

**MARKET VALUE APPRAISAL**  
of  
**Twenty-Five (25) parcels within**  
**Martin ASLS 84-21**  
**Olnes East ASLS 80-178**  
**Skyridge ASLS 2007-13**



Lot 4 Block 5 of Olnes East, ASLS 80-178.

**APPRAISAL REPORT No. 4390-0**

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

A. SUMMARY OF APPRAISAL NO. 4390-0

1. ADL NO(S): See table below
2. SIZE: See table below
3. APPLICANT: N/A
4. LOCATION: Subdivided lots located north of Fairbanks, AK
5. LEGAL DESCRIPTION(S): See table below
6. INTEREST APPRAISED: Fee Simple Title less Mineral Rights
7. PURPOSE OF THE APPRAISAL: Estimate Market Value
8. APPRAISED BY: Johnthomas Williamson
9. DATE of REPORT: October 11, 2017
10. DATE of VALUE(S): See table below
11. APPRAISED VALUE(S):

ADL	Subdivision	MTRS	Lot	Block	ASLS	Acres	Date of Value	Value (rnd)
412166	Martin	F1N3W05	1	2	84-21	7.862	8/24/17	\$28,300
419093	Martin	F1N3W05	6	7	84-21	4.052	8/24/17	\$10,900
419094	Martin	F1N3W05	7	7	84-21	3.908	8/24/17	\$11,500
419095	Martin	F1N3W05	8	7	84-21	3.984	8/24/17	\$10,800
419096	Martin	F1N3W05	9	7	84-21	3.691	8/24/17	\$11,400
419097	Martin	F1N3W05	10	7	84-21	3.696	8/24/17	\$11,400
419098	Martin	F1N3W05	11	7	84-21	3.696	8/24/17	\$11,400
419099	Martin	F1N3W05	12	7	84-21	4.566	8/24/17	\$12,300
419100	Martin	F1N3W05	13	7	84-21	4.813	8/24/17	\$13,000
419101	Martin	F1N3W05	14	7	84-21	3.902	8/24/17	\$11,500
419102	Martin	F1N3W05	15	7	84-21	3.682	8/24/17	\$11,400
419103	Martin	F1N3W05	16	7	84-21	4.347	8/24/17	\$11,700
419104	Martin	F1N3W05	17	7	84-21	3.774	8/24/17	\$11,400
419105	Martin	F1N3W06	18	7	84-21	3.695	8/24/17	\$11,400
419106	Martin	F1N3W05	19	7	84-21	4.465	8/24/17	\$12,100
419107	Martin	F1N3W05	20	7	84-21	4.041	8/24/17	\$10,900
419108	Martin	F1N3W05	21	7	84-21	3.962	8/24/17	\$11,600
419109	Martin	F1N3W05	22	7	84-21	3.682	8/24/17	\$11,400
419110	Martin	F1N3W05	23	7	84-21	3.990	8/24/17	\$10,800
419111	Martin	F1N3W05	24	7	84-21	3.689	8/24/17	\$11,400



419112	Martin	F1N3W05	25	7	84-21	6.338	8/24/17	\$16,200
419113	Martin	F1N3W05	26	7	84-21	5.697	8/24/17	\$15,400
407231	Olnes East	F3N1E19	4	3	80-178	4.982	8/23/17	\$14,900
418595	Skyridge	F1N1W12	5	1	2007-13	1.702	8/23/17	\$34,100
418597	Skyridge	F1N1W12	7	1	2007-13	1.187	8/23/17	\$31,000

**B. SUMMARY OF REVIEW**

- DATE of REVIEW: January 16, 2018
- REVIEWER'S CLIENT:  DNR  Other: \_\_\_\_\_
- INTENDED USERS of the REVIEW:  DNR  General Public  Other: \_\_\_\_\_
- INTENDED USE of the REVIEW: Establish minimum bid price for sealed bid auction
- PURPOSE of REVIEW:  Evaluate for Technical Compliance with DNR Instructions & USPAP  
 Evaluate for Technical Compliance with UASFLA  Develop Independent Estimate of Value  
Other: \_\_\_\_\_
- SCOPE OF REVIEW: I Inspected the Subject on \_\_\_\_\_ I Did Not Inspect the Subject   
I Inspected the Comparable Sales on \_\_\_\_\_ I Did Not Inspect the Comparable Sales   
I Independently Verified the Comparable Sales in the Report  Yes  No  
Data and Information Considered in Addition to that Contained in the Report:  None  See Sections C thru F  
Extraordinary Assumptions, Hypothetical Conditions, & Other Limiting Conditions for this review:  
 None  See Section G Related appraisals reviewed: \_\_\_\_\_  
Proofread DNR data entry:  Yes  No
- RESULTS OF REVIEW:  Not Approved  Approved Approved Value: As noted in previous table

