

## ASSESSED VALUE AND TAXES

The subject site is identified by the Boulder County assessor's office as Parcel Numbers 1463-23-0-00-019 and 1463-22-4-00-019. Since the Valmont Butte property is in City of Boulder ownership, it is not assessed or taxed.

## SITE DESCRIPTION

The Valmont Butte site is located south of Valmont Road and northeast of the intersection of Butte Mill Road and North 63<sup>rd</sup> Street, near the City of Boulder in unincorporated Boulder County, Colorado.

Grace Hood wrote the following in her *Between Valmont Butte and a Hard Place* article in the Boulder Weekly: "The fact that Valmont Butte is sacred to American Indians has never been a secret. The earliest historical records show Indian people living, hunting and praying on the land. The unique placement of the butte - a high spot on the plains at the confluence of two rivers - made the volcanic feature an important place for spiritual ceremonies, both then and now."

### Physical Characteristics

**Access** - Primary access to the western portion of the site is provided by an easement from North 63<sup>rd</sup> Street just south of its intersection with Butte Mill Road over lands in the control of Lafarge North America. Access may also be gained from Valmont Road to the eastern portion of the property.

**Shape and Size** - The subject site is fairly long east to west in relation to its north to south dimensions as shown on the outlined aerial on the following foldout page. Although a metes and bounds survey has not been prepared, the site contains 71.00 acres based on the best available information.

**Topography and Drainage** - Valmont Butte is often referred to as a mountain summit rising 100 to 200 feet above the valley floor to 5,389 feet above sea level in Boulder County. Please refer to the foldout map on the following page with the subject parcel outlined in orange and green. Millions of years ago, a fissure broke open in the earth's crust running east to west, and molten rock rose

toward the surface, where it eventually cooled, forming several rock protrusions in a row along the northern boundary of the property creating a volcanic wall. The property slopes downward from 5,389 feet at the top of Valmont Butte and along the volcanic wall in the northern part of the property to just under 5,200 feet in the northeastern portion of the property. Surface drainage is appears to be adequate.

***Water Rights*** - There are no water rights included with the Valmont Butte property.

***Utilities*** - The Valmont Butte site is located in what is referred to as a rural preservation area. Left Hand Water District supplies domestic water to the areas to the north, but water district officials state that they have no plans to serve the area in which the Valmont Butte property is located. Likewise, City of Boulder officials do not desire to annex the site. As a result, it does not appear to be likely that municipal water will be brought to the site. The prevalent water source is domestic wells.

There are no municipal sewer systems nearby that could provide sewer service to the site. As a result, private septic systems with leach fields will be required, which is typical in Boulder County. Xcel Energy supplies natural gas and electricity to the general area surrounding the Valmont Butte property. The primary local telephone provider is Qwest, and there are a number of long-distance providers.

***Easements*** - An ALTA survey is not available, which may reveal the presence of easements. There are signs on the property that suggest the presence of an Xcel Energy natural gas pipeline easement. However, the site is large enough that it mitigates the inutility associated with this easement.

In addition, this appraisal is being prepared under the premise that several easements, which are not yet totally defined, will be necessary to permit American Indians access to the sacred areas on the site, and so forth. Current Valmont area residents have ancestors buried in the Valmont Pioneer Cemetery and continue to conduct burials there. Access is need to the cemetery and for event parking.

***Flood Hazard*** - According to the Federal Emergency Management Agency's Flood Insurance Rate Map, Community-Panel Number 08013 C 0415 F, effective date of June 2, 1995, the site is not located within a flood hazard area.

***Hazardous Substances*** - About 17 acres in the central portion of the site is contaminated with tailings from the Valmont Mill when the mill produced acid-grade fluorspar. The tailings contained small amounts of Naturally Occurring

Radioactive Material (NORM). Since then, Valmont Butte Corporation officials added a considerable amount of clean fill to cover the tailings pile in an attempt to contain the NORM. More recently, City of Boulder officials have been involved with Colorado Department of Public Health and Environment officials and continue to monitor and test the site. This appraisal is being prepared under the premise that the environmental issues on the site have been remediated.

*Soil Conditions* - A geotechnical investigation was not available for review. It is recommended that one be prepared prior to construction of any building improvements.

### **Improvements**

There are numerous building improvements related to the Valmont Mill. If the decision is made to retain the building improvements, the cost to renovate them is considered to be greater than their contributory value. If the decision is made to raze the building improvements, the cost to raze them may be offset to some degree by salvaging some of the equipment. In any event, at the highest and best use determined, the building improvements do not contribute to value. Therefore, no value is being allocated to these building improvements.

### **Relationship to Adjoining Properties**

The subject site is bordered on the north by the Valmont Butte ridge. The original town of Valmont built along the banks of Boulder Creek lies farther north across Valmont Road. The settlement contains many of the original structures constructed prior to 1900. Lands east and west of Valmont have been and continue to be mined for their sand and gravel deposits. The Public Service Company of Colorado (operating company for Xcel Energy) Valmont Power Station borders to the south. The Western Disposal office and truck maintenance facility is to the west across North 63<sup>rd</sup> Street. The remaining land in the area, particularly to the east, primarily consists of agricultural land that is slowly being converted into low density residential use. More established residential, commercial, and industrial uses are to the west.

### **Functional Adequacy**

The Valmont Butte property is of sufficient size to accommodate a variety of uses. Furthermore, access is reasonably good; and the parcel is further

enhanced by its proximity to the City of Boulder. Its major limitation is the lack of municipal water and sewer utilities and the proposed encumbrances. Nevertheless, the Valmont Butte property is functionally adequate to accommodate a variety of uses.

## **DESCRIPTION OF THE IMPROVEMENTS**

The Valmont Butte gravity flotation mill is a multi-building, wood, steel, and masonry-framed facility. The facility was utilized to process ore to extract various metals. Most recently, the facility was utilized to extract gold and silver. According to Boulder County assessor's records, the buildings contain nearly 15,000 square feet. Please refer to the photographs at the beginning of the report.

Allied Chemical Corporation officials constructed the building improvements in 1940, with the exception of one warehouse that was built in 1972. Production reportedly ceased in 1985, and the mill has not operated since then. As one would expect, the facility requires a substantial amount of electrical power to operate and process the ore. Vandals, or more appropriately thieves, have stripped all of the buildings and power poles of the wiring to salvage the copper, which has essentially ended the economic life of the facility if it were not already at the end of its economic life due to functional obsolescence. As a result, the buildings do not contribute to the value of the property.

There are no site improvements that contribute to value.

## **HIGHEST AND BEST USE**

The concept of Highest and Best Use is fundamental to the analysis and valuation of any real property. As used here for purposes of this appraisal report, it is defined as follows:

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value."<sup>3</sup>

An opinion of the Highest and Best Use applies specifically to land and is premised upon, among other things, the site being vacant and ready for development. The Highest and Best Use is the use that fully develops the land's potential.

The criteria for determining Highest and Best Use are that the use must be legally permissible, physically possible, financially feasible, and maximally productive; and these criteria must usually be considered sequentially. This analysis must address the type of use that will produce the greatest future benefit to the owner and that will have a strong probability of achievement. There are typically two steps in the Highest and Best Use analysis. The Highest and Best Use of the site is determined first as if it is vacant. Then, if the site is improved, the property is analyzed considering the existing improvements. Since the building improvements on the subject site do not contribute to value, it is only necessary to determine the Highest and Best Use as though vacant.

### **Physically Possible Uses**

Site size, dimensions, and topography allow for adequate land utilization. Access is reasonably good, but the site does not front onto major arterials. However, it lies in proximity to the City of Boulder where supporting services, such as shopping, schools, houses of worship, and so forth, is convenient. The site is in an area that lacks municipal water and sewer utilities, which prevents many uses, particularly commercial uses, from occurring physically. The presence of the Valmont Mill creates an attractive nuisance and a significant liability to the property owner. Proposed easements to accommodate American Indian interests and access to the Valmont Pioneer Cemetery will diminish the site's utility to some extent. On the other hand, it appears that, physically, there are many possible uses for the site.

---

<sup>3</sup>*The Appraisal of Real Estate*, 12<sup>th</sup> Edition (Chicago: Appraisal Institute, 2001), p. 305.

## **Legally Permissible Uses**

Any use to which the site might be put must be legally permissible. The site is in Boulder County and zoned G-I (General Industrial, Manufacturing, Commercial and Retail Purposes). This district is intended for areas containing general industrial uses and provides for the development and protection of industrial uses, along with commercial support uses. Such uses may be found along arterial streets, highways, and rail corridors.

