

**BOARD OF EQUALIZATION MINUTES  
GILA COUNTY, ARIZONA**

Date: October 13, 2009

**SHIRLEY L. DAWSON**

Chairman

**STEVEN L. BESICH**

Clerk of the Board

**TOMMIE C. MARTIN**

Vice-Chairman

By: Marian Sheppard  
Chief Deputy Clerk

**MICHAEL A. PASTOR**

Member

Gila County Courthouse  
Globe, Arizona

---

PRESENT: Shirley L. Dawson, Chairman; Tommie Martin, Vice-Chairman; Michael A. Pastor, Member; Hazel Dillon, Chief Deputy Assessor; Larry Huffer, Chief Appraiser; Gary Holloway, Property Appraiser II Senior; Clarissa (Lynn) Mata, Property Appraiser II; Pam Fisher, Supervisor's Staff Specialist; and Marian Sheppard, Chief Deputy Clerk.

Chairman Dawson called the meeting to order at 2:00 p.m. to review appeals of notices of property valuations that were sent out by the Assessor's Office for the valuation of various tax parcels of real property located within Gila County for tax year 2010. She announced the names and titles of those present and advised that Vice-Chairman Martin; Pam Fischer, Gary Holloway and some petitioners would be participating in the meeting in Payson via a video conference.

Chairman Dawson then advised of the hearing process whereby each petitioner would present their information to the Board of Equalization followed by Larry Huffer providing information on behalf of the Assessor's Office.

Each petition was addressed separately by the Board of Equalization. At the beginning of each case, Chairman Dawson announced the parcel number, type of property, address, owner's name, owner's opinion of value and the Assessor's opinion of value. Mr. Huffer advised that each Board member has been provided a packet of information for each case. A summary of the cases presented is as follows:

- **Parcel No. 304-20-123, a residential property owned by Wayne Smith, which is located at 902 S. Mud Springs Road, Payson. This case was heard on the record.**

The Assessor's Office has placed a full cash value on this property in the amount of \$96,936 and Mr. Smith's opinion of the full cash value is

\$72,939. Mr. Huffer reviewed the information submitted by Mr. Smith. He asked the Board to read a Payson Roundup newspaper article entitled "Great Home Buys Abound as Values Drop," which was provided by Mr. Smith. Chairman Dawson then read aloud a letter from Mr. Smith. Mr. Huffer stated that given the present economy there are far more foreclosures of property than in the past in Gila County and throughout the nation. He advised that Mr. Smith provided one comparable sale property; however, it is an REO (real estate owned) sale. He said that REO sales occur from time to time, but there have been more this year than ever before. This particular comparable property sale was significantly less than the amount due on the loan and he stated that "one sale does not determine the market value." This property sold for less than market value and is therefore not considered a market transaction. The Assessor's Office believes that to use this one sale as the only basis to value any property is not a valid standard appraisal method. Mr. Huffer proceeded to review six comparable properties provided by the Assessor's Office which were sold. On a map he illustrated the location of the comparable properties to that of the subject property. Pictures of the subject property and comparable sale properties were also provided. Mr. Huffer also provided the parcel number, location, construction year, sales price, house square footage, and a-sales-prices-per-square-footage value for each house located on their respective property. The subject's square foot value is \$72.94 and the square foot values of the comparables ranged from \$70.35 to \$153.72. The Assessor's Office also provided notification to Mr. Smith that his property was valued at \$105,801 for tax year 2009 and the value was decreased to \$96,936 for tax year 2010. In ending his presentation, Mr. Huffer stated, "Our value is certainly substantiated by these sales comps." At this time Chairman Dawson asked for a motion from the Board.

**Decision: Upon motion by Vice-Chairman Martin, seconded by Supervisor Pastor, the Board of Equalization unanimously upheld the Assessor's value of the subject property at \$96,936. FCV (full cash value) = \$96,936; LPV (limited property value) = \$96,936; Legal Class = 3; and, Assessment Ratio = 10%.**

- **Parcel No. 304-42-001, a residential property owned by John J. Oppertshauser, which is located at 905 S. Mud Springs Road, Payson. This case was heard on the record.**

The Assessor's Office has placed a full cash value on this property in the amount of \$140,865 and Mr. Oppertshauser's opinion of the full cash value is \$97,197. Mr. Huffer advised that the subject property is across the street from the property discussed above, which is owned by Mr. Smith. Mr. Oppertshauser also used the same comparable property sale that was used by Mr. Smith, which is a property that was sold by the bank for considerably less than the loan amount. Mr. Huffer advised that the Assessor's Office did not find any comparable sale properties in Ridgeway

