

MARKET VALUE APPRAISAL

Of

**Kobe & Two Mile Agricultural Parcels
Nenana, Alaska**



BASE APPRAISAL REPORT No. 3517

**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. 3517

1. ADL NO(S): Various – see A.11
2. SIZE: Various – see A.11
3. APPLICANT: Various
4. LOCATION: Agricultural parcels in the vicinity of Nenana, AK
5. LEGAL DESCRIPTION(S): See body of the report
6. INTEREST APPRAISED: Fee Simple Title with agricultural covenants, less Mineral Rights
7. PURPOSE OF THE APPRAISAL: Estimate Market Value
8. APPRAISED BY: Brandon Simpson
9. DATE of REPORT: February 18, 2009
10. DATE of VALUE(S): September 18, 2008
11. APPRAISED VALUE(S):

Project	ADL	Gross Acres	Cropland Acres	Legal Description	Appraised Value
Kobe	415462	40.02	20	Tract L, ASLS 91-179	\$13,700
Kobe	415470	21.75	14	Tract C, ASLS 91-179	\$8,300
Kobe	418445	320	120	W2 of Sec. 8 in T8S, R9W, F.M.	\$29,600
Kobe	418446	300	40	NE4, N2SE4, SW4SE4, N2SE4SE4 of Sec. 8, T8S, R9W, F.M.	\$23,800
Kobe	418447	320	160	W2 of Sec. 5, T8S, R9W, F.M.	\$31,900
Kobe	418448	320	160	E2 of Sec. 5, T8S, R9W, F.M.	\$31,900
Two-Mile	417070	40	30	SW4 NE4 of Sec. 8, T3S, R7W, F.M.	\$9,200
Two-Mile	417994	141.15	10	Tract F, E1, & E2 of Sec. 3, T3S, R7W, F.M.	\$16,900

**B. SUMMARY OF REVIEW**

1. DATE of REVIEW: February 24, 2009
2. REVIEWER'S CLIENT: DNR Other: _____
3. INTENDED USERS of the REVIEW: DNR General Public Other: _____
4. INTENDED USE of the REVIEW: To estimate market value for a sealed bid auction
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: See A.11

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: Appropriate****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. 3517

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

Date

2/24/09

cc: Daniel Proulx, NRS II

MEMORANDUM

State of Alaska

Department of Natural Resources

Tel (907) 269-8513

Fax (907) 269-8914

brandon_simpson@alaska.gov

Division of Mining, Land and Water

550 West 7th Avenue, Suite 650

Anchorage AK 99501-8914

DATE: February 18, 2009

TO: Kevin Hindmarch
Review Appraiser

FROM: Brandon Simpson



SUBJECT: Appraisal of eight parcels of vacant agricultural land located near Nenana, Alaska.

As requested, I have completed an appraisal on the referenced agricultural parcels. I understand that this appraisal will be used to determine the purchase price for the above referenced parcels. 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 parcels and most of the comparables used in this report. Physical descriptions of the parcels are based on inspections, aerial photography, topographic maps, previously completed appraisal reports, and interviews of 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.

TABLE OF CONTENTS

INTRODUCTION

Title Page	
Letter of Transmittal	ii
Appraisal Summary	2

PREMISE OF THE APPRAISAL

Type of Appraisal and Report	3
Purpose and Use of the Appraisal	3
User and Client Identity	3
Property Rights Appraised	3
Definition of Market Value	4
Effective Date of Value Estimate	4
Exposure Time	4
Scope of the Appraisal	5
Assumptions and Limiting Conditions	6

PRESENTATION OF DATA

Area Analysis	7
Parcel Descriptions	9

DATA ANALYSIS AND CONCLUSION

Valuation Approaches	15
Description of Key Lot	16
Highest & Best Use Analysis	17
Discussion of Comparable Sales & Value Conclusions	18
Certification of Value	24

ADDENDA

Subject Parcel Surveys & Photographs	
Market Data Map	
Comparable Sale Forms	
General Appraisal Instructions	
Size Adjustment Chart	
Appraiser Qualifications	

APPRAISAL SUMMARY

Purpose	To estimate current market value
Intended Use	Establish minimum bid for sale
Authority	AS 38.05.055
Title Interest Appraised	Fee simple with agricultural covenants, less mineral rights
Current Use	Vacant, no improvements
Highest and Best Use	Agricultural
Date of Appraisal	February 18, 2009
Date of Report	September 17, 2008

Location & Legal Description

Project Name	ADL	Location	Legal Description
Kobe	415462	South of Nenana, west of the Parks Highway near Clear and Anderson	Tract L, ASLS 91-179
	415470		Tract C, ASLS 91-179
	[REDACTED]		[REDACTED]
	[REDACTED]		[REDACTED]
	[REDACTED]		[REDACTED]
Two-Mile	417070	A few miles northeast of the Nenana townsite, west of Parks Highway, near Little Goldstream	SW4 NE4 of Sec. 8, T3S R7W, F.M.
	417994		Tract F, E1, & E2 of Sec. 3, T3S R7W, F.M.

