

**MARKET VALUE APPRAISAL
of**

**Thirty-Two (32) Parcels within
Deadman Lake – ASLS 81-40
Dune Lake – ASLS 81-56
Geskakmina Lake – ASLS 81-55**



Deadman Lake

APPRAISAL REPORT No. 4224-0

**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

Department of Natural Resources
Tel (907) 269-8539
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Division of Mining, Land & Water
550 West 7th Avenue, Suite 650
Anchorage AK 99501-3576

DATE: November 3rd, 2014

TO: Kevin Hindmarch
Review Appraiser

FROM: Johnthomas Williamson *JW*
Appraiser

SUBJECT: Appraisal of thirty-two parcels within the following subdivisions: Deadman Lake, Dune Lake, and Geskakmina Lake.

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

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal Foundation and in accordance with the Special Appraisal Instructions, DNR. This is an appraisal 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 all of the subject parcels and all of the comparable sales used in this report. Physical descriptions of the subject parcels were based on inspections, aerial photography, topographic maps, peer appraisal reports, interviews with realtors and various individuals familiar with the area. Based on these observations and analyses of all available data, I have formed an opinion of the market values as of the effective date of value.

TABLE OF CONTENTS

INTRODUCTION

Title Page	
Letter of Transmittal	ii

PREMISES OF THE APPRAISAL

Appraisal Summary	4
Type of Appraisal and Report	5
Purpose and Use of the Appraisal	5
User and Client Identity	5
Property Rights Appraised	5
Definition of Market Value	5
Effective Date of Value Estimate	5
Exposure Time	6
Property History	6
Scope of the Appraisal	6
Assumptions and Limiting Conditions	7

PRESENTATION OF DATA

Area Analysis	8
Parcel Descriptions	9

DATA ANALYSIS AND CONCLUSION

Approaches to Value	14
Valuation of Lakefront Parcels	15
Valuation of Interior Parcels	22
Certification of Value	30

ADDENDA

<i>Subject Surveys</i>	
Size Adjustment Chart	
Comparable Sale Forms	
Appraisal Instructions	
Qualifications	

APPRAISAL SUMMARY

Subdivision Names	Location	Survey ASLS
Deadman Lake	65 miles west of Fairbanks	ASLS 81-40
Dune Lake	70 miles southwest of Fairbanks	ASLS 81-56
Geskakmina Lake	75 miles west of Fairbanks	ASLS 81-55

Summary of Values

ADL	Subdivision	ASLS	Lot	Block	Acres	Value	Date of Value
407585	Deadman Lake	81-40	3	10	3.714	\$3,300	6/17/14
407606	Deadman Lake	81-40	1	6	4.597	\$14,700	6/17/14
407616	Deadman Lake	81-40	18	7	4.374	\$14,000	6/17/14
407617	Deadman Lake	81-40	19	7	4.557	\$14,600	6/17/14
407618	Deadman Lake	81-40	20	7	4.464	\$14,300	6/17/14
419018	Deadman Lake	81-40	32	10	4.487	\$3,600	6/17/14
419019	Deadman Lake	81-40	33	10	4.959	\$4,000	6/17/14
419020	Deadman Lake	81-40	34	10	4.959	\$4,000	6/17/14
419021	Deadman Lake	81-40	1	11	4.785	\$3,800	6/17/14
419022	Deadman Lake	81-40	2	11	4.646	\$3,700	6/17/14
419023	Deadman Lake	81-40	3	11	4.613	\$3,700	6/17/14
409090	Dune Lake	81-56	1	3	4.747	\$3,400	6/17/14
409091	Dune Lake	81-56	2	3	4.876	\$3,500	6/17/14
409092	Dune Lake	81-56	3	3	4.801	\$3,500	6/17/14
409093	Dune Lake	81-56	4	3	4.874	\$3,500	6/17/14
409094	Dune Lake	81-56	5	3	4.717	\$3,400	6/17/14
409099	Dune Lake	81-56	10	3	4.896	\$3,500	6/17/14
409100	Dune Lake	81-56	11	3	4.985	\$3,600	6/17/14
409101	Dune Lake	81-56	12	3	4.99	\$3,600	6/17/14
409104	Dune Lake	81-56	2	4	4.975	\$3,600	6/17/14
409105	Dune Lake	81-56	3	4	4.957	\$3,600	6/17/14
409107	Dune Lake	81-56	5	4	4.983	\$3,600	6/17/14
409113	Dune Lake	81-56	11	5	4.962	\$15,900	6/17/14
409146	Dune Lake	81-56	18	2	4.962	\$3,600	6/17/14
409154	Dune Lake	81-56	5	5	5.00	\$15,900	6/17/14
407350	Geskakmina Lake	81-55	6	2	4.878	\$7,000	6/17/14
407364	Geskakmina Lake	81-55	1	4	4.739	\$6,800	6/17/14
407370	Geskakmina Lake	81-55	7	5	4.998	\$7,200	6/17/14
407383	Geskakmina Lake	81-55	2	7	4.953	\$3,600	6/17/14
407386	Geskakmina Lake	81-55	3	2	4.809	\$6,900	6/17/14
407390	Geskakmina Lake	81-55	2	5	4.959	\$7,900	6/17/14
407392	Geskakmina Lake	81-55	4	5	4.962	\$7,900	6/17/14