Estates, the location of the subject property, except for vacant land located behind the subject property which sold for \$84,900. He proceeded to review all of the particulars of the comparable sale properties, some of which are located in Golden Frontier subdivision. Mr. Huffer reviewed data for five comparable properties which were sold. On a map he illustrated the location of the comparable properties to that of the subject property. Pictures of the subject property and comparable sale properties were also provided. The square foot value of the subject property is \$69.99 and the square foot values of the comparable properties ranged from \$70.35 to \$153.72. At the conclusion of Mr. Huffer's presentation, Chairman Dawson asked for a motion from the Board.

**Decision: Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously upheld the Assessor's value of the subject property at \$140,865.**

**FCV = \$140,865; LPV = \$132,761; Legal Class = 3; and, Assessment Ratio = 10%.**

At this time Chairman Dawson recessed the meeting until 2:30 p.m., which was the time set for the hearing with Mr. and Mrs. Ivon English. Chairman Dawson reconvened the meeting at 2:32 p.m. and announced that Mr. English had left a message on Friday that he wanted this hearing to be held on the record.

- **Parcel No. 302-43-120, a residential property owned by Ivon A. and Lois I. English, which is located at 2501 E. Rim Club Drive, Payson. This case was heard on the record.**

The Assessor's Office has placed a full cash value on this property in the amount of \$1,050,230 and Mr. English's opinion of the full cash value is \$997,406. Chairman Dawson read aloud a letter submitted by Mr. English. In summary, Mr. English requests a reduction in his property's full cash value based on the October 14, 2008, sale of a comparable property (parcel number 302-43-280), which is also located in The Rim Golf Club. The letter states that the comparable property's full cash value for tax year 2010 was in the amount of \$900,606 but sold for \$825,000. Mr. English believes the actual sales price of that property should establish the correct real value of the property. The closing argument contained in the letter states, "Logic would indicate that the 2010 assessed full cash values, which are reportedly based upon 2008 sales data, are overstated. Based upon the facts that parcel 302-43-280 sold for \$825,000 which is \$75,606 lower than its 2010 assessed full cash value, we would submit that our parcel is similarly over-valued and should be reduced by a like amount. We are, therefore, requesting that our assessed full cash value on parcel 302-43-120 be reduced by \$75,000 to \$997,406 for the 2010 tax year." Mr. Huffer advised that the full cash value was initially set at \$1,072,406 and it was reduced to \$1,050,230. He stated that the Assessor's Office reviewed both the property

as a residential property and the land value, even though this is not a land appeal. Given the reduction in valuations of vacant land, it was decided to reduce the land value of this residential property from \$369,600 to \$347,424. Mr. Huffer advised that this appears to be an “arm’s length” transaction because the subject property was sold for \$825,000 to someone who owned a vacant lot in The Rim Golf Club (lot 150) and the seller of the property purchased the vacant lot for \$450,000. Mr. Huffer stated, “I look at its face value as I look at the affidavits of property value.” He advised that this particular property sold for less than the Assessor’s full cash value amount. In assessing this property the Assessor’s Office looked at the sales prices of other comparable properties in the neighborhood as well as the square footage. Mr. Huffer pointed out that there are major differences between this property and the comparable properties. Even though the houses may be similar as they are built by the same builder, those that are situated on the golf course have considerably more value than those houses that aren’t on the golf course because of the views. The property that sold for \$825,000 does not border the golf course; however, if it did Mr. Huffer believes its present value would be increased by \$100,000 to \$250,000. He proceeded to review all of the data for 7 comparable sale properties and he indicated that four of those properties do not border the golf course. On the map he also illustrated the location of each of the comparable properties in relation to the subject property and he also showed pictures of the properties. The subject property is valued at \$123.70 per square foot and the comparable properties ranged from \$129.50 per square foot to \$263.92 per square foot. Mr. Huffer stated, “When you look at overall sales prices per square foot, the comparables overwhelmingly support our opinion of value. The median value is \$255.91 per square foot.” At this time Chairman Dawson asked for a motion from the Board.

