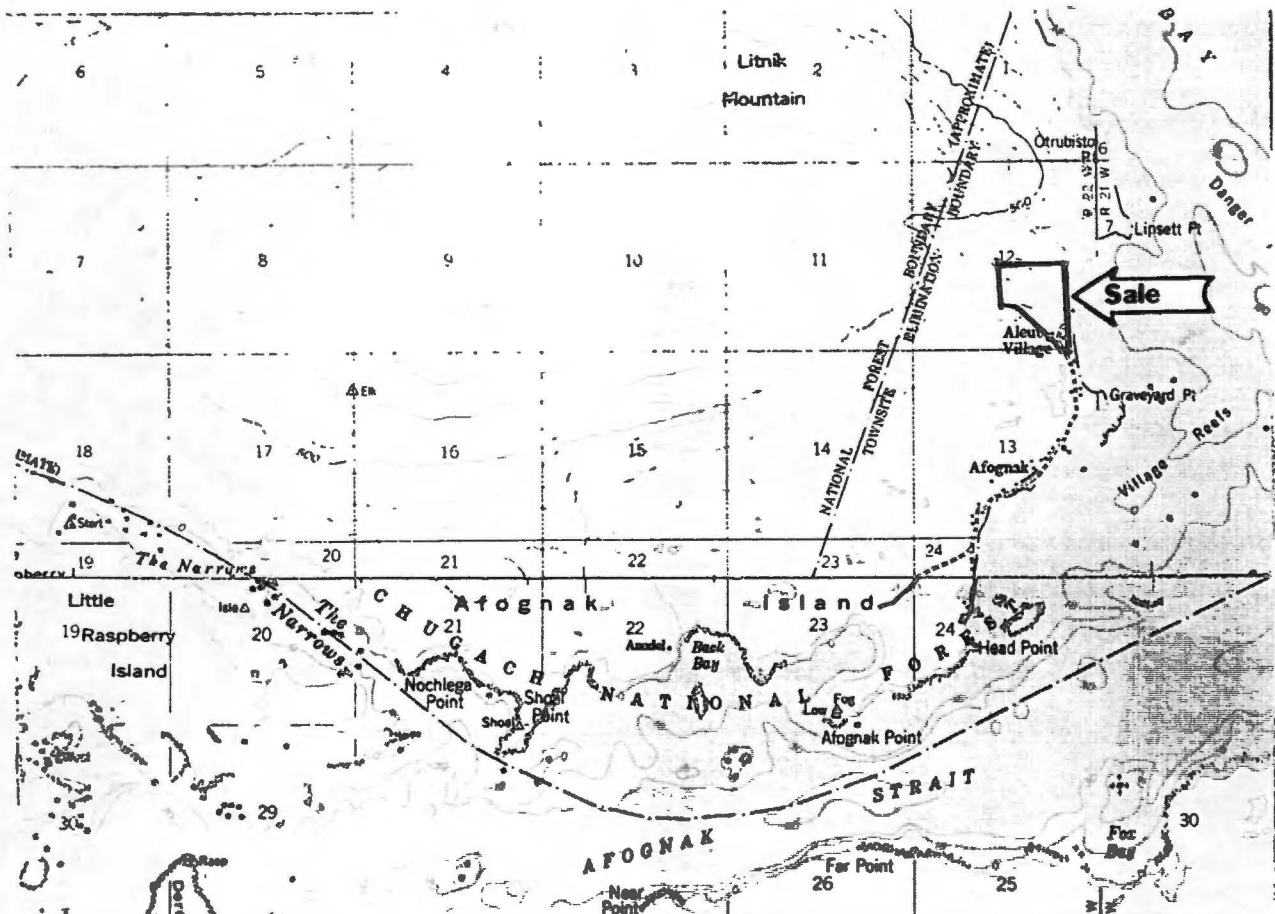
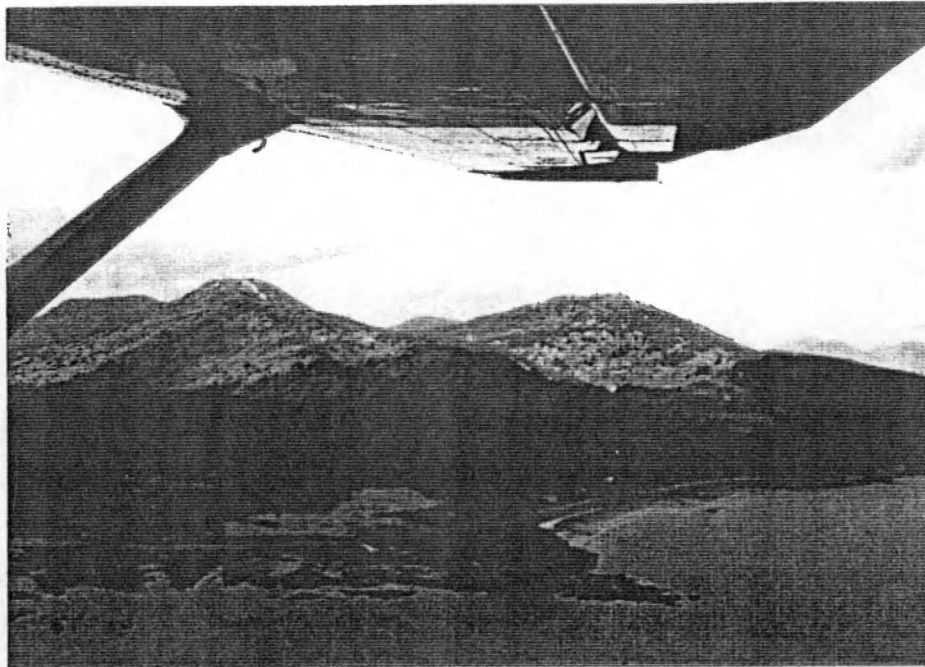
COMMENTS:

This parcel has good fishing and hunting amenities and it is adjacent to public domain land, two amenities the buyer desired. As the site is landlocked, access is gained by crossing the adjacent Kodiak Island Borough owned former village school site from the water. Buyers claim that the Borough has agreed to lease them an easement to cross their site to the water. Buyer desired to acquire the easement, however the Borough did not want to sell. No lease payment or term has been determined. Bud Cassidy of the Kodiak Island Borough indicates that the Borough may not be able to grant an easement as they received title which limited the use to school site or public use only. Mr. Cassidy raised this issue with State officials who claimed that the ownership is with the Borough. Thus, the Borough is unsure if they have the legal right to grant an easement to the Kalugin's. Legal access to the site is unclear at this time. Waterfront access along this area is poor due to the extreme tides which limit accessibility. Also this waterfront area is subject to severe winter storms.

The parcel contains some areas of ponding water left over from the 1964 tsunami that also vacated the now abandoned community of Afognak Village. Most of the site is well drained. The site has many large trees. The site had a high timber value. Buyer said they did not allocate a timber value in the purchase price. However, they will use some of the timber to build personal residences. The water front in this area suffers from severe winter storms.

Buyers desired to be close to the Old Believers religious colony. They were unaware of any other sites close to the colony. This religious group desires to be separate from the general public and external influences upon their beliefs.

COMPARABLE NO. 21



BLACK-SMITH & RICHARDS, INC.

COMPARABLE LAND SALE NO. 22

Listing

DATE OF SALE: Listing **SIZE (ACRE):** 159.99 **PRICE/ACRE:** \$2,200 **RECORD NO.:** 22

STATE: Alaska **RECORDING DISTRICT:** Kodiak

USGS QUAD MAP NO.: Kodiak B-6

REGION: Southcentral

SUB-REGION: Kodiak Island

COMMUNITY/NEIGHBORHOOD: Uyak Bay

LOCATION: West shore of Uyak Bay, Kodiak Island, Alaska

LEGAL DESCRIPTION: U.S. Survey No. 9434

RIGHTS CONVEYED: Fee simple surface estate only.

GRANTOR: Alberta E. Aga

GRANTEE: Available for purchase

AX ID: **INSTRUMENT:** N/A **BOOK/PAGE:** N/A **RECD'G DATE:** N/A

SALES PRICE: \$352,000 **TERMS:** Cash equivalent financing available, typical terms are 15 to 20% down, at 10% interest and a 15 to 20 year term.

EV/ADJ. PRICE: \$352,000 **BASIS FOR ADJUSTMENT:** None

CONFIRMED BY: BIA Bid Package and Rose Brady
WITH: J. Richard Larson

BY: DLP/8-94
DATE: DLP/8-94

PRESENT USE: Vacant **INTENDED USE:** Unknown

IMPROVEMENTS: None **HIGHEST & BEST USE:** Rural Residential/Recreation

WATER ACCESS: Yes **TOPOGRAPHY:** Sloping

PHYSICAL ACCESS: Boat or float plane **SITE SHAPE:** Irregular

ROAD IMPROVEMENTS: Unimproved **SOILS:** Predominately good with 10-15% wet

UTILITIES: None **EASEMENTS:** Normal

ZONING: None **WATERFRONT:** Extensive Uyak Bay frontage

VEGETATION: Alders, forbs, grasses, cotton wood and willow. No merchantable timber.

MARKET EXPOSURE: Advertised four weeks prior to BIA auction where no bids were received. Site has been listed with BIA Realty since August 1994.

SUPPLY & DEMAND CHARACTERISTICS: Limited market activity with intermittent demand and competing sites.

