

**MARKET VALUE APPRAISAL**

**Of**

**Twenty-five (25) lots within  
Tofty Subdivision ASLS 2011-38**



**APPRAISAL REPORT No. 3640-0**

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

# MEMORANDUM

# State of Alaska

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DATE: February 5, 2013

TO: Kevin Hindmarch  
Review Appraiser

FROM: Johnthomas Williamson 

SUBJECT: Appraisal of 25 lots within Tofty Subdivision, ASLS 2011-38. Appraisal Report #3640-0

As requested, I have completed a valuation of the above referenced parcels. I understand that this appraisal will be used to determine the minimum bid for the subject acquired through the Subdivision Auction under AS 38.05.035. 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 is a 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 inspected the subject parcels 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 my observations and analyses of all available data, I have formed an opinion of the market values as of the effective date of value

## TABLE OF CONTENTS

### INTRODUCTION

Title Page	
Letter of Transmittal	ii

### PREMISE OF THE APPRAISAL

Appraisal Summary	2
Type of Appraisal and Report	3
Purpose and Use of the Appraisal	3
User and Client Identity	3
Property Rights Appraised	3
Definition of Market Value	3
Effective Date of Value Estimate	3
Exposure Time	4
Scope of the Appraisal	4
Assumptions and Limiting Conditions	5

### PRESENTATION OF DATA

Area Analysis	6
Parcel Description	7

### DATA ANALYSIS AND CONCLUSION

Highest and Best Use	12
Approaches to Value	13
Key Parcel Method	15
Explanation of Adjustments	15
Discussion of Comparable Sales & Value Conclusion	17
Application of Key Value	21
Certification of Value	23

### ADDENDA

Comparable Sale Forms	
Size Adjustment Chart	
Special Appraisal Requirements	
Appraiser Qualifications	

## APPRAISAL SUMMARY

### Location and Legal Description

Subdivision Name	Location	Legal
Tofty Subdivision	85 miles due west of Fairbanks. 170 road miles from Fairbanks along the Elliott Highway. 15 road miles northwest of Manley Hot Springs via Tofty Road.	Within ASLS 2011-38, T3N R16W FM Sec. 15 & 16

### Summary of Values

Subdivision	Lot	Block	ASLS	Acres	Value (Rnd)	Date of Value
Tofty	1	1	2011-38	9.76	<b>\$16,400</b>	8-8-2012
Tofty	2	1	2011-38	9.46	<b>\$13,900</b>	8-8-2012
Tofty	3	1	2011-38	14.6	<b>\$18,400</b>	8-8-2012
Tofty	4	1	2011-38	7.56	<b>\$12,700</b>	8-8-2012
Tofty	5	1	2011-38	6.83	<b>\$12,500</b>	8-8-2012
Tofty	6	1	2011-38	5.4	<b>\$9,900</b>	8-8-2012
Tofty	7	1	2011-38	5.84	<b>\$10,700</b>	8-8-2012
Tofty	8	1	2011-38	9.94	<b>\$14,400</b>	8-8-2012
Tofty	9	1	2011-38	9.96	<b>\$14,400</b>	8-8-2012
Tofty	10	1	2011-38	7.55	<b>\$12,700</b>	8-8-2012
Tofty	11	1	2011-38	6.54	<b>\$11,900</b>	8-8-2012
Tofty	12	1	2011-38	8.79	<b>\$15,700</b>	8-8-2012
Tofty	1	2	2011-38	5.61	<b>\$10,200</b>	8-8-2012
Tofty	2	2	2011-38	5.11	<b>\$9,300</b>	8-8-2012
Tofty	3	2	2011-38	6.41	<b>\$13,500</b>	8-8-2012
Tofty	4	2	2011-38	5.03	<b>\$10,600</b>	8-8-2012
Tofty	5	2	2011-38	5.19	<b>\$10,900</b>	8-8-2012
Tofty	6	2	2011-38	5.69	<b>\$11,900</b>	8-8-2012
Tofty	7	2	2011-38	5.98	<b>\$12,600</b>	8-8-2012
Tofty	8	2	2011-38	5.86	<b>\$12,300</b>	8-8-2012
Tofty	9	2	2011-38	4.69	<b>\$8,700</b>	8-8-2012
Tofty	10	2	2011-38	4.65	<b>\$8,600</b>	8-8-2012
Tofty	11	2	2011-38	5.01	<b>\$9,200</b>	8-8-2012
Tofty	12	2	2011-38	5.1	<b>\$9,300</b>	8-8-2012
Tofty	13	2	2011-38	5.52	<b>\$10,100</b>	8-8-2012

