



November 21, 2019

Castle Concrete Company/Continental Materials Corporation
c/o Ryan M. Sullivan, President and Chief Operating Officer
440 South LaSalle Street, Suite 3100
Chicago, IL 60605

VIA EMAIL ryan_sullivan@contmtl.com

Project: Mountain Shadows Open Space and Black Canyon Quarry Acquisitions
Tax Schedule No.: 73102-01-001, 73102-00-004, 73102-00-005, 73102-00-009,
73000-00-052, 73321-00-004, 73321-00-002, 73324-00-002,
74042-00-012
Owner: Castle Concrete Company and Transit Mix Company, subsidiaries of
Continental Materials Corporation
Res File No.: 19809

RE: Final Offer Summary Letter

Dear Mr. Schnabel:

The City of Colorado Springs ("City") would like to proceed with the Mountain Shadows Open Space and Black Canyon Quarry Acquisitions ("Project") which affects the properties owned by Castle Concrete Company and Transit Mix Company ("Castle"), known as El Paso County Tax Schedule Numbers 73000-00-052, 73321-00-004, 73321-00-002, 73324-00-002, 74042-00-012 ("Black Canyon Quarry Parcels") and 73102-00-005, 73102-01-001, 73102-00-009, 73102-00-004 ("Pikeview Frontage Parcels"), collectively referred to as (the "Properties").

Pursuant to the City's Procedure Manual for the Acquisition and Disposition of Real Property Interests, the City has obtained an independent appraisal for the Black Canyon Parcels and the Pikeview Frontage Parcels from Richard Muegge, MAI, to determine the fair market value of the Properties. Below is a summary of the proposed acquisitions, along with additional value components for your consideration:

Black Canyon Quarry Parcels (appraised "as if reclaimed" value)	\$ 1,712,500
Pikeview Frontage Parcels (appraised value)	\$ 6,660,000
TOTAL APPRAISED VALUES	\$ 8,372,500
<u>Administrative Settlement</u>	<u>\$ 427,500</u>
TOTAL CASH OFFER AMOUNT	\$ 8,800,000

Additional Value Components for consideration:

Black Canyon Quarry Reclamation Costs Avoided	\$ 166,118
Holding Costs Avoided (5-year estimate)	\$ 500,000*
<u>Potential IRS Tax Benefit</u>	<u>Value To Be Determined*</u>
TOTAL ADDITIONAL VALUE COMPONENTS	\$ 666,118 +

* With the information contained in this Offer Summary Letter, the City is in no way providing tax advice, and any entity reviewing this information should consult with appropriate tax advisors and/or legal counsel.

TOTAL VALUE POTENTIAL **\$ 9,466,118 +**

With the assistance of the City's Parks, Recreation and Cultural Services Department acquisition partner, The Conservation Fund, the above information summarizes the offer to pay the fair market value, as appraised, for the Pikeview "Buffer Parcels", the "as if reclaimed" appraised value of the Black Canyon Quarry Parcels, and an Administrative Settlement in the amount of \$427,500.

By paying the "as if reclaimed" value of the Black Canyon Quarry Parcels, Castle will avoid the reclamation costs of an estimated \$166,118, while also receiving payment for those estimated remaining reclamation costs. The City has agreed to take over the remaining reclamation requirements for this quarry, which may be modified for the intended use by the City.

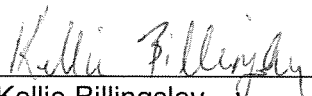
In addition, we estimate the holding costs for both of the quarries to be approximately \$100,000 per year, and that any potential for development would be at least 5 years out, generating our above estimate of \$500,000 over 5 years of Holding Costs Avoided.

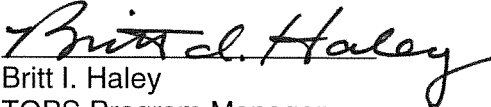
Lastly, with a possible future donation of all or a portion of the 100 acres of the reclaimed Pikeview Quarry and materials left in place, there is a potential for a tax benefit pursuant to IRS rules and regulations. Your professional tax advisor may be able to assist in determining whether a donation is feasible and what value might be applied to said donation. With respect to the necessary reclamation, the City would expect Castle to commence reclamation expeditiously, and in good faith, understanding that the completion of reclamation could be subject to factors beyond the control of either the City or Castle.

If the above summary is acceptable, the City is prepared to move forward to complete the acquisition of the properties mentioned above, immediately following your response to this letter.

Thank you for your consideration.

Sincerely,


Kellie Billingsley
Senior Real Estate Specialist
City of Colorado Springs


Britt I. Haley
TOPS Program Manager
City of Colorado Springs