

MARKET VALUE APPRAISAL
Of
Hypothetical Key Parcels
Within the Aniak-Doestock
Remote Recreational Cabin Sites

Base Appraisal Report No. 3587



STATE OF ALASKA

Department of Natural Resources
Division of Mining, Land and Water
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MEMORANDUM

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DATE: December 7, 2011

TO: Kevin Hindmarch
Review Appraiser

FROM: Brandon Simpson 

SUBJECT: Appraisal of Hypothetical *Key Parcels* in the Aniak-Doestock Remote Recreational Cabin Sites Area – Base Appraisal Report No. 3587.

As requested, I have completed a valuation of the hypothetical *Key Parcels* in the above staking area. I understand that this appraisal will be used to determine the base purchase price for recreational parcels staked within this area. 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 Remote Recreational Cabin Site Disposal. This is a complete, summary report based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I have not inspected the staking area or many of the comparable sales used in this report. The physical description of the *Key Parcel* was based on aerial photography, topographic maps, previously completed appraisal reports, and interviews of various individuals familiar with the area. Based on my observations and analyses of all available data, I have formed an opinion of the market value as of the effective date of value.

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APPRAISAL SUMMARY

Aniak-Doestock Hypothetical Key Parcels	
Location	The staking area is located approximately five miles east of the City of Aniak near the confluence of the Aniak River and Doestock Creek.
Topography Map	USGS Russian Mission B-1, C-1, C-2
Owner	State of Alaska
Key Parcel 'A' <i>1st tier Aniak River or Doestock Creek</i>	<p>Size: 10.00-acres</p> <p>Lot Type: 1st tier* frontage on the Aniak River or Doestock Creek</p> <p>Access: Summer access by boat along the Aniak River or Doestock Creek, winter access is by snowmachine.</p> <p>Building Site: At least 50% level to gently sloping, adequately drained & wooded.</p> <p>Setbacks: 200-foot staking setback on the Aniak River and a 100-foot staking on Doestock Creek. In addition, parcels are subject to a 100-foot building setback from public or navigable water bodies.</p> <p>Easements: Parcels staked along the ordinary high water line of public and navigable water bodies are subject to a 50' public access easement. 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.</p> <p>Amenities: Unobstructed access to the Aniak River, or Doestock Creek.</p>
Key Parcel 'B' <i>Interior Lot</i>	<p>Size: 10.00-acres</p> <p>Lot Type: Interior lot (2nd tier* parcel)</p> <p>Access: Summer access by boat along Aniak River or Doestock Creek, then overland to parcel. Winter access by snowmachine.</p> <p>Building Site: At least 50% level to gently sloping, adequately drained & wooded.</p> <p>Setbacks: Parcels are subject to a 100-foot building setback from public or navigable water bodies.</p> <p>Easements: Parcels staked along the ordinary high water line of public and navigable water bodies are subject to a 50' public access easement. 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.</p> <p>Amenities: Interior lot with limited view of surrounding landscape</p>
Improvements	None
Highest and Best Use	Recreational cabin site
Interest Appraised	Fee simple title, excluding mineral rights
Effective Date of Value	December 5, 2011
Date of Report	December 7, 2011

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

*2nd tier parcel is defined as a location where a parcel(s) could be staked between the subject and the nearest water-body access.

Conclusion of value for Hypothetical Key Parcels			
	Size	Per/acre	Per/site (RND)
Key Parcel 'A' <i>1st tier Aniak River or Doestock Creek</i>	5.00 acres*	\$1,862	\$9,300
	10.00 acres	\$1,400	\$14,000
	15.00 acres*	\$1,218	\$18,300
	20.00 acres*	\$1,050	\$21,000
	Size	Per/acre	Per/site (RND)
Key Parcel 'B' <i>Interior Lot</i>	5.00 acres*	\$745	\$3,700
	10.00 acres	\$560	\$5,600
	15.00 acres*	\$487	\$7,300
	20.00 acres*	\$420	\$8,400

-Key Parcel in bold (*Size adjusted Key Parcels based on adjustment shown in Addenda)

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	Poor: Mostly steep, mostly wet ground, or unstable soils	0.75 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
Amenities	Good View potential	1.10 of Key 'A' or 'B'
	Frontage on small lake, creek or pond (other than Aniak River and Doestock Creek)	1.10 of Key 'B'
Miscellaneous	Differences in parcels discovered during field inspection	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 appraisal is a complete, summary appraisal prepared in accordance with Standards Rule 1 and 2 of the current edition of **Uniform Standards of Professional Appraisal Practice** (USPAP), and in accordance with Special Appraisal Instructions, DNR Remote Recreational Cabin Site Disposal.