Value Summary

Project	ADL	Gross Acres	Cropland Acres	Legal Description	Appraised Value
Kobe	415462	40.02	20	Tract L, ASLS 91-179	\$13,700
Kobe	415470	21.75	14	Tract C, ASLS 91-179	\$8,300
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Two-Mile	417070	40	30	SW4 NE4 of Sec. 8, T3S, R7W, F.M.	\$9,200
Two-Mile	417994	141.15	10	Tract F, E1, & E2 of Sec. 3, T3S, R7W, F.M.	\$16,900

PREMISES 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 General Appraisal Instructions, DNR, a copy of which is included in the Addenda.

Purpose of Appraisal

The purpose of this appraisal is to estimate current market value.

Intended Use of Appraisal

This appraisal will be used to determine the minimum purchase price for these parcels to be made available in a public outcry auction.

User and Client Identity

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

Property Rights Appraised

The property rights appraised are fee simple estate with agricultural covenants, 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.”

Agricultural Covenants³

The conveyance of the surface estate in fee simple is subject to conditions and covenants relating to the agriculture use and development. The covenants required by statute are:

- A perpetual covenant restricts the use of the land for agricultural purposes, and
- A perpetual covenant restricting subdivision and conveyance of no more than four parcels of land not less than 40 acres each limiting further subdivision.

Agricultural purposes are defined in statute as:

- The production of useful plants and animals for commercial or personal use;
- the construction of housing for owners and farm laborers, improvements for animals and agricultural uses;
- use of gravel required for agricultural uses, and;
- removal and disposition of timber in order to bring agricultural land into production.

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, p. 610

³ Alaska Statutes Title 38, Public Land; State of Alaska, 2006, 38.05.321, p. 661-663

Definition of Market Value⁴

“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.”

Date of Report

February 18, 2009

Effective Date of Value

September 17, 2008

Exposure Time

Exposure time is defined as ⁵: “...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...”

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.

The subject parcels are considered average to poor 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 one to three years.

Sales History

The appraised parcels have not sold in the last three years.

⁴ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.23

⁵ Uniform Standards of Professional Appraisal Practice 2006, Appraisal Foundation, p. 90.

SCOPE OF WORK

Property and Comparable Sales Inspection

I inspected ADL's 415462, 415470, 417070, 417994 and many of the comparable sales August 14, 2007 by air. ADL 417070 and 415462 were also previously inspected June 8, 2004 on the ground. The remaining parcels were inspected September 17, 2008 by air.

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 records were searched for recent comparable sales. The recorders office was also searched to identify any recent sales. Sellers and buyers and other knowledgeable market participants were contacted to verify recent sale prices and other transaction details.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions. Individual lot values were derived by correlating the *Key Lot* value.

Assumptions and Limiting Conditions

1. The property is appraised as vacant land without structural or site improvements.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. In this valuation various mathematical calculations were used to formulate the opinion of value. These calculations are only aides for the formulation of the opinions of value by the appraiser. Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.
8. 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.
9. 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.
10. 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.
11. All of the appraised parcels except ADL 415462 and 417070 were inspected from the air. Due to the lack of on-site inspections (aerial only) some physical features are assumed based on conversations with those knowledgeable about the area and interpretation of existing maps and aerials. 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.
12. The following analysis is based on soil information provided by the National Resource Conservation Service (NRSC) and is assumed accurate. More intensive on-site studies may be needed for individual farm planning. We reserve the right to amend this report should additional soils work be completed which substantially differs from what was reported in this report.

PRESENTATION OF DATA

Area and Neighborhood Description

The Two Mile Lake parcels are located a few miles northeast of the Nenana town site, west of the Parks Highway near where Little Goldstream Creek crosses the Parks Highway. The Kobe parcels are located south of Nenana, west of the Parks Highway. The area is just south of the communities of Clear and Anderson.

Nenana

Nenana's Current Population:	553 (2007 DCCED Certified Population)
Incorporation Type:	Home Rule City
Borough Located in:	Unorganized
Taxes:	No taxing authority
School District:	Nenana City Schools
Regional Native Corporation:	Doyon, Limited

Location and Climate

Nenana is located in Interior Alaska, 55 road miles southwest of Fairbanks on the George Parks Highway. Nenana is located at mile 412 of the Alaska Railroad, on the south bank of the Tanana River, just east of the mouth of the Nenana River. It lies 304 road miles northeast of Anchorage. It lies at approximately 64.563890° North Latitude and -149.09306° West Longitude. (Sec. 14, T004S, R008W, Fairbanks Meridian.) Nenana is located in the Nenana Recording District. The area encompasses 6.0 sq. miles of land and 0.1 sq. miles of water. Nenana has a cold, continental climate with an extreme temperature range. The average daily maximum during summer months is 65 to 70; the daily minimum during winter is well below zero. The highest temperature ever recorded is 98; the lowest is -69. Average precipitation is 11.4 inches, with 48.9 inches of snowfall annually. The River is ice-free from mid-May to mid-October.

