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Department of the Treasury  
Internal Revenue Service

or Section 4947(a)(1) Trust Treated as Private Foundation

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Information about Form 990-PF and its separate instructions is at [www.irs.gov/form990pf](http://www.irs.gov/form990pf).

Open to Public Inspection

For calendar year 2014 or tax year beginning , 2014, and ending , 20

Name of foundation <b>THE MALONE FAMILY LAND PRESERVATION FDN.</b>		A Employer identification number <b>48-1306827</b>						
Number and street (or P O box number if mail is not delivered to street address) <b>12300 LIBERTY BLVD</b>	Room/suite	B Telephone number (see instructions) <b>(720) 875-5201</b>						
City or town, state or province, country, and ZIP or foreign postal code <b>ENGLEWOOD, CO 80112</b>		C If exemption application is pending, check here <input type="checkbox"/>						
G Check all that apply: <table border="0"> <tr> <td><input type="checkbox"/> Initial return</td> <td><input type="checkbox"/> Initial return of a former public charity</td> </tr> <tr> <td><input type="checkbox"/> Final return</td> <td><input type="checkbox"/> Amended return</td> </tr> <tr> <td><input type="checkbox"/> Address change</td> <td><input type="checkbox"/> Name change</td> </tr> </table>		<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity	<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return	<input type="checkbox"/> Address change	<input type="checkbox"/> Name change	D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity							
<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return							
<input type="checkbox"/> Address change	<input type="checkbox"/> Name change							
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>						
I Fair market value of all assets at end of year (from Part II, col (c), line 16) <b>\$ 128,913,116.</b>		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>						
J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis)								

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1	Contributions, gifts, grants, etc., received (attach schedule)				
2	Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
3	Interest on savings and temporary cash investments	80.	80.	80.	ATCH 1
4	Dividends and interest from securities	661,782.	661,782.	661,782.	ATCH 2
5a	Gross rents	19,144.	19,144.	19,144.	
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	3,779,913.			
b	Gross sales price for all assets on line 6a	216,528,073.			
7	Capital gain net income (from Part IV, line 2)		3,779,913.		
8	Net short-term capital gain			3,778,698.	
9	Income modifications				
10a	Gross sales less returns and allowances				
b	Less Cost of goods sold				
c	Gross profit or (loss) (attach schedule)				
11	Other income (attach schedule)				
12	Total. Add lines 1 through 11	4,460,919.	4,460,919.	4,459,704.	
13	Compensation of officers, directors, trustees, etc.	0			
14	Other employee salaries and wages	180,487.	135,365.	135,365.	45,122.
15	Pension plans, employee benefits	19,198.	14,398.	14,398.	4,800.
16a	Legal fees (attach schedule) ATCH 3	56,469.	42,351.	42,351.	14,117.
b	Accounting fees (attach schedule) ATCH 4	8,250.	6,188.	6,188.	2,062.
c	Other professional fees (attach schedule) [5]	12,184.	888.	888.	296.
17	Interest				
18	Taxes (attach schedule) (see instructions) [6]	110,365.	11,524.	11,524.	3,841.
19	Depreciation (attach schedule) and depletion	96,459.	96,459.	96,459.	
20	Occupancy				
21	Travel, conferences, and meetings	10,777.	10,777.	10,777.	
22	Printing and publications	146.	110.	110.	36.
23	Other expenses (attach schedule) ATCH 7	56,948.	16,638.	16,638.	40,311.
24	Total operating and administrative expenses. Add lines 13 through 23.	540,283.	334,698.	334,698.	110,585.
25	Contributions, gifts, grants paid	3,531,500.			3,531,500.
26	Total expenses and disbursements. Add lines 24 and 25	4,071,783.	334,698.	334,698.	3,642,085.
27	Subtract line 26 from line 12				
a	Excess of revenue over expenses and disbursements	389,136.			
b	Net investment income (if negative, enter -0-)		4,126,221.		
c	Adjusted net income (if negative, enter -0-)			4,125,006.	



Part II Balance Sheets		Beginning of year		End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1 Cash - non-interest-bearing . . . . .	11,947,937.	20,991,671.	20,991,671.	
	2 Savings and temporary cash investments . . . . .				
	3 Accounts receivable ▶ Less allowance for doubtful accounts ▶				
	4 Pledges receivable ▶ Less allowance for doubtful accounts ▶				
	5 Grants receivable . . . . .				
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions) . . . .				
	7 Other notes and loans receivable (attach schedule) ▶ Less allowance for doubtful accounts ▶				
	8 Inventories for sale or use . . . . .				
	9 Prepaid expenses and deferred charges . . . . .				
	10 a Investments - U.S. and state government obligations (attach schedule) . .				
	b Investments - corporate stock (attach schedule) ATCH 8 . . . .	70,161,273.	58,854,359.	89,738,377.	
	c Investments - corporate bonds (attach schedule) . . . . .				
	11 Investments - land, buildings, and equipment basis Less accumulated depreciation (attach schedule) ▶				
	12 Investments - mortgage loans . . . . .				
	13 Investments - other (attach schedule) . . . . .				
	Liabilities	14 Land, buildings, and equipment basis Less accumulated depreciation (attach schedule) ▶	21,089,228. 212,213.		ATCH 9 18,129,410.
15 Other assets (describe ▶ ATCH 10) . . . . .		143,053.	53,658.	53,658.	
16 Total assets (to be completed by all filers - see the instructions Also, see page 1, item I) . . . . .		98,860,813.	100,776,703.	128,913,116.	
17 Accounts payable and accrued expenses . . . . .					
18 Grants payable . . . . .					
19 Deferred revenue . . . . .					
20 Loans from officers, directors, trustees, and other disqualified persons . .					
21 Mortgages and other notes payable (attach schedule) . . . . .					
22 Other liabilities (describe ▶ ATCH 11) . . . . .		673,823.	245,920.		
23 Total liabilities (add lines 17 through 22) . . . . .		673,823.	245,920.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here. <input checked="" type="checkbox"/> X and complete lines 24 through 26 and lines 30 and 31.				
	24 Unrestricted . . . . .	98,186,990.	100,530,783.		
	25 Temporarily restricted . . . . .				
	26 Permanently restricted . . . . .				
	Foundations that do not follow SFAS 117, . . . <input type="checkbox"/> check here and complete lines 27 through 31.				
	27 Capital stock, trust principal, or current funds . . . . .				
	28 Paid-in or capital surplus, or land, bldg, and equipment fund . . . . .				
	29 Retained earnings, accumulated income, endowment, or other funds . .				
	30 Total net assets or fund balances (see instructions) . . . . .	98,186,990.	100,530,783.		
	31 Total liabilities and net assets/fund balances (see instructions) . . . . .	98,860,813.	100,776,703.		

## Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return) . . . . .	1	98,186,990.
2 Enter amount from Part I, line 27a . . . . .	2	389,136.
3 Other increases not included in line 2 (itemize) ▶ ATCH 12 . . . . .	3	1,954,673.
4 Add lines 1, 2, and 3 . . . . .	4	100,530,799.
5 Decreases not included in line 2 (itemize) ▶ ATCH 13 . . . . .	5	16.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30 . . . .	6	100,530,783.

Form 990-PF (2014)



**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)			(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
<b>1a SEE PART IV SCHEDULE</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)		
<b>a</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))		
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any			
<b>a</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
<b>2</b> Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		<b>2</b>	3,779,913.	
<b>3</b> Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8	{ If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8 }		<b>3</b>	3,778,698.	

**Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income**

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

**1** Enter the appropriate amount in each column for each year, see the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2013	936,370.	104,296,014.	0.008978
2012	16,691,761.	92,646,651.	0.180166
2011	1,751,118.	56,140,574.	0.031192
2010	1,089,473.	15,461,853.	0.070462
2009	750.	314,019.	0.002388
<b>2</b> Total of line 1, column (d)			<b>2</b> 0.293186
<b>3</b> Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			<b>3</b> 0.058637
<b>4</b> Enter the net value of noncharitable-use assets for 2014 from Part X, line 5			<b>4</b> 109,633,294.
<b>5</b> Multiply line 4 by line 3			<b>5</b> 6,428,567.
<b>6</b> Enter 1% of net investment income (1% of Part I, line 27b)			<b>6</b> 41,262.
<b>7</b> Add lines 5 and 6			<b>7</b> 6,469,829.
<b>8</b> Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions			<b>8</b> 9,581,335.



**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)**

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 . . . . . Date of ruling or determination letter _____ (attach copy of letter if necessary - see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b . . . . .	1	41,262.
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-) . . . . .	2	
3	Add lines 1 and 2 . . . . .	3	41,262.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-) . . . . .	4	0
5	<b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0- . . . . .	5	41,262.
6	<b>Credits/Payments</b>		
a	2014 estimated tax payments and 2013 overpayment credited to 2014 . . . . .	6a	107,222.
b	Exempt foreign organizations - tax withheld at source . . . . .	6b	
c	Tax paid with application for extension of time to file (Form 8868) . . . . .	6c	20,000.
d	Backup withholding erroneously withheld . . . . .	6d	
7	Total credits and payments. Add lines 6a through 6d . . . . .	7	127,222.
8	Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached . . . . .	8	
9	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b> . . . . .	9	
10	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b> . . . . .	10	85,960.
11	Enter the amount of line 10 to be <b>Credited to 2015 estimated tax</b> <input checked="" type="checkbox"/> 85,960. <b>Refunded</b> <input type="checkbox"/> . . . . .	11	

**Part VII-A Statements Regarding Activities**

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign? . . . . .		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? . . . . . If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
c Did the foundation file <b>Form 1120-POL</b> for this year? . . . . .		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation <input checked="" type="checkbox"/> \$ _____ (2) On foundation managers <input checked="" type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input checked="" type="checkbox"/> \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? . . . . . If "Yes," attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes . . . . .		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year? . . . . .		X
b If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? . . . . . If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument? . . . . .	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XIV	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input checked="" type="checkbox"/> CO, _____		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation . . . . .	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2014 or the taxable year beginning in 2014 (see instructions for Part XIV)? If "Yes," complete Part XIV . . . . .	X	
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses . . . . .	X	

Form 990-PF (2014)



**Part VII-A Statements Regarding Activities (continued)**

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions).	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions).	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ N/A	13	X	
14	The books are in care of ▶ MARRS, SEVIER & COMPANY, LLC Telephone no ▶ 303-922-6654 Located at ▶ 230 S. HOLLAND ST. LAKEWOOD, CO ZIP+4 ▶ 80226			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year ▶ 15			
16	At any time during calendar year 2014, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for FinCEN Form 114, (formerly TD F 90-22.1) If "Yes," enter the name of the foreign country ▶	16	Yes	No X

**Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required**

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly)		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1b	
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2014?	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a At the end of tax year 2014, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2014? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions)	2b	
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If "Yes," did it have excess business holdings in 2014 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2014)	3b	X
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2014?	4b	X

Form 990-PF (2014)



**Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? (see instructions). ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? ☐ **5b**

Organizations relying on a current notice regarding disaster assistance check here ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☒ No

If "Yes," attach the statement required by Regulations section 53.4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ **6b** X

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? ☐ **7b** X

**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors****1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
ATCH 14		0	0	0

**2 Compensation of five highest-paid employees (other than those included on line 1 - see instructions). If none, enter "NONE."**

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
ATCH 15		144,833.	0	0

Total number of other employees paid over \$50,000. ☐

Form 990-PF (2014)



**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** (continued)**3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."**

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services . . . . .		▶

**Part IX-A Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 THE FOUNDATION PURCHASED LAND FOR THE PURPOSE OF PROTECTING THIS LAND FROM FUTURE DEVELOPMENT.	5,939,250.
2	
3	
4	

**Part IX-B Summary of Program-Related Investments** (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 NONE	
2	
All other program-related investments See instructions	
3 NONE	
Total. Add lines 1 through 3 . . . . .	

Form 990-PF (2014)



**Part X Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions)

<b>1</b>	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
<b>a</b>	Average monthly fair market value of securities	<b>1a</b>	89,788,042.
<b>b</b>	Average of monthly cash balances	<b>1b</b>	21,514,795.
<b>c</b>	Fair market value of all other assets (see instructions)	<b>1c</b>	
<b>d</b>	<b>Total</b> (add lines 1a, b, and c)	<b>1d</b>	111,302,837.
<b>e</b>	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	<b>1e</b>	
<b>2</b>	Acquisition indebtedness applicable to line 1 assets	<b>2</b>	
<b>3</b>	Subtract line 2 from line 1d	<b>3</b>	111,302,837.
<b>4</b>	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	<b>4</b>	1,669,543.
<b>5</b>	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3 Enter here and on Part V, line 4	<b>5</b>	109,633,294.
<b>6</b>	<b>Minimum investment return.</b> Enter 5% of line 5	<b>6</b>	5,481,665.

**Part XI Distributable Amount** (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☒ **X** and do not complete this part)

<b>1</b>	Minimum investment return from Part X, line 6	<b>1</b>	
<b>2a</b>	Tax on investment income for 2014 from Part VI, line 5	<b>2a</b>	
<b>b</b>	Income tax for 2014 (This does not include the tax from Part VI)	<b>2b</b>	
<b>c</b>	Add lines 2a and 2b	<b>2c</b>	
<b>3</b>	Distributable amount before adjustments Subtract line 2c from line 1	<b>3</b>	
<b>4</b>	Recoveries of amounts treated as qualifying distributions	<b>4</b>	
<b>5</b>	Add lines 3 and 4	<b>5</b>	
<b>6</b>	Deduction from distributable amount (see instructions)	<b>6</b>	
<b>7</b>	<b>Distributable amount</b> as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	<b>7</b>	

**Part XII Qualifying Distributions** (see instructions)

<b>1</b>	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
<b>a</b>	Expenses, contributions, gifts, etc - total from Part I, column (d), line 26	<b>1a</b>	3,642,085.
<b>b</b>	Program-related investments - total from Part IX-B	<b>1b</b>	
<b>2</b>	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	<b>2</b>	5,939,250.
<b>3</b>	Amounts set aside for specific charitable projects that satisfy the		
<b>a</b>	Suitability test (prior IRS approval required)	<b>3a</b>	
<b>b</b>	Cash distribution test (attach the required schedule)	<b>3b</b>	
<b>4</b>	<b>Qualifying distributions.</b> Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	<b>4</b>	9,581,335.
<b>5</b>	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	<b>5</b>	41,262.
<b>6</b>	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	<b>6</b>	9,540,073.

**Note.** The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years



**Part XIII Undistributed Income** (see instructions)

	(a) Corpus	(b) Years prior to 2013	(c) 2013	(d) 2014
<b>1</b> Distributable amount for 2014 from Part XI, line 7 . . . . .				0
<b>2</b> Undistributed income, if any, as of the end of 2014				
<b>a</b> Enter amount for 2013 only . . . . .				
<b>b</b> Total for prior years 20 <u>12</u> , 20 <u>11</u> , 20 <u>10</u> . . . . .				
<b>3</b> Excess distributions carryover, if any, to 2014.				
<b>a</b> From 2009 . . . . .				
<b>b</b> From 2010 . . . . . 192,179.				
<b>c</b> From 2011 . . . . .				
<b>d</b> From 2012 . . . . . 16,824,393.				
<b>e</b> From 2013 . . . . . 936,370.				
<b>f</b> Total of lines 3a through e . . . . .	17,952,942.			
<b>4</b> Qualifying distributions for 2014 from Part XII, line 4 ▶ \$ <u>9,581,335.</u>				
<b>a</b> Applied to 2013, but not more than line 2a . . . . .				
<b>b</b> Applied to undistributed income of prior years (Election required - see instructions) . . . . .				
<b>c</b> Treated as distributions out of corpus (Election required - see instructions) . . . . .				
<b>d</b> Applied to 2014 distributable amount . . . . .				
<b>e</b> Remaining amount distributed out of corpus . . . . .	9,581,335.			
<b>5</b> Excess distributions carryover applied to 2014 . . . . . (If an amount appears in column (d), the same amount must be shown in column (a) )				
<b>6</b> Enter the net total of each column as indicated below:				
<b>a</b> Corpus Add lines 3f, 4c, and 4e Subtract line 5 . . . . .	27,534,277.			
<b>b</b> Prior years' undistributed income Subtract line 4b from line 2b . . . . .				
<b>c</b> Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed . . . . .				
<b>d</b> Subtract line 6c from line 6b Taxable amount - see instructions . . . . .				
<b>e</b> Undistributed income for 2013 Subtract line 4a from line 2a Taxable amount - see instructions . . . . .				
<b>f</b> Undistributed income for 2014 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2015 . . . . .				
<b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions) . . . . .				
<b>8</b> Excess distributions carryover from 2009 not applied on line 5 or line 7 (see instructions) . . . . .				
<b>9</b> Excess distributions carryover to 2015. Subtract lines 7 and 8 from line 6a . . . . .	27,534,277.			
<b>10</b> Analysis of line 9				
<b>a</b> Excess from 2010 . . . . . 192,179.				
<b>b</b> Excess from 2011 . . . . .				
<b>c</b> Excess from 2012 . . . . . 16,824,393.				
<b>d</b> Excess from 2013 . . . . . 936,370.				
<b>e</b> Excess from 2014 . . . . . 9,581,335.				



**Part XIV Private Operating Foundations** (see instructions and Part VII-A, question 9)

**1a** If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2014, enter the date of the ruling . . . . .

**b** Check box to indicate whether the foundation is a private operating foundation described in section ☒ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year				(e) Total
	(a) 2014	(b) 2013	(c) 2012	(d) 2011	
<b>2a</b> Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed . . . . .	4,125,006.	4,826,357.	4,909,024.	5,436,400.	19,296,787.
<b>b</b> 85% of line 2a . . . . .	3,506,255.	4,102,403.	4,172,670.	4,620,940.	16,402,268.
<b>c</b> Qualifying distributions from Part XII, line 4 for each year listed . . . . .	9,581,335.	936,370.	16,824,393.	1,805,482.	29,147,580.
<b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities . . . . .			1,005,249.		1,005,249.
<b>e</b> Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c . . . . .	9,581,335.	936,370.	15,819,144.	1,805,482.	28,142,331.
<b>3</b> Complete 3a, b, or c for the alternative test relied upon					
<b>a</b> "Assets" alternative test - enter					
<b>(1)</b> Value of all assets . . . . .					
<b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i) . . . . .					
<b>b</b> "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed . . . . .	3,654,445.	3,476,534.	3,608,406.	1,871,352.	12,610,737.
<b>c</b> "Support" alternative test - enter					
<b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties) . . . . .					
<b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii) . . . . .					
<b>(3)</b> Largest amount of support from an exempt organization . . . . .					
<b>(4)</b> Gross investment income . . . . .					

**Part XV Supplementary Information** (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year - see instructions.)**1 Information Regarding Foundation Managers:**

**a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2) )

JOHN C. MALONE

**b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

N/A

**2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

**a** The name, address, and telephone number or e-mail address of the person to whom applications should be addressed

**b** The form in which applications should be submitted and information and materials they should include

**c** Any submission deadlines

**d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors



**Part XV** Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<i>a Paid during the year</i>				
ATCH 16				
<b>Total</b> .....			▶ <b>3a</b>	3,531,500.
<i>b Approved for future payment</i>				
<b>Total</b> .....			▶ <b>3b</b>	



**Part XVI-A Analysis of Income-Producing Activities**

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
<b>1</b> Program service revenue					
a _____					
b _____					
c _____					
d _____					
e _____					
f _____					
g Fees and contracts from government agencies					
<b>2</b> Membership dues and assessments . . . . .					
<b>3</b> Interest on savings and temporary cash investments			14	80.	
<b>4</b> Dividends and interest from securities . . . . .			14	661,782.	
<b>5</b> Net rental income or (loss) from real estate					
a Debt-financed property . . . . .					
b Not debt-financed property . . . . .					
<b>6</b> Net rental income or (loss) from personal property .					
<b>7</b> Other investment income . . . . .					
<b>8</b> Gain or (loss) from sales of assets other than inventory			18	3,779,913.	
<b>9</b> Net income or (loss) from special events . . .					
<b>10</b> Gross profit or (loss) from sales of inventory . .					
<b>11</b> Other revenue a _____					
b _____					
c _____					
d _____					
e _____					
<b>12</b> Subtotal Add columns (b), (d), and (e) . . . .				4,441,775.	
<b>13</b> Total. Add line 12, columns (b), (d), and (e) . . . . .				4,441,775.	

## Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

[illegible]







## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis	Gain or (loss)	
1,854,211.		20300 COVIDIEN PLC SHS NEW PROPERTY TYPE: SECURITIES 1,827,478.				26,733.	09/08/2014 09/22/2014
1,661,086.		25900 NXP SEMICONDUCTORS N.V. PROPERTY TYPE: SECURITIES 1,625,809.				35,277.	06/03/2014 06/23/2014
5,925,319.		208300 AMERICAN AIRLS GROUP INC PROPERTY TYPE: SECURITIES 4,915,390.				1,009,929.	11/29/2013 01/21/2014
2,017,697.		60500 AMERICAN AIRLS GROUP INC PROPERTY TYPE: SECURITIES 1,998,847.				18,850.	01/29/2014 02/03/2014
6,077,792.		171400 AMERICAN AIRLS GROUP INC PROPERTY TYPE: SECURITIES 5,953,103.				124,689.	02/14/2014 03/03/2014
581,649.		14800 AMERICAN AIRLS GROUP INC PROPERTY TYPE: SECURITIES 587,128.				-5,479.	05/13/2014 05/27/2014
1,151,508.		29300 AMERICAN AIRLS GROUP INC PROPERTY TYPE: SECURITIES 1,162,354.					05/13/2014 05/27/2014
1,261,697.		29300 AMERICAN AIRLS GROUP INC PROPERTY TYPE: SECURITIES 1,225,038.				36,659.	05/20/2014 06/30/2014
2,015,164.		21600 AMER EXPRESS COMPANY PROPERTY TYPE: SECURITIES 1,979,426.				35,738.	03/21/2014 06/23/2014
2,834,677.		32100 AMER EXPRESS COMPANY PROPERTY TYPE: SECURITIES 2,857,371.					08/15/2014 11/24/2014
4,927,019.		96200 AMERICAN INTERNATIONAL PROPERTY TYPE: SECURITIES 4,996,715.				-69,696.	10/23/2013 01/21/2014
1,967,768.		117800 BANK OF AMERICA CORP PROPERTY TYPE: SECURITIES 1,954,302.				13,466.	03/04/2014 03/17/2014



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
2,243,640.		16100 BOEING COMPANY PROPERTY TYPE: SECURITIES 2,204,254.				P	11/22/2013 39,386.	01/13/2014
2,801,066.		20100 BOEING COMPANY PROPERTY TYPE: SECURITIES 2,751,895.				P	11/21/2013 49,171.	01/13/2014
1,074,230.		8700 BOEING COMPANY PROPERTY TYPE: SECURITIES 1,205,532.				P	01/29/2014	02/10/2014
1,703,951.		13800 BOEING COMPANY PROPERTY TYPE: SECURITIES 1,912,223.				P	01/30/2014	02/10/2014
1,592,824.		12900 BOEING COMPANY PROPERTY TYPE: SECURITIES 1,787,513.				P	01/31/2014	02/10/2014
960,167.		7500 BOEING COMPANY PROPERTY TYPE: SECURITIES 1,065,003.				P	01/31/2014 -104,836.	02/12/2014
1,510,663.		11800 BOEING COMPANY PROPERTY TYPE: SECURITIES 1,497,517.				P	02/10/2014 13,146.	02/12/2014
691,321.		5400 BOEING COMPANY PROPERTY TYPE: SECURITIES 766,802.				P	01/31/2014	02/12/2014
1,113,794.		8700 BOEING COMPANY PROPERTY TYPE: SECURITIES 1,235,403.				P	01/29/2014	02/12/2014
1,766,708.		13800 BOEING COMPANY PROPERTY TYPE: SECURITIES 1,959,606.				P	01/30/2014	02/12/2014
1,770,058.		13800 BOEING COMPANY PROPERTY TYPE: SECURITIES 1,991,132.				P	02/01/2014	04/07/2014
1,115,906.		8700 BOEING COMPANY PROPERTY TYPE: SECURITIES 1,255,278.				P	01/31/2014	04/07/2014



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
692,632.		5400 BOEING COMPANY PROPERTY TYPE: SECURITIES 779,138.				P	02/02/2014	04/07/2014
536,452.		4100 BOEING COMPANY PROPERTY TYPE: SECURITIES 585,279.				P	02/01/2014	05/12/2014
486,578.		3700 BOEING COMPANY PROPERTY TYPE: SECURITIES 468,905.				P	04/07/2014	05/12/2014
392,526.		3000 BOEING COMPANY PROPERTY TYPE: SECURITIES 428,253.				P	02/01/2014	05/12/2014
881,100.		6700 BOEING COMPANY PROPERTY TYPE: SECURITIES 956,432.				P	02/01/2014	05/12/2014
710,140.		5400 BOEING COMPANY PROPERTY TYPE: SECURITIES 770,855.				P	02/02/2014	05/12/2014
1,138,326.		8700 BOEING COMPANY PROPERTY TYPE: SECURITIES 1,241,934.				P	01/31/2014	05/12/2014
410,016.		3000 BOEING COMPANY PROPERTY TYPE: SECURITIES 436,651.				P	02/02/2014	06/09/2014
1,189,046.		8700 BOEING COMPANY PROPERTY TYPE: SECURITIES 1,266,287.				P	02/01/2014	06/09/2014
3,853,059.		74100 BRISTOL-MYERS SQUIBB CO PROPERTY TYPE: SECURITIES 3,961,592.				P	03/28/2014	11/03/2014
4,002,888.		64700 BRISTOL-MYERS SQUIBB CO PROPERTY TYPE: SECURITIES 3,926,771.				P	12/05/2014	12/22/2014
3,430,714.		123000 CSX CORP PROPERTY TYPE: SECURITIES 3,494,381.				P	03/04/2014	05/01/2014



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
2,742,201.		35300 CVS CAREMARK CORP PROPERTY TYPE: SECURITIES 2,614,170.				P	04/17/2014 128,031.	07/28/2014
277,330.		6100 CAMPBELL SOUP CO PROPERTY TYPE: SECURITIES 273,332.				P	04/25/2014 3,998.	05/19/2014
263,691.		5800 CAMPBELL SOUP CO PROPERTY TYPE: SECURITIES 260,424.				P	04/24/2014 3,267.	05/19/2014
626,100.		14000 CAMPBELL SOUP CO PROPERTY TYPE: SECURITIES 616,560.				P	05/19/2014 9,540.	06/23/2014
1,027,053.		9800 CATERPILLAR INC DEL PROPERTY TYPE: SECURITIES 1,013,678.				P	06/02/2014 13,375.	06/16/2014
356,325.		3400 CATERPILLAR INC DEL PROPERTY TYPE: SECURITIES 345,181.				P	05/30/2014 11,144.	06/16/2014
3,207,302.		33500 CATERPILLAR INC DEL PROPERTY TYPE: SECURITIES 3,460,304.				P	09/26/2014 -253,002.	10/20/2014
4,624,957.		95000 CITIGROUP INC COM NEW PROPERTY TYPE: SECURITIES 4,994,065.				P	12/23/2013 -369,108.	02/10/2014
201,450.		2200 CLOROX CO DEL COM PROPERTY TYPE: SECURITIES 195,759.				P	04/24/2014 5,691.	07/21/2014
64,098.		700 CLOROX CO DEL COM PROPERTY TYPE: SECURITIES 62,809.				P	04/25/2014 1,289.	07/21/2014
307,337.		3400 CLOROX CO DEL COM PROPERTY TYPE: SECURITIES 305,074.				P	04/25/2014 2,263.	09/22/2014
4,737,305.		246400 CORNING INC PROPERTY TYPE: SECURITIES 4,713,632.				P	02/18/2014 23,673.	02/26/2014



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
299,927.		15600 CORNING INC PROPERTY TYPE: SECURITIES 298,428.				P	02/18/2014	03/03/2014 1,499.
1,035,998.		54000 CORNING INC PROPERTY TYPE: SECURITIES 1,125,927.				P	09/12/2014	11/03/2014 -89,929.
2,637,959.		137500 CORNING INC PROPERTY TYPE: SECURITIES 2,866,946.				P	09/12/2014	11/03/2014
1,026,377.		12600 DEERE CO PROPERTY TYPE: SECURITIES 1,191,348.				P	05/07/2014	10/06/2014 -164,971.
149,009.		4600 DELTA AIR LINES INC PROPERTY TYPE: SECURITIES 145,298.				P	01/30/2014	03/03/2014 3,711.
4,910,814.		151600 DELTA AIR LINES INC PROPERTY TYPE: SECURITIES 4,788,524.				P	01/31/2014	03/03/2014 122,290.
2,178,755.		57800 DELTA AIR LINES INC PROPERTY TYPE: SECURITIES 2,002,186.				P	03/12/2014	05/12/2014 176,569.
2,276,322.		57800 DELTA AIR LINES INC PROPERTY TYPE: SECURITIES 2,002,186.				P	03/12/2014	06/02/2014 274,136.
1,229,214.		30500 DELTA AIR LINES INC PROPERTY TYPE: SECURITIES 1,211,912.				P	06/13/2014	08/25/2014 17,302.
1,192,942.		29600 DELTA AIR LINES INC PROPERTY TYPE: SECURITIES 1,219,723.				P	06/03/2014	08/25/2014
2,982,124.		84400 DELTA AIR LINES INC PROPERTY TYPE: SECURITIES 3,429,265.				P	08/25/2014	10/06/2014 -447,141.
1,045,863.		29600 DELTA AIR LINES INC PROPERTY TYPE: SECURITIES 1,229,461.				P	06/03/2014	10/06/2014 -183,598.



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
2,079,747.		40900 DOW CHEMICAL CO PROPERTY TYPE: SECURITIES 2,005,961.				P	03/12/2014 73,786.	06/23/2014
1,186,509.		24900 DOW CHEMICAL CO PROPERTY TYPE: SECURITIES 1,336,174.				P	09/19/2014	10/27/2014
1,947,196.		38200 DOW CHEMICAL CO PROPERTY TYPE: SECURITIES 1,794,300.				P	10/27/2014 152,896.	11/24/2014
1,269,245.		24900 DOW CHEMICAL CO PROPERTY TYPE: SECURITIES 1,319,248.				P	09/19/2014 -50,003.	11/24/2014
5,047,567.		74100 DU PONT E I DE NEMOURS PROPERTY TYPE: SECURITIES 4,952,895.				P	03/21/2014 94,672.	05/27/2014
2,997.		44 DU PONT E I DE NEMOURS PROPERTY TYPE: SECURITIES 3,001.				P	04/02/2014 -4.	05/27/2014
235,600.		15000 FORD MOTOR CO PROPERTY TYPE: SECURITIES 230,314.				P	03/14/2014 5,286.	04/02/2014
39,267.		2500 FORD MOTOR CO PROPERTY TYPE: SECURITIES 38,386.				P	03/14/2014 881.	04/03/2014
2,257,047.		143700 FORD MOTOR CO PROPERTY TYPE: SECURITIES 2,206,407.				P	03/14/2014 50,640.	04/07/2014
2,589,994.		161300 FORD MOTOR CO PROPERTY TYPE: SECURITIES 2,476,642.				P	03/14/2014 113,352.	06/02/2014
739,558.		52500 FORD MOTOR CO PROPERTY TYPE: SECURITIES 734,758.				P	10/16/2014 4,800.	10/29/2014
2,121,476.		150600 FORD MOTOR CO PROPERTY TYPE: SECURITIES 2,107,705.				P	10/16/2014 13,771.	11/03/2014



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
2,868,893.		202800 FORD MOTOR CO PROPERTY TYPE: SECURITIES 2,839,200.				P	11/03/2014 29,693.	11/17/2014
1,977,495.		40000 GENERAL MILLS PROPERTY TYPE: SECURITIES 1,995,096.				P	12/13/2013 -17,601.	02/24/2014
1,118,171.		21100 GENERAL MILLS PROPERTY TYPE: SECURITIES 1,106,460.				P	04/24/2014 11,711.	05/19/2014
3,093,668.		58500 GENERAL MILLS PROPERTY TYPE: SECURITIES 3,219,372.				P	06/02/2014 -125,704.	12/22/2014
1,210,850.		15000 MARATHON PETROLEUM CORP PROPERTY TYPE: SECURITIES 1,349,568.				P	09/10/2014 -138,718.	10/02/2014
557,114.		7700 MASTERCARD INC PROPERTY TYPE: SECURITIES 547,275.				P	04/28/2014 9,839.	05/05/2014
5,022,602.		52600 MCDONALDS CORP COM PROPERTY TYPE: SECURITIES 4,942,298.				P	01/24/2014 80,304.	02/10/2014
2,708,961.		26600 MCDONALDS CORP COM PROPERTY TYPE: SECURITIES 2,675,827.				P	06/13/2014 33,134.	06/30/2014
3,716,609.		82500 MICROSOFT CORP PROPERTY TYPE: SECURITIES 3,619,343.				P	10/20/2014 97,266.	11/18/2014
36,040.		800 MICROSOFT CORP PROPERTY TYPE: SECURITIES 35,097.				P	10/20/2014 943.	11/19/2014
355,893.		7900 MICROSOFT CORP PROPERTY TYPE: SECURITIES 346,580.				P	10/20/2014 9,313.	11/24/2014
4,485,822.		63000 PROSHARES ULTRASHORT PROPERTY TYPE: SECURITIES 5,003,788.				P	09/12/2013 -517,966.	03/10/2014



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
4,286,452.		60200 PROSHARES ULTRASHORT PROPERTY TYPE: SECURITIES 4,805,854.				P	09/20/2013 -519,402.	03/10/2014
106,805.		1500 PROSHARES ULTRASHORT PROPERTY TYPE: SECURITIES 119,747.				P	09/19/2013 -12,942.	03/10/2014
4,379,340.		102800 US BANCORP (NEW) PROPERTY TYPE: SECURITIES 4,325,866.				P	09/05/2014 53,474.	09/22/2014
3,550,561.		86100 US BANCORP (NEW) PROPERTY TYPE: SECURITIES 3,702,168.				P	09/23/2014 11/24/2014	11/24/2014
1,171,149.		28400 US BANCORP (NEW) PROPERTY TYPE: SECURITIES 1,221,156.				P	09/23/2014 -50,007.	11/24/2014
483,063.		4700 UNITED TECHS CORP COM PROPERTY TYPE: SECURITIES 550,335.				P	05/09/2014 -67,272.	10/02/2014
6,828,809.		135700 VERIZON COMMUNICATNS COM PROPERTY TYPE: SECURITIES 6,782,415.				P	09/05/2014 46,394.	09/22/2014
2,246,298.		51800 WASTE MANAGEMENT INC NEW PROPERTY TYPE: SECURITIES 2,224,292.				P	04/24/2014 22,006.	05/19/2014
873,605.		19700 WASTE MANAGEMENT INC NEW PROPERTY TYPE: SECURITIES 862,663.				P	05/19/2014 10,942.	06/04/2014
2,425,696.		54700 WASTE MANAGEMENT INC NEW PROPERTY TYPE: SECURITIES 2,395,313.				P	05/19/2014 30,383.	06/23/2014
4,211,547.		87100 WASTE MANAGEMENT INC NEW PROPERTY TYPE: SECURITIES 4,097,184.				P	09/05/2014 114,363.	11/24/2014
4,912,710.		107500 WELLS FARGO & CO NEW DEL PROPERTY TYPE: SECURITIES 4,976,282.				P	01/31/2014 -63,572.	02/18/2014



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
10316316.		623500 WESTERN UN CO PROPERTY TYPE: SECURITIES 9,998,571.				P	10/30/2013 317,745.	08/18/2014
3,276,306.		199200 WESTERN UN CO PROPERTY TYPE: SECURITIES 3,185,299.				P	10/20/2014 91,007.	11/24/2014
1,836,885.		12500 WHIRLPOOL CORP PROPERTY TYPE: SECURITIES 1,763,621.				P	02/24/2014 73,264.	03/24/2014
1,107,287.		7300 WHIRLPOOL CORP PROPERTY TYPE: SECURITIES 1,028,944.				P	02/25/2014 78,343.	04/21/2014
2,457,267.		16200 WHIRLPOOL CORP PROPERTY TYPE: SECURITIES 2,285,653.				P	02/24/2014 171,614.	04/21/2014
939,777.		6000 WHIRLPOOL CORP PROPERTY TYPE: SECURITIES 919,320.				P	09/03/2014 20,457.	09/22/2014
548,203.		3500 WHIRLPOOL CORP PROPERTY TYPE: SECURITIES 483,312.				P	06/20/2014 64,891.	09/22/2014
579,529.		3700 WHIRLPOOL CORP PROPERTY TYPE: SECURITIES 543,214.				P	05/16/2014 36,315.	09/22/2014
2,394,826.		16000 WHIRLPOOL CORP PROPERTY TYPE: SECURITIES 2,268,934.				P	10/10/2014 125,892.	11/19/2014
34,550.		400 CALL GIS JAN 00050.00 PROPERTY TYPE: SECURITIES 699.				P	01/17/2014 33,851.	12/13/2013
86,146.		860 PUT WAG JAN 00057.50 PROPERTY TYPE: SECURITIES 1,396.				P	01/17/2014 84,750.	12/23/2013
291,796.		6235 CALL WU 00017.000 PROPERTY TYPE: SECURITIES				P	02/24/2014 291,796.	01/13/2014



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
51,984.		860 PUT WAG 00058.000 PROPERTY TYPE: SECURITIES				P	02/10/2014	01/17/2014
							51,984.	
20,837.		627 CALL TBT 00076.000 PROPERTY TYPE: SECURITIES				P	02/10/2014	01/22/2014
							20,837.	
34,396.		620 CALL TBT 00075.000 PROPERTY TYPE: SECURITIES				P	02/10/2014	01/22/2014
							34,396.	
39,347.		950 CALL C 00052.000 PROPERTY TYPE: SECURITIES				P	02/03/2014	01/22/2014
							39,347.	
51,044.		160 PUT WHR 00125.000 PROPERTY TYPE: SECURITIES				P	02/10/2014	02/03/2014
		4,909.					46,135.	
46,907.		1562 CALL DAL 00032.000 PROPERTY TYPE: SECURITIES				P	02/14/2014	02/06/2014
		2,271.					44,636.	
10,419.		49 PUT WHR 00135.000 PROPERTY TYPE: SECURITIES				P	02/21/2014	02/10/2014
		180.					10,239.	
36,786.		173 PUT WHR 00135.000 PROPERTY TYPE: SECURITIES				P	02/24/2014	02/10/2014
							36,786.	
35,745.		1237 PUT C 00048.500 PROPERTY TYPE: SECURITIES				P	02/14/2014	02/10/2014
		2,216.					33,529.	
34,725.		468 PUT BA 00128.000 PROPERTY TYPE: SECURITIES				P	02/14/2014	02/12/2014
		1,657.					33,068.	
15,824.		623 CALL TBT 00074.000 PROPERTY TYPE: SECURITIES				P	02/24/2014	02/12/2014
							15,824.	
17,025.		624 CALL TBT 00075.000 PROPERTY TYPE: SECURITIES				P	02/28/2014	02/12/2014
		661.					16,364.	



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis	Gain or (loss)	
29,175.		184 PUT BA 00128.000 PROPERTY TYPE: SECURITIES				03/03/2014	02/14/2014
57,020.		279 CALL BA 00130.000 PROPERTY TYPE: SECURITIES				03/03/2014	02/14/2014
49,411.		1237 PUT C 00048.500 PROPERTY TYPE: SECURITIES				03/03/2014	02/14/2014
17,946.		90 CALL WHR 00145.000 PROPERTY TYPE: SECURITIES				03/24/2014	02/24/2014
26,028.		145 CALL WHR 00145.000 PROPERTY TYPE: SECURITIES				03/24/2014	02/25/2014
38,613.		3030 PUT BAC 00016.500 PROPERTY TYPE: SECURITIES				03/10/2014	02/28/2014
40,923.		279 CALL BA 00131.000 PROPERTY TYPE: SECURITIES 426.				03/14/2014	03/04/2014
15,596.		276 PUT CVS 00072.500 PROPERTY TYPE: SECURITIES				03/24/2014	03/12/2014
35,280.		353 PUT UTX 00114.000 PROPERTY TYPE: SECURITIES				03/31/2014	03/12/2014
47,298.		409 CALL DOW 00049.000 PROPERTY TYPE: SECURITIES				04/21/2014	03/12/2014
61,161.		1156 CALL DAL 00035.000 PROPERTY TYPE: SECURITIES				03/24/2014	03/12/2014
19,401.		941 CALL CSX 00030.000 PROPERTY TYPE: SECURITIES				04/21/2014	03/13/2014



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
20,469.		1613 CALL F 00016.000 PROPERTY TYPE: SECURITIES				P	04/14/2014	03/19/2014
							20,469.	
11,132.		216 CALL AXP 00092.000 PROPERTY TYPE: SECURITIES				P	04/14/2014	03/28/2014
							11,132.	
11,280.		355 CALL DAL 00035.000 PROPERTY TYPE: SECURITIES				P	04/14/2014	03/28/2014
							11,280.	
9,503.		251 PUT CPB 00044.000 PROPERTY TYPE: SECURITIES				P	04/21/2014	03/31/2014
							9,503.	
21,297.		767 PUT T 00034.500 PROPERTY TYPE: SECURITIES				P	04/14/2014	03/31/2014
							21,297.	
20,328.		801 CALL DAL 00035.000 PROPERTY TYPE: SECURITIES				P	04/07/2014	03/31/2014
							20,328.	
4,036.		289 CALL CSX 00030.000 PROPERTY TYPE: SECURITIES				P	04/21/2014	03/31/2014
							4,036.	
7,133.		150 PUT CPB 00044.000 PROPERTY TYPE: SECURITIES				P	04/21/2014	04/01/2014
							7,133.	
33,364.		742 CALL DD 00068.500 PROPERTY TYPE: SECURITIES				P	04/14/2014	04/02/2014
							33,364.	
243,113.		6235 CALL WU 00017.000 PROPERTY TYPE: SECURITIES				P	05/19/2014	04/03/2014
							243,113.	
74,806.		570 PUT CLX 00087.500 PROPERTY TYPE: SECURITIES				P	05/19/2014	04/08/2014
							74,806.	
23,647.		1613 CALL F 00016.000 PROPERTY TYPE: SECURITIES				P	04/28/2014	04/15/2014
							23,647.	



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
1,655.		22 CALL CLX 00090.000 PROPERTY TYPE: SECURITIES				P	05/19/2014	04/24/2014
							1,655.	
4,410.		63 PUT CLX 00087.500 PROPERTY TYPE: SECURITIES				P	05/19/2014	04/24/2014
							4,410.	
4,184.		41 CALL CLX 00090.000 PROPERTY TYPE: SECURITIES				P	05/19/2014	04/25/2014
							4,184.	
9,279.		85 PUT WAG 00066.000 PROPERTY TYPE: SECURITIES 106.				P	05/09/2014	04/25/2014
							9,173.	
22,018.		578 CALL DAL 00038.000 PROPERTY TYPE: SECURITIES				P	05/12/2014	04/28/2014
							22,018.	
6,250.		57 PUT WHR 00145.000 PROPERTY TYPE: SECURITIES				P	05/19/2014	04/29/2014
							6,250.	
10,486.		409 CALL DOW 00049.000 PROPERTY TYPE: SECURITIES				P	05/05/2014	04/29/2014
							10,486.	
21,846.		233 CALL BMY 00051.500 PROPERTY TYPE: SECURITIES				P	06/02/2014	04/30/2014
							21,846.	
33,290.		1613 CALL F 00016.000 PROPERTY TYPE: SECURITIES				P	05/12/2014	04/30/2014
							33,290.	
28,517.		300 PUT CAT 00103.000 PROPERTY TYPE: SECURITIES				P	05/27/2014	05/05/2014
							28,517.	
27,386.		353 CALL CVS 00077.500 PROPERTY TYPE: SECURITIES				P	06/23/2014	05/05/2014
							27,386.	
5,042.		84 PUT WAG 00066.500 PROPERTY TYPE: SECURITIES				P	05/27/2014	05/09/2014
							5,042.	



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
16,327.		508 CALL BMY PROPERTY TYPE: SECURITIES	00054.000			P	06/02/2014	05/09/2014
							16,327.	
18,925.		452 PUT AAL PROPERTY TYPE: SECURITIES	00038.500			P	05/27/2014	05/13/2014
							18,925.	
7,939.		118 PUT BA PROPERTY TYPE: SECURITIES	00130.000			P	06/02/2014	05/13/2014
							7,939.	
8,399.		94 PUT CLX PROPERTY TYPE: SECURITIES	00087.500			P	06/23/2014	05/19/2014
							8,399.	
8,242.		73 PUT CAT PROPERTY TYPE: SECURITIES	00103.000			P	06/09/2014	05/20/2014
							8,242.	
2,014.		39 PUT CAT PROPERTY TYPE: SECURITIES	00102.000			P	06/02/2014	05/20/2014
							2,014.	
5,902.		37 CALL WHR PROPERTY TYPE: SECURITIES	00150.000			P	06/23/2014	05/21/2014
							5,902.	
18,911.		328 PUT CPB PROPERTY TYPE: SECURITIES	00044.000			P	06/23/2014	05/22/2014
							18,911.	
3,412.		47 CALL UTX PROPERTY TYPE: SECURITIES	00118.000			P	06/16/2014	06/02/2014
							3,412.	
29,135.		585 CALL GIS PROPERTY TYPE: SECURITIES	00055.000			P	06/23/2014	06/02/2014
							29,135.	
17,338.		488 PUT WFC PROPERTY TYPE: SECURITIES	00051.000			P	06/16/2014	06/03/2014
							17,338.	
9,255.		305 PUT AAL PROPERTY TYPE: SECURITIES	00040.000			P	06/16/2014	06/03/2014
							9,255.	



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj. basis as of 12/31/69	Excess of FMV over adj. basis		Gain or (loss)	
16,002.		296 CALL DAL 00041.500 PROPERTY TYPE: SECURITIES				P	06/16/2014	06/03/2014
							16,002.	
14,245.		293 CALL AAL 00042.000 PROPERTY TYPE: SECURITIES				P	06/16/2014	06/03/2014
							14,245.	
8,763.		138 PUT NXPI 00060.000 PROPERTY TYPE: SECURITIES				P	06/23/2014	06/03/2014
							8,763.	
14,724.		405 PUT WM 00044.000 PROPERTY TYPE: SECURITIES				P	06/23/2014	06/04/2014
							14,724.	
1,925.		34 CALL CLX 00095.000 PROPERTY TYPE: SECURITIES				P	06/23/2014	06/09/2014
							1,925.	
4,959.		47 CALL UTX 00117.000 PROPERTY TYPE: SECURITIES				P	06/30/2014	06/16/2014
							4,959.	
2,522.		53 CALL DAL 00040.500 PROPERTY TYPE: SECURITIES				P	06/30/2014	06/17/2014
							2,522.	
11,929.		72 CALL WHR 00145.000 PROPERTY TYPE: SECURITIES				P	07/21/2014	07/08/2014
							11,929.	
3,699.		53 PUT MA 00075.000 PROPERTY TYPE: SECURITIES				P	07/21/2014	07/08/2014
							3,699.	
19,534.		572 PUT ADT 00033.000 PROPERTY TYPE: SECURITIES				P	07/21/2014	07/08/2014
							19,534.	
14,285.		166 PUT CAT 00102.000 PROPERTY TYPE: SECURITIES				P	08/18/2014	07/28/2014
							14,285.	
14,727.		72 CALL WHR 00150.000 PROPERTY TYPE: SECURITIES				P	08/18/2014	07/28/2014
							14,727.	



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
54,959.		871 CALL WM 00047.000 PROPERTY TYPE: SECURITIES				P	10/20/2014	09/05/2014
							54,959.	
10,819.		321 CALL AXP 00091.000 PROPERTY TYPE: SECURITIES				P	09/22/2014	09/05/2014
							10,819.	
43,613.		1140 CALL DAL 00041.000 PROPERTY TYPE: SECURITIES				P	09/22/2014	09/05/2014
							43,613.	
23,359.		495 PUT CVS 00081.000 PROPERTY TYPE: SECURITIES				P	09/22/2014	09/08/2014
							23,359.	
6,831.		98 PUT COV 00087.500 PROPERTY TYPE: SECURITIES				P	09/22/2014	09/08/2014
							6,831.	
59,930.		1915 CALL GLW 00021.000 PROPERTY TYPE: SECURITIES				P	10/20/2014	09/16/2014
							59,930.	
25,474.		1145 CALL USB 00043.000 PROPERTY TYPE: SECURITIES				P	10/06/2014	09/23/2014
							25,474.	
13,376.		249 CALL DOW 00053.500 PROPERTY TYPE: SECURITIES				P	10/20/2014	09/23/2014
							13,376.	
11,830.		321 CALL AXP 00090.000 PROPERTY TYPE: SECURITIES				P	10/06/2014	09/23/2014
							11,830.	
14,262.		741 CALL BMY 00053.500 PROPERTY TYPE: SECURITIES				P	10/20/2014	09/29/2014
							14,262.	
25,745.		585 CALL GIS 00050.000 PROPERTY TYPE: SECURITIES				P	10/20/2014	10/02/2014
							25,745.	
23,212.		321 CALL AXP OCT 00087.50 PROPERTY TYPE: SECURITIES				P	10/20/2014	10/13/2014
							23,212.	



## FORM 990-PF - PART IV

## CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
34,554.		1145 CALL USB OCT 00041.00 PROPERTY TYPE: SECURITIES				P	10/20/2014	10/13/2014
							34,554.	
36,263.		174 PUT WHR NOV 00130.00 PROPERTY TYPE: SECURITIES				P	11/24/2014	10/13/2014
							36,263.	
38,461.		798 PUT T 00033.500 PROPERTY TYPE: SECURITIES				P	10/24/2014	10/16/2014
		846.					37,615.	
50,985.		798 PUT VZ 00047.500 PROPERTY TYPE: SECURITIES				P	10/24/2014	10/16/2014
		1,354.					49,631.	
63,350.		2031 CALL F 00014.000 PROPERTY TYPE: SECURITIES				P	10/24/2014	10/16/2014
		6,330.					57,020.	
16,098.		334 PUT T 00033.500 PROPERTY TYPE: SECURITIES				P	10/27/2014	10/16/2014
							16,098.	
20,705.		782 PUT VZ OCT 00048.50 PROPERTY TYPE: SECURITIES				P	11/03/2014	10/24/2014
							20,705.	
36,924.		1362 PUT T 00033.500 PROPERTY TYPE: SECURITIES				P	11/24/2014	10/27/2014
							36,924.	
24,193.		1375 CALL GLW 00021.000 PROPERTY TYPE: SECURITIES				P	11/24/2014	11/03/2014
							24,193.	
25,813.		498 PUT BMY 00057.000 PROPERTY TYPE: SECURITIES				P	11/10/2014	11/03/2014
							25,813.	
14,052.		531 CALL WFC 00054.000 PROPERTY TYPE: SECURITIES				P	11/24/2014	11/03/2014
							14,052.	
31,539.		991 PUT CTL 00039.000 PROPERTY TYPE: SECURITIES				P	12/22/2014	12/05/2014
							31,539.	



**FORM 990-PF - PART IV****CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME**

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
20,162.		861 CALL USB 00045.500 PROPERTY TYPE: SECURITIES				P	12/22/2014	12/05/2014
							20,162.	
160,867.		1247 CALL TBT 00080.000 PROPERTY TYPE: SECURITIES				P	01/21/2014	11/01/2013
							160,867.	
119,318.		950 CALL C 00052.500 PROPERTY TYPE: SECURITIES				P	01/21/2014	12/23/2013
							119,318.	
3,815.		56 DU PONT E I DE NEMOURS PROPERTY TYPE: SECURITIES 2,600.				P	01/09/2013	05/27/2014
							1,215.	
TOTAL GAIN(LOSS) .....							<u>3,779,913.</u>	



ATTACHMENT 1

FORM 990PF, PART I - INTEREST ON TEMPORARY CASH INVESTMENTS

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME
INTEREST EARNED ON ESCROW ACCT	80.	80.	80.
TOTAL	80.	80.	80.



ATTACHMENT 2

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>
MERRILL LYNCH 02054	658,265.	658,265.	658,265.
MERRILL LYNCH 02054	3,517.	3,517.	3,517.
TOTAL	<u>661,782.</u>	<u>661,782.</u>	<u>661,782.</u>



ATTACHMENT 3FORM 990PF, PART I - LEGAL FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
LEGAL FEES	56,469.	42,351.	42,351.	14,117.
TOTALS	<u>56,469.</u>	<u>42,351.</u>	<u>42,351.</u>	<u>14,117.</u>



ATTACHMENT 4FORM 990PF, PART I - ACCOUNTING FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
MARRS, SEVIER & COMPANY, LLC	8,250.	6,188.	6,188.	2,062.
TOTALS	<u>8,250.</u>	<u>6,188.</u>	<u>6,188.</u>	<u>2,062.</u>



ATTACHMENT 5

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
PAYROLL SERVICES	1,184.	888.	888.	296.
TOTALS	<u>1,184.</u>	<u>888.</u>	<u>888.</u>	<u>296.</u>



ATTACHMENT 6FORM 990PF, PART I - TAXES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
EXCISE TAX	95,000.			
PAYROLL TAXES	15,365.	11,524.	11,524.	3,841.
TOTALS	<u>110,365.</u>	<u>11,524.</u>	<u>11,524.</u>	<u>3,841.</u>



ATTACHMENT 7FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
DUES & SUBSCRIPTIONS	651.	488.	488.	163.
INSURANCE	3,155.	2,366.	2,366.	789.
OFFICE EXPENSE	1,062.	797.	797.	266.
PROMOTIONAL EVENTS	12,163.	9,122.	9,122.	3,041.
PROPERTY REPAIRS	2,707.	2,707.	2,707.	
PROPERTY UTILITIES	111.	111.	111.	
PROPERTY CONSULTING FEES	31,684.			31,684.
PROPERTY RE TAXES	1,047.	1,047.	1,047.	
CONSERVATION EASEMENT CLOSING EXPENSES	4,368.			4,368.
TOTALS	56,948.	16,638.	16,638.	40,311.



ATTACHMENT 8FORM 990PF, PART II - CORPORATE STOCK

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
AM INTERNATIONAL GROUP		
AMERICAN AIRLINES-AAL	3,870,543.	4,075,880.
AMERICAN EXPRESS-AXP	4,130,500.	4,065,848.
BOEING		
CITIGROUP		
CORNING INC-GLW	3,073,861.	3,152,875.
DELTA AIR LINES-DAL	3,879,643.	4,043,418.
DISCOVERY COMM INC-DISCK	9,184,548.	15,356,088.
DUPONT		
GENERAL MILLS		
LIBERTY BROADBAND CORP-LBRDA	1,428,880.	3,130,625.
LIBERTY BROADBAND CORP-LBRDK	2,834,192.	6,227,500.
LIBERTY BROADBAND CORP-LBRKR		356,250.
LIBERTY MEDIA CORP-LMCA	4,337,382.	8,817,500.
LIBERTY MEDIA CORP-LMCK	8,284,648.	17,515,000.
MASTERCARD INC-MA	3,831,603.	3,782,424.
PROSHARES ULTRASHORT		
STARZ A	2,303,648.	7,425,000.
US BANCORP-USB	4,043,303.	3,870,195.
WASTE MGMNT-WM	4,810,703.	5,008,832.
WELLS FARGO-WFC	2,840,905.	2,910,942.
WESTERN UNION		
TOTALS	<u>58,854,359.</u>	<u>89,738,377.</u>



LAND, BUILDINGS, EQUIPMENT NOT HELD FOR INVESTMENTATTACHMENT 9

FIXED ASSET DETAIL			ACCUMULATED DEPRECIATION DETAIL			
ASSET DESCRIPTION	METHOD/ CLASS	BEGINNING BALANCE	ADDITIONS	DISPOSALS	ENDING BALANCE	
RTR-MAIN RESIDENCE	SL	320,000.			320,000.	14,545.
RTR-LAND	L	12589817.			12589817.	11,636.
RTR-GUEST HOUSE	SL	90,000.			90,000.	4,091.
RTR-FOREMAN RES.	SL	90,000.			90,000.	4,091.
RTR-MODULAR HOME	SL	40,000.			40,000.	1,819.
RTR-BARN	SL	8,000.			8,000.	500.
RTR-HAY SHED	SL	4,000.			4,000.	250.
RTR-BARN	SL	3,000.			3,000.	188.
RTR-GARAGE/SHOP	SL	20,000.			20,000.	1,250.
RTR-2UTILITY BLDGS	SL	22,000.			22,000.	1,375.
RTR-GARAGES	SL	20,000.			20,000.	1,250.
RTR-WORKSHOP	SL	5,000.			5,000.	313.
RTR-CORRALS&SHEDS	SL	35,000.			35,000.	2,916.
RTR-WELLS & PUMPS	SL	15,000.			15,000.	1,250.
RTR-SEP. SYS/LEECH	SL	6,000.			6,000.	500.
RTR-SEPTIC HOOKUPS	SL	15,000.			15,000.	1,250.
RTR-LANDSCAPING	SL	2,000.			2,000.	166.
RTR-FENCING	SL	960,000.			960,000.	80,000.
						64,000.
						144,000.



LAND, BUILDINGS, EQUIPMENT NOT HELD FOR INVESTMENTATTACHMENT 9 (CONT'D)

## FIXED ASSET DETAIL      ACCUMULATED DEPRECIATION DETAIL

ASSET DESCRIPTION	METHOD/ CLASS	FIXED ASSET DETAIL			ACCUMULATED DEPRECIATION DETAIL		
		BEGINNING BALANCE	ADDITIONS	DISPOSALS	ENDING BALANCE	BEGINNING BALANCE	ADDITIONS
LANCASTER-LAND	L	909,830.			909,830.		
GIRARDI-LAND	L		1,616,649.		1,616,649.		
GIRARDI-FENCING	SL		14,710.		14,710.		245.
GIRARDI-WORKSHOP	SL		20,000.		20,000.		750.
DIETEMANN-LAND	L		4,123,401.		4,123,401.		
DIETEMANN-FENCING	SL		29,421.		29,421.		490.
DIETEMANN-HOUSE	SL		130,400.		130,400.		2,371.
TOTALS		<u>15154647.</u>			<u>21089228.</u>	<u>115,754.</u>	<u>212,213.</u>



FORM 990PF, PART II - OTHER ASSETS

<u>ATTACHMENT 10</u>	
<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>
OTHER RECEIVABLE	
OTHER ASSETS	
EARNEST DEPOSIT	53,658.
DEPOSIT RECEIVABLE	53,658.
TOTALS	<u>53,658.</u>



ATTACHMENT 11FORM 990PF, PART II - OTHER LIABILITIES

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>
OPTIONS	245,920.
TOTALS	<u>245,920.</u>



ATTACHMENT 12FORM 990PF, PART III - OTHER INCREASES IN NET WORTH OR FUND BALANCESDESCRIPTIONAMOUNT

GAIN FROM DONATION OF LAND EASEMENT

1,954,673.

TOTAL

1,954,673.



ATTACHMENT 13FORM 990PF, PART III - OTHER DECREASES IN NET WORTH OR FUND BALANCESDESCRIPTIONAMOUNT

ROUNDING

16.

TOTAL

16.



FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEESATTACHMENT 14

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION</u>	<u>COMPENSATION</u>	<u>CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS</u>	<u>EXPENSE ACCT AND OTHER ALLOWANCES</u>
JOHN C MALONE 12300 LIBERTY BLVD. ENGLEWOOD, CO 80112	PRESIDENT/TREASURER .50	0	0	0
LESLIE A MALONE 12300 LIBERTY BLVD. ENGLEWOOD, CO 80112	VP/SECRETARY .40	0	0	0
EVAN D MALONE 12300 LIBERTY BLVD. ENGLEWOOD, CO 80112	2ND VICE PRESIDENT	0	0	0
GRAND TOTALS		0	0	0



990PF, PART VIII - COMPENSATION OF THE FIVE HIGHEST PAID EMPLOYEES

		<u>ATTACHMENT 15</u>	
<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION</u>	<u>COMPENSATION</u>	<u>CONTRIBUTIONS EXPENSE ACCT TO EMPLOYEE AND OTHER BENEFIT PLANS ALLOWANCES</u>
HARRY AUSTIN 12300 LIBERTY BLVD ENGLEWOOD, CO 80112	EXECUTIVE DIRECTOR 26.00	73,333.	0
DAN SIERRA 12300 LIBERTY BLVD ENGLEWOOD, CO 80112	INVESTMENT ANALYST 20.00	71,500.	0
	TOTAL COMPENSATION	<u>144,833.</u>	<u>0</u>



FORM 990RE, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 16

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
COLORADO OPEN LANDS 355 S. TELLER ST, STE 210 LAKEWOOD, CO 80226	NONE PC	LAND CONSERVATION PROJECTS	2,500.
THE NATURE CONSERVANCY 1228 15TH ST DENVER, CO 80202	NONE PC	CONSERVATION EASEMENT	3,529,000.
			TOTAL CONTRIBUTIONS PAID
			<u>3,531,500.</u>



Description of Property

DEPRECIATION

Asset description	Date placed in service	Unadjusted Cost or basis	Bus %	179 exp reduction in basis	Basis Reduction	Basis for depreciation	Beginning Accumulated depreciation	Ending Accumulated depreciation	Method	Conv	Life	ACRS class	MA CRS class	Current-year 179 expense	Current-year depreciation
RTR-MAIN RESIDENCE	10/05/2012	320,000.	100.000			320,000.	14,545.	26,181.	SL		27.500				11,636.
RTR-LAND	10/05/2012	12589817.	100.000												
RTR-GUEST HOUSE	10/05/2012	90,000.	100.000			90,000.	4,091.	7,364.	SL		27.500				3,273.
RTR-FOREMAN RES.	10/05/2012	90,000.	100.000			90,000.	4,091.	7,364.	SL		27.500				3,273.
RTR-MODULAR HOME	10/05/2012	40,000.	100.000			40,000.	1,819.	3,274.	SL		27.500				1,455.
RTR-BARN	10/05/2012	8,000.	100.000			8,000.	500.	900.	SL		20.000				400.
RTR-HAY SHED	10/05/2012	4,000.	100.000			4,000.	250.	450.	SL		20.000				200.
RTR-BARN	10/05/2012	3,000.	100.000			3,000.	188.	338.	SL		20.000				150.
RTR-GARAGE/SHOP	10/05/2012	20,000.	100.000			20,000.	1,250.	2,250.	SL		20.000				1,000.
RTR-2 UTILITY BLDGS	10/05/2012	22,000.	100.000			22,000.	1,375.	2,475.	SL		20.000				1,100.
RTR-GARAGES	10/05/2012	20,000.	100.000			20,000.	1,250.	2,250.	SL		20.000				1,000.
RTR-WORKSHOP	10/05/2012	5,000.	100.000			5,000.	313.	563.	SL		20.000				250.
RTR-CORRALS&SHEDS	10/05/2012	35,000.	100.000			35,000.	2,916.	5,249.	SL		15.000				2,333.
RTR-WELLS & PUMPS	10/05/2012	15,000.	100.000			15,000.	1,250.	2,250.	SL		15.000				1,000.
RTR-SEP. SYS/LEECH	10/05/2012	6,000.	100.000			6,000.	500.	900.	SL		15.000				400.
RTR-SEPTIC HOOKUPS	10/05/2012	15,000.	100.000			15,000.	1,250.	2,250.	SL		15.000				1,000.
RTR-LANDSCAPING	10/05/2012	2,000.	100.000			2,000.	166.	299.	SL		15.000				133.
RTR-FENCING	10/05/2012	960,000.	100.000			960,000.	80,000.	144,000.	SL		15.000				64,000.
LANCASTER-LAND	09/20/2013	909,830.	100.000												
Less. Retired Assets . . . . .															
Subtotals . . . . .															

Listed Property

Less Retired Assets . . . . .															
Subtotals . . . . .															
TOTALS . . . . .															

AMORTIZATION

Asset description	Date placed in service	Cost or basis	Accumulated amortization	Ending accumulated amortization	Code	Life	Current-year amortization
TOTALS . . . . .							

\*Assets Retired

JSA

4X9024 1 000



## Description of Property

<b>AMORTIZATION</b>						
Asset description	Date placed in service	Cost or basis	Accumulated amortization	Ending accumulated amortization	Code	Life
<b>TOTALS . . . . .</b>						

PAGE: 56



## Noncash Charitable Contributions

OMB No. 1545-0008

▶ Attach to your tax return if you claimed a total deduction of over \$500 for all contributed property.

▶ Information about Form 8283 and its separate instructions is at [www.irs.gov/form8283](http://www.irs.gov/form8283).

Attachment  
Sequence No. **155**

Name(s) shown on your income tax return

The Malone Family Land Preservation Foundation\*

Identifying number  
**48-1306827**

Note. Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

**Section A. Donated Property of \$5,000 or Less and Publicly Traded Securities**—List in this section only items (or groups of similar items) for which you claimed a deduction of \$5,000 or less. Also list publicly traded securities even if the deduction is more than \$5,000 (see instructions).

**Part I** Information on Donated Property—If you need more space, attach a statement.

1	(a) Name and address of the donee organization	(b) If donated property is a vehicle (see instructions), check the box. Also enter the vehicle identification number (unless Form 1098-C is attached).	(c) Description of donated property (For a vehicle, enter the year, make, model, and mileage. For securities, enter the company name and the number of shares.)
A		<input type="checkbox"/>	
B		<input type="checkbox"/>	
C		<input type="checkbox"/>	
D		<input type="checkbox"/>	
E		<input type="checkbox"/>	

Note. If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (e), (f), and (g).

	(d) Date of the contribution	(e) Date acquired by donor (mo., yr.)	(f) How acquired by donor	(g) Donor's cost or adjusted basis	(h) Fair market value (see instructions)	(i) Method used to determine the fair market value
A						
B						
C						
D						
E						

**Part II** Partial Interests and Restricted Use Property—Complete lines 2a through 2e if you gave less than an entire interest in a property listed in Part I. Complete lines 3a through 3c if conditions were placed on a contribution listed in Part I; also attach the required statement (see instructions).

- 2a Enter the letter from Part I that identifies the property for which you gave less than an entire interest ▶  
If Part II applies to more than one property, attach a separate statement
- b Total amount claimed as a deduction for the property listed in Part I: (1) For this tax year ▶  
(2) For any prior tax years ▶
- c Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):  
Name of charitable organization (donee)  
Address (number, street, and room or suite no.)  
City or town, state, and ZIP code
- d For tangible property, enter the place where the property is located or kept ▶
- e Name of any person, other than the donee organization, having actual possession of the property ▶

- |   | Yes | No |
|---|-----|----|
| 3a Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?   |     |    |
| b Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire? |     |    |
| c Is there a restriction limiting the donated property for a particular use?  |     |    |

For Paperwork Reduction Act Notice, see separate instructions.

Form **8283** (Rev. 12-2014)

\*The donations were made by Red Top Holdings, LLC, a single-member disregarded entity owned entirely by The Malone Family Land Preservation Foundation.



Name(s) shown on your income tax return

The Malone Family Land Preservation Foundation

Identifying number

48-1306827

**Section B. Donated Property Over \$5,000 (Except Publicly Traded Securities)**—Complete this section for one item (or one group of similar items) for which you claimed a deduction of more than \$5,000 per item or group (except contributions of publicly traded securities reported in Section A). Provide a separate form for each property donated unless it is part of a group of similar items. An appraisal is generally required for property listed in Section B. See instructions.

**Part I Information on Donated Property**—To be completed by the taxpayer and/or the appraiser.

4 Check the box that describes the type of property donated:

- a ☐ Art\* (contribution of \$20,000 or more) d ☐ Art\* (contribution of less than \$20,000) g ☐ Collectibles\*\* j ☐ Other  
 b ☒ Qualified Conservation Contribution e ☐ Other Real Estate h ☐ Intellectual Property  
 c ☐ Equipment f ☐ Securities i ☐ Vehicles

\*Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

\*\*Collectibles include coins, stamps, books, gems, jewelry, sports memorabilia, dolls, etc., but not art as defined above.

Note. In certain cases, you must attach a qualified appraisal of the property. See instructions.

5	(a) Description of donated property (if you need more space, attach a separate statement)	(b) If tangible property was donated, give a brief summary of the overall physical condition of the property at the time of the gift	(c) Appraised fair market value
A	Conservation Easement on property described on Exhibit A		3,529,000
B			
C			
D			

	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) For bargain sales, enter amount received	(h) Amount claimed as a deduction	(i) Date of contribution
A	10/05/2012	Purchase	1,574,327		3,529,000	12/29/2014
B						
C						
D						

**Part II Taxpayer (Donor) Statement**—List each item included in Part I above that the appraisal identifies as having a value of \$500 or less. See instructions.

I declare that the following item(s) included in Part I above has to the best of my knowledge and belief an appraised value of not more than \$500 (per item). Enter identifying letter from Part I and describe the specific item. See instructions. ▶

Signature of taxpayer (donor) ▶

Date ▶

**Part III Declaration of Appraiser**

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this Form 0283 may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). In addition, I understand that I may be subject to a penalty under section 6695A if I know, or reasonably should know, that my appraisal is to be used in connection with a return or claim for refund and a substantial or gross valuation misstatement results from my appraisal. I affirm that I have not been barred from presenting evidence or testimony by the Office of Professional Responsibility.

Sign

Here

Signature ▶

Mark S. Weston, Ltd.

Title ▶ President

Date ▶ OCT 6 2015

Business address (including room or suite no.)

312 Wilcox Street, Suite 201

City or town, state, and ZIP code

Castle Rock, CO 80104

Identifying number

47-1275672

**Part IV Donee Acknowledgment**—To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on the following date ▶ December 29, 2014 from Red Top Holdings, LLC.

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file Form 0202, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? ▶ ☐ Yes ☒ No

Name of charitable organization (donee)

The Nature Conservancy

Employer identification number

53-0242652

Address (number, street, and room or suite no.)

2424 Spruce Street 4345 N. Fairfax Dr #100

City or town, state, and ZIP code

Boulder, CO 80302 Arlington, VA 22203-1606

Authorized signature

Andrew S. Harrison

Title

Asst. Secretary

Date

10-29-2015



**Exhibit A**

**Legal Description of the Property**

All that certain real estate situated in Pueblo County, Colorado, more particularly described as follows:

*Township 23 South, Range 61 West of the 6th P.M.*

Section 31: SE1/4; Lots 3 and 4; E1/2 SW1/4; N1/2  
Section 32: S1/2; S1/2 N1/2  
Section 33: SW1/4

*Township 24 South, Range 61 West of the 6th P.M.*

Section 6: E1/2 SW1/4  
Section 7: E1/2 NW1/4, S1/2  
Section 25: W1/2; SW1/4NE1/4; NW1/4 SE1/4  
Section 26: SE1/4SE1/4  
Section 30: All  
Section 31: All  
Section 32: E1/2  
Section 33: All  
Section 34: S1/2 S1/2; W1/2 NW1/4  
Section 35: SW1/4

*Township 25 South, Range 61 West of the 6th P.M.*

Section 2: W1/2  
Section 3: All  
Section 4: All  
Section 6: All  
Section 7: All  
Section 9: All  
Section 10: All, except the S1/2 SE 1/4  
Section 11: W 1/2 NW1/4; NE1/4 NW1/4; N1/2 SW1/4; NW1/4 NE1/4  
Section 18: All  
Section 19: All  
Section 20: All  
Section 29: All  
Section 30: E1/2; N1/2 NW1/4; SE 1/4 NW1/4; S1/2 SW1/4; NE1/4 SW 1/4  
Section 31: W1/2; W1/2 E1/2; E1/2 NE 1/4



*Township 26 South, Range 61 West of the 6th P.M.*

Section 6: NE1/4; E1/2NW1/4; NW1/4 NW1/4; N1/2SE1/4; NE1/4 SW1/4; All that portion of Lot 5 lying North of State Highway No. 10; Except that portion conveyed In Warranty Deeds recorded in Book 1909, Page 864 and corrected In Book 1917 at Page 772, in Pueblo County;

*Township 23 South, Range 62 West of the 6th P.M.*

Section 27: E1/2; N1/2 NW1/4; S1/2 NW1/4; N1/2 SW1/4

Section 28: All

Section 31: All

Section 32: All Except 1 acre in the extreme NE corner reserved for school in Book 496 at Page 340

Section 33: SW1/4 and N1/2

Section 34: N1/2 NE1/4 and SE1/4

*Township 24 South, Range 62 West of the 6th P.M.*

Section 3: All

Section 4: All

Section 5: All

Section 6: E1/2 SE1/4; W 1/2 NE 1/4; SW1/4; NW1/4; W1/2 SE1/4

Section 7: S1/2; W1/2 NW1/4; E1/2 NW1/4; W1/2 NE1/4

Section 8: All

Section 13: S1/2

Section 14: SE1/4 SE1/4

Section 18: All

Section 19: NW 1/4; N1/2 SW1/4; W1/2 NE1/4

Section 23 S 1/2 NE1/4; NE1/4 NE1/4; SE 1/4

Section 24: All

Section 25: All

Section 26: E1/2

Section 30: All

Section 31: Lots 3, 4, E1/2 SW 1/4

*Township 25 South, Range 62 West of the 6th P.M.*

Section 1: All

Section 2: NE1/4 SE1/4; SE1/4 SW1/4; SW1/4 SW1/4

Section 3: SE 1/4 SE 1/4



Section 5: All  
Section 6: All  
Section 7: All  
Section 8: All  
Section 9: SE1/4; SW1/4  
Section 10: SW1/4; E1/2 NE1/4; SE1/4  
Section 11: All  
Section 12: All  
Section 13: S 1/2 S1/2  
Section 24: E1/2  
Section 25: E1/2; SW 1/4; S1/2 NW 1/4

*Township 26 South, Range 62 West of the 6th P.M.*

Section 1: All North of State Highway 10

*Township 24 South, Range 60 West of the 6th P.M.*

Section 30: Lots 3, 4, E1/2 SW1/4  
Section 31: Lots 1, 2, E1/2 NW1/4; Lots 3, 4, E1/2 SW1/4 EXCEPTING THEREFROM tract  
conveyed to Harry Vold recorded in Book 2152 at Page 128



THE MALONE FAMILY LAND PRESERVATION FOUNDATION

IRS FORM 8283  
SUPPLEMENTAL STATEMENT  
DONATION OF CONSERVATION EASEMENT

On December 29, 2014, The Malone Family Land Preservation Foundation (the "Donor") completed the donation of a conservation easement under the provisions of Section 170(h) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code"). The conservation easement encumbers 31,411 acres, more or less (the "Property"), which is part of a larger parcel of 70,597 acres owned by the Donor in Pueblo, Las Animas and Huerfano Counties, Colorado.

There are several existing structures on the property, including three residential buildings. The conservation easement prohibits any commercial or industrial activities, or the construction of any new residence or habitable dwelling, on the Property, except in three reserved, residential building envelopes, which include the existing buildings. The donation was made to the Nature Conservancy (the "Donee"), which is a "qualified organization" as defined at Section 170(h) of the Code.

The Property is located within the Southern Prairie "Ecologically Significant Region" with a "Very High" significance ranking, as identified in the North American Grassland Priority Conservation Area listing. The donation will help to preserve prairie grasslands, woodlands, rocky outcrops and shrublands. In addition, the property is a habitat for important populations of many plants, amphibians, birds, mammals, and reptiles, including Cassin's Sparrows, Ferruginous Hawk, Swainson's Hawk, Golden Eagle, Lark Bunting, Western Burrowing Owl, Scaled Quail, Brewers Sparrow, Mountain Plover, Prairie Falcon, Mule Deer, Black-Tailed



Prairie Dog, Swift Fox, and the Texas Horned Lizard. Playas and other prairie depressions on the property provide habitat that supports amphibians, specialized invertebrates, water fowl, and shore birds currently including Long-billed Curlews, Mountain Plovers, and Upland Sandpipers.

The property is within a mostly untilled landscape with a relatively low density of roads in the Arkansas Tablelands section of the Central Short Grass Prairie Ecoregion, as designated in The Nature Conservancy's Central Shortgrass Prairie Ecoregional Assessment and Partnership Initiative (the "Ecoregional Plan"). The Ecoregional Plan was prepared by numerous experts and represents the most comprehensive effort to preserve prairie habitat in Colorado. Within the Ecoregional Plan, the Property itself is located within the Huerfano Uplands Conservation Area, which is ranked "very high" for conservation value. Inclusion in the Ecoregional Plan demonstrates that the Property is "open space" of significant state and regional value.

The Property includes 10 vegetation sub-communities, including Juniper Woodland, Chola Shrubland, Salt Brush Shrubland, and Shortgrass Prairie. All of these vegetation sub-communities have been identified as important subjects for conservation easement protection by The Nature Conservancy. The majority of the Property is located in a Potential Conservation Area (PCA) that has a biodiversity rank of "high biodiversity interest." A number of the plant species on the Property are considered to be threatened by residential development, mining, and recreational development.

Likewise, based on the National Diversity Information Source (NDIS), which is the primary state level source of data and analysis on land use affecting Colorado's animal, plants and natural communities, suitable habitat is found on the property for 10 species of amphibians, 246 species of birds, 66 species of mammals, and 35 species of reptiles. Several wildlife "species



of special concern," as identified by the Colorado Department of Wildlife, may be found on the Property.

In summary, the conservation purposes under Section 170(h) of the Code furthered by the donation of a conservation easement on the Property include the following: (a) the preservation of relatively natural habitat of plants and similar ecosystems, under Section 170(h)(4)(A)(ii); (b) the preservation of open space for the scenic enjoyment of the general public, which yields a significant public benefit, under Section 170(h)(4)(A)(iii)(I); and (c) the preservation of open space pursuant to clearly delineated local governmental policy, which yields a significant public benefit, under Section 170(h)(4)(A)(iii)(II).

Applying the direct sales comparison approach together with the cost of development approach, the appraisers concluded that the market value of the conservation easement was derived as follows:

- a. Market value of the entire contiguous 70,597 acres before donation of the conservation easement: \$14,814,000
- b. Market value of the entire contiguous 70,597 acres after donation of the conservation easement: \$11,285,000
- c. Market value of the conservation easement: \$3,529,000

Pursuant to the Treasury Regulations, the value of the conservation easement was determined by appraising the Property together with all of the contiguous property in the 70,597 parcel both before and after the conservation easement. The vast majority of such contiguous property was already subject to a conservation easement at the time of the donation, by virtue of



conservation easements that had been placed on the parcel in earlier tax years. Neither the donors, related family members, nor related entities (as defined by the Treasury Regulations) own any other contiguous or nearby property (outside of the 70,597 acre parcel) the value of which is enhanced by the donation of this conservation restriction, so no further adjustment was required to the determination of value.

The donation of the conservation restriction was not made to obtain a permit or other approval from a local or other governing authority, nor was the donation required by any contractual obligation. The Property was not encumbered by a mortgage at the time of the donation of the conservation restriction.

The condition of the Property was documented and established through extensive baseline documentation acknowledged by the Donor and the Donee as an accurate representation of the condition of the Property on the effective date of the donation. The method of valuation of the easement is further described in the formal appraisal that was obtained in connection with the donation.



**REAL ESTATE APPRAISAL**  
**CONSERVATION EASEMENT**  
**Encumbering Portions of the**  
**RED TOP RANCH**

**Pueblo, Las Animas and Huerfano Counties, Colorado**

**Date of Report**  
**September 29, 2015**

**Date of Value**  
**December 29, 2014**

**MARK S. WESTON, LTD.**  
**Suite 201**  
**312 WILCOX STREET**  
**CASTLE ROCK, CO 80104**





*Headquarters Building Envelope*

Date & Time: Fri Oct 31 15:29:07 MDT 2014  
 Position: 637°55'43.6"W / 104°21'12.5"W  
 Altitude: 5650ft  
 Azimuth/Bearing: 045° NDBE 1634mils (true)  
 Elevation Angle: -33.2°  
 Horizon Angle: +00.1°  
 Zoom: 2X  
 Red Top Ranch north entry



*North Entrance Sign*





Mark S. Weston, Ltd.  
312 Wilcox Street, Suite 201  
Castle Rock, CO 80104

720-961-9090

September 29, 2015

Red Top Holdings, LLC  
c/o Rye Austin  
12300 Liberty Boulevard  
Englewood CO 80112

RE: Real Estate Appraisal  
Conservation easement encumbering portions of the  
Red Top Ranch located in Pueblo, Las Animas and  
Huerfano Counties, Colorado

Dear Mr. Austin:

Pursuant to your written authorization, I prepared the attached appraisal of the captioned real property (interchangeably the "Ranch" or the "Property").

You (Donor) contributed a conservation easement (CE3) to The Nature Conservancy (TNC or Grantee), an organization qualified under section 501(c)(3) of the Internal Revenue Code (IRC). Pursuant to applicable U.S. Department of Treasury regulations, the effective date of value (the Effective Date) of this appraisal is the date on which CE3 was effective, December 29, 2014.

CE3 encumbers most parts of the Ranch not subject to the two prior CEs, described herein. I will refer to this portion of the Property as the Conservation Property.

The attached report is a "qualified appraisal," defined in the IRC at §170(f)(11), in Treasury regulations at § 1.170A-13(c), and in IRS Notice 2006-96. The appraisal has been prepared for the income tax purposes of the CE Donor. It has no other intended uses.

Accordingly, intended users of the appraisal report, in addition to Donor, are limited to your legal and financial advisors, the Grantee, and the State of Colorado. There are no other intended users.

The appraisal contains sufficient information to allow these intended users to understand the scope of work performed. It contains a description of the Ranch with enough detail for a person who is not generally familiar with the property to understand its characteristics and how it has been appraised.

In addition, the appraisal describes and analyzes the surrounding area, and the highest and best use of the Property before and after its encumbrance with CE3. It also analyzes and concludes the fair market value of the Ranch and CE3. The appraisal describes the methods of valuation used to determine fair market value, such as the income approach, the market data approach, and the replacement cost-less-depreciation approach, as well as the specific basis for the valuation, such as specific comparable sales transactions.



The appraisal contains sufficient maps, exhibits and photographic images to provide its intended users with visual depictions of the Ranch, and to assist in understanding the appraisal process.

This report also addresses any potential value "enhancement" to any other property, whether or not contiguous to the Ranch, owned by Donor or "related persons," as these terms are defined in the Treasury regulations. Pursuant to applicable Treasury regulations, I valued all of the contiguous property owned by Donor and members of Donor's family, before and after the donation of CE3, as further described in the appraisal (see extraordinary assumption no. 2, below).

The real property rights appraised are those of the fee simple interest, subject only to title exceptions of record as of the Effective Date, along with powers reserved by government.

The opinions of fair market value of the appraised rights are prepared and reported in accordance with applicable Treasury regulations, the IRC, and the *Uniform Standards of Professional Appraisal Practice*, 2014-2015 edition (USPAP), as promulgated by The Appraisal Foundation.

#### Hypothetical Condition

As with any before-and-after appraisal, this appraisal is subject to a necessary hypothetical condition, defined in USPAP as *that which is contrary to what exists but is supposed for the purpose of analysis*.

The Ranch cannot have been encumbered and unencumbered by CE3 at the same instant. For appraisal analysis purposes, I appraised it in its before condition as though it was not encumbered by CE3. Since this is a retrospective value opinion, published after CE3 became effective, the Property was in fact encumbered by CE3 as of the Effective Date.

#### Extraordinary Assumptions

An extraordinary assumption is *an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions* (USPAP, Definitions, p. U-3, lines 73-75).

As stated in USPAP at page U-18, in the Comment to Standards Rule 1-2(f), lines 556 - 561:

An extraordinary assumption may be used in an assignment only if.

- it is required to properly develop credible opinions and conclusions;
- the appraiser has a reasonable basis for the extraordinary assumption;
- use of the extraordinary assumption results in a credible analysis; and
- the appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.

I have adopted two (2) extraordinary assumptions:



1. Concerning the Option Purchase Agreement. When Donor purchased the Ranch in 2012, it and seller, Walker AG Group, Inc. ("Walker") executed the Option Purchase Agreement ("Option Agreement") providing Walker the opportunity to repurchase the Ranch for a set price. The effect of the Option Agreement is that, during the option period, the Ranch is subject to certain covenants that prevent Donor from selling or making "material alterations" to the Ranch without first obtaining Walker's prior consent. After a careful investigation, I conclude that it is appropriate to appraise the Ranch and CE3 as though the Option Agreement is not in effect. My reasoning:

- The Ranch is quite large and, as explained below in the body of this report, has a highest and best use for agriculture and recreation. No prudent owner, and this includes Donor, would materially alter the Ranch in a way that would damage it or reduce its market value. If this were done, and if Walker then failed to exercise its repurchase option, Donor would have devalued property it might wish to sell on the open market, or retain and operate.
- Further, were Donor desirous of making material improvements to the Ranch, this would only benefit Walker should the Option Agreement be exercised. The repurchase price formula does not reward Donor by increasing the repurchase price for any alterations or improvements Donor might have made during its period of ownership.

2. Concerning Ranch acreage and contiguity. I have not been provided a boundary survey. To my knowledge, one has not been made. In deciding what land area to appraise, I considered multiple sources - a) the combined opinions of the Pueblo, Huerfano and Las Animas County Assessors, b) my understanding of the basis of the 2012 transaction, adjusted for a more recent 160-acre addition, and c) the acreage based on the three conservation easements (two prior, one the subject of this appraisal), each of which contained statements of acreage, supplemented with other sources, all as described in the following report.

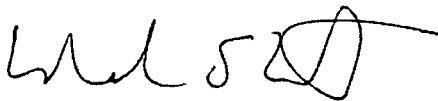
a. Acreage - I use 70,596.6 acres as the total Ranch acreage, as it is the sum of the acreage relied on by buyer and seller in 2012 (70,436.6 acres) and the December, 2014 addition of a 160-acre parcel meant to have been included in the 2012 purchase. It is my understanding that gross acreage was calculated by a title examiner. If this selection subsequently is found to be incorrect, use of this extraordinary assumption might affect assignment results. However, there is such a small difference in size, less than 1%, between the acreage I have used (70,596.6 acres) and that adopted by the three counties (69,264 acres), that any resulting impact on the value of the Ranch and CE3 would be negligible.

b. Contiguity - Based on maps provided me by Donee, maps in the *Easement Documentation Report* prepared for Donor by LREP, Inc., and maps included in the assessment of the mineral estate prepared by Bruce Collins, Ph.D., there appear to be two parcels owned by Donor that may not be contiguous physically with the main body of the Ranch. For reasons provided subsequently in the body of the appraisal (see my discussion of assignment conditions below at *Scope of Work ¶ F*), I will treat all Donor-owned real estate as though it is a single contiguous tract.



I believe that use of the two assumptions described above is required properly to develop credible opinions and conclusions, that I have a reasonable basis for their use, and that that use of these assumptions results in a credible analysis. I have complied with the disclosure requirements set forth in USPAP.

Respectfully submitted,  
**MARK S. WESTON, LTD.**  
E.I.N. 47-1275672

A handwritten signature in black ink, appearing to read 'M. S. Weston', with a stylized flourish at the end.

Mark S. Weston  
Certified General Appraiser  
Colorado License No. 1313166



## Table of Contents

PART I - INTRODUCTION.....	3
CERTIFICATION.....	4
GLOSSARY.....	5
SUMMARY OF SALIENT FACTS AND CONCLUSIONS .....	7
TYPE AND DEFINITION OF VALUE .....	14
INTENDED USES AND USERS OF THE APPRAISAL .....	14
PROPERTY RIGHTS APPRAISED .....	14
SCOPE OF WORK.....	15
PROPERTY TAXES AND ASSESSED VALUATION .....	17
HISTORY OF THE PROPERTY .....	21
CONTINGENT AND LIMITING CONDITIONS.....	22
PART II - FACTUAL DATA – BEFORE CONVEYANCE OF CE3 .....	26
AREA AND NEIGHBORHOOD DESCRIPTION .....	28
PROPERTY DATA .....	34
PART III - DATA ANALYSIS AND CONCLUSIONS – BEFORE CE3 .....	49
HIGHEST AND BEST USE BEFORE CE3 .....	50
VALUATION INTRODUCTION .....	57
VALUATION BEFORE CE3 .....	62
PART IV - FACTUAL DATA - AFTER CONVEYANCE OF CE3.....	105
PART V - DATA ANALYSIS AND CONCLUSIONS –AFTER CE3.....	110
HIGHEST AND BEST USE AFTER CE3 .....	111
VALUATION AFTER CE3 .....	119
PART VI - VALUE OF CE3.....	134
PART VII - EXHIBITS AND ADDENDA .....	137

### ADDENDA

Additional Ranch Photographs .....	A
CE3 & Title Insurance Commitment.....	B
Prior Conservation Easements - CE1 & CE2.....	C
Ranch Title Insurance Policy .....	D
Additional Property Maps.....	E
Topographical Maps & Photographs of the Sales.....	F
Professional Qualifications of the Appraiser .....	G



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## PART I - INTRODUCTION



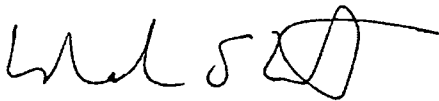
## CERTIFICATION

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 are 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.
- 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.
- my analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- In the three year period prior to acceptance of this assignment, I have provided no services regarding the Ranch, either as an appraiser or in any other capacity.
- I have made a personal inspection of the Ranch.
- no one provided significant professional appraisal assistance to the individual signing this report, although I have relied on information provided by
  - LREP, Inc. as to the present conditions of the Conservation Property documented in the *Easement Documentation Report* I was provided
  - The law firm of Graft, Thomason & Toedte, P.C. as to unrecorded matters of record
  - The Nature Conservancy for certain maps
  - Bruce Collins, Ph.D., Natural Resource Consultant, as to assessment of the mineral estate
  - Shaw Environmental, Inc , as to the impact of the Pueblo Precision Bombing Range on the Property
  - numerous other real estate appraisers, brokers and market participants who provided me information.

September 29, 2015

Respectfully submitted,  
MARK S. WESTON, LTD.  
E.I.N. 47-1275672



Mark S. Weston  
Certified General Appraiser  
Colorado License No. 1313166



## GLOSSARY

### The conservation easements

CE1	This is a prior conservation easement conveyed to The Nature Conservancy in 2006, encumbering 21,680 vacant and undeveloped acres in Pueblo County. It reserved the rights to construct three new single-family residences, together with accessory buildings. The parcel may not be divided.
CE2	This is a prior conservation easement conveyed to Colorado Parks and Wildlife in 2008, encumbering 13,078 acres in Pueblo, Las Animas and Huerfano Counties. Except for the modular home located in the SE¼ of section 2, T26S, R62W, no more than three new agricultural structures, anywhere on the parcel, may be constructed. However, CE2 also permits additional structures, so long as they are approved in writing by the CPW. The parcel may not be divided.
CE3	<p>This conservation easement encumbers the Conservation Property, and is the subject of this appraisal. It was donated to The Nature Conservancy in 2014. It encumbers 31,411.75 acres in Pueblo County, and reserves three residential (3) building areas. These are the improved 27-acre Headquarters Building Envelope, and two (2) ten (10)-acre new building envelopes. Each of the new BE's may be improved with "one new single-family residential dwelling or lodge, barn, garage, and other ancillary Buildings and Structures reasonably incident to the uses permitted in this Easement." No residence may exceed 10,000 square feet of enclosed floor area.</p> <p>The Conservation Property may be divided only once, into two tracts, as explained in CE3's Southern Portion provision (see below).</p>

### Other frequently-used terms

BE	building envelope
CE	conservation easement – used in this appraisal without specific reference to CE1, CE2, or CE3
Contract	October 5, 2012 Contract to Buy and Sell Real Estate (Land) between Donor (buyer) and Walker (seller)
Conservation Property	31,411.75 acres within the Ranch encumbered by CE3
CPW	State of Colorado, Department of Natural Resources, Division of Parks and Wildlife. Formerly two separate Divisions, State



	Parks and Wildlife, the agencies merged in 2011, well after CE2 was conveyed to the Division of Wildlife.
Divisible Parcel	The 15,798-acre parcel is comprised of the 2,720-acre Southern Portion of CE3, together with the entire 13,078-acre CE2. If not stated specifically in the conveyance document, the Divisible Parcel shall have no residential building right. CE3's Building Envelope No. 2 is located within the 2,720-acre Southern Portion within this Divisible Parcel.
Donor	Red Top Holdings, LLC
Donee	The Nature Conservancy – also TNC
Effective Date	December 29, 2014 is the date of value in this appraisal, the date on which CE3 became effective and was recorded with the Pueblo County Clerk & Recorder
Option Agreement	October 5, 2012 Option Purchase Agreement between Walker AG Group, Inc. and Donor
Ranch	The 70,596.6-acre Red Top Ranch – land, improvements and any associated water rights – also the Property
Property	The 70,596.6-acre Red Top Ranch – land, improvements and any associated water – also the Ranch
Southern Portion	As provided by CE3, this is the 2,720-acre parcel at the southwest corner of the Conservation Property.
SLB	Colorado State Board of Land Commissioners
TNC	The Nature Conservancy – also Donor
Walker	Walker AG Group, Inc., the previous owner, current lessee of the Ranch, and the Option Agreement holder.



## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

**Property Location:** The Red Top Ranch is located mostly in southeast Pueblo County, approximately 24 miles southeast of Pueblo, the seat of Pueblo County, and 20 miles southwest of Fowler in the Arkansas River valley. Relatively small portions of the Ranch are in Huerfano and Las Animas Counties.

Ranch photographs are found throughout the report and in Addendum A.

**Owner of Record:** Red Top Holdings, LLC

**Lease** The Property is subject to a five-year lease to Walker, its former owner and holder of the option to repurchase the Ranch.

**Property Interests Appraised:** The purpose of this study is to provide my opinion of the fair market value of CE3. To that end, the Property is appraised before and after conveyance of the easement, subject to recorded and unrecorded exceptions to title of which I am aware.

**Date of Value:** December 29, 2014

**Date of Report:** April 20, 2015

### Legal Descriptions & CE3 Summary:

**The Ranch** I have been provided a legal description and a statement of Ranch acreage, but not a survey. Based on the best information available, I adopt 70,596.6 acres as the total acreage of the Ranch. The Ranch, including leased or permitted lands owned by the SLB (8,452.44 acres) and the United States BLM (1,598.28 acres), respectively, is and has been operated as a unit. These government-owned lands are not a subject of this appraisal, and are not encumbered with any conservation easements.

**Conservation Property** According to both the December 1, 2014 *Easement Documentation Report* (EDR) by LREP, Inc. and CE3, the real property encumbered by this CE consists of 31,411.75 deeded acres. The legal description is in CE3 at Addendum B.



The Conservation Property is located within all or portions of the following sections (S) in the following Townships (T) and Ranges (R), all in Pueblo County, 6<sup>th</sup> Principal Meridian.:

T23S R61W

S 31, 32 & 33

T24S R61W

S 6, 7, 25, 26, 30-35

T25S R61W

S 2-4, 6, 7, 9-11, 18-20, & 29-31

T26S R61W

S 6

T23S R62W

S 27, 28, & 31 - 34

T24S R62W

S 3-8, 13, 14, 18, 19, 23-26, 30 & 31

T25SR62W

S 11 - 3, 5 - 13, 24 & 25

T26S R62W

S 1

T24S R60W

S 30 & 31



## Reserved Uses

Section 5 of CE3, "Consistent Uses of the Property," identifies several uses of the Conservation Property that may continue to be engaged in by Donee, some subject to specified conditions or TNC's prior written permission. Those with the most significant positive impact on the market value of the Ranch, in my opinion, are:

- **Three residential building envelopes**
  - The **Headquarters Building Envelope** contains the majority of the existing structures on the Ranch. This BE may be improved with two new single family residences along with other structures not prohibited. Existing or new structures may be maintained or replaced, and new agricultural structures are permitted. Presumably, although not stated affirmatively in CE3, the existing residences also may be maintained, repaired, remodeled, repaired or replaced.
  - There are **two (2) new building envelopes**, BE #2 and BE #3, neither of which may exceed ten (10) acres. The specific location of each is subject to TNC's prior written permission. Each of these two new BEs, their very general locations identified in the EDR at Figures 8 & 9, may be improved with "one new single-family residential dwelling or lodge, barn, garage, and other ancillary Buildings and Structures reasonably incident to the uses permitted in this Easement." No residence may exceed 10,000 square feet of enclosed floor area.
- **Ability to separate and convey to others the "Divisible Parcel" (15,798 acres).** The Divisible Parcel consists of the 2,720-acre Southern Portion of the Property together with the 13,078-acre "CPW Easement Property" (CE3). If not stated specifically in the conveyance document, the Divisible Parcel will have no residential BEs. However, CE3 provides for the location of BE #2 within a 2,720-acre parcel identified in the EDR at Figure 8.
- **Livestock grazing** along with the ability to repair existing and build new fence,
- Possibility of obtaining written permission from



Donee to locate buildings or structures outside the three BEs,

- Construction, remodeling, replacement and rebuilding, outside of the three BEs, of **"new agriculture Structures,"** such as hay sheds and corrals, and/or new water structures such as pipelines for livestock watering
- **Hunting**
- Ability to construct, maintain, repair and replace a maximum of **two (2) utility/communication towers which may be commercially leased**

Prohibited Uses

Section 6 of CE3, "Inconsistent Uses of the Property," identifies 19 principal types of uses of the Conservation Property that may not be conducted by Donee, some subject to specified conditions or TNC's prior written permission. Those with the most significant negative impact on market value, in my opinion, are:

- Introduction or release of nonnative animal species
- filling, excavating, dredging, mining, drilling, and the exploration for or extraction of minerals, hydrocarbons, soils, sand, gravel, rock, or other materials on or below the surface of the Conservation Property, except for purposes specifically permitted in CE3.
- the legal or de facto division, subdivision, or partitioning of the Property, **excepting conveyance of the 2,790-acre Southern Portion.**
- **use of snowmobiles, all-terrain vehicles, motorcycles, or other motorized vehicles** off roads, established two-tracks or other travelways, except for agricultural or property-maintenance purposes
- Re-drilling, use or withdrawal of water from wells permitted as Well Permit #14381 and Well Permit #14382, along with any **new manipulation, diversion, or other alteration of natural water courses, wetlands, springs, seeps** or other natural bodies of water... However, development, of new well(s) for stock tanks, stock ponds and necessary infrastructure for their use, along with exempt well(s) to provide domestic water are conditionally permitted
- establishment of any commercial activity that significantly adversely affects the Conservation Values



- establishment of any industrial activity
- transfer of or receipt of credit for any Development Rights, whether or not they exist as of the date of the conveyance of CE3

#### Physical Data:

##### The Ranch

This is, by Colorado standards, a very large ranch, especially given its proximity to the I-25 corridor between Walsenburg and Pueblo. Nonetheless, principally because of the condition of its access from the Pueblo area, it feels more remote than this geographic location would suggest. Most traffic enters the Ranch from State Hwy 10, the road between Walsenburg and La Junta. The Property is well suited for livestock grazing and recreation, including hunting, although it lacks sufficient livestock water storage and distribution. Watered by Doyle, Madden, Peterson and Lone Jack Creeks, and several minor drainages, the Ranch provides a good mix of vegetation and cover. The west and southwest parts of the Property feature canyon systems. While not approaching the depth or habitat diversity of those found along the Lower Purgatory River or even the Huerfano or Apishapa Rivers, they provide excellent game habitat and, based on the statements of conservation values found in the EDR, are ecologically significant.

##### Water Rights

There is no irrigation on the Ranch and no water rights except those associated with wells. There are several miles of underground water pipeline, but the livestock-watering system (wells, windmills, pipelines and tanks) is inadequate to stock the Ranch fully. Surface water storage is very limited.

##### Minerals

I reviewed the July 23, 2014 report prepared for Donor by Bruce Collins, Ph.D. This report addresses the Conservation Property, identified as containing "31,705 acres (sic) in eight tracts that are in close proximity but not adjacent to each other." Parts of the Ranch encumbered by CE1 and CE2 are not addressed. Collins states that the "probability of extraction of mineral resources on the Red Top Ranch Conservation Easement 3 by surface mining methods is so remote as to be negligible."

##### Improvements

Building improvements are found mostly in the Headquarters BE at 10000 Red Top Ranch Road,



Avondale, where there are three residences, an office, four barns or sheds and other outbuildings characteristic of cattle ranches. A modular residence is located at 54255 State Hwy 10, Fowler. In addition, there are livestock gathering and shipping facilities near Lone Jack Reservoir (southwest part of Ranch) and at Myer's Camp on the west side of the Red Top Road near the south end of the Ranch, north of Highway 10. According to the "Red Top Ranch" map found at headquarters and presented later in this report, the range is fenced into approximately 20 pastures ranging in size from approximately 700 acres to just under 9,500 acres; some of these pastures may have been fenced into smaller units since the hand-drawn map was prepared. There are electric lines entering the Ranch from the south (State Hwy 10), serving Headquarters, and a few scattered leased telecommunications facilities.

Conservation Property: This 31,411.75-acre part of the Property is described in the *EDR* as consisting of:

...native prairie grasslands and shrublands, currently occupied by shortgrass grassland, cholla shrublands; cliff and canyon; woodlands and savannas currently occupied by piñon-juniper woodland and savanna; limestone and shale barrens; wetlands, riparian vegetation and seeps, springs and waterholes; and playas and prairie depressions. All of these ecological systems make up the [Conservation] Property's habitats which are critical for grassland birds, mammals, reptiles, amphibians, and invertebrate species which currently include by way of example long-billed curlew, mountain plovers, upland sandpipers, burrowing owl, Cassin's sparrow, gray vireo, curve-billed thrasher, swift fox, Texas horned lizard, desert massasauga [*rattlesnake, of which I observed personally no fewer than three*], plains leopard frog, and triploid checkered whiptail; the combination of habitats are notable for supporting a community of wide-ranging mammals that are currently represented by animals such as mountain lion, black bear, Rocky Mountain elk, and bobcat.

It also contains the three BEs described above.



Prior Conservation Easements:

CE1 (2006) 21,680 acres in Pueblo County – held by TNC  
CE2 (2008) 13,078 acres in Pueblo, Las Animas and Huerfano  
Counties – held by CPW  
Copies of the two prior CEs are in Addendum C

Highest and Best Use

Before CE3: Agricultural and recreational use, including division and sale of portions of the Ranch unencumbered by prior conservation easements, and sale of the two CE-encumbered tracts.

After CE3: Agricultural and recreational use, with greatly constrained potential for division and development. The three CEs limit its division potential to no more than three large tracts, neither of which may be further divided, as well as scattered smaller partial interests and the former Army Air Force bombing range lands unencumbered by conservation easements, but with very limited utility as separate parcels.

Summary of Valuation:

VALUE CONCLUSIONS – DECEMBER 29, 2014			
RED TOP RANCH	ACRES	UNIT VALUE (PER ACRE)	TOTAL
Value Before CE3 subject to CE1 & CE2 encumbering 34,758 acres*			
Total*	70,596.6	\$210 (R)	\$14,814,000
Value After CE3 encumbering an additional 31,411.75 acres so that a total of 66,169.75 acres (93.7% of gross land area) are now encumbered			
Total**	70,596.6	\$160 (R)	\$11,285,000
Value of the 31,411.75-acre CE3			\$3,529,000

\* includes improvements allocated at \$695,000

\*\* includes improvements allocated at \$695,000 along with 4,266.85 acres of vacant land, unencumbered by any of the CEs, both within the Pueblo Precision Bombing Range and in 293 acres held in partial interest, all valued at the same per-acre rate as the encumbered lands



## TYPE AND DEFINITION OF VALUE

### Fair Market Value:

...the price at which the Property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having a reasonable knowledge of relevant facts.<sup>1</sup>

## INTENDED USES AND USERS OF THE APPRAISAL

The appraisal has been prepared for the income tax purposes of Donor, my client. It has no other intended uses.

Accordingly, other intended users of the appraisal report are limited to Donor's legal and financial advisors, Donee, and agencies of the State of Colorado government charged by law with administering and overseeing the state's conservation easement income tax credit program. There are no other intended users.

## PROPERTY RIGHTS APPRAISED

The fee simple interest in the Property is valued according to its highest and best use, subject to recorded exceptions to title. "Fee simple" is:

absolute ownership unencumbered by any other interest or estate subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

Unless specifically noted, I have given no consideration to any further division of interest, fractional interests, the interests of tenants in possession or the interests of mortgage holders, if any. The value of any minerals that may be found to be on or under the Property is not specifically allocated in this appraisal. Further, the value of any water, water rights, ditches, ditch rights, springs or shares in any water company is not allocated separately from the value of the land and improvements, unless specifically noted.

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<sup>1</sup> Treasury regulations Section 1.170A-1(c).

<sup>2</sup> Dictionary of Real Estate Appraisal, 5<sup>th</sup> edition, Appraisal Institute, p. 78



## SCOPE OF WORK

The Scope of Work rule (USPAP pp. U-13 - 14) requires an appraiser to

1. identify the problem to be solved;
2. determine and perform the scope of work necessary to develop credible assignment results; and
3. disclose the scope of work in the report.

I have complied with this rule, identifying in this appraisal:

- my client and any other intended users;
  - the intended use of my opinions and conclusions;
  - the type and definition of value;
  - the effective date of my opinions and conclusions;
  - the subject of this assignment and its relevant characteristics; and
  - assignment conditions:  
...assumptions, extraordinary assumptions, hypothetical conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the scope of work. Laws include constitutions, legislative and court-made law, administrative rules, and ordinances. Regulations include rules or orders, having legal force, issued by an administrative agency.
- A. I first inspected the Ranch on August 1, 2014, in the company of Sherman Martin, the resident manager. We logged 61 miles in his pickup on private Ranch roads. I again inspected the ranch on October 31, 2014. Between then and the Effective Date, there were no material changes to the Ranch, and none that would impact its use potential or value (based on my research, no extraordinary assumption is required regarding this statement).
- B. I searched the relevant public records with respect to the Ranch and its surrounding area. This search encompassed, among other things, tax and assessment information, easement and other private, as well as public, deed restrictions, zoning, and recent sale history.
- C. I surveyed the region to gain an understanding of supply and demand within the Property's market segment.
- D. I completed an analysis of legally permissible uses, physically possible uses and financially feasible uses of the Property in order to conclude its highest and best use, both before and after CE3.
- E. I researched the public records for sales of comparable ranch properties throughout southeast Colorado. I verified the details of the sales by reading recorded information and by talking with the buyer, seller and/or their representative. I inspected those the sales that could be accessed. I then made comparisons of characteristics of the sales to the Property, considering factors such as legal encumbrances, financing terms, conditions of sale, market conditions, location, physical property characteristics, availability of utilities, zoning and highest and best use.



- F. I documented this research, analysis and conclusions in this qualified appraisal report, in compliance with USPAP, relevant Treasury regulations, the IRC, and Colorado law.

Given the large size and complex layout of the Ranch, and the strict requirements set forth by the U.S. Department of Treasury concerning selection of property to be valued in a qualified appraisal, I paid very close attention to relevant guidance provided to the IRS Division Counsel (SB/SE) by the IRS Office of Associate Chief Counsel, Income Tax & Accounting. In this Chief Counsel Memo, "Valuing Conservation Easements Under § 1.170A-14(h)(3) of the Income Tax Regulations" dated July 25, 2013, release date of August 23, 2013, this internal Memorandum at Footnote 2 advises:

Whether the entire contiguous parcel is valued as one large property or as separate properties depends on the highest and best use of the entire contiguous parcel. See § 1.170A-14(h)(3)(ii).

While it is true that the Ranch is not entirely contiguous, I have treated it in this appraisal as though it is. As best I can tell, there are two tracts encumbered by CE3 that are not contiguous with the main body of the Ranch:

Pueblo County Schedule No. 4000000098, 466.71 acres of vacant land in SW¼ section 30 & the W½ section 31-24-60

Pueblo County Schedule No. 4100000086, 440 acres of vacant land in SW¼ NE¼; NW¼ SE¼; W½ section 25; SE¼ SE¼ section 26; all in 24-61

These two tracts are managed as though they are part and parcel of the Ranch. Further, each tract is adjacent to land leased by Donor from the Colorado State Board of Land Commissioners; this makes the two parcels practically contiguous to the balance of the Ranch, by virtue of the access created by this lease.

In my opinion, it would be misleading to treat these two parcels within the Conservation Property separately from the other 69,689.89 acres making up the main body of the Ranch. In the after-CE3 condition, they are encumbered by the same easement as the rest of the Conservation Property, they have the same highest & best use as the rest of the Ranch and, had I treated them differently from all other acres, the independence of their legal access to a public road might have been an issue.

- G. This is an "Appraisal Report" intended to comply with the reporting requirements set forth under USPAP Standards Rule 2-2(a). The depth of discussion contained in this report is sufficient, based on assignment conditions, for the needs of the intended users and for the intended use. I am not responsible for unauthorized use of this report.
- H. Because of my background, experience, membership in professional organizations and education, I am qualified to make appraisals of the type of property being value.



## PROPERTY TAXES AND ASSESSED VALUATION

### Assessment Information:

The Ranch is classified agricultural for ad valorem taxation purposes. The majority of the acreage lies in Pueblo County, represented by 27 different parcel numbers. Of these, three describe a less than 100% interest owned by Donor:

Parcel Number	Legal Description
4100000084	1/2 interest in N2 SW4 32-24-61 80A
4100000005	3/5 interest in LOTS 6 + 7, E 1/2 SW 1/4 6-24-61 166.90A
4100000008	3/5 interest in LOTS 1-2, E 1/2 NW 1/4 7-24-61 166 20A

None of Donor's ownership in Huerfano or Las Animas Counties appears to be held in less than 100% interest.

Considering land in all three counties, the 2013 real estate taxes paid in full in 2014 totaled \$18,947.82, approximately \$0.27 per acre, including land, improvements and minerals (assessed in Las Animas County only). There is no reason to believe the Ranch has been assessed in a manner which is unreasonable when compared with similar property in similar situations. The following table summarizes, by county, relevant taxation and assessment data about the Ranch obtained from the three county's respective websites and, from Huerfano County where such data were unavailable online, from telephone calls:



**SUMMARY OF ASSESSED VALUATION TAX INFORMATION  
RED TOP RANCH**

Parcel Number	2013 Taxes (paid)	Acres	Legal	Land		Improvements	
				Assessed Value	Actual Value	Assessed Value	Actual Value
Pueblo County							
Italicized data highlight the three Pueblo County parcels where Donor owns less than 100% interest							
3100000045	\$ 363.94	1,294.40	ALL SEC 31; ALL SEC 32 LESS N2 N2; SW4 SEC 33, ALL IN 23-61	\$ 4,740	\$ 16,346	\$ -	\$ -
3200000075	\$ 1,355.08	5,094.54	ALL SEC 25 + 26, ALL SEC 27 LESS S2 SW4, ALL SEC 28, 31, 32, N2, SW4 SEC 33, N2 NE4, SE4 SEC 34, ALL SEC 35, ALL IN 23-62	\$ 17,649	\$ 60,859	\$ -	\$ -
4000000098	\$ 123.70	466.71	SW4 SEC 30, W2 31-24-60	\$ 1,675	\$ 5,776	\$ -	\$ -
4100000005	\$ 29.96	166.90	3/5 INT IN LOTS 6 + 7, E 1/2 SW 1/4 6-24-61 166 90A	\$ 390	\$ 1,345	\$ -	\$ -
4100000008	\$ 25.88	166.20	3/5 INT IN LOTS 1-2, E 1/2 NW 1/4 7-24-61 166 20A	\$ 338	\$ 1,166	\$ -	\$ -
4100000078	\$ 43 64	160.00	SW 1/4 35-24-61 160A	\$ 591	\$ 2,040	\$ -	\$ -
4100000084	\$ 10.01	80.00	1/2 INT N2 SW4 32-24-61 80A	\$ 136	\$ 468	\$ -	\$ -
4100000086	\$ 112.84	440.00	SW4 NE4; NW4 SE4, W2 SEC 25, SE4 SE4 SEC 26, ALL IN 24-61	\$ 1,528	\$ 5,270	\$ -	\$ -
4100000087	\$ 1,672.56	6,417.58	SE4, W2 SEC 4, ALL SEC 5, N2 SEC 6; E2, SW4 SEC 7, ALL SEC 8, 9 + 17 THRU 21 ALL IN 24-61	\$ 21,784	\$ 75,116	\$ -	\$ -
4100000088	\$ 4,337.38	7,291.79	ALL SEC 2, N2 SEC 3, S2 SEC 10, ALL SEC 11, W2, S2 SE4 SEC 12, E2 NE4 SEC 13, ALL SEC 15, N2, SW4 SEC 22, W2 SEC 27, S2 SEC 28, ALL SEC 29 THRU 31, E2 SEC 32; ALL SEC 33, W2 NW4, S2 S2 SEC 34, ALL IN 24-61	\$ 24,640	\$ 84,966	\$ 33,896	\$ 335,259
4200000016	\$ 142.24	619.68	ALL 30-24-62 619 68A	\$ 1,926	\$ 6,641	\$ -	\$ -
4200000017	\$ 41.22	152.30	LOTS 3-4 + E 1/2 SW 1/4 31-24-62 152.3A	\$ 558	\$ 1,925	\$ -	\$ -
4200000023	\$ 136.92	640.00	ALL 26-24-62 640A	\$ 1,854	\$ 6,393	\$ -	\$ -
4200000069	\$ 287.42	1,360.00	ALL SEC 25, E2 SE4 SEC 34, ALL SEC 35-24-62	\$ 3,892	\$ 13,419	\$ -	\$ -
4200000070	\$ 276.70	1,520.00	N2 SEC 27, S2 SEC 28; SE4 SE4 SEC 29, N2 NE4, SE4 NE4, S2 SE4 SEC 32, ALL SEC 33, ALL IN 24-62	\$ 3,747	\$ 12,921	\$ -	\$ -
4200000071	\$ 3,091.66	12,686.90	ALL SEC 1 THRU 5, ALL SEC 6 LESS E2 NE4, ALL SEC 7 LESS E2 NE4, ALL SEC 8 THRU 13, ALL SEC 14 LESS N2 SE4, SW4 SE4, ALL SEC 15 + 18, NW4, W2 NE4, N2 SW4 SEC 19, ALL SEC 21 + 22 ALL SEC 23 LESS NW4 NE4, ALL SEC 24, ALL IN 24-62	\$ 40,267	\$ 138,853	\$ -	\$ -



**SUMMARY OF ASSESSED VALUATION TAX INFORMATION  
RED TOP RANCH**

Parcel Number	2013 Taxes (paid)	Acres	Legal	Land		Improvements	
				Assessed Value	Actual Value	Assessed Value	Actual Value
5100000023	\$ 23.04	80.00	N 1/2 NE 1/4 33-25-61 80A	\$ 313	\$ 1,080	\$ -	\$ -
5100000072	\$ 1,266.34	4,929.38	ALL SEC 6 + 7, 18 THRU 20 + 29, ALL SEC 30 LESS LOTS 2 + 3; ALL SEC 31 LESS E2 SE4 25-61	\$ 17,149	\$ 59,138	\$ -	\$ -
5100000073	\$ 700.26	3,010.86	W2 SEC 2; ALL SEC 3, 4 + 9; ALL SEC 10 LESS S2 SE4, N2 NW4, SW4 NW4, NW4 NE4, N2 SW4 SEC 11, ALL IN 25-61	\$ 9,483	\$ 32,702	\$ -	\$ -
5200000020	\$ 14.43	80.00	NE 1/4 NW 1/4, NW 1/4 NE 1/4 26-25-62 80A	\$ 196	\$ 676	\$ -	\$ -
5200000027	\$ 98.16	600.00	ALL EXC NE 1/4 NE 1/4 34-25-62 600A	\$ 1,329	\$ 4,584	\$ -	\$ -
5200000095	\$ 13.18	80.00	N 1/2 NE 1/4 27-25-62 80A	\$ 179	\$ 616	\$ -	\$ -
5200000114	\$ 256.40	1,480.00	S2 S2 SEC 13, S2 S2 SEC 14; S2 SE4 SEC 15, N2 N2 SEC 23; NW4 NW4, E4 SEC 24, ALL SEC 25 LESS N2 NW4, ALL IN 25-62	\$ 3,472	\$ 11,971	\$ -	\$ -
5200000115	\$ 2,254.82	12,030.72	SEC 1, NE4 SE4, S2 SW4 SEC 2, ALL SEC 3 LESS E2 NE4, NE4 SE4, ALL SEC 4 THRU 8, ALL SEC 9 LESS SW4 NW4, ALL SEC 10 THRU 12, ALL SEC 17 LESS S2 S2, ALL SEC 18 + 19, ALL SEC 20 LESS N2 N2; SW4 SW4, E2 SW4 SEC 21; W2 SEC 28, ALL SEC 29 + 30, ALL SEC 31 + 32 IN PUEBLO COUNTY; ALL IN 25-62	\$ 30,535	\$ 105,291	\$ -	\$ -
5300000032	\$ 109.50	668.20	ALL SEC 25, THAT PART OF N2 NE4 SEC 35 IN PUEBLO COUNTY, ALL IN 25-63	\$ 1,426	\$ 4,917	\$ -	\$ -
6100000061	\$ 28.88	159.36	ALL LOTS 1 THRU 5 LYING N OF STATE HWY 10 IN 6-26-61	\$ 391	\$ 1,347	\$ -	\$ -
6200000017	\$ 822.24	2,106.48	ALL THAT PART OF SEC 1 LYING N OF STATE HWY 10; ALL SEC 2 LYING IN PUEBLO COUNTY LESS POR OWNED BY WCG INC, ALL SEC 3 LYING IN PUEBLO COUNTY, NE4 NW4 SEC 4 LYING IN PUEBLO COUNTY, POR OF LOTS 1 THRU 3 SEC 5 LYING IN PUEBLO COUNTY, N2 NE4 IN PUEBLO COUNTY LYING N OF HWY 10 ALSO NE4 NW4 SEC 11 IN PUEBLO COUNTY LESS POR BY D#1156619	\$ 4,923	\$ 16,974	\$ 6,160	\$ 77,384
subtotal	\$ 17,638.40	63,782.00		\$ 195,111	\$ 672,800	\$ 40,056	\$ 412,643



**SUMMARY OF ASSESSED VALUATION TAX INFORMATION  
RED TOP RANCH**

Parcel Number	2013 Taxes (paid)	Acres	Legal	Land		Improvements	
				Assessed Value	Actual Value	Assessed Value	Actual Value
Las Animas County							
R0010073301	\$ 42.36	187.03	03-26-62 S2-IN L.A CO -CONT-143 62 ACRS M/L 07-26-62 S2-IN L.A CO -CONT-187 03 ACRS M/L	\$ 1,729	\$ 5,962	\$ -	\$ -
R0010073302	\$ 5.34	30.40	11-26-62 PT-N2NE-CONT-20 49 ACRS M/L 11-26-62 PT-NW4-CONT-30 40 ACRS M/L	\$ 218	\$ 750	\$ -	\$ -
R0010073300	\$ 190.65	1,629.00	07-26-62 SENE-SWNE- IN LA CNTY-CONT-25 0 ACRS M/L 08-26-62 E2-CONT-320 0 ACRS M/L 09-26-62 N2-SW4-N2SE-CONT-560 0 ACRS M/L 09-26-62 PT-S2SE-N OF HIWAY 10-CONT-13 60 ACRS M/L 10-26-62 ALL N OF HI WAY 10-CONT-235 0 ACRS M/L 17-26-62 ALL N OF-CONT-240 0 ACRS M/L 18-26-62 E2-N OF-CONT-235 40 ACRS M/L	\$ 7,782	\$ 26,834	\$ -	\$ -
N9111793000	\$ 9.97	0.00	1/2 INT MIN RTS 17-26-62 NW4-18-26-62 NE4-	\$ -	\$ -	\$ -	\$ -
subtotal	\$ 248.32	1,846.43		\$ 9,728	\$ 33,546	\$ -	\$ -
Huerfano County							
42171	\$ 547.70	1,883.76		\$ 8,866	\$ 30,573	\$ -	\$ -
42172	\$ 513.40	1,751.58		\$ 8,244	\$ 28,428	\$ -	\$ -
subtotal	\$ 1,061.10	3,635.34		\$ 17,110	\$ 59,001	\$ -	\$ -
TOTALS	\$ 18,947.82	69,263.77		\$ 221,950	\$ 765,347	\$ 40,056	\$ 412,643



## HISTORY OF THE PROPERTY

In compliance with the USPAP, I have investigated and analyzed the recent sales history of the Ranch. It was purchased by Donor on October 5, 2012 from Walker for \$14,819,144. Buyer and seller believed the Ranch contained 70,436.6 acres. While the documentary fee on the recorded deed suggests a price of over \$15.8 million, \$1 million of that amount was in fact credited as pre-paid rent.

The sale was subject to the two prior conservation easements conveyed by Walker in 2006 (CE1) and 2008 (CE2), respectively.

Concurrent with the sale, Walker leased the Ranch back from Donor and the parties also executed the five (5)-year Option Agreement providing Walker the opportunity to repurchase the Ranch for a set price. The effect of this agreement is that, during the option period, the Ranch is subject to certain covenants that prevent Donor from selling or making "material alterations" to it without first obtaining Walker's prior consent. After investigation, I conclude that it is appropriate to appraise the Ranch and CE3 as though the Option Agreement was not, as of the Effective Date, in effect. This is because both the 2012 sale price and the repurchase price set forth in the Option Agreement are based on what I believe to be reasonable conclusions of market value. My own opinion of post-CE3 fair market value is likely to differ from the actual repurchase price. This is because this repurchase price, not yet set, is to be calculated using a formula that includes not only projected real estate value, but reimbursement of attorney's fees and 5% annual interest.

On December 23, 2014, Walker conveyed to Donor the SE¼ of section 6, T24S, R61W. This 160-acre parcel is within the area encumbered by TNC's CE1, and was meant to have been conveyed with the balance of the ranch in October, 2012. This 2014 sale was for a consideration of \$240/acre and prevented a possible violation of CE1, as it prohibits any land division.

As a result, relevant to this appraisal, the Ranch increased in size by 160 acres, from 70,436.6 acres to 70,596.6 acres.

The Ranch had not been listed for sale, and there are, to my knowledge, no outstanding purchase offers or contracts for its sale other than as discussed above.



## CONTINGENT AND LIMITING CONDITIONS

This appraisal is subject to the following contingent and limiting conditions:

1. **TITLE:** Title to the Property is assumed to be good and marketable, and the legal description furnished is assumed to be correct.
2. **EXHIBITS:** The sketches and maps in this report are included to assist intended users in visualizing the Property and are not necessarily to scale. Various photos, if any, are included for the same purpose and are not intended to represent the Property in other than the actual status, as of the date of the photos.
3. **INFORMATION USED:** No responsibility is assumed for the accuracy of information furnished by or from others, the client, the client's designee or public records. I am not liable for such information or the work of possible subcontractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, where possible, or from affidavit; all are considered appropriate for inclusion to the best of my judgment and knowledge.
4. **COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT:** Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only.
5. **TESTIMONY, CONSULTATION, COMPLETION OR CONTRACT FOR APPRAISAL SERVICE:** The contract for appraisal, consultation, or analytical service is fulfilled and the total fee payable upon completion of the report. I will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or part, nor engage in post appraisal consultation with client or third parties except under separate and specific arrangement and at an additional fee.
6. **ENVIRONMENTAL ISSUES/CONCERNS:** Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage or agricultural chemicals, which may or may not be present on the Property, or other environmental conditions, was not called to my attention, nor did I become aware of such in the course of completing this assignment. I have no knowledge of the existence of such materials on or in the Property unless otherwise stated. I am not, however, qualified to test such substances or conditions. If the presence of such substances as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions may affect the value of the Property, the value estimated is predicated on the assumption that there is no such condition on or in the Property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.
7. The sales research performed as part of this assignment included the analysis of financing involved in all of the transactions. In those cases where financing played a part either the loan did not affect the sale price or the sale price was adjusted to reflect cash equivalency.



8. In compliance with USPAP, I have investigated the recent sales history of the Property. This investigation in no way comprises a title search.
9. The analysis and projections presented in this report are based on economic projections that I consider to be reasonable. Such economic forecasts are always subject to relative degrees of risk. If economic factors should be materially different from those projected in the analysis, my value conclusions must be re-evaluated.
10. The compensation for which this assignment was undertaken is based on the time and expenses involved in its completion. The basis of the professional fee was agreed upon prior to the commencement of work, and is in no way dependent upon the value estimate.
11. ENGINEERING, FINANCIAL, STRUCTURAL, MECHANICAL OR HIDDEN COMPONENTS, SOIL: No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The Property is appraised as if free and clear, unless otherwise stated in particular parts of the report.
12. I have inspected as far as possible by observation, the surface of the land and the exteriors of the improvements thereon; however, it was not possible to personally observe conditions beneath the soil, or hidden structural or other components, or any mechanical components within the improvements; no representations are made herein as to these matters unless specifically stated and considered in the report; the value estimate considers there being no such conditions that would cause a loss in value. Unless otherwise noted in the report, the soil of the area appears firm. I have no knowledge of subsidence in the area and cannot warrant against this condition or occurrence of problems arising from soil conditions.
13. The appraisal is based on there being no hidden, unapparent, or apparent conditions of the site, subsoil or structures which would render it more or less valuable. No responsibility is assumed for any such condition or for any expertise or engineering to discover them. All mechanical components, unless specifically otherwise noted, are assumed to be in operable condition and status standard for properties of the subject type. If applicable, conditions of heating, cooling, ventilation, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements, unless otherwise stated. No judgment is made as to adequacy of insulation or energy efficiency of the improvements or equipment.
14. LEGALITY OF USE: The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental laws unless otherwise stated in the report; further, that all applicable zoning, building and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.



15. AUXILIARY AND RELATED STUDIES: No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report. I reserve the unlimited right to alter, amend, revise or rescind any of the statements, findings or conclusions contained in this report should information subsequently discovered so indicate.
16. This appraisal report has been prepared for the exclusive use of the addressee and for the purpose stated herein. It is not transferable without the prior written consent of Mark S. Weston, Ltd. The addressee of this report is the Malone Family Land Preservation Foundation. The appraisal report was prepared with my knowledge and understanding that it would be used by the addressee to substantiate the market value of the specified interests for income tax purposes. I am not responsible for any unauthorized uses of this report.
17. This is an appraisal report, prepared in compliance with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. As such, it presents appropriate discussions of the data, reasoning, and analyses used to develop my opinion of value. All material support (data, reasoning, and analyses) for my opinions is contained in the appraisal. The depth of discussion contained in this report is specific to the needs of the client and for the stated intended use.
18. I have reviewed title insurance documentation for the Property, including 215 exceptions to title in the Fidelity National Title Company Policy dated January 30, 2013, Policy No. CO-FSTG-IMP-27306-I-12-F0416682, and the 205 exceptions (not counting many, perhaps half, that were deleted, as they applied to parts of the Property not encumbered by CE3) found in Fidelity National's Commitment No: 598-F0452908-153-MH, Amendment No. 2, effective June 13, 2014, pertaining only to the Conservation Property. While I am neither a title examiner nor a lawyer, I saw no exceptions to title, nor was I notified of any by Donor or TNC, that, in my opinion as an appraiser, negatively affect the utility or value of the Property. Most relate to minerals, ditches or canals, and a few telecommunication and other public utility easements.



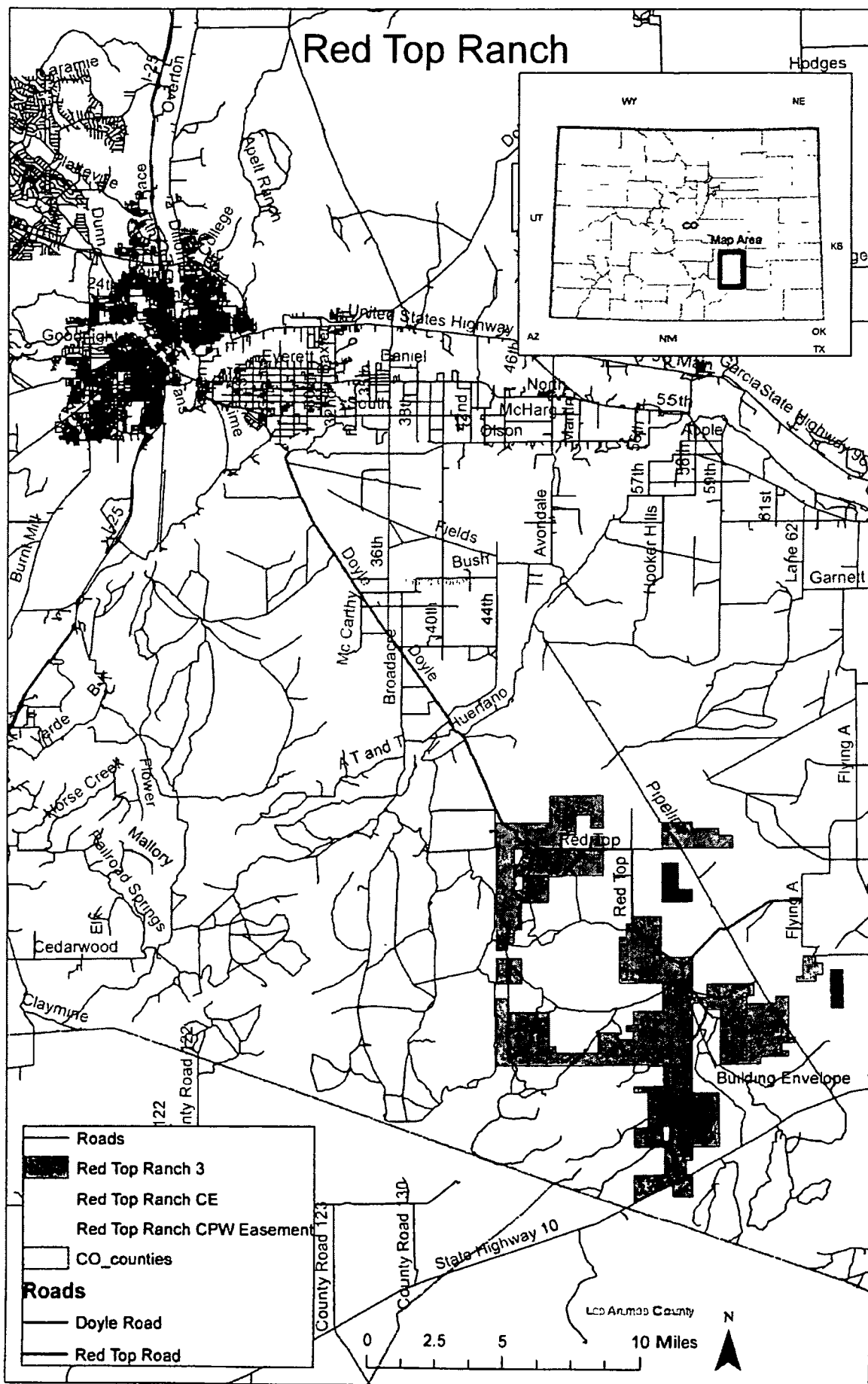
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PART II - FACTUAL DATA – BEFORE CONVEYANCE OF CE3



## Hodges





## AREA AND NEIGHBORHOOD DESCRIPTION

The property under study is located approximately 25 miles southeast of the City of Pueblo, the Pueblo County seat. The Ranch is mostly in Pueblo County (approximately 63,542 acres, 92% of gross land area). Southern and southwestern parts lie in Las Animas (1,846 acres, 3% of gross land area) and Huerfano (3,635 acres, 5% of gross land area) Counties, respectively. All numbers assume the Ranch contains 70,596.6 acres.

Pueblo County lies between the drier and more level High Plains counties to the east, with which it shares many geographical similarities, and the more rugged mountainous counties lying to the west. It is crossed by I-25, with approximately two thirds of the county's land area lying to the east of this north-south interstate highway. This provides the city of Pueblo, along with other communities and rural parts of this county, good year-round transportation and access to more populous parts of Colorado as well as New Mexico to the south.

In addition, US Highway 50 crosses Pueblo County in an east-west direction. This makes it, and the city of Pueblo, a convenient transit for tourists and other travelers entering Colorado's high country from the east and from the south, as well as for those headed to the state's two largest cities, Colorado Springs and Denver.

The county contains approximately 2,400 mi.<sup>2</sup> and is generally east of the Wet Mountains. It lies entirely within the Arkansas River drainage. The Arkansas River bisects the county, running west to east proximate to the Hwy 50 corridor, and is fed by smaller tributaries such as Fountain Creek, the St. Charles, Apishapa and Huerfano Rivers. Other smaller and mostly seasonal drainages are tributary to these small rivers.

Unlike most of Colorado's mountainous counties, most of Pueblo County is under private ownership, although western parts of the county (32,761 acres<sup>3</sup>) lie in the San Isabel National Forest, and the Colorado State Board of Land Commissioners owns nearly 222,000 surface acres, and 255,000 mineral acres, mostly east of I-25<sup>4</sup>. A large block of this ownership lies east of I-25 between the Ranch and the City of Pueblo, north

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3 [http://www.fs.fed.us/land/staff/lar/2007/TABLE\\_6.htm](http://www.fs.fed.us/land/staff/lar/2007/TABLE_6.htm)

4 [http://trustlands.state.co.us/MapsandData/Documents/county\\_acres1\\_060310.pdf](http://trustlands.state.co.us/MapsandData/Documents/county_acres1_060310.pdf)



of the Huerfano River.

The highest elevation in the County is 12,347 feet above sea level at the summit of Greenhorn Mountain near the southwest corner of the county. The lowest is where the Arkansas River crosses the eastern county line into Otero and Crowley Counties, at 4,330 feet.

The eastern and southern parts of the county remain in agricultural use, including irrigated farming in proximity to the Arkansas River and other waterways, and seasonal grazing in the arid uplands to the north and south of this major river valley. I note that most of the water that flows through the county and/or is used herein comes from upstream counties on both Colorado's eastern and western slopes. There are sand and gravel operations located east of Pueblo along the Arkansas River.

The City of Pueblo is the county seat and the largest community in the county. The 2010 US census reports a population of 159,063 persons, countywide. The City of Pueblo population in 2010 was 106,595 persons (67% of countywide population). Once a major steel production area, Pueblo has struggled for many years to find its economic footing on the heels of the closure of much of this industry. At present, it still serves as a trade center for much of southeastern Colorado, although there are some manufacturing jobs here as well, including those at the Vestas wind-turbine production facility south of town (its future, regularly uncertain, hinges to a large degree on the politics of energy).

#	Employer	# of Employees
1	Pueblo City Schools	2,478
2	Parkview Medical Center	2,352
3	Walmart	1,265
4	Pueblo County	1,150
5	Pueblo County School District 70	1,100
6	St. Mary-Corwin Medical Center	1,058
7	Evrast Steel Mills	1,035
8	Colorado Mental Health Institute at Pueblo	1,000
9	Convergys	685
10	City of Pueblo	647

Employment chart credited to Pueblo's 2011 Comprehensive Annual Financial Report



Employment in Colorado has been improving over the past year. Southern and southeast Colorado counties historically have higher unemployment rates than do the urbanized and resort areas within the state:

<u>Jurisdiction</u>	<u>12/2013</u>	<u>12/2014</u>
<b>Colorado</b>	6.2%	4.0%
<b>Pueblo</b>	8.7%	5.7%
<b>Las Animas</b>	9.0%	5.0%
<b>Huerfano</b>	10.2%	6.5%

Population in these three counties is stable to declining:

<b>COUNTY</b>	<b>JULY 2000</b>	<b>JULY 2005</b>	<b>JULY 2010</b>	<b>JULY 2011</b>	<b>JULY 2012</b>	<b>JULY 2013</b>	<b>JULY 2013 RANK</b>
<b>HUERFANO</b>	7,827	7,823	6,655	6,496	6,567	6,467	45
<b>LAS ANIMAS</b>	15,286	15,570	15,407	15,036	14,957	14,361	32
<b>PUEBLO</b>	141,854	149,969	159,496	160,252	160,914	161,258	10
<b>ALL COLORADO</b>	4,338,801	4,662,534	5,049,717	5,117,368	5,188,504	5,264,890	N/A

### Summary and Conclusions

The area surrounding the Red Top Ranch is rural. It is far enough from the rapidly-urbanizing areas along Colorado's more northerly Front Range that its character and appearance do not appear affected directly by this trend, notwithstanding desires of some speculative investors. For example, as discussed in the "Valuation – Before CE3" section, below, there was a recent failed attempt to develop a nearby ranch with a nuclear energy production facility. That ranch, the BX, was subjected shortly after its 2014 purchase to a conservation easement conveyed to the Palmer Land Trust (see Before-CE3 Sale 1 in my sales comparison discussion below).

Modest growth and change in the area is likely to continue its progression along I-25 and other major highways, with areas closer to the City of Pueblo showing the most change.



Las Animas and Huerfano Counties show little sign of growth in population or employment. However, as Colorado's population is forecast to continue to expand at a relatively high rate, it is likely that some will be attracted to this area to avoid the urban environment.

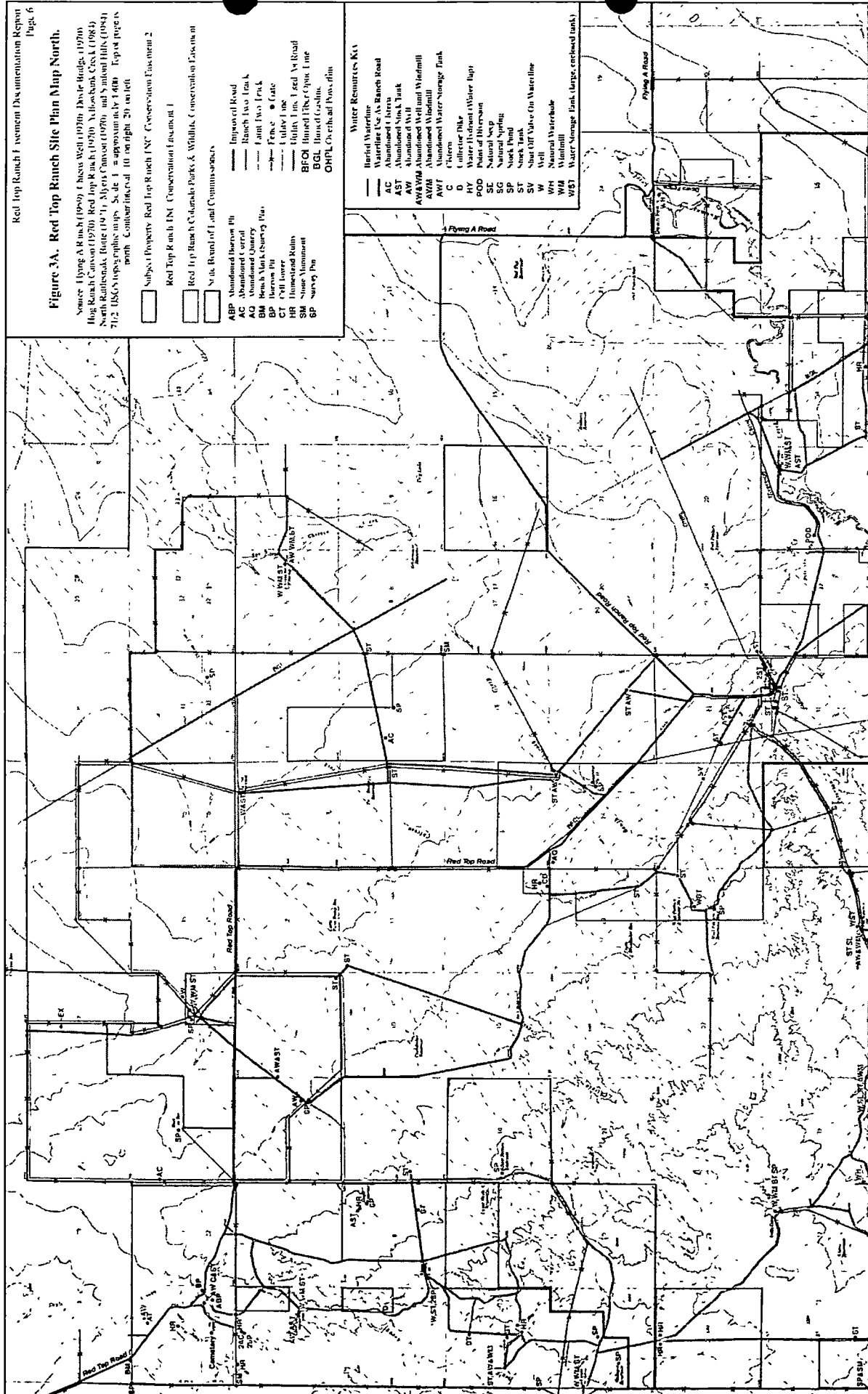
The area surrounding the Red Top Ranch is lightly populated and its population has been stable to declining in recent years. Outside of ranching and farming, the area has little industry, and employment opportunities are limited. While the economic outlook for agriculture (beef production based on dryland grazing) is cautiously optimistic at the present time, it is always dependent on weather and livestock prices, factors outside the control of landowners or local government. It is challenging to make agricultural operations financially feasible, but investment in land can be rewarding. As a result, I expect that agriculture and related activities such as recreation will continue to dominate the local economy.



**Figure 3A. Red Top Ranch Site Plan Map North.**

Source: Hyung A. Ruck (1999) *U.S. West* 1107th Davis Bridge, 1970s; log Ruck's Canyon (1970); Red Top Ranch, 1970s; Hockbank Creek (1984); North Rattlesnake Route (1971); Alberts Canyon (1970); and Wilson Hills (1984).

12. USGS topographic maps. Scale = 1 : approximately 1:400. Top of page is north. Contour interval = 10 on right, 20 on left.









## PROPERTY DATA

To the extent practical, and with Mr. Figgs' prior permission, I have here incorporated elements of LREP's *EDR*, thereby ensuring consistency with descriptive and analytical material provided by experts in this field.

**Location:** The Ranch is located mostly in southeast Pueblo County, approximately 24 miles southeast of Pueblo, the seat of Pueblo County, and 20 miles southwest of Fowler in the Arkansas River valley. Relatively small portions of the Ranch are in Huerfano (3,365 acres) and Las Animas (1,846) Counties.

**Size:** In deciding what land area to appraise, I considered multiple sources - a) the combined opinions of the Pueblo, Huerfano and Las Animas County Assessors, b) my understanding of the basis of the 2012 transaction, adjusted for a more recent addition, and c) the acreage based on the three conservation easements (two prior, one the subject of this appraisal), each of which contained statements of acreage.

1) Relying on data from the three relevant county assessor's offices, the Ranch contains 69,263.77 acres, assuming that Donor owns 100% interest in all 27 Pueblo County tax parcels; this is not the case, as 413.1 acres in three tax parcels are owned in part by Donor and in part by other unrelated persons.

2) Summing acreage in the two prior CEs (21,680 acres in 2006 plus 13,078 acres in 2008) the 31,411.75 acres in CE3, an estimated 1,920 acres in the excluded Pueblo Precision Bombing Range (see Highest and Best Use section of this report), and another 293.25 (413.1 acres adjusted for Donor's partial interest ownership) acres in Pueblo County, the Ranch contains 68,383 acres.

3) In my opinion, the Ranch encompasses 70,596.6 deeded acres, and CE3 encumbers 31,411.75 of these acres. The Ranch is and has been operated as a unit, inclusive of the leased/permitted lands owned by the SLB (8,452.44 acres) and the United States BLM (1,598.28 acres), respectively.

I use 70,596.6 acres as the total Ranch acreage, as it is the sum of the acreage relied on by buyer and seller in 2012 (70,436.6 acres) and the December, 2014



addition of a 160-acre parcel meant to have been included in the 2012 purchase. It is my understanding that gross acreage was calculated by a title examiner.

**Legal Descriptions:**

**Ranch**

Please see the title insurance policy in Addendum D for the description of the Ranch. It is quite lengthy.

**Conservation Property**

Please see CE 3 in Addendum B.

**Character**

This is, by Colorado standards, a very large ranch, especially given its proximity to the I-25 corridor between Walsenburg and Pueblo. It is well suited for livestock grazing and recreation, including hunting. Watered by Doyle, Madden, Peterson and Lone Jack Creeks, and several minor drainages, the Ranch provides a good mix of vegetation and cover. The west and southwest parts of the Property feature canyon systems. While not approaching the depth or habitat diversity of those found along the Lower Purgatory River, they provide excellent game habitat and, based on the statements of conservation values found in the *EDR*, are ecologically significant.

**Water Rights**

There is no irrigation on the Ranch and no water rights except those associated with wells. There are several miles of underground water pipeline, but the livestock-watering system (wells, windmills, pipelines and tanks) is inadequate to stock the Ranch fully. Surface water storage is very limited.

**Minerals**

I reviewed the July 23, 2014 report prepared for Donor by Bruce Collins, Ph.D. This report addresses the Conservation Property, identified as containing "31,705 acres (sic) in eight tracts that are in close proximity but not adjacent to each other." Parts of the Ranch encumbered by CE 1 and CE 2 are not addressed. Collins states that the "probability of extraction of mineral resources on the Red Top Ranch Conservation Easement 3 by surface mining methods is so remote as to be negligible."

**Improvements**

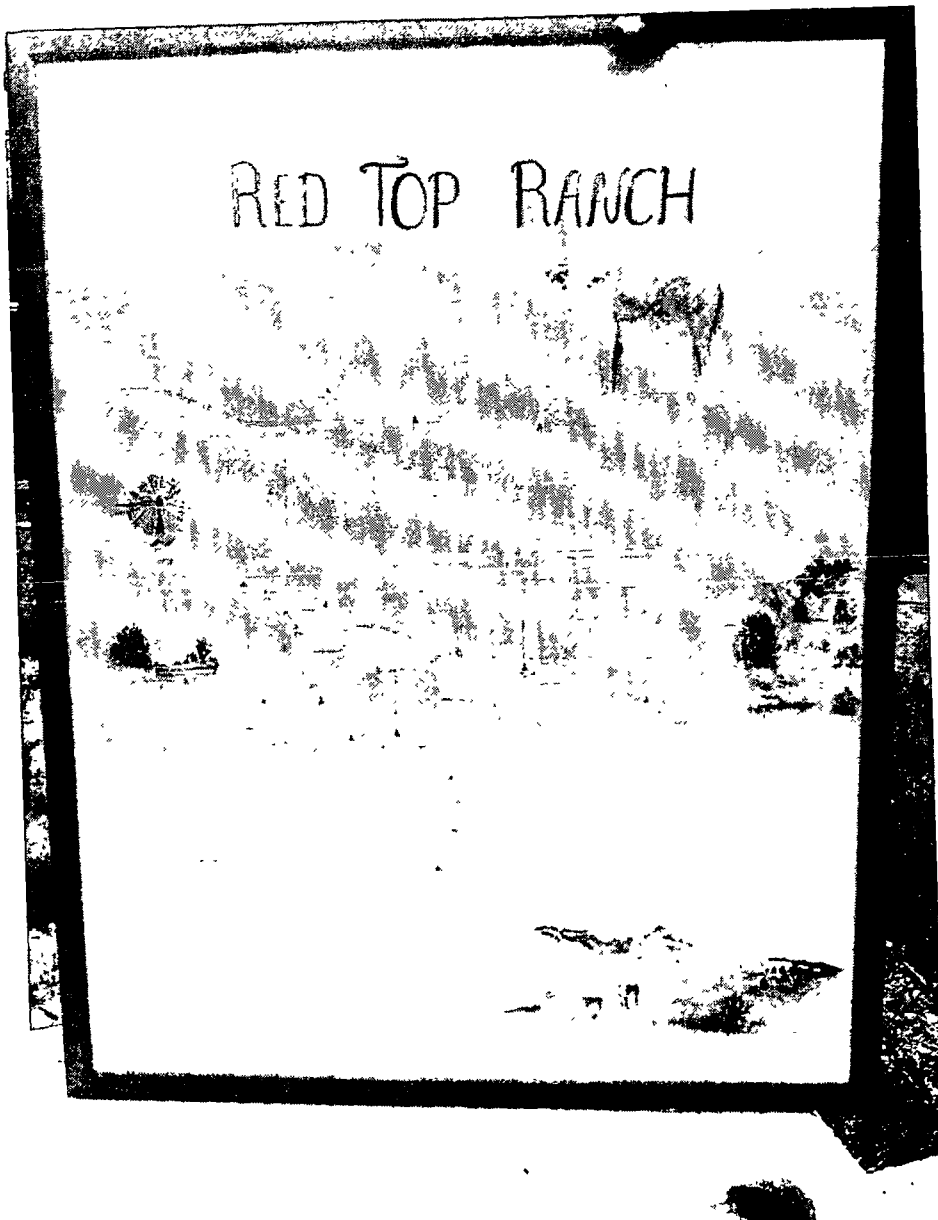
Building improvements are found mostly at headquarters where there are three residences, an office, four barns or sheds and other outbuildings characteristic of cattle ranches.

In addition, there are livestock gathering and shipping facilities near Lone Jack Reservoir (southwest part of Ranch) and west of the Red Top Road near the south



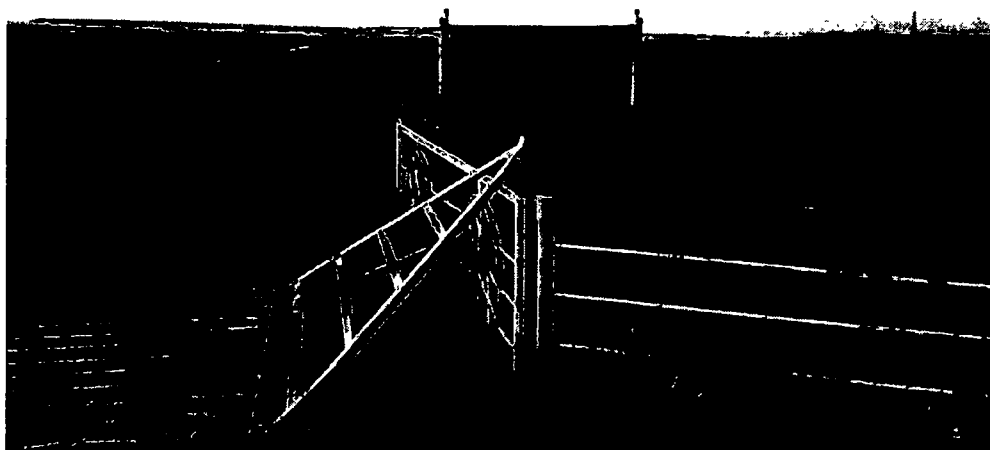
end of the Ranch, north of Highway 10.

According to the following "Red Top Ranch" map found at headquarters, the range is fenced into approximately 20 pastures ranging in size from approximately 700 acres to just under 9,500 acres; some of these pastures may have been fenced into smaller units since the hand-drawn map was prepared.





Date & Time: Fri Oct 31 17:27:53 MDT 2014  
 Position: 037° 49' 6.1" N / 104° 16' 38.6" W  
 Altitude: 5234ft  
 Azimuth Bearing: 272° N88W 6255mils (True)  
 Elevation Angle: -34.3°  
 Horizon Angle: +20.8°  
 Zoom: 1X  
 Red Top Ranch - looking north into Ct. 3



*South Ranch entrance into Conservation Property*

Date & Time: Fri Oct 31 17:02:30 MDT 2014  
 Position: 037° 53' 37.3" N / 104° 15' 44.7" W  
 Altitude: 4856ft  
 Azimuth Bearing: 272° N88W 4924mils (True)  
 Elevation Angle: -42.1°  
 Horizon Angle: -53.7°  
 Zoom: 1X  
 Red Top Ranch - looking west into Ct. 3



*Conservation Property - Ranch interior*



Conservation Property:

This particular part of the Property, not dissimilar to the entire Ranch, is described in the *EDR* as consisting of

...native prairie grasslands and shrublands, currently occupied by shortgrass grassland, cholla shrublands; cliff and canyon; woodlands and savannas currently occupied by piñon-juniper woodland and savanna; limestone and shale barrens; wetlands, riparian vegetation and seeps, springs and waterholes; and playas and prairie depressions. All of these ecological systems make up the [Conservation] Property's habitats which are critical for grassland birds, mammals, reptiles, amphibians, and invertebrate species which currently include by way of example long-billed curlew, mountain plovers, upland sandpipers, burrowing owl, Cassin's sparrow, gray vireo, curve-billed thrasher, swift fox, Texas horned lizard, desert massasauga [*rattlesnake, of which I observed personally no fewer than three*], plains leopard frog, and triploid checkered whiptail; the combination of habitats are notable for supporting a community of wide-ranging mammals that are currently represented by animals such as mountain lion, black bear, Rocky Mountain elk, and bobcat.

Topography/Soil Conditions:

The topography is associated with three primary surface features: 1) the northeast and east central portion of the Property is mostly flat to gently rolling prairie, 2) running diagonally from the northwest to the southeast is a band of mesas and cuestras rising above the prairie and capped with limestone, and 3) sandstone breaks in the west central and southwest portion of the Property, with shallow but well incised canyons.

Soils have been mapped and described by the Natural Resources Conservation Service (USDA NRCS 2013). Soils maps and map key are found in Appendix 7 of the *EDR*. There are nine major soil mapping units throughout the Property. Three cover large areas of plains and fans: **Minnequa-Manvel loams**, **Wiley-Kim loams**, and **Wilid silt loam**. These soils formed in parent material of calcareous silty slope alluvium, silty loess, and loess and/or eolian deposits respectively. Moderate to large areas associated with the ecologically significant limestone and shale barrens are mapped as **Penrose-Minnequa complex** and **Penrose-Rock outcrop complex**, which formed on ridges and escarpments in limestone parent material.



	<p>Large areas of sandstone escarpments in the southern portion of the Property are mapped as <b>Travesilla sandy loam</b>, which formed in parent material weathered from sandstone. Moderate to large areas of floodplains of the major drainages are mapped as <b>Haverson silt loam</b>, which formed in parent material of loamy and silty alluvium. Moderate areas of drainage terraces and fans are mapped as <b>Heldt silty clay loam</b> and <b>Manzanola silty clay loam</b>, which formed in parent material of clayey alluvium.</p>
Ground Cover	<p><i>Shortgrass Prairie</i> is the dominant vegetative cover on most of the Property. Forested vegetation is primarily <i>Juniper Woodland</i>. <i>Limestone and Shale Barrens</i> have distinctive vegetation with many species only found in the Arkansas River Valley of southeast Colorado. Arid, semi desert shrublands are represented by <i>Cholla Shrubland</i> and <i>Saltbush Shrubland</i>. There are two playas in the southern portion of the Property.</p>
Nuisances and Hazards:	<p>None noted, beyond what can be expected on any large undeveloped parcel, part of which was once used as a bombing range.</p>
Environmental Hazards:	<p>I have conducted a surface-only inspection of the Property. There were no obvious signs of hazardous material on or in the Property that would cause a loss in value.</p> <p>Part of the Ranch was employed by the United States Army Air Force as the Pueblo Precision Bombing Range. There is more discussion about this below at <i>Highest and Best Use – Legally Permissible Uses</i>.</p>
Flood Hazard:	<p>The Ranch is not located in an area mapped by FEMA. The <i>EDR indicates</i> "all drainages on the Property are <i>Dry Washes</i> without perennial surface flows or permanent water features; however, all of these drainages will pass significant flood flows and may have small areas that hold water after significant precipitation events.</p>
Other Easements:	<p>I reviewed a title insurance commitment for the Conservation Property and a policy for the Ranch. While there are numerous recorded exceptions, none have material negative impact on the utility or value of either part of the Ranch</p>
Utilities:	<p>Electricity and telephone service are installed to Ranch</p>



headquarters. Natural gas is not provided to the area. Potable water is provided by wells. Sanitary sewer treatment is by well and septic. I saw no indication that any of these systems were not functioning properly.

Zoning: Agricultural in all three counties

Agricultural Information: Red Top Ranch, at over 70,000 acres, is one of the largest and best known ranches in Pueblo County. The Property is used as a year round cattle operation, including breeding and calving. In addition to its fee title lands, several sections of State Land Board property are leased for grazing. Presuming sufficient moisture, the target stocking rate for the entire operation is 1,200 cow/calf pairs, or approximately 1 cow/calf pair per 60 acres. Some horses and bulls are also kept on the Property. To the best of my knowledge, no portion of the Red Top Ranch participates in the Conservation Reserve Program.

SLB Lease Under Lease #45869, a ten-year lease expiring in February, 2018, Walker may graze 1,620 AUM on 8,452.44 acres.

BLM Permit There are two BLM grazing allotments covering seven parcels within the Ranch, the Red Top Ranch & Ted Top Road. In total, they allow for grazing of 309 AUM on 1,598 acres. Both permits expire in February, 2018. Walker is the permittee.

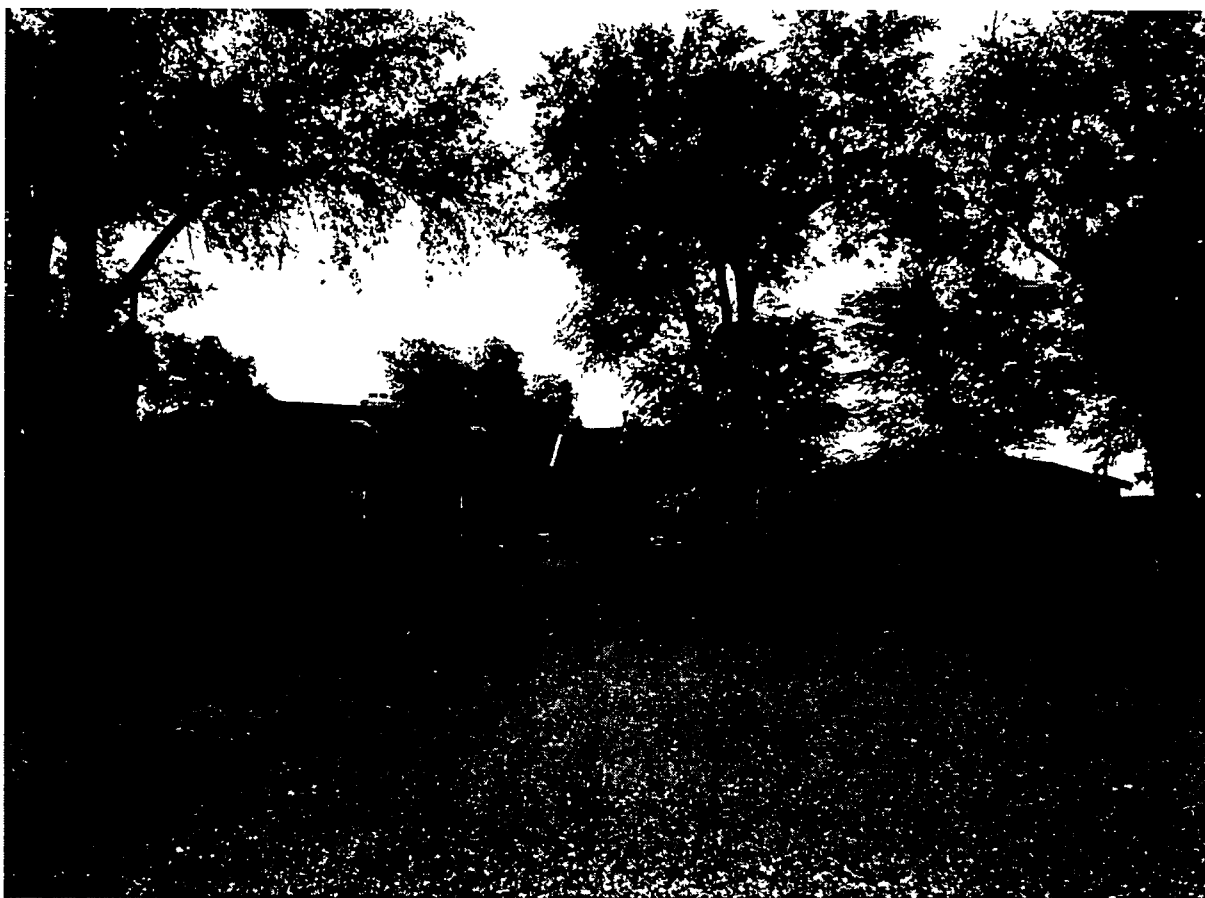
Improvements Description: CE 3 encumbers the area containing the headquarters buildings, but it has no impact on the contribution to overall value of the improvements here or elsewhere on the Ranch. I have adopted the improvements value used by buyer and seller, both before and after CE3. It is greater than the Pueblo County Assessor's value opinion of these structures, but more reflective of value.

Since their value is unchanged by CE3, I have included here only a brief summary of the structures along with photographs. I did not measure any of the structures and, except for the manager's residence and a barn, did not inspect their interiors.



<b>Structures at Ranch Headquarters *</b>	<b>Year Built</b>	<b>Square Feet</b>
Residence 1 remodeled in 2000	1948	2,706
Office	1940	650
Residence 2 remodeled in 1996	1935	1,713
Maintenance Shop and Garage		
Hay Barn		
Hay Barn (with grain bin and water tank).		
Barn		
Residence 3 remodeled in 2000	1940	1,328
Residence 4		N/A
<b>Other Structures Not at Ranch Headquarters</b>		
Abandoned Hunting Camp Cabin and Shelter in S6 26-61		200 & 96

\* Information sources – EDR, personal observations & Pueblo County Assessor's website



*Main House*





*Manager's House*



*Manger's House*



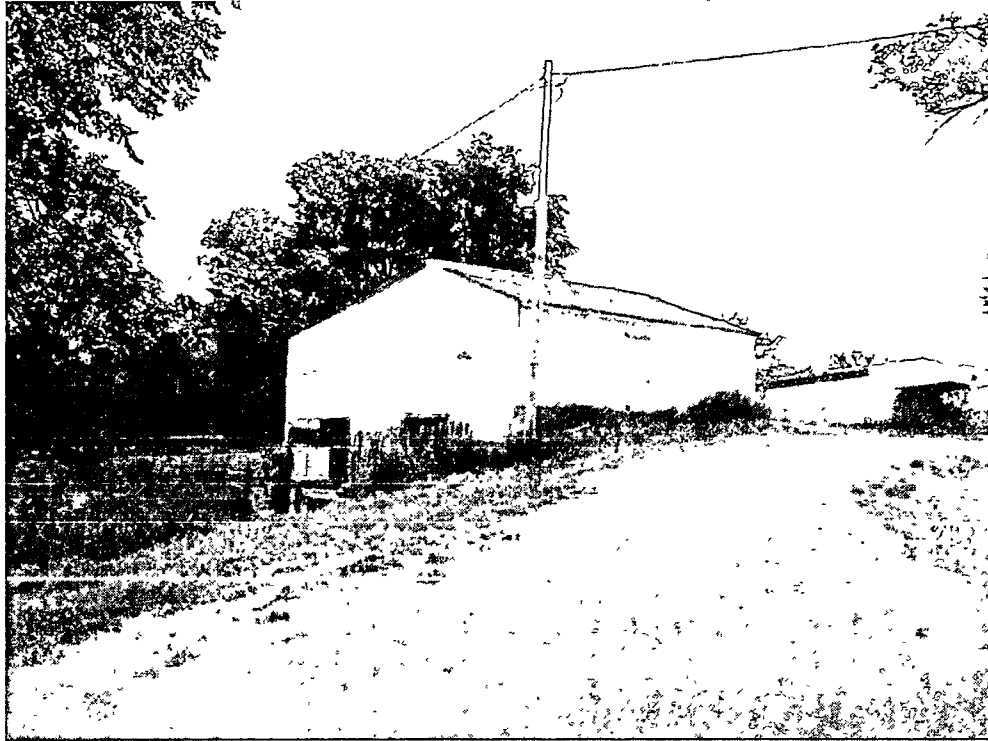


*Hired Hand House*

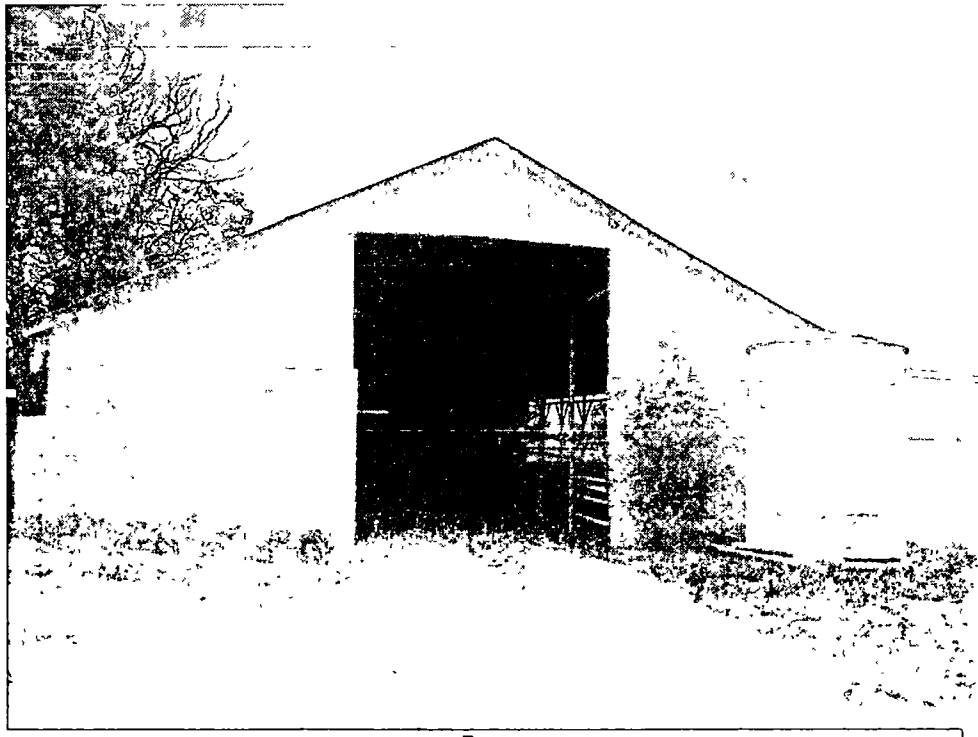


*Barn & Granary*





*Barn*



*Barn*





*Shed*



*Shed*





*House (appears abandoned)*



*Looking south at Headquarters along Red Top Ranch Road*



The only habitable structures on the Ranch are the three (3) residences at Headquarters and the modular off Hwy 10. Other ranch-related improvements at the Ranch Headquarters include:

- 1) corrals, loading chutes and livestock pens,
- 2) fuel tanks and propane tanks,
- 3) equipment yard, including farm implements, vehicles, plastic pipe and metal pipe,
- 4) individual septic systems for the residences.

**Surrounding Property Uses:**

The area surrounding the Ranch is agricultural in nature. Adjacent to the northwest is the Harry Vold Livestock operation, a well-known rodeo stock contractor. Between the Vold outfit and Pueblo is a very informal off-track quarter horse racing operation, although I did not personally observe it in use. To the west, south and east of the ranch are other ranches, including some wind energy generation uses to the west.

There are no residential developments in this area, nor are there any land uses more intense than rural residential, agricultural and related uses.

**Summary**

The Property is operated as a year-round cattle ranch. Red Top Road and Red Top Ranch Road are county-owned and maintained dirt & gravel-surfaced public roads that cross the Property and provide it with very good access to State Hwy 10 that also crosses the extreme southern part of the Ranch. Access to State Hwy 50, 20+ miles to the north, is not as convenient due to the conditions of the roads north of the Ranch. There are three residences at the Ranch Headquarters. Other improvements are limited to outbuildings, water improvements, fences and roads. There are three communications towers and support facilities, all owned by others, within the Ranch.



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### PART III - DATA ANALYSIS AND CONCLUSIONS – BEFORE CE3



## HIGHEST AND BEST USE BEFORE CE3

There are numerous authoritative definitions and discussions of highest and best use. Given the intended use of this appraisal, the most instructive come from the federal courts. Here are a few examples:

In a 2009 U.S. Tax Court memorandum opinion, Judge Wherry wrote:

In determining the fair market value of property, we must take into account not only the current use of the property but also its highest and best use. See *Stanley Works v. Commissioner*, 87 T.C. 389, 400 (1986); sec. 1.170A-14(h)(3)(i) and (ii), Income Tax Regs.

A property's highest and best use is the highest and most profitable use for which it is adaptable and needed or likely to be needed in the reasonably near future. *Olson v. United States*, 292 U.S. 246, 255 (1934).

Also, in 2012 he wrote:

The FMV [*fair market value*] of property must be evaluated considering the property's highest and best use. See *Stanley Works & Subs. v. Commissioner*, 87 T.C. 389, 400 (1986); sec. 1.170A-14(h)(3)(i) and (ii), Income Tax Regs. **While highest and best use can be any realistic, objective potential use of the property, it is presumed to be the use to which the land is currently being put absent proof to the contrary** [emphasis added]. *United States v. L.E. Cooke Co., Inc.*, 991 F.2d 336, 341 (6th Cir. 1993); *Symington v. Commissioner*, 87 T.C. 892, 896 (1986). (*Esgar Corporation, et al. v. Commissioner*, T.C. Memo. 2012-35)

In order to form an opinion of the highest and best use of the Ranch, I have evaluated, in the sequence shown below, the following four review criteria:

1. Legally Permissible Uses - These result from such limitations as those imposed by private deed restrictions, zoning, building codes and environmental regulations.
2. Physically Possible Uses were considered in terms of the size, shape, land area and topography. Also considered were the availability of public utilities and age, condition and functional utility of the improvements.
3. Financially Feasible Uses were those uses that meet the conditions imposed by the two previous criteria and which may be expected to produce a positive financial return.
4. Maximally Productive Use, or type of use, is the highest and best use, or the use that will provide the highest rate of return or value to the land.

In review, the Ranch contains over 70,500 acres, roughly 50% of which, or 34,758 acres, was previously encumbered by two prior CEs. The Ranch encompasses a land area of approximately 255 square miles. Building improvements are modest but functional



for their current uses. Additional improvements include modest water improvements (windmills, wells, stock tanks and dirt tanks), dirt-surfaced roadways, and extensive fencing. Based on my observations, all were in average to below-average repair.

There is no need to separate the analysis of highest and best of the Ranch as vacant from its highest and best use as improved, given the purpose and intended use of the appraisal.

### Legally Permissible Uses

There are few meaningful county, state or federal land use regulations affecting the Ranch's use or development potential, as it falls entirely within agricultural zoned districts of three counties. There are no known restrictions associated with threatened or endangered species, 100-year flood hazard, geologic hazards, or historic conditions.

Between July, 1943 and November, 1945, part of the Ranch was leased and used by the United States Army Air Force as the Pueblo Precision Bombing Range. Based on my reading of the June, 2009 Final Inspection Report<sup>5</sup>, two salient matters stand out:

1. Evidence of explosives in the study area was confirmed, both PETN and TNT. Based on the observations made during the site inspection field activities, a removal action is not warranted.
2. The bombing range was excluded from CE3. Maps in the report clearly show the location of what I calculate to be four sections (2,560 acres consisting of sections 2, 3, 10 & 11, T24S, R61W) in the northwest quadrant of the intersection of Red Top Road and Flying A Road, in the northeastern quadrant of the Ranch within Pueblo County. Of this land area, two half-sections of 320 acres each are inholdings within the Ranch owned by others (Reed), reducing the excluded acreage within the Property to 1,920 acres.

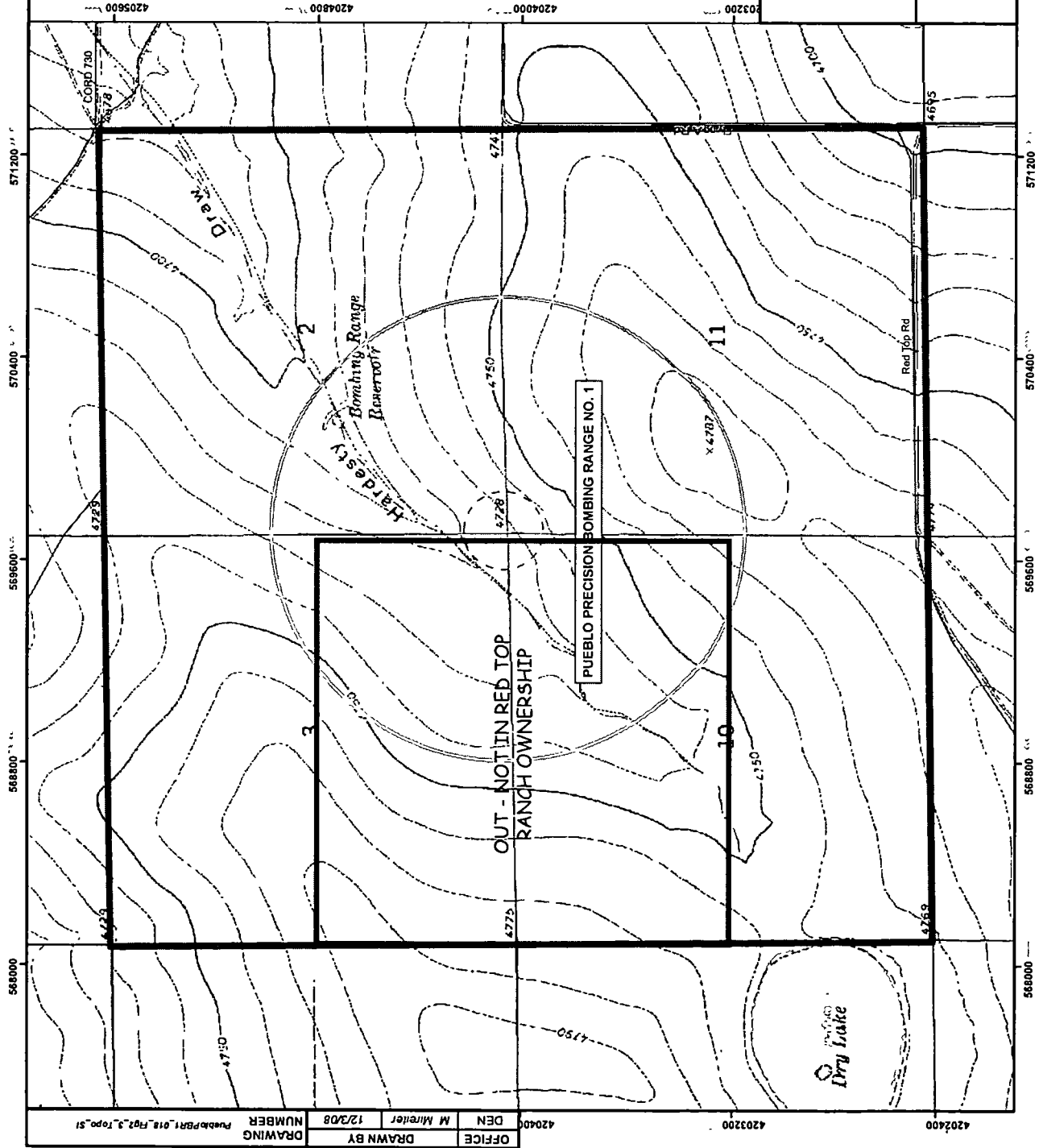
During my August 2014 inspection, I learned that no grazing livestock had encountered unexploded ordnance, nor have there been any other reported problems.

The following exhibit shows the location of the bombing range.

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<sup>5</sup> Shaw Environmental, Inc., FINAL SITE INSPECTION REPORT, Pueblo Precision Bombing Range No. 1, FUDS Property No. B08CO0714, June 2009



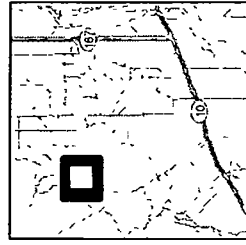


# Legend

- Pueblo Precision Bombing Range No. 1 FUDS Boundary
- Range in the MMRP Inventory
- Central Target Area

## NOTES

- FUDS and range boundaries were derived from the Pueblo Precision Bombing Range No. 1 ASR (USACE, 1985)
- Topographic map (Pueblo County) was obtained from the U.S. Department of Agriculture, Service Center Agencies, 1989



REFERENCE/PROJECTION NAD 83 UTM Zone 13N

FIGURE 2-3

## TOPOGRAPHIC MAP

PUEBLO PRECISION BOMBING RANGE NO. 1  
FUDS PROPERTY NO. B08CO0714



US Army Corps of Engineers  
Omaha District



OFFICE	DRAWN BY	DRAWING NUMBER
DEN	M. Mireiller	12/08
PuebloPBR1_018_Fig2_3_Topo_S1		



The existing public county roads provide access sufficient for the kinds of uses and improvements that are legally permissible, both present and potential.

Except for the very large areas protected by the two prior CEs, the maximum-allowable development density is one dwelling unit per 35 acres. There is no practical barrier to the type of development that a property such as this would likely see – large residential/recreational tracts containing modest residences, agricultural outbuildings and recreational-support facilities.

**The two prior conservation easements are very restrictive:**

CE1 (2006)                      21,680 acres in Pueblo County subject to a perpetual CE held by TNC.

Grazing is permitted, as is general ranching. Three new single-family residences, together with accessory buildings, are permitted. They must be located within the mapped Piñon-Juniper area of the Ranch, as depicted in the conservation easement. The parcel may not be divided. None of the reserved building rights have been exercised, so this property remains substantially undisturbed, but for grazing.

CE2 (2008)                      13,078 acres in Pueblo, Las Animas and Huerfano Counties subject to a perpetual conservation easement held by CPW.

But for a modular home located in the Southeast quarter of section 2, T26S, R62W, this parcel is vacant and undeveloped (I did not see this home, but I have no reason to believe it is not still located in the Cedarcrest area just north of State Highway 10 in the extreme southeast part of the Ranch). This parcel also may be used for ranching, and no more than three new agricultural structures, anywhere on the parcel, may be constructed. The easement further permits additional structures, so long as they are approved in writing by the CE grantee. The modular home may be used and repaired or replaced, but there is a prohibition against additional buildings, structures or facilities being constructed at its location. As with the 2006 easement, this parcel may not be divided.

To summarize, the two CE-encumbered parcels described above may be sold independently of one another, but neither may be divided or subdivided. The parcel protected by CE1 retains development rights for no more than three new single-family



residences, together with accessory buildings. The parcel protected in 2008 by CE2, containing a modular home as of its effective date, may see development of agricultural structures, but no new residences.

### Physically Possible Uses

At well over 70,000 acres, the Ranch can *physically* support a wide range of potential development programs, including the present uses.

There are no public utilities available to many parts of the Ranch, so everything from potable water, sanitary sewer treatment, electricity (in some areas) and communications must be privately developed, but permeable soils and potable water availability are likely available. Electric and telephone service are installed between Hwy 10 and headquarters and could be extended elsewhere in the Property. Whether this would be practical is cost-dependent.

Aesthetically, much of the land lacks appeal for uses other than livestock grazing. There are, however, areas yet to be encumbered with any CE that would be desirable for residential use, in conjunction with seasonal grazing and recreational use.

In summary, due in part to its large size and generally usable topography, the Ranch is *physically* well-suited to accommodate many type of structures.

### Financially Feasible Uses

Given the location and scale of the Property, the test of *financial feasibility* is the primary determinant of highest and best use. Just because a use may be physically possible and legally permissible does not mean that there is market demand for that use. For example, the Ranch could theoretically support more than one thousand (1,000) 35-acre lots under current zoning, as well as the three reserved sites on CE1 and the existing residence in CE2. This is far more than the market will bear, and not at all aligned with the broader market trend favoring either single-use or large tract division of recreational parcels.



It is not now financially feasible to take a property such as this and ready it for development with planned recreational homesite parcels, not to mention small tracts. Simply put, the great recession had a major impact on the feasibility of these kinds of projects. Also, the Property's somewhat remote location and average aesthetic appeal makes it very difficult to envision a successful planned development. Properties like the Ranch now have highest and best uses for hunting and investment, although some investors in large-acreage ranches will support a purchase offer based at least in part on a realistic assessment of the property's "break up" value.

In my opinion, the financially feasible uses of the Property include livestock grazing, recreation and limited residential uses.

Maximally Productive Use - Highest and Best Use – Before CE3

I have considered and evaluated the legally permissible, physically possible and financially feasible uses of the Property. Based on a number of factors, principally the location, physical attributes (elevation, topography, ground cover, and condition), access to and within the Ranch, size, existing encumbrances, and current market conditions, I conclude that the highest and best (maximally productive) use of the Ranch is for its division into a few large, independently-marketable units, along with their ongoing use for ranching and recreation.

As but one example, this represents what could be done:

<i>CE1-encumbered parcel:</i>	Sale as a single, 21,680-acre, recreational ranch, with its three permitted residential building envelopes
<i>CE2-encumbered parcel:</i>	Sale as a single, 13,078-acre recreational ranch, with its single reserved residential building area or, to provide more building site opportunities, in conjunction with other adjacent Ranch lands not encumbered with easement restrictions;
<i>Balance of Ranch:</i>	Sale of 35,838.6 acres of mixed canyon and grassland in an unspecified number of large tracts. 1,920 acres of this is known to contain explosives residue associated with Pueblo Precision Bombing Range No. 1. Other smaller



scattered parts of this unencumbered area are very difficult to access or use.

Seen in this light, the highest and best use of all the land comprising the Ranch is the same, except for restrictions on its division and development potential memorialized in the two prior CEs. Irrespective of whether the Ranch is divided or left whole, the land will continue in its current use program, for investment, grazing, recreation and extremely limited residential development.

I believe that this highest and best use conclusion indicates clearly that the proper way to value the Ranch is as a single large property, reflecting its potential for division as described above. The alternative, to value it as though hypothetically divided into one or more specific configurations of any number of smaller parcels, I believe to be overly speculative.

Moreover, my selection is consistent with relevant internal guidance provided to the IRS Division Counsel (SB/SE) by the IRS Office of Associate Chief Counsel, Income Tax & Accounting, "Valuing Conservation Easements Under § 1.170A-14(h)(3) of the Income Tax Regulations" dated July 25, 2013, release date of August 23, 2013, where, at the footnote on page 2, this internal Memorandum advises:

Whether the entire contiguous parcel is valued as one large property or as separate properties depends on the highest and best use of the entire contiguous parcel. See § 1.170A-14(h)(3)(ii).

Accordingly, my valuation follows.



## VALUATION INTRODUCTION

There are three accepted approaches to appraising real estate. These include the cost, the sales comparison, and the income approaches. Subdivision development analysis is a subset of the sales comparison or income approaches:

- *The cost approach* is a method whereby the actual costs to build are considered, with deductions for all forms of physical and functional obsolescence, arriving at a depreciated building cost. This cost is added to the value of the land to arrive at a value via the cost approach. This approach is based on the theory that an informed buyer would not buy a property that it would cost less to build.
- *The sales comparison approach* is a method whereby recent sales of comparable properties are analyzed and compared to the subject property by making adjustments for perceived differences. The market approach is based on the principle of substitution, which implies that a comparison of similar properties has been made by the potential purchaser, and that the purchaser would not pay more than the cost of acquiring a property with the same utility.
- *The income approach* is based on the principle of anticipation, which states that value is the present worth of the anticipated future benefits, or income to the property. The reliability of this approach is limited when it is applied to properties that are not usually bought and sold for their rental potential.
- *The subdivision development (yield capitalization) technique* is a method of estimating a property's value to a single purchaser, under the assumption that the highest and best use of the property is to divide it into two or more components for resale of one or more of the newly created parcels.

The Ranch is improved with average quality improvements in generally below-average condition. The vast majority of its value is vested in the underlying land. As a result, the cost approach is inappropriate, and I have relied on the allocated price of the buildings and improvements used by buyer and seller in the 2012 transaction. I also considered the Pueblo County Assessor's opinion of the improvements contribution to Ranch value, but believe that it understates value. Finally, note that the contribution to Ranch value of the improvements is the same before and after CE3.

The income approach too is inappropriate; even though the Ranch is used as a year-round livestock operation, the market for this sort of property is not based on livestock production numbers. Quite simply, Colorado ranches within sight of the mountains or within a 3-4 hour drive of the state's urban areas do not sell based on



income-generating potential. They are bought and sold based on anticipated appreciation and their perceived desirability for some interim income and recreational use. Overall capitalization rates for mixed grazing operations are in the range of 1.5% to 2.5%, hardly reflective of a desirable investment in consideration of the high risks (drought, livestock mortality, unpredictable markets, unpredictable fuel and feed costs, etc.) associated with dryland ranch ownership.

Additionally, use of subdivision development analysis is inappropriate, as in the 2014 market, creation of one or more large lot subdivisions was not a supportable highest and best use conclusion. Further, had I attempted to value the Ranch as though divided into individual smaller recreational properties, as I concluded in the highest and best use analysis, it would have been overly speculative. This is because of the lack of specificity of any division program.

My basis for the valuation of the Ranch in its before-CE3 condition is the sales comparison approach, with primary emphasis on the 2012 sale to the Donor that I believe to have been at market value.

### **Land Valuation**

According to the Appraisal Institute's Appraisal of Real Estate, 14<sup>th</sup> Edition, these are the techniques that can be used to value land:

1. Sales Comparison
2. Extraction
3. Allocation
4. Income Capitalization
  - Direct Capitalization techniques
  - Land Residual
  - Ground Rent Capitalization
  - Yield Capitalization - Discounted Cash Flow Analysis or Subdivision Development Analysis (DCF)

Each is derived from the three approaches to value described above. In this appraisal, only the **sales comparison technique** is used. This is the preferred and most commonly used technique. Sales of parcels are analyzed, compared to the Ranch, and their prices are adjusted to provide a value indication for the land being appraised. In this



comparison process, the similarity or dissimilarity of the parcels is considered and given appropriate weight. The elements of comparison include property rights conveyed (fee interest or subject to exceptions), financing terms, conditions of sale (motivation), market conditions ("time adjustment"), location, physical characteristics, availability of utilities, and highest and best use. The most meaningful physical characteristics of the sales are their location, size, shape, quality of access, and appeal (topography, view, live water, tanks and reservoirs). In this appraisal, unit prices are expressed as price per acre, because the market here uses this unit of comparison for rural land.

