



MEMORANDUM
Department of Natural Resources

STATE OF ALASKA
Division of Agriculture

TO: Board of Agriculture and Conservation

DATE: February 13, 2015

THROUGH: Franci Havemeister, Director

FROM: Amanda Swanson, Loan Officer

SUBJECT: ARLF Asset Report
February 2015

ARLF Asset Report for February 26th, 2015 BAC Meeting

Palmer Feed Mill Property ARLF Sale #09-01:

The property has been available in an over the counter sale since 2009. There has been some interest in purchasing the property, including a purchase agreement with the City of Palmer in 2012, however that agreement has since fallen through and there have not been any other serious offers. Therefore, the loan officer recommends obtaining one or more Broker's Opinion of Values on the property and then listing the property with a realtor once a minimum price has been established by the board pursuant to 11 AAC 39.710. A recommendation with a board motion is attached to this report.

Alaska Farmer's Coop Delta Junction

An appraisal of the Delta Hanson Rd and Richardson Highway Property was completed by Chris Guinn Appraisals with an effective date of October 25th, 2014. The market values were determined to be \$735,000.00 and \$154,000.00 respectively.

The properties are "special purpose" properties, and therefore the Cost Approach was used to determine the values. The Sales Comparison Approach and Income Approach were considered but due to a lack of sales and market lease information for similar properties, these approaches could not be completed. The Cost Approach takes into consideration the Replacement Cost New Less Depreciation of the improvements and the site value. The appraisals do not take into consideration the current lease on the properties.

Mr. Guinn strongly recommends that the Division of Agriculture hire a qualified engineer to inspect the improvements for any structural, mechanical, electrical, and safety related items due to how old the buildings are, the large amount of electrical and mechanical components, and its substantial electrical needs and potential safety deficiencies. If any deficiencies are revealed as a result of the inspection he reserves the right to update the appraised values as needed. If the Division of Agriculture decides to sell the properties, Mr. Guinn requests to be involved in those conversations.

4614 Tanana Loop Ext. Delta Junction

Two Brokers' Opinion of Values have been completed on the Delta property. The highest Opinion of Value came from Mt. Hayes Realty therefore the property has been listed for sale with them.

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Asset Disposal

Recommendation for Disposal of ARLF Asset Palmer Feed Mill Property

The Palmer Feed Mill Property was publicly noticed for sale in July, 2009. Since that time the property has been available for purchase in an over the counter offering. There was a purchase agreement with the City of Palmer in 2012 but that agreement has since fallen through. Also in 2012 a request for proposals was submitted to local real estate agents for listing the property however no responses were received at that time. In 2014 a request for proposals for an appraisal on the Palmer property were submitted with only one response but that proposal was declined.

Because of the high price of an appraisal, the loan officer recommends obtaining a Broker's Opinion of Value on the Palmer property. Once the Broker's Opinion of Value is received the board can reevaluate the sales price for the property according to 11 AAC 39.710. Then the loan officer recommends listing the property with a realtor. A realtor will have access to a larger market of potential buyers, be able to show the property, and obtain the best price in the least amount of time which would be in the best interests of the State.

ARLF loan officer recommends obtaining a Broker's Opinion of Value on the Palmer Feed Mill Property and then listing the property with a realtor once a minimum price has been established by the board after review.

Approve

Decline

BAC Chair