REAL PROPERTY APPRAISAL REPORT

PARTIAL ACQUISITION
FOR PERMANENT TRAIL EASEMENT

0 McKay Road
Approximately 1,000 Feet West of the Cheyenne Mountain Zoo
Colorado Springs, Colorado

Project: Proposed Land Trade Between The Broadmoor Hotel
And the City of Colorado Springs

Parcel ID No.: PTE-1
Effective Date of the Report: March 21, 2016
Date of Appraisal Report: March 30, 2016
Type of Report: Appraisal Report Opinion
Type of Property: Vacant Land
File No: 2016-10

Prepared For:

The Broadmoor Hotel
c/o Mr. Tom Schmidt
One Lake Avenue
Colorado Springs, Colorado 80906

Prepared By:

THOMAS COLON & ASSOCIATES, INC.
Real Estate Appraisers
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Original

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March 30, 2016

The Broadmoor Hotel
c/o Mr. Thomas Schmidt
One Lake Avenue
Colorado Springs, Colorado 80906

Re:	Partial Acquisition for a Permanent Trail Easement
Location:	0 McKay Road, Approximately 1,000 Feet West of the Cheyenne Mountain Zoo, Colorado Springs, Colorado
Project:	Proposed Land Trade Between The Broadmoor Hotel and the City of Colorado Springs
Parcel ID No.:	PTE-1
Date of Valuation:	March 21, 2016
File No.:	2016-10

Dear Mr. Schmidt,

As you have requested, I have developed an Appraisal Report opinion for the above captioned permanent trail easement. This report was prepared for COG Land and Development Co. (aka The Broadmoor Hotel) and the City of Colorado Springs whom are the intended users of this report. The intended use of this appraisal is to estimate the reasonable market value of the permanent trail easement as of the date of valuation to be used in negotiations with the City of Colorado Springs for a possible land trade.

To best accomplish my appraisal assignment and because there is a permanent easement that needs to be valued, I have used an eminent domain type appraisal format. Thus, in the report I have hypothetically assumed that the City of Colorado Springs would be acquiring the permanent trail easement from The Broadmoor Hotel through the eminent domain process. Consequently, the purpose of this appraisal would also include a compensation estimate for compensable damages, if any, to the residue; and specific benefits, if any, to the residue.

The reasonable market value and compensation estimate are subject to certain definitions, assumptions and limiting conditions, and certification of appraiser set forth in the attached appraisal report. Based upon my independent appraisal and exercise of my professional judgment, my compensation estimate for the acquisition as of March 21, 2016, is **$19,000.** My estimate of compensation was made with two extraordinary assumptions and one hypothetical condition as discussed in the Scope of Work (Part 1) section in the attached report.

This letter is an integral part of this appraisal report. I appreciate the opportunity of undertaking this assignment.

Sincerely,

Thomas Colon

THOMAS COLON
Colorado Certified General
License No. CGO1315531
Expiration Date: December 31, 2016

PRIVACY POLICY

Thomas Colon & Associates, Inc., like all providers of financial services, is now required by law to inform their clients of their policies regarding privacy of client information.

The Federal Trade Commission (FTC) has ruled that appraisers are now considered to be financial institutions. This stems from the statements by FannieMae, FreddieMac, and FHA that appraisers are considered as part of the financial institution for their participation in the lending process.

Licensed/Certified Appraisers have been and continue to be bound by the Uniform Standards of Professional Appraisal Practice (USPAP) and Ethics Rules which consist of conduct, management, confidentiality, and record keeping sections. These rules and standards are more stringent than those required by law. Therefore, Thomas Colon & Associates, Inc. has always been diligent about protecting information deemed to be private or confidential in nature.

Types of Nonpublic Personal Information Collected

Personal information about you and your property is collected during the course of developing the appraisal process. This is generally accomplished with your prior knowledge and approval. Nonpublic information is provided to our agency by you or obtained by us with your authorization. The purpose of the appraisal process is normally to develop a specific value opinion for a client. The specific value opinion is a part of the requirement for the successful completion of a particular real estate financial transaction.

Parties to Whom We Disclose Information

For current and former clients, this agency does not disclose any nonpublic personal information obtained during the course of developing a property's specific value opinion except as required by law or at the direction of the client to assist in the completion of the particular financial transaction. Such nonpublic information may be disclosed to the client and any identified intended users of the specific appraisal, review, or consultant reporting process. A fiduciary agreement is automatically in effect between our agency and the identified client and intended users per Ethics Rules of the USPAP. In all such situations, it is specifically stated that all confidential information, analyses, conclusions, survey results, adjustments, and opinions be safeguarded by the appraiser.

Record Keeping Requirements

Our agency retains records relating to the professional services that we provide so that we are better able to assist you with your professional needs and to comply with the requirements of the Ethics Rules contained within the USPAP. In order to secure your nonpublic personal information, our agency maintains physical, electronic, and procedural safeguards that comply with our professional stands.

Please call if you have any questions. Your privacy, our professional ethics, and the ability to provide you with a quality product or service are very important to us.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Subject Property Data	
Project:	Proposed Land Trade Between the Broadmoor Hotel and the City of Colorado Springs
Trail Easement No.:	PTE-1 (4.4 Acres or 191,664 SF)
Name of Owner(s):	COG Land and Development Co. 10 Lake Circle Colorado Springs, Colorado 80906 - 4201
Name of Tenant(s)	N/A
Property Address or Location:	The Larger Parcel is located at the end of McKay Road, approximately 1,000 feet west of the Cheyenne Mountain Zoo, Colorado Springs, Colorado
Tax Schedule Nos.:	75023-01-005 and 75000-00-230
Legal Description (Larger Parcel):	75023-01-005: LOTS 1 TO 9 INC, LOTS 40 TO 44 INC REST HOME SUB, El Paso County, State of Colorado. 75000-00-230: TR OF LAND IN SEC 02-15-67 DES AS FOLS: SW4NW4, E2NW4, E2NE4SW4 EX FOL TRS CONV BY BKS 549-115, 637-262, 511-203, 524-154, 658-289, 648-315, 2583-593, 2070-78, 3779-482, 694-288, 694-289, 750-139, 2621-853, 6495-57, 6565-1374, EX PTS PLATTED INTO OVERLOOK, REST HOME, DIXON HEIGHTS, BROADMOOR HEIGHTS (NOW VAC), City of Colorado Springs, State of Colorado.
Date of Property Inspection:	I inspected the subject property on March 21, 2016. No one accompanied me during my inspection of the subject property. (See Part 1 - Date of Property Inspection and Owner Accompaniment).
Property Interest Appraised:	Fee Simple
Effective Appraisal/Value Date:	March 21, 2016
Date of Appraisal Report:	March 30, 2016
Summary of Environmental Concerns:	None
Larger Parcel Land/Site Area:	75023-01-005: 2.08 Acres or 90,604.8 SF 75000-00-230: 86.31 Acres or 3,759,663.6 SF Total 88.39 Acres or 3,858,268.4 SF
Owner Off-Premise Sign Site:	N/A
Owner Improvements:	Site improvements to the Larger Parcel includes a gravel road (Cheyenne Mountain Highway) and numerous retaining walls and drainage structures. Cheyenne Mountain Highway meanders through the southerly portion of the site and finally terminates at The Broadmoor's Cloud Camp (Cloud Camp is not located on the Larger Parcel). The owner's road improvements are not located within the proposed trail easement area and would not be affected by the taking.
Owner Fixtures:	N/A
Owner Trade Fixtures (Real property):	N/A
Owner On-Premise Signs:	N/A
Tenant Improvements:	N/A
Tenant Fixtures	N/A
Tenant Trade Fixtures (Real property):	N/A
Tenant On-Premise Sign(s):	N/A
Tenant Off-Premise Sign(s):	N/A
Subject Use History:	Vacant Land. Open Space and Recreational.
Subject 5-Year Sales History:	No Sales History within the past five years.
Zoning:	75023-01-005: A-5 El Paso County

	75000-00-230: PUD, HS (Planned Unit Development, Hillside Overlay – CSC)
Highest/Best Use Before the Take:	Open Space/Recreational and Rural Residential
Highest/Best Use After the Take:	Open Space/Recreational and Rural Residential
Purpose of Easement(s):	The permanent trail easement (PTE-1) is being taken to secure public trail access for the future development of the Chamberlain Trail. The easement will support key segments of the Chamberlain Trail that will provide a unique back country trail experience along the City's foothills, ultimately connecting Cheyenne Mountain State Park, North Cheyenne Canon, Stratton Open Space, Bear Creek Regional Park, Red Rock Canyon Open Space and the Garden of the Gods Park. This alignment will also advance the future development of the Cheyenne Mountain Heritage Trail, envisioned to circumnavigate the base of Cheyenne Mountain. This trail will complement the Ring the Peak Trail, ultimately creating a unique "figure eight" of back country trail opportunities.
Summary of Affect of Take on the Residue:	Highest and best use of the Residue after the take is the same as before the take. There are no damages to the Residue after the take.
Summary of Specific Benefits Considerations:	There are no special benefits that would have a positive effect on the value of the Residue after the take.

VALUE AND COMPENSATION CONCLUSION

Larger Parcel Value before Take:	Total Value	
Total Land/Site Value (Table 1)	$424,300	
Total Improvements Contributory Value	$0	
Total Larger Parcel Value before Take		**$424,300**

Value of Part(s) Taken							
Easement Takings:							
Parcel No.	Area (Acres)	$/Acre	% of Fee	90% of Fee	Value	Total Value	
PTE-1	4.4	$4,800	90%	$4,320	$19,008		
Total Easement Value of Part(s) Taken						**$19,008**	
Total Value of Part(s) Taken							**$19,008**
Residue Value Before The Take:							
Larger Parcel Value Before Take						$424,300	
Less: Value of Part(s) Taken						$19,008	
Total Residue Value Before The Take							**$405,292**
Residue Value After The Take:							
Residue Value After the Take						$405,292	
Affected Improvements Contributory Value – Residue After the Take						$0	
Total Residue Value After The Take							**$405,292**
Indicated Compensable Damages to the Residue Value After The Take:							**$0**
Indicated Specific Benefits to Residue Value After The Take							**$0**

Compensation Estimate Summary

Compensation Summary		
Value of Part(s) Taken:		
Total Easement Value of Part(s) Taken	$19,008	
Total Owner Improvements Contributory Value of Part(s) Taken	$0	
Total Value of Part(s) Taken		**$19,008**
Damages and/or Offsetting Specific Benefits:		
Total Compensable Damages - Incurable	$0	
Less: Offsetting Specific Benefits	$0	
Net Compensable Damages and/or Offsetting Specific Benefits		**$0**
Total Rental Value of Temporary Easement(s)	$0	**$0**
Compensation Estimate (Effective Date March 17, 2016)		**$19,008**
	Rounded	**$19,000**

My estimate of compensation was made with one extraordinary assumption and one hypothetical condition as discussed in the Scope of Work (Part 1) section in the attached report.

CERTIFICATION OF APPRAISER

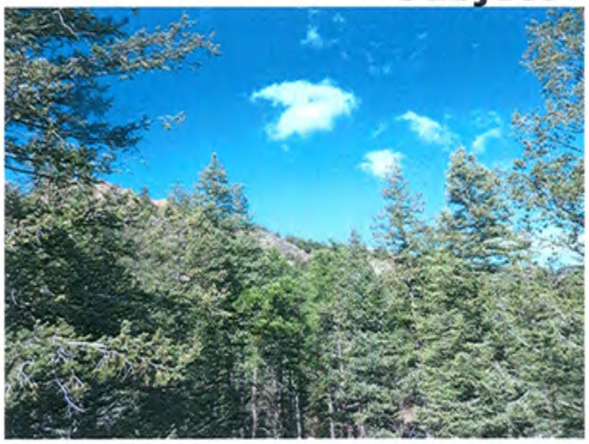
The undersigned certifies that, to the best of my knowledge and belief:

- Statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*
- I have made a personal inspection of the property that is subject of this report.
- No one provided significant real property appraisal assistance to the person signing this report.

Thomas Colon

THOMAS COLON
Colorado Certified General Appraiser
License No.: CG 1315531
Expiration Date: 12/31/2016

Subject Photographs



Looking West Across a Portion of the Larger Parcel

Looking South Along Old Stage Road Through the Larger Parcel

Looking North Across a Portion of the Larger Parcel From Cheyenne Hwy

Looking North Across a Portion of the Larger Parcel

Looking North Along McKay Road

Looking Northwest Along Cheyenne Mountain Highway

The Larger Parcel photographs were taken March 21, 2016 by Tom Colon.

PART 1

SCOPE OF WORK

Assumptions And Limiting Conditions

The certification of the appraiser appearing in the appraisal report is subject to the following conditions, and to such other specific and limiting conditions as are set forth by the appraiser in the report.

Extraordinary Assumptions

I have made two extraordinary assumptions.

1. I have not reviewed the proposed Trail Easement Document. Therefore, for valuation purposes I have made and extraordinary assumption that the Trail Easement document would contain the following provisions.

    - The easement is for general public access.
    - The easement can be used for walking, running, bicycling and horseback riding.
    - No motorized vehicles are allowed - except for the City's maintenance vehicles.
    - The City of Colorado Springs will maintained both the trail and the entire easement.
    - The trail/easement will only be open to the public during normal City Park operating hours.
    - Other than the construction of trail improvements, the construction of any building or site improvements within the easement is prohibited.
    - The City of Colorado Springs will indemnify and hold harmless the land owner from any lawsuit arising from the public use of the easement.
    - The land owner is prohibited from subdividing or developing the easement.
    - Once the trail easement is recorded, it will exist forever as part of the deed, even if the landowner sells the property.

    If the provisions of the final trail easement document are significantly different than what I have outlined above it could alter my opinions and conclusions.

2. While requested from the City of Colorado Springs I do not have a complete and accurate legal description for the proposed permanent trail easement (PTE-1). I do have a legal graphic which shows the size and location of the proposed easement. Therefore, I have made an extraordinary assumption that the legal graphic accurately represents the location and land area of the proposed trail easement. However, if the land area and the location of the easement are found to be false it could alter my opinions and conclusions.

Hypothetical Conditions

I have made one hypothetical condition.

1. This report was prepared for the COG Land and Development Co. (aka the Broadmoor Hotel). The intended use of this appraisal is to estimate the value of a

permanent trail easement as of the date of valuation to be used in negotiations with the City of Colorado Springs for a possible land trade. To best accomplish my appraisal assignment and because there is a permanent easement involved, I have decided to use an eminent domain type appraisal format. Thus, in this report, I have hypothetically assumed that City of Colorado Springs would be acquiring the permanent trail easement from the Broadmoor Hotel through the eminent domain process. Valuing the permanent trail easement as though it were being acquired through the eminent domain process is hypothetical because the acquisition of the easement is actually part of the negotiations involving a possible land trade with the City involving other properties.

General Assumptions and Limiting Conditions

1. The legal descriptions, land areas, surveying and engineering data provided by others, if any, are assumed to be correct. The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photographs are included for the same purpose. Site plans are not surveys unless prepared by a separate surveyor.

2. This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice (USPAP) for an Appraisal Report. The report presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's workfile. The depth of discussion contained in this report is specific to the needs of the client and for the intended use.

3. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report. The property is appraised "as if free and clear" of liens and encumbrances, but subject to existing easements, covenants, deed restrictions, and rights-of-way of record. No investigation nor review of deed restrictions, covenants and easements has been conducted on the subject property or comparable sales.

4. Information furnished by others, to include the client, the client's representative, or persons designated by the client or the City of Colorado Springs, is believed to be reliable. No warranty, however, is given for its reliability or accuracy. Unless otherwise noted in the appraisal report, there is no reason to believe that any data furnished by others contains a material error. A material error of any of the pertinent data could have a substantial impact on the value reported. Accordingly, the client-addressee should carefully review all assumptions, data, and relevant conclusions and should notify the appraisers in a timely manner of any questions or errors.

5. This report is as of the date set out and is not intended to reflect subsequent fluctuations in market conditions, up or down. As an assignment condition, no specific exposure time is linked to the value and compensation conclusions in this appraisal report, however, reasonable exposure time is presumed. This is in accordance with the Uniform Appraisal Standards for Federal Land Acquisitions, which is a guiding document in eminent domain appraisal procedures and policies followed by CDOT, City of Colorado Springs and by other agencies, organizations and appraisal professionals.

6. It is assumed there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or arranging for engineering studies that may be required to discover them.

7. It is assumed the subject property complies with all applicable zoning and use regulations and restrictions, unless non-conformity has been stated, defined, and considered in this appraisal report.

8. It is assumed the use of land is within the boundaries or property lines of the property described and there is no encroachment or trespass unless otherwise stated in this report.

9. The value estimated herein specifically assumes that the subject property does not contain any endangered or threatened species pursuant to the Federal Endangered Species Act of 1973.

10. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection of the subject property. I am not qualified to test for such substances. The presence of such hazardous substances could affect the value of the subject property. My value opinion developed in this report is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, or for any expertise or knowledge required to discover them.

11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of the subject property to determine whether or not it is in conformity with the various detailed requirements of the ADA. The subject property is vacant land.

12. No geotechnical reports concerning subject property or information relating to geologic conditions and hazards were available to the appraiser. This area of the county has been known for expansive soils and other geological hazards, the effects of which can be minimized when properly engineered foundations are employed. The valuations contained herein are based upon the premise that soil and underlying geologic conditions are adequate to support standard construction consistent with highest and best use. No evidence to the contrary was observed during the physical inspection of the property.

13. Possession of this report, or a copy thereof, does not carry with it the right of publication. The report may only be used by the person or persons to whom it is addressed or for the purpose stated in the report. It may not be used for any purpose by any person other than the parties to whom it is intended without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.

14. Neither all or any part of the contents of this report especially any conclusions as to value, the identity of the appraiser(s), or the firm which the appraiser(s) is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval of the appraiser.

Identity of the Client and Intended Users

This appraisal report has been prepared for COG Land and Development Co. and the Broadmoor Hotel. The intended users are the client, the client's accountant(s), attorneys and the City of Colorado Springs. The appraisal has not and cannot be re-addressed. Use of this report by others not associated with the client or the City of Colorado Springs is not intended by the appraiser.

Intended Use of the Appraisal

The intended use of this appraisal is to estimate the reasonable market value of a permanent trail easement as of the date of valuation (March 21, 2016) to be used in negotiations with the City of Colorado Springs for a possible land trade.

Real Property Interest Appraised

The real property interest of the subject Larger Parcel before the take, the part(s) taken, and residue after the take are valued as fee simple title. The property is appraised "as if free and clear" of all liens, bond assessments, and indebtedness, but subject to existing easements, covenants, deed restrictions, and rights-of-way of record. No separate value is estimated for mineral rights, water rights or other non-realty items which may or may not be associated with the property.

Definition of Reasonable Market Value

Colorado eminent domain proceedings use the following jurisdictional definition of reasonable market value:

> "The value you are to determine for the property actually taken is the reasonable market value for such property on March 17, 2016. "Reasonable market value" means the fair, actual, cash market value of the property. It is the price the property could have been sold for on the open market under the usual and ordinary circumstances, that is, under those circumstances where the owner was willing to sell and the purchaser was willing to buy, but neither was under an obligation to do so." (CJI-Civil 4th, 36:3)

The Jurisdictional Exception Rule of USPAP applies to Standards Rule 1-4(f). In Standards Rule 1-4(f), anticipated public or private improvements must be analyzed for their effect on value as reflected in market actions. This is contrary to law for eminent domain appraisal. Jurisdictional exception authorities are Uniform Act, Title III, § 301(3); 49 CFR § 24.103(b); § 24-56-117(1) (c), C.R.S.; and CJI - Civ. 4th, 36:3.

Effective Date of Appraisal

The effective date of appraisal, reasonable market value opinion, and compensation estimate for the permanent trail easement is as of March 21, 2016.

Date of Appraisal Report

The date of the appraisal report is March 30, 2016.

Date of Property Inspection

I inspected the subject property on March 21, 2016.

Property Inspection and Owner Accompaniment

I inspected the subject property on March 21, 2016. March 21, 2016 is also my effective date of value for this appraisal report. I was not accompanied by anyone during my inspection of the Larger Parcel.

