AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

AgendaTitle:
Public Hearing; Shady Island Subdivision Application for Extension of Land Use Change Permit

Action Requested: Motion

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:
Shady Island Application for Extension of Land Use Change Permit

Fiscal Impact:

Submitted by: B. Lucero for Community Development **Submitter's Email Address:** Rforrest@gunnisoncounty.org

Finance Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date:

County Attorney Review: ◉ Required ○ Not Required

Comments:

ok to place on agenda for hearing db 2/13/14

Reviewed by: Discharge Date: 2/27/2014 Certificate of Insurance Required

Yes ○ No ◉

County Manager Review:

Comments:

Reviewed by: GUNCOUNTY1\MBIRNIE Discharge Date: 3/5/2014

○ Consent Agenda ◉ Regular Agenda ○ Worksession Time Allotted: 5

Agenda Date: 4/1/2014 Follow Up Agenda Date:

Revised April 2013

SHADY ISLAND SUBDIVISION

APPLICATION FOR EXTENSION OF LAND USE CHANGE PERMIT

SUBMITTED
January 31, 2014

BY: VERZUH RANCH, INC.

Shady Island Subdivision

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TAB A: INTRODUCTION AND PROJECT HISTORY

Previously, Verzuh Ranch, Inc. ("Verzuh") applied for, and received approval of, a Gunnison County Land Use Change permit to subdivide an approximately 11.74 acre parcel into sixteen single-family residential lots and 4.74 acres of open space (the "Shady Island Project" or "Shady Island Subdivision"). The legal description of the subject Property is contained within **Exhibit A** to this **TAB A**, and an aerial photograph of the Property has been reproduced on the cover of this binder. Generally speaking, the Property is located along the Gunnison River, just North of North Bridge, approximately two miles north of the City of Gunnison.

In the Spring of 2011, Gunnison County (the "County") and Verzuh engaged in extensive negotiations concerning the land use change permit for this Property, the extension of the County's sewer line through the Property, and certain sewer fees owed by Verzuh with respect to this Property. Ultimately, Gunnison County and Verzuh concluded these negotiations successfully and entered into that certain Settlement Agreement dated May 3, 2011 (the "Settlement Agreement"). Pursuant to the Settlement Agreement:

1. Verzuh granted the County a permanent easement for the extension of the County's sewer line through the Property, thereby enabling the County to extend a sewer line to Cline's Homesites and eliminate multiple individual sewage disposal systems, which posed a potential risk to water quality within the Gunnison Basin.

2. The County and Verzuh resolved their dispute over the amount of vacant lot sewer fees owed by Verzuh to the County, and Verzuh is current on all such fees, as well as all taxes for the Property.

3. The County agreed to reapprove the land use change permit for the Property for an additional three years (the "Reapproval"), along with certain modifications to the Development Improvements Agreement between the County and Verzuh.

4. The County granted Verzuh the right to seek a three-year extension of the Reapproval by complying with Section 1-104 of the Gunnison County Land Use Resolution (the "LUR").

Accordingly, the purpose of this Application for Extension of Land Use Change Permit is to seek a three-year extension of the Reapproval through May 3, 2017.

EXHIBIT A

EFILED Document
CO Gunnison County District Court 7th JD
Filing Date: Apr 23 2008 3:45PM MDT
Filing ID: 19543978
Review Clerk: Betsy Nesbitt

PARCEL NO. 1.

Township 50 North, Range 1 West, N.M.P.M.

Section 24: A tract of land located in the NW1/25W1/4NE1/4 and NW1/4NE1/4, more particularly described as follows:

Commencing at the brass capped witness corner to the East quarter corner of said Section 24; thence North 76°23' West 2669.5 feet to a point of the East boundary of State Highway 135; thence North 0°11' East along said highway boundary 250 feet to the point of beginning of the tract herein described; thence proceeding around said tract South 89° 49' East 125 feet; thence south 0°11' West 65 feet ; thence South 89°49' East 150 feet; thence South 0°11' West 185 feet;, thence South 89°49' East 270 feet more or less to a point on the diagonal line between the northeast and southwest corners of said SW ¼ NE ¼; thence North 45°26.8' East along said diagonal line to a point on said line which is common to the Southeast corner, Lot Seven (7) and the southernmost corner of Lot Eight (8), Clines' Home Sites, as subdivision on file in the office of the Clerk and Recorder of said County bearing Reception No. 256415, which point is in the Gunnison River: thence in a Westerly direction along the South boundary of Lots 7, 6, 5, and 4 of said subdivision, which boundary is in the Gunnison River and a branch thereof, to the Southwest corner of said subdivision; thence North 2°10' West along the West boundary of said subdivision 117.9 feet more or less to Southeast corner of the Joe T. Allen Tract, a point marked with 5/8 inch steel reinforcing bar having a 1 inch aluminum cap; thence South 84°34' West 157.2 feet; thence North 2°18' West 117 feet to a stream centerline approximately South 51°41' West 162.3 feet and North 73°54' West 228.4 feet to the East boundary of Colorado State Highway No. 135; thence along said highway East boundary South 1°32' East 100.0 feet and South 0°06' East 380 feet to the point of beginning

EXCEPTING THEREFROM, that portion of subject property conveyed to the State Department of Highways in Special Warranty Deed recorded August 7, 1974 in Book 472 at page 133, more particularly described as follows:

Township 50 North, Range 1 West, N.M.P.M.

Section 24: A tract of land located in the SW1/4NE1/4 and NW1/4NE1/4, more particularly described as follows:

S Dominguez Gunnison County, CO 583699
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Beginning at a point on the north line of that property described in book 987 at page 432, from which the SE corner of Section 24 bears S 36°32' E at distance of 4,347.4 feet;

Thence North 89°49' West, along said North line, a distance of 18.9 feet to the Easterly right of way of SH 135 (August 1973);

Thence North 0°12' East, along said right of way line, a distance of 206.5 feet;

Thence North 0°02' West, along said right of way line, a distance of 272.4 feet to centerline of Clark Stream;

Thence South 73°54' East, along said centerline, a distance of 24. 8 feet;

Thence South 1°53'30" West, a distance of 135.2 feet;

Thence South 1°50'30" East, a distance of 76.8 feet;

Thence along the arc of a curve to the left, having a radius of 5,629.6 feet, a distance of 156.7 feet (the chord of this arc bears South 1°05'30" West a distance of 156.7 feet);

Thence South 0°17'30" West a distance of 103.6 feet, more or less, to the point of beginning.

PARCEL NO. 2.

Township 50 North, Range 1 West, N.M.P.M.

Section 24: A tract of land located in the SW1/4NE1/4 of said Section 24, more particularly described as follows:

Commencing at the East Quarter corner of said Section 24; thence South 0°02'00" East 18.48 feet to the USGLO Witness corner monument (for said quarter corner); thence North 76°23'00" West 2669.5 feet to the point of beginning for Parcel No. 1 of the Gunnison Bank and Trust Company Property as described in Book 626 at page 204 of the records of Gunnison County; thence North 0°11'00" East 48.89 feet along the West boundary of said Parcel No. 1 to a point, said point being the POINT OF BEGINNING for the herein described tract; thence the following course around said tract:

1. North 88°26'00" East 132.70 feet along an existing fence line;

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148 R: $41.00 D: $0.00

2. North 85°07'51" East 142.91 feet along an existing fence line and its extension to a point on the easterly boundary of said Parcel No. 1;

3. North 0°11'00" East 119.47 feet to the northeast corner of said Parcel No. 1;

4. North 89°49'00" West 275.00 feet to the northwest corner of said Parcel No. 1;

5. South 0°11'00" West 136.11 feet to the Point of Beginning.

PARCEL NO. 3.

A tract or parcel of land No. 121-R of the State Department of Highways, Division of Highways, State of Colorado, Project No. S 0135(2) Sec. 2 containing 0.158 acres, more or less, in the SW ¼ of NE ¼ of Section 24, Township 50 North, Range 1 West, of the New Mexico Principal Meridian, in Gunnison County, Colorado, said tract or parcel being more particularly described as follows:

Beginning at a point from which the SE corner of Section 24 bears S. 36° 32' E., a distance of 4,347.4 feet;

1. Thence S. 0°17'30" W. a distance of 65.0 feet;
2. Thence S. 89°49' E. a distance of 106.2 feet;
3. Thence N. 0°12' E. a distance of 65.0 feet;
4. Thence N. 89°49' W. a distance of 106.1 feet, more or less, to the point of beginning.

Together with an easement and right of way for fishing purposes over and across the bed of the Gunnison River and 10 feet along the west bank thereof from the mean water level, as described in that certain Warranty Deed recorded in Book 372 at Page 127 of the Gunnison County records.

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05/05/2008 02:52 PM Pg: 6 of 8
146 R: $41.00 D: $0.00

TAB B

VERZUH RANCH, INC.

January 23, 2014

HAND DELIVERED: VIA LAW OF THE ROCKIES

Gunnison County Attorney's Office
200 East Virginia Avenue, Suite 262
Gunnison, CO 81230

RE: Agreement and Consent of Property Owner Regarding Application for Extension of Land Use Change Permit No. 2005-73 by Verzuh Ranch Inc. for the Shady Island Subdivision (the "Application")

Dear Messrs. Baumgarten and Trezise:

Please accept this correspondence as confirmation that:

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

is hereby authorized to serve as the primary contact and legal representative for the undersigned in all matters in connection with prosecuting the Application.

We hereby consent to Mr. Lock's preparation, submission and prosecution of the Application and all project elements on our behalf.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE TO FOLLOW]

If you have any questions, please contact the undersigned.

Respectfully, VERZUH RANCH, INC., a Colorado corporation

By: Bill Lacy
Bill Lacy, President

STATE OF COLORADO)
) ss.
COUNTY OF GUNNISON)

The foregoing Agreement was acknowledged before me this 23rd day of January, 2014 by Bill Lacy as President of Verzuh Ranch, Inc., a Colorado corporation.

Witness my hand and official seal.

My commission expires: 12/17/2014

Jenny L. Bancroft
Notary Public

NOTARY PUBLIC
JENNY L. BANCROFT
STATE OF COLORADO

My Commission Expires 12/17/2014

TAB C: CURRENT APPROVALS

1. The County approved the original Land Use Change Application on May 20, 2008, pursuant to Resolution No. 19, Series 2008, titled "A Resolution Approving The Final Plan of Land Use Change Application No. 2005-73 A Land Use Change Permit For Verzuh Ranch Inc. For The Shady Island Subdivision" (the "Initial Approval"). The Initial Approval was recorded on May 21, 2008, at reception number 584019 in the Office of the Gunnison County Clerk and Recorder. The Initial Approval is attached hereto as **Exhibit A** to this **TAB C**.

2. The County approved the Reapproval on May 3, 2011, pursuant to Resolution No. 19, Series 2011, titled "A Resolution Reapproving The Final Plan Of Land Use Change Application No. 2005-73 A Land Use Change Permit For Verzuh Ranch Inc. For The Shady Island Subdivision. The Reapproval was recorded on May 6, 2011, at reception number 605473 in the Office of the Gunnison County Clerk and Recorder. The Reapproval is attached hereto as **Exhibit B** to this **TAB C**.

3. The County and Verzuh entered into the Settlement Agreement on May 3, 2011. The exhibits to this agreement are voluminous. Accordingly, the Settlement Agreement, without exhibits, is attached hereto as **Exhibit C** to this **TAB C**. The exhibits are available upon request.

4. Contemporaneously with the Settlement Agreement, the County and Verzuh entered into a Development Improvements Agreement, dated May 3, 2011, which was recorded on May 6, 2011, at reception number 605475 in the Office of the Gunnison County Clerk and Recorder. The Development Improvements Agreement is attached hereto as **Exhibit D** to this **TAB C**.

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05/21/2008 01:43 PM Pg: 1 of 5
447 R: $0.00 D: $

EXHIBIT A to Tab C

BOARD OF COUNTY COMMISSIONERS OF GUNNISON COUNTY
RESOLUTION NO. 19, SERIES 2008

A RESOLUTION APPROVING THE FINAL PLAN OF LAND USE CHANGE APPLICATION NO. 2005-73 A LAND USE CHANGE PERMIT FOR VERZUH RANCH INC. FOR THE SHADY ISLAND SUBDIVISION

WHEREAS, Verzuh Ranch, Inc. has applied for a Gunnison County Land Use Change Permit to subdivide a 10.36-acre parcel into sixteen single-family residential lots and common open space area of 4.74 acres on a parcel legally described as the SW ¼ NE ¼ and the NW ¼ NE 1/4, Section 24, Township 50 North, Range 1 West, N.M.P.M.; and

WHEREAS, after a review of the application and all information, documentation and testimony related to it, the Gunnison County Planning Commission did, on April 4, 2008 forward to the Board of County Commissioners a Recommendation of approval of the Preliminary Plan application with certain Findings and Conditions and whereas on April 15, 2008 the Board of County Commissioners did approve with certain Findings and Conditions the Shady Island Preliminary Plan;

FINDINGS:

1. This application is consistent with the standards and requirements of the *Land Use Resolution*.

2. The project, by definition, is classified as a Major impact.

3. The Final Plan complies with the conditions imposed by the Board of County Commissioners Preliminary Plan approval.

4. No phases are proposed for this development.

5. The Colorado Department of Transportation has issued access permit No. 308006 for the northern access point. An access permit was not required for the southern access point.

6. The northern access to Shady Island also provides access to lot owners in Cline's Homesites and other property owners that are not part of either subdivision.

7. To convey land under the existing easement shall require 100% approval of all easement holders; the size and boundaries of Lot 1 are dependent on this approval.

8. The Shady Island Subdivision will be served by the North Gunnison Sewer extension for wastewater treatment.

9. The developer of Shady Island has agreed to provide adequate sewer line sizing to allow for the homeowners in Cline's Homesites to connect to the North Gunnison Sewer extension for wastewater treatment.

10. A wetlands delineation has been prepared by Bio-Environs, dated July 18, 2006. The Army Corps of Engineers, in a letter dated August 31, 2006 accepted the wetlands delineation and jurisdictional determination.

11. The proposed development complies with the inner restrictive buffer setback of 25 feet as identified in *Section 11-107* of the *LUR*.

12. Lots 2, 3, 4, 5, 7, 8, 11, 14 and 15 are zero lot line developments.

13. There are specific limitations on development of zero lot lines identified in *Section 13-104 C.* of the *LUR*. The Covenants of Shady Island identify the limitations and restrictions of zero lot lines.

14. The applicant has agreed to limit construction hours in Shady Island Subdivision to the following: 7:00 a.m. until 5:00 p.m. Monday through Fridays, 7:00 a.m. to 4:00 p.m. on Saturdays, and no construction will be allowed on Sundays. These hours were designated in Section 6.19 of the Protective Covenants.

15. Well permits have not yet been issued by the Colorado Division of Water Resources.

16. The applicant has submitted an augmentation plan to the Colorado Water Court which has been approved.

17. The bridge accessing the island shall be constructed one-foot above the base flood elevation, as identified in a flood elevation certificate stamped by Gerald Burgess, P.E. and dated March 28, 2008.

18. Portions of the Shady Island Subdivision are within the 100-year floodplain; Flood Elevation Certificates and Floodplain Development permits shall be submitted prior to the issuance of any building permits within the 100-year floodplain.

19. The proposed land use change complies with all applicable requirements of the *Gunnison County Land Use Resolution* and Section 7-102: *Standards of Approval for Major Impact Projects*, unless specific required additional submittal items have been identified, as a condition of approval.

20. This review and recommendation incorporates, but is not limited to, all the documentation submitted to the County and included within the Planning Office file relative to this application; including all exhibits, references and documents as included therein.

