CBOE #316

Gunnison County
COLORADO

2019 REAL PROPERTY NOTICE OF DETERMINATION

Kristy McFarland
Gunnison County Assessor
221 N Wisconsin St, Suite A
Gunnison, CO 81230

Date of Notice: August 15, 2019
Phone: (970) 641-1085
Fax: (970) 641-7920
Email: assessor@gunnisoncounty.org
Website: http://www.gunnisoncounty.org/assessor.html

ACCOUNT NUMBER	TAX YEAR	TAX AREA	PARCEL NUMBER
R043745	2019	100	3701-354-68-003

PROPERTY OWNER	LEGAL DESCRIPTION
FUTURES REAL ESTATE & LAND VENTURES LLC 734 ELK RANCH LN FORT COLLINS, CO 805248342	UNIT C VIRGINIA BUSINESS PARK CONDOS PLAT #564384

PROPERTY CLASSIFICATION	PROPERTY OWNER'S ESTIMATE OF VALUE	ASSESSOR'S VALUATION	
		ACTUAL VALUE PRIOR TO REVIEW	ACTUAL VALUE AFTER REVIEW
Commercial		219,940	219,940
TOTALS		$219,940	$219,940

Received
County Administration
9/12/19 VIA FEDEX

The Assessor has carefully studied all the available information, giving particular attention to the specifics included on your protest. The Assessor's determination of value after review is based on the following:

The actual value of the property is determined by appropriate consideration of the approaches to appraisal set forth in § 39-1-103(5)(a), C.R.S.

Commercial Sales, which include Commercial Condominiums Sales, in Gunnison County support the indicated value.

If you disagree with the Assessor's decision, you have the right to appeal to the County Board of Equalization for further consideration, § 39-8-106(1)(a), C.R.S.

The deadline for filing real property and personal property appeals is September 15.

The Assessor establishes property values. The local taxing authorities (county, school district, city, fire protection, and other special districts) set mill levies. The mill levy requested by each taxing authority is based on a projected budget and the property tax revenue required to adequately fund the services it provides to its taxpayers. The local taxing authorities hold budget hearings in the fall. If you are concerned about mill levies, we recommend that you attend these budget hearings. Please refer to last year's tax bill or ask your Assessor for a listing of the local taxing authorities.

Please refer to the reverse side of this notice for additional information.

CBOE # 316

APPEAL PROCEDURES

County Board of Equalization Hearings will be held from September 1 through November 1 at Gunnison County Courthouse or Blackstock Government Center.

To appeal the Assessor's decision, complete the Petition to the County Board of Equalization shown below, and mail or deliver a copy of both sides of this form to:

Gunnison County Board of Equalization
200 E Virginia Ave
Gunnison, CO 81230
(970) 641-0248

To preserve your appeal rights, your Petition to the County Board of Equalization must be postmarked or delivered on or before **September 15 for real property and personal property** – after such date, your right to appeal is lost. You may be required to prove that you filed a timely appeal; therefore, we recommend that all correspondence be mailed with proof of mailing.

You will be notified of the date and time scheduled for your hearing. The County Board of Equalization must mail a written decision to you within five business days following the date of the decision. The County Board of Equalization must conclude hearings and render decisions by November 1, § 39-8-107(2), C.R.S. If you do not receive a decision from the County Board of Equalization and you wish to continue your appeal, you must file an appeal with the Board of Assessment Appeals by December 8, § 39-2-125(1)(e), C.R.S.

If you are dissatisfied with the County Board of Equalization's decision and you wish to continue your appeal, you must appeal within 30 days of the date of the County Board's written decision to ONE of the following:

Board of Assessment Appeals
1313 Sherman Street, Room 315
Denver, CO 80203
(303) 866-5880
www.dola.colorado.gov/baa

District Court
Contact the District Court in the county where the property is located. See your local phone book for the address and telephone number.

Binding Arbitration
For information about binding arbitration, contact the County Board of Equalization at the address above.

If the date for filing any report, schedule, claim, tax return, statement, remittance, or other document falls upon a Saturday, Sunday, or legal holiday, it shall be deemed to have been timely filed if filed on the next business day, § 39-1-120(3), C.R.S.

PETITION TO COUNTY BOARD OF EQUALIZATION

What is your estimate of the property's value as of June 30, 2018? (Your opinion of value in terms of a specific dollar amount is required for real property pursuant to § 39-8-106(1.5), C.R.S.)