### **Before- and After-CE3 Valuation**

In this appraisal, because I am valuing the Ranch subject to two prior CEs in its "before condition," then subject to three CEs in its "after condition," some of the sales will be of use in both parts of the valuation. Using both sales comparison and considering the 2012 sale of the Ranch to Donor, I first develop and report a conclusion of value for the Ranch. This initial valuation is based on the necessary hypothetical condition that CE3 has not yet been conveyed.

The second valuation also considers the Ranch as of the Effective Date, reflecting the Property as encumbered by CE3.

The specific procedures that can be used to conclude conservation property value and the value of CEs are outlined here.

#### **1. Easement Sales**

*Section 1.170A-14(h)(3)(i), Income Tax Regs.*, provides in relevant part:

The value of the contribution under section 170 in the case of a charitable contribution of a perpetual conservation restriction is the fair market value of the perpetual conservation restriction at the time of the contribution. See section 1.170A-7(c). If there is a substantial record of sales of easements comparable to the donated easement (such as purchases pursuant to a governmental program), the fair market value of the donated easement is based on the sales prices of such comparable easements.

Since this a "qualified appraisal," the requisite first line of inquiry always must be whether there has been "a substantial record of sales of easements comparable to the donated easement (such as purchases pursuant to a governmental program)." The sales



of conservation easements can give an indication of the market value of those interests. However, almost all of these transactions are bargain sales, where the easement grantor receives payment for only a portion of the market value of the easement, then claims a charitable contribution deduction on its federal income tax return for the difference between the easement's appraised market value and the consideration received. Rarely is it possible to quantify the cash-equivalent price of a transaction of this nature, as so much depends on the grantor's adjusted gross income and other confidential matters. Also, buyers of conservation easements in virtually every case are non-profit land trusts, governments, or combinations thereof, not private parties.

Colorado's transferrable income tax credit further complicates matters, as easement grantors, whether outright donors or bargain-sellers, anticipate receipt of additional (albeit taxable) income and/or state income tax forgiveness, in addition to the customary federal deduction.

For these reasons, units of comparison developed from sales of conservation easements are in most cases less reliable than open-market, competitive transactions involving only private parties.

I have searched for easement sales comparable to this donated CE, particularly sales where there was no gift component. While there have been numerous transactions, mostly bargain sales, I found no "substantial record of sales of easements comparable to the donated easement."

## **2. "Before and After" Method**

*Section 1.170A-14(h)(3)(I), Income Tax Regs.*, goes on to instruct:

If no substantial record of market-place sales is available to use as a meaningful or valid comparison, as a general rule (but not necessarily in all cases) the fair market value of a perpetual conservation restriction is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction.

The most-often used method for appraising a conservation easement is to value a donor's entire ownership immediately before and immediately after donation of the



conservation easement (hence the widely-used "before and after" label). Any difference between the two value conclusions is attributable to the property rights conveyed with the easement; this normally is the market value of the easement. It may also be the amount of the federal income tax deduction, and it may serve as the basis of an application for a Colorado income tax credit, but these calculations are not part of appraisers' assignments.

When an adequate number of sales of already-restricted properties similar to a "subject" property (comparable sales) exists, the sales comparison technique, described above, should be used to conclude the after-easement value of a property. The procedure is applied in the same fashion as in the before-easement valuation - the specifics of the easement restrictions encumbering the sales are analyzed and compared to a subject's easement restrictions. The prices of the sold properties are adjusted and comparisons to a subject property are made in order to conclude its value.

When there are not good easement-encumbered sales, the best approach is to base an opinion of after-easement value on the *change* in a subject property's value caused by the easement. This sometimes can be done by examining the percentage change in value attributed to other easement-encumbered sales and applying that indicated change to a subject's before-easement value. The best evidence of value change is either a recent sale of the subject property prior to its having been encumbered by an easement, followed by its arm's length resale in an easement-encumbered condition, or a comparison of an easement-encumbered sale with contemporaneous, similar but unencumbered sales. If appropriate, the indicated percentage change can be applied to the before-easement value of a subject property. Certain variables specific to encumbered sales must be considered, such as the restrictiveness of the easement and the elapsed time between the sales, along with other factors.

Also, when valuing a subject in its after-CE condition, appraisers sometimes consider sales of very distant unencumbered properties with a highest and best use that is functionally similar to the highest and best use of the encumbered subject. For example, if an encumbered subject is a dryland grazing tract, cannot be divided, and has only very limited reserved building rights, appraisers have used unencumbered dryland grazing sales located far from the local market, sales that have no current demand for division or



development. This technique was popular in the early days of conservation easement appraisal, as there simply were not any sales of easement-encumbered properties to consider. It remains an appropriate technique if needed. However, it easily can be misused.

#### Selected techniques

I have analyzed Donor's 2012 purchase, because I believe it was based on the parties understanding of the market value of the Ranch. In addition, I believe there is a sufficient number of partially easement-encumbered ranch sales to support valuation of the Ranch by comparing it directly with other land or ranch sales.

#### VALUATION BEFORE CE3

In review, the Property being appraised consists of 70,596.6 deeded acres operated in conjunction with lands owned by the SLB (8,452.44 leased acres) and the BLM (1,598.28 acres under grazing permit). My conclusion of highest and best use of the Property is for its continued agricultural use, with the potential for division and separate sale of portions of the Ranch, consistent with the two prior CEs.

As defined, the sales comparison approach is based on the principle of substitution; the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability.

In the development of this approach, my goal as an appraiser is to locate and analyze the best sales, those most comparable to the Ranch. Then, I adjust the prices of these sales in order to form an opinion of fair market value. The best sales may be in the same county or multi-county geographic area, sometimes in other parts of Colorado or even other states.

In consideration of the absence of more than a handful of comparable sales (50,000-acre to 100,000-acre partially encumbered recreational ranches of average appeal and with additional division potential), I consider the 2012 purchase price as a valid, the perhaps the best, and certainly recent indication of the Property's pre-CE3



market value.

I gave consideration, of course, to valuing the Property as a large number of smaller parcels. However, I determined that this would have resulted in a potentially-misleading value indication. There are so many possible layouts, not even counting the Pueblo Precision Bombing Range and the Pueblo County partial-interest tracts, that any attempt physically to identify, locate and then value each would have been completely impractical. Further, once that effort had been completed, appraising each of the tracts (those still divisible by virtue of being unencumbered by the two prior CEs) and summing their individual values without engaging in a prohibited summation appraisal, also would have been impractical.

The fact is that the Red Top Ranch is owned and managed, together with its 10,051 acres of leased or permitted non-private lands, as a single property, not as a series of independent tracts. Even though it could be divided in any number of ways, it would be incorrect to value it as though it had been. After all, USPAP requires above all else that appraisals be credible, and the applicable IRS guidance in Notice 2006-96 requires that qualified appraisals be prepared in conformance with "the substance and principles" of USPAP.

#### **A. Adjusted Cost Basis – Analysis**

In review, the Ranch was purchased by Donor from Walker on October 5, 2012 for \$14,819,144. The parties retained a title examiner to calculate acreage.

Per the Contract, buyer and seller had agreed on a formula to arrive at the purchase price:

- Each unencumbered acre was priced at \$240/acre
- Each CE-encumbered acre was priced at \$160/acre
- The \$695,000 contribution of the improvements was based on a separate allocation by buyer and seller, and in my opinion was reflective of market value (this equates to under \$10 per acre, or 4.69% of the total price)

The Ranch was leased back to Walker for five years for \$1,000,000 in prepaid rent. Based on my review of market data, along with



- the October, 2012 Contract to Buy & Sell Real Estate, and
- the October, 2012 Option Agreement

I conclude that the purchase price of the land (inclusive of the minimal water rights and minerals interests of negligible value) component of the Ranch was equivalent to the market value of the property interests conveyed in 2012, after adjustment for the addition of 160 acres at \$240/acre in December, 2014, prior to the Effective Date. The allocation of the improvements within the price I believe fairly stated their value.

At Standards Rule 1-4(e), USPAP cautions appraisers to "refrain from valuing the whole solely by adding together the individual values of the various estates or component parts" and, in the subsequent comment:

..Although the value of the whole may be equal to the sum of the separate estates or parts, it also may be greater than or less than the sum of such estates or parts. Therefore, the value of the whole must be tested by reference to appropriate data and supported by an appropriate analysis of such data (USPAP, p. U-18, lines 607 – 614).

The structures at Headquarters were constructed between 1935 and 1948, with some subsequent remodeling of two of the residences. Based on my personal inspection of each of the structures at Headquarters, they are sufficiently old and worn, and exhibit so much deferred maintenance and obsolescence, that the contribution of their value to the value of the Ranch cannot credibly be substantiated by us of the replacement or reproduction cost approach.

The Pueblo County Assessor values the improvements by sales comparison (a Constitutional requirement in Colorado) at \$412,643. This opinion, used for ad valorem taxation purposes, is meant to be reflective of market behavior, but may not be a reliable indication as it is the Assessor's job to prepare equitable valuations.

My research shows that, for ranches in this market, it is customary for the contributory value of structures such as these either to be included in the overall price per-acre or, as was done here, to be expressed as a lump sum and added to the value of the other property components (such as land and occasionally water). In this appraisal, the only reason to express a separate opinion of improvements value is so that the value of CE3 is not overstated. This could happen if, for example, I had concluded that CE3 diminished Ranch value by 50%, and I had then applied this 50% value diminution to a pre-CE value that included the contribution of the improvements. However, in this



appraisal, the CE has no impact on the use or value of the improvements, so it would be entirely improper to diminish their value by employing such a technique. This is why it is informative to separate their value from the value of those components of the Ranch where utility and value is diminished.

While the contribution of the Red Top improvements to Ranch value approaches the immaterial, the buildings and facilities are used in support of Ranch operations. The improvements on the 12,383-acre Sale 2, valued at \$168,000, were functionally similar to those on the Ranch, and their contribution to value was 3.65%. Sale 3's improvements contributed 2.4% of the \$8,313,500 sale price; they were inferior in terms of function to the buildings on the Ranch, and did not appear to have been well-maintained. Sale 6, the huge Bell Ranch, contributed an estimated \$2.5 million to the price off the ranch, or 3.91%.

Sales 7 and 8 were improved, but the contribution to value of their improvements was, understandably, vastly different. The smaller 18,084-acre Sale 7 had poor quality structures contributing 2.6% of value, while the poor quality improvements on the much larger, 130,000-acre sale 8, contributed less than 0.9%

The improvements on the small (4,821 acres) Sale 13, valued at \$75,000, also were functionally similar to those on the Ranch; their contribution to value was ca. 8.98%. The 15,100-acre Bijou Springs Ranch, sale 16, had a very nice home and other functional structures that contributed an estimated \$500,000, or 1.43% of the \$35,000,000 sale price.

In summary, the range in contribution to value of typical improvements on the larger grassland ranches analyzed in this report is from under 1% to nearly 9% of sale price. In general, on a percentage basis, buildings add less value to larger properties, and more to smaller ones.

Considering available data, the allocation of improvements value in the 2012 agreement appears reasonable and supported by available market data. Having evaluated the available market data, such an allocation does not violate that aspect of the "unit rule" that prohibits, without market support, summation of the various physical components of real estate and calling it "market value."



Further, I believe all available evidence shows that Ranch value is essentially unchanged over the two year period between the sale in November, 2012, and the Effective Date of December 29, 2014. Any appreciation that might have occurred during that time due to gradually improving market conditions was offset by the impact of the severe drought conditions affecting the area.

This means that a good indication of the value of the Ranch on the Effective Date is its 2012 sale price, adjusted for the recent addition of the 160-acre parcel thought by both parties to have been included in the 2012 sale, at \$240 per acre:

Purchase Price in 2012	\$14,819,144
Additional 160 Acres in 12/2014	<u>38,400</u>
Value Indication	\$14,857,544

#### **B. Sales Comparison Technique**

The following chart lists and describes the sales I have relied on to value the property before and after CE3. I have combined the before-and after-CE3 sales because the Ranch is encumbered with conservation restrictions both before and after imposition of the instant CE. Also, rather than spread the sales throughout the valuation section of this report, by keeping them in a single chart, it is my hope that the reader may more easily refer to this chart as the sales are used for different types of analyses.

##### **Sales 1 - 8**

Before-CE3 sales 1 – 3 & 5 – 8 are compared with the entire Ranch. Sales 2a and 4 are useful in supporting the contribution to value of smaller parts of the Ranch.

##### **Sales 9 - 17**

After-CE sales 9 – 17 are used both to support a “property rights conveyed” adjustment, both before and after CE3, and to support my value opinion of the entire Ranch.



# SUMMARY OF LAND SALES CONSIDERED BEFORE CE3

Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
SALES WITHOUT CONSERVATION EASEMENT RESTRICTIONS							
1	BX Ranch All or portions of land in T21S, R61, 62W T22S, R61, 62W, all within the 6th P.M. in Pueblo County, CO	Mary F. Clark and Clark BX Ranch Family, LLLP/ Lyme BX Ranch LLC	7/15/2014 1979793 Pueblo County, CO	\$5,300,000	24,800	\$214	<p>Advertised for \$6,250,000 as</p> <p>Well known southeast Colorado BX ranch has 25,000 m/l contiguous acres with 6 well, 2 of which are Dakota Sands wells that water the ranch. 17 rubber f&amp; metal stock tanks, two sets of working corrals, loading chute &amp; 1 set of scales. Barbed wire fenced and cross fenced with cedar &amp; steel posts. Access by county roads on two sides. Located in the heart of Arkansas Valley 19 miles east of Pueblo</p> <p>Purchaser immediately began steps to convey a CE to the Palmer Land Trust with the intent to improve range conditions and re-sell the ranch in a few years. Third party minerals but thought to be of no value. Water rights – 31 shares in Welton Ditch plus stock wells, little contribution to value.</p> <p>Highest and best use for grazing &amp; hunting. Open grassland with western edge along Huerfano River. Good county road access 23.5 miles east of Pueblo &amp; two miles south of US Hwy. Poor range conditions. Prior owner had sought permit for nuclear power plant construction. Contributory value of improvements is reflected in the per-acre price</p>



# SUMMARY OF LAND SALES CONSIDERED BEFORE CE3

Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
2	LP Reed Ranch - Portions of Sections 6 & 7, T33S, R54W, Sections 33-35, T32S, R54W, Sections 2-5, 7-11, 14-18 & 20, T33S, R55W, and Sections 12-15, 21, 22 & 24, T33S, R56W of the 6th P.M.	Russell Estate/ Watkins	6/22/2013 201300721232-3 Las Animas County, CO	\$4,600,000	12.383	\$371	The LP Reed (Allegro) Ranch is located on the south side of U.S. Highway 160 southwest of Kim. The property sold as part of an estate settlement process. The property featured 640-acres of state leased land and also a permit to graze on an estimated 9,000 acres in three primary blocks of the Comanche National Grasslands. This CNG lease is shared with other ranchers and allows occupancy between May 1st and September 30th. The carrying capacity of the ranch, including leased land, is estimated at greater than 500 animal units. Terrain on the ranch is varied, and includes a portion of Mesa de Maya. Several wells and one spring exist on the property. Improvements in existence are typical, valued at \$168,000.
2a	Tobe Creek Mesa - Partial re-sale of Reed Ranch	Watkins/ Solis	10/15-2014 201400726747 Las Animas County, CO	\$2,400,500	3,157.6	\$760	Acreage stated on deed & partial release. This is the southern part of the Reed ranch, lying on the north slope of Mesa de Maya. This part of the ranch was purchased solely for hunting and involved additional consideration whereby Watkins conveyed hunting on the entire ranch to Solis in exchange for three months of grazing on this parcel.



# SUMMARY OF LAND SALES CONSIDERED BEFORE CE3

Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
3	Smokey Rim (Maverick) Ranch - Portions of Townships 30 & 31 South, Range 53 West, Townships 28-31 South, Range 54 West and Township 29 South, Range 55 West of the 6th P.M.	Colorado Ranch Holdings, LLC/ The Nature Conservancy	10/3/2012 201200717906 Las Animas County, CO	\$8,313,500	33,319	\$250	Located north of Kim, this ranch features a mixture of pasture and canyon lands. Portions are quite steep. This scenic ranch is appealing and features panoramic views. There is limited water on this property and the stock water system was in need of work. The acquisition included the transfer of approximately 4,804 acres of state leased land. Prior sale for \$6,660,000 in April of 2005. Subsequently, this ranch, as encumbered with a CE, was conveyed to Jackson in exchange for the Lazy UO Ranch (see below at sale 9).
4	Poitrey Canyon Ranch - Portions of Township 31 South, Ranges 55 & 56 West of the 6th P.M.	LNCMJ 1, LP/ Mtn Game & Ranch, LLC	10/12/2011 201100713455 Las Animas County, CO	\$2,400,000	4,122	\$582	This scenic ranch is approximately 90% canyon and mesa and is in a relatively private location. Access to this property is via easement and limited. Poitrey Canyon offers significant wildlife habitat. This property was reportedly purchased for recreation. Also sold in December of 2007 for \$1,658,000.
5	Apishapa River Canyon Ranch - Portions of Townships 26 & 27 South, Ranges 60 & 61 West of the 6th P.M.	Reed Hollow Ranch, LPA/ HN Farms, LLC	11/9/2011 201100713875 Las Animas & Pueblo County, CO	\$2,500,000	11,682	\$214	This ranch is located in a remote location west of U.S Highway 350. A small portion of the property is located in Pueblo County. The property borders the Apishapa State Wildlife Area. The ranch features a mix of shortgrass prairie



# SUMMARY OF LAND SALES CONSIDERED BEFORE CE3

Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
							and canyon. The range appeared to be in average to poor condition. 1,320 acres of state leased land included in this transaction. Prior sale for \$1,462,000 in 2001.
6	Bell Ranch in northeastern New Mexico on the Canadian River north of Conchas Lake	Lane Bell Ranch LP/ Silver Spur Land & Cattle LLC	8/17/2010 201003312 San Miguel & Harding County, NM	\$64,000,000	290,100	\$221	This is a sprawling 453 square mile block of land containing its namesake, a geologic feature visible for many miles in all directions. It has 13 miles along the Canadian River, 18 miles of frontage on Conchas Lake, 116 wells & windmills, 90 miles of underground water line and 206 stock tanks. There are no conservation restrictions on this ranch.  Headquarters is listed on the National Register of Historic Places, there are six cow camps each with good homes. The hacienda contains 10,000 square feet, eight bedrooms and 1930s estancia architecture. There is a private airfield with an 8,000' maintained dirt runway, hangar & fuel storage - partial night lighting. Elevation ranges from 4,300' to 5,600'.
7	Harte Ranch - Portions of Townships 26 & 27 South, Ranges 61 & 62 West and Township 27 South Range 63 West of the 6th P.M.	Rorick/ Poddar	6/11/2008 200800698038 Las Animas County, CO	\$4,800,000	18,084	\$265	This ranch is primarily prairie with some minor areas of canyon and mesa. The location of this property is remote, and it borders the Apishapa State Wildlife Area. The



**SUMMARY OF LAND SALES CONSIDERED BEFORE CE3**

Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
							property had been marketed as six separate parcels which were all conveyed together. The transaction included an additional 1,960 acres of state leased land. Improvements included in the transaction consisted of a residence and support structures with a total estimated value similar to the improvements on the subject Property. This property has since been foreclosed upon and ownership was transferred in April, 2012 via a treasurer's deed. The more recent transactions recorded on April 3, 2012 at Book 1102, pp. 1366 & 1358, a B&S deed and treasurer's deed, respectively, are neither arm's length nor at market value.
8	River Canyon Ranch	Western Star Ag Resources, Inc. & Greater Salina Community Foundation/ Walker VII - River Canyon Ranch LLC (67%) & Hill Ranch Ltd (33%)	4/26/2007 200700691535 200700691536 Las Animas County, CO	\$28,863,000	130,000	\$222	River Canyon Ranch stretches some 35 continuous miles west to east taking in twelve miles of the Purgatoire River. A total of 130,000 deeded acres and 7,520 acres of State of Colorado leased land, with 1,000 acres irrigated, consist of deep river canyons, rolling grasslands, plateaus and mountain tops. Fenced and cross fenced, this ranch provides for live water in many of its pastures along with several ponds, springs, and wells with pipelines to strategically



# SUMMARY OF LAND SALES CONSIDERED BEFORE CE3

Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
							placed drinkers. The normal owner/operator carrying capacity has been 2,800 cow/calf pairs plus bulls and replacement heifers. Since the drought of the last few years the ranch is running only 1,400 head in order to maintain good forage. A main headquarters unit is located at the west end with a newer home, sorting and shipping corrals, barns, and equipment sheds. There are three other sets of improvements with housing and cattle handling facilities located through the ranch for ease of management. The ranch has abundant wildlife including elk, mule deer, antelope, big horn sheep, many varieties of game birds and fishing is available along the twelve miles of river.
SALES WITH CONSERVATION EASEMENT RESTRICTIONS							
9	Lazy UO Ranch – Lands located in T33S & 34S, R50W & 51W	TNC/ Freeman Family Business, LLC	9/12/2014 421077 (Baca) & 201400726464 (Las Animas), CO	\$3,700,000	10,785	\$343	This ranch features level to steep terrain primarily used for grazing. Character includes small canyon systems with interspersed wooded (p/j) wooded areas, and panoramic views. West Carrizo Creek crosses



# SUMMARY OF LAND SALES CONSIDERED BEFORE CE3

Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
							<p>the property for ca. 4½ miles in a generally northwest to southeast direction. Pintada Creek also travels through the ranch. There are scattered ponds and ditches. The property sits adjacent to the 7,075-acre Sikes State Wildlife Area, which connects to over 15,000 acres of Comanche National Grasslands and SLB property.</p> <p>Under the CE held by TNC, the land may not be divided. At sale, there were two building areas on the ranch, and a third building area is identified. However, a maximum of two building areas are allowed by the CE, so if the third building area is developed, one of the existing two building areas must be vacated. One building area contains the headquarters structures (one residence and support structures) and the second contains a mobile home used as a hunting cabin. The CE allows continuation of agricultural and limited recreational uses.</p> <p>Stated sale price is the net cost to Freeman, who purchased the ranch, unencumbered by the CE, from TNC for \$5,320,400, and then immediately sold the \$1,620,400 CE to TNC.</p>



# SUMMARY OF LAND SALES CONSIDERED BEFORE CE3

Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
		Jackson/ TNC	1/19/2014 201400723567				Prior conveyance of the Lazy UO - the ranch was acquired by TNC in an exchange with Florence Jackson and Everett Jackson, Jr. As part of this exchange, the Jacksons acquired the 33,319-acre Maverick Ranch while TNC acquired this ranch and a perpetual conservation easement encumbering the Maverick Ranch.
10	Torstenson Wildlife Preserve - formerly known as the Double H Ranch, near Datil in Socorro & Catron Counties, NM	Torstenson Wildlife Preserve / Double H Ranch	6/2012 201201474 Socorro 201200674 Catron County, NM	\$23,423,000	93,693.35 deeded (40,082.49- acre state grazing lease transferred to buyer)	\$250	This large ranch was donated to the Rocky Mountain Elk Foundation (RMEF) by Mr. Bob Torstenson after having first been protected by two donated conservation easements valued (in 2002) at a reported \$4.75 million. RMEF decided to sell the property after having operated it for several years and failing to make its continued operation feasible. The sale price is confidential, no party to the sale or others with knowledge would confirm the price. Nonetheless, for reasons that cannot be disclosed, I believe the stated price to be accurate.  The ranch is vast, containing large grazing pastures in the Plains of St Augustin, a 64-mile wide basin underlain with a groundwater aquifer that can be tapped for surface use or sold, someday. There are small areas of



SUMMARY OF LAND SALES CONSIDERED BEFORE CE3							
Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
							<p>ponderosa, but most of the timber is piñon/juniper. Elevation is c. 6,500'.</p> <p>An up to 960-acre farm is irrigated by four to six center pivots. Other improvements include a house, bunkhouse and lodge at headquarters along with several other residences and outbuildings at scattered camps throughout the deeded acreage.</p> <p>Highest and best use, with or without the conservation easement, is for agriculture and hunting – there is no discernible development potential here.</p> <p>This hunting ranch is managed for elk and other game, but can be divided into at least four parcels, each with its own headquarters. There have been a few other ranch sales in this area within the past few years, although none is anywhere near as large as the Double H. We note that, because of the permitted number of land divisions, it appears that the easement had only a modest effect on property value – the market in this empty part of western New Mexico, unlike the more highly populated Colorado, favors large hunting properties, 5,000 – 20,000 acres. Other recent sales here</p>



# SUMMARY OF LAND SALES CONSIDERED BEFORE CE3

Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
							have brought \$400 to \$750 per acre for much smaller but comparable quality hunting ranches. Mark Weston has viewed this ranch from the state highway that borders it to the south.
11	Forder Ranch - Portions of Sections 5 & 6, T16S, R56W, Sections 1-4 & 10, T16S, R57W, Sections 13, 24, 25, 26 & 35, T15S, R57W and Sections 5, 8-10, 16, 17, 20, 21 & 27-34, T15S, R56W of the 6th P.M. in Lincoln County, CO	Hayhook Cattle Co., LLC/ Forder Cattle Company, LLC	7/1/2010 333906-12 Lincoln County, CO	\$1,900,000	14,800	\$128	The Forder Ranch is located in southern Lincoln County on both sides of State Highway 71. In addition to the deeded acreage approximately 3,000 acres of SLB land was available for transfer to the buyer. The ranch in its entirety is encumbered by a perpetual conservation easement held by TNC. The CE allows no division of the property.  There is no live water on this ranch, however the dry Horse Creek bed is located on it. A small portion of the ranch is sub-irrigated meadow which was used in the past for alfalfa production. The property is improved with two older homes in average condition, a barn, shop area and corrals. The property also features a well/pipeline system and several windmills. Vehicles and equipment were also included in the transaction.



# SUMMARY OF LAND SALES CONSIDERED BEFORE CE3

Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
12	Walking Y Ranch (a.k.a. Timpas Creek Ranch at Thatcher - Portions of Sections 17, 20-22, 25-28 & 33-35, T28S, R60W and Sections 2 & 3, T29S, R60W of the 6th P.M. in Las Animas County, Colorado	Hass/ Samuelson Ranch, LLC	4/8/2011 20110711229 Las Animas County, CO	\$1,295,000	5,221.19	\$248	This transaction consists of a conservation easement encumbered ranch located northeast of US Hwy 350 near Thatcher. Timpas Creek crosses the property. The ranch was encumbered with three separate conservation easements in 2003-2005 which together encumber the entire ranch. The 2003 deed was "reformed" in 2005 to correct the legal description. The CEs are held by the Colorado Cattlemen's Agricutural Land Trust.  The ranch is primarily prairie with a few areas of canyon along seasonal Timpas Creek. The easements allow for the expansion of the main residence by no more than 25%, and permit two additional residential building envelopes; each is located on the south rim of the creek north of Hwy 350. The ranch may not be divided. Contemporaneous market activity in this area, particularly sale 5 (larger but more scenic), indicates a value of approximately \$275 per acre, this sale would indicate perhaps a nominal 5% - 10% loss in value as a result of the three CEs.



SUMMARY OF LAND SALES CONSIDERED BEFORE CE3						
Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre
13	Wright Ranch - Portions of Sections 19 and 28-33, T18S, R58W of the 6th P.M. in Crowley County, Colorado	Wright Revocable Trust/ James	1/3/2008 164956 Crowley County, CO	\$835,000	4,821	\$173
<p>This property includes a total of 4,821 acres encumbered with three perpetual conservation easements affecting 2,880 acres of the property. The easements were conveyed to The Greenlands Reserve in 2004, 5 &amp; 6. The easements allow for continued agricultural use but no division of the encumbered property. The property is primarily dry grazing land, with approximately 170 acres of the unencumbered area subject to a CRP lease. The property had been on the market for some time. Two buyers backed out of purchasing the property at a higher price, reportedly due to the conservation easements. A variety of improvements on the property included an older home and agricultural support structures, with an estimated contributory value of \$75,000. Based upon market data for this area, the estimated value of unencumbered, similar property is approximately \$200 per acre. After allocating improvement value at \$75,000, and unencumbered land value at \$200 per acre x 1,941 acres, the price paid for the 2,880 acres encumbered by the conservation easements is approximately \$130 per acre. This data provides an indicated</p>						



SUMMARY OF LAND SALES CONSIDERED BEFORE CE3							
Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
							diminution in value of approximately 35% to the land encumbered by the conservation easements. The value of the property in its entirety was diminished by approximately 13.5% as a result of the conservation easements.
14	<p>Wright Ranch - 4051 Boone Road - Pueblo County (Boone area)</p> <p>All or part of the following:  T19S, R60W  Section 20  T18S, R61W2014  Section 25  T19S, R61W  Sections 2, 3, 9-15, and 22</p>	Bradley Ranches, LLC/ Sage & Sand, LLC	6/7/2013 1945354 Pueblo County, CO	\$1,025,000	3,847.32	\$266	<p>This is the sale of the vacant, contiguous portion of a former 4,800-acre, four-parcel dryland grazing ranch. Assuming unencumbered value of \$300 per acre, the impact of the CE on the value of the 3,847 acres is 11%, while the CE impacted the value of the encumbered land by 38%. Property value increased annually at 1.89% between 2005 &amp; 2013.</p> <p>This ranch is located 18 miles east of Pueblo. In 2004, 1,120 vacant acres were encumbered with a CE conveyed to the William J. Palmer Parks Foundation, Inc. In August, 2005, at rec. # 1633590, the 4,800 acres sold for \$1,090,000. At that time, the unencumbered market value of this property would have been ca. \$200/acre plus the contribution of the improvements. Excluding the improvements the indicated diminution of value for this 23% encumbered property was ca. 12%.</p>



# SUMMARY OF LAND SALES CONSIDERED BEFORE CE3

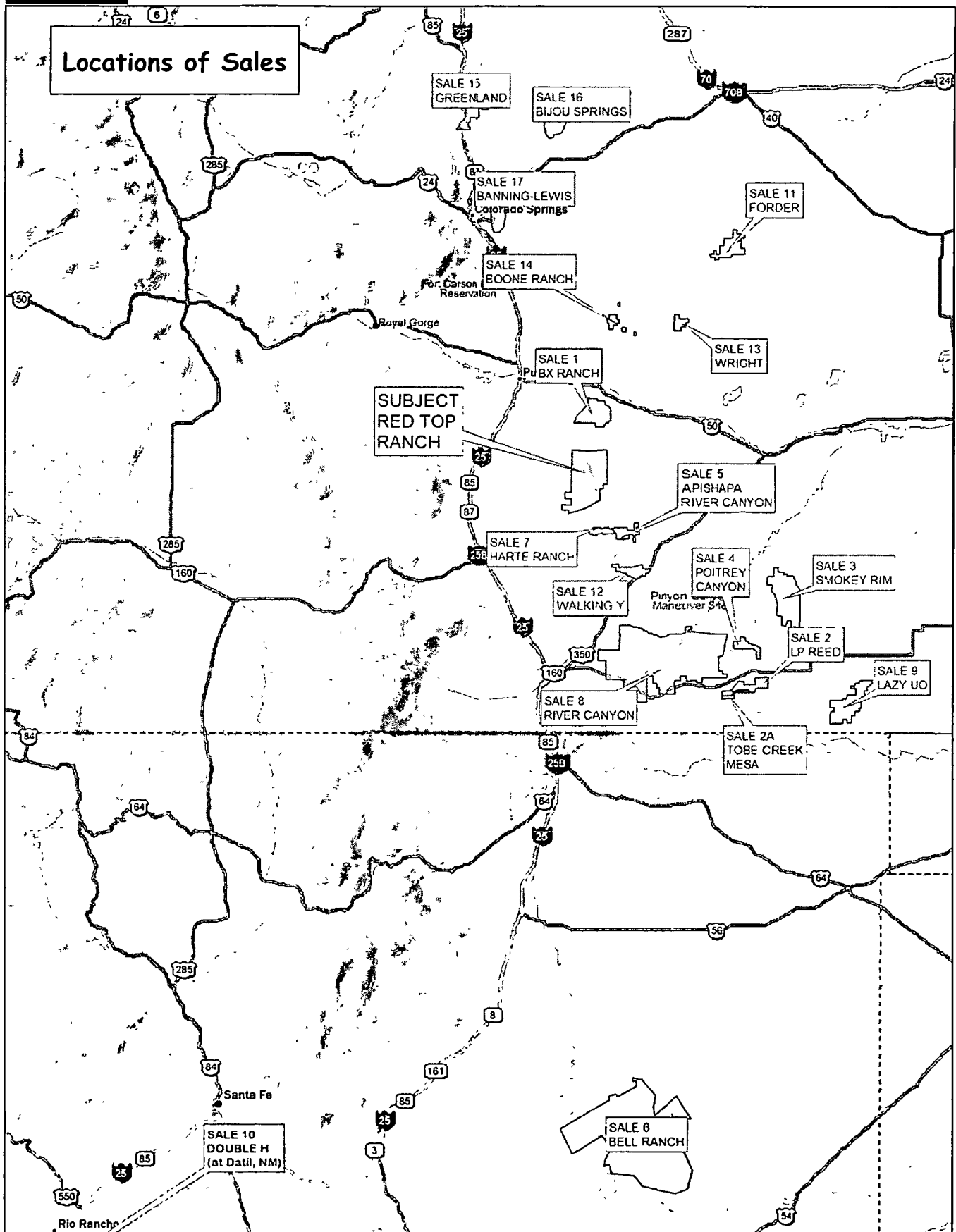
Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
15	<p>Greenland Ranch - Douglas County</p> <p>This large cattle ranch is on both sides of I-25 south of Castle Rock, Colorado and on the north of the El Paso County Line at Monument Hill, stretching northeast to State Highway 83 at its intersection with South Lake Gulch Road.</p>	<p>Sun Resources/ Harmony Land &amp; Cattle LLC</p>	<p>7/26/2000</p> <p>00051587 through 00051594 Douglas County, CO</p>	\$21,300,000	17,500	\$1,217	<p>Largest continuously operating cattle ranch on Colorado's front range. Assembled for development in the early 1980s by Sun Resources, the ranch had been held by a long-time ranching family prior to that for many years.</p> <p>Improvements include the Ranch headquarters (several residences, loafing sheds, outbuildings, sorting and shipping pens and an historic red barn) located on a parcel just west of the Greenland Road /I-25 intersection. There is a set of old buildings (residence, barn and outbuildings) on Dahlberg Road south of its intersection with Spring Valley Road, and another set (two residences and a barn) just east of I-25 near the southern boundary of the Ranch. Contribution of the improvements to value was negligible, given their age and condition.</p> <p>The 520-acre Harmony Parcel in Sections 2, 3 &amp; 10, T10S, R66W sold without any conservation restrictions, while the balance of the Ranch sold subject to perpetual restrictions limiting it to development of six homesites.</p> <p>Comparing this sale with sales 16 &amp; 17 shows an approximate 50% diminution in its value due to the CE restrictions</p>



**SUMMARY OF LAND SALES CONSIDERED BEFORE CE3**

Sale	Location/ Description	Grantor/ Grantee	Sale Date/ Recording & County	Sale Price	Acres	Price/ Acre	Comments
16	Bijou Springs Ranch - Elbert and El Paso Counties No Conservation Easement - Included for comparison with Greenland Ranch	Combs Moore Trust/ Harmony Land & Cattle LLC	4/30/1999 E063909A96 Elbert (& El Paso) County, CO	\$35,000,000	15,100	\$2,318	Extensive ranch improvements. Extensive water rights. Big game and fishing resources. Scenic topography. 3,320 acres of SLB land available to purchaser.
17	Banning-Lewis Ranch - El Paso County This 24,000-acre m/l cattle ranch is located in the eastern portion of Colorado Springs, Colorado in El Paso County. It extends three miles to the east of Marksheffel Road and 13 miles south of Woodmen Road. No Conservation Easement - Included for comparison with Greenland Ranch	Banning Lewis Ranch Corporation (Saudi Investment Group)/ CPH Banning-Lewis Ranch LLC	9/17/2001 201135002 El Paso County, CO	\$55,000,000	20,246	\$2,717	The entire property was annexed into and zoned by the City of Colorado Springs in 1988. Development phases 1 and 2 are planned and have been partially developed. Plans originally called for 10,080 residential units and 57.7 acres of commercial development spread over the 1,934 acres in these phases.





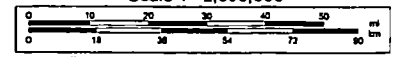
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Scale 1 2,000,000



1" = 31 57 m

Data Zoom 6-6



### Adjustments to the Sales - Before CE3

This section of the report summarizes the sales summarized above to the Red Top Ranch to derive value conclusions. The previous pages contain details of 18 sales, each with some relevance to subject. In analyzing these land sale data, the following discussion outlines my logic for adjustments to the sale prices, where warranted:

#### **Quantified Adjustments:**

##### 1. Property Rights Conveyed

In the event that something less than a fee simple interest was conveyed, an adjustment to the sale price is considered. In this appraisal, sales 1 through 7 were of a fee simple interest, subject to a variety of utility and/or access easements. However, since the Ranch is approximately 49% easement-encumbered (34,758 acres out of 70,596.6 acres = 49.2% under CE), I need to consider whether an adjustment for rights conveyed is indicated. To do this, I analyzed the market's response to properties partially encumbered by CEs.

To start, I compare sale 15, the 17,500-acre CE-encumbered Greenland Ranch between Castle Rock and Monument, with sales 16 (15,100 unencumbered acres in Elbert and El Paso Counties) and 17 (20,246 unencumbered acres in Colorado Springs), each of which closed in 1999 - 2001. Greenland sold for \$21.3 million, or \$1,217/acre, in July, 2000. The two easements that protect this part of the 21,000 m/l property restrict its development to two divisible parcels on the 13,300-acre Core Parcel, four divisible tracts on the 3,680-acre Northeast Parcel; there are no restrictions on the 520-acre parcel at the southeast corner of this sprawling ranch that spans the area between I-25 and State Highway 83. These two easements encumbering most of Greenland are more restrictive than the two easements encumbering 49.2% of the Ranch, but here I am not comparing Greenland to the Ranch, as it is not even close to being comparable due to its character and location in a rapidly-urbanizing area. Rather, I compare it to two other large sales. One is another large, scenic ranch, Bijou Springs, acquired by the same purchaser as Greenland, and the large Banning-Lewis Ranch comprising the eastern third of Colorado



Springs (I am aware that Banning-Lewis has sold again more recently, but my interest is in comparing its year 2001 sale to the year 2000 sale of Greenland).

Bijou Springs sold for \$2,318 per acre compared with Greenland's \$1,217 per acre. Greenland and Bijou Springs are similar in size, at 17,500 acres and 15,100 acres, respectively. Bijou Springs has a different character, as it is more rural, somewhat remote, and not within any immediate development path. Also, it contained site improvements and a large residence that contributed at least \$500,000. Greenland, on the other hand, is on the I-25 corridor and, absent having been protected, would likely be sprouting subdivisions and ranchettes today. In my opinion, the more appealing and wilder topography of Bijou Springs, especially after deducting the contribution of the improvements, is easily offset by the superior location and immediate development potential of Greenland. Comparison of these two large ranch sales shows that the conservation easements protecting Greenland reduced its value by approximately 47%.

Comparing Greenland with the Banning Lewis Ranch yields a similar conclusion. Banning Lewis, like Greenland, is in the path of urban development. In fact, it is in the city of Colorado Springs and had been zoned for mixed urban uses. However, it is beset with onerous contractual requirements related to its annexation that, in large part, have frustrated its development for many years. The 55% difference in unit price, comparing Banning Lewis with Greenland, is, in my opinion, also reflective of the impact on value of the CEs protecting Greenland. In other words, had Greenland sold unencumbered by its two CEs, it would easily have brought approximately twice the price it did, presuming a sale in bulk.

Comparison of sales 16 & 17 with sale 15, Greenland, supports a 50% impact on the value of that portion of the Ranch encumbered by the two prior CEs.

Since 49.2% of the Ranch is protected, I need to adjust this diminution amount to reflect the Property's partial CE encumbrance:

% of Red Top Ranch under CE	49.2 %
Concluded 50% impact on its CE-encumbered area	<u>X 50%</u>
Indicated Property Rights Conveyed Adjustment	24.6%



Other CE-encumbered ranch sales suggest a more modest value impact caused by conservation easements. For example, the Walking Y Ranch (sale 12, Timpas Creek Ranch) sold in April, 2011 for \$1,295,000, or \$248.04 just over 5,200 acres. The entire ranch is protected with three easements, and they allow for three building areas (one existing, two reserved). The property may not be divided. Recent market activity here involving unencumbered land suggests very little impact on the value of this property as a result of the easement restrictions.

Sales 13 & 14, in 2008 & 2005, respectively, were impacted modestly by their easements. Both, however, are small (sale 13 is 4,821 acres, and sale 14 is 4,760 acres), too small to have appeal to any major investor, and suited almost entirely to dryland grazing in a drought-afflicted area.

On the other hand, the complicated sale 11 in Lincoln County suggests that the easement encumbering the Ranch did impact value. As described in the sales summary above, the 14,800 acre ranch sold in 2010 for \$128 per acre, subject to a CE held by TNC. The per acre value indication, while a fact, is difficult to put in context, as the Ranch ownership was in financial difficulty at time of sale. Absent the conservation easement, a price closer to \$200 per acre would have been indicated based on local market activity.

These data point out the fact that the impact of conservation easements on ranch land is not consistent. When owners are forced to sell as a result of poor range conditions or other business issues, it is difficult to tease out the impact of perpetual restrictions on property use from other more normal stresses and strains of ownership of agricultural properties.

Another case in point is a large recreational property in western New Mexico. It, like the Ranch, has a highest and best use for agriculture and recreation. Encumbered with two conservation easements held by the Rocky Mountain Elk Foundation, the ranch is reported to have sold in June, 2012 for \$250 per acre. At 93,693 acres, it is larger than the Ranch, but in the same size class. However, it does control a 40,000-acre State grazing lease, as well. Although the sale price is confidential (New Mexico is a nondisclosure estate), I am reasonably confident in the stated price, as I was able to



obtain information from confidential sources that I cannot reveal. Had this ranch not been protected with its easements, there are other contemporaneous sales in this immediate area that brought between \$400 and \$750 per acre for smaller but comparable quality hunting ranches. This suggests a value diminution of between 37% and 67%, bracketing the 50% for encumbered land discussed above (Greenland compared with Bijou Springs and Banning-Lewis).

Finally, there is one more sale, the 171,400-acre Forbes Trinchera Ranch, not included in my sales tabulation, worthy of mention. The 90,000± acre (estimated size as of the original date of purchase) Blanca Ranch was purchased by *Blanca Ranch Holdings, LLC* (a Delaware limited liability company) from Forbes Trinchera, Inc., on 11/15/2007 (see Costilla County Book. 403, Page. 274). The 81,400± acre (again, estimated size on original purchase date) Trinchera Ranch was purchased by *Trinchera Ranch Holdings, LLC* on the same day and from the same grantor (see Costilla County Book 403, Page 228). The entire Trinchera Ranch had been encumbered previously by its then-owner with a perpetual conservation easement donated to Colorado Open Lands in 2004. Retained building rights were generally limited to the right to construct no more than 17 new residences in a private "membership enclave" setting of non-divisible lots.

The 2007 Forbes sale also included some 290 residential lots located in the Sangre de Cristo, Forbes Park and Wagon Wheel Subdivisions, generally located to the west and north of the Trinchera Ranch. The lots were purchased by an LLC controlled by the same party who controlled Blanca Ranch Holdings, LLC and Trinchera Ranch Holdings, LLC.

The property was not actively listed for sale at the time, although it had been, and the total purchase price of \$175,000,000 was privately and diligently negotiated based on the qualified appraisal of the 2004 CE encumbering Trinchera, and additional appraisal consultation contracted for by the buyer. The indicated unit price (based on the then assumed acreage total) was approximately \$1,009 per gross acre, including improvements. At the time, this was the highest price paid for a single residential property in U.S. history.

It is noted that the Forbes' initial offering price in 2007 was in excess of



\$225,000,000 and this price assumed that the seller would encumber the Blanca Ranch prior to sale. The eventually accepted purchase offer of \$175,000,000 resulted in the Blanca Ranch remaining entirely unencumbered and available for development to its highest and best use prior to the 2007 sale.

Based on my personal confirmation with the buyer and seller at the time of sale, the allocated per acre value of the *conservation easement-encumbered* Trinchera Ranch was said by the parties to the transaction to be approximately 50% of the allocated value of the *unencumbered* Blanca Ranch. Hence, pursuant to the contract, the apportioned purchase price of the Blanca Ranch was approximately \$115,000,000 (\$1,278/per gross acre, as improved) and the apportioned purchase price of the previously-encumbered Trinchera Ranch was approximately \$60,000,000 (roughly \$737 per gross acre, as improved).

The most recent prior sales of these two ranches were:

- Blanca Ranch - purchased by Forbes, Inc. on May 4, 1982 for \$6,580,000.
- Trinchera Ranch - purchased by Forbes, Inc. in 1969 for \$3,000,000.

Considering available evidence, I will adopt a property rights conveyed adjustment for this before-CE valuation of 24.6%, reflecting my conclusion that the CE-encumbered portions of the Red Top Ranch contribute to Ranch value at approximately 50% of the unencumbered portions of the Ranch.

## 2. Financing Terms

Prices paid are often influenced by the terms and conditions of sale offered by the seller, and by the individual tax situations of both buyer and the seller. When liberal terms are offered, such as low down payment, low rate of interest and payment over an extended period of time, prices tend to be inflated. When the seller requires all cash, prices tend to be lowered or discounted. None of the sales included in this study were significantly affected by seller or below-market financing, and I made no adjustments for this factor.



### 3. Conditions of Sale (Motivation of the Parties)

Sale prices can often reflect subjective circumstances of the individual parties to the sale. For example, a seller may need to liquidate the property quickly and be willing to accept a low price in order to sell. A buyer, on the other hand, may need to purchase a specific property to complete an assemblage or expand facilities from adjoining land. In such a case, a buyer may be willing to pay a higher price to control the specific property. Sale 11 involved property acquired by a neighboring owner for expansion of agricultural operations. As explained previously, a premium price was paid. The property involved in Sale 10 was sold as part of an estate settlement process, but this is not believed to have influenced the price paid for the property. Each transaction included in my adjustment grid is considered arm's length, and no quantified conditions of sale adjustments have been applied in this analysis.

My experience suggests that an adjustment to the price of any sale involving a land trust, such as TNC, or a unit of government, should be considered. This is because transactions involving nonprofits often include difficult to quantify elements. For example TNC frequently will limit its buyer pool, selecting a purchaser who it knows will understand some of the more sophisticated stewardship or land management requirements imposed by this large organization in support of its mission. As a result, sale prices, in my opinion, can be more or less than market value, even though the transaction is entirely at arm's length and supported by appraisals. My research indicates that, in this appraisal, no such adjustments, quantified or qualified, can be supported

### 4. Market Conditions (Date of Sale)

The date of sale is also important in estimating present land values. This is because of cycles in land values within the local economy, and other factors. The sales whose prices I have considered for adjustment in this study occurred since April, 2007. Recent trends in the market for rural pasture, grazing and particularly recreational lands, locally and nationally, reflect gradually increasing prices. The eastern Colorado market has seen some market appreciation, particularly with regard to lands with recreational



potential, during recent years. Since approximately mid-2008, even during periods of global and national market instability, the market for lower-priced rural land has been expanding moderately as some investors were seeking a safer harbor, in addition to the traditional farm and ranch buyers/operators. During the course of this analysis I spoke with several real estate brokers who work in eastern Colorado. Their opinion is that, in general, market values are appreciating, especially for land with recreational appeal. While prices for cattle, wheat and other agricultural products remain steady or climb somewhat, the appeal and value for agricultural property will likely perform at least as well as recent trends indicate.

Prior sales of a few of my selected sales support this. Sale 2A is a resale of part of sale 2. However, because of the swap of grazing for hunting and the character of sale 2a, I do not believe the one-year appreciation of 105% is indicative of the market. Sale 3 sold in mid-2005 for \$6,660,000 and in late 2012 for \$8.3 million, showing an annual rate of appreciation of ca. 3.5%. Sale 4, a small recreational parcel sold in December 2007 for \$1,658,000 and October, 2011 for \$2.4 million, showing an annual rate of appreciation of 11%. Sale 5 sold in 2001 for \$1,462,000 and in November, 2011 for \$2.5 million, an annual increase of 7%. None of the other sales had recent prior transfers.

Sales 1 through 3 (along with the prior sale of the Ranch) closed between October, 2012, and July, 2014. I did not adjust their prices, as there really is not support for a value increase in this short span of time.

I adjusted the prices for sales 4 and 5 (both three years ago) upward at an annual rate of 3.5%, rounded to 10%.

The very large Sale 6 in New Mexico closed four years ago. Due to its size, I adjusted its price upward at a more conservative annual rate of 3%, or 12%.

Sales 7 and 8 are older, having closed in mid-2008 (6½ years ago) and mid-2007 (7½ years ago), respectively. Adjustments to their prices are also upward at an annual rate of 3%, or 20% for sale 7 and 22% for sale 8.

I note that upward adjustments for market conditions to the sale prices over the period of time represented by my nine (sales 1 – 8 and sale 2a) adjusted sales would



likely not have been supportable had these sales been in higher-value locations with development influence. The rural Colorado and New Mexico land markets never reached unsustainable heights in the 1990s and early 2000s and, perhaps surprisingly, have maintained value and experienced some appreciation through a period of economic stress.

#### **Additional Qualitative Adjustments:**

##### 5. Location

Location is the primary factor in the valuation and pricing of most land. As applied to this marketing area, the highest land values are found with those tracts offering good agricultural use potential, proximity to water sources and features, relatively level topography and good access. Proximity to and potential for other lucrative land uses (such as residential development) must also be considered. The Red Top Ranch is located in rural Pueblo, Huerfano and Las Animas Counties in an area featuring agricultural and recreational property uses. All of the transactions included for adjustment in this analysis (sales 1 - 8) are similar in terms of location, warranting no quantified adjustments.

##### 6. Size of Tract

An important factor is the size of the tract being considered in comparison to a subject property. As a general rule, the smaller the parcel, the higher the unit value and, conversely, the larger the tract, the lower the unit value. Normally, this is because the smaller tracts are in greater demand and are within the means of many investors and users, while the larger tracts have a wholesale aspect requiring greater financing capacity, equity investment, expense and time to develop. This rule of thumb does not always hold true. Often, the motivation for a purchaser is acquisition of a parcel that fits his or her fancy. In this appraisal, sales 6 and 8 are significantly larger than the Ranch, and I have accounted for this when concluding their indication of the value of the Ranch.



Similarly, sale 2A and 4 are so much smaller than the Property that I have not attempted to use them as indicators of its value. Sales 1, 2, 3, 5, and 7 are more useful as direct indicators of unit value given their larger size.

#### 7. Access

The Property is accessed via State Hwy 10 (south end of the Ranch) and Doyle Road to Red Top Road from Pueblo (north end of the Ranch). I consider this to be good access. Sales 3, 5, 6 and 7 require upward adjustment due to their inferior access, while sales 1, 2 and 8 need to be adjusted down slightly due to their superior access.

#### 8. Physical Features or Appeal

In considering current land values, a number of physical factors also influence value. These include topography or slope, provision for surface drainage, floodplain and soil conditions, ground cover, views, amount of usable land area, and water features, among others. When all of these conditions are favorable, the purchaser might reasonably be expected to pay a premium, and when one or more are unfavorable, an offer to purchase will most probably be discounted. The Ranch features a majority of prairie but with a good mix of minor canyon lands. Its drainages, tributary to the Huerfano River, do not always contain water. Good views are available from parts of the Property, with a few scenic overlooks. The Property provides adequate recreational use potential due its size, availability of some water resources, and cover.

Sales 1 and 7 are considered inferior in terms of physical characteristics when compared to the Ranch, warranting positive adjustments. The others are comparable to superior, although it is difficult to compare directly to sale 6, the Bell Ranch, due to its huge size and New Mexico location.



#### 9. Improvements

Sales 1, 2, 3, and 6 – 8 have building improvements that contribute value to the properties. In addition, all of the properties in this analysis have a variety of agricultural-purposed site improvements, such as fencing, livestock facilities, water pipelines and stock tanks, utility extensions and outbuildings. To conclude Ranch land & water value, I have adjusted for the improvements, deducting from sale prices the estimated contribution of the valuable buildings. My data sources are conversations with listing or selling brokers, or with appraisers who have appraised these ranches. All of the properties analyzed in this report were fenced and featured agricultural site improvements of appeal similar to those on the Property. However, my inspections suggest that the condition of these improvements on the Ranch is generally in need of upgrade, so I have considered this when concluding value.

#### 10. Utilities

Both electricity and telephone service are available to small parts of the Property. Comparable utility service was available to all of the other sales considered for adjustment analyzed in this report, except sale 5, warranting no specific adjustments.

#### 11. Water Rights

While there are a few wells, pipelines, springs and stock tanks on the Property, there is no adjudicated surface water. Water rights associated with other of the eastern plains sales are similar, except for sales 1 (BX on the Huerfano) and 8 (River Canyon with some valuable rights out of the Purgatory). Still, none of the sales had water with a highest and best use for anything other than use on the property for agriculture, so I have considered its value as part of the land value.

#### 12. Potential Use

The market assigns maximum value to land allowing for higher density commercial (such as urban retail & office) uses, followed in succession by multifamily



residential/office/industrial uses, single-family use, suburban residential and, finally, agricultural use. While the existing use may not dictate future use of the land, it does have a strong bearing on both sale prices and land values. A purchaser who must apply for a change in use for a higher or different use must consider not only the probability of success, but also the time and expense required. In this study, each of the sales is intended for agricultural or recreational use. None of the properties involved in this analysis were adjusted for use potential markedly different from the Property's.

### 13. Leased Land

The amount of leased land associated with a property can have an impact on its market appeal and value. Land that is leased to farmers and ranchers in Colorado by the State Land Board or permitted by the BLM can improve the efficiency, carrying capacity and agricultural production potential for a property. The Red Top Ranch has possessory or permit interests, respectively, in approximately 10,000 acres (14% of deeded land base) of SLB and BLM lands, thoroughly interspersed within the deeded land. According to my research, none of the sales had access to as much leased/permitted land as the Ranch. Sale 2 has a 183 AU permit on the Comanche National Grassland and a lease on a SLB section, not as desirable a permit area. Sale 3 has a 4,805-acre SLB lease, 14% of its deeded land. Sale 5 leases 1,320 acres, 11.3% of its deeded acreage, from the SLB. Sale 7 has a 1,960-acre SLB lease (10.8% of deeded land), and sale 8 leases 7,520 acres from the SLB, 5.7% of its deeded land area. The magnitude of this qualitative adjustment varies based upon the quality and appeal for the leased land involved. Positive but non-quantified adjustments were applied to sales 1, 2 & 8.

### 14. Other Factors Affecting Value

I have discovered no other factors warranting adjustment to sales 1 – 8.

Next is an explanation of how the qualified adjustments were applied to these sales. At the end of this explanation is my land sales adjustment grid.



### Discussion of the Qualitative Adjustments to the Sales – Before CE3

I compared the Red Top Ranch with similar property from within the market for ranches like this. I relied principally upon sales with similar physical characteristics, location, appeal and use potential, when compared to the Ranch, to develop my value conclusion. Note that all sales received negative 24.6% adjustments for property rights conveyed, as none were encumbered or protected by CEs at time of sale.

**Sale 1** is the recent and nearby BX Ranch sale. This ranch is level grassland in marginal condition. It had been controlled by a speculator interested in seeing it developed with a nuclear power plant, and was not well managed. Reportedly, his timing was adversely affected by the Fukushima Daiichi Nuclear Power Plant tragedy in March, 2011, as Pueblo County denied the application. A part of the western edge of the ranch crosses the Huerfano River where there is a small amount of irrigated land under the Welton Ditch. The ranch improvements are limited to fencing, pens and corrals in average condition. Their contribution to value is reflected in the unit price.

Positive adjustments were applied to its price for its inferior appeal, agricultural value, hunting, amount of leased land and overall condition. Negative adjustments were applied for its superior development potential, smaller size and better access to a major roadway (US Hwy 50 east of Pueblo). It suggests value for the Ranch land of much more than \$161 per acre.

Not included on my Summary of Land Sales is a smaller ranch adjoining the BX Ranch to the east. In April, 2013, Michael Major sold this 5,658-acre (and transferred a 7,759.81-acre SLB lease, a small private lease and some federal grazing privileges) over-improved property to Paul and Toni Hughes for \$2,080,000. An appraiser familiar with the ranch and the transaction concluded that the buildings, corrals and horse arena contributed ca. \$460,000 to value – this ranch is somewhat overbuilt for the neighborhood and its use as a cattle ranch, as some of the structures had been designed for horse breeding and training purposes. This means that the contribution to the sale price of the deeded land was approximately \$220 per acre. The land is level and includes no canyons



or surface water, making it substantially inferior to the Ranch. Adjusting this price down by 24.6% for its superior property rights yields \$166 per acre, which would then be adjusted upward to account for the quality and appeal of this ranch, compared to the Red Top. This small sale demonstrates that there is a market for small grazing operations here, supporting my conclusion of the highest and best use of the Red Top Ranch.

**Sale 2** is the L.P. Reed, sometimes known as the Allegro Ranch, located west of Kim and primarily south of U.S. Highway 160. Along with the deeded acreage acquired, this property features 640 acres of state leased land and a Comanche National Grasslands grazing permit for 185 head of cattle. This CNG permit features a total of approximately 9,000 acres which may be occupied from May 1 through September 30, but must be shared with other ranchers. There is no live water on this property with the exception of one spring near the headquarters area. The ranch climbs up onto Mesa de Maya on its southern end (see next sale). The southern portion of the ranch rises in elevation considerably from the portions of the property along the highway.

Positive adjustments were applied to its price for its inferior location lesser amount of leased land. Negative adjustments were applied for its better access, greater appeal, smaller size and better agricultural utility. Overall, the value of the Red Top Ranch indicated by this transaction is well below \$270 per acre.

**Sale 2A**, marketed as Tobe Creek Mesa, is a resale of part of the LP Reed Ranch. The high ground at sale 2's southern boundary along with the right to hunt on the balance of the ranch was conveyed in October, 2014, in exchange for the purchase price plus seller's right to graze seasonally on this smaller parcel. This sale illustrates a comment I made earlier about market conditions, showing that the value of pure recreational ground with good hunting potential is significant, as the \$573 per acre purchase price is well above what grass or pure agricultural property can bring in this market. While parts of the Red Top Ranch have good recreation and hunting, this tract along the foot of and on the slopes of Mesa the Maya is superior, in my opinion, to anything found on the Ranch. I



have not adjusted its price, but present it here as an illustration of the high value of this kind of land.

**Sale 3**, the Smokey Rim (formerly Maverick) Ranch is northwest of Kim, and features primarily canyon lands with some areas of meadow and prairie. At time of sale (and as of my inspection in late 2014), the water distribution system on this property was in need of work and insufficient for some pastures. There is no live water here to speak of. The observed condition of the range on this property was average, in consideration of a decade-long persistent drought, and the property had been listed for sale for quite some time prior to its most recent prior acquisition in 2005 when it was bought by Colorado Ranch Holdings, LLC as an investment. Then, in 2012, based on a market value appraisal, TNC purchased it for \$8,313,500, or \$250 per acre. As discussed below (see after-CE sale 9), TNC traded it for the Lazy UO Ranch in 2014 to Mr. and Mrs. Jackson and, concurrently with this, encumbered Smokey Rim with comprehensive CE. As described previously, the 2012 price reflects an annualized rate of appreciation of 3.5% compared with the 2005 price.

Positive adjustments were applied to this transaction for its more remote location, inferior access, inferior agricultural features, and lesser development potential. Negative adjustments were applied for buyer motivation, general appeal and size. In my opinion, this sale shows the Property (land & water) to be worth somewhat more than \$184 per acre.

**Sale 4** has been called Poitrey Canyon Ranch. This property has difficult access, available only via easement through other private land. I could not access it. Based on my inspection of aerial photography and topographic mapping, the property is very scenic and features primarily rough canyon and mesa land. It was acquired for recreational purposes and hunting. Poitrey Canyon travels through this tract and offers significant wildlife habitat. As with Sale 2A, it is too small for me to consider it as a direct comparable, so I included here for general information and, as with sale 2a, to show support for highest



and best use of the Ranch.

**Sale 5** is the unimproved Apishapa River Canyon Ranch along the Las Animas / Pueblo County Line southeast of the Ranch. Only a small portion of this property crosses into Pueblo County. This property has a remote location and borders the Apishapa State Wildlife Area. The property features a mixture of canyon and prairie, and the range here was in average to poor condition. 1,320 acres of state leased land was available to the buyer. The property was acquired as an investment and for continued agricultural use. As described previously, the 2011 price reflects an annualized rate of appreciation of 3.5% compared with the 2001 price.

Positive adjustments were applied to this transaction for inferior access, development potential, and agricultural utility. Negative adjustments were applied for a hunting (better canyon systems with live water) and smaller size. Overall, I believe the indicated value for the Red Top Ranch as a result of this transaction is greater than \$177 per acre.

**Sale 6**, The Bell, is included primarily because of its much larger size. When possible, it is desirable to consider sales that are both smaller and larger than a subject property, and it was difficult to find a Colorado grassland ranch that was as large as the Ranch. The combination of the Bell's location on the Canadian River abutting Conchas Lake, its eastern New Mexico grassland environment, and the extensive improvements within the ranch make it difficult to compare directly with the Red Top. Nonetheless, after adjustment, it along with sales 3 and 5 indicates a value somewhat less than the value of the Ranch.

Negative adjustments to the price of this ranch were made for its appeal and character. It is a vast landscape replete with historic features. It has its own Zip Code, and has been continuously operated since the 1820s, well before the present sovereign replaced the prior sovereign. It has a history of guided hunts (antelope, turkey and exotic sheep), an airfield, and comfortable accommodations. For an estimate of their



contribution to value, I relied on the opinion of another appraiser who had valued the ranch for mortgage lending purposes.

Positive adjustments were made for its inferior location, much larger size and what I observed to be its inferior range condition at the time of my inspection. It, too, has been afflicted by the persistent drought that is plagued this area. There were no recent prior sales of this legacy ranch.

**Sale 7** consists of the Harte Ranch, approximately 26 miles east of Walsenburg, near the Red Top in Las Animas County. This property had been marketed as five separate parcels, however, this transaction includes all of the parcels previously marketed and some additional acres. This property also borders the Apishapa State Wildlife Area. 1,960 acres of state leased land were included in this sale. A residence and support structures with an estimated contributory value (per Las Animas County Records) of \$127,851 existed on this property at the time of its purchase; I use \$125,000. The 2008 buyer had some interest in developing this property with a wind-based electricity generating facility. This was not completed, and ultimately the property was foreclosed upon and sold by treasurer's deed in 2012. According to the foreclosing lender, this transaction was not arm's length. The new owner essentially assumed the loan made on the 2008 transaction. As a result this more recent forced sale is not considered in this analysis.

Positive adjustments were applied to this sale for inferior physical characteristics, agricultural productivity and general appeal. A negative adjustment was applied to this transaction for its smaller size. Overall, the indicated value for the Ranch is well below \$234 per acre.

**Sale 8** is the River Canyon Ranch running east from Trinidad approximately 35 miles. Part of the west portion of this ranch includes the Purgatory River (west of where it begins to carve its deep red rock canyons), but much of the balance of the ranch is shortgrass prairie. It has 700 acres or more of irrigated hay ground, modest



improvements, and good hunting history. Other than a large adjustment for superior market conditions in mid-2007 and somewhat larger size, this sale is a good indication of the value of the Ranch. The adjusted price of \$202 per acre is a good indication of the value of the Ranch.

I have compared the Red Top Ranch directly with Sales 1 through 8 (excepting sales 2A & 4). Adjustments to the sale prices are summarized on the following Sale Adjustment Grid.

The adjustments, based on analysis of the characteristics described above, are intended to make the sales more comparable to the subject. Where a sale has characteristics superior to those of the Ranch, its price is adjusted downward. Similarly, when a sale has inferior characteristics, the price is adjusted upward to account for the deficiency. Ideally, after adjustments are made, the value range for a subject's land value will be indicated by a tight pattern or range of values. This is not always the case. Real estate markets, especially in rural areas, are notoriously imperfect. It is difficult, if not impossible, adequately to account for the number of factors that influence buyer and seller behavior. Still, the analysis is useful.

The adjustments applied here were determined based upon my personal research in this market, and understanding of the relevant property characteristics. While specific paired sales to support each adjustment were not available, the adjustments I applied were based upon pertinent market information. Information collected during the sales confirmation process, including discussions with property buyers, sellers, other appraisers and real estate brokers, was considered and used to determine the adjustments. Both the quantitative and qualitative adjustments applied in this appraisal are based on market information and research.



Sales Adjustment Grid - Before CE3									
	1	2	2A	3	4	5	6	7	8
Red Top Ranch	BX	Reed	Tobe Creek	Smokey Rim	Poitrey Canyon	Apishapa River	Bell	Harte	River Canyon
Sale Date	12/29/14	7/15/14	6/22/13	10/15/15	10/18/11	11/9/11	8/17/10	6/11/08	4/26/07
Sale Price	\$5,300,000	4,600,000	2,400,500	8,313,500	2,400,000	2,500,000	64,000,000	4,800,000	28,863,000
Contribution of bldgs to value	0	(168,000)	0	(200,000)	0	0	(2,500,000)	(125,000)	(250,000)
Price w/out buildings	\$5,300,000	\$4,432,000	\$2,400,500	\$8,113,500	\$2,400,000	\$2,500,000	\$61,500,000	\$4,675,000	\$28,613,000
Property Rights									
Conveyed	50% of Ranch CE-encumbered	-24.6%	-24.6%	-24.6%	-24.6%	-24.6%	-24.6%	-24.6%	-24.6%
Adjusted Price w/out buildings	\$3,996,200	\$3,341,728	\$1,809,977	\$6,117,579	\$1,809,600	\$1,885,000	\$46,371,000	\$3,524,950	\$21,574,202
Deeded Acres	70,597	24,800	12,383	33,319	4,172	11,682	290,100	18,084	130,000
Price/acre w/out buildings	\$161	\$270	\$573	\$184	\$439	\$161	\$160	\$195	\$166
Additional Quantified Adjustment									
Market Conditions	0%	0%	0%	0%	10%	10%	12%	20%	22%
Adjusted Price/Acre	\$161	\$270	\$573	\$184	\$483	\$177	\$179	\$234	\$202
Additional Qualitative Adjustments									
conditions of sale, size, shape, quality of access, and general appeal (topography, view, live water, tanks and reservoirs)									
Compared to the Ranch, this sale is inferior in terms of	general appeal, hunting, ag productivity, condition & leased land	location & leased land	not used as a comparable for the entire Ranch	location, access, ag & development potential	not used as a comparable for the entire Ranch	access, ag & development potential (esp lack of utilities)	location, size, access	appeal, ag & condition	size & leased land
Compared to the Ranch, this sale is superior in terms of	development potential, size & access	access, ag & general appeal, size		buyer motivation, size, general appeal		hunting, size	appeal, character	size	appeal, access, ag
Indicates a value for the land & water components of the Ranch	well above	well below	N/A	above	N/A	somewhat above	somewhat above	well below	approx
overall	11,375,731	19,051,493		12,961,982		12,530,564	12,638,646	16,512,905	14,293,382
per acre	\$161	\$270		\$184		\$177	\$179	\$234	\$202



### Leased Land and Grazing Privileges

The lessee of the Ranch, Walker, uses approximately 10,000 acres, some leased from the Colorado State Board of Land Commissioners and some under permit from the Bureau of Land Management (U.S. Department of Interior). Availability of this acreage for grazing contributes to the productivity of the Ranch in its entirety and provides a continuity of management.

Barring market-driven competition or a change in BLM or State of Colorado Land Board policy, the lease/permits will likely be renewed upon their expiration dates in 2018 at a rate often considered advantageous to livestock producers. These interests are also likely to be transferable to any purchaser of the Ranch, if history is a good guide.

I have not appraised these interests, as the lease/permit was not transferred to Donor in connection with the 2012 purchase; it remains with the Ranch's lessee. Since some of my comparable sales included similar non-owned interests, and the sale prices were inclusive of those interests, I have taken this into account when applying qualitative adjustments, above.

### Contributory Value of the Existing Improvements

The Red Top Ranch headquarters is improved with the structures described above and in the Property Data section of the report. Photographs of these facilities appear there as well. Buyer and seller agreed to a value of \$695,000 for purposes of the 2012 sale/leaseback, and I believe this is representative of the value of these facilities (four houses, barns and other outbuildings).

While the buildings are of value, it is important to note that their value does not change as a result of the CE that is the focus of this appraisal, meaning that they contribute the same to Ranch value both before and after CE3.



### Value Conclusion - Direct Comparison

I placed the greatest reliance on sales of property with similar appeal and use potential when compared with the Red Top Ranch. I believe the best indication of value for the Property is provided by Sales 1, 3, 7 and 8. Their adjusted prices are, respectively:

<u>Sale</u>	<u>Adjusted*</u> <u>Per-Acre Price</u>
Sale 7	\$234
Sale 8	\$202
Sale 3	\$184
Sale 1	\$161

\* reflects quantified adjustments for property rights conveyed, improvements & market conditions

Based on the sales that I consider to be most comparable to the Red Top Ranch, after adjustment, I believe the appropriate value per acre for the land is \$200.

The existing improvements contribute another \$695,000 in value to the Property both before and after CE3 conveyance, and their value is added to the value of the land & minimal water rights (please review the discussion above at *Valuation Before CE3 - Adjusted Cost Basis – Analysis*, concerning Standards Rule 1-4(e), summation and the “unit rule”:

70,596.6 acres x \$200 per acre =	\$14,119,320
Contributory Value of the Improvements =	<u>695,000</u>
Total =	\$14,814,320



**B. Correlation and Conclusion of Value – Before CE3**

In this Valuation section of the report, I first reviewed the 2012 transaction and then developed a sales comparison approach. I considered development of an income approach and determined its result would not be useful.

My conclusion of value based on review of the 2012 sale is:

Purchase Price in 2012	\$14,819,144	
Additional 160 Acres in 12/2014	<u>38,400</u>	
Value Indication		\$14,857,544

My conclusion of value by the sales comparison technique is at the rate of \$200 per acre for the land and minimal water rights, plus the \$695,000 contribution of the structures.

70,596.6 acres x \$200 per acre =	\$14,119,320	
Contributory Value of the Improvements =	<u>695,000</u>	
Total =		\$14,814,320

These two value indications are extremely close to one another, within \$43,224, a negligible difference of less than .3% (one third of one percent)

In my opinion, the fair market value of the Red Top Ranch before contribution of CE3, and subject to recorded exceptions to title of which I am aware, is \$14,814,000, based on the sales comparison approach.

**FOURTEEN MILLION EIGHT HUNDRED FOURTEEN THOUSAND DOLLARS**  
**(\$14,814,000)**



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PART IV - FACTUAL DATA - AFTER CONVEYANCE OF CE3



On the Effective Date, Donor contributed CE3 to The Nature Conservancy. It encumbers the 31,411.75-acre Conservation Property. Please read the recorded CE3 in Addendum B. As summarized earlier in this report:

### Reserved Uses

Section 5 of CE3, "Consistent Uses of the Property," identifies several uses of the Conservation Property that may continue to be engaged in by Donee, some subject to specified conditions or TNC's prior written permission. Those with the most significant positive impact on the market value of the Ranch, in my opinion, are:

- **Three residential building envelopes**
  - The **Headquarters Building Envelope** contains the majority of the existing structures on the Ranch. This BE may be improved with two new single family residences along with other structures not prohibited. Existing or new structures may be maintained or replaced, and new agricultural structures are permitted. Presumably, although not stated affirmatively in CE3, the existing residences also may be maintained, repaired, remodeled, repaired or replaced
  - There are **two (2) new building envelopes**, BE #2 and BE #3, neither of which may exceed ten (10) acres. The specific location of each is subject to TNC's prior written permission. Each of these two new BEs, their very general locations identified in the EDR at Figures 8 & 9, may be improved with "one new single-family residential dwelling or lodge, barn, garage, and other ancillary Buildings and Structures reasonably incident to the uses permitted in this Easement." No residence may exceed 10,000 square feet of enclosed floor area.
- **Ability to separate and convey to others the "Divisible Parcel" (15,798 acres).** The Divisible Parcel consists of the 2,720-acre Southern Portion of the Property together with the 13,078-acre "CPW Easement Property" (CE3). If not stated specifically in the conveyance document, the Divisible Parcel will have no residential BEs. However, CE3 provides for the location of BE #2 within a 2,720-acre parcel identified in the EDR at Figure 8.
- **Livestock grazing** along with the ability to repair existing and build new fence,
- Possibility of obtaining written permission from Donee to locate buildings or structures outside the three BEs,



- Construction, remodeling, replacement and rebuilding, outside of the three BEs, of **new agriculture Structures**, such as hay sheds and corrals, and/or new water structures such as pipelines for livestock watering
- **Hunting**
- Ability to construct, maintain, repair and replace a maximum of **two (2) utility/communication towers which may be commercially leased**

#### Prohibited Uses

Section 6 of CE3, "Inconsistent Uses of the Property," identifies 19 principal types of uses of the Conservation Property that may not be conducted by Donee, some subject to specified conditions or TNC's prior written permission. Those with the most significant impact on market value, in my opinion, are:

- Introduction or release of nonnative animal species
- filling, excavating, dredging, mining, drilling, and the exploration for or extraction of minerals, hydrocarbons, soils, sand, gravel, rock, or other materials on or below the surface of the Conservation Property, except for purposes specifically permitted in CE3.
- the legal or de facto division, subdivision, or partitioning of the Property, **excepting conveyance of the 2,720-acre Southern Portion.**
- **use of snowmobiles, all-terrain vehicles, motorcycles, or other motorized vehicles** off roads, established two-tracks or other travelways, except for agricultural or property-maintenance purposes
- Re-drilling, use or withdrawal of water from wells permitted as Well Permit #14381 and Well Permit #14382, along with any **new manipulation, diversion, or other alteration of natural water courses, wetlands, springs, seeps or other natural bodies of water...** However, development, of new well(s) for stock tanks, stock ponds and necessary infrastructure for their use, along with exempt well(s) to provide domestic water are conditionally permitted



- establishment of any commercial activity that significantly adversely affects the Conservation Values
- establishment of any industrial activity
- transfer of or receipt of credit for any Development Rights, whether or not they exist as of the date of the conveyance of CE3



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## PART V - DATA ANALYSIS AND CONCLUSIONS –AFTER CE3



### HIGHEST AND BEST USE AFTER CE3

The highest and best use of the Property, the Red Top Ranch, is impacted as a result of CE3. The CE encumbers the majority of the Ranch. The Conservation Property may be divided only once, as permitted.

#### Reduced Flexibility in Division and Sale of portions of the Ranch

The inability to divide the Property into any smaller parcels is an important restriction. As evidence, I point to sales 2a, 4, and the September, 2013 sale of the 5,658-acre Major property to Hughes. Each of these is a smaller acreage sale. In particular, sale 2a is a 3,157.6-acre resale of part of the 12,383-acre sale 2; Watkins purchased sale 2 in June, 2013. Then, in just over one a year, he got back more than one-half his purchase price when he sold 26% of his land area to Solis. Solis paid Watkins more than twice the unit price that Solis had paid to buy the whole ranch. Moreover, Watkins retained grazing rights on the entire 12,383 acres, while Solis acquired the 3,158-acre tract along with the right to hunt on all 12,383 acres. CE3 prevents this type of creative recovery of part of a large expenditure.

A review of market data suggests the ideal acreage for a dryland grazing operation in eastern and southeastern Colorado is much less than 70,000 acres. Operations of 3,000 acres to 10,000 acres are common, and even operations of 15,000 acres to 25,000 acres are not unusual. However, I had to search far and wide to find sales of very large outfits such as unencumbered sale 8, River Canyon Ranch at 130,000, CE-encumbered sale 10, Torstenson Wildlife Preserve at 93,693 acres, and unencumbered sale 6, the Bell Ranch at over 290,000 acres.

#### Reduced Privacy and Management Flexibility

CE3 also conveys a variety of additional rights to Donee. Construction of residential structures is significantly limited, and TNC has the right to conduct scientific study on the Ranch, thereby limiting the privacy of the Ranch's ownership. Some owners



would find this to be a deal-killer, while others may even welcome the occasional presence of TNC's scientists and other observers on their land. My interviews with hundreds of market participants over nearly 30 years of appraising conservation easements have taught me not to be surprised by reactions at either end of the spectrum. However, many rural landowners react to strangers on their land the way a town-dweller would react if someone showed up in their living room.

In addition, adherence to the management plan referenced in CE3 will serve to limit the use potential of the Ranch. Uses of portions of the Ranch that are critical to the Conservation Values of the Property will be monitored and their uses may be constrained. Agricultural use of the Property will be impacted by the perpetual use restrictions contained within CE3, as the CE limits the amount of water development that can occur on the Conservation Property.

#### Other Uncertainties Associated with Conservation Easements

##### ***The Nature Conservancy v. Deep Creek Grazing Ass'n*, No. DV 14-015 (Mont. 9th Jud. Dist. Ct., Teton County, Mar. 31, 2015)**

After the Effective Date of this appraisal, as I was completing this report, a Montana conservation easement violation case involving a TNC easement protecting 11,365 acres of ranchland was published.

Quoting Nancy A. McLaughlin, a regular blogger and recognized legal scholar at the University Of Utah Quinney College Of Law<sup>6</sup>:

In *The Nature Conservancy v. Deep Creek Grazing Ass'n*, No. DV 14-015 (Mont. 9th Jud. Dist. Ct., Teton County, Mar. 31, 2015), a Montana trial court held that the owner of ranchland subject to a conservation easement had violated the easement by **constructing ponds and filling a wetland area without obtaining prior approval from The Nature Conservancy (TNC)** [emphasis added], which holds the easement on behalf of the public. The court ordered the landowner to promptly restore the property to its condition prior to the violations, but declined to order the landowner to pay TNC's attorney fees.

According to Professor McLaughlin, consistent with my own personal review of the

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<sup>6</sup> <http://lawprofessors.typepad.com/nonprofit/2015/04/montana-trial-court-upholds-tncs-enforcement-of-a-conservation-easement.html> last visited April 13, 2015



court's written opinion:

The easement limits Deep Creek's right to develop the property. The easement also permits Deep Creek to use the property in ways consistent with the easement, but identifies certain "consistent uses" as being subject to TNC's prior approval. In particular, **the easement requires TNC to pre-approve the construction of ponds** [emphasis added – also, according to the opinion at II. A., page 4, "such approval is discretionary"]. The easement also expressly prohibits the filling of wetlands or riparian areas.

At page 2 of the opinion, the court summarizes part of the CE:

In addition, the easement prohibited such "Inconsistent Uses" of the property as:

- "Filling, excavating, dredging, mining, drilling, and the exploration for or extraction of minerals, hydrocarbons, soils, sand, gravel, rock, or other materials on or below the surface of the property." *Id.* § 5(C).
- "The change, disturbance, alteration, or impairment of the significant relatively natural ecological features and values; or the destruction of any of the conservation values on the property." *Id.* § 5(K).
- "Any change in the topography of the property through the placement therein of soil, land fill, dredging spoils, or other material, except as incidental or necessary to activities permitted hereunder." *Id.* § 5(L).
- "Rip-rapping and other manipulation, diversion, filling or other alteration of natural water courses, wetlands, shorelines, or other bodies of water; any activity which may destabilize the banks of any course or body of water, and any use or activities which would pollute, degrade, or drain the property's surface or sub-surface waters." *Id.* § 5(M).

As summarized above under "Conveyance of the Conservation Easement," Red Top Ranch CE3 provides (see ¶ 5. Consistent Uses of the Property):

E. Construction, maintenance, repair, remodeling, replacement and rebuilding of new agriculture Structures, such as haysheds and corrals and/or new water Structures such as pipelines for livestock watering, water storage tanks, windmills and solar pumps are permitted; provided however, that (i) any construction shall be located no closer than two hundred (200) feet to a water body or wetland and (ii) shall be located to minimize the impact to the Conservation Values. **New agriculture or water Structures that Grantor desires to construct closer than two hundred (200) feet to a water body or wetland require the prior written approval of the Conservancy or may be constructed as allowed in the Management Plan** [emphasis added].

As summarized above under "Conveyance of the Conservation Easement," CE3 provides further (see ¶ 6. Inconsistent Uses):

P. Any re-drilling, use or withdrawal of water from wells permitted as Well Permit #14381 and Well Permit #14382 is prohibited except with the prior written approval of the Conservancy. Any new manipulation, diversion, or other alteration of natural water



courses, wetlands, springs, seeps or other natural bodies of water, any new practice that degrades or destabilizes their natural banks or shorelines, any new pumping of groundwater whether tributary or not, **or any other new development of water resources including development of any conditional water rights for diversion or use on the Property is prohibited except as follows** [emphasis added]:

(1) The development, construction, use and maintenance of new well(s) for stock tanks, stock ponds and necessary infrastructure for their use, including but not limited to windmills, pipelines, stock tanks, and solar pumps provided any such new well(s) and necessary infrastructure do not adversely affect or otherwise alter springs and seeps. Exempt well(s) to provide domestic water are also permitted provided they do not adversely affect or otherwise alter springs and seeps.

As a layperson, I interpret this CE3 language to mean that Donor must be extremely careful when constructing facilities to water its livestock, or even to provide water for wildlife. Section 6. P. (1) suggests that there is broad latitude concerning development of wells and related storage and distribution facilities, *unless* such development adversely affects or otherwise alters springs and seeps.

It does not appear, unlike with the Deep Creek Grazing Association easement, that CE3's Donor needs to obtain TNC's prior approval for this kind of activity, activity that ranchers engage in regularly.

However, CEs often juxtapose various "shalls" (unless conservation values will be compromised, or except as provided for below), and "shall-nots," (except as permitted). These can be befuddling. In fact, provisions of CEs, drafted and reviewed by lawyers, are easy to misconstrue, and a non-cautious land manager easily can violate a CE without being aware of doing so.

In *Deep Creek*, the defendant CE grantor acknowledged in writing "that it had undertaken its pond construction activities "without recognizing or remembering" the requirements of the easement (page 3). The result of this understandable forgetfulness led eventually to the costly requirement that the land be returned to its "condition prior to the violation."

I do not know how to quantify the impact on market value, if any, caused by the CE3 provisions discussed above. I do know that buyers and seller are aware of these kinds of nuanced permissions and restrictions on their use of CE-encumbered lands.



***United States of America v Fred L. Holder* (Tenth Circuit, United States Court of Appeals) No. 00-1733, July 10, 2001**

This case suggests another type of unquantifiable, yet potentially exceedingly real, impact to the value of land protected by conservation restrictions. In 2001, the Tenth federal appellate court in Denver upheld the trial court's conviction of an Oklahoma man. The case concerned a Wetlands Reserve Program CE held by the United States Department of Agriculture, National Resources Conservation Service (NRCS).

This tragedy began when Holder's cattle were encouraged by him in 1998 to trespass on a neighboring 2,200-acre property owned by BC Wetlands. BC was a group of outdoor enthusiasts who had sold a wetlands easement to the NRCS in February, 1998. After a series of confrontations and accusations, things began to get western:

Larry Manning, a BC Wetlands partner, visited Fred Holder on six occasions explaining how the cattle continued to migrate through dilapidated fencing onto the BC Wetlands. In response, Holder gave his assurance he would remove them. Weeks later with the cattle still on the BC Wetlands, Manning again visited Holder who eyed him "across the gate [and] . . . said, "Boy, I'll catch you on the back of that place, I'll hang your ass from a tree." Later that spring while plowing with Manning, David Pickens confronted Holder at the BC Wetlands' boundary. Holder, reacting to Pickens' demand to remove the cattle, asked, "Why don't we shoot it out?"

When words failed to persuade Fred Holder, David Pickens [another BC Wetlands partner] met with Swift [Kenneth Swift, NRCS District Conservationist] to express his frustration, cataloging specific grievances:

- expenses the BC Partners incurred to replace gates and chain and lock them, only to find the chains and locks cut;
- the discovery of a bulldozer with its tracks leading to a culvert submerged in Tanyard Creek to permit crossing; and
- finding 30 acres of timber clear-cut and hauled away from the BC Wetlands.

In fact, in April 1998, Kenneth Swift sent David Pickens a letter notifying the BC Partnership of its violation of the Wetlands Reserve Program easement provisions and explaining their failure to remove the livestock "shall result in potentially severe penalties. You may and will be responsible for all expenses incurred by the United States (including any legal fees or attorney fees) [emphasis added]. This conceivably could involve reimbursement for easement costs, restoration expenses and legal cost, which could approach one million dollars..."



Following correspondence between NRCS staff in Oklahoma and Washington, D.C., it was decided that the NRCS would pay to have a fence constructed to address the problems.

To that end, on September 23, 1998, David Pickens met Swift at the north end of the easement and the two traveled by four-wheeler to flag an old fence line on the southeast corner where the surveyor had completed his work. After two hours, they finished this fence section and crossed Tanyard Creek, planning to head back north to continue flagging fence line. Within two hundred yards of the four-wheeler, David Pickens spotted two men on horseback. Pickens handed Swift the video camera he carried to record the flagging and old fence row and undid his belt, removing a Leatherman tool and the .22 caliber pistol he carried in a holster.<sup>4</sup> Pickens slid the holster under his waistband in the small of his back and worked his belt through the loops, instructing Swift to stay back.

Pickens, on foot, approached the riders, his back to his companion. When Swift looked up, he saw Fred Holder cradling a shotgun pointed at David Pickens. Although their words were baffled by Pickens' body, Swift saw David Pickens reach for the gun tucked into his waistband. As he fumbled, Swift heard Fred Holder yell, "I told you never pull a gun on me again," and Holder's shotgun blast enveloped David Pickens, standing - 7 - ten feet in front of the muzzle. His right arm swinging in a wide arc, Pickens fell backwards as Fred Holder pumped another round into the chamber and leveled the shotgun at Kenneth Swift.

Swift raised his hands, telling Holder he was unarmed, identifying the object slung over his shoulder as a video camera, not a weapon. Dropping the camera to the ground, Swift asked Holder if he could approach David Pickens. With Holder's shotgun tracking him, Swift went to Pickens, who lay on his back gasping, the shotgun blast having torn a hole in the base of his neck. Swift asked Fred Holder and his companion to go for help. Still pointing the shotgun at Swift, Holder refused, explaining, "Someone will shoot me if I get on the other side of that fence." Despite Swift's assurance he was the only one left on the BC Wetlands, Holder declined and rejected Swift's request for a ride two miles north where his pickup was parked so that he could go for help. Swift asked if he could take the four-wheeler, parked nearby, but Holder answered, "No, it had a gun on it." Although Swift offered to remove the gun, Holder rebuffed him, relenting only when his companion asked, "Why don't you let him take the four-wheeler to go get some help?" Holder told his companion to keep an eye on David Pickens and walked his horse along the fence line, the shotgun pointed at Swift as he ran to the four-wheeler. Swift then drove north to a neighboring house and called the sheriff.

This example of a terrible outcome of a dispute involving CE-encumbered property is, of course, extreme. I do not really believe that Donee's required enforcement of CE3 is likely to result in the violent death of a member of Donor at the hands of an unbalanced neighbor, as bad blood between landowners can result in serious disputes even without arguments about easement restrictions. Still, the events summarized above actually



occurred and were litigated, illustrating the fact that CEs can add a layer of complexity to already-tense relationships.

Yet another judicial ruling lends support to the rational, perhaps even obvious conclusion that restricting use of a property impacts its value. In the Colorado case, *Hughes v Commissioner of the IRS*, issued May 6, 2009, U.S. Tax Court judge Robert Wherry recognized that, by their nature, conservation easements impact property value. Moreover, the court opined that in Colorado, the state income tax credit has to be considered when valuing a conservation easement and, even where the easement may have no immediate impact on a parcel's highest and best use:

For example, although there was little demand for residential property at the time petitioner granted the easement, residential development may be a realistic possibility in the future. In that event, the conservation easement would nevertheless prevent petitioner or his successors in interest from taking advantage of potentially lucrative development opportunities. [The IRS] should have at least considered this possibility in his report and, if appropriate, reflected it in the diminution in value of the Bull Mountain and Sylvester parcels' fair market values (*Hughes v. CIR*, pp. 33-34)

In a contemporaneous analysis of this decision, the Director of the Colorado Division of Real Estate wrote to me:

I was encouraged by the judicial recognition in the Hughes case of what I have always believed. Conservation easements by their nature impact property value. Put another way, conservation easements have inherent value from a land protection perspective.

In this particular case, the IRS asserted that even though the properties in question had conservation easements on them, the property value in question was reduced by 0-10%, meaning the easement itself was essentially worth nothing. Citing an earlier tax court opinion, the judge observed that it would be "hard to imagine a prospective purchaser (of a large parcel of land) who would not have considered the restriction of the open space easement in determining price." [*Schwab v. Commissioner*, T.C. Memo. 1994-232]

Importantly, the court recognized that although there might be little demand for converting agricultural land to residential development at the time an easement is granted, this may be a realistic possibility in the future and should have been considered by the IRS. Since a future buyer is precluded from placing an easement on the property because conservation easements run with the land forever, the overall market value of the land is worth less.



### Conclusion of Highest and Best Use – After CE3

The limitation on the division of the Property results in a change to the highest and best use of the Ranch, as it can no longer be divided into what future owners may feel to be the most appealing and efficient portions for marketing purposes. As discussed a few paragraphs above, the owners of the Property could have divided the Ranch into many smaller portions for the purpose of selling them off at comparatively higher prices, prior to conveyance of the easement.

The requirement to manage the Ranch according to sound range management practices, and to involve Donee in certain decisions contributes to a change in highest and best use.

My conclusion of highest and best use of the Ranch after CE3 is still for agricultural and recreational use, specifically livestock grazing and recreation in conjunction with limited residential use of the Property. The possibility to divide and sell portions of the Property is now more limited. The agricultural use and management of the Property is somewhat more limited after CE conveyance.



### VALUATION AFTER CE3

I have again relied on sales comparison to value the Red Top Ranch after conveyance of CE3. I have analyzed several additional transactions involving CE-encumbered properties in eastern Colorado and elsewhere, in direct comparison with the Property, reconsidering especially the "property rights conveyed" adjustment in view of the additional acreage now encumbered.

The methodology was introduced and explained above at my Introduction to Valuation discussion, and used in the Before-CE3 analysis.

### Discussion of the Sales of Properties Encumbered in whole or in part with CEs

**Sale 9** is the 10,875-acre Lazy UO Ranch. TNC sold it in September, 2014 for its appraised value of \$5,320,400, \$489 per acre. However, grantee immediately sold a CE to TNC for \$1,620,400, 30% of the unencumbered market value of the ranch. This lowered the effective purchase price to \$3,700,000, \$340 per acre. TNC had acquired the ranch in January, 2014 from Mr. and Mrs. Jackson, in exchange for the Smokey Rim Ranch, along with a new and restrictive CE protecting Smokey Rim (see before-CE sale 3).

The Lazy UO Ranch is east of Kim and southwest of Pritchett in unincorporated Las Animas and Baca Counties, Colorado. The topography of the Ranch is varied, with the majority of the Ranch being level to gently sloping. There are some steep slopes and canyons within this Property. Its elevation ranges from approximately 4,870 feet above sea level on its southern portions along West Carrizo Creek to approximately 5,478 feet at the top of the distinctive Potato Butte near the northeastern boundary. The ranch is improved with a very modest headquarters area containing one residence and support structures. A hunting cabin (mobile home) is on the east side of Las Animas County Road 219.1, northeast of the headquarters area on the west slope of Potato Butte.

This ranch was sold subject to a very restrictive CE after TNC had solicited qualified buyers. The buyer acquired the property for market value in its unencumbered condition, but immediately sold the CE to TNC. The net price, \$3.7 million, equates to \$340 per acre, and reflects a 30% decrease compared with its *appraised* market value.



In my opinion, this change in value is a good indication of the impact of the CE on the value of the property (and on the as-if-unencumbered value of the Red Top), but of course it would have been better had the Lazy UO been acquired for cash prior to this resale, rather than in an exchange, described below. I have read the appraisal associated with this transaction. It was also peer-reviewed on behalf of Great Outdoors Colorado which, along with the U.S. Fish & Wildlife Service, provided partial project funding to TNC.

**Sale 10** - In 2002, Mr. Bob Torstenson gifted the Double H Ranch in west-central New Mexico, later named the Torstenson Wildlife Center, to the Rocky Mountain Elk Foundation (RMEF). After being protected with a CE in 2002 and a "secondary easement" in 2003, the 93,693-deeded acre property then was sold by the RMEF to Double H Holdings, LLC, in June, 2012.