Legally permitted uses include the following: agricultural uses, meat processing facilities, contractor's shops, car wash, bakery, laundry and dry cleaning, machine shops, printing businesses, vehicle sales and service, general and light industrial uses, recycling collection center and processing, solid waste transfer facilities, saw mills, houses of worship, day care centers, educational facilities, overnight lodging and conference center, open and subsurface mining, oil and gas drilling and production, professional offices and banks, indoor and outdoor recreation, single family dwelling, banks, convenience stores, restaurants with or without drive through, indoor and outdoor theaters, retail uses, veterinary clinics with or without outdoor holding facilities, airport, heliport, park and ride facilities, fire stations, major public utility and public safety facilities, sewage treatment facility, telecommunications facility meeting or not meeting height requirements, water reservoirs, wind powered electric generators, and warehouse and distribution centers. Clearly, some of these uses are incompatible with one another, which is why county planning officials will likely take a considerable amount of time in hearings, and so forth, prior to a use being approved.

Residential use is a legally permissible use of the site on 35-acre lots. Therefore, two residential lots could be legally divided on the 71-acre Valmont Butte site.

## **Financially Feasible Uses**

When analyzing the financial feasibility of the subject site, the principle of conformity must be considered. It holds that maximum value is realized when a reasonable degree of economic homogeneity is present. This also implies a reasonable degree of homogeneity in building types and sizes.

Because of the soils and the tailings pond, pure agricultural uses do not appear to be financially feasible uses of the site even though they are legally permissible. Although industrial development borders to the south and west, industrial uses appear to have been opposed for the site by nearby property owners

by reason of the fact that they were perceived to negatively impact the residential uses in the area. American Indians have also reportedly opposed industrial uses proposed on the site due to the negative impact they perceive on the areas sacred to them. Since the site is removed from access to major highway routes, commercial uses do not appear to be financially feasible in spite of their uses being legally permissible. For the same reasons, a fire training facility was opposed on the site; and because of the opposition, this type of use is not considered to be feasible.

In order to have the least impact on the site, surveying the site into two 35-acre± parcels that will accommodate one single-family dwelling each appears to be the most financially feasible use of the Valmont Butte site.

### **Maximally Productive Use**

Low density single-family residential use on two 35-acre± tracts is determined to be the Highest and Best Use of the subject property.

## **APPRAISAL PROCEDURE**

Estimation of the market value of the property being appraised is accomplished by analysis, comparison, and employing all appropriate procedures.

### **Standard Methodology**

Three approaches are generally utilized in estimating the value of real property: the cost approach, the sales comparison approach, and the income approach. Then, the approaches are reconciled for a final value conclusion.

**Cost Approach** - The value indication developed by the cost approach is accomplished by estimating the reproduction or replacement cost new of the improvements, less depreciation from all causes. To this is added the value of the land as though vacant, previously estimated by sales comparison. This approach is based on the principle of substitution, in that no prudent purchaser would pay more for a property than the amount for which he or she can obtain, by purchase of the site and construction of a building without undue delay, a property of equal

desirability and utility. The cost approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site.

***Sales Comparison Approach*** - The application of this approach produces an estimate of value of a property by comparing it with similar properties of the same type and class that have been sold recently or are currently offered for sale in the same or competing areas. The comparative processes utilized in determining the degree of comparability between two properties involves judgment as to their similarity with respect to many elements of comparison, such as property rights conveyed, financing terms, conditions of sale, market conditions (time), income characteristics, location, and physical characteristics. The sale prices of those properties deemed most comparable are adjusted to the subject to reflect differences between the sale property and the property being appraised. For property types that are frequently bought and sold, this approach usually produces a reliable indication of value.

***Income Approach*** - This approach is especially significant when appraising income-producing properties. In the income approach, the value estimate relates to the present worth of potential future benefits. This is generally measured by the net operating income that a prudent investor is forecasting the property will produce during its remaining useful life. After comparison with investments of a similar type, this net income is capitalized into a value estimate, utilizing direct capitalization or discounted cash flow techniques.

***Reconciliation and Final Estimate of Value*** - The strengths and weaknesses of each approach are weighted in the final analysis. The approach, or approaches, developed with the most reliable data is typically given the greatest emphasis in concluding the final estimate of value.

### **Methodology Specific to this Appraisal**

The Valmont Butte property being appraised is improved with a gravity floatation mill featuring numerous buildings that have been abandoned since 1985. The buildings do not contribute to value. As a result, the cost approach will not be utilized. Furthermore, there is limited income potential from the abandoned buildings, negating the application of the income approach. Therefore, the sales comparison approach to estimate the land value is the only approach that will be employed in developing the opinion of value for the property being appraised.

Since the Valmont Butte site is estimated to be 71 acres in size, it can be readily split into two 35-acre parcels, each of which can be developed with residential uses. As a result, the site value of one residential lot will be estimated followed by the valuation of the entire 71 acres.

As requested, two values are being reported. The western portion of the site is improved with the Valmont Mill, most of which was constructed in 1940 and then abandoned in 1985. Some of the historical groups in the area desire to have the mill preserved. As a result, the value of the Valmont Butte site is being estimated both as though the site were vacant and as if the Valmont Mill improvements remain in place.

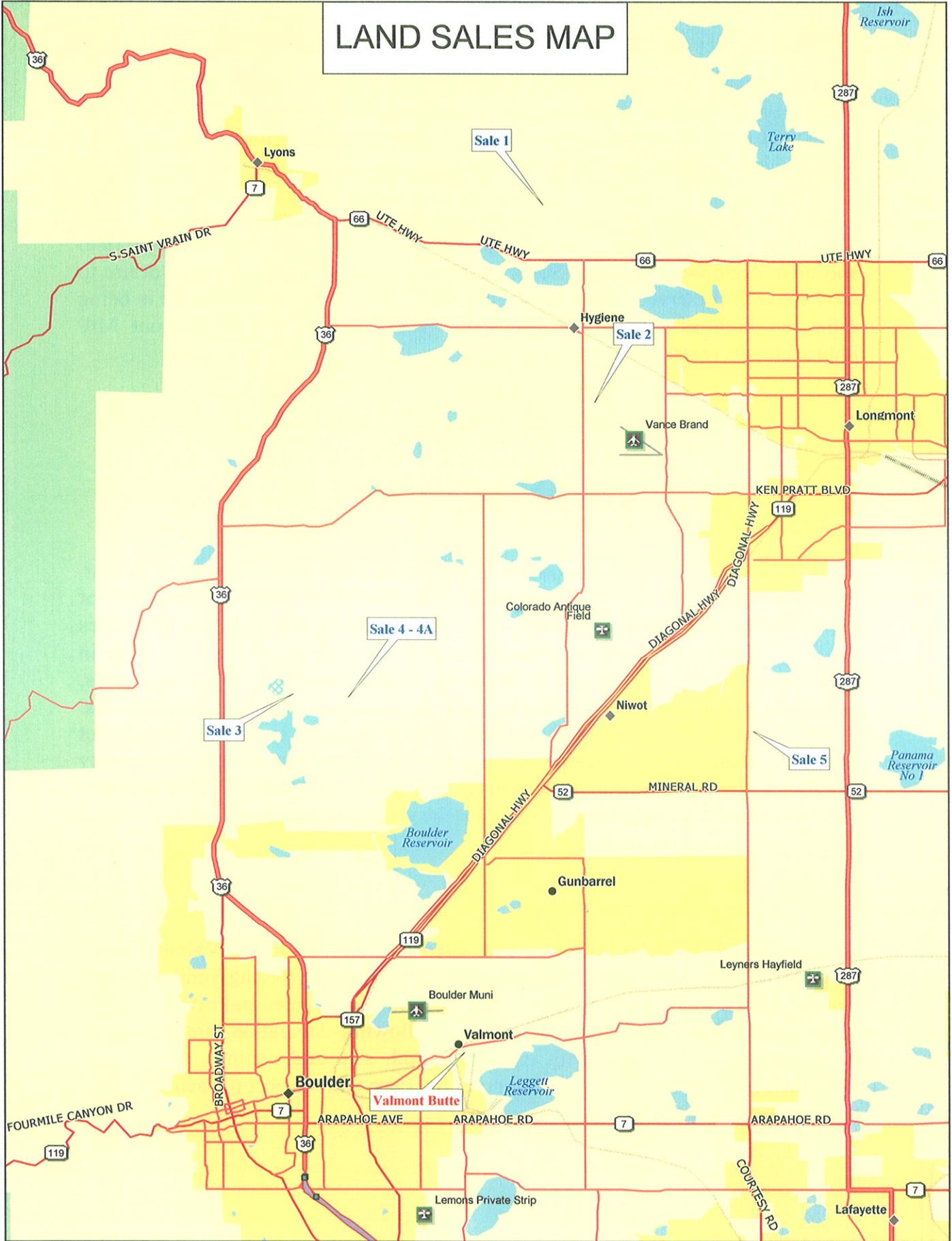
## LAND VALUATION

In order to develop an opinion of site value, sales and offerings of similar, residential tracts are analyzed, compared, and adjusted to derive an indication of value for the site being appraised. The comparability between two properties involves adjusting each sale or comparable property with respect to differences in such elements of comparison as property rights conveyed, financing terms, conditions of sale, market conditions (time), location, and physical characteristics. Physical characteristics requiring adjustment for comparability include, but are not limited to, items such as location, access, size and shape, topography, availability of utilities, state of development, zoning, and functional utility. These adjusted sales prices yield an indication of value for the site being appraised.

