

MARKET VALUE APPRAISAL
Of
Eight (8) Parcels within the Cosna River
Remote Recreational Cabin Staking Area



APPRAISAL REPORT No. 3214-1
STATE OF ALASKA
Department of Natural Resources
Division of Mining, Land & Water
550 West Seventh Avenue Suite 650
Anchorage, AK 99501-3576

A. SUMMARY OF APPRAISAL NO. 3214-1

1. ADL NO(S): See table below
2. SIZE: Various, as noted in table
3. APPLICANT: Various, as noted in table
4. LOCATION: Parcels within the Cosna RRCS, approximately 3.5 airmiles form the Tanana confluence
5. LEGAL DESCRIPTION(S): Various lots within ASLS 2006-20, tract as noted in table
6. INTEREST APPRAISED: Fee Simple Title less Mineral Rights
7. PURPOSE OF THE APPRAISAL: Estimate Market Value
8. APPRAISED BY: Johnthomas Williamson
9. DATE of REPORT: December 15, 2008
10. DATE of VALUE(S): April 4, 2006
11. APPRAISED VALUE(S):

ADL	RRCS Area	Applicant	Tract	ASLS	Acres	Value (rd)
417567	Cosna River	Catherine Ledger	A	2006-20	14.41	\$12,700
417570	Cosna River	Lyman Vincent	B	2006-20	5.17	\$5,800
418247	Cosna River	Administrative Parcel	C	2006-20	7.75	\$8,900
417569	Cosna River	David Wintz	D	2006-20	9.87	\$9,900
418248	Cosna River	Administrative Parcel	E	2006-20	9.02	\$9,000
418249	Cosna River	Administrative Parcel	F	2006-20	5.77	\$7,500
417057	Cosna River	John Carlson	G	2006-20	16.87	\$14,000
418250	Cosna River	Administrative Parcel	H	2006-20	5.78	\$7,400

**B. SUMMARY OF REVIEW**

1. DATE of REVIEW: December 18, 2008
2. REVIEWER'S CLIENT: DNR Other: _____
3. INTENDED USERS of the REVIEW: DNR General Public Other: _____
4. INTENDED USE of the REVIEW: Establish purchase price for staked parcels
5. PURPOSE of REVIEW: Evaluate for Technical Compliance with DNR Instructions & USPAP
 Evaluate for Technical Compliance with UASFLA Develop Independent Estimate of Value
 Other: _____
6. SCOPE OF REVIEW: I Inspected the Subject on _____ I Did Not Inspect the Subject
 I Inspected the Comparable Sales on _____ I Did Not Inspect the Comparable Sales
 I Independently Verified the Comparable Sales in the Report Yes No
 Data and Information Considered in Addition to that Contained in the Report: None See Sections C thru F
 Extraordinary Assumptions, Hypothetical Conditions, & Other Limiting Conditions for this review:
 None See Section G Related appraisals reviewed: _____
 Proofread DNR data entry: Yes No
7. RESULTS OF REVIEW: Not Approved Approved Approved Value: As noted in previous table

C. COMPLETENESS OF APPRAISAL MATERIAL WITHIN SCOPE OF WORK APPLICABLE TO THE ASSIGNMENT/CONFORMANCE with APPRAISAL INSTRUCTIONS: Adequate.**D. ADEQUACY and RELEVANCE of APPRAISAL DATA and PROPRIETY OF ADJUSTMENTS: Adequate****E. APPROPRIATENESS OF APPRAISAL METHODS and TECHNIQUES: Adequate.****F. ANALYSES, OPINIONS, and CONCLUSIONS ARE APPROPRIATE and REASONABLE, except:****G. REVIEWER'S ASSUMPTIONS AND LIMITING CONDITIONS**

1. This review is based on data and information contained in the appraisal report as well as any additional data from other sources that is identified in this review.
2. The reviewer assumes that the data and information in the appraisal are factual and accurate.
3. The reviewer reserves the right to consider any additional data or information that may subsequently become available, and to revise an opinion or conclusion, if such data and information warrant a revision.
4. All assumptions and limiting conditions contained in the appraisal report are part of this review unless otherwise stated.
5. A title report has not been provided to the appraiser and the reviewer. Unless specifically noted in the report or this review, it is assumed that the only easements and restrictions that affect the property are those shown on the plat.
6. The value of commercial timber, if any, is specifically excluded from the final conclusion of value.



REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO. 3214-1

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

- The facts and data reported by the reviewer and used in the review process are true and correct.
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this review.
- My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I did did not personally inspect the subject property of the report under review.
- No one provided significant professional assistance to the person signing this review report.

Reviewed by Kevin Hindmarch
Kevin Hindmarch, Review Appraiser

Date 12/18/08

cc: Marta Mueller
Victoria Braun
Chuck Pinckney

MEMORANDUM

State of Alaska

Department of Natural Resources

Tel (907) 269-8539

Fax (907) 269-8914

johnthomas_williamson@dnr.state.ak.us

Division of Mining, Land and Water

550 West 7th Avenue, Suite 650

Anchorage AK 99501-3576

DATE: December 15th, 2008

TO: Kevin Hindmarch
Review Appraiser

FROM: Johnthomas Williamson
Appraiser I

SUBJECT: Appraisal of staked and administrative parcels within the Cosna River Remote Recreational Cabin Site Staking Area.

As requested, I have completed an appraisal of 8 parcels within the Cosna RRCS Staking Area. I understand that this appraisal will be used to determine the purchase price for staked parcels acquired under the Remote Recreational Cabin Site Staking program, and the minimum bid for administrative parcels sold through the Subdivision Auction program. I am submitting this report for your review and approval.

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal Foundation and in accordance with the Special Appraisal Instructions, DNR Remote Recreational Cabin Site Disposal. This is a summary report based on Appraisal No. 3214, as well as the facts, analyses, and reasoning leading to the opinions of value contained within this report.

I have conducted on-site inspections of all the subjects, save Tract G which required an aerial inspection. Physical descriptions of the subjects are based on site inspections, aerial photography, topographic maps, previously completed appraisal reports, and interviews with various individuals familiar with the area. Based on my observations and analyses of all available data, I have formed an opinion of the market values as of the effective date of value.

Appraisal 3214-1
Cosna River Remote Recreational Cabin Staking Area

Purpose of the Appraisal

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

Client and Intended Users

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

Intended Use of Appraisal

The appraisal will be used by DNR to determine the sale prices for parcels acquired through the Remote Recreational Cabin Site program under **AS 38.05.600**, and to establish the minimum bid for parcels sold through the Subdivision Auction program under **AS 38.05.035**.

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 as¹:

“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.”

AS 38.05.125(a) states²:

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.”

Definition of Market Value³

“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.”

Physical and Economic Property Characteristics

Referenced original appraisal and incorporated herein; Appraisal Report No. 3214 Cosna River Base Report.

Extraordinary Assumption

DNR appraisers assume the following:

- Section line easements exist along protracted section lines.
- The data used to locate protracted and surveyed section lines is reliable, and each section line exists as shown on drawings available to the appraiser.

It is possible that after a survey has been completed, the actual easement area could have a different impact (positive or negative) than originally thought. The appraiser reserves the right to amend the appraisal should a clear and concise clarification of legal issues be rendered by the Department of Law or if the location of the easement differs from the location as depicted in the appraisal.

¹ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.111

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2006, pp. 610

³ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.23

The values developed in this report are based on a previous appraisal approved by the department on April 11th, 2005; see Appraisal Report #3214. The facts and conclusions established in Report #3214 have not been replicated by the appraiser and will be relied upon to be true and correct. This reliance constitutes an extraordinary assumption. The final results are deemed credible given the fact that the original appraisal was reviewed and approved by the department.

Legal Descriptions

All parcels are located within Alaska State Land Survey 2006-20, within Township 1 South, Range 19 West, and Township 1 South, Range 20 West, Fairbanks Meridian.

