

MARKET VALUE APPRAISAL
Of
Hypothetical Key Parcels
Within the Selatna Remote Recreational Cabin Sites

Base Appraisal Report No. 4701-0

STATE OF ALASKA

Department of Natural Resources
Division of Mining, Land and Water
550 West 7th Avenue, Suite 650
Anchorage, AK 99501-3576

MEMORANDUM

State of Alaska

Department of Natural Resources

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DATE: 09/11/2025

TO: Kevin Hindmarch
Review Appraiser

FROM: Michael Dooley



SUBJECT: Appraisal of Hypothetical *Key Parcels* in the Selatna Remote Recreational Cabin Sites Area – Base Appraisal Report No 4701-0

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 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 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 satellite imagery, topographic maps, and interviews of various individuals familiar with the area. Based on my observations and analysis 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

Hypothetical Key Parcels	
Location	The staking area is located approximately 30 miles southwest of McGrath and 57 miles northeast of Stony River.
Topography Map	USGS Quad: McGrath B-6, C-6
Owner	State of Alaska
Key Parcel 'A' <i>1st tier Kuskokwim River</i>	Size: 10.00-acres Lot Type: 1 st tier* frontage on the Kuskokwim River. Access: Summer access by boat along the Kuskokwim River, winter access is by snowmachine. Building Site: At least 50% level to gently sloping, adequately drained & wooded. Setbacks: 100-foot staking setback on the Kuskokwim River. In addition, parcels are subject to a 100-foot building setback from public or navigable water bodies. 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. Amenities: Unobstructed access to the Kuskokwim River.
Key Parcel 'B' <i>1st tier Selatna River</i>	Size: 10.00-acres Lot Type: 1 st tier* frontage on Selatna River Access: Summer access by boat or floatplane along the Kuskokwim River, then up the Selatna River, winter access is by snowmachine. Building Site: At least 50% level to gently sloping, adequately drained & wooded. Setbacks: 100-foot staking setback on the Selatna River. In addition, parcels are subject to a 100-foot building setback from public or navigable water bodies. 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. Amenities: Unobstructed access to the Selatna River.
Key Parcel 'C' <i>Interior Lot</i>	Size: 20.00-acres Lot Type: Interior lot (2 nd tier* parcel) Access: Summer access by boat along Kuskokwim River and/or the Selatna River, then overland to parcel. Winter access by snowmachine. Building Site: At least 50% level to gently sloping, adequately drained & wooded. Setbacks: Parcels are subject to a 100-foot building setback from public or navigable water bodies. 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. Amenities: Interior lot with limited view of surrounding landscape
Improvements	None
Highest and Best Use	Recreational cabin site
Interest Appraised	Fee simple title, excluding mineral rights
Effective Date of Value	09/11/2025
Date of Report	09/11/2025

*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 <i>Hypothetical Key Parcels</i>			
	Size	Per/acre	Per/site (RND)
Key Parcel 'A' <i>1st tier</i> Kuskokwim River	5.00 acres*	\$2,926	\$14,600
	10.00 acres	\$2,200	\$22,000
	15.00 acres*	\$1,914	\$28,700
	20.00 acres*	\$1,650	\$33,000
	Size	Per/acre	Per/site (RND)
Key Parcel 'B' <i>1st tier Selatna</i> River	5.00 acres*	\$2,195	\$11,000
	10.00 acres	\$1,650	\$16,500
	15.00 acres*	\$1,436	\$21,500
	20.00 acres*	\$1,238	\$24,800
	Size	Per/acre	Per/site (RND)
Key Parcel 'C' <i>2nd Tier Parcel</i> (Interior Lot)	5.00 acres*	\$1,611	\$8,100
	10.00 acres*	\$1,206	\$12,100
	15.00 acres*	\$1,044	\$15,700
	20.00 acres	\$900	\$18,000

-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
Access	More than ¼ mile from fly-in access	0.75 of Key Parcel 'C'
	Less than ¼ mile from fly-in access	1.00 of Key Parcel 'C'
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	No View potential	.90 of <i>Key Parcels 'A' or 'B' or 'C' or 'D'</i>
	View Potential	1.00 of <i>Key Parcels 'A' or 'B' or 'C' or 'D'</i>
	Frontage on small lake, creek or pond (other than Kuskokwim River or the Selatna River).	1.10 of <i>Key Parcels 'A' or 'B' or 'C' or 'D'</i>

Miscellaneous	Differences in parcels discovered during field inspection	To be determined
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Adjustment Process: 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 in 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.

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 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

September 11, 2025

Date of Report

September 11, 2025

¹ The Dictionary of Real Estate Appraisal, Fourth Edition, Appraisal Institute, 2010, p.78

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2014, p. 653

³ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.58

Exposure Time

Exposure time is defined as ⁴: "...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..."

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 some of the comparable sales analyzed in this analysis. The physical description of the *Key Parcels* was based on satellite imagery, topographic maps, 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. When possible, the appraisals for DNR land sales were reviewed to ascertain any pertinent information for comparable sales. 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.

