



The Slate River Addition Concept Annexation Application October 10, 2014

PREPARED BY:

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Introduction

Cypress Foothills LP (the “Applicant”) is pleased to present this concept annexation request to the Town of Crested Butte (the “Town”) in accordance with Section 15-1-50 of the Town Code. Applicant looks forward to working cooperatively with the Town, Council, and Staff to develop the best possible project at this unique location.

Applicant has assembled a dynamic team of experienced development professionals, each bringing a breadth of experience and creativity in their own respective disciplines. Together, the team combines world-class expertise with intimate local knowledge that will prove vital to delivering the collective goal: a responsible, sustainable development that not only preserves the unique character of the Town, but further enhances the quality of life for its current and future residents for many years to come. The development team is comprised of:

Cypress Equities – founded in 1995 by Chris Maguire, a long-time second homeowner in the Crested Butte community, Cypress Equities companies have acquired and constructed over 18 million square feet of retail, residential, office, and resort projects in markets across the country.

HKS Architects – globally recognized as one of the world’s premier architecture firms, with a specialty practice in hospitality and urban design, HKS Architects have envisioned and delivered exceptional spaces for people to live, work and play in nearly 1,500 cities throughout 84 countries.

SGM Civil Engineers – one of the top engineering firms on the Western Slope, and undoubtedly a familiar name in the East River Valley, SGM has provided engineering solutions to Colorado communities for decades. SGM’s Tyler Harpel brings a vital familiarity with Town of Crested Butte and an intimate knowledge of the subject property in particular.

Law of the Rockies – based in Gunnison and widely respected in the local community, Law of the Rockies has established itself as one of the preeminent legal practices on the Western Slope. Law of the Rockies’ member Marcus Lock is known for crafting creative solutions to complex problems.

The primary goal of this submittal, as stated in section 15-1-50 is “to allow the applicant to obtain an informal response from the town to the general elements of the proposed annexation.” Accordingly, this narrative and the accompanying materials are only intended to introduce the annexation concept consistent with the requirements of Section 15-1-50. Applicant will, of course, provide additional details and specifics, reflecting input from the Town, in the formal annexation petition submitted pursuant to Section 15-1-60 of the Town Code.

This concept annexation request includes the following materials consistent with Section 15-1-50(a) through (d):

- (a) Concept maps showing the lands proposed to be annexed and the method for achieving the one-sixth (1/6) contiguity required by the Municipal Annexation act of 1965;
- (b) A general description of proposed land uses and densities for the lands proposed to be annexed;
- (c) A description of proposed water, sewer and transportation service to the lands proposed to be annexed; and
- (d) A description of proposed roads, sidewalks, and pedestrian access and circulation as they relate to the lands proposed to be annexed.

Concept Maps (Town Code 15-1-50 1.a)

For the convenience of the Town, and in order to illustrate the general elements of this annexation concept, Applicant is providing five different maps with this concept annexation request:

- A concept annexation map showing the legal description and boundaries of the property (containing two sheets);
- Two sets of land use maps illustrating alternative proposed layouts of the annexation concept, land uses, and densities. As discussed further below, Applicant and Town Staff identified competing goals with respect to the layout of the proposed annexation. On the one hand, the Town has historically desired to preserve the Town grid to the extent practical. On the other hand, the Town Code seeks to preserve the natural character of the land in various ways. Accordingly, Applicant and Town Staff thought it would be appropriate to present the Town Council with two different layouts, one more grid-like in appearance (the “Grid Plan”), shown on **Exhibits 1** and **2**, and the other more consistent with the natural features of the property (the “Natural Plan”), shown on **Exhibits 3** and **4**. Presentation of both the Grid Plan and the Natural Plan affords the Town Council the opportunity to decide which of these two approaches is more desirable. The differences between these two layouts are further described below.

General Description of Proposed Land uses and Densities (Town Code 15-1-50 1.b)

The proposed Slate River Addition is a 44.50-acre parcel of land directly adjacent to and immediately north of Butte Avenue on the northeast side of the Town of Crested Butte. This piece of property was historically owned by the Trampe family, but is no longer viable for ranching and has not been used for active ranching in many years.

The property contained within the proposed Slate River Addition is identified in the Crested Butte Area Plan (the “Area Plan”) as appropriate for transitional density between the denser more urban areas in Town and the lower density residential areas outside of Town.

The majority of the property has relatively mild grades, but there are some areas with highly variable topography. In addition, the Slate River bisects the property, and there are wetlands on the site. Therefore, Applicant acknowledges the need to reach an appropriate balance between respect for the Town grid and preservation of “the natural character of the land” to ensure compatibility with “existing topography, drainage patterns and other natural features” of the property, as required by Section 17-8-20 of the Town Code. Thus, Applicant has prepared two plans exhibiting these competing concepts. Despite their differences, both plans provide the following:

- Public Access to the Slate River, including a proposed river park and trail
- Land for the proposed new fire station (or other civic use)
- Key trail connections, further described herein
- Proposed park space spanning a 325’ x 125’ block
- Large park space in the northeast area of the annexation
- Important 7th Street and 8th Street connections
- Proposed built affordable housing, to be constructed by Applicant
- Cleanup of the old Town Landfill

Both plans are very similar on the west side of the Slate River, each striving to maintain the Town grid as much as possible near the southwest corner of the property. The only difference is a straightening of “Road B” on the Grid Plan, which encroaches into the wetlands buffer of the Pond Wetlands. As for the east side of the river, the primary differences between these two alternatives are summarized below and illustrated on Exhibits 1-4.

Exhibit 1: The Grid Plan

As mentioned above, Road B will impact the existing Pond Wetlands in order to maintain the grid structure and spacing. The combination of the Pond Wetlands, rolling topography, and limited space limit the potential to extend the grid into the area north of Road B in both proposed plans.

The bridge crossing the Slate River is set at the best possible location to:

- limit the overall length of the bridge,

- make the bridge it as perpendicular to the river as possible, and
- establish relatively similar landing-point elevations

On the east side of the river a single block grid structure is set up similar in size to a standard Town block but slightly smaller due to available space. The block is also oriented north to south to best fit the area between two wetlands. Some of the lots will have to encroach into the 100' wetland setbacks from the East Wetlands in order to accommodate the grid. To achieve this configuration, the entire residential area east of the bridge would have to be disturbed and re-graded, which is invasive to the natural topography, inconsistent with natural drainage patterns, and would require significant cut and fill work.

There is an alley in the center of the grid on the east side but the perimeter lots would be front loaded from the street. Adding alleys around the back side of the perimeter lots would not only take up more space but add additional impacts to the wetlands, increase the amount of plowed area and storm water runoff, and increase the area that would need to be maintained.

Exhibit 2: Grid Plan Overlay

Exhibit 2 shows the same proposed Grid Plan layout as Exhibit 1 and overlays the topography, wetlands, wetlands setbacks, Town landfill, and flood plain boundaries.

Exhibit 3: The Natural Plan

Exhibit 3 shows a more natural layout option. This option does not completely abandon the grid concept; adjacent to Butte Avenue it follows the grid format with a transition to a more natural composition as you move to the north and east of the Property. The Road B connection point onto Gothic road and the river crossing are both in the same locations as the Grid layout. However, in this plan, Road B curves to the south near the Pond Wetlands so there is not such an abrupt increase in elevation. More importantly, in this configuration Road B maintains at least a 25' buffer from the Pond Wetland.

A key component of the Natural Plan design is ensuring a 25' buffer from lower quality wetlands, a 100' buffer from higher quality wetlands and a variable buffer based on topography along the Slate River. This layout very strictly follows the wetland buffer setbacks, flood plain setback and tries to follow the natural topography as much as possible. The road follows the higher elevations on the east side of the river, which would be far less invasive to the natural topography, require less cut and fill, and result in shorter roadway length and easier and less expensive future maintenance. This also leads to less area for snow plowing and a lower overall impact of the development due to storm water runoff. The natural drainage paths can also be followed much more closely with this layout, keeping within the open channel flow as much as possible.

In response to preliminary discussions with Town Staff, Applicant has strived to avoid making the east side of the river feel like private neighborhood in this plan, but rather has taken measures to maintain continuity with the character of Town while still providing a transitional connection between the higher density areas in Town and the lower density areas nestled in the rolling foothills and nearby elevated terrain. Accordingly, Applicant has adhered to geometric structures for the roadways in this area to enhance its compatibility and consistency with the existing Town layout while striving to balance this more traditional layout with the natural topography and wetlands located in this area.

Exhibit 4: Natural Plan Overlay

Exhibit 4 shows the same natural layout as Exhibit 3, but incorporates topography, wetlands, wetlands setbacks, Town landfill, and flood plain boundaries.

Lots in the eastern portion of the development in both plans will be accessed primarily from street-front driveways. Since this area is proposed to be strictly residential and is not a through area, Applicant does not anticipate any problems associated with street-front access. Other examples of street front access in Town include:

- Portions of the existing blocks between 7th Street and 8th Street
- Beckwith and Journey's End roads
- The west half of Butte Avenue
- The Kapushion Annexation

Applicant proposes to develop the majority of the land within the annexation area as residential, with two blocks adjacent to Gothic Road set aside for a mix of uses. Applicant understands from Town Staff that there is a need for additional commercial, business and professional space within the Town that may be appropriate at these locations, in addition to residential. The additional tax revenue derived from the proposed commercial space, as compared to that generated by residential property alone, will also provide an increase in long-term funding to support future maintenance and repair of public infrastructure, not only within the proposed development, but off-site as well. Applicant's development concept also provides space adjacent to Gothic Road at the Northwest corner of the annexation parcel that could be used for a new, larger, and more modern fire station.

The residential areas can largely fit within existing residential zoning districts. There will be more R2 and R2A closer to Butte Avenue to provide for some multifamily housing and much-needed deed-restricted affordable housing closer to the Town core with better access to other Town facilities like the school. Various R1 zones will comprise the remainder of the development, from traditional R1 to R1E so that deed restricted units can be mixed in throughout the development, and potentially an R1D zone on the east side of the river to help transition to larger existing lots and open space outside of Town, consistent with the Crested Butte Area Plan.

Applicant anticipates that there will ultimately be approximately 115 units developed on about 75 total lots, though this estimate is subject to revision as Applicant and the Town move through the

annexation process. Consequently, this concept annexation proposal reflects a substantial reduction in density compared to the 155 units proposed for this land by the prior development group. It is also significantly less than the Recommended Maximum Density contemplated for this property in the Area Plan of 180.60 recommended maximum units when applying densities of 5.00 and 3.50 units per acre for the west and east side of the Slate River, respectively.

Town Code Review Standards

After taking into account the park space, public space, and open space being proposed in this annexation concept, developable lots will comprise less than 30% of the land in this proposed annexation, while more than 70% of the overall 44.5 acres of the property will be public.