### Sales Data

A search for sales data was conducted in proximity to the Valmont Butte property to study the most recent transactions available involving similar parcels that can be put to low-density residential use. Numerous sales and offerings were investigated, and those included in the following tabulation are the most comparable to the subject with respect to both size and zoning. Facing the tabulation is a map showing the location of the sales with respect to each other and to the subject property.

# LAND SALES MAP



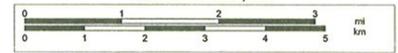
Data use subject to license.

© 2006 DeLorme. Street Atlas USA® 2007.

www.delorme.com



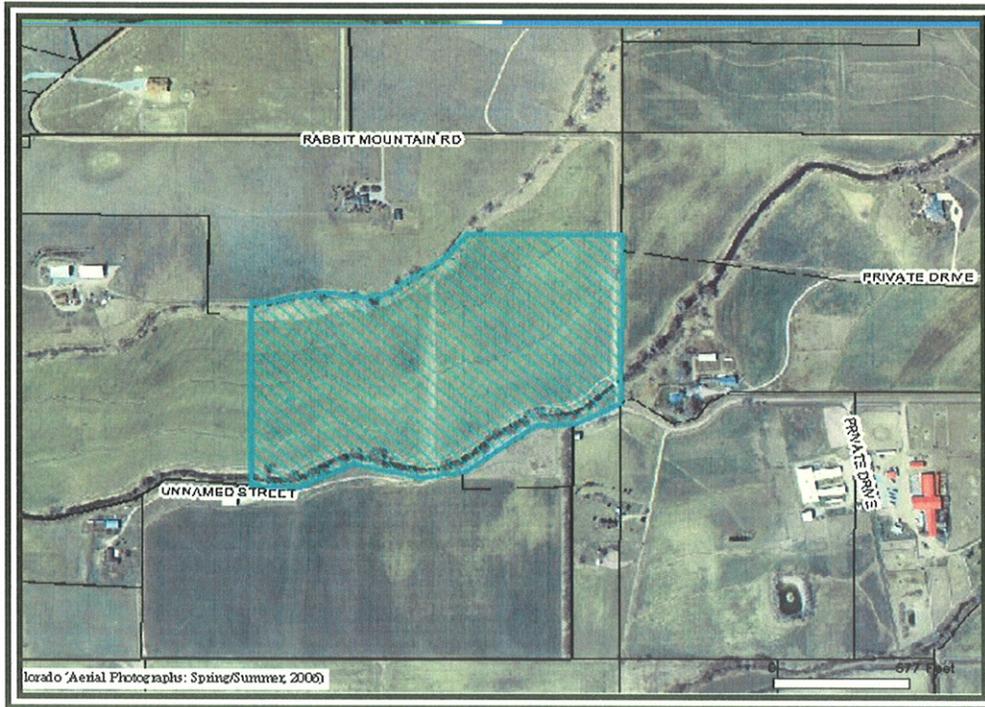
Scale 1 : 125,000



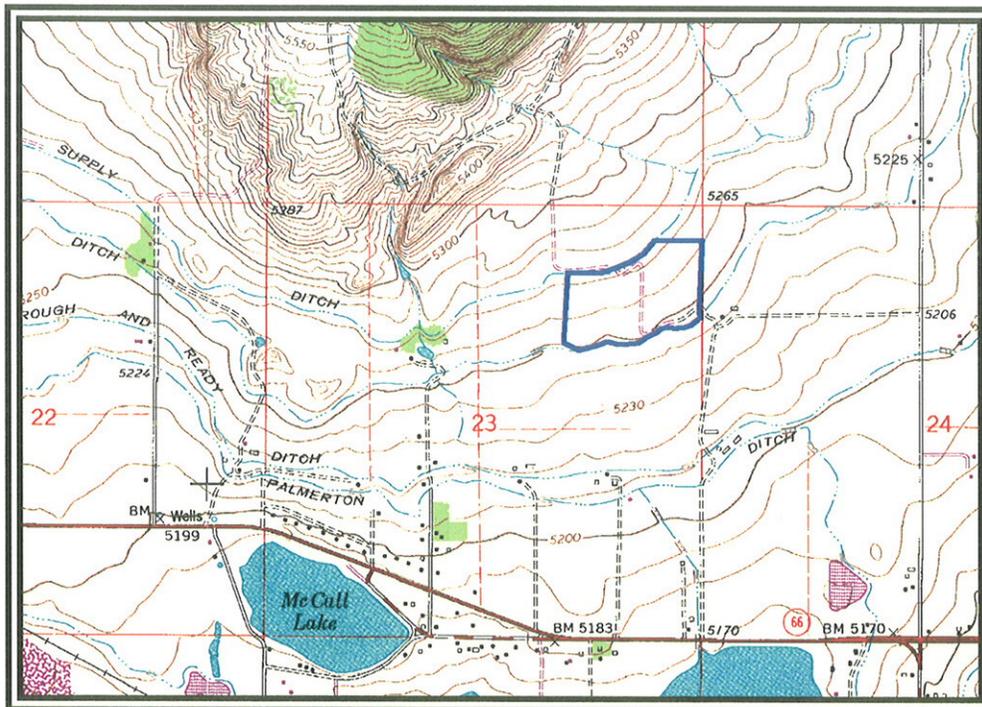
1" = 1.97 mi Data Zoom 10-6

**COMPARABLE LAND SALES DATA**  
**Valmont Butte Property**  
**April 2008 Foster Valuation Company LLC**

Sale No.	Grantor/ Grantee	Date of Sale/ Rec. No.	Sale Price	Area in Acres	Sale Price per Acre/ WO Water
1	Cheryl A. Clifton/ John C. and Ginger L. Graham	10-23-06/ 2813312	\$1,525,000	34.929	\$43,643/ \$40,355
2	George Frazier Chandler, et al/ James E. Kreitman	11-30-07/ 2897982&83	\$1,125,000	30.271	\$37,164 \$37,164
3	Claudia Atwood and Richard F. Stratton, Trustees/ City of Boulder	12-13-07/ 2904163	\$3,213,000	80.00	\$40,163/ \$38,325
4	Boehm Family Limited Partnership/ Otimo Farms, LLC	02-12-07/ 2836807	\$1,396,700	38.057	\$36,659/ \$33,168
4A	Otimo Farms, LLC/ N/A	Current Contract	\$1,850,000	38.057	\$48,611/ \$44,118
5	95 <sup>th</sup> Street Nivot Real/ Robert Von Eschen	07-14-06/ 2791058	\$975,000	28.145	\$34,821/ \$32,866



Assessor's Aerial



Topographical Map

**COMPARABLE NUMBER 1**

**SALE DATE:** October 23, 2006

**GRANTOR:** Cheryl A. Clifton

**GRANTEE:** John C. Graham and Ginger L. Graham

**RECORDING DATA:** Reception No. 2813312, Boulder County, CO

**SALE PRICE:** \$1,525,000

**TERMS:** Cash

**LOCATION:** North of Colorado State Highway 66, northwest of Longmont, and west of North 75<sup>th</sup> Street, off of Rabbit Mountain Road in Boulder County, CO