21. The applicant is required to timely and fully obtain and comply with all applicable federal, state, municipal and other permits and terms and conditions of any municipal, state, federal permits required

22. This permit may be revoked or suspended if Gunnison County determines that any material fact set forth herein or represented by the applicant was false or misleading, or that the applicant failed to disclose facts necessary to make any such fact not misleading.

23. The removal or material alteration of any physical feature of the property (geological, topographical or vegetative) relied on herein to mitigate a possible conflict shall require a new or amended land use change permit.

CONDITIONS:

1. All development on zero lot lines shall comply with *Section 13-104 C* of the *Gunnison County Land Use Resolution.*

2. There are limited uses on the zero lot line wall. The wall of the residence located on the zero lot line shall have no windows, doors, air conditioning units or any other type of opening except that the following alternatives may be used: enclosed atriums, patios or similar amenities are permitted on the zero lot line side when they are enclosed by three walls of the residence and a solid wall on the zero lot line at least eight feet in height and constructed of material that complements the color and texture of the residence exterior.

3. All buildings proposed in the 100-year floodplain shall be required to submit a Flood Elevation Certificate prepared by a Colorado licensed engineer and a Floodplain Development permit prior to the issuance of any building permits.

4. A Floodplain Development permit for the bridge has been issued.

5. Mounding, in excess of that needed to provide positive drainage, adjacent to any building within the development shall be prohibited.

6. The owner and/or developer of the Shady Island Subdivision shall be responsible for working with the Gunnison County Public Works Department so that the sewer line that serves Shady Island Subdivision is sized and installed so that it can be extended to provide service to Cline's Homesites.

7. No construction of the sewer line may begin until the owner/developer has written approval of the Public Works Department.

8. Construction hours shall be limited to the following: 7:00 a.m. until 5:00 p.m. Monday through Fridays, 7:00 a.m. to 4:00 p.m. on Saturdays, and no construction will be allowed on Sundays.

9. All development and improvements within the Shady Island Subdivision shall comply with *Section 11-107: Protection of Water Quality* of the *Gunnison County Land Use Resolution.*

10. A Development Improvements Agreement, subject to approval by the Gunnison County Attorney, shall be executed by the Board of County Commissioners, prior to recordation of the final plat, addressing the infrastructure improvements defined in the following plans:
    - *Demolition Plan*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.
    - *Utility Plan*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.
    - *Drainage and Grading Plan*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.

- *Roadway Plan and Profile*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.
- *Sanitary Sewer Plan and Profile*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.
- *Site Plan*, dated May 16, 2007, prepared by Jim Sell Design
- *Floodplain Study and Narrative*, dated May 18, 2007, prepared by Jim Sell Design
- *Floodplain Study and Narrative*, dated March 31, 2008, prepared by Jim Sell Design
- *Geotechnical Report*, dated February 21, 2007, prepared by Buckhorn Geotech
- *Drainage Report*, dated May 16, 2007, prepared by Jim Sell Design
- *Traffic Impact Analysis*, dated April 23, 2007, prepared by Matt Delich & Associates
- *Water Treatment/Pump House Design and Water Line Layout*, prepared by Schmueser, Gordon, Meyer, Inc.
- *Landscape Plan and Landscape Details*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.
- *Protective Covenants of Shady Island*
- *Final Plat*, prepared by Schmueser, Gordon, Meyer, Inc. dated March 27, 2008
- *Wetlands Delineation*, dated July 18, 2006, prepared by Bio-Environs
- *Infrastructure Cost Estimate*, prepared by Jim Sell Design and stamped by Jonathan Sweet, dated March 24, 2008
- *Preliminary Exterior Lighting Plan*, prepared by Jim Sell Design
- *Bridge plans*, prepared by Contech Bridge Solutions Inc., stamped by Craig Thorstad, P.E. dated March 27, 2008

11. That a performance bond, letter of credit or other means of surety acceptable to the Board, be required to cover cost plus 25 percent; such costs as detailed by the applicant's engineer, "Infrastructure Cost Estimate," Jim Sell Design, Jonathan Forest Sweet, P.E., and that said surety is retained by the County.

12. A Colorado licensed engineer shall provide verification post construction that the bridge was constructed one-foot above the base flood elevation prior to the issuance of any building permits in Shady Island Subdivision.

13. The applicant shall install road signs and provide documentation from the Fire Protection District that the signs have been installed and inspected by the Fire District, to the Planning Department, prior to the issuance of any building permits for the subdivision.

14. The following shall be completed upon recordation of the Final Plat:

    - The applicant shall provide two copies of the final plat designating County addresses for each lot, to the appropriate office of Qwest.
    - The applicant shall provide one copy of the final plat, designating County addresses for each lot, to the U.S. Postal Service.

15. This permit is limited to activities described within the "Project Description" of this application, and as depicted on the Plan submitted as part of this application. Expansion or change of this use will require either an application for amendment of this permit, or submittal of an application for a new permit, in compliance with applicable requirements of the *Gunnison County Land Use Resolution*.

16. This approval is founded on each individual requirement. Should the applicant successfully challenge any such finding or requirement, this approval is null and void.

17. This permit may be revoked or suspended if Gunnison County determines that any material fact set forth herein or represented by the applicant was false or misleading, or that the applicant failed to disclose facts necessary to make any such fact not misleading.

18. The removal or material alteration of any physical feature of the property (geological, topographical or vegetative) relied on herein to mitigate a possible conflict shall require a new or amended land use change permit.

19. Approval of this use is based upon the facts presented and implies no approval of similar use in the same or different location and/or with different impacts on the environment and community. Any such future application shall be reviewed and evaluated, subject to its compliance with current regulations, and its impact to the County.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Gunnison County, Colorado, that the Final Plan for Land Use Change application No. 2005-73 is hereby approved; and

WHEREAS, THIS APPROVAL is affected noting that decision documentation includes, but is not limited to the application and the entire Planning Department Land Use Change Permit application file relative to this application. This approval is founded on each individual finding and requirement. Should the applicant successfully challenge any such finding or requirement, this approval is null and void.

THIS RESOLUTION AND THE APPROVAL GRANTED HEREBY shall not be effective unless and until a copy is recorded in the Office of the Clerk and Recorder of Gunnison County.

INTRODUCED by Commissioner Swenson, seconded by Commissioner Starr, and passed on this 20th day of May, 2008.

BOARD OF COUNTY COMMISSIONERS

Hap Channell, Chairperson	Jim Starr, Commissioner	Paula Swenson, Commissioner

ATTEST:

~~Gunnison County Clerk and Recorder~~
Deputy County Clerk

GUNNISON COUNTY SEAL COLORADO

EXHIBIT B to Tab C

S Dominguez Gunnison County, CO 605473
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447 R: $0.00 D: $

BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF GUNNISON, COLORADO
RESOLUTION NO. 19, SERIES 2011

A RESOLUTION REAPPROVING THE FINAL PLAN OF LAND USE CHANGE APPLICATION NO. 2005-73 A LAND USE CHANGE PERMIT FOR VERZUH RANCH INC. FOR THE SHADY ISLAND SUBDIVISION

WHEREAS, Verzuh Ranch, Inc. has applied for a Gunnison County Land Use Change Permit to subdivide a 10.36-acre parcel into sixteen single-family residential lots and common open space area of 4.74 acres on a parcel legally described as the SW ¼ NE ¼ and the NW ¼ NE ¼, Section 24, Township 50 North, Range 1 West, N.M.P.M.; and

WHEREAS, after a review of the application and all information, documentation and testimony related to it, the Gunnison County Planning Commission did, on April 4, 2008 forward to the Board of County Commissioners of the County of Gunnison, Colorado (herein the "Board")a Recommendation of approval of the Preliminary Plan application with certain Findings and Conditions and whereas on April 15, 2008 the Board did approve with certain Findings and Conditions the Shady Island Preliminary Plan;

WHEREAS, the Board approved the Final Plan of Land Use Change Application No. 2005-73 on May 20, 2008, which final approval was recorded in the office of the Gunnison County Clerk & Recorder on May 21, 2008, at Reception No. 584019; and

WHEREAS, the Board and Verzuh Ranch, Inc. entered into that certain Settlement Agreement on May 3, 2011 which satisfies certain conditions of the aforementioned approval and contemplates the reapproval of said land use change;

FINDINGS AND CONDITIONS:

1. The findings and conditions set forth in **RESOLUTION REAPPROVING THE FINAL PLAN OF LAND USE CHANGE APPLICATION NO. 2005-73 A LAND USE CHANGE PERMIT FOR VERZUH RANCH INC. FOR THE SHADY ISLAND SUBDIVISION**, except as modified or otherwise set forth in that certain Settlement Agreement between the Board and Verzuh Ranch, Inc., dated May 3, 2011 are incorporated herein.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of the County of Gunnison, Colorado, that the Final Plan for Land Use Change application No. 2005-73 is hereby reapproved; and

WHEREAS, THIS APPROVAL is affected noting that decision documentation includes, but is not limited to the application and the entire Planning Department Land Use Change Permit No: 2005-73 application file. This reapproval is founded on each individual finding and requirement, except as modified or otherwise set forth in that certain Settlement Agreement between Gunnison County and Verzuh Ranch, Inc. dated May 3, 2011.. Should Verzuh Ranch, Inc. successfully challenge any such finding or requirement, this approval is null and void.

THIS RESOLUTION AND THE APPROVAL GRANTED HEREBY shall not be effective unless and until a copy is recorded in the Office of the Clerk and Recorder of Gunnison County, Colorado.

INTRODUCED by Commissioner Swenson, seconded by Commissioner Channell, and passed on this 3rd day of May, 2011

BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF GUNNISON, COLORADO

Hap Channell,
Chairperson

Paula Swenson,
Vice Chairperson

Phil Chamberland,
Commissioner

ATTEST:

Deputy County Clerk

GUNNISON COUNTY SEAL COLORADO

EXHIBIT C to Tab C

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("Agreement") is made this 3rd day of May, 2011, by and between Verzuh Ranch, Inc. , a Colorado corporation whose address is PO Box 836, Crested Butte, Colorado 81230 ("Verzuh"), and the Board of County Commissioners of the County of Gunnison, Colorado whose address is 200 E. Virginia, Gunnison, Colorado ("County"). Each of the foregoing parties is sometimes referred to as a "Party" and collectively as the "Parties".

WITNESSETH:

WHEREAS, Verzuh is the owner of certain real property located in Gunnison County, Colorado, which is more particularly described in **Exhibit A,** attached hereto and incorporated herein (the "Property"); and

WHEREAS, Verzuh submitted Land Use Change Application No. 2005-73, which proposed to subdivide the Property into sixteen single-family residential lots and 4.74 acres of private open space (the "Land Use Change Application"); and

WHEREAS, the County conditionally approved the Land Use Change Application on May 20, 2008, by Resolution No. 19, Series 2008, titled "A Resolution Approving The Final Plan Of Land Use Change Application No. 2005-73 A Land Use Change Permit For Verzuh Ranch Inc. For The Shady Island Subdivision" (the "Initial Approval"). The Initial Approval was recorded on May 21, 2008 at reception number 584019 in the Office of the Gunnison County Clerk and Recorder and is attached hereto and incorporated herein as **Exhibit B; and**

WHEREAS, Verzuh has requested that the County reapprove the Land Use Change Application on the same terms and conditions as the Initial Approval, except as otherwise modified herein; and

WHEREAS, the County is willing to agree to Verzuh's request for reapproval of the Land Use Change Application, subject to the terms and conditions contained herein; and

WHEREAS, in connection with the Land Use Change Application, a dispute has arisen between Verzuh and the County concerning the amount Verzuh owes the County for vacant lot sewer fees (the "Fee Dispute"); and

WHEREAS, the Parties have reached a resolution of the Fee Dispute, agreed upon the amount owed by Verzuh to the County for vacant lot sewer fees, and desire to memorialize such agreement; and

WHEREAS, the County desires to obtain from Verzuh a non-exclusive, temporary easement over and across the Property for purpose of constructing said underground sewer lines (the "Temporary Construction Easement"), together with a

non-exclusive, perpetual easement over and across the Property for the purpose of operating and maintaining certain underground sewer lines (the "Permanent Sewer Easement"), according to the terms and conditions contained herein; and

WHEREAS, Verzuh is willing to convey the Temporary Construction Easement and the Permanent Sewer Easement to the County pursuant to the terms and conditions set forth herein; and

WHEREAS, through the Parties' discussions and negotiations, the Parties have decided to resolve the foregoing matters through a mutually acceptable compromise and settlement for the benefit of the Parties and public health and welfare; and

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Reapproval Of Land Use Change Application. Contemporaneously with the full execution of this Agreement, the County hereby agrees to issue a formal Resolution, substantially in the form attached hereto and incorporated herein as **Exhibit C**, reapproving the Land Use Change Application, effective as of the date of the full execution of this Agreement (the "Reapproval"). The Reapproval shall be recorded in the office of the Gunnison County Clerk and Recorder and shall constitute a Land Use Change Permit within the meaning of the Gunnison County Land Use Resolution. The Reapproval shall supersede and replace the Initial Approval, and in the event of any conflict between the provisions of this Agreement and the Reapproval, this Agreement shall control. Pursuant to Section 1-104(F) of the Gunnison County Land Use Resolution, the term of the Reapproval shall be three years, provided however, that the parties acknowledge and agree that Verzuh shall have the right to request an extension of the Reapproval, at least three months, but no more than six months, before the Reapproval expires in accordance with Section 1-104(G) and (J) of the Gunnison County Land Use Resolution.

2. Modification Of Development Improvements Agreement. In connection with the Initial Approval, the Parties had agreed previously to a form of, but not entered into, a Development Improvements Agreement for the Land Use Change Application. The County also had agreed to accept a first priority real estate mortgage on Lots 3 and 2, Block 74, of the Verzuh Ranch Annexation within the Town of Crested Butte, Colorado as security for Verzuh's obligations under the proposed Development Improvements Agreement.

a. The Parties agree to modify the form of the Development Improvements Agreement previously agreed to as follows:

i. The time for the completion of the contemplated development improvements shall be extended to five years from the date the new Development Improvements Agreement is fully executed.

In the event Verzuh seeks, and obtains from the County, an extension of the Reapproval in accordance with Section 1-104(G) and (J) of the Gunnison County Land Use Resolution, then the time for completion of the contemplated development improvements shall be extended commensurately with the extension of the Reapproval.

ii. The County shall agree to accept a first priority real estate mortgage on Lots 3 and 2, Block 74, of the Verzuh Ranch Annexation within the Town of Crested Butte, Colorado as security for Verzuh's obligations under the new Development Improvements Agreement. The first priority real estate mortgage shall be the only mortgage lien or financial encumbrance with which Verzuh shall encumber said Lots. Verzuh shall have the right to substitute any other lot Verzuh owns within the Verzuh Ranch Annexation within the Town of Crested Butte, Colorado in place of Lot 3 and/or Lot 2, should a prospective purchaser contract for the purchase of either or both of those two lots specifically. The substituted lot or lots shall either (a) be of equal or greater value to the collateral being replaced and said replacement lots shall be held as collateral by a first priority real estate mortgage and shall be subject to the conditions above, or (b) in the event of a deficiency between value of the original collateral and the substituted collateral, such deficiency shall be made up by Verzuh in cash, bond, an irrevocable letter of credit or other performance guarantee in a form and content satisfactory to the County to the benefit of the County.

iii. The new Development Improvements Agreement shall be modified to account for the County's construction of the sewer lines, as more particularly described in paragraph 6 below.

b. Contemporaneously with the full execution of this Agreement, the Parties shall execute a Real Estate Mortgage, substantially in the form attached hereto and incorporated herein as **Exhibit D**, which shall serve as security for the new Development Improvements Agreement.

c. Contemporaneously with the full execution of this Agreement, the Parties shall execute a new Development Improvements Agreement incorporating the above described modifications, substantially in the form attached hereto and incorporated herein as **Exhibit E**.