$ 110,000 AT MOST

What is the basis for your estimate of value or your reason for requesting a review? (Please attach additional sheets as necessary and any supporting documentation, i.e., comparable sales, rent roll, original installed cost, appraisal, etc.)

SEE ATTACHED DOCUMENTS

ATTESTATION

I, the undersigned owner or agent* of the property identified above, affirm that the statements contained herein and on any attachments hereto are true and complete.

Signature	Telephone Number	Date
Rick Pike, MANAGING MEMBER	970.689.0581	8/20/19

*Attach letter of authorization signed by property owner.

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EXHIBIT A
Page 1 of 2

Futures Real Estate & Land Ventures, LLC

September 9, 2019

Gunnison County Board of Equalization
200 E. Virginia Ave.
Gunnison, CO 81230

To Whom It May Concern,

The Gunnison County Assessor's Office has made an enormous error in valuing our properties at 509 W. Virginia Ave, Gunnison, CO 81230. In particular Units C & D where they have over valued each of these two units by approximately 100%. I understand they use mass appraisals in determining the value of properties but when we appealed the values the appraiser who did the reappraisal did not use any of the information we supplied nor did he even perform an actual Market Approach valuation to determine the actual value… all he did was simply send us a copy of the mass appraisal data used to justify the value and outline his invalid reasons for not using the Income Approach or Cost Approach. Therefore the Notice of Determination erroneously stated the values were accurate… which clearly they are not. Since Units A & B are only 5-10% overvalued we have decided not to appeal those values even though they are still too high… therefore we are only appealing the values of Units C& D since those are grossly overvalued. We will be filing complaints with DORA for the appraisers extreme failure to perform his job adequately and to the State of Colorado Board of Assessment for the employee's at Gunnison County Assessor's Office who failed to properly consider the information we sent with the appeal and gross failure in their duties.

First, a brief description of the units in the commercial building…

Unit B (for reference) – largest unit (850 SF), fully finished office space… valued at $136,160

Unit C – smaller unit (795 SF) mostly warehouse space with concrete slab floor, one finished office and 1 bathroom… valued at $219,940. This unit is smaller than Unit B and has much less finished space yet is valued $83,780 higher??? That's just pure lunacy! The actual value is less than half of the value the Assessor has placed on it!

Unit D - smallest unit (792 SF) mostly warehouse space with concrete slab floor, one finished office and 1 bathroom… valued at $219,290. This unit is smaller than Unit B and has much less finished space yet is valued $83,130 higher??? Again pure lunacy! The actual value is less than half of the value the Assessor has placed on it!

Utilizing the Income Approach, the value of Unit C is only $70,000 – 100,000 depending on the cap rate used. The total cash flow from Unit C is only $5,198.51 from 7/1/17 through 6/30/18 (date of valuation). Cap Rates in Gunnison are at best 7% (7.5% cap rate is more realistic) which places a value on the Unit at approximately $75,000… there is not an investor in the world who would pay much more for this unit! The Assessor's value of $219,940 is not only way out of line, it is purely ridiculous and reflects a derelict of duty! See attached detail of income and expenses for this Unit.

Utilizing the Income Approach, the value of Unit D is also only $70,000 – 100,000 depending on the cap rate used. The total cash flow from Unit D is only $5,104.10 from 7/1/17 through 6/30/18 (date of valuation). Cap Rates in Gunnison are at best 7% (7.5% cap rate is more realistic) which places a

value on the Unit at approximately $75,000… there is not an investor in the world who would pay much more for this unit! The Assessor's value of $219,290 is not only way out of line, it is purely ridiculous and reflects a derelict of duty! See attached detail of income and expenses for this Unit.

Utilizing the Market Approach to Real Estate Valuation, we had a market analysis done by Erich Ferchau (very prominent Realtor in Gunnison) 3 years prior to the assessment date of June, 30, 2018 (see attached summary). The market value at that time was $350,000 for the entire property (all 4 units). Even if actual real estate values climbed 7% each of the prior 3 consecutive years that places the value of the property at $428,765… well below the ridiculous value of $648,770 the Assessor's office has placed on this entire property! We didn't have Erich Ferchau break down each unit since it is an investment property which is not suitable for a single owner occupant but breaking it down based on size, type and finish of the Units the values would be very close to… Unit A - $70,000; Unit B - $130,000; Unit C - $110,000; Unit D - $110,000.