Located in the vast grasslands near Datil, New Mexico, this ranch contains an up-to 1,000-acre irrigated farm (4-6 center pivots depending on management), but consists mostly of grass, piñon/juniper and a small amount of ponderosa pine. The best information I have about its sale price is that it sold for \$23,423,000, or \$250 per deeded acre. New Mexico is a non-disclosure jurisdiction so my source for this information is confidential. In addition, a 40,082-acre State grazing lease was transferred to the new owner. This hunting ranch is managed for elk and other game and, per the CEs, can be divided into at least four parcels, each with its own headquarters.

There have been a few other large ranch sales in this area within the past few years, although none was anywhere near as large as the Double H. I note that, because of the permitted number of land divisions and the neighborhood norms, the CE had less impact on property value than might be expected – the market in this very empty part of western New Mexico favors large hunting properties, 5,000 – 20,000 acres. The value range here for unencumbered or not fully-encumbered ranches was from \$450 to \$700 per acre (east half of the Southern Cross, Horse Springs, PLC, and Mangas ranches). A broker very active in this area, Dave Harrigan, told me that had the Double H not been encumbered, it would not have been worth more than \$525 per acre. He believes that



easements deter value somewhat in this area, but not as much as in alpine parts of Colorado, or in areas closer to the Gila National Forest. Prior to the great recession, between 2000 and 2005, this area saw a lot of Phoenix-area investors and hunters buying ranches at \$575 per acre, subdividing them, and reselling. This type of activity stopped, and had not restarted as of June, 2012 when this sale closed.

What can be learned from this sale and its context is that the Red Top Ranch after CE3 is worth much less than \$250 per acre. Its character may be somewhat comparable to the Double H's, it is very close to a large urban area, is smaller, and has no irrigated farmland. The game resources on the Double H trump those on the Property, so it is difficult to make a direct comparison.

The Double H sale can be used to estimate a decrease in pre-CE3 value of the Ranch. Using the reported \$450 - \$600 per-acre price range for the smaller unencumbered sales in western New Mexico (I exclude the \$750 per acre Horse Springs Ranch sale because it was a head above the other sales in terms of improvements and appeal), and accounting for the much larger size of the Double H (an upward size adjustment of 25% is probably supportable, resulting in an adjusted \$313 per acre price for the Double H), these data indicate that the Double H may have sold for 31% to 48% less as encumbered, compared to its value had it been unencumbered.

Applying this range to the before-CE3 value of the Ranch (land only) results in an after-CE3 value range of:

$$\begin{aligned} \$14,119,320 - (\$14,119,320 \times 31\%) &= \$9,742,331 \\ \$14,119,320 - (\$14,119,320 \times 48\%) &= \$7,342,046 \end{aligned}$$

However, this range of diminution ignores the impact fact of the two prior CEs protecting the Ranch, and must be adjusted to account for their impact on value.

**Sale 11** is the distress sale of the Forder Ranch in Lincoln County. The property is approximately 14,800 acres and is encumbered in its entirety by a perpetual conservation easement held by TNC allowing no land division. The ranch was sold in July, 2010 for \$128 per acre. The majority of the property is grassland used for grazing, however a small



portion of this property is sub-irrigated meadow. The prior owners of the Forder Ranch were in financial distress, and this property was headed for foreclosure prior to its sale in 2010. Grantee was able to buy out a second mortgage holder for "several hundred thousand" dollars less than the amount owed on the loan. After acquiring the second mortgage at a steep discount, the buyers acquired the property from the motivated sellers. While the transaction was complex and involved multiple elements of consideration, the buyers believe they were able to acquire the property at a substantial discount. They indicated that the conservation easement had a negative if unquantified impact on the market value of the property. It was acquired as an investment and for continued agricultural use. In addition to the complicated structure of the transaction and the multiple components of consideration, a member of the seller's family is a part of the buying entity, Forder Cattle Company, LLC.

For these reasons, I have used it neither to estimate a percent diminution resulting from its CE, nor as a specific basis for a value indication of the Red Top Ranch. The Forder Ranch had been on the market for several years prior to this transaction. Again, the buyers believe they were able to acquire the Forder Ranch at well below market value as a result of the perpetual conservation easement which encumbered the property, and other factors.

**Sale 12** consists of the 5,221-acre Walking Y Ranch on seasonal Timpas Creek north of U.S. Highway 350 near Thatcher. The ranch sold at arm's length in April, 2011, for \$1,295,000, \$248 per deeded acre – improvements value was immaterial. This ranch is entirely encumbered with three separate conservation easements that conveyed to the Colorado Cattlemen's Agricultural Land Trust in 2003, 2004 and 2005. Three ten-acre residential building areas, but no rights to divide the land, were reserved. The buyer reported the range to be in good condition and planned to ranch here. The buyer felt the existing conservation easements impacted the value of the property, as he could not take advantage of any CE tax credits himself. The property was on the market for an extended period. Recent activity in the area suggests market value, as though unencumbered with



any CEs, in the range of \$250 to \$300 per acre. Therefore the range in value diminution as a result of the three CEs is somewhere between negligible and 17%. This easement is more restrictive than those protecting the Red Top Ranch, but the ranch itself is unremarkable.

**Sale 13** is the 4,821-acre Wright Ranch in Crowley County, encumbered with three separate conservation easements that had been conveyed to The Greenlands Reserve (no relationship to the Greenlands Ranch, sale 15) in 2004, 2005 and 2006. The ranch sold in January, 2008 for \$835,000, or \$173 per deeded acre inclusive of improvements contribution. Together, the three CEs encumber only 2,880 acres, or 59.7% of the gross land area, leaving 1,941 acres unencumbered.

Grantee has a questionable track record. CEs conveyed to this organization do not qualify for a Colorado Income Tax Credit.

The property is primarily level grassland used for grazing, with a small portion of the property subject to a CRP lease. It had been listed for sale for some time prior to this transaction, and the seller indicated that two buyers backed out of deals to purchase the property due to the existence of the CEs. Improvements on the property at time of sale consisted of an older home and agricultural support structures all with an estimated contributory value of \$75,000, suggesting land-only overall value of \$760,000, \$158 per acre.

With \$760,000 of the sale price attributable to the land, and allocating \$200 per acre as the contribution of the unencumbered land ( $1,941 \text{ acres} \times \$200 = \$388,200$ ), that leaves \$371,800 to the 2,880 CE-encumbered acres ( $\$371,800 \div 2,880 \text{ acres} = \$129 \text{ per acre}$ ). Comparing the contribution to value of the unencumbered and encumbered acreage:

The CEs reduce encumbered land value by 35.5%  
 $\$200/\text{acre} \times (\$129 \text{ per acre} \div \$200 \text{ per acre}) = 35.5\%$

The impact of the CEs on the value of all land is  
 $\$200/\text{acre} \times (\$158 \text{ per acre} \div \$200 \text{ per acre}) = 21\%$



The CE on sale 13 is less restrictive than those protecting the Ranch, so it is not a good sale to compare directly to the Red Top (inequities both of size and appeal), but the indications of the impact of its CEs on the encumbered land (35.5%) and on the entire property (21%, given that 60% of the sale property is under CE restrictions) are helpful. Recall that I used a property rights conveyed adjustment of 24.6% in my before-CE3 valuation

**Sale 14** is the Wright Ranch in Pueblo County. The property is 3,847.32 acres, 1,120 acres of which, or 29% of gross land area, are encumbered by a perpetual conservation easement conveyed to the William J. Palmer Parks Foundation, Inc. in 2004. The ranch then sold at arm's length in August, 2005 for \$890,000, \$187 per acre (an improved but unencumbered 40-acre parcel sold separately for \$200,000).

The CE reserves one 20-acre residential building envelope and prohibits division of the encumbered land. More than 70% of land area is not encumbered. The ranch is primarily grassland used for grazing, and there is some CRP ground generating \$30,000 annually for another seven years. In 2005, the selling broker indicated that the buyers had been willing to pay \$200 per acre for all the land until they found out about the CE. At that point, the offer to purchase was reduced by \$100 (50%) for every acre of CE-encumbered land. The 2005 sale indicates a diminution in value of the entire ranch (land) of approximately 16% as a result of the CE, while the more recent 2013 sale indicates a decrease of ca. 11%:

2005

the CE reduces encumbered land value by 50%

$\$200/\text{acre} \times (\$100 \text{ per acre} \div \$200 \text{ per acre}) = 50\%$

The impact of the CE on the value of all land is

$\$200/\text{acre} \times (\$168 \text{ per acre} \div \$200 \text{ per acre}) = 16\%$



2013

the CE reduces encumbered land value by 50%

$\$300/\text{acre} \times (\$185 \text{ per acre} \div \$300 \text{ per acre}) = 38\%$

The impact of the CE on the value of all land is

$\$300/\text{acre} \times (\$266 \text{ per acre} \div \$300 \text{ per acre}) = 11\%$

This easement is much less restrictive than the Red Top Ranch CEs. The buyer attributes the increase in value, and the reduced impact of the CE on this value as being related to his impression of the \$300/acre value of grass resulting from what was believed to have been improving drought conditions in 2013.

**Sale 15** is the Greenland Ranch in Douglas County. I discussed this sale previously, pairing it with sales 16 and 17 to support a property rights conveyed adjustment in my before-CE3 valuation analysis.

This ranch was encumbered by perpetual conservation easements granted to The Conservation Fund in 2000. The easements encumber all but a 520 acre portion of the property and limit development on the encumbered areas to a maximum of six homesites. Minimal improvements were located within the ranch headquarters area and in two other locations on the Greenland Ranch. This property had been assembled for development during the 1980's, and was facing a substantial amount of development pressure at the time the conservation easements were conveyed. The Greenland Ranch was primarily grassland used for grazing, although there were several areas which were steep, rocky and mountainous, and have been featured in numerous photographic essays. Panoramic views of the Front Range are available from a majority of the property. Hunting here is quite good – elk, deer and bear. The ranch also hosts bighorn sheep.

After examining the Greenland Ranch sale as encumbered, and the sales of the two comparable ranches, sales 16 & 17, the estimated diminution in value to the Greenland Ranch as a result of its CEs was 50%. The Greenland Ranch conservation easement is similarly-restrictive when compared with all three of the CEs encumbering the Ranch.



### Analysis and Conclusion of Value – Ranch After CE3

The property rights valued in this appraisal prior to the conveyance of CE3 allowed for division of the Ranch into any number of smaller ranches, and permitted the existing livestock operations, recreation and hunting, all subject to CE1 and CE2. After donation of CE3, some of these rights are no longer available for exploitation or conveyance. The loss of some property rights negatively impacts the market value of the Ranch.

Under late 2014 market conditions, the most detrimental loss of rights, those that had the greatest contribution to the market value of the Ranch, are those that permit division of what is now the newly CE3-encumbered portions of the Ranch into a few smaller (but still large) ranches. Division of the Property for more dense residential development, and development of more intensive land uses, would have been legally permissible and physically possible, but would not have been likely, as the Ranch is not in the path of immediate development. After CE3 conveyance, the now thoroughly-encumbered Red Top Ranch is no longer available to purchasers with an interest in any meaningful division or development of the land, ever.

I considered both the potential detrimental impact on value and utility created by CE3, and I also considered any increase in Ranch value might be attributable to this easement. I believe that today's market does not recognize the conserved land as an asset of greater value compared to its value as though unencumbered.

After considering and analyzing all relevant available data, I believe the three Red Top CEs negatively impact the value of the Ranch by 30% to 35%. This is consistent with the evidence provided by

<u>Sale</u>	<u>Indicated impact on value caused by CE(s)</u>
9	30% (based on a recent appraisal & sale – entire ranch encumbered)
10	31% to 48% (entire ranch encumbered, allows for 4 parcels)
11	N/A (distress sale)
12	0 – 17% (entire ranch is encumbered)
13	21% (only 59.7% of land area is encumbered)
14	11% (29% of land area encumbered)
15	50% (much older sale with much more pre-CE development pressure)



Previously, I adjusted seven of my nine before-CE sales downward by 24.6% to account for the impacts on value of CE1 and CE2. This means that the marginal impact of CE3 (incremental change in the property rights conveyed adjustment) should be between 5.4% and 10.4%:

$$\begin{aligned} 30\% - 24.6\% &= 5.4\% \\ 35\% - 24.6\% &= 10.4\% \end{aligned}$$

In my opinion, the adjustment for "property rights conveyed" or equivalent diminution of value. I will use 30%, the low end of my post-CE3 range.

This, as in the before-CE3 valuation, can be reduced to numbers. Since an additional 44.5% of the Ranch now is protected, the additional diminution amount can be adjusted to reflect this:

% of Ranch newly under CE3	44.5 %
Concluded 30% impact on encumbered area	<u>X 30%</u>
Property Rights Conveyed Adjustment	13.35%

Combining this with the previous negative 24.6% "property rights conveyed" adjustment used in the before-CE3 valuation analysis results in a new negative 37.95% (rounded to 38.0%) adjustment. All other adjustments are the same.



Sales Adjustment Grid - After CE3

	1	2	2A	3	4	5	6	7	8
Red Top Ranch	BX	Reed	Tobe Creek	Smokey Rim	Poitrey Canyon	Apishapa River	Bell	Harte	River Canyon
Sale Date	7/15/14	6/22/13	10/15/15	10/3/12	10/18/11	11/9/11	8/17/10	6/11/08	4/26/07
Sale Price	\$5,300,000	4,600,000	2,400,500	8,313,500	2,400,000	2,500,000	64,000,000	4,800,000	28,863,000
Contribution of bldgs to value	\$0	(\$168,000)	\$0	(\$200,000)	\$0	\$0	(\$2,500,000)	(125,000)	(250,000)
Price w/out buildings	\$5,300,000	\$4,432,000	\$2,400,500	\$8,113,500	\$2,400,000	\$2,500,000	\$61,500,000	\$4,675,000	\$28,613,000
Property Rights Conveyed	94% of Ranch CE-encumbered								
Adjusted Price w/out buildings	\$3,286,000	\$2,747,840	\$1,488,310	\$5,030,370	\$1,488,000	\$1,550,000	\$38,130,000	\$2,898,500	\$17,740,060
Deeded Acres	24,800	12,383	3,158	33,319	4,122	11,682	290,100	18,084	130,000
Price/acre w/out buildings	\$133	\$222	\$471	\$151	\$361	\$133	\$131	\$160	\$136
Additional Quantified Adjustment									
Market Conditions	0%	0%	0%	0%	10%	10%	12%	20%	22%
Adjusted Price/Acre	\$133	\$222	\$471	\$151	\$397	\$146	\$147	\$192	\$166
Additional Qualitative Adjustments									
conditions of sale, size, shape, quality of access, and general appeal (topography, view, live water, tanks and reservoirs)									
Compared to the Ranch, this sale is inferior in terms of	general appeal, hunting, ag productivity, condition & leased	location & leased land	not used as a comparable for the entire Ranch	location, access, ag & development potential	not used as a comparable for the entire Ranch	access, ag & development potential (esp lack of utilities)	location, size, access	appeal, ag & condition	size & leased land
Compared to the Ranch, this sale is superior in terms of	development potential, size & access	access, ag & general appeal, size		buyer motivation, size, general appeal		hunting, size	appeal, character	size	appeal, access, ag
Indicates a value for the land & water components of the Ranch	above	well below	N/A	approx	N/A	approx	approx.	well below	slightly below
overall	9,354,050	15,665,684		10,658,394		10,303,647	10,392,520	13,578,251	11,753,179
per acre	\$133	\$222		\$151		\$146	\$147	\$192	\$166



Value Conclusion - Direct Comparison

I again placed the greatest reliance on sales of property with similar appeal and use potential when compared with the Red Top Ranch. I believe the best indication of value for the Property is provided by Sales 1, 3 and 8. Their adjusted prices are, respectively:

<u>Sale</u>	<u>Adjusted*</u> <u>Per-Acre Price</u>
Sale 7	\$192
Sale 8	\$166
Sale 3	\$151
Sale 1	\$133

\* reflects quantified adjustments for property rights conveyed, improvements & market conditions

Based on the market activity most comparable to the Red Top Ranch I believe the appropriate value per acre for the Property is \$150.

The existing improvements contribute another \$695,000 in value to the Property both before and after CE3 conveyance, and their value is added to the value of the land & water:

70,596.6 acres x \$150 per acre =	\$10,589,490
Contributory Value of the Improvements =	<u>695,000</u>
Total =	\$11,284,490
Rounded =	\$11,285,000



As exemplified by the sales of properties encumbered by perpetual conservation easements, it can be difficult to market a property once it is encumbered. Previously encumbered properties often face an increase in marketing time as a result of the encumbrance. In many cases, prospective purchasers are unwilling to pursue the acquisition of a property which already has an easement in place. Sometimes prices are reduced as a result of a pre-existing conservation easement. The difficulty that arises from marketing a parcel subject to a conservation easement derives from a number of factors. Among the impediments that can occur:

- difficulty in obtaining a mortgage at market rates (subordination concerns on the part of some lenders);
- difficulty in marketing an encumbered parcel without the ability to further divide it for resale or construct additional residential improvements (lack of flexibility);
- inability to use the encumbered land for other than limited residential, agricultural or recreational purposes, depending on the specific conservation easement;
- requirement for an ongoing relationship with the organization that holds the easement. Many property owners express concerns about the future makeup of the non-profit's board of directors, negotiating easement monitoring activities, possible amendments or corrections, and about the possibility of future organizational policy changes;

There is generally an inverse relationship between the number of homesites and division rights reserved by the easement grantor, compared with the resulting change in value of the encumbered property, if any. Where a substantial number of homesites, land division or overall development potential is retained, diminution in value attributable to a CE tends to be little to nothing. Conversely, where a relatively small number of homesites or little to no land division potential is retained, diminution in value due to the easement typically is greater. Clearly, the market's perception of value of the encumbered properties is broad. This complicates analysis as, unlike with income property or single family residences, the rural land market is often driven by desire.

In this instance, the three CEs encumber 93.7% of Red Top's gross land area. The unencumbered portions are located within the former bombing range and a few scattered parcels, some practically inaccessible, others available to tidy up a boundary with a



neighbor.

The ability to divide and sell multiple portions of the Ranch, except as permitted by the three CEs, is prohibited. Agricultural operations allowed on the Property, especially water development, are limited and restricted by the CE and its complementary management plan. Also, much of the Property may not ever see residential uses. The rights conveyed by CE3 to TNC further limit the market appeal for the Property, limited to begin with by the two prior CEs.

Still, the Red Top Ranch will retain appeal to some purchasers. It is a big ranch with a long history. Those wanting to own a piece of the West, presuming they have financial capacity, will always be interested in these kinds of landscapes. In my opinion, the impact on the value of the Red Top Ranch in its entirety as a result of Conservation Easement conveyance is moderate but real.

During the course of this analysis, I and others in my office spoke with several real estate brokers and market participants with regard to the value of primarily agricultural property encumbered with perpetual conservation easements. One of the most outspoken was Virgil George of Rocking X Land Company located in Burlington, Colorado. Mr. George indicated that he believes conservation easements severely impact the value of agricultural properties they encumber. According to George, even a partially encumbered property faces a limited buyer pool and greatly extended marketing times. Mr. George stated, "you either own the ranch or you don't. Possible buyers immediately refuse to even consider a property that is encumbered by a conservation easement." Mr. George made it clear that when a rancher has to limit agricultural operations due to the opinions and desires of conservation easement holders it can be a tenuous situation. Reportedly, a lot of market participants he does business with simply choose to avoid easement encumbered properties.

A few years ago, when I was instructing the then-required 8-hour *Colorado Easement Appraiser Update Course*, there were two or three participants in the class from a prominent, multi-state, farm, ranch & recreational property brokerage. The principal of the firm stated unequivocally that, in his considerable experience, any rural



property encumbered with a CE was worth no more than 50% of its pre-CE value.

Other property owners in this area interviewed have also expressed the desire to avoid conservation easement-encumbered property. The sentiment seems to be that many ranchers do not want to limit the market appeal of their properties by conveying perpetual CEs that limit use potential.

These negative sentiments are far from universal. Numerous producers, particularly when offered money, have been willing to encumber their own outfits, and also to buy into operations already protected. For those that just want to keep ranching and whose love of the land is strong, CEs are a desirable way to assist with that goal.

#### Correlation and Conclusion of Value - After Conveyance of CE3

In this section, I considered the value of the Red Top Ranch after conveyance of the easement. I re-employed the sales comparison technique, reanalyzing the impact of the new easement on the "property rights conveyed" adjustment.

CE3, on the margin, reduces the market appeal and value of the Ranch. However, the Ranch retains considerable market appeal after Easement conveyance.

In my opinion, as of the Effective Date, the fair market value of the Red Top Ranch as encumbered by CE3 is:

**ELEVEN MILLION TWO HUNDRED EIGHT FIVE THOUSAND DOLLARS**  
**(\$11,285,000)**

The byproduct of my final value conclusion is that the CEs protecting the Ranch diminish its value (land and water rights only – improvements are unaffected) by approximately 25%, compared with its already-reduced value prior to conveyance of this 2014 easement. This results in a value per deeded acre for the 70,596.6-acre Property of approximately \$150, before adding in the \$695,000 contribution of the improvements.



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PART VI - VALUE OF CE3



The market value of CE3 is the difference between the value of the Red Top Ranch before conveyance of the Conservation Easement and the value of the Ranch after conveyance of the Conservation Easement, expressed as:

Ranch Value Before CE3
<u>- Ranch Value After CE3</u>
Value of CE3

\$14,814,000	Value Before CE3
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<u>\$11,285,000</u>	Value After CE3
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\$3,529,000	Value OF CE3
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In my opinion, the fair market value of the 2014 Conservation Easement (CE3) as of the Effective Date, is:

**THREE MILLION FIVE HUNDRED TWENTY NINE THOUSAND DOLLARS**  
**(\$3,529,000)**



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PART VII - EXHIBITS AND ADDENDA



# **ADDENDA**

**Additional Ranch Photographs** **A**

**CE3 & Title Insurance Commitment** **B**

**Prior Conservation Easements - CE1 & CE2** **C**

**Ranch Title Insurance Policy** **D**

**Additional Property Maps** **E**

**Topographical Maps & Photographs of the Sales** **F**

**Professional Qualifications of the Appraiser** **G**



## **Additional Ranch Photographs**

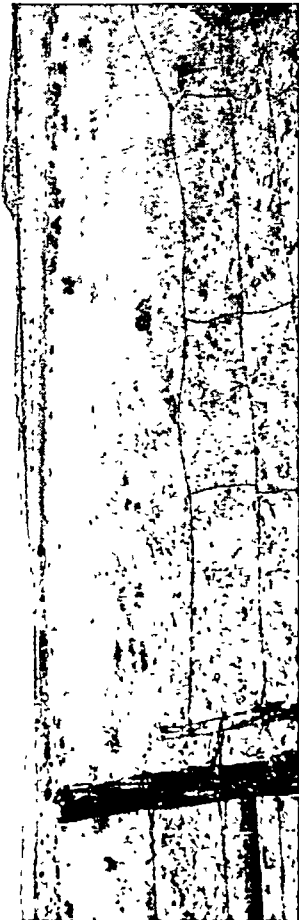
**First Three pages are a clockwise Ranch tour, starting near the northwest corner, returning to headquarters - 61 miles.**

**Second three pages are a north to south tour, starting at the north entry and completing on St Hwy 10**

**A**

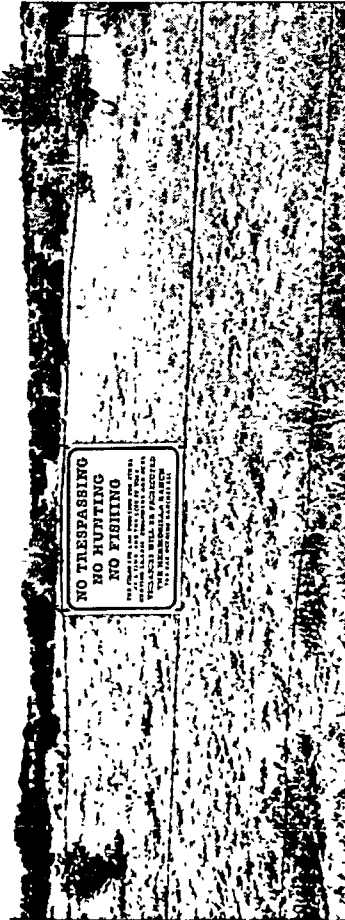


AUGUST 1, 2014



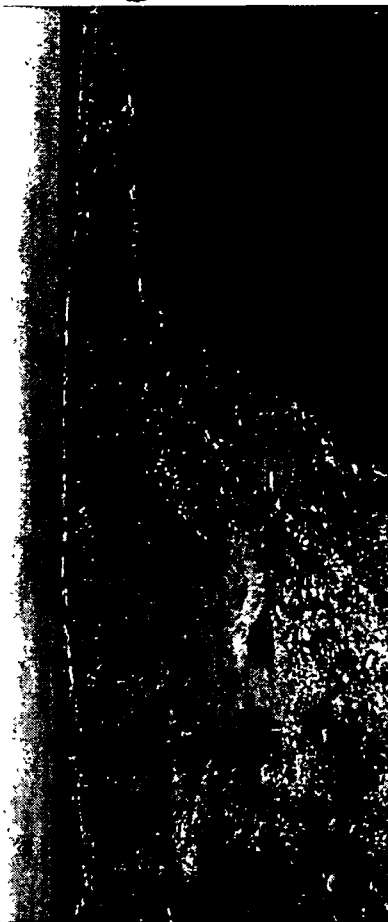


AUGUST 1, 2014





AUGUST 1, 2014





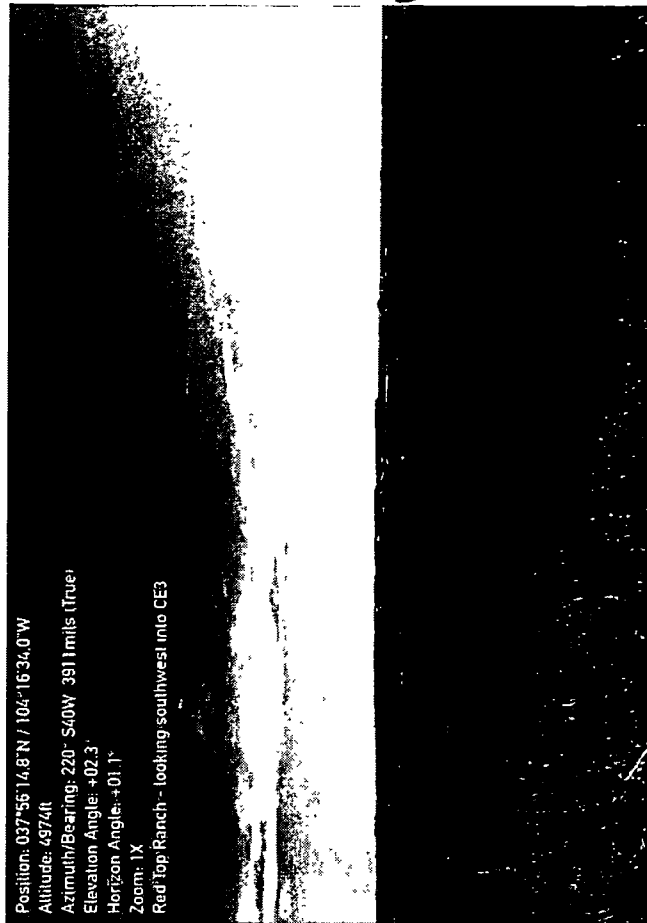
OCTOBER 31, 2014



Position: 037°59'43.4"N / 104°18'44.4"W  
Altitude: 4872ft  
Azimuth/Bearing: 055°N55E 0978mils (True)  
Elevation Angle: -01.6°  
Horizon Angle: -00.4°  
Zoom: 1X  
Red Top Ranch - looking north into CE3



Position: 037°59'47.2"N / 104°16'24.2"W  
Altitude: 4922ft  
Azimuth/Bearing: 101°N57W 5387mils (True)  
Elevation Angle: -03.0°  
Horizon Angle: -00.5°  
Zoom: 1X  
Red Top Ranch - looking southwest into CE3



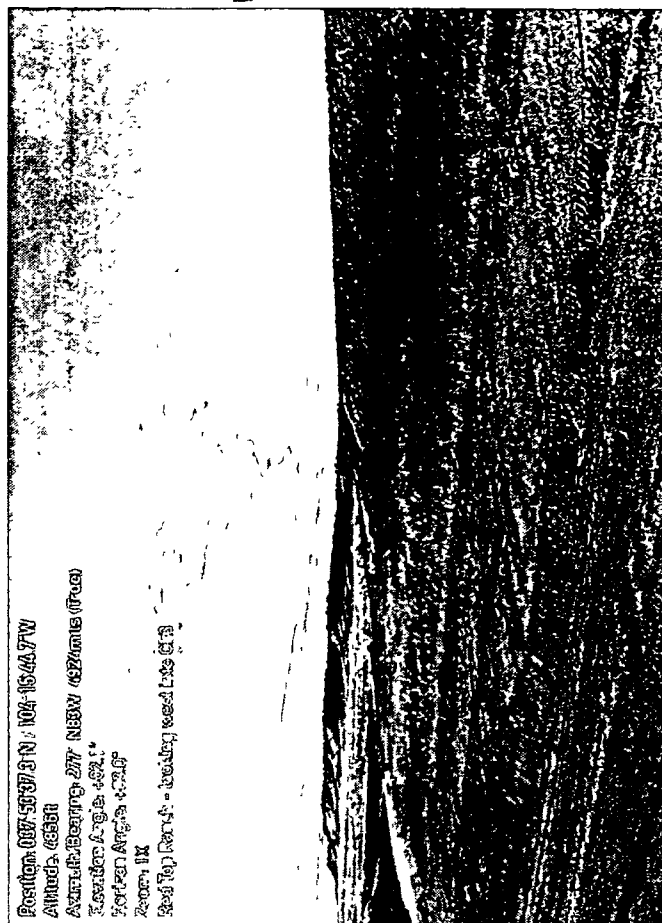
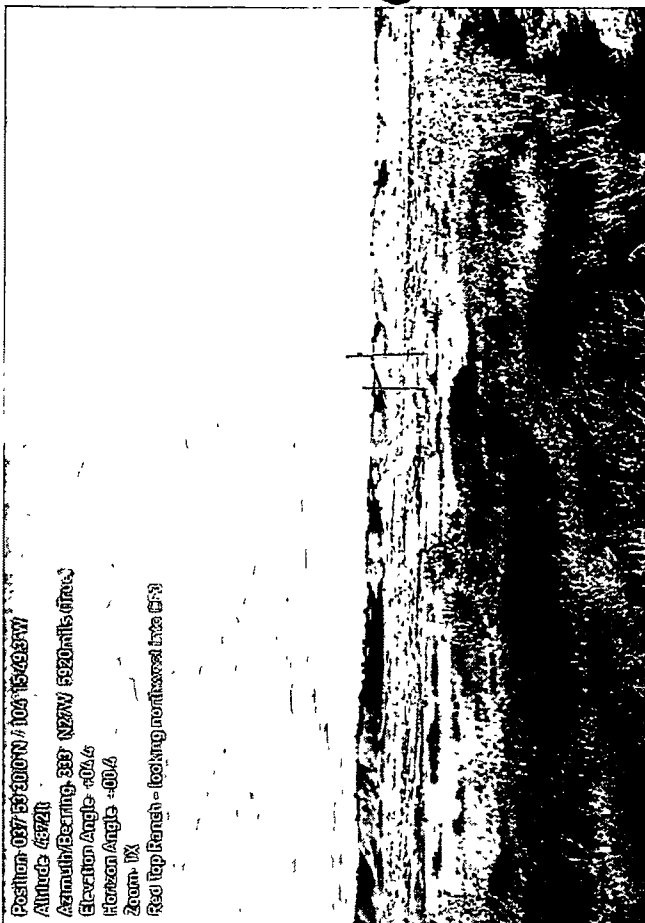
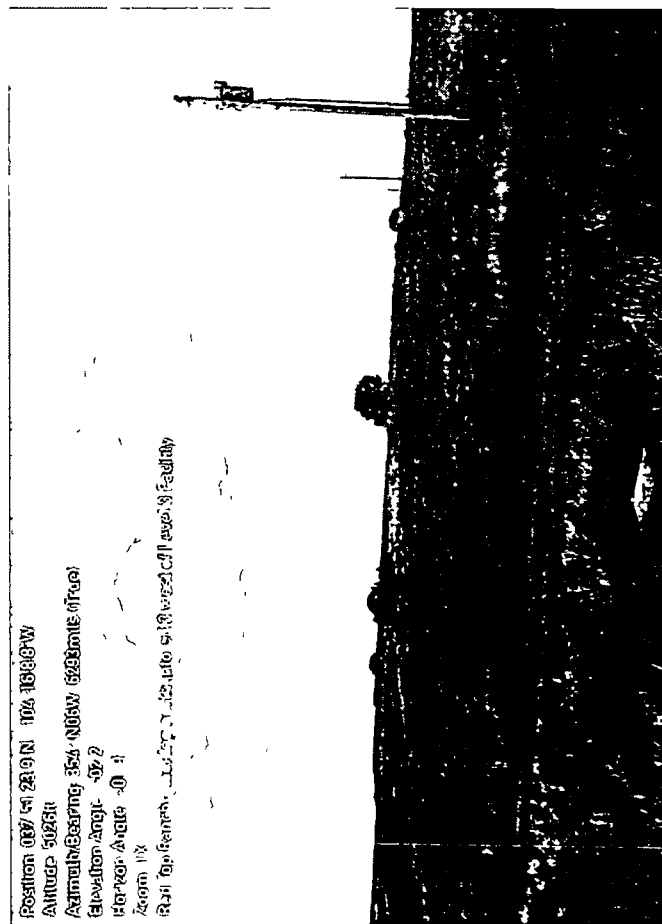
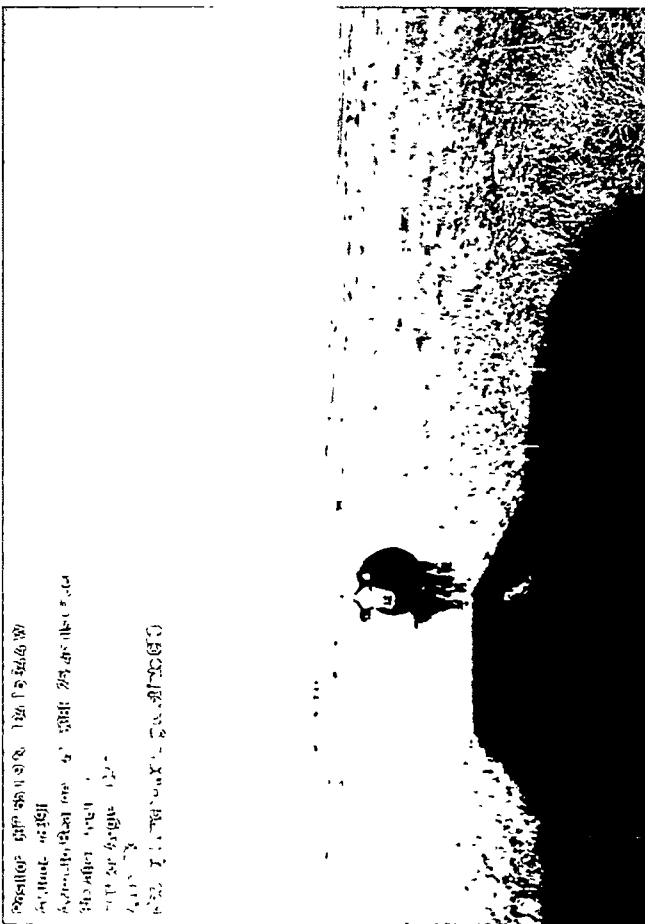
Position: 037°56'14.8"N / 104°16'34.0"W  
Altitude: 4974ft  
Azimuth/Bearing: 220°S40W 3911mils (True)  
Elevation Angle: +02.3°  
Horizon Angle: +01.1°  
Zoom: 1X  
Red Top Ranch - looking southwest into CE3



Position: 037°57'16.5"N / 104°17'52.4"W  
Altitude: 4971ft  
Azimuth/Bearing: 144°S36E 2560mils (True)  
Elevation Angle: +00.9°  
Horizon Angle: +00.1°  
Zoom: 1X  
Red Top Ranch - looking south into CE3



OCTOBER 31, 2014





OCTOBER 31, 2014

Position 087 495.2N, 104 1617.3W  
Altitude 5250 ft  
Ascent/Bearing 028° N 231E 0409m (1344 ft)  
Elevation Angle 40.2°  
Horizontal Angle 200°  
Region IX  
Geographic Location - 1000m North of 1000m 1000m



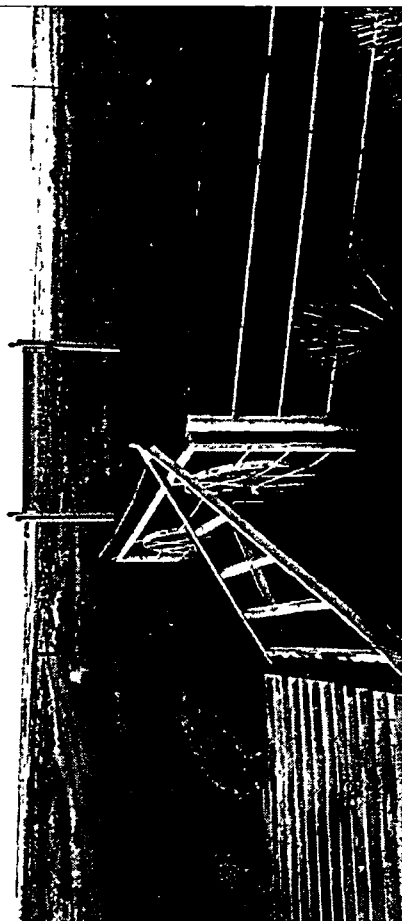
Position 087 495.2N, 104 1617.3W  
Altitude 5250 ft  
Ascent/Bearing 028° N 231E 0409m (1344 ft)  
Elevation Angle 40.2°  
Horizontal Angle 200°  
Region IX  
Geographic Location - 1000m North of 1000m 1000m



Position 087 495.2N, 104 1617.3W  
Altitude 5250 ft  
Ascent/Bearing 028° N 231E 0409m (1344 ft)  
Elevation Angle 40.2°  
Horizontal Angle 200°  
Region IX  
Geographic Location - 1000m North of 1000m 1000m



Position 087 495.2N, 104 1617.3W  
Altitude 5250 ft  
Ascent/Bearing 028° N 231E 0409m (1344 ft)  
Elevation Angle 40.2°  
Horizontal Angle 200°  
Region IX  
Geographic Location - 1000m North of 1000m 1000m





## **CE3 & Title Insurance Commitment**

**B**



**Official Records of Pueblo County Clerk & Recorder 1993021**  
**12/29/2014 08:17:46 AM Page 1 of 34**  
**Deed Of Easement R: \$176.00 D: \$0.00 Gilbert Ortiz**

RECORDING REQUESTED BY AND )  
WHEN RECORDED RETURN TO: )  
The Nature Conservancy )  
Western Resource Office )  
2424 Spruce Street, Suite 100 )  
Boulder, Colorado 80302 )  
Attention: Western Regional Attorney )

**DEED OF CONSERVATION EASEMENT**  
*(Huerfano Uplands – Red Top Holdings, LLC)*

THIS DEED OF CONSERVATION EASEMENT is made this 26 day of December, 2014 by and between Red Top Holdings, LLC, a Colorado limited liability company, whose address is c/o Rye Austin, Executive Director, Malone Family Land Preservation Foundation, 8900 Liberty Circle, Englewood, CO 80112 (the "Grantor") and THE NATURE CONSERVANCY, a District of Columbia nonprofit corporation, whose principal address is 4245 North Fairfax Drive, Suite 100, Arlington, Virginia 22203 (the "Conservancy").

Exhibits to this Deed of Conservation Easement include the following:

Exhibit A - Legal Description of the Property  
Exhibit A-1 – Description of Headquarters Building Envelope  
Exhibit B - Acknowledgment of Easement Documentation Report  
Exhibit C – Acknowledgment of Management Plan  
Exhibit D - Notice of New Building Envelope Designation  
Exhibit E – Legal Description of the Southern Portion  
Exhibit F – CPW Easement Property

**WITNESSETH THAT:**

A. Grantor is the owner of certain real property in Pueblo County, Colorado, consisting of 31,411.75 acres, more or less, more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

B. The Property currently remains in a substantially undisturbed, natural state and has significant ecological and open-space values as defined in C.R.S. Sections 38-30.5-101 to 38-30.5-111 and provides significant relatively natural habitat for native plants and wildlife.

C. The Property is within a mostly untilled landscape with a relatively low density of roads located in the Huerfano Uplands section of the Central Shortgrass Prairie Ecoregion as designated in The Nature Conservancy's *Central Shortgrass Prairie Ecoregional Assessment*



*and Partnership Initiative.* The Property consists of native prairie grasslands and shrublands, currently occupied by shortgrass grassland, cholla shrublands; cliff and canyon; woodlands and savannas currently occupied by pinon-juniper woodland and savanna; limestone and shale barrens; wetlands, riparian vegetation and seeps, springs and waterholes; and playas and prairie depressions. All of these ecological systems make up the Property's habitats which are critical for grassland birds, mammals, reptiles, amphibians, and invertebrate species which currently include by way of example long-billed curlew, mountain plovers, upland sandpipers, burrowing owl, Cassin's sparrow, gray vireo, curve-billed thrasher, swift fox, Texas horned lizard, desert massasauga, plains leopard frog, and triploid checkered whiptail; the combination of habitats are notable for supporting a community of wide-ranging mammals that are currently represented by animals such as mountain lion, black bear, Rocky Mountain elk, and bobcat. All of the forgoing are collectively herein referred to as the "Conservation Values." Protection of the Property will contribute to the Conservation Values.

D. All of these natural elements and ecological values are of great importance to Grantor and to the people of the State of Colorado, and are worthy of conservation.

E. Grantor, as owner of the Property, owns the affirmative rights to identify, preserve, and protect in perpetuity its open space character and its significant relatively natural features and values.

F. Grantor desires and intends to transfer such rights to the Conservancy.

G. The State of Colorado has recognized the importance of private efforts toward the preservation of natural systems in the state by enactment of C.R.S. Sections 38-30.5-101 to 38-30.5-111.

H. The Conservancy is a private organization organized to protect and conserve natural areas and ecologically significant land for scientific, charitable and educational purposes, and is a "charitable organization" under the terms of Section 38-30.5-104(2) of the Colorado Revised Statutes and is a "qualified organization" within the provisions of Section 170(h) of the Internal Revenue Code of 1986, as amended (the "IRS Code"), qualified to acquire and hold conservation easements and meets the requirements of the IRS Code as a Sec. 501(c)(3) exempt organization.

## **TERMS AND CONDITIONS**

NOW, THEREFORE, in consideration of the mutual covenants contained herein, pursuant to C.R.S. Sections 38-30.5-101 to 38-30.5-111, and as an absolute and unconditional gift, Grantor hereby gives, grants, warrants and conveys to the Conservancy, its successors and assigns, a perpetual Conservation Easement consisting of the rights and restrictions enumerated herein, over and across the Property (the "Easement").

1. Purposes. It is the purpose of the Easement to preserve and protect in perpetuity and, in the event of their degradation or destruction, to enhance and restore the significant relatively natural



features and values of the Property. It is further the specific primary purpose of this Easement to provide for the protection and management of the Conservation Values to support habitat conditions appropriate for a range of native species, including, but not limited to, Mountain plover, Burrowing owl, Long-billed curlew, Loggerhead shrike, Cassin's sparrow, Lark bunting, Ferruginous hawk, Massasauga rattlesnake, and the Texas horned lizard, rare or unique native plants currently known or later identified, and other native wildlife. In achieving these purposes, it is the intent of the Easement to permit the continuation of such historic uses of the Property described in the Easement Documentation Report more fully described in Paragraph 2 below as may be conducted consistent with the Conservation Values protected herein.

Pursuant to the terms of C.R.S. Sections 38-30.5-101 to 38-30.5-111, the Property preserved hereby as natural land may not be converted or directed to any uses other than those provided herein.

2. Easement Documentation Report. Competent naturalists familiar with the Property have prepared a collection of baseline data on the Property and its resources. The data and explanatory text are presented in the "Red Top Ranch Easement Documentation Report" dated December 1, 2014 (the "Report"). A copy of the Report is on file with both Grantor and the Conservancy and by this reference made a part hereof. The parties acknowledge that the Report is intended to establish the condition of the Property subject to the Easement as of the date written above and that both Grantor and the Conservancy have acknowledged in a signed statement, a copy of which is attached hereto as Exhibit B, that the Report accurately represents the condition of the Property at the time of conveyance. The parties agree that, in the event a controversy arises with respect to the nature and extent of the biological or physical condition of the Property, the parties shall not be foreclosed from utilizing all other relevant or material documents, surveys, reports, and other information to assist in the resolution of the controversy.

3. Land Management Plan. The Property shall be operated and managed in accordance with a land management plan (the "Management Plan") developed and accepted with the mutual consent of Grantor and the Conservancy. Both Grantor and the Conservancy have acknowledged in a signed statement, a copy of which is attached hereto as Exhibit C that the initial Management Plan has been developed and agreed to by the Grantor and the Conservancy. A copy of the Management Plan is on file with both Grantor and the Conservancy. The initial Management Plan shall be adaptive to changing conditions on the Property and consequently shall be reviewed annually, but shall undergo a thorough review and update at least every five (5) years. The Management Plan shall state as a goal the maintenance of habitat conditions for the Conservation Values within specified ranges. The specified ranges for habitat conditions may only be altered in future updates of the Management Plan with the approval of the Conservancy. Land management practices as conducted historically on the Property that are described in the Report shall be permitted except where such practices are shown to directly contradict the provisions of the Easement or the mutually accepted Management Plan. The costs, if any, of implementing the Management Plan over and above the costs of land management practices reasonably associated with the conduct of established and future agricultural operations on the Property, as defined in the Report, shall be paid by the Conservancy. Any dispute between Grantor and the Conservancy concerning the creation,



modification and implementation of the Management Plan shall be resolved pursuant to **Paragraph 10** below.

4. Rights of the Conservancy. The rights conveyed to the Conservancy by the Easement are the following:

A. To identify, to preserve and protect in perpetuity, and in the event of their degradation or destruction to restore or to enforce the restoration of the open space and significant relatively natural ecological features and Conservation Values of the Property, all upon prior notice to Grantor and in a manner that does not unreasonably disturb the use of the Property by Grantor consistent with the Easement.

B. To perform such activities on the Property as the Conservancy reasonably determines are necessary or convenient to carry out these rights granted by this Easement.

C. To enter upon the Property to enforce the rights herein granted, to study and make scientific observations of its ecosystems as described herein, and to determine that Grantor's activities are in compliance with the terms of the Easement, all upon prior notice to Grantor and in a manner that does not unreasonably disturb the use of the Property by Grantor consistent with the Easement. The Conservancy shall also have the right of immediate entry to the Property if, in its reasonable judgment, such entry is necessary to prevent damage to or the destruction of the Conservation Values protected by the Easement.

D. To enjoin any activity on or any use of the Property that is inconsistent with the Easement.

5. Consistent Uses of the Property. The following uses and practices by Grantor, though not an exhaustive recital of consistent uses and practices, are consistent with the Easement. Certain of these consistent uses and practices are identified as being subject to specified conditions or to the requirement of and procedures for prior approval by the Conservancy, and procedures for such prior approval are provided below. The remainder of these consistent uses shall not be precluded, prevented, or limited by the Easement; provided however, that for activities for which the Conservancy's prior approval is not expressly required, Grantor hereby agrees to notify the Conservancy in writing fifteen (15) days before exercising any reserved or retained right under this Easement (unless a different time period is otherwise expressly required in this Easement).

A. Grazing and pasturing horses, cattle, mules, and other domestic livestock in accordance with the Management Plan.

B. Maintenance, repair, removal, and, if destroyed, reconstruction of existing fencing, and the construction of new fences; provided that boundary or pasture-division fences shall not unduly restrict or exclude wildlife use of the Property.



C. Construction, maintenance, repair, remodeling, replacement and rebuilding of new Buildings and Structures are permitted; provided that: (a) all such Buildings and Structures must be within the Building Envelopes described below, and (b) construction within Building Envelopes #2 and #3 shall be located no closer than two hundred (200) feet to a water body or wetland; provided, however, that if Grantor desires to locate any Buildings or Structures in areas outside these parameters, then Grantor must first obtain the prior written approval of the Conservancy or such location must be allowed and specified in the Management Plan. All Buildings and Structures shall be located to minimize the impact to the Conservation Values.

(1) The Headquarters Building Envelope has been located to minimize the impact to the Conservation Values as more particularly described in Exhibit A-1. Within the Headquarters Building Envelope Grantor may construct two new single-family residences and other Buildings or Structures for uses not prohibited by this Easement; provided however, that no condominium units or time share units are permitted. Grantor may also construct, maintain, repair, remodel, replace and rebuild existing or new agricultural Structures, such as haysheds and corrals and/or water Structures such as a pipeline for livestock watering within the Headquarters Building Envelope.

(2) Building Envelope #2 shall be an area of reasonably compact shape that shall not exceed ten (10) acres in size, and shall be located in the area depicted on **Figure 8** of the Report. The location of Building Envelope #2 shall be subject to the prior written approval of the Conservancy, which approval shall not be unreasonably withheld, shall be located adjacent to an existing road, and shall be located to minimize the impact to the Conservation Values. Prior to any construction occurring, Building Envelope #2 shall be surveyed and staked on the ground, a legal description prepared and provided to the Conservancy, and a Notice of New Building Envelope Designation in the form attached hereto as Exhibit D and incorporated herein by this reference shall be recorded in the Pueblo County Clerk and Records Office, all at Grantor's sole cost and expense. Grantor reserves the following rights, uses, and activities within the Building Envelope #2: (a) construct, maintain, repair, remodel or remove one residential dwelling or lodge, barn, garage, and other ancillary Buildings and Structures reasonably incident to the uses permitted in this Easement; provided however, that no condominium units or time share units or apartments are permitted; (b) no residential dwelling or lodge shall exceed ten thousand (10,000) square feet in enclosed floor area (excluding basements), nor shall exceed thirty-five (35) feet in height as measured from the average finished grade; (c) construct, maintain and improve one (1) road to access the Building Envelope and to access any new Building provided that (i) such new road shall not exceed thirty (30) feet or the width necessary to allow emergency vehicles to pass, whichever is greater, (ii) such new road shall be of dirt or gravel surface, and (iii) such new road shall not be paved or oiled or have calcium carbonate applied or otherwise be improved



with chemical coatings or impervious materials, including but not limited to, asphalt or concrete, except with prior written approval by the Conservancy.

(3) Building Envelope #3 shall be an area of reasonably compact shape that shall not exceed ten (10) acres in size, and shall be located in the area depicted on **Figure 9** of the Report. The location of Building Envelope #3 shall be subject to the prior written approval of the Conservancy, which approval shall not be unreasonably withheld, shall be located adjacent to an existing road, and shall be located to minimize the impact to the Conservation Values. Prior to any construction occurring, Building Envelope #3 shall be surveyed and staked on the ground, a legal description prepared and provided to the Conservancy, and a Notice of New Building Envelope Designation in the form attached hereto as **Exhibit D** and incorporated herein by this reference shall be recorded in the Pueblo County Clerk and Records Office, all at Grantor's sole cost and expense. Grantor reserves the following rights, uses, and activities within the Building Envelope #3: (a) construct, maintain, repair, remodel or remove one residential dwelling or lodge, barn, garage, and other ancillary Buildings and Structures reasonably incident to the uses permitted in this Easement; provided however, that no condominium units or time share units or apartments are permitted; (b) no residential dwelling or lodge shall exceed ten thousand (10,000) square feet in enclosed floor area (excluding basements), nor shall exceed thirty-five (35) feet in height as measured from the average finished grade; (c) construct, maintain and improve one (1) road to access the Building Envelope and to access any new Building provided that (i) such new road shall not exceed thirty (30) feet or the width necessary to allow emergency vehicles to pass, whichever is greater, (ii) such new road shall be of dirt or gravel surface, and (iii) such new road shall not be paved or oiled or have calcium carbonate applied or otherwise be improved with chemical coatings or impervious materials, including but not limited to, asphalt or concrete, except with prior written approval by the Conservancy.

D. Maintenance, repair, and/or remodel of the existing Buildings and Structures outside of the Building Envelopes as documented in the Report are permitted. If an existing Building or Structure on the Property is destroyed or demolished by Grantor, Grantor may replace it with a Building or Structure of similar size, location, function and capacity, unless alternative size, function and capacity have received the Conservancy's prior written approval. Existing Buildings and Structures may be relocated with the prior written approval of the Conservancy. In no event shall any residential structure be constructed or located outside the Building Envelope.

E. Construction, maintenance, repair, remodeling, replacement and rebuilding of new agriculture Structures, such as haysheds and corrals and/or new water Structures such as pipelines for livestock watering, water storage tanks, windmills and solar pumps are permitted; provided however, that (i) any construction shall be located no closer than two hundred (200) feet to a water body or wetland and (ii) shall be located to minimize



the impact to the Conservation Values. New agriculture or water Structures that Grantor desires to construct closer than two hundred (200) feet to a water body or wetland require the prior written approval of the Conservancy or may be constructed as allowed in the Management Plan.

F. Use of agricultural chemicals for the following purposes and under the following conditions:

- i. For the control of noxious weeds, as required by Colorado state law, and for the control of other invasive exotic plant species; provided that chemical herbicides may be used if applied according to State and Federal regulations and only in those amounts and with a frequency of application that constitute the minimum necessary for control.
- ii. For the control of agricultural or forest or rangeland pests.

G. The selective harvesting of timber for the following purposes: controlling forest disease; restoring natural forest or woodland structure; providing fence posts for use on the Property and protecting persons or property from the hazards of falling trees or branches or wildfire.

H. Personal recreational use, excepting those practices listed below among Inconsistent Uses of the Property below.

I. Hunting pursuant to state and federal laws.

J. Construct, maintain, repair and replace a maximum of two (2) utility/communication towers which may be commercially leased. Each utility/communication tower shall be located so as to minimize its impact to the Conservation Values and such location shall be subject to the approval of the Conservancy, which approval shall not be unreasonably withheld. Each utility/communication tower shall be located within ¼ mile of an existing public or ranch road, and shall be located no closer than ¼ mile to any canyon escarpment. Prior to any construction occurring, the utility/communication tower shall be surveyed and staked on the ground and a legal description prepared and provided to the Conservancy.

L. Notwithstanding anything herein to the contrary, establishment, creation and construction of utility systems consistent with the Conservation Values for use on the Property, including but not limited to, solar power generation and distribution systems and wind turbines and distribution systems, is permitted, so long as the energy produced by such utility systems is for use in conjunction with those activities permitted by this Easement and is not for commercial purposes, provided however, that any solar or wind energy generated on the Property in accordance with this paragraph that is in excess of Grantor's consumption may be sold, conveyed, or credited to a provider of electric



services to the extent permitted by Colorado law; and provided, further, that Grantor shall bury, if economically and otherwise possible, all new utility systems or extensions of existing utility systems, as documented in the Report, constructed in the future. Nothing in this provision shall be construed as permitting the construction or establishment of a wind farm or commercial solar energy production facility. Any disturbed areas shall be revegetated and restored to a natural condition with native vegetation as soon as is practicably possible after completion of any utility construction permitted by this Easement. All utility systems established, created and constructed pursuant to this provision shall be located no closer than two hundred (200) feet to a water body or wetland and are limited to areas within sixteen hundred (1,600) feet of existing Buildings, Structures and public roads identified in the Report, power lines, or riparian areas; provided, however, that if Grantor desires to locate any utility systems in areas outside these parameters, then Grantor must first obtain the prior written approval of the Conservancy or such location must be allowed and specified in the Management Plan. All utility systems shall be located to minimize the impact to the Conservation Values. For purposes of this provision the term "utility system" shall also include fiberoptic and telephone cables.

6. Inconsistent Uses of the Property. The following uses and practices on the Property shall be prohibited, except as specifically provided in **Paragraph 5** above:

A. The dumping or other disposal of toxic and/or Hazardous Materials (as that term is defined in **Paragraph 23.A.** of this Easement). The storage of toxic and/or Hazardous Materials on the Property, other than in the normal course of ranch or residential use, is also prohibited.

Notwithstanding anything in this Easement to the contrary, this prohibition does not make the Conservancy an owner of the Property, nor does it permit the Conservancy to control any use of the Property by the Grantor which may result in the storage, dumping or disposal of Hazardous Materials or toxic materials; provided, however, that the Conservancy may bring an action to protect the Conservation Values of the Property, as described in this Easement. This prohibition does not impose liability on the Conservancy, nor shall the Conservancy be construed as having liability as a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. 9601 *et seq.*) ("CERCLA") or similar federal or state statutes.

B. Other than in the normal course of ranch or residential use, the dumping or other disposal of non-compostable refuse, wildlife-attracting materials, or any other material which could reasonably be considered debris. Existing dump facilities are described in the Report. Notwithstanding anything to the contrary in this provision, Grantor is not permitted to dump or dispose of any toxic and/or Hazardous Materials in the normal course of ranch or residential use of the Property.



- C. The material change, disturbance, alteration, or impairment of the Conservation Values.
- D. Conversion of native vegetation to exotic cover species or the introduction of non-native plant species; farming, plowing or any type of cultivation is prohibited, except as follows: (i) where may be necessary for restoration of the Conservation Values in the event of their degradation or destruction, or (ii) gardening for personal use and residential landscaping are permitted within the Building Envelopes.
- E. Introduction or release of nonnative animal species.
- F. Establishment and operation of a feedlot (which shall be defined for purposes of this Easement as a permanently constructed confined area or facility within which the land is not grazed or cropped annually for purposes of engaging in the business of the reception and feeding of livestock for hire).
- G. Establishment and operation of a dairy farm, hog farm, poultry farm or any wild game farming or ranching facilities.
- H. Filling, excavating, dredging, mining, drilling, and the exploration for or extraction of minerals, hydrocarbons, soils, sand, gravel, rock, or other materials on or below the surface of the Property, except for purposes specifically permitted in this Easement.
- I. Notwithstanding the number of building envelopes and single-family residences that may be constructed, the legal or de facto division, subdivision, or partitioning of the Property is prohibited, except as specifically set forth below. Notwithstanding the fact that, as of the date of this Easement, the Property might be comprised of separate legal parcels, the terms and conditions of this Easement shall apply to the Property as a whole, and the Property shall not be sold, transferred, or otherwise conveyed except as a whole, intact, single piece of real estate; it being expressly agreed that neither the Grantor nor the Grantor's personal representative, heirs, successors, or assigns shall sell, transfer, or otherwise convey any portion of the Property that constitutes less than the entire Property. Notwithstanding the foregoing, the Grantor may enter into boundary line agreements to resolve bona fide boundary disputes with the prior written consent of the Conservancy, which shall not be unreasonably withheld, provided that the total acreage of land protected under this Easement shall not materially be reduced thereby. Regardless of anything to the contrary in the foregoing, ownership of the Property may be held in the form of undivided interests as tenants in common, whether by choice or by operation of any applicable laws, but no owner of an undivided interest in the Property shall have the right of exclusive occupancy or exclusive use of any separate portion of the Property, or any right to have the Property partitioned in kind, whether pursuant to Colorado statute or otherwise.

(1) Subdivision of Southern Portion



(a) The division of that portion of the Property more particularly described in **Exhibit E** attached hereto and incorporated herein by reference (the "Southern Portion") from the remainder of the Property is permitted under the following terms and conditions:

(i) All of the Southern Portion must be conveyed as a whole, intact, single piece of real estate; it being expressly agreed that neither the Grantor nor the Grantor's personal representative, heirs, successors, or assigns shall sell, transfer, or otherwise convey any portion of the Southern Portion that constitutes less than the entire Southern Portion.

(ii) The division and conveyance of the Southern Portion is only permitted if the Southern Portion is conveyed with the property more particularly described in **Exhibit F** attached hereto and incorporated herein by reference (the "CPW Easement Property").

(iii) Grantor shall specifically state in the instrument of conveyance whether any of the Building Envelopes permitted under this Easement described in **Paragraph 5.C.** of this Easement are being conveyed with the Southern Portion. If no such statement is in such instrument of conveyance, then no Building Envelopes are conveyed with the Southern Portion and no Building Envelopes can be located on the Southern Portion.

(2) The Southern Portion may be under separate ownership and operated as an independent unit and shall remain subject to all terms of this Easement. The remainder of the Property shall remain in unified ownership, which may be joint or undivided, but without division, partition, subdivision, or other legal or *de facto* creation of lots or parcels in separate ownership, leaseholds, or use agreements.

(3) Any subdivision must conform to applicable federal, state or local laws or regulations, and Grantor shall be solely responsible for securing any required governmental approval.

(4) The Conservancy makes no representation that any subdivision authorized under this section will be approved by governing authorities.

J. Except as otherwise permitted in the Easement, the construction or placement of any buildings, temporary living quarters of any sort, mobile homes, condominium units, time share units, multi-family buildings, signs, billboards or other advertising materials, or utility towers or other structures, except that tents and/or vehicular campers owned by Grantor or



guests may be parked on the Property as appropriate to accommodate normal temporary visitation.

K. Construction of new roads or vehicle trails, except that new two-track trails established in the course of ranch operations are permitted. For purposes of this provision, a two-track trail is a vehicular pathway created by the repeated passage of a four-wheeled vehicle over a specific route on otherwise undisturbed terrain, over time creating a parallel set of tracks. Two-track trails may not be created for recreational purposes only.

L. Use of snowmobiles, all-terrain vehicles, motorcycles, or other motorized vehicles off of roads, established two-tracks or other travelways, except for agricultural or property-maintenance purposes.

M. Cutting, removing, or destruction of native vegetation, except by grazing, herbicide application, or as otherwise permitted in the Management Plan, or for scientific research and collection.

N. Application of biocides, herbicides, defoliants, chemical fertilizers, or other chemicals except as permitted in the Easement.

O. Changing the topography of the Property by placing on it any soil, dredging spoils, land fill, or other material, except as permitted herein for construction and/or maintenance activities, for the control and/or restoration of man-made erosion problems, or as may be permitted in the Management Plan.

P. Any re-drilling, use or withdrawal of water from wells permitted as Well Permit #14381 and Well Permit #14382 is prohibited except with the prior written approval of the Conservancy. Any new manipulation, diversion, or other alteration of natural water courses, wetlands, springs, seeps or other natural bodies of water, any new practice that degrades or destabilizes their natural banks or shorelines, any new pumping of groundwater whether tributary or not, or any other new development of water resources including development of any conditional water rights for diversion or use on the Property is prohibited except as follows:

(1) The development, construction, use and maintenance of new well(s) for stock tanks, stock ponds and necessary infrastructure for their use, including but not limited to windmills, pipelines, stock tanks, and solar pumps provided any such new well(s) and necessary infrastructure do not adversely affect or otherwise alter springs and seeps. Exempt well(s) to provide domestic water are also permitted provided they do not adversely affect or otherwise alter springs and seeps.

Q. Establishment of any commercial activity which significantly adversely affects the Conservation Values and which conflicts with the Purposes of the Easement, including but



not limited to, mobile home park, motel, hotel or apartment units. Examples of uses not prohibited under this provision include, but are not limited to, dude ranching, hunting, birdwatching, and recreational walking/hiking.

R. Establishment of any industrial activity.

S. Any activity or use on the Property that violates any applicable federal, state, county, or local law, rule, ordinance, or regulation.

7. Prior Notice and Approval. Grantor shall not undertake or permit any activity requiring prior approval by the Conservancy without first having notified and received approval from the Conservancy as provided herein.

Prior to the commencement of any such activity, Grantor shall send the Conservancy written notice of his/her intention to undertake or permit such activity. The notice shall inform the Conservancy of all aspects of the proposed activity, including location, design, materials or equipment to be used, dates and duration, and any other relevant information, and shall be sent by certified mail, return receipt requested, to The Nature Conservancy, Colorado Field Office, whose address is 2424 Spruce, Boulder, CO 80302, with a copy to the Legal Department, The Nature Conservancy, 2424 Spruce Street, Suite 100, Boulder, CO 80302, or such other addresses as Grantor may from time to time be informed of in writing by the Conservancy.

The Conservancy shall have forty-five (45) days from receipt of the notice, as indicated by the date of the return receipt, to review the proposed activity and to notify Grantor of any objections thereto; provided that the 45-day period shall not begin until such time as the Conservancy has received adequate information from Grantor to evaluate the proposed activity. In the event that the Conservancy requires additional information to evaluate the proposed activity, the Conservancy shall request the information from Grantor as soon as practicable and in any case not later than thirty (30) days after the receipt of the notice of the proposed activity.

The Conservancy's decision to approve or disapprove the activity proposed by Grantor shall be sent by registered or certified mail, return receipt requested, to Grantor at the address first stated above, or to such other address as the Conservancy may from time to time be informed of in writing by Grantor.

A decision by the Conservancy to disapprove a proposed activity must be based upon the Conservancy's determination that the proposed activity is inconsistent with the conservation purposes of the Easement. If in the Conservancy's judgment it is possible that the proposed activity can be modified to be consistent with the Easement, the Conservancy's decision notice shall inform Grantor of such modification(s). Once modification is made to the satisfaction of the Conservancy or the Conservancy otherwise concurs with the matters set forth in Grantor's notice, the proposed activity may thereafter be conducted in a manner that is acceptable to the Conservancy.



Should the Conservancy fail to post its response to Grantor's notice within forty-five (45) days of its receipt of notice or within forty-five (45) days of the time that the Conservancy has received adequate information to evaluate the proposed activity, whichever is later, the proposed activity is automatically deemed consistent with the terms of the Easement, the Conservancy having no further right to object to the activity identified by such notice.

8. Remedies, Breach and Restoration. The provisions of this Easement are enforceable in law or equity by the Conservancy, its successors or assigns, as follows:

A. Notice of Violation; Corrective Action. If the Conservancy determines that a violation of the terms of this Easement has occurred or is threatened, the Conservancy shall give written notice to Grantor of such violation and demand corrective action sufficient to cure the violation and, where the violation involves injury to the Property resulting from any use or activity inconsistent with the purpose of this Easement, to restore the portion of the Property so injured to its prior condition in accordance with a plan approved by the Conservancy.

B. Injunctive Relief. If Grantor fails to cure the violation within thirty (30) days after receipt of notice thereof from the Conservancy, or under circumstances where the violation cannot reasonably be cured within a 30 day period, fails to begin curing such violation within the 30 day period, or fails to continue diligently to cure such violation until finally cured, the Conservancy may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Easement, to enjoin the violation, *ex parte* as necessary, by temporary or permanent injunction, and to require the restoration of the Property to the condition that existed prior to any such injury.

C. Damages. The Conservancy shall be entitled to recover damages for violation of the terms of this Easement or injury to any Conservation Values protected by this Easement, including, without limitation, damages for the loss of scenic, aesthetic, or environmental values. Without limiting Grantor's liability therefor, the Conservancy, in its sole discretion, may apply any damages recovered to the cost of undertaking any corrective action on the Property.

D. Emergency Enforcement. If the Conservancy, in its sole discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values of the Property, the Conservancy may pursue its remedies under this **Paragraph 8** without prior notice to Grantor and/or without waiting for the period provided for cure to expire.

E. Scope of Relief. The Conservancy's rights under this **Paragraph 8** apply equally in the event of either actual or threatened violations of the terms of this Easement. Grantor agrees that the Conservancy's remedies at law for any violation of the terms of this Easement are inadequate and that the Conservancy shall be entitled to the injunctive relief described in **Paragraph 8.B.** above, both prohibitive and mandatory, in addition to such



other relief to which the Conservancy may be entitled, including specific performance of the terms of this Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. The Conservancy's remedies described in this **Paragraph 8** shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.

F. Costs of Enforcement. All reasonable costs incurred by the Conservancy in enforcing the terms of this Easement against Grantor, including, without limitation, costs and expenses of suit and reasonable attorneys' fees, and any costs of restoration necessitated by Grantor's violation of the terms of this Easement shall be borne by Grantor; provided, however, that if the Conservancy initiates litigation and the court determines that Grantor has complied with all the terms of this Easement and that the Conservancy initiated litigation in bad faith, then the Conservancy shall reimburse Grantor for any reasonable costs of defending such action, including court costs and reasonable attorneys' fees.

G. Forbearance. Forbearance by the Conservancy to exercise its rights under this Easement in the event of any breach of any term of this Easement by Grantor shall not be deemed or construed to be a waiver by the Conservancy of such term or of any subsequent breach of the same or any other term of this Easement or of any of the Conservancy's rights under this Easement. No delay or omission by the Conservancy in the exercise of any right or remedy upon any breach by Grantor shall impair such right or remedy or be construed as a waiver.

H. Waiver of Certain Defenses. Grantor hereby waives any defense of laches, estoppel or prescription.

I. Acts Beyond Grantor's Control. Nothing contained in this Easement shall be construed to entitle the Conservancy 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, acts undertaken by the third-party owners of property interests associated with the Property, such as mineral interests or inholdings, 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.

9. Liabilities. Grantor shall hold harmless, indemnify, and defend the Conservancy and the Conservancy's members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them ("**Indemnified Parties**") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, or judgments, including, without limitation, reasonable attorney's fees, arising from or in any way connected with: (1) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, unless due solely to the negligence of any of the Indemnified Parties; (2) the obligations specified in **Paragraph 11** herein; and (3) the presence



or release of any Hazardous Materials or hazardous or toxic substance of any kind on the Property. For the purpose of this paragraph, hazardous or toxic substances shall mean any hazardous or toxic substance which is regulated under any federal, state or local law. This paragraph shall not apply in the case of any Hazardous Materials or hazardous or toxic substance in any manner placed on the Property by the Conservancy or the Conservancy's representatives or agents.

10. Management Plan Mediation. If a dispute arises between Grantor and the Conservancy relating to the Management Plan which the parties are unable to resolve within ten (10) days, Grantor and the Conservancy agree that they shall first proceed in good faith to submit the dispute to mediation. The parties will jointly appoint and agree on an acceptable mediator and will share equally in the cost of such mediation. If the parties are unable to agree on the selection of a single mediator, then each party shall name one mediator and the two mediators thus selected shall select a third mediator; provided, however, if either party fails to select a mediator, or if the two mediators selected by the parties fail to select the third mediator within fourteen (14) days after the appointment of the second mediator, then in each such instance a proper court, on petition of a party, shall appoint the second or third mediator or both, as the case may be. The commencement of mediation shall be held within forty-five (45) days of notice of such dispute, but shall terminate if not resolved within forty-five (45) days of commencement, unless otherwise agreed to by both parties. In the event that mediation does not resolve the dispute, the parties may at their discretion undertake such actions, including appropriate legal proceedings, as are reasonably necessary to affect a resolution, and the cost of such actions, including the expenses, court costs, and legal fees, shall be paid in accordance with **Paragraph 8.F.** above. In the event the dispute involves adoption of a subsequent Management Plan, the Management Plan most recently in effect shall continue to remain effective until such time as a new Management Plan is made effective pursuant to the provisions of this **Paragraph 10.**

11. Costs and Legal Requirements. Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep and maintenance of the Property and agrees that the Conservancy shall have no duty or responsibility for the operation or maintenance of the Property, the monitoring of hazardous conditions thereon, or the protection of Grantor, the public, or any third parties from risks relating to conditions on the Property. Grantor agrees to pay before delinquency any and all real property taxes and assessments levied by competent authority on the Property and that Grantor shall keep the Conservancy's interest in the Property free of any liens, including those arising out of any work performed for, materials furnished to or obligations incurred by Grantor. Grantor shall be solely responsible for any costs related to the maintenance of general liability insurance covering acts on the Property. Grantor remains solely responsible for obtaining any applicable governmental permits and approvals for any activity or use permitted by this Easement, and any activity or use shall be undertaken in accordance with all applicable federal, state, and local laws, regulations, and requirements. If more than one person or entity constitutes Grantor, the obligations of each and all of them under this Easement shall be joint and several.



12. Access. Nothing herein contained shall be construed as affording the public access to any portion of the Property.

13. Assignment. With sixty (60) days prior written notice to Grantor, the Conservancy may assign the Easement without Grantor's consent; provided that:

A. The Conservancy requires, as a condition of such transfer, that the conservation purposes of the Easement continue to be carried out; and

B. An assignment may be made only to an organization qualified at the time of transfer as an eligible donee under the IRS Code and C.R.S. Sections 38-30.5-101 to 38-30.5-111, and if applicable and required at the time of such assignment by Colorado statutes, rules and regulations governing the Colorado Conservation Easement Tax Credit, an entity certified to hold a conservation easement for which a state tax credit is claimed.

14. Change of Conditions. The fact that any use of the Property that is expressly prohibited by this Easement, or any other use as determined to be inconsistent with the purpose of this Easement, may become greatly more economically valuable than permitted uses, or that neighboring properties may in the future be put entirely to uses that are not permitted thereunder, has been considered by the Grantor in granting this Easement. It is Grantor's belief that any such changes will increase the benefit to the public of the continuation of this Easement, and it is the intent of both Grantor and the Conservancy that any changes should not be assumed to be circumstances justifying the termination or extinguishment of this Easement pursuant to this paragraph. In addition, the inability to carry on any or all of the permitted uses, or the unprofitability of doing so, shall not impair the validity of this Easement or be considered grounds for its termination or extinguishment pursuant to this paragraph.

15. Extinguishment. If circumstances arise in the future that render the purpose of this Easement impossible or impractical to accomplish, this Easement can only be terminated or extinguished, whether with respect to all or part of the Property, by judicial proceeding in a court of competent jurisdiction. Each party shall promptly notify the other when it first learns of such circumstances. The amount of proceeds to which the Conservancy shall be entitled, after satisfaction of prior claims, from any sale, exchange, or involuntary conversion of all or any portion of the Property subsequent to such termination or extinguishment, shall be determined, unless otherwise provided by Colorado law at that time, in accordance with **Paragraph 17** below.

16. Condemnation. If the Easement is taken, in whole or in part, by exercise of the power of eminent domain, the Conservancy shall be entitled to compensation in accordance with **Paragraph 17** below.

17. Proceeds. Grantor hereby agrees that at the time of the conveyance of this Easement, this Easement gives rise to a real property right, immediately vested in the Conservancy, with a fair market value that is at least equal to the proportionate value that this Easement, at that time, bears to the value of the Property as a whole at that time, which the parties have determined through an appraisal to be 37.5%. Accordingly, if this Easement is extinguished, terminated, or



taken by eminent domain as described this Easement, the Conservancy on any sale, exchange or involuntary conversion of the Property shall be entitled to a portion of the proceeds that is not less than an amount equal to the proportionate share of such proceeds that the value that this Easement bears to the value of the Property unencumbered at the time of this conveyance which the parties agree is 37.5% of the full fair market value of the Property. The Conservancy shall use its proceeds in a manner consistent with the conservation purposes of this Easement.

18. Transfer of the Property. Grantor agrees that the terms, conditions, restrictions and purposes of this Easement or reference thereto will be inserted by Grantor in any subsequent deed or other legal instrument by which Grantor divests either the fee simple title or possessory interest, including, but not limited to, any leases of the Property; and Grantor further agrees to notify Grantee of any pending transfer at least thirty (30) days in advance. The failure of Grantor to comply with this Paragraph shall not impair the validity of this Easement or limit its enforceability in any way. Any successor in interest of Grantor, by acceptance of a deed, lease or other document purporting to convey an interest in the Property, shall be deemed to have consented to, reaffirmed and agreed to be bound by all of the terms, covenants, restrictions and conditions of this Easement.

19. Amendment. If circumstances arise under which an amendment to or modification of the Easement would be appropriate, Grantor and the Conservancy may jointly amend the Easement; provided that any such amendment or modification must be neutral as to its effects on the conservation purposes and Conservation Values or positively enhances the conservation purposes and Conservation Values of this Easement and further provided that no amendment shall be allowed that affects the qualification of the Easement under the IRS Code or C.R.S. Sections 38-30.5-101 to 38-30.5-111. Any such amendment shall be consistent with the purposes of the Easement, shall not affect its perpetual duration, shall not permit additional development or improvements to be undertaken on the Property other than development or improvements currently permitted by the Easement, and shall not impair any of the significant Conservation Values of the Property. Any such amendment shall be recorded in the official records of the county in which the Property is located.

20. Transfer of Development Rights. All Development Rights (as that term is defined in **Paragraph 23.A.** below) that are now or hereafter allocated to, implied, reserved or inherent in the Property are terminated and extinguished, and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described, or to any other property adjacent or otherwise, nor used for the purpose of calculating permissible lot yield of the Property or any other property. Under no circumstances shall the Property be used as a "remainder parcel" or in any other way for the purpose of calculating or giving development credits which result in additional development density, beyond what is allowed in this Easement, on or off the Property.

21. Interpretation. The provisions of this Easement shall be liberally construed to effectuate their purpose of preserving and protecting habitat for wildlife, unique native plants, and diverse forest, meadow and riparian vegetative communities. No remedy or election given by any provision



in this Easement shall be deemed exclusive unless so indicated, but it shall, wherever possible, be cumulative with all other remedies at law or in equity. The parties acknowledge that each party and its counsel have reviewed and revised this Easement and that no rule of construction that ambiguities are to be resolved against the drafting party shall be employed in the interpretation of this Easement. In the event of any conflict between the provisions of this Easement and the provisions of any use and zoning restrictions of the state or county in which the Property is located, or any other governmental entity with jurisdiction, the more restrictive provisions shall apply. This Easement shall be interpreted in accordance with the laws of the state in which the Property is located.

22. Notices. Any notice, demand, request, consent, or communication that any party desires or is required to give to another party shall be in writing and either served personally or sent by first class mail, postage prepaid, addressed as follows:

To GRANTOR:

Rye Austin | Executive Director  
Malone Family Land Preservation  
Foundation  
8900 Liberty Circle | Englewood, CO  
80112

To the CONSERVANCY:

The Nature Conservancy  
Attention: Land Protection  
2424 Spruce Street  
Boulder, CO 80302

23. Miscellaneous.

A. Definitions.

(1) The terms "Grantor" and "Conservancy," wherever used in this Agreement and any pronouns used in place thereof, shall mean and include, respectively, the above-named Grantor, his personal representatives, heirs, devisee, personal representatives, and assigns, and all other successors as their interest may appear and the Conservancy and its successors and assigns.

(2) The term "Hazardous Materials" includes, without limitation, (a) material that is flammable, explosive, or radioactive; (b) petroleum products; and (c) hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the CERCLA (42 USC 9601 et seq.), and the Hazardous Materials Transportation Act (49 USC section 6901 et seq.), and in the regulations adopted and publications promulgated pursuant to them, or any other applicable federal, state, or local laws, ordinances, rules, or regulations now in effect or enacted after this date.

(3) The term "Development Rights" means and includes any and all legal rights under federal, state, and/or local laws, ordinances, rules or regulations now in effect or enacted after this date to develop and build structures, expressed as the maximum number of dwelling units per acre for residential parcels or square feet of



gross floor area for nonresidential parcels, that could be permitted under applicable zoning and subdivision rules and regulations, excluding the rights to build the structures that are specified in this Easement.

(4) The term "Building" shall mean an enclosed space with walls and a roof that provides shelter or housing or provides working, office, parking, display or sales space and which includes, but is not limited to houses, barns, sheds, cabins, garages, temporary living quarters of any sort, and mobile homes.

(5) The term "Structure" shall mean a man-made improvement such as a dock, picnic pavilion, well house, sign, billboard or other advertising material, utility tower, cell phone, radio or similar tower, powerlines, water storage tanks, etc., that is not a Building, fence, or road.

B. Binding Effect. The Easement created by this Grant Deed shall burden and run with the Property forever. Every provision of this Easement that applies to Grantor or the Conservancy shall also apply forever to their respective agents, heirs, devisees, administrators, employees, personal representatives, lessees, and assigns, and all other successors as their interest may appear and shall benefit forever the Conservancy and its successors and assigns.

C. Severability. The terms and purposes of this Easement are intended to be perpetual. If any provision of this Easement or the application thereof to any person or circumstance is found to be invalid, the remainder of the provisions hereof and the application of such provision to persons or circumstances other than those to which it is found to be invalid, shall not be affected thereby.

D. Re-Recording. The Conservancy is authorized to record or file any notices or instruments appropriate to assuring the perpetual enforceability of this Easement; for such purpose, Grantor appoints the Conservancy his/her/their attorney-in-fact to execute, acknowledge and deliver any necessary instrument on his/her/their behalf. Without limiting the foregoing, Grantor agrees to execute any such instruments upon request.

E. Subsequent Liens On Property. No provision of this Easement should be construed as impairing the ability of Grantor to use the Property as collateral for subsequent borrowing, provided that any mortgage, deed of trust or lien arising from such a borrowing is at all times subordinated to this Easement.

F. Termination of Rights and Obligations. A party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Easement or Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.



G. Captions. The captions have been inserted solely for convenience of reference and are not part of the Easement and shall have no effect upon construction or interpretation.

H. Counterparts. The parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by all parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

I. Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement, all of which are merged herein. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment that complies with **Paragraph 19** above.

J. No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of Grantor's title in any respect.

K. Successors. The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assigns and shall continue as a servitude running in perpetuity with the Property.

*Remainder of page intentionally left blank.  
Signature pages follow.*



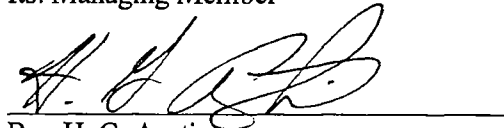
TO HAVE AND TO HOLD the said Easement unto the said Conservancy, its successors and assigns, forever.

IN WITNESS WHEREOF, Grantor has hereunto set its hand this 23<sup>rd</sup> day of December, 2014.

GRANTOR:

Red Top Holdings, LLC, a Colorado limited liability company

By: The Malone Family Land Preservation Foundation, a Colorado non-profit corporation  
Its: Managing Member




By: H. G. Austin  
Its: Executive Director

STATE OF Colorado )  
COUNTY OF Douglas ) ss.

The foregoing instrument was acknowledged before me this 23<sup>rd</sup> day of December, 2014, by H.G. Austin, Executive Director of The Malone Family Land Preservation Foundation, a Colorado non-profit corporation, Managing Member of Red Top Holdings, LLC, a Colorado limited liability company.



  
Notary Public

My Commission expires: 7/17/2015



The foregoing Deed of Conservation Easement is hereby duly accepted by The Nature Conservancy and has been executed on this 18<sup>th</sup> day of December, 2014.

CONSERVANCY:

The Nature Conservancy,  
a District of Columbia nonprofit corporation

By: Heidi Sherk

Its: Interim State Director

STATE OF Colorado )  
 )ss.  
COUNTY OF Boulder )

The foregoing instrument was acknowledged before me this 18<sup>th</sup> day of December, 2014, by Heidi Sherk, Interim State Director of The Nature Conservancy, a District of Columbia non-profit corporation, on behalf of the corporation.

Melissa Hansen  
Notary Public



My Commission expires: September 04, 2017



**Exhibit A**

**Legal Description of the Property**

All that certain real estate situated in Pueblo County, Colorado, more particularly described as follows:

***Township 23 South, Range 61 West of the 6th P.M.***

Section 31: SE1/4; Lots 3 and 4; E1/2 SW1/4; N1/2  
Section 32: S1/2; S1/2 N1/2  
Section 33: SW1/4

***Township 24 South, Range 61 West of the 6th P.M.***

Section 6: E1/2 SW1/4  
Section 7: E1/2 NW1/4, S1/2  
Section 25: W1/2; SW1/4NE1/4; NW1/4 SE1/4  
Section 26: SE1/4SE1/4  
Section 30: All  
Section 31: All  
Section 32: E1/2  
Section 33: All  
Section 34: S1/2 S1/2; W1/2 NW1/4  
Section 35: SW1/4

***Township 25 South, Range 61 West of the 6th P.M.***

Section 2: W1/2  
Section 3: All  
Section 4: All  
Section 6: All  
Section 7: All  
Section 9: All  
Section 10: All, except the S1/2 SE 1/4  
Section 11: W 1/2 NW1/4; NE1/4 NW1/4; N1/2 SW1/4; NW1/4 NE1/4  
Section 18: All  
Section 19: All  
Section 20: All  
Section 29: All  
Section 30: E1/2; N1/2 NW1/4; SE 1/4 NW1/4; S1/2 SW1/4; NE1/4 SW 1/4  
Section 31: W1/2; W1/2 E1/2; E1/2 NE 1/4



***Township 26 South, Range 61 West of the 6th P.M.***

Section 6: NE1/4; E1/2NW1/4; NW1/4 NW1/4; N1/2SE1/4; NE1/4 SW1/4; All that portion of Lot 5 lying North of State Highway No. 10; Except that portion conveyed In Warranty Deeds recorded in Book 1909, Page 864 and corrected In Book 1917 at Page 772, in Pueblo County;

***Township 23 South, Range 62 West of the 6th P.M.***

Section 27: E1/2; N1/2 NW1/4; S1/2 NW1/4; N1/2 SW1/4

Section 28: All

Section 31: All

Section 32: All Except 1 acre in the extreme NE corner reserved for school in Book 496 at Page 340

Section 33: SW1/4 and N1/2

Section 34: N1/2 NE1/4 and SE1/4

***Township 24 South, Range 62 West of the 6th P.M.***

Section 3: All

Section 4: All

Section 5: All

Section 6: E1/2 SE1/4; W 1/2 NE 1/4; SW1/4; NW1/4; W1/2 SE1/4

Section 7: S1/2; W1/2 NW1/4; E1/2 NW1/4; W1/2 NE1/4

Section 8: All

Section 13: S1/2

Section 14: SE1/4 SE1/4

Section 18: All

Section 19: NW 1/4; N1/2 SW1/4; W1/2 NE1/4

Section 23 S 1/2 NE1/4; NE1/4 NE1/4; SE 1/4

Section 24: All

Section 25: All

Section 26: E1/2

Section 30: All

Section 31: Lots 3, 4, E1/2 SW 1/4

***Township 25 South, Range 62 West of the 6th P.M.***

Section 1: All

Section 2: NE1/4 SE1/4; SE1/4 SW1/4; SW1/4 SW1/4

Section 3: SE 1/4 SE 1/4



Section 5: All  
Section 6: All  
Section 7: All  
Section 8: All  
Section 9: SE1/4; SW1/4  
Section 10: SW1/4; E1/2 NE1/4; SE1/4  
Section 11: All  
Section 12: All  
Section 13: S 1/2 S1/2  
Section 24: E1/2  
Section 25: E1/2; SW 1/4; S1/2 NW 1/4

***Township 26 South, Range 62 West of the 6th P.M.***

Section 1: All North of State Highway 10

***Township 24 South, Range 60 West of the 6th P.M.***

Section 30: Lots 3, 4, E1/2 SW1/4  
Section 31: Lots 1, 2, E1/2 NW1/4; Lots 3, 4, E1/2 SW1/4 EXCEPTING THEREFROM tract  
conveyed to Harry Vold recorded in Book 2152 at Page 128



**Exhibit A-1**

**Description of Headquarters Building Envelope**

All that certain real estate situated in Pueblo County, Colorado, more particularly described as follows:

<b>Point</b>	<b>Longitude</b>	<b>Latitude</b>
1 -	104.2703307	37.92295938
2 -	104.2665227	37.92302726
3 -	104.2664947	37.92006208
4 -	104.2702978	37.91999594

Located in Section 31 in Township 24 South Range 61 West of the 6<sup>th</sup> P.M.





### Acknowledgment of Easement Documentation Report

Grantor and the Conservancy acknowledge that each has read the "Red Top Ranch Easement Documentation Report," dated December 1, 2014, and that the report accurately reflects the condition of the Property subject to the Easement as of the date of conveyance of the Easement.

THE NATURE CONSERVANCY,  
a District of Columbia  
non-profit corporation

Red Top Holdings, LLC, a  
Colorado limited liability company

By: The Malone Family Land Preservation  
Foundation, a Colorado non-profit  
corporation  
Its: Managing Member

By: Hadi Gani  
Its: Interim Staff Director  
Date: 12-10-14

By: H. G. Austin  
Its: Executive Director  
Date: \_\_\_\_\_





### Acknowledgment of Easement Documentation Report

Grantor and the Conservancy acknowledge that each has read the "Red Top Ranch Easement Documentation Report," dated December 1, 2014, and that the report accurately reflects the condition of the Property subject to the Easement as of the date of conveyance of the Easement.

THE NATURE CONSERVANCY,  
a District of Columbia  
non-profit corporation

Red Top Holdings, LLC, a  
Colorado limited liability company

By: The Malone Family Land Preservation  
Foundation, a Colorado non-profit  
corporation  
Its: Managing Member

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_


  
By: H. G. Austin  
Its: Executive Director  
Date: 12/23/14



Exhibit C

Acknowledgment of Management Plan

Grantor and the Conservancy acknowledge that they have developed and consented to the "Red Top Ranch 3 Conservation Easement Management Plan," with an effective date of December 18, 2014, and that said document constitutes the initial Management Plan as of the date of conveyance of the Easement.

THE NATURE CONSERVANCY,  
a District of Columbia  
non-profit corporation

Red Top Holdings, LLC, a  
Colorado limited liability company

By: The Malone Family Land Preservation  
Foundation, a Colorado non-profit  
corporation  
Its: Managing Member

By: Heidi Shure  
Its: Interim State Director  
Date: 12-18-14

By: H. G. Austin  
Its: Executive Director  
Date: \_\_\_\_\_



**Acknowledgment of Management Plan**

Grantor and the Conservancy acknowledge that they have developed and consented to the "Red Top Ranch 3 Conservation Easement Management Plan," with an effective date of December 18, 2014, and that said document constitutes the initial Management Plan as of the date of conveyance of the Easement.

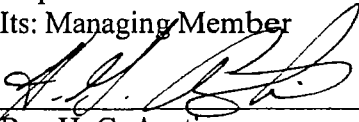
THE NATURE CONSERVANCY,  
a District of Columbia  
non-profit corporation

Red Top Holdings, LLC, a  
Colorado limited liability company

By: \_\_\_\_\_  
Its \_\_\_\_\_  
Date: \_\_\_\_\_

By: The Malone Family Land Preservation  
Foundation, a Colorado non-profit  
corporation

Its: Managing Member

  
By: H. G. Austin

Its: Executive Director

Date: 12-23-14



Notice of New Building Envelope Designation

RECORDING REQUESTED BY AND )  
WHEN RECORDED RETURN TO: )  
The Nature Conservancy )  
Western Resource Office )  
Attn: Legal Department )  
2424 Spruce Street, Suite 100 )  
Boulder, Colorado 80302 )

NOTICE OF NEW BUILDING ENVELOPE DESIGNATION

Pursuant to a Deed of Conservation Easement granted to The Nature Conservancy, a District of Columbia nonprofit corporation, dated \_\_\_\_\_, 2014, and recorded at \_\_\_\_\_ in the records of the Clerk and Recorder of \_\_\_\_\_ County, Colorado, \_\_\_\_\_ [Name of current landowner], hereby designate Building Envelope # \_\_\_\_\_ permitted under paragraph 5.C. of said Deed of Conservation Easement.

The legal description of Building Envelope # \_\_\_\_\_ is as follows:

[Insert surveyed legal description]

Dated: \_\_\_\_\_

[Signature block for current landowner]

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ [name of current landowner].

[SEAL]

\_\_\_\_\_  
(Notary's official signature)



**Exhibit E**

**Legal Description of the Southern Portion**

All that certain real estate situated in Pueblo County, Colorado, more particularly described as follows:

Sections 5, 6, 7, 8, T25S R62W  
SW1/4 Section 31 T24S R62W



**CPW Easement Property**

(West Parcel- Red Top Ranch)

Township 25 South, Range 62 West of the 6th P.M.:

Section 17: N1/2; N1/2S1/2  
Section 18: All  
Section 19: All  
Section 20: S1/2N1/2; S1/2  
Section 21: S1/2SW1/4; NE1/4SW1/4  
Section 27: N1/2NE1/4  
Section 28: NW1/4; NE1/4SW1/4, W1/2SW1/4, SE1/4SW1/4  
Section 29: N1/2 N1/2, S1/2NW1/4, SW1/4, SE1/4, S1/2 NE1/4  
Section 30: All  
Section 31: All that part of said Section 31 lying and being in Pueblo County  
Section 32: All that portion lying and being in Pueblo County  
Section 34: W1/2; W1/2 NE1/4; SE1/4 NE1/4; SE1/4

Township 26 South, Range 62 West of the 6th P.M.:

Section 2: Lots 3 and 4, S1/2NW1/4; N1/2 SW1/4; E1/2 and S1/2SW1/4 North of Highway 10;  
Section 3: S1/2 NE1/4; N1/2 N1/2; S1/2NW1/4; N1/2SW1/4 and SE1/4 that portion lying within Pueblo County  
Section 4: E1/2 NW1/4; NE1/4 and that part of W1/2 NW1/4 lying within Pueblo County  
Section 5: That portion of the N1/2NE1/4 and NE1/4 NW1/4 lying within Pueblo County;  
Section 11: All North of State Highway 10 in Pueblo County, EXCEPTING a tract of land abutting on the Northerly right of way line of State Highway #10 and lying partially in Section 2 and partially in Section 11, Township 26 South, Range 62 West of the 6th P.M., and more particularly described as follows by metes and bounds; COMMENCING at a point on the said Northerly right of way line of State Highway #10 whence the Northeast corner of Section 1 in Township 26 South, Range 62 West bears North 2651 feet and running thence S60°55'W along said Northerly right of way line 5750 feet to a one inch iron bar set 2 feet in the ground and extending 1 foot above the surface of the ground which point is the POINT OF BEGINNING thence N29°5'W, 660 feet to a one inch iron bar set permanently in the ground;  
thence S60°55'W 1320 feet to a one inch iron bar set firmly in the ground;



thence S29°5'E 660 feet to a one inch bar set in the said Northerly right of way line of State Highway #10;  
thence N60°55'E along said Northerly right of way line of State Highway #10 1320 feet to the POINT OF BEGINNING, AND FURTHER EXCEPTING Tracts conveyed in Book 1477 at Page 169 and Book 1445 at Page 52.

