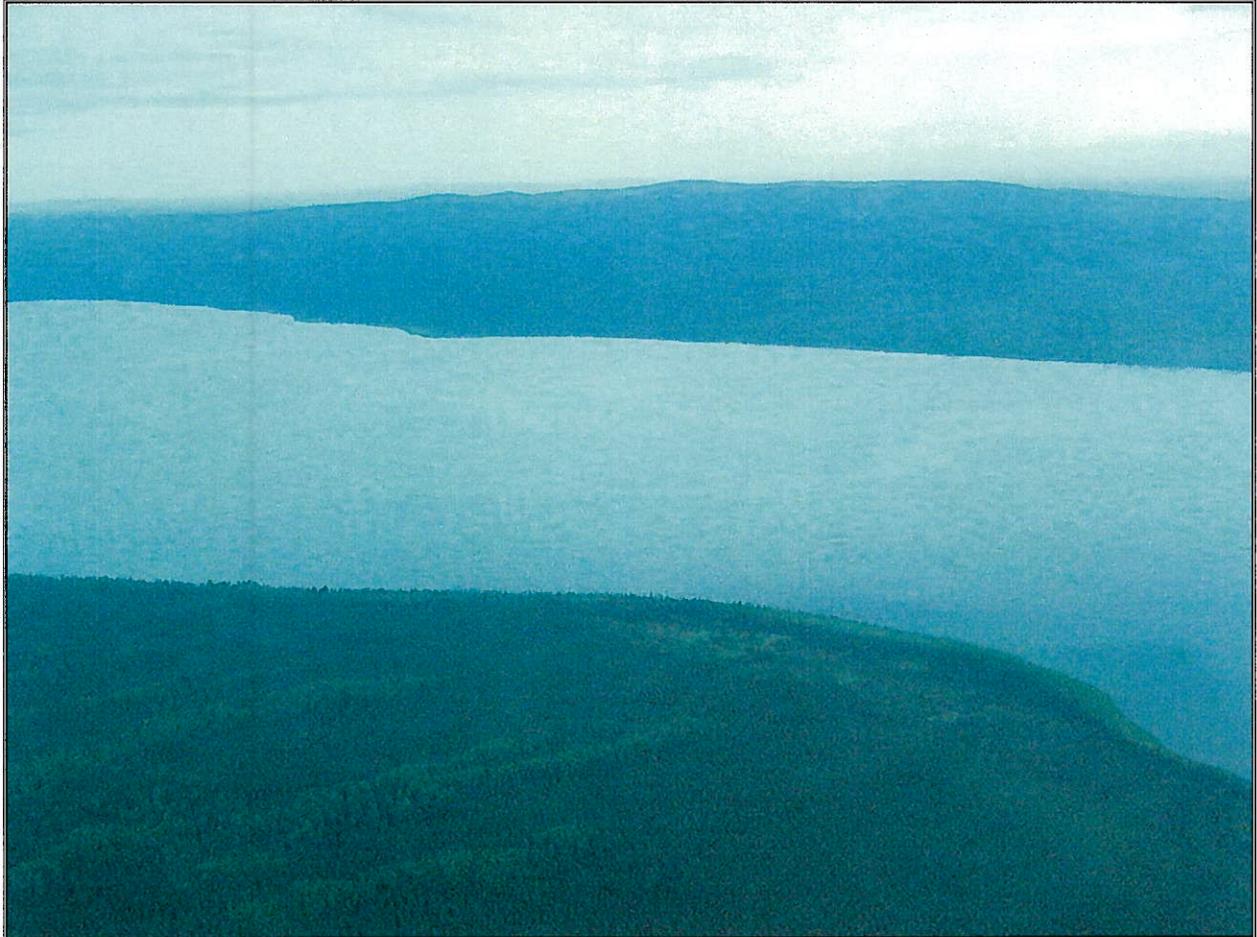


MARKET VALUE APPRAISAL

**Of HYPOTHETICAL PARCELS IN THE WIEN LAKE
REMOTE RECREATIONAL CABIN STAKING AREA
110 MILES SOUTHWEST OF FAIRBANKS, AK**



Wien Lake looking east.