Utilizing the Cost Approach, the value of the entire property is going to be around $415,000. The total SF of all 4 units is only 2,850 SF. Two of the units (Unit C & D) are 80% open warehouse unfinished (other than drywall and lights) with concrete slab floors. Units A & B are 100% finished. Therefore a total of approximately 1580 SF is fully finished, while approximately 1275 SF is warehouse space. Finished space can easily be built for $150/SF and warehouse space can easily be built for $50/SF (both price/SF are at the upper end – my brothers are builder's in Gunnison County and that is the approximate fair market cost to build these types of structures). That vacant lot could easily be purchased for $85,000 and land improvements could easily be done for $60,000. Adding it all up… (1580SF x $150) + (1275SF x $50) = $300,750 x 90% (real economic depreciation based on condition and age) = $270,675 + $85,000 (land) + 60,000 (land improvements) = $415,675 Total value based on Cost Approach.

All three approaches outlined above utilize overly generous calculations… therefore the actual value of Unit C and Unit D are going to be closer to $90-100,000 each, especially given that most investors give the most weight, by far, to the Income Approach, which only places the value of Units C & D around $75,000 each. As indicated on the "Petition to County Board of Equalization" portion of the NOD, we will not accept a value higher than $110,000 for each of these Units, even though the actual value is still far below that, without appealing it to the State level!

Please schedule the hearings for these two units in the latter half of October.

Sincerely,

Rick Pike

Rick Pike, Managing Member
Futures Real Estate & Land Ventures, LLC

CBOE # 316

EXHIBIT F
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April 1, 2015

Futures Real Estate & Land Ventures LLC
734 Elk Ranch LN
Fort Collins, CO 80524

RE: Broker Price Opinion, Units A, B, C and D Virginia Business Park Condos, Gunnison, CO 81230

Dear Mr. Pike,

In December, 2013 I provided you with a Broker Price Opinion on the subject property. Since that time, we have experienced a number of new commercial sales and growth in the broader market in general. As predicted in the previous valuation, the sales activity was strong but at discounted prices.

Recent Sales:

Location	Parcel Size	Features	Sales Price / Date
111 N. Main	1 lots	First block of Main (prime location), owner financed, zoned Central Bus. District. Est rent $1500/mo	$325,000 / 01/30/2015
229/235 N. Main	2 lots	Second block, adjacent buildings, big square footage, historical structure, zoned Central Bus. District. Est rent $4000/mo.	$500,000 / 05/17/2013
138 N. Main	1 lot	First block of Main Street, smaller building in good condition. Est rent $1200/mo	$205,000 / 11/19/2014
211 E. Tomichi	8 lots	Approx. 5512 sf in size (primarily open retail space) with existing fuel tanks, fuel pumps. Est. rent $3000/mo	$350,000 / 11/05/2014
310 N. Main	4,125 sf 33 x 125	Well established restaurant space (in very good condition) on Main St. Includes upstairs unit in below average condition. Est rent $2000/mo	$200,000 / 2/3/2014

A number of commercial listings remain unsold that indicate a slower recovery of that segment of the market. The sales activity noted before is encouraging but it appears that the increased demand has yet to push prices upward.

Current Listings:

Location	**Parcel Size**	**Features**	**List Price / Days on Mkt**
500 W. Hwy 50	Condo	West side of town, located in one of the proposed marijuana sales areas, on the end of a strip of 4-5 condos. Currently under contract	$199,500 / 758
110 S. Main	1 lot	First block of South main, limited exposure. Previously listed for over a year.	$245,000 / 174
312 E. Tomichi	8 lots	Dated but well maintained 13 unit motel, very good corner lot on main highway.	$429,000 / 331

There were two recent sales that compare with the mixed use nature of the subject property…a large (4,000 sf) metal building with two units on 3 lots located at 806 W. New York that sold for $250,000 and a very small home at 635 W. Virginia (1 block south of subject) currently under contract for $95,000. Collectively, these two buildings are the closest comparison to the residence and commercial building being evaluated.

Based on the current market activity, my summary is that the outlook is more encouraging for the subject property but the value has not changed considerably. I would value the subject property at $350,000.

Thank you very much.

