

# **MARKET VALUE APPRAISAL**

Thirty nine (39) Parcels  
Kentucky Creek, Skolai and Murphy Subdivisions  
Fairbanks, Alaska



**YEAR 2005**

**BASE APPRAISAL REPORT No. 3394**

## **STATE of ALASKA**

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

**MEMORANDUM****State of Alaska****Department of Natural Resources**

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Michael Ward@dnr.state.ak.us**Division of Mining, Land and Water**550 West 7<sup>th</sup> Avenue, Suite 650

Anchorage AK 99501-3576

DATE: November 15, 2005

TO: Sandy Singer  
Section Chief

FROM: Michael R. Ward, Appraiser II

SUBJECT: Appraisal of Kentucky Creek II Subdivision (34 parcels) Mile 131 Elliott Highway,  
Skolai Subdivision (4 parcels), North Pole, Alaska and  
Murphy B2, L7 Fairbanks, Alaska.

As requested, I have completed an appraisal of the above referenced real estate. I understand that this appraisal will be used to estimate the market value to establish a minimum price for a sealed bid auction. 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 General Appraisal Instructions, DNR. This is a complete, summary report based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses and reasoning leading to the opinions of value.

I have inspected the subject area and the comparable sales used in this report. Physical descriptions of the subject areas are based on physical inspections, soil maps, aerial photography and topographic maps. Based on observations and analyses of all available data, I have formed an opinion of the market value as of the effective date of value.

### CERTIFICATION OF VALUE

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

- 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, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest 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 results.
- My compensation for completing 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Professional Appraisal Practice*.
- I have not made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person signing this report.
- I have the knowledge and experience to competently complete this assignment.
- My opinion of the 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 :

ADL	SURVEY	SIZE	SUBDIVISION	TRACT	DATE OF VALUE	VALUE
417528	Plat 83-2, Tr. I	80.00	KENTUCKY CREEK I S/D	1	8/18/2005	\$29,100
417529	ASLS 2004-15	19.98	KENTUCKY CREEK II S/D	1	8/18/2005	\$10,000
417530	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	2	8/18/2005	\$11,700
417531	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	3	8/18/2005	\$13,000
417532	ASLS 2004-15	8.28	KENTUCKY CREEK II S/D	4	8/18/2005	\$7,600
417533	ASLS 2004-15	6.45	KENTUCKY CREEK II S/D	5	8/18/2005	\$9,000
417534	ASLS 2004-15	16.72	KENTUCKY CREEK II S/D	6	8/18/2005	\$13,500
417535	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	7	8/18/2005	\$13,000
417536	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	8	8/18/2005	\$11,700
417537	ASLS 2004-15	19.98	KENTUCKY CREEK II S/D	9	8/18/2005	\$11,000
417538	ASLS 2004-15	19.98	KENTUCKY CREEK II S/D	10	8/18/2005	\$11,000
417539	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	11	8/18/2005	\$11,700
417540	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	12	8/18/2005	\$13,000
417541	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	13	8/18/2005	\$14,300
417542	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	14	8/18/2005	\$13,000
417543	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	15	8/18/2005	\$11,700
417544	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	16	8/18/2005	\$11,700
417545	ASLS 2004-15	19.98	KENTUCKY CREEK II S/D	17	8/18/2005	\$11,000
417546	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	18	8/18/2005	\$11,000
417547	ASLS 2004-15	19.98	KENTUCKY CREEK II S/D	19	8/18/2005	\$11,000
417548	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	20	8/18/2005	\$11,700
417549	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	21	8/18/2005	\$11,700
417550	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	22	8/18/2005	\$11,700
417551	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	23	8/18/2005	\$11,700
417552	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	24	8/18/2005	\$11,000
417553	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	25	8/18/2005	\$10,400
417554	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	26	8/18/2005	\$10,400
417555	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	27	8/18/2005	\$11,000
417556	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	28	8/18/2005	\$11,000
417557	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	29	8/18/2005	\$11,000
417558	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	30	8/18/2005	\$11,000
417559	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	31	8/18/2005	\$11,000
417560	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	32	8/18/2005	\$10,400
417561	ASLS 2004-15	19.99	KENTUCKY CREEK II S/D	33	8/18/2005	\$10,400
57685	ASLS 2004-10	4.618	SKOLAI S/D	2	8/15/2005	\$34,600
417200	ASLS 2004-10	4.618	SKOLAI S/D	3	8/15/2005	\$34,600
57942	ASLS 2004-10	4.622	SKOLAI S/D	4	8/15/2005	\$34,700
417201	ASLS 2004-10	4.623	SKOLAI S/D	5	8/15/2005	\$34,700
410369	ASLS 82-159	7.080	MURPHY S/D	B2, L7	9/21/2005	\$28,700

  
Appraiser

12/15/2005  
Date

**APPRAISAL SUMMARY**

<b>Property Type</b>	Thirty nine (39) parcels	
<b>Property Size</b>	4.60 to 80.00 acres	
<b>Location</b>	Kentucky Creek Milepost 131 Elliott Highway  Skolai S/D, North Pole, Fairbanks North Star Borough  Murphy S/D, Fairbanks North Star Borough	
<b>Interest Appraised</b>	Unencumbered Fee Simple Estate less mineral rights	
<b>Legal Description</b>	ASLS 2004-15, Kentucky Creek II S/D, F003N013W8, Tr. 1-33  ASCS T3NR13W5 Plat 83-2, Tract "I"  ASLS 2004-10, Skolai S/D, F001S002W33, Lots 2-5  ASLS 82-159, Murphy S/D, F001N003W08, B2, L7	
<b>Owner of Record</b>	State of Alaska	
<b>Zoning</b>	Kentucky Creek	None
	Skolai	GU-1 General Uses
	Murphy	GU-1 General Uses
<b>Effective Date of Appraisal</b>	August 18, 2005 Kentucky Creek S/D August 15, 2005 Skolai S/D September 21, 2005 Murphy S/D	
<b>Date of Report</b>	November 15, 2005	
<b>Exposure &amp; Marketing Time</b>	1-2 years	
<b>Estimated Market Value</b>	See individual parcel analysis	

## PREMISES OF THE APPRAISAL

### TYPE OF APPRAISAL AND REPORT

This is a complete, summary appraisal prepared in accordance with Standard Rules 1 and 2 of the Uniform Standards of Professional Appraisal Practice, Appraisal Foundation, and in accordance with General Appraisal Instructions - DNR, a copy of which is included in the Addenda.

### PURPOSE OF THE APPRAISAL

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

### INTENDED USE OF THE APPRAISAL

This appraisal will be used to determine the minimum price for the parcels to be made available in a sealed bid auction.

### CLIENT AND USER IDENTITY

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

### PROPERTY RIGHTS APPRAISED

The rights appraised are the fee simple estate less the mineral rights reserved to the State of Alaska under AS 38.05.125(a). Fee simple estate is defined<sup>1</sup> 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."

AS 38.05.125(a) states<sup>2</sup>:

*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 which 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 VALUE<sup>3</sup>

*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.*

In accordance with instructions from the State of Alaska, market value for the appraised property is estimated in terms of seller financing typical for the property type as of the date of appraisal.

### EFFECTIVE DATE OF VALUE ESTIMATE

Skolai S/D was inspected on August 15, 2005. The effective date of the value estimate is August 15, 2005. The appraiser inspected all lots from the road and into the parcels approximately 100

<sup>1</sup> The Appraisal of Real Estate, 12th Edition, Appraisal Institute, 2001, p.69

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

<sup>3</sup> The Appraisal of Real Estate, 12th Edition, Appraisal Institute, 2001, p.22

feet. The Kentucky Creek II S/D and two of the comparables were inspected on August 18, 2005. The effective date of the value estimate is August 18, 2005. The appraiser walked the western section line ¼ mile south to the southwest corner, then ¼ mile east along the southern section line and then north one mile to the northern section line. In the process 15 of the 34 parcels were visually inspected. Murphy S/D was inspected in June 2004 and September 21, 2005. The effective date of the value estimate is September 21, 2005

### **PROPERTY HISTORY**

The properties are owned by the State of Alaska DNR. Individual property history will be discussed in the individual parcel valuation sections.