Township 25 South, Range 63 West of the 6th P.M.:

Section 25: All

Section 35: All that portion of the N1/2 of said Section lying in Pueblo County

Township 25 South, Range 62 West of the 6th P.M.:

Section 31: All that part in Huerfano County

Section 32: All that part in Huerfano County

Township 26 South, Range 62 West of the 6th P.M.:

Section 4: All that part in Huerfano County

Section 5: All that part of the N1/2 in Huerfano County

Section 6: All

Section 7: All that part in Huerfano County

Township 25 South, Range 63 West of the 6th P.M.:

Section 35: All that part in Huerfano County

Township 26 South, Range 63 West of the 6th P.M.:

Section 1: All

EXCEPT the SE1/4SE1/4;

Section 2: All

Section 12: NW1/4NE1/4

Huerfano County

Township 26 South, Range 62 West of the 6th P.M., Las Animas County,

Section 3: All that part in Las Animas County

Section 7: All that part in Las Animas County

Section 8: All that part of the E1/2 in Las Animas County

Section 9: All that part lying North of Highway 10;

Section 10: All that part of the N1/2 lying North of Highway 10

Section 11: All that part lying North of Highway 10

EXCEPTING that part in N1/2NE1/4 and in the NW1/4 per Treasurer's deed in Book 881, Page 174

Section 17: All that part lying North of Highway 10

Section 18: All that part of the E1/2 lying North of Highway 10

All in Las Animas County





19751 E Mainstreet # R14,  
Parker, CO 80138  
Phone: (303) 841-6982  
Fax: (303) 841-6099

DATE: July 1, 2014  
FILE NUMBER: 598-F0452908-153-MH, Amendment No 2  
PROPERTY ADDRESS: Vacant Land, Pueblo, CO  
BUYER/BORROWER: The Nature Conservancy  
OWNER(S): Red Top Holdings, LLC, a Colorado limited liability company  
YOUR REFERENCE NUMBER:  
ASSESSOR PARCEL NUMBER:

PLEASE TAKE NOTE OF THE FOLLOWING REVISED TERMS CONTAINED HEREIN:

Schedule A

TO: Fidelity National Title Company 19751 E Mainstreet # R14 Parker, CO 80138	ATTN: Melissa Hann PHONE: (303) 841-6982 FAX: (303) 841-6099 E-MAIL: mhann@fnf.com
TO: The Nature Conservancy 2424 Spruce Street Boulder, CO 80302	ATTN: Melissa A. Garvey PHONE: (720) 974-7031 FAX: (303) 444-2985 E-MAIL: mgarvey@tnc.org
TO: The Nature Conservancy 2424 Spruce St. Suite 100 Boulder, CO 80302	ATTN: Melissa Hansen PHONE: (303) 541-0340 FAX: (303) 541-0346 E-MAIL: mhansen@tnc.org
TO: Parker 19751 E Mainstreet # R14 Parker, CO 80138	ATTN: Melissa Hann PHONE: (303) 841-6982 FAX: (303) 841-6099 E-MAIL: mhann@fnf.com

END OF TRANSMITTAL



**Fidelity National Title Insurance Company**  
**COMMITMENT**  
**SCHEDULE A**

**Commitment No:** 598-F0452908-153-MH, Amendment No. 2

**1. Effective Date:** June 13, 2014 at 7:00 A.M.

**2. Policy or policies to be issued:**

Proposed Insured	Policy Amount
(a) ALTA Owners Policy 6-17-06	\$0.00
The Nature Conservancy	
(b) None	\$0.00

\$

**3. The estate or interest in the land described or referred to in this Commitment is:**

A Fee Simple

**4. Title to the estate or interest in the land is at the Effective Date vested in:**

Red Top Holdings, LLC, a Colorado limited liability company

**5. The land referred to in this Commitment is described as follows:**

See Attached Legal Description

(for informational purposes only) Vacant Land, Pueblo, CO

**PREMIUMS:**

**Owners Coverage: Pending**



## Attached Legal Description

All that certain real estate situated in the County of Pueblo, State of Colorado more particularly described as follows:

Township 23 South, Range 61 West of the 6 P.M.

Section 31: SE1/4; Lots 3 and 4; E1/2 SW1/4; N1/2

Section 32: S1/2; S1/2 N1/2

Section 33: SW1/4

Township 24 South, Range 61 West of the 6th P.M.

Section 6: undivided 3/5 interest in Lots 6 and 7, E1/2 SW1/4

Section 7: undivided 3/5 interest in Lots 1, and 2, E1/2 NW1/4, S1/2

Section 25: W1/2; SW1/4NE1/4; NW1/4 SE1/4

Section 26: SE1/4SE1/4

Section 30: All

Section 31: All

Section 32: E1/2, undivided 1/2 interest in and to the N1/2 of SW1/4

Section 33: All

Section 34: S1/2 S1/2; W1/2 NW1/4

Section 35: SW1/4

Township 25 South, Range 61 West of the 6th P.M.

Section 2: W1/2

Section 3: All

Section 4: All

Section 6: All

Section 7: All

Section 9: All

Section 10: All, except the S1/2 SE 1/4

Section 11: W 1/2 NW1/4; NE1/4 NW1/4; N1/2 SW1/4; NW1/4 NE1/4

Section 18: All

Section 19: All

Section 20: All

Section 29: All

Section 30: E1/2; N1/2 NW1/4; SE 1/4 NW1/4; S1/2 SW1/4; NE1/4 SW 1/4

Section 31: W1/2; W1/2 E1/2; E1/2 NE 1/4

Township 26 South, Range 61 West of the 6th P.M.

Section 6: NE1/4; E1/2NW1/4; NW1/4 NW1/4; N1/2SE1/4; NE1/4 SW1/4; All that portion of Lot 5 lying North of State Highway No. 10; Except that portion conveyed In Warranty Deeds recorded in Book 1909, Page 864 and corrected In Book 1917 at Page 772, in Pueblo County;



Township 23 South, Range 62 West of the 6th P.M.

Section 27: E1/2; N1/2 NW1/4; S1/2 NW1/4; N1/2 SW1/4

Section 28: All

Section 31: All

Section 32: All Except 1 acre in the extreme NE corner reserved for school in Book 496 at Page 340

Section 33: SW1/4 and N1/2

Section 34: N1/2 NE1/4 and SE1/4

Township 24 South, Range 62 West of the 6th P.M.

Section 3: All

Section 4: All

Section 5: All

Section 6: E1/2 SE1/4; W 1/2 NE 1/4; SW1/4; NW1/4; W1/2 SE1/4

Section 7: S1/2; W1/2 NW1/4; E1/2 NW1/4; W1/2 NE1/4

Section 8: All

Section 13: S1/2

Section 14: SE1/4 SE1/4

Section 18: All

Section 19: NW 1/4; N1/2 SW1/4; W1/2 NE1/4

Section 23 S 1/2 NE1/4; NE1/4 NE1/4; SE 1/4

Section 24: All

Section 25: All

Section 26: E1/2

Section 30: All

Section 31: Lots 3, 4, E1/2 SW 1/4

Township 25 South, Range 62 West of the 6th P.M.

Section 1: All

Section 2: NE1/4 SE1/4; SE1/4 SW1/4; SW1/4 SW1/4

Section 3: SE 1/4 SE 1/4

Section 5: All

Section 6: All

Section 7: All

Section 8: All

Section 9: SE1/4; SW1/4 and 1/2 interests in SW1/4 of the NW1/4

Section 10: SW1/4; E1/2 NE1/4; SE1/4

Section 11: All

Section 12: All

Section 13: S 1/2 S1/2

Section 24: E1/2

Section 25: E1/2; SW 1/4; S1/2 NW 1/4

Township 26 South, Range 62 West of the 6th P.M.



Section 1: All North of State Highway 10

Township 24 South, Range 60 West of the 6th P.M.

Section 30: Lots 3, 4, E1/2 SW1/4

Section 31: Lots 1, 2, E1/2 NW1/4; Lots 3, 4, E1/2 SW1/4 EXCEPTING THEREFROM tract conveyed to Harry Vold recorded in Book 2152 at Page 128



**SCHEDULE B – Section 1**  
**Requirements**

**The following requirements must be met:**

- a. Pay the agreed amounts for the interest in the land and/or for the mortgage to be insured.
- b. Pay us the premiums, fees and charges for the policy.
- c. Obtain a certificate of taxes due from the county treasurer or the county treasurer's authorized agent.
- d. Evidence that any and all assessments for common expenses, if any, have been paid.
- e. The Company will require that an Affidavit and Indemnity Agreement be completed by the party(s) named below before the issuance of any policy of title insurance.

Party(s): Red Top Holdings, LLC, a Colorado limited liability company

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit.

- f. Deed or Easement sufficient to convey the fee or Easement simple estate or interest in the Land described or referred to herein, to the Proposed Insured Purchaser.
- g. Before issuing its policy of title insurance, the Company will require evidence, satisfactory to the Company, that

Corporation name: **The Nature Conservancy**

- a) is validly formed on the date when the documents in this transaction are to be signed;
- b) is in good standing and authorized to do business in the state or country where the corporation was formed; and
- c) has complied with the "doing business" laws of the State of \_\_\_\_\_.

**END OF REQUIREMENTS**



**SCHEDULE B – Section 2**

**Exceptions**

**Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction:**

1. Any facts, rights, interests or claims that are not shown by the Public Records but which could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
2. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
3. Any encroachments, encumbrances, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by Public Records.
4. Any lien or right to alien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.
5. 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 the value the estate or interest or mortgage thereon covered by this Commitment.
6. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof, (c) water rights, claims of title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
7. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
8. All taxes and assessments, now or heretofore assessed, due or payable.
9. Any existing leases or tenancies.
10. Item deleted.
11. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded March 10, 1923 in Book 522 at Page 429.
12. Item deleted.
13. Item deleted.
14. Item deleted.
15. Item deleted.
16. Reservation of right of way for any ditches or Canals Constructed by Authority of the United States, in U.S. Patent recorded May 7, 1919 in Book 452 at Page 128



17. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded December 30, 1920 in Book 452 at Page 544.
18. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded June 9, 1920 in Book 452 at Page 377.
19. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded March 6, 1922 in Book 522 at Page 224.
20. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded January 31, 1921 in Book 452 at Page 590.
21. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded May 11, 1922 in Book 522 at Page 258.
22. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded October 14, 1916 in Book 305 at Page 239.
23. Reservation of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded December 23, 1916 in Book 305 at Page 504.
24. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded March 21, 1922 in Book 522 at Page 235.
25. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded April 1, 1927 in Book 592 at Page 137.
26. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded August 21, 1916 in Book 305 at Page 467.
27. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded December 28, 1922 in Book 522 at Page 376.
28. Item deleted.
29. Item deleted.
30. Item deleted.
31. Item deleted.
32. Item deleted.
33. Item deleted.
34. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded January 10, 1920 in Book 452 at Page 258.
35. Item deleted.



36. Item deleted.
37. Item deleted.
38. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded May 04, 1917, in Book 305 at Page 551.
39. Item deleted.
40. Item deleted.
41. Reservation of Right of Way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded June 03, 1925, in Book 592 at Page 37.
42. Item deleted.
43. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded October 10, 1923 in Book 522 at Page 530.
44. Item deleted.
45. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded April 08, 1921, in Book 522 at Page 11.
46. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded February 04, 1922, in Book 522 at Page 194.
47. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. patent recorded July 31, 1922, in Book 522 at Page 302.
48. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded October 22, 1921 in Book 522 at Page 103.
49. Item deleted.
50. Item deleted.
51. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded November 14, 1921, in Book 522 at Page 119.
52. Item deleted.
53. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded February 21, 1921 in Book 452 at Page 616.
54. Item deleted.
55. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded January 14, 1920, in Book 452 at Page 259.



56. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded October 15, 1914, in Book 305 at Page 240.
57. Item deleted.
58. Item deleted.
59. Item deleted.
60. Item deleted.
61. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded April 15, 1924, in Book 522 at Page 59.
62. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded December 13, 1915, In Book 305 at Page 391.
63. Item deleted.
64. Item deleted.
65. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded August 11, 1920, in Book 452 at Page 431.
66. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded February 21, 1921, in Book 452 at Page 615.
67. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded March 10, 1923, in Book 522 at Page 428.
68. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded March 07, 1924, in Book 522 at Page 577.
69. Reservations of (1) right of proprietor of any penetrating vein or lode to Extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded January 18, 1940 in Book 879 at Page 488.
70. Reservations of (1) right of proprietor of any penetrating vein or lode to Extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States in US. Patent recorded March 7, 1924 in Book 522 at Page 578.
71. Item deleted.
72. Reservation of right of proprietor of any penetrating vein or lode to extract his ore, in U.S. Patent recorded May 9, 1910 in Book 305 at Page 65.
73. Item deleted.
74. Item deleted.
75. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded July 02, 1921, in Book 522 at Page 49.



76. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded January 18, 1940, in Book 879 at Page 487.
77. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded May 06, 1924, in Book 522 at Page 603.
78. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. patent recorded November 13, 1951 in Book 1168 at Page 359.
79. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded July 25, 1922, in Book 522 at Page 298.
80. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded May 20, 1943 in Book 947 at Page 526.
81. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. patent recorded March 31, 1922 in Book 522 at Page 241.
82. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded February 03, 1921 in Book 452 at Page 594.
83. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded March 03, 1925, in Book 592 at Page 10.
84. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded July 01, 1926 in Book 592 at Page 102.
85. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded April 14, 1923, in Book 522 at Page 454.
86. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded April 14, 1923 in Book 522 at Page 453.
87. Item deleted.
88. Item deleted.
89. Item deleted.
90. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded October 06, 1915 in Book 305 at Page 362.
91. Item deleted.
92. Item deleted.
93. Item deleted.



94. Item deleted.
95. Reservations of right of proprietor of any penetrating vein or lode to extract his ore, in U.S. Patent recorded November 24, 1945 in Book 1000 at Page 392.
96. Reservation of right of proprietor of any penetrating vein or lode to extract his ore, in U.S. Patent recorded November 24, 1945 in Book 1000 at Page 391.
97. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. patent recorded October 06, 1915 in Book 305 at Page 363.
98. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded January 31, 1924, in Book 522 at Page 562.
99. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded February 13, 1941 in Book 899 at Page 428.
100. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded March 06, 1923, in Book 522 at Page 422.
101. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded July 26, 1935 in Book 805 at Page 156.
102. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded November 13, 1925 in Book 592 at Page 64.
103. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded November 13, 1925, in Book 592 at Page 65.
104. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States in U.S. Patent recorded July 02, 1921 in Book 522 at Page 50.
105. Item deleted.
106. Item deleted.
107. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded December 07, 1926, in Book 592 at Page 118.
108. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded December 07, 1926, in Book 592 at Page 117.
109. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded June 01, 1926, in Book 592 at Page 103.
110. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded December 07, 1920, in Book 452 at Page 535.



111. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or Canals Constructed by authority of United States, in U.S. Patent recorded October 06, 1915 in Book 305 at Page 360.
112. Item deleted.
113. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded March 31, 1922, in Book 522 at Page 240.
114. Item deleted.
115. Item deleted.
116. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded March 06, 1906 in Book 284 at Page 474.
117. Item deleted.
118. Item deleted.
119. Item deleted.
120. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded September 30, 1922 In Book 522 at Page 327.
121. Reservation of right of way for any ditches or canals constructed by in U.S. Authority of the United States, Patent recorded in Book 522 at Page 326.
122. Reservation of right of way for any ditches or canals constructed by in U.S. Authority of the United States, Patent recorded May 05, 1941, in Book 906 at Page 266.
123. Reservation of right of way for any ditches or canals constructed by in U.S. Authority of the United States, in Patent recorded September 10, 1913, Book 381 at Page 350.
124. Reservation of right of way for any ditches or canals constructed by in U.S. Authority of the United States, in Patent recorded December 05, 1916, Book 305 at Page 500.
125. Item deleted.
126. Reservation of right of way for any ditches or canals constructed by in U.S. Authority of the United States, Patent recorded May 21, 1920, in Book 452 at Page 352.
127. Reservation of right of way for any ditches or canals constructed by in US. Authority of the United States, Patent recorded June 28, 1921, in Book 522 at Page 46.
128. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded September 30, 1922, in Book 522 Page 326



129. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded September 01, 1916, in Book 305 at Page 470.
130. Item deleted.
131. Item deleted.
132. Item deleted.
133. Item deleted.
134. Item deleted.
135. Patent recorded March 26, 1919, in Book 452 at Page 106.
136. Item deleted.
137. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded July 23, 1920, in Book 452 at Page 419.
138. Item deleted.
139. Item deleted.
140. Item deleted.
141. Item deleted.
142. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded February 08, 1922, in Book 522 at Page 195.
143. Item deleted.
144. Item deleted.
145. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded January 13, 1928 in Book 672 at Page 463.
146. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded February 03, 1921, in Book 452 at Page 593.
147. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded October 18, 1920, in Book 452 at Page 502.
148. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded May 02, 1921, in Book 522 at Page 31.
149. Any interest in all oil, gas and other mineral rights together with the right to enter upon said lands and to develop any and all mineral, oil and Gas rights, as reserved in a deed recorded July 24, 1930 in Book 731 at Page 362 and any interests therein or rights there under.



150. Any interest in all ores, minerals, metals, coal, oil, gas, asphaltum and other like substances rights as reserved in a deed recorded June 14, 1941 in Book 909 at Page 21 and any interest therein or rights there under.
151. Item deleted.
152. Item deleted.
153. Any grantors interest in all oil, gas and other mineral rights, as reserved by William L. Pickerel, in the Deed to Bob Johnston recorded June 20, 1946 in Book 1015 at Page 281, and any interest therein or rights thereunder.
154. Item deleted.
155. Item deleted.
156. Item deleted.
157. Item deleted.
158. Item deleted.
159. Item deleted.
160. Item deleted.
161. Item deleted.
162. Item deleted..
163. Item deleted.
164. Item deleted.
165. Item deleted.
166. Item deleted.
167. Right of way for the Red Top Road and the Mustang Creek.
168. Item deleted.
169. Easement and right of way to construct, operate and maintain its lines for transmission of electrical energy, as granted to Southern Colorado Power Company, a Colorado corporation by Andrew Marshall, Ames Stevens, Amyas Ames, trustees under the will of Paul Butler by Instrument recorded January 16, 1947 in Book 1032 at Page 125.
170. Item deleted.
171. Item deleted.
172. Item deleted.



- 173. Item deleted.
- 174. Item deleted.
- 175. Item deleted.
- 176. Item deleted.
- 177. Chicosa park pipeline, ditches and reservoirs system, farmers ditch, extension and enlargements, Ellis ditch, Welton Ditch No. 2, Nepesta Ditch and reservoir system, Metcalf Seepage Ditch, Burgess Reservoir and Huerfano River Seepage.
- 178. One-half of all royalty or mineral lease payments received by grantees, their heirs, successors or assigns for a period of 25 years as reserved by Red Top Ranch, Ltd., Bob Johnston, Inc., Bob Johnston, Jr., and Doris Johnston, in Deed recorded February 15, 1983 in Book 2146 at Page 439.
- 179. Road and highway easement as set forth in Instrument recorded in Book 774, at Page 126 of the Pueblo County records.
- 180. Road and highway easement as set forth in Instrument recorded in Book 774 at Page 129, of the Pueblo County records.
- 181. Rights of way to Ford, Bacon and Davis, Inc., as set forth in Instruments recorded in Book 675 at Page 434, Book 675 at Page 437 Book 675 at Page 439 Book 675 at Page 441 Book 675 at Page 442 Book 675 at Page 444 Book 675 at Page 445 Book 675 at Page 446 and in Book 682 at Page 159 Book 682 at Page 163 and in Book 686 at Page 101.
- 182. Rights of way to Colorado Interstate Gas Company as set forth in Book 819 at Page 137 Pueblo County records.
- 183. Item deleted.
- 184. Blue Ridge Valley Reservoirs 1 and 2, ditches 1 to 5, and amended Map as to Ditch No 3; Chicosa Park Pipeline, Ditches and Reservoirs System; Adamson Ditch; Purinton Ditch and Reservoir No. 2; Red Top Reservoir and Ditch; Bonanza Reservoir; Farmers Ditch, Extension and Enlargements; Ellis Ditch, Extension, Enlargement and Enlargements of Pryor Ditch; Welton Ditch No, 2; Hardesty Reservoir, Canal and Land Co., Seepage and Underflow of Mustang Creek; Wilson Enlargement of Red Top Reservoir and Ditch; White Rock Reservoir Ditch No, 41; Moody Reservoir Supply and Irrigation Ditch; Nepesta Ditch and Reservoir System; Enlargement of Dotson Supply Ditch and Doyle Arroya Feeder, Metcalf Seepage Ditch, Burgess Reservoir.
- 185. Road right of way as set forth in Book 774 at Page 124, of the Pueblo County records.
- 186. Item deleted.
- 187. Road right of way set forth in Book 774 at Page 130 of the Pueblo County records.
- 188. Item deleted.
- 189. Item deleted.
- 190. Assignment affecting record title to oil and gas lease by and between Shell Oil Company and Shell Western E and P Inc. recorded June 6, 1986 in Book 2293 at Page 229.



191. All right, title and interest in and to any water rights conveyed in Quitclaim Deed recorded July 13, 1992 in Book 2603 at Page 211.

192. Access Easement granted to Pueblo Cellular Communications, Inc. in instrument recorded February 14, 1994 in Book 2712 at Page 531 (Pueblo).

NOTE: Affects the South 1/2 of Sections 31 and 32, Township 24 South, Range 61 West and the NE 1/4 of Section 6, Township 25 South, Range 61 West.

193. Item deleted.

194. Terms, agreements, provisions, conditions and obligations as contained in Linear Encroachment Agreement recorded June 22, 1999 at Reception No. 1285582 (Pueblo).

NOTE: Partial Release of Linear Encroachment Agreement recorded December 27, 2000 at Reception No. 1363688 and Memorandum of Linear Encroachment Agreement recorded May 7, 2004 at Reception No. 1564571.

195. Terms, agreements, provisions, conditions and obligations as contained in Lease Agreement recorded July 29, 1999 at Reception No. 1291194 (Pueblo).

NOTE: Affects Section 19, Township 25 South, Range 61 West.

196. Terms, agreements, provisions, conditions and obligations as contained in Memorandum of Lease Agreement and Grant of Easement recorded February 2, 2000 at Reception No. 1318670 (Pueblo).

NOTE: Assignment of Lease recorded March 25, 2003 at Reception No. 1491781.

197. Matters shown and set forth on ALTA/ACSM Survey of the Haystack Butte Site recorded May 22, 2000 at Reception No. 1334088.

NOTE: Affects the North 1/2 of the SE 1/4 of Section 19, Township 25 South, Range 61 West.

198. Notes and easements shown and set forth on map of KQY-FM/Red Top Ranch recorded April 15, 2004 at Reception No. 1560938 (Pueblo).

NOTE: Affects the South 1/2 of Sections 31 and 32, Township 24 South, Range 61 West and the North 1/2 of Sections 5 and 6, Township 25 South, Range 61 West.

199. Memorandum of Lease Agreement recorded April 26, 2004 at Reception No. 1562224.

NOTE: Affects Section 19, Township 25 South, Range 61 West.

200. Terms, agreements, provisions, conditions and obligations as contained in Electric Service Agreement recorded June 23, 2004 at Reception No. 1571979 (Pueblo).

NOTE: Affects Section 6, Township 25 South, Range 61 West.

201. Item deleted.

202. Item deleted.



203. The following instruments purportedly convey mineral interests in portions of the subject property:

Trustee's Deed recorded September 22, 1998 at Reception No. 1239982;

Trustee's Mineral Deed recorded December 26, 2006 at Reception No. 1707287;

Quitclaim Deed - Assignment of Right recorded October 30, 2002 at Reception No. 1466724;

Treasurers Deed recorded November 9, 1994 in Book 2768 at Page 92;

Treasurer's Deed recorded October 16, 2003 at Reception No. 1531344;

Treasurer's Deed recorded December 4, 2003 at Reception No. 1539786;

Personal Representative's Deed recorded May 14, 1998 in Book 3123 at Page 442;

Treasurer's Deed recorded November 20, 2003 at Reception No. 1537716;

Bargain and Sale Deed recorded March 1, 2002 at Reception No. 1427703;

Personal Representative's Deed recorded March 14, 1998 at Reception No. 1218922;

and any and all assignments thereof or interests therein all as recorded in Pueblo County.

204. Terms, conditions, provisions, agreements and obligations contained in the Memorandum of Lease as set forth below:

Recording Date: October 8, 2012

Recording No.: 1921216

205. Terms, conditions, provisions, agreements and obligations contained in the Memorandum of Option Purchase Agreement as set forth below:

Recording Date: October 8, 2012

Recording No.: 1921217

END OF EXCEPTIONS



**WIRING INSTRUCTIONS**  
**Wells Fargo Bank**

**Wire Funds To:**

Bank: **Wells Fargo Bank**  
Address: **550 California Street, 10th Floor**  
**San Francisco, CA 94104**

ABA #: **121000248**  
**8861646886**  
**Fidelity National Title Company**

Order #: **F0452908-**

Property Address: **Vacant Land, Pueblo, CO**

On behalf of: **The Nature Conservancy**

Closer Name: **Melissa Hann**

If there are any questions regarding these instructions, please contact a Closing Officer or a Closing Assistant at Fidelity National Title Company, 19751 E Mainstreet # R14, Parker, CO 80138, (303) 841-6982

**\*\*\*\*\*PLEASE NOTE\*\*\*\*\***

Wiring funds to ANY account other than the account number listed above will result in the wire being returned or rejected which could delay a closing or disbursement of funds.

**\*\*\*PLEASE NOTE\*\*\***

In order to facilitate timely closing of this transaction please process as an outgoing federal reserve wire transfer only!

**ANY OTHER TYPES OF CREDITS RECEIVED WILL BE REJECTED UNLESS**  
**PRIOR APPROVAL HAS BEEN OBTAINED.**



**AFFIDAVIT AND INDEMNITY AGREEMENT**

**TO Fidelity National Title Company** a Colorado Corporation and Fidelity National Title Insurance Company, a California Corporation

1. This is written evidence to you that there are no unpaid bills, and to the extent there may be unpaid bills, that the undersigned undertakes and agrees to cause the same to be paid such that there shall be no mechanics or materialmen's liens affecting the property for materials or labor furnished for construction and erection, repairs or improvements contracted by or on behalf of the undersigned on property

legally described as:

**See Attached Affidavit and Indemnity Agreement Legal Description**

Property Address: **Vacant Land, Pueblo, CO**

2. We further represent that to the actual knowledge and belief of the undersigned there are no public improvements affecting the property prior to the date of closing that would give rise to a special property tax assessment against the property after the date of closing.
3. We further represent that to the actual knowledge and belief of the undersigned there are no pending proceedings or unsatisfied judgments of record, in any Court, State, or Federal, nor any tax liens filed or taxes assessed against us which may result in liens, and that if there are judgments, bankruptcies, probate proceedings, state or federal tax liens of record against parties with same or similar names, that they are not against us
4. We further represent that there are no unrecorded contracts, leases, easements, or other agreements or interests relating to said premises of which we have knowledge.
5. We further represent that to the actual knowledge and belief of the undersigned we are in sole possession of the real property described herein other than leasehold estates reflected as recorded items under the subject commitment for title insurance
6. We further represent that there are no unpaid charges and assessments that could result in a lien in favor of any association of homeowners which are provided for in any document referred to in Schedule B of Commitment referenced above
7. We further understand that any payoff figures shown on the settlement statement have been supplied to Fidelity National Title Company as settlement agent by the seller's/borrower's lender and are subject to confirmation upon tender of the payoff to the lender. If the payoff figures are inaccurate, we hereby agree to immediately pay any shortage(s) that may exist. If applicable as disclosed or referred to on Schedule A of Commitment referenced above.

The undersigned affiant(s) know the matters herein stated are true and indemnifies **Fidelity National Title Company**, a Colorado Corporation and Fidelity National Title Insurance Company, a California Corporation against loss, costs, damages and expenses of every kind incurred by it by reason of its reliance on the statements made herein.

This agreement is executed with and forms a part of the sale and/or financing of the above described premises, and is given in addition to the conveyance and/or financing of the premises in consideration for the conveyance and/or financing, and forms a complete agreement by itself for any action thereon.

**SELLER:**

**SELLER:**

\_\_\_\_\_  
Red Top Holdings, LLC, a Colorado limited liability company

State of Colorado  
County of **Pueblo**

}ss:

The foregoing instrument was acknowledged, subscribed, and sworn to before me on \_\_\_\_\_ by Red Top Holdings, LLC,  
a Colorado limited liability company

(SEAL)

\_\_\_\_\_  
Notary Public  
My Commission Expires:



**ATTACHED AFFIDAVIT AND INDEMNITY AGREEMENT  
LEGAL DESCRIPTION**

All that certain real estate situated in the County of Pueblo, State of Colorado more particularly described as follows

Township 23 South, Range 61 West of the 6 P.M.

Section 31 SE1/4; Lots 3 and 4; E1/2 SW1/4; N1/2  
Section 32 S1/2, S1/2 N1/2  
Section 33: SW1/4

Township 24 South, Range 61 West of the 6th P.M.

Section 6 undivided 3/5 interest in Lots 6 and 7, E1/2 SW1/4  
Section 7: undivided 3/5 interest in Lots 1, and 2, E1/2 NW1/4, S1/2  
Section 25: W1/2, SW1/4NE1/4; NW1/4 SE1/4  
Section 26: SE1/4SE1/4  
Section 30 All  
Section 31: All  
Section 32 E1/2, undivided 1/2 interest in and to the N1/2 of SW1/4  
Section 33: All  
Section 34 S1/2 S1/2; W1/2 NW1/4  
Section 35 SW1/4

Township 25 South, Range 61 West of the 6th P.M.

Section 2: W1/2  
Section 3. All  
Section 4 All  
Section 6 All  
Section 7 All  
Section 9. All  
Section 10: All, except the S1/2 SE 1/4  
Section 11: W 1/2 NW1/4, NE1/4 NW1/4, N1/2 SW1/4; NW1/4 NE1/4  
Section 18 All  
Section 19. All  
Section 20: All  
Section 29: All  
Section 30: E1/2; N1/2 NW1/4, SE 1/4 NW1/4, S1/2 SW1/4, NE1/4 SW 1/4  
Section 31: W1/2; W1/2 E1/2; E1/2 NE 1/4

Township 26 South, Range 61 West of the 6th P.M.

Section 6 NE1/4; E1/2NW1/4, NW1/4 NW1/4; N1/2SE1/4; NE1/4 SW1/4, All that portion of Lot 5 lying North of State Highway No. 10, Except that portion conveyed In Warranty Deeds recorded in Book 1909, Page 864 and corrected In Book 1917 at Page 772, in Pueblo County,

Township 23 South, Range 62 West of the 6th P.M.

Section 27: E1/2; N1/2 NW1/4, S1/2 NW1/4; N1/2 SW1/4  
Section 28: All  
Section 31: All  
Section 32. All Except 1 acre in the extreme NE corner reserved for school in Book 496 at Page 340  
Section 33. SW1/4 and N1/2  
Section 34 N1/2 NE1/4 and SE1/4

Township 24 South, Range 62 West of the 6th P M

Section 3. All



Section 4: All  
Section 5: All  
Section 6 E1/2 SE1/4, W1/2 NE1/4; SW1/4, NW1/4; W1/2 SE1/4  
Section 7: S1/2; W1/2 NW1/4; E1/2 NW1/4, W1/2 NE1/4  
Section 8: All  
Section 13: S1/2  
Section 14: SE1/4 SE1/4  
Section 18: All  
Section 19: NW1/4, NE1/2 SW1/4, W1/2 NE1/4  
Section 23 S1/2 NE1/4; NE1/4 NE1/4; SE1/4  
Section 24: All  
Section 25: All  
Section 26: E1/2  
Section 30: All  
Section 31 Lots 3, 4, E1/2 SW1/4

Township 25 South, Range 62 West of the 6th P.M.

Section 1: All  
Section 2 NE1/4 SE1/4, SE1/4 SW1/4, SW1/4 SW1/4  
Section 3: SE 1/4 SE 1/4  
Section 5: All  
Section 6: All  
Section 7: All  
Section 8: All  
Section 9: SE1/4, SW1/4 and 1/2 interests in SW1/4 of the NW1/4  
Section 10: SW1/4; E1/2 NE1/4, SE1/4  
Section 11: All  
Section 12: All  
Section 13: S1/2 S1/2  
Section 24: E1/2  
Section 25 E1/2; SW1/4; S1/2 NW1/4

Township 26 South, Range 62 West of the 6th P.M.

Section 1: All North of State Highway 10

Township 24 South, Range 60 West of the 6th P.M.

Section 30 Lots 3, 4, E1/2 SW1/4  
Section 31: Lots 1, 2, E1/2 NW1/4, Lots 3, 4, E1/2 SW1/4 EXCEPTING THEREFROM tract conveyed to Harry Vold recorded in Book 2152 at Page 128





# Fidelity National Title<sup>®</sup>

## Insurance Company

### COMMITMENT FOR TITLE INSURANCE

Issued by

**Fidelity National Title Insurance Company**

Fidelity National 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 Schedule A and B and to the Conditions of this Commitment.

The 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 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 fault of the Company.

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

IN WITNESS WHEREOF, Fidelity National Title Insurance Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.



By

ATTEST

*[Signature of President]*

President

*[Signature of Secretary]*

Secretary

Authorized Signature



### 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 policies 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>.



**DISCLOSURE STATEMENT**

- Pursuant to Section 38-35-125 of Colorado Revised Statutes and Colorado Division of Insurance Regulation 3-5-1 (Section 7), if the parties to the subject transaction request us to provide escrow-settlement and disbursement services to facilitate the closing of the transaction, then all funds submitted for disbursement must be available for immediate withdrawal.
- Colorado Division of Insurance Regulation 3-5-1, Paragraph G of Section 7, requires that "Every title insurance company shall be responsible to the proposed insured(s) subject to the terms and conditions of the title insurance commitment, other than the effective date of the title insurance commitment, for all matters which appear of record prior to the time of recording whenever the title insurance company, or its agent, conducts the closing and settlement service that is in conjunction with its issuance of an owners policy of title insurance and is responsible for the recording and filing of legal documents resulting from the transaction which was closed". Provided that Fidelity National Title Company conducts the closing of the insured transaction and is responsible for recording the legal documents from the transaction, exception No. 5 in Schedule B-2 will not appear in the Owner's Title Policy and Lender's Title Policy when issued.
- If the sales price of the subject property exceeds \$100,000.00 the seller shall be required to comply with the Disclosure of Withholding Provisions of C.R.S. 39-22-604.5 (Nonresident Withholding).
- Section 39-14-102 of Colorado Revised Statutes requires that a Real Property Transfer Declaration accompany any conveyance document presented for recordation in the State of Colorado. Said Declaration shall be completed and signed by either the grantor or grantee.
- Recording statutes contained in Section 30-10-406(3)(a) of the Colorado Revised Statutes require that all documents received for recording or filing in the clerk and recorder's office shall contain a top margin of at least one inch and a left, right, and bottom margin of at least one-half of an inch. The clerk and recorder may refuse to record or file a document that does not conform to requirements of this paragraph.
- Section 38-35-109 (2) of the Colorado Revised Statutes, 1973, requires that a notation of the purchasers legal address, (not necessarily the same as the property address) be included on the face of the deed to be recorded.
- Regulations of County Clerk and Recorder's offices require that all documents submitted for recording must contain a return address on the front page of every document being recorded.
- Pursuant to Section 10-11-122 of the Colorado Revised Statutes, 1987 the Company is required to disclose the following information:
  - The subject property may be located in a special taxing district.
  - A Certificate of Taxes Due listing each taxing jurisdiction shall be obtained from the County Treasurer or the County Treasurer's authorized agent.
  - Information regarding special districts and the boundaries of such districts may be obtained from the Board of County Commissioners, the County Clerk and Recorder or the County Assessor.
- Pursuant to Section 10-11-123 of the Colorado Revised Statutes, when it is determined that a mineral estate has been severed from the surface estate, the Company is required to disclose the following information: 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, other minerals, or geothermal energy in the property; and that such mineral estate may include the right to enter and use the property without the surface owner's permission.
- Note: Notwithstanding anything to the contrary in this Commitment, if the policy to be issued is other than an ALTA Owner's Policy (6/17/06), the policy may not contain an arbitration clause, or the terms of the arbitration clause may be different from those set forth in this Commitment. If the policy does contain an arbitration clause, and the Amount of Insurance is less than the amount, if any, set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.



Effective Date 5/1/2008

Fidelity National Financial, Inc.  
**Privacy Statement**

Fidelity National Financial, Inc. and its subsidiaries ("FNF") respect the privacy and security of your non-public personal information ("Personal Information") and protecting your Personal Information is one of our top priorities. This Privacy Statement explains FNF's privacy practices, including how we use the Personal Information we receive from you and from other specified sources, and to whom it may be disclosed. FNF follows the privacy practices described in this Privacy Statement and, depending on the business performed, FNF companies may share information as described herein.

**Personal Information Collected**

We may collect Personal Information about you from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information, and income information;
- Information we receive from you through our Internet websites, such as your name, address, email address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;
- Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transaction, account balances, and credit card information; and
- Information we receive from consumer or other reporting agencies and publicly recorded documents.

**Disclosure of Personal Information**

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To insurance agents, brokers, representatives, support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;
- To an insurance regulatory authority, or a law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;
- To companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

We may also disclose your Personal Information to others when we believe, in good faith, that such disclosure is reasonably necessary to comply with the law or to protect the safety of our customers, employees, or property and/or to comply with a judicial proceeding, court order or legal process.



Fidelity National Financial, Inc.  
**Privacy Statement (Continued)**

Disclosure to Affiliated Companies – We are permitted by law to share your name, address and facts about your transaction with other FNF companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

Disclosure to Nonaffiliated Third Parties – We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.

**Confidentiality and Security of Personal Information**

We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

**Access to Personal Information/**

**Requests for Correction, Amendment, or Deletion of Personal Information**

As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, FNF's current policy is to maintain customers' Personal Information for no less than your state's required record retention requirements for the purpose of handling future coverage claims

For your protection, all requests made under this section must be in writing and must include your notarized signature to establish your identity. Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Chief Privacy Officer  
Fidelity National Financial, Inc.  
601 Riverside Avenue  
Jacksonville, FL 32204

**Changes to this Privacy Statement**

This Privacy Statement may be amended from time to time consistent with applicable privacy laws. When we amend this Privacy Statement, we will post a notice of such changes on our website. The effective date of this Privacy Statement, as stated above, indicates the last time this Privacy Statement



## **Prior Conservation Easements - CE1 & CE2**

**C**



Huerfano Uplands  
(Walker Ag Group, Inc - aka  
Red Top Ranch) W  
8/9/06

RECORDING REQUESTED BY AND )  
WHEN RECORDED RETURN TO. )  
The Nature Conservancy )  
Western Resource Office )  
2424 Spruce Street, Suite 100 )  
Boulder, Colorado 80302 )  
Attention: Western Regional Attorney )



Chris C Munoz PuebloCtyClk&Rec D EASE R 171.00

1687264

Page: 1 of 34

08/04/2006 10:20A

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## DEED OF CONSERVATION EASEMENT

(Huerfano Uplands - Red Top Ranch)

THIS DEED OF CONSERVATION EASEMENT is made this 2<sup>nd</sup> day of August, 2006 by and between WALKER AG GROUP, INC., a Colorado corporation, whose address is 420 E. 58th Ave., Suite 200, Denver, CO 80216 (the "Grantor") and THE NATURE CONSERVANCY, a District of Columbia nonprofit corporation, whose principal address is 4245 North Fairfax Drive, Suite 100, Arlington, Virginia 22203 (the "Conservancy").

Exhibits to this Deed of Conservation Easement include the following:

- Exhibit A - Legal Description of the Property
- Exhibit B - Map of the Property
- Exhibit C - Acknowledgment of Easement Documentation Report
- Exhibit D - Management Plan

### WITNESSETH THAT:

A. Grantor is the owner of certain real property in Pueblo County, Colorado, consisting of 21,680 acres, more or less, more particularly described and shown in Exhibits A and B attached hereto and incorporated herein by this reference (the "Property").

B. The Property currently remains in a substantially undisturbed, natural state and has significant ecological and open-space values as defined in C.R.S. Sections 38-30.5-101 to 38-30.5-111 and provides significant relatively natural habitat for native plants and wildlife.

C. Protection of the Property will contribute to the conservation of significant habitat types of importance to The Nature Conservancy and the Colorado Department of Transportation, specifically habitats that can be classified as shortgrass prairie, midgrass prairie, and juniper woodlands and savanna, identified in an Easement Documentation Report more fully described in Paragraph 2 below. These habitat types, maintained in a relatively natural condition, comprise the conservation values of the Property (the "Conservation Values"). The Conservation Values support or are capable of supporting a variety of species and natural communities, including, but not limited





1687264

Page: 2 of 34  
08/04/2006 10:20A

Chris C Munoz PuebloCtyCik&Rec D EASE R 171.00 D 0.00

to, the following: Mountain plover, Burrowing owl, Long-billed curlew, Loggerhead shrike, Cassin's sparrow, Lark bunting, Ferruginous hawk, Bald eagle, Black-tailed prairie dog, Massasauga rattlesnake, and the Texas horned lizard.

D. All of these natural elements and ecological values are of great importance to Grantor and to the people of the State of Colorado, and are worthy of conservation.

E. Grantor, as owner of the Property, owns the affirmative rights to identify, preserve, and protect in perpetuity its open space character and its significant relatively natural features and values.

F. Grantor desires and intends to transfer such rights to the Conservancy.

G. The State of Colorado has recognized the importance of private efforts toward the preservation of natural systems in the state by enactment of C.R.S. Sections 38-30.5-101 to 38-30.5-111.

H. The Conservancy is a private organization organized to protect and conserve natural areas and ecologically significant land for scientific, charitable and educational purposes, and is a "charitable organization" under the terms of Section 38-30.5-104(2) of the Colorado Revised Statutes and is a "qualified organization" within the provisions of Section 170(h) of the Internal Revenue Code of 1986, as amended (the "IRS Code"), qualified to acquire and hold conservation easements and meets the requirements of the IRS Code as a Sec. 501(c)(3) exempt organization.

## TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual covenants contained herein, pursuant to C.R.S. Sections 38-30.5-101 to 38-30.5-111, Grantor hereby grants, bargains, sells and conveys to the Conservancy, its successors and assigns, a perpetual Conservation Easement consisting of the rights and restrictions enumerated herein, over and across the Property (the "Easement").

1. Purposes. It is the purpose of the Easement to preserve and protect in perpetuity and, in the event of their degradation or destruction, to enhance and restore the open space and significant relatively natural features and values of the Property. It is further the specific primary purpose of this Easement to provide for the protection and management of the Conservation Values to support habitat conditions appropriate for a range of native species, including, but not limited to, Mountain plover, Burrowing owl, Long-billed curlew, Loggerhead shrike, Cassin's sparrow, Lark bunting, Ferruginous hawk, Bald eagle, Black-tailed prairie dog, Massasauga rattlesnake, and the Texas horned lizard, rare or unique native plants currently known or later identified, and other native wildlife. In achieving these purposes, it is the intent of the Easement to permit the continuation of such historic uses of the Property described in the Easement Documentation Report more fully described in Paragraph 2 below as may be conducted consistent with the Conservation Values protected herein.





1687264

Page: 3 of 34  
08/04/2006 10:20A

Chris C Munoz PuebloCityCik&amp;Rec D EASE R 171.00 D 0.00

Pursuant to the terms of C.R.S. Sections 38-30.5-101 to 38-30.5-111, the Property preserved hereby as natural land may not be converted or directed to any uses other than those provided herein.

2. Easement Documentation Report. Competent naturalists familiar with the Property have prepared a collection of baseline data on the Property and its resources. The data and explanatory text are presented in the "Red Top Ranch CDOT Easement Documentation Report" dated July, 2006 (the "Report"). A copy of the Report is on file with both Grantor and the Conservancy and by this reference made a part hereof. The parties acknowledge that the Report is intended to establish the condition of the Property subject to the Easement as of the date written above and that both Grantor and the Conservancy have acknowledged in a signed statement, a copy of which is attached hereto as Exhibit C, that the Report accurately represents the condition of the Property at the time of conveyance. The parties agree that, in the event a controversy arises with respect to the nature and extent of the biological or physical condition of the Property, the parties shall not be foreclosed from utilizing all other relevant or material documents, surveys, reports, and other information to assist in the resolution of the controversy.

3. Land Management Plan. The Property shall be operated and managed in accordance with a land management plan (the "Management Plan") developed and accepted with the mutual consent of Grantor and the Conservancy. The initial Management Plan, attached hereto as Exhibit D, shall be adaptive to changing conditions on the Property and consequently shall be reviewed annually, but shall undergo a thorough review and update at least every five (5) years. The Management Plan shall state as a goal the maintenance of habitat conditions for the Conservation Values within specified ranges, as shown on page 5, Paragraph J of Exhibit D. The specified ranges for habitat conditions set forth in Paragraph J may only be altered in future updates of the Management Plan with the approval of the Conservancy. Land management practices as conducted historically on the Property that are described in the Report shall be permitted except where such practices are shown to directly contradict the provisions of the Easement or the mutually accepted Management Plan. The costs, if any, of implementing the Management Plan over and above the costs of land management practices reasonably associated with the conduct of established and future agricultural operations on the Property, as defined in the Report, shall be paid by the Conservancy. Any dispute between Grantor and the Conservancy concerning the creation, modification and implementation of the Management Plan shall be resolved pursuant to **Paragraph 10** below.

4. Rights of the Conservancy. The rights conveyed to the Conservancy by the Easement are the following:

A. To identify, to preserve and protect in perpetuity, and in the event of their degradation or destruction to restore or to enforce the restoration of the open space and significant relatively natural ecological features and Conservation Values of the Property, all upon prior notice to Grantor and in a manner that does not unreasonably disturb the use of the Property by Grantor consistent with the Easement.





1687264

Page: 4 of 34

08/04/2006 10:20A

Chris C Munoz PuebloCtyCik&amp;Rec D EASE R 171.00 D 0.00

- B. To perform such activities on the Property as the Conservancy reasonably determines are necessary or convenient to carry out these rights granted by this Easement.
- C. To enter upon the Property to enforce the rights herein granted, to study and make scientific observations of its ecosystems as described herein, and to determine that Grantor's activities are in compliance with the terms of the Easement, all upon prior notice to Grantor and in a manner that does not unreasonably disturb the use of the Property by Grantor consistent with the Easement. The Conservancy shall also have the right of immediate entry to the Property if, in its reasonable judgment, such entry is necessary to prevent damage to or the destruction of the Conservation Values protected by the Easement.
- D. To study and monitor habitat conditions and inventory resident plant and animal communities on the Property (the "Monitoring Program"). The Monitoring Program shall be funded by the Conservancy, and shall evaluate the habitat conditions in relation to the required parameters set forth in the Management Plan. To implement and manage the Monitoring Program, the Conservancy may, at its own expense and upon prior notice to Grantor, install research plots and equipment, and may erect fencing to create enclosures, protect research plots, and/or alter grazing and use patterns. Any such activities shall be designed in consultation with Grantor to minimize impacts on Grantor's uses of the Property as permitted in the Easement. The Conservancy shall compensate Grantor for any costs resulting from a reduction in Grantor's use of the Property, as otherwise permitted under the Easement, due to the Conservancy's installation of plots, equipment and/or fencing for the Monitoring Program. Any dispute between Grantor and the Conservancy concerning the Monitoring Program shall be resolved pursuant to **Paragraph 10** below.
- E. To enjoin any activity on or any use of the Property that is inconsistent with the Easement.
5. Consistent Uses of the Property. The following uses and practices by Grantor, though not an exhaustive recital of consistent uses and practices, are consistent with the Easement. Certain of these consistent uses and practices are identified as being subject to specified conditions or to the requirement of and procedures for prior approval by the Conservancy, and procedures for such prior approval are provided below. The remainder of these consistent uses shall not be precluded, prevented, or limited by the Easement.
- A. Grazing and pasturing horses, cattle, mules, and other domestic livestock in accordance with the Management Plan.
- B. Maintenance, repair, removal, and, if destroyed, reconstruction of existing fencing, and the construction of new fences; provided that boundary or pasture-division fences shall not unduly restrict or exclude wildlife use of the Property.





1687264

Page. 5 of 34

08/04/2006 10:20A

Chris C Munoz PuebloCityClk&Rec D EASE R 171.00 D 0.00

C. Construct, maintain, repair and replace a maximum of three (3) new single-family residences; Accessory Buildings as defined in paragraph C.(2) below associated with each new single-family residence; utility services, water supply and wastewater disposal facilities, and driveway, and other features typically associated with a residence (hereinafter "Associated Structures"), in accordance with the following conditions:

(1) Each single-family residence, Accessory Buildings and Associated Structures shall be located within a single area of reasonably compact shape not exceeding five (5) acres which shall be located so as to minimize its impact to the Conservation Values and shall be subject to the approval of the Conservancy, which approval shall not be unreasonably withheld (the "Building Envelope"). Each Building Envelope shall be located within the Piñon-Juniper Zone as shown on Exhibit B, shall not be visible from any other Building Envelope, shall be located within ¼ mile of an existing public or ranch road, and shall be located no closer than ¼ mile to any canyon escarpment. Prior to any construction occurring, the Building Envelope shall be surveyed and staked on the ground and a legal description prepared and provided to the Conservancy.

(2) For purposes of this Easement "Accessory Buildings" shall mean a pumphouse, a detached garage, an equipment storage building and a barn.

D. Use of agricultural chemicals for the following purposes and under the following conditions:

i. For the control of noxious weeds, as required by Colorado state law, and for the control of other invasive exotic plant species; provided that chemical herbicides may be used if applied according to State and Federal regulations and only in those amounts and with a frequency of application that constitute the minimum necessary for control.

ii. For the control of agricultural or forest pests.

E. The selective harvesting of timber for the following purposes: controlling forest disease; restoring natural forest or woodland structure; providing fence posts for use on the Property and protecting persons or property from the hazards of falling trees or branches or wildfire.

F. Personal recreational use, excepting those practices listed below among Inconsistent Uses of the Property below.

G. Hunting pursuant to state and federal laws.



**1687264**Page: 6 of 34  
08/04/2006 10:20A

Chris C. Munoz PuebloCityClk&amp;Rec D EASE R 171.00 D 0.00

H. Construction, use and maintenance of non-residential agricultural buildings and improvements as specified in the Management Plan. Should Grantor desire to construct a non-residential agricultural building or improvement not specified in the Management Plan, Grantor shall, prior to construction of said building or improvement, receive prior approval from the Conservancy pursuant to **Paragraph 7** of this Easement.

I. The development, construction, use and maintenance of new stock watering facilities, such as wells, stock ponds and necessary infrastructure for their use, including but not limited to windmills, pipelines, stock tanks, and solar pumps; provided said stock watering facilities are developed and constructed in a manner so as to minimize their impact to the Conservation Values and further provided that Grantor shall, prior to construction of said structures and facilities, receive prior approval from the Conservancy pursuant to **Paragraph 7** of this Easement.

J. Construct, maintain, repair and replace a maximum of two (2) utility/communication towers which may be commercially leased. Each utility/communication tower, shall be located so as to minimize its impact to the Conservation Values and such location shall be subject to the approval of the Conservancy, which approval shall not be unreasonably withheld. Each utility/communication tower shall only be located within the Piñon-Juniper Zone as shown on Exhibit B, shall be located within ¼ mile of an existing public or ranch road, and shall be located no closer than ¼ mile to any canyon escarpment. Prior to any construction occurring, the utility/communication tower shall be surveyed and staked on the ground and a legal description prepared and provided to the Conservancy.

K. The development, construction, use and maintenance of wind-powered electrical generation towers and facilities, only with the prior written approval of the Conservancy, which approval shall be in its sole and absolute discretion.

L. Construction of utility systems for the uses of the Property permitted in this Easement; provided, however, that within the Shortgrass Zone, as depicted on Exhibit B, Grantor shall bury, if economically and otherwise possible, all utility systems or extensions of existing utility systems, as documented in the Report, or that are constructed in the future. Any disturbed areas shall be revegetated and restored to a natural condition promptly after completion of any utility construction permitted by this Easement.

6. Inconsistent Uses of the Property. The following uses and practices on the Property shall be prohibited, except as specifically provided in **Paragraph 5** above:

A. The storage, dumping or other disposal of toxic and/or Hazardous Materials (as that term is defined in **Paragraph 23.A.** of this Easement).





1687264

Page: 7 of 34  
08/04/2006 10:20A

Chris C Munoz PuebloCtyClk&Rec D EASE R 171.00 D 0.00

Notwithstanding anything in this Easement to the contrary, this prohibition does not make the Conservancy an owner of the Property, nor does it permit the Conservancy to control any use of the Property by the Grantor which may result in the storage, dumping or disposal of Hazardous Materials or toxic materials; provided, however, that the Conservancy may bring an action to protect the Conservation Values of the Property, as described in this Easement. This prohibition does not impose liability on the Conservancy, nor shall the Conservancy be construed as having liability as a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. 9601 *et seq.*) ("CERCLA") or similar federal or state statutes.

B. Other than in the normal course of ranch or residential use, the dumping or other disposal of non-compostable refuse, wildlife-attracting materials, or any other material which could reasonably be considered debris. Existing dump facilities are shown on Exhibit B and described in the Report. Notwithstanding anything to the contrary in this provision, Grantor is not permitted to dump or dispose of any toxic and/or Hazardous Materials in the normal course of ranch or residential use of the Property.

C. The material change, disturbance, alteration, or impairment of the Conservation Values.

D. Conversion of native vegetation to exotic cover species or the introduction of non-native plant species; farming, plowing or any type of cultivation is prohibited, except where may be necessary for restoration of the Conservation Values in the event of their degradation or destruction.

E. Introduction or release of nonnative animal species.

F. Establishment and operation of a confined animal feeding operation (which shall be defined for purposes of this Easement as a permanently constructed confined area or facility within which the land is not grazed or cropped annually for purposes of engaging in the business of the reception and feeding of livestock for hire).

G. Establishment and operation of a dairy farm, hog farm, poultry farm or any wild game farming or ranching facilities.

H. Filling, excavating, dredging, mining, drilling, and the exploration for or extraction of minerals, hydrocarbons, soils, sand, gravel, rock, or other materials on or below the surface of the Property, except for purposes specifically permitted in this Easement.

I. Division, subdivision, partition or de facto subdivision of the Property or the transfer of title to the Property except as a single parcel.





1687264

Page: 8 of 34  
08/04/2006 10:20A  
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Chris C Munoz PuebloCtyCik&Rec D EASE R 171.00

- J. Except as otherwise permitted in the Easement, the construction or placement of any buildings, temporary living quarters of any sort, mobile homes, signs, billboards or other advertising materials, or utility towers or other structures, except that tents and/or vehicular campers owned by Grantor or guests may be parked on the Property as appropriate to accommodate normal temporary visitation.
- K. Construction of new roads or vehicle trails, except that new two-track trails established in the course of ranch operations are permitted. For purposes of this provision, a two-track trail is a vehicular pathway created by the repeated passage of a four-wheeled vehicle over a specific route on otherwise undisturbed terrain, over time creating a parallel set of tracks. Two-track trails may not be created for recreational purposes only.
- L. Use of snowmobiles, all-terrain vehicles, motorcycles, or other motorized vehicles off of roads, established two-tracks or other travelways, except for agricultural or property-maintenance purposes.
- M. Cutting, removing, or destruction of native vegetation, except by grazing, herbicide application, or as otherwise permitted in the Management Plan, or for scientific research and collection.
- N. Trapping, poisoning or other non-target-specific lethal control methods of native wildlife within the Shortgrass Management Area (the "SMA"), as depicted on Exhibit B and more thoroughly described in the Management Plan attached as Exhibit D. The SMA may be relocated on the Property with the mutual agreement of Grantor and the Conservancy.
- O. Application of biocides, herbicides, defoliants, chemical fertilizers, or other chemicals except as permitted in the Easement.
- P. Changing the topography of the Property by placing on it any soil, dredging spoils, land fill, or other material, except as permitted herein for construction and/or maintenance activities, for the control and/or restoration of man-made erosion problems, or as may be permitted in the Management Plan.
- Q. Establishment of any commercial activity which significantly changes the physical uses of the Property from those uses associated with its historical use as an agricultural/grazing operation and which conflicts with the Purposes of the Easement. Examples of uses not prohibited under this provision include, but are not limited to, dude ranching, hunting, birdwatching, and recreational walking/hiking.
- R. Establishment of any industrial activity.





1687264

Page: 9 of 34

08/04/2006 10:20A

Chris C Munoz PuebloCtyCik&Rec D EASE R 171.00 D 0.00

S. Any activity or use on the Property that violates any applicable federal, state, county, or local law, rule, ordinance, or regulation.

7. Prior Notice and Approval. Grantor shall not undertake or permit any activity requiring prior approval by the Conservancy without first having notified and received approval from the Conservancy as provided herein.

Prior to the commencement of any such activity, Grantor shall send the Conservancy written notice of his/her intention to undertake or permit such activity. The notice shall inform the Conservancy of all aspects of the proposed activity, including location, design, materials or equipment to be used, dates and duration, and any other relevant information, and shall be sent by certified mail, return receipt requested, to The Nature Conservancy, Colorado Field Office, whose address is 2424 Spruce, Boulder, CO 80302, with a copy to the Western Regional Attorney, The Nature Conservancy, 2424 Spruce Street, Suite 100, Boulder, CO 80302, or such other addresses as Grantor may from time to time be informed of in writing by the Conservancy.

The Conservancy shall have forty-five (45) days from receipt of the notice, as indicated by the date of the return receipt, to review the proposed activity and to notify Grantor of any objections thereto; provided that the 45-day period shall not begin until such time as the Conservancy has received adequate information from Grantor to evaluate the proposed activity. In the event that the Conservancy requires additional information to evaluate the proposed activity, the Conservancy shall request the information from Grantor as soon as practicable and in any case not later than 30 days after the receipt of the notice of the proposed activity.

The Conservancy's decision to approve or disapprove the activity proposed by Grantor shall be sent by registered or certified mail, return receipt requested, to Grantor at the address first stated above, or to such other address as the Conservancy may from time to time be informed of in writing by Grantor.

A decision by the Conservancy to disapprove a proposed activity must be based upon the Conservancy's determination that the proposed activity is inconsistent with the conservation purposes of the Easement. If in the Conservancy's judgment it is possible that the proposed activity can be modified to be consistent with the Easement, the Conservancy's decision notice shall inform Grantor of such modification(s). Once modification is made to the satisfaction of the Conservancy or the Conservancy otherwise concurs with the matters set forth in Grantor's notice, the proposed activity may thereafter be conducted in a manner that is acceptable to the Conservancy.

Should the Conservancy fail to post its response to Grantor's notice within forty five (45) days of its receipt of notice or within forty five (45) days of the time that the Conservancy has received adequate information to evaluate the proposed activity, whichever is later, the proposed activity is automatically deemed consistent with the terms of the Easement, the Conservancy having no further right to object to the activity identified by such notice.





1687264

Page: 10 of 34  
08/04/2006 10:20A  
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Chris C Munoz PuebloCtyCik&amp;Rec D EASE R 171.00

8. Remedies, Breach and Restoration. The provisions of this Easement are enforceable in law or equity by the Conservancy, its successors or assigns, as follows:

A. Notice of Violation; Corrective Action. If the Conservancy determines that a violation of the terms of this Easement has occurred or is threatened, the Conservancy shall give written notice to Grantor of such violation and demand corrective action sufficient to cure the violation and, where the violation involves injury to the Property resulting from any use or activity inconsistent with the purpose of this Easement, to restore the portion of the Property so injured to its prior condition in accordance with a plan approved by the Conservancy.

B. Injunctive Relief. If Grantor fails to cure the violation within thirty (30) days after receipt of notice thereof from the Conservancy, or under circumstances where the violation cannot reasonably be cured within a 30 day period, fails to begin curing such violation within the 30 day period, or fails to continue diligently to cure such violation until finally cured, the Conservancy may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Easement, to enjoin the violation, *ex parte* as necessary, by temporary or permanent injunction, and to require the restoration of the Property to the condition that existed prior to any such injury.

C. Damages. The Conservancy shall be entitled to recover damages for violation of the terms of this Easement or injury to any Conservation Values protected by this Easement, including, without limitation, damages for the loss of scenic, aesthetic, or environmental values. Without limiting Grantor's liability therefor, the Conservancy, in its sole discretion, may apply any damages recovered to the cost of undertaking any corrective action on the Property.

D. Emergency Enforcement. If the Conservancy, in its sole discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values of the Property, the Conservancy may pursue its remedies under this **Paragraph 8** without prior notice to Grantor and/or without waiting for the period provided for cure to expire.

E. Scope of Relief. The Conservancy's rights under this **Paragraph 8** apply equally in the event of either actual or threatened violations of the terms of this Easement. Grantor agrees that the Conservancy's remedies at law for any violation of the terms of this Easement are inadequate and that the Conservancy shall be entitled to the injunctive relief described in **Paragraph 8.B.** above, both prohibitive and mandatory, in addition to such other relief to which the Conservancy may be entitled, including specific performance of the terms of this Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. The Conservancy's remedies described in this **Paragraph 8** shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.



**1687264**Page: 11 of 34  
08/04/2006 10:20A  
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Chris C Munoz PuebloCtyCik&amp;Rec D EASE R 171.00

F. Costs of Enforcement. All reasonable costs incurred by the Conservancy in enforcing the terms of this Easement against Grantor, including, without limitation, costs and expenses of suit and reasonable attorneys' fees, and any costs of restoration necessitated by Grantor's violation of the terms of this Easement shall be borne by Grantor; provided, however, that if Grantor ultimately prevails in a judicial enforcement action, all reasonable costs incurred by the Grantor in such action, including, without limitation, costs and expenses of suit and reasonable attorneys' fees, shall be borne by the Conservancy.

G. Forbearance. Forbearance by the Conservancy to exercise its rights under this Easement in the event of any breach of any term of this Easement by Grantor shall not be deemed or construed to be a waiver by the Conservancy of such term or of any subsequent breach of the same or any other term of this Easement or of any of the Conservancy's rights under this Easement. No delay or omission by the Conservancy in the exercise of any right or remedy upon any breach by Grantor shall impair such right or remedy or be construed as a waiver.

H. Waiver of Certain Defenses. Grantor hereby waives any defense of laches, estoppel or prescription.

I. Acts Beyond Grantor's Control. Nothing contained in this Easement shall be construed to entitle the Conservancy 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, acts undertaken by the third-party owners of property interests associated with the Property, such as mineral interests or inholdings, 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.

9. Liabilities. Grantor shall hold harmless, indemnify, and defend the Conservancy and the Conservancy's members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them ("**Indemnified Parties**") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, or judgments, including, without limitation, reasonable attorney's fees, arising from or in any way connected with: (1) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, unless due solely to the negligence of any of the Indemnified Parties; (2) the obligations specified in **Paragraph 11** herein; and (3) the presence or release of any Hazardous Materials or hazardous or toxic substance of any kind on the Property. For the purpose of this paragraph, hazardous or toxic substances shall mean any hazardous or toxic substance which is regulated under any federal, state or local law. This paragraph shall not apply in the case of any Hazardous Materials or hazardous or toxic substance in any manner placed on the Property by the Conservancy or the Conservancy's representatives or agents.



**1687264**Page: 12 of 34  
08/04/2006 10:20A  
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Chris C Munoz PuebloCityCik&amp;Rec D EASE R 171.00

10. Management Plan/Monitoring Program Mediation. If a dispute arises between Grantor and the Conservancy relating to the Management Plan and/or Monitoring Program which the parties are unable to resolve within ten (10) days, Grantor and the Conservancy agree that they shall first proceed in good faith to submit the dispute to mediation. The parties will jointly appoint and agree on an acceptable mediator and will share equally in the cost of such mediation. If the parties are unable to agree on the selection of a single mediator, then each party shall name one mediator and the two mediators thus selected shall select a third mediator; provided, however, if either party fails to select a mediator, or if the two mediators selected by the parties fail to select the third mediator within fourteen (14) days after the appointment of the second mediator, then in each such instance a proper court, on petition of a party, shall appoint the second or third mediator or both, as the case may be. The commencement of mediation shall be held within forty-five (45) days of notice of such dispute, but shall terminate if not resolved within forty-five (45) days of commencement, unless otherwise agreed to by both parties. In the event that mediation does not resolve the dispute, the parties may at their discretion undertake such actions, including appropriate legal proceedings, as are reasonably necessary to affect a resolution, and the cost of such actions, including the expenses, court costs, and legal fees, shall be paid by the prevailing party. In the event the dispute involves adoption of a subsequent Management Plan, the Management Plan most recently in effect shall continue to remain effective until such time as a new Management Plan is made effective pursuant to the provisions of this **Paragraph 10.**

11. Costs and Legal Requirements. Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep and maintenance of the Property and agrees that the Conservancy shall have no duty or responsibility for the operation or maintenance of the Property, the monitoring of hazardous conditions thereon, or the protection of Grantor, the public, or any third parties from risks relating to conditions on the Property. Grantor agrees to pay before delinquency any and all real property taxes and assessments levied by competent authority on the Property and that Grantor shall keep the Conservancy's interest in the Property free of any liens, including those arising out of any work performed for, materials furnished to or obligations incurred by Grantor. Grantor shall be solely responsible for any costs related to the maintenance of general liability insurance covering acts on the Property. Grantor remains solely responsible for obtaining any applicable governmental permits and approvals for any activity or use permitted by this Easement, and any activity or use shall be undertaken in accordance with all applicable federal, state, and local laws, regulations, and requirements. If more than one person or entity constitutes Grantor, the obligations of each and all of them under this Easement shall be joint and several.

12. Access. Nothing herein contained shall be construed as affording the public access to any portion of the Property.

13. Assignment. The Conservancy may assign the Easement without Grantor's consent; provided that:





1687264

Page: 13 of 34  
08/04/2006 10:20A

Chris C Munoz PuebloCtyClk&Rec D EASE R 171.00 D 0.00

A. The Conservancy requires, as a condition of such transfer, that the conservation purposes of the Easement continue to be carried out; and

B. An assignment may be made only to an organization qualified at the time of transfer as an eligible donee under the IRS Code and C.R.S. Sections 38-30.5-101 to 38-30.5-111.

14. Change of Conditions. The fact that any use of the Property that is expressly prohibited by this Easement, or any other use as determined to be inconsistent with the purpose of this Easement, may become greatly more economically valuable than permitted uses, or that neighboring properties may in the future be put entirely to uses that are not permitted thereunder, has been considered by the Grantor in granting this Easement. It is Grantor's belief that any such changes will increase the benefit to the public of the continuation of this Easement, and it is the intent of both Grantor and the Conservancy that any changes should not be assumed to be circumstances justifying the termination or extinguishment of this Easement pursuant to this paragraph. In addition, the inability to carry on any or all of the permitted uses, or the unprofitability of doing so, shall not impair the validity of this Easement or be considered grounds for its termination or extinguishment pursuant to this paragraph.

15. Extinguishment. If circumstances arise in the future that render the purpose of this Easement impossible or impractical to accomplish, this Easement can only be terminated or extinguished, whether with respect to all or part of the Property, by judicial proceeding in a court of competent jurisdiction. Each party shall promptly notify the other when it first learns of such circumstances. The amount of proceeds to which the Conservancy shall be entitled, after satisfaction of prior claims, from any sale, exchange, or involuntary conversion of all or any portion of the Property subsequent to such termination or extinguishment, shall be determined, unless otherwise provided by Colorado law at that time, in accordance with **Paragraph 17** below.

16. Condemnation. If the Easement is taken, in whole or in part, by exercise of the power of eminent domain, the Conservancy shall be entitled to compensation in accordance with applicable law.

17. Proceeds. This Easement constitutes a real property interest immediately vested in the Conservancy, which the parties stipulate to have a fair market value equal to 35% of the full fair market value of the Property at the time of the grant of this Easement. The values at the time of this grant shall be those values used to calculate the deduction for federal income tax purposes allowable by reason of this grant, pursuant to Section 170(h) of the Internal Revenue Code of 1986, as amended. If this Easement is extinguished or terminated in whole or in part, the Conservancy is entitled to a portion of any proceeds of a subsequent sale, exchange, or involuntary conversion of the unencumbered Property or any part thereof, in an amount this is equal to the fair market value of this Easement at the time of the extinguishment but that is not less than an amount equal to the proportionate share of such proceeds that the value that this Easement bears to the value of the Property unencumbered at the time of this conveyance which the parties agree is 35% of the full fair market value of the Property.



**1687264**Page: 14 of 34  
08/04/2006 10:20A  
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Chris C Munoz PuebloCtyClk&amp;Rec D EASE R 171.00

18. Transfer of the Property. Grantor agrees that the terms, conditions, restrictions and purposes of this Easement or reference thereto will be inserted by Grantor in any subsequent deed or other legal instrument by which Grantor divests either the fee simple title or possessory interest, including, but not limited to, any leases of the Property; and Grantor further agrees to notify Grantee of any pending transfer at least thirty (30) days in advance. The failure of Grantor to comply with this Paragraph shall not impair the validity of this Easement or limit its enforceability in any way. Any successor in interest of Grantor, by acceptance of a deed, lease or other document purporting to convey an interest in the Property, shall be deemed to have consented to, reaffirmed and agreed to be bound by all of the terms, covenants, restrictions and conditions of this Easement.

19. Amendment. If circumstances arise under which an amendment to or modification of the Easement would be appropriate, Grantor and the Conservancy may jointly amend the Easement; provided that any such amendment or modification must be neutral as to its effects on the conservation purposes and Conservation Values or positively enhances the conservation purposes and Conservation Values of this Easement and further provided that no amendment shall be allowed that affects the qualification of the Easement under the IRS Code or C.R.S. Sections 38-30.5-101 to 38-30.5-111. Any such amendment shall be consistent with the purposes of the Easement, shall not affect its perpetual duration, shall not permit additional development or improvements to be undertaken on the Property other than development or improvements currently permitted by the Easement, and shall not impair any of the significant Conservation Values of the Property. Any such amendment shall be recorded in the official records of the county in which the Property is located.

20. Transfer of Development Rights. All Development Rights (as that term is defined in **Paragraph 23.A.** below) that are now or hereafter allocated to, implied, reserved or inherent in the Property are terminated and extinguished, and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described, or to any other property adjacent or otherwise, nor used for the purpose of calculating permissible lot yield of the Property or any other property. Under no circumstances shall the Property be used as a "remainder parcel" or in any other way for the purpose of calculating or giving development credits which result in additional development density, beyond what is allowed in this Easement, on or off the Property.

21. Interpretation. The provisions of this Easement shall be liberally construed to effectuate their purpose of preserving and protecting habitat for wildlife, unique native plants, and diverse forest, meadow and riparian vegetative communities. No remedy or election given by any provision in this Easement shall be deemed exclusive unless so indicated, but it shall, wherever possible, be cumulative with all other remedies at law or in equity. The parties acknowledge that each party and its counsel have reviewed and revised this Easement and that no rule of construction that ambiguities are to be resolved against the drafting party shall be employed in the interpretation of this Easement. In the event of any conflict between the provisions of this Easement and the





1687264

Page: 15 of 34  
08/04/2006 10:20A

Chris C Munoz PuebloCtyCik&amp;Rec D EASE R 171.00 D 0.00

provisions of any use and zoning restrictions of the state or county in which the Property is located, or any other governmental entity with jurisdiction, the more restrictive provisions shall apply. This Easement shall be interpreted in accordance with the laws of the state in which the Property is located.

22. Notices. Any notice, demand, request, consent, or communication that any party desires or is required to give to another party shall be in writing and either served personally or sent by first class mail, postage prepaid, addressed as follows:

To GRANTOR:

Walker Ag Group, Inc.  
420 E. 58th Ave.  
Suite 200  
Denver, CO 80216

To the CONSERVANCY:

The Nature Conservancy  
Attention: Land Protection  
2424 Spruce Street  
Boulder, CO 80302

23. Miscellaneous.

A. Definitions.

(1) The terms "Grantor" and "Conservancy," wherever used in this Agreement and any pronouns used in place thereof, shall mean and include, respectively, the above-named Grantor, his personal representatives, heirs, devisee, personal representatives, and assigns, and all other successors as their interest may appear and the Conservancy and its successors and assigns.

(2) The term "Hazardous Materials" includes, without limitation, (a) material that is flammable, explosive, or radioactive; (b) petroleum products; and (c) hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the CERCLA (42 USC 9601 et seq.), and the Hazardous Materials Transportation Act (49 USC section 6901 et seq.), and in the regulations adopted and publications promulgated pursuant to them, or any other applicable federal, state, or local laws, ordinances, rules, or regulations now in effect or enacted after this date.

(3) The term "Development Rights" means and includes any and all legal rights under federal, state, and/or local laws, ordinances, rules or regulations now in effect or enacted after this date to develop and build structures, expressed as the maximum number of dwelling units per acre for residential parcels or square feet of gross floor area for nonresidential parcels, that could be permitted under applicable zoning and subdivision rules and regulations.

B. Binding Effect. The Easement created by this Grant Deed shall burden and run with the Property forever. Every provision of this Easement that applies to Grantor or the



**1687264**Page: 16 of 34  
08/04/2006 10:20A  
D 0.00

Chris C. Munoz PuebloCtyCik&amp;Rec D EASE R 171.00

Conservancy shall also apply forever to their respective agents, heirs, devisees, administrators, employees, personal representatives, lessees, and assigns, and all other successors as their interest may appear and shall benefit forever the Conservancy and its successors and assigns.

C. Severability. The terms and purposes of this Easement are intended to be perpetual. If any provision of this Easement or the application thereof to any person or circumstance is found to be invalid, the remainder of the provisions hereof and the application of such provision to persons or circumstances other than those to which it is found to be invalid, shall not be affected thereby.

D. Re-Recording. The Conservancy is authorized to record or file any notices or instruments appropriate to assuring the perpetual enforceability of this Easement; for such purpose, Grantor appoints the Conservancy his/her/their attorney-in-fact to execute, acknowledge and deliver any necessary instrument on his/her/their behalf. Without limiting the foregoing, Grantor agrees to execute any such instruments upon request.

E. Subsequent Liens On Property. No provision of this Easement should be construed as impairing the ability of Grantor to use the Property as collateral for subsequent borrowing, provided that any mortgage, deed of trust or lien arising from such a borrowing is at all times subordinated to this Easement.

F. Termination of Rights and Obligations. A party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Easement or Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

G. Captions. The captions have been inserted solely for convenience of reference and are not part of the Easement and shall have no effect upon construction or interpretation.

H. Counterparts. The parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by all parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

I. Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement, all of which are merged herein. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment that complies with **Paragraph 19** above.

J. No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of Grantor's title in any respect.





**1687264**

Page: 17 of 34  
08/04/2006 10:20A  
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Chris C Munoz PuebloCtyCik&Rec D EASE R 171.00

K. Successors. The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assigns and shall continue as a servitude running in perpetuity with the Property.

*Remainder of page intentionally left blank.  
Signature pages follow.*





1687264

Page: 18 of 34  
08/04/2006 10:20A

Chris C Munoz PuebloCityCik&amp;Rec D EPSE R 171.00 D 0.00

TO HAVE AND TO HOLD the said Easement unto the said Conservancy, its successors and assigns, forever.

IN WITNESS WHEREOF, Grantor has hereunto set its hand this 2<sup>nd</sup> day of August, 2006.

GRANTOR:

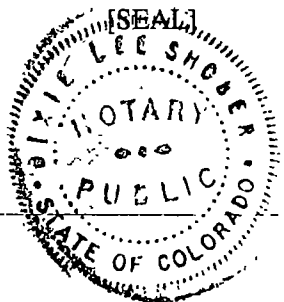
WALKER AG GROUP, INC.,  
a Colorado corporation

By Craig J. Walker  
CRAIG J. WALKER  
Its President

STATE OF Colorado )  
) ss.  
COUNTY OF Denver )

On this 2 day of August, 2006 before me personally appeared Craig J. Walker, to me known to be the President of WALKER AG GROUP, INC., and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year first above written.



Dixie Lee Shober  
Notary Public

My Commission expires: 2-7-07





1687264

Page: 19 of 34

08/04/2006 10:20A

Chris C Munoz PuebloCtyCik&amp;Rec D EASE R 171.00 D 0.00

The foregoing Deed of Conservation Easement is hereby duly accepted by The Nature Conservancy and has been executed on this 31<sup>st</sup> day of July, 2006.

## CONSERVANCY:

The Nature Conservancy,  
a District of Columbia nonprofit corporation

By: [Signature]

Its: Southeast Colorado Project Director

STATE OF Colorado )  
 )ss.  
COUNTY OF Boulder )

On this 31<sup>st</sup> day of July, 2006, before me personally appeared Matthew Moorhead, to me known to be the Southeast Colorado Project Director of The Nature Conservancy, a District of Columbia non-profit corporation, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument.

[Signature]

Notary Public



MY COMMISSION EXPIRES 9/4/2009

My Commission expires: 9/4/2009



**1687264**Page: 20 of 34  
08/04/2006 10:20A  
D 0.00

Chris C Munoz PuebloCtyCik&amp;Rec D EASE R 171.00

**Exhibit A****Property Description**

All that certain real estate situated in Pueblo County, Colorado, more particularly described as follows:

***Township 23 South, Range 62 West of the 6<sup>th</sup> P.M.***

Section 25: All  
Section 26: All  
Section 35: All

***Township 24 South, Range 61 West of the 6<sup>th</sup> P.M.***

Section 4: W $\frac{1}{2}$ , SE $\frac{1}{4}$   
Section 5: All  
Section 6: N $\frac{1}{2}$ , SE $\frac{1}{4}$   
Section 7: NE $\frac{1}{4}$   
Section 8: All  
Section 9: All  
Section 15: All  
Section 17: All  
Section 18: All  
Section 19: All  
Section 20: All  
Section 21: All  
Section 22: W $\frac{1}{2}$ , NE $\frac{1}{4}$   
Section 27: W $\frac{1}{2}$   
Section 28: S $\frac{1}{2}$   
Section 29: All

***Township 24 South, Range 62 West of the 6<sup>th</sup> P.M.***

Section 1: All  
Section 2: All  
Section 9: All  
Section 10: All  
Section 11: All  
Section 12: All  
Section 13: N $\frac{1}{2}$   
Section 14: W $\frac{1}{2}$ , NE $\frac{1}{4}$   
Section 15: All





1687264

Page: 21 of 34

08/04/2006 10:20A

Chris C Munoz PuebloCtyCik&Rec D EASE R 171.00 D 0.00

Section 21: All  
Section 22: All  
Section 23: W $\frac{1}{2}$   
Section 26: W $\frac{1}{2}$   
Section 27: N $\frac{1}{2}$   
Section 28: S $\frac{1}{2}$   
Section 29: SE $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 32: E $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 33: All  
Section 34: S $\frac{1}{2}$   
Section 35: All

***Township 25 South, Range 62 West of the 6<sup>th</sup> P.M.***

Section 3: W $\frac{1}{2}$ E $\frac{1}{2}$ , W $\frac{1}{2}$   
Section 4: All  
Section 9: NE  $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$   
Section 10: NW $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$





**1687264**

Page: 22 of 34  
08/04/2006 10:20A  
Chris C Munoz PuebloCtyCik&Rec D EASE R 171.00 D 0.00

**Exhibit B**

**Map of the Property**



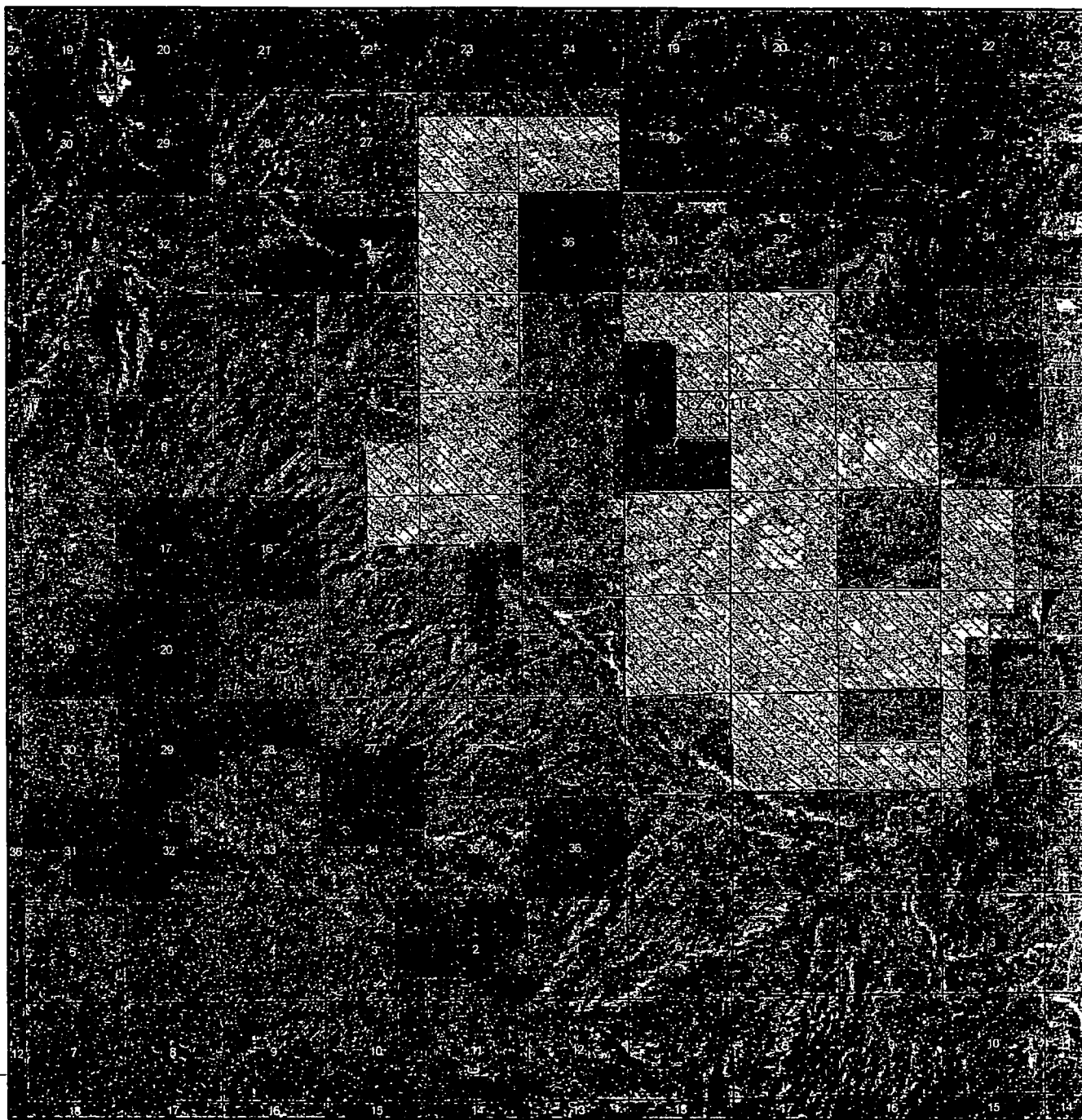


# HUERFANO UPLANDS (RED TOP RANCH AKA WALKER AG GROUP, INC./WALKER, C.) CO

Pueblo County, Colorado

104 12 0'W

DOCUMENT RECEIVED FOR RECORDING  
NOT LEGIBLE FOR IMAGING



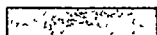
104 12 0'W

Proposed Conservation Easement Area

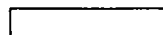


Pinon-Juniper Zone

Shortgrass Zone



Red Top Ranch



Initial Shortgrass Management Area

Data sources:  
USGS 1:250,000 Digital Raster Graphics  
State Land Board lands - Colorado Ownership, Management and Protection v 4  
(Natural Resources Ecology Lab, CSU - Fort Collins)

Map produced by The Nature Conservancy in Colorado  
Huertano Uplands (Walker AKA Red Top Ranch)-Updated.mxd v20060728



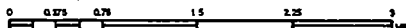
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Page: 23 of 34  
08/04/2006 10:20A  
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Chris C Munoz PuebloCtyCik&Rec D EASE R 171.00



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1687264

Page: 24 of 34

08/04/2006 10:20A

Chris C Munoz PuebloCityClk&Rec D EASE R 171.00 D 0.00

Exhibit C

### Acknowledgment of Easement Documentation Report

Grantor and the Conservancy acknowledge that each has read the "Red Top Ranch CDOT Easement Documentation Report," dated July, 2006, and that the report accurately reflects the condition of the Property subject to the Easement as of the date of conveyance of the Easement.

THE NATURE CONSERVANCY,  
a District of Columbia  
non-profit corporation

By: \_\_\_\_\_  
Its \_\_\_\_\_  
Date: \_\_\_\_\_

WALKER AG GROUP, INC., a  
Colorado corporation

By: Craig J. Walker  
Its President  
Date: 8-2-06

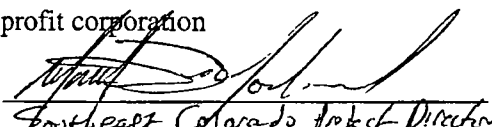




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THE NATURE CONSERVANCY,  
a District of Columbia  
non-profit corporation

By:   
Its Southeast Colorado Project Director  
Date: 7/31/2006

WALKER AG GROUP, INC., a  
Colorado corporation

By: \_\_\_\_\_  
Its \_\_\_\_\_  
Date: \_\_\_\_\_



**1687264**Page: 26 of 34  
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**Exhibit D**

**CDOT Shortgrass Prairie Initiative  
Management Plan  
for the**

**Large Unfragmented Prairie Site**

**A. Background**

This management plan ("Management Plan") is being executed in conjunction with a certain Deed of Conservation Easement dated the \_\_\_ day of \_\_\_\_\_, 2006 between \_\_\_\_\_, referred to as Grantor in said Deed, and The Nature Conservancy, referred to as the Conservancy in said Deed. This Management Plan is intended to guide land management activities on a property conserved as part of the Colorado Department of Transportation's Shortgrass Prairie Initiative ("CDOT-SGPI"). Under the CDOT-SGPI and pursuant to a Biological Assessment prepared by the U.S. Fish and Wildlife Service, the Colorado Department of Transportation identified a suite of species occupying the Central Shortgrass Prairie Ecoregion which merit conservation attention in advance of various right-of-way maintenance and improvement activities. The Department of Transportation awarded a contract to The Nature Conservancy (the "Conservancy") in September 2003 to identify and work with private landowners to 1) *secure permanent protection for appropriate habitat under a conservation easement*, and 2) *manage that habitat in concert with the private landowner(s) to deliver appropriate conditions for the targeted species*

**B. Introduction**

The Large Unfragmented Prairie Site is the largest of several sites being protected for their conservation values under the Colorado Department of Transportation's Shortgrass Prairie Initiative (CDOT-SGPI). The Management Plan is intended to accompany the Deed of Conservation Easement associated with this site, more specifically referenced above. Unlike the Deed, this document will be re-visited regularly and modified as necessary within an adaptive management framework to ensure that conservation goals for the easement are being met. At present, the Management Plan contains specific habitat and species goals, as well as a discussion of management tools that it is anticipated will be used to achieve those goals. This version of the Plan does not contain specifics on how management tools will be applied.

**C. General Location**

The Large Unfragmented Prairie (LUP) Site is located fifteen-miles southeast of Pueblo, south of the Huerfano River and north of State Highway 10, near the confluence of southern Pueblo,



**1687264**

Page: 27 of 34

08/04/2006 10:20A

Chris C Munoz PuebloCityCik&amp;Rec D EASE R 171.00 D 0.00

northern Las Animas, and western Huerfano Counties. Directions: From Pueblo, east on Business 50 to Vineland, south on 36<sup>th</sup> Lane, southeast on Doyle Road to Red Top Ranch Road. The location of the conservation easement is presented in more detail in the site evaluation document and in the easement documentation.

#### **D. Site Visits**

There have been several visits to this site by TNC science and conservation staff during the past decade. The site was first visited by Chris Pague (Senior Conservation Ecologist) in 1995, and then by Steve Kettler (Conservation Ecologist) in 1999. It was more recently visited by Matt Moorhead and Crissy Supples in late afternoon in June, 2005, and again by C. Pague, S. Kettler, and C. Supples in September 2005. Dr. Alan Carpenter of Biohabitats, Inc., conducted a conservation easement baseline assessment on the property in April 2006. Beth Dillon, an independent wildlife biologist, documented occurrences of prairie dogs and target bird species in late May and early June 2006. Observations made during these site visits guided the formulation of this Management Plan.

#### **E. General Description**

The LUP Site is a 21,680 acre easement on an 83,000 acre ranch (of which approximately 69,000 acres are owned as fee by Grantor and the remaining 14,000 acres are leased by Grantor) that contains good to excellent habitat within an extensive, intact landscape. It contains extensive areas of shortgrass and midgrass prairie, as well as arid shrublands, juniper and pinyon-juniper woodlands, and small areas of ponderosa pine savannas. Sandstone canyons, plunge-pools, and seeps occur in the southern portion of the easement. In addition to the rare, imperiled or declining species that inhabit this landscape, there are several large mammals, including elk, mule deer, pronghorn, and black bear.

The northeastern portion of the ranch (most of which is contained in the proposed easement) is dominated by expansive, relatively flat shortgrass prairie, interspersed with arid shrublands dominated by cholla (*Opuntia imbricata*). The matrix vegetation of the shortgrass prairie is the blue grama-buffalo grass (*Bouteloua gracilis-Bouchloe dactyloides*) plant association. The shortgrass prairie also contains significant amounts of C3 ("cool season") native grasses, including purple three-awn (*Aristida purpurea*) and galleta grass (*Pleuraphis jamesii*). In the northeast portion of the ranch there is a single large playa that holds water after large storms. The western and southern portions of the ranch (some of which would be included in the proposed easement) contain topographically varied terrain covered by extensive grasslands as well as large stands of pinyon-juniper (*Pinus edulis - Juniperus monosperma*) and juniper (*Juniperus*) woodlands. The southern third of the ranch is traversed by several steep sandstone canyons running southwest to northeast. The canyon landscape supports small, scattered stands of ponderosa pine (*Pinus ponderosa*).



**1687264**

Page: 28 of 34

08/04/2006 10:20A

Chris C Munoz PuebloCityClk&amp;Rec D EASE R 171.00 D 0.00

This Management Plan is based on the recognition that large-scale ecological processes such as climate, grazing, and fire are important determinants of the composition and structure of the ecosystems in shortgrass prairie. High variation in amount and timing of annual precipitation impacts the relative cover of cool- and warm-season herbaceous species. Large ungulates including bison (*Bison bison*), mule deer (*Odocoileus hemionus*), elk (*Cervus elaphus*), and pronghorn (*Antilocapra americana*) played an important role in maintaining a mosaic of seral stages in the grasslands by removing biomass and causing physical disturbance to the ground. Historical observations of bison near the ranch suggest that they had a very large impact on grassland composition and structure, and they are currently missing from this ecosystem. The cattle that are grazed extensively on the ranch play, in part, a role similar to that of bison. Fires in the grasslands and juniper woodlands may have been infrequent, but were likely expansive when they did occur.

