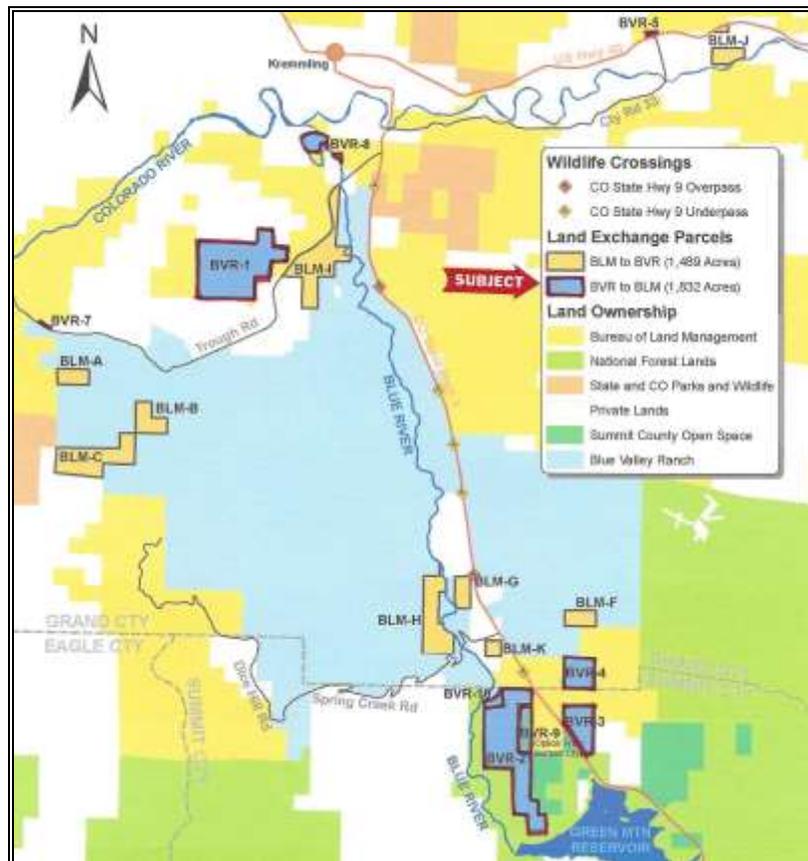


# Valuation of Real Property Conveyed in an Appraisal Report

**NON-FEDERAL LANDS IN THE BLUE VALLEY LAND EXCHANGE**  
1,830.14 Total Acres in Nine Parcels Privately Owned by Blue Valley Ranch (Galloway, Inc.)  
Proposed Exchange with the United States of America for 1,489.02 Acres (Federal Lands)  
Unplatted Tracts in Township 1 and 2 South and 1 North of Ranges 79, 80, and 81 West  
Located Near Kremmling, in Unincorporated Grand and Summit Counties, Colorado  
BLM Agency Case #00009298 and IVIS Case #L160007 (Non-Federal Lands)



As of  
**June 6, 2017**

Prepared For  
**Michael J. Hastings, ARA, OVS Review Appraiser**  
**Office of Valuation Services, Public Land Division**  
One Denver Federal Center, Building 46, Suite 102  
P.O. Box 25247, Denver, Colorado 80225

Prepared By  
**Kevin A. Chandler, MAI**  
Chandler Consulting  
759 Continental Court  
Grand Junction, Colorado 81506

August 9, 2017

Michael J. Hastings, ARA, OVS Review Appraiser  
Office of Valuation Services, Public Land Division  
One Denver Federal Center, Building 46, Suite 102  
P.O. Box 25247, Denver, Colorado 80225

**Re: Appraisal Report for Non-Federal Lands in the Blue Valley Land Exchange**  
1,830.14 Total Acres in Nine Parcels Privately Owned by Blue Valley Ranch (Galloway)  
Proposed Exchange with United States of America for 1,489.02 Acres (Federal Lands)  
Unplatted Tracts in Township 1 and 2 South and 1 North of Ranges 79, 80, and 81 West  
Located Near Kremmling, in Unincorporated Grand and Summit Counties, Colorado  
BLM Agency Case #00009298 and IVIS Case #L160007 (Non-Federal Lands)

Dear Mr. Hastings:

At your request, I have reached an opinion of market value for the above captioned real property, which is conveyed in the attached Appraisal Report. The subject of this appraisal is identified as all Non-Federal Lands for the proposed Blue Valley Land Exchange, which comprise 1,830.14 total acres in nine parcels, within unincorporated Grand and Summit Counties, Colorado. They are privately owned by the proponent (Galloway Inc. for Blue Valley Ranch), and proposed for conveyance to the United States of America in exchange for all the Federal Lands (managed by BLM), which comprise 1,489.02 total acres in nine parcels within unincorporated Grand County. The subject Non-Federal Parcels are vacant tracts of land that range in size from 0.54 to 656.58 deeded acres, which are identified by number, with relevant details for each summarized below:

Parcel	Identification	Acres	County	Description and Comments
BVR-1	Thompson - San Toy Mountain	656.58	Grand	Seasonal access from CR 1, mountain terrain, creek, meadows
BVR-2	Knorr - Green Mountain	621.64	Summit	Year-round access from Highway 9, mountainous, no live water
BVR-3	Knorr - East Side of Highway 9	187.39	Summit	Year-round access from Highway 9, rolling terrain, no live water
BVR-4	Knorr - Haystack Mountain	160.00	Grand	Seasonal access from CR 381, mostly rolling land, no live water
BVR-5	North of 40 Outright Exemption	2.05	Grand	Year-round access from Highway 40, no residential uses allowed
BVR-7	Inspiration Point Road Easement	0.54	Grand	Access easement only from CR 1 (30 feet wide by 950 feet long)
BVR-8	Blue River North to Colorado	67.32	Grand	BLM road access, irrigated, 5,107 feet to centerline of Blue River
BVR-9	Sudan Parcel B - Summit County	120.00	Summit	Seasonal access from Highway 9, mountain terrain, no live water
BVR-10	Blue River Access	14.62	Summit	No public road access, above Blue River (no access or frontage)
<b>Nine</b>	<b>Non-Federal Lands or Parcels</b>	<b>1,830.14</b>	<b>Acres</b>	<b>Privately owned by Galloway, Inc. (for Blue Valley Ranch)</b>

The client is the U.S. Department of the Interior, Office of Valuation Services (OVS). The only intended users are the client, the Bureau of Land Management (BLM) on behalf of the USA, and Western Land Group, Inc. on behalf of the proponent (Galloway, Inc. for Blue Valley Ranch). The purpose of this appraisal is to provide an opinion of market value for the fee simple interest in the subject property. The only intended use of this appraisal is to assist the intended users with decision making for a proposed federal land exchange of the eighteen identified parcels.

August 9, 2017  
Michael J. Hastings  
Page Two of Two

This report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), and the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA or “Yellow Book”). The valuation analysis and appraisal also complies with a Statement of Work that was provided by the client, which describes the request for appraisal services (copy found in the addenda). As instructed by the client and identified in the Statement of Work, this appraisal analysis was not made pursuant to any hypothetical conditions (i.e., which are contrary to what existed as of the effective date of the appraisal, but are supposed as true for the purpose of analysis) as well as any extraordinary assumptions (i.e., which presume as fact otherwise uncertain information about the subject property that could alter the appraiser’s opinions or conclusions if found to be false). However, Parcel BVR-3 has an actual land area of 187.39 acres after a boundary adjustment in 2016, versus the previous land area of 189.00 acres. In accordance with an amendment to the Statement of Work (copy in addenda), the value of this subject property is based on 187.39 acres.

The date of value is June 6, 2017, which is the date of my recent site visits since the report must be delivered to the client for review within thirty days of my last inspection. I made a complete inspection of the subject parcels on November 9, 2016 and November 10, 2016, at which time I was accompanied by the OVS Review Appraiser, as well as representatives of the intended users. The Sales Comparison Approach was the only valuation technique employed for this assignment. The subject Non-Federal Lands were determined to comprise eight larger parcels for valuation purposes, which were appraised as separate economic units that are identified in the table below. Based on my inspection of the subject as well as surrounding environs, analysis of relevant data, and preparation of the ensuing analyses, I have reached the following opinions of market value for the fee simple interest in the Non-Federal Lands, which is effective as of June 6, 2017:

Subject Parcel	Larger Parcel	Acres	Highest and Best Use Conclusion	Market Value Conclusion
BVR-1	San Toy Mountain	656.58	Seasonal use homesites with agriculture/recreation	\$1,085,000 (\$1,650/acre)
BVR-2 & 10	Green Mountain	636.26	Year-round homesites with agriculture/recreation	\$1,750,000 (\$2,750/acre)
BVR-3	Highway 9 South	187.39	Year-round homesites with agriculture/recreation	\$515,000 (\$2,750/acre)
BVR-4	Haystack Mountain	160.00	Seasonal use homesites with agriculture/recreation	\$265,000 (\$1,650/acre)
BVR-5	North of 40 Exemption	2.05	Assemblage and/or agriculture (no residential use)	\$10,000 (deed restricted)
BVR-7	Trough Road Easement	0.54	Ingress/egress easement only along private roadway	Zero (easement interest)
BVR-8	River Confluence	67.32	Year-round homesites with agriculture/recreation	\$640,000 (\$9,500/acre)
BVR-9	Summit County Option	120.00	Seasonal use homesites with agriculture/recreation	\$330,000 (\$2,750/acre)

Respectfully submitted,



Kevin A. Chandler, MAI

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## APPRAISER'S 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, limiting conditions, and legal instructions, and are the personal, unbiased professional analysis, opinions, and conclusions of the appraiser.
- the appraiser has no present or prospective interest in the property appraised, and no personal interest or bias with respect to the parties involved.
- the compensation received by the appraiser for the appraisal is not contingent on the analyses, opinions, and conclusions reached or reported.
- the appraisal was made, and the appraisal report was prepared, in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA).
- the appraisal was made, and the appraisal report was prepared, in conformity with the most recent version of the Appraisal Foundation's *Uniform Standards of Professional Appraisal Practice* (USPAP), except to the extent that the UASFLA required invocation of USPAP's Jurisdictional Exception Rule, as described in section D-1 of the UASFLA.
- the appraiser has made a personal inspection of the appraised property which is the subject of this report, and the comparable sales used in developing the opinion of value. I inspected the subject parcels with representatives of the intended users on November 9, 2016 as well as November 10, 2016, at which time I was accompanied by Michael J. Hastings, ARA (OVS Review Appraiser). The subject parcels were briefly re-visited on June 6, 2017, which is the effective date of value since the appraisal must be delivered within thirty days of inspection.
- no one provided significant professional assistance to the appraiser signing this report.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- as of the date of this report, I have completed the continuing education program of the Appraisal Institute, and have never been charged with any ethics violations.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

In my opinion, and effective as of June 6, 2017, the market values of the subject property (i.e., Non-Federal Lands in the Blue Valley Land Exchange) are summarized on the next page.

Certified by,



Kevin A. Chandler, MAI  
Certified General Appraiser  
State of Colorado, #CG40022860

## EXECUTIVE SUMMARY

**Property Ownership:** Privately by Galloway, Inc. (for Blue Valley Ranch, with purchase option from Summit County for Parcel BVR-9)

**Location and Access:** The subject parcels are near the town limits of Kremmling, in Southwest Grand County and North Summit County. Most of the tracts are located a few miles south of town, along Trough Road or the State Highway 9 corridor. Parcel BVR-5 is situated several miles east of Kremmling, along U.S. Highway 40. All Non-Federal Lands have vehicular access from a public road except for Parcel BVR-10, which only has pedestrian ingress/egress as a stand-alone tract.

**Property Description:** The Non-Federal Lands contain 1,830.14 total acres in nine identified parcels. However, the subject was determined to comprise eight larger parcels for valuation purposes, which is based on differences in access, size, and natural features. The subject property has varied topography, with mountain terrain, dark timber, open pasture, and good views. Parcel BVR-8 also features river frontage and irrigated meadows.

**Improvements/Utilities:** The subject parcels are vacant land, with no improvements. Public wet utilities (water/sewer) are not available to any of the tracts. Electric and telephone service has been extended to Parcels BVR-2, BVR-3, and BVR-5, but is only nearby to Parcels BVR-1, BVR-4, BVR-8, BVR-9, and BVR-10.

**Legal Description:** Unplatted tracts in Townships 1 North, 1 South, and 2 South, of Ranges 79, 80, and 81 West, Grand and Summit County, Colorado.

**Estate Appraised:** Fee simple interest, subject to existing rights/encumbrances listed in the title insurance commitments that were provided

**Zoning Districts:** Forestry and Open (“F”), by Grand County  
Agricultural (“A-1”), by Summit County

Subject Parcel	Larger Parcel	Acres	Highest and Best Use Conclusion	Market Value Conclusion
BVR-1	San Toy Mountain	656.58	Seasonal use homesites with agriculture/recreation	\$1,085,000 (\$1,650/acre)
BVR-2 & 10	Green Mountain	636.26	Year-round homesites with agriculture/recreation	\$1,750,000 (\$2,750/acre)
BVR-3	Highway 9 South	187.39	Year-round homesites with agriculture/recreation	\$515,000 (\$2,750/acre)
BVR-4	Haystack Mountain	160.00	Seasonal use homesites with agriculture/recreation	\$265,000 (\$1,650/acre)
BVR-5	North of 40 Exemption	2.05	Assemblage and/or agriculture (no residential use)	\$10,000 (deed restricted)
BVR-7	Trough Road Easement	0.54	Ingress/egress easement only along private roadway	Zero (easement interest)
BVR-8	River Confluence	67.32	Year-round homesites with agriculture/recreation	\$640,000 (\$9,500/acre)
BVR-9	Summit County Option	120.00	Seasonal use homesites with agriculture/recreation	\$330,000 (\$2,750/acre)

## PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on November 9, 2016



Parcel BVR-1 Looking West from Private Access Road across Public BLM Land



Parcel BVR-1 Looking Northwest from Private Road at East Central Boundary

## PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on November 10, 2016



Parcels BVR-2 and BVR-9 (at center) Looking Southwest from Parcel BVR-4



Parcel BVR-2 Looking Southwest from State Highway 9 at Northeast Corner

## PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on November 10, 2016



Parcel BVR-2 Looking South from Private Road along North Central Boundary



Western Portion of Parcel BVR-2 Looking Southwest into Green Mountain Canyon

**PHOTOGRAPHS OF SUBJECT PROPERTY**

Taken by Kevin A. Chandler, MAI on November 10, 2016



Parcel BVR-9 Looking Southwest towards Green Mountain and Parcel BVR-2



Parcel BVR-10 Looking Northeast towards State Highway 9 (Blue River below)

**PHOTOGRAPHS OF SUBJECT PROPERTY**

Taken by Kevin A. Chandler, MAI on November 10, 2016



Parcel BVR-3 (center) Looking Southeast (across highway) from Parcel BVR-2



Parcel BVR-3 Looking Northwest from Private Property at Southeast Corner

## PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on November 10, 2016



Parcel BVR-4 (at center) Looking East from Parcel BVR-2 at State Highway 9



Parcel BVR-4 Looking East along County Road 381 from Northwest Corner

**PHOTOGRAPHS OF SUBJECT PROPERTY**

Taken by Kevin A. Chandler, MAI on November 9, 2016



Parcel BVR-5 (at center) Looking Northeast from U.S. Highway 40



Parcel BVR-5 (foreground) Looking South towards Highway and Colorado River

**PHOTOGRAPHS OF SUBJECT PROPERTY**

Taken by Kevin A. Chandler, MAI on November 9, 2016



Parcel BVR-7 (access easement at sign) Looking Northwest from Trough Road



Parcel BVR-7 Looking Northwest along Alignment of Access Road Easement

**PHOTOGRAPHS OF SUBJECT PROPERTY**

Taken by Kevin A. Chandler, MAI on November 9, 2016



Western Portion of Parcel BVR-8 (Tract 1) Looking Northwest towards Blue River



Eastern Portion of Parcel BVR-8 (Tract 2) Looking Northwest towards Blue River

## STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal report is made pursuant to the following assumptions and limiting conditions:

1. The valuation analysis is not contingent on any hypothetical conditions or extraordinary assumptions, which would have been instructed by the client in the appraisal instructions.
2. The appraiser assumes no responsibility for legal matters affecting title to the subject parcels, which is assumed to be good and marketable and held by the owners of record. The subject property was valued as encumbered by outstanding reservations and rights, which are listed in the title insurance commitments that were provided (copy in addenda).
3. The legal descriptions and land areas provided to the appraiser by the intended users are assumed to be accurate, with the subject property comprising 1,830.14 total deeded acres. The appraiser has not prepared a survey of the subject parcels, and is not responsible for discrepancies in regards to title, survey, easements, encroachments, and/or boundaries.
4. Any non-severable water or mineral rights are assumed to run with the land, and their contributory value was not separately allocated, but included in the market value opinion.
5. The maps and sketches included in this report are meant to assist the reader in visualizing the property, with no responsibility assumed for their accuracy. This information was provided by the client, intended users, governmental entities, and other reliable parties.
6. Opinions, estimates, and other data furnished by third parties are assumed to be correct, and the appraiser professes no legal expertise in regards to access to the subject parcels.
7. Possession of this report or any copy does not carry with it the right of publication, nor may it be used for any other purpose than the stated intended use. I acknowledge that all appraisal reports submitted to the client (OVS/DOI) for review become property of the United States of America, and may be used for any legal and proper purpose. However, the appraiser is still subject to the Confidentiality Rule of USPAP if this report becomes public information, which requires client authorization for discussion with the public.
8. During the inspection of the appraised property, the appraiser noted no indications of hazardous material or wastes, pollutants, leaking underground storage tanks, or other toxic/hazardous conditions. The detection of hazardous material is not part of the scope of this appraisal, and the appraiser is not qualified to detect such substances or conditions. The presence of hazardous substances, or other potentially hazardous materials, may adversely affect the market value of the property. The value opinion reported herein is predicated on the assumption that there are no such materials, substances, or conditions on the subject parcel, or in proximity thereto, that would cause a loss in market value.
9. The appraiser reserves the right to alter statements, analysis, conclusions, or any value opinion in the appraisal if facts become known to the undersigned that are pertinent to the appraisal process, and were unknown at the time of report preparation.
10. Upon the request of the United States Attorney or the Department of Justice, the contract appraiser agrees to testify regarding the appraisal. However, a supplemental contract will be negotiated as necessary, with no liability assumed by the appraiser for legal matters.

## SCOPE AND PURPOSE OF THE APPRAISAL

The **scope of work** identifies the appraisal problem to be solved, determines the necessary work to develop a credible assignment result, and discloses this process adequately in a written report. The **purpose of the appraisal** explains the reason for the appraisal, and includes the definition of all values estimates required, as well as a description of the property rights to be appraised.

The **subject property** is all Non-Federal Lands for the proposed Blue Valley Land Exchange, which comprise 1,830.14 total acres in nine parcels in Grand and Summit Counties, Colorado. They are privately owned by the proponent (Galloway, Inc. on behalf of Blue Valley Ranch), and proposed for conveyance to the USA in exchange for all the Federal Lands (managed by BLM), which comprise 1,489.02 total acres in nine parcels within unincorporated Grand County.

The **client** is the U.S. Department of the Interior, Office of Valuation Services (OVS). The only **intended users** are the client, the Bureau of Land Management (BLM) on behalf of the USA, and Western Land Group on behalf of the proponent (Galloway, Inc. for Blue Valley Ranch).

The **purpose** of this appraisal is to provide an opinion of market value for the fee simple interest in the subject property. The only **intended use** of this appraisal is to assist the intended users with decision making for a proposed federal land exchange of the eighteen identified parcels.

The **date of value** is June 6, 2017, which is the date of my recent site visits since the report must be delivered to the client for review within thirty days of the last inspection. I made a complete inspection of the subject parcels on November 9, 2016 and November 10, 2016, at which time I was accompanied by the OVS Review Appraiser as well as representatives of the intended users.

The **property rights appraised** is fee simple estate, subject to existing rights and encumbrances, with no proposed reservations. They are discussed and analyzed in the next section, but only the lack of access to a public road at Parcel BVR-10, as well as restriction that prohibits residential development at Parcel BVR-5, have an adverse impact on market value. Since Parcel BVR-7 is a non-possessory interest in an easement across private land for access along an existing road, no other property rights have been appraised (i.e., no ownership interest in the underlying land). The fee simple estate includes any existing water and/or mineral rights at the subject property.

The Statement of Work directs the appraiser to use the following **definition of market value**:

"Market Value is the amount of cash, or terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of appraisal." (UASFLA A-9)

The *Uniform Appraisal Standards for Federal Land Acquisitions* provide that the appraiser shall not link an opinion of market value to a specific exposure time. Since this is contrary to Standards Rule 1-2(c) of the most current edition of the *Uniform Standards of Professional Appraisal Practice*, it is considered to be a **Jurisdictional Exception** (which has been invoked regarding the development of an opinion of reasonable exposure time for the subject property).

In regards to **assignment conditions**, the valuation analysis and conclusions is not subject to any hypothetical conditions or extraordinary assumptions (per written instructions from the client).

## SCOPE AND PURPOSE OF THE APPRAISAL (continued)

The conclusion of **highest and best use** for the appraised property must be legally permissible, physically possible, financially feasible, and maximally productive. Parcels BVR-1, BVR-3, BVR-4, BVR-8, and BVR-9 are candidates for rural residential homesites, with complimentary agriculture and/or recreation. Residential development is not an option at Parcel BVR-5 due to plat restrictions, as well as at Parcel BVR-10 due to lack of vehicular access from a public road. The highest and best use for both of these parcels is assemblage, agriculture, and/or recreation. Parcel BVR-7 is an access easement, with a highest and best use of just ingress/egress purposes. The subject Non-Federal Lands were determined to comprise eight **larger parcels** for valuation purposes, which are identified in the table below with their conclusion of highest and best use.

Subject Parcel	Larger Parcel	Acres	Highest and Best Use Conclusion
BVR-1	San Toy Mountain	656.58	Seasonal use rural homesites (maximum 11 lots) with agriculture and/or recreation
BVR-2 & 10	Green Mountain	636.26	Year-round rural homesites (maximum 31 lots) with agriculture and/or recreation
BVR-3	Highway 9 South	187.39	Year-round rural homesites (maximum 9 lots) with agriculture and/or recreation
BVR-4	Haystack Mountain	160.00	Seasonal use rural homesites (maximum 4 lots) with agriculture and/or recreation
BVR-5	North of 40 Exemption	2.05	Assemblage or development of agricultural-related structures (no residential uses)
BVR-7	Trough Road Easement	0.54	Ingress/egress easement along private road (no structures or other uses allowed)
BVR-8	River Confluence	67.32	Year-round rural homesite (maximum one lot) with agriculture and/or recreation
BVR-9	Summit County Option	120.00	Seasonal use rural homesites (maximum 6 lots) with agriculture and/or recreation

The **appraisal process** reflects the highest and best use of each larger parcel, and considered application of three valuation techniques (Cost, Sales Comparison, and Income Capitalization). The Cost Approach is not relevant for the assignment since the appraised parcels are vacant land. The Income Capitalization Approach is not necessary for this analysis since the subject property does not generate major income from agricultural and/or recreational uses, and it is impossible to extract capitalization rates from current sales of rural properties in the local area (since the prices reflect much more than agricultural production value). The Subdivision Development Approach was not employed since parceling the Non-Federal Lands into smaller tracts is inconsistent with the concluded highest and best use. This technique is also rather speculative due to the many required variables, and typically only relied upon if adequate comparable sales are not available.

The **Sales Comparison Approach** was the only valuation method employed, and thus was given all weight in the final reconciliation. This technique entailed a search for listings, contracts, and closed sales of comparable properties in the local market. They were inspected to the extent possible, with relevant details confirmed by knowledgeable parties and public records. The most relevant transactions were compared directly to each larger parcel on the basis of price per acre. Individual market values were estimated and reported for each larger parcel, versus one value for all Non-Federal Lands as if sold to one buyer in a single transaction (i.e. no bulk discounting).

This **Appraisal Report** has been prepared in accordance and compliance with the most current versions of the *Uniform Appraisal Standards for Federal Land Acquisitions* (the “Yellow Book”) and the *Uniform Standards of Professional Appraisal Practice* (“USPAP”), as well as the written appraisal instructions or Statement of Work that were prepared by the client (copy in addenda). It is considered to meet USPAP requirements for a “self-contained” appraisal report since it was prepared according to these standards. No limitations restricted the use of applicable appraisal methodology, and I meet the competency requirements as defined by USPAP for this type of assignment. The **date of report** preparation and conveyance to the client is August 9, 2017.

## PROPERTY RIGHTS APPRAISED

The property rights appraised is fee simple interest in the Non-Federal Lands, which is defined as:

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” [*The Dictionary of Real Estate Appraisal*, Fifth Edition (Chicago: Appraisal Institute, 2010), Page 140]

The Statement of Work indicates the interest to be appraised is fee simple estate, subject to all reservations and encumbrances of record listed in title insurance commitments for Non-Federal Lands that were issued by Land Title Guaranty Company on July 6, 2016 (for Parcels BVR-2, BVR-3, and BVR-9), on August 1, 2016 (for Parcel BVR-10), as well as on August 15, 2016 (for Parcels BVR-1, BVR-4, BVR-5, BVR-7, and BVR-8), with copies of each found in the addenda. The western portion of Parcel BVR-8 is known as Tract 1, with the eastern portion being Tract 2. These permitted exceptions are described below (and may affect multiple subject parcels), but do not have an adverse impact on the market value of the appraised property unless otherwise noted.

- The first seven or eight exceptions are standard for this property type (i.e., matters not shown by public records, unpatented mining claims, etc.), which encumber all of the subject parcels.
- Exception for existing leases and tenancies for all tracts besides Parcels BVR-9 and BVR-10.
- Patent reservations for ditches or canals constructed by the authority of the United States encumber all Non-Federal Lands. Parcels BVR-1, BVR-4, BVR-5, BVR-7, and BVR-8 are also encumbered by patent reservations from the United States for the right of a proprietor of vein or lode to extract and remove his ore if found to penetrate or intersect the premises.
- The State of Colorado reserved all minerals rights at most of Parcel BVR-1 (i.e., Section 36), and under a 300-foot wide tract along the highway on Parcel BVR-3 (with rights for CDOT to use surface earth, dirt, gravel, sand, and road building materials for highway purposes).
- The United States of America reserved all minerals rights at Parcels BVR-2, BVR-3, BVR-9, and Parcel BVR-10, as well as rights to prospect for, mine, and remove these minerals.
- Parcels BVR-2, BVR-3, BVR-4, BVR-8 have permitted exceptions for any rights, interests, or easements in favor of the United States of America, State of Colorado, or general public, which exist over the past and present beds, banks, or waters of a creek or river at these tracts.
- Various rights-of-way or easements for access purposes are referenced, namely for roads that traverse private and public BLM land (COC-34340) to Parcel BVR-1, and for State Highway 9 at Parcel BVR-3, County Road 381 at Parcel BVR-4, and County Road 1 at Parcel BVR-7.
- A lack of access to and from any public road, highway or street is noted for Parcels BVR-2 and BVR-3 in areas that do not adjoin State Highway 9, as well as for all of Parcels BVR-8, BVR-9 and BVR-10. A lack of public road access was considered in the valuation analysis, although it appears that Parcel BVR-8 does indeed have legal access from a public roadway.
- Parcels BVR-2, BVR-3, and BVR-8 are encumbered by easements to Western Area Power Administration and/or the Bureau of Reclamation for electric transmission lines.
- Parcels BVR-2, BVR-3, BVR-5, and BVR-8 are encumbered by rights-of-way or easements granted to Mountain Parks Electric for public utility purposes.
- Parcel BVR-1 is subject to a fence agreement with a neighbor for certain shared boundaries.
- Parcel BVR-3 has an exception for matters regarding fences that are not on property lines.

## PROPERTY RIGHTS APPRAISED (continued)

- Parcel BVR-4 has exceptions for any and all rights of parties relating to irrigation ditches that traverse the tract, including for access to adjacent property and ditch maintenance.
- Parcel BVR-5 is subject to easements, conditions, covenants, restrictions, reservations, and notes on the recorded plat of the North of 40 Outright Exemption. They adversely impact market value, as the only structures allowed are for agricultural purposes (no residential use).
- Parcel BVR-7 is subject to a reservation that allows the access easement to be assigned to the United States of America, as well as development and use restriction that prohibits placement of any buildings or structures, and also limits activities to agriculture or group rock-climbing.
- Parcel BVR-7 is subject to a restriction from Northern Colorado Water Conservancy District that prohibits storage of water in a reservoir with a capacity in excess of twenty acre-feet.
- Parcel BVR-8 has an exception for any increase or decrease in land area, as well as adverse claims to any portion of the land, that is caused by accretion, reliction, or avulsion from changes in the location of the Blue River.
- Parcel BVR-8 is subject to easements between Galloway, Inc. and Yust (adjacent landowner) that allow for reciprocal access along the existing road that travels north from Trough Road and traverses the tract, as well as maintenance of an old power line located on public land. The United States of America has an exclusive road easement (COC-65319) for public use of the same access road as it traverses private land between Trough Road and the confluence of the Blue and Colorado Rivers. Thus, Parcel BVR-8 is appraised with legal access from this unnamed BLM road, which appears to be open to public travel with no winter maintenance.
- Parcel BVR-8 is encumbered by a cooperative agreement with Colorado Division of Wildlife for damage prevention fencing (owner installs big-game fencing using materials from State).
- Tract 2 of Parcel BVR-8 is also governed by easements, conditions, covenants, restrictions, reservations, and notes on the recorded plat of Yust-Blue Valley Ranch Outright Exemption. They adversely impact market value, as no improvements, development, or land use activity is allowed (until merged with the contiguous property to create a parcel of at least 35 acres).
- Tract 1 of Parcel BVR-8 is also subject to a special use permit issued by Grand County to Yust for a log/equipment storage operation, which apparently expired on August 14, 2007.
- Parcel BVR-9 is subject to terms and conditions of option purchase agreement (as amended) between Summit County and Galloway, Inc., which was extended until December 31, 2019.
- Parcels BVR-1, BVR-5, and BVR-8 are subject to any tax, lien, fee, or assessment by reason of inclusion of in the Kremmling Fire Protection District.

## SUMMARY OF APPRAISAL PROBLEMS

The subject is identified as Non-Federal Lands in the proposed Blue Valley Land Exchange, which involves a total of eighteen parcels that are located in Grand and Summit Counties. This assembled land exchange was authorized in 2005 by an Agreement to Initiate (ATI) between the BLM (acting on behalf of the USA) and the proponent (Galloway, Inc. for Blue Valley Ranch). The land exchange was placed on hold during 2007 while the BLM Kremmling Field Office updated its Resource Management Plan, which was finalized in 2015. An amended ATI that was executed in December 2015 allowed the exchange to move forward, with details for the eighteen parcels that are currently involved summarized below. Please note that Federal Parcels D and E (286 acres) and Non-Federal Parcel 6 (178 acres) were deleted from the original configuration.

Parcel	Identification	Acres	County	Comments
BLM-A	Northwest Sheephorn Mountain	80.00	Grand	Public trail access (private road), mountain terrain, no live water
BLM-B	Northeast Sheephorn Mountain	120.00	Grand	No public access (private road), mountain terrain, no live water
BLM-C	Southwest Sheephorn Mountain	330.36	Grand	No public access (private road), mountain terrain, perennial creek
BLM-F	Southern - East of Highway 9	80.00	Grand	Public trail access (private road), mountain terrain, no live water
BLM-G	Blue River South - East Side	78.83	Grand	Public float access (private road), 213 feet to centerline Blue River
BLM-H	Blue River South - West Side	273.17	Grand	Public float access (private road), 4,119 feet to center of Blue River
BLM-I	Blue River North	396.94	Grand	Year-round access from CR 1, 1,620 feet on both sides Blue River
BLM-J	Palmer Meadows	89.72	Grand	Access to Highway 40 (north) or Colorado River (south), irrigated
BLM-K	Blue Valley Acres	40.00	Grand	Public trail access (private road), adjoins subdivision, no live water
<b>Nine</b>	<b>Federal Lands or Parcels</b>	<b>1,489.02</b>	<b>Acres</b>	<b>Owned by the United States of America (managed by BLM)</b>
BVR-1	Thompson - San Toy Mountain	656.58	Grand	Seasonal access from CR 1, mountain terrain, creek, meadows
BVR-2	Knorr - Green Mountain	621.64	Summit	Year-round access from Highway 9, mountainous, no live water
BVR-3	Knorr - East Side of Highway 9	187.39	Summit	Year-round access from Highway 9, rolling terrain, no live water
BVR-4	Knorr - Haystack Mountain	160.00	Grand	Seasonal access from CR 381, mostly rolling terrain, no live water
BVR-5	North of 40 Outright Exemption	2.05	Grand	Year-round access from Highway 40, no residential uses allowed
BVR-7	Inspiration Point Road Easement	0.54	Grand	Access easement only from CR 1 (30 feet wide by 950 feet long)
BVR-8	Blue River North to Colorado	67.32	Grand	BLM road access, irrigated, 5,107 feet to centerline of Blue River
BVR-9	Sudan Parcel B - Summit County	120.00	Summit	Seasonal access from Highway 9, mountain terrain, no live water
BVR-10	Blue River Access	14.62	Summit	No public road access, above Blue River (no access or frontage)
<b>Nine</b>	<b>Non-Federal Lands or Parcels</b>	<b>1,830.14</b>	<b>Acres</b>	<b>Privately owned by Galloway, Inc. (for Blue Valley Ranch)</b>

An overview (with maps) of the Blue Valley Land Exchange is found on the following pages, which will provide significant ease of management for both parties by consolidating ownership (boundaries of the ranch and federal land will be “blocked up”), and decreasing trespass issues. The exchange will also protect or enhance wildlife, recreation, public access, and scenic values. Most of the Federal Lands will be assembled with Blue Valley Ranch, with two tracts conveyed to neighbors (BLM-J to Skylark Ranch and BLM-K to Blue Valley Metropolitan District). The Non-Federal Lands will be added to the public domain, with enhancements by the proponent. The appraisal problem to be solved requires locating the most comparable sales which occurred during the past few years for comparison to the subject property, which was appraised as several larger parcels. Adequate data is available in the local market, and the most similar transactions were compared to each larger parcel to establish a total market value for all of the Federal Lands. The assignment is complicated by the fact that most of the parcels lack access from public roads. While every attempt was made to consider and quantify market factors, qualitative adjustments were made when dollar or percentage adjustments could not be proven from market sales data.

## **OVERVIEW OF PROPOSED BLUE VALLEY LAND EXCHANGE (Source is the Draft Environmental Impact Statement)**

The proposed land exchange analyzed constitutes a proposed federal action, which has the potential to affect the quality of the human environment as a result of decisions concerning the public lands administered by the United States Department of the Interior (DOI) Bureau of Land Management (BLM). Therefore, the proposed land exchange must be analyzed pursuant to the National Environmental Policy Act of 1969 (NEPA). Under NEPA, federal agencies must carefully consider potential environmental impacts in their decision-making processes and provide relevant information to the public for review and comment. The BLM has prepared this Draft Environmental Impact Statement (DEIS) in compliance with NEPA, and other relevant federal and state laws or regulations. This DEIS contains analyses consistent with NEPA, Council on Environmental Quality (CEQ) regulations, and BLM policy. This DEIS discloses potential direct, indirect, and cumulative environmental effects on the human and biological environment anticipated to result with implementation of the Proposed Action. Additionally, it is intended to ensure that the decision maker considers the environmental and social values of the Analysis Area and that potential resource conflicts are minimized, mitigated, or avoided.

In 1998, the BLM and Galloway, Inc. (owner of Blue Valley Ranch) completed the Eagle Pass Ranch Land Exchange (COC 58589). The land exchange achieved the objectives of consolidating Federal and non-Federal lands for more effective management for both parties, enhancing public access along the Colorado River and the Blue River, and bringing several large tracts of big game winter range into federal ownership. In 2001 Blue Valley Ranch (BVR) approached the BLM to discuss a second land exchange in order to continue the consolidation of Federal and non-Federal lands in the area. Over the next several years, BVR and the BLM collaboratively developed the current proposed land exchange. In June 2005, the BLM issued its Notice of Exchange Proposal for the Blue Valley Land Exchange and initiated the required environmental analysis and appraisal processes. However, the exchange process was placed on-hold in 2006 pending completion of a revised KFO RMP. Work on the proposed land exchange was reinitiated upon completion of the BLM KFO Decision and Approved Resource Management Plan in July 2015.

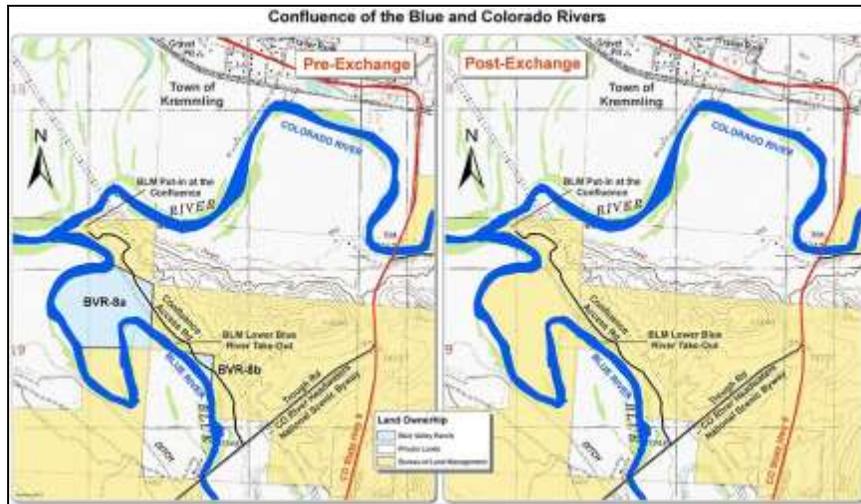
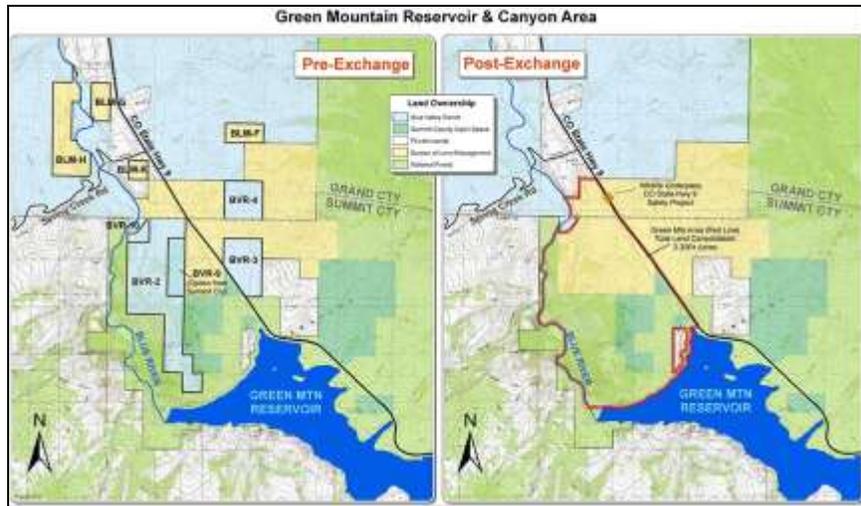
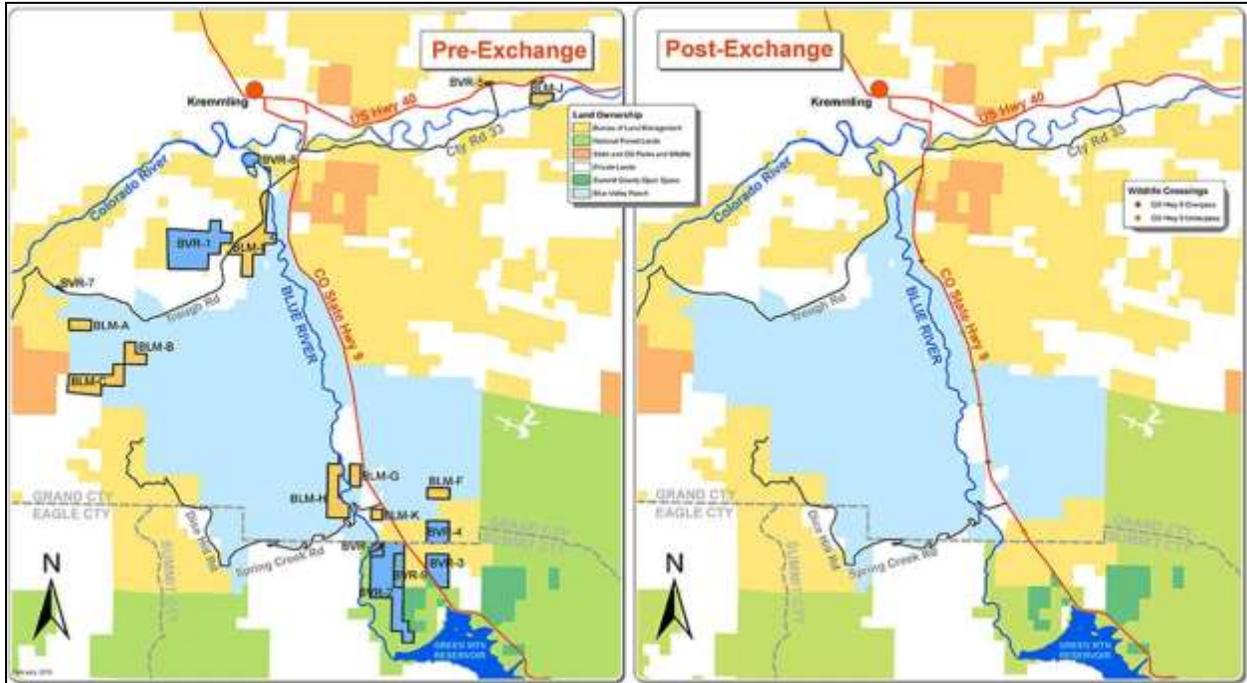
This DEIS analyzes the currently proposed land exchange, which includes the exchange of 1,489 acres of federal lands managed by BLM in Grand County, Colorado for approximately 1,830 acres of non-federal lands in Summit and Grand Counties, Colorado. Approximately 300 acres of the non-federal lands (southern half of BVR-2) would be transferred to the White River National Forest (WRNF), while the remaining approximately 1,530 acres would be managed by the BLM KFO. Pursuant to Section 206 of the Federal Land Policy and Management Act, as amended (FLMPA), the proposed land exchange must be determined to be in the public interest, and appraisals of the Federal and non-Federal parcels must show that the exchange parcels are equal in value, or capable of being equalized. In the event that exchanged lands are not equal, the values may be equalized by the payment of money to the non-Federal party or to the BLM, as the circumstances require, so long as the payment does not exceed 25 percent of the total values of the lands or interest in land transferred out of federal ownership. Values can also be equalized by the private party donating any value difference owed by the BLM.

The Proposed Action is to complete a land exchange pursuant to Section 206 of the FLPMA, 43 U.S.C. 1716. As a component of the Proposed Action, BVR has proposed a number of Recreation Design Features intended to facilitate realization of certain opportunities for enhanced public recreation (refer to Figures 2 – 4). Table 2-1 in Chapter 2 discloses nine Federal parcels which range in size from approximately 40 to 330 acres. All of the Federal parcels, BLM-A–C and BLM-F–K, are located in Grand County. These parcels are mostly or entirely surrounded by BVR lands and are difficult for the public to legally access. Table 2-2 in Chapter 2 discloses nine parcels of non-Federal lands proposed in this exchange ranging from approximately 0.5 to 660 acres. Non-Federal parcels (BVR) 1, 4, 5, 7, and 8 are located in Grand County, and 2, 3, 9, and 10 are located in Summit County. The BVR land proposed in this exchange is anticipated to provide increased public access to recreation opportunities.

BVR would convey to the United States (BLM) a water right associated with BVR-8 for approximately 7.12 cfs currently used on an irrigated pasture. Water rights totaling 8 cfs from Dry Creek Ditches 1, 2, and 3 tied to agricultural uses on BVR-1 would also be transferred to the BLM. Finally, as part of the exchange, approximately 5.375 cfs of water rights from Sophronia Day Ditch on BLM-J would be conveyed back to BVR for ultimate transfer to Skylark Ranch, which adjoins BLM-J. Additionally, the proposal includes conveyance of the surface and mineral estates of the Federal and non-Federal lands, subject to valid existing rights, to avoid creating split estates. The conveyance of surface and mineral estates of the Federal and non-Federal lands is discussed in detail in Chapter 3, Section O – Geology and Minerals.

