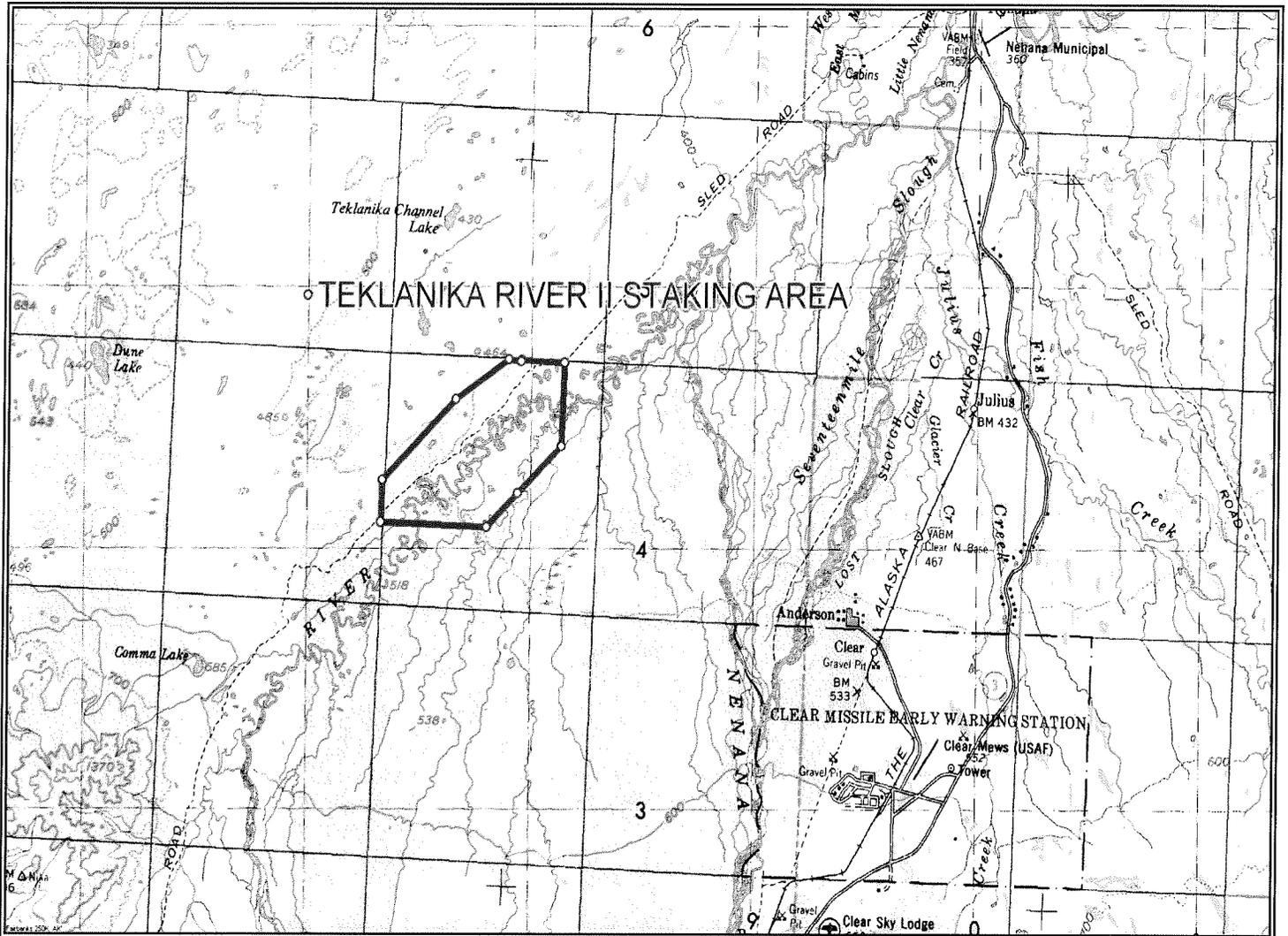


MARKET VALUE APPRAISAL

of

PARCELS within The TEKLANIKA RIVER II

REMOTE RECREATIONAL CABIN STAKING AREA



YEAR 2003

BASE APPRAISAL REPORT No. 3200

STATE of ALASKA

Department of Natural Resources
Division of Mining Land & Water
550 West Seventh Avenue Suite 650
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APPRAISAL SUMMARY

Summary

| | |
|---|--|
| This staking area is outside the Denali & Fairbanks North Star Boroughs, about 12 miles southwest of Nenana, along the Teklanika River. The area encompasses approximately 10,300 acres. There are 40 new staking authorizations proposed for the project area with potential sizes of five to twenty acres. Parcels located within 1,000 feet of the river are limited in size to five acres. The Nenana-Kantishna Trail (RS 2477) has a 100' ROW easement on the west side of the river and staking across the trail will not be allowed. | |
| Legal Description | The area encompasses approximately 10,300 gross acres within sections 2-4, 8-12 and 14-22, Township 6 South, Range 10 West, Fairbanks Meridian. |
| Owner | State of Alaska |
| Hypothetical Key Parcel Riverfront Parcel | Size: 5 acres Location: Teklanika River frontage Access: trail and river Building Site: about 50% poor soil Easements: Typical section-line & pedestrian around lot. Amenities: Typical view of surrounding area. |
| Hypothetical Key Parcel Non-riverfront Parcel | Size: 5 acres Location: more than ¼ mile from river Access: trail Building Site: about 50% poor soil Easements: Typical section-line & pedestrian around lot. Amenities: Typical view of surrounding area. |
| Improvements | None |
| Highest and Best Use | Recreational cabin sites |
| Interest Appraised | Fee simple title, excluding mineral rights |
| Date of Inspection | Not Inspected |
| Effective Date of Value | March 1, 2003 |
| Date of Report | March 1, 2003 |
| Conclusion of Value for Hypothetical 5-acre Riverfront Parcel | \$18,500 or \$3,700 per acre |
| Conclusion of Value for Hypothetical 5-acre Non-waterfront Parcel | \$4,500 or \$900 per acre |

