

**SELF-CONTAINED APPRAISAL REPORT
FOR THE PROPOSED 2013
ACCESS AND CONSERVATION EASEMENTS
ON THE PLAUCHÉ FAMILY PROPERTY
LOCATED AT THE SOUTH END OF
OF LAKE SAN CRISTOBAL APPROXIMATELY
5 MILES SOUTH OF LAKE CITY,
HINSDALE COUNTY, COLORADO**

APPRAISED FOR
Mr. George Plauché and the Plauché Family
c/o Mr. Duncan Greene
Van Ness Feldman GordonDerr
719 Second Avenue, Suite 1150
Seattle, WA 98104-1700

DATE OF VALUATION
September 23, 2013

DATE OF REPORT
November 5, 2013

APPRAISED BY
ARNIE BUTLER & COMPANY
R. Arnold Butler, MAI
Grand Junction, Colorado
TAX IDENTIFICATION NO: 84-1086139

*ARNIE BUTLER & COMPANY
GRAND JUNCTION, COLORADO*

ARNIE BUTLER & COMPANY
Real Estate Appraisers and Consultants
300 Main Street, Suite 301
Grand Junction, Colorado 81501

R. Arnold Butler, MAI
Certified General Appraiser
Licensed in Colorado and Utah
email-arnie@wic.net

Phone: (970)-241-2716
Facsimile: 970-241-5653

TIN-84-1086139

Melinda Schminke
Licensed Appraiser
Kori S. B. Satterfield
Appraisal Associate

November 5, 2013

Mr. George Plauché and
the Plauché Family
c/o Mr. Duncan Greene
Van Ness Feldman GordonDerr
719 Second Avenue, Suite 1150
Seattle, WA 98104-1700

Ms. Amanda Nims
Land Protection Specialist
Colorado Open Lands
274 Union Boulevard, Suite 320
Lakewood, CO 80228

Ladies and Gentlemen:

In response to your request, I have inspected the Plauché Property located approximately 5 miles south of Lake City in Hinsdale County, Colorado. The purpose of this analysis is to provide an opinion of the present market value for the subject property as unencumbered and the change in value due the encumbrance of the eastern 115.904 acres with a Fishing Access Easement (AE). This appraisal does not address the adjacent 40-acre parcel (Parcel 2), which is under a different ownership. This appraisal does not address the value of Lots 1, 2 and 3, of the Downs Subdivision, which have a different highest and best use than Parcels 1 or 2.

All data used, logic employed and conclusions are subject to the enclosed assumptions and limiting conditions. The appraisal has been completed in conformance to the prevailing guidelines of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), the Uniform Standards of Professional Appraisal Practice (USPAP), and in some instances, the UASFLA appraisal guidelines require a jurisdictional exception from the USPAP appraisal requirements. While not specifically addressed within this appraisal, appraisal regulations, as required by the Treasury Regulations, are analyzed in this report due to the impending Conservation Easement that is projected to encumber the property before the Fishing Access Easement. This is a Complete-Self Contained Appraisal Report as required under UASFLA.

Great Outdoors Colorado will use this appraisal for the purchase and sale of a conservation easement interest in the subject property, using public funds through Great Outdoors Colorado Trust Fund.

ARNIE BUTLER & COMPANY
GRAND JUNCTION, COLORADO

This appraisal addresses a multi-faceted easement project. Parcel 1, a 39.973-acre tract of land, primarily located on the west side of County Road 30 is not part of the Larger Parcel for this assignment. This parcel is planned for encumbrance with a deed restriction. Parcel 2 includes 115.904 acres that is located on the east side of County Road 30 and on both sides of County Road 33. This parcel will be encumbered by a Fishing Access Easement and a Conservation Easement.

Based upon my investigation and analysis of the data gathered with respect to this assignment, I have formed the opinion that the present market value of the various interests of the subject property, as of September 23, 2013, are:

Value Before the 2013 Conservation Easement	\$1,740,000
Value After the 2013 Conservation Easement	\$ 870,000
 Value of the Fishing Access Easement	 \$290,000
	(rounded)

This analysis assumes that the Conservation Easement to Colorado Open Lands, which will be partially paid for by Great Outdoors Colorado and will encumber the land prior to the Fishing Access Easement to the Colorado Division of Parks and Wildlife. The proposed Fishing Access Easement will encumber Parcel 2 of the Plauche ownership, 115.904 acres of contiguous river front land.

The proposed Fishing Access Easement (AE) to the Colorado Parks and Wildlife (CPW) will allow perpetual public access along the river for fly-fishing only. All access off the main road will be by foot and cannot extend more than 20 feet from the high water mark of the Lake Fork of the Gunnison River.

If you have any questions with respect to the value conclusions or logic employed, please contact me at your convenience.

Very truly yours,
ARNIE BUTLER & COMPANY



R. Arnold Butler, MAI
Certified General Appraiser
Colorado License No. CG01313160

ARNIE BUTLER & COMPANY
GRAND JUNCTION, COLORADO

TABLE OF CONTENTS

LETTER OF TRANSMITTAL.....	i-ii
TABLE OF CONTENTS -	
SUBJECT PHOTOGRAPHS	
SUMMARY OF SALIENT FACTS	1-4
CERTIFICATE OF APPRAISAL	5-6
IDENTIFICATION OF THE PROPERTY.....	7
LEGAL DESCRIPTION.....	8
PURPOSE OF APPRAISAL.....	9
DATE OF VALUE AND THE DATE OF APPRAISAL REPORT.....	9
CLIENT, USE AND USER OF THE APPRAISAL.....	9-10
PROPERTY RIGHTS APPRAISED.....	10
OWNERSHIP AND HISTORY.....	10
CONTRACT FOR PURCHASE AND BARGAIN SALES.....	11-12
SCOPE OF THE APPRAISAL.....	12-13
HYPOTHETICAL CONDITION.....	13
AREA ANALYSIS	16-21
NEIGHBORHOOD ANALYSIS.....	21-26
SITE DESCRIPTION - LARGER PARCEL.....	27-31
LARGER PARCEL DETERMINATION	31-32
HIGHEST AND BEST USE	33-36
METHODS OF APPRAISAL.....	37
SALES COMPARISON APPROACH	37
COMPARABLE SALES.....	38-50
SUMMARY OF SALES.....	51-60
VALUE CONCLUSION.....	61
DESCRIPTION OF THE PROPOSED 2013 CONSERVATION EASEMENT.....	62-63
DESCRIPTION OF THE FISHING ACCESS EASEMENT.....	63
HIGHEST AND BEST USE - AS ENCUMBERED BY 2013 EASEMENT.....	64
MARKET VALUE AS ENCUMBERED - 2013 CONSERVATION EASEMENT ...	65
CONSERVATION EASEMENT SALES	65-77
SUMMARY OF CONSERVATION EASEMENT SALES.....	78-83
VALUE CONCLUSION - AS ENCUMBERED	83
MARKET VALUE AS ENCUMBERED BY THE FISHING ACCESS EASEMENT..	84-86
RECONCILIATION OF VALUES - 2008 EASEMENT PROPERTY.....	86-87
ASSUMPTIONS AND LIMITING CONDITIONS	88-89
QUALIFICATIONS OF R. ARNOLD BUTLER, MAI.....	90-91
ADDENDUM-	
2013 State of Colorado Access Easement Document - Unsigned	
Proposed 2013 Deed of Conservation Easement and	
Plauche Bargain Sale Agreement - Colorado Open Lands	
Title Commitment	
Colorado Open Lands memo to appraisers.	
Affidavit	
Colorado License - R. Arnold Butler	

***PLAUCHE PROPERTY
HINSDALE COUNTY, COLORADO***

All Photographs were taken by Arnie Butler 10/04/12 & 09/13/13



VIEW TO THE SOUTHWEST FROM COUNTY ROAD 30 AND NORTH OF THE SUBJECT



VIEW TO THE SOUTHEAST TOWARDS EXISTING HOUSE FROM COUNTY ROAD 30

*PLAUCHE PROPERTY
HINSDALE COUNTY, COLORADO*



VIEW TO THE SOUTH ALONG WEST SIDE OF COUNTY ROAD 30
NORTHERN SITE AREA



VIEW FROM BRIDGE ON COUNTY ROAD TO THE NORTHEAST

*PLAUCHE PROPERTY
HINSDALE COUNTY, COLORADO*



LAKE FORK OF THE GUNNISON RIVER IN THE FALL



VIEW TO THE SOUTHWEST FROM THE HOUSE SITE

*PLAUCHE PROPERTY
HINSDALE COUNTY, COLORADO*



VIEW TO THE NORTHWEST - FROM THE HOUSE SITE



VIEW TO THE WEST FROM THE HOUSE SITE

*PLAUCHE PROPERTY
HINSDALE COUNTY, COLORADO*



VIEW TO THE NORTHEAST OF NORTHERN SITE AREA



VIEW TO THE SOUTHEAST FROM NORTHWEST OF THE SUBJECT

*PLAUCHE PROPERTY
HINSDALE COUNTY, COLORADO*



VIEW TO THE SOUTH OF LAKE SAN CRISTOBAL



VIEW TO THE SOUTHEAST

SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Location: The subject property is located on the south end of Lake San Cristobal, generally on the east side of County Road No. 30 and just north of the intersection of County Roads 30 and 33. The site begins approximately 5 miles south of the Town of Lake City.

Legal Description:

115.904 acres - Account No. R001475
Ownership - Emma Lillian Plauché
PLAT OF TRACT 40, within Sections 27 & 28,
Township 43 North, Range 4 West, N.M.P.M.,
according to the official plat of record and on
file in the office of Hinsdale County, Clerk and
Recorded, (generally described as part of the
W $\frac{1}{2}$ SW $\frac{1}{4}$ and the W $\frac{1}{2}$ NW $\frac{1}{4}$ Section 27 & part of the
E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 28)

County of Hinsdale, State of Colorado.

Purpose of Appraisal: Estimate Market Value of the fee simple interest of the Larger Parcel and the value as encumbered by a Fishing Access Easement (AE). It is also for the use by GOCO for the purchase and sale of a conservation easement interest in the subject property, using public funds through the Great Outdoors Colorado Trust Fund.

Interests Appraised: Fee simple for the Larger Parcel as unencumbered and the partial interests as dictated by the proposed Conservation and Fishing Access Easements.

History: The Plauché Family has owned the property for more than ten years. The adjacent 3.57 acres were part of a trade with Hinsdale County in exchange for a 3.57-acre site located west of County Road 30. There have been no arms-length transfers of any of the subject property.

There have been no known offers to purchase or sell the property over the past 3 to 10 years. The property has not been listed for sale within the past three years.

Hypothetical Condition: Because the subject property is proposed for the encumbrance of a Fishing Access Easement, and that easement does not encumber the site at this time, USPAP states that the appraisal is based on a Hypothetical Condition.

Client, Use and User

Of the Appraisal: The function of the appraisal is to serve as supportive evidence to the diminution in value caused by the Fishing Access Easement along the Lake Fork of the Gunnison River. The Plauche' Family and Mr. Duncan Greene and Colorado Open Lands are the clients for this assignment. The Plauche Family will use this appraisal to support the change in value caused by the Fishing Access Easement. Colorado Division of Parks and Wildlife will use this appraisal to support their possible financial participation in the Fishing Easement Acquisition. Colorado Open Lands will use this appraisal to support their participation in the easement encumbrances. Great Outdoors Colorado is an intended user of this report along with Colorado Water Conservation Board (CWCB).

Scope of Analysis: This analysis conforms to the appraisal requirements of the Uniform Standards for Professional Appraisal Practice (USPAP) and the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA). When there are conflicts between USPAP and UASFLA, UASFLA prevails and a jurisdictional exception is noted regarding the USPAP regulations. Because this appraisal addresses the value of the subject after a Conservation Easement is to encumber the property, notes as to Treasury Regulations will be highlighted within the report but not relied upon for the valuation of the Larger Parcel or the Fishing Access Easement.

This analysis included the inspection of the subject property and the analysis of vacant land sales in Lake City/Hinsdale County. These sales were analyzed so a credible opinion of market value for the subject could be made. This analysis also analyzed sales of properties that are encumbered by Fishing Easements and sales of properties with and without river/creek frontage. These sales were used to provide

support as to the loss in value caused by a Fishing Easement on the subject property.

Site Data- Lager Parcel:

115.904 acres located on the south end of Lake San Cristobal and just north of the intersection of County Roads 30 and 33.

River and lake front parcel with uplands located at the southeast and northwest corners of the Larger Parcel.

Note: The 3 lots owned by the Plauche family members are not considered part of the Larger Parcel because they have a different highest and best use and ownerships than the subject, and they will not be affected by proposed Fishing Easement.

Parcel 1, the 40 acres located primarily west of County Road 30 is not included as part of the Larger Parcel because it has a different ownership interest than the 115.904 acre parcel and a slightly different highest and best use.

Consequently, even though there are three 1.19-acre lots and a 40-acre parcel that are contiguous to the 115.904-acre parcel, they are not concluded as part of the Larger Parcel.

The concluded Larger Parcel is the only parcel that has frontage to the Lake Fork of the Gunnison River and Lake San Cristobal.

There is a house on the subject Larger Parcel. UASFLA states that improvements have to be appraised along with the land. However, because the improvements will not be affected by the Fishing Easement, the value of the improvements for this assignment will be allocated and abstracted from county records.

Zoning:

Rural District Two (RD-2) Hinsdale County, which allows for 35-acre house parcels. Higher density development of up to 1-acre lots is possible with county subdivision approval.

Fishing Access Easement: The **perpetual easement** will allow foot traffic only for fly-fishing along both sides of the Lake Fork of the Gunnison River. The Access Easement includes the 20 feet of bank along both sides of the river. Camping, domestic animals, or any other use that would jeopardize the conservation values of the property are not allowed.

Highest and Best Use:

The subject property has the legal right and physical ability to be sold and subdivided as three (3) 35 to 40-acre house sites with limited approvals required from Hinsdale County. Additional development is possible, subject to approvals from Hinsdale County.

Further subdivision of the land may be permitted by Hinsdale County subject to County approvals.

Proposed Fishing Access Easement (AE) :

After a proposed Conservation Easement (CE) encumbers the subject property, the property will additionally be encumbered by a Fishing Access Easement (AE).

The AE will allow the public access on the subject to Fly Fish on the Lake Fork of the Gunnison. The easement covers the river and 20 feet of bank area on either side of the high water marks. No camping or hunting is allowed. No domestic animals are allowed. CPW has the obligation to monitor the activities on the site. This easement is perpetual.

Value Conclusions:

Value Before the 2013 Conservation Easement \$1,740,000

Value After the 2013 Conservation Easement \$ 870,000

**Value of the Fishing Access Easement \$290,000.00
(rounded)**

Effective Date of Value: September 23, 2013

Date of Report: November 5, 2013

Exposure Period: not required for UASFLA

CERTIFICATE OF APPRAISAL

I certify that, to the best of my knowledge and belief:

-The statements of fact contained in this report are true and correct.

-The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. In compliance with the Ethics Rule of USPAP, I hereby certify that this appraiser has no current or prospective interest in the subject property or parties involved. I completed a restricted use analysis on the subject property in May of 2013 to establish the preliminary value estimates. Prior to the Restricted Use analysis, I have not performed any services regarding the subject property within the 3 year period immediately preceeding acceptance of that assignment, as an appraiser or any other capacity.

-I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

-My engagement in this assignment was not contingent upon developing or reporting predetermined results.

-My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

-The reported analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*, except to the extent that the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) required invocation of USPAP'S Jurisdictional Rule.

-the appraisal was made and the appraisal report prepared in conformity with the UASFLA.

-The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

-I have made a personal inspection of the property that is the subject of this report.

-No one provided significant real property appraisal assistance to the person signing this certification.

-As of the date of this report, R. Arnold Butler, has completed the continuing education program of the Appraisal Institute and the States of Colorado and Utah.

-Based on my analysis and with consideration to the Certificate, Assumptions and Limiting Conditions, I have concluded the following values for the different interests of the subject property.

Value Conclusions:

Value Before the 2013 Conservation Easement	\$1,740,000
---	-------------

Value After the 2013 Conservation Easement	\$ 870,000
--	------------

Value of the Fishing Access Easement	\$290,000 (rounded)
--------------------------------------	------------------------

Sincerely,

R. Arnold Butler

R. Arnold Butler, MAI
Certified General Appraiser
Colorado License No. 1313160

IDENTIFICATION OF THE PROPERTY AND ABOUT THE PROJECT

The Subject Property consists of a 115.904-acre tract of land located on the south side of Lake San Cristobal in Hinsdale County. It is located approximately 5 air-miles south of the Town of Lake City.

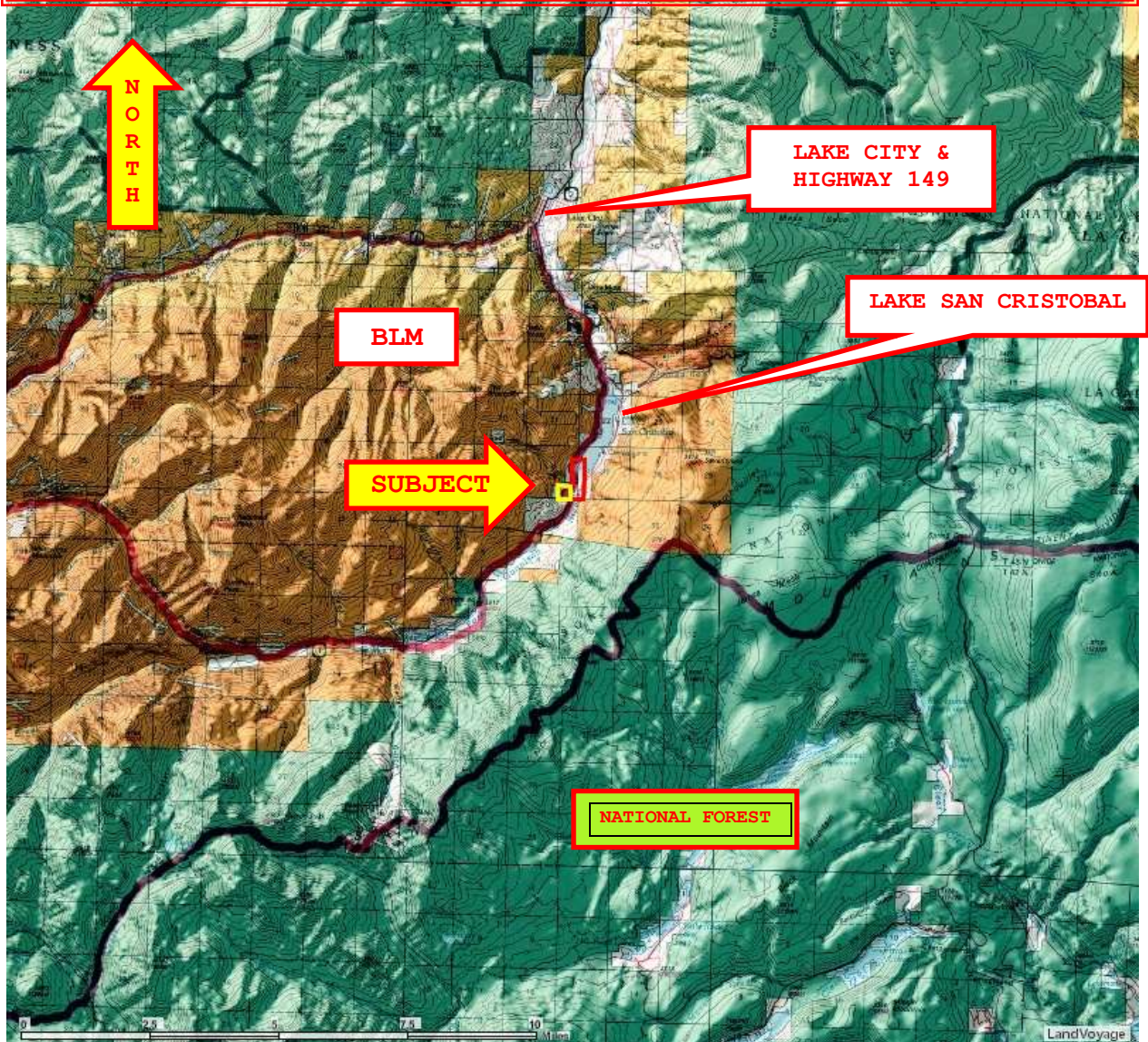
The proposed 2013 Fishing Access Easement will encumber both sides of the Lake Fork of the Gunnison River.

This appraisal addresses a multi-faceted easement project. At issue includes Parcel 1, a 39.973-acre tract of land, primarily located on the west side of County Road 30. This parcel is planned to be encumbered by a deed restriction. Parcel 2 includes 115.904 acres located east of County Road 30 on County Road 33. This parcel will be encumbered by a Fishing Access Easement and a Conservation Easement.

Even though this appraisal addresses the value of the Fishing Access Easement (AE) in favor of the Colorado Division of Parks and Wildlife (CPW), the Conservation Easement will be recorded prior to the Access Easement. Thus, the value of the Fishing Access Easement takes into consideration the prior encumbrance.

All of the issues will be highlighted within the body of this report.

**LOCATION MAP
PLAUCHÉ PROPERTY
LAKE SAN CRISTOBAL, HINSDALE COUNTY**



LEGAL DESCRIPTION - LARGER PARCEL

The Subject Property is described as:

A conservation easement over and across the following parcel of land:
Parcel 2, PLAT of TRACT 40, within Sections 27 & 28, Township 43 North, Range 4 West,
N.M.P.M., according to the plat of record and on file in the office of the Hinsdale County, Clerk and
Recorder, recorded August 23, 2013 under Reception No. 100326,

County of Hinsdale,
State of Colorado.

Maps within this report graphically illustrate the property that is the subject of this appraisal.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide a credible opinion of the fair market value of the subject property before and after the proposed 2013 Fishing Access Easement. The fair market value conclusions will be used for federal income tax reporting and as a basis between the Bargain Price paid and the concluded market value of the property.

"Market Value" as defined by the Uniform Appraisal Standards for Federal Land Acquisitions, Interagency Land Acquisition Conference, 2000, is:

"the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonable knowledgeable seller to a willing knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of appraisal."

This appraisal is made based on a cash market value or terms equivalent of cash.

DATE OF VALUE AND THE DATE OF APPRAISAL REPORT

The effective date of this appraisal is September 23, 2013, the last date of analysis. The property has been inspected several times in 2012 and 2013. The final valuation analysis was completed in September of 2013 with preliminary analyses completed in 2008 and the spring of 2013. This report is being finalized on November 5, 2013.

CLIENT, USE AND USER OF THE APPRAISAL

The clients for this assignment are the Plauché Properties, LLC, the Plauché Family, Mr. Duncan Greene, Esquire, as their agent and Colorado Open Lands. The Plauché family will use this appraisal as support to the diminution in value caused by the proposed 2013 Fishing Access Easement that is to encumber the property.

Colorado Division of Parks and Wildlife (CPW) will use this appraisal to support their financial participation regarding a Bargain Purchase of the Access Rights.

Colorado Open Lands will use this appraisal as support for their financial participation in the purchase of the easement encumbrance. As assigned under the Great Outdoors Colorado

Contract No. 12418, this is for "For the purchase and sale of a conservation easement interest in the subject property, using public funds through the Great Outdoors Colorado Trust Fund."

Colorado Water Conservation Board will use this appraisal with respect to their potential financial contribution to the project.

No other use or user of the report is allowed without expressed written consent from Arnie Butler & Company.

PROPERTY RIGHTS APPRAISED

The property rights or estate appraised is the fee simple estate. The fee simple estate is defined as:

"Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation." The Dictionary of Real Estate Appraisal, Appraisal Institute

With the encumbrance of a Conservation Easement and a Fishing Access Easement on the subject property, a part of the "Bundle of Rights" is removed from the ownership. This affects the fee simple rights, and thus, the market value. A conservation easement is defined as:

"A restriction that limits future use of a property to preservation, conservation, or wildlife habitat." Source: The Dictionary of Real Estate Appraisal, Fourth Edition, Page 60; The Appraisal Institute.

The Fishing Access Easement further encumbers the subject property and further reduces the "Bundle of Rights".

OWNERSHIP AND HISTORY

The Plauché Family has owned the property for over forty years. There have been some family transfers but no arms-length transfers. The Plauché family traded with Hinsdale County 3.57 acres parcels in 2008. Hinsdale County received a parcel located on the west side of County Road 30. The Plauchés received a 3.57-acre parcel that is located on the east side of the subject Larger Parcel. This parcel has been subdivided into 3 single-family lots. Due to recent deed transfers the property is now title under Plauché Properties, LLC.

The property has not been listed for sale in the past three years and there have been no known offers to purchase.

CONTRACTS FOR PURCHASE AND BARGAIN SALES

As taken from the Draft Deed of Conservation Easement, which is included in the Addendum of this report, the property interests to be encumbered will be acquired as follows.

"NOTICE: THIS PROPERTY INTEREST HAVE BEEN ACQUIRED IN PART WITH GRANT #12418 ("GRANT") FROM THE STATE BOARD OF THE GREAT OUTDOORS COLORADO TRUST FUND ("BOARD"). THIS DEED OF CONSERVATION EASEMENT CONTAINS RESTRICTIONS ON THE USE AND DEVELOPMENT OF THE PROPERTY WHICH ARE INTENDED TO PROTECT ITS OPEN SPACE AND OTHER CONSERVATION VALUES. THE BOARD HAS FOUND THAT THIS DEED OF CONSERVATION EASEMENT PROVIDES BENEFITS THAT ARE IN THE PUBLIC INTEREST"

THIS PROPERTY INTEREST HAS BEEN ACQUIRED IN PART WITH GRANTS AND FUNDS FROM THE U. S. FISH AND WILDLIFE SERVICE (PURSUANT TO THE STATE OF WILDLIFE GRANT PROGRAM AND THE LANDOWNERS INCENTIVE PROGRAM; AND THE CONSERVATION EASEMENT WILL BE MANAGED FOR THE PURPOSE OF THIS GRANT IN ACCORDANCE WITH THE APPLICABLE FEDERAL AND STATE LAW; THIS CONSERVATION EASEMENT MAY NOT BE ENCUMBERED, DISPOSED OF IN ANY MANNER OR USED FOR PURPOSES INCONSISTENT WITH THE STATE WILDLIFE GRANT PROGRAM OR THE LANDOWNER INCENTIVE PROGRAM WITHOUT THE PRIOR WRITTEN APPROVAL OF THE REGIONAL DIRECTOR, US FISH AND WILDLIFE SERVICE, REGION 6, DENVER COLORADO). THIS DEED CONTAINS RESTRICTIONS ON THE USE AND DEVELOPMENT OF THE PROPERTY THAT ARE INTENDED TO PROTECT ITS OPEN SPACE, ECOLOGICAL, AGRICULTURAL, AND OTHER CONSERVATION VALUES. HE STATE HAS FOUND THAT THE ADOPTION OF THESE DEED RESTRICTIONS IS IN THE PUBLIC INTEREST."

The original Purchase and Sale Agreements are based on a preliminary valuation analysis completed by Arnie Butler & Company in 2008. Based on that analysis, the cash price will be allocated as follows:

- \$700,000-Great Outdoors Colorado (GOCO) of which 90% may fund the conservation easement, 10% may fund the perpetual access easement if necessary.
- \$133,000-"Fishing is Fun" grant program, administered by CPW to fund the perpetual access easement, these are federally derived dollars.
- \$167,000-Colorado Water Conservation Board which may only fund the conservation easement.

The anticipated contributions by each organization were initiated prior to the completion of the final report of a current date.

The November 1, 1013 proposed Contract for Bargain Sale and Conservation Easement between the Plauché Properties, LLC and Colorado Open Lands along with a Memo provided by Colorado Open Lands are included in the addendum of this report. Based on this appraisal, with a date of value of September 23, 2013, the cash price will be allocated as follows:

-CPW Contract as of October 29, 2013	-\$133,000
-Great Outdoors Colorado (GOCO)	-\$500,000
-Colorado Water Conservation Board	-\$167,000
-Total Bargain Sale Price	-\$800,000

SCOPE OF APPRAISAL

This appraisal is completed in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP), the Standards and Ethics of the Appraisal Institute and in compliance with the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA). It also addresses some of the Treasury Regulations for Conservation Easement appraisals.

Where there is a conflict between USPAP, Treasury Regulations and UASFLA, UASFLA takes precedent. Future appraisals will be provided that specifically address the Treasury Regulations for Conservation Easement appraisals.

Unless otherwise noted, the appraiser is qualified under the Competency Provisions. R. Arnold Butler and Arnie Butler and Company market our company as independent real estate appraisers and have been appraising ranch properties in western Colorado and Gunnison County since 1980. Arnie Butler and Company has completed over 100 easement Appraisals of which most are located in Western Colorado. The appraisals have been completed for the Colorado Division of Parks and Wildlife, Great Outdoors Colorado, Colorado Open Lands, Colorado Cattlemen's Agricultural Land Trust, Trust for Public Land, NRCS, Bureau of Reclamation, Mesa Land Trust, Gunnison Ranchland Conservation Legacy, Black Canyon Land Trust, Aspen Valley Land Trust, various certified independent land trusts and various property owners, attorneys and lending institutions.

I completed the mandatory Conservation Easement Appraisal Update Course sponsored by the State of Colorado-Division of Real Estate on March 11, 2013. I have also attended various conservation easement and partial interest analyses courses and seminars and have made presentations at several Conservation Easement seminars.

Based on my knowledge of the local market and my knowledge of the partial interest appraisal process, I am qualified to complete these types of appraisals on properties in western Colorado. Also, I am familiar with most every ranch and conservation easement sale in Gunnison County, thus I have an extensive knowledge of the market, both encumbered and unencumbered, and it is my opinion that I am qualified to prepare a Summary Appraisal Report on the subject property and provide a credible opinion of market value.

This appraisal involves the inspection of the subject property. Additional information was obtained from county records, local Realtors, our office database, maps, deeds, and recorded documents. The real estate market and local demographics are investigated so the three standard approaches to value (Cost, Sales and Income Approaches to Value) can be adequately considered. When appraising vacant land the Land Sales Comparison Approach is used to value the property. In completing this analysis, all market data is verified with the buyer, seller or a knowledgeable third party. If the information cannot be confirmed, the specific item will be noted. All due care is taken in the confirmation of data to provide the most accurate and complete information possible.

This appraisal is specifically subject to the Certification, Assumptions and Limiting Conditions provided at the end of this report. It is also subject to various Hypothetical Conditions and Extraordinary Assumptions as outlined within this report. This appraisal report is provided in a Self-Contained Format as outlined by UASFLA.

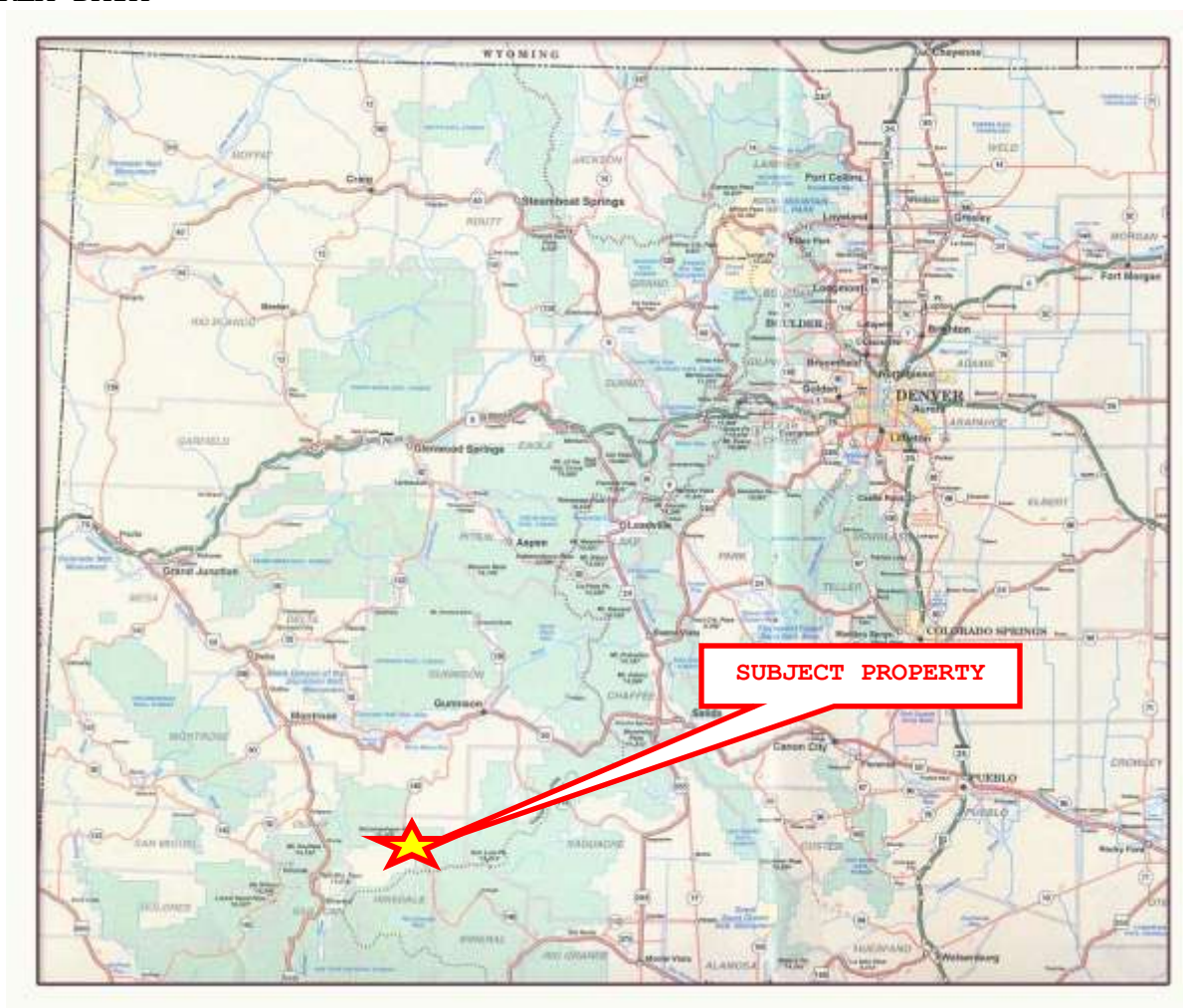
HYPOTHETICAL CONDITION

Because this appraisal includes opinions of the fair market value for the subject property, with and without the Conservation Easement and Fishing Easement encumbrances, and those easements do not currently encumber the site, USPAP states that this appraisal is based on a Hypothetical Condition.

A Hypothetical Condition is defined as:

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010)

AREA DATA



The subject property is located in Hinsdale County; however, Gunnison County has the most influence on the area regarding the economic, social, and political issues. Therefore, Gunnison County is the primary county addressed in this analysis.

Gunnison County is located in the west central portion of the State of Colorado near the Continental Divide, approximately 200 miles southwest of Denver. The sixth largest county in the state, it covers approximately 3,242 square miles. Elevation in the county reaches from 6,895 feet above sea level to more than 14,000 feet, creating a wide diversity of climate conditions, terrain, vegetation and animal life. Many of the valleys between mountains peaks have streams or lakes in them. This area receives an average annual rainfall of 10.5 inches. The portions above an elevation of 9,000 feet commonly get over 300 inches of snow. Although winter temperatures occasionally reach minus 50 degrees Fahrenheit in the lower valleys, most of the area stays warmer. Generally, cloudless skies contribute to higher daytime temperatures. Summertime highs seldom exceed 80 degrees.

The City of Gunnison is the county seat; thus it is the location of the courthouse, which also includes offices for the Clerk and Recorder, the Assessor and the Treasurer. The offices of the Community Development Department, the Sheriff's Office and the jail are also located in the old courthouse complex. The governing body is the County Board of Commissioners, which is composed of three elected officials. Gunnison is a home-ruled charter city, and is organized as a council-manager form of government. Five elected council members appoint a city manager. Gunnison is a member of the Region 10 League for Economic Assistance and Planning.

The City of Gunnison provides electricity service to all properties within the city limits, while the Gunnison County Rural Electric Association serves the outlying area. Atmos Natural Gas Company and Public Service Company provide natural gas in the area. The City of Gunnison has its own water supply with the source of water being nine separate wells. The water is chlorinated to meet all requirements of the State Department of Public Health and the Environment, although no treatment plant is required. Ninety-six percent of the City of Gunnison is served by the city sewer system.

Employment

The four major industries in Gunnison County are tourism, education, ranching and mining. Tourism is by far the largest; and brings in nearly 35 million dollars each year. The latest highway count available indicates the daily average for U.S. Highway 50 east of the city of Gunnison is 3,202 cars per day. For Highway 50 west of the city, the average is 4,700 cars per day; and for State Highway 135 on the north towards Crested Butte, it is 4,050 cars per day. During the summer months, an estimated 10,000 vehicles per day go through Gunnison. During the big game season in the fall, more than 25,000 hunters visit the area. It is estimated that over a million tourists visit the Blue Mesa Reservoir/Curecanti Recreational Area a few miles to the west of Gunnison. Ice fishing, snowmobiling, ice-skating and cross-country skiing are popular winter sports, but most visitors during this season are attracted to the downhill skiing available 45 minutes north of Gunnison at Mt. Crested Butte or an hour's drive to the east at the Monarch ski area.

The cattle ranching industry has existed in this area for many years. Irrigated valleys provide both pasture and fields from which hay is harvested for winter feeding. The surrounding mountains provide summer grazing. The contribution of this industry depends primarily upon the national demand. It is

estimated that there are over 50,000 head of cattle and sheep in the area along with 30,000 acres of hay fields.

Mining contributed to the founding of both Gunnison and Crested Butte in the 1880s. An enormous gold and silver boom created demand for supply stations and the railroad. Although many of the mining camps were vacated as precious metal prospecting gave way to the mining of coal, Gunnison and Crested Butte survived. Gunnison County is the top coal producer for the State of Colorado with 9,459,076 tones mined in 2011. Most of the coal production is located in the extreme northwestern sector of Gunnison County in the North Fork Valley near Paonia. The mining of silver, gold and molybdenum currently make a minor contribution to the economy of this county, although there are present permits being processed for new mining activities near Crested Butte and Powderhorn.

Population

The estimated population of Gunnison County for 2011 was 15,504, up from 15,324 in 2010, according to the U.S. Census Bureau. The population in 2000 was 13,956. The Gunnison County population consistently grew from 2000 through 2009, where it has stabilized the past couple of years. Forecasts for 2013 anticipate a slight increase.

Transportation

Transportation is by highway or air. U.S. Highway 50, a major all weather arterial highway connects with Interstate 70 at Grand Junction 140 miles to the northwest and with Interstate 25 -180 miles to the east near Colorado Springs. Highway 50 interchanges several principal highways to Phoenix, Salt Lake City, Albuquerque, Denver, Dallas and other major metropolitan areas. State Highway 135 is an all weather maintained highway that provides road access north to Crested Butte. The Crested Butte/Gothic County Road serves Mt. Crested Butte. All paved highways in Gunnison are open year round. Continental Trailways bus system provides daily passenger and parcel service to Denver and points in between. Public and private bus services operate between Gunnison and the Crested Butte area. Rio Grande Motorway, Ephraim Freightways and Jim Chelf, Inc. provide freight service. Gunnison County operates a commercial airport that is located within the city limits.

The Gunnison County Airport serves the region. It is located five minutes southwest from downtown Gunnison. In the past, there have been various air carriers, which have flown into the Gunnison airport either on a seasonal or a full time basis. There are yearly changes however, several national and

international air carriers have non-stop service to Gunnison from major cities throughout the United States. The ski season, when most of the flights take place, is from Thanksgiving to Easter. The existing airport is 10,000 feet in length and handles regularly scheduled 757 jet aircraft. It also is improved with an Instrument Land System. In 2006, there were approximately 43,395 enplanements, which was a slight decrease from 2005 and 46,888 deplanements, which was a slight increase from 2005.

Health & Law Enforcement

There are 60 certified full-time peace officers in Gunnison County. The Colorado State Patrol, the Gunnison County Sheriff's office, Gunnison Police Department, the Crested Butte Marshall's office and the Mount Crested Butte Police, employs them. The City of Gunnison police department dispatches for all police and emergency service agencies in the county. The City employs 10 dispatchers and provides 24-hour service. The Gunnison Police Department has both the national crime information computer and the Colorado crime information computer. The crime rate is low. The City of Gunnison and the Crested Butte Fire Protection Districts provide fire protection. The City of Gunnison employees a full time Fire Marshall; it also has a Fire Chief and 40 volunteers. It has 11 pieces of apparatus with three class-A pumpers with 3,750-gallon capacity. The City of Gunnison provides adequate fire flow from the city's utility system through hydrants. Back-up support is supplied by the Crested Butte Fire Department, which has four class-A pumpers, through an inter-service agreement. The City's Insurance Office (ISO) rating is class five and the county class is 9 and 10. Both Gunnison and Crested Butte operate ambulance services. Four ambulances are available.

The Gunnison County Hospital is a modern 24-bed critical access facility taking care of emergency and routine medical care. There are twenty-one medical doctors in Gunnison, ten dentists, and several other medical professionals. The county nursing home is a 59-bed facility.

Education

The Gunnison WaterShed School District RE-1J operates five schools; there is a preschool and kindergarten, a middle school, and a high school in Gunnison. There is also a kindergarten through high school in Crested Butte. All of the schools are modern as they have been recently constructed or renovated.

The student/teacher ratio is excellent on all levels; according to a national survey, this county has one of the highest percentages of well-educated people in the nation. The total

enrollment for the district was 1,864 for the 2010/2011 school year and 1,844 for the 2011/2012 school year.

Cultural and social amenities are available in Gunnison. The Western State College division of continuing education offers courses ranging from the academics to arts and crafts. Concerts, lectures, the Arts, Humanities and the theater programs offer the community a high level of cultural opportunities.

Western State Colorado University (formerly Western State College) has 300 full time employees and faculty, and an estimated annual payroll of \$16,500,000. This state supported college is a fully accredited four-year institution, and one of the few colleges on the western slope of Colorado that is accredited to give advanced degrees. It is highly rated academically and has a large variety of courses and degrees. There are an estimated 2,275 students at this institution, which is up from the 2012/13 school year at 2,214. Overall, the enrollment has remained stable to declining over the past several years.