YEAR 2007

BASE APPRAISAL REPORT No. 3472

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

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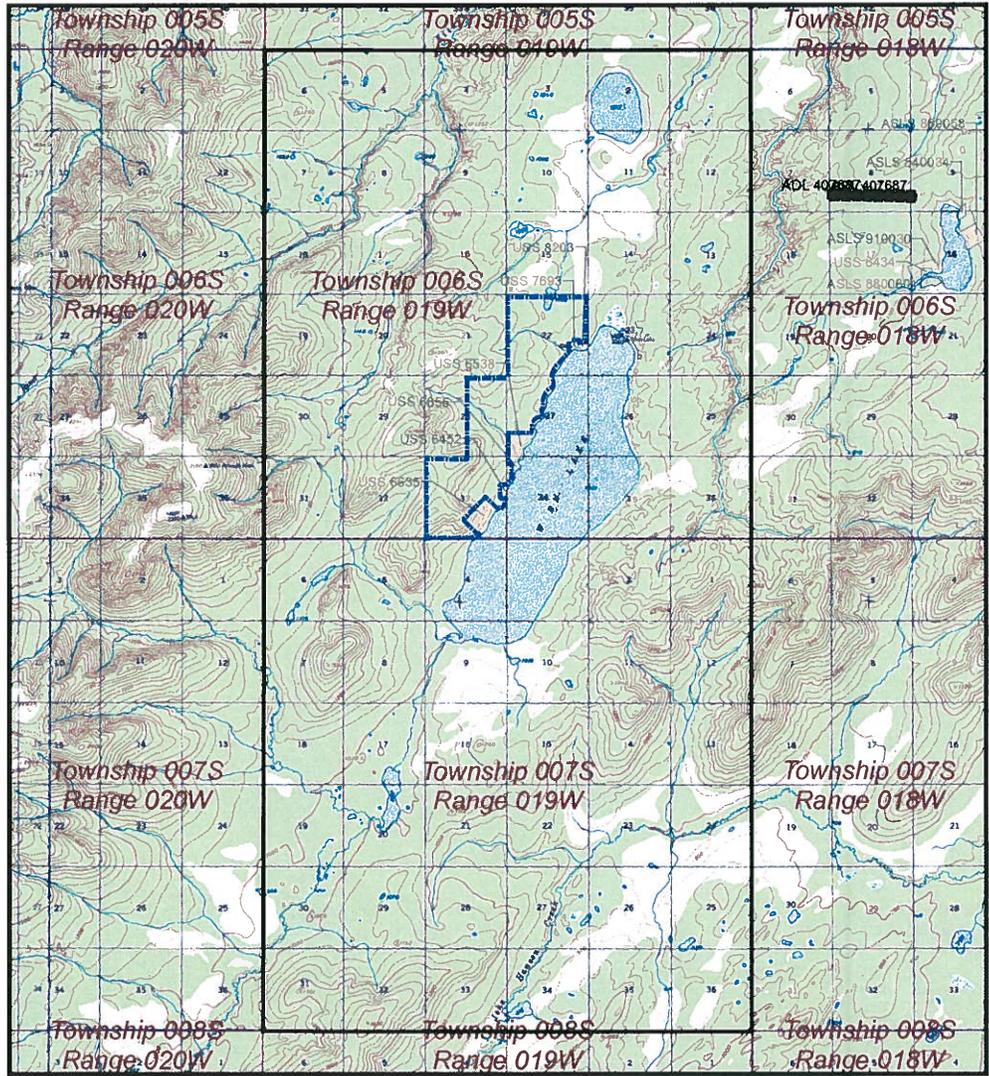
ADDENDA

Comparable Sales Map	
Comparable Sale Forms	
Detailed Explanation of Adjustments	
Appraisal Requests	
Appraiser Qualifications	



Staking Map: Wien Lake

Remote Recreational Cabin Sites Staking Area # XXXX



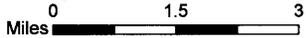
**USGS QUADS 1:63,360
Kantishna River B-3
T6S R19W, T7S R19W Fairbanks Meridian**

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

Notes:

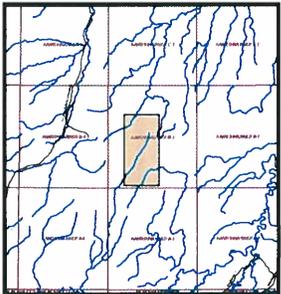
- Maximum parcel size: 20 acres
- Minimum parcel size: 5 acres
- Staking authorizations: 60
- Staking period: XXXXXX to XXXXXXX