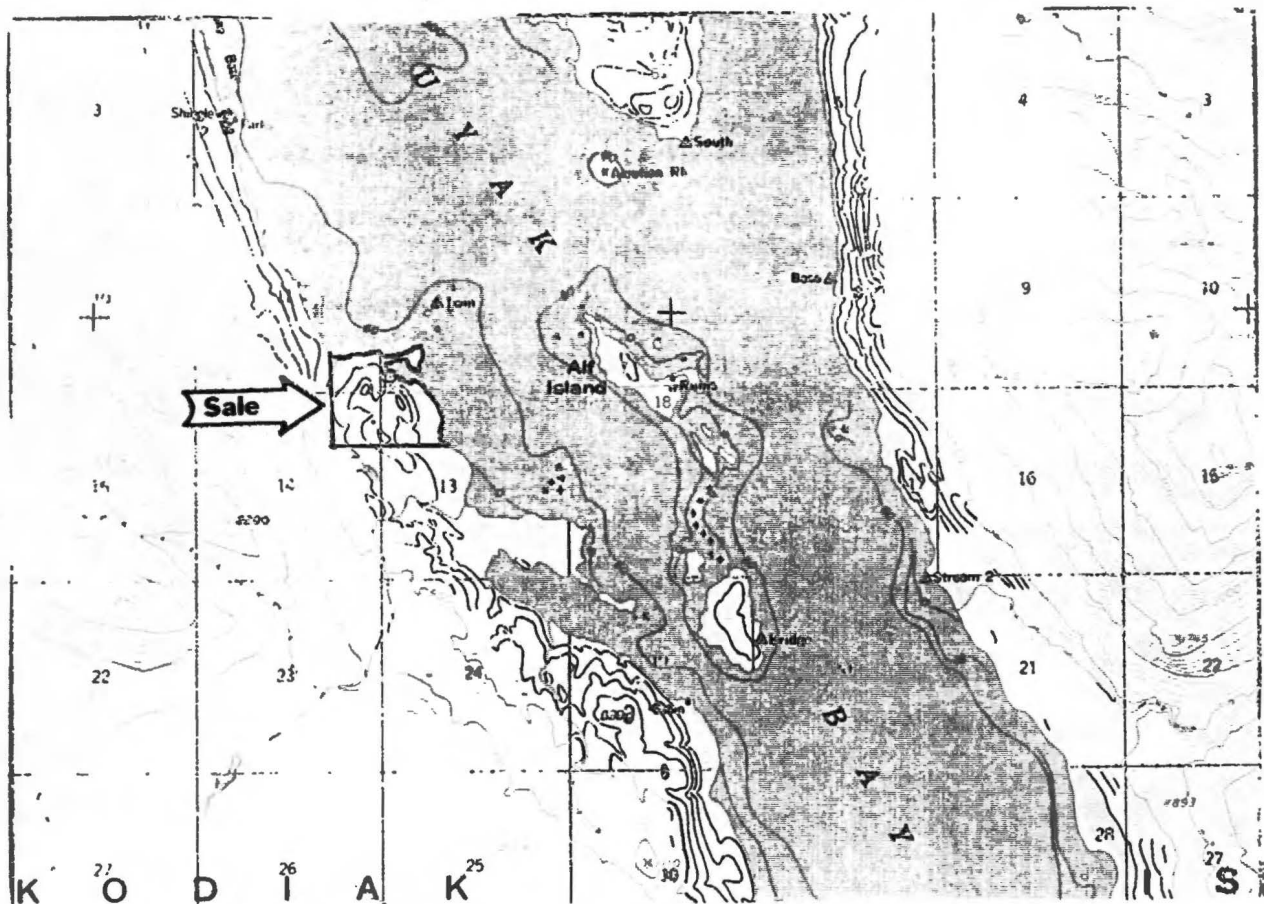
BASIS FOR PURCHASE PRICE: Site is available for purchase.

BUYER/SELLER MOTIVATION: Land excess to sellers needs.

COMMENTS:

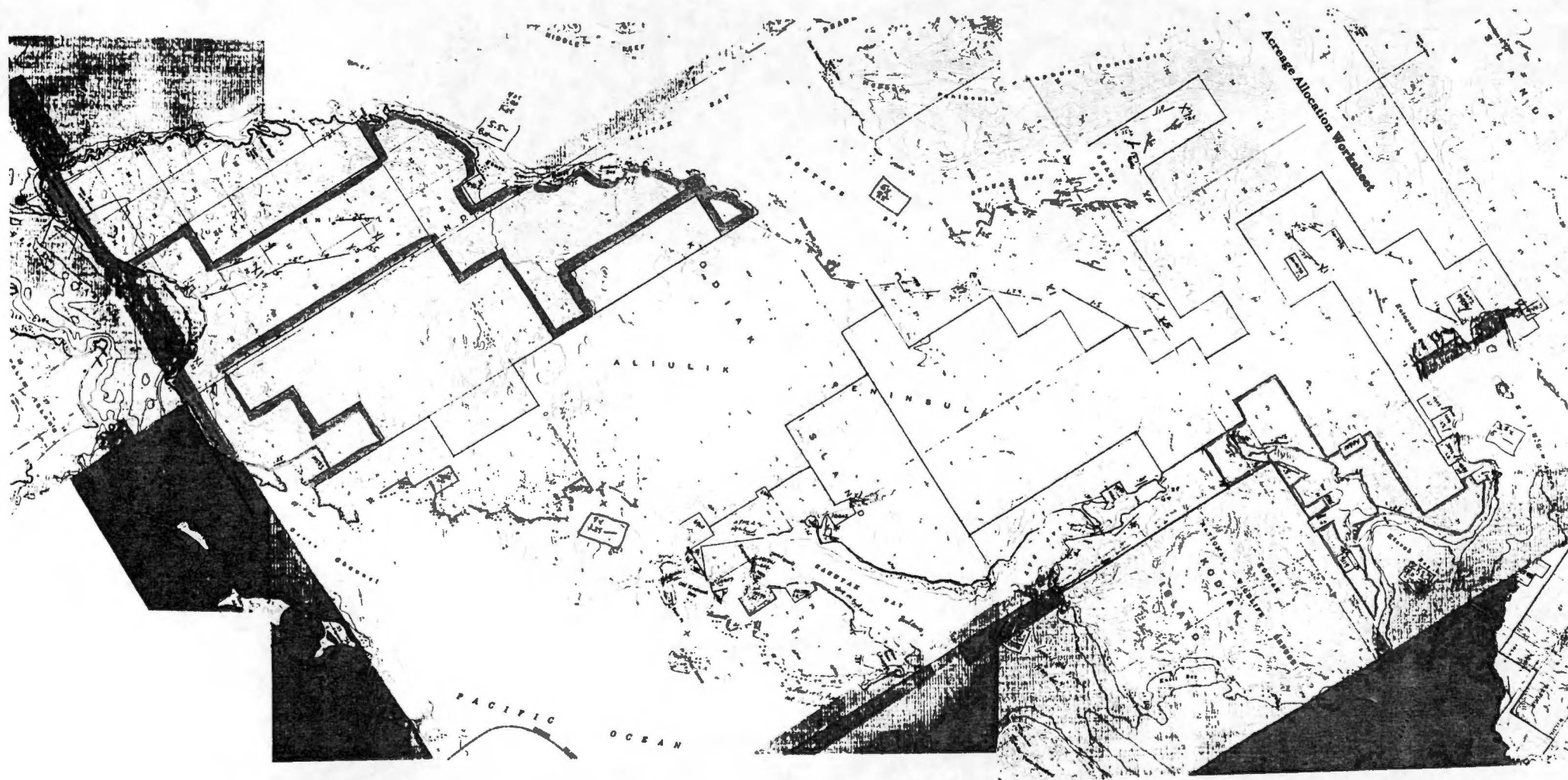
This parcel has very good deep water frontage and is suitable for several uses. There is no merchantable timber but the site has dense surface vegetation including cottonwood and willow. It's location allows easy access to other good recreation areas like Larsen Bay, etc.,

COMPARABLE NO. 22



PART IV - ADDENDA





COMPARABLE LAND SALE NO. 23**DATE OF SALE:** 08-01-90 **SIZE (ACRE):** 2,220 **PRICE/ACRE:** \$203 **RECORD NO.:** 23**STATE:** Alaska **RECORDING DISTRICT:** Homer**USGS QUAD MAP NO.:** Seldovia D-5**REGION:** Southcentral**SUB-REGION:** Kenai Peninsula**COMMUNITY/NEIGHBORHOOD:** Homer**LOCATION:** Within 8 miles north, south and east of Anchor Point on the Kenai Peninsula, Alaska**LEGAL DESCRIPTION:** Lengthy legal, see Property Description**RIGHTS CONVEYED:** Fee simple - surface only.**GRANTOR:** Security National Trust, Inc.**GRANTEE:** Cloyd Moser and Chuck Homan**TAX ID:** 159-290-01**INSTRUMENT:** WD**BOOK/PAGE:** 200/265**RECD'G DATE:** 08-01-90**SALES PRICE:** \$450,000**TERMS:** \$50,000 down, \$400,000 deed of trust, 12% interest, 30 year amortization.**CEV/ADJ. PRICE:** \$450,000**BASIS FOR ADJUSTMENT:** None - terms are considered to be cash equivalent.

CONFIRMED Grantee
WITH: Cloyd and Erwin Moser
John McGrew, formerly of Grantor

BY/ S. McSwain
DATE: DLP/1-94
DLP/2-94

PRESENT USE: Paper platted recreation lots**INTENDED USE:** Recreation subdivision**IMPROVEMENTS:** None**HIGHEST & BEST USE:** Recreation Subdivision**LEGAL ACCESS:** Yes**TOPOGRAPHY:** Varies, wetlands/uplands**PHYSICAL ACCESS:** None**SITE SHAPE:** Irregular**ROAD IMPROVEMENTS:** Unimproved**SOILS:** Fair, from extensive peat to good**UTILITIES:** None**EASEMENTS:** Normal**ZONING:** Unzoned**WATERFRONT:** Stream**VEGETATION:** Sparse with some spruce**MARKET EXPOSURE:** None, seller approached buyer.**SUPPLY & DEMAND CHARACTERISTICS:** Active market with numerous buyers and sellers.**BASIS FOR PURCHASE PRICE:** Buyer paid asking price.**BUYER/SELLER MOTIVATION:** Seller was liquidating the parcel and turned a substantial profit in short time frame.**COMMENTS:**

This property includes random tracts in six subdivisions that are subdivided into 222 paper platted ten acre tracts. These paper plat lots can be sold individually "as is" without physical access since they were platted prior to newer subdivision regulations. The tracts are typically located one-half to three miles from existing roads or the Sterling Highway, with section line easements for future road access. The Inlet View Tract (200 acres) has gravel road access east one mile from the highway (the grantees developed vehicular access to all but two subdivisions). This is a popular recreation area with good hunting in the fall and snow machining in the winter. Vegetation ranges from low bog plants in the wet peat areas (40%) to good gravel soils on the higher ground (50%) with spruce trees. This comparable sold for \$980,000 (plus \$50,000 in commissions) in December 1985. The grantees subsequently defaulted on the loan. It was then acquired by First National Bank of Anchorage, who purchased some of failed First Federal Bank's assets from FDIC. First National Bank of Anchorage then sold to Security National Trust for \$252,000 in March 1990. The grantees of the August 1990 sale did not have a cash equivalent estimate and would not have purchased it if it were a cash deal only. The parcel was never offered to the general public but was offered directly to the grantee. Mr. McGrew formerly of the grantor indicated that he thought the site would have sold for more, perhaps up to as much as \$250 per acre if it had been advertised. The grantees are selling the lots for up to \$15,000 each with zero down financing or a 50% discount for cash. Erwin Moser indicates that as of February 1994 approximately 100 of these lots have been sold. He indicated that the default rate is about 10%.