Purpose of Appraisal

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

Intended Use of Appraisal

The appraisal will be used by DNR to determine the purchase price for parcels to be acquired under the Remote Recreational Cabin Site staking program (AS 38.05.600).

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 as¹:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

AS 38.05.125(a) states²:

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

Definition of Market Value³

"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."

Effective Date of Value

The effective date of the value estimate is December 5, 2011.

Exposure Time

Exposure time is defined as⁴: "...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..."

¹ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.112

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2008, p. 624-625

³ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.23

⁴ Uniform Standards of Professional Appraisal Practice 2008-2009, Appraisal Foundation, p. U-87.

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.

Due to the remote location and difficult access, an exposure time of one to two years is reasonable.

Sales History

The State of Alaska owns the appraised property.

Scope of the Appraisal

I have not inspected the staking area or many of the comparable sales used in this report. The physical description of the *Key Parcels* were based on aerial photography, topographic maps, previously completed appraisal reports, and interviews of various individuals familiar with the area. Based on my observations and analyses of all available data, I have formed an opinion of the market value as of the effective date of value.

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 or other knowledgeable market participants were contacted to verify recent sale prices and other transaction details.

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

Assumptions and Limiting Conditions

1. The property is appraised as vacant land without structural or site improvements.
2. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.
3. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader in visualizing the properties.
4. Information furnished by others and included in the report is believed to be reliable but the appraiser does not warrant the accuracy of such information.
5. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
6. 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.
7. 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.
8. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which final judgment is based. Therefore, no part should be used out of context and by itself alone.
9. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for any such conditions, or for arranging engineering studies to discover them.
10. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
11. 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

Area Data

The Aniak-Doestock Remote Recreational Cabin Sites Staking Area is located approximately five miles east of the City of Aniak, near the confluence of the Aniak River and the Doestock Creek. Both the creek and river run throughout parts of the staking area. The area is mostly level with numerous creeks, sloughs and ponds present.

Market Area

Aniak

Current Population:	501 (2009 U.S. Census Population)
Incorporation Type:	2 nd Class City
Borough Located In:	Unorganized
School District:	Kuspuk Schools
Regional Native Corporation:	Calista Corporation

Aniak is located on the south bank of the Kuskokwim River at the head of Aniak Slough, 59 miles southeast of Russian Mission in the Yukon-Kuskokwim Delta. It lies 92 air miles northeast of Bethel and 317 miles west of Anchorage. It lies at approximately 61.578330 North Latitude and -159.522220 West Longitude. (Sec. 12, T017N, R057W, Seward Meridian.) Aniak is located in the Kuskokwim Recording District. The area encompasses 6.5 sq. miles of land and 2.3 sq. miles of water.

The economy of Aniak is based on government, transportation, and retail services. As the largest city in the area, Aniak is a service hub for surrounding villages. Subsistence activities supplement part-time wage earnings, and some commercial fishing occurs. In 2010, 9 residents held commercial fishing permits. The school district, Kuskokwim Native Association, Bush-Tell Inc., and the Aniak Subregional Clinic provide most year-round employment. Salmon, moose, bear, birds, berries, and home gardening provide food sources.

