

OWNERSHIP AND PROPERTY HISTORY

According to the public records of Boulder County, Colorado, the City of Boulder holds title to the property being appraised. The City of Boulder acquired the property via Warranty Deed on September 5, 2000, from Valmont Butte Corporation and Lincoln Trust Company. The price stated in the deed, which was recorded September 6, 2000 at Reception Number 2076207, is \$2,575,000. The property is under Option Agreement to The Trust for Public Land pending the results of this appraisal.

REGIONAL AND CITY DATA

Valmont Butte is located just outside of the City of Boulder, which is the county seat of Boulder County. The city is situated adjacent to the east side of the Rocky Mountain Range, at the base of Flagstaff Mountain and the Flatirons. It is northwest of Denver and linked by the Denver-Boulder Turnpike (U.S. Highway 36), a four-lane limited access highway. Boulder County is included in the Denver Standard Metropolitan Statistical Area, which is the 25th largest in the United States. Boulder's proximity to Denver enables residents to take advantage of employment and cultural opportunities while still benefiting from residing in a smaller community.

Boulder County contains a total area of 748 square miles and extends from the Continental Divide eastward to the Front Range of the Rocky Mountains. The majority of the county's population is concentrated in the City of Boulder, which encompasses 25.46 square miles. Other incorporated cities include Longmont, Louisville, Lafayette, and Nederland.

During the 1830s, fur traders and trappers established trading posts throughout the region, but it was gold and silver that led to the permanent settlement of the area. The establishment of the University of Colorado at Boulder in 1876, the year Colorado attained statehood, brought a new era; and in 1878, Boulder was incorporated with a population of 3,000. The city's early history, and preservation of it, plays an important role in current city policy decisions.

Environmental Factors

From an environmental standpoint, the Boulder area is a desirable place to live. It is characterized by a favorable climate, scenic setting, and recreational opportunities. The mountains provide sites for hiking, camping, hunting, fishing, and skiing. Some of the top downhill skiing resorts in the country are an hour and a half from Boulder.

Geographic Location and Climate - Boulder is located 27 miles northwest of Denver, the capital of Colorado, at an elevation is 5,430 feet. Average annual precipitation is 12.09 inches with 45.9 inches of snowfall. Mean daily temperatures range from a high of 31.0 degrees in the winter to a summer high of 73.5 degrees. The setting in which Boulder area residents live is designed to be pleasant and captivating. The Greenbelt Program, which was approved by voters in 1967, initiated the purchase of land, primarily outside of the city limits, for open space. Boulder County controls approximately 70,000 acres in its open space program for recreational purposes and as a buffer to protect the natural beauty of the area.

As a result of the Greenbelt Program in 1967, passage of a 55-foot building height restriction ordinance in 1972, and the residential growth management ordinance in 1977, Boulder began a period of infill and re-use of older buildings, which continues to present. The Historic Preservation Code passed in September of 1974 encourages the rehabilitation of historic buildings. These approaches to the environment represent part of the desirable characteristics of the community.

Transportation - Boulder is one-half hour by car from Denver's central business district via a major freeway (U.S. Highway 36). Interstate 70 links Colorado with the east and west coasts, and Interstate 25 links the state to destinations to the north and south. Colorado State Highways 7, 72, 93, 119, and 398 join Boulder to other centers of commerce in the state.

The Regional Transportation District (RTD) provides frequent bus service within Boulder County towns and throughout the Denver metropolitan area. For shipping or receiving goods, Burlington Northern and Union Pacific are the major railroads that serve Boulder. Amtrak provides passenger service between Denver's Union Station and major train stations in other parts of the country. Denver International Airport, located 42 miles from the City of Boulder, is the largest airport in the world in terms of gross building area; and in terms of land area, it ranks third, with a land area of 53 square miles. DIA has five 12,000-foot runways, 3 concourses, and 89 gates. A 16,000-foot runway was put into service in September of 2003, making it the largest commercial runway in North America.

With approximately 30 carriers operating passenger service, DIA handles 1,200 flights and averages approximately 130,000 passengers daily. The City of Boulder's municipal airport has a 4,100-foot surface runway for single and twin-engine propeller aircraft. Rocky Mountain Metropolitan Airport, located about 11 miles southeast of Boulder, has a 9,000-foot main runway with the capability to handle executive jets.

