

**REAL ESTATE APPRAISAL REPORT – VACANT LAND:
PARCEL A – 160 ACRES – WEST OF K-BEACH ROAD
PARCEL B – 80 ACRES – EAST OF K-BEACH ROAD
PARCEL C – 80 ACRES – EAST OF K-BEACH ROAD
PARCEL D – 19.27 ACRES – MEMORIAL PARK S/D, SOLDOTNA
LOCATED IN SOLDOTNA & KENAI, ALASKA**

FOR:

Dan Conetta, SR/WA
Kenai Peninsula Borough – Land Management
144 N. Binkley Street
Soldotna, AK 99669

VALUATION DATE:

December 27, 2018

REPORT NUMBER:

AKACG#18-688

By:

Clint H. A. Lentfer, MBA
Alaska Appraisal & Consulting Group LLC
4305 Old International Airport Rd., Suite 206
Anchorage, AK 99502
907.677.1133



January 21, 2019

Dan Conetta, SR/WA
Kenai Peninsula Borough – Land Management
144 N. Binkley Street
Soldotna, AK 99669

RE: Report Number: 18-688 – Real Estate Appraisal Report – Vacant Land:
Parcel A – 160 Acres – West Of K-Beach Road
Parcel B – 80 Acres – East Of K-Beach Road
Parcel C – 80 Acres – East Of K-Beach Road
Parcel D – 19.27 Acres – Memorial Park S/D – Soldotna
All parcels located In Soldotna & Kenai, Alaska

Dear Mr. Conetta:

As requested, we have completed an appraisal report of the above referenced properties, providing separate values for each of the respective parcels. At the request of the client, we will provide 1) Value of Parcel A – 160 Acres, 2) Value of Parcel B – 80 Acres, 3) Value of Parcel C – 80 Acres, 4) Value of Parcel D – 19.27 Acres. Additional supporting documentation concerning the data, reasoning, and analysis is retained in the appraiser's file. The depth of discussion contained in this report is specific to your needs and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report. The appraiser performed a physical inspection of the subject site, consisting of an on-site inspection of the properties on **December 27, 2018**. Information on the subject parcel was gathered during the inspection, discussions with the current landowner, client, and data obtained from the Kenai Peninsula Borough – Land Management Department.

The purpose of this report is to estimate the market value of the **Fee Simple Interest** of the subject parcels located in Soldotna and Kenai, Alaska, in accordance with the instructions provided by our client, Dan Conetta, Kenai Peninsula Borough – Land Management. We have gathered the necessary data, conducted the required investigation, and have made the analysis that has enabled us to form an opinion as to the market value of the Subject property. The appraisal order is located in the addenda, and the appraisal is intended to conform to all KPB Appraisal Policy & Guidelines outlined in the appraisal contract and appraisal instructions.



Based on our investigation and analysis, we have formed the opinion that, subject to the limiting conditions and assumptions contained herein, the **Fee Simple Interest** of the Subject properties, consisting of Tracts A, B, C & D, "As-Is" & "As If Vacant and Unimproved" as of **December 27, 2018**, is as follows:

Parcel A

(FIVE HUNDRED TWENTY-FIVE THOUSAND DOLLARS) – \$525,000

Parcel B

(SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS) – \$725,000

Parcel C

(SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS) – \$725,000

Parcel D

(SIX HUNDRED EIGHTY THOUSAND DOLLARS) – \$680,000

To the best of our knowledge and belief, all information and estimates of value contained in this report are true and correct. No pertinent information is knowingly or willfully withheld. At the request of the client, the scope of the report will be a brief discussion of the property, with supporting material located in the addendum of the report and in the appraisers file. No pertinent information is knowingly or willfully withheld. This appraisal report is intended to comply with current USPAP & FIRREA regulations & Kenai Peninsula Borough Appraisal Instructions and Requirements included in the addenda.

The Extraordinary Assumptions and Hypothetical Conditions, General Limiting Conditions and Assumptions, and Certification contained herein are integral parts of this report. The retention or use of this appraisal signifies acceptance of all limiting conditions and assumptions as specified herein. We wish to thank you for the opportunity to be of service. I hope this appraisal proves relevant to your decisions regarding the property. If you have any questions, please contact us at this office.

Respectfully Submitted,

Clint H. A. Lentfer, AA-506

Certification

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

1. I have no present or prospective interest in the property that is the subject of this report. I have no personal interest or bias with respect to the parties involved with this assignment. I have no bias with respect to the property that is the subject of this report.
2. My engagement for completing this assignment is not contingent upon the development or reporting of a predetermined result. My compensation for completion of this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
3. The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased, professional analysis, opinions and conclusions.
4. I have made a personal inspection of the property that is the subject of this report on December 27, 2018.
5. The appraisal assignment is not based on a requested minimum valuation or specific valuation or the approval of a loan.
6. The statements of fact contained in this report are true and correct.
7. Unless otherwise stated, this is a summary style appraisal report and all necessary approaches to value were completed. The appraisal contains all information necessary to enable the reader to understand the appraiser's opinion, logic, reasoning, judgment and analysis in arriving at a final conclusion of market value. This Report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the author) affecting the analysis, opinions and conclusions contained in this Report.
8. This Report conforms with and is subject to the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. My analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
10. The appraiser has the appropriate knowledge and experience required to complete the assignment competently.
11. The use of this Report is subject to the requirements of the Appraisal Institute relating to review by its authorized representatives.
12. No one provided significant professional assistance to the person signing this report, other than the undersigned, or those whose services are specifically acknowledged herein, prepared the analysis, conclusions, and opinions concerning the real estate that are set forth in this Appraisal Report.
13. Clint H. A. Lentfer is currently certified by the State of Alaska as a General Real Estate Appraiser (Certificate No. AA-506).
14. The Appraisal Institute conducts a program of continuing education, and members who meet the minimum standards of this program are awarded periodic education certification. As of the date of this Report, Clint H.A. Lentfer has completed the requirements under the continuing education program of the Appraisal Institute.
15. I have performed no services, as an appraiser or in any capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Clint H. A. Lentfer, AA-506

Extraordinary Assumptions and Hypothetical Conditions

1. This Vacant Land Real Estate Appraisal Report is completed with a scope of work considering all applicable/necessary approaches to value. 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.
2. The parcels were inspected in December, with heavy snow cover over all the sites, therefore, assumptions were made as to soils conditions, and useable site areas. Numerous maps and plats were provided for review showing roads, vegetation, site areas, soils conditions, and we assume all of this data is correct and represents accurate data for analysis. Additionally, we are appraising the Tracts as if vacant and unimproved, with no consideration given to any subdivision potential or potential development costs or utility extension costs. Numerous assumptions were made as to various site characteristics on these types of larger parcels.
3. Parcels B & C are portions of a larger 240 Acre tract. These two parcels will be appraised as hypothetical 80 Acre Parcels of the larger site as outlined / depicted on the appraisal maps / instructions provided by the client.
4. Client responsible to conduct own due diligence including but not limited to suitability for clients intended purpose, zoning, any use restrictions, availability of utilities, access, soils conditions, wetlands designations, and the like. No subsurface rights are included in this analysis. We are appraising the sites "As Is" as of the date of inspection.

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

PROPERTY APPRAISED:

Four large vacant parcels within the communities of Kenai & Soldotna, Alaska. 1) Parcel A – 160 Acres, 2) Parcel B – 80 Acres, 3) Parcel C – 80 Acres, 4) Parcel D – 19.27 Acres. Specifically identified in the following section.

LEGAL DESCRIPTIONS:

Description of Land for Appraisal				
Parcel	Assessor's Parcel No.	General Location	Legal Description	Acres
A	055-074-01	Kalifornsky	NW¼, Section 27, T5N, R11W, Seward Meridian, Alaska	160.00
B	Portion of 055-072-13	Kalifornsky	N½NE¼, Section 26, T5N, R11W, Seward Meridian, Alaska	80.00
C	Portion of 055-072-13	Kalifornsky	S½NW¼, Section 25, T5N, R11W, Seward Meridian, Alaska	80.00
D	059-302-07	Soldotna	Tract 3 Memorial Park Subdivision as shown on Plat No. 2011-11, Kenai Recording District	19.27

All Parcels are located within the Kenai Recording District, Third Judicial District, State of Alaska.

OWNER OF RECORD:

Kenai Peninsula Borough
144 N. Binkley St.
Soldotna, Alaska 99669

SITE DATA:

All four parcels consist of larger tracts of vacant land within the Kenai Peninsula Borough locations near the communities of Soldotna and Kenai, Alaska, as depicted on the location maps. All sites are generally level with rolling / undulating topography and are generally heavily treed, with some utilities present and road access to at least one portion of the subject parcels. Full descriptions of the parcels are included in the body of the report.

ZONING:

1) Parcel A – 160 Acres – Un-zoned
2) Parcel B – 80 Acres – Un-zoned
3) Parcel C – 80 Acres – Un-zoned
4) Parcel D – (INS) Institutional District Zoning*
*Pending Rezone to Multi-Family Residential – however appraised considering its current INS zoning

UTILITIES:

All parcels have public electricity, telephone and natural gas to portions of the site, with Parcel D being the only parcel with water & sewer located along the south side of

the parcel along W. Redoubt Ave. A detailed description of utilities will be discussed in the improvement description section of the appraisal report.

IMPROVEMENTS:

No improvements, all parcels Appraised as Vacant and Un-improved

PROPERTY RIGHTS APPRAISED:

Fee Simple Interest.

FINAL VALUE ESTIMATES:

- 1) Parcel A – \$525,000**
- 2) Parcel B – \$725,000**
- 3) Parcel C – \$725,000**
- 4) Parcel D – \$680,000**

DATE OF VALUE ESTIMATE:

December 27, 2018

VACANT LAND APPRAISAL REPORT

GENERAL INFORMATION

Purpose of the Appraisal Report:

The purpose of this appraisal report is to estimate the **Fee Simple Market Values** of the Subject properties as of December 27, 2018 (Valuation Date) in accordance with the instructions provided by our client, Kenai Peninsula Borough – Land Management Division. The KPB intends to use the appraisal to establish the fair market price in a general land sale.

Intended Users:

The intended users are the Kenai Peninsula Borough – Land Management Division as the selling landowner and the general public as prospective buyers and stakeholders.

Intended Use of Report:

This report is intended to assist the clients in determining the subject's Fee Simple Market Value to establish the most probable market value range for possible sale of the subject parcels. This report is for internal valuation and public distribution to establish real estate values for the respective parcels. No other users may rely on the findings or conclusions of this appraisal report.

Definition of Value and Property Rights:

"Fair Market Value" is defined as: "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, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Interest Valued:

The property rights appraised are the Fee Simple Interest. The term "Fee Simple Estate" is defined in The Dictionary of Real Estate Appraisal, Fourth Edition, 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." The "As Is" value of the property is based on its current physical condition and subject to the zoning in effect as of the date of the appraisal.

Valuation Date: December 27, 2018

Sales History:

The current owner, Kenai Peninsula Borough, has been in title to the subject property for over 10 years. No historical sales or listings of the subject parcels were discovered. The Kenai Peninsula Borough reportedly plans to put the subject parcels up for sale in a general land sale some time in 2019.

Current Lease:

The subject parcels are not currently leased.

Limiting Conditions and Assumptions:

For those limiting conditions and assumptions that apply in this report, please refer to the Addenda.

Statement of Competency:

The appraiser, Clint H. A. Lentfer, has completed numerous appraisal assignments of large tracts of vacant land statewide, commercial land leases and tideland leases in rural and remote areas around the State of Alaska, including recent appraisal assignments of vacant land for the Chugach Electric & the Kenai Peninsula Borough, City of Valdez, City of Cordova, various native corporation landowners, banks and private individuals, and is therefore competent to prepare this appraisal.

Legal Descriptions:

Description of Land for Appraisal				
Parcel	Assessor's Parcel No.	General Location	Legal Description	Acres
A	055-074-01	Kalifornsky	NW¼, Section 27, T5N, R11W, Seward Meridian, Alaska	160.00
B	Portion of 055-072-13	Kalifornsky	N½NE¼, Section 26, T5N, R11W, Seward Meridian, Alaska	80.00
C	Portion of 055-072-13	Kalifornsky	S½NW¼, Section 25, T5N, R11W, Seward Meridian, Alaska	80.00
D	059-302-07	Soldotna	Tract 3 Memorial Park Subdivision as shown on Plat No. 2011-11, Kenai Recording District	19.27

Assessed Value & Tax Data

The sites are assessed by the Kenai Peninsula Borough, historical tax information on the respective parcels is as follows:

Parcel A – 160 Acres – Parcel ID# 055-074-01

<u>Year</u>	<u>Land</u>	<u>Building</u>	<u>Total Value</u>	<u>Taxes* (exempt)</u>
2017	\$253,000	\$0	\$253,000	\$0
2018	\$253,000	\$0	\$253,000	\$0

**Assessed Value indicates \$1,581/Acre

Parcel B – 80 Acres – Portion of a larger 240 Acre Parcel ID# 055-072-13

<u>Year</u>	<u>Land* (total 240 Acres)</u>	<u>Building</u>	<u>Total Value</u>	<u>Taxes* (exempt)</u>
2017	\$309,800	\$1,500	\$311,300	\$0
2018	\$309,800	\$1,500	\$311,300	\$0

**Assessed Value indicates \$1,291/Acre

Parcel C – 80 Acres – Portion of a larger 240 Acre Parcel ID# 055-072-13

<u>Year</u>	<u>Land*</u> (total 240 Acres)	<u>Building</u>	<u>Total Value</u>	<u>Taxes*</u> (exempt)
2017	\$309,800	\$1,500	\$311,300	\$0
2018	\$309,800	\$1,500	\$311,300	\$0

**Assessed Value indicates \$1,291/Acre

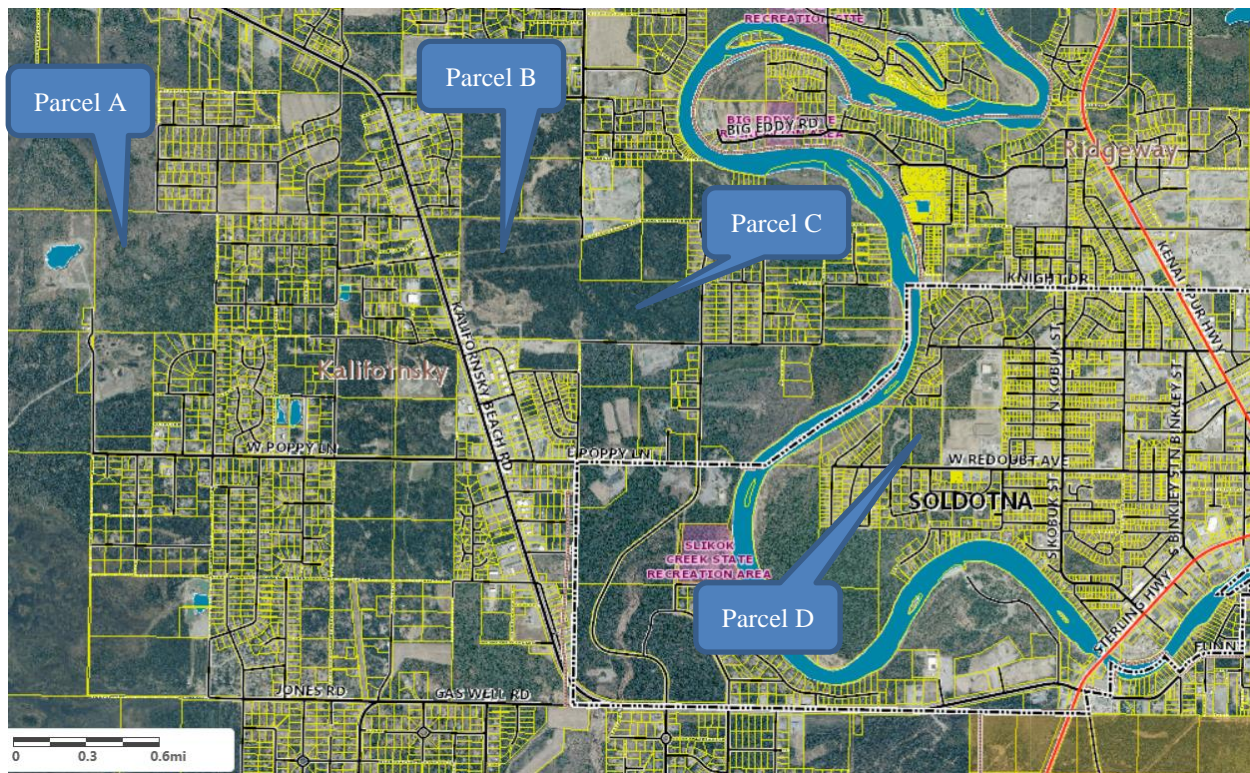
Parcel D – 19.27 Acres – Parcel ID# 059-302-07

<u>Year</u>	<u>Land</u>	<u>Building</u>	<u>Total Value</u>	<u>Taxes*</u> (exempt)
2017	\$929,000	\$0	\$929,000	\$0
2018	\$929,000	\$0	\$929,000	\$0

**Assessed Value indicates \$48,221/Acre

KPB Tax Parcel Map

We have included a Kenai Peninsula Borough Tax Parcel Map to illustrate the various sizes of the respective parcels surrounding the subject sites.



Zoning:

Parcels A, B, & C are not located within any zoning districts, located outside of the City of Kenai Zoning District, therefore any uses are possible. Parcel D is located within the City of Soldotna, and therefore subject to the city zoning code. Parcel D is currently zoned (INS),

Institutional District, which is intended to provide an area in which government and tax exempt institutions can offer social and cultural amenities to the citizens of the community. According to documents provided by the client, the borough will be submitting paperwork to rezone this parcel to Multi-Family Residential, however at the date of the inspection / date of value the subject was zoned INS, and it is unclear when or if the KPB will approve this zoning request, therefore we are appraising the subject in its current "As – Is" zoning. A full copy of the City of Soldotna zoning regulations and zoning map are located in the addenda for review. Due to the subject's larger size, location and attributes, it is assumed that there could be zoning changes and multiple potential future uses that do not fall within the current INS zoning, however we are appraising the subject in its current "As Is" zoning.

Exposure Time

Exposure time is the estimated length of time the property being appraised would have been offered for sale *prior* to the effective date of the appraisal. Based on statistical information about days on the market for larger tracts of vacant land in the Kenai and Soldotna markets, information gathered through verification of sales, and interviews with market participants, and MLS records over the past five years, all have indicated these large parcels remain on the market for longer periods of time, significantly longer than most types of vacant land and smaller parcels ready for development in the local market. We have concluded a reasonable exposure time of 12 to 16 months providing the property was properly exposed to the market and considering the marketing time would start in the spring/summer, allowing a minimum of two seasons of exposure. The days on market for the comparables analyzed ranged from 6 months to over 5 years, with some properties still listed and having numerous price reductions over this period.

Marketing Period

The marketing period is the estimate of time it might take to sell the property at its market value immediately subsequent to the date of appraisal. In this case, the Subject consists of four large tracts of vacant land, varying in size from 19.27 acres to 160 acres, large for the area, located near downtown Soldotna, and south of Kenai, Alaska within the Kenai Peninsula Borough. The sites have varying locations west of downtown Soldotna and south of Kenai, with varying access attributes to the parcels, with average / local views of the surrounding neighborhoods. The locational attributes and overall utility of use of the sites ranges from average to good, consisting of large areas of undeveloped land, with most areas appearing to be fully developable and not limited by site characteristics.

In our opinion, the Subject is located in a stable market with the outlook for the community to remain stable; with few comparables being similar in size or having similar potential utility of use attributes, with very few large land comparables available, and most being on the market for over 12 months. Considering all factors, we believe that a reasonable marketing time for the Subject is 10 to 14 months, allowing two seasons for exposure.

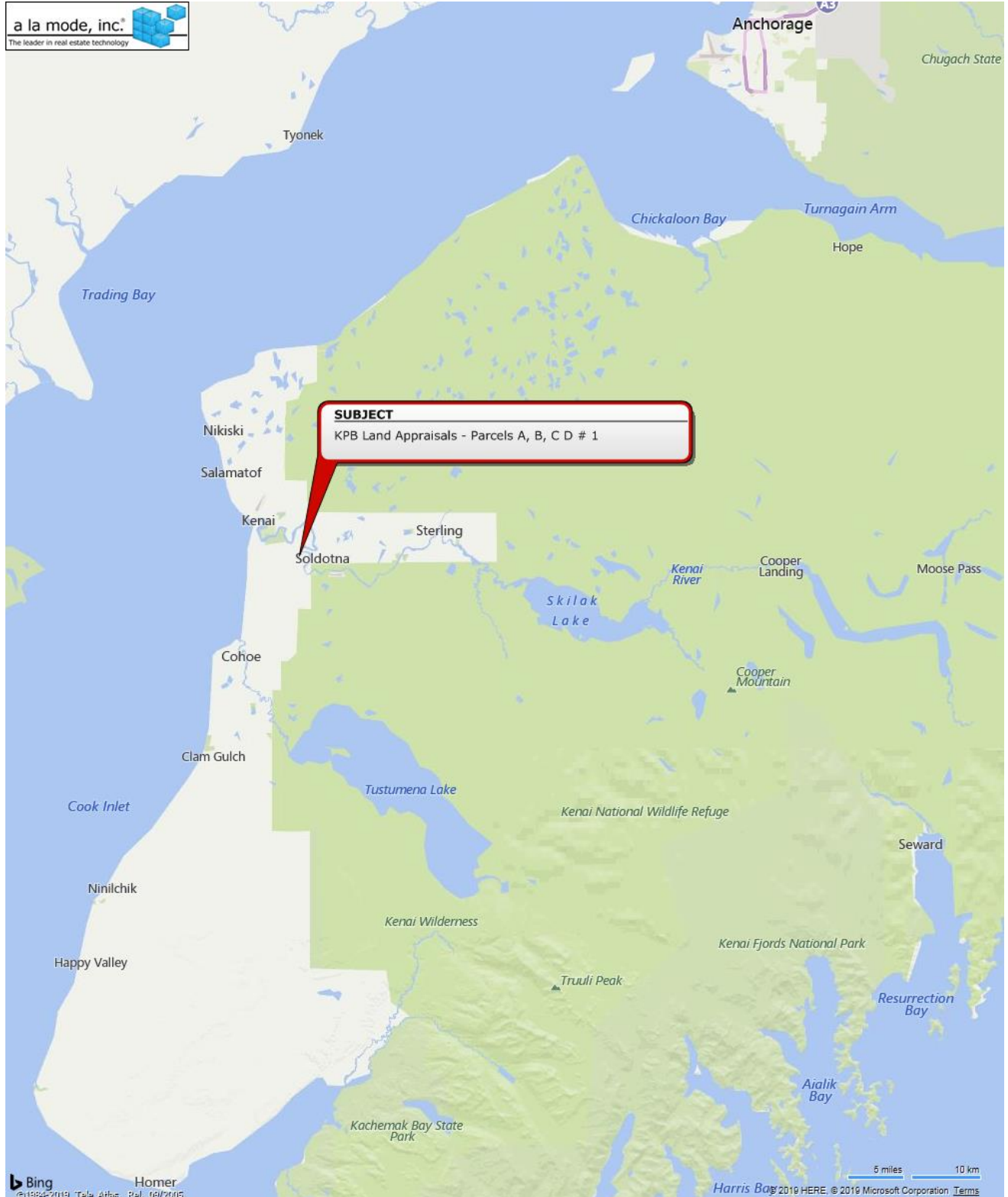
Appraisal Development & Reporting Process:

In preparing this appraisal, the appraiser:

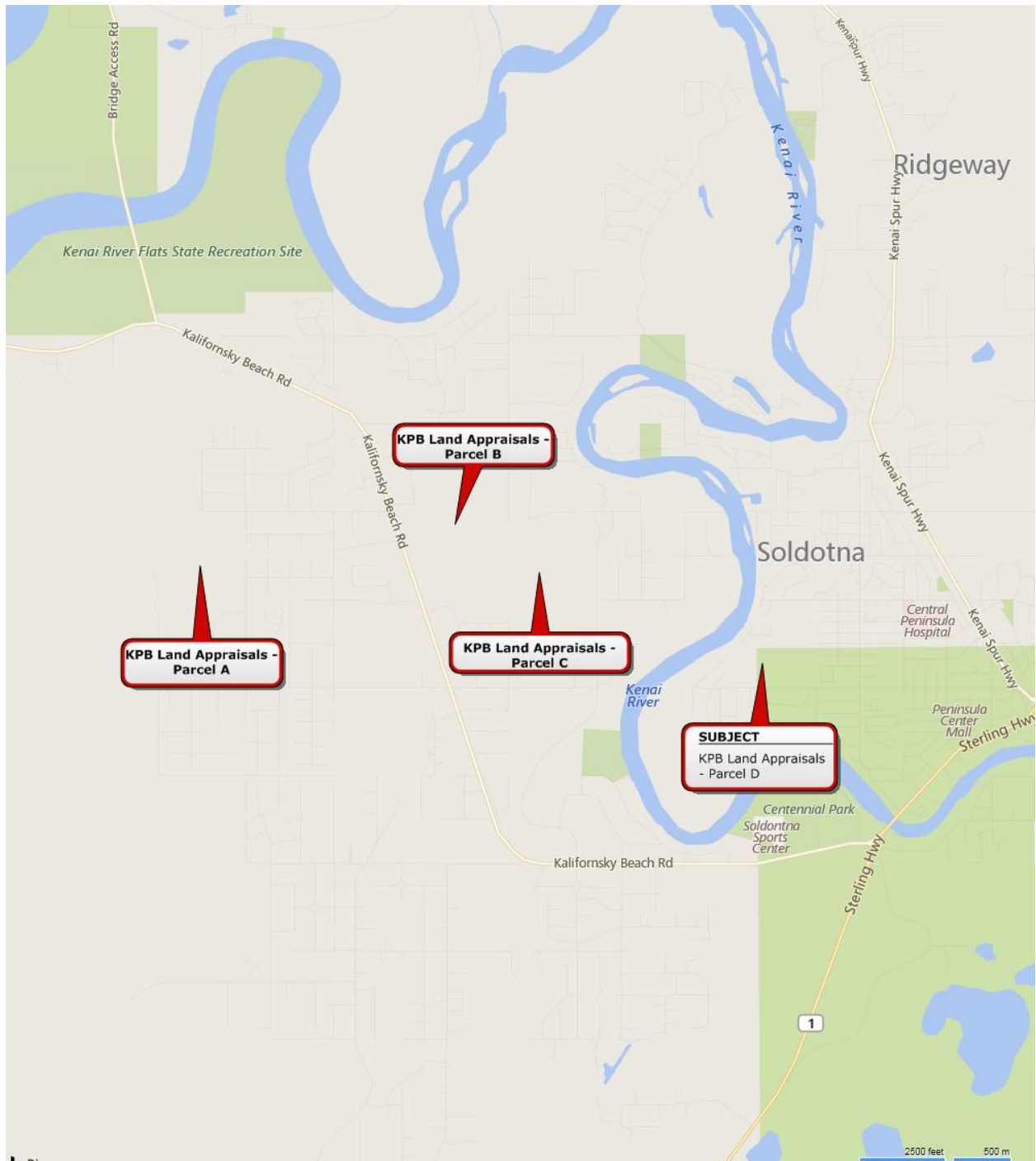
- Inspected the subject site –Inspection on December 27, 2018.
- Reviewed available records, plans, plats, specs, maps, etc.
- Reviewed available cost, market, lease and income information.
- Applied the best available approaches to arrive at an indication of value.
- Discussions with the land owners, borough officials, and real estate professionals in the area

This appraisal report is a recapitulation of the available data, analyses, and conclusions. Supporting data and additional records are located in the appraiser's files. Subject property photographs and maps are located on the following pages in order to give the reader a visual representation of the subject site.