Adjustments

| | | |
|---------------|--|------------------|
| Date of Value | Date of filing | To Be Determined |
| Location | No distinction made within staking area | |
| Size, acres | Adjustment for variations in size. | See Addenda |
| Access | Riverfront parcel | 1.00 |
| | Non-riverfront more than ¼ mile from river or trail | 0.80 |
| Amenities | Creek frontage | 1.25 |
| Building site | Good: Less than 40% swamp. | 1.10 |
| | Average: 40% to 60% swamp. | 1.00 |
| | Poor: more than 60% swamp. | 0.90 |
| Easements | Typical easements are considered in the base value. Other easements or trails across staked parcels to be handled based on reduced useable area & impact on remainder. | To be determined |

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

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 Special Appraisal Instructions, DNR Remote Cabin Sites, Calendar Year 2002.

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 purchase price for parcels to be acquired under the Remote Recreational Cabin Site program (AS 38.05.600).

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 defined¹ 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) 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 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 VALUE³

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

The effective date of the value estimate is March 1, 2003.

¹ The Appraisal of Real Estate, Eleventh Edition, Appraisal Institute, 1996, p.7

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 1998, pp. 561-62

³ The Appraisal of Real Estate, Eleventh Edition, Appraisal Institute, 1996, p.22

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..."⁴

Exposure time varies with the type of property and also changes with market conditions. The market for remote recreational properties has been sluggish for years. Supply has grown faster than demand. The market is somewhat saturated. Primary sellers are DNR, the University of Alaska, the Mental Health Lands Trust, Native allottees, and some boroughs. Remote parcels such as the subject typically require 12 or more months of marketing time.

Compared with competing parcels in the overall market for remote parcels, the market appeal for the subject parcels is average to poor. Considering exposure times for similar properties, appraised values for the subject parcels are based on an exposure time of one to three years.

MARKETING TIME

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

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 to three years.

SCOPE OF THE APPRAISAL

I did not inspect the staking area in the field. Physical features, access and utilities were identified by the use of topographic maps, status plats, aerial photographs, DNR appraisal records and interviews with people who are familiar with the area.

Also, DNR appraisal records were searched for recent sales of similar parcels. 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.

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.

⁴ op. cit. p. 83.

⁵ *Uniform Standards of Professional Appraisal Practice 2001, Appraisal Foundation, p. 128.*

ASSUMPTIONS AND LIMITING CONDITIONS

1. The property is appraised as vacant land without structural or site improvements.
2. Some 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. Plats of lease areas in this report are included for illustration only and may not be to scale.
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. 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.

TEKLANIKA II REMOTE RECREATIONAL STAKING AREA NO. _____

PHYSICAL CHARACTERISTICS

| | |
|---|--|
| Location | The Teklanika II Staking Area is approximately 60 air miles southwest of Fairbanks and 10 air miles southwest of Nenana. It is located approximately 3 miles down the Teklanika River, directly southwest of the 2001 remote cabin site area. The area encompasses approximately 10,300 gross acres within sections 5, 7 and 8, Township 6 South, Range 9 West, Fairbanks Meridian; and sections 2-4, 8-12 and 14-22, Township 6 South, Range 10 West, Fairbanks Meridian. |
| Topo map | USGS Fairbanks B-5, B-6 |
| Topography/Terrain/ Major features | The area lies within the Tanana-Kuskokwim lowlands on relatively flat terrain. The elevation is approximately 400 feet. The Teklanika River, with its associated sloughs and oxbow lakes, flows through the disposal area. |
| Access | The Nenana-Kantishna Trail, RST 346 (also known as the Old Mail Trail) runs along the northwest boundary of the disposal area. The Nenana and Teklanika Rivers also provide boat access. |
| Roads/Trails | RST 346 begins at the western Nenana city limits and can be accessed from a road running west from mile 300 of the Parks Highway. This road stops at the Teklanika River; the trail continues on the west bank. It is suitable for winter traffic. No other known established roads or trails are within the disposal area. |
| View | There are views of the rivers, lakes or streams in the area. |
| Climate | The area has a cold, continental climate with an extreme temperature range. The average daily maximum during summer months is 65 to 70 degrees F; the daily minimum during winter is well below zero. The highest temperature ever recorded is 98 degrees F; the lowest is-69 degrees F. Average precipitation is 11.4 inches with 48.9 inches of snowfall annually. |
| Soils | Unknown. |
| Vegetation | Stands of white spruce, paper birch, aspen, cottonwood and willow are found in well-drained areas. Black spruce forest with a ground cover of sedge, mosses and low shrubs cover poorly drained areas. |
| Water source | Rivers, lakes and streams are in the area. |

| | |
|---|---|
| Title | This staking area is patented to the State of Alaska |
| Area Plan, Management Unit, Classification | Tanana Basin Area Plan Subregion 4: Parks Highway and West Alaska Range Management Unit 4I Teklanika Delta Subunit 4I1 Classification: Settlement |
| Municipal authority | The staking area is not within the boundaries of an organized borough. It is subject to State of Alaska platting authority. |

PRESENTATION OF DATA AREA ANALYSIS

Alaska Department of Community and Economic Development

Nenana Community Overview

Current Population:

486 (certified December 2001, by DCED)

| | |
|------------------------------|---------------------|
| Incorporation Type: | Home Rule City |
| Borough Located In: | Unorganized |
| School District: | Nenana City Schools |
| Regional Native Corporation: | Doyon, Limited |

Location:

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 64.56389° N Latitude and -149.09306° W 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.