### **EXPOSURE TIME**

Exposure time is "...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..."<sup>4</sup>

Exposure time varies with the type of property and changes with market conditions. The market for residential properties in the Fairbanks Northstar Borough has been moderate for the last ten years. The market has been driven by a population that has been relatively constant from 1993 through 2004. Primary sellers are private developers, the Fairbanks Northstar Borough, the Mental Health Lands Trust, Native allottees, and the State of Alaska. Road accessible, residential parcels such as the subject typically require up to 12 months of marketing time.

Compared with competing parcels in the overall market for residential parcels, the market appeal for the subject parcels is average. Considering exposure times for similar properties, appraised values for the subject parcels are based on an exposure time of one to two 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."<sup>5</sup>

Considering current market conditions and foreseeable supply and demand as of the date of appraisal, appraised values for the subject parcels are based on an estimated marketing time of one year.

### **SCOPE OF THE APPRAISAL**

Physical features, access and utilities were identified by the use of the physical inspection, topographic maps, status plats, aerial photographs, DNR appraisal records and interviews with people who are familiar with the area.

Interviews were conducted with real estate agents, appraisers, and other individuals who provided data about trends in values, supply and demand. Sellers and buyers were contacted to verify sale prices and other transaction details. Also, DNR appraisal records were searched for recent sales of similar parcels.

After analysis of all available data, appropriate sales were selected for comparison with a key parcel of the subject properties being appraised. The market value estimate is based on the following assumptions and conditions.

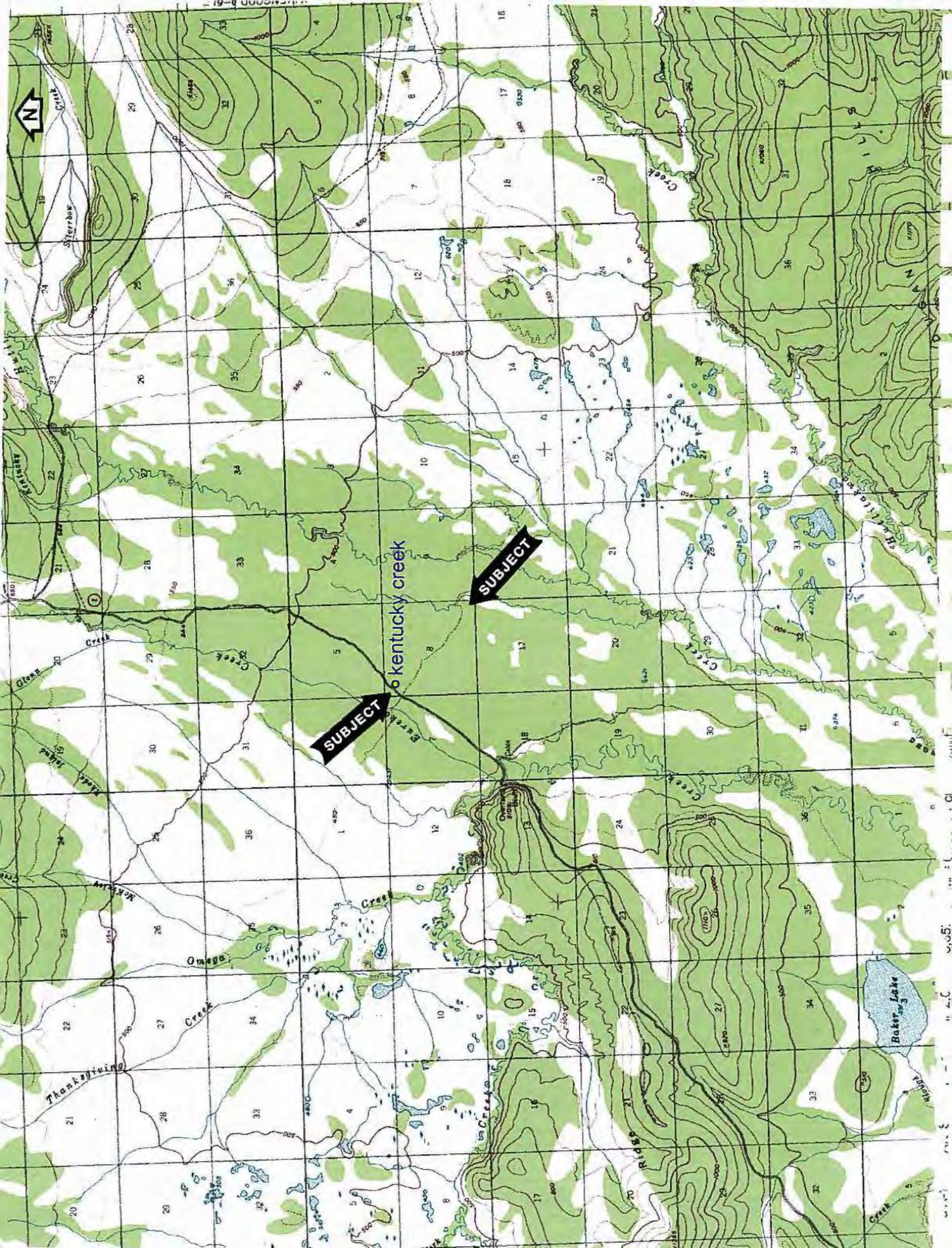
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<sup>4</sup> op. cit. p. 83.

<sup>5</sup> *Uniform Standards of Professional Appraisal Practice 2004, Appraisal Foundation, p. 141.*

**ASSUMPTIONS AND LIMITING CONDITIONS**

1. The properties are appraised as vacant land with structural improvements excluded, with the exception of ADL 410369. This parcel is located in the Murphy S/D and the improvements totaling 520 square feet will be valued.
2. The parcels may contain saw timber but not necessarily in commercial quantities. The estimated market value does not include the value of commercial timber, if any.
3. The data and conclusions embodied in this report are a part of the whole valuation. Each part of this appraisal is only part of the evidence upon which final judgement is based. Therefore, no part should be used out of context and by itself alone.
4. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question, unless prior arrangement has been made and adequate time is provided to review the appraisal.
5. 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.
6. 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.
7. The information furnished by others is believed to be reliable but it is not warranted for its accuracy.
8. 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 such conditions, or for arranging engineering studies to discover them.
9. Lots 2, 3 and 4 of Skolai S/D have been the subject of clean up due to leaking batteries and petroleum products from a leaking underground storage tank. Additional clean-up of Lots 4 & 5 is on-going, but assumed to be completed by Spring 2006. It is a special assumption of this report that all lots are clean from environmental and toxic waste products
10. Unless otherwise stated in this report, the appraiser does not know about the existence of hazardous materials or toxic substances, which may or may not be present on the property. The appraiser is not qualified to detect such substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them.



