

**LIMITED SUMMARY APPRAISAL
OLD WRANGELL
INSTITUTE PROPERTY
WRANGELL, ALASKA**

**FOR
KIM FLORES, CITY CLERK
CITY AND BOROUGH OF WRANGELL
P. O. BOX 531
WRANGELL, ALASKA 99929**

**VALUATION DATE
MARCH 16, 2013**

FILE 13-3322

**BY
MICHAEL C. RENFRO
PARTNER**

**APPRAISAL COMPANY OF ALASKA
3940 ARCTIC BOULEVARD - SUITE 103
ANCHORAGE, ALASKA 99503**

Appraisal Company of Alaska, LLC

3940 ARCTIC BOULEVARD, SUITE 103
ANCHORAGE, ALASKA 99503
office@appraisalalaska.com

March 16, 2013

Ms. Kim Flores
City Clerk
City and Borough of Wrangell
P O Box 531
Wrangell, Alaska 99929

Re: Summary Appraisal
Old Wrangell Institute Property
Within a Portion of Lot 26, U.S.S. 3403,
and Tract A and Blocks 1, 2 and 3
Shoemaker Bay Subdivision, Wrangell, Alaska

Dear Ms. Flores:

As requested, I have completed a summary appraisal of the above identified property which is briefly described in the following report. The purpose of the appraisal is to estimate the market value of the subject property, excluding merchantable timber.

As a result of the investigation and analysis, and subject to the assumptions and limiting conditions, it is my opinion the market value of the subject property, excluding merchantable timber as of March 16, 2013 is:

ONE MILLION SIX HUNDRED AND TWENTY FIVE THOUSAND DOLLARS
(\$1,625,000)

I hope this limited appraisal proves relevant to your decisions regarding the property. If you have any questions, please contact me at this office.

Sincerely,



Michael C. Renfro
Contract Assessor
City and Borough of Wrangell

EXTRA ORDINARY ASSUMPTIONS AND CONDITIONS

- 1.) The property is appraised with the assumption that there is no contamination.
- 2.) The assumption is that the property is fully developable.
- 3.) No value is assigned to the timber on the site.
- 4.) The value of the lots and tract in Shoemaker Bay Subdivision is based on the average value of similar residential lots in the area.

SUMMARY APPRAISAL

This is a Summary Appraisal Report which 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. As such, it presents only summary discussion of the data, reasoning, and analyses that were used in the appraisal process 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 needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

Furthermore, in accordance with prior agreements between the client and the appraiser, this report is the result of a limited appraisal process in that certain allowable departures from specific guidelines of the Uniform Standards of Professional Appraisal Practice were invoked. The intended user of this report is warned that the reliability of the value conclusion provided may be impacted to the degree there is departure from specific guidelines of USPAP.

CLIENT: Kim Flores
City Clerk
City and Borough of Wrangell
P O Box 531
Wrangell, Alaska 99929

APPRAISER: Michael C. Renfro
3940 Arctic Boulevard, Suite 103
Anchorage, Alaska 99503

SUBJECT: Old Wrangell Institute Property
A Portion of Lot 26, U.S.S. 3403
and Tract A and Blocks 1, 2 and 3
Shoemaker Bay Subdivision
Wrangell, Alaska

PURPOSE OF THE APPRAISAL: The purpose of this appraisal is to estimate the market value of the subject property. **Market value** is defined by the federal financial institutions regulatory agencies as follows:

"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 the definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (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.

INTENDED USE OF REPORT: This appraisal is intended to assist the client in determining the subject's probable market value for planning purposes.

INTEREST VALUED: Fee simple estate which is defined as "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation."

EFFECTIVE DATE OF VALUE: March 16, 2013

DATE OF REPORT: March 16, 2013

SALES HISTORY: No sales or open market transactions were reported for the individual or subject property or are known to have taken place within the past three years.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: In preparing this appraisal, the appraiser:

- Arne Erickson inspected the subject on March 16, 2013, the appraiser inspected the property prior to March 13, 2013.
- Reviewed available records.
- Reviewed available market information.
- Applied the best available approaches to arrive at an indication of value.