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



Legend

- Staking Area
- Easements and Other Trails
- Reserved Area
- University Settlement Land



APPRAISAL SUMMARY

Wien Lake RRCS *Hypothetical Key Parcels*

Location	This staking area is primarily located approximately 110 miles southwest of Fairbanks, Alaska. The staking area is located in the Zitziana River corridor 35 miles south of the Tanana River, 25 miles north of Denali Park, 40 miles northeast of Lake Minchumina and northeast of the Kuskokwim Mountains. The area is within the Unorganized Borough and subject to the State of Alaska platting authority.
Topography map	USGS Quad Kantishna River B-3
Legal Description	The Wien Lake staking area encompasses approximately 42,615 acres within Township 7 South, Range 19 West, Fairbanks Meridian; and Township 6 South, Range 19 West, Fairbanks Meridian.
Owner	State of Alaska
Hypothetical Key Parcel "A", Waterfront Parcel	<p>Size: 10 acres Location: Wien Lake Remote Staking Area Access: Float/ski plane Lot Type: 1st tier parcel w/in 330' of Wien Lake or fronting on float plane accessible lake. Building Site: at least 50% level, wooded and well drained. Setback: 100' building setback from high water mark Waterfront: Wien Lake/Unnamed float plane lakes. No more than 17% of parcel perimeter may be on the water. Easements: 50' access easement along water body, typical section-line & pedestrian around lot. 100' building setback along MHW. Amenities: Typical view of surrounding area.</p>
Hypothetical Key Parcel "B" Interior Parcel	<p>Size: 10 acres Location: Wien Lake Remote Staking Area Access: Float/ski plane and then Walk-in Lot Type: Interior parcel - More than 331' from Wien Lake or 331' from float plane lake Building Site: at least 50% level, wooded and well drained. Setback: 100' setback from all streams Waterfront: None Easements: Typical section-line & pedestrian around lot. Amenities: Typical view of surrounding area.</p>
Improvements	None
Highest and Best Use	Recreational cabin sites
Interest Appraised	Fee simple title, excluding mineral rights
Date of Value	October 10, 2007
Date of Report	October 10, 2007

*1st tier parcel is defined as a parcel with direct frontage on a lake, river, or is separated from the water by public land.

*Interior parcel is defined as a location with no water access frontage.

Conclusion of Values for Hypothetical Key Parcel "A"			
WATER FRONT	Size	\$\$ per Acre	\$\$ per Site (rd.)
Minimum Parcel Size	5.00	\$2,660*	\$13,300
Key Parcel	10.00	\$2,000	\$20,000
	15.00	\$1,750*	\$26,250
Maximum Parcel Size	20.00	\$1,500*	\$30,000

- * Based on size adjustment chart located in the Addenda. **Key Parcel in Bold.**

Conclusion of Values for Hypothetical Key Parcel "B"			
INTERIOR	Size	\$\$ per Acre	\$\$ per Site (rd.)
Minimum Parcel Size	5.00	\$1,064*	\$5,300
Key Parcel	10.00	\$800	\$8,000
	15.00	\$700*	\$10,500
Maximum Parcel Size	20.00	\$600*	\$12,000

- * Based on size adjustment chart located in the Addenda. **Key Parcel in Bold.**

Wien Lake Adjustments		
Date of Value	Date of entry	To be determined
Location	No distinctions within staking area	None
Size, acres	Adjustments for size variations	See addenda
Easements	Typical easements are considered in the base value. Other easements or trails across staked parcels to be handled on a case-by-case basis.	To be determined
Building site	<i>Poor:</i> Mostly steep, or wet ground, or unstable soils.	0.80 to 0.90
	<i>Average:</i> At least 50% level to gently sloping adequately drained & wooded.	1.00
	<i>Good:</i> Mostly level to gently sloping, well drained and wooded.	1.10 to 1.20
Amenities	Location on named creeks, pond, small lake frontage or outstanding views	1.10

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.

Fly-in Lakes/Public Navigable greater than 10 acres in size

Generally, lakes smaller than 10 acres are not determined navigable or public unless specifically identified. The following lakes are larger than 10 acres and determined to be public waterbodies.

