

MARKET VALUE APPRAISAL
of
Eight Parcels within
Hayes Creek Subdivision – ASLS 81-20



Hayes Creek Subdivision

APPRAISAL REPORT No. 4229-0

STATE OF ALASKA
Department of Natural Resources
Division of Mining, Land & Water
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MEMORANDUM

State of Alaska

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DATE: December 23rd, 2014

TO: Kevin Hindmarch
Review Appraiser

FROM Johnthomas Williamson
Appraiser

SUBJECT: Appraisal of eight parcels within Hayes Creek Subdivision, ASLS 81-20.

As requested, I have completed an appraisal of parcels within Hayes Creek Subdivision. 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.

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APPRAISAL SUMMARY

Subdivision Names	Location	Survey ASLS
Hayes Creek	Approximately 20 miles north of Fairbanks	ASLS 81-20

Summary of Values

ADL	Subdivision	ASLS	Lot	Block	Acres	Value	Date of Value
409269	Hayes Creek	81-20	20	1	5.023	\$7,300	6/16/14
409290	Hayes Creek	81-20	3	2	5.000	\$7,300	6/16/14
409301	Hayes Creek	81-20	8	3	5.000	\$7,300	6/16/14
409303	Hayes Creek	81-20	10	3	5.000	\$7,300	6/16/14
409305	Hayes Creek	81-20	12	3	5.000	\$7,300	6/16/14
409315	Hayes Creek	81-20	22	3	5.000	\$7,300	6/16/14
409341	Hayes Creek	81-20	3	6	4.183	\$6,100	6/16/14
409347	Hayes Creek	81-20	4	7	5.000	\$7,300	6/16/14

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

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

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 16th, 2014.

Date of Report

December 23rd, 2014.

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 rural residential and cabin sites is moderate. Considering the availability of parcels on the market, an exposure time of two years is reasonable for these 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 most of the comparable sales on June 16th, 2014. I did not inspect comparable sales with sale dates subsequent to the inspection date. However, I am familiar with these comparable sales having appraised them within the previous year. See the reconciliation portion of report for more information. 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 Recorders 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.

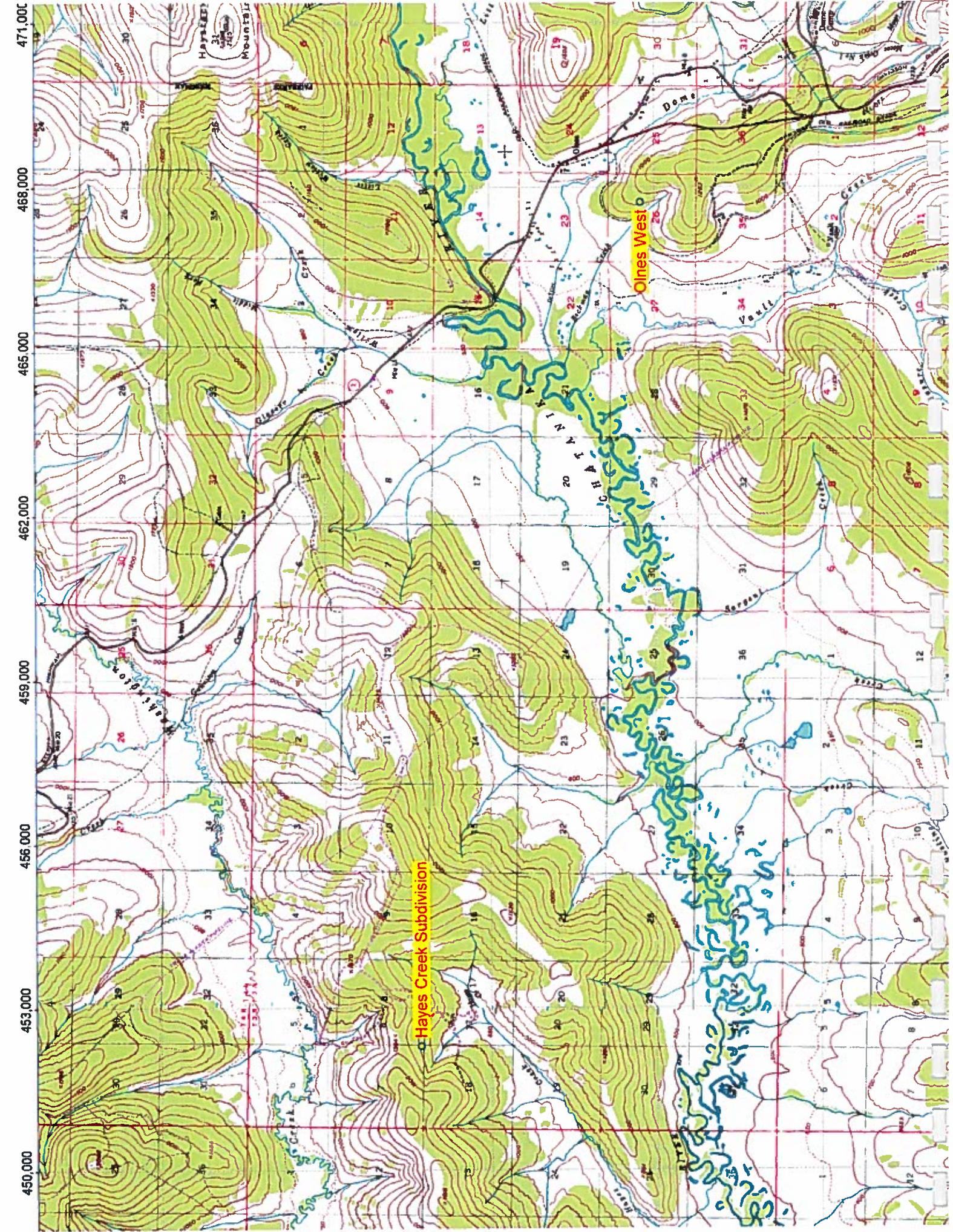
² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2012, p. 610

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

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.



