

*Abbreviated Minutes: Complete Set Of Minutes Are On File In The Clerk's Office*

**Madison County  
Commissioner Meeting Minutes  
June 27, 2019**



**Attendees:**

**Jon Weber, Commissioner (Chairman)**

**Todd Smith, Commissioner, joined telephonically**

**Brent Mendenhall, Commissioner**

**Kim Muir, County Clerk**

**SPECIAL MEETING  
ACTION ITEMS**

Commissioner Weber made a motion to open BOE hearings. Commissioner Weber – yes, Commissioner Smith – yes, Commissioner Mendenhall – yes. Commissioner Mendenhall seconded and voting was unanimous.

**BOE matters heard:**

Those testifying were sworn in

**Hope Management, Douglas John, regarding Brenchley and West Tisbury Apartments.**

Mr. John (joined telephonically) explained his position with expenses that in his opinion are allowable. Gary asks about his reserve accounts and there was a discussion of what expenses should be capitalized as a capital improvement and what expenses would be included in maintenance & repairs. Gary feels that the expenses in question should be depreciated and taken over the life of the repair and asks that every year the company give him an idea of the capital improvements and it would be used as a long term improvement versus a dishwasher replacement and other small items. If it is averaged out we would see it consistently every year. A decision will be made and Mr. John will be notified by email.

Shawn – Last summer they had construction going on including new roofs on Brenchley and South Brenchley. The whole cost of the roof should be termed out for at least 10 years. This year approximately 10% of the value would be expensed. Mr. John feels that 100% of the roof should come out this year.

There is quite a lot of money being considered. Gary states an inventory of the capital improvements need to be provided and the matter advanced to the Board of Tax Appeals. Shawn recommends we request the inventory list and deny the claim. We need further information. The apartments are encumbered with long term leases

After review and discussion, Commissioner Mendenhall made a motion to deny the BOE matter and request further information for Brenchley and West Tisbury. Commissioner Smith seconded and voting was unanimous. The motion passed.

**Basic American, Jesse Noneman.** Basic American withdrew the appeal stating the taxpayer has chosen to pursue the requested changes on the originally filed 2020 rendition rather than through the 2019 appeal process.

**Wal-Mart, Mike Fenton  
RPR4MCA0010010**

Mr. Fenton also appeared telephonically and states the building was built in 2015 and is just shy of 186,000 square feet and is valued at \$20,678,900. It is the highest value per square foot of all Wal-Mart stores in the state of Idaho. It is a super center and they don't build a lot of those. Mr. Fenton gave statistics of other store values, square footage costs and sales comparables.

Richard Horner from the City was present and goes back to the beginning when this new Super Wal-Mart was announced in this area. There were a lot of improvements to infrastructure needed and Wal-Mart agreed to pay for these improvements directly. Through an agreement with the Urban Renewal District, Wal-Mart agreed to be a part of that district which included widening Second East and the Moody Highway and adding a stop light and other improvements. Wal-Mart is 98% of the value of the Urban Renewal District. If the value is decreased this would require a Local Improvement District. Richard contacted 2 people in management for Wal-Mart and they agreed. If this valuation changes, there will be extreme consequences. The store is so busy they can't keep things on the shelf and income has been 50% higher than expected.

Gary indicated the Super Wal-Mart is one of the top 5 in the state and asked Mr. Fenton to give us an idea of the others and why they should be valued different. Mr. Fenton said Ada County and Canyon County are neighborhood markets that are also under appeal. Values per square foot were discussed. Gary asks what they are protesting. Mike's answer was building only costs. He states building costs were 10.8 million and the assessment indicates \$18,963,900 in value. Gary asks if he built it for himself, could he do it for the same price. Land prices were discussed and Mike states this is 4 parcels that make up the general area of Wal-Mart and he is only appealing 1 parcel. Resale values were also discussed. Wal-Mart stores don't typically sell and market value does not exist on a Wal-Mart store. Gary is of the opinion that our value is correct. We can use the business valuation on special use properties to base our value

Mike's final statement is that the value of this property should not be set by how busy the store is. They want to pay their fair share, but feel the building is overvalued and don't want to leave a tip so to speak.