Wien Lake

Within Township 6 South, Range 19 West, Fairbanks Meridian.
The unnamed lake in Section 2

Within Township 6 South, Range 19 West, Fairbanks Meridian.
The unnamed lake in Section 15

Within Township 6 South, Range 19 West, Fairbanks Meridian.
The unnamed lake in Section 15/22

Within Township 7 South, Range 19 West, Fairbanks Meridian.
The unnamed lake in Section 6

Within Township 7 South, Range 19 West, Fairbanks Meridian.
The unnamed lake in Section 17/20

Within Township 7 South, Range 19 West, Fairbanks Meridian.
The unnamed lake in Section 34

TYPE OF APPRAISAL AND REPORT

This is a 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.

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:

¹ The Appraisal of Real Estate, 12th Edition, Appraisal Institute, 2001, p.69

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

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.

DEFINITION OF EXTRAORDINARY ASSUMPTION⁴

"an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

The report is based on the extraordinary assumption that all staked parcels have legal access across any staking area setbacks identified within the staking area. It is assumed that these setbacks will remain in state ownership. It is assumed that the appropriate platting authority will approve plats for all parcels staked under this program. We reserve the right to amend this report should unanticipated platting problems require changes that would significantly impact value.

EFFECTIVE DATE OF VALUE ESTIMATE

The effective date of the value estimate is October 10, 2007.

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..."⁵

Exposure time varies with the type of property and 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.

SCOPE OF THE APPRAISAL

I did not inspect the staking area in the field. Aerial photographs taken by DNR Northern Region representatives from a June 2005 trip were provided. Physical features, access and trails 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.

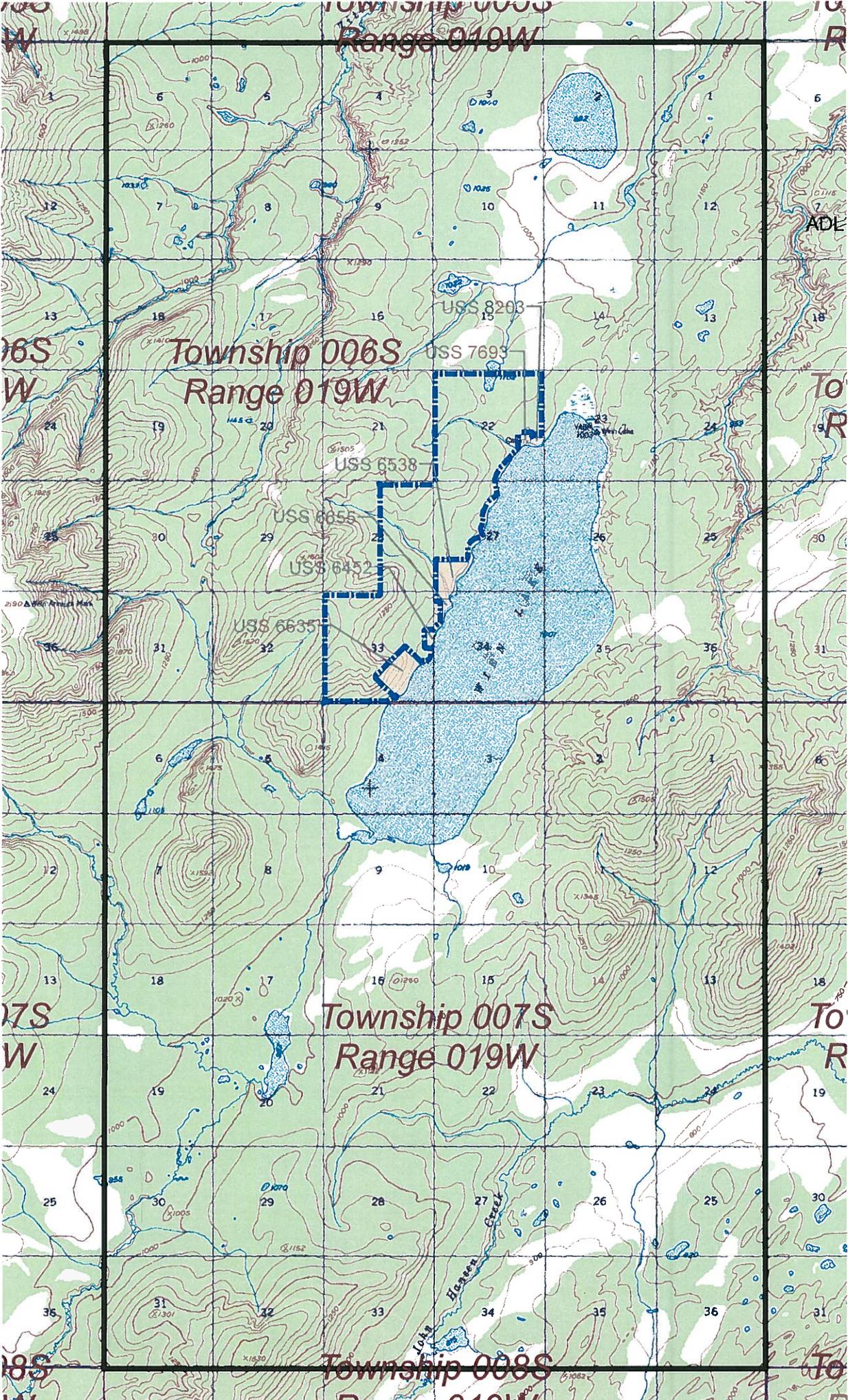
³ The Appraisal of Real Estate, 12th Edition, Appraisal Institute, 2001, p.22

