

Agenda Item 0.3.

Committee Finance

Page Number 93



July 3, 2008

Ryan K. Smith, Chief Executive Officer  
Central Peninsula Hospital  
250 Hospital Pl.  
Soldotna, AK 99669

RE: Lots 9 –16, Block 1, Green Estates Subdivision  
Lot 6-A Mackey Lake Station Subdivision

Dear Mr. Smith:

At your request and authorization we have prepared an appraisal of the above referenced properties, located on West Rockwell Avenue and Mackey Lake Road respectively, reported in a **Summary Appraisal Report**. As a Summary Report, this appraisal contains a summary discussion of the data, reasoning, and analysis made in concluding Market Value. Additional supporting documentation is retained in our work file.

The property currently platted as **Lots 9 – 16, Block 1, Green Estates Subdivision** is valued **as-if** the subdivision plat is vacated, zoning is Limited Commercial, and the *Building and Use Restrictions for Green Estates* are rescinded. Please see the Extraordinary Assumptions and Hypothetical Conditions, Page 4.

**Lot 6-A Mackey Lake Station** is valued recognizing the impact of the electrical distribution easement, which severs a portion of the lot. That easement and the size calculations are described in the Property Description section, Pages 18 & 19.

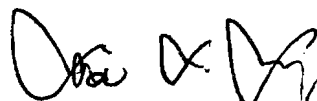
The concluded Market Values are based on value indications developed by the Sales Comparison Approach. The Summary, Pages 3 & 4, presents in abbreviated format pertinent property details and the Market Value conclusions.

This appraisal is prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, and in conformance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Thank you for this assignment and the opportunity to be of service to Central Peninsula Hospital. If you have any questions regarding this report, please feel free to call.

Respectfully submitted,

  
Barbara J. Belluomini

  
David M. Derry, MAI



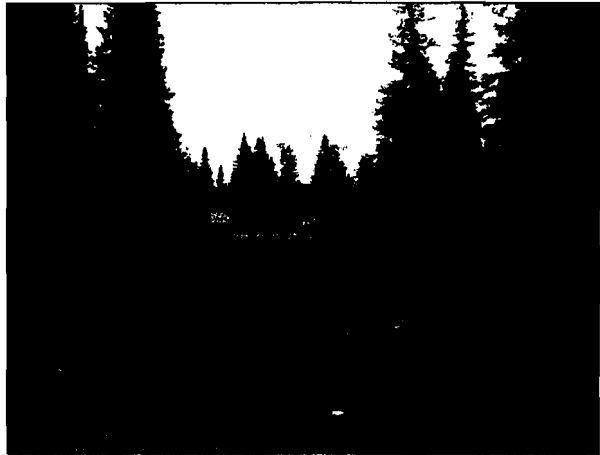
<b>Owner of Record</b>	<b>Parcel A:</b> Robert D. Green & R. Daniel Green <b>Parcel B:</b> Kenai Peninsula Borough
<b>Zoning</b>	<b>Parcel A:</b> <b>Currently</b> Single Family/Two Family Residential; <b>assumed</b> Limited Commercial for purposes of this assignment <b>Parcel B:</b> Unzoned
<b>Highest and Best Use</b>	<b>Parcel A:</b> Develop with a healthcare related use <b>Parcel B:</b> Develop with a residential use
<b>Hypothetical Conditions</b>	<b>Parcel A</b> is valued as-if the <b>existing subdivision plat is vacated</b> and the <b>property is zoned Limited Commercial</b> .
<b>Extraordinary Assumptions</b>	<b>Parcel A:</b> This appraisal is performed under the assumption that the <i>Amendment to the Declaration of Conditions, Covenants, and Restrictions affecting Green Estates Subdivision</i> <b>rescinds</b> the <i>Building and Use Restrictions for Green Estates</i> . <b>Parcel B:</b> The electrical easement location, site area encompassed by the easement, and the site area severed by the easement (west and south) are based on calculations by the Kenai Peninsula Borough Land Management Office. The appraisers reserve the right to modify the value conclusion at their sole discretion if a survey by a registered professional land surveyor identifies a variation in the easement location or sizes used.
<b>Date of Report</b>	July 3, 2008
<b>Effective Date of Appraisal</b>	June 26, 2008
<b>Estimated Market Value</b>	<b>Parcel A:</b> \$380,000 <b>Parcel B:</b> \$24,500  Subject to the Hypothetical Conditions and Extraordinary Assumptions addressed above.