History:

Nenana is in the western-most portion of Tanana Athabaskan Indian territory. It was first known as Tortella, an interpretation of the Indian word "Toghotthele," which means "mountain that parallels the river." Early explorers such as Allen, Harper and Bates first entered the Tanana Valley in 1875 and 1885. However, the Tanana people were accustomed to contact with Europeans, due to trading journeys to the Village of Tanana, where Russians bartered Western goods for furs. The discovery of gold in Fairbanks in 1902 brought intense activity to the region. A trading post/roadhouse was constructed by Jim Duke in 1903, to supply river travelers and trade with Indians. St. Mark's Episcopal mission and school was built upriver in 1905. Native children from other communities, such as Minto, attended school in Nenana. A post office opened in 1908. By 1909, there were about 12,000 residents in the Fairbanks area, most drawn by gold mining activities. In 1915, construction of the Alaska Railroad doubled Nenana's population. The Nenana Ice Classic - a popular competition to guess the date and time of the Tanana River ice break-up each spring - began in 1917 among surveyors for the Alaska Railroad. The community incorporated as a City in 1921. The Railroad Depot was completed in 1923, when President Warren Harding drove the golden spike at the north end of the 700-foot steel bridge over the Tanana River. Nenana now had a transportation link to Fairbanks and Seward. According to local records, 5,000 residents lived in Nenana during this time, however, completion of the railroad was followed by an economic slump. The population in 1930 was recorded at 291. In 1961, Clear Air Force Station was constructed 21 miles southwest, and many civilian contractors commuted from Nenana. A road was constructed south to Clear, but north, vehicles were ferried across the Tanana River. In 1967 the community was devastated by one of the largest floods ever recorded in the valley.

Culture:

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.

Economy:

Over 50% of the year-round jobs are government-funded, including the City, Nenana School District, Yukon-Koyukuk School District, and DOT highway maintenance. Nenana has a strong private sector economy with a seasonal fluctuation 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. 27 residents hold commercial fishing permits. The City is developing a tourist economy, with 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. The majority of Native households rely on subsistence foods, such as salmon, moose, caribou (by permit), bear, waterfowl and berries.

Facilities:

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. The City has asked for funding to connect the sewer system to 15 homes, and water to 24 homes, to complete the service. Refuse is collected by a private firm, and hauled to the new Denali Borough regional landfill, located south of Anderson.

Transportation:

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' paved and lighted runway, with float plane 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.

Climate:

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.

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

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.*⁶

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

Legally Permissible

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 parcel could be developed for almost any legal use.

Physically Possible

The subject size and physical characteristics are adequate to support all reasonable and probable uses.

Financially Feasible

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

Maximally Productive

Surrounding land use is primarily recreational. 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 almost any legal use, primarily a private recreation cabin site.

⁶ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p305

SALES COMPARISON APPROACH

KEY PARCEL METHOD

In appraising a number of similar parcels, it is accepted appraisal practice to appraise a key parcel that is most representative of all the parcels being appraised. The key parcel may be a hypothetical parcel or an actual parcel. The value of the remaining parcels is then based on a comparison to the key parcel. This methodology replicates typical developer thinking.

EXPLANATION of ADJUSTMENTS

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

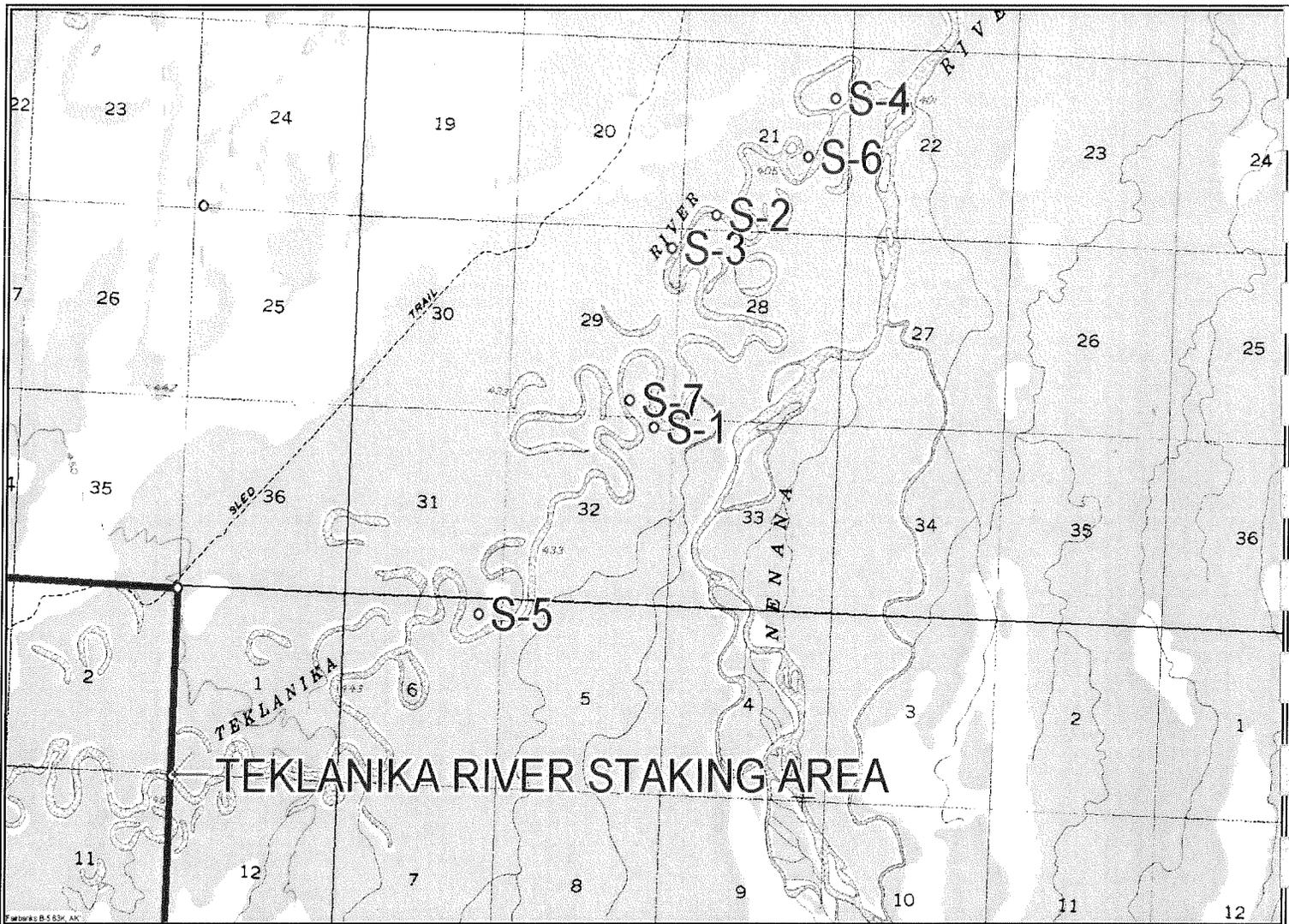
An adjustment of less than 1.00 means the sale feature is superior to the appraised property and requires a downward price adjustment to indicate the value of the key parcel. An adjustment greater than 1.00 means that the sale feature is inferior to the subject, requiring an upward adjustment to indicate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