3. Resolution Of Fee Dispute. The Parties agree that as of the date of this Agreement, Verzuh owes the County $1,459.74 in outstanding vacant lot sewer fees for the Property. Contemporaneously with the execution of this Agreement, Verzuh shall pay the County $1,459.74. In exchange for such payment, the County shall, through the date of this Agreement, waive any and all claims to any additional amounts in

vacant lot sewer fees for the Property and hereby waives, releases, relinquishes, abandons and deems fully satisfied any liens arising under law, including but not limited to any lien arising by virtue of C.R.S. § 30-20-420 or any resolution of the County. Further, on behalf of Verzuh, the County shall redeem all tax liens on the Property and shall provide Verzuh with certificates of redemption for all tax liens encumbering the Property pursuant to C.R.S. § 39-12-105. Upon Verzuh's receipt of said certificates of redemption, Verzuh waives, releases, abandons, and relinquishes any claim it may have to recover vacant lot sewer fees it has previously paid in connection with its ownership of the Property.

4. Future Availability Of Service Fees. From the date of this Agreement forward, the Property shall be treated as a single lot for purposes of calculating the vacant lot sewer fees due from Verzuh to the County, unless and until the final plat of Shady Island Subdivision is recorded. Provided Verzuh pays the vacant lot sewer fee due for a single lot from the date of this Agreement until the final plat of the proposed Shady Island Subdivision is recorded (which Verzuh may pay, but is not required to pay), Verzuh shall be entitled to the benefit of having paid the vacant lot sewer fee from the time it acquired the Property. Once the final plat of the proposed Shady Island Subdivision is recorded, payment of the vacant lot sewer fee must be made for each lot shot shown on the Final Plat in order for each such lot to benefit from payment of the vacant lot sewer fee. The benefit of having paid the vacant lot sewer fee due for a lot is that upon the connection of such lot to the central sewer maintained by the North Gunnison Division of the Gunnison County Water and Sewer District, the owner of such lot shall be charged only the City of Gunnison's portion of the District sewer capacity charge, which is currently $3,000 (but may increase in the future). Nothing in this paragraph four shall require Verzuh or any lot owner within the proposed Shady Island Subdivision to pay any vacant lot sewer fee to the County; instead, the payment of such fee shall be at the sole option of Verzuh or the owner of lot within the proposed Shady Island Subdivision, provided however that in the event Verzuh or the owner of a lot chooses not to pay the vacant lot sewer fee, the owner of such lot shall not be entitled to the benefit of having paid the vacant lot sewer fee described above.

5. Recording Of The Proposed Shady Island Subdivision Plat. Verzuh must record the final plat of the proposed Shady Island Subdivision prior to the expiration of the Reapproval, or the extended term of the Reapproval if applicable. Verzuh may, but shall not be required to, record the final plat of the proposed Shady Island Subdivision before the expiration of the Reapproval, or the extended term of the Reapproval if applicable, provided however, that in no event shall Verzuh record the final plat of the proposed Shady Island Subdivision before the execution and recording of the resolution attached hereto as Exhibit C, the execution and recording of the Development Improvements Agreement attached hereto as Exhibit D, and the execution and recording of the Real Estate Mortgage attached hereto as Exhibit E.

6. County To Construct Sewer Lines. The County agrees to construct the underground sewer lines as described in, and in conformance with, the Temporary Construction Easement granted pursuant to Paragraph 7 below and the Perpetual Nonexclusive Easement granted pursuant to Paragraph 8 below.

7. Grant Of Temporary Construction Easement. Contemporaneously with the full execution of this Agreement, Verzuh shall convey the Temporary Construction Easement to the County substantially in the form of the Grant of Temporary Construction Easement for Sewer Line attached hereto and incorporated herein as **Exhibit F**.

8. Grant Of Permanent Sewer Easement. Contemporaneously with the full execution of this Agreement, Verzuh shall convey the Permanent Sewer Easement to the County substantially in the form of the Grant of Perpetual Nonexclusive Easement for Sewer Line attached hereto and incorporated herein as **Exhibit G**.

9. No Third Party Beneficiaries. This Agreement is not intended to confer upon any person other than the Parties any rights or remedies hereunder. It is further mutually agreed and understood by the parties hereto and this provision is public notice hereto that, by the execution and delivery of these presents, it is not intended, nor shall it be so construed, that the Parties are entering into a partnership agreement, a joint venture, or any other kind of a business entity or relationship through which Verzuh or the County intend to incur any liability in whatever form or nature with respect to the Property that is the subject of this Agreement.

10. Notices. All notices and communications required or contemplated by this Agreement shall be in writing and shall be sent by certified mail, return receipt requested, to the addresses set forth herein. Notice shall be deemed properly given when received by a party and not the party's attorney. Any Party may change its address by giving written notice of the change to the other Party in the manner provided herein.

To Verzuh:
Bill Lacy
Verzuh Ranch, Inc.
P.O. Box 836
24474 State Hwy 135
Crested Butte, Colorado 81224
Facsimile: (970) 349-5020

Copy to:
Bratton Hill Wilderson & Lock, LLC
Attn: Marcus J. Lock or Jacob A. With
525 N. Main St.
Gunnison, CO 81230

To County:

Matthew Birnie
County Manager
200 East Virginia Avenue

Gunnison, Colorado 81230
970-641-0248

11. Severability. If any term or provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement and the terms and provisions thereof shall not be affected thereby and all other terms and provisions of this Agreement shall be valid and enforceable to the full extent permitted by law.

12. Attorneys Fees Incurred In Preparation Of Agreement. Each Party shall be responsible for its own attorneys fees, costs, and expenses incurred in the preparation of this Agreement.

13. Costs of Collection. In the event litigation is commenced by a Party to enforce or interpret any provision of this Agreement, the prevailing party in such litigation shall be entitled to receive, in addition to all other sums and relief, its reasonable costs and attorney's fees, incurred both at and in preparation for trial and any appeal or review as well as all costs of collection, including without limitation all attorney's fees incurred in collecting on the prevailing party's judgment.

14. No Admission of Liability. The purpose of this Agreement is to avoid confrontation and resolve disputes between the Parties to this Agreement in a manner that is beneficial to all Parties. Accordingly, neither this Agreement nor the fact that the Parties have entered into this Agreement shall be deemed an admission, express or implied, of: (a) liability by any Party to any other person or entity; (b) any fact, other than the facts set forth in the Recitals to this Agreement; or (c) the merits of the position taken by any Party with respect to any matter.

15. Effectuation of Agreement. Each Party shall execute any and all documents and do and perform any and all acts and things necessary or proper to effectuate or further evidence the terms and provisions of this Agreement.

16. Complete Agreement; Modification; and Waiver. This Agreement constitutes the entire agreement between the Parties and supersedes all prior and contemporaneous agreements, representations, warranties and understandings of the Parties. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all parties. No waiver of any of the provisions of this Agreement shall be deemed or constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

17. Review; Representation by Counsel; Etc. Each Party acknowledges and represents that:

a) It has fully and carefully read and considered this Agreement prior to its execution;

b) It has consulted with or has had the opportunity to consult with

its/his/her/their attorneys regarding the legal effect and meaning of this Agreement and all terms and conditions hereof, and that it is fully aware of the contents of this Agreement and its legal effect;

c) It has had the opportunity to make whatever investigation or inquiry it deems necessary or appropriate in connection with the subject matter of this Agreement; and

d) It is executing this Agreement voluntarily and free from any undue influence, coercion, duress or fraud of any kind.

18. Miscellaneous Provisions.

a) This Agreement shall be binding upon and shall inure to the benefit of the Parties and the Parties' respective heirs, legal representatives, successors and assigns;

b) The paragraph headings used in this Agreement are for purposes of identification only and shall not be considered in construing this Agreement. Furthermore, this Agreement shall be deemed to have been prepared with the full and equal participation of the Parties and their respective counsel and shall not be construed by one Party against the other;

c) This Agreement shall be construed and enforced in accordance with the laws of the State of Colorado, and the exclusive venue for any action to resolve a dispute arising out of or related to this Agreement shall be the District Court in and for Gunnison County, Colorado;

d) This Agreement may be executed in multiple counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same document. The Parties will accept facsimile and/or electronic signatures as original signatures; and

e) Each person signing this Agreement and each Party to this Agreement, hereby represents and warrants that the person signing on behalf of the Party has full authority to sign this Agreement on behalf of the Party, that the person signing is duly authorized to sign this Agreement on behalf of the Party, and that the Party's execution of this Agreement was approved by the Party as required by any Articles of Incorporation, Bylaws, or any other governing documents, statute, or other applicable law.

WHEREFORE, the parties hereto have executed duplicate originals of this Agreement on the day and year first written above.

[THE SIGNATURES OF THE PARTIES APPEAR ON THE FOLLOWING PAGE]

VERZUH RANCH, INC., a Colorado corporation

By: _____
Billy Joe Lacy, President

STATE OF COLORADO)
) ss.
COUNTY OF GUNNISON)

The foregoing Agreement was acknowledged before me this 28 day of April 2011 by Billy Joe Lacy as President of Verzuh Ranch, Inc., a Colorado corporation.

Witness my hand and official seal.

My commission expires: 03/29/14

ERIN CERISE
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 03/29/2014

_____
Notary Public

BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF GUNNISON, COLORADO:

By: _____
Hap Channell, Chairperson

By: _____
Paula Swenson, Vice Chairperson

By: _____
Phil Chamberland, Commissioner

Attest:

_____
Katherine Haase, Deputy County Clerk

GUNNISON COUNTY SEAL COLORADO

VERZUH RANCH, INC., a Colorado corporation

By: _____
Billy Joe Lacy, President

STATE OF COLORADO)
) ss.
COUNTY OF GUNNISON)

The foregoing Agreement was acknowledged before me this 28 day of April 2011 by Billy Joe Lacy as President of Verzuh Ranch, Inc., a Colorado corporation.

Witness my hand and official seal.

My commission expires: 03/29/14

ERIN CERISE
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 03/29/2014

_____
Notary Public

BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF GUNNISON, COLORADO:

By: _____
Hap Channell, Chairperson

By: _____
Paula Swenson, Vice Chairperson

By: _____
Phil Chamberland, Commissioner

Attest:

_____
Katherine Haase, Deputy County Clerk

EXHIBIT D to Tab C

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DEVELOPMENT IMPROVEMENTS AGREEMENT

THIS Development Improvements Agreement (herein the "Agreement") is entered into this 3rd day of May, 2011 between the Board of County Commissioners of the County of Gunnison, Colorado, whose address is 200 E. Virginia, Gunnison, Colorado 81230 (herein the "County") and Verzuh Ranch, Inc., a Colorado corporation, whose address is PO Box 836, Crested Butte, CO 81224 (herein the "Developer") as follows:

1. Purpose. The Developer has submitted to the County the Developer's application for Land Use Change Permit No: 2005 -73 regarding the subdivision of a 10.36 acre parcel into sixteen single family residential lots and a 4.74 acre common open space area known as Shady Island Subdivision (herein the "Project"). The Project is located within SW1/4NE1/4 and the NW1/4NE1/4, Section 24, Township 50 North, Range 1 West, N.M.P.M., on land owned by Developer described in Exhibit A hereto. As valuable and sufficient consideration for this Agreement, the County and the Developer agree that approval of such application by the County is expressly conditioned on completion of the improvements described in paragraph 7 below (herein the "Improvements") to the specifications described herein and by the times specified herein. The County and the Developer further agree that such Improvements are appropriate and necessary requirements to be required by the County, and to be performed by the Developer, and County where agreed, and which Developer shall perform as set forth below. The County and Developer further agree that an agreement guaranteeing the Developer's performance secured by suitable security to protect the interests of the County, and the public in the amount set forth herein is an appropriate condition to the County's approval of such Land Use Change Permit. The parties have entered into this Agreement to memorialize such understandings and agreements. The relationship of the parties to this Agreement is contractual; Developer is an independent contractor and is not an agent of the County.

2. Developer Bound. The Developer agrees to accept and be bound by the terms and conditions for the County's issuance of its reapproval of the Land Use Change Permit No: 2005-73 (the "Reapproval") and the terms and conditions of this Agreement. Developer accepts the County's review and permitting authority, process and performance of same in connection with Land Use Change No: 2005-73, as legal and valid and waives any defect therein.

3. Construction.

A. The Developer agrees to complete construction of the Improvements within the Project in the locations and in accordance with the specifications of the plans addressing the infrastructure improvements that are identified in paragraph 7 herein by no later than May 3, 2016, acts of God and any cause beyond the reasonable

control of the Developer excepted, including without limitation labor disputes, laws, regulations, or orders of any governmental entity, orders of court, inability to obtain any required authorization, act of war or conditions arising out of or attributable to war, riot, civil strike, insurrection or rebellion, fire, explosion, earthquake, storm, flood or other adverse weather condition, delay or failure by suppliers or materialmen, contractors, or subcontractors, shortage of or inability to obtain labor, supplies or materials.

B. In the event that Verzuh seeks, and obtains from the County, an extension of the Reapproval in accordance with Section 1-104(G) and (J) of the Gunnison County Land Use Resolution, then the time for completion of the contemplated development improvements shall be extended commensurately with the extension of the Reapproval. Otherwise, the completion deadline set forth in this paragraph 3 may be extended by the County in its sole discretion upon written request of Developer if the County determines that: (1) such extension of time will not operate to the detriment of the County, the public or the owners of property within the Project; and (2) the County's security is adequate to ensure full performance by Developer by the extended completion date; and (3) that such an extension would not be in conflict with the conditions of the approved Land Use Change Permit. The County may require Developer to provide, at Developer's cost, supplemental estimates by Developer's engineer of the costs of completion and to provide additional security as a prerequisite to its extension of any completion date. Any extended completion date granted by the County hereunder may be further extended in like manner.

C. Each contract entered into by Developer for construction of the Improvements shall provide that the County is a third party beneficiary with all rights to enforce such contracts in place of Developer in the event of a default by Developer. Developer shall provide to County a copy of each such contract upon its execution.

D. The county reserves the right not to permit construction of any building in the Project prior to full completion of the Improvements described in paragraph 7 below.

4. Estimated Cost. The total cost of the Improvements to be constructed by the Developer, including the work to be performed by the County, is estimated currently to be SEVEN HUNDRED TWENTY SIX THOUSAND NINE HUNDRED TWENTY TWO AND NO/U.S. DOLLARS ($726,922.00) plus a contingency amount.

5. Security. In order to secure all obligations of the Developer herein, the Developer and the County agree that the Developer shall, at Developer's sole cost, and before starting work on any phase of the Project or Improvements, and before conveying any portion of the Project, obtain and provide to the County either cash, a bond, an irrevocable letter of credit or other performance guarantee in a form and content satisfactory to the County to the

benefit of the County in the amount of at least NINE HUNDRED EIGHT THOUSAND SIX HUNDRED FIFTY TWO AND 50/100 U.S. DOLLARS ($908,652.50), which is 125 percent of the estimated cost of the Improvements set forth above, and which includes a reasonable contingency amount. In this instance, the security tendered shall be a first priority real estate mortgage on Lots 3 and 2, Block 74, of the Verzuh Ranch Annexation within the Town of Crested Butte, Colorado. The first priority real estate mortgage shall be the only mortgage lien or financial encumbrance with which Verzuh shall encumber the Lots. Developer shall have the right to substitute any other lot Developer owns within the Verzuh Ranch Annexation within the Town of Crested Butte, Colorado in place of Lot 3 and/or Lot 2, should a prospective purchaser contract for the purchase of either or both of those two lots specifically. The substituted lot or lots shall either (a) be of equal or greater value to the collateral being replaced and shall be held by a first priority real estate mortgage and shall be subject to the conditions above, or (b) in the event of a deficiency between value of the original collateral and the substituted collateral, such deficiency shall be made up by Developer in cash, bond, an irrevocable letter of credit or other performance guarantee in a form and content satisfactory to the County to the benefit of the County. If Developer substitutes a lot or lots, the County shall execute a release of the mortgage or request for release of the mortgage, whichever is appropriate and will accomplish the release of Lot 3, Lot 2, or any substitute lot or lots, as appropriate, from the real estate mortgage.