High school and collegiate athletic programs include basketball, baseball, football, soccer moms, hockey, track, wrestling and golf. Recreational facilities also include parks, golf courses, tennis courts, ice-skating rinks, baseball fields and swimming pools. Supervised recreational sports include baseball, soccer, football, basketball, hockey, golf, swimming and other various recreation sports and events.

Economic Development - Real Estate

The Gunnison County market had recovered from the depressed market conditions of the 1980's and 1990's. Beginning in 2000, the market began to experience noticeable gains in construction, employment, and retail sales. An overall progressive economy was experienced with subtle but steady growth. The stable but progressive economy continued until 2004 when the market began rapid development due to speculation and the liberal national mortgage market. The sale/purchase of the ski area, Crested Butte Mountain Resort, fueled the local speculative market. Prices from 2004 through 2007 escalated at abnormal rates.

The overall economy and real estate market began to stabilize in 2007. The market started to decline in 2008 and hit bottom in 2009. The 2010 through June of 2013 trends show mildly increasing sales and prices, although the number of foreclosures has keep significant price changes from taking place.

Real Estate foreclosures decreased from 208 in 2010 to 179 in 2011, a 13.9 percent change. There were 183 foreclosures in 2009 with only 81 in 2008 and 26 in 2007. In 2012, there were 136 foreclosure filings, a decrease of 24.02 percent. As of June 2013, there were only 34 foreclosures. Annualized this indicates an anticipated decrease of 50 percent from 2012.

The trends for single-family sales in Gunnison County are highlighted below:

Year	2005	2006	2007	2008
Single family Res.	260	274	218	135
Avg. Sale Price	\$494,761	\$469,487	\$492,268	\$566,855
Year	2009	2010	2011	2012
Single family Res.	132	148	178	199
Avg. Sale Price	\$505,250	\$509,456	\$547,917	\$442,852
Year	2013			
Single family Res.	154 YTD			
Avg. Sale Price	\$519,285			

Source: MLS sold statistics for all of Gunnison County

The number of transactions peaked in 2006; however the average prices paid increased through 2008.

From 2002 through 2006, Gunnison County, the City of Gunnison, and the towns of Crested Butte and Mt. Crested Butte experienced a consistent increase in the volume of real estate transactions and increasing prices. Prices increased at inflated rates in 2005 and 2006 causing part of the current market stagnation. The rapid increase in prices was due, in part, to heavy speculation rather than based on typical economic principles. Consequently, prices escalated at rates above market norms for the amount of employment, population and the economic base. This created somewhat of a false market and coupled with the national recession, the inflated prices for the area were accentuated. At the same time the price statistics show that prices continued to increase through 2008.

The bottom of the market was in 2009. 2010 and 2011 illustrate a slightly improving market trends. 2012 included more sales, but the average price decreased. Year-to-date figures for 2013 represent an improvement in the number of transactions and the average dollar price, although the average dollar amounts remain below past highs.

According the MLS, vacant parcels that contain more than 41 acres had 8 sales in 2011, 5 in 2012 and 3 so far in 2013. The average prices have remained consistent, between \$2,500,000 and \$3,300,000. The average days on the market to sell a property decrease from 1,441 in 2011 to 1,206 in 2013.

According to area brokers, the demand for vacant land and ranch parcels has picked up considerably in 2013. While prices have not experienced a significant increase, the volume has. The year end 2013 sales is expected to significantly exceed the 2012 sales. The average price is also anticipated to creek up while the average days on the market is expected to decline slightly.

A market synopsis created by a Crested Butte real estate firm, expects the total dollar amount of sales in Gunnison County to exceed \$100,000,000 in 2013, the highest amount since 2008.

Overall, the real estate market is achieving subtle positive changes. The atmosphere of the market is the most positive that it has been since 2008. While prices remain depressed, the overall trends are positive. The final figures for 2013 are anticipated to illustrate the positive outlook for the future real estate market.

Employment/Unemployment

According to the Colorado Department of Labor, Gunnison County's labor force increased from 8,440 to 9,093 from 2010 to 2011. The unemployment figures decreased from 7.20 to 6.30 percent during the same period. The 2012 labor force decreased to 8,387; however, the unemployment rate remained relatively consistent at 6.6 percent. As of July 2013, the labor force increased to 9,580 with an unemployment rate of 5.4%. The overall average for 2013 will change significantly after the summer season and before the ski season, which will decrease the average labor force numbers and increase the annually adjusted unemployment rate.

The Colorado Department of Labor and Employment reports that the government is the largest employer in Gunnison County followed by education, health services, and then retail. The retail count varies significantly because of the seasonal nature of the employment. Mining accounts for a high percentage of the

employment, but this employment, although located in Gunnison County actually has more influence on the town of Paonia and Delta County.

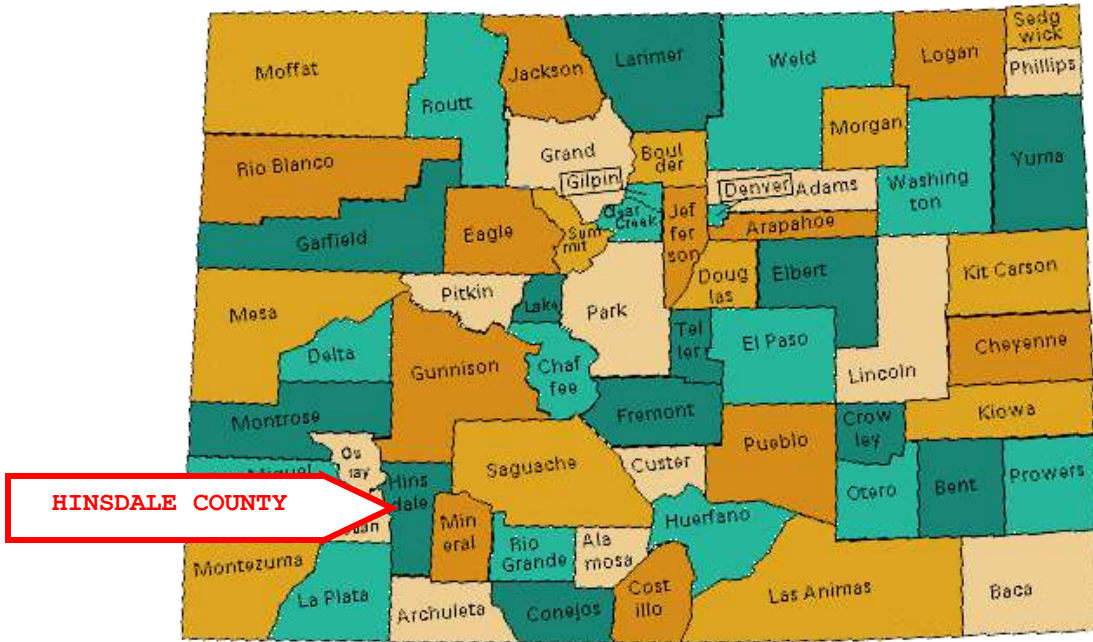
Recreation/Tourism

For the most part, tourism has provided the impetus for this development along with the anticipated improvement in the economy based upon the American and other airline direct flights to Gunnison. An estimated 85 percent of the area around Gunnison is federally owned and available for recreation. Blue Mesa Lake, the largest body of water in the state of Colorado, is just six miles west of Gunnison in Curecanti National Recreational Area. With 96 miles of shoreline, this reservoir is used for fishing, boating and sightseeing. It averages over a million visitors per year. The recreational area also includes Morrow Point Lake and Crystal Lake. The national park service offers boat tours on Morrow Point Lake. The Black Canyon of the Gunnison National Monument is located to the west of Curecanti. Gunnison, San Isabel, White River and Uncompahgre National Forests are available for four wheel drive tours, camping, biking, hiking, mountain climbing, photography, painting, rafting, hunting, fishing, snowmobiling, and skiing. The 1,300 miles of public streams and rivers are used by over two million fishermen each year.

Conclusion

In conclusion, Gunnison County has experienced the same economic hardships that the rest of Colorado and the country have. However, the real estate, population, sales tax revenues, and overall economy stabilized in 2010 and improved slightly in 2011 and 2012. There is no reason to believe that improvement in the local economy will not continue through 2013 and into 2014, albeit at a slow pace.

NEIGHBORHOOD ANALYSIS



The subject is located approximately 5 miles south of the Town of Lake City along the Continental Divide. The subject neighborhood is comprised of the pristine Lake Fork of the Gunnison Valley that extends south from Lake San Cristobal to the headwaters of the Lake Fork River and the San Juan Mountains. This area extends in a northeast/southwest direction. The Lake Fork River Valley is capped along the east and west by mountain ranges including the Gunnison National Forest, Powderhorn Wilderness Area, and the Uncompahgre National Forest and Wilderness Area.

The valley land is comprised of irrigated fields and native rangeland. The higher mountains are mostly within the National Forests and include mature forests. This neighborhood is characterized as a mountain ranching area that has been partially transformed by residential development and gentlemen ranchers.

In the area that surrounds the subject, some parcels have been developed into residential housing and resorts, while some of the ranches have been purchased by gentleman ranchers and are being kept as executive retreats. Just north of the subject on Highway 149 is Lake City, the closest incorporated community to the subject. This city provides some retail, financial and professional services for the neighborhood; however, most of the area still uses Gunnison as the major economic center. Besides the sporadic residential development that has taken place, the community of Powderhorn, 25 miles north of the subject; Creede 30 miles to the east, and Silverton 30 miles to the southwest maintain a year around population and Post Offices. Lake City

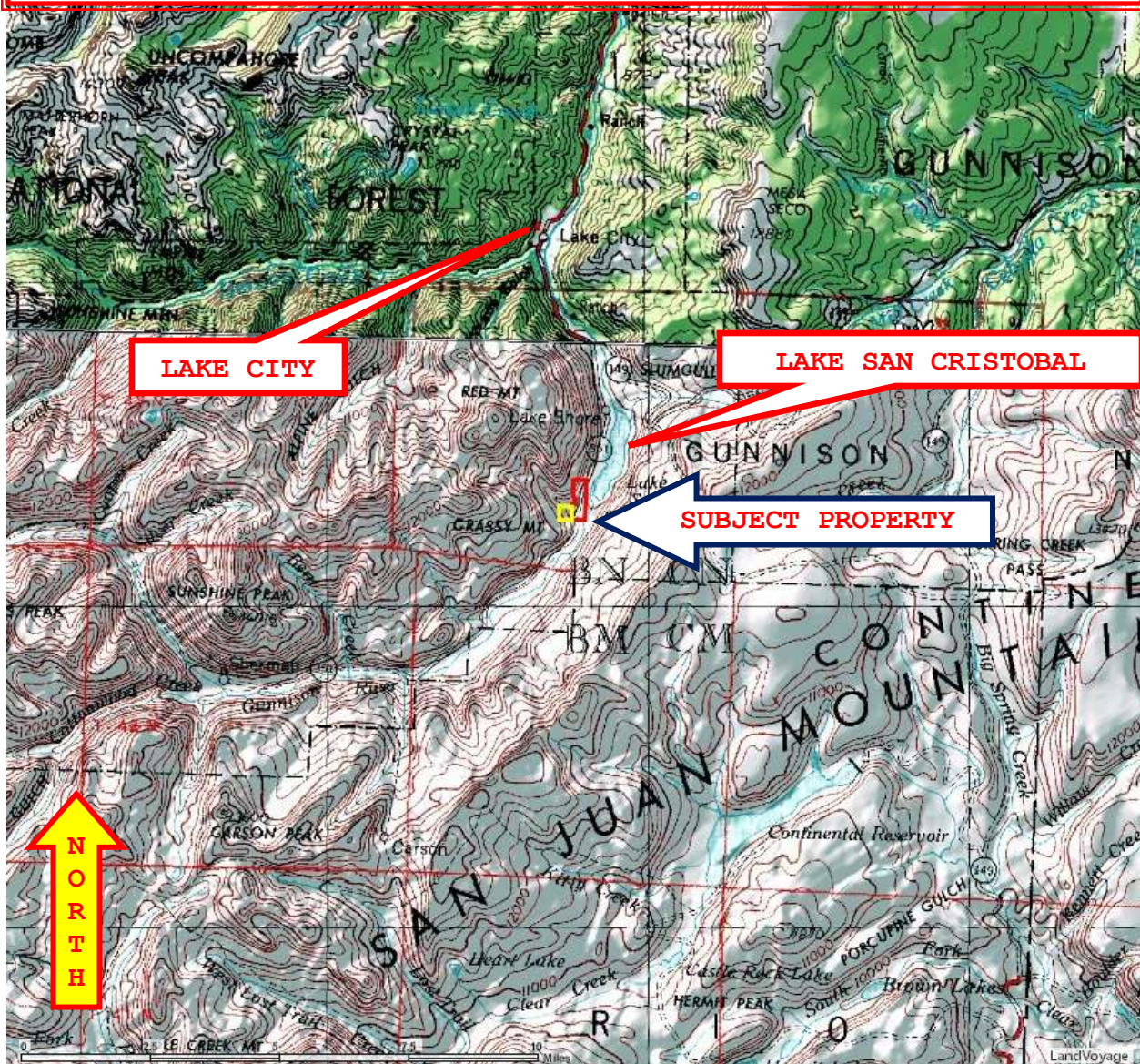
has a population of a few thousand people in the winter, which doubles or triples in the summer when the seasonal residents arrive.

Approximately 96 percent of the land in Hinsdale County, of which Lake City is the County Seat, is controlled by the National Forest, the BLM or the State of Colorado. Thus, there is a very limited supply of privately owned land in the county, which creates a unique market.

Scenic mountains surround the valleys. Historically, the predominant land use in this neighborhood has been ranching and mining. During recent years, residential development has increased as larger parcels have been split to form additional home sites. High land values have changed the character of the neighborhood from agricultural and mining to residential and resorts. Mining has long been limited in the area, although there are rumors that hard rock mining might be making a come back.

Relatively few large parcels have sold recently, partly because of the lack of demand, but also because of a lack of an available supply. Many large ranches have been owned and operated by the same family since they were homesteaded. Asking prices are typically higher than most prospective agricultural users are able to pay. Thus, the large ranches are either recreational retreats owned by wealthy individuals or investment groups or livestock operations owned by ranchers who have inherited the land. Recreational retreats may or may not be operated as ranches. Recreational ranches can be operated with negative cash flows because tax benefits offset investment costs or because owners receive sufficient income from other sources to view the ranch operation as a hobby. The current trend in the subject neighborhood is for agricultural use to continue so that the cowboy heritage of the Old West is evident in the community and real property taxes are maintained at agricultural levels.

NEIGHBORHOOD MAP PLAUCHÉ PROPERTY HINSDALE COUNTY



This neighborhood is a secluded and semi-private area with generally good access. The jet airport in Gunnison is 40 miles to the northeast. Colorado State Highway 149 provides access to U. S. Highway No. 50 to the north, and Creede and South Fork to the east. Highway No. 149 is the year around route in and out of Lake City. County Road 30 extends south from Highway 149 and provides year around access to the northern end of the neighborhood including the subject property.

A network of county graveled roads provides interior access throughout the county. These roads provide adequate seasonal access although few are maintained year around.

Police protection is provided by Hinsdale and Gunnison Counties Sheriff's Departments.

Utilities in the neighborhood include electricity, well water, and septic systems. These utilities are typical of most rural areas of Western Colorado.

The Lake Fork of the Gunnison River extends the entire length of the neighborhood. The Lake Fork begins high above Lake City and flows into Lake San Cristobal (at subject property). The Lake Fork flows within a mostly steep and secluded canyon to the confluence with Blue Mesa Reservoir. The Lake Fork includes both public and private fishing and rafting opportunities.

The area is known for the recreational amenities and scenic beauty. Fishing, boating and camping are available at Lake San Cristobal. The Lake Fork of the Gunnison River is considered one of the better fisheries in Western Colorado. The National Forest offers trails for horseback riding, hiking, backpacking or mountain biking. Other forest activities include four-wheeling, fishing, hunting, snowmobiling, cross-country skiing and snowshoeing. Other recreational sites listed in the previous section are available within a reasonable driving distance.

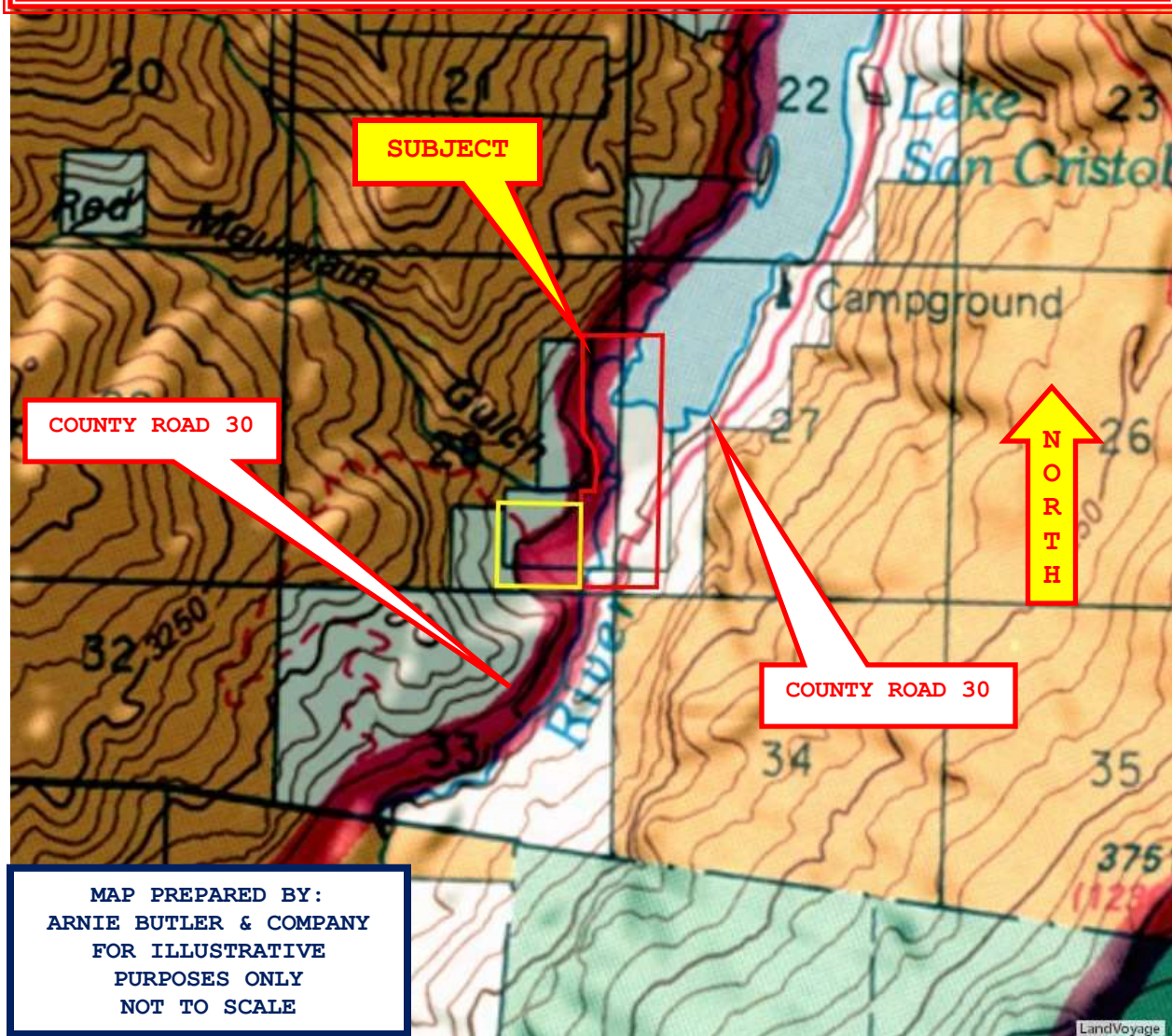
Highway No. 149 has been designated as one of the Scenic By-ways for Western Colorado. It continues south from Lake City over Slumgullion Pass to the historic mining town of Creede and the San Luis Valley. County Road No. 30 is part of the Alpine Loop Scenic Byway and provides access to several mountain passes (jeep access) and on to Silverton and U. S. Highway 550.

In conclusion, the subject neighborhood consists of a rural residential area intermixed with summer resorts and high-end recreational ranches. Because of the past development and land controlled by the recreational rancher, there are few available large tracts of land left in the area. The majority of Hinsdale County and the surrounding counties are controlled by the BLM and National Forest. Because of the limited supply of private land and steady demand, this area has been buffered from the poor economic conditions inflicting most of Western Colorado to a small degree.

Since 2008, the demand for mountain land has been soft due to the depressed national and local economies. Current trends support a slight improvement in the market as there were several new real estate transaction in 2013, with several more under contract. Prices have remained below the highs of 2008; however, with the increased activity, prices for most properties have stabilized. If the volume of sales continues to increase in 2013, then a positive trend to the price levels might be realized. Overall, at the present time, data suggests that the prices paid for real estate is generally flat. For all types of real estate, data has been found that illustrates a continuation of decreasing prices, while other sales suggest a flat market and other sales actually illustrate a slight increase in prices. Overall, the mixed market data supports the conclusion that the overall market is unstable but improving.

SITE DESCRIPTION

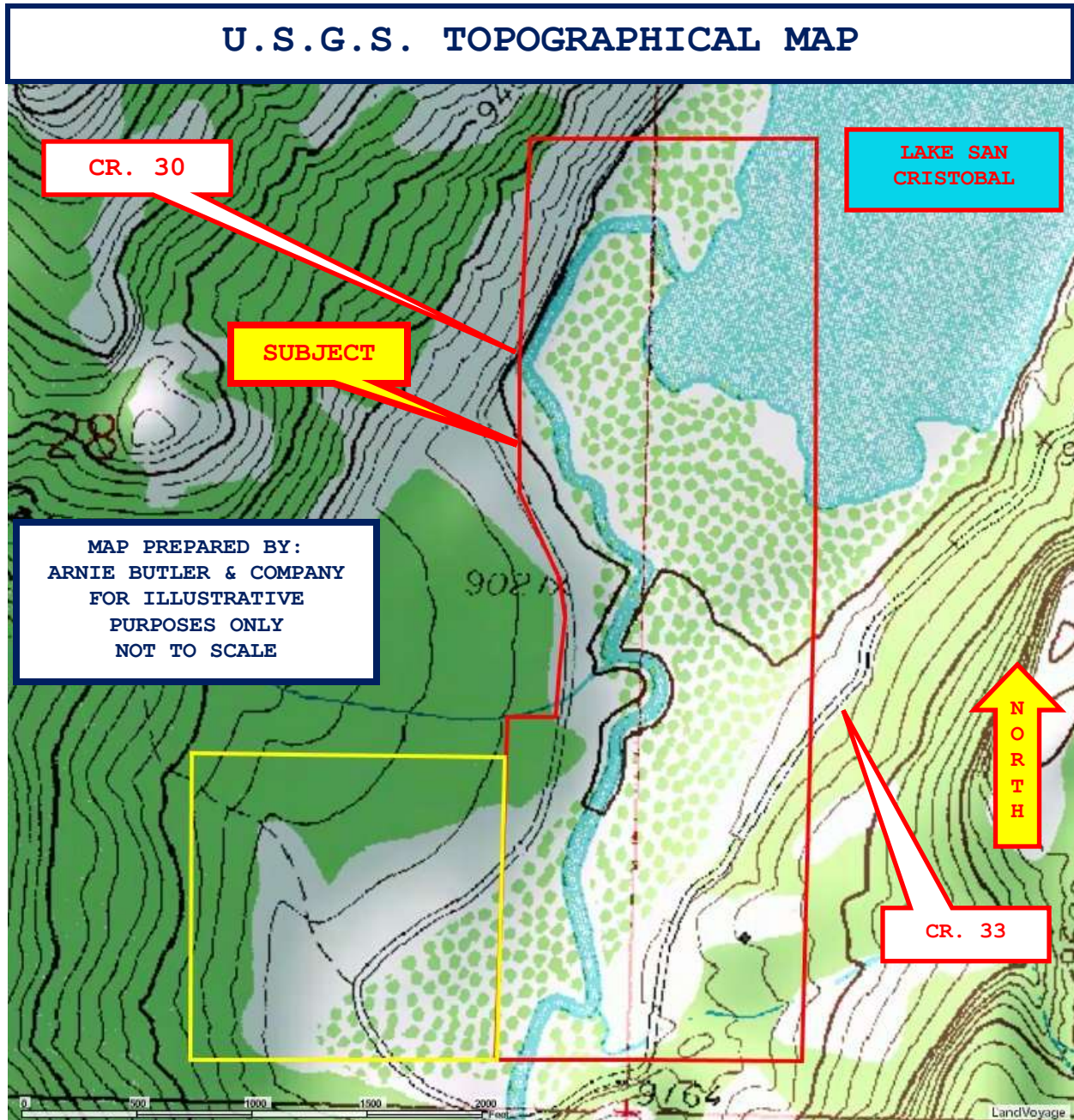
**PUBLIC LANDS MAP
PLAUCHE PROPERTY - HINSDALE COUNTY**



Location: On both sides of Hinsdale County Road 33 and the south end of Lake San Cristobal. Approximately 5 air miles south of Lake City and approximately 3 miles south of Highway 149 on County Road 30.

Size: 115.904 acres

Access: Year around from County Road 30 to County Road 33 to a private driveway.



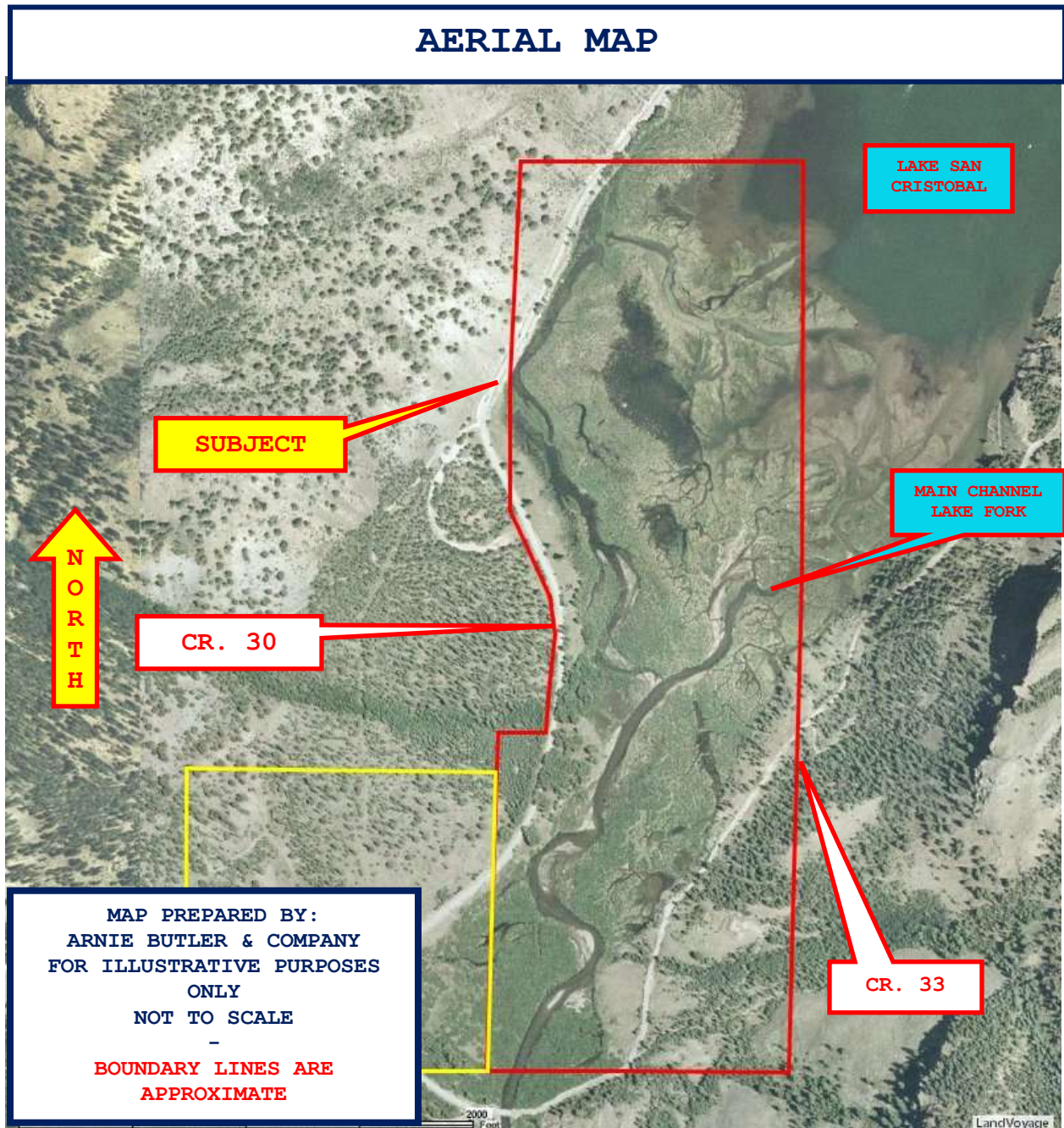
Topography: The majority of the property is within the bottomlands of the Lake Fork of the Gunnison River.

Note: Above topographical map shows the old channel of the river.

The southeast corner of the property is comprised of a dry hillside that contains approximately 20 acres and is located above the flood plan.

It is gently sloping with an elevation of 9,150' ASL. The river bottom and lake shore average 9,000' ASL, thus the hillside sites 150 feet above the bottomland.

There is also a 5-acre+/- dry hillside located west of County Road No. 30 at the northwest corner of the site. This site is also above any flood plain.



Configuration: Slightly irregular to rectangular.

Ground Cover: The bottomland includes willows, cottonwood trees and other types of riparian grass and shrubs. The uplands included native grass, shrubs, aspen and evergreen trees.

Water Features: The Lake Fork of the Gunnison River enters the subject near the southwest corner of the Larger Parcel and flows northeasterly where the main channel exits the property midway along the east boundary. The old channel remains a slow moving slough that extends to the northwest and along County Road 30.

The northeast corner of the site is within the banks of Lake San Cristobal.

As illustrated on the enclosed maps, the entire area along the Lake Fork River are comprised of wetlands, floodplain and river bottomland.

Both the Lake Fork River and Lake San Cristobal are major fisheries and recreational features for Hinsdale County.

Zoning: Rural District Two (RD-2) Hinsdale County, which allows for 35-acre house parcels. Higher density development of up to 1-acre lots is possible with county subdivision approval.

Utilities: Electricity is in use on the site. Well and creek water, septic, and propane gas.

Water Rights: There are no known water rights appurtenant to the subject

Mineral Rights: There are no known mineral rights associated with the subject property.

Even if the subject has mineral rights, there are no known minerals that have a commercially viable value at the present time in the subject neighborhood. None of the comparable sales used in later sections of this report were purchased for their mineral rights or for mining purposes.

Real Estate Tax Information: The Hinsdale County Assessor has valued the subject property for Ad Valorem Tax purposes. The value estimates and the corresponding tax liabilities are illustrated below:

Account No. R001475	116.43 acres (Assessor's land estimate)	
	"Actual" Value	Assessed Value
Land	\$1,202,140	\$ 95,690
Improvements	\$ 173,600	\$ 13,820
Total	\$1,375,740	\$109,510
	Mill Levy	0.043644
Tax Liability		\$4,779.45

The subject property is valued as residential land by the Hinsdale County Assessor. The Assessed Value is based on 7.96 percent of the estimated "Actual Value". The mill levy used above is for 2012, payable in 2013. The 2013 mill levy will not be determine until the end of the year.

LARGER PARCEL DETERMINATION

To determine the Highest and Best Use of a property, for Federal Appraisal Purposes, the Larger Parcel has to be determined.

Uniform Appraisal Standards for Federal Land Acquisitions defines the Larger Parcel on Page 17 of the Yellow Book, footnote No. 47 as:

"The *larger parcel*, for purposes of these Standards, is defined as a tract, or those tracts, of land which possess a unity of ownership and have the same, or an integrated, highest and best use. Elements of consideration by the appraiser in making a determination in this regard are contiguity or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use."

The Larger Parcel for this assignment is concluded to be the 115.904-acre site located on both side of the Lake Fork of the Gunnison River. The Plauché Family owns three 1.19-acre sites adjacent east of the 115 acre parcel. Even though the sites are contiguous to the subject property they have a different highest and best use as standalone single family house sites.

Three members of the Plauché Family have undivided one-third interests the 40-acre parcel that is located adjacent southwest of the subject. This parcel is not considered part of the Larger Parcel because it has different ownership interest, is no



HIGHEST AND BEST USE

Real estate is defined in terms of its Highest and Best Use and is defined as:

"The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the *reasonably* near future...to the full extent that the prospect of demand for such use affects the market value while the property is privately held." Olson v. United States, 292 U.S. 246, 255 (1934)

The Highest and Best Use is also described as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest land value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property-specific with respect to the user and timing of use-that is adequately supported and results in the highest present value."

Highest and Best Use of Land or a site as though vacant

"Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements." (The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Page 93)

Highest and Best Use as defined by UASFLA

"The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future." (Uniform Appraisal Standards for Federal Land Acquisitions, Page 34.

The highest and best use further summarized as:

"before it can be concluded that any use for the property is its highest and best use, that use must be physically possible, legally permissible, financially feasible, and must result in the highest value." (Uniform Appraisal for Federal Land Acquisitions, Interagency Land Acquisition Conference, Washington, D.C., 2000, Page 17)

As stated above, the Highest and Best Use must meet four criteria. Those include legally permissible, physically possible, financially feasible and maximally productive. In this regard the Highest and Best Use of the subject property is analyzed as follows:

Physically Possible

Most of the subject property consists of undevelopable river and lake bottomland. However, there are approximately 20-acres of uplands located at that southeast corner of the site where the existing cabin is located. There is also approximately 5 acres of land located at the northwest corner of the property and west of County Road 30. These upland areas are suitable for low-density residential development.

Physically, the upland areas can maintain residential development. The uplands can be associated with the bottomlands to satisfy any minimum lot area requirements of Hinsdale County and the State of Colorado.

There are various lots located throughout the mountains and valleys of Hinsdale County that have been developed with residential structures.

Therefore, it appears that the subject property is physically capable of maintaining residential development as supported by the existing cabin on the site.

Legally Permissible

The current state and county regulations allow the site to be split into 35-acre or larger parcels without any prior approval from the county. If a higher density development is anticipated, then either a comprehensive subdivision development plan or some type of subdivision exemption will have to be submitted to the county for approval.

The current legal use of the property is as 3 house sites, each containing 35 acres or more. As noted, most of the subject property is comprised of floodplain, wetlands and bottomland, which are not developable. However, there appears to be sufficient uplands that can be associated with the undevelopable portions to arrive at 35-acre building sites. This type of density transfer is typical for the mountain regions of Western Colorado where there are steep hillsides with small amounts of usable flat land.

The Hinsdale County zoning allows for residential lots as small as one (1) acre. The subject has a sufficient amount of uplands

to develop several one-acre sites. The physical and legal proof of this type of development is by the three Downs Subdivision lots located adjacent to the subject.

Legally, the subject property could be used as one large house site or could be developed with three or more house sites ranging in size from 1-acre to over 35 acres.

Financially Feasible

Because small sites generally command higher prices than larger parcels, if all other factors are similar, it seems likely that the highest and best use of the subject property is to develop as many residential sites on the property as legally and physically possible. Due to the present market conditions, it may not be prudent to development very many residential sites because of the extended marketing periods and the depressed prices. However, over time and as the market trends improve, the subject site has the legal and physical features to be subdivided into lots as small as 1 acre or as large as 35 acres or more. The 35-acre lots would have to incorporate the undevelopable bottomland with parts of the uplands. The uplands would be used for the developable part of the site and the bottomlands would be used to meet the minimum 35-acre requirement.

Without completing a feasibility analysis, it is concluded that the most financially feasible use is the sale of the subject property as 35-acre or smaller cabin sites if the time and effort is made to subdivide the property. Given the current market, the most likely development would be as 35 acre sites which would require minimal infrastructure and minimal approvals from Hinsdale County.

Because the exact time of development is not known, and due to the current market conditions, the highest and best use is to hold as speculative investment land until it is feasible and prudent to sell acreage house sites.

Maximally Productive

This category is similar to the financial feasibility in that it pertains to that use that will provide the highest net return to the value of the land. Because of the past demand for mountain land in Hinsdale County, the more lots that can be developed, the higher the productivity and the higher the profit margins. The Maximum Production of the subject site is controlled by the county regulations that allows for one house per 35 acres. Higher density development requires approval from Hinsdale County under either a minor or major subdivision

exemption proposal. Even though this is not likely given the current market conditions, it is a long-term consideration for the subject property and adds to the property's overall functional utility.

Even though the feasibility of developing the subject property in the current market is questionable, there are no legal alternative uses that will command any higher value than as speculative investment for future low-density development land.

Highest and Best Use Conclusion

As the overall market improves, the demand for the subject will increase. The subject property competes effectively with other mountain properties in Hinsdale County and western Colorado. As agricultural land, the subject has a value lower than as speculative investment or development land.

METHODS OF APPRAISAL

To arrive at an accurate estimate of Market Value there are three commonly accepted approaches to establish value; the Cost Approach, the Sales Comparison Approach, and the Income Approach. They are described as follows:

The Cost Approach to value establishes the current market value of the site, as if vacant, then adds the current reproduction cost new, less accrued depreciation of the improvements.

The Sales Comparison Approach compares the Subject property to similar properties, which have sold or are currently offered for sale. This approach has the greatest application when sufficient comparable information is available.

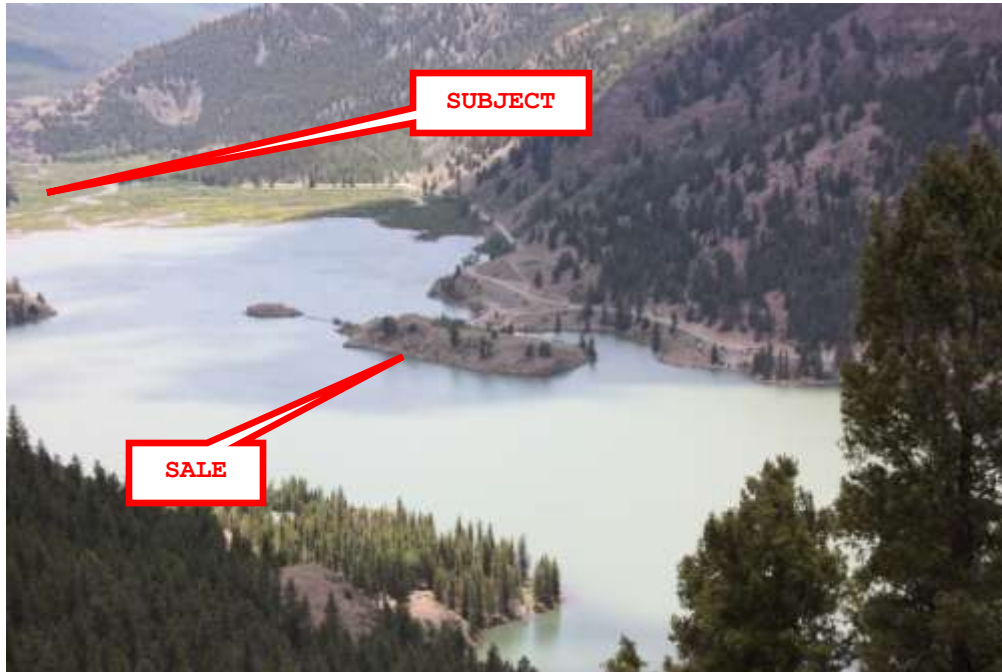
The Income Approach to value is the conversion of net income produced by the property into an indication of property value by use of a capitalization rate.

The Subject property is appraised as vacant land and only the Sales Comparison Approach is utilized. Land sales were used to value the Subject's market value.

SALES COMPARISON APPROACH - UNENCUMBERED LAND SALES

The Sales Comparison Approach involves the analysis of the sales of similar properties to the Subject. After this information has been collected, it must be reduced to a common unit of comparison, such as a sales price per unit or a gross income multiplier. The sales are then analyzed and adjustments are made to make these sales comparable to the Subject. Adjusted sale prices are examined and correlated into a final indication of value.

SALE NO. 1



LOCATION: 4 MILES SOUTH OF LAKE CITY, EAST SIDE OF COUNTY
ROAD 30- LAKE SAN CRISTOBAL ISLAND

LEGAL: LOTS 1, 2 AND 3, MERRITT ISLAND ESTATES

SALE DATE: NOVEMBER 11, 2008

SALE PRICE: \$1,500,000

PRICE/ACRE: \$145,208

PRICE/LOTS: \$500,000

GRANTOR: WALTER MERRITT

GRANTEE: ROUGH HOLLOW RANCH CORP.

RECORDING: 97276 HINSDALE COUNTY

SITE DESCRIPTION:

SIZE: 10.33 ACRES TOTAL; LOT 1 = 2 ACRES,
LOT 2 = 2 ACRES, LOT 3 = 6.33 ACRES

TOPOGRAPHY: GENTLY SLOPING TO STEEP. KNOLL THAT
PROTRUDES FROM LAKE SAN CRISTOBAL, LAKE
BOTTOM.

ELEVATION: 9,000' ASL

GROUND COVER: NATIVE WITH FEW TREES AND SHRUBS

ACCESS: ACCESS EASEMENT FROM COUNTY ROAD 30

UTILITIES: NONE

WATER RIGHTS: NONE

IMPROVEMENTS: VACANT, OLD IMPROVEMENTS OF NO VALUE

COMMENTS: SURROUNDED BY LAKE SAN CRISTOBAL. PENINSULA AND
ISLAND LOCATED WITHIN THE BOUNDARIES OF THE LAKE. UNIQUE
WATERFRONT PROPERTY. ELECTRICITY WAS EXTENDED TO THE SITE AFTER
THE SALE. A SIGNIFICANT PORTION OF THE GROSS LAND AREA IS LAKE
BOTTOM.

