

VILLAGE OF GRAFTON
BOARD OF REVIEW

THE DILLON GROUP
Agent, Peter Sheperd

July 2, 2009
5:00 p.m. to 8:45 p.m.
1971 Washington Street
Grafton, WI 53024

BOARD MEMBERS: Cathy Timm, Chairperson; Dawn Dorsha,
Matthew Chalmers, Eugene Lombness and
Matthew Zipter

VILLAGE ASSESSORS: Ernie Matthies and Pat Matthies

VILLAGE ATTORNEY: Michael P. Herbrand, Houseman Feind,
LLP

VILLAGE CLERK: Teri Dylak

VILLAGE ADMINISTRATIVE SECRETARY: Lisa Bohn

ALSO PRESENT: Peter Sheperd, Rod Mayer & Robert
Komisar

Reported by Betty K. Vande Boom, Registered
Professional Reporter and Notary Public.

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(Original transcript sent to Mr. Woodward.)

1 TRANSCRIPT OF PROCEEDINGS: 5:00 p.m.

2
3 CHAIRPERSON TIMM: I'd like to call the
4 2009 Board of Review to order. By roll call vote.

5 BOARD MEMBER LOMBNESS: Eugene Lombness.

6 BOARD MEMBER ZIPTER: Matt Zipter.

7 BOARD MEMBER DORSHA: Dawn Dorsha.

8 BOARD MEMBER CHALMERS: Matt Chalmers.

9 CHAIRPERSON TIMM: Cathy Timm. At this
10 time I'd like to give a brief outline on how the
11 hearing procedure will work. The person filing the
12 objection will be heard first. Once presented the
13 assessor, or Board of Review members may ask
14 questions. Next the assessor will present their
15 case. Once presented the objector, or Board of
16 Review may ask questions. Once the testimony and
17 questioning is done, the Board will no longer
18 accept any testimony from the objector, or the
19 assessor. The Board will then deliberate.

20 First thing we need to do is establish a
21 procedure of operation as to how we want to
22 deliberate. This is for the Board. We can
23 deliberate after each objection is heard,
24 deliberate after all objections are heard, or
25 periodically during the Board. Any discussion?

1 BOARD MEMBER LOMBNESS: All at one time.

2 BOARD MEMBER ZIPTER: I think all at one
3 time. Just so it's all, it's all one section of
4 property we're talking about here, right? It's
5 condos on the river?

6 CHAIRPERSON TIMM: Okay. We'll
7 deliberate after all objections are heard.

8 MR. HERBRAND: Miss Chairperson, could I
9 interrupt for one minute?

10 CHAIRPERSON TIMM: Sure.

11 MR. HERBRAND: I just want to make clear
12 for the record who's in attendance at the hearing
13 today before we get too much farther. My name is
14 Mike Herbrand. I'm with the village attorney's
15 office. I'm here representing the Board of Review.

16 Also in attendance are the village
17 assessors, Ernie and Pat Matthies. And
18 representatives from the village clerk's office,
19 Lisa Bohn and Teri Dylak. And perhaps I can ask
20 the objectors to introduce yourselves for the
21 record.

22 MR. SHEPERD: My name is Peter Sheperd.
23 Part of the planning and development.

24 MR. ROD MAYER: Rod Mayer.

25 MR. BOB KOMISAR: Bob Komisar.

1 MR. HERBRAND: One other matter I wanted
2 to, bit of housekeeping I want to get out of the
3 way before we get into the hearing if I could. I
4 know there's, there's a series of objections of
5 properties that are objected to. It appears that
6 there are two properties that are not, that you,
7 the objectors, do not own. That's my, the way I
8 look at this. 1232 Water Terrace, No. 3, and 1208
9 13th Avenue. You list different owners on those
10 properties. Wisconsin law, correct me if I'm, if
11 I'm wrong about that, that those are, those are two
12 properties that you appear to have filed objections
13 on that you don't own. Wisconsin law doesn't,
14 doesn't make any provision for objecting to, to an
15 assessment of property that you don't own. In
16 theory, what it does do, because the theory, or
17 the, under the law the land owner has a right to be
18 here. He has a right to be heard. He has a right
19 to ask questions. All these due process rights.
20 So, and in fact, well, so I'm going to, I'm going
21 to instruct, or suggest to the Board that we not
22 hear any testimony on these two properties because
23 you guys, you folks don't own them.

24 That being said, there is a provision in
25 the law that says that if the Board of Review finds

1 that there's a property that is not assessed
2 correctly, you have the right under the law, I
3 think it's Section 70.47(10) to notice, to notify
4 that land owner, hold another hearing, and allow
5 that land owner to be heard on, on that assessment,
6 if you make that determination. But for the
7 hearing now, I don't think we can hear arguments
8 specifically on those two properties.

9 MR. ROBERT KOMISAR: Mr. Herbrand, I
10 believe it's more than two properties, if I'm
11 correct.

12 MR. HERBRAND: Well, let, let's be clear.
13 Let's make a clear record as to what, what is, if
14 there are other properties, which ones.

15 MR. ROBERT KOMISAR: Did he talk about
16 the --

17 MR. ROD MAYER: That --

18 MR. ROBERT KOMISAR: Was it 1206 that you
19 talked about, Mr. Herbrand? 1206 13th Avenue is
20 one that we do not own. Maybe I didn't hear it
21 correct, but I thought that was an address that I
22 didn't hear from you.

23 MR. HERBRAND: I said 1208.

24 MR. SHEPERD: 1208.

25 MR. ROBERT KOMISAR: Okay.

1 MR. HERBRAND: Which is shown with a
2 property owner MBC Grafton.

3 MR. ROBERT KOMISAR: Okay. I'm fine.

4 MR. HERBRAND: I don't even see 1206.
5 Maybe.

6 BOARD MEMBER ZIPTER: Number 10.

7 BOARD MEMBER DORSHA: Number 10.

8 MR. SHEPERD: It's the same thing.

9 CLERK DYLAKE: It's 6.

10 MR. HERBRAND: Oh, all right.

11 BOARD MEMBER ZIPTER: So it's two
12 properties.

13 MR. HERBRAND: All right. Okay. I think
14 we all know what we're talking about. Okay. Yeah.
15 Right.

16 BOARD MEMBER LOMBNESS: A quick question.
17 Is there a timing issue as to when title changed?

18 CLERK DYLAKE: No.

19 BOARD MEMBER LOMBNESS: No.

20 MR. HERBRAND: Otherwise it appears all
21 the remaining properties are owned by the Dillon
22 Group, or UPAD. Or there is one property that's
23 owned by Grafton Riverside Partners, LLC, and I
24 believe you have an ownership interest in that
25 company.

1 MR. SHEPERD: We do.

2 CHAIRPERSON TIMM: Okay. Before the
3 start of each case the Board of Review wants you to
4 understand that under state law the Board of Review
5 is required to uphold the assessor's valuation of
6 your property as being correct. Unless you by your
7 testimony can show the assessor's valuation to be
8 incorrect. In other words, the burden of proof is
9 upon you as the taxpayer. Do you understand that?

10 MR. ROD MAYER: Yes.

11 CLERK DYLAKE: Please use the microphones
12 so the court reporter can pick up everything that
13 is said. Thank you.

14 CHAIRPERSON TIMM: At this time please
15 present your case.

16 CLERK DYLAKE: Would you please stand and
17 raise your right hands?

18 (Whereupon, Rod Mayer, Peter Sheperd and
19 Robert Komisar were all sworn in by the
20 Clerk.)

21 CLERK DYLAKE: Please state your names
22 again.

23 MR. ROBERT KOMISAR: Robert Komisar.

24 MR. ROD MAYER: Rod Mayer.

25 MR. SHEPERD: Peter Sheperd.

1 (Whereupon, Ernie Matthies, the Assessor,
2 was sworn in by the Clerk.)

3 CLERK DYLAKE: State your name for the
4 record.

5 ASSESSOR MATTHIES: Ernie Matthies.

6 CLERK DYLAKE: Okay. Whenever you're
7 ready.

8 MR. SHEPERD: Okay. Let's, we might as
9 well start in terms of -- Teri, I assume they all
10 have this form that we filled out?

11 CLERK DYLAKE: Yes.

12 MR. SHEPERD: Okay. We might as well
13 start with 1220 Water Terrace, which again is part
14 of the Bridgewater Condominium Project. You got
15 those tax key numbers and our point is just that we
16 believe that as we stated on this, on this review
17 sheet, incorrect land value, no compensation for
18 the value of the river walk improvements. The
19 undervalue of construction and the improvements,
20 and also no value given the landscape improvements.
21 And it's, our rationale is basically the same for
22 all the units, based on square foot of each unit,
23 and the value and construction cost of each unit.
24 Anything else?

25 MR. ROD MAYER: As well as a current

1 appraisal.

2 MR. SHEPERD: What we did, excuse me,
3 what we did is we actually took the current
4 appraisal we had and basically backed out of it the
5 square foot of each unit and arrived at these
6 figures that we deem are, are fair figures for the
7 values of each unit.

8 MR. ROD MAYER: I guess a point of order.
9 Do you want to go through each and every subject
10 property?

11 CHAIRPERSON TIMM: I think we have to do
12 them one at a time, right?

13 MR. ROD MAYER: Okay.

14 BOARD MEMBER DORSHA: I want to know
15 which building you have an appraisal done if you
16 have it here?

17 MR. SHEPERD: We have both the office
18 building that we're going to be discussing, the
19 Water Terrace Professional Building and the
20 condominium association, the Bridgewater Condos.

21 MR. ROBERT KOMISAR: Just to clarify,
22 that's No. 9. Okay. And that is 1 through 7.

23 CHAIRPERSON TIMM: So those are all the
24 Bridgewater Condos?

25 MR. ROD MAYER: Those are all the condos.

1 MR. ROBERT KOMISAR: Number, No. 9 is not
2 a condo. If you look at No. 9 on your sheet,
3 that's Bridge, Bridgewater Office Building.

4 MR. SHEPERD: Right.

5 MR. ROBERT KOMISAR: And to clarify, that
6 one, and I don't know if it matters to all of you,
7 but that one is the property that is owned by GRS.
8 Grafton Riverside Partners.

9 MR. ROD MAYER: So to recap, the property
10 objection for 1220 Water Terrace, that's Unit No.
11 9, and that's the northernmost and one of the
12 largest units of our condominiums. Our appraisal
13 is dated December 5, 2008. We have a portion.

14 MR. SHEPERD: How do you want to go about
15 this?

16 BOARD MEMBER DORSHA: Well, I -- who did
17 the appraisal?

18 MR. SHEPERD: National Appraisal Corp.

19 BOARD MEMBER DORSHA: Okay. And what was
20 that value at?

21 MR. ROD MAYER: These, the basis of that
22 appraisal, to achieve a, a land cost, it's a
23 portion of each condominium and the constructed
24 value, which is the basis for our value adjustment
25 from your 308,700 to 340,765.

1 BOARD MEMBER LOMBNESS: Do you have the
2 square footage for each of these subject
3 properties?

4 MR. ROD MAYER: Yes. The Unit No. 1
5 square footage, excuse me, Unit No. 9 that we're
6 talking about is 2,954 square foot.

7 BOARD MEMBER DORSHA: How much did you
8 say again?

9 MR. ROD MAYER: 2,954 square feet. For
10 the appraisal.

11 BOARD MEMBER DORSHA: When were these
12 built?

13 MR. ROBERT KOMISAR: 2006, 2007.

14 MR. ROD MAYER: 2006, 2007.

15 MR. SHEPERD: The shells. Some more
16 clarification, if we could. I don't know if you're
17 familiar with the site or not, but basically we
18 constructed what we called the shell. Okay. All
19 nine units, the shell of that structure at one
20 time. And then as we sell the unit, we do a
21 build-out. Okay. And, therefore, we have sales
22 that we can also attach some of these dollars that
23 we're claiming to. One, which we cannot contest,
24 which again I'm not, I guess we can't go there, but
25 we're confused by that. We have a sale figure in

1 2008. The value of 2000, January 1st of '09,
2 should be at the sale figure. Why it's not, I
3 don't know. Okay. But we still go on that value.
4 It's a sold unit. It sold for that amount. Okay.
5 So based on those figures, again we're just working
6 backwards and working out the numbers, and that's
7 how we derived all these values. The Unit 9, 8, 5,
8 4, 3, not 3, because we can't do that, 2 and 1.

9 MR. HERBRAND: And just as clarification,
10 if you want to testify to a property that you
11 believe is a comparable, and you want to enter
12 that, that as what you believe to be evidence, you
13 can do that, and the assessor can ask questions
14 about that. Whatever you --

15 MR. ROD MAYER: Thank you, Mr. Herbrand.
16 And that property would be 1232 Water Terrace,
17 which is Unit No. 3 in the Bridgewater
18 Condominiums. Objection ruled not valid, but a
19 stated value of 472,900, sold 11-20 of '08, and
20 that had a village value of 258,3, 258,300.

21 MR. HERBRAND: I'm sorry to keep
22 interrupting. What was the sale price?

23 MR. ROD MAYER: 472,900. So that gives
24 us confidence and comfort in the base value of the
25 shell, if you will. We should note that there is

1 the potential for variation in the square footage
2 because there's some option to customize the units
3 related to living space. Some of the build-out
4 flexibility.

5 MR. HERBRAND: Was that unit, that unit
6 was fully built out when it was sold?

7 MR. ROD MAYER: Yes.

8 MR. SHEPERD: That's correct.

9 MR. HERBRAND: And are all of these other
10 units fully built out?

11 MR. SHEPERD: No.

12 MR. ROD MAYER: No. They're shells.

13 MR. HERBRAND: Okay.

14 MR. ROD MAYER: There's some sub floor,
15 plumbing, electrical feed. All the doors, windows.
16 Interior load bearing and demising walls.

17 BOARD MEMBER ZIPTER: Was No. 3 sold as a
18 custom build-out, or this was something you did,
19 they bought it as a model?

20 MR. ROD MAYER: No. It was built to
21 suit.

22 MR. ROBERT KOMISAR: However, it was, it
23 was built to suit, but we have a base price for
24 each size, and then, then it's, and then there's,
25 it's not a true custom build-out from the shell.

1 There are certain baseline items and then they have
2 options.

3 BOARD MEMBER ZIPTER: Okay.

4 BOARD MEMBER LOMBNESS: And what was the
5 square footage of the comp?

6 MR. SHEPERD: 2458, 2,458 square feet.

7 CHAIRPERSON TIMM: Does the assessor have
8 any questions?

9 ASSESSOR MATTHIES: I'm confused on the
10 Unit No. 3, the comparable sale at 1232. You
11 mentioned a figure pertaining to an assessment, and
12 the 2009 assessed value of that unit is \$434,900.
13 I think you mentioned something like 253, if I
14 heard right.

15 BOARD MEMBER LOMBNESS: 258.

16 MR. SHEPERD: 258,3.

17 ASSESSOR MATTHIES: Yeah. That's just
18 a --

19 MR. HERBRAND: Was, do we have a
20 disagreement over what the assessed value was, or
21 is 258 --

22 CLERK DYLAKE: I do have the roll. The
23 assessment roll indicates for Unit 3, 1232 Water
24 Terrace, total assessed value is \$434,900.

25 MR. SHEPERD: What do you have as your

1 tax key?

2 CLERK DYLAKE: It's 10-239-0003.000.

3 Those are the new correct numbers for the
4 Bridgewater. 239, the 239 series numbers are the
5 new tax key numbers for, for the condominiums. For
6 the Bridgewater.

7 CHAIRPERSON TIMM: Was it a new
8 assessment for 2009?

9 ASSESSOR MATTHIES: Just one second,
10 Cathy. Yes. The assessment was updated to full
11 completion for '09.

12 MR. ROD MAYER: What date was that
13 updated?

14 ASSESSOR MATTHIES: January 1st.

15 MR. ROBERT KOMISAR: Can we get
16 clarification what exists on your system? What,
17 what is the 439, 439,000?

18 CLERK DYLAKE: 434.

19 MR. ROD MAYER: 434.

20 CLERK DYLAKE: 900.

21 MR. ROBERT KOMISAR: Is that the value if
22 we go on the assessment, the assessment system over
23 the Internet --

24 CLERK DYLAKE: Those are not the updated
25 numbers. Those numbers won't be updated until the

1 Board of Review is final.

2 MR. ROBERT KOMISAR: That's the
3 explanation.

4 MR. SHEPERD: Yeah.

5 CLERK DYLAKE: These numbers aren't final
6 until the Board of Review closes.

7 MR. SHEPERD: That's why.

8 MR. ROBERT KOMISAR: That is the
9 explanation then.

10 MR. ROD MAYER: We still feel that as a
11 comp for the other units, the 472,9 number is a
12 recent sale. More valid than the proposed number.
13 With the 258,3 that you're seeing on your No. 5
14 property objection is what we gleaned from the
15 assessments online.