If the contract(s) provided to the County pursuant to paragraph 3C indicate a substantially different total cost than estimated in paragraph 4, the amount of security may be increased or decreased. For the purposes of this paragraph 5, substantial is defined as 10 percent or more.

Pending full performance of all of the terms and conditions hereof by the Developer, the County shall retain said security and shall remain the beneficiary of such security. In the event of any uncured default hereunder, the County in its sole discretion, and without any other authority required, shall have the unrestricted authority to sell the security or if said security has been replaced in a form of cash, bond or letter of credit, the County may draw up to the full amount of NINE HUNDRED EIGHT THOUSAND SIX HUNDRED FIFTY TWO AND 50/100 U.S. DOLLARS ($908,652.50), upon presentation by the County to the issuer of a written statement by the County that such uncured default exists. Upon timely performance of all terms and conditions hereof, said security shall be released by the County to the Developer, except as provided in paragraph 7C.

6. <u>Certification.</u>

A. Not later than May 3, 2016 or the deadline provided in any extension to this Agreement, a registered Colorado engineer retained by the Developer at it's expense shall certify to the County whether the Developer's construction obligations regarding Improvements under this agreement have been fully and faithfully performed according to design and time specifications. Upon receipt of such certification and a complete paper and an electronic copy of road and utility as built specifications and drawings, the County shall review the same and shall make an independent judgment whether to accept the same in the sole discretion of the County. Developer agrees not to cover or otherwise prevent inspection of the Improvements constructed hereunder until Developer's engineer and the County's representative have had reasonable opportunity to inspect such Improvements.

B. Not later than the later of five years from the date of this Agreement or the deadline provided in any extension to this Agreement, Developer shall provide to the County Attorney a sworn affidavit, signed by the Developer's authorized representative, that the Improvements completed have been paid for, in full, by the Developer. The Developer shall be responsible for the information so provided. Said written certification will be reviewed by the County, but the county shall have no responsibility or liability to any party regarding the veracity of the information so provided.

7. Scope of Work.

A. Except as provided in Paragraph 7.B below, the scope of work to be done by the Developer shall include, but not be limited to:

7.1 The plat titled, "Final Plat of Shady Island" prepared by Schmueser, Gordon, Meyer, Inc. dated March 25, 2008; and

7.2 The following plans addressing the infrastructure improvements:

a. *Demolition Plan*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.

b. *Utility Plan*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.

c. *Drainage and Grading Plan*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.

d. *Roadway Plan and Profile*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.

e. *Sanitary Sewer Plan and Profile*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.

f. *Site Plan*, dated May 16, 2007, prepared by Jim Sell Design

g. *Floodplain Study and Narrative*, dated May 18, 2007, prepared by Jim Sell Design

h. *Floodplain Study and Narrative*, dated March 31, 2008, prepared by Jim Sell Design

i. *Geotechnical Report*, dated February 21, 2007, prepared by Buckhorn Geotech

j. *Drainage Report*, dated May 16, 2007, prepared by Jim Sell Design

k. *Traffic Impact Analysis*, dated April 23, 2007, prepared by Matt Delich & Associates

l. *Water Treatment/Pump House Design and Water Line Layout*, prepared by Schmueser, Gordon, Meyer, Inc.

m. *Landscape Plan and Landscape Details*, dated March 14, 2008, prepared by Jim Sell Design and stamped by Jonathan Sweet, P.E.

n. *Protective Covenants of Shady Island*

o. *Wetlands Delineation*, dated July 18, 2006, prepared by Bio-Environs

p. *Preliminary Exterior Lighting Plan*, prepared by Jim Sell Design

q. *Bridge plans*, prepared by Contech Bridge Solutions Inc., stamped by Craig Thorstad, P.E. dated March 27, 2008; and

7.3 The cost estimate titled, "Infrastructure Cost Estimate – Shady Island Subdivision", prepared by Jim Sell Design and certified by Jonathan F. Sweet, dated March 24, 2008 identified in **Exhibit B** attached hereto and incorporated herein; and

7.4 The terms and conditions of the Reclamation Permit for Shady Island Subdivision and to the satisfaction and approval of the Gunnison County Weed Coordinator; and

7.5 Those conditions cited by the Planning Commission and approved by the Board of County Commissioners for Land Use Change Permit No: 2005-73.

B. Expressly excluded from the work to be performed by Developer and the improvements to be installed by Developer is all installation, construction, maintenance and operation of any sewer line, which is more fully and completely discussed in the Settlement Agreement between Developer and the County dated May 3, 2011, and the exhibits thereto (the "Settlement Agreement"). Notwithstanding any other provision of this Agreement, any work, improvements, and obligations to be performed or contemplated to be performed by the County pursuant to the Settlement Agreement, including any exhibits thereto, are expressly excepted from Developer's scope of work under this Agreement.

C. The conditions of this Agreement and Land Use Change Permit No: 2005-73 are such that if the obligations hereunder of the Developer are well, truly, faithfully and timely performed by Developer, inspected and certified to by the Developer's engineer, and such performance is accepted by the County in the County's sole discretion, the Developer's obligations to the County under this Agreement except as set forth in 7D below shall be at an end; otherwise such conditions and obligations shall remain in full force and effect.

D. For a period of one year from and after the acceptance of all of the work described in paragraph 7A above, Developer shall, at its own expense, make all needed repairs and replacements to such work as shall, in the County's reasonable opinion, become necessary. The County shall have the right to retain the Real Estate Mortgage or if said security has been replaced in a form of cash, bond or letter of credit, the County may retain up to ONE HUNDRED EIGHTY ONE

THOUSAND SEVEN HUNDRED THIRTY AND 50/100 U.S. DOLLARS ($181,730.50) of the security for up to one year following the acceptance of all of the work described in paragraph 7A above, as security to ensure such repair and replacement. The County shall have the right to retain the Real Estate Mortgage or if said security has been replaced in a form of cash, bond or letter of credit, the County may retain up to all of the Reclamation costs in the amount of SIXTY SEVEN THOUSAND NINE HUNDRED THIRTY FIVE AND NO/100 U.S. DOLLARS ($67,935.00) for a two year period after completion of initial reclamation efforts to ensure the disturbed areas have been reclaimed to the County's satisfaction.

8. Partial Release of Security.

A. The County recognizes that as work proceeds upon the Improvements, the County's need for security shall be reduced. Accordingly, the County may make a reasonable partial release of the security pursuant to paragraph 5 herein upon receipt of a written certification by Developer's engineer stating the estimated cost of remaining completion; upon receipt of such certification, the County shall review the same and shall make an independent judgment whether to accept the same in the sole discretion of the County. If the County does make a partial release, the County shall retain security equal to: (a) 125 percent of such estimated cost of remaining completion of Improvements plus 25 percent of the original estimated cost of the Improvements; and (b) all the estimated costs of all of the Reclamation; and shall release the balance of all security held by the County.

B. Upon Developer's entering into a contract or contracts for construction of Improvements hereunder, Developer and County may negotiate an addendum to this Agreement setting forth such reasonable schedule for partial releases of the security in accordance with the anticipated construction schedule. In such circumstance, the County shall designate and authorize the County Manager to make the partial release(s) hereunder after consultation with appropriate County staff.

9. Developer's Default. In the event of any default hereunder by the Developer, the County shall give notice to the Developer specifying the nature of such default, which notice shall be given by facsimile transmission or by certified mail with return receipt requested addressed to the Developer at: PO Box 836, Crested Butte, CO 81224. In the event the Developer does not remedy such default to the satisfaction of the County within 14 days following such notice, the County may elect, in its discretion to exercise all remedies available to it, including but not limited to:

A. To specifically enforce the terms and conditions of this Agreement;

B. To sell the security or if said security has been replaced in a form of cash, bond or letter of credit, the County may draw upon or otherwise obtain the benefit of the security;

C. To exercise any other rights and obtain any other remedies provided by law;

D. To obtain from the Developer either an extension of the County's security hereunder to guarantee the completion of the Improvements only on the conditions: (1) that suitable additional security is provided to the County to guarantee the construction of said Improvements within the new time period determined by the County; and (2) that the County determines that it would not be detrimental to the interest of the County, the public or the owners of property within the Project to allow such extension; and (3) that the County determines that it would not be in conflict with the conditions of the approved Land Use Change Permit.

10. Recording of Agreement. Upon its execution, this Agreement shall be recorded by the County, at the Developer's expense, and shall be a covenant running with the property herein described in order to put prospective purchasers or other interested parties on notice as to the terms and provisions hereof.

11. Retention of Police Powers. The County retains the power and right to impose additional requirements upon Developer with regard to the Project if the failure to do so would place the public or owners of property within the Project in a perilous condition, or in the event of substantially changed conditions; that is, nothing in this Agreement is or shall be construed to be a bargaining away of the County's police power.

12. Transfer or Assignment. No transfer or assignment of any of the rights or obligations of the Developer under this Agreement shall be permitted without prior written approval of the County which approval shall not unreasonably be withheld.

13. Title and Authority. The Developer expressly warrants and represents to the County that it is the record owner of the real property constituting the Project, and further represents and warrants, together with the undersigned individual, that the undersigned individual has full power and authority to enter into this Agreement. The Developer and the undersigned individual understand that the County is relying on such representations and warranties in entering into this Agreement.

14. Litigation. Nothing contained herein shall prevent either party from obtaining a judicial determination of the violation of its rights hereunder; provided however, that written notice to the other party advising the other party of the alleged violation, and advising that in the event the matter is not resolved by the parties within 14 days thereafter, shall be a condition precedent to the commencement of any litigation.

15. Time of Essence. It is mutually agreed that time of performance is an essential part of this Agreement and that all terms, covenants and conditions herein shall extend to and become obligatory upon the successors and assigns of the respective parties hereto.

16. Venue and Choice of Law. This Agreement is entered into in Gunnison County, Colorado and it is agreed that the exclusive jurisdiction and venue of any action pertaining to the interpretation or enforcement of this Agreement shall be in the District Court of Gunnison County, Colorado. The exclusive choice of law pertaining to this transaction shall be that of the State of Colorado without giving effect to Colorado choice of law principles.

17. Severability. If any term or provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement and the terms and provisions thereof shall not be affected thereby and all other terms and provisions of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

18. Attorney's Fees. If any action is brought in a court of law by either party to this Agreement as to the enforcement, interpretation or construction of this Agreement or any document provided for herein, the prevailing party in such action shall be entitled to reasonable attorney's fees as well as all costs incurred in the prosecution or defense of such action.

19. Hold Harmless Clause. The Developer shall indemnify, defend and hold harmless the County, its officials, employees and agents from and against liability for damages, injury or death which may arise from the direct or indirect operations of the owner, Developer, contractors or subcontractors, which relate to the Project.

20. Entire Agreement. This Agreement contains the entire and only Agreement between the parties regarding development improvements, and no oral statements or representations not contained in this Agreement shall be of any force and effect between the parties. This Agreement shall not be modified or amended in any manner except by written instrument executed by the parties.

21. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties hereto.

22. Notice. All notices and other communications required or permitted under this Agreement shall be in writing and shall be, as determined by the person giving such notice, either hand delivered, mailed by registered or certified mail, return receipt requested or by facsimile or telegraphic communication to the required party at the following addresses:

County:
Board of County Commissioners
of the County of Gunnison, Colorado
c/o County Attorney
200 East Virginia
Gunnison, CO 81230
Fax No: 970-641-7696

Developer:
Billy Joe Lacy
Verzuh Ranch, Inc.
PO Box 836
Crested Butte, CO 81224
Fax No: 970-349-5020

IN WITNESS WHEREOF the parties have executed this Agreement the date first above written:

BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF GUNNISON,
COLORADO

By: _____
Hap Channell, Chairperson

ATTEST:

_____
Deputy County Clerk

GUNNISON COUNTY SEAL COLORADO

VERZUH RANCH, Inc.,
a Colorado corporation

By: Billy Joe Lacy
Billy Joe Lacy, its President

STATE OF COLORADO)
)ss.
County of Gunnison)

The foregoing instrument was acknowledged before me this 28 day of ~~May~~ April, 2011, by Billy Joe Lacy, President of Verzuh Ranch, Inc., a Colorado ~~corporation, grantor~~ herein.

Witness my hand and seal.
My commission expires: 03/29/14.

ERIN CERISE
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 03/29/2014

Erin Cerise
Notary Public
Address:

EXHIBIT A TO DEVELOPMENT IMPROVEMENTS AGREEMENT

A tract of land located in the NE1/4 of Section 24, Township 50 North, Range 1 West of the New Mexico Principal Meridian, Gunnison County, Colorado, being more particularly described as follows:

Beginning at a point on the easterly right-of-way line of State Highway 135 and the northerly line of a parcel of land described at Reception No. 533910, Gunnison county records, from which the brass cap witness corner for the East ¼ Corner of said Section 24 bears 375°16'05"E, 2665.65 feet; thence along the northerly line of said Parcel described at Reception No.533910 the following four (4) courses:

1) N88°26'00" E, 116.45 feet;
2) N85°07'51"E, 142.91 feet;
3) S00°11'00" W, 65.53 feet

thence S83°49'00"E, 290.58 feet to a point on the diagonal line between the northeast and southeast corners of the SW ¼, NE ¼, of said Section 24, said point being also on the westerly line of the Glen as recorded at Reception No. 558 465, Gunnison County records; thence along said diagonal line and said westerly line of the Glen N45°01'50"E, approximately 595 feet to the southeasterly most corner of Lot 7 and southerly most corner of Lot 8, Cline's Home Sites, as recorded at Reception No. 256413, Gunnison County records, said point being in the Gunnison River; thence along the southerly line of Lots 7, 6, 5 and 4 of said Cline's Home Sites, the following four (4) coordinate courses, said southerly line being in a channel of the Gunnison River.

1) S67°25'21" W, 147.58 feet
2) N82°15'05"W, 150.83 feet
3) N77°25'17"W, 142.29 feet
4) N65°45'27"W, 140.47 feet;

thence along the westerly line of said Lot 4, Cline's Home sites N02°10'00"W, 117.90 feet to the southeast corner of a parcel of land described in a document recorded at Reception No. 520174; thence along said Parcel S84°34'00"W, 157.20 feet; thence N02°18'00"W, approximately 106.91 feet to a point in the center of Clark Creek, said point being also on the southerly line of a parcel of land described at Reception No. 558930, Gunnison County records; thence along the centerline of said Clark Creek and said southerly line the following five (5) courses:

1) S43°58'30"W, 33.42 feet
2) S54°48'49"W, 107.23 feet
3) N52°46'45"W, 65.29 feet
4) N77°45'06"W, 125.99 feet to a point on the easterly right-of-way line of said State Highway 135; thence along said easterly right-of-way line the following four (4) courses:

1) S01°58'27"W, 145.45 feet
2) S01°45'53"E, 76.89 feet
3) S01°10'15"W, 156.65 feet
4) S00°22'32"W, 304.41 feet to the Point of Beginning, said Tract containing 10.55 acres, more or less.

in Gunnison County, Colorado.