Erich Ferchau
RE/MAX Community Brokers

CBOE # 316

EXHIBIT G
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December 18, 2013

Futures Real Estate & Land Ventures LLC
734 Elk Ranch LN
Fort Collins, CO 80524

RE: Broker Price Opinion, Units A, B, C and D Virginia Business Park Condos, Gunnison, CO 81230

Dear Mr. Pike

The purpose of this letter is to provide you with a Broker Price Opinion (BPO) for the subject property located at 509 W. Virginia, Gunnison, Colorado. This is not an appraisal and I am not a licensed appraiser. The current owner of that commercial property is Futures Real Estate & Land Ventures LLC. Detailed information about the subject property is as follows:

Location	**Parcel Size**	**Features**	**Comments**		
509 W. Virginia Gunnison, CO 81230		Two physical structures that include up to four individual units. The property is presently three rental units.	Well maintain, centrally located in the commercial zone of town.		
Unit	**Account**	**Parcel**	**Description**	**SqFt**	**Rent**
Unit A	R043743	3701-354-68-005	Stucco Home	416	$600.00
Unit B	R043744	3701-354-68-002	North Side	850	$1775.00
Unit C	R043745	3701-354-68-003	North West Side	795	w/unit C
Unit D	R043746	3701-354-68-004	Back Unit	792	$900.00
Total				2853	

The commercial market in Gunnison over the past 3 years has been slow. There were two comparable sales in 2011, two in 2012 and five already in 2013 with a couple likely to go under contract before year end. The recent increase in demand is reflected in sales prices though I would characterize the commercial market as slightly improved. Activity is up but prices are certainly not. There does not appear to be a lot of interest from an investment standpoint though the Return on Investment for a number of properties on the market is between 8-10%, which is better than other market investments. Given the five year trends, that may be a reflection of higher risk in the real estate investments.

The subject property is located on a side street running parallel (and one block north) of the major Highway (US Hwy 50) running through town. It is five blocks from Main Street which is the main artery running North of Gunnison from Highway 50 toward Crested Butte, Co. Main Street and US Hwy 50 are premium commercial locations. The commercial areas of Gunnison consist of three primary areas: the central business district (the first three blocks of North Main Street and a block or two East and West, US Highway 50 (Tomichi Avenue) running East-West through the town and the City Market/ Walmart shopping center on State Highway 135 (700-1000 N. Main Street). The traffic counts on these streets are significantly different and represent different consumers. Tomichi Avenue carries all of the through traffic passing to and from the adjacent towns of Salida (East) and Montrose (West), which is much more suitable for fast food restaurants, gas stations, convenience stores and other impulse stops for the longer distance traveler. The central business district and N. Main Street shopping center have higher traffic counts resulting from the back and forth travel of the local consumer. Destination shopping and businesses catering to local demands, such as liquor stores, car washes, insurance companies, health food stores, grocery stores, etc., benefit more from this location. Because of the size and layout of the town of Gunnison, these commercial areas are relatively close to one-another. In the future, I anticipate more commercial growth and activity east of town along Highway 50 in the commercial area of Gunnison Rising, a recent annexation. There may be a short term valuation adjustment favoring this area as the development occurs.

The subject property is, for the most part, a multi-unit condominium complex built in 2005. One residential structure has been in existence for a number of years and in very good condition. Surrounding properties are used for a variety of purposes: residential, vacant land/storage, church (future), trailer park, gas stations and office complex. The subject buildings are in excellent condition.

RECENT SALES:

As previously mentioned, the sales of commercial property in Gunnison have improved over the last 12 months. Sellers have become more motivated as the market has declined over the last few years. Buyers are now taking advantage of the low prices and negotiating attractive deals. Many of the sales have been the result of motivated Sellers working the best deal they can with a limited audience. The market is stabilizing. If demand remains constant, there will likely be more units selling which, if sustained, will put some upward pressure on the pricing.

The four Sales Comparables are detailed below:

Sales Comparable 1 is located a few blocks east of Main Street on Highway 50. The property sold two years earlier after foreclosure. The bank sold the property for $350,000 to a buyer with private financing. After some minor improvements and attention to deferred maintenance, the new owner opened another restaurant which subsequently failed. The most recent sale, after the restaurant failure, was enabled by the lender who extended the private financing to the new buyer.

Sales Comparable 2 is on the West side of town, also on Highway 50. The improvements included a well maintained UBC Modular structure on a full basement and a large, much older, Quonset building with large shop, bathroom, laundry and office. It is located on more land than the subject property and has highway frontage.

Sales Comparable 3 is located in the heart of downtown on perhaps the best corner for retail traffic. While considerably different in location and physical size (both structurally and land), I think this is the most similar comparable. The property includes four individual rental units, all occupied with quality tenants. The buyer of the comparable property was the primary tenant and they were able to retain the other tenants. Rental income is comparable. Relative to the subject property, the comparable is a better location for commercial activity.

Sales Comparable 4 is a large, well established restaurant and bar building approximately 2 miles West of Gunnison. Another distressed sale situation after the existing business closed. The sale included all equipment, furniture and fixtures.