A scoping process was used to identify potential substantive issues in preparation for impact analysis. The principal goals of scoping are to allow public participation to identify issues, concerns, and potential impacts requiring detailed analysis. A Notice of Exchange Proposal was originally released in June 2005 and work on an EA, including public scoping, began. However, work on the exchange was suspended in 2006 pending completion of revisions to the KFO RMP, which occurred in July 2015. Upon resumption of the exchange process, the KFO prepared a news release and accompanying maps for the proposed land exchange that were shared on their website and in the newspaper of record. This public notice invited interested parties to submit comments to the BLM for a period of 45 days. A Notice of Intent to prepare an EIS was published in the Federal Register on April 19, 2016, initiating the scoping period that was open until June 8, 2016.

# MAPS OF PROPOSED BLUE VALLEY LAND EXCHANGE



## AREA DATA

The subject property is located in a region that encompasses Grand and Summit Counties, along the Continental Divide about 100 miles west of Denver, on the Western Slope of Colorado.

### Demographic Profile

Demographics from the 2010 U.S. Census for Grand and Summit Counties is summarized below. Although both counties only have about 43,000 full-time residents, the daily population can be two to four times higher due to numerous visitors, second homeowners, and seasonal employees. The largest municipalities in Grand County are Granby (1,864 people as of 2010), Kremmling (1,444), Fraser (1,224), Winter Park (999), and Hot Sulphur Springs (663). The major towns in Summit County are Breckenridge (4,540), Silverthorne (3,887), Frisco (2,683), and Dillon (904). Grand County reports a higher median age, smaller average household size, and lower 2015 per capita income than the statewide average. Conversely, Summit County is similar in regards to median age and average household size as the State of Colorado, but is slightly more affluent.

Jurisdiction	Population	Households	Median Age	Average HH Size	2015 Per Capita Income
Grand County	14,843	6,469	41.2 years	2.16 people	\$40,963
Summit County	27,994	11,754	36.4 years	2.36 people	\$54,915
State of Colorado	5,029,196	1,972,868	36.1 years	2.49 people	\$50,899

### Economic Conditions

The local economy was traditionally based on agriculture/ranching, forestry/timber, and mining. However, tourism has emerged as the primary industry, with the majority of the local labor force employed in the services and construction sectors. As of April 2017, unemployment rates of 2.0% for Grand County as well as 1.3% for Summit County are slightly lower than the statewide average of 2.2%. The economy is heavily dependent upon sales tax revenue, which trended downward after 2008 due to weak conditions, but has since rebounded to pre-recession levels. Grand County serves as the western gateway to Rocky Mountain National Park, and also features two major ski areas. Summit County offers Lake Dillon, plus four world-renowned ski resorts that consistently log about four million annual skier visits (or one-third of the total for Colorado). Major employers include government, school districts, retailers, as well as resorts and ski areas.

### Transportation and Services

Summit County is bisected from east to west by Interstate-70, a major arterial that provides an important linkage between Denver and Grand Junction. U.S. Highway 40 travels north from the interstate on the east side of the Eisenhower Tunnel, and over Berthoud Pass to Winter Park and Granby. It then continues west through Kremmling to Steamboat Springs (via Rabbit Ears Pass). U.S. Highway 34 travels north from Granby to Grand Lake, and Highway 125 leads to Walden. State Highway 9 is a major north/south arterial that originates at U.S. Highway 40 in Kremmling, and travels south through the center of Summit County to its junction with U.S. Highway 285. Major widening and realignment has occurred along the State Highway 9 corridor, including a \$50 million public safety project with wildlife crossings between Silverthorne and Kremmling. A network of county roads provides access to outlying areas, and the BLM or Forest Service also maintains a system of public roadways for mostly seasonal use. Denver International Airport is within a two hour drive, and general aviation facilities are located in Kremmling and Granby. The area offers a variety of goods and services, with regional shopping in Silverthorne or Dillon.

## AREA DATA

### Recreational Opportunities

Approximately three-fourths of the land in both counties is in public (state or federal) ownership, including Arapaho and White River National Forests, as well as Rocky Mountain National Park. The region offers four seasons of recreational opportunities for both locals and tourists, including hiking, cycling, riding, camping, hunting, fishing, boating, skiing, and many winter activities. Alpine skiing is available in Summit County at Breckenridge and Keystone (both owned by Vail Resorts), Copper Mountain (owned by Intrawest), and Arapahoe Basin (owned by Dundee). Grand County offers skiing at Winter Park (owned by City of Denver but managed by Intrawest) as well as Granby Ranch (privately owned, formerly known as Silver Creek). Amtrak operates a ski train on most weekends that brings passengers from Union Station in Denver to Winter Park. Rocky Mountain National Park is a major draw, with a record 4.16 million visitors during 2015, and encompasses the headwaters of the Colorado River. Lake Dillon is owned by Denver Water and open for public recreation, with a surface area of 3,233 total acres and 27 miles of shoreline. The Blue River enters from the south, flows north from the Dillon Dam through Silverthorne, and eventually fills Green Mountain Reservoir before joining the Colorado River at Kremmling. Grand County features Grand Lake, Shadow Mountain Reservoir, Lake Granby, Williams Fork Reservoir, and Wolford Mountain Reservoir, which provide water storage and public recreation. The mountain pine beetle epidemic was a major problem for the state, with severe devastation to lodgepole pine in Grand and Summit Counties, but has run its course with some mitigation since.

### Land Use and Housing

The region has a rather limited amount of private land, and the real estate market is influenced by the presence of major ski resorts (which cater to wealthy individuals and international buyers). Most residential housing is concentrated in municipalities or at the base villages of ski areas, and the area serves as a popular weekend getaway since it is an easy commute from the Front Range. Outlying areas of Grand and Summit Counties are less populated, with mostly rural homesites, mountain resorts, and large working livestock ranches (some are under conservation easement). Regional commercial facilities are found near Interstate-70, including the Outlets at Silverthorne (over fifty stores) and several national retailers (i.e., Target, Walmart, Lowes, Walgreens, etc.). Current housing prices are generally unattainable for the working class without assistance, and local municipalities are developing affordable housing projects or requiring deed restricted units. In regards to the local real estate market, relevant statistics as provided by Land Title Guarantee Company are summarized below. Total sales volume and transactions, as well as average prices, have improved during the past few years as the area recovers from the Great Recession, and are approaching peak levels experienced in 2007/2008. Summit County is a much larger real estate market than Grand County, with a current average sale price that is more than twice as high.

Summit County	2010	2011	2012	2013	2014	2015	2016
Total Sales Volume	\$698,439,815	\$698,153,800	\$814,995,890	\$972,871,923	\$1,057,301,019	\$1,372,793,984	\$1,408,666,800
Total Transactions	1,319	1,480	1,700	2,017	2,151	2,537	2,486
Average Sale Price	\$529,522	\$471,726	\$479,409	\$482,336	\$491,539	\$541,109	\$566,640

Grand County	2010	2011	2012	2013	2014	2015	2016
Total Sales Volume	\$238,328,700	\$214,960,597	\$271,638,863	\$290,900,500	\$377,264,397	\$406,625,640	\$449,710,157
Total Transactions	N/A	939	1,098	1,214	1,178	1,438	1,666
Average Sale Price	N/A	\$228,925	\$247,394	\$239,621	\$320,258	\$282,772	\$269,934

## AREA DATA

### Neighborhood Overview

The subject neighborhood is considered to be area in close proximity to the Town of Kremmling, especially along the U.S. Highway 40 corridor, and State Highway 9 into North Summit County. The Colorado River traverses the area from east to west, and is fed by the Blue River and Muddy Creek, with water storage at Wolford Mountain, Green Mountain, and Williams Fork Reservoirs. Most land is federally owned and managed by the U.S. Forest Service (three national forests with wilderness areas) or BLM, with certain public tracts controlled by Colorado Parks and Wildlife. The neighborhood is rural in nature, with many large working ranches that honor its agricultural heritage. Known as a “sportsmen’s paradise”, the area is very popular for recreation, especially big-game hunting and fishing (with public access to “Gold Medal” water on the Colorado River). Whitewater rafting/kayaking is also popular on the Blue River below Green Mountain Reservoir, and the Upper Colorado River downstream of Kremmling (in Gore Canyon). The Trough Road follows the Colorado River southwest of State Highway 9 as it flows into North Eagle County. Kremmling is a self-sufficient community, with average income levels and local services, but the neighborhood lacks the affluent real estate prices or higher density found at nearby resort towns. A significant amount of private property near Kremmling is controlled by a handful of wealthy landowners, with a brief description of the most prominent holdings summarized as follows:

*Blue Valley Ranch* is situated south of Kremmling, on State Highway 9 between Trough Road and Green Mountain Reservoir. This approximate 25,000-acre holding of private land is owned by Paul Tudor Jones, and managed for agriculture, conservation, recreation, as well as wildlife.

*Grand River Ranch* is a master-planned development on 19,000 acres located just west of town, with upscale equestrian and fishing amenities. It has been subdivided into nineteen tracts that range from 161 to 7,563 acres each (with multiple homesites), seven of which remain available.

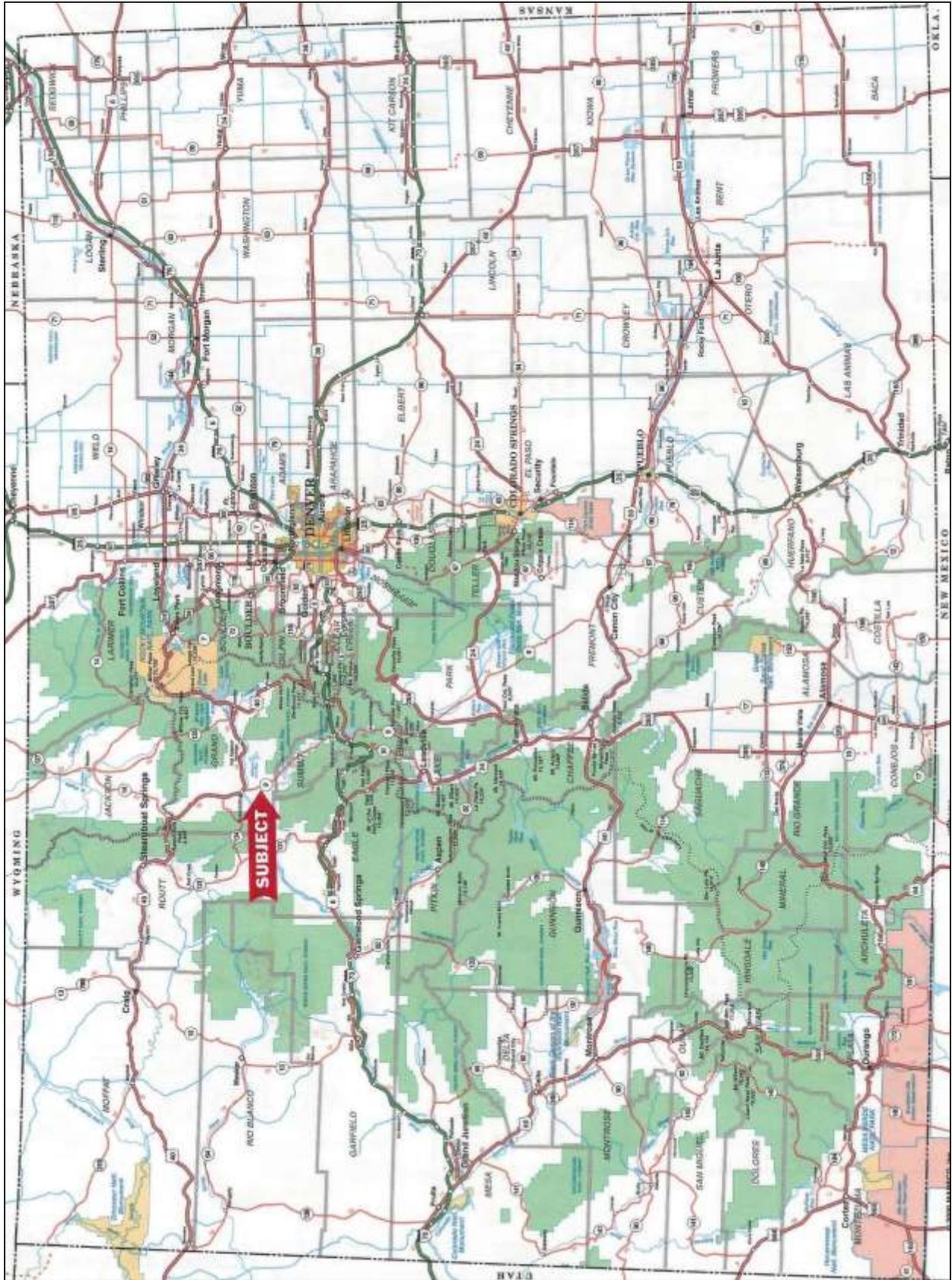
*Shadow Creek Ranch* is located west of Green Mountain Reservoir in Summit County, with 22 homesites (seventy acres each) on the 6,000-acre holding. This shared-ranch community offers upscale amenities and 4,400 acres of private open space, with several homesites currently listed.

*Skylark Ranch* is a working cattle operation on about 4,500 deeded acres that is located east of Kremmling, which is owned by Jay Precourt and features major frontage on the Colorado River.

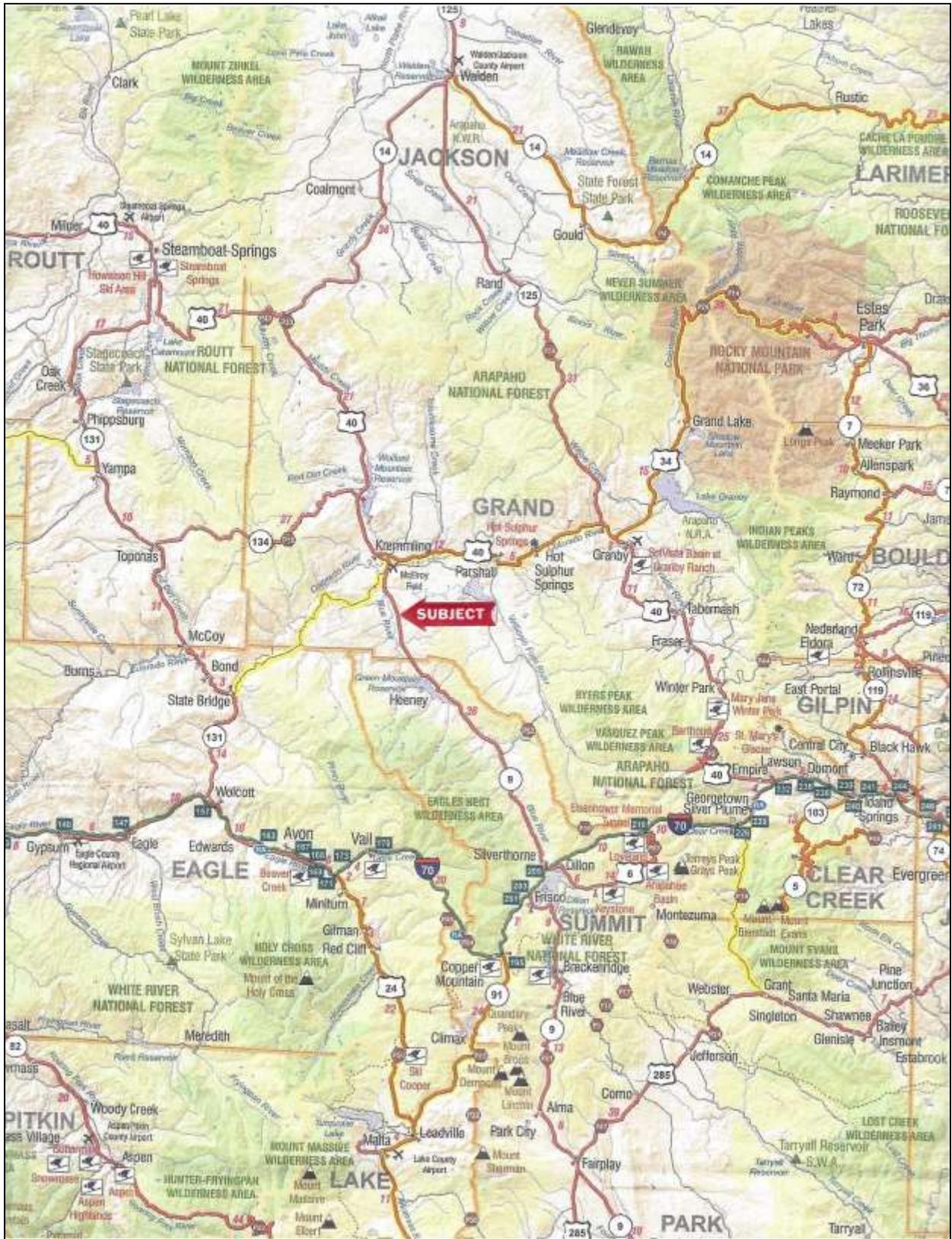
### Area Summary

In conclusion, the subject property is located near Kremmling, in the north central mountains of Colorado. The neighborhood encompasses Southwest Grand County and North Summit County, with primary access from U.S. Highway 40 and State Highway 9. The area is mostly rural and agricultural in nature, with numerous working livestock ranches (and some very large holdings). It offers abundant public lands, two major rivers, and four seasons of recreational opportunities. The local real estate market has recovered from the recent downturn, with stable employment but limited new residential development occurring. The region is within a one to two hour drive of the Front Range, major ski areas, mountain resort towns, and Rocky Mountain National Park.

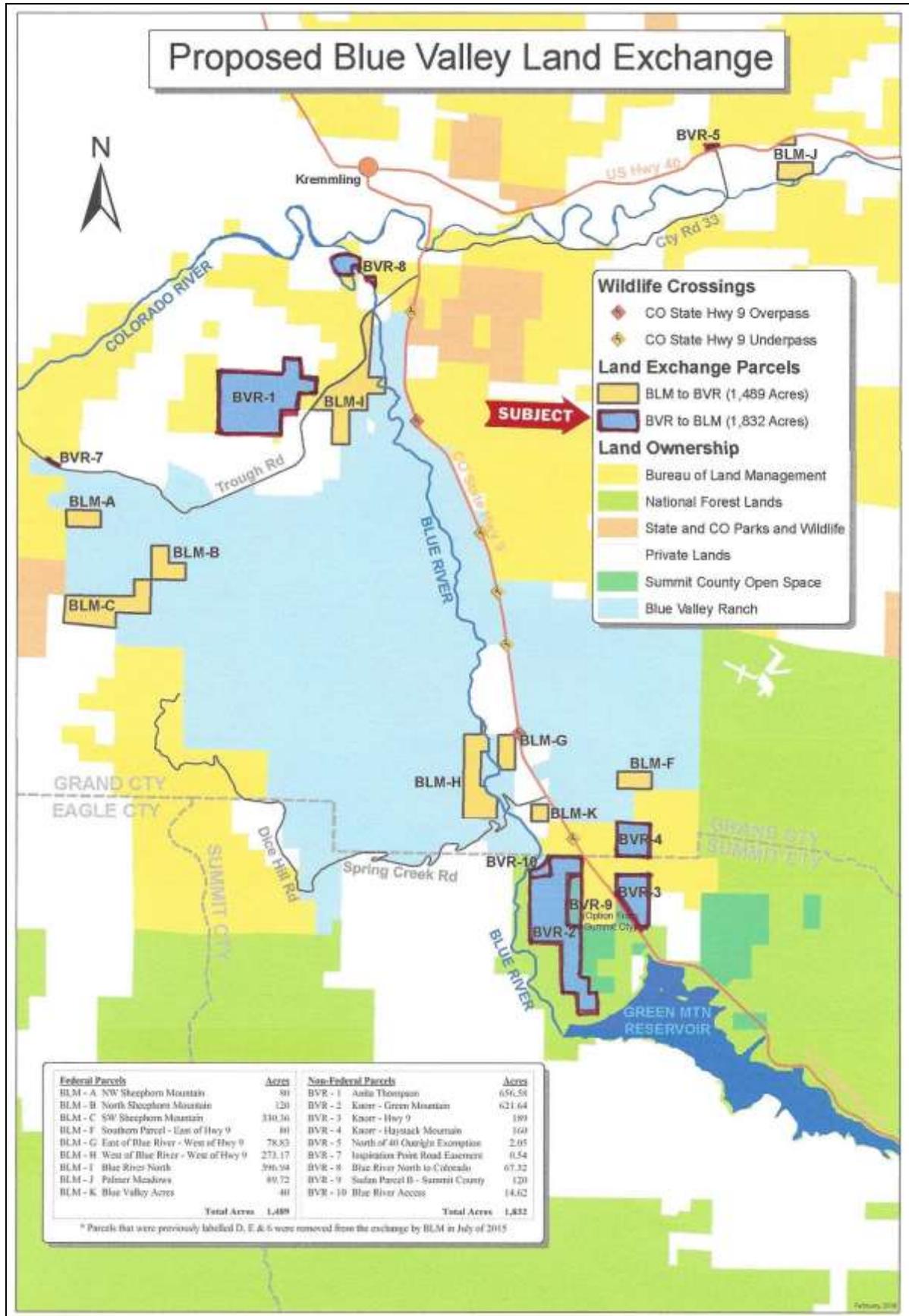
# STATE MAP



# AREA MAP



# LOCATION MAP



## PROPERTY DATA

The subject property is all Non-Federal Lands for the proposed Blue Valley Land Exchange, which comprise 1,830.14 acres of total land area in unincorporated Grand and Summit Counties. They are privately owned by the proponent (Blue Valley Ranch), and identified for the exchange (by number) as nine separate Non-Federal Parcels that range in size from 0.54 to 656.58 deeded acres. Parcel BVR-7 is a non-possessory interest for an access easement across private property. Relevant details for the Non-Federal Lands are summarized in the table below, with each parcel further described in the following sections. The subject property is appraised as vacant land, since most of the parcels are currently unimproved, while existing structures at Parcels BVR-2 and BVR-9 have zero contributory value i.e. (i.e., dilapidated remnants of old homestead cabins).

Parcel	Identification	Acres	County	Description and Comments
BVR-1	Thompson - San Toy Mountain	656.58	Grand	Seasonal access from CR 1, mountain terrain, creek, meadows
BVR-2	Knorr - Green Mountain	621.64	Summit	Year-round access from Highway 9, mountainous, no live water
BVR-3	Knorr - East Side of Highway 9	187.39	Summit	Year-round access from Highway 9, rolling terrain, no live water
BVR-4	Knorr - Haystack Mountain	160.00	Grand	Seasonal access from CR 381, mostly rolling land, no live water
BVR-5	North of 40 Outright Exemption	2.05	Grand	Year-round access from Highway 40, no residential uses allowed
BVR-7	Inspiration Point Road Easement	0.54	Grand	Access easement only from CR 1 (30 feet wide by 950 feet long)
BVR-8	Blue River North to Colorado	67.32	Grand	BLM road access, irrigated, 5,107 feet to centerline of Blue River
BVR-9	Sudan Parcel B - Summit County	120.00	Summit	Seasonal access from Highway 9, mountain terrain, no live water
BVR-10	Blue River Access	14.62	Summit	No public road access, above Blue River (no access or frontage)
<b>Nine</b>	<b>Non-Federal Lands or Parcels</b>	<b>1,830.14</b>	<b>Acres</b>	<b>Privately owned by Galloway, Inc. (for Blue Valley Ranch)</b>

### Description of Parcel BVR-1

Parcel BVR-1 (a/k/a Thompson - San Toy Mountain) is located four road miles southwest of the Town of Kremmling, and just west of Trough Road. This 656.58-acre tract is legally described as Lot 4 in Section 30, as well as Lot 1, Lot 2, and the Northeast Quarter of Northwest Quarter of Section 31, in Township 1 North and Range 80 West, plus all of Section 36 in Township 1 North and Range 81 West. This irregular holding is situated on the eastern flank of San Toy Mountain, and borders public BLM land to the east and west, with private property to the north and south (owned by Yust). It has indirect (seasonal use) access from the nearby county road via a private road, which traverses intervening BLM land for about one-quarter mile. The interior has access from private two-track roads, which lead to adjacent land to the north. Dry Creek is a seasonal drainage at the property, which fills a stock pond and presently irrigates 47 acres of pastureland. Parcel BVR-1 lacks a live water amenity, with about twelve acres of wetlands and riparian area. The terrain varies from rolling and open sagebrush or grassy meadows in the eastern two-thirds, to moderately sloping hillsides with dense timber (aspen and mixed conifer) in the western third. It is situated at an elevation of 7,650 to 9,050 feet above sea level, with good views of the area. Parcel BVR-1 is leased to a local rancher for seasonal grazing, and to an outfitter for big-game hunting (it provides ingress/egress to otherwise inaccessible BLM lands to the west and south).

## PROPERTY DATA

### Description of Parcel BVR-2

Parcel BVR-2 (a/k/a Knorr - Green Mountain) is located about nine miles south of Kremmling, on the west side of State Highway 9, and north of Green Mountain Reservoir. This 621.64-acre tract is described as Lot 1, Lot 2, the Southwest Quarter of the Northeast Quarter, the West Half of the Southeast Quarter, the Southeast Quarter of the Northwest Quarter, as well as the East Half of the Southwest Quarter in Section 3, the Northeast Quarter of the Northwest Quarter, the Northwest Quarter of the Northeast Quarter, and the East Half of the East Half in Section 10, the West Half of Lot 9 in Section 11, and Lot 4 in Section 14, Township 2 South, Range 80 West. Parcel BVR-9 adjoins the eastern boundary, while Parcel BVR-10 borders the northwest corner. This irregular holding encompasses the top of Green Mountain (north/south trending ridge), with generally moderate or steep slopes, at an elevation of about 7,550 to 9,150 feet above sea level. The northeast corner abuts State Highway 9, with year-round access from this arterial via private ranch road that generally travels west along the northern boundary. This road becomes primitive (two-track) after one-quarter mile, and continues for another one-quarter-mile to Parcel BVR-10. Private ranch roads also travel south from the highway entrance, along the east side of the ridge, and provide access across BLM lands to Summit County Open Space (including Parcel BVR-9). Parcel BVR-2 is mostly surrounded by public domain, with BLM land to the north, open space to the east, and the White River National Forest to the south and west. The Blue River flows west of the holding in the steep and scenic Green Mountain Canyon, which is popular for whitewater rafting/kayaking from the difficult put-in below Green Mountain Dam. Pedestrian ingress/egress to the river canyon is available from the northwest portion of the property via steep hiking trails. The property is mostly forested (primarily Douglas fir and aspen), with some grassy meadows, sagebrush hillsides, no live water, but very good views of the river valley and distant mountains.

### Description of Parcel BVR-9

Parcel BVR-9 (a/k/a Sudan Parcel B - Summit County) is adjacent to the east of Parcel BVR-2, and within one-quarter mile of State Highway 9, on the northeastern flank of Green Mountain. This 120.00-acre tract is legally described as the Southeast Quarter of the Northeast Quarter, and the East Half of the Southeast Quarter, in Section 3, of Township 2 South and Range 80 West. This rectangular parcel is mostly surrounded by Parcel BVR-2, with public BLM land to the east. The property has seasonal access from the highway via two-track roadways that traverse adjacent federal land, which is apparently allowed by prescriptive use since there is no recorded easement. It is situated at an elevation of about 8,000 to 8,600 feet above sea level, with sagebrush hillsides and moderate slopes in the lower portion, but alpine terrain with dark timber in the upper portion. Although Parcel BVR-9 lacks live water, it has unobstructed views of the valley and mountains.

### Description of Parcel BVR-10

Parcel BVR-10 (a/k/a Blue River Access) is contiguous to the northwest corner of Parcel BVR-2, with seasonal access from the highway via a private ranch road that is not open to public travel. This 14.62-acre tract is described by metes and bounds as part of Section 3, in Township 2 South and Range 80 West. Although this irregular parcel is several hundred feet from the Blue River, it facilitates pedestrian ingress/egress to the national forest in Green Mountain Canyon (including 1.2 miles of the lower reaches of the Blue River that is inaccessible from Green Mountain Dam). The terrain is moderately sloping at an elevation of about 7,600 to 7,750 feet above sea level, with no live water, average views, and scattered conifers with a mixture of shrubs and grasses. Blue Valley Ranch will retain acreage along the river that underlies critical irrigation structures.

## PROPERTY DATA

### Description of Parcel BVR-3

Parcel BVR-3 (a/k/a Knorr - East Side of Highway 9) is located ten miles south of Kremmling, about one-half mile east of Parcel BVR-2 and one mile north of Green Mountain Reservoir. This 187.39-acre tract is legally described as the South Half of the Northeast Quarter, and that part of the Southeast Quarter lying north and east of the highway, in Section 2 of Township 2 South and Range 80 West. Although this tract previously comprised 189.00 acres, a boundary adjustment with the neighbor to the east (Moses Revocable Trust) on June 14, 2016 reduced the property to its current size. This irregular parcel borders a large block of federal land to the north and west that is managed by BLM, with public domain on the White River National Forest to the south, and private land (Moses) adjacent to the east. The western boundary of Parcel BVR-3 is formed by State Highway 9, with direct and year-round access from this arterial. The terrain is mostly rolling at an elevation of about 7,800 to 8,250 feet above sea level, with some steep slopes at the northeast corner. Vegetation is primarily sagebrush or grasses, with eight acres of wetlands. This property is generally open, with no timber or live water, and offers good views of the area.

### Description of Parcel BVR-4

Parcel BVR-4 (a/k/a Knorr - Haystack Mountain) is situated nine miles south of Kremmling, and located about one-half mile east of State Highway 9 and one-quarter mile south of Parcel BVR-3. This 160.00-acre tract comprises the Southeast Quarter of Section 36, in Township 1 South and Range 80 West. This square parcel is located at the southeast corner of Blue Valley Ranch, with private land to the northwest under this ownership. It is mostly surrounded by a large block of public BLM land, which leads to nearby Haystack Mountain on the White River National Forest. Parcel BVR-4 is traversed from east to west by County Road 381, which is open to the public for seasonal travel (i.e., no county winter maintenance). This gravel road originates at the highway, and receives heavy use for recreation on nearby federal land (especially during hunting season). The property is mostly below a ridge at an elevation of about 7,850 to 8,350 feet above sea level, with moderately sloping topography. It features rugged terrain, with no live water or timber, native grasses and mixed mountain shrubs (mostly sagebrush), and good views of the area.

### Description of Parcel BVR-5

Parcel BVR-5 (a/k/a North of 40 Outright Exemption) is located five miles east of Kremmling, along the north side of deeded right-of-way for U.S. Highway 40. This 2.05-acre tract is platted as Parcel A of the North of 40 Outright Exemption, and is located in the South Half of Section 7, in Township 1 North and Range 79 West. This triangular parcel adjoins a large holding of BLM lands to the north and east, which connect with the Arapaho National Forest via Sulphur Gulch. A rural homesite is to the west, with the Skylark Ranch situated across the highway to the south. Parcel BVR-5 has direct and year-round access from U.S. Highway 40, and is bisected by public two-track roadway that leads to the BLM holding (with remnants of an old gravel mine nearby). The terrain is mostly rolling at an elevation of about 7,400 to 7,450 feet above sea level, with no timber or live water, sagebrush communities and non-native grasses, and good views of the area. Although Parcel BVR-5 has adequate access, dry utilities, and topography for a single-family homesite, it is encumbered by a deed restriction that prohibits any residential use at the property. However, grazing, recreation, and construction of agricultural structures is allowed at this parcel.

## PROPERTY DATA

### Description of Parcel BVR-7

Parcel BVR-7 (a/k/a Inspiration Point Road Easement) is located about seven miles southwest of Kremmling, and travels northwest from Trough Road. This perpetual and non-exclusive access easement is for an existing road across private property, which is located in the North Half of the Northeast Quarter of Section 8, Township 1 South, Range 81 West. It has a width of thirty feet, length of about 950 feet, and covers 0.54 acres (legally described by lengthy metes and bounds). This gravel roadway traverses 99.17 acres of land that is privately owned by Yust, and connects with public BLM lands further north at Inspiration Point (above Gore Canyon). It was reserved by Galloway, Inc. when they conveyed the underlying land to Yust, but is closed to public travel. Vegetation along the road is mostly aspen and grasses, with no live water and obstructed views. The easement slopes downhill, with an elevation of about 8,000 to 8,100 feet above sea level.

### Description of Parcel BVR-8

Parcel BVR-8 (a/k/a Blue River North to Colorado) is located about two road miles southwest of the Town of Kremmling, and comprises 67.32 acres of land area in two non-contiguous tracts. They are described as portions of Section 19 and 20, in Township 1 North and Range 80 West, with metes and bounds legal description in the addenda. The western parcel (Tract 1) is irregular and comprises 61.54 acres, as a 6.89-acre tract adjacent to the southeast corner (Chevron Parcel) is owned by Galloway, Inc., but not included in the scope of this appraisal for the land exchange. The southern parcel (Tract 2) is located one-quarter mile southeast of Tract 1, and this triangular tract of 5.78 acres has been platted as the Yust-Blue Valley Ranch Outright Exemption. Public BLM land is adjacent to the north and east of both tracts, as well as to the south of Tract 1, while private property owned by Yust borders both tracts to the west. Parcel BVR-8 features 0.97 mile (5,107 lineal feet) of combined frontage to centerline of the Blue River, but has average fishing. It is about one mile south of the confluence with the Colorado River. Public land is heavily used for recreation, with Tract 2 and the downstream segment popular for a boat launch and take-out. An unnamed road originates at Trough Road, and travels north to its terminus at the confluence. It provides vehicular access to Parcel BVR-8, since it bisects Tract 2 and traverses the east edge of Tract 2, with rights to ingress/egress on land owned by Yust and BLM. Although it does not receive county winter maintenance, it is open to public travel for most of the year due to limited snow. Tract 1 is mainly open hay meadows inside an oxbow on the river, with adequate water rights to irrigate 45 acres for hay production (agricultural lease to Yust). The northeast corner of Tract 1, and all of Tract 2, is dry uplands with sagebrush and native grasses. The terrain is level at an elevation of 7,330 to 7,380 feet above sea level, with about 24 acres of wetlands or riparian area, as well as willow and cottonwood along the river. The property has good views of the area.

### Utilities and Drainage

While there is no municipal water or sewer service in the neighborhood, private homesites utilize wells or springs for potable water, and individual septic disposal systems (ISDS) or pit toilets for sanitary sewer. Although electric or telephone service may be extended to remote properties at considerable cost, solar panels, portable generators, and propane tanks are common alternatives. The subject parcels are eligible to use a domestic well and ISDS, which have not been installed. Electric and telephone service has been extended to Parcels BVR-2, BVR-3, and BVR-5, but is available and within one-quarter mile of Parcels BVR-1, BVR-4, BVR-8, BVR-9, and BVR-10. Drainage appears to be adequate by surface runoff into the rivers or creeks, and the high altitude results in severe winters with heavy snowpack (typically prevalent from October through April).

## **PROPERTY DATA**

### **Soil Conditions**

I was not provided with a soil report or geotechnical study for any of the subject parcels, but my analysis assumes underlying soils are typical for the area. While I did not observe any adverse conditions at the Non-Federal Lands during my site inspections, areas of steep slopes or unstable soils that may be prone to erosion may exist at some of the parcels. However, I cannot warranty the soil or geotechnical conditions, and further certification by an expert in this field is advised.

### **Environmental Hazards**

I reviewed a Phase I Environmental Site Assessment for the subject property (“Private Parcels”) that was prepared by Alan Kraus with BLM Northwest District Office on September 22, 2016. According to this report, there are no recognized environmental conditions at the subject parcels, or in the vicinity of the property, and no further inquiry is necessary. Based on the foregoing, the valuation analysis assumes the subject property is free and clear of any environmental hazards.

### **Reservations and Encumbrances**

The property is appraised subject to outstanding rights from recent title insurance commitments that were provided by the intended users, which were discussed in a prior section of this report. These permitted exceptions to title have been identified and analyzed, and none adversely impact market value of the subject property (besides lack of road access and development restrictions). There are also no proposed reservations for Non-Federal Lands to be conveyed in the exchange.

### **Water and Mineral Rights**

There are no adjudicated water rights for most of the subject parcels. However, two of the tracts have adequate water rights to support historic flood irrigation practices, namely Parcel BVR-1 (i.e., 8.0 cfs from Dry Creek Ditches #1, #2, and #3), as well as Parcel BVR-8 (7.12 cfs from the Blue River via the Loback Ditch). These adjudicated water rights will be transferred to the USA. I was not provided with a mineral report or assessment for Non-Federal Lands in the Blue Valley Land Exchange, but did review one that was prepared by the OVS for just the Federal Lands, which concluded that there are no mineral resources at these parcels with commercial value. However, title commitments indicate that all or most mineral rights attributed to Parcels BVR-1, BVR-2, BVR-3, BVR-9, and BVR-10 have been reserved by the USA or State of Colorado. According to the current owner and knowledgeable parties, there are no known mineral rights or proven reserves at any of the Non-Federal Lands that would have commercial value. However, it is probable that sand and/or gravel deposits exist at Parcels BVR-5 and BVR-8. Based on local market conditions, it is my professional opinion that sand and/or gravel deposits at these tracts do not have commercial value. In regards to supply, several gravel pits currently operate within a few miles of Kremmling, with existing reserves for the next ten to twenty years. They are able to meet foreseeable demand, which is limited due to a lack of major construction projects in the neighborhood. Sand and gravel resources are prevalent in the area due to alluvial deposits along the river corridors, but given nominal value when conveyed with private property. For example, Blue Valley Ranch actually supplied gravel for the construction of State Highway 9, which was excavated from a pit on their land in the middle of the project (recently reclaimed). Although some subject parcels may have future potential for sand and gravel resources, this would require an extensive and speculative permitting process, as well as ability to process the material. Thus, my analysis assumes mineral rights at the Non-Federal Lands have nominal contributory value.

## PROPERTY DATA

### Sales, Rental, and Use History

Most of the subject parcels are owned by the proponent (Galloway, Inc. for Blue Valley Ranch), who also has an option to purchase Parcel BVR-9 from Summit County. The Non-Federal Lands (as well as other property not in the exchange) were acquired by Galloway, Inc. from various sellers between 1994 and 2006, with details of these transactions summarized in the table below. Parcel BVR-7 is an access easement that was reserved by Galloway, Inc. when they sold 99.17 acres of private land to James E. Yust, which they acquired from the Northwest Colorado Water Conservancy District (NCWD) in 1995. The Option Purchase Agreement for Parcel BVR-9 was executed on January 27, 2003, but has been amended five times (recently on August 31, 2016) due to delays with processing the land exchange. The term to exercise the option was extended until December 31, 2019, with election to extend for another year if the exchange has not closed. According to the fourth amendment that is dated February 29, 2008, the purchase price for Parcel BVR-9 will be the greater of \$600,000, or its appraised market value. The Non-Federal Lands have been used for grazing, as well as public and private recreation, during the past ten years.

Parcel	Grantee (seller)	Grantor (buyer)	Sale Date	Sale Price	Reception	Comments
BVR-1	Anita Lewis Thompson	Galloway, Inc.	3/10/2000	\$984,750	2000-002357	Just subject property
BVR-2/3/10	Estate of George A. Knorr	Galloway, Inc.	2/23/1999	\$801,000	99001655	Just subject property
BVR-4	Estate of George A. Knorr	Galloway, Inc.	2/23/1999	\$2,164,000	99001655	Includes other lands
BVR-5	Lloyd and Edna Palmer	Galloway, Inc.	10/14/1994	\$1,185,000	94011653	Includes other lands
BVR-7	NCWD	Galloway, Inc.	8/4/1995	\$558,400	95006587	Acquired 800 acres
BVR-7	Galloway, Inc.	James E. Yust	10/31/2000	\$148,800	2000-010222	Sold north 99.17 acres
BVR-8	James E. Yust	Galloway, Inc.	2/9/2006	\$639,500	2006-001560	Mostly subject parcel
BVR-9	Jean and Archer Sudan	Summit County	12/10/2002	\$2,660,000	705195	Acquired 832 acres

### Assessment and Taxes

The subject property is identified by the Grand County or Summit County Assessor as all or a portion of various tax parcels, with details summarized in the table below. However, there is no account for Parcel BVR-7 since it is an easement, and Parcel BVR-9 is exempt from assessment for taxation purposes since it is currently owned by Summit County (used for public open space). The subject parcels are assessed as agricultural land (per statewide formula), and their current actual value of less than \$100 per acre is far less than their value on the open market. Each is assessed at 29% of actual value for vacant land, with 2016 taxes paid when due in Spring 2017.

Subject Parcel	County	Account Number	Parcel Number	Size (acres)	2016 Actual	2016 Assessed	2016 Taxes	Comments
BVR-1	Grand	R000974	1437-362-00-057	656.72	\$62,390	\$18,100	\$1,064.84	Entire subject parcel
BVR-4	Grand	R014171	1597-252-00-033	1,298.98	\$43,370	\$12,580	\$620.04	Part of larger holding
BVR-5	Grand	R014205	1443-073-03-001	2.05	\$30	\$10	\$0.48	Entire subject parcel
BVR Tract 1	Grand	R309508	1441-191-00-170	68.43	\$5,780	\$1,680	\$98.84	Most of subject parcel
BVR Tract 2	Grand	R305164	1441-203-05-001	5.78	\$270	\$80	\$4.48	Entire subject parcel
BVR-2 & 10	Summit	1706006	1695-0310-00-006	400.20	\$3,790	\$1,099	\$54.87	Part of BVR-2 parcel
BVR-2	Summit	6500143	1695-0310-00-040	40.00	\$518	\$150	\$7.49	Part of subject parcel
BVR-2	Summit	6500141	1695-1040-00-042	221.34	\$2,866	\$831	\$41.49	Part of subject parcel
BVR-3	Summit	6516807	1695-0240-00-038	181.87	\$2,402	\$697	\$34.79	Entire subject parcel
BVR-9	Summit	6515985	1695-1120-00-045	421.32	Exempt	Exempt	Exempt	Part of subject parcel

## PROPERTY DATA

### Grand County Zoning and Land Use

Non-Federal Parcels BVR-1, BVR-4, BVR-5, BVR-7, and BVR-8 are within the jurisdiction of Grand County, and currently zoned Forestry and Open (“F”). The purpose of this district is to protect lands suitable for agricultural and related uses, including forestry, mining, and recreation. Low-density residential uses are permitted, with higher impact uses allowed when permitted and mitigated properly. Uses permitted by right or special review are summarized in the table below. Since the subject is outside of the Urban Growth Boundary (per the Grand County Master Plan), the minimum lot area is five acres if officially subdivided. However, Colorado state law allows division of private land into tracts of at least 35 acres without county subdivision review, which can simply be created by legal description or survey. Dimensional standards include a maximum building height of 35 feet, minimum lot width of 200 feet, as well as minimum setbacks of thirty feet for the front yard and a water body, ten feet for side yards, and twenty feet for the rear yard.

<b>USES PERMITTED</b>	
(1)	Single-family dwellings;
(2)	Schools, churches and hospitals;
(3)	Offices and Clinics and other structures in which a professional occupation is located, provided the uses generate twenty (20) or less ADT's and that the uses are not obnoxious, offensive, or objectionable because of excessive noise, odors, dust or vibration;
(4)	Parks and playgrounds;
(5)	Outdoor recreational areas and incidental facilities, provided all such uses retain natural environmental conditions, do not involve the storage of equipment outside of a building and are not obnoxious, offensive or objectionable because of excessive noise, odors, dust or vibration;
(6)	Accessory uses and structures as defined in Section XIII;
(7)	Lodges and resort cabins, including incidental business within the principal building; incidental businesses may include conference facilities provided that said conference facilities are clearly incidental to the primary use. Bed and breakfasts with no more than five (5) total bedrooms; must be constructed or modified to meet R-1 requirements of the current County Building Code); provided a commercial well or municipal owner water system is available for service;
(8)	Private riding stables;
(9)	Commercial feed yards, fur farms, kennels, veterinary hospitals, and commercial riding stables, provided all such uses are located at least five hundred feet (500) from schools, churches, and dwellings on other lots;
(10)	Reservoirs and dams engineered to contain one hundred (100) acre feet of water or less;
(11)	Water diversion structures, ditches and pipeline structures engineered to convey fifteen (15) cubic feet of water per second of time or less;
(12)	Small Wind Energy System thirty five (35) feet in height and below that comply with the provisions contained within Section 11.8 (10);
(13)	Telecommunications infrastructure thirty five (35) feet in height and below that comply with the provisions contained within Section 11.8 (7) as well as those systems deemed rooftop designs. All applicable building permit requirements apply;
(14)	Short Term Rentals in compliance with Section 14.8 Supplementary Regulations.
<b>USES PERMITTED BY SPECIAL REVIEW</b>	
(1)	Camping;
(2)	Airports;
(3)	Cemeteries;
(4)	Sanitary landfills, composting facilities, transfer stations, recycling centers, and junk yards;
(5)	Lumber and ore mills;
(6)	Mines, quarries, sand & gravel operations, concrete batch plants, and asphalt plants;
(7)	Reservoirs and dams engineered to contain more than one hundred (100) acre feet of water;
(8)	Water diversion structures, ditches and pipeline structures engineered to convey more than fifteen (15) cubic feet of water per second of time;
(9)	Public utility facilities, excluding business offices and repair facilities;
(10)	Facilities for a trans-basin diversion;
(11)	Construction businesses, heavy equipment storage areas, earth moving businesses;
(12)	Commercial greenhouses and nurseries;
(13)	Camps and lodges with over five (5) bedrooms;
(14)	Bed and Breakfasts, rooming and boarding houses, and rest homes with over five (5) bedrooms;
(15)	Indoor storage of recreational vehicles;
(16)	Commercial outdoor storage facilities, including recreational vehicles;
(17)	Golf Courses;
(18)	Commercial outdoor recreational areas and accessory facilities;
(19)	Oil and gas exploration and production;
(20)	Small Wind Energy System above thirty five (35) feet in height and/or more than one (1) small wind energy system on any single parcel of land;
(21)	Telecommunications infrastructure above thirty five (35) feet in height and not deemed a rooftop design.

