

APPRAISAL REPORT

Described as VZ.VZ.0005

A ±5,227,200 SF (120 Acres) Site

Located along a portion of Mineral Creek Trail, on Mineral Creek Rd, in Valdez, Alaska 99686



FOR

University of Alaska
1815 Bragaw Street #101
Anchorage, Alaska 99508

Attn.: **Stephan Lauzier**
Director Facilities & Land Management

Report Date

September 2, 2016

Effective Date

August 30, 2016

B-SBC File #

16-057

BY

Brian Bethard, MAI
General Real Estate Appraiser (Cert. #281)

Zack Rall, Appraiser

BLACK-SMITH, BETHARD & CARLSON, LLC

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BLACK-SMITH, BETHARD & CARLSON, LLC

September 2, 2016

Client: University of Alaska
1815 Bragaw Street #101
Anchorage, Alaska 99508

Attention: Mr. Stephan Lauzier, Director Facilities & Land Management

Re: Located along a portion of Mineral Creek Trail, on Mineral Creek Rd, in
Valdez, Alaska 99686
Legal Description: 120.00 AC; U.S. Survey No's. 697 & 698

Dear Mr. Lauzier:

We are submitting an appraisal report estimating the market value of the fee simple interest in the property identified above. Our opinion of value, as of August 30, 2016, (the date of inspection), is: **\$186,000**.

The value opinion is stated in terms of cash. The market exposure period (looking backward) and the marketing time (looking forward) are both estimated at one year. The value opinion reported is qualified by certain definitions, assumptions, limiting conditions, and certifications.

The report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. It presents summary discussions of the data, reasoning, and analyses that were used to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the client's intended use.

Sincerely,
BLACK-SMITH, BETHARD & CARLSON, LLC



Brian Bethard, MAI
General Real Estate Appraiser (Cert. #281)



Zack Rall, Appraiser

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SUMMARY OF FACTS, DATA, & VALUE CONCLUSIONS

Appraisal Date:	September 2, 2016
Inspection Date:	August 30, 2016
Ownership:	University of Alaska
Legal Description:	120.00 AC; U.S. Survey No's. 697 & 698
Location/Address:	The subject is located along a portion of Mineral Creek Trail, on Mineral Creek Rd, in Valdez, Alaska 99686
Shape, Size, and Area:	The site is an irregular "L" shaped assemblage of 2 parcels (USS 697 & 698) totaling ±5,227,200 SF or 120.00 AC.
Access:	Access is via Mineral Creek Road – dirt. The rough gravel road runs ±5.5 miles before ending at a gate (north of the subject), after which the trail becomes a dirt footpath. The narrow road offers few turn around spots and overall access is considered fair.
Topography:	<p>USS 698 (40 AC) – fairly level, slightly sloping from S to N, lightly treed/predominately shrubs and bushes.</p> <p>USS 697 (80 AC) – rolling topography with a gradual slope from the S to N. The E border of the parcel also has a slight slope towards Mineral Creek. ±50% treed, predominately shrubs and bushes.</p>
Soils Conditions:	The soils outside the flood zones are assumed to be adequate for improved uses. A significant portion of USS 697 is in a high risk flood zone and not likely developable.
Utilities:	None; Telephone, electricity, water, and sewer ±3/4 mile south in Mineral Creek Heights subdivision.
Zoning & Restrictions:	Unclassified.
Site Improvements:	N/A
Easements:	None noted
Current Use:	Vacant (cross-country skiing trail system)
Highest and Best Use:	Speculation
Description:	Appraised as vacant land.
Market Value of Land:	\$186,000

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.

Brian Bethard is currently certified by the State of Alaska as a General Real Estate Appraiser (Certificate No. 281).

Zack Rall made a personal inspection of the property for this assignment.

Brian Bethard and Zack Rall have the appropriate knowledge and experience necessary to complete this appraisal assignment competently.

I have performed no service as an appraiser or in any other capacity regarding the subject property within the three year period preceding the acceptance of this assignment.

