

**MARKET VALUE APPRAISAL
Of
12
Remote Matanuska-Susitna Borough Parcels
Within
Chase II Alaska Subdivision**



APPRAISAL REPORT No. 4209-0

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

MEMORANDUM

State of Alaska

Department of Natural Resources
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Division of Mining, Land & Water
550 West 7th Avenue, Suite 650
Anchorage AK 99501-3576

DATE: December 3, 2014

TO: Kevin Hindmarch
Review Appraiser

FROM Michael S. Dooley
Appraiser I

SUBJECT: Appraisal of remote parcels within Chase II Alaska Subdivision.

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

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal Foundation and in accordance with the Special Appraisal Instructions, DNR. This is an appraisal report based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I have inspected all of the subject parcels and all of the comparable sales used in this report, via aerial inspection. Physical descriptions of the subject parcels were based on inspections, aerial photography, topographic maps, peer appraisal reports, interviews with realtors and various individuals familiar with the area. Based on these observations and analyses of all available data, I have formed an opinion of the market values as of the effective date of value.

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APPRAISAL SUMMARY

Location and Legal Description

Subdivision Name	ADL	Location	Legal Description
Chase II Alaska	Various	Approximately 8 miles northeast of Talkeetna and less than ¼ of a mile north of the Talkeetna River.	Various, See Following

SUMMARY OF VALUES

Subdivision	ADL	Lot	Block	ASLS	Site Size	Value
Chase II Alaska, Unit IB	214405	1,2,3	18	79-149	15.00	\$11,700
Chase II Alaska, Unit IA	214407	1,2	20	79-149	10.00	\$9,000
Chase II Alaska, Unit IIA	214415	4,5	3	79-149	10.00	\$9,000
Chase II Alaska, Unit IIA	214419	1,2,3	4	79-149	15.00	\$11,700
Chase II Alaska, Unit IIA	214431	1,2	9	79-149	10.00	\$9,000
Chase II Alaska, Unit IIB	214435	1,2	10	79-149	10.00	\$9,000
Chase II Alaska, Unit IIB	214438	3,4,5	11	79-149	15.00	\$11,700
Chase II Alaska, Unit IIB	214442	1,2	13	79-149	10.00	\$9,000
Chase II Alaska, Unit IIB	214446	4,5	14	79-149	10.00	\$9,000
Chase II Alaska, Unit IIB	214448	3,4	15	79-149	10.00	\$9,000
Chase II Alaska, Unit IIC	214451	1,2,3	17	79-149	14.78	\$11,700
Chase II Alaska, Unit IIC	214453	6,7	17	79-149	10.00	\$9,000

Type of Appraisal and Report

This appraisal report is prepared in accordance with Standards Rule 1 and 2 of the current edition of Uniform Standards of Professional Appraisal Practice (USPAP), and in accordance with DNR's Special Appraisal Instructions.

Purpose of Appraisal

The purpose of this appraisal is to estimate current market value of the properties described in this report.

Intended Use of Appraisal

The appraisal will be used by DNR to determine the minimum bid for parcels to be acquired through the auction sale program under **AS 38.05.055**.

User and Client Identity

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

Property Rights Appraised

Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under **AS 38.05.125(a)**. Fee simple estate is defined as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."¹

AS 38.05.125(a) states:

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

Definition of Market Value

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

Effective Date of Value Estimate

August 21, 2014

Date of Report

December 3, 2014

¹ The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, p.78

² Alaska Statutes Title 38, Public Land Article 5, <http://www.legis.state.ak.us/basis/folio.asp>, Accessed 11/25/2014

³ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.58

Exposure Time

Exposure time 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 opinion based on an analysis of past events assuming a competitive and open market. Exposure time is different for various types of property and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort."⁴

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time. Currently there are over 100 available parcels within the immediate area. Considering the availability of parcels on the market, a longer exposure time of up to three years is reasonable.

Scope of the Appraisal

Property and Comparable Sales Inspection

I inspected the subject property and all of the comparable sales on August 21, 2014, via aerial inspection. Physical features and access were identified by use of aerial inspections, topographic maps, status plats, aerial photographs, DNR appraisal records, and interviews with people who are familiar with the area.