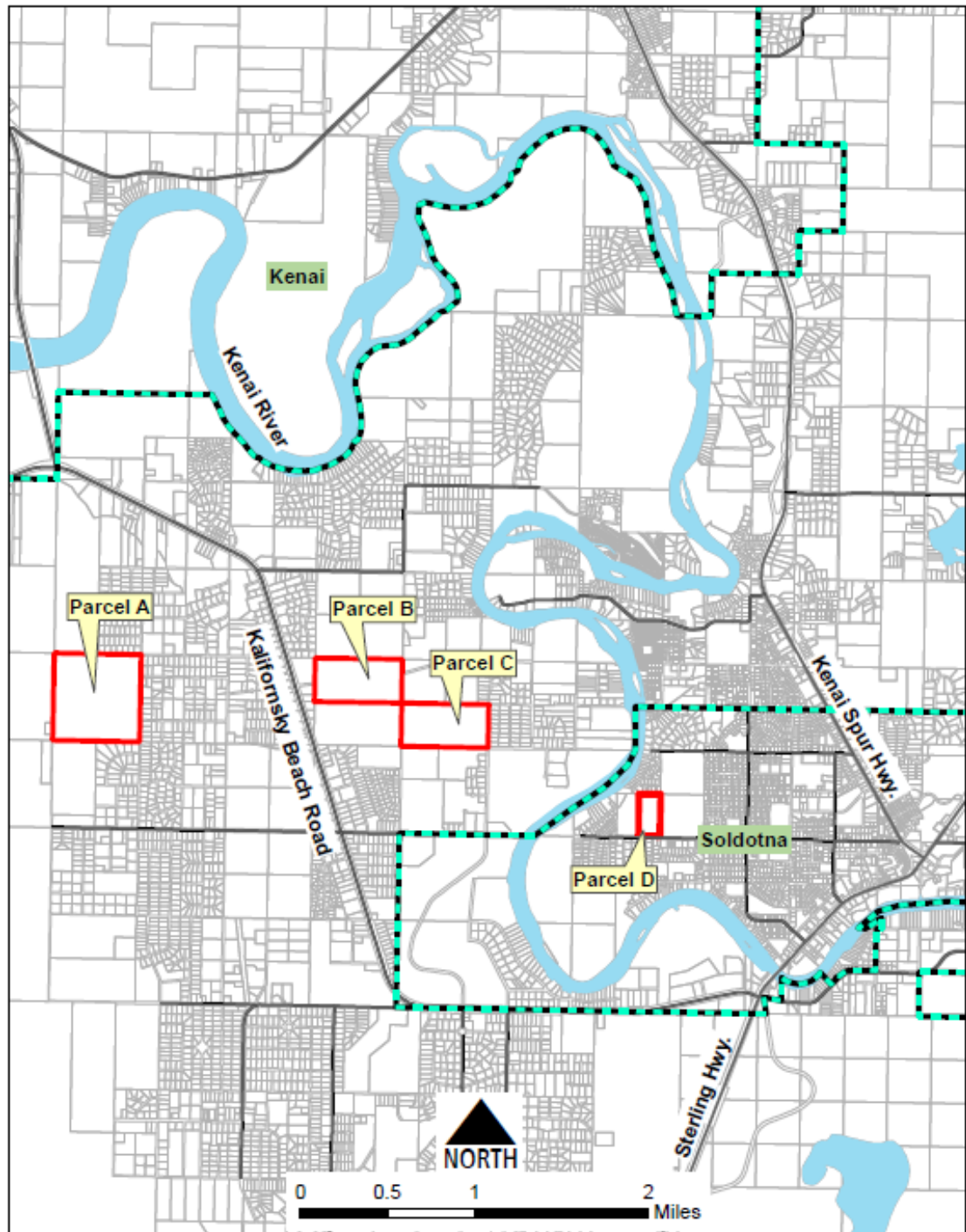
Kenai Peninsula Borough – Regional Location Map



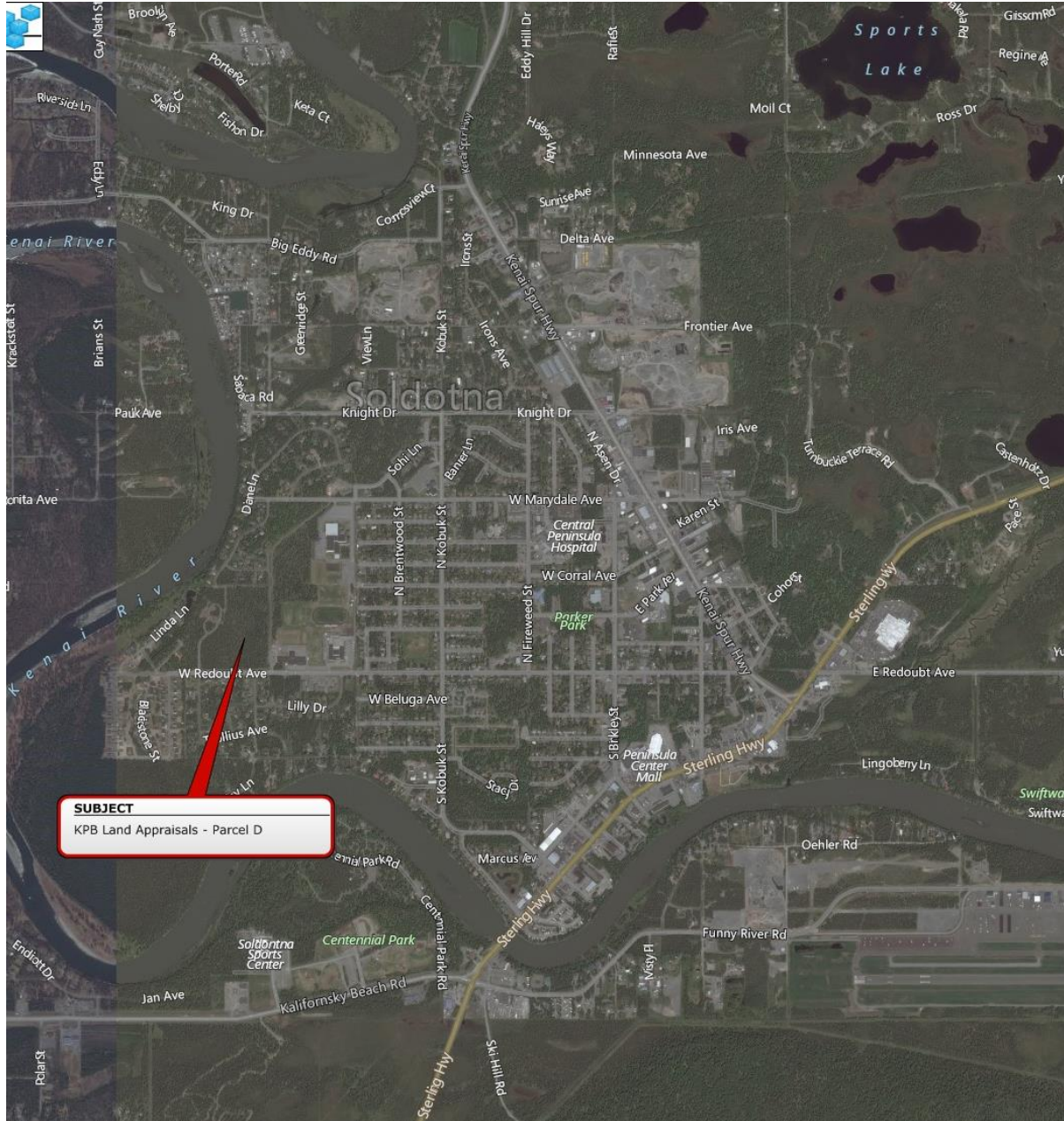
Kenai / Soldotna – Location Map



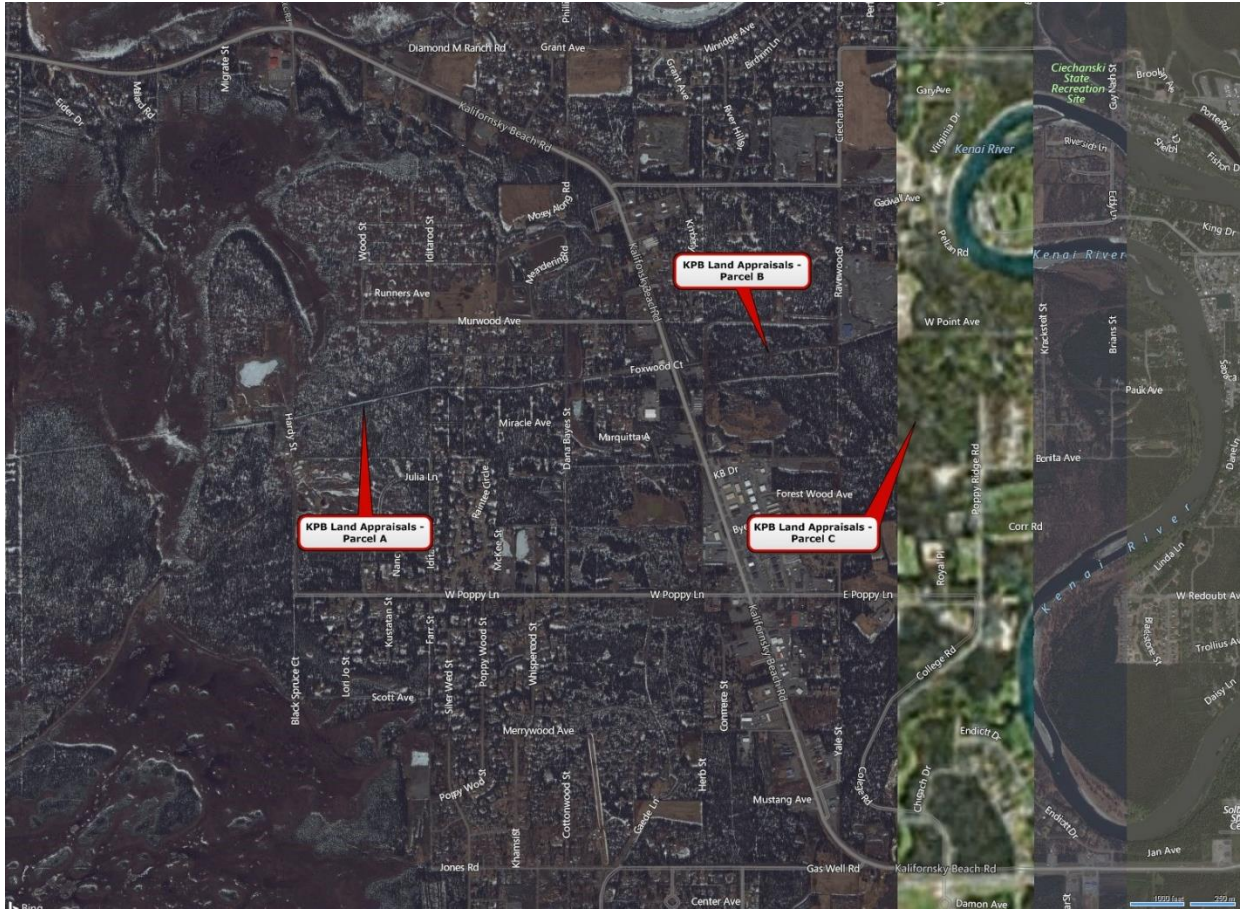
Neighborhood Vicinity Map – KPB Parcel Map



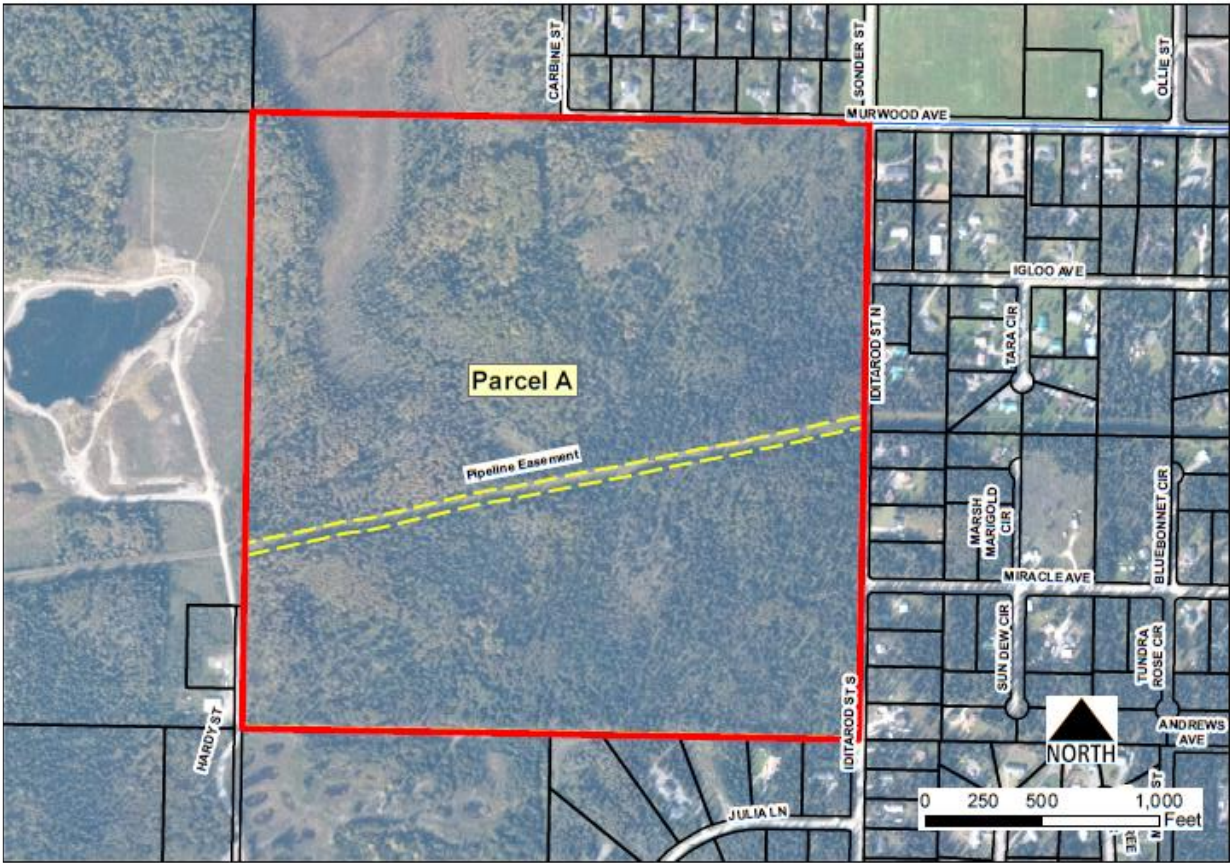
Aerial Location Maps – Parcel D



Aerial Location Maps – Parcels A, B, C



Close-up Location Maps – Parcel A



Aerial Photos – Parcel A – Taken by Clint Lentfer 1-11-2019



Subject Photos – Parcel A – Taken By Clint Lentfer – December 27, 2018



Looking west down Murwood Ave.
Subject on left



Looking south down Iditarod St. N
Subject on right



Looking south down Iditarod St. N
Subject on right



Looking west from Iditarod St. N



Looking east down Murwood Ave.
Subject on right



SE corner of site – looking east

Subject Photos – Parcel A – Taken By Clint Lentfer – December 27, 2018



East side of site – looking north
Subject on right



SW corner of site – looking northeast

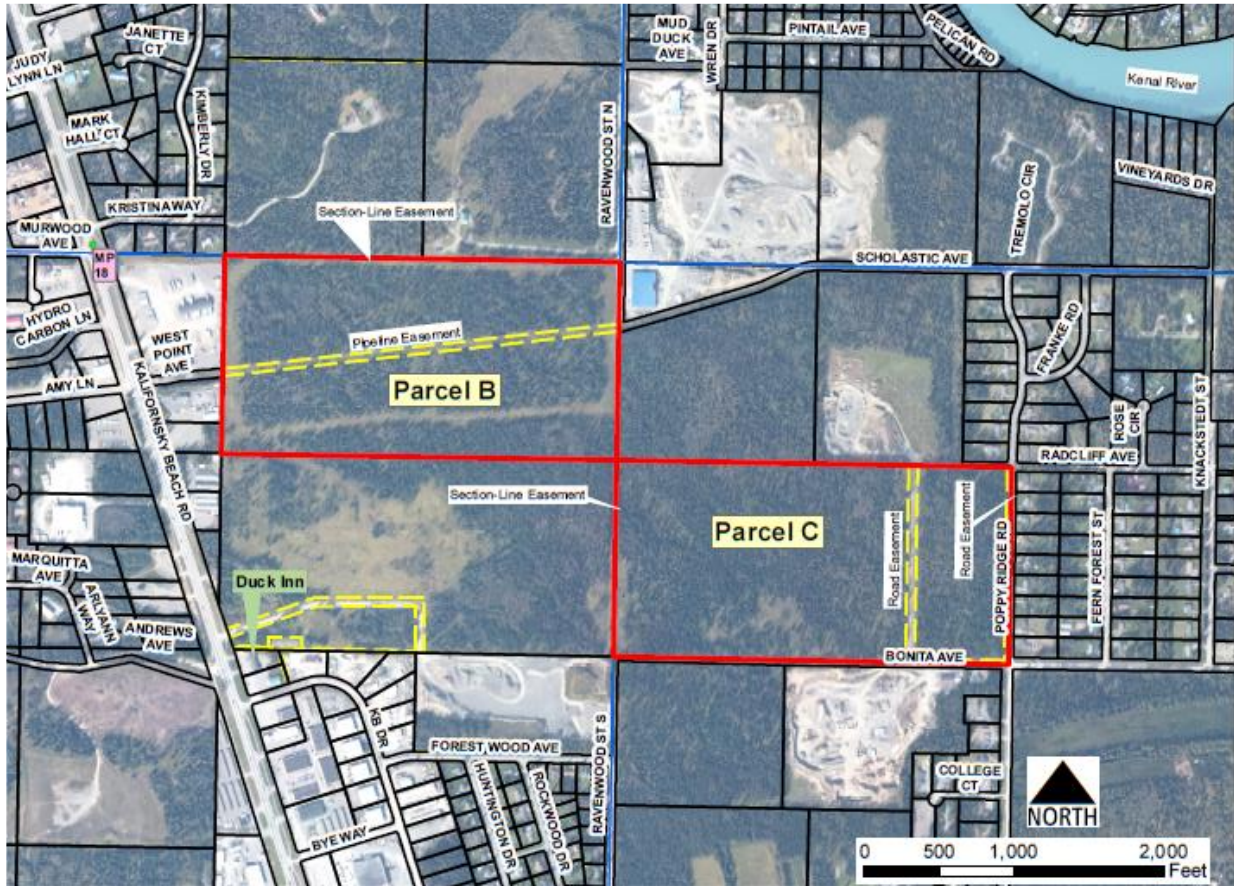


East side of site – looking north
Subject on right

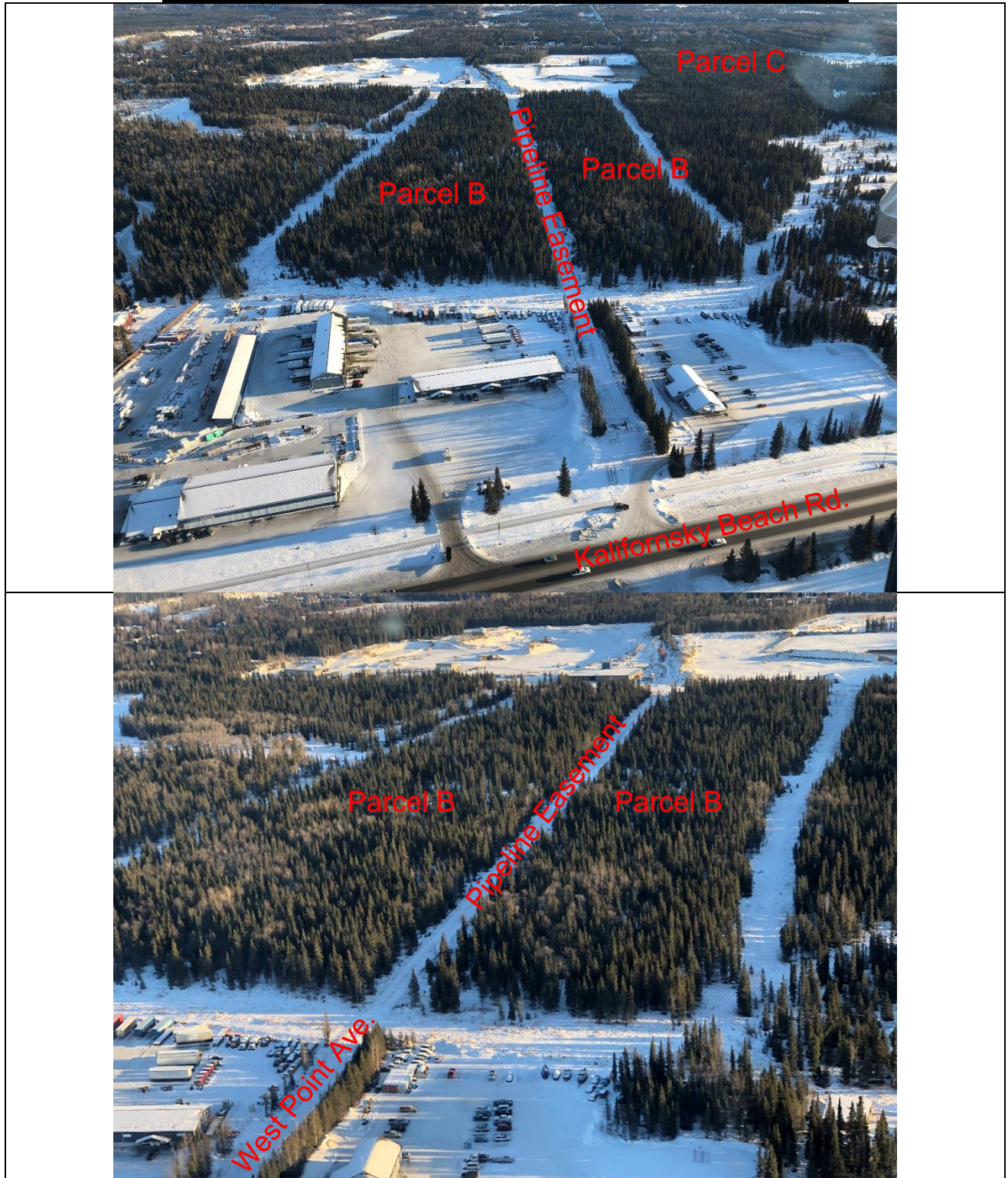


East side of site – looking northeast

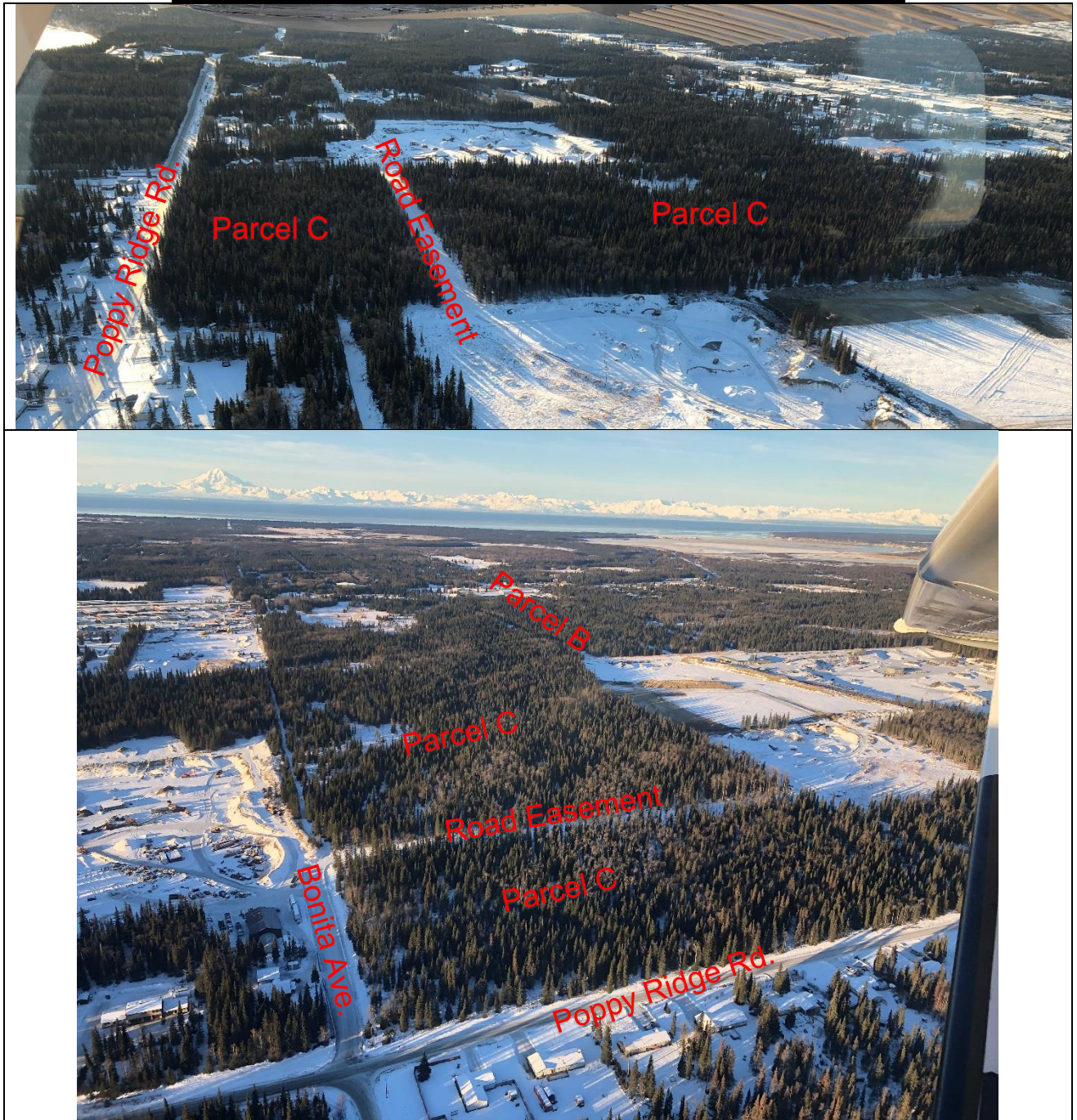
Close-up Location Maps – Parcels B & C



Aerial Photos – Parcel B – Taken by Clint Lentfer 1-11-2019



Aerial Photos – Parcel C – Taken by Clint Lentfer 1-11-2019



Subject Photos – Parcel B – Taken By Clint Lentfer – December 27, 2018



SW Corner of parcel – looking east along
Pipeline easement & West Point Ave.



Pipeline easement W side of parcel –
looking north



Section line easement N side of parcel –
looking east



West side of parcel



West side of parcel – looking NE



West side of parcel – looking south

Subject Photos – Parcel C – Taken By Clint Lentfer – December 27, 2018



SE corner of site along Poppy Ridge Rd.
looking north - Subject on left



SE corner of site along Bonita Ave.
looking west – Subject on left



Southern portion of site – intersection of Bonita
Ave. & Road Easement – looking W



Southern portion of site – intersection of Bonita
Ave. & Road Easement – looking N

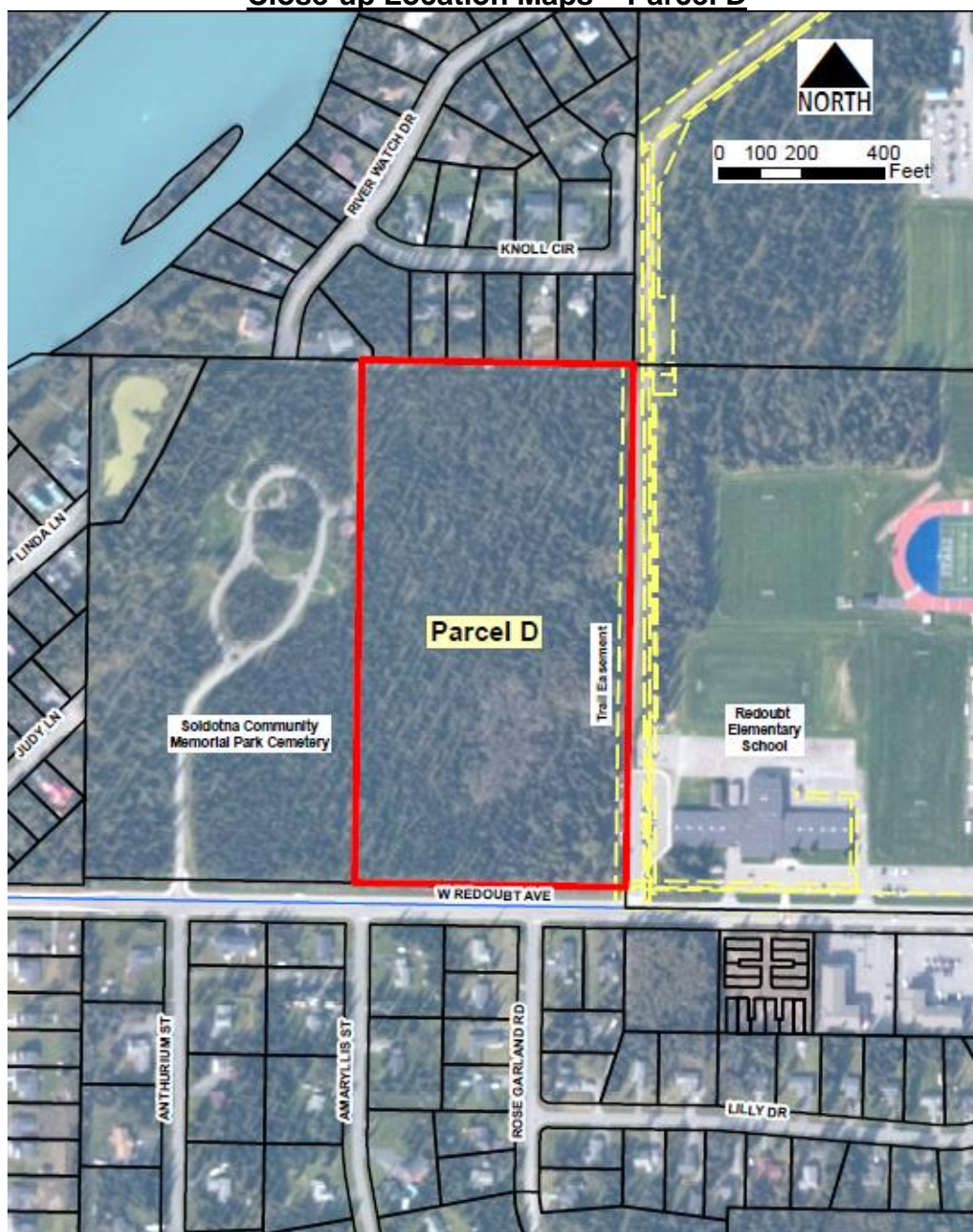


Southern portion of site – intersection of Bonita
Ave. & Road Easement – looking E

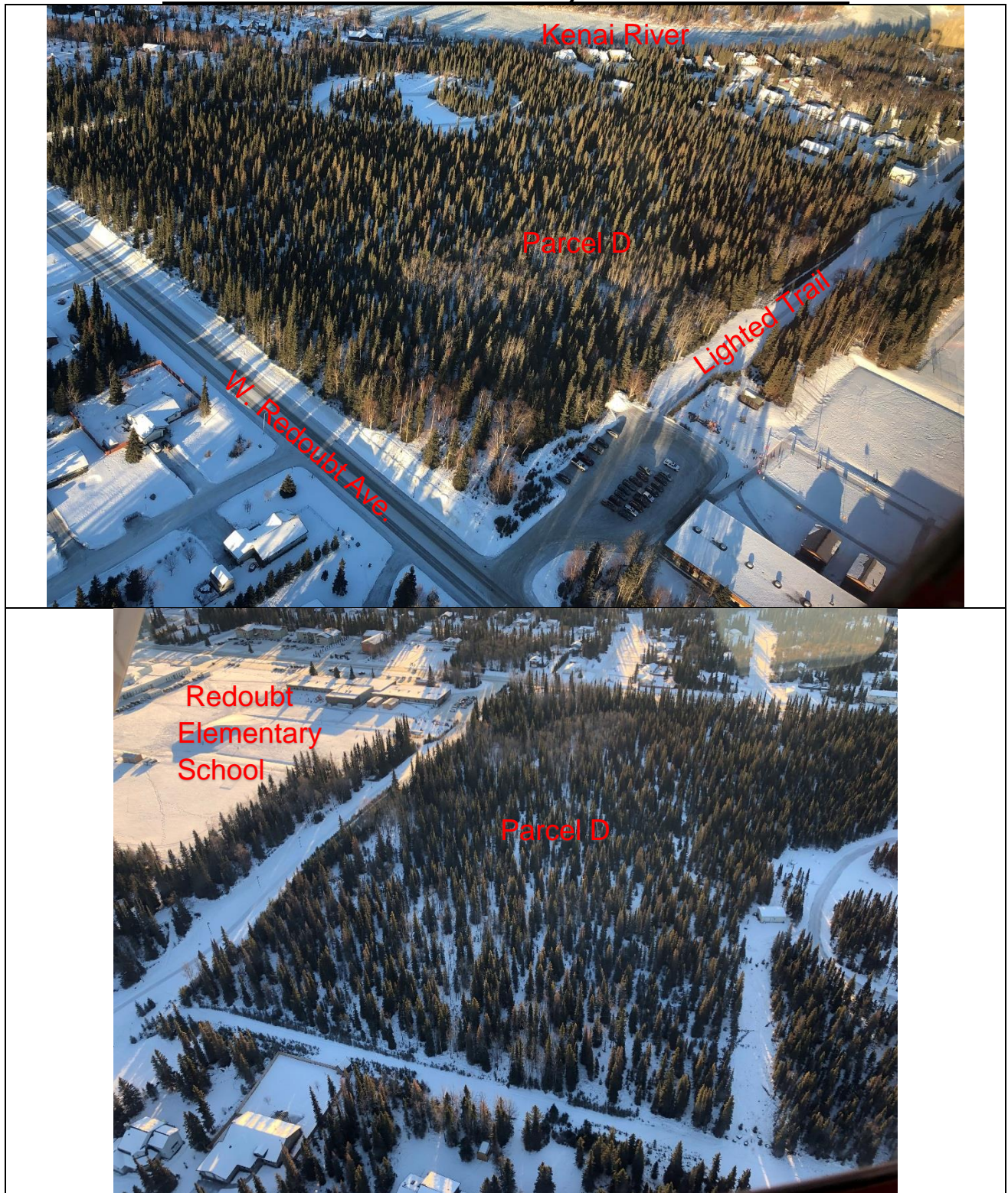


NE corner of site along Poppy Ridge Rd.
looking south - Subject on right

Close-up Location Maps – Parcel D



Aerial Photos – Parcel D – Taken by Clint Lentfer 1-11-2019



Subject Photos – Parcel D – Taken By Clint Lentfer – December 27, 2018



SE corner of site along W. Redoubt Ave.
looking west - Subject on right



SE corner of site along W. Redoubt Ave.
looking NW - Subject on right



SE corner of site along W. Redoubt Ave.
looking north - Subject on left



East side of site along Trail Easement
looking north - Subject on left



Typical site view – heavily treed



East side of site along Trail Easement
looking north - Subject on left

Subject Photos – Parcel D – Taken By Clint Lentfer – December 27, 2018



Northeast Corner of site – looking SW



East side of site along Trail Easement
looking south - Subject on right



Utility easement along north side of site



Utility easement along north side of site –
looking east



Northwest Corner of site – looking SE



SW corner of site along W. Redoubt Ave.
looking east - Subject on left

Property Description

Neighborhood Characteristics and Data

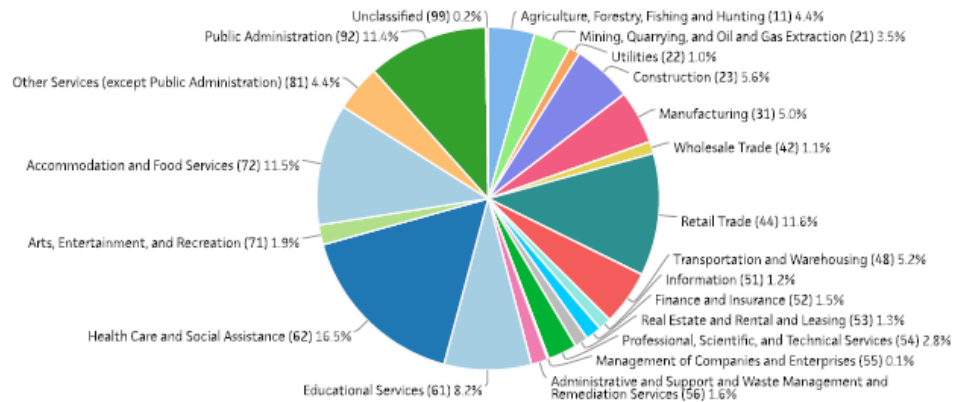
The Subject is located in the communities of Soldotna and Kenai, Alaska, within the Kenai Peninsula Borough, along the northwestern portion of the Kenai Peninsula, bisected by the Kenai river, about 65 air miles and 150 road miles south of Anchorage. Primary access is via vehicle or airplane, with scheduled daily service from Anchorage to Kenai and road access via the Sterling Highway. The subject's specific locations vary within the immediate area, with Parcel D located within the Soldotna City limits, just north and west of the main business center. Parcels A, B & C are located west of Parcel A and the Kenai River, and about 4 miles southeast of downtown Kenai, with direct access off Kalifornsky Beach Road. We will discuss the specific locations and site characteristics in full detail in the following section. The greater Kenai and Soldotna communities have approximately 12,500 year-round residents (2017 estimated population), with around 59,000 residents in the Kenai Peninsula Borough.

