

MARKET VALUE BASE APPRAISAL

Of

**Two Hypothetical Key Parcels within the Robertson River
Remote Recreational Cabin Staking Area**



-Trail leading to the staking area. Photo courtesy of Marta Muller, DNR DMLW

BASE APPRAISAL REPORT No. 3437

**STATE OF ALASKA
Department of Natural Resources
Division of Mining, Land & Water
550 West Seventh Avenue Suite 650
Anchorage, AK 99501-3576**

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Appraisal Summary

Physical Characteristics	
Parcel Size	5 to 20 acres
Number of Authorizations	25
Gross Project Area	3,734 acres
Net Offering	500 acres
Location	The staking area is located 33 road miles west of Tok, 2 miles west of the Alaska Highway, and immediately south of the Robertson River.
USGS Quad	Tanacross B-6
MTRS	Sections 29-32 of Township 20 North, Range 8 East & Sections 5-6 of Township 19 North, Range 8 East, Copper River Meridian. Note- the south half of the south half of sections 5-6 are excluded.
Topography / Terrain	The area includes a small bluff south of the Robertson River. Terrain is level near the river and slopes increasingly upward towards the south.
Access	Access into the staking area is via trail south of the Robertson River from the Alaska Highway near mile 1344 and mile 1345. Easement ADL 402724 is 60 feet wide (30-feet each side of centerline) and easement ADL 415250 is 25 feet wide (12.5 feet on each side of the centerline). See staking map.
View	Potential views of the Alaska Range and Robertson River
Climate	Typical of Interior Alaska river valleys. This area has a cold continental climate with extreme seasonal temperature variation and low precipitation. Summer temperatures range from 39°F to 64°F. Winter temperatures range from -43°F to 37°F. Average annual precipitation is 8.6 inches with 33 inches of snowfall.
Soils	Glacial deposits range from the banks of the Robertson River south approximately 1.5 miles. Soils then transition to alluvial and colluvial deposits, which are found in higher elevations within the southern portion of the staking area.
Vegetation	Some slopes support stands of birch mixed with white spruce. Low, wet areas include alder thickets. There are large stands of black spruce, particularly on north-facing slopes.
Water source	Small ponds and streams provide water within the staking area. Water quality is unknown.
Owner	State of Alaska – Department of Natural Resources
Improvements	Parcels are assumed to be vacant without improvements.
Personal Property	Personal property is not included within the scope of this valuation.
Adjacent Land Use	The primary adjacent land use is seasonal recreation, and wildlife habitat.

Easements and Reservations	
Title	Lands within the staking area are patented to the State of Alaska, Patent NO. 50-90-0369. The applicable state case file is GS 877.
Area Plan and Classification	Tanana Basin Area Plan, Subregion 6, Upper Tanana: Management Unit 6F, Robertson River, Subunit 6F1b, classified as Settlement.
Fire Management Option	The staking area has a Full Management option. The Alaska Interagency Wildland Fire Management Plan is updated annually. Contact the Division of Forestry for updated information regarding management options. Stakers are urged to familiarize themselves with the FireWise Program to reduce potential for fire.

Game Management Unit	The staking area is in Game Management Unit 12. It is also within the Tok Management Area.
Municipal Authority	The staking area is within the Unorganized Borough. The State of Alaska, Department of Natural Resources is the plating authority.
Allowed uses	Remote Recreational Cabin Sites are for recreational use only. No commercial use or permanent residence is allowed while under lease. Once the parcel is under purchase contract or conveyed into private ownership, these restrictions no longer apply
Section Line Easements	All parcels staked on lands owned by the State of Alaska that contain land within 50 feet of a surveyed or protracted (unsurveyed) section line, or that are bisected by a protracted section line, are subject to a 50-foot wide easement on each side of the section line, which is reserved to the State of Alaska for public highways under AS 10.10.010. Staking is not allowed across surveyed section lines or surveyed township lines.
Public Access and Utility Easements	Parcels are subject to a minimum 25-foot public access and utility easement along interior parcel boundary lines and a minimum 60-foot public access easement along all existing unnamed trails. Stakers may not obstruct or block access within these easements.
Public and Navigable Water Bodies & Easements	Parcels staked along the ordinary high water line of public and navigable water bodies are subject to a 50-foot public access easement. Using motorized vehicles to cross streams may be prohibited by applicable state and federal laws.
Setbacks and other Restrictions	Parcels are subject to a 100-foot building setback from all streams and public or navigable water bodies
Reserved Areas	There are private holdings within the staking area.
Waste Disposal	Wastewater treatment and disposal systems must meet the regulatory requirements of the Alaska Department of Environmental Conservation. Contact ADEC for more information.
Wetlands	Parcels may contain wetlands and may require Army Corps of Engineers permits prior to placement of fill material. Contact ACOE for more information.
Comments	Stakers should be aware of existing parcels within the staking area and be respectful of private property. Check recorder's office for current ownership of private land.

