

SPECIAL CONSIDERATIONS

There are several issues that make the valuation of the Valmont Butte property unique and challenging. The Valmont Mill is considered by some to be a historical structure, which should be preserved in a number of different manners; and the tailings from the mill stock piles on the site contain low levels of Naturally Occurring Radioactive Material.

In addition, the Valmont Butte site possesses historical significance to a number of American Indian tribes.

Furthermore, the Valmont Pioneer Cemetery contains ancestors of many current Valmont residents, and burials continue to be held.

A metes and bounds survey has not been prepared to determine the precise land area.

These issues are being dealt with as part of the preparation of this appraisal report and are summarized below in attempt to provide the reader of this report with some of the through processes utilized.

Valmont Mill and Tailings Site

The western part of the 71-acre Valmont Butte property, consisting of about eight acres, is extensively improved with a gravity-fed flotation mill that Allied Chemical Corporation constructed in the 1940s. The mill was reportedly constructed to process fluoride ore from the Jamestown Mining District and to produce acid-grade fluorspar, which is used in the production of hydrofluoric acid. About 40,000 cubic yards of tailings were generated by the flotation milling operation during the time Allied Chemical Corporation operated the mill. The tailings were disposed of on about 17 acres in the central portion of the Valmont Butte site. They contained small amounts of Naturally Occurring Radioactive Material (NORM). As a result, Allied Chemical Corporation applied for and received a Colorado Radioactive Materials License (CRML) to isolate and store the tailings containing NORM on the site.

A former Boulder County radium processing mill site was identified, and the Allied Chemical Corporation CRML was amended in 1971 to authorize Allied Chemical Corporation to store about 1,500 cubic yards of contaminated material from that site on Valmont Butte in the tailings pile.

In early 1974 the Jamestown mine closed, and Allied Chemical Corporation closed the Valmont Mill.

Tusco Corporation acquired the Valmont Butte property, including the mill, from Allied Chemical Corporation in 1977; and at about that time, leased the mill to Hendricks Mining Company. Hendricks Mining Company officials obtained a CRML to continue to store the fluorspar tailings Allied Chemical Corporation had piled on the site. However, the license did not permit Hendricks Mining Company officials to stockpile any additional material containing NORM.

Hendricks Mining Company processed gold and silver ores at the mill that were extracted from the Caribou and Cross mines located west of Nederland during 1977 through 1985. The gold and silver tailings, which were stockpiled on top of the Allied Chemical Corporation tailings, consisted primarily of silica sand that contained no significant amounts of NORM. The mill was closed in 1985 and has remained closed since then.

The mill has been vandalized, and the vast majority of all of the copper wiring has been stripped and robbed from the site, both inside the mill and outside on the power poles. The mill, as of the date of value, poses an attractive nuisance and an extreme liability to the property owner.

Valmont Butte Corporation purchased the site in 1994 as an investment and continued to remediate the site by covering the tailings pile site with clean fill and attaching covenants to the land that provided full disclosure about the NORM contamination. Valmont Butte Corporation officials brought the total amount of clean fill to a depth from 8 to 14 feet thick over the central portion of the tailings pile and 3 to 4 feet thick over the fringes.

Colorado Department of Public Health and Environment officials continue to monitor and test the site. In 1996, tests revealed scattered spots emitting slightly elevated micro roentgens per hour, and Valmont Butte Corporation officials reportedly took corrective action.

In September of 2000, Valmont Butte Corporation, et al, sold the Valmont Butte site, which then contained about 101 acres, to the City of Boulder at a price of \$2,575,000. City officials acquired the site for the purpose of utilizing a portion of the site for a Biosolids Recycling Center and a portion for a Fire Training Center. Both of these uses garnered a considerable amount of community opposition.

As a result, Boulder City Council members decided to put the property on the market, which is the reason for this appraisal. During the time period the Valmont Butte property has been in City of Boulder ownership, considerable time and effort has been expended by City officials to continue to address environmental issues and to remediate the mine tailings site in cooperation with Colorado Department of Public Health and Environment officials. One issue with which City officials have had to deal is prairie dogs that have infiltrated the site and are burrowing through the clean materials that cover the contaminated materials.

Boulder City Council officials desire to know the value of the Valmont Butte property including and excluding the mill site. Boulder City Council officials are also considering the support of designating the mill site a historical landmark but want to know what cost-impact this will have on value. Furthermore, Boulder City Council officials are reportedly not supportive of having the mill become operational again. These issues will be addressed as part of this appraisal process.

Native American Indian Influences on the Site

In a recent article in the Boulder Weekly by Pamela White entitled *On Common Ground*, it was reported that the area surrounding Valmont Butte holds spiritual significance for many Indian nations. Ms. Wright reports that Valmont Butte has been a special place to pray, not just because it is a high spot on the relatively flat plains, but because it stands above the confluence of two rivers, which is spiritually significant in its own right. The site currently hosts a sweat lodge used by American Indians from as far away as South Dakota and Arizona, and portions of the surrounding land were reportedly used for Indian hunting camp sites and burials.