Legal Description

1) Tracts 1-46, Stariski Creek Acres #2 (460 Acres)
Sections 31 and 32, Township 3 South, Range 14 West, SM

2) Tracts 1-8 and 11-14, Chakok Acres (120 Acres)
Section 9, Township 4 South, Range 14 West, SM

3) Tracts 1-64, Terrace View (640 Acres)
Sections 12 and 13, Township 4 South, Range 14 West, BLM

4) Tracts 1-48, High Line Acres (480 Acres)
Section 22, Township 4 South, Range 14 West, SM

5) Tracts 1-20, Inlet View (200 Acres)
Sections 7 and 18, Township 5 South, Range 14 West, SM

6) Tracts 1-32, Salmon Heights (320 Acres)
Section 8, Township 5 South, Range 14 West, SM

10250

COMPARABLE LAND SALE NO. 24

DATE OF SALE: 12-91 **SIZE (ACRE):** 120 **PRICE/ACRE:** \$367 **RECORD NO.:** 24

STATE: Alaska **RECORDING DISTRICT:** Homer **USGS QUAD MAP NO.:** Seldovia C-5
REGION: Southcentral **SUB-REGION:** Kenai Peninsula
COMMUNITY/NEIGHBORHOOD: Anchor Point
LOCATION: Four miles SE of Anchor Point and 1 mile east of the Sterling Highway.
LEGAL DESCRIPTION: W1/2 NW1/4, NW1/4 SW1/4, Section 8, T5S, R14W, SM

RIGHTS CONVEYED: Fee simple, buyer thought all but oil & gas.

GRANTOR: Philip Maser, Jr.

GRANTEE: Leonard T. Schultz

TAX ID: 171-010-27 **INSTRUMENT:** W D **BOOK/PAGE:** 211/998 **RECD'G DATE:** 1-92

SALES PRICE: \$44,000 **TERMS:** \$10,000 down, 10% interest, 15 year term.

CEV/ADJ. PRICE: \$44,000 **BASIS FOR ADJUSTMENT:** None - terms are considered to be cash equivalent.

CONFIRMED WITH: Cloyd Moser, Broker
Leonard T. Schultz, Grantee

BY/ DATE: DLP/1-94
DLP/1-94

PRESENT USE: Vacant

INTENDED USE: Residential/Recreation

IMPROVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Rectangular

ROAD IMPROVEMENTS: Unimproved

SOILS: Poor to average

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: None

VEGETATION: Varies from swampy to heavy density spruce forest.

MARKET EXPOSURE: None, seller approached buyer.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

BASIS FOR PURCHASE PRICE: Negotiated.

BUYER/SELLER MOTIVATION: Broker indicated that he did not believe the seller was under duress. Seller unwilling to discuss sale. Buyer felt sales price represented fair market value.

COMMENTS:

Approximately 35% of this is wetlands unsuitable for development. Buyer subdivided the parcel into three lots and has since sold all three parcels. Access not develop to the site, however, the broker owned the adjacent site and is supposedly developing access to this parcel. Electricity and telephone is approximately one-half mile away.

COMPARABLE LAND SALE NO. 25

DATE OF SALE: 2-92 SIZE (ACRE): 80 PRICE/ACRE: \$188 RECORD NO.: 25

STATE: Alaska RECORDING DISTRICT: Homer

USGS QUAD MAP NO.: Seldovia D-5

REGION: Kenai Peninsula

SUB-REGION: Homer

COMMUNITY/NEIGHBORHOOD: Anchor Point

LOCATION: Eleven miles NNE of Anchor Point and 1.3 mile east of the Sterling Highway, Anchor Point, Alaska

LEGAL DESCRIPTION: W1/2 SW1/4 of Section 9, T3S, R14W, SM

RIGHTS CONVEYED: Fee simple surface only.

GRANTOR: John J. and Lucy McDonald

GRANTEE: Arlo D. and Leslie A. Buchholz

TAX ID: 159-112-10

INSTRUMENT: WD

BOOK/PAGE: 212/326

RECD'G DATE: 2-92

SALES PRICE: \$15,000

TERMS: Cash

DEV/ADJ. PRICE: \$15,000

BASIS FOR ADJUSTMENT: None

CONFIRMED WITH: Arlo Buchholz, Grantee 612-597-3650
Diane Martin, Selling Agent

BY/ DATE: DLP/1-94
DLP/1-94

PRESENT USE: Vacant

INTENDED USE: Retirement homesite

IMPROVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Rectangular

ROAD IMPROVEMENTS: Unimproved

SOILS: Buyer unsure

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: None

VEGETATION: Varies from muskeg areas to moderately dense spruce stands.

MARKET EXPOSURE: Listed April 1991 for \$32,000 terms or \$22,000 cash.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

BASIS FOR PURCHASE PRICE: Negotiation.

BUYER/SELLER MOTIVATION: Buyer acquired the site as a future retirement homesite. Seller motivation was unconfirmed.

COMMENTS:

It is estimated that 25% of this site is wetlands area that is not suitable for development. Electricity is approximately one-half mile away. This is a popular recreation area with good hunting in the fall and snow machining in the winter. Vegetation ranges from low bog plants in the wet peat areas (25%) to good gravel soils on the higher ground (75%) with spruce trees. Buyer indicates he acquired this site as it seemed to have more uplands area than his other alternatives.

1023--
COMPARABLE LAND SALE NO. 28

DATE OF SALE: 10-92 **SIZE (ACRE):** 480 **PRICE/ACRE:** \$219 **RECORD NO.:** 26

STATE: Alaska **RECORDING DISTRICT:** Homer **USGS QUAD MAP NO.:** Seldovia D-5
REGION: Kenai Peninsula **SUB-REGION:** Homer

COMMUNITY/NEIGHBORHOOD: Anchor Point

LOCATION: Eight miles NNE of Anchor Point and 1.7 miles east of the Sterling Highway

LEGAL DESCRIPTION: SE1/4 and SE1/4 SW1/4 of Section 29, NE1/4 NW1/4 and S1/2 NW1/4 of Section 32 T3S, R14W, SM

RIGHTS CONVEYED: Fee simple surface only.

GRANTOR: Astoria Investments

GRANTEE: Cloyd Moser/Quantum Health

TAX ID: 159-200-13 **INSTRUMENT:** WD **BOOK/PAGE:** 219/432 **RECD'G DATE:** 12/92

SALES PRICE: \$105,000 **TERMS:** \$72,000 down, buyer would not disclose term or interest rate, but indicated they were at market.

CEV/ADJ. PRICE: \$105,000 **BASIS FOR ADJUSTMENT:** None - terms are considered to be cash equivalent.

CONFIRMED WITH: Cloyd Moser, Grantee 344-2008
Buzz Moore 235-2507

BY/ DATE: DLP/1-94

PRESENT USE: Vacant

INTENDED USE: Residential/Recreation

IMPROVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Unimproved

SOILS: Good

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: None

VEGETATION: Swampy in the low land and spruce on the higher ground.

MARKET EXPOSURE: None, Buzz Moore brokered transaction in return for timber rights.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

BASIS FOR PURCHASE PRICE: Negotiated. Several offers and counter offers. Mr. Moore feels the price was fair market value.

BUYER/SELLER MOTIVATION: Grantee indicated that seller was not under undue pressure to sell the site.

COMMENTS:

This is the December 1992 sale and resale of 480 acres in Anchor Point. The first sale was when Buzz Moore negotiated the sale of site from Joseph Wayer to Security National, Inc. for \$72,000, cash, (\$150 per acre) with Mr. Moore getting to keep timber rights as his commission. Timber was taken off and sold as wood chips for pulp and export timber in Homer. Mr. Moore has finished logging the site taking just under 1,000,000 board feet of timber.

Security National then sold the site to Astoria Investments for an undisclosed amount of money. Astoria Investments immediately resold the site to Quantum Health for \$105,000 with \$72,000 down, and remainder at market terms. This most recent sale equals \$219 per acre.

Quantum Health subsequently subdivided into Eagle Estates and sold off all of the lots. Access was developed from an adjacent subdivision. It is estimated that 35% of the larger parcel site is wetlands area that is not suitable for development. Electricity and telephone is about 1.5 miles from this site.

COMPARABLE LAND SALE NO. 27

10233

DATE OF SALE: 04-93 SIZE (ACRE): 520 PRICE/ACRE: \$183 RECORD NO.: 27

STATE: Alaska RECORDING DISTRICT: Homer USGS QUAD MAP NO.: Seldovia D-5
REGION: Kenai Peninsula SUB-REGION: Homer
COMMUNITY/NEIGHBORHOOD: Anchor Point
LOCATION: Eight miles NE of Anchor Point, Alaska

LEGAL DESCRIPTION: S1/2, S1/2 in Section 2, NE1/4 & E1/2 NW1/4 & NE1/4 SW1/4 & N1/2 SE1/4 NW1/4 in Section 11, T4S, R14W, SM

RIGHTS CONVEYED: Fee simple including surface and subsurface.

GRANTOR: Rita E. Silberman

GRANTEE: Bill Germann, ROLCO

TAX ID: 165-030-05 INSTRUMENT: WD BOOK/PAGE: 222/883 RECD'G DATE: 05-93

SALES PRICE: \$95,000 TERMS: Cash

CEV/ADJ. PRICE: \$95,000 BASIS FOR ADJUSTMENT: None

CONFIRMED Bill Germann, ROLCO, Grantee 206 624-0623
WITH: Tim Tennis, Assessor
Buzz Moore

BY/ DLP/2-94
DATE: DLP/2-94
DLP/2-94

PRESENT USE: Vacant INTENDED USE: Speculative logging and subdivision

IMPROVEMENTS: None HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes TOPOGRAPHY: Varies

PHYSICAL ACCESS: Undeveloped SITE SHAPE: Flag

ROAD IMPROVEMENTS: Unimproved SOILS: Average

UTILITIES: None EASEMENTS: Normal

ZONING: Unzoned WATERFRONT: Streams

VEGETATION: Combination of low wet areas and hilly moderately dense spruce areas.