⁴ The Uniform Standards of Professional Appraisal Practice (USPAP), Appraisal Foundation, 2006, p.3

⁵ op. cit. p. 83.

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.



PRESENTATION OF DATA AREA ANALYSIS

The Wien Lake staking area is located in the Northern region, about 65 air miles southwest of Anderson, 45 miles south of Manley Hot Springs, Alaska and 40 air miles northeast of Lake Minchumina, Alaska. It is located west of the Kantishna River, approximately 30 miles west of the confluence of the Kantishna and Toklat Rivers. The staking area encompasses approximately 42,615 acres. There are 60 new staking authorizations proposed for this area, with sizes ranging from five to twenty acres. The staking area is located 20 miles north of the Denali National Park and Preserve boundary.

PHYSICAL CHARACTERISTICS	
Proposed Number of Staking Authorizations	60
Parcel Size	5 to 20 acres
Gross Project Area	42,615 acres
Net Offering	1,200 acres
Location	The staking area is located in the Zitziana River corridor west of the Parks Highway, north of Denali National Park, and northeast of the Kuskokwim Mountains.
USGS Quad	Kantishna River A-3, B-3
Topography/Terrain/ Major Features	Foothills of the Kuskokwim Mountains have a moderate slope toward Wien Lake and two unnamed lakes in a small, flat-bottomed valley.
MTRS	F006S019W, F007S019W
Access	Access is via plane. There are two lakes within the project area that provide float plane access in summer. A right-of-way for public airstrip ADL 407687 was issued in Sections 8 and 9, T. 6 S., R. 18 W., F.M., a location one mile from the staking area. The status and condition of the airstrip is unknown.
View	Kuskokwim Mountains
Climate	Typical of Interior Alaska river valleys, this area has a cold, continental climate with extreme seasonal temperature variation and low precipitation. The average daily high temperature in June is 68, the low is 45. The average daily high temperature in January is 3, the average low is -12. Average annual precipitation is 13 inches with 54 inches of snowfall. Extreme temperatures outside of the average range have been recorded in both summer and winter.
Soils	
Vegetation	Some slopes support stands of birch and aspen mixed with white spruce. There are stands of black spruce, particularly on north-facing slopes.
Water Source	Wien Lake, two smaller unnamed lakes, John Hansen Creek, and other small drainages provide surface water within the staking area. Water quality is unknown.
EASEMENTS AND RESERVATIONS	
Title	Lands within the staking area are patented to the State of Alaska, Patent Nos. 50-88-0254 and 50-88-0256. The applicable State case files are GS 3609 and 3621.
Area Plan, Management Unit, and Classification	Tanana Basin Area Plan, Subregion 3, Kantishna: Management Unit 3I, Zitziana River Corridor, Subunit 3I2a, classified Settlement.
Fire Management Option	The staking area has a Limited management option. The Alaska Interagency Wildland Fire Management Plan is updated annually. Contact the Division of Forestry for updated information regarding management options. Stakers are urged to locate parcels in hardwood stands or near water bodies to reduce potential for fire.
Game Management Unit	The staking area is in Game Management Unit 20C.
Municipal Authority	The staking area is within the Unorganized Borough and subject to the State of Alaska platting authority.
Allowed Uses	Remote Recreational Cabin Sites are for recreational use only. No commercial use