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

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



**REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO. 4390-0**

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

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

Reviewed by Kevin Hindmarch  
Kevin Hindmarch, Review Appraiser

Date 1/16/18

cc: Terry Hess  
Randy Guintu

# MEMORANDUM

# State of Alaska

**Department of Natural Resources**  
Tel (907) 269-8539  
Fax (907) 269-8914

**Division of Mining, Land & Water**  
550 West 7<sup>th</sup> Avenue, Suite 650  
Anchorage AK 99501-3576

DATE: October 11, 2017

TO: Kevin Hindmarch  
Review Appraiser

FROM Johnthomas Williamson   
Appraiser

SUBJECT: Twenty-five (25) parcels within Martin, Olnes East, and Skyridge Subdivisions.

As requested, I have completed an appraisal of the above referenced parcels, and understand that this appraisal will be used to determine a minimum purchase price for a sealed bid auction. I am submitting this report for your review and approval.

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal Foundation and in accordance with the Special Appraisal Instructions, DNR. This appraisal report is based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I have inspected all the subject parcels and the comparable sales used in this report. Physical descriptions of the subject parcels were based on inspections, aerial photography, topographic maps, peer appraisal reports, interviews with realtors and various individuals familiar with the area. Based on these observations and analyses of all available data, I have formed an opinion of the market values as of the effective date of value.

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## APPRAISAL SUMMARY

### Legal Description and Location

All parcels are located north of Fairbanks. Olnes East is located approximately 20-miles north of Fairbanks, east of the Elliott Highway. Martin is located approximately 20-miles northwest of Fairbanks, off Murphy Dome Road. Skyridge is located south of Fox, off Skyridge Drive. See grid below:

### SUMMARY OF VALUES

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## **PREMISES OF THE APPRAISAL**

### **Type of Appraisal and Report**

This appraisal report is prepared in accordance with Standards Rule 1 and 2 of the current edition of **Uniform Standards of Professional Appraisal Practice** (USPAP) and DNR's Special Appraisal Instructions.

### **Purpose of Appraisal**

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

### **Intended Use of Appraisal**

The appraisal will be used by DNR to determine the minimum bid for parcels to be acquired through the auction sale program under **AS 38.05.055**.

### **User and Client Identity**

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

### **Property Rights Appraised**

Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under **AS 38.05.125(a)**.

Fee simple estate is defined 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.”<sup>1</sup>

**AS 38.05.125(a)** states:

Reservation. (a) Each contract for the sale, lease or grant of state land...is subject to the following reservations: “[sic] the party of the first part, Alaska, hereby expressly saves, excepts and reserves... unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and with may be in or upon said land...[and the right] to occupy as much of said land as may be necessary or convenient... to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.”<sup>2</sup>

### **Definition of Market Value**

“The most probable price, as of a specified date, in cash, or terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”<sup>3</sup>

### **Effective Date of Value Estimate**

The date of value for subjects within Olmes East and Skyridge subdivisions is August 23<sup>rd</sup>, 2017. The date for value for subjects within Martin Subdivision is August 24<sup>th</sup>, 2017.

### **Date of Report**

October 11, 2017.

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<sup>1</sup> The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, p.78

<sup>2</sup> Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2017, [www.legis.state.ak.us/basis/folio.asp](http://www.legis.state.ak.us/basis/folio.asp)

<sup>3</sup> The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, p.122

**Exposure Time**

Exposure time is defined as the "...estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal."<sup>4</sup>

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time. Currently, there are multiple parcels available throughout the Fairbanks area that are offered through various government and private programs. Considering the availability of parcels on the market, a longer exposure time of up to a year is reasonable.