MARKET EXPOSURE: Buzz Moore contacted seller who told him she had listed it with a broker out of Homer. Could not locate listing broker to see if advertised.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

BASIS FOR PURCHASE PRICE: Asking price, no negotiation. Mr. Moore indicated that he thought it was fair market value.

BUYER/SELLER MOTIVATION: Buyer intends to selectively log the site. Development of access will stage for development.

COMMENTS:

The buyer recently acquired this site and three others in order to selectively log the sites and develop access. Buyer intends to log off only those trees that have a 10+" diameter breast height. The logs will be marketed as both lumber and chips. He will only clear cut those areas absolutely required to develop access or for staging logging operations. He plans to reseed any areas that are clear cut with the exception of roadways. According to the buyer the trees on this site are between 100 and 150 years old.

Buyer believes that by selectively logging the site he will increase the residual value of the underlying parcel. Logging operations require the development of access and logging roads. The buyer believes that by effectively managing the logging operation the site will be enhanced as it will be more open and have developed access. Buyer indicated that spruce bark beetle infestation is in the immediate area and may soon spread to this site.

COMPARABLE LAND SALE NO. 28

10234

DATE OF SALE: 05-12-93 **SIZE (ACRE):** 360.91 **PRICE/ACRE:** \$194 **RECORD NO.:** 28

STATE: Alaska **RECORDING DISTRICT:** Homer **USGS QUAD MAP NO.:** Seldovia D-5
REGION: Kenai Peninsula **SUB-REGION:** Homer
COMMUNITY/NEIGHBORHOOD: Anchor Point
LOCATION: Eight miles NE of Anchor Point, Alaska**LEGAL DESCRIPTION:** Government Lot 2, S1/2 NE1/4 SE1/4 in Section 3, N1/2 NE1/4 in Section 10, T4S, R14W, SM

RIGHTS CONVEYED: Fee simple including surface and subsurface.**GRANTOR:** FDIC**GRANTEE:** Bill Germann, ROLCO**TAX ID:** 165-030-53 **INSTRUMENT:** QCD **BOOK/PAGE:** 224/729 **RECD'G DATE:** 07-93

SALES PRICE: \$70,000 **TERMS:** Cash**CEV/ADJ. PRICE:** \$70,000 **BASIS FOR ADJUSTMENT:** None**CONFIRMED** Bill Germann, ROLCO, Grantee 206 624-0623
WITH: Angie Newby, Listing Agent, Homer Realty 235-5294
Tim Tennis, Assessor**BY/** DLP/2-94
DATE: DLP/2-94
DLP/1-94

PRESENT USE: Vacant**INTENDED USE:** Speculative logging and subdivision**IMPROVEMENTS:** None**HIGHEST & BEST USE:** Residential/Recreation**LEGAL ACCESS:** Yes**TOPOGRAPHY:** Varies**PHYSICAL ACCESS:** Undeveloped**SITE SHAPE:** Irregular**ROAD IMPROVEMENTS:** Unimproved**SOILS:** Average**UTILITIES:** None**EASEMENTS:** Normal**ZONING:** Unzoned**WATERFRONT:** None**VEGETATION:** Combination of low wet areas (40%) and hilly moderately dense spruce areas.

MARKET EXPOSURE: Site listed with Homer Realty for about two months prior to earnest money agreement. Site was listed at \$72,000 during the entire listing period.**SUPPLY & DEMAND CHARACTERISTICS:** Active market with numerous buyers and sellers.**BASIS FOR PURCHASE PRICE:** FDIC could not confirm if purchase price was based on appraisal or negotiation. Broker indicated site was listed at \$72,000.**BUYER/SELLER MOTIVATION:** FDIC wanted to liquidate its remaining assets. Buyer intends to selectively log the site and enhance value by developing access.

COMMENTS:

The seller was unable to locate this file to confirm details of the sale. The buyer recently acquired this site and three others in order to selectively log the sites and develop access. Buyer intends to selectively log only certain trees that will enhance the residual value of the remaining parcel. He will log off only those trees that have a 10+" diameter breast height. The logs will be marketed as both lumber and chips. He will only clear cut those areas absolutely required to develop access or for staging logging operations. He plans to reseed any areas that are clear cut with the exception of roadways. According to the buyer the trees on this site are between 100 and 150 years old.

Buyer believes that by selectively logging the site he will increase the residual value of the underlying parcel. Logging operations require the development of access and logging roads. The buyer believes that by effectively managing the logging operation the site will be enhanced as it will be more open and have developed access. Buyer indicated that spruce bark beetle infestation is in the immediate area and may soon spread to this site.

10235

COMPARABLE LAND SALE NO. 29

DATE OF SALE: 08-93 **SIZE (ACRE):** 560 **PRICE/ACRE:** \$250 **RECORD NO.:** 29

STATE: Alaska **RECORDING DISTRICT:** Homer

USGS QUAD MAP NO.: Seldovia D-5

REGION: Kenai Peninsula

SUB-REGION: Homer

COMMUNITY/NEIGHBORHOOD: Anchor Point

LOCATION: Eight miles NE of Anchor Point, Alaska

LEGAL DESCRIPTION: S1/2, N1/2 & NE1/4 SE1/4 & W1/2 SE1/4 & SW1/4 of Sec.14, & E1/2 NE1/4 & NE1/4 SE1/4 of Sec. 13, T4S, R14W, SM

RIGHTS CONVEYED: Fee simple surface estate.

GRANTOR: Elizabeth Dempsey

GRANTEE: Bill Germann, ROLCO

TAX ID: 165-111-44

INSTRUMENT: WD

BOOK/PAGE: 226/338

RECD'G DATE: 09-93

SALES PRICE: \$140,000

TERMS: Cash

CEV/ADJ. PRICE: \$140,000

BASIS FOR ADJUSTMENT: None

CONFIRMED Bill Germann, ROLCO, Grantee 206 624-0623

WITH: Tim Tennis, Assessor

Buzz Moore 235-2507

BY/ DLP/2-94

DATE: DLP/2-94

DLP/2-94

PRESENT USE: Vacant

INTENDED USE: Speculative logging and subdivision

IMPROVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Flag

ROAD IMPROVEMENTS: Unimproved

SOILS: Average

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: Creek

VEGETATION: Combination of low wet areas and hilly moderately dense spruce areas.

MARKET EXPOSURE: Buzz Moore approached seller directly on behalf of grantee. Never formally marketed.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

BASIS FOR PURCHASE PRICE: Negotiated through several offers and counter offers.

BUYER/SELLER MOTIVATION: Buyer intends to selectively log the site. Development of access will stage for development.

COMMENTS:

The buyer recently acquired this site and three others in order to selectively log the sites and develop access. Buyer intends to log off only those trees that have a 10+" diameter breast height. The logs will be marketed as both lumber and chips. As of February 1994 about 50% of this site has been logged. Only those areas absolutely required, in order to develop access or for staging logging operations will be clear cut. Any areas that are clear cut, with the exception of roadways will be reseeded. According to the buyer the trees on this site are between 100 and 150 years old.

Buyer believes that by selectively logging the site he will increase the residual value of the underlying parcel. Logging operations require the development of access and logging roads. The buyer believes that by effectively managing the logging operation the site will be enhanced as it will be more open and have developed access. Buyer indicated that spruce bark beetle infestation is in the immediate area and may soon spread to this site.

10230
COMPARABLE LAND SALE NO. 30

DATE OF SALE: 08-93 **SIZE (ACRE):** 600 **PRICE/ACRE:** \$392 **RECORD NO.:** 30

STATE: Alaska **RECORDING DISTRICT:** Homer **USGS QUAD MAP NO.:** Seldovia D-5
REGION: Kenai Peninsula **SUB-REGION:** Homer
COMMUNITY/NEIGHBORHOOD: Anchor Point
LOCATION: Seven miles southeast of Anchor Point, Alaska

LEGAL DESCRIPTION: NW1/4 and W1/2, NE1/4 and NE1/4, NE1/4 and S1/2, Section 9, T5S, R14W, S. M.

RIGHTS CONVEYED: Fee simple estate.

GRANTOR: Edmond J. McMahon 489-2265

GRANTEE: Brookwood Inc.

TAX ID: 171-010-08 **INSTRUMENT:** W D **BOOK/PAGE:** 224/957 **RECD'G DATE:** 8-93

SALES PRICE: \$235,000 **TERMS:** \$50,000 down (22%), unable to confirm other financing details.

CEV/ADJ. PRICE: \$235,000 **BASIS FOR ADJUSTMENT:** None - terms are considered to be cash equivalent.

CONFIRMED WITH: Tim Tennis, KPB Assessor

BY/ DATE: DLP/1-94

PRESENT USE: Vacant

INTENDED USE: Farm/Ranch

IMPROVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies from sloping to rolling

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Unimproved

SOILS: Typically poor to average in region

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: None

VEGETATION: Typical is grass and alders with spruce on higher areas.

MARKET EXPOSURE: Unable to confirm market exposure.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

BASIS FOR PURCHASE PRICE: Unknown

BUYER/SELLER MOTIVATION: Reportedly buyer intends to live on or near site and utilize the subject for ranching and farming etc.

COMMENTS:

Buyers did not wish to comment on this sale. Unable to contact seller. Information reported was data obtained from the Kenai Peninsula Borough tax assessor, assessing maps and topography maps.