Hypothetical Key Lot 'A' – Robertson River Frontage

Lot Type	Lot Type 'A' has direct frontage on the ordinary high water mark of the Robertson River, or northern boundary of the staking area.
Size	Key Lot 'A' is 5 acres.
Location	Within the Robertson River Recreational Cabin Site staking area. 0-3 miles south of the Robertson River and 2-4 miles west of the highway.
Access	Due to the braided nature of the river and variable water depths, boat access will not be considered as a viable option to access 1 st Tier parcels. Instead access is similar to interior parcels; ATV, snowmachine, or walk in.
Building Site	At least 50% level, wooded, and adequately drained.
Setbacks	100-foot building setback from ordinary high water mark of all rivers, streams, and all other public & navigable water bodies.
Easements	25-foot public access and utility easement along interior parcel boundary lines, 50' section line easements, 50' public access easement along public and navigable water, and a minimum 60-foot public access easement along all existing unnamed trails.
Amenities	Typical view of the surrounding area
Improvements	none
Highest and Best Use	Recreational cabin site
Effective Date of Value	February 1, 2007
Date of Report	February 7, 2007

Conclusion of values for Hypothetical Key Parcel 'A'		
Size (in acres)	Per/acre	Per/site (RND)
5.00 (KEY)	\$1,900	\$9,500
10.00*	\$1,425	\$14,300
15.00*	\$1,235	\$18,500
20.00*	\$1,069	\$21,400

*Note – 10, 15, and 20 acre parcels based solely on size adjustment in addenda

Adjustments For Key Lot 'A'		
Date of Value	Date of Entry	To Be Determined
Location	No distinctions within staking area	1.0
Size (acres)	Adjustments for size variation	See Addenda
Easements	Typical easements are considered in the base value. Other easements or trails across staked parcels to be handled on a case-by-case basis	To Be Determined
Access	Similar to key parcel	1.0
Building Site	Poor	0.8 – 0.9
	Average	1.0
	Good	1.1
Amenities	Robertson River frontage, similar to key parcel	1.0
	View – Similar to key parcel	1.0
	Creek Frontage	1.1
Miscellaneous	Differences in parcels discovered during field inspection	To Be Determined

Adjustment Process: An adjustment of less than 1.00 means the feature of the staked parcel is inferior to the key parcel and requires a downward price adjustment. An adjustment of greater than 1.00 means the feature is superior to the key parcel, requiring an upward adjustment. An adjustment of 1.00 means the property feature is similar to the key parcel, and no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the estimated value of the key parcel to yield a value for the staked parcel.

Hypothetical Key Lot 'B' – Interior Parcel

Lot Type	Lot Type 'B'. 2 nd tier parcel at least 330 feet from the ordinary high water mark of the Robertson River.
Size	Key Lot 'B' is 10 acres.
Location	Within the Robertson River Recreational Cabin Site staking area. 0-3 miles south of the Robertson River and 2-4 miles west of the highway
Access	ATV / snowmachine along ADL 415250 or other legal means, then walk in to parcel.
Building Site	At least 50% level, wooded, and adequately drained.
Setbacks	100-foot building setback from ordinary high water mark of all streams and all other public & navigable water bodies.
Easements	25-foot public access and utility easement along interior parcel boundary lines, 50' section line easements, 50' public access easement along public and navigable water, and a minimum 60-foot public access easement along all existing unnamed trails.
Amenities	Typical view of the surrounding area
Highest and Best Use	Recreational cabin site
Effective Date of Value	February 1, 2007
Date of Report	February 7, 2007

Conclusion of values for Hypothetical Key Lot 'B' – Interior Parcel		
Size (in acres)	Per/acre	Per/site (RND)
5.00*	\$867	\$4,300
10.00 (KEY)	\$650	\$6,500
15.00*	\$563	\$8,400
20.00*	\$485	\$9,700

*Note – 5, 15, and 20 acre parcels based solely on size adjustment in addenda

Adjustments For Key Lot 'B' – Interior Parcels		
Date of Value	Date of Entry	To Be Determined
Location	No distinctions within staking area	1.0
Size (acres)	Adjustments for size variation	See Addenda
Easements	Typical easements are considered in the base value. Other easements or trails across staked parcels to be handled on a case-by-case basis.	To Be Determined
Access	Within ¼ mile of right of way ADL 415250 (aka Forrest Lake Trail)	1.05
Building Site	Poor	0.8 – 0.9
	Average	1.0
	Good	1.1 – 1.2
Amenities	Superior View	1.1 – 1.2
	Creek Frontage	1.1
Miscellaneous	Differences in parcels discovered during field inspection	To Be Determined