Project Identification and Description

Project: Possible land trade between The Broadmoor Hotel and the City of Colorado Springs.
Parcel ID No.: PTE-1 (Permanent Trail Easement Taking of 4.4 Acres)

The project is identified as the possible land trade between The Broadmoor Hotel and the City of Colorado Springs. The proposed land trade has The Broadmoor Hotel trading 8.596 acres of vacant land off Cresta Road, along with 156.4 acres near Barr Trail and the Manitou Incline, as well as 198 acres to the south of the west side of North Cheyenne Canon Park. In exchange for giving those properties to the city, The Broadmoor Hotel would get about 185.2 acres of North Cheyenne Canon Park that lies to the south of Mesa Avenue, an area commonly known as "Strawberry Fields." The Strawberry Fields land is adjacent to The Broadmoor's Seven-Falls property, and may be utilized for horse stables and a horseback riding area. The trade would also include 115.4 acres of permanent trail and access easements through the Strawberry Fields property and other properties owned by the Broadmoor, including easements for the Chamberlain Trail, which is proposed to extend from North Cheyenne Canon Park to Cheyenne Mountain State Park and the City of Fountain. The land the city would receive near the Incline would ensure future public access to that trail. The Broadmoor Hotel would also acquire 0.55 acres of land presently being leased for Pikes Peak Cog Railway employee parking off Ruxton Avenue. The Broadmoor owns and operates the Cog.

As part of the trade The Broadmoor Hotel would take possession of the entire Strawberry Fields parcel, but will only use less than 10% of the land for its riding stables and a picnic facility. The city of Colorado Springs and The Broadmoor Hotel have been working with The Palmer Land Trust about securing a conservation easement for the remaining 166.68 acres. The trust believes that, if done appropriately, a conservation easement could also ensure public access and use of the trail network. Depending on the goals of the community and the city of Colorado Springs, a conservation easement on the Strawberry Fields property would be a positive component of the proposed land trade.

Overall, the proposed trade would place all of the Barr Trail and the Manitou Incline in public ownership or control. Additionally, the deal would allow the city to complete part of its trail system and will help the city meet goals identified in the Parks Master Plan. The City's ownership of the property would in accordance with community open space plans, protect important natural features and preserve views of the foothills. The proposed trade would ensure, in perpetuity, that most of this land would be preserved and protected for future generations.

Property Identification and Description

The Larger Parcel is identified as a parcel of vacant land containing a total of 88.39 acres. The Larger Parcel is located at the end of McKay Road, approximately 1,000 feet west of the Cheyenne Mountain Zoo, Colorado Springs, Colorado. The Larger Parcel is located in the Southwest Market area of the City of Colorado Springs.

Plans Relied on for Valuation Purposes

This appraisal was made under the assumption that the taking will occur as depicted on the legal graphic contained in Part 4 of this report. I have relied upon this legal graphic in developing my estimate of compensation for the property actually taken. If any modifications are made to the legal graphic, I reserve the right to revise the appraisal and appraisal report to reflect the change.

It is noted that the legal graphic indicates two trail easements. One of the trail easements contains 1.4 acres and is associated with Assessor's Tax Parcel 75023-01-005 which contains 2.09 acres. The second trail easement contains 3.0 acres and is associated with Assessor's Tax Parcel 75000-00-230 that contains 86.31 acres. The two Assessor's tax parcels are contiguous, as are the two trail easements. For valuation purposes, I have determined the Larger Parcel to be the two Assessor's tax parcels combined totaling 88.39 acres and the taking as the two trail easements combined for a combined total of 4.4 acres.

In addition, please recall that while requested I do not have a complete and accurate legal description for the proposed permanent trail easement (PTE-1). Therefore, I have made an extraordinary assumption that the legal graphic accurately represents the location and land area of the proposed trail easement.

Purpose of the Appraisal

Eminent domain appraisal is subject to the Code of Federal Regulations (CFR), Colorado Revised Statutes (C.R.S.), and Colorado Jury Instructions (CJI). Real property appraisal development and reporting is subject to the Uniform Standards of Professional Appraisal Practice (USPAP). The purpose of this appraisal is to develop a compensation estimate for the reasonable market value of the property actually taken; compensable damages, if any, to the residue after take; and specific benefits, if any, to the residue after take. Referred to as the modified state before-and-after rule, steps to develop a compensation estimate for the acquisition of real property are:

1. Larger Parcel Value before Take

   The first step in the appraisal process is to develop the reasonable market value of the subject larger parcel had there been no taking or any effect on value due to the proposed transportation project. The Jurisdictional Exception Rule of USPAP applies to Standards Rule 1-4(f) in this step. In Standards Rule 1-4(f), anticipated public or private improvements must be analyzed for their effect on value as reflected in market actions. This is contrary to law for eminent domain appraisal. Jurisdictional exception authorities are Uniform Act, Title III, § 301(3); 49 CFR § 24.103(b); § 24-56-117(1) (c), C.R.S.; and CJI – Civ. 4th, 36:3.

   > "Any decrease or increase in the fair market value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner, shall be disregarded in determining the compensation for the property." (§24-56-117(1) (c), C.R.S.)

2. Value of Part(s) Taken (including easements acquired)

   The second step involves the same USPAP Jurisdictional Exception Rule as in step 1. In this step, the reasonable market value of the land or property actually taken is developed. The value of land taken is based on its value as part of the whole or the larger parcel. Value of improvements taken is based on their contributory value to the larger parcel. (49 CFR § 24.103(a) (2) (iv), §§ 38-1-114(2) and 115(b), C.R.S., and CJI-Civil 4th, 36:3)

3. Residue Value before Take

   The third step is the reasonable market value of the residue before the property actually taken has been acquired. This step sets the initial basis for the ascertainment of damages and/or special benefits to the residue. The reasonable market value of the residue before the take is the mathematical difference of step 1 (larger parcel value before take) minus step 2 (value of part taken).

4. Residue Value after Take (including encumbered easement areas acquired)

   The fourth step is to develop the reasonable market value of the residue after the real property actually taken has been acquired and proposed project improvements have been constructed. In this step, the reasonable market value of the residue after the taking is no longer subject to the Jurisdictional Exception Rule to USPAP Standards Rule 1-4(f). Any decrease or increase in the reasonable market value, if any, of the residue after take due to the proposed public project needs analyses. The influence of the proposed public improvement is considered except for any damages or benefits shared in common with the community at large.

   The market value of the residue after take is predicated on the "as is" or "uncured" condition of the residue after the acquisition. Any decrease or increase in value of the residue after take is based on market evidence. Damage to the residue must be established before a restoration cost to cure can be considered to mitigate some or all damage. Specific benefits may accrue to the uncured residue after take.

5. Acquisition Analysis of Damages and/or Benefits

   Fifth step in the process involves analysis of damages and benefits to the residue. Depending upon the extent of damages and restoration cost to cure, performance of another appraisal of the "cured" residue after take may be required. Residue value after take may include analyses of the following:

   Indicated damages - uncured
   Compensable damages - uncured
   Compensable damages - curable (Net restoration cost to cure) including:
   Restoration cost to cure
   Feasibility of restoration cost to cure damages
   Net restoration cost to cure
   Compensable damages - Incurable
   Indicated specific benefits

   If damage to the residue is substantial and the restoration cost to cure is not minor, an appraisal of the residue as cured may be necessary to analyze the feasibility of the cure. If the restoration cost to cure is minor, an analysis of the feasibility of the restoration cost to cure damages is not required.

6. Rental Value of Temporary Easements.

   Sixth step in the process is the estimate of reasonable rental value for the time the temporary easement is used. A temporary (construction) easement is used for a limited time period and is terminated after the construction of the highway improvements. The unencumbered fee interest in the land reverts to the owner at the time of termination.

7. Estimate of Compensation Summary

The final step is a compensation summary. The compensation summary includes the following:

- Reasonable market value for the land or real property actually taken.
- Compensable damages, if any, to the residue after acquisition of the land or real property actually taken.
- Specific benefits, if any, to the residue after acquisition of the land or real property actually taken.
- Compensable damages offset by specific benefits
- Total value of part(s) taken offset by specific benefits
- Rental value of temporary easements.
- Total estimate of compensation.

As stated in § 38-1-114(2) (d), C.R.S., "In determining the amount of compensation to be paid for such a partial taking, the compensation for the property taken and damages to the residue of said property shall be reduced by the amount of any special benefits which result from the improvement or project, but not to exceed fifty percent of the total amount of compensation to be paid for the property actually taken."

Data Search Parameters and Analysis Approaches

1. A physical inspection of the property.

2. A search of the public records relative to the subject. This search encompasses, among other things, tax and assessment information, easement, and other private, as well as public, deed restrictions, zoning, history of the property, etc.

3. A summary of neighborhood and regional area characteristics, as well as an analysis of supply and demand within the subject's market segment.

4. Analysis of physically possible uses, legally permissible uses, and all feasible uses in order to estimate the highest and best use of the subject property.

5. Research of public records for comparable sales and listings. Telephone verification, where possible, of all the sales and listings with the buyer, seller, or their representative. A physical inspection of each of the properties, as well as deed verification in some cases. Comparison of the comparable properties to the subject with consideration of such differences as legal encumbrances, financing terms, conditions of sale, market conditions, location, physical characteristics, availability of utilities, zoning, stage of development and highest and best use.

6. The cost approach was not used to estimate the value of the subject property because there are no building improvements. There are site improvements to the Larger Parcel associated with the Cheyenne Mountain Highway but they are not affected by the taking.

7. The sales comparison approach was used to estimate the value of the Larger Parcel. The sales comparison approach is based upon the proposition that an informed buyer would pay no more for a property than what he would have to pay for a comparable property with the same utility as the Larger Parcel. The process involves the comparison of the subject property with comparable properties that have sold recently or that are now listed for sale on the market making adjustments as necessary to compensate for differences between them and the subject property.

8. The income approach was not used to estimate the value of the Larger Parcel. This method has application only in properties which have income producing potential. The Larger Parcel has little income potential as an operating ranch or farm.

Summary of Appraisal Problems

There are a couple of appraisal problems. There are few recent sales of similar sized properties in the subject's Market Area. Furthermore, not only is there a lack of similarly sized sales, there is a lack of recent sales with similar physical characteristics as the subject. Land sales that were available with similar physical characteristics as the subject were purchases of open space parcels a few of which were used in my sales comparison approach. The problem with these sales is that they are older and they were purchased by governmental and or public entities for preservation of open space, recreation and or park use. The problem is being governmental and or public entities their motivations for purchase are different than what is traditionally seen in the marketplace. In many cases the standard type of comparison adjustments employed by appraisers may not be totally relevant.

Overall, every effort was made to gather and analyze sales and the listing of properties so that sales with the fewest differences from the subject could be used in this report. The comparable sales that were selected for direct comparison with the subject property were considered the best ones available; however, as always a better selection of comparable land sales would have been more desirable to perform the analysis.

Definition of Terms

Following are definitions of significant terms used in this appraisal report. Sources and authorities for the following definitions are shown as text-notes.

Extraordinary Assumption. An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Hypothetical Condition. That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Fee Simple Title – "A title that signifies ownership of all the rights in a parcel of real property, subject only to the limitations of the four powers of government." (Appraisal Institute, The Dictionary of Real Estate Appraisal, Fourth Edition, Chicago, 2002, p. 135)

Cash Equivalent. A price expressed in terms of cash as distinguished from a price which is expressed all or partly in terms of the face amount of notes or other securities which cannot be sold at their face amount. The cash equivalent price, of a sale property, may differ from its contract price, and should represent the present worth at time of sale, of all cash and other considerations paid for the real property, as opposed to other portions of stated consideration, which may be paid for services, fees and/or non-realty items.

Compensation - "...ascertain the reasonable market value of the property actually taken and the amount of compensable damages, if any, and amount and value of any specific benefit, if any, to the residue of any land not taken." (CJI-Civ. 4th, 36:1)

"(a) For highway acquisition, the right to compensation and the amount thereof, including damages and benefits, if any, shall be determined as of the date the petitioner is authorized by agreement, stipulation, or court order to take possession or the date of trial or hearing to assess compensation, whichever is earlier, but any amount of compensation determined initially shall remain subject to adjustment for one year after the date of the initial determination to provide for additional damages or benefits not reasonably foreseeable at the time of the initial determination. (b) If an entire tract or parcel of property is condemned, the amount of compensation to be awarded is the reasonable market value of the said property on the date of valuation. (c) If only a portion of a tract or parcel of land is taken, the damages and special benefits, if any, to the residue of said property shall be determined. When determining damages and special benefits, the appraiser shall take into account a proper discount when the damages and special benefits are forecast beyond one year from the date of appraisal. (d) In determining the amount of compensation to be paid for such a partial taking, the compensation for the property taken and damages to the residue of said property shall be reduced by the amount of any special benefits which result from the improvement or project, but not to exceed fifty percent of the total amount of compensation to be paid for the property actually taken." (§ 38-1-114(2), C.R.S.)

Damages - "...Any damages are to be measured by the decrease, if any, in the reasonable market value of the residue, that is, the difference between the reasonable market value of the residue before the property actually taken is acquired and the reasonable market value of the residue after the property actually taken has been acquired. Any damages which may result to the residue from what is expected to be done on land other than the land actually taken from the respondent and any damages to the residue which are shared in common with the community at large are not to be considered." (CJI-Civ. 4th, 36:4)

Benefits (Specific Benefits) - "...any benefits to the residue are to be measured by the increase, if any, in the reasonable market value of the residue due to the (construction) (improvement) of the (...proposed improvement). For anything to constitute a specific benefit, however, it must result directly in a benefit to the residue and be peculiar to it. Any benefits which may result to the residue but which are shared in common with the community at large are not to be considered." (CJI-Civ. 4th, 36:4)

Easement - "An easement can generally be described as an interest in land of another entitling the owner of that interest to a limited use of the land in which it exists, or a right to preclude specified uses in the easement area by others. An easement is an interest less than the fee estate, with the landowner retaining full dominion over the realty subject only to the easement; the landowner may make any use of the realty that does not interfere with the easement holder's reasonable use of the easement and is not specifically excluded by the terms of the easement." (Interagency Land Acquisition Conference, Uniform Appraisal Standards for Federal Land Acquisitions, Washington, D.C., 2000, p.63)

Temporary Easement - "An easement granted for a specific purpose and a specific time period. A construction easement, for example, is terminated after the construction of the improvement and the unencumbered fee interest in the land reverts to the owner." (Appraisal Institute, The Dictionary of Real Estate Appraisal, Fourth Edition, Chicago, 2002, p. 288). Compensation due for a temporary easement is the reasonable rental value for the time the easement is used. (State Dept. of Highways v. Woolley, 696 P.2d 828, Colo. App. 1984)

Larger Parcel - "That tract, or those tracts, of land which possess a unity of ownership and have the same, or an integrated, highest and best use. Elements of consideration by the appraiser in making a 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." (Interagency Land Acquisition Conference, Uniform Appraisal Standards for Federal Land Acquisitions, Washington, D.C., 2000, p. 17)

Part Taken (Partial Taking) - "The taking of part of any real property interest for public use under the power of eminent domain; requires the payment of compensation." (Appraisal Institute, The Dictionary of Real Estate Appraisal, Fourth Edition, Chicago, 2002, p. 209)

Residue (Remainder) - "'Residue' means that portion of any property which is not taken but which belongs to the respondent, ..., and which has been used by, or is capable of being used by, the respondent, together with the property actually taken, as one economic unit." (CJI-Civ. 4th, 36:4)

Highest and Best Use. The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest market value of the property as of the date of the appraisal. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

The Sales Comparison Approach - The market comparison approach is based upon the proposition that an informed buyer would pay no more for a property than what he would have to pay for a comparable property with the same utility as the subject property. The process involves the comparison of the subject property with comparable properties that have sold recently or that are now listed for sale on the market making adjustments as necessary to compensate for differences between them and the subject property. Where, sale, financing terms are considered to affect the price paid in a given transaction; an adjustment to the price of the comparable transaction for cash equivalence is made.

The Endangered Species Act. The Endangered Species Act ("Act") prohibits the "take" of listed species. Take, as defined under the Act, means to harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect, or to attempt to engage in any such conduct. This also applies to the knowing removal of habitat that is necessary for the survival of the mouse including suitable streamside vegetation and adjacent uplands. **Civil penalties** for violations under the Act include a civil penalty of up to $25,000 for each violation. Any person who knowingly violates any provision of any other regulation issued under the Act may be assessed a civil penalty of up to $12,000 for each violation. **Criminal penalties** for violations under the Act include a fine of up to $50,000 or imprisonment of up to one year, or both. Any person who knowingly violates any provision of any other regulation issued under the Act, upon conviction, may be fined up to $25,000 or imprisoned for up to than six months, or both.

PART 2

FACTUAL DATA - LARGER PARCEL BEFORE TAKE

Identification of Larger Parcel Before Take

The Larger Parcel is identified as a parcel of vacant land containing a total of 88.39 acres. The Larger Parcel is located at the end of McKay Road, approximately 1,000 feet west of the Cheyenne Mountain Zoo, Colorado Springs, Colorado. The Larger Parcel is located in the Southwest Market area of the City of Colorado Springs.

Regional/Metro and Neighborhood Data

Regional/Metro Data Overview

Below is a summary of pertinent metropolitan influences.

Economic Base. The economic base of Colorado Springs consists of a broad mix of industries. Key industries include high-tech manufacturing, software development, call centers, defense contractors, information processing, back office, Olympic sports, national associations and the military.

Community Assets. Wage and utility rates in the area compare favorably with cities of similar size. Excellent industrial sites are still available in planned industrial parks. The well educated work force, central location, dry moderate climate and adequate transportation facilities have proved to be advantageous in attracting new industries to the community.

Population. Population in the Colorado Springs metro area was estimated to be 663,519 as of April 1, 2014. Over the 10 years between 2000 and 2010, population grew at a rate of about 2% per year, adding an estimated 105,300 people. Some of the increase was due to expansion at Fort Carson, with the addition of about 7,000 soldiers and 10,500 dependents. An estimated 52% of the increase was due to natural increase and 48% was due to net migration. Population in the Colorado Springs metro area over the long term has increased at a rate of 2.4% per year. Long term projections indicate that population in the Colorado Springs metro area is expected to grow annually at a rate of about 1.5% to 2% in future years.

Population Growth Metro Area 1970 – 2014

Year	Population	Change	Annual Percent Change	Births	Deaths	Natural Increase	Net Migration
Decade							
1970	240,100						
1980	312,600	72,500	2.7%	56,324	15,748	40,576	31,924
1990	397,500	84,900	2.4%	69,412	19,009	50,403	34,497
2000	516,929	119,429	2.7%	76,506	24,591	51,915	67,514
2010	622,263	105,334	1.9%	87,717	33,073	54,644	50,690
2013	655,453	33,190	1.6%	29,854	12,395	17,459	15,731
2014	663,519	8,066	1.2%	9,305	4,178	5,127	2,939
Totals							
Totals		423,419		329,118	108,994	220,124	203,295
Percent						52%	48%

Source: US Bureau of the Census and Colorado State Demographer. 1970-2010 Data is for April 1st of each year. 2013-2014 data is for July 1.

Job Growth. Job growth in Colorado Springs showed strong growth third quarter of 2015. The number of wage and salary (payroll) jobs increased (year-over) by close to 6,000 compared to the 1st quarter of 2014. The local economy saw three consecutive years of job losses in 2008-2010, then went into positive territory over the past four years. This was in spite of federal spending cuts in 2014 and the shift away from both the Manufacturing and Information Technology sectors, which were key components of the local economic base. Job sectors that have contributed to recent job gains include healthcare, construction and some of the services sector.

Over the past decade the structure of the Colorado Springs economy experienced a dramatic change. Since 2004 the Information and Manufacturing sectors lost 8,500 jobs. At the same time the Education and Health Services sector grew by 9,900. The economy's largest employer, is still the Government sector with 48,700 employees.

The Colorado Springs Regional Business Alliance plays a key role in reinventing the local economy. CSRBA's focus includes: (1) attracting, retaining and growing primary industry, (2) building a strong business climate, (3) providing support for local businesses. The CSRBA recently announced the expansion and/or relocation of three companies and 2,194 new primary jobs in the first three months of 2015. The largest announcement was Sierra Completions, a firm that will locate at the municipal airport, with 2,100 jobs announced.

New primary job announcements in the first three months of 2015 were up significantly compared to the 459 announced for all of 2014. The loss of primary jobs continues to have a negative impact on the local economy. A total of 178 primary job layoffs were announced in the first three months of 2015. The largest was Sinton Dairy with an announced 120 job cut-back.