⁴ Uniform Standards of Professional Appraisal Practice 2016-2017, Appraisal Foundation, pg. 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

Area Data

The Selatna Remote Recreational Cabin Sites Staking Area is located approximately 28 air miles southwest of McGrath and 47 air miles northeast of Stony River. The Kuskokwim River runs along the northern portion of the staking area. The staking area is also bisected by the Selatna River.

McGrath⁵

Location and Climate

McGrath is located 221 miles northwest of Anchorage and 269 miles southwest of Fairbanks in Interior Alaska. It is adjacent to the Kuskokwim River directly south of its confluence with the Takotna River. The community lies at approximately 62.956390° North Latitude and -155.595830° (West) Longitude. (Sec. 18, T033N, R033W, Seward Meridian.) McGrath is located in the Mt. McKinley Recording District. The area encompasses 48.9 sq. miles of land and 5.7 sq. miles of water. The McGrath area has a cold, continental climate. Average summer temperatures range from 62 to 80, winters temperatures can range from -64 to 0. Precipitation is light, averaging 10 inches per year, including an average snowfall of 86 inches. The Kuskokwim River is generally ice-free from June through October.

History and Culture

McGrath was a seasonal Upper Kuskokwim Athabaskan village which was used as a meeting and trading place for Big River, Nikolai, Telida and Lake Minchumina residents. The Old Town McGrath site, was originally located across the river. In 1904, Abraham Appel established a trading post at the old site. In 1906, gold was discovered in the Innoko District, and at Ganes Creek in 1907. Since McGrath is the northernmost point on the Kuskokwim River accessible by large riverboats, it became a regional supply center. By 1907, a town was established, and was named for Peter McGrath, a local U.S. Marshal. In 1909, the Alaska Commercial Company opened a store. The Iditarod Trail also contributed to McGrath's role as a supply center. From 1911 to 1920, hundreds of people walked and mushed over the Trail on their way to the Ophir gold districts. Mining sharply declined after 1925. After a major flood in 1933, some residents decided to move to the south bank of the river. Changes in the course of the river eventually left the old site on a slough, useless as a river stop. In 1937, the Alaska Commercial Company opened a store at the new location. In 1940, an airstrip was cleared, the FAA built a communications complex, and a school was opened. McGrath became an important refueling stop during World War II, as part of the Lend-Lease Program between the U.S. and Russia. In 1964, a new high school was built, attracting boarding students from nearby villages. The city was incorporated in 1975.

A federally recognized tribe is located in the community -- the McGrath Native Village; Medfra Traditional Council (not recognized). The population of the community consists of 54.6% Alaska Native or part Native. Slightly more than half of the population is Athabascans and Eskimos. As a regional center, McGrath offers a variety of employment opportunities, but subsistence remains an important part of the local culture. About 10 families in town have dog teams which they enter into the Iditarod, Kuskokwim 300, and Mail Trail 200 sled dog races.

During the 2020 U.S. Census, total housing units numbered 156 with a total population of 301. The median household income was \$51,250.

Facilities, Utilities, Schools, and Health Care

McGrath operates a piped water system that serves nearly all of the households; a few homes have individual wells or haul water. The FAA operates its own water system. Individual septic tanks are used by the majority of residents; a limited City sewage system serves approximately 34 homes. A

⁵ <https://www.commerce.alaska.gov/dcra>

private firm, McGrath Trash & Refuse, collects refuse for disposal at the city landfill. Electricity is provided by McGrath Light & Power. There are 2 schools located in the community, attended by 149 students. Local hospitals or health clinics include McGrath Health Center (907-524-3299). The clinic is a qualified Emergency Care Center. Specialized Care: Four Rivers Counseling Center. McGrath is classified as an isolated town/Sub-Regional Center, it is found in EMS Region 1C in the Interior Region. Emergency Services have river, floatplane and air access. Emergency service is provided by 911 Telephone Service, volunteers and a health aide. Auxiliary health care is provided by Kuskokwim Valley Rescue Squad (524-3299/9111).

Economy and Transportation

McGrath functions as a transportation, communications, and supply center in Interior Alaska. It has a diverse cash economy, and many families rely upon subsistence. Salmon, moose, caribou, bear, and rabbits are utilized. Some residents trap and tend gardens. The Nixon Fork gold mine is located 32 miles northeast of McGrath.

There are no road connections to McGrath, but local roads are used by ATVs and trucks. Winter trails are marked to Nikolai (50 mi.) and Takotna (20 mi.) Residents rely on air service and barges to deliver cargo. Air facilities include a State-owned 5,936' long by 100' wide asphalt runway with a 2000' long by 60' wide gravel landing strip, and a seaplane base on the Kuskokwim River.