ADL	Tract	ASLS	MTR	Section	Acres
417567	A	2006-20	F001S019W	19	14.41
417570	B	2006-20	F001S019W	19	5.17
418247	C	2006-20	F001S019W	19	7.75
417569	D	2006-20	F001S020W	24	9.87
418248	E	2006-20	F001S020W	25	9.02
418249	F	2006-20	F001S020W	25	5.77
417057	G	2006-20	F001S019W	11	16.87
418250	H	2006-20	F001S020W	25	5.78

Effective Date of Appraisal

The effective date of value is April 4th 2006.

Date of Report

December 15th, 2008

Property Use as of Effective Date of Appraisal

Vacant

Highest and Best Use

Recreational

Sales History

The subject parcels are owned by the State of Alaska and have not sold within the past 3 years.

Scope of Work

Values for this assignment are based on value conclusions from Appraisal No. 3214, which establishes hypothetical key parcels for the Cosna River Remote Recreational Cabin Staking Area. The subject parcels valued in this report are compared to the hypothetical parcels and adjusted based on the adjustments outlined in Appraisal No. 3214. This report can not be fully understood without the original appraisal and is made a part of this appraisal by reference. The depth of discussion in this report is sufficient to meet specific needs of the client and stated intended use. Special instructions for the Remote Recreational Cabin Site program are attached. The subject parcels were inspected on July 22, 2008, by either on-site or aerial survey.

Note on amenity adjustment

The serpentine nature of the Cosna River created numerous pothole and oxbow shaped ponds. Tracts E, F & G contain ponds within their surveyed boundaries. Specifically, the ponds are not meandered but are rather contained within the overall acreage, reducing the overall utility of the parcel. In effect, the contributory value of pond frontage is offset by the negative impact to the overall buildable area. Therefore an amenity adjustment for the ponds on tracts E, F & H is not warranted.

Value Summary

ADL	RRCS Area	Applicant	Tract	ASLS	Acres	Value (rd)
417567	Cosna River	Catherine Ledger	A	2006-20	14.41	\$12,700
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417057	Cosna River	John Carlson	G	2006-20	16.87	\$14,000
418250	Cosna River	Administrative Parcel	H	2006-20	5.78	\$7,400