Affordable and Local Housing

The current Town code requirement in article 17-12 calls for 60% of the overall proposed residential units to be deed-restricted for local housing, and 21% of the overall proposed residential units to be deed-restricted for affordable housing. Section 17-12-20 (3) authorizes adjustments to these percentages if Applicant were to actually construct the local or affordable housing. Applicant is interested in exploring the potential opportunity to design and build local and affordable housing to enhance the entry point to the Town as residents are traveling from the resort area back into the Town of Crested Butte. This would be consistent with the Area Plan's suggestion of enhancing entry points into the Town.

Applicant also proposes screening through berms, natural landscaping, and fencing to further enhance this entry point into the Town, and create a separation between the Public Works yard and the proposed development. Applicant understands the importance of maintaining the functionality of the Public Works facility adjacent to the proposed development and is interested in working with the Town to identify ways to ensure the preservation, or even enhancement of, resources available to the Public Works facility.

Applicant understands from discussions with Town Staff that an urgent need exists for additional multi-family affordable housing rental properties within the Town, and is interested in discussing the potential for building such developments as part of this project.

Applicant also appreciates and acknowledges the substantial time and effort the Town already has dedicated to the important issue of providing viable affordable housing options within Crested Butte. Accordingly, Applicant looks forward to working with the Town to identify and implement the best solution to providing local and affordable housing for the residents of the Town.

Public and Park Space

The exact acreages dedicated for public and park space will change slightly as the specific number of units is finalized during the annexation process. Regardless, Applicant will satisfy these requirements to ensure the character of Town and access to existing amenities are not adversely impacted by the annexation. The proposed land use maps show three parks; one will be a river access park, the second will be a large park space on the northeast area of the annexation, and the third will be a more traditional park located on the west side of the river between 7th Street and 8th Street.

River Park: A major amenity that is not currently available to residents in Town is public access to the Slate River, which would be possible with the addition of this River Park. Applicant proposes a park area on the east side of the river with a paved parking area for visitors to park. A trail will lead from the parking area along the Slate River northward to the bridge, and as suggested by Town Staff, potentially southward along the river as well, across a wetlands area to connect to the Rec Path.

Northeast Park: It is important to balance park types with Town needs and to respect the environmental sensitivity of the natural areas adjacent to the cemetery. Accordingly, Applicant believes that this area would be suitable for a more “natural” park setting with trails, benches, and potentially a relocated disk golf course, which would free up much-needed space at Big Mine Park. This would also limit the amount of water being used for irrigation.

West-End Park: After remediating the dump area (as further described below), Applicant proposes to incorporate a portion of the remediated dump area currently owned by the Town for purposes of providing a park on the west side of the river spanning nearly an entire 325’ x 125’ block, with the only exception being a small area abutting the Public Works yard designated for other civic use.

Overall the Applicant is proposing potentially more park space than what is required in the Town Code, based on the current proposed lot count. In addition to the park space, Applicant is proposing to set aside a large parcel of land at the northwest corner of the annexation area adjacent to Gothic Road for public civic use. A new fire station is one possible example for this area. This location would provide the Crested Butte Fire Protection District enough room for expanded modern facilities with quick access to both the Town of Crested Butte as well as the Town of Mt. Crested Butte. Conversations with Town Staff suggest that the relocation of the fire station is one subject that may be addressed in a pre-annexation agreement between the Town and Applicant.

Town Staff has also indicated the possible need of additional space for storage buildings near the existing Public Works yard, to offset land being incorporated into the development for park space. Applicant has provided a public parcel along 8th Street adjacent to the existing Public Works yard that could be used for enclosed/covered storage of vehicles, or other similar uses.

Additional public space is shown on the proposed land use maps for snow storage. Applicant's goal is to have various snow storage areas spread throughout the annexation, with the total snow storage space being equal to 1/3 the amount of overall plowed road and alley square footage.

Trails

The location of this annexation has the unique opportunity to connect the Town with the existing trail system outside of the Town. The concrete walkway along 8th Street is proposed to be extended into the annexation and across the bridge allowing for a seamless connection from the School, past Rainbow Park, and across the river to the existing recreation path. This connection could potentially even tie into the Nordic trail system in the winter. As previously mentioned, a trail along the east side of the river may also connect the Rec Path to the proposed River Park, should Town Council decide to permit the passage across the wetlands area. Accordingly, this project has the potential to greatly enhance the Town's already impressive trail system and recreational facilities.

School Land

Given the relatively low density being proposed, the amount of land the Town Code requires to be dedicated for school purposes is only about a third of an acre. Since this is too small to be usable for a school, Applicant anticipates that the Town would prefer a payment in lieu of such land, or to discuss the possibility for teacher housing. As with the other annexation requirements, Applicant looks forward to discussing these ideas further with the Town Council.

Open Space

The River corridor, including a corresponding wildlife corridor, and the areas in and around the wetlands are all proposed to be preserved as open space totaling approximately 18.7 acres on site or 42% of the total annexation. Applicant acknowledges that the Town Code requires additional open space, that offsite open space is one means of meeting this requirement, and that the Town's preference is preservation of these lands through conservation organizations like the Crested Butte Land Trust. Applicant looks forward to working closely with such organizations to preserve more valuable open space.

General Description of Proposed Water and Sewer Services (Town Code 15-1-50 1.c)

The properties contained within the proposed annexation will be serviced by existing utility infrastructure. Utility infrastructure systems will need to be extended to meet the service requirements of the subdivision.

Although the exact unit count has not been finalized, project design will accommodate anticipated water, sewer, and shallow utility demands. Applicant will contact each utility provider and discuss the ability of these providers to serve the project. Utility providers include

the Town of Crested Butte for water and sanitation, Atmos Energy for natural gas, Gunnison County Electric Association for electricity, and Time Warner for cable.

Both water and sewer distribution systems will connect to the project at multiple points along Butte Avenue at 6th, 7th, and 8th Streets and mostly follow the street layout, being separated by a minimum of 10'. This will allow the water system to be looped through the annexation and minimize dead end lines.

Water will need to be brought across the Slate River. The sewer distribution system on the east side of the river will be independent from the west side. On the east side of the river, a gravity pipe that leads to a lift station will pump wastewater back to the west side where it will be re-incorporated in to the gravity system that will flow to the existing Wastewater Treatment plant. If so desired, this also allows the Town the possibility of providing the cemetery better access to central water and sewer system connections.

The current capacity of the Wastewater Treatment Plant and Water Treatment Plant are 0.60 MGD (million gallons per day) and 1.25 MGD respectively. The Town also has 1.10 MGD of treated water storage capacity. Again, the specifics of the concept annexation have not been finalized, but it is estimated (using approximately 350 GPD per single family home) that the annexation will only use about 30,000 gallons of water/wastewater per day; or 0.03 MGD per day.

As part of the subsequent Sketch Plan submittal, Applicant will prepare a facilities report that will specify anticipated usage requirements and allow Applicant to evaluate the specific impacts the annexation may have on the two treatment facilities. The anticipated usage of 0.03 MGD represents approximately 5% of the existing wastewater treatment facility and 3% of the water treatment and storage facilities.

It is important to note that in addition to Applicant's paying for and installing the new water and wastewater distribution system, the water and sewer connections for each home or business will be paying the appropriate water and sewer tap fees and monthly usage fees, thus providing the Town with a constant revenue stream to cover future water and wastewater costs, and mitigating the initial impact the annexation may have on existing infrastructure and facilities.

The Town's potable water system is comprised of many different components: legal water supply (water rights), physical water supply, raw water storage capacity, water treatment capacity, treated water storage capacity, and distribution system and distribution system capacity. The capacities of certain components of this system are likely to limit the actual potable water supply available to the Town long before others. For instance, the Town is likely to reach its water treatment capacity long before it runs out of legal or physical water. It may be possible to modify or enhance existing infrastructure to "free up" already existing capacity. For example, Applicant understands that the Town is currently using treated water for irrigation purposes while underutilizing certain irrigation water rights owned by the Town. If additional infrastructure would allow irrigation water rights to be used to water parks and playing fields

instead of treated water, this would free up a corresponding amount of treatment capacity at the Town's water treatment facility. There are likely a number of other ideas that would prove to be equally beneficial to the Town's water supply system. Accordingly, Applicant looks forward to working with the Town to determine how it can best contribute to optimizing this multi-faceted system.

Applicant understands that the Town is currently discussing its wastewater treatment system and the capacity thereof with the Colorado Department of Public Health and Environment ("CDPHE"). Applicant further understands that while the Town has budgeted for, and is undertaking, a performance evaluation of its current wastewater treatment system, it does not have available funds for an actual expansion of the wastewater treatment system or the engineering necessary to accomplish such an expansion until 2016. Applicant understands from Town Staff that in the event this annexation process reaches a certain point of maturity, CDPHE may require the Town to commence the engineering work necessary to support an expansion of the wastewater treatment system. If the Town is faced with such a requirement before 2016, it would not have the funds necessary to pay for this engineering. In order to address this problem, Applicant is willing to work with the Town to develop a pre-annexation agreement in which Applicant agrees to provide the means necessary to cover any temporary funding shortfall attributable to the Town's processing of the proposed annexation. In this fashion, the Town can move forward with the annexation process without having to worry that doing so will inadvertently result in a violation of applicable CDPHE requirements.

General Description of Proposed Transportation, Roads and Pedestrian Access Circulation (Town Code 15-1-50 1.c and 1.d)

The proposed annexation will connect to the existing Town roadway grid and expand it along Gothic Road with four access points:

- Butte Avenue and 7th Street
- Butte Avenue and 8th Street
- Gothic Road and Road A
- Gothic Road and Road B

Applicant is proposing right-of-way widths 60 feet in diameter consistent with existing Town right-of-ways. Gothic road itself is not part of the annexation; it will continue to be owned by Gunnison County, which has indicated that it is comfortable with two access points onto Gothic Road in order to help maintain the Town of Crested Butte grid.

The four roadway access points – with two going to the south and two going to the west and north – are very important for dispersing traffic to and from the annexation and relieving pressure from the intersection of Gothic and Butte. This allows traffic traveling up valley to access Gothic Road directly via Road A and Road B at new intersection points proposed. Traffic traveling down valley or into Town will now have the choice of using 6th 7th or 8th Streets.

The connection to 8th Street is critical as it allows:

- Direct connection to the school
- Direct connection to other Town recreation facilities
- The 8' wide pedestrian walkway on 8th Street can be extended up to Road B and across the bridge to the east side of the Slate River and to access the river and new park facilities
- Direct connection to the new proposed bus loop along 8th Street that can simply continue in to the annexation with a new bus stop at or near 8th Street and Road B

Applicant will provide a more detailed traffic study at the appropriate time in the review process that will look not only at the traffic impacts to the adjacent intersections but also other important intersections throughout Town and along 6th Street. This traffic study will correspond with and integrate into the current traffic study being produced for the Town by Kimley-Horn.