Primary jobs are a major driver of economic growth because they bring new dollars into the local economy. The new dollars support jobs at supermarkets, real estate offices, gas stations, home building companies and the like. Then, as the workers in these local industries spend their earnings, even more jobs are supported. Thus, primary industry activity has an expansive multiplier effect on the local economy.

Military Economic Base. The military makes up a significant part of the Colorado Springs economic base. Total employment at the four military bases is about 55,900 including 37,245 military personnel and almost 19,000 civilian workers. Employment on local military bases amounts to about 19% of the total jobs in the Colorado Springs area. As a footnote, these figures include about 4,000 soldiers deployed to the middle east, but do not include about 4,000 cadets at the Air Force Academy. The four local military bases all provide some on-base family housing, with units totaling almost 4,700.

With the war winding down in Afghanistan and the expected cut-backs in defense spending, the future level of military and civilian defense contractor personnel assigned to bases in the Colorado Springs area is a big unknown at the present time.

Latest Economic Indicators. The latest economic data indicates that the local economy is finally out of the deep hole dug by the 2007-2009 recession. However, the recovery is plodding along at a very slow pace. Most all of the monthly economic indicators show good news:

- Wage and Salary Jobs: El Paso County's job growth remained strong in the second quarter and likely passed the statewide average during the third quarter, according to a new report. Employers in the county added jobs in the second quarter at the same rate as the first quarter, which was the fastest growth rate since mid-2006, according to data posted Tuesday on the Colorado Department of Labor and Employment's website. The 3% growth rate from the second quarter of 2014 is up from the 2.3% growth rate in the second quarter of 2014 and just slightly behind the state's 3.3% growth rate in the second quarter. The county's growth rate for the quarter is double the 1.5% gain reflected in payroll data for the same period from the U.S. Bureau of Labor Statistics generated from monthly surveys.

Nearly half of the county's job growth — 46.8% — came from the health care and social assistance sector and the accommodation and food service sector, with outpatient health care (including physician offices) and food service and drinking places each generating more than 1,100 jobs, growing more than 5% from a year earlier. The retailing and professional and technical services industries each added more than 800 jobs. Together the four categories make up nearly 70% of the 7,542 jobs added during the 12 months ended June 30.

- Sales and Use Tax: Sales tax revenue collected by the city in January rose by 9% when compared with the same month the previous year, according to a recent report by the Colorado Springs Finance Department. This was the biggest monthly increase since collection increased 10.4% in August and the 11th increase in 12 months. January's sales tax collections reflect retail activity that took place in December. Colorado Springs collected $3.04 million in sales tax from measure 2C in January, the first month of collections. Other details from the report released Tuesday include:

  • February revenue from the use tax, collected on equipment and machinery purchased outside the city, fell 5.6% to nearly $600,000, the lowest total in 11 months. Combined sales and use taxes in February rose 8.1% from February 2015 to $10.5 million.
  • Nine of the 14 key retail sectors tracked by the city increased in February. Commercial machines, grocery stores, the lodging industry, clothing stores and furniture, appliance and electronics retailers all posted double-digit gains. Utilities, auto dealers, business services and miscellaneous retailers all reported declines.
  • Revenue from the city's tax on hotel rooms and rental cars in February surged 19.9% from a year ago to $263,879, the 11th consecutive monthly increase from the same month a year earlier.
  • Sales tax paid on medical marijuana in February jumped 23.3% from February 2015 to $119,827.

- New Vehicle Registrations: El Paso County's new car market started 2016 the same way it finished 2015 — with another year-over-year increase in February. County residents registered 1,834 new cars and trucks in February, up 10.4% from February 2015, according to a report released March 2, 2016 by the El Paso County Clerk and Recorder's Office. February generally is one of the slowest months of the year for new vehicle registrations, but last month was the second-highest February total in 13 years after 2014. The industry is coming off a record year in 2015 and everyone is pleased to see momentum continuing in 2016," said Phil Emmert, executive director of the Colorado Springs Auto Dealers Association. Registrations for the first two months of the year were up 10.6% from the same period in 2015 to 4,194.

  Statewide registration numbers aren't yet available for February, but the January total was up 25.4% from January 2015 to 14,933, led by a big increase in compact sport utility vehicle sales. Nationwide vehicle sales in February rose 6.9% from February 2014 to 1.34 million with a 12.8% jump in truck sales more than making up from a slight decline in passenger car sales. Nationwide sales in the first two months of the year are up 3.5% from the same period a year ago.

- Unemployment Rate: The Colorado Springs-area unemployment rate fell in December to a 7½-year low of 4.1% amid signs that workers are trickling back into the labor market, according to the latest data released by the U.S. Bureau of Labor Statistics. The local jobless rate declined in five of the past six months to the lowest monthly rate since June 2007 and just 0.1% point above the prerecession low of 4%. The area's unemployment rate had been 4.3% in both October and November and was 5.1% in December 2014. The number of area residents in the labor force rose in December for the first time since March, while the number of people looking for work in December fell to within 667 of its prerecession low in April 2007 despite the addition of 4,643 people to the labor force. "Overall this is good news, showing job growth and the unemployment rate dropping. The best news is that the labor force is finally starting to expand in Colorado Springs, at least according to the household survey," said Tom Binnings, a senior partner of Summit Economics LLC, a local economic research and consulting firm. Other information in the report included:

• The area's unemployment rate averaged 4.8% in 2015, down from 6% in 2014.

• Payroll totals in the Colorado Springs area in December rose 0.8% from December 2014, up from 0.2% year-over-year growth in November but still reflecting a slowing in the second half of the year. Most of the 2,100 jobs added during the 12 month period were either in the restaurant or health care industries, which added 1,800 and 1,200 jobs, respectively. Payroll growth remained sluggish last year mostly as a result of a 2,600-job decline in the business and professional services sector, which includes many defense contractors. The information sector also shed 200 jobs, while manufacturing remained unchanged and the finance, government, retailing and construction sectors all added positions.

• Unemployment rates fell in every metropolitan area in Colorado but Grand Junction, with Boulder the lowest at 2.9% and Grand Junction the highest at 5.5%. Colorado's jobless rate fell in December to 3.5% from 3.6% in November, matching the prerecession low of 3.5% in April 2007.

- Foreclosure Filings: Colorado Springs-area foreclosure activity has spiked during the first two months of 2016, although El Paso County Public Trustee Tom Mowle said it's too early to predict if that trend will continue. A report released Tuesday by Mowle's office shows foreclosure notices filed against local residential and commercial property owners totaled 156 in February — the highest number for any month since October 2014. February's foreclosure notices also rose by two-thirds over the same month last year and increased 17.3% from January. For the first two months of 2016, foreclosure notices totaled 289, or 52.1% higher than the same period last year.

  But it's premature to say what those numbers mean, Mowle said. "In 2014 and 2015, the first few months were very poor predictors for the rest of the year," he said in an emailed summary of his report. "So it is a bit early to draw conclusions for 2016 as a whole." The increase in foreclosure notices during the first two months of 2016 runs counter to the downward trend in foreclosure activity over the past several years. As the economy and single-family housing market have recovered after recession, foreclosure notices have declined each year since setting a record high in 2009.

- Hotel occupancy: According to Rocky Mountain Lodging Report tourists visited the Pikes Peak region and stayed in hotels in bigger numbers last year than they had in any other year since the boom years of the late 1990s, The average occupancy rate for local hotels rose for a second consecutive year from 62% in 2014 to 64.8% in 2015, matching 1999 as the highest annual occupancy rate during the past 16 years, the report said. The region's occupancy rate had averaged under 60% for six consecutive years between 2004 and 2009, reaching a 19-year low of 56.6% in 2009. Occupancy was up from the same month a year earlier in every month but February and August, and the July occupancy rate was the highest for any month in four years at 88.3%.

  Doug Price, CEO of the Colorado Springs Convention and Visitors Bureau, called 2015 a "banner year" for the tourism industry, which he attributed to "a strong national economy coupled with a good regional economy, low fuel prices, strong convention and meeting attendance along with the weather cooperating." Price expects the tourism industry to be even stronger this year, pointing to a forecast by the city of Colorado Springs that collections from its tax on hotel rooms and rental cars will grow 17% this year. Local hotels didn't have to sell rooms at bargain rates to fill them — the average room rate rose 7% from 2014 to $100.05 last year, the biggest percentage increase since 2007. The average rate increasing from the same month a year earlier every month but September and jumped by double-digit percentages in April and July.

  Much of the improvement in both occupancy and average rate came among limited-service hotels, where occupancy jumped to 66.8% in 2015 from 61.8% in 2014 and the average room rate surged 9.2% during the same period to $91.03. Occupancy in full-service hotels — properties with extensive meeting space, a restaurant and other amenities — edged up to 63.6% from 62.2% and the average rate rose 6.4% to $105.75.

  The Broadmoor hotel and Cheyenne Mountain Resort are not included in the totals for Colorado Springs but are part of a separate category, "other resorts," with many of the state's ski resorts. The occupancy rate for that category rose to 53.8% in 2015 from 50.4% in 2014, while the average room rate increased 5.5% to $259.66.

The statewide hotel occupancy edged up to 68.8% in 2015 from 68.3% in 2014 despite occupancy rates declining in three of the final five months of the year. Occupancy rates rose for hotels in most of the state's ski resorts, but fell in the Fort Collins, Greeley, Loveland and in the rest of southern and eastern Colorado and were up just 0.1% points in the Denver area. The state's average room rate in 2015 rose 7.2% from 2014 to $145.30.

The key local economic indicators show that the corner may have been turned, but it is still a long way to go to get back to a normal level of activity. The local economy has recovered all of the nearly 14,000 jobs it lost during the recession. The local economy is definitely in the rebound mode and hopefully the city can continue on this positive path.

New Single Family Home Permits. New housing construction in the Colorado Springs Metro area has averaged almost 3,996 per year over the ten year period between 1999 through 2008. The peak year was 2005 with over 5,314 units constructed (does not include multi-family). New home construction remained strong through 2005 but in 2006 the trend reversed itself with permits totaling only 3,446, which represented a -35.2% decline compared to 2005. For 2007 new home permits were down -38.0% compared to 2006. In 2008 new single family home permits were down -42.79% compared to 2007. New detached single family building permits for 2009 were down -9.72% compared to 2008. 2009 marked the fourth year in a row with declining building permit numbers but the trend was slowing. In 2010 the negative trend reversed itself and detached single family building permits were up 27.1% compared to 2009. In 2011 it appears that the market is still recovering slowly with 1,399 detached single family building permits which was five permits less than in 2010 or down a -0.36% compared to 2010. In 2012 detached single family building permits totaled 2,218 up +58.54%, compared to 2011, which was a five year high for single family building permits. New home construction continued its recovery in 2013, as the pace of homebuilding climbed to its highest level in seven years. Building permits totaled 2,676 in 2013, a 20.65% over 2012. However, the pace of Colorado Springs-area homebuilding declined in 2014, single family building permits totaled 2,438, down -8.89% compared to 2013. In 2015 the Building Department issued 2,739 permits, an increase of 12.3% over 2014 and was the highest number of permits since 2006 when 3,446 permits were issued.

It's been only two months, but the local homebuilding industry is off to its best start in a decade. Building permits issued for the construction of single-family homes in Colorado Springs and El Paso County totaled 434 in January and February, according to a report released March 1, 2016 by the Pikes Peak Regional Building Department. That's a nearly 48% increase over the same period in 2015 and the highest total since 704 permits were issued during the first two months of 2006. In February, single-family permits totaled 247, up by a little more than one-third from the same month last year. A stronger economy and more jobs being added by the Colorado Springs Regional Business Alliance have boosted homebuilding, said Tim Seibert, owner of land planning firm N.E.S. Inc. and board president of the Housing and Building Association of Colorado Springs. "That helps create more demand," Seibert said. "We hope this is just the beginning of that. There seems to be a lot of optimism as far as the whole community is concerned". At the same time, area workers seem more confident in their ability to hold onto their jobs or their opportunity to get hired elsewhere, which helps spur purchases of new homes, he said.

Detached Single Family Permits		
Year	**Permits**	**% Change**
2001	4,925	+5.3%
2002	4,466	-9.3%
2003	4,356	-2.5%
2004	5,059	+16.1%
2005	5,314	+5.0%
2006	3,446	- 35.2%
2007	2,136	- 38.0%

2008	1,223	- 42.7%
2009	1,105	-9.6%
2010	1,404	+27.1%
2011	1,399	-0.36%
2012	2,218	+58.54%
2013	2,676	+20.65%
2014	2,439	-8.89%
2015	2,739	+12.3%
2015 - Jan. - Feb.	294	
2016 - Jan. - Feb.	434	+47.65%

Home builders and economists have credited a stronger local economy and historically low mortgage rates with helping to boost the homebuilding industry. Long-term, fixed-rate mortgages averaged below 4% for much of 2015; they ticked up to 4.01% last week, the highest since late July, according to mortgage buyer Freddie Mac. Some homebuilders also have said that an extremely tight inventory on the resale side of the single-family housing market has contributed to the demand for new homes. Economists and government officials closely watch building permit activity because of the housing industry's impact on the local economy. The industry employs thousands, while taxes collected on the purchase of building materials help fill the coffers of area governments, which use the money for roads, public safety and other services.

Resale Residential Market. The pace of buying and selling homes showed no signs of slowing last month (February 2016) in Colorado Springs and surrounding communities, according to a new report from the Pikes Peak Association of Realtors. Single family home sales totaled 871 last month, which was a 21.3% increase compared to February 2015. Home sales have risen for 19 straight months on a year-over-year basis, and last month's total was the highest for any February in at least 23 years, association records show. Sales during the first two months of the year totaled 1,719, up 27.1% over the same period in 2015. As demand has remained strong, so have prices. The median price of all homes sold last month rose to $240,000 or 6.7% higher than in February 2015. Prices have increased for 15 consecutive months. One reason for higher prices: an exceptionally tight inventory of homes listed for sale. Listings totaled 1,762 in February — down nearly 28% from a year earlier and the fewest number of homes for sale in any month over the last 20 years that records were available.

"It's really a disadvantage for buyers," said Joe Clement, broker/owner of Re/Max Properties in Colorado Springs. Clement said. "First of all, they don't have the choices. Second of all, they find something they really want, and they're in the middle of a contest with two or three other offers." But the market isn't crazy for everyone. While there's a shortage of homes priced at $300,000 and less, there still are plenty of $500,000-and-up properties for sale, Clement said. The current pace of home sales rivals that of about a decade ago, he said. However, sales in the mid-2000s were inflated by interest-only and other so-called exotic loans made to unqualified buyers, Clement said. Now, a stronger economy and jobs picture, buoyed by low mortgage rates, are making the market much stronger, he said.

Apartment Market. New apartment construction has been cyclical, with building activity occurring when vacancies are low and rents are rising. The apartment market took a triple hit early in this decade as a result of (1) the big loss of tech jobs in 2001 and 2002; (2) the deployment of troops to Iraq and Afghanistan that started in late 2002; and (3) easy mortgage credit in 2004 to 2006 that made it possible for many renters to become home owners. Since 2007 the vacancy rate has been slowly declining and within the past five years the vacancy rate has generally hovered in the 5% to 7% range.

According to a report by the Colorado Division of Housing, rents continue to increase at Colorado Springs-area apartments. Average rents soared to a record high of $932.25 a month in the third quarter. The latest figure increased $33 a month from the second quarter's $899.22, the previous record high. Rents have increased for 23 straight quarters on a year over-year basis. At the same, the local apartment vacancy rate dropped to 4.2% in the third quarter from 4.6% in the second quarter. That is the lowest rate since the second quarter of 2001, the Housing Division report showed. Several factors have combined to increase demand and, in turn, drive up rents. Generally, millennials who don't want to be tied down to homes and mortgages are driving much of the demand, experts have said. Empty nesters who have downsized or who want maintenance-free living also have contributed to lower vacancy rates.

Meanwhile, even as developers have built more than 2,000 apartments in the last three years, the pace of construction isn't keeping pace with demand. Construction might continue to lag until rents rise even higher. Developers are looking for double-digit rent increases on an annual basis to cover rising construction costs. Third-quarter rents in the Springs rose 5.8% percent over the same period last year, but annual rents are increasing at a double-digit clip in the Denver area, where many more construction projects are underway. Developers have added 567 units to the supply of Springs-area apartments so far in 2015. According to the Bamberger report there is approximately 800 units currently under construction and about 1,300 in the planning pipeline.

Retail Market. The total shopping center market consists of over 331 centers with a total of 19,818,242 square feet of space. The figure does not include the two Colorado Springs regional malls, Chapel Hills located in the northern part of the city and the Citadel located in the eastern part of the city. Academy Boulevard and Powers Boulevard, on the eastern side of the city, are the city's two major retail corridors. Much of the new retail construction over the past 15 years has occurred in the Powers Boulevard corridor.

According to the Turner Commercial Report at the end of the 4th quarter of 2015 there were 11 new retail centers or new additions under construction containing 152,343 square feet. In 2014 six new buildings had been completed containing approximately 47,138 square feet.

Retail Market Trends – 2009 through the 4th Quarter of 2015

Year	2009	2010	2011	2012	2013	2014	2015
Vacancy Rate	10.7%	11.2%	11.6%	12.2%	11.7%	10.2%	10.3%
Avg. Rents - $/SF NNN	$13.85	$13.37	$12.72	$12.34	$12.80	$13.08	$13.39
Leasing Activity	414,967	473,817	404,574	506,948	519,533	577,824	555,896
Absorption	162,570	95,536	-71,496	-93,284	116,917	296,189	80,673
Number of Building Sales	36	56	64	78	88	74	85
Avg. Bldg. Sales - $/SF	$85.14	$60.33	$117.12	$85.77	$156.27	$98.70	$148.96
Wt. Avg. Bldg. Sales - $/SF	$120.24	$117.63	$124.48	$139.33	$170.44	$157.32	$191.82

In 2006 the citywide retail vacancy rate reached the bottom of a downward trend, at the end of 2006 the commercial vacancy rate had fallen to 6.4%. Since the end of 2006 the retail vacancy rate has been increasing. At the end of the 4th quarter 2008 the reported citywide retail vacancy rate had reached 8.4%. By the end of the 4th quarter 2012 the reported citywide retail vacancy rate had reached 12.2%. In 2013 the retail vacancy rate trend reversed itself and fell to 11.7%. In 2014 the retail vacancy continued to fall 1.5% percentage points to 10.2%. Through the 4th quarter 2015 the vacancy rate has increased slightly to 10.3%.

Turner indicates that the asking retail lease rates, on a citywide basis, averaged $13.30 NNN at year-end 2006. In 2007 retail lease rates increased 4.96% to an average rate of $13.96 per square foot NNN and in 2008 they increased 2.4% to an average $14.30 NNN.

Starting in 2009 the average asking retail rate started declining and this downward trend continued through the 4th quarter of 2012. At the end of the 4th quarter of 2012 the average asking retail lease rate had fallen to $12.34 per square foot NNN, a -13.71% decrease from 2008's yearend asking rate. In 2013 the asking rate trend reversed a four year trend and increased to $12.80 per square foot NNN. Asking rates increased to $13.08 in 2014 and at the end of the 4th quarter of 2015 the average asking rate has increased to $13.39 per square foot NNN.

Turner reports that during the time period 2004 through 2006 approximately 2.3 million square feet of retail space was absorbed. During the same time period approximately one million square feet of new owner occupied retail space was constructed. This still resulted in a net absorption gain of 1.3 million square feet. The downward absorption trend returned in 2007. Retail leasing activity reached 715,870 square feet during 2007 but absorption was -624,369 square feet. Again, in 2008 leasing activity was 451,027 square feet and absorption was -98,776 square feet. In 2009 the negative absorption trend reversed itself with a positive absorption of 162,570 square feet after leasing activity of 414,967 square feet. In 2010 the positive absorption trend continued with 95,536 square feet absorbed after leasing activity of 473,817 square feet. In 2011 absorption went negative with -71,496 square feet after leasing activity of 404,574 square feet. The downward trend has continued through 2012 with negative absorption of -93,284 square feet after leasing activity of 506,948 square feet. In 2013 absorption turned positive with 116,917 square feet after leasing activity of 519,533 square feet. The positive absorption trend continued in 2014 with 296,189 square feet after leasing activity of 577,824 square feet. Today at the end of the 4th quarter 2015 absorption has been positive with 80,673 square feet after leasing activity of 555,896 square feet.