Soldotna and Kenai are located near the mouth of the Kenai River and in close proximity to Cook Inlet to the west, major fishing areas. The economy in the immediate area consists of government, private sector jobs, seasonal fishing jobs, energy sector jobs, healthcare, food services, educational and retail trade. See the Industry snapshot section which follows (Economic Overview K.P.B. – 3rd Quarter 2018). Water and sewer in the downtown areas are served with public water and sewer, with outside of these areas and on larger lots being supplied by on-site wells & septic systems. Public electricity and phone are on-site provided by local providers, and Enstar provides natural gas to most of the areas within the larger communities along the road system. The economy overall is considered stable and should continue to provide a good base economy for the local communities.

Industry Snapshot

The largest sector in Kenai Peninsula Borough, Alaska is Health Care and Social Assistance, employing 3,707 workers. The next-largest sectors in the region are Retail Trade (2,594 workers) and Accommodation and Food Services (2,572). High location quotients (LQs) indicate sectors in which a region has high concentrations of employment compared to the national average. The sectors with the largest LQs in the region are Mining, Quarrying, and Oil and Gas Extraction (LQ = 8.29), Agriculture, Forestry, Fishing and Hunting (3.19), and Public Administration (2.42).

Total Workers for Kenai Peninsula Borough, Alaska by Industry



Source: JobsEQ® Data as of 2018Q2

Employment data are derived from the Quarterly Census of Employment and Wages, provided by the Bureau of Labor Statistics and imputed where necessary. Data are updated through 2017Q4 with preliminary estimates updated to 2018Q2.

Sectors in Kenai Peninsula Borough, Alaska with the highest average wages per worker are Mining, Quarrying, and Oil and Gas Extraction (\$115,661), Utilities (\$108,717), and Wholesale Trade (\$69,568). Regional sectors with the best job growth (or most moderate job losses) over the last 5 years are Accommodation and Food Services (+146 jobs), Public Administration (+146), and Health Care and Social Assistance (+86).

Over the next 1 year, employment in Kenai Peninsula Borough, Alaska is projected to expand by 164 jobs. The fastest growing sector in the region is expected to be Mining, Quarrying, and Oil and Gas Extraction with a +2.0% year-over-year rate of growth. The strongest forecast by number of jobs over this period is expected for Health Care and Social Assistance (+69 jobs), Educational Services (+17), and Mining, Quarrying, and Oil and Gas Extraction (+15).

This report is produced by the Anchorage Economic Development Corporation (AEDC) on behalf of the Kenai Peninsula Borough Economic Development District (KPEDD). Data has been compiled using JobsEQ (www.chmuraecon.com/jobseq) and AlaskaProspector.com (www.alaskaprosector.com).

Subject Property Locations

The subject's specific locations vary within the immediate area, with Parcel D located within the Soldotna City limits, west of the main business center / downtown area. Parcels A, B & C are located west of Parcel A and the Kenai River, and about 4 miles southeast of downtown Kenai, with direct access off Kalifornsky Beach Road. Due to the differing locations, site attributes (access, utilities, soils conditions, size, shape and overall utility of use) we will discuss / analyze each of the subject parcels independently, with the exception of Parcels B&C which are overall similar and will be discussed together, however valued separately.

Parcel A – Site Attribute Discussion



Specific Location

Parcel A is the largest parcel at 160 acres, located west of Kalifornsky Beach Road, with the northern boundary being Murwood Ave., a paved neighborhood street providing access to neighborhoods west of Kalifornsky Beach Road. The eastern boundary is Iditarod Street which runs almost the full length of the property boundary, with the exception of the area near the pipeline easement that runs the length of the property running east / west, effectively bisecting the parcel. Additional access is from the southwest corner of the site along Hardy Street, a gravel neighborhood street that provides access to the pipeline easement section of the west side of the parcel. As can be seen on overview maps, the site is vacant and unimproved with the main access and location being overall average around the periphery of the site, with the majority of the area lacking access, being a large tract of vacant land. The subject site is surrounded to the north, east and south by smaller subdivisions improved with residential homes, with similar large tracts of vacant land to the west, much of which appears to be wet / swampy. Of note is that the site was full snow covered during our inspection and numerous assumptions were necessary.

Size, Shape, and Utility of Use

The subject site consists of a rectangular shaped, 160 acre site measuring approximately 2,640' x 2,640'. As can be seen by the overview maps and review of the neighborhood, this parcel is large for the area, with most lots being smaller 1-5 acre sites interspersed with larger tracts similar in size to the subject. The size of the subject is large for the area, with most

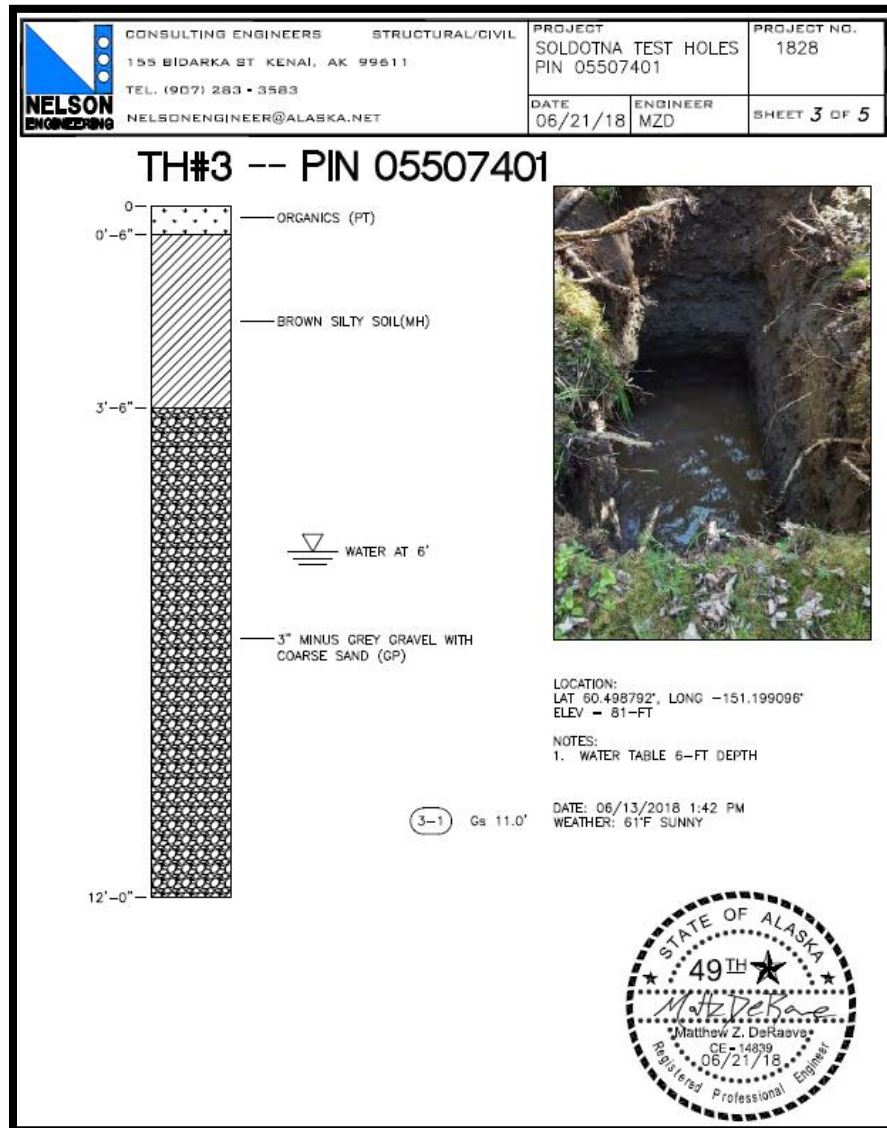
areas being developed with large lot subdivision sized lots (1-5 acres). The site sizes, shape and utility of the subject reflect a large site for the area, with numerous potential development options, however we are appraising the site as one large 160-acre site, not considering any hypothetical subdivision development potential. Review of the site maps and aerial photographs of the parcel show that the parcel is rectangular shaped, with adequate length to width ratios, allowing for many types of potential development, however northern and western portions of the site appear to be less heavily treed, possibly being affected by silty / sandy soils that do not drain as well making development more costly due to soils conditions, with the current size, shape and access possibly limiting full development of the site. Of note is a Pipeline Easement bisecting the site running from east to west, making a natural break within the site. Overall, the size, shape and utility of the site is considered average for the area, with shape and access currently limiting full development of the site, with the outlook for future growth and development being relatively stable.

Topography and Soils

The site is generally level and at grade with the surrounding areas, with generally level topography. We were provided with detailed soils reports from test holes dug by Nelson Engineering completed on 6/21/2018 at various locations around the site, a summary of which is discussed herein, with full copies of the test hole results and locations included in the addenda of the report. The site is generally level with soils conditions being generally similar consisting of silt from about 1' to 3', and a mix of sand and gravel below the sand, with some test holes having groundwater, typical of the area. The varying soils conditions are typical of the region, with most areas needing some sort of fill imported for most types of development, and it is assumed the soils are generally satisfactory for most types of development.

We have included a typical soils test hole log results from near the center of the site (located below), with a map showing all test hole locations and all test hole log results located in the addenda. The site has significant vegetation (trees) around the majority of the site which is typical of these larger sites. A review of the plat map, aerial map and topographical map indicate that a portion of the site would be undevelopable due to physical restriction (typical of these types of larger sites). Of note is that the site was full snow covered during our inspection and numerous assumptions were necessary. See test hole log located near the center of the site on following page.

Test hole log results – Test Hole #3



Access / Visibility

The subject is a large parcel with numerous locations around the periphery providing direct road access to the outside edge of the site. Access to the northern portion of the site is via Murwood Ave., a paved neighborhood street providing access to neighborhoods west of Kalifornsky Beach Road. The eastern access is via Iditarod Street which runs almost the full length of the property boundary, with the exception of the area near the pipeline easement that runs the length of the property running east / west, effectively bisecting the parcel. Additional access is from the southwest corner of the site along Hardy Street, a gravel neighborhood street that provides access to the pipeline easement section of the west side of the parcel. As can be seen on overview maps, the site is vacant and unimproved with the main access and location being overall average around the periphery of the site, with the majority of the area lacking access. Visibility of the site is available along the access roads, considered average.

Utilities

According to research performed by the appraiser through discussions with local area utility companies, the periphery of the site along the access roads have public electricity, natural gas, and telephone, with no specific utility connections, rather utilities are to the edge of the site. Although there is a large natural gas pipeline running under the pipeline easement near the center of the site, according to Enstar, no spur line is currently available, as this is a large gas-line that cannot have a spur line. In order to extend these utilities to the site, additional development costs would be incurred. There is no public water or sewer in the area, with most improved sites having private well and septic systems. We make a specific assumption that utilities are available to the majority of the site, and could serve most portions of the site.

Easements / Encroachments / Restrictions

There is a large natural gas pipeline easement that intersects the center of the site running from east to west, limiting development over this portion of the site, reportedly being 50' wide according to DNR and KPB documents. It is assumed there are typical 33' wide section line easements providing access to the periphery of the parcel. It is assumed that there are no additional development restrictions affecting the subject parcel. No site development restrictions were disclosed or discovered, and it is assumed that the 160-acre site is fully developable, except for the area affected by the easements. No other easements, encroachments or restrictions are noted, and it is assumed the site is fully developable.

Site Improvements

Parcel A is currently vacant and unimproved, with no site improvements. No improvements were observed or disclosed, and we are not considering any site improvements and are assuming the site to be vacant and unimproved.

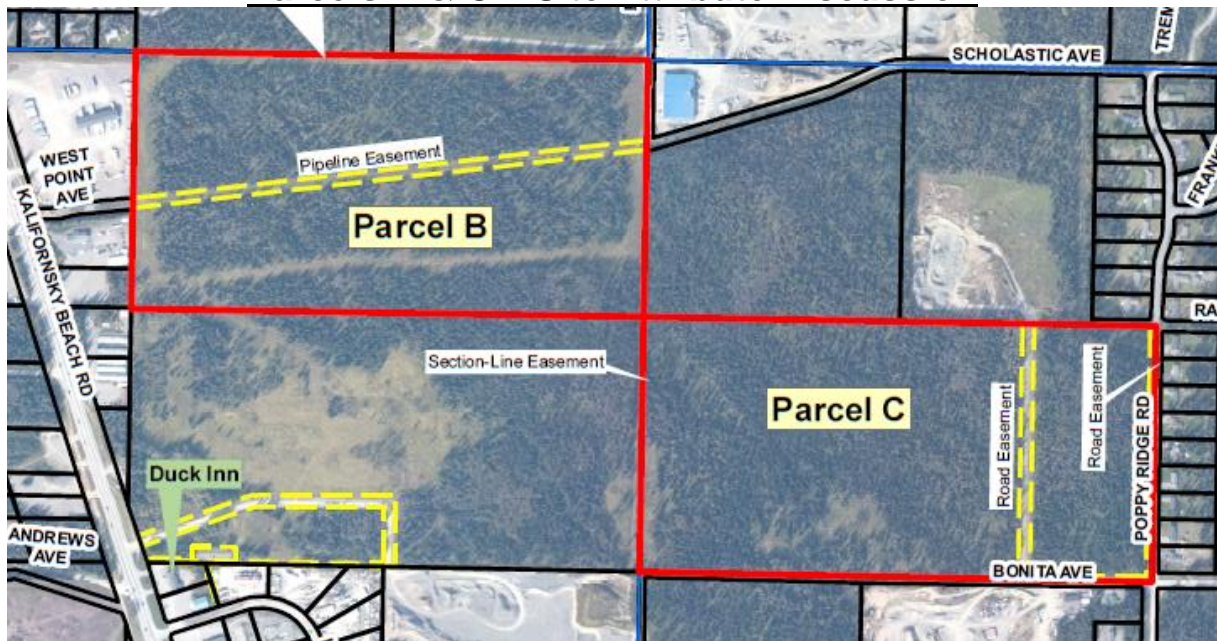
Environmental Issues / Wetlands / Extraordinary Site Considerations

If any portion of the property is contaminated, the value concluded in this report would need to be adjusted to reflect the cost to cure. A specific assumption of this report is that the site is environmentally clean. No environmental hazards were noted during inspection or disclosed. The site is bisected by a large capacity natural gas distribution line, assumed no environmental conditions. There appear to be some wet / lower lying / swampy areas near the northwestern portions of the site, however the majority of the site appears to be heavily treed with the majority of the site assumed useable, which is typical of these larger parcels.

Present Use

The subject consists of a vacant, undeveloped 160 Acres Tract south of the City of Kenai, west of the City of Soldotna and west of Kalifornsky Beach Road, in an unzoned area built up with some residential homes. There are access roads around portions of the north, east and western sections of the site, with average views. Extension of utilities to the interior of the parcel and additional roads necessary to access the entire sites are additional costs that potentially limit full development of the site due to the uncertainty and potential high costs of development. We are appraising the site as vacant & unimproved as one large 160-acre site.

Parcels B & C – Site Attribute Discussion



Specific Location

Parcels B & C are both hypothetical 80-acre parcels that are part of a larger 240 Acre tract having similar locations east of Kalifornsky Beach Road north of Poppy Lane in close proximity to one another and have similar overall site attributes, therefore they **will be discussed together**, with differences explained in the respective sections. The northern boundary is the Kenai River and associated vacant land and subdivisions within the area. The eastern boundary is Poppy Ridge Road and Soldotna. Of note is a pipeline easement that runs the length Parcel B, bisecting the property running east / west, and a Road Easement on Parcel C, running north south near the eastern edge of the property, effectively bisecting the parcels as can be seen on the aerial maps above.

Parcel B has primary access from the west via the pipeline easement and West Point Ave., with additional section line easement access at the northwest corner of the parcel. Additional access is from the east side of the site via Scholastic Ave., what appears to be a platted road providing access off Poppy Ridge Road. Additional access is from the northern portion of the site via Ravenwood St. N. (not fully developed) – a section line easement providing access off Ciechanski Road from the north. As can be seen on overview maps, the site is vacant and unimproved with the main access and location being overall average around the periphery of the site, with primary access being from the west off Kalifornsky Beach Road via section line easements and platted roads. The subject site is surrounded by smaller subdivisions improved with residential homes, commercial uses along Kalifornsky Beach Road, with similar large tracts of vacant land to the north and east. Of note is that the site was full snow covered during our inspection and numerous assumptions were necessary.

Parcel C has primary access from the east via Poppy Ridge Road which makes up the eastern border of the parcel, with additional road access at the southwest corner of the site off Ravenwood Street S. (not fully developed) along a section line easement that runs north /

south along the western portion of the parcel that can be seen on the above aerial map. As can be seen on overview maps, the site is vacant and unimproved with the main access and location being overall average mainly along the eastern portion of the site, with primary access being from the east off Poppy Ridge Road. The subject site is surrounded by smaller subdivisions improved with residential homes, commercial uses along Kalifornsky Beach Road, with similar large tracts of vacant land to the north and east. Of note is that the site was full snow covered during our inspection and numerous assumptions were necessary.

Size, Shape, and Utility of Use

The subject site consists of a two separate generally rectangular shaped, 80 acre hypothetical parcels that are a portion of the larger 240 acre site. It is assumed the sites will be typical size 80 acre portions of larger aliquot parts, measuring approximately 1,320' x 2,640'. As can be seen by the overview maps and review of the neighborhood, this parcel is large for the area, with most lots being smaller 1-5 acre sites interspersed with larger tracts similar in size to the subject. The size of the subject parcels is large for the area, with most areas being developed with large lot subdivision sized lots (1-5 acres). The site sizes, shape and utility of the subject reflect a large site for the area, with numerous potential development options, however we are appraising the respective sites as two stand-alone 80 acre sites, not considering any hypothetical subdivision development potential.

Review of the site maps and aerial photographs of the parcels show that the hypothetical 80 acre parcels will be rectangular shaped, with adequate length to width ratios, allowing for many types of potential development, with both sites being heavily treed and assumed good soils for development, with the current size, shape and access not appearing to limit any development of the sites. Of note is a Pipeline Easement bisecting the center of Parcel B running from east to west, making a natural break within the site. Overall, the size, shape and utility of the sites is considered average for the area, with shape and access currently limiting full development of the site, with the outlook for future growth and development being relatively stable.

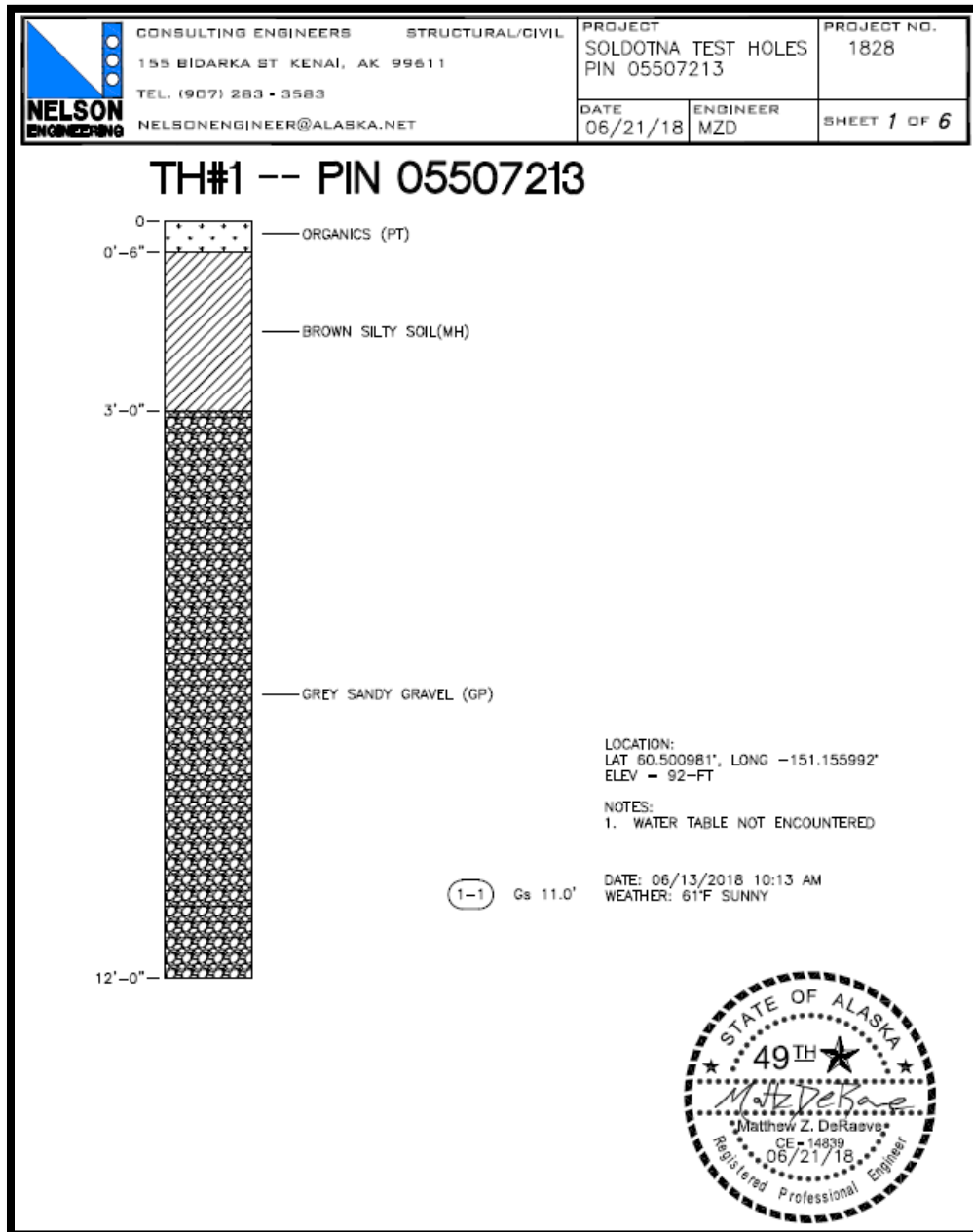
Topography and Soils

The sites are generally level and at grade with the surrounding areas, with generally level topography. We were provided with detailed soils reports from test holes dug by Nelson Engineering completed on 6/21/2018 at various locations around the sites, a summary of which is discussed herein, with full copies of the test hole results and locations included in the addenda of the report. The sites are generally level with soils conditions being generally similar consisting of silt from about 1' to 3', and a mix of sand and gravel below the sand, with no test holes having groundwater, and all soils being good for development and generally typical of the area. The varying soils conditions are typical of the region, with some areas needing some sort of fill imported for most types of development, and it is assumed the soils are generally satisfactory for most types of development. Of note is that there are active and older gravel pits surrounding the subject sites, indicating good soils for all types of development, however we are not considering / valuing any value of the gravel, as we are appraising the surface rights of the land only.

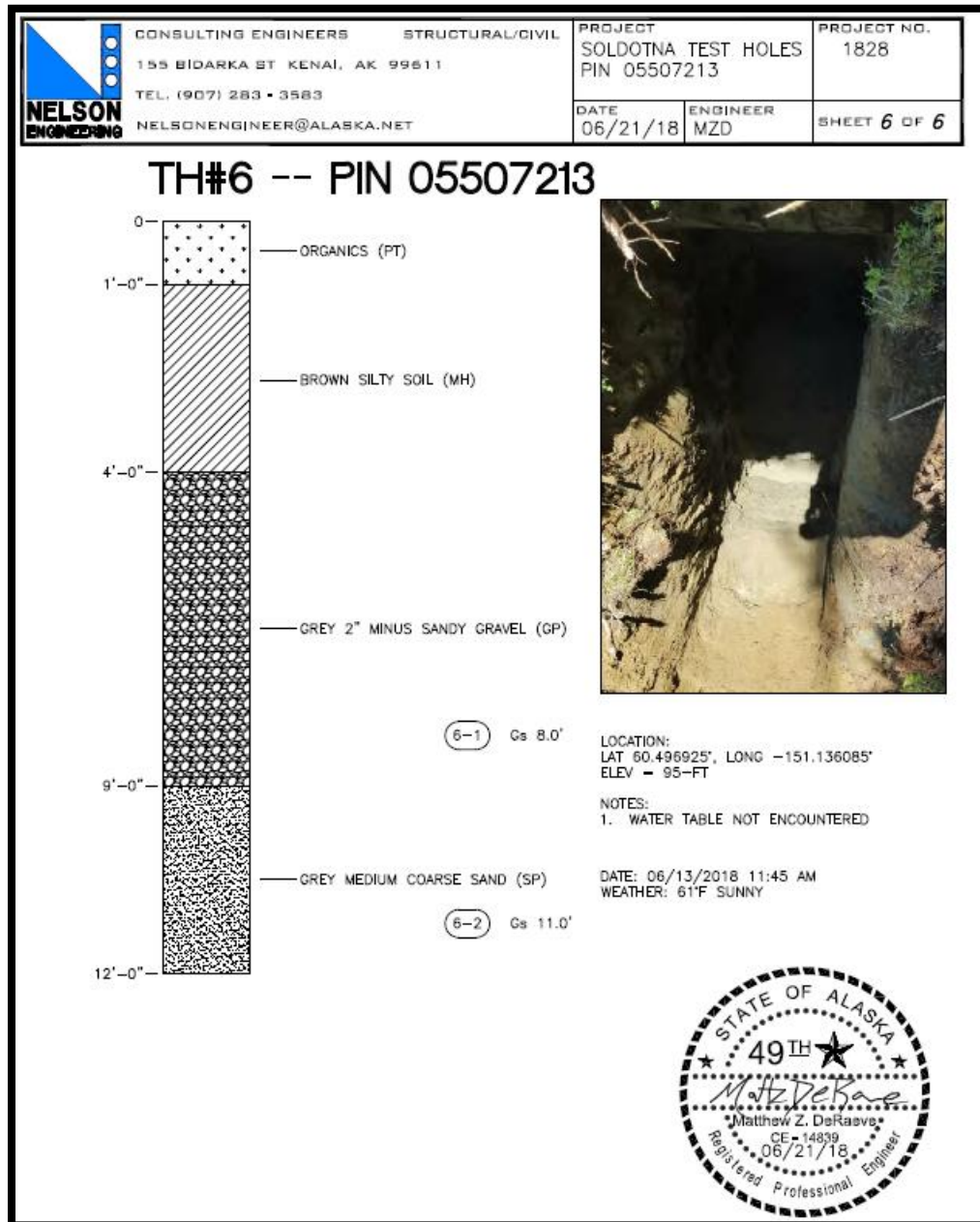
We have included a typical soils test hole log results from near the center of the each of the

sites (located below), with a map showing all test hole locations and all test hole log results located in the addenda. The site has significant vegetation (trees) around the majority of the site which is typical of these larger sites. A review of the plat map, aerial map and topographical map indicate that the majority of the site appears to be developable with few physical restrictions. Of note is that the site was full snow covered during our inspection and numerous assumptions were necessary. See test hole logs located near the center of the site on following page. TH#1 is located on Parcel B, and TH #6 is located on Parcel C.