In addition to the extension of the 8' pedestrian walkway up 8th Street and across the bridge, a pedestrian way/trail is proposed to run through the annexation east and west. This will provide a connection to the proposed park areas, and a possible connection to the existing recreation path, all connecting back in at Butte and 6th Street. As previously stated, the connection to the existing Rec Path would provide the possibility of connecting to the Nordic Trail system as well.

In order to minimize the impact on the river and wetlands, there is only one proposed bridge (providing both vehicular and pedestrian access) crossing the Slate River corridor. This bridge will be designed to accommodate Nordic skiing and grooming. Applicant respectfully submits that with only approximately 30 single family homes and park access located on the east side of the Slate River, more than one bridge is not necessary. Examples of other areas of the community adequately served by a single bridge include:

- Prospect in Mt. Crested Butte, one intersection and one bridge with 185 lots
- Meridian Lake, one intersection and one bridge with 175 lots
- Trappers Crossing @ Wildcat, one intersection and one bridge 45 lots
- Crested Butte South, two intersections onto Cement Creek Road, one bridge, one intersection with highway, and more than 550 active residential units

General Description of Drainage and Floodplain

The current FEMA 100 year floodplain that was just updated in May of 2013 is shown on the concept annexation map. With the exception of possible river park access, there is no proposed development within the floodplain.

Drainage control features will be utilized throughout the annexation to ensure that historic runoff flow rates and flow paths are maintained while protecting water quality.

Other Considerations**Wetlands**

Wetlands of varying quality have been identified on site. There have been at least four different wetlands evaluations performed on the site since 1993, all with some level of variation between them. For purposes of this proposal, Applicant is using the most current 2010 Army Corp of Engineers jurisdictional wetlands delineations. There is one exception to this, commonly known as the Pond Wetlands on the west side of the river. In a previous annexation application, the Town's wetlands consultant identified the Pond Wetlands as true functional wetlands, whereas the Army Corp of Engineers in 2010 did not classify this area as jurisdictional wetlands. Applicant is honoring the Town's delineation of this area as wetlands.

Applicant looks forward to working with the Town to determine the size and location of wetlands buffers, taking into account topography and wetlands functionality. The Applicant respectfully submits that whereas in some instances as much as 100' buffers will be appropriate for higher quality wetlands, only 25' buffers will be appropriate for lower quality wetlands, and in some instances an appropriate variable buffer between the 25' and 100' would be most suitable. Additionally, measures can be taken to enhance the wetlands buffer with natural vegetation which would protect the integrity of the wetlands in a shorter-buffered area as effectively as would a larger buffer with no vegetative enhancements.

Applicant acknowledges that the Grid Plan results in encroachments into the wetlands setbacks in various areas and seeks the Town Council's recommendation as to the preference of observing wetlands setbacks proposed in the Town Code (along with Council's desire to avoid invasive "cut and fill" measures) versus preserving the Town grid.

Town Landfill

A portion of the annexation contains what was once the old Town Landfill. The Applicant has done extensive environmental testing on the site and proposes to obtain a specialized contractor to clean up the entire dump both on Applicant's land and on Town land at no cost to the Town. In addition, Applicant has obtained an environmental insurance policy to cover the cleanup process.

Applicant intends to contract with an experienced, professional environmental engineering company that specializes in environmental consulting, remediation, and remediation management in order to remediate the entire landfill.

Currently, Applicant is working with Casey Resources, Inc. (“Casey Resources”). Casey Resources is one of Colorado’s top remediation firms. Principal Engineer Paul Casey has been involved in the environmental engineering and remediation industry for over 30 years. His past and present projects include being designated Environmental Program Manager for the following projects:

- Relocation of Elitch Gardens to a 68-acre site in downtown Denver
- Construction of the New Pepsi Center Arena in Denver
- Colorado's Ocean Journey Aquarium in Denver
- Closure of the Robinson Brick Plant and its conversion to a Home Depot store for Home Depot U.S.A in Denver
- The Gold Hill Redevelopment site in Colorado Springs, and
- The Prairie Gateway Development in Commerce City

Mr. Casey is also the Environmental Project Manager for the redevelopment of the former Stapleton International Airport for Forest City. This is the largest urban redevelopment project in the United States. Duties relating to these projects include waste management and site restoration of the subject properties, which have had significant historic industrial operations within the property boundaries. Most of these remedial activities have included or include the characterization, manifesting, transportation, and disposal of hazardous and industrial waste generated at the site and providing appropriate solutions to site remediation.

Applicant and its environmental engineer intend to pursue participation in the CDPHE’s Voluntary Cleanup and Redevelopment Program, which provides both federal and state remedial plan approval. This process includes preparation and submission of the Voluntary Cleanup Plan (“VCUP”) Application, approval of the VCUP, remediation planning, remediation and remediation oversight, and submission of a formal remediation completion report.

During the remediation phase of the project, landfill debris will be removed from the old Town Dump to an alternative, approved location that is authorized and qualified to accept such debris. The remediation work will be monitored by a licensed professional to ensure that all excavated materials are managed according to regulation. Once the remediation field work and any confirmation sampling have been completed, Applicant

and its environmental engineer will submit a formal completion report to CDPHE and request approval of the remediation. This completion report documents all of the activities that took place during the remediation including volumes of materials removed and disposed, discussion of the handling and disposal of specific wastes, and sampling results. In short, through participation in CDPHE's Voluntary Cleanup and Redevelopment Program, Applicant's goal is to provide the Town of Crested Butte with documented evidence that the old Town Dump has been remediated to the satisfaction of both the State and Federal governments. Additional information on CDPHE's Voluntary Cleanup and Redevelopment Program can be found at:

<https://www.colorado.gov/pacific/cdphe/voluntary-cleanup>

Applicant anticipates addressing the cleanup of the old Town Landfill in a pre-annexation agreement with the Town.

Conclusion

Applicant and its team are pleased to present this concept for the Slate River Addition annexation project. Applicant's intent is to develop a project that is consistent with the values of the Town of Crested Butte and its plan for future growth, as reflected in the Crested Butte Area Plan. The team's vision for the Slate River Addition is to further enhance the beauty of the Town of Crested Butte and the quality of life of its residents, while at the same time respecting and preserving the key component of this beauty and quality: the natural environment of the Crested Butte area. The Slate River Addition offers the possibility of new parks, new trails, new public facilities, affordable housing, and new commercial and residential space. But, it also seeks to protect wetlands, natural areas, and the Slate River corridor.

As set forth above, this narrative and the accompanying materials are intended to introduce this annexation concept to the Town and its Staff in accordance with Section 15-1-50 of the Town Code. Applicant recognizes that this submission is just the first step in a process designed to ensure that the Town realizes the multitude of public benefits associated with this project. Applicant shares in this goal. Accordingly, Applicant looks forward to working collaboratively with Town Staff and Council to satisfy the Town's annexation requirements and reach an agreement on a project that best serves the needs of the Town of Crested Butte and its residents.



October 9, 2014

Mr. Michael Yearman
PO Box 39
Crested Butte, CO 81224

**Re: General Planning Development Application – Cypress Foothills, LP -
Designation of Agent Representative**

Dear Mr. Yearman:

Cypress Foothills, LP hereby appoints Marcus J. Lock to be its agent representative in connection with the preliminary planning of the Slate River Addition. Mr. Lock's contact information is listed below:

Marcus J. Lock
Law of the Rockies
525 North Main St.
Gunnison, CO 81230
Tel: 970-641-1903 ext. 2
Fax: 970-641-1943
mlock@lawoftherockies.com

If you have any questions regarding this appointment, please contact me at 214-561-8858.

Sincerely,

Cypress Foothills, L.P.
By: Cypress Foothills, G.P., L.L.C.
By: Brian Parro, Vice President

A handwritten signature in blue ink, appearing to read "Brian Parro", is written over a horizontal line.



PLANNING GENERAL DEVELOPMENT APPLICATION

PO Box 39
Crested Butte, CO 81224
Phone: 970-349-5338
Email: myerman@crestedbutte-co.gov

1. TYPE OF APPLICATION (Check-off as appropriate)

- Concept Annexation
- Formal Annexation Petition Review
- Sketch Plan
- Preliminary Plan
- Final Subdivision Plan Review
- Other: _____

2. GENERAL DATA (To be completed by the applicant)

A. Applicant Information

Name of Applicant: Cypress Foothills I.P.

Mailing Address: 8343 Douglas Ave, Suite 200

Telephone Number: 214-561-8800 FAX: _____

Email Address: Cameron.Aderhold@CypressEquities.com

Power of Attorney/ Authorized Representative: Marcus J. Lock
(Provide a letter authorizing agent to represent you, include representative's name, street and mailing address, telephone number, and FAX)

B. Site Data

Name of Development: Slate River Addition

Street Address: n/a

Legal Description: Lot _____ Block _____ Subdivision _____ *(legal description attached)*

Disclosure of Ownership: List all owners' names, mortgages, liens, easements, judgments, contracts and agreements that run with the land. (May be in the form of a current certificate from a title insurance company, deed, ownership and encumbrance report, attorney's opinion, or other documentation acceptable to the Town Attorney)

(owner's title policy attached)

I certify that I have read the application form and that the information and exhibits herewith submitted are true and correct to the best of my knowledge.

Signature of applicant/agent _____ Date 10/9/2014

Signature of property owner:
Cypress Foothills, I.P.
by: Cypress Foothills G.P., I.L.C.
by: Chris Maguire, President _____ Date 10/9/2014

SLATE RIVER ADDITION CONCEPT ANNEXATION MAP

Situating in the SW¼ Section 35
Township 13 South, Range 86 West of the 6th P.M.,
Gunnison County, Colorado.