Dated September 2, 2016



Brian Bethard, MAI
General Real Estate Appraiser (Cert. #281)



Zack Rall, Appraiser

PURPOSE OF THE APPRAISAL and INTEREST APPRAISED

The purpose of this appraisal is to estimate the *as-is market value*¹ of the *fee simple*² interest as of August 30, 2016, the date of inspection. The property is appraised as vacant, according to the extraordinary assumption that the site is environmentally clean. The value opinions are stated in terms of cash and a market exposure period (looking backward) of one year. We estimate the marketing time (looking forward) at one year.

INTENDED USE OF THE REPORT

The intended use is for asset evaluation for a potential sale or land trade involving the subject property.

INTENDED USERS OF THE REPORT

The intended users include the client (University of Alaska), City of Valdez and appropriate regulatory agencies.

SCOPE OF WORK

The client provided an aerial exhibit depicting the subject property. Zack Rall inspected the property on August 30, 2016. Brian Bethard has viewed the subject on prior occasions.

In order to identify significant trends and indicators, we spoke with local property owners, real estate agents, and appraisers. We obtained a community profile from the State of Alaska Department of Community and Regional Affairs. We also reviewed various publications, reports, and surveys including *Alaska Economic Trends*, *Alaska Business Monthly*, and the *Alaska Journal of Commerce*.

Alaska is a non-disclosure state. Comparable data was obtained by searching the local multiple listing service records, surveying real estate agents/brokers, property managers and other appraisers.

The Appraisal Institute recognizes two categories of market analysis: *inferred* and *fundamental*. For the purposes of this appraisal, demand is inferred from general market conditions and the available data.³

We developed an opinion of value by the direct sales comparison approach. This *summary* appraisal report is a brief recapitulation of the appraiser's data, analyses, and conclusions. Supporting documentation is retained in the appraiser's file.

¹ The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, and knowledgeably, and for self-interest, and assuming that neither is under undue duress. *Appraisal Institute, The Appraisal of Real Estate 13th Edition*.

² 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. *Appraisal Institute 1993; Dictionary of Real Estate Appraisal*.

³ Inferred analyses (levels A and B) are basic methods by which future supply and demand conditions are inferred by current and general market conditions (secondary data). In fundamental analyses (levels C and D), general information is supplemented by detailed data in order to forecast supply and demand as well as subject-specific absorption, and capture (primary data).

ASSUMPTION AND LIMITING CONDITIONS

General assumptions and limiting conditions are contained in the addenda of the report. Extraordinary assumptions,⁴ hypothetical conditions,⁵ and limiting conditions are noted:

- We developed our opinion of value according to the extraordinary assumption that the site is environmentally clean.
- The site is appraised as vacant.
- A soils report was not provided. It is assumed the areas outside of the flood zone have adequate soils to support development.

4 "An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions." Uniform Standards of Professional Practice.

5 "That which is contrary to what exists, but is supposed for the purpose of analysis." Uniform Standards of Professional Practice.

ALASKA⁶

Alaska's economy faces significant headwinds in 2016, largely due to sustained low oil prices. The state is forecast to lose about 2,500 jobs in 2016, a 0.7 percent decline, after gaining 1,700 jobs in 2015.

This would be the first year of job losses since 2009, when Alaska felt the wake from the national recession. The state's job growth rebounded quickly in 2010 and remained relatively strong through 2012, buoyed by the federal stimulus package, large capital budgets, and high oil prices. Growth slowed to a crawl in 2013, and employers added jobs at a yearly rate of half a percentage point or less between 2013 and 2015.

Anticipated job losses are tied directly to low oil prices, which averaged close to \$53 per barrel in 2015, and to a lesser extent to declining oil production. Sustained low oil prices impinge Alaska's economy on two fronts: directly, through cuts to oil industry investment and employment, and indirectly, through state government budget deficits that lead to spending cuts. Consequently, job losses will be concentrated in the oil and gas industry and state government as well as the construction on industry, which will be hit by reduced investment from oil companies and capital budgets. Despite downward pressure, 2016's job losses are anticipated to be fairly isolated. The ripple effects of lower employment and spending aren't likely to extend into other industries this year.

VALDEZ

The City of Valdez 2015 population is currently estimated at 4,011 by the State of Alaska, Department of Labor slightly below the 2003 estimate of 4,060. The outlook is for little growth.