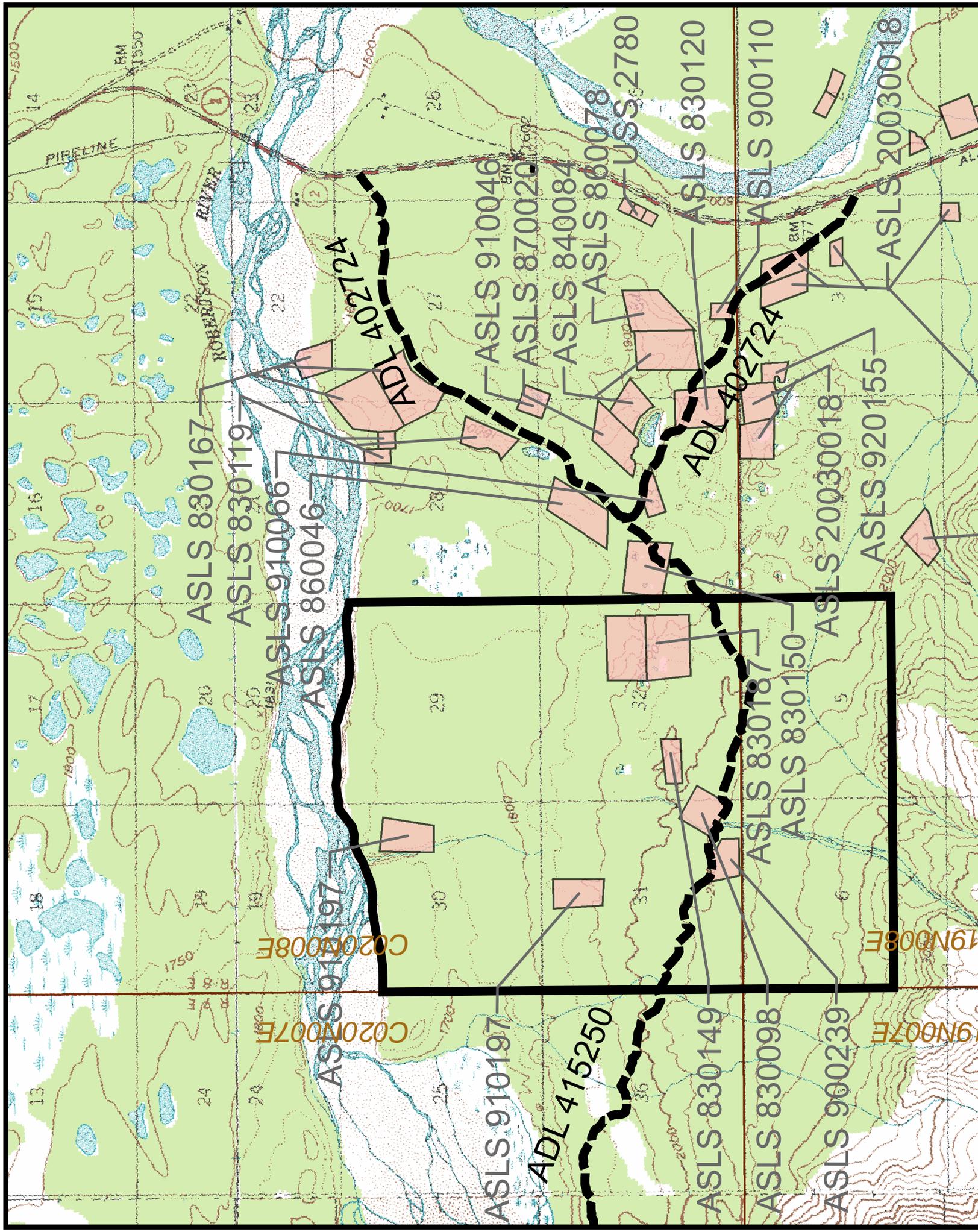
Please note that the Robertson River is characterized by wide gravel bars and small channels. It is possible that Type 'A' parcels along the northern boundary of the staking area might not be staked adjacent to flowing water. Even so, all parcels staked along the Robertson River bed will be valued as waterfront parcels, see valuation section for further details.

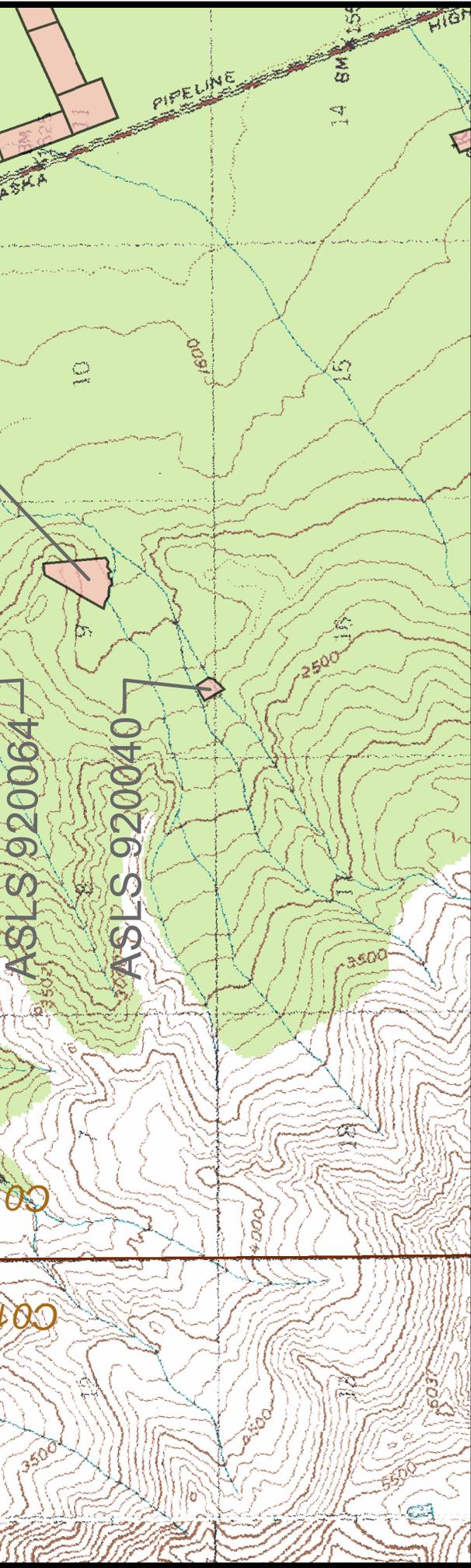
Lot 'B' is an interior 2nd tier parcel. A 2nd tier parcel is defined as a location where a parcel, or multiple parcels, could be staked between the subject and the nearest water-body access. Creek frontage will be addressed as an amenity for both Type 'A' and Type 'B' parcels.