Summary - In conclusion, environmentally, the Boulder area has much to offer. Its geographic location and climate are desirable. Because of its transportation network, goods and services can flow efficiently; and residents are afforded easy accessibility to other parts of the nation and to nearby recreational areas. Environmental factors exert a positive influence on the Boulder area.

Social Factors

From a social standpoint, there are numerous reasons why residents choose to live and work here. Educational opportunities are exceptional; medical care is good; and there is relatively little crime. Pride of ownership is evident throughout the city. Both business and residential properties are generally well maintained, and there is a concerted effort to create architecturally homogenous building improvements. As set forth previously, there are numerous employment opportunities for the highly educated work force.

Population - Boulder's population increased about 88 percent between 1950 and 1960, from 19,999 in 1950 to 37,718 by 1960, and by nearly 78 percent over the decade of the 1960s. To slow the growth, Boulder adopted in 1977 a residential growth management ordinance to limit residential building permits. The plan seems to have worked. From 1970 to 1980, population expanded from 66,870 to 76,855, an annual compound growth rate of 1.40 percent. During the decade of the 1980s, population grew from 76,685 to 83,312, or 8.64 percent. The annual compound growth rate averaged only 0.81 percent during the decade. From 1990 to 2000, population increased 5.6 percent, or at an average annual rate of 0.55 percent. Population estimates are shown in the following table.

POPULATION IN THE BOULDER AREA			
Year	Boulder/Denver CMSA	Boulder County	City of Boulder
1970	1,235,936	131,889	66,870
1980	1,618,461	189,685	76,855
1990	1,848,319	225,339	85,127
1995	2,067,175	259,350	89,665
2000	2,414,649	291,288	94,673
2007 (proj.)	2,777,497	302,525	103,114
Source: <i>City of Boulder, Bureau of the Census, and DRCOG</i>			

Age Distribution - The following table compares the current populations of Colorado, Boulder County, and Boulder city by age group. The population between the ages of 35 and 54 represents the highest percent in Boulder County and that between 15 and 24 in the City of Boulder, which exhibits the effect of the college student population.

PERCENT OF POPULATION BY AGE GROUP			
Age Group	Colorado	Boulder County	Boulder
0-14 years	20.4%	17.9%	10.6%
15-24 years	14.0%	17.1%	27.0%
25-34 years	14.4%	15.2%	20.4%
35-54 years	30.7%	31.2%	24.4%
55 years and over	20.6%	18.7%	17.5%
Source: <i>STDBonline Demographic Survey 2007</i>			

Income - Median household income (MHI) in Boulder County, as compared to Colorado, can be seen in the following tables. The higher median household income and the higher percentage of households with incomes of \$50,000 and over are reflective of the well-educated, professional, managerial and technical labor force in Boulder County. However, the lower incomes of the college student affect the statistics for the City of Boulder.

MEDIAN HOUSEHOLD INCOME			
Year	Colorado	Boulder County	Boulder
2000	\$47,264	\$55,437	\$44,772
2007	\$60,976	\$71,929	\$57,491
Source: <i>STDBonline Demographic Survey 2007</i>			

The percentage of households in Colorado, Boulder County, and Boulder by median household income is shown in the following table.

PERCENT OF HOUSEHOLDS BY HOUSEHOLD INCOME			
Household Income	Colorado	Boulder County	Boulder
Under \$15,000	8.4%	11.1%	16.7%
\$15,000 to \$34,999	17.2%	19.5%	23.4%
\$35,000 to \$49,999	14.3%	14.0%	14.1%
\$50,000 and over	48.8%	55.3%	56.0%
Source: <i>STDBonline Demographic Survey 2007</i>			

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Education - In terms of educational opportunities, Boulder is surpassed by few communities in the nation. A total of 34 elementary schools, 17 middle schools, and 12 high schools are situated within the Boulder Valley School District. Total student population in March of 2008 was 28,459.

The University of Colorado at Boulder is one of the premier higher educational institutions in the nation. It has a current enrollment of approximately 28,600 students and employs about 7,500 full and part-time workers, which creates an obvious social impact upon the Boulder community. The student population represents a significant percent of the city's total population. The university is instrumental in providing a high quality, local work force.

Collaborative research is encouraged, and a 94-acre research park has been assembled to foster productive relationships with the private sector.