### GENERAL SITE DESCRIPTION F003N013W8 Kentucky Creek II S/D



#### Location

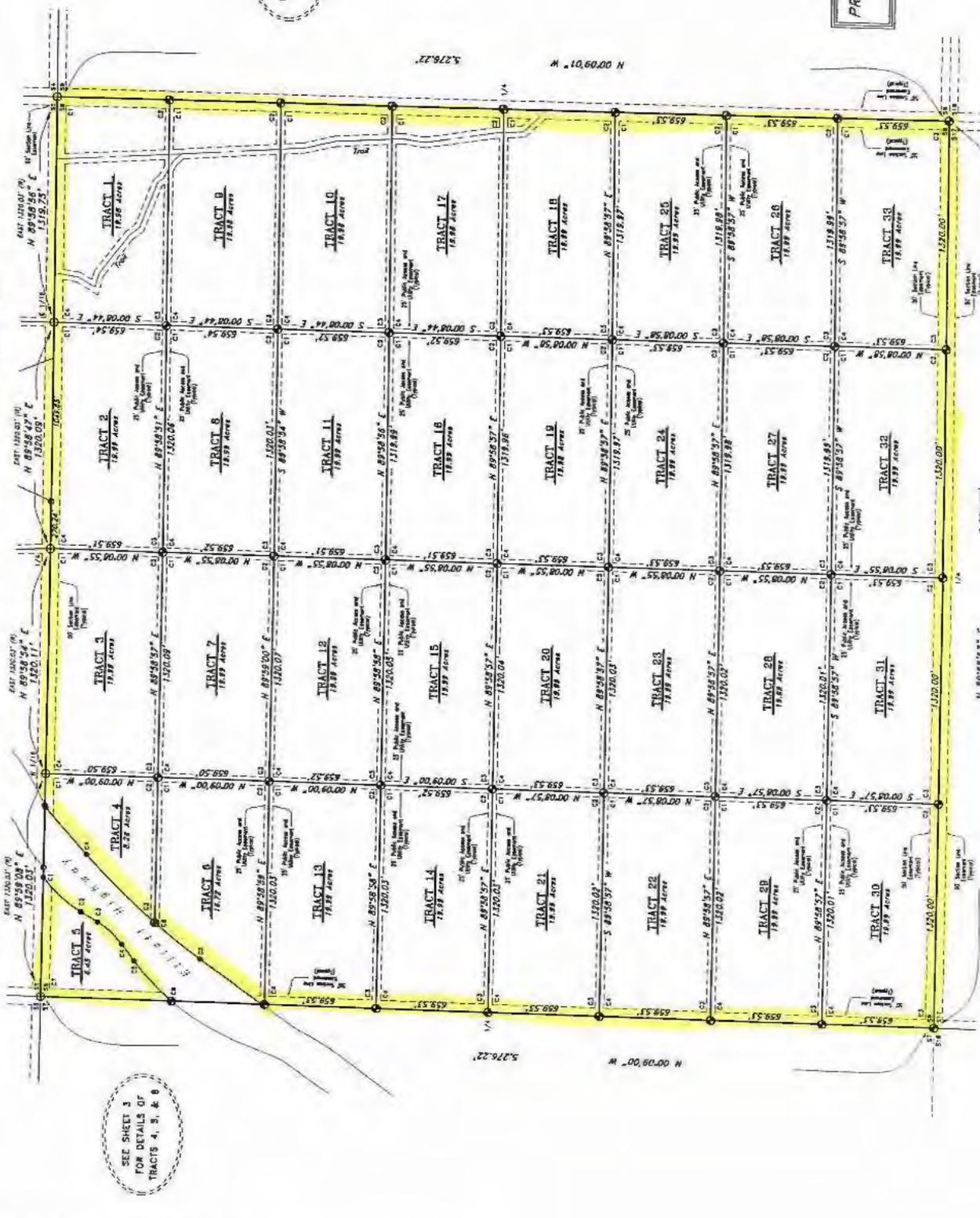
The subject is located approximately 60 air miles northwest of Fairbanks and approximately 131 road miles from Fairbanks, Alaska.

#### Access

The subdivision is accessible from the Elliott Highway, which is a good gravel road that provides year round access to Manley Hot Springs, approximately 20 miles west of the subject. Four lots will have direct gravel access from the Elliott Highway, while the remaining 29 lots will have legal access along section line and perimeter access easements. All section lines and tract boundaries have been brushed. Additional trail work would be required to make these lines drivable by ATV.

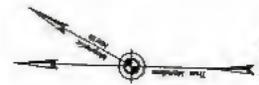
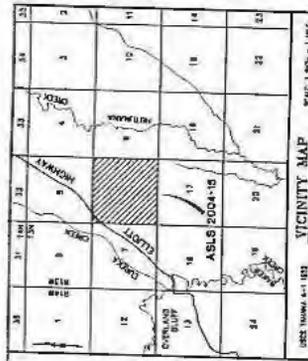
# KENTUCKY CREEK II SUBDIVISION

## ALASKA STATE LAND SURVEY NO. 2004-15

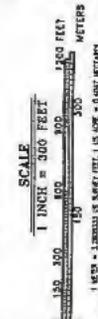


SEE SHEET 3  
FOR DETAILS OF  
TRACTS 4, 5, & 6

SEE SHEET 3  
FOR DETAILS OF  
TRACTS 1, 9,  
10, 17, & 18



- LEGEND**
- 2 1/2" DUAL BRASS CAP ON 2 1/2" DIA. BY 27" LONG STAINLESS STEEL POST PRIMARY MONUMENT, RECOVERED THIS SURVEY
  - 3 1/4" DUAL ALUMINUM CAP ON 2 1/2" DIA. MONUMENT, RECOVERED THIS SURVEY
  - ⊙ 3 1/4" DUAL ALUMINUM CAP ON 2 1/2" DIA. BY 20" LONG ALUMINUM POST OR 5/8" DIA. UNLACQUERED STEEL ROD PRIMARY MONUMENT, RECOVERED THIS SURVEY
  - 2" DUAL ALUMINUM CAP ON NO. 5 REBAR, 5032-S, SET THIS SURVEY
  - 2" DUAL ALUMINUM CAP ON NO. 5 REBAR, RECOVERED THIS SURVEY
  - SURVEYED LINE
  - UNRECORDED LINE AND DASHED LINE
  - (M) RECORD DIMENSION PER PLAT AS REFERENCED
  - (AM) MEASURED DIMENSION
  - (C) COMPUTED DIMENSION



STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES DIVISION OF LAND SURVEY AND WATER	
ALASKA STATE LAND SURVEY NO. 2004-15 KENTUCKY CREEK II SUBDIVISION	
Surveyed by MAYNIE HOT SPRINGS RECORDING DISTRICT	Approved by STATE OF ALASKA
DATE: 08/20/2004	DATE: 08/20/2004