## PROPERTY DATA

### Summit County Zoning

Parcels BVR-2, BVR-3, BVR-9, and BVR-10 are within the jurisdiction of Summit County, and zoned Agricultural (“A-1”). The purpose of this district is to preserve agriculture and ranching, while providing for the low intensity use of natural resources, limited residential and recreational development, and other compatible uses. Permitted uses by right include agriculture, barn/stable, bed and breakfast, community garden, dude ranch/resort, packing/outfitting, lumbering, sawmill, silviculture, park/playground, outdoor shooting range, communication antennae, open space/trail, Nordic ski center, child care, group home, and residential dwelling unit (primary with caretaker). Conditional uses that require special review include animal clinic/hospital, animal pound, kennel, feedlot, fish farm or hatchery, fur farm, wild game ranch, wholesale nursery, community center, fire or police station, public school, asphalt plant, gravel/rock crushing, mining, waste disposal, landfill, water or sewer treatment, communication tower, and hydro/solar/wind energy system. Most commercial, industrial, and multi-family uses are prohibited. Summit County has adopted a minimum buildable lot area of twenty acres in the A-1 district, which is smaller than allowed by state statute of 35 acres. Legal homesites can be created without county subdivision review. One single-family dwelling unit is allowed per twenty acres, with no restrictions on floor area, a maximum building height of 35 feet, and minimum setback from all property lines of fifty feet. Adequate vehicular access, water supply, sewage disposal, dry utilities, and fire protection are required in order to obtain a building permit. Consideration is also given to physical constraints from steep slopes, geology, soils, wildlife habitat, wetlands, floodplain, avalanche hazards, etc.

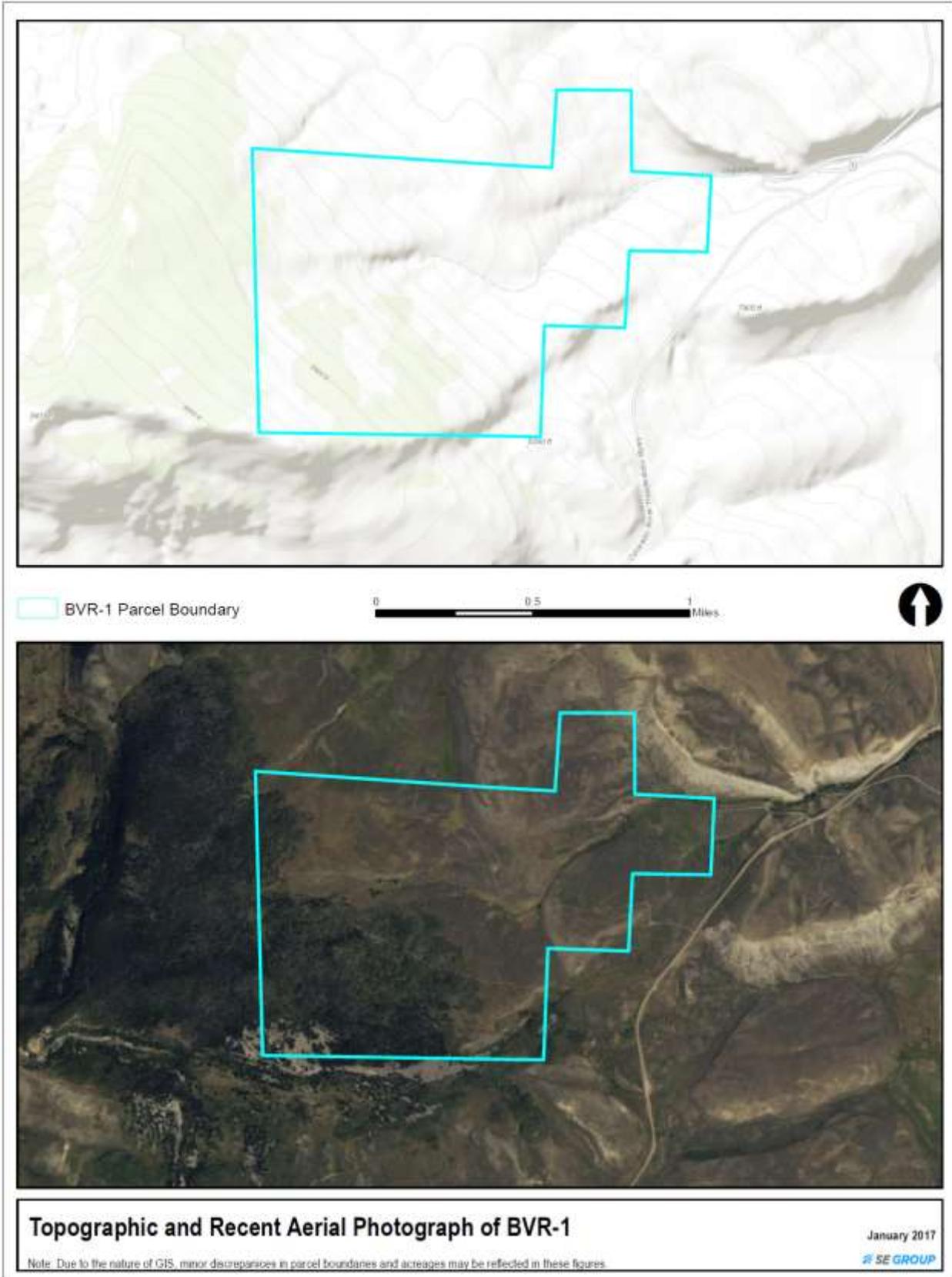
### Summit County Land Use

Non-Federal Lands in Summit County have a future land use designation of Rural Residential, which encourages the same maximum density as the A-1 district of one unit per twenty acres. Since Parcels BVR-2, BVR-3, BVR-9, and BVR-10 comprise 943.65 total acres of land area, they could be subdivided into as many as 47 legal lots (i.e., rural homesites) as a use by right. Summit County has a Transferable Development Rights (TDR) program that allows vested rights to develop land in rural “sending areas” (especially the backcountry) to be voluntarily transferred to urban “receiving areas” that the county has identified (to accommodate much higher density). There are four planning basins, namely the Upper Blue, Lower Blue, Ten Mile, and Snake River, with twenty acres of land area (including fractions), or single platted lot, equivalent to one TDR. Summit County administers a Countywide Bank for the Lower Blue, Ten Mile, and Snake River Basins, whereby available development rights can be acquired at a current price of \$44,900 each. The subject property is in the Lower Blue Basin, which mainly focuses on protecting rangeland, but there has been very little activity (only two transactions during past ten years for 3.75 TDRs). Thus, the Non-Federal Lands are eligible for 47.18 TDRs, which can be transferred to “receiving areas” in the Lower Blue Basin since the tracts are in a “sending area”. However, they can only be sent to designated Rural Areas, and not the Urban/Silverthorne Area of much greater demand.

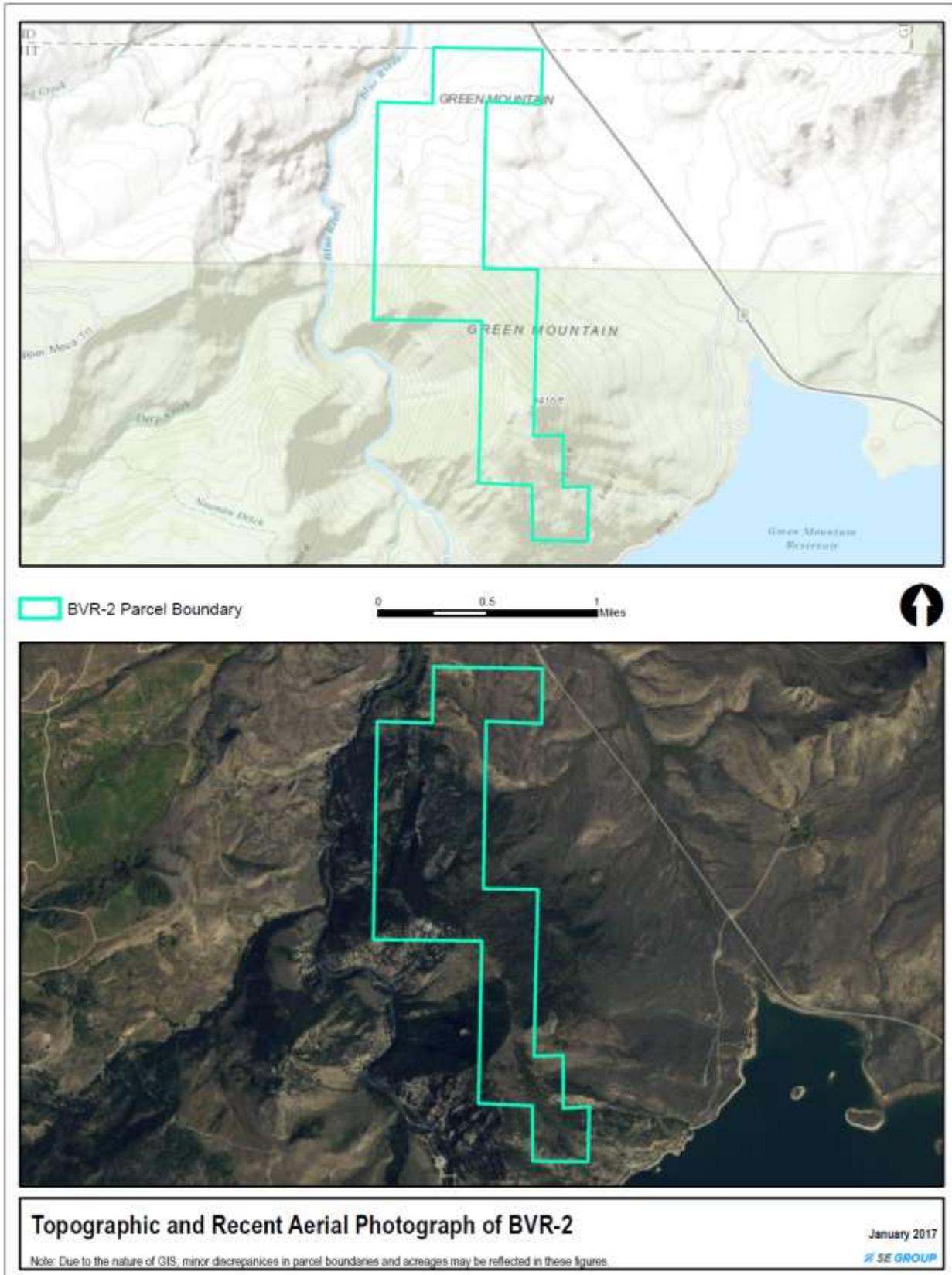
### Property Summary

The subject is identified as all Non-Federal Lands in the proposed Blue Valley Land Exchange, which comprise 1,830.14 total acres in nine separate parcels. They are located a few miles east or south of Kremmling, adjacent to public land, in unincorporated Grand and Summit Counties. Most of the subject parcels have access from a public road, and typical natural features for the area. They are zoned Open and Forestry by Grand County, or Agricultural by Summit County. Please refer to various maps of the subject parcels on the following pages for visual edification.

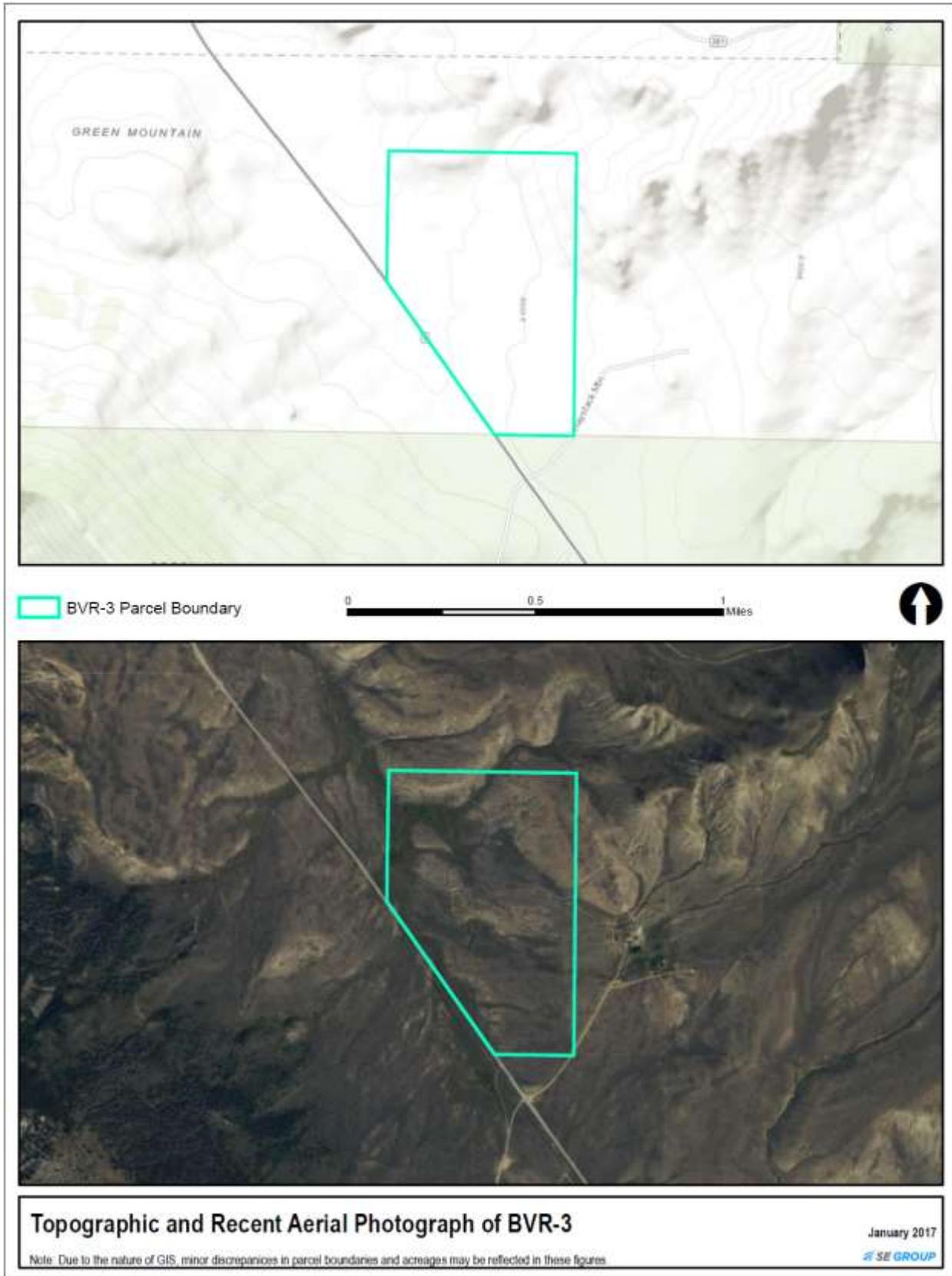
# TOPOGRAPHIC AND AERIAL MAP (Parcel BVR-1)



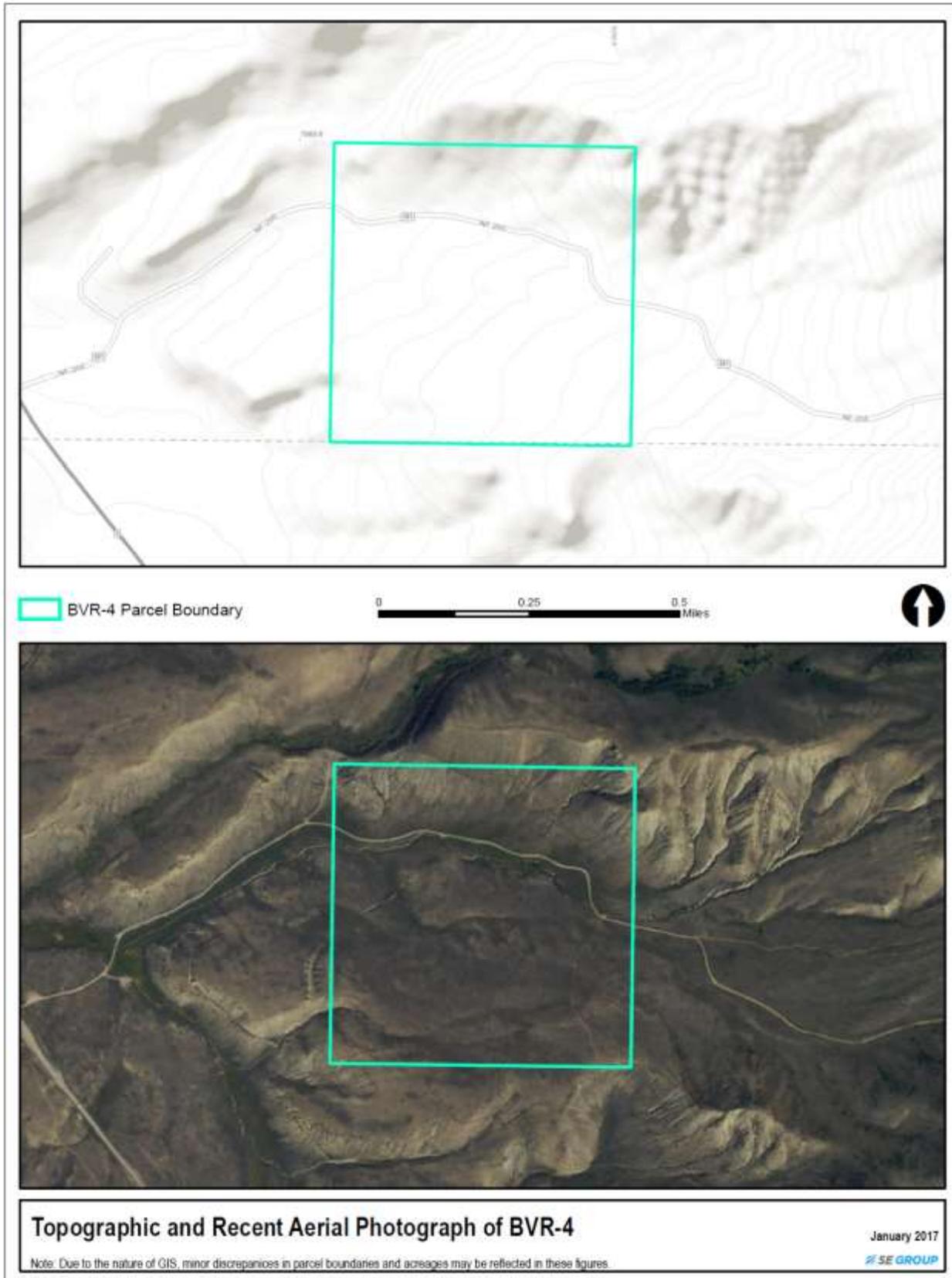
## TOPOGRAPHIC AND AERIAL MAP (Parcel BVR-2)



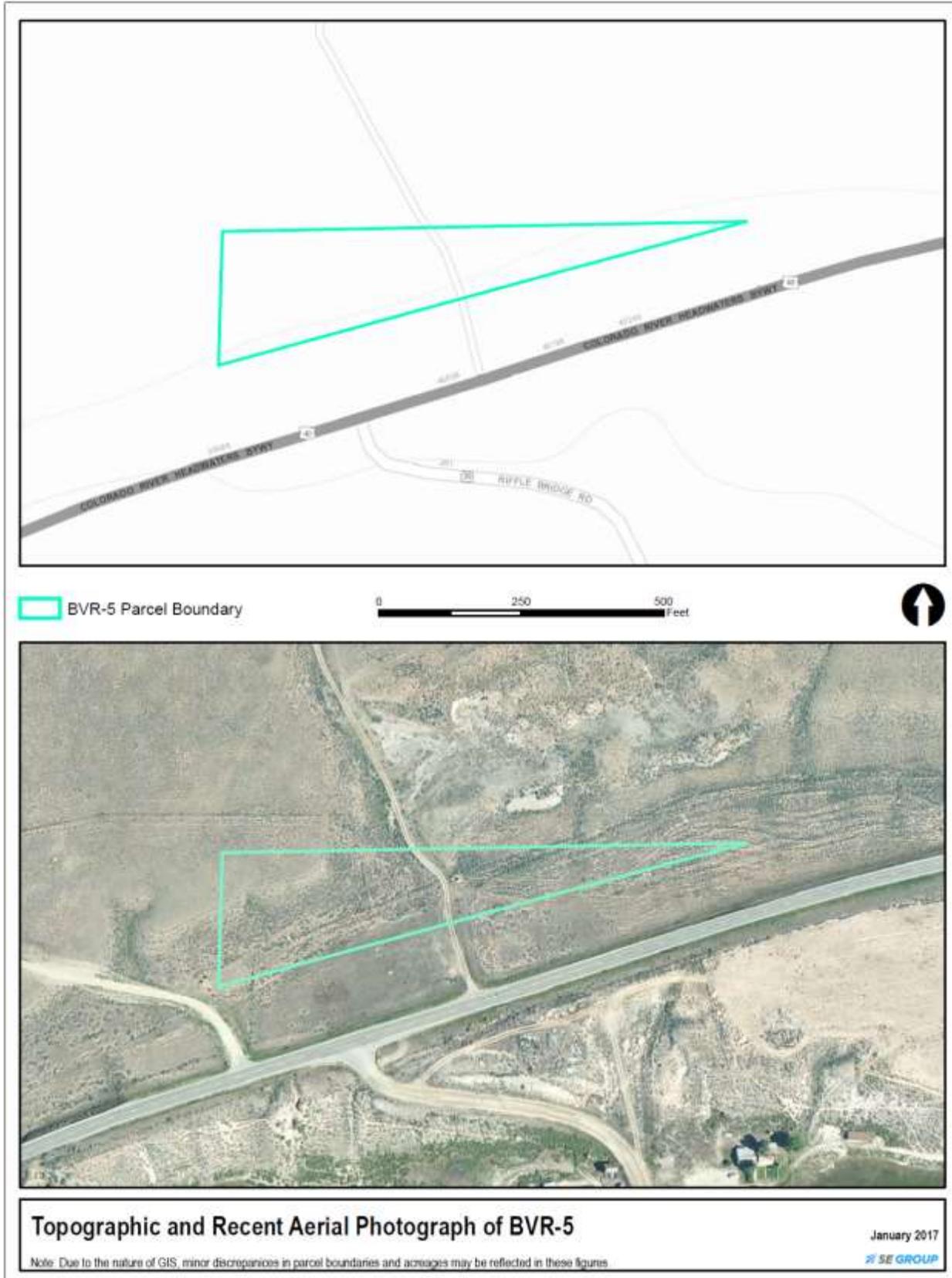
# TOPOGRAPHIC AND AERIAL MAP (Parcel BVR-3)



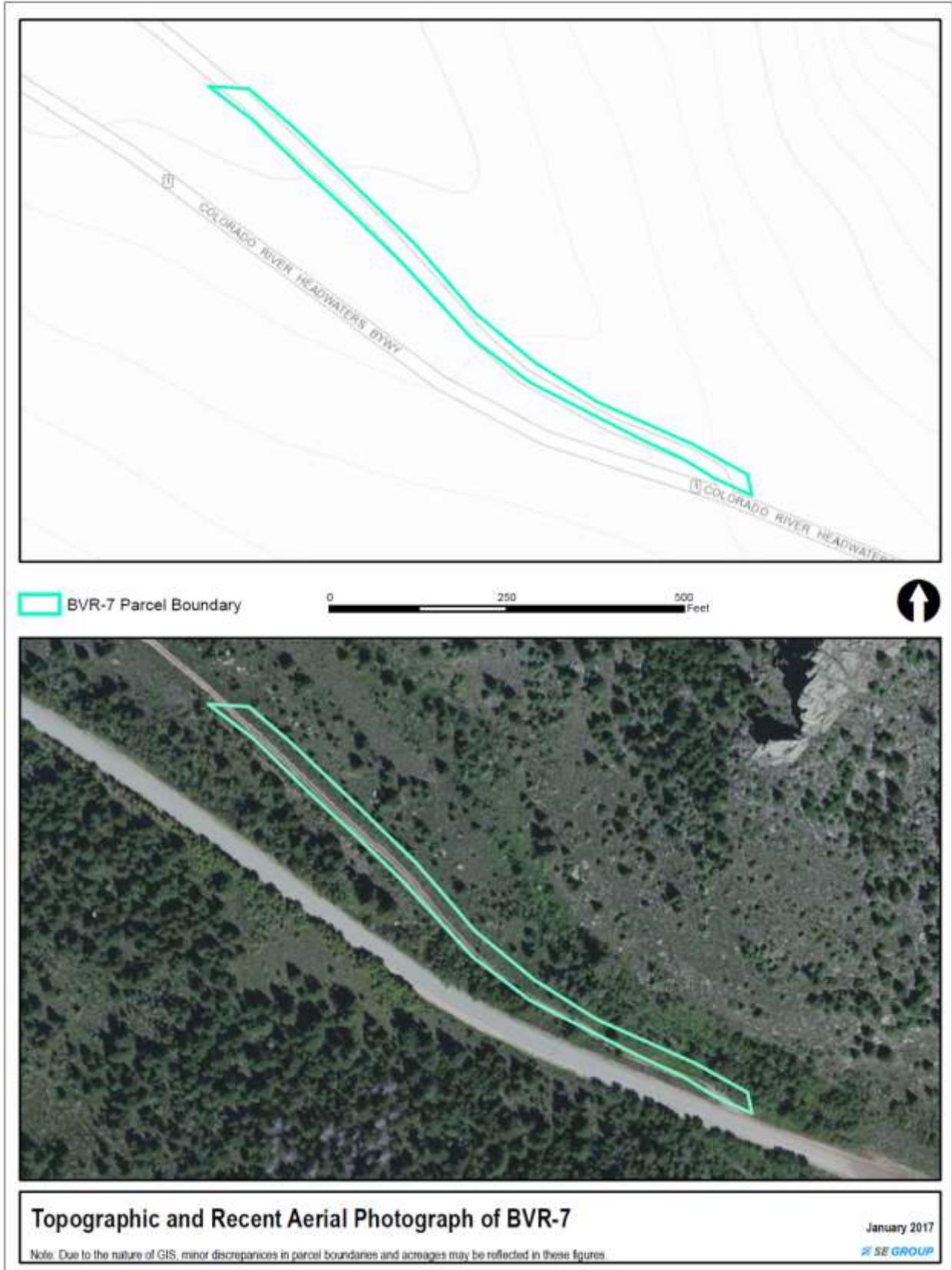
# TOPOGRAPHIC AND AERIAL MAP (Parcel BVR-4)



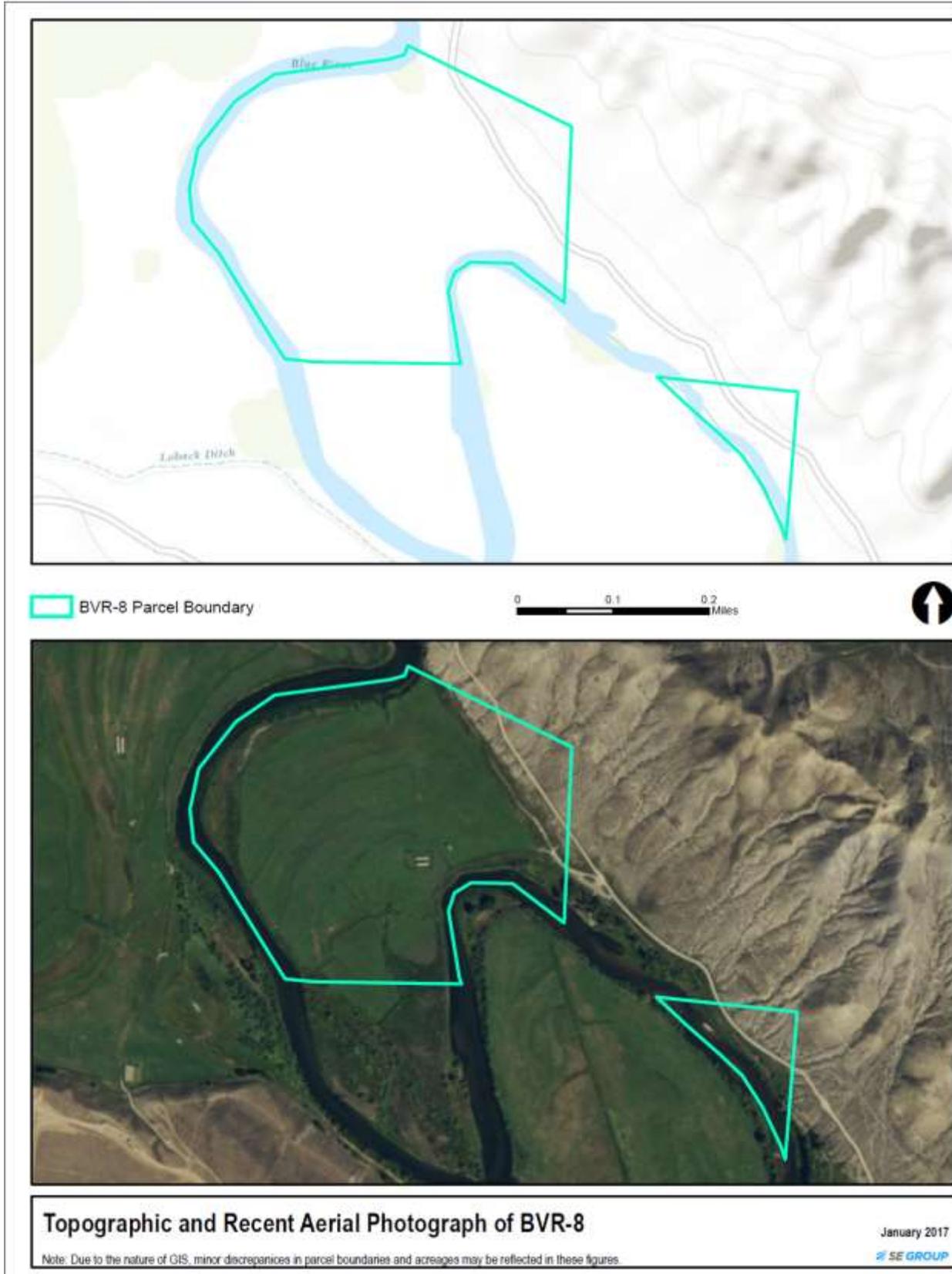
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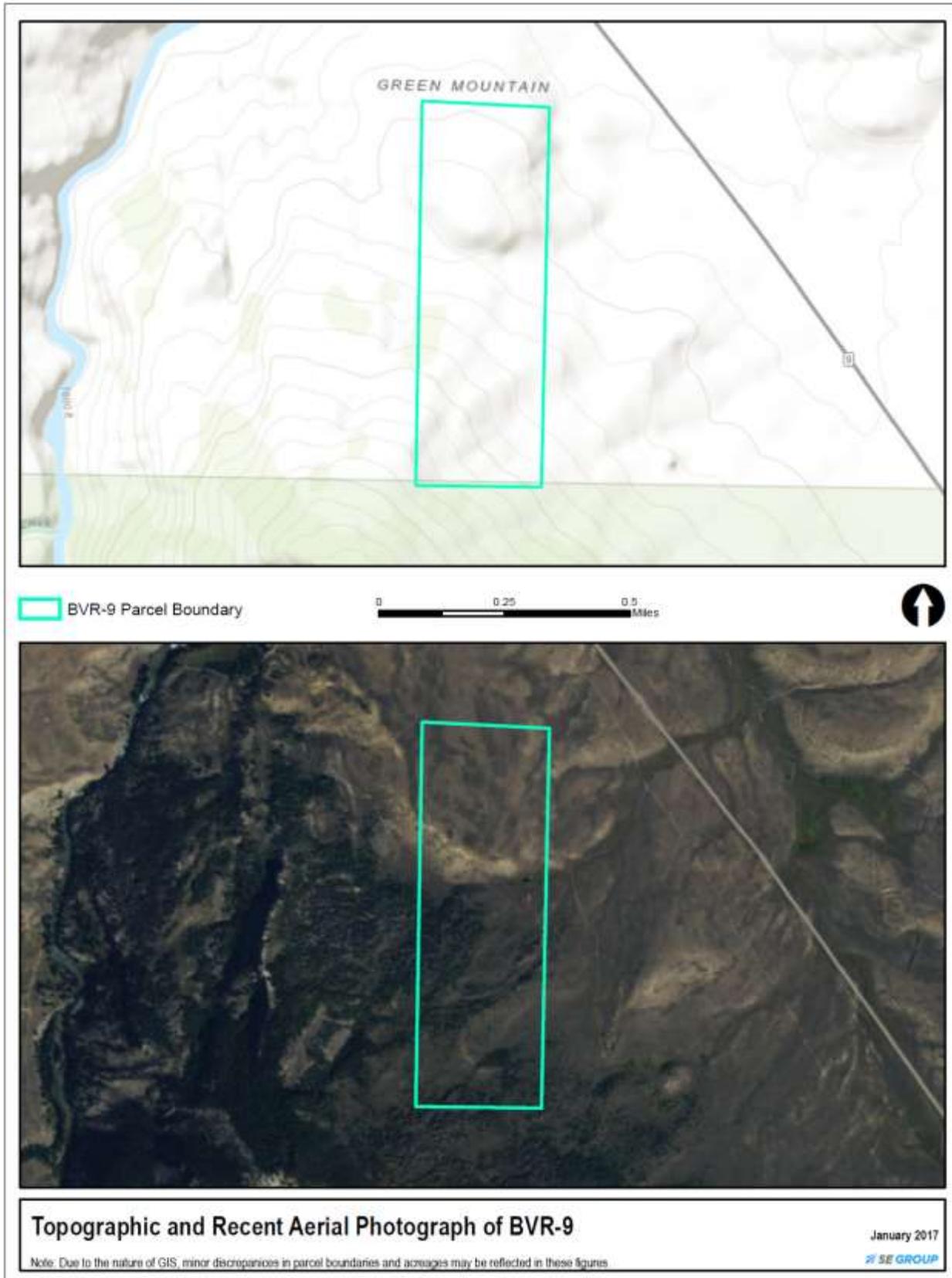
# TOPOGRAPHIC AND AERIAL MAP (Parcel BVR-7)



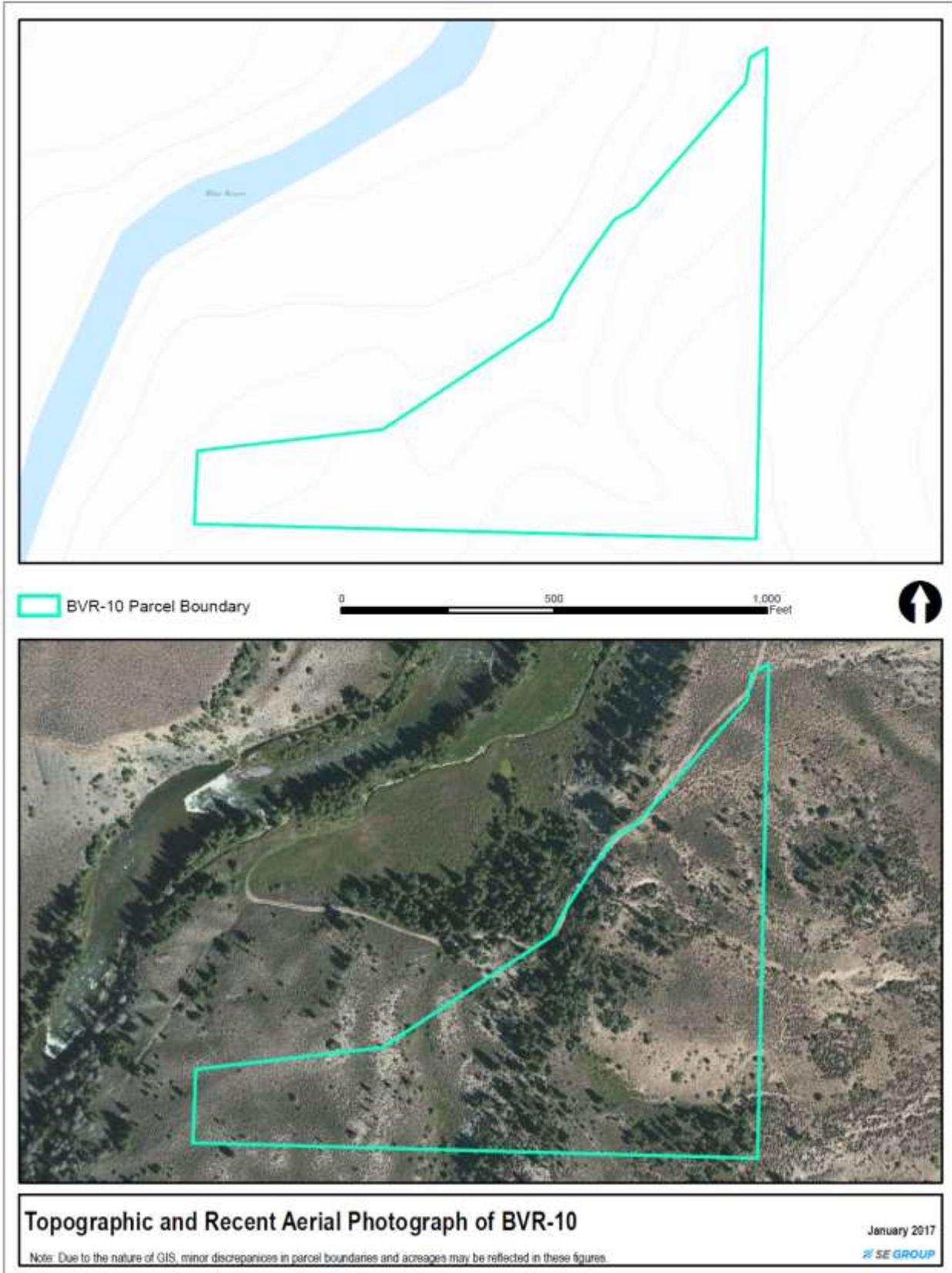
# TOPOGRAPHIC AND AERIAL MAP (Parcel BVR-8)



# TOPOGRAPHIC AND AERIAL MAP (Parcel BVR-9)



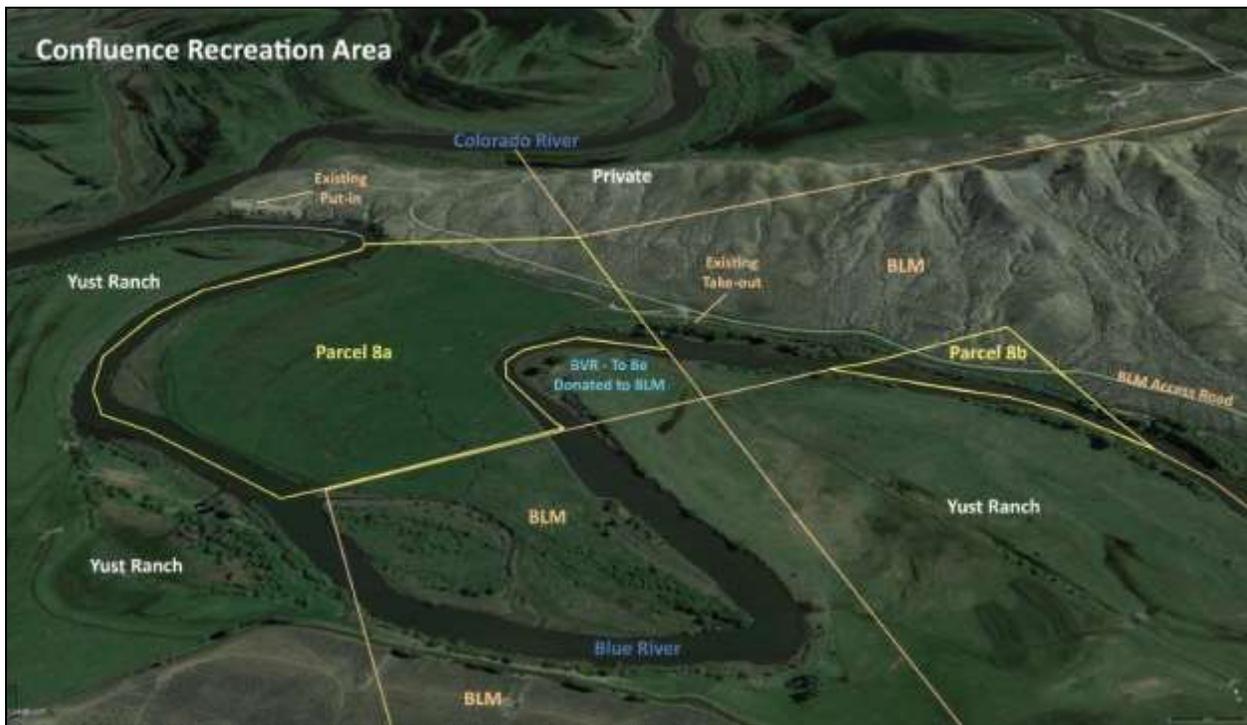
# TOPOGRAPHIC AND AERIAL MAP (Parcel BVR-10)



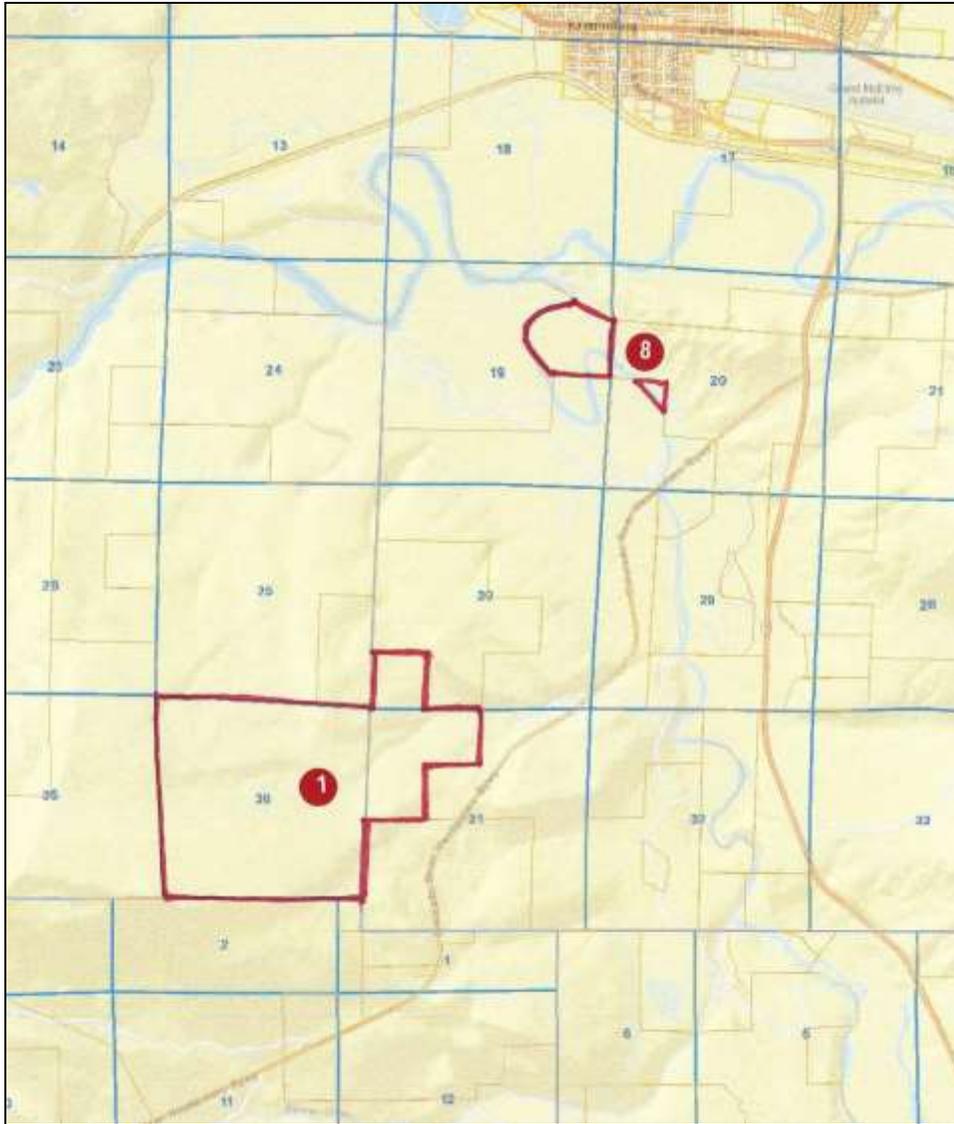
**GOOGLE EARTH MAP (Parcels BVR-2, 3, 9 and 10)**



**GOOGLE EARTH MAP (Parcel BVR-8)**



**ASSESSOR MAP (Parcels BVR-1 and BVR-8)**



**ASSESSOR MAP (Parcel BVR-5)**



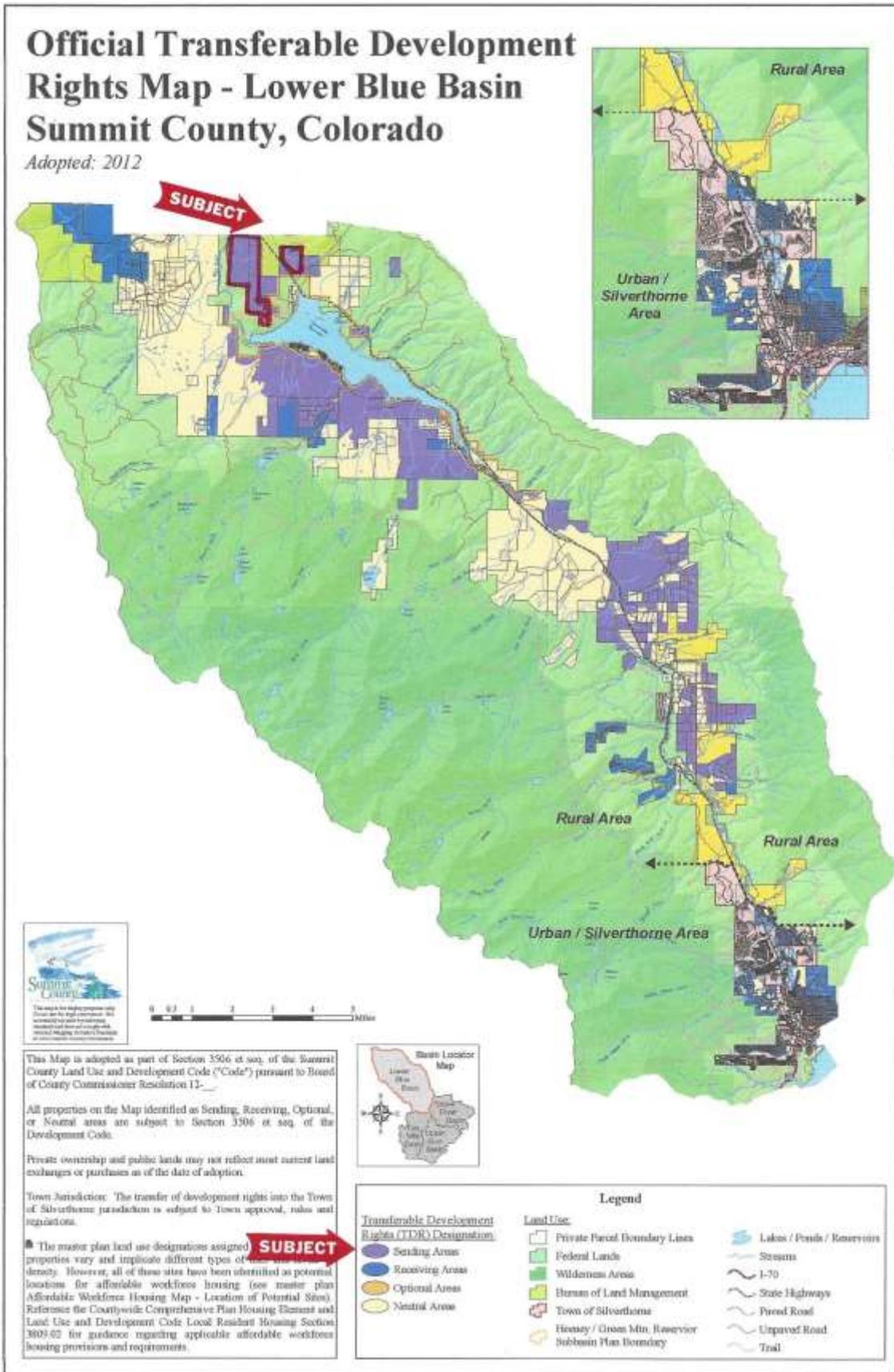
**ASSESSOR MAP (Parcel BVR-4)**



**ASSESSOR MAP (Parcels BVR-2, BVR-3, BVR-9, and BVR-10)**



**SUMMIT COUNTY TDR MAP (Parcels BVR-2, BVR-3, BVR-9, and BVR-10)**



## HIGHEST AND BEST USE ANALYSIS

The Uniform Appraisal Standards for Federal Land Acquisitions defines highest and best use as “The highest and most profitable use for which a property is adaptable and needed or likely to be needed in the reasonably near future”. The Dictionary of Real Estate Appraisal defines highest and best use as “The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity”. The conclusion of highest and best use must be clearly supported by market evidence, with the burden of proof placed on the appraiser if it is different than the existing use of the property. Sale or exchange to the United States of America or public entity is unacceptable, and a “non-economic” highest and best use is also invalid (such as conservation, natural lands, or preservation). Current market conditions and existing land uses are analyzed, but the reasonable probability of a change in zoning must have a factual foundation since market value cannot be predicated upon potential uses that are speculative or conjectural. Since the subject parcels are not improved, only the highest and best use as vacant is relevant.

