

Assessor Response to Request for Abatement or Refund of Taxes by Colorado Community Bank nka Northstar Bank of Colorado for the Golf Course Property for 2013 and 2014.

We received this request December 22, 2015. At that time, 4 of the six parcels numbers and the last page of a 3 page email correspondence were all that was submitted. In mid January, I called the tax representative and asked if he intended to ask for an abatement on the entire golf course or only the parcels on the document submitted. He stated it was the entire golf course. I also asked if there was any documentation other than the last page of a 3 page email communication between him and the tax payer, he said yes and while he was traveling that week, he would get me the information the week after.

We received the information on April 8th (nearly 4 months into the 6 month time frame for response). I then forwarded the information to Division of Property Taxation, specifically Curt Settle and Kyle Hooper, for their assistance in reviewing the evidence vs our valuation.

After reviewing the documentation sent by the tax agent, both Curt and Kyle believed a reduction in value was in order. After speaking with the current owner about the condition of the golf course when he purchased it on July 2, 2015, I had come to that conclusion as well, I just wasn't sure how to come to a reasonable amount. I did not feel the sale price of \$700,000 from 2015 was fair since we are looking at value from July 1, 2010 to June 30, 2012, for tax years 2013 and 2014. While I am sure the value was incorrect, I am also sure that during the time between June 30, 2012 and July 2, 2015, the owners (whether it be the bank or the owners that were foreclosed on) there was little if any maintenance done on the course except for that which kept it going. So if the course was worth approx. \$700,000 in 2015, I can't help but believe it was worth more in 2012 because there certainly were no deferred maintenance performed in the over 3 years in between. The infrastructure had to have deteriorated in that 3 year time frame.

I also considered 2 sales that occurred during the time frame that were within an approx. 200 mile radius within Colorado of Pagosa Springs (there were actually 3 I looked at, but after speaking with the Assessor in Ouray, felt that due to the conditions regarding the transfer, not really a sale but a court ordered transfer, and the fact that the public is not allowed to use the course, it would not be a fair comparison).

The sales were:

Shadow Hills Golf Course, Canon City: Sold 7/6/10 for \$763,125

Rio Grande Golf Course, South Fork: Sold 5/25/11 for \$2,500,000

According to Curt Settle, the Shadow Hills Golf Course is approximately the same age and with similar improvements, however the location and the fact that the Pagosa Springs course has the additional 9 holes, justifies an adjustment. I know that the Rio Grande Golf Course is much newer and has a nicer club house and restaurant, justifies the difference in value even considering the additional 9 holes at the Pagosa course.

Looking outside the time frame, the Dalton Ranch course sold 2/28/14 for \$3,400,000 and the Pagosa course sold 7/2/2015 (17 months later) for \$700,000. The Dalton Ranch sale

also included some residential lots and again the club house is much larger and nicer than Pagosa, but yet again we are the only course around with 27 holes.

Although the Assessor's office is required to "consider" all 3 approaches to value (cost, market and income) on all properties except residential, it is pretty well established that in Colorado specifically, it costs much more to build a golf course than it will be worth. So while that approach was "considered", it definitely was not used.

I feel that without having any other information other than sale prices for any of the sale locations (Durango, South Fork, Canon City) our location (compared to Shadow Hills) and the additional 9 holes of play (compared to all 3 sales), in conjunction with the income documentation, give justification of \$925,000 for that time period, as a fair value.