Staking Map: Robertson River

Remote Recreational Cabin Sites Staking Area # XXXX





mm 9/1/2006
Robertson, River.mxd



USGS QUADS 1:63,360 Tanacross B-6 T19N R8E, T20N R8E, Copper River Meridian

This staking map is for graphic representation only. It is intended to be used as a guide only and may not show the exact location of existing surveyed parcels or show all easements and reservations. Source documents remain the official record and should be reviewed prior to staking.

Notes:

Maximum parcel size: 20 acres

Minimum parcel size: 5 acres

Staking authorizations: 25

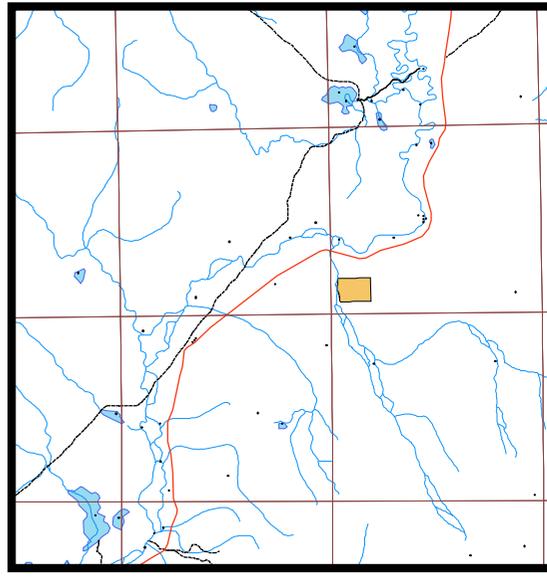
Staking period: XXXXXX to XXXXXX

1. All parcels staked on land owned by the State of Alaska that contain land within 50 feet of a surveyed or protracted (unsurveyed) section line, are subject to a 50-foot wide easement on each side of the section line, which is reserved to the State of Alaska for public highways under AS 19.10.010. Parcels may not be staked over a surveyed section line.
2. Parcels may not be staked across any public or navigable water body. Parcels are subject to a 50-foot public access easement along the ordinary high water mark.
3. Parcels are subject to a 100-foot building setback from the ordinary high water mark of all streams and all other water bodies determined to be public and navigable. Some water bodies may also have staking setbacks or water frontage limitations.
4. A staking setback is required from unauthorized improvements.
5. A staking setback is required from airstrips used by the public.
6. Most surveys (i.e. ASLS, USS) have survey monuments at each corner, which can be used as reference points and common corners when staking. See the survey plats for information on monument corner numbers, bearings, and distances. Monuments found in the field take precedence over the graphic record.
7. There are public access easements along most ASLS boundaries. Check the survey plats for additional information.
8. Trail easements have not been verified and their actual location may differ on the ground. Labeling of a trail easement does not guarantee the existence of a trail.
9. Unauthorized airstrips are not maintained by the Department of Natural Resources.
10. Use of airstrips on state land that are not authorized is at your own risk.
10. See the general staking instructions and area-specific supplemental staking instructions for additional information.

Legend

- Easements and Other Trails
- Easements and Other Trails
- Existing Parcels
- Staking Area

TN 04/23/2006



PREMISE OF THE APPRAISAL

Type of Appraisal and Report

This appraisal is a complete, summary appraisal prepared in accordance with Standards Rule 1 and 2 of the current edition of Uniform Standards of Professional Appraisal Practice (USPAP), and in accordance with Special Appraisal Instructions, DNR Remote Recreational Cabin Site Disposal, see addenda.

Purpose of Appraisal

The purpose of this appraisal is to estimate current market value of the properties described in this report.

Intended Use of Appraisal

The appraisal will be used by DNR to determine the purchase price for parcels to be acquired under the Remote Recreational Cabin Site staking program (AS 38.05.600).

User and Client Identity

This appraisal is prepared for the State of Alaska, Department of Natural Resources and the general public.

Property Rights Appraised

Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under AS 38.05.125(a).

Fee simple estate is defined 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.”¹

AS 38.05.125(a) states:

Reservation. (a) Each contract for the sale, lease or grant of state land...is subject to the following reservations: “[sic] the party of the first part, Alaska, hereby expressly saves, excepts and reserves... unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and with may be in or upon said land...[and the right] to occupy as much of said land as may be necessary or convenient... to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.”²

Definition of Market Value

“The most probable price, as of a specified date, in cash, or 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.”³

Effective Date of Value Estimate

The effective date of value is February 1, 2007.