Large areas of this landscape also were impacted by the activity of burrowing animals, including prairie dogs (*Cynomys ludovicianus*), pocket gophers (in southern Pueblo County, *Thomomys bottae* and *Cratogeomys castanops*), and other small mammals. The impact of prairie dogs—through intensive herbivory and ground disturbance—was historically so great that many consider them a “keystone” species, that is, a species that has a disproportionate effect on the structure and function of the ecosystem. Among other functions, prairie dog colonies maintained extensive areas of short vegetation and bare ground while also increasing rates of nitrogen cycling and the nitrogen content of available forage.

#### **F. Contribution to Conservation Strategy**

This 21,680 acre conservation easement contains extensive areas of Central Shortgrass Prairie habitat, including shortgrass prairie, arid shrublands, and pinyon-juniper woodlands. The easement can be divided roughly into two habitat zones: a 14,480 Shortgrass Prairie Zone and a 7,200 acre Pinyon-Juniper (P-J) Zone. These zones are not exclusive, and each contains habitat that overlaps with the other. Within the largest grassland area there is an 11,246 Shortgrass Management Area (SMA); the SMA will be the primary focus of management efforts.

#### **G. Target Species**

Eleven species targeted under the CDOT-SGPI are expected to be protected under this easement (Table 1). Early seral shortgrass provides habitat for black-tailed prairie dogs and burrowing owls, as well as foraging habitat for ferruginous hawks and bald eagles. Mountain plovers also use early seral shortgrass, and are expected within the easement. Long-billed curlews, massasauga rattlesnakes, and Texas horned lizards are expected to be found in a variety of shortgrass and midgrass habitats. Grassland areas where shrubs (or fencelines) are present support Cassin’s sparrow and lark bunting. The P-J zone, where pinyon-juniper woodlands grow in a matrix of rolling grassland, supports Cassin’s sparrows and loggerhead shrikes. Massasauga rattlesnakes are found in many forms of shortgrass prairie.





1687264

Page: 29 of 34  
08/04/2006 10:20A

Chris C. Munoz PuebloCityCik&amp;Rec D EASE R 171.00 D 0.00

(a)Table 1. Targets species and goals

Target species	Target Goal - Estimated CDOT Impacts (acres)	Habitat	Potential habitat acres included (estimated)	Potential % of target goal
Bald Eagle	3,688	shortgrass prairie near roosting habitat	11,520	312%
Black-tailed Prairie Dog	10,744	shortgrass prairie	11,246	105%
Burrowing Owl	11,246	shortgrass prairie	15,420	137%
Cassin's Sparrow	2,284	midgrass, shortgrass with scattered shrubs	18,380	805%
Ferruginous Hawk	10,773	shortgrass prairie	11,520	107%
Lark Bunting	12,124	shortgrass and midgrass with shrubs	18,380	152%
Loggerhead Shrike	8,780	juniper savanna and other tall shrublands	11,700	133%
Long-billed Curlew	5,058	shortgrass prairie	15,420	305%
Mountain Plover	9,936	shortgrass prairie	11,520	116%
Massasauga Rattlesnake	1,891	shortgrass, midgrass prairie	15,420	816%
Texas Horned Lizard	1,568	shortgrass prairie	15,420	983%

#### H. Other species that will benefit

Many other species may benefit from protection at this site, including species targeted for consideration by CDOT at road maintenance and construction sites and other rare and/or imperiled species tracked by the Colorado Natural Heritage Program. These may include:

- Northern leopard frog (*Rana pipiens*) and/or plains leopard frog (*Rana blairi*) may use small pools and stock ponds maintained for cattle.
- The Colorado checkered whiptail (*Aspidoscelis neotesselata*) has two known occurrences on the ranch; this species may be locally common in and near the canyons on the ranch.
- The swift fox was seen on the ranch in 1995, and TNC scientists observed scat of this species more recently.
- Rare plants may be associated with the calcareous bedrock outcrops on the ranch.
- The rare dwarf milkweed (*Asclepias uncialis*) is known from the ranch.



**1687264**Page: 30 of 34  
08/04/2006 10:20A

Chris C Munoz PuebloCtyClk&amp;Rec D EASE R 171.00 D 0.00

- Important archaeological sites are not directly related to biodiversity protection, but they also may be protected by a conservation action.

## **I. Boundary justification**

The boundary was designed to maximize the amount of potential early seral shortgrass habitat, and, of the remaining area, maximize P-J habitat. These goals were constrained by the desire to maintain contiguity among habitats, the need to exclude inholdings, and the preference for a relatively low ratio of perimeter to area so that edge effects will be limited.

## **J. Management/Habitat Goal**

The overall management/habitat goal is to maintain a diverse complex of shortgrass prairie, midgrass prairie, arid shrubland, and open juniper woodlands to provide suitable habitat for the eleven species targeted for protection. While overall the property is currently diverse, high-quality native prairie, this project necessitates more extensive early seral shortgrass prairie than is currently present (defined by a low density of shrubs, vegetation height <4", and 30% bare ground). Restoring early seral characteristics to an area large enough to meet the requirements of this project (11,246 acres) will be a primary focus of management efforts. This more focused management will be concentrated in the SMA. Based on observed existing conditions, the P-J zone will remain largely unmanaged, unless monitoring results indicate need for adjustments.

Three specific management goals are:

1. Within the shortgrass prairie zone, a minimum of 11,246 acres will be managed as a "Shortgrass Management Area" (SMA, see Figure 1 on the last page of this document). The acreage will be subdivided into 2 sub-areas of a minimum of 2,000 acres, separated by >1 mile. The management objective for the SMA is to maintain the grassland in an early seral stage. Specifically, conditions in the SMA will be monitored and, if necessary, managed to ensure that for at least 3 out of every 5 years there is (i) 30% or greater bare ground, and (ii) plant height in the SMA at the beginning of the growing season will average less than 4 inches. Trapping, poisoning or other non-target-specific lethal control methods of native wildlife within the SMA are prohibited, as described in the Deed of Conservation Easement; within the SMA there also will be no intentional killing or destruction of any of the target species (Table 1).
2. The remaining 2662 acres of the Shortgrass Zone will be managed for greater plant structure than in the SMA. The conditions will be monitored and, if necessary, managed to ensure that for at least 3 out of every 5 years, the acreage will include an average of less than 30% bare ground, 40-80 percent total cover of short and midgrass, and at least five percent shrub cover.



**1687264**Page: 31 of 34  
08/04/2006 10:20A  
Chris C Munoz PuebloCityClerk&Rec D EASE R 171.00 D 0.00

3. The Pinyon-Juniper (P-J) Zone will be managed for pinyon-juniper savanna and shrubland. Conditions will be monitored and, if necessary, managed to ensure that for at least 3 out of every 5 years, the acreage will include open grassland with scattered trees or shrubs (generally greater than 2 feet in height) at an average density of at least one tree or patch of shrubs per 160 acres.

Within the context of landscape-scale management, it is recognized that natural variability in soils, topography, rainfall, movement of native grazing animals, and livestock grazing patterns make it impossible to create exact "fence to fence" habitat conditions. This will result in variation in habitat conditions in time and space; this variation will be considered when evaluating the achievement of the above goals.

#### **K. Management Strategies**

The landowner and the Conservancy will evaluate and implement management practices to support the conservation of the target species (Table 1). Among the management tools available for achieving necessary conditions are grazing, fire, and mechanical manipulation of vegetation. Natural processing such as the grazing of native mammals is also expected to play an important role in achieving the goals of this project. Other tools and strategies may be used when mutually agreed upon by the landowner and the Conservancy.

Grazing by both native and non-native herbivores is one of the dominant ecological processes determining habitat conditions on the property, and the process most easily influenced and manipulated by the landowner and the Conservancy. Recent ranch management and associated grazing practices have maintained much of the desired condition on the property, and continued grazing will be necessary to achieve conservation goals. However, currently the property contains less than the necessary amount of the highest quality habitat for mountain plover and other species that prefer early seral shortgrass prairie. To achieve the goals of the easement, the Conservancy and the landowner will test modifications to the intensity, timing and duration of grazing to create more of the appropriate conditions in the SMA, and evaluate the results. If necessary, the location of the SMA may also be modified by mutual consent. Precipitation patterns, especially drought, has had a significant impact on vegetation in recent years, and these patterns will be considered when making decisions about grazing practices in order to avoid long term undesirable changes in vegetation (e.g., dominance by invasive species).

Historically, naturally ignited wildfires historically occurred in both shortgrass prairie and pinyon-juniper. Both natural and prescribed fires may be useful tools for managing vegetation structure and composition. Fire is used extensively on the Pawnee and Comanche National Grasslands to manage for Mountain Plovers. Fire can also be used to manage some weedy plants. Before fire would be used as a management tool, a ranch-wide fire plan would be developed by the Conservancy and the landowner, and property, political and social conditions would be accounted for.





1687264

Page: 32 of 34  
08/04/2006 10:20A  
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Chris C Munoz PuebloCtyCik&Rec D ERSE R 171.00

Mechanical management or treatment of vegetation may be appropriate in situations where other management tools are not achieving desired conditions or are not available. For example, the density of cholla is difficult to control through grazing. Fire can kill this cactus, but the opportunity to use fire may be limited. Where a desired condition is lower density of cholla, the Conservancy and the landowner will evaluate chaining or other means of mechanical treatment.

Although not an active management tool, another process that creates and maintains early seral shortgrass prairie is the burrowing of small mammals. It is expected that at times these animals will play a significant role in achieving the objectives of this project.

#### **L. Monitoring and Adaptive Management**

The conservation goals discussed above will be met using an adaptive management approach, which includes regular monitoring and re-visiting the management plan. Monitoring (and research where appropriate) will begin on the property in 2007 and continue for 3-5 years to establish baseline conditions and the range of natural variability (assuming relatively normal precipitation conditions) in the SMA, in the Shortgrass Zone outside the SMA, and in the P-J Zone. Detailed monitoring methods will be developed when the easement transaction has been completed. Once baseline conditions are established, annual monitoring will be conducted to evaluate the status of each area. Each year monitoring data will be evaluated and discussed with the landowner. The monitoring data will be submitted by the Conservancy to the U.S. Fish and Wildlife Service to ensure compliance by the Conservancy with its contractual obligations to the Colorado Department of Transportation.

The information included in the baseline and annual monitoring reports may include:

- Plant communities and habitats present, including non-native species
- Distribution and abundance of target species
- On-site and surrounding land use, road type and density, etc.
- Management (grazing) season and intensity, and modifications
- General observations on wildlife diversity, activity, presence/absence, general trends
- Photo points
- Aerial photos or maps with habitats and key features labeled

At a minimum this Management Plan will be reviewed every 5 years in combination with analysis of monitoring results to assess if conservation goals are being achieved and if ranch operations need to be altered. If habitat conditions warrant land management changes beyond those discussed in this Management Plan, changes will be analyzed and monitored for feasibility with the landowner and for their predicted ecological impacts on the targeted habitat. The Conservancy will cover costs of new infrastructure or other management changes required to





1687264

Page: 33 of 34

08/04/2006 10:20A

Chris C Munoz PuebloCtyCik&Rec D EASE R 171.00 D 0.00

meet habitat management goals that are over and above the costs of land management practices reasonably associated with the conduct of established and future agricultural operations on the property.



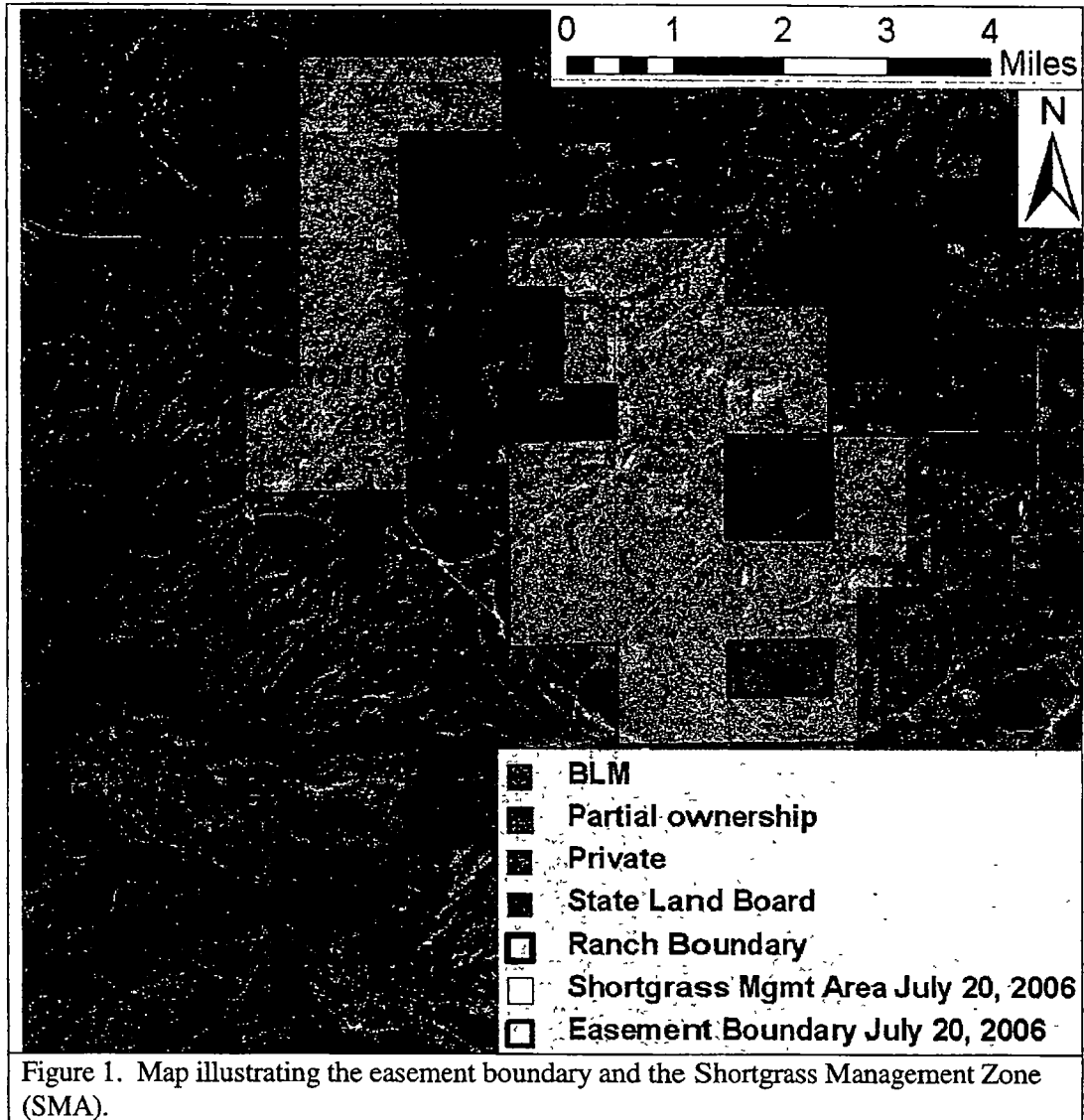


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Page: 34 of 34  
08/04/2006 10:20A

Chris C Munoz PuebloCtyClk&Rec D EASE R 171.00 D 0.00

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This was also recorded in Pueblo and Las Animas Counties

**CONSERVATION EASEMENT IN GROSS  
(Red Top Ranch)**

**NOTICE:** Pursuant to Paragraph 18 of this Easement, Grantor shall, among other things, pay a transfer fee of one hundred dollars (\$100.00) to Grantee any time ownership of the Property is transferred to a third party.

**ADDITIONAL NOTICE:** - This conservation easement was acquired in part with grant funds provided by the U. S. Department of Interior, Fish and Wildlife Service, pursuant to the State Wildlife Grant Program, and 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 without the prior written approval of the Regional Director, U. S. Fish and Wildlife Service, Region 6, Denver, Colorado.

THIS DEED OF EASEMENT IN GROSS (hereinafter "Easement"), is made and entered into this 18<sup>th</sup> day of December, 2008 (hereinafter the "Effective Date"), by and between **WALKER AG GROUP, INC.**, a Colorado corporation whose address is 420 E. 58<sup>th</sup> Avenue, Suite 200, Denver, Colorado 80216 (hereinafter referred to as the "Grantor"), and the **STATE OF COLORADO** acting by and through the **DEPARTMENT OF NATURAL RESOURCES** for the use and benefit of the **DIVISION OF WILDLIFE and WILDLIFE COMMISSION**, whose address is 6060 Broadway, Denver, Colorado 80216 (hereinafter referred to as the "Grantee," "DOW," or the "State").

**RECITALS**

- A. WHEREAS**, Grantor is the owner in fee title of approximately 13,078 acres of land located in the Counties of Pueblo, Las Animas, and Huerfano, all in Colorado, which is more particularly described on **Exhibit A**, which is attached hereto and incorporated herein by this reference (hereinafter the "Property"); and
- B. WHEREAS**, the Property remains in a substantially undisturbed, natural state, and therefore has significant ecological, open space, agricultural, hunting, and wildlife habitat value (hereinafter collectively the "Conservation Values"), all of which are of great importance to the People of the State of Colorado, and all of which are worthy of preservation; and
- C. WHEREAS**, in particular, the Property contains important habitat for a wide variety of wildlife species, including but not necessarily limited to, burrowing owl, Cassin's sparrow, ferruginous hawk, lark bunting, loggerhead shrike, long-billed curlew, mountain plover, black-tailed prairie dog, massasauga rattle snake, Texas horned lizard, and western box turtle; and
- D. WHEREAS**, Grantor, as owner in fee simple of the Property, intends, pursuant to this Easement, that the Property's Conservation Values be preserved in perpetuity while allowing the



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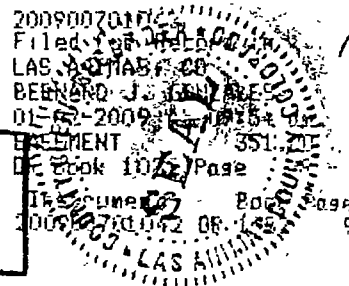
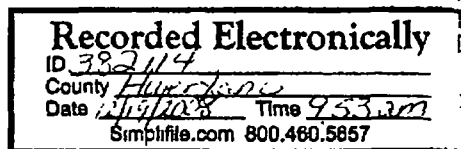
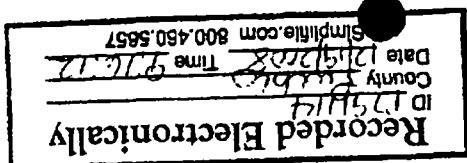
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Grantor to engage in livestock ranching and hunting operations, and in particular those uses identified in Paragraph 5 below (hereinafter the "Permitted Uses"); and

E. **WHEREAS**, the State of Colorado has recognized the importance of efforts to preserve land in a natural, scenic, or open condition, and for wildlife habitat uses consistent with the protection of open land having wholesome environmental quality, by the enactment of the Sections 38-30.5-101, et seq., and Sections 33-1-101, et seq., Colorado Revised Statutes (hereinafter "C.R.S."), as amended; and

F. **WHEREAS**, Grantee, by acceptance of the grant made hereby, will forever honor the intentions of Grantor stated herein to preserve and protect in perpetuity the Conservation Values of the Property, subject to appropriations; and

G. **WHEREAS**, Grantee is qualified to receive a charitable donation pursuant to Section 170 of the Internal Revenue Code of 1986 as amended, and is qualified to accept the grant of a conservation easement pursuant to C.R.S. Section 38-30.5-104(2); and

H. **WHEREAS**, it appears that ownership of all or a portion of the Property's oil, gas, and other mineral rights may have been previously separated from the surface ownership and may be owned by third parties as of the Effective Date of this Easement; and

I. **WHEREAS**, Grantor and the State recognize the Conservation Values of the Property, and have the common purpose of the conservation and protection in perpetuity of the Property through the use of restrictions on the Property and with the transfer from Grantor to the State of affirmative rights for the protection of the Property, intending the grant of such restrictions and rights to qualify as a "qualified conservation contribution" as that term is defined under § 170(h)(2)(c) of the United States Internal Revenue Code.

**NOW, THEREFORE**, in consideration of the payment of **two million dollars and zero cents (\$2,000,000.00)**, and the mutual covenants, terms, conditions, restrictions, and requirements contained herein, which are based upon both the common law and Sections 38-30.5-101, et seq., C.R.S., as amended, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Grantor does hereby grant, bargain, convey, and sell in part and donate in part to the State a perpetual Easement in Gross consisting of the rights hereinafter enumerated, over and across that certain real Property, situated in the Counties of Pueblo, Las Animas, and Huerfano, all in Colorado, more particularly described above (the Property), subject to the terms and conditions set forth herein, and **WARRANTS TITLE TO THE SAME**, subject to the exceptions to title identified on **Exhibit B**, which is attached hereto and incorporated herein by this reference.

1. Purpose. The purpose of this Easement is to preserve and protect in perpetuity the Conservation Values of the Property, and in particular the characteristics of the Property that



make it valuable wildlife habitat, while allowing Grantor the Permitted Uses, subject to certain limitations for the protection of wildlife as set forth herein.

2. Description of the Present Condition of the Property. The Property is in general presently unoccupied by any building, structure, barn, or other development, except for (i) certain roads, water impoundments/ponds, corrals, and fences; and (ii) one (1) modular residence located in the Southeast Quarter of Section 2, Township 26 South, Range 62 West, 6<sup>th</sup> P.M. (hereinafter the "**Modular Home**"). All of the Property has been historically used for the grazing and pasturing of livestock. None of the Property has been subject to cultivated agricultural practices, such as plowing or tilling of the soil, at least in recent times.

The parties acknowledge that a written report that documents an accurate representation of the Property's current condition (the "**Baseline Documentation Report**") has been prepared, reviewed, and approved by both parties as of the Effective Date of this Easement. A copy of the Baseline Documentation Report is on file with both parties and by this reference made a part hereof. The parties acknowledge that the Baseline Documentation Report is intended to establish the condition of the Property as of the Effective Date of this Easement. The parties further agree that, in the event a controversy arises with respect to the condition of the Property as of the Effective Date of this Easement, or compliance with or violation of any term or provision of this Easement, then the parties may use the Baseline Documentation Report and any other relevant or material documents, surveys, reports, and other information to assist in resolving such controversy.

3. Affirmative Rights Conveyed. To accomplish the purposes of this Easement, Grantee shall have the following specific rights on the Property, subject to Grantee's available appropriations and personnel limits:

A. The right to preserve and protect in perpetuity the Conservation Values of the Property, and to restore the Property to its natural condition in the event of damage, and in particular, to protect the value of the Property as habitat for wildlife.

B. The right to enter upon, access, and inspect the Property at reasonable times by foot and motorized vehicle in order to monitor compliance with and otherwise enforce the terms of this Easement. The State shall, before entering the Property pursuant to this provision, provide Grantor with verbal or written notice no less than forty-eight (48) hours prior to entry.

C. The right to enter upon and access the Property at any hour of the day or night by foot and motorized vehicle in order to monitor, count, and study all types of wildlife. Prior to entering the Property for such purposes the State shall notify the Grantor in writing not less than fifteen (15) days prior to the date the State intends to undertake the activity in question. The notice shall describe the nature, scope, design, location, timetable and all other material aspects of the proposed activity in sufficient detail to



permit the Grantor to make an informed judgment as to its consistency with the purpose of this Easement.

D. The right to prevent any activity on or use of the Property that is inconsistent with the purposes and terms of this Easement, or which may be reasonably expected to have a material adverse impact on the Conservation Values of the Property protected herein, and in particular the value of the Property as habitat for wildlife, and to require Grantor to restore at Grantor's expense such areas or features of the Property that are materially damaged by any inconsistent activity or use.

E. The right to enforce and litigate the rights herein granted, by injunction and other means if necessary.

4. Rights Retained. Except as expressly provided herein, Grantor retains income from all sources from, access to, and uses of the Property, and all right, title, and interest in and to the mineral, mining, and other similar rights related to or appurtenant to the Property. In particular, Grantor specifically retains the right, title, and interest to subsurface oil, gas, and all other minerals currently owned, if any, provided, however, that exploration for, and extraction of any minerals or other material shall be undertaken in a manner that does not disturb the surface of the Property unless the Grantee has given prior written approval.

5. Grantor's Permitted Uses and Practices. Grantor may use the Property, and may allow others to use the Property, in any manner that is not inconsistent with the terms of this Easement. The following uses and practices (the "Permitted Uses"), though not an exhaustive recital of consistent uses and practices, are permitted under this Easement and are not to be precluded, prevented, or limited by this Easement:

A. To conduct livestock ranching operations, including, but not limited to, the grazing of livestock on the Property consistent with the terms of this Easement and with the terms of the Management Plan that has been established pursuant to Paragraph 6 below.

B. To maintain, repair, and, in the event of destruction, reconstruct existing corrals, roads, water impoundments/ponds, trails, wells, and pipelines.

C. To maintain, repair, and, in the event of destruction, reconstruct existing fences, and to construct, maintain, repair, and, in the event of destruction, reconstruct a new perimeter fence around the entire Property. Reconstruction of existing fences and construction of the new perimeter fence shall be subject to the conditions identified in Paragraph 8 below.

D. To construct, maintain, repair, and, in the event of destruction, reconstruct three (3) new agricultural structures anywhere on the Property, or as many as are approved in writing by the Grantee. Such agricultural structures shall include, but not necessarily be



limited to, corrals, loafing sheds, storage sheds, and windbreaks, provided that any such structure shall not exceed a total of one thousand (1,000) square feet in size, unless a larger size is approved in advance in writing by the Grantee. Before engaging in this Permitted Use, Grantor is required to notify the State no later than thirty (30) days prior to commencement of the construction of any new agricultural structure, or the reconstruction of any then-existing structure. The notice shall described the nature, scope, design, location, timetable and any other material aspects of the proposed activity in sufficient detail to permit the State to make an informed judgment as to its consistency with the terms of this Easement.

E. To exclude any member of the Public from trespassing on the Property.

F. To utilize the Property for hunting, fishing, trapping, and camping by Grantor, its licensees, invitees, clients, successors and assigns, provided that said activities are in compliance with all applicable laws and regulations.

G. To drill, maintain, repair, and in the event of destruction, re-drill livestock watering wells and associated piping, provided that any such livestock watering wells shall not individually exceed a capacity of more than fifteen (15) gallons-per-minute.

H. To control noxious weeds on the Property by chemical, biological and mechanical methods. For purposes of this Easement, "noxious weeds" shall be those undesirable plant species designated to be "noxious weeds" pursuant to the Colorado Noxious Weed Act, § 35-5.5-101, et seq., C.R.S., as amended or as may be amended (including, without limitation, any amendments to such State statute, or under any similar statute which is subsequently enacted). This right shall not include the right to conduct aerial herbicide or insecticide spraying operations on the Property without the written permission of the State.

I. To collect surface decorative stone or dimension stone so long as such collection is accomplished in a manner that (i) is consistent with the purpose of this Easement, (ii) does not substantially diminish or impair the Conservation Values, and (iii) has a limited and localized impact on the Property. Furthermore, no excavation of or digging of such decorative stones or dimension stone shall occur, only the collection from the surface, and the collection sites shall be accessed solely from roads existing as of the Effective Date of this Easement.

J. To maintain, repair, occupy, use and in the event of destruction, replace the Modular Home. However, no additional buildings, structures or facilities shall be constructed at its location.

K. To construct, maintain, repair, and replace up to two (2) utility/communication towers, which may be commercially leased. Each such tower shall be located (i) so as to



minimize its impact to the Conservation Values, and (ii) within 1/4 mile of an existing public or ranch road. Prior to any construction occurring, the location of each such tower shall be surveyed and staked on the ground and a legal description prepared and provided to the Grantee. The Grantee shall be consulted, prior to the siting of any tower, to review the feasibility of the respective location.

6. Grazing and the Management Plan. Grantor shall not overgraze the vegetation on the Property in such a manner that is destructive to the long-term protection of the Property's Conservation Values. The parties acknowledge that it is sometimes difficult to determine what level of grazing is inappropriate and constitutes overgrazing. To assist with that determination and in order to establish the best management practices for the Property to protect wildlife habitat values, Grantor and the State have developed, approved, dated and signed two (2) identical copies of a management plan for the Property (the "**Management Plan**"), one of which is attached hereto as **Exhibit C** and is incorporated into this Easement.

A. Management Plan. A copy of the Management Plan shall be maintained on file with both parties and by this reference is made a part hereof. Both Grantor and the State shall comply with the provisions of the Management Plan. Any conflict between the Management Plan and the terms of this Easement shall be resolved in favor of this Easement.

B. Modification of the Management Plan. The Management Plan shall be reviewed periodically and may be modified or amended in writing with the consent of both parties to address changing management concerns for wildlife and changing agricultural practices, provided, that Grantor and its successors shall continue the livestock operations in accordance with good husbandry practices and the historical burden on the Property. Establishment of any subsequent modifications to the Management Plan shall not require a formal amendment to this Easement, but any changes to the Management Plan must conform to the requirements established by this Easement. In the event that one of the parties desires in the future a modification of the Management Plan that is unacceptable to the other party, then the following shall occur. Each party shall designate an independent third party (hereinafter referred to as "**Third Party**" or "**Third Parties**"), and both of those Third Parties shall then jointly select a mutually acceptable fourth party (hereinafter referred to as the "**Fourth Party**"). Together the two Third Parties and the Fourth Party (hereinafter collectively referred to as the "**Parties**") shall jointly consider the requested modification to the Management Plan and, if supported by at least two of the three Parties, may suggest said requested modification. If approved, the Parties supporting such approval shall develop, date, and sign two (2) identical Amendments to the Management Plan that incorporates the approved modification, and shall forward one of said Amendments to both the Grantor and the State. The Amendment shall require the approval of both the Grantor and the Grantee, which shall not be unreasonably withheld unless it conflicts with the terms of this Agreement. Each party shall retain the right to specifically enforce this Agreement as necessary to protect its rights under this Paragraph



6. The Grantor and the State shall each bear the cost, if any, for the Third Party that they appoint to this process, and the cost of the Fourth Party, if any, shall be paid by the party to this Easement that requested the modification.

7. Prohibited Uses and Practices. The following uses and practices (hereinafter the "**Prohibited Uses**"), though not an exhaustive recital of inconsistent uses or practices, are inconsistent with the purposes of this Easement and Grantor shall be prohibited from undertaking them upon or within the Property:

A. Changing, disturbing, altering, or impairing the Conservation Values within and upon the Property, and in particular the value of the Property as wildlife habitat, except as otherwise provided herein.

B. Dividing, subdividing, partitioning or de facto subdividing the Property into two or more parcels, separate interests or interests in common. Grantor, and each of its successors and assigns who hold any interest in the Property in joint tenancy or in tenancy in common, forever waive any statutory or common law right to partition the Property into separate or distinct parcels.

C. Establishing or operating any commercial or industrial uses, except for the Permitted Uses.

D. Constructing, placing, or erecting any structures or facilities, including, but not limited to, buildings, houses, offices, trailers, camping accommodations, permanent tent facilities, temporary living quarters of any sort, quonset huts, mobile homes, storage sheds, and enclosures of any sort, except as otherwise provided for under Paragraph 5 above regarding the Permitted Uses.

E. Establishing or operating any feedlot. A "feedlot" shall be defined for purposes of this Easement as a permanently constructed confined area or facility that is used for the purpose of engaging in the business of receiving and feeding livestock, and not the grazing of livestock.

F. Building, constructing, or developing any new roads, bridges, trails, or parking lots, except as may be approved by modification of the Management Plan.

G. Filling, excavating, or dredging the surface of the Property, except as otherwise provided for under Paragraph 5 above.

H. Mining, drilling, or exploring for or extracting minerals, oil, gas, or other hydrocarbons, soils, sand, gravel, rock, ground water, or other materials on or below the surface of the Property, except that such materials may be removed from beneath the surface of the Property if (i) access is obtained by means other than going



through, on, or across the surface of the Property; (ii) if agreed upon in advance in writing by the Grantee; or (iii) for groundwater purposes, pursuant to Paragraph 5 above, provided, that this provision shall not be interpreted to require that Grantor enforce its terms against owners of mineral estates severed prior to the granting of this Easement. Notwithstanding the foregoing, (a) collection of surface decorative stone or dimension stone may be collected without further permission from Grantee, so long as such collection is accomplished in a manner that is consistent with the purpose of this Deed and does not substantially diminish or impair the Conservation Values, and has a limited and localized impact on the Property; provided that no excavation of or digging of such decorative stones or dimension stone shall occur, and collection sites shall be accessed solely from roads existing as of the Effective Date of this Easement.

I. Disposing, dumping, discarding, leaving, accumulating, treating, burning, incinerating, reclaiming, recycling, storing, abandoning, or otherwise depositing any waste-like materials, hazardous or otherwise, including but not necessarily limited to trash, litter, garbage, junk, or solid or liquid non-agricultural wastes. This provision shall not be interpreted to make the Grantee an "owner of" or "responsible party for" the Property for purposes of any federal or state environmental law or regulation.

J. Cutting, removing, or unnecessarily damaging any plants or vegetation unless such activity has been (i) agreed upon in the Management Plan; (ii) approved in advance in writing by the Grantee; or (iii) is otherwise permitted by this Easement. This prohibition shall not restrict Grantor's right to cut and remove from the Property (a) trees and shrubs in order to control any imminent threat of disease or insect infestation; (b) dead, diseased or downed shrubs and trees that present a safety hazard or obstruction; (c) invasive non-native species; (d) trees and shrubs that interfere with fencing; and (e) any plants and vegetation on roads or other locations necessary for the installation and maintenance of water pipelines, ponds, and/or any facility allowable under this Easement.

K. Engaging in cultivated agricultural practices, including, but not limited to, the cultivation and harvesting of plants or crops, and the tilling or plowing of the soil, except for the habitat projects as agreed upon by the parties.

L. Intentionally undertaking or implementing any activity, action or use detrimental or adverse to the retention and conservation of soil.

M. Igniting outdoor fires, unless such activity (i) has been agreed upon in the Management Plan; (ii) has been approved in advance in writing by the Grantee; or (iii) is associated with camping activities permitted under Paragraph 5 above.

N. Building or installing any aboveground public or private utilities, including but



not limited to electrical transmission lines, wind towers for generating electricity, antennas, cell phone towers, radio and television telecommunication towers, except (i) if approved in advance by Grantee, or (ii) as otherwise provided for herein.

O. Operating any motorized or non-motorized vehicles off of established roadways, except for those uses associated with Permitted Uses. "Non-motorized vehicles" shall include, but not be limited to, bicycles.

P. Conducting, constructing, or operating any farm for captive wildlife and/or alternative livestock, or otherwise holding captive wildlife and/or alternative livestock on the Property. For purposes of this Easement, "captive wildlife and/or alternative livestock" shall be those animals regulated and/or prohibited pursuant to § 33-1-121, C.R.S., and/or § 33-4-102(2)(f), C.R.S., as amended or as may be amended (including, without limitation, any amendments to such statutes, or under any similar statutes which are subsequently enacted), and shall include, but not be limited to, penned, enclosed or privately-owned bison (a/k/a buffalo), caribou, black bear, grizzly bear, mountain lion, white-tailed deer, mule deer, black-tailed deer, coues deer, elk, moose, antelope, bighorn sheep, mountain goat, red deer, or any other cloven-hoofed ungulate which is indigenous to Colorado or which could interbreed with or spread disease to any cloven-hoofed ungulate indigenous to Colorado.

Q. Building, erecting, or installing any new fences anywhere on the Property unless done in compliance with Paragraph 8 below.

R. Intentionally disturbing, harassing, or bothering any fish, animal, or wildlife except when engaging in those legal activities associated with Permitted Uses.

S. Intentionally introducing or releasing any fish, animal, or plant, except for those releases necessarily associated with conducting livestock ranching and grazing operations.

T. Developing and using facilities for purposes of intensive recreational activities, except as otherwise provided for in Paragraph 5 above. "Intensive recreational activities" shall be defined for purposes of this Easement as those recreational activities that concentrate people in a relatively confined area for significant periods of time. Examples of facilities intended for intensive recreational activities that are prohibited by this Easement include, but are not limited to, athletic and sport fields, playgrounds, bicycle trails, picnic facilities or campgrounds with toilet facilities, and outdoor amphitheaters.

U. Except as otherwise provided for herein, engaging in any of the following activities regarding water rights without the prior written approval of the Grantee: (a) constructing, or permitting others to construct, any new diversion, storage, or



other water structures upon the Property; (b) developing any conditional water rights for use on or off of the Property; and (c) otherwise undertake any new development of water resources for use on or off of the Property.

V. Erecting, building, or constructing signs, billboards, or advertisements, except for (i) customary ranch or pasture identification signs, (ii) "for sale" or "for lease" signs alerting the public to the availability of the Property for purchase or lease, (iii) "no trespassing" signs, (iv) signs regarding the private leasing of the Property for hunting, fishing or other low impact recreational uses, (v) signs informing the public of the status of ownership, and (vi) signs approved in writing by the Grantee.

8. Repair and Reconstruction of Fences. Unless otherwise approved in writing by the Grantee, existing fences or barriers, when replaced or reconstructed, and new fences when constructed, including a new perimeter fence, shall be no higher than forty-two (42) inches with no more than four (4) strands of wire. Under no circumstances may sheep-tight or woven wire fencing be used to repair or reconstruct existing fences or for new fences. Nothing herein shall be construed as requiring Grantor to alter existing fences that are functional and not in need of significant repair or replacement.

9. Public Access. Nothing herein contained shall be construed as affording the public access to any portion of the Property, although the Grantor may permit, at its discretion, public access to the Property on such terms and conditions as it deems appropriate, provided, however, that such access is consistent with the terms of this Easement.

10. Costs and Taxes. Grantor, its successors and assigns, shall bear all cost of operation, upkeep, and maintenance of the Property, except for those activities undertaken by the Grantee pursuant to its authority under this Easement. Grantor, its successors and assigns, shall pay any and all real property taxes and assessments levied by competent authority on the Property.

11. Assignment of Grantee's Interest. This Easement is transferable but Grantee may assign its rights and obligations under this Easement only to an organization that (i) is authorized to acquire and hold conservation easements under Colorado law, (ii) is a "qualified organization" under § 170(h) of the U.S. Internal Revenue Code, and (iii) who has been approved in advance in writing by the Grantor. As a condition of such transfer, Grantee shall require the transferee to expressly agree, in writing, to carry out and uphold the conservation purposes of this Easement and otherwise assume all of the obligations and liabilities of Grantee set forth herein or created hereby and under the Management Plan. After such transfer, Grantee shall have no further obligations or liability under this Easement.

12. Grant in Perpetuity. The Easement herein granted shall be a burden upon and shall run with the Property in perpetuity and shall bind both Grantor and Grantee, their successors and assigns forever.



13. Waiver of Certain Defenses. Grantor hereby waives any defense of laches, estoppel, or prescription, including any defenses available under § 38-41-119, et seq., C.R.S., as amended or as may be amended (including, without limitation, any amendments to such statutes, or under any similar statutes which are subsequently enacted).

14. Change in Circumstances. The fact that any use of the Property that is expressly prohibited by this Easement, or any other use as determined to be inconsistent with the purpose of this Easement, may become greatly more economically valuable than permitted uses, or that neighboring properties may in the future be put entirely to uses that are not permitted hereunder, has been considered by Grantor in granting this Easement. It is Grantor's belief that any such changes will increase the benefit to the public of the continuation of this Easement, and it is the intent of both Grantor and Grantee that any changes should not be assumed to be circumstances justifying the extinguishment or termination of this Easement. In addition, the inability to carry on any or all of the permitted uses, or the unprofitability of doing so, shall not impair the validity of this Easement or be considered grounds for its termination or extinguishment. Moreover, none of the following shall be grounds for the termination or extinguishment of this Easement: (a) the disappearance of any species of wildlife from the Property that are currently found there; (b) the scientific or legal conclusion that any species of wildlife is extinct; (c) the decision by the federal government not to list any species of wildlife currently found on the Property as an endangered or threatened species; and (d) the "de-listing" of any species of wildlife by the federal government, the State of Colorado, or any other state.

15. Enforcement. Grantee may enter the Property as provided in Paragraph 3.B above for the purpose of monitoring this Easement and inspecting for violations. Grantee shall, before entering the Property pursuant to this provision, provide Grantor with verbal or written notice no less than forty-eight (48) hours prior to entry. If Grantee finds what it reasonably believes is a violation of this Easement by Grantor, Grantee shall immediately notify Grantor in writing of the nature of the alleged violation. Upon receipt of this written notice, Grantor shall either (a) restore the Property to its condition prior to the violation; or (b) dispute in writing that a violation has occurred or provide a written explanation to Grantee why the alleged violation should be permitted. If Grantor responds as described in clause (b) above, both parties agree to meet as soon as possible to resolve this difference. When, in Grantee's reasonable opinion, an ongoing or imminent violation could irreversibly diminish or impair the Conservation Values of the Property, Grantee may, in its sole discretion, take appropriate legal action. If a court with jurisdiction determines that a violation is imminent, exists, or has occurred, Grantee may obtain an injunction to stop it, temporarily or permanently. A court may also issue an injunction to require Grantor to restore the Property to its condition prior to the violation.

If Grantor finds what it reasonably believes is a violation of this Easement by Grantee, Grantor shall immediately notify Grantee in writing of the nature of the alleged violation. Upon receipt of this written notice, Grantee shall either (a) restore the Property to its condition prior to the violation; or (b) dispute in writing that a violation has occurred or provide a written explanation to Grantor why the alleged violation should be permitted. If Grantee responds as



described in clause (b) above, both parties agree to meet as soon as possible to resolve this difference. When, in Grantor's reasonable opinion, an ongoing or imminent violation could irreversibly diminish or impair its usage of the Property, Grantor may, in its sole discretion, take appropriate legal action. If a court with jurisdiction determines that a violation is imminent, exists, or has occurred, Grantor may obtain an injunction to stop it, temporarily or permanently. A court may also issue an injunction to require Grantee to restore the Property to its condition prior to the violation.

16. Division of Proceeds Between the Grantor and Grantee. The rights of Grantee created by this Easement constitute a real property interest vested in the State. In the event of condemnation of the Property, the values of Grantee's and Grantor's interests shall be computed as follows:

A. If all or any portion of the Property is being sought by an entity that has the power of condemnation, the fair market value of the Property as if unencumbered by this Easement shall be determined by the court in the condemnation proceeding, or by the agreement of Grantor, Grantee, and the condemning entity.

B. If all or any portion of this Easement or rights created by this Easement are being extinguished by condemnation, the fair market value of the Property as if unencumbered by this Easement shall be determined by the agreement of Grantor and State, but if the parties cannot agree, by an appraisal completed by a mutually acceptable licensed appraiser.

C. Once the fair market value of the Property as if unencumbered by this Easement has been established pursuant to the above, the value of Grantor's and Grantee's respective interests in the Property shall be a percent of the fair market value of the Property as if unencumbered by this Easement as follows:

Grantor's interest shall be fifty percent (50%).

Grantee's interest shall be fifty percent (50%).

A portion of Grantee's proceeds shall be credited to the Federal Government, from which the funds were derived.

17. Acts Beyond A Party's Control. Nothing contained in this Easement shall be construed to entitle a party to bring any action against the other party for any injury to or change in the Property resulting from causes beyond the parties' control, including, without limitation, fire, flood, storm, and earth movement, or from any prudent action taken by a party under emergency conditions to prevent, abate, or mitigate significant injury to the Property resulting from such causes.



18. Subsequent Transfers. Any time fee title ownership of the Property is conveyed, the Grantor shall pay a one hundred dollars (\$100.00) transfer fee to the Grantee within five (5) business days after closing on the conveyance unless Grantee has waived this requirement in writing. In addition, the Grantor shall incorporate the terms of this Easement in any deed or other legal instrument by which it divests itself of any interest in the Property, including, without limitation, a leasehold interest. The Grantor shall give written notice to the Grantee of the transfer of any interest at least twenty (20) days prior to the date of such transfer. The failure of a Grantor to perform any act required by this Paragraph shall not impair the validity of this Easement or limit its enforceability in any way.

19. Amendment. If the circumstances arise under which an amendment to or modification of this instrument would be appropriate, Grantor and Grantee are free to jointly amend this instrument; provided that no amendment shall be allowed that will affect the qualifications of this instrument under any applicable laws. Any amendment must be in writing, signed and notarized by both parties, and recorded in the records of the Clerk and Recorders of the appropriate counties.

20. Miscellaneous.

A. Application to Successors. The terms "Grantor" and "Grantee," "State," and "DOW" wherever used herein, and any pronouns used in place thereof, shall mean and include the above-named Grantor and its successors and assigns, and the above-named Grantee and its successors and assigns.

B. Severability. If any provisions of this Easement or the application thereof to any person or circumstance is found to be invalid, the remainder of the provisions of this Easement and the application of such provisions to persons or circumstances other than those as to which it is found to be invalid, shall not be affected thereby.

C. Controlling Law. The interpretation and performance of this Easement shall be governed by the laws of the State of Colorado.

D. Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the purposes of this Easement and the policy and purpose of § 38-30.5-101, et seq., C.R.S. If any provision in this Easement is found to be ambiguous, an interpretation consistent with the purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

E. Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement, all of which are merged herein.



No alteration or variation of this instrument shall be valid or binding unless contained in an amendment that complies with Paragraph 19 above.

F. No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of Grantor's title in any respect.

G. Successors. The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns and shall continue as a servitude running in perpetuity with the Property.

H. Termination of Rights and Obligations. A party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Easement or the Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

I. Captions. The captions in this instrument have been inserted solely for convenience of reference and are not a part of this instrument and shall have no effect upon construction or interpretation.

J. Counterparts. The parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by both parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the first recorded counterpart shall be controlling.

K. Joint Obligation. The obligations imposed by this Easement upon Grantor and Grantee shall be joint and several.

L. No Third Party Rights. This instrument creates no enforcement or other rights in persons or entities not parties to this Easement.

21. Notices. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give under this Easement shall be in writing and either served personally or sent by first class mail, postage prepaid, addressed as follows or to such other address as either party from time to time shall designate by written notice to the other.

To the Grantor:

Craig Walker  
c/o Walker Ag Group  
420 E. 58<sup>th</sup> Ave., #200  
Denver, CO 80216

To Grantee:

Real Estate Unit  
Colorado Division of Wildlife  
6060 Broadway  
Denver, CO 80216

With Copies to:

Colorado Division of Wildlife  
Area 11 Manager  
600 Reservoir Rd  
Pueblo, CO 81005



22. Future Oil and Gas Development. Grantor agrees that Grantee may exercise the same legal rights, if any, as Grantor to influence and control impacts to the surface of the Property from oil, gas, and other mineral development, provided, that Grantor does not warrant that Grantee hereby acquires such rights as against third parties who may dispute such rights. Such rights shall include, but not be limited to, the unilateral right to take whatever legal action Grantee deems necessary in order to respond to proposals to develop oil, gas, and other minerals from beneath the Property, including bringing judicial actions or actions before the Colorado Oil and Gas Conservation Commission. Grantor and Grantee both agree that neither shall unilaterally enter into a contract with a third party regarding any oil, gas, and mineral development of the Property, but instead both Grantor and Grantee shall be required participants to any such contract.

23. Transfer of Development Rights. The Grantor hereby grants to the State all development rights except as specifically reserved herein, for the limited purpose of insuring that such rights are forever terminated and extinguished, and may not be used by the Grantor, the State, or any other party, on or transferred off of the Property to any other property adjacent or otherwise. Under no circumstances shall the Property be used as a "remainder parcel" or in any other way for the purpose of calculating or giving development credits which result in additional development density, beyond what is allowed in this Easement, on or off the Property.

24. State Liability Exposure. Notwithstanding any other provision of this Easement to the contrary, no term or condition of this Easement shall be construed or interpreted as a waiver, either expressed or implied, of any of the immunities, rights, benefits, or protection provided to the State under the Colorado Governmental Immunity Act, §§ 24-10-101, et seq., C.R.S., as amended or as may be amended (including, without limitation, any amendments to such statute, or under any similar statute which is subsequently enacted). The parties hereto understand and agree that liability for claims for injuries to persons or property arising out of the negligence of the State of Colorado, its departments, institutions, agencies, boards, officials, and employees is controlled and limited by the provisions of §§ 24-10-101, et seq., C.R.S., as amended or as may be amended, and §§ 24-30-1501, et seq., C.R.S., as amended or as may be amended. Any provision of this Easement, whether or not incorporated herein by reference, shall be controlled, limited, and otherwise modified so as to limit any liability of the State to the above-cited laws.

25. Grantee's Discretion. Enforcement of the terms of this Easement shall be at the discretion of Grantee, and any forbearance by Grantee to exercise its rights under this Easement in the event of any breach of any term of this Easement by Grantor shall not be deemed or construed to be a waiver by Grantee of such term or of any subsequent breach of the same or any other term of this Easement or of any of Grantee's rights under this Easement. No delay or omission by Grantee in the exercise of any right or remedy upon any breach by Grantor shall impair such right or remedy or be construed as a waiver.

TO HAVE AND TO HOLD unto Grantee, its successors and assigns, forever.



IN WITNESS WHEREOF, the parties have executed this Easement as of the date first set forth above.

**GRANTOR:**

**WALKER AG GROUP, INC.**

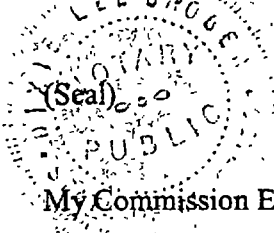
By: Craig J. Walker  
Craig J. Walker

Title: President

STATE OF COLORADO )  
 ) ss.  
COUNTY OF Adams )

The foregoing instrument was acknowledged before me the 17 day of December, 2008, by Craig J. Walker as President of Walker Ag Group, Inc., Grantor.

Witness my hand and official seal.



Debra Sue Walker  
NOTARY PUBLIC

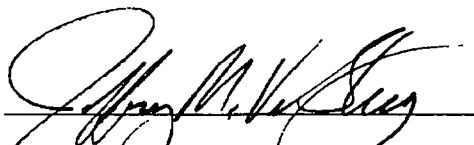
My Commission Expires: 02/07/2011



ACCEPTED:

STATE OF COLORADO

Bill Ritter, Governor

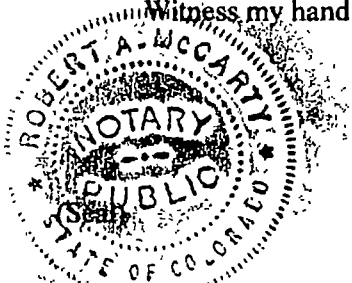
By   
Title ASSISTANT DIRECTOR

Division of Wildlife for  
Executive Director of the  
Department of Natural Resources  
And on behalf of the  
Colorado Wildlife Commission

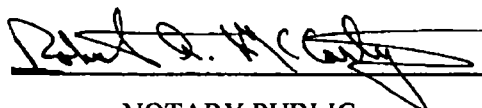
STATE OF COLORADO )  
 ) ss.  
COUNTY OF ADAMS )

The foregoing instrument was acknowledged before me the 2nd day of DECEMBER, 2008, by JEFFREY M. VER STEEG, acting on behalf of the State of Colorado, Department of Natural Resources, benefiting the Division of Wildlife and Wildlife Commission, Grantee.

Witness my hand and official seal.



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NOTARY PUBLIC  
MY COMMISSION EXPIRES 11-28-2009



## **EXHIBIT A**

(West Parcel - Red Top Ranch)

### **Township 25 South, Range 62 West of the 6th P.M.:**

Section 17: N1/2; N1/2 S1/2  
Section 18: All  
Section 19: All  
Section 20: S1/2 N1/2; S1/2  
Section 21: S1/2 SW1/4; NE1/4 SW1/4  
Section 27: N1/2 NE1/4  
Section 28: NW1/4; NE1/4 SW1/4, W1/2 SW 1/4, SE 1/4 SW1/4  
Section 29: N1/2 N1/2, S 1/2 NW 1/4, SW 1/4, SE 1/4, S 1/2 NE 1/4  
Section 30: All  
Section 31: All that part of said Section 31 lying and being in Pueblo County  
Section 32: All that portion lying and being in Pueblo County  
Section 34: W1/2; W1/2 NE1/4; SE1/4 NE1/4; SE1/4

### **Township 26 South, Range 62 West of the 6th P.M.:**

Section 2: Lots 3 and 4, S1/2 NW1/4; N1/2 SW1/4; E1/2 and S1/2 SW1/4 North of Highway 10;  
Section 3: S1/2 NE1/4; N1/2 N1/2; S1/2 NW1/4; N1/2 SW1/4 and SE1/4 that portion lying within Pueblo County  
Section 4: E1/2 NW1/4; NE1/4 and that part of W1/2 NW1/4 lying within Pueblo County  
Section 5: That portion of the N1/2 NE1/4 and NE1/4 NW1/4 lying within Pueblo County;  
Section 11: All North of State Highway 10 in Pueblo County, EXCEPTING a tract of land abutting on the Northerly right of way line of State Highway #10 and lying partially in Section 2 and partially in Section 11, Township 26 South, Range 62 West of the 6th P.M., and more particularly described as follows by metes and bounds; COMMENCING at a point on the said Northerly right of way line of State Highway #10 whence the Northeast corner of Section 1 in Township 26 South, Range 62 West bears North 2651 feet and running thence S60°55'W along said Northerly right of way line 5750 feet to a one inch iron bar set 2 feet in the ground and extending 1 foot above the surface of the ground which point is the POINT OF BEGINNING thence N29°5'W, 660 feet to a one inch iron bar set permanently in the ground;  
thence S60°55'W 1320 feet to a one inch iron bar set firmly in the ground;



thence S29°5'E 660 feet to a one inch bar set in the said Northerly right of way line of State Highway #10;  
thence N60°55'E along said Northerly right of way line of State Highway #10 1320 feet to the POINT OF BEGINNING, AND FURTHER EXCEPTING Tracts conveyed in Book 1477 at Page 169 and Book 1445 at Page 52.

**Township 25 South, Range 63 West of the 6th P.M.:**

Section 25: All

Section 35: All that portion of the N1/2 of said Section lying in Pueblo County

**Township 25 South, Range 62 West of the 6th P.M.:**

Section 31: All that part in Huerfano County

Section 32: All that part in Huerfano County

**Township 26 South, Range 62 West of the 6th P.M.:**

Section 4: All that part in Huerfano County

Section 5: All that part of the N1/2 in Huerfano County

Section 6: All

Section 7: All that part in Huerfano County

**Township 25 South, Range 63 West of the 6th P.M.:**

Section 35: All that part in Huerfano County

**Township 26 South, Range 63 West of the 6th P.M.:**

Section 1: All

EXCEPT the SE1/4 SE1/4;

Section 2: All

Section 12: NW1/4 NE1/4

Huerfano County

**Township 26 South, Range 62 West of the 6th P.M., Las Animas County,**

Section 3: All that part in Las Animas County

Section 7: All that part in Las Animas County

Section 8: All that part of the E1/2 in Las Animas County

Section 9: All that part lying North of Highway 10;

Section 10: All that part of the N1/2 lying North of Highway 10

Section 11: All that part lying North of Highway 10



EXCEPTING that part in N1/2NE1/4 and in the NW1/4, per Treasurer's deed in Book 881, Page 174

Section 17: All that part lying North of Highway 10

Section 18: All that part of the E1/2 lying North of Highway 10

All in Las Animas County

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**EXHIBIT B**

**EXCEPTIONS TO TITLE**

**RED TOP RANCH CONSERVATION EASEMENT**

1. The right of proprietor of a vein or lode to extract or remove his ore should the same be found to penetrate or intersect the premises thereby granted, **and/or** rights of way for ditches and canals constructed by the authority of the United States as reserved in following United States patents, posted in the Bureau of Land Management – General Office Land Records, and subject to any and all assignments thereof or interest therein.

Patent No. 084720, issued December 5, 1884 to John Brown;  
Patent No. 898701 and 898702, issued March 9, 1923 to George W. Wadlow;  
Patent No. 083598, issued October 4, 1873 to Arkansas State and James M. Saunders;  
Patent No. 084722, issued December 22, 1903 to Jose Luz Gonzales;  
Patent No. 944194, issued September 4, 1924 to William L Niehaus;  
Patent No. 925408 and 925409, issued December 3, 1923 to Frank Whitaker;  
Patent No. 955239, issued March 14, 1925 to Ed Niehaus;  
Patent No. 920842, issued October 15, 1923 to Wilbur C. Bright;  
Patent No. 920852, issued October 15, 1923 to The Heirs of Earl F. Clapper;  
Patent No. 923116, issued November 12, 1923 to Fred Jones;  
Patent No. 1235515, issued March 16, 1964 to Bertha Anne Brunia;  
Patent No. 841841, issued January 9, 1922 to Berth Anne Brunia;  
Patent No. 927888, issued December 28, 1923 to James Ira Topping;  
Patent No. 084719, issued December 5, 1884 to Aman Larsen;  
Patent No. 878511, issued September 7, 1922 to Winthrop S. Davis;  
Patent No. 822066 and 822067, issued September 9, 1921 to Livy Dwight Robbins;  
Patent No. 963176; issued July 15, 1925 to James W. Cade;  
Patent No. 928323, issued January 5, 1924 to Dana H. Davis;  
Patent No. 956172, issued March 26, 1925 to Fred W. Puls;  
Patent No. 966557 and 966578, issued September 21, 1925 to Spencer G. Smtih;  
Patent No. 083664, issued June 25, 1901 to George Myers;  
Patent No. 847750, issued February 7, 1922 to Albert W. Weber;  
Patent No. 936139, issued April 11, 1924 to Joseph H. Weber;  
Patent No. 083684, issued October 2, 1905 to William B. Miller;  
Patent No. 927866, issued December 28, 1923 to Carl Schwald;  
Patent No. 918780, issued September 28, 1923 to Andrew G. Quist;  
Patent No. 8533, issued December 19, 1907 to William B. Gobin;



Patent No. 083614, issued June 17, 1903 to George Hammond;  
Patent No. 083605, issued March 19, 1887 to Patricio Dominges;  
Patent No. 8534, issued December 19, 1907 to William F. Satterfield;  
Patent No. 8532, issued December 19, 1907 to Samuel H. Harrison, Junior;  
Patent No. 83604, issued December 5, 1884 to Richard Freeborn;  
Patent No. 876788, issued August 17, 1922 to William A. Hardin;  
Patent No. 083608, issued April 28, 1888 to Frank P. Hughes;  
Patent No. 969417, issued November 12, 1925 to Fred C. Mayer;  
Patent No. 865277, issued May 29, 1922 to John O. Moore;  
Patent No. 828346, issued October 30, 1921 to Homer Hance King;  
Patent No. 893730; issued January 24, 1923 to Elbert A. Frick;  
Patent No. 891039, issued December 19, 1922 to Harvey L. Saffer;  
Patent No. 661512, issued January 23, 1919 to Oscar Gwartney;  
Patent No. 972726, issued January 16, 1926 to Edward J. Strickland;  
Patent No. 974496, issued February 17, 1926 to Edward J. Stickland;  
Patent No. 083613, issued April 18, 1902 to Mark J. Baldwin;  
Patent No. 860692 and 860693, issued April 24, 1922 to William a Baxter;  
Patent No. 762881, issued July 19, 1920 to The Legal Representatives of Alvin B. Harroun;

Patent No. 858470 and 858471, issued April 11, 1922 to Anna A. Quist;  
Patent No. 858467, issued April 11, 1922 to John A. Quist;  
Patent No. 486942, issued August 17, 1915 to Benjamin F. Berry;  
Patent No. 230971, issued October 19, 1911 to Cornelio Duran;  
Patent No. 865279 and 865280, issued May 29, 1922 to Clair R. Hoxie, and  
Patent No. 1103871, issued July 22, 1939 to Evelyn Cables, widow of Charlie H. Cables.

2. An easement for the construction, maintenance and operation of a public road and highway, and incidental purposes granted to the public, by the instrument recorded June 22, 1933 in Book 774 at Pages 124, 126 and 129.
3. An undivided one-half (1/2) interest in all royalty or mineral lease payments, as reserved by Red Top Ranch, Ltd., Bob Johnston, Inc., Bob Johnston, Jr. and Doris Johnston, in Deed recorded February 2, 1983 in Book 2143 at Page 439, and any all assignments thereof or interests therein.
4. Terms, conditions, provisions, agreements, easements and obligations contained in the Linear Encroachment Agreement, recorded June 22, 1999 at Reception No. 1285582; and Partial Release of said Linear Encroachment Agreement, recorded December 27, 2000 at Reception No. 1363688.



5.    Terms, agreements, provisions, conditions and obligations of a Lease Agreement, executed by Touch America, Inc., a Montana Corporation, as Lessee(s), for a term of Ninety-Nine (99) years, recorded July 29, 1999 at Reception No. 1291194.
6.    Terms, conditions, provisions, agreements, easements and obligations contained in the San Isabel Electric Association, Inc. Line Extension Contract and Agreement for Permanent Electric Service, recorded October 20, 1999 at Reception No. 1303986.
7.    Terms, conditions, provisions, agreements, easements and obligations contained in the Memorandum of Lease Agreement and Grant of Easement executed by Broadwing Communication Services, Inc., a Delaware Corporation, as Lessee(s), for a term of Twenty (20) years, recorded February 2, 2000 at Reception No. 1318670.
8.    Title to all minerals within and underlying the premises, together with all mining rights and other rights and privileges and immunities relating thereto.
9.    All reservations and exceptions contained in the original Patents from the United States of America covering the subject property.
10.   Any assessment or lien of Pueblo Soil Conservation District, as disclosed by the instrument recorded at Reception No. 356292, and the West Otero Soil Conservation District, as disclosed by the instrument recorded at Reception No. 363936, Records of Las Animas County.
11.   Road and Highway easements recorded in Book 441 at Page 340; Book 442 at Page 211; and Book 442 at Page 212, Records of Las Animas County.

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# **Ranch Title Insurance Policy**

**D**





19751 E Mainstreet # R14,  
Parker, CO 80138  
Phone: (303) 841-6982  
Fax: (303) 841-6099

Red Top Holdings, LLC  
12300 Liberty Boulevard  
Englewood, CO 80112

Date: January 30, 2013

File Number: 597-F0416682-153-MH  
Property Address: TBD, Pueblo, CO  
Policy Number: CO-FSTG-IMP-27306-1-12-F0416682

Dear New Property Owner:

Congratulations on your real estate purchase. Enclosed is your Policy of Title Insurance. This policy contains important information about your real estate transaction, and it insures you against certain risks to your ownership. Please read it and retain it with your other valuable papers.

A permanent record of your recorded title documents is accessible through our office. These records will enable prompt processing of future title orders and save valuable time should you wish to sell or obtain a loan on your property. Visit or call our office and simply give us your personal policy file number when you need assistance.

In the event you sell your property or borrow money from a mortgage lender you may be entitled to a discount rate if you order your title insurance through this company.

We appreciate the opportunity of serving you and will be happy to assist you in any way in regard to your future title service needs.

Sincerely,

Fidelity National Title Company

27306 (6/06)

ALTA Owner's Policy (6/17/06)

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Fidelity National Title Insurance Company

POLICY NO.: CO-FSTG-IMP-27306-1-12-F0416682

## OWNER'S POLICY OF TITLE INSURANCE

*Issued by*

**Fidelity National Title Insurance Company**

Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

### COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, FIDELITY NATIONAL TITLE INSURANCE COMPANY, a California corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
  - (a) A defect in the Title caused by
    - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
    - (ii) failure of any person or Entity to have authorized a transfer or conveyance,
    - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
    - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
    - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
    - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
    - (vii) a defective judicial or administrative proceeding.
  - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
  - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (a) the occupancy, use, or enjoyment of the Land;
  - (b) the character, dimensions, or location of any improvement erected on the Land;

27306 (6/06)

ALTA Owner's Policy (6/17/06)

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- (c) the subdivision of land; or
- (d) environmental protection

if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.

6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated Schedule A or being defective
  - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
  - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
    - (i) to be timely, or
    - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

IN WITNESS WHEREOF, FIDELITY NATIONAL TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by its duly authorized officers.

**Fidelity National Title Insurance Company**

Countersigned By:

SK E WOOD  
Authorized Signature



By.

James R. Miller

President

Attest

[Signature]  
Secretary



**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of.

- 1 (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions or location of any improvement erected on the Land;
  - (iii) the subdivision of land, or
  - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant,
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

**CONDITIONS****1. DEFINITION OF TERMS**

The following terms when used in this policy mean

(a) "Amount of Insurance". The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions

(b) "Date of Policy". The date designated as "Date of Policy" in Schedule A.

(c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.

(d) "Insured": The Insured named in Schedule A

(i) The term "Insured" also includes

(A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;

(B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization,

(C) successors to an Insured by its conversion to another kind of Entity;

(D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title

(1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

(2) if the grantee wholly owns the named Insured,

(3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or

(4) if the grantee is a trustee or beneficiary of a trust created by a written

instrument established by the Insured named in Schedule A for estate planning purposes.

(ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.

(e) "Insured Claimant": An Insured claiming loss or damage.

(f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title

(g) "Land" The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

(h) "Mortgage". Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law

(i) "Public Records" Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located

(j) "Title": The estate or interest described in Schedule A.

(k) "Unmarketable Title". Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to

purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title

**2. CONTINUATION OF INSURANCE**

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

**3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT**

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

**4. PROOF OF LOSS**

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.



**5. DEFENSE AND PROSECUTION OF ACTIONS**

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

**6. DUTY OF INSURED CLAIMANT TO COOPERATE**

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium

maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

**7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY**

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay;

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

**8. DETERMINATION AND EXTENT OF LIABILITY**

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred

by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Amount of Insurance, or  
(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

**9. LIMITATION OF LIABILITY**

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

**10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY**

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

**11. LIABILITY NONCUMULATIVE**

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

**12. PAYMENT OF LOSS**

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

**13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT**

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be

ALTA Owner's Policy (6/1/06)

27306 (6/06)



subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights

#### 14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy

provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. 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. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

#### 15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

#### 16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

#### 17. CHOICE OF LAW; FORUM

(a) Choice of Law The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

#### 18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at Fidelity National Title Insurance Company, Attn: Claims Department, Post Office Box 45023, Jacksonville, Florida 32232-5023.



Order No.: F0416682-153-MH

Policy No.: CO-FSTG-IMP-27306-1-12-F0416682

**Fidelity National Title Insurance Company**

**SCHEDULE A**

Name and Address of Title Insurance Company: **Fidelity National Title Company**  
**19751 E Mainstreet # R14,**  
**Parker, CO 80138**

Policy No.: CO-FSTG-IMP-27306-1-12-F0416682

Order No.: F0416682-153-MH

Address Reference: **TBD, Pueblo, CO**

Amount of Insurance: **\$15,819,144.00**

Date of Policy: **October 9, 2012 at 6:00 PM**

1. Name of Insured:  
**Red Top Holdings, LLC, a Colorado limited liability company**
2. The estate or interest in the Land that is insured by this policy is:  
**Fee Simple**
3. Title is vested in:  
**Red Top Holdings, LLC, a Colorado limited liability company**
4. The Land referred to in this policy is described as follows:  
**See Exhibit A attached hereto and made a part hereof.**

27306A (6/06)  
ALTA Owner's Policy (6/17/06)

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**EXHIBIT A**

**LEGAL DESCRIPTION**

**THE LAND REFERRED TO IN THIS POLICY IS DESCRIBED AS FOLLOWS:**

The land referred to in Schedule A is situated in the County of Pueblo, Huerfano and Las Animas, State of Colorado and is described as follows:

Township 23 South, Range 61 West of the 6 P.M.,  
Section 31: SE1/4; Lots 3 and 4; E1/2 SW1/4; N1/2  
Section 32: S1/2; S1/2 N1/2  
Section 33: SW1/4

Township 24 South, Range 61 West of the 6th P.M.,  
Section 2: All  
Section 3: N1/2  
Section 4: NW1/4; S1/2  
Section 5: All  
Section 6: N1/2; and an undivided 3/5 interest in Lots 6 and 7, E1/2 SW1/4  
Section 7: NE1/4; and a undivided 3/5 interest in Lots 1 and 2, E1/2NW1/4 S1/2  
Section 8: All  
Section 9: All  
Section 10: S1/2  
Section 11: All  
Section 12: W1/2; S1/2 SE1/4  
Section 13: E1/2 NE1/4  
Section 15: All  
Section 17: E1/2; NW1/4; SW1/4  
Section 18: All  
Section 19: All  
Section 20: S1/2; NE1/4; NW1/4  
Section 21: All  
Section 22: N1/2, SW1/4  
Section 25: W1/2, SW1/4 NE1/4; NW1/4 SE1/4  
Section 26: SE1/4 SE1/4  
Section 27: W1/2  
Section 28: SW1/4; SE1/4  
Section 29: All  
Section 30: All  
Section 31: All  
Section 32: E1/2, undivided 1/2 interest in and to the N1/2 of SW1/4  
Section 33: All  
Section 34: S1/2 S1/2; W1/2 NW1/4  
Section 35: SW1/4

Township 25 South, Range 61 West of the 6th P.M.,  
Section 2: W1/2  
Section 3: All  
Section 4: All  
Section 6: All  
Section 7: All  
Section 9: All

27306A (6/06)  
ALTA Owner's Policy (6/17/06)

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**EXHIBIT A**  
**Legal Description (Continued)**

Section 10: All  
Except the S1/2 SE1/4;  
Section 11: W1/2 NW1/4; NE1/4 NW1/4; N1/2 SW1/4; NW1/4 NE1/4  
Section 18: All  
Section 19: All  
Section 20: All  
Section 29: All  
Section 30: E1/2; N1/2 NW1/4; SE1/4 NW1/4; S1/2 SW1/4; NE1/4 SW 1/4  
Section 31: W1/2; W1/2 E1/2; E1/2 NE1/4  
Section 33: N1/2 NE1/4

Township 26 South, Range 61 West of the 6th P.M.

Section 6: NE1/4; E1/2 NW1/4; NW1/4 NW1/4; N1/2 SE1/4; NE1/4 SW1/4; All that portion of Lot 5 lying North of State Highway No. 10;  
Except that portion conveyed In Warranty Deeds recorded in Book 1909, Page 864 and corrected in Book 1917 at Page 772, in Pueblo County;

Township 23 South, Range 62 West of the 6th P.M.,

Section 25: All  
Section 26: All  
Section 27: E1/2, N1/2 NW1/4; S1/2 NW1/4; N1/2 SW1/4  
Section 28: All  
Section 31: All  
Section 32: All Except 1 acre in the extreme NE corner reserved for school in Book 496 at Page 340  
Section 33: SW1/4 and N1/2  
Section 34: N1/2 NE1/4 and SE1/4  
Section 35: All

Township 24 South, Range 62 West of the 6th P.M.,

Section 1: All  
Section 2: All  
Section 3: All  
Section 4: All  
Section 5: All  
Section 6: E1/2 SE1/4; W1/2 NE1/4; SW1/4; NW1/4, W1/2 SE1/4  
Section 7: S1/2, W1/2 NW1/4; E1/2 NW1/4; W1/2 NE1/4  
Section 8: All  
Section 9: All  
Section 10: All  
Section 11: All  
Section 12: All  
Section 13: All  
Section 14: N1/2; SW1/4; SE 1/4 SE1/4  
Section 15: All  
Section 18: All  
Section 19: NW1/4; N1/2 SW1/4; W1/2 NE1/4  
Section 21: All  
Section 22: All  
Section 23: S1/2; NW1/4; S1/2 NE1/4; NE1/4 NE1/4  
Section 24: All  
Section 25: All  
27306A (6/06)  
ALTA Owner's Policy (6/17/06)

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**EXHIBIT A**  
**Legal Description (Continued)**

Section 26: All  
Section 27: N1/2; S1/2 SW1/4  
Section 28: S1/2  
Section 29: SE1/4 SE1/4  
Section 30: All  
Section 31: Lots 3, 4, E1/2 SW 1/4  
Section 32: N1/2 NE1/4; S1/2 SE1/4, SE1/4 NE1/4  
Section 33: All  
Section 34: S1/2; N1/2 NW1/4  
Section 35: All

**Township 25 South, Range 62 West of the 6th P.M.,**

Section 1: All  
Section 2: NE1/4 SE1/4; SE1/4 SW1/4; SW1/4 SW1/4  
Section 3: NW1/4; N1/2 SW1/4; W1/2 NE1/4; NW1/4 SE1/4; S1/2 S1/2  
Section 4: SE1/4; SW1/4; W1/2 NE1/4; E1/2 NE1/4; NW1/4  
Section 5: All  
Section 6: All  
Section 7: All  
Section 8: All  
Section 9: E1/2; SW1/4; N1/2 NW1/4; SE1/4 NW1/4 and ½ interests in SW1/4 of the NW1/4  
Section 10: All  
Section 11: All  
Section 12: All  
Section 13: S1/2 S1/2  
Section 14: S1/2 S1/2  
Section 15: S1/2 SE1/4  
Section 17: N1/2; N1/2 S1/2  
Section 18: All  
Section 19: All  
Section 20: S1/2 N1/2; S1/2  
Section 21: S1/2 SW1/4; NE1/4 SW1/4  
Section 22: N1/2 NE1/4  
Section 23: N1/2 N1/2  
Section 24: E1/2; NW1/4 NW1/4  
Section 25: E1/2; SW1/4; S1/2 NW 1/4  
Section 26: NE1/4 NW1/4; NW1/4 NE1/4  
Section 27: N1/2 NE1/4  
Section 28: NW1/4; NE1/4 SW1/4; W1/2 SW1/4; SE1/4 SW1/4  
Section 29: N1/2; N1/2; S1/2 NW1/4; SW1/4; SE1/4; S1/2 NE1/4  
Section 30: All  
Section 31: All that part of said Section 31 lying and being in Pueblo County  
Section 32: All that portion lying and being in Pueblo County  
Section 34: W1/2; W1/2 NE1/4; SE1/4 NE1/4; SE1/4

**Township 26 South, Range 62 West of the 6th P.M.,**

Section 1: All North of State Highway 10  
Section 2: Lots 3 and 4, S1/2 NW1/4; N1/2 SW1/4; E1/2 and S1/2 SW1/4 North of Highway 10  
Section 3: S1/2 NE1/4; N1/2 N1/2; S1/2 NW1/4; N1/2 SW1/4 and SE1/4 that portion lying within Pueblo County  
Section 4: E1/2 NW1/4; NE1/4 and that part of W1/2 NW1/4 lying within Pueblo County  
Section 5: That portion of the N1/2 NE1/4 and NE1/4 NW1/4 lying within Pueblo County;

27306A (6/06)  
ALTA Owner's Policy (6/17/06)

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**EXHIBIT A**  
**Legal Description (Continued)**

Section 11: All North of State Highway 10 in Pueblo County,  
Excepting a tract of land abutting on the Northerly right of way line of State Highway #10 and lying  
partially in Section 2 and partially in Section 11, Township 26 South, Range 62 West of the 6th P.M., and  
more particularly described as follows by metes and bounds;

Commencing at a point on the said Northerly right of way line of State Highway #10 whence the  
Northeast corner of Section 1 in Township 26 South, Range 62 West bears North 2651 feet and running  
thence S60° 55'W along said Northerly right of way line 5750 feet to a one inch iron bar set 2 feet in the  
ground and extending 1 foot above the surface of the ground which point is the Point of Beginning  
thence N29°5'W , 660 feet to a one inch iron bar set permanently in the ground;  
Thence S60° 55'W 1320 feet to a one inch iron bar set firmly in the ground;  
Thence S29° 5'E 660 feet to a one inch bar set in the said Northerly right of way line of State Highway  
#10;

Thence N60°55'E along said Northerly right of way line of State Highway #10 1320 feet to the Point of  
Beginning, and further excepting Tracts conveyed in Book 1477 at Page 169 and Book 1445 at Page 52.

Township 25 South, Range 63 West of the 6th P.M.,

Section 25: All

Section 35: All that portion of the N1/2 of said Section lying in Pueblo County

Township 24 South, Range 60 West of the 6th P.M.,

Section 30: Lots 3, 4, E1/2 SW1/4

Section 31: Lots 1, 2, E1/2 NW1/4; Lots 3, 4, E1/2 SW1/4

EXCEPTING THEREFROM tract conveyed to Harry Vold recorded in Book 2152 at Page 128.

Township 25 South, Range 62 West of the 6th P.M.

Section 31: All that part in Huerfano County

Section 32: All that part in Huerfano County

Township 26 South, Range 62 West of the 6th P.M.,

Section 4: All that part in Huerfano County

Section 5: All that part of the N1/2 in Huerfano County

Section 6: All

Section 7: All that part in Huerfano County

Township 25 South, Range 63 West of the 6th P.M.

Section 35: All that part in Huerfano County

Township 26 South, Range 63 West of the 6th P.M.,

Section 1: All

EXCEPT the SE1/4 SE1/4;

Section 2: All

Section 12: NW1/4 NE1/4

Huerfano County

Township 26 South, Range 62 West of the 6th P.M., Las Animas County,

Section 3: All that part in Las Animas County

Section 7: All that part in Las Animas County

Section 8: All that part of the E1/2 in Las Animas County

Section 9: All that part lying North of Highway 10;

Section 10: All that part of the N1/2 lying North of Highway 10

Section 11: All that part lying North of Highway 10

27306A (6/06)

ALTA Owner's Policy (6/17/06)

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Order No.: F0416682-153-MH

Policy No.: CO-FSTG-IMP-27306-1-12-F0416682

**EXHIBIT A**  
**Legal Description (Continued)**

**EXCEPTING that part in N1/2NE1/4 and in the NW1/4, per Treasurer's Deed in Book 881, Page 174**

**Section 17: All that part lying North of Highway 10**

**Section 18: All that part of the E1/2 lying North of Highway 10 All in Las Animas County, State of Colorado.**

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27306A (6/06)  
ALTA Owner's Policy (6/17/06)

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**SCHEDULE B****EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

1. Any facts, rights, interests or claims that are not shown by the Public Records but which could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
2. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
3. Any encroachments, encumbrances, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by Public Records.
4. Item deleted.
5. Item deleted.
6. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof, (c) water rights, claims of title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
7. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
8. All taxes and assessments for the year 2012 and subsequent years, a lien but not yet due or payable.
9. Any existing leases or tenancies.
10. Reservations of (1) right of proprietor of any Penetrating vein or lode to extract his ore; and (2) right of way for any Ditches or Canals constructed by Authority of United State, in U.S. Patent recorded February 7, 1923 in Book 522 at Page 407.
11. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded March 10, 1923 in Book 522 at Page 429.
12. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded October 9, 1922 in Book 522 at Page 333.
13. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded June 7, 1918 in Book 452 at Page 16.

27306B (6/06)  
ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
**(Continued)**

14. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded July 20, 1921 in Book 522 at Page 56.
- 15. ----- Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded July 25, 1927 in Book 669 at Page 164.
16. Reservation of right of way for any ditches or Canals Constructed by Authority of the United States, in U.S. Patent recorded May 7, 1919 in Book 452 at Page 128
17. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded December 30, 1920 in Book 452 at Page 544.
18. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded June 9, 1920 in Book 452 at Page 377.
19. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded March 6, 1922 in Book 522 at Page 224.
20. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded January 31, 1921 in Book 452 at Page 590.
21. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded May 11, 1922 in Book 522 at Page 258.
22. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded October 14, 1916 in Book 305 at Page 239
23. Reservation of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded December 23, 1916 in Book 305 at Page 504
24. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded March 21, 1922 in Book 522 at Page 235.
25. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded April 1, 1927 in Book 592 at Page 137.
26. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded August 21, 1916 in Book 305 at Page 467.
27. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded December 28, 1922 in Book 522 at Page 376.

27306B (6/06)

ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
(Continued)

28. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded March 15, 1921 in Book 452 at Page 647.
- 29. ----- Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded December 13, 1921 in Book 522 at Page 141.
30. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded March 10, 1919 in Book 452 at Page 97.
31. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded July 25, 1927 in Book 669 at Page 163.
32. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded August 31, 1920 in Book 452 at Page 441.
33. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded April 29, 1921 in Book 522 at Page 27.
34. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded January 10, 1920 in Book 452 at Page 258
35. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded December 26, 1916 in Book 305 at Page 505.
36. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded December 17, 1918 in Book 452 at Page 73.
37. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded April 25, 1917, in Book 305 at Page 545.
38. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded May 04, 1917, in Book 305 at Page 551.
39. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded May 15, 1922, in Book 522 at Page 265.
40. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded July 09, 1920, in Book 452 at Page 401.
41. Reservation of Right of Way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded June 03, 1925, in Book 592 at Page 37.
42. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded April 24, 1923, in Book 522 at Page 458.

27306B (6/06)

ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
(Continued)

43. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded October 10, 1923 in Book 522 at Page 530.
44. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded May 6, 1930 in Book 730 at Page 461.
45. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded April 08, 1921, in Book 522 at Page 11.
46. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded February 04, 1922, in Book 522 at Page 194.
47. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. patent recorded July 31, 1922, in Book 522 at Page 302.
48. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded October 22, 1921 in Book 522 at Page 103.
49. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded October 22, 1921, in Book 522 at Page 102.
50. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded October 22, 1921, in Book 522 at Page 104.
51. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded November 14, 1921, in Book 522 at Page 119.
52. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded November 14, 1921 in Book 522 at Page 120.
53. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by Authority of United States, in U.S. Patent recorded February 21, 1921 in Book 452 at Page 616.
54. Reservations of (1) right of proprietor of any penetrating vein or lode to Extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded October 7, 1922 in Book 522 at Page 330.
55. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded January 14, 1920, in Book 452 at Page 259.

27306B (6/06)

ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
(Continued)

56. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded October 15, 1914, in Book 305 at Page 240.
57. Reservations of (1) right of proprietor of any penetrating vein or lode to Extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. patent recorded July 23, 1927 in Book 669 at Page 133.
58. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded July 23, 1927, in Book 669 at Page 134.
59. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U. S. Patent recorded June 3, 1925 in Book 592 at Page 39.
60. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded June 03, 1925, in Book 592 at Page 38.
61. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded April 15, 1924, in Book 522 at Page 59.
62. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded December 13, 1915, In Book 305 at Page 391.
63. Reservation of (1) right of proprietor of any penetrating vein or lode to Extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded September 13, 1923 In Book 522 at Page 18.
64. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded April 16, 1921, in Book 522 at Page 16.
65. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded August 11, 1920, in Book 452 at Page 431.
66. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded February 21, 1921, in Book 452 at Page 615.
67. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded March 10, 1923, in Book 522 at Page 428.
68. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded March 07, 1924, in Book 522 at Page 577.
69. Reservations of (1) right of proprietor of any penetrating vein or lode to Extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded January 18. 1940 in Book 879 at Page 488.

27306B (6/06)  
ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
(Continued)

70. Reservations of (1) right of proprietor of any penetrating vein or lode to Extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States in US. Patent recorded March 7, 1924 in Book 522 at Page 578.
71. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded January 03, 1921, in Book 452 at Page 547.
72. Reservation of right of proprietor of any penetrating vein or lode to extract his ore, in U.S. Patent recorded May 9, 1910 in Book 305 at Page 65.
73. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and 92) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded January 8, 1919 in Book 452 at Page 74.
74. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. patent recorded October 22, 1921 in Book 522 at Page 105.
75. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded July 02, 1921, in Book 522 at Page 49.
76. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded January 18, 1940, in Book 879 at Page 487.
77. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded May 06, 1924, in Book 522 at Page 603.
78. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. patent recorded November 13, 1951 in Book 1168 at Page 359.
79. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded July 25, 1922, in Book 522 at Page 298.
80. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded May 20, 1943 in Book 947 at Page 526.
81. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. patent recorded March 31, 1922 in Book 522 at Page 241.
82. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded February 03, 1921 in Book 452 at Page 594.

27306B (6/06)  
ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
(Continued)

83. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded March 03, 1925, in Book 592 at Page 10.
84. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded July 01, 1926 in Book 592 at Page 102.
85. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded April 14, 1923, in Book 522 at Page 454.
86. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded April 14, 1923 in Book 522 at Page 453.
87. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded August 12, 1919, in Book 452 at Page 159.
88. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded April 06, 1926 in Book 592 at Page 93.
89. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. patent recorded April 06, 1926 in Book 592 at Page 94.
90. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded October 06, 1915 in Book 305 at Page 362.
91. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded October 06, 1915 in Book 305 at Page 364.
92. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded November 04, 1921, in Book 522 at Page 115.
93. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. patent recorded November 04, 1921 in Book 522 at Page 116.
94. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded June 23, 1932, in Book 758 at Page 368.
95. Reservations of right of proprietor of any penetrating vein or lode to extract his ore, in U.S. Patent recorded November 24, 1945 in Book 1000 at Page 392.

27306B (6/06)

ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
(Continued)

96. Reservation of right of proprietor of any penetrating vein or lode to extract his ore, in U.S. Patent recorded November 24, 1945 in Book 1000 at Page 391.
97. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. patent recorded October 06, 1915 in Book 305 at Page 363.
98. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded January 31, 1924, in Book 522 at Page 562.
99. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed By authority of United States, in U.S. Patent recorded February 13, 1941 in Book 899 at Page 428.
100. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded March 06, 1923, in Book 522 at Page 422.
101. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded July 26, 1935 in Book 805 at Page 156.
102. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded November 13, 1925 in Book 592 at Page 64.
103. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded November 13, 1925, in Book 592 at Page 65.
104. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States1 in U.S. Patent recorded July 02, 1921 in Book 522 at Page 50.
105. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded October 06, 1915 in Book 305 at Page 361.
106. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded December 07, 1926 in Book 592 at Page 119.
107. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded December 07, 1926, in Book 592 at Page 118.
108. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded December 07, 1926, in Book 592 at Page 117.

27306B (6/06)

ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
(Continued)

109. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded June 01, 1926, in Book 592 at Page 103.
110. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded December 07, 1920, in Book 452 at Page 535.
111. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or Canals Constructed by authority of United States, in U.S. Patent recorded October 06, 1915 in Boon 305 at Page 360.
112. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded June 27, 1923, in Book 522 at Page 484.
113. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded March 31, 1922, in Book 522 at Page 240.
114. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded June 27, 1923 in Book 522 at Page 485.
115. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded February 07, 1923 in Book 522 at Page 407.
116. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded March 06, 1906 in Book 284 at Page 474.
117. Reservation of right of way for any ditches. or canals constructed by authority of the United States, in U.S. Patent recorded October 26, 1917, in Book 305 at Page 595.
118. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded August 10, 1921, in Book 522 at Page 70.
119. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded October 19, 1921, in Book 522 at Page 94.
120. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded September 30, 1922 In Book 522 at Page 327.
121. Reservation of right of way for any ditches or canals constructed by in U.S. Authority of the United States, Patent recorded in Book 522 at Page 326.
122. Reservation of right of way for any ditches or canals constructed by in U.S. Authority of the United States, Patent recorded May 05, 1941, in Book 906 at Page 266.

27306B (6/06)

ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
(Continued)

123. Reservation of right of way for any ditches or canals constructed by in U.S. Authority of the United States, in Patent recorded September 10, 1913, Book 381 at Page 350.
124. Reservation of right of way for any ditches or canals constructed by in U.S. Authority of the United States, in Patent recorded December 05, 1916, Book 305 at Page 500.
125. Reservation of right of way for any ditches or canals constructed by in U.S. Authority of the United States, in Patent recorded January 04, 1922, Book 522 at Page 160.
126. Reservation of right of way for any ditches or canals constructed by in U.S. Authority of the United States, Patent recorded May 21, 1920, in Book 452 at Page 352.
127. Reservation of right of way for any ditches or canals constructed by in US. Authority of the United States, Patent recorded June 28, 1921, in Book 522 at Page 46.
128. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded September 30, 1922, in Book 522 at Page 326.
129. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded September 01, 1916, in Book 305 at Page 470.
130. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded March 17, 1921, in Book 452 at Page 649.
131. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded December 22, 1919, in Book 452 at Page 242.
132. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded January 14, 1921, in Book 452 at Page 561.
133. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded May 31, 1918, in Book 452 at Page 14.
134. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded April 21, 1917, in Book 305 at Page 541.
135. Patent recorded March 26, 1919, in Book 452 at Page 106.
136. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded November 27, 1916, in Book 305 at Page 495.
137. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded July 23, 1920, in Book 452 at Page 419.

27306B (6/06)

ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
**(Continued)**

138. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded October 07, 1919, in Book 452 at Page 188.
139. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded January 20, 1921, in Book 452 at Page 576.
140. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. patent recorded April 28, 1924 in Book 522 at Page 599.
141. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded April 23, 1919, in Book 452 at Page 123.
142. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded February 08, 1922, in Book 522 at Page 195.
143. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded December 15, 1922, in Book 522 at Page 365.
144. Reservation of right of way for any ditches or canals constructed by Authority of the United States, in U.S. Patent recorded October 04, 1924, In Book 522 at Page 627.
145. Reservations of (1) right of proprietor of any penetrating vein or lode to extract his ore; and (2) right of way for any ditches or canals constructed by authority of United States, in U.S. Patent recorded January 13, 1928 in Book 672 at Page 463.
146. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded February 03, 1921, in Book 452 at Page 593.
147. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded October 18, 1920, in Book 452 at Page 502.
148. Reservation of right of way for any ditches or canals constructed by authority of the United States, in U.S. Patent recorded May 02, 1921, in Book 522 at Page 31.
149. Any interest in all oil, gas and other mineral rights together with the right to enter upon said lands and to develop any and all mineral, oil and Gas rights, as reserved in a deed recorded July 24, 1930 in Book 731 at Page 362 and any interests therein or rights there under.
150. Any interest in all ores, minerals, metals, coal, oil, gas, asphaltum and other like substances rights as reserved in a deed recorded June 14, 1941 in Book 909 at Page 21 and any interest therein or rights there under.
151. Any grantors interest in all oil, gas and other mineral rights, as reserved by Theo Kurz and. Blanche Kurz in the Deed to the Hatchet Cattle Company recorded March 24, 1942 in Book 923 at Page 591, and any interest therein or rights there under.

27306B (6/06)

ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
**(Continued)**

152. Any interest in all oil, gas and other mineral rights together with the right to ingress and egress for the purpose of prospecting and producing said minerals, as reserved in a Deed recorded May 6, 1943 in Book 947 at Page 323 and any interests therein or rights there under.
153. Any grantors interest in all oil, gas and other mineral rights, as reserved by William L. Pickerel, in the Deed to Bob Johnston recorded June 20, 1946 in Book 1015 at Page 281, and any interest therein or rights thereunder.
154. Any grantors interest in all oil, gas and other mineral rights, as reserved by Edward F. Altman in the Deed to Bob Johnston recorded December 12, 1945 in Book 1002 at Page 27, and any interest therein or rights thereunder.
155. Any grantors interest in all oil, gas and other mineral rights, as reserved by Andy Oliver Pohlson in the Deed to Bob Johnston recorded January 27, 1947 in Book 1031 at Page 293, and any interest therein or rights thereunder.
156. Any grantors interest in all oil, gas and other mineral rights, as reserved by Blanche Orilla Hays in the Deed to Bob Johnston recorded July 23, 1946 in Book 1071 at Page 595, and any interest therein or rights thereunder.
157. All grantors interest in all oil, gas and other mineral rights, as reserved by Hermine L. B. Baldwin in the Deed to Elmer Baldwin recorded December 7, 1950 in Book 1141 at Page 444, and any interest therein or rights thereunder.
158. Any grantors interest in all oil, gas and other mineral rights, as reserved by J.A. McCorkle and Martha E. McCorkle In the Deed to Bob Johnston Jr. recorded April 13, 1954 in Book 1234 at Page 211, and any interest therein or rights thereunder.
159. Grantor's interest in all oil, gas and other mineral rights together with the right of ingress and egress at all times for the purpose of operating and developing said lands for oil, gas and other minerals, as reserved in a Deed recorded December 30, 1954 in Book 1254 at Page 399 and any interests therein or rights thereunder.
160. Grantor's interest in all mineral rights as reserved in a Deed recorded August 20, 1962 in Book 1490 at Page 203 and any interest therein or rights thereunder.
161. Grantor's interest in all mineral rights as reserved in a Deed recorded August 20, 1962 in Book 1490 at Page 204 and any interest therein or rights thereunder.
162. Grantor's interest in all mineral rights as reserved in a Deed recorded August 20, 1962 in Book 1490 at Page 205 and any interest therein or rights thereunder.
163. Grantor's interest in all mineral rights as reserved in a Deed recorded August 20, 1962 in Book 1490 at Page 206 and any interest therein or rights thereunder.