**Decision: Upon motion by Vice-Chairman Martin, seconded by Supervisor Pastor, the Board unanimously upheld the Assessor’s value of the subject property at \$1,050,230. FCV = \$1,050,230; LPV = \$1,050,230; Legal Class = 3; and, Assessment Ratio = 10%.**

- **Parcel No. 302-43-135, a vacant parcel of land, owned by Byron L. Matten, which is located at 802 S. Prestwick, Payson. Mr. Matten attended this hearing in Payson.**

Prior to Mr. Matten attending the hearing, Chairman Dawson asked each Board member to review their packet of information pertaining to this case. Vice-Chairman Martin greeted Mr. Matten and the people that accompanied him to this hearing. Chairman Dawson introduced those in attendance who attended the meeting in Globe. Mr. Matten introduced Mike Foil and Jennifer Kiley and stated that part of his presentation was to have them address the Board. Mr. Matten advised that he owns lot 135 in The Rim Golf Club, which is a golf course community in Payson. He advised that

Chaparral Pines is a sister community to The Rim Golf Club and it is located across Highway 260. He provided a brief overview of Mr. Foil's and Ms. Kiley's professional expertise. Mr. Foil is a long time resident of Gila County and a real estate appraiser. Ms. Kiley is a designated real estate broker and director of sales for The Rim Golf Club. She supervises a sales staff that sells homes exclusively in The Rim Golf Club and Chaparral Pines. Mr. Matten stated that the 2010 tax year valuation is based on the actual market value of properties at the end of 2008. He believes the 2010 tax year valuation established for his property is too high due to the genetic decline of the real estate market in The Rim Golf Club, Gila County and the nation. The value placed on his property should reflect the magnitude of that decline, and Mr. Matten believes the Assessor's valuation does not.

Mr. Foil provided further information on his professional credentials and expertise. He has been conducting appraisals in The Rim Golf Club since it was developed and to date he has appraised 73 properties in that subdivision. He read aloud the definition of market value and principle of substitution and stated that this principle is even more important in a declining market as is the case in The Rim Golf Club and Chaparral Pines. He stated, "There are 2 reasons these areas have been experiencing steep declines over the past 2 to 3 years. The first has to do with the lots and homes being at the top end of the price range. As the economy went bad the demand for properties within these developments basically dried up. Chaparral Pines has had minimal activity and The Rim Golf Club has a market that is practically dead. The second reason was the tremendous over-supply of listings in this market area. Within Chaparral Pines during this past year, there has been approximately 25% of the vacant property on the market consistently. For The Rim Golf Club, I do not have listing data for the total number on the market as of the end of last year, but currently of the 260 vacant lots there are 83 developer lots for sale and 57 active listings on the MLS (Multiple Listing Service) for a total of 140 lots for sale, which equals 54% of the vacant lots. MLS shows no pending sales of any of these lots at this time. I do have data for lots comparable to the subject lot...In the market for The Rim Golf Club over the past couple years, values have been falling at a rate of around 2% per month. In this unusual situation the listings, the current competition almost have more meaning in appraising than past sales. The principle of substitution tells us that someone that fits the description of a buyer, the definition of market value, will not pay more for your lot that he can buy an equal lot for at the same time..."

Ms. Kiley advised that for the past 7 years she has been employed with Rim/Chaparral Pines Real Estate Services, which is the designated broker and director of sales for home site and home sales exclusively at The Rim Golf Club and Chaparral Pines. For the past 5½ years, Ms. Kiley and her sales team was also the exclusive representative for the developer, which means they were responsible for the pricing and the sales of those home

sites. Ms. Kiley and her sales team have been involved with over 75% of the sales in the two golf communities. She advised that in December 2008 a buyer would have paid \$175,000 for lot 135. In her analysis for broker price opinions, Ms. Kiley advised that she has two ways to obtain data on comparable sales; one is from the Central Arizona Board of Realtors' MLS and the other is from the County Assessor's tax records. She chose to use the MLS for this valuation, because she believes the Assessor's tax rolls have not always proven to be reliable. According to the MLS records, there were 3 lot sales in The Rim Golf Club during the first six months of the year, and 5 sales in the last six months. During the twelve months of 2008, the value of lots in Chaparral Pines dropped 40%. Ms. Kiley stated, "In summary, I think that all of these factors contribute to the termination of value: the declining real estate market and values in 2008, Crescent Resources' financial stability, the future operations of The Rim Golf Club being in jeopardy, available inventory, the general price point of the properties available, and sales of properties during the previous 6-month period." At the request of Mr. Matten, Ms. Kiley replied that during that same 12-month period in 2008, properties values in The Rim Golf Club dropped 59%.