Exposure Time

Exposure time is defined as “...the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal...”⁴

¹ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.69

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2002, pp. 590-591

³ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.22

⁴ Uniform Standards of Professional Appraisal Practice 2004, Appraisal Foundation, p. 94.

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time.

Parcels similar to the subjects typically require up to three years of marketing time. The subject parcels are considered average to below average when compared with other available properties on the market. Based on exposure time for similar properties, the estimated values are based on an exposure time of up to three years.

Marketing Time

“Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.”⁵

Based on current market conditions for similar properties the estimated value is based on a marketing time of up to three years.

Property History

The State of Alaska, Department of Natural Resources currently owns the area available for staking under Patent NO. 50-90-0369. Please note, there are seven private parcels within the staking area boundary. These parcels are privately owned and outside the scope of this appraisal.

Scope of the Appraisal

Property and Comparable Sales Inspection

I did not inspect the staking area in the field. Physical features, access, and site quality were identified by use of topographic maps, status plats, aerial photographs, satellite imagery, DNR appraisal records, field inspection reports in DNR case files, and interviews with people who are familiar with the area. Photographs of the staking area were provided by Marta Mueller, DNR Northern Region Office.

Research and Analysis conducted

Interviews were conducted with local real estate agents, appraisers, and other individuals familiar with the area who provided information about trends in values, supply and demand. DNR databases and records were searched for recent comparable sales, and other Remote Recreational Cabin Site offerings within the market area were examined. The records office was also searched to identify any recent private sales.

After analysis of all available data, appropriate comparable sales were selected, and the Sales Comparison approach to value was applied to derive a market value estimate for the hypothetical key lots. Individual surveyed lot values will be derived by applying and correlating the “key lot” values and applying the appropriate adjustments. The base appraisal is based on the following assumptions and limiting conditions.

⁵ Ibid, p. 141

Assumptions and Limiting Conditions

The property is appraised as vacant land without structural or site improvements.

The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.

All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader in visualizing the properties.

Information furnished by others and included in the report is believed to be reliable but the appraiser does not warrant the accuracy of such information.

Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.

The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.

The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.

It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for any such conditions, or for arranging engineering studies to discover them.

The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

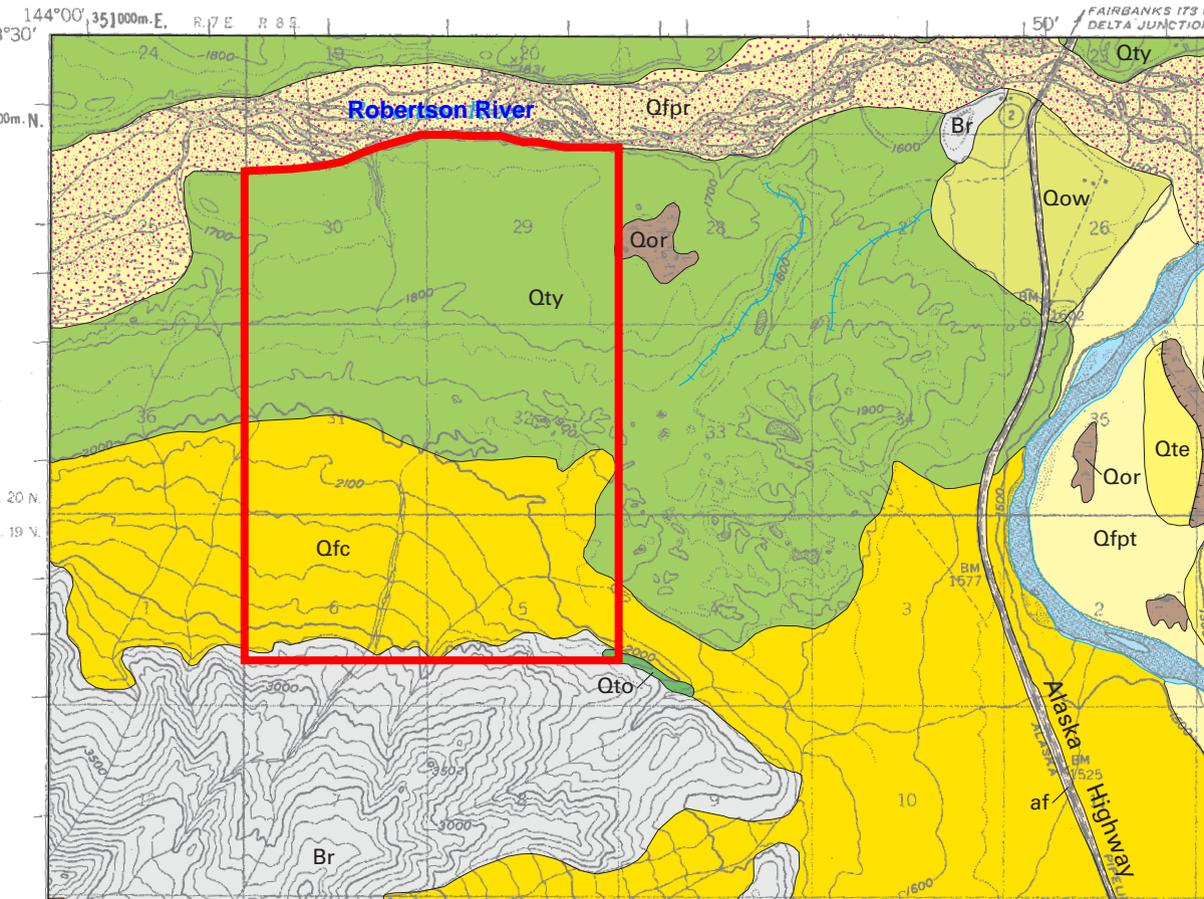
Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include that value of commercial timber, if any.