27306B (6/06)

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**SCHEDULE B**  
(Continued)

164. Grantor's interest in all mineral rights as reserved in a Deed recorded August 20, 1962 in Book 1490 at Page 207 and any interest therein or rights thereunder.
165. All grantors interest in all oil, gas and other mineral rights, as reserved by E.S. Baldwin aka Elmer S. Baldwin in the Deed to Bob Johnston, Inc., recorded August 18, 1964 in Book 1551 at Page 691, and any interest therein or rights thereunder.
166. All interest in all mineral rights as conveyed in a Deed recorded March 20, 1978 in Book 1926 at Page 883 and any interest therein or rights thereunder.
167. Right of way for the Red Top Road and the Mustang Creek.
168. Oil and gas lease between Donald H. Brandebury and Jack. Grynberg dated March 23, 1984, recorded March 30, 1984 in Book 2194 at Page 538, and any interests therein or rights thereunder.
169. Easement and right of way to construct, operate and maintain its lines for transmission of electrical energy, as granted to Southern Colorado Power Company, a Colorado corporation by Andrew Marshall, Ames Stevens, Amyas Ames, trustees under the will of Paul Butler by Instrument recorded January 16, 1947 in Book 1032 at Page 125.
170. Easement and right of way to construct, operate and maintain its lines for transmission of electrical energy, as granted to Southern Colorado Power Company, a Colorado corporation by Fred C. Mayer, in the Instrument recorded October 13, 1948 in Book 1080 at Page 56.
171. Easement and right of way to construct, operate and maintain the lines for the transmission of electrical energy, as granted to Southern Colorado Power Company, a Colorado corporation by Walter E. Calhoun in the Instrument recorded October 13, 1948 in Book 1080 at Page 57.
172. Easement and right of way to construct, operate and maintain the lines for the transmission of electrical energy, as granted to Southern Colorado Power Company, a Colorado corporation, by Walter E. Calhoun in the Instrument recorded September 7, 1950 in Book 1133 at Page 330.
173. Easement and right of way to construct, reconstruct, replace, renew, maintain and operate a pipe line for transportation of gas granted to Colorado interstate gas company, a Delaware corporation, by Bob Johnston, in the Instrument recorded December 5, 1952 in Book 1198 at Page 269.
174. Right of way to the Nepesta Ditch and Reservoir Company as granted by Engua Montoya in Montoya in Deed recorded October 21, 1908 in Book 326 at Page 192.
175. Right of way to the Nepesta Ditch and Reservoir Company as granted by John Crook and W.E. Calhoun in Deed recorded October 21, 1908 in Book 326 at Page 193.
176. Rights of way as granted in Contract recorded October 19, 1910 in Book 367 at Page 44, between the Pueblo-Rocky Ford Irrigation Company and Flora A. Peck.

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ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
**(Continued)**

177. Chicosa park pipeline, ditches and reservoirs system, farmers ditch, extension and enlargements, Ellis ditch, Welton Ditch No. 2, Nepesta Ditch and reservoir system, Metcalf Seepage Ditch, Burgess Reservoir and Huerfano River Seepage.
178. One-half of all royalty or mineral lease payments received by grantees, their heirs, successors or assigns for a period of 25 years as reserved by Red Top Ranch, Ltd., Bob Johnston, Inc., Bob Johnston, Jr., and Doris Johnston, in Deed recorded February 15, 1983 in Book 2146 at Page 439. Correction Deeds recorded: May 11, 1983 in Book 2156 at Page 326.
179. Road and highway easement as set forth in Instrument recorded in Book 774, at Page 126 of the Pueblo County records.
180. Road and highway easement as set forth in Instrument recorded in Book 774 at Page 129, of the Pueblo County records.
181. Rights of way to Ford, Bacon and Davis, Inc., as set forth in Instruments recorded in Book 675 at Pages 434, 437, 439, 440, 441, 442, 444, 445, 446, 448 and 457 in Book 682 at Pages 159, 580, 162, 163, and in Book 686 at Page 101.
182. Rights of way to Colorado Interstate Gas Company as set forth in Book 819 at Page 137, Pueblo County records.
183. Right of way to Colorado Interstate Gas Company as set forth in Book 1198 at Page 269, Pueblo County records.
184. Blue Ridge Valley Reservoirs 1 and 2, ditches 1 to 5, and amended Map as to Ditch No 3; Chicosa Park Pipeline, Ditches and Reservoirs System; Adamson Ditch; Purinton Ditch and Reservoir No. 2; Red Top Reservoir and Ditch; Bonanza Reservoir; Farmers Ditch, Extension and Enlargements; Ellis Ditch, Extension, Enlargement and Enlargements of Pryor Ditch; Welton Ditch No. 2; Hardesty Reservoir, Canal and Land Co., Seepage and Underflow of Mustang Creek; Wilson Enlargement of Red Top Reservoir and Ditch; White Rock Reservoir Ditch No. 41; Moody Reservoir Supply and Irrigation Ditch; Nepesta Ditch and Reservoir System; Enlargement of Dotson Supply Ditch and Doyle Arroya Feeder, Metcalf Seepage Ditch, Burgess Reservoir.
185. Road right of way as set forth in Book 774 at Page 124, of the Pueblo County records.
186. Easement to Southern Colorado Power Company as set forth in Book 1027 at Page 108, of the Pueblo county records.
187. Road right of way set forth in Book 774 at Page 130, of the Pueblo County records.
188. Oil and gas lease between the L R T Corporation, a Louisiana corporation and E.J. Smith dated September 6, 1984, recorded October 9, 1984 in Book 2215 at Page 642, and any interests therein or rights thereunder.

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**SCHEDULE B**  
(Continued)

189. Oil and gas lease between John R. Wigton, H.F. Wigton, Chester M. Wigton and Bessie Rebecca Wigton Housman, acting by and through Charles O. Housman, their agent and attorney-in-fact and John A. Steele, Jr. dated June 29, 1984, recorded October 1, 1984 in Book 2214 at Page 884, and any interests therein or rights thereunder.

NOTE: Assignment of above oil and gas lease recorded November 19, 1984 in Book 2219 at Page 825.

190. Assignment affecting record title to oil and gas lease by and between Shell Oil Company and Shell Western E and P Inc. recorded June 6, 1986 in Book 2293 at Page 229.

NOTE: Exceptions 6 through 186 affect Pueblo County.

191. Any and all leases and tenancies.

192. Title to all minerals within and underlying the premises together with all mining rights and other rights, privileges and immunities relating thereto.

NOTE: Exception 188 affects Huerfano County.

193. Excepting therefrom as to any lode or placer claims.

194. All reservations and exceptions as contained in the original patents from the United States of America, covering subject property.

195. Title to all minerals within and underlying the premises, together with all mining and drilling rights and other rights, privileges and immunities relating thereto, and rights of way with respect thereto.

196. Road and highway easement in Book 441 at Page 340 and in Book 442 at Page 211, and in Book 442 at Page 212.

NOTE: Exceptions 189 through 192 affect Las Animas County.

197. All right, title and interest in and to any water rights conveyed in Quitclaim Deed recorded July 13, 1992 in Book 2603 at Page 211.

198. Access Easement granted to Pueblo Cellular Communications, Inc. in instrument recorded February 14, 1994 in Book 2712 at Page 531 (Pueblo).

NOTE: Affects the South 1/2 of Sections 31 and 32, Township 24 South, Range 61 West and the NE 1/4 of Section 6, Township 25 South, Range 61 West.

199. Easement for telephone lines and incidental purposes granted to Rye Telephone Company in instrument recorded August 28, 1997 in Book 3030 at Page 360 (Pueblo).

27306B (6/06)

ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
(Continued)

200. Terms, agreements, provisions, conditions and obligations as contained in Linear Encroachment Agreement recorded June 22, 1999 at Reception No. 1285582 (Pueblo).
- NOTE: Partial Release of Linear Encroachment Agreement recorded December 27, 2000 at Reception No. 1363688 and Memorandum of Linear Encroachment Agreement recorded May 7, 2004 at Reception No. 1564571.
201. Terms, agreements, provisions, conditions and obligations as contained in Lease Agreement recorded July 29, 1999 at Reception No. 1291194 (Pueblo).
- NOTE: Affects Section 19, Township 25 South, Range 61 West.
202. Terms, agreements, provisions, conditions and obligations as contained in Memorandum of Lease Agreement and Grant of Easement recorded February 2, 2000 at Reception No. 1318670 (Pueblo).
- NOTE: Assignment of Lease recorded March 25, 2003 at Reception No. 1491781.
203. Matters shown and set forth on ALTA/ACSM Survey of the Haystack Butte Site recorded May 22, 2000 at Reception No. 1334088.
- NOTE: Affects the North 1/2 of the SE 1/4 of Section 19, Township 25 South, Range 61 West.
204. Notes and easements shown and set forth on map of KQY-FM/Red Top Ranch recorded April 15, 2004 at Reception No. 1560938 (Pueblo).
- NOTE: Affects the South 1/2 of Sections 31 and 32, Township 24 South, Range 61 West and the North 1/2 of Sections 5 and 6, Township 25 South, Range 61 West.
205. Memorandum of Lease Agreement recorded April 26, 2004 at Reception No. 1562224.
- NOTE: Affects Section 19, Township 25 South, Range 61 West.
206. Terms, agreements, provisions, conditions and obligations as contained in Electric Service Agreement recorded June 23, 2004 at Reception No. 1571979 (Pueblo).
- NOTE: Affects Section 6, Township 25 South, Range 61 West.
207. Terms, agreements, provisions, conditions and obligations as contained in Deed of Conservation Easement recorded August 4, 2006 at Reception No. 1687264 (Pueblo).
208. Terms, agreements, provisions, conditions and obligations as contained in Conservation Easement in Gross recorded December 19, 2008 at Reception No. 1791114 (Pueblo), and recorded December 19, 2008 at Reception No. 382114 (Huerfano), and recorded January 2, 2009 at Reception No. 200900701042 (Las Animas).
209. The following instruments purportedly convey mineral interests in portions of the subject

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ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
(Continued)

property:

Trustee's Deed recorded September 22, 1998 at Reception No. 1239982;

Trustee's Mineral Deed recorded December 26, 2006 at Reception No. 1707287;

Quitclaim Deed - Assignment of Right recorded October 30, 2002 at Reception No. 1466724;

Treasurers Deed recorded November 9, 1994 in Book 2768 at Page 92;

Treasurer's Deed recorded July 17, 2008 at Reception No. 1775996;

Treasurer's Deed recorded October 16, 2003 at Reception No. 1531344;

Treasurer's Deed recorded October 16, 2003 at Reception No. 1531345;

Treasurer's Deed recorded December 4, 2003 at Reception No. 1539786;

Personal Representative's Deed recorded May 14, 1998 in Book 3123 at Page 442;

Treasurer's Deed recorded November 20, 2003 at Reception No. 1537716;

Bargain and Sale Deed recorded March 1, 2002 at Reception No. 1427703;

Personal Representative's Deed recorded March 14, 1998 at Reception No. 1218922;

and any and all assignments thereof or interests therein all as recorded in Pueblo County.

210. Memorandum of Lease

Recording Date: October 8, 2012  
Recording No.: 1921216 in Pueblo County

211. Terms, conditions, provisions, agreements and obligations contained in the Memorandum of Option Purchase Agreement as set forth below:

Recording Date: October 8, 2012  
Recording No.: 1921217 in Pueblo County

212. Memorandum of Lease

Recording Date: October 9, 2012  
Recording No.: 395474 in Huerfano County

213. Terms, conditions, provisions, agreements and obligations contained in the Memorandum of Option Purchase Agreement as set forth below:

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ALTA Owner's Policy (6/17/06)

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**SCHEDULE B**  
(Continued)

Recording Date: October 9, 2012  
Recording No.: 395475 in Huerfano County

214. Memorandum of Lease

Recording Date: October 9, 2012  
Recording No.: 201200717940 in Las Animas County

215. Terms, conditions, provisions, agreements and obligations contained in the Memorandum of Option Purchase Agreement as set forth below:

Recording Date: October 9, 2012  
Recording No.: 201200717941 in Las Animas County



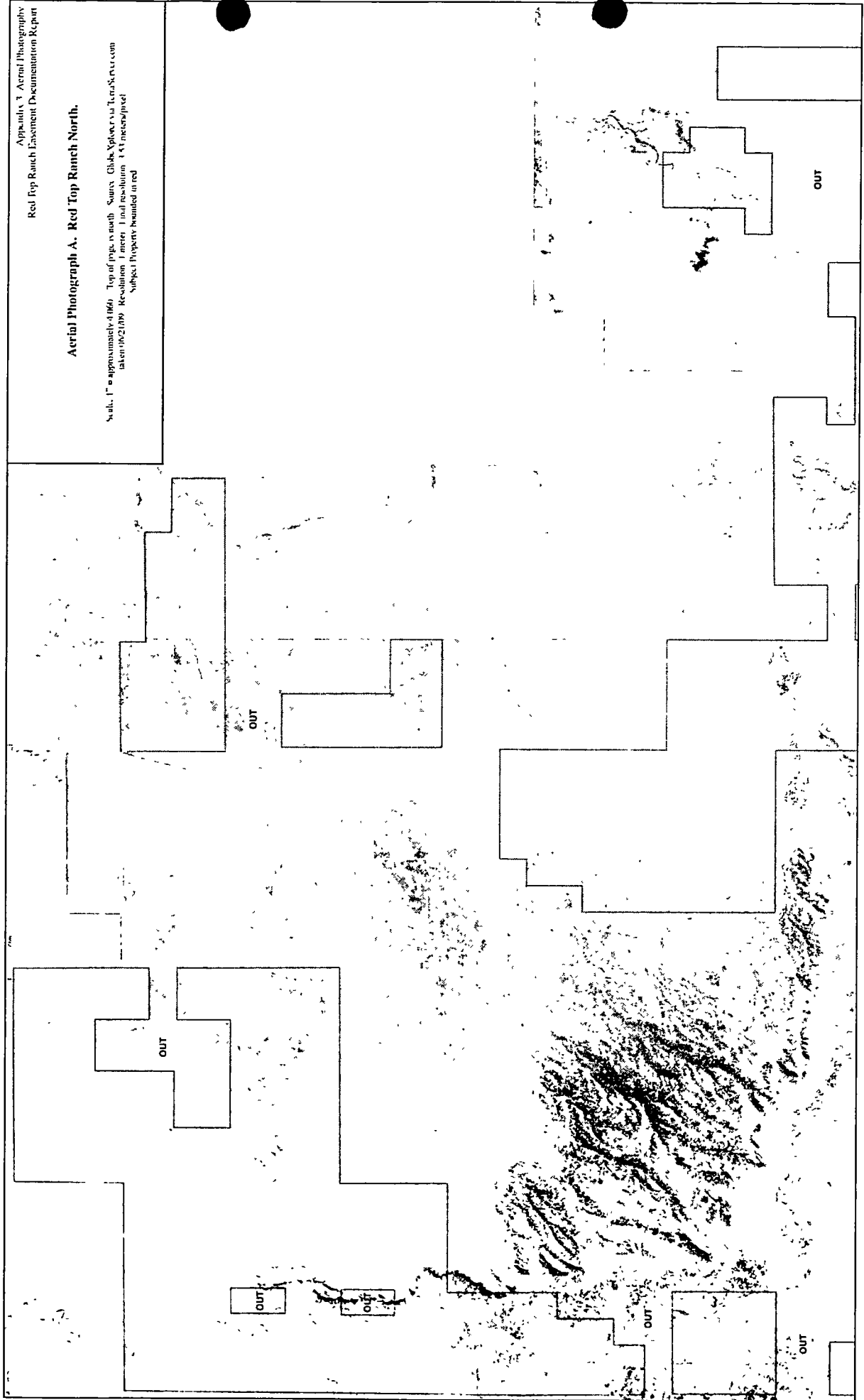
## **Additional Property Maps**

**E**

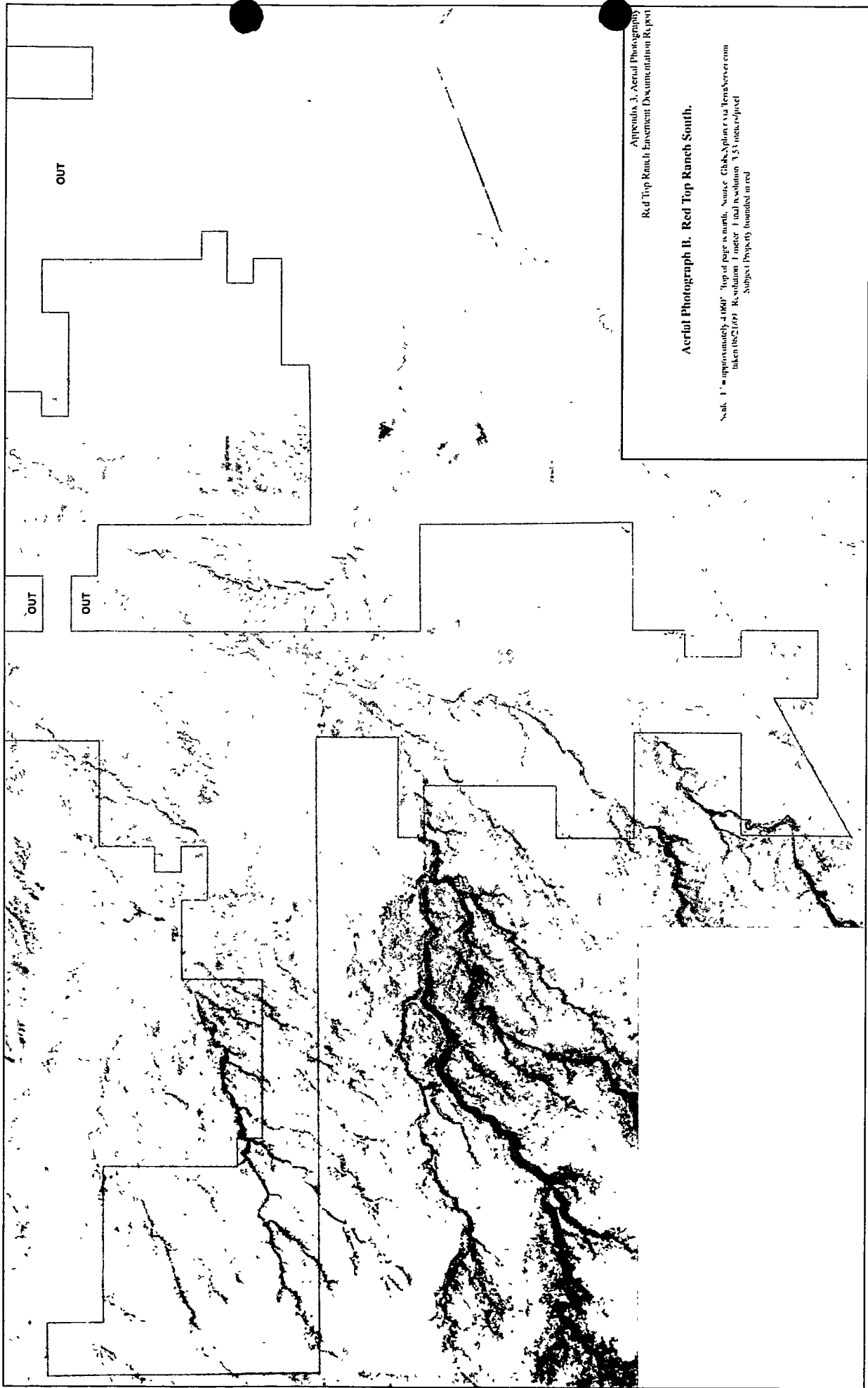


Aerial Photograph A. Red Top Ranch North.

Scale: 1" = approximately 400' Top of page is north. Source: Global Positioning System, Google Earth, 11/11/2009  
taken 06/21/09 Resolution: 1 meter Total resolution: 1411 meters/pixel  
Subject Property bounded in red







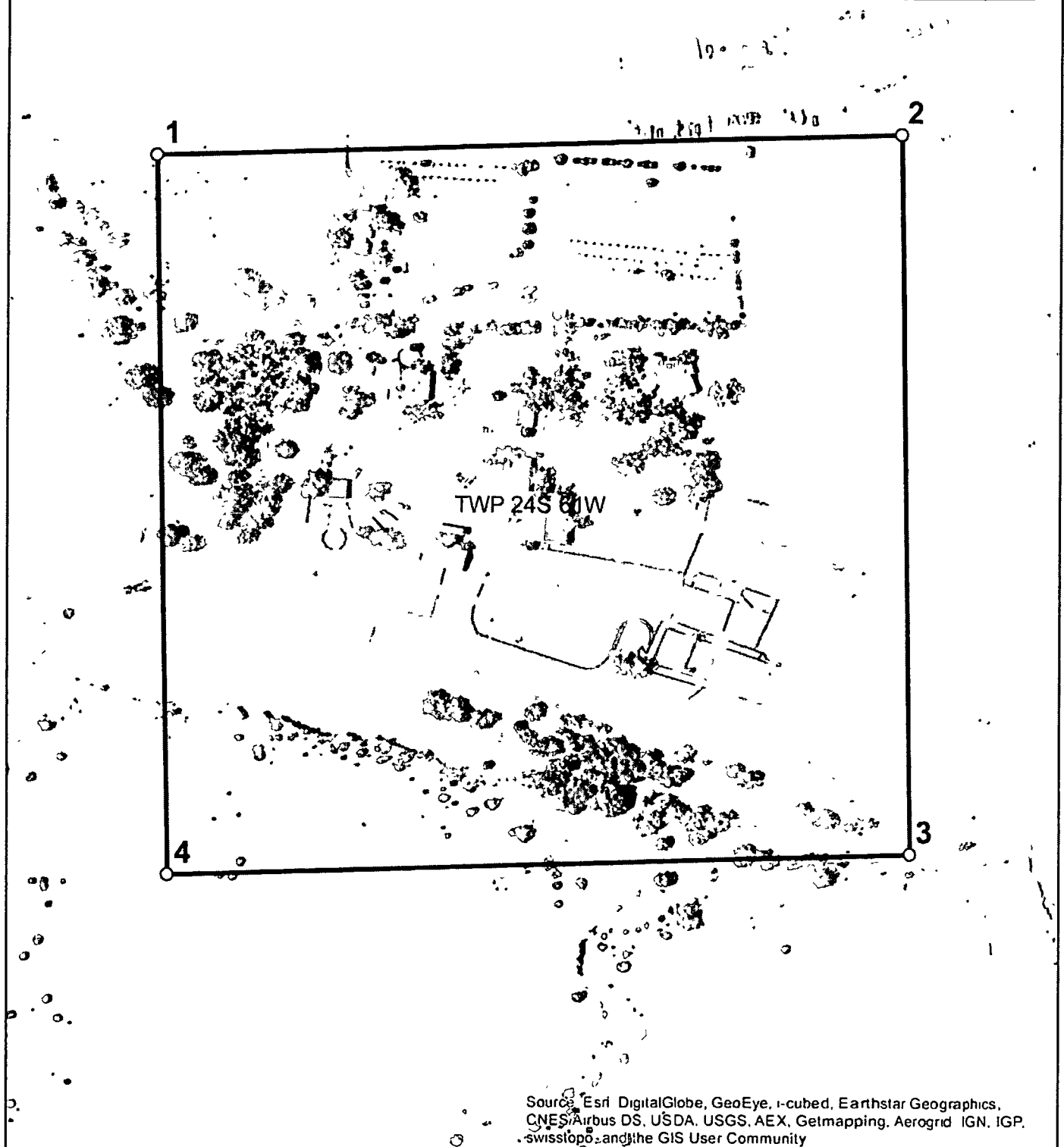
**Aerial Photograph B. Red Top Ranch South.**


Scale: 1" = approximately 4,000' Top of page is north. Source: GlobalMapper v. 8.1.0  
Taken 06/21/07 Resolution: 1 meter Total resolution: 1,531 meters by 1,531 meters  
Subject: Property bounded in red



Figure 7. Headquarters Building Envelope.

Point	Longitude	Latitude
1	-104.2703307	37.92295938
2	-104.2665227	37.92302726
3	-104.2664947	37.92006208
4	-104.2702978	37.91999594



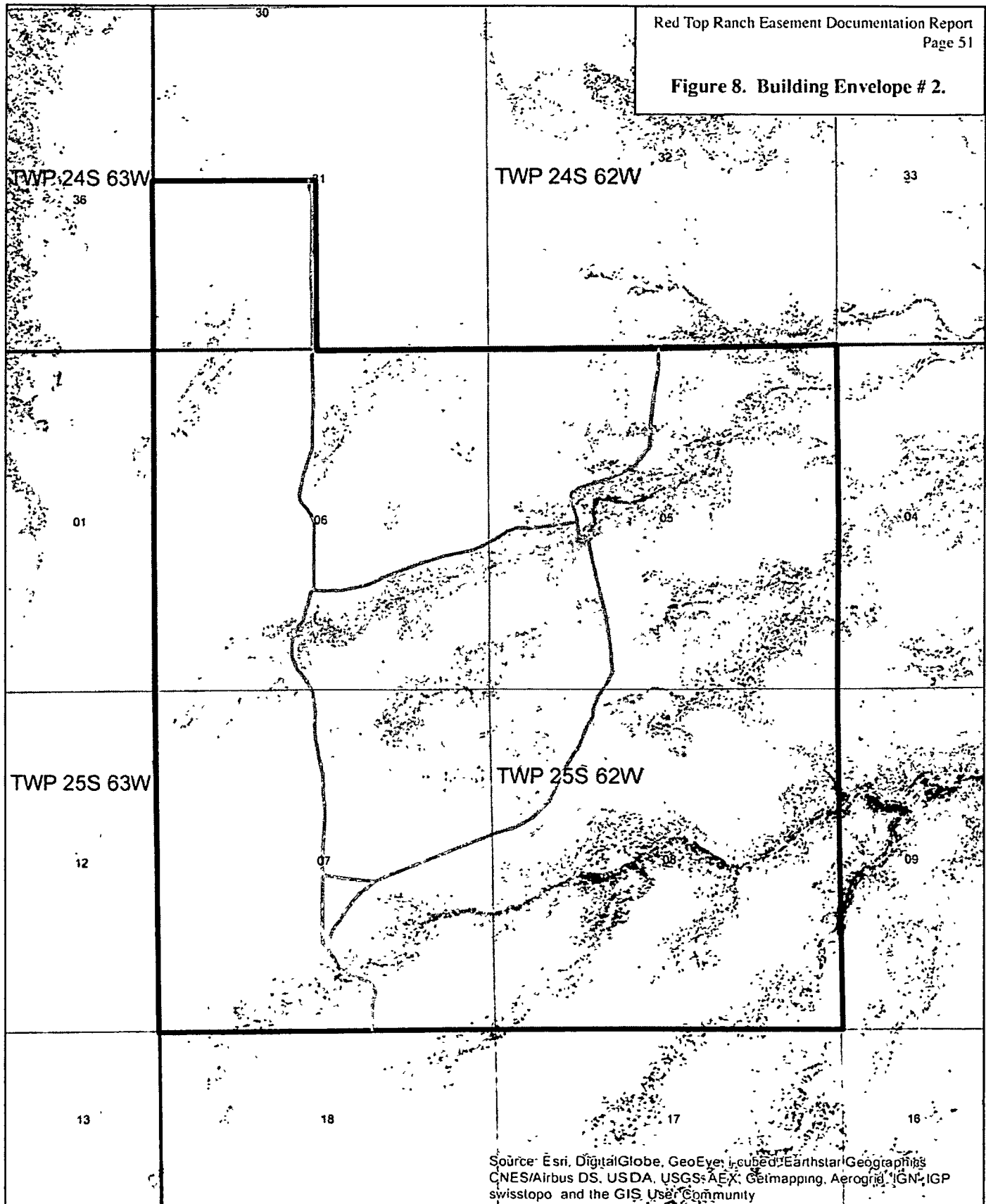
 Building Envelope Area

1:2,500  
0 100 200 400  
Feet

06/30/2014  
Created By: M. Silveira



Figure 8. Building Envelope # 2.



— Dirt Track

□ Building Envelope Area

1:24,000

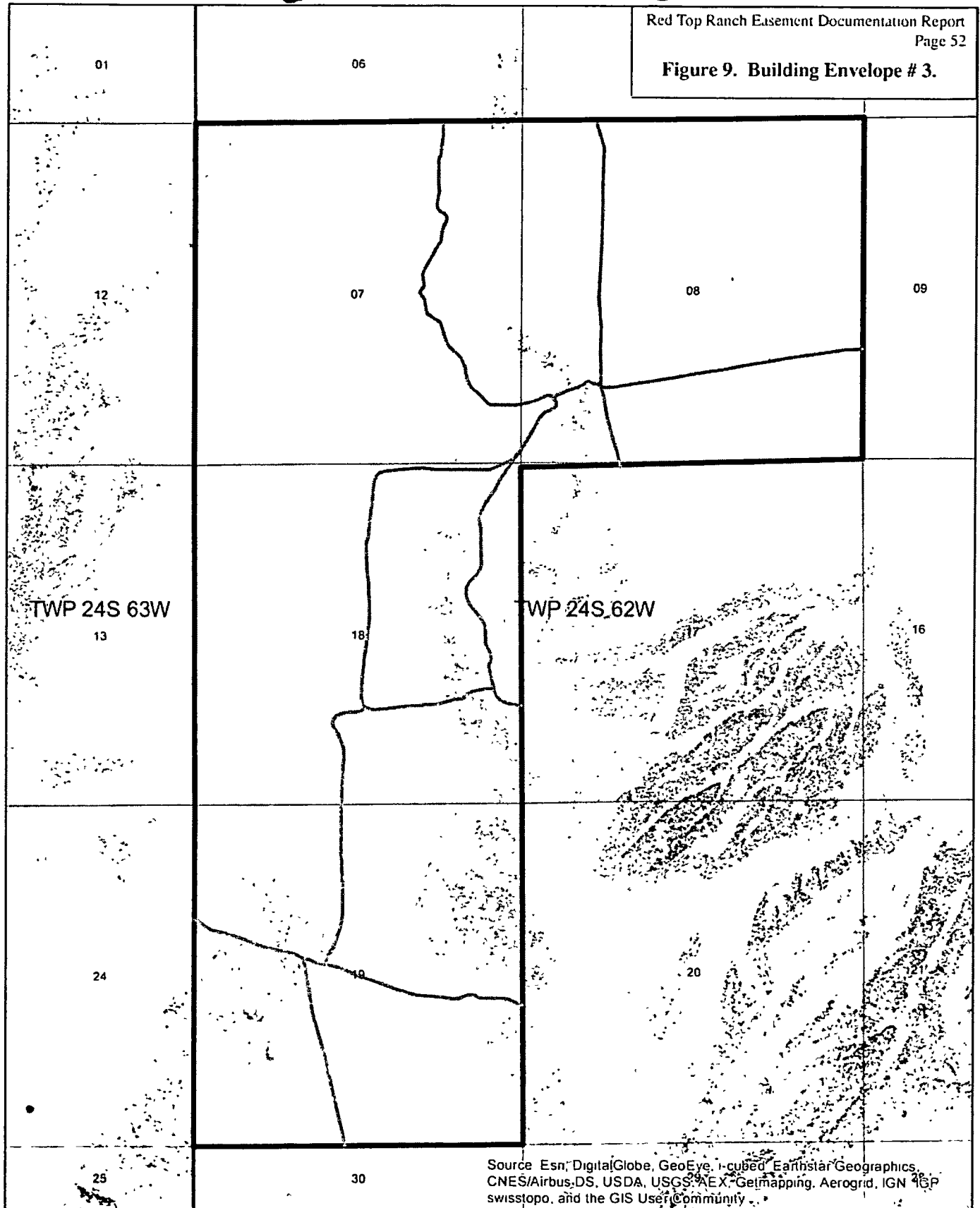
0 1,000 2,000 4,000 Feet

06/30/2014  
Created By: M. Silveira

file: RedTopRanch\_ManagementPlan\_v06302014.mxd



Figure 9. Building Envelope # 3.



Source Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus/DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

— Dirt Track  
□ Building Envelope Area

1:24,000  
0 1,000 2,000 4,000 Feet

06/30/2014  
Created By: M. Silveira

file: RedTopRanch\_ManagementPlan\_v06302014.mxd



# **Topographical Maps & Photographs of the Sales**

**F**



## **ADDENDUM F**

<b>BX RANCH</b>	<b>1</b>
<b>LP REED RANCH</b>	<b>2</b>
<b>TOBE CREEK MESA</b>	<b>2a</b>
<b>SMOKEY RIM RANCH</b>	<b>3</b>
<b>POITREY CANYON RANCH</b>	<b>4</b>
<b>APISHAPA RIVER CANYON RANCH</b>	<b>5</b>
<b>BELL RANCH</b>	<b>6</b>
<b>HARTE RANCH</b>	<b>7</b>
<b>RIVER CANYON RANCH</b>	<b>8</b>
<b>LAZY UO RANCH</b>	<b>9</b>
<b>TORSTENSON WILDLIFE PRESERVE</b>	<b>10</b>
<b>FORDER RANCH</b>	<b>11</b>
<b>WALKING Y RANCH</b>	<b>12</b>
<b>WRIGHT RANCH CROWLEY</b>	<b>13</b>
<b>WRIGHT RANCH PUEBLO</b>	<b>14</b>
<b>GREENLAND RANCH</b>	<b>15</b>
<b>BIJOU SPRINGS RANCH</b>	<b>16</b>
<b>(data retained in office file)</b>	
<b>BANNING-LEWIS RANCH</b>	<b>17</b>



**BX RANCH**

**1**



**BX Ranch**  
Otero County, CO

**Infrastructure & Vegetation**

Property Boundary

Road/Two-Track

Faint Two-Track

Fence

**Water Infrastructure**

Breached Check Dam

Excavated Stock Pond

Stock Pond With Check Dam

Waterline

Well

Waterline Valve

Two Waterline Valves

Stock Tank

Stock Tank + Well

Water Storage Tank, Two Valves

Domestic Water Tap

**Vegetation Community**

Disturbed Sites

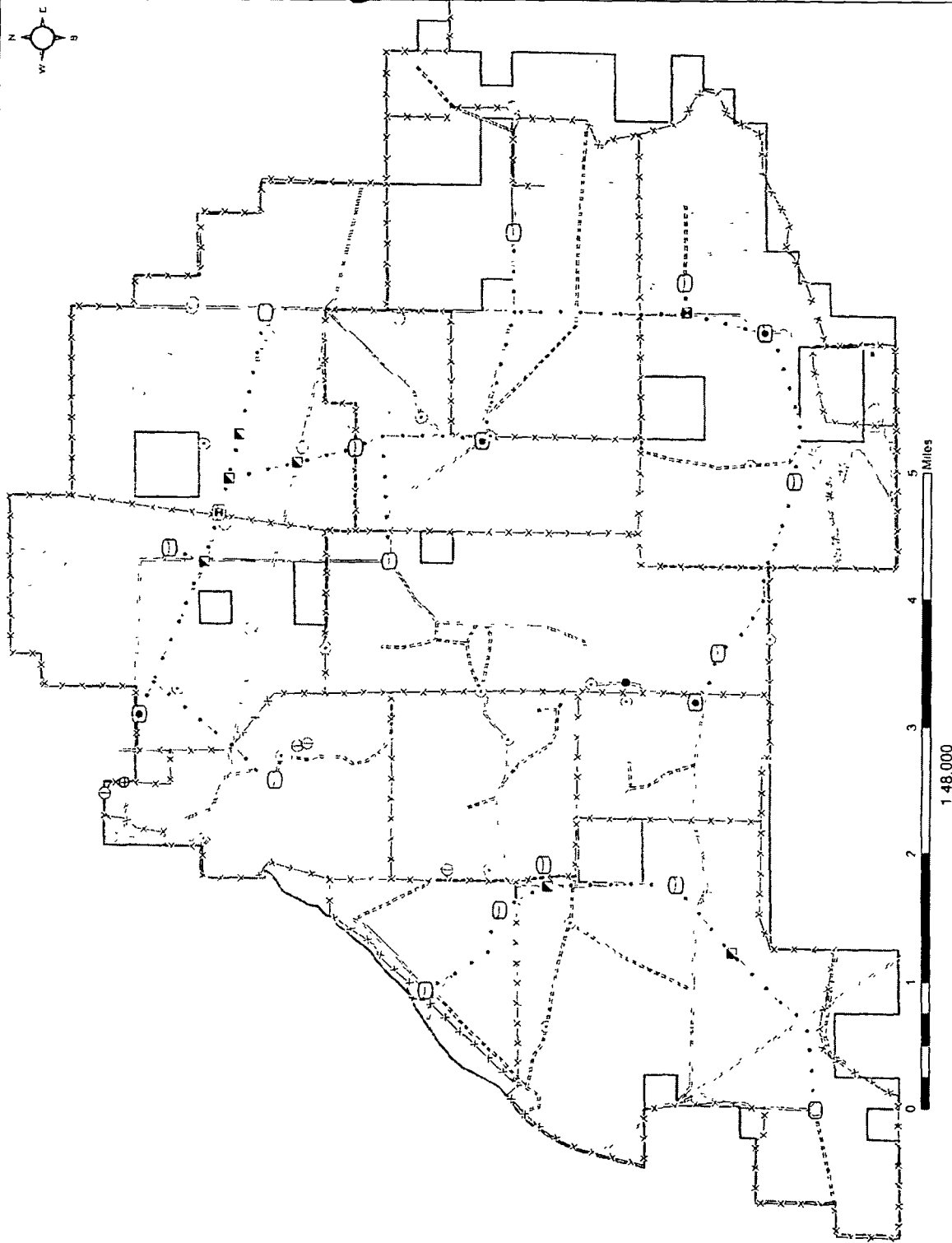
Lowland Prairie

Riparian

Saltbrush Shrubland

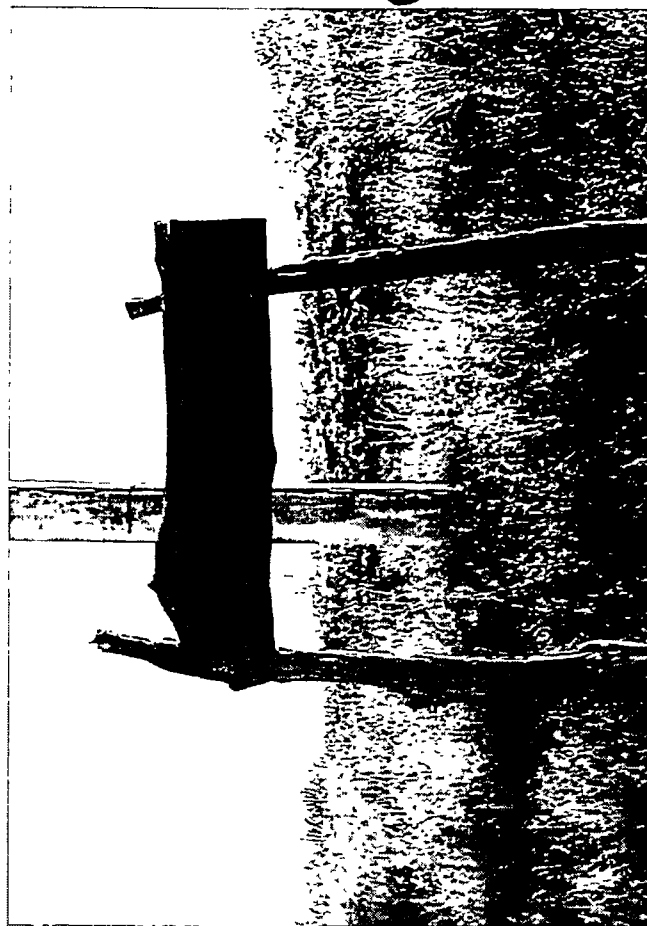
Sideslope/Gravel Breaks Grassland

Upland Prairie



1:48,000





1941. 1942. 1943. 1944. 1945. 1946. 1947. 1948. 1949. 1950. 1951. 1952. 1953. 1954. 1955. 1956. 1957. 1958. 1959. 1960. 1961. 1962. 1963. 1964. 1965. 1966. 1967. 1968. 1969. 1970. 1971. 1972. 1973. 1974. 1975. 1976. 1977. 1978. 1979. 1980. 1981. 1982. 1983. 1984. 1985. 1986. 1987. 1988. 1989. 1990. 1991. 1992. 1993. 1994. 1995. 1996. 1997. 1998. 1999. 2000. 2001. 2002. 2003. 2004. 2005. 2006. 2007. 2008. 2009. 2010. 2011. 2012. 2013. 2014. 2015. 2016. 2017. 2018. 2019. 2020. 2021. 2022. 2023. 2024. 2025. 2026. 2027. 2028. 2029. 2030. 2031. 2032. 2033. 2034. 2035. 2036. 2037. 2038. 2039. 2040. 2041. 2042. 2043. 2044. 2045. 2046. 2047. 2048. 2049. 2050. 2051. 2052. 2053. 2054. 2055. 2056. 2057. 2058. 2059. 2060. 2061. 2062. 2063. 2064. 2065. 2066. 2067. 2068. 2069. 2070. 2071. 2072. 2073. 2074. 2075. 2076. 2077. 2078. 2079. 2080. 2081. 2082. 2083. 2084. 2085. 2086. 2087. 2088. 2089. 2090. 2091. 2092. 2093. 2094. 2095. 2096. 2097. 2098. 2099. 2100. 2101. 2102. 2103. 2104. 2105. 2106. 2107. 2108. 2109. 2110. 2111. 2112. 2113. 2114. 2115. 2116. 2117. 2118. 2119. 2120. 2121. 2122. 2123. 2124. 2125. 2126. 2127. 2128. 2129. 2130. 2131. 2132. 2133. 2134. 2135. 2136. 2137. 2138. 2139. 2140. 2141. 2142. 2143. 2144. 2145. 2146. 2147. 2148. 2149. 2150. 2151. 2152. 2153. 2154. 2155. 2156. 2157. 2158. 2159. 2160. 2161. 2162. 2163. 2164. 2165. 2166. 2167. 2168. 2169. 2170. 2171. 2172. 2173. 2174. 2175. 2176. 2177. 2178. 2179. 2180. 2181. 2182. 2183. 2184. 2185. 2186. 2187. 2188. 2189. 2190. 2191. 2192. 2193. 2194. 2195. 2196. 2197. 2198. 2199. 2200. 2201. 2202. 2203. 2204. 2205. 2206. 2207. 2208. 2209. 2210. 2211. 2212. 2213. 2214. 2215. 2216. 2217. 2218. 2219. 2220. 2221. 2222. 2223. 2224. 2225. 2226. 2227. 2228. 2229. 2230. 2231. 2232. 2233. 2234. 2235. 2236. 2237. 2238. 2239. 2240. 2241. 2242. 2243. 2244. 2245. 2246. 2247. 2248. 2249. 2250. 2251. 2252. 2253. 2254. 2255. 2256. 2257. 2258. 2259. 2260. 2261. 2262. 2263. 2264. 2265. 2266. 2267. 2268. 2269. 2270. 2271. 2272. 2273. 2274. 2275. 2276. 2277. 2278. 2279. 2280. 2281. 2282. 2283. 2284. 2285. 2286. 2287. 2288. 2289. 2290. 2291. 2292. 2293. 2294. 2295. 2296. 2297. 2298. 2299. 2300. 2301. 2302. 2303. 2304. 2305. 2306. 2307. 2308. 2309. 2310. 2311. 2312. 2313. 2314. 2315. 2316. 2317. 2318. 2319. 2320. 2321. 2322. 2323. 2324. 2325. 2326. 2327. 2328. 2329. 2330. 2331. 2332. 2333. 2334. 2335. 2336. 2337. 2338. 2339. 2340. 2341. 2342. 2343. 2344. 2345. 2346. 2347. 2348. 2349. 2350. 2351. 2352. 2353. 2354. 2355. 2356. 2357. 2358. 2359. 2360. 2361. 2362. 2363. 2364. 2365. 2366. 2367. 2368. 2369. 2370. 2371. 2372. 2373. 2374. 2375. 2376. 2377. 2378. 2379. 2380. 2381. 2382. 2383. 2384. 2385. 2386. 2387. 2388. 2389. 2390. 2391. 2392. 2393. 2394. 2395. 2396. 2397. 2398. 2399. 2400. 2401. 2402. 2403. 2404. 2405. 2406. 2407. 2408. 2409. 2410. 2411. 2412. 2413. 2414. 2415. 2416. 2417. 2418. 2419. 2420. 2421. 2422. 2423. 2424. 2425. 2426. 2427. 2428. 2429. 2430. 2431. 2432. 2433. 2434. 2435. 2436. 2437. 2438. 2439. 2440. 2441. 2442. 2443. 2444. 2445. 2446. 2447. 2448. 2449. 2450. 2451. 2452. 2453. 2454. 2455. 2456. 2457. 2458. 2459. 2460. 2461. 2462. 2463. 2464. 2465. 2466. 2467. 2468. 2469. 2470. 2471. 2472. 2473. 2474. 2475. 2476. 2477. 2478. 2479. 2480. 2481. 2482. 2483. 2484. 2485. 2486. 2487. 2488. 2489. 2490. 2491. 2492. 2493. 2494. 2495. 2496. 2497. 2498. 2499. 2500. 2501. 2502. 2503. 2504. 2505. 2506. 2507. 2508. 2509. 2510. 2511. 2512. 2513. 2514. 2515. 2516. 2517. 2518. 2519. 2520. 2521. 2522. 2523. 2524. 2525. 2526. 2527. 2528. 2529. 2530. 2531. 2532. 2533. 2534. 2535. 2536. 2537. 2538. 2539. 2540. 2541. 2542. 2543. 2544. 2545. 2546. 2547. 2548. 2549. 2550. 2551. 2552. 2553. 2554. 2555. 2556. 2557. 2558. 2559. 2560. 2561. 2562. 2563. 2564. 2565. 2566. 2567. 2568. 2569. 2570. 2571. 2572. 2573. 2574. 2575. 2576. 2577. 2578. 2579. 2580. 2581. 2582. 2583. 2584. 2585. 2586. 2587. 2588. 2589. 2590. 2591. 2592. 2593. 2594. 2595. 2596. 2597. 2598. 2599. 2600. 2601. 2602. 2603. 2604. 2605. 2606. 2607. 2608. 2609. 2610. 2611. 2612. 2613. 2614. 2615. 2616. 2617. 2618. 2619. 2620. 2621. 2622.

Position: 103°05'57" N 1°04' 15" W 19.3FW  
Altitude: 4637ft  
Azimuth/Bearing: 032° N86E 1102.7°/3.41ft/mi  
Elevation Angle: -41.1°  
Horizon Angle: +00.3°  
Zoom: 2X  
EXPERIENCE: Alaska

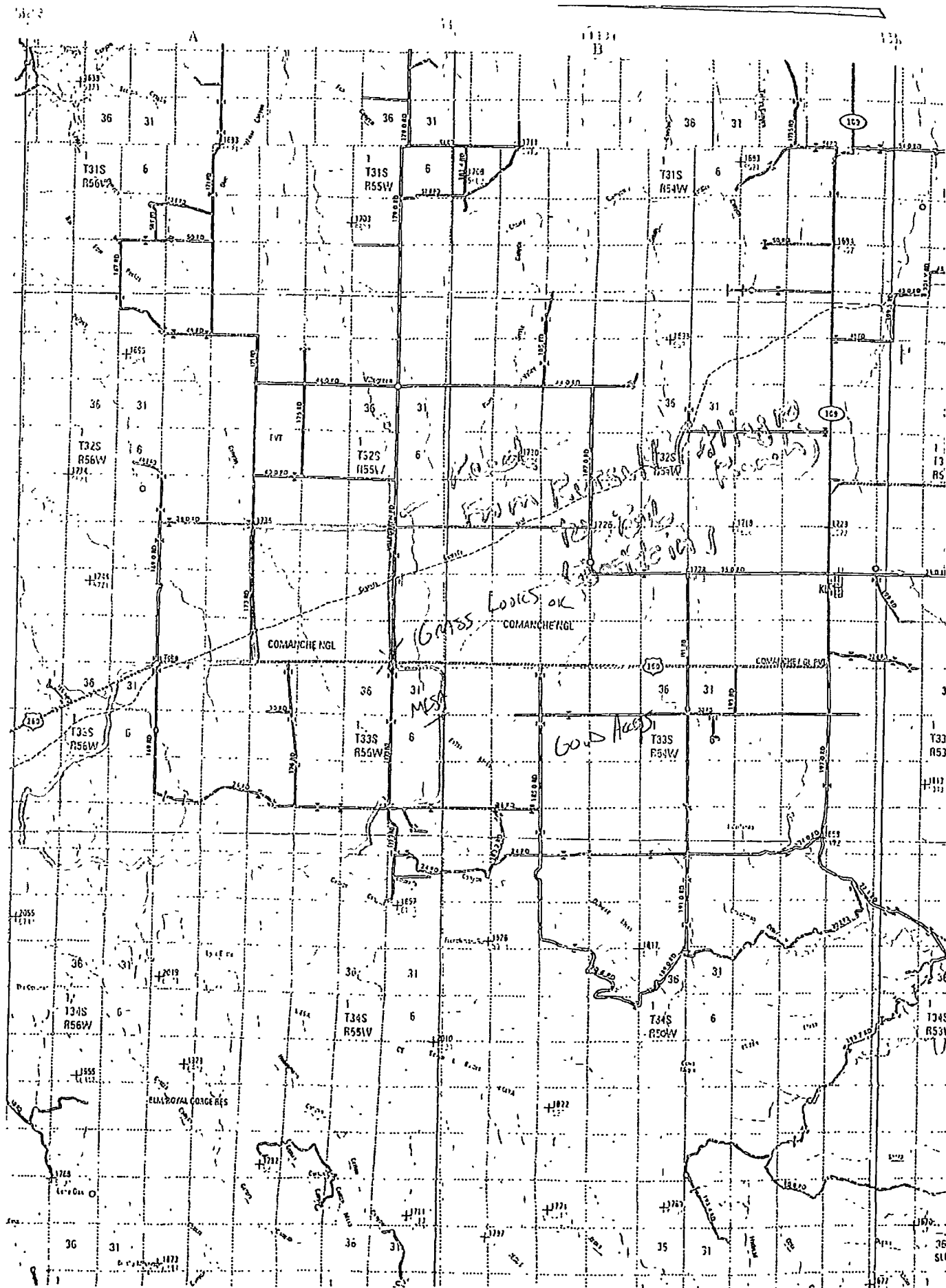




**LP REED RANCH**

**2**







DATE & TIME: SEP NOV 1 12:07:00 NOV 2014  
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 Altitude: 5939ft  
 Azimuth/Bearing: 132° S48E 2347mils (True)  
 Elevation Angle: +01.8°  
 Horizon Angle: +01.6°  
 Zoom: 2X  
 Watkins Ranch

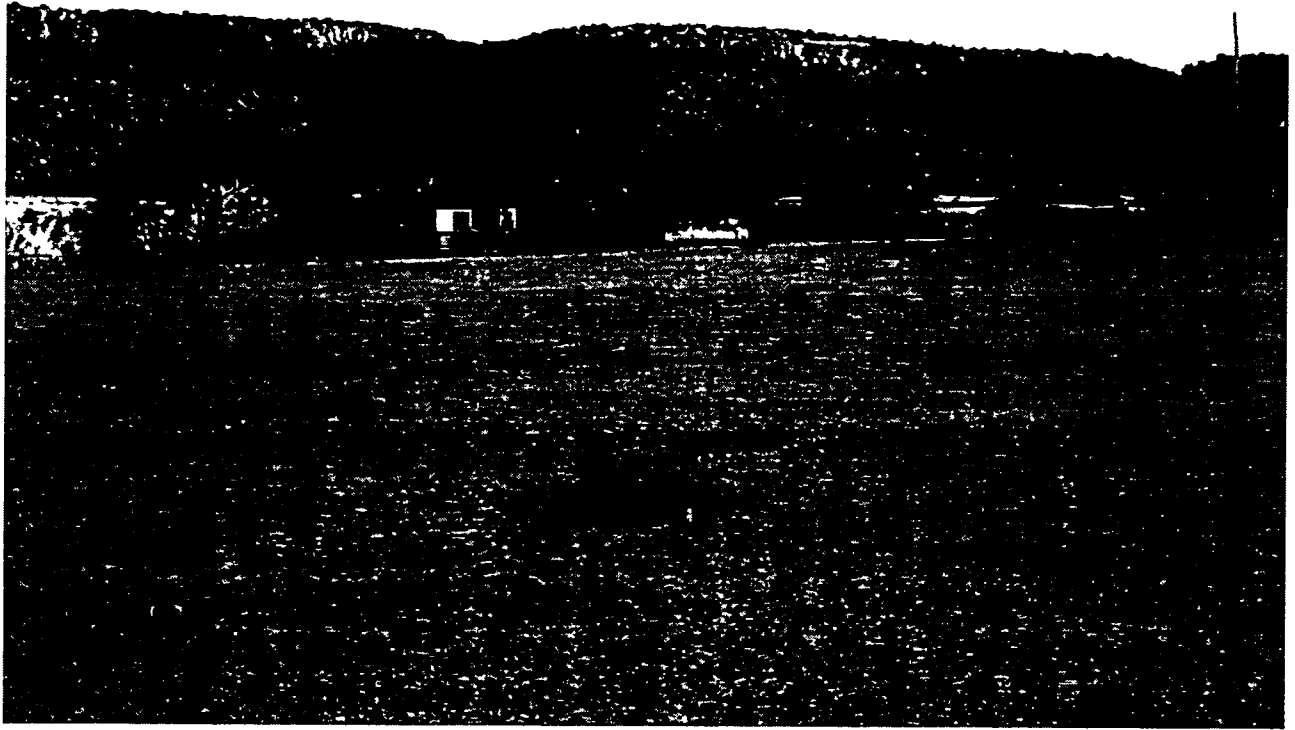


PHOTO BELOW OF TOBE CREEK MESA SALE 2A

DATE & TIME: SEP NOV 1 12:07:00 NOV 2014  
 Position: 037°10'29.6"N / 103°37'3.6"W  
 Altitude: 6067ft  
 Azimuth/Bearing: 289° S89W 4782mils (True)  
 Elevation Angle: -01.4°  
 Horizon Angle: -01.0°  
 Zoom: 1X  
 Tobe Creek Mesa Ranch along north side Mesa de Maya looking west





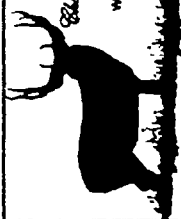




**TOBE CREEK MESA**

**2a**





MAP PRODUCED BY

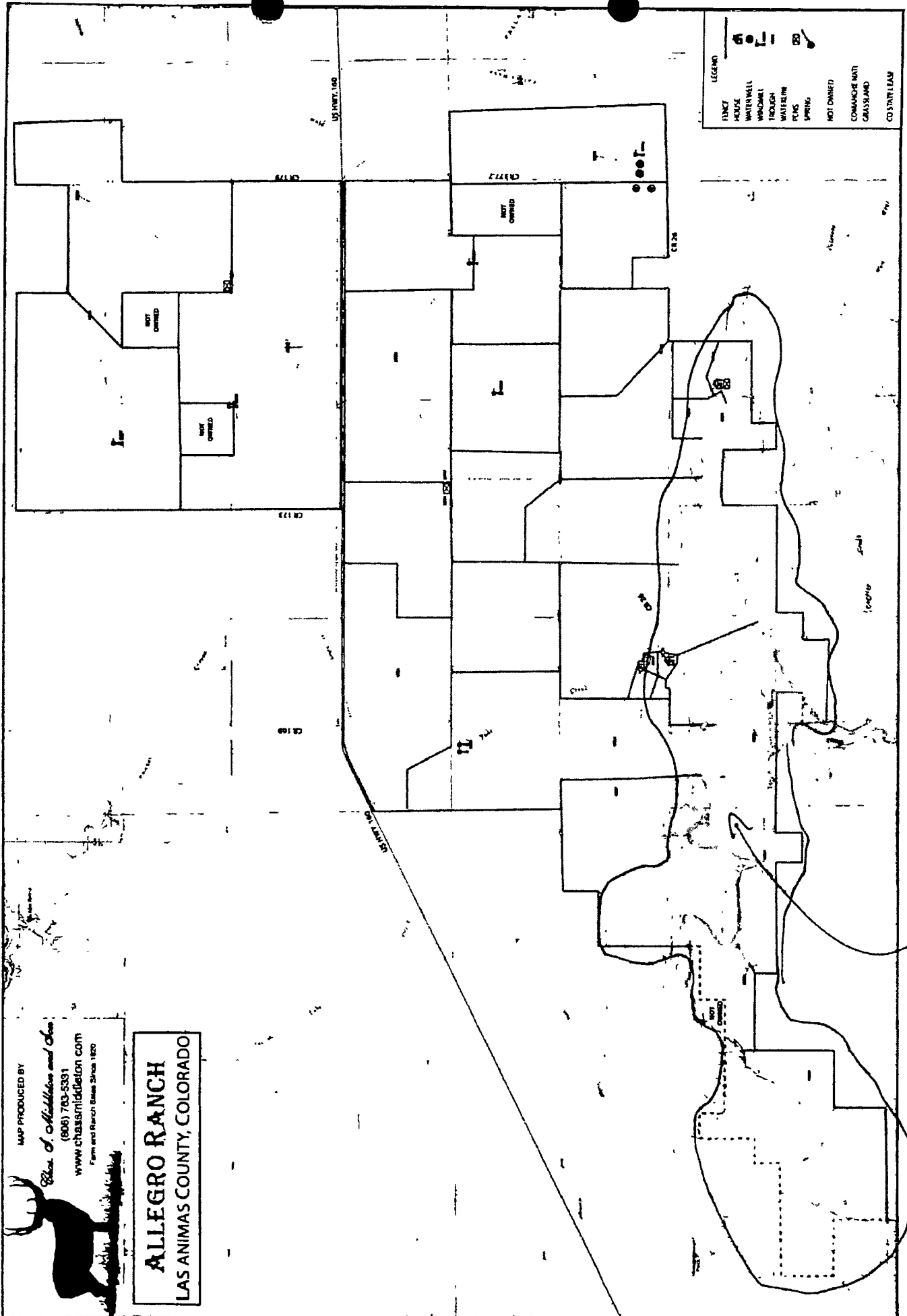
*Glenn S. Middleton and Son*

(808) 763-5331

WWW.CHASSINIDIRECTION.COM

Farm and Ranch Signs Since 1970

**ALLEGRO RANCH**  
LAS ANIMAS COUNTY, COLORADO



TOBE CREEK WEA



# HAYDEN OUTDOORS

FARM, RANCH & RECREATIONAL REAL ESTATE



Tobe Creek Mesa Ranch - Colorado Sold



## Property Description:

Tobe Creek Mesa Ranch

World Class Trophy Mule Deer, Elk, Whitetails, Antelope, Turkeys, Bear and Lion +/- 3500 acres 50 minutes east of Trinidad, CO.

Lying in the very heart of the Mesa de Maya range, the Tobe Creek Mesa Ranch, includes the very best of the best. A working cattle ranch for generations, Tobe Creek Mesa Ranch includes a comfortable 3 bedroom/2 bath ranch house, barn (original headquarters) and +/- 3500 acres of the very best hunting habitat for the discriminating sportsman. Also includes exclusive hunting rights & tags for +/- 8000 adjacent deeded acres. Originally the Reed Ranch, this is a once in a lifetime opportunity to own the very best habit for monster mule deer, year-round elk herd, and big whitetails along the creek bottom and flats. Offered at \$800 per acre, (\$2.8 million), including the improvements of the 3B/2B ranch house, barn and small bunkhouse, this ranch delivers so much more. Seller/owner would like to offer the hunting rights and tags for the entire +/-12,500 ranch in exchange for grazing rights on the 3500 acres up until Aug 31 of each year. While not being actively hunted for years, the ranch has been highly sought after by outfitters for its game holding habit, trophy quality game and its seclusion and protection from the public. Plus itâs just gorgeous! Mule deer have been documented in the 240 + range, whitetails to 175, elk exceeding 300 + annually.

\$2,860,000  
+/- 3577 Acres  
Listing Broker: J. Gregory Liddle  
E-Mail: greg@haydenoutdoors.com  
Phone: 970-946-0374

## Area & Land Type

**State:** Colorado

**Area:** Las Animas County

**Zoning:** Agricultural

**Type:** Farm & Ranch

Home & Cabin

Big Game Hunting

**Topo & Vegetation:** Rangeland, cedar trees, native grass, brush, juniper, scrub oak, pinon, ponderosa pine, western cedar & juniper

## Improvements & Income

**Est. Annual Taxes:** \$700

**Acreage Status:** Range

**Water Rights:** 1 well w/house

**Mineral Rights:** TBA - not sure for that section  
. If mineral right on property, 50% will transfer.

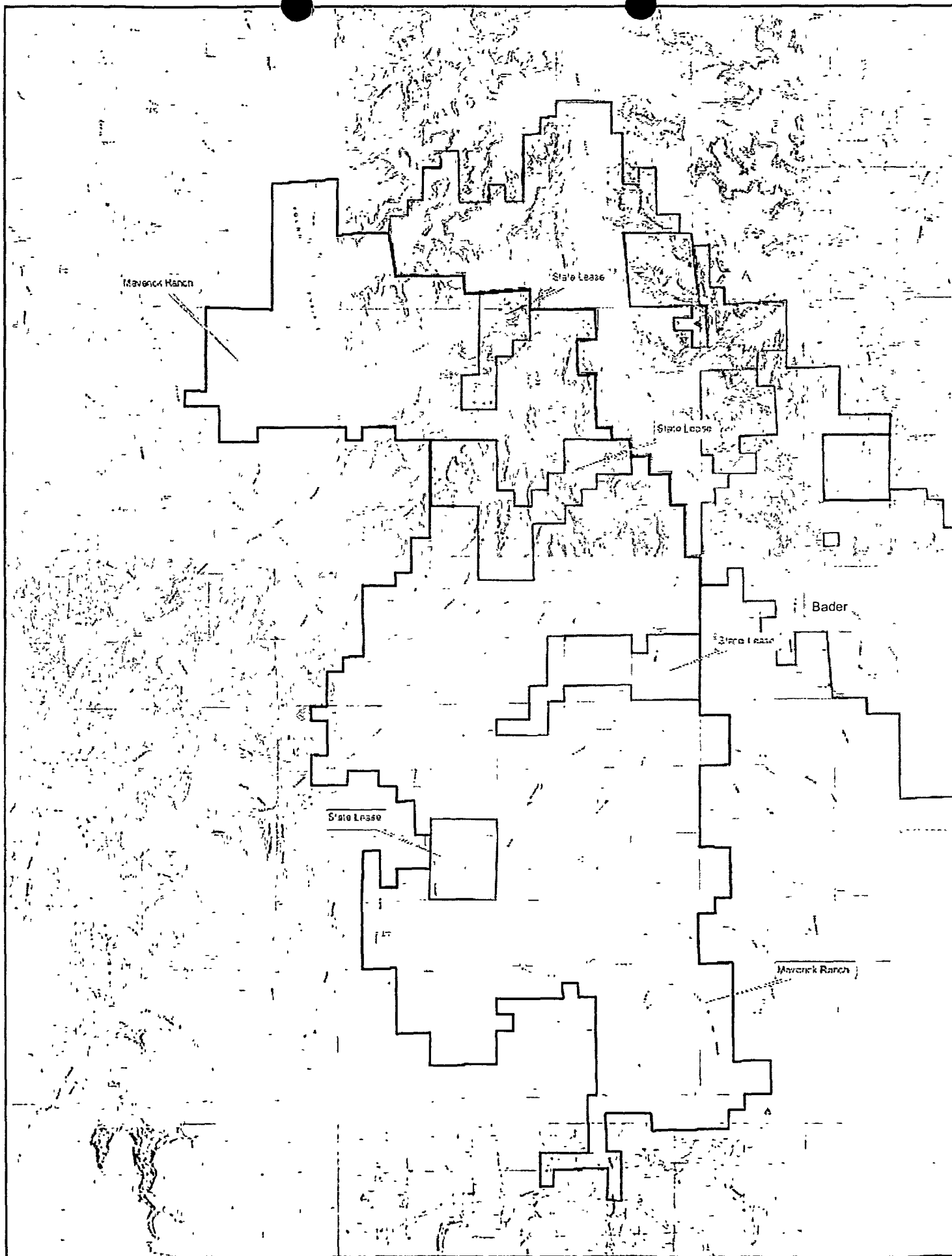
## Recreation & Activities



**SMOKEY RIM RANCH**

**3**

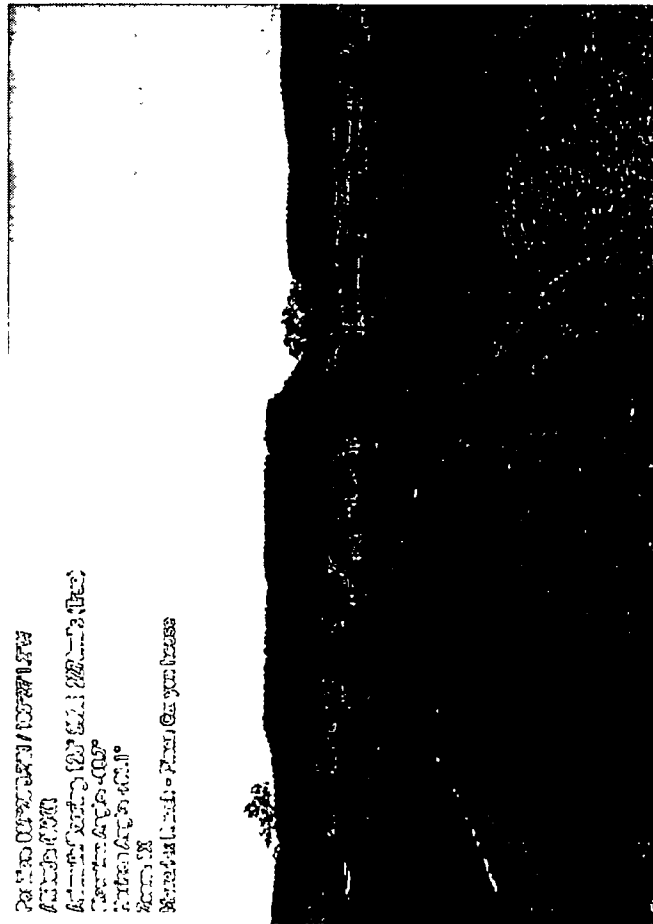








Position 07°29' 12.17"N / 102°25'38.57"W  
 Altitude 4830M  
 Azimuth/Bearing 189° 32'04" 2000m/s (true)  
 Elevation Angle 40.1°  
 Elevation Angle 42.6°  
 Zoom 1X  
 Maverick Ranch - north end



Position 07°29' 12.17"N / 102°25'38.57"W  
 Altitude 4830M  
 Azimuth/Bearing 189° 32'04" 2000m/s (true)  
 Elevation Angle 40.1°  
 Elevation Angle 42.6°  
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 Maverick Ranch - north end

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 Elevation Angle 42.6°  
 Zoom 1X  
 Maverick Ranch - north end



## **POITREY CANYON RANCH**

**4**



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## SEARCH PROPERTIES

Location:

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Property Type:

Any

Acres:

Any

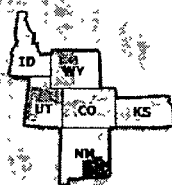
Price Range:

Any

Search

## SEARCH BY MAP

Search By Map >



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## POITREY CANYON RANCH - Colorado

**SOLD**



\$2,700,000  
4300 +/- Acres  
Listing Broker: Greg Liddle  
E-Mail: [Greg@haydenoutdoors.com](mailto:Greg@haydenoutdoors.com)  
Phone: 970 946-0374

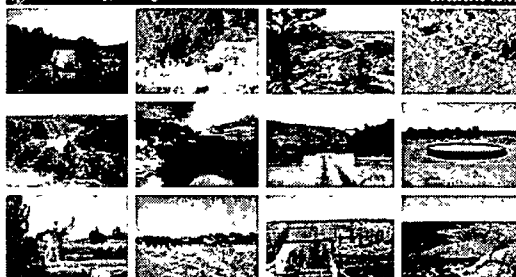
[Property Location](#)

[Details & Mapping](#)

[Email Listing](#)

[Contact Us for More Info](#)

[Print as PDF](#)



## Area & Land Type

Area: Las Animas County  
Type: Farm & Ranch  
Home & Cabin  
Waterfront & Fishing  
Equestrian  
Big Game Hunting  
Vacant Land  
Elevation: 5000 - 5700 feet  
Topo & Vegetation: pines, p. non pines, juniper, cedar, cottonwood, broomweed, cactus, flat land to rolling hills to canyons

## Property Description.

Located over 20 mi. W of Kim, CO & 5 mi. N of Hwy 160 this working +/- 4300 ac cattle ranch is an hour from everything & a million miles from anything. Poitrey Canyon may have only been seen by the astronauts, it is so pristine. Once inhabited by the Native Americans whose remnants are now frequented by bighorn sheep, rocky mt. elk, world class mule deer, lion, turkey, & bear. The ranch qualifies for 5 land owner preference deer tags annually, as well as enjoying the 5 month season of (Sept 1-Jan 31) Plains Elk Unit, with the most liberal bag limits, Unlimited Over the counter elk tags, either sex, weapon of choice, for 5 FULL MONTHS. Harvested Elk to 345 are documented with larger being seen. Poitrey Canyon Ranch borders the famous 30,000 acre Chancellor Ranch on the western side, and this state owned wildlife management area is noted for it's Big Horn Sheep herd. Note on the ranch photos, that numerous bands of bighorns are seen on Poitrey Canyon Ranch, and while tags are limited, one can apply Lion, Bear and Coyote are very abundant for the predator enthusiast, but don't forget the dove shoots on the water holes and tanks. This totally end of the road ranch, is priced at what land used to be \$625/acre, in the good old days, with some of the most characteristic land one will ever see. Ringed by 700ft deep canyons, old stone homesteads, waterfalls framing canyon pools, all fenced & crossed fenced into what is one of the most unique land holdings ever attained. Bordering Chancellor Ranch on the W & including the +/- 5 mi of the Poitrey Canyon, would lend itself to many uses, including conservation easement. Located in the plains elk unit qualifying for unlimited either sex elk tags 9/1-1/31 and 5 landowner pref deer tags.

\*All information provided is deemed reliable but is not guaranteed and should be independently verified. Hayden Outdoors and its affiliates makes no representation or warranties as to the accuracy, reliability, or completeness of the information, text, property boundaries, graphics links or other items contained in any Web Site, print, or otherwise linked to or from this Web Site. The sale offering is made subject to errors, omissions, change of price prior sale or withdrawal without notice.

## Improvements & Income

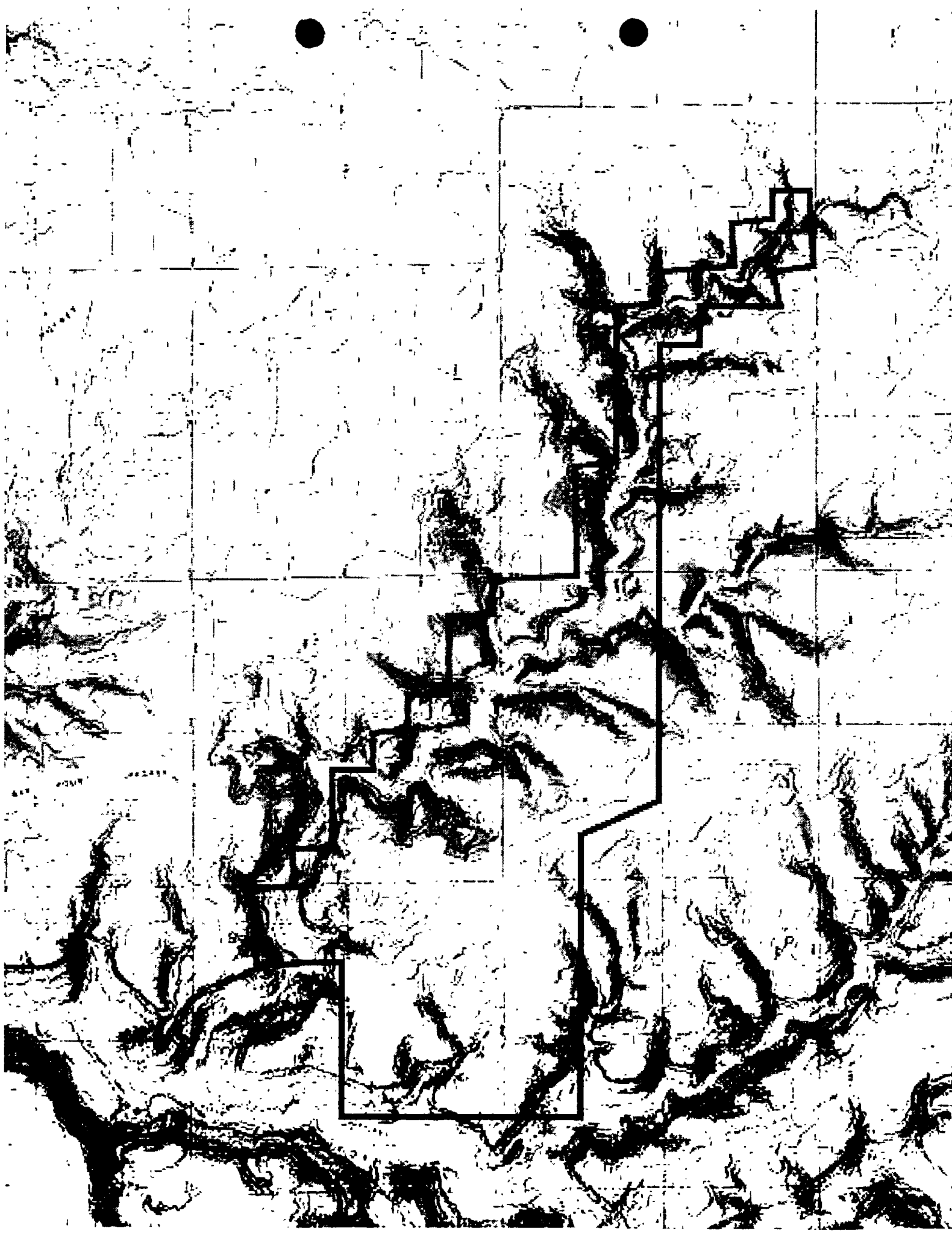
waterlines tank, fenced and crossed fenced, loafing shed, substantial cattle pens and chutes including cattle squeeze, windmills, extensive road system.  
Est. Annual Income: \$50,000-\$150,000 combined cattle grazing and hunting revenue  
Est. Annual Taxes: Approx \$1100 00  
Acreage Status: Wasteland  
Range  
Wet Meadow  
Pasture  
Wetland  
Water Rights: includes wells, springs, run-off ponds, windmills

## Recreation & Activities

Recreational rock climbing, rappelling, base jumping (para chuting), hunting, fishing, horsebackriding, ATving, hiking, exploring DOW Hunting Unit(s) Plains Elk Unit  
Hunting Opportunities: Elk, Mule Deer, Turkey, Bear, Mountain Lion

Documents:



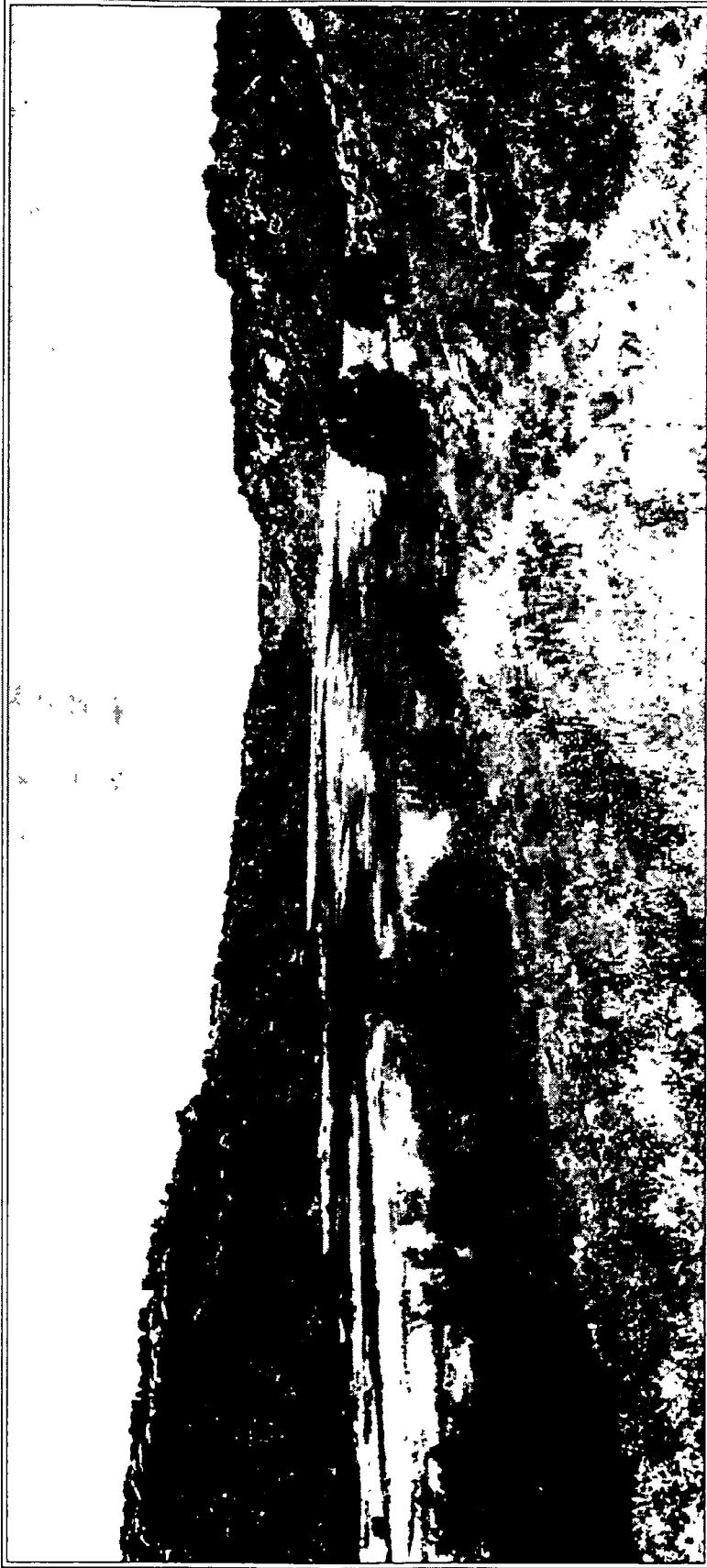




## **APISHAPA RIVER CANYON RANCH**

**5**



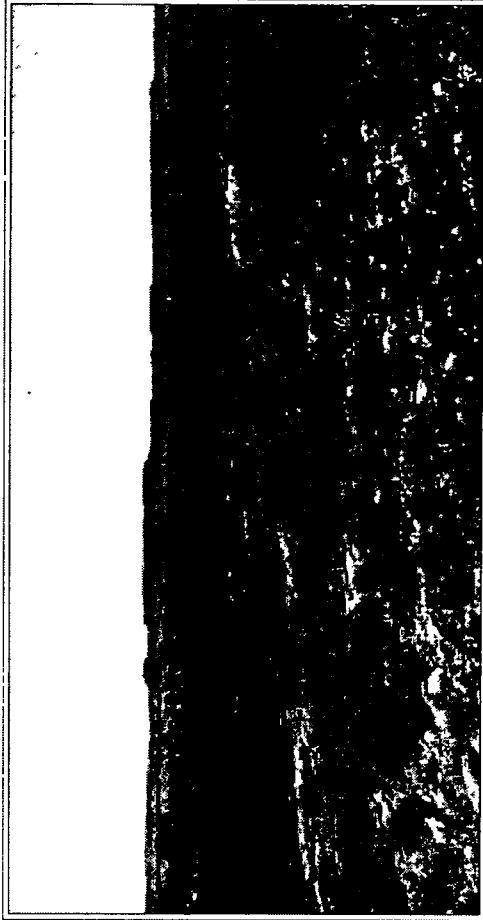


## *Apishapa River Canyon Ranch*

The Apishapa River Canyon Ranch is situated along several canyons and the Apishapa River in southeast Colorado only two hours from Denver. The ranch consists of over 13,000 total acres and is the location of several late prehistoric villages which date back to 1200 AD. For years, the ranch was known as the Munsell Ranch, operated by Howard Munsell whose family moved there in 1928. Over the years, Howard would bring folks through to see the ancient ruins set along the Juan Baca, Bass, South, Berry, Buck and

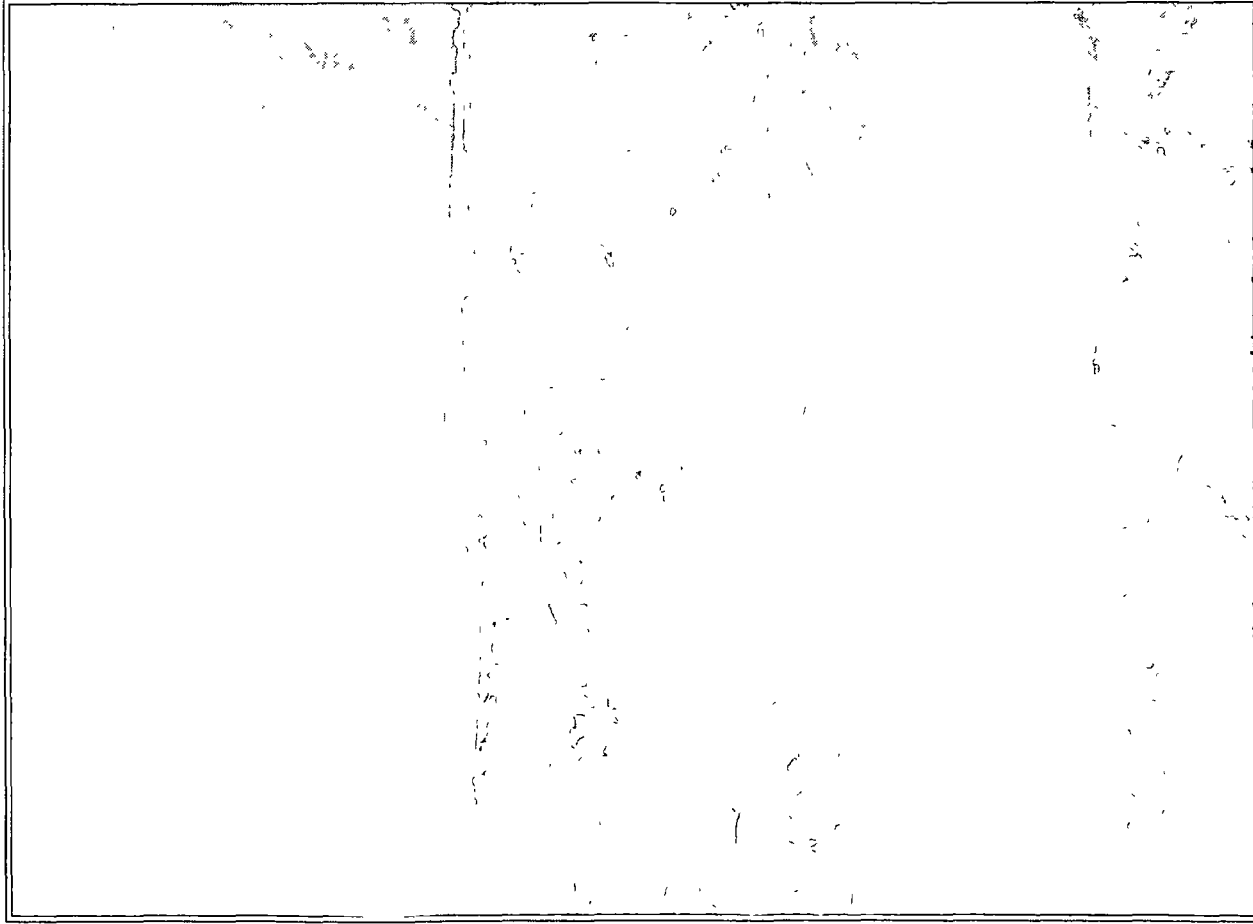
Hudson Canyons. The ranch is fenced and cross-fenced into eleven pastures with eight wells, windmills and solar power, including a new well with water storage-generator backup and underground pipeline system. In addition, the ranch has several springs and seasonal ponds along with water from the Apishapa River. The ranch has been a year-round cow/calf operating ranch running 250 to 300 pair and has excellent cattle handling facilities.





The Apishapa River Canyon Ranch is located approximately two hours south of Denver via Interstate 25 to the city of Pueblo (97 miles), southeast to Fowler (35 miles) and then 30 miles south to the ranch via paved roads except for the last 17 miles. The ranch is located primarily in Las Animas County with a small portion in Pueblo County. Several town services are available in the rural community of Fowler including banks, schools and restaurants with expanded services in Pueblo located 38 miles northwest. The region's average summer high temperatures are in the upper 90's and average summer low temperatures are in the low 50's. Average winter high temperatures are in the upper 40's and average winter low temperatures are in the teens. Snowfall in and around Fowler averages 15-20" during the winter season, November through February. Annual average precipitation ranges between 12-15" with a 160-day growing season and an average of 258 sunny days per year.

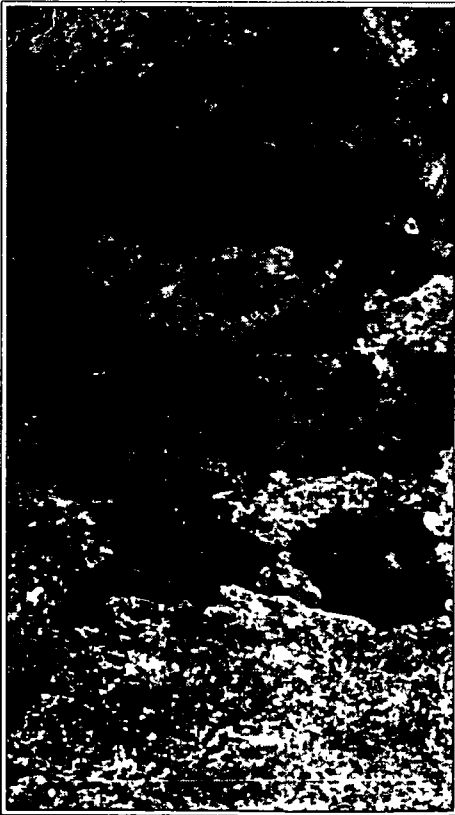




Apishapa River Canyon Ranch is set along the Apishapa River Canyon just north of the Apishapa State Wildlife Area with elevations from 4,800' along the river bottom to 5,200' along the canyon rim. The ranch consists of 11,682 deeded acres and 1,320 acres of State of Colorado leased acres - all contiguous. The ranch has several canyons that run through it including the Juan Baca, Apishapa, Bass, South, Berry, Buck and Hudson. Except for the canyons, the terrain consists of rolling grasslands with juniper and scattered prickly pear and cholla, indicative to southeast Colorado, with a variety of grasses that provide good grazing throughout the year. The ranch is fenced and cross-fenced into eleven pastures named Ridge, Point, Berry, Basin, Butler, Hickson, Juan Baca, Two Mile Strip, Windmill, Saddle Horse and House Pastures. Water is supplied in every pasture from six windmills, one well with a solar pump, and one well with a generator that supplies water to three stock tanks through underground pipes. In addition to the wells, the ranch has several springs and intermittent ponds along with the Apishapa River. The ranch has been a year-round cow/calf operating ranch running 250 to 300 pair and has an excellent set of working corrals. There is one older home located at the working corrals.

### *Property Description*





The Apishapa River Ranch is the location of several prehistoric villages which date back to 1200AD. Many published books provide historical data and intriguing detail and photography of ancient rock art and petroglyphs in and around the region including a publication titled *Apishapa Canyon Archeology* by James H. Gunnerson published in 1989. One of the main discoveries documented in the book was a site referred to as the "Snake Blakeslee" named after the then landowner, nicknamed Snake by his cowboy friends. Today, the site still exists with vertical stone columns which represent the two clusters of contiguous rooms and several single outlying structures. By contrast, the site along the Juan Baca Canyon is of a different kind of construction and is estimated to have been created in the mid 1600's. All of these sites were based on good proximity to water, protection and wildlife.

For many years, the property was known as the Munsell Ranch, operated by Howard Munsell who was born in Fowler, Colorado in 1927. His family came to the area in a covered wagon from the oil fields of Texas, his Uncle with Company B, Third Regiment of the Colorado Cavalry. During his ranching days on the Munsell Ranch, Howard Munsell brought folks out to tour its numerous canyons and historic sites.



### Wildlife and Recreation

Apishapa River Canyon Ranch and the surrounding area is rich in wildlife habitat and home to many different species including deer, antelope, big horn sheep, scaled quail, dove and many bird species including songbirds, water fowl and raptors. Just south of the property, the well-protected Apishapa State Wildlife Area offers a quiet and tranquil location for wildlife viewing and photography, fishing, hiking and trail riding. Fabulous opportunities for exploring southeastern Colorado's best hidden treasures exist all around the ranch. Carrizo, Vogel, Picture, Picketwire and Apishapa Canyons scatter the southeast Colorado prairie drawing individuals from all over the world who come to explore the ancient rock art and petroglyphs. The Great Sand Dunes Monument and the 2.5 million-acre San Juan National Forest, characterized by high-desert mesas and alpine peaks, offer excellent sight-seeing and camping opportunities along with thousands of miles of back roads and hundreds of miles of trails to explore. The Purgatoire River (also referred to as the Picketwire River) in the Comanche National Grasslands is home to the largest dinosaur track sites in North America and contains more than 100 trackways by more than 1,300 individual dinosaur footprints and draws amateur horticulturists and anthropologists from all over the world. Each destination makes for an exciting day-trip or weekend getaway for adventure-seeking off the ranch.