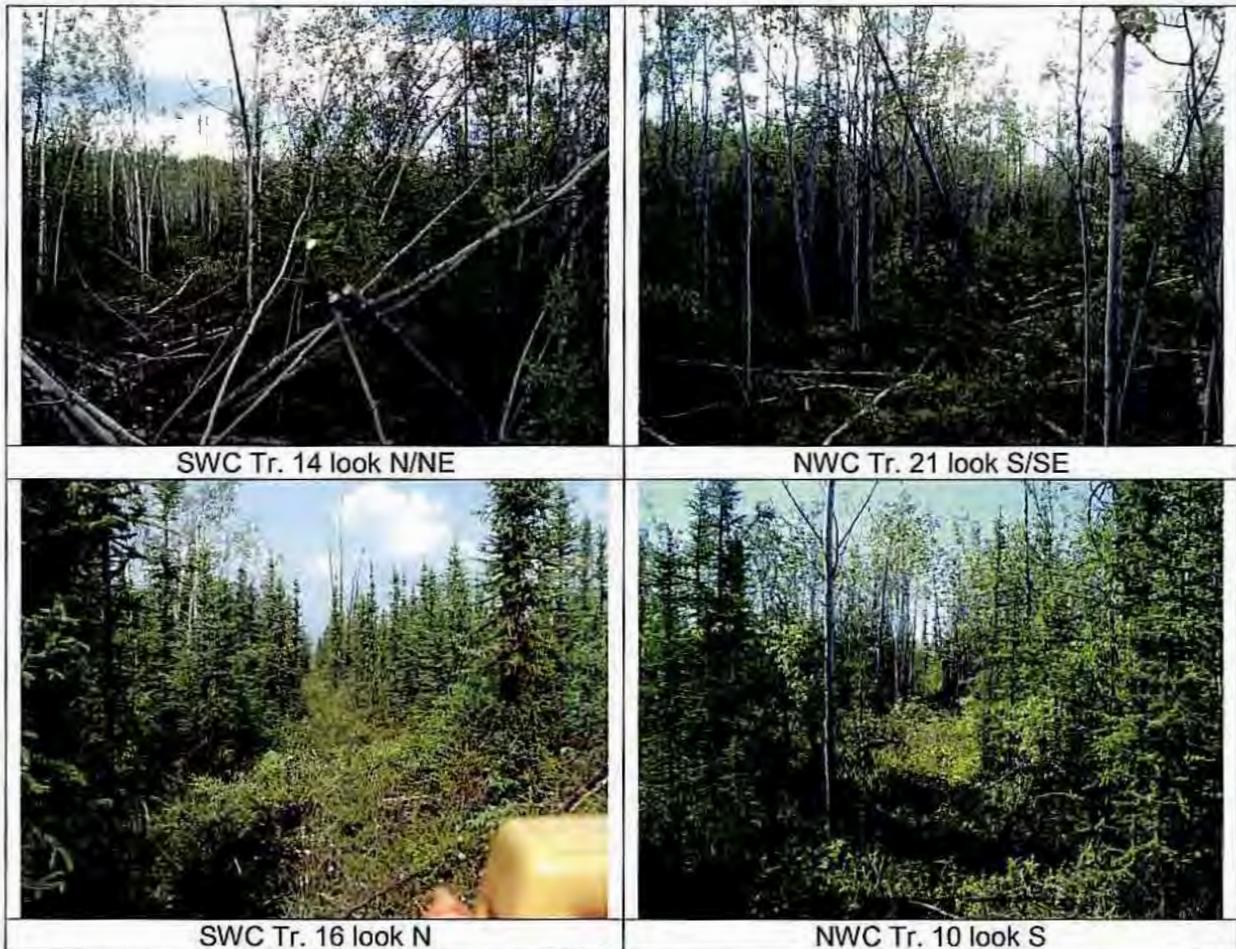
**Legal**

ADL	SURVEY	SIZE	SUBDIVISION	TRACT	ACCESS
417528	Plat 83-2	80.00	ACSC T3N R13W 5	1	Foot /Trail
417529	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	1	Foot /Trail
417530	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	2	Foot /Trail
417531	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	3	Foot /Trail
417532	ASLS 2004-15	8.3	KENTUCKY CREEK II S/D	4	Elliott Highway
417533	ASLS 2004-15	6.6	KENTUCKY CREEK II S/D	5	Elliott Highway
417534	ASLS 2004-15	16.7	KENTUCKY CREEK II S/D	6	Elliott Highway
417535	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	7	Foot /Trail
417536	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	8	Foot /Trail
417537	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	9	Foot /Trail
417538	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	10	Foot /Trail
417539	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	11	Foot /Trail
417540	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	12	Foot /Trail
417541	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	13	Elliott Highway
417542	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	14	Foot /Trail
417543	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	15	Foot /Trail
417544	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	16	Foot /Trail
417545	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	17	Foot /Trail
417546	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	18	Foot /Trail
417547	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	19	Foot /Trail
417548	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	20	Foot /Trail
417549	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	21	Foot /Trail
417550	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	22	Foot /Trail
417551	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	23	Foot /Trail
417552	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	24	Foot /Trail
417553	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	25	Foot /Trail
417554	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	26	Foot /Trail
417555	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	27	Foot /Trail
417556	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	28	Foot /Trail
417557	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	29	Foot /Trail
417558	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	30	Foot /Trail
417559	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	31	Foot /Trail
417560	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	32	Foot /Trail
417561	ASLS 2004-15	20.00	KENTUCKY CREEK II S/D	33	Foot /Trail

**Size and Shape**

Thirty of the 34 the lots are rectangular in shape and approximately 20 acres in size. One lot is regular in shape and contains 80 acres. The remaining three lots front on the Elliott Highway, are irregular in shape and range in size from 6.6 to 16.7 acres in size.





SWC Tr. 14 look N/NE

NWC Tr. 21 look S/SE

SWC Tr. 16 look N

NWC Tr. 10 look S

### Topography

The site is fairly level and slopes slightly downhill from the northeast to the southwest.

### Soils

Fairbanks, Steese and Gilmore series – good to poor quality. Each lot is of sufficient size to accommodate at least one building site.

### Vegetation

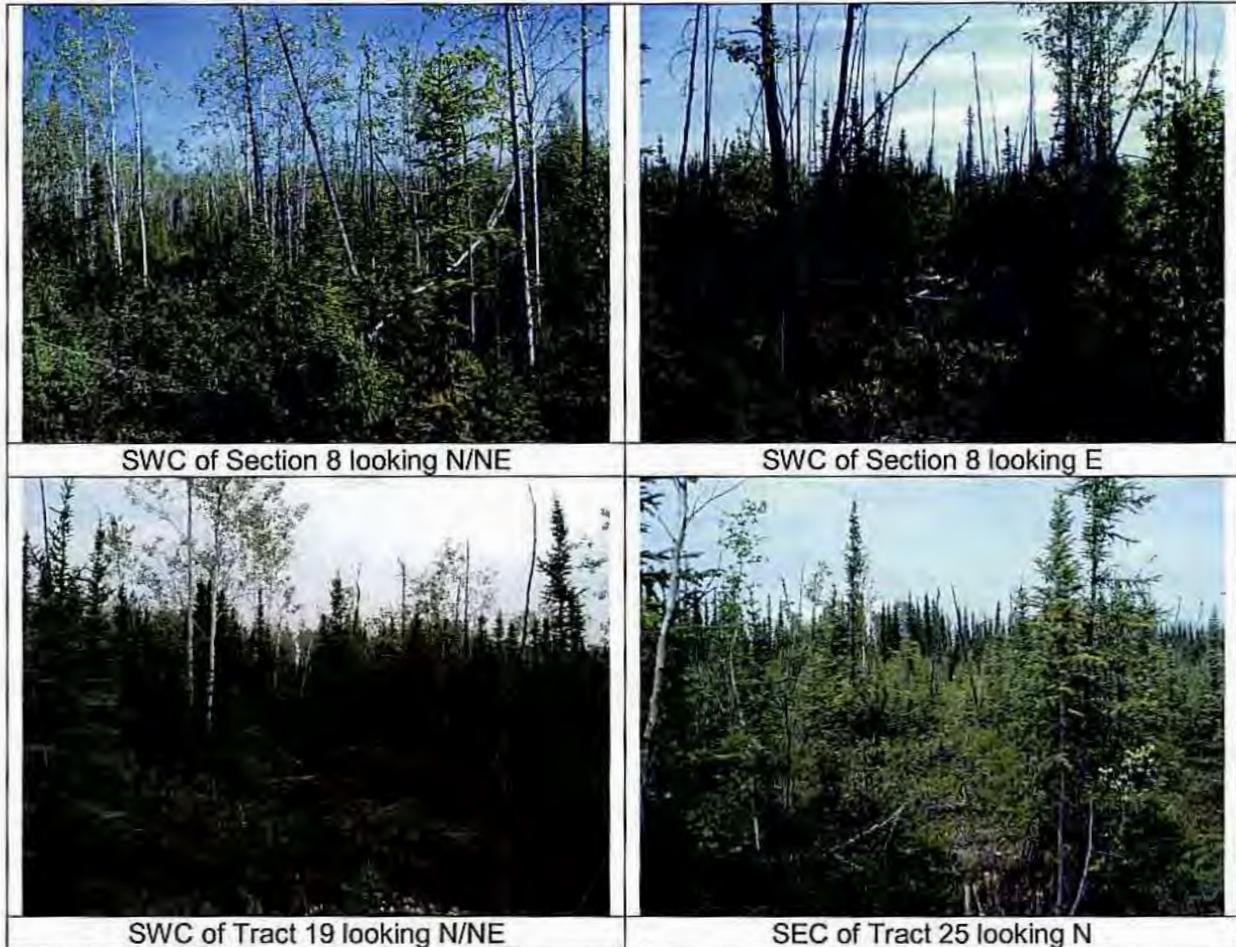
Very heavy vegetation, though most of it is small in diameter. The northern and southern portions are predominately spruce with scattered stands of hardwoods. The middle section is primarily good stands of cottonwoods with spruce interspersed. Lots 18-20, 23-25 and 29 were identified by the surveyors as the best lots, who saw all lots from the perimeters.