Due to the lack of an on-site inspection, some physical features are assumed based on conversations with those knowledgeable about the area and interpretation of existing maps and aerial photographs. The appraiser reserves the right to modify the value conclusions if an on-site inspection reveals a variation in site features from those assumed in this report.

Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".

In this valuation, various mathematical calculations were used to formulate the opinion of value. These calculations are only aids for the formulation of the opinion of value by the appraiser, Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.

It is assumed that due to the low water levels and braided nature of the Robertson River, the primary mode of access to 1st Tier Parcels (along the Robertson River) is similar to the mode of access for interior parcels; primarily ATV and snowmachine.



Qty - Glacial Deposits - Younger till of Alaska Range glaciers (late Pleistocene; Donnelly glaciation) - Mainly an unstratified, unsorted, clast-supported, pebbly cobble gravel, with a pale-yellow (5Y 7/3) sandy silt and sand matrix deposited by glaciers heading in valleys in the Alaska Range during Donnelly glaciation. Clasts consist of mainly subangular to subrounded granitic biotite gneiss and schist, and quartzite pebbles and cobbles and occasional boulders. Largest clast is about 1 meter in diameter. Unit locally overlain by 10-20 centimeters of loess consisting of light-yellow-brown (10 YR 6/4) silt and sandy silt. In Robertson River area, unit forms broad, hummocky end moraines, as high as 25 meters, containing pond and bogs. Unit locally includes some colluvium (Qco), talus (Qta), and rock glacier (Qrg) deposits and small areas of bedrock (Br). Thickness probably greater than 30 meters in places.

Qfc - Alluvial and colluvial deposits - Coalescing fan deposits along front of Alaska Range (Holocene and late Pleistocene) - Large coalescing fans deposited mainly by flowing water and debris flows along front of the Alaska Range. Unit consists of mainly unstratified to poorly stratified, poorly sorted to well-sorted, clast-supported, cobbly pebble and pebbly sand and sand matrix. Clasts are mainly biotite gneiss and schist and consist of mainly subrounded to rounded pebbles and cobbles with a minor amount of boulders; the largest are about 1 meter in diameter. In places the unit contains bouldery debris flow levees about 1 meter high and locally overlain by as much as 50 centimeters of massive, light-yellowish-brown (10 YR 6/4) silt, maybe loess. Unit may locally include colluvium (Qco) and sheetwash alluvium. Unit is subject to both floods and debris flows. Exposed thickness about 6 meters; estimated maximum thickness is 30 meters

PRESENTATION OF DATA

Market Area Analyses⁶

Interior Alaska Region

The staking area is located in the upper Tanana Valley along the northern foothills of the Alaska Range between Tok and Delta Junction. The area has a cold continental climate with cold winters and mild summers. In winter, cool air settles in the valleys and ice fog and smoke conditions are common. The average low temperature during December, January and February is -22°F. The average high temperature during June, July and August is around 65°F. Extreme temperatures have been recorded ranging from a low of -75°F to a high of 90°F. The average annual precipitation in the area is 9 inches with an annual snowfall of 33 inches.

The Alaska Highway is the main transportation route through this area, servicing the nearby communities of Dot Lake, Dot Lake Village (14 miles to the north), and Tanacross (25 miles to the southeast). All three of these communities have electricity provided by an extension line from Tok. There is an estimated 209 residents living within these three communities with a few sporadic permanent residents in between. Doyon is the regional native corporation, and the school district is Alaska Gateway Schools.

Robertson River Staking Area

Location – The staking area is located within Sections 29 - 32 of Township 20 North, Range 8 East and Sections 5 & 6 (excluding the south half of the south half) of Township 19 North, Range 8 East, Copper River Meridian. The Robertson River Staking Area lies on the northern slopes of the Alaska Range, west of the Tanana River, and south of the Robertson River. The area is two miles west of the Alaska Highway / Robertson River crossing, which is 33 road miles west of Tok and 74 road miles southeast of Delta Junction.

Topography / Terrain – A bluff runs along the northern boundary of the staking area, dropping down into the Robertson River which is extremely braided with very low water levels. The bluff flanks the Robertson River's wide gravel bars and narrow, swift channels. Along the river, the staking area is roughly 1,700 feet above sea level then slopes upwards toward the south rising nearly 1,000 feet. A small portion near the middle of the staking area is characterized by a series of very small pothole lakes and ponds. Several creeks are identified on the USGS Quadrangle Tanacross B-6, however the quality of these creeks are unknown.

Vegetation – Vegetation consists of mixed black spruce and deciduous trees with a distribution pattern common with increasing elevations. Some slopes support stands of birch mixed with white spruce. Low, wet areas may include alder thickets. There are large stands of black spruce, particularly on north-facing slopes.