Cultural - Culturally, Boulder County has credentials beyond its size. Music, dance, theater, film, and the visual arts are held in high regard, as reflected by year-round performances, various festivals, and special exhibits. Concerts by major artists are presented in the CU Events Center, and the Mary Rippon Outdoor Theatre hosts the annual Colorado Shakespeare Festival. The Colorado Music Festival and the Colorado Dance Festival, ranked among the top of their kind in the country, are held every summer in the Chautaugua Park Auditorium.

Healthcare - The three most predominant hospitals in Boulder County are located in Boulder, Lafayette, and Longmont. Boulder Community Hospital, with a total of 265 beds, a 24-hour Emergency Room, Intensive and Cardiac Care units, plus 30 full care services, is located in Boulder. Longmont United Hospital has a total of 143 beds, 118 physicians and surgeons, and 60 dentists. The 477,000-square-foot Exemplar Good Samaritan Medical Center was constructed from a bare 77-acre site in Lafayette in 2002. It is a 202-bed facility with expansion capacity of up to 350 beds. It features a 24-hour per day, seven days a week, Level III Trauma Center and an Accredited Chest Pain Center. In addition, the Avista Adventist Hospital is situated in the southern part of Louisville. It is a 58-bed hospital that features 24-hour emergency services with an intensive care unit and a cardiac care unit. In general, the quality of healthcare is very adequate.

Summary - From a social standpoint, the City of Boulder has a well educated, young, and sophisticated population. Growth has been restrained; but from a social perspective, this has increased the quality of life and seems to make people more eager to live and work in Boulder, which favorably influences the property being appraised.

Economic Factors

In the early 1950s, Boulder leaders were recruiting new, "clean" industry. The National Bureau of Standards located in Boulder in 1952, and other research and development industries soon followed.

Employment by Industry - Boulder County is the most industrialized major county in Colorado. Boulder sits in one of America's most productive high-tech and biotech corridors. It is also host to many of the nation's premier federal research facilities, as well as the state's flagship university. For these reasons,

Boulder attracts top intellectual talent from throughout the nation and the world. This concentration of brainpower spurs achievement and innovation in all sectors.

Major Employers - Boulder has a number of large employers but is also the nucleus for many small technology firms. Major employers can be seen in the following table, which depicts their full-time employees.

MAJOR EMPLOYERS WITHIN BOULDER COUNTY		
Company	Product/Service	Number of Employees
University of Colorado	Higher education	6,983
IBM	Software development	4,000
Boulder Valley School District	Education	4,144
Ball Aerospace & Communications	Spacecraft accessories	3,000
Boulder Community Hospital	Medical care	2,380
Boulder County	County government	1,684
University Corporation for Atmospheric Research	Atmospheric research	1,339
Covidien	Healthcare products	1,300
City of Boulder	City government	1,238
Amgen	Bio Tech pharmaceutical	1,200
Lockheed Martin	Aerospace manufacturer	635
National Oceanic and Atmospheric Research.	Oceanic research	572
Micro Motion Inc.	Flow meter devices	598
Crocs	Shoes	450
National Institute of Standards	Measurement standards	350
<i>Source: Boulder Economic Council</i>		

Unemployment - Comparative unemployment information, through the most current available statistics, can be seen in the following table. These figures do not include seasonal or cyclical variations; thus, the national figure will not match that usually quoted in the news media.

LABOR AND UNEMPLOYMENT STATISTICS								
	United States		Colorado		Boulder County		Boulder	
	02/08	02/07	02/08	02/07	02/08	02/07	02/08	02/07
Labor Force	153,374,000	152,725,000	2,738,878	2,664,786	178,674	174,607	63,896	62,374
Employed	145,993,000	145,888,000	2,609,376	2,557,710	171,488	168,650	60,892	59,884
Unemployed	7,381,000	6,837,000	129,502	107,076	7,186	5,978	3,004	2,490
% Unemp.	4.8%	5.1%	4.7%	4.0%	4.0%	4.1%	4.7%	4.0%

Source: National statistics from the Bureau of Labor Statistics Internet Site; state, county, and city statistics from the Colorado Department of Labor and Employment, Labor Market Information

After two consecutive years of job losses, Colorado labor market saw a modest rebound in 2004 with the State's jobless rate showing steady improvement, which is continuing.

Retail Sales - The following table shows sales information from 2000 to 2006 in Boulder County, which has consistently generated the sixth highest revenue in terms of gross sales, retail sales, and sales tax collected for Colorado.