Test hole log results – Test Hole #1 – Parcel B



Test hole log results – Test Hole #6 – Parcel C



Access / Visibility

The subject consists of two individual 80-acre parcels considered large for the neighborhood, with various locations around the periphery providing direct road access to the outside edges of the sites. **Parcel B** has primary access from the western portion of the site off Kalifornsky Beach Road via West Point Ave. along the pipeline easement, and section line easement. There is additional access at the northeast corner of the site off Ravenwood Street N. Both parcels have additional legal access from the south along a sections line easement, however this is no road or current access, just platted / legal access. There is a pipeline easement that runs the length of the property running east / west, effectively bisecting Parcel B. **Parcel C**

has primary access from the eastern portion of the site off Poppy Ridge Road and Bonita Ave along the eastern property line. There is a road easement running north / south off the west end of Bonita Ave. providing access to the northern portion of Parcel C, and section line easement along the western property line. There is additional access at the southwest corner of the site off Ravenwood Street S. As can be seen on overview maps, the site is vacant and unimproved with the main access and location being overall average around the periphery of the site, with the majority of the area lacking access. Visibility of the site is available along the access roads, considered average.

Utilities

According to research performed by the appraiser through discussions with local area utility companies, the periphery of the site along the west side of Parcel B and east side of Parcel C access roads have public electricity, natural gas, and telephone, with no specific utility connections, rather utilities are to the edge of the site. Although there is a large natural gas pipeline running under the pipeline easement on Parcel B near the center of the site, according to Enstar, no spur line is currently available, as this is a large gas-line that cannot have a spur line. In order to extend these utilities to the site, additional development costs would be incurred. There is no public water or sewer in the area, with most improved sites having private well and septic systems. We make a specific assumption that utilities are available to the majority of the site, and could serve most portions of the site.

Easements / Encroachments / Restrictions

There is a large natural gas pipeline easement that intersects the center of **Parcel B** running from east to west, limiting development over this portion of the site, reportedly being 50' wide according to DNR and KPB documents. It is assumed there are typical 33' wide section line easements providing access to the periphery of the parcel, and standard road access easements. There is a 60' wide roadway easement that traverses **Parcel C** toward the east side of the site running north / south limiting development of this portion of the site, affecting approximately 1.8+/- acres (60' x 1,320+/- = 79,200 SF). Additionally, there is a 30' access easement along the south 30' x 660' providing access off Bonita Ave, which is part of the road easement. It is assumed that there are no additional development restrictions affecting the subject parcel. No site development restrictions were disclosed or discovered, and it is assumed that both Parcel B & Parcel C are fully developable, except for the area affected by the easements. No other easements were discovered or noted on the maps reviewed, and it is assumed the site is otherwise fully developable.

Site Improvements

Parcel B & Parcel C are currently vacant and unimproved, with no site improvements. No improvements were observed or disclosed, and we are not considering any site improvements and are assuming the sites to be vacant and unimproved.

Environmental Issues / Wetlands / Extraordinary Site Considerations

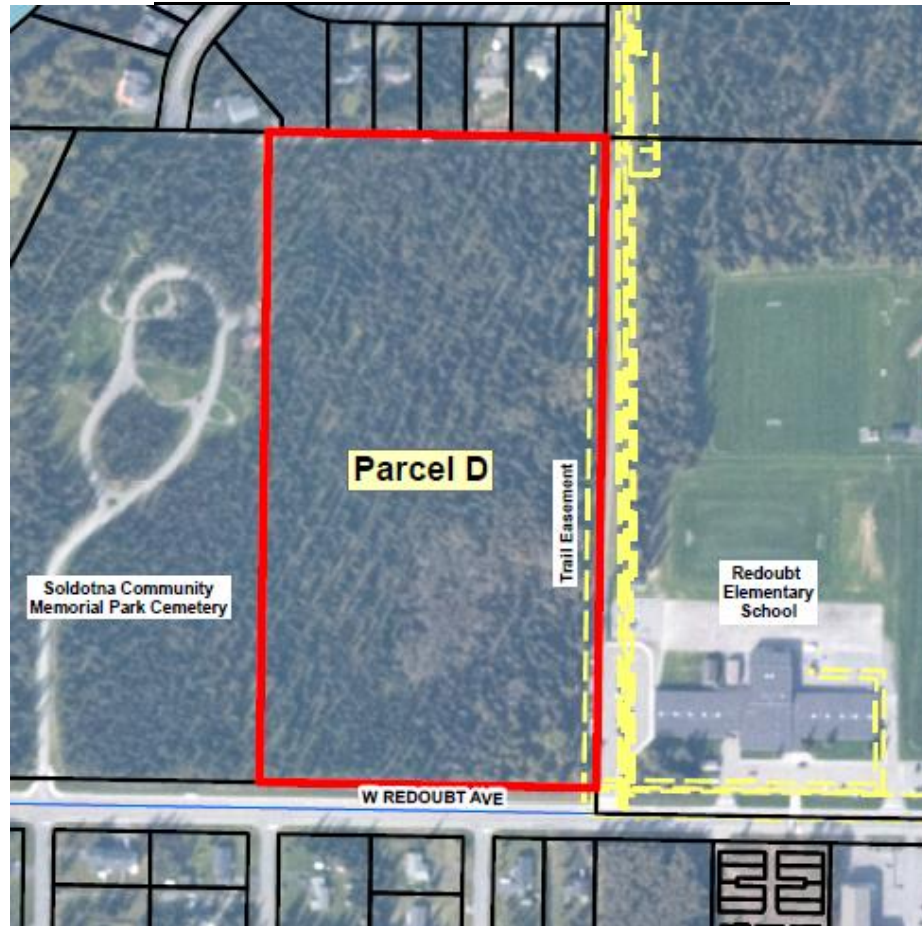
If any portion of the property is contaminated, the value concluded in this report would need to be adjusted to reflect the cost to cure. A specific assumption of this report is that the site is environmentally clean. No environmental hazards were noted during inspection or disclosed. Parcel B is bisected by a large natural gas distribution line, assumed there are no

environmental conditions. The majority of the subject sites appears to be heavily treed with the majority of the sites assumed useable.

Present Use

The subject consists of a two hypothetical 80-acre vacant parcels within close proximity, consisting of separate, undeveloped 80 Acres parcels south of the City of Kenai, west of the City of Soldotna and east of Kalifornsky Beach Road, in an un-zoned area built up with some residential homes and commercial uses along Kalifornsky Beach Road. There are access roads around portions of the eastern and western sections of the sites, with average views and heavily treed sites. Extension of utilities to the interior of the parcels and additional roads necessary to access the entire sites are additional costs that will potentially limit full development of the site due to the uncertainty and potential high costs of development. We are appraising the sites as if vacant and unimproved as two separate 80 acre sites.

Parcel D – Site Attribute Discussion



Specific Location

Parcel D is the smallest parcel at 19.27 acres, located within the Soldotna City Limits, west of downtown Soldotna on the north side of W. Redoubt Ave., adjacent to Redoubt Elementary School and Soldotna Community Memorial Park Cemetery, considered a good central location within Soldotna. W. Redoubt is a paved neighborhood street providing access to neighborhoods west of Soldotna, with good access to Kenai Spur Highway and the Sterling Highway, highways in the area providing the main access to Soldotna / Kenai. The sites northern, western & southern boundaries consist of the Kenai River, with downtown Soldotna making up the eastern border. Access is from the south along W. Redoubt Ave. via a 60' public road easement (40' encroachment on the subject site) at the southwest corner.

As can be seen on overview maps, the site is vacant and unimproved with the location being overall above average, with a bike path / trail located along the east side of the site providing access to neighborhoods, Soldotna High and Marydale Ave. to the north, with the site being a large tract of vacant land for the downtown Soldotna area. The subject site appears to be heavily treed with native trees and is surrounded by residential neighborhoods, with an elementary school located directly adjacent to the east and high school to the northeast. Of note is that the site was full snow covered during our inspection and numerous assumptions were necessary.

Size, Shape, and Utility of Use

The subject site consists of a generally rectangular shaped, 19.27 acre site measuring approximately 661' x 1,270'. As can be seen by the overview maps, plat maps and review of the neighborhood, this parcel is large for the surrounding area, with most lots being smaller 1-5 acre sites interspersed with larger tracts similar in size to the subject. The size of the subject is large for the area, with most areas being developed within smaller lot subdivisions served by all public utilities, most lots ranging in size from (.25 - 2 acres). The site size, shape and utility of the subject reflect a large site for the area, with numerous potential development options, however we are appraising the site as one large 19.27 acre site, not considering any hypothetical subdivision development potential. That being said, although we are not performing a subdivision analysis, the Kenai Peninsula Borough – Land Management Division currently has an application in with the City of Soldotna for a Zoning Map Amendment on the subject parcel, and the KPB is hoping to change the zoning of the site from INS (Institutional) to MFR (Multi-Family Residential). A copy of the application and narrative discussing the KPB methodology for the potential change are included in the addenda for review, however we are not considering this potential zoning in our analysis, we are appraising the site “As Is” in its current zoning configuration / status – discussed further in the Highest and Best Use section of the report.

Review of the site maps and aerial photographs of the parcel show that the parcel is rectangular shaped, with adequate length to width ratios, allowing for many types of potential development, with the majority of the site being heavily treed with sandy / gravel soils throughout the majority of the site assumed – see soils test discussion later in this section. The current size, shape and access indicate virtually full development of the site. Of note is a cemetery located adjacent to the subject site to the west, which may create a stigma to some users. Additionally, Redoubt Elementary School is located adjacent to the site to the east, considered a positive attribute, with the bike path / trail located adjacent to the subject providing good access through the area / neighborhood. Overall, the size, shape and utility of the site is considered above average for the area, with numerous future potential development options, with shape and access not limiting development of the site, with the outlook for future growth and development being relatively stable.

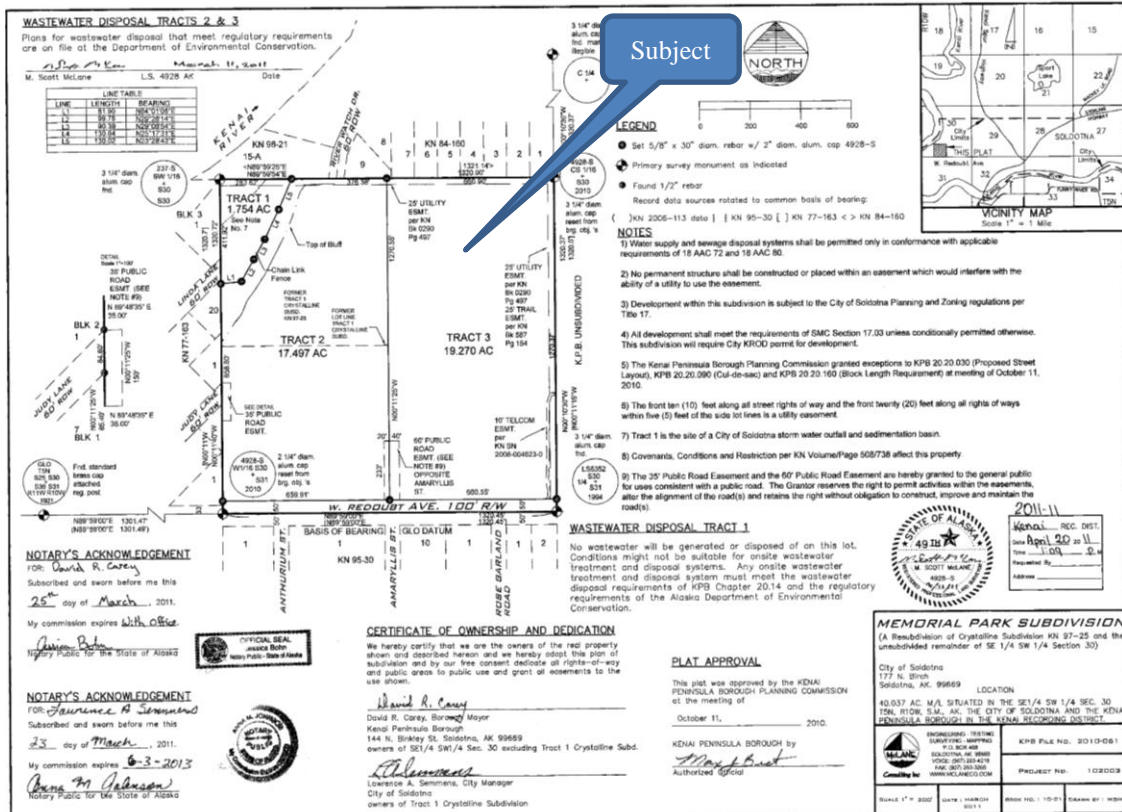
Topography and Soils

The site is generally level and at grade with the surrounding areas, with generally level topography. We were provided with detailed soils reports from test holes dug by Nelson Engineering completed on 6/21/2018 at various locations around the site, a summary of which is discussed herein, with full copies of the test hole results and locations included in the addenda of the report. The site is generally level with soils conditions being generally similar consisting of silt from about 1' to 2', and a mix of sand and gravel below the sand, with no test holes having groundwater, typical of the area. The varying soils conditions are typical of the region, with most areas needing some sort of fill imported for most types of development, and it is assumed the soils are generally satisfactory for most types of development.

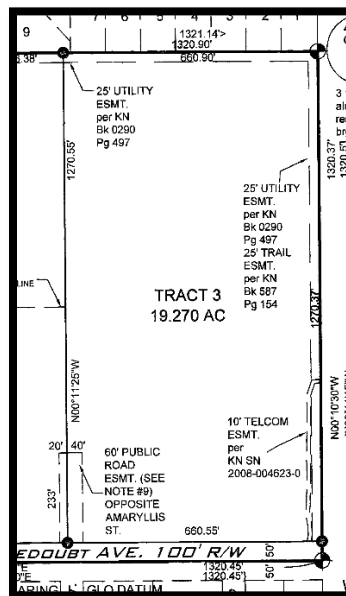
We have included a typical soils test hole log results from near the center of the site (located below), with a map showing all test hole locations and all test hole log results located in the addenda. The site has significant vegetation (trees) around the majority of the site which is

typical of these larger sites. Of note is that the site was full snow covered during our inspection and numerous assumptions were necessary. See test hole log located near the center of the site on following page. Plat Map below.

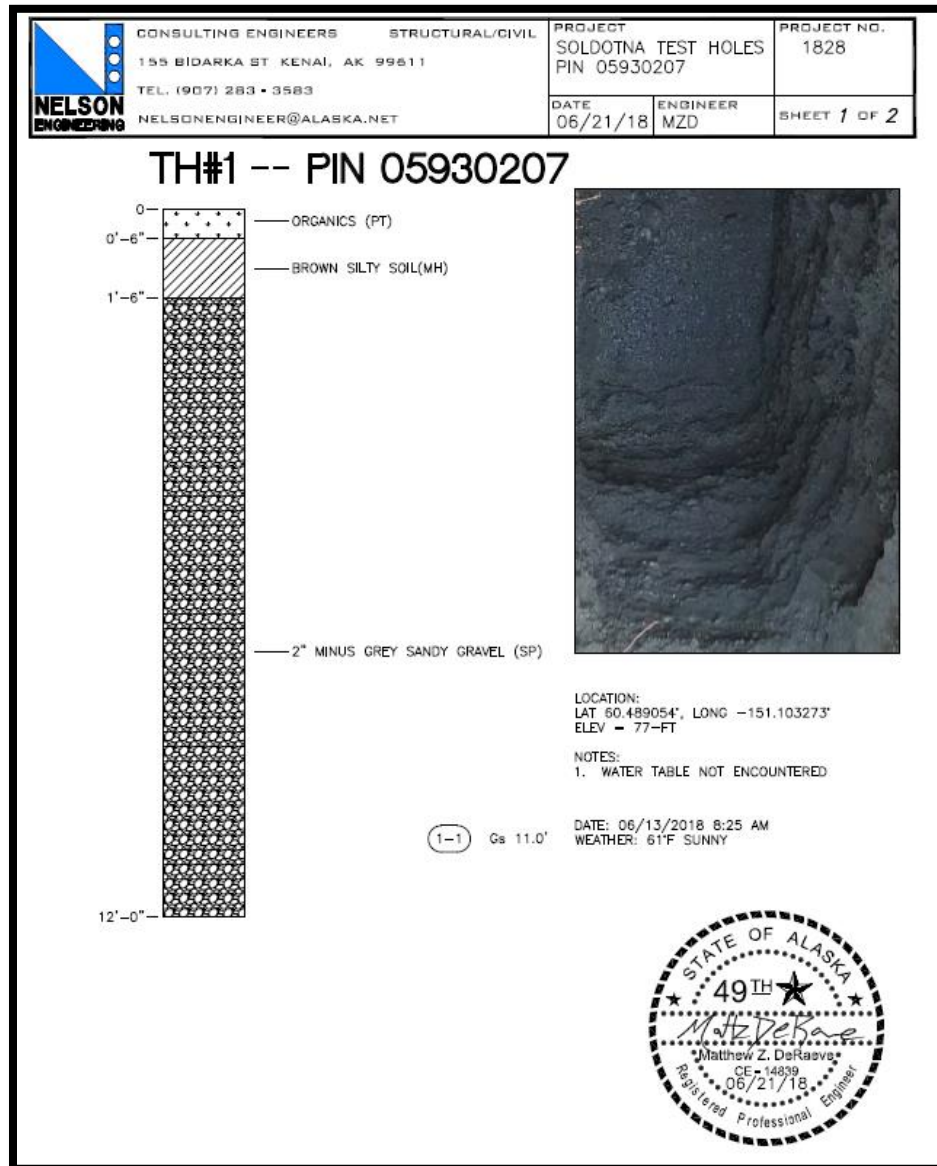
Parcel D – Tract 3 – Memorial Park Subdivision – Plat 2011-11



Close-up



Test hole log results – Test Hole #1



Access / Visibility

The subject is a large parcel for the area, with primary / direct road access to the site from the south along W. Redoubt Ave. via a 60' public road easement at the southwest corner of the site (encroaches 40' onto the subject). As can be seen on overview maps, the site is vacant and unimproved with the main access and location being overall above average along the southern boundary of the site, with the majority of the area lacking access. Visibility of the site is primarily from the south along W. Redoubt Ave, considered above average, with additional visibility from the southeast corner in a parking area for the school and bike path.

Utilities

According to research performed by the appraiser through discussions with local area utility companies, the southern boundary of the subject along W. Redoubt Ave. has all public utilities

available including public electricity, natural gas, water & sewer and telephone, with no specific utility connections, rather utilities are to the edge of the site. In order to extend these utilities to the site, additional development costs would be incurred. The city of Soldotna serves the area with a public / piped water and sewer service, with most improved sites being tied to these public systems. There are numerous notes on the plat that discuss water and wastewater systems, stating that the shall be permitted only in conformance with applicable requirements of 18 AAC 72 & 18 AAC 80. We make a specific assumption that utilities are available along the southern boundary of the site, and could serve most portions of the site.

Easements / Encroachments / Restrictions

There are numerous easements around the periphery of the site, all typical of these types of larger lots, none of which are determined to negatively impact value of potential development. There is a 25' utility easement around the north and east sides of the site, 25' trail easement along the east side, 10' telecom easement near the southeast corner, and 60' public road easement of which 40' encroaches onto the subject site providing the main access to the site. It is assumed that there are no additional development restrictions affecting the subject parcel. No site development restrictions were disclosed or discovered, and it is assumed that the 19.27 acre site is fully developable, except for the area affected by the easements. No other easements, encroachments or restrictions are noted, and it is assumed the site is fully developable.

Site Improvements

Parcel D is currently vacant and unimproved, with no site improvements. No improvements were observed or disclosed, and we are not considering any site improvements and are assuming the site to be vacant and unimproved.

Environmental Issues / Wetlands / Extraordinary Site Considerations

If any portion of the property is contaminated, the value concluded in this report would need to be adjusted to reflect the cost to cure. A specific assumption of this report is that the site is environmentally clean. No environmental hazards were noted during inspection or disclosed. The majority of the site appears to be heavily treed with the majority of the site assumed useable, which is typical of these larger parcels.

Present Use

The subject consists of a vacant, undeveloped 19.27 Acres Tract west of the City of Soldotna with in the City Limits, in an area current zoned Institutional, with predominantly residential home buildup in the area interspersed with schools and commercial along the major arterials. The only access road is along W. Redoubt Ave. to the south, considered a favorable location with average views and above average access and visibility. Extension of utilities to the interior of the parcel and additional roads necessary to access the entire sites are additional costs that will potentially limit full development of the site due to the uncertainty and potential high costs of development. We are appraising the site as if vacant and unimproved as one large 19.27 acre site.

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 Dictionary of Real Estate Appraisal defines Highest and Best Use as follows:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the Highest and Best Use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."

There are **four essential elements** to consider in analyzing the **Highest and Best Use**:

- 1) **Physical Possibility** - Those uses that can physically be constructed on the site.
- 2) **Legal Permissibility** - Those uses of the site that are permitted by law, zoning, codes and ordinances, and deed restrictions.
- 3) **Financial Feasibility** - Those physical and legal uses that will produce a net positive return to the land.
- 4) **Maximum Productivity** - Among the feasible uses, the use that will produce the highest rate of return or the highest value.

The highest and best use of the land if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use but, nonetheless, it makes a contribution to the total property value in excess of the value of the land. The appraiser is to decide what uses of the physically possible, legally permissible, and financially feasible would be most productive to the site and to produce the greatest return.

Highest and Best Use - As though Vacant - The subject consists of four separate parcels ranging in size from 19.27 to 160 acres located in close proximity to one another near the communities of Soldotna and Kenai, Alaska, however they have differing site attributes; therefore, they will be discussed independently. The independent highest and best use discussions of the four parcels follow, although some features are similar as all the parcels are large for the area. We will consider all four elements and how they apply to each of the parcels and the assemblage.

Parcel A – 160 Acres – Highest and Best Use Discussion

First, we will consider the **physical possibility** of Parcel A, which consists of a square shaped 160-acre parcel located west of Kalifornsky Beach Road, west of Soldotna and south of Kenai, considered an average overall location surrounded by other large tracts of vacant land and some smaller 1-5 acre sites improved with residential homes. The site measures approximately 2,640' x 2,640'. The subject site is large for the area at 160 acres, is generally flat and level with the surrounding areas, with some possible lower lying / wet areas towards the northwest portion of the site, with the remaining area being heavily treed with natural vegetation. We were provided with test hole logs dug around the site that indicate various soil types consisting of organics 1'-3', and sand and gravel below that, with some of the holes having water at various depths, typical of soils in the area. Development of the site may require importing of soils and possibly significant site work. See copy of soils logs in the addenda.

There is a 50' wide pipeline easement that traverses the site near the middle of the parcel limiting development of this portion of the site, affecting approximately 3+/- acres (50' x 2,640'+/- = 132,000 SF). There is road access to the site around the periphery along Murwood Ave - north, Iditarod Street – east and southeast corner, and Hardy Street – west, with natural gas, telephone and electric located around the edge of the site along the roadways – exact locations not confirmed – owner would need to verify exact locations. Additionally, some of these access points are not established roads and would require construction of roads to meet borough codes. There is no public water or sewer available, with the surrounding improved areas having individual well and septic systems. It is typical in these types of larger parcels to have a portion of their site being un-usable, and it appears that in the subject's case, this percentage is typical, assumed that about 10% - 15% of the site is unusable (northwest corner and pipeline easement area), and in this case we are estimating approximately 15% of the site is un-usable, which equates to about 25 acres, with an estimated 135 acres of useable site area.

Legal permissibility of the site reflects uses that are allowed by zoning or approved uses for the area. The site is un-zoned as it is located outside of the Kenai and Soldotna city limits, therefore any uses are legally possible. There do not appear to be legal restrictions to use, therefore large lot developments for residential or some sort of commercial / industrial uses is possible, including potential future uses including mixed-use commercial / residential.

Financially feasible uses at this time would include uses that benefit from the subject's large size and potential mixed-uses, with an overall average location west of Kalifornsky Beach Road, including large lot single family residential developments or mixed-use commercial / industrial developments. The site is heavily treed, generally level and has multiple potential access points. We are not considering any subdivision potential of the site, as the scope of the assignment was to provide an "As Is" value of the site, without considering any subdivision potential. Additional uses might include a public use building, institutional use or to hold the site as vacant until demand and property values raise to a level where developments make financial sense. Offsetting attributes are the high costs of development, and supply and demand factors, which indicate that for large parcel like the subject most types of development are not feasible as current inventory is at a level where many developments are not currently financially feasible, which is the case for the subject site due to the high costs of development.

Maximally productive uses of the subject site at this time consider all of the possible and feasible uses discussed above. Considering current supply and demand factors, overall site attributes, most probable potential future uses would be to hold as vacant and unimproved until such time that development makes financial sense and return on the investment increases to a level where there is a positive return to the investor.

In conclusion, the ***highest and best use - as if vacant*** of Parcel A – 160 Acres, would be to hold for future development as the current cost to develop most types of large-scale subdivision projects / developments would most likely exceed the market value of any developments due to supply and demand factors and the undeveloped nature of the site.

Highest and Best Use - As Improved – Not Applicable to any of the parcels as they are all vacant and unimproved.

Parcels B & C – Two individual 80 Acre sites – Highest and Best Use Discussion

We are analyzing Parcel B & Parcel C together as they are identical in size, have a very similar location, and overall very similar site attributes,

First, we will consider the **physical possibility** of Parcels B & C, which consists of virtually identical rectangular shaped 80-acre hypothetical parcels located east of Kalifornsky Beach Road, west of Soldotna and south of Kenai, considered an average overall location surrounded by other large tracts of vacant land and some smaller 1-5 acre sites improved with residential homes. The sites each measure approximately 2,640' x 1,320'. The subject sites are large for the area at 80 acres, they are both generally flat and level with the surrounding areas, with the majority of the sites being heavily treed with natural vegetation. We were provided with test hole logs dug around the site that indicate various soil types consisting of organics 1'-3', and sand and gravel below that, with no water table encountered on any of the holes dug. Considering the soils logs and surrounding uses, it is assumed the soils are good gravel for multiple types of development. Of note are numerous gravel pits in the immediate area indicating good gravel soils in the area, however we are not considering any potential value of any gravel extraction / subsurface rights – as this is beyond the scope of this report. See copy of soils logs in the addenda.

There is a 50' wide pipeline easement that traverses **Parcel B** near the middle of the site running east / west, limiting development of this portion of the site, affecting approximately 3+/- acres (50' x 2,640'+/- = 132,000 SF). There is road access to the site around the periphery along Ravenwood Street and a section line easement - north, Ravenwood Street & Scholastic Ave. – east, with natural gas, telephone and electric located around the edge of the site along the roadways – exact locations not confirmed – owner would need to verify exact locations. Additionally, some of these access points are not established roads and would require construction of roads to meet borough codes.

There is a 60' wide roadway easement that traverses **Parcel C** toward the east side of the site running north / south limiting development of this portion of the site, affecting approximately 1.8+/- acres (60' x 1,320'+/- = 79,200 SF). Additionally, there is a 30' access easement along the south 30' x 660' providing access off Bonita Ave, which is part of the road easement. There is road access to the site around the periphery along Ravenwood Street (platted) to the southwest corner, Bonita Ave. – southeast corner, Poppy Ridge Road – east, with natural gas, telephone and electric located around the edge of the site along the roadways – exact locations not confirmed – owner would need to verify exact locations. Additionally, some of these access points are not established roads and would require construction of roads to meet borough codes.

There is no public water or sewer available to either site, with the surrounding improved areas having individual well and septic systems. It is typical in these types of larger parcels to have a portion of their site being un-usable, however it appears that in the subject's case, this percentage is lower than usual due to good soils in the immediate area, assumed that about 5% - 10% of the site is un-usable (small areas around the site and pipeline and road easement areas), and in this case we are estimating approximately 7% of each parcel is un-usable, which equates to about 5 acres, with an estimated 75 acres of useable site area per parcel.

Legal permissibility of the sites reflect uses that are allowed by zoning or approved uses for the area. The site is un-zoned as it is located outside of the Kenai and Soldotna city limits, therefore any uses are legally possible. There do not appear to be legal restrictions to use other than the easements, therefore large lot developments for residential or some sort of commercial / industrial uses is possible, including potential future uses including mixed-use commercial / residential.

Financially feasible uses at this time would include uses that benefit from the subject's large size and potential mixed-uses, with an overall average location east of Parcel B off Kalifornsky Beach Road, having better access and overall location to Parcel C. Parcel C has access from the east off Poppy Ridge Road, overall inferior to Parcel B. Surrounding large lots appear to have mixed-use commercial / industrial developments, with smaller lot subdivisions also populating the area. The sites are heavily treed, generally level and have multiple potential access points. We are not considering any subdivision potential of the site, nor any potential gravel extraction potential, as the scope of the assignment was to provide an "As Is" value of the site, without considering any subdivision potential or other potential uses.

Additional uses might include a public use building, institutional use, possible gravel pit, or to hold the site as vacant until demand and property values raise to a level where developments make financial sense. Offsetting attributes are the high costs of development, and supply and demand factors, which indicate that for large parcel like the subject most types of development are not feasible as current inventory is at a level where many developments are not currently financially feasible, which is the case for the subject site due to the high costs of development. There are numerous other gravel pits in the immediate area, therefore it is unlikely that an operator would develop the site with another as supply and demand factors do not appear to warrant this type of development.

Maximally productive uses of the subject site at this time consider all of the possible and feasible uses discussed above. Considering current supply and demand factors, overall site attributes, most probable potential future uses would be to hold as vacant and unimproved until such time that development makes financial sense and return on the investment increases to a level where there is a positive return to the investor.

In conclusion, the ***highest and best use - as if vacant*** of Parcel B – 80 Acres & Parcel C – 80 Acres, would be to hold for future development as the current cost to develop most types of large-scale subdivision projects / developments would most likely exceed the market value of any developments due to supply and demand factors and the undeveloped nature of the site.

Highest and Best Use - As Improved – Not Applicable to any of the parcels as they are all vacant and unimproved.

Parcel D – 19.27 Acres – Highest and Best Use Discussion

First, we will consider the **physical possibility** of Parcel D – Tract 3 Memorial Park Subdivision, which consists of a rectangular shaped 19.27-acre parcel located west of downtown Soldotna within the city limits, considered an above average overall location surrounded by other large tracts of vacant land, schools, commercial buildings, and smaller 0.25 acre to 1.0 acre sites improved with residential homes. The site measures approximately 661' x 1,270'. The subject site is large for the neighborhood with the majority of the area lying within the City of Soldotna city limits consisting of smaller residential lots surrounded by commercial uses along the arterials. The area is generally flat and level with the surrounding areas, with the area being heavily treed with natural vegetation. We were provided with test hole logs dug around the site that indicate various soil types consisting of organics 1'-2', and sand and gravel below that, with neither test hole having water in the hole, overall typical of soils in the area. Development of the site may require importing of soils and additional site work. See copy of soils logs in addenda.