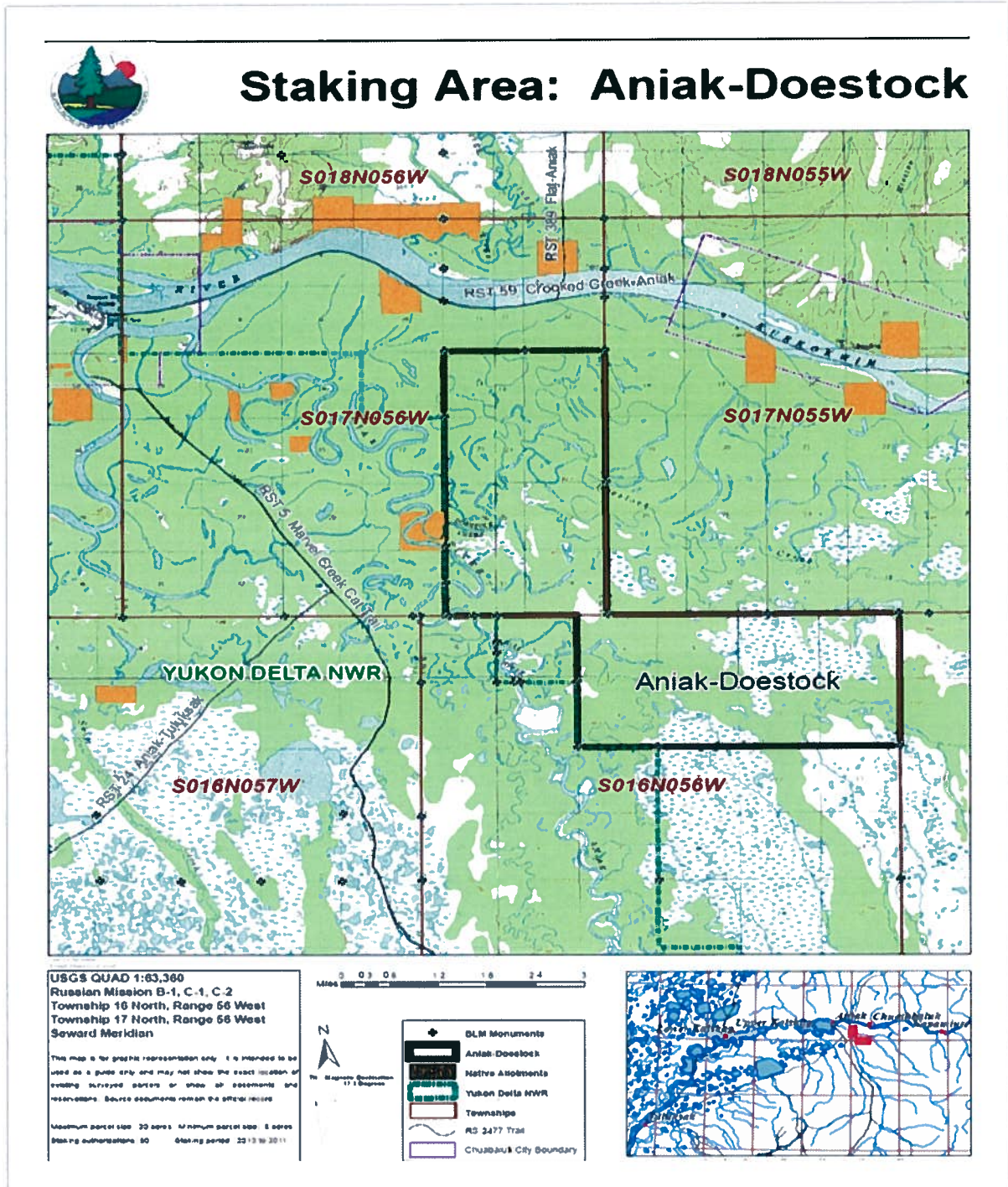
The 2005-2009 American Community Survey (ACS) estimated 243¹ residents as employed. The public sector employed 41.6%¹ of all workers. The local unemployment rate was 7.6%¹. The percentage of workers not in labor force was 36.8%¹. The ACS surveys established that average median household income (in 2009 inflation-adjusted dollars) was \$55,179 (MOE +/- \$9,933)¹. The per capita income (in 2009 inflation-adjusted dollars) was \$24,216 (MOE +/- \$4,167)¹. About 11.3%¹ of all residents had incomes below the poverty level.

The majority of homes (155) are plumbed and have individual wells. A central well was completed in 1988 by the village corporation; there are also wells at Auntie Marie Nicoli School and the Joe Parent Voc Ed Center. Only 21 households haul water. A central piped sewage system serves most residents, with the exception of the school, the clinic, and the Napat subdivision across Aniak Slough. The system has four lift stations, and wastewater is treated in a lagoon. Some homes use individual septic tanks, but permafrost has caused drainfield problems, so most of the unserved homes use pit privies. The city provides septic pumping services. A washeteria is operated by the village council. Aniak Power & Light is a privately-owned company.