86

COMPARABLE LAND SALE NO. 31

DATE OF SALE: 1-89 SIZE (ACRE): 138.6 PRICE/ACRE: \$4,690 RECORD NO.: 31

STATE: Alaska RECORDING DISTRICT: Ketchikan USGS QUAD MAP NO.: Ketchikan

REGION: Southeastern SUB-REGION: Ketchikan

COMMUNITY/NEIGHBORHOOD: Revillagegado Island and Prince of Wales Island

LOCATION: Two parcels are located on Revillagegado Island, and two are at the north end of Prince of Wales Island, Alaska

LEGAL DESCRIPTION: USMS 1598, 423, 1040, 1042

RIGHTS CONVEYED: Fee simple surface and subsurface

GRANTOR: David and Kaye Syre

GRANTEE: Ketchikan Pulp Company

TAX ID: INSTRUMENT: QCD BOOK/PAGE: 163/213 RECD'G DATE: 1-89

SALES PRICE: \$650,000 TERMS: Cash

DEV/ADJ. PRICE: \$650,000 BASIS FOR ADJUSTMENT: None

CONFIRMED Ralph Lewis, Ketchikan Pulp, 225-2151

WITH: Ralph Lewis, Ketchikan Pulp

BY/ C. Horan/11-12-92

DATE: DLP/3-94

PRESENT USE: Vacant

INTENDED USE: Logging

IMPROVEMENTS: None

HIGHEST & BEST USE: Logging

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies from sloping to hilly

PHYSICAL ACCESS: Boat, Float Plane, Logging Roads

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Logging roads on adjacent sites

SOILS: Thin layer of overburden over marble bedrock.

UTILITIES: None

EASEMENTS: Typical

MINING: None

WATERFRONT: 1,000 feet of ocean frontage

VEGETATION: Heavily forested with hemlock and spruce.

MARKET EXPOSURE: Seller approached buyer. Buyer indicates that seller was a land broker who made a living turning these types of properties. Unable to contact seller.

SUPPLY & DEMAND CHARACTERISTICS: There is a small but fairly active market for similar properties in this region.

BASIS FOR PURCHASE PRICE: Negotiated

BUYER/SELLER MOTIVATION: Buyer intended to log. Unable to confirm details of sale with the seller.

COMMENTS:

The following descriptive information was provided by Charles Horan, MAI and confirmed as accurate by Ralph Lewis, the buyers representative.

These four parcels contained a total of 138.6 acres. Parcel 1 has about 600 feet of frontage and contains about 40.7 acres. It is very close to parcel 2 which contains 20 acres and lies in a hillside creek drainage. These sites are located in the Misty Fjords National Monument and are timbered. Parcel 3 consists of two adjacent mining claims containing a total of 40 acres. It is on a knoll above Red Bay and sloping downward to within 1,200 feet of the bay. They are heavily forested with hemlock and spruce. The site is well drained and has a thin layer of overburden on marble bedrock. The immediate adjacent lands are USFS owned and have been clear cut. There is a logging road which ends near the subject. Parcel 4 contains 37.9 acres and is located 13 miles east of Point Baker. The parcel has about 400 feet of frontage on Sumner Straight, is heavily forested, gentle sloping and well drained. The beach may be exposed to strong easterly winds during the winter months. Logging roads are in the area but are not extended to the site.

The site was purchased based on the value of the timber. No residual value was given to the cut over land or for mineral potential. The price paid was for timber only, there was no allocation to mineral value.

10052
COMPARABLE LAND SALE NO. 32

DATE OF SALE: 7-18-89 **SIZE (ACRE):** 623.427 **PRICE/ACRE:** \$1,604 **RECORD NO.:** 32

STATE: Alaska **RECORDING DISTRICT:** Ketchikan

USGS QUAD MAP NO.: Craig B-4

REGION: Southeastern

SUB-REGION: Klawock

COMMUNITY/NEIGHBORHOOD: Wadleigh Island

LOCATION: Wadleigh Island, approximately 1.5 miles west of Klawock, Alaska

LEGAL DESCRIPTION: Assemblage of 33 patented mining claims within T27S R80E, CRM, Sections 33 and 34, and T73S, R80E

RIGHTS CONVEYED: Fee simple surface and subsurface

GRANTOR: USX Corporation of Delaware

GRANTEE: Robert Reed and Mike Blair dba B&M Logging of Estacada, Oregon

TAX ID:

INSTRUMENT: Mining Deed

BOOK/PAGE: 171/257-262

RECD'G DATE: 7-89

SALES PRICE: \$1,000,000

TERMS: Unspecified down payment, a minimum \$50,000 deposit was paid. Balance was paid out of logging royalty in 2.3 years. C. Horan thought terms represented a cash transaction.

CEV/ADJ. PRICE: \$1,000,000

BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

CONFIRMED WITH: Michael Blair
Robert Reed, Jr.

BY/ DATE: C. Horan/11-13-92
DLP/3-94

PRESENT USE: Vacant

INTENDED USE: Logging

IMPROVEMENTS: None

HIGHEST & BEST USE: Logging/Mineral

LEGAL ACCESS: Yes

TOPOGRAPHY: Moderate to undulating

PHYSICAL ACCESS: Boat, Plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: Good with thin organic layer that supports heavy timber.

UTILITIES: None

EASEMENTS: Typical

ZONING: None

WATERFRONT: 7,000 feet ocean

VEGETATION: Heavily forested with hemlock, spruce and cedar.

MARKET EXPOSURE: Site was marketed but unable to confirm marketing time.

SUPPLY & DEMAND CHARACTERISTICS: Very small market for large acre parcels in this area.

BASIS FOR PURCHASE PRICE: Land was acquired in a bid. Buyer added a 2% limestone royalty as the buyers felt the sellers had a high regard for the mining claims.

BUYER/SELLER MOTIVATION: Site was excess to sellers needs. Buyers desired to log the site.

COMMENTS:

The following information was provided by C. Horan, MAI who had interviewed the buyer. Robert Reed, Jr. confirmed that that Mr. Horan's analysis was representative of the transaction.

The site consists of contiguous mining claims which comprise a large portion of Wadleigh Island and total 623.4 acres. There is an estimated 7,000' of water frontage. The topography is moderate to undulating with elevations generally below 500' down to water level. There are several drainages and draws on the site. The site is remote and has no utilities. It is not within a municipal boundary and is not subject to zoning restrictions or tax assessments. Merchantable timber quantity estimates ranged from 10.7 MMBF to 22MMBF. It was estimated to be 75% hemlock, 24% spruce and 1% cedar. The sale held out 2% of gross revenue FOB site from limestone quarry.

Buyers were motivated by its timber potential and had at least two offers to sell stumpage when the sale took place. The stumpage sold for \$1,000,000 to Murphy Timber on September 29, 1989, Book 171, Page 266. Murphy Timber felt there was 12 to 15 MMBF of exportable timber on site at the time of sale. The buyers had been negotiating with an option holder for a price of about \$800,000. The option holder lost his position and the land went to bid where the buyer acquired the site for \$1,000,000 and a 2% limestone royalty was reserved for the seller. The buyers felt the value of merchantable timber supported 100% of the purchase price. No portion of the value was allocated to the subsurface estate (minerals) or cutover land.

10051

COMPARABLE LAND SALE NO. 33

DATE OF SALE: 7-21-89 **SIZE (ACRE):** 512 **PRICE/ACRE:** \$781 **RECORD NO.:** 33

STATE: Alaska **RECORDING DISTRICT:** Ketchikan

USGS QUAD MAP NO.: Craig D-5

REGION: Southeastern

SUB-REGION: Near Prince of Wales Island

COMMUNITY/NEIGHBORHOOD: Edna Bay on Kosciuko Island

LOCATION: Edna Bay on Kosciuko Island, west of Prince of Wales Island, 60 miles west of Wrangell, Alaska

LEGAL DESCRIPTION: Within section 28, 29, and 33, T68S, R76E, Copper River Meridian

RIGHTS CONVEYED: Fee simple surface and subsurface.

GRANTOR: Alcoa Aluminum

GRANTEE: William (Skip) Ritcher, WAP 7917, Flying Tiger

TAX ID:

INSTRUMENT: WD

BOOK/PAGE: 169/650

RECD'G DATE: 7-89

SALES PRICE: \$400,000

TERMS: Cash

CEV/ADJ. PRICE: \$400,000

BASIS FOR ADJUSTMENT: None

CONFIRMED WITH: Bev Davis, Selling Agent, Capital Realty

Skip Ritcher

Marty McDowell, DOT

Bev Davis, Capital Realty

BY/ C. Horan/9-5-91

DATE: C. Horan/9-5-91

C. Horan/9-5-91

DLP/3-94

PRESENT USE: Abandoned limestone quarry

INTENDED USE: Buyer intended to log the site, and had unspecified future development plans.

IMPROVEMENTS: None

HIGHEST & BEST USE: Logging

LEGAL ACCESS: Yes

TOPOGRAPHY: Varied from level to sloping

PHYSICAL ACCESS: Boat, Plane, Logging road

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Logging roads onsite

SOILS: Good

UTILITIES: None

EASEMENTS: Typical

ZONING: None

WATERFRONT: 3,520 feet Edna Bay

VEGETATION: Hemlock, spruce and cedar.

MARKET EXPOSURE: Listed for sale in excess of two years. Advertised in the Wall Street Journal and locally.

SUPPLY & DEMAND CHARACTERISTICS: Selling agent indicates that market for large acre sites similar to this comparable is very small.

BASIS FOR PURCHASE PRICE: Negotiated, not based on appraisal or timber cruise.

BUYER/SELLER MOTIVATION: Seller divested site as mineral deposits were not as valuable as desired. Buyer motivation undisclosed.

COMMENTS:

We were unable to contact either the buyer or seller to confirm the actual price paid or buyers motivation. We have relied on information supplied to us by Charles Horan, MAI who has interviewed the buyer. The following information was provided by Charles Horan, MAI.

The buyer originally thought that the site contained about 2 MMBF of merchantable timber. After logging about 800 MBF he felt there was about 200 MBF left to log. The project ran into cost overruns and the expectation of return on logging was not achieved. Originally, he had estimated that the logging should have netted the value of the land with no increment to value of cut over land, subsurface or mineral value.

The purchaser intended to log the timber lands and had an unspecified future development plans for the remainder. He supposed that it could be used for homesites. It was important to the buyer that there was deep water access with possible shipping potential. The site was also important because it represented a large contiguous ownership in an area where large pieces are extremely rare.

10020

COMPARABLE LAND SALE NO. 34

DATE OF SALE: 5-22-91	SIZE (ACRE): 229.1	PRICE/ACRE: \$546	RECORD NO.: 34
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STATE: Alaska RECORDING DISTRICT: Juneau	USGS QUAD MAP NO.: Juneau D-4
REGION: Southeastern	SUB-REGION: Juneau

COMMUNITY/NEIGHBORHOOD: Johnson Creek above Berners Bay

LOCATION: Johnson Creek above Berners Bay, 60± north of downtown Juneau, Alaska

LEGAL DESCRIPTION: USMS 261, 264, 265, 266, and 678 within Sections 10, 11, 14 and 15, T35S, R62E, CRM

RIGHTS CONVEYED: Fee simple surface only.