## PREMISES OF THE APPRAISAL

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

This appraisal is a 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 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 Subdivision 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**

August 8, 2012

### **Date of Report**

February 5, 2013

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<sup>1</sup> The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.111

<sup>2</sup> Alaska Statutes Title 38, Public Land Article 5, State of Alaska.

<sup>3</sup> The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.23

**Exposure Time**

Exposure time is defined as "...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; a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time is different for various types of property and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort."<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. Considering the availability of parcels on the market, an exposure time of up to three years is reasonable.

**Property History**

The State of Alaska, DNR, subdivided the subject parcels in 2012 as ASLS 2011-38. None of the subject parcels have been previously offered for sale. DNR is the current owner of record.

**Prior Appraisal History**

I have not appraised the subjects within the past three years.

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

I inspected the subject parcels on August 8<sup>th</sup>, 2012. Physical features and access were identified by use of physical inspections, topographic maps, status plats, aerial photographs, DNR appraisal records, and interviews with people who are familiar with the area.

**Research and Analysis**

Interviews were conducted with; sellers, buyers or other knowledgeable market participants who provided information about trends in value, supply, demand, access, and physical characteristics of the subject properties. DNR records and the Records Office databases were searched for recent comparable sales. Private real estate agent websites were searched for recent listings while 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.

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<sup>4</sup> Uniform Standards of Professional Appraisal Practice 2012-2013, Appraisal Foundation, p. [www.uspap.org/#/24/](http://www.uspap.org/#/24/)

## Assumptions and Limiting Conditions

- . The property is appraised as vacant land without structural or site improvements.
- . 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.
- . 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.
- . 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.
- . 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.
- . 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.
- . 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.
- . 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.
- . 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.
- . Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".
- . 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.
- . 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 Interior Alaska<sup>5</sup>.**

Interior Alaska experiences seasonal temperature extremes. Average January temperatures range from -19 to -2 °F; average July temperatures range from 53 to 72 °F. Annual precipitation averages 11.5 inches with 67.8 inches of snowfall. Temperatures have been recorded as low as -62 °F in mid-winter and as high as 96 °F in summer. During the winter months, if the temperature drops below -20 °F, ice fog can occur. Fairbanks is known for its lingering summer days. When the solstice arrives, there are more than 22 hours of daylight.

Tofty subdivision is roughly 170 miles west of Fairbanks, the is the economic center of Interior Alaska. City, Borough, State and federal government agencies, including the military, provide roughly one-third of the employment in the general area. The Borough School District and the University of Alaska Fairbanks are the primary public employers. Approximately 6,000 residents are military. Retail services, gold mining, tourism, transportation, medical, and other services are the primary private sector activities. The Fort Knox hardrock gold mine produces 1,200 ounces daily with 360 permanent year-round employees.

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.