16 CLERK DYLAKE: That number for Unit 5 is
17 what's on the roll for 2009. That is the correct
18 number. The value did not change.

19 MR. SHEPERD: For 3?

20 CLERK DYLAKE: No. He said Unit 5.

21 MR. ROD MAYER: Number 5 property
22 objection number.

23 CLERK DYLAKE: Oh, okay.

24 ASSESSOR MATTHIES: If I could, maybe I
25 could help. Of the, of the nine condo units, three

1 are assessed as being completed, and they are Unit
2 3, Unit 6, and Unit 7. To my knowledge those are
3 the three units that have sold. And the other six
4 units the assessments are at partial completion,
5 and I believe your numbers will be correct for the
6 partial assessments from, with the numbers that
7 you're using in your appeal.

8 CHAIRPERSON TIMM: So the value for Unit
9 3 you said was full now?

10 ASSESSOR MATTHIES: Yes. It's a full
11 assessment at, and it's assessed this year at
12 roughly 96 percent. That's your estimated
13 assessment ratio.

14 CHAIRPERSON TIMM: And that value?

15 ASSESSOR MATTHIES: That value is
16 453,900.

17 MR. HERBRAND: Just to clarify, you said
18 those were Units 3, 6, and 7?

19 ASSESSOR MATTHIES: 3, 6 and 7, yes.

20 MR. HERBRAND: And those are assessed at
21 the full, the completed build-out?

22 ASSESSOR MATTHIES: That's correct.

23 MR. ROD MAYER: Could we get a
24 clarification on that, Mr. Matthies, in terms of
25 what the response is on unit by unit in terms of a,

1 a response to the property value objection?

2 ASSESSOR MATTHIES: Sure. Start, I'll
3 start.

4 MR. ROD MAYER: And we need to do 1, Unit
5 1, and then move to, I mean Objection No. 1 and
6 then move to No. 2.

7 ASSESSOR MATTHIES: Okay.

8 MR. ROD MAYER: Because then we're going
9 to be in a ditto format here in the interest of the
10 holiday.

11 MR. HERBRAND: As long as we can keep the
12 record, keep it clear for the record so that when
13 it's, if it's a month from now we all know what we
14 were talking about. Just for the record, the, the
15 objection information that the objectors have
16 provided, our reporter has a copy of that and we'll
17 attach it to the record. So when you're answering
18 the question, Mr. Matthies, perhaps if you can just
19 refer clearly to the unit number that you're
20 referring to when you're, when you're speaking.

21 ASSESSOR MATTHIES: Okay. I'll start
22 with Unit 1 and go through Unit 9. And the 2009
23 assessments, starting with Unit 1 is \$308,500.
24 Unit 2 is \$296,500. Unit 3, \$434,900. Unit 4,
25 \$258,300. Unit 5, \$258,300. Unit 6, \$434,900.

1 Unit 7, \$477,500. Unit 8, \$296,500. And Unit 9,
2 \$308,700.

3 MR. ROD MAYER: Was I incorrect then
4 assuming, Mr. Matthies, that you have an adjustment
5 to those in response to our objection?

6 ASSESSOR MATTHIES: An adjustment?

7 MR. ROD MAYER: Yes.

8 ASSESSOR MATTHIES: In response to your
9 objection, no.

10 MR. ROBERT KOMISAR: Our appraisal value
11 on 12-5 2008 per unit was \$216,000. Again, we're
12 having trouble reconciling that appraisal to what
13 Mr. Matthies has appraised the value of each
14 property.

15 BOARD MEMBER DORSHA: Which property are
16 you talking about?

17 MR. ROBERT KOMISAR: Again, what we have
18 is an overall value of the shell, per shell on an
19 average basis.

20 BOARD MEMBER DORSHA: I understand that.

21 MR. ROBERT KOMISAR: At 216,000. If I
22 can continue. Just bear with me, and if it doesn't
23 make sense, then we'll try to go back. We actually
24 did a decorative landscape wall. We have land
25 improvements on the driveway. The decorative

1 landscape wall cost approximately \$36,000. The
2 driveway cost approximately \$75,000. The entrance
3 features cost \$10,000, and then an area that we are
4 contending is the cost in improvement of the entire
5 river walk along the whole river. We believe we
6 have not given, have been given credit for that
7 value. It is our understanding that that river
8 walk ran \$1,200,000 across, across the whole river,
9 including where the Brew Pub is, the office
10 building, all the way down. Based on discussions
11 that we have had, we have not been given credit for
12 the value of that river walk.

13 BOARD MEMBER ZIPTER: I guess I need a
14 little understanding of this. You built the river
15 walk, or you had a part in building the river walk
16 financially?

17 MR. ROD MAYER: We, as part of our
18 developer agreement with the village we granted the
19 easement for the construction and maintenance
20 thereof of the river walk in perpetuity. We did
21 not sell that land. Instead granted an easement.
22 Had we opted to construct the river walk on our
23 own, we would have undoubtedly negotiated for more
24 developer incentive. Those improvements have been
25 on our property. It would have been an assessable

1 feature to that land. Those improvements are on
2 our property via an easement. They are
3 improvements to the land. If you were to take out
4 a permit, build a river walk, or allow someone to
5 come in and grant them an easement to build a river
6 walk, or set up the landscape feature on your
7 property, it would affect your value. You would be
8 assessed for it. You pay taxes. It's a feature
9 that adds value to the condominiums. We have a
10 requirement to provide a certain value to the
11 village. We've done that via this agreement.
12 It's, it's a moot point as to who built it, how it
13 was built, who paid for it, what have you. We
14 contest and object that it's a value that is not
15 being recognized as an improvement on the property.

16 BOARD MEMBER DORSHA: Okay. Let me get
17 this straight. Who owns the river walk? Who owns
18 it?

19 MR. ROD MAYER: It's on the Bridgewater
20 Condominium Association property.

21 BOARD MEMBER DORSHA: It's on. Now does
22 the condominium own that river walk?

23 MR. ROD MAYER: The river walk is on an
24 easement that's been granted to the village to
25 construct and maintain.

1 BOARD MEMBER DORSHA: Okay. But who owns
2 the river walk?

3 MR. HERBRAND: At the risk of testifying,
4 they're correct. The land in fee simple is owned
5 by the condominium. They have granted an easement
6 to the Village of Grafton. The Village of Grafton
7 installed and maintains the river walk and the
8 river walk is a public access.

9 CHAIRPERSON TIMM: So it's not
10 exclusively used by, by the condominiums, and by
11 the pub? It's open to the public?

12 MR. HERBRAND: Correct. I would say
13 that's correct.

14 BOARD MEMBER DORSHA: But they pay the
15 taxes on is what I'm saying?

16 MR. HERBRAND: Well, that would be a good
17 question for the assessor.

18 ASSESSOR MATTHIES: I don't, I don't know
19 how it's structured, to be perfectly honest. And
20 I'll address it to the best of my ability after the
21 presentation is given. And when I'm a little more
22 clear on it myself, I'll, I'll try to address it
23 from an assessment point of view.

24 BOARD MEMBER LOMBNESS: Well, you listed
25 a number of figures, after you gave the number of

1 \$216,000 for the shell, for each of these units.

2 Were those figures in total for all the units?

3 MR. ROBERT KOMISAR: Mr. Lombness, if you
4 are talking about the decorative landscape wall --

5 BOARD MEMBER LOMBNESS: Right.

6 MR. ROBERT KOMISAR: -- the driveway, the
7 entrance features, and the cost of the river walk,
8 the answer is yes.

9 BOARD MEMBER LOMBNESS: I didn't get all
10 the numbers, for the landscape improvements.

11 MR. ROBERT KOMISAR: \$36,000.

12 BOARD MEMBER LOMBNESS: Driveway.

13 MR. ROBERT KOMISAR: Driveway 75,000.
14 Entrance features, which maybe my partners can help
15 me out, that was, some of those entrance features
16 were demanded by the village; correct? Or not?

17 MR. SHEPERD: No.

18 MR. ROBERT KOMISAR: Okay. Entrance
19 features \$10,000. And the river walk value of 1.2
20 million, we listed for the condos, which includes
21 three that are sold. Okay. An \$800,000 value.

22 MR. ROD MAYER: To get back to the point
23 of order, it's our contention, and as listed in our
24 objections, on objections 1, 2, 3, 4, 5, which is
25 not valid, 6, and 7, which are condominium units

1 respectively 9, 8, 5, 4, 3 not valid, 2 and 1.
2 That the same challenges apply to all, including
3 statements made by Mr. Komisar relative to
4 additional improvements made. I feel that in
5 summary the land value undervalued, and in addition
6 undervalue for the lack of inclusion of the river
7 walk improvements, construction value, not to
8 appraisal, and just to reiterate the landscape
9 improvements previously mentioned.

10 MR. ROBERT KOMISAR: I just also want to
11 state for the record when Mr. Mayer says not valid,
12 it's because we direct, we were directed by Mr.
13 Herbrand that we could not, we could talk about it
14 from a comparable standpoint, but we can't address
15 anything else by that. So the word valid, I just
16 want to clarify, we have, we are looking into the
17 law also on this because we have an interest in
18 every piece of property that is sold along this
19 whole entire block. We carry a very significant
20 interest on seeing that the fair value is stated.

21 CHAIRPERSON TIMM: Anything else you'd
22 like to add before we go over to the assessor?

23 MR. ROD MAYER: We were going to go in
24 totality here; correct? That would, unless there
25 are other questions, that would conclude through

1 your property objection No. 7.

2 CHAIRPERSON TIMM: Through the
3 condominiums, the Bridgewater Condominiums. Why
4 don't we let --

5 MR. ROBERT KOMISAR: Can I just add one
6 more thing? When you get me going, I'm sorry.

7 MR. ROD MAYER: Shouldn't have done that.

8 MR. ROBERT KOMISAR: The assessed value
9 on 12-5 2008 for the land value per condo plat is,
10 is valued at \$110,000. I think that's important.
11 The land value for each condo plat based on our
12 appraisal on 12-5 2008 is valued at \$110,000. Now
13 again, it's a science. There's no doubt about
14 this. I will also state clearly and under, as I,
15 as under testimony that there are developers that
16 will go ahead and try to play with the appraisal
17 for purposes. This was independently ordered by
18 our bank. That is correct? Correct, Pete?

19 MR. SHEPERD: Correct.

20 MR. ROBERT KOMISAR: So if you just look
21 at the land value, per plot, we're \$110,000 per
22 plot. So if you look at what Mr. Matthies has
23 valued the total property at, and if you will agree
24 that the land value's at \$110,000 per plot, you can
25 back into the rest of the entire development for

1 the condos.

2 BOARD MEMBER LOMBNESS: I have a couple
3 more questions regarding the condos. First of all,
4 am I correct that we're kind of wrapping up all the
5 units that are being objected?

6 BOARD MEMBER DORSHA: But I do have some
7 questions of my own too.

8 CHAIRPERSON TIMM: All we do is have --

9 BOARD MEMBER DORSHA: On the condos.

10 CHAIRPERSON TIMM: -- have the assessor
11 do his portion of it. We'll still have time to go
12 back and forth to add more testimony to it, but at
13 least maybe get his side.

14 BOARD MEMBER DORSHA: Okay.

15 BOARD MEMBER LOMBNESS: Two figures were
16 given, Bob, for the river walk value. 1.2 million
17 and 800,000. What's the difference? Besides
18 400,000.

19 MR. ROBERT KOMISAR: That was my first
20 answer. The 1.2 million value is the value of the
21 entire river walk, all the way down, including the
22 Brew Pub, the Bridgewater Office Building, and then
23 the condo development. I'm just going to tell you
24 how we arrived at that. It was, I think it was
25 based on the, it was, it was two-thirds, one-third,

1 and it was based on the --

2 MR. ROD MAYER: It was the pro rata of
3 the lineage footage of the river frontage.

4 MR. ROBERT KOMISAR: Yeah.

5 BOARD MEMBER LOMBNESS: So the 800,000
6 refers to the condominium units.

7 MR. SHEPERD: Exactly.

8 BOARD MEMBER LOMBNESS: And there's a
9 total of nine?

10 MR. ROBERT KOMISAR: Yes.

11 BOARD MEMBER LOMBNESS: Can we get the
12 square footage of the other units you're objecting
13 to?

14 MR. SHEPERD: The building sizes you
15 mean, when you say square footage?

16 BOARD MEMBER LOMBNESS: Of each. Well,
17 the square footage, for example, of Unit 8, Unit 5,
18 and so forth.

19 MR. SHEPERD: Okay. Can I start at Unit
20 1?

21 MR. ROD MAYER: Let me preface, let me
22 preface Peter's response by saying these are the
23 square footage in the shell state. That they're,
24 there will undoubtedly be variation to that. So

25 MR. SHEPERD: Okay. Unit No. 1. Unit

1 No. 1 is 2954. Unit No. 2 is 2884. Unit 4 is
2 2458. Unit 5 is 2458. Unit 8 is 2884. And No. 9
3 is 2954.

4 BOARD MEMBER DORSHA: Excuse me, what was
5 No. 9 again? I'm sorry.

6 MR. SHEPERD: 29 -- Repeat that. What
7 unit?

8 MR. ROBERT KOMISAR: 9.

9 MR. SHEPERD: No. 9 is 2954.

10 BOARD MEMBER LOMBNESS: And Unit 8 was
11 2884?

12 MR. SHEPERD: You got it.

13 BOARD MEMBER ZIPTER: Was there a dollar
14 value put on just the, the easement prior to any
15 development?

16 MR. ROD MAYER: Unfortunately, no.

17 BOARD MEMBER ZIPTER: Okay.

18 CHAIRPERSON TIMM: Okay.

19 MR. ROD MAYER: One thing I did want to
20 add is when you look at the per pad price and the
21 price per square foot, that could be based on an
22 easement. One only need look at recent village
23 purchases for the provision of parking to come to a
24 very reasonable square foot cost per land, and that
25 is not river front.

1 CHAIRPERSON TIMM: Anything else before
2 we go? Ernie.

3 ASSESSOR MATTHIES: Okay. Thank you.
4 First I'd like to start off --

5 ASSESSOR PAT MATTHIES: Let me pass this
6 out.

7 ASSESSOR MATTHIES: Oh, go ahead. Sure,
8 go ahead.

9 ASSESSOR PAT MATTHIES: Second page has a
10 summary.

11 ASSESSOR MATTHIES: Okay. If everybody
12 has the handout, I'll bring you up to speed what
13 the various pages mean as we go through it, but I'd
14 just like to start off by saying we're here today
15 really due to the fact that there, there has been
16 absolutely no communication regarding the
17 development of the Bridgewater project, both
18 residential and commercial, between myself and the
19 representative, and the developers and, of the
20 Dillon Group, at any point this year.

21 On February 9th I established at the
22 request to meet with the, with Rod Mayer, and I
23 stated I'd like to view the unsold residential
24 condos to check progress and get a completion
25 level. That was not done.

1 I stated that I'd like to view the
2 commercial buildings located at 1218, 1212 to 1218
3 and 1230 to 1236 to view progress. That was not
4 done.

5 In addition, I stated that I'd like to
6 understand any opinions of value and assessment
7 related concerns that you may have involving these
8 properties. I'm currently working on the 2009
9 assessment, and would like to meet with you in the
10 next two weeks, if possible. Please reply. We
11 exchanged e-mails over a course of about a month.
12 No meeting was ever set up. And it started to
13 border on a silly little dance and it just ended at
14 that point.

15 So we're here today taking the time of
16 the Board of Review when this could have been done
17 in a private manner, and information could have
18 been exchanged, and it wasn't.

19 That being said, now the handout that I
20 passed out, the cover page is obvious. It's a real
21 estate flier that we picked up on June 25th of '08,
22 and that's, keep in mind that our assessment year
23 ends January 1st of '09. So this was relevant at
24 the time to our estimate of values. And so we were
25 aware of the sale price, or the asking price of all

1 units. At that point in time there were three
2 units that had sold, Units 3, 6, and 7. Up to this
3 point those are still the only units that have
4 sold.

5 The second page is a spreadsheet, and as
6 we go through the presentation, I'm hoping that we
7 can condense, once we get through one condo we can
8 find a template and we condense our presentations,
9 but you can see the first column are the units.
10 Units 1 through 9, vertically. And then the next
11 three columns represent the 2009 assessed value
12 broken down into the components of land,
13 improvements, and total assessment.

14 The next column to the right shows the
15 completion level of the units, and of the nine
16 three are assessed at 100 percent complete, and the
17 remainder at about 50 as unfinished shells.

18 The next column to the right, total
19 assessment at 100 percent complete, would show you
20 what all units, including the unfinished units
21 would be, if assessed at 100 percent.

22 And then the next column to the right
23 would take that one step further and take the
24 assessed, the full 100 percent complete assessed
25 values and equalize those numbers at the 96 percent

1 assessment ratio to the current so-called fair
2 market value.