Pointer 64°20'15.10" N 151°17'52.79" W elev 1118 ft

Streaming 100%

Eyo all 14.94 mi

	or permanent residence is allowed while under lease. Once the parcel is under purchase contract or conveyed into private ownership, these restrictions no longer apply.
Section Line Easements	All parcels staked on lands owned by the State of Alaska that contain land within 50 feet of a surveyed or protracted (unsurveyed) section line, or that are bisected by a protracted section line(s), are subject to a 50-foot wide easement on each side of the section line, which is reserved to the State of Alaska for public highways under AS 19.10.010. Staking is not allowed across surveyed section lines or surveyed township lines.
Public Access and Utility Easements	Parcels are subject to a minimum 30-foot public access and utility easement along interior parcel boundary lines and a minimum 60-foot public access easement along all existing unnamed trails. Stakers may not obstruct or block access within these easements.
Public and Navigable Waterbodies and Easements	Parcels staked along the ordinary high water line of public and navigable water bodies are subject to a 50-foot public access easement. Using motorized vehicles to cross streams may be prohibited by applicable state and federal laws.
Setbacks and Other Restrictions	Parcels are subject to a 100-foot building setback from all streams and public or navigable water bodies.
Reserved Areas	Sites for future public use and access will be reserved on Wien Lake in T. 7 S., R. 19 W., F.M., the unnamed lake in Section 2, T. 6 S., R. 19 W., F.M., and the unnamed lake in Sections 17 and 20, T. 7 S., R. 19 W., F.M.
Waste Disposal	Wastewater treatment and disposal systems must meet the regulatory requirements of the Alaska Department of Environmental Conservation. Contact ADEC for information.
Wetlands	Parcels may contain wetlands and may require Army Corps of Engineers permits prior to placement of fill material. Contact ACOE for information.
Improvements	Prior to construction of any structure or waste disposal system, contact the platting authority for any permits or for required setbacks from water bodies, lot lines, and easements.
Comments	Sections 22, 27, W 1/2 of 28, 33, and 34 within the subunit (approximately 5% of gross acreage) are part of the 2005 University Settlement lands. A survey determination for this boundary is needed. Conveyable and gross acreage are 95% of the area in Tanana Basin Area Plan subunit. The maximum number of stakings allowed by area plan for this new offering is 190, based on net acres allowed divided by 20 acre maximum parcel size. The program proposes a MO to close the project area to mineral entry prior to offering. Recreation, wildlife habitat, and high value resource management some of the principle uses of state land within Subunit 3I.

General Location and Physical Features

The broad area is Nenana/Healy and the remote area westward. Nenana is about 60 air miles east/northeast; Healy is about 60 miles east/southeast. Both communities are located along the Parks Highway. Additionally, the smaller communities of Anderson, Clear and the Clear Earl Warning Center are located near Mile 283.5 Parks Highway. The entrance to Denali National Park is located at Mile 237, about 30 miles further south.

Nenana Community Overview

Current Population:	359 (Est. December 2006, by State Demographer DOL/MW)
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 Athabascan 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.

Population and Economic Base

Being on the Tanana River, the town of Nenana is primarily a shopping and river-shipping hub. The community of Healy came about because of the discovery of coal deposits in the early 1900's. The railroad was completed a few years later, which added in transporting coal north to Fairbanks. The Usibelli Coal Mine is the economic base for the area and the main employer for the community of about 650-year round residents.

Land Ownership and Development

The most significant land designation in the area is the Denali National Park. The Usibelli Coal Mine leases over 25,000 acres from the State of Alaska. It leases other land from the Alaska Railroad and the Mental Health Lands Trust.

Government and Services

In addition to the school, there is a clinic/hospital and a mental health clinic. There is also a volunteer fire/EMS squad. There is senior center and an ice hockey rink.

Manley Hot Springs Community Overview

Current Population:	78 (2006 DOL Pop Estimate)
Incorporation Type:	Unincorporated
Borough Located In:	Unorganized
Taxes:	No taxing authority
Regional Native Corporation:	Not Applicable

Location and Climate

Manley Hot Springs is located about 5 miles north of the Tanana River on Hot Springs Slough, at the end of the Elliott Highway, 160 road miles west of Fairbanks. The community lies at approximately 65.001110° North Latitude and -150.633890° (West) Longitude. (Sec. 17, T002N, R015W, Fairbanks Meridian.)