### **Neighborhood Data - Manley Hot Springs Neighborhood<sup>6</sup>.**

Tofty is located roughly 15 miles northwest of Manley Hot Springs. Manley is a small community of 70+ residents located 5 miles north of the Tanana River, 160 road miles west of Fairbanks. The area has a cold, continental climate typical for interior Alaska with average temperatures ranging from the upper 50's in summer to -20°F in winter. Extremes have been recorded from 93°F to -70°F. Most of the residents support themselves by multiple jobs including: gold mining, tourism, government, and a semi-subsistence bartering system. Residents haul water from a community wellhouse, while public buildings have private wells. The community has a local clinic, roadhouse, landfill, and school. A federally recognized tribe (Manley Village Council) is located within the community

The most notable characteristic is the geothermal hot springs located just north of town. Naturally occurring hot springs have been an economic advantage for the community since 1902, when a mining prospector named John Karshner claimed several hot springs and started an ambitious vegetable farm. The community boomed during the gold rush era when in 1907 a hotel was built complete with 45 guest rooms, steam heat, electric lights, hot baths, a bowling alley, and an Olympic-size indoor heated swimming pool. Nowadays, tourism is still important to the local economy. One individual has developed a small-scale commercial hot springs attraction.

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<sup>5</sup> Alaska DCCED 'Community Database Online',  
[http://www.commerce.state.ak.us/dca/commdb/CF\\_COMDB.htm](http://www.commerce.state.ak.us/dca/commdb/CF_COMDB.htm).

<sup>6</sup> Ibid.

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**PARCEL DESCRIPTION****Legal Description.**

All parcels are recorded on Plat 2012-5, Manley Recording District.

Lot	Block	ASLS	Acres	MTR	Section
1	1	2011-38	9.76	T3N R16W FM	16
2	1	2011-38	9.46	T3N R16W FM	16
3	1	2011-38	14.60	T3N R16W FM	16
4	1	2011-38	7.56	T3N R16W FM	16
5	1	2011-38	6.83	T3N R16W FM	16
6	1	2011-38	5.40	T3N R16W FM	16
7	1	2011-38	5.84	T3N R16W FM	16
8	1	2011-38	9.94	T3N R16W FM	15
9	1	2011-38	9.96	T3N R16W FM	15
10	1	2011-38	7.55	T3N R16W FM	15
11	1	2011-38	6.54	T3N R16W FM	15
12	1	2011-38	8.79	T3N R16W FM	15
1	2	2011-38	5.61	T3N R16W FM	15
2	2	2011-38	5.11	T3N R16W FM	15
3	2	2011-38	6.41	T3N R16W FM	15
4	2	2011-38	5.03	T3N R16W FM	16
5	2	2011-38	5.19	T3N R16W FM	16
6	2	2011-38	5.69	T3N R16W FM	16
7	2	2011-38	5.98	T3N R16W FM	16
8	2	2011-38	5.86	T3N R16W FM	16
9	2	2011-38	4.69	T3N R16W FM	16
10	2	2011-38	4.65	T3N R16W FM	16
11	2	2011-38	5.01	T3N R16W FM	16
12	2	2011-38	5.10	T3N R16W FM	16
13	2	2011-38	5.52	T3N R16W FM	16

**Location**

The subjects are located roughly 85 miles due west of Fairbanks, 170 road miles from Fairbanks, on the northern side of Tofty road.

**Access**

All subjects are accessed via the Elliot Highway to Tofty Road, then by brushed right-of-ways throughout the subdivision. Tofty Road is not maintained to the subdivision during the winter. Winter maintenance ends approximately 9-miles east of the subdivision.

**Size & Shape**

The parcels range from 4.69 to 14.60 acres, see above chart. The subdivision is comprised of rectangular and irregular shaped lots.

**Topography**

All subject parcels have generally sloping topography with multiple building sites. The subjects are 1,000 feet above sea level.

**Soils/Vegetation**

The parcels are heavily vegetated with thick brush, spruce, alder, and birch. Building sites will need extensive clearing. Vegetation is indicative of adequately drained soils. During survey, it was noted that the soils were thawed below thirty inches.

**Utilities, Water & Sewer**

None. No public water or sewer system is 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.

**Easements & Zoning Regulations**

The parcels are located within the platting authority of the Unorganized Borough. There are no atypical easements or zoning restrictions.

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

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

**Ownership History**

The State of Alaska, DNR, subdivided the subject parcels in 2012 as ASLS 2011-38. None of the subject parcels have been previously offered for sale. DNR is the current owner of record.