Comp	Location	Parcel Size	Features	Sales Price / Date
1	323 E. Tomichi	4 lots	East side of town, existing restaurant space, the building is in fair condition	$350,000 / 03/15/2013
2	516 W. Highway 50	7 lots	West end of town on with frontage road access, two buildings, and owner occupied. Zoned commercial	$365,000 / 05/17/2013
3	144 N Main	25 x 125	First block of Main Street, four rentals, brick building. Zoned CBD	$368,000 / 10/01/2013
4	37550 US Hwy 50	.92 acre	Existing restaurant space (6729 square feet)	$350,000 / 11/12/2013

CURRENT LISTINGS:

There are 32 active listings of commercial and industrial properties in the town of Gunnison. City zoning and conditional use practices allow for commercial applications

in both land use categories. The subject property is well suited for industrial and office applications which generally command lower rents. It is my opinion that the property is currently earning higher than average rent for the market.

The following are commercial properties that are actively marketed in Gunnison.

List Comparable 1 is a relatively large, multi-unit building. It is in a prime location at the intersection of Denver and Main Street. There are eight lots included with the property allowing for considerable expansion. The property is a distressed sale and a contract is being negotiated. While currently vacant because of the pending foreclosure, the earning potential is approximately $2400.00 - $3200 per month.

List Comparable 2 is a dual purpose (restaurant downstairs, residential space upstairs) building in the third block of North Main. The upstairs unit is functional but only in fair condition. Seller is motivated but is content operating their business on a part time basis until the building sells.

List Comparable 3 is an established convenience store location that has been closed for over three years. The condition of the property is average and has some deferred maintenance. It has large square footage, is a multiple lot property with expansion capabilities and is in a superior location on Highway 50.

Comp	Location	Parcel Size	Features	List Price / DOM
1	700 N Main	23,958 sf 200 x 125	Established corner lot with 4286 sf building operating as gas station, convenience store and laundry business.	$450,000 / 76 days (current listing only, offer pending)
2	310 N. Main	4,125 sf 33 x 125	Well established restaurant space (in very good condition) on Main St. Includes upstairs unit in below average condition	$249,000 / 135 days
3	211 E Tomichi	18,750 sf 200 x 125	Brick building, approx. 5512 sf in size (primarily open retail space) with existing fuel tanks, fuel pumps.	$395,000 /1185 days

The commercial market in Gunnison has a variety of good purchase opportunities. While not detailed in this BPO, there are five other properties in the first two blocks of Main Street, three of which are in receivership with anticipated foreclosure. Average properties will struggle to sell until this motivated inventory is gone. The ideal situation

for any property, including the subject property, is a purchase by an existing tenant when there is outside demand threatening to buy, as was the case with Comp Sale 3.

The subject property is newer construction and very well maintained. The rental space is varied (residential and commercial) which is appealing when there is low demand for commercial space. Otherwise, the space is very average in location and, given the current availability of buildings, could experience a decline in rental income with the rotation of tenants. Commercial/Industrial lots are ranging from $20-40k per lot depending on location. Replacement cost for the existing square footage may range from $100 to $125/sq. ft. without considering the depreciated value, or roughly $300,000.

In summary, there is some new life in the commercial market but it appears to be a result of highly motivated Sellers. The subject location is very good for commercial operations that require some buffer from high density traffic. Otherwise, the location is average at best for most commercial operations that desire high exposure from major streets/highways. The rental income is good and the overall functionality is quite similar to the comparable sale at 144 N. Main. I would value the subject property in a range of $325,000-350,000.

If you need additional information, please do not hesitate to contact me.

Sincerely,

Erich Ferchau
Broker / Owner
RE/MAX Community Brokers
Gunnison and Crested Butte
eferchau@remax.net
970-596-0848

CBOE #36

EXHIBIT H
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Subject Photo	Surrounding Property

CBOE # 316

EXHIBIT H
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Comparable Sales

Comp 1

Comp 2

Comp 3

Comp 4

Comparable Listings

Comp 1

Comp 2

Comp 3

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AMY PIKE

734 ELK RANCH LANE

FORT COLLINS, CO 80524
UNITED STATES US

SHIP DATE: 10SEP19
ACTWGT: 0.40 LB
CAD: 006996907/SSFE2021

BILL CREDIT CARD

Part # 156297-2650/CORE/TT/SSP 06/20

TO

GUNNISON CTY BOARD OF EQUALIZATION
200 E. VIRGINIA AVE

GUNNISON CO 81230

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