PREMISES OF THE APPRAISAL

Type of Appraisal and Report

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

Purpose of Appraisal

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

Intended Use of Appraisal

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

User and Client Identity

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

Property Rights Appraised

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

Fee simple estate is defined as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."¹

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."²

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."³

Effective Date of Value Estimate

June 17th, 2014.

Date of Report

November 3rd, 2014.

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

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2012, p. 610

³ The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, p.122

Exposure Time

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

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time. Currently, there are parcels available throughout the area offered through various government and private programs. The demand is low for non-waterfront parcels in the interior. Considering the availability of parcels on the market, an exposure time of two years is reasonable for waterfront lots and over two years for non-waterfront parcels.

Property History

Several parcels have been offered in the past under multiple DNR Subdivision Auctions. Of these, multiple parcels have been purchased either through the bid process or later through the Over-The-Counter offering. All land sale contracts or applications were subsequently terminated. The Department of Natural Resources is the current owner of record for all of the subjects.

Scope of the Appraisal

Subject and Comparable Properties Inspection

I inspected the subjects and all of the comparable sales on June 17th, 2014. Physical features and access were identified by use of aerial inspections, topographic maps, status plats, aerial photographs, DNR appraisal records, and interviews with people who are familiar with the area.

Research and Analysis conducted

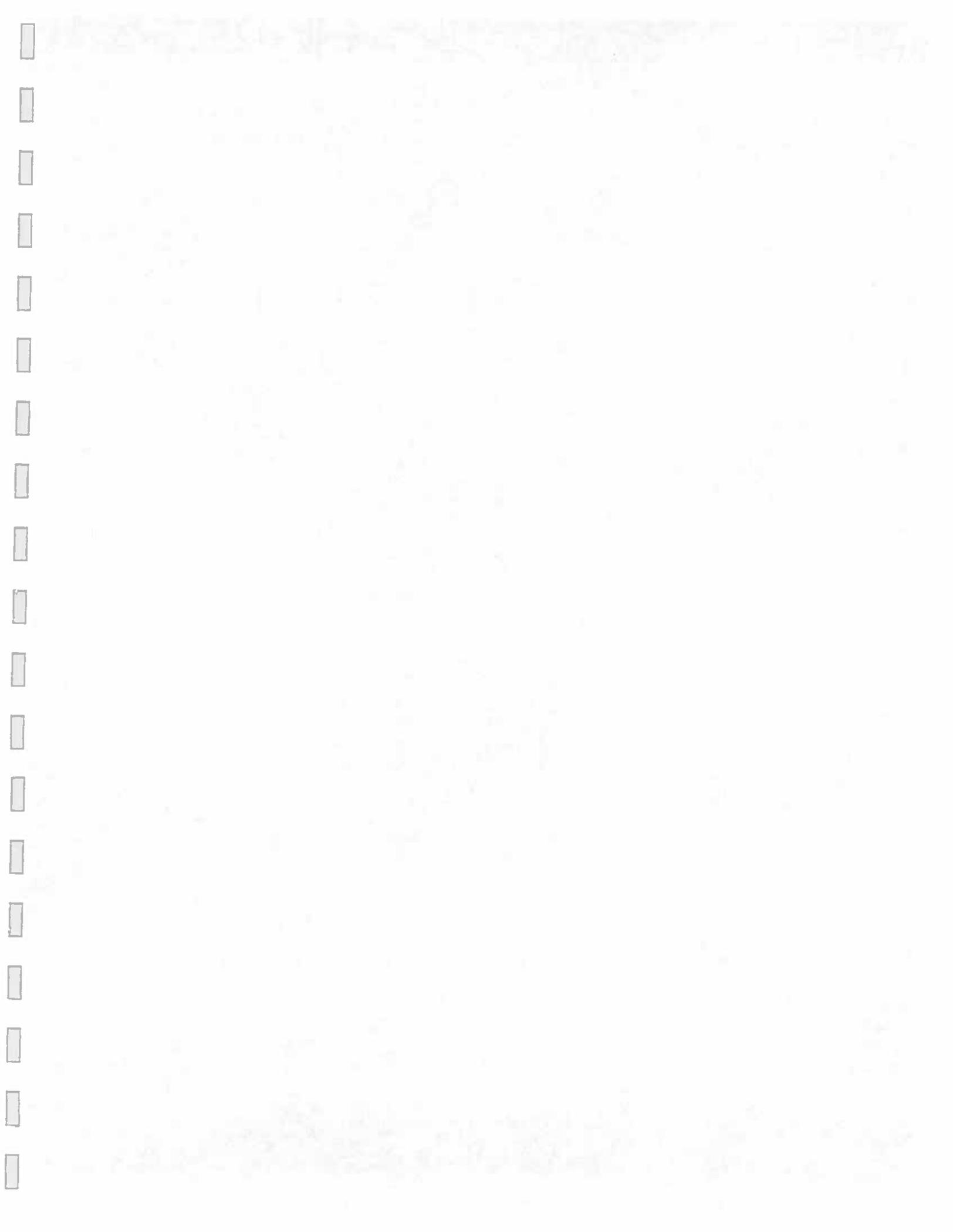
Interviews were conducted with real estate agents, appraisers, local residents, and other individuals familiar with the area who provided information about trends in value, supply, demand, access, and physical characteristics of the subject properties. DNR records and the Records Office databases were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