3 Now we touched on a comparable sale, I
4 think, and that will probably be coming up through
5 the presentation, comparing the unfinished, or the
6 other units with this comparable sale, Unit 3, and
7 if you look at the spreadsheet, on Unit 3, this
8 unit, or I should say this unit sold in November of
9 '08, for 472,900. Okay. 472,9. And if you follow
10 column 3 across, and you'll note that the full
11 equalized value of that unit actually turns out to
12 be \$472,800. Just equalized at full value \$100
13 short of the actual sale price. So that is
14 something to keep in mind.

15 Now we're starting out I believe with
16 Unit 9. So the sheets that you're given behind the
17 spreadsheet are the data sheets, the assessment
18 data sheets on all nine units, and if you turn to
19 the first one, 1236 Water Terrace, if you look at
20 the second column on the data, you'll see on the
21 very bottom, it will say percent complete. Does
22 everybody find that? Okay. You're with me.
23 That's at 50 percent complete the assessment is at
24 308,500.

25 Now on all units that are, are not fully

1 complete, there's a second sheet, that at the top
2 right behind that it will say 100 percent complete,
3 and it will take that unit and project it to the
4 full assessed value of that unit, if it were 100
5 percent complete.

6 Now Unit 9 is where we're starting. So
7 if you'd go to the back and find Unit 9. There
8 will be two sheets. One for the partial assessment
9 and then the second for Unit 9 at 1220 Water
10 Terrace, at 100 percent complete, and it lists all
11 of the data. The square footage agrees with the
12 square footage listed by the developers.

13 The features I believe are in agreement
14 with the listings. I did go online and verify all
15 the data to the best information that I could find,
16 and everything does agree with what's listed
17 online. And we're using 50 percent as our
18 completion level for the shell, with the majority,
19 with the complete exterior done, and the interior
20 as a complete shell waiting to be developed. At
21 the time I was last in it there were no stud walls
22 on the interior quite yet. The garage slab had not
23 been poured. And it was in a very raw state,
24 awaiting, awaiting sale.

25 I have monitored progress through the

1 building inspection department, and little or no
2 progress has been shown on these units from the
3 original completion of the shell, and there, as
4 they sit today, I was able to just verify, now this
5 is going to sound silly, but I went to the condo
6 development this winter and there was actually one
7 unit that was, had a door with a, the door knob
8 missing, so I was able to look through that, and
9 see that from, from all appearances what I saw, the
10 previous year, and what I saw this year in January,
11 were identical and the same, no progress.

12 The completion of these units are based
13 on several things. It's, it's just a matter of
14 taking the 50 percent completion level and doubling
15 it, taking it to 100 percent, and then whether this
16 is right or wrong, I'm not sure, but I'm operating
17 under the premise that these units, the three-story
18 units finished, call it, call it a lower level,
19 first floor, upper level, do all have elevator
20 shafts, and they are all capable to be fitted with
21 elevators, and I'm assuming at the price pushing a
22 half million dollars, that the difference that an
23 elevator will be a part of the sale price. Whether
24 I'm right or wrong the developers can let me know.

25 So then when we take the 50 percent,

1 turned it, converted it to 100 percent, add \$30,000
2 for the elevator, we come up to the assessed
3 values.

4 When we, when we look at the, back to our
5 spreadsheet, and I'm going to try to make this
6 easy. I'm just, just give a, just a basic lesson
7 on what I'm doing, and it will apply to all units.
8 On Unit 3, or on Unit 9, the assessment is 308,7 at
9 a 100 percent complete. It's, it would be 533,900,
10 and the, at 100 percent of equalized value. In
11 other words, divided by our assessment level of 96
12 percent, it would have a full assessed equalized
13 value of \$556,000, 556,100, and the asking price on
14 that unit based on our data sheet from Shorewest is
15 559,9. Very close indeed. And you can follow that
16 same train of thought, that progression through all
17 the units and track them from the incomplete unit
18 to the equalized assessment, and then do a direct
19 comparison to the asking price and you'll find
20 there's, there's pretty good agreement throughout.

21 Now I won't bore you with too much more,
22 but the, the river walk, landscaping, and driveway,
23 and let's even start with the land value. Maybe
24 that's a better place to start. As anybody
25 acquainted with real estate will attest, a condo

1 unit physically owns no identifiable piece of
2 property set aside for itself. You might think of
3 it as air space. You might think of it as joint
4 ownership of a common area. But there technically
5 is no legal ownership of land whatsoever on condo
6 units. It's a device that the State of Wisconsin
7 requires that all properties assessed with land
8 improvement in total.

9 Many condominiums in other states are
10 assessed as just having a condo value. Wisconsin
11 is not quite that progressive. They still require
12 land to be attached with all assessments, and the
13 only thing that we're trying to do is break out,
14 and we start, we work in reverse. We know what the
15 unit is asking. We know what, based on what it's
16 asking we can estimate a probable sale price.
17 Based on the probable sale price we can set up the
18 value for the improvements, and a residual for the
19 land. And the total is set to capture the total
20 sale value of the condo unit. The total sale value
21 of the condo unit includes all, includes the unit
22 itself, and the use of all common areas. The river
23 walk, the driveway, the landscaping, are common
24 areas. That is factored into the value of each
25 condo and to the asking price. To say we enhanced

1 the landscaping, we did this, we did that, it, it
2 all boils down to it's in the price. Let's see,
3 what else? I think, I think that should do it for
4 Unit 9. If there's any questions, I'll be glad to
5 answer.

6 CHAIRPERSON TIMM: Does anybody have any
7 questions for the assessor?

8 MR. ROD MAYER: I would like to state
9 that the sales prices that have been referenced and
10 available in the marketplace are a base price.
11 Options to be added that include elevator. So that
12 would be an additional sales value in the
13 neighborhood of 20 to 25,000 depending upon the
14 elevator features and accouchements. The finishes.
15 You want a standard cab? Do you want stainless,
16 teak, laminate, carpet, vinyl? What have you.
17 Fireplaces are also an option. And there are a
18 number of additional upgrades as relates to
19 countertop, floor covering, garage heat, et cetera.
20 Those are all additional optional items that would
21 push the price up. So if one were to assume that
22 we would have an elevator included in all of these
23 sale prices, that would be priced another 20 to
24 \$25,000 higher.

25 Some evidence of the differential in

1 asking price and sale price is if you look at No.
2 3, which although we have an interest in, it's not
3 a valid objection, was deemed by the village, Board
4 of Review, that at an asking price of 449,9, we
5 added options to that as a sale price of 472,9.

6 On a personal note for the record, our
7 inability to schedule meetings was not disrespect
8 for Mr. Matthies. It's more about coordinating
9 schedules. We also have a number of other pending
10 issues with the Village of Grafton. We inquired
11 about valuation in the past and our concerns about
12 it. The response that we have gotten from village
13 leadership is then you should contest the
14 assessments. So we're taking this course of action
15 on a recommendation position by the village, not
16 out of any spite, not out of any disrespect, but
17 more as a recommended direction from village
18 leadership.

19 In the past we've had tours. We still
20 had concerns about the value. We have raised that,
21 and the response has been, well, then you need to
22 contest the assessments.

23 In the future, if such visits and tours
24 would be helpful to reach a more agreeable,
25 mutually beneficial value, we are going to be happy

1 to do that.

2 CHAIRPERSON TIMM: Any other questions
3 for the assessor?

4 BOARD MEMBER LOMBNESS: Would I be, yes,
5 would I be incorrect in saying that this may just
6 boil down to what percentage of completion? Since
7 the 100 percent assessment equalized value that you
8 have is so close to the current asking price, I'm
9 left with the impression that perhaps the
10 difference between the current assessment as of
11 January 1st of 2009, and the values that the
12 objectors have, would like to see, may come down to
13 percentage of completion? You're showing 50
14 percent. Is there any rationale to that percentage
15 of completion, whether it's 50 percent, or 63
16 percent?

17 ASSESSOR MATTHIES: Well, at the time of
18 original inspection when the shells were completed,
19 it was, I did determine that approximately 50
20 percent using a, a percentage complete schedule,
21 typical completion list, 50 percent was, was
22 complete, approximately, whether it's 51, 52, but
23 very, very close approximation for an unfinished
24 shell without even the concrete poured in the
25 garage and so forth.

1 So that's, that's the best information
2 that I had at the time, and that's really what I
3 had to go by. At this point in time the assessment
4 roll is, is set, and I'm, by law I'm committed to
5 defending the assessments, and I assume that
6 they're, they're correct to the best of my ability.

7 BOARD MEMBER ZIPTER: I guess I have a
8 question for you. Were you asking could they do a
9 75 percent assessment if the garage slab was poured
10 and a fireplace was put in, or something along
11 those lines?

12 BOARD MEMBER LOMBNESS: I just wanted to
13 get a relative feel from the assessor on his
14 position of the 50 percent.

15 BOARD MEMBER ZIPTER: Okay.

16 BOARD MEMBER LOMBNESS: That he used.
17 And I'd like to follow up then with the objectors,
18 the owners, as to how they feel relative to that
19 percentage of completion. Whether they believe
20 that 50 percent seems to be relatively accurate, or
21 if they have other information that would indicate
22 a different percentage.

23 MR. ROD MAYER: I think we would, we
24 would defer to the, the statements in the testimony
25 that we've given today. Most current would be

1 another professional in the field, which is an
2 appraiser, who lent money on the project, based on
3 the value that they came up with. We've used that
4 value as a construction cost.

5 BOARD MEMBER LOMBNESS: And that was an
6 overall value for the entire project?

7 MR. ROD MAYER: That was a, well, they
8 did it as a sum total to average the land and then
9 get a total of constructed. What we did for your
10 benefit is we backed it out on a per square footage
11 basis, so it would be more indicative of the value
12 of each unit. We used the square footage as the
13 pricing mechanism for the condos, so we thought it
14 only fair and logical that we back out of that as a
15 base point to get to not an average unit price, but
16 rather a square foot price. So that going forward
17 it has some common sense and logic for where the
18 assessment and the tax base goes for the
19 prospective buyer.

20 MR. LOMBNESS: Right. So we're left with
21 two different valuations. One based on percentage
22 of completion and one based on your appraisal.
23 That then breaks it out by square footage and so
24 forth.

25 MR. ROD MAYER: Correct.

1 BOARD MEMBER DORSHA: When was that, the
2 appraisal done? What's the date on it?

3 MR. SHEPERD: December 5th, 2008.
4 December 5th, 2008.

5 BOARD MEMBER DORSHA: Okay. Well,
6 appraisals are based on sales. And what has sold
7 and what in a certain amount of time. That I don't
8 feel can be brought in to say that, especially now
9 with the market the way it is, and it has been for
10 the last, since the fall/winter market has, the
11 condo market has been very, very bad. To say that,
12 you know, you're basing all your sales on that
13 appraisal, I don't think is, is fair or just. I am
14 an appraiser. So I know.

15 MR. ROD MAYER: Well, we're referencing,
16 pardon me, we're referencing a moment in time.

17 BOARD MEMBER DORSHA: Right. You can
18 reference it, but on the same basis to put all your
19 eggs in that basket saying, okay, we got this value
20 right now. When you have a shell, and let's say it
21 is at 50 percent, that's fine, but a customer can
22 come in and, and bring up the cost to whatever they
23 want and bring down the cost to whatever they want,
24 so it might not be the highest sale in there
25 because they don't have all the amenities that

1 maybe the one other one does.

2 So it's hard to base percentages on
3 assessments for, for a shell house, a condo versus
4 a high-end that they put all the amenities that
5 they wanted in there.

6 You know, and as far as the land value is
7 concerned, this is very, very tough, and I
8 understand what Mr. Matthies said, because in
9 appraisal practice you look for similar type land.
10 There isn't any such animal out there similar to
11 yours. And so it's very hard to determine a land
12 value with the walkway, with all your stuff, and
13 the amenities that you've done to it, because there
14 isn't anything out there similar to yours that an
15 appraiser can compare to, to give an accurate
16 determination on land value, and we basically take
17 it from assessments and to find out anything that
18 we can on any type of water whatsoever in appraisal
19 practice.

20 BOARD MEMBER LOMBNESS: If I'm not
21 mistaken, I believe the assessor has, as I see it,
22 assessed the land at 110, and that is the same
23 figure that the objectors have used. 110. So I
24 think there's an agreement as to land value,
25 relative to the assessment; correct?

1 MR. ROBERT KOMISAR: Without land
2 improvements, yes. The land value, yes, there is.
3 The appraiser's at 110, Mr. Matthies has stated
4 that he's at 110,000, yes.

5 BOARD MEMBER LOMBNESS: Right. And you
6 have used -- now that \$216,000 figure that was
7 given earlier as the shell value; is that correct?

8 MR. ROD MAYER: Average.

9 MR. ROBERT KOMISAR: Average.

10 BOARD MEMBER LOMBNESS: For the 9.

11 MR. ROBERT KOMISAR: Yes. Well, that's
12 on a per unit. How the appraisal was done it's per
13 unit.

14 BOARD MEMBER LOMBNESS: Based on the
15 appraisal 216. Whereas the assessor basically, I'm
16 assuming if we can use the same terms, the
17 improvement figures that the assessor has come up
18 with for each of the nine units basically
19 represents the shell as well. As the assessor
20 said, without the poured garage slab, without the
21 drywall, and so forth.

22 BOARD MEMBER DORSHA: Can I ask a
23 question also? On the appraisal is there a, at the
24 very bottom is there a place called landscaping?
25 Do they have a value in there?

1 MR. ROD MAYER: No. This was land,
2 specific land, and then building improvements.

3 BOARD MEMBER DORSHA: Okay. Sometimes
4 they put them in. Sometimes they don't.

5 BOARD MEMBER CHALMERS: You told us that
6 the improvements you've done are a wall, a drive,
7 an entry, and a river walk; is that correct?

8 MR. ROD MAYER: Entry features.

9 BOARD MEMBER CHALMERS: Entry features.
10 And these are all common to the entire complex?

11 MR. ROD MAYER: Yes, sir.

12 BOARD MEMBER CHALMERS: When were these
13 completed?

14 MR. ROD MAYER: May.

15 MR. ROBERT KOMISAR: The driveway was
16 probably --

17 MR. ROD MAYER: Spring of '08. May, June
18 '08.

19 MR. ROBERT KOMISAR: For the driveway,
20 the entrance features the same.

21 MR. ROD MAYER: Shortly thereafter.

22 MR. ROBERT KOMISAR: Shortly thereafter.

23 MR. ROD MAYER: We had the village do
24 them.

25 MR. ROBERT KOMISAR: How about the

1 landscape wall?

2 MR. SHEPERD: Fall of '08.

3 MR. ROBERT KOMISAR: Fall of '08 for the
4 landscape wall. And the river walk, that's a whole
5 different animal because --

6 MR. ROD MAYER: I think it was completed
7 spring of '08.

8 MR. ROBERT KOMISAR: Well, was it totally
9 completed spring of '08? That thing dragged a very
10 long time.

11 MR. ROD MAYER: The majority of the --

12 MR. ROBERT KOMISAR: Yeah.

13 CHAIRPERSON TIMM: So the sale on Unit
14 No. 3 would have included all those amenities
15 because they would have been done when they
16 purchased that unit; correct?

17 MR. ROD MAYER: Yes.

18 MR. ROBERT KOMISAR: That is correct.

19 CHAIRPERSON TIMM: Okay.

20 BOARD MEMBER CHALMERS: Has the asking
21 price changed on any unit since the completion of
22 these improvements?

23 MR. ROD MAYER: The asking prices were
24 adjusted in anticipation of those improvements.
25 These are, these are raised in the -- the spring.

1 MR. SHEPERD: Ernie, do you have that?

2 ASSESSOR MATTHIES: Do I have what?

3 MR. ROD MAYER: The original asking
4 price.

5 MR. SHEPERD: Yeah.

6 ASSESSOR MATTHIES: The original, yeah, I
7 do. Bear with me just a second.

8 MR. ROD MAYER: While he's looking for
9 that and in response to Miss Dorsha's comments
10 earlier, we have a, we have a, a mutual goal to
11 create value in the Village of Grafton, and we're
12 not in here contesting Mr. Matthies' expertise. We
13 have a desire, we have a requirement to bring
14 value. We're not here beating him down trying to
15 lower the assessment.

16 BOARD MEMBER DORSHA: Oh, I completely
17 understand that. I'm just talking as an appraiser
18 and how appraisers' minds think because I've been
19 one for 20 years and --

20 MR. ROD MAYER: Yes.

21 BOARD MEMBER DORSHA: -- you know, to
22 come up with values on an appraisal is something
23 different from an assessment.