Population and Economic Base

The population of Nenana is a diverse mixture of non-Natives and Athabascans. The majority of residents participate in subsistence activities. Several Iditarod sled dog race competitors and former champions are residents of Nenana.

Over 40% of the year-round jobs are government-funded, including the City, Tribe, Nenana School District, Yukon-Koyukuk School District, and DOT highway maintenance. Nenana has a strong seasonal private sector economy as the center of rail-to-river barge transportation center for the Interior. Yutana Barge Lines is the major private employer in Nenana, supplying villages along the Tanana and Yukon Rivers each summer with cargo and fuel. The City also attracts independent travelers with fuel and supplies, the Alaska Railroad Museum, the Golden Railroad Spike Historic Park and Interpretive Center, the historical Episcopal Church, Iditarod dog kennels, and a replica of the sternwheeler Nenana. A heritage center is also under development. The Nenana Ice Classic administration provides short-term employment for nearly 100 locals. 27 residents hold commercial fishing permits. The majority of Native households rely on subsistence foods, such as salmon, moose, caribou (by permit), bear, waterfowl and berries.

Facilities and Transportation

Water is derived from two wells, is treated and distributed via circulating loops. A piped gravity system collects sewage, which is treated at a secondary treatment plant. Most of the City is connected to the piped water and sewer system -- 215 homes and the school are served. The remaining homes have individual wells and septic systems. Refuse is collected by a private firm, and hauled to the new Denali Borough regional landfill, located south of Anderson.

Nenana has excellent air, river, road and railroad access. The George Parks Highway provides road access to Fairbanks and Anchorage. The railroad provides daily freight service. The Nenana Municipal Airport offers a 5,000' long by 100' wide asphalt, lighted runway, in addition to a turf, 2,520' long by 80' wide airstrip. The airport also has floatplane and ski plane landing areas. The

Nenana Port Authority operates the dry cargo loading and unloading facilities, dock, bulkhead, and warehouse. The Tanana River is shallow, with a maximum draft for loaded river barges of 4.5 feet; by comparison, the Yukon River has very few shallow areas.

Anderson

Anderson's Current Population:	536 (2007 DCCED Certified Population)
Incorporation Type:	2 nd Class City
Borough Located in:	Denali Borough
Taxes:	Denali Borough (Does not currently assess real estate taxes)
School District:	Denali Borough Schools
Regional Native Corporation:	Not Applicable

Location and Climate

Anderson lies on a spur road which spans 6 miles west off the George Parks Highway, 76 miles southwest of Fairbanks and 285 miles north of Anchorage. Clear Air Force Station is located within the City boundaries. It lies at approximately 64.344170° North Latitude and -149.186940° West Longitude. (Sec. 05, T007S, R008W, Fairbanks Meridian.) Anderson is located in the Nenana Recording District. The area encompasses 46.7 sq. miles of land and 0.5 sq. miles of water. Anderson has a cold, continental climate with maritime influences in the summer. The average high temperature range during July is from 66 to 70 degrees Fahrenheit. The average low temperature range during January is -6 to -24 degrees Fahrenheit. Extreme temperatures have been measured, ranging from a low of -63 to a high of 98 degrees Fahrenheit. Average annual precipitation is 12.7 inches and average annual snowfall is 49.3 inches.

Population and Economic Base

Most of Anderson's residents are non-Native military personnel or civilian employees of Clear Air Force Station and their families. Nearly one-third of all residents live in Clear AFS group quarters

Clear Air Force Station, the school, City, and other government positions employ most of the residents. A \$106.5 million intercontinental ballistic missile radar warning system is under construction at Clear AFS. "PAVE PAWS" will identify and warn of missiles launched from Asia and Europe. The Clear Fish Hatchery provides small stocks of gamefish to area streams and lakes, and has been the only commercial hatchery to rear sheefish. Residents often travel to Fairbanks to purchase goods and services.

Facilities and Transportation

All homes have individual wells, septic systems and plumbing. Water is also derived from a well at the Anderson School. Clear Air Force Station provides piped water and sewer to all base facilities. Riverside Park offers camp sites along the river with scenic views of Mount McKinley and the surrounding foothills, with restroom and shower facilities. Anderson has requested funding for a waste oil containment site; the oil would be collected to heat the City shop. A permitted RV disposal lagoon and sludge disposal site is provided by the City. Refuse is hauled to the new Borough regional landfill located just 2 miles south of Anderson.