CERTIFICATION OF VALUE

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

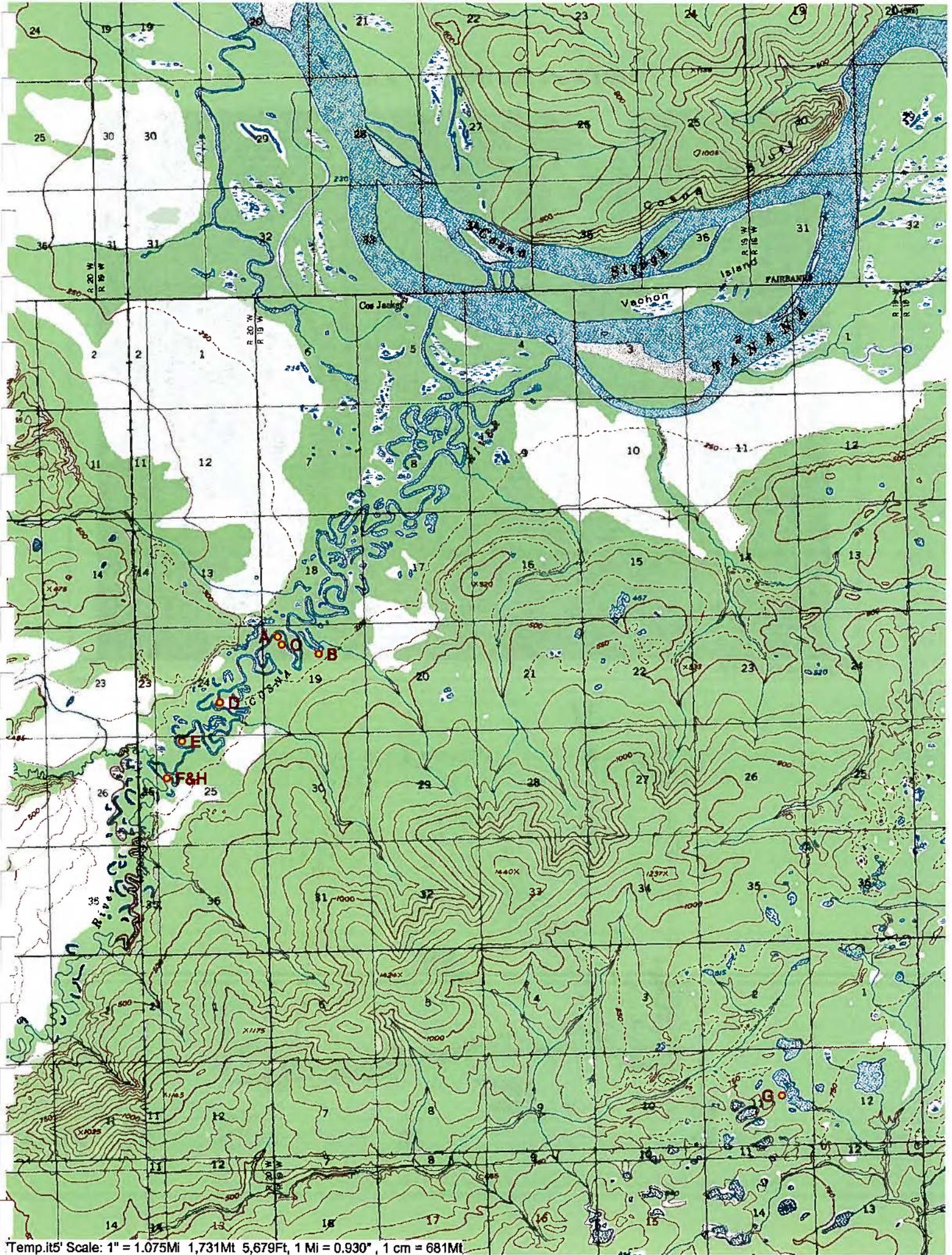
- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting of a predetermined result.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favor 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.
- my analyses, opinions, and conclusions were developed and presented in this report in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
- I have made a personal inspection (aerial only for Tract G) of the properties that are the subjects of this report
- Michael Ward provided significant real property appraisal assistance to the person signing this certification. The original base appraisal was performed by the above named appraiser. See extraordinary assumptions and the scope of work for further details.
- my opinion of market value of the fee simple title less mineral rights for the land only developed to its highest potential, described in the subsequent report is shown on the previous page.