Office Market. The office market in Colorado Springs consists of over 1,508 buildings and 29,191,478 square feet of space. About 40%+ of these buildings were owner-occupied. At this time according to the Turner Commercial Report at the end of the 4th quarter of 2015 there was 41,973 square feet of new office space in two buildings under construction in the city, most all of the space is reportedly preleased or will be owner occupied. Approximately 17,379 square was constructed this past year (2015). This is compared to 276,415 square feet constructed in 2014 and 63,342 square feet constructed in 2013.

Office Market Trends – 2009 through the 4th Quarter of 2015

Year	2009	2010	2011	2012	2013	2014	2015
Vacancy Rate	15.9%	14.3%	14.3%	14.5%	12.8%	13.6%	12.5%
Avg. Rents - $/SF NNN	$10.95	$10.66	$10.26	$10.27	$10.12	$10.42	$10.58
Leasing Activity	820,743	969,508	696,875	890,463	910,781	710,393	840,647
Absorption	-176,747	658,158	27,870	152,330	546,959	-104,137	305,553
Number of Building Sales	43	51	63	59	90	90	81
Avg. Bldg. Sales - $/SF	$122.01	$106.08	$81.22	$71.61	$82.32	$104.28	$97.48
Wt. Avg. Bldg. Sales - $/SF	$114.48	$130.05	$99.23	$98.28	$105.42	$112.69	$117.17

In 2007 the city wide office vacancy rate was 8.6%. Over the next two years (2008 and 2009) the vacancy rate increased and at the end of 2009 the city wide office vacancy rate had risen to 15.9%. In 2010 the vacancy rate came down to 14.3% and remained there for the past three years. In 2013 the metro office vacancy rate fell significantly down to 12.8%. However, for 2014 the vacancy rate increased to 13.6% and today at the end of the 4th quarter 2015 the office vacancy rate is estimated at 12.5%.

The office trends data would indicate that the asking lease rates peaked around the end of 2007 at $11.56 per square foot NNN. At the end of the 4th quarter of 2011 the average asking office lease rate citywide had dropped to $10.26 per square foot NNN. In 2012 the average asking lease rate remained at about $10.27 NNN, but in 2013 asking lease rate fell to $10.12. Asking rates increased to $10.42 in 2014 and at the end of the 4th quarter of 2015 the average asking rate has increased to $10.58 per square foot NNN.

Turner reports that leasing activity over the last five years has remained fairly stable, generally between 700,000 to 980,000 square feet of activity. Absorption, over the same time period, went negative in 2008 and 2009 and positive in 2010 and 2011. In 2010 absorption was a positive +658,158 square feet but in 2011 is was only 27,870 square feet. In 2012 an upward trend reemerge with positive absorption of +152,330 square feet after leasing of 890,463 square feet. Again in 2013 the upward trend continued with positive absorption of +546,959 square feet after leasing of 910,781 square feet. For 2014 absorption went negative with -104,137 square feet of absorption after leasing activity of 710,393 square feet. Today at the end of the 4th quarter 2015 absorption trend has turned positive with 305,553 square feet after leasing activity of 840,647 square feet.

Industrial Market. The industrial market consists of slightly over 1,668 buildings totaling 34,092,743 square feet of space. More than half of these buildings (60%) are owner-occupied. According to the Turner Commercial Report at the end of the 4th quarter of 2015 there were 7 buildings of new industrial space under construction in the city containing a total of 286,147 square feet. Approximately 50,488 square feet of new industrial space was completed this past year (2015). This is compared to 183,432 square feet of new industrial space completed in 2014 and 75,649 square feet completed in 2013.

Industrial Market Trends – 2008 through the 4th Quarter of 2015

Year	2009	2010	2011	2012	2013	2014	2015
Vacancy Rate	11.5%	11.6%	9.3%	9.3%	9.2%	8.7%	8.3%
Avg. Rents - $/SF NNN	$6.49	$6.19	$6.17	$6.12	$6.48	$6.65	$7.16
Leasing Activity	1,152,590	976,840	1,091,241	687,485	1,070,653	649,123	671,988
Absorption	-1,926,104	4,938	800,711	125,587	138,839	297,295	168,595
Number of Building Sales	40	46	44	49	78	75	61
Avg. Bldg. Sales - $/SF	$23.75	$42.41	$49.55	$58.96	$56.30	$55.04	$47.70
Wt. Avg. Bldg. Sales - $/SF	$77.24	$68.83	$62.56	$62.11	$68.39	$69.51	$72.57

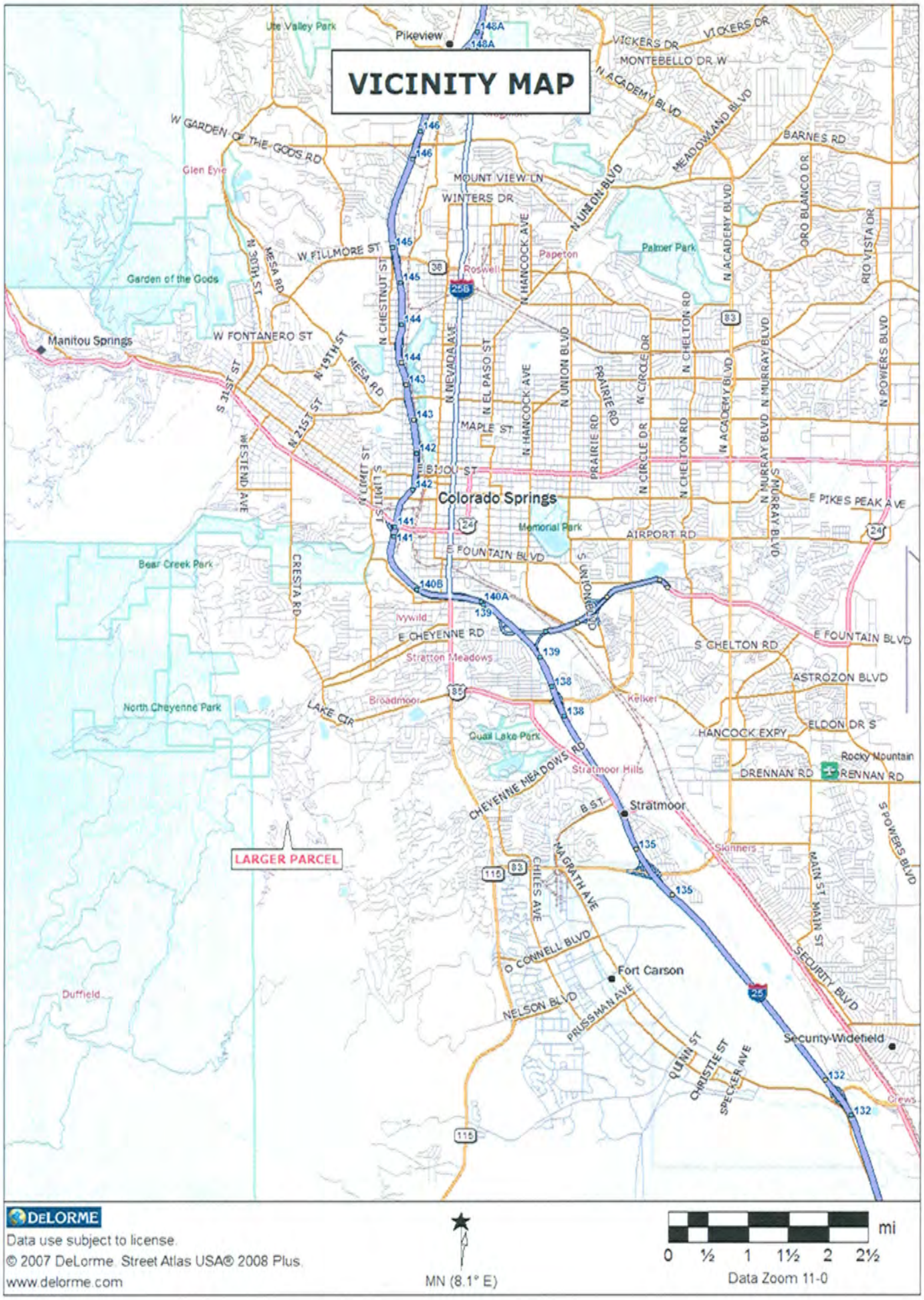
At the end of the year 2000 citywide industrial vacancy rates had fallen to 3.2%. The vacancy rate increased over the next four years and at the end of 2004 vacancy rates stood at 10.5%. From 2004 the vacancy rate went on a downward trend and at year end 2006 the vacancy rate had decreased to 6.4%. Between 2006 and 2010 the vacancy rate increased and at the end of 2010 it had reached 11.6%. In 2011 absorption was significant and the vacancy rate decreased to 9.3% where it remained through 2012. For 2013 the vacancy dropped slightly to 9.2%. The downward trend continued in 2014 dropping to 8.7%. Today at the end of the 4th quarter of 2015 the vacancy rate has continued to decrease to 8.3%.

Turner indicates that the industrial asking lease rates, on a citywide basis, averaged $7.15 NNN at year-end 2006. Since the end of 2006 asking industrial lease rates have been on a downward trend. At the end of the 4th quarter of 2012 the asking rate appeared to have bottomed out at $6.12 per square foot NNN, which represented -14.41% from 2006's asking rate of $7.15. In 2013 the average asking rent climbed to $6.48 per square foot NNN and in 2014 it increased to $6.65 NNN. At the end of the 4th quarter 2015 has increased slightly to $7.16 per square foot NNN.

For the year end 2006 leasing activity was 1,034,628 square feet and absorption was 1,076,401 square feet. Over the next four years (2007-2010) there was a negative absorption of 2,339,827 square feet, while leasing activity remained relatively constant. In 2011 the trend reversed itself with positive absorption of 803,711 square feet. The upward trend continued through 2012 with absorption of 125,587 square feet and into 2013 with absorption of 138,839 square feet. For 2014 the positive absorption trend continued with 297,295 square feet after leasing activity and 649,123 square feet. Today at the end of the 4th quarter 2015 absorption has been positive with 168,595 square feet after leasing activity of 671,988 square feet.

Neighborhood Data Overview

According to the MLS and the Turner Report the subject property lies in the Southwest Market area of the city. See Vicinity Map below.



Location. The subject property is located in the southwest portion of the City of Colorado Springs, Colorado, approximately 5 miles south of downtown. It is bound on the north by US Highway 24, on the east by Interstate 25, on the south by Fort Carson and on the west by foothills and Pike National Forest. (See Vicinity Map).

Access. Access to the subject property from the north and south is by way of Interstate 25, Nevada Avenue, 8th Street, and 21st Street. Access to the neighborhood east and west is by way of U.S. Highway 24, Cheyenne Boulevard, and Lake Avenue. Access to the subject's immediate neighborhood is by way of Gold Camp Road and Old Stage Road.

Streets. Interstate 25 is a four-lane divided Interstate Highway that basically bisects the state from north to south. Nevada Avenue, also known as U.S. Highway 85-87 and the Interstate 25 Business Loop, remains one of the City's major north/south thoroughfares. Nevada Avenue extends from I-25 on the north and intersects again with I-25 about eight miles south. Nevada Avenue continues farther south and becomes State Highway 115 to Penrose and Canon City. Nevada Avenue is four lanes and divided, with a median and turning lanes in most places. State Highway 115 for the most part is two lanes, except for an occasional passing lane on steep grades.

U.S. Highway 24 (Midlands Expressway within Colorado Springs) is a six lane median divided restricted access expressway between downtown Colorado Springs and Woodland Park, Colorado, 19 miles on the west. 21st Street originates at Uintah Avenue one mile on the north and continues southward through to the southwestern part of the city. 21st Street is a two to four lane paved secondary street extending mainly through residential and industrial areas. 8th Street is a four-lane major arterial. 8th Street is fully improved with asphalt paving, curb and gutter in most areas, and sidewalk and street lighting.

Lake Avenue is a westerly extension of Circle Drive which surrounds the city on the east and intersects with Interstate 25 and then becomes Lake Avenue and extends westerly two miles to the Broadmoor Hotel. Academy Boulevard (aka State Highway 83) extends southwesterly from old Highway 85-87 then meanders in a north and northwesterly direction and intersects with Interstate 25.

Topography. The topography of the neighborhood is rolling foot hills with valleys and mesas. Many areas have views towards the east, northeast towards downtown or to the west and the mountains.

The topography of the subject's immediate neighborhood is rolling Rocky Mountain foot hills with valleys, valley walls, mesas and rock formations. Many areas have views towards the east, southeast, and north towards downtown or to the west and the surrounding mountains.

Predominant Land Uses. The most predominant of all the land uses in the immediate area of the subject neighborhood is Fort Carson. Fort Carson is home to about 15,100 troops from the 3rd Armored Cavalry Regiment, 3rd Brigade of the 4th Infantry Division, 43rd Area Support Group, 10th Special Forces Group, the Colorado National Guard, and various other units. The total maneuver and live fire training area of Fort Carson is 360,000 acres, second only to the vast expanse of the National Training Center at Fort Irwin, California. Approximately 80% of Fort Carson is usable for mechanized maneuver training, and virtually all is usable for dismounted maneuver training. Units can train at brigade level and fire all of the Army's modern weapons systems. Fort Carson has an Air Force bombing range which can be used by the Air Force's most advanced aircraft. Fort Carson units can conduct live fire training up to battalion level and regularly incorporate the Air Force, Reserve and National Guard Forces and equipment into live fire training exercises.

Fort Carson is the largest employer in El Paso County and is the second largest employer in the state after the Colorado State government. Consequently, Fort Carson has played an important role in the Colorado Springs/El Paso County economy.

Cheyenne Mountain is home to North America's eye on the skies. Housed deep inside of Cheyenne Mountain in a 4.5 acre cavern is the Cheyenne Mountain Air Station. Cheyenne Mountain Air Station accommodates NORAD - the North American Aerospace Defense Command and its centers for Space Control, Missile Warning and Air Warning. In addition to watching for hostile missiles and aircraft, NORAD tracks about 14,000 man-made objects orbiting the earth.

The Pike National Forest forms the westerly boundary of the Southwest neighborhood. The Pike National Forest covers approximately 117,000 acres (8.5% of the total county land area). It is confined to the mountainous western portion of the county in an area extending south from the Douglas County line to south of Cheyenne Mountain. Nearly all of the mountain slope area that can be seen from the I-25 corridor is U.S. Forest Service land, and nearly all that is accessible is open to the public for multipurpose recreational use, including hiking, mountain biking and limited motorized uses. Cheyenne State Park is located approximately two miles south of the subject property. The Park covers approximately 1,600 acres and the park amenities includes camp sites and hiking trails. North Cheyenne Park adjoins the subject property on the north and contains approximately 1,500 acres and is owned by the City of Colorado Springs. Park amenities include camp sites, hiking trails and a water fall (Helen Hunt Falls). These lands act as a regional recreational and open space resource for the residents of El Paso County. They virtually form the backdrop and edge of the populated area. The undeveloped hillsides help define the character of the county.

The subject neighborhood is also known for the Broadmoor Hotel and having one of the most prestigious residential area in Colorado Springs. Overall, the neighborhood is considered the older part of the city but highly desirable for all age groups.

<u>Potential Inharmonious Uses.</u> Other than Cheyenne Mountain Air Station and Fort Carson there does not appear to be any potential inharmonious uses in the neighborhood.

<u>Public Utilities and Services.</u> For the most part, water, sewer, natural gas and electrical utilities are provided by the City of Colorado Springs. Adequacy of service is rated good. Water and sanitary sewer is also provided in the neighborhood by Stratmoor Hills Water and Sanitation. The US Forest Service provides fire service in the subject's immediate neighborhood.

<u>Public Schools.</u> Public Schools in the neighborhood consists of Harrison School District Number 2, Cheyenne Mountain School District 12 and Fountain/Fort Carson School District 8.

<u>Public Transportation.</u> Public Transportation to the neighborhood is provided by Colorado Springs Transit Route Nos. #17 (Cheyenne Mountain Zoo), #42 (Cheyenne Mountain Jr. High School) and #43 (Cheyenne & Pinon Elementary).

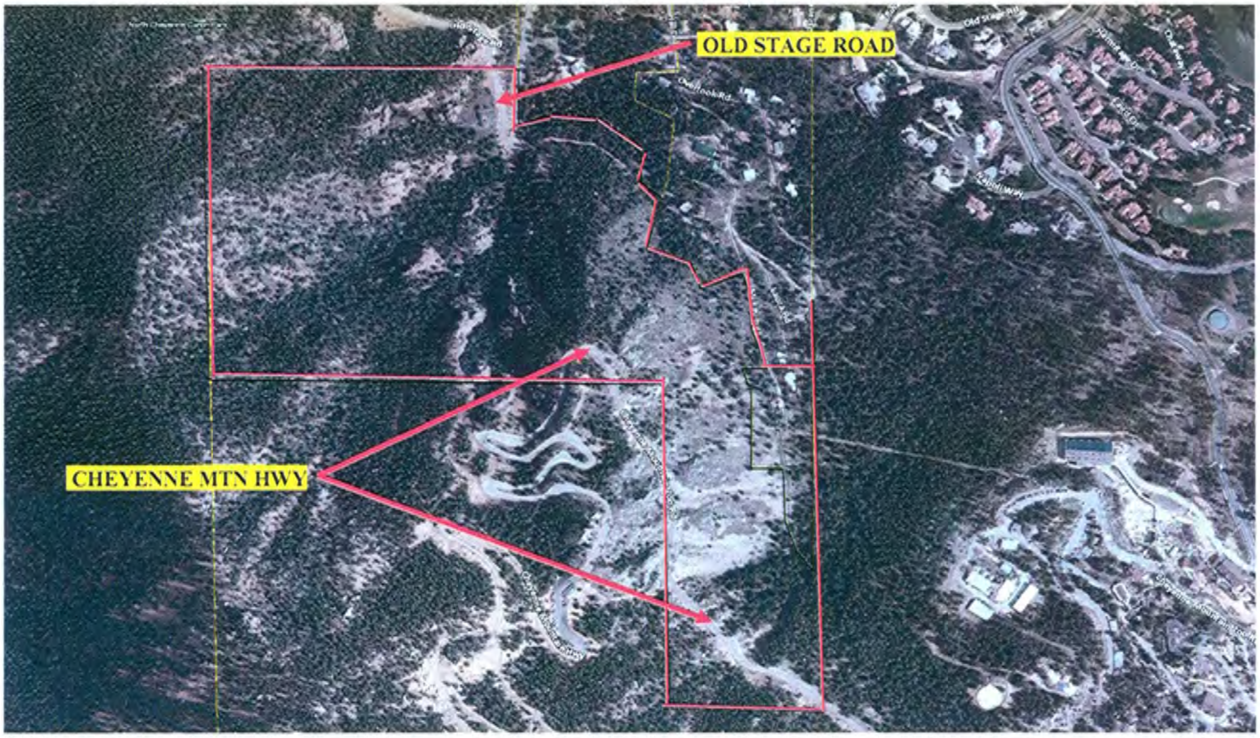
<u>Conclusion - Future Trends.</u> This subject neighborhood is characterized by commercial activity including motels, restaurants, retail centers, offices, and multi-family residential properties. The westerly portion of the area is considered an older part of the city, while the easterly portion has experienced newer construction with a variety of free standing buildings in all shapes, sizes, and uses. Overall, the neighborhood is well situated in the city with good access to Interstate 25, Highway 115 and US Highway 24. The neighborhood benefits from its close proximity to the Central Business District, recreational facilities and employment centers. I would anticipate that land values will remain stable or possibly increase over the next two years.

Property Description - Larger Parcel Before Take

Land/Site Data

Location. The Larger Parcel is located at the end of McKay Road, approximately 1,000 feet west of the Cheyenne Mountain Zoo, Colorado Springs, Colorado. The Larger Parcel is located in the Southwest Market area of the City of Colorado Springs. The Larger Parcel is outlined in red in the satellite view below.

Satellite Photo



Legal Descriptions. According to El Paso County Assessor's records the Larger Parcel is legally described in two tax parcels:

75023-01-005: LOTS 1 TO 9 INC, LOTS 40 TO 44 INC REST HOME SUB, El Paso County, State of Colorado.

