

MARKET VALUE APPRAISAL

of

**Seven parcels within Appel II Subdivision, Dishna Subdivision, McGrath
Townsite, Nowitna River RRCS, and Selatna RRCS**



APPRAISAL REPORT No. 4292-0

**STATE OF ALASKA
Department of Natural Resources
Division of Mining, Land & Water
550 West Seventh Avenue, Suite 602
Anchorage, AK 99501-3576**

MEMORANDUM State of Alaska

Department of Natural Resources
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550 West 7th Avenue, Suite 650
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DATE: January 14, 2016

TO: Kevin Hindmarch
Review Appraiser

FROM Michael S. Dooley 
Appraiser I

SUBJECT: Appraisal of nine parcels; one within the Appel II Subdivision, three within the Dishna Subdivision, one within the McGrath Townsite, two within the Nowitna River RRCS, and two parcels within the Selatna RRCS.

As requested, I have completed an appraisal of the above referenced parcels, and 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 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.

The Dishna Subdivision, the McGrath Townsite subject parcels, and the comparables sales utilized within the McGrath Road System parcels analysis were inspected via a physical inspection from the ground. As discussed, ADL#230644 and ADL# 230645 were added to the appraisal request list after my 2015 field inspection of the McGrath parcels. All of the information for these two parcels, in this analysis, was gathered from the appraiser's prior field inspection in July of 2013. The appraisal for these two parcels was performed with the Extraordinary Assumption that there were no changes to the subject parcels since the date of inspection.

The Appel II RRCS subject parcels, the Nowitna River RRCS subject parcels, the Selatna River RRCS subject parcels, and the comparable sales utilized in the McGrath Remote Parcel analysis were inspected from the air. 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

Location and Legal Description

Subdivision Name	ADL	Location	Legal Description
Appel II	229237	Approximately 8 air miles northwest of McGrath on the Kuskokwim River	Tract D of ASLS 2005-23
Dishna	230634, 230644, and 230645	Approximately 1 mile southeast of the town center of McGrath, Alaska.	L2/B2, Lots4&5/B3 Dishna Subdivision, ASLS 2005-45
McGrath Townsite Add. I	219072	Approximately 1 mile southeast of the town center of McGrath, Alaska.	L3/B2, McGrath Townsite, Add. #1, ASLS 83-199
Nowitna River RRCS	230448, and 230455	Approximately 68 miles northeast of McGrath.	Tract B, and Tract L of ASLS 2006-25
Selatna River RRCS	229755 And 229756	Approximately 28 miles south McGrath	Tract J, And K of ASLS 2006-25

SUMMARY OF VALUES

Subdivision	ADL	Lot/Tract	Block	ASLS	Site Size	Value
Appel II	229237	D	-	ASLS 2005-23	15.16	\$18,100
Dishna	230634	2	2	ASLS 2005-45	1.25	\$9,000
Dishna	230644	4	3	ASLS 2005-45	1.17	\$9,000
Dishna	230645	5	3	ASLS 2005-45	2.27	\$11,400
McGrath Townsite	219072	3	2	ASLS 83-199	1.12	\$14,000
Nowitna River RRCS	230448	B	-	ASLS 2007-10	11.81	\$8,500
Nowitna River RRCS	230455	L	-	ASLS 2007-10	13.48	\$9,400
Selatna RRCS	229755	K	-	ASLS 2006-25	19.86	\$20,400
Selatna RRCS	229756	J	-	ASLS 2006-25	19.21	\$20,300

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 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:

Appel II, Dishna Subdivision, McGrath Townsite, Selatna RRCS: July 6, 2015

Nowitna RRCS: July 7, 2015

Date of Report

January 14, 2016

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

² Alaska Statutes Title 38, Public Land Article 5, <http://www.legis.state.ak.us/basis/folio.asp>, Accessed 12/11/2015

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

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."⁴

The market for residential properties in the McGrath area has been flat for the last ten years. The market has been relatively flat with population levels remaining level. Primary sellers are private developers, the State of Alaska, the Mental Health Lands Trust, Native allottees, and the University of Alaska. Road accessible, residential parcels such as the subject parcels within the Dishna subdivision typically require six to 12 months of marketing time. Non road accessible parcels such as those found in the Appel II RRCS can expect marketing times of greater than one year.