Legal Description:

Know all persons by these presents that Cypress Foothills L.P. are the sole owner(s), mortgagee(s), or lien holder(s) of all that real property described as follows:

A parcel of land known as Tract Q of Book 516 Page 474, Parcel 13 of Book 552 Page 63, Parcel 1 of Warranty Deed recorded at Reception No. 570819, Parcel 1 of Quitclaim Deed recorded at Reception No.570822, Parcel 1 of the Correction Warranty Deed recorded at Reception No.584439, Parcel 1 of the Special Warranty Deed recorded at Reception No.612899, and the Correction Deed recorded at Reception No.618498 all located in the SW 1/4 of Section 35, Township 13 South, Range 86 W of the Sixth PM, Gunnison County, Colorado being more particularly described as follows:

Beginning at a point on the westerly boundary of Trampe Parcel described in Book 516 Page 494 also being on the easterly right of way line of County Road 317 (Gothic Road) as recorded at Reception No. 00119 and being on the south line of the SW1/4 of said Section 35 from which the southwest corner of said Section 35 bears N89°43'49"W a distance of 130.05 feet; thence S89°43'49"E a distance of 17.52 feet to a point on the westerly line of the Dyer Subdivision as recorded at Reception No.497990; thence along the westerly, northerly and easterly lines of said Dyer Subdivision the following eleven (11) courses: 1) N00°01'42"W a distance of 15.19 feet, 2) N89°58'18"E a distance of 495.36 feet, 3) N00°01'42"W a distance of 226.55 feet, 4) N61°00'00"E a distance of 620.66 feet, 5) S79°30'09"E a distance of 381.57 feet, 6) N61°00'00"E approximately 31.96 feet to the high water line of the Slate River; thence along the high water line of the Slate River approximately 7) S44°00'17"E a distance of 2.43 feet, 8) S61°14'28"E a distance of 180.87 feet, 9) S45°20'59"E a distance of 257.67 feet, 10) S39°16'06"E a distance of 215.58 feet, 11) S50°53'25"E a distance of 97.51 feet to the southerly line of the SW1/4 of said Section 35; thence along said southerly line S89°43'49"E, approximately 506.01 feet to the S1/4 Corner of said Section 35, said corner being a 3 1/4" Aluminum Cap; thence along an existing fence line as it exists in the field and as shown and described in a Boundary Agreement recorded in Book 769 at Page 881 the following three (3) courses: 1) N00°11'53"E a distance of 271.72 feet, 2) N00°50'11"W a distance of 932.90 feet, 3) N01°19'37"W a distance of 346.89 feet to a point on the northerly line of the Trampe Partition Parcel 13 and the southerly line of Spann Parcel 23 as described in Court Decree Amended Order of Partition as recorded in Book 552 at Page 63; thence along the northerly line of said Parcel 13 N90°00'00"W a distance of 570.01 feet to a point on the easterly line of the Town of Crested Butte Cemetery as described in Exhibit A(5) in Court Decree of Partition as recorded in Book 516 at Page 474; thence along the easterly line of said Cemetery Parcel S01°20'33"W a distance of 220.37 feet to the northerly corner of a parcel of land described in Book 518 at Page 403; thence along the northwesterly line of said parcel S29°46'00"W a distance of 470.46 feet to a point on the northerly line of said Trampe Partition Parcel 13, said point also being on the southerly line of said Cemetery Parcel; thence along said northerly line of said Parcel 13 N90°00'00"W a distance of 1116.19 feet to a point on the easterly right of way line of County Road 317 (Gothic Road); thence along said easterly right of way line as described in deeds recorded at Reception No.474960 and 474961 the following five (5) courses: 1) S46°12'21"W a distance of 116.48 feet, 2) S35°50'27"W a distance of 185.49 feet, 3) S35°50'28"W a distance of 88.19 feet, 4) S40°05'13"W a distance of 207.37 feet, 5) S39°55'42"W a distance of 238.91 feet; thence continuing along the easterly line of said right of way and westerly line of said Trampe Partition Parcel 13, 155.77 feet along the arc of a non-tangent curve to the left having a radius of 441.28 feet, a central angle of 20°13'30" and a long chord which bears S16°19'42"W a distance of 154.96 feet to a point which is common to the southwest corner of a parcel of land described in Book 518 at Page 403; thence S00°00'04"W continuing along the easterly right of way of said County Road 317 as recorded at Reception No.00119 and in accordance with Court Decree (Judgment) recorded in Book 516 at Page 494, a distance of 117.72 feet to the Point of Beginning.

Said Parcel as described above contains 44.503 acres, more or less.

That said owners have by these presents caused this annexation as shown hereon and designate the same as the Slate River Addition to the Town of Crested Butte, County of Gunnison, State of Colorado.

Executed this ____ day of _____, 2014.

Chris Maguire, C.E.O. Cypress Foothills L.P.

State of Colorado)

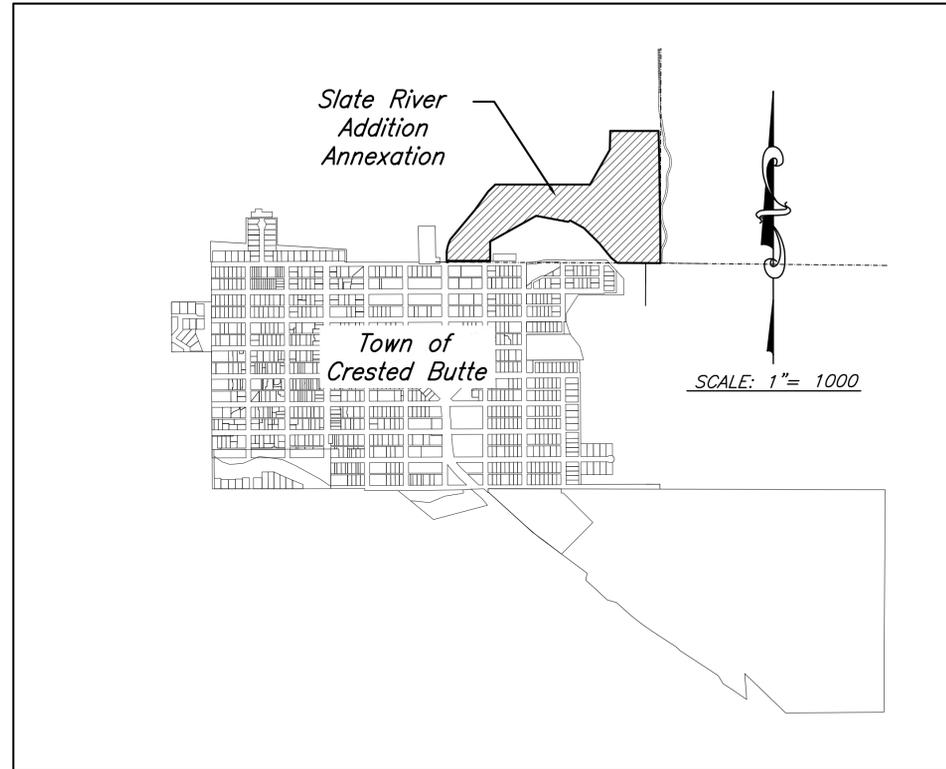
County of Gunnison)

The foregoing was acknowledged before me this ____ day of _____, 2014 by Cypress Foothills L.P.

Witness my hand and official seal.

My Commission expires: _____

Notary Public



VICINITY MAP
1" = 1000'

OWNER/APPLICANT:

Cypress Foothills L.P.
Chris Maguire, C.E.O.
8343 Douglas Ave., Suite 200
Dallas, Texas 75225

LEGAL COUNSEL:

Law of the Rockies
Marcus Lock
525 North Main Street
Gunnison, Colorado 81230

ENGINEER-SURVEYOR

S.G.M.
Tyler Harpel, P.E.
Steve Ehlers P.L.S.
103 West Tomichi Ave., Suite A
Gunnison, Colorado 81230

ARCHITECT PLANNER

HKS
John Hessler
350 North St. Paul Street, Suite 100
Dallas, Texas 75201-4240

Gunnison Clerk and Recorder's Acceptance

This plat was accepted for filing in the office of the Clerk and Recorder of Gunnison County, Colorado, on this ____ day of _____, A.D. 201____, Reception Number _____ Time _____, Date _____.

Gunnison County Clerk and Recorder

SURVEYOR'S NOTES

-Legal Description per the Foothills ALTA recorded at Reception No. 628973 of the Gunnison County Clerk and Recorders Office.

-Units of linear measurements are displayed in US Survey Feet.

-Contiguity:

Overall Perimeter of Parcel: 8,087.35 feet

Contiguity (1/6 required by State Statute): 1,347.89 feet

Boundary Contiguous with Town of Crested Butte: 2,876.27 feet

Town Council Approval Certificate

The Town Council of the Town of Crested Butte, Colorado, by Resolution No. _____, duly adopted on the ____ day of _____, 2014, found and determined that annexation of the property designated herein complies with the requirements contained in Article 12, Title 31, C.R.S., as amended, and that said property is eligible for annexation to the Town of Crested Butte.

The Town Council of the Town of Crested Butte, Colorado, by Ordinance No. _____, duly adopted on the ____ day of _____, 2014, did annex the property herein described to the town of Crested Butte, Colorado

Mayor

Planning Commission Certificate:

This map approved by the Town of Crested Butte Commission this ____ day of _____, A.D., 2014.

Chairman

Surveyor's Certificate:

I, Stephen L. Ehlers, a registered Professional Land Surveyor, licensed under the laws of the State of Colorado, do hereby certify that this annexation map was made under my direct supervision and that the information hereon is correct to the best of my knowledge and belief, and that no less than one-sixth (1/6) of the perimeter of the area as shown hereon is contiguous with the existing boundaries of the Town of Crested Butte, Colorado. I further certify that recent surveys of record referenced hereon indicate that the external boundaries of the property shown on this annexation map have been previously monumented on the ground.

EXECUTED THIS 30TH DAY OF SEPTEMBER, 2014

Stephen L. Ehlers
Colo. Reg. P.L.S. # 29030
For, and on
behalf of SGM

- PRELIMINARY -
FOR REVIEW ONLY

S:\2012\2012-208-003 Foothills Annexation (map) Foothills-am-2014.dwg

Notice:
According to Colorado Law, you must commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event may any legal action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