Research and Analysis Conducted

Interviews were conducted with, real estate agents, appraisers, local residents, and other individuals familiar with the area who provided information about trends in value, supply, demand, access, and physical characteristics of the subject properties. DNR records and the Records Office databases were searched for recent comparable sales while the Matanuska - Susitna Borough database was searched for relevant sale information. Private real estate agent websites were searched for recent listings while sellers, buyers, and agents were contacted to verify recent sale prices and other transaction details.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions.

⁴ Uniform Standards of Professional Appraisal Practice 2014-2015, Appraisal Foundation, p. U-2

Assumptions and Limiting Conditions

1. The property is appraised as vacant land without structural or site improvements.
2. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader visualize the properties.
3. Information furnished by others and included in the report is believed to be reliable but the appraiser does not warrant the accuracy of such information.
4. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
5. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
6. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.
7. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for any such conditions, or for arranging engineering studies to discover them.
8. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
9. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include the value of commercial timber, if any.
10. Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".
11. In this valuation, various mathematical calculations were used to formulate the opinion of value. These calculations are only aids for the formulation of the opinion of value by the appraiser. Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.
12. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.

PRESENTATION OF DATA

All of the subject parcels are all located in remote areas of the Matanuska-Susitna Borough. All of the parcels are located north of the Cook Inlet, south of Denali National Park, east of the Alaska Range, and east of the Parks Highway.

Market Area – The Matanuska Susitna Borough⁵

Location:

The Matanuska-Susitna (Mat-Su) Borough is located in the middle of south central Alaska, including the Matanuska and Susitna River Drainages, portions of the Chugach Mountains as well as the Alaska, Talkeetna, and Clearwater Ranges. The Municipality of Anchorage, Upper Cook Inlet, and Knik Arm delineate the Borough's southern border. The average temperatures in January range from 6°F to 14°F; in July, 47°F to 67°F. Annual precipitation is 16.5 inches.

Local Government:

The Mat-Su Borough is a second class Borough incorporated in 1964 with an elected Mayor and Assembly. The Borough's area-wide powers include: assessment and collection of taxes, education, planning and zoning, parks and recreation, ports, harbors and wharves, ambulance service, transportation systems, air pollution control, day care facilities, historic preservation, and transient accommodations taxation. The Borough's non area-wide powers include fireworks, motor vehicles and operators, snow vehicles, solid waste, libraries, septic tank waste disposal, economic development, limited health and social service, natural gas, electric, and road local improvement districts, animal control, and water pollution control.

Demographics:

Low housing costs, the rural lifestyle, and a reasonable commute to Anchorage for employment and services has made the Mat-Su Borough one of the fastest growing areas of Alaska in recent years.

According to the 2010 Census, the population was 88,995. There were 41,329 housing units in the community and 31,824 were occupied. Its population was 5.5 percent American Indian or Alaska Native; 84.9 percent white; 1 percent black; 1.2 percent Asian; 0.2 percent Pacific Islander; 6.5 percent of the local residents had multi-racial backgrounds. Additionally, 3.7 percent of the population was of Hispanic decent.

Economy:

The economy is diverse, and residents are employed in a variety of retail, professional services, city, borough, state and federal occupations. Top employers are Mat-Su Schools, Valley Hospital, Wal-Mart, Carrs/Safeway and Fred Meyer. About one-third of the Borough's labor force commutes to Anchorage for employment. In 2010, 300 borough residents held commercial fish permits.

The 2005-2009 American Community Survey (ACS) estimated 35,540 residents as employed. The public sector employed 17.9% of all workers. The local unemployment rate was 11.8%. The percentage of workers not in labor force was 34.3%. The ACS surveys established that average median household income (in 2009 inflation-adjusted dollars) was \$66,052 (MOE +/- \$1,869). The per capita income (in 2009 inflation-adjusted dollars) was \$24,906 (MOE +/- \$707). About 10.3% of all residents had incomes below the poverty level.

Facilities:

There are three incorporated cities within the Borough: Houston, Palmer, and Wasilla. Additionally, there are several unincorporated communities and twenty-five (25) Borough recognized community councils. The majority of the Borough population resides in the "core area" surrounding the cities of Palmer and Wasilla, and within the cities themselves. The remaining population is spread out among the various unincorporated communities, as well as some remote sites. There are 44 schools located in the borough, attended by 17,079 students.

