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Appraisal Summary

Location	The Taylor Mountain North staking area is located in the Northern region, just southwest of Chicken Alaska, about 75 air miles northeast of Tok, Alaska and the Alaska Highway. The staking area is located east of the Taylor Highway, south of the Mosquito Fork of the Forty Mile River and west of the Dennison Fork. The staking area encompasses approximately 13,560 acres. There are 25 new staking authorizations proposed for this area, with sizes ranging from five to twenty acres.
Topography map	USGS Quads Eagle A-2 & A-3 and Tanacross D-2 & D-3
Legal Description	The Taylor Mountain North staking area encompasses approximately 13,560 acres within Township 26 North, Range 17 East, Township 25 North, Range 17 East, Township 26 North, Range 18 East, Copper River Meridian.
Owner	State of Alaska
Hypothetical Key Parcel	<p>Size: 10 acres</p> <p>Location: Taylor Mountain North Remote Staking Area</p> <p>Access: 1,200'-1,530' from Taylor Highway, Walk-in, sno-machine or ATV</p> <p>Lot Type: Interior, non-highway, non-water front</p> <p>Building Site: at least 50% level, wooded and well drained.</p> <p>Setback: 100' building setback from high water mark.</p> <p>Waterfront: None</p> <p>Easements: Typical section-line & pedestrian around lot.</p> <p>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	April 1, 2006
Date of Report	April 1 2006

Conclusion of Values for Hypothetical Key Parcel			
	Size	\$\$ per Acre	\$\$ per Site, rd.
Minimum Parcel Size	5.00	\$1,596*	\$8,000
Key Parcel	10.00	\$1,200	\$12,000
	15.00*	\$1,050*	\$15,800
Maximum Parcel Size	20.00	\$900*	\$18,000

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

Summary of Adjustments

Date of Value	Date of filing	To Be Determined
Location	No distinction within the staking area	1.00
Size, acres	Adjustment for variations in size.	See Addenda
Access	Between 1,200' and 1,530' of the Taylor Highway and not on established trail.	1.00 of Key "A"
	More than 1,531' from Taylor Highway and not on an established trail.	0.90 of Key "A"
	More than ¼ mile from established trail & more than 1,531' from Taylor Highway	0.85 of Key "A"
Waterfront	None	1.00
Building Site	Poor: Mostly steep, or wet ground, or unstable soils.	0.80 to 0.90
	Average: At least 50% level to gently sloping, adequately drained & wooded.	1.00
	Good; Mostly level to gently sloping, well drained and wooded.	1.10 to 1.20
Amenities	Typical view of surrounding landscape	1.00
	Within ¼ mile South Trail	1.05
	Within ¼ mile North Trail	1.10
	Small pond, creek and/or exceptional view	1.10
Easements	Typical easements are considered in the base value. Other easements or trails across staked parcels to be handled based on a case by case basis.	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.

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.

DEFINITION OF EXTRAORDINARY ASSUMPTION⁴

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

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

⁴ The Uniform Standards of Professional Appraisal Practice (USPAP), Appraisal Foundation, 2004, p.3

“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 April 1, 2006.

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.

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.”⁶

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.

⁵ op. cit. p. 83.

⁶ *Uniform Standards of Professional Appraisal Practice 2001, Appraisal Foundation, p. 128.*

SCOPE OF THE APPRAISAL

I did not inspect the staking area in the field. Photographs and field notes 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.

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.

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 in visualizing 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. Due to the lack of on-site inspections some physical features are assumed based on conversations with those knowledgeable about the area and interpretation of existing maps and aerials. The appraiser reserves the right to modify the value conclusions if an on-site inspection reveals a variation in site features from those assumed in this report.
6. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
7. 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 final judgment is based. Therefore, no part should be used out of context and by itself alone.
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 any such conditions, or for arranging engineering studies to discover them.
9. 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.
10. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include that value of commercial timber, if any.

PRESENTATION OF DATA

Chicken Area Analysis

Current Population: 14 (2005 State Demographer est.)
Incorporation Type: Unincorporated
Borough Located In: Unorganized
School District: Alaska Gateway Schools
Regional Native Corporation: Not Applicable

Location: Chicken is located at mile 66 of the Taylor Highway, 58 miles southwest of Eagle. It lies on the right bank of Chicken Creek, one mile north of Mosquito Fork, in the Fortymile River Basin. It lies at approximately 64.073330° North Latitude and -141.93611° West Longitude. (Sec. 31, T001S, R033E, Fairbanks Meridian.) Chicken is located in the Fairbanks Recording District. The area encompasses 115.4 sq. miles of land. Interior Alaska experiences seasonal temperature extremes. January temperatures average -22 to -2 degrees Fahrenheit, but temperatures as low as -60 degrees Fahrenheit have been recorded. July temperatures range from 50 to 72 degrees Fahrenheit. Average annual precipitation is 11.3 inches.