24 MR. ROD MAYER: Yeah.

25 MR. SHEPERD: Oh, yeah.

1 BOARD MEMBER DORSHA: And I just wanted
2 you to be aware of how appraisals think, how
3 appraisers think when they go out there and do an
4 inspection. It's completely different from
5 assessments, or anything else. And, and we base,
6 appraisals are based on facts, and they're based on
7 sales and active listings, and you guys do have a
8 very wonderful area. No doubt about it. And it's
9 very hard to comp out is what I'm trying to get at.
10 Very, very difficult to make any type of comparable
11 sales. Only because, you know, there's nothing
12 like yours there. So, you know, to find a land
13 value, to find adjustments for the walkway, to find
14 adjustments for that kind of stuff is very
15 difficult. The difference, the easy stuff is when
16 you go from a shell, and then you have your buyers
17 come in and they, they upgrade to whatever level,
18 you know, then you guys give us that information.
19 Then that's easy for us to understand and come up
20 with a value. But the other stuff is very hard.
21 And I just, you know, I just wanted to let you know
22 that as an appraiser to try to come up and comp
23 something like your places are very, very difficult
24 because there's not anything like yours out there
25 to comp out.

1 MR. ROD MAYER: We understand the
2 requirement for, for evidence and testimony, and
3 that's why we take great stock in this appraisal.
4 All that having been said, and especially as to the
5 moment in time.

6 BOARD MEMBER DORSHA: Yeah. And I can
7 understand.

8 MR. ROD MAYER: We're not using
9 construction costs because those have changed.
10 Material costs have changed. We, we understand
11 what our, defending our lives here, as if we have
12 to look at a moment in time, and that moment in
13 time is what we are basing the foundation for our
14 objection values.

15 BOARD MEMBER DORSHA: Okay. Well, the
16 other question, and I don't understand, is that you
17 look at, at the assessments here, why do you want
18 them higher?

19 MR. ROD MAYER: Because the village wants
20 them higher. We have a, we have a value increment
21 to achieve as part of our developer agreement.

22 BOARD MEMBER DORSHA: Thank you.

23 MR. ROD MAYER: And it's not that we want
24 them higher than the marketplace. We are
25 referencing evidence of an appraisal. We have

1 factual information. We understand the appraisal
2 and the assessment approaches. They may be from
3 two different acumens, but this also bears out to
4 the evidence we have with the, with the land
5 purchases, and land sales, that are not quite
6 comparable, but also the comparable sales of
7 completed units. The activity level that we have
8 been showing. And let's face it, we have a goal to
9 achieve via our developer agreement, and we have a
10 responsibility to create value, and the assessment
11 and this contesting is part of our effort to, to
12 bring that full circle and achieve it. Simply
13 stated.

14 BOARD MEMBER DORSHA: I understand that
15 completely. The thing is for the fall/winter
16 market has really been in the dumps as they say,
17 and pretty bad. Especially with the condo market.
18 The duplex market has all been really, really fall,
19 you know, it's almost nonexistent at this point in
20 time. Things are getting better for the
21 spring/summer market, but we still have a long way
22 to go, you know, even in residential, but the condo
23 and the duplex market really has quite a bit of way
24 to go.

25 MR. SHEPERD: If I may add one point to

1 that too is we actually have more units under
2 contract, but they have to point out what you're,
3 I'll reiterate, reiterate exactly what you're
4 saying, they got large homes to sell.

5 BOARD MEMBER DORSHA: Exactly.

6 MR. SHEPERD: Million dollar homes to
7 sell on Lake Michigan. So we have more units sold,
8 which again goes right back down to our appraisal.
9 We're hitting these numbers. That's not the
10 problem here. The problem is a lot of these buyers
11 that we have on the line here have, have a house on
12 a contingency to it. So we're sitting between a
13 rock and a hard place.

14 BOARD MEMBER DORSHA: Especially with
15 days on market of over 250 to 600 days.

16 MR. SHEPERD: Oh, yeah.

17 BOARD MEMBER DORSHA: And even more.

18 MR. HERBRAND: I'm sorry. Just as a
19 point of order, the question, I'm not sure the
20 question was answered. Is the, the exhibit entered
21 by the appraiser, of the current pricing, is that
22 the most current pricing?

23 MR. SHEPERD: That is the most current
24 pricing, but, yes, we did raise the price somewhat
25 recently. The one that Ernie just handed and

1 brought over to us it wasn't dated, so, but there
2 is a, we did raise the price that past year.

3 MR. ROBERT KOMISAR: Is this the most
4 current pricing?

5 MR. SHEPERD: Yeah.

6 MR. ROD MAYER: That's higher than
7 original too.

8 BOARD MEMBER CHALMERS: So the
9 spreadsheet, page two of the assessor's package,
10 the far right column 2008 unit asking price, are
11 those accurate?

12 MR. SHEPERD: Those are current, yes.

13 BOARD MEMBER CHALMERS: Okay.

14 MR. SHEPERD: Again, without elevator.
15 Without the option packages.

16 BOARD MEMBER CHALMERS: Without the
17 options.

18 MR. SHEPERD: Back storage. Heated
19 garage, and everyone's taking us up on those
20 options.

21 BOARD MEMBER CHALMERS: And actually I
22 have one more question. In the square footages
23 that you quoted for all the units, does that
24 include the garage, or is that just living space?

25 MR. SHEPERD: Living space.

1 CHAIRPERSON TIMM: Any more questions for
2 either?

3 BOARD MEMBER LOMBNESS: One more question
4 for the assessor. You said that the, well, we can
5 see in the spreadsheet on page two of your handout
6 that the 100 percent complete assessment equalized
7 is very close to the asking price for the six
8 units. For four of them it's slightly below and
9 for two of them it's slightly above, but that
10 includes \$30,000 for the elevator; correct?

11 ASSESSOR MATTHIES: Yes, it does. And I
12 guess that's a question that I had that was never
13 really answered, and having an elevator shaft in a
14 three-story building, I had to go with the
15 assumption that the elevators were included. You
16 know, to say that they're optional, that alters it
17 slightly.

18 BOARD MEMBER LOMBNESS: Right. Because I
19 believe I just heard a few minutes ago that the
20 asking prices is assuming no elevator.

21 MR. ROD MAYER: That is correct. And
22 the, there's some sunk costs in our construction
23 costs to make the provision for this elevator
24 shaft. However, that's not lost in that if you do
25 not offer the elevator, it can be gained as

1 additional space on the lower level, on the first
2 floor, you know, closet, bathroom, what have you.
3 On the upper level it could be, you know, laundry
4 or landing. So that's where there's also some
5 adjustment as I said earlier to how the square
6 footage can change.

7 CHAIRPERSON TIMM: And to the assessor,
8 we can assume if there's upgrades to these condos,
9 which obviously aren't reflected in your pricing,
10 that that price then would reflect that following
11 year --

12 ASSESSOR MATTHIES: What I would have to
13 do is have the access to the units to, and the
14 data, and a communication with the developers to
15 make me aware of what is being sold, and, you know,
16 if I'm asked to share assessment data, then I just
17 request reciprocity in return, and ask for
18 information of these units.

19 And then I guess the only other thing I
20 would say too is that these prices have been
21 established optimistically in a much stronger
22 market. And I think we have to temper what is
23 being asked in the market with what is being given
24 in the market, and so to say that the elevator is
25 one thing that might be added, the actual value in

1 this marketplace for condominiums, nobody, there's
2 no formula for it, but we also have to acknowledge
3 that the market is soft as well.

4 MR. SHEPERD: Can I speak? That, that
5 somewhat threw me for a loop because I've never
6 heard in my life that an assessor worry about soft
7 markets. Appraisers do. Believe me. I've gotten,
8 I can't tell you how many appraisals I've done in
9 the last several months. Plenty. They worry about
10 soft market, but I never heard in my career, maybe
11 you know more than I, but I never heard an assessor
12 because that means then you should really go out on
13 a pretty regular basis in certain, in other parts
14 of the country. You'd have to, an assessor would
15 have to be going out almost every other year and
16 re-evaluating everything. If you're going to
17 calculate for a soft economy, well, I'm almost
18 speechless, because I don't believe an assessor
19 should calculate for a soft economy. I'm sorry,
20 Ernie, I hear what you're saying, and I get it from
21 appraisers, and that one I understand. I'm not,
22 I'm not waking up to assessors doing that.

23 MR. ROD MAYER: One other thing that we'd
24 like to add is that our, our first three sales came
25 at a time when the Village of Grafton has still got

1 an incomplete in terms of 13th Avenue, and
2 properties being acquired and developed, and what
3 have you.

4 So we still think of this site, even
5 though there is a current economic condition, and a
6 condo marketplace question, this is a, a juvenile
7 site. It is not mature. And we have not had
8 issues of, of asking price in the condos,
9 especially when you compare to neighboring Mequon
10 even, which can be upwards of \$75, 50 to \$75 more
11 per square foot in asking price.

12 We also, and this is part optimism, but
13 also some reality, the, the specialty properties
14 are the ones that are going to be the quicker to
15 recover, and that we find evidence in the fact that
16 it's not the interest level insomuch as the
17 contingency of sale that slows up another
18 comparable.

19 MR. SHEPERD: That's a very good point.

20 BOARD MEMBER DORSHA: Oh, and I also have
21 found is that when that, and I'm speaking of right
22 now, and the market the way it is now, people
23 aren't, they don't want to buy anything, especially
24 at a higher price. They're very, very afraid. So,
25 you know, the, the condos could be sitting there

1 for quite a while only because people are afraid
2 right now to spend that kind of money, have that
3 kind of mortgage on a property at this point in
4 time. Not just condos. Anything. What I have
5 seen, anything from \$400,000 up sit for a long time
6 because people are nervous right now. They don't
7 want to buy anything at that price. Hopefully it
8 will change. I don't know when. It will at some
9 point, but right now it's not going to.

10 CHAIRPERSON TIMM: Okay. So do we have
11 any more questions, or do you have any questions of
12 the assessor, or any to them?

13 ASSESSOR MATTHIES: Just a comment. It's
14 my thought that if an appraisal is referred to, it
15 should be entered as an exhibit and made part of
16 the record.

17 MR. HERBRAND: You certainly have the
18 right to do that, if you've been testifying about
19 it. If you want to enter it in the record.

20 MR. SHEPERD: Sure.

21 MR. ROD MAYER: We'd be happy to do that
22 with the proviso that this, as we stated earlier,
23 it's to an average per units, with the purpose of
24 the total appraisal amount. And we would, we would
25 welcome the opportunity to provide calculation that

1 shows how we backed out of that square footage and
2 then applied that value on a per square foot basis
3 to the units. So, because if you look at this, it
4 says average 326, and the other part about it is
5 this also, as we testified, does not include the
6 other improvement values that are part of our
7 objection. But we would be happy to provide a copy
8 of this as well.

9 MR. ROBERT KOMISAR: If we could, and I'm
10 not sure -- can't have that back. We'd like to
11 just read through it first and make sure there's
12 not any confidential information, there shouldn't
13 be, before we provide it to you.

14 MR. SHEPERD: Yeah. They're right. In
15 reality, this really technically doesn't belong to
16 us. It belongs to our lender. So let me call our
17 bank just to make sure he's okay with this. If
18 that's all right.

19 CHAIRPERSON TIMM: So then can we use it?

20 MR. HERBRAND: Well, the hearing closes,
21 you know, when the testimony closes the testimony
22 closes, and then the Board will deliberate.

23 MR. SHEPERD: Okay. Well -- let's just
24 provide it.

25 MR. HERBRAND: You can provide it to the

1 court reporter and she will keep all the exhibits
2 together with the transcript.

3 MR. ROD MAYER: Can we have a copy of
4 that made quickly?

5 (Discussion off the Record.)

6 MR. HERBRAND: We're on the record and
7 just in order to keep a clear record of what's
8 transpired, we have entered as I understand three
9 exhibits.

10 (Exhibit No. 1 thru 5 marked.)

11 MR. HERBRAND: In an effort to make the
12 record clear, the five exhibits have been entered
13 to this point. Exhibit No. 1 is identified as the
14 objection forms submitted by the objector. Prior
15 to the hearing. Exhibit 2 is the summary of their
16 objection, submitted by the objectors. Exhibit 3
17 is the assessment summary submitted by the
18 assessor. Exhibit 4 is the Bridgewater Condominium
19 pricing schedule that I believe was testified as
20 being old.

21 MR. SHEPERD: Correct.

22 MR. HERBRAND: And Exhibit No. 5 is the
23 appraisal that has been the subject of the
24 testimony from the appraisers -- from the
25 objectors, excuse me.

1 MR. ROD MAYER: Mr. Herbrand, as a point
2 of order, we really addressed Objections 1, 2, 3,
3 4, 5 you deemed not valid, 6 and 7. In sum total
4 with a ditto on all of our testimony, and we
5 understand in response Mr. Matthies has done the
6 same thing.

7 In closing on that particular issue, if
8 that's the point of order that we are taking, we
9 would respectfully request that you look long and
10 hard at the values that we have come up with, with
11 the evidence and the testimony that we made, and no
12 disrespect to Mr. Matthies, and our desire to have
13 a valuation closer to the objection dollar amount
14 we've indicated. Anything else, gentlemen?

15 MR. SHEPERD: No.

16 BOARD MEMBER LOMBNESS: Clarification
17 needed from the chairperson. This would conclude,
18 if, if both parties are done, discussing the
19 condominium units, but not the rest of the
20 property?

21 CHAIRPERSON TIMM: Right. Then we would
22 go on to the next part before we deliberate. The
23 assessor.

24 ASSESSOR MATTHIES: I'm in agreement.
25 The argument presented for the one condo will carry

1 through to all others.

2 MR. SHEPERD: Can I ask one question, or
3 at least float this, if you so desire? First of
4 all, all three of us appreciate you guys being
5 here. We truly do. This is, we know this is very
6 unusual. Probably, I don't know if anyone's ever
7 asked in this village to increase their
8 assessments. Based on the date, the calendar date,
9 if you want to just work on condos tonight and
10 table the other two, because we have two more sites
11 to do, I didn't think this was going to take so
12 long, so I truly apologize for this taking so long,
13 if you want to table the other two for another
14 meeting time, when, that's fine with us, is what
15 I'm getting at, because it's 6, it's 6:30 already.
16 So it's up to you. I mean we're more than welcome
17 to stay longer, but if people have to leave, we can
18 table it and talk about the two other sites a
19 different time.

20 CHAIRPERSON TIMM: Consensus.

21 BOARD MEMBER DORSHA: Let's get it done.

22 BOARD MEMBER LOMBNESS: Continue.

23 MR. SHEPERD: That's great. That's fine.

24 CHAIRPERSON TIMM: Continue. So the next
25 one, or which one did you want to go with next?

1 The GRP, or --

2 MR. SHEPERD: Could we stick with Urban
3 Planning still? The 1220 through 1236 13th Avenue.

4 MR. ROD MAYER: Objection No. 8.

5 MR. SHEPERD: Michael, can we have the
6 original back?

7 MR. HERBRAND: Sorry. Sure. That would
8 be -- I don't have an objection. If --

9 CHAIRPERSON TIMM: Uh-uh.

10 MR. HERBRAND: If any of the Board do.

11 CHAIRPERSON TIMM: No.

12 MR. HERBRAND: They're asking for the
13 original appraisal back. We can just switch them.

14 MR. SHEPERD: Thank you.

15 CHAIRPERSON TIMM: Whenever you're ready.

16 MR. SHEPERD: Okay. Again, address is
17 1230 through 1236 13th Avenue. We call it the
18 Water Terrace Professional Building. We deem the
19 value of 1.25, as you can see on our assessment
20 review sheet, and Item No. 8. Again, based on the
21 appraisal, which we have, and I guess again we
22 might as well put this in the record as well. This
23 one is more lengthy, but the current, correct me if
24 I'm wrong, the current assessment is at \$100,000;
25 is that correct?

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ASSESSOR MATTHIES: No.

MR. SHEPERD: Ernie, did you say no?

ASSESSOR MATTHIES: No, that's incorrect.

MR. SHEPERD: Okay.

ASSESSOR MATTHIES: I'll have to look it up. I'll tell you what it is.

MR. SHEPERD: Okay.

ASSESSOR MATTHIES: Yes, that's right. The total assessment on this property is \$619,400. There was an assessment notice sent out to that effect.

MR. SHEPERD: Okay. We purchased the land for 350. We razed the building and constructed a commercial office building, total of 6,000 square feet. We also, we also built a connector building to the property to the south of this building, which houses a street-level lobby, access to a two, two-exit, or two-floor elevator system, and there's also second floor atrium lobby, which accesses two different buildings. The Bridge Street Professional Building again to the south of this, and the Water Terrace Professional Building appraisal is 856 that we got, unimproved. And as of January 1st we have a, a practicing doctor's office on the second floor. Okay. So what we're

1 showing for this building is we have the connector
2 building, which again houses the elevator structure
3 and the two, the first floor lobby and the second
4 floor atrium. That is priced out \$187 a square
5 foot, a total of 1,600 square feet, total value of
6 300,000. Right. Elevator cost is 65,000. The
7 build-out for the tenant that I'm speaking of at a
8 cost 318,750. And what we call a gray box had a
9 value of 412,500. Thank you, Bob.