**Property History**

Multiple subjects have been offered by DNR through past offerings. These parcels have previously been under land sale contracts, then either terminated or relinquished back to the State. See grid below:

ADL	Subdivision	Lot	Block	Sale Contract	Relinquish / Termination	Document	Effective Date
407231	Olnes East	4	3	1990-16232-0	Contract Relinquished	1994-16873-0	7/22/1994
418595	Skyridge	5	1	2014-004721-0	Contract Relinquished	2016-005513-0	3/30/2016
418597	Skyridge	7	1	2014-002315-0	Contract Relinquished	2017-002312-0	1/14/2017

The remainder of the subjects have either never been sold, or had a sale application terminated prior to contract. DNR is the owner of record for all parcels.

**Scope of the Appraisal****Property and Comparable Sales Inspection**

I inspected the subject properties and comparable sales on August 23-24, 2017. Physical features and access were identified by use of site inspections, topographic maps, status plats, aerial photographs, DNR appraisal records, and interviews with people who are familiar with the area.

**Research and Analysis conducted**

Interviews were conducted with real estate agents, appraisers, local residents, and other individuals familiar with the area who provided information about trends in value, supply, demand, access, and physical characteristics of the subject properties. DNR records and the Recorders Office databases were searched for recent comparable sales. Private real estate agent websites were searched for recent listings. Sellers, buyers, and agents were contacted to verify recent sale prices and other transaction details.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions.

<sup>4</sup> Uniform Standards of Professional Appraisal Practice 2016-2017, Appraisal Foundation, p.U-2.

## **Assumptions and Limiting Conditions**

1. The property is appraised as vacant land without structural or site improvements.
2. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader visualize the properties.
3. Information furnished by others and included in the report is believed to be reliable but the appraiser does not warrant the accuracy of such information.
4. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
5. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
6. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.
7. 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 any such conditions, or for arranging engineering studies to discover them.
8. 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.
9. 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.
10. Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".
11. 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.
12. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.

## PRESENTATION OF DATA

### Market Area – Fairbanks<sup>5</sup>

The Fairbanks North Star Borough, located in the heart of Interior Alaska. It is the second-largest population center in the state with a population of approximately 100,605 as of 2016. Of which, about half live in and around Fairbanks. The area encompasses 7,361.0 sq. miles of land and 77.8 sq. miles of water. Interior Alaska experiences seasonal temperature extremes. January temperatures range from -66 to 50 degrees Fahrenheit. July temperatures range from 30 to 99 degrees Fahrenheit. Fairbanks is known for its lingering summer days. When the solstice arrives, there is more than 22 hours of daylight. Major communities include: College, Eielson Air Force Base, Ester, Fairbanks, Fox, Harding Lake, Moose Creek, North Pole, Pleasant Valley, Salcha, and Two Rivers. There are 35 schools located in the borough.

City, borough, state, and federal government agencies, including the military, provide over one-third of the employment in the borough. The borough school district and the University of Alaska Fairbanks are the primary public employers. Fort Wainwright or the Eielson Air Force Base are also major anchors in the Fairbanks economy. Retail services, gold mining, tourism, transportation, medical, and other services are the primary private sector activities. The Fort Knox hard rock gold mine is also located in the borough.

The Richardson Highway, the Parks Highway, the Steese Highway and the Elliott Highway connect the Interior to Anchorage, Canada and the lower 48. Truck, rail and air services provide transportation of cargo. Scheduled jet services are available at Fairbanks International airport. An 11,800' asphalt runway, heliport and seaplane landing strip are available. A public seaplane base is located on the Chena River. Eielson Air Force Base and Fort Wainwright also conduct flight operations in the area.

Fairbanks is a Home Rule city and the second largest population center in the state. Currently, its estimated population is 32,469, comprised of 11,534 households. The average household size is 2.52. Power is supplied by Golden Valley Electric Association Inc. through diesel generators. Supplemental power is supplied by Aurora Energy LLC. The area is serviced by local schools, hospitals, libraries, refuse systems, and other urban facilities.