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

⁴ Uniform Standards of Professional Appraisal Practice 2014-2015, Appraisal Foundation, p.U-2 www.uspap.org/#/19/

Assumptions and Limiting Conditions

1. The property is appraised as vacant land without structural or site improvements.
2. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader visualize the properties.
3. Information furnished by others and included in the report is believed to be reliable but the appraiser does not warrant the accuracy of such information.
4. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
5. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
6. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.
7. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for any such conditions, or for arranging engineering studies to discover them.
8. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
9. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include the value of commercial timber, if any.
10. Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".
11. In this valuation, various mathematical calculations were used to formulate the opinion of value. These calculations are only aids for the formulation of the opinion of value by the appraiser. Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.
12. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.



PRESENTATION OF DATA

Market Area⁵ –

Manley Hot Springs Neighborhood

Manley Hot Springs 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.

Nenana Neighborhood

Nenana is a railroad-based community situated where the Parks Highway crosses the Tanana River, 55 road miles south of Fairbanks. The area has a cold, continental climate typical of interior Alaska. Most of the town has a community piped water and sewage system that is treated at a local facility. The remaining homes rely on private wells and septic systems. Nearly all of the residents have electricity. Refuse is collected and transported to the Denali Borough landfill. The community has a local health clinic and two schools. The Nenana Native Association, a federally recognized tribe, is located within the community.

Nenana is the center of rail-to-river barge transportation for the Interior. The Yutana Barge Lines is the major private employer, supplying villages along the Tanana and Yukon Rivers each summer with cargo and fuel. 40% of the year-round employment stems from public-service jobs including city, tribe, school district, and DOT positions. Additionally, tourism is an economic boost during the summer months.

