



Idaho Association of Counties
Board of Directors Meeting Minutes
Conference Call | October 16, 2017

Members Present

Donna Peterson, President
Jerry White, Secretary/Treasurer
Bill Thompson, Immediate Past President
Robert McQuade, Past President
Patty Weeks, Past President
Mike McDowell, IACA Representative
Kathy Ackerman, IACRC Representative
Dan Dinning, IACC Representative
Clayne Tyler, IPAA Representative

Chris Goetz, ISA Representative
Barb Fry, IACT Representative
Glenda Poston, District 1 Representative
Dave McGraw, District 2 Representative
Mark Bair, District 5 Representative
Wayne Butts, WIR Representative
Tom Dale, Canyon County Representative

Members Absent

Len Humphries, Past President
Rose Bernal, Vice President
Greg Shenton, IACC Representative
Pam Garlock, ISACC Representative
Dave Case, Ada County Representative

Marc Eberlein, Kootenai County Representative
Marc Shigeta, District 3 Representative
Larry Schoen, District 4 Representative
Kimber Ricks, District 6 Representative
Gordon Cruickshank, NACo Representative

Others Present

Dan Chadwick, Executive Director
Kristin Cundiff, Director of Operations
Teresa Baker, Director of Government Affairs

Amanda Pendleton, Chief Financial Officer
Kelli Brassfield, Government Affairs Associate

I. Call to Order

President Donna Peterson called the meeting to order at 2:30 pm on Monday, October 16, 2017.

II. Roll Call

White took the roll call and 10 members were absent.

III. Industrial Litigation Fund Request

Peterson noted that there is only one item on the agenda today and that all board member received information prior to the meeting electronically. Canyon County has applied to the Industrial Litigation Fund for up to \$25,000 to assist with the costs to help their county defend the correct opinion of value methodology to be used on special use industrial property valuation in Idaho.

The Industrial Litigation Fund met in September and voted to approve the application and move the approval to the IAC Board of Directors.

Peterson opened it up for questions.

McQuade asked what the decision was on current assessed valuation and McDowell replied that it hasn't been to district court and they are currently in preparation to take the case to district court.

Dinning asked if Canyon County indicated how they would get a nondisclosure agreement in this process because the Board of Tax Appeals (BTA) won't allow it? McDowell replied that Canyon County did have all the data and was prepared to send it to the BTA, but they are required to keep that information confidential unless they have an agreement with the body to keep it confidential, so they couldn't provide the information. Since they couldn't provide it, the BTA dinged them for not providing the information. Dale noted that the figures that weren't disclosed were the construction and rehab costs.

Thompson moved to authorize up to \$25,000 in reimbursements to Canyon County, Ackerman seconded. Motion carried unanimously.

Additional comments/questions:

What is the current balance of the Industrial Litigation Fund? Approximately \$900,000

Did the county try to reach a settlement? No, there was no negotiation possible.

It's important for IAC to pursue this with the BTA because they are not allowing counties to provide the most accurate figures.

How does this affect the other 43 counties? McDowell said there is an increasing movement of dark stores in Idaho and using that as a basis to determine value. This could have a negative impact on any commercial property that is out there.

Email from Brian Stender, Canyon County Assessor the Board received prior to the meeting:

Good Morning All,

Last Friday I attended our district's elected officials meeting and many members had questions regarding our application requesting \$25,000 from the Fund to help us with our District Court case. I would like to help explain a couple of the questions I have been asked about our case. Below I will explain a brief history and why we are taking this BTA (Board of Tax Appeals) decision to District Court.

The facility under protest is owned by CTI/SSi and is an older special use meat processing facility located just north of Wilder, ID. For 1-1-2016, our assessed value was \$18,286,630. This facility had not had a complete physical revaluation in several years. 1-1-2014 we had an assessed value of \$16,906,130. During 2014 and 2015, CTI/SSI made additions to the facility that added to the assessed values for 2015 and 2016, respectively. Those additions were the only value increases to the property. CTI/SSI appealed the assessed value in a timely manner and sent a letter be read into the record at the BOE(Board of Equalization) hearing asking for the value to be upheld. This protected their right to appeal to the BTA. This also allowed our special use industrial appraiser more time to gather data to see if the value excessive or not. When CTI/SSI appealed to BTA their tax representative entered an opinion of value of \$11,000,000. Then during the time leading up to the hearing CTI/SSI hired an appraiser who has minimal experience with special use property appraisals. His value appraisal value came in at \$6,500,000. His main source of data is from dark plant sales from the middle to eastern United States and didn't add in the rehabilitation or reconfiguration cost to make these facilities functional again. Our appraiser used two dark plant sales from our county and asked for a confidentiality agreement to be put in place by the BTA so he could show where our rehabilitation costs came from. The board of tax appeals would not grant the protection order and therefore our appraisal could not provide specific

documentation to show where the numbers came from. Then in the BTA's decision they made negative comments to our value since we didn't provide documentation where the numbers came from. The BTA ended up not feeling comfortable with either of our values and made a decision on their own. I can't really explain how they got to the number of \$10,000,000 but it is close to the original CTI/SSI \$11,000,000 opinion.

The main issue on this appeal is the ability to use Dark Plants as a value indicator on Fully Functioning Facilities. Dark Plants are plants that no longer are being used to house the production of a product. Basically moth balled plants. The main difference is the cost to modify and maintain an ongoing special use facility. One of our comparable properties that I have personally been out to was purchased as a dark plant for roughly \$7,500,000 and they had to put in roughly \$20,000,000 to get the facility up to a food grade facility. Their appraiser would have used the \$7,500,000 to adjust the value and we are using closer to the sum of purchase plus improvements which totals \$28,500,000. This is a huge value difference. The budgeted tax dollars do not go away on these but they will be shifted to residential property owners. Each and every one of our counties have some kind of special use facilities of some kind. We need a decision from the district court stating that Dark Plant is not the valid for appraisal purposes. We have numerous appraisal text books showing our method is the valid approach to use. The acceptable approach is to use dark sales and then adding in the costs to rehab and renovate to get up to full production quality.

Another question was why we have not entered into negotiations with the property owner. We originally had Scott Erwin lined up to perform an appraisal for us but he recently passed away. We scrambled and have had discussions with another appraiser out of Utah. We are in negotiations to hire him currently. As of right now CTI/SSI and our opinions of value are significantly different. Their appraiser's opinion is \$6,500,000 and after researching and fine tuning our appraisal our opinion of value is \$19,500,000. Once we have hired our appraiser and obtained opinions from our special use appraiser we will potential enter into negotiations at the point.

Canyon County is asking for \$25,000 of the \$800,000+ litigation fund balance to help defend the correct opinion of value methodology to be used on special use industrial property valuation in Idaho. Canyon County is supplying our own Litigation team and we will be covering the costs above the \$25,000 which we fore see to much higher.

I respectfully ask for a YES vote on our application.

If you have questions for me please feel free to call or email me your questions.

Thank you,

Brian Stender