### Fox Neighborhood

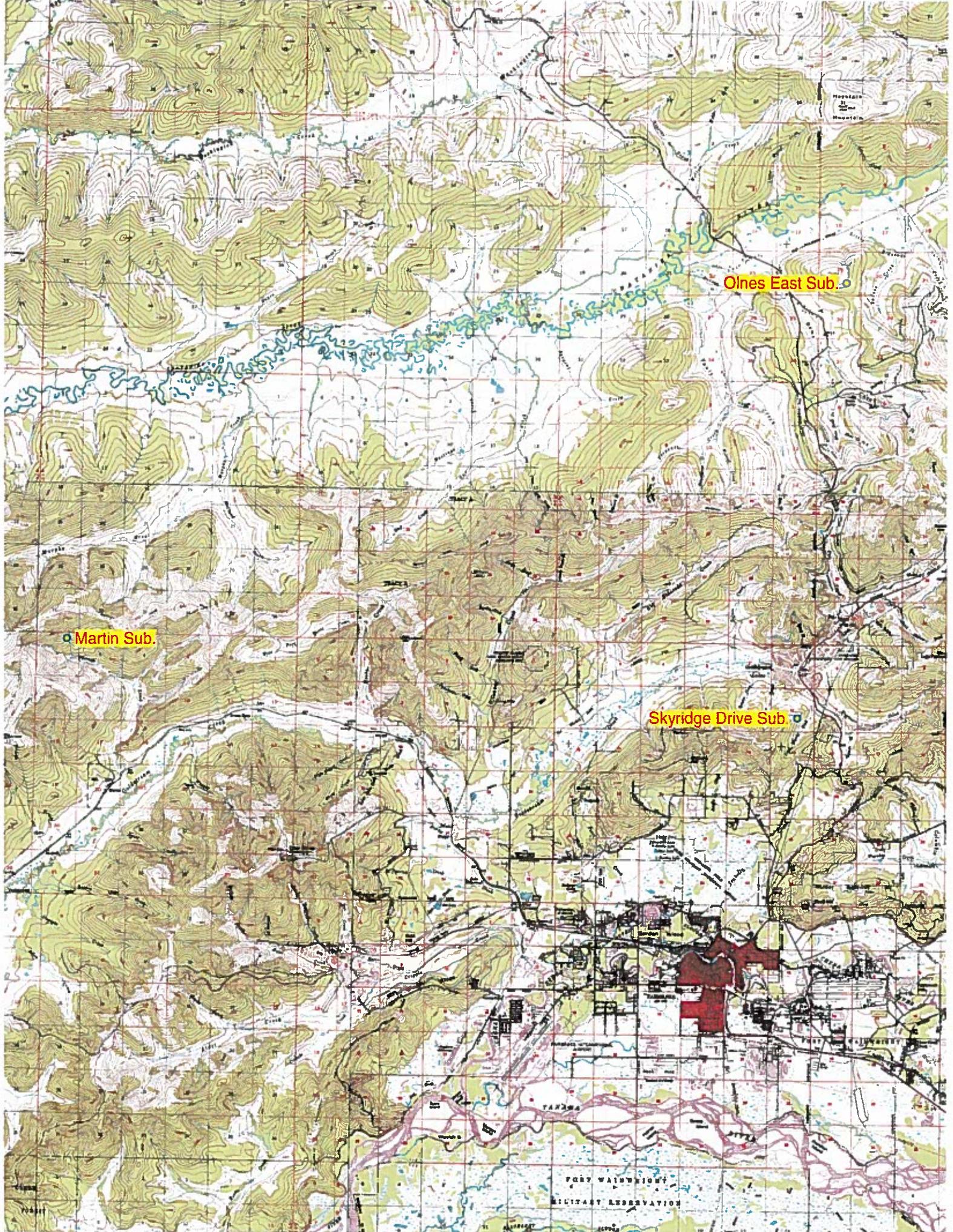
Fox lies 10 miles northeast of Fairbanks on the Steese Highway, at its junction with the Elliott Highway within Township 2 North, Range 1 East, Fairbanks Meridian. The community lies on the right bank of Fox Creek as it enters Goldstream Creek Valley, 10 miles northeast of Fairbanks. It is located at the junction of the Steese and Elliot Highways. It is located within the Fairbanks Recording District.

Fox was established as a mining camp prior to 1905. The Fox Post Office operated from 1908 to 1947. The majority of the population of Fox is non-Native. It is part of the Fairbanks metropolitan area, the second largest in the state.

The local economy is predominately a bedroom community for Fairbanks. There is limited seasonal mining in the area. The highway provides some roadside service opportunities. There is about 230 housing units with 200 households. The average household size is 2.1. Students travel to Fairbanks area schools.

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<sup>5</sup> All information regarding Market Area information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>



Olmes East Sub.

Martin Sub.

Skyridge Drive Sub.