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

Property Description

Property Description for Deadman Lake

ADL	Subdivision	MTRS	Survey	Lot	Block	Acres	Plat	Recording District
407585	Deadman Lake	F001S012W10	81-40	3	10	3.714	81-10	Manley
407606	Deadman Lake	F001S012W04	81-40	1	6	4.597	81-10	Manley
407616	Deadman Lake	F001S012W09	81-40	18	7	4.374	81-10	Manley
407617	Deadman Lake	F001S012W09	81-40	19	7	4.557	81-10	Manley
407618	Deadman Lake	F001S012W09	81-40	20	7	4.464	81-10	Manley
419018	Deadman Lake	F001S012W10	81-40	32	10	4.487	81-10	Manley
419019	Deadman Lake	F001S012W10	81-40	33	10	4.959	81-10	Manley
419020	Deadman Lake	F001S012W10	81-40	34	10	4.959	81-10	Manley
419021	Deadman Lake	F001S012W10	81-40	1	11	4.785	81-10	Manley
419022	Deadman Lake	F001S012W10	81-40	2	11	4.646	81-10	Manley
419023	Deadman Lake	F001S012W10	81-40	3	11	4.613	81-10	Manley

Location

Deadman Lake Subdivision is located approximately 65 miles west of Fairbanks and 5 miles north of the Tanana River. The subdivision is within Township 1 South, Range 12 West, Fairbanks Meridian.

Access

Access to the subjects is via fly-in, or snowmachine from Fairbanks along sled roads and the Tannana River.

Topography, Size & Shape

Parcels are generally level to rolling. Sizes of the individual lots range from 3.714 acres to 4.95 acres and are irregularly shaped.

Soils/Vegetation

The subdivision contains primarily mature birch and spruce mix. Vegetation is indicative of adequate drainage.

Easements & Zoning Regulations

There is a 50' public access easement from the ordinary high water line of Deadman Lake.

Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subdivision is within the Unorganized Borough and is not currently subject to tax regulations.

Ownership History

Select parcels have been offered through the DNR Subdivision Auction. Subsequently, the land sale contracts or applications were terminated due to non-payment. The remaining parcels have never been sold. DNR is the current owner of record. See chart below:

ADL	Subdivision	Lot	Block	Acres	Status
407585	Deadman Lk.	3	10	3.714	Application terminated in 2011
407606	Deadman Lk.	1	6	4.597	Contract terminated in 2012
407616	Deadman Lk.	18	7	4.374	Contract terminated in 2012
407617	Deadman Lk.	19	7	4.557	Contract terminated in 2012
407618	Deadman Lk.	20	7	4.464	Contract terminated in 2012
419018	Deadman Lk.	32	10	4.48	No application received
419019	Deadman Lk.	33	10	4.95	No application received
419020	Deadman Lk.	34	10	4.95	No application received
419021	Deadman Lk.	1	11	4.78	No application received
419022	Deadman Lk.	2	11	4.64	No application received
419023	Deadman Lk.	3	11	4.61	No application received