LIMITED SUMMARY: This summary appraisal report is a brief recapitulation of the available data, analyses, and conclusions.

SUMMARY OF PROPERTY APPRAISED: The property that is the subject of this report is situated on the west side of Wrangell Island along the east side of the Zimovia Highway. The previous use was the Wrangell Institute. It can be briefly summarized as follows:

VACANT PARCEL

Legal Description: The parcel is described as a portion of Lot 26, U.S. Survey 3403 and Tract A and all of Block's 1, 2 and 3 Shoemaker Bay Subdivision plat 87-5.

Address: Zimovia Highway, Wrangell, Alaska.

Land: The site assumed for the subject parcel is irregular in shape with good frontage on the Zimovia Highway. The preliminary site area provided is estimated at 131.29 acres of which some 93 acres include merchantable timber. The timber is **not included** in the valuation.

Utilities: All public utilities are reported to be available or nearby to the site and are provided by the City of Wrangell along the Zimovia Highway.

Easements: Three easements traverse the subject property. The Rainbow Falls trail goes through the northern edge of the property and a powerline right-of-way, about 200' in width, traverses the northeast corner of the parcel. The third easement reflects a 25' powerline easement that runs along the Zimovia Highway. Not included are the platted roads in Shoemaker Bay Subdivision.

Zoning: The subject property is zoned holding (H) District. The holding (H) district is intended to maintain future development options by setting aside large areas (in excess of short-term needs), by piece meal development for possible future use. By preventing premature development at densities that under-utilize the land, relatively large parcels can be retained for major development projects (e.g., industrial use) when and if a need arises.

Areas may be withdrawn from the holding district to meet future development needs consistent with the intent of this chapter, or to provide for a use that cannot be accommodated elsewhere. The planning commission may recommend areas for withdrawal by the city council. Such withdrawals shall recognize long-term land use needs over immediate concern. (Ord. 462 S6), 1984; Ord. 349 S5 (part), 1976; prior code SS95.35.010, 95.36.050).

Improvements: None reported.

Miscellaneous: There are about 93 acres of merchantable timber on the subject property according to the Timber Cruise Report prepared by Curran Consulting, Inc. in December, 1995. The report concluded that the overall quality of the timber is better than marginal and definitely has economic value. The cruise should assist the City and Borough of Wrangell in their decision making process. The timber cruise is over eighteen years old and is not part of the report.

HIGHEST AND BEST USE: In common appraisal practice, the concept of highest and best use represents the premise upon which a value estimate is based. The existing topography, for the most part, has gentle slopes and is suitable for future development. The highest and best use of the subject acreage is considered to be for limited logging and future residential type development.

PROPERTY VALUATION

The subject site is valued by applying sales comparative techniques for similar vacant land sites. This approach, known as the sales comparison approach, is founded on the substitution principle, under the assumption that the site is readily developable to its highest and best use. The comparative analysis is premised on the development of a market unit of comparison intended to mirror the interaction of participants. The primary valuation characteristic is site size; therefore, the comparative analysis utilizes value per square feet as the primary valuation consideration.

A comprehensive investigation of large sites has been undertaken, encompassing the surrounding areas in Southeast. The sales listed below are considered to be the most similar and most recent sales available to the appraiser. Additional information on each sale are retained in the appraiser work file. Following is a summary of the comparable transactions:

SUMMARY OF COMPARABLE SALES: The following sales are located in close proximity to the subject site:

Summary of Comparable Sales

<u>Sale</u>	<u>Legal</u>	<u>Location</u>	<u>Date of Sale</u>	<u>Sales Price</u>	<u>Acres</u>	<u>Price/Acre</u>
1	Tract B USS 407	Sitka	04/09	\$2,000,000	216	\$9259.26
2	Tax Lots 10-904, 909 11-106	Petersburg	11/11	\$150,000	62	\$2419.35
3	Lot 9 USS 1010	Prince of Wales Is.	08/12	\$1,250,000	1227	\$1018.74
4	ASLS 82-80	Petersburg	List	\$258,000	39.83	\$6477.53
5	Tract B Swampy Creek	Wrangell	List	\$142,000	43.90	\$3234.62

Analysis of Comparable Land Sales

It should be noted that there are a limited number of large land sales in the southeastern area of the State of Alaska. This is due to the limited amount of non government owned properties and the topography of the region.