75000-00-230: TR OF LAND IN SEC 02-15-67 DES AS FOLS: SW4NW4, E2NW4, E2NE4SW4 EX FOL TRS CONV BY BKS 549-115, 637-262, 511-203, 524-154, 658-289, 648-315, 2583-593, 2070-78, 3779-482, 694-288, 694-289, 750-139, 2621-853, 6495-57, 6565-1374, EX PTS PLATTED INTO OVERLOOK, REST HOME, DIXON HEIGHTS, BROADMOOR HEIGHTS (NOW VAC), City of Colorado Springs, State of Colorado. TR IN SEC 11-15-67 DESC AS FOLS: COM AT MOST NWLY COR OF THE VILLAS AT LOG HOLLOW FIL NO 4, TH N 88<56'49" W 381.73 FT ALG SLY BDRY OF TR DESC BY BK 2201-384, S 01<05'11" E 682.70 FT ALG ELY BDRY OF TR DESC BY BK 3812-504 FOR POB, TH CONT S 01<05'11" E 500.00 FT, N 88<54'49" W 461.01 FT, S 01<13'42" E 3427.39 FT, S 74<32'38" W 1041.59 FT, N 90<00'00" W 3017.40 FT M/L TO A PT ON W LN OF SD SEC 11, TH NLY ALG SD W LN TO NW COR OF SD SEC 11, TH ELY ALG N LN OF SD SEC 11 TO POB, EX THAT PT PLATTED TO CLOUD CAMP SUB FIL NO 2, City of Colorado Springs, State of Colorado.

Tax Schedule Number, Actual Value, Assessed Value, and Taxes. The Larger Parcel is identified as two tax schedule numbers 75023-01-005 and 75000-00-230. Actual Value, Assessed Value, and Taxes for the tax schedule numbers 75023-01-005 and 75000-00-303 are as follows:

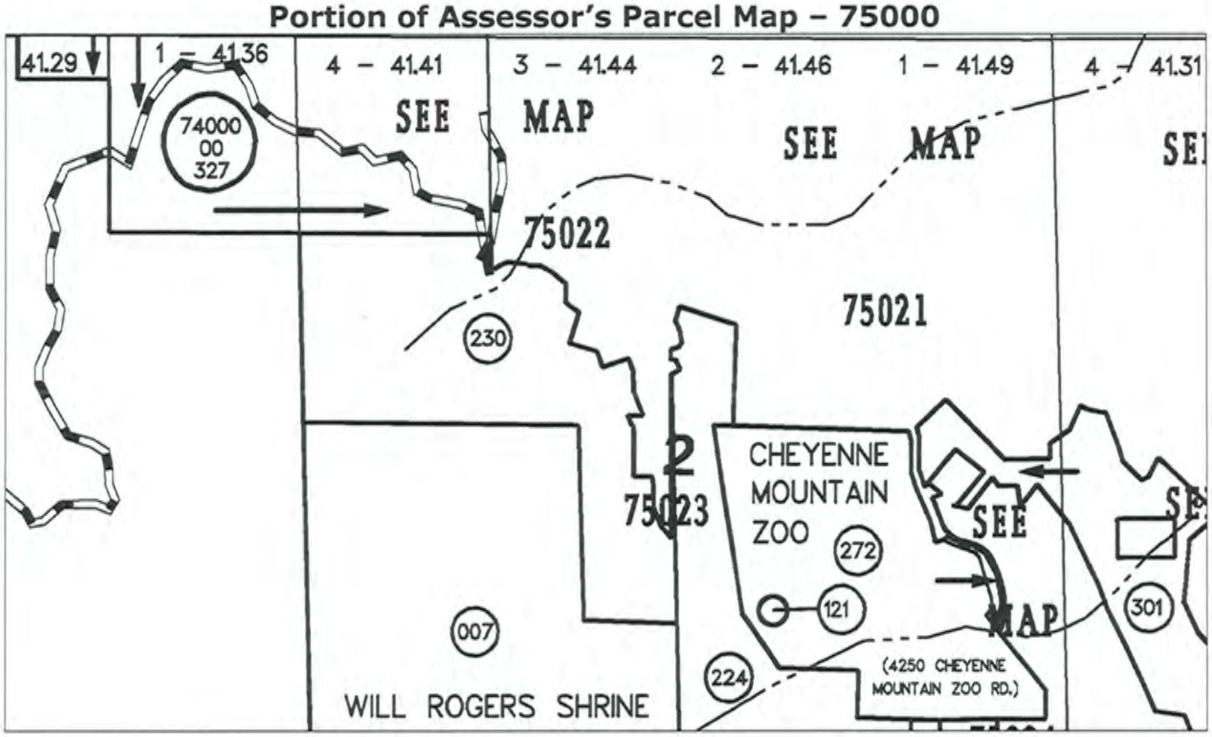
75023-01-005	2015 Actual Value	2015 Assessed Value	2015 Mill Levy	Estimated Property Taxes
Land	$20,000	$5,800		
Building Improvements	$0	$0		
Total	$20,000	$5,800	70.167	$406.97

75000-00-230	2015 Actual Value	2015 Assessed Value	2015 Mill Levy	Estimated Property Taxes
Land	$50,060	$14,520		
Building Improvements	$0	$0		
Total	$50,060	$14,520	74.446	$1,080.96

Overall, Colorado are paid one year in arrears, i.e., the 2015 taxes are due and payable in 2016. To estimate market value, for 2015 assessments of the property, the Assessor used sales from July 2013 through June 30, 2014. The assessed values for 2015 are 29% of market value for improved non-residential properties and vacant land. The assessment ratio for residential properties slides to meet the requirements of the Gallagher Amendment and is currently set at 7.96% of the market value. Overall property taxes are reassessed every two years in Colorado. 2015 was the last reassessment year.

The market, assessed values and taxes, as shown above, are as determined by using the Assessor's value for the year of 2015 and with the 2015 mill levy. The Larger Parcel's assessed value and taxes appear to conform to similar properties assessed values and taxes. See Assessor's Parcel Maps are shown below.

Portion of Assessor's Parcel Map – 75000



Portion of Assessor's Parcel Map – 75023

Special Assessments. The Larger Parcel would not appear to be subject to general obligation indebtedness that are paid by revenues produced from annual tax levies on the taxable property within such districts. Property owners in such districts may be placed at risk for increased mill levies and excessive tax burdens to support the servicing of such debt where circumstances arise resulting in the inability of such a district to discharge such indebtedness without such an increase in mill levies.

Ownership. According to information from the Assessor's office the Larger Parcel is owned by COG Land and Development Co., 10 Lake Circle, Colorado Springs, Colorado 80906 - 4201.

Property Sales History. Assessor's records did not indicate that the Larger Parcel has been the subject of sale or transfer for valuable consideration within the past 5 years. The subject property is not listed for sale or lease.

Census Tract Number. The Larger Parcel lies within the El Paso County area 2010 census tract number 33.05.

Easements. I have not reviewed a survey or title information on the Larger Parcel. Based upon the City of Colorado Springs and El Paso County satellite maps and my inspection of the Larger Parcel there does appear to be encroachment by the property owner located at 4010 McKay Road (Joseph E. Goebel). There could also be other encroachments at this time, however, this is difficult to verify without a survey. There also appears to be several easements crossing the site associated with electrical transmission lines and a water line. I assume no responsibility for the existence of any unknown easements or encroachments, and this appraisal is subject to the absence of any adverse easements, encroachments, or violations, except as stated herein. Consequently, my opinion is that there are no known easements, which would adversely affect the value of the Larger Parcel.

Zoning. A small portion (2.08 acres) of the Larger Parcel identified as Assessor's Tax Parcel 75023-01-005 is located in unincorporated El Paso County and is zoned A-5. The balance of the Larger Parcel containing 86.31 acres identified as Assessor's Tax Parcel 75000-00-230 is located in the City of Colorado Springs and is zoned PUD and HS.

A-5. The A-5 is a rural residential agricultural zoning district of the County of El Paso. The zoning district was established to allow for areas of low density single family residential development. The minimum lot area for a single family dwelling in the district is 5 acres. Standing on its own this portion of the Larger Parcel could not meet the criteria to be developed as a 5 acre lot for three reasons. First, the land area is 2.08 acres where a minimum of five acres is required. Second, El Paso County Health Department requires a minimum of 2.5 acres for a septic permit. Third, the majority of the site has excessive slope conditions (slopes exceeding 45%).

PUD. The Planned Unit Development (PUD) district is intended to provide the means through which land may be developed through an overall unified approach rather than the traditional lot by lot approach. The district encourages clustering of units by means of flexibility in design in order to create a better living environment, preserve the unique features of the site, and provide services in a more economic manner. The PUD allows for a variety of types of residential development and encourages appropriate mixed use developments.

HS - Hillside Overlay Zone. The purpose of the hillside area overlay or HS is to specify conditions for any type of development to ensure that these areas retain their unique characteristics, to safeguard the natural heritage of the City, and to protect the public health, welfare and safety. It is the intent of these regulations to ensure that development within this overlay zone is compatible with, and complements the natural environment as well as to minimize physical damage to public and private property. It is furthermore the purpose of this section to allow a degree of development flexibility to protect the hillside environment. Many of these physical features if disturbed for the purpose of development can cause physical damage to both public and private properties. Development in areas designated as hillside area overlay requires special care on the part of both the public and private sectors.

This portion of the Larger Parcel probably could not meet the criteria to be developed as residential because of excessive slope conditions (slopes exceeding 45%).

Well Information. A review of the Colorado Division of Water Resources (CDWR) Internet Web Site revealed that there were no wells on the Larger Parcel. My inspection of the Larger Parcel did not result in visual evidence of any wells on the property.

The portion of the Larger Parcel located in the County may be able to get a household use only well permit for an exempt subdivision. However, while a permit could possibly be obtained it may be physically impossible to get water given the location of property. Any water rights associated with the portion of the Larger Parcel located in the City would be owned by the City of Colorado Springs.

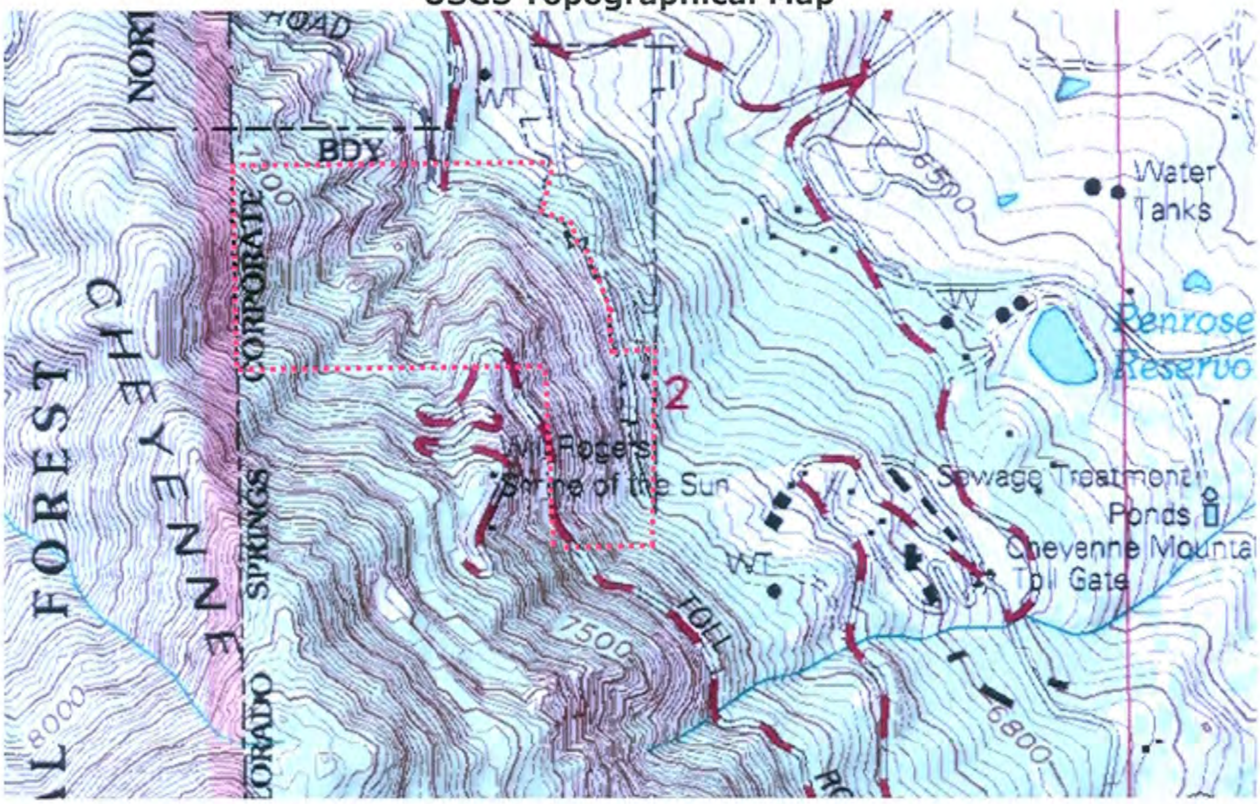
Flood Plain Statement. It would appear that the Larger Parcel is not located within a designated 100 year floodplain area. Flood Hazard Boundary Map No. 08041C00738F, dated 3/17/97, for Colorado Springs and El Paso County published by the Federal Emergency Management Agency (FEMA). FEMA Map No. 08041C00738F is a non-printable map.

Site Description

Land Area. According to Assessor's records the Larger Parcel contains 88.39 Acres or 3,850,268.4 square feet. The Larger Parcel actually consists of two Assessor's parcels; 75023-01-005 which contains 2.08 acres or 90,604.8 square foot and 75000-00-230 which contains 86.31 acres or 3,759,663.6 square feet.

Land Shape/Land Form. The Larger Parcel has an irregular shape. The land form is best described as eastern Rocky Mountain hillside with grades exceeding 45%. Elevations on the property range from approximately 6,500 feet to over 7,300 feet. The Larger Parcel is outlined in the dashed red lines.

USGS Topographical Map



Frontage/Exposure. The Larger Parcel has road frontage along Cheyenne Mountain Highway which is a private road that gives access to Will Rogers Shrine and The Broadmoor's Cloud Camp. The Larger Parcel also has frontage along Old Stage Road, McKay Road and Laura Road. The Larger Parcel has good exposure, it is part of the mountain backdrop visible from Interstate Highway 25 and most of the City of Colorado Springs.

Access. The Larger Parcel has access from Cheyenne Mountain Zoo Road to Cheyenne Mountain Highway, Stage Coach Road, Laura Road and McKay Road. Cheyenne Mountain Highway is a private road that gives access to Will Rogers Shrine and The Broadmoor's Cloud Camp.

Topography and Drainage. The topography of the site is described as sloping (mountainous) with grades exceeding 45% in most places. Drainage is basically from the west towards east.

Vegetation. Vegetation to the Larger Parcel is typical of the Pikes Peak region: mountain shrub land at lower elevations transitioning into coniferous forest in the upper reaches of the

Incline and on north-facing slopes. Mountain shrub land communities are characterized by dense stands of gambel oak interspersed with ponderosa pine, and an understory of yucca and both native and introduced grasses. Coniferous forest communities are dominated by ponderosa pine interspersed with gambel oak, mountain mahogany, smaller shrubs, and native and introduced grasses.

Views. The views from the Larger Parcel are considered excellent with views of Colorado Springs and eastern Colorado.

Wildlife Habitat. The Larger Parcel provides habitat for a variety of wildlife that is typical of the region. Common mammals include golden-mantled ground squirrel, mountain cottontail, mule deer, black bear, and mountain lion. Common birds include western scrub jay, mountain chickadee, Steller's jay, magpie, and turkey vulture.

Public Utilities. Water, sanitary sewer, natural gas and electricity in the immediate area are provided by the City of Colorado Springs. Those utilities are basically to the northeast corner of the site. CenturyLink, formerly Qwest, provides telephone service. Electric and telephone utilities are underground and overhead in the immediate neighborhood.

Public Improvements. Public improvements to the Larger Parcel consists of paved roads (McKay Road and Laura Road).

Site Improvements. The site improvements to the Larger Parcel are those associated with the Cheyenne Mountain Highway and Old Stage Road.

Stage of Development. A small portion (2.08 acres) of the Larger Parcel identified as Assessor's Tax Parcel 75023-01-005 is located in unincorporated El Paso County and is zoned A-5. The balance of the Larger Parcel containing 86.31 acres identified as Assessor's Tax Parcel 75000-00-230 is located in the City of Colorado Springs and is zoned PUD and HS. Water, sanitary sewer, natural gas and electric utilities are basically to the northeast corner of the site. Legally most all of the Larger Parcel could not meet the criteria to be developed as residential mainly due to excessive slope conditions (slopes exceeding 45%). A portion of the site at the end of McKay Road could be developed as a single 35+ acre lot.

PART 3

ANALYSIS AND VALUATION LARGER PARCEL BEFORE TAKE

Highest and Best Use - Larger Parcel Before Take

Highest and best use is the most profitable and competitive use of a property. Colorado Jury Instructions - Civil 4th, 36:6 views highest and best use as follows:

> "In determining the market value of the property actually taken (and the damages, if any, and benefits, if any, to the residue, you should consider the use, conditions and surroundings of the property as of the date of valuation.
>
> In addition, you should consider the most advantageous use or uses to which the property might reasonably and lawfully be put in the future by persons of ordinary prudence and judgment. Such evidence may be considered, however, only insofar as it assists you in determining the reasonable market value of the property as of the date of valuation (or the damages, if any, or the benefits, if any, to the residue). It may not be considered for the purposes of allowing any speculative damages or values."

The Appraisal Institute in The Dictionary of Real Estate Appraisal, Fourth Edition, Chicago, 2002, p. 135, defines highest and best use as:

> "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

First, in this analysis, the subject site is considered as if the subject ownership is vacant land or a vacant site or land that can be made vacant by demolishing any existing improvements. Second, the site is considered as it is currently improved ("as is") or as an improved property. There are no building improvements and the existing site improvements are not affected by the taking, therefore, only the as vacant highest and best use will be considered.

Highest and Best Use - Larger Parcel Before the Take

Legally Permissible. A small portion (2.08 acres) of the Larger Parcel is located in unincorporated El Paso County. It's platted and zoned A-5. The A-5 zoning district permits limited agricultural uses and rural residential uses on lots with a minimum area of 5 acres. Legally this portion of the Larger Parcel can't meet the minimum land area of five acres plus it has excessive slope conditions (slopes exceeding 45%).

The remaining portion of the Larger Parcel containing 86.31 acres is located in the City of Colorado Springs, zoned PUD with a hillside overlay and is not platted. Legally this portion of the Larger Parcel probably could not meet the criteria to be developed as residential mainly due to excessive slope conditions (slopes exceeding 45%). A portion of the site at the end of McKay Road could possibly be developed as a 35+ acre lot. This could be done because the

State of Colorado statutes exempt 35 acre or larger parcels from the requirement to go through the subdivision review process of the appropriate county/city.

Overall, the land uses adjacent to or in close proximity to the Larger Parcel are either national forest, open space/recreational use to the west and south with residential uses to the north and east. Thus, based upon the principle of conformity open space/recreational use with possibly single family residential use would be the most likely use of the Larger Parcel.

Physically Possible. The Larger Parcel contains a total of 88.39 acres and is located in a scenic area just west of the Cheyenne Mountain Zoo. The site has an irregular shape and its land form is best described as eastern Rocky Mountain hillside with elevations ranging from approximately 6,500 feet to over 7,300 feet. Most all of the property could be described as sloping with grades exceeding 45%. Most of the site is heavily treed except for where there are rock outcroppings. The Larger Parcel has generally stable soil conditions and is believed to be free from environmental contaminants. The existing utilities and roadway systems would appear to support open space/recreation use and possibly residential use of the site.

Financially Feasibility. The global and US economies have limped along for the past six years. The effect of slowdown has been felt in almost every sector and every country world-wide. The recovery has been described as anemic and the US and global economies still have a way to go before returning to normal. However, the US economy has shown signs of steady growth, led by professional services, healthcare, and leisure, while housing and manufacturing are holding steady. Job growth is up, equity markets are sending positive news. Federal austerity continues to create some drag on growth. The Federal Reserve is watching the recovery closely and is signaling an increase in interest rates later this year.

As the market moves forward there is a mixture of positives and negatives that add some uncertainty about the path the market will take in 2016 and 2017. The positives include strong job growth in 2015; mortgage rates are still historically low; existing home prices are rising; primary job announcements are up so far this year; and new and resale home inventories remain low. The election of new city council members and a new mayor last year could mean an end to the recent political turmoil that has weighed heavily on local business and consumer confidence. The negatives include cuts in defense spending remain uncertain and their potential to slow local job growth could dampen future real estate market; the possibility of rising mortgage rates looms heavily over the real estate market.