Scope of the Appraisal

Property and Comparable Sales Inspection

I physically inspected ADL #230634 within the Dishna Subdivision, ADL #219072 within McGrath Townsite, and the related comparable sales on the ground on July 6, 2015. The site information for the remaining Dishna Subdivision subject parcels was gathered on a previous site inspection on June 26, 2013. I also performed an aerial inspection of the Appel II and Selatna RRCS parcels on July 6, 2015. I performed an aerial inspection of the Nowitna RRCS parcels on July 7, 2015.

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 while the Matanuska - Susitna Borough database was searched for relevant sale information. 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.

⁴ Uniform Standards of Professional Appraisal Practice 2014-2015, Appraisal Foundation, p. U-2

Assumptions and Limiting Conditions

The property is appraised as vacant land without structural or site improvements.

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".
10. 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.
11. 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.

Extraordinary Assumption

Definition of extraordinary assumption

"An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions."⁵

ADL#230644 and ADL#230645 were inspected on June 26, 2013. The appraiser makes the "extraordinary assumption" that the physical conditions of those parcels has not changed since that date. If it is determined that changes to those parcels did occur, the appraiser reserves the right to amend the appraisal to reflect said changes.

⁵ Uniform Standards of Professional Appraisal Practice 2014-2015, Appraisal Foundation, p. U-3

PRESENTATION OF DATA

Market Area⁵

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 Athabascan 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 2010 U.S. Census, total housing units numbered 195, and vacant housing units numbered 48. Vacant housing units used only seasonally numbered 27. U.S. Census data for Year 2010 showed 346. The median household income was \$66,111, per capita income was \$26,871, and 13.66 percent of residents were living below the poverty level.

Facilities, Utilities, Schools, and Health Care

McGrath operates a piped water system that serves nearly all 178 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. Funds have been requested to expand the piped sewer system to the 144 houses and businesses currently using septic tanks. A 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).

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

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.

General Property Description for the Appel Mt. II RRCS

Legal Description

The following table illustrates the one subject parcels located in the Appel II RRCS within Township 29 South, Range 018 East, Section 02 and 03.

ADL	Tract	ASLS	Site Size/Acres
229237	D	2005-23	15.16

Location

The Appel Mt. II RRCS is located approximately 7.5 miles northeast of McGrath on the banks of the Kuskokwim River.

Access

Summer access to the subdivision is by boat or float plane. Winter access to the subdivision is primarily by snow machine or dogsled.

Size & Shape

The subject is 15.16 acres and is rectangular in shape.

Topography

The subdivision is characterized by a generally level to a moderately sloping topography. The subject parcels lay between 360' and 420' above sea level.

Soils/Vegetation

The area contains thick colluvial sediment over partially weather bedrock. Most of the area contains permafrost. Large white spruce and cottonwoods are located at the creek bottoms, with black spruce and muskeg on poorly drained flats and north facing slopes.

Utilities, Water & Sewer

There are no utilities available to the subject parcels. On-site sewage systems must be designed and constructed in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Requirements

The plat indicates 25' Public access and utility easements along all of the lot lines. In addition; Tract D has a vacated 100' section line easement bisecting the parcel. The subject parcels are not subject to zoning restrictions.

Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcels are not within the boundaries of an organized borough.

Ownership History

The Department of Natural Resources is the current owner of record for the subject. There are no sales or deed transfers within the past three years.

Personal Property

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



ADL#229237 Looking North; Red Arrow is the approximate center of parcel.



ADL#229237 Looking North; Red Arrow is the approximate center of parcel.

General Property Description for Dishna Subdivision

Legal Description

The following table illustrates the three subject parcels within the Dishna Subdivision within Township 33 North, Range 33 West, Section 17.