Sales Tax Collected in Boulder County 2000 – 2006			
Year	Gross Sales	Retail Sales	Net Sales Tax
2000	\$9,870,479,909	\$7,033,522,392	\$110,135,969
2001	\$9,323,231,122	\$7,146,997,346	\$113,713,563
2002	\$7,854,083,000	\$6,110,464,000	\$90,876,000
2003	\$8,083,619,000	\$6,386,680,000	\$89,477,000
2004	\$8,125,951,000	\$6,550,737,000	\$93,223,000
2005	\$8,466,972,000	\$6,850,863,000	\$96,427,000
2006	\$9,392,461,000	\$7,221,424,000	\$100,327,000

Source: Colorado Department of Revenue

Construction - Building permits issued in the City of Boulder from 2000 through January of 2008 are shown in the following table.

BOULDER BUILDING PERMIT ACTIVITY (VALUE IN THOUSANDS OF DOLLARS)						
Year	Single Family Residences		Multifamily Residences		Commercial/Industrial	
	Permits	Value	Permits	Value	Permits	Value
2000	106	\$20,879	205	\$42,237	51	\$66,811
2001	71	\$18,993	262	\$62,086	31	\$27,756
2002	61	\$15,602	199	\$55,585	33	\$82,062
2003	78	\$22,169	273	\$64,482	35	\$75,484
2004	83	\$27,042	256	\$110,710	29	\$48,362
2005	77	\$29,920	174	\$62,572	23	\$64,305
2006	108	\$40,415	88	\$87,190	27	\$43,721
2007	108	\$45,393	206	\$244,618	16	\$171,396
1/2008	11	\$4,512	4	\$1,820	0	\$0

Source: City of Boulder Building Inspection Department

The Boulder City Council has imposed development moratoriums from time to time to curb Boulder's strong growth. The disproportionately high number of multifamily dwelling units as compared to most Northern Front Range communities is a result of the infill development occurring in Boulder and the difficulty developers have in getting new subdivisions approved.

There is some support for the down-zoning of commercial and industrial land and restrictions on new commercial real estate development in order to slow growth and to ensure that all new development pays for the associated impacts on the surrounding community. As a result, real estate values will likely continue to increase, assuming demand continues at its present level.

Summary - After reviewing the preceding economic conditions within the Boulder area, it appears that Boulder is one of the healthier economies in the region and state. An increase in employment in the manufacturing sector is forecast, which should spur gains in retail trade. In spite of the increases in employment and retail trade, city officials are artificially curbing the supply of housing, which is continuing to put upward pressures on prices. This has a positive influence on the value of the property under appraisal.

Governmental Factors

The City of Boulder has a council-manager form of government. From a planning standpoint, city officials are very environmentally sensitive. As a result,

industrial growth has been targeted for high technology and research firms that are considered to be "clean" industry.

Real estate and city sales taxes are the major source of funds for the local government. In 2008, commercial and industrial properties are assessed at 29 percent of actual value; and residential properties, at 7.96 percent. Individual property taxes are then determined by mill levies that are set annually. The state imposes a 2.9 percent sales tax on gross receipts from retail sales, while the City of Boulder imposes 3.41 percent; except for food and liquor for immediate consumption, which is taxed at 3.56 percent. The county sales tax rate is 0.65 percent. Boulder County is located in the Regional Transportation District, which has a sales and use tax of 1.0 percent, the Scientific and Cultural Facilities District with a sales and use tax of 0.1 percent, and the Metropolitan Football Stadium District with a 0.1 percent sales and use tax. Boulder County also has a Local Improvement District sales tax of 1.0 percent within Old Town Niwot and Cottonwood Square. Taxes are reasonable and compare favorably with surrounding communities.

In conclusion, the attitudes of government officials are highly favorable toward biotech, microelectronics, computer, and telecommunication economic development. Infrastructure and services are provided to ensure that the community is a pleasant place in which to work and reside. These attitudes have a positive effect on real estate values.

Summary

Historically, the area has been one of the most desirable places to live in Colorado. Quality of life, educational, cultural, and recreational opportunities are outstanding. The national reputation of the University of Colorado has positioned the community as a recognized center for research and technological development. This is particularly evident with the presence of Qwest Advanced Technologies Research Park. Although the high technology sector of the economy is expected to remain volatile, the overall trend for employment is believed to be favorable, particularly with the resources available in the Boulder area. This should have a positive influence on real estate values in general and should have a positive influence on the value of the Valmont Butte property.