### Utilities

Electric and telephone service are not available to the subject lot. Because there is no public water or sewer, on-site water wells and septic systems are needed for development.

### Easements

A title report was available to the appraiser, and according to recorded documents a 25' public access and utility easement affects all borders of all parcels. Tracts 1, 9, 10 and 17 are crossed by a foot trail, which has been noted and will be covered by an access easement 30 feet each side of the centerline of the trail. A 50' section line easement runs along the outside boundaries of 21 of the 33 tracts. These are peripheral easements that do not adversely impact utilization of the site to its Highest and Best Use.



### Environmental Hazards

None were observed.

### Hazardous Waste and Toxic Materials

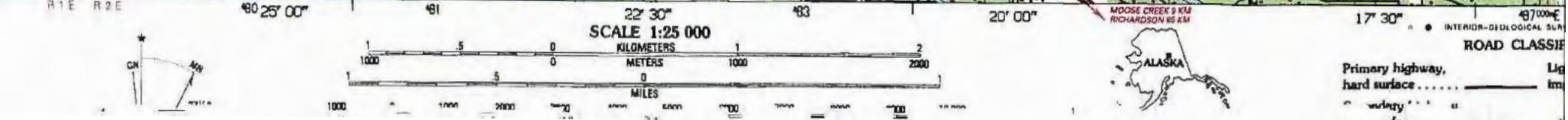
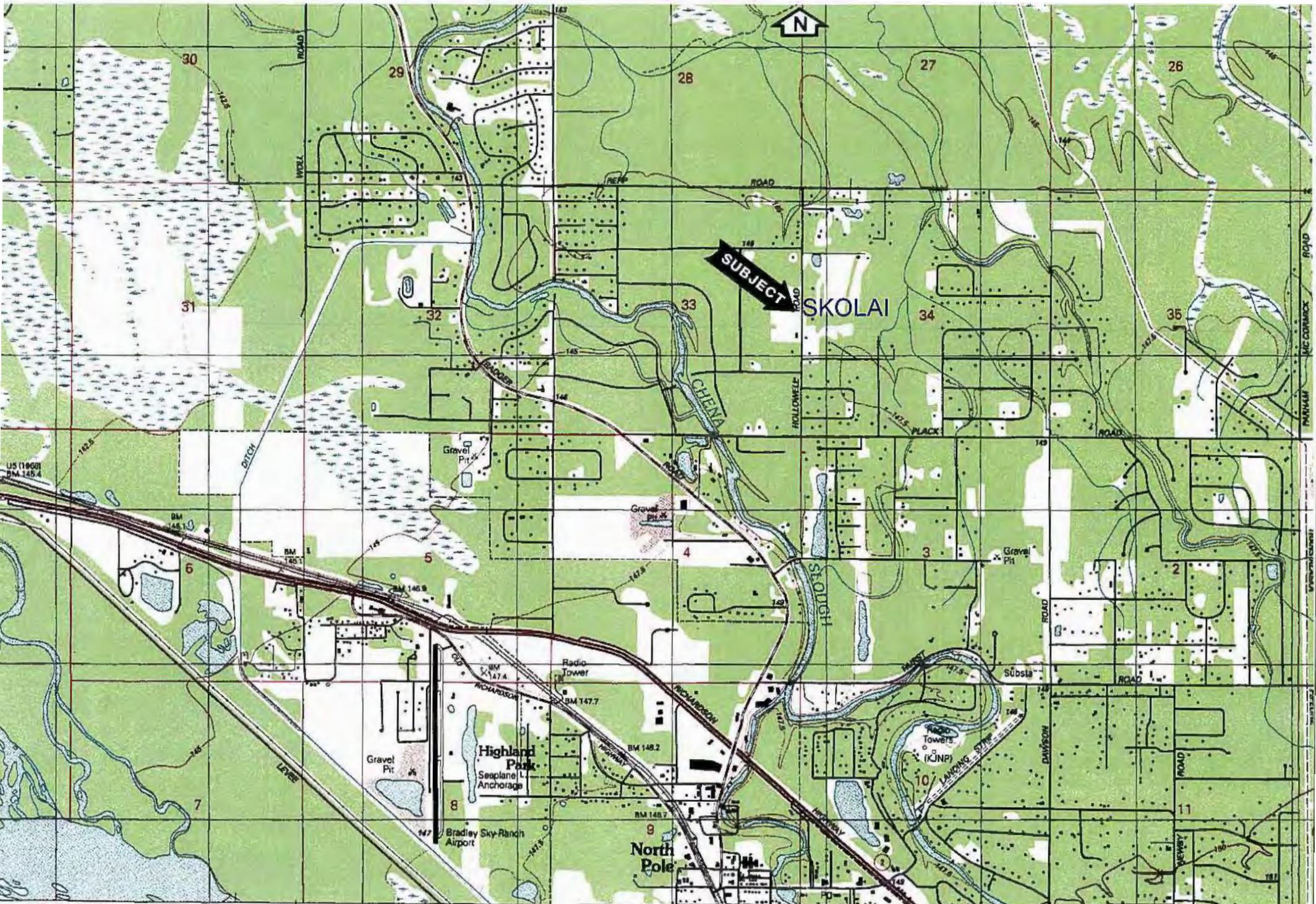
None were observed.

### Zoning Regulations

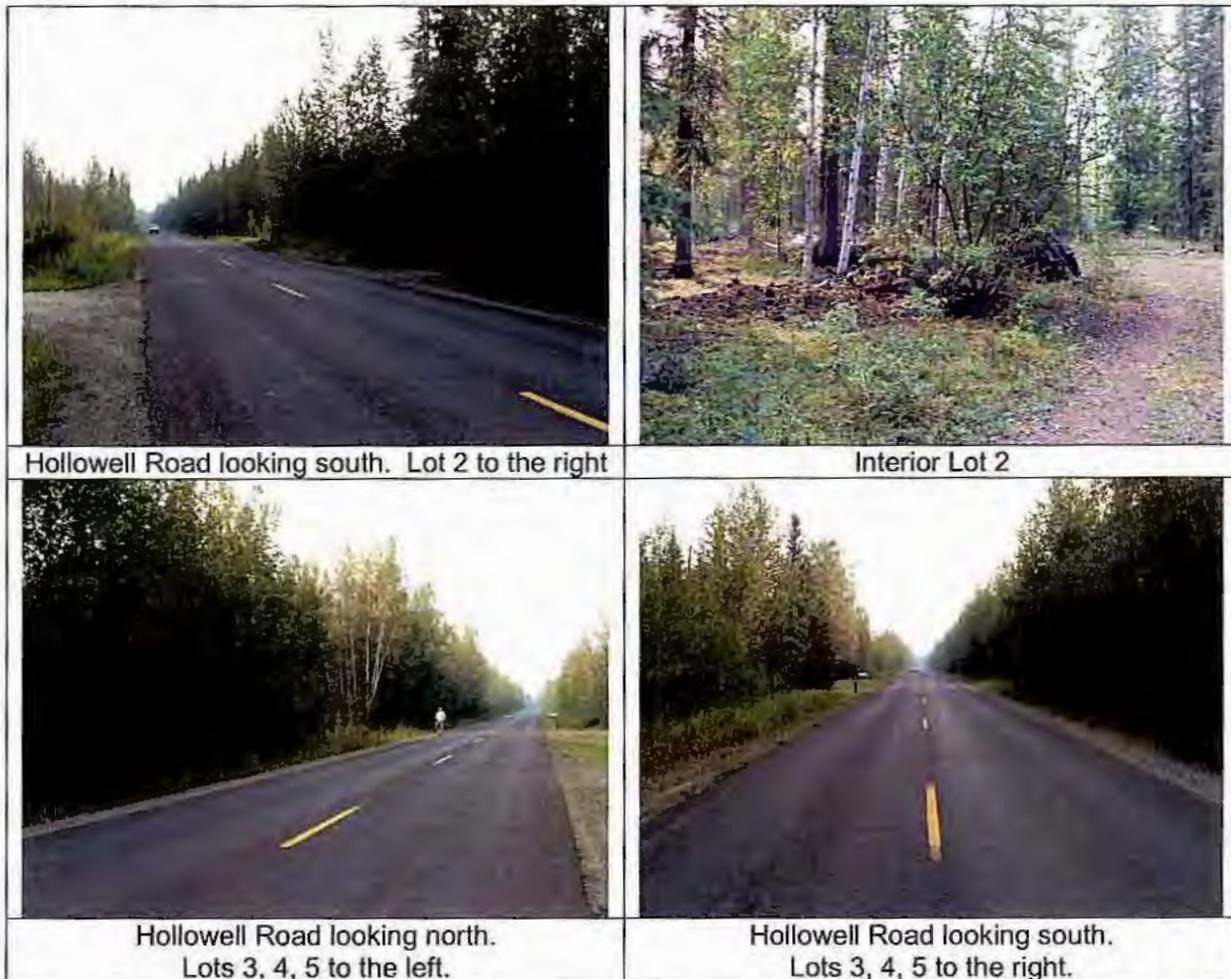
The subject is located outside the boundaries of an incorporated city or borough. There are no zoning restrictions, which would prevent development of the site to its highest and best use.