The zoning on the Larger Parcel permits residential use. Physically and legally most all of the Larger Parcel could not meet the criteria to be developed as residential due to excessive slope conditions (slopes exceeding 45%). As such, development of the Larger Parcel beyond one residential lot would not appear to be possible. In my opinion, given what is physically and legally possible for the Larger Parcel, the only financial feasible use of the property would be for public open space/recreational use with the possibility of a single residential lot at the southerly end of McKay Road.

Maximum Productive. Because of the site's physical and legal limitations, public open space/recreational use with possibly residential use (single lot) appears to be the most economically feasible use of the Larger Parcel, it would also then be considered to be the maximally productive use of the property.

Conclusion Highest and Best Use As Vacant. The highest and best use of the Larger Parcel would be for open space and recreational use.

Appraisal Valuation Methodology

This appraisal is intended to provide a narrative presentation of those facts and techniques of analysis believed appropriate for providing a reasonably supported value estimate. The data and analysis considered most relevant are discussed in the remainder of this report. The value of the Larger Parcel is estimated using the appraisal technique as described below.

Land/Site Valuation – Larger Parcel Before Take

I have determined that the most reliable valuation methodology applicable for the Larger Parcel before the take is the Sales Comparison Approach.

The sales comparison Approach is the technique most frequently used in the appraisal of vacant land. The sales comparison approach is based upon the proposition that an informed buyer would pay no more for a property than what he would have to pay for a comparable property with the same utility as the subject. The process involves the comparison of the subject property with comparable properties that have sold recently or that are now listed for sale on the market making adjustments as necessary to compensate for differences between them and the subject. Where sale financing terms are considered to affect the price paid in a given transaction, an adjustment to the price of the comparable transaction for cash equivalence is made.

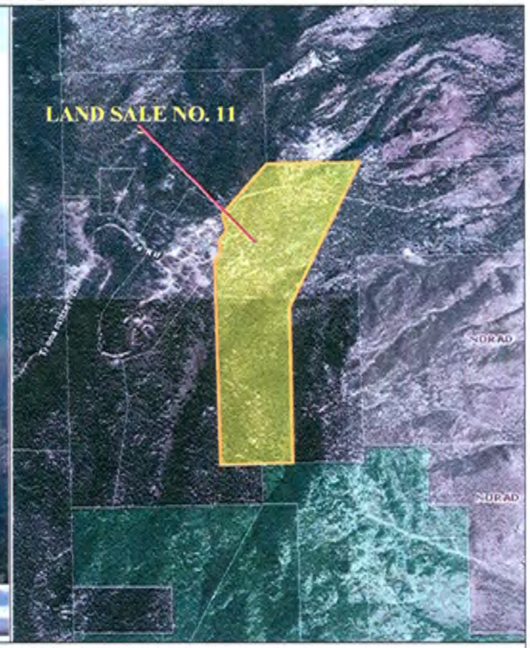
Sale Comparison Approach

To estimate the value of the Larger Parcel I first researched recent sales and listings of similar sized properties in all of El Paso County with particular emphasis on properties with similar physical characteristics (mountainous land forms) as the subject located west of Interstate 25. Overall, recent land sales of similar sized properties with similar physical characteristics have been rare therefore I expanded my search to include the past eight years. Most of the land sales that have occurred in the past eight years with similar physical characteristics were purchased by non-profits or government entities for the preservation of open space and recreation.

In my expanded search I found 12 sales and 3 current listings. From the 12 land sales and 3 comparable listings I have selected four of the land sales and one of the listings for direct comparison with the subject property. Three of the land sales were purchased for open space and one of the sales contained a conservation easement.

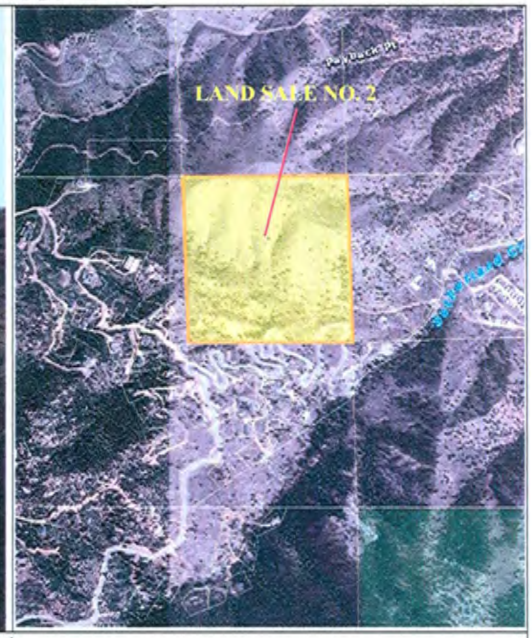
The four comparable sales and the current listing were selected on the basis of similarity to the subject property as to time of transaction, proximity of location, size, physical characteristics and similarity as to zoning and highest and best use. The five comparable properties are detailed on the following pages, then discussed and compared to the Larger Parcel on a sales comparison (adjustment) grid. The selected comparable land sales are also keyed to the Comparable Land Sales Map.

Comparable Land Sale No. 1



View:	Looking southeast from Old Stage Road		
Date Inspected/Photo by:	January 12, 2016/Tom Colon		
Location/Address:	East Face of Cheyenne Mountain		
Tax Schedule #:	7500000290		
Legal Description:	TR IN PORT OF SEC 14 & PORT OF N2N2 SEC 23-15-67 DESC AS FOLS: BEG AT NW COR OF SW4NE4 OF SD SEC 14 FROM WHICH THE N4 OF SD SEC 14 BEARS N 00<00'00" E, TH S 90<00'00" E ALG N LN OF SD SW4NE4 & N LN OF SE4NE4 1374.93 FT, S 25<42'58" W 2200.74 FT, S 00<00'00" W 2200.00 FT, N 90<00'00" W 947.15 FT, N 00<00'00" E 2684.64 FT TO A PT ON SELY LN OF TRACT CONV BY REC #99059463, N 33<08'06" E 153.02 FT, N 13<42'00" W 136.92 FT, N 31<18'00" E 200.00 FT, N 13<41'59" W 212.13 FT TO A PT ON SELY LN OF TRACT CONV BY BK 1896-836, N 31<17'56" E ALG SD SELY LN 95.53 FT TO MOST ELY COR THEREOF, TH N 25<34'59" E 862.97 FT TO POB, CSC		
Grantor:	Myra Benjamin (Cheyenne Mountain Reserve LLC)		
Grantee:	City of Colorado Springs		
Sale Confirmed with/Date:	County Assessor Records, Seller/January 2016		
Appraiser Confirming:	Tom Colon		
Recordation/Sale Deed:	R# 208012321/Warranty Deed		
Property Rights Conveyed:	Fee Simple		
Conditions of Sale:	Arm's Length		
Financing Source and Method:	Cash to Seller	Date of Sale:	1/31/2008
Post Sale Expense:	None	Selling Price:	$441,000
Project Influence:	N/A	Unit Price:	$4,179/ Acre
Physical Characteristics – Legal Aspects			
Land Area:	4,597,332 SF (105.54 AC)	Access:	Private - Road to Antennas
Shape:	Irregular	Utilities:	None
Topography:	Mountainous, Grades +30%	Zoning:	A-5 (County)
Drainage/Flood Plain:	Average, No FP involvement	Platted:	No
Visibility	Excellent	Corner/Interior Parcel	Interior Parcel
Surrounding Properties:	Residential, Open Space	Stage of Development:	No Platted, Undeveloped
Use at time of sale:	Vacant Land		
Highest and Best Use:	Single Family Rural Residential - Open Space		
Remarks:	Terms of the sale were cash to the seller. The comparable property is located on the southeast face of Cheyenne Mountain - west of SH 115. Access to the site is by the road used to service the antennas on the top of Cheyenne Mountain and from Old Stage Road which crosses the northerly portion of the site. The property has good exposure and can be seen from miles around. Mountain hillside topography with grades exceeding 30% on most of the site. Native grass vegetation with moderate trees. Sales History: No unrelated transfers within the previous five years.		

Comparable Land Sale No. 2



View:	Looking Northwest From Crystal Park Road		
Date Inspected/Photo by:	February 12, 2014/Tom Colon		
Location/Address:	0 Crystal Park Road		
Tax Schedule #:	7400000165		
Legal Description:	NE4SE4 TOG WITH NON-EXCLUSIVE PERPETUAL R/W FOR INGRESS, + EGRESS, MINERAL RIGHTS, WATER RIGHTS AS DES IN BK 2794-360 SEC 8-14-67		
Grantor:	Estate of Kil Jo Lee, JA Chang Lee Personal Representative		
Grantee:	City of Manitou Springs		
Sale Confirmed with/Date:	County Assessor Records, Broker and owner's attorney/ March 2010		
Appraiser Confirming:	Tom Colon		
Recordation/Sale Deed:	R# 209140067/Warranty Deed		
Property Rights Conveyed:	Fee Simple		
Conditions of Sale:	Arm's Length – Court Order Sale (+10%)		
Financing Source and Method:	Cash to Seller	Date of Sale:	12/07/2009
Post Sale Expense:	None	Selling Price:	$160,000
Project Influence:	N/A	Unit Price:	$4,000/ Acre
Physical Characteristics – Legal Aspects			
Land Area:	1,742,400 SF (40 AC)	Access:	Fair - Crystal Park Road
Shape:	Square	Utilities:	Elec. & Tel.
Topography:	Sloping, Grades +25%	Zoning:	F-5 (El Paso County)
Drainage/Flood Plain:	Average – No Flood Plain	Platted:	No
Visibility	Average	Corner/Interior Parcel	Interior Parcel
Surrounding Properties:	Residential, Open Space	Stage of Development:	No Platted, Undeveloped
Use at time of sale:	Vacant Land		
Highest and Best Use:	Single Family Rural Residential		

Remarks: Terms of the sale were cash to the seller. The listing Broker stated that there had been infighting among the heirs. As a result the estate ended up in court which ordered the property sold. I have adjusted this sale upward 10% for being a court ordered sale. The comparable property is located approximately 500 feet northwest of Crystal Park Road. The subject property does not have frontage on any public or private street. The property does have good exposure and can be seen from miles around. Mountain hillside topography with grades exceeding 30% on most of the site. Mostly native grass vegetation and sparsely treed.

Sales History: No unrelated transfers within the previous five years.

Comparable Land Sale No. 3

View:	Looking west from Myrtle Street		
Date Inspected/Photo by:	February 12, 2014/Tom Colon		
Location/Address:	Myrtle Street (NW4NW4 08-13-68)		
Tax Schedule #:	El Paso County - 8308201941 and Teller County - R0024188 and R0011067.		
Legal Description:	Not Platted Meets and Bounds Legal, Teller and El Paso County, Colorado		
Grantor:	Howard R and Margret A Burgess		
Grantee:	Yogev Erez and Victoria A. Rust		
Sale Confirmed with/Date:	El Paso County Assessor's Records, MLS and Broker		
Appraiser Confirming:	Tom Colon		
Recordation/Sale Deed:	R# 213131277 /Warranty Deed		
Property Rights Conveyed:	Fee Simple		
Conditions of Sale:	Arm's Length		
Financing Source and Method:	Cash to Seller	Date of Sale:	October 22, 2013
Post Sale Expense:	None	Selling Price:	$150,000
Project Influence:	N/A	Unit Price:	$1,250 / Acre
Physical Characteristics – Legal Aspects			
Land Area:	5,227,200 SF (120 AC)	Access:	Average (Common Easement)
Shape:	Irregular	Utilities:	Limited public utilities available
Topography:	Mountainous	Zoning:	R-T (County)
Drainage/Flood Plain:	No Flood Plain	Platted:	No
Visibility	Average	Corner/Interior Parcel	Interior Parcel
Surrounding Properties:	Vacant Land, Residential	Stage of Development:	Not Platted
Use at time of sale:	Vacant site.		
Highest and Best Use:	Highest and best use is as a single lot or possibly three rural residential lots.		

Remarks: Terms of this sale were cash to the seller. DOM-34. Three contiguous parcels of vacant land containing a total land area of 120 acres. The 3 parcels are 40 acres each. One is in El Paso County with access to Co Spgs Utilities at the lot line. The other two are in Teller County and will need wells. All three lots need sewer/septic. The owner prefers not to break up the 3 lots. The lots have access to Pike National Forest and ingress from the west end of Green Mtn. Falls, CO. Sloping mountainous topography. Native grass vegetation with scrub oak and trees - approximately 40% of the site is treed. The views were considered average to above average for the neighborhood.

Sales History: No unrelated sales history within the previous ten years. This comparable was resold in 2014 in two parcels – on of which was the Historic Green Mountain Falls.

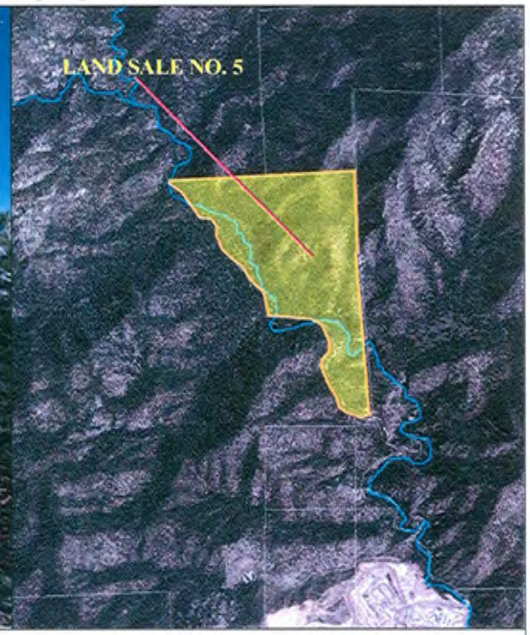
Comparable Land Sale No. 4

View:	Looking west from Gold Camp Road		
Date Inspected/Photo by:	January 12, 2016/Tom Colon		
Location/Address:	1182 Gold Camp Road		
Tax Schedule #:	74223-02-021, 74000-00-021 and 74223-00-023		
Legal Description:	Lot 5 Top of Skyway West and two parcels with meets and bounds legal descriptions, Colorado Springs, CO		
Grantor:	Thomas J Stoen		
Grantee:	James Brian and Kathlyn L Farrell		
Sale Confirmed with/Date:	El Paso County Assessor's Records and Seller/January 2016		
Appraiser Confirming:	Tom Colon		
Recordation/Sale Deed:	R# 214042913 /Warranty Deed		
Property Rights Conveyed:	Fee Simple		
Conditions of Sale:	Arm's Length		
Financing Source and Method:	Seller Carry	Date of Sale:	05/21/2014
Post Sale Expense:	None	Selling Price:	$345,000
Project Influence:	N/A	Unit Price:	$5,504 / Acre
Physical Characteristics – Legal Aspects			
Land Area:	2,730,341 SF (62.68 AC)	Access:	Average
Shape:	Irregular	Utilities:	Public utilities available
Topography:	Sloping, Mountain Hillside	Zoning:	A, HS (CSC)
Drainage/Flood Plain:	Adequate, No FP	Platted:	One Parcel is Platted
Visibility	Average	Corner/Interior Parcel	Interior
Surrounding Properties:	Residential, Open Space	Stage of Development:	Fully Development
Use at time of sale:	Vacant Land – Residential		
Highest and Best Use:	Single Family Residential		

Remarks: Terms were $69,000 down (20%) with a seller carry of $276,000 at 6% interest due in two years. Purchaser is a user who is going to construct a single family dwelling on the site that is platted. Three contiguous parcels – one of the parcels, containing 5.27 acres, is a platted lot and has all City utilities available. The parcel is located in a small six lot gated community. The remaining two parcels containing 58.37 acres are not platted and they are encumbered by a conservation easement. The conservation easement allows for recreation use of the property and the construction of two barn structures within a designated building envelope. Mountain hillside topography with grades exceeding 30% on most of the site. The soils in the area are reported to be decomposed granite. Good vegetation with pine trees, gambel oak, and other vegetation native to the area. The views were considered above average for the neighborhood. Adjacent to the west of the comparable is the Pike National Forest. Highest and best use is for detached single family residential with recreational use.

Sales History: No unrelated sales history within the previous five years.

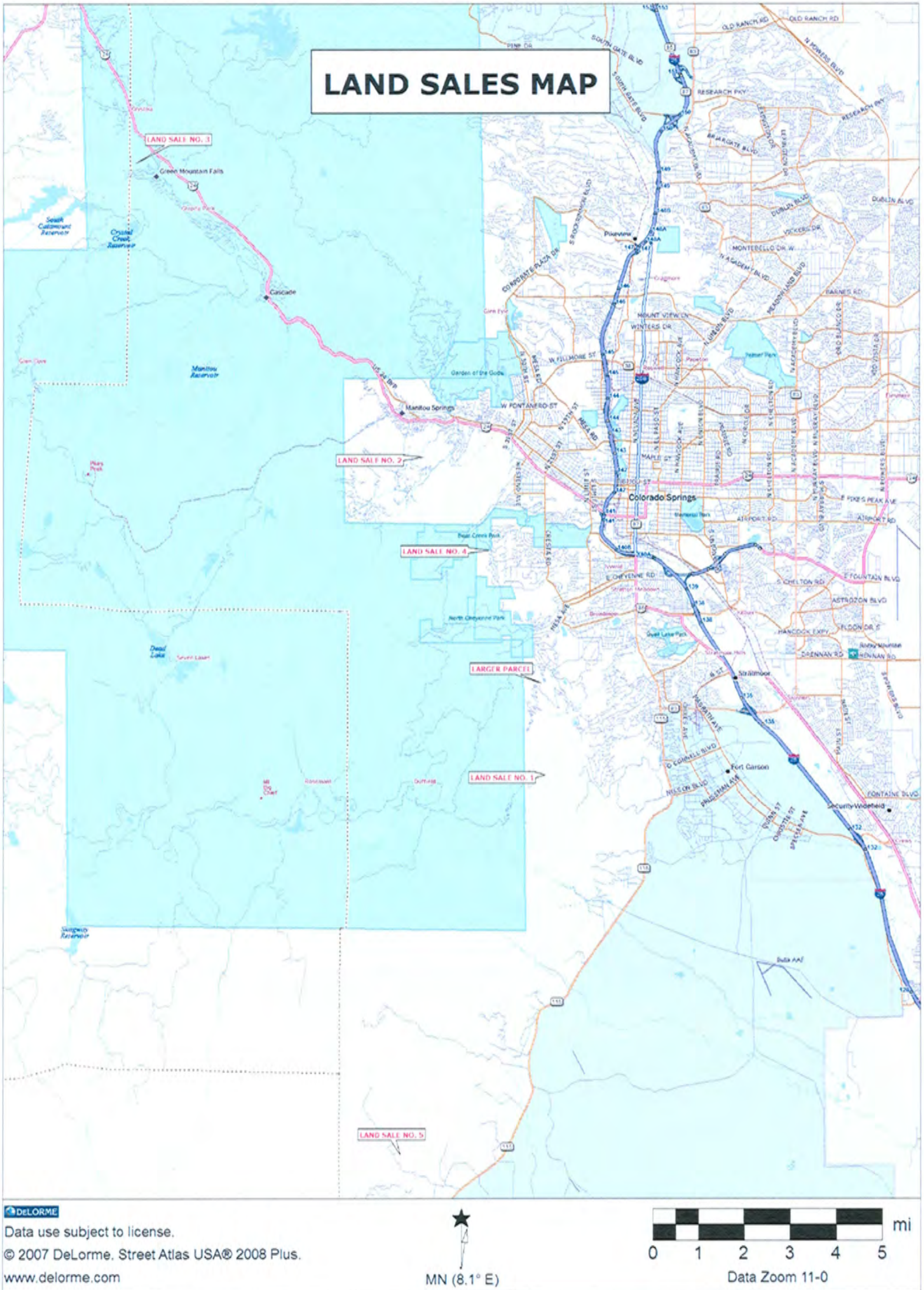
Comparable Land Sale No. 5



View:	Looking northwest from access road		
Date Inspected/Photo by:	January 12, 2016/Tom Colon		
Location/Address:	0 Turkey Canon Road/Southwest Market Area		
Tax Schedule #:	7600000216		
Legal Description:	Metes and Bounds		
Grantor:	Portland Turkey Creek LLC		
Grantee:	TBD		
Sale Confirmed with/Date:	El Paso County Assessor's Records, MLS		
Appraiser Confirming:	Tom Colon		
Recordation/Sale Deed:	TBD/Assumed Warranty Deed		
Property Rights Conveyed:	Fee Simple		
Conditions of Sale:	Assumed Arm's Length		
Financing Source and Method:	Cash to Seller	Date of Sale:	Current Listing
Post Sale Expense:	None	Selling Price:	$290,000
Project Influence:	N/A	Unit Price:	$2,683/ Acre
Physical Characteristics – Legal Aspects			
Land Area:	4,708,836 SF (108.1 AC)	Access:	Average
Shape:	Irregular	Utilities:	Elec. & Tel.
Topography:	Slopping (Mountainous)	Zoning:	RR-5 (County)
Drainage/Flood Plain:	Stream Present	Platted:	No
Visibility	Average	Corner/Interior Parcel	Interior Parcel
Surrounding Properties:	Rural Residential	Stage of Development:	Not Platted, Undeveloped
Use at time of sale:	Vacant Site		
Highest and Best Use:	Highest and best use is Rural Residential		

Remarks: Current Listing - Terms to be cash to the seller. DOM – 848. The comparable has an irregular shape and good view of the surrounding mountains. Mountain hillside topography with grades exceeding 30% on most of the site. The soils in the area are reported to be decomposed granite. Good vegetation with pine trees, gambel oak, and other vegetation native to the area. Utilities for rural residential development are to the site.