Water source – Small ponds and streams of unknown quality provide water within the area.

Soils – Glacial deposits range from the banks of the Robertson River south approximately 1.5 miles. Soils then transition to alluvial and colluvial deposits, which are found in higher elevations within the southern portion of the staking area.⁷

Access – For purposes of this appraisal, boat access is not considered viable. Access into the staking area is via trail south of the Robertson River from the Alaska Highway near mile 1344 and mile 1345. Easement ADL 402724 is 60 feet wide while Easement ADL 415250 is 25 feet wide.

View – Potential view of the Robertson River Valley and the Alaska Range.

⁶ http://www.dced.state.ak.us/dca/commdb/CF_BLOCK.htm accessed 1-25-2007

⁷ All soil data taken from USGS Scientific Investigation Map #2850. Accessed from <http://pubs.usgs.gov/sim/2004/2850/> on 1-16-2007.

Improvements – Parcels are assumed to be vacant without improvements.

Personal Property – Personal property is not included within the scope of this valuation.

Adjacent Land Use – The primary adjacent land use is seasonal recreation and wildlife habitat.

Title / Ownership – Lands within the staking area are patented to the State of Alaska, Patent No. 50-90-0369. The applicable state case file is GS 877. Additionally, there are private holdings within the staking area boundary that are not part of the staking area.

Area Plan and Classification – Tanana Basin Area Plan, Subregion 6, Upper Tanana: Management Unit 6F, Robertson River, Subunit 6F1b, classified as Settlement.

Fire Management Option – The staking area has a Full Management option. The Alaska Interagency Wildland Fire Management Plan is updated annually. Contact the Division of Forestry for updated information regarding management options. Stakers are urged to locate parcels in hardwood stands or near water bodies to reduce the potential risk of fire.

Game Management Unit – The staking area is in Game Management Unit 12. It is also within the Tok Management Area.

Municipal Authority – The staking area is within the Unorganized Borough. The State of Alaska, Department of Natural Resources is the plating authority.

Allowed Uses – Remote Recreational Cabin Sites are for recreational use only. No commercial use or permanent residence is allowed while under lease. Once the parcel is under purchase contract or conveyed into private ownership, these restrictions no longer apply.

Section Line Easements – All parcels staked on lands owned by the State of Alaska that contain land within 50 feet of a surveyed or protracted (unsurveyed) section line, or that are bisected by a protracted section line, are subject to a 50-foot wide easement on each side of the section line, which is reserved to the State of Alaska for public highways under AS 10.10.010. Staking is not allowed across surveyed section lines or surveyed township lines.

Public Access and Utility Easements – Parcels are subject to a minimum 25-foot public access and utility easement along interior parcel boundary lines and a minimum

Public and Navigable Water Bodies – Parcels staked along the ordinary high water line of public and navigable water bodies are subject to a 50-foot public access easement. Using motorized vehicles to cross streams may be prohibited by applicable state and federal laws.

Setbacks and other Restrictions – Parcels are subject to a 100-foot building setback from all streams and public or navigable water bodies.

Reserved Areas – There are private parcels within the staking area.

Waste Disposal – Wastewater treatment and disposal systems must meet the regulatory requirements of the Alaska Department of Environmental Conservation. Contact ADEC for more information.

Wetlands – Parcels may contain wetlands and may require Army Corps of Engineers permits prior to placement of fill material. Contact ACOE for more information.

Staking Authorizations – Up to 25 authorizations will be granted. Parcels may be staked from 5 to 20 acres each. The Gross Project Area is 3,400 acres with a total potential net offering of 500 acres.

DATA ANALYSIS AND CONCLUSION

Highest and Best Use

Analysis of highest and best use for the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as:

“The reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.”⁸

The land to be valued is considered vacant and thus valued with the highest and best potential use for the property. Value for improvements (when present on the site) is then based on their contribution to this use. The appraised parcels are vacant and unimproved.

Legally Permissible

The subject parcels are not subject to any known zoning requirements that would be restrictive to potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Therefore, almost any legal use of the site would be possible.

Physically Possible

Hypothetical key lots range in size from 5 to 10 acres, while future staked parcels may range from 5 to 20 acres. The size and physical characteristics are adequate to support all reasonable and probable uses.

Financially Feasible

Surrounding land use is primarily recreational. Development of the parcel depends on the amount of resources the owner is willing to allocate for recreational or rural residential needs.

Maximally Productive

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease. Access to trapping, fishing, hunting, snowmachining and general recreation are the primary motivations for surrounding recreational users.

Highest and Best Use of Land as Vacant

Based on the foregoing analysis, the highest and best use of the subject parcel as vacant would be for almost any legal use, primarily a private recreational cabin site.

⁸ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.306

Valuation Analysis

Three approaches to value are considered to determine the market value estimate.

Income Approach

The income approach for valuation is used primarily for income producing properties. It utilizes the capitalization process to discount future anticipated net income to a present value. It is not common to lease vacant land for a residential or recreational use. Additionally, data that supports this approach is not available. Therefore the income approach will not be used.