Economy

Valdez has one of the highest municipal tax bases in Alaska as the southern terminus and off-loading point of oil extracted from Prudhoe Bay on the North Slope. Four of the top ten employers in Valdez are directly connected to the oil terminus. Alyeska Pipeline Service Company employs nearly 300 persons. Valdez is a major seaport, with a \$48 million cargo and container facility. City, state, and federal agencies combined provide significant employment.

"The City has also a developed tourism economy, with between 150,000 and 180,000 people visiting Valdez annually, primarily in the summer time. Sport fishing and sightseeing are significant sectors of the economy. Although commercial fishing was only a minor player in Valdez economy, the closure of fish processing plants has negatively impacted the industry. As a result of its abundant snowfall and proximity to the Chugach Mountains, Valdez is developing winter tourism by promoting its winter sports. Heli-skiing is a fast growing sport in the Valdez area, and Valdez is the birthplace of the World Extreme Skiing Championships. Abundant snow-mobile opportunities have resulted in championship competitions in Valdez as well."⁷

⁶ Alaska Economic Trends, January 2016

⁷ City of Valdez Alaska – Gateway to the Interior – Valdez Economy.

Facilities

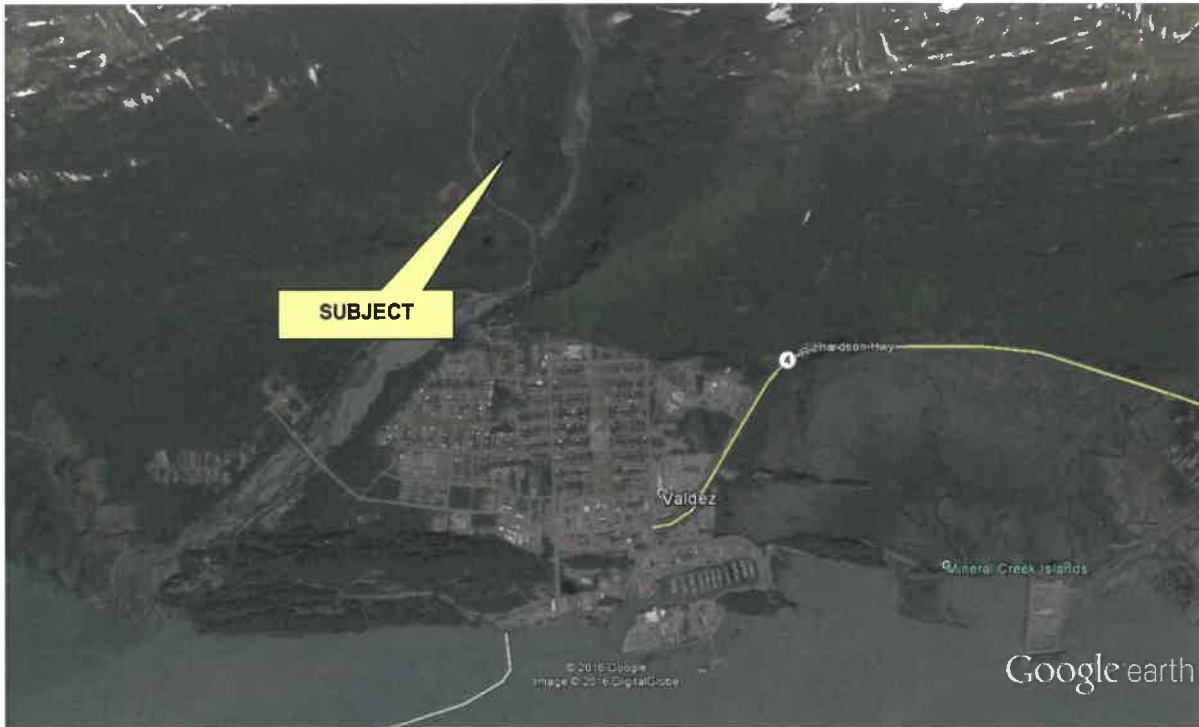
Water is derived from four primary wells and is stored in five 750,000-gallon reservoirs prior to piped distribution throughout Valdez. Water storage capacity is 2.24 million gallons. The sewage treatment plant is capable of processing 1.25 million gallons a day. Sewage is deposited in a secondary treatment lagoon. Over 95% of homes are fully plumbed. Many homes use individual wells and septic tanks. The Class 2 landfill uses a bale fill system. An oil and hazardous waste recycling center was completed in 1998. Electricity is provided by Copper Valley Electric Association.