Stony River⁶

Stony River is located on the north bank of the Kuskokwim River, 2 miles north of its junction with the Stony River. The village is 100 miles east of Aniak, 185 miles northeast of Bethel, and 225 miles west of Anchorage. The community lies at approximately 61.7872° North Latitude and - 156.5853° (West) Longitude. (Sec. 30, T020N, R040W, Seward Meridian.) Stony river is located in the Kuskokwim Recording District. Stony River falls within the western transitional climate zone, characterized by tundra interspersed with boreal forests, and weather patterns of long, cold winters and shorter, warm summers. High winds often cause flight delays in the fall and winter. The Kuskokwim is ice-free from mid-June through October.

History and Culture

Also known as Moose Village or Moose Creek, this community began as a trading post and riverboat landing to supply mining operations to the north. The first trading post opened in 1930, and a post office was established in 1935. Area Natives used these facilities, but it wasn't until the early 1960s that families established year-round residency and a school was constructed. According to the 2020 census, there is a population of 57.

Facilities, Utilities, Schools, and Health Care

Stony River electrical service is provided by a diesel generator power plant operated by Middle Kuskokwim Electric Cooperative, Incorporated. The Village of Stony River operates the Class III Stony River Landfill. There is one school located in the community, attended by 117 students. Local hospitals or health clinics include Stony River Public Health Nursing and Stony River Clinic.

Economy and Transportation

Stony River's location near the confluence of the Kuskokwim and Stony Rivers provides easy access to river transportation during summer and snow machine traffic in winter. Barges deliver cargo and bulk fuel. The gravel/dirt airstrip is state-owned and -operated. Scheduled weekday air services deliver mail and other cargo.

⁶ <https://www.commerce.alaska.gov/dcra/DCRAExternal>

Personal Property

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

Kuskokwim River and the confluence with the Little Selatna River

OFFERING INFORMATION	
Proposed Number of Staking Authorizations	39 remaining out of 50 authorized.
Parcel Size	5 to 20 acres
Gross Project Area	33,280 acres
Net Offering	1,000 acres
MTRS	S027N035W, S028N035W
Municipal Authority	The staking area is within the unorganized borough; therefore, the State of Alaska is the platting authority.
Fire Management Option	Per the Alaska Wildland Fire Information Map Series, the portion of the staking area that is north of the Selatna River is within the "Full" management option. The portion of the staking area that is both south and west of the Selatna River in section within the "Limited" management option. The portion of the staking area that is both south and east of the Selatna River is within the "Modified" management option.
Game Management Unit	Game Management Unit 19D

PHYSICAL CHARACTERISTICS	
Location	The staking area is approximately 30 air miles southwest of McGrath; and 57 air miles northeast of Stony River.
Topography map	USGS McGrath B-6, C-6
Topography/Terrain/Major Features	The topography within the project area varies from level river bottom to rolling mountainous terrain. Elevations vary from 300' to 1,500'.
Access	Summer access from McGrath is via the Kuskokwim River, downstream approximately 55 miles to the beginning of the staking area. Access from Stony River is the Stony River, upstream approximately 77 miles to the beginning of the staking area. Both the Kuskokwim River and the Selatna River provide boat access into the staking area. In addition, experienced pilots may be able to land a float plane on the Kuskokwim River or on area sloughs or lakes. Winter access is by snowmachine or airplanes on skis.
View	Some view potential of the Kuskokwim and Selatna River Valleys.
Climate	The 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 47. The average daily high temperature in January is 2, the average low is -15. Average annual precipitation is 18 inches with 97 inches of snowfall.
Soils/Vegetation	The soils of this region are generally characterized with Histic Pergelic Cryaquepts-Typic Cryorthods, and loamy soils. A mantle of silty loess derived from nearby flood plains cover most of the uplands, and thick deposits of colluvial sediment have accumulated in valleys. Soils on south facing slopes are mostly well drained with no permafrost. Poorly drained soils with permafrost occur on steep north facing slopes. Tundra-type conditions and areas of wetlands occur throughout the staking area.
Water Source	The Kuskokwim River, Selatna River, ponds, and small creeks provide surface water within the staking area. Water quality is unknown.

EASEMENTS & RESERVATIONS	
Title	This land is Tentatively Approved to the State of Alaska. The State case files are GS 2913, 2919, and 2920.
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 100-foot staking setback on the Kuskokwim River and Selatna River. Parcels are subject to a 100-foot building setback from all anadromous streams and public or navigable water bodies.
Reserved Areas	No staking is allowed within areas reserved or excluded on the staking maps for wood lots, airstrips, habitat protection, public use, or other uses.
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 as⁷:

"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 Selatna RRCS 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.

Valuation Analysis

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 in Alaska to lease vacant land for 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

⁷ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.333

cost of reproducing the improvements. The cost approach is most effective for appraising properties that have newer improvements. The hypothetical *Key Lots* lack improvements; as such this approach will not be used for this appraisal.

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.

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*. The Selatna staking area will have three *Hypothetical Key Parcels*, a parcel with **1st tier Kuskokwim River Frontage**, **1st tier Selatna River Frontage**, and a **2nd tier Interior** parcel.

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.