Cost Approach

The cost approach is based on the assumption that an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the subject property. This approach will separate the value of the land from the value of the improvements to determine the cost of reproducing the improvements. The cost approach is most effective for appraising properties that have newer improvements. As such, the cost approach is not appropriate, and will not be used.

Sales Comparison Approach

The sales comparison approach considers actual sales or prices asked for properties that have similar characteristics of the subject properties. Adjustments are made to the comparison properties so as to determine a price at which they would have sold if they had identical characteristics as the subject properties. This derived price then indicates a value for the subject properties. Some of the characteristics considered include general market conditions, sales terms, location, highest and best use and physical features. Of the three approaches to value, only the sales comparison approach is applicable.

Key Parcel Method

In appraising more than one similar parcel, it is an accepted practice to appraise a key parcel that is most representative of the other parcels being appraised. The key parcel may be a hypothetical parcel or an actual parcel. The value of the remaining parcels is then based on a comparison to the key parcel. This appraisal establishes the Key Parcel value for valuing future parcels within the Robertson River Remote Recreation Cabin Site Staking Area.

Explanation of Adjustments

DNR appraisal instructions state that the appraiser may develop and use quantitative or qualitative adjustments. Ideally, the value differences for any price adjustment are measured by comparing prices of paired sales that are very similar except for the feature of comparison to be measured. When market sales do not support quantifiable adjustments for differences and the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgment in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

An adjustment of less than 1.00 means the sale feature is superior to that appraised property and requires a downward adjustment to match the quality of the key parcel's feature, thus indicating the value of the key parcel. An adjustment greater than 1.00 means that the sale feature is inferior to the subject's feature which requires an upward adjustment to match, thus indicating the value of the key parcel. An adjustment of 1.00 means the sale feature is similar to the key parcel, and no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the sale price to indicate the value of a key parcel.

The same adjustments and procedures are applied to the key parcel value to indicate the market value of a parcel being appraised, except the direction of adjustment is reversed when comparing appraised parcels to the key parcel. Superior features require a positive adjustment compared with the appraised parcel; inferior features require a negative adjustment. Detailed information about the comparable sales and adjustments is contained within this report and addenda.

The following is a summary of adjustments and how they were estimated.

Unit of Comparison

Generally, the buyers and sellers in the market place determine the unit of comparison, e.g. price per acre, square foot, site, front foot, etc. The price per acre is the most commonly recognized unit of comparison in the subject market, and thus will be used in this analysis.

Rights Conveyed

Fee simple less mineral rights as per Alaska Statue 38.05.125(a). Retention and exclusion of the mineral estate does not tend to affect property values, because most buyers are interested in the surface estate.

Financing Terms

In accordance with DNR instructions, market value is estimated in terms of seller financing typical for the market. Cash transactions sometimes are afforded a discount from typical financing. Sales used in this analysis do not offer measurable differences in prices as a result of terms. In general a cash transaction would tend to be at the lower end of the price range with listings usually setting the upper limit.

Conditions of Sale

Unless otherwise noted the market transactions used in this appraisal do not reflect any unusual seller-buyer motivations that affected value.

Market Conditions (Time)

Analysis of real estate sales in the subject area indicates that prices of vacant land have been level in recent years. Comparable sales used in this valuation are the most recent transactions available and do not need to be adjusted for time.

Location

The subject parcels and all comparable sales are located in the same market area. No location adjustment is necessary

Size

The price per unit and size of a given unit tend to have an inverse relationship. As the size of a parcel increases the price paid per acre decreases. Comparables that differed from the "key lot" by more than one acre were given size adjustments based on a chart derived from market data by Steve Starrett, staff appraiser. In general, his findings point to a 25% decrease in unit price each time the size of a parcel doubles. A size adjustment chart is included in the addenda to show how the adjustments were derived

Access

Unless noted otherwise, the subject parcels and comparables sales feature similar means of access.

Topography, Drainage & Site Quality

These adjustments describe the physical attributes of the parcel. The topography and drainage of the parcel directly relate to the quality of building site. Any additional attribute will be detailed in the Site Quality category and adjusted as needed.

Utilities

All subject parcels and comparable sales lack utilities.

Amenities

Exceptional features of a given parcel may increase value. Features such as type of water frontage, proximity to creeks and small ponds, and exceptional views are examples of amenities that may warrant an adjustment. Any adjustments will be detailed in the lot type groupings.

Due to the confidentiality of sales information in the state of Alaska, the valuation section of the report is unavailable online. The entire report can be reviewed at the DNR Public Information Center:

In Anchorage

(in the Atwood Building)
550 W. 7th Ave. Suite 1200, Anchorage AK, 99501
Phone (907) 269-8400
Fax (907) 269-8901
TDD for hearing impaired (907) 269-8411
e-mail: dnr.pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

In Fairbanks

(Corner of University & Airport Way)
3700 Airport Way, Fairbanks, AK 99709
Phone (907) 451-2705
Fax (907) 451-2706
TDD for hearing impaired (907) 451-2770
e-mail: fbx-pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

In Juneau

(Southeast Div. of Land)
400 Willoughby Ave., 4th Floor, Juneau AK 99801
Phone (907) 465-3400
Fax (907) 586-2954
e-mail: southeast_land@dnr.state.ak.us
Business hours 10:00 am to 5:00 pm M-F.