CONFIRMED: GRANTOR MR. GRIFFITH

PAGE

-38-

LISTING COMPARABLE NO. 2



LOCATION: 2600 COUNTY ROAD 30, BOTH SIDES OF THE COUNTY
ROAD, 2 MILES NORTH OF THE SUBJECT PROPERTY

LIST DATE: MAY 11, 2011

LIST PRICE: \$1,400,000

LEGAL DESCRIPTION: NOT KNOWN

GRANTOR: STURDEVANT

GRANTEE: N/A

PRICE/ACRE: \$48,276 PER ACRE

PRICE/LOT: \$1,400,000

SITE ANALYSIS:

SIZE: 29 ACRES

SHAPE: IRREGULAR

TOPOGRAPHY: STEEP HILLSIDE TO SLOPING TO GENERALLY FLAT

GROUND COVER: NATIVE GRASSES/BUSHES AND EVERGREEN TREES

ELEVATION: 9,100 ASL

ACCESS: YEAR AROUND - COUNTY ROAD 30

UTILITIES: ELECTRIC ALONG COUNTY ROAD, WELL IN PLACE

WATER FRONTAGE: LAKE SAN CRISTOBAL

WATER RIGHTS: NONE

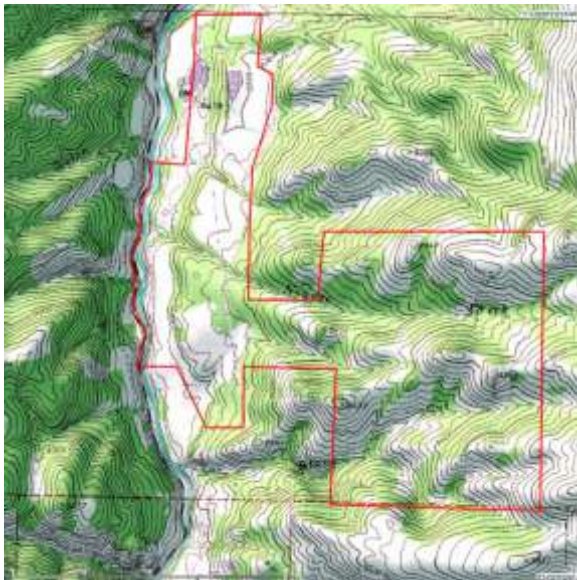
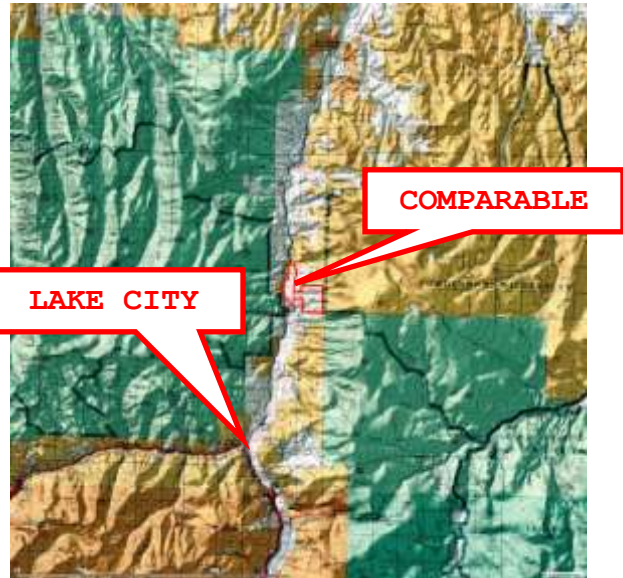
IMPROVEMENTS: VACANT

COMMENTS: THIS PROPERTY INCLUDES A SMALL PENINSULA
LOCATED ON THE EAST SIDE OF THE COUNTY ROAD AND WITHIN THE BANKS
OF LAKE SAN CRISTOBAL. THE MAJORITY OF THE SITE IS LOCATED ON
THE HILLSIDE WEST OF THE ROAD.

CONFIRMED: HALL REALTY - MR. WORTHEN



SALE NO. 3



LOCATION: HIGHWAY NO. 149, 5 MILES NORTH OF LAKE CITY,
EAST OF HIGHWAY.

LEGAL DESCRIPTION: PART SECTION 25, T45N, R4W

LIST DATE: JUNE 5, 2007

GRANTOR: EDMONSON

GRANTEE: BILDOR REAL ESTATE, LTD.

LIST PRICE: \$2,700,000

SALE DATE: OCTOBER 4, 2013

UNIT PRICE: \$3,180 PER ACRE

PROPERTY DESCRIPTION:

SIZE: 849.00 ACRES

SHAPE: GENERALLY SQUARE

TOPOGRAPHY: IRRIGATED FIELDS TO NATIVE HILLSIDES WITH
DRAINAGES

PAGE

-41-

ELEVATION: 8,500' ASL
USE/CROP: IRRIGATED PASTURE AND NATIVE GRAZING
GROUND COVER: SAGEBRUSH, PIÑON & JUNIPER, MATURE PINE
TREES AND NATIVE & DOMESTIC GRASSES.
ACCESS: LIMITED FROM HIGHWAY OVER THE RIVER
WATER FRONTAGE: POND, THREE QUARTERS OF A MILE OF THE LAKE
FORK OF THE GUNNISON RIVER THAT IS
ENCUMBERED BY AN ACCESS EASEMENT.
WATER RIGHTS: YES
IMPROVEMENTS: MISCELLANEOUS, NONE OF ANY VALUE.

COMMENTS: MOUNTAIN PARCEL LOCATED NORTH OF LAKE CITY AND THE
LAKE CITY FISHING CLUB. BACKS TO BLM. THE LAKE FORK RIVER
FRONTAGE IS LOCATED NEXT TO THE HIGHWAY WELL BELOW THE AVERAGE
GRADE OF THE RANCH. IT HAS LIMITED ACCESS FROM THE MAIN RANCH
PARCEL. MOST ACCESS IS FROM THE HIGHWAY. THERE IS A DIVISION
OF WILDLIFE EASEMENT THAT ALLOWS PUBLIC ACCESS TO THE RIVER FOR
FISHING.

HIGHEST AND BEST USE IS A SPECULATIVE INVESTMENT, POTENTIAL
GENTLEMAN'S RANCH WITH HOUSE SITES.

THE REALTOR INDICATED THAT THE REASON FOR THE EXTENDED MARKETING
PERIOD AND DECREASE IN PRICE WAS DUE TO THE FISHING EASEMENT.

CONFIRMED: DAN MURPHY

SALE NO. 4 STILLMEADOW RANCH - HINSDALE COUNTY



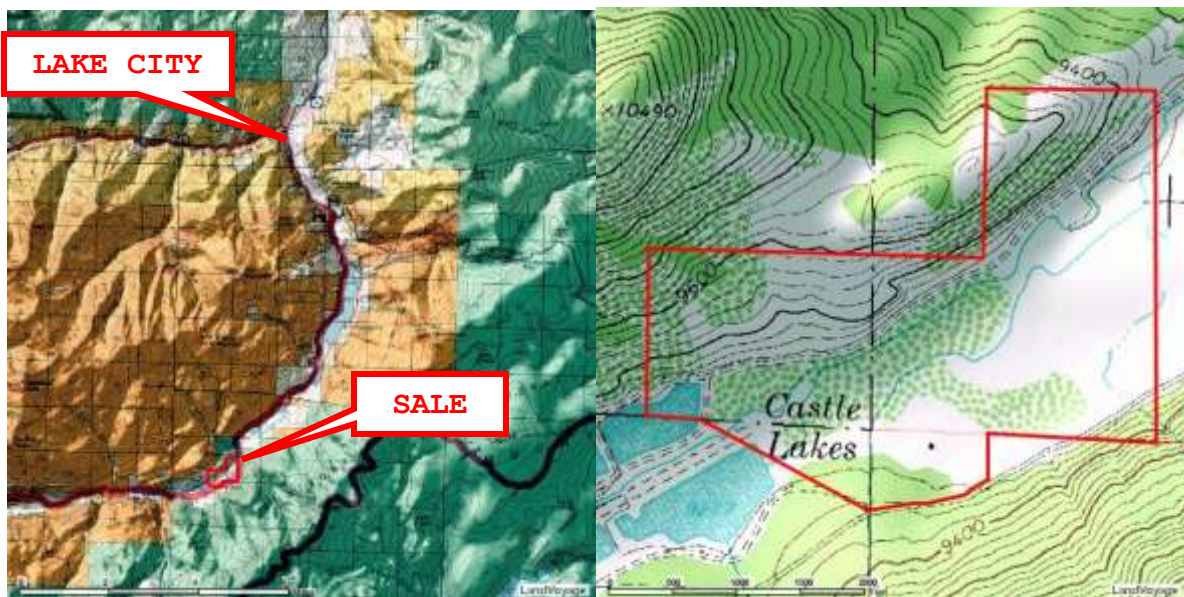
LOCATION: APPROXIMATELY 9 MILES SOUTH OF LAKE CITY ON
HINSDALE COUNTY ROAD NO. 30. 7933 COUNTY ROAD 30
LEGAL: PART OF SECTIONS 7, 17 & 18, T42N, R4W, N.M.P.M.
HINSDALE COUNTY
SALE DATE: MAY 14, 2012
SALE PRICE: \$4,200,000
GRANTOR: OSBORN FAMILY
GRANTEE: SCOTT
RECORDING: 99472
UNIT PRICE: \$23,077
UNIT PRICE: \$14,835 LAND ONLY
SITE ANALYSIS:
SIZE: 182 ACRES
SHAPE: IRREGULAR
TOPOGRAPHY: FLAT IRRIGATED PASTURES TO MOUNTAIN
HILLSIDES. 8,600' ASL TO 9,465' ASL
ZONING: AGRICULTURAL - HINSDALE COUNTY
UTILITIES: WELL & SEPTIC, ELECTRIC & TELEPHONE
ACCESS: YEAR AROUND FROM CR. 30
WATER FRONTAGE/RIGHTS: 1 MILE OF BOTH SIDES OF THE LAKE
FORK OF THE GUNNISON RIVER. 5-ACRE FISHING
AND IRRIGATION POND. GOOD WATER RIGHTS
SUFFICIENT FOR 70 ACRES.

IMPROVEMENTS: CUSTOM LOG, 5,700 SQUARE FOOT, RESIDENCE, YOC. 1984. 730 SQUARE FOOT GARAGE, 2,334 SQUARE FOOT GUEST HOUSE. SHEDS AND CABIN. IMPROVEMENT VALUE = \$1,500,000.

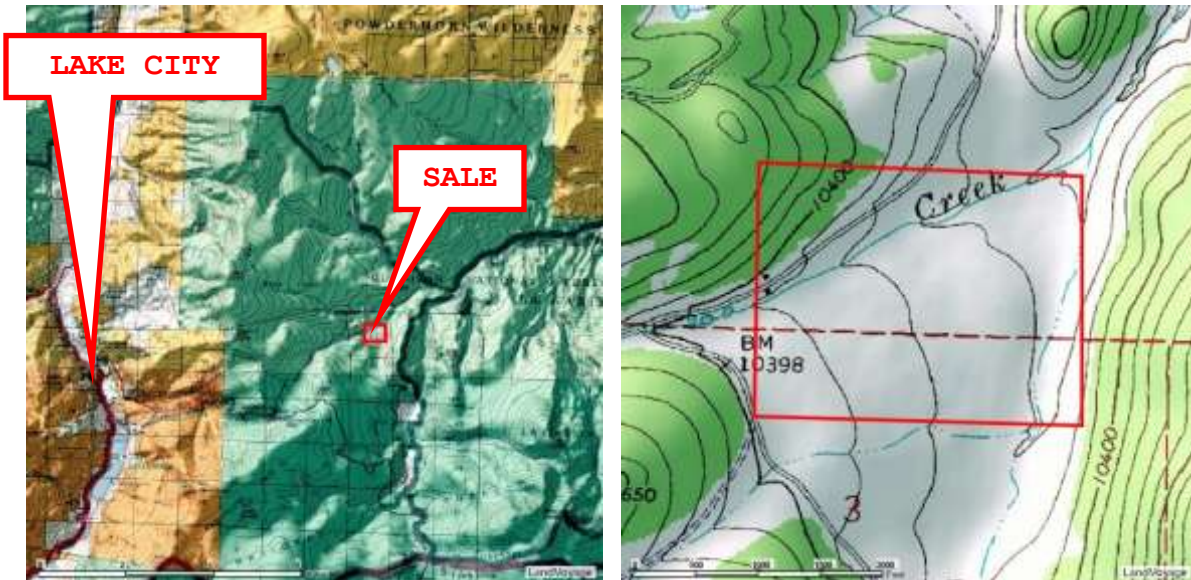
COMMENTS: THIS PROPERTY INCLUDES A 4.04-ACRE HOUSE SITE, 6.27-ACRE HOUSE SITE AND A 3.408-ACRE HOUSE SITE IN ADDITION TO A 168.28-ACRE PARCEL. SECLUDED, PRISTINE, RIVER BOTTOM PARCEL LOCATED IN THE HIGH PROFILE AREA SOUTH OF LAKE SAN CRISTOBAL. RECREATIONAL RANCH WITH EXCELLENT WATER. THE IMPROVEMENTS WERE ESTIMATED TO CONTRIBUTE \$1,500,000 TO THE SALE, LEAVING A LAND VALUE OF \$2,700,000.

APPROXIMATELY 50 ACRES ARE LOCATED NORTH OF THE RIVER WITH LIMITED JEEP ACCESS. FLOODPLAIN AND WETLANDS ALONG THE RIVER.

CONFIRMED: JOEY BURNS - LONE EAGLE REALTY



SALE NO. 5



LOCATION: APPROXIMATELY 8 MILES EAST OF LAKE CITY, 2.5 MILES
NORTH OF SLUMGULLION PASS ROAD ON COUNTY ROAD 50
(CEBOLLA ROAD)

LEGAL DESCRIPTION: PART SECTION 3, T43N, R3W, NMPM

SALE DATE: JULY 17, 2013

GRANTOR: HOLMAN, ROBINSON, SPENCER, ET AL

GRANTEE: MARIPOSA MEADOWS LLC

RECORDING: 100261

SALE PRICE: \$515,000

UNIT PRICE: \$4,232 PER ACRE

PROPERTY DESCRIPTION:

SIZE: 121.69 ACRES

SHAPE: GENERALLY SQUARE

TOPOGRAPHY: IRRIGATED FIELDS TO NATIVE HILLSIDES WITH
DRAINAGES

ELEVATION: 10,200 ASL - AVERAGE

USE/CROP: IRRIGATED PASTURE AND NATIVE GRAZING

GROUND COVER: SAGEBRUSH, NATIVE GRASS PASTURES AND MATURE
SPRUCE AND PINE TREES

ACCESS: SEASONAL ON COUNTY ROAD 50. GOOD SUMMER
ACCESS.

WATER FRONTAGE: MILL CREEK

WATER RIGHTS: YES AND SPRINGS

IMPROVEMENTS: VACANT

COMMENTS: MOUNTAIN INHOLDING LOCATED NORTH OF SLUMGULLION PASS.
SITE IS SPLIT BY THE COUNTY ROAD. 3 SIDES FRONT THE NATIONAL
FOREST. GOOD SEASONAL ACCESS. GENERALLY FLAT ROLLING SITE WITH
MOUNTAIN PERIMETERS. APPROXIMATELY 60 ACRES IRRIGATED.



SALE NO. 6



LOCATION: 8800 NORTH HIGHWAY NO. 149; 5.5 MILES NORTH
OF LAKE CITY
LEGAL: PART OF SECS. 14, 23, & 26, T45N, R4W,
N.M.P.M.
SALE DATE: MARCH 1, 2006 APRIL 16, 2013
SALE PRICE: \$4,600,000 - \$3,300,000
UNIT PRICES: \$2,808 LAND PRICE \$2,407 LAND PRICE
GRANTOR: HARDILEK WETHERINGTON
GRANTEE: WETHERINGTON BILDOR REAL ESTATE, LTD
RECORDING:
SITE ANALYSIS:
 SIZE: 747.82 ACRES
 SHAPE: IRREGULAR

TOPOGRAPHY: ROLLING PARKS, MOUNTAIN HILLSIDES, CANYON
WITH LAKE FORK RIVER FRONTAGE
ZONING: AGRICULTURAL - HINSDALE COUNTY
UTILITIES: WELL, SEPTIC, ELECTRIC AND PHONE
ACCESS: HIGHWAY NO. 149
WATER FRONTAGE/RIGHTS: WATER RIGHTS AND LAKE FORK FRONTAGE,
POND.
WATER RIGHTS: 14 CFS AND .66-ACRE LAKE
IMPROVEMENTS: SUBSTANTIAL, 9,984 SF. MAIN HOUSE, 2,100
SF. GUEST HOUSE, CABIN, CARETAKERS RESIDENCE
AND OUTBUILDINGS.

COMMENTS: THIS PROPERTY RANGES FROM FLAT IRRIGATED FIELDS TO
MOUNTAINOUS TERRAIN WITH PINE AND ASPEN TREES. MOST OF THE
RANCH IS LOCATED WEST OF THE HIGHWAY. A SMALL PART CROSSES THE
HIGHWAY TO THE LAKE FORK. WEST SIDE BACKS TO UNCOMPAHGRE
WILDERNESS.

ESTIMATED CONTRIBUTORY VALUE OF THE IMPROVEMENTS IN 2006 WAS
\$2,500,000, WHICH LEFT A LAND VALUE OF \$2,100,000 OR \$2,808 PER
ACRE. AT THE TIME OF THE 2013 SALE, THE LAND AND IMPROVEMENTS
WERE IN POOR CONDITION DUE TO A LACK OF MAINTENANCE AND USE.
MAJOR LAND AND IMPROVEMENT REPAIRS ARE NEEDED. THE REDUCED
PRICE FROM 2006 WAS DUE TO THE POOR CONDITION OF THE PROPERTY
AND THE NEGATIVE CHANGE IN MARKET CONDITIONS. THE CURRENT
ESTIMATED CONTRIBUTORY VALUE OF THE IMPROVEMENTS IS \$1,500,000.

CONFIRMED: DAN MURPHY

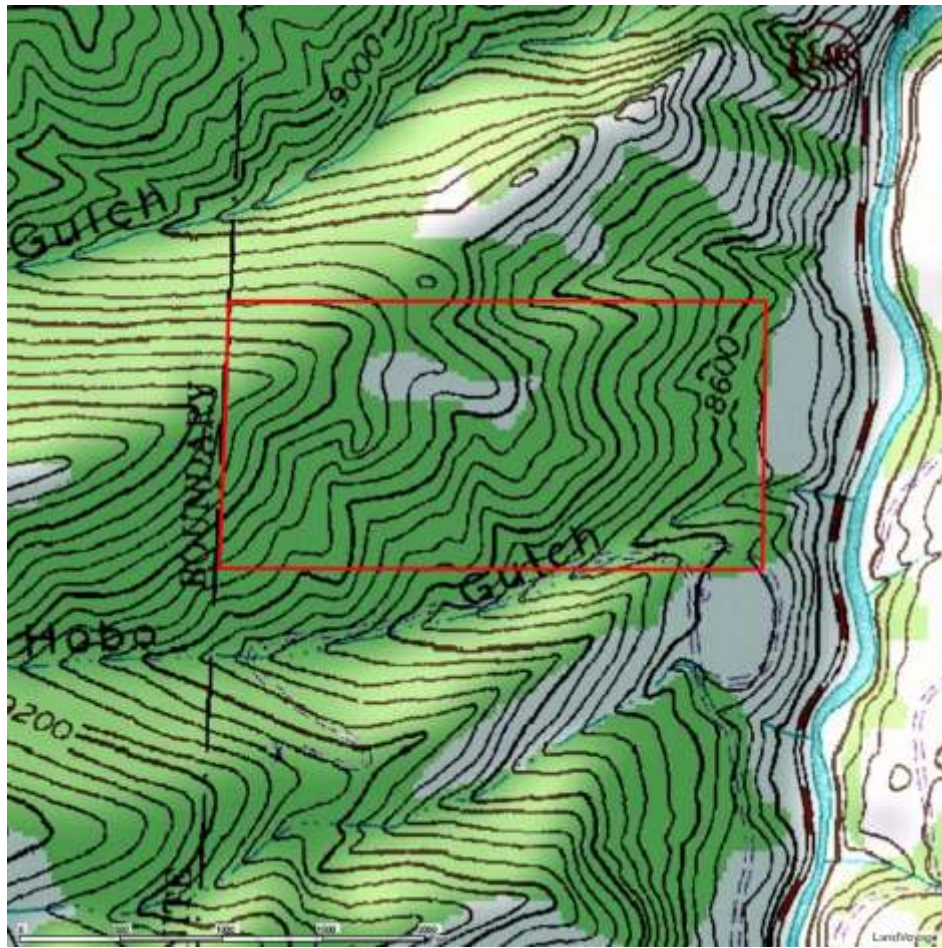
SALE NO. 7



LOCATION: 6.5 MILES NORTH OF LAKE CITY AND JUST WEST OF
HIGHWAY 149.
LEGAL: N $\frac{1}{2}$ SW $\frac{1}{4}$, LESS 5 ACRES. SECTION 26, T45N, R4W,
N.M.P.M., HINSDALE COUNTY
SALE DATE: JUNE 6, 2013
SALE PRICE: \$360,000
UNIT PRICES: \$4,800
GRANTOR: PRINCE
GRANTEE: BILDOR REAL ESTATE, LTD
RECORDING: 100203
SITE ANALYSIS:
SIZE: 75.00 ACRES
SHAPE: RECTANGULAR
TOPOGRAPHY: STEEP RAVINES, HILLTOPS AND MOUNTAINOUS
ZONING: AGRICULTURAL - HINSDALE COUNTY
UTILITIES: WELL, SEPTIC, ELECTRIC NEEDS TO BE EXTENDED
ACCESS: SEASONAL, HIGHWAY NO. 149 TO BLM
WATER FRONTAGE/RIGHTS: NONE
IMPROVEMENTS: VACANT
COMMENTS: DRY MOUNTAIN PARCEL COVERED WITH NATIVE GRASS AND
SOME PINE TREES. LIMITED SEASONAL ACCESS FROM PRIVATE ACCESS
THAT EXTENDS TO HIGHWAY 149 A FEW HUNDRED FEET TO THE EAST.
BACKS TO THE BLM. CLOSE TO BUT OFF THE ELECTRICAL GRID AT THIS
TIME. HILLSIDE PARCEL THAT OVERLOOKS THE LAKE FORK VALLEY.

THE PRICE WAS POSITIVELY INFLUENCED BY THE ASSEMBLAGE FACTOR.
THE GRANTEE HAS PURCHASED SEVERAL PARCELS IN HINSDALE COUNTY
WITHIN THE PAST YEAR.

CONFIRMED: DAN MURPHY



SALE NO.	SALE DATE	SITE SIZE	SITE VALUE PER ACRE	COMMENTS
1.	11/11/08	10.33	\$145,208	LAKE SAN CRISTOBAL PENINSULA. 3-SUBDIVIDED LOTS. SIGNIFICANT AMOUNT OF LAND IS LAKE BOTTOM.
2.	LISTING 05/11/11	29.00	\$48,276	LAKE FRONT AND DRY HILLSIDE. MOST OF THE SITE IS WEST OF THE COUNTY ROAD AND LAKE.
3.	10/04/13	849.00	\$3,180	MOUNTAIN HILLSIDE WITH LAKE FORK FRONTAGE. DOW EASEMENT FOR FISHING ACCESS.
4.	05/14/12	182.00	\$14,835 LAND PRICE	4 MILES SOUTH OF THE SUBJECT. IRRIGATED PASTURES AND 50 ACRES OF DRY HILLSIDE WITH LIMITED ACCESS. 168 ARES PLUS 3 LOTS. 1 MILE OF BOTH SIDES OF LAKE FORK RIVER.
5.	07/17/13	121.69	\$4,232	SEASONALLY ACCESSED SITE ON MILL CREEK. MOSTLY DRY RANGELAND WITH POCKETS OF TREES. NATIONAL FOREST ON 3 SIDES.
6.	04/16/13	747.82	\$2,407 LAND PRICE	5.5 MILES NORTH OF LAKE CITY. MOSTLY DRY RANGE WEST OF HIGHWAY. LAND & IMPROVEMENTS ARE IN POOR CONDITION. LAKE FORK RIVER FRONTAGE BUT LIMITED.
7.	06/06/13	75.00	\$4,800	DRY HILLSIDE ABOVE HIGHWAY 149. SEASONAL ACCESS & NO UTILITIES. BLM ACCESS. ASSEMBLAGE

The comparable data is analyzed and compared to the subject in the following paragraphs.

Conditions of Sale

All of the sales are typical arms-length transactions and no adjustments are warranted. Comparable 2 required a downward adjustment for not being consummated sales. Sale No. 3, 6 and 7 were purchased by the same Grantee for assemblage purposes. These sales are adjusted downward for this factor.

Cash Equivalency

There is no financing terms known of that affected the purchase prices for any of the sales.

Market Conditions

The Gunnison and Hinsdale Counties and most all of Western Colorado had a progressive market from 2000 through 2007. The market stabilized in 2008 and experienced a significant drop in demand and prices in 2009 and the start of 2010. In 2011, the market began to stabilize. In 2012 and 2013 there was an increase in the volume of sales, although the prices being paid are below the highs established in 2007 and 2008, but slightly higher than the distressed prices in 2009 and 2010.

The analysis of Comparable Sales and Listings with respect to time adjustments is as follows:

An Ohio Creek property in Gunnison County sold in May of 2006 for \$7,740 per acre. It resold as a bank owned property in March of 2011 for \$7,041 per acre. This property supports a 9.03 percent drop in prices from May of 2006 to March of 2011. However, at the same time that this property was put under contract, a full price offer was tendered for the property, which would have suggested a slight increase in prices over the same time period.

A mountain ranch located on the Alpine Road between Highway 149 and Highway 50 sold for a land price of \$3,000 per acre in September of 2006 and resold for \$3,722 per acre in May of 2011. This indicates a 24 percent increase from 2006 to 2011. On an annual compounded basis, this equates to 4.82 appreciation rate. Substantial residential improvements were constructed on the property between the two sales. The above appreciation estimate is after the estimated value of the improvements was allocated from the most recent sale price.

A mountain ranch also located on the Alpine Road sold as part of an 857.83-acre ranch in June of 2005 for \$1,781 per acre. 315.51 acres of that property resold in May of 2012 for \$1,724 per acre. This suggests no change in value from 2005 through 2012. However, after a land size adjustment, some change in value is indicated.

A large mountain ranch located south of Cimarron between Gunnison and Montrose sold in October of 2006 for \$3,099 per acre and resold in June of 2009 for \$2,465 per acre. This indicates a 20.45 percent negative change in value from 2006 through 2009. One confirmation of the sale indicated that the price change was due to market conditions, while a second confirmation suggests seller motivation for the lower price. Most likely, the change in value from 2006 through 2009 was a combination of factors.

Comparable Sale No. 3 was originally listed for sale for \$7,500,000, which was lowered to \$5,500,000. The final sale price in October of 2013 was \$2,700,000, which is significantly less than the anticipated value. However, because of the extended marketing time, it is apparent that the property was priced above the market. If it had been priced at a more reasonable level, it most likely would have had a much shorter marketing period.

Sale No. 6 sold in March of 2006 for \$4,600,000 and resold in April of 2013 for \$3,300,000. This suggests a 28.26 percent decrease in value over this 7-year period. However, according to the Realtor, part of the decrease in value was due to the poor condition of the land and improvements. Since the purchase in 2006, the land was unattended and became covered with weeds and the integrity of the irrigation ditches were compromised. The improvements were used sparingly and needed cleanup and updating. Consequently, the 28.26 percent decrease in prices from 2006 to 2013 is overstated.

Overall, market prices have decreased since the height of the market in 2007 and 2008. However, since 2012, the prices have stabilized. None of the sales, except Sale No. 1 required adjustment for the time of sale.

Sale No. 1 is not adjusted within this analysis because of its size and location. Therefore, it is not adjusted for time either.

Physical Features

The amount of irrigated land compared to dry land, water rights, the amount of stream frontage, topography, vegetation and improvements can all have an affect on the value of the property. Generally, irrigated land will sell for a higher per acre price than dry mountain grazing land. Stream front properties command higher prices than properties with no live water, if all other factors are similar. Sites with mature forests command higher prices than sagebrush covered sites or sites with large amounts of open rangeland. These items are addressed in the following discussion of each sale.

Size

Typically, smaller sites will sell for a higher acre price than larger parcels, if the functional utility is otherwise similar. Each sale is compared to the subject with respect to size. Some consideration is given for the 35-acre legal subdivision statute and the minor and major exemptions allowed in Garfield County.

Location

Generally, property values decrease in a concentric pattern extending outward from town centers. Properties located further from the core area generally command lower prices because they are further from domestic services, infrastructure and have limited road access.

However, this market characteristic is not always consistent because of certain physical features or certain neighborhoods that have created their own market. This is the case with some

of the sales found south of the subject at the headwaters of the Lake Fork. This pristine valley generally commands values higher than the surrounding valleys.

Water Rights

Some of the comparables have water rights; some have irrigated lands and some are dry grazing land. Each sale is compared to the subject regarding the types and amounts of water.

Water rights are considered an inherent part of the irrigated land and no attempt is made to isolate the value of the water. All of the sales are considered to have sufficient water rights to irrigate the associated irrigable acres. Adjustments for water rights are made under the physical characteristics adjustment section by the different types of land classifications.

Access

Some of the sales have year around access from maintained county roads. Some of the sales have seasonal access. There are two basic forms of seasonal access. Some seasonal access is because the roads are not plowed in the winter. This is considered good seasonal access. Most often, access to these parcels is possible about 8 to 10 months a year. The second type of seasonal access has to do with rough jeep access. Depending on the location of the property and adjacency of year around access, these parcels usually have a shorter access period. Also, it generally takes longer and is more difficult to get to these properties even in the dry summer months.

Properties with year around access typically command the highest market values, followed by parcels with good seasonal access and then by parcels with rough seasonal access.

The subject has good year around access.

Adjacency to National Forests

Generally, subject to the access issues presented above, an in-holding that is completely surrounded by the national forest commands a higher price than parcels with only two or three sides adjacent to public lands.

Utilities

Most of the comparables with limited access are also not located on an electrical grid and warrant upward adjustments.

All other utilities are typical of the area and include well water, septic systems and propane gas.

Summary of the Individual Sales

Sale No. 1 is included because it is a lake front property located a few miles north of the subject. Because of the size of this parcel and because it is comprised of three residential building sites, it is not adjusted to the subject. It is noted that the access to this parcel was by an easement over public land.

This sale provides for useful information regarding the value of water front lots. This property sold for \$1,500,000 or \$500,000 per lot. The lots ranged in size from 2 acres to 6.33 acres. Each lot included a significant amount of land under the lake, thus the functional building envelopes were much smaller.

This sale supports a price for the subject's three potential lots of at least \$500,000 per lot. Because the subject lots would be larger, with more usable land, they would have a value higher than \$500,000 per lot.

Sale No. 2, like Sale No. 1, is a small lakefront property. It is included to illustrate the anticipated prices for prime parcels with unique locations. This parcel and Sale No. 1 are unique in that they have actual lake frontage without common subdivision associations or restrictions.

This comparable is not adjusted to the subject.

Comparable No. 3 is located north of Lake City. It is comprised of a mountain property with frontage to the Lake Fork River. However, the river frontage is encumbered by a perpetual DOW Fishing Easement that provides public access.

This comparable is adjusted upward for land size and restrictions on the river. It is adjusted downward for the assemblage factor. This comparable is compared to the subject as follows:

SALE NO.	3
Sale Price	\$2,700,000
Sale Date	10/04/13
Conditions	-
Terms	=
ADJUSTED PRICE	-\$2,700,000
ADJUSTED PRICE/ACRE	-\$3,180
Other Adjustments	
Location	=
Size	+++
Irrigation/Water rights	=
Water features	++
Access	=
Improvements	=
Ground cover	=
Topography/wetlands, etc	=
TOTAL ADJUSTMENTS.	++++
ADJUSTMENT PRICE - PER ACRE	+\$3,180

This sale was adjusted upward for size and water features because the river is below grade with the developable portion of the site and because the river has a fishing access easement. After adjustments, this sale supports a price for the subject of significantly more than \$3,180 per acre.

Sale No. 4 is located a few miles south of the subject on the Lake Fork River. This is a comparable property with good irrigated fields, river frontage and market appeal. The overall location is inferior to the subject. The superior irrigated fields are offset by the dry hillsides with limited access.

This sales is compared to the subject as follows:

SALE NO.	4
Sale Price	\$2,700,000 Land price
Sale Date	05/14/12 =
Conditions	=
Terms	=
ADJUSTED LAND PRICE	\$2,700,000
ADJUSTED-PRICE/ACRE-LAND	\$14,835
Other Adjustments	
Location	+
Size	+
Irrigation/Water rights	-
Water features	=
Access	=
Improvements	Above
Ground cover	=
Topography	+/-
TOTAL OTHER ADJUSTMENTS.	+
ADJUSTMENT PRICE - PER ACRE	+14,835

After adjustments, this sale supports a price for the subject of slightly more than \$14,835 acre.

Sale No. 5 is a semi-secluded, semi-in-holding, located on the north side of Slumgullion Pass. This parcel includes flat native pastures, a little bit of irrigation and stream frontage. This sale is adjusted upward for the location, utilities, and quality of the creek frontage.

SALE NO.	5
Sale Price	\$515,000
Sale Date	07/17/13
Conditions	=
Terms	=
ADJUSTED LAND PRICE	\$515,000
ADJUSTED-PRICE/ACRE-LAND	\$4,232
Other Adjustments	
Location	+++
Size	=
Irrigation/Water rights	-
Water features	++
Access	++
Improvements/electric	+
Ground cover	=
In-holding	-
Topography	-
TOTAL ADJUSTMENTS.	+++++
ADJUSTMENT PRICE - PER ACRE	+\$4,232

After adjustments, this sale supports a price for the subject of significantly more than \$4,232 per acre because of the location, access, utilities, and stream frontage.

Sale No. 6 is a recent sale of land with Lake Fork River frontage, although the river frontage has a small influence on the overall property. This sale is primarily a mountain ranch with irrigated pastures, although the pastures and irrigation systems are in a state of disrepair.

This comparable is adjusted upward for the size, river frontage, and the physical condition. It is adjusted downward for water rights and the assemblage factor.

This comparable is compared to the subject as follows:

SALE NO.	6
Sale Price	\$1,800,000 Land price
Sale Date	04/16/13
Conditions	-
Terms	=
ADJUSTED LAND PRICE	-\$1,800,000
ADJUSTED-PRICE/ACRE-LAND	-\$2,407
Other Adjustments	
Location	=
Size	+++
Irrigation/Water rights	+
Water features	++
Access	=
Improvements	Above
Ground cover	=
Other	=
TOTAL ADJUSTMENTS	++++
ADJUSTMENT PRICE - PER ACRE	+\$2,407

After adjustments, this sale supports a price of significantly more than \$2,407 per acre for the subject.

Sale No. 7 is a recent sale located a few miles north of Lake City. This is a dry mountain parcel with limited access. It has no water rights or features. This sale is adjusted downward for the smaller size and assemblage factor and upward for the access, utilities and river frontage.

This sale is compared to the subject as follows:

SALE NO.	7
Sale Price	\$360,000
Sale Date	06/06/13
Conditions	-
Terms	=
ADJUSTED LAND PRICE	-\$360,000
ADJUSTED-PRICE/ACRE-LAND	-\$4,800
Other Adjustments	
Location	=
Size	--
Irrigation/Water rights	=
Water features	+++
Access	++
Improvements	=
Ground cover	=
Topography	=
TOTAL OTHER ADJUSTMENTS.	++
ADJUSTMENT PRICE - PER ACRE	+\$4,800

After adjustments, this sale supports a price for the subject of more than \$4,800 per acre.

Summary and Final Value Conclusion

The subject property is a unique parcel with good river frontage but a high amount of wetlands and bottomlands. Comparing the Subject to Sale No. 4, which has a fair amount of wetlands, bottomland and unusable hillside, suggests that the value of the river frontage more than compensates for lack of usable uplands.

The topographical issue is also addressed by Sale No. 7. This parcel has limited usable land due to the ravines, access and overall topography. However, because it has sufficient amount of developable land for a couple of house sites, the price was not substantially discounted.

Sales 4 and 7 support the analysis that density transfer is considered with respect to the price of real estate. It also supports the conclusion that fishable water frontage in Colorado overrides many other topographical issues. This is supported by property sales in most drainages of Western Colorado.

The Subject Property consists of 115.904 acres river front land with uplands that overlook Lake San Cristobal and the surrounding mountains. The most similar comparable with respect

to size, river frontage, and location is Sale No. 4. After adjustments, this sale supports a price for the subject of slightly more than \$14,835 per acre.

Even though the subject has a high percentage of bottomland, the combination of the access, location, creek frontage and views override any negative impact caused by the floodplain/wetlands.

In conclusion, the subject property commands a value at the high end of the adjusted range of prices because of its water frontage and unique location. A unit value of \$15,000 per acre is concluded for the subject property. Applying \$15,000 per acre to the subject's 115.904 acres indicates a present market value of \$1,738,560, rounded to:

**MARKET VALUE AS UNENCUMBERED
ONE MILLION SEVEN HUNDRED FORTY THOUSAND DOLLARS
(\$1,740,000.00)

THE PROPOSED 2013 CONSERVATION EASEMENT AND ACCESS EASEMENT
Proposed Conservation Easement

A copy of the Draft Deed of Conservation Easement is included in the addendum of this report. The Conservation Easement will encumber the entire 115.904 acres of the Larger Parcel. The Grantor of the easement will be the Plauché Properties, LLC. The Grantee will be Colorado Open Lands.

The easement will extinguish all development rights associated with the subject property except for one (1) 3-acre embedded Building Envelope. The Building Envelope, the location and configuration of which are illustrated on Exhibit B, within draft Deed of Conservation Easement, allows for the existing residential house. The building enveloped encompasses the existing residential improvements. Two agricultural buildings will be allowed on the site.

No subdivision of the property is allowed; thus, it will always remain as one 115.904-acre parcel.

The Conservation Easement will encumber the property into Perpetuity.

The restrictions include controls or limitation on roads, utilities, water and other site development or uses. Prohibited uses include concentrated animal feeding, clearing or conversion of native rangeland or habitat to create new pastures or cropland outside of Activity Areas, fish hatcheries, cultivated crops, commercial horse boarding and various other uses.

Mining is prohibited, except where mineral rights are owned or leased by a third party. Grantor may not separate or transfer any portion of the Grantor's portion of the mineral rights from the Property nor engage in, lease or otherwise permit the development of mineral rights on or under the Property.

There are no water rights appurtenant to the subject property, so no water rights will be conserved.

Public access is not allowed (subject to the CPW Access Easement described below).

All of the development rights not specifically retained will be extinguished and cannot be sold or transferred to any other person or property.

The easement does not allow any commercial and industrial uses. Recreational and limited agricultural uses can be used on the

site, but outside of the building envelope. Any use of the property cannot negatively impact the conservation values of the property.

No use is allowed on the site that will jeopardize the conservation values of the property including the appurtenant water, the river bottom and wetlands. Colorado Open Lands has the right to enter on the property to monitor the conservation values. Colorado Open Lands also has the right to provide input on any allowed uses, including the development within the Building Envelope.

CPW - Fishing Access Easement

The proposed Access Easement (AE) in favor of the State of Colorado acting by and through the Department of Natural Resources, for the use and benefit of the Division of Parks and Wildlife (CPW) and the Parks and Wildlife Commission, will allow, in perpetuity, public access along and within the Lake Fork of the Gunnison River. Access will be allowed on both sides of the river up to but not exceeding 20 feet above the high water line.

Only fly-fishing with artificial flies is is allowed. No lures or bate fishing is allowed.

A copy of the draft proposed Fishing Access Easement (AE) is included in the addendum of this report.

Fishing access is limited to pedestrian foot traffic. No motorized vehicles are allowed. No camping or domestic animals are allowed. Hunting is not allowed.

Prohibited uses include any use that will negatively affect the conservation values of the property.

HIGHEST AND BEST USE AS ENCUMBERED

The Conservation Easement will eliminate two-thirds of the subject's gross development potential. Before the easement, the subject could have been developed as three free-standing house sites, each with 35 acres or more. Because of the topography, the development most likely would have incorporated portions of the uplands for the building footprint with the river frontage. This would maximize the functional utility of the site.

The highest and best use of the encumbered area is dictated by the restrictions within the Conservation Easement; One 115.904-acre non-subdividable parcel with one 3-acre residential building envelope that allows one residential improvement.

The encumbered land can be used for agricultural and recreational uses, but cannot be used industrially or for surface mining. No use within the conserved area that has a negative impact on the conservation values of the property can be employed on the site.

Before the Conservation Easement, the subject 115 acres had the legal right to be subdivided into three 35-acre standalone house sites. Without any other considerations, the affected 115 acres will lose 66.67 percent of its gross development potential.

Affects on Highest and Best Use Due To the Access Easement

The Access Easement will not have any additional effects on the development potential of the conserved area. However, the Access Easement will affect the marketability of the property due to a loss of privacy, the loss of private fishing, and the loss in the ability to lease the fishing rights. Riverfront and mountain properties are purchased for recreation, including fishing, hunting, house sites, and personal enjoyment of the seclusions and serenity. Allowing anglers access to the property affects all of these factors.

Therefore, even though the Access Easement does not change the Highest and Best Use of the property, it affects a part of the fee simple interest, marketability and that part of the recreational value that is part of the Highest and Best Use.