There are typical 25' utility easements along the north and east sides of the site, 10' telecom easement at the southeast corner of the site, and a 60' public road easement affecting 40' of the southwestern corner of the site, all typical easements limiting development of these portions of the site around the periphery assumed located in the building setbacks, not affecting potential development therefore these areas are not subtracted from useable area. There is road access to the site from the southwest corner of the site along W. Redoubt Ave from the south, with natural gas, telephone, public water, public sewer and electric located in W. Redoubt Ave to the south along the roadway – exact locations not confirmed – owner would need to verify exact locations. Construction of roads would require construction of roads to meet borough & City of Soldotna codes. If developer elects not to hook up to city water and sewer, any water and wastewater disposal on the site must meet all applicable requirements of 18 AAC 72 and 18 AAC 80 as well as all regulatory requirements on file with the DEC as per plat notes.

Additionally, any and all development must meet the specifications set forth in the plat notes. It is typical in these types of larger parcels to have a portion of their site being un-usable, however in the subject's case, both the site inspection and aerial overflight do not indicate much if any un-usable land due to topographic or site attributes, therefore we have considered the entire site area of 19.27 Acres as useable for our analysis. Of note is that Soldotna Community Memorial Park Cemetery is located adjacent to the subject to the west, possibly creating a stigma to developers. The Trail that runs from north to south along the east side of the property is considered a positive attribute, providing a well light means of alternative access between neighborhoods in the area, considered a positive attribute.

Legal permissibility of the site reflects uses that are allowed by zoning or approved uses for the area. We are appraising the site as one large 19.27 acre site, not considering any hypothetical subdivision development potential. That being said, although we are not performing a subdivision analysis, the Kenai Peninsula Borough – Land Management Division currently has an application in with the City of Soldotna for a Zoning Map Amendment on the subject parcel, and the KPB is hoping to change the zoning of the site from INS (Institutional) to MFR (Multi-Family Residential). A copy of the current zoning and application and narrative discussing the KPB methodology for the potential change in zoning are included in the

addenda for review, however we are not considering this potential zoning in our analysis, we are appraising the site “As Is” in its current zoning configuration / status. There are other institutional uses (schools) in the immediate area including an elementary school, prep school, academy & high school, therefore current zoning is complementary to adjoining land uses.

Financially feasible uses at this time would include uses that benefit from the subject’s large size for the area, undeveloped nature of the site with virtually 100% useable site area potential, with an overall above average location west of downtown Soldotna within the Soldotna City Limits with all public utilities available to the southern edge of the site. The current zoning has multiple potential uses that could be constructed and would enhance the neighborhood and use of the site – see list of potential uses in the addenda. The site is heavily treed, generally level and has primary access from the south off W. Redoubt Ave. We are not considering any re-zoning or subdivision potential of the site, as the scope of the assignment was to provide an “As Is” value of the site, without considering any subdivision or re-zone potential. Additional uses might include a public use building, institutional, child care center, or possible re-zone into some sort of residential use, or to hold the site as vacant until demand and property values raise to a level where development of some sort makes financial sense. Offsetting attributes are the high costs of development, and supply and demand factors, which indicate that for large parcel like the subject most types of development are not feasible as current inventory is at a level where many developments are not currently financially feasible, which is the case for the subject site due to the high costs of development.

Maximally productive uses of the subject site at this time consider all of the possible and feasible uses discussed above. Considering current supply and demand factors, overall site attributes, most probable potential future uses would be to hold as vacant and unimproved until such time that development makes financial sense and return on the investment increases to a level where there is a positive return to the investor. An alternative use would be to attempt a re-zone of the property to some sort of single or multi-family residential use (which is currently proposed by the current owner KPB), and then develop a subdivision, however this analysis is beyond the scope of the assignment and we are considering the current “As is” value of the subject in its current configuration.

In conclusion, the ***highest and best use - as if vacant*** of Parcel D – 19.27 Acres, would be to hold for future institutional development that fits with in the current zoning or possibly re-zone for future single or multi-family residential or commercial development. The current cost to develop most types of large-scale subdivision projects / developments or commercial uses would most likely exceed the market value of any developments due to supply and demand factors and the undeveloped nature of the site.

Highest and Best Use - As Improved – Not Applicable to any of the parcels as they are all vacant and unimproved.

Report Development, Reporting Process & Scope of Report

To develop an opinion of value, the appraiser considered all applicable approaches to value, and the most relevant approaches were completed. The necessary research and analyses were completed to prepare the report in accordance with the parcels intended uses and the specific instructions from the client. The Subject parcels are appraised in consideration of their highest and best uses as discussed above. The general market area is defined as the Cities of Kenai and Soldotna, Alaska and immediate / surrounding areas. As part of the appraisal process, we have made a number of independent investigations and analyses. We have relied on data retained in our office files that has been compiled over time and updated regularly. We have also relied on data obtained from other sources, such as local area boroughs / municipalities, property owners, realty professionals, and businessmen, to determine ownership and other regulations affecting the subject property. Comparable sales data, rental data, inventory levels, and absorption rates were obtained from interviews with market participants including local businessmen, real estate professionals, city & borough assessors and property owners.

Due to the nature of the assignment, we have considered the vacant land only. This appraisal report has been prepared *considering* all three approaches to value. The indicated values are reconciled, and a final estimate of market value is developed. Adequate market data was developed to enable the appraiser to complete the assignment in accordance with the clients Appraisal Requirements, and in conformance with the FIRREA & USPAP and Kenai Peninsula Borough requirements. No pertinent data has been knowingly omitted. At the request of the client, our analysis is presented in a summary style format with a summary of the data presented, and the scope of work providing the one best approach, the Sales Comparison Approach. This approach is most applicable in valuing large tracts of vacant land.

We have gathered the necessary data, conducted the required investigation, and have made the analyses that have enabled us to form an opinion as to the market value of the Subject properties. We have made a physical (on-site) and (aerial) inspection the subject properties on December 27, 2018, and have relied on Kenai Peninsula Borough and State of Alaska - DNR records, and data provided by our client, Mr. Dan Conetta, Land Management Agent with the Kenai Peninsula Borough for additional data, and to the best of our knowledge and belief, all information and estimates of value contained in this report are true and correct. We have researched the Kenai Peninsula market, concentrating our search on data within the surrounding areas of the cities of Kenai and Soldotna, including large acreage parcels of vacant land in competing markets, and discovered and analyzed sufficient data to make valuation conclusion decisions. The majority of the data are from the local community, which provides the best support for our value conclusions.

The most applicable approach for concluding a market value for large tracts of vacant land is via the Sales Comparison Approach. The Sales Comparison Approach provides the only applicable method to determine these characteristics, as most investors analyze sales to determine applicable parameters for analysis. Adequate market data was discovered to enable the appraiser to complete the assignment in accordance with the appraisal instructions

and in conformance with all necessary requirements. No pertinent data has been knowingly omitted. Supporting documentation is retained in the appraisers file. Additional supporting documentation is retained in the appraiser's file. The following section details our findings and conclusions regarding the subject site.

Site Value

Land is customarily valued as though vacant and available for development to its highest and best use. The most reliable method of estimating current land value is through the Sales Comparison Approach. This approach is based on the Principle of Substitution, which postulates that a well-informed buyer will pay no more for a property than the amount for which he can buy a suitable substitute within a reasonable period of time.

Land may be valued by a number of measurements including, but not limited to, price per lot, price per square foot, price per acre, price per buildable unit, or price per front foot. Market research indicates that the unit of comparison typical of larger parcels in the Kenai Peninsula Borough and other similarly located markets in south-central Alaska is the price per acre. In the subject's market, the analysis of the comparable land transactions consisting of larger parcels (over 10 acres) will be based on the price per Acre, and overall price per site, which are accepted market measurements for these larger sized parcels.

A search of southcentral Alaska, and more specifically the local Kenai and Soldotna markets and surrounding areas was conducted for properties having similar attributes and potential utilities of use, with additional areas along the Sterling and Kenai Spur Highway considered, as there is not a dearth of sales data in this market for similar properties. The appraiser used the best available, most recent sales and listing data available at the time of inspection, with numerous sales of somewhat comparable parcels with similar locations discovered. Additional older, historical sales and current listings were considered and are overall supportive of the comparables analyzed.

Vacant Land Analysis

The following comparables analyzed represent the most recent sales and listings of similar vacant land transactions in the market area, supported by additional sales and listing data from competing size and location communities in Alaska over the past few years, as well as expired and cancelled listings. It was necessary to travel outside of the immediate market area due to the lack of sales data, and we have used various sized parcels and extrapolated per unit indicators that provide good overall support in our analysis. We have also considered larger parcel sales in competing communities on the Kenai Peninsula and other similar sized markets in southcentral Alaska due to the lack of market activity in the local market of similar sized parcels having the subject's attributes.

Due to the scarcity of similar parcels and lack larger tracts of fee simple land with the subject's attributes, a broader range of comparables have been considered, and larger adjustments were necessary. Market conditions within this segment of the market have remained relatively stable over the past five years; therefore, older / historical sales analyzed are considered to be overall supportive. The Subject's locations within close proximity to downtown Soldotna

and Kenai, with varying degrees of access, utilities, site attributes and overall development characteristics, all considered in our analysis. We have included all large lot comparables in the grid, and make according adjustments / comments regarding the four distinct parcels in order to provide accurate value conclusions for all of the parcels. The local, state and national market and economic characteristics have also been considered and some put downward pressure on our value conclusions, as the State of Alaska is currently in a financial quandary with lower than projected oil prices and a multi-billion dollar state budget deficit, creating uncertainty in local markets heavily reliant on the oil and gas and support industries. Positive attributes are the Kenai Peninsula Boroughs diverse economy with public sector jobs and numerous private industries keeping the local economy relatively stable.

All of comparables analyzed have some similar attributes, are larger sized for the area, and have similar locations in the Kenia / Soldotna market, generally having overall comparable site attributes, and we have included an adjustment grid for each parcel to accurately reflect specific Parcel attributes. We have considered over 15 parcels, with the 10 most applicable analyzed in the following grid. The transactions used to analyze the subject are summarized in the following table, with detailed descriptions, adjustment grid and location map on the following pages. The large lot comparable sales ranged in size from about 11 acres to 160 acres, with an adequate representative sampling of each parcel type in the grid used for analysis, with all comparables bracketing the subject parcels in all categories. For ease of analysis, comparable numbers are followed by a letter A, B C, or D to denote which parcel they are most similar to (color shaded), however all comparables provide market data for large lot transactions in the local area.

Comparable Land Sales Analyzed

<u>Comp No. / Parcel A/B/C/D</u>	<u>Location</u>	<u>Sale Date</u>	<u>Access/ Topo / Utilities</u>	<u>Price</u>	<u>Size-Acres</u>	<u>Price/Acre</u>	<u>Overall Comparability</u>
1-D	10.66 Acres – Tr. A-1, Kobuk St. - Soldotna Single Family Zoning	6/18	Good-Paved, level site - good access G/E/W/S/T	\$325,000	10.6A-16	\$30,500	Smaller, Superior Location & overall site attributes
2-D	18.65 Acres – Lot 1E, Redoubt Ave. - Soldotna Rural Residential Zoning	11/14	Good-Paved, level site - good access G/E/W/S/T	\$145,000	18.65	\$7,800	Smaller, Similar Location & overall site attributes
3-D	19.09 Acres – Lot 2E, Redoubt Ave. - Soldotna Rural Residential Zoning	11/14	Good-Paved, level site - good access G/E/W/S/T	\$155,000	19.09	\$8,100	Smaller, Similar Location & overall site attributes
4-D	22.29 Acres – 43701 Sterling Hwy - Soldotna Commercial Zoning	LISTING 8/18	Good-Paved, level site - good access G/E/W/S/T	\$1,500,000* \$1,350,000*	22.29	\$60,600*^	Similar size, Superior Location & superior overall site attributes
5-B&C	29.6 Acres – Long Legal – K-Beach Rd. – Kenai / Soldotna No Zoning	LISTING 3/17	Good-Paved, level site - good access G/E/T	\$679 ,000* \$611,100*	29.6	\$20,600*	Smaller, Superior Location & overall site attributes
6-B&C	32.14 Acres – Long Legal – Ravenwood St - Kenai / Soldotna - No Zoning	5/18	Avg, level site - good gravel soils G/E/T	\$552,500	32.14	\$17,200	Overall very similar location & overall site attributes
7-B&C	55.0 Acres – Long Legal – Bridge Access Rd - Kenai – Heavy Industrial & Rural Residential Zoning - Kenai	LISTING 8/17	Avg, level site - inferior soils G/E/T	\$475 ,000* \$427,500*	55.0	\$7,800*	Overall inferior parcel superior location & mixed zoning, good visibility & access
8-A	63.07 Acres – Tr. D, Wells Addn. #2 – K-Beach & Bridge Access Rd. - No Zoning	4/18	Good-Paved, level site - good access G/E/T	\$200,000	63.07	\$3,200	Superior Location, Inferior soils & overall site attributes, good visibility & access
9-A	120.10 Acres – 32385 Carlene St. – S. K-Beach & Gaswell Rd. - No Zoning	LISTING 1/19	Avg-Gravel, level site–infer. location access G/E/T	\$385 ,000* \$346,500*	120.10	\$2,900*	Inferior Location, Inferior soils & overall inferior site attributes & access
10-A	160 Acres – 52330 Treasure Chest Ave. – North Kenai – Gravel Pit - No Zoning	Cancelled Listing 5/14	Gravel-Avg level site - good gravel soils - E/T	\$990,000* \$891,000*	160	\$5,600*	Superior Location, Inferior soils & overall site attributes, good visibility & access

*10% List Price to Sale Price Adjustment to all listing comparables

^Not included in unadjusted average – extreme outliers / listings

G/E/W/S/T = Gas / Electric / Water / Sewer / Telephone

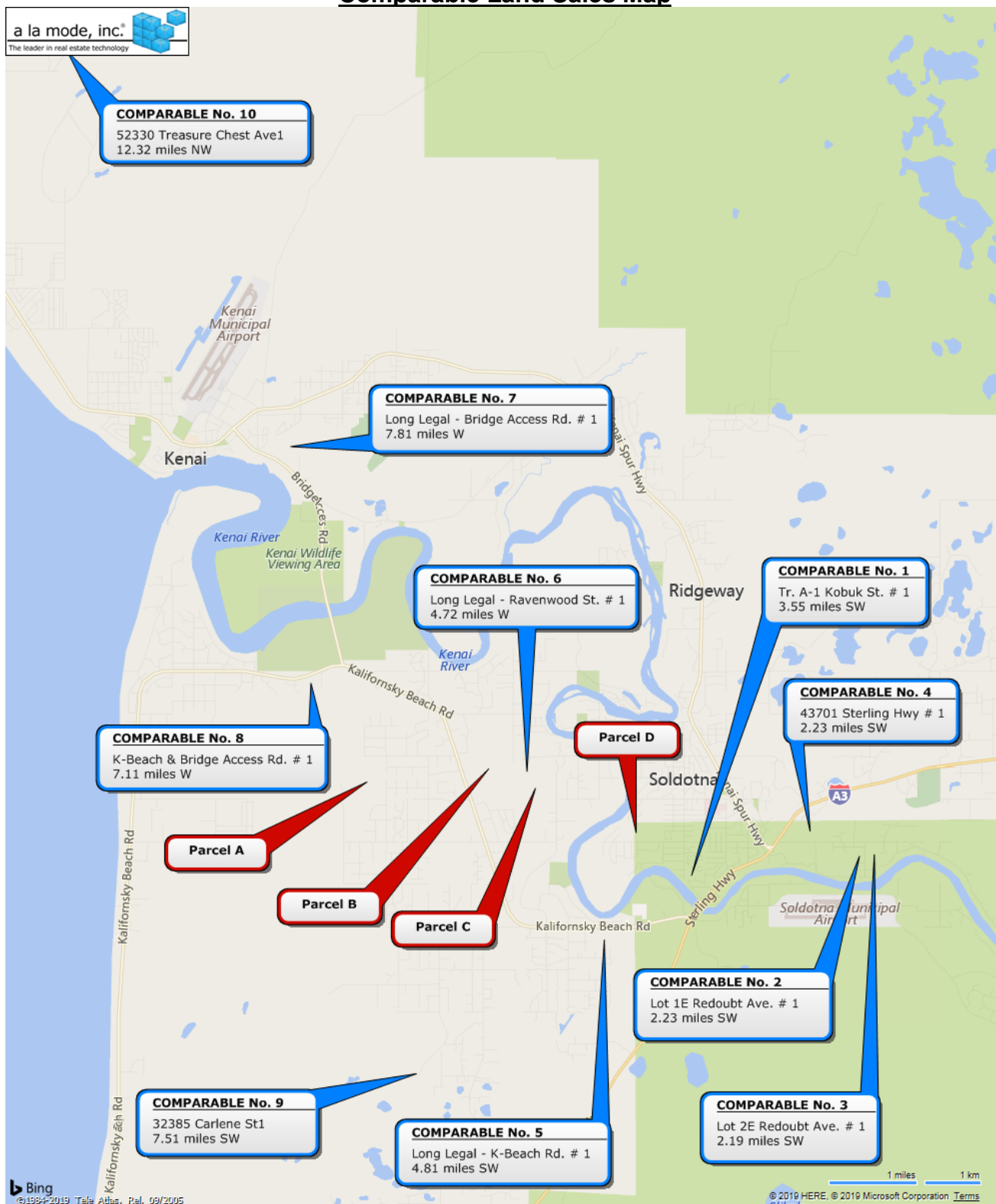
Overall Unadjusted Average^:

\$11,500/ACRE^

Land Sales – Adjustment Grid

<u>Comp No.</u>	<u>Location</u>	<u>Location / Size / Shape/ Soils / Zoning / Utilities</u>	<u>Est. % useable</u>	<u>Access/ Frontage/ Visibility</u>	<u>Overall Comparability</u>	<u>Total % Adj.</u>	<u>Adjusted Price/AC</u>
1-D	10.66 Acres – Tr. A-1, Kobuk St. - Soldotna Single Family Zoning	Similar Loc. / Smaller @ 10.66 Ac Good soils / Single Fam. Zoning G/E/W/S/T	100% useable / heavily treed / corner site	Similar Access / frontage & visibility	Slightly Superior / Smaller / High Indicator	-10%	\$27,450
2-D	18.65 Acres – Lot 1E, Redoubt Ave. - Soldotna Rural Residential Zoning	Similar Loc. / Similar size @ 18.65 Ac. Avg soils / Rural Res. Zoning G/E/W/S/T	70% useable / heavily treed	Similar Access / frontage & visibility	Overall Inferior / Similar size / Inf. Utility of use	+40%	\$10,920
3-D	19.09 Acres – Lot 2E, Redoubt Ave. - Soldotna Rural Residential Zoning	Similar Loc. / Similar size @ 19.09 Ac. Avg soils / Rural Res. Zoning G/E/W/S/T	70% useable / heavily treed	Similar Access / frontage & visibility	Overall Inferior / Similar size / Inf. Utility of use	+40%	\$11,340
4-D	22.29 Acres – 43701 Sterling Hwy - Soldotna Commercial Zoning	Superior Loc. / Similar size @ 22.29 Ac. Avg soils / Commercial Zoning G/E/W/S/T	70% useable / heavily treed – creek+ low areas	Superior Access / frontage & visibility	Overall Superior / Similar size / Sup. Zoning+ Utility of use + access / listing	-40% Listing	\$36,360*
5-B&C	29.6 Acres – Long Legal – K-Beach Rd. – Kenai / Soldotna No Zoning	Similar Loc. / 29.6 Ac / Good soils / No Zoning / mostly treed G/E/T	80% useable / heavily treed / paved rd.	Similar Access / frontage & visibility	Slightly Superior / Superior access & visibility	-15% Listing	\$17,510*
6-B&C	32.14 Acres – Long Legal – Ravenwood St - Kenai / Soldotna - No Zoning	Similar Loc. / Smaller @ 32.14 Ac Good gravel soils / No Zoning G/E/T	100% useable / heavily treed / gravel pit	Similar Access / frontage & visibility	Similar / Smaller / Good Indicator	0%	\$17,200
7-B&C	55.0 Acres – Long Legal – Bridge Access Rd - Kenai – Heavy Industrial & Rural Residential Zoning - Kenai	Similar Loc. & Size @ 55.0 Ac Good soils – some wet areas / Industrial & Residential Zoning G/E/T	70% useable / heavily treed / corner site	Similar Access / frontage & visibility	Inferior – dual zoning / Inferior soils and smaller developable area	+30% Listing	\$10,140*
8-A	63.07 Acres – Tr. D, Wells Addn. #2 – K-Beach & Bridge Access Rd. - No Zoning	Similar Loc. / Smaller @ 63.07 Ac Inferior soils / No Zoning G/E/T	30% useable treed / wet / swampy areas	Superior Access / frontage & visibility	Inferior useable area / Inferior soils / Smaller / Low Indicator	+30%	\$4,200
9-A	120.10 Acres – 32385 Carlene St. – S. K-Beach & Gaswell Rd. - No Zoning	Similar Loc. / Similar size @ 120.10 Ac Good soils / No Zoning G/E/T	85% useable / heavily treed / road through parcel	Inferior location Access / frontage & visibility	Inferior location / access Similar useable area / Slightly low Indicator	+20%	\$3,500*
10-A	160 Acres – 52330 Treasure Chest Ave. – North Kenai – Gravel Pit - No Zoning	Inferior Loc. / Sup. gravel soils - gravel pit / 160 Ac	100% useable / Similar	Similar access / infer. location	Inferior location in Nikiski / superior gravel soils	0%	\$5,600*
Overall Adjusted Average of ALL Comparable Sales					\$14,400/AC		
Overall Adjusted Average of Parcel D Comparables					\$21,500/AC		
Overall Adjusted Average of Parcel B & C Comparables					\$15,000/AC		
Overall Adjusted Average of Parcel A Comparables					\$4,400/AC		

Comparable Land Sales Map



The following statistical analysis is from MLS where the majority of the data came from indicating a statistical summary of the comparables analyzed.

Statistical Market Analysis

Status	# Listings	List Volume	Sold Volume		List Price	Sold Price	Sale/List Price	Acres	List Price Per Acres	Sold Price Per Acres	Agent Days on Market
Active	4	2,904,000	0	Low	250,000	0	0.00	22	6,250.00	0.00	156
				Avg	726,000	0	0.00	37	26,280.08	0.00	756
				High	1,500,000	0	0.00	55	67,294.75	0.00	2,144
Closed	7	1,815,300	1,742,500	Low	149,900	140,000	0.80	11	1,452.18	1,452.18	11
				Avg	259,329	248,929	0.94	46	11,093.36	10,719.28	36
				High	550,000	552,500	1.00	155	30,487.80	30,487.80	90
Cancelled	1	990,000	0	Low	990,000	0	0.00	160	6,187.50	0.00	653
				Avg	990,000	0	0.00	160	6,187.50	0.00	653
				High	990,000	0	0.00	160	6,187.50	0.00	653
Overall	12	5,709,300	1,742,500	Low	149,900	140,000	0.80	11	1,452.18	1,452.18	11
				Avg	475,775	248,929	0.94	52	15,746.78	10,719.28	327
				High	1,500,000	552,500	1.00	160	67,294.75	30,487.80	2,144

Selection Criteria for Comparable Properties

Description of Comparable Sales

Comparable 1-D: This is the June 2018 sale of a 10.66 acre site located southeast of Parcel D, just north of the Sterling Highway with good visibility, access, all utilities to the edge of the site, single family zoning in place and ready for development, backing to a popular neighborhood in Soldotna. This sale indicated \$30,500/Acre, unadjusted and reflects a smaller parcel with similar attributes in a favorable location with a short marketing time of 14 days and a full price offer, indicating it was priced appropriately in the market. This parcel is smaller than Parcel D, with generally level topography with 100% usability, paved road access, similar soils assumed, and reflects a recent sale of a smaller parcel in the local market, providing a good market indicator. This sale represents a recent sale of a similarly located site with similar locational attributes, and overall similar site attributes other than the zoning. After adjustments the comparable indicates approximately \$27,500/Acre, a reasonable indicator.

Comparable 2-D: This is the November 2014 sale of an 18.65-acre site located east of the subject on E. Redoubt Ave., a competing location with Parcel D, north of the Sterling Highway with good visibility, access, all utilities to the edge of the site, having rural residential zoning in place and ready for development, a less dense, larger lot residential zoning for the area. This sale indicated \$7,800/Acre, unadjusted and reflects a similar size parcel with overall inferior attributes in a similar location, with a short marketing time of 53 days, indicating it was priced appropriately in the market. This parcel is slightly smaller than Parcel D, with generally level topography with a lower percentage of usable land area, paved road access, inferior soils assumed, and reflects a recent sale of a smaller parcel in the local market, providing a good market indicator, although a low indicator. This sale represents a recent sale of a similarly located site with similar locational attributes, and overall similar site attributes other than the zoning and useable area. This sale was in conjunction with comparable 3. After adjustments the comparable indicates approximately \$11,000/Acre, a reasonable indicator.

Comparable 3-D: This is the November 2014 sale of a 19.09 acre site located east of the subject on E. Redoubt Ave., a competing location with Parcel D, north of the Sterling Highway with good visibility, access, all utilities to the edge of the site, having rural residential zoning in place and ready for development, a less dense, larger lot residential zoning for the area. This sale indicated \$8,100/Acre, unadjusted and reflects a similar size parcel with overall

inferior attributes in a similar location, with a short marketing time of 53 days, indicating it was priced appropriately in the market. This parcel is slightly smaller than Parcel D, with generally level topography with a lower percentage of usable land area, paved road access, inferior soils assumed, and reflects a recent sale of a smaller parcel in the local market, providing a good market indicator, although a low indicator. This sale represents a recent sale of a similarly located site with similar locational attributes, and overall similar site attributes other than the zoning and useable area. This sale was in conjunction with comparable 2. After adjustments the comparable indicates approximately \$11,340/Acre, a reasonable indicator.

Comparable 4-D: This is the current listing of a 22.29 acre site located east of Parcel D, with superior frontage on the Sterling Highway, backing to the Fred Meyers, with additional access from the south off E. Redoubt Ave., considered overall superior and slightly larger than Parcel D, having good visibility, access, all utilities to the edge of the site, superior commercial zoning in place and ready for development. This listing has been adjusted downward 10% to reflect the listing nature (the average LP to SP percentage reduction), indicating \$60,600/Acre, and reflects a slightly larger parcel with superior attributes in a favorable location. This parcel is larger than Parcel D, with sloping topography and assumed typical usability and soils for development, with dual paved road access, and reflects a current listing of a superior parcel in the local market, providing an upper end market indicator. This listing represents a market transaction of a similarly located site with superior overall attributes, setting the upper end of the range, including superior zoning. After adjustments the comparable indicates approximately \$36,360/Acre, a reasonable indicator.

Comparable 5-B&C: This is a current active listing of a 29.6 acre site located south of K-Beach Road in an unzoned area south of Soldotna and Kenai, a competing location for the larger 80 acre sites, Parcels B&C, having good visibility, access, natural gas, electric and telephone to the edge of the site. This listing has been on the market for almost 2 years, indicating it is overpriced or not being marketed correctly, and after a 10% LP to SP reduction indicates \$20,600/Acre, unadjusted and reflects a smaller parcel with overall superior location / access / visibility along K-Beach Road. This parcel is smaller than Parcels B & C, with generally level topography, however inferior soils with some possible wet areas, however has paved road access, generally offsetting factors. This comp represents a current listing of a similarly located site with superior locational attributes, and overall similar site attributes other than being smaller, therefore indicates high. After adjustments the comparable indicates approximately \$17,500/Acre, a reasonable indicator.

Comparable 6-B&C: This is a May 2018 sale of a 32.14 acre site located adjacent to both Parcels B & C in an unzoned area east of K-Beach road, providing a very good locational indicator, a competing location for the larger 80 acre sites, Parcels B&C. The site has similar visibility, superior access, natural gas, electric and telephone to the edge of the site. This sale was on the market for less than 2 weeks, indicating it was priced appropriately, indicating \$17,200/Acre, unadjusted and reflects a smaller parcel with overall similar location and overall site attributes / visibility east of K-Beach Road. This parcel is smaller than Parcels B & C, with generally level topography, similar good gravel soils, however has existing road access. This comp represents a recent sale of a smaller, similarly located site with very similar overall similar site attributes other than being smaller, therefore indicates slightly high. After

adjustments the comparable indicates approximately \$17,200/Acre, a slightly high indicator due to its smaller size and superior access.

Comparable 7-B&C: This is a current listing of a 55.0 acre site located south of the City of Kenai along the east side of Bridge Access Rd, considered a superior location, however has inferior soils with some wet / undevelopable areas. The site has superior visibility, superior access, natural gas, electric and telephone to the edge of the site and has dual zoning within the City of Kenai – Heavy Industrial zoning along Bridge Access and Residential zoning towards the rear of the site. This sale has been on the market for about 1.5 years, indicating it is overpriced, and after a 10% LP to SP reduction indicates \$7,800/Acre, unadjusted and reflects a similar sized parcel with superior location and overall inferior site attributes. This parcel is smaller than Parcels B & C, with generally level topography, inferior soils, however has existing road access. This comp represents a current listing of a site with inferior overall site attributes other than industrial zoning being, therefore indicates slightly low. After adjustments the comparable indicates approximately \$10,140/Acre, a good overall indicator.

Comparable 8-A: This is the April 2018 sale of a 63.07 acre site located near the southwest corner of Bridge Access Rd. & K-Beach Rd., a competing location with Parcel A, with good visibility, access, gas, electric and telephone to the edge of the site, however having some wet areas limiting full development of the southern portions of the site. This sale indicated \$3,200/Acre unadjusted and was on the market for 20 days, reflecting a recent sale of a smaller size parcel with overall similar attributes in a similar location, indicating it was priced appropriately in the market. This parcel is smaller than Parcel A, with generally level topography but overall inferior soils, with a lower percentage of usable land area, paved road access, however reflects a recent sale of a larger parcel in the local market, providing a good market indicator. This sale represents a recent sale of a similarly located site with similar locational attributes, and overall slightly inferior site attributes other than visibility and access. After adjustments the comparable indicates \$4,200/Acre, a reasonable indicator.

Comparable 9-A: This is a current listing of a 120.10-acre site located south of the City of Kenai and Soldotna along a neighborhood street, considered an overall inferior location, and has inferior soils with some wet / undevelopable areas. Site has inferior visibility, access, however has gas, electric and telephone in the area, however having some wet areas limiting full development of the southern portions of the site. This listing has been on the market for 2 weeks and indicates \$2,900/Acre after adjusting downward 10% to reflect LP to SP, and is a slightly smaller size parcel with overall similar attributes in an inferior location, therefore indicating low. This parcel is smaller than Parcel A, with generally level topography but overall inferior soils, with a lower percentage of usable land area, gravel road access through the site, however reflects a current listing of a larger parcel in the local market, providing a good market indicator. This comp represents a current listing of a large site with similar locational attributes, and overall slightly inferior site attributes, and after adjustments the comparable indicates \$3,500/Acre, a reasonable indicator.