Transportation

The Richardson Highway connects Valdez to Anchorage, Fairbanks and Canada. Port Valdez is ice-free year round and is navigated by hundreds of ocean-going oil cargo vessels each year. The State Ferry provides transport to Whittier, Cordova, Kodiak, Seward and Homer in the summer; Cordova only in the winter. Valdez has the largest floating concrete dock in the world, with a 1,200' front and water depth exceeding 80'. Numerous cargo and container facilities are present in Valdez. A small harbor accommodates 546 commercial fishing boats and recreational vessels. Boat launches and haul-out services are available. Both barges and trucking services deliver cargo to the City. The airport is operated by the state, with a 6,500' long by 150' wide paved runway, instrument landing system and control tower. A State-owned seaplane base is available at Robe Lake.

In summary, the Valdez economy is relatively stable, with nominal population or employment change noted. The outlook is for little change.

NEIGHBORHOOD



Neighborhood	Recreational area near Mineral Creek, +/- 1.5 miles north of the Valdez Harbor District
Infrastructure	Access is adequate via a network of paved arterials and neighborhood streets. Public utilities generally available include electricity and telephone. The subject is ±3/4 of a mile north of any infrastructure development.
Land Use	Improved parcels developed with owner-user and commercial/residential uses. Vacant land is available.
Land Developed	±50% Developed – Central Valdez; 0% developed – immediate neighborhood.
Life Cycle	Stable
Proximity	The area contains no negative externalities.
Suitability	Suitable for owner-users

Valdez

VZ.VZ.0005
120 Acres

Legend

- VZ.VZ.0005.001 City of Valdez Winter Ski and Hiking Trail L.U.P.



500
Feet

UA FACILITIES and
LAND MANAGEMENT
November 2014

Photo Source : Aerometric, Inc.
Photo Date : 8/3/2009

Meridian Township Range
C 8S 6W

Valdez A-7 (USGS)

SUBJECT PHOTOGRAPHS (USS 698)

Taken by Zack Rall (August 30, 2016)



Looking N down Mineral Creek Road



Looking NW from SE corner of subject



Looking W from near SE corner of subject



Looking SW from near SE corner of subject



Looking northerly from near SE corner of subject



Looking at subject from mound across Mineral Creek Road

SUBJECT PHOTOGRAPHS (USS 697)

Taken by Zack Rall (August 30, 2016)



Looking northerly from near SW corner of subject



Looking northerly from near SW corner of subject



Looking northerly from high vantage point



Looking E towards Mineral Creek from high vantage point



Looking NE towards Mineral Creek from high vantage



Looking NW from high vantage point

LOCATION

The subject is located along a portion of Mineral Creek Trail, on Mineral Creek Road, in Valdez, Alaska 99686. The subject is ± ¼ miles north of City of Valdez infrastructure.

SITE AREA & DIMENSIONS

The site is an irregular “L” shaped assemblage of 2 parcels totaling ±5,227,200 SF (120 AC).

STREET IMPROVEMENTS & ACCESS

Access via Mineral Creek Road – dirt. The rough gravel road runs ±5.5 miles before ending at a gate (north of the subject), after which the trail becomes a dirt footpath. The narrow road offers few turn around spots and overall access is considered fair.