Access to Aniak is limited to air and water. The state-owned airport has an asphalt runway that is 6,000' long by 150' wide, is lighted, and is equipped for instrument approaches. Regular flights are provided by several carriers, including charter operators. Float planes can also land on Aniak Slough. Fuel and supplies are brought in by barge during the summer; other goods are delivered

by air year-round. There is no road connection to other villages, although trails and the frozen river are used by snowmachines during winter. A winter trail is marked to Kalskag (15 mi). The community has requested construction of a road to Chuathbaluk.⁵

Property Information



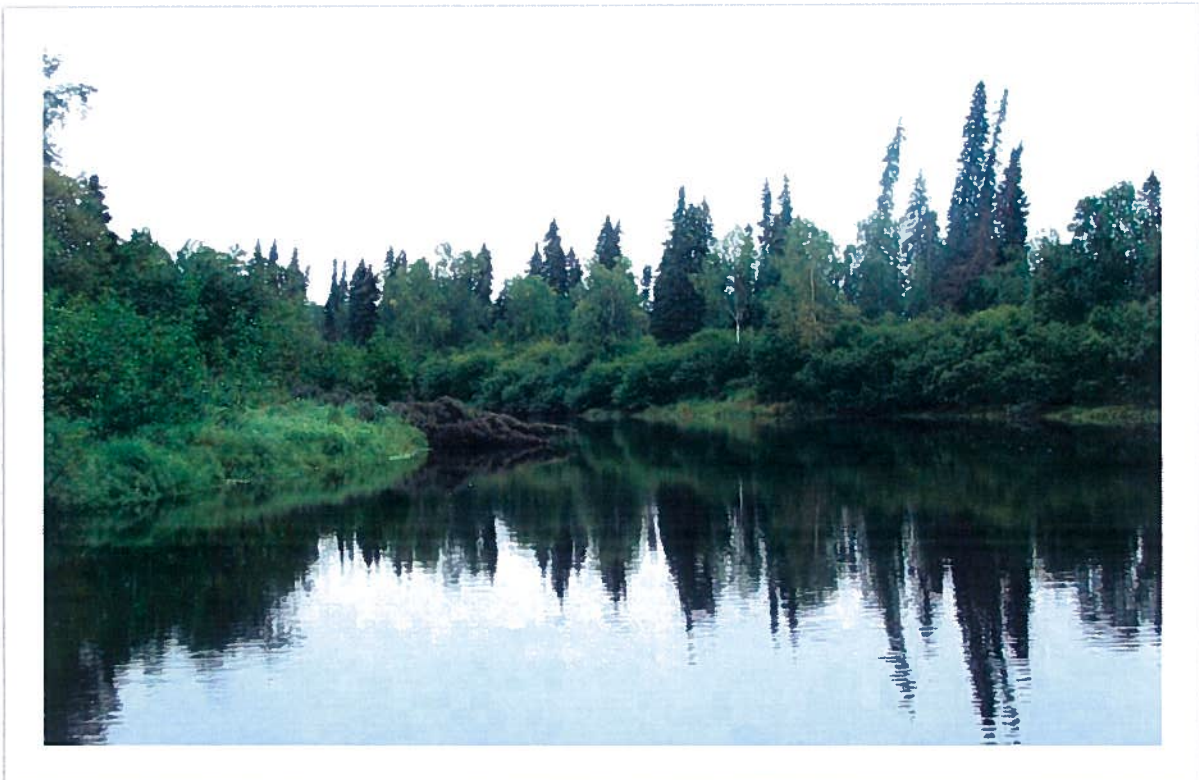
⁵ Alaska DCCED 'Community Database Online', accessed 6 December 2011. http://www.commerce.state.ak.us/dca/CF_BLOCK.htm.

Aniak River



Photograph provided by DNR staff, date unknown

Doestock Creek



Photograph provided by DNR staff, date unknown

Personal Property

There is no personal property involved with the appraisal of these properties.