**LEGAL DESCRIPTION:** A portion of the NE¼ of Section 23, T3N, R70W of the 6<sup>th</sup> P.M., Boulder County, CO

**ZONING:** A (Agricultural District) by Boulder County

**LAND AREA:** 34.929 acres

**IMPROVEMENTS:** None

**TOPOGRAPHY:** Moderate slope downward to the southeast at elevations ranging from 5,250 to 5,275 feet

**HIGHEST AND BEST USE:** Low-density residential use

**WATER RIGHTS:** Ten units in the Northern Colorado Water Conservancy District and one share of Supply Ditch

**SALE PRICE ALLOCATION:**

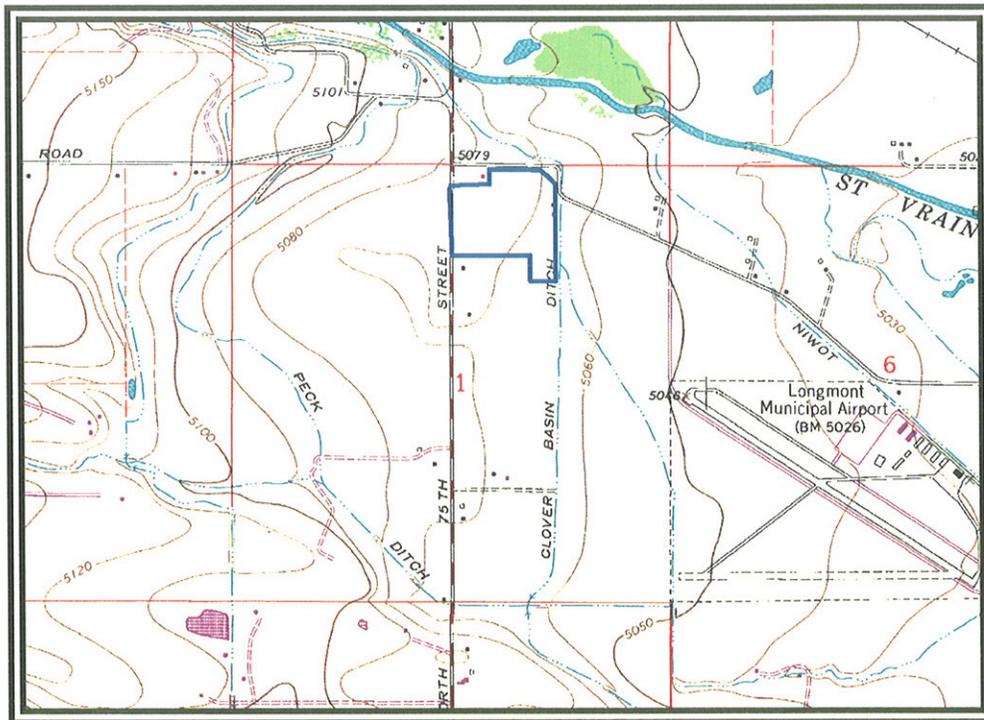
Land .....	\$1,410,000
Improvements .....	-0-
Water Rights .....	\$115,000-

**SALE PRICE/UNIT:** \$43,643 per acre (overall); \$40,355 per acre (w/o water)

**REMARKS:** The site is surrounded by large custom homes and horse properties on larger acreages. It features gravel road access via Rabbit Mountain Road for about one-half mile west of North 75<sup>th</sup> Street. Supply Ditch forms the north boundary, and Highland Ditch forms the south border. The land is currently being used to raise irrigated grass hay. At the time of sale, the value of the units in the Northern Colorado Water Conservancy District were \$10,000 per unit, and the value of the share of stock in the Supply Ditch was estimated to be \$15,000.



Assessor's Aerial



Topographical Map

**COMPARABLE NUMBER 2**

**SALE DATE:** November 30, 2007

**GRANTOR:** George Frazier Chandler and Rex Orla Chandler, et al

**GRANTEE:** James E. Kreitman

**RECORDING DATA:** Reception Nos. 2897982 & 2897983, Boulder County, CO

**SALE PRICE:** \$1,125,000

**TERMS:** Cash

**LOCATION:** South of St. Vrain Road on the east side of North 75<sup>th</sup> Street in Boulder County, CO

**LEGAL DESCRIPTION:** Part of the NW¼NE¼ of Section 1, T2N, R70W of the 6<sup>th</sup> P.M., Boulder County, CO

**ZONING:** A (Agricultural District) by Boulder County

**LAND AREA:** 30.271 acres

**IMPROVEMENTS:** An old farmhouse, storage and outbuildings that need to be razed constituting a negative value

**TOPOGRAPHY:** Nearly level with a slight slope to the east at elevations ranging from 5,066 to 5,079 feet

**HIGHEST AND BEST USE:** Low-density residential use

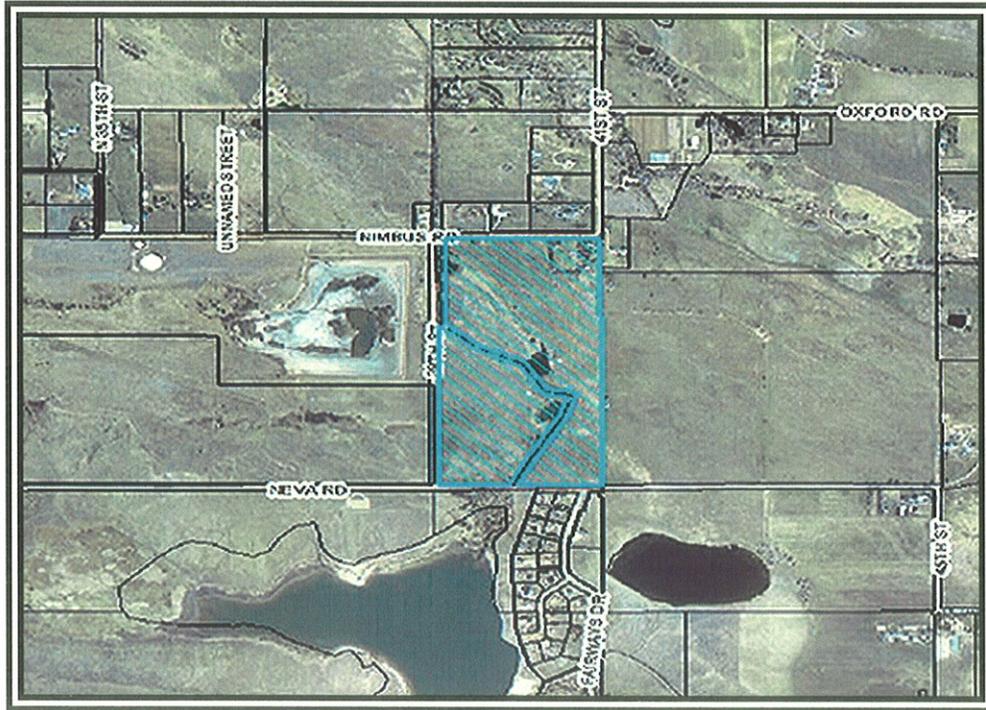
**WATER RIGHTS:** Eight shares of Davidson Downing Ditch

**SALE PRICE ALLOCATION:**

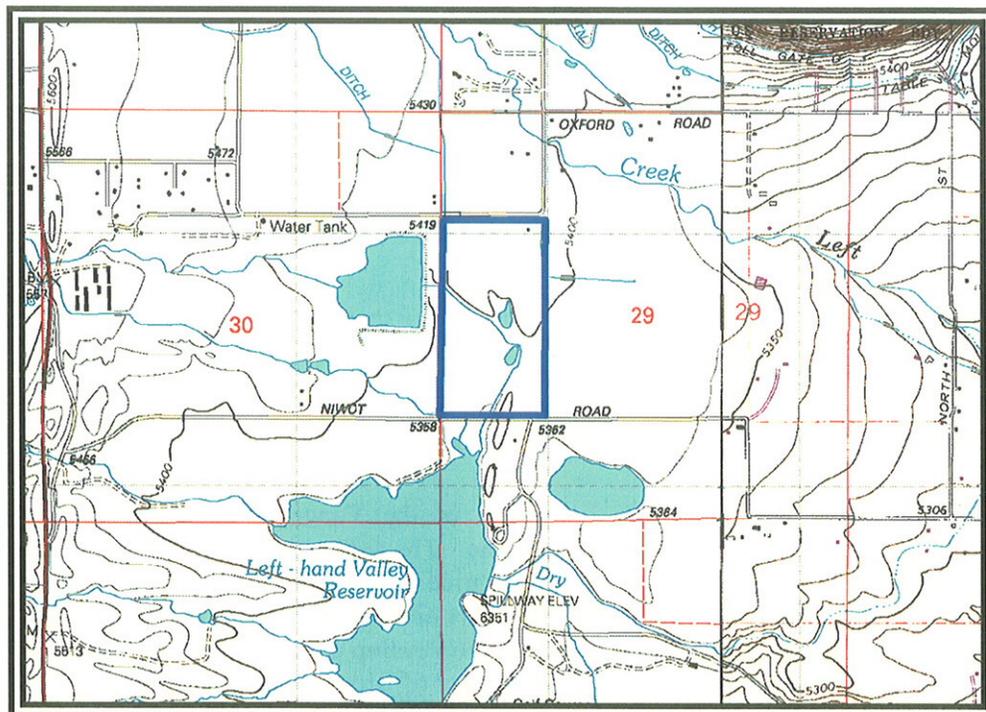
Land.....	\$1,125,000
Improvements.....	-0-
Water Rights.....	-0-

**SALE PRICE/UNIT:** \$37,164 per acre (overall)

**REMARKS:** The site is in the flight path of the Vance Brand Airport, which limited its marketability as a custom single-family home site. The selling broker indicated that location within the flight path of the airport affected the selling price by about \$250,000. The shares of stock in the Davidson Downing Ditch deliver about 60 acre-feet annually but were not valued separately because they were tied to the land. The purchaser intends to develop a business on the site for training seeing-eye dogs and plans to grow an organic garden, neither of which require any rezoning.