### Legally Permissible

Legally permissible uses depend on zoning requirements, encumbrances, and other restrictions. As discussed in the Property Data section of this report, the Non-Federal Lands are either zoned Forestry and Open by Grand County, or Agricultural by Summit County. The minimum lot size to create one rural homesite as a use by right (i.e. without county subdivision review) is 35 acres for Grand County, but only twenty acres for Summit County. However, private parcels that are substandard in size are “grandfathered” as one legal but non-conforming lot if they were created prior to adoption of zoning laws in 1972. Since Parcel BVR-5 and Tract 2 at Parcel BVR-8 were platted by outright exemption during 2000, and Parcel BVR-10 will be divided from a 400-acre holding for the land exchange, they are not legal homesites due to their non-conforming lot sizes. Moreover, three subject parcels are encumbered by plat or deed restrictions for certain land uses. Relevant details regarding zoning and land use for the subject parcels are summarized as follows:

Parcel	County	Zoning District	Acres	Potential Rural Homesites	TDRs	Restrictions on Use
BVR-1	Grand	Forestry and Open	656.58	Eighteen (35-acre minimum size each)	None	None
BVR-4	Grand	Forestry and Open	160.00	Four (35-acre minimum size each)	None	None
BVR-5	Grand	Forestry and Open	2.05	Zero (tract created by plat after 1972)	None	Ag-related structures only
BVR-7	Grand	Forestry and Open	0.54	Zero (interest in access easement)	None	No structures allowed
BVR-8	Grand	Forestry and Open	67.32	One (only at Tract 1 of 61.54 acres)	None	No structures at Tract 2
BVR-2	Summit	Agricultural	621.64	Thirty-one (20-acre min. size each)	31.08	None
BVR-3	Summit	Agricultural	187.39	Nine (20-acre minimum size each)	9.37	None
BVR-9	Summit	Agricultural	120.00	Six (20-acre minimum size each)	6.00	None
BVR-10	Summit	Agricultural	14.62	Zero (tract will be created after 1972)	0.73	None

Since there are no deed restrictions at Parcels BVR-1 and BVR-4, both could be developed with rural homesites at a minimum size of 35 acres each, for eighteen and four total lots, respectively. While Parcel BVR-5 does not qualify as one legal homesite at only 2.05 acres, a deed restriction from the plat also prohibits any structures unless for agricultural-related uses (i.e. no residential). Parcel BVR-7 is not a legal lot since it is an easement interest for access across private land, with restrictions that prohibit any structures, and limit activities to agriculture or group rock-climbing. In regards to Parcel BVR-8, Tract 1 qualifies as a homesite, but Tract 2 is too small at 5.78 acres to meet criteria for one legal lot, and the plat also prohibits any improvements or development.

## HIGHEST AND BEST USE ANALYSIS

### Legally Permissible (continued)

Parcels BVR-2, BVR-3, and BVR-9 could be developed with rural homesites at a minimum size of twenty acres each, for a total of 31 lots at BVR-1, nine lots at BVR-3, and six lots at BVR-9. Parcel BVR-10 is too small at only 14.62 acres to qualify for one homesite as a stand-alone tract. As discussed in the Property Data section of this report, these four parcels in Summit County are within a designated “sending area” of the Lower Blue Basin, and eligible for up to 47.18 TDRs. However, the development rights may only be transferred to designated “receiving areas” within other Rural Areas of the same basin, which excludes private land in the Urban Silverthorne Area. Based on the foregoing, rural homesites, agriculture, and/or recreation are legally permissible.

### Physically Possible

Physically possible uses are based on location and physical characteristics for the subject parcels, which are detailed in the Property Data section of this report, and summarized in the table below. All the Non-Federal Lands have a good location within a few miles east or south of Kremmling, in a neighborhood that is dominated by rural homesites, working ranches, and public recreation.

Parcel	Access	Adjacent Uses	Utilities	Natural Features and Land Uses
BVR-1	Seasonal Use	Public two sides	Nearby	Mountainous, seasonal creek, 7% irrigated, trees, views, hunting, grazing
BVR-2	Year-Round	Public surrounds	On-site	Mountainous, no live water or irrigated land, trees, views, hunting, grazing
BVR-3	Year-Round	Public three sides	On-site	Rolling terrain, no live water or irrigated land, open, views, grazing land
BVR-4	Seasonal Use	Public surrounds	Nearby	Rolling terrain, no live water or irrigated, open, views, hunting, grazing
BVR-5	Year-Round	Public three sides	On-site	Rolling terrain, no live water or irrigated, open, views, no hunting/grazing
BVR-7	Year-Round	On private land	Nearby	Sloping terrain, no live water or irrigated, trees, no views/hunting/grazing
BVR-8	Seasonal Use	Public two sides	Nearby	Meadow, 67% irrigated, views, 0.97 miles of Blue River, average fishing
BVR-9	Seasonal Use	Public three sides	Nearby	Mountainous, no live water or irrigated, trees, views, no hunting, grazing
BVR-10	Pedestrian	Public one side	Nearby	Mountainous, no live water or irrigated, trees, small-scale hunting/grazing

Parcel BVR-7 is an easement for road access purposes, and no other uses are physically possible. Only agricultural structures are allowed at Parcel BVR-5, while any improvements are prohibited at Tract 2 of Parcel BVR-8. Parcel BVR-10 only has legal access from rugged trails on adjacent federal land. Thus, residential development is not physically possible at these subject properties, as proof of vehicular access is required to obtain a building permit for a permanent dwelling unit. However, Parcels BVR-1, BVR-2, BVR-3, BVR-4, BVR-9, as well as Tract 1 of Parcel BVR-8, have adequate vehicular access, utility availability, as well as natural features for rural homesites (although some tracts will require private winter road maintenance and extension of dry utilities). Dwellings could utilize domestic wells and individual septic disposal systems, with the building envelopes clustered near access roads to create private open space for agriculture and recreation. All subject parcels border public lands, which offer four seasons of recreational opportunities, as well as seasonal livestock grazing via federal permits. With the exception of Parcel BVR-5, the Non-Federal Lands have desirable physical characteristics for agriculture (i.e., grazing, farming, hay production, etc.), with some irrigated acreage at Parcel BVR-1 and Tract 1 of Parcel BVR-8. Most of the subject parcels have good wildlife habitat and are suitable for mountain recreation, such as hiking, biking, riding, camping, hunting, wildlife viewing, and various winter activities. Parcel BVR-8 has a strategic location near the confluence for boating, but the fishing is average. Logging and mining are not viable due to the lack of natural resources having commercial value. Based on the foregoing, rural homesites, agriculture, and/or recreation are physically possible.

## HIGHEST AND BEST USE ANALYSIS

### Financially Feasible

Financially feasible uses are based on supply and demand conditions. As illustrated in the Area Data section of this report, the neighborhood was traditionally based on livestock ranching, but the local economy has become more diversified, with strong emphasis on tourism and recreation. The area has average income levels and housing prices, which generally cater to local residents that typically commute to nearby ski resort towns for employment. Access to the neighborhood is good, and services are adequate, with large ranches as well as ample public lands and natural amenities (i.e., reservoirs, two major rivers, national forest, Rocky Mountain National Park, etc.). The neighborhood offers more affordable prices than other areas of Grand and Summit Counties, but has a relatively small population with a low density. Local market conditions have recovered from the Great Recession, but virtually no new subdivisions have come on-line for several years. There appears to be an adequate supply of homesites in the area to meet near-term demand, with large-scale residential development only warranted by major improvements to market conditions. However, limited construction of residential housing on larger holdings is occurring at this time, and some rural homesites with complimentary agriculture/recreation are financially feasible uses. The potential to sell TDRs from the Non-Federal Parcels in Summit County was considered, but there is extremely limited demand for additional density in the designated “receiving areas” (i.e., only 3.75 TDRs deposited in the Countywide Bank during the past decade, and zero TDR sales). Even if adequate demand existed for the 47.18 TDRs, and each could achieve a price of \$44,900, gross sale proceeds for these vested development rights is estimated at \$2,118,382. This equates to \$2,245 per acre for the 943.65 acres, which is less than the appraised market value. Moreover, a significant bulk discount (likely on the order of 30% to 50%) would be warranted to entice one buyer to acquire this many TDRs in a single transaction (especially given the lack of demand). Thus, sale of TDRs at Parcels BVR-2, BVR-3, BVR-9, and BVR-10 is not financially feasible.

### Maximally Productive

Maximally productive uses generate the highest return to the land at the least risk to the owner. Agriculture and/or recreation could be complimentary uses to rural homesites at most parcels, but are not maximally productive since the nominal income generated from only these uses does not justify the land cost. However, they are the only viable uses at Parcels BVR-5 and BVR-10. Thus, the most profitable use at the other subject parcels is some type of residential development, with 68 total potential rural homesites that could be created (by right) at the Non-Federal Lands. Although permitted by zoning, a lengthy absorption period would be required for this many new lots, and the cost of required infrastructure (i.e., roads and dry utilities) must also be considered. Thus, subdivision at the maximum density allowed would not generate incremental profit, over and above the raw land value, when required development costs and discounting are considered. It is my experience that the typical buyer in the neighborhood would conclude that “less is more” and pay a similar price for each subject parcel as one holding than if subdivided into smaller lots. Assemblage of certain subject parcels with surrounding private property is another viable option, especially if they lack public road access. For example, Parcel BVR-10 is a logical candidate for assemblage with Parcel BVR-2 since it is “landlocked”, and Parcel BVR-9 could be added to this holding to create a contiguous block of land. Since residential use is prohibited at Parcel BVR-5, it would likely be acquired by a neighbor or local rancher for just agricultural-related structures. There is a very limited market for Parcel BVR-7, as it is an access easement across private land. Although not a viable conclusion, the Non-Federal Lands could be acquired by local or federal government as public open space, or preserved from development via conservation easement.

## HIGHEST AND BEST USE ANALYSIS

### Determination of Larger Parcels

Essential to the highest and best use analysis is the appraiser's determination of the larger parcel, which is defined by UASFLA as that tract or tracts of land that possess a unity of ownership, and have the same, or an integrated, highest and best use. Elements of consideration by the appraiser in making the determination in this regard are contiguity (or proximity as it bears on the highest and best use of the property), unity of ownership, and unity of highest and best use. By applying these three tests to each identified subject property, two physically separate tracts may constitute a single larger parcel, or a single contiguous physical tract may consist of multiple larger parcels. Unity of ownership considers which entity holds title to (or has beneficial control of) each parcel. Subject properties that do not share a common boundary may still meet the test of contiguity, depending on their physical relationship to other tracts in proximity. Non-contiguous parcels may be economically dependent on each other, resulting in an integrated highest and best use.

Determination of the larger parcel must be consistent with the Statement of Work and UASFLA rules regarding the proposed action, which is defined by the ATI as an assembled land exchange. Thus, separate values shall be estimated for each property that was acquired by the non-federal party from multiple ownerships for purposes of the exchange. Federal lands shall be appraised in a similar manner, and under the hypothetical condition that they are already in private ownership (i.e., larger parcels cannot include surrounding federal lands since they are owned by the USA). Thus, it was determined that the Non-Federal Lands comprise eight larger parcels for purposes of this valuation analysis, which are further described and identified in the following paragraphs.

Parcel BVR-1 was determined to comprise one larger parcel, which consists of 656.58 acres that is identified as **San Toy Mountain**. It has unity of ownership, as title to the property has been held by Galloway, Inc. since they acquired it from Thompson during 2000 in a single transaction. The property comprises one physical tract that is not contiguous with any other subject parcels. Parcel BVR-1 has unity of highest and best use, namely rural homesites (which would require upgrade to roads and extension of dry utilities), with complimentary agriculture and/or recreation (the holding is currently leased to third parties for seasonal cattle grazing and big-game hunting). Parcel BVR-1 would likely be acquired as a stand-alone tract if available on the open market.

Parcels BVR-2 and BVR-10 were determined to comprise one larger parcel, which consists of 636.26 acres that is identified as **Green Mountain**. Both parcels have unity of ownership, since title has been held by Galloway, Inc. since they were acquired from Knorr during 1999 in one transaction, which also included Parcels BVR-3 and BVR-4. While both tracts are contiguous to each other, they are physically separated from Parcels BVR-3 and BVR-4 by State Highway 9. Although Parcel BVR-9 is contiguous to the east of Parcel BVR-2, it is in different ownership. Since Parcel BVR-10 lacks access from a public road as a stand-alone tract, it has an integrated highest and best use with Parcel BVR-2 as a combined holding for rural residential development (which would require upgrade to access roads and extension of dry utilities), with complimentary agriculture and recreation. Parcels BVR-2 and BVR-10 would be sold together to a single buyer.

Parcel BVR-3 was determined to comprise one larger parcel, which consists of 187.39 acres that is identified as **Highway 9 South**. It has unity of ownership (title held by Galloway, Inc.), is not contiguous to any other subject parcels, and the property has unity of highest and best use. Parcel BVR-3 was acquired from Knorr during 1999 in one transaction that also included Parcels BVR-2, BVR-3, and BVR-10. While the prior owner grazed livestock on all four of the parcels, Blue Valley Ranch does not currently utilize these tracts for agricultural purposes (or hunting). Parcel BVR-3 could be purchased as a stand-alone tract if available for sale on the open market.

## HIGHEST AND BEST USE ANALYSIS

### Determination of Larger Parcels (continued)

Parcel BVR-4 was determined to comprise one larger parcel, which consists of 160.00 acres that is identified as **Haystack Mountain**. It has unity of ownership (title held by Galloway, Inc.), is not contiguous to any other subject parcels, and the property has unity of highest and best use. Similar to Parcel BVR-3, the current owner does not use Parcel BVR-4 in conjunction with other nearby Non-Federal Lands (that were acquired from Knorr) for livestock grazing and recreation. Rural homesites would be limited to seasonal use without major infrastructure improvements, and the property is suitable for seasonal livestock grazing and mountain recreation (i.e., hunting). Parcel BVR-3 could be acquired as a stand-alone tract if available for sale on the open market.

Parcel BVR-5 was determined to comprise one larger parcel, which consists of 2.05 acres that is identified as the **North of 40 Exemption**. It has unity of ownership, since title has been held by Galloway, Inc. after they acquired the parcel from Palmer during 1994 (with other property) in a single transaction. This tract is not contiguous with any other subject parcels, and has a unified highest and best use of assemblage or agriculture (no residential use allowed per plat restriction). Parcel BVR-5 would be acquired as a stand-alone tract if available for sale on the open market.

Parcel BVR-7 is an access easement for a road that crosses private land owned by Yust, which was reserved by Galloway, Inc. when they sold the underlying 99.17 acres to them during 2000. Although the easement interest is owned by Galloway, Inc., it does not technically have unity of ownership with the underlying property. Parcel BVR-7 encumbers 0.54 acres of land area in one linear tract, and is not contiguous with any other subject parcels. It has unity of highest and best use, which is limited to an ingress/egress route to nearby public BLM lands at Inspiration Point. It can be conveyed as a separate interest in a single transaction, but the only logical buyers are Yust (who owns the underlying land) and the USA (to provide a more convenient route to nearby BLM lands than an existing public road about one-quarter mile to the northwest). Parcel BVR-7 was determined to comprise one larger parcel that is identified as the **Trough Road Easement**.

Parcel BVR-8 was determined to comprise one larger parcel, which consists of 67.32 acres that is identified as the **River Confluence**. This property consists of two non-contiguous tracts (5.78 acres and 61.54 acres) that were acquired by Galloway, Inc. from Yust during 2006 in a single transaction, and thus have unity of ownership. Although both tracts are physically separated by both public and private land, they have an integrated use as one combined holding for livestock grazing, hay production, and river-oriented recreation (i.e., a popular put-in/take-out for boating). Tract 1 qualifies as one rural homesite, but no development of any type is allowed at Tract 2. Since Parcel BVR-8 only has one development right, both of the tracts have an integrated highest and best use as a combined holding, and would likely be sold to one buyer in a single transaction.

Parcel BVR-9 was determined to comprise one larger parcel, which consists of 120.00 acres that is identified as **Summit County Option**. It has unity of ownership since title is currently held by Summit County, although Galloway, Inc. has an option to purchase until December 31, 2019. Parcel BVR-9 is contiguous with Parcel BVR-2, and would logically have an integrated highest and best use with this property of rural residential development, agriculture, and/or recreation. Although it potentially will be acquired by the proponent for the land exchange, it lacks unity of ownership with any other Non-Federal Parcels, and must be appraised as a separate larger parcel. Parcel BVR-9 could be purchased as a stand-alone tract if available for sale on the open market.

## HIGHEST AND BEST USE ANALYSIS

### Highest and Best Use Conclusion

Based on the foregoing, I conclude to the following highest and best use for each of the eight larger parcels that have been identified for the Non-Federal Lands (with summary table below):

San Toy Mountain Larger Parcel comprises 656.58 acres within Grand County, and has seasonal access from nearby Trough Road via private road easement over public land. It is well-suited for development with rural homesites (maximum eighteen lots by right), as well as complimentary agricultural uses (livestock grazing) and mountain recreation (especially big-game hunting).

Green Mountain Larger Parcel comprises 636.26 total acres in Summit County, with year-round access to the northeast corner from State Highway 9. It is a viable candidate for rural homesites (maximum of 31 lots), which would likely require major on-site infrastructure. It is essentially surrounded by public land, and well-suited for agriculture (livestock grazing) and/or recreation.

Highway 9 South Larger Parcel comprises 187.39 acres in Summit County, with year-round access from State Highway 9 (direct frontage along west boundary) and dry utilities to the site. It is well-suited for rural residential development (maximum of nine lots) due to its convenient location along the highway corridor, with lesser utility for agricultural and/or recreational uses.

Haystack Mountain Larger Parcel comprises 160.00 acres within Grand County, with seasonal vehicular access from County Road 381 as it traverses the site, and dry utilities available nearby. It is a viable candidate for rural homesites (four lots maximum) with seasonal vehicular access. However, it is better suited for agriculture and/or recreation, and mostly adjoins public lands.

North of 40 Exemption Larger Parcel comprises 2.05 acres along the highway in Grand County. Since residential uses are prohibited, and the site is too small for recreation, the highest and best use is limited to assemblage with adjacent land or development of agricultural-related structures.

Trough Road Easement Larger Parcel is limited to access purposes along this private roadway.

River Confluence Larger Parcel comprises 67.32 total acres in two non-contiguous tracts within Grand County. It has seasonal road access, dry utilities nearby, irrigated hay meadows, and almost one mile of frontage on the Blue River. The property is suitable for one rural homesite, with complimentary agriculture (grazing/haying) and river-oriented recreation (average fishing).

Summit County Option Larger Parcel comprises 120.00 acres in Summit County, with access from State Highway 9 via seasonal use roads, and dry utilities nearby. It is a viable candidate for rural homesites (maximum of six lots), which would require extension of roads and dry utilities. However, it is well-suited for agriculture and/or recreation, and mostly adjoins public lands.

Subject Parcel	Larger Parcel	Acres	Highest and Best Use Conclusion
BVR-1	San Toy Mountain	656.58	Seasonal use rural homesites (maximum 18 lots) with agriculture and/or recreation
BVR-2 & 10	Green Mountain	636.26	Year-round rural homesites (maximum 31 lots) with agriculture and/or recreation
BVR-3	Highway 9 South	187.39	Year-round rural homesites (maximum 9 lots) with agriculture and/or recreation
BVR-4	Haystack Mountain	160.00	Seasonal use rural homesites (maximum 4 lots) with agriculture and/or recreation
BVR-5	North of 40 Exemption	2.05	Assemblage or development of agricultural-related structures (no residential uses)
BVR-7	Trough Road Easement	0.54	Ingress/egress easement along private road (no structures or other uses allowed)
BVR-8	River Confluence	67.32	Year-round rural homesite (maximum one lot) with agriculture and/or recreation
BVR-9	Summit County Option	120.00	Seasonal use rural homesites (maximum 6 lots) with agriculture and/or recreation

## APPRAISAL METHODOLOGY

The valuation of real estate typically entails three fundamental techniques: the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. All three approaches are market oriented and based on the principle of substitution. The applicability of each technique is impacted by the type/age of the property, or the quality/quantity of available data.

**The Cost Approach** is based on the assumption that a prudent purchaser will not pay more for real property than the cost of acquiring a comparable site and constructing improvements of similar quality, condition, and utility. The application of this process involves estimating the market value of the subject site as if vacant, construction and soft costs, an allowance for developer's profit, and deductions for physical depreciation or functional/external obsolescence.

**The Sales Comparison Approach** involves a detailed analysis and comparison of like properties that were recently purchased, contracted, or listed in the competitive market. When reduced to an appropriate unit of comparison, these transactions can be compared to the subject property and adjusted for pertinent differences, such as financing, market conditions, location, access, size, zoning/land use, and various physical characteristics. The resulting indications from the comparable sales can then be reconciled to a final value estimate for the subject property.

**The Income Capitalization Approach** is based on the premise that the value of a property that generates income is equal to the present worth of its future benefits. It is typically the most reliable technique for the appraisal of income-producing property. Market rent and operating expenses are estimated, and consideration is given to the rate of return required by an investor in the prevailing market (i.e., capitalization or discount rate). Net income is established, and then converted to value via the Direct Capitalization process. If the cash flows are expected to vary over time, a discount rate may also be applied to a projected income stream over a reasonable holding period via the Yield Capitalization technique. The Development Approach is a variation of the Income Approach, and utilizes a Discounted Cash Flow (DCF) analysis to estimate the bulk value of subdivided projects with five or more units (i.e., lots, condominiums, or homes).

**Reconciliation** is the remaining step in the valuation process. The results of each approach are weighted by reliability, and a final value estimate is correlated. Although each technique produces an independent indication of value, they are interrelated and depend on market forces.

**Valuation of the Subject Property** only employed the Sales Comparison Approach to estimate market value for each of the eight identified larger parcels that comprise the Non-Federal Lands. Adequate sales data is available in the local market for direct comparison to the subject property. The Cost Approach is not relevant for the assignment since the appraised parcels are vacant land. The Income Capitalization Approach is not necessary for this analysis since the subject property does not generate major income from agricultural and/or recreational uses, and it is impossible to extract capitalization rates from current sales of rural properties in the local area (since the prices reflect much more than agricultural production value). The Subdivision Development Approach was not employed since parceling the Non-Federal Lands into smaller tracts is inconsistent with the conclusion of highest and best use. This technique is also rather speculative due to the many required variables, and typically only relied upon if adequate comparable sales are not available. Because the Sales Comparison Approach was the only technique utilized, it was given all weight in the final reconciliation. Individual market values were reported for each larger parcel, versus one value for all Non-Federal Lands as if sold in a single transaction (i.e. no bulk discounting).

## SALES COMPARISON APPROACH

The Sales Comparison Approach involves a detailed comparison of the subject property to similar properties that have recently sold in the same or competitive market. This approach is based primarily on the Principle of Substitution, meaning when several commodities or services with substantially the same utility are available, the lower price will attract the greatest demand and widest distribution. In other words, a prudent investor or purchaser would not pay more to acquire any given property in the market if an alternative property can be purchased for less. The valuation steps employed in the Sales Comparison Approach are summarized as follows:

1. Research the market to obtain information relative to closed sales (as well as listings and contracts) of properties that are similar to the subject.
2. Verify and qualify the data as to financing, terms, motivating forces, or bona fide nature.
3. Determine the relevant unit of comparison (price per square foot, per unit, per acre, etc.)
4. Compare the transactions to the subject property and make adjustments to the price per unit that account for differences in location, economics, or physical characteristics.
5. Reconcile the indications from each comparable to estimate market value for the subject.

### Selection of Comparable Sales

Based on the foregoing highest and best use conclusion, different types of comparable sales from the local area were analyzed to value the subject Non-Federal Lands (as well as Federal Lands). They include larger ranch holdings, properties with river frontage, and smaller rural homesites, with the time period generally limited to the past four years to reflect current market conditions. Ample data is available in Grand County (just one recent sale in Summit County), with dozens of recent transactions researched and considered for the analysis. The 24 most similar sales to the appraised property are summarized on the following page, and accompanied by a location map. The first eleven sales were used to value six of the eight larger parcels at the Non-Federal Lands, with the other transactions considered for secondary support. Detailed data sheets (with maps and photographs) for these primary comparables are presented on the third following pages.

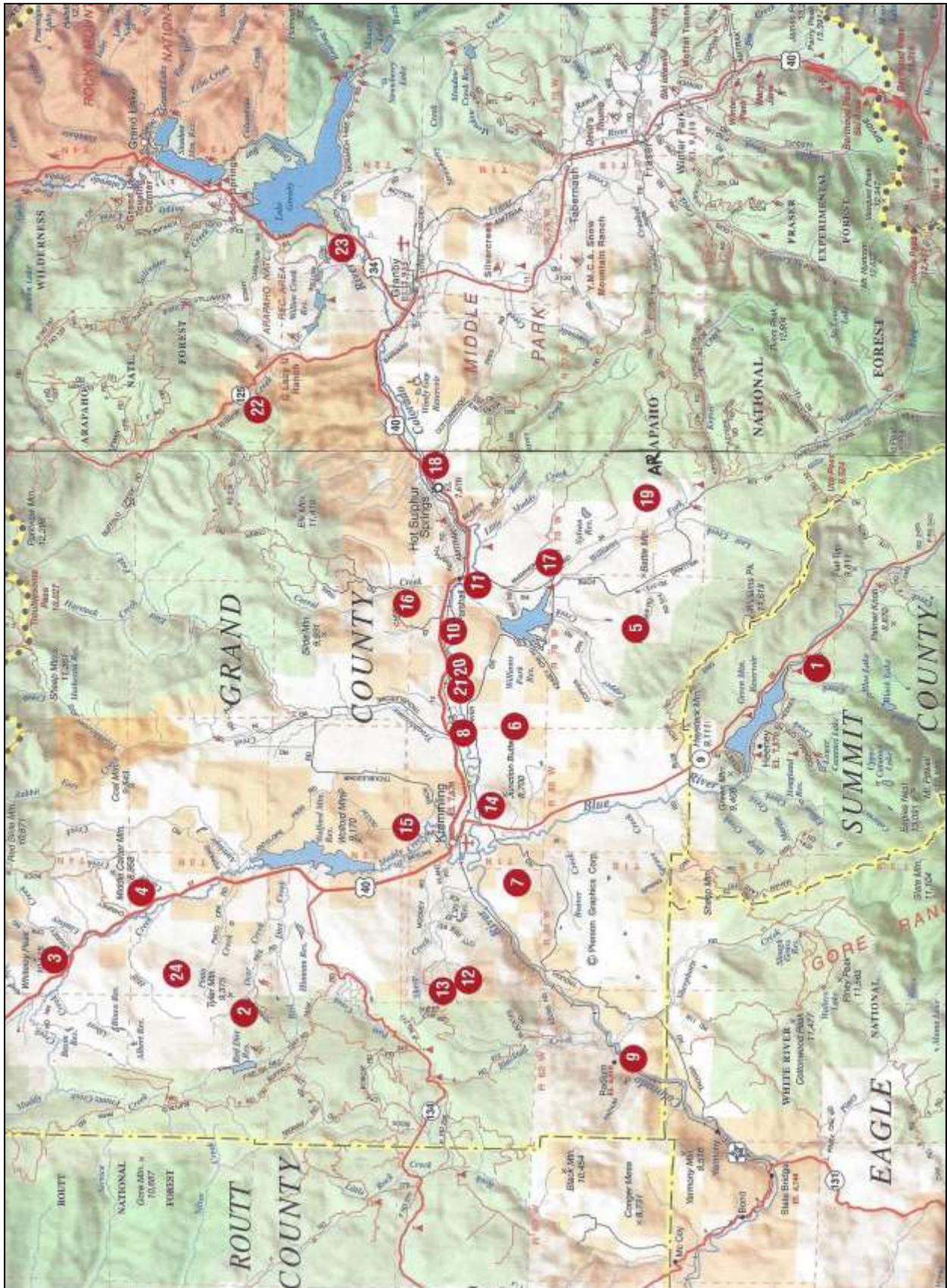
Since the same comparables were often employed to value multiple larger parcels at the subject, a general discussion of the adjustments that were made is presented after the detailed data sheets. This provides an overview of the valuation analysis, while minimizing repetition in the narrative discussion for each larger parcel. A separate summary and adjustment grid is then presented for each larger parcel at the Non-Federal Lands, and accompanied by my narrative analysis of the relevant comparables that were utilized to determine the corresponding opinion of market value. Since a very limited market exists for Non-Federal Parcels BVR-5 (no development) and BVR-7 (access easement), the valuation analysis for these two tracts is presented in abbreviated format.

Confirmation sources include brokers, sellers, buyers, attorneys, lenders, assessors, appraisers, as well as the MLS. The transactions were verified with knowledgeable parties and public records, with each sale inspected by the appraiser to the extent possible (sometimes from nearby roads). Please note that only Sale One required extraordinary verification (per Section D-9 of UASFLA) to confirm the purchase price was based on market value, as it was acquired by Summit County. If a comparable sale included improvements with contributory value, the indicated amount was deducted from the total sale price to provide an estimate of land value only. The appropriate unit of comparison reflects the actions of typical market participants. Since rural properties in the local market are often valued on a price per acre basis, this unit of comparison was employed.

## SUMMARY OF COMPARABLE SALES

#	Seller Buyer	Sale Date Sale Price	Acreage Price/Acre	Description and Comments
1	Knorr Lakeside Ranch, LLC Summit County BOCC	9/15/2016 \$2,000,000	272.70 \$7,334	South of Kremmling (Summit), year-round access from CR 30, scenic views Near Green Mtn. Reservoir, meadows, timber, creek, adjoins USFS one side
2	Deer Creek Ranch, LLC EFO-Deer Creek Ranch, LLC	8/9/2016 \$2,230,000	880.00 \$2,534	Northwest of Kremmling (Grand), seasonal access from CR 17, alpine land Meadows, creeks, timber, USFS or State on two sides, cabins given no value
3	B.I. Bar, Inc. BRS Real Estate Invest., LLC	11/6/2015 \$785,000	467.18 \$1,680	North of Kremmling (Grand), year-round access from US 40, two parcels Mostly grazing land, conservation easement on 240 acres did not impact price
4	Kirk A. Shiner Terry L. & Linda Dietz	7/15/2015 \$1,400,000	843.52 \$1,660	North of Kremmling (Grand), year-round access from US 40, grazing land BLM or State three sides, paid \$1,900,000 less \$500,000 for improvements
5	Terry, Thomy & Karen Meier SPR-1, LLC (Goldstein)	6/9/2015 \$4,350,000	1,199.25 \$3,627	Southeast of Kremmling (Grand), year-round access from CR 351, reservoir USFS or State one side, paid \$4,700,000 less \$350,000 for improvements
6	Marcia Paul, et al Benjamin & Lisa Carter	4/22/2015 \$99,999	152.75 \$655	Southeast of Kremmling (Grand), seasonal access from BLM two-track road Adjoins BLM three sides, marginal rangeland, no live water or utilities nearby
7	Gayle Jones, et al San Toy Ranch Company	10/14/2014 \$1,408,000	870.08 \$1,618	Southwest of Kremmling (Grand), seasonal access from CR 1, grazing land Acquired by neighbor, adjoins BLM two sides, irrigated pasture, no live water
8	San Toy Ranch Company Skylark Cattle Company	10/1/2014 \$925,000	253.50 \$3,649	East of Kremmling (Grand), year-round access from US 40 and CR 33, open Irrigated hay meadows, adjoins BLM to east (with access to Colorado River)
9	Leroux Land & Cattle, LLC Brian S. Wesbury	5/26/2016 \$1,070,000	70.70 \$15,134	Southwest of Kremmling (Grand) at Radium, year-round access from CR 111 Mostly adjoins BLM or State, Colorado River (one mile), meadows, railroad
10	Sunset Ranch, LLC C.R. Preservation Group, LLC	7/5/2013 \$1,610,000	170.15 \$9,462	East of Kremmling (Grand), year-round access from US 40 and CR 394, open Colorado River (0.50 mile), paid \$1,760,000 less \$150,000 for improvements
11	Scott W. Smith C.R. Preservation Group, LLC	7/5/2013 \$510,000	20.74 \$24,590	East of Kremmling (Grand) at Parshall, year-round access from CR 309, open Colorado River (0.50 mile), private fishing to centerline, public access far side
<b>THESE SALES WERE CONSIDERED FOR SECONDARY SUPPORT (NOT AS PRIMARY COMPARABLES)</b>				
12	Gordon M. Koury Elk River Crossing, LLC	8/1/2016 \$154,000	79.50 \$1,937	West of Kremmling (Grand), seasonal access from CR 14M, alpine terrain Adjoins Grand River Ranch or BLM (with access to USFS), no utilities nearby
13	Highlands Investment Group Roy N. Enter	10/24/2014 \$154,000	82.28 \$1,872	West of Kremmling (Grand), seasonal access from CR 14M, alpine terrain Adjoins Grand River Ranch and USFS (west boundary), no utilities nearby
14	Double Diamond Land, LLC Keith & Joanna Whitmarsh	7/18/2016 \$95,000	35.20 \$2,699	South of Kremmling (Grand), year-round access from CR 33 and dry utilities Dry grazing land, no live water, adjoins BLM two sides, one rural homesite
15	Erik J. Woog Dixon and Eisenman	4/26/2016 \$82,000	40.00 \$2,050	North of Kremmling (Grand), seasonal access from CR 224, utilities nearby Marginal rangeland, no live water, grass, or timber, adjoins BLM two sides
16	Byrl & Susan Nolan Williams Family Trust	6/9/2014 \$104,000	38.18 \$2,724	East of Kremmling (Grand), year-round access from CR 21 and dry utilities Mostly grazing land, no live water, adjoins BLM one side, one rural homesite
17	William Peak Ranch Company Company Ranch, LLC	1/27/2015 \$1,662,500	882.54 \$1,884	Southeast of Kremmling (Grand), year-round access from CR 3 and CR 341 Near Williams Fork Reservoir, surrounded by private land, improved pasture
18	Carl & Margaret Jameson Matthew & Becky Sue Telfer	6/13/2013 \$4,000,000	1,512.25 \$2,645	East of Kremmling (Grand), year-round access from US 40, BLM three sides Creek, timber, ponds, views, paid \$4,600,000 less \$600,000 for improvements
19	Michael Miniati, et al Long Park, LLC (Coors)	2/26/2013 \$2,800,000	800.00 \$3,500	Southeast of Kremmling (Grand), year-round access from CR 34, creek, pond Motivated buyer (neighbor) paid assemblage premium, adjoins USFS two sides
20	Gold Medal Ranch, LLC Lazy 7, LLC	3/29/2013 \$5,075,000	225.74 \$22,482	East of Kremmling (Grand), year-round access from US 40, Lots 4, 5, 6, & 8 Eight-lot subdivision, shared use Colorado River (2.5 miles), enhanced fishery
21	Gold Medal Ranch, LLC Lazy 7, LLC and Dana Point	4/20/2007 \$5,000,000	306.84 \$16,295	East of Kremmling (Grand), year-round access from US 40, Lots 1, 2 and 3 Eight-lot subdivision, shared use Colorado River (2.5 miles), enhanced fishery
22	Manley Family Trust Willow Creek Rod & Gun Club	5/30/2015 \$550,000	100.30 \$5,484	North of Granby (Grand), year-round access from SH 125 (bridge required) Willow Creek (one miles, average fishing, adjoins BLM or USFS three sides
23	Mirr Properties, LLC Rio Colorado, LLC	10/5/2010 \$1,600,000	157.92 \$10,132	Northwest of Granby (Grand), year-round access from US 34 (via new bridge) Colorado River (0.40 mile), Willow Creek, good fishing, meadows, powerline
24	TF Investments Davison Family Trust	4/27/2015 \$70,000	40.00 \$1,750	Northwest of Kremmling (Grand), west of US 40, no access from public road Dry grazing land, private inholding, highly motivated buyer (for assemblage)

# MAP OF COMPARABLE SALES



## COMPARABLE SALE ONE

### Property Identification

General Location: Twenty road miles southeast of Town of Kremmling  
Vehicular Access: Year-round from County Road 30  
Tax Identification: Schedule #1700215 (Summit County)  
Legal Description: Tracts in Sections 33 and 34, Township 2S, Range 79W

### Property Description

Land Area: 272.70 acres (per county assessor, not confirmed by survey)  
Topography: Rolling, no steep slopes, elevation of 8,000 to 8,450 feet  
Natural Features: Open meadow or pasture, timber, streams, very good views  
Adjacent Land Use: Private to north, east, and west, with USFS to south  
Water Rights: Adequate to irrigate about 100 acres (8.42 cfs)  
Mineral Rights: All owned by seller were conveyed (no valuable resources)  
Improvements: None (with value), electric/telephone at adjacent county road  
Zoning District: Agricultural by Summit County (minimum lot of 20 acres)

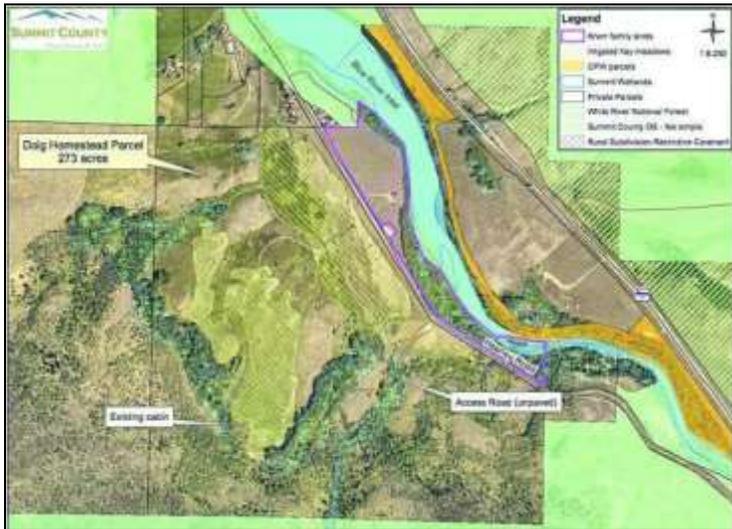
### Transaction Data

Grantor (seller): Knorr Lakeside Ranch, LLC (c/o Knorr Family)  
Grantee (buyer): Summit County Board of Commissioners (BOCC)  
Date of Sale: September 15, 2016  
Recording: Reception #1121830 (land) and #1121831 (water)  
Sale Price: \$2,000,000 (\$7,334 per acre)  
Rights Conveyed: Fee simple estate  
Financing Terms: Cash to seller  
Verification: Seller, Buyer, Appraiser, and Public Records (extraordinary)

### Comments

Known as the Doig Homestead, this scenic tract is located west of State Highway 9 at the Blue River, near the inlet for Green Mountain Reservoir, and southeast of the hamlet of Heeney. The property was formerly part of the Knorr Ranch, and was owned by this family for decades in conjunction with other lands. It is traversed by Butler Gulch and Doig Gulch, with adequate water (ditch) rights out of Black Creek to irrigate about 100 acres of hay meadows and pasture. The upper portion is timbered, with views that overlook the lake and nearby mountain ranges. County Road 30 travels along the west side of the reservoir to provide access from the highway to Heeney, and forms the eastern boundary of this parcel. The southern boundary adjoins the Arapaho National Forest, which leads into the nearby Eagle's Nest Wilderness Area. An older log cabin on the property was not given any contributory value. The property was listed during 2012 at an asking price of \$3,800,000, which was reduced to \$2,000,000 in July 2016. It was acquired by Summit County for open space at full asking price in an arms-length transaction, as it is near other lands they own and convenient to Silverthorne (seventeen miles to the south). The primary goal is to preserve agricultural uses, with no public access or recreation allowed. Great Outdoors Colorado (GOCO) provided \$675,000 of grant funding for the acquisition. Per extraordinary verification with both parties to the transaction, the price is slightly less than the appraised value of \$2,045,000 (which was prepared by Stewart Thomson). Although sold to a government entity, the property was adequately exposed, and the price reflects market value.