### Ownership History

The property is owned by the State of Alaska DNR.



## GENERAL SITE DESCRIPTION F001N002W33 Skolai S/D

**Location**

The subject lots are located approximately 12 miles southeast of Fairbanks, in North Pole, Alaska.

**Access**

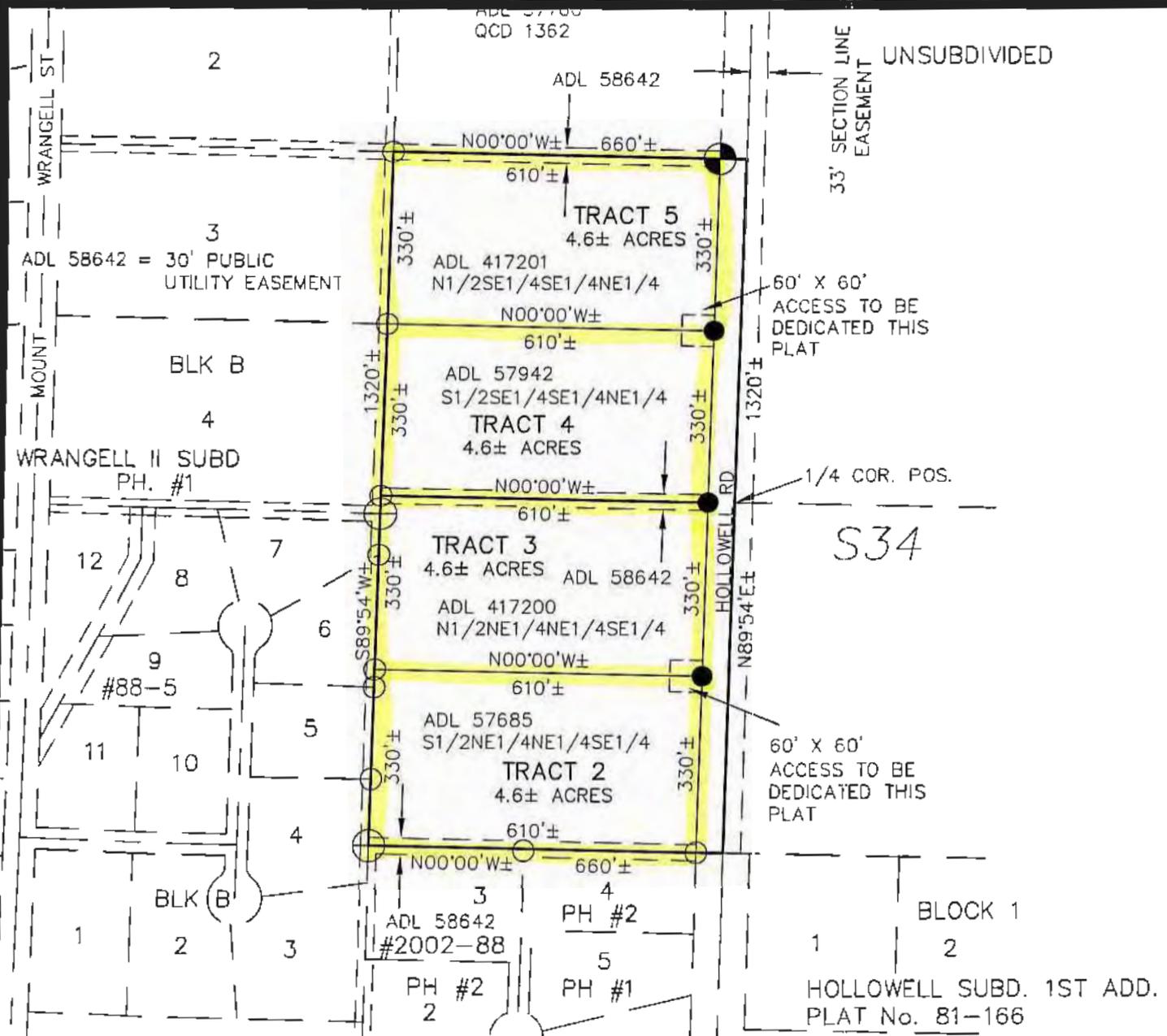
All four lots have unrestricted access from Hollowell Road, which is a paved, two lane arterial for the neighborhood.

**Legal**

ADL	SURVEY	SIZE	SUBDIVISION	SHAPE	TRACT	ACCESS
57685	ASLS 2004-10	4.618	SKOLAI S/D	RECTANGULAR	2	Hollowell Rd.
417200	ASLS 2004-10	4.618	SKOLAI S/D	RECTANGULAR	3	Hollowell Rd.
57942	ASLS 2004-10	4.622	SKOLAI S/D	RECTANGULAR	4	Hollowell Rd.
417201	ASLS 2004-10	4.623	SKOLAI S/D	RECTANGULAR	5	Hollowell Rd.

**Topography & Soils**

The lots are level and at grade with Hollowell Road. Salchaket series – consists of nearly level, well drained soils that have developed in recently deposited water laid material along the Tanana and Chena Rivers. These soils are dominantly sandy, but contain layers of silty material. These soils support a forest of white spruce, paper birch and quaking aspen. The subject soils appear to be adequate.



# PLAN OF SURVEY

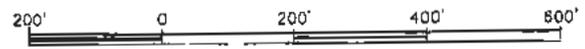
## ASLS 2004-10, SKOLAI SUBDIVISION

LOCATED WITHIN SURVEYED SECTION 33,  
TOWNSHIP 1 SOUTH, RANGE 2 EAST,  
FAIRBANKS MERIDIAN, ALASKA



### LEGEND

- BLM MONUMENT OF RECORD
- PRIMARY MONUMENT OF RECORD
- SECONDARY MONUMENT OF RECORD
- SECONDARY MONUMENT TO BE SET
- PRIMARY MONUMENT TO BE SET



SCALE 1" = 200'  
DRAWN: ES  
DATE: 7/29/2004



### Vegetation

Mixed hardwood stands predominate, which consists of white spruce, paper birch and aspen.

### Utilities

Electric and telephone service are available to the subject lot. Because there is no public water or sewer, on-site water wells and septic systems are needed for development.

### Easements

A title report was available to the appraiser, and according to recorded documents, ADL 58642 is a 30 foot wide electrical easement that runs along the north borders of Tracts 3 and 5 and along the south borders of Tracts 2 and 4. These are peripheral easements that do not adversely impact utilization of the site to its Highest and Best Use.

### Environmental Hazards

None were observed.

### Hazardous Waste and Toxic Materials

Lots 2, 3 and 4 have been the subject of clean up due to leaking batteries and petroleum products from a leaking underground storage tank. Additional clean-up of Lots 4 & 5 is on-going, but assumed to be completed by Spring 2006. It is a special assumption of this report that all lots are clean from environmental and toxic waste products.