Ms. White also reports that Archaeologist Peter Gleichman recently completed a preliminary survey of the site on behalf of the City of Boulder, but his report is still in draft form. However, Gleichman was able to discuss some of his findings with Ms. Wright. "There is archaeological material at the butte, and that's been known since 1959," he says. "Besides direct archaeological evidence, there are of course historical records of the Arapaho camping in the area." The last documented hunt occurred at the butte in 1860, when a group of Indian nations communally ran down a herd of about 500 antelope for their winter meat. "The issue for Native Americans is that despite the historic disturbance that's gone on there... they see that entire area as interconnected," says Gleichman. "They

believe any future [development] is going to be a disturbance to the spirits that are involved there."

In determining the highest and best use and in estimating the value of the of the Valmont Butte site, these American Indian issues will be taken into consideration.

Valmont Pioneer Cemetery

Those who built the structures and settled in the Valmont area lie nearby in the Valmont Pioneer Cemetery, not far from the reported Indian burials. Ms. Wright characterizes the cemetery as follows: "Aged tombstones sit among the yucca, wild grasses and dried remains of last summer's wildflowers. Trees grow haphazardly, empty birds' nests in their bare branches."

Ms. Wright also reported as follows: "It's a spiritual and cultural resource for the European pioneer families here," says Carol Affleck. Her grandparents settled in Valmont in 1895 as newlyweds; and for a time, they lived in Tommy Jones' stage stop.

This appraisal is being prepared under the premise that easements will be dedicated to provide access to Valmont Pioneer Cemetery and to provide parking easements to accommodate vehicle parking in the event of a burial.

Land Area

This appraisal is being prepared under the premise that the land area within the City of Boulder Valmont Butte property contains 71 acres as calculated with GIS technology. Pending a metes and bounds survey by a Professional Land Surveyor, 71 acres is being adopted.

IDENTIFICATION OF THE PROPERTY

The property being appraised is referred to as the Valmont Butte located south of Valmont Road and northeast of North 63rd Street in Boulder County,

Colorado. It is further identified by the Boulder County assessor's office as Parcel Numbers 1463-23-0-00-019 and 1463-22-4-00-019.

LEGAL DESCRIPTION

A metes and bounds legal description is not available. The legal description contained in the Warranty Deed that conveyed the property to the City of Boulder contained several exceptions, which makes it difficult to provide a positive legal description. Prior to the City of Boulder conveying the property to the next owner, it is likely that a survey will be performed to provide a metes and bounds legal description. Lacking a solid legal description, the Valmont Butte property is legally described as follows:

Part of the Southeast Quarter (SE¼) of Section 22 and part of the Southwest Quarter (SW¼) of Section 23, Township 1 North, Range 70 West, of the 6th P.M., Boulder County, Colorado, further identified by the Boulder County assessor's office as Parcel Numbers 1463-23-0-00-019 and 1463-22-4-00-019.

USE AND INTENDED USERS OF THE APPRAISAL

This report is intended for use by City of Boulder and The Trust for Public Land officials for internal decision-making purposes. The report has been prepared specifically to meet their requirements. No other use of this appraisal report is intended.

SCOPE OF WORK

This appraisal has been prepared in accordance with the USPAP Standards Rules 1 and 2. Standards Rule 1 has requirements and guidelines concerning the appraisal development, analyses, and process. Standards Rule 2 details requirements for the reporting of the appraisal.

This appraisal involves collection of relevant real estate sales information and general and specific data with respect to the property being appraised. The appraisal process entails a search for recent property sales (and rentals, as applicable) in the neighborhood or market area. This may be accomplished by interviewing and learning from property owners about known sales or rentals, searching county assessor's office records, requesting data from real estate brokers, local appraisers, title companies, or transaction principals and using any other data summary services that may be locally available, reliable, and appropriate. Impressions of those knowledgeable of the current local market and any information about recent trends that may bear on property values are also solicited.

Significant real estate transactions are researched and analyzed for their degree of similarity to the subject property by physically inspecting the properties, viewing and examining recorded transfers of property deeds and documents, and considering construction costs of improvements obtained from either local contractors or other cost publication sources. For properties deemed to be appropriate and reliable indicators of value, verification with either buyer or seller is made to confirm the details of the transaction. Any additional data necessary for estimating the value of the site and any improvements are gathered according to the circumstances of the individual appraisal assignment. A thorough investigation and analysis of comparable market data has taken place, and all appropriate valuation techniques were employed to formulate a final opinion of market value.

TYPE AND DEFINITION OF VALUE

The type of value reported in this appraisal is market value, which is defined as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;

2. Both parties are well informed or well advised and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

PROPERTY RIGHTS APPRAISED

Property rights appraised are those of the fee simple estate, 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."²

DATE OF VALUE

The date of value is April 24, 2008. This date corresponds with the date of last inspection.

¹ A current economic definition agreed upon by agencies that regulate federal financial institutions in the United States of America as set forth in the *Uniform Standards of Professional Appraisal Practice* by the Appraisal Foundation.

² *The Dictionary of Real Estate Appraisal*, Fourth Edition (Chicago: Appraisal Institute, 2002), p. 113.