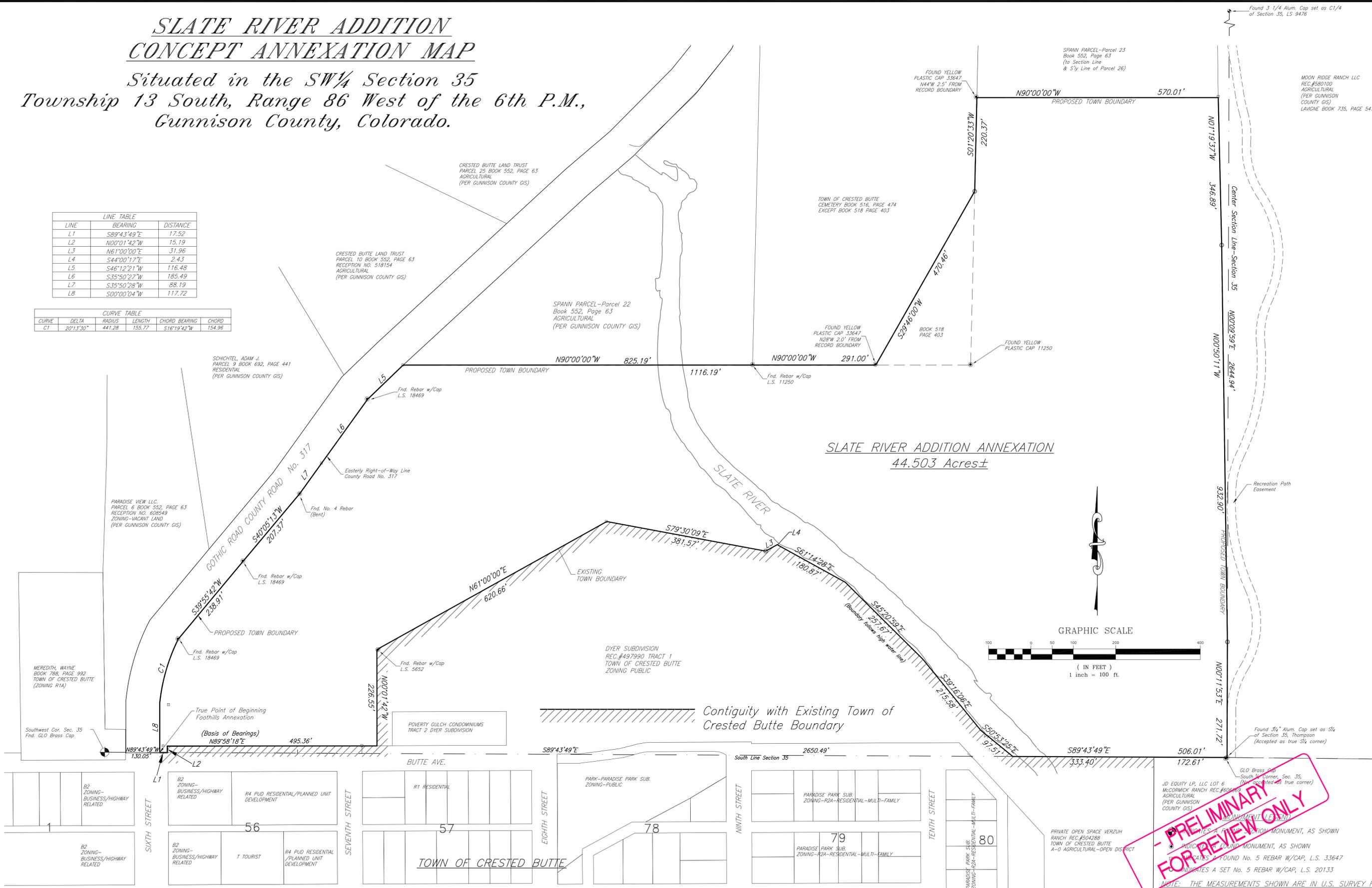
 103 W. Tomichi Ave., Suite A Gunnison, CO 81230 970.641.5355 www.sgm-inc.com	Slate River Addition Town of Crested Butte	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th>#</th><th>Revision</th><th>Date</th><th>By</th></tr> <tr><td>1</td><td></td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td></tr> <tr><td>4</td><td></td><td></td><td></td></tr> <tr><td>5</td><td></td><td></td><td></td></tr> </table>	#	Revision	Date	By	1				2				3				4				5				Concept Annexation Map	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Job No.</td><td>2012-208.003</td><td rowspan="5" style="text-align: center; vertical-align: middle;">1 2</td></tr> <tr><td>Drawn by:</td><td>EB</td></tr> <tr><td>Date:</td><td>09/30/14</td></tr> <tr><td>Approved:</td><td>SE</td></tr> <tr><td>File:</td><td>Foothills-am-2014</td></tr> </table>	Job No.	2012-208.003	1 2	Drawn by:	EB	Date:	09/30/14	Approved:	SE	File:	Foothills-am-2014
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SLATE RIVER ADDITION CONCEPT ANNEXATION MAP

Situated in the SW 1/4 Section 35
Township 13 South, Range 86 West of the 6th P.M.,
Gunnison County, Colorado.

LINE	BEARING	DISTANCE
L1	S89°43'49"E	17.52
L2	N00°01'42"W	15.19
L3	N61°00'00"E	31.96
L4	S44°00'17"E	2.43
L5	S46°12'21"W	116.48
L6	S35°50'27"W	185.49
L7	S35°50'28"W	88.19
L8	S00°00'04"W	117.72

CURVE	DELTA	RADIUS	LENGTH	CHORD BEARING	CHORD
C1	201°3'30"	441.28	155.77	S16°19'42"W	154.96



PRELIMINARY FOR REVIEW ONLY

JD EQUITY LP, LLC LOT 6
McCORMACK RANCH REC.#604288
AGRICULTURAL (PER GUNNISON COUNTY GIS)

INDICATES A FOUND MONUMENT, AS SHOWN

INDICATES A FOUND MONUMENT, AS SHOWN

INDICATES A SET No. 5 REBAR W/CAP, L.S. 20133

NOTE: THE MEASUREMENTS SHOWN ARE IN U.S. SURVEY FEET

Notice:
According to Colorado Law, you must commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event may any legal action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

SGM
103 W. Tomichi Ave., Suite A
Gunnison, CO 81230
970.641.5355 www.sgm-inc.com

Slate River Addition
Town of Crested Butte

#	Revision	Date	By
1			
2			
3			
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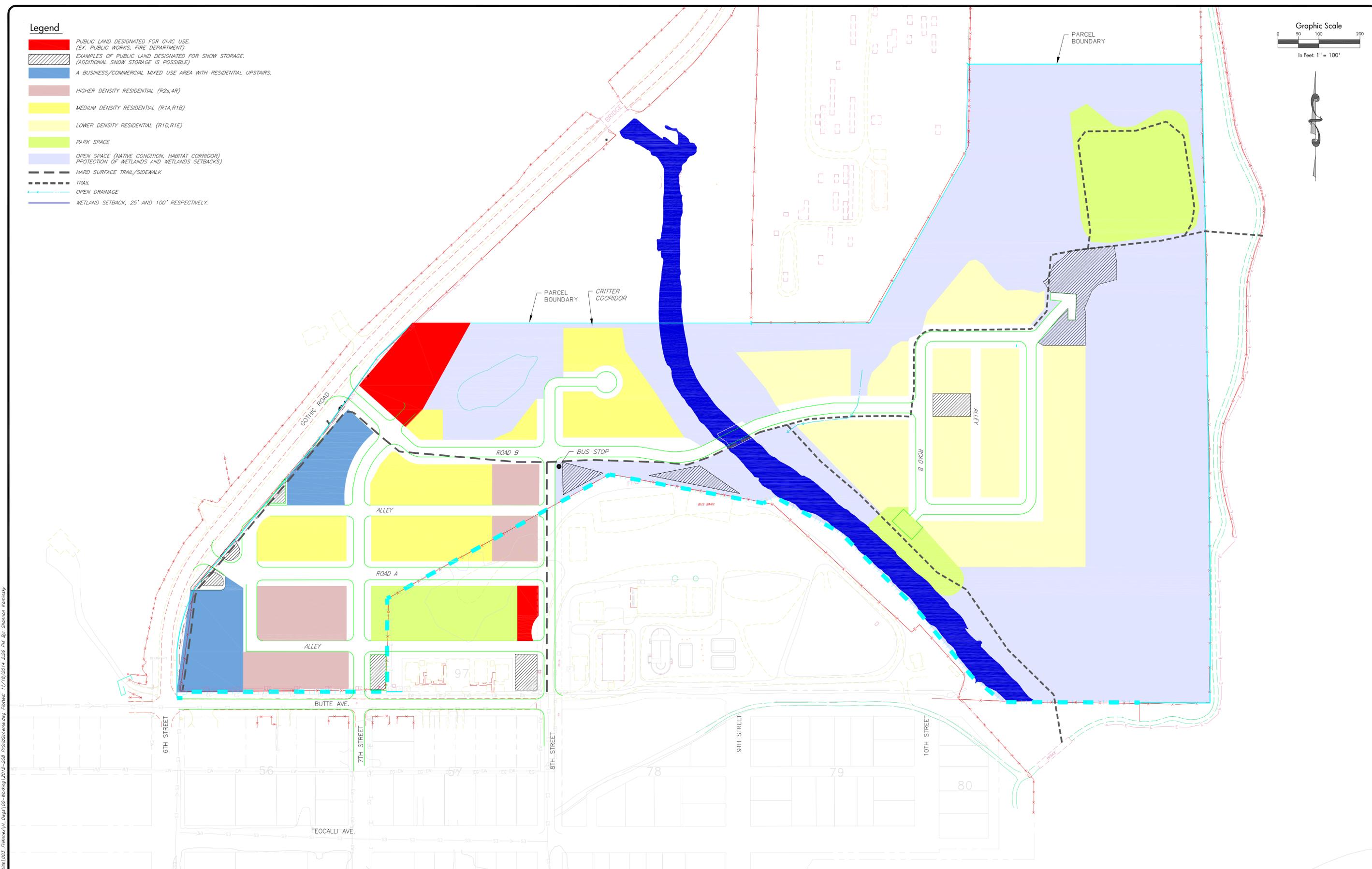
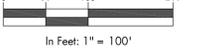
Concept Annexation Map

Job No.	2012-208.003	2
Drawn by:	EB	
Date:	09/30/14	
Approved:	SE	2
File:	Foothills-amx2014	

Legend

- PUBLIC LAND DESIGNATED FOR CIVIC USE.
(EX. PUBLIC WORKS, FIRE DEPARTMENT)
- EXAMPLES OF PUBLIC LAND DESIGNATED FOR SNOW STORAGE.
(ADDITIONAL SNOW STORAGE IS POSSIBLE)
- A BUSINESS/COMMERCIAL MIXED USE AREA WITH RESIDENTIAL UPSTAIRS.
- HIGHER DENSITY RESIDENTIAL (R2S,4R)
- MEDIUM DENSITY RESIDENTIAL (R1A,R1B)
- LOWER DENSITY RESIDENTIAL (R1D,R1E)
- PARK SPACE
- OPEN SPACE (NATIVE CONDITION, HABITAT CORRIDOR)
PROTECTION OF WETLANDS AND WETLANDS SETBACKS)
- HARD SURFACE TRAIL/SIDEWALK
- TRAIL
- OPEN DRAINAGE
- WETLAND SETBACK, 25' AND 100' RESPECTIVELY.