*Summary*

**Property Appraised**

**Parcel A**

NHN West Rockwell Ave. Soldotna, AK  
Lots 9 – 16, Block 1, Green Estates Subdivision  
Plat No. 79-62



**Parcel B**

NHN Mackey Lake Rd. Soldotna, AK  
Lot 6-A Mackey Lake Station Subdivision  
Plat No. 93-27



Both lots are located within the Kenai Recording District, Third Judicial District, State of Alaska.

**Interest Appraised**

Fee Simple Estate as to both parcels

**Land Sale Adjustment Grid**

*Green Estates Subdivision*

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
<b>Legal Description</b>	Lots 9 - 18, Block 1, Green Estates S/D	Lot 49A Aspen Flats S/D, Addition No. 3	Portion of Sec 29, T5N, R10W, Seward Meridian	Lots 39, 40, & 41, Aspen Flats S/D, Addition No. 3	Lot E Aspen Flats S/D, Addition No. 4	Lot 8B Binkley St./ Shady Ln. R-O-W	Lots 81A & 82A, Binkley St./Shady Ln. R-O-W
<b>Sale Price</b>	n/a	\$49,500	\$295,000	\$159,000	\$52,000	\$90,000	\$116,000
<b>Sale Price/square foot (unadjusted)</b>		\$2.99	\$3.28	\$3.42	\$3.73	FSBO \$3.96	CURRENT LISTING \$4.36
<b>Financing Terms (conditions of sale) adjustment</b>	Cash	Cash	Cash	Cash	Cash	10% Down	Cash
<b>Price Adjusted for Terms/Conditions</b>		\$2.99	\$3.28	\$3.42	\$3.73	\$3.96	\$4.36
<b>Market Conditions (date of sale) adjustment</b>	Jun-08	Aug-03	Feb-04	May-05	Aug-06	Jun-08	Jun-08
<b>Time Adjusted Price</b>		\$4.25	\$4.46	\$4.21	\$4.18	\$3.96	\$4.36
<b>Size (Sq. Ft.) adjustment</b>	89,982	16,550	89,881	46,478	13,939	22,755	26,592
<b>Size Adjusted Price/sq. ft.</b>	n/a	\$4.25	\$4.46	\$4.21	\$4.18	\$3.96	\$4.36
<b>Other Characteristics</b>							
<b>Location (primary/secondary)</b>	Secondary/Average	Secondary/Similar	Secondary/Superior	Secondary/Inferior	Secondary/Inferior	Secondary/Inferior	Secondary/Inferior
<b>Hospital Proximity</b>	Avg (700+/- W)	Inferior (1,800' SE)	Superior (60' W)	Inferior (2,400' SE)	Inferior (2,500' SE)	Inferior (3,500' SE)	Inferior (3,500' SE)
<b>Topography</b>	Level/Natural	Level/Natural	Level/Natural	Level/Natural	Level/Cleared	Level/Natural	Level/2nd Growth
<b>Utilities Available</b>	E,T,G,W,S	E,T,G,W,S	E,T,G,W,S	E,T,G,W,S	E,T,G,W,S	E,T,G,W,S	E,T,G,W,S
<b>Zoning and use classification</b>	Ltd. Commercial **	Ltd. Commercial	Ltd. Commercial	Ltd. Commercial	Ltd. Commercial	Ltd. Commercial	Ltd. Commercial
<b>Shape</b>	Square	Rectangular	Square	Irregular Rectangle	Rectangular	Rectangular	Rectangular
<b>Compound Adjustment % (location - above)</b>	0%	0%	0%	0%	0%	0%	0%
<b>Qualitative Adjustments (E/C/S)</b>		= Loc; + Hosp Prox	- Loc & Hosp Proximity	+ Loc & Hosp Prox	+ Loc & Hosp Prox	+ Loc & Hosp Prox	+ Loc & Hosp Prox
<b>Final Adjusted Price/sq. ft.</b>	n/a	\$4.25	\$4.46	\$4.21	\$4.18	\$3.96	\$4.36
<b>Weighting of Final Adjusted Prices</b>		25%	20%	20%	15%	10%	10%
** Assumed for purposes of the appraisal							
<b>Measures of Central Tendency (excluding qualitative adjustments)</b>							
	Average (unweighted)	\$4.24					
	Average (weighted)	\$4.25					
	Median	\$4.23					