Sales History: No sales history within the previous five years.


LAND SALES MAP
LAND SALE NO. 3
Green Mountain Falls
Cascade
Manitou Springs
LAND SALE NO. 2
LAND SALE NO. 4
LARGER PARCEL
LAND SALE NO. 1
LAND SALE NO. 5
Colorado Springs
Fort Carson
Garden of the Gods
W FILLMORE ST
W FONTANERO ST
E PIKES PEAK AVE
AIRPORT RD
RESEARCH PKY
OLD RANCH RD
N POWERS BLVD
DUBLIN BLVD
ACADEMY BLVD
B ST
O CONNELL BLVD
FONTAINE BLVD
Security-Widefield
DeLORME
Data use subject to license.
© 2007 DeLorme. Street Atlas USA® 2008 Plus.
www.delorme.com
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Data Zoom 11-0

Adjustments to Comparable Land Sales. The four comparable land sale transactions and the current listing selected for direct comparison with the Larger Parcel are shown on Table 1 (Sales Comparison Grid).

Circumstances of the Sale Adjustments. To the nominal sales price of each respective transaction there is made, if required, adjustments for circumstances of sale. Circumstances of sale adjustments include four categories, which are adjusted in a specific order. The first adjustment is for property rights conveyed, which includes adjustments for leasehold transactions where necessary or for partial interests. The transaction price adjusted for property rights conveyed is further adjusted first for financing terms, if any, and then for conditions of sale including any non-arm's length relationship between the parties to the transaction.

Property Rights Conveyed. All four land sales were sold fee simple and no adjustments were made.

Financing. Financing arrangements can affect the sale price of real estate, particularly when seller financing is involved. All the sales were cash to the seller except Land Sale No. 4 but no adjustments were made because the purchaser put down 20% and the interest rate was at market.

Conditions of Sale. All of the comparable land sales were open market, arm's length transactions without any reported extraordinary considerations or circumstances, except for Comparable Land Sale No. 2. The listing Broker stated that there had been infighting among the heirs. As a result the estate ended up in court which ordered the property sold. I have adjusted this sale upward 10% for being a court order sale.

Market Conditions. Most commonly referred to as the "time adjustment," the market conditions adjustment recognizes changes in the market (appreciation/depreciation) from the time the comparable sale closed to the subject's date of value. The comparable land sales analyzed range in age from 97.5 months before the subject's date of value to 21.5 months prior. To help estimate the change in market conditions and form my adjustment for market conditions I have analyzed two different types of market data. I first looked at the change in Agricultural Land values as reported in the Turner Commercial Availability Report. I also analyzed, the change in home values as reported by Office of Federal Housing Enterprise Oversight (OFHEO).

Agricultural Land Values. I have first analyzed the change in Agricultural Land sale prices over the past eleven years. A comparison of the weighted average sale prices per square foot for the agricultural land category, as compiled from the Turner Report, is shown in the table below.

Agricultural Land Sales				
Year	**Weighted Average Sales Price**	**% Difference With 4th Quarter 2015**	**#Of Acres Sold**	**#Of Sales**
2005	$0.16	-37.5%	11,106.9	114
2006	$0.07	+42.86%	12,998.0	94
2007	$0.22	-54.55%	5,151.7	63
2008	$0.07	+42.86%	2,844.5	35
2009	$0.10	0.00%	2,155.0	24
2010	$0.05	+100.00%	2,227.9	24
2011	$0.22	-54.55%	19,972.7	25
2012	$0.17	-41.18%	5,129.6	27
2013	$0.08	+25.00%	7,638.6	42
2014	$0.29	-65.52%	25,279.8	65
2015	$0.10	-------	5,866.7	56

According to the Turner Commercial Report agricultural land values have been on a roller coaster ride up and down. In 2007, 2011 and 2014 agricultural land values reached some of their highest levels, but they were down in 2010 and 2013. For 2014 it appears that agricultural land values were increasing but 2015 it appears that agricultural land values were declining. Comparing the 2009 weight average sales price to the 2005 weighted average it would appear to indicate that there has been little change in agricultural land values.

Office of Federal Housing Enterprise Oversight's (OFHEO). I have analyzed the detached single family residential market values over the past 8 years (2008 through 2015). To accomplish this, I have relied upon data from the Office of Federal Housing Enterprise Oversight's (OFHEO). According OFHEO latest Housing Price Index Report prior to 2008 housing prices in the Colorado Springs MSA housing prices were increasing in the 4% to 6% range. In 2008 the positive trend reversed itself and housing prices started to fall. The downward trend in values continued for four years. Housing prices fell 2.4% to 3.9% per year over the time period. In 2012 the positive trend returned and the trend has continued through the end of 2015. Housing prices have been increasing in the 4% to 5% range over the past four years. The Colorado Springs MSA saw a +4.9% increase in housing prices in the past year (2nd quarter 2014 through 2nd quarter 2015). Local economists and housing industry experts have credited historically low mortgage rates, in a large part, for propelling the recovery. See Changes in Value - Single Family Homes table on the table below.

Changes in Value - Single Family Homes Colorado Springs Metro Area 2008 Through 2015			
Year	Quarter	Single Family Home Values	Percent Change Over One Year Ago
2008	2	$181,230	-2.4%
2009	2	$176,720	-2.5%
2010	2	$170,550	-3.5%
2011	2	$163,980	-3.9%
2012	2	$164,300	+0.2%
2013	2	$171,920	+4.6%
2014	2	$178,920	+4.1%
2015	2	$187,705	+4.9%

Market Conditions Adjustment Conclusion. The data would also appear to say that Agricultural land and home values have been on a roller coaster ride up and down over the past eight years. Overall, I believe that land similar to the Larger Parcel have not increased more than home values or other types of residential land over the past 96 months. As such, on Table 1 I have adjusted all of the comparable land sales market conditions based upon the table below. To a certain extent I have tried to mirror the changes in market conditions over the past eight years.

Year	Market Conditions Adjustment
2008	-2.0%
2009	-2.0%
2010	-2.5%
2011	-2.5%
2012	0.0%
2013	+2.5%
2014	+3.0%
2015	+3.0%
2016	+3.0%

Listing Adjustment. Comparable Land Sale No. 5 is a listing and its sales prices is obviously subject to negotiation and the most likely price direction would be downward. According to the Turner Commercial Availability Report the "asking price" versus the "selling price" for all commercial buildings (retail, office and industrial). The average "asking price" versus the "selling price" in 2015 was 86.7%. The average "asking price" versus the "selling price" is shown in the table below.

Year	2008	2009	2010	2011	2012	2013	2014	2015
Adj. Per Month %	83.6%	70.5%	76.9%	73.9%	84.1%	85.0%	75.4%	86.7%

While the Turner Report did not track residential land sales specifically for "asking" price vs. "selling" price, my analysis of large acreage land sales with no entitlement indicates that selling prices are significantly lower than the asking prices, particularly given the lack of the number of sales and the extended marketing periods. On Table 1 I have adjusted the comparable listing (Comparable Land Sale No. 5) downward -10% for being a listing and not closed sale transactions.

Contributory Value Adjustments. To the sales price as adjusted for property rights conveyed, financing terms, conditions of sale, and market conditions, on Table 1 I have made adjustments for the contributory value for any water rights and building improvements.

Water Rights. All of the land comparable sales had water rights similar to how the subject is being appraised.

Building Improvements. No adjustments were warranted, all of the comparable land sales were vacant land.

Comparison Adjustments. To the sales price as adjusted for property rights conveyed, financing terms, conditions of sale, and market conditions, there are made adjustments as necessary for physical differences between the comparable properties and the subject property. Where the comparable property is considered superior to the subject property, a downward adjustment is made. Where the comparable property is considered inferior to the subject property, an upward adjustment is made. For each respective transaction the net adjustment is the sum of the individual adjustments. As shown on Table 1, I have adjusted the comparable land sales for physical differences as compared with the subject property. My adjustments are made on the purchase price per acre.

TABLE 1 - SALES COMPARISON GRID

Transaction Number:	Larger Parcel		Land Sale No. 1		Land Sale No. 2		Land Sale No. 3		Land Sale No. 4		Land Sale No. 5
Location	0 McKay Road		East Face of Cheyenne Mountain		0 Crystal Park Rd		0 Myrtle Street		1182 Gold Camp Rd		0 Turkey Canyon Ranch Road
Jurisdiction	CSC		El Paso County		EL Paso County		Green Mountain Falls		CSC		El Paso County
Market Area	Southwest		Southwest		Manitou		Ute Pass		Southwest		Southwest
Property Data:											
Date of Sale	3/21/2016		1/31/2008		11/7/2009		10/22/2013		5/21/2014		Listing
Land Area in Sq.Ft.	3,850,268		4,597,322		1,742,400		5,227,200		2,730,341		4,708,836
Land Area in Acres	88.390		105.54		40.00		120.00		62.68		108.10
Zoning	PUD, HS (CSC), A-5		A-5 (County)		F-5		RT (County)		A, HS		RR-5 (County)
Sale Price			$441,000		$160,000		$150,000		$345,000		$290,000
Property Rights Conveyed		Fee Simple	-0-	Fee Simple	-0-	Fee Simple	-0-	Fee Simple	-0-	Fee Simple	-0-
Adjusted Sale Price			$441,000		$160,000		$150,000		$345,000		$290,000
Financing Terms		Cash Out	-0-	Cash Out	-0-	Cash Out	-0-	Seller Carry	-0-	Seller Carry	-0-
Adjusted Sale Price			$441,000		$160,000		$150,000		$345,000		$290,000
Conditions of Sale		Arm's Length	$0	+10% Court	$16,000	Arm's Length	$0	Arm's Length	$0	Arm's Length	$0
Adjusted Sale Price			$441,000		$176,000		$150,000		$345,000		$290,000
Market Conditions (Time)		+0.29% Mkt.	$1,279	+3.79% Mkt.	$66,704	+7.04% Mkt.	$10,560	+5.38% Mkt.	$18,561	-10% Listing	($29,000)
Sale Price Adjusted for Property Rights, Financing, Conditions of Sale, and Time:			**$442,279**		**$242,704**		**$160,560**		**$363,561**		**$261,000**
Contributory Value - Water Rights			$0		$0		$0		$0		$0
Contributory Value - Building Improvements			$0		$0		$0		$0		$0
Adjusted Sales Price			$442,279		$242,704		$160,560		$363,561		$261,000
Purchase Price Per Acre			**$4,191**		**$6,068**		**$1,338**		**$5,800**		**$2,414**
Comparison Adjustments	**Larger Parcel**	**Comp.**	**Adj.**	**Comp.**	**Adj.**	**Comp.**	**Adj.**	**Comp.**	**Adj.**	**Comp.**	**Adj.**
Location/Access	Average/Average	Inf./Equal	10.00%	Inf./Inf.	15.00%	Inf./Equal	30.00%	Equal/Equal	0.00%	Inf./Equal	20.00%
Zoning	PUD, HS (CSC)	Equal	0.00%	Equal	0.00%	Equal	0.00%	Equal	0.00%	Equal	0.00%
Size/Acres	88.39	105.54	1.14%	40.00	-4.84%	120.00	2.11%	62.68	-2.57%	108.10	1.31%
Parcel Shape	Irregular	Equal	0.00%	Superior	-3.00%	Superior	-3.00%	Equal	0.00%	Equal	0.00%
Topography	Grades Exceeding 30%	Equal	0.00%	Equal	0.00%	Equal	0.00%	Equal	0.00%	Equal	0.00%
Soil Conditions	Average	Equal	0.00%	Equal	0.00%	Equal	0.00%	Equal	0.00%	Equal	0.00%
View	Good	Equal	0.00%	Equal	0.00%	Inferior	10.00%	Equal	0.00%	Inferior	5.00%
Vegetation	Good	Equal	0.00%	Inferior	15.00%	Inferior	15.00%	Equal	0.00%	Equal	0.00%
Stage of Development	Zoned/Undeveloped	Equal	0.00%	Equal	0.00%	Equal	0.00%	Superior	-5.00%	Equal	0.00%
Highest and Best Use	Op Space/Recreational/Res.	Equal	0.00%	Equal	0.00%	Equal	0.00%	Equal	0.00%	Equal	0.00%
Net Adjustments (%)			11.14%		22.16%		54.11%		-7.57%		26.31%
Gross Adjustments (%)			11.14%		37.84%		60.11%		7.57%		26.31%
Net Adjustments ($)			$467		$1,345		$724		-$439		$635
Adjusted Price Per Acre			$4,658		$7,412		$2,062		$5,361		$3,050
Appraisers Weighting Factor			35.00%		10.00%		5.00%		35.00%		15.00%
Product			$1,630		$741		$103		$1,876		$457
Indicated Range of Values Per Acre			$2,062	to	$7,412						
Average Value Acre			$4,509								
Median Value Acre			$4,658								
Weighted Value Acre			$4,808								
Concluded Value Rounded Acre			**$4,800**								
Number of Acres			88.39								
Concluded Value As Though Vacant			$424,272								
		Rounded	**$424,300**								**\2016-10_T1**

Location/Access. Location/access adjustments considers proximity and exposure to major commercial corridors, accessibility and the surrounding general level of land values. Comparable Sale No. 4 were considered equivalent in location. The remaining three comparable land sales were all considered inferior to the Larger Parcel in location and were adjusted upwards. In terms of access Comparable Land Sale No. 2 was considered inferior in access and was adjusted upwards. This sale did not have access to any public street and while it had physical access to a private street it did not have legal access. The remaining four land sales were considered equivalent in access and were not adjusted.

Zoning. The zoning adjustment considers the differences in permitted, special and accessory use and development restrictions. No adjustment were made to the comparable land sales for zoning.

Size. Size adjustments are made to allow for the fact that larger land areas of a given level of utility tend to sell for less per area unit than smaller parcels and vice-versa. Simply, a larger tract with similar characteristics compared to a smaller tract will typically sell for less on a comparative unit basis. My adjustment for size on Table 1 is a sliding scale. Comparable Land Sale Nos. 1, 3 and 5 are the largest of the land sales. These sales were adjusted based upon a 1% adjustment per 15 acres difference in size. Comparable Land Sale Nos. 2 and 4 were the smallest land sales and they were adjusted based upon a 1% adjustment per 10 acres difference in size.

Parcel Shape. Comparable Land Sale Nos. 2 and 3 were adjusted downwards for superior parcel shapes.

Topography. In this adjustment category I considered the fact that most all of the Larger Parcel is unbuildable due to excessive grades. All of the comparable land sales selected for direct comparison with the Larger Parcel contained mountainous land forms with grades exceeding 30%. As such, no adjustments were made for topography.

Soil Conditions. No adjustments were made for soil conditions.

View. The best views command the highest prices for most types of properties. Comparable Land Sale Nos. 3 and 5 were adjusted upwards for having inferior views. All of the remaining comparable land sales had somewhat similar views and no adjustments were made.

Vegetation. The quality and to a certain extent the quantity of vegetation that a residential property possess can greatly influence its sales price. Unlike the other adjustment categories too much vegetation/trees can also have a negative effect on value. Comparable Land Sale Nos. 1, 4 and 5 had similar vegetation and were not adjusted. Land Sale Nos. 2 and 3 had inferior vegetation because they lacked trees and were adjusted upwards.

Stage of Development. Stage of Development adjustment considers the location and extent of public utilities and road improvements, other site conditions and their impact on the developability of the comparable properties relative to the subject. Also considered under this heading is whether or not the comparable property was platted and if associated platting fees have been paid.

As of the effective date of this report there were no development entitlements on the Larger Parcel other than zoning. However, all of the necessary utilities for development of the Larger Parcel as a single or possibly two rural residential lots are to the perimeter of the site. Water and sewer utilities are basically to the northwest corner of the site. However, to use these utilities the Larger Parcel would probably need to be annexed into the City of Manitou. Land Sale No. 4 was considered superior in stage of development and were adjusted downwards. A portion of Land Sale No. 4's site was platted and fully developed as a residential lot. No adjustments were made to the remaining comparable land sales for stage of development.

Highest and Best Use. The adjustment for highest and best use compares the sale property with the subject in terms of relative value of end uses. The adjustment additionally considers ripeness for development and compares the time for optimum development of the comparable property with that of the subject. Where a differential in ripeness occurs, the size of the adjustment is based upon carrying costs over the estimated time period. As discussed above, the highest and best use of the Larger Parcel was open space/recreational and rural residential. The physical characteristics of the site with its excessive slopes severely limits its development potential to just one or two lots with the balance of the site as open space/recreational use. Likewise, all of the comparable land sales had similar highest and best uses and no adjustments were made.

Conclusion - Sales Comparison Approach. On Table 1 the respective net adjustments expressed as dollars are the sum of the individual comparison adjustments. For each comparable sale, the sales price is adjusted by the net adjustment. The range of adjusted sales prices, the average and median adjusted sales price, and the weighted average sales price are as shown on the table.

On Table 1 the range of adjusted sale prices per acre are from $2,062 to $7,412 with an average of $4,509 and a median sales price of $4,658. The adjusted sales are then weighted according to the appraiser's estimate of the degree of comparability that each of the respective sales bears to the subject property. Land Sale No. 3 had the lowest indicated value for the Larger Parcel and required the most amount of gross adjustment. I gave this sale the least amount of weight. Comparable Land Sale No. 2 had the highest indicated value for the Larger Parcel and required the second most amount of gross adjustment. I gave this sale the second least amount of weight. Comparable Land Sale Nos. 1 and 4 required the least amount of gross adjustment and were most similar to the Larger Parcel. Therefore, I gave these two sales the most amount of weight. As indicated on Table 1 my weighted average is estimated at $4,808 per acre. I have selected **$4,800** per acre as my concluded value per acre for the Larger Parcel. This value is slightly below my weighted average and slightly above the median and average.

Using the sales comparison approach methodology as described above, the indicated value of the Larger Parcel as estimated on Table 1 is **$424,300 (rounded) or $4,800 per acre.**

Reconciliation – Larger Parcel Value Before Take

Value Indications

Value indications for the Larger Parcel are as follows.

Land/Site Value - Larger Parcel Before Take $424,300 ($4,800/Acre)

I used the sales comparison approach to estimate the reasonable market value of the Larger Parcel before the take. Overall, the sales comparison approach is typically well adapted to properties in active real estate markets where there are a sufficient number of recent sales of similar properties. The approach does produce good estimates of value when recent sales of comparable properties do not exist, or when the adjustments between the comparable sales and the subject are large. In terms of the appraisal I had an average selection of comparable land sales to perform the analysis. Overall, this sales comparison approach's accuracy was limited due to adjustments made for location and site size. In my opinion, the value produced in the sales comparison approach did provide a reasonable value indication for the Larger Parcel.

Summary Larger Parcel Value Before Take

Larger Parcel Value Before Take:	Total Value	
Total Land/Site Value	$424,300	
Total Improvements Contributory Value	$0	
Total Larger Parcel Value Before Take		**$424,300**

PART 4

FACTUAL DATA – PART(S) TAKEN

Identification of the Part(s) Taken

City of Colorado Springs proposes to acquire a permanent trail easement (PTE-1) along the east property line of the Larger Parcel. Public ownership of this property will secure access for the future development of the Chamberlin Trail. The easement will support key segments of the Chamberlin Trail that will provide a unique back country trail experience along the City's foothills, ultimately connecting Cheyenne Mountain State Park, North Cheyenne Canon, Stratton Open Space, Bear Creek Regional Park, Red Rock Canyon Open Space and the Garden of the Gods Park. This alignment will also advance the future development of the Cheyenne Mountain Heritage Trail, envisioned to circumnavigate the base of Cheyenne Mountain. This trail will complement the Ring the Peak Trail, ultimately creating a unique "figure eight" of back country trail opportunities.