Graphic Scale



I:\2012\2012-2018_Foothills\003_Foothills\003_Foothills\003_Working\2012-2018_PropGridScheme.dwg Plotter: 11/18/2014 2:26 PM By: Shannon Kominsky

Preliminary
Not For
Construction

SGM
 103 W. Tomichi Ave., Suite A
 Gunnison, CO 81230
 970.641.5355 www.sgm-inc.com

Slate River Addition
Cypress Foothills LP

#	Revision	Date	By
1			

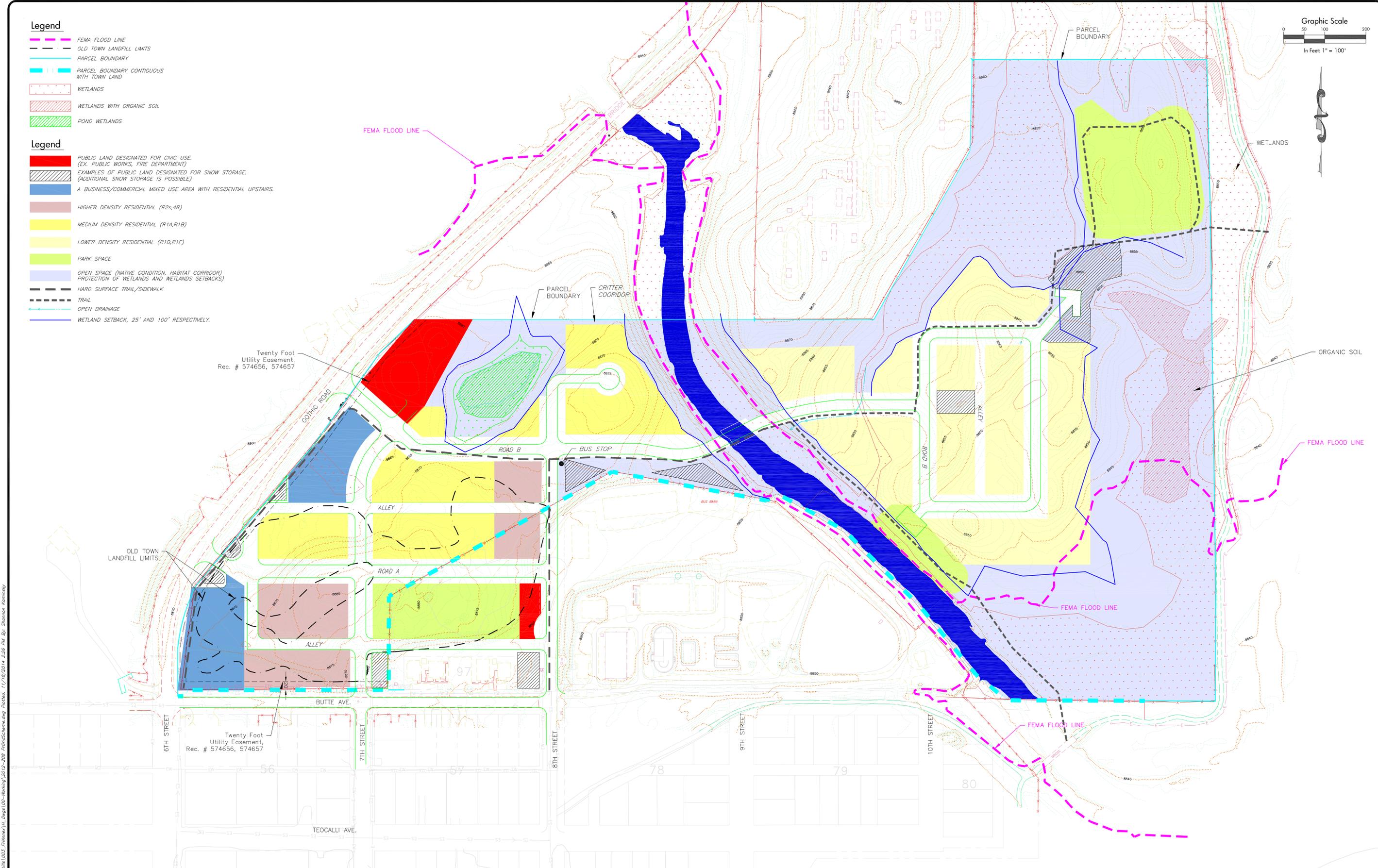
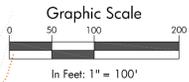
Concept Annexation
Proposed Grid Scheme

Job No.	2012-208.003
Drawn by:	SK
Date:	11/18/2014
QC:	PE: TJH
File:	2012-208 PrGridScheme

EX 1
Of 4

- Legend**
- FEMA FLOOD LINE
 - OLD TOWN LANDFILL LIMITS
 - PARCEL BOUNDARY
 - PARCEL BOUNDARY CONTIGUOUS WITH TOWN LAND
 - WETLANDS
 - WETLANDS WITH ORGANIC SOIL
 - POND WETLANDS

- Legend**
- PUBLIC LAND DESIGNATED FOR CIVIC USE. (EX: PUBLIC WORKS, FIRE DEPARTMENT)
 - EXAMPLES OF PUBLIC LAND DESIGNATED FOR SNOW STORAGE. (ADDITIONAL SNOW STORAGE IS POSSIBLE)
 - A BUSINESS/COMMERCIAL MIXED USE AREA WITH RESIDENTIAL UPSTAIRS.
 - HIGHER DENSITY RESIDENTIAL (R2s,4R)
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 - PARK SPACE
 - OPEN SPACE (NATIVE CONDITION, HABITAT CORRIDOR) PROTECTION OF WETLANDS AND WETLANDS SETBACKS)
 - HARD SURFACE TRAIL/SIDEWALK
 - TRAIL
 - OPEN DRAINAGE
 - WETLAND SETBACK, 25' AND 100' RESPECTIVELY.



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Preliminary
Not For
Construction

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Slate River Addition
Cypress Foothills LP

#	Revision	Date	By
1			

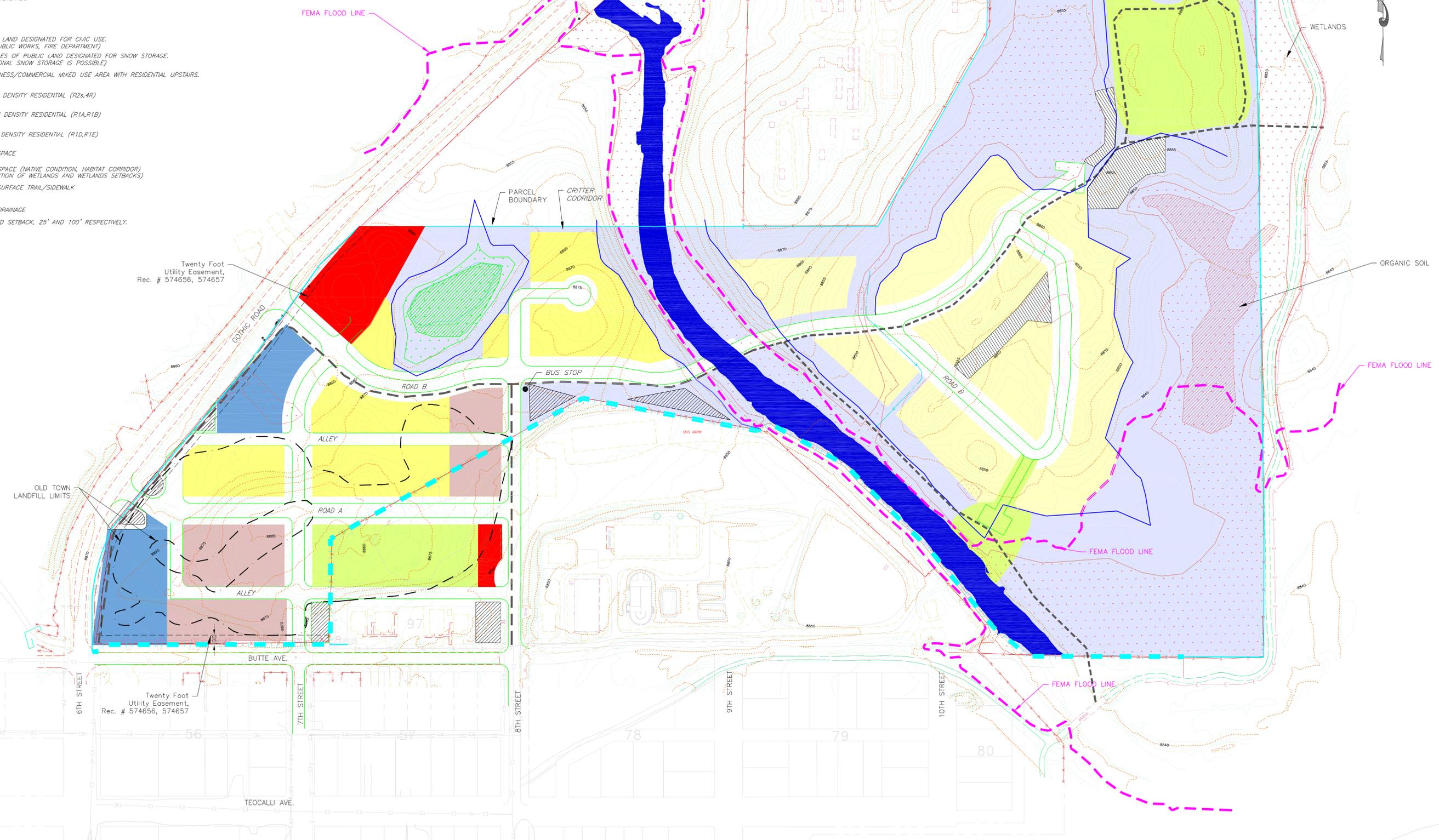
Concept Annexation
Proposed Grid Scheme

Job No.	2012-208.003
Drawn by:	SK
Date:	11/18/2014
QC:	PE: TJH
File:	2012-208 PrGridScheme

EX 2
Of 4

- Legend**
- FEMA FLOOD LINE
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Preliminary
Not For
Construction

103 W. Tomichi Ave., Suite A
Gunnison, CO 81230
970.641.5355 www.sgm-inc.com

Slate River Addition
Cypress Foothills LP

#	Revision	Date	By
1			

Concept Annexation
Proposed Non Grid Scheme

Job No.	2012-208.003
Drawn by:	SK
Date:	11/18/2014
QC:	PE: TJH
File:	2012-208 PftNonGridScheme

EX 4
Of 4

Date: April 22, 2014

**CYPRESS FOOTHILLS, LP, A TEXAS LIMITED PARTNERSHIP
8343 DOUGLAS AVENUE, SUITE 200
DALLAS, TX 75225**

**Subject: Attached Title Policy SC87007356
for 46.16 ACRES VACANT LAND**

Enclosed please find the Owner's Title Insurance Policy for your purchase of the property listed above.

This title policy is the final step in your real estate transaction, and we want to take a moment to remind you of its importance. Please review all information in this document carefully and be sure to safeguard this policy along with your other legal documents.

Your owner's policy insures you as long as you own the property and requires no additional premium payments.

Please feel free to contact any member of our staff if you have questions or concerns regarding your policy, or you may contact the Final Policy Department directly at 719-634-4821.

As a Colorado-owned and operated title company for over 45 years, with offices throughout the state, we take pride in serving our customers one transaction at a time. We sincerely appreciate your business and welcome the opportunity to assist you with any future real estate needs. Not only will Land Title be able to provide you with the title services quickly and professionally, but you may also be entitled to a discount on title premiums if you sell or refinance the property described in the enclosed policy.

Thank you for giving us the opportunity to work with you on this transaction. We look forward to serving you again in the future.

