

History of Open Space

For many years your Association has been very protective of those acreage parcels which encompass portions of the Manzano Mountains adjoining public protective lands in Valencia, Socorro and Torrance Counties in New Mexico. The mountain terrain parcel contains 14,534 acres of pristine forest and high desert lands, along with a volcanic deposit referred to as "Black Butte." Many hours of dedicated efforts during 2005 through 2007 resulted in the Board of Directors and legal counsel being successful in its negotiations with Maxxam Inc, successor to Horizon Corporation, and Burlington Northern Santa Fe Railroad Corporation to secure the clear title to these parcels.

Negotiations pertained to the needs of the BNSF Railroad expansion of the existing right-of-way through Abo Canyon in the southeast corner of the Tierra Grande development. Currently the right-of-way through the Abo Canyon expands rail services through Belen to the west coast, and easterly to the Chicago area and east coast connections. BNSF has indicated that upwards of 100 trains daily traverse this right-of-way, of which the Abo Canyon is the limiting area due to its being only a single track. Expansion to a dual track servicing the location is very important for national security and in providing the much-needed timely transportation services provided by the BNSF rail services.

Ownership of these un-platted areas were transferred to TGIA by Horizon Corporation in the 1970's, with a specific clause that the lands only be used for "recreational purposes" with no further clarification of the term, "recreational purposes". As part of the transfer there was placed in the verbiage a reversionary clause which restricted the lands use by the Association, and at a time in the future if the use was not as set forth in the deed, the lands would revert to the Grantor, Horizon Corporation or its successors. You can well understand why in the past when some gravel or rock deposits were removed from the arroyo area for a local asphalt paving project or for other reasons, the association made sure that Horizon was a party to the transaction and participated on an equal basis of any royalties paid by the project.

In the summer and fall of 2006 parties to the canyon expansion project offered a purchase price to your Association above the value estimated by an outside independent appraisal and land analysis. The funds for the right-of-way expansion purchase were then exchanged with the "Successor Grantor" for full release of the reversionary clause. Thus, Tierra Grande Improvement Association became the

holder in fee simple interest of those Open Space un-platted lands adjoining the Tierra Grande Subdivision, along with the Abo Arroyo and Black Butte designated Open Space areas. In addition, the Board was successful in the short-term leasing of portions of the Open Space areas to the BNSF for equipment storage and rock collection/storage facilities. Temporary use of these lands were exchanged for over 9 miles of new road construction and the renovation of several existing road areas damaged by the 2006 uncommon heavy rains in the Tierra Grande area.

The Board of Directors believes that the preservation of the multi-acre parcel in the Manzano Mountains as an Open Space outlet will provide additional value and marketability.