COMPARABLE SALE ONE (continued)



## COMPARABLE SALE TWO

### Property Identification

General Location: Thirteen road miles northwest of Town of Kremmling  
Vehicular Access: Seasonal use from County Roads 17 and 17A  
Tax Identification: Account #R000694 & #R013917 (Grand County)  
Legal Description: Tracts in Sections 25, 26 & 36, Township 3N, Range 82W

### Property Description

Land Area: 880.02 acres (per county assessor, not confirmed by survey)  
Topography: Rolling, some steep slopes, elevation of 8,550 to 9,200 feet  
Natural Features: Mountain meadows, mostly timbered, creeks, good views  
Adjacent Land Use: Private to north and east, USFS or State to south and west  
Water Rights: None adjudicated (no irrigated acreage)  
Mineral Rights: All owned by seller were conveyed (no valuable resources)  
Improvements: None with value (old cabins), no utility services in proximity  
Zoning District: Open/Forestry by Grand County (minimum lot of five acres)

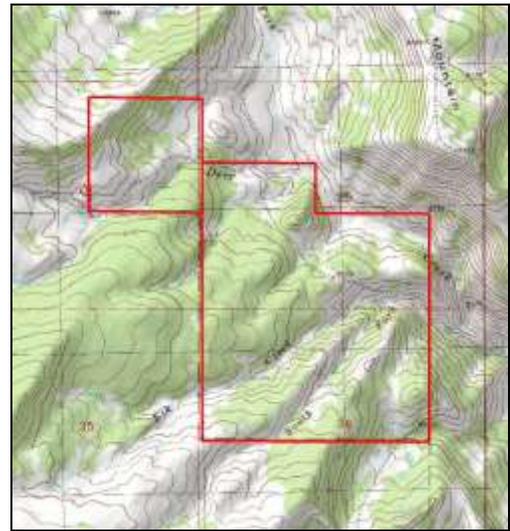
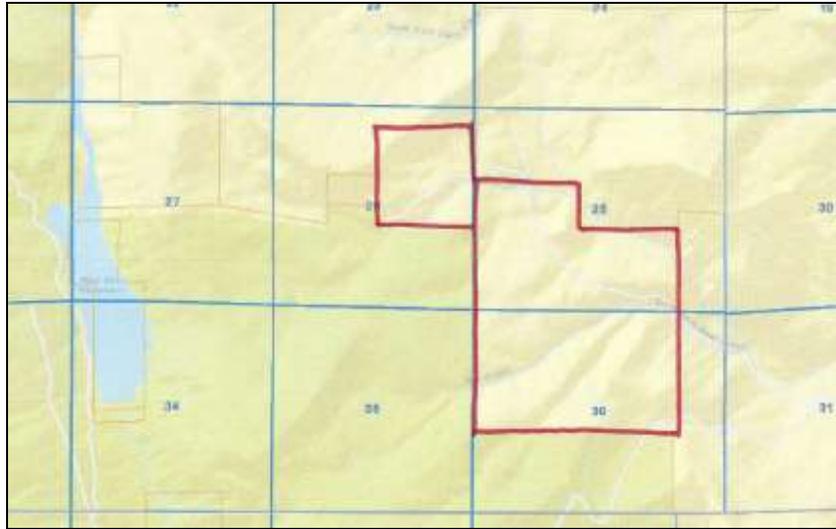
### Transaction Data

Grantor (seller): Deer Creek Ranch, LLC (c/o Kermit T. Miller)  
Grantee (buyer): EFO - Deer Creek Ranch, LLC (c/o Darrin Eisele)  
Date of Sale: August 9, 2016  
Recording: Reception #2016005670 (land)  
Sale Price: \$2,230,000 (\$2,534 per acre)  
Rights Conveyed: Fee simple estate  
Financing Terms: Cash to seller  
Verification: Broker and Public Records

### Comments

Known as Deer Creek Ranch, this remote holding is situated west of U.S. Highway 40 at Wolford Mountain Reservoir, and north of State Highway 134. It has seasonal access from County Road 17 as it traverses the southeast corner of the ranch, which becomes two-track and requires four-wheel drive for the final two miles. County Road 17A travels across the northern portion of the holding to a cabin site, and both public roads continue west onto federal lands. The western boundary is formed by the Arapaho National Forest, with semi-public land owned by the State Land Board to the northwest. The scenic alpine holding features prime wildlife habitat, and is situated in an area with excellent big-game hunting (especially for deer and elk). Two tributary streams converge with Deer Creek on the ranch, which provides live water but average fishing. The holding continues to be leased for seasonal cattle grazing. Two rustic cabins and a shed are located near the northeast corner, but were given zero contributory value. The property was listed for sale at an asking price of \$2,500,000, and acquired by a buyer from the Front Range (primarily for hunting) in an arms-length transaction. The seller purchased the ranch on July 30, 2004 for \$2,100,000, with total appreciation of 6.19% (or 0.52% per annum).

**COMPARABLE SALE TWO (continued)**



## COMPARABLE SALE THREE

### Property Identification

General Location: Seventeen road miles north of Town of Kremmling  
Vehicular Access: Year-round from U.S. Highway 40 (see comments)  
Tax Identification: Account #R303820 (Grand County)  
Legal Description: Tracts in Sections 21, 22 & 28, Township 4N, Range 81W

### Property Description

Land Area: 467.16 acres (per recent survey, same as county assessor)  
Topography: Rolling, some steep slopes, elevation of 7,800 to 8,600 feet  
Natural Features: Open sagebrush pasture, few trees, no live water, good views  
Adjacent Land Use: Private to north and west, BLM or State to south and east  
Water Rights: Adequate to irrigate about thirty acres (4.50 cfs) plus springs  
Mineral Rights: All owned by seller were conveyed (no valuable resources)  
Improvements: None (vacant land), electric/telephone available at highway  
Zoning District: Open/Forestry by Grand County (minimum lot of five acres)

### Transaction Data

Grantor (seller): B.I. Bar, Inc. (c/o Ritschard, Welz, and Plahte)  
Grantee (buyer): BRS Real Estate and Investment, LLC (c/o Bruce Fleischer)  
Date of Sale: November 6, 2015  
Recording: Reception #2015008212 (land) and #2015008213 (water)  
Sale Price: \$785,000 (\$1,680 per acre)  
Rights Conveyed: Fee simple estate, subject to conservation easement  
Financing Terms: Cash to seller  
Verification: Broker and Public Records

### Comments

Known as B.I. Bar Ranch, this vacant holding is located on the east side of U.S. Highway 40, south of State Highway 125 and north of State Highway 134. It comprises two tracts that share a common corner, which border a small BLM parcel and the Carter Creek State Trust Lands (11,500-acre holding that is open to public recreation). The southwestern 227 acres enjoys highway access and dry utilities to the site, while the northeastern 240 acres only has seasonal ingress/egress from a private two-track road to the south (via easement), with utilities nearby. The property is mostly open sagebrush with some irrigated land, and is suitable for livestock grazing with limited big-game hunting on-site. The sellers encumbered the northeastern parcel with a conservation easement in 2007 (held by Middle Park Land Trust), which prohibits any subdivision of the 240-acre tract, as well as mining and most development. One single-family residence is allowed within a three-acre building envelope at the southwest corner of this tract. However, the listing broker confirmed that the conservation easement did not adversely impact the sale price, as the building envelope is the only place that could physically accommodate a homesite due to access and rugged terrain (plus the southwestern tract was not encumbered). The property was listed for sale at an asking price of \$995,000, and acquired by a buyer from Florida for mountain recreation (horseback riding and hunting) in an arms-length transaction.



## COMPARABLE SALE FOUR

### Property Identification

General Location: Fourteen road miles north of Town of Kremmling  
Vehicular Access: Year-round from U.S. Highway 40  
Tax Identification: Account #R000633, #R001412, #R011182, #R011184,  
#R011185 and #R011186 (Grand County)  
Legal Description: Tracts in Sections 3, 10, 11, 12 & 14, Town 3N, Range 81W

### Property Description

Land Area: 843.52 acres (per county assessor, not confirmed by survey)  
Topography: Rolling, some steep slopes, elevation of 7,600 to 8,200 feet  
Natural Features: Open foothills pasture, some trees, creek, pond, good views  
Adjacent Land Use: Private to west, with BLM to south, State to north and east  
Water Rights: Adequate to irrigate 140 acres (5.00 cfs plus 190 acre-feet)  
Mineral Rights: All owned by seller were conveyed (no valuable resources)  
Improvements: Homes and shed (\$500,000 value), with electric/telephone  
Zoning District: Open/Forestry by Grand County (minimum lot of five acres)

### Transaction Data

Grantor (seller): Kirk A. Shiner  
Grantee (buyer): Terry L. Dietz and Linda Dietz (joint tenants)  
Date of Sale: July 15, 2015  
Recording: Reception #2015004894 (land) and #2015004895 (water)  
Sale Price: \$1,900,000 (\$2,252 per acre, \$1,660 per acre for land only)  
Rights Conveyed: Fee simple estate  
Financing Terms: Cash to seller  
Verification: Broker and Public Records

### Comments

Known as the Carter Creek Ranch, this property is located on the east side of U.S. Highway 40, about seven miles north of Wolford Mountain Reservoir at State Highway 134. The long western boundary of this working cattle ranch is formed by the highway, with direct access via private roads that traverse the interior. It mostly borders public property, with a large block of BLM land to the south (grazing lease on 1,390 acres) and the 11,500-acre Carter Creek State Trust Lands to the north and east that is open to public recreation (grazing lease on 380 acres). The ranch is traversed by Carter Creek, a seasonal stream with poor fishing, but has adequate ditch and storage rights (in two reservoirs) to irrigate about 140 acres of meadow or pasture. Existing improvements include a newer log home, manager's residence, and outbuildings with an estimated contributory value of \$500,000, which indicates a land only price of \$1,400,000. The property was acquired by the seller in May 2009 for \$1,875,000, for nominal appreciation of 1.3% over six years. It was listed for sale in August 2014 at an asking price of \$2,290,000, and sold to a couple from Nebraska for ranching and recreation in an arms-length transaction.



## COMPARABLE SALE FIVE

### Property Identification

General Location: Twenty road miles southeast of Town of Kremmling  
Vehicular Access: Year-round from County Road 351  
Tax Identification: Account #R009885 (Grand County)  
Legal Description: Tracts in Sections 11, 14, 15 & 22, Town 1S, Range 79W

### Property Description

Land Area: 1,199.25 acres (per county assessor not confirmed by survey)  
Topography: Rolling, some steep slopes, elevation of 8,000 to 8,400 feet  
Natural Features: Meadows, pasture, timber, creek, reservoir, good views  
Adjacent Land Use: State or USFS to west, with private to north, east, and south  
Water Rights: Adequate to irrigate about 300 acres (11.60 cfs plus storage)  
Mineral Rights: All owned by seller were conveyed (no valuable resources)  
Improvements: Home and barns (\$350,000 value), with electric/telephone  
Zoning District: Open/Forestry by Grand County (minimum lot of five acres)

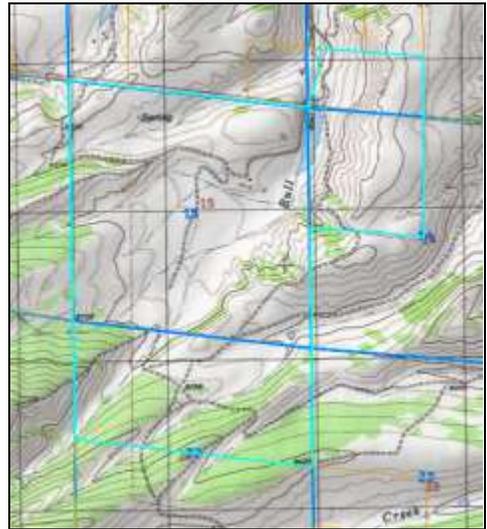
### Transaction Data

Grantor (seller): Terry Meier and Thomy Meier and Karen Meier (undivided)  
Grantee (buyer): SPR-1, LLC (c/o Leonard M. Goldstein))  
Date of Sale: June 9, 2015  
Recording: Reception #2015003810 (land) and #2015003811 (water)  
Sale Price: \$4,700,000 (\$3,919 per acre, \$3,627 per acre for land only)  
Rights Conveyed: Fee simple estate  
Financing Terms: Cash to seller  
Verification: Broker and Public Records

### Comments

Known as the Shore Place Ranch, this property is located in the Williams Fork Valley, eight miles south of U.S. Highway 40 at the hamlet of Parshall. It is situated west of County Road 3 and southeast of the Williams Fork Reservoir, in a valley below the Williams Fork Mountains. This long western boundary of this working cattle ranch is formed by one mile of land owned by the State Land Board (grazing lease on 640 acres), and one-half mile of public domain on the Arapaho National Forest. This scenic property offers very good big-game hunting, with senior water rights to irrigate productive hay meadows and grazing pasture. It is traversed by Bull Run Creek, which fills the ten-acre Bull Run Reservoir (stocked for good trout fishing). Existing improvements include a remodeled home, garage, horse barn, and workshop, with an estimated contributory value of \$350,000, which indicates a land only price of \$4,350,000. The property was acquired by the sellers in October 2004 for \$3,900,000, which indicates a 21% gain in value (or positive 1.9% per annum). It was sold to a buyer from Breckenridge in an arms-length transaction for continued ranching and mountain recreation.

**COMPARABLE SALE FIVE (continued)**



## COMPARABLE SALE SIX

### Property Identification

General Location: Nine road miles southeast of Town of Kremmling  
Vehicular Access: Seasonal use from BLM Road 2334 (see comments)  
Tax Identification: Account #R007610 (Grand County)  
Legal Description: Tracts in Sections 24 and 25, Township 1N, Range 80W

### Property Description

Land Area: 152.75 acres (per county assessor, not confirmed by survey)  
Topography: Rolling, some steep slopes, elevation of 7,500 to 7,650 feet  
Natural Features: Sagebrush, few trees or grasses, no live water, good views  
Adjacent Land Use: Private to north, with BLM to south, east, and west  
Water Rights: None with value (see comments), with no irrigated acreage  
Mineral Rights: All owned by seller were conveyed (no valuable resources)  
Improvements: None (vacant land), no public utility services in proximity  
Zoning District: Open/Forestry by Grand County (minimum lot of five acres)

### Transaction Data

Grantor (seller): Marcia A. Paul, Robert M. Paul, and William McCain a/k/a William McChain (each holds an undivided interest)  
Grantee (buyer): Benjamin C. Carter and Lisa M. Carter (joint tenants)  
Date of Sale: April 22, 2015  
Recording: Reception #2015002560 (land) and #2015002559 (water)  
Sale Price: \$99,999 (\$655 per acre)  
Rights Conveyed: Fee simple estate  
Financing Terms: Cash to seller  
Verification: Broker and Public Records

### Comments

This tract of vacant land is situated east of the Junction Butte State Wildlife Area, south of County Road 33 at the Colorado River, and east of State Highway 9. It has seasonal access from a two-track roadway (BLM Road 2334) that traverses the southern portion of the holding, which connects with County Road 33 to the north and County Road 387 to the west. Although this public road provides legal access to the property, it is primitive surface with steep sections (impassable during inclement weather), and requires four-wheel drive for seasonal travel only. The tract is situated one-half mile west of the Barger Gulch Area of Environmental Concern. Thus, the BLM is unwilling to allow major upgrades to the road without environmental studies, and states that the existing route provides reasonable access to the property. This remote tract is traversed by a steep ravine, which formerly provided irrigation water from Big Lake Ditch. However, the ditch had not been used for decades, adjudicated water rights (2.5 cfs) per the deed had been abandoned, and there was no irrigated acreage. The sellers are family members that had owned the land for decades, and listed it during 2007 at an asking price of \$299,000. The broker states it was difficult to attract a buyer due to remote location, difficult access, and undesirable natural features. The list price was reduced in November 2014 to \$99,999. The buyers are a couple from the Front Range who acquired the property at full asking price in an arms-length transaction. They plan to use it for recreation and potentially future cabin sites.

COMPARABLE SALE SIX (continued)



## COMPARABLE SALE SEVEN

### Property Identification

General Location: Four road miles southwest of Town of Kremmling  
Vehicular Access: Seasonal use from County Road 1 (via private easement)  
Tax Identification: Account #R000415 (Grand County)  
Legal Description: Tracts in Sections 23, 24, 25 & 26, Town 1N, Range 81W

### Property Description

Land Area: 870.08 acres (per county assessor, not confirmed by survey)  
Topography: Rolling, some steep slopes, elevation of 7,600 to 8,500 feet  
Natural Features: Open mountain pasture, few trees, no live water, good views  
Adjacent Land Use: Private to east and west, with BLM to north and south  
Water Rights: Adequate to irrigate about forty acres (3.00 cfs)  
Mineral Rights: All owned by seller were conveyed (no valuable resources)  
Improvements: None (vacant land), electric/telephone nearby at county road  
Zoning District: Open/Forestry by Grand County (minimum lot of five acres)

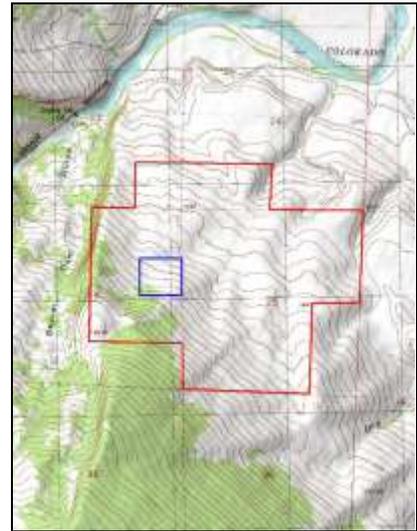
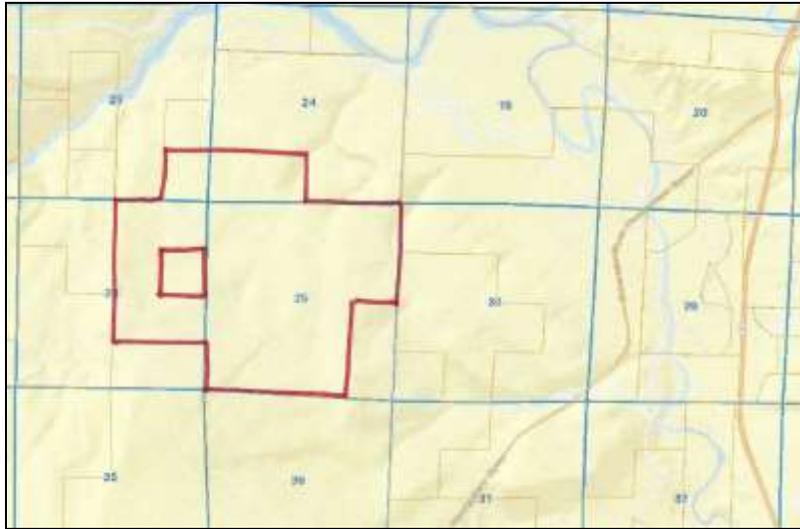
### Transaction Data

Grantor (seller): Gayle Jones, Mark Thompson, William Thompson, Jr. and Jeanie Draper (undivided interests)  
Grantee (buyer): San Toy Land Company (c/o James E. Yust)  
Date of Sale: October 14, 2014  
Recording: Reception #2015006877 (land) and #2015006879 (water)  
Sale Price: \$1,408,000 (\$1,618 per acre)  
Rights Conveyed: Fee simple estate  
Financing Terms: Cash to seller  
Verification: Buyer and Public Records

### Comments

This tract of grazing land is situated on the northern flank of San Toy Mountain, south of the Colorado River and west of State Highway 9. It has seasonal access from nearby Trough Road via a private two-track road, which traverses land owned by Blue Valley Ranch for one-half mile via legal easement. The property is suitable for big-game hunting and cattle grazing, and was acquired by a local rancher for this purpose (who owns adjacent land to the east and west). Dry Creek Ditch provides water rights to irrigate pastureland, but there are no hay meadows. The buyer also holds federal grazing permits on surrounding BLM land, including a forty-acre inholding in the western portion. Although listed at an asking price of \$2,000 per acre, the tract did not sell, and both parties negotiated the purchase price in an arms-length transaction.

**COMPARABLE SALE SEVEN (continued)**



## COMPARABLE SALE EIGHT

### Property Identification

General Location: Seven road miles east of Town of Kremmling  
Vehicular Access: Year-round from U.S. Highway 40 and County Road 39  
Tax Identification: Account #R309481 (Grand County)  
Legal Description: Tracts in Section 7, Township 1N, Range 79W

### Property Description

Land Area: 253.50 acres (per survey, versus 222.50 acres per assessor)  
Topography: Generally level, no steep slopes, elevation of 7,375 feet  
Natural Features: Open hay meadows, few trees, no live water, good views  
Adjacent Land Use: Private to north, south, and west, with BLM to east  
Water Rights: Adequate to irrigate 248 acres (15.16 cfs)  
Mineral Rights: All owned by seller were conveyed (no valuable resources)  
Improvements: None (vacant land), electric/telephone at adjacent roads  
Zoning District: Open/Forestry by Grand County (minimum lot of five acres)

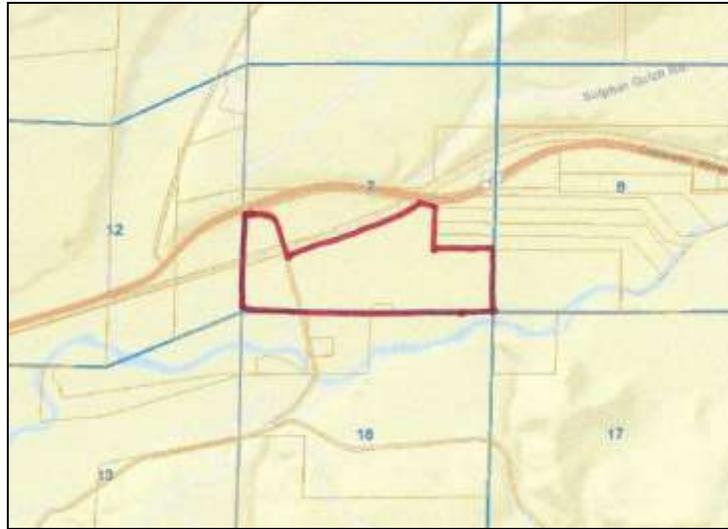
### Transaction Data

Grantor (seller): San Toy Land Company (c/o James E. Yust)  
Grantee (buyer): Skylark Cattle Company (c/o Jay Precourt)  
Date of Sale: October 1, 2014  
Recording: Reception #2014006547 (land) and #2014006548 (water)  
Sale Price: \$925,000 (\$3,649 per acre)  
Rights Conveyed: Fee simple estate  
Financing Terms: Cash to seller  
Verification: Seller, Buyer, and Public Records

### Comments

This tract of irrigated hay meadows is situated on the south side of U.S. Highway 40, just north of the Colorado River, and east of its confluence with Troublesome Creek. The northern boundary is generally formed by railroad tracks, and the western portion is bisected from north to south by County Road 39. The property is 98% irrigated by ditches with free-flow rights from the Colorado River (high priority), and is also well-suited for rural residential homesites. The seller is a local ranching family that had used the property for hay production and pasture, and the seller assembled it with adjoining agricultural/recreational land. Although not formally listed for sale, both parties negotiated the purchase price in an arms-length transaction.

**COMPARABLE SALE EIGHT (continued)**



## COMPARABLE SALE NINE

### Property Identification

General Location: Twenty road miles southwest of Town of Kremmling  
Vehicular Access: Year-round from County Road 111  
Tax Identification: Account #R308760, #R308761, #R308779, and #R308780  
Legal Description: Tracts in Section 27, Town 1S, Range 82W (Grand County)

### Property Description

Land Area: 70.70 acres (per recent survey, same as county assessor)  
Topography: Level to rolling, not steep, elevation of 7,000 to 7,100 feet  
Natural Features: Meadows or pasture, few trees, Colorado River, good views  
Adjacent Land Use: Private to west, with BLM to north and south, State to east  
Water Rights: Adequate to irrigate about forty acres (7.14 cfs), plus well  
Mineral Rights: All owned by seller were conveyed (no valuable resources)  
Improvements: None (vacant land), electric/telephone at county road  
Zoning District: Open/Forestry by Grand County (minimum lot of five acres)

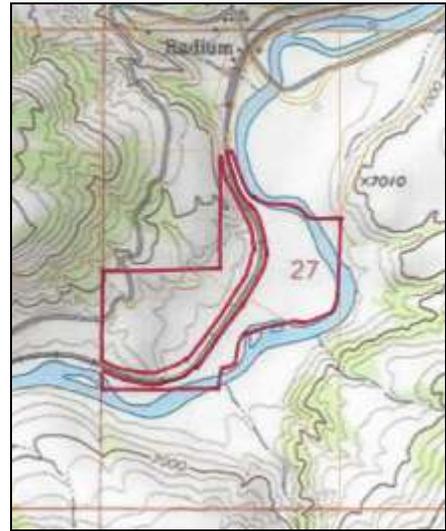
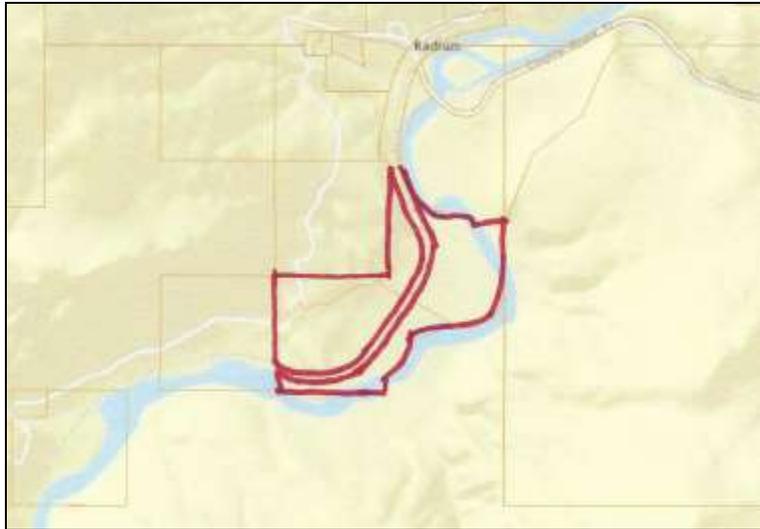
### Transaction Data

Grantor (seller): Leroux Land & Cattle, LLC and Michael G. Leroux  
Grantee (buyer): Brian S. Wesbury  
Date of Sale: May 26, 2016  
Recording: Reception #2016003667 (land) and #2016003668 (water)  
Sale Price: \$1,070,000 (\$15,134 per acre)  
Rights Conveyed: Fee simple estate  
Financing Terms: Cash to seller  
Verification: Broker and Public Records

### Comments

Known as Sheephorn Valley Ranch, this riverfront tract is located just south of the hamlet of Radium, about two road miles northwest of County Road 1 (a/k/a Trough Road), in extreme southwest Grand County (one mile north of Eagle County and two miles east of Routt County). The northwest corner of this irregular holding has year-round access from County Road 111, which originates at County Road 11 and the Radium Bridge. Since active railroad tracks bisect the property from north to south, the eastern portion has seasonal access from a ranch crossing. The property is mostly surrounded by public lands that are federally managed by the BLM, or within the Radium State Wildlife Area (open to public recreation). The tract is traversed from north to south by the Colorado River, with about one mile of frontage along one or both sides. This segment of the river offers good trout fishing, but is heavily used by the general public as well as private outfitters for float trips (fishing, rafting, and kayaking) during summer and fall. Most bottomland along the river is irrigated hay meadows (via ditches or pumped from river), with the western portion being sagebrush hillsides. The seller is a local rancher who owned the land for decades, and leased it back after closing for seasonal cattle grazing. The property was listed at an asking price of \$1,100,000, and purchased in an arms-length transaction. The buyer is a part-time resident from Chicago who plans to use it for private recreation, and eventually construct a single-family residence (he subsequently installed a barn after closing).

**COMPARABLE SALE NINE (continued)**



## COMPARABLE SALE TEN

### Property Identification

General Location: Ten road miles east of Town of Kremmling  
Vehicular Access: Year-round from U.S. Highway 40 and County Road 394  
Tax Identification: Account #R010571 and #R010830 (Grand County)  
Legal Description: Tracts in Sections 10 and 11, Township 1N, Range 79W

### Property Description

Land Area: 170.15 acres (per recent survey, same as county assessor)  
Topography: Level to rolling, not steep, elevation of 7,500 to 7,600 feet  
Natural Features: Meadows or pasture, few trees, Colorado River, good views  
Adjacent Land Use: Private to north and west, BLM to south and State to east  
Water Rights: Adequate to irrigate about forty acres (3.00 cfs)  
Mineral Rights: All owned by seller were conveyed (no valuable resources)  
Improvements: Three older homes (\$150,000 value), with electric/telephone  
Zoning District: Open/Forestry by Grand County (minimum lot of five acres)

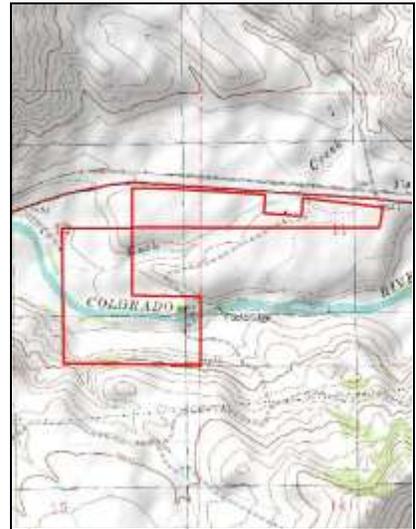
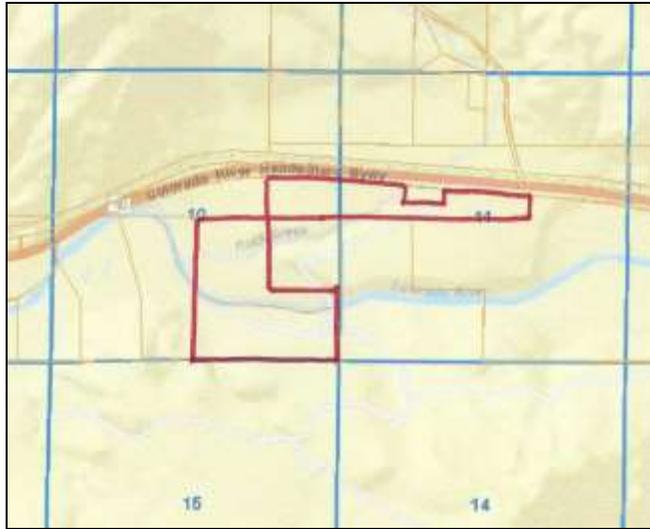
### Transaction Data

Grantor (seller): Sunset Associates, LLC (c/o Maureen E. Lantero)  
Grantee (buyer): Colorado River Preservation Group, LLC (Norm Carpenter)  
Date of Sale: July 5, 2013  
Recording: Reception #2013005971 (land) and #2013005972 (water)  
Sale Price: \$1,760,000 (\$10,344 per acre, \$9,462 per acre for land only)  
Rights Conveyed: Fee simple estate  
Financing Terms: Cash to seller  
Verification: Seller, Buyer, and Public Records

### Comments

This riverfront property is situated on the south side of U.S. Highway 40, about two miles west of the hamlet of Parshall. It comprises two tracts that share a common corner, and is traversed from north to south by County Road 394. The southwest parcel (52.63 acres) is bisected by the Colorado River, with about one-half mile of frontage along both banks, and good trout fishing. The northeast tract (117.02 acres) has extensive frontage on the highway, but none on the river. Rock Creek flows across the holding into the river, with adequate water rights to irrigate about forty acres on the north side of the river. Three older homes situated at the northeast tract were confirmed to have a contributory value of \$150,000, for a land only price of \$9,462 per acre. Hot Sulphur Springs State Wildlife Area is adjacent to the east, and open to public recreation. Known as the Sunset Fishing Club, the sellers are an entity with ten members who had owned the property for thirty years, but not made any enhancements to the fishery. The buyer is an entity that includes a downstream landowner (Norm Carpenter), as well as one of the principals in the selling entity (Scott Smith). They acquired the property in an arms-length negotiation for private recreation (fishing), and subsequently made about \$300,000 of river improvements. The property includes a paper-platted subdivision of 24 small residential lots, which was given no incremental value since development at this density is not possible with just septic systems.

**COMPARABLE SALE TEN (continued)**



## COMPARABLE SALE ELEVEN

### Property Identification

General Location: Twelve road miles east of Town of Kremmling  
Vehicular Access: Year-round from County Road 309  
Tax Identification: Account #R016481 (Grand County)  
Legal Description: Tract A, Rankin Subdivision Exemption (Plat #99012962)  
Located in NW4 of Section 18, Township 1N, Range 79W

### Property Description

Land Area: 20.74 acres (per subdivision plat, same as county assessor)  
Topography: Generally level, no steep slopes, elevation of 7,550 feet  
Natural Features: Meadows or pasture, few trees, Colorado River, good views  
Adjacent Land Use: Private to north, south, and east, with State to west  
Water Rights: Adequate to irrigate a few acres (amount not specified)  
Mineral Rights: All owned by seller were conveyed (no valuable resources)  
Improvements: None (vacant land), with electric/telephone at county road  
Zoning District: Open/Forestry by Grand County (minimum lot of five acres)

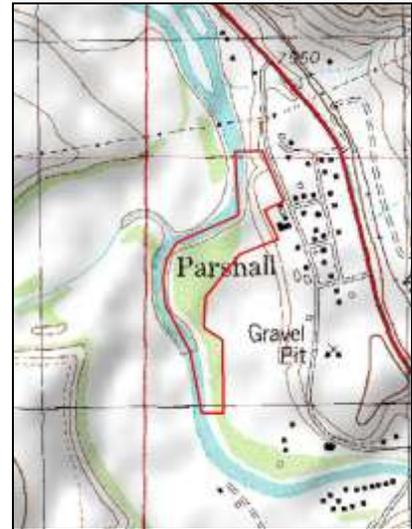
### Transaction Data

Grantor (seller): Scott W. Smith  
Grantee (buyer): Colorado River Preservation Group, LLC (Norm Carpenter)  
Date of Sale: July 5, 2013  
Recording: Reception #2013005976 (land) and #2013005977 (water)  
Sale Price: \$510,000 (\$24,590 per acre)  
Rights Conveyed: Fee simple estate  
Financing Terms: Cash to seller  
Verification: Seller, Buyer, Broker, and Public Records

### Comments

This small riverfront parcel is located just south of U.S. Highway 40 at the hamlet of Parshall, near the confluence of the Williams Fork with the Colorado River. It is a platted tract in a rural subdivision that legally qualifies as one residential homesite, in conformance with zoning laws. Although most of the land is within the floodplain, there are ample uplands for one residence. The western boundary extends to the centerline of the river, with one-half mile of frontage and very good trout fishing. However, Hot Sulphur Springs State Wildlife Area is across the river, which is open to public recreation and popular for fishing (from western bank to centerline). Known as the Renegade Ranch, the property was purchased by a fishing club during 2001 at a price of \$500,000, and the seller acquired full ownership in 2012 for the same consideration. The tract was listed for sale with a local realtor in 2013 at an asking price of \$525,000. It was sold to an entity that includes a downstream landowner (Norm Carpenter), as well as the seller, in an arms-length negotiation for private recreation. Although currently off the market, the property had been listed for re-sale at an asking price of \$750,000, or \$36,162 per acre.

**COMPARABLE SALE ELEVEN (continued)**



## SALES COMPARISON APPROACH

### Overview of Subject Larger Parcels

As previously discussed, the subject Non-Federal Lands comprise nine identified tracts that are being appraised as eight larger parcels, which are further described in the table below. However, the ensuing discussion of the adjustments made to the primary comparables is not applicable to the North of 40 Exemption (BVR-5) or Trough Road Easement (BVR-7) Larger Parcels, as they have limited buyers and will be appraised in a more abbreviated discussion of other market data.

Subject Parcel	Larger Parcel	Acres	Highest and Best Use Conclusion
BVR-1	San Toy Mountain	656.58	Seasonal use rural homesites (maximum 18 lots) with agriculture and/or recreation
BVR-2 & 10	Green Mountain	636.26	Year-round rural homesites (maximum 31 lots) with agriculture and/or recreation
BVR-3	Highway 9 South	187.32	Year-round rural homesites (maximum 9 lots) with agriculture and/or recreation
BVR-4	Haystack Mountain	160.00	Seasonal use rural homesites (maximum 4 lots) with agriculture and/or recreation
BVR-5	North of 40 Exemption	2.05	Assemblage or development of agricultural-related structures (no residential uses)
BVR-7	Trough Road Easement	0.54	Ingress/egress easement along private road (no structures or other uses allowed)
BVR-8	River Confluence	67.32	Year-round rural homesite (maximum one lot) with agriculture and/or recreation
BVR-9	Summit County Option	120.00	Seasonal use rural homesites (maximum 6 lots) with agriculture and/or recreation

### Adjustments to Comparable Sales

Sales One through Eleven were selected for direct comparison to the Non-Federal Lands as six larger parcels, which report a wide price range (prior to adjustment) of \$655 to \$24,590 per acre. Consideration was given to property rights conveyed, financing terms, conditions of sale, market conditions (time), location, access, adjacent land uses, natural features (i.e., live water, views, irrigated land, vegetation, topography, utilities, etc.), property size, as well as zoning/land use. Unfortunately, insufficient data exists in the local market to extract quantitative adjustments (i.e., percentage or dollar amounts) via a matched-pair analysis for most of the units of comparison, with the only exception being the contributory value of any existing improvements at the sales. The indicated price of the underlying land only was then adjusted on a qualitative basis for the other units of comparison. Upward adjustments (“+”) were made for inferior conditions, with downward adjustments warranted for superior conditions (“-“), but no adjustment was required if the condition is deemed to be similar (“=”). The magnitude of the adjustment may also be expressed by multiple qualitative indications (such as “+ +” or “- - -“). The market value of the subject larger parcel should approximate the price of the most similar transaction(s), and would be higher than the inferior sale(s), but lower than the superior sales(s). A general discussion of the adjustments made to these eleven comparable sales is summarized in the following sections, with those made on a quantitative basis presented first, followed by the qualitative adjustments.

**Existing Improvements** may have contributory value if the structures will be used by the buyer, with each larger parcel at the subject property appraised in its existing condition (as vacant land). Since Sales One, Two, Three, Six, Seven, Eight, Nine, and Eleven were either vacant at closing, or had older buildings with zero contributory value, quantitative adjustments were not necessary to these eight comparables. However, Sales Four, Five, and Ten included existing improvements with an estimated contributory value of \$500,000, \$350,000, as well as \$150,000, respectively. Each amount was deducted from the total purchase price to reflect just the underlying land value, which equates to \$1,400,000 for Sale Four (\$1,660 per acre), \$4,350,000 for Sale Five (\$3,627 per acre), as well as \$1,610,000 for Sale Ten (\$9,462 per acre).

## SALES COMPARISON APPROACH

**Property Rights Conveyed** can influence price if less than the fee simple estate is transferred. For example, there may be a leasehold interest, or the surface rights may be sold separately from the subsurface rights. Although technically a real property right, the impact on purchase prices from any adjudicated water rights was considered in the adjustment category for natural features. Most of the comparables represent a transfer of fee simple title in the property, with no valuable mineral interests included in the purchase price for each transaction (or appraised larger parcels). Sale Three was partially encumbered by a conservation easement, but it did not impact the price. Thus, no adjustments are warranted to any of the comparable sales for property rights conveyed.

**Financing Terms** can cause prices to be inflated if the debt obtained is favorable, compared to typical interest rates or loan-to-value ratios available from third party lenders (and vice-versa). The subject parcels are appraised as cash equivalent, and each comparable was all cash to seller. Since all of the sales are cash equivalent transactions, no adjustments were made for financing.

**Conditions of Sale** may influence prices when transactions are not considered to be arms-length. For example, the buyer may also be the adjacent owner and pay a premium, or the seller may be motivated to dispose of the property quickly and accept a liquidation price (below market value). Since all of the comparables were confirmed to be arms-length transactions at market value, with no unusual (above or below market) conditions of sale noted, adjustments are not required.

**Market Conditions (Time)** are constantly changing, and real estate values tend to fluctuate over time with economic cycles and local trends. The comparables closed between July 2013 and September 2016, which are the most recent purchases of similar rural properties in the local area. While rural land values in the neighborhood escalated by at least 10% per annum during the boom period of 2005 through 2008, the ensuing Great Recession adversely impacted sale prices. Most local market participants concur that working or recreational ranches held their value better than speculative development land. While purchase prices have generally stabilized since 2013, there is no definitive evidence to support a trend of higher land values during the past four years. For example, Sale Two sold for 6.2% more than the prior acquisition during July 2004, Sale Four witnessed nominal appreciation of only 1.3% since May 2009, while Sale Five was acquired for 21% more than paid during October 2004 (but is partially attributed to upgraded improvements). Since the comparables closed between 2013 and 2016, they all reflect current market conditions, and time adjustments are not warranted to these transactions for improving or declining prices.

**Location** takes into account desirability of the neighborhood, as well as proximity to services, amenities, and support facilities. In regards to the subject neighborhood, rural property within a few miles of Kremmling, Parshall, and/or Granby is considered to have a good location, as recent upgrades to State Highway 9 have enhanced the ability for the workforce and visitors to safely commute to resort towns along the I-70 corridor. However, more remote properties to the north of town have an average location, since they are a further distance from neighborhood services. Conversely, property on the south side of Green Mountain Reservoir (in North Summit County) has a very good location, due to the scarcity of private land and closer proximity to resort areas. The subject larger parcels are located within a few miles of Kremmling, and each is considered to have a good location. Since Sales Five, Six, Seven, Eight, Nine, Ten, and Eleven are a similar distance from town, they also have a good location, and did not warrant adjustment. However, Sales Two, Three, and Four are situated further to the north or northwest of Kremmling, which is slightly inferior to the subject, with upward adjustments made to these comparables. Conversely, Sale One is located on the south end of Green Mountain Reservoir in North Summit County (seventeen miles to Silverthorne), which is superior and required a slight downward adjustment.

## SALES COMPARISON APPROACH

**Access** takes into account ingress/egress from surrounding roads, and has a primary influence on the value of rural properties. Although most buyers are seeking solitude, the degree of access dictates the type of uses and residential development allowed (i.e., seasonal versus year-round). In regards to the subject property, the San Toy Mountain, Haystack Mountain, as well as Summit County Option Larger Parcels have seasonal access from a public road via private roadways, and access is rated as average. Since the Green Mountain, Highway 9 South, and River Confluence Larger Parcels enjoy year-round access from a public road, they are rated as good in this regard. In regards to the comparables, Sales Two and Seven have seasonal vehicular ingress/egress that is considered to be average, while Sale Six has difficult access from a primitive BLM Road, which is rated as fair. However, Sales One, Three, Four, Five, Eight, Nine, Ten, and Eleven all enjoy good access from a public road. Varying adjustments will be made to each larger parcel.

**Adjacent Land Uses** can have a positive impact on rural values, as the most desirable properties adjoin public lands on at least one boundary, with higher prices usually paid for more seclusion. Each subject larger parcel is considered to have good adjacent land uses, as they border some private property, but share at least two boundaries with public land. While the Green Mountain, Highway 9 South, Haystack Mountain, and Summit County Option Larger Parcels mostly border public land, they have limited privacy since the surrounding property receives heavy public use. In regards to the comparables, Sales One, Three, Four, Five, Seven, Eight, Ten, and Eleven each border public land on one or two boundaries, and are considered to have good adjacent land uses. Although Sale Six adjoins public land on three sides, the open terrain affords little privacy, with marginal recreational opportunities, and thus is rated as good. Since these nine comparables are also deemed to have good adjacent land uses, they are similar to the subject larger parcels with no adjustments warranted for this factor. However, Sale Two is an “end-of-the-road” property with good seclusion, and mostly borders the national forest with a strategic access for recreation. Sale Nine is generally surrounded by public land that provides additional hunting and fishing opportunities off-site. Thus, both of these comparables have very good adjacent land uses.