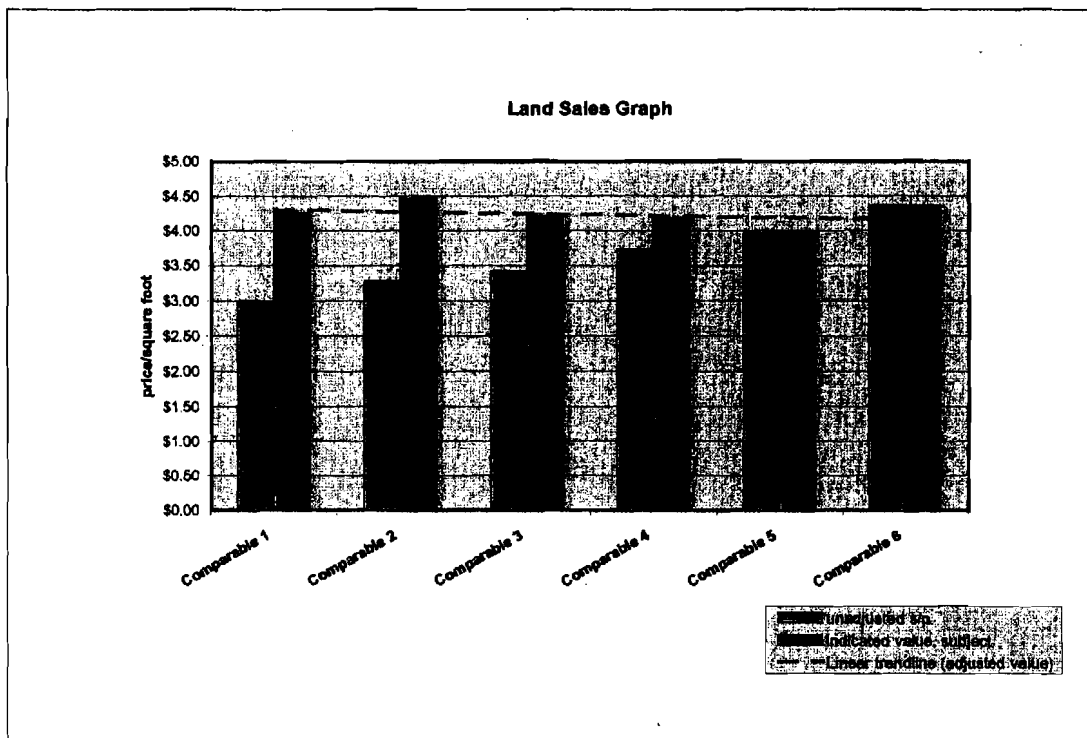


**Conclusion of Value**

Following the Market Conditions adjustment the comparables indicate a close range in value at \$3.96 - \$4.46/sf. Comparable 5, currently advertised for sale by the owner, indicates at the low range of value. Comparable 2, the sale of a corner lot across Fireweed Street from the hospital, indicates at the high range. Comparable 6, a current listing, also indicates toward the high range; typical of a listing (prior to buyer-seller negotiation).

As part of the value conclusion the comparables are weighted, applying a subjective weighting to each comparable, considering how meaningful or representative that comparable is in comparison to the subject. The resulting weighted average and median then reports the results of the relative weighting. In this case Comparables 5 & 6, the properties advertised/listed for sale, are given lower weightings due primarily to their locations outside of the currently established healthcare district. Comparable 5 appears to be advertised slightly below the market but again has an inferior location.

The following graph identifies the unadjusted sale price of the comparables, indicated value (adjusted), and the linear trend line of the adjusted value.