Personal Property

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

Utilities, Water & Sewer

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



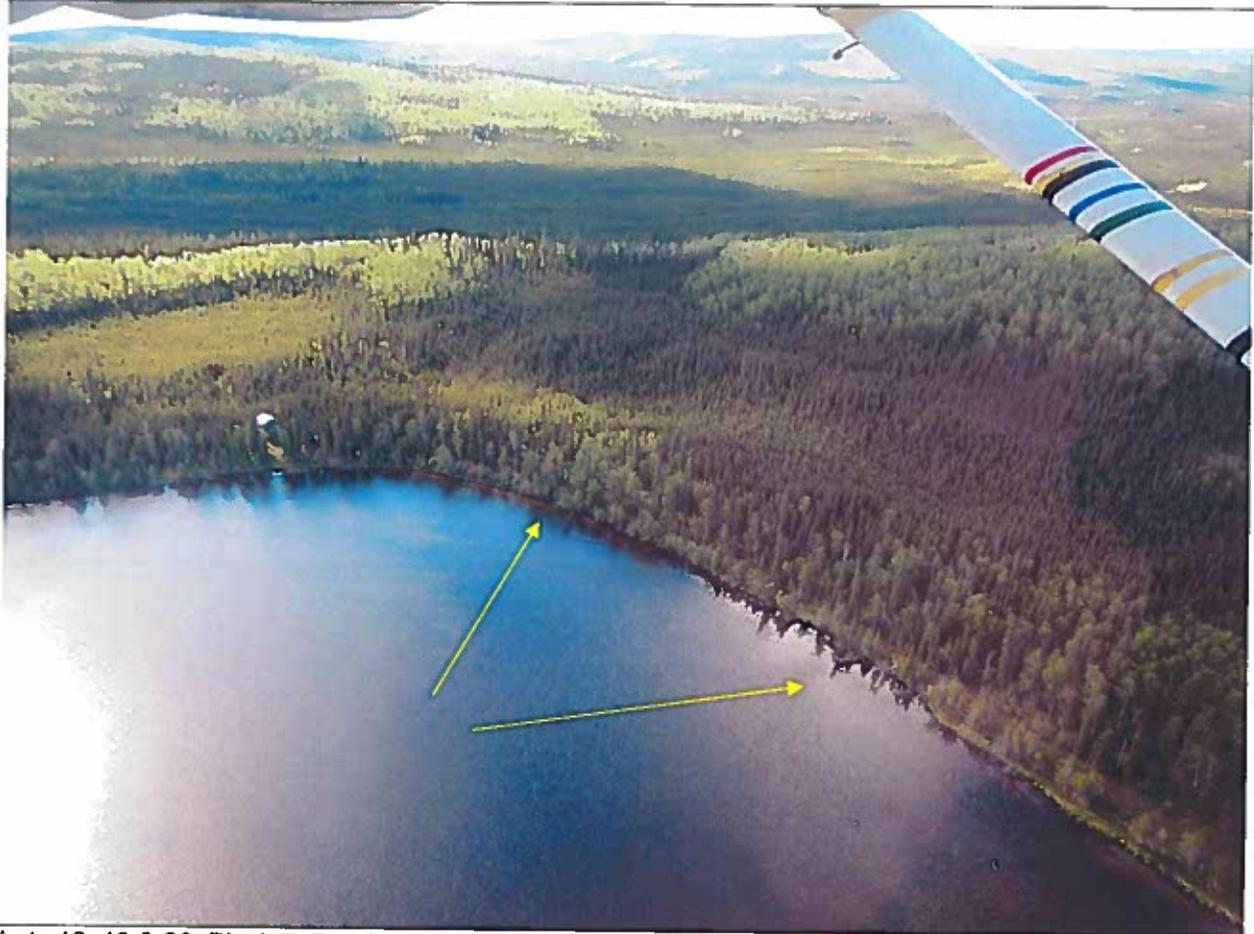
Lot 3 Block 10, Deadman Lake



Blocks 10 & 11, Deadman Lake. On section line



Lot 1 Block 6, Deadman Lake.



Lots 18, 19 & 20, Block 7. Deadman Lake.

Property Description for Dune Lake

ADL	Subdivision	MTRS	ASLS	Lot.	Block	Acres	Plat	Recording District
409090	Dune Lake	F006S012W2	81-56	1	3	4.747	82-112	Fairbanks
409091	Dune Lake	F006S012W02	81-56	2	3	4.876	82-112	Fairbanks
409092	Dune Lake	F006S012W2	81-56	3	3	4.801	82-112	Fairbanks
409093	Dune Lake	F006S012W02	81-56	4	3	4.874	82-112	Fairbanks
409094	Dune Lake	F006S012W2	81-56	5	3	4.717	82-112	Fairbanks
409099	Dune Lake	F006S012W2	81-56	10	3	4.896	82-112	Fairbanks
409100	Dune Lake	F006S012W02	81-56	11	3	4.985	82-112	Fairbanks
409101	Dune Lake	F006S012W2	81-56	12	3	4.99	82-112	Fairbanks
409104	Dune Lake	F006S012W2	81-56	2	4	4.975	82-112	Fairbanks
409105	Dune Lake	F006S012W2	81-56	3	4	4.957	82-112	Fairbanks
409107	Dune Lake	F006S012W2	81-56	5	4	4.983	82-112	Fairbanks
409113	Dune Lake	F006S012W3	81-56	11	5	4.962	82-112	Fairbanks
409146	Dune Lake	F006S012W2	81-56	18	2	4.962	82-112	Fairbanks
409154	Dune Lake	F006S012W3	81-56	5	5	5.00	82-112	Fairbanks

Location

Dune Lake located approximately 70 miles southwest of Fairbanks, 30 miles west of Nenana. The subdivision is within Sections 2 & 3, of Township 6 South, Range 12 West, Fairbanks Meridian.