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INFRASTRUCTURE COST ESTIMATE

Shady Island Subdivision

3/24/2008

Prepared for:
BILL LACY
Lacy Construction
PO Box 836
24474 Highway 135
Crested Butte, CO 81224
FAX 970.349.5020
970.349.5010

Prepared by:

JIM SELL DESIGN
153 West Mountain Avenue
Fort Collins, Colorado 80524
FAX 970.484.2443
970.484.1921

ROAD CONSTRUCTION

EXHIBIT "B"

Item	Units	Materials	Labor	Equipment	# of Units	Total Cost
Fill material	CY	$2.96	$1.09	$3.95	522.00	$4,176.00
3" Asphalt	SY	$9.55	$2.02	$1.89	2,318.00	$31,200.28
6" Base material	SY	$3.03	$1.33	$1.97	2,318.00	$14,672.94
19"X30" HERCP, in place	LF	$20.00	$10.00		89.00	$2,670.00
18" ADS, in place	LF	$15.90	$11.20	$2.70	176.00	$5,244.80
12" RCP, in place	LF	$13.00	$11.20	$2.70	300.00	$8,070.00
Street name signs	EA	$250.00	$46.70		2.00	$593.40
Stop signs	EA	$250.00	$46.70		2.00	$593.40
Bridge (40' span Truss)	LS	$80,000.00	$3,000.00	$7,000.00	1.00	$90,000.00
Abutments, Wingwalls & Footings	CY	$150.00	$325.00	$25.00	112.00	$56,000.00
					Sub-total	$213,220.82

Asphalt and base quantities are approximate until final geotechnical recommendation.

SEWAGE COLLECTION SYSTEM

Item	Units	Materials	Labor	Equipment	# of Units	Total Cost
8" PVC, in place	LF	$20.00	$10.00		1273	$38,190.00
4" PVC, in place	EA	$570.00	$280.00		16	$13,600.00
4' dia. Manholes, 8' in ave. depth	EA	$1,240.00	$944.00	$301.00	6	$14,910.00
					Sub-total	$66,700.00

WATER SYSTEM

Item	Units	Materials	Labor	Equipment	# of Units	Total Cost
Wells						
Well Pump Assembly	LS	$1,200.00	$400.00	$400.00	2	$4,000.00
Raw Water Supply Piping	LF	$8.60	$6.40		440	$6,600.00
Water Treatment Plant						
Building	SF	$110.00	$23.00	$13.00	192	$28,032.00
Treatment Process	LS	$151,408.00	$19,601.00	$3,970.00	1	$174,979.00
Bag Filtration	LS	$12,500.00	$1,500.00	$1,000.00	1	$15,000.00
Hydrant and Cistern	LS	$10,900.00	$1,100.00		1	$12,000.00
Water Distribution						
Water Main	LF	$16.20	$8.40	$2.30	1187	$29,556.30
Water Service	EA	$200.00	$300.00		16	$8,000.00
Yard Hydrant	LS	$1,250.00	$250.00		2	$3,000.00
					Sub-total	$281,167.30

EROSION CONTROL

Item	Units	Materials	Labor	Equipment	# of Units	Total Cost
Silt Fence	LF	$0.50	$0.82		3058	$4,036.56
Erosion Control Blanket	SY	$4.36	$0.75		614	$3,137.54
Vehicle Tracking Pad	SY	$4.92	$1.33	$1.97	125	$1,027.50
					Sub-total	$8,201.60

NATURAL GAS

Item	Units	Materials	Labor	Equipment	# of Units	Total Cost
Excavation and backfill	LF		$3.47	$1.36	1470	$7,100.10

Install gas main system (Atmos Energy)	LS	$5,000.00	$5,000.00		1	$10,000.00
					Sub-total	$17,100.10

ELECTRICAL DISTRIBUTION SYSTEM

Item	Units	Materials	Labor	Equipment	# of Units	Total Cost
Excavation and backfill	LF		$3.47	$1.36	1470	$7,100.10
Gunnison County Rural Electric Association	LS	$5,000.00	$5,000.00		1	$10,000.00
					Sub-total	$17,100.10

LANDSCAPING & RECLAMATION

Item	Units	Materials	Labor	Equipment	# of Units	Total Cost
Entry feature	LS	$1,000.00	$1,500.00	$500.00	2	$6,000.00
6' wide crusher fines pedestrian trail	LF	$5.00	$5.00	$5.00	766	$11,490.00
5' Worm Fence	LF	$3.00	$4.00	$1.00	586	$4,688.00
2.5" Cal Deciduous Tree	EA	$350.00	$150.00		28	$14,000.00
1.5" Cal Ornamental Tree	EA	$250.00	$150.00		8	$3,200.00
6' Evergreen Tree	EA	$350.00	$150.00		8	$4,000.00
5 Gal Cont Shrub	EA	$25.00	$10.00		62	$2,170.00
5'x3'x18" Boulders	EA	$100.00	$50.00	$50.00	26	$5,200.00
Seeding & mulching of disturbed areas	ACRE	$1,300.00	$1,100.00	$600.00	1.2	$3,600.00
					Sub-total	$54,348.00

TELEPHONE

Item	Units	Materials	Labor	Equipment	# of Units	Total Cost
Telephone - materials and installation	LS	$1,500.00	$1,500.00		1	$3,000.00
					Sub-total	$3,000.00

Total Construction Costs	$	660,838
Engineering and Project Management Costs	$	66,083.79
Total Project Cost Estimate =	**$**	**726,922**

This is an Engineer's Opinion of Probable Cost and is supplied only as a guide. It is recognized that Jim Sell Design does not have control over the costs of labor, equipment or materials. This opinion is based on Jim Sell Design's reasonable professional judgment and experience and does not constitute a warranty of project costs.

COLORADO LICENSED
JONATHAN F. SWEET
40341
7/31/08
PROFESSIONAL ENGINEER

TAB D: APPLICABLE LEGAL STANDARD

The Settlement Agreement provides in paragraph one that the Reapproval of the Land Use Change Permit shall last for three years, or until May 3, 2014, provided however, that Verzuh shall have the right to request an extension of the Reapproval, at least three months, but no more than six months, before the Reapproval expires. The request for an extension of the Land Use Change Approval is Governed by Section 1-104(G) of the LUR. If granted, the extension would be for three years. *See* LUR, § 1-104(F) & (G)(5). According to the terms of the Development Improvements Agreement, if the County grants a three year extension of the Land Use Change permit in accordance with Section 1-104 of the LUR – through May 3, 2017 – the time to complete the improvements under the Development Improvements Agreement would also be extended by one year from May 3, 2016 to May 3, 2017. *See* Development Improvements Agreement, at ¶ 3(B) (stating that "[i]n the event that Verzuh seeks and obtains from the County an extension of the Reapproval . . ., then the time for completion of the contemplated development improvements shall be extended commensurately with the extension of the Reapproval").

The Shady Island Subdivision was classified as a major impact project. Consequently, the requirements for a three-year extension of the Reapproval are governed by Section 1-104(G)(3) of the LUR, which provides:

3. ***EXTENSION OF A LAND USE CHANGE PERMIT FOR A MAJOR IMPACT PROJECT AT LEAST THREE MONTHS BEFORE END OF PERMIT TERM.*** *When the applicant requests extension of the permit term for a Land Use Change Permit for a Major Impact Project at least three, but no more than six, months before the permit expires, the Board shall conduct a public hearing, noticed and conducted pursuant to Section 3-112: Notice of Public Hearing and Section 3-113: Conduct of Public Hearing, and may extend the permit, if it finds that the extension complies with all of the following:*

   a. ***A PUBLIC BENEFIT WILL BE OBTAINED OR NO PUBLIC DETRIMENT WILL OCCUR.*** *A public benefit will be obtained or no public detriment will occur as a consequence of the extension; and*

   b. ***SIZE OF PROJECT AND ECONOMIC CONDITIONS.*** *The size and phasing of the development, economic cycles and market conditions warrant the extension of the permit term; and*

   c. ***COMPLIANCE TO DATE WITH CONDITIONS OF ORIGINAL PERMIT.*** *The applicant has complied with all conditions requiring performance before the date of application for extension of the permit term; and*

d. ***PROGRESS IN PURSUING COMPLETION OF DEVELOPMENT.*** *Progress has been made in pursuing the development to date, including obtaining other necessary permits, and there have been expenditures made by the applicant in pursuing the Project; or the applicant has demonstrated extenuating circumstances that have affected progress of the development; and*

e. ***BENEFITS RECEIVED BY COUNTY.*** *Required benefits, if any, already have been received by the County as a result of Project approval, such as impact fees or land dedications; and*

f. ***NEEDS OF APPLICANT AND COUNTY.*** *The needs of the applicant will be served and the needs of the County will not be harmed by the extension; and*

g. ***NO CONFLICT BETWEEN DEVELOPMENT AND REGULATIONS.*** *There is no substantial conflict, or change in the development is approved to eliminate substantial conflict, between the Project as approved, and the requirements of this Resolution or other regulations as they exist at the time the application for extension is made to extend the permit term; and*

h. ***CHANGES IN CIRCUMSTANCES.*** *Changes to neighborhood land uses have not created a substantial conflict between those uses and the uses for which an extended permit term is requested; and*

i. ***PROPOSED CHANGES IN THE DEVELOPMENT.*** *Any proposed changes in the development are not significant;*

For the reasons set forth in the following sections of this application, Verzuh respectfully submits that it can meet these requirements with respect to the Shady Island Subdivision, and that a three-year extension of the land use change permit is therefore appropriate.

TAB E: A PUBLIC BENEFIT WILL BE OBTAINED OR NO PUBLIC DETRIMENT WILL OCCUR

When the County reapproved the Shady Island subdivision in May of 2011, the parties contemplated the possibility that an extension of the land use permit for an additional three-years, through May of 2017, would be necessary due to locally depressed economic conditions. Consequently, the County and Verzuh included a provision in the Settlement Agreement authorizing Verzuh to seek such an extension. Although economic conditions have been slow to improve, the County has used the permanent sewer easement through the Property that Verzuh granted pursuant to the Settlement Agreement in order to connect the Cline's Homesites to the City and County's central sewer system. This allowed the County to eliminate multiple individual sewage disposal systems, which posed a potential risk to water quality within the Gunnison Basin.

In addition, no public detriment or harm will result from a three-year extension of the land use permit for the Shady Island Subdivision. Verzuh previously cleaned the Property and removed potentially dangerous asbestos-containing historic structures. The property is thus vacant; the plat has not been recorded; no lots have been sold, and thus no residents are relying on forthcoming improvements. Moreover, the improvements to be constructed by Verzuh pursuant to the Development Improvements Agreement are relatively minor, with total project costs estimated to be less than $730,000 for the completion of roads, utilities, landscaping, and reclamation. The current Development Improvements Agreement between the County and Verzuh gives Verzuh until May of 2016 to complete the improvements. Therefore, if an extension of the land use change permit is granted through May of 2017, the time for completion of the requisite improvements would only be extended for one year, from May of 2016 to May of 2017. Moreover, the County holds substantial security to ensure the improvements are completed pursuant to the terms and conditions of the Development Improvements Agreement. Whereas the County typically holds security in an amount equal to 125% of the estimated costs of the improvements, here, Verzuh offered, and the County accepted, security valued by the County Assessor at more than $1,400,000, almost twice the estimated cost of the improvements contemplated by the Development Improvements Agreement. Finally, Verzuh is current on all taxes and fees with respect to the Property.

For the foregoing reasons, Verzuh respectfully submits that a public benefit has been obtained as a result of the County's reapproval of the Shady Island Subdivision and no public detriment will occur as a consequence of an extension of the Reapproval. *See* LUR, § 1-104(G)(3)(a).

TAB F: SIZE OF PROJECT AND ECONOMIC CONDITIONS

The slow rate of Gunnison County's economic recovery is really the heart of this request for an extension of the Shady Island Land Use Change Permit. This project contemplates the sale of sixteen single family residential lots, each approximately one-quarter acre in size. Verzuh acquired the Property in 2005 for just over $1,000,000, and as indicated, has agreed to make infrastructure improvements costing approximately $730,000. With legal, engineering, carrying costs, and related expenses, Verzuh's investment in Shady Island will likely be close to $2,000,000 before it sells the first lot.

The Riverwalk Estates subdivision ("Riverwalk") is located immediately across Highway 50 from Shady Island. It is comparable to Shady Island with respect to its proximity to the river and open space areas. However, the Riverwalk lots are typically in excess of one-acre, substantially larger than the quarter-acre size of the Shady Island lots. The last two qualified sales of lots within the Riverwalk subdivision were for $112,000 and $80,000 respectively – an average sales price of $96,000.

If Verzuh were to sell the Shady Island lots for an average of $100,000 each, it would not even come close to covering its expenses. Furthermore, it is unlikely that Verzuh would be able to sell the lots at this time. In Riverwalk alone there appear to be at least nine lots listed for sale on the Multiple Listing Service ("MLS"), and Riverwalk Estates, LLLP appears to have at least 21 lots still in its inventory.

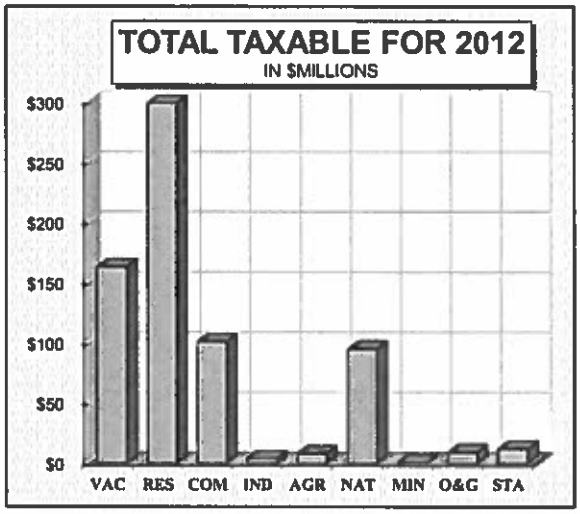
Finally, attached to this **TAB F** as **Exhibits A** and **B** are two reports providing objective evidence of continuing weakness in the local real estate market. The report from the Colorado Department of Local Affairs, Division of Property Taxation summarizes the assessed value of real property within Gunnison County, Colorado. Total taxable assessed value decreased by 16.7% from 2010 to 2011, and decreased another 1.6% between 2011 and 2012. Residential assessed value decreased by 20.2% in 2011 and recovered only 1.6% of this value in 2012. The second report attached is the 2013 Gunnison County Assessor's Report. This report notes that "[v]acant land [has] . . . continued to decline in value . . ." and that "[t]he total number of real estate transactions continues to be low . . . . Foreclosed and distressed properties are keeping the sales prices repressed in some neighborhoods. While the number of foreclosures is trending down, the unsold foreclosure inventory peaked in 2012 and until reduced will continue to be competing with non-distressed sales."

Given the current economic conditions, the Shady Island project is not economically viable at this time. Consequently, Verzuh respectfully submits that the size and phasing of the development, economic cycles and market conditions warrant the extension of the permit term. *See* LUR, § 1-104(G)(3)(b).