10 MR. ROD MAYER: Just to clarify, the
11 appraisal that we are referencing, the previous
12 number that Mr. Sheperd shared was the cost
13 approach of 856,000. Again, this is the
14 pre-construction appraisal. The, the estimated
15 market value as is pre-construction \$750,000.

16 BOARD MEMBER DORSHA: Excuse me, who, who
17 did that appraisal for you?

18 MR. ROD MAYER: This was by Kaysen.

19 BOARD MEMBER DORSHA: Okay.

20 MR. SHEPERD: Mr. Komisar wants me to
21 clarify in terms of what we do, or what we did in
22 this particular building. We from square one
23 assume this is going to be more orientated toward
24 the medical type of practices, that whole nine
25 yards, based on the first tenant we had in the

1 Bridge Street Professional Building, and so it is
2 going to have a clinic type atmosphere. So we
3 actually made upgrades for gas supply, electric
4 supply in anticipation for x-ray machines. You
5 know, water needs. We've rough plumbed four
6 additional bathrooms in there. That whole nine
7 yards for private offices. A lot of sound
8 insulation. That whole nine yards. So we, that's
9 why it's more not what we really call a white box.
10 More of a gray box. Because we did some
11 preliminary during the raw construction, some
12 upgrades of just pure utilities and that whole nine
13 yards in anticipation for more of a clinic
14 environment.

15 MR. ROD MAYER: Interesting note would be
16 that the aforementioned Bridge Street Professional
17 Building, which is the second floor in the whole
18 project associated with the Dr. Engstrom
19 Chiropractic project, that second floor new
20 development had an assessment value of \$187.50 per
21 square foot. Assessment.

22 MR. SHEPERD: Anything else?

23 MR. ROD MAYER: General information about
24 this property. It's built with high ceilings.
25 It's built with high-end windows and doors that are

1 in cementitious siding. It's an expensive product.
2 Long lasting, high value. Same with the trim.
3 Siding trim. For soundproofing it's got chip creek
4 flooring poured on the second floor. We've, we
5 brought in upgrade of the electrical service in
6 anticipation of any x-ray requirements of any
7 physicians. And we've also made provisions for
8 utilities, under floor plumbing, and HVAC
9 ventilation duct work routing.

10 CHAIRPERSON TIMM: So what percent of
11 this building is complete?

12 MR. SHEPERD: Occupied?

13 CHAIRPERSON TIMM: Occupation.

14 MR. ROD MAYER: Well, yeah, the connector
15 building, which again that's basically what houses
16 the elevator, those two lobby areas I was thinking
17 of, and the staircase obviously for egress. And,
18 Bob, what's your square footage again on the
19 connector?

20 MR. ROBERT KOMISAR: 1,600 square feet.

21 MR. ROD MAYER: 1,600 square feet of
22 that.

23 MR. ROBERT KOMISAR: At \$187.50 a square
24 foot for that. How we valued the, came up with a
25 value.

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MR. SHEPERD: What's Dr. Carr's?

MR. ROBERT KOMISAR: Dr. Carr's is 1,700 square feet at \$187.50 per square foot. The elevator cost of \$65,000. And the gray box construction, and I guess Mr. Sheperd gave a pretty good clarification of what our definition of gray box is that a total, is at a total of 3,000 square feet at \$137.50 per square foot, arriving at a value of \$412,500. Now you may ask, somebody who's adding that up would say that comes out to a million ninety-six two fifty, and what we also, what is not in, in those numbers are the improved landscape, and landscape improvements, which I hate to bring up our old friend the condos, but this building utilizes the driveway, and utilizes the improvements at the condos.

So again, we understand we can't get it both places, but I think it, it's important to clarify that this shares some of the same landscape improvements as the condos do.

MR. ROD MAYER: We've apportioned a value component to the drive. The, this property enjoys an access agreement and parking easement during business hours. So they carry a certain portion of the cost of maintenance, but we've also placed a

1 value on the construction cost component to this
2 property for the asphalt paving drive, curb,
3 landscaping, what have you. One thing that I'd
4 also like to add, point out that it is, it's in,
5 probably in a blended component here, we as part of
6 the gray box and as part of the connector building,
7 we've also finished a toilet room facilities, men's
8 and ladies', which are, you know, common to the
9 building. Presumably shared by the second floor
10 tenants right now.

11 MR. SHEPERD: Total of 250 square feet.

12 BOARD MEMBER LOMBNESS: May I get
13 clarification on the square footage? A figure of
14 6,000 was initially given. Was that including the
15 connector building?

16 MR. ROD MAYER: Yes.

17 MR. SHEPERD: Yeah, that includes the
18 connector building.

19 BOARD MEMBER LOMBNESS: All right. Other
20 figures given 1,700 square feet of completed office
21 space for the doctor's office; 1,600 square feet
22 approximately for the connector building; and about
23 3,000 remaining square feet. According to my
24 numbers I get 2,700. Is that correct?

25 MR. SHEPERD: That sounds about correct,

1 yeah.

2 MR. ROBERT KOMISAR: Yes, that is
3 correct. Yes.

4 BOARD MEMBER LOMBNESS: Also
5 clarification on the figure you gave for land. You
6 initially gave a figure of \$350,000 for a purchase
7 price. Is that just purchase price, not including
8 the landscaping, and so forth?

9 MR. SHEPERD: We purchased, at that point
10 there was a small office building on that site. I
11 don't know if you remember that. Steve Cary was,
12 owned that building at one juncture, and we bought
13 it from Mr. Cary for 350, knowing that the building
14 was coming down.

15 BOARD MEMBER LOMBNESS: Okay. So that --

16 MR. ROD MAYER: Raw land.

17 MR. ROBERT KOMISAR: And at that time Mr.
18 Cary had no tenants? It was --

19 MR. SHEPERD: He had a tenant.

20 MR. ROBERT KOMISAR: Small tax service on
21 the first floor.

22 MR. SHEPERD: Yeah.

23 CHAIRPERSON TIMM: Any other questions
24 right now? Go with the assessor.

25 ASSESSOR MATTHIES: Okay. Pat, would you

1 like to pass out the handout?

2 MR. HERBRAND: And if I could for the
3 record, we'll identify this as, this next exhibit
4 as Exhibit No. 6, and this is the exhibit that
5 refers to the property address 1230, 1236 13th
6 Avenue.

7 (Exhibit No. 6 marked.)

8 ASSESSOR MATTHIES: Okay. Everybody's
9 got the handout. The first page is simply just an
10 assessment synopsis of the assessed value, a
11 picture, and the land is assessed at \$150,000. The
12 last page in your exhibit is a map that gives an
13 indication of the lot, highlighted, and the lot is
14 2,593 square feet. Let me just check. Yes, that's
15 correct. Lot 4 of the CSM is 2,593 square feet.
16 And I was aware of the sale of the Cary office
17 building, but it, I viewed it as a situation where
18 it was necessary, necessary to accumulate the
19 needed adjacent properties, and to say the sale
20 price in a knockdown situation where the property
21 is a necessary component of the whole, and if only
22 that property would do, I would tend to think that
23 a premium might have been paid. I think when Mr.
24 Cary sold it, he was selling it as, as a whole with
25 the office building. He wasn't giving it away.

1 The knockdown was done as a, perhaps a, well, I
2 won't speculate, but I will say that the knockdown
3 was done, but the value of \$350,000 is, is just
4 speculative on the land. If I, if I were to place
5 a value on a residential, or on a commercial site,
6 such as this, it's not easy, but I searched around
7 and looked at other pricing of small commercial
8 land sites, and this parcel being on the street,
9 not having the river view, or the actual river
10 attachment per se, as some of the other properties
11 do, it really didn't have that component, and there
12 were some negatives to consider as well.

13 The parking for a commercial venture,
14 there is parking across the street, as in a, a
15 public parking facility, but it's not as convenient
16 as some commercial, some commercial property. So
17 there is somewhat of a negative attached to the
18 parking. So I came up with a gross amount based on
19 that of \$150,000, which I attributed to the land
20 thinking that that would be a fair, fair assumption
21 to make. And it is comparable and actually exceeds
22 the value of typical downtown properties, just
23 because of the nature of this development has an
24 added upscale component to it. So I thought that I
25 gave it the benefit of the doubt in that situation

1 as well.

2 The second and third pages are the
3 pricing of the property of the building using the
4 Boeckh commercial valuation system, and this, this
5 is, is a commercial valuation system that is also
6 put out by the same company, Marshall & Swift that
7 you may have heard of. They're, they're located
8 and they base all their commercial prices on
9 construction costs in the Milwaukee area, and then
10 through the use of multipliers and factors then
11 make their product available and applicable to all
12 areas throughout the United States, but they do
13 start out with a local base for their values. So
14 it's, it's a good place to start. And the way I
15 treated this property is the occupancy that I gave
16 it is as an office building. So I have it set up
17 initially as an office building, and should it be
18 more of a medical facility, or a clinic type
19 facility, I would alter that, but at the present
20 time I don't, I didn't have the knowledge outside
21 of Dr. Carr's occupancy on the second floor to go
22 by, and I'm saying that under construction quality,
23 I'm using a factor of 2.5, and I am assuming that
24 it is of a superior quality construction. And it's
25 actually one of the, one of the higher construction

1 qualities assigned to the buildings in the
2 commercial buildings in Grafton. So that, that has
3 been acknowledged.

4 I'm not going to go through all the
5 details, but as you, as you go through the various
6 components, what I'm, what I'm assuming is that the
7 exterior's complete. The interior is approximately
8 28 percent complete. And with about 72 percent yet
9 to be completed. There is the elevator area going
10 up to the second floor, but the large portion of
11 the second, of the first floor is a complete shell,
12 as I know it. The upstairs as well is unfinished
13 to a large extent, with the exception of an
14 entrance area and Dr. Carr's office. And so I'm
15 using 28 percent. 72 percent just unfinished
16 shell, and you can see that, that theme running
17 through the various components, and when we come,
18 when we come out as the total, we come out with
19 \$469,409, as our building stands as of January 1st,
20 with 28 percent of the interior finished, and, you
21 know, even so, with the large, with the bulk of the
22 value left to be added to the interior, we are
23 coming out at \$79 a square foot. And I think as,
24 as any appraiser might acknowledge, that, that is a
25 high amount for an unfinished building. And other

1 data that I had to work off of, just as using the
2 term the best information available, we, we were
3 privy to the permits taken out for the construction
4 of the property. The permit on the building itself
5 was for, in the amount of 500,000. And then there
6 were other permits as well, but -- well, I don't
7 know if I have them all. So I'm going to do the
8 best I can here. If I'm omitting something, I
9 apologize, but I do show that a permit was taken
10 out for plumbing for the new building in the amount
11 of \$50,000. The build-out for Dr. Carr's office
12 was listed as, at only \$25,000. Then the electric
13 for the office and lobby at \$15,000. So we have, I
14 believe that adds up to \$585,000 in permits, and
15 there may be a few permits that I've neglected to
16 add as well. And that's how, that's how the data
17 and the assessment was arrived, and I'm open to
18 questions.

19 BOARD MEMBER LOMBNESS: Regarding the
20 square footage of complete versus not complete, the
21 assessor has used 28 percent and this is as of
22 January 1st, 2009. The objectors have mentioned a
23 figure of 1,700 square feet approximately of
24 completed office space for that doctor's office,
25 and approximately 1,600 square feet for that

1 connector building. Assuming, if I'm correct that
2 the connector building basically is done, with the
3 suspended ceiling tiles and the carpeting and so
4 forth, the total that I get for the completed
5 portion of the building is 3,300 square feet.
6 Leaving approximately 2,700 square feet not
7 completed. For the assessor are those figures
8 approximately correct? Could it be that your
9 numbers don't include the entirety of the doctor's
10 office, or the connector building?

11 ASSESSOR MATTHIES: Well, I was privy to
12 the plans for Dr. Carr's office, with the square
13 foot, square foot listed. As far as the downstairs
14 component, I'm not absolutely certain at this
15 point. But, however, if I were to -- now, let's
16 see, as I understand it, the first floor has two
17 vacant suites. Have yet to be, yet to be leased.
18 And Dr. Carr has one suite on the second floor and
19 there's two suites as well. So, and I'm saying 28
20 percent of the, of the whole, that would seem to be
21 close. If it's understated by a bit, that may be,
22 but it doesn't seem to be farfetched.

23 The, if I, now, and what I'm, what I
24 would use is the total square footage for the
25 building itself, not leasable space, but the total,

1 the total space as measured from the exterior
2 footprint. That would be five, 5,922 square feet.
3 So as Gene said, what, do we have 3,300 divided by
4 the 5,922, that would actually indicate that 56
5 percent of the building is completed, which I think
6 would overstate the situation.

7 BOARD MEMBER LOMBNESS: The impression I
8 get is that perhaps the 1,700 square feet given by
9 the objectors for the completed doctor's office
10 perhaps might be on the high side. If there are
11 two suites on the second floor, and only one is
12 completed and occupied as of January 1st, I don't
13 understand number-wise how that could come out to
14 be 1,700 square feet.

15 MR. ROD MAYER: We have, they're not
16 equal suites on the second floor. Dr. Carr's is
17 the preponderance of space. The remaining space is
18 somewhere in the neighbor of 650 to 750, depending
19 upon configuration and access hallway, what have
20 you. There are the, the difference I think on the
21 second floor is that we got completed toilet rooms
22 and that's factored into that 1,700 square feet.

23 BOARD MEMBER LOMBNESS: Which is about
24 250 square feet for the restrooms?

25 MR. ROD MAYER: You can't see what I was

1 ciphering, but when you said 56 percent, that's
2 what I wrote down, when Mr. Matthies started his
3 dialogue. So I think that's part of the issue we
4 have here with this property.

5 BOARD MEMBER LOMBNESS: For the assessor,
6 is it your understanding that the suite occupied by
7 the doctor is larger than the other suite currently
8 unfinished on the second floor?

9 ASSESSOR MATTHIES: In my notes I have
10 that Dr. Carr's leasing 1227 square feet of the
11 total estimated 4457 leasable area, or
12 approximately 28 percent of the total available
13 space. So that's Dr. Carr. Now if there's
14 additional space for so-called common areas --

15 BOARD MEMBER LOMBNESS: Including the
16 restrooms and connector building?

17 ASSESSOR MATTHIES: -- entry, and so
18 forth, then that would have to be added to that.

19 MR. ROD MAYER: That is the differential,
20 Mr. Lombness, in that where we have a delta in the
21 square footage, that's it.

22 CHAIRPERSON TIMM: I also have a
23 question. You have made the comment that you have
24 it as a high-end office building. Knowing that
25 it's being built out as medical, for medical,

1 they've got, I mean upgrades all for the medical
2 equipment. If you would, were to price it as a
3 medical building versus the office building, what
4 kind of value difference? Is that an easy --

5 ASSESSOR MATTHIES: If I were to assume
6 that its highest and best use would be as a medical
7 clinic, sure, I could, I could change the model to
8 reflect that, and see what the change in value
9 might be, but then again, we're still, we're still
10 dealing with the possible discrepancy in the
11 finished space. For the common area as well. So
12 it would take some doing. I don't know if I'm
13 prepared to do that right here and now.

14 CHAIRPERSON TIMM: Any other questions?
15 All right. Any additional testimony?

16 MR. ROD MAYER: Yeah. In addressing and
17 rebutting the value of land. The value of the land
18 component in our appraisal was 300,000, and I'd
19 just like to offer you all, all due respect, a good
20 comparable on land, taking out the extent of the
21 existing property, and it was purchased in gist for
22 the land value, the village has a recent
23 acquisition on 13th Avenue, purchased perhaps in
24 lieu of condemnation, demolished, turned into
25 parking, if you apply the value of that

1 acquisition, without the cost of demolition,
2 without the cost of improvements, asphalt,
3 painting, striping, sub base, what have you, our
4 calculations show that puts a land value in the 128
5 to 142 square feet. If you apply that to our
6 property, that would put the land value in the
7 neighborhood of 330,000 to 368,000. All other
8 things being equal.

9 I'd also like to address the parking.
10 This property does enjoy by easement parking on the
11 east side of the property, that is reserved for the
12 Bridge Street Professional Building Condo, Bridge
13 Street Professional Building clients, as well as
14 the Water Street Professional Building clients, and
15 that is through business hours. They are not
16 burdened by the snow removal, but they do enjoy the
17 benefit of that parking. It's just another two
18 things I'd respond to in Mr. Matthies' testimony.