FORT WALDEN'S  
MILITARY RESERVATION

TANAWA

Mountains

## Property Description – Olnes East

ADL	Subdivision	MTRS	Lot	Block	ASLS	Acres	Plat	Recording District
407231	Olnes East	F3N1E19	4	3	80-178	4.982	81-143	Fairbanks

### Location

Olnes East is located approximately 22 miles north of Fairbanks, east of the Elliott Highway within Section 19 of Township 3 North, Range 1 East, Fairbanks Meridian.

### Access

Access to the subdivision is via the Elliott Highway, then At Your Own Risk Road to Simpson Way, then Lundeberg Road, a 4x4 dirt road.

### Topography, Soils, Size & Shape

The subdivision is on a hill with individual parcels generally sloping downwards to the southeast and southwest. The subject slopes to the east, is 4.982 acres, and rectangular in shape. The subdivision contains primarily mature birch and spruce mix with some poplar. Vegetation is indicative of adequate drainage.

### Easements & Zoning Regulations

There are typical access easements throughout the subdivision. The subject is within the Fairbanks – North Star Borough and zoned RE-4.

### Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

### Ownership History

The parcel was originally purchased in 1990 through a land sale contract that was subsequently relinquished. Most recently, the Department of Natural Resources offered ADL 407231 through the 2016 Subdivision Auction with a minimum bid of \$14,900. The parcel did not receive a bid and was later offered through the OTC1 offering. The Department received an application for the parcel later that year. However, the applicant did not follow through with the sale and the application was closed prior to contract.

### Tax Assessments

The subdivision lies within the Fairbanks – North Star Borough. The current mill rate for the property is 13.834. Because the property is owned by the State of Alaska, it is not currently taxed. However, upon transfer to private ownership, the new owner will be responsible for future property taxes levied by the Borough.

### Personal Property

There is no personal property involved with the appraisal of this property. There are no improvements on the property.

### Utilities, Water & Sewer

There are no utilities available. Water supply or sewage disposal systems must be located, constructed, and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.



At-Your-Own-Risk Road can be problematic in wet conditions.



Access within subdivision improves closer to subject. Lot 4 Block 3 on left.



Lot 4 Block 3, typical terrain with potential views to the east.



Eastern portion of Lot 4 Block 3, Olnes East Subdivision.

### Property Description - Martin

ADL	Subdivision	MTRS	Lot	Block	ASLS	Acres	Plat	Recording District
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419109	Martin	F1N3W05	22	7	84-21	3.682	84-275	Fairbanks
419110	Martin	F1N3W05	23	7	84-21	3.990	84-275	Fairbanks
419111	Martin	F1N3W05	24	7	84-21	3.689	84-275	Fairbanks
419112	Martin	F1N3W05	25	7	84-21	6.338	84-275	Fairbanks
419113	Martin	F1N3W05	26	7	84-21	5.697	84-275	Fairbanks

**Location**

Martin is located approximately 25 miles northwest of Fairbanks, off Murphy Dome Road within Sections 31 and 32 of Township 2 North, Range 3 West Fairbanks Meridian, and Sections 5 and 6 of Township 1 North, Range 3 West, Fairbanks Meridian.

**Access**

Access to the subdivision is via Murphy Dome Road then along interior subdivision roads to ATV trails. Grand Teton road is a constructed dirt road. High Sierra Drive is partially constructed but deteriorates into a 4x4 trail prior to the subjects. Matterhorn Drive is a brushed 4x4 trail.

**Topography, Soils, Size & Shape**

Martin is generally sloping downwards to the south. Lots are level to sloping. Sizes range from 3.68-acres to 6.33-acres and are irregular in shape. The subdivision contains primarily mature birch and spruce mix with some poplar with vegetation indicative of adequate drainage.

**Easements & Zoning Regulations**

There are typical access easements throughout the subdivision. The subject is within the Fairbanks – North Star Borough and zoned RE-4.

**Environmental Hazards, Hazardous Waste & Toxic Materials**

No toxic materials, waste, or hazards were observed during the field inspection.

**Ownership History**

ADL 412166, Lot 1 in Block 2, was selected by the University. However, in 2015, the parcel was dropped from the University Settlement and the parcel reverted to the Department of Natural Resources. The subdivision was surveyed in 1984. However, the parcels have not been previously offered for sale. DNR is the current owner of record.

**Tax Assessments**

The subdivision lies within the Fairbanks – North Star Borough. The current mill rate for the property is 25.574. Because the subjects are owned by the State of Alaska, they are currently not taxed. However, upon transfer to private ownership, the new owners will be responsible for future property taxes levied by the Borough.