Comparable 10-A: This is a cancelled listing of a 160-acre site located approx. 4 miles north of Kenai, east of the Kenai Spur Highway along a gravel neighborhood street, considered an overall inferior location. The site was an operating gravel pit, with superior access and soils

with good gravel soils for the area. Site has inferior visibility, electric and telephone in the area, however was listed for almost 2 years and then cancelled indicating it was overpriced or improperly marketed, however still provides an indicator for a large 160 acre parcel for the area. After making a 10% LP to SP reduction this comp indicates \$5,600/Acre, and is a similar smaller size parcel with overall similar attributes in an inferior location. This comp represents a cancelled listing of a large site with inferior locational attributes, and overall slightly inferior site attributes, and after adjustments the comparable indicates \$5,600/Acre, given less weight in the analysis.

Vacant Land Analysis & Comparable Sale Discussion

We have *considered* all larger acreage tracts 10 - 160 acres within the Kenai / Soldotna area that have sold over the past five years in an effort to familiarize ourselves with all available data. We have selected the 10 best comparables for our analysis, and segregated them by size to analyze the most applicable comparables for each of the respective parcels (A, B C & D) We have included an adjustment grid to reflect for the differences between the various parcels, with their per unit indicators falling within a reasonable range providing adjusted price per acre values for the comparables. The cross section of comparables for this appraisal indicated a range of \$2,900/Acre to \$30,500/Acre (unadjusted & not including the extreme outliers), with an average of about \$11,500 per acre, sizes ranged from 11 to 160 acres, considered overall supportive of the data analyzed in the above sales comparison approach. Our *adjusted range* of comparables is about \$3,500/Ac to \$36,360/Ac, with adjusted averages of each of the respective parcel types illustrated on the previous page.

Generally speaking, the larger the parcels, the lower the price per acre, and conversely the smaller parcels have higher per unit indicators which was the case in this analysis as well. We have bracketed the comparables in virtually all categories, and the comparables selected for analysis provide a good cross section of the vacant large lot market in the area. We have made respective percentage adjustments in the adjustment grid to reflect the various attributes that affect the subject, and a resulting adjusted value range ensued. The subject parcels each have respective positive and offsetting negative attributes and each of the four subject parcels will be discussed analyzed separately in the following section in an effort to provide accurate, well supported and explained adjustments and resulting values for the subject parcels. We will now analyze each of the four parcels discussing the overall attributes and how the comparables analyzed compare with them with the resulting value providing the most probable market value for the subject parcels "As Is".

Parcel A – 160 Acres – Market Value Discussion

This parcel is the largest at 160 acres, with offsetting positive and negative factors discussed in the body of the report. Comparables 8-A, 9-A and 10-A are considered to provide the best support for our analysis, with the other larger lot comparables also providing general support. The **adjusted range** of these comparables is **\$3,500/Acre to \$5,600/Acre** with an adjusted **average of about \$4,400**. Factors that offset the positive attributes are the subject's large site size for the neighborhood, limited access to portions of the parcel, the large pipeline easement running through the middle of the parcel, limiting full unrestricted development of these portions of the site, and possible lower lying / wet soils that may limit full development of the site. It appears that in the subject's case, this percentage is typical for a large parcel,

assumed that about 10% - 15% of the site being unusable (northwest corner and pipeline easement area), and in this case we are estimating approximately 15% of the site is unusable, which equates to about 25 acres, with an estimated 135 acres of useable site area. Utilities exist around the periphery of the site along the established roadways, with natural gas, electricity and telephone, typical of these larger parcels, with direct road access and section line easements providing average overall access to the edges of the site.

The comparables analyzed provide good data for analysis, and after adjustments for all the applicable attributes, provide an *adjusted range* of indicators, with a mean of \$4,400/Acre and a median of around \$3,500/Acre. The other comparables analyzed are significantly smaller and most have superior access and utility attributes, therefore are high indicators and not considered as applicable. Due to the subject's large size, portion of unusable area, variable access, assumed average soils for development with some possible wet areas, with utilities around the periphery of the site along the roadways, the value conclusion will be below the mid-range.

In conclusion, adequate comparable data were discovered from which to derive a value of the subject parcels, considering all of the subject's site attributes (shape, size, topography, access, utilities and overall site attributes), and their specific location south of Kenai and west of Soldotna. The subject is in an un-zoned area, allowing for numerous potential uses, with alternative possible subdivision or residential / commercial uses possible. Respective adjustments to the comparables were made, and considering all of the subject's attributes, and a value below the mid-range for Parcel A is most probable, considering its a large parcel for the area, with inferior access to the other parcels and higher overall development costs.

Concluded Value of Parcel A – 160 Acres

Considering the subject's large size, access, utilities, soils conditions and considering its overall physical attributes, a concluded value based on the comparables analyzed below the mid-range is most appropriate, with a concluded \$/Acre range of **\$3,000/Ac to \$3,500/Ac**, considered most appropriate considering all of the subject's attributes. The concluded market value range and most probable value of the Parcel A is as follows:

160 Acres x \$3,000/Ac = \$480,000	\$480,000 (RD)
160 Acres x \$3,500/Ac = \$560,000	\$560,000 (RD)

In conclusion, we have selected a final value for Parcel A near the mid-range of these two indicators, which is considered to be well reflected by large tract sales of parcels with similar attributes to the subject. Based on our investigation and analysis, we have formed the opinion that, subject to the limiting conditions and assumptions contained herein, the **Fee Simple Interest** of the **Parcel A**, containing approximately **160 Acres**, "As-Is" & "As If Vacant and Unimproved" as of **December 27, 2018**, is as follows:

(FIVE HUNDRED TWENTY-FIVE THOUSAND DOLLARS)
\$525,000

Parcels B & C – Two individual 80 Acre sites – Market Value Discussion

These two adjoining hypothetical 80-acre parcels are part of a larger 240 acre parcel and have very similar overall site attributes, locations and marketability, therefore they will be discussed / analyzed together. Comparables 5-B&C, 6-B&C, 7-B&C, 8-A, 9-A & 10-A are considered to provide the best support for our analysis, with the other larger lot comparables also providing general support. Of note is that comparable 6-B&C is a recent (2018) sale of a smaller parcels located adjacent to the north of Parcel C and east of Parcel B, providing a very good locational indicator, although is smaller with established access, therefore sets the upper end of the range indicating \$17,200/Acre. The **adjusted range** of these comparables is **\$3,500/Acre to \$17,510/Acre** with an adjusted **average of about \$8,000**. Factors that offset the positive attributes are the subject's large site size for the neighborhood, limited access to portions of the parcels, the large pipeline easement running through the middle of Parcel B & road easement running through the eastern 1/3 of Parcel C, limiting full unrestricted development of these portions of the site.

The subject is surrounded by gravel pit developments indicating good soils in the area, confirmed by the soils reports performed summer 2018 and discussed in the report. It appears that in the subject parcels case, this percentage is lower than typical, and the unusable percentage is due to good soils in the immediate area with limited wet areas or restrictions, with non-usable area estimated at about 5% - 10% of the site (small areas around the site and pipeline & road easement areas), and in this case we are estimating approximately 7% of each parcel is un-usable, which equates to about 5 acres, with an estimated 75 acres of useable site area per parcel. Utilities exist around the periphery of the sites along the established roadways, with natural gas, electricity and telephone available, typical of these larger parcels, with direct road access and section line easements providing average overall access to the edges of the site. Parcel B is located closer to Kalifornsky Beach Road, however no direct road access currently available, while Parcel C is located further from the main road via neighborhood streets but has established road access off Poppy Ridge Road along the entire eastern edge of the site, considered generally offsetting attributes. Additionally, the Pipeline easement affects the entire portion of Parcel B, while the road easement affects only the eastern 1/3 of Parcel C.

The comparables analyzed provide good data for analysis, and after adjustments for all the applicable attributes, provide an *adjusted range* of indicators, with a mean of about \$8,000/Acre and a median of around \$7,900/Acre. The smaller comparables analyzed (S-1, S-2, S-3 & S-4) are smaller in size, have superior locations, potential utility of use, therefore are not as good (high) indicators. Of note is comparable 10-A, which is cancelled listing of a gravel pit north of Kenai in the Nikiski area – overall inferior location, however provides an indicator of a similar large site with possible use as a gravel pit with similar access. Due to the subject parcel's larger sizes, small portion of unusable area, variable access around the periphery of the site with no current established road access, assumed good gravel soils for development, with utilities around the periphery of the site along the roadways, the value conclusion will be slightly below the mid-range.

In conclusion, adequate comparable data were discovered from which to derive a value of the subject parcels, considering all of the subject's site attributes (shape, size, topography, access, utilities and overall site attributes), and their specific location south of Kenai and west

of Soldotna. The subject is in an un-zoned area, allowing for numerous potential uses, with alternative possible subdivision or residential / commercial uses possible. Respective adjustments to the comparables were made, and considering all of the subject's attributes, and a value below the mid-range for Parcel B & Parcel C are most probable, considering they are large parcels for the area, with similar access to one another and similar potential highest and best uses.

Concluded Value of Parcels B & C – Two individual 80 Acre sites

Considering the subject's large size, access, utilities, soils conditions and considering their similar overall physical attributes, a concluded value based on the comparables analyzed near the mid-range is most appropriate, with more weight given to sales 5, 6, & 7, with a concluded \$/Acre range of **\$8,000/Ac to \$10,000/Ac**, considered most appropriate considering all of the subject's attributes. The concluded market value range and most probable value of the Parcel A is as follows:

80 Acres x \$8,000/Ac = \$640,000	\$640,000 (RD)
80 Acres x \$10,000/Ac = \$800,000	\$800,000 (RD)

In conclusion, we have selected a final value for Parcels B & C near the mid-range of these two indicators, which is considered to be well reflected by large tract sales of parcels with similar attributes to the subject considering all of the easements, access, locations and overall potential utility of use. Based on our investigation and analysis, we have formed the opinion that, subject to the limiting conditions and assumptions contained herein, the **Fee Simple Interest** of Parcel B & Parcel C, containing approximately 80 Acres each, "As-Is" & "As If Vacant and Unimproved" as of **December 27, 2018**, is as follows:

Parcel B – 80 Acres

(SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS)
\$725,000

Parcel C – 80 Acres

(SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS)
\$725,000

Parcel D – 19.27 Acres – Market Value Discussion

This parcel is the smallest parcel at 19.27 acres, located within the Soldotna City Limits, having numerous positive site attributes discussed in the body of the report. Comparables 1D, 2-D, 3-D & 4-D are considered to provide the best support for our analysis, with the other larger lot comparables being larger and not having similar locational and site attributes as the subject, therefore they are not given significant weight, however provide general support. The **adjusted range** of the most applicable comparables is **\$10,920/Acre to \$36,360/Acre** with an adjusted **average of about \$21,500**. Factors that offset the positive attributes are the subject's large site size for the neighborhood, INS (Institutional Zoning), limited current access to northern portions of the parcel, and access to all utilities along the southern portion of the parcel only – increasing development costs, with offsetting positive features of a large heavily treed site with good soils and numerous potential uses within close proximity to downtown Soldotna near schools, adjacent to a popular lighted trail providing access through the neighborhood and to schools, and close proximity to the Kenai River.

The on-site and aerial inspections and review of the plat map did not indicate significant unusable site areas, with typical easements around the periphery of the site. All public utilities exist along the southern portion of the site along W. Redoubt Ave., along the established roadway, with natural gas, electricity, telephone, public water and sewer available to the southern edge of the site, typical of these parcels within the Soldotna City Limits, with direct road access at the southwest corner of the site via a 60' public road easement (40' encroaches onto the subject site, and utility easements along the northern and eastern portions of the site. Highest and best use would be to hold for future institutional development that fits with in the current zoning or possibly re-zone for future single or multi-family residential or commercial development – which the Kenai Peninsula Borough is in the process of doing – however we are not considering this in our analysis, we are appraising the subject in its current "As Is" condition and zoning. The current cost to develop most types of large-scale subdivision projects / developments or commercial uses would most likely exceed the market value of any developments due to supply and demand factors and the undeveloped nature of the site.

The comparables analyzed provide good data for analysis, and after adjustments for all the applicable attributes, provide an *adjusted range* of indicators, with a mean of \$21,500/Acre. The other comparables analyzed are larger to significantly larger than the subject and most have inferior locational, access, utility and site attributes, therefore are low indicators and not considered as applicable, most weight to 1-D, 2-D, 3-D & 4-D. Due to the subject's smaller size, high portion of usable area, favorable access, access to all public utilities and location within the Soldotna City limits with good soils for development, and considering the scarcity of a larger, rectangular shaped, well located parcel within the Soldotna City limits with a good overall location and positive site attributes, the value conclusion will be toward the upper end of the range.

In conclusion, adequate comparable data were discovered from which to derive a value of the subject parcel. Considering all of the subject's site attributes (shape, size, topography, access, utilities and overall site attributes), and their specific location, visibility and surrounding favorable and complimentary land uses near downtown Soldotna the values will be toward the upper end of the mid-range. The subject is located in an area zoned for institutional uses (description in addenda), allowing for numerous potential uses, with

alternative possible subdivision or residential / commercial uses possible. Respective adjustments to the comparables were made, and considering all of the subject's attributes, and a value toward the upper end of the range for Parcel D is most probable.

Concluded Value of Parcel D – 19.27 Acres

Considering the subject's size for the neighborhood, shape, access, utilities, soils conditions and considering its overall physical attributes, a concluded value based on the comparables analyzed toward the upper end of the range is most appropriate, with a concluded \$/Acre range of **\$32,000/Ac** to **\$36,000/Ac**, considered most appropriate considering all of the subject's attributes. The concluded market value range and most probable value of the Parcel D is as follows:

19.27 Acres x \$32,000/Ac = \$616,640	\$617,000 (RD)
19.27 Acres x \$36,000/Ac = \$693,720	\$694,000 (RD)

In conclusion, we have selected a final value for Parcel D toward the upper end of the range of these two indicators, which is considered to be well reflected by well located, large tract sales of parcels with similar attributes to the subject. Based on our investigation and analysis, we have formed the opinion that, subject to the limiting conditions and assumptions contained herein, the **Fee Simple Interest** of the **Parcel D**, containing approximately **19.27 Acres**, "As-Is" & "As If Vacant and Unimproved" as of **December 27, 2018**, is as follows:

(SIX HUNDRED EIGHTY THOUSAND DOLLARS)
\$680,000

ADDENDA

GENERAL LIMITING CONDITIONS AND ASSUMPTIONS

This Report is subject to the following general limiting conditions and assumptions:

1. This Appraisal Report sets forth all the limiting conditions affecting the analysis, opinions and conclusions contained in this Report.
2. Unless otherwise stated in this Report, the property is appraised as though owned in fee simple estate and the property is appraised free and clear of any or all liens and encumbrances. No responsibility is assumed for legal or title considerations.
3. All dimensions and legal descriptions are assumed to be correct as found through provided records. No engineering survey has been made by the appraiser(s). Except as specifically stated, data relative to size and area was taken from sources considered reliable. No encroachment of real property improvements is assumed to exist.
4. The information used and the data furnished in this Report is believed to be reliable, but no warranty is given or implied. If any errors in the data are found, the right is reserved to modify the conclusions reached.
5. Various approaches to value, various techniques, and various mathematical calculations may have been used in estimating value. These are only aids to the formulation of the final value estimate expressed by the appraiser(s).
6. The data and conclusions contained in this Report are a part of the whole valuation, and no part of this appraisal is to be used out of context. The allocation of total value to land, buildings, or any fractional part or interest as shown in this Report, is invalidated if used separately.
7. Disclosure of the contents of this Appraisal Report is governed by the By-Laws and Regulations of the Appraisal Institute. 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(s) and, in any event, only with proper written qualification and only in its entirety.
8. Neither all nor any part of the contents of this Report (especially any conclusions as to value, the identity of the appraiser(s) or the firm with which he is connected, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising, public relations, news, sales, or any other public means of communication without the prior written consent of the author.
9. The date of value for the opinions expressed in this Report is the date of valuation as stated in the Report. The appraiser(s) assumes no responsibility for economic or physical factors occurring at some later date which may affect those opinions.

10. No opinion is intended to be expressed for legal matters or matters that require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers.
11. The maps, plats and exhibits included are for illustration only, as an aid in visualizing matters discussed in the Report. They should not be considered as official surveys or relied on for any other purpose.
12. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights.
13. Unless otherwise stated, no detailed soil studies covering the subject property were available to the appraiser(s). 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.
14. Employment to make this appraisal does not require testimony in court unless mutually satisfactory arrangements are made in advance. In the event of litigation, the client agrees to compensate the appraiser(s) for the court preparation, testimony and appearances.
15. This Appraisal, or any information contained herein, is not to be used in a syndication or limited partnership.
16. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this Report.
17. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this Report are based.
18. Unless otherwise stated in this Report, the Subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.

19. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
20. Responsible ownership and competent management are assumed unless otherwise stated in this Report.
21. No personal property is included in the valuation of the subject property. All personal property present in the operation of the subject facility is specifically excluded from the valuation conclusions.
22. 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(s). The appraiser(s) has no knowledge of the existence of such materials on or in the property. The appraiser(s), however, is not qualified to detect such substances. The presence of potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such hazardous material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
23. In general, property in Alaska is within a geographic area prone to earthquakes and other seismic disturbances. Except as specifically indicated in the report, no seismic or geologic studies have been provided to the appraiser(s) concerning the geologic and/or seismic condition of the property. The appraiser(s) assume no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.
24. Acceptance and use of this Report implies that the client has read the Report and agrees with all the limiting conditions and assumptions. It is further understood and agreed that any controversy or claim arising out of or relating to this assignment, including but not limited to a claim based upon or arising from an alleged tort, will, at the request of any party, be determined by arbitration. The arbitration shall be conducted in accordance with the United States Arbitration Act (Title 9, U.S. Code, Section 1, et seq.), notwithstanding any governing law provision in this Agreement, and under the Commercial Rules of the American Arbitration Association. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party to submit the controversy or claim to arbitration.



Land Management

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A Division of the Planning Department

Charlie Pierce
Borough Mayor

APPRAISAL INSTRUCTIONS:

**Four Properties in the Kalifornski and Soldotna areas
November 16, 2018**

KPB Land Management Division

1. **Appraisal Standards:** Four appraisals in accordance with these instructions and with Standards Rules 1 and 2 of the most current Uniform Standards of Professional Appraisal Practice (USPAP).
 2. **Properties to be Appraised:** See Exhibits A, B-C, & D
 3. **Purpose of the Appraisal and Intended Use:** The purpose of the appraisals are to estimate the market value of the land and gain perspectives on each parcel's highest and best uses. The Kenai Peninsula Borough (KPB) intends to use the appraisal to establish the fair market price in a general land sale.
 4. **Intended users:** The intended users of this appraisal are the KPB as the selling landowner and the general public as prospective buyers and stakeholders.
 5. **Property Rights Appraised:**
For Parcels A, B&C, appraise the fee simple estate without restrictions. Include gravel extraction value (income approach) if applicable.
For Parcel D, appraise the fee simple estate as if zoned to the plausible highest and best use in consultation with the City of Soldotna.
 6. **Interviews and pertinent records:**
Appraiser shall interview client to ascertain pertinent viewpoints of the landowner. Appraiser shall consider any records or plans provided by the landowner that are applicable to the scope of the appraisal assignment. KPB can supply various GIS data at the request of the appraiser. The City of Soldotna is the source for platting, zoning, building, road, water, and sewer utility technical information inside city limits. KPB will supply soil test hole logs for each parcel.
 7. **Highest & Best Use Analysis:**
The appraisal report shall include a narrative analysis containing the most probable uses that define, or support, the market range and provide rationale for highest and best use.
 8. **Appraisal Review:** The appraisals may be subject to professional review at KPB's discretion. As KPB is a public entity the appraisals may be disclosed to the general public.
 9. **Timeframe for Completion:** Appraisal(s) for each property to be completed by January 21, 2018 or as otherwise proposed and agreed to in the contract. Appraisal(s) shall be delivered in PDF and two hard-copies.
- Attached:
1. Description of Land for Appraisal (Parcels A, B, C, and D)
 2. Properties to be appraised Exhibits A, B-C, & D
 3. Vicinity Map
 4. Soil test hole logs

QUALIFICATIONS OF APPRAISER
CLINT H.A. LENTFER, MBA

EDUCATION:

University of Wyoming
University of Alaska Anchorage

- BA Business Management (1995)
- MBA Business Administration (2000)

EXPERIENCE:

1997 to
2010: Certified General Real Estate Appraiser / Consultant, Appraisal Company of Alaska

2010 to Present: Partner / Owner, Alaska Appraisal & Consulting Group, LLC

QUALIFICATIONS:

21 years' experience in real estate appraisal work for local and national mortgage lending institutions. Residential properties include single-family residences, multi-family income properties, and remote properties. Commercial properties including: remote fishing & hunting lodges, apartment buildings, warehouses, large and small retail and office complexes, and commercially zoned vacant land. Qualified expert witness in State of Alaska Supreme Court. Board of Directors & Treasurer Alaska Chapter Appraisal Institute. Appointed Board Member of Certified Real Estate Appraisers for the State of Alaska. Commercial Contract tax assessment work for Various State of Alaska Municipalities.

ACCREDITATIONS, COURSES AND LICENSES:

- State of Alaska - Certified General Real Estate Appraiser Certificate, AA-506
- FHA/HUD Approved Appraiser
- Course 311 - Residential Modeling Concepts
- Course 101 - Fundamentals of Real Property Appraisal
- Course 151 - Standards of Practice and Professional Ethics
- Course 112 - Income Approach to Valuation II
- Course 520 – Highest & Best Use and Market Analysis
- Course 530 – Advanced Sales Comparison
- Course 540 – Narrative Report Writing & Valuation Analysis
- Course 550 – Advanced Applications
- FEMA Floodplain Management Workshop 2000
- The Technical Inspection of Real Estate, The Beckman Company
- Land Valuation Assignments, Adjustment & Procedures
- Effective Banker – Appraiser Communication
- Subdivision Valuation - Seminar
- Appraisal of Local Retail Properties – Seminar
- Advanced Income Capitalization

License #: APRG506
Effective: 05/17/2017
Expires: 06/30/2019

STATE OF ALASKA
Department of Commerce, Community, and Economic Development
Division of Corporations, Business, and Professional Licensing
Real Estate Appraisers

Licensee: **CLINT HERMAN LENTFER**

License Type: **Certified General Real Estate Appraiser**

Status: **Active**

Commissioner: Chris Hladick

Relationships

RelationType	License #	LicenseType	Owners/Entities	Names/DBA
No relationships found.				

Designations

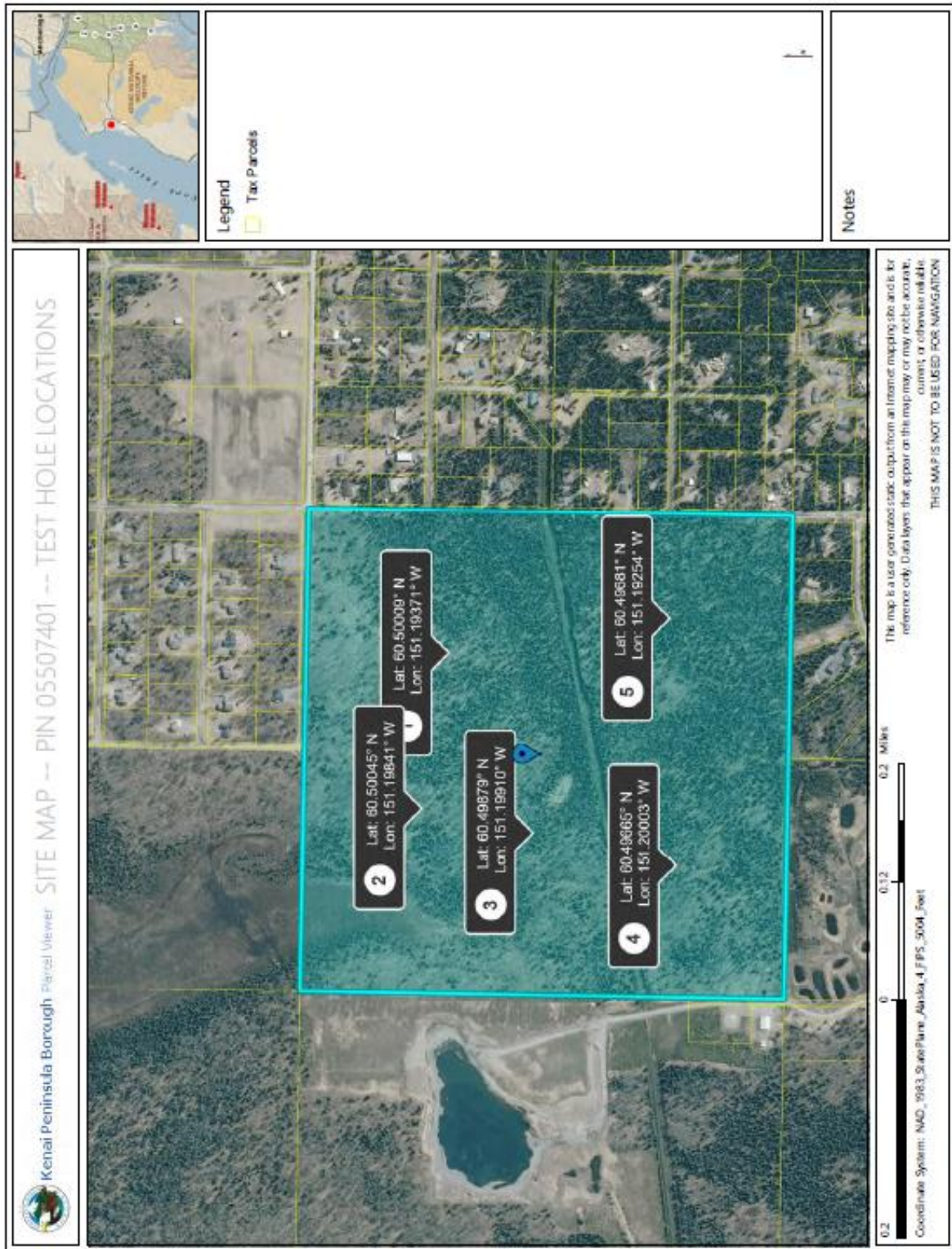
Type	Group
No designations found.	

CLINT HERMAN LENTFER
203 w 15th ave. #206
anchorage, AK 99501

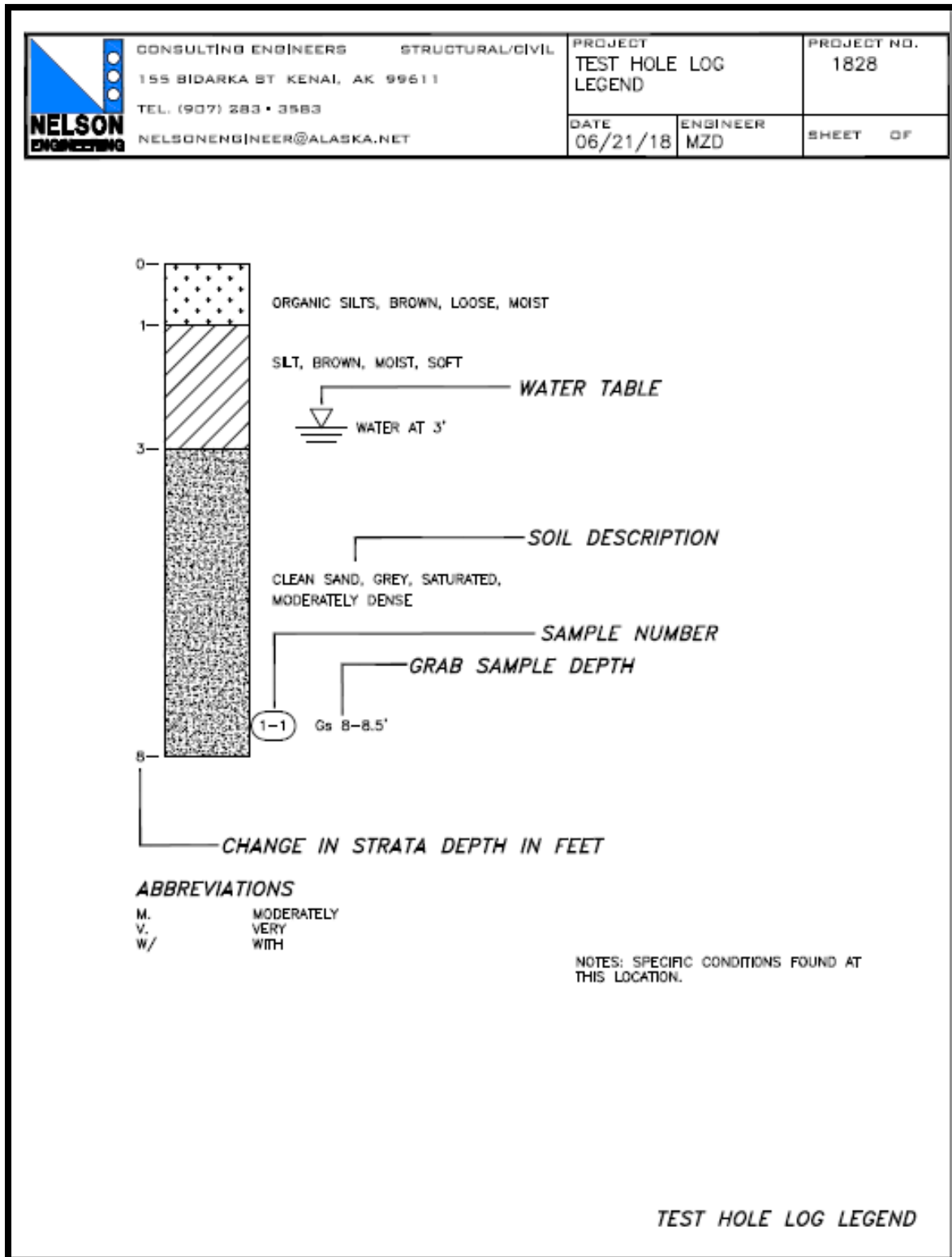
Wallet Card

State of Alaska Department of Commerce, Community, and Economic Development Division of Corporations, Business, and Professional Licensing Real Estate Appraisers CLINT HERMAN LENTFER As Certified General Real Estate Appraiser		
License APRG506	Effective 05/17/2017	Expires 06/30/2019