### Zoning Regulations

The subject is located outside the boundaries of an incorporated city or borough. There are no zoning restrictions, which would prevent development of the site to its highest and best use.

**Ownership History**

The property is owned by the State of Alaska DNR.

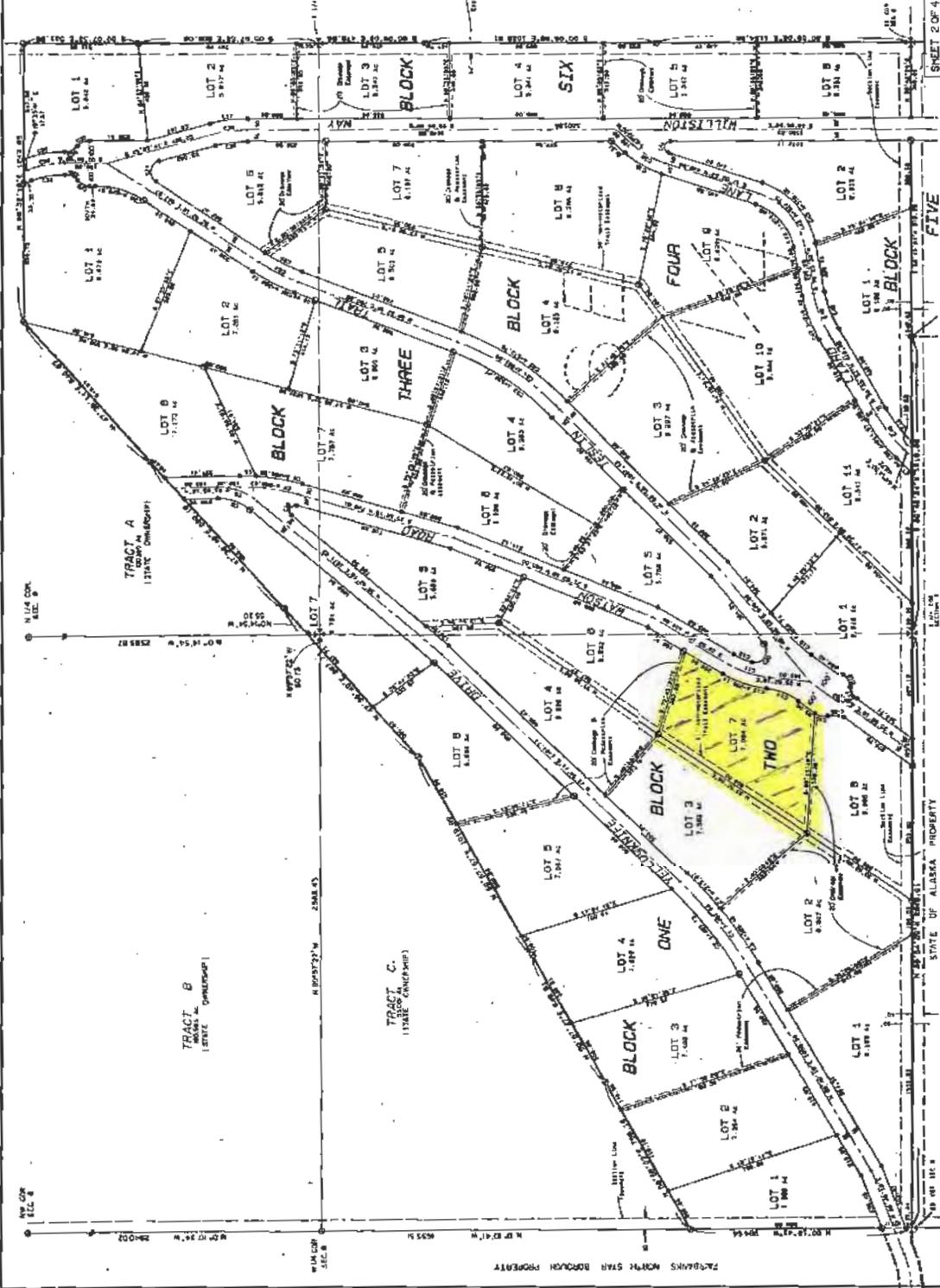


VICINITY MAP

FAIRBANKS NORTH STAR BOROUGH PROPERTY



ALASKA STATE LAND SURVEY NO. 82-180  
 MURPHY SUBDIVISION  
 FAIRBANKS, ALASKA  
 DIVISION OF TECHNICAL SERVICES  
 STATE OF ALASKA  
 DATE OF SURVEY: 1982  
 SURVEYOR: JAMES W. MURPHY  
 SCALE: 1" = 200'



FAIRBANKS #82-180

SHEET 2 OF 4

STATE OF ALASKA PROPERTY

**GENERAL SITE DESCRIPTION ADL 410369 F001N003W8 Murphy S/D B2, L7**

Looking west from behind cabin



Front of cabin



View of cabin looking north



Ground floor

**Location**

The subject is located approximately 17 miles northwest of Fairbanks and approximately one mile east of Murphy Dome Road.

**Access**

The site is accessible from a fair quality dirt road.

**Size and Shape**

The subject lot is rectangular in shape and contains 7.084 acres.

**Topography**

The site is steep and slopes upward to the northwest.

**Soils**

Fairbanks, Steese and Gilmore series – good to poor quality. Subject soils appear to be adequate.

**Utilities**

Electric and telephone service are not available to the subject lot. Because there is no public water or sewer, on-site water wells and septic systems are needed for development.

**Easements**

A title report was available to the appraiser, and according to recorded documents a 20' drainage easement affects the south border; a 20' drainage and pedestrian easement affects the north border; a 30' utility easement and a 50' non-motorized trail easement affect the western border. Interior lot lines are subject to a 15' utility easement. These are peripheral easements that do not adversely impact utilization of the site to its Highest and Best Use.

**Environmental Hazards**

None were observed.

**Hazardous Waste and Toxic Materials**

None were observed.

**Zoning Regulations**

The subject is located within the Fairbanks Northstar Borough, but outside the boundaries of an incorporated city. The FNSB has no zoning restrictions, which would prevent development of the site to its highest and best use.