The same adjustments and procedures are applied to the key parcel value to indicate the market value of a parcel being appraised, except the direction of adjustment is reversed when comparing appraised parcels to the key parcel. Superior features require a positive adjustment compared with the appraised parcel; inferior features require a negative adjustment. The following is a summary of adjustments and how they were estimated. Detailed information about the comparable sales and the adjustments is contained in the Addenda.

Unit of Comparison Generally, the buyers and sellers in the market place determine the unit of comparison, e.g. price per acre, square foot, site, front foot, etc. The price per acre is the most commonly recognized unit of comparison in the subject market.

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

COMPARABLE SALES TEKLANIKA RIVER STAKING AREA



Financing Terms In accordance with DNR instructions, market value is estimated in terms of seller financing typical for the market. In some markets cash may command a discount compared with typical seller financing. The amount of the discount is usually proportional to the total price. Inexpensive parcels are seldom discounted for cash. Available sales do not offer reliable comparisons for measuring price differences due to terms. The trend is for cash sales to be at the lower end of the price range. Listed prices which set the upper limit of value were also considered in this analysis.

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

Market Conditions (Time) Analysis of real estate sales in the subject area indicates that prices of vacant land have been level in recent years. Comparable sales used in this valuation are the most recent transactions available and need no adjustment for time.

Location/Access The first hypothetical key parcel has river frontage on the Teklanika River. The second has no river frontage. River frontage is considered equivalent to fly-in lake frontage. Sales previously analyzed on and near the Totek Lake and Deadman Lake (DNR Appraisal #3073) indicates that back lots sell for 25% to 33% of the lakefront parcels. An analysis done in DNR Appraisal #3082 found parcels on fly-in lakes sell for 33% to 180% more than the non-frontage off the lake. Stated alternatively, interior parcels sell for 35% to 75% of lakefront or river front properties. Because of the location of this staking area and high potential for poor soils, the comparable sales are adjusted downward 75% to estimate a value for the hypothetical key parcel without river frontage.

Appraisal #3082 showed no differential in parcels with and without frontage on a small, unnamed creek, but showed a 25% upward adjustment to be supported for frontage on a named creek. There are no named creeks within the staking area. Aerial photographs and maps showed a few significant creeks in the area, but these are outside the staking area east of the Nenana River. If inspection of a staked parcel reveals frontage on a significant creek, the value will be adjusted upward 25% from the value of the non-river front key parcel.

Size The price per acre varies inversely with the size of parcel. Many analyses have revealed the fact that when the parcel size doubles, the unit value decreases to a point at which the change is minimal. A detailed explanation of the application of adjustments is included in the addenda of this report.

Building Site Several factors such as drainage, soils, and topography may affect the location, size, and number of potential building sites. These factors and their adjustments are noted as follows:

| Site Characteristics | Site Quality Rating | Adjustment Multiplier |
|---|---------------------|-----------------------|
| Mostly steep, or wet ground, or unstable soil conditions | Poor | 1.10 |
| At least 50% level to gently sloping, well drained and wooded | Average | 1.00 |
| Mostly level to gently sloping, well drained and wooded. | Good | 0.90 |

Easements Public access and utility easements along section and lot lines are 15 to 50 feet wide or as required by the platting authority. Most easements are within the limits of normal setback distances along the property lines. None of the sales have abnormal easements and there are no adjustments required.

Amenities Exceptional features which may enhance value includes panoramic views, small ponds or creeks that enhance market appeal of a recreational sites justifies an adjustment of 1.10.

VALUATION OF HYPOTHETICAL KEY PARCEL

The following sales are the most recent tranasctions of remote parcels similar to the key parcel.

| No. | Data ID | Date | Location | Access | Legal | ASLS# | Acres | Price | \$/Acre |
|-----|---------|---------|-----------------|-------------|-------|--------|-------|----------|---------|
| 1 | 13607 | 1/22/01 | Teklanika River | River/Trail | Tr. B | 87-267 | 4.65 | \$14,000 | \$3,011 |
| 2 | 11995 | 3/1/99 | Teklanika River | River/Trail | Tr. A | 86-180 | 3.414 | \$15,100 | \$4,423 |
| 3 | 11996 | 3/1/99 | Teklanika River | River/Trail | Tr. B | 86-180 | 2.523 | \$15,000 | \$5,945 |
| 4 | 12317 | 1/13/00 | Teklanika River | River/Trail | Tr. A | 86-151 | 4.68 | \$21,000 | \$4,487 |
| 5 | 12316 | 10/99 | Teklanika River | River/Trail | Tr. B | 86-148 | 4.80 | \$22,637 | \$4,716 |
| 6 | 13325 | 10/5/99 | Teklanika River | River/Trail | n/a | 91-114 | 4.99 | \$15,000 | \$3,006 |
| 7 | 13326 | 7/24/00 | Teklanika River | River/Trail | Tr. A | 87-267 | 5.00 | \$16,000 | \$3,200 |

