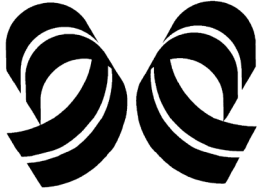


COUNTY ATTORNEY'S OFFICE



MEMORANDUM

TO: BOARD OF COUNTY COMMISSIONERS

**APPROVED BY: ANDREW C. STEERS,
DEPUTY COUNTY ATTORNEY**

DATE: JANUARY 14, 2025

RE: PROPOSED SETTLEMENT AGREEMENTS

The Assessor's Office has requested a reduction in value for the following properties. The values of the subject properties have been appealed from the Board of County Commissioners ("BOCC") sitting as the Douglas County Board of Equalization ("BOE") to the State Board of Assessment Appeals ("BAA"). These cases may not be settled without approval of the BOCC. The Attorney's Office will need settlement authority from the BOCC before signing the stipulations with the taxpayer. The information in this memo is a summary of the settlement justifications offered by the Assessor's Office.

***TELETECH SERVICES CORPORATION C/O BADEN TAX MANAGEMENT LLC v.
Douglas County BOE,
BAA Docket No. 2023BAA4404***

BOE Decision: November 1, 2023

BOE Action: Petition denied

Current Status: Protest Tax Year 2023; Scheduled at BAA

Property Profile: Address: 9197 SOUTH PEORIA STREET, ENGLEWOOD 80112

Type: Personal Property

New Information: The subject property is a 2-story office building built in 1999 consisting of 288,860 SF. It is located on the eastern edge of the Meridian International Business Park in unincorporated Douglas County. The appealed property is situated on 3.72 acres with a second 3.69-acre parcel under the same ownership, but not part of this appeal. At the start of the pandemic the ownership chose to move its employees to a work-from-home model and by 2022 it was only

operating with a skeleton crew and was permanently vacated in 2023 when corporate employees were relocated to a different location.

For Tax Year 2023, the petitioner provided an appraisal which reported the building had \$16.467 million in deferred maintenance issues including: significant settlement of the foundation and interior courtyard space, non-functioning elevators, electrical issues, exterior stucco replacement failures, and wide-spread window seal failures. After, an inspection of the property in July 2024 and review of the owner's discoverable repair estimates and permits, the appeals appraiser re-examined the sales comparison and income approaches to value for the subject property and determined a total of \$3,511,678 in deferred maintenance costs should be deducted from the TY 2023 "as complete" values via each approach to value.

For the BAA analysis, the appeals appraiser considered both the sales comparison and income approaches to value. Both approaches to value concluded to a significant adjustment to value due to the condition and functional utility of the building as well as the declining demand for large single-tenant corporate properties in the Metro Denver suburban market since 2020. The best sale comparison to the subject was a neighboring two-building office campus that sold in January 2020 for ~\$102 PSF. However, the neighboring campus is split into two rectangular buildings that can be converted into multi-tenant usage significantly easier than the subject property with its circular architecture.

After discussions with the petitioner's representatives and approval by the client, the Tax Year 2023 value recommendation was to move the value from \$32,000,000 to \$23,776,000. The difference between the Douglas County rebate for Tax Year 2023 paid and the adjusted rebate amount based on this stipulation will be deducted from the final settlement refund amount.

***Cws Sgarr Ridgeway Llc & Golden Sands Lone Tree LLC et al v. Douglas County BOE,
BAA Docket No. 2023BAA2492***

BOE Decision: November 1, 2023

BOE Action: Petition denied

Current Status: Protest Tax Year 2023; Scheduled at BAA

Property Profile: Address: 10270 COMMONWEALTH STREET, LONE TREE
80124

Type: Multi Family Apartments

New Information: The subject property consists of 243 apartments in a single 6-story building located at the corner of Commonwealth Street and Ridgeway Parkway in Lone Tree. The subject is situated on a 3.24-acre site. For the BAA analysis, the appeals appraiser re-examined the sales comparison approach and reviewed the complex's study period rent rolls at the end of the study period to determine if conducting a GRM analysis of the subject suggested an adjustment. After considering the most similar sales and using them to develop a market GRM, the appraiser recommended that the value per unit be reduced from \$390,000 per unit (A-10 model) to \$373,500 per unit. Based upon our discussion with the agent and upon approval of the owner, a stipulation was agreed upon to change the 2023 and 2024 values from \$94,770,000 to \$90,760,500. The difference between the Douglas County rebate for Tax Year 2023 paid and the adjusted rebate

amount based on this stipulation will be deducted from the final settlement refund amount.