Johnthomas Williamson, Dept. of Natural Resources

Date

Attachments

Parcel Descriptions
Special Instructions
Appraisal No. 3214-0

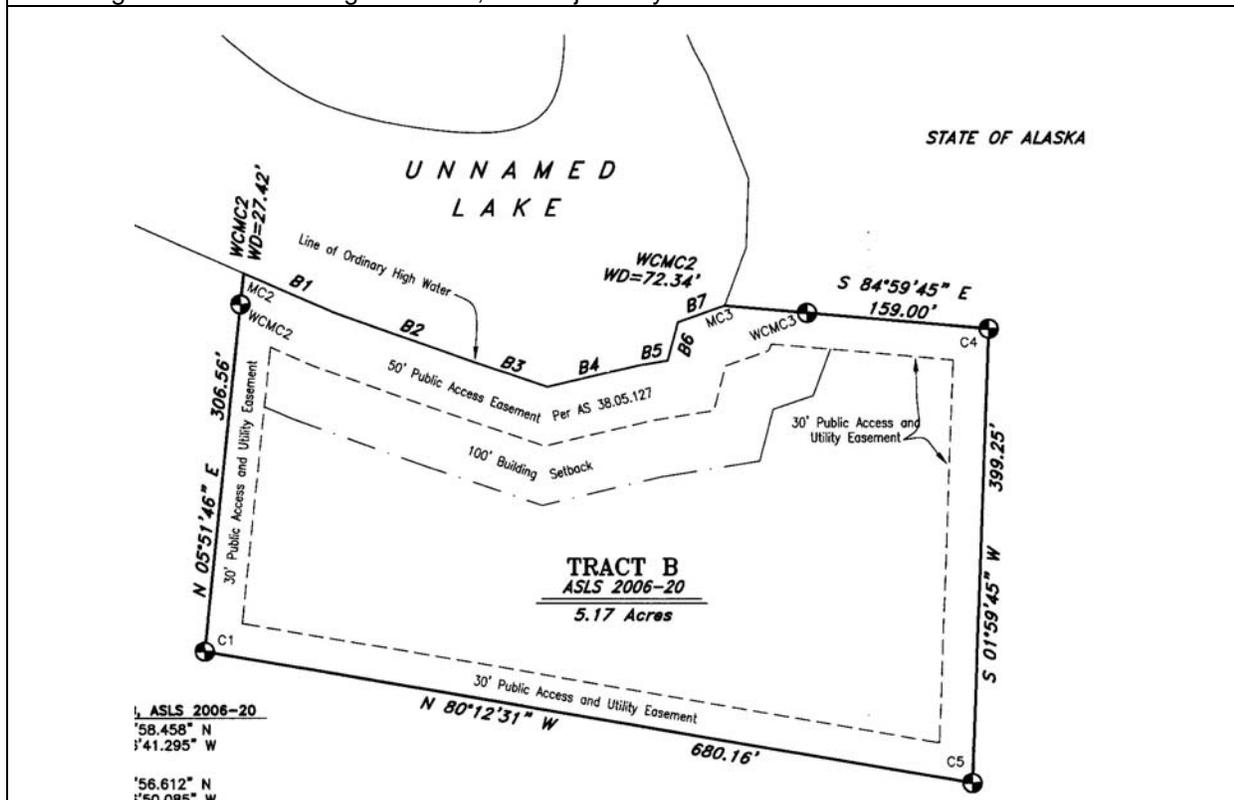


'Temp.it5' Scale: 1" = 1.075Mi 1.731Mt 5,679Ft, 1 Mi = 0.930° , 1 cm = 681Mt

Tract B of ASLS 2006-20 – ADL 417570



Standing on corner 1 looking northeast, lake is just beyond the stand of birch



DESCRIPTION and VALUATION of Tract B of ASLS 2006-20 – ADL 417570



Standing on meander B3

ADL	417570	Applicant: Lyman Vincent	
Inspected	7/22/2008	By JPW	
Legal Description	Tract B of ASLS 2006-20 F001S019W Within Section 19		
Location	Approximately 0.2 miles east of the Cosna River, 3.5 miles southwest of the Tanana.		
Comparisons	KEY PARCEL A	Tract B	Adjustment
Date of Value	4/4/2006	4/4/2006	1.00
Location	Cosna RRCS Staking Area	Similar	1.00
Size, acres	10.00 Acres	5.17 Acres	1.33
Access	Boat, walk in, snow machine, fly-in, or ATV	300 foot portage from Cosna to northern end of lake.	0.85
Building site	At least 50% level, wooded and well drained.	Poorly drained	0.90
Easements	Typical section line and pedestrian around lot.	Similar	1.00
Amenities	Typical view of surrounding area, no creek or pond.	Oxbow lake frontage	1.10
Key Value	\$10,000	Total Adjustment	1.12
Key per acre	\$1,000	Key \$\$/Acre	\$1,000
		Indicated \$\$/Acre	\$1,120/ac
		Size - Acres	5.17
		INDICATED VALUE	\$5,800 Rd.

Remarks: The parcel fronts a large oxbow lake. This lake is too small for fly-in access, but larger than the typical ponds within the staking area. It is possible to portage a small boat from the Cosna to the northern end of the lake, therefore a downward access adjustment from a true riverfront parcel is

warranted. However the parcel meanders along an oxbow lake, therefore an upward adjustment is appropriate. As indicated in the first picture, the majority of the parcel is dominated by poor soils, therefore a downward building site adjustment is warranted.