DESCRIPTION AND VALUATION OF KEY PARCEL "A" with River Frontage

Location Teklanika II Remote Staking Area
Size 5 acres
Access Teklanika River, Sled dog trail
Building Site Average - At least 50% wet, level ground, sandy soils
Utilities None
Easements Typical lot line easements or as required by plating authority.
Waterfront Teklanika River
Amenities Typical view of surrounding landscape

SALES COMPARABLES

Comparable No. 1 is the January 2001 sale of 4.65 acres on the Teklanika River. The site is located on the south side of the river approximately three miles northeast of the subject staking area. After making a small adjustment for size, this sale indicates \$2,890 per acre.

Comparable No. 2 is the March 1999 sale of a 3.414 acre parcel on the Teklanika River. The site is located on the south side of the river approximately four miles northeast of the subject staking area. After adjusting for size, this sale indicates a value of \$3,671per acre.

Comparable No. 3 is the March 1999 sale of a 2.523 acre parcel on the Teklanika River. The site is located on the north side of the river approximately four miles northeast of the subject staking area. After adjusting for size, this sale indicates a value of \$4,459 per acre.

Comparable No. 4 is the January 2000 sale of a 4.68 acre parcel on the Teklanika River. The site is located on the north side of the river approximately five miles northeast of the subject staking area. This parcel was purchased from the Department of Natural Resources in an over the counter transaction. After adjusting for size, this sale indicates a value of \$4,308 per acre.

Comparable No. 5 is the October 1999 sale of a 4.80 acre parcel on the Teklanika River. The site is located on the north side of the river approximately two miles northeast of the subject staking area. This parcel was purchased from the Department of Natural Resources in an over the counter transaction. No size adjustment is required. This sale indicates a value of \$4,716 per acre.

Comparable No. 6 is the October 1999 sale of a 4.99-acre parcel on the Teklanika River, approximately five miles northeast of the subject staking area. The site is located on the west side of the river, about one mile south of the confluence of the Nenana and Teklanika Rivers. This sale indicates a value of \$3,006 per acre.

Comparable No. 7 is the July 2000 sale of a 5.00-acre parcel on the Teklanika River, approximately three miles northeast of the subject staking area. The site is located on the south side of the river. No size adjustment was required. This sale indicates a value of \$3,200 per acre.

Reconciliation

Five of the seven sales were between private parties, with Sale Nos. 4 and 5 being purchased from the DNR. The adjusted range of values for the Key Waterfront parcel is from \$2,890 to \$4,716 per acre, with a central tendency at \$3,750 per acre. Because of the high potential for poor soil or standing water, a value within the lower half of the range is reasonable. In the final value conclusion, the market value for the hypothetical key river front parcel within the staking area is estimated to be \$3,700 per acre, or \$18,500.

For the non-water front parcels, the same sales were utilized as the key waterfront parcel. As before, the sales only required adjustment for size. The adjusted values range from \$723 to \$1,179 per acre, with a central tendency at \$938 per acre. Because of the high potential for poor soil or standing water, a value within the lower half of the range is reasonable. The value for the hypothetical key, non-water front parcel is estimated to be \$900 per acre, or \$4,500.

| | |
|--|--|
| ID: 11996 | PHOTOGRAPH/MAP: |
| REGION: NORTHERN AREA: ALASKA RANGE NORTH NEIGHBORHOOD: NENANA LOCATION: ABOUT 70 MILES SOUTHWEST OF FAIRBANKS, SW OF NENANA ON NW SIDE OF TEKLANIKA RIVER FRONTAGE NAME: TEKLANIKA RIVER SUBDIVISION: | TAKEN BY: _____ DATE: _____ SOURCE OF INFORMATION/DATE: ROBERT FOX REALTY BY CHILTON HINES 3/99, 6/99 |
| GRANTOR: ZOBRIST, DAN AND CAROLYN EDELMAN GRANTEE: SPARKS, ALLEN AND SARAH | |
| DATE OF SALE: 3/1/1999 SALE PRICE: \$15,000.00 ACRES: 2.523 REC DIST: NENANA BOOK/PAGE/SER. # 66/114 INSTRU: WARRANTY DEED TERMS: CASH CONDITION: | |
| LEGAL DESCRIPTION: TRACT B, ASLS 86-180, PLAT 88-6, ADL 412609 TAX ID: | USGS MAP: FAIRBANKS B-5 QUAD: FAIRBANKS LATITUDE: N642731.416 LONGITUDE: W1492151.625 MTRS: F005S009W29 |
| SLOPE: LEVEL VEGETATION: BIRCH AND SPRUCE TREES SOILS: SHORE: UNUSUAL FEATURES: SITE DESCRIPTION: THIS SITE CAN BE ACCESSED ONLY FROM THE TANANA RIVER AT NENANA, THEN SOUTHERLY ON THE NENANA RIVER, THEN SOUTHWESTERLY ON THE TEKLANIKA RIVER. BROKER COMMENTED THAT THE LOT HAS SOUTHEASTERN EXPOSURE AND A GOOD STAND OF MATURE TREES FOR LOG CONSTRUCTION. REPORT 3020, COMP 9. | |
| FRONTAGE: <input type="checkbox"/> LakeFrontage <input type="checkbox"/> HwyFrontage <input type="checkbox"/> OceanFrontage <input type="checkbox"/> CreekFrontage <input type="checkbox"/> PondFrontage <input checked="" type="checkbox"/> RiverFrontage ELECTRICITY: N TELEPHONE: N WATER: N SEWER: N NATURAL GAS: ACCESS: BOAT ATV/SNOWMACHINE | |
| ZONING: NONE TITLE INTEREST: FEE PARCEL TYPE: UPLAND EASEMENTS/RESTRICTIONS: | |
| HIGHEST / BEST USE: RECREATIONAL MARKET EXPOSURE: SUPPLY/DEMAND: BUYER/SELLER MOTIVATION: | |