Manley Hot Springs is located in the Manley Hot Springs Recording District. The area encompasses 54.3 sq. miles of land and 0.0 sq. miles of water. Manley Hot Springs has a cold, continental climate. The average daily maximum is in the upper 50s in summer, minimum temperatures during winter range from -6 to -21. Temperature extremes have been measured from -70 to 93. Average annual precipitation is 15 inches, with snowfall of 59.3 inches. The worst flood in the history of the community was in May 1956. Other floods occurred in 1961, 1962 and 1982.

History, Culture and Demographics

In 1902 John Karshner, a mining prospector, claimed several hot springs and began a homestead and vegetable farm on 278 acres. At the same time, a U.S. Army telegraph station and trading post were built. The area became a service and supply point for miners in the Eureka and Tofty Mining Districts, and was known as Baker's Hot Springs, after nearby Baker Creek. In 1903, Sam's Rooms and Meals, now called the Manley Roadhouse, opened in the community. Ambitious farming and livestock operations in the area produced fresh meat, poultry and produce for sale. In 1907, miner Frank Manley built the Hot Springs Resort Hotel. The resort was a large four-story building with 45 guest rooms, steam heat, electric lights, hot baths, bar, restaurant, billiard room, bowling alley, barber shop and an Olympic-size indoor swimming pool which used heated water from the hot springs. During the summer, the hotel's private launch transported guests from steamers on the Tanana River. In the winter, an overland stagecoach trip from Fairbanks took two days. Due to the resort and area mining, the town of "Hot Springs" prospered with an Alaska Commercial Company store, a local newspaper, bakery, clothing stores and other businesses. Local estimates of the area's population in 1910 was more than 500. In 1913, this thriving resort burned to the ground. Mining was also declining and by 1920 only 29 residents lived in Hot Springs. The name was changed to Manley Hot Springs in 1957. A small school re-opened in 1958. In 1959, completion of the Elliott Highway gave Manley a road link with Fairbanks during the summer. In 1982, the state began maintaining the Highway for year-round use. A new resort with a small swimming pool opened in 1985, but closed in 1997.

A federally-recognized tribe is located in the community -- the Manley Village Council. The population of the community consists of 23.6% Alaska Native or part Native. Native residents are Athabascan. During the 2000 U.S. Census, total housing units numbered 105, and vacant housing units numbered 69. Vacant housing units used only seasonally numbered 67. U.S. Census data for Year 2000 showed 36 residents as employed. The unemployment rate at that time was 10 percent, although 40 percent of all adults were not in the work force. The median household income was \$29,000, per capita income was \$21,751, and 9.7 percent of residents were living below the poverty level.

Facilities, Utilities, Schools and Health Care

Most residents haul water from the wellhouse one mile east along the Elliott Hwy. Public businesses and facilities use individual wells. Water from a few of these wells is warm or hot. Individual septic systems or outhouses are used for sewage disposal. 15 homes have complete plumbing. The landfill is at mile 158 Elliott Highway, operated by the Manley Community Association. A clinic/washeteria is located 1 mile east of town, operated by the Manley Village Council. Electricity is provided by Manley Utility Company, Inc. There is one school located in the community, attended by 15 students. Local hospitals or health clinics include Manley Health Clinic (672-3333) or Fairbanks hospitals. Manley Hot Springs is classified as an isolated village, it is found in EMS Region 1C in the Interior Region. Emergency Services have highway, river and air access. Emergency service is provided by volunteers and a health aide. Auxiliary health care is provided by Fairbanks hospitals.

Economy and Transportation

The local economy is based on a wide variety of small businesses, with many residents having 3 or 4 means of income. The Tribe operates the clinic. The Manely Roadhouse is open during summer months. A barter system thrives between residents. Government employment accounts for about one quarter of the total. Nine residents hold commercial fishing permits. Gardening, hunting and fishing provide food sources. Salmon and moose provide the primary meat sources.

The Elliott Highway is the primary means of accessing Manley Hot Springs. Goods and fuel are typically delivered by truck. The Highway runs through Manley to the Tanana River Landing, 3 miles southwest. The Tanana River landing is used to launch boats for fishing or transportation. Barge services are sometimes provided during summer months but there is no docking facility due to severe erosion. The State-owned 2,875' long by 30' wide gravel runway is available year-round. A new airport is under construction through FY 2005.