All of the sales and listings have their pluses and minuses. Of the date researched comparable one is the most similar to the subject. It is the sale of 216 acres originally associated with Sheldon Jackson College in Sitka. This parcel is located behind the old college with access, some utilities and sloping terrain similar to the subject.

Comparable two is located south of Petersburg on Mitkof Island. It has limited access and has been logged.

Comparable three is a remote parcel that is substantially larger than the subject on Prince of Wales Island.

Comparable four is a listing on Mitkof Island south of Petersburg with Mitkof Highway Frontage. It is smaller than the subject and is presently being used as a radio tower site.

Comparable five is a remote site located on Farm Island, and is considered to be very inferior to the subject.

Land Value: Considering the available land sales data, comparable one is considered to be most similar to the subject and is given the most weight in final analysis. After giving consideration to location, topography and other property differences, the market value of the subject site, as indicated by the available sales of larger acreage parcels is taken to be a value of \$7500.00 per acre. The value of the subject site is calculated as follows:

$$131.29 \text{ acres} \times \$7,500/\text{acre} = \$984,675$$

Rounded to \$985,000

The value of Tract A and Blocks 1, 2 and 3 Shoemaker Bay Subdivision are estimated at \$640,000. This equates to 13 lots at \$40,000 and \$120,000 for Tract A.

The total estimated value of the Old Wrangell Institute property is:

\$1,625,000

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
4. My 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.
5. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
7. I have made a personal inspection of the property that is the subject of this report.
8. No one provided significant professional assistance to the person signing this report.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.