The George Parks Highway provides access to Anchorage and Fairbanks. The Alaska Railroad serves Anderson and Clear. A State-owned 4,000' lighted asphalt runway is located at Clear Airport, 4 miles south of town along the access road. Charters and private aircraft serve the airstrip. A private 2,500' dirt strip is located at Clear Sky Lodge. Lost Slough, a large slough of the Nenana River is located less than a mile west of town. It is used for fishing, but the river is too shallow for cargo transportation.⁶

⁶ DCED, http://www.dced.state.ak.us/dca/commdb/CF_BLOCK.cfm, 6/5/2007

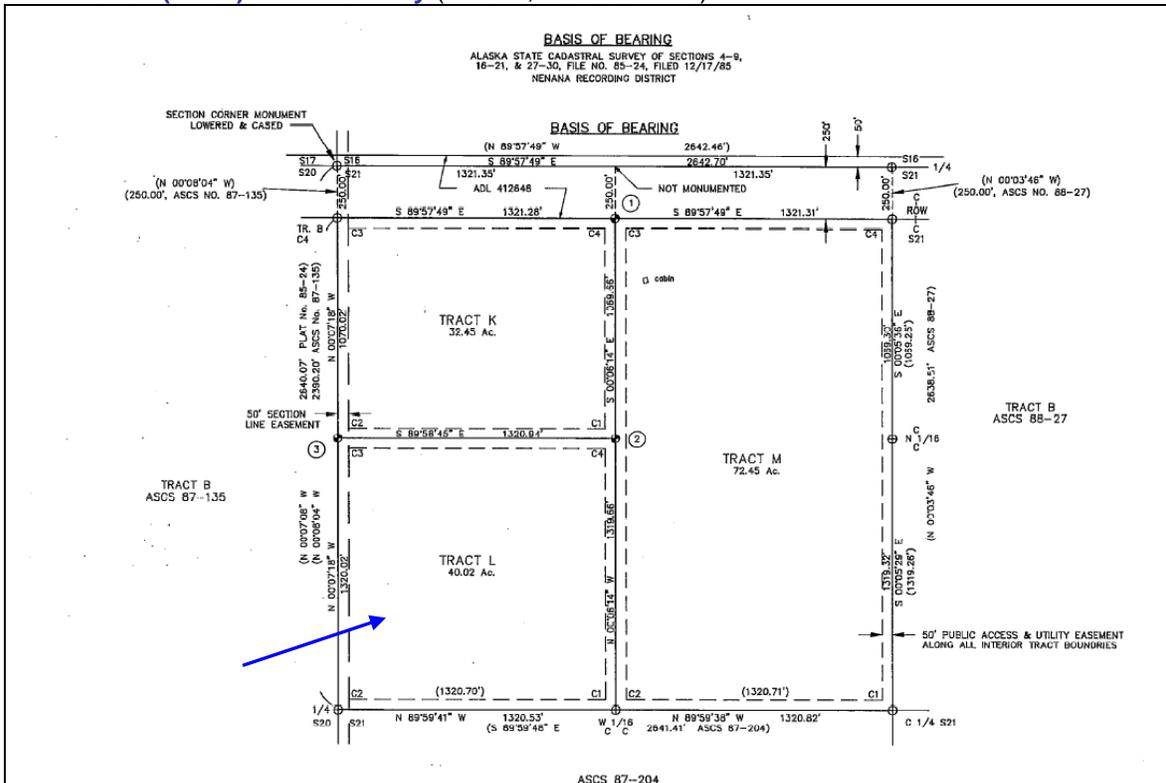
Parcel Descriptions

Kobe Parcels	
Location	The parcels to be offered are found in the Kobe Agricultural project, south of Nenana and west of the Parks Highway. The subject area is just south of the towns of Clear and Anderson.
Legal Description	ADL 415462: Tract L, ASLS 91-179 ADL 415470: Tract C, ASLS 91-179 [REDACTED]
Access	ADL 415462: Access is from the Parks Highway along Kobe Agricultural Road, a dirt road that generally follows section lines. Access is then along the section line that runs between section 20 and 21. The roads are described as farm roads that may be seasonally impassible. ADL 415470: Also along Kobe Agricultural Road, then Battle Axe Road to Rex Trail. [REDACTED] These access routes are also considered farm roads that may be seasonal impassible.
Size and Shape	ADL 415462: Square parcel containing 40.02 acres ADL 415470: Square parcel containing 21.75 acres [REDACTED]
Topography/Vegetation/Soils	ADL 415462: Mostly level parcel that is heavily treed with black spruce and scattered aspen. Soils are Nenana Silt Loam with 20 acres being considered cropland and the remainder not suitable for agriculture. ADL 415470: Mostly level treed parcel described as Nenana-Donnelly complex with 14 acres being considered cropland and the remainder not suitable for agriculture. [REDACTED]
Utilities	There are no utilities available.
Easements	Typical