GUNNISON COUNTY

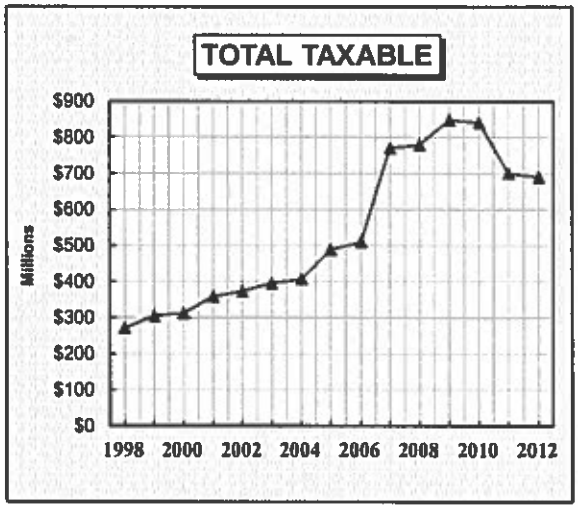
TOTAL TAXABLE ASSESSED FOR 2012

Class	Value	Percentage of total
Vacant	$162,751,730	23.6%
Residential	$298,487,580	43.3%
Commercial	$100,615,170	14.6%
Industrial	$3,786,800	0.5%
Agricultural	$7,908,740	1.1%
Nat. Resources	$94,510,990	13.7%
Prod. Mines	$234,710	0.0%
Oil and Gas	$9,077,480	1.3%
State Assessed	$11,800,600	1.7%
Total:	**$689,173,800**	**100.0%**



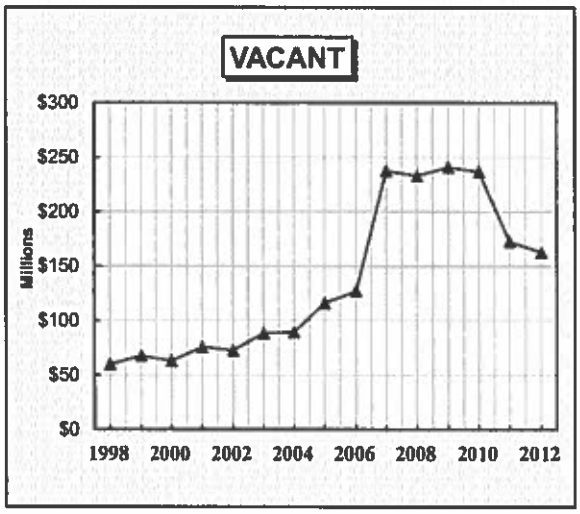
TOTAL TAXABLE ASSESSED

Years	Value	Change
1998	$271,452,280	
1999	$304,934,880	12.3%
2000	$312,513,120	2.5%
2001	$358,546,310	14.7%
2002	$373,137,290	4.1%
2003	$395,569,940	6.0%
2004	$406,409,160	2.7%
2005	$488,634,430	20.2%
2006	$509,858,040	4.3%
2007	$770,617,040	51.1%
2008	$779,343,460	1.1%
2009	$847,901,750	8.8%
2010	$840,863,260	-0.8%
2011	$700,512,210	-16.7%
2012	$689,173,800	-1.6%



VACANT ASSESSED

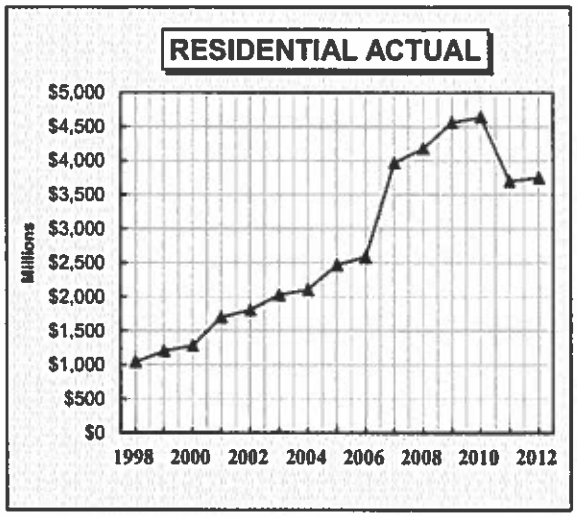
Years	Value	Change	% of Total
1998	$59,663,500		22.0%
1999	$67,541,030	13.2%	22.1%
2000	$62,792,720	-7.0%	20.1%
2001	$75,578,290	20.4%	21.1%
2002	$72,429,490	-4.2%	19.4%
2003	$88,243,040	21.8%	22.3%
2004	$89,239,160	1.1%	22.0%
2005	$115,998,830	30.0%	23.7%
2006	$126,851,060	9.4%	24.9%
2007	$237,408,600	87.2%	30.8%
2008	$232,974,060	-1.9%	29.9%
2009	$240,695,010	3.3%	28.4%
2010	$236,789,260	-1.6%	28.2%
2011	$172,496,170	-27.2%	24.6%
2012	$162,751,730	-5.6%	23.6%



GUNNISON COUNTY

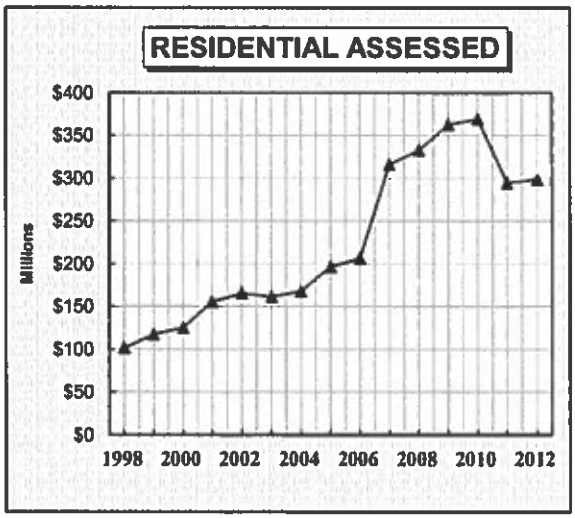
RESIDENTIAL ACTUAL

Years	Value	Change
1998	$1,042,517,864	
1999	$1,205,090,760	15.6%
2000	$1,282,459,548	6.4%
2001	$1,699,922,077	32.6%
2002	$1,806,854,645	6.3%
2003	$2,026,486,935	12.2%
2004	$2,106,203,894	3.9%
2005	$2,465,964,698	17.1%
2006	$2,586,764,322	4.9%
2007	$3,967,501,382	53.4%
2008	$4,180,585,930	5.4%
2009	$4,558,934,045	9.1%
2010	$4,639,127,387	1.8%
2011	$3,700,052,387	-20.2%
2012	$3,749,843,970	1.3%



RESIDENTIAL ASSESSED

Years	Value	Change	% of Total
1998	$101,541,240		37.4%
1999	$117,375,840	15.6%	38.5%
2000	$124,911,560	6.4%	40.0%
2001	$155,542,870	24.5%	43.4%
2002	$165,327,200	6.3%	44.3%
2003	$161,308,360	-2.4%	40.8%
2004	$167,653,830	3.9%	41.3%
2005	$196,290,790	17.1%	40.2%
2006	$205,906,440	4.9%	40.4%
2007	$315,813,110	53.4%	41.0%
2008	$332,774,640	5.4%	42.7%
2009	$362,891,150	9.1%	42.8%
2010	$369,274,540	1.8%	43.9%
2011	$294,524,170	-20.2%	42.0%
2012	$298,487,580	1.3%	43.3%



COMMERCIAL ASSESSED

Years	Value	Change	% of Total
1998	$57,849,770		21.3%
1999	$62,778,760	8.5%	20.6%
2000	$63,857,820	1.7%	20.4%
2001	$73,173,410	14.6%	20.4%
2002	$73,660,140	0.7%	19.7%
2003	$81,862,220	11.1%	20.7%
2004	$79,924,160	-2.4%	19.7%
2005	$87,342,900	9.3%	17.9%
2006	$89,743,620	2.7%	17.6%
2007	$118,805,610	32.4%	15.4%
2008	$116,018,620	-2.3%	14.9%
2009	$121,012,160	4.3%	14.3%
2010	$118,971,620	-1.7%	14.1%
2011	$101,976,290	-14.3%	14.6%
2012	$100,615,170	-1.3%	14.6%

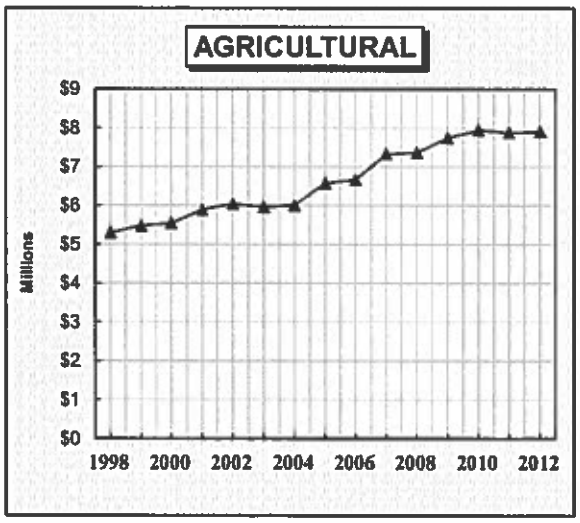
GUNNISON COUNTY

INDUSTRIAL ASSESSED

Years	Value	Change	% of Total
1998	$907,460		0.3%
1999	$1,082,860	19.3%	0.4%
2000	$1,291,560	19.3%	0.4%
2001	$1,746,470	35.2%	0.5%
2002	$1,794,750	2.8%	0.5%
2003	$2,204,540	22.8%	0.6%
2004	$2,140,340	-2.9%	0.5%
2005	$2,584,440	20.7%	0.5%
2006	$2,332,650	-9.7%	0.5%
2007	$3,264,110	39.9%	0.4%
2008	$3,116,470	-4.5%	0.4%
2009	$4,060,030	30.3%	0.5%
2010	$3,938,380	-3.0%	0.5%
2011	$3,723,410	-5.5%	0.5%
2012	$3,786,800	1.7%	0.5%

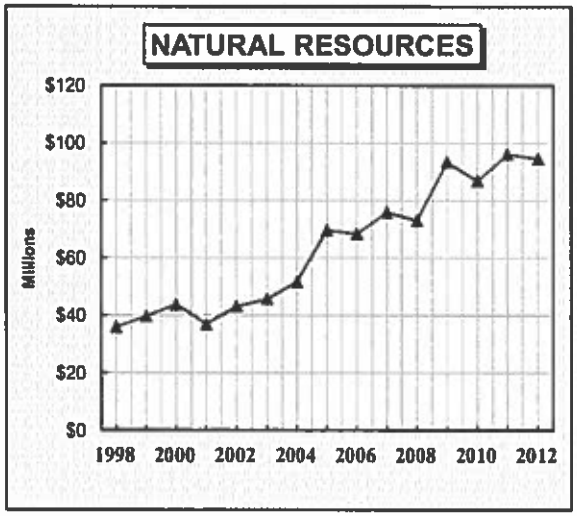
AGRICULTURAL ASSESSED

Years	Value	Change	% of Total
1998	$5,294,860		2.0%
1999	$5,478,070	3.5%	1.8%
2000	$5,547,220	1.3%	1.8%
2001	$5,891,080	6.2%	1.6%
2002	$6,039,980	2.5%	1.6%
2003	$5,962,090	-1.3%	1.5%
2004	$6,008,480	0.8%	1.5%
2005	$6,578,470	9.5%	1.3%
2006	$6,664,860	1.3%	1.3%
2007	$7,329,320	10.0%	1.0%
2008	$7,362,670	0.5%	0.9%
2009	$7,748,940	5.2%	0.9%
2010	$7,948,180	2.6%	0.9%
2011	$7,883,740	-0.8%	1.1%
2012	$7,908,740	0.3%	1.1%



NATURAL RESOURCES

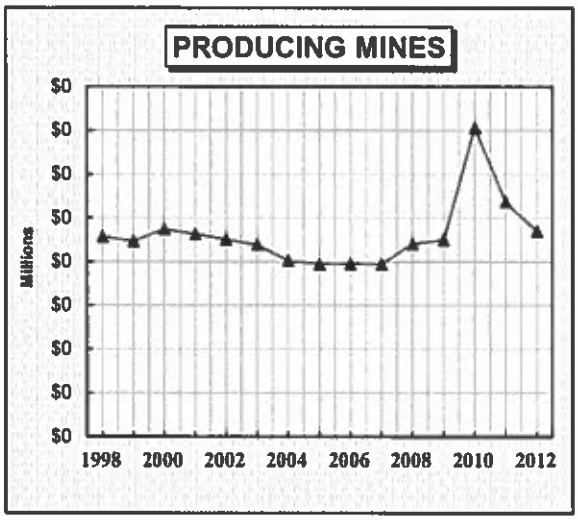
Years	Value	Change	% of Total
1998	$35,882,740		13.2%
1999	$39,607,220	10.4%	13.0%
2000	$43,696,600	10.3%	14.0%
2001	$36,827,970	-15.7%	10.3%
2002	$43,117,840	17.1%	11.6%
2003	$45,661,390	5.9%	11.5%
2004	$51,556,030	12.9%	12.7%
2005	$69,629,980	35.1%	14.2%
2006	$68,407,670	-1.8%	13.4%
2007	$75,922,590	11.0%	9.9%
2008	$73,035,780	-3.8%	9.4%
2009	$93,385,520	27.9%	11.0%
2010	$86,864,140	-7.0%	10.3%
2011	$96,172,710	10.7%	13.7%
2012	$94,510,990	-1.7%	13.7%



GUNNISON COUNTY

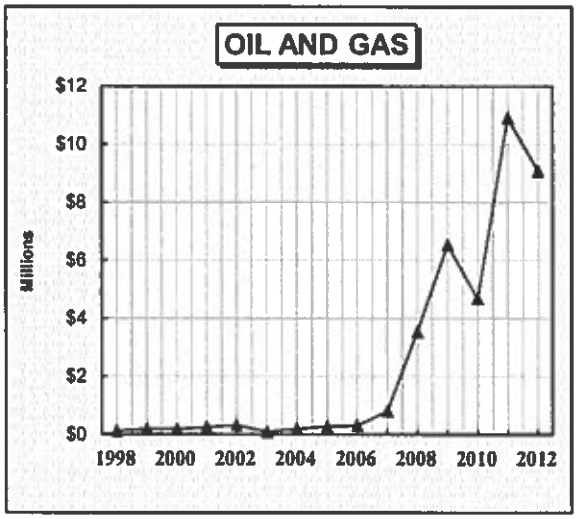
PRODUCING MINES

Years	Value	Change	% of Total
1998	$228,560		0.1%
1999	$223,380	-2.3%	0.1%
2000	$237,080	6.1%	0.1%
2001	$231,590	-2.3%	0.1%
2002	$225,570	-2.6%	0.1%
2003	$219,440	-2.7%	0.1%
2004	$201,150	-8.3%	0.0%
2005	$196,660	-2.2%	0.0%
2006	$197,490	0.4%	0.0%
2007	$196,840	-0.3%	0.0%
2008	$220,240	11.9%	0.0%
2009	$225,040	2.2%	0.0%
2010	$352,960	56.8%	0.0%
2011	$268,560	-23.9%	0.0%
2012	$234,710	-12.6%	0.0%



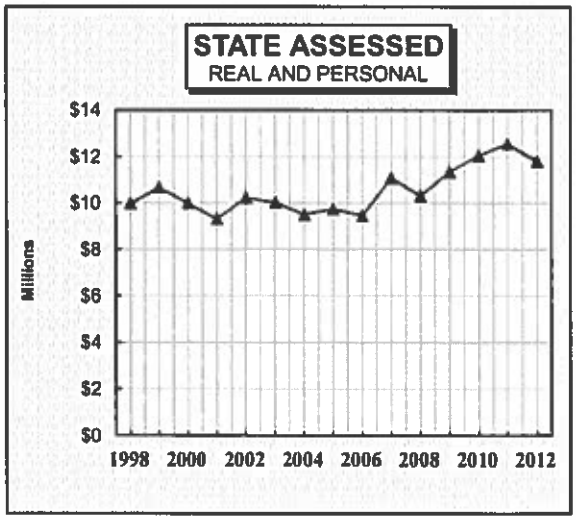
OIL AND GAS

Years	Value	Change	% of Total
1998	$116,050		0.0%
1999	$177,020	52.5%	0.1%
2000	$181,660	2.6%	0.1%
2001	$246,730	35.8%	0.1%
2002	$316,120	28.1%	0.1%
2003	$84,960	-73.1%	0.0%
2004	$186,010	118.9%	0.0%
2005	$272,860	46.7%	0.1%
2006	$299,850	9.9%	0.1%
2007	$795,060	165.2%	0.1%
2008	$3,526,480	343.5%	0.5%
2009	$6,530,700	85.2%	0.8%
2010	$4,672,580	-28.5%	0.6%
2011	$10,912,060	133.5%	1.6%
2012	$9,077,480	-16.8%	1.3%