### Operational Considerations

Currently the Apishapa River Canyon Ranch is leased for grazing which a new owner could continue or run your own livestock. Most of the ranching activities are done from horseback and all neighbors help each other come branding time. A very rural agricultural area, the Apishapa River Canyon Ranch has a lot of possibilities in ranching, recreation and the possibilities for a conservation easement



Apishapa River Canyon Ranch  
is offered inclusive of all real estate, improvements, water rights  
and structures, all mineral rights less 50 acres  
to qualified purchasers for  
\$3,700,000

Broker cooperation invited, shown by listing broker only

For further information  
contact

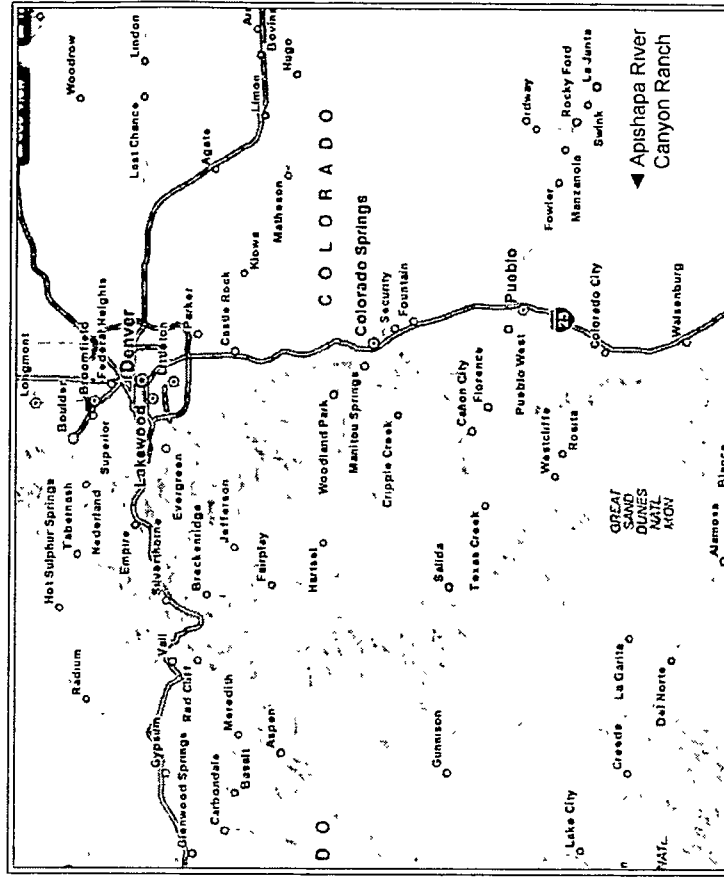
Ron Morris at 970.535.0881  
ron@mabrokers.com

**RMA**  
**RANCH MARKETING ASSOCIATES**

ASPEN

DENVER

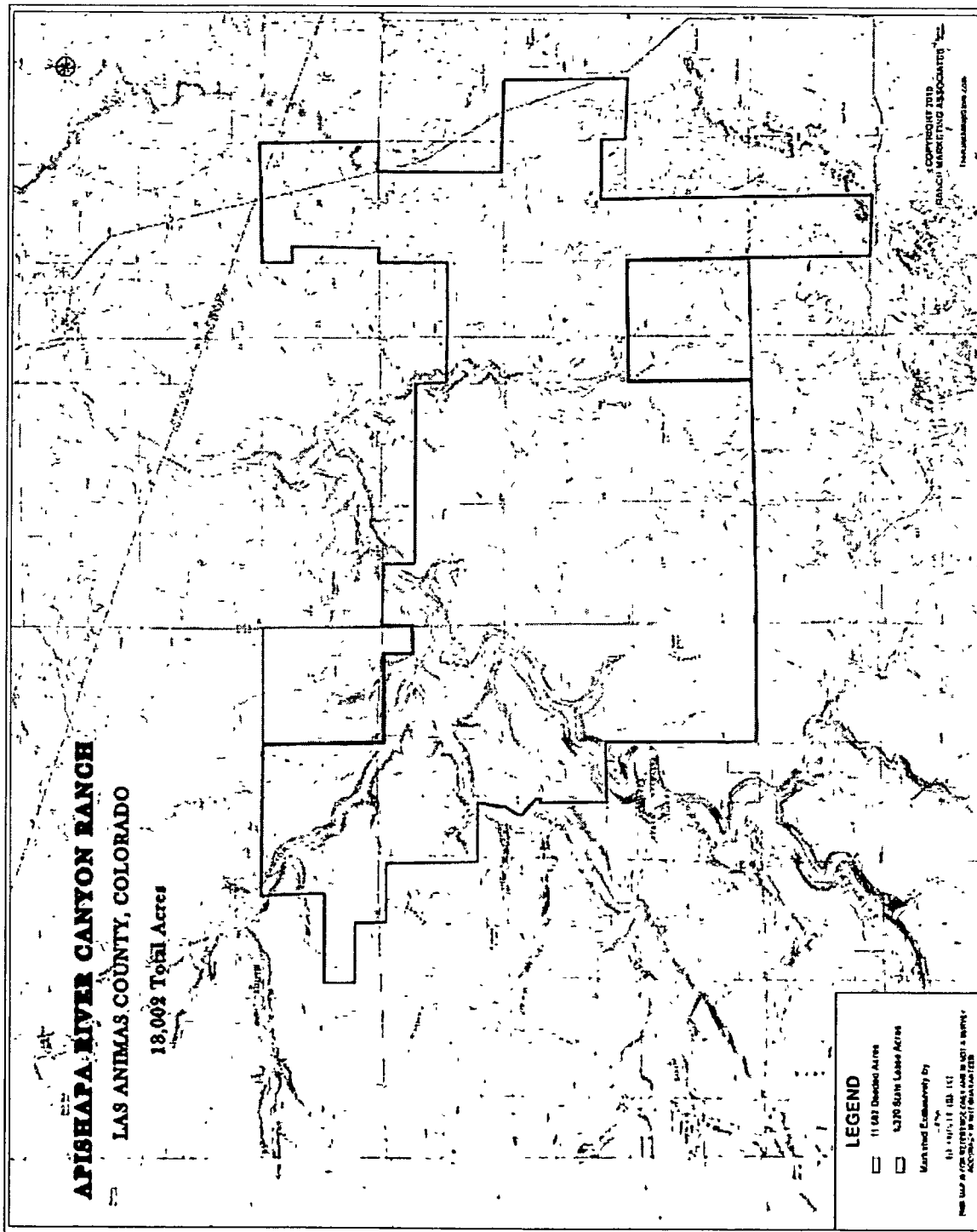
SHERIDAN



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**BELL RANCH**

**6**



# Bell Ranch

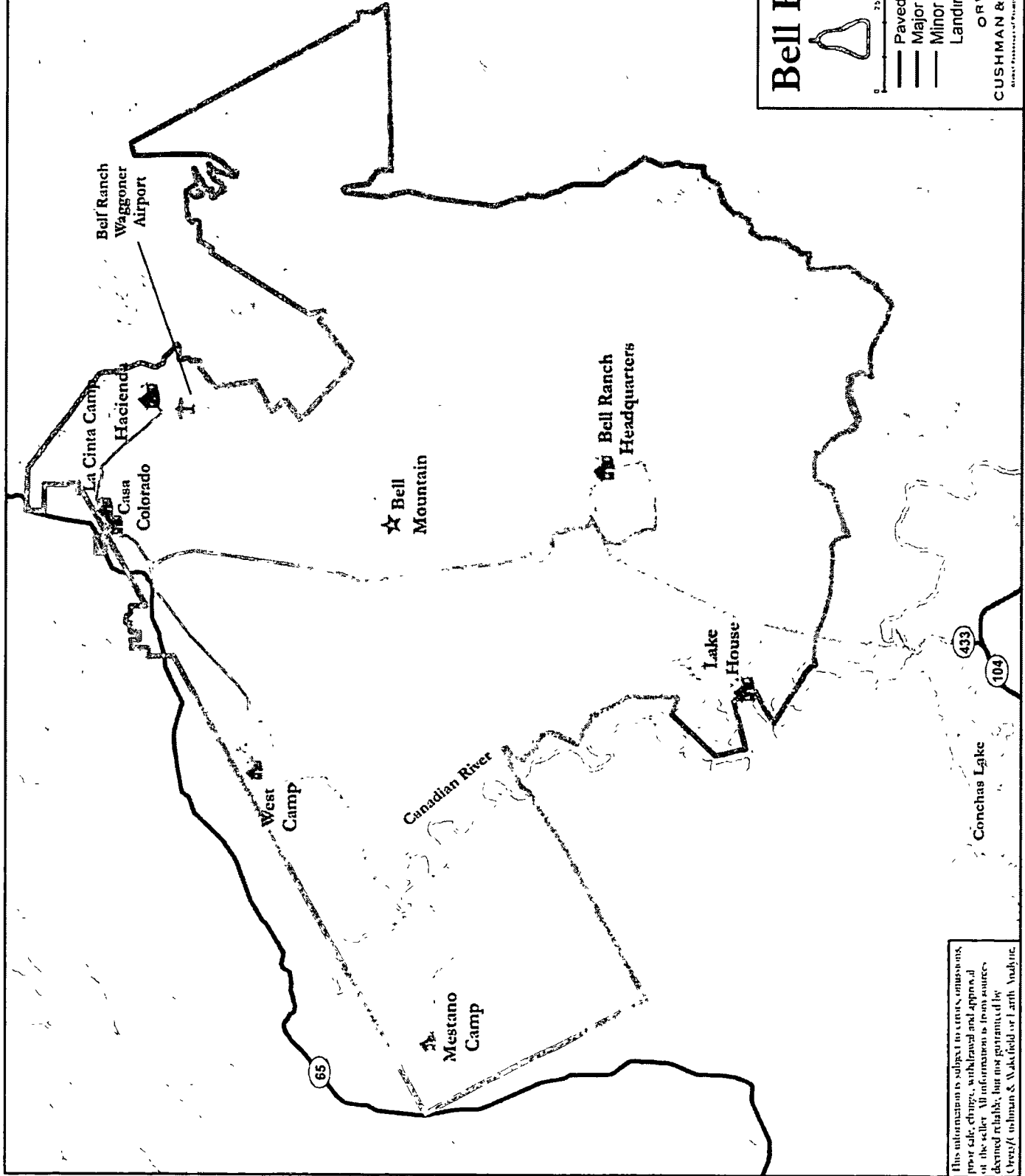


- Paved Public Road
- Major Ranch Road
- Minor Ranch Road
- Landing Strip

ORVIS

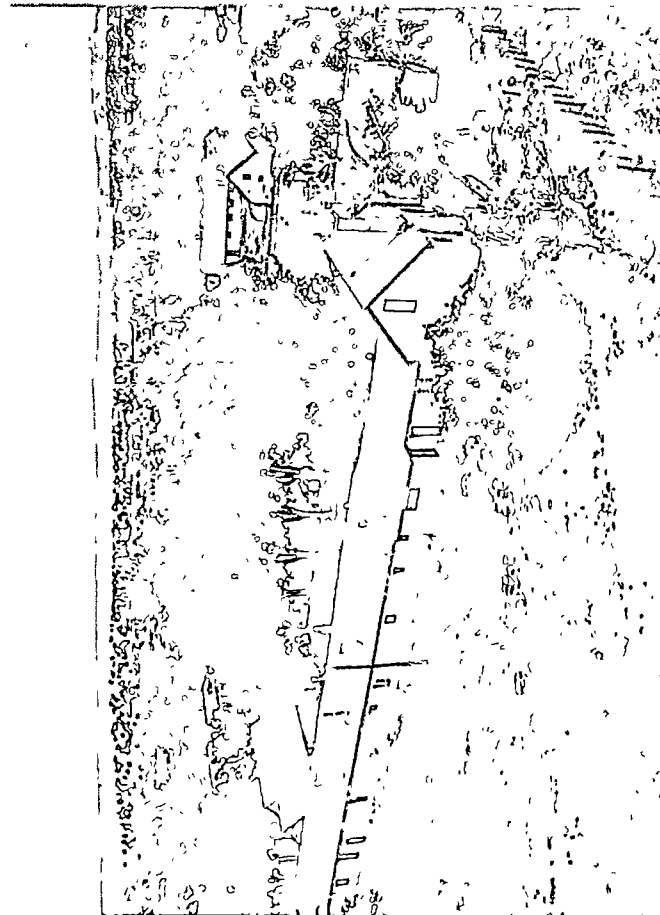
CUSHMAN & WAKEFIELD

General Features of Property Not Shown on Map

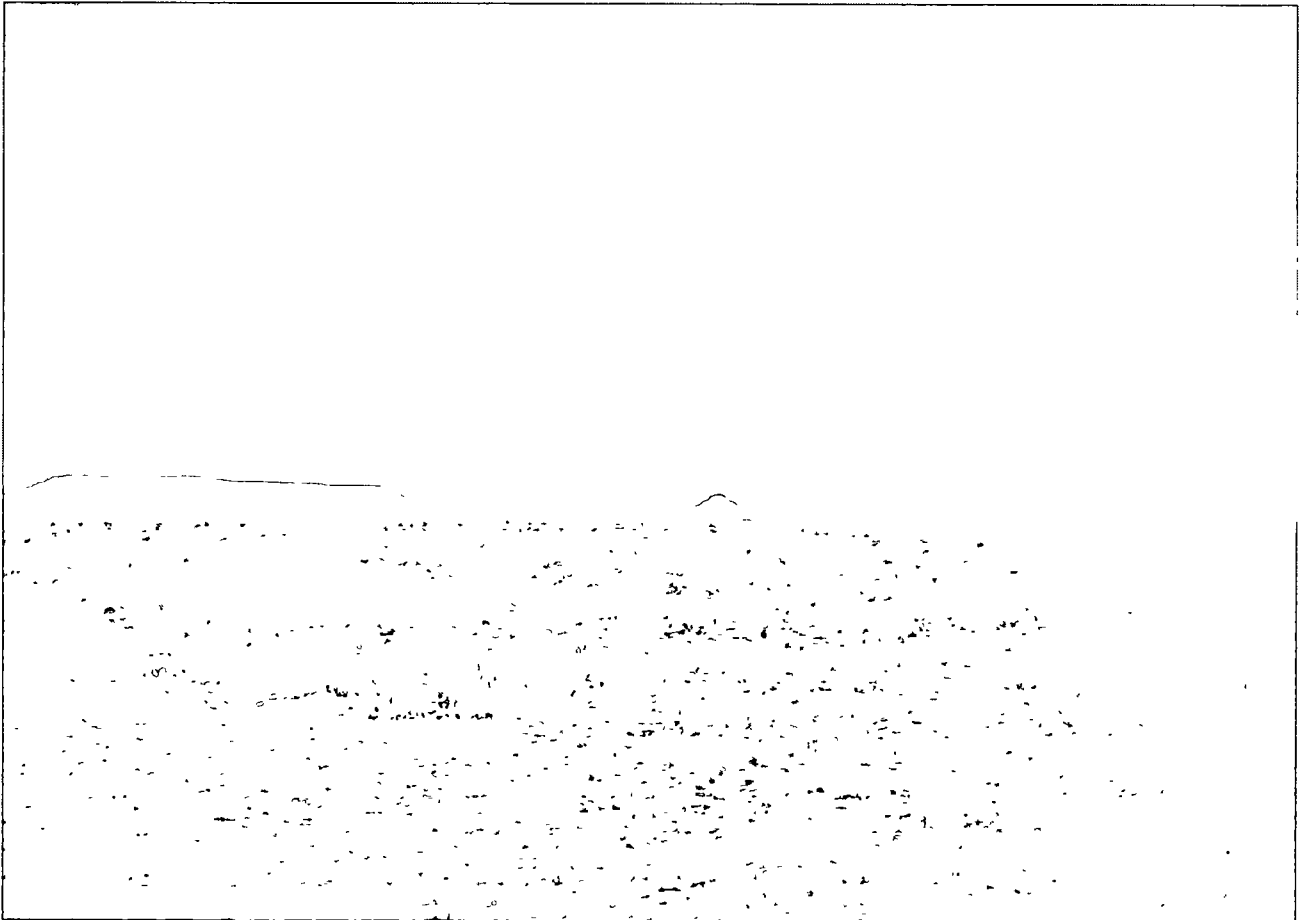
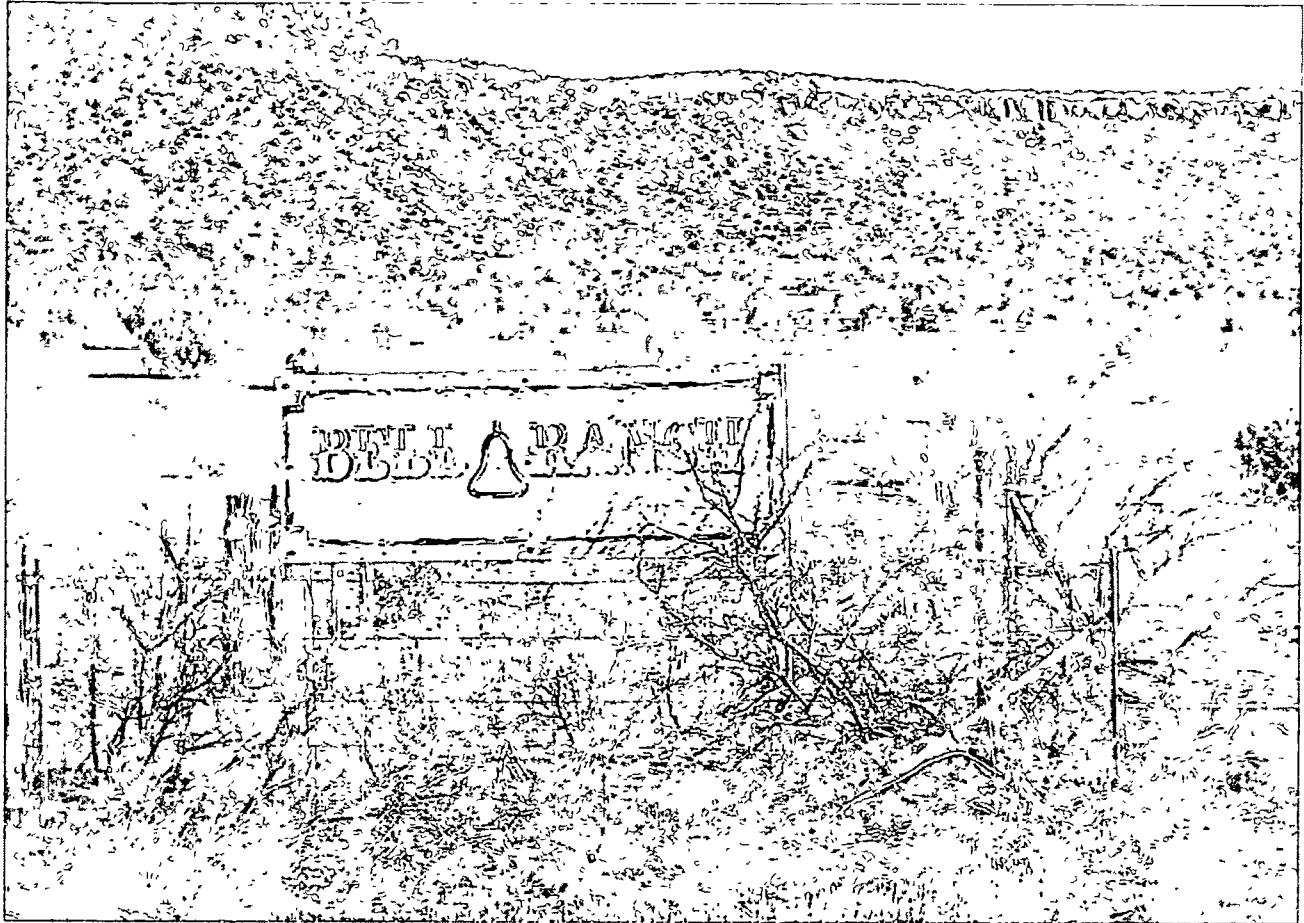


This information is subject to errors, omissions, prior sale, change, withdrawal and approval of the seller. All information is from sources deemed reliable, but not guaranteed by Cushman & Wakefield or Earth Analytics.







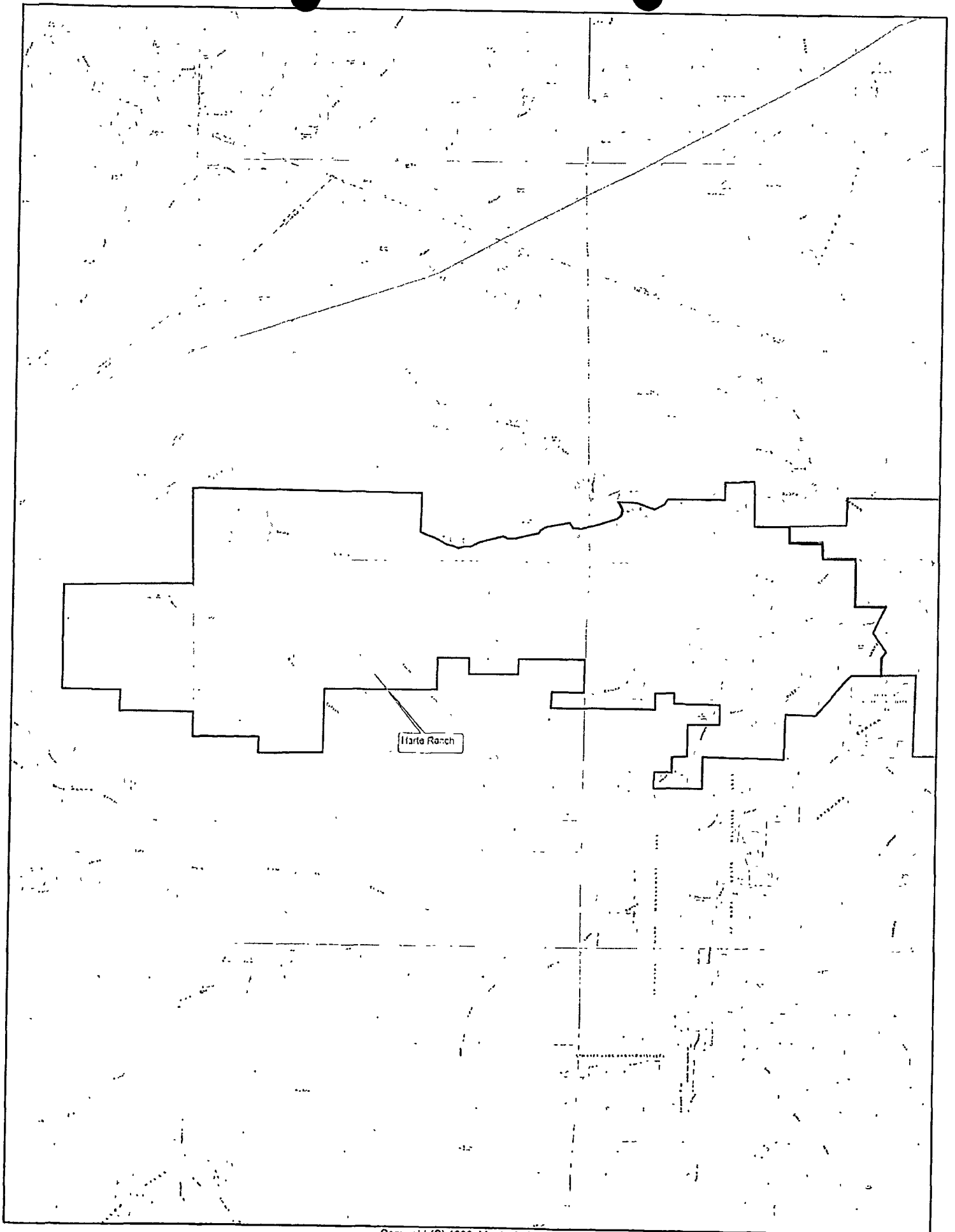




**HARTE RANCH**

**7**







The Harte Ranch is a Centurion's delight and a rare opportunity for a large grazing estate encompassing over 13,300 contiguous acres, most including leased acres. Located in La Animas County of southern Colorado, the ranch is approximately 20 miles east of the town of Walsburg. A quiet rural county that ranges from the high mountains of the Cuchara Pass to the open spaces of the eastern plains, this property is located on the wild, expansive plains, east of I-25. The terrain is primarily flat land with the occasional canyon, small buttes, and numerous outcrops.

The Harte Ranch is comprised of 13,300+ deeded acre. The ranch is split into five contiguous parcels, each with its own unique land-use, views and opportunities, allowing a small investment or sum purchase. The ranch has good county road access from the interstate and is easy to get around on with its dry roads, and cattle guard access through each pasture. Most of the ranches border is either defined by and or surrounded with incredibly large deep beautiful canyons with views of the Rockies to the West. Several stock wells and catch ponds are located all around this ranch with some with windmills and others with solar pumps and the entire ranch is cross-fenced into several large pastures. The Harte Ranch is in good fences on the Harte Ranch are in good shaped and currently hold a 400-500 capacity of animal units. There is also a large well built set of corals, and 1960s

acres of grazing lease available from the State. This ranch has great potential for ranching development hunting recreation renewable energy, and so much more.

**PARCELS**

Parcel One is perhaps the most valuable parcel on the Harte Ranch with its border adjoining the Apishpa State Wildlife Area, a great diversity in terrain, and the most potential for excellent hunting. On the far east end of the ranch and joining the Benneville Canyon, Hudson Canyon, Apishpa Canyon, Iron Spring, two ponds and a windmill is the smallest and most private parcel. This parcel is priced at \$550,000/acre for a total price of \$593,000 for 1.066 08+ acres.

There are no improvements. There is an additional amount of acreage with improvements and a home that could possibly be purchased from the seller with conditional terms. Consult broker for property taxes according to parcel.

**TOTAL ACRES**  
13,337.25\*

**PRICE**  
**\$4,541,750**

BROKER

Sam Fain  
(103) 209-7076 cell  
s.fain@fullcrystem.com

Parcel Two is a much larger parcel, which is also full of hunting potential a diversity of terrain and joins the Alpha State Wildlife area. This parcel of ground is priced at \$895,700 for 2,756.26+ acres. There are five catch ponds, two springs and two yearlings, joining this parcel (\$325+/-acres.)

Parcel Three is a large parcel of ground containing 2,452.44 acres for \$796,900. This parcel's northern border is defined and bounded by the immense South Canyon, and harbors the ranches main corral, a windmill pump, 3 catch ponds and joins Trunelle Canyon. (5322±acre)

Parcel Four joins the South Canyon and features Sanchez Spring, two catch ponds and a solar pump for a stock well. This

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[illegible]

LAS ANIMAS COUNTY, COLORADO



13.300 ACRE COLORADO RANCH



The Harte Ranch is a massive

grazing ranch offering over

13,300 deeded acres. Four of

the five individual parcels are

priced at only \$325/deeded

acre! Parcel #1 is priced at

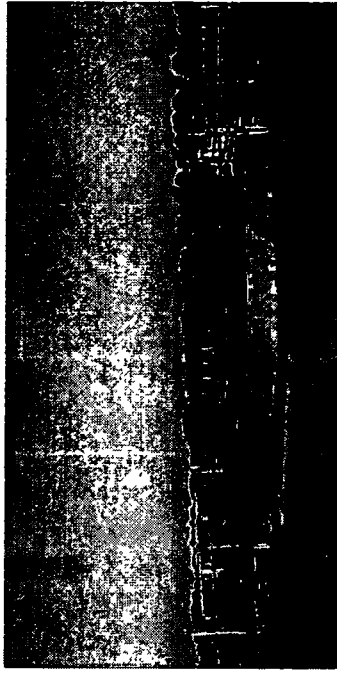
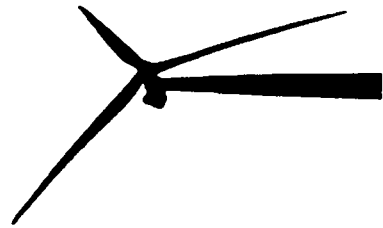
\$500/deeded acre. As a plat-

form for today's "Green

Energy", the Harte Ranch

offers unparalleled opportu-

nities for wind or solar power

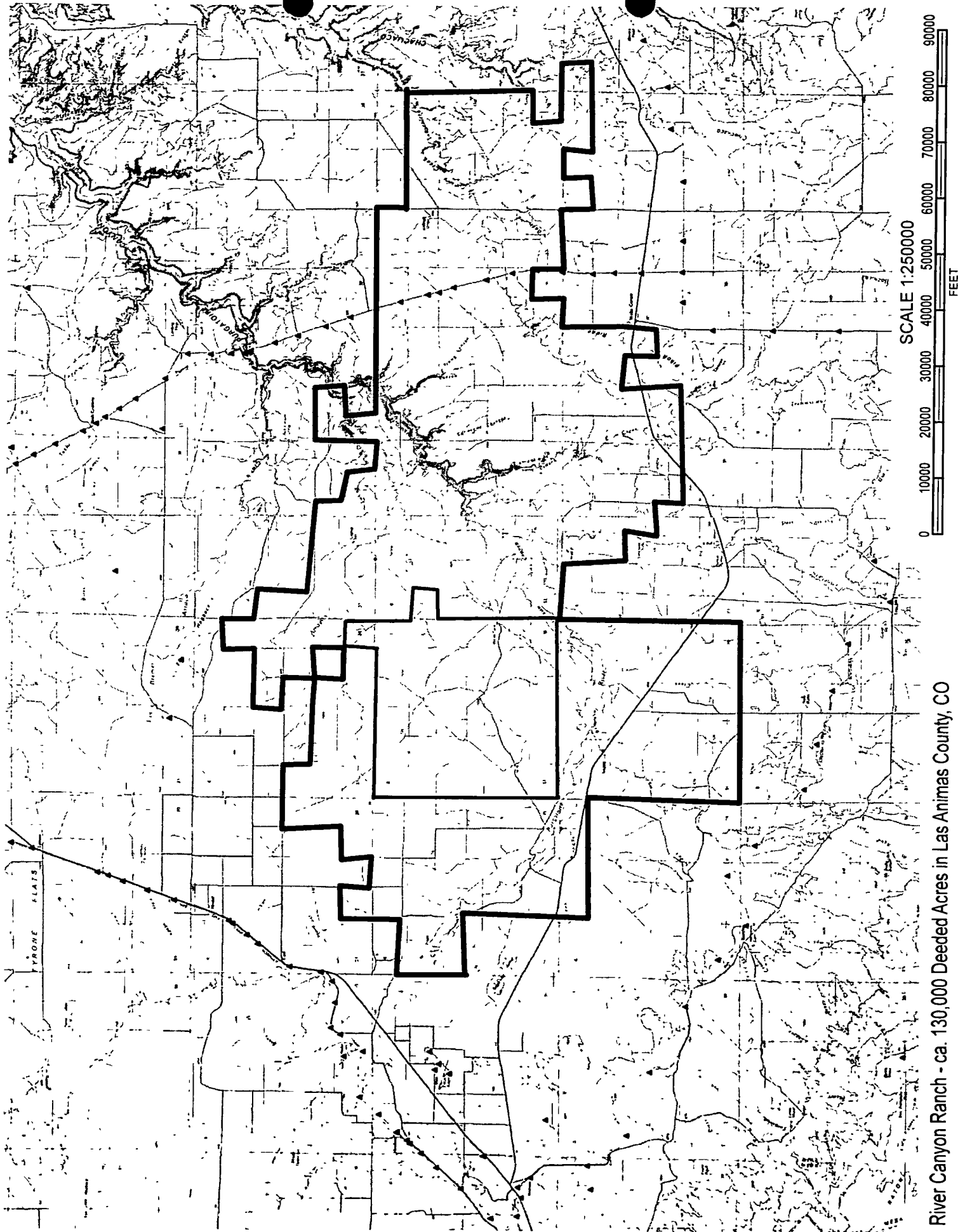




**RIVER CANYON RANCH**

**8**









## RANCH MARKETING ASSOCIATES



### River Canyon Ranch TRINIDAD, COLORADO

Located just east of Trinidad and accessible via US Highways 160 and 350, the River Canyon Ranch stretches some 35 continuous miles west to east taking in twelve miles of the Purgatoire River. A total of 130,000 deeded acres and 7,520 acres of State of Colorado leased land, with 1,000 acres irrigated, consist of deep river canyons, rolling grasslands, plateaus and mountain tops. Fenced and cross fenced, this ranch provides for live water in many of its pastures along with several ponds, springs, and wells with pipelines to strategically placed drinkers. The normal owner/operator carrying capacity has been 2,800 cow/calf pairs plus bulls and replacement heifers. Since the drought of the last few years the ranch is running only 1,400 head in order to maintain good forage. A main headquarters unit is located at the west end with a newer home, sorting and shipping corrals, barns, and equipment sheds. There are three other sets of improvements with housing and cattle handling facilities located through the ranch for ease of management. The ranch has abundant wildlife including elk, mule deer, antelope, big horn sheep, many varieties of game birds and fishing is available along the twelve miles of river. River Canyon Ranch is available for purchase at \$270.00 per deeded acre. Cattle and equipment are available for purchase through private treaty with Seller. Contact Ron Morris at 970-535-0881.

[WWW.RMABROKERS.COM](http://WWW.RMABROKERS.COM)

ASPEN

BEVERLY HILLS

DENVER



**LAZY UO RANCH**

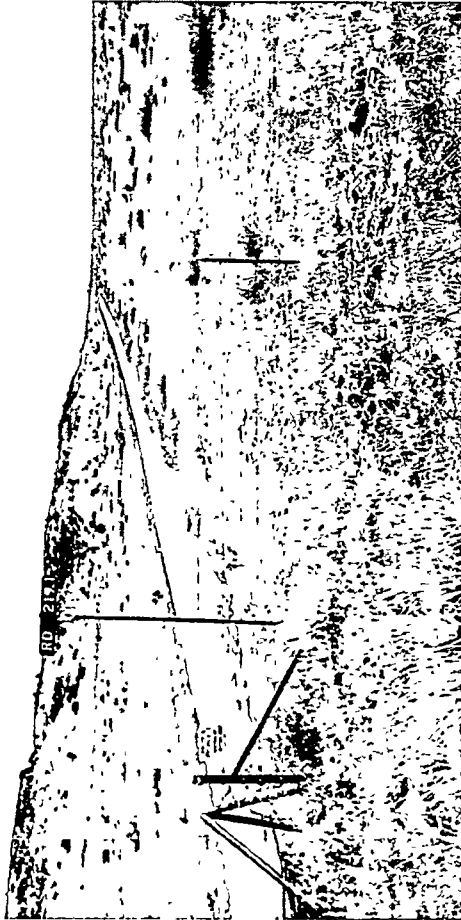
**9**







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 Elevation Angle +01.5°  
 Horizon Angle +01.5°  
 Zoom 2X  
 Levy 40 Ranch



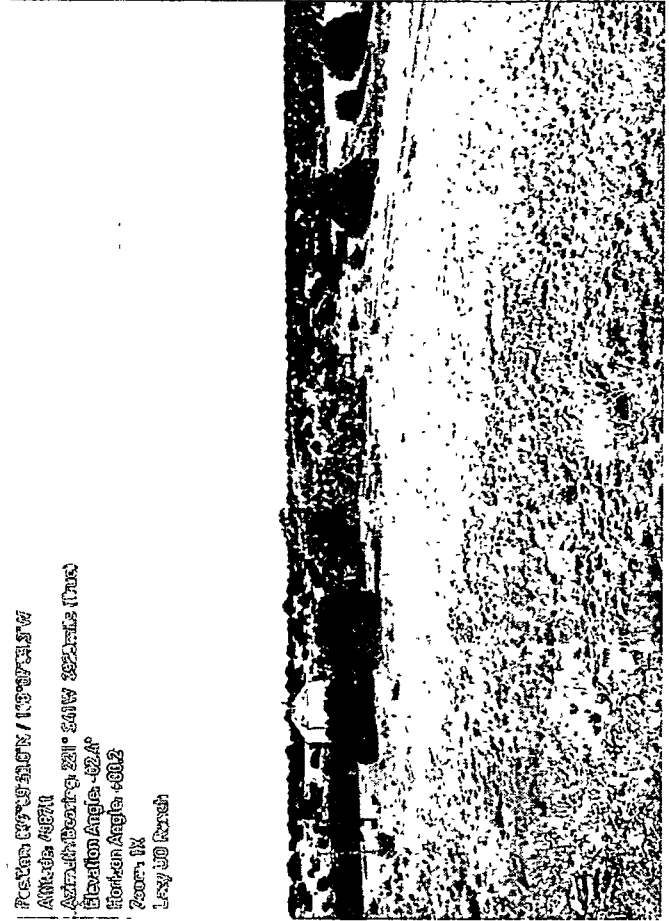
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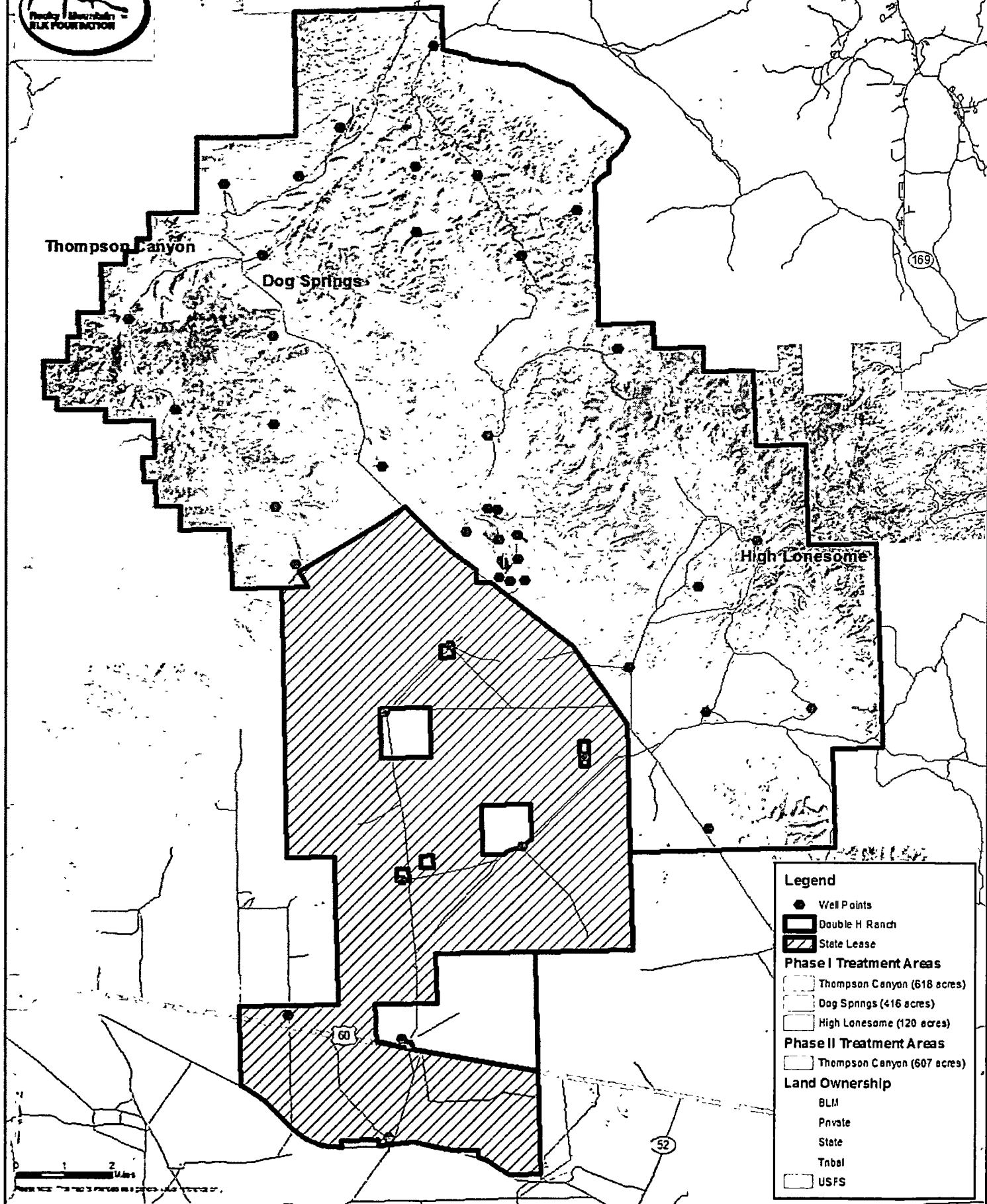
**TORSTENSON WILDLIFE PRESERVE**

**10**





# Double H Ranch Restoration Project





**FORDER RANCH**

**11**



# SMITH FORDER RANCH



The Smith Forder Ranch is located on the eastern plains of Colorado, east of Colorado Springs and south of Limon, Colorado, south of Highway 94 on Highway 71. Lincoln county ranches are known for strong native grasses for yearlings and cow-calf operations.

The ranch has annual precipitation of approximately 12-13 inches, with generally mild winters with occasional winter storms. Primary grasses are blue grama and buffalo. Horse Creek runs through the property only on an intermittent basis, but provides some sub-irrigated pasture. The ranch can be operated as a summer grazing operation for yearlings or as a year round cow-calf operation. Yearlings generally gaining up to 2 pounds per day. The ranch is estimated at handling approximately 1,500 to 1,600 yearlings as a summer yearling operation or 500 animal units on a year round operation.

Water is provided by windmills and pipeline. One set of improvements is located on the ranch with two smaller ranch homes, barns and good working facilities. Most minerals on the ranch have been previously reserved.

Taxes are approximately \$3,940 and State Lease Assessment of \$100 annually. State lease cost is \$9,359 annually which can adjust based on market trends for private leases.

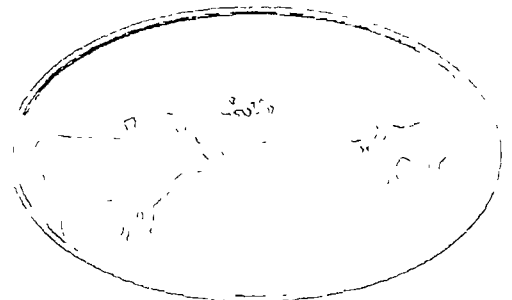
**17,940 Acres**  
**Lincoln County, Colorado**

## NOTICE:

Offering is subject to errors, omissions, prior sale, change or withdrawal without notice, and approval of purchase by owner. Information regarding land classifications, acreages, etc., are intended only as general guidelines and have been provided by sources deemed reliable, but whose accuracy we cannot guarantee. Prospective buyers should verify all information to their satisfaction.

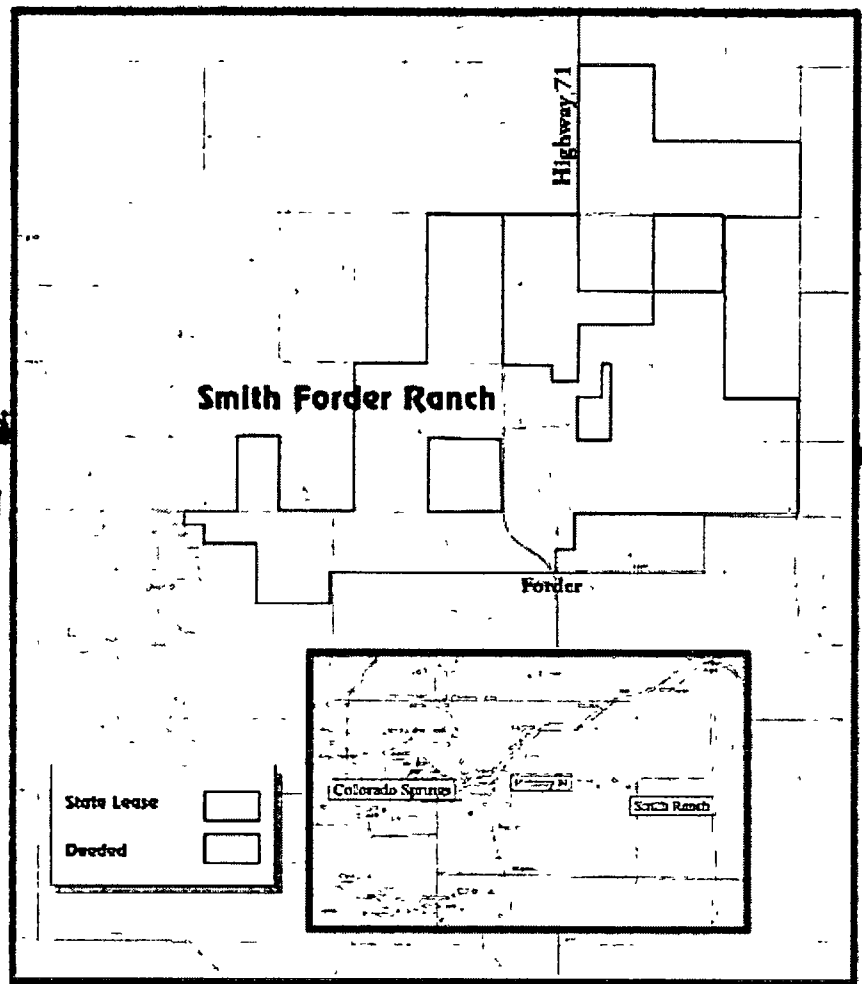
Leadbetter Webster Land Company is acting as a Seller's Agent and will cooperate with other agents acting as Buyer's Agent or Transaction Broker only.

Smith Forder Ranch is co-listed with Hall and Hall Partners, LLP.





# SMITH FORDER RANCH



## Smith Forder Ranch

|                      |                     |
|----------------------|---------------------|
| Deeded sub-irrigated | 424 acres           |
| Deeded rangeland     | 14,316 acres        |
| State lease          | 3,200 acres         |
| <b>TOTAL</b>         | <b>17,940 acres</b> |
| <b>Price</b>         | <b>\$3,500,000</b>  |



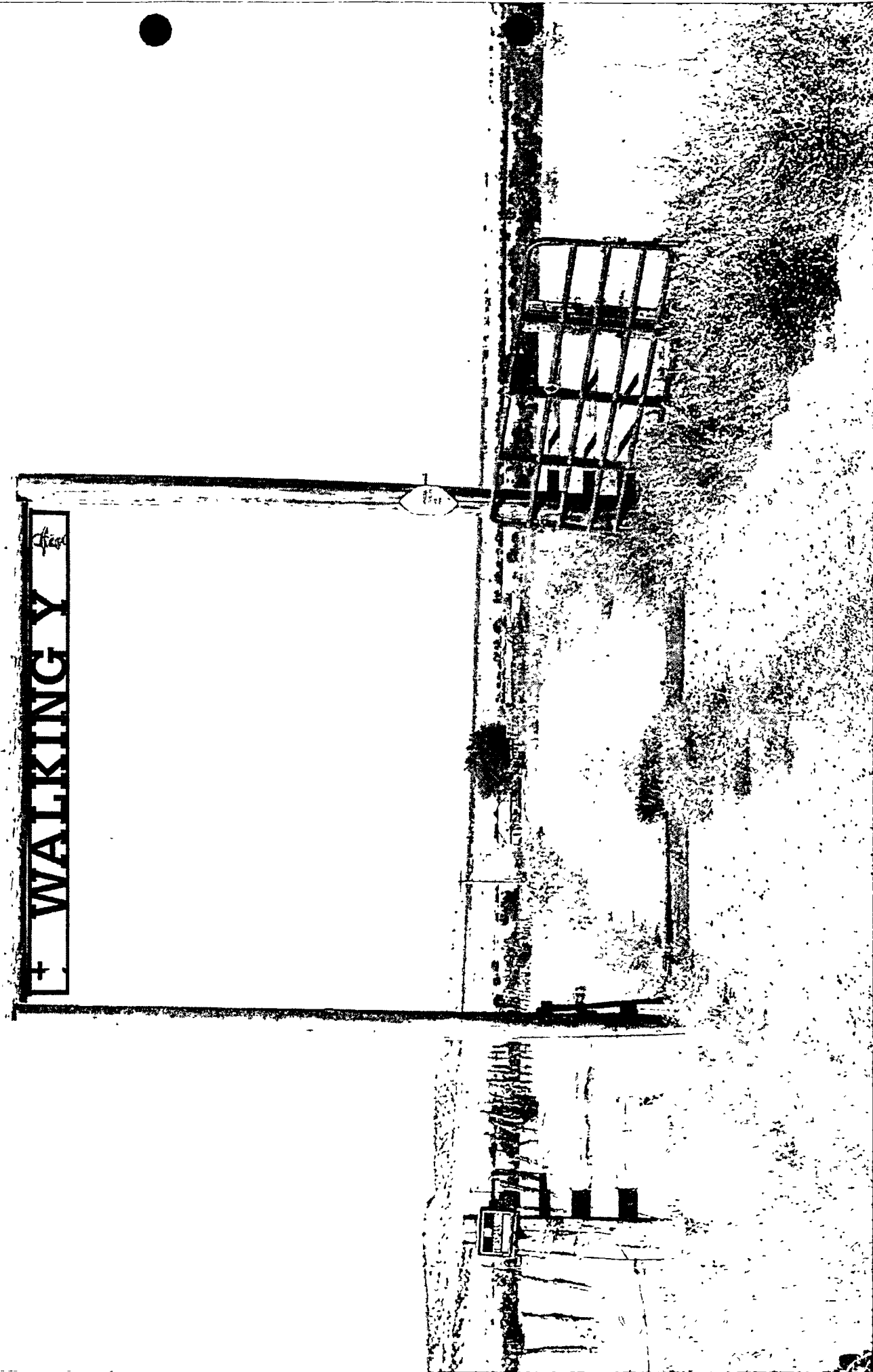
**LEADBETTER WEBSTER**  
Land Company Inc. 303-832-8115 • 800-279-0406  
[www.leadbetterwebster.com](http://www.leadbetterwebster.com)



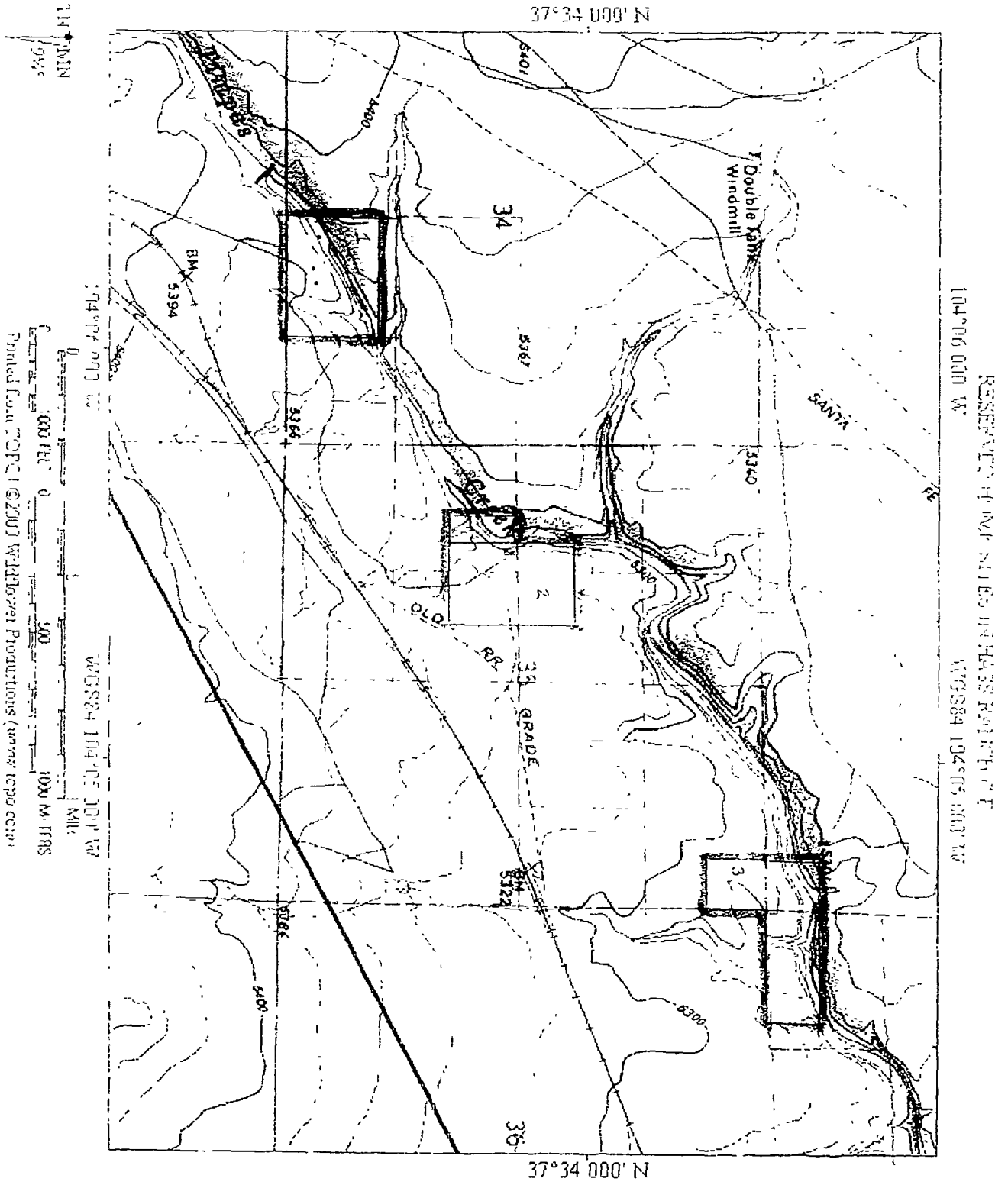
**WALKING Y RANCH**

**12**



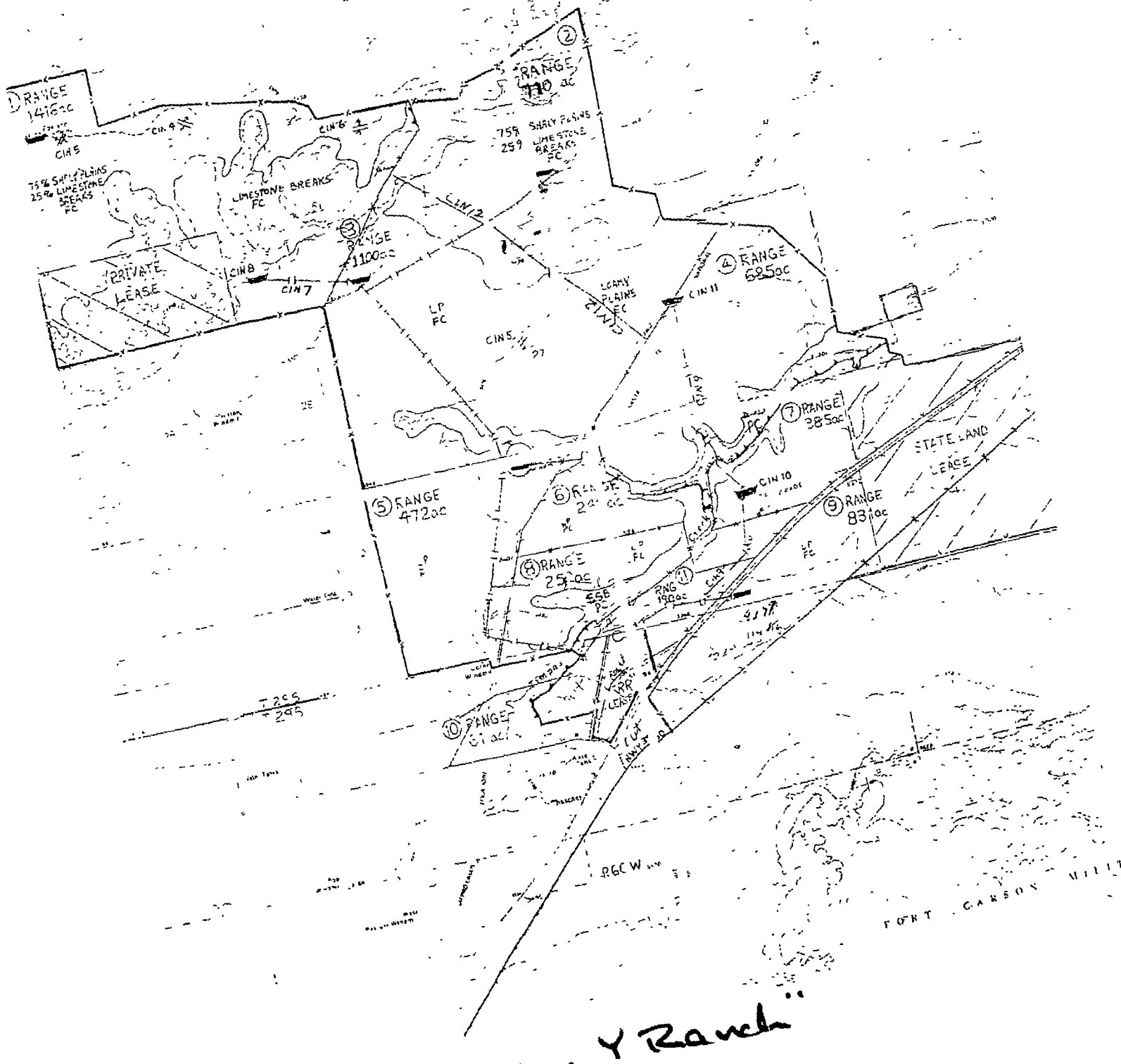








-- 360W

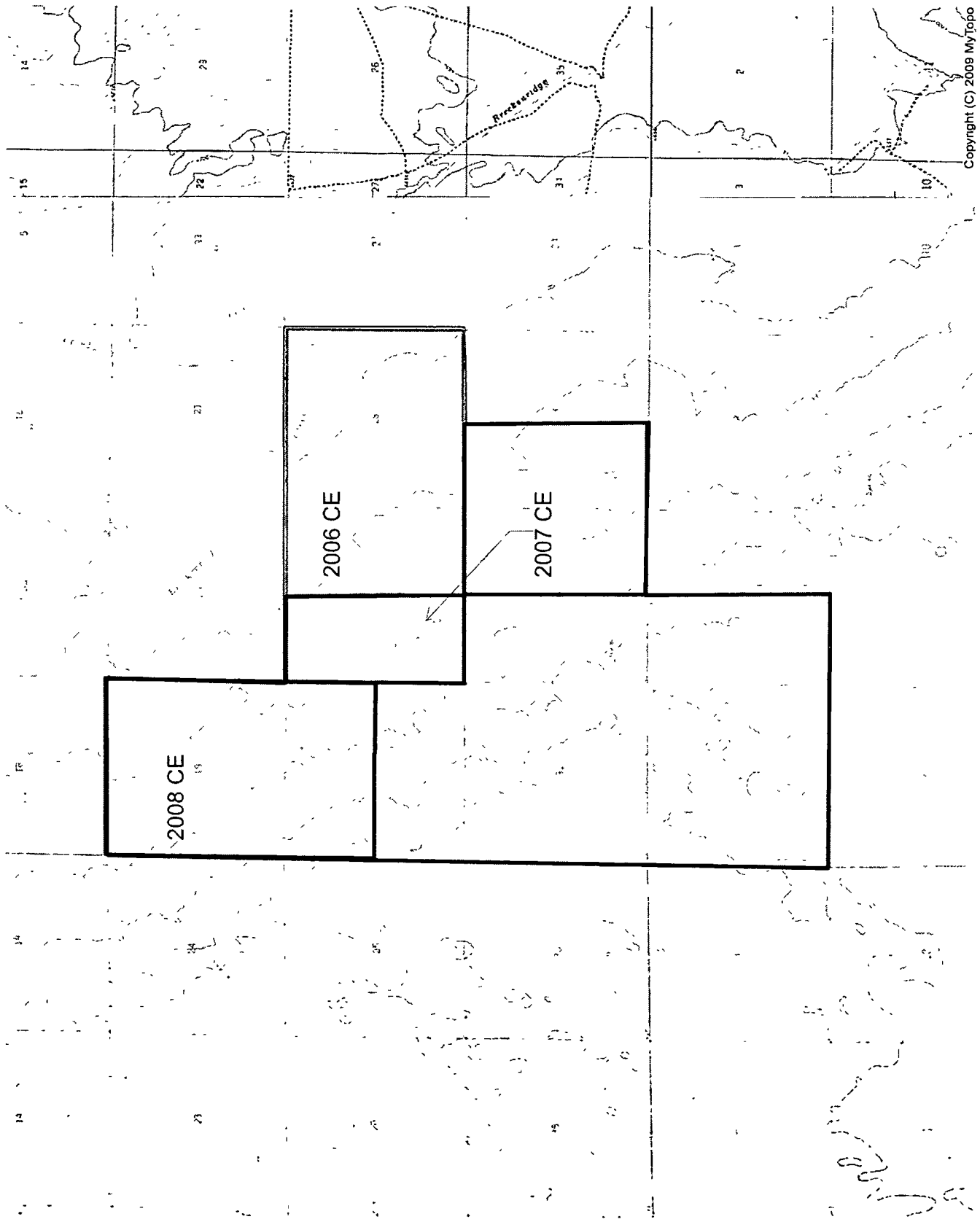




**WRIGHT RANCH**

**13**





Wright to James, Crowley County, C) - partially encumbered with three conservation easements

SCALE 1:48000

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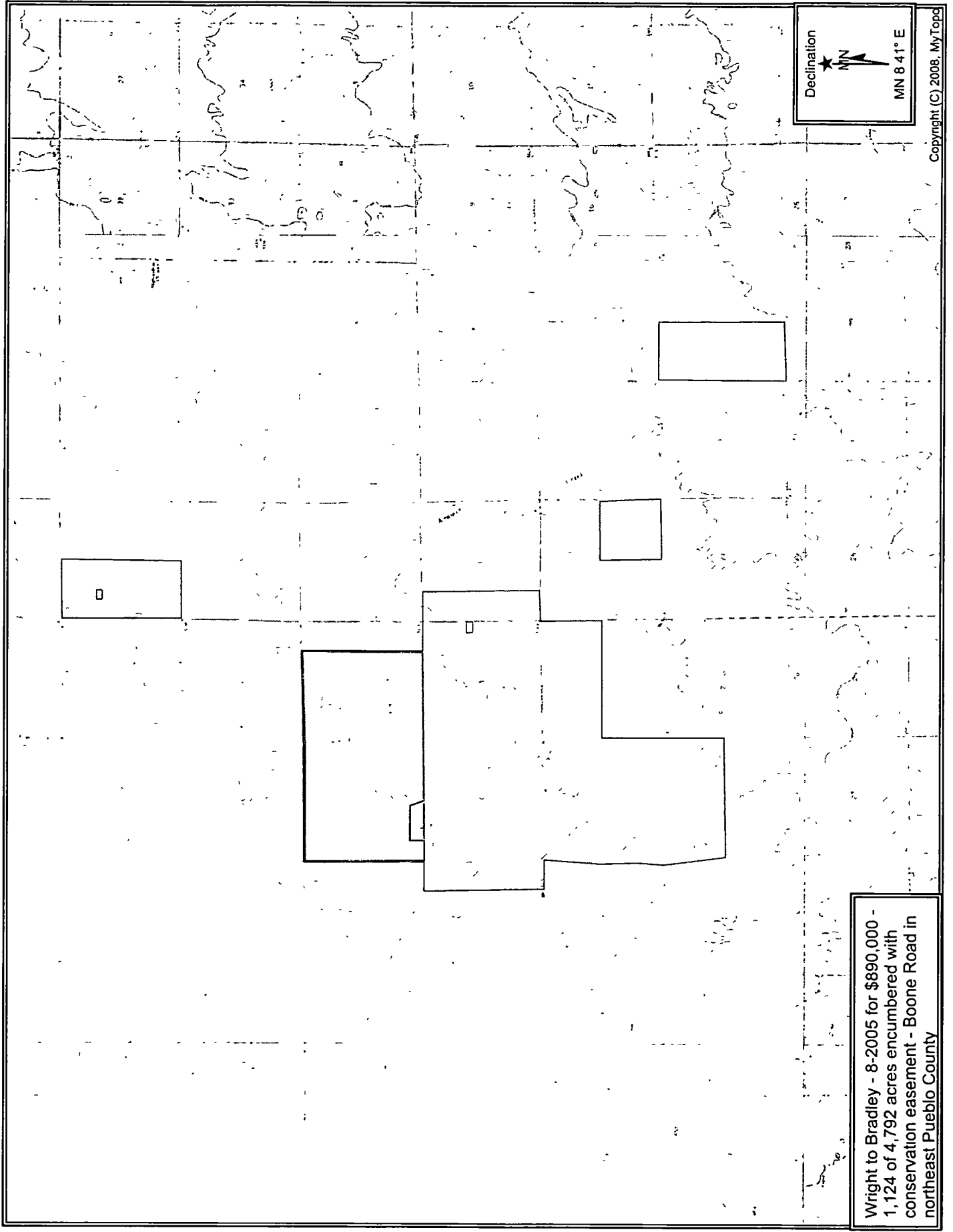




**WRIGHT RANCH PUEBLO**

**14**





Wright to Bradley - 8-2005 for \$890,000 -  
1,124 of 4,792 acres encumbered with  
conservation easement - Boone Road in  
northeast Pueblo County

Declination  
MN 8 41° E

Copyright (C) 2008, MyTopo



**GREENLAND RANCH**

**15**



Water

Sun Resources, Inc., the seller of the easements and the land, retained the non-tributary groundwater in the Denver, Arapahoe and Laramie-Fox Hills aquifers under approximately 7,650 acres of the Ranch. In addition, they have the right to withdraw the retained water for transport off the Ranch, subject to a very strict set of land use restrictions recorded at the time of the sale.

The balance of the water rights were conveyed to the buyer.

Land & Improvements

This 21,100-acre m/l cattle ranch is on both sides of I-25 south of Castle Rock, Colorado and north of the El Paso County line at Monument Hill, stretching northeast to State Highway 83 at its intersection with South Lake Gulch Road.

Reportedly the largest continuously operating cattle ranch on Colorado's front range, the Ranch was assembled for development in the early 1980s by Sun Resources.

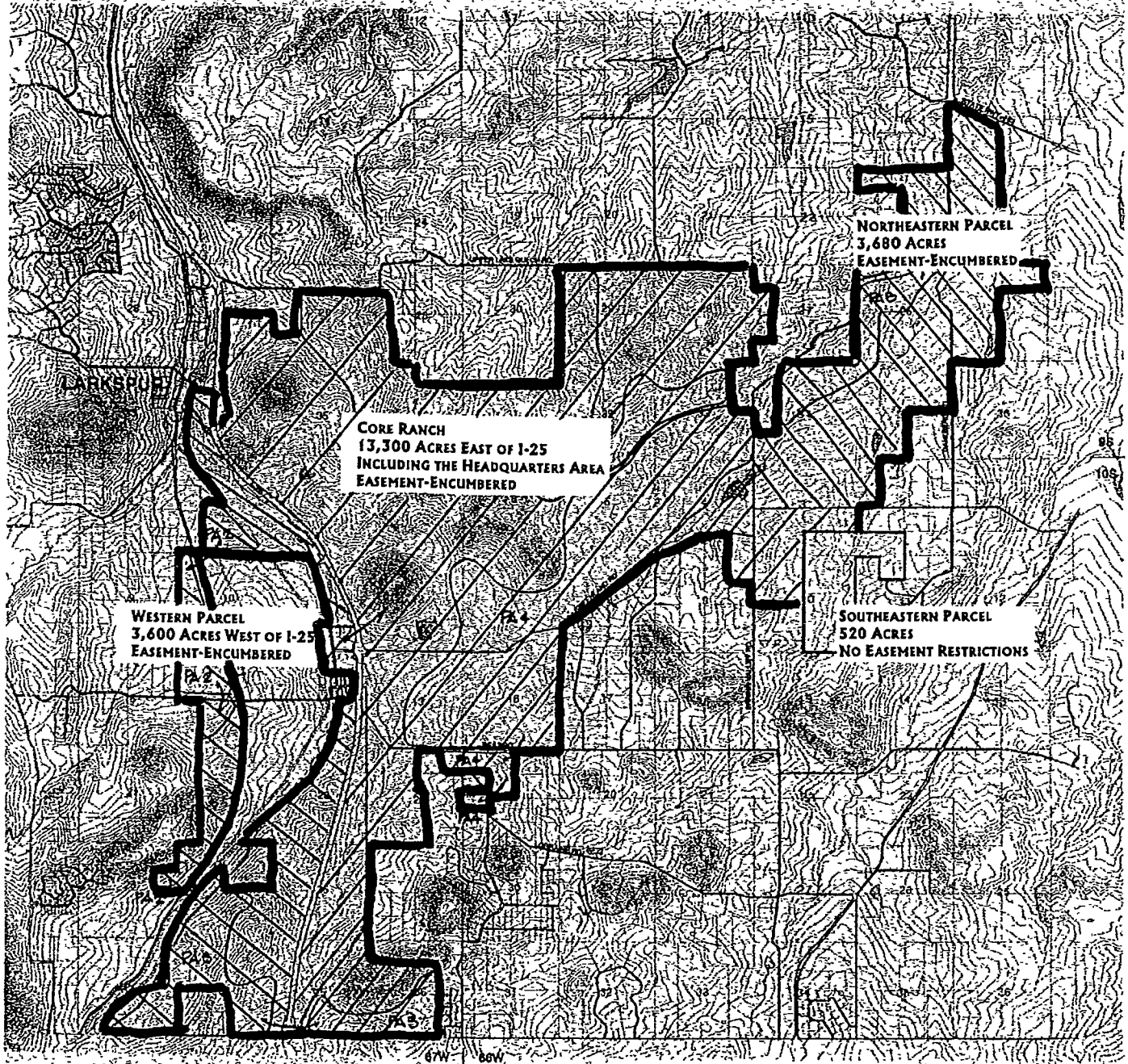
Improvements include the Ranch headquarters (several residences, loafing sheds, outbuildings, sorting and shipping pens and an historic red barn) on a parcel just west of the Greenland Road / I-25 intersection. There is a set of old buildings (residence, barn and outbuildings) on Dahlberg Road south of its intersection with Spring Valley Road, and another set (two residences and a barn) just east of I-25 near the southern boundary of the Ranch.

- Please refer to the maps that follow the sales information -

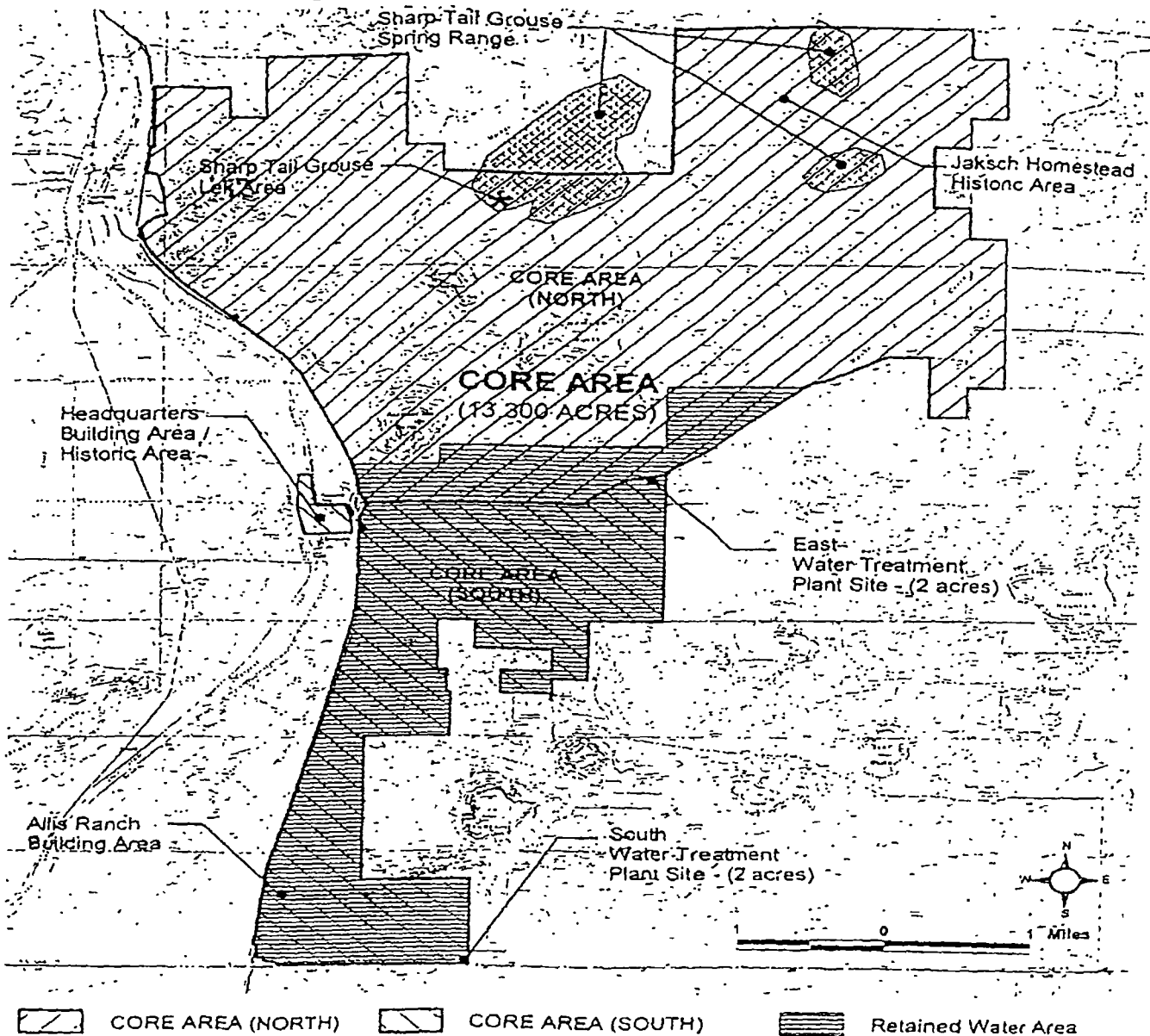


# GREENLAND RANCH SUN RESOURCES INC.

DOUGLAS COUNTY PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT







**Exhibit B**  
**CORE AREA**

**GREENLAND RANCH**

DOUGLAS COUNTY, COLORADO  
 APRIL 20, 2000



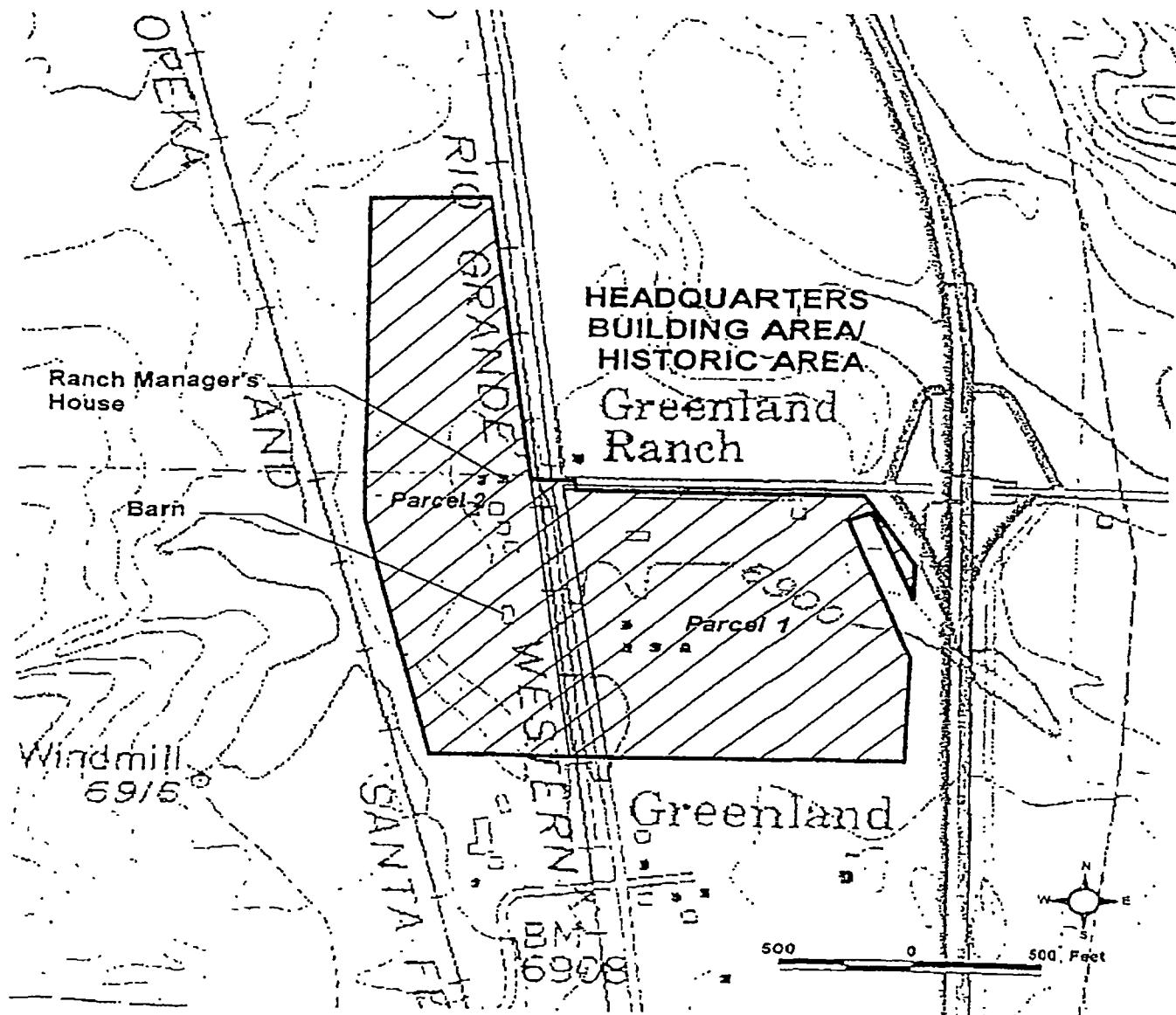


Exhibit B

**HEADQUARTERS PARCEL**

**GREENLAND RANCH**

DOUGLAS COUNTY, COLORADO  
June 20, 2000



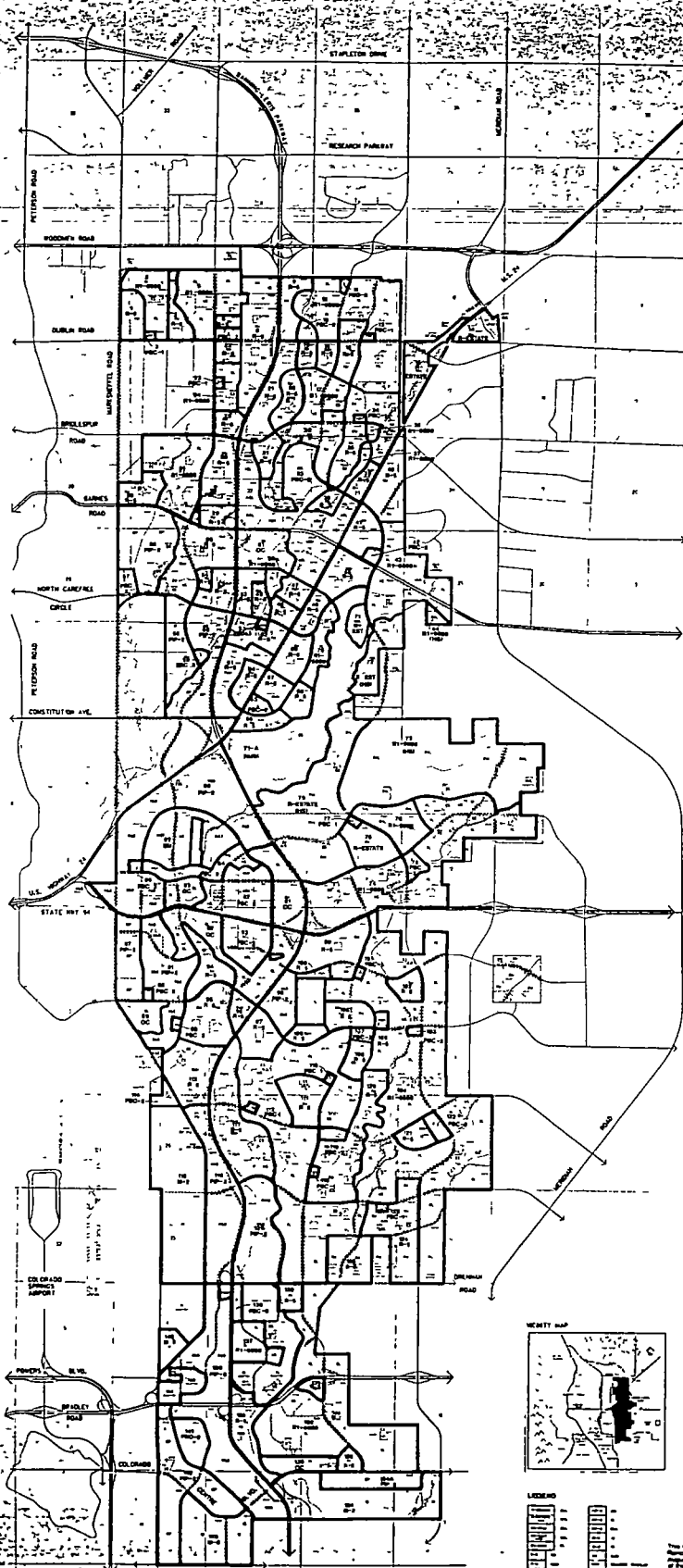




**BANNING-LEWIS RANCH**

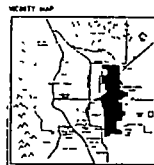
**17**





LAND USE PLAN

BANNING-LEWIS RANCH



This map was prepared by the Banning-Lewis Ranch and is not to be used for any other purpose without the written consent of the Banning-Lewis Ranch. The Banning-Lewis Ranch is not responsible for any errors or omissions on this map.



## **Professional Qualifications of the Appraiser**

**G**



**Professional Qualifications**  
**Mark Weston**  
**Real Estate Appraiser and Consultant**

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|                         |  |
|-------------------------|--|
| <b>Employment</b>       | President, Mark S. Weston, Ltd.  |
| <b>State Licensure</b>  | Colorado Certified General Appraiser, 1313166<br>Wyoming Certified General Real Estate Appraiser, Permit 541<br>Alaska General Real Estate Appraiser, No. 1002<br>New Mexico Certified General Real Estate Appraiser (not presently active)<br>Alabama Temporary Practice permit (not presently active)<br>Montana Certified General Appraiser, 654RAG (not presently active)<br>Maine Certified General Appraiser, CG1713 (not presently active)<br>Utah Temporary Certified General Appraiser (6630887-TCG0)<br>Arkansas Temporary Certified General Appraiser (not presently active)<br>Virginia Temporary Certified General Appraiser (not presently active) |
| <b>Formal Education</b> | UNIVERSITY OF DENVER, DENVER, CO<br>Master of Arts, Library and Information Science, 1978<br>admitted to Beta Phi Mu Honor Society, 1979<br><br>THE COLORADO COLLEGE, COLORADO SPRINGS, CO<br>Bachelor of Arts, English Literature, 1974   |
| <b>Expert Testimony</b> | Qualified in Colorado State District Courts in the City and County of Denver, El Paso County, Douglas County, and Gunnison County<br>Colorado Board of Assessment Appeals (Denver)<br>Douglas County, Colorado Board of Equalization<br>United States Tax Court  |
| <b>Memberships</b>      | - AQB Certified USPAP Instructor - November 9, 2004 through March 31, 2016<br>- Associate member, American Society of Farm Managers and Rural Appraisers and have not completed required testing and education for accreditation<br>- International Right of Way Association   |

**Publications**

*Tax Benefits and Appraisals of Conservation Projects*, Land Trust Alliance, Washington, D.C., 2007 (monograph - part of the "Standards & Practices Curriculum" series, with Larry Kueter, Esq.).

*A Simple Explanation of Changes to Appraisal Requirements (2004 - 2006)*, in Exchange The Journal of the Land Trust Alliance, Spring 2007 (reprinted in Right of Way Magazine, July/August, 2007).

*Water Rights Handbook for Colorado Conservation Professionals*, Colorado Water Trust, 2005 & 2011 - contributing author.

*Ask an Expert* column, in Exchange The Journal of the Land Trust Alliance, Spring, 2004 & Summer, 2000.

*Appraising Easements. Guidelines for Valuation of Land Conservation and Historic Preservation Easements*, the Land Trust Alliance, 1999 - contributed to and reviewed the Third Edition.

*The Market Value of Development Rights* in The Roundup, Vol. 2, Issue 1, pg. 2, Spring, 1998; Colorado Cattlemen's Agricultural Land Trust.

*Conservation Easements Help Land Developers Carry Approval Process* in Colorado Real Estate Journal, p. 20, 1996, September 4-17.

**Presentations & Courses/Seminars Taught**

Regular individual and panel presentations at Colorado Coalition of Land Trusts and Land Trust Alliance conferences  
"Qualified Appraisals of Conservation Easements," ½-day seminar developed & presented at the Land Trust Alliance Rally, Providence, RI, September 18, 2014

"Understanding Conservation Easement Appraisals," ½-day seminar developed & presented at the Land Trust Alliance Rally, Salt Lake City, UT, September 29, 2012

"Conservation Easement Appraisals," Wyoming Conservation Easement Conference, University of Wyoming College of Law, Rural Law Center, Laramie, WY, June 2, 2011

"Conservation Easement Appraiser Update Course" (CEAUC) - (Instructor & part of development team both for the original 8-hour course and revised 2-hour course), Colorado Department of Regulatory Agencies/Division of Real Estate, Denver, CO, November 4, 2010, March 9 & May 16, 2011; March 18, 2014; March 17, 2015



Presentations & Courses/Seminars Taught (continued)

"Conservation Easement Appraisals" *Webinar* based on Chapter 3 of *Tax Benefits and Appraisals of Conservation Projects*, Land Trust Alliance, August 25, 2010, April 13, 2011, April 11, 2012, February 13, 2013

"Introduction to the Income Capitalization Approach" - International Right of Way Association Course 402, Golden CO, March 5, 2010

"IRS Transactional Challenges" - CLE International, Denver, CO, June 18-19, 2009

"Principles of Land Acquisition" (8-hour Appraisal Segment), International Right of Way Association, Denver, CO, May, 2005, May 14, 2009 & May 12, 2011, May 22, 2013

"Reviewing Appraisals in Eminent Domain" - International Right of Way Association Course 410, Denver, CO, May 9, 2008, April 26, 2013, November 14, 2014

"Easement Appraisal" - International Right of Way Association Course 403, Denver, CO, May 8, 2008, Brighton, CO, March 10, 2011; April 25, 2013

"Valuation of Conservation Easements" - Appraisal Institute, Richmond, VA, April 21 - 25, 2008; Monterey, CA, November 29 - December 3, 2010

"Conservation Easements SuperSeminar" - CLE International, Denver, CO, January 11, 2008

"Uniform Standards of Professional Appraisal Practice Course" - National USPAP 7-Hour Update, Kaplan Professional Schools, Denver, CO, September 7, 2007

"Principles of Real Estate Appraisal" - International Right of Way Association Course 400, Lakewood, CO, May 17-18, 2007, Golden, CO, March 3-4, 2010

"Conservation Easements and Entitlement - Who goes first?" - CLE International, Denver, CO, May 1, 2007

"The Appraisal of Partial Acquisitions" - International Right of Way Association Course 401, Grand Junction, CO, October 2-6, 2006, Denver, CO, October 19-23, 2009

"Conservation Easements" - CLE International, Denver, CO, September 25, 2006

"Conservation Easements A Basic Overview and Current Update on Legal Challenges" - Colorado Bar Association, Real Estate Section Summer Conference, 2005 (with Rebecca Hall, Esq. and William Silberstein, Esq.), July 29, 2005

"Appraisal of Conservation Easements," The Land Trust for Tennessee, June 7-8, 2005

"Taller sobre Tasación de Servidumbres de Conservación" - Fideicomiso de Conservación de Puerto Rico, San Juan, Puerto Rico, April 20 and 21, 2005

"Appraisals and Land Trusts" - Land Trust Alliance, half day pre-conference seminar at LTA Rally, Providence, Rhode Island, October 28, 2004

"Maintaining the Quality and Integrity of Conservation Easements" - Piedmont Environmental Council, Leesburg and Charlottesville, Virginia, July 22 & 23, 2004 (with Dr. Jack Boykin)

"Conservation Easement Appraisal Seminar" - Colorado Coalition of Land Trusts, Castle Rock, Colorado, June 25, 2004

"Valuation of Conservation Easements" - full-day presentation with Melinda Beck, Esq. for the Colorado Assessor's Association Annual Conference, Grand Junction, Colorado, June 9, 2004

"Conservation Easement Appraisals" - Seminar hosted by the Rio Grande Headwaters Land Trust at the Medano Zapata Ranch, May, 2003

"Conservation Easements and Tax Benefits" - Seminar hosted by Colorado Open Lands & Isaacson, Rosenbaum, Woods & Levy, P.C. - Golden, Colorado, February, 2003

"Conservation Easements Condemnation - How to Deal With It" - workshop conducted with Rob Levin, Esq. at the 2001 Land Trust Rally, Baltimore, Maryland

"A Primer on the Appraisal of Conservation Easements" - Aspen Board of Realtors / Attorney Realtor Committee, Symposium on Conservation Easements and Open Space Dedications, Snowmass, Colorado, June 16, 1999

"Appraising Conservation Easements" - Seminar conducted at the Annual Conferences of the Land Trust Alliance Southwest Program, Santa Fe, New Mexico, May 22, 1999 and May 19, 2000

"Conservation Easements" - full-day presentation with Lawrence Kueter, Esq. for the 1999 New Assessor's Orientation and 38<sup>th</sup> Annual Law Seminar, Denver, January 28, 1999

"Advanced Topics in Conservation Easement Appraisal" - Seminars conducted at the 1997 Land Trust Rally, Savannah, Georgia, and the 1998 Land Trust Rally, Madison, Wisconsin

"Conservation Easements and Non-Urban Land Use" - One-day seminar developed and presented to the Appraisal Institute, Colorado Chapter, May, 1998, Denver, Colorado.

"Conservation Easements: Appraisal Tools Seminar" - Half-day seminar for the Grand County Land Conservancy, February, 1998, Kremmling, Colorado.

"Valuation of Wetlands" paper delivered - American Society of Farm Managers and Rural Appraisers, 65th Annual Meeting, Reno, NV - November, 1994

"Valuation of Public Interest Lands" panel presentation, International Right of Way Association 40th Annual International Education Seminar, Pittsburgh, PA - June, 1994

"Recent Issues Affecting Real Estate Appraisal" - Colorado Coalition of Land Trusts Spring Conference, Castle Rock, CO - May, 1991



**Professional Real Estate Appraisal Experience**

Vice President, Hunsperger & Weston, Ltd Denver, Colorado. 1992 - 2014  
Principal, Weston and Associates, Castle Rock, Colorado, 1989 - 1992  
Associate Real Estate Appraiser, Van Court and Company, Denver, Colorado, 1986 - 1989

**Appraisal and Real Estate Consulting Clients Have Included**

National and local land conservation organizations      Investors & landowners  
Financial institutions      Attorneys  
Federal, state, county & municipal governments,  
utilities and quasi-governmental organizations

**Qualifying Education, Completed Examinations, and Continuing Education**The Appraisal Foundation

*Uniform Standards of Professional Appraisal Practice* Instructor Recertification Course, Appraisal Qualifications Board - September, 2006, March, 2010, March 2012 & October, 2013  
Concepts and Principles of the *Uniform Standards of Professional Appraisal Practice* (AQB Instructor Certification Course)- August, 2002 & August, 2004

American Institute of Real Estate Appraisers (The Appraisal Institute) - Certified Instructor of the *Valuation of Conservation Easements* seminar

Litigation Shared Interest Group Conference, Los Angeles, CA, March 28, 2007  
Valuation Analysis & Report Writing, Exam 2-2, 1988  
Case Studies in Real Estate Valuation, Exam 2-1, 1988  
Capitalization Theory and Techniques, Exams 1 BA & 1 BB, 1987  
Standards of Professional Practice, Exam SPP, 1987  
Basic Valuation Procedures, Exam 1A2, 1986  
Real Estate Appraisal Principles, Exam 1A1/8-1, 1986

International Right of Way Association - Certified Appraisal Instructor since 1991

Course 410, Reviewing Appraisals in Eminent Domain, 2007  
Course 103, Ethics and the Right of Way Profession, 1992  
Course 603, Understanding Environmental Contamination in Real Estate, 1992  
Instructor's Clinic, 1991 (required for all IRWA Instructors)  
Course 214, Skills of Expert Testimony, 1989  
Course 403, Easement Valuation, 1987

American Society of Farm Managers and Rural Appraisers

Appraising Natural Resources, April 23, 2015  
Minerals Appraisal Seminar and Oil, Gas & Mineral Presentation, September 8-9, 2011  
Requirements of the *Uniform Appraisal Standards for Federal Land Acquisitions* (the "Yellow Book"), April 15-17, 2009  
Advanced Conservation Easement Appraisal Issues, October 2-3, 2008  
Conservation Easements Seminar (co-sponsored by the Appraisal Institute), 2001  
Federal Land Exchanges and Acquisitions. Appraisal Issues and Applications Seminar (co-sponsored by the Appraisal Institute), 2000  
Sales Analysis and Grain Elevator Case Study, 1992

Other Continuing Education Providers

Colorado Department of Regulatory Agencies, Denver, CO  
USPAP 7-Hour Update Course, December 4, 2013  
USPAP 7-Hour Update Course, November 21, 2011  
USPAP 15-Hour Course, July 29-30, 2010  
USPAP 7-Hour Update Course, December 4, 2009  
American Real Estate College, Westminster, CO  
USPAP 7-Hour Update Course, October 30, 2008  
USPAP 7-Hour Update Course, December 1, 2005



Other Continuing Education Providers (continued)

## Colorado Coalition of Land Trusts, Denver, CO

"Conservation Excellence 2015," including the two-hour CEAUC & the post-conference Conservation Easement Amendments seminar, March 16-18, 2015

"Conservation Excellence 2014," including the two-hour CEAUC March 17-18, 2014

"Conservation Excellence 2013," including the post-conference Mineral Rights seminar, March 11-13, 2013

"Conservation Excellence 2012," including the two-hour CEAUC, March 12-13, 2012

"Conservation Excellence 2011," March 7-8, 2011

"Conservation Excellence 2010," March 15-16, 2010

## Northern Colorado Association of Real Estate Appraisers

"Liability Issues for Appraisers Performing Litigation and Other Non-Lending Appraisal Work," April 14, 2014

"Requirements for Federal Tax Return Preparers," IRS Live Webinar, March 30, 2011

Mortgage Fraud Seminar, Pueblo, CO Board of Realtors, November 2, 2005

Appraisal Standards and Ethics Updates, University of Colorado at Boulder - 1995, 2000

Golf, Mountain and Resort Development, CLE International, August, 2000

Legal Environment of Appraisal, American Society of Appraisers, 1999 Seminar

Public Land Law II, Rocky Mountain Mineral Law Foundation, 1997

Water Law I & II (James Felt, Esq.), University of Colorado at Boulder - Division of Continuing Education, 1996

Assessing Land Affected by Conservation Easements, Lincoln Institute of Land Policy Albany, New York, 1995

Regulatory Takings and Resources What Are the Constitutional Limits? University of Colorado School of Law, Natural Resources Law Center 1994 Seminar

Who Governs Our Public Lands? Washington, the West, the Community? University of Colorado School of Law, Natural Resources Law Center 1994 Seminar

**Community Service**

Vice President, Castle Rock Parks & Trails Foundation (501(c)(3) corporation), 2012 - present

Member, Colorado Conservation Easement Oversight Commission, 2008 - 2011 (appointed by Governor Ritter)

Member, Colorado Board of Real Estate Appraisers, 1999 - 2005, Chair 2001/2002 (appointed by Governor Owens to two terms, both subject to Colorado State Senate confirmation)

Director, Cherry Creek Basin Water Quality Authority, 2001 - 2008 (appointed by Governor Owens to two terms)

Trustee, Douglas County Libraries, Castle Rock, Colorado, 2001 - present

Member, Colorado Coalition of Land Trusts (501(c)(3) corporation), Executive Board, 1995 - 2005, President, 1998 - 2001

Member, Douglas County, Colorado Planning Commission, 1992 - 1999 (Chair, 1993 & 1999)

Member, Douglas County, Colorado Open Space Advisory Committee, 1995 - 2009 (Chair, 1998 - 99 & 2002), granted Member Emeritus status by the Board of County Commissioners in 2010

Douglas County Open Space Coalition (1993/94 Countywide Sales Tax Campaign Treasurer)

Cherry Creek Trails and Open Space, Inc. (501(c)(3) corporation) Vice President, 1988 - 1993

Parker, Colorado Library Building Fund Committee (501(c)(3) corporation) Co-Chair, 1983 - 1985