Additionally, this parcel was affected by the 2007 Mooseheart fire. Which occurred after the valuation date, but before the inspection date.



Damage to Tract B from 2007 fire.

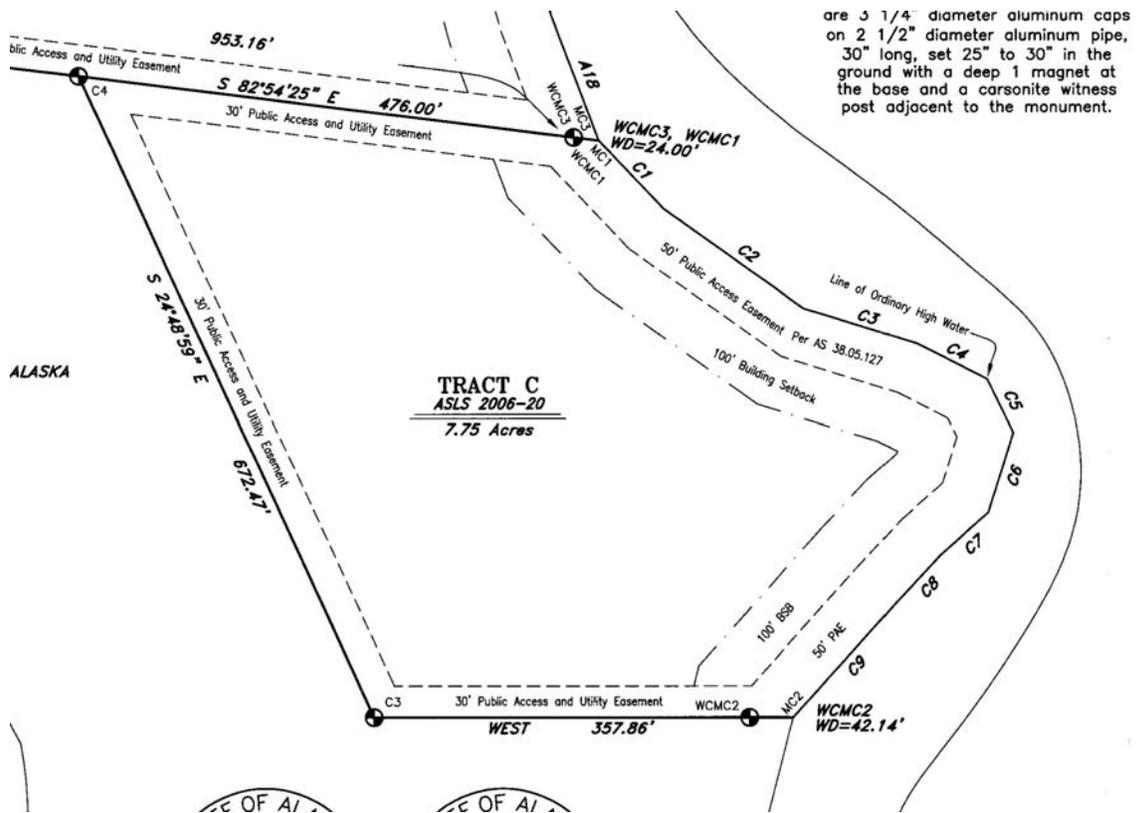


Tract B recovering from fire, photo taken July 2008

Tract C of ASLS 2006-20 – ADL 418247



Corner 4 of tract C



DESCRIPTION and VALUATION of Tract C of ASLS 2006-20 – ADL 418247



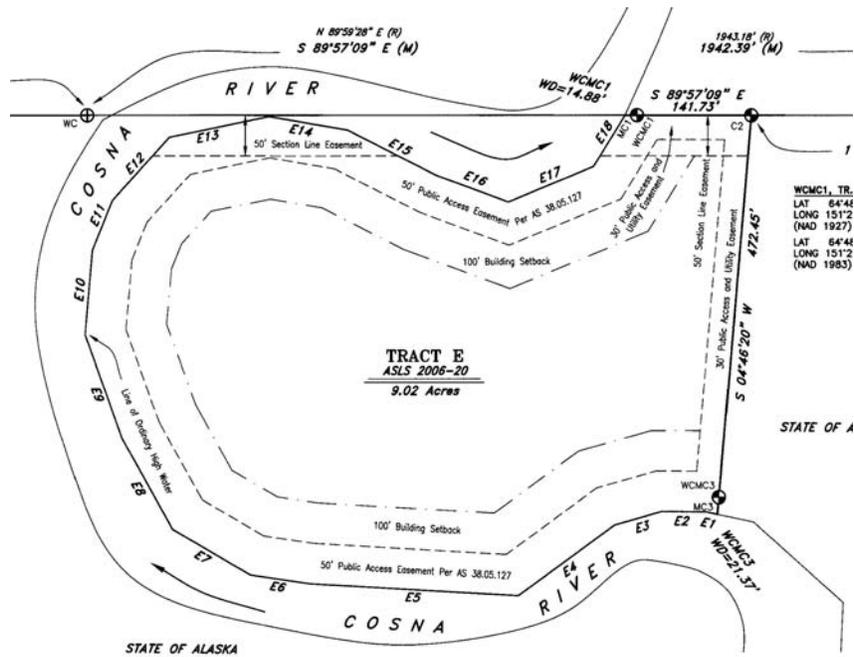
Bank of Tract C on left side of photo

ADL	418247	Applicant: Administrative Parcel	
Inspected	7/22/2008	By JPW	
Legal Description	Tract C of ASLS 2006-20 F001S019W Within Section 19		
Location	On the right bank of the Cosna River, approximately 3.5 airmiles upstream from the Tanana confluence		
Comparisons	KEY PARCEL A	Tract C	Adjustment
Date of Value	4/4/2006	4/4/2006	1.00
Location	Cosna RRCS Staking Area	Similar	1.00
Size, acres	10.00 Acres	7.75 Acres	1.15
Access	Boat, walk in, snow machine, fly-in, or ATV	Boat access via Cosna River or snow machine	1.00
Building site	At least 50% level, wooded and well drained.	Similar	1.00
Easements	Typical section line and pedestrian around lot.	Similar	1.00
Amenities	Typical view of surrounding area, no creek or pond.	Similar	1.00
Key Value	\$10,000	Total Adjustment	1.15