STATE ASSESSED

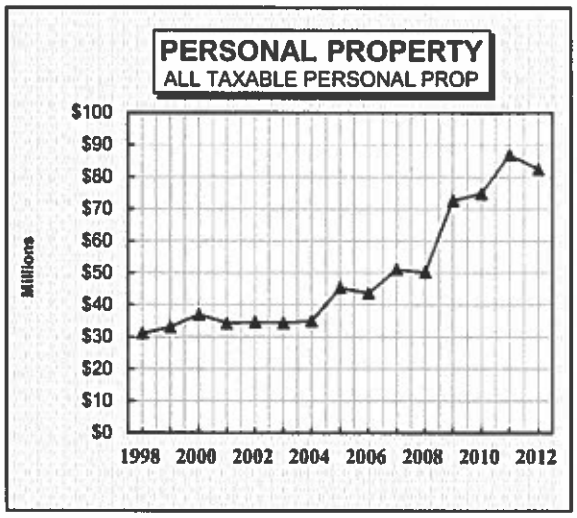
Years	Value	Change	% of Total
1998	$9,968,100		3.7%
1999	$10,670,700	7.0%	3.5%
2000	$9,996,900	-6.3%	3.2%
2001	$9,307,900	-6.9%	2.6%
2002	$10,226,200	9.9%	2.7%
2003	$10,023,900	-2.0%	2.5%
2004	$9,500,000	-5.2%	2.3%
2005	$9,739,500	2.5%	2.0%
2006	$9,454,400	-2.9%	1.9%
2007	$11,081,800	17.2%	1.4%
2008	$10,314,500	-6.9%	1.3%
2009	$11,353,200	10.1%	1.3%
2010	$12,051,600	6.2%	1.4%
2011	$12,555,100	4.2%	1.8%
2012	$11,800,600	-6.0%	1.7%



GUNNISON COUNTY

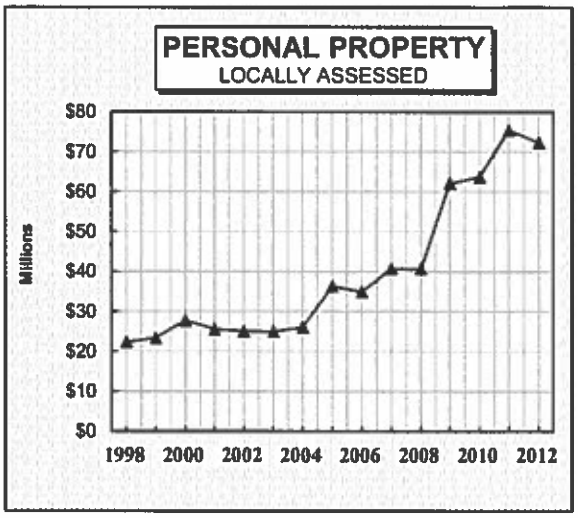
TOTAL PERSONAL PROPERTY

Years	Value	Change	% of Total
1998	$31,069,770		11.4%
1999	$33,006,660	6.2%	10.8%
2000	$36,947,750	11.9%	11.8%
2001	$34,251,290	-7.3%	9.6%
2002	$34,597,520	1.0%	9.3%
2003	$34,374,500	-0.6%	8.7%
2004	$34,994,100	1.8%	8.6%
2005	$45,359,800	29.6%	9.3%
2006	$43,731,520	-3.6%	8.6%
2007	$51,121,620	16.9%	6.6%
2008	$50,232,380	-1.7%	6.4%
2009	$72,645,170	44.6%	8.6%
2010	$74,937,580	3.2%	8.9%
2011	$86,921,290	16.0%	12.4%
2012	$82,436,040	-5.2%	12.0%



LOCALLY ASSESSED PERSONAL PROPERTY

Years	Value	Change	% of Total
1998	$22,308,220		8.2%
1999	$23,297,080	4.4%	7.6%
2000	$27,685,150	18.8%	8.9%
2001	$25,529,140	-7.8%	7.1%
2002	$25,023,150	-2.0%	6.7%
2003	$24,933,470	-0.4%	6.3%
2004	$26,024,190	4.4%	6.4%
2005	$36,286,510	39.4%	7.4%
2006	$34,893,100	-3.8%	6.8%
2007	$40,687,870	16.6%	5.3%
2008	$40,622,020	-0.2%	5.2%
2009	$62,034,200	52.7%	7.3%
2010	$63,679,300	2.7%	7.6%
2011	$75,377,160	18.4%	10.8%
2012	$72,310,340	-4.1%	10.5%



STATE ASSESSED PERSONAL PROPERTY

Years	Value	Change	% of Total
1998	$8,761,550		3.2%
1999	$9,709,580	10.8%	3.2%
2000	$9,262,600	-4.6%	3.0%
2001	$8,722,150	-5.8%	2.4%
2002	$9,574,370	9.8%	2.6%
2003	$9,441,030	-1.4%	2.4%
2004	$8,969,910	-5.0%	2.2%
2005	$9,073,290	1.2%	1.9%
2006	$8,838,420	-2.6%	1.7%
2007	$10,433,750	18.0%	1.4%
2008	$9,610,360	-7.9%	1.2%
2009	$10,610,970	10.4%	1.3%
2010	$11,258,280	6.1%	1.3%
2011	$11,544,130	2.5%	1.6%
2012	$10,125,700	-12.3%	1.5%

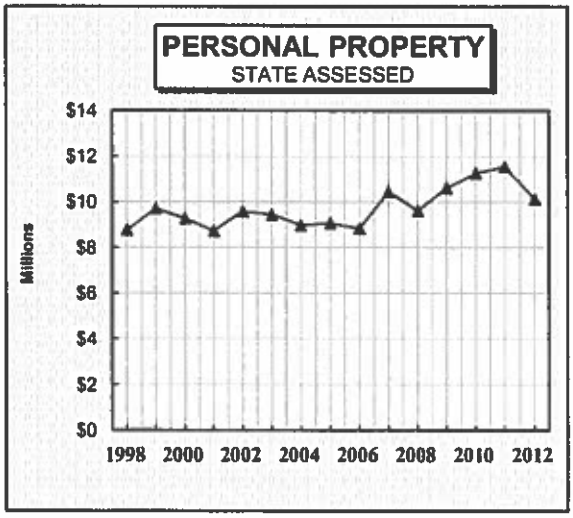


EXHIBIT B to Tab F

2013 Gunnison County Assessor's Report

FREQUENTLY ASKED QUESTIONS

Q My property's value decreased significantly – will my property taxes also decrease significantly?

A Your tax bill may decrease; however, keep in mind that your property taxes will not change at the same rate as your property value. Property taxes are a result of assessed value running against the mill levies. The mill levies are established by the taxing districts at the end of each calendar year, based on the revenue needed to fund their annual budget. While there are constraints within the Colorado Constitution and Statutes to prohibit excess taxation, the responsibility lies with the taxpayer to attend the annual budget meetings of these tax districts and ensure the expenses within the budgets are reasonable and necessary. Tax districts are non-profit entities and are required to publish the dates of their meetings and provide financial statements at the public's request.

Q Why is the Assessor using sales from 5 years ago, when the market was at its highest?

A Residential properties, by law, must be valued solely by the market approach, using comparable verified sales from an 18-month minimum period ending on the appraisal date of June 30th. In reappraisals with low sales volume, up to 60 months of sales may be necessary to comply with audit requirements. When older sales are used, they must be adjusted (increased or decreased) to compensate for any significant changes in the market since the sale occurred. This process is called time trending because it adjusts or "trends" the sale price to match the market conditions as of the appraisal date. To see the time adjustments on the sales, visit the "Reappraisal Sales" page of the Assessor's office website.

Q Why are the taxes on my vacant land so much higher than the taxes on my neighbor's house?

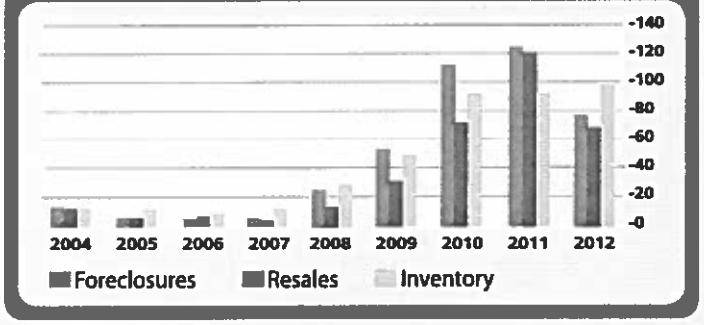
A A 1982 amendment to the Colorado state constitution set the assessment rate for all property, except residential improved property, at 29%. The purpose of this amendment, known as the Gallagher Amendment, was to limit the residential share of property taxes. The state legislature adjusts the residential assessment rate each reappraisal year to keep the property tax burden from shifting to residential property. The current assessment rate for residential improved property is 7.96%.

Q Are foreclosures included with the sales that the Assessor's office analyzes to set value?

A If a bank acquires a property through foreclosure, then sells the property on the open market as an arm's length transaction, the sale is considered valid and is included in the Assessor's analyses. A foreclosure is a legal process that transfers a property back to the lender or guarantor when the property owner defaults on their payments. A Deed in Lieu of Foreclosure is another method of transferring the property back to the lender or guarantor. These transfers do not constitute a sale; they are a transfer of debt under duress. A short sale is often used as an alternative to foreclosure and constitutes a sale of property in which the proceeds from selling the property will fall short of the total debt on the property. The guarantor agrees to accept less than the amount owed to avoid the additional costs of foreclosure. A short sale is a sale under duress and is excluded from the comparable sales lists.

Assessor sets → **Property Value** X **State sets** → **Assessment Rate** X **Taxing Districts set** → **Mill Levy** = **Property Taxes**

Gunnison County Foreclosure Trends



STAFF:

Jeff Michalek
Property Transfer Technician

Leanne Lee
Personal Property Technician

Jennifer Wilcox
Specialized Property Appraiser

Bob Blackett, CRA
Mary Mast
Alexandra Cohen
Bill Thompson
Real Property Appraisers

William Spicer
Senior Assessment Analyst

George Lickiss, CRA
Senior Appraiser/Analyst

Vicki Hildreth, CRA
Deputy Assessor

Kristy McFarland
Assessor

2013 Gunnison County Assessor's Report

Median sales prices for single family residences appear to have stabilized after the boom-and-bust cycle of 2007 through 2011, and are now generally in line with the longer term trend of steady but moderate growth experienced during the preceding decade. In some areas of the county, the rebound began before the reappraisal date of June 30, 2012, while other areas are indicating improvement since that point.

The market recuperation is not necessarily evident in the 2013 notices of valuation. Vacant land and condominiums have continued to decline in value, although there are pockets of increased value throughout the county. Collectively, single family residences in Gunnison County have declined slightly in value, with better than average construction quality houses recovering more quickly than those with average or less than average construction quality. Commercial property values have fluctuated.

The total number of real estate transactions continues to be low, in comparison with previous years. Foreclosed and distressed properties are keeping the sales prices repressed in some neighborhoods. While the number of foreclosures is trending down, the unsold foreclosure inventory peaked in 2012 and until reduced will continue to be competing with non-distressed sales.

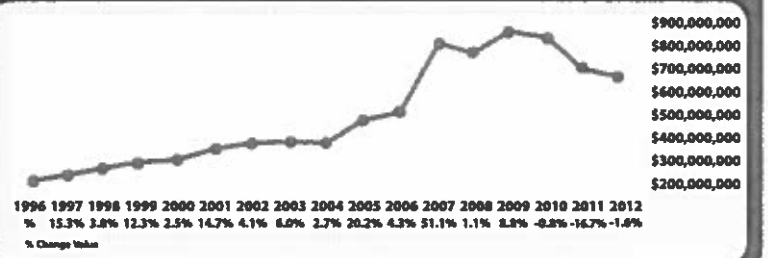
Gunnison County's trends are consistent with other western slope and ski area counties. To view sales trends by all Colorado counties, visit the Department of Local Affairs, Division of Property Taxation website and choose "Colorado Assessed Values" in the Publications section.

May 2013

what's inside

2013 Reappraisal Timeline
Single Family Residence Sale Trends
Notice of Valuation
Frequently Asked Questions
Foreclosure Trends

Gunnison County Total Assessed Value 1996-2012



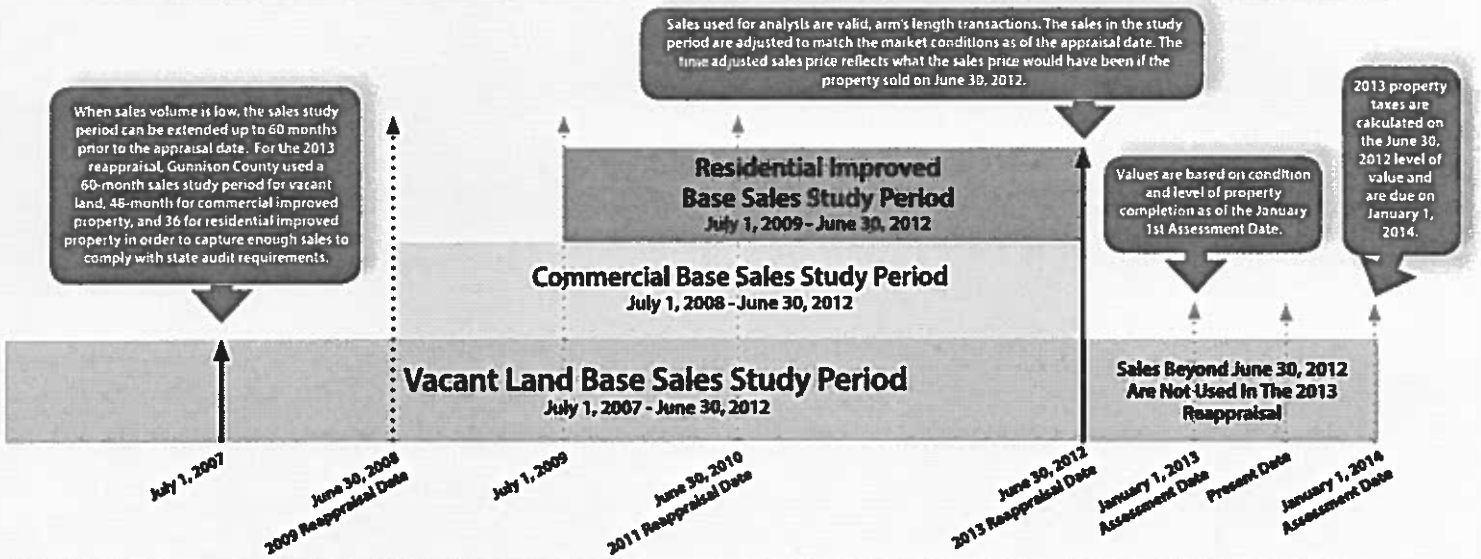
Gunnison County Assessor's Office
221 N. Wisconsin Suite A, Gunnison
970-641-1085
www.gunnisoncounty.org/assessor.html

2013 Gunnison County Assessor Report

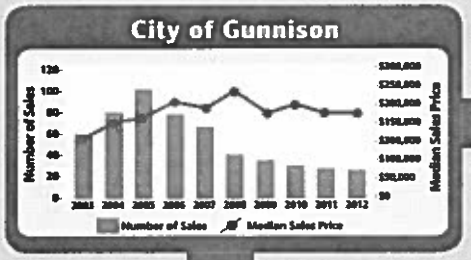
WHAT YOUR 2013 NOTICE OF VALUATION REPRESENTS

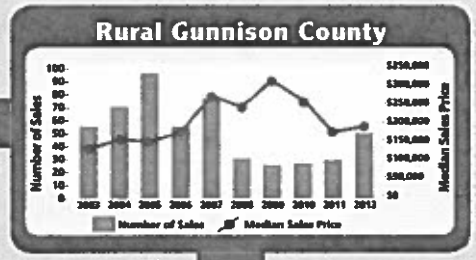
- All property in Colorado is reappraised by county assessors in even-numbered years, on June 30th. Your valuation notice is dated May 1, 2013, and represents your property value as of June 30, 2012, the reappraisal date.
- While the market may have changed between July 1, 2012 and May 1, 2013, those changes do not affect the June 30, 2012 appraisal date, the basis for your 2013 value. All sale activity occurring after June 30, 2012 affects the next reappraisal, in 2015.
- Your 2013 value is determined by analyzing sales between July 1, 2007 and June 30, 2012. These sales establish the value of all properties.
- Sales occurring early in the sales study period are time-adjusted to reflect the market conditions as of the appraisal date, June 30, 2012.
- To see the effect of the time adjustment on the sales, visit the Gunnison County Assessor's Office website and choose the link "Reappraisal Sales."