19 CHAIRPERSON TIMM: Okay. Anything else?
20 Assessor.

21 ASSESSOR MATTHIES: No. I don't think
22 so.

23 CHAIRPERSON TIMM: Okay. Good. Move on
24 to the next one.

25 ASSESSOR MATTHIES: Well, perhaps,

1 perhaps if, if, if desired at either now, or at the
2 end of the meeting, if you wish to recalculate the
3 square footage and plug it into a different model,
4 or rename the model, I can see where that would
5 lead us, if it's pertinent. Or if you just want to
6 go with existing data, that's fine too.

7 BOARD MEMBER LOMBNESS: That would, would
8 that have to be done before our deliberations?
9 Correct?

10 ASSESSOR MATTHIES: If you would find it
11 useful in some, in some way, I would do it, and it
12 would probably, probably could be done in 10, 15
13 minutes. Something like that. So either now or at
14 the end. If, if, if you desire.

15 MR. ROD MAYER: I can't speak for the
16 Board of Review, but the developer and the objector
17 would. And if it, if it makes a difference.

18 MR. SHEPERD: It sounds like we do have
19 the first floor leased to an oral surgeon coming
20 out of Mequon, so that's --

21 BOARD MEMBER DORSHA: Now is this -- now
22 I have a, have a real big problem here, because I
23 don't look at that as a medical clinic. I look at
24 it as an office building that has offices for
25 doctors. Do they do surgical procedures in there?

1 I mean surgical procedures? Okay. It's an office
2 building. It's not a medical center, as far as
3 appraisers are concerned.

4 MR. ROD MAYER: Well, all due respect, I
5 think it's, that terminology's been bantered about
6 this evening as it relates to the level of
7 finishes, and we are doing a, a Class A, A level of
8 finish.

9 BOARD MEMBER DORSHA: I understand and I
10 completely agree with you, and I understand that,
11 but from an appraiser's point of view cost does not
12 equal value.

13 MR. ROD MAYER: Well, then I would add
14 for the benefit of the Board of Review your
15 assessor has placed a value of \$187.50 for an
16 identical level of finish, and identical use, not
17 one foot away from this property we're talking
18 about, and with this prospective tenant that we
19 have in here, if a major revisit isn't made in the
20 assessment value this evening, we'll be back again
21 next year because we'll have a property that is not
22 56 percent rented, but rather 96 percent rented, at
23 a Class A medical office use. I think I speak for
24 my partners here, and that if Mr. Matthies could be
25 taxed with the, with the effort of recalculating

1 based on a 56 percent usage and maybe a land value
2 in the neighborhood of \$300,000, or better, that
3 would be looking towards the objected value that we
4 state in our paid work of, you know, close to, or
5 at the 1.25.

6 BOARD MEMBER LOMBNESS: Back to the
7 assessor's offer to recalculate, I think we should
8 answer that with either a yes or no at this time.

9 CHAIRPERSON TIMM: What's the Board feel
10 on that?

11 BOARD MEMBER DORSHA: I don't think so
12 for me. My personal opinion.

13 BOARD MEMBER CHALMERS: No.

14 BOARD MEMBER ZIPTER: No, I'm not
15 interested in listening, or waiting.

16 CHAIRPERSON TIMM: Okay.

17 BOARD MEMBER LOMBNESS: No. You got a
18 majority.

19 CHAIRPERSON TIMM: Okay.

20 BOARD MEMBER LOMBNESS: No thank you.

21 CHAIRPERSON TIMM: All right. We will
22 move on to the last one, which is the 1212/1218
23 13th Avenue.

24 BOARD MEMBER DORSHA: Which one is that?

25 CHAIRPERSON TIMM: The Grafton Riversite,

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BOARD MEMBER DORSHA: Okay.

CHAIRPERSON TIMM: Whenever you're ready.

MR. ROD MAYER: We'd like to start with a question, either to the Board, or Mr. Matthies as to what is the assessment call?

ASSESSOR MATTHIES: The assessment for the property at 1212 through 1218 13th Avenue, the total assessment is \$1,495,200. It's a partial assessment. The building not complete as of January 1st.

MR. ROD MAYER: May I ask what the basis is for an incomplete?

ASSESSOR MATTHIES: The, are you, assuming that it is complete as of January 1st?

MR. ROD MAYER: Heck yes.

MR. SHEPERD: We have tenants in it.

ASSESSOR MATTHIES: Let's see.

MR. ROD MAYER: Occupancy for the entire building was achieved in my, over the course of 2008 by three tenants.

ASSESSOR MATTHIES: I have it as being 75 percent complete on the interior, and 25 percent of the space as unfinished.

MR. ROD MAYER: That's incorrect. As of

1 May of 2008, 75 percent approximately of the first
2 floor was finished to a Level A finish for Allure
3 Salon. Shortly thereafter the remainder of the
4 first floor was leased to Best Buy. And then
5 the --

6 MR. SHEPERD: November.

7 MR. ROD MAYER: -- third quarter, fourth
8 quarter of '08, the entire remainder of the space,
9 second floor, fully leased.

10 ASSESSOR MATTHIES: Excuse me. Yes,
11 let's see. I -- are we going to go back and forth,
12 or are you going to make a presentation and I'll
13 reply, or how we going to do this?

14 MR. SHEPERD: Oh, good point.

15 MR. ROD MAYER: Appreciate the
16 information as a starting point. Give us a little
17 bit of time to react to that. Because the value
18 that we have the village at was 1,114,600. And Mr.
19 Matthies you stated that was assuming 75 percent
20 complete?

21 ASSESSOR MATTHIES: Yes. That's correct.
22 75 percent of the interior that is.

23 MR. ROD MAYER: Okay. I want to do this
24 while I think I did my math right. And then we can
25 address the objection points that we raised in our

1 objection form. But if Mr. Matthies has this
2 property valued at 75 percent interior completed,
3 1,495,200, when this is actually complete in '08,
4 that would put a full, using the same ratio, of
5 1,993,600. And, and the previously stated
6 assessment raised .96; correct?

7 MR. SHEPERD: Yeah.

8 MR. ROD MAYER: That would mean
9 1,913,856. Our calculation of value in our
10 objection was 1,740,000, and perhaps there's a
11 difference in what that percent complete dollar per
12 dollar evaluation is for that differential, but our
13 basis for contesting the assessment and the
14 objections were based on appraisal accomplished in
15 November of '08, of 1,740,000. At the time of our
16 contestment we were basing this on an assessment to
17 our knowledge of 1,114,600. So a deficiency of
18 some \$625,000. And addressing that shortfall, and
19 basing on the assessment completed November '08, we
20 really look to the undervaluation of construction
21 and improvements. We have stated previously for
22 the record that the, the constructed value of the
23 river walk was in the neighborhood of 1.2 million
24 dollars, apportioning the remaining value on the
25 55, 45 percent basis to the neighboring property,

1 the Brew Pub, and then this property, that made up
2 some of the differential. Other landscape
3 improvements. The, the, there is a bit of a, a, a
4 history of assessment issues that are still open
5 and pending with the village administration, but
6 the early basis for this property was a, both
7 parcels, and if you've been to either, or any of
8 the entities within the Brew Pub and office
9 building, two separate buildings that share a party
10 wall. First assessment that was done upon
11 completion of this building set the value of both
12 buildings at the sale price for the Brew Pub
13 portion. So if that was the benchmark and the
14 start of the buildup of assessments, we thought
15 that that might be another reason for the
16 625-some-odd-thousand dollars of difference. Do
17 you have anything else, Robert, in your
18 calculations?

19 MR. ROBERT KOMISAR: Did you talk about
20 the walk improvements?

21 MR. ROD MAYER: Yeah. I think the
22 proration, Bob, is correct on the remaining
23 \$400,000 for river walk value. Just the
24 construction cost value, we are approaching
25 \$150,000 to the Bridgewater Office Building on our

1 value buildup. That having been said by Mr.
2 Matthies' own admission that this was, this value
3 was based on a, not fully complete building, we
4 think the best evidence we can put forward is an
5 appraisal accomplished in November of '08 of 1.74
6 million.

7 BOARD MEMBER DORSHA: Excuse me, did
8 Kaysen do that one too?

9 MR. SHEPERD: No.

10 BOARD MEMBER DORSHA: Who did?

11 MR. SHEPERD: That was done by --

12 MR. ROD MAYER: Chapco. Yeah.

13 MR. SHEPERD: Yeah, a gentleman by the
14 name of Scott Chapco, and that's, they're down on
15 Port Road on, over in Glendale, off of Jean Nicolet
16 Road. Dennis Russell.

17 BOARD MEMBER DORSHA: Okay. Dennis
18 Russell.

19 MR. SHEPERD: Yeah, Dennis Russell.

20 BOARD MEMBER DORSHA: Okay.

21 MR. ROD MAYER: Anything else to add?

22 MR. SHEPERD: That's really it.

23 CHAIRPERSON TIMM: Questions for the
24 objectors?

25 BOARD MEMBER LOMBNESS: Clarification on

1 the 75 percent versus 100. Would it not be correct
2 to first subtract out of the assessor's valuation,
3 his assessment of the land first of all, and then
4 with the remaining amount, assuming 75 percent
5 interior completion versus 100 percent interior
6 completion, the outside of the building being
7 complete was included in that assessment by the
8 assessor, and so simply to add 25 percent to the
9 assessor's valuation would not seem logical to me
10 because you have the completion of the outside of
11 the building in the assessment figures already, as
12 well as the land? Would that not --

13 MR. ROD MAYER: Point well taken. What
14 was the, what was the value of land as part of the
15 1,495,200 roll?

16 CHAIRPERSON TIMM: I think we'll get that
17 from him.

18 MR. ROBERT KOMISAR: We'll have time to
19 come back.

20 CHAIRPERSON TIMM: Exactly.

21 MR. ROBERT KOMISAR: That's fine.

22 MR. MATTHIES: Okay. The land value
23 contributed \$250,000 to the whole. The improvement
24 value is 1,245,200. And a very simple way to
25 convert that figure to full value is to take

1 1,245,200 divided by .75, and that would produce a
2 value of the completed building of 1,660,300. And
3 then the \$250,000 of land to be added back in, and
4 I would actually exceed the appraisal by a
5 considerable, considerable amount. So that being
6 the case, as the assessor standing by my
7 assessment, I withdraw, I withdraw everything I
8 just said.

9 BOARD MEMBER LOMBNESS: Except for
10 clarification, you're, we're talking about the
11 exterior of the building being complete regardless
12 and your original assessment it was complete.
13 We're just talking about the interior space being
14 75 percent complete versus 100 percent complete.

15 ASSESSOR MATTHIES: Oh, yeah. Yeah.

16 BOARD MEMBER LOMBNESS: So you'd have to
17 account for probably at least \$100,000.

18 ASSESSOR MATTHIES: I'm sorry, Gene,
19 you're right. You're right. You got me there.
20 Okay.

21 BOARD MEMBER LOMBNESS: So from my
22 calculations we're pretty much very close to coming
23 up with a figure based on adjustments to your
24 figure to those made by the appraisal, as presented
25 by the objectors.

1 ASSESSOR MATTHIES: Okay. I'm not, I
2 guess I'm not going to go get into the calculation
3 end of it. I'll just leave that for the Board of
4 Review to come up, if, to a value that you feel is
5 fair and put your heads together. I can't do that,
6 Patti.

7 CHAIRPERSON TIMM: Any questions for the
8 assessor? Any more information you'd like to add?

9 MR. ROBERT KOMISAR: We're referencing
10 our appraisal of a value of 1,740,000. To defend
11 Miss Dorsha's presentation about this property and
12 the uniqueness of it, there is no reference, nor do
13 we believe the value in the, on the river walk
14 improvements in the 1,740,000. Again, I wanted to
15 make that point. Since we, let me just add
16 something on, since we did not have, we weren't
17 able to clarify this further. We did note this
18 after the fact.

19 ASSESSOR MATTHIES: Excuse me, I'd just
20 like to add just one thought. That whatever value
21 that you determine as the fair market value for the
22 property, keep in mind that this is the assessment
23 level all properties being assessed at 96 percent
24 with, as your best estimate as of this point in
25 time. So.

1 CHAIRPERSON TIMM: Any additional
2 testimony?

3 MR. SHEPERD: No. Just thank you all
4 seriously for staying this late.

5 CHAIRPERSON TIMM: Any additional
6 questions? Okay. Do we have all the evidence we
7 need? At this time we'll no longer accept any more
8 testimony in the cases, and the Board will now
9 deliberate based on the sworn testimony presented
10 and determine whether the assessor's valuation is
11 correct or incorrect. Thank you.

12 MR. HERBRAND: Deliberation is on the
13 record. Don't go.

14 BOARD MEMBER ZIPTER: I propose that --
15 you want to do the easiest last?

16 BOARD MEMBER LOMBNESS: I would propose
17 we do the, what we perceive as perhaps the easier
18 decisions first. And I think the latter --

19 BOARD MEMBER ZIPTER: To work backwards?

20 BOARD MEMBER LOMBNESS: Correct. Yes.

21 BOARD MEMBER DORSHA: Okay.

22 CHAIRPERSON TIMM: So we will start with
23 the Grafton Riversite Partners. Oh, we also need
24 copies of the appraisals, for the other two.

25 MR. HERBRAND: Did you, did you want to

1 enter those last two appraisals?

2 MR. SHEPERD: I have one of them.

3 (Discussion off the record.)

4 CHAIRPERSON TIMM: We're on record.

5 Let's start with the Grafton Riverside Partners,
6 the 1212 to 1218 13th Avenue. Discussion.

7 BOARD MEMBER LOMBNESS: Based on the
8 testimony and the evidence given, I think there is
9 ample reason to adjust the assessment amount to a
10 figure greater than what originally was given that
11 the original figure of 1,495,200 reflected only 75
12 percent of the interior space being completed.
13 Whereas, in fact it was 100 percent completed. I
14 think we can all agree that the figure should be
15 higher.

16 BOARD MEMBER DORSHA: I agree.

17 BOARD MEMBER ZIPTER: I agree.

18 BOARD MEMBER LOMBNESS: And the question
19 comes to the exact dollar amount.

20 BOARD MEMBER CHALMERS: Should be
21 \$1,825,264. And that is based on the current
22 appraised value of the improvements, not the land,
23 being 1,245,200 at 75 percent interior complete,
24 100 percent exterior complete. So I figured that
25 another 12 percent should be added to the 75, you

1 divide 1,245,200 by .87, and then add the land of
2 250,000, and then also add 96 percent of the
3 150,000, which is the portion of the river walk
4 that they requested, and you get the 1,825,264.

5 CHAIRPERSON TIMM: I don't know about the
6 river walk, and I'm not --

7 BOARD MEMBER DORSHA: Because I think
8 that's in the total value of that building like
9 when you, of the land.

10 CHAIRPERSON TIMM: Exactly. I think when
11 it sells, I think it's all incorporated in what
12 that price is. So just like with the condos. It's
13 included in that value, in that price. Correct?

14 BOARD MEMBER DORSHA: Correct.

15 CHAIRPERSON TIMM: Of when it sells,
16 not --

17 BOARD MEMBER CHALMERS: But it was
18 improved since.

19 BOARD MEMBER DORSHA: Yeah, but it's not
20 a separate entity. It's, it's involved with the
21 land.

22 BOARD MEMBER CHALMERS: True.

23 BOARD MEMBER DORSHA: Yeah.

24 BOARD MEMBER CHALMERS: I can see the
25 argument both ways.

1 BOARD MEMBER LOMBNESS: Except that there
2 are improvements to the land, that isn't just the
3 building. It's the landscaping and so forth.
4 Those are additional improvements, beyond the value
5 of the land.

6 CHAIRPERSON TIMM: But we're still
7 talking about the total value.

8 BOARD MEMBER LOMBNESS: The overall total
9 value, yes. I would agree with Matt, that perhaps
10 we should allow for some additional amount for the
11 river walk.

12 BOARD MEMBER ZIPTER: 25 percent.

13 BOARD MEMBER DORSHA: See, that, it's
14 hard for us to determine what exactly percentages
15 we're talking about here. We have no clue. So
16 that, you know, and typically that kind of stuff is
17 put in with the land value. So it's, you know, for
18 us to say this percent, or that percent, it's, you
19 know, that's, that's not right. That's not fair.
20 In either, you know, the objector's, or the
21 assessor's point of view it's not going to be fair.

22 BOARD MEMBER LOMBNESS: Except that if we
23 look at the square footage of the land, the
24 assessor had the land at \$250,000.

25 BOARD MEMBER DORSHA: Uh-hum.

1 BOARD MEMBER LOMBNESS: Really shouldn't
2 be making reference to another property we're going
3 to be discussing after this one, but in just doing
4 some comparison on the land prices, we're talking
5 about, I think an inadequate amount -- I'm not
6 talking about an additional \$100,000. Perhaps an
7 additional 25 to \$50,000.

8 BOARD MEMBER DORSHA: But how can you
9 make that judgment? You can't make that judgment.

10 BOARD MEMBER ZIPTER: Well, there was
11 some. I mean they did -- did you get, sorry, you
12 can't, but the land was given as an easement, so
13 there was some value.