⁵ All information regarding market area and neighborhood information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

Transportation:

The area accesses both the Glenn and George Parks Highways. Commercial airlines serve the nearby Anchorage International Airport, but a local municipal airport supports private and chartered services. The Alaska Railroad provides for delivery of ocean freight.

Talkeetna Neighborhood⁶

Located at the junction of the Talkeetna and Susitna Rivers, it lies 115 miles north of Anchorage at mile 226.7 of the Alaska Railroad. The paved Talkeetna Spur Road runs 14 miles east off of the George Parks Highway at milepost 98.7. The community lies at approximately 62.323890° North Latitude and -150.109440° West Longitude. (Sec. 24, T026N, R005W, Seward Meridian.) Talkeetna is located in the Talkeetna Recording District.

History, Culture and Demographics

Talkeetna was settled as a mining town and Alaska Commercial Company trading post in 1896. A gold rush to the Susitna River brought prospectors to the area, and by 1910 Talkeetna was a riverboat steamer station, supplying miners and trappers in the Cache Creek, Iron Creek, and Broad Creek districts. In 1915, Talkeetna was chosen as the headquarters for the Alaska Engineering Commission, who built the Alaska Railroad, and the community population peaked near 1,000. World War I and completion of the railroad in 1919 dramatically decreased the population. Talkeetna has since developed as an aviation and supply base for expeditions to Denali. Several of its old log buildings are now historical landmarks, and Talkeetna was placed on the National Register of Historic Places in April 1993. State land disposals and homestead programs helped the community grow.

Talkeetna is popular for its recreational fishing, hunting, boating, flight seeing, skiing, and dog mushing. Local businesses provide services to Denali climbers. Middle and high school students are bused to Y, at milepost 98, in the Susitna Valley.

According to Census 2010, there were 744 housing units in the community and 449 were occupied.

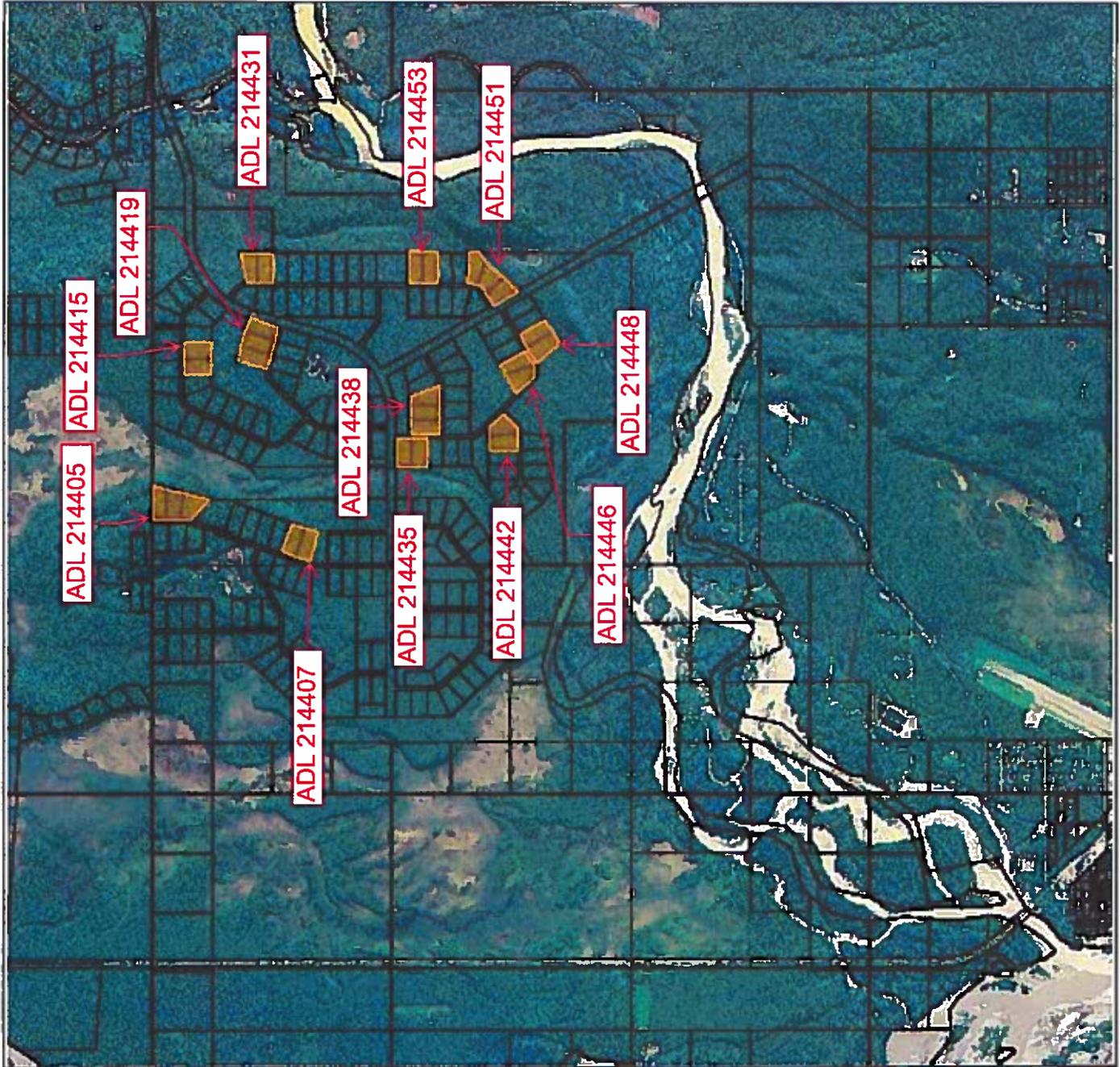
Facilities, Utilities, Schools and Health Care