UTILITIES

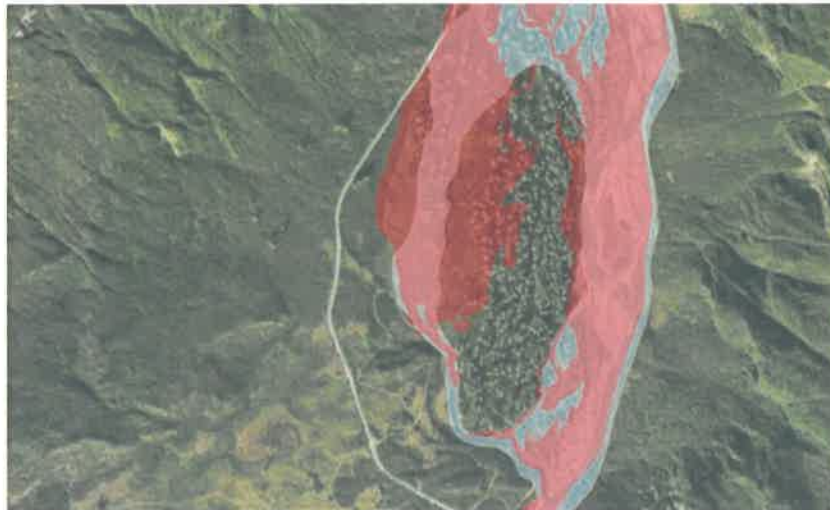
None; Telephone, electricity, water, and sewer ±¾ miles south in Mineral Creek Heights subdivision.

TOPOGRAPHY & SOILS

USS 698 (40 AC) – fairly level, slightly sloping from S to N, lightly treed/predominately shrubs and bushes. Soils are assumed adequate.

USS 697 (80 AC) – rolling topography with a gradual slope from the S to N. The E border of the parcel also has a slight slope towards Mineral Creek. ±50% treed with similar shrubs and bushes as USS 698.

Soils are assumed adequate in areas outside the flood zone.



**FLOOD PLAINS;
WETLANDS**

A flood map from the city of Valdez shows ±50% of USS 697 is susceptible to high flood risk, shown in red. A wetlands map was unavailable, however we acknowledge possible wetlands within the area of the floodplain. USS 698 is not located within a designated floodplain and no wetlands were identified during the inspection.

EASEMENTS

None noted

ZONING

Unclassified

OTHER RESTRICTIONS

None

ENVIRONMENTAL ISSUES

We developed our appraisal according to the extraordinary assumption that the site is environmentally clean.

CURRENT USE

Vacant (cross-country skiing trail system)

PROPERTY HISTORY

The subject is owned by the University of Alaska. There have been no sales of the fee simple interest within the five years preceding the date of valuation.

REAL ESTATE TAXES

The subject is owned by the University of Alaska and is tax exempt. A tax history is not available. The subject is identified by 2 tax identification numbers and the assessed value for the past 8 years are reported as:

USS 697 (80AC): 0697-000-000-0 \$240,000

USS 698 (40AC): 0698-000-000-0 \$101,700

MARKET ANALYSIS

The Valdez real estate market is flat with limited sales or listings of parcels over 2 AC. Private land development and demand for sub-dividable sized parcels is somewhat weakened by land development completed by the City of Valdez. It is difficult for the private sector to compete with city development given the small size of the community.

Only a handful of sales and listings are reported on the State MLS system, with most properties selling via word of mouth or through local real estate agents websites. Regardless, for properties appropriately priced and professionally marketed a market time of +/- one year is reasonable.

HIGHEST AND BEST USE ⁸**As-Vacant**

Access is fair and public utilities are not readily available. The soils and topography appear adequate for improved uses in the areas outside the flood zone.

Permitted uses are not defined; the immediate area is largely vacant. Given the character of the area, the most probable use is for residential or recreation when feasible. Speculative new development is not feasible at this time. The highest and best use is speculation.

As-Improved

N/A

⁸ "The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value." – Appraisal Institute, The Appraisal of Real Estate, 13th Edition.

SUMMARY OF COMPARABLE LAND SALES

#	Property	Date	Zoning	Sale Price	AC	SF	\$/AC
COMP #1	Mile 5.5 Old Edgerton Highway	10-15	UNZ	\$100,000	142.00	6,185,520	\$704
COMP #2	100 SE Willow Lake	5-13	UNZ	\$200,000	104.00	4,530,240	\$1,923
COMP #3	3 adjoining parcels near Airport Rd	12-07	I-2	\$150,000	99.36	4,328,122	\$1,510
COMP #4	Tract F-1, ASLS No. 79-116	4-06	CR*	\$144,642	18.818	819,712	\$7,686
COMP #5	U.S. Survey No.455 S. Richardson Hwy	2-98	CR*	\$185,000	20.00	871,200	\$9,250
Subj.	Located along Mineral Creek Road	---	UNZ	---	120.00	±5,227,200	---

*general commercial



DESCRIPTION OF COMPARABLES

The comparables are identified in the previous table and on the map. This is a *summary* report; details are retained in the office files.