History: The area has been the historical home to Han Kutchin Indians. Mining began in the area with the discovery of gold on Franklin Gulch, in 1886. In 1896, Bob Mathieson found a major prospect on Upper Chicken Creek, staked his claim and built a cabin. Chicken (a common name for Ptarmigan) grew as a hub of activity for the southern portion of the Fortymile Mining District. 700 miners were thought to be working the area between 1896 and 1898. And although many miners left during the Klondike Gold Rush of 1898, Chicken remained a viable community. A post office was established in 1903 -- the population was around 400. In 1906, Harvey Van Hook built the two-story Chicken Creek Hotel. In 1925, Ann "Tisha" Purdy taught school in the building. From 1946-1953, Molly and Bob McComb used the building as a roadhouse, store and bunkhouse. In 1953, F.E. Company bought the grounds and turned it into a mess hall and bunkhouse for their employees. The 14 buildings in the historical downtown Chicken are listed on the National Register of Historical Places. The Chicken Creek Saloon was originally a hotel built in 1975, and today is an old-west style saloon, liquor store, restaurant, gas station and gift shop.

Culture: Residents enjoy the quiet and isolation of Chicken. Children are home-schooled.

Economy: The community depends upon summer visitors for their livelihood, from May to September. The Chicken Creek Saloon, the Original Chicken Gold Camp cafe, Chicken Outpost and Chicken Center serve local residents and visitors. Tours are available through historic Chicken by The Goldpanner. The Original Chicken Gold Camp also provides access to the historic Pedro Dredge.

Facilities: There is no central water or sewer system in Chicken. Homes use individual wells, septic tanks and outhouses.

Transportation: Chicken is accessible by road only during summer months, from Tok, Alaska via the Taylor Highway, or Dawson City in the Yukon Territory via the Top of the World Highway. A State-owned gravel airstrip measuring 2,500' long by 60' wide is available.

Climate: Interior Alaska experiences seasonal temperature extremes. January temperatures average -22 to -2 degrees Fahrenheit, but temperatures as low as -60 degrees Fahrenheit have been recorded. July temperatures range from 50 to 72 degrees Fahrenheit. Average annual precipitation is 11.3 inches.

Area Summary

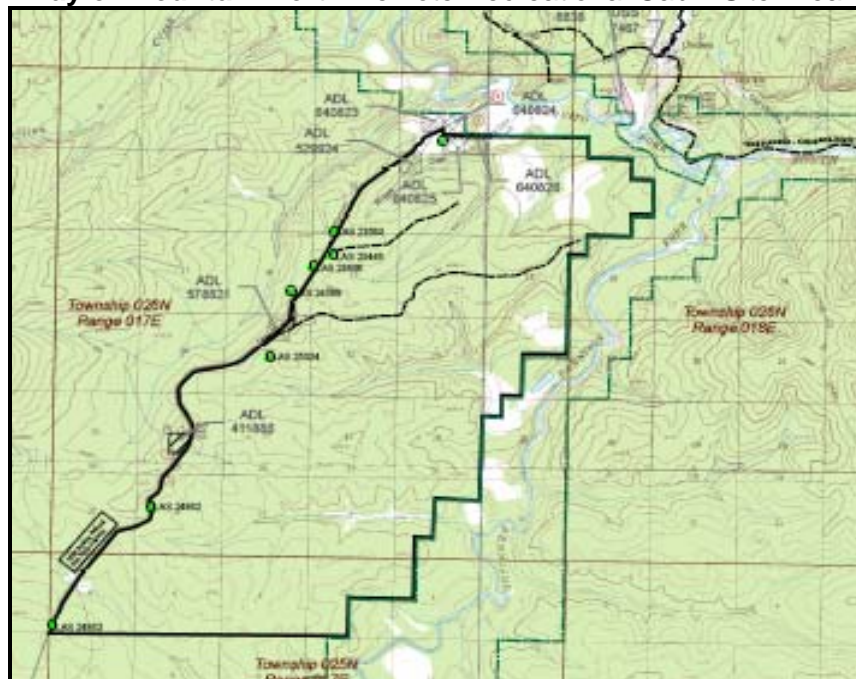
The Taylor Mountain North staking area is located in the Northern region, just southwest of Chicken Alaska, about 60 air miles north of Tok, Alaska and the Alaska Highway. The staking area is located east of the Taylor Highway, south of the Mosquito Fork of the Forty Mile River and west of the Dennison Fork. The staking area encompasses approximately 13,560 acres. There are 50 new staking authorizations proposed for this area, with sizes ranging from five to twenty acres.