GRANTOR: University of Alaska

GRANTEE: Hyak Mining Company

TAX ID: 3N000BB0110/20	INSTRUMENT: QCD	BOOK/PAGE: 345/250	RECD'G DATE: 5-22-91
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SALES PRICE: \$125,000 TERMS: 10% down, 10% interest, with quarterly payments of \$112,500 for 15 years.

CEV/ADJ. PRICE: \$125,000 BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

CONFIRMED U of A Representative Marty Epstein
WITH: U of A Representative Mary Montgomery
 Neil McKinnon, Hyak Mining Co.

BY/ DLP/1-94
DATE: DLP/1-94
 DLP/1-94

PRESENT USE: Old mill site

INTENDED USE: Surface support site for subsurface mining activity

IMPROVEMENTS: None

HIGHEST & BEST USE: Logging/Mineral

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies from level to hilly

PHYSICAL ACCESS: Walk in

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: Varies from poor to good

UTILITIES: None

EASEMENTS: Normal

ZONING: None

WATERFRONT: Ocean

VEGETATION: Some rocky hillsides, timber and creek bottom land, sparsely forested

MARKET EXPOSURE: Not advertised. Grantee owned subsurface estate, and had surface rights to support ongoing mining operations. Site of little value to others.

SUPPLY & DEMAND CHARACTERISTICS: This market has a limited number of buyers and sellers. This site is unique as grantee was mining subsurface.

BASIS FOR PURCHASE PRICE: Negotiated. Seller felt the sales price represented market value. Buyer felt price was high at time but in retrospect thinks it was market.

BUYER/SELLER MOTIVATION: Seller (UAA) has 210,000 total acres of land for sale or lease. Buyer desired site to resolve access and permit concerns.

COMMENTS:

This is the sale of an old mill site that was part of a larger mining operation. The buyer is a mining company that owned the subsurface and wanted to explore this site, but needed the surface estate to resolve access and permitting concerns. There are no utilities available. The site was thought to be covered with mostly unmerchantable spruce and hemlock. There is some second growth and substantial clearings with brush and other modest vegetation claiming the mining areas. Apparently the buyer and seller had negotiated the sales price over along period of time and both felt it was an arms length transaction. The seller had no other immediate buyer prospects and wanted to limit the liability. Both parties felt it was a clearing up of a nuisance. The buyer ended up selling the timber at a price that paid for the site. Buyer feels that there is very little remaining value to the surface site after it has been logged.

7876

COMPARABLE LAND SALE NO. 35

DATE OF SALE: 12-91 SIZE (ACRE): 340.7 PRICE/ACRE: \$2,348 RECORD NO.: 35

STATE: Alaska RECORDING DISTRICT: Ketchikan USGS QUAD MAP NO.: Craig A-2

REGION: Southeastern SUB-REGION: Hetta Inlet

COMMUNITY/NEIGHBORHOOD: Copper Harbor

LOCATION: Copper Harbor off of Hetta Inlet, Prince of Wales Island, Alaska

LEGAL DESCRIPTION: USMS 419A, and portions of USMS 419B, USMS 1023, within Sections 3, 4, 5, 8 and 9, T77S, R58E, CRM

RIGHTS CONVEYED: Fee simple surface and subsurface.

GRANTOR: Key Bank of Alaska

GRANTEE: Joe Henry, Southcentral Timber Development, Inc.

TAX ID: INSTRUMENT: QCD BOOK/PAGE: 197/659 RECD'G DATE: 12-91

SALES PRICE: \$800,000 TERMS: Mostly financed with extra collateral. Note to be paid out of logging operations within one year.

CEV/ADJ. PRICE: \$800,000 BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

CONFIRMED Joe Henry
WITH: Dan Mock, Key Bank of Alaska 564-0446
 Joe Henry

BY/ C. Horan/11-12-92
DATE: C. Horan/11-17-92
 DLP/3-94

PRESENT USE: Vacant

INTENDED USE: Logging

IMPROVEMENTS: None

HIGHEST & BEST USE: Logging

LEGAL ACCESS: Yes

TOPOGRAPHY: Moderate to undulating

PHYSICAL ACCESS: Boat, Plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: Good with thin organic layer that supports heavy timber.

UTILITIES: None

EASEMENTS: Typical

ZONING: None

WATERFRONT: 1,410 feet ocean

VEGETATION: Heavily forested with hemlock, spruce and cedar.

MARKET EXPOSURE: Site was reportedly listed at \$1,500,000 for over a year prior to foreclosure. Several offers between \$1.0 million and \$1.2 million. but site foreclosed before execution of these offers. Key Bank marketed at \$1.2 million before this offer.

SUPPLY & DEMAND CHARACTERISTICS: Limited market for large acre parcels in this area.

BASIS FOR PURCHASE PRICE: Negotiated.

BUYER/SELLER MOTIVATION: Seller had foreclosed on previous owner and desired to minimize its losses. Buyer intended to log the site in order to pay off the note and was unsure of what he would do with the remainder.

COMMENTS:

The following information was provided by C. Horan, MAI who had interviewed the buyer. The buyer confirmed that that Mr. Horan's analysis was representative of the transaction although he would not reconfirm the sales price. Unable to contact seller's representative to confirm detail.

The site consists of 23 mining claims that encompass steep mountainous slopes up to 3,500 feet above sea level. It contains nearly 340.7 acres, with an estimated 1,410' of water frontage. Two creeks run through the site. The topography is moderate to undulating with about 15 acres of level cleared area near the beach. There is a relatively well protected anchorage in Copper Harbor. The site is remote and has no utilities. It is not within a municipal boundary and is not subject to zoning restrictions or tax assessments. Merchantable timber quantity estimates ranged from 5 MMBF to 8 MMBF. Seller estimated it was between 5 and 7 million board feet. Buyer subsequently indicated that it was less than the sellers estimate.

Buyer was motivated by its timber potential. There was no formal stumpage value estimate or detailed logging program developed at the time of purchase. The purchasers retained Sullivan Logging Company to log the site with Charlie Nash as the onsite consultant. Buyer tried to sell stumpage but was unable to locate a buyer, perhaps due to the high asking price. The buyer had five or six different ideas of what type of development could occur on the site. He felt at the time of purchase that the timber had to pay the entire price with no particular residual to the cutover land or subsurface mineral estate. Buyer was vague on timber values and stumpage estimates.

10001

COMPARABLE LAND SALE NO. 36

DATE OF SALE: 4-92 **SIZE (ACRE):** 264.18 **PRICE/ACRE:** \$348 **RECORD NO.:** 36

STATE: Alaska **RECORDING DISTRICT:** Valdez **USGS QUAD MAP NO.:** Cordova D-7
REGION: Southcentral **SUB-REGION:** Prince William Sound

COMMUNITY/NEIGHBORHOOD: Fidalgo Bay

LOCATION: South shoreline of Fidalgo Bay, East of Irish Cove, Prince William Sound, Alaska

LEGAL DESCRIPTION: USMS 1584, Patent No. 1072905, Section 35, T12S, R7W, and Sections 2 and 3, T13S, R7W, Copper River Meridian

RIGHTS CONVEYED: Fee simple surface and subsurface estate.

GRANTOR: Charles Herbert

GRANTEE: Citigreen, Inc.

TAX ID: **INSTRUMENT:** SWD **BOOK/PAGE:** 116/454 **RECD'G DATE:** 04-92

SALES PRICE: \$92,000 **TERMS:** Cash

CEV/ADJ. PRICE: \$92,000 **BASIS FOR ADJUSTMENT:** None

CONFIRMED Chuck Herbert, Grantor, 248-9140
WITH: Bob Rice, Grantee
Claire Doig, Forest and Land Management (206) 866-8045

BY/ DLP/3-94
DATE: DLP/3-94
SEC/3-94

PRESENT USE: Defunct Copper Mine

INTENDED USE: Logging

IMPROVEMENTS: Vacant

HIGHEST & BEST USE: Logging

LEGAL ACCESS: Yes

TOPOGRAPHY: Undulating to very steep

PHYSICAL ACCESS: Boat, Float Plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: Good

UTILITIES: None

EASEMENTS: None

ZONING: None

WATERFRONT: 1,200' ocean frontage

VEGETATION: Hemlock mixed with spruce.

MARKET EXPOSURE: The subject was on and off the market for over ten years.

SUPPLY & DEMAND CHARACTERISTICS: Limited demand for large acreage parcels in this region.

BASIS FOR PURCHASE PRICE: Negotiated. Price was gradually lowered over a 10 year period from \$400,000 to \$250,000, the listing price at date of sale.

BUYER/SELLER MOTIVATION: Buyer desired site for its timber. Sellers were becoming elderly and land was surplus to their current needs.

COMMENTS:

This parcel consists of 15 patented claims formerly mined for copper. The seller indicates there is over 5,200 feet of mining tunnels on the site. A large portion is very steep upland with marginal shoreline influence. Nearby Irish Cove offers protected waters. The predominate shoreline profile is low to medium bank. Upland terrain ascends steeply from the shoreline and then changes to an undulating plateau of approximately 50 acres. Some logging on a small portion of the upland occurred in the early 1980's. Buyer has established a logging operation adjacent to this site. Seller granted the buyer permission to conduct a timber cruise which indicated between 90 and 100 acres had merchantable timber. Based on this information the buyer offered to buy the timber rights for \$48,000. The seller refused because he wanted to divest himself of the entire parcel. The final sales price of \$92,000 was negotiated. Seller indicated that the \$92,000 sales price represented the fair market value of the site. Seller does not believe that the Exxon oil spill impacted the value of his site. There is no evidence of undue stimulus or duress affecting the sales price of this property. The buyers completed the purchase after having discussed a sale of the cutover land with Tatitlik Corporation - the owner of surrounding lands. According to Mr. Claire Doig, an independent forester and land manager representing Tatitlik, \$35,000 (\$132/acre) was the tentative figure for the cut-over land. Mr. Doig reported that the market prospects for the cut-over land were nil but the acquisition would have eliminated a potential nuisance and minimized a perceived liability (abandoned mine shafts). Per Mr. Doig, the subsequent sale of the cutover land was never completed and the \$132/acre indicator was not supportable in the marketplace. If the transaction had been consummated, the transaction would have reflected the influence of undue stimulus and a nuisance value at best. Mr. Doig is confident that the buyers recovered all of their investment from the timber and suggested that \$100 per acre was the upper-end of allocations that can be justified for cut-over land in Alaska. Mr. Rice reported that his company usually assumes a residual value of between \$50 and \$100 per acre for cut over land. He indicated this may be low in comparison to the residuals allocated in other parts of the country but cited the lack of a market and a relatively long regeneration time for the resource.