Test Hole Log Map & Soils Log Reports – Parcel A



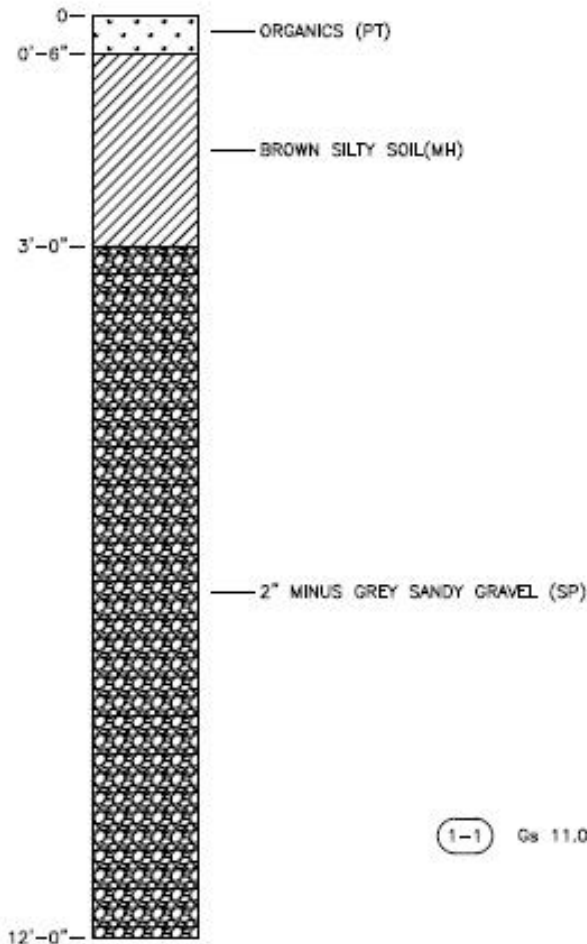
Test Hole Log Legend



Test Hole Log Map & Soils Log Reports – Parcel A

	CONSULTING ENGINEERS STRUCTURAL/CIVIL	PROJECT SOLDOTNA TEST HOLES PIN 05507401		PROJECT NO. 1828
	155 BIDARKA ST KENAI, AK 99611			
	TEL. (907) 283 • 3583 NELSONENGINEER@ALASKA.NET	DATE 06/21/18	ENGINEER MZD	SHEET 1 OF 5

TH#1 -- PIN 05507401



LOCATION:
LAT 60.500091°, LONG -151.193708°
ELEV = 74-FT

NOTES:
1. WATER TABLE NOT ENCOUNTERED

(1-1) Gs 11.0'

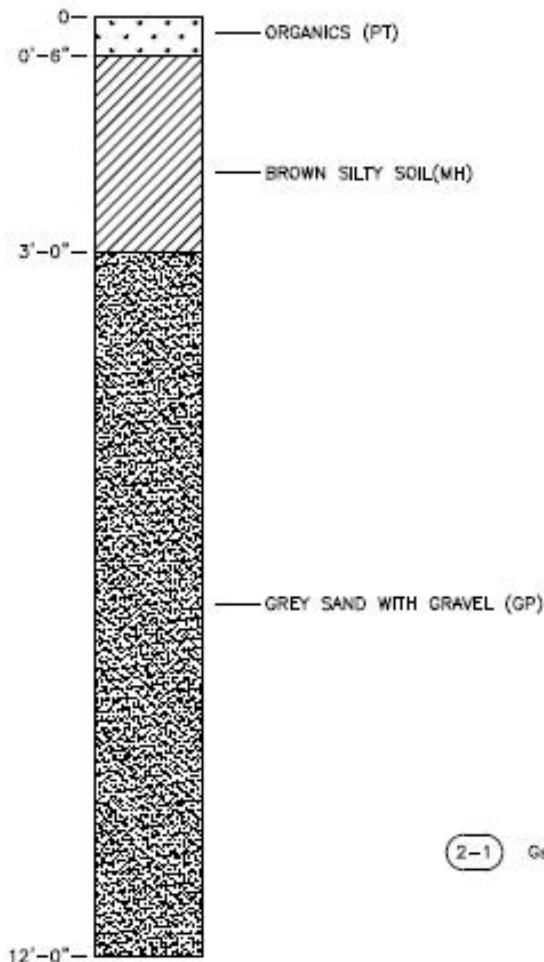
DATE: 06/13/2018 2:55PM
WEATHER: 61°F SUNNY



Test Hole Log Map & Soils Log Reports – Parcel A

	CONSULTING ENGINEERS STRUCTURAL/CIVIL 155 BIDARKA ST. KENAI, AK 99611 TEL. (907) 283 • 3583 NELSONENGINEER@ALASKA.NET	PROJECT SOLDOTNA TEST HOLES PIN 05507401		PROJECT NO. 1828
	DATE 06/21/18	ENGINEER MZD	SHEET 2 OF 5	

TH#2 -- PIN 05507401



LOCATION:
 LAT 60.500450°, LONG -151.198413°
 ELEV = 86-FT

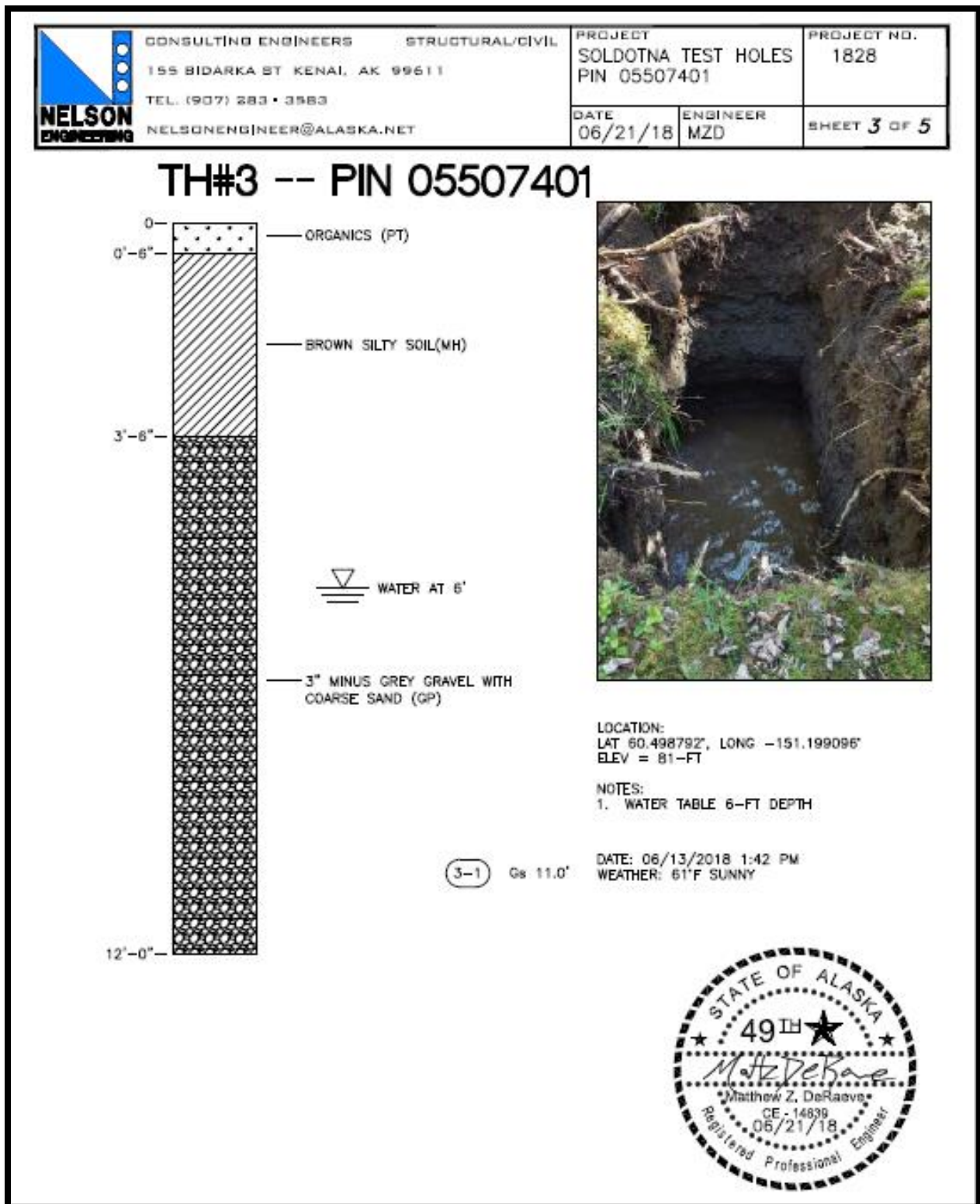
NOTES:
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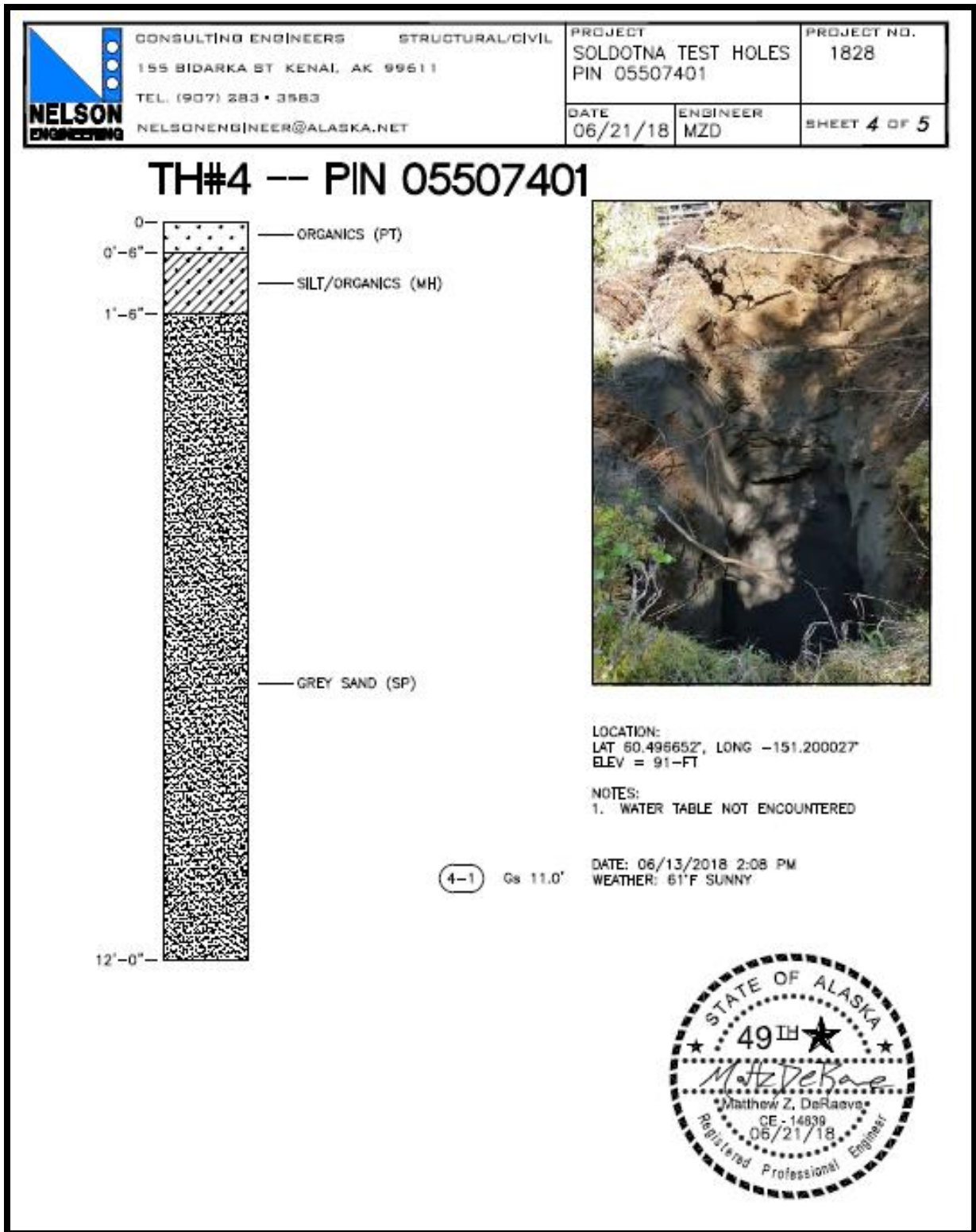
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 WEATHER: 61°F SUNNY



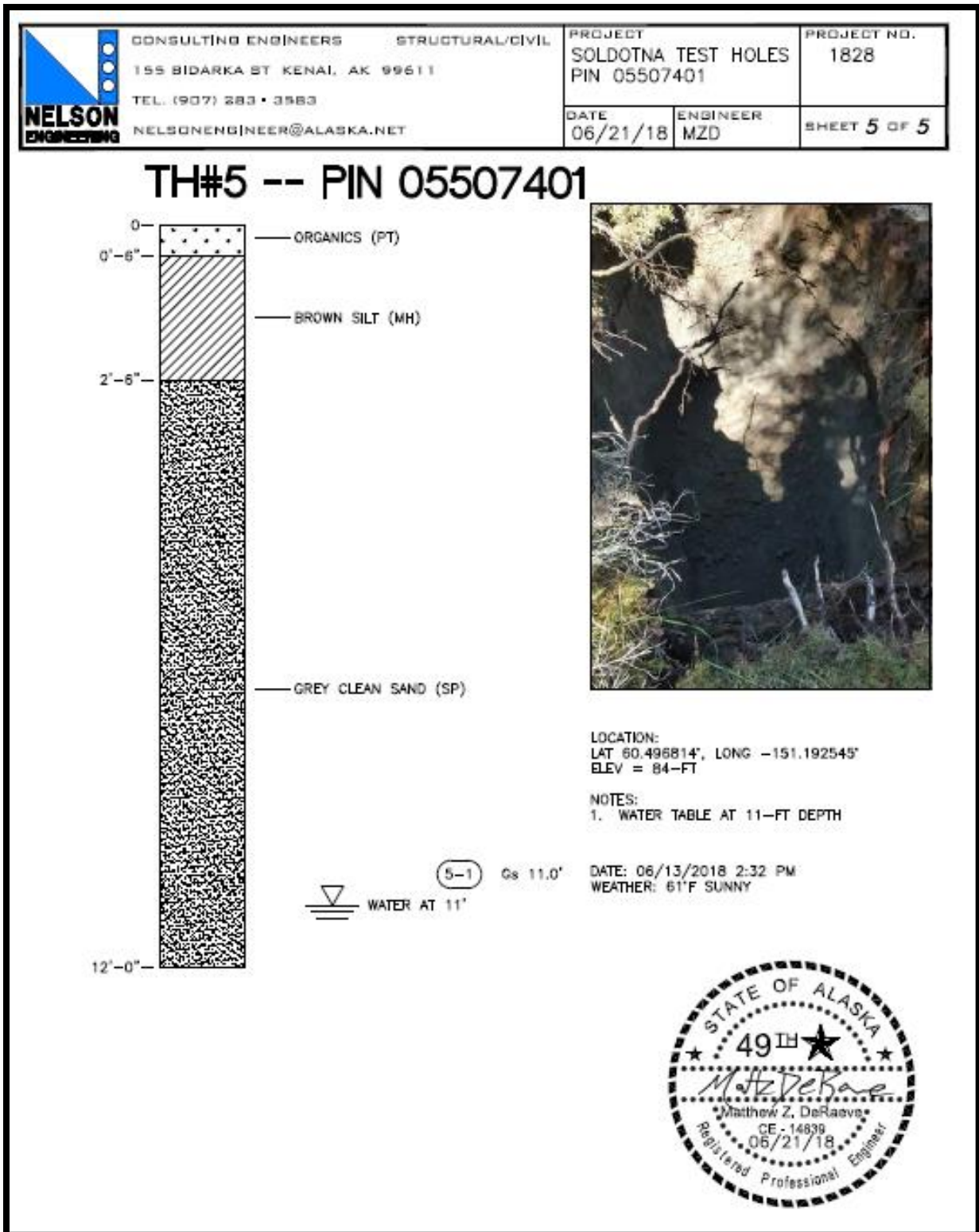
Test Hole Log Map & Soils Log Reports – Parcel A



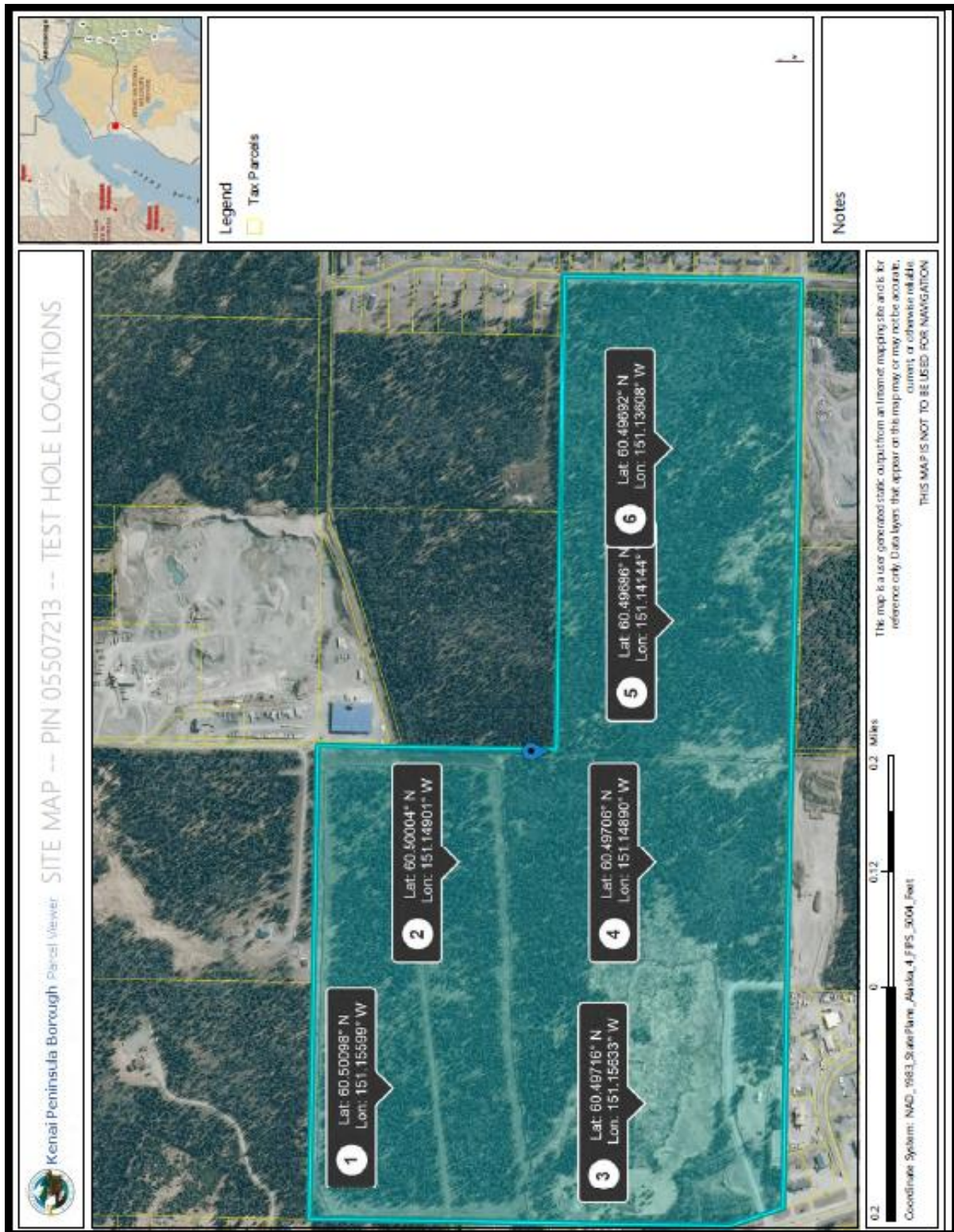
Test Hole Log Map & Soils Log Reports – Parcel A



Test Hole Log Map & Soils Log Reports – Parcel A



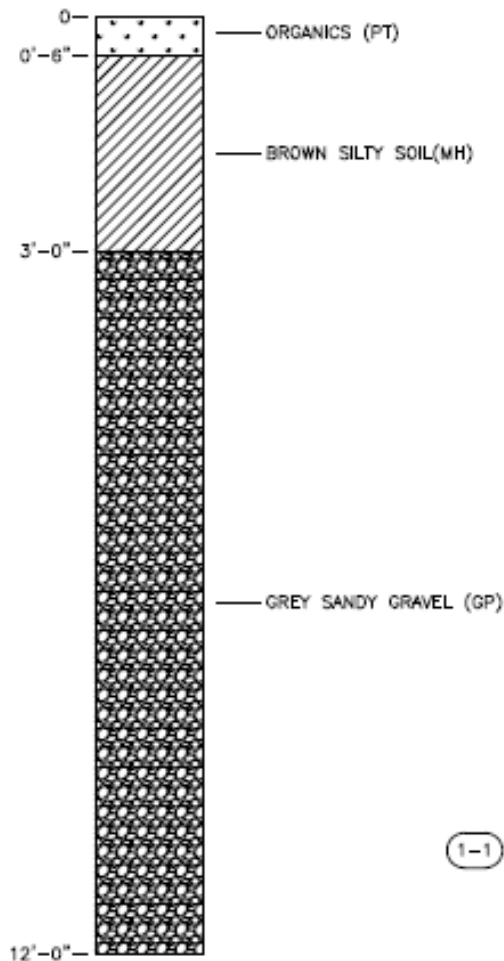
Test Hole Log Map & Soils Log Reports – Parcels B & C



Test Hole Log Map & Soils Log Reports – Parcels B & C

	CONSULTING ENGINEERS STRUCTURAL/CIVIL	PROJECT	PROJECT NO.
	155 BIDARKA ST KENAI, AK 99611	SOLDOTNA TEST HOLES	1828
	TEL. (907) 283 • 3583 NELSONENGINEER@ALASKA.NET	PIN 05507213	
		DATE	ENGINEER
		06/21/18	MZD
		SHEET 1 OF 6	

TH#1 -- PIN 05507213



LOCATION:
LAT 60.500981°, LONG -151.155992°
ELEV = 92-FT

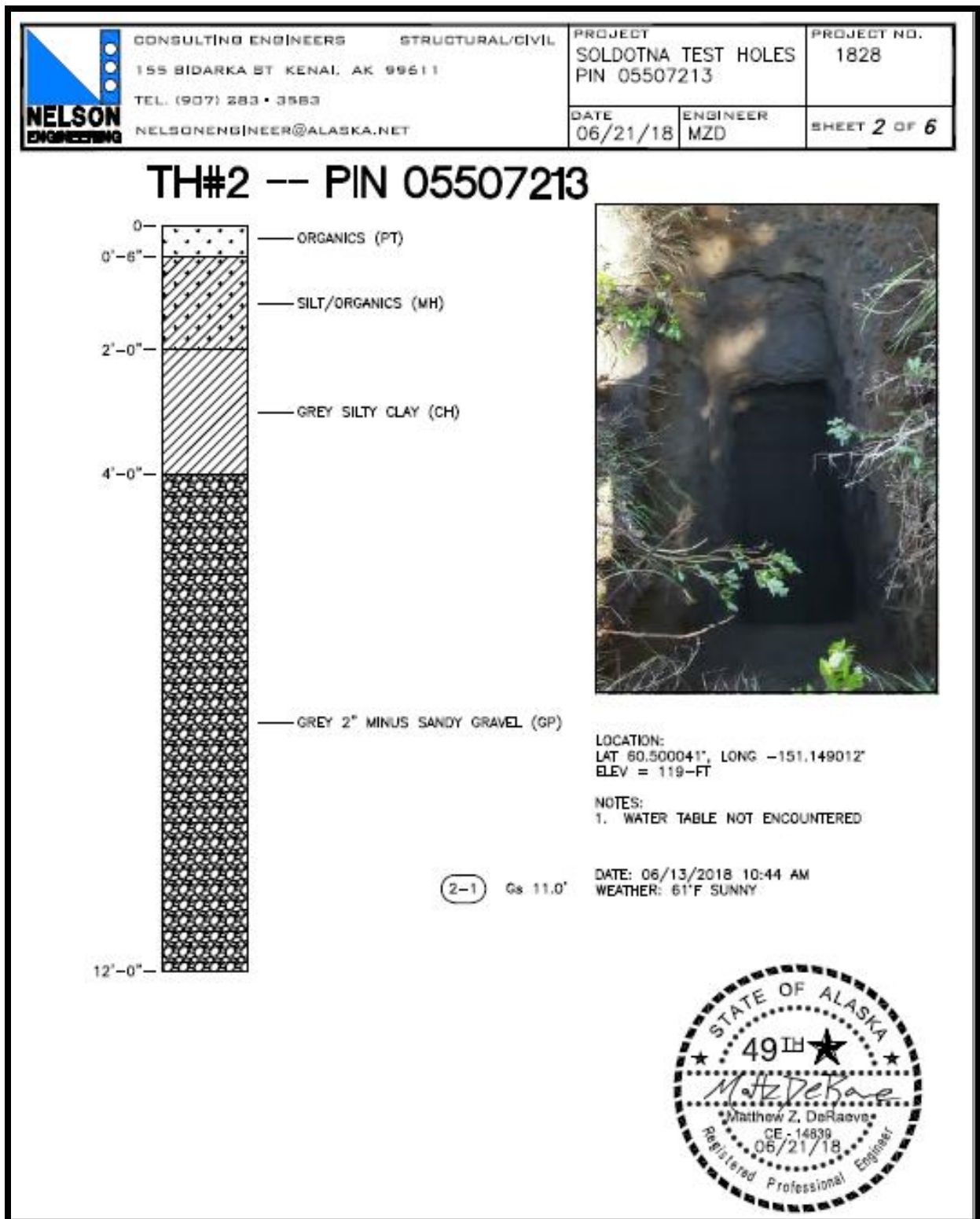
NOTES:
1. WATER TABLE NOT ENCOUNTERED

(1-1) Gs 11.0'

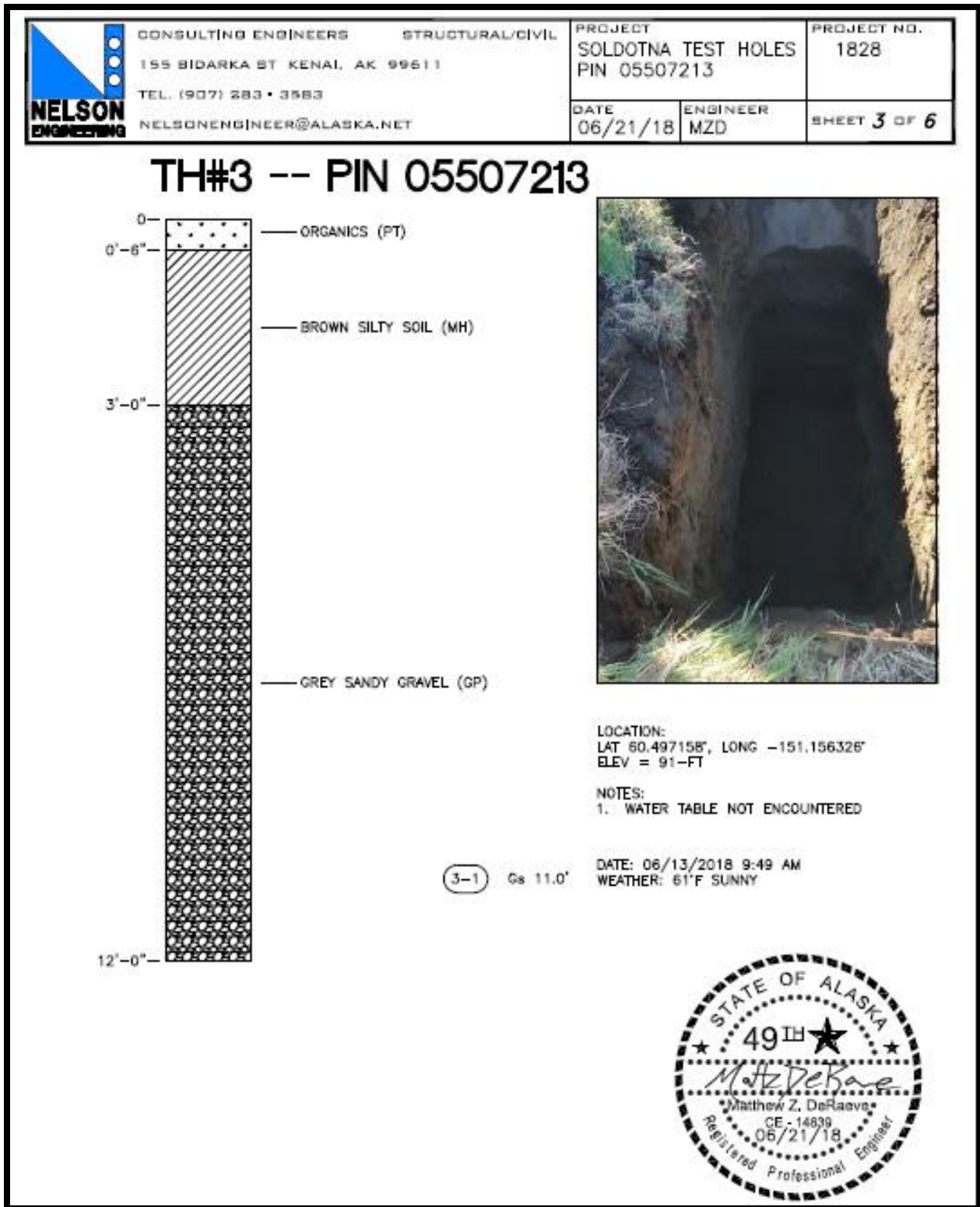
DATE: 06/13/2018 10:13 AM
WEATHER: 61°F SUNNY