<p>Development Plans</p>	<p>A Farm Conservation Plan (FCP) is a legal document that is required prior to a purchaser's assumption of the management control of the land. The FCP is a unique document for any given agricultural parcel and its purchaser(s) that formalizes appropriate site-specific soil and water conservation planning. This document will show proposed development including plans for improvements, clearing and existing features. The purchaser in cooperation with the local, federal and state conservation specialist complete an FCP. It is then reviewed by the local Soil and Water Conservation District supervisors and subsequently submitted for approval to the director of the Division of Agricultural. The purchaser and any subsequent owner(s) of the parcel is/are required to use the parcel in compliance with the currently approved FCP, which can be amended, using the review and approval process outlined above. Most contracts to purchase state agricultural include a requirement to clear and prepare for cultivation a minimum of 25 to 50 percent of the "cropland soils" within a specific interval.</p>
<p>Hazardous Waste and Toxic Materials/ Environmental Hazards</p>	<p>None noted</p>
<p>Zoning Regulations</p>	<p>Located within the Denali Borough but not subject to any zoning regulations.</p>

Photograph and survey for ADL 415462 (Photograph and survey for remaining Kobe parcels included in the addenda)

ADL 415462 (Kobe) Parcel Survey (Tract L, ASLS 91-179)





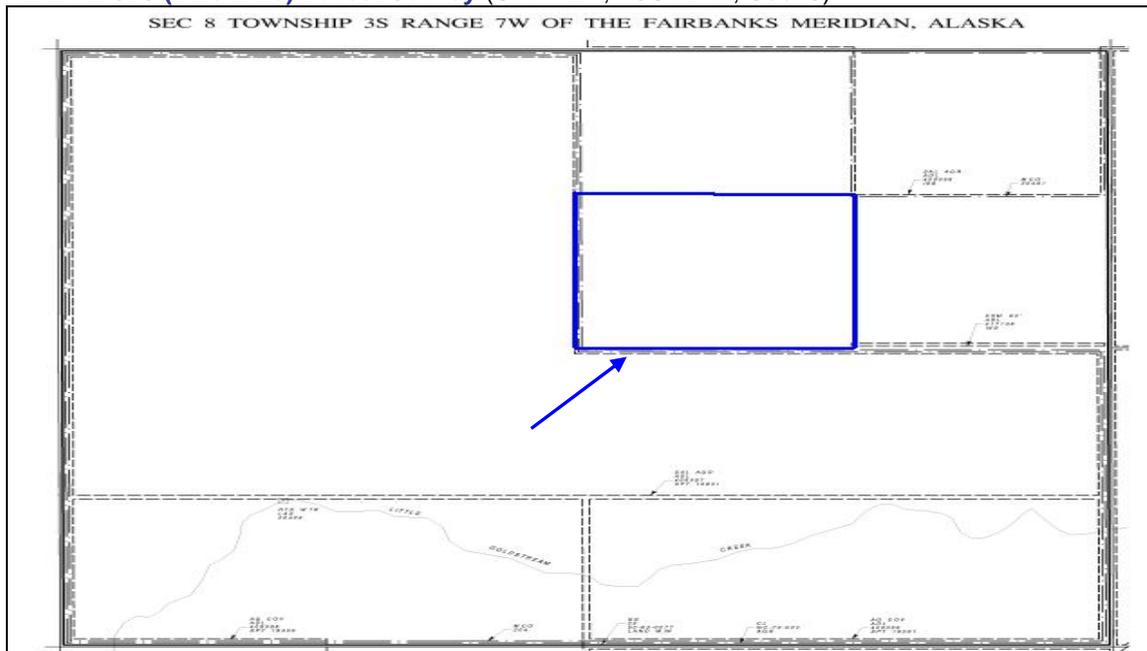
Looking south along western section line (Subject parcel on left of section line)

Two Mile Lake Parcels	
Location	The parcels to be offered are described by the Division of Agriculture as being part of the Two Mile Lake I Agriculture project. Two Mile Lake lies a few miles northeast of the subject parcels. The Two Mile Lake agricultural parcels are located a few miles northeast of the Nenana town site, west of the Parks Highway and the Alaska Railroad tracks. The initial access is just south of where Little Goldstream Creek crosses the Parks Highway.
Legal Description	ADL 417070: SW4NE4 of Sec. 8, T3S R7W, F.M. ADL 417994: Tract F, E1, & E2, of Sec. 3, T3S R7W, F.M.
Access	ADL 417070: Access to the subject parcel is from the Parks Highway, then follows constructed gravel access that runs along the southern boundary of Section 9, T3S, R7W, F.M., then runs part way up the western boundary of this same section. At this point constructed access ends and the subject lies 1320' to the west. ADL 417994: Gravel road access from Parks Highway.
Size and Shape	ADL 417070: Square parcel containing 40 acres ADL 417994: Nearly triangular parcel containing 141.15 acres
Topography/Vegetation/Soils	ADL 417070: Mostly level parcel that drains to the north and west. The northern portion of parcel is lower and wetter than the remaining portions. Uncleared land heavily treed with aspen and spruce. Soils are mapped as Salchaket and a field visit confirmed this finding. Noted as class II soils well suited for agriculture with approximately 30 acres being considered cropland and 10 acres being considered wetlands. ADL 417994: Mostly level uncleared parcel with numerous pothole lakes and wetter areas. Soils are described as primarily Goldstream Silt Loam