CORRELATION (EXPLANATION OF THE ADJUSTMENTS)

All of the comparables reflect arm's length sales/acquisitions of the fee simple interest. No undue stimulus was reported. Atypical motivations, if any, are recognized in the reconciliation. The indicated unit values are already adjusted to a cash equivalent value (if required) and for expenditures immediately after purchase (e.g. demolition or the cost-to-cure known defects/deficiencies).

QUANTITATIVE ADJUSTMENTS

Market Conditions – While a general upward trend in market prices is evident, a universal appreciation rate is not applicable to all submarkets. There is no measurable appreciation in the time period analyzed. We did not develop a percentage adjustment for market conditions; the impact of change is recognized in the final reconciliation.

Size - Paired sales analyses retained in our work file establish that the market recognizes a general range of discounts (downward adjustments) from 25% to 50% for each size increment resulting from simple subdivisions of homestead and Native allotments (halving and quartering ±160 acres).⁹ For the purpose of our appraisal, the range is distributed as follows:

<i>if subject is:</i>	<i>and the comparable's area is (±):</i>	<i>adjust the comparable</i>
160 acres	20 acres	-65%
160 acres	40 acres	-50%
160 acres	80 acres	-25%
80 acres	40 acres	-20%
40 acres	80 acres	+25%
80 acres	160 acres	+33%
40 acres	160 acres	+100%
20 acres	160 acres	+186%

Rough interpolations are used to correlate sizes other than those listed in the table.

Utilities Adjustment

#	Description	AC	Access	Utilities	\$/SF	Adj.
1	L1/B6 Airport Ind. Sub.	2.25	Gravel	E,T	\$.29	+131%
2	Tr.2 Blk 105 Valdez Twn Site #2	1.857	Gravel/but Richardson Frontage	E,T	\$.50	+34%
3	L1/B2 Airport. Ind. Sub	4.46	Gravel	E,T	\$.30	+123%
4	Parcel 3, USS 3682	2.058	Paved/Mineral Creek Lp	W,S,E,T	\$.67	

In general, parcels with more utilities available to the site sell for higher unit values than similar parcels without utilities. The sales analyzed indicate a wide range of adjustment for sales lacking frontage, paved access and water/sewer availability. Pairs 1 and 3 may overstate the adjustment due to fair quality access. Giving weight to the Pair 2 indicator, which fronts on the Richardson Highway, an adjustment of 30% is a reasonable water / sewer adjustment. However, we recognize industrial uses such as storage and warehousing may not require utilities to the site and no premium is recognized. Considering the data available, we have adjusted the comparables by 10% to 20% to account for differences in utilities if applicable.

Paved Access/Frontage/Exposure Adjustment

In general, an industrial or commercial site with paved access and exposure to traffic sells for a higher unit value than a similar site without these characteristics. Comparing Pairs 1 and 3 to Pair 2 indicates an upward adjustment of over 60% for exposure to a major arterial. The adjustment may be overstated due to differences in size and general neighborhood characteristics. We recognize that industrial users may not require exposure, and no premium would be paid. There are a limited number of sales in Valdez and buyers

⁹ Confidential data for size adjustments obtained in our work file.

are forced to purchase what is available. In this case, we recognize an adjustment of 10% to 30% for parcels with exposure and paved access, depending on the quality of exposure and access.

Zoning - The zoning types permit a wide variety of uses. The most probable use of the subject and the comparables is determined more by location and neighborhood characteristics. The data does not support an adjustment for zoning.

QUALITATIVE ADJUSTMENTS

A sufficient number of paired-sales are not available from which to extract reliable adjustments for other inequalities. We correlated physical inequalities with qualitative adjustments (superior, inferior, approximately equal).