MARKET VALUE AS IF ENCUMBERED BY THE 2013 CONSERVATION EASEMENT

To value of the subject property as proposed to be encumbered, sales of encumbered properties have been researched. Those sales most significant to this analysis are summarized as follows:

CONSERVATION EASEMENT NO. 1A - GATELY TO VARRA

LOCATION: SOUTH OF HIGHWAY NO. 50, APPROXIMATELY 3 MILES
EAST OF GUNNISON. SOUTH AND EAST OF SIGNAL PEAK
INDUSTRIAL PARK

SALE DATE: MARCH 15, 2004

SALE PRICE: \$1,500,000 FINANCING: CASH TO SELLER

PRICE/ACRE. \$4,185 PER ACRE - OVERALL AVERAGE - SEE BELOW

GRANTOR: THE 1997 GATELY LIVING TRUST

GRANTEE: PASQUALE & JACQUELINE VARRA

RECORDING: 539825

SITE DESCRIPTION:

SIZE: 358.446 ACRES BASED ON DEED PLOTTER

TOPOGRAPHY: MEADOW/HAY GROUND ALONG TOMICHI CREEK WITH
SOME DRY ROLLING SAGEBRUSH HILLSIDES

USE: 40 ACRES ARE AN EXISTING AND OPERATING
GRAVEL PIT, APPROXIMATELY 214 ACRES OF
IRRIGATED HAY AND PASTURE AND 104 ACRES OF
DRY SAGEBRUSH GRAZING.

GROUND COVER: NATIVE AND DOMESTIC GRASS, SAGEBRUSH AND
RIPARIAN VEGETATION

ACCESS: HIGHWAY NO. 50 TO ACCESS EASEMENT THROUGH
SIGNAL PEAK INDUSTRIAL PARK (WEST ACCESS)
AND 50 FOOT EASEMENT THROUGH SIGNAL PEAK
FILING NO. 2 (EAST ACCESS). NO KNOWN
RESTRICTIONS ON EITHER ACCESS EASEMENTS.

WATER FRONTAGE: TOMICHI CREEK - OFF AND ON THE SITE - A
LITTLE OVER ONE-QUARTER MILE TOTAL.
PONDS LEFT FROM PAST GRAVEL OPERATIONS 3.5
ACRES +-

UTILITIES: ELECTRIC, TELEPHONE WELL & SEPTIC

WATER RIGHTS: GRIFFIN NO. 1 DITCH, GRIFFIN NO. 2 DITCH,
McCANNE NO. 3 DITCH, McCANNE NO. 2 DITCH AND
THE SEAHORSE POND.

IMPROVEMENTS: HOUSE, YOC. 1997, 2,276 SQ. FT. WITH 4 BEDROOM,
2.5 BATHS, 848 SQ. FT. BASEMENT GARAGE. FRAME CONSTRUCTION. GOOD
QUALITY STABLE/BARN - 1,728 SQ. FT. YOC. 1997 METAL
CONSTRUCTION, GOOD QUALITY. 2 LOAFING SHEDS, AND MISCELLANEOUS
AG IMPROVEMENTS.

COMMENTS: THIS PROPERTY WAS PURCHASED IN ASSOCIATION WITH THE
CONCRETE BATCH PLANT OPERATION LOCATED IN SIGNAL PEAK
INDUSTRIAL PARK. THIS SITE INCLUDES AN OPERATING 40 ACRE GRAVEL

SITE USED IN CONJUNCTION WITH THE BATCH PLANT. THE SITE NORTH OF THIS PARCEL WAS ALSO PURCHASED BY VARA FOR THE GRAVEL.

EASEMENT DESCRIPTION: COLORADO CATTLEMAN'S AGRICULTURAL LAND TRUST. 320 ACRES ARE ENCUMBERED (DOES NOT INCLUDE THE OPERATING GRAVEL SITE). NO SUBDIVISION OR ADDITIONAL RESIDENTIAL IMPROVEMENTS. ALLOWS ADDITIONAL AGRICULTURAL IMPROVEMENTS. ONE 30-ACRE EMBEDDED BUILDING ENVELOPE ON DRY LAND.

COMPARISON SALES: 1) TOMICHI CREEK RANCH PARCEL LOCATED JUST WEST OF THIS PARCEL. 383.28 ACRES FOR \$2,012,300 OR \$5,250 PER ACRE. OLDER IMPROVEMENTS WORTH APPROXIMATELY \$125,000. LAND VALUE = \$4,924 PER ACRE. ASSEMBLAGE.

2) EAST OF GUNNISON AIRPORT AND WEST OF BRATTON RESIDENCE, WEST OF THIS PARCEL. TOMICHI CREEK BOTTOM LAND PURCHASED FOR BLUE MESA RESERVOIR MITIGATION. \$2,500,000 FOR 458.68 ACRES, OR \$5,450 PER ACRE. ALL BOTTOM LAND WITH CREEK FRONTAGE. VACANT. WATER RIGHTS. 5 YEAR CASH PAYOUT BY THE BUREAU OF RECLAMATION.

SALE BREAKDOWN:

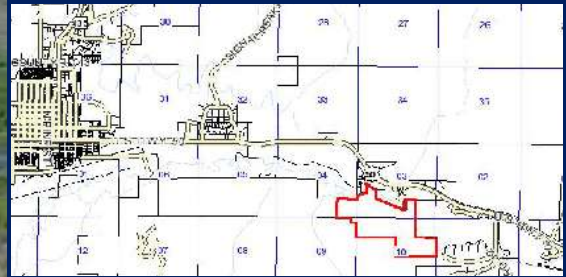
40 ACRE GRAVEL PIT	\$400,000 NOT CONFIRMED
IMPROVEMENTS	\$225,000 NOT CONFIRMED
ENCUMBERED LAND	\$875,000 OR \$2,748 PER ACRE

BASED ON 318.446 ACRES OF CONSERVED LAND.

UNIT VALUES ESTIMATED - NOT CONFIRMED

DIMINUTION IN VALUE: 50 PERCENT

CONSERVATION EASEMENT NO. 1B - VARRA TO YOUMANS



LOCATION: SOUTH OF HIGHWAY 50, APPROXIMATELY 3 MILES EAST OF GUNNISON AND SOUTH OF SIGNAL PEAK INDUSTRIAL PARK.

LEGAL DESCRIPTION: PARTS OF SECTIONS 3, 4 & 10, T49N, R1E, NMPM
SCHEDULE NUMBERS: 3789-000-00-054

SALE DATE: JUNE 2, 2010

SALE PRICE: \$1,200,000

PRICE/ACRE: \$3,742 INCLUDING IMPROVEMENTS

LAND PRICE: \$2,806 PER ACRE

GRANTOR: PASQUALE VARRA

GRANTEE: PATRICK YOUMANS

RECORDING: 598835

SITE DESCRIPTION:

SIZE: 320.728 ACRES

TOPOGRAPHY: GENERALLY FLAT WITH A GENTLE SLOPE TO SLOPING NATIVE HILLSIDE.

USE: FARMSTEAD, IRRIGATED HAY, GRAZING AND GRAVEL

GROUND COVER: HAY GRASS, PASTURE & CREEK BOTTOM RIPARIAN, & SAGEBRUSH.

ACCESS: 3 ACCESS POINTS. 2 ACCESS ROAD EASEMENTS FROM HIGHWAY 50 THROUGH SIGNAL PEAK INDUSTRIAL PARK. 1 EASEMENT THROUGH PROPERTY TO THE NORTH.

WATER FRONTAGE: SLIGHTLY MORE THAT ONE-HALF MILE OF TOMICHI CREEK WHICH MEANDERS IN AND OUT OF THE SITE.

UTILITIES: ELECTRIC, TELEPHONE, WELL & SEPTIC

WATER RIGHTS: YES

IMPROVEMENTS: HOUSE-YOC. 1997, 2,276 SF., WITH BASEMENT GARAGE, 1,728 SF. STABLE AND BARN, SHEDS AND OUTBUILDINGS.

COMMENTS: 215 ACRES IRRIGATED HAY GRASS, PASTURE AND MEADOW WITH BALANCE IN DRY GRAZE. IMPROVEMENTS HAVE A VALUE OF APPROXIMATELY \$300,000.

EASEMENT DESCRIPTION: COLORADO CATTLEMEN'S AGRICULTURAL LAND TRUST. ALLOWS 1 HOUSE WITHIN 320 ACRES. NO SUBDIVISION.

VALUE ANALYSIS - UNENCUMBERED SALES

ESTIMATED MARKET VALUE ENCUMBERED - \$6,500 PER ACRE.

$\$2,806/\$6,500 = 43.17\% - 1 = 56.83\%$ LOSS IN VALUE

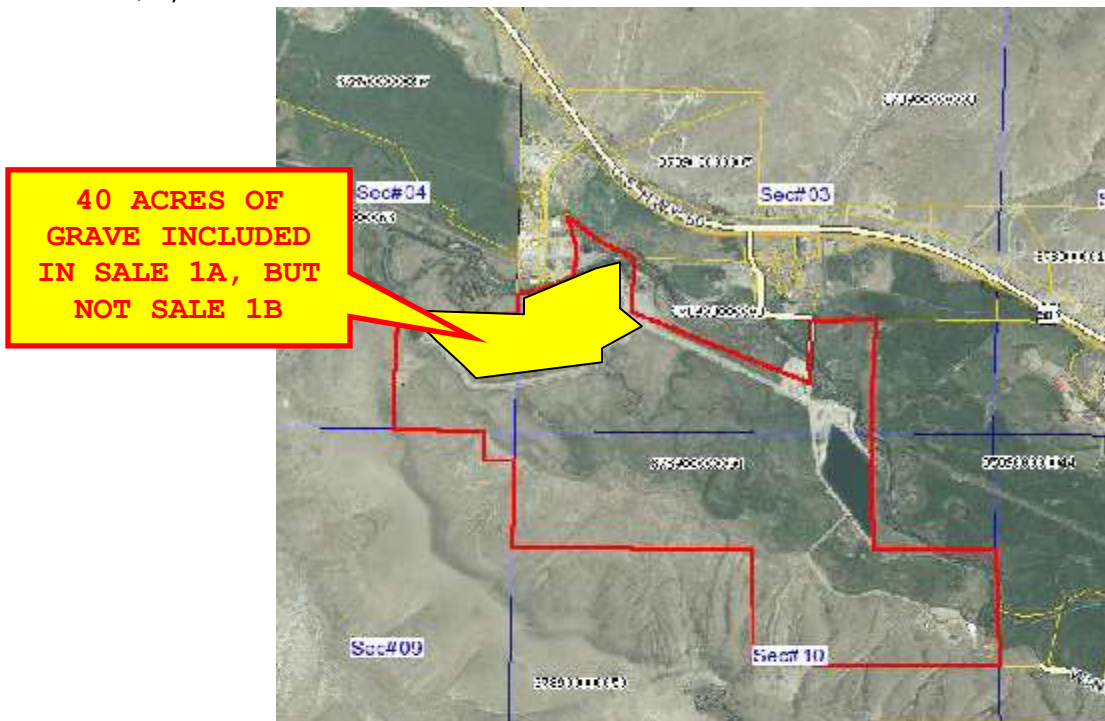
\$6,500/ACRE FOR THIS SALE BECAUSE IT IS LOCATED NEXT TO AN INDUSTRIAL PARK AND GRAVEL PITS.

COMPARABLE LAND SALE - GUNNISON VALLEY PARTNERS TO CDOW.

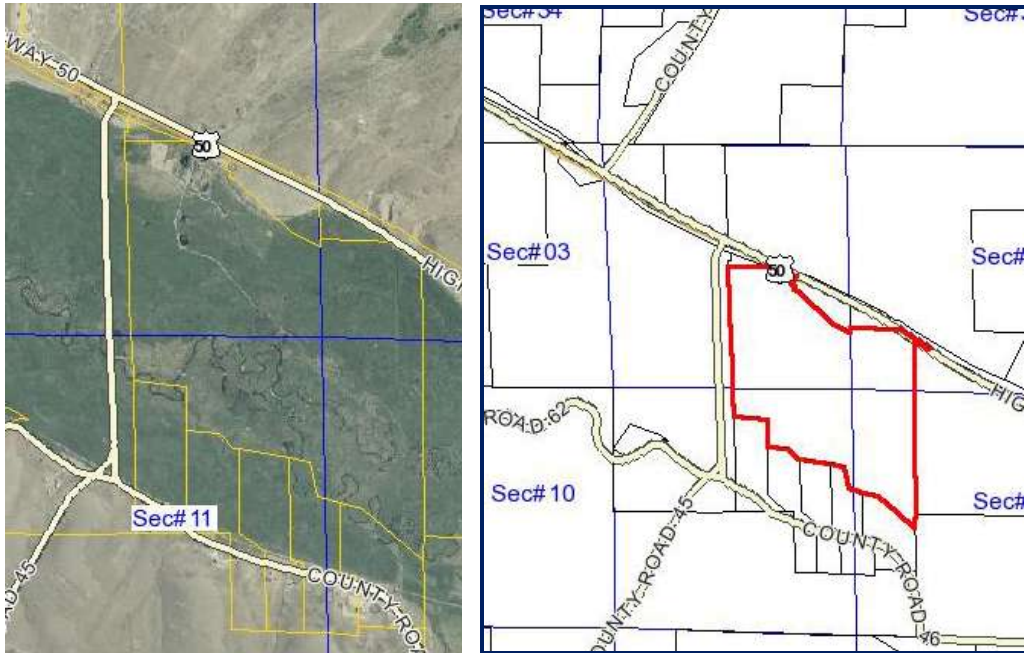
11/30/09, 209.83 ACRES FOR \$1,548,228 OR \$7,369 PER ACRE.

APPRAISED AT \$10,500 PER ACRE. BARGAIN SALE.

THIS PROPERTY PREVIOUSLY SOLD AS A 360.728 PARCEL FOR \$1,500,000 OR \$4,158 PER ACRE. EXCLUDING THE 40-ACRES OF GRAVEL LAND AND THE VALUE OF THE IMPROVEMENTS, THIS SALE INDICATES A UNIT PRICE OF \$2,748 PER ACRE.



CONSERVATION EASEMENT SALE NO. 2



LOCATION: SOUTHEAST QUADRANT OF U. S. HIGHWAY NO. 50 AND
DOYLEVILLE COUNTY ROAD NO. 45

SCHEDULE NUMBER: 3969-000-00-052

SALE DATE: DECEMBER 21, 2007

SALE PRICE: \$1,100,000 PRICE PER ACRE: \$3,175

GRANTOR: TAD PUCKETT LAND PRICE/AC.: \$2,598

GRANTEE: TEM PROPERTIES

RECORDING: 581231

SITE DESCRIPTION:

SIZE: 346.45 ACRES

TOPOGRAPHY: GENTLY SLOPING TO TOMICHI CREEK

USE: IRRIGATED HAY, IRRIGATED PASTURE, GRAZING
AND FARMSTEAD.

GROUND COVER: HAY GRASS, NATIVE IRRIGATED PASTURE, GRAZING
AND FARMSTEAD

ACCESS: HIGHWAY NO. 50

WATER FRONTAGE: TOMICHI CREEK $\frac{3}{4}$ OF MILE

UTILITIES: ELECTRIC, TELEPHONE, WELL & SEPTIC IN USE

IMPROVEMENTS: HOUSE, YOC. 1901, UPDATED. 1,484 SF, 2 BARNs,
EQUIPMENT SHEDS, CORRALS AND MISCELLANEOUS AGRICULTURAL
IMPROVEMENTS. (\$200,000 CONTRIBUTORY VALUE)

COMMENTS: TOMICHI CREEK BOTTOM LAND. LAND HAD BEEN USED FOR
RAISING EXOTIC ANIMALS. THE HOUSE HAD BEEN EXTENSIVELY
RENOVATED. GOOD AGRICULTURAL IMPROVEMENTS AND IMPROVEMENTS FOR
EXOTIC RANCH.

WATER RIGHTS: YES, ALMOST ALL IRRIGATED

EASEMENT DESCRIPTION: ENCUMBERS THE ENTIRE RANCH. ALLOWS FOR

THE EXISTING SINGLE FAMILY RESIDENCE. NO OTHER RESIDENTIAL DEVELOPMENT. AGRICULTURAL AND RECREATIONAL USES ALLOWED. NO SUBDIVISION.

PERCENT LOSS IN VALUE = 54.81% WITH 1 HOUSE & AG BUILDINGS.
COMPARABLE UNENCUMBERED LAND SALES:

- 1- 09/10/07 WATSON/DOUBLE HEART - 600 ACRES, \$2,375/AC. LAND VALUE. 33% IRRIGATED.
- 2- 04/16/04 MINERICH/GARFIELD INV. - 383.28 ACRES, \$4,925/AC. LAND VALUE. 325 ACRES IRRIGATED
- 3- 12/19/03 GARFIELD INV./BUREAU OF RECLAMATION. 458.68 ACRES \$5,450/AC LAND VALUE. ALL IRRIGATED. SALE PRICE BASED ON BUR. OF REC. APPRAISAL.
- 4- 03/23/06 O'CONNOR/OLIVE - 4,400 ACRE - \$2,590/ACRE LAND PRICE. 41% IRRIGATED. TOMICHI CREEK.

SALES 2 & 3 REQUIRE UPWARD ADJUSTMENTS FOR APPRECIATION SINCE THE DATE OF THEIR SALES, WHICH INCREASES THERE INDICATED PRICES TO MORE THAN THEIR ORIGINAL INDICATED SALE PRICES.

ESTIMATED UNENCUMBERED LAND VALUE = \$5,750 PER ACRE. SOLD PRICE-ENCUMBERED LAND = \$2,598 PER ACRE.



CONSERVATION EASEMENT NO. 3 - PHELPS TO WENMAN



LOCATION: WEST OF HIGHWAY 50 AT PARLIN, GUNNISON
COUNTY. 51310 HIGHWAY 50 EAST.

SALE DATE: JULY 19, 2010

SALE PRICE: \$700,000

FINANCING: CASH, BUYER HAD JUST SOLD RANCH ON OHIO
CREEK AND NEEDED TO RE-INVEST PROCEEDS.

PRICE/ACRE: \$6,890 PER ACRE INCLUDING IMPROVEMENTS

PRICE/ACRE: \$4,036 PER ACRE LAND ONLY

GRANTOR: DUANE AND DONNA PHELPS

GRANTEE: JOAN WENMAN

RECORDING: 599557

SITE DESCRIPTION:

SIZE: 101.59 ACRES

TOPOGRAPHY: FLAT MEADOW & HAY GROUND, TOMICHI CREEK.

USE: FARMSTEAD AND IRRIGATED HAY. BALANCE IS
CREEK FRONT RIPARIAN.

GROUND COVER: HAY GRASS, PASTURE & RIVER BOTTOM

ACCESS: US HIGHWAY 50

WATER FRONTAGE: OVER ¼ MILE OF BOTH SIDES TOMICHI CREEK

UTILITIES: ELECTRIC, TELEPHONE, WELL & SEPTIC

WATER RIGHTS: PARLIN #1 - 1.12 CFS, PARLIN #1 SECOND -
2.08 CFS, PARLIN #2 1.28 CFS, & PARLIN
#2 SECOND 5.32 CFS.

IMPROVEMENTS: SINGLE FAMILY RESIDENCE, YOC. 1966, 2,341 SF.
TWO CAR ATTACHED GARAGE, 960 SF LOAFING SHED, 252 SF. LOAFING
SHED, 2 UTILITY SHEDS, 800 SF. BARN, AND MISCELLANEOUS

AGRICULTURAL IMPROVEMENTS.

COMMENTS: GRANTEE PURCHASED AFTER SELLING AN UNENCUMBERED RANCH. THIS PURCHASE WAS PARTLY TO OFFSET CAPITAL GAIN TAXES. MOSTLY IRRIGATED CREEK FRONT RANCH. IMPROVEMENTS HAVE AN ESTIMATED CONTRIBUTORY VALUE OF \$290,000 BASED ON ASSESSOR'S RECORDS.

EASEMENT DESCRIPTION: COLORADO CATTLEMEN'S AGRICULTURAL LAND TRUST. 1 BUILDING ENVELOPE THAT ALLOWS 2 HOUSES AND AG-BUILDINGS. NO SUBDIVISION OR DENSITY TRANSFER.

EASEMENT VALUE = 59.65 PERCENT LOSS IN VALUE.
($\$4,036/\$10,000/\text{ac.} = 40.36\% - 1 = 59.64\% \text{ LOSS}$)

VALUE ANALYSIS - UNENCUMBERED SALES
IN 2009, AN IRRIGATED, 209.83 TOMICHI CREEK PARCEL WAS SOLD 8 MILES WEST OF THIS PARCEL FOR \$7,369 PER ACRE. BARGAIN SALE-YELLOW BOOK APPRAISAL @ \$10,500 PER ACRE. SELLER GUNNISON VALLEY PARTNERS/BUYER CDOW. ADJUSTED TO SUBJECT @ \$10,000 PER ACRE.



CONSERVATION EASEMENT NO. 4 - PRINGLE TO DOUBLE HEART RANCH



LOCATION: BOTH SIDES OF COUNTY ROAD 887 AND NORTH SIDE
OF HIGHWAY 50, NORTHWEST OF DOYLEVILLE.
CR. 887 = WAUNITA HOT SPRINGS ROAD, 16 MILES
EAST OF GUNNISON

LEGAL DESCRIPTION: PARTS OF SECTIONS 25, 26, 34 & 35, T49N,
R3E, & PART OF SECTIONS 2 & 3, T48N, R3E, NMPM.

SCHEDULE NUMBERS: 3793-000-00-042 = 190.82 ACRES WEST OF CR.
3703-000-00-028 = 629.79 ACRES EAST OF CR.
3795-000-00-017 = 72.00 ACRES NORTH PARCEL

SALE DATE: NOVEMBER 19, 2010

SALE PRICE: \$1,545,000 FINANCING: CASH

PRICE/ACRE: \$1,615 INCLUDING IMPROVEMENTS

LAND PRICE: \$1,485 PER ACRE

GRANTOR: WAUNITA RANCH SOUTH CORP

GRANTEE: DOUBLE HEART RANCH

RECORDING: 602058

SITE DESCRIPTION:

SIZE: 956.47 ACRES ACCORDING TO REALTOR
(892.61 acres - County Assessor)

TOPOGRAPHY: WEST PARCEL 190 acres +- DRY ROLLING
HILLSIDE
EAST PARCEL - IRRIGATED PASTURE AND DRY
HILLSIDE. NORTH PARCEL - SOME NATURAL
IRRIGATION NORTH OF CR. AND ALONG HOT
SPRINGS CREEK, DRY NATIVE RANGE WITH SOUTH
TREES SOUTH OF THE CR. AND ON THE SIDE OF
TOMICHI DOME.

USE: FARMSTEAD, IRRIGATED HAY AND GRAZING
GROUND COVER: HAY GRASS, PASTURE & RIVER BOTTOM RIPARIAN,
SAGEBRUSH, AND SPRUCE/FIR TREES.
ACCESS: US HIGHWAY 50 AND COUNTY ROAD 887, YEAR
AROUND
WATER FRONTAGE: NORTH PARCEL - ¼-MILE, BOTH SIDES OF HOT
SPRINGS CREEK.
EAST PARCEL - 1.5 MILES OF BOTH SIDES OF HOT
SPRINGS CREEK.
WEST PARCEL - NONE.
UTILITIES: ELECTRIC, TELEPHONE, WELL & SEPTIC
WATER RIGHTS: WELL PERMIT NO. 281876
ALL INTEREST IN HOT SPRINGS DITCH NO. 1 & 2,
.8 CFS PRIORITY #47. ALL INTEREST IN HOT
SPRINGS DITCH NO. 2, 2.2 CFS, PRIORITY
#103. ALL INTEREST IN MCDONALD-BERDEL
EXTENSION, 1 CFS IN PRIORITY NO. 129. ALL
INTEREST IN WICK-POWER DITCH, 1.2 CFS,
PRIORITY 57. ALL INTEREST IN GREATHOUSE NO.
290 DITCH, 6 CFS PRIORITY NO. 358.
ALL UNDIVIDED WATERS BY 441 OF 450 SHARES
IN HOT SPRINGS RESERVOIR.
IMPROVEMENTS: HOUSE-YOC. 1881, REMODELED. 1,688 SF.
SHEDS, BARNs AND AGRICULTURAL OUTBUILDINGS.

COMMENTS: OVER 525 ACRES IRRIGATED. IMPROVEMENTS HAVE A MINOR
CONTRIBUTORY VALUE TO THE PROPERTY. ASSESSOR ESTIMATES
IMPROVEMENT VALUE AT \$125,000.

PURCHASED AS AN ASSEMBLAGE TO THE DOUBLE HEART RANCHES.

NOTE: EASEMENT DEED STATES 832 ACRES. ADDING THE 40-ACRE AND
72-ACRE UNENCUMBERED PARCELS INDICATES A TOTAL ACREAGE OF 944
ACRES.

EASEMENT DESCRIPTION: COLORADO DIVISION OF WILDLIFE. 832 ACRES
ARE ENCUMBERED AND ALLOW FOR THE EXISTING HOUSE, BUT NO
ADDITIONAL RESIDENTIAL BUILDING ENVELOPES. NO SUBDIVISION OF
THE 834 ACRES IS ALLOWED. THE UNENCUMBERED 40 AND 72-ACRE
PARCELS ARE UNAFFECTED BY THE EASEMENT. THE 40-ACRE SITE IS
LOCATED WEST OF THE COUNTY ROAD AND NORTH OF THE HIGHWAY ON THE
DRY HILLSIDE. THE 72-ACRE PARCEL IS LOCATED SEVERAL MILES NORTH
OF THE MAIN PARCEL.

THE EASEMENT ALSO INCLUDES A 0.43-ACRE WILDLIFE/SAGE GROUSE
VIEWING AREA ALONG THE COUNTY ROAD.

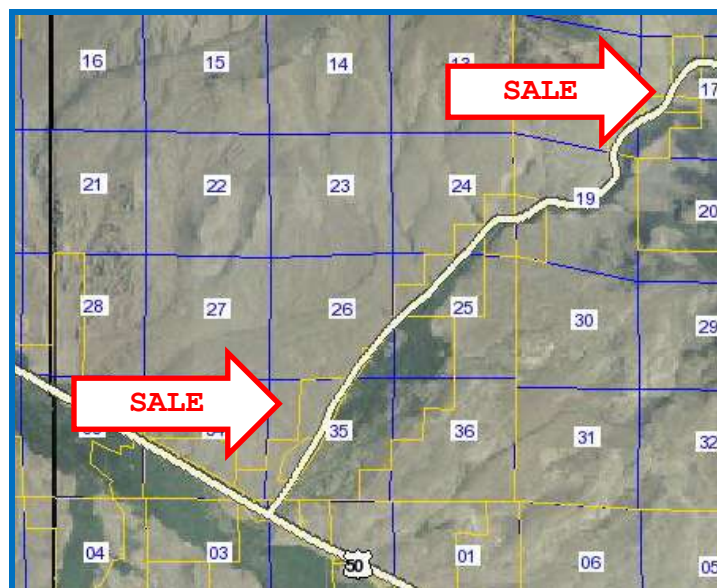
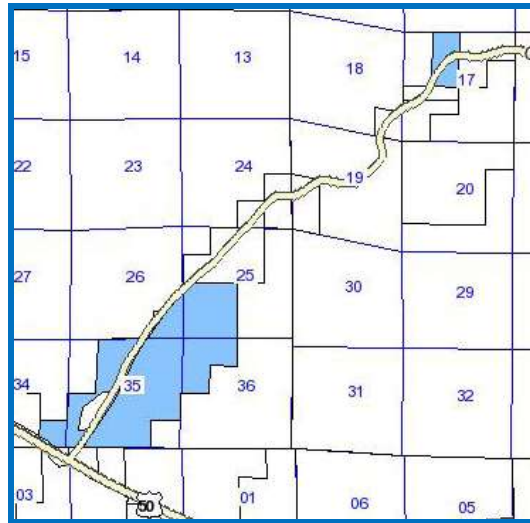
SALE PRICE:	\$1,545,000
IMPROVEMENTS	\$ 125,000
LAND VALUE	\$1,420,000

VALUE OF 956.47 ACRES AS PARTIALLY ENCUMBERED = \$1,420,000 OR
\$1,485 ACRE.

VALUE ANALYSIS - UNENCUMBERED SALES
ESTIMATED MARKET VALUE UNENCUMBERED \$2,750 PER ACRE.

$\$1,485 / \$2,750 = 54.00\% - 1 = 46.00\%$ LOSS IN VALUE

WATSON SOLD TO DOUBLE HEART - 600 ACRES OF DRY AND IRRIGATED
LAND FOR \$2,375 PER ACRE. ADJUSTING THE UNIT PRICE DOWNWARD FOR
SIZE, BUT UPWARD FOR IRRIGATION INDICATES AN ADJUSTED PRICE OF
\$2,750 PER ACRE.



CONSERVATION EASEMENT NO. 5 - COLE TO PETERSON/RED HOUSE



LOCATION: BOTH SIDES OF COUNTY ROAD 62, APPROXIMATELY
2.5 MILES SOUTHWEST OF HIGHWAY 50 AND CR. 45
(DOYLEVILLE) INTERSECTION.

LEGAL DESCRIPTION: PARTS OF SECTIONS 8, 9 & 10, T48N, R3E, NMPM

SCHEDULE NUMBERS: 3969-000-00-039

SALE DATE: AUGUST 31, 2010

SALE PRICE: \$793,000 FINANCING: SELLER CARRY

PLUS: PREPAID LEASE \$51,000 \$654,000, ANNUAL PAYMENTS

ADJUSTED PRICE \$844,000 UNTIL, 2015. \$51,000 IN

LEASE PAYMENTS CREDITED

TOWARDS PURCHASE PRICE.

PRICE/ACRE: \$1,241 INCLUDING IMPROVEMENTS

LAND PRICE/ACRE: \$1,168

GRANTOR: JUNIOR AND RUBY COLE

GRANTEE: RED HOUSE RANCH, LLC

RECORDING: 600492

SITE DESCRIPTION:

SIZE: 680.00 ACRES

TOPOGRAPHY: GENERALLY FLAT WITH A GENTLE SLOPE.

USE: FARMSTEAD, IRRIGATED HAY AND GRAZING

GROUND COVER: HAY GRASS, PASTURE, CREEK

BOTTOM RIPARIAN, & SAGEBRUSH.

ACCESS: COUNTY ROAD 62, YEAR AROUND

WATER FRONTAGE: APPROXIMATELY ½ MILE, BOTH SIDES OF RAZOR

CREEK

UTILITIES: ELECTRIC, TELEPHONE, WELL & SEPTIC

WATER RIGHTS: ARCH DITCH #192 PRIORITY #293, ½ OF 0.35

CFS PEARCE DITCH #39, PRIORITY #35, 1.8 CFS

PEARCE DITCH #39, PRIORITY #204, 7.20 CFS

RAZOR CREEK DITCH, 1.0 CFS.

IMPROVEMENTS: HOUSE-YOC. 1950, 1,570 SF. AND SOME

OUTBUILDINGS. HOUSE NOT INHABITABLE AT
TIME OF SALE. ESTIMATED VALUE = \$50,000.

COMMENTS: 260 ACRES IRRIGATED GRASS HAY, PASTURE AND MEADOW.
PURCHASED AS AN ASSEMBLAGE TO RAZOR CREEK RANCHES.

EASEMENT DESCRIPTION: COLORADO DIVISION OF WILDLIFE. NOTE
THERE WAS DISCREPANCY IN THE EASEMENT ENCUMBRANCE. SALE
AGREEMENT CONCLUDED THAT 640 ACRES WERE ENCUMBERED WITH ONE
HOUSE SITE.
40 ACRES REMAINED UNENCUMBERED. ORIGINAL EASEMENT INDICATED
THAT ONLY 320 ACRES WERE ENCUMBERED INCLUDING THE WEST 120 ACRES
AND THE SOUTHEAST 200 ACRES. MIDDLE 360 ACRES WERE NOT
CONSIDERED ENCUMBERED. HOWEVER, DUE TO VARIOUS AMENDMENTS AND
REVISIONS, 640 ACRES ARE ENCUMBERED. NO DEVELOPMENT ALLOWED
WITHIN THE EASEMENT EXCEPT FOR THE EXISTING HOUSE.

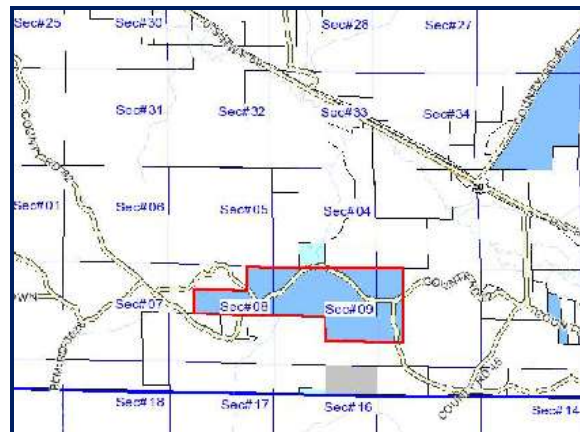
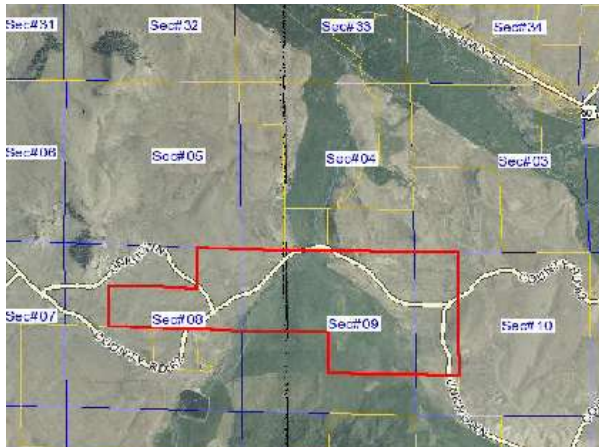
SALE PRICE	=	\$793,000	
PLUS: LEASE PAYMENTS	=	\$ 51,000	
ADJUSTED PURCHASE PRICE		\$844,000	= \$1,241 PER ACRE
LESS: IMPROVEMENTS		\$ 50,000	
NET LAND VALUE		\$794,000	= \$1,168 PER ACRE

VALUE ANALYSIS - UNENCUMBERED SALES

ESTIMATED MARKET VALUE UNENCUMBERED - \$2,750 PER ACRE.

$\$1,168 / \$2,750 = 42.47\% - 1 = 57.53\%$ LOSS IN VALUE

WATSON SOLD TO DOUBLE HEART - 600 ACRES OF DRY AND IRRIGATED
LAND FOR \$2,375 PER ACRE. ADJUSTING THE UNIT PRICE UPWARD FOR
PERCENT IRRIGATED AN ADJUSTED PRICE OF \$2,750 PER ACRE.



The above sales are summarized as follows:

SALE NO.	SALE DATE	SITE SIZE	\$/ACRE	% LOSS IN VALUE	COMMENT
1A.	03/04	358.446	\$2,748	50%	Assemblage to gravel operation. Tomichi Creek frontage.
1B.	06/10	320.728	\$2,806	56.83%	Resale of Sale 1 without the 40-acre gravel pit.
2.	12/07	346.45	\$2,598 land price	55%	Tomichi Creek irrigated land. 1 house, no subdivision. All encumbered.
3.	07/10	101.59	\$4,036 Land price	59.64%	Parlin ranch, Tomichi Creek. Allows 2 houses, no subdivision. Purchased to offset capital gains.
4.	11/10	956.47	\$1,485 Land price	46.00%	Doyleville ranch. Irrigated. Allows 1 house site on encumbered 832 acres. No subdivision. 40 & 72-acre parcels unencumbered. 87% encumbered. Wildlife viewing area. Assemblage.
5.	08/10	680.00	\$1,168	57.53%	Razor Creek ranch. Assemblage, 40 acres unencumbered. 1 house in easement area. Lease payments credited to purchase price. Assemblage.

Summary of Conservation Easement Sales

The sales provide for a variety of conclusions and market indicators. The above range supports diminutions in value for encumbered properties from a low of 46 percent to a high of 59.64 percent. This range of diminution in values is calculated based on Conservation Easement sales compared to comparable unencumbered sales. Several factors are significant with respect to conservation easements. Some of these factors include development rights, potential and timing for development, recreational potential, location, embedded or unencumbered building envelopes, subdivision and the unity of the encumbered parcel. These factors and other salient sale information are summarized as follows:

CE Sale No. 1A is located east of Gunnison, south of Highway 50 on Tomichi Creek. The grantee had recently purchased the concrete batch plant located just northwest and a 40-acre parcel of potential gravel land just to the north. This site was

encumbered by a conservation easement that did not allow for any subdivision or further residential development.

The easement excluded the existing 40-acre gravel pit on the ranch, which was used for the concrete batch plant. The encumbered area included substantial residential and agricultural improvements.

After abstracting the value of the gravel (and deducting 40-acres from the gross land area) and improvements, this comparable supports a price for encumbered creek front ranchland at \$2,748 per acre. Based on unencumbered creek front sales in the neighborhood as of the relevant date, this sale indicates a diminution in value of fifty percent (50%) for a creek front ranch.

Sale No. 1B is the resale of the encumbered portion of Sale No. 1A. The sale did not include the unencumbered 40-acre gravel pit.

Overall, this property illustrates a loss in value of 56.83 percent for a property that is one hundred percent encumbered. This sale supports a loss in value equal to 56.83 percent for the subject property.

Conservation Easement Sale No. 2 is located east of Gunnison on Highway 50 at Doyleville. This parcel includes irrigated land with Tomichi Creek frontage. The indicated price for encumbered irrigated land with one building envelope and Tomichi Creek frontage is \$2,598 per acre.

This sale has similar creek front land as the subject but the agricultural land is superior suggesting that its encumbered value is higher than what the subject will command. The encumbered irrigated land sold for \$2,598 per acre and indicates a diminution in value of 55 percent compared to unencumbered land sales.

Overall, this sale illustrates a loss in value of 55.00 percent for a property that is totally encumbered with a residential building envelope.

CE Sale No. 3 is a small, irrigated Tomichi Creek parcel located just west of Parlin. This property had been on and off the market for several years with very limited interest. The buyer of this parcel had just sold a large ranch north of Gunnison and was looking to invest in a smaller ranch and offset the capital gain taxes. With respect to the amount of time this property had been on the market and the circumstances of the purchase, the indicated unit price is higher than what the property would have sold for under normal circumstances.

This property is similar in size as the subject with an inferior location but with superior agricultural land. This parcel cannot be subdivided but the easement allows for two single-family residences. Even though this comparable allows more houses within the easement area compared to the subject, the subject still commands a unit price higher than \$4,035 per acre because of the location.

Overall, this property illustrates a loss in value of 59.65 percent for a property that is totally encumbered.

CE Sale No. 4 is located just north of Doyleville on Waunita Hot Springs Road. This property includes dry rangeland west of the road, of which 40 acres are unencumbered, irrigated land with Hot Springs Creek frontage on the east side of the road, and an unencumbered 72-acre parcel located a couple of miles north of the main ranch. This property includes unencumbered 40-acre and 72-acre parcels that have no restrictions. The improvements on this ranch have an estimated value of \$125,000. After adjustments for the improvements, this sale indicates a market value of \$1,485 per acre for a parcel that is 88 percent encumbered.

The comparable is much larger than the subject, located on an inferior creek with an inferior location. However, the agricultural land is clearly superior to the subject.

Overall, this property illustrates a loss in value of 46.00 percent for a property that is only 88 percent encumbered.

CE-Sale No. 5 is located southwest of Doyleville on Razor Creek. This is an irrigated and dry parcel with Razor Creek frontage. The property was purchased as an assemblage to an adjacent ranch. The ranch contains 680 acres of which all but 40-acres are encumbered. The encumbered area only allows for 1-residential house, which currently is the existing uninhabitable house.

The property was leased for 3 years by the grantee and the \$51,000 in lease payments were credited to the purchase price. Thus, the gross purchase price was actually \$844,000 or \$1,241 per acre. Even though the improvements were uninhabitable, they were estimated to have a contributory value of \$50,000, which leaves a land value of \$794,000 or \$1,168 per acre.

Overall, this property illustrates a loss in value of 57.53 percent for a property that is 94.41 percent encumbered.

As a second comparison, this sale is analyzed without the 40-acre unencumbered parcel, which had an estimated value of \$100,000. This leaves a value for the encumbered 640 acres with one residential building envelope of \$694,000 or \$1,084 per acre. After adjustments, this sale indicates that the encumbered 640 acres has lost approximately 61 percent of its unencumbered value.

Correlation and Value Conclusion

The above sales provide for a wide array of market indicators and factors to consider.

The main difference between these sales and the subject is that they have superior agricultural land that produces a hay crop. The subject, other than some grazing potential, has little agricultural value.

At the same time, the subject is located in a resort area where river frontage is a premium. Unencumbered land prices are significantly higher in the subject neighborhood than in the neighborhoods of the comparable sales.

Typically, the value of an encumbered property is valued based on per acre basis and compared to a percent diminution in value. In this case, this is not possible because the subject has little uplands and little agricultural value. It has more market appeal for home sites and development than any of the comparable sales.

CE Sale No. 1 indicates that the subject will have a loss in value less than 56.83 percent to the overall property. Applying this percentage adjustment to the subject's unencumbered value provides for the following value indications.

Loss in value as proposed to be encumbered
\$1,740,000 @ 56.83% = \$988,842

The subject will relinquish 2 of its 3 legal building rights. This equates to 66.67 percent. The estimated 50 percent loss in value is lower than this amount as it should be. Even though two-thirds of the development rights are being extinguished, the encumbered land continues to provide value to the overall property.

Change in Value Due to the Proposed Conservation Easement

As to be encumbered, it is concluded that the subject property will lose fifty percent (50%) of its overall value. The sales support an overall range ranges from 46 to 60%+/-.

Because most of the subject property is bottomland and wetlands, a diminution in value towards the lower end of the range is concluded. The 50% diminution in value also takes into consideration that the subject will be giving up 67 percent of its legal development potential.

Based on the above analyses the subject will have a loss in value as follows:

Unencumbered Market Value	=	\$1,740,000	
Encumbered Market Value	=	<u>\$ 870,000</u>	
Change in Market Value - Easement Value			= \$870,000

MARKET VALUE AS ENCUMBERED BY THE PROPOSED 2013 ACCESS EASEMENT

The Fishing Access Easement (AE) will encumber the subject property in perpetuity. This is different from typical fishing access easements, which are usually on an annual term or maybe five-year basis. Very rarely, except for Division of Wildlife leases, are property owners willing to give up their fishing rights in perpetuity. Consequently, the Fishing Access Easement encumbers the property with a severe restriction. This reduces the bundle-of-rights; thus has a negative effect on the market value of the property.