Sincerely,

Land Title Guarantee Company

Owner's Policy of Title Insurance

ISSUED BY

First American Title Insurance Company

ANY NOTICE OF CLAIM AND ANY OTHER NOTICE OR STATEMENT IN WRITING REQUIRED TO BE GIVEN TO THE COMPANY UNDER THIS POLICY MUST BE GIVEN TO THE COMPANY AT THE ADDRESS SHOWN IN SECTION 18 OF THE CONDITIONS.

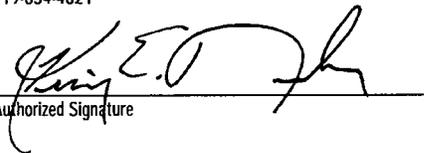
COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the title; This covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

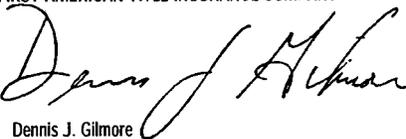
The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

Issued through the Office of:
Land Title Guarantee Company
1561 OXBOW DR #200
MONTROSE, CO 81401
719-634-4821


Authorized Signature



FIRST AMERICAN TITLE INSURANCE COMPANY


Dennis J. Gilmore
President

Dennis J. Gilmore
President


Timothy Kemp
Secretary

Timothy Kemp
Secretary



Copyright 2006-2012 American Land Title Association. All rights reserved. The use of this form is restricted to ALTA licensees and ALTA members in good standing as of the date of use. All other uses are prohibited. Reprinted under license from the American Land Title Association.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b) or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured.
 - (2) if the grantee wholly owns the named Insured.
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
 - (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenue, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
- (j) "Title": The estate or interest described in Schedule A.

"Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

- (a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.
- (b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.
- (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

- (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligation to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.
- (b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance.
To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.
Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in the subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.
- (b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.
 - (i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or
 - (ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.
Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of
 - (i) the Amount of Insurance; or
 - (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
 - (i) the Amount of Insurance shall be increased by 10%, and
 - (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE, REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

- (a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies. If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.
- (b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons, Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

- (a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.
- (b) Any claim or loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.
- (c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.
- (d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

- (a) Choice of Law; The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.
Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.
- (b) Choice of Forum; Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at:
1 First American Way, Santa Ana, CA 92707, Attn: Claims Department

**ANTI-FRAUD STATEMENT: Pursuant to CRS 10-1-128(6)(a), it is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.
This anti-fraud statement is affixed and made a part of this policy.**

This jacket was created electronically and constitutes on original document

Form AO/FA

**Land Title Guarantee Company
Representing First American Title Insurance Company**

Our Order No. SC87007356

Schedule A

Property Address: 46.16 ACRES VACANT LAND

1. Policy Date: March 31, 2014 at 5:00 P.M.

2. Name of Insured:

CYPRESS FOOTHILLS, LP, A TEXAS LIMITED PARTNERSHIP

3. The estate or interest in the Land described or referred to in this Schedule and which is covered by this policy is:

A Fee Simple

4. Title to the estate or interest covered by this policy at the date hereof is vested in:

CYPRESS FOOTHILLS, LP, A TEXAS LIMITED PARTNERSHIP

5. The land referred to in this policy is described as follows:

SEE ATTACHED "EXHIBIT A" FOR LEGAL DESCRIPTION

This Policy valid only if Schedule B is attached.

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EXHIBIT "A" LEGAL DESCRIPTION

A PARCEL OF LAND KNOWN AS TRACT Q OF BOOK 516 PAGE 474, PARCEL 13 OF BOOK 552 PAGE 63, PARCEL 1 OF WARRANTY DEED RECORDED AT RECEPTION NO. 570819, PARCEL 1 OF QUITCLAIM DEED RECORDED AT RECEPTION NO. 570822, PARCEL 1 OF THE CORRECTION WARRANTY DEED RECORDED AT RECEPTION NO. 584439, PARCEL 1 OF THE SPECIAL WARRANTY DEED RECORDED AT RECEPTION NO. 612899, AND THE CORRECTION DEED RECORDED AT RECEPTION NO. 618498 ALL LOCATED IN THE SW 1/4 OF SECTION 35, TOWNSHIP 13 SOUTH, RANGE 86 W OF THE SIXTH PM, GUNNISON COUNTY, COLORADO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WESTERLY BOUNDARY OF TRAMPE PARCEL DESCRIBED IN BOOK 516 PAGE 494 ALSO BEING ON THE EASTERLY RIGHT OF WAY LINE OF COUNTY ROAD 317 (GOTHIC ROAD) AS RECORDED AT RECEPTION NO. 00119 AND BEING ON THE SOUTH LINE OF THE SW1/4 OF SAID SECTION 35 FROM WHICH THE SOUTHWEST CORNER OF SAID SECTION 35 BEARS N89 DEGREES 43 MINUTES 49 SECONDS W A DISTANCE OF 130.05 FEET; THENCE S89 DEGREES 43 MINUTES 49 SECONDS E A DISTANCE OF 17.52 FEET TO A POINT ON THE WESTERLY LINE OF THE DYER SUBDIVISION AS RECORDED AT RECEPTION NO. 497990; THENCE ALONG THE WESTERLY, NORTHERLY AND EASTERLY LINES OF SAID DYER SUBDIVISION THE FOLLOWING ELEVEN(11) COURSES: 1) N00 DEGREES 01 MINUTES 42 SECONDS W A DISTANCE OF 15.19 FEET, 2) N89 DEGREES 58 MINUTES 18 SECONDS E A DISTANCE OF 495.36 FEET, 3) N00 DEGREES 01 MINUTES 42 SECONDS W A DISTANCE OF 226.55 FEET, 4) N61 DEGREES 00 MINUTES 00 SECONDS E A DISTANCE OF 620.66 FEET, 5) S79 DEGREES 30 MINUTES 09 SECONDS E A DISTANCE OF 381.57 FEET, 6) N61 DEGREES 00 MINUTES 00 SECONDS E APPROXIMATELY 31.96 FEET TO THE HIGH WATER LINE OF THE SLATE RIVER; THENCE ALONG THE HIGH WATER LINE OF THE SLATE RIVER APPROXIMATELY 7) S44 DEGREES 00 MINUTES 17 SECONDS E A DISTANCE OF 2.43 FEET, 8) S61 DEGREES 14 MINUTES 28 SECONDS E A DISTANCE OF 180.87 FEET, 9) S45 DEGREES 20 MINUTES 59 SECONDS E A DISTANCE OF 257.67 FEET, 10) S39 DEGREES 16 MINUTES 06 SECONDS E A DISTANCE OF 215.58 FEET, 11) S50 DEGREES 53 MINUTES 25 SECONDS E A DISTANCE OF 97.51 FEET TO THE SOUTHERLY LINE OF THE SW1/4 OF SAID SECTION 35; THENCE ALONG SAID SOUTHERLY LINE S89 DEGREES 43 MINUTES 49 SECONDS E, APPROXIMATELY 506.01 FEET TO THE S1/4 CORNER OF SAID SECTION 35, SAID CORNER BEING A 3 1/4" ALUMINUM CAP; THENCE ALONG AN EXISTING FENCE LINE AS IT EXISTS IN THE FIELD AND AS SHOWN AND DESCRIBED IN A BOUNDARY AGREEMENT RECORDED IN BOOK 769 AT PAGE 881 THE FOLLOWING THREE (3) COURSES: 1) N00 DEGREES 11 MINUTES 53 SECONDS E A DISTANCE OF 271.72 FEET, 2) N00 DEGREES 50 MINUTES 11 SECONDS W A DISTANCE OF 932.90 FEET, 3) N01 DEGREES 19 MINUTES 37 SECONDS W A DISTANCE OF 346.89 FEET TO A POINT ON THE NORTHERLY LINE OF THE TRAMPE PARTITION PARCEL 13 AND THE SOUTHERLY LINE OF SPANN PARCEL 23 AS DESCRIBED IN COURT DECREE AMENDED ORDER OF PARTITION AS RECORDED IN BOOK 552 AT PAGE 63; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL 13 N90 DEGREES 00 MINUTES 00 SECONDS W A DISTANCE OF 570.01 FEET TO A POINT ON THE EASTERLY LINE OF THE TOWN OF CRESTED BUTTE CEMETERY AS DESCRIBED IN EXHIBIT A(5) IN COURT DECREE OF PARTITION AS RECORDED IN BOOK 516 AT PAGE 474; THENCE ALONG THE EASTERLY LINE OF SAID CEMETERY PARCEL S01 DEGREES 20 MINUTES 33 SECONDS W A DISTANCE OF 220.37 FEET TO THE NORTHERLY CORNER OF A PARCEL OF LAND DESCRIBED IN BOOK 518 AT PAGE 403; THENCE ALONG THE NORTHWESTERLY LINE OF SAID PARCEL S29 DEGREES 46 MINUTES 00 SECONDS W A DISTANCE OF 470.46 FEET TO A POINT ON THE NORTHERLY LINE OF SAID TRAMPE PARTITION PARCEL 13, SAID POINT ALSO BEING ON THE SOUTHERLY LINE OF SAID CEMETERY PARCEL; THENCE ALONG SAID NORTHERLY LINE OF SAID PARCEL 13 N90 DEGREES 00 MINUTES 00 SECONDS W A DISTANCE OF 1116.19 FEET TO A POINT ON THE

EXHIBIT "A" LEGAL DESCRIPTION

EASTERLY RIGHT OF WAY LINE OF COUNTY ROAD 317 (GOTHIC ROAD); THENCE ALONG SAID EASTERLY RIGHT OF WAY LINE AS DESCRIBED IN DEEDS RECORDED AT RECEPTION NO. 474960 AND 474961 THE FOLLOWING FIVE (5) COURSES: 1) S46 DEGREES 12 MINUTES 21 SECONDS W A DISTANCE OF 116.48 FEET, 2) S35 DEGREES 50 MINUTES 27 SECONDS W A DISTANCE OF 185.49 FEET, 3) S35 DEGREES 50 MINUTES 28 SECONDS W A DISTANCE OF 88.19 FEET, 4) S40 DEGREES 05 MINUTES 13 SECONDS W A DISTANCE OF 207.37 FEET, 5) S39 DEGREES 55 MINUTES 42 SECONDS W A DISTANCE OF 238.91 FEET; THENCE CONTINUING ALONG THE EASTERLY LINE OF SAID RIGHT OF WAY AND WESTERLY LINE OF SAID TRAMPE PARTITION PARCEL 13, 155.77 FEET ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 441.28 FEET, A CENTRAL ANGLE OF 20 DEGREES 13 MINUTES 30 SECONDS AND A LONG CHORD WHICH BEARS S16 DEGREES 19 MINUTES 42 SECONDS W A DISTANCE OF 154.96 FEET TO A POINT WHICH IS COMMON TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN BOOK 518 AT PAGE 403; THENCE S00 DEGREES 00 MINUTES 04 SECONDS W CONTINUING ALONG THE EASTERLY RIGHT OF WAY OF SAID COUNTY ROAD 317 AS RECORDED AT RECEPTION NO. 00119 AND IN ACCORDANCE WITH COURT DECREE (JUDGMENT) RECORDED IN BOOK 516 AT PAGE 494, A DISTANCE OF 117.72 FEET TO THE POINT OF BEGINNING.