After review and discussion, Commissioner Mendenhall made a motion to deny the protest of Wal-Mart on the BOE matter. Commissioner Smith seconded and voting was unanimous. The motion passed.

**The Ryan Group, Christian Segner,  
University View Ivy Owner LLC**

Gary states, if this matter goes to State Board of Tax Appeals evidence of the selling price will be required. The property was listed at \$21,000,000 and they are requesting a value of \$ 8 – 9 million and the Assessor's Office doesn't agree. Christian states that all properties are under performing properties and would like values to reflect same. Gary would need documentation showing income and expense. Christian reports this was a portfolio sale and includes several properties. Gary Shewey states there would be an indication of what was paid even if it is a portfolio sale and this amount would be needed if this matter goes to BTA. Shawn states he referenced the BYU-I website showing housing in regards to this properties bed count and leases charged – he erred on the side of lower values giving 5% a vacancy loss and asks Christian if they have a vacancy loss of more than 5%? Proforma's will be requested if the matter moves forward to BTA.

**Georgetown SH LLC, Brookside Village was not specifically discussed.  
Brookside Village SH LLC was not specifically discussed.**

**Mattson, Erik or Aubri**

Cap rates on this property were discussed. Christian discusses his preform that was included in his package submitted (The packages were not available). Gary then discusses the vacancy loss line item and points out apartment complexes for college students are not used 2 – 3 months per year and would like to see the breakdown to see how the numbers are developed. If you use the income projected the cap rate is in the neighborhood of 3% and Christian is showing a 7% cap rate. Gary recommends this matter go to the State Board of Tax appeals. The proforma package was presented to Lori Saurey and we don't have that in front of us. He would like a cap rate presented because Gary feels it is very high as these are student apartments. His estimates are taken off of the income statement and it is not broken down by month. He will have to look at what the vacancy rates and if they are based on 12 months or on actual. We go to effective gross income and take the expenses away and the same with vacancy. Actual market values on the 4 complexes are substantially higher than projected. Through other investors and owners his numbers don't match up with others in the area.

**Final decision on those above and the following:**

Commissioner Weber discussed obsolescence – location obsolescence supersedes or increases depreciation on the appraisal. Obsolescence factors come to Shawn's office and they are discussed at that time

After review and discussion, Commissioner Mendenhall made a motion to deny the BOE matters presented on The Ryan Group properties which include Mattson, Erik or Aubri, Georgetown SH LLC, University View IVY Owner LLC and Brookside Village SH LLC. Commissioner Smith seconded and voting was unanimous. The motion passed.

**Lou Cameron, Randy Landon and Shawna Johnston**

After review and discussion, Commissioner Smith made a motion to deny all three of the appeals from Lou Cameron, Randy Landon and Shawna Johnston based on lack of documentation of what they think the value should be. Commissioner Mendenhall seconded and voting was unanimous. The motion passed.

**Richard Horner, Urban Renewal**

State statute is very clear – the property is being leased and the Agency is receiving revenue. Richard brought in no idea of where he estimated values should be.

After review and discussion, Commissioner Smith made a motion to deny the BOE matter presented in behalf of Urban Renewal. Commissioner Mendenhall seconded and voting was unanimous. The motion passed.

Commissioner Weber adjourned BOE and resumed Commissioner meeting. Commissioner Smith seconded and voting was unanimous.

**County Business:**

Review and sign:

After review and discussion, Commissioner Mendenhall made a motion to sign and approve the Idaho Dept. of Parks and Recreation grant agreement (1) Small Boat, (2) Snowmobile. Commissioner Smith seconded and voting was unanimous. The motion passed.

Commissioner Weber made a motion to adjourn at 9:25 a.m. Commissioner Mendenhall seconded and voting was unanimous.

Approved:

Jon O. Weber, Commission Chairman

Todd Smith, Commissioner

Brent Mendenhall, Commissioner

Attest: Kim Muir, Clerk