RELATIVE COMPARISON ANALYSIS

Comparable	SUBJECT	COMP #1	COMP #2	COMP #3	COMP #4	COMP #5
\$/AC	---	\$704/AC	\$1,923/AC	\$1,510/AC	\$7,686/AC	\$9,250/AC
Sale Date	---	Oct 2015	May 2013	Dec 2007	April 2006	Feb 1998
Zoning	UNZ	UNZ	UNZ	I-2	CR	CR
LOCATION	Mineral Creek Road	Copper Center, AK	Willow Lake	Near airport road, Valdez	West side of Richardson Hwy, north of Robe River	South side of Richardson between M.C Lp & Airport Rd
Suitability	Recreational	<i>(inferior)</i> Rural residential/commercial	<i>(inferior)</i> Rural residential/recreational	<i>(approx. =)</i> Commercial/Industrial	<i>(superior)</i> Commercial/Residential	<i>(superior)</i> Commercial/Residential
Corner Characteristic	Interior lot	Interior lot	Interior lot	Interior lot	Interior lot	Interior lot
Access	Fair access from Mineral Creek Road (Dirt)	Gravel road extending from Edgerton hwy. Access if fair <i>(approx. =)</i>	Adequate access (gravel); float plane accessible <i>(slightly sup.)</i>	Fair via trail (Old Alpecto Road) <i>(approx. =)</i>	Adequate access from Richardson (paved). <i>(superior)</i>	Good access from Richardson (paved). <i>(superior)</i>
Size (AC)	120.00 AC	142.00 AC No Adj.	104.00 AC No Adj.	99.36 AC No Adj.	18.818 AC <i>(-60%)</i>	20.00 AC <i>(-60%)</i>
Adj. \$/AC		\$704/AC	\$1,923/AC	\$1,510/AC	\$3,074/AC	\$3,700/AC
Shape	Irregular "L" shape with adequate frontage to depth	Irregular with unusual dimensions <i>(inferior)</i>	Irregular with adequate frontage to depth <i>(approx. =)</i>	Rectangular <i>(approx. =)</i>	Rectangular, narrow & deep <i>(inferior)</i>	Irregular with adequate frontage to depth <i>(approx. =)</i>
Utilities	None; T,E,W/S ¼ mile south	E & T in area <i>(-10%)</i>	E & T <i>(-10%)</i>	None No Adj.	E & T <i>(-10%)</i>	E & T W/S 700' <i>(-10%)</i>
Frontage	N/A	N/A <i>(approx. =)</i>	N/A <i>(approx. =)</i>	N/A <i>(approx. =)</i>	Richardson Highway <i>(-30%)</i> <i>(superior)</i>	Richardson Highway <i>(-30%)</i> <i>(superior)</i>
Topography & Soils	Treed, fairly level to rolling, +/- 40 AC in flood zone Soils outside of flood zone are assumed adequate	Fairly level, densely treed, some cleared; Soils appear to be adequate for improved uses. <i>(superior)</i>	Level, some wetlands, partially cleared; Soils appear to be adequate for improved uses. <i>(slightly sup.)</i>	Rolling, wooded but partially cleared Soils appear to be adequate for improved uses. <i>(superior)</i>	Level, part cleared Soils appear to be adequate for improved uses. <i>(approx. =)</i>	Fairly level, below road grade, wooded. Soils are adequate but requires fill <i>(slightly sup)</i>
Other		N/A	Willow lake frontage	Intended use as ski resort	Had small home & cabins with permit for RV park	Small stream cuts across back corner of site
Indicated \$/AC	---	> \$634	+/- \$1,731	+/- \$1,510	< \$1,844	< \$2,220

RECONCILIATION

The analysis generates an overall range of unit values from \$634 to \$2,220/SF.