Cws Sgarr Ridgeway Llc & Golden Sands Lone Tree LLC et al v. Douglas County BOE,
BAA Docket No. 2024BAA2508

BOE Decision: November 1, 2024

BOE Action: Petition denied

Current Status: Protest Tax Year 2024; Scheduled at BAA

Property Profile: Address: 10270 COMMONWEALTH STREET, LONE TREE
80124
Type: Multi Family Apartments

New Information: The subject property consists of 243 apartments in a single 6-story building located at the corner of Commonwealth Street and Ridgeway Parkway in Lone Tree. The subject is situated on a 3.24-acre site. For the BAA analysis, the appeals appraiser re-examined the sales comparison approach and reviewed the complex's study period rent rolls at the end of the study period to determine if conducting a GRM analysis of the subject suggested an adjustment. After considering the most similar sales and using them to develop a market GRM, the appraiser recommended that the value per unit be reduced from \$390,000 per unit (A-10 model) to \$373,500 per unit. Based upon our discussion with the agent and upon approval of the owner, a stipulation was agreed upon to change the 2023 and 2024 values from \$94,770,000 to \$90,760,500. The difference between the Douglas County rebate for Tax Year 2023 paid and the adjusted rebate amount based on this stipulation will be deducted from the final settlement refund amount.

RLJ II MH DENVER S LLC v. Douglas County BOE,
BAA Docket No. 2023BAA3456

BOE Decision: November 1, 2023

BOE Action: Petition denied

Current Status: Protest Tax Year 2023; Scheduled at BAA

Property Profile: Address: 10345 PARK MEADOWS DRIVE, LONE TREE 80124
Type: Hotel

New Information: The subject property is Denver Marriott South full-service hotel located along Park Meadows Drive with visibility to I-25 in the City of Lone Tree. The property features 276 rooms, a restaurant, 12 event spaces, an indoor swimming pool, fitness center and in-house gift shop. The property was constructed in 2003 and is situated on a 7.47-acre site. The petitioner provided actual income and expense data for the study period. The property is described as an "Upper Upscale" hotel on the Chain Scale with average occupancy at 56.3% and an Average Daily

Rate (aka: ADR) of \$157.67 at the end of the study period.

For the BAA analysis, the appeals appraiser re-examined the Sales Comparison and Income Approaches to value taking into consideration that while occupancy and revenue were improving, they had not yet returned to the stabilized levels the hotel exhibited prior to the pandemic by the end of the study period. Analysis via both approaches to value support an adjustment from \$120,000 per key to ~\$112,300 per key. Giving the most weight to the income approach, the primary valuation method for hotel properties, a stipulation was accepted to adjust the TY 2023 value from \$33,120,000 to \$31,000,000. The difference between the Douglas County rebate for Tax Year 2023 paid and the adjusted rebate amount based on this stipulation will be deducted from the final settlement refund amount.

RLJ II MH DENVER S LLC v. Douglas County BOE,
BAA Docket No. 2024BAA2645

BOE Decision: November 1, 2024

BOE Action: Petition denied

Current Status: Protest Tax Year 2024; Scheduled at BAA

Property Profile: Address: 10345 PARK MEADOWS DRIVE, LONE TREE 80124

Type: Hotel

New Information: The subject property is Denver Marriott South full-service hotel located along Park Meadows Drive with visibility to I-25 in the City of Lone Tree. The property features 276 rooms, a restaurant, 12 event spaces, an indoor swimming pool, fitness center and in-house gift shop. The property was constructed in 2003 and is situated on a 7.47-acre site. The petitioner provided actual income and expense data for the study period. The property is described as an “Upper Upscale” hotel on the Chain Scale with average occupancy at 56.3% and an Average Daily Rate (aka: ADR) of \$157.67 at the end of the study period.

For the BAA analysis, the appeals appraiser re-examined the Sales Comparison and Income Approaches to value taking into consideration that while occupancy and revenue were improving, they had not yet returned to the stabilized levels the hotel exhibited prior to the pandemic by the end of the study period. Analysis via both approaches to value support an adjustment from \$120,000 per key to ~\$112,300 per key. Giving the most weight to the income approach, the primary valuation method for hotel properties, a stipulation was accepted to adjust the TY 2023 value from \$33,120,000 to \$31,000,000. The difference between the Douglas County rebate for Tax Year 2023 paid and the adjusted rebate amount based on this stipulation will be deducted from the final settlement refund amount.