

<p><b>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO</b> 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p><b>LAKWOOD COUNTRY CLUB,</b></p> <p>v.</p> <p>Respondent:</p> <p><b>JEFFERSON COUNTY BOARD OF COMMISSIONERS.</b></p>	<p><b>Docket No.: 60588</b></p>
<p><b>ORDER</b></p>	

**THIS MATTER** was heard by the Board of Assessment Appeals on January 11, 2013, James R. Meurer and MaryKay Kelley presiding. Petitioner was represented by Richard G. Olona, Esq. Respondent was represented by David Wunderlich, Esq. Petitioner is requesting an abatement/refund of taxes on the subject property for tax year 2010.

Subject property is described as follows:

**6800 West 10<sup>th</sup> Avenue, Lakewood, Colorado  
Jefferson County Schedule No. 110117 and 051401**

The subject property is a private 18-hole native-soil golf course on 120.98 acres. It was originally constructed in 1908, and five greens were rebuilt in 1961. Membership is capped at 450. The course is heavily treed with narrow fairways and small tee boxes and has insufficient room for expansion. Improvements include a clubhouse built in 2006 (dining and meeting rooms, pro shop, offices, locker rooms), cart barn and maintenance building, pool and fitness complex built in 2008, and a parking lot. The club owns water rights in the form of 88 shares in the Rocky Mountain Ditch Company.

Respondent assigned a value of \$8,226,520 for tax year 2010 but is recommending a reduction to the appraised value of \$7,600,000. Petitioner is requesting a value of \$4,684,500.

Mr. William Lazzeri, Club's Treasurer and former President and Mr. Troy Sprister, Club's General Manager, presented the history of the Club, physical characteristics, membership, and financial data.

Petitioner presented the following indicators of value:

Market:	\$3,630,100 - \$4,531,100
Cost:	\$4,120,340
Income:	\$4,684,500
Reconciled:	\$4,684,500

Petitioner's witness, Tom McElhinney, Certified General Appraiser, testified that the Lakewood Country Club was a "going concern" and that based on industry standards, the income approach to value should be the primary indicator of value for the real property associated with the subject. Relative to the income approach, Mr. McElhinney used the actual income from the facility and industry typical expenses to arrive at a net operating income (NOI) of \$1,204,959. The NOI was capitalized at a 13% overall rate to arrive at the total assets of the business (*Vtab*) of \$9,268,912. Declared personal property in the amount of \$1,444,925, intangible assets in the amount of \$1,639,400, and atypical income attributed to equity memberships and to special assessments for a new sprinkler system in the amount of \$1,500 were subtracted from *Vtab* to arrive at a real property value of \$4,684,500 rounded.

Mr. McElhinney also presented cost and market approaches but placed little weight on either.

Respondent presented the following indicators of value:

Market:	N/A
Cost:	\$11,000,000
Income:	\$7,655,000
Reconciled:	\$7,600,000

Respondent's witness, Randall Brenimer, Certified General Appraiser, presented an income approach with Petitioner-provided income and expenses for 2006, 2007 and 2008, arriving at a three year average net operating income of \$1,225,145, which he capitalized at 13%. He declined to deduct intangible personal property or atypical membership equity figures and special assessments.

Mr. Brenimer presented a cost approach but considered it less reliable due to external obsolescence reflecting the industry at whole.

Petitioner presented sufficient probative evidence and testimony to prove that the tax year 2010 valuation of the subject property was incorrect.

After careful consideration of the testimony and exhibits presented at the hearing, the Board concludes that the income approach best represents value for a property of this type and that the income approach developed by Petitioner should be given the most weight in the final conclusion of

value. The Board concludes that estimating the total assets of the business and subtracting the appropriate asset classes resulting in the value of the real property is a preferable valuation methodology. Considering this conclusion, Petitioner's appraisal is more persuasive; actual income and expenses were used, intangible assets were deducted, and atypical income was deducted.

The Board concludes that the 2010 actual value of the subject property should be reduced to \$4,684,500.

**ORDER:**

Respondent is ordered to cause an abatement/refund to Petitioner, based on a 2010 actual value for the subject property of \$4,684,500.

The Jefferson County Assessor is directed to change his records accordingly.

**APPEAL:**

If the decision of the Board is against Petitioner, Petitioner may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of Section 24-4-106(11), C.R.S. (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

If the decision of the Board is against Respondent, Respondent, upon the recommendation of the Board that it either is a matter of statewide concern or has resulted in a significant decrease in the total valuation for assessment of the county wherein the property is located, may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provision of Section 24-4-106(11), C.R.S. (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law when Respondent alleges procedural errors or errors of law by the Board.

If the Board does not recommend its decision to be a matter of statewide concern or to have resulted in a significant decrease in the total valuation for assessment of the county in which the property is located, Respondent may petition the Court of Appeals for judicial review of such questions.

Section 39-10-114.5(2), C.R.S.

**DATED and MAILED** this 17th day of January, 2013.

**BOARD OF ASSESSMENT APPEALS**

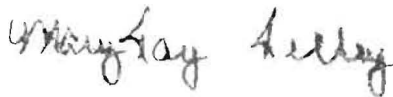
I hereby certify that this is a true and correct copy of the decision of the Board of Assessment Appeals.



Milla Crichton



James R. Meurer



MaryKay Kelley