Private Fishing Access Easements in the Colorado Mountains generates income to property owners. If the ranchers do not lease the fishing or hunting rights outright, which are typical for many ranches, they may then lease the property to professional outfitters. At times, the anglers may be allowed to use the property for a trespass fee.

All of the above forms of fishing access generate income to the property owner. Because the easement will be perpetual, the property will forever have open water. This effectively reduces the potential income to the subject property and more importantly establishes a stigma to the recreational property market.

To determine the loss in value due to the Access Easement, I have researched ranches that have been leased for recreational purposes or charge a trespass fee to allow access on their properties. A brief description of this information is summarized below:

Market Analysis

Paired Sales

Sale No. 3, included on Page 42 of this report, sold for \$3,180 acre. This ranch has three-quarters of a mile of the Lake Fork River. The property is encumbered by a perpetual fishing easement along the river in favor of the Division of Wildlife.

As a comparison, Sale No. 4 is a Lake Fork River ranch that is not encumbered by a fishing easement. This ranch has one mile of river frontage. It sold for a land value of \$14,835 per acre.

According to the local real estate broker, the difference in unit prices is due to fishing lease.

However, analyzing the two properties requires additional adjustments prior to the analysis of the lease encumbrance.

Sale No. 3 is a large ranch, with a substantial amount of dry rangeland. Comparable No. 4 is a smaller ranch with good irrigated pastures. Both properties have ponds. Adjusting Comparable No. 4 downward for size and the quality of the river frontage, supports a price of significantly less than \$14,835 per acre.

After adjustments, this sale supports a change in value for a property with a fishing easement versus a property without a fishing easement of approximately \$2,500 per acre.

Fishing Leases and Purchases

With respect to fishing access, several lease agreements and a purchase was found. These include the following:

One and one quarter mile of the East River was purchased several years ago by the adjacent residential subdivision developer for \$1,500,000. The purchase was for a perpetual exclusive fishing easement. The fishing rights were purchased as a marketing amenity for the adjacent subdivision. This sale included a \$750,000 down payment. It is not known if the balance of the purchase price has been paid.

Compared to the subject, the East River is a similar fishery. This parcel was purchased for river frontage and fishing rights for a high-end residential subdivision, which influenced the price.

The East River commands \$6,500 to \$10,000 per mile for leased fishing rights.

A fishing easement on Tomichi Creek, several miles east of Gunnison is renewed annually. This lease illustrates the rates for small streams. The fishing lease equates to \$1,500 per mile. The subject has similar fishing but a superior location. This lease is renewed annually. It does not allow the general public access the site. The lessee is required to manage and oversee all security. The lease rate is net to the landowner.

According to a fishing guide and outfitter located in Gunnison, the subject neighborhood commands lease rates for fishing at \$6,500 to \$10,000 per mile, similar to the East River. This suggests that the subject property will lose an average of \$5,360 (\$8,250/mile X .65 miles of subject river frontage) in income per year. Capitalizing the loss in revenue at 8 percent ate of \$67,000, which equates to \$578 per acre for the overall ranch.

The major difference between the leases and the subject easement is the perpetual nature of the subject encumbrance and that it allows the general public access to the property.

Most often private fishing leases only allow limited access to the river. Also, the lessee is required to complete maintenance, river improvements and monitor for trespassers.

Fishing Rights Conclusion

The comparison of a property with an encumbered river versus a property with an unencumbered river suggests a change in value of \$2,500 per acre.

If the property were to be leased, the loss in annual income equates to an average value of \$578 per acre for the subject. However, capitalizing the annual lease income fails to take into consideration the unlimited public access and the perpetual duration of the easement.

The East River sale illustrates the importance of perpetual access to a river. While this sale is considered to provide an optimistic value for the value of river frontage, it does illustrate that perpetual easements have a substantially higher value than established by leases with annual terms.

In conclusion, the public access fishing easement on the subject property is determined to decrease the value of the property by \$2,500 per acre or \$290,000 (rounded).

RECONCILIATION MARKET AND CONSERVATION EASEMENT VALUE

Based on the previous analyses, the value conclusions for the different interests in the subject property are allocated as follows:

Conservation Access Easement - 115.904 acres

Market Value as unencumbered	\$1,740,000	
Market Value after the CE	<u>\$ 870,000</u>	
Market Value before the AE	\$ 870,000	= \$7,500/acre-rd
Market value after the AE	\$ 580,000	= \$5,000/acre-rd

Change in Values

Conservation Easement	\$870,000	= 50.00 percent
Access Easement	<u>\$290,000</u>	
Total Change in Value	\$1,160,000	= 66.67 percent

The 50 percent diminution in value is within the range as supported by the comparable sales, as is the 66.67 percent indicated for the total property after the Access Easement. Consequently, the overall loss in value is supported by the unadjusted range of loss established by the Conservation Easement sales.

In addition, the value of the subject as encumbered equates to \$7,500 per acre. This is slightly higher than Sale No. 7 at \$4,800 per acre, which is reasonable given the restrictions but also considering that the subject maintains the river frontage.

After the Access Easement, the subject has a remainder value of \$5,000 per acre. This is similar to the sales without river frontage or Sale No. 5, which has a less desirable location.

ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. No warranty, however, is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11. The distribution, if any, of the total valuation in this report between land and improvements applies only under that stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only the proper written qualification and only in its entirety.

13. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

15. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea- formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field, if desired.

QUALIFICATIONS OF R. ARNOLD BUTLER, MAI

PROFESSION: Independent Real Estate Appraiser and Real Estate Consultant from 1975 to present. President of Arnie Butler & Company from 1987 to the present.

GRADUATE: University of Northern Colorado, Bachelor of Science - Business Finance.

**APPRAISAL
LICENSES** State of Colorado: Certified General Appraiser
CG01313160, Expires 12/31/15
State of Utah: Certified General Appraiser
5479466-CG00, Expires 12/31/14

**PROFESSIONAL
DESIGNATIONS:** MAI - Appraisal Institute

MEMBER OF: Appraisal Institute; International Right of Way Association, Past President Chapter 70, IR/WA ; Grand Junction Board of Realtors, Colorado and National Association of Realtors.

**COURSES AND
SEMINARS:** Uniform Appraisal Standards for Federal Land Acquisitions, 09/27/06, American Society of Farm Managers & Rural Appraisers. Scope of Appraisal, 11/30/06, A.I., Topographical Map and Deed Plotter - Johnson Mapping 09/11/07, Advanced Conservation Easement Analysis, ASFMRA 10/03/08, Business Practice & Ethics-A.I. 10/11/08, USPAP Update - A.I. 12/27/08. Federal Agency Update, 02/13-15/09, IRWA/A.I., Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) ASFMRA 04/15-17/09. USPAP -7 hour update, A.I, 08/17/09. CCLT Conservation Easement appraisals and issues 03/15-16/10. State of Colorado-DORA, Conservation Easement required update 03/9/11. USPAP 7 Update A.I. 11/27/11. Partial Interest and Conservation Easement Appraisals, ASFMRA 04/30-05/02/12

**APPRAISAL
CLIENTS:**

Alpine Banks	Animas Land Conservancy
Bank of Colorado	Colo State Highways -CDOT
Community Banks of Colorado	Centennial Banks
Community Hospital	Great Outdoors Colorado - GOCO
Community 1 st Banks	Paonia State Bank
Tri-County Electric	Mesa County Land Trust
Continental Oil Company	Mesa County Public Works
Denver & Rio Grande -Union Pacific RR	Enstrom's Candies
Exxon, Inc.	First Banks
Bank of America	Kinder Morgan Energy
Gunnison County Ranchland Conservancy	Holiday Inns
Mesa State College	Grand Valley National Bank
Grand Junction Housing Authority	Holy Family Foundation
Gunnison Bank & Trust	Bank of the West

	U. S. Banks	New York Life Insurance
	Olathe State Banks	Occidental Petroleum
	Phoenix Federal S & L	Powderhorn Coal Company
	Public Service Company/	Rocky Mountain Elk Foundation
	Xcel Energy	
	Black Canyon Land Conservancy	Ducks Unlimited
	Rocky Mountain Health	St. Mary's Hospital
	Maintenance (RMHMO)	
	Texaco, Inc.	UNC Geotech
	Umetco/Union Carbide	Vectra Banks
	Weststar Banks	Yampa Valley Land Trust
	San Juan Power	Tri-State Power
	Wells Fargo	Garfield County Airport
	Walker Field Airport	Laramie Energy
	Oxy Permian	Grand Valley Power
	Gunnison County Electric	Colorado Open Lands
	Trust for Public Lands	Various individuals, attorneys, and lending institutions.
CITY	Grand Junction, Delta, Montrose, Gunnison, Rifle, Meeker,	
GOVERNMENTS:	Rangely, Moab, Glenwood Springs, Palisade, Fruita,	
COUNTY	Durango, Telluride, and Steamboat Springs.	
GOVERNMENTS:	Mesa, Delta, Montrose, Ouray, San Miguel, San Juan,	
FEDERAL	Gunnison, Garfield, Rio Blanco, Eagle, Routt	
GOVERNMENTS:	Bureau of Reclamation, BLM, State of Colorado, Colorado	
	State Parks, U.S. National Forest Service, Department of	
	Energy, Colorado Division of Wildlife, Colorado State Land	
	Board	
WORK	All of Western Colorado and Grand County Utah. Including	
LOCATIONS:	properties in Moffat, Routt, Rio Blanco, Eagle, Garfield,	
	Mesa, Pitkin, Delta, Montrose, Gunnison, Hinsdale,	
	Huerfano, San Miguel, Ouray, San Juan, La Plata, Dolores,	
	Archuleta and Montezuma Counties, Colorado.	

Qualified as expert of valuations in Denver, Eagle, Jefferson, Garfield, La Plata, Gunnison, Montrose, Ouray, San Miguel and Mesa County District Courts and Federal Bankruptcy Courts.

STATE OF COLORADO
acting by and through the
Department of Natural Resources,
for the use and benefit of the
Division of Parks and Wildlife and the Parks and Wildlife Commission

ACCESS EASEMENT

Granted by

Plauche Properties, LLC

This public access easement was acquired in part with grant funds provided by the U. S. Department of Interior, Fish and Wildlife Service, pursuant to the Sport Fish Restoration Program, and will be managed for the purpose of this grant, in accordance with applicable Federal and State law. The Easement Area described in this easement may not be encumbered, disposed of in any manner, or used for purposes inconsistent with this grant or the Sport Fish Restoration Program without the prior written approval of the Regional Director, U. S. Fish and Wildlife Service, Region 6, Denver, Colorado.

TABLE OF CONTENTS

1. PARTIES	1
2. EFFECTIVE DATE.....	2
3. RECITALS	2
4. DEFINITIONS	2
5. TERM and TERMINATION	3
6. GRANT OF ACCESS EASEMENT	3
7. GRANTOR’S REPRESENTATIONS, WARRANTIES, AND OBLIGATIONS	5
8. STATE INTEREST AND RIGHTS	6
9. VIOLATIONS-REMEDIES-RESOLUTION METHODS.....	6
10. NOTICES and REPRESENTATIVES	8
11. GENERAL PROVISIONS	8
12. SIGNATURE PAGE	11
13. EXHIBIT A (Property Legal Description).....	i
14. EXHIBIT B (Easement Area Map).....	i
15. EXHIBIT C (Title Exceptions)	i

1. PARTIES

THIS DEED OF ACCESS EASEMENT IN GROSS (“AE”) is granted by Plauche Properties, LLC (the “Grantor”), a Colorado limited liability company having an address of 3026 Hickory Hills Drive, Gainesville, Georgia 30506 to the State of Colorado acting by and through the Department of Natural Resources, for the use and benefit of the Division of Parks and Wildlife and the Parks and Wildlife Commission (the “State” or “CPW” or “Grantee”), located at 1313 Sherman St., Denver, Colorado 80203. The Parties hereby agree to the provisions set forth in this AE.

2. EFFECTIVE DATE

This AE shall be effective and enforceable upon Closing as defined in §4, after which Grantor and the State shall be bound by the provisions set forth in this AE (the Effective Date). Prior to the Effective Date, the State shall not be liable to pay or reimburse Grantor for any performance hereunder including, but not limited to, costs or expenses incurred, or be bound by any provision hereof.

3. RECITALS

A. Authority, Appropriation, and Approval

Authority to enter into this AE exists pursuant to CRS §33-1-101, §33-1-105, and §33-10-107, §33-9-101, et seq., sufficient funds have been budgeted, appropriated and paid; and all prior reviews and approvals have been obtained.

B. Consideration

The Parties agree that the mutual promises and covenants contained herein, the payment of One Hundred Thirty-three Thousand and 00/100 Dollars (**\$133,000.00**) paid by the State to the Grantor, the receipt of which is hereby acknowledged, are sufficient and adequate to support the granting of this AE.

C. Exhibits and other Attachments

The following are attached hereto and incorporated by reference herein: **Exhibit A** (Property Legal Description), **Exhibit B** (Easement Area Map), and **Exhibit C** (Title Exceptions).

D. Grantor Intent

Grantor intends to grant, transfer, and convey to the State in perpetuity the non-exclusive right to access across the Easement Area (as defined in §4.F below) as provided herein and therefore to prohibit any uses that would diminish or impair such access or that otherwise would be inconsistent with the purposes of this AE.

E. Purpose

This AE provides access that assists CPW in performing the directives of CRS §33-1-101, §33-1-105, and §33-10-107, §33-9-101, et seq., and benefits the Parties, the residents of the surrounding area, and the people of the State of Colorado. In particular, the AE provides public access onto the Easement Area for the following limited purpose: **pedestrian access only for fly fishing only**, as further described in §6.

Simultaneous with granting this AE, the Grantor is also conveying to Colorado Open Lands a conservation easement in gross over a portion of the Property (as defined in §4.H below).

F. References

All references in this AE to sections (whether spelled out or using the § symbol), subsections, exhibits or other attachments, are references to sections, subsections, exhibits or other attachments contained in this AE or incorporated as a part of this AE, unless otherwise noted.

4. DEFINITIONS

The following terms as used herein shall mean and be construed and interpreted as follows:

A. AE

“AE” means this Access Easement, its terms and conditions, attached exhibits, documents incorporated by reference under the terms of this AE, and any future modifying agreements, exhibits, attachments or references incorporated herein pursuant to Colorado State law, State Fiscal Rules, and State Controller Policies.

B. AE Funds

“AE Funds” means funds the State paid to Grantor pursuant to purchase this AE.

C. CE

“CE” means the conservation easement affecting the Property and executed concurrently with this AE between Grantor and Colorado Open Lands.

D. Closing and Closing Date

“Closing” means the date the sale and purchase contract by and between Grantor and the State related to the Property is closed and on which all related documents, which include this AE and a conservation easement, are contemporaneously executed, and “Closing Date” is the date on which the Closing occurs.

E. CRS

“CRS” means the Colorado Revised Statutes as amended.

F. Easement Area

“Easement Area” means the area of the Property over which pedestrian access only is granted for fly fishing only. The Easement Area shall be the area twenty (20) feet beyond the banks on either side of the Lake Fork of the Gunnison River between the northerly and southerly boundaries of the Property, as generally depicted on **Exhibit B**.

G. Party or Parties

“Party” means the State or Grantor and “Parties” means both the State and Grantor.

H. Property

“Property” means the real property described in **Exhibit A**, which includes the Easement Area, and depicted for illustrative purposes only on **Exhibit B**.

5. TERM and TERMINATION

A. Perpetual Term-Recording

The Parties’ respective duties and obligations and the burdens on the Property under this AE shall commence on the Effective Date and shall continue in perpetuity. The State shall promptly record, or cause to be recorded, this AE in the official records of Hinsdale County following the Closing, and the State may re-record this AE and any amendments made to this AE pursuant to **§12.M** at any time as may be required to preserve its rights in this AE.

B. Termination

This AE may be terminated or extinguished, in whole or in part, only by order of a court of competent jurisdiction in accordance with State and/or federal laws. It shall not be subject to termination or extinguishment **(a)** under theories of abandonment, **(b)** for failure of the State to enforce this AE in whole or part, **(c)** for changes in the potential economic value of any use that is prohibited by or inconsistent with this AE, or **(d)** changes in any current or future uses of neighboring properties.

C. Valuation: Condemnation or Termination

Each Party shall promptly notify the other Party in writing when it first learns of any condemnation proceeding or any other action that might terminate or extinguish this AE. If this AE is taken, in whole or in part, by exercise of the power of eminent domain, or if this AE is otherwise properly terminated or extinguished, in whole or in part, the State shall be entitled to full compensation for its interest in any portion of this AE terminated as a result of condemnation or other proceedings. The Parties agree that the grant of this AE gives rise to a property right, immediately vested in the State, that entitles the State to compensation upon extinguishment of the easement. The fair market value of the property right is at least equal to the proportionate value that the AE as of the Effective Date bears to the value of the Property as a whole as of the Effective Date.

6. GRANT OF ACCESS EASEMENT

Pursuant to applicable statutes and under common law, by this AE Grantor hereby grants, conveys, and transfers to the State, and the State accepts, a non-exclusive, perpetual access easement over the Property within the Easement Area that runs with the land, which constitutes a real property interest immediately vested in the State. The common law doctrine that a non-adjoining easement is a personal interest shall not apply whether or not the State has any real property adjoining the Property. The nature and character and to the extent of this access easement and the real property interests conveyed are further set forth in this **§6** and elsewhere in this AE.

A. Rights Reserved by Grantor.

Grantor reserves for itself and its successors and assigns, any and all rights not otherwise conveyed to the State under this AE,

B. Enforcement

The State shall patrol the Easement Area for compliance with the terms of this AE and laws at such times as determined by CPW law enforcement officers, as staff resources and funding permit. Grantor does not otherwise have a duty to regulate, administer, control, and enforce the public's access to and use of the Easement Area under this AE. Grantor may notify the State of violations of this AE pertaining to access to and use of the Property and the Easement Area, and upon such notice the State shall exercise its enforcement rights under this AE. With Grantor's approval, the State may delegate its authority to enforce this AE in whole or in part to Colorado Open Lands or a similar nonprofit nature conservancy organization.

C. Fees

The State has the exclusive right to establish and collect fishing license or other fees for public users of the Easement Area; Grantor shall not collect any license or access fees.

D. Permitted Uses and Activities-Fly Fishing

The State is granted the non-exclusive right to access the Easement Area to administer and enforce the terms of this AE and to allow the public to access, enter upon, and use the Easement Area for the purposes of fly fishing within the Easement Area. The State has the right to allow, regulate, administer, and even prohibit the public access to and use of the Easement Area for the purposes described in this AE. Except as set forth in this §A or otherwise provided for in this AE, Grantor may exclude the general public from the Property.

Further, the access right for the public shall be subject to the following:

i. Permitted Activity - Fly Fishing

Public access to the Easement Area is for the sole limited purpose of fly fishing.

ii. Manner of Access - Pedestrian

Public access to the Easement Area is limited to pedestrian (foot) access only.

iii. Access Point

Public access to the Easement Area is limited to a single point located at the southerly end of the property, just north of the bridge on CR 33 near the intersection of CR 33 and CR 30. Public access to the Easement Area from any other portion of the Property is prohibited.

iv. Time of Day

Access by the public is limited to one hour before sunrise to one hour after sunset.

E. Prohibitions and Restrictions

The following uses of the Easement Area by the public are prohibited at all times:

i. Conservation Values

Any use of the Easement Area that adversely affects the conservation values of the CE.

ii. Pets

Dogs and any other pets.

iii. Non-pedestrian access

Access by any means other than pedestrian (foot) access, including, but not limited to, access by motorized or non-motorized vehicles.

iv. Overnight Camping and Fires

Overnight camping and starting fires.

v. Other Types of Fishing

Fishing by any method other than with artificial flies, including, but not limited to, fishing with bait or metallic or plastic lures.

vi. Commercial Recreational Uses

To the extent required to qualify for exemption from federal estate tax under IRC §2031(c), and only to the extent such activity is not otherwise prohibited or limited under this AE, Grantor agrees that commercial recreational uses are not permitted within the Property.

F. Signs

The State has the exclusive right to install, maintain, repair, and replace signs anywhere within the Easement Area for the purposes identifying the Easement Area as a "State Wildlife Area," informing the public regarding what uses of the Easement Area are permitted and prohibited; informing the public regarding the permitted point of access; and to provide information about public safety, ownership, management, and

interpretation of the Property (the “Signage Purposes”). The State will, at a minimum, maintain appropriate signs near the single access point designated in **§6.C.iii** to inform the public that access from any other portion of the Property is prohibited. With Grantor’s consent, which shall not be unreasonably withheld, the State may install, maintain, repair and replace signs on the Property outside the easement area. The Parties intend to limit the number of signs on the Property (within or outside the Easement Area) to the minimum necessary to accomplish the Easement Purposes, and the State will consult with the Grantor regarding the number, locations and content of such signs. The State will have no enforcement obligations relating to trespass onto the Property by persons entering from a vehicle parked at a location where Grantor had refused to consent to the placement of a sign.

G. Trash

The State has the non-exclusive right to remove trash, litter, garbage, or junk that has been deposited in the Easement Area.

H. Wildlife

The State has the exclusive right to manipulate and control in all respects the wildlife within the Easement Area. “Manipulation and control” includes, but is not limited to, the trapping and removal of all types of wildlife, including game and non-game species, but this right does not include the authority on the part of the State to stock, release or introduce wildlife without Grantor’s permission. Grantor may control livestock predators by any and all means allowed by applicable law and regulation, but Grantor shall consult with the State before hiring contractors to provide predator control. Nothing in this **§H** shall be interpreted to diminish Grantor’s rights to fish and hunt within the Easement Area.

7. GRANTOR’S REPRESENTATIONS, WARRANTIES, AND OBLIGATIONS

Grantor represents to the State that, to the best of Grantor’s knowledge, each of the following is true as of the date hereof and shall be true as of closing.

A. Covenants of Title

Grantor, for Grantor and Grantor’s heirs, assigns, successors, and personal representatives, does covenant, grant, bargain, and agree to and with the State and its assigns that at as of the Effective Date, and, if applicable, through after-acquired title, Grantor is well seized of the Property, has good, sure, perfect, absolute, and infeasible estate of inheritance, in law, in fee simple, and has good right, full power and lawful authority to grant, bargain, sell, and convey the interest in the Property created in this AE in the manner and form provided for in this AE, and that the Property is free and clear from all former and other grants, bargains, sales, liens, taxes, assessments, encumbrances, reservations, rights-of-way, and restrictions of whatever kind or nature soever, except those except those listed in **Exhibit C**. Grantor shall and will warrant and forever defend the interest in the Property created in this AE in the quiet and peaceable possession and rights of the State and its assigns, against all and every person(s) or entity whose lawful claim to the whole or any part of the Property would affect the purposes of this AE, would affect the validity or perpetual nature of this AE, or would diminish the value of this AE.

B. Hazardous Substances

Grantor does not know of, or have any reason to believe that any "Hazardous Substance," as defined in §42 U.S.C. 9601(14), or pollutant, contaminant, hazardous or toxic material, substance, or waste, as they may be defined under relevant Federal, State or local law, or asbestos, is located on the Property and Grantor has not received notice of any violation or alleged violation of any law, rule, or regulation regarding such substances. The conveyance of this AE or other easements from Grantor to the State is not intended to relieve Grantor of any obligation or liability Grantor would incur under relevant federal or State law concerning such substances as an owner of the Property. In particular, the provisions of this AE shall not be interpreted to make the State an “owner of” or “responsible party for” the Property for purposes of any federal or State environmental law or regulation, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”). Grantor shall make the foregoing representation in a separate writing deliverable to the State upon request by the State.

C. Legal Authority–Grantor Signatory

Grantor possesses the legal authority to enter into this AE and has taken all actions required by its procedures, by-laws, and/or applicable laws to exercise that authority, to lawfully authorize its undersigned

signatory to execute this AE, and to bind Grantor to its terms. If requested by the State, Grantor shall provide the State with proof of Grantor's authority to enter into this AE within 15 days of receiving such request.

D. Notification

In addition to any other notification obligations Grantor has under this AE, Grantor has an affirmative obligation to notify the State about the following:

i. Litigation

Within 10 days after being served with any pleading in a legal action filed with a court or administrative agency, related to this AE or which may affect Grantor's ability to perform its obligations hereunder, Grantor shall notify the State of such action and deliver copies of such pleadings to the State's principal representative as identified herein.

ii. Third Party Uses and Actions

Grantor shall notify the State any uses or activities on the Property by third parties that would change, disturb, alter, diminish or impair the purposes of this AE and any that are not allowed under **\$6.A**.

Grantor shall cooperate with the State in halting such uses or activities if Grantor is unable to do so in a timely manner.

E. Preservation, Restoration, and Maintenance-Costs

As stated in **\$3.E**, Grantor intends that the State's access to the Easement Area as set forth herein be preserved and protected in perpetuity, and shall not permit any uses or activities that would diminish or impair such access or that otherwise would be inconsistent with the purposes of this AE. Grantor shall bear all costs and liabilities of any kind related to the ownership, restoration, operation, upkeep, and maintenance of the Property, except for any costs or liabilities incurred by the State in exercising its rights or obligations under this AE, including without limitation the State's right to "manipulate and control" wildlife under **\$6.G**, which costs and liabilities shall be the borne by the State.

8. STATE INTEREST AND RIGHTS

This AE constitutes a real property interest immediately vested in the State and the State shall have attendant interests and rights, including, but not limited to, those set forth in this **\$8**.

A. Enforcement

The State may prevent or enjoin Grantor from conducting any activities or uses of the Easement Area that would diminish or impair the purposes set forth in **\$3.E**. In addition, the State may, independently or preferably in cooperation with Grantor, prevent or enjoin any third parties (whether or not the third parties were authorized by Grantor to access the Property) from conducting any activities or uses of the Easement Area that would diminish or impair the purposes set forth in **\$3.E** or that otherwise would be inconsistent with the purposes of this AE. Grantor shall cooperate with the State in any actions taken against third parties, but Grantor shall not be obligated to hire independent counsel and shall not be obligated to contribute to the State's costs or attorney's fees in any such enforcement action against third parties.

B. Joint Interest of Grantor and the State

9. Grantor shall provide the State notice of any conveyance of interests in all or any portion of the Property underlying the Easement Area, including, but not limited to, leases, surface use agreements, damage agreements, rights-of-way, and access agreements. Such notice shall be provided to the State not less than 45 days prior to the date of such transfer. VIOLATIONS-REMEDIES-RESOLUTION METHODS

A. Defined

In addition to any violations specified in other sections of this AE, the failure of Grantor to perform any of its material obligations hereunder, including, but not limited to, causing any act that diminishes or impairs the purposes set forth in **\$3.E**, constitutes a violation of this AE.

B. Notice

The State shall send Grantee a notice detailing alleged violations of this AE in the manner provided in **\$10**. Upon receipt thereof, Grantor shall immediately send the State in the manner provided in **\$10** a response agreeing with the State or denying the alleged violations in whole or part. Except to the extent necessary in emergency conditions to prevent, abate, or mitigate significant injury to persons or to the Property, upon receipt of such notice Grantor shall cease and desist from any use or activity that could increase or expand

the alleged violations until they are finally resolved by agreement of the Parties or by decree of a court of competent jurisdiction.

C. Remedies

The State shall have all remedies available to it in law and in equity, such as actions for damages and injunctive relief. The Parties agree to resolve violations as follows:

i. Agreement

If Grantor agrees with or does not dispute the State's assertion regarding the alleged violations, Grantor shall, at its sole cost, restore the Easement Area to its condition prior to the violations or take such other action as may be reasonable or necessary to eliminate the violations and prevent their further occurrence. Prior to taking such action, Grantor shall provide the State with details of its proposed remedial plan and a proposed timeframe for the reasonably prompt resolution of the violation. The State may enforce such remedial plan via proceedings at law or in equity if Grantor fails to perform it in accordance with its terms.

ii. Dispute Meeting

If Grantor disagrees with and disputes the State's assertion regarding the alleged violations in whole or part, Grantor shall provide the State with a written explanation stating the reasons why the State's allegations are erroneous or stating why the use or activity should be permitted. Thereafter, representatives of the Parties with settlement authority shall meet as soon as possible, but not later than 60 days after the State's receipt of Grantor's response, to resolve issues. If the Parties reach agreement, they shall create a remedial plan for the reasonably prompt resolution of the violation. The State may enforce such remedial plan via proceedings at law or in equity if Grantor fails to perform it in accordance with its terms.

iii. Legal Proceedings

The State may, in its sole discretion, exercise any or all remedies available at law or in equity, including those available at common law, concurrently or consecutively, to enforce its rights in this AE if any meeting pursuant to **§9.C.ii** fails to resolve any issues and to otherwise enforce its rights under this AE, including enforcing remedial plans created under **§9.C.i and ii**. Courts are specifically authorized to issue both affirmative and negative injunctions, including an injunction requiring restoration of the Easement Area to its condition before a violation occurred.

iv. Irreparable Harm

If in the State's opinion, an ongoing or imminent violation could irreparably diminish or impair the purposes of this AE, the State may, at its discretion, take appropriate legal action without resorting first to a meeting of the Parties.

v. Costs

Grantor shall be solely responsible for the costs of remedying any violations of this AE caused by Grantor or its authorized agents, but a violation only exists to the extent that (i) Grantor agrees with or does not dispute the State's assertion regarding an alleged violation; or (ii) a court of competent jurisdiction determines that a violation has occurred.

D. Public Safety

Notwithstanding anything to the contrary herein, the State need not provide advance notice or a cure period and may immediately take action if it is necessary to preserve public safety or to prevent an immediate public crisis; provided, however, the State shall provide notice to Grantee as soon as practicable and shall limit its actions to those that are necessary under the circumstances.

E. Acts Beyond Grantor's Control

Nothing contained in this AE shall be construed to entitle the State to bring any action against Grantor to abate, correct, or restore any condition on the Easement Area or to recover damages for any injury to or change in the Easement Area resulting from actions by a trespasser upon the Property or any causes beyond Grantor's control, including, without limitation, natural disaster, fire, flood, storm, pest infestation, earth movement, and climate change, or from any prudent action taken by Grantor under emergency conditions to emergency conditions to prevent, abate, or mitigate significant injury to persons or to the Property.

F. Valuation: Condemnation or Termination

Each Party shall promptly notify the other Party in writing when it first learns of any condemnation proceeding or any other action that might terminate or extinguish this AE in whole or in part. If this AE is taken, in whole or in part, by exercise of the power of eminent domain, or if this AE is otherwise properly terminated or extinguished, in whole or in part, the State shall be entitled to full compensation for its interest in any portion of this AE terminated as a result of condemnation or other proceedings, which shall be determined by a qualified appraisal that establishes the ratio of the value of the AE interest to the value of the fee simple interest in the Property as of the date of the taking or termination (the "Easement Value Ratio"). The State's compensation shall be an amount at least equal to the Easement Value Ratio, multiplied by the value of the unencumbered fee simple interest in the portion of the Property no longer encumbered by this AE as a result of condemnation or termination.

10. NOTICES and REPRESENTATIVES

Each individual identified below is the principal representative of the designating Party. All notices required to be given hereunder shall be hand delivered with receipt required or sent by certified or registered mail to such Party's principal representative at the address set forth below. Either Party may from time to time designate by written notice to the other Party substitute addresses or persons to whom such notices shall be sent. Unless otherwise provided herein, all notices shall be effective upon receipt. The Grantor will provide the State (through the Area 16 Office listed below) with the name and telephone number for the person to be contacted in the event of an emergency and will update this contact information at least annually in the event of any change.

State
Real Estate Unit
Colorado Parks and Wildlife
6060 Broadway
Denver, CO 80216
With copy to:
Area 16 Wildlife Manager
300 West New York Avenue
Gunnison, CO 81230

Grantor
Plauche Properties, LLC
3026 Hickory Hills Drive
Gainesville, GA 30506

11. GENERAL PROVISIONS

A. Assignment of State's Interest

The State may assign its rights and obligations under this AE only to an individual or organization that has been approved in writing in advance by the Grantor. After such transfer, the State shall have no further obligations or liability under this AE.

B. Binding Arbitration Prohibited

The State of Colorado does not agree to binding arbitration by any extra-judicial body or person. Any provision to the contrary in this AE or incorporated herein by reference is null and void.

C. Binding Effect-Perpetual Application

All provisions herein contained, including the benefits and burdens, extend to and shall be binding upon the Parties' respective heirs, legal representatives, successors, and assigns; and shall continue as a servitude running in perpetuity with the Property. However, a Party's rights and obligations under this AE terminate upon transfer of the Party's interest in the AE or the Property, except that liability for acts or omissions occurring before transfer shall survive transfer.

D. Captions

The captions and headings in this AE are for convenience of reference only and shall not be used to interpret, define, or limit its provisions.

E. Construction of this AE

This AE shall be liberally construed to further the purposes and intent set forth in **§3.D and §3.DE**. In the event of an ambiguity in this AE, the rule of contract construction that ambiguities shall be construed against the drafter shall not apply, the Parties hereto shall be treated as equals, and no Party shall be treated with favor or disfavor.

F. CORA Disclosure

To the extent not prohibited by federal law, this AE and the performance measures and standards under CRS §24-103.5-101, if any, are subject to public release through the Colorado Open Records Act, CRS §24-72-101, et seq.

G. Corrections

The Parties shall perform any further acts and execute and deliver any documents, including amendments to this AE that are reasonably necessary to **(i)** effectuate its purposes, **(ii)** to correct typographical, spelling, or clerical errors, or to **(iii)** correct any errors in the legal description of the Property.

H. Counterparts

This AE may be executed in multiple identical original counterparts constituting one agreement.

I. Entire Understanding

This AE represents the complete integration of all understandings between the Parties and all prior representations and understandings, oral or written, are merged herein. Prior or contemporaneous additions, deletions, or other changes hereto shall not have any force or effect whatsoever, unless embodied herein.

J. Indemnification

Grantor shall indemnify, save, and hold harmless the State, its employees and agents, against any and all claims, damages, liability and court awards including costs, expenses, and attorney fees and related costs, incurred as a result of any act or omission on or related to the Easement Area by Grantor, or its employees, agents, subcontractors, or assignees pursuant to the provisions of this AE, including, but not limited to, the presence or release of any hazardous or toxic substance that is regulated under any federal, State or local law; however, the provisions hereof shall not be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protection, or other provisions, of the CGIA, or the Federal Tort Claims Act, §28 U.S.C. 2671 et seq., if applicable. Without limiting the foregoing, nothing in this AE shall be construed as giving rise to any right or ability of the State to exercise physical or managerial control over Grantor's day-to-day operations of the Property, or otherwise to become an operator with respect to the Property within the meaning of The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

K. Joint and Several Obligations

If more than one owner owns the Property at any time, the obligations imposed by this AE shall be joint and several upon each of the owners.

L. Jurisdiction and Venue

All suits or actions related to this AE shall be filed and proceedings held in the State of Colorado and exclusive venue shall be in Chaffee County.

M. Amendments

By the Parties. Amendments hereof shall not be effective unless agreed to the Parties in a written amendment hereto, properly executed and approved in accordance with applicable Colorado State Law, State Fiscal Rules, and Office of the State Controller Policies. Any amendment must be in writing, signed and notarized by both parties, and recorded in the records of the Clerk and Recorder of Hinsdale County.

N. Order of Precedence

The provisions of this AE shall govern the relationship of the Parties. Any conflicts or inconsistencies between this AE and its exhibits and attachments, including, but not limited to, those provided by Grantor, shall be resolved by reference to the documents in the following order of priority:

- i. The provisions of §§ 1-11 of this AE, and
- ii. Exhibits.

O. Severability

To the extent that performance of the Parties' obligations under this AE can be accomplished within its intent, the provisions hereof are severable and any provision that is declared invalid or becomes inoperable for any reason shall not affect the validity of any other provision of this AE.

P. Subsequent Transfers by Grantor

Grantor shall incorporate the terms and conditions of this AE in any deed or other legal instrument by which it divests itself of any interest in all or a portion of the Property underlying the Easement Area. Grantor shall provide written notice to the State of the transfer of any interest at least 45 days prior to the date of such transfer.

Q. Taxes

The State is exempt from State and local government taxes. Grantor shall be solely liable for paying any such taxes that may be due.

R. Third Party Beneficiaries

Enforcement of this AE and all rights and obligations hereunder are reserved solely to the Parties. Any services or benefits which third parties receive as a result of this AE are incidental to the AE, and do not create any rights for such third parties.

S. Waiver

Waiver of any breach or event of default under a term, provision, or requirement of this AE, or any right or remedy hereunder, whether explicitly or by lack of enforcement, shall not be construed or deemed as a waiver of any subsequent breach of such term, provision or requirement, or of any other term, provision, or requirement. Grantor hereby waives any defense of laches, estoppel, or prescription, including any defenses available under CRS §38-41-119. The failure of Grantor to perform any act required by this paragraph shall not impair the validity of this Easement or limit its enforceability in any way.

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

12. SIGNATURE PAGE

IN WITNESS WHEREOF, Grantor has executed this Deed of Access Easement effective as of the Effective Date.

GRANTOR: Plauche Properties, LLC

By: _____
George C. Plauché, Manager

STATE OF _____)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me the _____ day of _____ 2013, by George C. Plauché, Manager, of Plauche Properties, LLC, a Colorado limited liability company.

Witness my hand and official seal.

Notary Public

My Commission Expires: _____

(Seal)

GRANTEE: ACCEPTED by the STATE OF COLORADO, JOHN W. HICKENLOOPER, GOVERNOR

By: _____
Chad Bishop

Date: _____, 2013

Title: Assistant Director, Wildlife and Natural Resources
Division of Parks and Wildlife for the Executive Director of the Department of Natural Resources, for the use and benefit of the Division of Parks and Wildlife and the Parks and Wildlife Commission

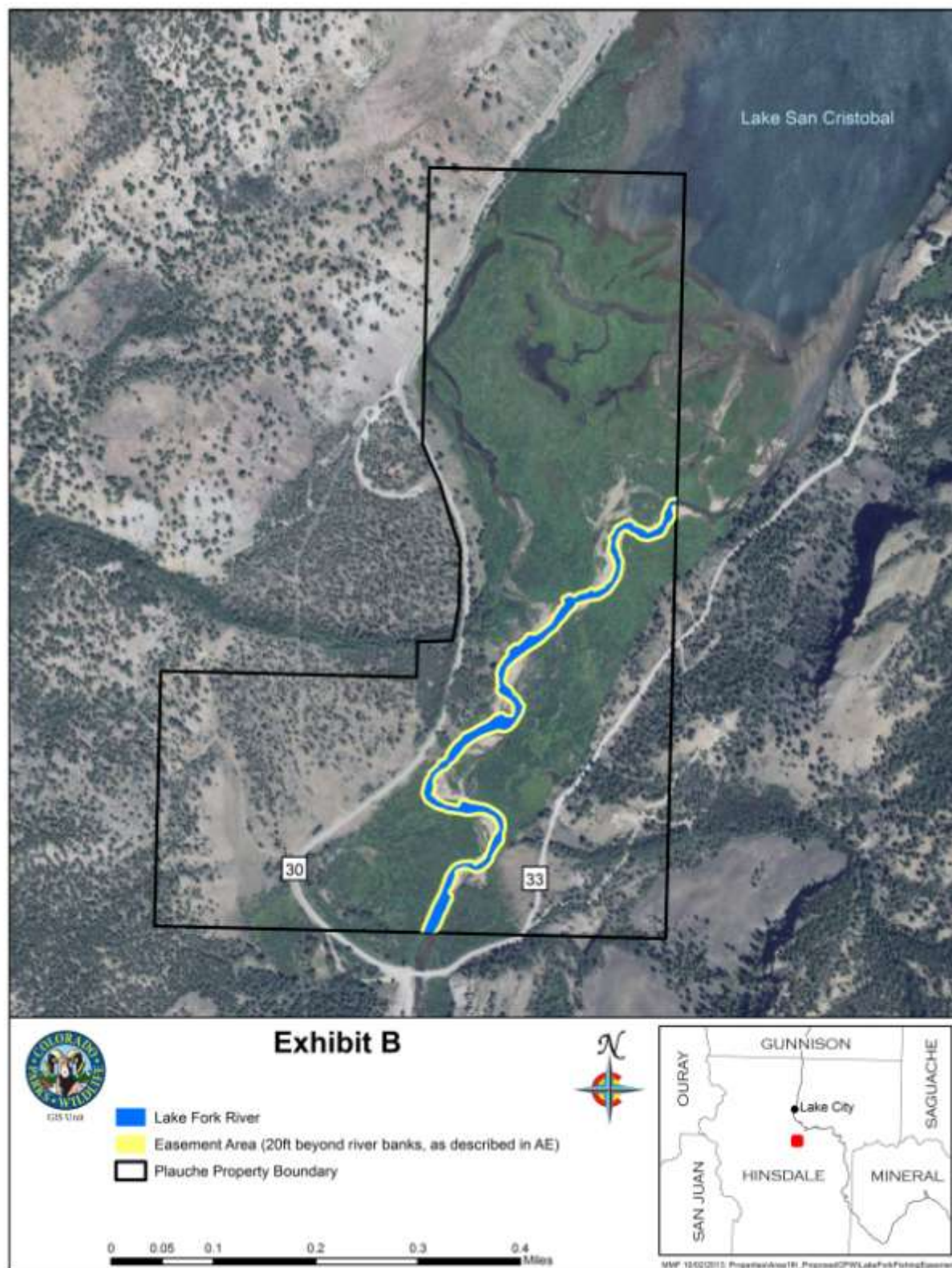
13. EXHIBIT A (Property Legal Description)

Parcel 1, PLAT OF TRACT 40, within Sections 27 and 28, Township 43 North, Range 4 West, New Mexico Principal Meridian, according to the plat of record and on file in the office of the Hinsdale County Clerk and Recorder, recorded August 23, 2013 under reception No. 100326

Parcel 2, PLAT OF TRACT 40, within Sections 27 and 28, Township 43 North, Range 4 West, New Mexico Principal Meridian, according to the plat of record and on file in the office of the Hinsdale County Clerk and Recorder, recorded August 23, 2013 under reception No. 100326.