Key per acre	\$1,000	Key \$\$/Acre	\$1,000
		Indicated \$\$/Acre	\$1,150/acre
		Size - Acres	7.75
		INDICATED VALUE	\$8,900 Rd.

Tract E of ASLS 2006-20 – ADL 418248



Interior of Tract E



DESCRIPTION and VALUATION of Tract E of ASLS 2006-20 – ADL 418248



Standing on corner 3 of tract E

ADL	418248	Applicant: Administrative Parcel	
Inspected	7/22/2008	By JPW	
Legal Description	Tract E of ASLS 2006-20 F001S020W Within Section 25		
Location	On the right bank of the Cosna River, approximately 5 airmiles upstream from the Tanana confluence		
Comparisons	KEY PARCEL A	Tract E	Adjustment
Date of Value	4/4/2006	4/4/2006	1.00
Location	Cosna RRCS Staking Area	Similar	1.00
Size, acres	10.00 Acres	9.02 Acres	1.00
Access	Boat, walk in, snow machine, fly-in, or ATV	Boat access via Cosna River or snowmachine	1.00
Building site	At least 50% level, wooded and well drained.	Similar	1.00
Easements	Typical section line and pedestrian around lot.	Similar	1.00
Amenities	Typical view of surrounding area, no creek or pond.	Similar, see page 2 concerning pond	1.00
Key Value	\$10,000	Total Adjustment	1.00
Key per acre	\$1,000	Key \$\$/Acre	\$1,000
		Indicated \$\$/Acre	\$1,000/acre
		Size - Acres	9.02
		INDICATED VALUE	\$9,000 Rd.