**Natural Features** account for various physical attributes, such as topography, views, tree cover, water amenity (river or creek), water rights, irrigated acreage, and proximity to utility services. In regards to the subject property, the San Toy Mountain, Green Mountain, Highway 9 South, and Haystack Mountain Larger Parcels have average natural features, with favorable terrain, productive grazing land, good or very good views, and perhaps some irrigated acreage and/or timber, but no major live water amenity (i.e., no fishing). However, the Summit County Option Larger Parcel has good natural features due to dense timber, alpine meadow, and distant views. Moreover, the River Confluence Larger Parcel offers mostly irrigated hay meadows with water rights, and about one mile of frontage on the Blue River (very desirable amenity for boating but just average fishing). Thus, this subject parcel is considered to have very good natural features. In regards to the comparables, Sales One, Two, and Five are scenic ranches that offer timber, perhaps irrigated land, creeks, and good or very good views. They are well-suited for recreation, with excellent big-game hunting at Sale Two, and a private stocked reservoir within Sale Five. Sale Eight is virtually all irrigated hay meadows, while Sale Ten features some irrigated acreage and one-half mile of river frontage (good fishing but no enhancements). These five comparables are considered to have good natural features. Sales Three, Four, and Seven are primarily pasture with some irrigated land but no live water, and are considered to have average natural features. Sale Six is marginal rangeland that only has fair natural features. Sale Nine has major frontage on the Colorado River, with good trout fishing and ample irrigated meadows. Sale Eleven offers excellent fishing, but is impacted by public access to the far side of the river. These comparables have very good natural features. Varying adjustments will be made to each larger parcel.

## SALES COMPARISON APPROACH

**Property Size** adjustments are based on the general rule that the smaller the parcel, the higher the unit price (and vice-versa). Since fewer users have resources to purchase larger properties, less demand should result in a lower price per acre. The local market indicates a discount for large holdings (more than 2,000 acres), and a premium for smaller parcels (less than 35 acres). Rural holdings that range from about 35 to 2,000 acres are considered to be of an average size, with no definitive evidence to support a difference in the prices paid per acre. However, the price per unit for a legal homesite of less than 35 acres is skewed upwards by much smaller size. Since the subject larger parcels comprise between 67.32 and 656.58 acres of land area, they are each considered to be average size property for the local market. Sales One, Two, Three, Four, Five, Six, Seven, Eight, Nine, and Ten are also average size holdings at 70.70 to 1,199.25 acres, which are considered to be similar to the subject larger parcels, and no adjustments are required. However, Sale Eleven is a small tract at only 20.74 acres, with a downward adjustment made to this comparable since its much smaller size than the subjects skewed the price per acre upwards.

**Zoning/Land Use** is another consideration, since these regulations dictate permitted uses and maximum development density. Generally, the highest prices are paid for commercial uses, and the lowest prices for just agriculture. The San Toy Mountain, Haystack Mountain, and River Confluence Larger Parcels are zoned Open/Forestry by Grand County, which allows subdivision of land into residential lots as small as five acres with county approval. The Green Mountain, Highway 9 South, and Summit County Option Larger Parcels are zoned Agricultural by Summit County, which designates a minimum lot size of twenty acres with formal subdivision review. However, parceling these holdings into single-family rural homesites of at least 35 acres each in size is allowed by state statute, which is the typical land use pattern in rural areas of Grand and Summit Counties (i.e., a 35-acre homesite is a use by right that does not require subdivision). Because Sales Two, Three, Four, Five, Six, Seven, Eight, Nine, Ten, and Eleven are also zoned Open/Forestry by Grand County, they are similar to the subjects in regards to zoning/land use. Sale One is zoned Agricultural by Summit County, which allows subdivision for rural homesites at a minimum lot size of twenty acres with formal approval, but 35-acre parcels as a use by right. Land use regulations can be complex in Summit County due to the TDR program, but Sale One is a designated “sending area” in the Lower Blue Basin, with virtually no demand for the density. Since all of the comparables can be developed at a rural density, they are considered to have similar zoning/land use as the subject larger parcels, with no adjustments required for this factor.

**In summary**, no qualitative adjustments are required to the primary sales that were compared to these six subject larger parcels for property rights conveyed, financing terms, conditions of sale, market conditions (time), location, as well as zoning/land use. However, varying adjustments are warranted for differences in regards to access, adjacent land uses, natural features, and size. Although certain primary sales will be compared to each larger parcel in the following sections, the factors of comparison that require varying adjustments to the subject are summarized below:

Subject Larger Parcel	Access	Adjacent Land Uses	Natural Features	Property Size
San Toy Mountain	Average	Good	Average	Average
Green Mountain	Good	Good	Average	Average
Highway 9 South	Good	Good	Average	Average
Haystack Mountain	Average	Good	Average	Average
River Confluence	Good	Good	Very Good	Average
Summit County Option	Average	Good	Good	Average

## SALES COMPARISON APPROACH

### Analysis of San Toy Mountain Larger Parcel

The San Toy Mountain Larger Parcel (BVR-1) is a 656.58-acre holding that is appraised with average (seasonal) access, good adjacent land uses, average natural features, and an average size. Sales Two, Three, Four, Six, and Seven were selected for comparison to this subject property, which report a price range for the land only (prior to adjustments) of \$655 to \$2,534 per acre. The following analysis of these comparables is summarized on the grid found on the next page.

**Sale Two** is Deer Creek Ranch, which is located thirteen road miles northwest of Kremmling. This 880.02-acre holding was purchased in August 2016 at an arms-length price of \$2,230,000, or \$2,534 per acre for the land only. By direct comparison to the subject, downward adjustments for slightly superior adjacent land uses, as well as natural features, are partially offset by upward adjustment for slightly inferior location. It is otherwise comparable, and indicates a market value for the San Toy Mountain Larger Parcel that would be slightly less than \$2,534 per acre.

**Sale Three** is the B.I. Bar Ranch, which is located seventeen road miles north of Kremmling. It comprises 467.16 acres in two tracts, one of which was encumbered by a conservation easement that did not adversely impact the price. This vacant holding was acquired in November 2015 for \$785,000, or \$1,680 per acre. By direct comparison to the subject, an upward adjustment for slightly inferior location is generally offset by downward adjustment for slightly superior access. The indicated market value of the San Toy Mountain Larger Parcel is similar to \$1,680 per acre.

**Sale Four** is the Carter Creek Ranch, which is located fourteen road miles north of Kremmling. This 843.52-acre holding sold during July 2015 for \$1,900,000, which results in a price for the land only of \$1,660 per acre when the contributory value of existing improvements is deducted. By direct comparison to the subject, an upward adjustment for slightly inferior location is offset by a downward adjustment for slightly superior access. It is otherwise comparable, and indicates a market value for the San Toy Mountain Larger Parcel that is equivalent to \$1,660 per acre.

**Sale Six** is a 152.75-acre tract of vacant land near Barger Gulch, which is located nine road miles southeast of Kremmling. It was purchased during April 2015 for \$99,999, or just \$655 per acre. By direct comparison to the subject, only upward adjustments are warranted for slightly inferior access and natural features, with an indicated value that is somewhat more than \$655 per acre.

**Sale Seven** is a vacant holding of grazing pasture on San Toy Mountain, which is adjacent to the north of the appraised larger parcel. The 870.08-acre property was acquired in October 2014 for \$1,408,000, or \$1,618 per acre. By direct comparison to the subject, no adjustments were made, and this comparable supports a value for the San Toy Mountain Larger Parcel of \$1,618 per acre.

### Value of San Toy Mountain Larger Parcel

After adjustments, the comparable sales indicate a value for the San Toy Mountain Larger Parcel that would be somewhat more than \$655 per acre, similar to \$1,618 per acre, \$1,660 per acre, as well as \$1,680 per acre, and slightly less than \$2,534 per acre. These five transactions report an average price for the land only of \$1,629 per acre, with primary emphasis placed on Sale Seven. Based on the foregoing, I correlate to a market value for the San Toy Mountain Larger Parcel of \$1,650 per acre, with total value for this 656.58-acre subject property calculated as follows:

$$656.58 \text{ Acres} \times \$1,650 \text{ Per Acre} = \$1,083,357 \quad \text{Rounded to } \$1,085,000 \text{ (nearest } \$5,000)$$

**MARKET VALUE OF SAN TOY MOUNTAIN LARGER PARCEL** **\$1,085,000**

**COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID  
SAN TOY MOUNTAIN LARGER PARCEL (BVR-1)**

Description	Subject Larger Parcel	Sale Two	Sale Three	Sale Four	Sale Six	Sale Seven
Identification	San Toy Mountain	Deer Creek Ranch	B.I. Bar Ranch	Carter Creek Ranch	Barger Gulch Property	San Toy Mountain Pasture
General Location	South of Kremmling	Northwest of Kremmling	North of Kremmling	North of Kremmling	Southeast of Kremmling	South of Kremmling
Jurisdiction	Grand County	Grand County	Grand County	Grand County	Grand County	Grand County
Grantor (seller)	Galloway, Inc. (private)	Deer Creek Ranch, LLC	B.I. Bar, Inc.	Kirk A. Shiner	Marcia Paul, et al	Gayle Jones, et al
Grantee (owner)	N/A	EFO - D.C. Ranch, LLC	BRS Investment, LLC	Terry & Linda Diez	Benjamin & Lisa Carter	San Toy Land Company
Land Area (acres)	656.58	880.02	467.16	843.52	152.75	870.08
Date of Sale	N/A	8/9/2016	11/6/2015	7/15/2015	4/22/2015	10/14/2014
Total Sale Price	N/A	\$2,230,000	\$785,000	\$1,900,000	\$99,999	\$1,408,000
Price Per Acre	N/A	\$2,534	\$1,680	\$2,252	\$655	\$1,618
<b>Quantitative Adjustments</b>						
Existing Improvements	None (vacant land)	\$0	\$0	\$500,000	\$0	\$0
Price for Land Only	Dollar Amounts	\$2,230,000	\$785,000	\$1,400,000	\$99,999	\$1,408,000
Land Only Price Per Acre		\$2,534	\$1,680	\$1,660	\$655	\$1,618
<b>Qualitative Adjustments</b>						
Property Rights	Fee Simple	=	=	=	=	=
Financing Terms	Cash	=	=	=	=	=
Conditions of Sale	Normal	=	=	=	=	=
Market Conditions	Current	=	=	=	=	=
Location	Good	+	+	+	=	=
Access	Average	=	-	-	+	=
Adjacent Land Uses	Good	-	=	=	=	=
Natural Features	Average	-	=	=	+	=
Property Size	Average	=	=	=	=	=
Zoning/Land Use	Rural Density	=	=	=	=	=
Net Adjustments		-	=	=	++	=
<b>Indicated Market Value</b>		< \$2,534 per acre	= \$1,680 per acre	= \$1,660 per acre	>> \$655 per acre	= \$1,618 per acre

## SALES COMPARISON APPROACH

### Analysis of Green Mountain Larger Parcel

The Green Mountain Larger Parcel (BVR-2 and BVR-10) is a 636.26-acre holding with good (year-round) access, good adjacent land uses, average natural features, and also an average size. Sales One, Two, Four, Five, and Seven were selected for comparison to this subject property, which report a price range for the land only (prior to adjustments) of \$1,618 to \$7,334 per acre. The following analysis of these comparables is summarized on the grid found on the next page.

**Sale One** is the Doig Homestead, which is situated between Kremmling and Silverthorne, within North Summit County. This 272.20-acre vacant property was purchased by local government in September 2016 for \$2,000,000, or \$7,334 per acre, which was confirmed to be at market value. By direct comparison to the subject, only downward adjustments were made for slightly superior location as well as natural features. There are no inferior characteristics, and this comparable indicates a market value for the appraised property that is somewhat less than \$7,334 per acre.

**Sale Two** is Deer Creek Ranch, which is located thirteen road miles northwest of Kremmling. This 880.02-acre holding was purchased in August 2016 at an arms-length price of \$2,230,000, or \$2,534 per acre for the land only. By direct comparison to the subject, upward adjustments for slightly inferior location and access are offset by downward adjustments for slightly superior adjacent land uses and natural features. It is otherwise comparable, and indicates a market value for the Green Mountain Larger Parcel that would be roughly equivalent to \$2,534 per acre.

**Sale Four** is the Carter Creek Ranch, which is located fourteen road miles north of Kremmling. This 843.52-acre holding sold during July 2015 for \$1,900,000, which results in a price for the land only of \$1,660 per acre after a deduction for contributory value of improvements. By direct comparison to the subject, only an upward adjustment is warranted for slightly inferior location. There are no superior factors, and the indicated value is slightly higher than \$1,660 per acre.

**Sale Five** is the Shore Place Ranch, which is located twenty road miles southeast of Kremmling. This 1,199.25-acre property was acquired in June 2015 for \$4,700,000, which results in a land only price of \$3,627 per acre when the improvements value is deducted. By direct comparison to the subject, only a downward adjustment was required for slightly superior natural features. There are no inferior factors, and the indicated value is slightly lower than \$3,627 per acre.

**Sale Seven** is a vacant holding of grazing pasture on San Toy Mountain, which is located four road miles southwest of Kremmling. The 870.08-acre property was acquired in October 2014 for \$1,408,000, or \$1,618 per acre. By direct comparison to the subject, only an upward adjustment was made for inferior access, with an indicated value that is slightly more than \$1,618 per acre.

### Value of Green Mountain Larger Parcel

After adjustments, the comparables indicate a value for the Green Mountain Larger Parcel that would be slightly more than \$1,618 per acre as well as \$1,660 per acre, similar to \$2,534 per acre, slightly less than \$3,627 per acre, and somewhat lower than \$7,334 per acre. These five transactions report an average land only price of \$3,365 per acre, which is skewed upwards by Sale One (the only comparable also within Summit County). Equal emphasis was given to all of these comparables. Based on the foregoing, I correlate to a market value for the Green Mountain Larger Parcel of \$2,750 per acre, with total value for this 636.26-acre property calculated below:

$$636.26 \text{ Acres} \times \$2,750 \text{ Per Acre} = \$1,749,715 \quad \text{Rounded to } \$1,750,000 \text{ (nearest } \$5,000)$$

**MARKET VALUE OF GREEN MOUNTAIN LARGER PARCEL**

**\$1,750,000**

**COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID  
GREEN MOUNTAIN LARGER PARCEL (BVR-2 and BVR-10)**

Description	Subject Larger Parcel	Sale One	Sale Two	Sale Four	Sale Five	Sale Seven
Identification	Green Mountain	Doig Homestead	Deer Creek Ranch	Carter Creek Ranch	Shore Place Ranch	San Toy Mountain Pasture
General Location	South of Kremmling	South of Kremmling	Northwest of Kremmling	North of Kremmling	Southeast of Kremmling	South of Kremmling
Jurisdiction	Summit County	Summit County	Grand County	Grand County	Grand County	Grand County
Grantor (seller)	Galloway, Inc. (private)	Knorr Lake, Ranch, LLC	Deer Creek Ranch, LLC	Kirk A. Shiner	Terry, Thomy, Karen Meier	Gayle Jones, et al
Grantee (owner)	N/A	Summit County BOCC	EFO - D.C. Ranch, LLC	Terry & Linda Diez	SPR-1, LLC (Goldstein)	San Toy Land Company
Land Area (acres)	636.26	272.70	880.00	843.52	1,199.25	870.08
Date of Sale	N/A	9/15/2016	8/9/2016	7/15/2015	6/8/2015	10/14/2014
Total Sale Price	N/A	\$2,000,000	\$2,230,000	\$1,900,000	\$4,700,000	\$1,408,000
Price Per Acre	N/A	\$7,334	\$2,534	\$2,252	\$3,919	\$1,618
<b>Quantitative Adjustments</b>						
Existing Improvements	None (vacant land)	\$0	\$0	\$500,000	\$350,000	\$0
Price for Land Only	Dollar Amounts	\$2,000,000	\$2,230,000	\$1,400,000	\$4,350,000	\$1,408,000
Land Only Price Per Acre		\$7,334	\$2,534	\$1,660	\$3,627	\$1,618
<b>Qualitative Adjustments</b>						
Property Rights	Fee Simple	=	=	=	=	=
Financing Terms	Cash	=	=	=	=	=
Conditions of Sale	Normal	=	=	=	=	=
Market Conditions	Current	=	=	=	=	=
Location	Good	-	+	+	=	=
Access	Good	=	+	=	=	+
Adjacent Land Uses	Good	=	-	=	=	=
Natural Features	Average	-	-	=	-	=
Property Size	Average	=	=	=	=	=
Zoning/Land Use	Rural Density	=	=	=	=	=
Net Adjustments		- -	=	+	-	+
<b>Indicated Market Value</b>		<< \$7,334 per acre	= \$2,534 per acre	> \$1,660 per acre	< \$3,627 per acre	> \$1,618 per acre

## SALES COMPARISON APPROACH

### Analysis of Highway 9 South Larger Parcel

The Highway 9 South Larger Parcel (BVR-3) is a 187.39-acre tract that is appraised with good (year-round) access, good adjacent land uses, average natural features, and also an average size. Sales One, Two, Four, Five, and Seven were selected for comparison to this subject property, which report a price range for the land only (prior to adjustments) of \$1,618 to \$7,334 per acre. The following analysis of these comparables is summarized on the grid found on the next page.

**Sale One** is the Doig Homestead, which is situated between Kremmling and Silverthorne, within North Summit County. This 272.20-acre vacant property was purchased by local government in September 2016 for \$2,000,000, or \$7,334 per acre, which was confirmed to be at market value. By direct comparison to the subject, only downward adjustments were made for slightly superior location as well as natural features. There are no inferior characteristics, and this comparable indicates a market value for the appraised property that is somewhat less than \$7,334 per acre.

**Sale Two** is Deer Creek Ranch, which is located thirteen road miles northwest of Kremmling. This 880.02-acre holding was purchased in August 2016 at an arms-length price of \$2,230,000, or \$2,534 per acre for the land only. By direct comparison to the subject, upward adjustments for slightly inferior location and access are offset by downward adjustments for slightly superior adjacent land uses and natural features. It is otherwise comparable, and indicates a market value for the Highway 9 South Larger Parcel that would be roughly equivalent to \$2,534 per acre.

**Sale Four** is the Carter Creek Ranch, which is located fourteen road miles north of Kremmling. This 843.52-acre holding sold during July 2015 for \$1,900,000, which results in a price for the land only of \$1,660 per acre after a deduction for contributory value of improvements. By direct comparison to the subject, only an upward adjustment is warranted for slightly inferior location. There are no superior factors, and the indicated value is slightly higher than \$1,660 per acre.

**Sale Five** is the Shore Place Ranch, which is located twenty road miles southeast of Kremmling. This 1,199.25-acre property was acquired in June 2015 for \$4,700,000, which results in a land only price of \$3,627 per acre when the improvements value is deducted. By direct comparison to the subject, only a downward adjustment was required for slightly superior natural features. There are no inferior factors, and the indicated value is slightly lower than \$3,627 per acre.

**Sale Seven** is a vacant holding of grazing pasture on San Toy Mountain, which is located four road miles southwest of Kremmling. The 870.08-acre property was acquired in October 2014 for \$1,408,000, or \$1,618 per acre. By direct comparison to the subject, only an upward adjustment was made for inferior access, with an indicated value that is slightly more than \$1,618 per acre.

### Value of Highway 9 South Larger Parcel

After adjustments, the comparables indicate a value for the Highway 9 South Larger Parcel that is slightly more than \$1,618 per acre and \$1,660 per acre, similar to \$2,534 per acre, slightly less than \$3,627 per acre, as well as somewhat lower than \$7,334 per acre. These five transactions report an average land only price of \$3,365 per acre, which is skewed upwards by Sale One (the only comparable also within Summit County). Equal emphasis was given to all of these comparables. Based on the foregoing, I conclude to a market value for the Highway 9 South Larger Parcel of \$2,750 per acre, with total value for this 187.39-acre tract calculated as follows:

$$187.39 \text{ Acres} \times \$2,750 \text{ Per Acre} = \$515,323 \quad \text{Rounded to } \$515,000 \text{ (nearest } \$5,000)$$

**MARKET VALUE OF HIGHWAY 9 SOUTH LARGER PARCEL**

**\$515,000**

**COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID  
HIGHWAY 9 SOUTH LARGER PARCEL (BVR-3)**

Description	Subject Larger Parcel	Sale One	Sale Two	Sale Four	Sale Five	Sale Seven
Identification	Highway 9 South	Doig Homestead	Deer Creek Ranch	Carter Creek Ranch	Shore Place Ranch	San Toy Mountain Pasture
General Location	South of Kremmling	South of Kremmling	Northwest of Kremmling	North of Kremmling	Southeast of Kremmling	South of Kremmling
Jurisdiction	Summit County	Summit County	Grand County	Grand County	Grand County	Grand County
Grantor (seller)	Galloway, Inc. (private)	Knorr Lake, Ranch, LLC	Deer Creek Ranch, LLC	Kirk A. Shiner	Terry, Thomy, Karen Meier	Gayle Jones, et al
Grantee (owner)	N/A	Summit County BOCC	EFO - D.C. Ranch, LLC	Terry & Linda Diez	SPR-1, LLC (Goldstein)	San Toy Land Company
Land Area (acres)	187.39	272.70	880.00	843.52	1,199.25	870.08
Date of Sale	N/A	9/15/2016	8/9/2016	7/15/2015	6/8/2015	10/14/2014
Total Sale Price	N/A	\$2,000,000	\$2,230,000	\$1,900,000	\$4,700,000	\$1,408,000
Price Per Acre	N/A	\$7,334	\$2,534	\$2,252	\$3,919	\$1,618
<b>Quantitative Adjustments</b>						
Existing Improvements	None (vacant land)	\$0	\$0	\$500,000	\$350,000	\$0
Price for Land Only	Dollar Amounts	\$2,000,000	\$2,230,000	\$1,400,000	\$4,350,000	\$1,408,000
Land Only Price Per Acre		\$7,334	\$2,534	\$1,660	\$3,627	\$1,618
<b>Qualitative Adjustments</b>						
Property Rights	Fee Simple	=	=	=	=	=
Financing Terms	Cash	=	=	=	=	=
Conditions of Sale	Normal	=	=	=	=	=
Market Conditions	Current	=	=	=	=	=
Location	Good	-	+	+	=	=
Access	Good	=	+	=	=	+
Adjacent Land Uses	Good	=	-	=	=	=
Natural Features	Average	-	-	=	-	=
Property Size	Average	=	=	=	=	=
Zoning/Land Use	Rural Density	=	=	=	=	=
Net Adjustments		- -	=	+	-	+
<b>Indicated Market Value</b>		<< \$7,334 per acre	= \$2,534 per acre	> \$1,660 per acre	< \$3,627 per acre	> \$1,618 per acre

## SALES COMPARISON APPROACH

### Analysis of Haystack Mountain Larger Parcel

The Haystack Mountain Larger Parcel (BVR-4) is a 160.00-acre property that is appraised with average (seasonal) access, good adjacent land uses, average natural features, and an average size. Sales Two, Three, Four, Six, and Seven were selected for comparison to this subject property, which report a price range for the land only (prior to adjustments) of \$655 to \$2,534 per acre. The following analysis of these comparables is summarized on the grid found on the next page.

**Sale Two** is Deer Creek Ranch, which is located thirteen road miles northwest of Kremmling. This 880.02-acre holding was purchased in August 2016 at an arms-length price of \$2,230,000, or \$2,534 per acre for the land only. By direct comparison to the subject, downward adjustments for slightly superior adjacent land uses, as well as natural features, are partially offset by upward adjustment for slightly inferior location. It is otherwise comparable, and indicates a market value for the Haystack Mountain Larger Parcel that would be slightly less than \$2,534 per acre.

**Sale Three** is the B.I. Bar Ranch, which is located seventeen road miles north of Kremmling. It comprises 467.16 acres in two tracts, one of which was encumbered by a conservation easement that did not adversely impact the price. This vacant holding was acquired in November 2015 for \$785,000, or \$1,680 per acre. By direct comparison to the subject, an upward adjustment for slightly inferior location is generally offset by downward adjustment for slightly superior access. The indicated market value of the Haystack Mountain Larger Parcel is similar to \$1,680 per acre.

**Sale Four** is the Carter Creek Ranch, which is located fourteen road miles north of Kremmling. This 843.52-acre holding sold during July 2015 for \$1,900,000, which results in a price for the land only of \$1,660 per acre when the contributory value of existing improvements is deducted. By direct comparison to the subject, an upward adjustment for slightly inferior location is offset by a downward adjustment for slightly superior access. It is otherwise comparable, and indicates a market value for the Haystack Mountain Larger Parcel that is equivalent to \$1,660 per acre.

**Sale Six** is a 152.75-acre tract of vacant land near Barger Gulch, which is located nine road miles southeast of Kremmling. It was purchased during April 2015 for \$99,999, or just \$655 per acre. By direct comparison to the subject, only upward adjustments are warranted for slightly inferior access and natural features, with an indicated value that is somewhat more than \$655 per acre.

**Sale Seven** is a vacant holding of grazing pasture on San Toy Mountain, which is located four road miles southwest of Kremmling. The 870.08-acre property was acquired in October 2014 for \$1,408,000, or \$1,618 per acre. By direct comparison to the subject, no adjustments were made. This comparable supports a value for the Haystack Mountain Larger Parcel of \$1,618 per acre.

### Value of Haystack Mountain Larger Parcel

After adjustments, the comparables indicate a value for the Haystack Mountain Larger Parcel that would be somewhat more than \$655 per acre, similar to \$1,618 per acre, \$1,660 per acre, as well as \$1,680 per acre, and slightly less than \$2,534 per acre. These five transactions report an average land only price of \$1,629 per acre, with primary emphasis placed on Sales Three, Four, and Seven. Based on the foregoing, I conclude to a market value for the Haystack Mountain Larger Parcel of \$1,650 per acre, with total value for this 160.00-acre property calculated below:

$$160.00 \text{ Acres} \times \$1,650 \text{ Per Acre} = \$264,000 \quad \text{Rounded to } \$265,000 \text{ (nearest } \$5,000)$$

**MARKET VALUE OF HAYSTACK MOUNTAIN LARGER PARCEL** **\$265,000**

**COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID  
HAYSTACK MOUNTAIN LARGER PARCEL (BVR-4)**

Description	Subject Larger Parcel	Sale Two	Sale Three	Sale Four	Sale Six	Sale Seven
Identification	Haystack Mountain	Deer Creek Ranch	B.I. Bar Ranch	Carter Creek Ranch	Barger Gulch Property	San Toy Mountain Pasture
General Location	South of Kremmling	Northwest of Kremmling	North of Kremmling	North of Kremmling	South of Kremmling	South of Kremmling
Jurisdiction	Grand County	Grand County	Grand County	Grand County	Grand County	Grand County
Grantor (seller)	Galloway, Inc. (private)	Deer Creek Ranch, LLC	B.I. Bar, Inc.	Kirk A. Shiner	Marcia Paul, et al	Gayle Jones, et al
Grantee (owner)	N/A	EFO - D.C. Ranch, LLC	BRS Investment, LLC	Terry & Linda Diez	Benjamin & Lisa Carter	San Toy Land Company
Land Area (acres)	160.00	880.02	467.16	843.52	152.75	870.08
Date of Sale	N/A	8/9/2016	11/6/2015	7/15/2015	4/22/2015	10/14/2014
Total Sale Price	N/A	\$2,230,000	\$785,000	\$1,900,000	\$99,999	\$1,408,000
Price Per Acre	N/A	\$2,534	\$1,680	\$2,252	\$655	\$1,618
<b>Quantitative Adjustments</b>						
Existing Improvements	None (vacant land)	\$0	\$0	\$500,000	\$0	\$0
Price for Land Only	Dollar Amounts	\$2,230,000	\$785,000	\$1,400,000	\$99,999	\$1,408,000
Land Only Price Per Acre		\$2,534	\$1,680	\$1,660	\$655	\$1,618
<b>Qualitative Adjustments</b>						
Property Rights	Fee Simple	=	=	=	=	=
Financing Terms	Cash	=	=	=	=	=
Conditions of Sale	Normal	=	=	=	=	=
Market Conditions	Current	=	=	=	=	=
Location	Good	+	+	+	=	=
Access	Average	=	-	-	+	=
Adjacent Land Uses	Good	-	=	=	=	=
Natural Features	Average	-	=	=	+	=
Property Size	Average	=	=	=	=	=
Zoning/Land Use	Rural Density	=	=	=	=	=
Net Adjustments		-	=	=	++	=
<b>Indicated Market Value</b>		< \$2,534 per acre	= \$1,680 per acre	= \$1,660 per acre	>> \$655 per acre	= \$1,618 per acre

## SALES COMPARISON APPROACH

### Analysis of River Confluence Larger Parcel

The River Confluence Larger Parcel (BVR-8) is a 67.32-acre tract that is appraised with good (year-round) access, good adjacent land uses, very good natural features, and an average size. Sales Eight, Nine, Ten, and Eleven were selected for comparison to this subject property, which report a wide price range for the land only (prior to adjustments) of \$3,649 to \$24,590 per acre. The following analysis of these comparables is summarized on the grid found on the next page.

**Sale Eight** is known as Skylark Ranch Meadows, and comprises 253.50 acres of irrigated land that is located seven road miles east of Kremmling. It was purchased during October 2014 at an arms-length price of \$925,000, or \$3,649 per acre, with senior water rights but no river frontage. By direct comparison to the subject, only an upward adjustment is warranted for slightly inferior natural features. It is otherwise comparable, with no superior characteristics, and indicates a value for the River Confluence Larger Parcel that would be slightly more than \$3,649 per acre.

**Sale Nine** is known as Sheephorn Valley Ranch, which is located twenty road miles southwest of Kremmling, at the hamlet of Radium. This 70.70-acre vacant tract features one mile of frontage on the Colorado River, and was acquired during May 2016 for \$1,070,000, or \$15,134 per acre. By direct comparison to the subject, only a downward adjustment was made for slightly superior adjacent land uses. It is otherwise similar, with no inferior characteristics, and indicates a market value for the River Confluence Larger Parcel that would be slightly less than \$15,134 per acre.

**Sale Ten** is the former Sunset Fishing Club, which is located ten road miles east of Kremmling. This 170.15-acre holding was purchased in July 2013 for \$1,760,000, which results in a land only price of \$9,462 per acre when the contributory value of existing improvements is deducted. By direct comparison to the subject, no adjustments are warranted for any factors of comparison. This comparable supports a value for the River Confluence Larger Parcel of \$9,462 per acre.

**Sale Eleven** is a 20.74-acre tract of vacant land on the Colorado River that is located twelve road miles east of Kremmling. Known as Renegade Ranch, this legal homesite sold during July 2013 for \$510,000, or \$24,590 per acre, and was acquired by the same buyer as Sale Ten. By direct comparison to the subject, only a downward adjustment is warranted for somewhat smaller property size. The indicated value from this comparable is somewhat less than \$24,590 per acre.

### Value of River Confluence Larger Parcel

After adjustments, the comparable sales indicate a value for the River Confluence Larger Parcel that would be slightly more than \$3,649 per acre, similar to \$9,462 per acre, slightly less than \$15,134 per acre, and somewhat less than \$24,590 per acre. These four transactions report an average land only price of \$13,209 per acre. Primary emphasis was placed on Sale Ten, with consideration also given to the February 2006 purchase price for the subject at \$9,499 per acre. Other sales of other riverfront properties provide good support, namely Sale Twenty (superior at \$22,482 per acre), Sale Twenty-One (superior at \$16,295 per acre), Sale Twenty-Two (inferior at \$5,484 per acre), as well as Sale Twenty-Three (similar at \$10,132 per acre). The appraised property would be expected to command a value at or below the middle of this price spectrum. Based on the foregoing, I correlate to a market value for the River Confluence Larger Parcel of \$9,500 per acre, with total value for this 67.32-acre subject property calculated as follows:

$$67.32 \text{ Acres} \times \$9,500 \text{ Per Acre} = \$639,540 \qquad \text{Rounded to } \$640,000 \text{ (nearest } \$5,000)$$

**MARKET VALUE OF RIVER CONFLUENCE LARGER PARCEL** **\$640,000**

**COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID  
RIVER CONFLUENCE LARGER PARCEL (BVR-8)**

Description	Subject Larger Parcel	Sale Eight	Sale Nine	Sale Ten	Sale Eleven
Identification	River Confluence	Skylark Ranch Meadows	Sheephorn Valley Ranch	Sunset Fishing Club	Renegade Ranch
General Location	South of Kremmling	East of Kremmling	Southwest of Kremmling	East of Kremmling	East of Kremmling
Jurisdiction	Grand County	Grand County	Grand County	Grand County	Grand County
Grantor (seller)	Galloway, Inc. (private)	San Toy Land Company	Leroux Land & Cattle	Sunset Associates, LLC	Scott W. Smith
Grantee (owner)	N/A	Skylark Cattle Company	Brian S. Wesbury	C.R. Preservation Group	C.R. Preservation Group
Deeded Acres	67.32	253.50	70.70	170.15	20.74
Date of Sale	N/A	10/1/2014	5/28/2016	7/5/2013	7/5/2013
Total Sale Price	N/A	\$925,000	\$1,070,000	\$1,760,000	\$510,000
Price Per Acre	N/A	\$3,649	\$15,134	\$10,344	\$24,590
<b>Quantitative Adjustments</b>					
Existing Improvements	None (vacant land)	\$0	\$0	\$150,000	\$0
Price for Land Only	Dollar Amounts	\$925,000	\$1,070,000	\$1,610,000	\$510,000
Land Only Price Per Acre		\$3,649	\$15,134	\$9,462	\$24,590
<b>Qualitative Adjustments</b>					
Property Rights	Fee Simple	=	=	=	=
Financing Terms	Cash	=	=	=	=
Conditions of Sale	Normal	=	=	=	=
Market Conditions	Current	=	=	=	=
Location	Good	=	=	=	=
Access	Good	=	=	=	=
Adjacent Land Uses	Good	=	-	=	=
Natural Features	Very Good	+	=	=	=
Property Size	Average	=	=	=	- -
Zoning/Land Use	Rural Density	=	=	=	=
Net Adjustments		+	-	=	- -
<b>Indicated Market Value</b>		<b>&gt; \$3,649 per acre</b>	<b>&lt; \$15,134 per acre</b>	<b>= \$9,462 per acre</b>	<b>&lt;&lt; \$24,590 per acre</b>

## SALES COMPARISON APPROACH

### Analysis of Summit County Option Larger Parcel

The Summit County Option Larger Parcel (BVR-9) is a 120.00-acre tract that is appraised with average (seasonal) access, good adjacent land uses, good natural features, and an average size. Sales One, Two, Four, Five, and Seven were selected for comparison to this subject property, which report a price range for the land only (prior to adjustments) of \$1,618 to \$7,334 per acre. The following analysis of these comparables is summarized on the grid found on the next page.

**Sale One** is the Doig Homestead, which is situated between Kremmling and Silverthorne, within North Summit County. This 272.20-acre vacant property was purchased by local government in September 2016 for \$2,000,000, or \$7,334 per acre, which was confirmed to be at market value. By direct comparison to the subject, only downward adjustments were made for slightly superior location and access. There are no inferior characteristics, and this comparable indicates a market value for the appraised property that would be somewhat less than \$7,334 per acre.

**Sale Two** is Deer Creek Ranch, which is located thirteen road miles northwest of Kremmling. This 880.02-acre holding was purchased in August 2016 at an arms-length price of \$2,230,000, or \$2,534 per acre for the land only. By direct comparison to the subject, downward adjustment for slightly superior adjacent land uses is offset by an upward adjustment for slightly inferior location. Thus, the indicated market value of the subject property is similar to \$2,534 per acre.

**Sale Four** is the Carter Creek Ranch, which is located fourteen road miles north of Kremmling. This 843.52-acre holding sold during July 2015 for \$1,900,000, which results in a price for the land only of \$1,660 per acre when the contributory value of existing improvements is deducted. By direct comparison to the subject, upward adjustment for slightly inferior location and natural features are partially offset by downward adjustment for slightly superior access. The indicated value of the Summit County Option Larger Parcel would be slightly more than \$1,660 per acre.

**Sale Five** is the Shore Place Ranch, which is located twenty road miles southeast of Kremmling. This 1,199.25-acre property was acquired in June 2015 for \$4,700,000, which results in a land only price of \$3,627 per acre when the improvements value is deducted. By direct comparison to the subject, only a downward adjustment was required for slightly superior access. There are no inferior factors, and the indicated market value would be slightly lower than \$3,627 per acre.

**Sale Seven** is grazing pasture on San Toy Mountain that is located four road miles southwest of Kremmling. The 870.08-acre property was acquired in October 2014 for \$1,408,000, or \$1,618 per acre. By direct comparison to the subject, only an upward adjustment was made for slightly inferior natural features. The indicated value of the subject is slightly more than \$1,618 per acre.

### Value of Summit County Option Larger Parcel

After adjustments, the comparables indicate a value for the Summit County Option Larger Parcel of slightly more than \$1,618 per acre and \$1,660 per acre, similar to \$2,534 per acre, slightly less than \$3,627 per acre, as well as somewhat lower than \$7,334 per acre. These five transactions report an average land only price of \$3,365 per acre, which is skewed upwards by Sale One (the only comparable also within Summit County). Equal emphasis was given to all of these comparables, and I conclude to a market value for the Summit County Option Larger Parcel of \$2,750 per acre. Total value for this 120.00-acre subject property is calculated as follows:

$$120.00 \text{ Acres} \times \$2,750 \text{ Per Acre} = \$330,000$$

**MARKET VALUE OF SUMMIT COUNTY OPTION LARGER PARCEL** **\$330,000**

**COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID  
SUMMIT COUNTY OPTION LARGER PARCEL (BVR-9)**

Description	Subject Larger Parcel	Sale One	Sale Two	Sale Four	Sale Five	Sale Seven
Identification	Summit County Option	Doig Homestead	Deer Creek Ranch	Carter Creek Ranch	Shore Place Ranch	San Toy Mountain Pasture
General Location	South of Kremmling	South of Kremmling	Northwest of Kremmling	North of Kremmling	Southeast of Kremmling	South of Kremmling
Jurisdiction	Summit County	Summit County	Grand County	Grand County	Grand County	Grand County
Grantor (seller)	Summit County BOCC	Knorr Lake, Ranch, LLC	Deer Creek Ranch, LLC	Kirk A. Shiner	Terry, Thomy, Karen Meier	Gayle Jones, et al
Grantee (owner)	N/A	Summit County BOCC	EFO - D.C. Ranch, LLC	Terry & Linda Diez	SPR-1, LLC (Goldstein)	San Toy Land Company
Land Area (acres)	120.00	272.70	880.02	843.52	1,199.25	870.08
Date of Sale	N/A	9/15/2016	8/9/2016	7/15/2015	6/8/2015	10/14/2014
Total Sale Price	N/A	\$2,000,000	\$2,230,000	\$1,900,000	\$4,700,000	\$1,408,000
Price Per Acre	N/A	\$7,334	\$2,534	\$2,252	\$3,919	\$1,618
<b>Quantitative Adjustments</b>						
Existing Improvements	None (vacant land)	\$0	\$0	\$500,000	\$350,000	\$0
Price for Land Only	Dollar Amounts	\$2,000,000	\$2,230,000	\$1,400,000	\$4,350,000	\$1,408,000
Land Only Price Per Acre		\$7,334	\$2,534	\$1,660	\$3,627	\$1,618
<b>Qualitative Adjustments</b>						
Property Rights	Fee Simple	=	=	=	=	=
Financing Terms	Cash	=	=	=	=	=
Conditions of Sale	Normal	=	=	=	=	=
Market Conditions	Current	=	=	=	=	=
Location	Good	-	+	+	=	=
Access	Average	-	=	-	-	=
Adjacent Land Uses	Good	=	-	=	=	=
Natural Features	Good	=	=	+	=	+
Property Size	Average	=	=	=	=	=
Zoning/Land Use	Rural Density	=	=	=	=	=
Net Adjustments		- -	=	+	-	+
<b>Indicated Market Value</b>		<< \$7,334 per acre	= \$2,534 per acre	> \$1,660 per acre	< \$3,627 per acre	> \$1,618 per acre



## SALES COMPARISON APPROACH

### Value of Trough Road Easement Larger Parcel

The Trough Road Easement Larger Parcel (BVR-7) is an access easement for a road that crosses private land owned by Yust, which was reserved by Galloway, Inc. when the underlying 99.17 acres was sold during 2000. It encumbers 0.54 acres of land area in one linear tract, but potential uses are extremely limited to just an ingress/egress route to public BLM land at Inspiration Point. Parcel BVR-7 is not a legal lot since it is an easement interest for access across private land, with restrictions that prohibit any structures, and limit activities to agriculture or group rock-climbing. Although ownership of this possessory interest can be conveyed to a third party, the only logical buyers are Yust (who owns the underlying land), and the USA (to provide a more convenient route to nearby BLM lands than an existing public road about one-quarter mile to the northwest). Thus, there would be virtually no market demand for the Trough Road Easement Larger Parcel.

Although the local and regional market was researched for sales of similar access easements, no such transactions were found that did not include the underlying land. Discussions with market participants and knowledgeable appraisers revealed that the access easement has no measurable value by itself, and are typically conveyed with the land they encumber without an allocation to the overall purchase price. This is supported by confirmation with parties to the sale from 2000, as both Yust and Galloway, Inc. indicate that the access easement was not given any value in the purchase of the underlying property. Galloway, Inc. only reserved the easement at the request of the BLM, and Yust would have preferred to acquire the underlying land without this reservation. They both confirmed that the easement was introduced into the sale after it had been negotiated, and neither party requested any additional consideration for the reservation. Since this was an arms-length transaction between a willing seller and buyer, and neither party allocated any of the purchase price to the access easement, the previous sale provides the best indication of value. Thus, I conclude to a market value for the Trough Road Easement Larger Parcel of zero (\$0).