Michael C. Renfro, Assessor
City and Borough of Wrangell

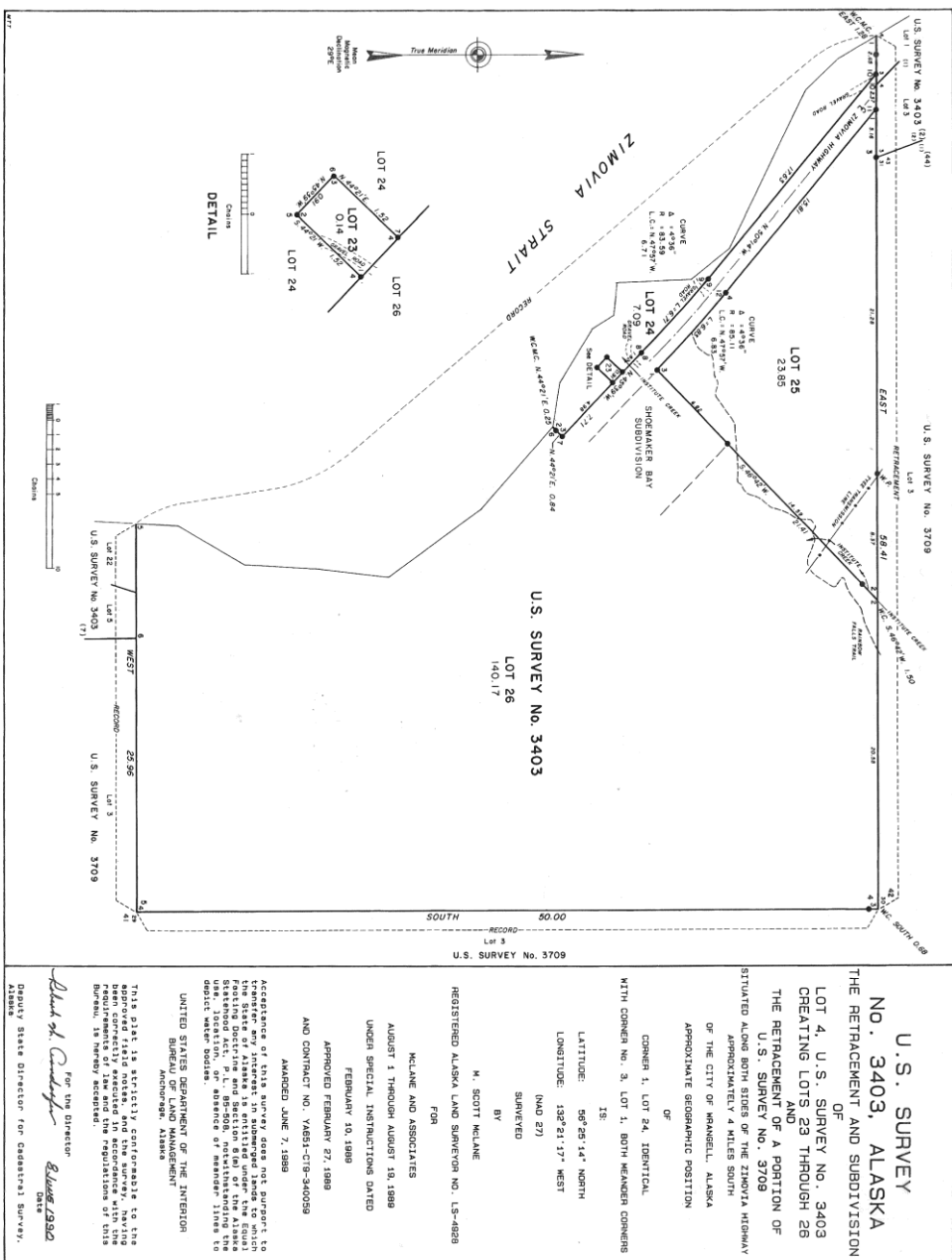
ADDENDA

ASSUMPTIONS AND LIMITING CONDITIONS:

1. As agreed upon with the client prior to the preparation of this appraisal, this is a Limited Appraisal because it invokes the Departure Provision of the Uniform Standards of Professional Appraisal Practice. As such, information pertinent to the valuation has not been considered and/or the full valuation process has not been applied. Depending on the type and degree of limitations, the reliability of the value conclusion provided herein may be reduced.
2. This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
3. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
4. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
5. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
6. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
7. All engineering is assumed to be correct. Any maps, sketches, plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
8. 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 arranging for engineering studies that may be required to discover them.

9. It is assumed that there is full compliance with all applicable federal, state, and local regulations and laws unless otherwise stated in this report.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachments or trespass unless otherwise stated in this report.
11. The valuation assumes the appraised property (site and improvements) is free and clear of hazardous contaminants, unless specifically noted. If the appraised property is suspected of contamination, then the client is urged to retain an engineers report. The appraiser(s) reserve the right to review value conclusions if documentation, including cost-to-cure estimates, is provided.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
13. 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 prior written consent and approval of the appraiser.

U. S. SURVEY 3403 MAP



Officially Filed
 DATE JUNE 14, 1990
 ORIGINAL

**U. S. SURVEY
 No. 3403, ALASKA**

OF
 THE RETRACEMENT AND SUBDIVISION
 OF
 LOT 4, U. S. SURVEY NO. 3403
 CREATING LOTS 23 THROUGH 26
 AND
 THE RETRACEMENT OF A PORTION OF
 U. S. SURVEY NO. 3709
 SITUATED ALONG BOTH SIDES OF THE ZIMOVIA HIGHWAY
 APPROXIMATELY 4 MILES SOUTH
 OF THE CITY OF WANSELL, ALASKA
 APPROXIMATE GEOMETRIC POSITION
 OF
 CORNER 1, LOT 24, IDENTICAL
 WITH CORNER NO. 3, LOT 1, BOTH MEMBER CORNERS
 IS:

LATITUDE: $68^{\circ}25'14''$ NORTH
 LONGITUDE: $158^{\circ}21'17''$ WEST
 (NAD 27)

BY
 M. SCOTT MCLANE
 REGISTERED ALASKA LAND SURVEYOR NO. 15-4828
 FOR

MCLANE AND ASSOCIATES
 AUGUST 1 THROUGH AUGUST 10, 1989
 UNDER SPECIAL INSTRUCTIONS DATED
 FEBRUARY 10, 1989
 APPROVED FEBRUARY 27, 1989
 AND CONTRACT NO. 14851-C19-240029
 AMENDED JUNE 7, 1989

Acceptance of this survey does not purport to
 transfer any interest in submerged lands to which
 the provisions of the Seaward Conveyance Act of
 1938 apply, and is not intended to affect the
 rights of any person in any other land or interest
 of any person, whether or not the same are
 described herein, or to affect the rights of any
 person in any other land or interest, whether or
 not the same are described herein, or to affect
 the rights of any person in any other land or
 interest, whether or not the same are described
 herein, or to affect the rights of any person in
 any other land or interest, whether or not the
 same are described herein.