106116
COMPARABLE LAND SALE NO. 37

DATE OF SALE: 2-93 **SIZE (ACRE):** 190.4 **PRICE/ACRE:** \$1,822 **RECORD NO.:** 37

STATE: Alaska **RECORDING DISTRICT:** Ketchikan

USGS QUAD MAP NO.: Ketchikan A-6, B-6

REGION: Southeastern

SUB-REGION: Ketchikan

COMMUNITY/NEIGHBORHOOD: Gravina Island

LOCATION: Gravina Island

LEGAL DESCRIPTION: USMS 725

RIGHTS CONVEYED: Fee simple except for oil and gas.

GRANTOR: Gravina Island Associates

GRANTEE: MRGC Timberland Ltd. Partnership

TAX ID: 3050000-082000

INSTRUMENT: SWD

BOOK/PAGE: 212/127

RECD'G DATE: 8-5-93

SALES PRICE: \$347,000

TERMS: Would not disclose. As site was purchased for logging, terms are assumed to be cash or its equivalent.

CEV/ADJ. PRICE: \$347,000

BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

CONFIRMED Connie, Haines Assessing office

WITH: Larry Blydenstein, MRGC Timberland (206) 452-4933

BY/ DLP/01-94

DATE:

PRESENT USE: Vacant

INTENDED USE: Logging

IMPROVEMENTS: None

HIGHEST & BEST USE: Logging

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies from level to hilly

PHYSICAL ACCESS: Boat, airplane

SITE SHAPE: Varies

ROAD IMPROVEMENTS: None

SOILS: Good

UTILITIES: None

EASEMENTS: Normal

ZONING: General

WATERFRONT: Ocean

VEGETATION: Forested - Moderately Dense

MARKET EXPOSURE: Buyer approached seller. Seller would not comment on market exposure.

SUPPLY & DEMAND CHARACTERISTICS: Buyer indicates that there is a shortage of timber land in southeastern Alaska and the western United States.

BASIS FOR PURCHASE PRICE: Timber cruise and subsequent negotiation.

BUYER/SELLER MOTIVATION: Seller motives unknown. Buyer motives are profit driven.

COMMENTS:

Seller would not disclose terms of the sale. Buyer would confirm everything except price. Buyer did say that the price was not very much above the reported \$347,000, that the seller had paid for the site in February 1993. Seller had acquired the site in a non-arms length transaction. Buyer indicates that no value was allocated to the cut-over site. They would not have acquired the site if the value of the timber alone had not yielded a satisfactory return. Mr. Blydenstein indicated that he is unaware of any market for cut-over timberland in Alaska because of the extensive amount of time for regrowth to occur. It is his opinion that \$100 per acre may be a little high as a value for cut over land considering that there is no known market for cut-over timber land. However he felt that maybe it represented a fair speculation considering that taxing authorities generally assess cut over timber land at very low values so that the holding costs are almost minimal.

10257
COMPARABLE LAND SALE NO. 38

DATE OF SALE: Fall 1993 **SIZE (ACRE):** 10,634.43 **PRICE/ACRE:** \$125 **RECORD NO.:** 38

STATE: Alaska **RECORDING DISTRICT:** Palmer

USGS QUAD MAP NO.: Anchorage C-7

REGION: Southcentral

SUB-REGION: Talkeetnas

COMMUNITY/NEIGHBORHOOD: Hatcher Pass

LOCATION: South of the Independence Mine State Park approx. 60 road miles north of Anchorage and 20 road miles north of Palmer, Alaska

LEGAL DESCRIPTION: Length aliquot parts description located in T19N, R1E, Seward Meridian

RIGHTS CONVEYED: Leasehold Surface Estate

GRANTOR: Lessor- State of Alaska

GRANTEE: Lessee- Hatcher Pass Development Co. owned by Fred Rogers of Ketchum, Idaho

TAX ID: N/A

INSTRUMENT: Lease Agreement **BOOK/PAGE:** 734/350

RECD'G DATE: 09-27-93

SALES PRICE: \$13,300,000

TERMS: Base land lease is \$93,000 per annum plus sliding percentage of gross revenue.

CEV/ADJ. PRICE: \$1,330,000

BASIS FOR ADJUSTMENT: Calculated by capitalizing base lease of \$93,000 by 7%.

CONFIRMED WITH: Mike Sullivan, DNR, State of Alaska
Greek Taylor, DNR, State of Alaska

BY/ DATE: DLP/1-94
DLP/1-94

PRESENT USE: Recreational

INTENDED USE: Commercial - Ski resort

IMPROVEMENTS: None

HIGHEST & BEST USE: Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Sloping to steep

PHYSICAL ACCESS: Automobile, airplane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Gravel

SOILS: Glacial till, alpine tundra and talus

UTILITIES: None

EASEMENTS: Normal

ZONING: Talkeetna Mtns. Special Use Dist.

WATERFRONT: None

VEGETATION: Dense alders, weathered bedrock with alpine tundra and exposed talus.

MARKET EXPOSURE: This site has been available for lease for many years. At least one other time the site was negotiated for a potential lease.

SUPPLY & DEMAND CHARACTERISTICS: There are other alternative sites available. Several entities have considered similar projects in this region.

BASIS FOR PURCHASE PRICE: Negotiation.

BUYER/SELLER MOTIVATION: Lessor was willing to accept lower base lease value in return for performance bonds and larger percentage of future gross revenue.

COMMENTS:

This is the 55 year lease of a large site in the northern portion of southcentral Alaska. The lease expires at midnight on September 15, 2048. The site consists mostly of steep mountainous terrains that will be developed with a ski resort. The lessee anticipates completing the first of three phases, which includes opening the ski slopes, by the fall of 1995. There is no water frontage, but there is expansive views of the Matanuska Valley and the Talkeetna Mountains.

Ground rents consist of two components, a base rent of \$93,000 per year and a sliding percentage of gross revenues. According to Greek Taylor of the State of Alaska Department of Natural Resources, the State was willing to accept a low base ground rent in order to get the project off of the ground. In return for a lower base rate they negotiated a higher percentage of the future gross revenues, and they required the lessee to post development bonds to protect them if the lessee failed to develop the site. The base ground rents are considered to be less risky than percentages of speculative revenues. A capitalization rate of 6% to 8% is considered to fairly reflect a "safe" rate. To derive a per acre indicator, we have capitalized the base annual ground rents of \$93,000 @ 7%.

$\$93,000 \div .07 = \$1,330,000$, rounded.

$\$1,330,000 \div 10,634.43 = \125 per acre

AKI01

Seward Meridian, Alaska,

T.36S., R.27W.,

Sec. 18 (fractional), excluding U.S. Survey 9249 Lots 1-3,
(Conveyed);

Containing approximately 140 acres conveyed.

T.36S., R.28W.,

Sec. 1 (fractional), excluding U.S. Surveys 9405 and 9406 Lot 2,
(Conveyed);

Secs. 2, excluding U.S. Survey 9406 Lot 2, (Selected);

Secs. 10 (fractional), (Conveyed);

Sec. 11 (fractional), excluding U.S. Survey 9406 Lot 2,
(Conveyed), a portion of the N1/2 NW 1/4 is selected;

Sec. 12 (fractional), excluding U.S. Survey 9406 Lot 2,
(Conveyed);

Sec. 13 (fractional), excluding U.S. Survey 9249 Lot 1,
(Conveyed);

Secs. 14 and 15 (fractional), (Conveyed);

Sec. 16 (fractional) (Conveyed), AA-6672-A (Selected);

Sec. 17 (fractional) (Conveyed), AA-6672-A (Selected);

Sec. 20 (fractional);

Sec. 21 (fractional) (Conveyed), AA-6672-A (Selected).

Containing approximately 4,320 acres conveyed and 770 acres
selected.

Aggregating approximately 4,460 acres conveyed and 770 acres
selected.

AKI02

Seward Meridian, Alaska,

T.36S., R.27W.,

Sec. 16 (fractional), excluding U.S. Survey 9249 Lot 5;
Sec. 17 (fractional), excluding U.S. Survey 9249;
Secs. 19 and 20, (Selected), excluding U.S. Survey 9249 Lot 3;
Sec. 21 (fractional);
Sec. 28 (fractional);
Sec. 29 (fractional);
Sec. 30 (fractional), excluding U.S. Survey 10834;
Sec. 31 (fractional), excluding U.S. Surveys 9301 Lots 1 and 2
and 10835;
Sec. 32 (fractional), excluding U.S. Surveys 9301 Lot 2 and 9119;
Sec. 33 (fractional), excluding U.S. Survey 9119;
Sec. 34 (fractional).

Containing approximately 2,357 acres conveyed and 1,256 acres
selected.

T.36S., R.28W.,

Sec. 35;
Sec. 36 (fractional);

Containing approximately 1,120 acres conveyed.

T.37S., R.28W.,

Sec. 3 (fractional).

Containing approximately 535 acres conveyed.

Aggregating approximately 4,012 acres conveyed and 1,256 acres
selected.

AKI03

Seward Meridian, Alaska,

T.37S., R.28W.,

Secs. 10;
Secs. 15 (fractional);
Secs. 16 and 21 (fractional), excluding U.S. Survey 9447;
Sec. 22 (fractional);
Secs. 27 and 28 (fractional);
Secs. 33 thru 34, (fractional).

Containing approximately 4,470 acres conveyed.

T.38S., R.28W.,

Sec. 4 (fractional);
Secs. 5;
Sec. 6 (fractional);
Sec. 7 (fractional), excluding U.S. Survey 10602;
Secs. 8 and 9 (fractional);
Secs. 15 to 17 (fractional);
Sec. 18 (fractional), excluding U.S. Surveys 10602 and 9451
Lot 1;
Sec. 19 (fractional), excluding U.S. Surveys 10599 and 6857
Lot 1;
Sec. 20 (fractional), excluding U.S. Survey 10599;
Secs. 21 and 22 (fractional);
Secs. 28 and 29 (fractional);
Sec. 30 (fractional), excluding U.S. Surveys 6857 Lots 1 and,
10599 and 602;
Sec. 31 (fractional), excluding U.S. Survey 6857 Lot 1;
Sec. 32 (fractional).