**MARKET VALUE OF TROUGH ROAD EASEMENT LARGER PARCEL (Zero) \$0**

## RECONCILIATION AND FINAL VALUE OPINIONS

The subject of this appraisal is identified as all Non-Federal Lands for the proposed Blue Valley Land Exchange, which comprise 1,830.14 total acres of land area within unincorporated Grand and Summit Counties, Colorado. These vacant tracts range in size from 0.54 to 656.58 acres, and are privately owned by the proponent (Galloway Inc. for Blue Valley Ranch), but proposed for conveyance to the USA in exchange for 1,489.02 acres of Federal Lands (managed by BLM). The Non-Federal Parcels are identified by number, with relevant details summarized as follows:

Parcel	Identification	Acres	County	Description and Comments
BVR-1	Thompson - San Toy Mountain	656.58	Grand	Seasonal access from CR 1, mountain terrain, creek, meadows
BVR-2	Knorr - Green Mountain	621.64	Summit	Year-round access from Highway 9, mountainous, no live water
BVR-3	Knorr - East Side of Highway 9	187.39	Summit	Year-round access from Highway 9, rolling terrain, no live water
BVR-4	Knorr - Haystack Mountain	160.00	Grand	Seasonal access from CR 381, mostly rolling land, no live water
BVR-5	North of 40 Outright Exemption	2.05	Grand	Year-round access from Highway 40, no residential uses allowed
BVR-7	Inspiration Point Road Easement	0.54	Grand	Access easement only from CR 1 (30 feet wide by 950 feet long)
BVR-8	Blue River North to Colorado	67.32	Grand	BLM road access, irrigated, 5,107 feet to centerline of Blue River
BVR-9	Sudan Parcel B - Summit County	120.00	Summit	Seasonal access from Highway 9, mountain terrain, no live water
BVR-10	Blue River Access	14.62	Summit	No public road access, above Blue River (no access or frontage)

The Sales Comparison Approach was the only valuation technique employed for this assignment. The subject Non-Federal Lands were determined to comprise eight larger parcels for valuation purposes, which were appraised as separate economic units that are identified in the table below. Based on my inspection of the subject as well as surrounding environs, analysis of relevant data, and preparation of the foregoing analyses, I have reached the following opinions of market value for the fee simple interest in the Non-Federal Lands, which is effective as of June 6, 2017:

Subject Parcel	Larger Parcel	Acres	Highest and Best Use Conclusion	Market Value Conclusion
BVR-1	San Toy Mountain	656.58	Seasonal use homesites with agriculture/recreation	\$1,085,000 (\$1,650/acre)
BVR-2 & 10	Green Mountain	636.26	Year-round homesites with agriculture/recreation	\$1,750,000 (\$2,750/acre)
BVR-3	Highway 9 South	187.39	Year-round homesites with agriculture/recreation	\$515,000 (\$2,750/acre)
BVR-4	Haystack Mountain	160.00	Seasonal use homesites with agriculture/recreation	\$265,000 (\$1,650/acre)
BVR-5	North of 40 Exemption	2.05	Assemblage and/or agriculture (no residential use)	\$10,000 (deed restricted)
BVR-7	Trough Road Easement	0.54	Ingress/egress easement only along private roadway	Zero (easement interest)
BVR-8	River Confluence	67.32	Year-round homesites with agriculture/recreation	\$640,000 (\$9,500/acre)
BVR-9	Summit County Option	120.00	Seasonal use homesites with agriculture/recreation	\$330,000 (\$2,750/acre)

<b>MARKET VALUE OF SAN TOY MOUNTAIN LARGER PARCEL</b>	<b>\$1,085,000</b>
<b>MARKET VALUE OF GREEN MOUNTAIN LARGER PARCEL</b>	<b>\$1,750,000</b>
<b>MARKET VALUE OF HIGHWAY 9 SOUTH LARGER PARCEL</b>	<b>\$515,000</b>
<b>MARKET VALUE OF HAYSTACK MOUNTAIN LARGER PARCEL</b>	<b>\$265,000</b>
<b>MARKET VALUE OF RIVER CONFLUENCE LARGER PARCEL</b>	<b>\$640,000</b>
<b>MARKET VALUE OF SUMMIT COUNTY OPTION LARGER PARCEL</b>	<b>\$330,000</b>
<b>MARKET VALUE OF NORTH OF 40 EXEMPTION LARGER PARCEL</b>	<b>\$10,000</b>
<b>MARKET VALUE OF TROUGH ROAD EASEMENT LARGER PARCEL</b>	<b>\$0</b>

# **ADDENDA**

# QUALIFICATIONS OF KEVIN A. CHANDLER, MAI

## Education

Master of Arts, Real Estate and Urban Analysis, University of Florida  
Bachelor of Science, Business Administration (Finance), University of Florida

## Affiliations

Member, Appraisal Institute (MAI)  
Certified General Appraiser, State of Colorado

## Experience

Chandler Consulting, Western Colorado (2001 to Present)  
Commercial and Rural Real Estate Appraisal and Consulting  
Concorde Investments, Inc., Tampa, Florida (1998 to 2000)  
Commercial Real Estate Development and Other Investments  
Wellington Realty Advisors, Inc., Tampa, Florida (1995 to 1998)  
Brokerage and Site Selection for Boston Market and Einstein Bagels  
Arthur Andersen, LLP, Atlanta, Georgia (1993 and 1994)  
Commercial Real Estate Appraisal and Business Valuation  
Real Estate Marketing Consultants, Tampa, Florida (1991 and 1992)  
Commercial Real Estate Appraisal and Consulting

## Seminars

Appraising Agricultural Land in Transition  
Appraisal Standards for Federal Land Exchanges  
Emerging Issues in Water Rights and Energy Development  
Condemnation and Litigation Appraising, Advanced Topics

## Assignment Types

Federal Land Exchanges  
Special Use Authorizations  
Conservation Easements  
Commercial Properties  
Mountain Ranches and Resorts  
Going Concern and Special-Use  
Subdivision Analysis  
Expert Witness Testimony

## Representative Clients

Office of Valuation Services (BLM)  
U.S. Forest Service  
Various Land Trusts  
Various Commercial Lenders  
Various Individuals and Entities  
Colorado Parks and Wildlife  
National Resources Conservation Service  
Routt County and Eagle County

# STATE CERTIFIED GENERAL APPRAISER LICENSE

Colorado Department of Regulatory Agencies  
Division of Real Estate  
Kevin Andrew Chandler  
Certified General Appraiser

CG.040022860

01/01/2017

License Number

Issue Date

Active

12/31/2018

License Status

Expiration

Verify this license at <http://dora.colorado.gov/dre>

*Marcia Waters*

Director: Marcia Waters

Licensee Signature

# CLIENT ENGAGEMENT LETTER



## United States Department of the Interior

Office of Valuation Services

Denver Federal Center, Building 46, Suite 102

One Denver Federal Center

Denver, CO 80225

Real Estate Appraisal Letter of Engagement

Date: October 25, 2016

Dear Mr. Chandler

This letter engages you to complete a Market Value appraisal of the subject properties identified as L160007 the Non-Federal Lands and 160205, the Federal Lands in the Blue Valley land exchange (LEX). Blue Valley Ranch, manages the underlying Non-Federal lands. The BLM administers the Federal Lands in the land exchange.

The Non-Federal property contains roughly 1,831.75 acres and is located in Grand and Summit Counties, Colorado. The Federal property contains approximately 1,489.02 acres and is located in Grand Counties, Colorado. The market value for this type property is based on the following Market Value definition:

"Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal."<sup>1</sup>

The intended use/purpose of the appraisal reports will be used for a proposed land exchange of the identified properties. It is not intended for any other use.

The "Client" is the Office of Valuation Services (OVS).

The intended users of the report are the Client (OVS), the BLM and Blue Valley Ranch and its successors and assigns. Please note that the described appraisal services will have payment issued directly through and by Western Land Group after review and approval of the appraisal report by OVS.

Your Point of Contact to coordinate access to the property shall be:

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<sup>1</sup> [Interagency Land Acquisition Conference, Uniform Appraisal Standards for Federal Land Acquisitions, 5th ed. (Appraisal Institute, 2000), p.13.]

## CLIENT ENGAGEMENT LETTER (page two)

Contact: Blue Valley Ranch  
Sher Steuben  
Address: P.O. Box 1120  
Kremmling, CO 80459  
Phone: (970) 724-3768  
Email: [sher@jnsgrp.com](mailto:sher@jnsgrp.com)

Discussions with this or other parties shall be limited to only those necessary to provide a Uniform Standards of Professional Appraisal Practice (USPAP) and Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) compliant appraisal report. Only the assigned OVS Review Appraiser can modify appraisal instructions (in writing). Any communication (verbal or written) with the Client Agency Realty Contact shall include the assigned OVS Review Appraiser.

The property inspection date is the date of the last property inspection, which must be no later than 30 calendar days prior to the submission of the completed appraisal report, unless the OVS Review Appraiser approves in advance other conditions in writing.

The target date of delivery of the initial appraisal report to the OVS Review Appraiser will be negotiated between the private party and the appraiser. After review and approval by OVS, the private party will pay the agreed amount for the assignment. Western Land Group indicated the target date to be March 31, 2017.

Once the report is reviewed and approved by OVS, the appraiser will submit four (4) signed final reports and one (1) PDF format version to the OVS Review Appraiser, Michael J. Hastings, ARA. The OVS review appraiser will then distribute three copies, along with a PDF format version to the client agency Realty Specialist. The agency will then distribute copies of the report to the private party Western Land Group, Adam Poe, 1760 High Street Denver, CO 80218, (406) 274-0411, [apoe@westernlandgroup.com](mailto:apoe@westernlandgroup.com), the BLM representative.

### **Payment:**

Upon completion and approval of the appraisal report, an original invoice is to be sent to the private party representative. Payment is the sole responsibility of the private party identified below. Neither the US Department of Interior nor its Office of Valuation Services (OVS) or BLM is responsible for payment for this appraisal assignment.

### Contact for Western Land Group

Contact: Adam Poe  
Address: 1760 High Street Denver, CO 80218  
Phone: (406) 274-0411  
Email: [apoe@westernlandgroup.com](mailto:apoe@westernlandgroup.com)

If you have any questions about this assignment, please contact me at the number below.

Sincerely,

**CLIENT ENGAGEMENT LETTER (page three)**



---

Michael J. Hastings, ARA,

OVS Review Appraiser

Office of Valuation Services, Public Land Division

PHONE: 720-598-7707

1 Denver Federal Center

email: [michael\\_hastings@ios.doi.gov](mailto:michael_hastings@ios.doi.gov)

BLDG. 46, Suite 102

Denver, CO 80225

Cc: Annie Sperandio, BLM Realty Specialist and Adam Poe, Western Land Group

# STATEMENT OF WORK

Bureau of Land Management  
October 25, 2016

Blue Valley LEX Non-Federal Lands

IVIS #00009298  
L160205

## STATEMENT OF WORK (SOW) Office of Valuation Services

Agency Case# 00009298

IVIS Case Number# L160007

### SECTION 1 – Subject Identification & General Information

<b>Identification</b>	Case Name	Blue Valley Land Exchange
	Location	Kremmling, Grand and Summit Counties, CO
	Acreage	1,831.75 (+-) acres
	Property Type	Vacant Land
	Case Type	Land Exchange
		Non-Federal Lands
<b>Client</b>	U.S. Department of Interior, Office of Valuation Services (OVS)	
<b>Intended Users</b>	The intended users of the appraisal report are The Bureau of Land Management on behalf of the United States of America and Western Land Group.	
<b>Intended Use</b>	The appraisal report will be used for a proposed Land Exchange of the identified property. It is not intended for any other use.	

### **Property Description**

The Land Exchange will provide significant ease of management for both parties to block up property borders and to decrease trespass on the private property. The Non-Federal lands consist of nine parcels located in various Townships and Ranges. The tracts are numerically known as Parcels 1 through 10, and it appears number 6 was excluded. The surrounding area provides unique opportunities for numerous recreational activities.

### **Abbreviated Legal Descriptions**

Colorado

Township 1 South, Ranges 80 & 81 West

Multiple Parcels in several sections.

The area described contains 1,489.02 acres in Grand County, Colorado.

*(See attachment "Exhibit A Non-Federal Lands" for a more detailed description)*

### **Property Interest**

## STATEMENT OF WORK (page two)

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Blue Valley LEX Non-Federal Lands

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Fee Simple Estate subject to all reservations and encumbrances of record.

### **Outstanding Rights and Reservations**

There may be recorded documents, agreements, easements and/or encumbrances. Outstanding rights of record are included in the Commitment for Title Insurance included in the Addendum to this SOW. Each exception to title should be analyzed and its effect on value, if any, should be discussed in the appraisal report.

### **Merchantable Timber**

None

### **Minerals**

The United States owns all of the mineral rights.

### **Personal Property**

None

### **Property Access Physical and Legal**

Certain parcels are isolated and do not appear to have access. The other tracts appear to have reported access from Spring Creek and Trough roads. See attached LEX map.

### **Tenancies**

No information was provided indicating that the property is currently under any lease or permit.

### **Water**

There are no known surface or subsurface water rights associated with the property.

### **Trespasses**

None noted

## **SECTION 2 – Appraisal Requirements & Instructions**

### **Appraisal Standards**

## STATEMENT OF WORK (page three)

Bureau of Land Management  
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1. Uniform Standards of Professional Appraisal Practice (USPAP)
2. Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA)

### Market Value

The only Market Value definition to be identified in the appraisal report is the following:

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

[Interagency Land Acquisition Conference, *Uniform Appraisal Standards for Federal Land Acquisitions*, 5<sup>th</sup> ed. (Appraisal Institute, 2000), 13.]

### Date of Value

The date of value is the date of the last property inspection, which must be no later than 30 calendar days prior to the submission of the completed appraisal report, unless the OVS Review Appraiser approves in advance other conditions in writing. The plan of action is to inspect the subject parcels in early November and re-inspect 30 days prior to submission of the report.

### Special Legal Instructions

None

### Extraordinary Assumptions (EA's)

None; the Appraiser may not assume or invoke any extraordinary assumptions without documented written approval from the OVS Review Appraiser.

### Hypothetical Conditions (HC's)

The Appraiser may not invoke or use any hypothetical conditions without documented written approval from the OVS Reviewer.

### Property Inspection

The appraiser is required to make a personal inspection of the subject property as well as all of the similar market properties used in the analyses, unless explicit arrangements to the contrary have been approved in writing by the assigned OVS Review Appraiser prior to the commencement of the assignment.

## STATEMENT OF WORK (page four)

Bureau of Land Management  
October 25, 2016

Blue Valley LEX Non-Federal Lands

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### **Jurisdictional Exceptions (JE's)**

The appraiser has been instructed to produce a UASFLA compliant appraisal. UASFLA states that "*appraisers should not link their estimates of market value made for federal acquisition purposes to a specific exposure time*", current USPAP requirements state that if exposure time is a component of the definition of the value opinion being developed the appraiser must also develop an opinion of reasonable exposure time linked to that value. Reasonable exposure time is an element of UASFLA's definition of market value; therefore, to comply with the implied intent of UASFLA's Section B-2 a Jurisdictional Exception is hereby granted for the requirement stated in USPAP's Standard Rule 1-2 (c) (iv), specifically to the language pertaining to *EXPOSURE TIME*.

If the appraiser feels that it is warranted to further invoke USPAP's Jurisdictional Exception Rule to comply with law or UASFLA regulation, the appraiser must contact the OVS Review Appraiser to obtain prior written approval.

### **Placement in Report (when applicable)**

The appraiser must clearly identify all Extraordinary Assumptions, Hypothetical Conditions, and Jurisdictional Exceptions wherever the final value conclusion is stated, including the Letter of Transmittal and the Summary of Salient Facts. These must also be communicated with any General Assumptions and Limiting Conditions.

### **Pre-Work Meeting**

The appraiser will not be required to attend a separate pre-appraisal work meeting; however, a coordination of the representatives of the named intended users and client will be given an opportunity to accompany the appraiser during the site inspection. Any questions or concerns can be addressed at that time.

### **Controversies/Issues**

None known, but the appraiser must immediately notify the OVS Review Appraiser should the appraiser identify any controversies or issues during the course of assignment.

### **Special Appraisal Instructions**

1. Even though communication is encouraged with the client agency, only the assigned OVS Review Appraiser can modify appraisal instructions (in writing).
2. The appraiser may not communicate assignment results to any party except OVS until authorized to do so in writing by OVS.

## STATEMENT OF WORK (page five)

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3. Any communication (verbal or written) with the Client Agency Realty Contact shall include the assigned OVS Review Appraiser.

### **General Appraisal Requirements & Instructions**

1. The appraiser must hold a valid license as a Certified General Appraiser for the jurisdiction in which the subject property is located.
2. The OVS Statement of Work, other assignment instructions and engagement letter must be included within the Addenda to the appraisal report.
3. The appraiser must appraise the subject property in its "As Is" condition unless authorized in writing by the OVS Review Appraiser to do otherwise.
4. Color photographs and maps of comparable properties shall be included in the appraisal report. OVS will accept aerial photographs for comparable properties, unless the aerial photographs do not accurately represent the property as of the date of inspection. The appraiser must photograph any unusual property features from the ground.
5. The appraisal report will be reviewed for compliance with the terms of this Statement of Work (including all cited standards). Any findings of inadequacy will require clarification and/or correction.
6. The appraiser shall consider the appraisal report and all DOI internal documents furnished to the appraiser to be confidential. Refer all requests for information concerning the appraisal to the OVS Review Appraiser.
7. OVS will not normally accept custody of confidential information. Should appraiser find it necessary to rely on confidential information, the appraiser will contact the OVS Review Appraiser for instructions. The Review Appraiser will view the information and provide further instruction to the appraiser regarding handling and storage of the confidential information.
8. While the public is not an intended user of the appraisal report, the Freedom of Information Act (FOIA) and Agency policy may result in the release of all or part of the appraisal report to others.
9. If including any proprietary information in the appraisal, appraiser must gain concurrence from OVS Review Appraiser and deliver the proprietary information in a separate binder.
10. When the appraiser has performed any services regarding the subject property within the three prior years, the appraiser must disclose this in the bid quote.
11. The appraiser's scope of work must result in credible assignment results for the intended use.

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12. The appraiser's conclusion of highest and best use must be an *economic use*. A non-economic highest and best use, such as *conservation, natural lands, preservation* or any use that requires the property to be withheld from economic production in perpetuity, is not a valid use upon which to estimate market value.

### PROJECT CONTACT INFORMATION

#### Office of Valuation Services

Michael J. Hastings, ARA  
OVS Review Appraiser  
P.O. Box 25247  
Denver, CO. 80225  
Office (720) 598-7707

STATEMENT OF WORK (page seven)

Bureau of Land Management  
October 25, 2016

Blue Valley LEX Non-Federal Lands

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Fax (303) 969-5503  
[michael\\_hastings@ios.doi.gov](mailto:michael_hastings@ios.doi.gov)

**Bureau of Land Management**

Annie Sperandio  
BLM Realty Specialist  
2103 E. Park Avenue  
Kremmling, CO 80459  
Office (970) 724-3062  
Fax (970) 724-3066  
[asperandio@blm.gov](mailto:asperandio@blm.gov)

**Ownership Contact**

Blue Valley Ranch  
Contact: Sher Steuben  
P.O. Box 1120  
Kremmling, CO 80459  
(970) 724-3768

**Western Land Group**

Adam Poe  
1760 High Street  
Denver, CO 59802-8249  
(303) 715-3570  
[apoe@westernlandgroup.com](mailto:apoe@westernlandgroup.com)

**SECTION 3 – Performance & Submission Requirements**

The initial submission will include one (1) electronic (pdf) copy of the appraisal report. The initial submitted appraisal report will be reviewed for compliance with the terms of this Statement-of-Work, UASFLA, USPAP and the Uniform Act (PL 91-646) when applicable. Unless other arrangements have been made, OVS will review the report within twenty (20) calendar days of receipt and respond to the quoter regarding any inadequacies, modifications or corrections that are deemed necessary for the credibility of the report. Any corrections or modifications requested must be completed and returned to the requestor within ten (15) calendar days.

## STATEMENT OF WORK (page eight)

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Once the report is deemed acceptable by the OVS Review Appraiser, the appraiser will submit four (4) signed final hard copy versions, and (1) electronic copy (pdf.) of the report for final submission.

Attachments:

1. Additional attachments
  - 1) General Location Map of the numbered and lettered parcels
  - 2) Title Commitment
  - 3) ATI

STATEMENT OF WORK (page nine)

EXHIBIT A

NON-FEDERAL LANDS

(Sixth Principal Meridian, Grand and Summit Counties, Colorado)

- Parcel 1**      **Township 1 North, Range 80 West, (Grand County)**  
Section 30, Lot 4  
Section 31, Lots 1 and 2, NE1/4NW1/4  
                    Except that portion of the NE1/4NW1/4 of said Section 31 conveyed  
                    to The County of Grand by deed recorded November 22, 1913 in  
                    Book 50 at Page 193
- Township 1 North, Range 81 West,**  
**Section 36, All**
- Totaling 656.58 acres, more or less.  
Together with 8 cfs of water rights.
- Parcel 2**      **Township 2 South, Range 80 West, (Summit County)**  
Section 3, Lot 1, Lot 2, SW1/4/NE1/4, SE1/4NW1/4, E1/2SW1/4, W1/2SE1/4  
Section 10, E1/2E1/2, NW1/4NE1/4, NE1/4NW1/4  
Section 11, W1/2 of Lot 9  
Section 14, Lot 4
- Totaling 621.64 acres, more or less, subject to reservation of an access easement  
for a two track road to Proponent's private property located in **Township 2 South,**  
**Range 80 West,** Section 3. Such access easement may be relocated from Parcel 2  
to an equivalent road upon mutual consent of BLM and Proponent.
- Parcel 3**      **Township 2 South, Range 80 West, (Summit County)**  
Section 2, S1/2NE1/4, and that part of the SE1/4 lying Northerly and Easterly of  
                    the Right of Way of Colorado State Highway No. 9 as disclosed by  
                    Deed recorded September 11, 1958 in Book 153 at Page 14.
- Totaling 189 acres, more or less.
- Parcel 4**      **Township 1 South, Range 80 West, (Grand County)**  
Section 35, SE¼.
- Totaling 160 acres.
- Parcel 5**      **Township 1 North, Range 79 West, (Grand County)**

**STATEMENT OF WORK (page ten)**

Section 7, that portion of Lot 3 and the NE $\frac{1}{4}$ SW $\frac{1}{4}$  lying north of US Highway 40, and known as Parcel A. North of 40 Outright Exemption, according to the plat recorded October 31, 2000 at Reception No. 2000-010217.

Totaling 2.05 acres, more or less.

Parcel 7

A perpetual, non-exclusive, 30 foot wide access easement located in the N1/2NE1/4 of Section 8, Township 1 South, Range 81 West of the 6th P.M., for ingress and egress purposes, being further described as follows:

A 30 Foot easement, being 15 feet on either side of the centerline of an existing traveled way, lying in Section 8, Township 1 South, Range 81 West of the 6th P.M., and beginning at a point, whence the NW corner of said Section 8, bears S 89°45'13" E" for a distance of 1333.69 feet;  
Thence South 47°51'37" East for a distance of 366.10 feet, to a point;  
Thence South 42°59'42" East for a distance of 184.10 feet, to a point;  
Thence South 58°25'58" East for a distance of 227.84 feet to the POINT OF TERMINUS.

Totaling 0.54 acres, more or less.

Parcel 8

Blue River North Tract 1:

A tract of land located in the NE1/4 of Section 19, Township 1 North, Range 80 West of the 6th P.M., and being more particularly described as follows:

Beginning at the North 1/16 corner between Sections 19 and 20 of said T1N, R80W, from which the  $\frac{1}{4}$  corner between said Sections 19 and 20 bears S 02°09'33" W, a distance of 1326.35 feet (basis of bearing); thence S 02°09'33" W along the Section line between said Sections 19 and 20 for 892.00 feet to a point on the right bank of the Blue River;

Thence S 02°09'33" W and continuing along said Section line for 79.14 feet to a point on the median line of said Blue River;

Thence along said median line for the following courses:

Thence N 55°01'17" W for 51.42 feet;  
Thence N 52°29'02" W for 53.67 feet;  
Thence N 47°54'29" W for 60.64 feet;  
Thence N 50°46'13" W for 27.23 feet;  
Thence N 55°38'44" W for 89.27 feet;  
Thence N 58°42'53" W for 32.37 feet;  
Thence N 61°03'45" W for 64.01 feet;

STATEMENT OF WORK (page eleven)

Thence N 86°11'19" W for 31.56 feet;  
Thence N 80°11'20" W for 18.11 feet;  
Thence S 88°35'38" W for 53.11 feet;  
Thence S 86°16'54" W for 12.31 feet;  
Thence S 86°17'51" W for 55.38 feet;  
Thence S 81°31'47" W for 19.08 feet;  
Thence S 68°56'55" W for 69.26 feet;  
Thence S 44°48'54" W for 65.63 feet;  
Thence S 36°20'14" W for 23.15 feet;  
Thence S 32°59'38" W for 13.90 feet;  
Thence S 04°21'52" E for 11.71 feet;  
Thence S 08°07'16" E for 60.57 feet;  
Thence S 11°30'04" E for 8.95 feet;  
Thence S 10°36'06" E for 75.23 feet;  
Thence S 15°33'15" E for 43.01 feet;  
Thence S 08°12'53" E for 117.94 feet;  
Thence S 08°37'21" E for 109.00 feet;  
Thence S 02°51'09" E for 34.90 feet to a point on the east-west centerline of said Section 19;

Thence N 88°38'12" West along said east-west centerline for 69.07 feet to a point on the right bank of said Blue River;

Thence N 88°38'12" W and continuing along said east-west centerline for 731.69 feet to the center-east 1/16 corner of said Section 19 and being a standard U.S.B.L.M. aluminum pipe and cap;

Thence N 88°42'37" W and continuing along said east-west centerline for 92.90 feet to a point on the right bank of said Blue River;

Thence N 88°42'37" W for 78.28 feet to a point on the median line of said Blue River;

Thence along said median line for the following courses:

Thence N 32°10'41" W for 68.93 feet;  
Thence N 32°52'28" W for 97.07 feet;  
Thence N 31°28'58" W for 55.68 feet;  
Thence N 35°31'14" W for 165.10 feet;  
Thence N 30°29'39" W for 146.44 feet;  
Thence N 28°11'39" W for 34.06 feet;  
Thence N 29°48'17" W for 105.79 feet;  
Thence N 43°12'58" W for 175.37 feet;  
Thence N 42°32'07" W for 48.87 feet;  
Thence N 24°23'45" W for 86.42 feet;  
Thence N 01°31'40" E for 34.73 feet;

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Thence N 02°02'17" W for 76.82 feet;  
Thence N 08°55'41" E for 71.50 feet;  
Thence N 15°33'21" E for 53.96 feet;  
Thence N 22°34'36" E for 61.79 feet;  
Thence N 25°26'34" E for 95.02 feet;  
Thence N 29°31'22" E for 38.94 feet;  
Thence N 34°32'47" E for 47.33 feet;  
Thence N 35°41'05" E for 58.18 feet;  
Thence N 39°38'35" E for 113.71 feet;  
Thence N 47°25'29" E for 86.48 feet;  
Thence N 55°19'51" E for 45.25 feet;  
Thence N 61°10'49" E for 68.71 feet;  
Thence N 64°31'39" E for 61.71 feet;  
Thence N 68°46'54" E for 49.00 feet;  
Thence N 73°53'06" E for 101.69 feet;  
Thence N 78°36'06" E for 162.35 feet;  
Thence N 81°01'47" E for 86.79 feet;  
Thence N 89°58'27" E for 79.51 feet;  
Thence N 87°39'42" E for 49.59 feet;  
Thence N 81°46'26" E for 44.06 feet;  
Thence N 75°21'48" E for 68.71 feet;  
Thence N 67°49'18" E for 30.91 feet;  
Thence N 65°48'11" E for 56.10 feet;  
Thence N 39°55'33" E for 25.46 feet;  
Thence N 35°46'58" E for 23.07 feet;  
Thence S 66°00'47" E for 77.98 feet to a point on the right bank of said Blue River;

Thence S 66°00'47" E for 927.60 feet to a point on the section line between said Sections 19 and 20;

Thence S 02°09'33" W along said section line for 32.67 feet to the point of beginning.

Bule River North Tract 2:

A tract of land located in the NW1/4SW1/4 of Section 20, Township 1 North, Range 80 West of the 6th P.M., and being described as follows:

Commencing at the W1/4 corner of said Section 20, a standard U.S.B.L.M. pipe and brass cap, thence S 84°14'37" E for 1332.99 feet (basis of bearings) to the center-west 1/16 corner of said Section 20, a standard U.S.B.L.M. aluminum pipe and cap and the point of beginning for this description;

**STATEMENT OF WORK (page thirteen)**

Thence S 04°38'59" W for 630.97 feet to a U.S.B.L.M. Witness Point Marked "WP-3 S20" from which the SW 1/6 corner of said Section 20 bears S 04°52'14" W for 656.73 feet;

Thence S 04°52'14" W for 50.28 feet to a point on the right bank of the Blue River;

Thence S 04°52'14" W for 192.31 feet to a point on the median line of said Blue River; Thence along said median line for the following courses:

Thence N 10°30'14" W for 9.03 feet;

Thence N 13°33'20" W for 139.20 feet;

Thence N 17°56'54" W for 56.56 feet;

Thence N 11°46'10" W for 47.01 feet;

Thence N 17°47'32" W for 46.49 feet;

Thence N 30°38'47" W for 16.25 feet;

Thence N 34°20'56" W for 128.13 feet;

Thence N 34°05'57" W for 28.74 feet;

Thence N 42°54'03" W for 68.63 feet;

Thence N 44°40'13" W for 194.32 feet;

Thence N 44°26'36" W for 73.95 feet;

Thence N 40°55'51" W for 24.45 feet;

Thence N 43°19'23" W for 72.17 feet;

Thence N 21°53'05" W for 30.87 feet;

Thence N 40°38'01" W for 39.32 feet;

Thence N 50°11'55" W for 74.98 feet;

Thence N 47°12'44" W for 65.44 feet;

Thence N 56°02'32" W for 94.49 feet to a point on the east-west centerline of said Section 20;

Thence S 84°14'37" E and leaving said median line for 116.96 feet along said east-west centerline to a point on the right bank of the Blue River;

Thence S 84°14'37" E for 652.60 feet to the point of beginning.

TO BE KNOWN AS THE FOLLOWING:

YUST TRACT 2 SUBDIVISION EXEMPTION,  
according to the plat recorded \_\_\_\_\_, 2003 at Reception No. 2003-  
\_\_\_\_\_.

Totaling 67.32 acres, more or less  
Together with 7.12 cfs of water rights

Parcel 9

Township 2 South, Range 80 West (Summit County)  
Section 3, SE1/4NE1/4 and E1/2SE1/4

**STATEMENT OF WORK (page fourteen)**

Totaling 120 acres.

Parcel 10

Township 2 South, Range 80 West (Summit County)

Section 3, a metes and bounds description of a parcel to be created out of lot 3

Totaling 14.62 acres, more or less, subject reservation of an access easement on an existing two track road to Proponent's adjoining private property in Township 2 South, Range 80 West, Section 3.

Total non-Federal acreage: 1,831.75 acres, more or less, including all minerals rights to the extent possible and water rights as noted in the above parcel legal descriptions.

**STATEMENT OF WORK (page fifteen)**

**STATEMENT OF WORK AMENDMENT (SOWA)  
Office of Valuation Services**

**Agency Case# 00009298**

**IVIS Case Number# L160007**

**SECTION 1 – Subject Identification & General Information**

<b>Identification</b>	Case Name	Blue Valley Land Exchange
	Location	Kremmling, Grand and Summit Counties, CO
	Acreage	1,830.14 (+-) acres
	Property Type	Vacant Land
	Case Type	Land Exchange
	Non-Federal Lands	

The parcel known as BVR3 originally stated as being roughly 189 acres. The tract had a boundary adjustment, accordingly the acreage changed to 187.39 acres. Please reflect the acreage difference in the Non-Federal report. Thank you for your consideration on this matter.



# TITLE INSURANCE COMMITMENTS

**ALTA COMMITMENT**  
**Old Republic National Title Insurance Company**  
Schedule A

Order Number: JC60007556-3

Customer Ref-Loan No.:

**Property Address:**

BLUE VALLEY LAND EXCHANGE, KREMLING, CO 80459

**1. Effective Date:**

08-15-2016 At 5:00 P.M.

**2. Policy to be Issued and Proposed Insured:**

"ALTA" U.S. POLICY 12-03-12

To Be Determined

Proposed Insured:

UNITED STATES OF AMERICA

**3. The estate or interest in the land described or referred to in this Commitment and covered herein is:**

A FEE SIMPLE

**4. Title to the estate or interest covered herein is at the effective date hereof vested in:**

GALLOWAY, INC., A DELAWARE CORPORATION

**5. The Land referred to in this Commitment is described as follows:**

PARCEL BVR-1

TOWNSHIP 1 NORTH, RANGE 80 WEST OF THE 6TH P.M.

SECTION 30: LOT 4

SECTION 31: LOTS 1 AND 2, NE1/4 NW/14

EXCEPT THAT PORTION OF THE NE1/4 NW1/4 OF SAID SECTION 31 CONVEYED TO THE COUNTY OF GRAND BY DEED RECORDED NOVEMBER 22, 1913 IN BOOK 50 AT PAGE [193](#).

TOWNSHIP 1 NORTH, RANGE 81 WEST OF THE 6TH P.M.

SECTION 36: ALL

COUNTY OF GRAND,  
STATE OF COLORADO.

PARCEL BVR-4

TOWNSHIP 1 SOUTH, RANGE 80 WEST OF THE 6TH P.M.

SECTION 35: SE1/4

COUNTY OF GRAND,  
STATE OF COLORADO.

**TITLE INSURANCE COMMITMENTS (page two)**

**ALTA COMMITMENT  
Old Republic National Title Insurance Company  
Schedule A**

**Order Number:** JC60007556-3

**Customer Ref-Loan No.:**

PARCEL BVR-5

PARCEL A,  
NORTH OF 40 OUTRIGHT EXEMPTION, ACCORDING TO THE PLAT RECORDED OCTOBER, 31, 2000 AT  
RECEPTION NO. [2000-010217](#)

COUNTY OF GRAND,  
STATE OF COLORADO.

\*\*\*\*\*  
NOTE: THE FOLLOWING LEGAL DESCRIPTION IS PRELIMINARY AND IS SUBJECT TO CHANGE UPON  
COMPLIANCE WITH THE REQUIREMENTS UNDER SCHEDULE B-1, HEREIN.  
\*\*\*\*\*

PARCEL BVR-7

A PERPETUAL NON-EXCLUSIVE, 30 FOOT WIDE ACCESS EASEMENT LOCATED IN THE N1/2 NE1/4 OF  
SECTION 8, TOWNSHIP 1 SOUTH, RANGE 81 WEST OF THE 6TH PRINCIPAL MERIDIAN, FOR INGRESS  
AND EGRESS PURPOSES, BEING FURTHER DESCRIBED AS FOLLOWS:

A 30 FOOT EASEMENT, BEING 15 FEET ON EITHER SIDE OF THE CENTER LINE OF AN EXISTING  
TRAVELED WAY, LYING IN SECTION 8, TOWNSHIP 1 SOUTH, RANGE 81 WEST OF THE 6TH PRINCIPAL  
MERIDIAN, AND BEGINNING AT A POINT, WHENCE THE NW CORNER OF SAID SECTION 8, BEARS  
SOUTH 89° 45' 13" EAST FOR A DISTANCE OF 1333.69 FEET;  
THENCE SOUTH 47° 51' 37" EAST FOR A DISTANCE OF 366.10 FEET, TO A POINT;  
THENCE SOUTH 42° 59' 42" EAST FOR A DISTANCE OF 184.80 FEET, TO A POINT;  
THENCE SOUTH 58° 25' 58" EAST FOR A DISTANCE OF 227.84 FEET, TO THE POINT OF TERMINUS.

COUNTY OF GRAND,  
STATE OF COLORADO.

PARCEL BVR-8  
YUST TRACT 1:

A TRACT OF LAND LOCATED IN THE NE1/4 OF SECTION 19, TOWNSHIP 1 NORTH, RANGE 80 WEST OF  
THE 6TH P.M., AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH 1/16 CORNER BETWEEN SECTIONS 19 AND 20 OF SAID TOWNSHIP 1  
NORTH, RANGE 80 WEST, FROM WHICH THE 1/4 CORNER BETWEEN SAID SECTIONS 19 AND 20  
BEARS SOUTH 02° 09' 33" WEST, A DISTANCE OF 1326.35 FEET (BASIS OF BEARING); THENCE SOUTH  
02° 09' 33" WEST ALONG THE SECTION LINE BETWEEN SAID SECTIONS 19 AND 20 FOR 892.00 FEET TO  
A POINT ON THE RIGHT BANK OF THE BLUE RIVER;

THENCE SOUTH 02° 09' 33" WEST AND CONTINUING ALONG SAID SECTION LINE FOR 79.14 FEET TO A  
POINT ON THE MEDIAN LINE OF SAID BLUE RIVER;

**TITLE INSURANCE COMMITMENTS (page three)**

**ALTA COMMITMENT  
Old Republic National Title Insurance Company  
Schedule A**

**Order Number:** JC60007556-3

**Customer Ref-Loan No.:**

THENCE ALONG SAID MEDIAN LINE FOR THE FOLLOWING COURSES:

THENCE NORTH 55° 01' 17" WEST FOR 51.42 FEET;  
THENCE NORTH 52° 29' 02" WEST FOR 53.67 FEET;  
THENCE NORTH 47° 54' 29" WEST FOR 60.64 FEET;  
THENCE NORTH 50° 46' 13" WEST FOR 27.23 FEET;  
THENCE NORTH 55° 38' 44" WEST FOR 89.27 FEET;  
THENCE NORTH 58° 42' 53" WEST FOR 32.37 FEET;  
THENCE NORTH 61° 03' 45" WEST FOR 64.01 FEET;  
THENCE NORTH 86° 11' 19" WEST FOR 31.56 FEET;  
THENCE NORTH 80° 11' 20" WEST FOR 18.11 FEET;  
THENCE SOUTH 88° 35' 38" WEST FOR 53.11 FEET;  
THENCE SOUTH 86° 16' 54" WEST FOR 12.31 FEET;  
THENCE SOUTH 86° 17' 51" WEST FOR 55.38 FEET;  
THENCE SOUTH 81° 31' 47" WEST FOR 19.08 FEET;  
THENCE SOUTH 68° 56' 55" WEST FOR 69.26 FEET;  
THENCE SOUTH 44° 48' 54" WEST FOR 65.63 FEET;  
THENCE SOUTH 36° 20' 14" WEST FOR 23.15 FEET;  
THENCE SOUTH 32° 59' 38" WEST FOR 13.90 FEET;  
THENCE SOUTH 04° 21' 52" EAST FOR 11.71 FEET;  
THENCE SOUTH 08° 07' 16" EAST FOR 60.57 FEET;  
THENCE SOUTH 11° 30' 04" EAST FOR 8.95 FEET;  
THENCE SOUTH 10° 36' 06" EAST FOR 75.23 FEET;  
THENCE SOUTH 15° 33' 15" EAST FOR 43.01 FEET;  
THENCE SOUTH 08° 12' 53" EAST FOR 117.94 FEET;  
THENCE SOUTH 08° 37' 21" EAST FOR 109.00 FEET;  
THENCE SOUTH 02° 51' 09" EAST FOR 34.90 FEET TO A POINT ON THE EAST-WEST CENTERLINE OF SAID SECTION 19;

THENCE NORTH 88° 38' 12" WEST ALONG SAID EAST-WEST CENTERLINE FOR 69.07 FEET TO A POINT ON THE RIGHT BANK OF SAID BLUE RIVER;

THENCE NORTH 88° 38' 12" WEST AND CONTINUING ALONG SAID EAST-WEST CENTERLINE FOR 731.69 FEET TO THE CENTER-EAST 1/16 CORNER OF SAID SECTION 19 AND BEING A STANDARD U.S.B.L.M. ALUMINUM PIPE AND CAP;

THENCE NORTH 88° 42' 37" WEST AND CONTINUING ALONG SAID EAST-WEST CENTERLINE FOR 92.90 FEET TO A POINT ON THE RIGHT BANK OF SAID BLUE RIVER;

THENCE NORTH 88° 42' 37" WEST FOR 78.28 FEET TO A POINT ON THE MEDIAN LINE OF SAID BLUE RIVER;

THENCE ALONG SAID MEDIAN LINE FOR THE FOLLOWING COURSES:

THENCE NORTH 32° 10' 41" WEST FOR 68.93 FEET;  
THENCE NORTH 32° 52' 28" WEST FOR 97.07 FEET;  
THENCE NORTH 31° 28' 58" WEST FOR 55.68 FEET;  
THENCE NORTH 35° 31' 14" WEST FOR 165.10 FEET;  
THENCE NORTH 30° 29' 39" WEST FOR 146.44 FEET;  
THENCE NORTH 28° 11' 39" WEST FOR 34.06 FEET;  
THENCE NORTH 29° 48' 17" WEST FOR 105.79 FEET;  
THENCE NORTH 43° 12' 58" WEST FOR 175.37 FEET;  
THENCE NORTH 42° 32' 07" WEST FOR 48.87 FEET;  
THENCE NORTH 24° 23' 45" WEST FOR 86.42 FEET;

**TITLE INSURANCE COMMITMENTS (page four)**

**ALTA COMMITMENT  
Old Republic National Title Insurance Company  
Schedule A**

**Order Number:** JC60007556-3

**Customer Ref-Loan No.:**

THENCE NORTH 01° 31' 40" EAST FOR 34.73 FEET;  
THENCE NORTH 02° 02' 17" WEST FOR 76.82 FEET;  
THENCE NORTH 08° 55' 41" EAST FOR 71.50 FEET;  
THENCE NORTH 15° 33' 21" EAST FOR 53.96 FEET;  
THENCE NORTH 22° 34' 36" EAST FOR 61.79 FEET;  
THENCE NORTH 25° 26' 34" EAST FOR 95.02 FEET;  
THENCE NORTH 29° 31' 22" EAST FOR 38.94 FEET;  
THENCE NORTH 34° 32' 47" EAST FOR 47.33 FEET;  
THENCE NORTH 35° 41' 05" EAST FOR 58.18 FEET;  
THENCE NORTH 39° 38' 35" EAST FOR 113.71 FEET;  
THENCE NORTH 47° 25' 29" EAST FOR 86.48 FEET;  
THENCE NORTH 55° 19' 51" EAST FOR 45.25 FEET;  
THENCE NORTH 61° 10' 49" EAST FOR 68.71 FEET;  
THENCE NORTH 64° 31' 39" EAST FOR 61.71 FEET;  
THENCE NORTH 68° 46' 54" EAST FOR 49.00 FEET;  
THENCE NORTH 73° 53' 06" EAST FOR 101.69 FEET;  
THENCE NORTH 78° 36' 06" EAST FOR 162.35 FEET;  
THENCE NORTH 81° 01' 47" EAST FOR 86.79 FEET;  
THENCE NORTH 89° 58' 27" EAST FOR 79.51 FEET;  
THENCE NORTH 87° 39' 42" EAST FOR 49.59 FEET;  
THENCE NORTH 81° 46' 26" EAST FOR 44.06 FEET;  
THENCE NORTH 75° 21' 48" EAST FOR 68.71 FEET;  
THENCE NORTH 67° 49' 18" EAST FOR 30.91 FEET;  
THENCE NORTH 65° 48' 11" EAST FOR 56.10 FEET;  
THENCE NORTH 39° 55' 33" EAST FOR 25.46 FEET;  
THENCE NORTH 35° 46' 58" EAST FOR 23.07 FEET;  
THENCE SOUTH 66° 00' 47" EAST FOR 77.98 FEET TO A POINT ON THE RIGHT BANK OF SAID BLUE RIVER;

THENCE SOUTH 66° 00' 47" EAST FOR 927.60 FEET TO A POINT ON THE SECTION LINE BETWEEN SAID SECTIONS 19 AND 20;

THENCE SOUTH 02° 09' 33" WEST ALONG SAID SECTION LINE FOR 32.67 FEET TO THE POINT OF BEGINNING.

COUNTY OF GRAND,  
STATE OF COLORADO

PARCEL BVR-8  
YUST TRACT 2:

A TRACT OF LAND LOCATED IN THE NW1/4 SW1/4 OF SECTION 20, TOWNSHIP 1 NORTH, RANGE 80 WEST OF THE 6TH P.M., AND BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE W1/4 CORNER OF SAID SECTION 20, A STANDARD U.S.B.L.M. PIPE AND BRASS CAP, THENCE SOUTH 84° 14' 37" E FOR 1332.99 FEET (BASIS OF BEARINGS) TO THE CENTER-WEST 1/16 CORNER OF SAID SECTION 20, A STANDARD U.S.B.L.M. ALUMINUM PIPE AND CAP AND THE POINT OF BEGINNING FOR THIS DESCRIPTION;

**TITLE INSURANCE COMMITMENTS (page five)**

**ALTA COMMITMENT  
Old Republic National Title Insurance Company  
Schedule A**

**Order Number:** JC60007556-3

**Customer Ref-Loan No.:**

THENCE SOUTH 04° 38' 59" WEST FOR 630.97 FEET TO A U.S.B.L.M. WITNESS POINT MARKED "WP-3 S20" FROM WHICH THE SW 1/16 CORNER OF SAID SECTION 20 BEARS SOUTH 04° 52' 14" WEST FOR 656.73 FEET;

THENCE SOUTH 04° 52' 14" WEST FOR 50.28 FEET TO A POINT ON THE RIGHT BANK OF THE BLUE RIVER;  
THENCE SOUTH 04° 52' 14" WEST FOR 192.31 FEET TO A POINT ON THE MEDIAN LINE OF SAID BLUE RIVER;

THENCE ALONG SAID MEDIAN LINE FOR THE FOLLOWING COURSES:

THENCE NORTH 10° 30' 14" WEST FOR 9.03 FEET;  
THENCE NORTH 13° 33' 20" WEST FOR 139.20 FEET;  
THENCE NORTH 17° 56' 54" WEST FOR 56.56 FEET;  
THENCE NORTH 11° 46' 10" WEST FOR 47.01 FEET;  
THENCE NORTH 17° 47' 32" WEST FOR 46.49 FEET;  
THENCE NORTH 30° 38' 47" WEST FOR 16.25 FEET;  
THENCE NORTH 34° 20' 56" WEST FOR 128.13 FEET;  
THENCE NORTH 34° 05' 57" WEST FOR 28.74 FEET;  
THENCE NORTH 42° 54' 03" WEST FOR 68.63 FEET;  
THENCE NORTH 44° 40' 13" WEST FOR 194.32 FEET;  
THENCE NORTH 44° 26' 36" WEST FOR 73.95 FEET;  
THENCE NORTH 40° 55' 51" WEST FOR 24.45 FEET;  
THENCE NORTH 43° 19' 23" WEST FOR 72.17 FEET;  
THENCE NORTH 21° 53' 05" WEST FOR 30.87 FEET;  
THENCE NORTH 40° 38' 01" WEST FOR 39.32 FEET;  
THENCE NORTH 50° 11' 55" WEST FOR 74.98 FEET;  
THENCE NORTH 47° 12' 44" WEST FOR 65.44 FEET;  
THENCE NORTH 56° 02' 32" WEST FOR 94.49 FEET TO A POINT ON THE EAST-WEST CENTERLINE OF SAID SECTION 20;

THENCE SOUTH 84° 14' 37" EAST AND LEAVING SAID MEDIAN LINE FOR 116.96 FEET ALONG SAID EAST-WEST CENTERLINE TO A POINT ON THE RIGHT BANK OF THE BLUE RIVER;

THENCE SOUTH 84° 14' 37" EAST FOR 652.60 FEET TO THE POINT OF BEGINNING.