Assessor's Aerial



Topographical Map

**COMPARABLE NUMBER 3**

**SALE DATE:** December 13, 2007

**GRANTOR:** Claudia Atwood and Richard F. Stratton, Trustees

**GRANTEE:** City of Boulder

**RECORDING DATA:** Reception No. 2904163, Boulder County, CO

**SALE PRICE:** \$3,213,000

**TERMS:** Cash

**LOCATION:** East side of North 39<sup>th</sup> Street, south side of Nimbus Road and north side of Niwot Road in Boulder County, CO

**LEGAL DESCRIPTION:** The SW<sup>1</sup>/<sub>4</sub>NW<sup>1</sup>/<sub>4</sub> and the NW<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub> of Section 29, T2N, R70W of the 6<sup>th</sup> P.M., Boulder County, CO

**ZONING:** A (Agricultural District) by Boulder County

**LAND AREA:** 80.000 acres

**IMPROVEMENTS:** Older residence containing 1,326 square feet constructed in 1945 plus a detached garage

**TOPOGRAPHY:** Gradual slope downward to the south at elevations ranging from 5,362 to 5,419 feet

**HIGHEST AND BEST USE:** Low-density residential use

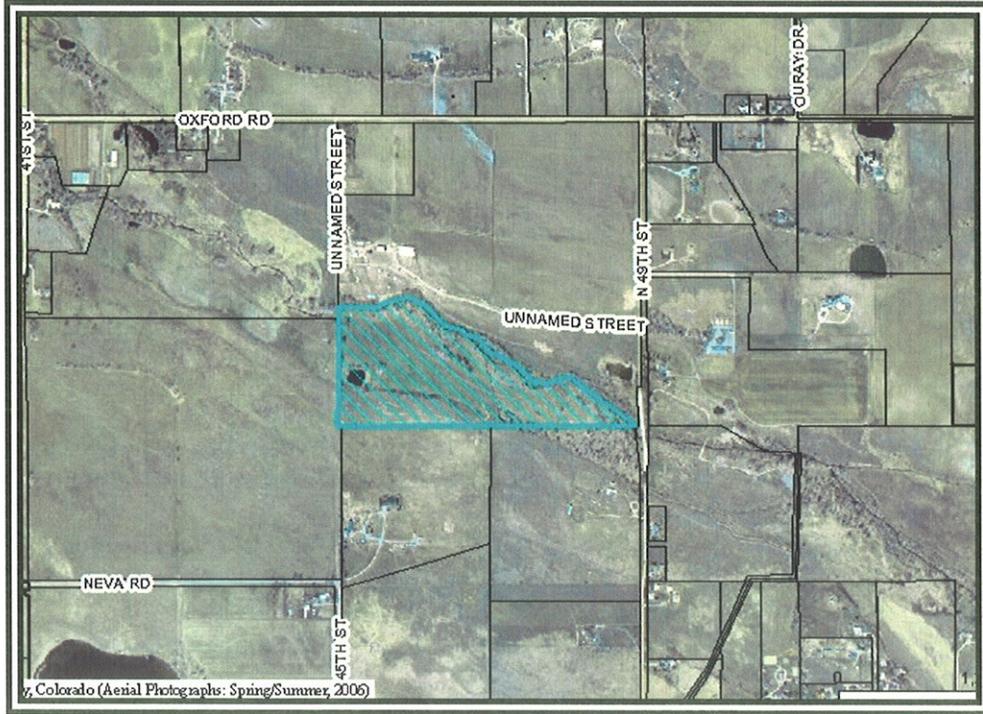
**WATER RIGHTS:** Forty shares of Left Hand Ditch

**SALE PRICE ALLOCATION:**

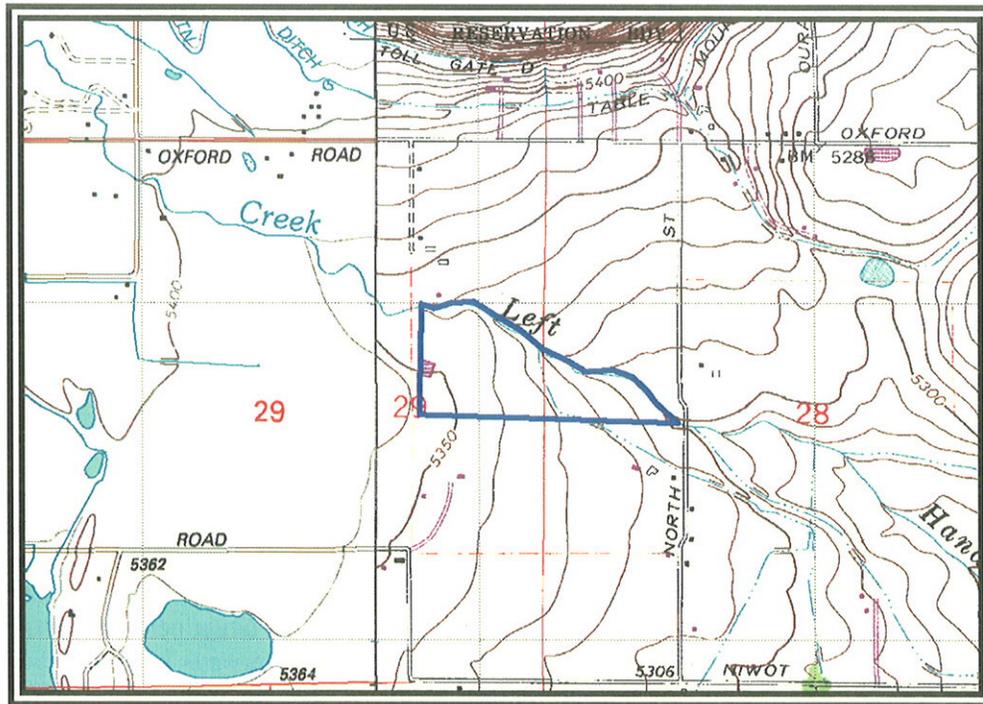
Land.....	\$3,066,000
Improvements.....	-0-
Water Rights.....	\$147,000

**SALE PRICE/UNIT:** \$40,163 per acre (overall); \$38,325 per acre (w/o water)

**REMARKS:** This sale occurred at a public auction. Niwot Road, which forms the southern boundary is asphalt paved. Nimbus Road, which forms the northern boundary, and North 39<sup>th</sup> Street, which forms the western boundary feature gravel surfaces. A drainage ditch transects the property flowing southerly into Left Hand Valley Reservoir. Two small ponds are in the central portion of the property. Although there are some custom homes on larger acreages nearby, most of the nearby homes are an older vintage. A small subdivision, Fairways Living, which lies to the south, was developed in the 1960s. The parties to the transaction valued the water rights at \$147,000, or on the basis of \$3,675 per share.



Assessor's Aerial



Topographical Map

**COMPARABLE NUMBER 4**

**SALE DATE:** February 12, 2007

**GRANTOR:** Boehm Family Limited Partnership

**GRANTEE:** Otimo Farms, LLC

**RECORDING DATA:** Reception No. 2836807, Boulder County, CO

**SALE PRICE:** \$1,396,700

**TERMS:** Cash

**LOCATION:** One-half mile south of Oxford Road on the west side of North 49<sup>th</sup> Street (barely visible from street) in Boulder County, CO

**LEGAL DESCRIPTION:** A portion of the NE¼ of Section 29, T2N, R70W of the 6<sup>th</sup> P.M., Boulder County, CO

**ZONING:** A (Agricultural District) by Boulder County

**LAND AREA:** 38.057 acres

**IMPROVEMENTS:** None

**TOPOGRAPHY:** The slope is gradual downward to the northeast toward Left Hand Creek, which forms the north boundary. Elevations range from 5,300 to 5,362 feet.

**HIGHEST AND BEST USE:** Low-density residential use

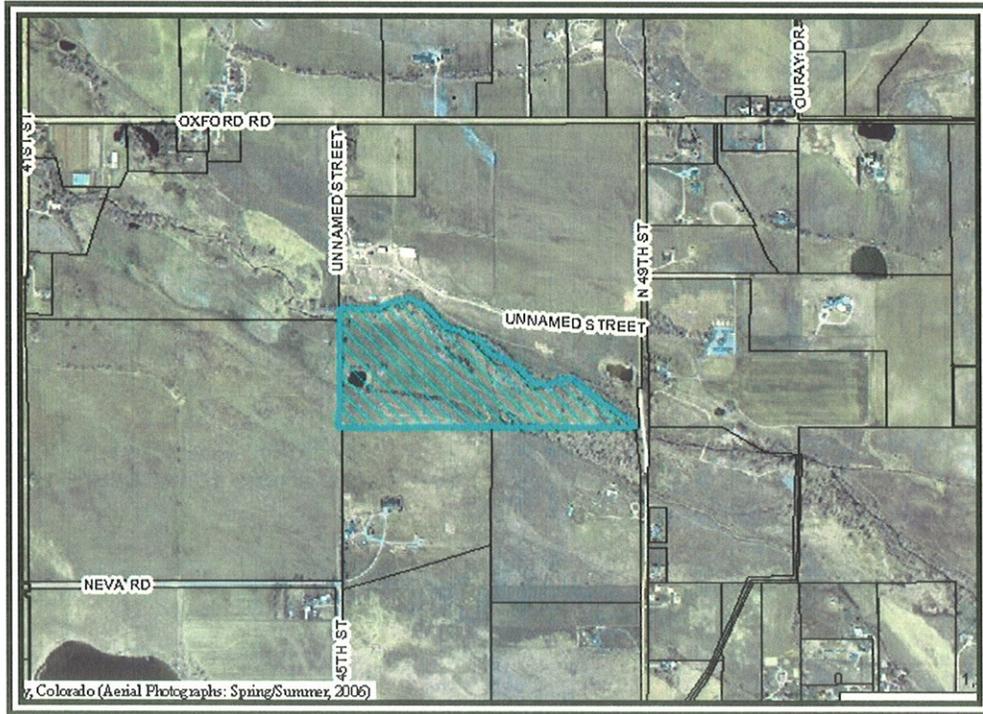
**WATER RIGHTS:** Thirty-eight shares of Left Hand Ditch