Access

Access to the parcel is via fly in to Dune Lake then overland to the interior parcels. Overland access from Nenana via snowmachine is a possibility.

Topography & Shape

The parcels are gently rolling, range from 4.717 to 5.00 acres, and are irregularly shaped.

Soils/Vegetation

Several parcels have sandy soils. Much of the subdivision is devoid of mature trees due to recent fires.

Easements & Zoning Regulations & Tax Assessments

There are typical access easements throughout the subdivision. The parcels are within the Unorganized Borough and are not subject to zoning regulations or taxation.

Environmental Hazards, Hazardous Waste & Toxic Materials

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

Ownership History & Personal Property

The majority of the parcels in this subdivision have never been sold. Most recently, ADL 409113 received an application for purchase in 2009, but the application was terminated before a contract was written. DNR is the current owner of record. No personal property is involved with the appraisal of this property.

Utilities, Water & Sewer

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



Lots 2, 3 & 5, Dune Lake in foreground. Burned in 2009.



Lot 18 Block 2, Dune Lake in foreground, burned in 2009.



Lot 11 Block 5, Dune Lake, Lakefront.



Lot 5 Block 5, Dune Lake. Lakefront.

Property Description for Geskakmina Lake

ADL	Subdivision	MTRS	ASLS	Lot	Block	Acres	Plat	Rec. Dist.
407350	Geskakmina Lk.	F003S014W14	81-55	6	2	4.878	91-129	Fairbanks
407364	Geskakmina Lk.	F003014W23	81-55	1	4	4.739	91-129	Fairbanks
407370	Geskakmina Lk.	F003014W23	81-55	7	5	4.998	91-129	Fairbanks
407383	Geskakmina Lk.	F003S014W23	81-55	2	7	4.953	91-129	Fairbanks
407386	Geskakmina Lk.	F003S014W14	81-55	3	2	4.809	91-129	Fairbanks
407390	Geskakmina Lk.	F003014W23	81-55	2	5	4.959	91-129	Fairbanks
407392	Geskakmina Lk.	F003014W23	81-55	4	5	4.962	91-129	Fairbanks

Location

Geskakmina Lake is located 75 miles west of Fairbanks and 26 miles southeast of Manley Hot Springs. The subdivision is within Sections 14 & 23 of Township 3 South, Range 14 West, Fairbanks Meridian.

Access

Access to the parcel is via fly in to Geskakmina Lake. ADL 407383 is an interior parcel. The remaining parcels have lake-frontage. Overland access from Manley Hot Springs via snowmachine is uncertain.

Topography & Shape

The parcels are generally level, range from 4.739 to 4.998 acres, and are irregularly shaped.

Soils/Vegetation

The northern and western portions of the subdivision have poorly drained soils. Parcels in the southeastern portion of the subdivision have adequately drained soils.

Easements & Zoning Regulations & Tax Assessments

There are typical access easements throughout the subdivision. The parcels are within the Unorganized Borough and are not subject to zoning regulations or taxation.

Environmental Hazards, Hazardous Waste & Toxic Materials

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

Ownership History

Select parcels have been offered through DNR Subdivision Auctions. Subsequently, the land sale contracts or applications were terminated due to non-payment. The remaining parcels have never been sold. DNR is the current owner of record. See chart below:

ADL	Subdivision	Lot	Block	Acres	Status
407350	Geskakmina Lk.	6	2	4.878	Contract terminated in 2010
407364	Geskakmina Lk.	1	4	4.739	No application received
407370	Geskakmina Lk.	7	5	4.998	No application received
407383	Geskakmina Lk.	2	7	4.953	Application terminated in 2013
407386	Geskakmina Lk.	3	2	4.809	Application terminated in 2012
407390	Geskakmina Lk.	2	5	4.959	No application received
407392	Geskakmina Lk.	4	5	4.962	No application received

Personal Property

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

Utilities, Water & Sewer

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



Geskakmina Lake



Geskakmina Lot 6 Block 2.