Form AO/FA

Our Order No. SC87007356

Schedule B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

General Exceptions:

This policy does not insure against loss or damage by reason of the following:

1. Any facts, rights, interests, or claims thereof, not shown by the Public Records but that could be ascertained by an inspection of the Land of that may asserted by persons in possession of the Land.
2. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
3. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. TAXES AND ASSESSMENTS FOR THE YEAR 2014, NOT YET DUE OR PAYABLE.
7. RIGHT OF THE PROPRIETOR OF A VEIN OR LODE TO EXTRACT AND REMOVE HIS ORE THEREFROM, SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES HEREBY GRANTED, AND A RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES, AS RESERVED IN UNITED STATES PATENTS RECORDED NOVEMBER 30, 1885 IN BOOK 45 AT PAGE 305 AND APRIL 15, 1886 IN BOOK 45 AT PAGE 314, AS NOTED ON ALTA/ACSM SURVEY (JOB NO. 2012-208.002) PREPARED BY STEPHEN L. EHLERS, PLS NO. 20133 FOR CYPRESS ACQUISITIONS, LLC OR ITS ASSIGNEE, HSUMY INC., LAND TITLE GUARANTEE COMPANY AND FIRST AMERICAN TITLE INSURANCE COMPANY, DATED JANUARY 17, 2014, LAST REVISED JANUARY 17, 2014.
8. ANY RIGHT, TITLE AND INTEREST OF THE UNITED STATES, STATE OF COLORADO OR GENERAL PUBLIC IN THE WATER OF THE SLATE RIVER TRAVERSING A PORTION OF THE SUBJECT PROPERTY, AS NOTED ON ALTA/ACSM SURVEY (JOB NO. 2012-208.002) PREPARED BY STEPHEN L. EHLERS, PLS NO. 20133 FOR CYPRESS ACQUISITIONS, LLC OR ITS ASSIGNEE, HSUMY INC., LAND TITLE GUARANTEE COMPANY AND FIRST AMERICAN TITLE INSURANCE COMPANY, DATED JANUARY 17, 2014, LAST REVISED JANUARY 17, 2014.
9. TERMS, CONDITIONS, RESERVATIONS AND AGREEMENTS REGARDING THE RIGHT OF THE PARTIES TO CONSTRUCT DITCHES REASONABLE NECESSARY TO CONVEY WATER AS

Form AO/FA

Our Order No. SC87007356

Schedule B

CONTAINED IN THE FINAL PARTITION OF PROPERTY RECORDED JUNE 28, 1978 IN BOOK 516 AT PAGE 474, AS NOTED ON ALTA/ACSM SURVEY (JOB NO. 2012-208.002) PREPARED BY STEPHEN L. EHLERS, PLS NO. 20133 FOR CYPRESS ACQUISITIONS, LLC OR ITS ASSIGNEE, HSUMY INC., LAND TITLE GUARANTEE COMPANY AND FIRST AMERICAN TITLE INSURANCE COMPANY, DATED JANUARY 17, 2014, LAST REVISED JANUARY 17, 2014.

10. THE EFFECT OF INCLUSION OF SUBJECT PROPERTY IN THE CRESTED BUTTE FIRE PROTECTION DISTRICT, AS EVIDENCED BY INSTRUMENTS RECORDED JANUARY 13, 1995, IN BOOK 758 AT PAGE 689 AND RECORDED JANUARY 13, 1995 IN BOOK 758 AT PAGE 694, AS NOTED ON ALTA/ACSM SURVEY (JOB NO. 2012-208.002) PREPARED BY STEPHEN L. EHLERS, PLS NO. 20133 FOR CYPRESS ACQUISITIONS, LLC OR ITS ASSIGNEE, HSUMY INC., LAND TITLE GUARANTEE COMPANY AND FIRST AMERICAN TITLE INSURANCE COMPANY, DATED JANUARY 17, 2014, LAST REVISED JANUARY 17, 2014.
11. RIGHT OF WAY EASEMENT, 20 FEET IN WIDTH, AS GRANTED TO ATMOS ENERGY IN INSTRUMENT RECORDED AUGUST 29, 2005 UNDER RECEPTION NO. 557487, AS SHOWN ON ALTA/ACSM SURVEY (JOB NO. 2012-208.002) PREPARED BY STEPHEN L. EHLERS, PLS NO. 20133 FOR CYPRESS ACQUISITIONS, LLC OR ITS ASSIGNEE, HSUMY INC., LAND TITLE GUARANTEE COMPANY AND FIRST AMERICAN TITLE INSURANCE COMPANY, DATED JANUARY 17, 2014, LAST REVISED JANUARY 17, 2014.
12. TERMS, CONDITIONS, RESTRICTIONS AND AGREEMENTS AS CONTAINED IN ROAD RESTRICTION AGREEMENT RECORDED JULY 12, 2006 UNDER RECEPTION NO. 566803, AS NOTED ON ALTA/ACSM SURVEY (JOB NO. 2012-208.002) PREPARED BY STEPHEN L. EHLERS, PLS NO. 20133 FOR CYPRESS ACQUISITIONS, LLC OR ITS ASSIGNEE, HSUMY INC., LAND TITLE GUARANTEE COMPANY AND FIRST AMERICAN TITLE INSURANCE COMPANY, DATED JANUARY 17, 2014, LAST REVISED JANUARY 17, 2014.
13. RIGHT OF WAY EASEMENT AS GRANTED TO GUNNISON COUNTY ELECTRIC ASSOCIATION, INC. IN INSTRUMENT RECORDED APRIL 26, 2007, UNDER RECEPTION NO. 574656, AS SHOWN ON ALTA/ACSM SURVEY (JOB NO. 2012-208.002) PREPARED BY STEPHEN L. EHLERS, PLS NO. 20133 FOR CYPRESS ACQUISITIONS, LLC OR ITS ASSIGNEE, HSUMY INC., LAND TITLE GUARANTEE COMPANY AND FIRST AMERICAN TITLE INSURANCE COMPANY, DATED JANUARY 17, 2014, LAST REVISED JANUARY 17, 2014.
14. RIGHT OF WAY EASEMENT AS GRANTED TO BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF GUNNISON, COLORADO IN INSTRUMENT RECORDED APRIL 26, 2007, UNDER RECEPTION NO. 574657, AS SHOWN ON ALTA/ACSM SURVEY (JOB NO. 2012-208.002) PREPARED BY STEPHEN L. EHLERS, PLS NO. 20133 FOR CYPRESS ACQUISITIONS, LLC OR ITS ASSIGNEE, HSUMY INC., LAND TITLE GUARANTEE COMPANY AND FIRST AMERICAN TITLE INSURANCE COMPANY, DATED JANUARY 17, 2014, LAST REVISED

Form AO/FA

Our Order No. SC87007356

Schedule B

JANUARY 17, 2014.

NOTE: ITEMS 1-3 AND 5(B) OF THE STANDARD EXCEPTIONS ARE HEREBY DELETED.

ITEM NO. 4 OF THE STANDARD EXCEPTIONS IS DELETED AS TO ANY LIENS RESULTING FROM WORK OR MATERIAL CONTRACTED FOR OR FURNISHED AT THE REQUEST OF HSUMY, INC..

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY SHALL HAVE NO LIABILITY FOR ANY LIENS ARISING FROM WORK OR MATERIAL FURNISHED AT THE REQUEST OF CYPRESS FOOTHILLS, LP, A TEXAS LIMITED PARTNERSHIP.

LAND TITLE GUARANTEE COMPANY

ENDORSEMENT ALTA 25 - 06

Case **SC87007356**
Policy **TAAH87007356**
Loan #

The Company insures against loss or damage sustained by the Insured by reason of the failure of the Land as described in Schedule A to be the same as that identified on the survey made by **STEPHEN L. EHLERS**

dated **JANUARY 17, 2014**

and designated Job No. **2012-208.002**

This endorsement is issued as part of the Policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the Policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the Policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the Policy and of any prior endorsements.

Representing First American Title Insurance Company



Land Title Guarantee Company

Case **SC87007356**
Policy **TAAH87007356**
Loan #

ENDORSEMENT ALTA 18 - 06
TAX PARCEL - 06

The Company insures against loss or damage sustained by the Insured by reason of the Land being taxed as part of a larger parcel of land or failing to constitute a separate tax parcel for real estate taxes.

This endorsement is issued as part of the Policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the Policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the Policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the Policy and of any prior endorsements.

Representing First American Title Insurance Company



ENDORSEMENT ALTA 9.1 - 06
Revised 04-02-12

Case **SC87007356**
Policy **TAAH87007356**
Loan #

1. *The insurance provided by this endorsement is subject to the exclusions in Section 4 of this endorsement; and the Exclusions from Coverage, the Exceptions from Coverage contained in Schedule B, and the Conditions in the policy.*
2. *For the purposes of this endorsement only, "Covenant" means a covenant, condition, limitation or restriction in a document or instrument in effect at Date of Policy.*
3. *The Company insures against loss or damage sustained by the Insured by reason of:*
 - a. *A violation on the Land at Date of Policy of an enforceable Covenant, unless an exception in Schedule B of the policy identifies the violation; or*
 - b. *A notice of a violation, recorded in the Public Records at Date of Policy, of an enforceable Covenant relating to environmental protection describing any part of the Land and referring to that Covenant, but only to the extent of the violation of the Covenant referred to in that notice, unless an exception in Schedule B of the policy identifies the notice of the violation.*
4. *This endorsement does not insure against loss or damage (and the Company will not pay costs, attorneys' fees, or expenses) resulting from:*
 - a. *any Covenant contained in an instrument creating a lease;*
 - b. *any Covenant relating to obligations of any type to perform maintenance, repair, or remediation on the Land; or*
 - c. *except as provided in Section 3.b. any Covenant relating to environmental protection of any kind or nature, including hazardous or toxic matters, conditions, or substances.*

This endorsement is issued as part of the Policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the Policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the Policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the Policy and of any prior endorsements.

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Land Title Guarantee Company

ENDORSEMENT ARBITRATION DELETION - 06

Case **SC87007356**
Policy **TAAH87007356**
Loan #

Condition 14 of the Policy, entitled Arbitration, is hereby modified so as to remove the Company's right to demand arbitration.

This endorsement is issued as part of the Policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the Policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the Policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the Policy and of any prior endorsements.

Representing First American Title Insurance Company