**SALE PRICE ALLOCATION:**

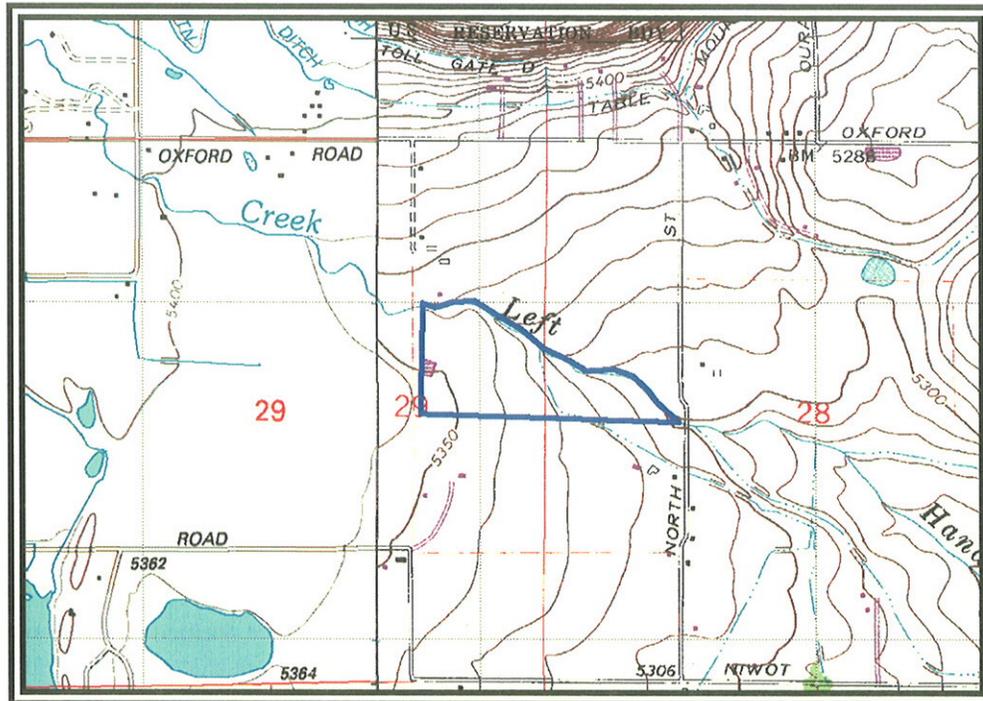
Land .....	\$1,263,700
Improvements.....	-0-
Water Rights.....	\$133,000

**SALE PRICE/UNIT:** \$36,659 per acre (overall); \$33,168 per acre (w/o water)

**REMARKS:** Surrounding properties consist of a considerable amount of City of Boulder and Boulder County open space, hobby farms, and horse properties. Many contain older building improvements, but the quality of most is very good. Access to the site is via a 30-foot easement over an adjoining property for about one-quarter mile from the curve formed by the intersection of Niwot Road and North 45<sup>th</sup> Street. The roadway has not been constructed. The water rights were valued by the parties to the transaction at \$133,000. Part of the property located along Left Hand Creek is located within a 100-year floodplain.



Assessor's Aerial



Topographical Map

**COMPARABLE NUMBER 4A**

**SALE DATE:** Current Contract

**GRANTOR:** Otimo Farms, LLC

**GRANTEE:** N/A

**RECORDING DATA:** Not Recorded, Boulder County, CO

**SALE PRICE:** \$1,850,000

**TERMS:** None offered

**LOCATION:** One-half mile south of Oxford Road on the west side of North 49<sup>th</sup> Street (barely visible from street) in Boulder County, CO

**LEGAL DESCRIPTION:** A portion of the NE¼ of Section 29, T2N, R70W of the 6<sup>th</sup> P.M., Boulder County, CO

**ZONING:** A (Agricultural District) by Boulder County

**LAND AREA:** 38.057 acres

**IMPROVEMENTS:** None

**TOPOGRAPHY:** The slope is gradual downward to the northeast toward Left Hand Creek, which forms the north boundary. Elevations range from 5,300 to 5,362 feet.

**HIGHEST AND BEST USE:** Low-density residential use

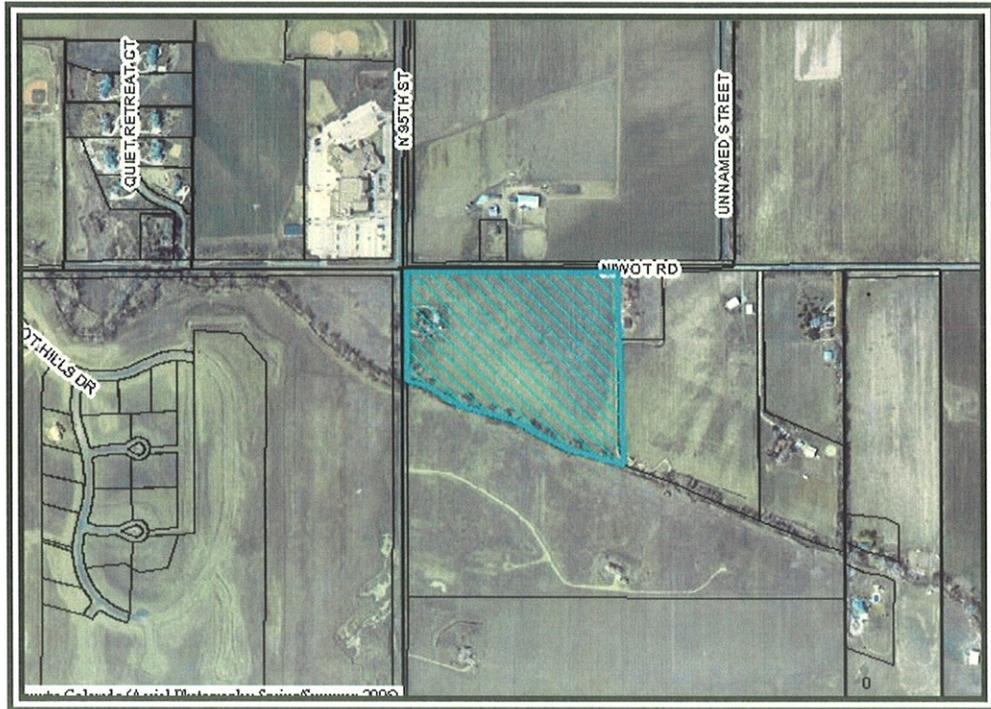
**WATER RIGHTS:** Thirty-eight shares of Left Hand Ditch

**SALE PRICE ALLOCATION:**

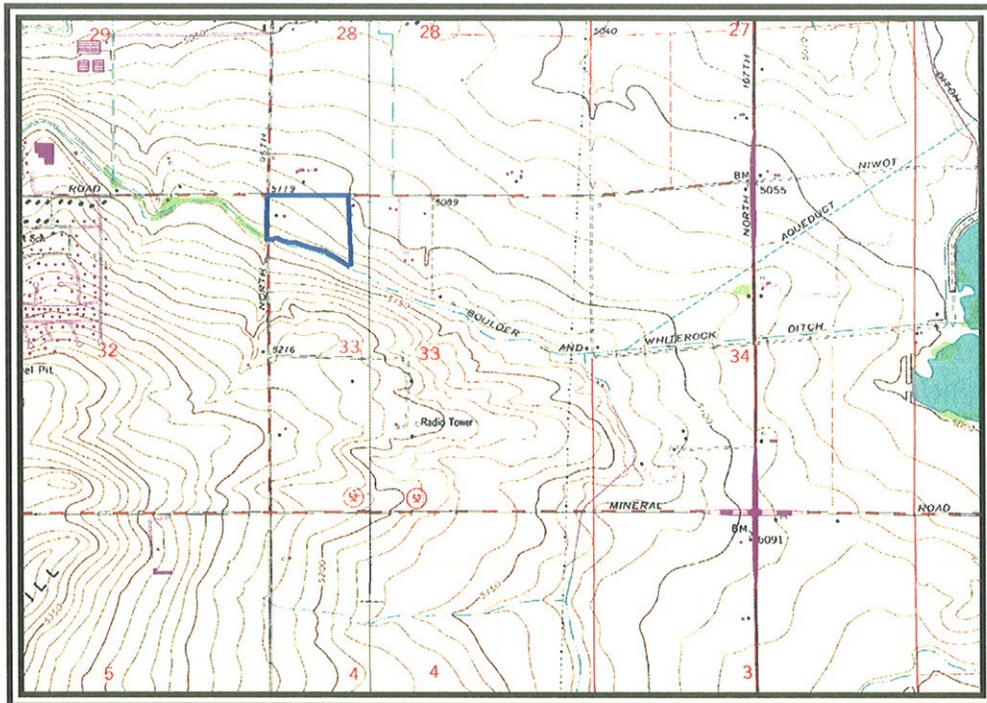
Land .....	\$1,679,000
Improvements .....	-0-
Water Rights .....	\$171,000