NOW KNOWN AS THE FOLLOWING:

YUST-BLUE VALLEY RANCH OUTRIGHT EXEMPTION, ACCORDING TO THE PLAT RECORDED FEBRUARY 14, 2006 AT RECEPTION NO. [2006-001504](#).

COUNTY OF GRAND,  
STATE OF COLORADO.

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## TITLE INSURANCE COMMITMENTS (page six)

### ALTA COMMITMENT Old Republic National Title Insurance Company Schedule B-1

#### (Requirements)

Order Number: JC60007556-3

The following are the requirements to be complied with:

**Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.**

**Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record, to-wit:**

NOTE: ADDITIONAL REQUIREMENTS OR EXCEPTIONS MAY BE NECESSARY WHEN THE BUYERS NAMES ARE ADDED TO THIS COMMITMENT. COVERAGES AND/OR CHARGES REFLECTED HEREIN, IF ANY, ARE SUBJECT TO CHANGE UPON RECEIPT OF THE CONTRACT TO BUY AND SELL REAL ESTATE AND ANY AMENDMENTS THERETO.

1. CONFIRMATION OF THE LEGAL DESCRIPTION TO BE INCLUDED IN THIS TRANSACTION AND TO BE INSURED BY ANY POLICY RESULTING FROM THIS TITLE COMMITMENT. THE DESCRIPTION CONTAINED IN THIS COMMITMENT WAS DETERMINED BY USING AVAILABLE RESOURCES, BUT A FINAL CONFIRMATION OF THE LAND TO BE INCLUDED BY THE SELLER AND THEIR REPRESENTATIVES WILL BE REQUIRED.
2. PARTIAL RELEASE OF MORTGAGE DATED MAY 29, 2002, FROM GALLOWAY, INC., A DELAWARE CORPORATION FOR THE USE OF CITICORP USA, INC., A DELAWARE CORPORATION TO SECURE THE SUM OF \$65,000,000.00 RECORDED MAY 29, 2002, UNDER RECEPTION NO. [2002-005435](#).

MORTGAGE MODIFICATION AGREEMENT IN CONNECTION WITH SAID MORTGAGE WAS RECORDED SEPTEMBER 25, 2015 UNDER RECEPTION NO. [2015006938](#).

(AFFECTS PARCELS BVR-1, BVR-4, BVR-5, BVR-8 AND APPEARS TO AFFECT BVR-7)

3. RELEASE OF FINANCING STATEMENT WITH CITICORP USA, INC, A DELAWARE CORPORATION, THE SECURED PARTY, RECORDED MAY 29, 2002, UNDER RECEPTION NO. [2002-005436](#).
4. WARRANTY DEED FROM GALLOWAY, INC., A DELAWARE CORPORATION TO UNITED STATES OF AMERICA CONVEYING SUBJECT PROPERTY.

(AFFECTS PARCELS BVR-1, BVR-4, BVR-5 AND BVR-8)

NOTE: STATEMENT OF AUTHORITY RECORDED JULY 18, 2014 UNDER RECEPTION NO. [2014-004371](#) FOR GALLOWAY, INC., A DELAWARE CORPORATION DISCLOSES PAUL T. JONES, II AS PRESIDENT AND KARL MIKAEL ANDREN AS VICE PRESIDENT THAT ARE AUTHORIZED TO EXECUTE LEGAL INSTRUMENTS ON BEHALF OF SAID ENTITY.

5. CONFIRMATION OF, AND OR CORRECTION OF, THE LEGAL DESCRIPTION OF EASEMENT RESERVED IN SPECIAL WARRANTY DEED RECORDED OCTOBER 31, 2000 UNDER RECEPTION NO. [2000-010222](#). IT APPEARS THAT SAID EASEMENT WAS RESERVED FROM THE NORTH 1/2 NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 1 SOUTH, RANGE 81 WEST OF THE 6TH PRINCIPAL MERIDIAN, BUT THE POINT OF BEGINNING OF SAID EASEMENT AS DESCRIBED IN SAID INSTRUMENT WOULD BE LOCATED IN THE NORTHWEST 1/4 OF SAID SECTION 8.

(AFFECTS PARCEL BVR-7)

## TITLE INSURANCE COMMITMENTS (page seven)

### ALTA COMMITMENT Old Republic National Title Insurance Company Schedule B-1

#### (Requirements)

Order Number: JC60007556-3

The following are the requirements to be complied with:

NOTE: ONCE REQUIREMENT 5 HAS BEEN SATISFIED, THE LEGAL DESCRIPTION FOR PARCEL BVR-7 WILL NEED TO BE AMENDED, ADDITIONAL SEARCHING MIGHT BE REQUIRED AND REQUIREMENTS AND/OR EXCEPTIONS MIGHT NEED TO BE ADDED.

6. ASSIGNMENT OF EASEMENT AND RIGHTS ASSOCIATED THERETO, RESERVED BY GALLOWAY, INC., A DELAWARE CORPORATION, IN SPECIAL WARRANTY DEED RECORDED OCTOBER 31, 2000 AT RECEPTION NO. 2000-010222, FROM GALLOWAY, INC., A DELAWARE CORPORATION TO UNITED STATES OF AMERICA.

NOTE: DUE TO THE ISSUE WITH THE LEGAL DESCRIPTION ADDRESSED IN REQUIREMENT 5, AN AMENDMENT OR CORRECTION OF THE ORIGINAL EASEMENT MIGHT NEED TO BE DONE.

(AFFECTS PARCEL BVR-7)

7. COMPLIANCE WITH ANY SUBDIVISION REGULATIONS REGARDING PARCEL BVR-8, AS MAY BE REQUIRED BY GRAND COUNTY.

NOTE: ALL PARTIES WILL BE REQUIRED TO SIGN A FINAL AFFIDAVIT AND AGREEMENT AT CLOSING.

NOTE: THE COMMITMENT DOES NOT REFLECT THE STATUS OF TITLE TO WATER RIGHTS OR REPRESENTATION OF SAID RIGHTS.

NOTE: THIS COMMITMENT IS NOT A REPORT OR REPRESENTATION AS TO MINERAL INTERESTS, AND SHOULD NOT BE USED, OR RELIED UPON, IN CONNECTION WITH THE NOTICE REQUIREMENTS THAT ARE SET FORTH IN CRS 24-65.5-103.

## TITLE INSURANCE COMMITMENTS (page eight)

### Old Republic National Title Insurance Company Schedule B-2

#### (Exceptions)

Order Number: JC60007556-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

1. Any facts, rights, interests, or claims thereof, not shown by the Public Records but that 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 encroachment, encumbrance, 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 the Public Records.
4. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public 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 of the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this Commitment.
6. (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.
7. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water.
8. EXISTING LEASES AND TENANCIES, IF ANY, NOT SHOWN BY PUBLIC RECORDS.
9. RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES AS RESERVED IN UNITED STATES PATENT RECORDED MAY 05, 1913, IN BOOK 53 AT PAGE [436](#).  
  
(AFFECTS SECTIONS 30 AND 31)
10. ALL RIGHTS TO ANY AND ALL MINERALS, ORES AND METALS OF ANY KIND AND CHARACTER, AND ALL COAL, ASPHALTUM, OIL, GAS AND OTHER LIKE SUBSTANCES IN OR UNDER THE LAND, THE RIGHT OF INGRESS AND EGRESS FOR THE PURPOSE OF MINING, TOGETHER WITH ENOUGH OF THE SURFACE OF THE SAME AS MAY BE NECESSARY FOR THE PROPER AND CONVENIENT WORKING OF SUCH MINERALS AND SUBSTANCES, AS RESERVED IN PATENT FROM THE STATE OF COLORADO, RECORDED OCTOBER 19, 1917 IN BOOK 56 AT PAGE [492](#).  
  
(AFFECTS SECTION 36)
11. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AND RIGHT OF WAY FOR INGRESS AND EGRESS PURPOSES AS SET FORTH AND RESERVED IN INSTRUMENT RECORDED JANUARY 08, 1985, IN BOOK 365 AT PAGE [839](#).
12. TERMS, CONDITIONS, PROVISIONS, BURDENS, OBLIGATIONS AND EASEMENTS AS SET FORTH AND GRANTED IN ACCESS AGREEMENT RECORDED MARCH 13, 2000 UNDER RECEPTION NO. [2000-002359](#) AND RE-RECORDED MAY 26, 2000 UNDER RECEPTION NO. [2000-004795](#).

## TITLE INSURANCE COMMITMENTS (page nine)

### Old Republic National Title Insurance Company Schedule B-2

#### (Exceptions)

Order Number: JC60007556-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

13. TERMS, PROVISIONS, CONDITIONS AND OBLIGATIONS OF B.L.M. RIGHT OF WAY #COC-34340, AS REFERRED TO IN INSTRUMENT RECORDED MARCH 13, 2000 UNDER RECEPTION NO. [2000-002359](#) AND RE-RECORDED MAY 26, 2000 UNDER RECEPTION NO. [2000-004795](#).
  14. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS OF FENCE AGREEMENT RECORDED AUGUST 11, 2015 UNDER RECEPTION NO. [2015005503](#).
- (ITEMS 9, 10, 11, 12, 13 AND 14 AFFECT PARCEL BVR-1)
15. RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES AS RESERVED IN UNITED STATES PATENT RECORDED JULY 08, 1924, IN BOOK 53 AT PAGE [162](#) AND IN PATENT RECORDED MAY 3, 1955 IN BOOK 112 AT PAGE [621](#).
  16. ANY AND ALL RIGHTS OF PARTIES RELATING TO DITCHES, WHICH TRAVERSE SUBJECT PROPERTY, INCLUDING BUT NOT LIMITED TO DITCH MAINTENANCE AND ACCESS RIGHTS TO LANDS ADJOINING THE DITCH OR CANAL, AS DISCLOSED BY INSTRUMENTS RECORDED MAY 26, 1883 IN BOOK 4 AT PAGES [55](#) AND [56](#), AND RECORDED JULY 6, 1884 IN BOOK 4 AT PAGE [208](#).
  17. ANY AND ALL RIGHTS OF PARTIES RELATING TO BELL DITCH NO. 1, PRIORITY NO. 676; BELL'S BLUE RIVER DITCH NO. 2, PRIORITY NO. 680; BELLS BLUE RIVER DITCH NO. 2, PRIORITY NO. 791; BELL DITCH ENLARGEMENT; BELL'S BLUE RIVER DITCH, PRIORITY NO. 884; BELL'S BLUE RIVER DITCH ENLARGEMENT; STAFFORD'S DITCH, WHICH TRAVERSE SUBJECT PROPERTY, INCLUDING BUT NOT LIMITED TO DITCH MAINTENANCE AND ACCESS RIGHTS TO LANDS ADJOINING THE DITCH OR CANAL, AS SHOWN ON COUNTY ASSESSOR'S MAP. ( THE REFERENCED DOCUMENT IS STORED IN OUR SYSTEM AS ESI [27868914](#) )
  18. ANY RIGHTS, INTERESTS OR EASEMENTS IN FAVOR OF THE UNITED STATES OF AMERICA, THE STATE OF COLORADO, OR THE PUBLIC, WHICH EXIST OR ARE CLAIMED TO EXIST IN AND OVER THE PAST AND PRESENT BED, BANKS OR WATERS OF SPRING CREEK, AS SHOWN ON COUNTY ASSESSOR'S MAP. ( THE REFERENCED DOCUMENT IS STORED IN OUR SYSTEM AS ESI [27868914](#) )
  19. RIGHT OF WAY FOR GRAND COUNTY ROAD NO. 381, AS SHOWN ON COUNTY ASSESSOR'S MAP. ( THE REFERENCED DOCUMENT IS STORED IN OUR SYSTEM AS ESI [27868651](#) )
- (ITEMS 15, 16, 17, 18 AND 19 AFFECT PARCEL BVR-4)
20. RIGHT OF PROPRIETOR OF A VEIN OR LODE TO EXTRACT AND REMOVE HIS ORE THEREFROM SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES AS RESERVED IN UNITED STATES PATENT RECORDED APRIL 27 1896, IN BOOK 17 AT PAGE [133](#).
  21. TERMS, CONDITIONS, AND PROVISIONS OF RIGHT OF WAY EASEMENTS AS GRANTED TO MOUNTAIN PARKS ELECTRIC, INC. IN INSTRUMENT RECORDED FEBRUARY 14, 1997, UNDER RECEPTION NO. [97001234](#) AND IN INSTRUMENT RECORDED DECEMBER 11, 1998 UNDER RECEPTION NO. [98013171](#).
  22. EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF NORTH OF 40 OUTRIGHT EXEMPTION RECORDED OCTOBER 31, 2000 UNDER RECEPTION NO. [2000-010217](#).

(ITEMS 20, 21 AND 22 AFFECT PARCEL BVR-5)

## TITLE INSURANCE COMMITMENTS (page ten)

### Old Republic National Title Insurance Company Schedule B-2

#### (Exceptions)

Order Number: JC60007556-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

23. RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES AS RESERVED IN UNITED STATES PATENT RECORDED MAY 09, 1922, IN BOOK 53 AT PAGE [135](#).
24. LEASE DATED APRIL 15, 1991 BETWEEN MUNICIPAL SUBDISTRICT, NORTHERN COLORADO WATER CONSERVANCY DISTRICT, WELTON T. BUMGARNER AND BUMGARNER RANCHES, INC., AS EVIDENCED IN SPECIAL WARRANTY DEED TO GALLOWAY, INC. RECORDED AUGUST 07, 1995, UNDER RECEPTION NO. [95006587](#), SHOULD THE SAME STILL BE IN EFFECT.
25. TERMS, CONDITIONS AND PROVISIONS OF USE RESTRICTION AS CONTAINED IN SPECIAL WARRANTY DEED RECORDED AUGUST 07, 1995 AT RECEPTION NO. [95006587](#).
26. TERMS, CONDITIONS AND PROVISIONS OF DEVELOPMENT RESTRICTION AS CONTAINED IN SPECIAL WARRANTY DEED RECORDED OCTOBER 31, 2000 AT RECEPTION NO. [2000-010222](#).
27. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS OF RESERVED EASEMENT AS RESERVED IN SPECIAL WARRANTY DEED RECORDED OCTOBER 31, 2000 UNDER RECEPTION NO. [2000-010222](#) AND RIGHTS OF OTHER PARTIES TO USE SAID EASEMENT.
28. RIGHT OF WAY FOR GRAND COUNTY ROAD NO. 1 A/K/A TROUGH ROAD.  
  
(ITEMS 23, 24, 25, 26, 27 AND 28 AFFECT PARCEL BVR-7)
29. RIGHT OF PROPRIETOR OF A VEIN OR LODGE TO EXTRACT AND REMOVE HIS ORE THEREFROM SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES AS RESERVED IN UNITED STATES PATENT RECORDED NOVEMBER 24 1882, IN BOOK 5 AT PAGE [89](#) AND PATENT RECORDED AUGUST 30, 1904 IN BOOK 34 AT PAGE [5](#).
30. TERMS, CONDITIONS AND PROVISIONS OF RIGHT OF WAY EASEMENT AS SET FORTH IN INSTRUMENT RECORDED APRIL 11, 1950 IN BOOK 98 AT PAGE [341](#), AS AMENDED BY INSTRUMENT RECORDED MAY 12, 1986 IN BOOK 394 AT PAGE [460](#).
31. TERMS, CONDITIONS AND PROVISIONS OF RIGHT OF WAY EASEMENT AS SET FORTH IN INSTRUMENT RECORDED IN INSTRUMENT RECORDED MAY 15, 1961 IN BOOK 136 AT PAGE [393](#).
32. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AS CONVEYED IN DEED RECORDED DECEMBER 10, 1993 UNDER RECEPTION NO. [93012691](#).
33. TERMS, CONDITIONS AND PROVISIONS OF COOPERATIVE AGREEMENT FOR DAMAGE PREVENTION FENCING RECORDED AUGUST 25, 1994 AT RECEPTION NO. [94009484](#).
34. TERMS, CONDITIONS AND PROVISIONS OF EXCLUSIVE ROAD EASEMENT RECORDED JUNE 11, 2001 AT RECEPTION NO. [2001-005326](#).
35. TERMS, CONDITIONS AND PROVISIONS OF MAINTENANCE ACCESS EASEMENT AS RESERVED IN DEED RECORDED FEBRUARY 16, 2006 AT RECEPTION NO. [2006-001560](#).
36. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS OF THOSE RESTRICTIONS CONTAINED IN SPECIAL WARRANTY DEED RECORDED AUGUST 11, 2014 UNDER RECEPTION NO. [2014004999](#).

## TITLE INSURANCE COMMITMENTS (page eleven)

### Old Republic National Title Insurance Company Schedule B-2

#### (Exceptions)

Order Number: JC60007556-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

37. ANY RIGHTS, INTERESTS OR EASEMENTS IN FAVOR OF THE UNITED STATES OF AMERICA, THE STATE OF COLORADO, OR THE PUBLIC, WHICH EXIST OR ARE CLAIMED TO EXIST IN AND OVER THE PAST AND PRESENT BED, BANKS OR WATERS OF BLUE RIVER (SAID RIVER IS REFERRED TO IN THE LEGAL DESCRIPTION OF THIS PARCEL).
38. ANY INCREASE OR DECREASE IN THE AREA OF THE LAND AND ANY ADVERSE CLAIM TO ANY PORTION OF THE LAND WHICH HAS BEEN CREATED BY OR CAUSED BY ACCRETION, RELICTION, OR AVULSION WHETHER NATURAL OR ARTIFICIAL; AND THE EFFECT OF THE GAIN OR LOSS OF AREA BY ACCRETION, RELICTION OR AVULSION UPON THE MARKETABILITY OF THE TITLE OF THE LAND, BASED UPON THE CHANGE OF LOCATION OF BLUE RIVER. (SAID RIVER IS REFERRED TO IN THE LEGAL DESCRIPTION OF THIS PARCEL).
39. LACK OF ACCESS TO AND FROM PUBLIC ROAD, HIGHWAY, OR STREET.  
(ITEMS 29, 30, 31, 32, 33, 34, 35, 36, 37, 38 AND 39 AFFECT PARCEL BVR-8 / YUST TRACT 1)
40. (ITEM INTENTIONALLY DELETED)
41. (ITEM INTENTIONALLY DELETED)
42. (ITEM INTENTIONALLY DELETED)
43. (ITEM INTENTIONALLY DELETED)
44. (ITEM INTENTIONALLY DELETED)
45. (ITEM INTENTIONALLY DELETED)
46. (ITEM INTENTIONALLY DELETED)
47. RIGHT OF PROPRIETOR OF A VEIN OR LODGE TO EXTRACT AND REMOVE HIS ORE THEREFROM SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES AS RESERVED IN UNITED STATES PATENT RECORDED AUGUST 30, 1904, IN BOOK 34 AT PAGE 4.
48. TERMS, CONDITIONS AND PROVISIONS OF RIGHT OF WAY EASEMENT AS SET FORTH IN INSTRUMENT RECORDED APRIL 11, 1950 IN BOOK 98 AT PAGE [341](#), AS AMENDED BY INSTRUMENT RECORDED MAY 15, 1961 IN BOOK 136 AT PAGE [393](#), AND BY INSTRUMENT RECORDED MAY 12, 1986 IN BOOK 394 AT PAGE [460](#).
49. TERMS, CONDITIONS AND PROVISIONS OF RIGHT OF WAY EASEMENT RECORDED AUGUST 31, 1970 IN BOOK 173 AT PAGE [222](#).
50. TERMS, CONDITIONS AND PROVISIONS OF RIGHT OF WAY EASEMENT AS SET FORTH IN INSTRUMENT RECORDED MAY 15, 1961 IN BOOK 136 AT PAGE [393](#).
51. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AS CONVEYED IN DEED RECORDED DECEMBER 10, 1993 UNDER RECEPTION NO. [93012691](#).
52. TERMS, CONDITIONS AND PROVISIONS OF COOPERATIVE AGREEMENT FOR DAMAGE PREVENTION FENCING RECORDED AUGUST 25, 1994 AT RECEPTION NO. [94009484](#).

## TITLE INSURANCE COMMITMENTS (page twelve)

### Old Republic National Title Insurance Company Schedule B-2

#### (Exceptions)

Order Number: JC60007556-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

53. TERMS, CONDITIONS AND PROVISIONS OF RESOLUTION #2000-B-17 RECORDED DECEMBER 19, 2000 AT RECEPTION NO. [2000-011723](#).
54. TERMS, CONDITIONS AND PROVISIONS OF EXCLUSIVE ROAD EASEMENT RECORDED JUNE 11, 2001 AT RECEPTION NO. [2001-005326](#).
55. EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF YUST-BLUE VALLEY RANCH OUTRIGHT EXEMPTION RECORDED FEBRUARY 14, 2006 UNDER RECEPTION NO. [2006-001504](#).
56. ANY RIGHTS, INTERESTS OR EASEMENTS IN FAVOR OF THE UNITED STATES OF AMERICA, THE STATE OF COLORADO, OR THE PUBLIC, WHICH EXIST OR ARE CLAIMED TO EXIST IN AND OVER THE PAST AND PRESENT BED, BANKS OR WATERS OF BLUE RIVER. (SAID RIVER IS REFERRED TO IN THE LEGAL DESCRIPTION OF THIS PARCEL).
57. ANY INCREASE OR DECREASE IN THE AREA OF THE LAND AND ANY ADVERSE CLAIM TO ANY PORTION OF THE LAND WHICH HAS BEEN CREATED BY OR CAUSED BY ACCRETION, RELICTION, OR AVULSION WHETHER NATURAL OR ARTIFICIAL; AND THE EFFECT OF THE GAIN OR LOSS OF AREA BY ACCRETION, RELICTION OR AVULSION UPON THE MARKETABILITY OF THE TITLE OF THE LAND, BASED UPON THE CHANGE OF LOCATION OF BLUE RIVER. (SAID RIVER IS REFERRED TO IN THE LEGAL DESCRIPTION OF THIS PARCEL).
58. LACK OF ACCESS TO AND FROM PUBLIC ROAD, HIGHWAY, OR STREET.  
(ITEMS 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57 AND 58 AFFECT PARCEL BVR-8 / YUST TRACT 2)
59. ANY TAX, LIEN, FEE, OR ASSESSMENT BY REASON OF INCLUSION OF SUBJECT PROPERTY IN THE KREMLING FIRE PROTECTION DISTRICT, AS EVIDENCED BY INSTRUMENT RECORDED MARCH 25, 2015, UNDER RECEPTION NO. [2015001856](#).  
(AFFECTS PARCELS BVR-1, BVR-5 AND BVR-8)

**TITLE INSURANCE COMMITMENTS (page thirteen)**

Old Republic National Title Insurance Company

**ALTA COMMITMENT**

**Our Order No. M20030839-8**

**Schedule A**

**Cust. Ref.:**

**Property Address:**

**1. Effective Date:** July 06, 2016 at 5:00 P.M.

**2. Policy to be Issued, and Proposed Insured:**

"ALTA" U.S. POLICY 12-03-12

\$0.00

Proposed Insured:  
UNITED STATES OF AMERICA

**3. The estate or interest in the land described or referred to in this Commitment and covered herein is:**

A Fee Simple

**4. Title to the estate or interest covered herein is at the effective date hereof vested in:**

GALLOWAY, INC., A DELAWARE CORPORATION

**5. The Land referred to in this Commitment is described as follows:**

SEE ATTACHED PAGE(S) FOR LEGAL DESCRIPTION

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**TITLE INSURANCE COMMITMENTS (page fourteen)**

Our Order No: M20030839-8

**LEGAL DESCRIPTION**

THE FOLLOWING TRACTS OF LAND IN TOWNSHIP 2 SOUTH, RANGE 80 WEST OF THE 6TH P.M.,  
COUNTY OF SUMMIT, STATE OF COLORADO.

SECTION 3: LOT 1, LOT 2, SW1/4NE1/4, W1/2SE1/4, SE1/4NW1/4, E1/2SW1/4

SECTION 10: NE1/4NW1/4, NW1/4NE1/4, E1/2E1/2

SECTION 11: W1/2 OF LOT 9

SECTION 14: LOT 4

**TITLE INSURANCE COMMITMENTS (page fifteen)**

ALTA COMMITMENT

(Requirements)

Our Order No. M20030839-8

The following are the requirements to be complied with:

Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.

Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record, to-wit:

1. PARTIAL RELEASE OF MORTGAGE DATED MAY 29, 2002, FROM GALLOWAY, INC., A DELAWARE CORPORATION FOR THE USE OF CITICORP USA, INC., A DELAWARE CORPORATION TO SECURE THE SUM OF \$65,000,000.00 RECORDED MAY 29, 2002, UNDER RECEPTION NO. 685404.

MODIFICATION AGREEMENT IN CONNECTION WITH SAID MORTGAGE WAS RECORDED SEPTEMBER 28, 2015 UNDER RECEPTION NO. 1092522.

2. WARRANTY DEED FROM GALLOWAY, INC., A DELAWARE CORPORATION TO UNITED STATES OF AMERICA CONVEYING SUBJECT PROPERTY.

NOTE: ALL CONVEYANCE DOCUMENTS SUBJECT TO THE DOCUMENTARY FEE SUBMITTED TO THE COUNTY CLERK AND RECORDER MUST BE ACCOMPANIED BY A REAL PROPERTY TRANSFER DECLARATION.

## TITLE INSURANCE COMMITMENTS (page sixteen)

### ALTA COMMITMENT

(Exceptions)

Our Order No. M20030839-8

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor or material theretofore 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 value the estate or interest or mortgage thereon covered by this Commitment.
6. Taxes and assessments not yet due or payable and special assessments not yet certified to the Treasurer's office.
7. Any unpaid taxes or assessments against said land.
8. Liens for unpaid water and sewer charges, if any.
9. RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES AS RESERVED IN UNITED STATES PATENT RECORDED JUNE 09, 1964, IN BOOK 174 AT PAGE 98 AND IN BOOK 174 AP 97 AND PATENT RECORDED SEPTEMBER 23, 1935 IN BOOK 105 AT PAGE 518..
10. RESERVATION BY THE UNITED STATES OF AMERICA OF ALL OIL AND GAS WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME AS CONTAINED IN PATENT RECORDED JUNE 9, 1964 IN BOOK 174 AT PAGE 98
11. RESERVATION BY THE UNITED STATES OF ALL COAL AND OTHER MINERALS IN THE LANDS SO GRANTED AND THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME AS CONTAINED IN PATENT RECORDED SEPTEMBER 23, 1935 IN BOOK 105 AT PAGE 518.
12. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AS GRANTED TO THE UNITED STATES OF AMERICA RECORDED IN BOOK 131 AT PAGE 392.
13. TERMS, CONDITIONS AND PROVISIONS OF EASMENT AS GRANTED TO THE UNITED STATES OF AMERICA RECORDED IN BOOK 158 AT PAGE 111.

**TITLE INSURANCE COMMITMENTS (page seventeen)**

**ALTA COMMITMENT**

**(Exceptions)**

**Our Order No. M20030839-8**

**The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:**

14. ANY QUESTION, DISPUTE OR ADVERSE CLAIMS AS TO ANY LOSS OR GAIN OF LAND AS A RESULT OF ANY CHANGE IN THE RIVER BED LOCATION BY NATURAL OR OTHER THAN NATURAL CAUSES, OR ALTERATION THROUGH ANY CAUSE, NATURAL OR UNNATURAL, OF THE CENTER THREAD, BANK, CHANNEL OR FLOW OF WATERS IN THE BLUE RIVER LYING WITHIN SUBJECT LAND; AND ANY QUESTION AS TO THE LOCATION OF SUCH CENTER THREAD, BED, BANK OR CHANNEL AS A LEGAL DESCRIPTION MONUMENT OR MARKER FOR PURPOSES OF DESCRIBING OR LOCATING SUBJECT LANDS.
15. LACK OF ACCESS AS TO THOSE PORTIONS OF SUBJECT PROPERTY NOT ABUTTING HIGHWAY 9.
16. EXISTING LEASES AND TENANCIES, IF ANY.

**TITLE INSURANCE COMMITMENTS (page eighteen)**

Old Republic National Title Insurance Company

**ALTA COMMITMENT**

**Our Order No. M20030855-8**

**Schedule A**

**Cust. Ref.:**

**Property Address:**

**1. Effective Date:** July 06, 2016 at 5:00 P.M.

**2. Policy to be Issued, and Proposed Insured:**

"ALTA" U.S. POLICY 12-03-12

\$0.00

Proposed Insured:  
UNITED STATES OF AMERICA

**3. The estate or interest in the land described or referred to in this Commitment and covered herein is:**

A Fee Simple

**4. Title to the estate or interest covered herein is at the effective date hereof vested in:**

GALLOWAY, INC., A DELAWARE CORPORATION

**5. The Land referred to in this Commitment is described as follows:**

SEE ATTACHED PAGE(S) FOR LEGAL DESCRIPTION

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**TITLE INSURANCE COMMITMENTS (page nineteen)**

Our Order No: M20030855-8

**LEGAL DESCRIPTION**

THE FOLLOWING DESCRIBED TRACT OF LAND IN TOWNSHIP 2 SOUTH, RANGE 80 WEST OF THE 6TH P.M., COUNTY OF SUMMIT, STATE OF COLORADO.

SECTION 2; S1/2NE1/4, AND THAT PART OF THE SE1/4 LYING NORTHERLY AND EASTERLY OF THE RIGHT OF WAY OF COLORADO STATE HIGHWAY NO. 9 AS DISCLOSED BY DEED RECORDED SEPTEMBER 11, 1958 IN BOOK 153 AT PAGE 14. EXCEPT PARCEL 2 AS DESCRIBED IN EXHIBIT B OF QUIT CLAIM DEED RECORDED JUNE 27, 2016 UNDER RECEPTION NO. 1114672.

## TITLE INSURANCE COMMITMENTS (page twenty)

### ALTA COMMITMENT

(Requirements)

Our Order No. M20030855-8

The following are the requirements to be complied with:

Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.

Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record, to-wit:

1. PARTIAL RELEASE OF MORTGAGE DATED MAY 29, 2002, FROM GALLOWAY, INC., A DELAWARE CORPORATION FOR THE USE OF CITICORP USA, INC., A DELAWARE CORPORATION TO SECURE THE SUM OF \$65,000,000.00 RECORDED MAY 29, 2002, UNDER RECEPTION NO. 685404.

MODIFICATION AGREEMENT IN CONNECTION WITH SAID MORTGAGET WAS RECORDED SEPTEMBER 28, 2015 UNDER RECEPTION NO. 1092522.

2. WARRANTY DEED FROM GALLOWAY, INC., A DELAWARE CORPORATION TO UNITED STATES OF AMERICA CONVEYING SUBJECT PROPERTY.

NOTE: ALL CONVEYANCE DOCUMENTS SUBJECT TO THE DOCUMENTARY FEE SUBMITTED TO THE COUNTY CLERK AND RECORDER MUST BE ACCOMPANIED BY A REAL PROPERTY TRANSFER DECLARATION.

## TITLE INSURANCE COMMITMENTS (page twenty-one)

### ALTA COMMITMENT

(Exceptions)

Our Order No. M20030855-8

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor or material theretofore 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 value the estate or interest or mortgage thereon covered by this Commitment.
6. Taxes and assessments not yet due or payable and special assessments not yet certified to the Treasurer's office.
7. Any unpaid taxes or assessments against said land.
8. Liens for unpaid water and sewer charges, if any.
9. RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES AS RESERVED IN UNITED STATES PATENT RECORDED JANUARY 19, 1948, IN BOOK 123 AT PAGE 129.
10. RESERVATION BY THE UNITED STATES OF ALL COAL AND OTHER MINERALS IN THE LANDS SO GRANTED AND THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME AS CONTAINED IN PATENT RECORDED JANUARY 19, 1948 IN BOOK 123 AT PAGE 129.
11. RIGHT OF WAY FOR COLORADO STATE HIGHWAY 9.
12. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AS GRANTED TO THE UNITED STATES OF AMERICA RECORDED IN BOOK 131 AT PAGE 392.
13. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AS GRANTED TO THE UNITED STATES OF AMERICA RECORDED IN BOOK 158 AT PAGE 111.
14. RESERVATION OF ALL GAS, OIL AND MINERALS IN AND UNDER SAID PARCEL OF LAND AND THE RIGHT TO USE SURFACE EARTH, DIRT, GRAVEL, SAND OTHER ROAD BUILDING MATERIALS FOR HIGHWAY PURPOSES AS IT MAY DESIRE AS CONTAINED IN DEED

**TITLE INSURANCE COMMITMENTS (page twenty-two)**

ALTA COMMITMENT

(Exceptions)

Our Order No. M20030855-8

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

RECORDED IN BOOK 153 AT PAGE 14.

15. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT RECORDED NOVEMBER 29, 1993 AT RECEPTION NO. 456984.
16. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AS GRANTED TO MOUNTAIN PARKS ELECTRIC, INC. RECORDED NOVEMBER 29, 1993 AT RECEPTION NO. 456987.
17. TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AS GRANTED TO MOUNTAIN PARKS ELECTRIC, INC. RECORDED NOVEMBER 29, 1993 AT RECEPTION NO. 456988.
18. ANY QUESTION, DISPUTE OR ADVERSE CLAIMS AS TO ANY LOSS OR GAIN OF LAND AS A RESULT OF ANY CHANGE IN THE RIVER BED LOCATION BY NATURAL OR OTHER THAN NATURAL CAUSES, OR ALTERATION THROUGH ANY CAUSE, NATURAL OR UNNATURAL, OF THE CENTER THREAD, BANK, CHANNEL OR FLOW OF WATERS IN THE BLUE RIVER LYING WITHIN SUBJECT LAND; AND ANY QUESTION AS TO THE LOCATION OF SUCH CENTER THREAD, BED, BANK OR CHANNEL AS A LEGAL DESCRIPTION MONUMENT OR MARKER FOR PURPOSES OF DESCRIBING OR LOCATING SUBJECT LANDS.
19. LACK OF ACCESS TO AND FROM PUBLIC ROAD, HIGHWAY, OR STREET.  
  
NOTE: UPON EVIDENCE TO THE CONTRARY, THE AFOREMENTIONED EXCEPTION WILL BE DELETED.
20. EXISTING LEASES AND TENANCIES, IF ANY.
21. ANY AND ALL MATTERS ARISING FROM EITHER SIDE OF THE PROPERTY LINE CONCERNING LOSS, DAMAGE OR CLAIM ARISING FROM THE FACT THAT SUBJECT PROPERTY'S FENCES MAY NOT BE LOCATED ON PROPERTY LINE.

**TITLE INSURANCE COMMITMENTS (page twenty-three)**

Old Republic National Title Insurance Company

**ALTA COMMITMENT**

**Our Order No. M20030856-8**

**Schedule A**

**Cust. Ref.:**

**Property Address:**

**1. Effective Date:** July 06, 2016 at 5:00 P.M.

**2. Policy to be Issued, and Proposed Insured:**

"ALTA" U.S. POLICY 12-03-12

\$0.00

Proposed Insured:  
UNITED STATES OF AMERICA

**3. The estate or interest in the land described or referred to in this Commitment and covered herein is:**

A Fee Simple

**4. Title to the estate or interest covered herein is at the effective date hereof vested in:**

BOARD OF COUNTY COMMISSIONERS OF SUMMIT COUNTY, COLORADO

**5. The Land referred to in this Commitment is described as follows:**

SEE ATTACHED PAGE(S) FOR LEGAL DESCRIPTION

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**TITLE INSURANCE COMMITMENTS (page twenty-four)**

Our Order No: M20030856-8

**LEGAL DESCRIPTION**

THE FOLLOWING DESCRIBED TRACT OF LAND IN TOWNSHIP 2 SOUTH, RANGE 80 WEST OF THE 6TH P.M., COUNTY OF SUMMIT, STATE OF COLORADO.

SECTION 3: SE1/4NE1/4 AND E1/2SE1/4

**TITLE INSURANCE COMMITMENTS (page twenty-five)**

ALTA COMMITMENT

(Requirements)

Our Order No. M20030856-8

The following are the requirements to be complied with:

Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.

Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record, to-wit:

1. TERMINATION OF OPTION AGREEMENT RECORDED JANUARY 31, 2003 UNDER RECEPTION NO. 709757.
2. WARRANTY DEED FROM BOARD OF COUNTY COMMISSIONERS OF SUMMIT COUNTY, COLORADO TO UNITED STATES OF AMERICA CONVEYING SUBJECT PROPERTY.

NOTE: ALL CONVEYANCE DOCUMENTS SUBJECT TO THE DOCUMENTARY FEE SUBMITTED TO THE COUNTY CLERK AND RECORDER MUST BE ACCOMPANIED BY A REAL PROPERTY TRANSFER DECLARATION.

**TITLE INSURANCE COMMITMENTS (page twenty-six)**

**ALTA COMMITMENT**

**(Exceptions)**

**Our Order No. M20030856-8**

**The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:**

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor or material theretofore 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 value the estate or interest or mortgage thereon covered by this Commitment.
6. Taxes and assessments not yet due or payable and special assessments not yet certified to the Treasurer's office.
7. Any unpaid taxes or assessments against said land.
8. Liens for unpaid water and sewer charges, if any.
9. RESERVATIONS FOR DITCHES AND CANALS AND ALL THE OIL AND GAS AND THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS FROM THE SAME AS CONTAINED IN PATENT NO. 1048476
10. LACK OF ACCESS TO AND FROM PUBLIC ROAD, HIGHWAY, OR STREET.
11. TERMS, CONDITIONS AND PROVISIONS OF OPTION PURCHASE AGREEMENT RECORDED JANUARY 31, 2003 AT RECEPTION NO. 709757 AND FIRST AMENDMENT RECORDED NOVEMBER 28, 2005 UNDER RECEPTION NO. 807565 AND SECOND AMENDMENT RECORDED NOVEMBER 2, 2006 UNDER RECEPTION NO. 837306 AND THIRD AMENDMENT RECORDED DECEMBER 13, 2007 UNDER RECEPTION NO. 875961 AND FOURTH AMENDMENT RECORDED MARCH 6, 2008 RECORDED 882120.

**NOTE: THE AFOREMENTIONED EXCEPTION WILL BE DELETED UPON RECORDING OF THE TERMINATION OF OPTION AGREEMENT.**

**TITLE INSURANCE COMMITMENTS (page twenty-seven)**

Old Republic National Title Insurance Company

**ALTA COMMITMENT**

**Our Order No. M20033823-8**

**Schedule A**

**Cust. Ref.:**

**Property Address:**  
SILVERTHORNE, CO 80498

**1. Effective Date:** August 01, 2016 at 5:00 P.M.

**2. Policy to be Issued, and Proposed Insured:**

"ALTA" U.S. POLICY 12-03-12 \$0.00

Proposed Insured:  
UNITED STATES OF AMERICA

**3. The estate or interest in the land described or referred to in this Commitment and covered herein is:**

A Fee Simple

**4. Title to the estate or interest covered herein is at the effective date hereof vested in:**

GALLOWAY, INC., A DELAWARE CORPORATION

**5. The Land referred to in this Commitment is described as follows:**

SEE ATTACHED PAGE(S) FOR LEGAL DESCRIPTION

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## TITLE INSURANCE COMMITMENTS (page twenty-eight)

Our Order No: M20033823-8

### LEGAL DESCRIPTION

PARCEL A, SECTION 3, TOWNSHIP 2 SOUTH, RANGE 80 WEST, SIXTH PRINCIPAL MERIDIAN, COLORADO, DEPICTED ON THE PLAT AND DESCRIBED IN THE FIELD NOTES APPROVED BY THE U.S. DEPARTMENT OF INTERIOR, BUREAU OF LAND MANAGEMENT, ON NOVEMBER 15, 2004 AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

FROM AP 1, PARCEL A, IDENTICAL WITH AP 1, PARCEL B, SECTION 3, ON THE NORTH AND SOUTH CENTER LINE OF THE NORTHWEST 1/4 OF SECTION 3,

THENCE NORTH 81 DEGREES 47.8 MINUTES EAST, 6.696 CHAINS DISTANT, TO AP 2, PARCEL A, IDENTICAL WITH AP 2, PARCEL B, SECTION 3,

THENCE NORTH 55 DEGREES 26.5 MINUTES EAST, 5.272 CHAINS DISTANT, TO AP 3, PARCEL A, IDENTICAL WITH AP 3, PARCEL B, SECTION 3,

THENCE NORTH 54 DEGREES 41.4 MINUTES EAST, 2.510 CHAINS DISTANT, TO AP 4, PARCEL A, IDENTICAL WITH AP 4, PARCEL B, SECTION 3,

THENCE NORTH 18 DEGREES 04.6 MINUTES EAST, 1.031 CHAINS DISTANT, TO AP 5, PARCEL A, IDENTICAL WITH AP 5, PARCEL B, SECTION 3,

NORTH 36 DEGREES 54.9 MINUTES EAST 2.914 CHAINS DISTANT, TO AP 6, PARCEL A, IDENTICAL WITH AP 6, PARCEL B, SECTION 3,

THENCE NORTH 56 DEGREES 23.8 MINUTES EAST, 0.746 CHAINS DISTANT TO AP 7, PARCEL A, IDENTICAL WITH AP 7, PARCEL B, SECTION 3,

THENCE NORTH 38 DEGREES 59.4 MINUTES EAST 6.260 CHAINS DISTANT, TO AP 8, PARCEL A, IDENTICAL WITH AP 8, PARCEL B, SECTION 3

THENCE NORTH 15 DEGREES 50.2 MINUTES EAST, 1.556 CHAINS DISTANT, TO AP 9, PARCEL A, IDENTICAL WITH AP 9, PARCEL B, SECTION 3, ON THE NORTH AND SOUTH CENTER LINE OF SECTION 3,

THENCE SOUTH 0 DEGREES 09.3 MINUTES WEST, ON THE NORTH AND SOUTH CENTER LINE OF SECTION 3, 18.023 CHAINS DISTANT TO THE CENTER-NORTH 1/16 SECTION CORNER OF SECTION 3,

THENCE NORTH 89 DEGREES 59.9 MINUTES WEST ON THE EAST AND WEST CENTER LINE OF THE NORTHWEST 1/4 OF SECTION 3, 20.034 CHAINS DISTANT, TO THE NORTHWEST 1/16 SECTION CORNER OF SECTION 3,

THENCE NORTH 0 DEGREES 13.3 MINUTES EAST, ON THE NORTH AND SOUTH CENTER LINE OF THE NORTHWEST 1/4 OF SECTION 3, 2.539 CHAINS DISTANT, TO AP 1, PARCEL A, IDENTICAL WITH AP 1, PARCEL B, SECTION 3, ON THE NORTH AND SOUTH CENTER LINE OF THE NORTHWEST 1/4 OF SECTION 3, THE PLACE OF BEGINNING.

## TITLE INSURANCE COMMITMENTS (page twenty-nine)

### ALTA COMMITMENT

(Requirements)

Our Order No. M20033823-8

The following are the requirements to be complied with:

Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.

Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record, to-wit:

1. PARTIAL RELEASE OF MORTGAGE DATED MAY 29, 2002, FROM GALLOWAY, INC., A DELAWARE CORPORATION FOR THE USE OF CITICORP USA, INC., A DELAWARE CORPORATION TO SECURE THE SUM OF \$65,000,000.00 RECORDED MAY 29, 2002, UNDER RECEPTION NO. 685404.

MODIFICATION AGREEMENT IN CONNECTION WITH SAID MORTGAGE WAS RECORDED SEPTEMBER 28, 2015 UNDER RECEPTION NO. 1092522.

2. WARRANTY DEED FROM GALLOWAY, INC., A DELAWARE CORPORATION TO UNITED STATES OF AMERICA CONVEYING SUBJECT PROPERTY.

NOTE: ALL CONVEYANCE DOCUMENTS SUBJECT TO THE DOCUMENTARY FEE SUBMITTED TO THE COUNTY CLERK AND RECORDER MUST BE ACCOMPANIED BY A REAL PROPERTY TRANSFER DECLARATION.

## TITLE INSURANCE COMMITMENTS (page thirty)

### ALTA COMMITMENT

(Exceptions)

Our Order No. M20033823-8

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor or material theretofore 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 value the estate or interest or mortgage thereon covered by this Commitment.
6. Taxes and assessments not yet due or payable and special assessments not yet certified to the Treasurer's office.
7. Any unpaid taxes or assessments against said land.
8. Liens for unpaid water and sewer charges, if any.
9. LACK OF ACCESS TO AND FROM PUBLIC ROAD, HIGHWAY, OR STREET.
10. RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES AS RESERVED AND EXCEPT AND RESERVE TO THE UNITED STATES ALL THE COAL AND OTHER MINERALS, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916, IN UNITED STATES PATENT NUMBER 1058663.