The majority of residents have individual wells, septic tanks, and complete plumbing. A piped water and sewer system is maintained by the Mat-Su Borough. The high school operates its own water system. A borough-operated refuse transfer station is located at mile 11.5 Talkeetna Spur Road. A sludge disposal site is available locally. Electricity is provided by Matanuska Electric Association, Incorporated. There is one school located in the community, attended by 96 students. Local hospitals or health clinics include Sunshine Community Health Center Mat-su Regional Hospital between Palmer and Wasilla on the Parks Hwy. The clinic is a qualified Emergency Care Center. Emergency Services have highway air and helicopter access. Emergency service is provided by 911 Telephone Service and volunteers. Auxiliary health care is provided by Talkeetna Ambulance Service (907-373-8800/907-745-4811) Valley Hospital in Palmer.

Economy and Transportation

As the take-off point for fishing and flight seeing trips and a staging area for Denali climbing expeditions, Talkeetna provides air taxis, helicopters, outfitters, and related services. Numerous air taxis provide transport to Kahiltna Glacier Base Camp. All climbers must register for Mount McKinley and Mount Foraker. In 2010, 9 area residents held commercial fishing permits.

⁶ All information regarding neighborhood information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>





 Alaska Mapper

 Spherical Mercator WGS 84 - EPSG: 3857



-  Annotation - Polygon
-  Survey Boundary
-  Survey Boundary
-  Survey Boundary



GRAPHIC ILLUSTRATION ONLY
 SOURCE DOCUMENT REMAINS THE OFFICIAL RECORD
 Date Created: Wednesday, December 3, 2014
 Created By: msdooley

General Property Description for Chase II Alaska Subdivision

Legal Descriptions

ADL	Lot	Block	Unit	ASLS	Site Size	MTRS
214405	1,2,3	18	IB	79-149	15.00	S026N004W05
214407	1,2	20	IA	79-149	10.00	S026N004W05
214415	4,5	3	IIA	79-149	10.00	S026N004W05
214419	1,2,3	4	IIA	79-149	15.00	S026N004W4&5
214431	1,2	9	IIA	79-149	10.00	S026N004W04
214435	1,2	10	IIB	79-149	10.00	S026N004W08
214438	3,4,5	11	IIB	79-149	15.00	S026N004W08
214442	1,2	13	IIB	79-149	10.00	S026N004W08
214446	4,5	14	IIB	79-149	10.00	S026N004W08
214448	3,4	15	IIB	79-149	10.00	S026N004W8&9
214451	1,2,3	17	IIC	79-149	14.78	S026N004W09
214453	6,7	17	IIC	79-149	10.00	S026N004W09

Location

The Chase II Alaska Subdivision is a large multi-phase subdivision that is located from between 2 and 12 miles northeast of Talkeetna and approximately .5 miles north of the Talkeetna River. All of the subject parcels are located from between 2 and 4 miles northeast of the Talkeetna.