Hayes Creek Subdivision

Olines West

471,000
468,000
465,000
462,000
459,000
456,000
453,000
450,000

450,000
453,000
456,000
459,000
462,000
465,000
468,000
471,000

PRESENTATION OF DATA

Market Area – Fairbanks - Northstar Borough⁵

Location

The Fairbanks North Star Borough is located in the heart of Interior Alaska, and is the second-largest population center in the state with a population of 96,888 in 2007. Of which, about half live in and around Fairbanks. The area encompasses 7,361.0 sq. miles of land and 77.8 sq. miles of water. Interior Alaska experiences seasonal temperature extremes. January temperatures range from -66 to 50 degrees Fahrenheit. July temperatures range from 30 to 99 degrees Fahrenheit. Fairbanks is known for its lingering summer days. When the solstice arrives, there is more than 22 hours of daylight. Major communities include: College, Eielson Air Force Base, Ester, Fairbanks, Fox, Harding Lake, Moose Creek, North Pole, Pleasant Valley, Salcha, and Two Rivers. There are 35 schools located in the borough, attended by 14,384 students.

City, borough, state, and federal government agencies, including the military, provide over one-third of the employment in the borough. The borough school district and the University of Alaska Fairbanks are the primary public employers. In 2011, nearly 8,600 soldiers were stationed in the borough on Fort Jonathan Wainwright or the Eielson Air Force Base. Retail services, gold mining, tourism, transportation, medical, and other services are the primary private sector activities. The Fort Knox hard rock gold mine is located in the borough.

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 – Olnes

Hayes Creek and Olnes West are within the Elliott Highway corridor, northwest of Fairbanks. The community was a center for mining activity during the gold rush era. The Chatanika River flows north of Fairbanks. The hills surrounding the Chatanika drew predominantly placer miners when gold was discovered in the area. Olnes became much like other small communities in the mining district. In time, small scale mining activities diminished, replaced by hard rock mining operations to the east. As Fairbanks grew, the demand for land increased. In the 1980's, the Department of Natural Resources surveyed several subdivisions north of Fairbanks along the Elliott Highway. A number of subdivisions were improved with roads and electric utilities while other subdivisions remained undeveloped. Today, neighborhoods with developed access and utilities serve as a commuter base for Fairbanks while areas without infrastructure are generally characterized as recreational cabin sites. There is very limited commercial activity in the area.

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

Property Description

Property Description for Hayes Creek

ADL	MTRS	Sec.	ASLS	Lot	Blk.	Acres	Plat	Recording District	Borough ID #
409269	T3N R2W FM	18	81-20	20	1	5.023	82-124	Fairbanks	0354813
409290	T3N R2W FM	18	81-20	3	2	5.000	82-124	Fairbanks	0355178
409301	T3N R2W FM	18	81-20	8	3	5.000	82-124	Fairbanks	0355585
409303	T3N R2W FM	18	81-20	10	3	5.000	82-124	Fairbanks	0355615
409305	T3N R2W FM	18	81-20	12	3	5.000	82-124	Fairbanks	0355640
409315	T3N R2W FM	7	81-20	22	3	5.000	82-124	Fairbanks	0355771
409341	T3N R2W FM	8	81-20	3	6	4.183	82-124	Fairbanks	0357162
409347	T3N R2W FM	8	81-20	4	7	5.000	82-124	Fairbanks	0357235

Location

Hayes Creek Subdivision is approximately 20 miles north of Fairbanks, west of the Elliott Highway. The parcels are in Sections 7, 8, and 18 within Township 3 North, Range 2 West, Fairbanks Meridian.

Access

Himalaya Road deteriorates into a trail west of the Elliott Highway. There is constructed trail access to the subjects along Himalaya Loop.

Topography, Size, Shape and Soils

The parcels are level, 4.183 to 5 acres, rectangular and irregular in shape, and 1,300 feet above sea level. The subdivision contains primarily mature birch and spruce mix. Vegetation is indicative of adequate drainage.

Easements, Zoning, and Tax Assessments.

There are typical easements throughout the subdivision. The subjects are located within the Fairbanks – Northstar Borough and zoned as RE-4, Residential. The current mill rate for the subdivision is 13.149.

Environmental Hazards, Hazardous Waste & Toxic Materials

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

Ownership History

ADL 409290 and ADL 409341 have never been sold. Remaining parcels have been sold and financed through DNR via land sale contracts. The contract for ADL 409269 was terminated in 2011 due to non-payment. Remaining contracts were terminated in 2012. The Department of Natural Resources is the current owner of record.

Personal Property

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

Utilities, Water & Sewer

These parcels have no utilities. 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 2, Hayes Creek



Lot 20 Block 1, Hayes Creek



Lot 17 Block 3, Hayes Creek Lake.



Access through Hayes Creek Subdivision



Improved portion of Himalaya Road.



Unimproved portion of Himalaya Road.



Block 6 & Block 7.



Fire break near eastern portion of Hayes Creek Subdivision.

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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Fax (907) 269-8901
TDD for hearing impaired (907) 269-8411
e-mail: dnr.pic@alaska.gov
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