| | |
|-------------------------------|-----------------------------|
| SALE PRICE: | \$15,000.00 |
| VALUE OF IMPROVEMENTS: | \$0.00 IMPROVEMENTS: |
| LAND VALUE: | \$15,000.00 |

| # OF SITES: | \$/SITE: | ACRES: | \$/ACRE: | SQUARE FEET: | \$/SQFT: | FRONT FEET: | \$/FF: | RENTAL RATE: |
|-------------|----------|--------|----------|--------------|----------|-------------|--------|--------------|
| 1 | \$15,000 | 2.523 | \$5,945 | 0 | \$0.00 | 0 | \$0.00 | 0.000 % |

| | |
|---|-----------------|
| ID: 12317 | PHOTOGRAPH/MAP: |
| REGION: NORTHERN AREA: FBX NORTH STAR BORO NEIGHBORHOOD: NENANA LOCATION: ABOUT 60 AIR MILES SW OF FAIRBANKS & 10 AIR MILES SW OF NENANA FRONTAGE NAME: TEKLANIKA RIVER SUBDIVISION: | |

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|------------------------------------|
| GRANTOR: STATE OF ALASKA, DNR |
| GRANTEE: TATE, JOHN S. |

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|---|
| DATE OF SALE: 1/13/2000 SALE PRICE: \$21,000.00 |
| ACRES: 4.680 |
| REC DIST: NENANA |
| BOOK/PAGE/SER. # 98/998 |
| INSTRU: REAL ESTATE CONTRACT |
| TERMS: TERMS |
| CONDITION: 5% DOWN, STANDARD DNR TERMS |

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|---|-------|
| TAKEN BY: | DATE: |
| SOURCE OF INFORMATION/DATE: DNR FAIRBANKS BY C. HINES 3/00 | |

| |
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| LEGAL DESCRIPTION: |
| TRACT A, ASLS 86-151, ADL 414135, PLAT 87-19 |
| TAX ID: |

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|--|
| USGS MAP: FAIRBANKS B-5 QUAD: FAIRBANKS |
| LATITUDE: N642813.513 LONGITUDE: W1491955.036 |
| MTRS: F005S009W21 |

| | |
|---|-------------------------------|
| SLOPE: LEVEL | VEGETATION: MEDIUM TREES |
| SOILS: APPEAR AVERAGE | |
| SHORE: | UNUSUAL FEATURES: |
| SITE DESCRIPTION: | |
| ACCESSIBLE IN SUMMER BY BOAT UP THE NENANA AND TEKLANIKA RIVERS FROM NENANA AND OTHER RIVER COMMUNITIES AND BY FLOAT PLANE. IT IS ACCESSIBLE IN WINTER BY SNOW MACHINE AND SKI PLANE. THIS PARCEL IS LOCATED ABOUT .5 MILE UP THE TEKLANIKA RIVER FROM THE NENANA RIVER. MAY HAVE SOME WET AREAS. REPORT 3051-0 # 30. | |
| FRONTAGE: <input type="checkbox"/> LakeFrontage <input type="checkbox"/> HwyFrontage <input type="checkbox"/> OceanFrontage <input type="checkbox"/> CreekFrontage <input type="checkbox"/> PondFrontage <input checked="" type="checkbox"/> RiverFrontage | |
| ELECTRICITY: N TELEPHONE: N WATER: N SEWER: N NATURAL GAS: N ACCESS: | |
| BOAT ATV/SNOWMACHINE | |

| | | |
|-------------------------|--------------------------|--------------------------|
| ZONING: | TITLE INTEREST: FEE | PARCEL TYPE: UPLAND |
| EASEMENTS/RESTRICTIONS: | | |

| |
|---|
| HIGHEST / BEST USE: RECREATIONAL |
| MARKET EXPOSURE: SOLD OVER THE COUNTER |
| SUPPLY/DEMAND: |
| BUYER/SELLER MOTIVATION: |

| | |
|------------------------|---------------------------|
| SALE PRICE: | \$21,000.00 |
| VALUE OF IMPROVEMENTS: | \$0.00 IMPROVEMENTS: |
| LAND VALUE: | \$21,000.00 |

| # OF SITES: | \$/SITE: | ACRES: | \$/ACRE: | SQUARE FEET: | \$/SQFT: | FRONT FEET: | \$/FF: | RENTAL RATE: |
|-------------|----------|--------|----------|--------------|----------|-------------|--------|--------------|
| 1 | \$21,000 | 4.68 | \$4,487 | 0 | \$0.00 | 0 | \$0.00 | 0.000 % |