The relative market position of the subject is reconciled as follows:

Ref No.	Adj. \$/AC	Adjustment	Reconciliation
COMP #5	\$2,220	(↓) Negative	Dated sale, most weight given to Richardson Hwy.
COMP #4	\$1,844	(↓) Negative	Most weight given to location on Richardson Hwy.
COMP #2	\$1,731	(±) Approx. =	Recent sale with off-setting characteristics
Subj.	-----	-----	-----
COMP #3	\$1,510	(±) Approx. =	Generally similar, large parcel in Valdez
COMP #1	\$634	(↑) Positive	Most weight on inferior location

The data supports a value for the subject between \$1,510 and \$1,731. The subject is larger than these comparables. It is also noted that a large portion of USS 697 is within a high risk flood plain, limiting the sites useable area. Therefore, market value of the subject is concluded near the low end of the bracketing range at \$1,550/AC, or **\$186,000** rounded. (\$1,550 x 120.00 AC)

The value estimate is stated in terms of cash with a market exposure period (looking backward) and the marketing time (looking forward) both estimated at one year.

ADDENDA

LIMITING CONDITIONS AND ASSUMPTIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies (if any) are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

This appraisal report has been made with the following general limiting conditions:

1. Possession of this report, or a copy thereof, does not carry with it the right of publication.
2. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
3. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

Additional Assumptions and Limiting Conditions:

1. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.

QUALIFICATIONS OF BRIAN BETHARD, MAI – ALASKA STATE CERTIFICATION #281

General Education

Service High School, Anchorage, Alaska - Graduate 1989
The Colorado College, Colorado Springs, CO - Bachelor of Arts, Economics 1993
University of Alaska, Anchorage, Anchorage, AK - MBA May 1996

Employment History

Black-Smith and Richards, Inc. -	Fee Appraiser -	1995 to Current
Randal, Hayes, and Henderson, Inc. -	Fee Appraiser -	1993 to 1995

Appraisal Courses/Seminars Taken

Residential Case Study, University of Alaska Anchorage - 1994
Uniform Residential Appraisal Report, Appraisal Institute - 1993
Standards of Professional Practice, Part A, Appraisal Institute - 1996
Standards of Professional Practice, Part B, Appraisal Institute - 1996
Advanced Sales Comparison & Cost Approaches, Appraisal Institute - 1997
Appraisal Principles, Appraisal Institute - 1998 (challenge exam)
Appraisal Procedures, Appraisal Institute - 1998 (challenge exam)
Highest and Best Use Market Analysis - Appraisal Institute, 1998
Advanced Applications and Market Analysis - Appraisal Institute, 1998
Report Writing and Valuation Analysis - Appraisal Institute, 1998
Advanced Income Capitalization – Course 510 – Appraisal Institute, 2000
Intro to Statistics & Supporting Adjustments, Appraisal Institute, 2002

Certifications

Alaska State Certification: General Real Estate Appraiser #281

Affiliations

Member Appraisal Institute (Member No. 11857)

Typical Clients

Northrim Bank
Alaska Housing Finance Corp.
The Blomfield Company
The Municipality of Anchorage
The City of Valdez
Alaska Industrial Development & Export Authority
National Bank of Alaska
Key Bank
State of Alaska Department of Natural Resources
First National Bank Alaska

Typical Appraisal Assignments

Village Inn Hotel, Valdez AK
Alaska Fish & Game Building, Anch., AK
Highlands Luxury Apartments, Anch., AK
The Veco Building, Anch., AK
Charter North Hospital, Anch., AK
Eagle Pointe Subdivision, Eagle River, AK
The School District Building, Anch., AK
Alaska DOT Building, Juneau, AK
Golden Heights Apartments, Juneau, AK
Royal Suite Annex, Anch., AK

No. 281

Effective: 05/27/2015

Expires: 06/30/2017

STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, & ECONOMIC DEVELOPMENT
Division of Corporations, Business and Professional Licensing
P.O. Box 110806, Juneau, Alaska 99811-0806

BOARD OF CERTIFIED REAL ESTATE APPRAISERS

Certifies that

BRIAN ZANE BETHARD

Is a Certified

GENERAL REAL ESTATE APPRAISER

Commissioner: Chris Hladick

Zack P. Rall
Appraiser

General Education

University of Alaska Anchorage, Business Administration, Business Management,
2012- Present
South Anchorage High School, Anchorage, Alaska – Graduate 2010

Business Experience

Black-Smith, Bethard and Carlson, LLC, Appraiser, 2013 +

Appraisal Courses Taken

Basic Appraisal Principles, Appraisal Institute, September 2014
Basic Appraisal Procedures, Appraisal Institute, August 2015