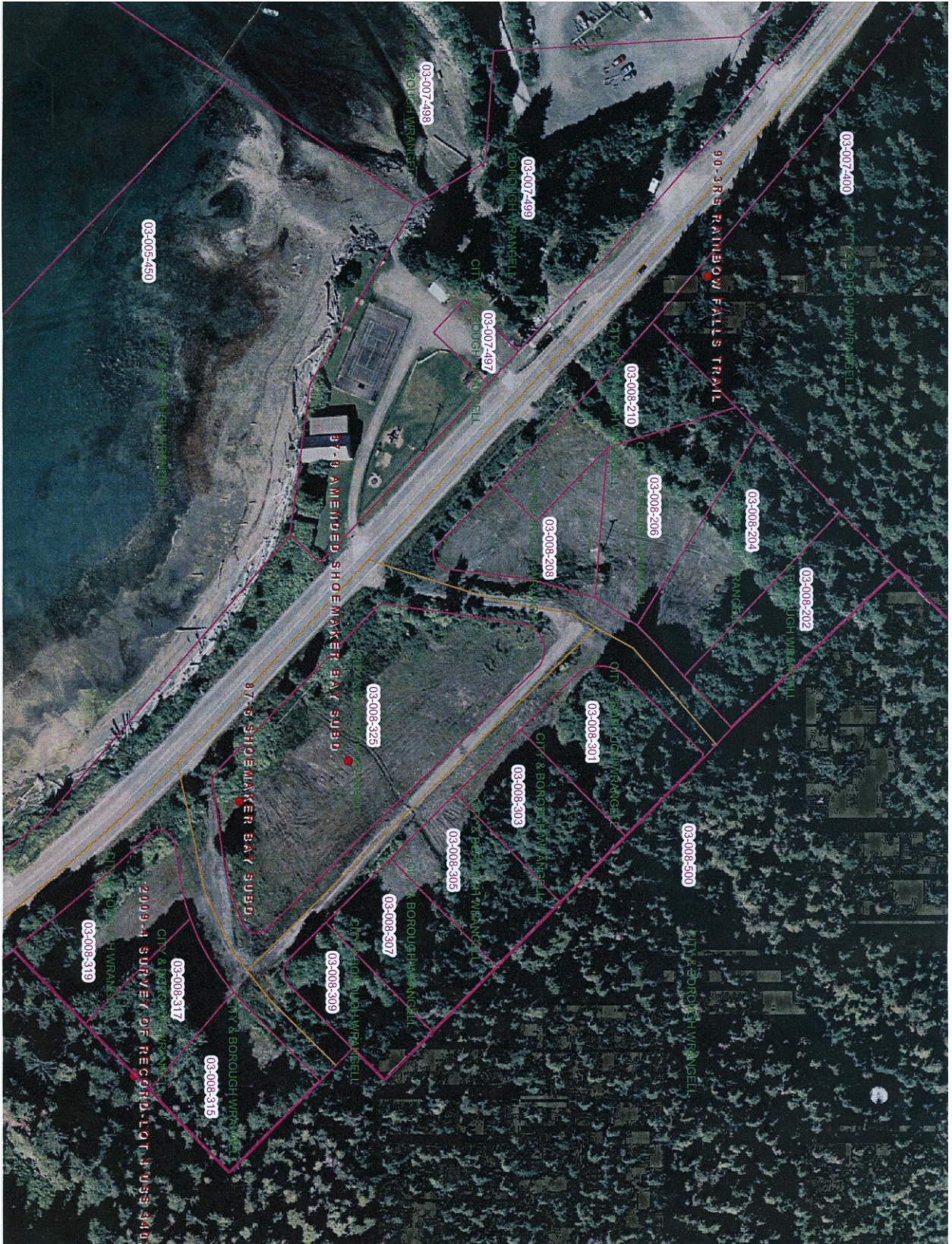
UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT
 Anchorage, Alaska

This plan is officially conformable to the
 approved field notes, and the survey, having
 been made in accordance with the provisions of
 this Act and the regulations of the
 Bureau, is hereby accepted.