OFFERING INFORMATION	
Proposed Number of Staking Authorizations	60
Parcel Size	5 to 20 acres
Gross Project Area	10,300 acres
Net Offering	1,200 acres
MTRS	S016N056E, S017N056W
Municipal Authority	The staking area is within the unorganized borough; therefore the State of Alaska is the platting authority.
Fire Management Option	The staking area has a full 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 strands or near water bodies to reduce potential for fire.
Game Management Unit	Game Management Unit 19A

PHYSICAL CHARACTERISTICS	
Location	The staking area is located approximately five miles east of the City of Aniak.
Topography map	USGS Russian Mission B-1, C-1, C-2
Topography/Terrain/Major Features	The project area is in the Kuskokwim River valley. Topography within the project area is mostly level.
Access	Summer access from the City of Aniak is via the Kuskokwim River, to the Aniak River. The confluence of the Aniak River and Doestock Creek is found just outside the staking area. Both the Aniak River and Doestock Creek provide boat access into the staking area. Winter access is by snowmachine.
View	Some view potential of the Kuskokwim Mountains
Climate	The area has a cold, continental climate with extreme seasonal temperature variation and low precipitation. The average daily high temperature in June is 58, 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.
Soils/Vegetation	The soils of this region are generally loess or loamy alluvium over sandy and gravelly alluvium. These soils are well-drained except in areas where permafrost may be present. Low-lying areas within the project may contain wetlands. Vegetation is predominantly evergreen and mixed forest. Good sized stands of white spruce occur along the river. Sedges, mosses, tussocks and shrubs common in wet areas.
Water Source	The Aniak River, Doestock Creek, several sloughs and small creeks provide surface water within the staking area. Water quality is unknown.

EASEMENTS & RESERVATIONS	
Title	Lands with the staking area are patented to the State of Alaska, Patent No. 50-2006-0108. The applicable state case files are GS 2451 and 2518.
Allowed Uses	Cabin site leases are for recreational use only. No commercial use 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 such 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	All cabin sites 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 Water Bodies and Easements	Parcels may not be staked across any public or navigable water body. Staked parcels are subject to a 50-foot public access easement upland from the ordinary high water mark of public and navigable water bodies. Using motorized vehicles to cross streams may be prohibited by applicable state and federal laws.
Setbacks and Other Restrictions	Parcels are subject to a 200-foot staking setback on the Aniak River. Parcels are subject to a 100-foot staking setback on Doestock Creek. Parcels are subject to a 100-foot building setback from all other streams and public or navigable water bodies.
Reserved Areas	Sites for public use and access will be reserved on Doestock Creek and the Aniak River.
Oil, Gas and Minerals	The state retains ownership of all oil, gas, coal, ore, minerals, fissionable materials, geothermal resources, and fossils that may be in or upon the land that sells (AS 38.05.125). The state reserves the right to enter onto the land to explore for and develop these mineral resources. The state may lease them to mineral developers or allow mining locations to be staked. However, Alaska law provides that the surface owner will be compensated for damages resulting from mineral exploration and development (AS 38.05.130).
Waste Disposal	Wastewater treatment and disposal systems must meet the regulatory requirements of the Alaska Department of Environmental Conservation. Contact ADEC for information.
Wetlands	Cabin sites 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 municipal authority for any permits or for required setbacks from water bodies, lot lines, and easements.

ANAYLSIS AND CONCLUSIONS

Highest and Best Use

Analysis of highest and best use of the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as⁶:

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

The land to be valued is considered vacant and thus valued with the highest and best potential use for the property. Value for improvements (when present on the site) is then based on their contribution to this use. The appraised property is vacant and unimproved.

Legally Permissible

The Aniak-Doestock staking area is not subject to any known zoning requirements that would be restrictive to potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. The hypothetical key parcels 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. Staked parcels will be five to twenty acres.

Financially Feasible

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

Maximally Productive

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease. Access to fishing and hunting are the primary motivations for surrounding recreational users.

Highest and Best Use of Land as Vacant

Based on the foregoing analysis, the highest and best use of the *Key Lots* as vacant would be for almost any legal use, primarily a private recreation cabin site.

⁶ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.278

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

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