**Tax Assessments**

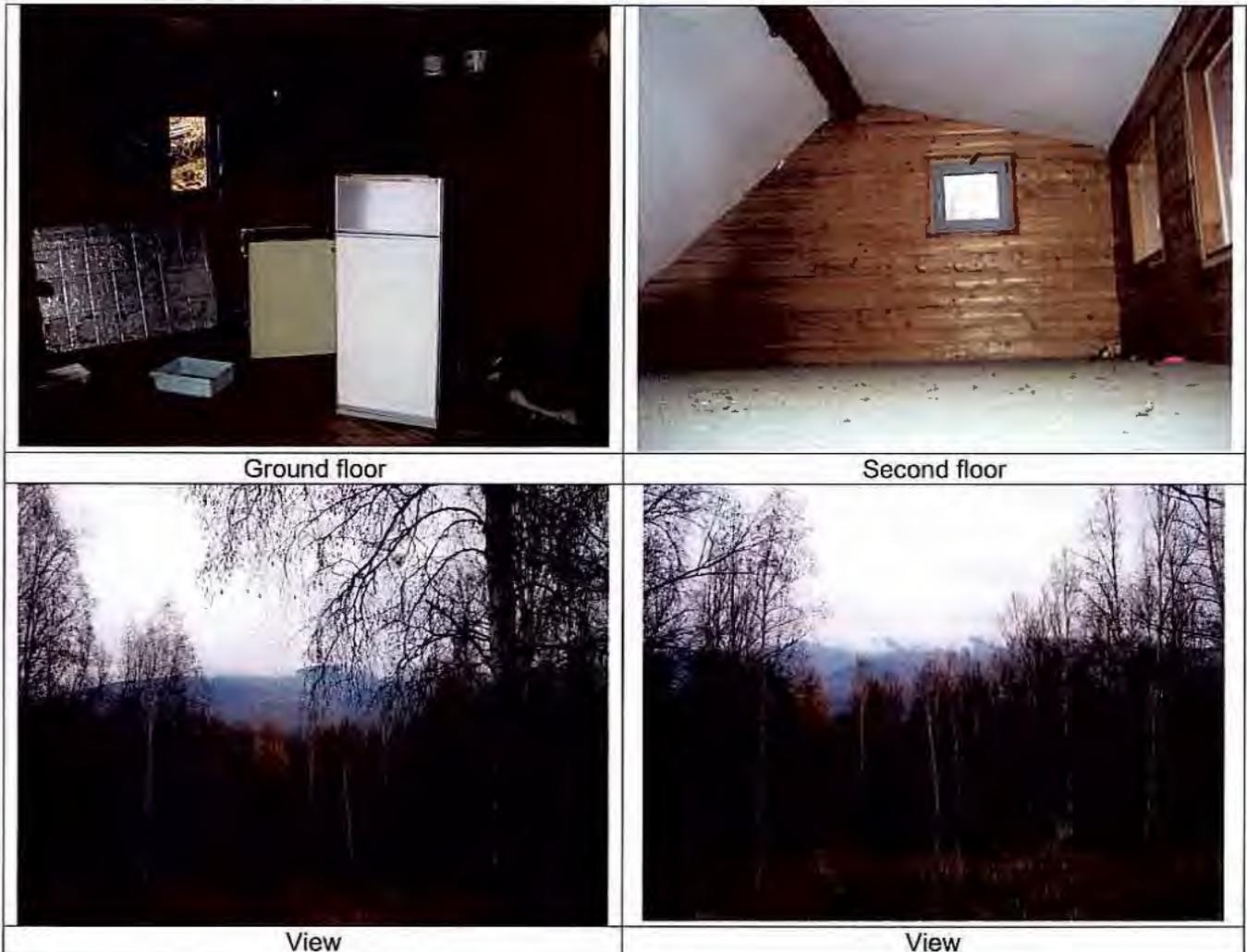
FNSB # 03-880-76

All parcels owned by the State of Alaska are tax exempt. Once ownership is transferred from the State of Alaska, property taxes are the responsibility of the buyer/grantee.

**Ownership History**

The property is owned by the State of Alaska DNR.

**ADL 410369 Improved Building Analysis Lot 7, Block 2 Murphy S/D**



Murphy B2, L7 is improved with a small, very good quality, 1.75 story, log cabin that according to the FNSB, was constructed in 1987. As can best be determined, the structure has been uninhabited for the recent past. The condition and working order of all mechanical, plumbing, heating and other systems is unknown. Based on overall interior and exterior observations, the subject improvements are in average to very good condition.

The ground floor measures 16' by 20' (320SF), with a partial; second floor measuring 10' by 20' (200SF). The first floor is a large open space that is improved with finished wood floors and walls. The first floor contains a propane stove, heater and cooking stove. The ceiling is finished with painted sheetrock. The second level is improved with finished walls, ceiling and painted plywood floors. The majority of the windows are triple paned, "Alaskan" types that appear to be in good shape. The roof is covered with galvanized metal that appeared to be fairly new, as no discoloration or dulling was noted, with no signs of leaking. The building appears to be insulated, but quantity and quality is unknown. The condition of the improvements, as well as mechanical systems are unknown. The foundation appears to be non-permanent, with rail road ties being the main component. Sheets of foam insulation were fitted between floor joists.

A partially constructed out house is located on site to handle solid waste. Also, on site is a 122 gallon, above ground storage tank, that was at time of inspection, partially full of propane.

**The reader is cautioned that no detailed information concerning the improvements was available, other than what was noted during the site inspection.**

Although the State DNR is exempt from the payment of real estate taxes in the Fairbanks North Star Borough, the subject property is assessed (2004) at \$12,107 (land) plus \$16,409 (improvements) for a total of \$28,516. Per the Borough records, the structure was built in 1987. It is situated within the Murphy Service Area (road maintenance), but outside of a fire service area. The Borough shows its street address as 1425 Watson Road.

## DATA ANALYSIS and CONCLUSION

Highest and best use analysis identifies the most profitable and competitive use of the property. Therefore, highest and best use is a market driven concept that is fundamental to the valuation of a property.

### HIGHEST AND BEST USE KENTUCKY CREEK II S/D LOTS

Highest and best use is 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.*<sup>6</sup>

The highest and best use of a site must meet four criteria. The highest and best use of a property must be:

- legally permissible,
- physically possible,
- financially feasible, and
- maximally productive.

The value of land is generally estimated as though vacant and available for development to its highest and best use. The appraisal of improvements (when present on the site) is based on their actual contribution to the total value of the property. The appraised property is vacant and unimproved.

### HIGHEST and BEST USE of SITE as VACANT

There are no local zoning laws limiting the development of this parcel. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. The subject parcels could be developed for almost any legal use.

The size and physical characteristics of the parcels are adequate to support all reasonable and probable uses. There are no soils or topography issues that reduce the buildable area suitable for development with a residential/recreational structure.

Surrounding land use is a mix between recreational and residential. The immediate area attracts many summer time residents, while also offering a semi-rural lifestyle to year round residents if they choose. Based on the neighborhood development, it appears there is limited demand for commercial use.

Surrounding land use is primarily recreational with most residential development in Manley Hot Springs (20 miles west) and Minto (50 miles to the east). Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease.

### 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 the development of a recreational cabin.

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<sup>6</sup> The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p305

## HIGHEST AND BEST USE SKOLAI S/D LOTS

Highest and best use is 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.*<sup>7</sup>

The highest and best use of a site must meet four criteria. The highest and best use of a property must be:

- legally permissible,
- physically possible,
- financially feasible, and
- maximally productive.

The value of land is generally estimated as though vacant and available for development to its highest and best use. The appraisal of improvements (when present on the site) is based on their actual contribution to the total value of the property. The appraised property is vacant and unimproved.

### HIGHEST and BEST USE of SITE as VACANT

There are no local zoning laws limiting the development of this parcel. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. The subject parcels could be developed for almost any legal use.

The size and physical characteristics of the parcels are adequate to support all reasonable and probable uses. There are no soils or topography issues that reduce the buildable area suitable for development with a residential/recreational structure.

Surrounding land use is a mix between recreational and residential. The Fairbanks area attracts many summer time residents, while also offering a semi-rural lifestyle to year round residents if they choose. Based on the neighborhood development, it appears there is limited demand for commercial use.

Surrounding land use is primarily residential. Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease.

### 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 single family residential development.

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<sup>7</sup> The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p305

## HIGHEST AND BEST USE MURPHY S/D LOT

Highest and best use is 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.***<sup>8</sup>

The highest and best use of a site must meet four criteria. The highest and best use of a property must be:

- legally permissible,
- physically possible,
- financially feasible, and
- maximally productive.

The value of land is generally estimated as though vacant and available for development to its highest and best use. The appraisal of improvements (when present on the site) is based on their actual contribution to the total value of the property. The appraised property is vacant and unimproved.

### **HIGHEST and BEST USE of SITE as VACANT**

There are no local zoning laws limiting the development of this parcel. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. The subject parcels could be developed for almost any legal use.

The size and physical characteristics of the parcels are adequate to support all reasonable and probable uses. There are no soils or topography issues that reduce the buildable area suitable for development with a residential/recreational structure.

Surrounding land use is a mix between recreational and residential. The Fairbanks area attracts many summer time residents, while also offering a semi-rural lifestyle to year round residents if they choose. Based on the neighborhood development, it appears there is limited demand for commercial use.

Surrounding land use is primarily residential. Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease.

### **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 single family residential development.

### **Highest And Best Use Of Land As Improved**

The subject is improved with a partially completed, 520 square foot log cabin.

Based on the foregoing analysis, the highest and best use of the subject parcel as improved would be as a single family residence.

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<sup>8</sup> The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p305