ADL	Tract/Lot	Block	ASLS	Site Size
230634	2	2	2005-45	1.25
230644	4	3	2005-45	1.17
230645	5	3	2005-45	2.27

Location

Dishna Subdivision is located approximately one mile southeast of the town center of McGrath.

Access

Access to the subdivision is via gravel roads.

Size & Shape

The subject parcels range in size from 1.17 to 2.27 acres and are rectangular to irregular in shape.

Topography

The subdivision is characterized by a generally level topography.

Soils/Vegetation

Subdivision contains primarily a mixture of balsam poplar, spruce and birch. Typical soils in the area are fine grained sands and silt deposits. McGrath is located entirely within the active floodplain of the Kuskokwim River. A report prepared by the Alaska District COE concluded that the flood hazard in McGrath is high, with a 100% inundation of the community every five to 20 years.

Utilities, Water & Sewer

Electrical service is located on Amos Road just to the west of Lot 1/Block 2. McGrath has a public water system that draws water from the Kuskokwim River. The water main runs along Amos Avenue. Although a current cost to hook-up to the water system was not provided, the estimated cost provided by the City of McGrath in 2008 was between \$50 and \$60 per lineal foot. Individual on-site septic systems are the typical method for sewage disposal.

Easements & Zoning Requirements

The subject is located within the unorganized borough. The State of Alaska is the local platting authority. The city of McGrath is a second class city, under classifications established by the State of Alaska. The city is governed by a seven member city council from which a mayor is selected. There are no other local jurisdictional authorities or land use regulations. The plat indicates a 20' utility easement along the front lot line, a 15' utility easement along the back lot line, and the lot lines that are shared between Lot 2 and Lot 3 of Block 2, and between Lot 4 and Lot 5 of Block 3 also have a 15' utility easement.

Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcels are outside of any taxing authority.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcel within the Dishna subdivision. There are no other known deed transfers or contracts to purchase the subject property within the past 3 years.

Personal Property

Personal Property

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



Lot 2/Block 1 Looking Southeast



Looking Southeast on Amos Avenue



Lot 2/Block 2 Looking Southeast



Lot 2/Block 2 Looking Northwest



Lot 2/Block 2 Looking Southeast



Lot 2/Block 2 Looking Northwest



Lot 4/Block 3 Looking Southeast



Lot 5/Block 3 Looking East

General Property Description for McGrath Townsite Subdivision

Legal Description

The following table illustrates the subject parcel within the McGrath Townsite Subdivision within Township 33 North, Range 33 West, Section 17.

ADL	Lot	Block	ASLS	Site Size
219072	3	2	83-199	1.12

Location

McGrath Townsite Subdivision is located approximately one mile southeast of the town center of McGrath.

Access

Access to the subdivision is via gravel roads.

Size & Shape

The subject is 1.12 acres and is irregular in shape.

Topography

The subdivision is characterized by a generally level topography.

Soils/Vegetation

Subdivision contains primarily a mixture of balsam poplar, spruce and birch. Typical soils in the area are fine grained sands and silt deposits. McGrath is located entirely within the active floodplain of the Kuskokwim River. A report prepared by the Alaska District COE concluded that the flood hazard in McGrath is high, with a 100% inundation of the community every five to 20 years.

Utilities, Water & Sewer

Electrical service is located on Amos Road just to the west of Lot 1/Block 2. McGrath has a public water system that draws water from the Kuskokwim River. The water main runs along Amos Avenue. Although a current cost to hook-up to the water system was not provided, the estimated cost provided by the City of McGrath in 2008 was between \$50 and \$60 per lineal foot. Individual on-site septic systems are the typical method for sewage disposal.

Easements & Zoning Requirements

The subject is located within the unorganized borough. The State of Alaska is the local platting authority. The city of McGrath is a second class city, under classifications established by the State of Alaska. The city is governed by a seven member city council from which a mayor is selected. There are no other local jurisdictional authorities or land use regulations.

Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcels are outside of any taxing authority.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcel within the Dishna subdivision. There are no other known deed transfers or contracts to purchase the subject property within the past 3 years.