All in Hinsdale County, Colorado.

14. EXHIBIT B (Easement Area Map)



15. EXHIBIT C (Title Exceptions)

1. Exceptions and Reservations in the United States Patent recorded in Book 37 at page 160: a. There is reserved from the lands hereby granted, a right of way for ditches and canals constructed by the authority of the United States. NOTE: This is the only Patent. According to BLM the original survey was suspended and the Tract was segregate out. "Tract 40" serves as a reference to track from the original survey to the resurvey and from the corrected Patent (1917 to Donald Cameron) to the resurvey.
2. Reservation of minerals in deed recorded June 1, 1955 in Book 49 at page 6.
3. Exception for County Road in deed recorded November 2, 1959 in Book 49 at page 49.
4. Easement by Dedication on the Subdivision Exemption Plat of The Downs recorded December 21, 2005 under Reception No. 95006; Covenants, conditions and restrictions as stated in document recorded December 21, 2005 under Reception No. 95007 (includes maintenance of the easement road)
5. Underground Right-of-Way Easement from Mrs. S. W. Plauché, Jr., aka Emma Lillian Plauché to Gunnison County Electric Association, Inc., a Colorado cooperative electric association dated June 26, 2006 and recorded August 22, 2006 under Reception No. 95512.
6. Notes, easements and other matters as shown on the Plat of Tract 40, within Sections 27 & 28, Township 43 North, Range 4 West, N.M.P.M., recorded August 23, 2013 under Reception No. 100326.
7. Existing roads, highways, ditches and reservoirs, utilities, power, telephone or water lines and rights of way and easements therefor, not shown in the public records.

DEED OF CONSERVATION EASEMENT

The Plauche Family Conservation Easement (Lake San Cristobal Inlet Preservation and Fishing Access Project)

NOTICE: THIS PROPERTY INTEREST HAS BEEN ACQUIRED IN PART WITH GRANT #12418 ("GRANT") FROM THE STATE BOARD OF THE GREAT OUTDOORS COLORADO TRUST FUND ("BOARD"). THIS DEED OF CONSERVATION EASEMENT CONTAINS RESTRICTIONS ON THE USE AND DEVELOPMENT OF THE PROPERTY WHICH ARE INTENDED TO PROTECT ITS OPEN SPACE AND OTHER CONSERVATION VALUES. THE BOARD HAS FOUND THAT THIS DEED OF CONSERVATION EASEMENT PROVIDES BENEFITS THAT ARE IN THE PUBLIC INTEREST.

THIS PROPERTY INTEREST ALSO HAS BEEN ACQUIRED IN PART WITH GRANTS AND FUNDS FROM THE U.S. FISH AND WILDLIFE SERVICE (PURSUANT TO THE STATE WILDLIFE GRANT PROGRAM AND THE LANDOWNERS INCENTIVE PROGRAM; AND THIS CONSERVATION EASEMENT WILL BE MANAGED FOR THE PURPOSE OF THIS GRANT IN ACCORDANCE WITH APPLICABLE FEDERAL AND STATE LAW; THIS CONSERVATION EASEMENT MAY NOT BE ENCUMBERED, DISPOSED OF IN ANY MANNER OR USED FOR PURPOSES INCONSISTENT WITH THE STATE WILDLIFE GRANT PROGRAM OR THE LANDOWNERS INCENTIVE PROGRAM WITHOUT THE PRIOR WRITTEN APPROVAL OF THE REGIONAL DIRECTOR, US FISH AND WILDLIFE SERVICE, REGION 6, DENVER COLORADO). THIS DEED CONTAINS RESTRICTIONS ON THE USE AND DEVELOPMENT OF THE PROPERTY THAT ARE INTENDED TO PROTECT ITS OPEN SPACE, ECOLOGICAL, AGRICULTURAL AND OTHER CONSERVATION VALUES. THE STATE HAS FOUND THAT THE ADOPTION OF THESE DEED RESTRICTIONS IS IN THE PUBLIC INTEREST.

Deleted: THE STATE OF COLORADO, ACTING BY AND THROUGH THE DEPARTMENT OF NATURAL RESOURCES, FOR THE USE AND BENEFIT OF THE DIVISION OF PARKS AND WILDLIFE AND THE PARKS AND WILDLIFE COMMISSION ("CPW" OR THE "STATE"), AND

Any time the Property or a permitted portion thereof is transferred by Grantor to any third party, Grantor shall pay a fee of ¼ of 1% of the sale price to Grantee and notify Grantee pursuant to the requirements of Section 12 of this Deed.

THIS DEED OF CONSERVATION EASEMENT ("Deed") is granted on this ____ day of December, 2013, by PLAUCHE' PROPERTIES, LLC, a Colorado limited liability company ("Grantor"), whose address is 3026 Hickory Hills Drive, Gainesville, GA 30506 to COLORADO OPEN LANDS, a Colorado non-profit corporation ("Grantee"), whose address is 274 Union Boulevard, Suite 320, Lakewood, Colorado 80228 (individually a "Party" and collectively the "Parties").

The following exhibits are attached hereto and are incorporated by reference:

Exhibit A: Legal Description

Exhibit B: Property Map

Exhibit C: Sample Notice of Transfer of Property

RECITALS:

A. **Description of Property.** Grantor is the owner of the fee simple interest in the subject Property legally described in **Exhibit A** and depicted in **Exhibit B**, consisting of approximately 116 acres of land, together with existing improvements (as further described in Section 4, **Property Improvements, of this Deed**) owned by Grantor associated with or appurtenant to the Property, located in Hinsdale County, State of Colorado ("the Property").

B. **Qualified Organization.** Grantee is a "qualified organization," as defined in §170(h)(3) of the Internal Revenue Code (I.R.C.) and Treasury Regulation § 1.170A-14(c) and is a charitable organization as required under § 38-30.5-104 (2) of the Colorado Revised Statutes (C.R.S.).

C. **Conservation Purposes.** Pursuant to I.R.C. § 170(h)(4)(A) and Treasury Regulation § 1.170A-14(d), the conservation purposes of a qualified conservation contribution must include one or more of the following: (1) to preserve land for outdoor recreation by or education of the general public; (2) to protect relatively natural habitat of fish, wildlife or plants; (3) to preserve open space; and (4) to preserve historically important land or structures.

The conservation purposes of this Deed ("Conservation Purposes") are as follows:

- C1. Recreation or Education** [§ 1.170A-14(d)(2)]. This Deed allows for a public fishing access easement to be granted from the Grantor to the State (the "Fishing Access Easement"). The Fishing Access Easement will allow the public pedestrian access to a portion of the Property for fly fishing on the terms and conditions described therein. The Property has been utilized in the past by the public for fishing without the formal permission of the Grantor. With formalization of public access for fishing through the granting of the Fishing Access Easement, impacts, if any, to the other Conservation Values of the Property will be minimal, ensuring a high quality recreational experience for visiting anglers and wildlife viewers for years to come.
- C2. Relatively Natural Habitat** [§ 1.170A-14(d)(3)]. The Property has a complex ecology containing wetlands, riparian areas, uplands and other natural habitat areas that provide food, shelter, breeding ground, and migration corridors for several wildlife species. The area is rich in wildlife and provides important habitat for a host of fish, mammals, and birds, especially migratory waterfowl. The wetlands and surrounding uplands provide winter habitat for elk and year round habitat for a stable moose population, and also support a diverse array of non-game species such as beaver, muskrat, and other small mammals. Among the birds known to frequent the vicinity are the bald eagle and the Mexican Spotted Owl. Lake San Cristobal is known to be populated by Colorado River Cutthroat Trout. The Property likely is habitat for rarer species in the region including the wolverine, the river otter and the Canadian lynx. The Property is of particular interest to wildlife conservationists because of a healthy population of the Northern Leopard Frog (*Rana pipiens*) that has been documented on the Property. The Northern Leopard Frog is currently designated as a Species of Special Concern by the Colorado Division of Parks and Wildlife and is being petitioned

for listing under the federal Endangered Species Act. A fuller description of the Property's flora and fauna can be found in the Present Conditions Report described herein.

- C3. ***Open Space*** [§ 1.170A-14(d)(4)]. The Property qualifies as Open Space because it is being preserved for the scenic enjoyment of the general public pursuant to clearly delineated federal, state and local governmental conservation policies with significant public benefits. The Property is situated in a matrix of public lands owned by Hinsdale County and the Bureau of Land Management, both of which are under special conservation and management status. Protection of the Property will preserve the last significant undeveloped piece of private property located within this important public recreation area.

Scenic Enjoyment. Lake San Cristobal is contained within the Alpine Triangle, an 186,000-acre BLM Special Recreation Management Area. The signature feature of the Triangle is the Alpine Loop, a designated Colorado Scenic Byway, connecting the tourist towns of Lake City, Ouray and Silverton. The Alpine Loop is a rugged but well-travelled back-country byway, offering year-round opportunities for access to the remote, rugged heart of the San Juan Mountain region. The Alpine Loop skirts the property's western boundary. The Loop intersects with the Silver Thread Scenic Byway, which runs along Highway 149 from Gunnison through Lake City and on to South Fork on Highway 160, about two miles downstream from Lake San Cristobal. The Property is highly visible from the Silver Thread Byway at the San Cristobal Overlook.

The Alpine Loop and Silver Thread Scenic Byways are tourist draws for in-state, national and international visitors. Lake San Cristobal, and in particular the Property, is a major feature in the view scape of both scenic byways. In addition to being within view of passing motorists along these scenic byways, Lake San Cristobal is also within view of hikers along the Colorado Trail, Continental Divide Trail, and numerous other local hiking trails. The Property is also a draw for visitors who also come to see the Slumgullion Earthflow National Natural Landscape/Colorado Natural Area. In addition, the site is near two Wilderness Study Areas (Handies and Redcloud WSA's), both of which draw thousands of visitors each year.

The Property is also the visual centerpiece for the general public recreating on and around Lake San Cristobal. A significant portion of the shoreline of Lake San Cristobal is owned and operated by Hinsdale County and is a popular destination for fishing, camping, picnic use and boating.

Clearly Delineated Government Conservation Policy. Protection of the Property furthers the specific objectives of clearly delineated conservation policies described in these Recitals.

Significant Public Benefit. There is a foreseeable trend of intense development in the vicinity of the Property in the near future. It is located along the Alpine Loop adjacent to Lake San Cristobal and has high development value for those wishing to build vacation homes. As such, there is a strong likelihood that the

Property would be developed if left unprotected, which would in turn lead to or contribute to the degradation of the scenic and natural character of the surrounding area. Lake San Cristobal is the second largest natural lake in the state of Colorado and is among the most undeveloped large bodies of water in Colorado. Protection of the Inlet property prevents development for the entire southern end of the lake. Visitors will have the chance to see an easily accessible large natural lake in relatively pristine condition.

The Property contributes greatly to the surrounding beauty and scenic quality of the area. The local economy and community identity of the town of Lake City depend heavily on the appeal that this natural area holds for residents and tourists alike.

The terms of this Deed do not permit a degree of intrusion or future development that would interfere with the essential scenic quality of the land.

The Conservation Purposes set forth in this Recital C shall hereafter be referred to as the "Conservation Values." These Conservation Values are of great importance to the Parties, the residents of Hinsdale County, and the State of Colorado.

D. State Policy Concerning Conservation Easements.

The voters of the State of Colorado by adoption of **Article XXVII to the Constitution of the State of Colorado**, the legislature of the State of Colorado by adoption of enabling legislation, and the Board, by adopting and administering competitive grants application and rigorous due diligence review processes, have established that it is the policy of the State of Colorado and its people to preserve, protect, enhance and manage the state's wildlife, park, river, trail and open space heritage, to protect critical wildlife habitats through the acquisition of lands, leases or easements, and to acquire and manage unique open space and natural areas of statewide significance. The Board has approved funding for a portion of the value of this Deed following a careful review of the Property and its conservation values.

C.R.S. §§ 38-30.5-101, et seq., provides for the establishment of conservation easements to maintain land "in a natural, scenic, or open condition, or for wildlife habitat, or for agricultural . . . or other use or condition consistent with the protection of open land, environmental quality or life-sustaining ecological diversity."

C.R.S. § 38-30.5-102 provides for the creation of conservation easements to maintain land "in a natural, scenic, or open condition, or for wildlife habitat, or for agricultural, horticultural, wetlands, recreational, forest or other use or condition consistent with the protection of open land . . ."

The Colorado Wildlife and Parks and Outdoor Recreation statutes, Colorado Revised Statutes §§ 33-1-101, et seq., and §§ 33-10-101, et seq., which provide, respectively, that "it is the policy of the state of Colorado that the wildlife and their environment are to be protected, preserved, enhanced, and managed for the use, benefit, and enjoyment of the people of this state and its visitors" and that "it is the policy of

the state of Colorado that the natural, scenic, scientific, and outdoor recreation areas of this state are to be protected, preserved, enhanced, and managed for the use, benefit, and enjoyment of the people of this state and visitors of this state.”

E. *Other Supporting Government Policy.*

The Colorado Department of Transportation statutes, C.R.S. §43-1-401, et seq., provide that the "preservation and enhancement of the natural and scenic beauty of this state" is a substantial state interest.

The Lake City and Hinsdale County Community Plan, finalized January 2006, Chapter 7, outlines the communities' goal of protecting and enhancing the natural environment to ensure preservation of community character and economic stability.

Conservation Covenant for Lake San Cristobal, executed on February 5, 1997 by the Board of County Commissioners of Hinsdale County, Colorado deems that Lake San Cristobal 'has significant ecological, wildlife habitat, open space, and aesthetic values and is a valuable part of the natural resource system of Hinsdale County'. The Conservation Covenant restricts the use and disposition of Hinsdale County's lands surrounding the Property in order to ensure 'that Lake San Cristobal's natural elements and its ecological and aesthetic values be preserved by the continuation of the uses, primarily involving recreational, water storage and conservation uses that have proven historically compatible with such elements and values. Hinsdale County desires to minimize the unnecessary and irreversible conversion of recreational lands and lakes to non-recreational, non-conservational and private commercial uses.' To this end the 'establishment of any additional commercial, private or industrial use' is prohibited.

The Silver Thread Colorado Scenic and Historic Byway and National Forest Scenic Byway Corridor Master Plan which works in concert with other federal, state and county entities 'to A) identify open space sites along the corridor, B) preserve open spaces that warrant preservation and C) maintain and enhance the corridor by adopting planning and design strategies which will minimize the impact of development along the corridor.' This plan also encourages the exchange of highly visible private land for less visible public properties. 'If trading is not an option, it is recommended that private landowners pursue scenic easements to keep the byway attractive.'

The Alpine Loop Scenic and Historic Byway Interim Management Plan is a compilation of numerous management plans that affect the Byway area. The goal of this effort is that the Byway "will be managed to properly balance recreation use and resource protection to ensure the area's outstanding values are not diminished. It will also be managed to ensure that tourism continues to provide significant contributions to the economies of Lake City, Silverton and Ouray."

The Intermodal Surface Transportation Efficiency Act of 1991, reauthorized in 1998 under the Transportation Equity Act for the 21st Century, established the National Scenic Byways (NSB) Program, which recognizes certain roads as National Scenic Byways or All-American Roads based on their archaeological, cultural, historic, natural, recreational, and scenic qualities.

The North American Wetlands Conservation Act (16 U.S.C. §§ 4401 et seq.), the purposes of which are “to encourage partnership among public agencies and other interests (1) to protect, enhance, restore and manage an appropriate distribution and diversity of wetland ecosystems and habitats associated with wetland ecosystems and other fish and wildlife in North America; (2) to maintain current or improved distributions of wetland associated migratory bird populations; and (3) to sustain an abundance of waterfowl and other wetland associated migratory birds...”

The North American Waterfowl Management Plan, signed in 1986 by the Canadian Minister of the Environment and the U.S. Secretary of the Interior, recognizes the need to recover waterfowl populations by restoring and managing wetland ecosystems; to conserve biological diversity in the western hemisphere; to integrate wildlife conservation with sustainable economic development; and to promote partnerships of public and private agencies, organizations and individuals for conservation. Canada, the United States, and Mexico are committed to the ongoing continental effort to restore North America’s waterfowl and wetlands resources.

F. **Documentation of Present Conditions.** Pursuant to Treasury Regulation §1.170A-14(g)(5) and in order to document the condition of the Property as of the date of this Deed, a report has been prepared by Camille Richard, of the Lake Fork Valley Conservancy and dated October 28, 2013 (“Present Conditions Report”). The Present Conditions Report documents the Conservation Values and the characteristics, current use, and status of improvements on and development of the Property. The Present Conditions Report has been provided to the Parties and is acknowledged by the Parties as an accurate representation of the Property at the time of the conveyance. The Present Conditions Report will be used by Grantee to assure that any future changes in the use of the Property will be consistent with the terms of this Deed. However, the Present Conditions Report is not intended to preclude the use of other evidence to establish the condition of the Property as of the date of this Deed.

G. **Conservation Easement.** This Deed creates a perpetual conservation easement in gross, as defined by C.R.S. §38-30.5-102 and §38-30.5-103 and of the nature and character described in this Deed (“Easement”).

H. **Charitable Donation.** Grantor intends to sell a portion of the property interest conveyed by this Deed to the Grantee, and to donate to the Grantee the remaining property interest conveyed by this Deed, so that it may qualify as a tax deductible gift pursuant to I.R.C. §170(h), Treasury Regulation §1.170A-14, and C.R.S. §38-30.5.

ACKNOWLEDGEMENT OF PURPOSE AND INTENT

As a guide to the interpretation and administration of this Deed, the Parties, for themselves, and for their successors and assigns, expressly declare their agreement and dedication to the following purpose and intent:

I. **Purpose.** The purpose of this Deed is to preserve and protect the Conservation Values in perpetuity in accordance with I.R.C. §170(h), Treasury Regulation § 1.170A-14, and C.R.S. §38-30.5 (“Purpose”).

II. Intent. The intent of the Parties is to permit acts on and uses of the Property that are consistent with the Purpose and to restrict or prohibit acts on and uses of the Property that are not consistent with the Purpose (“Intent”). In this Deed, “consistent with the Purpose” shall mean acts on and uses of the Property that have a positive impact, neutral impact, or no impact on the Conservation Values as determined by Grantee in its sole discretion.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties mutually agree as follows:

Conveyance of Easement. Grantor hereby voluntarily grants and conveys this Deed to Grantee, and Grantee hereby voluntarily accepts, without reservation, this immediately vested and perpetual real property interest, along with the rights and obligations created by this Deed.

Rights Conveyed to Grantee. To accomplish the Purpose, the following rights are hereby conveyed to Grantee, its employees and its representatives:

- 2.1. To preserve and protect the Conservation Values;
- 2.2. To prevent acts on or uses of the Property that are not consistent with the Purpose and, except as limited by Section 7 (Responsibilities of the Parties Not Affected) of this Deed;
- 2.3. To require the restoration of such areas or features of the Property that are damaged by an inconsistent act or use;
- 2.4. To enter upon the Property in order to monitor Grantor’s compliance with the terms of this Deed pursuant to Section 8 (Monitoring) of this Deed, and to enforce the terms of this Deed pursuant to Section 9 (Enforcement) of this Deed.
- 2.5. To hold all Development Rights as defined in Section 13 (Development Rights) of this Deed, except as specifically reserved by Grantor herein.
- 2.6. To have all other rights conveyed by this Deed.

Rights Retained by Grantor. Grantor reserves, for itself and its successors and assigns, any and all rights not otherwise conveyed to Grantee under this Deed and any and all uses of, or activities on the Property that are not prohibited or restricted by this Deed and are not inconsistent with the Purpose and terms of this Deed. Without limiting the generality of the foregoing, Grantor specifically reserves for itself and its successors and assigns the following uses and activities, which shall be considered permitted uses and activities under the Easement.

Property Improvements. Improvements existing as of the date of this Deed are permitted. All other construction or placement of improvements is prohibited except as provided herein.

4.1. **Residential and Non-Residential Structures.** The construction, placement, replacement, enlargement, maintenance and repair of residential and non-residential structures and improvements is permitted pursuant to the limitations set forth herein. For purposes of this Deed, “Residential Improvements” are defined as covered structures containing habitable space, including homes, cabins, guest houses, including any space attached to a home, cabin or guest house such as a garage, and any other structures intended for full or part-time human habitation. For purposes of this Deed, “Nonresidential Improvements” are defined as covered structures not intended for human habitation and include, but are not limited to, barns, pole barns, sheds, arenas, and free-standing garages.

4.1.1. **Building Envelopes.** There shall be one (1) building envelope permitted on the Property, referred to herein as “Building Envelope”. All Residential Improvements and Nonresidential Improvements (with the exception of Nonresidential Improvements permitted by Section 4.1.2 below) constructed after the date of this Deed shall be located within the Building Envelope.

4.1.1.1. **Building Envelope.** The Building Envelope is three (3) acres in size. The location of the Building Envelope is described on **Exhibit A-1** and depicted on **Exhibit B**. On the date of this Deed, one (1) improvement is located within the Building Envelope, a Residential Improvement (a cabin) consisting of 1,562 square feet of Footprint (as defined below in Section 4.1.4).

Formatted: Highlight

4.1.1.2. **Building Envelope Limitations.** Grantor may construct, place, replace, or enlarge Residential or Nonresidential Improvements within the Building Envelope, subject to the following limitations.

4.1.1.2.1. The maximum number of Residential Improvements (including attached appurtenances) shall not exceed one (1).

4.1.1.2.2. The maximum Height, as defined below in Section 4.1.5, for each improvement shall not exceed 35 feet.

4.1.1.2.3. The total cumulative Footprint for all improvements shall not exceed 3,500 square feet.

4.1.1.2.4. Improvements in excess of the foregoing require Grantee approval pursuant to Section 21 (Grantee’s Approval) of this Deed.

4.1.1.2.5. Unenclosed improvements having no permanent Footprint, such as corrals or hunting blinds, are permitted if consistent with the Purpose and Intent.

4.1.1.3. **Notice.** Prior to the placement, construction, replacement or

enlargement of any Residential Improvement or Nonresidential Improvement as permitted by Section 4.1.1, Grantor shall notify Grantee in writing not less than sixty (60) calendar days prior to the date Grantor intends to undertake the activity in question. The written notice shall describe the proposed improvement in sufficient detail (i.e. location, size, scope, design, nature) to allow Grantee to evaluate the consistency of the proposed improvement with this Section.

4.1.2. ***Outside of the Building Envelope.*** On the date of this Deed, the following improvements are located outside of the Building Envelope:

4.1.2.1. ***Construction Limitations.*** Grantor may construct, place, replace or enlarge Nonresidential Improvements outside of the Building Envelope subject to the following:

4.1.2.1.1. The maximum number of Nonresidential Improvements shall not exceed two (2).

4.1.2.1.2. The maximum Height for each Nonresidential Improvement shall not exceed 35 feet.

4.1.2.1.3. The total cumulative Footprint for all Nonresidential Improvements shall not exceed 600 square feet.

4.1.2.1.4. Improvements in excess of the foregoing require Grantee approval pursuant to Section 20 (Grantee's Approval) of this Deed.

4.1.2.1.5. Unenclosed improvements having no Footprint, such as corrals or hunting blinds, are permitted if consistent with the Purpose and Intent.

4.1.3. ***Repair and Maintenance.*** Grantor may repair and maintain permitted improvements without providing notice to or obtaining the consent of Grantee.

4.1.4. ***Definition of Footprint.*** For purposes of this Deed, Footprint is defined as the total ground area occupied by each Residential Improvement or Nonresidential Improvement, calculated on the basis of the exterior dimensions (whether at or above ground level) including carports or breezeways, but excluding eaves, uncovered decks or patios ("Footprint").

4.1.5. ***Measurement of Height.*** For purposes of this Deed, Height is defined as the vertical distance from the high point of the grade at the structure perimeter to the high point of the structure ("Height"). For the purposes of this Deed, "Grade at the structure perimeter" means either the natural grade or the finished grade, whichever is lower in elevation.

4.2. ***Other Improvements.***

4.2.1. ***Roads.*** For purposes of this Deed, Improved Roads shall be defined as any road, driveway or parking area that is graded, drained, or has a surface other than the natural earthen material (“Improved Roads”) and Unimproved Roads shall be defined as any track greater than three (3) feet wide where the natural earthen material is the driving surface (“Unimproved Roads”).

4.2.1.1. ***Within the Building Envelope).*** Construction, maintenance, paving (e.g. concrete, asphalt, or other impermeable material) or otherwise surfacing of all Improved and Unimproved Roads is permitted within the Building Envelope.

4.2.1.2. ***Outside of the Building Envelope).***

4.2.1.2.1. ***Improved Roads.*** No Improved Roads shall be constructed or established outside of the Building Envelope except for those permitted Improved Roads depicted on **Exhibit B** or unless Grantee determines that the proposed road is consistent with the Purpose, pursuant to Section 20 (Grantee’s Approval) of this Deed. Permitted Improved Roads may be relocated provided that the abandoned road shall be promptly revegetated and restored to a condition that is consistent with the Purpose, pursuant to Section 20 (Grantee’s Approval) of this Deed. Improved Roads shall be no wider than physically and legally necessary to provide access.

4.2.1.2.2. ***Unimproved Roads.*** No Unimproved Roads shall be constructed or established outside of the Building Envelope except for those permitted Unimproved Roads depicted on **Exhibit B** and any Unimproved Roads that are consistent with the Purpose. No Unimproved Road shall be altered to become an Improved Road unless Grantee determines that the proposed alteration is consistent with the Purpose, determined pursuant to Section 20 (Grantee’s Approval) of this Deed. Notwithstanding the forgoing, Grantor is permitted to use motorized vehicles on and about the Property in a manner consistent with the Purpose and Intent, to support the Property’s permitted agricultural uses, the Property’s management, and for cases of emergency, such as fire or other natural disaster. Off road vehicle courses for snowmobiles, all-terrain vehicles, motorcycles, or other motorized vehicles are prohibited.

- 4.2.2. **Fences.** Existing fences may be maintained, repaired and replaced and new fences may be built anywhere on the Property, provided that the location and design of said fences are consistent with the Purpose.
- 4.2.3. **Signs.** Existing signs may be maintained, repaired and replaced (with signs similar in character and size) in their current location. No commercial signs, billboards, awnings, or advertisements shall be displayed or placed on the Property, except for appropriate and customary ranch or pasture identification signs, “for sale” or “for lease” signs alerting the public to the availability of the Property for purchase or lease, signs advertising a permitted use of the Property, “no trespassing” signs, signs regarding the private leasing of the Property for hunting, fishing or other low impact recreational uses, and signs informing the public of the status of ownership. Signs that are permitted or required under the terms of the Fishing Access Easement are also permitted hereunder. All new signage shall be consistent with the Purpose. Grantee shall erect one or more signs visible from the nearest public roadway, or from an alternative location approved by the Board, identifying the Board’s Grant and investment in this Property to the public.
- 4.2.4. **Utility Improvements.** Existing energy generation or transmission infrastructure and other utility improvements, including but not limited to: (i) electric power poles, transformers, and lines; (ii) telephone and communications towers, poles, and lines; (iii) septic systems; (iv) domestic water storage and delivery systems (including the water box utilized in conjunction with the structures permitted in the Building Envelope); and (v) renewable energy generation systems including, but not limited to, wind, solar, geothermal, or hydroelectric (“Utility Improvements”), may be repaired or replaced with an improvement of similar size and type at their current locations on the Property without further permission from Grantee. Utility Improvements may be enlarged or constructed on the Property subject to the restrictions below and provided that they are consistent with Purpose.
- 4.2.4.1. **Within the Building Envelope.** Grantor may enlarge or construct Utility Improvements within the Building Envelope without providing notice to or obtaining the consent of Grantee, provided that no Utility Improvements exceed 35 feet in height.
- 4.2.4.2. **Outside of the Building Envelope.** Grantor shall not enlarge or construct Utility Improvements outside of the Building Envelope without permission of Grantee. Prior to the enlargement or construction of Utility Improvements, Grantor shall provide notice so that Grantee can evaluate whether the proposal is consistent with Purpose, pursuant to Section 20 (Grantee’s Approval) of this Deed.
- 4.2.4.3. **Additional Requirements.** Following the repair, replacement, enlargement or construction of any Utility Improvements, Grantor shall promptly restore any disturbed area to a condition consistent

with the Purpose. Any easement, right of way or other interest granted to a third party or otherwise reserved, to be used for Utility Improvements is subject to Section 6.8 (Easements, Rights of Way or Other Interests) of this Deed.

4.2.4.4. **Renewable Energy Generation Systems.** Limited renewable energy generation systems are permitted for use on the Property primarily for the purpose of allowing Grantor to offset its energy consumption, subject to the restrictions above. Any renewable energy generated on the Property in accordance with this paragraph that incidentally is in excess of Grantor's consumption may be sold, conveyed, or credited to a provider of retail electric service to the extent permitted by Colorado law.

4.2.5. **Non-Domestic Water Improvements.** The maintenance and repair of existing non-domestic water improvements such as ponds, reservoirs, stock tanks, center pivot sprinklers, irrigation ditches, pipes, headgates, flumes, pumps, or wells is permitted. The construction of new water improvements or enlargement of existing water improvements, excluding ponds and reservoirs, is permitted provided that such activity is consistent with the Purpose. The enlargement of existing ponds or reservoirs, or the construction of new ponds or reservoirs, is permitted provided that Grantee determines that said activities are consistent with the Purpose, pursuant to Section 20 (Grantee's Approval) of this Deed. Any portion of the Property that is disturbed by the maintenance, repair, construction or enlargement of water improvements shall be restored to a condition that is consistent with the Purpose promptly after said activity is completed.

4.2.6. **Miscellaneous Improvements.** Golf courses, sod farms, helicopter pads, airstrips, and towers in excess of thirty-five (35) feet in height are prohibited.

Resource Management. Grantor may engage in resource management on the Property consistent with this Section. Grantor recognizes the importance of good resource management and stewardship to preserve and protect the Conservation Values. To this end, the following uses of the Property shall be conducted in accordance with the provisions below. If Grantee believes any resource management practice(s) are not consistent with the Purpose, the Parties agree to discuss and attempt to resolve the concerns raised by Grantee; if such concerns are not addressed to the satisfaction of Grantee, in addition to all of its rights under this Deed, Grantee may request that the Parties consult with a mutually acceptable resource management professional. This professional will provide written recommendations for said resource management practice(s). The cost of this consultation shall be borne by Grantor. **Grantee shall determine whether said recommendations are consistent with the Purpose, in its reasonable discretion as a land trust accredited by the Land Trust Alliance and certified by the State of Colorado's Division of Real Estate pursuant to C.R.S. § 12-61-720, and Rule A-I of the Code of Colorado Regulations, Qualifications for Certification to Hold Conservation Easements. (4 C.C.R. 725-4, Rule A-I), as amended.**

Formatted: Highlight

Comment [A1]: COL insisted on including this language, which allows COL to determine whether the consultant's recommendations are consistent with the Purpose. This means that COL could ask the family to hire a consultant, pay for the consultant, and then decide that the consultant's recommendations should not be followed. I have asked COL to provide a rationale for its position.

Formatted: Highlight

Formatted: Font: 12 pt, Highlight

- 5.1. **Agriculture.** All agricultural uses shall be conducted using stewardship and management methods that preserve the natural resources upon which agriculture is based. Long term stewardship and management goals include preserving soil productivity, maintaining natural stream channels, preventing soil erosion, minimizing invasive species, avoiding unsustainable livestock grazing practices, and minimizing loss of vegetative cover. If agricultural acts or uses are discontinued in a manner that reasonably requires the planting of appropriate land cover, either Party may request that the Parties develop a mutually acceptable plan to ensure appropriate land cover that is consistent with the Purpose. The expense of developing and implementing said plan shall be borne by Grantor.
- 5.2. **Timber.** On a limited and localized basis, trees may be cut to control insects and disease, to control invasive non-native species, to prevent personal injury and property damage, and for domestic uses on the Property such as firewood and construction of permitted improvements. Tree thinning activities are permitted to maintain the character and nature of the wildlife habitat and to maintain views from the Building Envelope. Other timber harvesting activities shall be conducted in accordance with a forest management plan prepared by a professional forester at Grantor's expense, provided that Grantee determines that said activities and management plan are consistent with the Purpose, pursuant to Section 20 (Grantee's Approval) of this Deed.
- 5.3. **Relatively Natural Habitat.** Habitat management activities that have the potential to negatively impact the Conservation Values such as chaining juniper or sagebrush, constructing or altering ponds, wetlands, or stream channels, and conducting controlled burns may be permitted provided that Grantee determines that said management activities are consistent with the Purpose, pursuant to Section 20 (Grantee's Approval) of this Deed.
- 5.4. **Minerals and Other Deposits.** As of the date of this Deed, Grantor does not own all of the mineral rights located on, under, or in the Property or otherwise associated with the Property. For this reason, a minerals assessment report has been completed by Rare Earth Science, dated February 3, 2012, with an update letter dated [REDACTED], 2013, in compliance with I.R.C. §170(h)(5)(B)(ii) and Treasury Regulation §1.170A-14(g)(4). The report concludes that, as of the date of this Deed, the probability of extraction or removal of minerals from the Property by any surface mining method is so remote as to be negligible. Any and all mineral rights owned by Grantor and by third parties shall be subject to the following provisions:
- 5.4.1. **Grantor's Mineral Rights.** Grantor's current and future ownership of mineral rights associated with the Property shall be subject to the following provisions:
- 5.4.1.1. **Mining.** The exploration, development, mining or other extraction or removal of soil, sand, gravel, rock, stone, decorative stone, oil, natural gas, coalbed methane (including any and all substances produced in association therewith from coalbearing formations), hydrocarbons, coal, fuel, or any other mineral substance, of any kind

or description (“Minerals”) on, under, or in the Property or otherwise associated with the Property by any surface method is prohibited. In addition, Grantor shall not transfer, lease, or otherwise separate any mineral rights from the surface of the Property except as provided herein. Grantor hereby reserves the right to conduct or permit the exploration, development, mining, extraction or removal of Minerals by other than a surface mining method, including entering into any Mineral Document (as defined below).

- 5.4.1.1.1. For purposes of this Deed, the term “Mineral Document” shall mean any lease, surface use agreement, no-surface occupancy agreement, or any other instrument related to Minerals associated with the Property, and the provisions of which may permit activities that may have a current or future impact on the surface of the Property.
- 5.4.1.1.2. Any Mineral Document shall require that Grantor provide notice to Grantee whenever notice is given to Grantor, require the consent of the Grantee for any activity not specifically authorized by the instrument, and give Grantee the right, but not the obligation, to object, appeal and intervene in any action in which Grantor has such rights.
- 5.4.1.1.3. Grantor shall not sign any Mineral Document without Grantee approval pursuant to Section 20 (Grantee’s Approval) to ensure that said document is consistent with the Purpose and this Section. Grantee shall have the right to charge a fee to Grantor for time and costs associated with review of any Mineral Document.
- 5.4.1.1.4. All Mineral Documents must: (i) limit the area(s) of disturbance to a specified area(s); (ii) include provisions that ensure that the proposed activities have a limited, localized impact on the Property that is not irretrievably destructive of the Conservation Values; and (iii) contain (1) a full description of the activities proposed (2) extent of disturbance, (3) location of facilities, equipment, roadways, pipelines and any other infrastructure, (4) operations restrictions to minimize impacts on the Conservation Values, (5) reclamation measures including and in addition to those required by law, and (6) remedies for damages to the Conservation Values.
- 5.4.1.1.5. Any Mineral Document that permits subsurface access to Minerals but prohibits any access to the surface of

the Property shall prohibit any disturbance to the subjacent and lateral support of the Property.

5.4.1.2. **Geothermal Resources.** The development of geothermal resources within the Building Envelope for residential purposes within the Building Envelope is permitted.

5.4.2. **Third Party Mineral Rights.** Grantor does not own all, or has leased some, of the mineral rights located on, under, or in the Property or otherwise associated with the Property. One or more third parties may have the right to explore for develop, mine, extract or remove said Minerals.

5.4.2.1. Grantor agrees that by granting this Deed to Grantee, it has granted to Grantee a portion of its rights as owner of the Property on which the exploration, development, mining, extraction or removal of any Minerals may be conducted. Grantor shall provide written notice to Grantee of any contact, lease or other agreement, whether verbal or written, from an owner, lessee or operator of third party Minerals on the Property, or from a state or federal agency concerning proposed third party mineral operations on the Property within ten (10) days after receipt of such contract, lease or other agreement.

5.4.2.2. Grantor shall not enter into any Mineral Document without Grantee approval pursuant to Section 20 (Grantee's Approval) to ensure that said document is consistent with the Purpose and this Section, and Grantee shall be a party to any such agreement, if Grantee chooses, in its sole discretion. Grantee shall have the right to charge a fee to Grantor for time and costs associated with review of any Mineral Document.

5.4.2.3. Grantor affirmatively grants to Grantee the right, but not the obligation, to object to, on Grantor's behalf, any administrative application, permit or other regulatory approval to be granted by any federal, state or local government body or agency, including any permit conditions in accordance with state law and regulations, and Grantor shall not grant its approval or acceptance of any such application, permit, permit conditions or other regulatory approval without Grantee's approval pursuant to Section 20 (Grantee's Approval). Grantor affirmatively grants to Grantee the right, but not the obligation, to appeal a decision of the Colorado Oil and Gas Commission or any other federal, state or local government body or agency, on Grantor's behalf.

5.5. **Recreation.** Low-impact recreational uses such as wildlife watching, hiking, cross-country skiing, rafting and kayaking, hunting and fishing (including without limitation all uses allowed under the Fishing Access Easement) are permitted, provided they are consistent with the Purpose.

- 5.6. **Weeds.** The Parties recognize the potential negative impact of noxious weeds and invasive plant species on the Conservation Values. Grantee has no responsibility for the management of noxious weeds and invasive plant species on the Property.
- 5.7. **Water Rights.** This Deed does not encumber any water rights.
- 5.8. **Management for Fishing Access Easement Area.** Access to the portion of the Property encumbered by the Fishing Access Easement will be managed according to the terms of the Fishing Access Easement.

Restricted Acts and Uses.

6.1. ***Subdivision.***

6.1.1 The Parties agree that the division, partition, subdivision or de facto subdivision of the Property, whether by legal or physical process, into two or more parcels of land or partial or separate interests (including, but not limited to, condominium interests or the partition of undivided interests) is prohibited. At all times the Property shall be owned and conveyed as a single parcel which shall be subject to the provisions of this Deed. Ownership of the single parcel by joint tenancy or tenancy in common is permitted, consistent with Section 27 (Joint and Several Liability) and Section 29 (Ownership by Single Entity Consisting of Multiple Parties); provided, however, that Grantor shall not undertake any legal proceeding to partition, subdivide or divide in any manner such undivided interests in the single parcel.

- 6.2. ***Surface Disturbance.*** Any alteration of the surface of the land, including without limitation, the movement, excavation, extraction or removal of soil, sand, gravel, rock, peat or sod, is prohibited, unless such alteration is associated with permitted acts on and uses of the Property and is consistent with the Purpose and Intent. Notwithstanding the foregoing, soil, sand, gravel or rock may be extracted from the Property provided that: (i) such extraction shall be solely for use on the Property for non-commercial purposes (ii) not more than one-half acre of the Property is disturbed at any one time; (iii) such extraction shall have no more than limited, localized impact on the Property; (iii) such extraction shall be associated with permitted acts on and uses of the Property; and (iv) Grantee determines that such extraction is consistent with Purpose and Intent pursuant to Section 20 (Grantee's Approval) of this Deed. Once extraction is complete, Grantor shall promptly restore any disturbed area to a condition consistent with the Purpose and Intent. This Section shall be interpreted in a manner that is consistent with I.R.C. § 170(h) and the Treasury Regulations adopted pursuant thereto.
- 6.3. ***Industrial or Commercial Activity.*** Industrial uses of the Property are prohibited. Commercial uses of the Property that are not consistent with the Purpose are prohibited.

Comment [A2]: Deleted language regarding 35-acre subdivision.

Deleted: <#>Notwithstanding the foregoing and subject to the requirements of Section 12 of this Deed regarding transfer, a single division of a thirty-five acre portion of the Property which encompasses the Building Envelope (the "Building Envelope Parcel") shall be permitted provided that in order to exercise this right the Grantor, at its cost, shall cause the location of a proposed Building Envelope Parcel to be surveyed and shall provide a copy of the survey to Grantee for its approval, pursuant to Section 20 of this Deed. Upon approval of the survey, at Grantor's cost the Parties shall record a notice in the form provided by the Grantee referring to this Easement which describes and depicts the location of the approved Building Envelope Parcel and acknowledges that the permanent location of such Building Envelope Parcel has been chosen and may not be re-located. No other division of the Property shall be permitted. If Grantor elects, in its sole discretion, to eliminate the right to create the Building Envelope Parcel then at Grantor's cost the Parties shall record a notice in the form provided by the Grantee that permanently extinguishes the right to create the Building Envelope Parcel.

<#>If the permitted division of the Property has occurred: the term "Grantor" in this Deed shall refer thereafter to the then current owners of the portion of the Property owned and their respective heirs, personal representatives, executors, successors, and assigns; each separate owner or owners of such a portion of the Property shall not be considered Grantor for the other portion, provided that any violation of the terms of this Deed by the then Grantor which existed at the time of the transfer may, at the discretion of Grantee, be enforced against any or all of the Property owners including the transferring Grantor and the owners after the transfer; each owner of a portion of the Property shall be regarded as a third party as to the easement on the other portions of the Property; if amendment of this Deed is made pursuant to Section 11 of this Deed, only the Grantee and the owner of the portion of the Property subject to the amendment shall be required to consent to and execute documents evidencing such amendment; each Grantor shall allow Grantee all required access for monitoring pursuant to Section 8 of this Deed across Grantor's portion of the Property for the purposes of monitoring that portion or any other portion of the Property. This Deed shall, both before and after any such permitted division of ownership, be construed as creating one easement encumbering the entire Property.

Deleted: <#>.