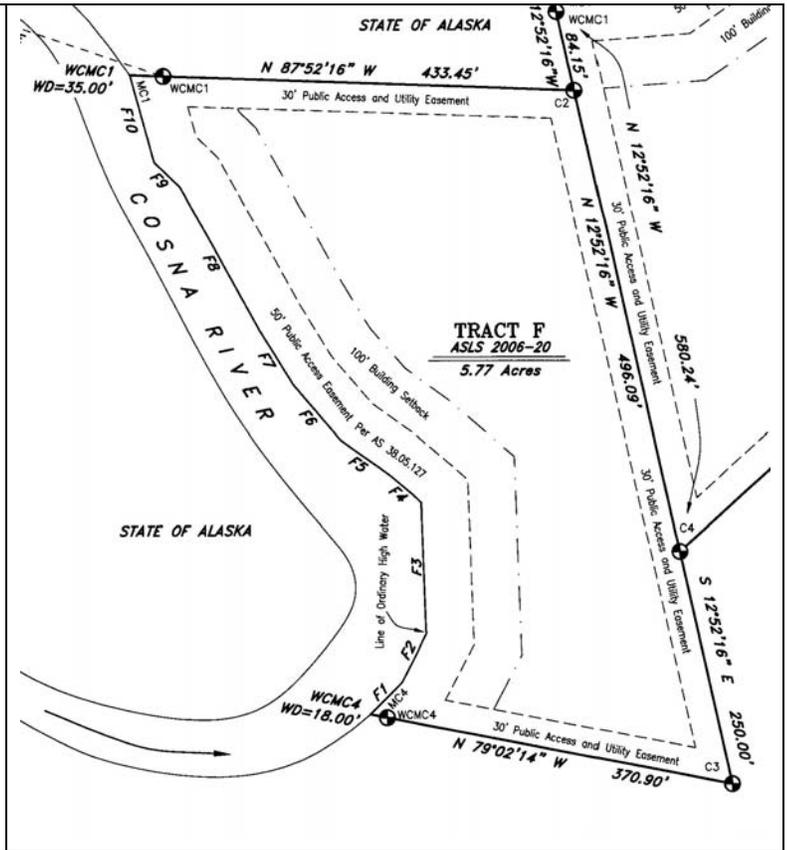
Tract F of ASLS 2006-20 – ADL 418249



Interior Tract F



Corner 4 of tract F



DESCRIPTION and VALUATION of Tract F of ASLS 2006-20 – ADL 418249



Pond on Tracts F & H, Tract F on left side of photo (Corner 4 of H)

ADL	418249	Applicant: Administrative Parcel	
Inspected	7/22/2008	By JPW	
Legal Description	Tract F of ASLS 2006-20 F001S020W Within Section 25		
Location	On the right bank of the Cosna River, approximately 5.5 airmiles upstream from the Tanana confluence		
Comparisons	KEY PARCEL A	Tract F	Adjustment
Date of Value	4/4/2006	4/4/2006	1.00
Location	Cosna RRCS Staking Area	Similar	1.00
Size, acres	10.00 Acres	5.77 Acres	1.30
Access	Boat, walk in, snow machine, fly-in, or ATV	Boat access via Cosna River or snowmachine	1.00
Building site	At least 50% level, wooded and well drained.	Similar	1.00
Easements	Typical section line and pedestrian around lot.	Similar	1.00
Amenities	Typical view of surrounding area, no creek or pond.	Similar, see page 2 concerning pond	1.00
Key Value	\$10,000	Total Adjustment	1.30
Key per acre	\$1,000	Key \$\$/Acre	\$1,000
		Indicated \$\$/Acre	\$1,300/acre
		Size - Acres	5.77
		INDICATED VALUE	\$7,500 Rd.

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.