**Personal Property**

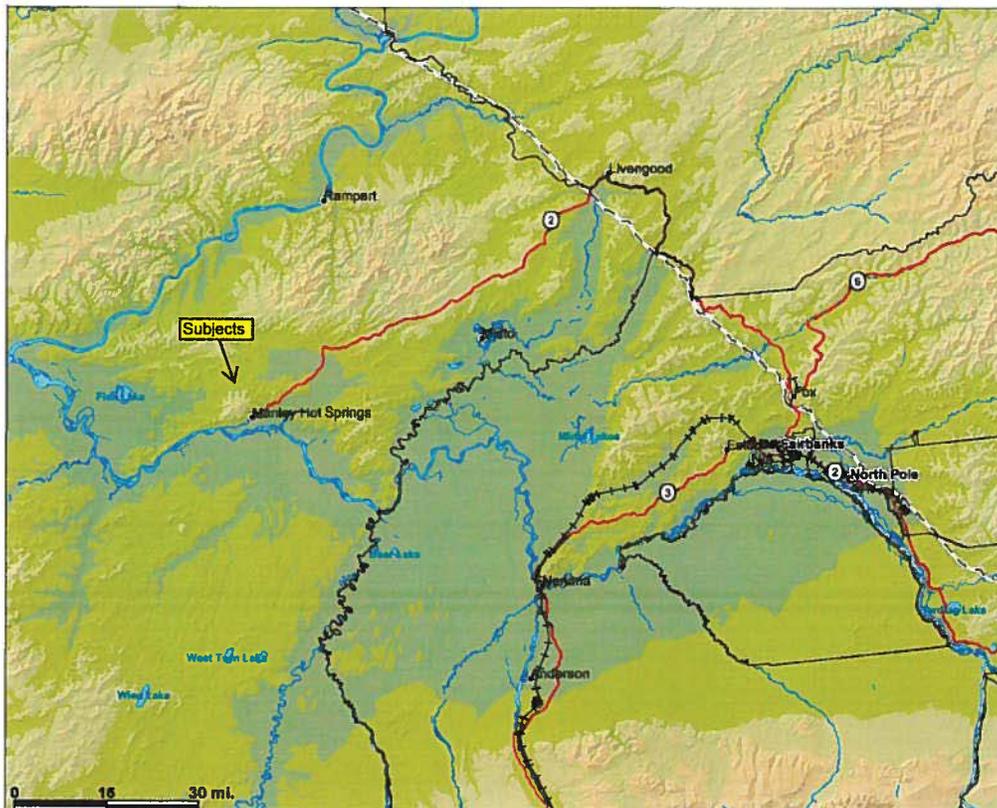
There is no personal property involved with the appraisal of this property.

**Tax Assessments**

The subjects are located within the Unorganized Borough and not subject to property tax at this time.

**Adjacent Land Use**

There are active mining claims one mile to the west of the subdivision. Adjacent land use is primarily characterized as private recreation and wildlife habitat.





Lot 3 Block 2 from Tofty Rd.



Lot 4 Block 2 looking west, subject on right.



Lot 8 Block 2



Lot 1 Block 1 looking East. Subject on left.

3640-0 Tofty



Brushed interior right-of-way



Lot 4 block 2 section line easement. Thick vegetation.

qualities. Comparable T-5 has inferior soils with vegetation and topography indicative of poorer drainage. A nominal 10% building site adjustment is appropriate for Comparable T-5.

**Utilities**

The Key Parcel lacks utilities. Comparables T-1 and T-2 have electric and telephone utilities available. These superior utilities are considered through a qualitative adjustment.

**Amenities**

Exceptional features of a given parcel may increase value. Features such as type of water frontage, proximity to creeks and small ponds, and exceptional views are examples of amenities that may warrant an adjustment. The subject and all comparable sales lack amenities. No amenity adjustment is warranted.