Geskakmina Lot 2 Block 5.



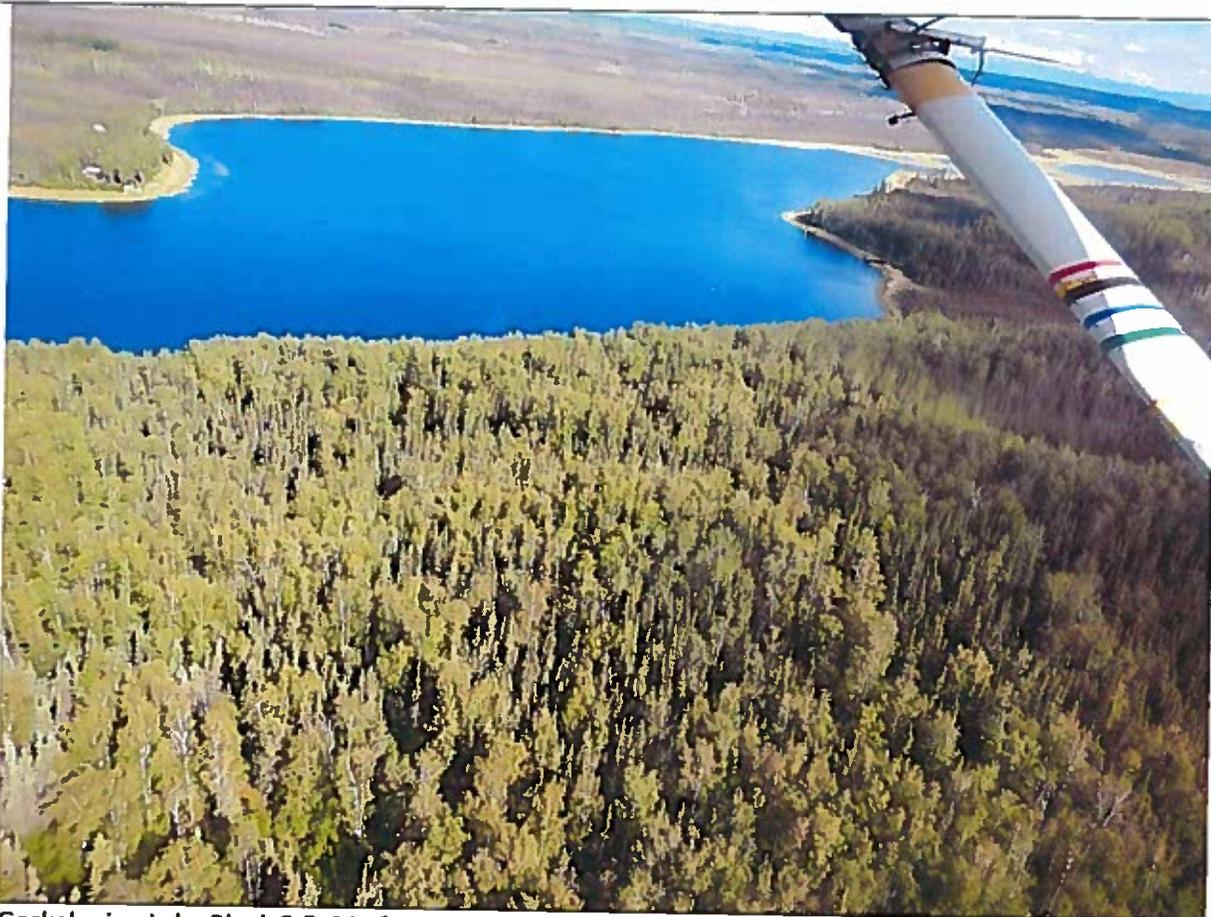
Geskakmina Lot 3 Block 2.



Geskakmina Lot 7 Block 5



Geskakmina Lot 1 Block 4



Geskakmina Lake Block 5 & 6 in foreground.

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

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Phone (907) 465-3400
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e-mail: southeast_land@dnr.state.ak.us
Business hours 10:00 am to 5:00 pm M-F.