Access

Summer access to the subdivision is by ATV via the Chase Trail then via platted right of ways, or by boat up the Talkeetna River, then overland. Winter access is via snowmachine along rivers and/or overland to the subject subdivision.

Size & Shape

The parcels are between 10.00 and 15.00 acres in size.

Topography

The subdivision is characterized by a generally level topography with minimal variation in elevation. The subject parcels lay approximately 400 to 825 feet above sea level.

Soils/Vegetation

Subdivision contains primarily mature birch and spruce mix with some areas of wetlands within the tracts. Soils are typical of the surrounding area, with the larger portions of wetlands identified as tracts within the subdivision.

Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations

No zoning, the subjects are located within an unregulated area of the Mat-Su Borough. Parcels are subject to a 10' easement on each side of common lot lines, and structures may not be constructed within 25' of a right of way. The survey plat indicates a 50' public access easement along the mean high water or ordinary high water line of any water frontage of any sort. Additionally, there is a fifty foot easement on each side of each section line within the subdivision.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments⁷

The subjects are located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when property is sold into private ownership. The 2014 mill rate for the subject subdivision was 10.182

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcels within the Chase II Alaska Subdivision. There are no other known deed transfers or contracts to purchase the subject property within the past 3 years.

Personal Property

There is no personal property involved with the appraisal of this property.



ADL#214405

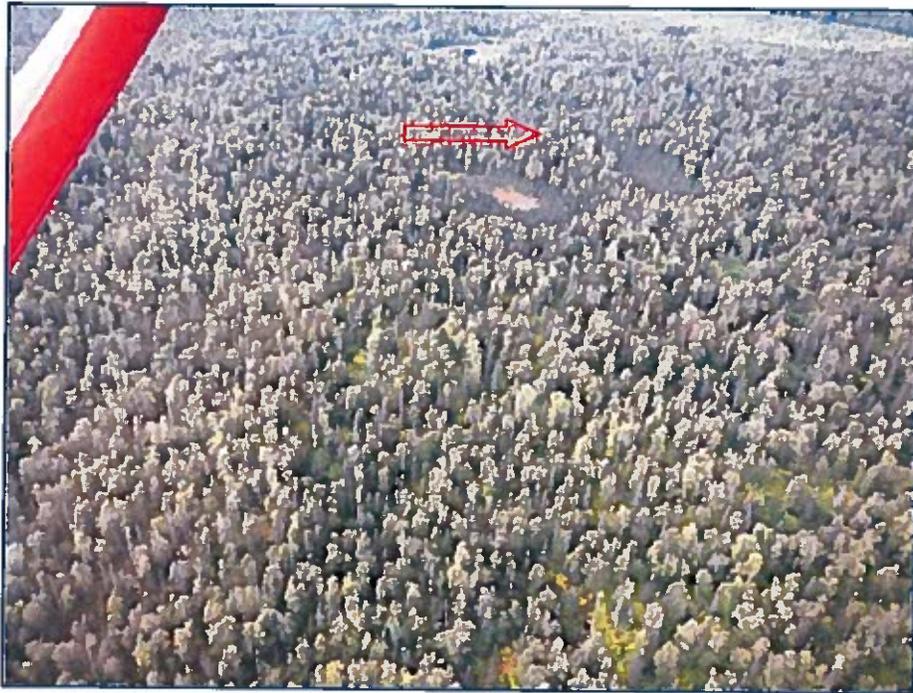
⁷ <http://www.matsugov.us/realpropertyquery/detail> accessed 03-04-2014



ADL 214407



ADL 214415



ADL214419



ADL 214431



ADL 214435



ADL 214438



ADL 214442



ADL 214446



ADL 214448



ADL 214451



ADL 214453

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

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