	with some portions of Tanana Silt Loam. Approximately 10 acres of parcel considered cropland, remaining acres not suitable for cropland.
Utilities	There are no utilities available. Phone and electricity are available approximately 1/4 mile away.
Easements	Typical
Development Plans	A Farm Conservation Plan (FCP) is a legal document that is required prior to a purchaser's assumption of the management control of the land. The FCP is a unique document for any given agricultural parcel and its purchaser(s) that formalizes appropriate site-specific soil and water conservation planning. This document will show proposed development including plans for improvements, clearing and existing features. The purchaser in cooperation with the local, federal and state conservation specialist complete an FCP. It is then reviewed by the local Soil and Water Conservation District supervisors and subsequently submitted for approval to the director of the Division of Agricultural. The purchaser and any subsequent owner(s) of the parcel is/are required to use the parcel in compliance with the currently approved FCP, which can be amended, using the review and approval process outlined above. Most contracts to purchase state agricultural include a requirement to clear and prepare for cultivation a minimum of 25 to 50 percent of the "cropland soils" within a specific interval.
Hazardous Waste and Toxic Materials/ Environmental Hazards	None noted
Zoning Regulations	The appraised parcels are not located within any organized borough and are not subject to local land use regulations.

Photograph and survey for ADL 417070 (Photograph and survey for remaining Two-Mile parcel included in the addenda)

ADL 417070 (Two-Mile) Parcel Survey (SW4NE4, T3S R7W, Sec. 8)





SE corner looking west along southern boundary of parcel

ANAYLSIS AND CONCLUSIONS

Highest and Best Use

Analysis of highest and best use for the subject properties 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 as⁷:

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

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 properties are vacant and unimproved.

Legally Permissible

There are no 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. The subject parcels could be developed for almost any legal use if it were not for the perpetual agricultural covenant restricting use. This covenant allows only uses related to agricultural. Under the current restrictions, tracts may be subdivided into parcels no smaller than 40 acres which prevents ADL's 415462, 415470, and 417070 from ever being subdivided.

Physically Possible

The subject parcels size and physical characteristics are adequate to support all reasonable and probable uses. Access for all parcels is minimally developed or undeveloped. Soil conditions are adequate to support most uses. The subject's physical characteristics allow for agricultural development.

Financially Feasible

Surrounding land use is primarily agricultural, rural residential or undeveloped. Development of the parcel depends on the amount of resources the owner is willing to allocate for agricultural, residential or recreational needs. The Division of Agriculture reports that profitable hay raising operations typically exceed 320 acres. Agricultural parcels smaller than 320 acres will be able to accommodate small-scale farming operations or farmstead use. Importantly, the clearing requirement on smaller parcels becomes negligible as the size decreases and it becomes consistent with rural land uses that do not have an agricultural covenant.

Maximally Productive

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease. Maximum return would be realized from legally allowable agricultural use.

Highest and Best Use of Land as Vacant

Based on the foregoing analysis, the highest and best use of the subject parcels as vacant would be for production of agricultural crops, other allowed agricultural uses or a larger rural home site or farmstead. The agricultural covenants restrict any other use other than for allowed agricultural uses.