**Land Sale Adjustment Grid**

*Mackey Lake Station Subdivision*

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
<b>Legal Description</b>	Lot 6-A Mackey Lake Station S/D	Lot 2 Arrowhead Estates S/D	Lot 3 Sandy Hills Estates S/D	Lot 2, Block 1, Forsi S/D No. 2	Lots 1 & 27, Block 2, Soldotna Creek Hills S/D	Lot 1A, Block 2, Unfried Acres S/D	Tract 27A1 1978 Addn. Of Leonard Creary S/D
<b>Sale Price</b>	n/a	\$29,900	\$29,000	\$25,000	\$17,000	\$15,000	\$32,500
<b>Sale Price/Acre (unadjusted)</b>		\$10,499	\$9,416	\$8,532	\$9,605	\$11,811	\$10,833
<b>Financing Terms (conditions of sale) adjustment</b>	Cash	Cash	Cash	20% Down	Cash	Cash	Cash
<b>Price Adjusted for Terms/Conditions</b>		\$10,499	\$9,416	\$8,532	\$9,605	\$11,811	\$10,833
<b>Market Conditions (date of sale) (9%yr. Comp. Mo. 1997) adjustment</b>	Jun-08	May-05	Sep-05	Oct-05	May-06	Aug-06	Jul-07
<b>Time Adjusted Price</b>		\$12,808	\$11,205	\$10,068	\$10,757	\$12,874	\$10,833
<b>Size (Acres) adjustment</b>	2.92	2.85	3.08	2.93	1.77	1.27	3.00
<b>Size Adjusted Price/Acre</b>	n/a	\$12,808	\$11,205	\$10,068	\$9,681	\$10,943	\$10,833
<b>Other Characteristics</b>							
<b>Location (Street/Access) adjustment</b>	Mackey Lk Rd./Avg.	Jim Dahler Rd./Similar	Arrowhead Dr./Similar	TJ St./Inferior 10%	Mackey Lk Rd./Similar	Mackey Lk Rd./Similar	Creary Cir./Similar
<b>Subdivision Appeal adjustment</b>		-	=	+	=	=	=
<b>Topography</b>	Grad Slope/Natural	Grad Slope/Natural	Grad Slope/Natural	Level/Natural	Grad Slope/Natural	Level/Natural	Grad Slope/Natural
<b>Utilities Available</b>	E,T,G	Underground	E,T,G	E,T,G	E,T,G	E,T,G	E,T,G
<b>Spring/Leakage concerns</b>	None	None (CC&Rs)	None	Rural Residential	Rural Residential	None	None
<b>Shape/Utility</b>	Triangular/Fair	Rectangular/Superior	Rectangular/Superior	Rectangular/Superior	Rectangular/Superior	Rectangular/Superior	Trapezoid/Superior
<b>Compensation/Adjustment</b>	0%	0%	0%	10%	0%	0%	0%
<b>Final Adjusted Price/Acre</b>	n/a	\$12,808	\$11,205	\$11,075	\$9,681	\$10,943	\$10,833
<b>Final Adjusted Price</b>							
<b>Final Adjusted Price/Acre</b>		10%	15%	15%	10%	25%	25%
<b>Measures of Central Tendency (excluding qualitative adjustments)</b>							
Average (unweighted)	\$11,091						
Average (weighted)	\$11,035						
Median	\$11,009						



**Conclusion of Value**

After adjustment the comparables indicate a diverse range in value at \$9,681 - \$12,808/ac. Comparable 4, the sale of two adjacent lots fronting on Mackey Lake Road just inside the City limits, indicates at the low range of value. Comparable 1, the sale of a lot in a subdivision with underground utilities and CC&Rs, indicates at the high range. The remaining comparables develop a closer range at \$10,833 - \$11,205/ac.

Again, as part of the value conclusion the comparables are weighted, applying a subjective weighting to each comparable, considering how meaningful or representative that comparable is in comparison to the subject. The resulting weighted average and median then reports the results of the relative weighting.

The following graph identifies the unadjusted sale price of the comparables, indicated value (adjusted), and the linear trend line of the adjusted value.