Containing approximately 5,345 acres conveyed.

T.38S., R.29W.,

Secs. 1 and 2;
Sec. 11;
Sec. 12 (fractional);
Sec. 36 (fractional), excluding U.S. Surveys 6857 and 6908.

Containing approximately 2,805 acres conveyed.

Aggregating approximately 12,620 acres conveyed.

AKI04A

Seward Meridian, Alaska,

T.37S., R.29W.,

Sec. 31 (fractional);

Sec. 32 (fractional), excluding U.S. Survey 2067;

Sec. 33.

Containing approximately 897 acres conveyed.

T.38S., R.29W.,

Secs. 3 thru 5;

Sec. 6 (fractional);

Secs. 7 thru 10;

Secs. 14 thru 22;

Sec. 23, excluding U.S. Survey 6869;

Sec. 26, excluding U.S. Survey 6908;

Secs. 27 thru 31;

Secs. 32 thru 35 (fractional).

Containing approximately 16,624 acres conveyed.

T.39S., R.29W.,

Secs. 3 and 4 (fractional) (Selected), excluding U.S. Survey
10627;

Sec. 5 (fractional) (Selected);

Secs. 8 (Selected)

Secs. 9 and 10 (fractional) (Selected);

Sec. 16 (fractional) (Selected);

Sec. 17 (fractional) excluding U.S. Survey 10582, (Selected);

Sec. 18, (Selected);

Secs. 19 and 20 (fractional) (Selected), excluding U.S. Survey
10582;

Sec. 30 (fractional) (Selected).

Containing approximately 4,029 acres selected.

Aggregating approximately 17,521 acres conveyed and 4,029 acres
selected.

Seward Meridian, Alaska,

T.38S., R.30W.,

Secs. 1 and 2 (fractional), (Conveyed);
Secs. 10 and 11 (fractional), (Conveyed);
Sec. 14 (Conveyed);
Sec. 15 (fractional), (Conveyed);
Sec. 21 and 22 (fractional), (Conveyed);
Sec. 23 (fractional) (Conveyed);
Sec. 25 (fractional) (Selected);
Secs. 26 and 27 (fractional), (Conveyed);
Sec. 28 (fractional), excluding U.S. Survey 9462; (Conveyed);
Secs. 29 thru 31 (fractional), (Conveyed);
Secs. 32 and 33 (Conveyed);
Sec. 34 (fractional) (Conveyed).

Containing approximately 7,392 acres conveyed and 635 acres selected.

T.39S., R.30W.,

Secs. 4 and 5 (fractional), (Conveyed);
Secs. 8 and 9 (fractional), (Conveyed);
Sec. 16 (Conveyed);
Sec. 17 (fractional), (Conveyed);
Secs. 20 (fractional), (Conveyed);
Sec. 21 (Conveyed);
Sec. 24 (Conveyed);
Sec. 25 (fractional), excluding U.S. Survey 10583, (Conveyed);
Sec. 26 (Conveyed);
Sec. 28 (fractional), (Selected);
Secs. 29 and 30 (fractional), (Conveyed);
Sec. 31 (fractional), (Conveyed);
Sec. 33 (fractional), (Conveyed);
Sec. 34 (Conveyed);
Secs. 35 and 36 (fractional), (Conveyed).

Containing approximately 8,954 acres conveyed and 635 acres selected.

T.40S., R.30W.,

Sec. 2 thru 4 (fractional), (Conveyed)

Containing approximately 85 acres selected.

Aggregating approximately 16,346 acres conveyed and 1,355 acres selected.

AKI05

Seward Meridian, Alaska,

T.36S., R.28W.,
Sec. 33.

Containing approximately 640 acres conveyed.

T.36S., R.29W.,
Sec. 23 (fractional);
Secs. 26 and 35, (fractional), excluding U.S. Survey 2056;
Sec. 36 (fractional).

Containing approximately 1,704 acres conveyed.

T.37S., R.28W.,
Sec. 6 (fractional).

Containing approximately 555 acres conveyed.

T.37S., R.29W.,
Secs. 1 and 2 (fractional);
Sec. 3, (fractional), excluding U.S. Survey 2070;
Sec. 4, (fractional), excluding U.S. Survey 2070;
Sec. 9, (fractional), excluding U.S. Survey 1997;
Secs. 10 thru 12 (fractional);
Secs. 14 and 15 (fractional);
Sec. 16, (fractional), excluding U.S. Survey 2071;
Secs. 21, 22, 27 (fractional);
Sec. 28 (fractional), excluding U.S. Survey 1998.

Containing approximately 5,356 acres conveyed.

Aggregating approximately 8,255 acres conveyed.

AKI06A North of Olga Bay

Seward Meridian, Alaska,

T.35S., R.30W.,

Sec. 7;
Secs. 18 thru 20 (fractional).

Containing approximately 1,470 acres conveyed.

T.35S., R.31W.,

Secs. 4 and 5 (fractional) (Conveyed);
Secs. 8 and 9 (fractional) (Conveyed), excluding U.S. Surveys 45, 325, 299,
1577, 1580, and 10187;
Sec. 10 (fractional) (Conveyed);
Secs. 11 and 12 (Selected);
Secs. 13 thru 15 (fractional) (Conveyed);
Sec. 17 (fractional) (Conveyed).

Containing approximately 3,114 acres conveyed and 1,280 acres selected.

AKI06A South of Olga Bay

T.35S., R.30W.,

Secs. 19 and 20 (fractional);
Secs. 29 and 30 (fractional).

Containing approximately 784 acres conveyed.

T.35S., R.31W.,

Secs. 24 and 25, (fractional) (Conveyed);
Secs. 26 thru 30 (fractional) (Selected).

Containing approximately 440 acres conveyed and 2,364 acres selected.

Aggregating approximately 5,808 acres conveyed and 3,644 acres selected.

AKI06B

Seward Meridian, Alaska,

T.35S., R.30W.

Sec. 2 (Conveyed)

Sec. 3 (fractional) (Conveyed);

Secs. 10 and 11 (fractional) (Conveyed);

Secs. 14 and 15 (fractional) (Conveyed);

Secs. 21 thru 23, (fractional), (Conveyed).

Containing approximately 5,075 acres conveyed.

Aggregating approximately 5,075 acres conveyed.

AKI06C

Seward Meridian, Alaska,

T.35S., R.29W.,

Sec. 7 (Selected);
Sec. 13 (fractional), excluding U.S. Survey 1855;
Sec. 18 (Selected);
Secs. 19 thru 21, (fractional), (Conveyed);
Sec. 22 (Conveyed);
Sec. 23 (fractional), excluding U.S. Survey 2072, (Conveyed);
Sec. 24 (fractional) excluding U.S. Survey 1858, (Conveyed);
Sec. 26 (fractional), excluding U.S. Survey 2072, (Selected);
Sec. 27 thru 29 (fractional), (Selected);
Sec. 30 (fractional), (Conveyed).

Containing approximately 4,159 acres conveyed and 2,645 acres selected.

T.35S., R.30W.,

Sec. 13;
Sec. 24 (fractional);
Sec. 25, (fractional), excluding U.S. Survey 1889.

Containing approximately 1,515 acres conveyed.

Aggregating approximately 5,674 acres conveyed and 2,645 acres selected.

AKI07

Seward Meridian, Alaska,

T.35S., R.30W.,

Sec. 32 thru 35 (fractional), (Conveyed);

Containing approximately 895 acres conveyed.

T.36S., R.30W.,

Sec. 3 (Conveyed);

Sec. 4 thru 6 (fractional), (Conveyed);

Sec. 7 (fractional), excluding U.S. Survey 1890 and 9460,
(Conveyed)

Sec. 8 (fractional), excluding U.S. Survey 9459, (Conveyed);

Sec. 9 (Conveyed);

Sec. 16 (Conveyed);

Sec. 17 (fractional), (Conveyed);

Sec. 18 (fractional), excluding U.S. Survey 9460 (Conveyed);

Secs. 19 and 20 (fractional), (Conveyed);

Sec. 21 (Conveyed);

Secs. 29 thru 31 (fractional), (Conveyed);

Sec. 32 (Conveyed).

Containing approximately 8,174 acres conveyed.

T.36S., R.31W.,

Sec. 12, SE 1/4, (Conveyed);

Sec. 13 (Conveyed);

Sec. 22 (Conveyed);

Sec. 23, (Conveyed);

Sec. 24 (Conveyed);

Sec. 25 (fractional), excluding U.S. Survey 2371 and 2508,
(Conveyed);

Sec. 26 (fractional), (Conveyed);

Sec. 36 (fractional), (Conveyed).

Containing approximately 3,751 acres conveyed.

T.37S., R.31W.,

Sec. 1 (Conveyed);

Sec. 2 (fractional), excluding U.S. Survey 9392,
(Conveyed);

Sec. 3 (East shore, fractional), excluding U.S. Survey 9392
(Conveyed);

Sec. 11 and 12 (fractional), (Conveyed);

Sec. 13 (fractional), excluding U.S. Surveys 1845 and 2073,
(Conveyed).

Containing approximately 2,135 acres conveyed.

Aggregating approximately 14,955 acres conveyed.

Seward Meridian, Alaska,

T.36S., R.31W.,

Secs. 4, 6, and 7, (Conveyed);
Secs. 9, 10 and 11, (Conveyed);
Sec. 12, N 1/2, SW 1/4 (fractional) (Conveyed);
Secs. 14 thru 21 (fractional), (Conveyed);
Sec. 27 (Selected);
Sec. 28 and 29 (Conveyed);
Secs. 32 thru 35, (Selected).

Containing approximately 8,291 acres conveyed and 3200 acres selected.

T.36S., R.32W.,

Sec. 1;
Secs. 2, 10 and 11 (fractional);
Secs. 12 thru 14 (fractional);
Sec. 15 (fractional), excluding U.S. Survey 174, 1578 and 1579;
Secs. 16 thru 18, (fractional);
Secs. 19 thru 22;
Secs. 23 and 24 (fractional).

Containing approximately 7,372 acres conveyed.

Aggregating approximately 15,663 acres conveyed and 3200 acres selected.