Personal Property

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



Lot 3/Block 2



Lot 3/Block 2, parcel on right

General Property Description for the Nowitna River RRCS

Legal Description

The following table illustrates the two subject parcels located in the Nowitna River RRCS within Township 19 South, Range 021 East, Section 03 and 16.

ADL	Tract	ASLS	Site Size/Acres
230448	B	2007-10	11.81
230455	L	2007-10	13.48

Location

The Nowitna River RRCS is located approximately 67 miles northeast of McGrath. ADL#230448 is located on the right bank of the Nowitna River. ADL#230455 is located on an oxbow slough approximately 2 miles downstream from ADL#230448.

Access

Summer access to the subdivision is by float plane, and/or possibly wheeled airplane equipped for off strip landings to area sandbars than over land to parcels. Winter access to the subdivision is primarily by airplane with skis or possibly snow machine or dogsled.

Size & Shape

The subject parcels are 11.81, and 13.48 acres respectively. Both parcels are irregular in shape.

Topography

The subdivision is characterized by a generally level topography. The subject parcels lay between at approximately 500' above sea level.

Soils/Vegetation

Soils are typical for the area. Vegetation includes a mix of spruce, cottonwood, alder and willow.

Utilities, Water & Sewer

There are no utilities available to the subject parcels. On-site sewage systems must be designed and constructed in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Requirements

The plat indicates 30' public access easements along all of the lot lines with the exception of the west lot line of Tract B, and the north lot line of Tract L, in which case there are 50' protracted section line easements. In addition, the subject parcels are subject to a 100' building setback from the ordinary high water line of all water bodies. The subject parcels are not subject to zoning restrictions.

Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcels are not within the boundaries of an organized borough.

Ownership History

The Department of Natural Resources is the current owner of record for the subject. There are no sales or deed transfers within the past three years.

Personal Property

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

Nowitna River RRCS





Tract B, Looking South. The red arrow is the approximate center of parcel.



Tract B, Looking South. The red arrow is the approximate center of parcel.



Tract B, Looking West. The red arrow is the approximate center of parcel.



Tract L, Looking South. The red arrow is the approximate center of parcel.



Tract L, Looking North. The red arrow is the approximate center of parcel.



Tract L, Looking East. The red arrow is the approximate center of parcel.

General Property Description for the Selatna River RRCS

Legal Description

The following table illustrates the two subject parcels located in the Selatna River RRCS within Township 28 North, Range 035 West, Section 2.

ADL	Tract	ASLS	Site Size/Acres
229755	K	2006-25	19.86
229756	J	2006-25	19.21

Location

The Nowitna River RRCS is located approximately 28 miles south of McGrath. The subject parcels are located just upstream from the confluence of the Kuskokwim River on the left bank of the Little Selatna River.

Access

Summer access to the subdivision is boat or possibly by float plane to the confluence of the Kuskokwim River and the Little Selatna River. Winter access to the subdivision is by snow machine, or possibly by airplane with skis.

Size & Shape

The subject parcels are 19.86 and 19.21 acres. Both parcels are generally rectangular in shape.

Topography

The subdivision is characterized by a sloping topography. The subject parcels lay between at approximately 350' and 650' above sea level.

Soils/Vegetation

Soils are typical for the area. Vegetation includes a mix of spruce, cottonwood, alder and willow.

Utilities, Water & Sewer

There are no utilities available to the subject parcels. On-site sewage systems must be designed and constructed in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Requirements

The plat indicates 30' public access and utility easement along all of the lot lines with the exception of the north lot lines, in which case there are 50' public access easement. In addition, the subject parcels are subject to a 100' building setback from the ordinary high water line of the Little Selatna River. The subject parcels are not subject to zoning restrictions.

Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcels are not within the boundaries of an organized borough.

Ownership History

The Department of Natural Resources is the current owner of record for the subject. There are no sales or deed transfers within the past three years.