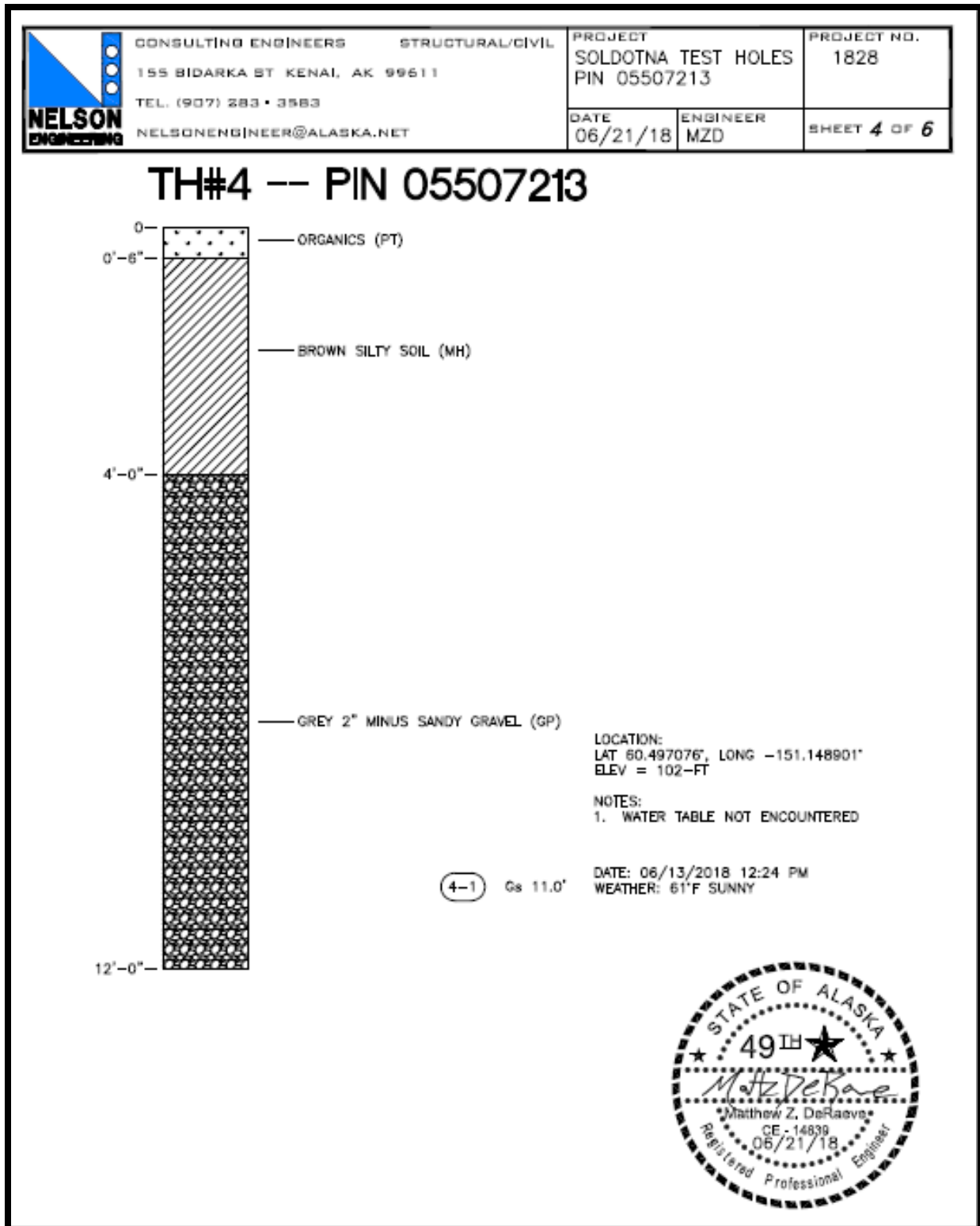
Test Hole Log Map & Soils Log Reports – Parcels B & C



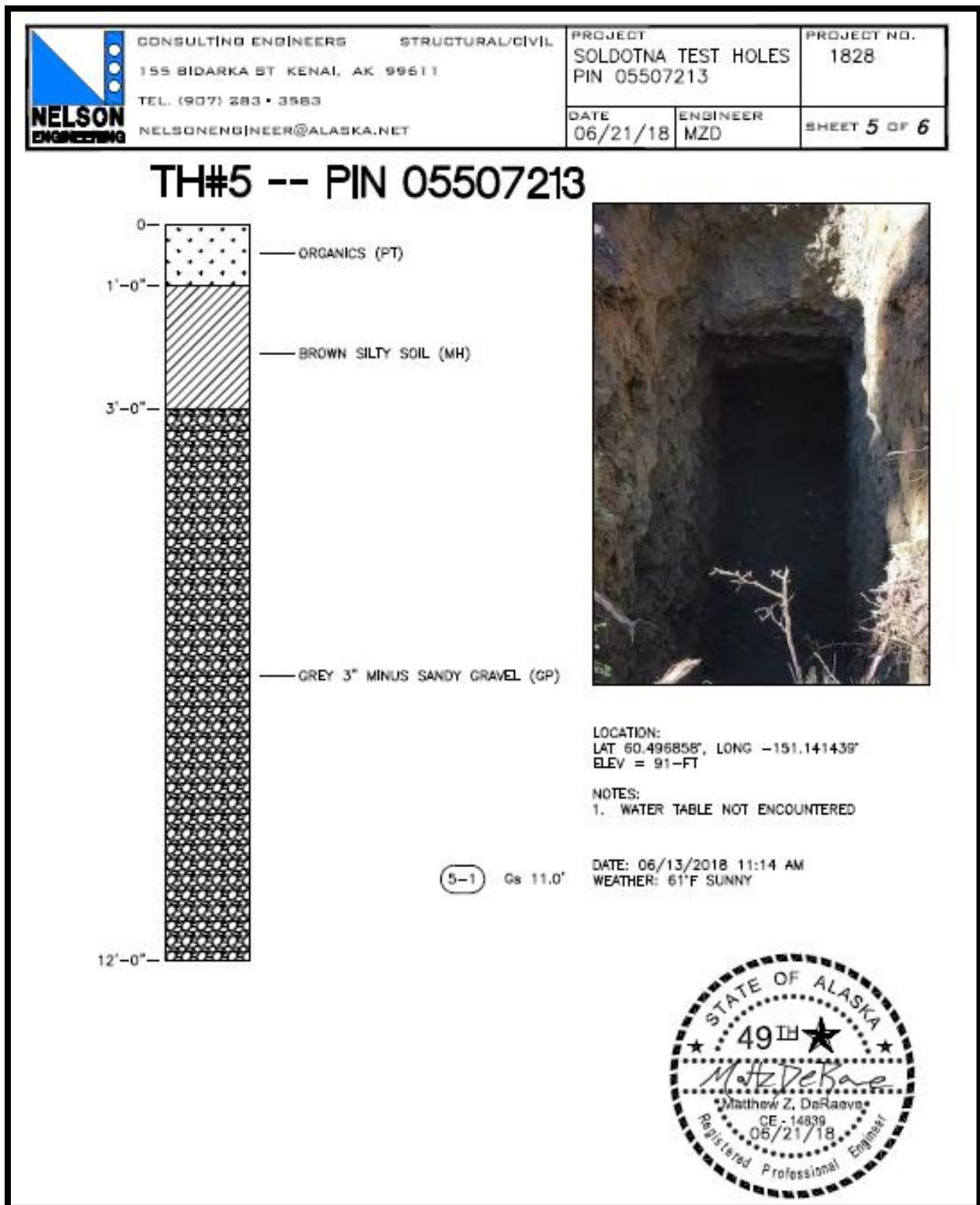
Test Hole Log Map & Soils Log Reports – Parcels B & C



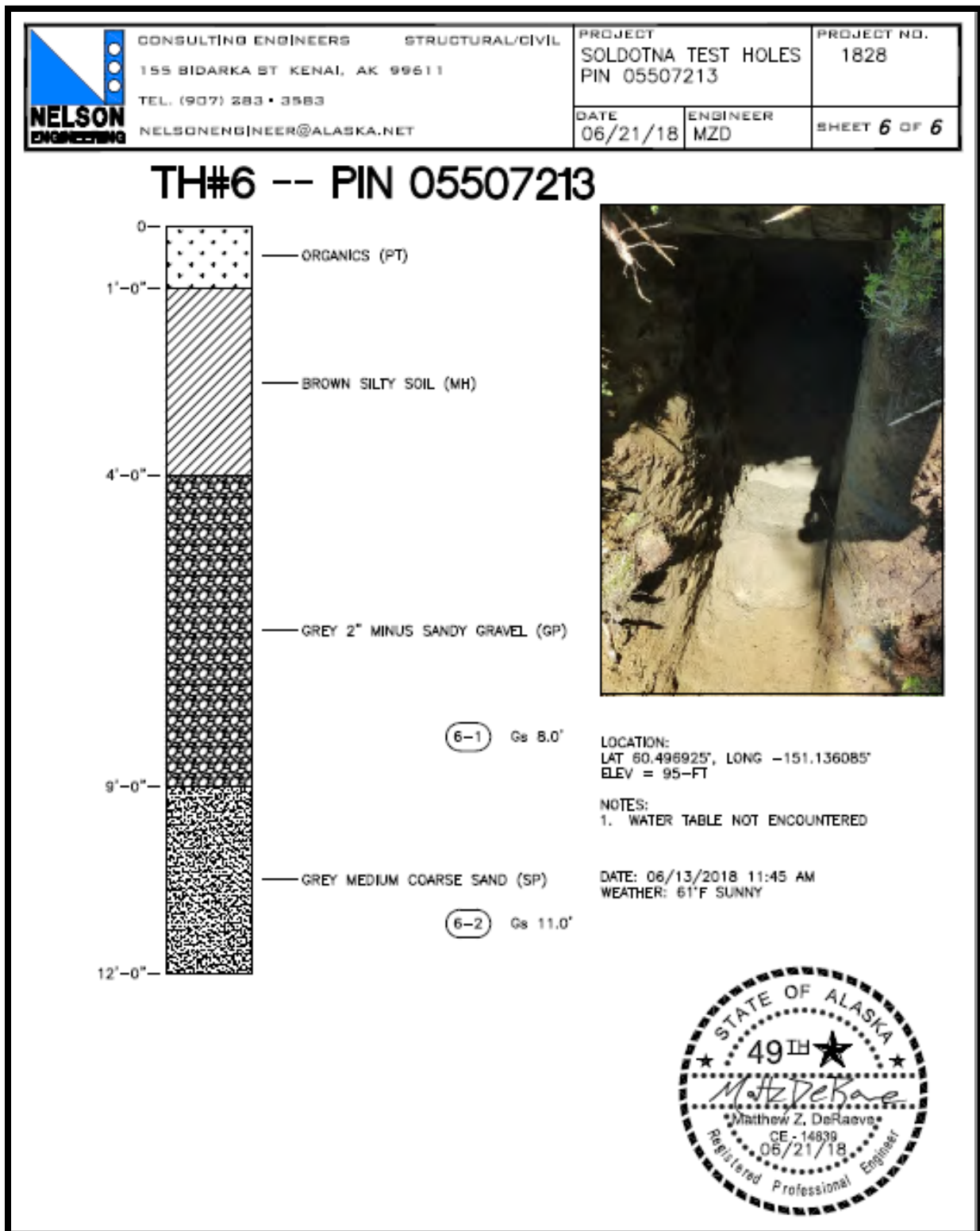
Test Hole Log Map & Soils Log Reports – Parcels B & C



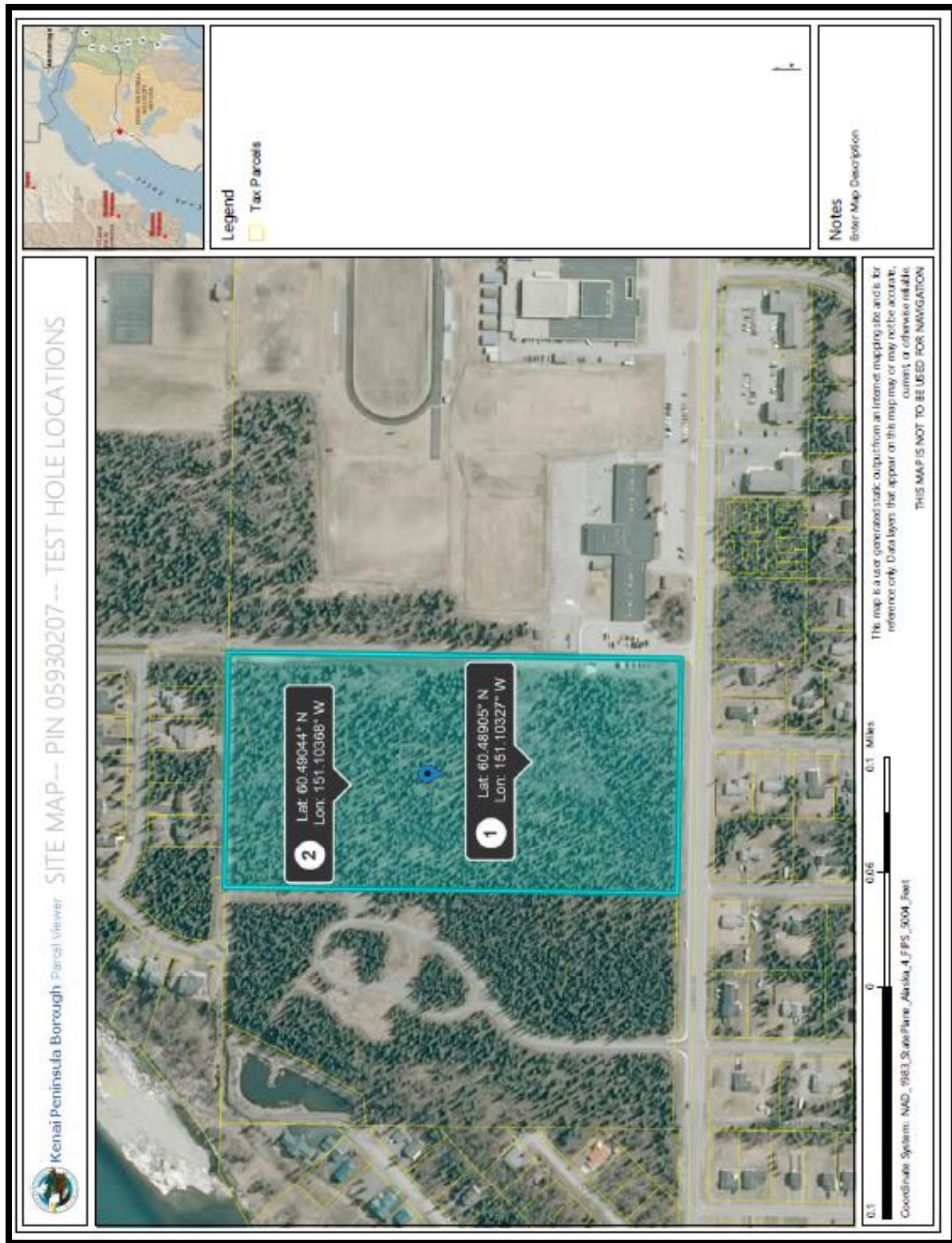
Test Hole Log Map & Soils Log Reports – Parcels B & C



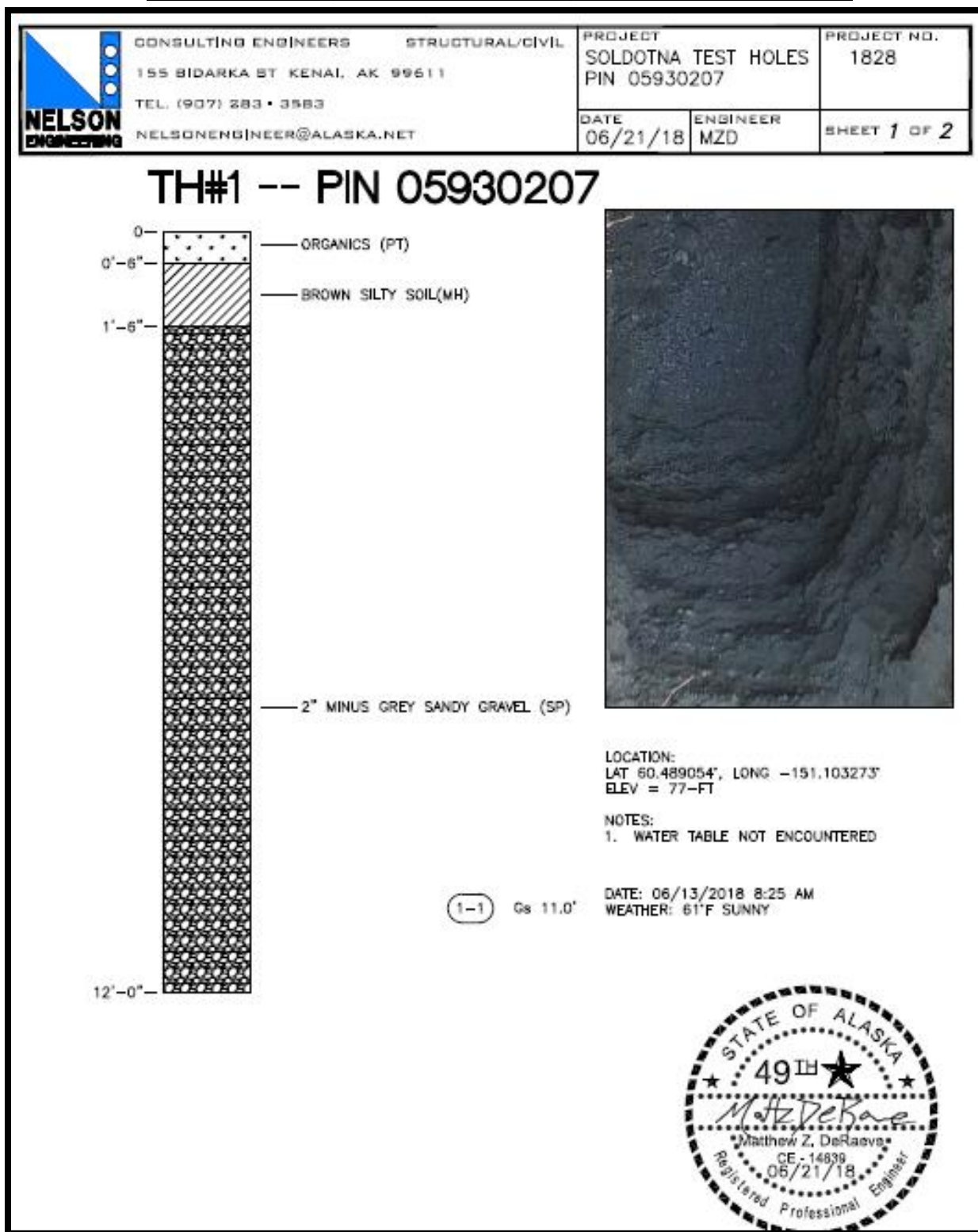
Test Hole Log Map & Soils Log Reports – Parcels B & C



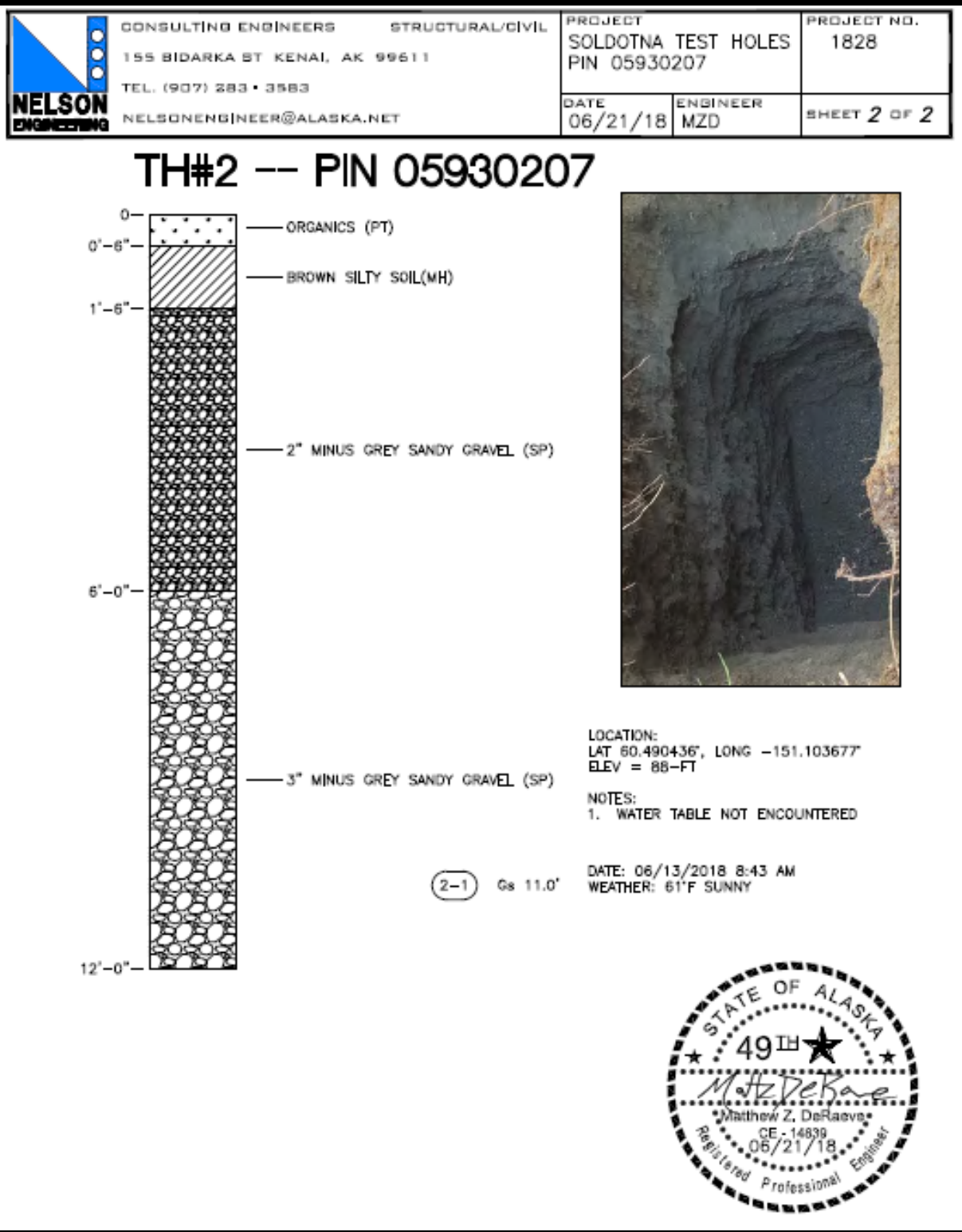
Test Hole Log Map & Soils Log Reports – Parcel D



Test Hole Log Map & Soils Log Reports – Parcel D



Test Hole Log Map & Soils Log Reports – Parcel D



17.10.275 - Institutional District (INS) – City of Soldotna

A. Intent . The intent of the Institutional (INS) District is to provide an area in which government and tax exempt institutions can offer social and cultural amenities to the citizens of the community.

B. Permitted Principal Uses and Structures . The following principal uses and structures are permitted in the INS District:

- 1) Cemeteries;
- 2) Churches and similar religious facilities;
- 3) Community Residences: community residences for the handicapped and emergency shelters;
- 4) Day care centers;
- 5) Museums and art galleries;
- 6) Offices: public service;
- 7) Parks and day-use playgrounds; and
- 8) Schools: elementary, secondary, college, vocational/technical.

C. Conditional Uses and Structures . The following conditional uses and structures may be approved in the INS District, subject to the general standards and procedures found in [Section 17.10.400](#), Conditional Uses, any specific standards listed below, and special conditions imposed by the Commission:

- 1) Airports and related services;
- 2) Assembly and concert halls;
- 3) Clubs, private lodges, fraternal organizations, and other similar civic, charitable or social establishments;
- 4) Community residences: correctional community residential centers;
- 5) Dwellings: single-family;
- 6) Institutions, handicapped;
- 7) Institutions, health care: hospitals and nursing or convalescent homes;
- 8) Offices: medical;
- 9) Recreation facilities, indoor: recreation centers and sports arenas;
- 10) Recreation facilities, Racquet and handball court; and
- 11) Transmission towers, including radio, television, and other communications, provided a setback equal to the height of the tower or structure is maintained on all sides of the structure and no approach or other airspace zones of an airport are penetrated.

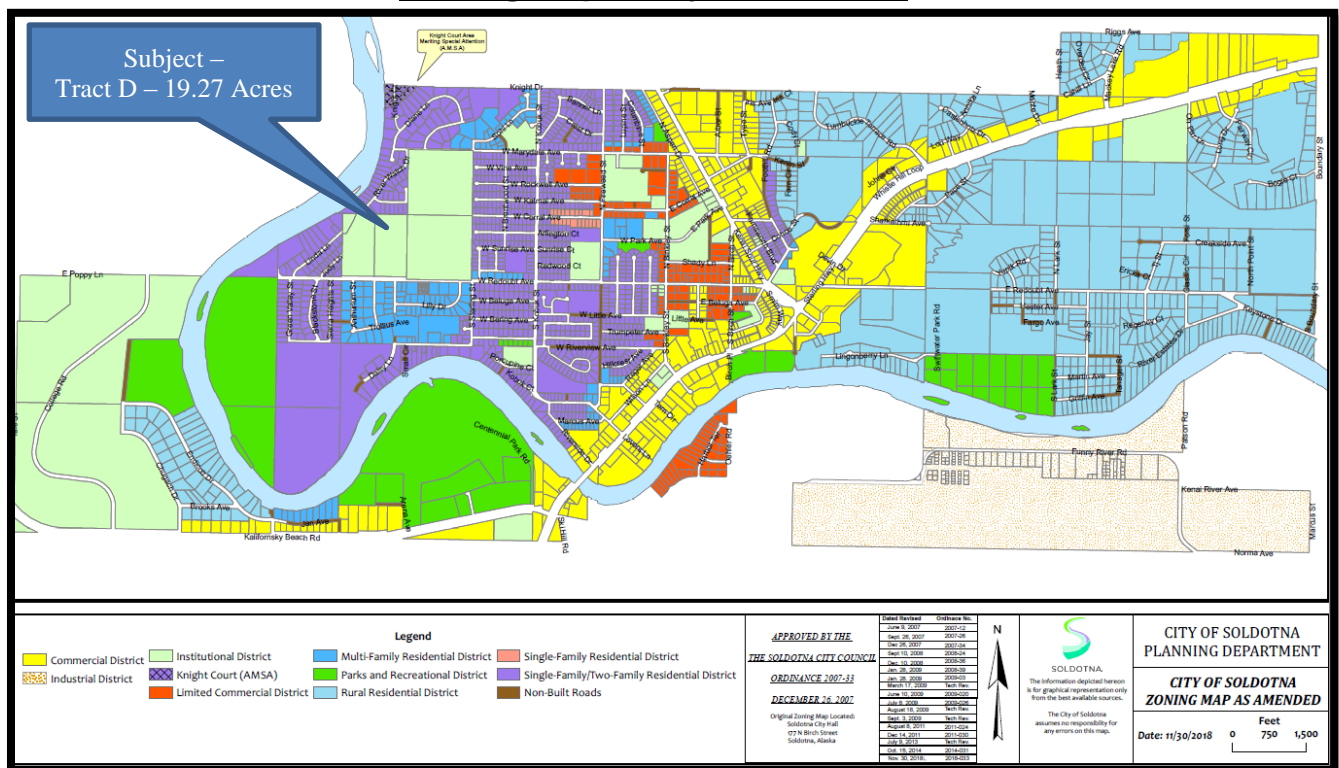
D. Accessory Uses and Structures . Accessory uses and structures are permitted which are clearly incidental to and customarily found in connection with the principal uses and

structures and which comply with the standards found in [Section 17.10.305](#), Accessory Uses and Structures.

E. General Standards. The following general standards shall apply:

- 1) Area and width shall be governed by off-street parking and loading, landscaping, building and fire code requirements;
 - 2) Maximum lot coverage of structures: 30 percent;
 - 3) Maximum building height: 48 feet;
 - 4) Minimum yards: front yard- 20 feet, rear yard- 20 feet, side yard- 15 feet, provided the minimum side yard abutting a collector or arterial road shall be 20 feet;
 - 5) Off-street parking and loading shall be provided as required in [Section 17.10.330](#), Off-Street Parking and Loading; and
 - 6) Landscaping shall be provided as required in [Section 17.10.335](#), Landscaping.
- (Ord. 692 § 1, 1999)

Zoning Map – City of Soldotna



Application for Re-Zoning Amendment – Parcel D – City of Soldotna



SOLDOTNA

Application for ZONING MAP AMENDMENT (Rezoning)

City of Soldotna
Economic Development + Planning
177 N. Birch Street
Soldotna, AK 99669
907-262-9107
www.soldotna.org
planning@soldotna.org

OWNER/PETITIONER		PETITIONER REPRESENTATIVE (IF ANY)	
Name: <u>KENAI PENINSULA BOROUGH</u>		Name: <u>MARCUS MUELLER</u>	
Mailing <u>144 N. BINKLEY ST.</u>		Mailing <u>144 N. BINKLEY ST.</u>	
Address: <u>SOLDOTNA, AK 99669</u>		Address: <u>SOLDOTNA, AK 99669</u>	
Phone Number: <u>907-262-4441</u>		Phone Number: <u>907-714-2204</u>	
Fax:		Fax: <u>907-714-2378</u>	
Email:		Email: <u>MMUELLER@KPB.US</u>	
PROPERTY INFORMATION			
Parcel ID Number: <u>05930207</u>			
Site Street Address: <u>550 W. REDDOUBT AVE., SOLDOTNA AK 99669</u>			
Legal Description: <u>TRACT 3, MEMORIAL PARK SUB.</u>			
<p>Narrative Statement explaining the need and justification for the rezoning and a map showing the area involved. Please feel free to attach additional sheets as needed. Maps can be hand-drawn or generated from Google Maps or the Kenai Peninsula Borough online parcel viewer.</p> <p style="text-align: center;"><i>SEE ATTACHED NARRATIVE</i> <i>SEE ATTACHED PLAT</i></p>			
<p><i>MULTI-FAMILY RESIDENTIAL</i></p>			
Current Zoning: <u>INS</u>	Proposed Zoning: <u> </u>	Number of Lots: <u>1</u>	Total Acreage: <u>19.27</u>
DOCUMENTATION			
<p>Required Attachments:</p> <ul style="list-style-type: none"> - \$250 Fee (Plus applicable sales tax) - Petition signed by majority of the property owners in the area(s) to be rezoned 			
<p>Application Check List:</p> <ul style="list-style-type: none"> - Minimum tract size is 2 acres, unless enlarging an adjacent district boundary; - The application is not substantially similar to an application submitted and not approved within the last 9 months. 			
<p style="text-align: center;">AUTHORITY TO APPLY FOR ZONING MAP AMENDMENT:</p> <p>I hereby certify that all the information contained in the application is true and correct. I certify that I am or I have been authorized to act for (written permission from the property owner required) the owner of the property described above and that I petition for a zoning map amendment in conformance with Title 17 of the Soldotna Municipal Code. I understand that payment of the application fee is nonrefundable and does not ensure approval of application. I also understand that assigned hearing dates are tentative and may have to be modified for administrative reasons.</p>			
<u>12/5/2018</u> Date	<u>Alan [Signature]</u> Land Management Officer KPB 17.10.020 Signature (Representatives must provide written proof of authorization)		
Accepted by:	Fee:	Tentative Hearing Date:	Resolution No.:

Application for Re-Zoning Amendment – Parcel D – City of Soldotna

Narrative:

This parcel of land appears to be surplus to borough needs for schools or other public services of the borough that would be conducted through the current institutional zone. The land appears to be well suited for residential uses including good potential for both single family and multi-family residential uses. The borough is currently considering its own reclassification of this parcel in conjunction with this application to rezone. The borough's reclassification is a public process with hearings by the borough's planning commission and assembly and is for the purpose of determining the borough's management intent for the land. If the land is both reclassified by the borough and rezoned by the city, the land could then be sold by the borough and made available for the new residential uses under the city's Multi-family Residential zoning code. This area would be an expansion of the adjacent Multi-family Residential area along Redoubt Avenue and would be bordered by existing institutional and residential uses. The proposed multi-family residential area around the school may benefit families and help to maintain a healthy student population.

The borough is requesting that the city schedule the zoning action to occur after the borough's reclassification action. The borough's reclassification scheduled is as follows:

KPB Planning Commission Public Hearing: **February 4, 2019**

KPB Assembly Public Hearing and Action: **March 5, 2019**