Formatted: Highlight

Formatted: Highlight

- 6.4. **Feedlot.** The establishment or maintenance of a feedlot is prohibited. For purposes of this Deed, “feedlot” is defined as a permanently constructed confined area or facility which is used and maintained continuously and exclusively for purposes of finishing or fattening large numbers of livestock for market. Nothing in this Section shall prevent Grantor from seasonally confining livestock into an area, corral or other facility for warm-up or feeding or calving, or from leasing pasture for the grazing of livestock owned by others.
- 6.5. **Public Access.** Nothing contained in this Deed shall be construed as affording the public access to any portion of the Property, although Grantor may permit public access to the Property on such terms and conditions as Grantor deems appropriate, provided that such access is consistent with the Purpose.
- 6.6. **Trash.** The dumping or accumulation of any kind of trash, sludge, or refuse on the Property is prohibited, except for agriculturally-related trash and refuse produced on the Property, provided that such dumping or accumulation is consistent with the Purpose. The storage or accumulation of agricultural products and by-products on the Property is permitted provided that such activity is conducted in accordance with all applicable government laws and regulations and is consistent with the Purpose.
- 6.7. **Hazardous Materials.** For purposes of this Deed, “Hazardous Materials” shall mean any hazardous substance as defined in §9601(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“CERCLA”), “pollutant or contaminant” as defined in § 9601(33) of CERCLA, or any hazardous waste as defined in C.R.S. §25-15-101(6). 40 C.F.R. § 302.4 provides a non-exhaustive list of over 600 substances that qualify as hazardous substances under CERCLA. The use, treatment, storage, disposal, or release of Hazardous Materials shall only be permitted in accordance with applicable, federal, state and local law and regulations.
- 6.8. **Easements, Rights of Way or Other Interests.** The conveyance or modification of an easement, right of way, Mineral Document or other similar interest is prohibited unless Grantee determines that the proposed conveyance or modification is consistent with the Purpose and Intent pursuant to Section 20 (Grantee’s Approval) of this Deed. Grantee has approved the Fishing Access Easement as being consistent with the Purpose and Intent of this Deed and the granting of such Fishing Access Easement is hereby permitted. In addition, the owner of the Building Envelope Parcel may grant an easement to the owner of the remainder of the Property, and the owners of the Restricted Property described in the Easement and Deed Restriction recorded on the same date as this Easement in the records of the Hinsdale County, Colorado Clerk and Recorder, to use the portions of the Building Envelope Parcel outside of the Building Envelope for the recreational uses described in Section 5.5, provided that Grantor shall first provide the proposed recreation use easement for the review by the Grantee pursuant to Section 20 of this Deed.
7. **Responsibilities of the Parties Not Affected.** Other than as specified herein, this Deed is not intended to impose any legal or other responsibility on Grantee, or in any way to affect any existing obligations of Grantor as owner of the Property. The terms of this Deed shall not be construed to entitle Grantee to bring any action against Grantor for any injury to or change in

the Property resulting from causes beyond Grantor's control, including, without limitation, fire, flood, storm, and earth movement, or from any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property resulting from such causes. Notwithstanding the foregoing, the Grantor shall make reasonable efforts to prevent third parties from performing, and shall not knowingly allow third parties to perform, any act on or use of the Property that is inconsistent with the Purpose. Grantor shall continue to be solely responsible for and Grantee shall have no obligation for the upkeep and maintenance of the Property, and Grantor understands that nothing in this Deed relieves Grantor of any obligation or restriction on the use of the Property imposed by law. Among other things, the foregoing sentence shall apply to the following:

7.1. **Taxes.** Grantor shall continue to be solely responsible for payment of all taxes and assessments levied against the Property. If Grantee is ever required to pay any taxes or assessments on its interest in the Property, Grantor will reimburse Grantee for the same. If for any reason Grantor fails to pay any taxes, assessments or similar requisite charges, Grantee may pay such taxes, assessments or similar requisite charges, and may bring an action against Grantor to recover all such taxes, assessments and similar charges plus interest thereon at the rate charged delinquent property taxes by the county assessor's office in which the Property is located.

7.2. **Liability.**

7.2.1. **Environmental Liability.**

Grantor shall indemnify, defend, and hold Grantee and the Board and the members, officers, directors, employees, agents, and contractors of each of them (collectively, the "Indemnified Parties") harmless from and against any and all loss, damage, cost, or expense, including reasonable attorneys' fees, arising from or in any way related to: (i) the existence, generation, treatment, storage, use, disposal, deposit or transportation of Hazardous Materials in, on or across the Property; (ii) the release or threatened release of Hazardous Materials on, at, beneath or from the Property; (iii) the existence of any underground storage tanks on the Property; or (iv) a violation or alleged violation of, or other failure to comply with, any federal, state, or local environmental law or regulation by Grantor or any other prior owner of the Property; provided, however, that this indemnification shall not extend to any loss, damage, cost, or expense to the extent caused by the acts or omissions of Grantee and its members, officers, directors, employees, agents, and contractors ("Grantee Indemnified Parties").

7.2.1.1. Notwithstanding anything in this Deed to the contrary, this Deed does not impose any liability on Grantee or the Board for Hazardous Materials, nor does it make Grantee or the Board an owner of the Property, nor does it require Grantee or the Board to control any act on or use of the Property that may result in the treatment, storage,

disposal or release of Hazardous Materials, all within the meaning of CERCLA or any similar federal, state or local law or regulation.

7.2.2. **Grantor's Liability.** Grantor shall indemnify, defend, and hold the Indemnified Parties harmless from and against any and all loss, damage, cost, or expense, including reasonable attorneys' fees, arising from or in any way related to: (i) injury to or the death of any person, or damage to property, occurring on or about or related to the Property, except to the limited extent caused by an act or omission of the Indemnified Parties; (ii) the obligations under this Section; or (iii) the violation or alleged violation of, or other failure to comply with any state, federal, or local law, regulation, or requirement by any person other than any of the Indemnified Parties, in any way affecting, involving, or relating to the Property; provided, however, that this indemnification shall not extend to any loss, damage, cost, or expense to the limited extent caused by the acts or omissions of any of the Grantee Indemnified Parties.

7.2.3. **Grantee's Liability.** The Grantee Indemnified Parties shall not be liable for injury or damages occurring on, or arising from, the Property except to the limited extent caused by the acts or omissions of the Grantee Indemnified Parties. The Board shall not be liable for injury or damages occurring on, or arising from, the Property

8. **Monitoring.** In order to monitor Grantor's compliance with the terms of this Deed, Grantee shall have the right to enter upon the Property upon reasonable prior notice to Grantor. Said notice need not be in writing. Grantee may engage such experts or consultants that Grantee deems necessary to assist in monitoring, including conducting aerial flyovers of the Property. Such entry shall not unreasonably interfere with Grantor's use and quiet enjoyment of the Property. Grantee will provide a written monitoring report to Grantor on an annual basis.

9. **Enforcement.**

9.1 **General Provisions.** Grantee shall have the right to prevent and correct or require correction of violations of the terms of this Deed. If Grantee reasonably determines that immediate entry is required to inspect for, prevent, terminate, or mitigate a violation of the terms of this Deed, Grantee may enter the Property without advance notice. If such entry occurs, Grantee shall notify Grantor within a reasonable time thereafter. If Grantee determines that a violation has occurred, Grantee shall notify Grantor, the Board, and any lien holder who requests such notice in writing, of the nature of the alleged violation. Said notice need not be in writing. Upon receipt of said notice, Grantor shall immediately cease the alleged violation and either (i) if necessary, provide a written plan for restoration and remediation of the Property and, once approved by Grantee, restore or remediate the Property in accordance with the plan; or (ii) provide written documentation demonstrating that the activity is permitted and is not a violation. Grantee's acceptance of Grantor's actions under (i) or (ii) above shall be in Grantee's sole discretion, and shall be confirmed by Grantee in writing. If Grantor is unable or unwilling to immediately cease the alleged violation and comply with (i) or (ii) above, the Parties agree to resolve the dispute

through mediation or judicial process. At any point in time, Grantee may take appropriate legal action, including seeking an injunction, to stop the alleged violation.

- 9.2 ***Costs of Enforcement.*** Any costs incurred by Grantee in enforcing the terms of this Deed against Grantor, including, without limitation, costs and expenses of suit, attorneys' fees and any costs of restoration necessitated by Grantor's violation of the terms of this Deed, shall be borne by Grantor. If the deciding body determines that Grantee has acted in bad faith in seeking to enforce the terms of this Deed, the Parties shall each be responsible for their own costs. If the Parties agree to mediation, the Parties will equally share the cost of the mediator's fees. The Board shall in no event be required to participate in any mediation.
- 9.3 ***Grantee's Discretion.*** Grantee's remedies described in this Section shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity, including the right to recover any damages for loss of Conservation Values as described in C.R.S. §38-30.5-108. The failure of Grantee to discover a violation or to take action shall not waive any of Grantee's rights, claims or interests in pursuing any such action at a later date.

10. ***Transfer of Easement.*** This Deed is transferable by Grantee, provided that (i) the transfer is restricted to an organization that, at the time of the transfer, is a qualified organization under I.R.C. § 170(h) and authorized to hold conservation easements under C.R.S. §§38-30.5-101, *et seq.* and C.R.S. §12-61-720; (ii) the conservation purposes which the contribution was originally intended to advance continue to be preserved and protected; (iii) the transferee agrees in writing to assume the responsibility imposed on Grantee by this Deed; (iv) the transferee is approved in writing by the Board in its sole and absolute discretion; and (v) the transferee is approved in writing by the Grantor in its reasonable discretion. Grantee shall provide the Board with a written request to assign the Easement at least forty-five (45) days prior to the date proposed for the assignment transaction. Grantee shall notify Grantor in advance of any proposed transfers. If Grantee ever ceases to exist, a court with jurisdiction is authorized to transfer this Deed pursuant to (i), (ii), (iii) and (iv) above.

The Board shall have the right to require Grantee to assign its rights and obligations under this Deed to a different organization if Grantee ceases to exist; is unwilling, unable, or unqualified to enforce the terms and provisions of this Deed; or is unwilling or unable to effectively monitor the Property for compliance with this Deed at least once every calendar year. Prior to any assignment under this Section 10, the Board shall consult with Grantee and provide Grantee an opportunity to address the Board's concerns. If the Board's concerns are not addressed to its satisfaction, the Board may require that Grantee assign this Deed to an organization designated by the Board that complies with Section 10 (i), (ii), and (iii) above.

If Grantee desires to transfer this Deed to a qualified organization having similar purposes as Grantee, but the Board or Grantor has refused to approve the transfer, a court with jurisdiction shall transfer this Deed to another qualified organization having similar purposes that agrees to assume the responsibility imposed on Grantee by this Deed, provided that Grantor and the Board shall have adequate notice of and an opportunity to

participate in the court proceeding leading to the court's decision on the matter.

Upon compliance with the applicable portions of this Section 10, the parties shall record an instrument completing the assignment in the records of the county or counties in which the Property is located. Assignment of the Deed shall not be construed as affecting the Deed's perpetual duration and shall not affect the Deed's priority against any intervening liens, mortgages, easements, or other encumbrances.

11. **Amendment.** If circumstances arise under which an amendment to this Deed would be appropriate, Grantor and Grantee may jointly amend this Deed so long as the amendment (a) is consistent with the Conservation Values and Purpose of this Deed, (b) does not affect the perpetual duration of the restrictions contained in this Deed, (c) does not affect the qualifications of this Deed under any applicable laws, (d) complies with Grantee's and the Board's procedures and standards for amendments (as such procedures and standards may be amended from time to time) and (e) receives the Board's prior written approval. Any amendment must be in writing, signed by both parties, and recorded in the records of the Clerk and Recorder of Hinsdale County, Colorado. A copy of the recorded amendment shall be provided by Grantee to the any lien holder who requests such notice in writing. In order to preserve the Deed's priority, the Board may require that the Grantee obtain subordinations of any liens, mortgages, easements, or other encumbrances. For the purposes of the Board's approval under item (e) above, the term "amendment" means any instrument that purports to alter in any way any provision of or exhibit to this Deed. Nothing in this paragraph shall be construed as requiring Grantee or the Board to agree to any particular proposed amendment.
12. **Transfer of Property.** Any time the Property is transferred by Grantor to any third party, Grantor shall notify Grantee in writing within five (5) business days after closing using the form in **Exhibit D**, and shall include a copy of the new ownership deed. The document of conveyance shall expressly refer to this Deed. Grantor shall pay a fee of ¼ of 1% of the purchase price to Grantee as holder of the real property interest represented by this Deed, excluding transfer to Grantor's direct descendants and family members, as defined by the Internal Revenue Code, and excluding transfers for the sole purpose of changing the type of legal entity by which title is held. Such fee shall be used for the purpose of the stewardship and defense of conservation easements held by Grantee or for other purposes consistent with Grantee's mission. This provision is intended to run with the land for perpetuity, and to touch and concern the Property burdened by this Deed by providing Grantee a contribution to enable its stewardship, enforcement, and defense of this Deed. If a fee is attributable to a transfer of property classified as "residential real property," as defined in C.R.S. Section 38-35-127(2)(e), then the Grantee covenants and agrees that the fee shall be used for the purposes specified in C.R.S. Section 38-35-127(2)(b)(V) in a manner consistent with the Grantee's mission.
13. **Development Rights.** For purposes of this Deed, "Development Rights" are defined as all present or future rights to (i) construct, place, replace, enlarge, maintain or repair any improvements on the Property; or (ii) receive credit for density for development on or off the Property. By this Deed, Grantor conveys to Grantee all Development Rights associated with the Property except those Development Rights specifically reserved by Grantor, which

include the right to make improvements to the Property pursuant to Section 4 of this Deed. Grantor does not have the right to use or transfer any Development Rights held by Grantee.

14. **Condemnation.** Grantor shall notify Grantee immediately of any communication or notice received concerning any proposed taking or condemnation affecting the Property, and Grantee shall notify the Board and have the right to participate in any proceedings as a real property interest holder. Grantee may pursue any remedies in law or in equity, including opposition to the condemnation of the Property. If the Property or any part thereof or interest therein is sold or conveyed to a condemning authority under threat of condemnation or taken through condemnation or other involuntary conversion, Grantee shall be entitled to compensation determined as provided in Section 17 (Compensation upon Condemnation, Termination, or Extinguishment) of this Deed.
15. **Termination or Extinguishment of Easement.** If circumstances arise in the future that render the Purpose of this Deed impossible to accomplish, this Easement may be terminated or extinguished, whether in whole or in part, only by judicial proceedings in a court of competent jurisdiction. The only ground upon which this Deed can be terminated or extinguished is the total loss of all Conservation Values such that the Purpose is impossible to accomplish. If termination or extinguishment occurs, Grantee shall be entitled to compensation determined as provided in Section 17 (Compensation upon Condemnation, Termination, or Extinguishment) of this Deed.
16. **No Merger or Release.** If Grantee wishes to acquire fee title to the Property or any additional interest in the Property (such as a leasehold), Grantee must first obtain the written approval of the Board. As a condition of such approval, the Board may require that the Grantee first transfer the Deed to another qualified organization consistent with Section 10 above. This Deed cannot be released.

17. **Federal Tax Items.**

- 17.1 **Qualified Conservation Contribution.** This Deed has been donated in whole or in part by the Grantor. The donation of the Deed is intended to qualify as a charitable donation of a partial interest in real estate (as defined under IRC §170(f)(3)(B)(iii)) to a qualified organization (as defined in Treasury Regulation §1.170(A-14(c)(1)). If the Deed is transferred to a different organization, that organization must commit to hold the Deed exclusively for conservation purposes as defined in Treasury Regulation §1.170A-14.
- 17.2 **Public Benefit.** The Grantor has granted the Deed to provide a significant public benefit (as defined in Treasury Regulation §1.170A-14(d)(4)). In addition to the public benefits described in the recitals to this Deed, the Present Conditions Report identifies other factual information supporting the significant public benefit of the Deed.
- 17.3 **Mineral Interests.** No individual, organization, trust, government or other entity has retained a qualified mineral interest in the Property of a nature that would disqualify the Deed for purposes of Treasury Regulation §1.170A-14(g)(4). The grant of any such interest is prohibited and Grantee has the right to prohibit the exercise of any such right or interest if granted in violation of this provision.

Formatted: Font: Bold, Italic, Highlight

Formatted: Highlight

Formatted: List Paragraph, No bullets or numbering, Hyphenate

Formatted: Font: Bold, Italic, Highlight

Formatted: Highlight

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted: Font: Bold, Italic, Highlight

Formatted: Highlight

Formatted: List Paragraph, No bullets or numbering, Hyphenate

Formatted: Font: Bold, Italic, Highlight

Formatted: Highlight

Formatted: List Paragraph, No bullets or numbering, Hyphenate

17.4 ***Notice Required under Regulations.*** To the extent required for compliance with Treasury Regulation §1.170A-14(g)(5)(ii), and only to the extent such activity is not otherwise subject to review under this Deed, Grantor agrees to notify Grantee before exercising any reserved right that may have an adverse impact on the conservation interests associated with the Property.

Formatted: Font: Bold, Italic, Highlight

Formatted: Highlight

17.5 ***Property Right.*** In accordance with Treasury Regulation §1.170A-14(g)(6), Grantor agrees that the grant of this Deed gives rise to a property right, immediately vested in the Grantee and with a fair market value that is at least equal to the proportionate value that the Deed at the time of the gift bears to the value of the Property as a whole. Upon extinguishment of the Deed, Grantee shall be entitled to compensation pursuant to Section 19.

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted: Font: Bold, Italic, Highlight

Formatted: Highlight

17.6 ***Qualification under IRC §2031(c).*** To the extent required to qualify for exemption from federal estate tax under IRC §2031(c), and only to the extent such activity is not otherwise prohibited or limited under this Deed, Grantor agrees that commercial recreational uses are not permitted within the Property.

Formatted: Font: 12 pt, Highlight

Formatted: Highlight

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted: Font: Bold, Italic, Highlight

Formatted: Highlight

17.7 ***Acknowledgment of Donation.*** Grantee acknowledges that no goods or services were received in consideration of the donated portion of this Grant and that this Grant is not conditioned upon the availability or amount of any deduction, credit or other benefit under applicable law.

Formatted: List Paragraph, No bullets or numbering, Hyphenate

Formatted: Font: Bold, Italic, Highlight

Formatted: Highlight

18. ***Compensation upon Condemnation, Termination, or Extinguishment.***

Formatted: Font: Not Bold, Not Italic, Highlight

Formatted: No bullets or numbering

Formatted: Highlight

18.1 For purposes of this Section, the Parties stipulate that this Deed has a fair market value determined by multiplying (a) the then-fair market value of the Property unencumbered by the Deed (minus any increase in value attributable to improvements on the Property), at the time of termination or extinguishment, as determined by a qualified appraisal, by (b) the ratio of the value of the Easement at the time of this grant to the value of the Protected Property, unencumbered by the Easement, at the time of this grant (the "Proportionate Value Percentage"). The Parties acknowledge that an appraisal of the Property has been completed that indicates that the Proportionate Value Percentage is fifty percent (50%), which percentage shall remain constant and shall be applied pursuant to Treasury Regulation §1.170A-14(g)(6)(ii).

Formatted: List Paragraph, No bullets or numbering, Hyphenate

Deleted: fair market value of the Deed

Deleted: of the full fair market value of the Property unrestricted by this Deed ("Proportionate Value Percentage")

18.2 If the Property, in whole or in part, is condemned pursuant to Section 14 or if this Deed is terminated or extinguished pursuant to Section 15, Grantee shall be entitled to a share of the proceeds of such action at least equal to the Proportionate Value Percentage of the full fair market value of the Property unrestricted by this Deed pursuant to Treasury Regulation § 1.170A-14(g)(6)(ii). Grantor shall not voluntarily accept less than full fair market value for the property rights represented by its interest and this Deed without Grantee's approval. The Board shall be entitled to receive fifty-seven percent (57%) of Grantee's compensation. CWCB shall be entitled to receive nineteen percent (19%) of Grantee's compensation. Grantee shall promptly remit the Board's share of these proceeds to the Board and CWCB's share of these proceeds to CWCB.

Comment [A3]: Added and revised tax-related language to comply with tax rules.

Formatted: Highlight

18.3 Grantee's use of its share of such proceeds shall comply with Treasury Regulation § 1.170A-14(g)(6).

18.4 Grantee's remedies described in this Section shall be cumulative and shall be in addition to any and all remedies now or hereafter existing at law or in equity, including the right to recover any damages for loss of Conservation Values as described in C.R.S. §38-30.5-108.

19. **Perpetual Duration.** This Deed shall be a servitude running with the land in perpetuity. The provisions of this Deed that apply to either Party shall also apply to their respective agents, heirs, executors, administrators, assigns, and all other successors as their interests may appear. Notwithstanding the foregoing, each Party's rights and obligations under the Easement created by this Deed shall terminate (as to such party, but not as to such party's successor, who shall be bound as provided herein) upon a transfer of the party's entire interest in this Deed or the Property, except that liability of such transferring party for act or omissions occurring prior to such transfer shall survive the transfer.

20. **Change of Circumstance.** Grantor has considered that restricted acts or uses may become more economically valuable than permitted acts or uses. It is the intent of the Parties that such circumstances shall not justify the termination or extinguishment of this Deed pursuant to Section 15 of this Deed. In addition, the inability to carry on any or all of the permitted acts and uses, or the unprofitability of doing so, shall not impair the validity of this Deed or be considered grounds for its termination or extinguishment pursuant to Section 15 of this Deed.

21. **Grantee's Approval.** Where Grantee's approval is required by this Deed, Grantor shall notify Grantee in writing not less than sixty (60) calendar days prior to the date Grantor intends to undertake the act or use, with sufficient detail (i.e. location, size, scope, design and nature) to allow Grantee to evaluate the consistency of the proposed act or use with the Purpose. Grantee shall approve or deny Grantor's written request, or notify Grantor of a delay in Grantee's decision, in writing within forty-five (45) calendar days of receipt of Grantor's written request. Grantor shall not engage in the proposed act or use until Grantor receives Grantee's approval in writing.

22. **Written Notices.** Any written notice that either Party is required to give to the other shall be delivered: (i) in person; (ii) via certified mail, with return receipt requested; (iii) via a commercial delivery service that provides proof of delivery; or (iv) via any delivery method mutually agreed to by the Parties, to the following addresses, unless one Party has been notified by the other Party of a change of address or ownership.

Grantor: Plaque Properties, LLC
3026 Hickory Hills Drive
Gainesville, GA 30506
Phone: _____

Formatted: Highlight

Comment [A4]: Please provide a phone number.

Grantee: Colorado Open Lands

274 Union Blvd., Suite 320
Lakewood, CO 80228
(303) 988-2373

Board: Executive Director
State Board of the Great Outdoors Colorado Trust Fund
303 East 17th Avenue, Suite 1060
Denver, CO 80203

If addresses change, the Parties shall provide updated information to each other in a timely manner. If a notice mailed to either Party at the last address on file is returned as undeliverable, the sending Party shall provide notice by regular mail to the other Party's last known address on file with the tax assessor's office of the county in which the Property lies, and the mailing of such notice shall be deemed to comply with this Section. Notice given to the designated representative of a trust or business entity shall be deemed notice to the trust or business entity, and notice given to the designated representative of a common or jointly held ownership shall be deemed notice to all owners.

23. *Liens on the Property.*

- 23.1 ***Subsequent Liens.*** No provisions of this Deed should be construed as impairing the ability of Grantor to use the Property as collateral for subsequent borrowing. Any mortgage or lien arising from such a borrowing is and shall remain subordinate to this Deed or any amendments hereto, including Grantee's right to a proportionate share of Grantor's interest in any proceeds from insurance, condemnation, termination, or extinguishment of the Easement.

24. *Grantor's Representations and Warranties.*

- 24.1 Grantor represents and warrants that Grantor: i) has good and sufficient title to the Property, free from all liens and encumbrances securing monetary obligations except ad valorem property taxes for the current year; ii) has the right to grant access to the Property to Grantee for the purposes described in this Deed and has in fact granted said access to Grantee; and iii) shall defend title to the Property against all claims that may be made against it by any person claiming by, through, or under Grantor. The Parties intend that this Deed encumber the Property, whether any such interest is now owned or is later acquired by the Grantor
- 24.2 Grantor represents and warrants that, after reasonable investigation and to the best of Grantor's knowledge:
- 24.2.1 No Hazardous Materials exist or have been generated, treated, stored, used, disposed of, deposited, or transported, in, on, or across the Property; there has been no release or threatened release of any hazardous materials on, at, beneath, or from the Property; and there are no underground storage tanks located on the Property;

Comment [A5]: Not applicable (no mortgages).

Deleted: Except as provided in Section 22.1 of this Deed [~~delete if inapplicable (i.e. there are no mortgages on the Property)~~].

- 24.2.2 Grantor and the Property are in compliance with all federal state, and local laws, regulations, and requirements applicable to the Property and its use;
- 24.2.3 There is no pending or threatened litigation in any way affecting, involving, or relating to the Property; and
- 24.2.4 No civil or criminal proceedings or investigations have been instigated at any time or are now pending, and no notices, claims, demands, or orders have been received, arising out of any violation or alleged violation of, or failure to comply with, any federal, state, or local law, regulation, or requirement applicable to the Property or its use.

25. General Provisions:

- 25.1 **Severability.** If any provision of this Deed, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions of this Deed, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.
- 25.2 **Captions.** The captions in this Deed have been inserted solely for convenience of reference and are not a part of this Deed and shall have no effect upon construction or interpretation.
- 25.3 **Waiver of Defenses.** Grantor hereby waives any defense of laches, estoppel or prescription and acknowledges and agrees that the one-year statute of limitation provided under C.R.S. § 38-41-119 does not apply to this Deed, and Grantor waives any rights of Grantor pursuant to such statute.
- 25.4 **Controlling Law.** The provisions of this Deed are subject to the laws of the United States and the State of Colorado as amended (or any successor provision then applicable), and the applicable regulations promulgated thereunder.
- 25.5 **Liberal Construction.** The provisions of this Deed are to be liberally construed in favor of the Purpose, and any ambiguities or questions regarding the validity of specific provisions shall be interpreted in favor of maintaining the Purpose. Any decisions resolving such ambiguities or questions shall be documented in writing.
- 25.6 **Entire Agreement.** This Deed sets forth the entire agreement of the Parties with respect to the terms of this Deed and supersedes all prior discussions, negotiations, understandings, or agreements relating to the terms of this Deed, all of which are merged herein.
26. **Recording.** The Parties shall record this Deed in a timely fashion in the official records of Hinsdale County, Colorado, and Grantee may re-record it at any time as may be required to preserve its rights in this Deed.

27. **No Third Party Beneficiary.** This Deed is entered into by and between Grantor and Grantee, and is solely for the benefit of Grantor, Grantee, and the Board and their respective successors and assigns for the purposes set forth herein, and does not create rights or responsibilities in any third parties beyond Grantor, Grantee, and the Board.
28. **Joint and Several Liability.** If Grantor at any time owns the Property in joint tenancy or tenancy in common, Grantor shall be jointly and severally liable for all obligations set forth in this Deed.
29. **Termination of the Board.** In the event that Article XXVII of the Colorado Constitution, which established the Board, is amended or repealed to terminate the Board or merge the Board into another entity, the rights and obligations of the Board hereunder shall be assigned to and assumed by such other entity as provided by law, but in the absence of such direction, by the Colorado Department of Natural Resources or its successor.
30. **Ownership by Single Entity Consisting of Multiple Parties.** If Grantor at any time is an entity which consists of shareholders, partners or members, such Grantor entity is required to include in its operating agreement, bylaws or other documents setting forth the rights and responsibilities of the entity, the right to assess such shareholders, partners or members for any monetary or other obligations set forth in this Deed. Grantor shall provide a copy of such documentation at any time upon Grantee's request.
31. **Authority to Execute.** Each Party represents to the other that such Party has full power and authority to execute and deliver this Deed, and perform its obligations under this Deed, that the individual executing this Deed on behalf of said Party is fully empowered and authorized to do so, and that this Deed constitutes a valid and legally binding obligation of said Party enforceable against said Party in accordance with its terms.

TO HAVE AND TO HOLD, this Deed of Conservation Easement unto Grantee, its successors and assigns, forever.

IN WITNESS WHEREOF, the Parties, intending to legally bind themselves, have set their hands on the date first written above.

GRANTOR:

PLAUCHE' PROPERTIES, LLC, a Colorado limited liability company

By: _____

Date: _____

Title: _____

By: _____

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of December, 2013, by Plauche' Properties, LLC, a Colorado limited liability company, as owner of the Property.

Witness my hand and official seal.

My commission expires: _____

Notary Public

GRANTEE:

COLORADO OPEN LANDS,
a Colorado non-profit corporation

By _____
Daniel E. Pike, President

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

The foregoing instrument was acknowledged before me this _____ day of December,
2013 by Daniel E. Pike as President of Colorado Open Lands, a Colorado non-profit corporation.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT A

Legal Description of the Property

Hinsdale County, Colorado

Parcel 2, PLAT OF TRACT 40, within Sections 27 & 28, Township 43 North, Range 4 West, N.M.P.M., according to the plat of record and on file in the office of the Hinsdale County Clerk and Recorder, recorded August 23, 2013 under Reception No. 100326.

EXHIBIT B

Building Envelope / Map of Property

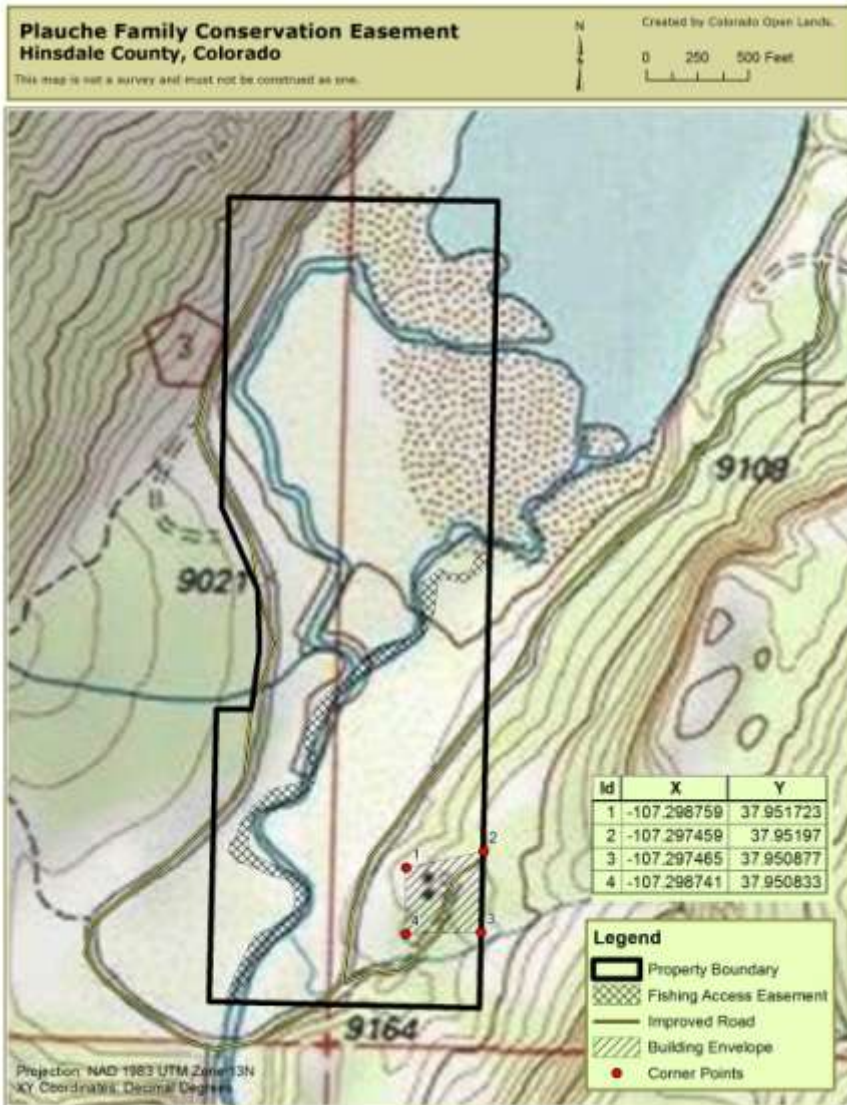


EXHIBIT C

Sample Notice of Transfer of Property

To: Colorado Open Lands ("Grantee")
From: **[Insert name of fee owner]** ("Grantor")

Pursuant to Section 12 of the Deed of Conservation Easement recorded ____*(date)*____ under reception number _____, Grantee is hereby notified by Grantor of the transfer of the fee simple interest in the subject Property legally described in **Exhibit A** attached hereto effective **[insert date of closing]** to **[insert name of new Grantor]**, who can be reached at **[insert name, legal address, phone and fax number]**. Also pursuant to Section 12 of the aforementioned Deed of Conservation Easement, a copy of the new ownership deed is attached.

GRANTOR:

By:
Title:

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 200__, by _____ as _____ of _____.

Witness my hand and official seal.
My commission expires:

Notary Public _____

Date: _____

CONTRACT FOR BARGAIN SALE OF CONSERVATION EASEMENT

(Plauché Property – Colorado Open Lands)

THIS CONTRACT FOR BARGAIN SALE OF CONSERVATION EASEMENT (the “**Agreement**”) is entered into this ____ day of November, 2013, by **PLAUCHE’ PROPRTIES, LLC**, a Colorado limited liability company, the address of which is 3026 Hickory Hills Drive, Gainesville, GA 30506 (the “**Seller**”) and **COLORADO OPEN LANDS**, a Colorado non-profit corporation, the address of which is Suite 320, 274 Union Boulevard, Lakewood, CO 80228, (the “**Purchaser**”). The following exhibits are attached to this Agreement:

- Exhibit A - Description of Property
- Exhibit B - Map of Property
- Exhibit C - Certificates of Non-Foreign Status

RECITALS:

- A. Seller is the owner of 116 acres of land, more or less, located in Hinsdale County, Colorado, which is described on the attached **Exhibit A**, and shown on the attached **Exhibit B** (the “**Land**”).
- B. The Property is an active river delta naturally formed by the Lake Fork of the Gunnison River as it enters Lake San Cristobal. Lake San Cristobal is the second largest natural lake in Colorado. The Property can be seen from both the Alpine Loop Scenic Byway and the Silver Thread Scenic Byway. Visitors to Lake San Cristobal routinely cross the Property to gain access to a public campsite, picnic area and boat ramp located on the shores of Lake San Cristobal on land owned by Hinsdale County, however there has never been a grant of access from the Seller across the Property for such use.
- C. The Purchaser wishes to acquire a conservation easement (the “**Conservation Easement**”) encumbering the Property for the purpose of maintaining the wildlife and open space values of the Property and preventing additional development of the Property.
- D. As a part of closing on the sale of the Conservation Easement Seller will also convey a deed restriction (the “**Deed Restriction**”) for the benefit of CPW, the Board of County Commissioners of Hinsdale County (the “**County**”), the United States of America, acting by and through the Department of the Interior, Bureau of Land Management (“**BLM**”) and the Purchaser.
- E. Seller has entered into a contract dated October 29, 2013, 2013 for the sale of a fishing access easement (the “**Fishing Access Easement**”) to the State of Colorado, acting by and through the Department of Natural Resources, for the use and benefit of the Division of Parks and Wildlife and Wildlife Commission (“**CPW**”), for the purchase price of

\$133,000.00. which will allow public fishing access to the Lake Fork of the Gunnison River, on the terms and conditions provided therein (the “**CPW Contract**”).

- F. Funding for this transaction is being provided in part by the State Board of the Great Outdoors Colorado Trust Fund (“**GOCO**”), and in part by State of Colorado, acting by and through the Department of Natural Resources, for the use and benefit of the Colorado Water Conservation Board (“**CWCB**”). GOCO and CWCB are collectively referred to as the “**Funders**”.
- G. Closing on this Agreement is contingent upon a simultaneous closing on the CPW Contract.

AGREEMENT:

1. PROPERTY.

- 1.1. Seller agrees to sell, at a bargain sale price, and Purchaser agrees to buy, on the terms and conditions set forth in this Agreement, the Conservation Easement encumbering the Land located in Hinsdale County, Colorado, as described on **Exhibit “A”** and shown on **Exhibit “B”**, attached hereto, including, without limitation, any and all minerals and mineral rights, and incidents and appurtenances belonging thereto (collectively, with the “Land”, referred to as the “**Property**”). At Closing Seller shall also convey the Deed Restriction. Seller has been provided with Conservation Easement draft version 11-1-13 and with Deed Restriction draft version 11-1-13, which are in substantially final form. The final terms of the Conservation Easement and Deed Restriction shall be agreed upon by Seller and Purchaser, on or before November 15, 2013 (“**Document Deadline**”), provided that Purchaser may extend the Document Deadline in its discretion to the end of the Inspection Period described herein.
- 1.2. Seller intends to make a donation to Colorado Open Lands, a Colorado nonprofit organization, an organization described in Section 501(c)(3) of the Internal Revenue Code, of the amount, if any, by which the fair market value of the Conservation Easement exceeds the purchase price for the Conservation Easement.

2. TITLE AND ESCROW COMPANY. The title and escrow company for this transaction shall be Hinsdale Title Company, Inc., located at 324 Silver Street, Lake City, Colorado 81235; phone number: 970-944-2614; facsimile number: 970-944-4444(the “**Title Company**”).

3. BARGAIN SALE PURCHASE PRICE. The bargain sale purchase price for the Conservation Easement shall be Six Hundred Sixty-seven Thousand and No/100s (\$667,000.00) (the “**Purchase Price**”). [The Purchase Price hereunder, and the purchase price under the CWP Contract, total \$800,000]. Purchaser acknowledges that it is Seller’s intention to effectuate a “bargain sale” of the Conservation Easement, i.e., a sale

to a charitable organization at a price below fair market value wherein the difference is considered a charitable contribution under applicable sections of the Internal Revenue Code. Seller acknowledges that the substantiation of a charitable contribution deduction rests exclusively with Seller except for Purchaser's execution of Internal Revenue Service Form 8283. The Purchase Price shall be paid by Purchaser to Seller as follows:

- 3.1. Closing funds. At closing, the balance of the Purchase Price in cash, certified funds, or by wire transfer of federal or other immediately available funds.
4. **CLOSING DATE.** The closing of the transaction contemplated hereunder (the "**Closing**") shall be held at the office of the Title Company on or before December 6, 2013 ("**Closing Date**"), provided that Purchaser may, in its discretion, extend the Closing Date to not later than December 19, 2013, if Purchaser determines that funding will not be available for a Closing on or before December 6, 2013.
5. **SATISFACTORY INSPECTION AND REVIEW.** The Seller and Purchaser expressly covenant and agree that Purchaser's satisfaction, in its sole discretion, upon the review and inspection provided for herein is a specific condition precedent to the obligation of Purchaser to purchase the Conservation Easement. Purchaser shall have until Closing to review the documents, receive the funding commitments and to make the inspections described below ("**Inspection Period**").
 - 5.1. Documents. Seller has provided to Purchaser a copy of the Title Company's Commitment Number 1676-11/WL AMEND-3, File No. H330 AND, dated effective September 27, 2013 (referred to as the "**Commitment**"). Not later than seven (7) days after the Effective Date, Seller shall provide, at Seller's expense, an updated to the Commitment, together with legible copies of the deed or deeds by which the Seller holds title to the Property, legible copies of any instruments listed in the legal description for the Property, and legible copies of all exceptions to title, pursuant to which the Title Company shall issue to Purchaser a standard coverage owner's policy of title insurance, including "gap" and mechanic's lien coverage, insuring title and access to the Conservation Easement as of the date of Closing in the amount of the Purchase Price; (b) a Certificate of Taxes Due evidencing that all taxes owing on the Property have been paid in full; (c) a copy of the current and previous year's Notice of Assessment, or other satisfactory evidence of the current and previous year's assessed value and assessment category for the Property; and (d) to the extent in Seller's possession, copies of any surveys or maps of the Land, plans relating to the building improvements, and studies and reports regarding the soils or water on or under the Land.
 - 5.2. Due Diligence: Inspection; Right of Entry. Purchaser shall have the right to enter upon the Property at reasonable times for surveying, inspection, and other reasonable purposes related to the transaction contemplated hereunder. Purchaser hereby indemnifies and holds harmless Seller from and against any and all claims, liens, damages, losses, and causes of action which may be asserted by Purchaser or Purchaser's employees, agents, or any third party who enters upon the Property

or conducts tests related to the Property at the request of or on behalf of Purchaser or its agents, provided that such indemnification and hold harmless shall not apply to claims arising out of the willful or wanton conduct of Seller.

5.3. Conditions Precedent to Buyer's Obligations. Prior to Closing the Purchaser shall be satisfied, in its sole discretion, as to the condition of title, the condition of the Property, the suitability of the Property for encumbrance by the Conservation Easement.

6. **ELECTION PRIOR TO CLOSING DATE.** Prior to Closing, Purchaser may make inspections, applications, reviews, title reviews, studies, appraisals, studies, evaluations or surveys required to satisfy itself as to the acceptability and suitability of (a) the Property for encumbrance by the Conservation Easement, (b) the Conservation Easement for purchase, and (c) the availability of funding for the purchase (collectively, the "**Condition of Property**"). Should, for any reason, either party not be satisfied that the Conservation Easement is acceptable, such party shall notify the other party in writing on or before the Closing Date of its dissatisfaction, at which time this Agreement shall be terminated and of no further force and effect (except that the indemnification described in paragraph 5.2 shall not be terminated); provided, however, if the objections of Purchaser are to title or other defects which Seller can reasonably cure within a twenty (20) day period following the receipt of notice from Purchaser, Seller shall have such period to cure such defects to the reasonable satisfaction of Purchaser. Purchaser shall, at any time, have the right to waive the conditions precedent to its performance under this Agreement before Closing and if Purchaser elects to waive the conditions precedent to its performance, this Agreement will remain in full force and effect. Failure of Purchaser to notify Seller of its dissatisfaction prior to the Closing Date (or an extended Closing Date) shall be deemed a waiver of this condition precedent and acceptance of the Property as suitable for purchase, as required above. Upon termination of the Agreement, Purchaser agrees to return to Seller all data previously delivered to Purchaser under the terms of this Agreement.