⁷ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.278

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

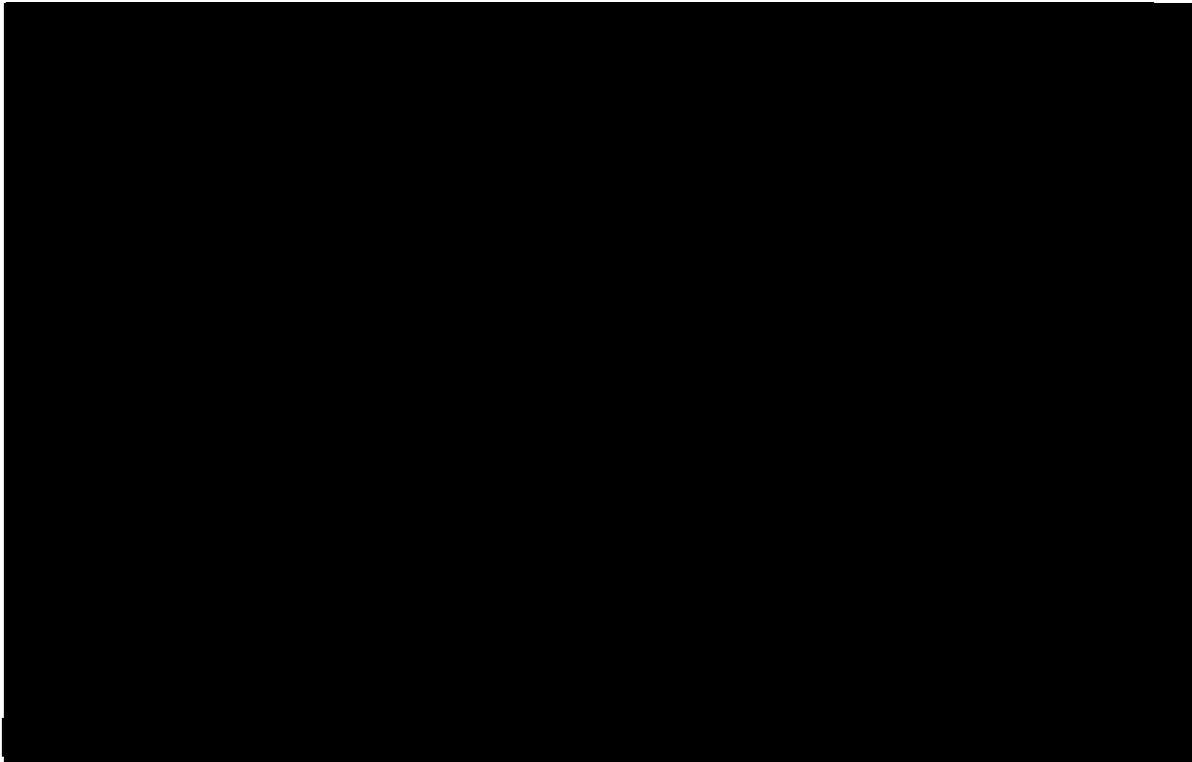
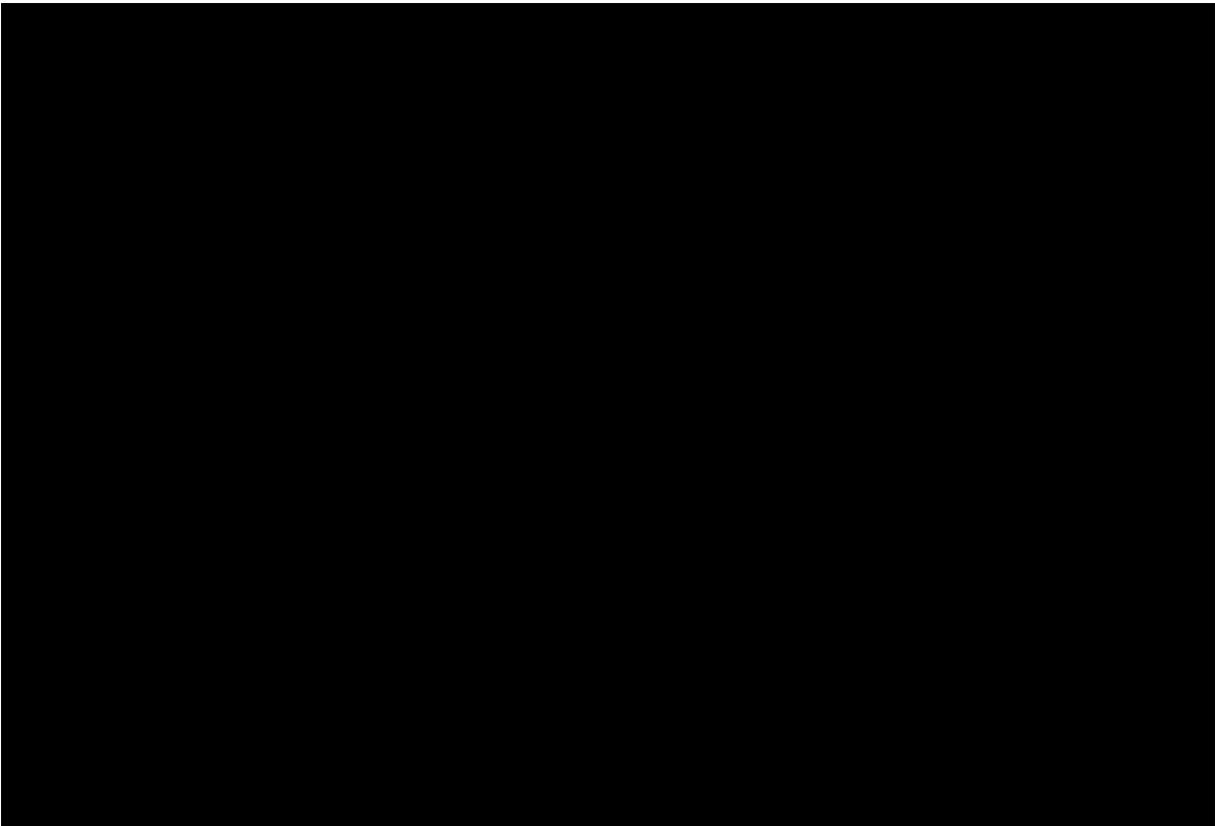
(in the Atwood Building)
550 W. 7th Ave. Suite 1200, Anchorage AK, 99501
Phone (907) 269-8400
Fax (907) 269-8901
TDD for hearing impaired (907) 269-8411
e-mail: dnr.pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