| | |
|--|---|
| ID: 13326 | PHOTOGRAPH/MAP: |
| REGION: NORTHERN AREA: ALASKA RANGE NORTH NEIGHBORHOOD: NENANA LOCATION: 2 MI FROM CONFLUENCE OF TEKLANIKA & NENANA RIVERS FRONTAGE NAME: TEKLANIKA RIVER SUBDIVISION: | |
| GRANTOR: PHILPOTT, GARY GRANTEE: ULRICH, JOHN & LORA BUNTZMAN | |
| DATE OF SALE: 7/24/2000 SALE PRICE: \$16,000.00 ACRES: 5.000 REC DIST: NENANA BOOK/PAGE/SER.# 69/403 INSTRU: WARRANTY DEED TERMS: CASH CONDITION: TYPICAL | |
| TAKEN BY: _____ DATE: _____ | |
| SOURCE OF INFORMATION/DATE: ROBT. FOX REALTY BY JIM WILLIAMS 4/02 | |
| LEGAL DESCRIPTION: TRACT A, ASLS 87-267 PLAT 88-30 TAX ID: | USGS MAP: FAIRBANKS B-5 QUAD: FAIRBANKS LATITUDE: N642652.264 LONGITUDE: W1492216.381 MTRS: F005S009W29 |
| SLOPE: _____ VEGETATION: LARGE SPRUCE ALONG WITH BIRCH & ASPEN SOILS: AVERAGE SHORE: _____ UNUSUAL FEATURES: SITE DESCRIPTION: LOCATED ON EAST SIDE OF TEKLANIKA RIVER ABOUT 2 MILES FROM THE CONFLUENCE OF THE NENANA RIVER. ACCESS IS PRIMARILY BY BOAT FROM THE ANDERSON BOAT RAMP ON THE NENANA RIVER. | |
| FRONTAGE: <input type="checkbox"/> LakeFrontage <input type="checkbox"/> HwyFrontage <input type="checkbox"/> OceanFrontage <input type="checkbox"/> CreekFrontage <input type="checkbox"/> PondFrontage <input checked="" type="checkbox"/> RiverFrontage ELECTRICITY: N TELEPHONE: N WATER: N SEWER: N NATURAL GAS: N ACCESS: ATV/SNOWMACHINE BOAT | |

| | | |
|--|---------------------|---------------------|
| ZONING: N/A | TITLE INTEREST: FEE | PARCEL TYPE: UPLAND |
| EASEMENTS/RESTRICTIONS: TYPICAL | | |
| HIGHEST / BEST USE: RECREATIONAL | | |
| MARKET EXPOSURE: SUPPLY/DEMAND: BUYER/SELLER MOTIVATION: | | |

| | |
|------------------------|----------------------|
| SALE PRICE: | \$16,000.00 |
| VALUE OF IMPROVEMENTS: | \$0.00 IMPROVEMENTS: |
| LAND VALUE: | \$16,000.00 |

| # OF SITES: | \$/SITE: | ACRES: | \$/ACRE: | SQUARE FEET: | \$/SQFT: | FRONT FEET: | \$/FF: | RENTAL RATE: |
|-------------|----------|--------|----------|--------------|----------|-------------|--------|--------------|
| 1 | \$16,000 | 5 | \$3,200 | 0 | \$0.00 | 0 | \$0.00 | 0.000 % |

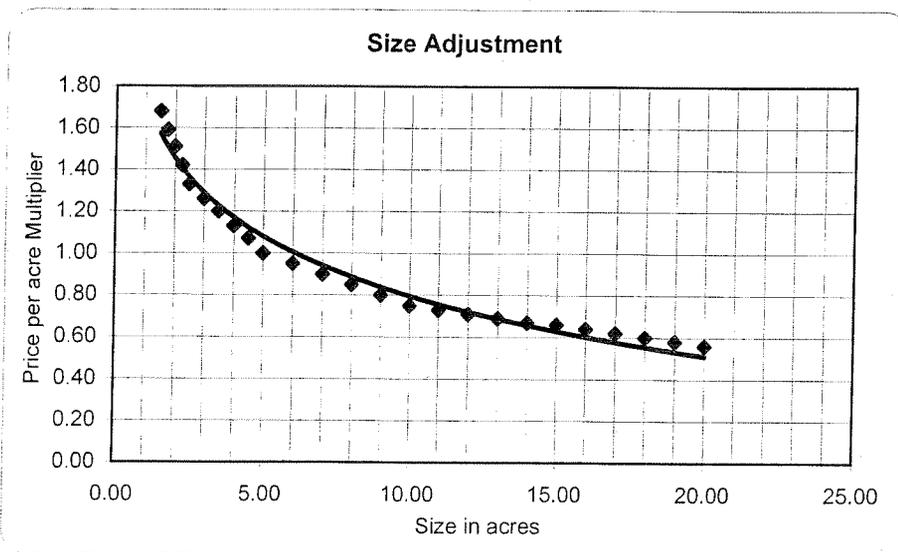
SIZE ADJUSTMENT

| Size, ac | Multiplier |
|----------|------------|
| 1.50 | 1.68 |
| 1.75 | 1.59 |
| 2.00 | 1.51 |
| 2.25 | 1.42 |
| 2.50 | 1.33 |
| 3.00 | 1.26 |
| 3.50 | 1.20 |
| 4.00 | 1.13 |
| 4.50 | 1.07 |
| 5.00 | 1.00 |
| 6.00 | 0.95 |
| 7.00 | 0.90 |
| 8.00 | 0.85 |
| 9.00 | 0.80 |
| 10.00 | 0.75 |
| 11.00 | 0.73 |
| 12.00 | 0.71 |
| 13.00 | 0.69 |
| 14.00 | 0.67 |
| 15.00 | 0.66 |
| 16.00 | 0.64 |
| 17.00 | 0.62 |
| 18.00 | 0.60 |
| 19.00 | 0.58 |
| 20.00 | 0.56 |

This chart illustrates the relationship between size and value per acre and is based on the multipliers shown in the table. For example, if the key parcel contains 10 acres and the appraised parcel contains 15 acres, the adjustment multiplier is derived as follows:

the multiplier of 0.66 (15 ac.) divided by 0.75 (10 ac.) equals 0.88, meaning that the per acre value of the appraised parcel is only 88 percent of the key parcel's value per acre.

The size adjustment is applied only when the size difference is more than one acre.



SPECIAL APPRAISAL INSTRUCTIONS
DNR REMOTE RECREATIONAL CABIN SITE DISPOSAL, CALENDAR YEAR 2003

1. **Appraisal Standards:** A complete, summary appraisal is required and must be prepared in accordance with these instructions and with Standards Rules 1 and 2 of the *Uniform Standards of Professional Appraisal Practice* (USPAP).
2. **Purpose of the Appraisal:** The purpose of the appraisal is to estimate market value.
3. **Intended Use:** The appraisal will be used by DNR to determine the purchase price for parcels to be acquired under the Remote Recreational Cabin Site staking program (AS 38.05.600).
4. **Definition of Market Value:** Appraisals must use the following definition of market value and must be based on terms of sale as described in section 5 below. Appraisals using other definitions will be returned for correction.