In accordance with community open space plans, the City of Colorado Springs seeking to protect important natural features and preserve views of the foothills. Acquisition of this property would preserve and protect these resources for future generations.

It is noted that the legal graphic indicates two trail easements. One of the trail easements contains 1.4 acres and is associated with Assessor's Tax Parcel 75023-01-005 which contains 2.09 acres. The second trail easement contains 3.0 acres and is associated with Assessor's Tax Parcel 75000-00-230 that contains 86.31 acres. The two Assessor's tax parcels are contiguous, as are the two trail easements. For valuation purposes, I have determined the Larger Parcel to be the two Assessor's tax parcels combined totaling 88.39 acres and the taking as the two trail easements combined for a combined total of 4.4 acres.

Easement Data

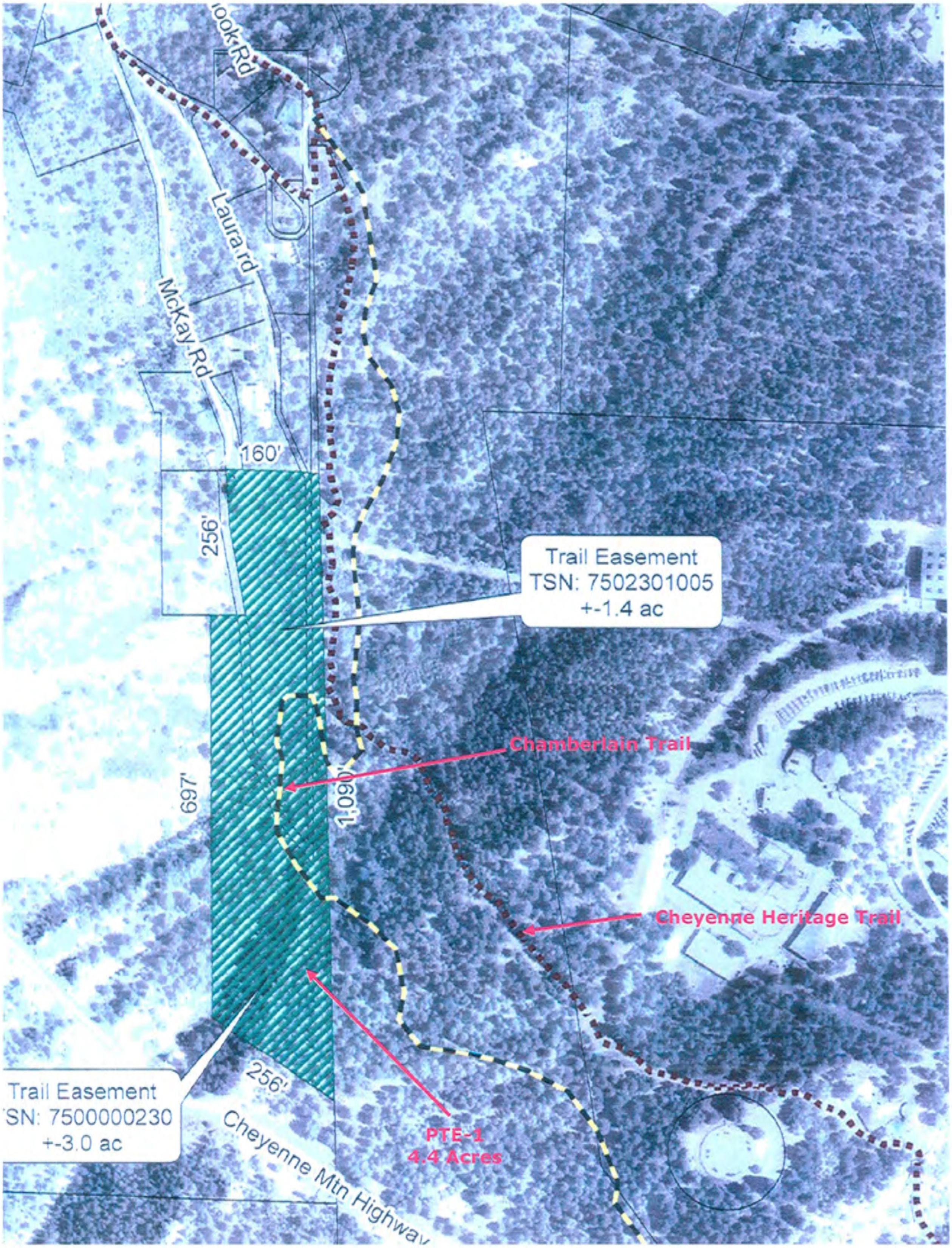
Parcel PTE-1. In an easement the agency's rights are permanent in nature and in this case the easement is being taken to secure public access for the future development of the Chamberlin Trail and the Cheyenne Mountain Heritage Trail.

Legal Description. I do not have a complete and accurate legal description for Parcel PTE-1. The legal description is generally described as a portion of the W2 SEC 11, T15S, R67W, El Paso County, State of Colorado.

Location of the Taking. Parcel PTE-1 is located along the east property line of the Larger Parcel.

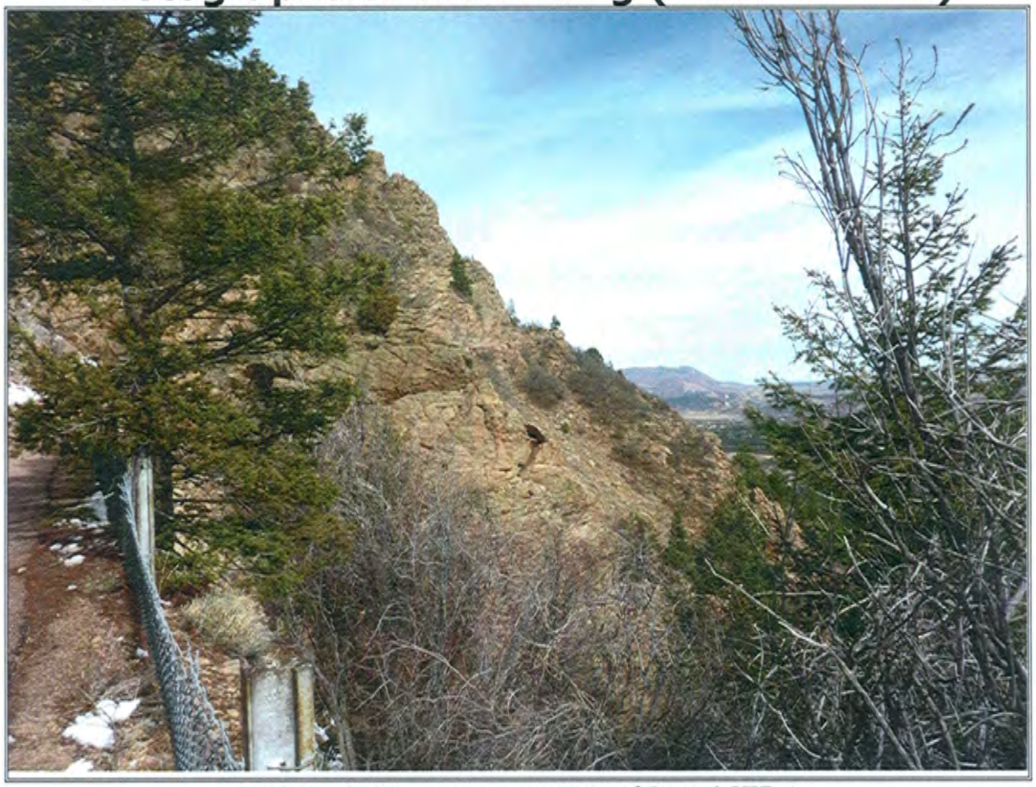
Size and Shape of the Taking. The legal graphic indicates that the permanent trail easement taking (PTE-1) contains 4.4 acres or 191,664 square feet, which is approximately 4.98% of the Larger Parcel's entire site area of 88.39 acres. The shape of Parcel PTE-1 is generally described as irregular. The main body of the parcel is 256' feet wide and 1,090' feet long - north to south. A legal graphic for parcel PTE-1 is shown on the following page.

Site Improvements Taken. There are no site improvements affected by the taking of permanent easement parcel PTE-1.



Laura rd
McKay Rd
160'
256'
697'
1,090'
256'
Trail Easement
TSN: 7502301005
+-1.4 ac
Chamberlain Trail
Cheyenne Heritage Trail
Trail Easement
SN: 7500000230
+-3.0 ac
PTE-1
4.4 Acres
Cheyenne Mtn Highway

Photographs of the Taking (Parcel PTE-1)



Looking north across a portion of Parcel PTE-1

The subject photograph was taken on March 21, 2016 by Thomas Colon.

PART 5

ANALYSIS AND VALUATION–PART(S) TAKEN

Value of Part(s) Taken as Part of Larger Parcel

Easement Value of Part(s) Taken

Parcel PTE-1. In a permanent easement the agency's rights are permanent in nature and in this case the easement is being taken to secure public access for the future development of the Chamberlin Trail. The part taken is identified in the following table.

Parcel No.	Square Feet	Acres	Interest to be Acquired
PTE-1	191,664	4.4	Permanent Trail Easement

Permanent Trail Easement PTE-1 contains 4.4 acres or 191,664 square feet. In the taking of a permanent easement not all of the rights associated with the fee simple interest ownership are being taken away. In this case the easement is being taken to secure public access for the future development of the Chamberlin Trail.

In my opinion, the amount of ownership rights being given are significant because the owner has lost the use of the entire surface area of the easement, particularly with the introduction of public access and use. In addition, the taking affects the only portion of the site that would be suitable for residential development.

The easement area could still be used in calculating building setbacks and gross building areas, but given the loss of the surface rights and the public access and use of the site, I have estimated an easement taking of 90% of the fee simple value.

To estimate the value of the permanent trail easement taken I have used the estimated land/site value per acre, as determined for the Larger Parcel in Part 3 of this report. The land/site value estimated for the Larger Parcel was $4,800 per acre. Using the land/site value estimated for the Larger Parcel on a per acre basis the value of the permanent trail easement is estimated as follows.

Permanent Easement Takings:						
Parcel No.	Area (Acre)	$/Acre	% of Fee	90% of Fee	Value	Total Value
PTE-1	4.4	$4,800	90%	$4,320	$19,008	
Total Easement Value of Part(s) Taken						**$19,008**

Summary of Value of Part(s) Taken

The value of the part(s) taken as part of the larger parcel appraised is summarized as follows:

Value of Part(s) Taken							
Easement Takings:							
Parcel No.	Area (Acre)	$/Acre	% of Fee	90% of Fee	Value	Total Value	
PTE-1	4.4	$4,800	90%	$4,320	$19,008		
Total Easement Value of Part(s) Taken						**$19,008**	
Total Value of Part(s) Taken							**$19,008**

PART 6

RESIDUE VALUE BEFORE THE TAKE

Summary of Residue Value Before The Take:

Residue Value Before The Take:		
Larger Parcel Value Before Take	$424,200	
Less: Value of Part(s) Taken	$19,008	
Total Residue Value Before The Take		**$405,292**

PART 7

FACTUAL DATA – RESIDUE AFTER TAKE

Property Data – Residue After Take

Identification of the Residue

Land/Site Data

Legal Description. The legal description for the Residue would be the same as the Larger Parcel before the take.

Changes in the Residue. The description of the Residue is basically the same as the Larger Parcel described in Part 2 of this report, except for the following changes.

Land Area and Shape. After the taking the Residue's land area would be the same. A permanent trail easement containing 4.4 acres was taken to secure public access to a segment of Barr Trail. The trail easement is approximately 4.98% of the Larger Parcel's entire site area of 88.39 acres and given that the taking is 90% of the fee value it essentially reduces the Larger Parcel 4.4 acres to 83.99 acres. The shape of the Residue after the taking is basically the same as the Larger Parcel before the taking.

Conclusion – Residue After Take. The Residue after the take is basically the same as the Larger Parcel before the take except for the permanent loss of 4.4 acres for a trail easement. The trail easement is approximately 4.98% of the Larger Parcel's entire site area and given that the taking is 90% of the fee value it essentially reduces the Larger Parcel 4.4 acres to 83.99 acres.

PART 8

ANALYSIS AND VALUATION – RESIDUE AFTER TAKE

Highest and Best Use – Residue After Take

Highest and best use of the Residue after the take would remain the same. The Residue is subject to the same market dynamics, highest and best use, and marketability as the Larger Parcel was prior to the take. The highest and best use of the property remains open space/recreational with possible residential consistent with the current use.

Land/Site Valuation – Residue After Take

Land/Site Value. No further analysis of the Residue value including separate land sales and sales comparison approach analysis is required for purposes of this report. As discussed in Part 7 of this report the Residue after the taking is virtually the same as the Larger Parcel before the take, except for the loss of 4.4 acres to a permanent trail easement.

Reconciliation – Residue Value After Take

In the after condition, the value per square foot attributable to the Residue remains the same at $4,800 per acre for the area not encumbered by the proposed permanent trail easement and $480 per acre for the area encumbered by the proposed permanent trail easement. The unencumbered area is 83.99 acres and the encumbered area is 4.4 acres. The value of the residue after take is calculated as follows:

Unencumbered	$4,800 Acre X 83.99 =	$403,152
Encumbered	$480 Acre X 4.4 =	$ 2,112
Total (differences accounted by rounding)		$405,292

Residue Value After Take. To determine the "Residue Value after Take", the contributory value of the affected improvements is deducted from the "Residue Value Before Take". The subject property has no improvements therefore there is no improvement contributory value in the Residue.

Residue Value After Take – Uncured (no restoration cost to cure)		
Land/Site Value (Including Encumbered Easement Areas Acquired)	$405,292	
Improvement Contributory Value	$0	
Total Residue Value After Take - Uncured		**$405,292**

PART 9

ACQUISITION ANALYSIS OF DAMAGES AND/OR BENEFITS

Indicated Damages

To begin the analysis of damages, the residue value before take is compared with the residue value after take in an uncured condition. Indicated damages to the residue after the take are:

Indicated Damages to Residue After Take - Uncured:		
Total Residue Value Before Take	$405,292	
Less: Total Residue Value After Take – Uncured	$405,292	
Total Indicated Damages to Residue After Take – Uncured		**$0**

There is no indication that a damage scenario exists in the after condition based on permanent damages to the remainder.

Indicated Specific Benefits

In my opinion, there are no special benefits that would have a positive effect on the value of the Residue after the take. General benefits are not considered. By definition, specific benefits "must result directly in a benefit to the Residue and be peculiar to it". General benefits, those "benefits which may result to the Residue but which are shared in common with the community as large", are not to be considered. Consequently, there are no offsetting special benefits to the Residue.

Indicated Specific Benefits to Residue After Take – Cured:		
Residue Value After Take - Cured (Appraised, Restoration Cost to Cure Complete)	$405,292	
Less: Total Residue Value After Take – Uncured	$405,292	
Total Indicated Specific Benefits to Residue Value After Take - Cured		**$0**

PART 10

TEMPORARY EASEMENT RENTAL VALUE

Temporary Easement Data

In this case there are no temporary easements associated with the taking of the permanent trail easement – parcel PTE-1.

PART 11

COMPENSATION SUMMARY

Explanation of Compensation

Total compensation is equal to the value of the part taken – permanent trail easement PTE-1. There are no damages to the Residue after the take. The Residue will also not benefit from the taking of the permanent trail easement.

Compensation Estimate Summary

Compensation Summary		
Value of Part(s) Taken:		
Total Easement Value of Part(s) Taken	$19,008	
Total Owner Improvements Contributory Value of Part(s) Taken	$0	
Total Value of Part(s) Taken		**$19,008**
Damages and/or Offsetting Specific Benefits:		
Total Compensable Damages - Incurable	$0	
Less: Offsetting Specific Benefits	$0	
Net Compensable Damages and/or Offsetting Specific Benefits		**$0**
Total Rental Value of Temporary Easement(s)	$0	**$0**
Compensation Estimate (Effective Date March 21, 2016)		**$19,008**
	Rounded	**$19,000**

My estimate of compensation was made with two extraordinary assumptions and one hypothetical condition as discussed in the Scope of Work (Part 1) section in the attached report.

2016-10

PART 12

EXHIBITS AND ADDENDA

Qualifications of the Appraiser

APPRAISER QUALIFICATIONS
THOMAS COLON

EMPLOYMENT HISTORY:

11/1993 - Present: Independent real estate appraiser -Thomas Colon & Associates, Inc.

1/1989-10/1993 Hastings & Colon Real Estate Appraisers. Appraisal assignments included - Motels: existing properties along the front range and Canon City. Retail: community and neighborhood shopping centers in Colo. Spgs. and Denver. Industrial: light and heavy industrial properties along the front range. Office: office buildings in the CBD and suburban areas of Colo. Spgs. Residential: both single family and multi-family properties in all areas of El Paso County and the City of Colorado Springs.

1978-1988 Smartt Construction Company - President. Responsibilities included development of all types of land uses for company including single family, multi-family, industrial, and commercial and mobile home park. Construction of single family dwellings, office, warehouse, and retail buildings. Construction was done for company's projects or for other owners on a negotiated or competitive bid basis. Activity involved in all Company sales and leasing, from actually selling and leasing to overseeing all other sales and leasing activities for the Company.

1970 - 1978 Various Contractors and Subcontractors: Ross Construction Company, Guy Graham Construction, K.D. Rose Construction Co., Horn Brothers Construction Co., Columbine Construction Co., Ambassador Homes. Involved in various aspects of single family, multi-family, commercial, office and industrial construction.

EDUCATION:

University of Colorado: Bachelor Degree, 1974

Pikes Peak Association of Realtors: Courses include - Real Estate Law, Ethics

Jones Real Estate Collage: Approximately 165 hours of real estate courses required for Colorado Broker License.

University of Colorado Division of Continuing Education: Approximately 876 hours in appraisal courses required for Colorado Certified General Appraisers license and continuing education for both the appraisers and brokers licenses.

Northwest Center of Professional Education: Courses/Seminars included - Retail Center Feasibility and Leasing, Valuation of Real Estate, Leasing Commercial Real Estate, Commercial Property Management, Developing and Managing a Mini-Storage Warehouse.

Judy Car & Associates: Developing a Manufactured Housing Community. Manufactured Housing Resource Group Inc.: The Manufactured Housing Land Development.

AFFILIATIONS:

Housing and Building Association of Colorado Springs - (HBA): Associate Member, Board of Director for 18 years, I also chaired the HBA's Land Use/County Affairs Committee for 18 years. HBA's Associate of the Year -1996.

Colorado Springs Board of Realtors (Broker Member)

Appraiser Qualifications (Thomas Colon) Continued Page 2

Colorado Association of Real Estate Appraisers

El Paso County Comprehensive Plan (Former Committee and sub-Committee Member)

El Paso County Land Development Code (Former Committee Member)

El Paso County Oversight Sub-Committee (Former Board Member)

El Paso County Regulatory Review Commission (Former Board Member)

City of Colorado Springs/El Paso County Drainage Board (Former Board Member and Chairman)

City of Colorado Springs School/Park Fee Advisory Committee (Former Appraiser Member)

PROPERTY TYPES APPRAISED:

Single Family Residential: Individual single family, Condominiums, and Townhomes

Multi-Family Residential: Duplex properties up to a 479 unit apartment complex.

Vacant Land: Single Family and Commercial Subdivision Development, agricultural, retail, office, and industrial.

Commercial Improved: Office buildings, banks, strip retail buildings, free standing retail buildings fast food restaurant buildings, full service restaurant buildings, motels, B & Bs, multi-user and single user industrial buildings, mini-warehouse facilities, automotive buildings, car wash properties both self service and tunnel type, nursing home properties and Gaming Casinos.

LICENSES:

Colorado Certified Appraiser License No. CGO 1315531
License expires December 31, 2016

Colorado Real Estate Broker License No. EI00 321421
License expires March 21, 2019

STATE OF COLORADO
Department of Regulatory Agencies
Division of Real Estate

Active
Cert Gen Appraiser

PRINTED ON SECURE PAPER

1315531	Jan 1 2014	Dec 31 2016
Number	Issue Date	Expires

THOMAS JOSEPH COLON
COLORADO SPRINGS, CO 80921

Thomas Joseph Colon

Program Administrator — Licensee Signature