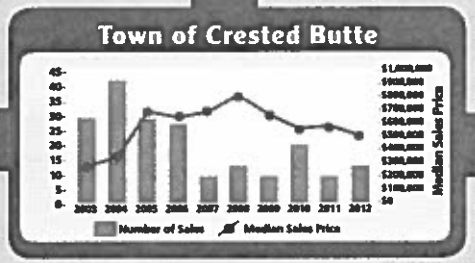
2013 REAPPRAISAL TIMELINE - APPRAISAL DATE: JUNE 30, 2012



SINGLE FAMILY RESIDENCE SALES TRENDS 2003-2013







2013 Gunnison County Assessor Reappraisal Report

TAB G: COMPLIANCE TO DATE WITH CONDITIONS OF ORIGINAL PERMIT

Consistent with Section 1-104(G)(3)(c), Verzuh has complied with all conditions of the Initial Approval and Reapproval that required performance before the date of this application for extension of the land use permit.

TAB H: PROGRESS PURSUING COMPLETION OF DEVELOPMENT

As indicated, Verzuh engaged in extensive negotiations with the County in 2011 that resulted in the reapproval of the Shady Island subdivision. Verzuh has granted the County a permanent sewer easement to allow the extension of the County's sewer line to Cline's Homesites, and has cooperated with the County with respect to the installation of this sewer line, which will ultimately serve Shady Island residents as well. Verzuh is current with all fees and taxes associated with the Property, and still intends to install the infrastructure contemplated by the Development Improvements Agreement and record the plat when economic conditions permit. The fact that Verzuh has incurred the present expense of seeking a three-year extension of the land use change permit is itself evidence of Verzuh's intent to proceed with the development of this Property. Finally, Verzuh has secured the necessary water rights to supply water to the Shady Island Subdivision, along with the requisite administrative and judicial approvals thereof, and intends to take all actions necessary to continue the conditional portion of these water rights in full force and effect. Accordingly, consistent with section 1-104(G)(3)(d), Verzuh respectfully submits that it has made progress in pursuing the development to date, that it is continuing to pursue the development, that it has made multiple expenditures of time and money in pursuit of the development, and that it has demonstrated extenuating circumstances (namely local economic conditions and the depressed real estate market) that have affected progress of the development. *See* LUR, § 1-104(G)(3)(d).

TAB I: BENEFITS RECEIVED BY THE COUNTY

As discussed, negotiations with Verzuh in 2011 resulted in the Verzuh granting a temporary construction easement and permanent sewer easement to the County. These easements allowed the County to extend the County's sewer line through the Property and connect Cline's Homesites to the City and County's central sewer system thereby eliminating multiple individual sewage disposal systems, which posed a potential risk to water quality within the Gunnison Basin. The County also holds security that is valued at almost 200% of the estimated costs of the improvements contemplated by the Development Improvements Agreement, thus ensuring that Verzuh will meet its obligations under this agreement. Accordingly, the County has already benefited from approval of the Shady Island Project. *See* LUR, § 1-104(G)(3)(e).

TAB J: NEEDS OF APPLICANT AND COUNTY

For the reasons articulated previously in this application – including in particular the discussion contained at **TAB F** entitled "Size of Project and Economic Conditions" – proceeding further with the Shady Island Project is not economically feasible at this time. The parties contemplated the possibility that an extension of the land use change permit would be necessary in the 2011 Settlement Agreement, and thus expressly included a provision authorizing Verzuh to seek a three-year extension. Though Verzuh intends to proceed with the development of this Property, local market conditions must improve first, and therefore Verzuh needs an extension of the land use change permit before proceeding with the development. Furthermore, no interest of the County will be harmed if the extension request is granted. The sewer line easement has been granted; the sewer line extension has been completed, and the County is well-secured under the Development Improvements Agreement with Verzuh to ensure the completion of the subdivision infrastructure. Thus, Verzuh respectfully submits that consistent with section 1-104(G)(3)(f), the needs of the applicant will be served and the needs of the County will not be harmed by the requested extension. *See* LUR, § 1-104(G)(3)(f).

TAB K: NO CONFLICT BETWEEN DEVELOPMENT AND REGULATIONS

Verzuh has not been able to identify any conflict between the Shady Island Project as approved and the requirements of the Gunnison County Land Use Resolution or other applicable regulations as they currently exist. Moreover, the May, 2011 Settlement Agreement between the County and Verzuh expressly contemplated and authorized the requested extension. Accordingly, Verzuh respectfully submits it has satisfied the requirements of section 1-104(G)(3)(g) of the LUR.

TAB L: CHANGES IN CIRCUMSTANCES

Since the Reapproval of the Shady Island Project in May of 2011, the character of the neighborhood in the vicinity of the Shady Island Subdivision remains unchanged. The Project is consistent with the surrounding uses of land (which are largely residential), and Verzuh is not aware of any land use changes that have been approved or applied for in the surrounding neighborhood since the Reapproval. Thus, consistent with section 1-104(G)(3)(h), there have been no changes to neighborhood land uses that would create any conflict with the Shady Island Subdivision. *See* LUR, § 1-104(G)(3)(h).

TAB M: PROPOSED CHANGES IN THE DEVELOPMENT

Verzuh is not proposing to make any changes to the Shady Island Project as part of this extension application. Accordingly, the requirement of section 1-104(G)(3)(i) of the LUR also has been satisfied. *See* LUR, § 1-104(G)(3)(i) (prohibiting any significant changes to the development for which an extension of the land use permit is being sought).

TAB N: CERTIFICATE OF TAXES PAID

Pursuant to Section 1-104(G)(4) of the LUR, "[n]o permit shall be extended unless at the time of the request for extension the applicant [has provided] a copy of [a] certification from the Gunnison County Treasurer's Office indicating that all real property taxes applicable to [the Property] have been paid up to the year in which the approval is under consideration." LUR, at § 1-104(G)(4). A certificate of taxes paid is attached hereto as **Exhibit A** to this **TAB N**.

EXHIBIT A to Tab N

Certificate of Taxes Due

GUNNISON COUNTY TREASURER
GUNNISON COUNTY, CO

Account #: R010058
Parcel #: 370124000080
Owner: VERZUH RANCH INC
PO BOX 836
CRESTED BUTTE, CO 812240836

Cert #: 16781
Requestor: OVER THE COUNTER
Requestor #:
Email:
Amount due is valid at issuance date only.

Property Address: 2714 STATE HIGHWAY 135
Comments:

Legal Description: 11.74 AC IN SW4NE4, & NW4NE4, SEC 24 50N1W #558930 #559484

TAX YEAR	CHARGE	BASE AMOUNT	INTEREST	FEES	TOTAL DUE
2013	Ad Valorem	$2,470.35	$0.00	$0.00	$2,470.35
TOTAL TAX		$2,470.35	$0.00	$0.00	$2,470.35

EXEMPTION (APPLIED)	$0.00
PAID	$0.00
TOTAL LIABILITY (current and prior years):	**$2,470.35**

ORIGINAL TAX BILLING FOR 2013 TAX DISTRICT 601

Authority	Levy	Tax
Colorado River Water District	0.2540	$12.44
Gunnison Cemetery District	0.7690	$37.66
Gunnison County	14.3960	$704.98
Gunnison County Fire Protect. Dist.	4.5360	$222.13
Gunnison County Metro. Rec. Dist.	0.5740	$28.11
RE1J School District	27.9660	$1,369.49
Upper Gunnison Water District	1.9510	$95.54
TAXES FOR 2013	50.446	$2,470.35

* Credit Levy

Values	Actual	Assessed
Vacant	$168,850.00	$48,970.00
TOTAL	$168,850.00	$48,970.00

All Tax Lien Sale amounts are subject to change due to endorsement of current taxes by the lienholder. Tax Lien Sale redemption amounts must be paid by cash or certified funds. This certificate does not include land or improvements assessed under a separate account number, personal property taxes, oil, gas and mineral rights, transfer tax or misc. fees collected on behalf of other entities, special or local improvement district assessments or mobile homes, unless specifically mentioned. Information regarding special taxing districts and the boundaries of such districts may be on file or deposit with the Board of County Commissioners, the County Clerk and Recorder or the County Assessor.
I, the undersigned, do hereby certify that the entire amount of taxes due upon the above described parcels of real property and all outstanding sales for unpaid taxes as shown by the records in my office from which the same may still be redeemed with the amount required for redemption are as noted herein. In witness whereof, I have hereunto set my hand and seal this 1/24/2014

MELODY MARKS, TREASURER

BY: _____

COUNTY TREASURER SEAL GUNNISON, COLORADO

GUNNISON COUNTY TREASURER
221 N. Wisconsin St., Suite T
P.O. Box 479
Gunnison, CO 81230

TAB O: CONCLUSION

Pursuant to section 1-104(G)(3) of the LUR and paragraph one of the Settlement Agreement, Verzuh has submitted this extension request no more than six, but at least three months before the May 3, 2014 expiration of the Reapproval of the land use change permit for the Shady Island Subdivision.

For the reasons set forth in this Application, Verzuh respectfully submits that the requested three-year extension of the land use change permit for the Shady Island Project satisfies the requirements of section 1-104(G)(3) of the LUR.

In accordance with section 1-104(G)(4) of the LUR, Verzuh has paid all real property taxes applicable to the Property.

Upon instruction from the County, Verzuh is prepared to comply with section 3-112 of the LUR (Notice of Public Hearing) and section 3-113 of the LUR (Conduct of Public Hearing) as required by section 1-104(G)(3) in conjunction with the requested extension.

For the Board of County Commissioner's convenience and consideration, Verzuh has included a draft, proposed "RESOLUTION EXTENDING THE REAPPROVAL OF THE FINAL PLAN OF LAND USE CHANGE APPLICATION NO. 2005-73, A LAND USE CHANGE PERMIT FOR VERZUH RANCH INC. FOR THE SHADY ISLAND SUBDIVISION."

TAB P: PROPOSED BOARD OF COUNTY COMMISSIONERS EXTENSION RESOLUTION

BOARD OF COUNTY COMMISIONERS OF THE COUNTY OF GUNNISON, COLORADO
RESOLUTOIN NO. _____, SERIES 2014

A RESOLUTION EXTENDING THE REAPPROVAL OF THE FINAL PLAN OF LAND USE CHANGE APPLICATION NO. 2005-73, A LAND USE CHANGE PERMIT FOR VERZUH RANCH INC. FOR THE SHADY ISLAND SUBDIVISION

WHEREAS, Verzuh Ranch, Inc. applied for a Gunnison County Land Use Change Permit to subdivide an approximately 11.74 acre parcel into sixteen single-family residential lots and common open space area of 4.74 acres on a parcel located in the SW ¼ NE ¼ and the NW ¼ NE ¼, Section 24, Township 50 North, Range 1 West N.M.P.M.; and

WHEREAS, after a review of the application and all information, documentation and testimony related to it, the Gunnison County Planning Commission did, on April 4, 2008 forward to the Board of County Commissioners of the County of Gunnison, Colorado (herein the "Board") a Recommendation of approval of the Preliminary Plan application with certain Findings and Conditions and whereas on April 15, 2008 the Board did approve with certain Findings and Conditions the Shady Island Preliminary Plan; and

WHEREAS, the Board approved the Final Plan of Land Use Change Application No. 2005-73 on May 20, 2008, which final approval was recorded in the office of the Gunnison County Clerk & Recorder on May 21, 2008, at Reception No. 584019; and

WHEREAS, the Board and Verzuh Ranch, Inc. entered into that certain Settlement Agreement on May 3, 2011 (the "Settlement Agreement"), which satisfies certain conditions of the aforementioned approval and contemplates the reapproval of said land use change; and

WHEREAS, the Board reapproved the Final Plan of Land Use Change Application No. 2005-73 on May 3, 2011 (the "Reapproval"), which Reapproval was recorded in the office of the Gunnison County Clerk & Recorder on May 6, 2011, at Reception No. 605473; and

WHEREAS, the Settlement Agreement affords Verzuh the right to request a three-year extension of the Reapproval in accordance with Section 1-104 of the Gunnison County Land Use Resolution by requesting such an extension at least three months, but no more than six months, before the expiration of the Reapproval; and

WHEREAS, Verzuh has requested an extension, at least three months, but no more than six months before the Reapproval expired; and

WHEREAS, on _____, 2014, the Board conducted a public hearing, noticed and conducted pursuant to Section 3-112: *Notice of Public Hearing* and Section 3-113: *Conduct of Public Hearing*; and

WHEREAS Verzuh has demonstrated that a three-year extension of the Reapproval complies with all of the requirements set forth in Section 1-104;

FINDINGS AND CONDITIONS:

1. Verzuh has demonstrated that a three-year extension of the Reapproval complies with all of the requirements set forth in Section 1-104 of the Gunnison County Land Use

Resolution.

2. The findings and conditions set forth in that certain **RESOLUTION APPROVING THE FINAL PLAN OF LAND USE CHANGE APPLICATION NO. 2005-73 A LAND USE CHANGE PERMIT FOR VERZUH RAND INC. FOR SHADY ISLAND SUBDIVISION,** except as modified or otherwise set forth in that certain Settlement Agreement between the Board and Verzuh Ranch, Inc. dated May 3, 2011, are incorporated herein.

3. The finding and conditions set forth in that certain **RESOLUTION REAPPROVING THE FINAL PLAN OF LAND USE CHANGE APPLICATION NO. 2005-73 A LAND USE CHANGE PERMIT FOR VERZUH RANCH INC. FOR THE SHADY ISLAND SUBDIVISION,** except as modified or otherwise set forth in that certain Settlement Agreement between the Board and Verzuh Ranch, Inc., dated May 3, 2011 are incorporated herein.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of the County of Gunnison, Colorado, that the Final Plan for Land Use Change application No. 2005-73 is hereby extended through May 3, 2017; and

WHEREAS, THIS APPROVAL is affected noting that decision documentation includes, but is not limited to the application and the entire Community Development Department Land Use Change Permit No: 2005-73 application file. This extension is founded on each individual finding and requirement, except as modified or otherwise set forth in that certain Settlement Agreement between the Board and Verzuh Ranch, Inc. dated May 3, 2011. Should Verzuh Ranch, Inc. successfully challenge any such finding or requirement, this approval is null and void.

INTRODUCED by Commissioner_____, seconded by Commissioner_____, and passed on this ____ day of _____, 2014

BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF GUNNISON, COLORADO

_____	_____	_____
Paula Swenson	Phil Chamberland	Jonathan Houck
Chairperson	Vice Chairperson	Commissioner

ATTEST:

_____
Deputy County Clerk