14 BOARD MEMBER DORSHA: I understand.

15 BOARD MEMBER ZIPTER: I'm sorry.

16 BOARD MEMBER DORSHA: I keep jumping in.
17 I'm sorry. Go ahead.

18 BOARD MEMBER ZIPTER: So there is some
19 value, and they did mention another piece of
20 property across the street that was basically two
21 properties, not necessarily river front property,
22 you know, driveway, parking lot. So.

23 BOARD MEMBER DORSHA: Right.

24 BOARD MEMBER ZIPTER: So, I guess I have
25 to agree with Matt and Eugene, that they, they are

1 entitled to some value of the river walk.

2 BOARD MEMBER DORSHA: I'm not saying they
3 are, or they are not. What I am saying is that we
4 don't have a basic amount of money yay or nay to
5 add to the assessments. You know, the assessments
6 are based on sales for a long period of time.
7 These properties are very unique. We cannot give a
8 dollar value, or I am not going to give a dollar
9 value on land that I can't, I can't back up, and I
10 can't. You know, I also think a good thing would
11 be for Ernie to go back into this property and look
12 at the 25 percent that hasn't been done. Has been
13 completed and checked out.

14 BOARD MEMBER LOMBNESS: However, we have
15 the information, all the information that is
16 available for us to debate we have.

17 BOARD MEMBER DORSHA: Yes, we do.

18 BOARD MEMBER LOMBNESS: And so that
19 includes the 1,495,000, minus the land of 250,000,
20 is what the assessor gave as the value of the
21 improvement, or the building, and I agree with
22 Matt, that we do need to increase it. I think we
23 can all agree that 75 percent interior space versus
24 100 percent interior space. I like the idea that
25 Matt made some type of adjustment for the exterior

1 of the building being completed. We can debate
2 what that percentage should be, whether we divide
3 the value of the building given by the assessor by
4 85 percent, or 87-and-a-half percent, or 90
5 percent. Still gets us in the range of about what
6 the appraised value was. So whether we add in, or
7 don't add into the land.

8 CHAIRPERSON TIMM: It's still the total
9 number we're looking at.

10 BOARD MEMBER LOMBNESS: Right.

11 BOARD MEMBER DORSHA: Okay.

12 BOARD MEMBER LOMBNESS: Now Matt gave a
13 figure of 1,825,000, some hundred dollars. I would
14 propose that we round it to something that the
15 assessor can then use.

16 BOARD MEMBER DORSHA: What did you give
17 to the river walk again?

18 BOARD MEMBER CHALMERS: 144,000, that was
19 150,000, which is the portion that they took away
20 from the 400,000 that was not part of the condos,
21 multiplied by 96 percent.

22 CHAIRPERSON TIMM: So the one million
23 eight is at the 96 percent?

24 BOARD MEMBER CHALMERS: Well, the one
25 million eight is 100 percent complete improvements

1 with 96 percent of the river walk portion.

2 BOARD MEMBER LOMBNESS: So the overall
3 figure is at the 96 percent.

4 BOARD MEMBER CHALMERS: Yes.

5 BOARD MEMBER LOMBNESS: So if you divided
6 that figure by 96 percent, that would be the fair
7 market value.

8 BOARD MEMBER CHALMERS: Correct. So
9 without the 144,000 for the river walk, it would be
10 168, I'm sorry, 1,681,264. That's using the --

11 CHAIRPERSON TIMM: Which is right at that
12 1.75 minus --

13 BOARD MEMBER LOMBNESS: Right. And I
14 would make a motion that we reassess this property
15 at 1,750,000, with 250,000 for land.

16 BOARD MEMBER DORSHA: Yeah, I will agree
17 with that.

18 MR. HERBRAND: The ultimate number has to
19 be rounded to the hundreds. Is that what the, the
20 clerk has said?

21 CLERK DYLAKE: You can't have 64. You
22 have to have a hundred.

23 MR. HERBRAND: Just pointing that out.

24 CLERK DYLAKE: You have to have an even
25 hundred.

1 CHAIRPERSON TIMM: So one-and-a-half
2 million on improvements, 250 on land.

3 BOARD MEMBER LOMBNESS: Correct. That's
4 my motion.

5 CHAIRPERSON TIMM: Do we have a second?

6 BOARD MEMBER DORSHA: Me.

7 BOARD MEMBER CHALMERS: What's the total
8 figure?

9 CHAIRPERSON TIMM: Total is 1,750,000.

10 BOARD MEMBER CHALMERS: I agree with
11 that.

12 BOARD MEMBER DORSHA: I agree.

13 CHAIRPERSON TIMM: Okay. We need a roll
14 call vote.

15 BOARD MEMBER LOMBNESS: Eugene Lombness,
16 aye.

17 BOARD MEMBER ZIPTER: Matt Zipter, aye.

18 BOARD MEMBER DORSHA: Dawn Dorsha, aye.

19 BOARD MEMBER CHALMERS: Matt Chalmers,
20 aye.

21 CHAIRPERSON TIMM: Cathy Timm, aye.

22 Okay. The motion has been carried with the
23 assessment changing to land staying the same at
24 250,000, improvements 1,700,000, no, 1,500,000, for
25 a total assessed value 1,750,000.

1 And we feel the assessment is reasonable
2 in light of all the relevant evidence that the
3 Board has received. All right. Next one is the
4 1230 through 1236 13th Avenue.

5 BOARD MEMBER LOMBNESS: I would propose
6 that we look at the assessor's handout titled
7 Commercial Building Valuation Report, that is the
8 second page of what the assessor provided for that
9 property, as a starting point, and I would propose
10 that we look at two things. The main is, the main
11 item is the interior percentage breakout of what is
12 completed and what is not at the lower part of that
13 page. The assessor's show 28, shows 28 percent
14 basically completed and 72 percent not completed.
15 Based on the testimony and other evidence provided,
16 I propose that we look instead at this building as
17 being about 55, 56 percent complete, and make some
18 adjustment thereof. And then perhaps the second
19 part would be a minor adjustment for some add-ons,
20 some additional build-ins for this being a medical
21 professional building, as opposed to just an office
22 building.

23 CHAIRPERSON TIMM: I agree. So now the
24 question is on the first part, moving from 28
25 percent complete to 56 percent complete.

1 BOARD MEMBER CHALMERS: I believe using,
2 starting with 469,000, jumping up to 56 percent
3 complete only brings us to 619,000.

4 BOARD MEMBER LOMBNESS: The 469,400 being
5 the assessor's value of the improvements?

6 BOARD MEMBER CHALMERS: Right.

7 BOARD MEMBER LOMBNESS: Matt, could you
8 repeat that figure?

9 BOARD MEMBER CHALMERS: 619,000.

10 BOARD MEMBER LOMBNESS: And how did you
11 arrive at that number?

12 BOARD MEMBER CHALMERS: Dividing 469,000
13 by .28, I believe.

14 BOARD MEMBER LOMBNESS: And then
15 multiplying times .56?

16 BOARD MEMBER CHALMERS: Yes. I'm going
17 to have to redo it to make sure.

18 BOARD MEMBER LOMBNESS: Because I come up
19 with a different figure. I come up with 938,800.
20 However, we have to make the adjustment that the
21 exterior of the building in the assessor's figure
22 is complete. Just like we made the adjustment in
23 the prior case.

24 CHAIRPERSON TIMM: I came up with 938.

25 BOARD MEMBER LOMBNESS: Correct.

1 However, I think that's perhaps on the high side
2 because again of the exterior.

3 CHAIRPERSON TIMM: The exterior.

4 BOARD MEMBER DORSHA: Yeah.

5 BOARD MEMBER CHALMERS: I'm getting 938
6 as well.

7 BOARD MEMBER LOMBNESS: Okay. So perhaps
8 a figure of around 900,000 just at this point just
9 to keep it simple, and then I had proposed that we
10 make some allowance for some additional build-ins
11 for this property for serving as a medical office,
12 and, Dawn, I understand you have an objection.

13 BOARD MEMBER DORSHA: Yeah, I do. Yeah,
14 I do.

15 BOARD MEMBER LOMBNESS: Is it your belief
16 that the evidence provided by the objectors as to
17 the additional cost of running air lines and --

18 BOARD MEMBER DORSHA: Yeah. Exactly.

19 BOARD MEMBER LOMBNESS: -- is, should not
20 be considered?

21 BOARD MEMBER DORSHA: Exactly. Exactly.

22 BOARD MEMBER LOMBNESS: Even though the
23 use of the property right now about 40 percent of
24 it is already for medical office and the goal --

25 BOARD MEMBER DORSHA: Well, that's what

1 you just said, medical office. It's not a surgical
2 center. It's not a medical center. It is a, it's
3 a medical, it's an office building with doctors in
4 there for patients. It's not a medical facility.
5 And if, if the doctors wanted to come in there and
6 have this stuff put in, you know, that's fine. You
7 know, it doesn't add any value to assessment-wise.
8 It doesn't add value. So it, you know, to me, as
9 an appraiser, it's, it's not something that I would
10 even consider.

11 BOARD MEMBER LOMBNESS: I'm considering
12 it because evidence was given on the part of the
13 objectors that they have incurred additional
14 expense that they would not have incurred if it was
15 simply an office not involving medical
16 professionals.

17 BOARD MEMBER DORSHA: Exactly. But I'm
18 also saying to you, which I said before, cost does
19 not equal value.

20 BOARD MEMBER LOMBNESS: However, if it's
21 valued as an office space, I would totally agree
22 with you. Strictly an office space where they are
23 not seeing or treating patients. I understand this
24 is not going to be a surgical center. That would
25 be tremendously more expense being built in.

1 BOARD MEMBER DORSHA: Exactly.

2 BOARD MEMBER LOMBNESS: However, the
3 evidence has been entered that they have incurred
4 additional expenses for use as a medical
5 professional building where they do see patients.

6 CHAIRPERSON TIMM: But maybe not to the
7 extent of --

8 BOARD MEMBER LOMBNESS: Not to the extent
9 of surgery, but surgical you could easily add an
10 extra hundred dollars a square foot for all the
11 additional build-ins.

12 BOARD MEMBER DORSHA: I still disagree.

13 BOARD MEMBER CHALMERS: I actually agree
14 with Eugene. I think that the potential is there
15 for working on, that's what we're doing right now,
16 for potential value to me.

17 BOARD MEMBER LOMBNESS: Or expected use.

18 BOARD MEMBER CHALMERS: Correct.

19 BOARD MEMBER DORSHA: No.

20 BOARD MEMBER LOMBNESS: I think any
21 expected use be where patients actually come for
22 some treatment.

23 BOARD MEMBER DORSHA: Well, you look at,
24 you look at buildings, residential, commercial,
25 anything, the highest and best use of the property,

1 and to say futuristic value, you know, doesn't even
2 enter into the, into the scheme of the, of the
3 realm of reality for us right at this point in
4 time. It's what it is at present, and that's what
5 we have to look at. What it is at present, not
6 what the future use would be, or whatever. It's
7 what's the highest and best use of the property
8 right now. And, and that's what the assessors look
9 at, that's what the appraisers look at, is the
10 highest and best use. Highest and best use. You
11 know, if, if the downstairs, if there's some
12 vacancies in there and they wanted, you know, some
13 other business in there, would that add value
14 because they needed extra equipment, no. That
15 wouldn't add value to that building at all.

16 BOARD MEMBER LOMBNESS: Well, I would
17 like to enter a motion. Well, I don't know if we
18 should do this in two parts. There's also the
19 question of the land. So we have the improvements
20 and we have the land, but I'd like to make a motion
21 on the value of the improvements of 950,000.

22 CHAIRPERSON TIMM: Okay. We have to do
23 it as a total.

24 BOARD MEMBER LOMBNESS: Okay. As a
25 total. Okay. All right.

1 CHAIRPERSON TIMM: Yeah. We can't do it,
2 yeah, where it's broken down by land and
3 improvements. It has to be as a total.

4 BOARD MEMBER LOMBNESS: Okay. Regarding
5 the land, the assessor's value of \$150,000. The
6 objectors said that they paid \$350,000 for the
7 land, but that was also for a building that was
8 currently in use. And the appraisal that they
9 submitted reportedly shows a value of \$300,000 for
10 the land. Or let me back up. That, that, that's
11 what my notes show. However, I believe strongly,
12 and generally accepted accounting principles would
13 require that the land be valued at just the land.
14 Not any improvements that were on there at the time
15 of the purchase price, nor the cost of removing
16 those improvements. For cost accounting you would
17 include the total cost of \$350,000, of course, for
18 the land; however, in terms of valuation and
19 assessment purposes, it's strictly the land without
20 the improvements that were removed. So I would
21 hold the value of the land at \$150,000.

22 BOARD MEMBER DORSHA: I agree.

23 BOARD MEMBER CHALMERS: I agree.

24 CHAIRPERSON TIMM: I would too.

25 BOARD MEMBER LOMBNESS: So now I would

1 like to make a motion for the assessed value -- oh,
2 no, we got -- for the assessed value to be \$150,000
3 for the land, and \$950,000 for the improvements.
4 For a total assessed value of --

5 CHAIRPERSON TIMM: 1,088,800.

6 BOARD MEMBER LOMBNESS: Hold on. That
7 was 150,000 dollars for the land, and 950,000 for
8 the improvements, which is 1,100,000. Huh?

9 CHAIRPERSON TIMM: Not the 930,8?

10 BOARD MEMBER LOMBNESS: I'm rounding.
11 And that, I know Dawn disagrees with the add-on for
12 the additional cost --

13 BOARD MEMBER DORSHA: Yep.

14 BOARD MEMBER LOMBNESS: -- built in.
15 However, I'm adding that into the figure for the
16 improvements at 950,000.

17 CHAIRPERSON TIMM: All right. We need a
18 second --

19 BOARD MEMBER ZIPTER: I'll second.

20 CHAIRPERSON TIMM: -- for the motion.
21 And we have a roll call vote.

22 BOARD MEMBER LOMBNESS: Eugene Lombness,
23 aye.

24 BOARD MEMBER ZIPTER: Matt Zipter, aye.

25 BOARD MEMBER DORSHA: Dawn Dorsha, nay.

1 BOARD MEMBER CHALMERS: Matt Chalmers,
2 aye.

3 CHAIRPERSON TIMM: Cathy Timm, aye.
4 Motion carried.

5 (Short Recess.)

6 CHAIRPERSON TIMM: For the property at
7 1230 to 36 13th Avenue. The assessment has been
8 changed to land 150,000, improvements 950,000, for
9 a total assessed of 1,100,000. We feel the
10 assessment is reasonable in light of all relevant
11 evidence that the Board has received.

12 And the next case is the Bridgewater
13 Condominiums, and I guess we should go by unit. So
14 we will start with Unit No. 1.

15 BOARD MEMBER LOMBNESS: As a starting
16 point, I would recommend that we look at Exhibit
17 No. 3, which is the second, starting the second
18 page of the handout from the assessor.

19 BOARD MEMBER CHALMERS: Am I correct in
20 remembering that the assessor stated the assessment
21 values for the unsold properties include 30,000 for
22 elevators?

23 BOARD MEMBER LOMBNESS: That's correct.
24 And the asking price on the part of the objectors
25 did not include elevator build-out, but that's

1 space. That space is still there. Still usable.

2 So I think that we need to take into some

3 consideration regarding the land. There was

4 absolutely no difference between the two parties.

5 We're at a 110,000. The only difference would be

6 discussions that concerned the river walk, and

7 whether or not that should be any addition.

8 However, I believe the objectors were still at the

9 \$110,000 for the land, and anything that, if we do

10 include anything, the river walk, that would be on

11 the improvement side anyways. So I think we can

12 all agree on the 110,000 on the land.

13 BOARD MEMBER CHALMERS: Yes.

14 CHAIRPERSON TIMM: Uh-hum.

15 BOARD MEMBER LOMBNESS: I did some

16 calculations averaging the improvements in that

17 chart from the assessor of the six, nine units that

18 have not sold yet that are still in, forget the

19 term, they're not completed.

20 BOARD MEMBER CHALMERS: Shells.

21 BOARD MEMBER LOMBNESS: Shells, yes. The

22 average, just as a starting point, the average of

23 those six figures given by the assessor using a

24 completion percentage of 50 percent is 177,800.

25 That compares to the shell figure given by the

1 objectors of the 216,000, which is a difference of
2 about 21-and-a-half percent, or \$38,200. We have a
3 situation where the assessor has made his informed
4 decision to assess these six units as a shell at 50
5 percent completion, and I think we could all agree
6 that that number could easily be maybe 40, 43
7 percent, 62 percent, but he used 50 percent. The
8 objectors did not enter any evidence contrary to
9 that, but nor did they agree with the 50 percent.
10 They were relying on the appraisal, and I think,
11 and from that they got on average 216,000. So I
12 think the decision that we need to make is
13 somewhere between 177,800 average, and the 216,000
14 average, and once we come up with an acceptable
15 figure to then prorate that according to say square
16 footage, or some other basis between the six units
17 in question. And then add the 110,000 and come up
18 with our total assessment. So, I'm totally open.