Ms. Kiley faxed a copy of two spreadsheets to Mr. Huffer and the Board. The first spreadsheet reflects sales that occurred during the first 6 months of 2008 and the second one reflects sales that occurred during the last 6 months of 2008. After a brief recess to allow time to receive the spreadsheets, Chairman Dawson reconvened the meeting at 3:23 p.m. After reviewing the spreadsheets, Mr. Huffer advised that those sales were strictly developer sales. Mr. Kiley replied that those sales were developer-owned properties except for the sale of lot 134, which closed on September 8, 2008. She added, "Yes, the remainder of those were developer-owned, and some were builder-purchased and some were private owner-purchased." Mr. Huffer advised that he didn't know about the sale of lot 134 because the actual appraisal date was January 1, 2009, and the transaction didn't record until 2009.

Mr. Huffer explained that Gila County values properties according to ADOR (Arizona Department of Revenue) guidelines. He proceeded to review some spreadsheets he compiled of which one spreadsheet was entitled "2008 Sales of Vacant Lots in The Rim Golf Club by Rim Golf Investors, LLC." There were 4 properties; 2 golf course lots and 2 non-golf course lots. The average and median sale price of a non-golf course lot was \$99,150, and the average and median sale price of a golf course lot was \$112,500. The next spreadsheet was entitled, "2008 Sales of Vacant Lots in The Rim Golf Club by Private Parties." There were 8 properties; 4 golf course lots and 4 non-golf course lots. The average sale price of a non-golf course lot was \$227,775 and the median sale price of a non-golf course lot was \$225,000. The average sale price of a golf course lot was \$478,750 and the median sale price of a golf course lot was \$487,500. Mr. Huffer then reviewed 2

additional spreadsheets of 6 comparable property sales and he reviewed all of the information pertaining to each parcel. He also illustrated on a map the location of these properties in relation to the subject property, and he showed pictures. Further conversation took place between Mr. Huffer and Mr. Matten and Ms. Kiley. Mr. Huffer reviewed all of the information contained in the spreadsheets and the following narrative outlined in the Assessor's Office summary aptly covers all of the significant points addressed by Mr. Huffer. The summary reads as follows: "The full cash value of the subject property, 302-43-135, was adjusted to \$347,424 at the Assessor's level of the 2010 petition process. The adjustment was based on sales of vacant lots that border the golf course that sold within 2008. The subject property has over 400 lineal feet of golf course frontage. Please see the attached analysis of vacant lots. The sales of lots by the developer are considered non-market sales by the Assessor and D. Mike Foil, an appraiser who gave his opinion of value of the subject property, who also did not use these sales in his appraisal. The appraisal that Mr. Foil completed for Byron Matten used one sale that transpired well past the valuation date and should not be considered. The sales of the parcels bordering the golf course are the best indicators of value of the subject property. In Mr. Foil's appraisal, two market sales of non-golf course parcels along with the 2009 sale were given the most weight. Mr. Foil did not consider the difference in value between a lot bordering the golf course and a lot located away from the golf course. There were four lots that sold bordering the golf course in 2008 and they took place in January, April, September and October. The two non-golf course lots both sold in May of 2008. The non-golf course lot sales were not given an appropriate location, site/view adjustment for not bordering the golf course. The average sales price of a lot bordering the golf course in 2008 was \$478,750 while the average sales price of a non-golf course lot in 2008 was \$227,775. (Please note lot 165 sold twice in 2008, once for \$600,000 without a golf membership and another time for \$650,000 which included a \$150,000 golf membership.)"

At the conclusion of the presentation, each Board member provided their own comments. Chairman Dawson made a point of stating that Crescent Resources is in Chapter 11 bankruptcy proceedings. She stated, "They are trying to get whatever money they can before they do what they are going to do. That's a peculiar things going on right now." Vice-Chairman Martin emphasized that the Board's primary objective is to ensure that all taxpayers are treated equally. She stated, "We are playing by the rules that are not our making. The Assessor is following the State of Arizona's rules because we are an arm of the State and we must follow what is dictated by the State." Supervisor Pastor stated that he appreciates the fact that taxpayers appeal their property taxes. He stated there are probably over 400 protests and it is commendable that the Assessor's Office has been able to resolve all of those cases except for 4, which indicates to him that the current process works. Chairman Dawson asked for a motion at this time.

**Decision: Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously upheld the Assessor's value of the subject property at \$347,424.**

**FCV = \$347,424; LPV = \$342,483; Legal Class = 2; and, Assessment Ratio = 16%.**

There being no further appeals for review, Chairman Dawson adjourned the meeting at 4:01 p.m.

APPROVED:

---

Shirley L. Dawson, Chairman

ATTEST:

---

Steven L. Besich, County Manager/Clerk