**SALE PRICE/UNIT:** \$48,611 per acre (overall); \$44,118 per acre (w/o water)

**REMARKS:** This is the resale of the previous site. Since the acquisition, the purchaser has taken the property through the planning process and obtained approval for a single-family dwelling not to exceed 8,400 square feet plus a barn up to 3,900 square feet in size. Surrounding properties remain unchanged. Many contain older building improvements, but the quality of most is very good. Access to the site is via a 30-foot easement over an adjoining property for about one-quarter mile from the curve formed by the intersection of Niwot Road and North 45<sup>th</sup> Street. The roadway has not been constructed. The water rights were valued by the parties to the transaction at \$171,000. Part of the property located along Left Hand Creek is located within a 100-year floodplain.



Assessor's Aerial



Topographical Map

**COMPARABLE NUMBER 5**

**SALE DATE:** July 14, 2006

**GRANTOR:** 95<sup>th</sup> Street Niwot Real

**GRANTEE:** Robert Von Eschen

**RECORDING DATA:** Reception No. 2791058, Boulder County, CO

**SALE PRICE:** \$975,000

**TERMS:** Americas Wholesale Lender financed the transaction

**LOCATION:** Southeast quadrant of the 95<sup>th</sup> Street and Niwot Road intersection (6932 North 95<sup>th</sup> Street) in Boulder County, CO

**LEGAL DESCRIPTION:** Part of the N½ of Section 33, T2N, R69W, of the 6<sup>th</sup> P.M., Boulder County, CO

**ZONING:** A (Agricultural District) by Boulder County

**LAND AREA:** 28.145 acres

**IMPROVEMENTS:** One story ranch built in 1965 containing 2,364 square feet plus a detached garage and shop building, which will be razed

**TOPOGRAPHY:** Gentle slope downward to the northeast at elevations ranging from 5,100 to 5,140 feet

**HIGHEST AND BEST USE:** Low-density residential use

**WATER RIGHTS:** 17 shares of Boulder and White Rock ditch

**SALE PRICE ALLOCATION:**

Land.....	\$925,000
Improvements.....	-0-
Water Rights.....	\$50,000

**SALE PRICE/UNIT:** \$34,821 per acre (overall); \$32,866 per acre (w/o water)

**REMARKS:** The property features good access via two paved roads that form the north and west boundaries. The large Rocky Mountain Christian Church lies to the northwest. Older single-family dwellings built in the early 1900s on acreages border to the north and east. Niwot Hills Homeowners Association open space borders to the west. The property to the south is protected by a conservation easement. The purchaser plans to construct a 5,000-square-foot residence, a 3,500-square-foot barn, and two greenhouses each containing 5,040 square feet. Water rights were valued by the purchaser at \$50,000.

## **Analysis of the Sales**

The preceding transactions will be compared and adjusted to the subject site based on the following elements of comparison.

***Property Rights Conveyed*** - This adjustment takes into account differences in legal estate between the comparable properties and the subject property. The fee simple estate was conveyed with respect to each of the sales. Therefore, no adjustments are required for property rights conveyed.

***Financing Terms*** - The sales are analyzed for the possibility of beneficial financing. Beneficial financing is considered to be present if the financing terms are advantageous when compared to typical terms offered in the marketplace at the time of sale. All of the transactions were conducted on a cash basis. Therefore, no financing adjustments are being made.

***Conditions of Sale*** - Adjustments for conditions of sale usually reflect the motivations of the buyer and seller. All of the selected sales were exposed on the open market, and none of the parties to the transactions were under duress to consummate the sale. Sale No. 3 was sold at public auction and was truly exposed to the open market. As a result, they were all arms-length transactions; and no adjustments are necessary for this element of comparison.

***Market Conditions (Date of Sale)*** - This is a common adjustment for differences in market conditions, or price changes, occurring between the date of sale and the valuation date. Every effort was made to select comparable land sales to reflect the most current market conditions. The selected comparable sales occurred from July of 2006 through a current contract under market conditions similar to the date of value, and no adjustments are warranted.

***Value of the Improvements*** - The building improvements on the Valmont Butte property consist of a former flotation mill that has been abandoned since 1985, together with a number of outbuildings related to its operation. There is no contributory value associated with these building improvements. There may be some salvage value that could offset demolition costs.

There are no building improvements located on the sale properties that contribute to value. Therefore, no adjustments are necessary.

***Value of the Water Rights*** - The Valmont Butte property does not have any water rights associated with it.

Each of the sale properties was conveyed with water rights. With the exception of Sale No. 2, their contributory value was discussed in each of the individual sale write-ups, and the contributory value was assigned. The contributory water right value for each of those sales is deducted to equate them to the Valmont Butte property for this element of comparison. No allocation was made to the water rights on Sale No. 2 because they were tied to the land.

**Location** - The Valmont Butte site is located in an industrial district just east of the City of Boulder in Boulder County. It is bordered to the west by heavy industrial uses and to the south by a Public Service Company of Colorado power plant. Older residences and light industrial properties are to the north across Valmont Road in the original community of Valmont. There are also some mined out gravel pits in this area. Agricultural lands lie to the east. Due to its elevation above the valley floor, the site possesses its own environment that is relatively private and secluded.

Sale No. 1 is situated northwest of Longmont in unincorporated Boulder County in an area surrounded by newer custom homes on estate-sized acreages. The locational characteristics are similar enough that an adjustment is not needed.

Sale No. 2 is northwest of Vance Brand Airport in its flight path. The broker involved in the sale stated that this influence eliminated the potential to sell the site to anyone desiring to construct a large custom home, which penalized the property. As a result, a positive adjustment is needed.

Sale Nos. 3, 4, 4A, and 5 are situated north of Boulder in unincorporated Boulder County in areas that had originally been developed in the early to mid-1900s. Redevelopment is occurring in the form of custom homes and horse properties on estate-sized acreages. This is similar enough to the subject's location that no adjustment is necessary.

**Access** - The subject site is accessed via North 63<sup>rd</sup> Street, which features an asphalt paved surface, then via a short access easement over the adjoining property contiguous to the west. The eastern portion can also be accessed from Valmont Road.

Sale Nos. 2, 3, and 5 also feature paved access no adjustments are being made. Sales No. 1 is accessed via a gravel surfaced county road and requires a positive adjustment. Sale Nos. 4 and 4A require an access road to be constructed one-quarter mile over adjoining property, and are being adjusted upward for their inferior access.

**Topography** - Valmont Butte consists of a high knoll. With the exception of Valmont Butte and the ridge east of the butte, portions are moderately sloping and offer several building envelopes. The comparable sales feature relatively level topography suitable for their intended uses. Therefore, no adjustments are needed.

**Views** - The Valmont Butte site is elevated considerably above the valley floor. As a result, there are excellent mountain and valley views from the site. The sale properties are located throughout the valley and are in areas where they are afforded typical mountain views. Positive adjustments are being made.

**Site Size** - The Valmont Butte site contains an estimated 71.000 acres. However, for purposes of this analysis, the site is being broken down into two 35.000-acre parcels, or two building sites. The comparable sales range in size from 28.145 to 80.000 acres. Typically a larger site would sell at a lower price per acre than a smaller site, all else being equal. Sale Nos. 1, 2, 4, 4A, and 5 are similar enough in size that adjustments are not necessary. Sale No. 3 contains 80.000 acres. On the surface, one would make a negative adjustment for its larger size; but after adjusting for all other elements of comparison, an adjustment does not appear to be warranted. Since Sale No. 3 could be split almost immediately into two 40-acre parcels (like the Valmont Butte site), there was no apparent discount for absorption.

**Availability of Utilities** - The Valmont Butte site is located within Boulder County in an area where there is little likelihood of it being served by municipal water or sewer utilities. The Valmont Butte property is served by electricity and telephone. The sale properties are also served by municipal water. In the rural areas of Boulder home site sales do not seem to be penalized for the lack of municipal water when wells can be drilled to supply domestic water. As a result, no adjustments are being made for this element of comparison.

**State of Development** - This accounts for land planning, annexation, and so forth. No planning or engineering has been performed with respect to development of the Valmont Butte site. Except for Sale No. 4A, the sales are similar. Therefore, no adjustments are required to them. Sale No. 4A was land planned, and approvals were obtained with respect to the use to which the site can be put. A negative adjustment is being made to equate it to the subject property.