Anderson Community Overview

Current Population:	279 (Est. December 2006, by State Demographer DOLWD)
Incorporation Type:	2nd Class City
Borough Located In:	Denali Borough
School District:	Denali Borough Schools
Regional Native Corporation:	Not Applicable

Location:

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 64.34417° N Latitude and -149.18694° W Longitude. (Sec. 05, T007S, R008W, Fairbanks Meridian.) Anderson is located in the Nenana Recording District. The area encompasses 1,697.2 sq. miles of land and 263.9 sq. miles of water. Anderson has a cold, continental climate with maritime influences in the summer. The average high temperature during July is from 66 to 70; the average low during January is -6 to -24. Extreme temperatures have been measured from -63 to 98. Average annual precipitation is 12.7 inches, with annual snowfall of 49.3 inches.

History:

The city is named for Arthur Anderson, one of several homesteaders who originally settled in the area in the late 1950s. In 1959, Mr. Anderson subdivided his 80-acre homestead into 1/4 acre lots for sale. Most of these lots were purchased by civilian workers from Clear Air Force Station, a ballistic missile early warning site, completed in 1961. An elementary school was established in the community in 1961, and Anderson incorporated as a City in 1962. A road was completed between Anderson and Nenana, which allowed easy access to Fairbanks. North, vehicles were ferried across the Tanana River at Nenana until 1968, when a \$6 million steel bridge was completed. By 1971, the George Parks Hwy. was constructed, which enabled road access to Anchorage.

Culture:

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.

Economy:

Clear Air Force Station, the school, City, and other government positions employ over 92% of the residents of Anderson. 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:

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.

Transportation:

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.

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.⁷

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.

⁷ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p305

VALUATION METHODOLOGY

VALUATION PROCESS

Three approaches are considered to determine the market value estimate.

INCOME APPROACH

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

COST APPROACH

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

SALES COMPARISON APPROACH

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

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.

DESCRIPTION OF KEY PARCEL

Location	Wien Lake Remote Staking Area
Size	10 acres
Lot Type	1 st tier* parcel within 330 feet from Wien lake or frontage on unnamed float plane lakes.
Access	Float/ski plane to Wien Lake or two other float plane accessible lakes.
Frontage	No more than 17% of parcel perimeter can be water frontage.
Building Site	Average - At least 50% dry level ground, well-drained soils.
Utilities	None
Setbacks	100' building setback from MHW of all water bodies.
Easements	50' public access easement extending from ordinary high water mark. Typical lot line easements or as required by platting authority.
Amenities	Water front view amenity

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.

Adjustments

Economic Adjustments

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. No adjustment is required.

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. As list prices are the seller's "best case" scenario, some negotiation is not unreasonable to assume. Sale No. 2 is a listing and will be adjusted downward 10%.

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 stagnant in recent years. The overall market in the North region (centered around Fairbanks) has been experiencing minimal growth, with prices staying relatively flat. The sales are all from 2005 forward and no adjustment is considered for changes in market conditions. .

Physical Adjustments

Location/Access The Wien Lake area is located approximately 110 miles southwest of Fairbanks. All of the sales utilized are on remote lakes at least an hour's flight time from the major population centers of Fairbanks and Anchorage. Access to the area and the comparables is by floatplane. The sales used for direct comparison are generally similar in location and appeal, with the exception of Sale No. 3. This sale is located eight miles west of the Parks Highway and one mile north of the Stampede Road. While no trail leads to this lot, its location to road transportation is superior. After all other adjustments were made, the other five comparables averaged \$2,455 per acre, with Sale No. 3 at \$3,000. This would indicate a downward adjustment of 18%, which will be applied to sale No. 3.

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. The subject key lot is 10 acres in size, with the sales comparables ranging from 3.082 to 10.75 acres. Size adjustments were applied to those sales that varied more than one acre in size from the key lot.

Water Frontage

The subject key lot is restricted to 17% of the parcel perimeter to water frontage. For a ten acre site, this translates to a parcel that measures approximately 449' by 970 feet, with the shortest side having water frontage. Sale Nos. 1, 4 and 5 have similar ratios, while Sale Nos. 2, 3 and 6 have approximately 28% to 29% of their perimeter on the water. The comparables have from 290' to 800' of water frontage, with five of the six comparables between 290' and 500 feet. Comparable No. 2 has approximately 800 feet of water frontage, with 29% of the perimeter along the water. However, market data does not provide a clear indication for an adjustment and this factor will be considered in the reconciliation.

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:

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:

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