19 BOARD MEMBER ZIPTER: That sounds
20 reasonable. I, again, the only thing we're talking
21 about is the elevator space, basically, and some
22 other improvements that might come down the road.
23 May or may not.

24 BOARD MEMBER LOMBNESS: I agree when
25 looking at the last two columns in this chart, the

1 100 percent complete assessment equalized, and the
2 asking price, they are very surprisingly similar.
3 If we took them to be then correct, and backed
4 everything up, we would be at the assessor's 50
5 percent completion figure. If we went with the
6 assessor's 50 percent completion figure, averaging
7 177,800, or the exact numbers on this chart for
8 each unit, we come up with a figure, again, very
9 close, amazingly close to the asking price.
10 However, the \$30,000 elevator is something that's
11 not factored in. So I would propose that we
12 consider the assessor's 50 percent as a starting
13 point, with upwards of, but not necessarily the
14 full \$30,000 addition, which would get us within
15 \$8,200 if we use the full \$30,000 of the \$216,000
16 figure provided by the objectors' appraisal.

17 CHAIRPERSON TIMM: One, I think from the
18 evidence presented when the assessor went through
19 he didn't have some of the things complete that
20 actually were complete in the building.

21 BOARD MEMBER LOMBNESS: Uh-hum.

22 CHAIRPERSON TIMM: So I think that would
23 justify upping that average cost.

24 BOARD MEMBER LOMBNESS: Right. If we
25 would increase it by no more than 30,000, and go

1 through the process of taking then that figure to a
2 full completion, we'd end up then with the second
3 to the last column on this page being higher by 25
4 to 30,000 than the asking price, but again those
5 asking prices did not include having the elevator
6 completed, and I think that makes sense.

7 CHAIRPERSON TIMM: Any comments?

8 BOARD MEMBER LOMBNESS: We could simply
9 arrive at the improved assessment figure by simply
10 adding to those that the assessor has here by some
11 figure up to \$30,000. The question is what should
12 that figure be? 20, 25, or 30,000? To make it
13 simple, we could make it 30,000 and round down.
14 So, for example, Unit No. 1, the improvement from
15 the assessor's figure at 50 percent is 198,500. If
16 we would add \$30,000 to that, it would be 228,500,
17 and perhaps we just make it one hundred, excuse me,
18 228,000.

19 CHAIRPERSON TIMM: Any comments? Any
20 questions?

21 BOARD MEMBER LOMBNESS: So make -- I
22 could make a motion on each of these?

23 CHAIRPERSON TIMM: Do you have the
24 numbers figured out, calculated out?

25 BOARD MEMBER LOMBNESS: Yeah. I can just

1 do it as we go. For Unit No. 1, which is 1236
2 Water Terrace, I make a motion that the assessment
3 for land remain the same at 110,000, that the
4 assessment for improvements be increased to
5 228,000, for a total assessment of 338,000.

6 CHAIRPERSON TIMM: We need a second.

7 BOARD MEMBER ZIPTER: Second.

8 CHAIRPERSON TIMM: Role call vote.

9 BOARD MEMBER LOMBNESS: Eugene Lombness,
10 aye.

11 BOARD MEMBER ZIPTER: Matt Zipter, aye.

12 BOARD MEMBER DORSHA: I don't know. Go
13 to him.

14 BOARD MEMBER CHALMERS: Can I ask one
15 question?

16 CHAIRPERSON TIMM: Uh-hum.

17 BOARD MEMBER CHALMERS: If we raise this
18 assessment, are we to assume that the assessor will
19 decrease it by 30,000 if the elevator is not
20 installed?

21 BOARD MEMBER LOMBNESS: Yeah. There's a
22 little bit of logic disconnect there. I'm not
23 proposing in my figures that there's an elevator
24 there. What I am saying is if you work backwards
25 from the last two columns, the asking price, for

1 example, is without an elevator. The assessor's
2 100 percent complete assessment equalization
3 figure, the total market value, 100 percent market
4 value assumed a \$30,000 elevator. That's in his
5 figures. He's added exactly \$30,000 to his figures
6 to come up with that number. Those numbers are
7 nearly identical to the asking price. I'm
8 proposing that we take out that \$30,000, so that
9 we're comparing apples with apples, but that would
10 leave the assessor's 100 percent fair market price,
11 about \$30,000, plus or minus a couple thousand
12 dollars, different from the asking price. Because
13 the asking price is without elevators. The
14 assessor's figures include \$30,000 for the
15 elevators. And so since they don't have elevators,
16 working these numbers backwards would require that
17 the assessor's 50 percent completion figure
18 probably is more like 55, 59 percent, or 60
19 percent, which would be higher than the numbers
20 that are there. If we added \$30,000 to the numbers
21 that are here, and work them forward, we'd come up
22 with numbers that are close, without the elevator,
23 the \$30,000 elevator, to the asking price. We're
24 back to where the assessor ended up. I know
25 it's -- it may seem like a logic disconnect, but --

1 BOARD MEMBER DORSHA: I understand what
2 you're saying, but you look at the 2008 unit asking
3 prices, and though I can guaranty you those prices
4 do not happen, they are a lot lower asking prices.
5 No matter what they want to do, or they always
6 negotiate, I can tell you the asking prices are,
7 the sales price is going to be a lot lower. A lot
8 lower.

9 BOARD MEMBER LOMBNESS: Look, however,
10 look at the ones that did sell, the three.

11 BOARD MEMBER DORSHA: I understand that.

12 BOARD MEMBER LOMBNESS: They're almost
13 identical.

14 BOARD MEMBER DORSHA: But then you have a
15 problem with what kind of quality because you're
16 taking a shell of a condo and some might have a
17 very high quality and that price could go up to
18 five whatever it is, and someone could maybe choose
19 not to have the highest quality, and come down a
20 peg or two on quality, and so we would be assessing
21 all of the same quality and it's not. And that's
22 where the asking, the sales prices are going to
23 differ. So to say across the board we should do
24 this with all of them, I don't feel we can. I
25 really don't feel we can.

1 CHAIRPERSON TIMM: But I think first of
2 the year for next year, if whatever ones are
3 completed and whatever kind of quality they do have
4 in them, they would be adjusted at that point for
5 the quality and the upgrades, or lack of upgrades
6 that they have, on January 1st when they are
7 complete. So I think that adjustment will get made
8 come the first of the year for the ones that are
9 complete.

10 BOARD MEMBER LOMBNESS: We're coming up
11 with assessment figures for a shell. Without the,
12 the build-out, custom build-out, or otherwise.
13 It's the shell. And the assessor's shell
14 assessment using a 50 percent figure just happens
15 to come out to almost identical to what three of
16 the nine units sold for, and the remaining ones
17 come out to almost exactly what the current asking
18 prices are, or the asking prices as of 2008.
19 We're, again, we're looking at January 1st, 2009,
20 for this, and there's a logic disconnect between
21 the assessor's value because he built in \$30,000
22 extra for the elevators. And in fact, for the
23 shells there are no elevators in those units. And
24 the assessor's figures coming out so close for both
25 the sold units and the unsold asking price for the

1 completed build-outs lead me to believe that there
2 is accuracy in these figures, except for that
3 \$30,000.

4 And so I'm proposing that we add
5 approximately 30,000, no more, to the shell
6 assessment, and again, I know it sounds like I'm
7 saying, well, there's an elevator, now we need to
8 add 30,000, no. The build-out complete numbers of
9 the assessor includes 30,000, and if we take the
10 30,000 out, the assessor's 100 percent fair market
11 value ends up being almost uniformly about \$30,000
12 less than the three units that sold, that didn't
13 have, and the other remaining six units.

14 So in order for this model to continue
15 having consistency, if we upped the percentage of
16 completion to a figure greater than 50 percent,
17 that happened to be about \$30,000 more, or
18 somewhere between 15 and 30,000 more, we'd come up
19 with numbers that are more accurate.

20 So I'm proposing that either we go up to
21 the 30,000, or some number below that.

22 BOARD MEMBER DORSHA: I think we should
23 go below it only because, like I said, you know,
24 when you look at, for me, when I look at an asking
25 price, I, I can guaranty it's not going to get

1 there.

2 CHAIRPERSON TIMM: But we still have to
3 go by the testimony that was presented.

4 BOARD MEMBER DORSHA: And I understand.
5 I understand that, Cathy. But what I'm saying is
6 is that we have to take into that consideration
7 also. And, you know, if we want to do it with the,
8 you know, adding that cost in for the elevator, I
9 completely understand where you're coming from for
10 that. I just don't think it should be a total
11 30,000.

12 BOARD MEMBER LOMBNESS: Okay.

13 BOARD MEMBER CHALMERS: You disagree with
14 the evidence that they presented from their
15 appraisal?

16 BOARD MEMBER DORSHA: I'm, well --

17 BOARD MEMBER LOMBNESS: That was \$216,000
18 average per unit.

19 BOARD MEMBER DORSHA: Yeah. Well, you
20 know, it's, it's very difficult for me in my
21 position. I don't nay or yay an appraisal unless I
22 see it, and I didn't get to see the whole
23 appraisal. And I can't give an opinion here or
24 there because I did not sit there and review that
25 appraisal. So I can't make a comment on it.

1 BOARD MEMBER CHALMERS: Well, I think we
2 have to complete the vote before we can move on and
3 do you want to go, or do you want me to go?

4 BOARD MEMBER DORSHA: Go ahead.

5 BOARD MEMBER CHALMERS: Matt Chalmers,
6 aye.

7 BOARD MEMBER DORSHA: What are we doing?

8 BOARD MEMBER LOMBNESS: This is on the
9 original motion for the land at 110,000.

10 BOARD MEMBER DORSHA: Oh, I agree. Yay.

11 BOARD MEMBER LOMBNESS: And the
12 improvement 228,500.

13 BOARD MEMBER DORSHA: Oh.

14 BOARD MEMBER LOMBNESS: And we,
15 apparently we opened up the floor for additional
16 discussion.

17 CHAIRPERSON TIMM: Correct. We rounded
18 it to 228.

19 BOARD MEMBER LOMBNESS: Correct. 228,000
20 for improvements, for a total of --

21 BOARD MEMBER ZIPTER: 338.

22 BOARD MEMBER LOMBNESS: -- 338. 338,000.
23 Just, just so, one additional piece of information.
24 Based on the numbers I just mentioned in the
25 motion, that would translate to completion

1 percentage of about 57-and-a-half percent, instead
2 of 50 percent. What we would be doing is
3 increasing the current assessed value of that
4 shell. We're not changing the completed building.
5 Once it's complete, that's another issue. But
6 right now as far as where it is in the completion
7 status, if we increase the current assessed value
8 of the current assessment of the improvement, it
9 would be the equivalent of saying instead of these
10 being 50 percent complete, they're really 57 point
11 some percent complete.

12 BOARD MEMBER DORSHA: Okay. Yeah.

13 CHAIRPERSON TIMM: Cathy Timm, yes. So
14 for 1236 Water Terrace land will remain the same at
15 110,000, improvements change to 228,000, for a
16 total assessed value of 338,000. We feel the
17 assessment is reasonable in light of all the
18 evidence that the Board has received.

19 On to 1234 Water Terrace, No. 2.

20 BOARD MEMBER LOMBNESS: If we use the
21 same logic, I'd like to make a motion to have the
22 assessed land remain at 110,000. The improvements
23 be increased. The assessment for the improvements
24 being increased to 216,000, for a total assessment
25 of 326,000.

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BOARD MEMBER DORSHA: Second.

BOARD MEMBER ZIPTER: I'll second.

CHAIRPERSON TIMM: Roll call vote.

BOARD MEMBER LOMBNESS: Eugene Lombness,
aye.

BOARD MEMBER ZIPTER: Matt Zipter, aye.

BOARD MEMBER DORSHA: Dawn Dorsha, aye.

BOARD MEMBER CHALMERS: Matt Chalmers,
aye.

CHAIRPERSON TIMM: Cathy Timm, aye.

Assessment for 1234 Water Terrace, land remain the
same at 110,000. Improvements changed to 216,000.
Total assessed 326,000. We feel the assessment is
reasonable in light of all relevant evidence that
the Board has received.

On to 1230 Water Terrace.

BOARD MEMBER LOMBNESS: Again, based on
the prior logic, I make the motion that the 2009
assessed value for land remain at 110,000, but that
the assessed value for improvement be increased to
178,000, for a total assessed value of 288,000.

CHAIRPERSON TIMM: Second?

BOARD MEMBER ZIPTER: I'll second.

CHAIRPERSON TIMM: Roll call vote.

BOARD MEMBER LOMBNESS: Eugene Lombness,

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aye.

BOARD MEMBER ZIPTER: Matt Zipter, aye.

BOARD MEMBER DORSHA: Dawn Dorsha, aye.

BOARD MEMBER CHALMERS: Matt Chalmers,
aye.

CHAIRPERSON TIMM: Cathy Timm, aye. The
assessment at 1230 Water Terrace. The land remains
the same at 110,000. Improvements to 178,000.
Total assessed value 288,000. We feel the
assessment is reasonable in light of all relevant
evidence that the Board has received. 228 Water
Terrace.

BOARD MEMBER LOMBNESS: 1228. Unit 5.

CHAIRPERSON TIMM: What did I say? 1228
Water Terrace.

BOARD MEMBER LOMBNESS: I thought you
said 228.

CHAIRPERSON TIMM: 1228 Water Terrace.

BOARD MEMBER LOMBNESS: Again based on
the prior logic, I make the motion for the assessed
value of land to remain at 110,000, but the
assessed value of the improvements to be increased
to 178,000, for a total 2009 assessed value of
288,000.

BOARD MEMBER DORSHA: Second.

1 BOARD MEMBER ZIPTER: I'll second it.

2 CHAIRPERSON TIMM: Roll call vote.

3 BOARD MEMBER LOMBNESS: Eugene Lombness,
4 aye.

5 BOARD MEMBER ZIPTER: Matt Zipter, aye.

6 BOARD MEMBER DORSHA: Dawn Dorsha, aye.

7 BOARD MEMBER CHALMERS: Matt Chalmers,
8 aye.

9 CHAIRPERSON TIMM: Cathy Tim, aye. 1228
10 Water Terrace. Land remain the same at 110,000.
11 Improvements 178,000. Total assessed valued
12 288,000. We feel the assessment is reasonable in
13 light of all relevant evidence that the Board has
14 received. 1222 Water Terrace.

15 BOARD MEMBER LOMBNESS: Again, based on
16 the prior logic, I make the motion that the 2009
17 assessed value of land remain the same at 110,000,
18 but the assessed value of the improvements be
19 increased to 216,000, for a total assessed value of
20 326,000.

21 CHAIRPERSON TIMM: Second.

22 BOARD MEMBER CHALMERS: Second.

23 CHAIRPERSON TIMM: Roll call vote.

24 BOARD MEMBER LOMBNESS: Eugene Lombness,
25 aye.

1 BOARD MEMBER ZIPTER: Matt Zipter, aye.

2 BOARD MEMBER DORSHA: Dawn Dorsha, aye.

3 BOARD MEMBER CHALMERS: Matt Chalmers,
4 aye.

5 CHAIRPERSON TIMM: Cathy Timm, aye. 1222
6 Water Terrace. Land remains the same at 110,000,
7 improvements 216,000, for a total of 326,000. We
8 feel the assessment is reasonable in light of all
9 relevant evidence that the Board has received.
10 1220 Water Terrace.

11 BOARD MEMBER LOMBNESS: Again based on
12 the prior logic, I make the motion that the 2009
13 assessed value, land remain at 110,000, but the
14 assessed value of the improvements be increased to
15 228,000, for a total 2009 assessed value of
16 338,000.

17 BOARD MEMBER CHALMERS: Second.

18 CHAIRPERSON TIMM: Roll call.

19 BOARD MEMBER LOMBNESS: Eugene Lombness,
20 aye.

21 BOARD MEMBER ZIPTER: Matt Zipter, aye.

22 BOARD MEMBER DORSHA: Dawn Dorsha, aye.

23 BOARD MEMBER CHALMERS: Matt Chalmers
24 aye.

25 CHAIRPERSON TIMM: Cathy Timm, aye.

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Property at 1220 Water Terrace, land remains the same at 110,000, improvements change to 228,000, total assessed 338,000. We feel the assessment is reasonable in light of all relevant evidence that the Board has received. And we now need a motion to adjourn the 2009 Board of Review.

BOARD MEMBER CHALMERS: Move to adjourn.

BOARD MEMBER DORSHA: And I second.

CHAIRPERSON TIMM: All those in favor.

(All responded aye.)

CHAIRPERSON TIMM: 2009 Board of Review adjourned.

(Whereupon, the proceedings ended at approximately 8:30 p.m.)

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