**Zoning** - This adjustment is for differences in use permitted under different zoning districts. Boulder County officials have zoned the subject property G-I (General Industrial, Manufacturing, Commercial and Retail Purposes). All of the sales are within unincorporated Boulder County and are zoned A (Agricultural

District). Both zoning districts allow one dwelling unit per 35 acres. Considering the highest and best use of each of the sites, no adjustments are warranted.

**Functional Utility** - This adjustment accounts for an irregular shape or encumbrances that would have a negative bearing on site development. The Valmont Butte site is encumbered with at least one natural gas pipeline easement and a contaminated tailings pond. American Indian interests will need to be accommodated with future easements not yet defined, as well as access easements to the Valmont Pioneer Cemetery. However; the tract is large enough that building envelopes can be arranged. Nevertheless, these factors detract from marketability. Sale Nos. 1, 2, 3, and 5 have regular shapes and feature acceptable functional utility. They are superior to the subject and are adjusted downward. Sale Nos. 4 and 4A possess some 100-year floodplain influence and are being adjusted downward moderately due to their slightly superior functional utility.

**Summary - Assuming the Valmont Mill is Razed**

After adjustment, the comparable sales form an indicated value range from \$31,222 to \$43,482 per acre. Please refer to the Land Sales Comparison Grid on the following foldout. Sale Nos. 3, 4, and 5 require the least amount of overall adjustment and are being given the greatest weight. They produce value indications of \$36,409, \$38,186, and \$31,222 per acre, respectively. Sale No. 1 requires slightly more adjustment and is also considered to be a reliable indicator of value. It develops a value indication of \$40,368 per acre. Sale Nos. 2 and 4A require substantially more adjustment and are given less weight. When weighting all six sales based on their reliability, a value of \$36,500 per acre is being estimated for each of the two Valmont Butte buildable parcels, or as follows:

$$35.000 \text{ acres @ } \$36,500 \text{ per acre} = \$1,277,500$$

Rounded to: \$1,280,000

The Valmont Butte tract contains an estimated 71.000 acres, or two building sites. As demonstrated earlier, Sale No. 3 did not require an adjustment for its 80.000-acre size, which suggests that no discounting is required for a two-lot transaction. Therefore, the market value of the Valmont Butte site, which can accommodate two building sites, is estimated to be \$2,560,000.

**Land Sales Comparison Grid**  
**Valmont Butte**  
**April 2008 Foster Valuation Company LLC**

Element	Subject Valmont Butte	Sale 1 Graham	Sale 2 Kreitman	Sale 3 City of Boulder	Sale 4 Otimo Farms	Sale 4A Otimo Farms Resale	Sale 5 Von Eschen
Sale Price		\$1,525,000	\$1,125,000	\$3,213,000	\$1,396,700	\$1,850,000	\$975,000
Property Rts Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Comparison	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted*		\$1,525,000	\$1,125,000	\$3,213,000	\$1,396,700	\$1,850,000	\$975,000
Financing, Etc	Market	Market	Market	Market	Market	Market	Market
Comparison	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Conditions of Sale	Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length
Comparison	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted**		\$1,525,000	\$1,125,000	\$3,213,000	\$1,396,700	\$1,850,000	\$975,000
Date of Sale	Current	Oct-06	Nov-07	Dec-07	Feb-07	Current Contract	Jul-06
Comparison	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted***		\$1,525,000	\$1,125,000	\$3,213,000	\$1,396,700	\$1,850,000	\$975,000
Value of Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Comparison	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted****		\$1,525,000	\$1,125,000	\$3,213,000	\$1,396,700	\$1,850,000	\$975,000
Value of Raw Water	\$0	\$115,000	\$0	\$147,000	\$133,000	\$171,000	\$50,000
Comparison	Superior	Similar	Superior	Superior	Superior	Superior	Superior
Adjustment	(\$115,000)	\$0	\$0	(\$147,000)	(\$133,000)	(\$171,000)	(\$50,000)
Adjusted*****		\$1,410,000	\$1,125,000	\$3,066,000	\$1,263,700	\$1,679,000	\$925,000
Size in Acres	35.000	34.929	30.271	30.000	38.057	35.000	28.145
Unit Price							
per Acre		\$40,368	\$37,164	\$38,325	\$33,205	\$44,118	\$32,866
Location	East of Boulder	NW of Longmont	In Flight Path of Vance Brand	North of Boulder	North of Boulder	North of Boulder	Northeast of Boulder
Comparison	Similar	Similar	Inferior	Similar	Similar	Similar	Similar
Adjustment	0.0%	0.0%	22.0%	0.0%	0.0%	0.0%	0.0%
Access	Priv. ed. good	Gravel Road	Paved Road	Paved Road	Private Access Easement	Private Access Easement	Paved Road
Comparison	Inferior	Inferior	Similar	Similar	Inferior	Inferior	Similar
Adjustment	5.0%	0.0%	0.0%	0.0%	10.0%	10.0%	0.0%
Topography	High Knoll Moderately Sloping	Moderate Slope to Southeast	Nearly Level With a Slight Slope	Gradual Southerly Slope	Gradual Slope Downward to the Northeast	Gradual Slope Downward to the Northeast	Gently Slope to Northeast
Comparison	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Topography	Good Mountain and Valley Views	Average Views	Average Views	Average Views	Average Views	Average Views	Average Views
Comparison	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
Adjustment	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Site Size in Acres	35.000	34.929	30.271	30.000	38.057	35.000	28.145
Comparison	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Availability of Utilities	Electricity, Telephone and Natural Gas	Elect. Tele. Water, and Natural Gas	Elect. Tele. Water, and Natural Gas	Elect. Tele. Water, and Natural Gas			
Comparison	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
State of Development	Undeveloped Unannexed	Undeveloped Unannexed	Undeveloped Unannexed	Undeveloped Unannexed	Undeveloped Unannexed	Land Plan Approved Unannexed	Undeveloped Unannexed
Comparison	Similar	Similar	Similar	Similar	Similar	Superior	Similar
Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	(25.0%)	0.0%
Zoning	I-Boulder County	A-Agricultural by Boulder County	A-Agricultural by Boulder County	A-Agricultural by Boulder County	A-Agricultural by Boulder County	A-Agricultural by Boulder County	A-Agricultural by Boulder County
Comparison	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Functional Utility	Fairly Regular Shape, Encumbrances	Regular Shape	Regular Shape	Regular Shape	Irregular Shape, Some Flood Plain	Irregular Shape, Some Flood Plain	Regular Shape
Comparison	Superior	Superior	Superior	Superior	Inferior	Inferior	Superior
Adjustment	(15.0%)	0.0%	0.0%	0.0%	15.0%	15.0%	0.0%
Net % adjustment to							
adjusted sale price		0.0%	17.0%	(5.0%)	15.0%	(10.0%)	(5.0%)
Net \$ adjustment to							
adjusted sale price		\$0	\$6,318	(\$1,916)	\$4,981	(\$4,412)	(\$1,645)
Adjusted sale							
price per acres***		\$40,368	\$37,164	\$38,325	\$33,205	\$44,118	\$32,866
Final adjusted							
sale price per acres		\$40,368	\$43,482	\$36,409	\$38,186	\$39,706	\$31,222

\*Sale price adjusted for property rights conveyed

\*\*Sale price adjusted for financing and conditions of sale

\*\*\*Sale price further adjusted for market conditions

\*\*\*\*Sale price further adjusted for contributory value of improvements

\*\*\*\*\*Sale price further adjusted for contributory value of water rights

### **Summary - Assuming the Valmont Mill Remains in Place**

If the decision is made to retain the Valmont Mill, this will reduce the land area to the point that only one buildable lot will be legally permissible under current zoning regulations, which essentially reduces the value by half. Since the remaining property will likely be larger than 35 acres in size, the site may command a slight premium for size. Nevertheless, for purposes of this calculation, the market value of the site is estimated to be \$1,280,000 if the Valmont Mill remains in place.

### **EXPOSURE AND MARKETING TIME**

Exposure time is presumed to precede the effective date of value. It is the length of time the subject property would have been exposed for sale in the market had it hypothetically sold at the market value concluded in this analysis as of the date of this valuation. Marketing time relates to a prospective marketing period. It is the future time period necessary to expose the property to the pool of bona fide prospective purchasers, allow for proper negotiation, contract preparation, due diligence, and consummation of a sale at a price supported by current market conditions.

During the course of preparing this report, numerous sellers, brokers, and investors in this type of real estate with low density residential development potential were interviewed. Although some properties have been exposed to the market for an extended period of time, unrealistic pricing or ineffective marketing can explain most of this. Those interviewed generally reported that a sale of this type of property has taken from 6 to 12 months to list, promote, show, negotiate, allow for due diligence, and close if it were priced realistically. Therefore, if the subject property were exposed to the market beginning on the date of this valuation, its marketing time is estimated to be similar to the exposure time, within twelve months.