PHYSICAL CHARACTERISTICS	
Location	This area is located near the confluence of the Dennison Fork and the Mosquito Fork of the Forty Mile River near Chicken, AK, approximately 60 miles north of Tok, Alaska and the Alaska Highway.
Topography map	USGS Quads Eagle (A-2 & A-3) and Tanacross (D-2, D-3)
Topography/Terrain/Major Features	The area consists of low mountains and rolling terrain, with Mount Veta (5,825') and Mount Fairplay (5,120') being the predominate peaks. The Dennison Fork is at an elevation of approximately 1,600'. Elevation within the staking area varies from 1,600' to 2,400' above sea level.
Access	Access to the general vicinity is limited to the road system, primarily via the Taylor Highway, which is approximately a 60 mile trip over a gravel road from the Alaska Highway. The Top of the World Highway runs from Dawson, Yukon Territories into the US near Boundary, AK, which connects with the Taylor Highway approximately 20 miles east of Chicken. Overland access into the staking area may be possible along numerous, existing trails that will be further identified.
Roads/Trails	Taylor Highway forms the west border of the staking area.
View	Views of the surrounding forest, hills and rivers.
Climate	Typical of Interior Alaska, this area has a cold, continental climate. The average daily high temperature is in the upper 50's in summer, low 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.
Soils	The soils are well-drained on natural levees or along existing and former river channels. These soils consist of silt and fine sand covered with a thin layer of organic material. Permafrost is found in scattered locations at depths greater than 5 feet.
Vegetation	Vegetation consists mostly of mixed and pure stands of white spruce and black spruce, with balsam poplar, birch and aspen occurring mostly in river valleys and alluvial flats.
Water Source	In addition to the Dennison Fork, several creeks run through the area. The Dennison River has been identified by the federal government as a "scenic river". Water quality is unknown.

EASEMENTS AND RESERVATIONS	
Area Plan, Management Unit, Classification	Upper Yukon Area Plan, Region 4, Walker Fork: Management Unit R-04.
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.
Allowed Uses	Cabin site leases are for recreational use only. No commercial use or permanent residence is allowed while under lease. Once the cabin site is under purchase contract or conveyed into private ownership, these restrictions no longer apply.
Municipal Authority	The staking area is within the Unorganized Borough. It is within the State of

	Alaska platting authority.
Section Line Easements	All parcels staked on lands owned by the State of Alaska that contain land within 50' of a surveyed or protracted (unsurveyed) section line, or that are bisected by such section line(s), are subject to a 50' 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.
Public Access and Utility Easements	All cabin sites are subject to a minimum 30-foot public access and utility easement along interior parcel boundary lines and a 60-foot public access easement along all existing unnamed trails. Stakers may not obstruct or block access within these easements. A 1,200' staking setback from the Taylor Highway R-O-W will be in place along the western border of the staking area. Established trails at Mileposts 60 and 61.5 of the Taylor Highway provide access into the staking area.
Water Body Easements, Staking Setbacks and Restrictions	All parcels are subject to a 50' public access easement and a 100-foot building setback along the ordinary high water line of all water bodies. There are no significant waterways within the staking area. Stream crossings with motorized vehicles may be prohibited by applicable state and federal laws.
Reserved Areas	No staking is allowed within areas reserved or excluded on the staking maps for wood lots, airstrips, public use, or other uses.
Water Supply, Sewage Disposal	Wastewater treatment and disposal systems must meet the regulatory requirements of the Alaska Department of Environmental Conservation.
Wetlands	Cabin sites may contain wetlands and may require Army Corps of Engineers permits prior to placement of fill material.
Improvements	Prior to construction of any structure or waste disposal system, contact the municipal authority for any permits or for required setbacks from water bodies, lot lines, and easements.
Comments	Survey plats and survey plat notes should be reviewed for specific information on easements, building setbacks, or other restrictions. Check recorder's office for current ownership of private land. Traditional fishing, hunting, and resource harvest for personal use are some of the principle uses of state land within the area. Flooding and glaciation potential exist in stream valleys, and steep slopes may be unstable and subject to landslides.

Taylor Mountain North Remote Recreational Cabin Site Area



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 key 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 key 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

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.

DESCRIPTION OF KEY PARCEL

Location	Taylor Mountain North Remote Staking Area
Size	10 acres
Access	Taylor Highway, ATV/foot trails
Building Site	Average - At least 50% dry level ground, well-drained soils
Utilities	None
Setbacks	1,200 Foot staking setback from Taylor Highway
Easements	Typical lot line easements or as required by plating authority.
Waterfront	None
Amenities	Typical view of surrounding landscape

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.

Staking Area

Legal access to the staking areas is obtained via the Taylor Highway, which forms the western border of the area. Existing trails from the highway at approximately milepost 60 and 61.5 lead into the staking area. Legal access is also present along section lines running through the area.

Due to the confidentiality of sales information in the state of Alaska, the valuation section of the report is unavailable online. The entire report can be reviewed at the DNR Public Information Center:

In Anchorage

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

In Fairbanks

(Corner of University & Airport Way)
3700 Airport Way, Fairbanks, AK 99709
Phone (907) 451-2705
Fax (907) 451-2706
TDD for hearing impaired (907) 451-2770
e-mail: fbx-pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

In Juneau

(Southeast Div. of Land)
400 Willoughby Ave., 4th Floor, Juneau AK 99801
Phone (907) 465-3400
Fax (907) 586-2954
e-mail: southeast_land@dnr.state.ak.us
Business hours 10:00 am to 5:00 pm M-F.