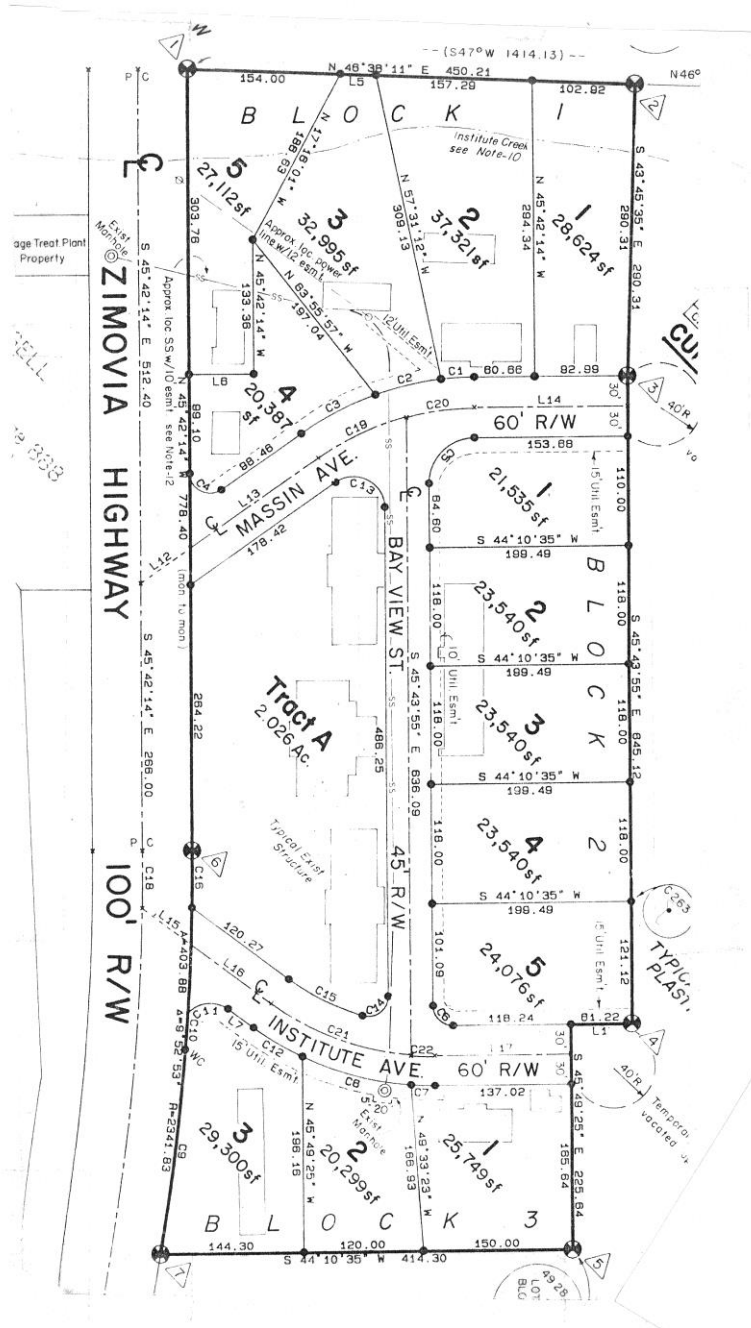
Robert H. Casper *RH/C*
 For the Director
 BUREAU OF LAND MANAGEMENT
 ANCHORAGE, ALASKA

Richard T. Ryan
 Deputy State Director for Cadastral Survey,
 ANCHORAGE, ALASKA

Aerial Photo



Plat Map



Subject Photo
View from Zimovia Highway



Subject Photo
View from Zimovia Highway



Subject Photo
View of Interior Lot



Subject Photo
View Towards Zimovia Strait