Personal Property

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

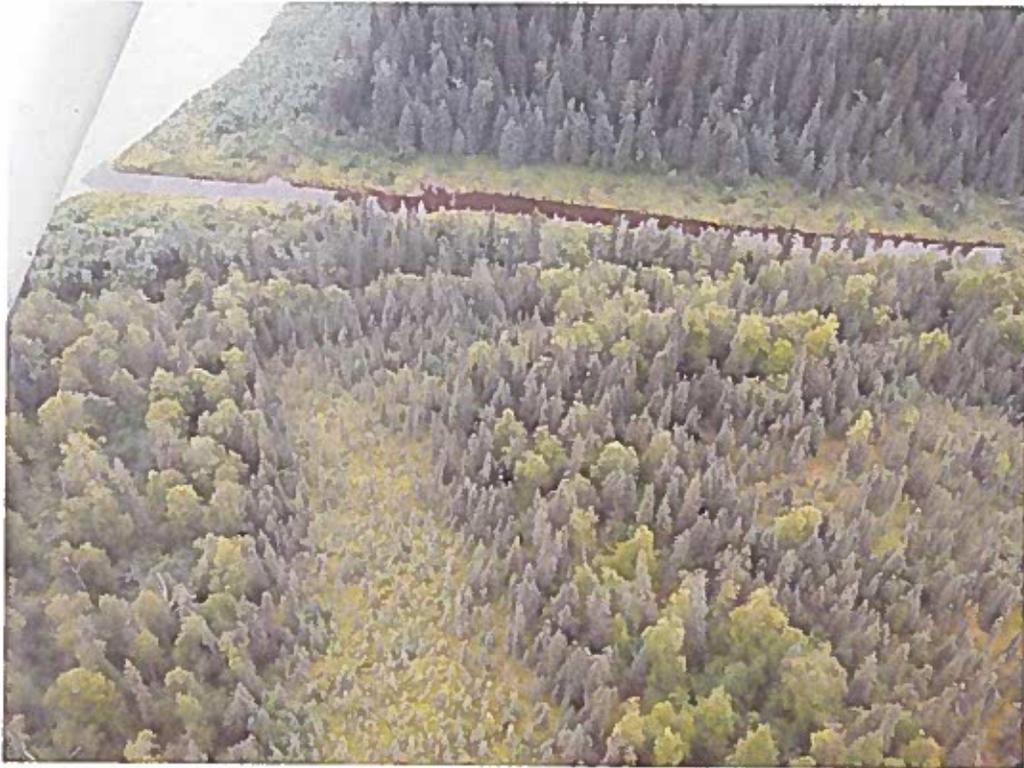
Selatna River RRCS



Parcels looking east, Red arrow is the approximate center of parcels.



Parcels looking east, Red arrow is the approximate center of parcels.



Confluence of the Kuskokwim and little Selatna Rivers

DATA ANALYSIS AND CONCLUSION

Highest and Best Use

Analysis of highest and best use for the subject properties 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 as:

"The reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value."⁶

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 parcels are vacant and unimproved.

Legally Permissible

All of the parcels are located within the unorganized borough and are not subject to any know zoning requirements. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Almost any legal use of the site would be possible.

Physically Possible

The size and physical characteristics are adequate to support all reasonable and probable uses.

Financially Feasible

Surrounding land use is primarily residential development for the Dishna subdivision and the McGrath Townsite parcel. Surrounding land use for the Appel II, Nowitna River RRCS, and the Selatna River RRCS parcels is recreational development. Development of the parcel depends on the amount of resources the owner is willing to allocate for residential or recreational needs.

Maximally Productive

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease. The immediate vicinity for the McGrath road system parcels is characterized by residential sites. The immediate vicinity for the McGrath, non-road system parcels is characterized by rural sites.

Highest and Best Use of Land as Vacant

Based on the foregoing analysis of the Dishna Subdivision, and the McGrath Townsite parcel, the highest and best use of the subject parcels as vacant would be for primarily residential use.

Based on the foregoing analysis of the Appel II RRCS parcel, the Nowitna Rive RRCS parcels, and the Selatna River RRCS parcels, the highest and best use of the subject parcels as vacant would be for almost any legal use, primarily recreational sites.

⁶ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.333