**Personal Property**

There are no improvements, nor personal property involved with the appraisal of these parcels.

**Utilities, Water & Sewer**

There are no utilities available. Water supply or sewage disposal systems must be located, constructed, and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.



ADL 412166. Lot 1 Block 2, Martin Subdivision, ASLS 84-21. Murphy Dome Road on left of photo.



Martin, Lots 25 & 26, Block 7 on right, Tract H on left of photo.



Martin, Lots 6-24, Block 7 in foreground. Tract H is the natural drainage on the right of the photo.



Matterhorn Drive reduces into a trail fronting Lots 7-9, Block 7, Martin Subdivision.

## Property Description – Skyridge

ADL	Subdivision	MTRS	Lot	Block	ASLS	Acres	Plat	Recording District
418595	Skyridge	F1N1W12	5	1	2007-13	1.702	2012-104	Fairbanks
418597	Skyridge	F1N1W12	7	1	2007-13	1.187	2012-104	Fairbanks

### Location

Skyridge is located approximately nine miles north of Fairbanks, west of the Steese Highway south of Skyridge Drive.

### Topography, Soils, Size & Shape

Parcels are 1.187-acres and 1.702-acres, irregular in shape, and have a moderate slope to the southeast. This site contains primarily mature birch mixed with spruce. Soils within the subdivision consist of Fairbanks and Goldstream soil types, per the USDA soil survey. This parcel has adequate drainage.

### Easements & Zoning Regulations

There are typical access easements throughout the subdivision. There is a 50' building setback along Skyridge drive affecting Lot 5 and a 30' public utility easement along the eastern lot lines. Parcels are within the Fairbanks – North Star Borough and zoned Rural Residential.

### Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

### Ownership History

Both parcels were offered through the 2013 DNR Subdivision Auction. Neither parcel received a winning bid. Each parcel then sold through the OTC offering and the applicants entered into land sale contracts. The contracts were later relinquished in 2016. DNR is the owner of record.

### Access

Access is via the Elliott Highway, then southwest along Skyridge Drive to Quakenbush Drive. Constance Court is a gravel road constructed to borough grade standards.

### Tax Assessments

The current mill rate for the subdivision is 15.851. Because the subjects are owned by the State of Alaska, they are currently not taxed. However, upon transfer to private ownership, the new owners will be responsible for future property taxes levied by the Borough.

### Personal Property

There are no improvements, nor personal property involved with the appraisal of these sites.

### Utilities, Water & Sewer

There are overhead electric transmission lines in the subdivision. There are no other utilities available. Water supply or sewage disposal systems must be located, constructed, and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.



Lot 7, Block 1, Skyridge. Fronting cul-de-sac.



Lot 7, Block 1, Skyridge. Multiple building sites.



Lot 7 Block 1, Skyridge Drive, typical vegetation with adequate drainage.



Lot 5, Block 1, Skyridge Drive fronts cul-de-sac.



New Construction on Lot 6, adjacent to both subjects.



New construction on Lot 8, adjacent to subject. Gravel access and good drainage within subdivision.

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## DATA ANALYSIS AND CONCLUSION

### Valuation Analysis

Three approaches to value 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 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. Since all the parcels are vacant, the cost approach will not be used.

### 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. Of the three approaches to value, only the sales comparison approach is applicable.

### Key Parcel Method

In appraising more than one similar parcel, it is an accepted practice to appraise a key parcel that is most representative of the other 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, and will be utilized. 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.

### Explanation of Adjustments

DNR appraisal instructions state that the appraiser may develop and use quantitative or qualitative adjustments. Ideally, the value differences for any price adjustment are 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 and the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgment 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 (or < ) means the sale feature is superior to that appraised property and requires a downward adjustment to indicate the value of the key parcel. An adjustment greater than 1.00 (or > ) means that the sale feature is inferior to the subject's feature which requires an upward adjustment to indicate the value of the key parcel. An adjustment of 1.00 (or = ) means the sale feature is similar to the key parcel, 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. Qualitative adjustments are noted as superior ( - ), inferior ( + ), or equal/similar ( = ). The overall comparability of each sale is analyzed to bracket a probable value for the subject. In many cases, combinations of both quantitative and qualitative adjustments are used.

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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Business hours 10:00 am to 5:00 pm M-F.

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