7. **CLOSING DOCUMENTS.** At Closing, Seller shall execute and deliver to the Title Company (1) the Conservation Easement; (2) the Deed Restriction, and (3) such documents as are required by the Title Company to complete closing and issue the title insurance policy to COL. In addition, in the simultaneous closing on the CPW Contract Seller shall execute and deliver to the Title Company the Fishing Access Easement and such documents as are required by the Title Company to complete closing on the CPW Contract and issue the title insurance policy to CPW.

8. **CONDITION OF THE PROPERTY, REPRESENTATIONS.** As of the date of this Agreement and the date of Closing, Seller warrants and represents the following:

8.1. Seller is the record owner of the Property to be encumbered by the Conservation Easement hereunder. Upon the Closing Date, Purchaser will have good and marketable title to the Conservation Easement.

- 8.2. There are no actions, suits, proceedings or investigations pending or, to Seller's knowledge threatened, against or affecting the Property, or arising out of Seller's conduct on the Property.
- 8.3. To Seller's best knowledge, Seller is in substantial compliance with the laws, orders, and regulations of each governmental department, commission, board, or agency having jurisdiction over the Property in those cases where noncompliance would have a material adverse effect on the Property.
- 8.4. Other than this Agreement and the CPW Agreement, Seller is not party to, nor is it subject to or bound by any agreement, contract or lease of any kind relating to the Property. There are no rights of possession to the Property or options or rights of first refusal in third parties, nor are there any rights of access across the Property by third parties.
- 8.5. The Property, to the best of Seller's knowledge, is not in violation of any federal, state or local law, ordinance or regulation relating to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions. Neither Seller, nor to the best of Seller's knowledge any third party, has used, generated, manufactured, refined, produced, processed, stored or disposed of on, or under the Property or transported to or from the Property any Hazardous Materials nor does Seller intend to use the Property prior to closing date for the purpose of generating manufacturing, refining, producing, storing, handling, transferring, processing or transporting Hazardous Materials. For the purposes hereof, "Hazardous Materials" does not mean any typical agricultural chemicals such as herbicides and pesticides utilized on properties of this type in Hinsdale County, provided that all such chemicals are used in accordance with applicable laws and manufacturer's specifications; but shall mean any flammable explosives, radioactive materials, asbestos, petroleum, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, including, without limitation, any substances defined as or included in the definition of "hazardous substances", "hazardous material" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9601, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq., or any other federal, state or local statute, law, ordinance, code, rule, regulation, order, decree or other requirement of governmental authority regulating, relating to or imposing liability or standard of conduct concerning any hazardous, toxic or dangerous substance or material, as now or at any time hereafter in effect, and in the regulations adopted, published and/or promulgated pursuant to said laws. To the best of Seller's knowledge there are no underground storage tanks situated on the Property, nor to the best of Seller's knowledge have such tanks been previously been situated thereon.

- 8.6. No representation, warranty, or statement made herein by Seller contains any untrue statement of any material fact or omits to state any material fact necessary in order to make such representation, warranty, or statement not misleading.
- 8.7. Seller is duly authorized and has taken all necessary actions to execute and perform this Agreement and this Agreement is enforceable against Seller in accordance with its terms.
9. **CONDITION OF PROPERTY, LIABILITY.** Seller has made certain representations and warranties concerning the Property and its condition. Prior to Closing the Purchaser has the right to inspect the condition of the Property. However, without regard to any inspections made by the Purchaser, nothing in this contract shall relieve either party of liability for misrepresentation, breach of warranty or failure to reasonably inspect the condition of the Property.
10. **TAXES.** Seller shall pay all general taxes and assessments and all sale, excise, transfer and deferred and recapture taxes of any type, for the Property for the current year and all years prior to Closing. Seller shall remain responsible for payment of taxes for the Property, including any taxes or assessments imposed upon or incurred as a result of the Conservation Easement.
11. **PRESERVATION OF PROPERTY; RISK OF LOSS.** Except as otherwise set forth herein, Seller agrees that the Property shall remain as it now is until Closing, and that Seller agrees that it shall neither use nor consent to any use of the Property for any purpose or in any manner which would adversely affect Purchaser's intended acquisition of the Conservation Easement as a conservation area or similar use. In the event that Seller shall use or consent to such use of the Property, Purchaser may, without liability, refuse to accept the conveyance of the Conservation Easement; or alternatively it may elect to accept the conveyance of title to the Conservation Easement with a price adjustment for the change in circumstances.
12. **COSTS AND FEES.** Closing fees shall be paid by the Seller. The premium for the title insurance policy and endorsements described above shall be paid by Seller. Per page recording costs shall be paid by the Seller. Any sales or property transfer tax or fee shall be paid by Seller. The documentary fee shall be paid by the Seller. In addition, at Closing the Seller shall pay to Purchaser the costs and fees described in the engagement letter sent to Seller on August 20, 2013. .
13. **LIQUIDATED DAMAGES; DEFAULT.**
- 13.1. Seller's Remedies. In the event that (a) all of the conditions to this Agreement for the benefit of Purchaser shall have been satisfied, or waived by Purchaser, (b) Seller shall have fully performed or tendered performance of its obligations under this Agreement, and (c) Purchaser shall be unable or shall fail to perform its obligations under this Agreement, then as its sole remedy Seller may terminate this Agreement and be released from its obligations hereunder.

- 13.2. Purchaser's Remedies. If Seller shall fail to consummate the transaction contemplated hereunder for any reason, or if such transaction shall fail to close for any reason other than default by Purchaser, Purchaser may elect, at Purchaser's sole option: (i) To terminate this Agreement and be released from its obligations hereunder; or (ii) To proceed against Seller for specific performance of this Agreement. In either event, Purchaser shall have the right to seek and recover from Seller all damages suffered by Purchaser as a result of Seller's default in the performance of its obligations hereunder, including reasonable attorney fees and costs.
14. **NOTICES.** All notices required or permitted hereunder will be deemed to have been delivered only upon actual delivery thereof. All notices required or permitted hereunder shall be given by hand delivery, or sent by telecopier or email, or sent by Federal Express or other courier for delivery at the soonest possible time offered by such courier, directed as follows:
- If to Seller:
- at the address, fax number or email address shown above.
- If to Purchaser:
- At the address, fax number or email address shown above
15. **MISCELLANEOUS.**
- 15.1. Broker's Commission. Seller and Purchaser each represents to the other that they have not contracted with any broker or finder with regard to this transaction. Each party agrees to indemnify, defend and hold harmless the other from and against any and all liability, claims, demands, damages and costs of any kind arising out of or in connection with any broker's or finder's fee, commission or charges claimed to be due any person in connection with such person's conduct respecting this transaction except as set forth herein.
- 15.2. Certificate. At or prior to Closing, Seller shall furnish to Purchaser a duly executed Certificate of Non-Foreign Status in the form attached to this Agreement as **Exhibit "C"**. Seller hereby declares and represents to Purchaser that it is not a "foreign person" for purposes of withholding of federal tax as described in such Certificate.
- 15.3. Assigns. With the prior written approval of the Seller, which shall not be unreasonably withheld, Purchaser may assign this contract and its rights as Purchaser hereunder, in whole or in part, by written assignment wherein the assignee assumes the obligations of Purchaser hereunder. Purchaser may require that the Conservation Easement be directly deeded by the Seller to an entity qualified to hold a conservation easement under the Internal Revenue Code and Colorado law.

- 15.4. Binding Effect. The terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the parties' heirs, executors, administrators, successors and assigns.
- 15.5. Exhibits. The exhibits hereto constitute an integral part of this Agreement and are hereby incorporated herein.
- 15.6. Counterparts; Facsimile Signatures. This Agreement may be executed in counterparts, all of which shall constitute one agreement which shall be binding on all of the parties, notwithstanding that all of the parties are not signatories to the original or the same counterpart. Signatures may be evidenced by facsimile transmission and at the request of any party documents with original signatures shall be provided to the other party.
- 15.7. Severability. If any provision of this Agreement shall be held invalid, the other provisions hereof shall not be affected thereby and shall remain in full force and effect.
- 15.8. Entire Agreement. This Agreement represents the entire agreement of the parties and may not be amended except by a writing signed by each party thereto.
- 15.9. Authority. Each party to this Agreement warrants to the other that the respective signatories have full right and authority to enter into and consummate this Agreement and all related documents.
- 15.10. Merger. The obligations, covenants, representations, warranties and remedies set forth in this Agreement shall not merge with transfer of title but shall remain in effect after the Date of Closing.
- 15.11. Further Actions. Each party shall execute and deliver or cause to be executed and delivered any and all instruments reasonably required to convey the Property to Purchaser and to vest in each party all rights, interests and benefits intended to be conferred by this Agreement. After Closing Seller may deliver to Purchaser a properly completed Internal Revenue Service Form 8283. Purchaser agrees to execute such Form 8283 and promptly to return it to the Seller.
- 15.12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.
- 15.13. Offer. When signed and delivered to the Seller by Purchaser, this Agreement will constitute an offer to the Seller that can be accepted only by the Seller signing and delivering to Purchaser an executed original of this Agreement. Purchaser may withdraw such offer in writing at any time prior to its acceptance.
- 15.14. Labor and Material. Seller shall deliver to Purchaser at settlement an affidavit, on a form acceptable to Purchaser's lender, if applicable, signed by Seller that no labor or materials have been furnished to the Property within the statutory period for the filing of mechanics' or materialmen's liens against the Property. If labor or materials have been furnished during the statutory period, Seller shall deliver to Purchaser an affidavit signed by Seller and the person or persons furnishing the labor or materials that the costs thereof have been paid.

16. **SATURDAYS, SUNDAYS, HOLIDAYS.** If the final date of any time period of limitation set out in any provision of this agreement falls on a Saturday, Sunday or a legal holiday under the laws of the State of Colorado, then the time of such period shall be extended to the next day which is not a Saturday, Sunday or legal holiday.
17. **PURCHASER'S CONTINGENCIES.** The obligations of the Purchaser hereunder are specifically contingent upon (a) Purchaser being satisfied as to the Condition of the Property, in its sole discretion, at any time prior to Closing; (b) Purchaser receiving approval of this transaction and funding from the Funders, as determined by Purchaser, in its sole discretion, at any time prior to Closing. If either such contingency is not met or is not waived by Purchaser, then this Agreement shall be terminated, and each party shall be released from all obligations hereunder (except that the indemnification described in Paragraph 5.2 shall not be terminated).
18. **PURCHASER'S AND SELLER'S CONTINGENCY.** The obligations of the Purchaser and the Seller are contingent upon (a) final agreement by the Seller and the Purchaser on the terms of the Conservation Easement and Deed Restriction on or before the Document Deadline, each in their reasonable discretion, and upon the terms of the Conservation Easement being approved by the Funders, each in their sole discretion, prior to Closing; and (b) a simultaneous closing occurring on the CPW Contract. If either such contingency is not met or waived, then this Agreement shall terminate and each party shall be released from all obligations hereunder (except that the indemnification described in Paragraph 5.2 shall not be terminated).
19. **EFFECTIVE DATE.** The Effective Date of this Agreement shall be the last date signed by either party.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SELLER:

Plauche' Properties, LLC, a Colorado limited liability company

By: _____

Date: _____

Title: _____

PURCHASER:

Colorado Open Lands, a Colorado non-profit corporation

By: _____

Title: _____

Date: _____

EXHIBIT “A” - DESCRIPTION OF PROPERTY

Hinsdale County, Colorado

Parcel 2, PLAT OF TRACT 40, within Sections 27 & 28, Township 43 North, Range 4 West, N.M.P.M.,
according to the plat of record and on file in the office of the Hinsdale County Clerk and Recorder,
recorded August 23, 2013 under Reception No. 100326.

EXHIBIT “B” – MAP OF PROPERTY

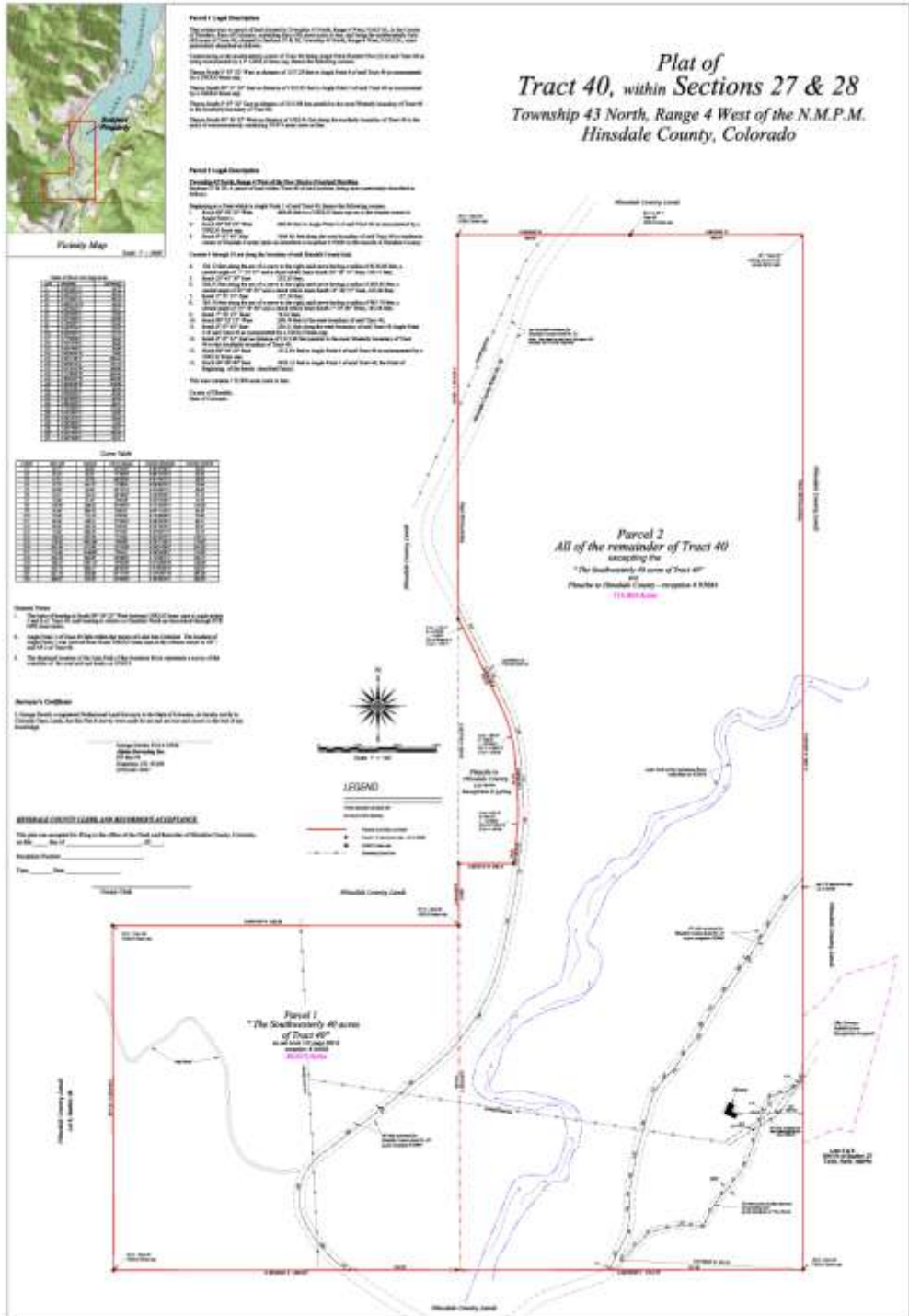


EXHIBIT C - AFFIDAVIT OF NON-FOREIGN STATUS

Section 1445 and Section 6045 of the Internal Revenue Code provide that the Transferee of a real property interest must withhold tax if the Transferor is a foreign person and must provide certain sales related information to the Internal Revenue Service. To inform Colorado Open Lands (the "Transferee") that withholding of tax is not required upon its disposition of a U.S. real property interest, more particularly described in the Contract for Sale of Real Estate annexed hereto, Plauche' Properties, LLC, a Colorado limited liability company (the "Transferor"), hereby certifies that:

1. Transferor is not a non-resident alien for purposes of U.S. income taxation.
2. Transferor's tax identification number is: _____.
3. Transferor's principal business address is: 3026 Hickory Hills Drive, Gainesville, GA 30506.
4. The gross sales price of this transfer is: \$667,000.00.
5. Transferor understands that this affidavit and information contained herein will be disclosed to the Internal Revenue Service by the Transferee and that any false statement made herein by Transferor could be punished by fine, imprisonment, or both.

Under penalties of perjury, Transferor declares that Transferor has examined this certification and, to the best of Transferor's knowledge and belief, it is true, correct and complete.

TRANSFEROR: Plauche' Properties, LLC, a Colorado limited liability company

By: _____

Its: _____

STATE OF _____)
) ss:
COUNTY OF _____)

SUBSCRIBED, sworn to and acknowledged before me by _____, as _____ of Plauche' Properties, LLC, a Colorado limited liability company who acknowledged the foregoing AFFIDAVIT OF NON-FOREIGN STATUS on this _____ day of _____, 2013.

Notary Public
My commission expires: _____



WESTCOR
LAND TITLE INSURANCE COMPANY

ALTA Commitment Form (6-17-06)

COMMITMENT FOR TITLE INSURANCE

ISSUED BY

WESTCOR LAND TITLE INSURANCE COMPANY

Westcor Land Title Insurance Company, a California corporation ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate six (6) months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

IN WITNESS WHEREOF, **WESTCOR LAND TITLE INSURANCE COMPANY** has caused its corporate name and seal to be hereunto affixed and by these presents to be signed in facsimile under authority of its by-laws, effective as of the date of Commitment shown in Schedule A.

Issued By:

CO1003 * 1676-11/WL

Hinsdale Title Company, Inc.

324 Silver Street/PO Box 69

Lake City, CO 81235

WESTCOR LAND TITLE INSURANCE COMPANY



By:

Mary O'Donnell

President

Attest:

Patricia H. Power

Secretary

CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. *The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <http://www.alta.org>.*

COMMITMENT FOR TITLE INSURANCE

Commitment Number: 1676-11/WL AMEND-2

File Number: H330 AND

SCHEDULE A

1. Commitment Date: August 28, 2013 at 08:00 AM.
2. Policy (or Policies) to be issued:
 - (a) Owner's Policy (ALTA Own. Policy 10/17/92) Policy Amount \$1,500,000.00
Proposed Insured:

Colorado Open Lands, a Colorado Non-Profit Corporation
 - (b) Loan Policy (ALTA Loan Policy 10/17/92) Policy Amount \$
Proposed Insured:

, its successors and/or assigns as their respective interests may appear.
 - (c) Policy Amount \$
Proposed Insured:
3. Conservation Easement interest in the land described in this Commitment is owned, at the Commitment Date, by:

S. W. Plauché, III, Lane McClure Plauché Lake and Denise P. Hamel Living Trust u/d/t July 21, 2003 as to Parcel 1, and Emma Lillian Plauché as to Parcel 2
4. The land referred to in the Commitment is described as follows:

A deed restriction affecting the following parcel of land:
Parcel 1, PLAT of TRACT 40, within Sections 27 & 28, Township 43 North, Range 4 West, N.M.P.M., according to the plat of record and on file in the office of the Hinsdale County, Clerk and Recorder, recorded August 23, 2013 under Reception No. 100326,

A conservation easement over and across the following parcel of land:
Parcel 2, PLAT of TRACT 40, within Sections 27 & 28, Township 43 North, Range 4 West, N.M.P.M., according to the plat of record and on file in the office of the Hinsdale County, Clerk and Recorder, recorded August 23, 2013 under Reception No. 100326,

County of Hinsdale,
State of Colorado.
5. Street Address: 2750 CR 33, Lake City, CO, 81235.
(NOTE: Street address is NOT a legal description. On vacant land or property which may not have an address, a descriptive address based on lot number or location may be given.)

Westcor Land Title Insurance Company

By: 
Hinsdale Title Company, Inc., Agent

Commitment Number: 1676-11/WL AMEND-2
File Number: H330 AND

**SCHEDULE B - SECTION I
REQUIREMENTS**

The following are the requirements to be complied with:

1. Payment of the full consideration for the estate or interest to be insured to or for the account of the grantors or mortgagors.
2. Payment of all taxes, charges or assessments, levied and assessed against the subject property which are due and payable.
3. Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record as listed below.
4. Additional requirements that appear below.
5. Positive picture identification, which includes signatures, is required for all signatories of escrow transactions.
6. Deed Restriction from S. W. Plauché, III, Lane McClure Plauché Lake and Denise P. Hamel Living Trust u/d/t July 2003 as to Parcel 1, and a Conservation Easement from Emma Lillian Plauché as to Parcel 2, to Colorado Open Lands, a Colorado non-profit corporation, covering the lands described herein.
7. Resolution of Directors of Colorado Open Lands, including signatories, authorizing the herein contemplated transaction.
8. Certificate of Good Standing for Colorado Open Lands. (Received)
9. Statement of Authority for Colorado Open Lands, to be recorded.
10. Name Affidavit for Emma Lillian Plauché a/k/a Emma L. Plauché to be recorded, to cure name difference in Affidavit of Joint Tenancy recorded September 2, 2003 under Reception No. 93193. (Received)
11. NOTE: The Company reserves the right to amend this title commitment to include additional requirements, exceptions, and premiums upon determination of Lender requirements.
12. Approval by Underwriter. (Received)
13. The Company reserves the right to assert additional Requirements and/or Exceptions should the named insured assign their interests in the underlying contract.

Commitment Number: 1676-11/WL AMEND-2
File Number: H330 AND

SCHEDULE B - SECTION II EXCEPTIONS

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the company:

1. The lien of the General Taxes for the year 2013 and thereafter which are not yet due and payable.
2. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public record. (will be endorsed over by Form 110.1)
3. Rights or claims of parties in possession not shown by the public records.
4. Discrepancies, conflicts in boundary lines, encroachments, easements, variation in area or content, party walls and/or any other facts that a correct survey and/or physical inspection of the premises would disclose.
5. In the event this Commitment is issued with respect to a construction loan to be disbursed in future periodic installments, then the policy shall contain an additional exception which shall read as is shown on page 3 of the Commitment Jacket. (Commitment only; Will be deleted in the final policy)
6. Taxes due and payable; and any tax, special assessments, charge or lien imposed for water or sewer services, or for any other special taxing district. (will be noted as current as of date of policy)
7. Any water rights or claims or title to water, in, or under the land.
8. Unpatented and unrecorded mining claims: reservations or exceptions in unrecorded patents or in Acts authorizing the issuance thereof.
9. In addition the owner's policy will be subject to the mortgage, if any, noted under item 1 of Section 1 of Schedule B hereof. (Commitment only; will be deleted in final policy)
10. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this Commitment. (Commitment only; will be deleted in final policy)
11. Exceptions and Reservations in the United States Patent recorded in Book 37 at page 160: a. There is reserved from the lands hereby granted, a right of way for ditches and canals constructed by the authority of the United States. NOTE: This is the only Patent. According to BLM the original survey was suspended and the Tract was segregated out. "Tract 40" serves as a reference to track from the original survey to the resurvey and from the corrected Patent (1917 to Donald Cameron) to the resurvey.
12. Reservation of minerals in deed recorded June 1, 1955 in Book 49 at page 6.
13. Tract 40, Resurvey and plat by Seabron T. King Registered Land Surveyor as of October 8, 1958, no plat found. NOTE: BLM has no record of this plat. This exception is retained due to references to it in previous recordings for the herein described lands.
14. Exception for County Road in deed recorded November 2, 1959 in Book 49 at page 49.
15. Planché Map and Statement noted in grantor / grantee index on June 13, 1967, no Reception No. or Book/Page, reference to Map File #7, no document found.
16. Affidavit of Joint Tenancy for Samuel W. Plauché, Jr. and Emma L. Plauché recorded September 2, 2003 under Reception No. 93193. NOTE: This document is included because the reference is to Emma L. Plauché, when Samuel W. Plauché, Jr. was in title with Emma Lillian Plauché. (This exception will be deleted upon recordation of Name Affidavit for Emma Lillian Plauché a/k/a Emma L. Plauché)

17. Easement by Dedication on the Subdivision Exemption Plat of The Downs recorded December 21, 2005 under Reception No. 95006; Covenants, conditions and restrictions as stated in document recorded December 21, 2005 under Reception No. 95007 (includes maintenance of the easement road)
18. Underground Right-of-Way Easement from Mrs. S. W. Plauché, Jr., aka Emma Lillian Plauché to Gunnison County Electric Association, Inc., a Colorado cooperative electric association dated June 26, 2006 and recorded August 22, 2006 under Reception No. 95512.
19. Notes, easements and other matters as shown on the Plat of Tract 40, within Sections 27 & 28, Township 43 North, Range 4 West, N.M.P.M., recorded August 23, 2013 under Reception No. 100326.
20. Existing roads, highways, ditches and reservoirs, utilities, power, telephone or water lines and rights of way and easements therefor, not shown in the public records.
21. NOTE: An endorsement will be issued for the deletion of Exclusion 3(e) of the policy.
22. NOTICE: Colorado Insurance Regulations require the following notifications to every prospective insured in an owner's title insurance policy for a single-family residence (including a condominium or townhouse unit): Exception No. 2 of Schedule B, Section 2, concerning unrecorded mechanics' or material men's liens, may be deleted from the owner's policy to be issued hereunder upon compliance with the following conditions: (A) The land described in Schedule A of this Commitment must be a single-family residence, which includes a condominium or townhouse unit. (B) No labor, services or materials may have been furnished by mechanics or materialmen for repair, improvement or construction on the land described in Schedule A within the past six months. (C) The Company must receive an appropriate affidavit indemnifying the Company against unfilled mechanic's and materialmen's liens. (D) Any deviation from conditions A through C above is subject to such additional requirements or information as the Company may deem necessary, or, at its option, the Company may refuse to delete the exception. (Disclosure only)
23. Colorado Division of Insurance Regulation 3-5-1(VII)(L) requires that "Every title entity shall be responsible for all matters which appear of record prior to the time of recording whenever the title entity conducts the closing and is responsible for recording or filing of legal documents resulting from the transaction which was closed." (Disclosure only)
24. NOTICE: Colorado Revised Statutes 10-11-122 requires disclosure of the following information: a. The subject real property may be located in a special taxing district; b. A Certificate of Taxes Due listing each taxing jurisdiction shall be obtained from the County Treasurer or the County Treasurer's authorized agent; c. Information regarding special districts and the boundaries of such district may be obtained from the Board of County Commissioners, the County Clerk and Recorder or the County Assessor. (Disclosure only)
25. NOTICE: Colorado Revised Statutes 10-11-123 requires the following notice: (a) That there is recorded evidence that a mineral estate has been severed, leased or otherwise conveyed from the surface estate and that there is a substantial likelihood that a third party holds some or all interest in oil, gas, and other minerals, or geothermal energy in the property; and (b) That such mineral estate may include the right to enter and use the property without the surface owner's permission. Disclosure
26. NOTICE - The following zoning regulations have been recorded in Hinsdale County: Zoning Regulations under Resolution No. 39, Series 2007 Adopting Zoning Regulations and Maps, recorded December 13, 2007 under Reception No. 96623. (Disclosure only)
27. NOTICE: Colorado is a "Right-to-Farm" State pursuant to C.R.S. 35-3.5-101, and as such Hinsdale County has passed a Resolution establishing a Right to Farm and Ranch Policy for Hinsdale County as Resolution No. 32, Series 2009 filed for the record July 7, 2009 under Reception No. 97680. (Disclosure only)



Notice of Privacy Policy

of

Westcor Land Title Insurance Company

Westcor Land Title Insurance Company ("WLTIC") values its customers and is committed to protecting the privacy of personal information. In keeping with that philosophy, we have developed a Privacy Policy, set out below, that will ensure the continued protection of your nonpublic personal information and inform you about the measures WLTIC takes to safeguard that information.

Who is Covered

We provide our Privacy Policy to each customer when they purchase an WLTIC title insurance policy. Generally, this means that the Privacy Policy is provided to the customer at the closing of the real estate transaction.

Information Collected

In the normal course of business and to provide the necessary services to our customers, we may obtain nonpublic personal information directly from the customer, from customer-related transactions, or from third parties such as our title insurance agents, lenders, appraisers, surveyors or other similar entities.

Access to Information

Access to all nonpublic personal information is limited to those employees who have a need to know in order to perform their jobs. These employees include, but are not limited to, those in departments such as legal, underwriting, claims administration and accounting.

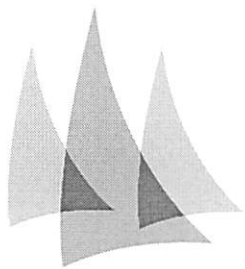
Information Sharing

Generally, WLTIC does not share nonpublic personal information that it collects with anyone other than its policy issuing agents as needed to complete the real estate settlement services and issue its title insurance policy as requested by the consumer. WLTIC may share nonpublic personal information as permitted by law with entities with whom WLTIC has a joint marketing agreement. Entities with whom WLTIC has a joint marketing agreement have agreed to protect the privacy of our customer's nonpublic personal information by utilizing similar precautions and security measures as WLTIC uses to protect this information and to use the information for lawful purposes. WLTIC, however, may share information as required by law in response to a subpoena, to a government regulatory agency or to prevent fraud.

Information Security

WLTIC, at all times, strives to maintain the confidentiality and integrity of the personal information in its possession and has instituted measures to guard against its unauthorized access. We maintain physical, electronic and procedural safeguards in compliance with federal standards to protect that information.

The WLTIC Privacy Policy can also be found on WLTIC's website at www.wltic.com.



WESTCOR
LAND TITLE INSURANCE COMPANY

**AMERICAN LAND TITLE
ASSOCIATION
COMMITMENT 6-17-06**

**WESTCOR
LAND TITLE
INSURANCE COMPANY**

**COMMITMENT
FOR
TITLE INSURANCE**

HOME OFFICE
201 N. New York Avenue, Suite 200
Winter Park, Florida 32789
Telephone: (407) 629-5842



COLORADO OPEN LANDS

OUR LAND · OUR WATER · OUR FUTURE

OFFICE MEMO

To: Appraisers Maggie Love and Arnie Butler
From: Amanda Nims, Project Manager for COL
Date: November 1, 2013
**Subject: Lake San Cristobal Inlet Preservation & Fishing Access Easement Project
(ie. the “Plauche Project”)**

A preliminary appraisal was completed by Arnie Butler in 2008 that valued the conservation easement interest in the Plauche Family’s 116 acres at \$1,864,275. In 2011, the family told Colorado Open Lands (COL) they would accept \$1,000,000 to protect their land. COL then successfully fundraised \$1,000,000 through a number of conservation partners, for different interests in the property.

Through COL’s securing \$1,000,000, the final project was decided upon: It would include protecting the 116-acres through a bargain sale conservation easement to be held by COL, establishing official and permanent fishing access on .65 miles of the river through a bargain sale public access easement, and limiting the development of the Plauche’s separate but adjacent 40 acres through a 100% donated deed restriction.

The different funding partners and their grant awards broke down as follows:

1. The federal Fishing is Fun program, through Colorado Parks and Wildlife (CPW): \$167,000;
 2. Colorado Water Conservation Board (CWCB): \$133,000;
 3. Great Outdoors Colorado (GOCO): \$700,000.
- TOTAL = \$1,000,000

The CPW funding will acquire a fishing access easement to be held by CPW. None of the \$133,000 may be put towards the conservation easement. 100% of the CWCB funding is to be put towards the acquisition of the conservation easement. None of it may go towards the fishing access easement. The GOCO funding and its allocation is now being decided upon, for which COL should know definitively next week. GOCO may allocate 10% of their grant award to the fishing access easement and 90% to the conservation easement, or they may require 100% of their funding to be put towards the CE.

In 2012 GOCO awarded their \$700,000 on the assumption the CE appraisal, once it was updated in 2013, would value the CE at \$1,800,000. \$700,000 is approximately 38.8% of \$1,800,000. When the 2013 updated CE appraisal came in at \$875,000, GOCO reduced their funding proportionately. To be consistent with the original grant award, COL requested GOCO fund 38.8% of the entire value of the project, or \$452,020, but asked GOCO for any additional money to help the family not walk away from the table since they had made it clear they could not do without \$1,000,000. GOCO was very generous and kicked in an

274 UNION BOULEVARD, SUITE 320

LAKEWOOD, CO 80228

WWW.COLORADOOPENLANDS.ORG

T: 303-988-2373 F: 303-988-2383

additional \$47,980, making GOCO's total and final grant pledge \$500,000. This makes the entire funding amount positioned for this project at \$800,000.

COL has been given a verbal commitment from both the family's professional team as well as family members Frank and Laney Plauche that they will accept \$800,000 for the project.

As of today, November 1, 2013, the Plauche family has signed a CPW Purchase and Sale contract for the permanent fishing access easement for \$133,000. The reduced value of the CE, as concluded by the 2013 appraisal, did not affect CPW's funding for the fishing access easement. COL is currently working with CWCB on a contract for the \$167,000 that will be put towards the conservation easement. COL has been informed that the decrease in CE value will not affect CWCB's funding. Today, November 1, 2013, COL sent a formal Purchase and Sale contract to the Plauche family, offering them \$667,000 to represent the GOCO and CWCB funding that will purchase conservation interest(s). As mentioned above, it will be determined within the next week if 10% (or \$50,000) of the \$500,000 may be put towards the fishing access easement.

Please let me know if I should inform you of GOCO's decision on how they will allocate their \$500,000.

Thank you for your work on this project!

*Amanda



AFFIDAVIT FOR CONSERVATION EASEMENT APPRAISALS

For Division Use:
Date Received

If more than one appraiser signed the certification in the appraisal, each must complete and sign a separate affidavit.

This affidavit and the appraisal for which it was completed must be submitted to the Division of Real Estate within 30 days following delivery of the signed appraisal to the client. Failure to do so may result in disciplinary action pursuant to §12-61-719(6) C.R.S.

R. Arnold Butler

CG-01313160

(Full Name)

(Colorado Appraiser License Number)

Do hereby affirm:

1. a. My client ☐ *is* the Internal Revenue Service, which precludes me from completing the remainder of this affidavit and submitting the appraisal as required by Colorado law, if my client is the Internal Revenue Service, I have attached proof of this relationship to the affidavit and the prescribed fee. OR
b. My client ☒ *is not* the Internal Revenue Service.
2. The following information is accurate:
 - a. Full name of any other appraiser(s) who signed the appraisal:

 - b. This affidavit is for a (check one that best applies):
☒ First appraisal submitted for the appraised conservation easement
☐ Second appraisal with a different scope of work or duplicated appraisal with the same scope of work (first appraisal DRE reference # _____)
☐ Appraisal review with a value opinion (reviewed appraisal DRE reference # _____)
 - c. Conservation easement transaction type (check one that best applies):
☐ Donation Only
☐ Purchase Only (of the conservation easement interest, not for funding of transaction costs)
☒ Bargain Sale (partial sale of the conservation easement interest, not for funding of transaction costs)
 - d. Effective date of the appraisal (Month/Day/Year): 09/23/2013
 - e. Appraised Fair Market Value of the conservation easement: \$1,160,000
 - f. Conservation easement holder(s): Colorado Parks & Wildlife, Colorado Open Lands
 - g. County(ies) where conservation easement is located: Hinsdale
 - h. Acres encumbered by the appraised conservation easement: 115.904 acres
 - i. Total acres of the appraised property: 115.904 acres
 - j. Grantor(s) full legal name(s): Plauche Properties, LLC
 - k. The full legal name(s) of the signatory(ies) for the grantor: George C. Plauche, manager

10. My opinion of the value of the property unencumbered and encumbered by the conservation easement or easements using the following approaches/techniques is (if an approach is not applicable indicate N/A).

	Value Before Easement	Value After Easement
Sales Comparison Approach	\$ 1,740,000	\$ 580,000
Cost Approach	\$	\$
Income Approach (other than the subdivision approach)	\$	\$
Subdivision Approach	\$	\$
Other (please specify)	\$	\$

11. In the appraisal I ☐ *did* ☒ *did not* derive and allocate separate values for sand and gravel, minerals, water, and/or improvements. If I did derive such separate values, they were allocated to each applicable item before and after the granting of the conservation easement, as follows (if no separate values were derived indicate N/A):

	Value Before Easement	Value After Easement
Sand and Gravel	\$	\$
Minerals	\$	\$
Water	\$	\$
Improvements	\$	\$

12. I signed and delivered the appraisal to my client on (Month/Day/Year) November 7, 2013.
13. I last completed the *Conservation Easement Appraiser Update Course*, as required by Board Rule 16.4, on (Month/Day/Year) 03/11/2013.
14. I ☐ *have* ☒ *have not* relinquished an appraisal license issued by any state or territory of the United States.
Please list state or territory as applicable: _____
15. I ☐ *have* ☒ *have not* had formal disciplinary action resulting from a final judgment (all applicable appeals have been exhausted, waived or not exercised) taken against me by any regulatory body in Colorado or any other State or jurisdiction. Details of any disciplinary actions resulting from a final judgment are set out below (including but not limited to complaint number, complaint date, type of action taken and details of penalization):
16. I have conducted 100+ # previous conservation easement appraisals.

3. The appraisal ☒ **is** ☐ **is not** for submission to the Division of Real Estate and/or the Department of Revenue as evidence of a charitable donation eligible for a state tax credit.
4. The appraisal ☒ **is** ☐ **is not** for a transaction involving a grant from the Great Outdoors Colorado Trust Fund.
5. If applicable, the increase in value of any other property owned by the donor or a related person, whether or not such property is contiguous is (i.e. "enhancement" [see Treasury Regulation §1.170A-14(h)(3)(i)]):
\$ _____.
6. In estimating the value of the subject property after encumbrance by the conservation easement I ☐ **have** ☒ **have not** considered if an increase in the value of the subject property (contiguous property owned by a donor and the donors family [Treasury Regulations], larger parcel [UASFLA] or as defined in USPAP), caused by the granting of the easement has occurred.
7. If applicable, the grantor of the easement:
 - a. and any family member, as defined in Section 267(c)4 of the Internal Revenue Code of 1986 as amended ☒ **does**; or ☐ **does not** own property contiguous to the property encumbered by the conservation easement;
 - b. and/or a related person, as defined in Section 267(b) of the Internal Revenue Code of 1986 as amended ☒ **does**; or ☐ **does not** own any other property, whether contiguous or not to the appraised property whose value may be increased as a result of the grant of the appraised conservation easement.
 - c. If I answered affirmative to part a. or b. of this question the family member(s) and/or related person(s) natural or juristic are (please provide full legal name):
S.W Plauche, III, Lane Mclure Plauche Lake, & Denise P Hamel Living Trust, and Emma Lillian Plauche
8. This appraisal **is** ☒ **is not** for a conservation easement that is part of a multi-stage (increased land area or restrictions) or partial (land area) encumbrance conservation easement transaction (AKA phasing or phased conservation easement).
9. The appraised property ☐ **has** ☒ **has not** transferred ownership, been optioned or listed within three years of the effective date of the appraisal.
 - a. If yes provide the following information (attached additional sheet as needed):
 - i. Date of transfer, option or listing within the last three years (Month/Day/Year): _____
 - ii. Consideration provided: _____
 - iii. Names of parties: _____
 - b. If yes, the most recent transfer, option, or listing ☐ **was** ☐ **was not** given significant weight in determining the value before the easement.

17. Initial RAB I have complied with the education requirements established by the Colorado Board of Real Estate Appraisers for conservation easement appraisals pursuant to 39-22-522 C.R.S. and 12-61-719(7) C.R.S.
18. Initial RAB If applicable, I have met the minimum education and experience requirements as set forth in applicable regulations prescribed by the Secretary of the Treasury and/or any other regulations prescribed by the federal government therefore I am a qualified appraiser as defined in Section 170(f)(11) E(ii) of the Internal Revenue Code of 1986, as amended, due to my having completed the required education, and having acquired relevant professional experience, in conservation easement appraisals.
19. Initial RAB If applicable, I have not been prohibited by the Secretary of the Treasury from practicing before the Internal Revenue Service under Section 330(c) of Title 31 of the United States Code at any time during a 3-year period ending on the date that this appraisal was signed.
20. Initial RAB If applicable, this appraisal is a qualified appraisal as defined in Section 170(f)(11) E(i) of the Internal Revenue Code of 1986 as amended and has been conducted by me in accordance with generally accepted appraisal practice standards (USPAP) and any regulations prescribed by the Secretary of the Treasury.
21. Initial RAB I am competent and have the necessary experience, to complete the analysis presented in this conservation easement appraisal.
22. Initial RAB If applicable, my client may submit this affidavit to the Division of Real Estate as part of the Application for a Conservation Easement Tax Credit Certificate, in doing so I certify that the conservation easement value (#2e, above) and enhancement value (#5, above) reported in this affidavit are supported by a qualified appraisal as defined in Section 170(f)(11) E(i) of the Internal Revenue Code of 1986 as amended and that the appraisal report conforms to the Uniform Standards of Professional Appraisal Practice. I will submit the appraisal and duplicate copy of the affidavit to the Division of Real Estate within 30 days of signing and delivering it to my client.

Under penalties of perjury, I declare that to the best of my knowledge and belief, this affidavit is true, correct and complete.


Authorized Signature

President

Title

November 7, 2013

Date

R. Arnold Butler

Printed Name of Signatory

970-241-2716

Telephone Number

The Division will refuse receipt of an incomplete or incorrectly completed Affidavit submitted in accordance with C.R.S. §12-16-719 or as part of an application for a tax credit certificate.

Appraisers:

You must submit a hard copy of this Affidavit along with the prescribed fee and a signed copy of the conservation easement appraisal (hard copy or PDF) to the:

Division of Real Estate
Conservation Easement Program
1560 Broadway, Suite 925
Denver, CO 80202

STATE OF COLORADO
Department of Regulatory Agencies
Division of Real Estate

Active

Cert Gen Appraiser

PRINTED ON SECURE PAPER

1313160	Jan 1 2013	Dec 31 2015
Number	Issue Date	Expires

R ARNOLD BUTLER
GRAND JUNCTION, CO 81506


Program Administrator


Licensee Signature