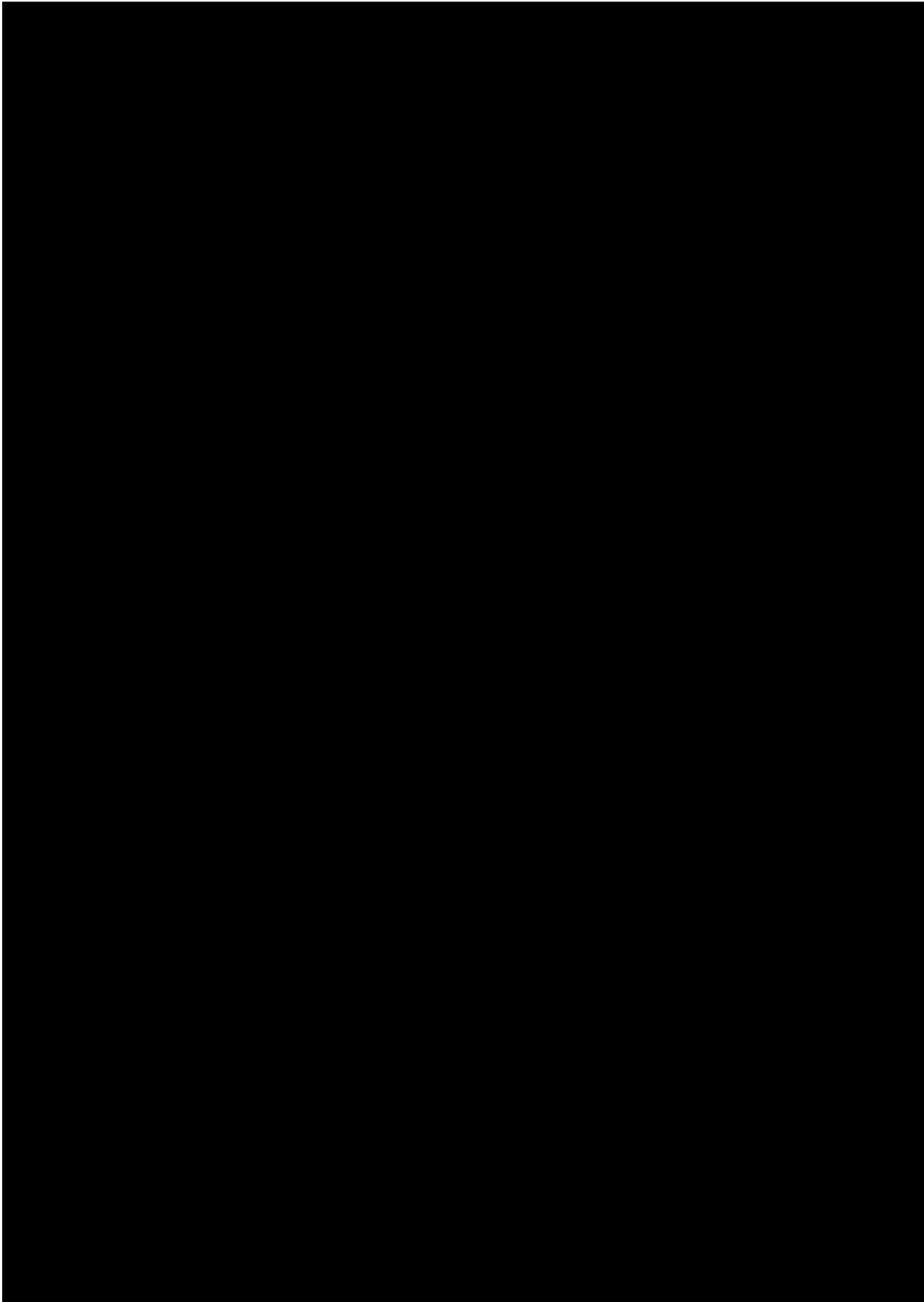
In Fairbanks

(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.





ADL 417994, Tract F, E1, & E2 of Sec. 3, T3S, R7W, F.M. – Photograph



Looking north toward railroad, 8/14/07