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.¹
5. **Terms of Sale:** Market value must be estimated in terms of seller financing typical for the market. DNR will not accept appraisals that apply a downward adjustment to comparable prices with typical seller financing in order to indicate a cash value. Per AS 38.05.065 DNR is required to offer seller financing and does not discount for cash.
6. **Property Rights Appraised:** Appraise the fee simple estate less mineral rights reserved under AS 38.05.125(a). Appraisals that do not cite this definition will be returned for correction.
7. **Appraisal Methodology:** Potential applicants are to be given value estimates for each staking area before they actually stake any parcels. For that reason, appraisals will be completed in a two-step process. In the first step (called the base report), an appraisal report will value hypothetical key parcels that are likely to be staked in each staking area, e. g. a lakefront parcel and an interior parcel. The base report will also quantify any value differences that are likely to exist between actual parcels and key parcels, e.g. size, access, building site, amenities, easements. In the second step (called the parcel report) the attributes of each actual, surveyed parcel will be compared to the appropriate key parcel as a means for determining the actual appraised value and purchase price. Parcel reports may be physically separate from the base reports. If that is the case, each parcel report will reference the base report as the basis for value. There will be lag time between completion of the base report and the actual date of entry/valuation date. Should values change between those dates, the parcel report will have to quantify the adjustment, if any, for time or market conditions.
8. **Date of Valuation:** Use a current date of valuation for the base report and the date of entry for the parcel report.
9. **Minimum Value:** Minimum parcel purchase price is \$1,000 per 11 AAC 67.840 (d)(2).
10. **Inspection and Determination of Site Quality:** Onsite inspection of the staking area and comparable sales is optional during preparation of the base report. In lieu of physical inspection for the base report, the appraiser may rely on as many sources of information as are available: recent aerial photos from commercial sources, previous DNR appraisals, topographic maps, field inspection reports in DNR case files, aerial mosaics in DNR design files, and previous field experience in the area. Actual surveyed parcels must be field inspected to determine site characteristics and quality compared with the hypothetical key parcel. Fly-over inspections are acceptable.
11. **Improvements:** Onsite improvements made by the applicant will be excluded from the estimate of value.
12. **Photographs:** The parcel valuation report must contain photographs of the actual, surveyed parcels. Photographs must clearly approximate property corners and boundaries with marks on the photographs or explanatory captions.
13. **Plat or Survey Maps:** Staking maps are required in the base report. Staking maps, survey maps, and land status maps are required in the parcel valuation report. The appraiser is expected to review staking maps, surveys, plats, plat notes, and land status maps for easements and other restrictions that could affect value and to summarize such easements and restrictions in the appraisal reports.
14. **Data Analysis and Key Parcel:** A base report may include more than one staking area if the market characteristics of the staking areas are similar. A base report may also include more than one hypothetical key parcel. When appraising similar parcels within the same or similar staking areas, a typical or *Key Parcel* valuation method must be used. For each key parcel appraised, the base report must include a valuation grid. When appraising key parcels, it is also acceptable to compare one key parcel to another as the method for estimating value, e.g. an interior key parcel is half the value of an otherwise similar lakefront parcel. Grids must describe the pertinent features of each of the key parcels and each of the comparable sales. Grids must also show quantitative adjustments made in relating the pertinent features of the comparable transactions to the pertinent features of the key parcels or pertinent features of actual parcels to key parcels.

¹ The Appraisal of Real Estate, Eleventh Edition, Appraisal Institute, 1996, page 22

SPECIAL APPRAISAL INSTRUCTIONS

DNR REMOTE RECREATIONAL CABIN SITE DISPOSAL, CALENDAR YEAR 2003

In order to ensure consistency in the valuation process, adjustments must be quantified and briefly discussed in narrative, in addition to being presented in the grid. Whenever possible, the adjustments will be expressed in terms of multipliers, e.g. 1.20 for plus 20% or .80 for minus 20%. As the amount of the adjustment increases, the need for factual evidence (e.g. paired sales, data arrays, opinion surveys) increases. The final reconciliation must clearly state which indicators of value are the most reliable, and explain how each indicator affects the appraiser's final conclusion of value. Estimates based solely on the appraiser's opinion without explanation will be rejected. Estimates based solely on regression analysis or other statistical methods may also be rejected.

15. **Comparable Sale Data and Map:** The base report must contain Comparable Sale Forms or data sheets. Each data sheet must be similar in content to the attached sample. A comparable sale location map is required, showing the location of each comparable in relation to the appraised properties and other comparables.
16. **Report Format:** DNR has prepared standard base and parcel report formats that must be used. Contact the DNR review appraiser to obtain electronic copies of the format.
17. **Required Number of Copies:** One bound copy of the draft base report and five bound copies of the final base report should be delivered to the DNR Review Appraiser. One copy of the parcel report should be delivered to the DNR Review Appraiser.
18. **Disclosure:** By law, appraisal reports are public documents that must be made available to the public upon request. Appraisals shall not contain any language that restricts public use. If the report contains use-restricting language, the language will not apply.
19. **Review and Approval:** The DNR review appraiser will review all appraisals for compliance with USPAP and DNR instructions.
20. **How to Contact the DNR Review Appraiser:**

| | |
|--------------------------------------|--|
| Judy A. Robinson, SR/WA | Phone: 907-269-8512 |
| Division of Mining, Land & Water | FAX: 907-269-8914 |
| 550 W 7 th Ave, Suite 650 | E-mail: judy@dnr.state.ak.us |
| Anchorage, AK 99501-3576 | Hours: 8AM to 4PM |

Attachments: Comparable Sale Form
Base Report Form
Parcel Report Form